
ANN ARBOR AREA TRANSPORTATION AUTHORITY BOARD OF DIRECTORS

DATE: Thursday, September 20, 2018

TIME: 6:30pm – 9:30pm

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

MEETING CHAIR: Eric Mahler

AGENDA

1) Opening Items	Detail
1. Approve Agenda	
2. Public Comment	
3. General Announcements	
a. Welcome New Board Members (Kathleen Mozak-Betts, Jesse Miller)	
2) Consent Agenda & Required Approvals	
1. Minutes (June + August)	
2. 2.9 Monitoring Report: Emergency CEO Succession	
3. LAC Appointments	
4. MDOT Resolution	
5. FY 2019 Meeting Dates	
3) Board Development: Election of Board Officers	Mahler
4) Policy Monitoring and Development	
1. Board's Annual Plan of Work Item	
a. Draft Calendar + Board Plan of Work	
2. Policy Monitoring and Committee Reports	
1. Governance Committee	Mahler
a. CEO Evaluation	
2. Finance Committee	Allemang
3. Service Committee	Hewitt
3. Other Board Reports & Ownership Linkages	
1. LAC, WATS, A2 Transportation Commission	Mozak-Betts, Krieg, Sims
5) Strategy and Operational Updates: CEO	Carpenter
1. Strategic Business Plan: Update	Carpenter
2. Monitoring Report 2.4: Financial Planning/Budgeting (Acceptance)	Metzinger
3. 2019 Budget (Discussion and Approval)	Metzinger
4. CEO Report (in writing)	
6) Emergent Business	
7) Closing Items	
1. Topics for Next Meeting	<i>Thursday, October 18, 2018 @ 6:30pm</i>
2. Public Comment	
3. Board Assessment of Meeting	
4. 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?
-

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Finance Committee

Tuesday, June 12, 2018

Present: Mike Allemang (Chair), Eli Cooper, Prashanth Gururaja (telephone), Kyra Sims

Staff: Geri Barnstable, John Metzinger, Phil Webb, Sarah Grynowicz

The meeting was called to order at 3:35 p.m. by Chairman Allemang.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the agenda by consensus.

b. Communications

Mr. Metzinger announced that Mr. Carpenter was presenting a Millage presentation to the Easter Leadership Group and was not able to attend the Finance Committee Meeting.

2) Policy Monitoring and Development

a. Millage Update

Chairman Allemang reported that the Millage Fundraising Committee continues to meet weekly and that fundraising is having some good success, DTE has donated \$20,000, the website is launched and a Facebook page is up.

Ms. Sims reported that the Ann Arbor Transportation Commission will discuss the Millage at their meeting next week.

3) Strategy and Operational Updates

a. Investment Policy

Mr. Metzinger provided background, particularly that the policy was missing language regarding Operating Cash and other state/federal law. Discussion ensued and Mr. Metzinger reviewed the numbers.

4) Other topics

Mr. Metzinger reported that work is progressing on the 2019 Budget which looks at staffing, projects and the capital plan. It will be ready for the Board on July 13th. He also reported that Mr. Carpenter is working on a Strategic Business Plan and the draft will be available for Board review on July 13th. Both documents will be made public in July.

5) Closing Items

a. Topics for Next Meeting

- Millage Update
- Strategic Business Plan
- Budget
- 3Q Financial Statements

b. Adjournment

Chairman Allemang adjourned the meeting at 4:05 p.m.

Respectfully Submitted,
Geri Barnstable

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
Wednesday, June 13, 2018

Present: Dr. Larry Krieg, Sue Gott

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

Dr. Krieg was appointed as Temporary Chairman.

The meeting was called to order at 9:05 a.m. by Chairman Krieg.

1) Opening Items

a. Agenda (Additions, Approval)

Chairman Krieg reported that there will be no meeting in July. As only two committee members were in attendance, he suggested having an informal meeting and introduced additional discussion topics, in particular The American Center for Mobility for Board Education and his Ridership vs. Coverage spreadsheet, etc. Mr. Carpenter suggested a Y Lot update and budget timeline under Item 3.

The Committee approved the amended agenda by consensus.

b. Communications

None.

2) Policy Monitoring and Development

a. Millage Update

Mr. Carpenter reported that the Millage Fundraising Committee has launched a website and Facebook page and has started getting donations. DTE donated \$20,000.

3) Strategy and Operational Updates

- a. Monitoring Report 2.0 Global Executive Constraint
Mr. Carpenter presented a preliminary draft of the 2.0 Monitoring Report. Discussion ensued regarding the role of policy and CEO interpretation, what is ethical vs. what is legal, what is acceptable reporting, the veracity of self-reporting vs. 3rd party auditing vs. direct Board inspection, and the importance of transparency and upholding ethical standards.

- 4) Chairman Krieg reported on a Sustainability Toolbox Webinar hosted by Transportation Research Board. Chairman Krieg recommended that John Maddox, CEO of The American Center for Mobility would be a good speaker for Board Education. Ms. Gott also recommended a range of experts at the University of Michigan who can speak about new mobility. Mr. Carpenter suggested they communicate this to the Governance Committee.

- 5) Closing Items
 - a. Topics for Next Meeting
 - Millage Update

 - b. Adjournment

Chairman Krieg adjourned the meeting at 11:00 a.m.

Respectfully Submitted,
Geri Barnstable

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Governance Committee

Thursday, June 28, 2018

Present: Eric Mahler (Chair; telephone), Mike Allemang, Roger Hewitt

Staff: Geri Barnstable, Matt Carpenter, John Metzinger, Bryan Smith

The meeting was called to order by Chairman Eric Mahler via conference line at 9:07 a.m.

1) Opening Items

a. Agenda (Additions, Approval)

Mr. Hewitt stated that if there is time, plan the direction regarding Forest Yang leaving.

Mr. Carpenter noted that there are no Committee Meetings in July.

b. Communications

None.

Chairman Mahler stated the need to re-activate the Task Forces but not in July because people are off then. Mr. Allemang noted that nothing had been done. Mr. Hewitt noted that the Ends had been approved and Mr. Carpenter noted that it was well received. Mr. Hewitt volunteered to join Resource Allocation if that would be helpful because Ends is completed.

Mr. Carpenter noted that Gillian Ream Gainsley will step down in August, leaving an additional seat open on the Board. Several names were suggested as replacements.

Millage

Mr. Hewitt announced that the team met last night coming up with new ideas and people to contact. He stated there is a good chance of reaching the minimum goal. It was noted that the Ecology Center provides a good example of a well-run campaign. Chairman Mahler noted that the Strategic Business Plan will be a key selling point.

Mr. Carpenter provided an update on Board Member Recruitment. The online mechanism is not yet doing what was intended. It needs to be refined because it's not yet reaching the desired crowd. Several names were put forth as possible candidates who Board Members agreed to reach out to. Mr. Allemang recommended this go on the Committee Meetings for August.

Preliminary details of the Strategic Business Plan were discussed. Mr. Carpenter noted that it is more of a big picture and a Corporate Plan vs. a Service Plan. The Board will have a draft this week. They will also have a Budget Draft in a few weeks. The Service Plan is pushed back until January because of the departure of Mr. Yang.

Mr. Allemang would like the Y-Lot discussed. Mr. Carpenter noted that there is nothing new since the Board Meeting but that it would be affected by the changes in the City Council brought on by the August election. He stated that we are well positioned for this opportunity. There was some discussion of the City Council election.

Mr. Mahler stated that they should all stay in touch during July.

Mr. Carpenter provided an update on the Detroit Connector Issue in particular the impact of the RTA and the University of Michigan. He recommended going to Detroit with the U of M.

The Route 23 Project was discussed.

Mr. Mahler adjourned the meeting at 10:27 a.m.

Respectfully submitted by,

Geri Barnstable

August 8, 2018

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Governance Committee

Tuesday, July 31, 2018

Present: Eric Mahler (Chair; telephone), Mike Allemang (telephone), Roger Hewitt

Staff: Geri Barnstable, Matt Carpenter, John Metzinger

The meeting was called to order by Chairman Eric Mahler via conference line at 9:10 a.m.

1) Opening Items

a. Agenda (Additions, Approval)

Mr. Allemang suggested putting the Strategic Business Plan on the agenda. Mr. Carpenter and Mr. Metzinger will give an overview if there is time. Mr. Carpenter emailed this to Mr. Mahler and Mr. Allemang.

b. Communications

None.

2) Policy Monitoring and Development

a. Monitoring Policy

b. Policy Language Discussion

c. Other Governance Issues (as assigned)

- i. Mr. Carpenter reported having a good meeting with Howard Lazarus of the Town of Ann Arbor about the Y Lot.

Mr. Mahler mentioned the Michigan Tax Payers' Alliance which Mr. Carpenter noted had nothing to do with us.

Mr. Carpenter noted that the next the Board retreat will be planned over the next few months. The Board will decide its direction. A calendar will be issued to start the next plan of work.

Mr. Mahler has not had any contact with Kathleen Mozak-Betts regarding the open Board Seat. Mr. Allemang recommended focusing on Board Recruitment at the next Governance Committee Meeting. Mr. Carpenter noted that the Board is still dealing with the seat vacated by Jack Bernard and Gillian Ream Gainsley told Mr. Carpenter she is intent on stepping down in August. There was more discussion of resources for leads to fill the open seats. Prashanth Gururaja will not do another term after his is up in May, 2019. Mr. Mahler would like to remain as Chairman.

Mr. Mahler will circulate forms to the Board for the upcoming CEO Evaluation to include evaluation, compensation and goals.

Mr. Allemang had no update from the Finance Committee Meeting.

Mr. Hewitt had no update from the Service Committee Meeting.

Mr. Mahler recommended a more robust Budget discussion at the Finance Committee Meeting. Mr. Carpenter indicated there is a lot of information but there will be no decision until September.

Mr. Carpenter discussed a draft of the Strategic Business Plan which reflected a process of how to set priorities and how to achieve goals. The 3 main steps were Planning and Innovation, Operations and Modernizing the organization. He also presented a timeline of the major initiatives noting that the Board has empowered him to decide the process.

Mr. Metzinger presented the FY 2019 Budget which included a review of the major projects that will be funded next year. Highlights included biggest overall Capital Investment, 50th Anniversary Plans, Fleet Improvements, a big jump in capital spending needed for the building due to a backlog. Mr. Metzinger has found grant money for much of this.

Mr. Carpenter noted that the Board reviews the Planning and Budgeting Report and states if their expectations have been met. The sequence is important with the Monitoring Report first, followed by Budget approval. Both will happen in September. Mr. Allemang suggested it go on the Finance Agenda to prepare for the September discussion. Mr. Carpenter noted that legally there must be 2 public meetings introducing the budget.

Mr. Metzinger presented the budget, reviewing a PowerPoint handout. Highlights included increased ridership, progress on the reserve, major projects to be funded. Mr. Carpenter expressed the opinion that the Board must direct changes to the budget draft as one voice, not as individuals and that decisions need to be made earlier next year.

Mr. Carpenter made the following closing comments: Forest Yang's last day is August 17th and there is a transition plan in place to go through year end. Sarah Pressprich Gryniewicz is also leaving. He is available for anyone to discuss the Millage.

Mr. Mahler adjourned the meeting at 10:46 a.m.

Respectfully submitted by,

Geri Barnstable

August 8, 2018

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Finance Committee

Wednesday, August 8, 2018

Present: Mike Allemang (Chair), Eli Cooper, Prashanth Gururaja (telephone), Kyra Sims

Staff: Geri Barnstable, John Metzinger, Phil Webb, Sarah Gryniewicz

The meeting was called to order at 3:35 p.m. by Chairman Allemang.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the agenda by consensus.

b. Communications

None.

2) Policy Monitoring and Development

a. Millage Update

Mr. Carpenter reported that vote tallies showed we won all precincts with a percentage that was up from 2014. Chairman Allemang heard all complimentary comments about Mr. Carpenter and the AAATA Staff. Mr. Gururaja commented that the high turnout reflects that the service is meaningful to many people.

3) Strategy and Operational Updates

a. Draft Strategic Business Plan

Mr. Carpenter reported that 3 items are up for the Board's deliberation in September: Strategic Business Plan, Monitoring Report and Budget. Today is for feedback, not approval until September. He requested comments be sent to him. The Strategic Business Plan is a new tool to organize our thinking on how to achieve goals determined by the direction the Board set in the Ends Report. We interpret that direction and the budget becomes the first-year implementation of it with a multi-year perspective (5 year rolling plan). The approach is where

we are today and how we get to the future. Mr. Carpenter reviewed the timeline of major initiatives. We will be getting feedback from public meetings over the next 2 weeks. Chairman Allemang called this a great document and a step forward which reflected good steps in the organization over the last few years.

Ms. Sims was glad to see work from the retreat here and suggested the document summary could be more positive by presenting more accomplishments to the public.

Mr. Cooper noted that safety should be a priority; he applauded the BikeShare Program and noted that demands of commuters will be changing.

Mr. Gururaja stated that the framework is helpful.

b. Draft 2.4 Monitoring Report

Mr. Metzinger presented this for approval in September. It questions whether we adhered to the direction given by the Board for Finance and Budgeting. If yes, it can be adopted then. Feedback is welcome. Chairman Allemang requested more detail for the next Committee Meeting.

c. Draft 2019 Budget

Mr. Metzinger discussed details from his presentation. Major projects were highlighted including new buses, improved Control Center Communications, improved website, no deficit projected, YTC Security, 50th Anniversary celebration, a balanced budget. He reviewed more details in the numbers. Discussion ensued of budget variables.

d. Q3 Financial Report

Mr. Metzinger went into closer detail on the Operating Budget Table. Chairman Allemang and Mr. Gururaja will email him with additional questions. Mr. Cooper inquired what happens if ridership goes down. Mr. Metzinger noted increased capital investment in the Facility and Fleet to achieve a “state of good repair”, results of Triennial Review done in September. Mr. Carpenter added that included is money set aside for new ideas that come up. Mr. Metzinger stated that this report will go before the Board this month and that we will end the year pretty strong.

4) Closing Items

- a. Topics for Next Meeting: Budget
- b. Adjournment

Chairman Allemang adjourned the meeting at 4:28 p.m.

Respectfully Submitted,
Geri Barnstable

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
August 8, 2018

Present: Gillian Gainsley, Roger Hewitt (Chair)

By Phone: Larry Krieg, Sue Gott

Staff: Matt Carpenter, Bryan Smith, Forest Yang, John Metzinger, Sarah Pressprich Gryniewicz

The meeting was called to order at 9:08 a.m. by Chairman Hewitt.

- 1) Opening Items
 - a. Agenda (Additions, Approval)
The Committee approved the agenda by consensus.
 - b. Communications
None.

- 2) Policy Monitoring and Development
 - a. Millage Update
Chairman Hewitt announced that the Millage passed more than comfortably, over 35,000 yes to 7,000 no which is about 84%. He noted we won every precinct and did better than the 71% in 2014. We have a lot to be proud of and strong community support.
 - b. Monitoring 2.9 Emergency CEO Succession
Mr. Carpenter noted that the new annual cycle is beginning, and the Board will decide what process to use in choosing an acting CEO if necessary. He noted that there are 3 Senior Executives prepared to step into the role and their job descriptions are in this report. Ms. Gainsley commented that this is exactly what the Board had asked for and the person would be appointed by the full Board.

- 3) Strategy and Operational Updates: CEO
 - a. Draft Strategic Business Plan
Mr. Carpenter presented the plan stating that it contains new tools and proposes direction to get feedback from the Board about. It is based upon the Ends from Quarter 2. The development of the Strategic Business Plan will drive the budget. It was unclear in the past, but this provides transparency. He stated that the annual budget is the first year of a rolling 5-year plan. The intent is to align resources to achieve the goals outlined by the Board. Mr. Carpenter highlighted details from the report. We are seeking feedback on all of this; what can be

done based upon the size and resources of the organization. Mr. Carpenter is happy to receive comments any time. The plan will also be subjected to public feedback. More details were reviewed. Mr. Hewitt and Ms. Gott were impressed with the report. Ms. Gainsley and Ms. Gott expressed interest in how this fits into the budget.

b. Draft 2.4 Monitoring Report

At the September 20th Board Meeting, the Board will be asked to accept the Budget Report. Mr. Carpenter noted that this is a draft to be voted on in September.

c. Draft 2019 Budget

Mr. Metzinger presented the Budget Report. Highlights included record ridership, reserve recovering quicker than expected, a surplus over expenses, details on what is creating the increase in the budget, such as bus purchases, facility repair and our 50th Anniversary. Much of the spending will be funded through grants. Mr. Metzinger gave some examples of this. Ms. Gott requested additional data which Mr. Metzinger will supply to her. Mr. Carpenter noted that the philosophy is identifying what we want to do then determining how to fund it. There was a discussion about identifying the impact of outside regulations on spending. Ms. Gainsley suggested a 50th Anniversary gala fundraising opportunity be considered.

d. Q3 Service Report

Mr. Smith reported that Service is doing well although ridership is flat, his report reflects the details and a Customer Service person is being added to staff. Mr. Carpenter added that there will also be new equipment that is needed.

e. Ypsilanti Transit Center Planning Proposal

Mr. Yang reported that the study is progressing well with consultants leaving in August. Mr. Carpenter invited feedback on this. There was discussion about approaching stakeholders before going public, location and use of graphics. Mr. Yang advised there will be a public meeting on August 29th.

4) Closing Items

a. Topics for Next Meeting

- Mr. Hewitt will not be at the Board Meeting, so Ms. Gainsley will give the Committee Report.
- Budget.

b. Farewells to Mr. Yang, Ms. Pressprich Gryniowicz, Ms. Gainsley.

c. Adjournment

Chairman Hewitt adjourned the meeting at 11:12 a.m.

Respectfully Submitted,

Geri Barnstable

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Governance Committee

Monday, August 27, 2018

Present: Eric Mahler (Chair), Mike Allemang, Roger Hewitt

Staff: Geri Barnstable, Matt Carpenter, John Metzinger, Bryan Smith

The meeting was called to order at 9:05 a.m. by Chairman Mahler.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the agenda by consensus.

b. Communications

Mr. Carpenter announced that the law firm Dykema Gossett was selected as General Counsel.

Mr. Carpenter announced that Forest Yang has left and the rest of the year will be devoted to recruiting his replacement. He also announced that Sarah Gryniewicz will become part time and work remotely until around January. Mr. Hewitt noted that it's important to find the right people.

Mr. Hewitt has joined the Ridership Coverage Task Force.

2) Policy Monitoring and Development

Draft Calendar

Reviewed and discussed.

Annual Plan of Work

Chairman Mahler wants a meeting with Mr. Carpenter and Ms. Gryniewicz regarding the Annual Plan of Work, to be approved by the Board in September or October. He recommended a retreat be added, as well.

CEO Evaluation

Chairman Mahler has sent the forms and ½ have yet to respond. He sent a reminder this week, so the meeting can be set up for next month. Mr. Hewitt will have his in this week.

Board Member Recruitment

Kathleen Mozak-Betts and Jesse Miller were discussed as candidates. Ms. Mozak-Betts is doing the paperwork. She is from Ann Arbor. Mr. Miller is from

Ypsilanti. Mr. Hewitt noted that this creates a full board until May when Mr. Gururaja and Mr. Krieg's terms end. Mr. Krieg and Ms. Gott have volunteered to be the Nominating Committee.

Orientation for new Board Members was discussed. The Board needs to take responsibility for this. Based upon feedback from Mr. Gururaja and Ms. Sims, it needs to be better in particular to include receiving Policy Binders.

3) Strategy and Operational Updates

Updates to Strategic Business Plan and 2019 Budget

Mr. Carpenter reported that the Strategic Business Plan was well-received though there was not a lot of feedback from the public.

Mr. Metzinger reviewed the budget, in particular focusing on keeping the facility in a state of good repair, changes in the Operating and Capital Budgets, available state and federal funds. He noted that the Strategic Business Plan states what to do and the Budget shows how that will be done. Mr. Hewitt noted that the Board shouldn't be deciding the details. Additional Budget details were discussed. Chairman Mahler noted the importance of managing risk for the future of the organization.

Y-Lot

Mr. Carpenter stated that there was a Council Resolution to come back in August.

Update: Resource Allocation

Mr. Metzinger and Mr. DeGroot are doing preliminary work based on what was conveyed by Mr. Yang. Mr. Carpenter noted that more information will be presented after more time with the numbers. Mr. Mahler stated it is all-right for the Task Force on Resource Allocation to discuss what they want and need so the numbers will not drive the discussion.

4) Closing Items

- a. Topics for Next Meeting: Calendar, Annual Plan of Work, Retreat, Education
- b. Adjournment

Chairman Mahler adjourned the meeting at 10:36 a.m.

Respectfully Submitted,
Geri Barnstable



Issue Brief: Monitoring Report 2.9 Emergency CEO Succession

Meeting: Board

Agenda Item # 2.2

Recommended Action(s): Recommendation to accept/not accept Monitoring Report

Relevant Board Policies: *Policy 4.4: Monitoring CEO Process, Appendices B and C.*

Summary: Staff prepared the Monitoring Report for *Policy 2.9: Emergency CEO Succession*, per the board calendar.

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 on 2.9 Emergency CEO Succession
- [Survey Link](#)

Author: Sarah Pressprich Grynowicz

Reviewed by:

Approved by:

Date: July 31, 2018

2.9 Emergency CEO Succession

Period: August 1, 2018 – July 1 2018

Date of Report: Wednesday, August 1, 2018

Board Survey due: Monday, August 6, 2018

Service Committee Review: Wednesday, August 8, 2018

Board Review: Thursday, August 16, 2018

TheRide board;

In accordance with the Board's Policy Manual; I present the August Monitoring report on **Executive Limitation Policy 2.9: Emergency CEO Succession**. This report consists of internal report information from staff.

I certify that the information is true and complete.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

Executive Limitations Policy 2.9

In order to protect the Board from sudden loss of CEO services, the CEO may have no fewer than one, and preferably two, other executives who are sufficiently familiar with Board and CEO issues and processes to be able to temporarily assume the duties of CEO.

Compliance: In compliance

Current Interpretation and Rationale (*no change from previous interpretation*):

This policy requires me to ensure that there are one to two staff members, besides me, that could function as the CEO for the AAATA on a temporary or interim basis if the CEO position is suddenly vacant. These individuals must be able to maintain all key AAATA functions without my guidance, especially through:

- leadership of organization's transportation services and administration
- working knowledge of board policies, processes, and staff obligations

I interpret the words "sudden loss" in this case to mean that this policy covers a sudden vacancy of the CEO position, and does not cover times when the sitting CEO is merely temporarily absent, for example on vacation or a pre-arranged medical leave. In those circumstances, the CEO is expected to appoint an "Acting CEO" to ensure a clear chain of command during his/her absence.

If the CEO position was suddenly vacant, or I am otherwise unable to perform my duties, the board's Executive Committee (Policy 3.7.2) will have one or two individuals they could select from to serve as interim CEO. I am obligated to ensure these positions exist and are filled, but the Board is not obligated to use those individuals.

Evidence and data:

In response to this policy, and as a way to effectively manage the organization, I have developed Deputy CEO positions

- Deputy CEO of Operations
- Deputy CEO of Finance and Administration
- Deputy CEO of Planning and Innovation

These positions are filled as of this report, though the Deputy CEO of Planning and Innovation will depart shortly. I have high confidence that either remaining individual could temporarily lead the organization's key functions in my absence. As AAATA's Executive Team, the CEO and deputies meet regularly to discuss the organization's business and ensure that we are collectively well-informed and well prepared. They are familiar with all department managers and their responsibilities. As practice and good management, I also assign one of them to be Acting CEO when I am out of town on business or vacation, and alternate between them. Job descriptions for the Deputy CEO positions are attached.

To ensure working knowledge of board policies, processes, and staff obligations; I also have both deputies regularly attend many, if not all, Board and Committee meetings. They have previous experience working with boards and have familiarized themselves with the principles of Policy Governance.

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

Policy: 2.8 Asset Protection

Date Submitted: August 2, 2018

Date of Board Response: August 16, 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:

ANN ARBOR AREA TRANSPORTATION AUTHORITY JOB DESCRIPTION

DEPUTY CEO, FINANCE AND ADMINISTRATION

PAY CLASS
FLSA Status – Exempt

SUMMARY/OBJECTIVE

The Deputy CEO of Finance and Administration is the agency's chief financial officer and chief administration officer. They are responsible for overseeing, coordinating, directing, and administering the financial affairs of the agency. This position also ensures that internal administrative functions are effective and efficient, while balancing corporate needs and risk management with internal customer-service priorities. The Deputy CEO of Finance and Administration will provide the leadership, management, and oversight necessary to ensure the Authority has appropriate processes, procedures and systems in place so that the agency can make informed decisions, achieve its overall aims and run efficiently, while remaining financially sustainable.

Direct reports include department heads of Finance, Planning (Service Development), Purchasing, and Information Technology.

Responsibilities and Essential Functions¹:

- 1. Lead and manage all activities associated with financial planning and management, and general administrative management for the agency in order to advance the agency's overall direction, ensure compliance, and manage risks.**

Financial and Administrative Management

- Leads and manages the agency's overall financial affairs to ensure resources are effectively used to advance the agency's overall direction, and the agency remains financially sustainable. Areas of oversight include but are not limited to financial planning and analysis, policy development, budgeting, accounting, monitoring and reporting, internal controls, grants, investments, cash management, payroll and capital project financing.
- Lead and manage development of operating and capital budgets.
- Establish processes, practices, procedures, and systems.
- Help to identify, establish and implement necessary financial policies such as for reserves, debt financing, etc.
- Effectively communicate financial information to ensure that an accurate understanding of the financial condition of the agency, and the context and implications of decisions can be clearly understood.
- Provide necessary financial and economic analysis to aid agency decision-making, including but not limited to revenue and expense projections, cost-benefit, ROI, etc.
- Ensure that adequate financial controls are in place for all projects. Provide financial oversight for major projects.
- Maximize funding/financing opportunities to advance the agency's overall direction.
- Proactively researches, evaluates and incorporates sound and innovative financial and administrative practices to improve agency performance.

1 These examples are intended merely as illustrations of the various types of work performed. Employees are required to perform other related functions as assigned. Please note duties, responsibilities and activities may change at any time with or without notice.

- Balance needs for consistent corporate practices, with needs of internal customers.

Compliance & Reporting

- Ensure that the agency complies with applicable Federal, State and Local laws and regulations. Remains up-to-date with applicable regulations.
- Responsible for developing, implementing and monitoring effective internal controls.
- Oversees reporting for agency-wide compliance (i.e. FTA Tri-Annual Review, NTD reporting)
- Oversees coordination of annual audit process.
- Maintain and strengthen the agency's reputation for sound financial management.

Asset Management and Risk Management

- Limit the agency's exposure to financial and reputational risk, proactively identifying risks and establishing internal controls and mitigations,
- Ensure the agency has consistent and appropriate controls and safe guards on all financial and administrative activities including accounting, purchasing, cash handling, deposits and investments, contract documentation, records retention, etc.
- Develop and provide appropriate processes for managing finances of projects. Monitor compliance. Assist and trouble-shoot as needed.
- Ensure appropriate levels of insurance, indemnity, etc for all aspects of the agency, including but not limited to the Board, senior staff, all staff, facilities, equipment, liability, etc.

2. Provide senior leadership and supervision for the Finance and Administration division for the purpose of developing a high-performance team that can deliver services effectively and efficiently in a changing environment.

- Model and promote appropriate behaviors to foster a positive workplace culture.
- Inspire staff to enhance employee engagement. Help staff to understand the agency's common purpose, values, ideals, and goals. Help staff to understand how their role contributes to the overall success of the team and impacts in the community.
- Encourage reflection and innovation in order to create an atmosphere of learning, growth and continuous improvement. Identify emerging trends, challenges and opportunities. Assist with change leadership.
- Ensure effective communication and coordination within the division, and between the division and other parts of the organization. Assist in leading communication with Board members, staff and partners. Establish cross-functional teams as needed.
- Foster delegation, empowerment and collaboration for staff in order to encourage staff growth, organizational productivity and superior results.
- Ensure recognitions and celebrations to enhance employee engagement, pride, loyalty, and commitment to team and community (*esprit de corps*).
- Help staff reach their potential in order to enhance individual and organizational capacity. Provide clear expectations, coaching and feedback to direct reports in order to build on strengths, and foster learning and continuous improvement. Hold staff accountable for decisions, behaviors and actions. Establish employee development and succession plans.
- Build strong working relationships with the CEO, Board, staff, stakeholders, and partners.

3. Ensure effective and efficient approaches to resource management throughout the division for the purposes of delivering agreed upon results.

- Work to ensure the division delivers agreed-upon results with the appropriate balance of quality,

cost and timeliness. Oversee implementation of key projects or initiatives.

- Establish and recommend appropriate allocation of people and resources to ensure successful and efficient service delivery to internal and external customers.
- Establish and recommend appropriate policies, processes, procedures, and systems to help effectively and efficiently handle workload. Establish appropriate organizational structures, and vertical and lateral communication flows. Ensure all are documented clearly.
- Demonstrate strong fiscal management including overseeing budgets, monitoring and managing financial resources, deadlines, and performance measures.
- Lead business planning ensuring clear goals, alignment and team understanding. Ensure smooth functioning between departments and divisions.
- Manage compliance with all relevant agency, regulatory, legislative and policy requirements, including those related to safety and privacy, confidentiality and record management. Ensure appropriate risk, asset, and liability management actions.
- As delegated by the immediate supervisor, arrange/negotiate contracts, agreements, partnerships and other undertakings with outside organizations, ensuring the parameters of Authority policies are met.

4. Participate in senior agency leadership to ensure the development and success of the overall organization.

- As a member of the Executive Team help to clarify and implement the agency's strategic direction, administrative policies and decisions as required.
- Operate as an interface between Executive Team and staff or the Board in order to foster strong and effective vertical and lateral communications and information flow.
- Ensure intra and inter-divisional communication and coordination to clarify expectations, maximize integration, resolve misunderstandings, minimize overlaps, leverage economies of scale, improve overall organizational capabilities, and realize efficiencies. Support cross-functional teams as needed.
- Perform other leadership duties, as assigned. This may include acting for this position's immediate supervisor.
- Support strong working relationships between Administration and the Board of Directors by working with Board members directly.

Knowledge, Skills, and Abilities:

- Bachelor's Degree from an accredited four-year college or university in Business administration, Public Administration, Finance or related field. Master's Degree preferred.
- Minimum of 8 years of progressively more responsible leadership roles related to financial management, preferably in a public transit agency, large operational agency, government, or similar environment.
- Experience with financial planning, budgeting, analysis, policy, reporting; compliance, risk management essential.
- Experience with Federal Transit Administration programs and requirements desired.
- Ability to analyze, recommend, and implement solutions to complex financial problems and issues.
- Considerable knowledge and skill in preparation, development and administration of long range, strategic financial plans, complex budgets and other comprehensive financial reports and documents.
- Ability to communicate effectively verbally and in writing; ability to establish and maintain effective working relationships with employees, Board members and the public.

- Ability to contribute to senior executive leadership of agency, lead and work in teams, inspire staff, and work without close supervision.
- Ability to inspire and supervise senior direct reports. Ability to help them succeed and hold them accountable.

Physical Demands:

<u>Physical Demands</u>		<u>Lift/Carry</u>	
- Stand-	Occasionally	- Less than 10 lbs-	Occasionally
- Walk-	Occasionally	- 10 - 29 lbs-	Occasionally
- Sit-	Frequently	- 30 - 59 lbs-	Rarely
- Use of Hands/Fingers-	Constantly	- 60 - 100 lbs-	Not Applicable
- Reach-	Occasionally	<u>Push/Pull</u>	
- Climb-	Rarely	- Less than 10 lbs-	Occasionally
- Crawl-	Not Applicable	- 10 - 29 lbs-	Occasionally
- Squat or Kneel-	Occasionally	- 30 - 59 lbs-	Rarely
- Bend-	Occasionally	- 60 - 100 lbs-	Not Applicable

Reports to:

Chief Executive Officer

ANN ARBOR AREA TRANSPORTATION AUTHORITY JOB DESCRIPTION

DEPUTY CEO, OPERATIONS

PAY CLASS
FLSA Status – Exempt

SUMMARY/OBJECTIVE

The Deputy CEO, Operations is responsible for ensuring that mobility services provided by the agency maintain the highest standards of safety, customer satisfaction, efficiency, and overall excellence in service delivery. The Deputy provides strategic leadership for the Operations Division and service-delivery departments in the agency. The Deputy will provide the leadership, management and oversight necessary to ensure the division has appropriate processes, procedures and systems in place so that the agency can make informed decisions, achieve its overall aims and run efficiently. The Deputy also provides agency leadership as part of the agency's Executive Team.

Direct reports include department managers of Bus Operations, Fleet Services, and Facilities Services.

Accountabilities and Essential Functions:

- 1. Lead and oversee all activities associated with service delivery and maintenance operations for the agency in order to advance the agency's overall direction, ensure compliance, and manage risks.**
 - Oversees the implementation of an effective, reliable and courteous bus, paratransit and other services; in order to advance the agency's goals and ensure a high level of customer satisfaction. Maintain and strengthens the agency's reputation for excellence in service delivery.
 - Oversees the management of vehicle and facility maintenance to ensure effective and efficient practices in safety and asset management.
 - Proactively work to enhance workplace and customer safety in order to minimize injuries associated with agency activities. Cultivate a culture of safety in the division. Work with Human Resources to advance organizational safety.
 - Create a culture of teamwork, continuous improvement, collaboration and proactive problem solving. Provide leadership for major change initiatives and improvements in order to enhance service delivery.
 - Work with the Executive Team and Board members to clarify, articulate and advance the agency's vision. Attend Board and Committee meetings to help facilitate understanding of operational considerations.
 - Foster excellent communications, working relationships and personal connections with agency employees. Oversee consistent implementation of work rules and labor contract administration and compliance. Coordinate with Human Resources, to take a lead role in labor relations and collective bargaining.
 - Foster excellent relationships with outside stakeholders including operational staff in nearby local government in order to enhance service delivery, advance agency objectives and maintain the agency's credibility.
 - Assist with reporting for agency-wide compliance (i.e. FTA Triennial Review, NTD reporting), and lead coordination as required.

- Limit the agency's exposure to risk, proactively identifying risks and establishing internal controls and mitigations.
- Ensure the integrity of resource allocation and budgets. Proactively work to coordinate resource priorities. Develop and utilize performance metrics to monitor performance of operations.
- Lead the agency's preparation for and implementation of emergency operations situations (i.e. disaster response and recovery).

2. Provide senior leadership and supervision for the Operations division for the purpose of developing a high-performance team that can deliver services effectively and efficiently in a changing environment.

- Model and promote appropriate behaviors to foster a positive workplace culture.
- Inspire staff to enhance employee engagement. Help staff to understand the agency's common purpose, values, ideals, and goals. Help staff to understand how their role contributes to the overall success of the team and impacts in the community. Translate the agency's strategic direction into divisional strategies.
- Encourage reflection and innovation in order to create an atmosphere of learning, growth and continuous improvement. Identify emerging trends, challenges and opportunities. Assist with change leadership.
- Ensure effective communication and coordination within the division, and between the division and other parts of the organization. Assist in leading communication with Board members, staff and partners. Establish cross-functional teams as needed.
- Foster delegation, empowerment and collaboration for staff in order to encourage staff growth, organizational productivity and superior results.
- Ensure recognitions and celebrations to enhance employee engagement, pride, loyalty, and commitment to team and community (*esprit de corps*).
- Help staff reach their potential in order to enhance individual and organizational capacity. Provide clear expectations, coaching and feedback to direct reports in order to build on strengths, and foster learning and continuous improvement. Hold staff accountable for decisions, behaviors and actions. Establish employee development and succession plans.
- Build strong working relationships with the CEO, Board, staff, stakeholders, and partners.

3. Ensure effective and efficient approaches to resource management throughout the division for the purposes of delivering agreed upon results.

- Work to ensure the division delivers agreed-upon results with the appropriate balance of quality, cost and timeliness. Oversee implementation of key projects or initiatives.
- Establish and recommend appropriate allocation of people and resources to ensure successful and efficient service delivery to internal and external customers. Recruit, hire and train direct reports to ensure the division is positioned with the necessary talent and skills.
- Establish and recommend appropriate policies, processes, procedures, and systems to help effectively and efficiently handle workload. Establish appropriate organizational structures, and vertical and lateral communication flows. Ensure all are documented clearly.
- Demonstrate strong fiscal management including overseeing budgets, monitoring and managing financial resources, deadlines, and performance measures. Responsible for developing, implementing and monitoring effective internal controls.
- Lead business planning ensuring clear goals, alignment and team understanding. Ensure smooth functioning between departments and divisions.
- Ensure compliance with all relevant agency, regulatory, legislative and policy requirements, including

those related to safety and privacy, confidentiality and record management. Ensure appropriate risk, asset, and liability management actions.

- As delegated by the immediate supervisor, arrange/negotiate contracts, agreements, partnerships and other undertakings with outside organizations, ensuring the parameters of Authority policies are met.

4. Participate in senior agency leadership to ensure the development and success of the overall organization.

- As a member of the Executive Team help to clarify and implement the agency’s strategic direction, administrative policies and decisions as required. Work with the CEO and other Deputy CEO to foster collaboration throughout the agency.
- Operate as an interface between Executive Team and staff or the Board in order to foster strong and effective vertical and lateral communications and information flow.
- Ensure intra and inter-divisional communication and collaboration to clarify expectations, maximize integration, resolve misunderstandings, minimize overlaps, leverage economies of scale, improve overall organizational capabilities, and realize efficiencies. Support cross-functional teams as needed.
- Perform other leadership duties, as assigned. This may include acting for this position’s immediate supervisor.
- Support strong working relationships between Administration and the Board of Directors by working with Board members directly.

Knowledge, Skills, and Abilities:

- Bachelor’s Degree from an accredited four-year college or university in operations, logistics, Business Administration, Public Administration, or related field.
- Minimum of 10 years of progressively more responsible leadership roles related to operations, preferably in a public transit agency, large operational agency, government, or similar environment.
- Experience with transportation operations is essential.
- Experience with Federal Transit Administration programs and requirements is strongly desired.
- Ability to analyze, recommend, and implement solutions to complex operational problems and issues.
- Considerable knowledge and skill in preparation, development and administration of short- and long-range, strategic operational plans, complex and comprehensive reports and documents.
- Ability to communicate effectively verbally and in writing; ability to establish and maintain effective working relationships with employees, Board members and the public.
- Ability to contribute to senior executive leadership of agency, lead and work in teams, inspire staff, and work without close supervision.
- Ability to inspire and supervise senior direct reports. Ability to help them succeed and hold them accountable.

Physical Demands:

<u>Physical Demands</u>		<u>Lift/Carry</u>	
- Stand-	Occasionally	- Less than 10 lbs-	Occasionally
- Walk-	Occasionally	- 10 - 29 lbs-	Occasionally
- Sit-	Frequently	- 30 - 59 lbs-	Rarely
- Use of Hands/Fingers-	Constantly	- 60 - 100 lbs-	Not Applicable
- Reach-	Occasionally	<u>Push/Pull</u>	
- Climb-	Rarely	- Less than 10 lbs-	Occasionally

- Crawl-	Not Applicable	- 10 - 29 lbs-	Occasionally
- Squat or Kneel-	Occasionally	- 30 - 59 lbs-	Rarely
- Bend-	Occasionally	- 60 - 100 lbs-	Not Applicable

Reports to:

Chief Executive Officer



Issue Brief: LAC Executive Committee Nominations

Meeting: Board of Directors

Date: September 20, 2018

Agenda Item # 2.3

Recommended Action(s):

- Appoint new members to the Local Advisory Committee.

Relevant Board Policies: *Policy 3.7: Board Committee Structure.*

Summary: The Board Governance Manual was enacted in June 2016. Section 3.7 does not account for The Local Advisory Council (LAC). This committee is required by Michigan Public Act 51 “Michigan Transportation Law” Section 10.e.A(18):

(d) That the eligible authority or eligible governmental agency submitting the plan has established a local advisory council with not less than 50% of its membership representing persons 65 years of age or older and handicappers within the service area subject to the plan and that the local advisory council has had an opportunity to review and comment upon the plan before its submission to the department. Each eligible authority or eligible governmental agency jointly with the area agency on aging shall approve at least 1 or the equivalent of 12% of the membership of the local advisory council. Each advisory council comment shall be included in the plan when submitted to the department.

The LAC is charged with providing input to the Ann Arbor Area Transportation Authority (AAATA) Board of Directors on issues affecting services offered for seniors and persons with disabilities. The AAATA Board in complying with State Law has the current charge of appointing members to the LAC Executive Committee.

At the September 11, 2018 LAC meeting, the LAC approved a motion to recommend the AAATA Board of Directors appoint the following individuals to the LAC Executive Committee:

- Janet Nutt
- Mary Wells
- Cheryl Weber

Background:

The LAC is an important link to the senior and disabled customer group. The committee has been used to help develop valuable service and operating policies. The LAC is charged with providing input to the Ann Arbor Area Transportation Authority, included in the Charge are the terms for appointing members of the LAC Executive Committee.

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

Attachment:

Author: William DeGroot
Approved by: Matt Carpenter

Reviewed by: Matt Carpenter
Date: 9/12/2018

Resolution /2018

APPOINTMENT OF LOCAL ADVISORY COUNCIL EXECUTIVE COMMITTEE MEMBERS

WHEREAS, the Local Advisory Council (LAC) is charged with providing input to the Ann Arbor Area Transportation Authority (AAATA) Board of Directors, and

WHEREAS, included in the Charge are the terms for appointing members of the LAC Executive Committee, and

WHEREAS, at its September 11, 2018 meeting, under the terms of the Charge the LAC recommended the appointment of the following individuals to the LAC Executive Committee:

- Janet Nutt
- Mary Wells
- Cheryl Weber

NOW, THEREFORE, BE IT RESOLVED, that the AAATA Board of Directors hereby appoints Ms. Nutt, Ms. Wells, and Ms. Weber to the LAC Executive Committee.

Eric A. Mahler, Chair

Acting Secretary

Issue Brief: MDOT Performance Resolution

Meeting: Board of Directors

Date: September 5, 2018

Agenda Item # 2.4

Board Meeting Date: September 20, 2018

Recommended Committee Action(s):

- Recommend approval of resolution authorizing CEO to execute master agreement

Prior Relevant Board Actions and Policies:

- Board authorization for execution of previous MDOT performance agreements, most recently in June 25, 2015 (resolution 31/2015 attached for reference)

Issue Summary:

Periodically, AAATA needs to have a contractor work in the right-of-way along a State Highway for a bus stop improvement. The Michigan Department of Transportation (MDOT) has informed us that they require a board resolution in a form provided by MDOT before approving future permits.

The required resolution is attached. Approval has the additional benefit of relieving our contractor from the obligation of providing a performance bond. The resolution requires us to name individuals to apply for permits. The initial individuals are:

Gail Roose, Manager of Facilities Services

Jeff Murphy, Bus Stop Coordinator

Bryan Smith, Deputy CEO Operations

Matthew Carpenter, CEO

Impacts of Recommended Action(s): here's how this item affects these areas of sustainability

- Failure to approve the performance agreement would restrict the placement of bus stop improvements along MDOT corridors, like Washtenaw Avenue (MDOT)

Attachments:

1. 2018 MDOT Performance Resolution
2. Executed Resolution 31/2015 – MDOT Performance Resolution

Author: William De Groot

Approved by: Matt Carpenter

Reviewed by: Matt Carpenter

Date:

PERFORMANCE RESOLUTION FOR GOVERNMENTAL AGENCIES

This Performance Resolution is required by the Michigan Department of Transportation for purposes of issuing to a municipal utility an "Individual Permit for Use of State Highway Right of Way", or an "Annual Application and Permit for Miscellaneous Operations Within State Highway Right of Way".

RESOLVED WHEREAS, the Ann Arbor Area Transportation Authority
(city, village, township, etc.)

hereinafter referred to as the "GOVERNMENTAL AGENCY," periodically applies to the Michigan Department of Transportation, hereinafter referred to as the "DEPARTMENT," for permits, referred to as "PERMIT," to construct, operate, use and/or maintain utilities or other facilities, or to conduct other activities, on, over, and under State Highway Right of Way at various locations within and adjacent to its corporate limits;

NOW THEREFORE, in consideration of the DEPARTMENT granting such PERMIT, the GOVERNMENTAL AGENCY agrees that:

1. Each party to this Agreement shall remain responsible for any claims arising out of their own acts and/or omissions during the performance of this Agreement, as provided by law. This Agreement is not intended to increase either party's liability for, or immunity from, tort claims, nor shall it be interpreted, as giving either party hereto a right of indemnification, either by Agreement or at law, for claims arising out of the performance of this Agreement.
2. If any of the work performed for the GOVERNMENTAL AGENCY is performed by a contractor, the GOVERNMENTAL AGENCY shall require its contractor to hold harmless, indemnify and defend in litigation, the State of Michigan, the DEPARTMENT and their agents and employee's, against any claims for damages to public or private property and for injuries to person arising out of the performance of the work, except for claims that result from the sole negligence or willful acts of the DEPARTMENT, until the contractor achieves final acceptance of the GOVERNMENTAL AGENCY. Failure of the GOVERNMENTAL AGENCY to require its contractor to indemnify the DEPARTMENT, as set forth above, shall be considered a breach of its duties to the DEPARTMENT.
3. Any work performed for the GOVERNMENTAL AGENCY by a contractor or subcontractor will be solely as a contractor for the GOVERNMENTAL AGENCY and not as a contractor or agent of the DEPARTMENT. The DEPARTMENT shall not be subject to any obligations or liabilities by vendors and contractors of the GOVERNMENTAL AGENCY, or their subcontractors or any other person not a party to the PERMIT without the DEPARTMENT'S specific prior written consent and notwithstanding the issuance of the PERMIT. Any claims by any contractor or subcontractor will be the sole responsibility of the GOVERNMENTAL AGENCY.
4. The GOVERNMENTAL AGENCY shall take no unlawful action or conduct, which arises either directly or indirectly out of its obligations, responsibilities, and duties under the PERMIT which results in claims being asserted against or judgment being imposed against the State of Michigan, the Michigan Transportation Commission, the DEPARTMENT, and all officers, agents and employees thereof and those contracting governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract. In the event that the same occurs, for the purposes of the PERMIT, it will be considered as a breach of the PERMIT thereby giving the State of Michigan, the DEPARTMENT, and/or the Michigan Transportation Commission a right to seek and obtain any necessary relief or remedy, including, but not by way of limitation, a judgment for money damages.

- 5. The GOVERNMENTAL AGENCY will, by its own volition and/or request by the DEPARTMENT, promptly restore and/or correct physical or operating damages to any State Highway Right of Way resulting from the installation construction, operation and/or maintenance of the GOVERNMENTAL AGENCY'S facilities according to a PERMIT issued by the DEPARTMENT.
- 6. With respect to any activities authorized by a PERMIT, when the GOVERNMENTAL AGENCY requires insurance on its own or its contractor's behalf it shall also require that such policy include as named insured the State of Michigan, the Transportation Commission, the DEPARTMENT, and all officers, agents, and employees thereof and those governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract.
- 7. The incorporation by the DEPARTMENT of this resolution as part of a PERMIT does not prevent the DEPARTMENT from requiring additional performance security or insurance before issuance of a PERMIT.
- 8. This resolution shall continue in force from this date until cancelled by the GOVERNMENTAL AGENCY or the DEPARTMENT with no less than thirty (30) days prior written notice provided to the other party. It will not be cancelled or otherwise terminated by the GOVERNMENTAL AGENCY with regard to any PERMIT which has already been issued or activity which has already been undertaken.

BE IT FURTHER RESOLVED, that the following position(s) are authorized to apply to the DEPARTMENT for the necessary permit to work within State Highway Right of Way on behalf of the GOVERNMENTAL AGENCY.

Title and/or Name:

Gail Roose, Manager of Facilities Services

Jeff Murphy, Bus Stop Coordinator

Bryan Smith, Deputy CEO Operations

Matt Carpenter, Chief Executive Officer

I HEREBY CERTIFY that the foregoing is a true copy of a resolution adopted by

the Ann Arbor Area Transportation Authority Board

(Name of Board, etc)

of the Ann Arbor Area Transportation Authority

(Name of GOVERNMENTAL AGENCY)

of Washtenaw

(County)

at a Regular Board meeting held on the _____ day

of _____ A.D. _____.

Signed _____

Title _____

Resolution 31/2015

PERFORMANCE RESOLUTION FOR
GOVERNMENTAL AGENCIES

This Performance Resolution is required by the Michigan Department of Transportation for purposes of issuing to a municipality an "Individual Permit for Use of State Highway Right of Way" or an "Annual Application and Permit for Miscellaneous Operations Within State Highway Right of Way".

RESOLVED WHEREAS, the Ann Arbor Area Transportation Authority, hereinafter referred to as the "GOVERNMENTAL AGENCY," periodically applies to the Michigan Department of Transportation, hereinafter referred to as the "DEPARTMENT," for permits, referred to as "PERMIT," to construct, operate, use and/or maintain utility or other facilities, or to conduct other activities, on, over, and under State Highway right of way at various locations; within and adjacent to its corporate limits;

NOW THEREFORE, in consideration of the DEPARTMENT granting such PERMIT, the GOVERNMENTAL AGENCY agrees that:

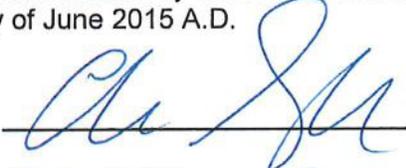
1. Each party to this Agreement shall remain responsible for any claims arising out of their own acts and/or omissions during the performance of this Agreement, as provided by law. This Agreement is not intended to increase either party's liability for, or immunity from, tort claims, nor shall it be interpreted, as giving either party hereto a right of indemnification, either by Agreement or at law, for claims arising out of the performance of this Agreement.
2. Any work performed for the GOVERNMENTAL AGENCY will be solely as for the GOVERNMENTAL AGENCY and not as a contractor or agent of the DEPARTMENT. The DEPARTMENT shall not be subject to any obligations or liabilities by vendors and contractors of the GOVERNMENTAL AGENCY, or their subcontractors or any other person not a party to the PERMIT without its specific prior written consent and notwithstanding the issuance of the PERMIT. Any claims against the State of Michigan, the Michigan Transportation Commission, the DEPARTMENT, and all officers, agents and employees thereof and those contracting governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof will be the sole responsibility of the GOVERNMENTAL AGENCY.
3. The GOVERNMENTAL AGENCY shall take no unlawful action or conduct, which arises either directly or indirectly out of its obligations, responsibilities, and duties under the PERMIT which results in claims being asserted against or judgment being imposed against the State of Michigan, the Michigan Transportation Commission, the DEPARTMENT, and all officers, agents and employees thereof and those contracting governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract. In the event that the same occurs, for the purposes of the PERMIT, it will be considered as a breach of the PERMIT thereby giving the State of Michigan, the DEPARTMENT, and/or the Michigan Transportation Commission a right to seek and obtain any necessary relief or remedy, including, but not by way of limitation, a judgment for money damages.

4. The GOVERNMENTAL AGENCY It will, by its own volition and/or request by the DEPARTMENT, promptly restore and/or correct physical or operating damages to any State Highway Right of Way resulting from the installation construction, operation and/or maintenance of the GOVERNMENTAL AGENCY'S facilities according to a PERMIT issued by the DEPARTMENT.
5. With respect to any activities authorized by PERMIT, when the GOVERNMENTAL AGENCY requires insurance on its own or its contractor's behalf it shall also require that such policy include as named insured the State of Michigan, the Transportation Commission, the DEPARTMENT, and all officers, agents, and employees thereof and those governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract.
6. The incorporation by the DEPARTMENT of this resolution as part of a PERMIT does not prevent the DEPARTMENT from requiring additional performance security or insurance before issuance of a PERMIT.
7. This resolution shall continue in force from this date until cancelled by the GOVERNMENTAL AGENCY or the DEPARTMENT with no less than thirty (30) days prior written notice to the other party. It will not be cancelled or otherwise terminated by the GOVERNMENTAL AGENCY with regard to any PERMIT which has already been issued or activity which has already been undertaken.

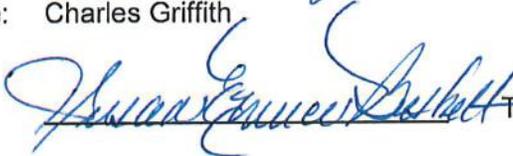
BE IT FURTHER RESOLVED, that the following position(s) are authorized to apply to the DEPARTMENT for the necessary permit to work within State Highway Right of Way on behalf of the GOVERNMENTAL AGENCY.

<u>Name</u>	<u>Title</u>
Terry Black	Manager of Maintenance
Chris White	Manager of Service Development
Jeff Murphy	Bus Stop Coordinator
Dawn Gabay	Deputy CEO
Matthew Carpenter	CEO

I HEREBY CERTIFY that the foregoing is a true copy of a resolution adopted by the Ann Arbor Area Transportation Authority Board of Directors of Washtenaw County at a board meeting held on the 25th day of June 2015 A.D.

Signed  Title: Chair

Print Name: Charles Griffith

Signed  Title: Secretary

Print Name: Susan Baskett

Issue Brief: [FY 2019 Meeting Dates](#)

Meeting: Board Meeting

Date: September 20, 2018

Agenda Item # 2.5

Issue Summary:

As called for in the By-Laws, the Board must approve the meeting dates for the coming Fiscal Year. The dates are in the attached document.

Attachments: Board Meeting Dates for Fiscal Year 2019

Author: GB

Reviewed by: MC

Approved by: MC

Date: September 10, 2018

BOARD MEETING DATES FOR FISCAL YEAR 2019

Meeting Name	Meeting Date
Governance Committee	Thursday, September 27 th
Finance Committee	Tuesday, October 9 th
Service Committee	Wednesday, October 10 th
Board of Directors	Thursday, October 18th
Governance Committee	Tuesday, October 30 th
Finance Committee Meeting	Tuesday, November 6 th
Service Meeting	Wednesday, November 7 th
Board of Directors	Thursday, November 15th
Governance Committee	Thursday, November 29 th
Finance Committee	Tuesday, December 11 th
Service Committee	Wednesday, December 12 th
Board of Directors	Thursday, December 20th
Governance Committee	Tuesday, January 8 th
Finance Committee	Tuesday, January 15 th
Service Committee	Wednesday, January 16 th
Board of Directors	Thursday, January 24th
Governance Committee	Thursday, January 31 st
Finance Committee	Tuesday, February 12 th
Service Committee	Wednesday, February 13 th
Board of Directors	Thursday, February 21st
Governance Committee	Thursday, February 28 th
Finance Committee	Tuesday, March 12 th
Service Committee	Wednesday, March 13 th
Board of Directors	Thursday, March 21st
Governance Committee	Thursday, March 28 th
Finance Committee	Tuesday, April 9 th
Service Committee	Wednesday, April 10 th
Board of Directors	Thursday, April 18th
Governance Committee	Thursday, April 25 th
Finance Committee	Tuesday, May 7 th
Service Committee	Wednesday, May 8 th
Board of Directors	Thursday, May 16th
Governance Committee	Thursday, May 30 th
Finance Committee	Tuesday, June 11 th
Service Committee	Wednesday, June 12 th
Board of Directors	Thursday, June 20th
Governance Committee	Thursday, June 27 th
Finance Committee	Skip July
Service Committee	Skip July
Board of Directors	Skip July
Governance Committee	Thursday, July 25 th
Finance Committee	Tuesday, August 6 th
Service Committee	Wednesday, August 7 th
Board of Directors	Thursday, August 15th



BOARD MEETING DATES FOR FISCAL YEAR 2019

Governance Committee	Thursday, August 22 nd
Finance Committee	Tuesday, September 10 th
Service Committee	Wednesday, September 11 th
Board of Directors	Thursday, September 19th
Governance Committee	Thursday, September 26 th



Issue Brief: Annual Board Calendar & Plan of Work

Meeting: Board

Date: September 20, 2018

Agenda Item #4.1.a

Recommended Committee Action(s):

- Consider new order of Monitoring Reports for future decision. Consider potential Annual Plan of Work and Board Education items.

Issue Summary:

The attached graphic calendar illustrates: 1) the annual budget planning cycle, 2) the Board's priorities for its Annual Plan of Work and Education, and 3) the order of Monitoring Report submitted by the CEO throughout the year.

The Chair would like the Board to update its priorities for its Plan of Work and Education. In October 2018, the CEO would like to ask the Board to change the dates of Monitoring Reports in Appendix A (p. 28) of the Policy Manual to reflect the new sequence shown in this graphic. No Reports have been eliminated, but experience from the first year of developing the Reports suggests this new sequence will be more practical, effective and provide a smoother work load for staff.

Impacts of Recommended Action(s):

Budgetary/Fiscal: NA

Social: NA

Environmental: NA

Governance: Board actions in organizing its work and oversight responsibilities.

Attachments: Annual Board Calendar (DRAFT) September 14, 2018

Author: MC

Reviewed by: MC

Approved by: MC

Date: 9/13/18

File Pathway?

Annual Board Calendar (DRAFT) September 14, 2018

		Q1 of each fiscal year			Q2			Q3			Q4		
ANNUAL BUDGET CYCLE		Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	August	Sept
Old Ends Review	From previous year			⊗ Monitor Ends									
Renew Ends	For coming year				⊗ Retreat								
Strategic Business Plan	Updaing in light of new Ends							⊗	Strategic Business Plan				
Budget Development	Implementing Business Plan										Draft Budget	⊗	
Budget Approval	Board discusses draft budget.	Key: ⊗ indicates a Board action.											
Policy Development													
	Annual Plan of Work Tasks (TBD)												• Budget
	Board Education (TBD)												• Budget
	Ends Policies				Update Ends Policies	Update Ends Policies	Finalize Ends Policies						
Oversight, Accountability and Monitoring Reports													
	Directly to Full Board	• 2.0 Global Executive Constraint		• 1.0 Ends				• 2.11 Communication and Support					• 2.4 Financial Planning/Budgeting
	Governance	• 3.3 Board Code of Conduct • 4.1 Unity of Control • CEO expense report	• 4.2 Accountability of the CEO	• 4.3 Delegation to the CEO	• 4.4 Monitoring CEO Performance • CEO expense report • CEO Evaluation	• 3.4 Agenda Planning • CEO Evaluation • CEO Compensation (odd years)	• 3.2 Board Job Description • CEO Evaluation	• 3.1 Governing Style • CEO expense report • CEO Evaluation process	• 3.6 Board Committee Principles • 3.7 Board Committee Structure	• 3.8 Costs of Governance • CEO pay (3.4.7)	• CEO expense report	• 3.5 Chief Goverannce Officer Role	• 3.0 Board Governance Process • 4.0 Board-Management Delegation
	Service Committee		• 2.1 Treatment of Staff • Q4 Service Report		• 2.2 Treatment of Riders	• Q1 Service Report			• Q2 Service Report	• 2.10 External Relations	• Draft Budget Preview	• Q3 Service Report	
	Finance Committee		Report: • Q4 Financial Reprot • Year End Report	• 2.7 Ends Focus of Contracts		• 2.5 Financial Conditions (audit) • Q1 Financial Report	• 2.3 Compensations & Benefits • 2.8 Asset Protection	• 2.6 Cash & Investments	• Q2 Financial Report	• 2.9 Emergency Succession	• Draft Budget Preview	• Q3 Financial Report	
	Audit Task Force			Field Work	Draft	Present							
Misc					Board member Disclosure Statements due (3.3.2.1)		Labor Agreement (every 5 years)						Offcr Elections (Byl II.2) Set meeting times (IV.1)

Items already suggested for Annual Plan of Work

- Ownership Linkage (Task Force)
- Board member orientation, training (Task Force)
- Resource Allocation (Task Force)
- Review Bylaws, Articles or Incorporation, role of Officers.
- Clarify role of Local Advisory Committee (LAC)

Items already suggested for Board Education

- Techniques for Ownership Linkage
- Emerging mobility technologies
- Transit-supportive land development
- Transit's role in community affordability
- Tranist funding sources and how they work
- New Mobility and emerging technoloy options
- Asset Management and deferred maintenance needs
- Bus sizes

Monitoring Reports in red are the most labor-intensive to produce.

Issue Brief: Strategic Business Plan

Meeting: Board

Date: September 20, 2018

Agenda Item # 5.1

- Receive for Information. Feedback is welcome at any time.

Issue Summary:

The draft Strategic Business Plan was circulated to the Board and staff in June, and to the public and about 15 external stakeholders in mid-July. Two public meetings were held in mid-August to solicit feedback as well. Broadly, feedback was positive and suggests that the Plan is meeting its main goal of creating a transparent decision-making process. However, there were many helpful suggestions for improvements that have been summarized below:

- Several suggestions for specific service improvements (forwarded to Planning Division).
- Interest in more emphasis on risk identification and management.
- Overall need to continue to make communications clear for all users, for example by working to eliminate industry jargon, and use plain language.
- Requests from a few Board members for additional information about how transit funding programs work and how they are used to fund AAATA initiatives.
- Curiosity about how priorities are set, suggesting future Plans can be clearer.
- Uncertainty on whether preventative maintenance should be a higher priority than new amenities for customers.
- Typographical suggestions.

All of these issues have been reviewed and addressed. Changes to the document have been made to help to improve clarity and emphasis in certain areas. Operational suggestions have been forwarded to the appropriate part of the staff. In general, the final Strategic Business Plan is largely the same as the initial draft.

Background: The Strategic Business Plan will be finalized by the CEO at the end of September and placed on TheRide's website along with the 2019 Budget. It will be used to help communicate the direction of the organization to internal and external stakeholders. Also, it may be amended by the CEO, as needed. It is expected that over the coming year, we will identify opportunities to improve the Plan and the planning process that can be incorporated into future years' efforts.

Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** Provides guidance and context for annual budgetary decisions.
- **Social:** Increased transparency and understanding of TheRide's priorities and activities.
- **Environmental:**
- **Governance:** Fulfills numerous Board policy requirements for multi-year strategic planning.

Attachments: Final Strategic Business Plan: 2019-2023

Author: MC

Reviewed by: MC

Approved by: MC

Date: Aug 30, 2018



Issue Brief: [Monitoring Report 2.4 Financial Planning/Budgeting](#)

Meeting: Board

Sept 20, 2018

Agenda Item # 5.2

Recommended Action(s): Recommendation to accept/not accept Monitoring Report

Relevant Board Policies: *Policy 4.4: Monitoring CEO Process, Appendices B and C.*

Summary: Staff prepared the Monitoring Report for *Policy 2.4: Financial Planning/Budgeting* per the board calendar.

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)

In this case, the survey was not sent due to staff timing limits.

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

Attachments:

- Monitoring Report on 2.4: Financial Planning/Budgeting

Author: MC

Reviewed by: MC

Approved by: MC

Date: Sept 13, 2018

Monitoring Report:

2.4 Financial Planning/Budgeting

AAATA Board;

In accordance with Policies 4.2, 4.3, and 4.4; I present this monitoring report on **Executive Limitation Policy 2.4: Financial Planning/Budgeting**.

The evidence of compliance throughout this Monitoring Report comes from the process by which the annual budget was developed, and the resulting document – the recommended Fiscal Year (FY) 2019 Budget. Additional evidence comes from the Strategic Business Plan document, and previously published Auditor reports and Quarterly Financial Reports that are publicly available on TheRide’s website and have already been supplied to the Board. These documents are cited as evidence of compliance with sub-policies in this section.

In general, I believe that we are in compliance with this policy, with the possible exception of policy 2.4.5. Upon reflection, was difficult to interpret as it seems very broad and it is difficult to understand the Board’s intent. We would like to ask the Board to re-visit this policy or provide clarification.

I certify that the information is true and complete.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority (TheRide)

Policy Being Monitored

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 Allows inefficiencies due to over or under-funding.
- 2.4.6 Causes deficit spending.
- 2.4.7 Does not provide for adequate reserves.
- 2.4.8 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Executive Limitations 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.

Compliance: In Compliance.

Current Interpretation & Rationale

I interpret this policy to be listing parameters and expectations for the recommended annual budget and budgeting for the future. I submit that all necessary interpretations of this policy are provided in the interpretations of the sub-policies below.

Evidence

I believe that evidence submitted for the following sub-policies is sufficient to demonstrate compliance with the overarching policy of 2.4.

The evidence of compliance throughout this Monitoring Report comes from the process by which the annual budget was developed, and the resulting document – the recommended FY 2019 Budget. Additional evidence comes from the Strategic Business Plan document, and previously published Auditor reports and Quarterly Financial Reports that are publicly available on TheRide's website and have already been supplied to the Board. These documents are cited as evidence of compliance with sub-policies in this section.

Executive Limitations Policy 2.4.1

...the CEO shall not cause, allow or fail to address budgeting that...Risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."

Compliance: In Compliance.

Current Interpretation & Rationale

I interpret this policy to mean that I must take into account budgeting elements of 2.5 Financial Conditions that are not otherwise covered in policy 2.4. Additional requirements are:

- **Contracts in the budget** - I interpret this policy to mean that anticipated contracts greater than \$250,000 must be listed in the budget to be considered approved as part of the budget. Any contract not included in this list over \$250,000 will come to the board for approval.
- **Adjustment of fares or tax rate** - I interpret this policy to mean that staff may not change fares or tax rates without Board approval. Neither the CEO nor the Board has the power to change the tax rate (mill rate). The Board must approve any proposed change which is then voted on by residents.
- **Real estate** - I interpret this policy to mean that staff may not buy, sell, or borrow against real estate without Board approval.

Evidence

- **Contracts:** a list of all anticipated contracts and their dollar value is included on pages 37-38 of the recommended FY 2019 Budget.
- **Fares and Taxes:** as stated on pages 14, 26, and 28; the recommended FY 2019 Budget does not change fares. The Budget assumes a Board-approved 0.7 mill renewal as was approved by voters in August 2018.
- **Real Estate:** the FY2019 budget does not include buying, selling, or borrowing against real estate. As evidence, no real estate sale or acquisition is included in the capital budgets on pages 21, 22, and 26-38.

Executive Limitations Policy 2.4.2

...the CEO shall not cause, allow or fail to address budgeting that...fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.

Compliance: In Compliance.

Current Interpretation & Rationale

I interpret this policy to mean that the recommended annual budget should be accompanied by a multi-year corporate plan that illustrates how a single year fits into a longer-term approach to advancing the Board's policy goals, while also meeting expectations for risk management and prudent management of the agency's resources.

Together, the corporate plan and the budget must provide clear goals and priorities, illustrate how recommended efforts advance the policy goals of the Board, address all aspects of TheRide's business, and help the organization become more compliant with Board policies.

Evidence

Strategic Context: The Strategic Business Plan illustrates a strategic context for the annual budget by:

- Aligning priorities and resources towards the Board's written policy goals (pages 5, 8, 9-12),
- Providing clear goals (pages 8-12) which then guide the recommended annual budget (page 7),
- Establishing a situational awareness of the current status of the agency via a SWOT analysis (pages 7, 26-27), and
- Explicitly connect proposed initiatives with specific policy goals of the Board (page 18).

A key missing piece of strategic context is a clear long-term plan for transit services. The need for this is recognized in the Strategic Business Plan (pages 9, 15) and the recommended FY 2019 Budget (pages 18, 28).

Comprehensiveness: The recommended FY 2019 Budget encompasses all elements of TheRide's business. It combines the operating budget (pages 15-20, 26-27, 28-38) and capital budget (pages 21-23, 28-38) in one document. All existing services and infrastructure are funded and maintained (Budget page 14).

Risk is addressed in several parts of the recommended FY 2019 Budget, for example:

- Replenishment of the reserve (page 11),
- A focus on addressing deferred maintenance (page 13),
- Anticipating financial risks (page 19),
- Adjustments the various line times too numerous to list, and
- By placing the annual budget in the context of a new Strategic Business Plan that identifies Weaknesses and Threats (SWOT).

Both the CEO and CFO attest that, to the best of their knowledge, there are no elements missing from the budget. This confidence comes, in part, from a collaborative effort to develop the budget where staff, the public and Board members have been consulted repeatedly over a five-month period (Budget page 8).

Executive Limitations Policy 2.4.3

...the CEO shall not cause, allow or fail to address budgeting that... omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

Compliance: In Compliance.

Current Interpretation & Rationale

I interpret this policy to mean that each recommended annual budget must include realistic estimates of future costs and revenues, sufficient to contextualize the annual budget and demonstrate longer-term financial implications.

In this context, a “credible projection” is an extrapolation of future costs and revenues based historic financial evidence, identified risks, and reasonable and realistic assumptions about future circumstances (i.e. inflation, ridership trends, anticipated economic changes, etc). In this context the forecasted cash flow is presented as annualized totals.

Furthermore, forecasts must clearly distinguish operating and capital expenses. The time horizon for operating forecasts will cover at least the next 5-year millage cycle, while capital costs are projected over a ten-year timeframe due to longer project-development and implementation cycles.

Evidence

- **Operations:** Six-year forecast of revenues, expenses and cash flow for operating costs are presented on page 20 of the FY 2019 Budget. We believe that these projections are realistic in light of historic trends as seen on page 17 and assumptions starting on page 18. In general, forecasted revenues and expenses are expected to increase about 2.5% each year (2019-2025) via inflation. Additional details about assumptions for the operating budget can be found in the appendix of the 2019 Budget, starting on page 26.
- **Capital:** The 10-year forecast of capital expenses and annual cash flow, as well as assumptions, are presented on pages 21-23 of the recommended FY 2019 Budget. Capital cost forecasts also include an inflationary factor (about 3%) and a staggered implementation of capital projects in particular years (as described in the Strategic Business Plan and appendix of the 2019 Budget).

Executive Limitations Policy 2.4.4

...the CEO shall not cause, allow or fail to address budgeting that... Is unclear about long-term funding needs and growth projections.

Compliance: In Compliance.

Current Interpretation & Rationale

I interpret this policy to mean that the recommended annual budget must anticipate and clearly account for the funding required in future years to 1) maintain existing services, 2) maintain assets as per policy 2.8: Asset Protection, 3) mitigate against foreseeable risks, and 4) implement plans for change adopted by the agency (e.g. expansion plans, new services, etc).

In this context I believe that "needs" will be clear when specific priority expenditures (e.g. projects, initiatives, line items, etc) are identified in annual budget, and when the scope and rationale for the expenditures is provided and is acceptable for the full Board. Clarity also requires:

- Realistic estimates of future costs,
- Adjustments for inflation and other reasonable assumptions about future economic conditions,
- Accounting for full-year costs of earlier partial-year initiatives, and
- Anticipation of operating costs that accompany new capital projects (e.g. staffing for a new building).

I interpret a "growth projection" to mean forecasts of changes in expenditures and revenues which are used to guide budget development.

I believe that "long-term" for budgeting purposes means that operational needs will be illustrated for at least a rolling five-year period, and capital for a rolling ten-year period. A longer-range forecast/plan can be adopted if helpful, for example based on a long-range service plan.

Evidence

- **Operating Needs:** The recommended 2019 Budget contains the expenditures necessary to maintain all existing services. As noted on pages 14, 15 and 19 all services are maintained at existing levels, except for an increase of frequency of service on Route 4 on Sundays. Forecasts of operational revenues and costs for 2019-2025 are provided on page 20 of the 2019 Budget. Recent historic trends are illustrated on page 17.
- **Capital Needs:** As illustrated on page 23 of the recommended 2019 Budget, ten years' worth of projected capital needs have been organized into four categories: State-of-Good-Repair, Value Added, Expansion, Research and Development. The first two categories are well populated with projects for maintaining and improving existing services and infrastructure. The "Expansion" category will be populated by projects derived from the Long-Term Service Planning effort called for in the budget and Strategic Business Plan.
- **Risk:** Risks and mitigations are discussed in the 2019 Budget on page 19. The Budget has a contingency of 2.8%, as well as a budgeted surplus (Reserve Retainage) of about \$93,000.

- **Strategic Business Plan:** The operational and capital projections in the 2019 Budget are further contextualized by the timeline of major initiatives provided in the Strategic Business Plan on page 14.

Executive Limitations Policy 2.4.5

...the CEO shall not cause, allow or fail to address budgeting that... Allows inefficiencies due to over or under-funding.

Compliance: TBD

Current Interpretation & Rationale

- TBD

Evidence

- TBD

[See first page for discussion of this section.]

Executive Limitations Policy 2.4.6

...the CEO shall not cause, allow or fail to address budgeting that... Causes deficit spending.

Compliance: In Compliance.

Current Interpretation & Rationale

I interpret this policy to mean that the TheRide should not risk financial jeopardy or services to existing passengers by budgeting or allowing overall spending to exceed revenue (i.e. deficit spending). For annual budgeting, this means that:

- Proposed expenses (operating and capital) in the recommended annual budget must be equal to or less than anticipated revenues,
- New expenses cannot create unfunded liabilities in future years.
- We cannot use reserves to pay for ongoing operating costs, and
- Should debt-financing be recommended as a part of an annual budget, the costs of financing a debt will be clearly articulated and will not cause operating deficits.

It is not acceptable to increase short-term spending by creating future financial burdens that are imprudent or excessively risky, or not clearly identified for the full Board. Specifically, ongoing operating costs cannot be funded by debt, drawing down the reserve (unrestricted net assets account), or under-funding capital or maintenance activities. While multi-year forecasts can show projected deficits as part of the financial planning exercise, the CEO will not recommend an annual budget for approval that includes deficits.

Furthermore, during a fiscal year should it become apparent that total annual expenses will actually exceed total revenue, the CEO is required to adjust spending or revenue to avoid deficit spending.

I further interpret this policy to mean there could be emergency situations in the future where short-term deficit spending is a prudent course of action (e.g. disaster recovery, etc). Such spending can be recommended by the CEO but would need to be approved by the Board.

Evidence

The FY 2019 Budget:

- Proposes total expenses (\$45,857,698) that are lower than total revenues (\$45,951,245), and a surplus (Reserve Retainage) of \$93,547 (p. 17).
- Creates no unfunded liabilities in FYs 2020-2025 (p. 20). There are no anticipated unfunded liabilities such as unfunded pensions or post-employment benefits in the FY2019 budget. The FY2017 fiscal year audit did identify an unfunded accrued liability for post-employment benefits other than pensions of \$1.3 million (see the FY2017 audit, pp. 22-23). In their presentation to the Board at the February 2018 Board Meeting, the auditing firm recommended that this liability be reported in the FY2018 financial statements. THERIDE will comply and the liability will be reflected in the year-end financials to be presented in November. The scheduling of this liability should not result in deficit spending for FY2018 as there is a projected operating surplus of \$1.4 million.

As illustrated on page 17, funding sources (i.e. revenue) do not include any contribution from the reserve account. The reserves (unrestricted net assets account) continues to grow, albeit slowly (p. 11), with a

budgeted \$93,547 contribution in FY 2019 (p. 17). However, the reserve will naturally fluctuate with cash flow through FY 2019, as discussed below.

The AAATA carries no debt. This is validated by the 2017 audit conducted by Plante Moran (Board Packet for February 2018) and demonstrated on the balance sheets of the Quarterly Financial Reports, and most recently the Third Quarter reports from August 2018. Both of these documents are available on TheRide's website.

Executive Limitations Policy 2.4.7

...the CEO shall not cause, allow or fail to address budgeting that... does not provide for adequate reserves...

Compliance: Not in compliance. Plan in place.

Current Interpretation & Rationale

I interpret this policy to mean that TheRide must have enough liquid financial resources readily available to prevent interruption to regular agency operations in the event of disruption to agency funding sources. For example, we need to have enough money to make payroll should funding from the State of Michigan or federal government be delayed (as has occurred in the past). Processing errors and federal government shutdowns have caused such delays in the past.

I define "adequate" to mean 2.5 months' worth of regular operating expenses (excluding one-time expenses). We will consider TheRide to have adequate reserves when we have a minimum of 2.5 months of operating expense in reserve for 12 consecutive months. A ratio is preferable to a fixed dollar amount as it will keep pace with budget changes. The specific threshold of 2.5 months is considered reasonable based on industry practice and agency history.

Evidence

According to the 2018 Third Quarter Financial Statements (August 2018), the reserve contained \$8.8 million, or 2.48 months of operating expense. As of September 2018, Year End projections for FY 2018 anticipate a surplus (Budget page 17) which will be directed to the reserve. The budget surplus in FY 2019 will also be directed to the reserve. As noted under policy 2.4.6 above, there are no plans to use the reserve to pay for any expenses. However, the recording of unfunded pension liability as recommended in the FY2017 audit, along with increasing annual operating expense for FY2019, will cause the reserve balance to drop in the first quarter of FY2019 to about \$7.4 million or 1.95 months. This will be a temporary setback on our progress on the reserve. Final compliance with this policy is still likely a few years away but progress is being made.

The Government Finance Officers Association (GFOA) best practice recommends, at a minimum, that governments maintain at least two months of regular operating expenditures in reserve. However several factors should be considered including the predictability of revenues, volatility of expenditures, and other considerations. (See <http://www.gfoa.org/fund-balance-guidelines-general-fund>). The CEO and CFO believe that 2.5 months should continue to be TheRide's objective based upon GFOA's recommendations and considering that state and federal grant funding can be unpredictable.

Executive Limitations Policy 2.4.8

...the CEO shall not cause, allow or fail to address budgeting that... Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Compliance: In compliance.

Current Interpretation & Rationale

I interpret this policy to mean that the budget must include funds for Board to do its work and that the amount of funding be determined by the Governance Committee. This year the Governance Committee accepted a staff recommendation of a budget of \$50,000, the same as in FY 2018. Examples of past expenses in this area have included group and individual education and training, facilitators, and governance advisors.

Data and Metrics:

\$50,000 included in Budget, in "other expenses." While this line item is not called out specifically in the budget, the amount is included in Account 300,509,103 (Board Governance and Training).

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

Policy: 2.4 Financial Planning/Budgeting

Date Submitted: Sept 14, 2018

Date of Board Response: Sept 20, 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:



Issue Brief: FY 2019 Operating and Capital Budget

Meeting: Board

Date: September 20, 2018

Agenda Item: #5.3

Recommended Action(s):

- Approve FY2019 Operating and Capital Budget by Resolution

Relevant Board 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

Issue Summary:

State law requires the board approve an operating budget before funds can be spent in the new fiscal year. Board Policy 2.4 requires the CEO to ensure that budgeting for a fiscal year does not deviate from the Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan.

Through an authorizing resolution, the board can approve FY 2019 operating and capital funds, as well as a multi-year capital program to be eligible for federal funding.

The Board reviewed and commented on a budget draft, public meetings were held in Ann Arbor and Ypsilanti, and a formal Public Hearing was held as required by state law at the August Board Meeting. Based upon these discussions, staff have prepared revisions to the budget and provided additional context.

Background:

The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget through resolution for its next fiscal year, which begins October 1. The Act stipulates the resolution must include wording specifying that the budget serves as the agency's "general appropriations act." WATS and MDOT also require capital needs statements to aid in planning. This required language has been incorporated into the resolution.

Impacts of Recommended Action(s): See Budget Document

Attachments:

- Resolution 10/2018: Adoption of FY2018 Operating and Capital Budget
- Executive Summary: Changes to Budget Since First Draft
- Recommended FY 2019 Operating and Capital Budget

Author: John Metzinger

Reviewed by: *Matt Carpenter*

Approved by: Matt Carpenter

Date: September 13, 2018

Resolution 10/2017
ADOPTION OF FY 2019 OPERATING AND CAPITAL BUDGET

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 2019 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context;

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

WHEREAS, the AAATA is required to submit the capital program for FY 2019 to the Federal Transit Administration (FTA) as part of the annual application for FY 2019 federal funding, and

WHEREAS, the AAATA is required to submit the capital program for FY 2021 – FY 2023 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY 2020 state funding.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the AAATA FY2019 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- \$45,857,698 for operations.
- \$8,660,500 for capital investment.

BE IT ALSO RESOLVED, that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the attached FY 2019-2023 Capital Program, of which FY 2020 and beyond is subject to amendment in future years.

Eric A. Mahler, Chair

September 20, 2018

Acting Secretary

September 20, 2018

August 31, 2018

Executive Summary

TO: Board of Directors
FROM: John Metzinger, Deputy CEO
RE: Changes to Recommended Budget Since First Draft

Provided for information is a summary of major changes made to the FY2019 Operating and Capital Budgets since the first draft was introduced in August:

General Information

- In response to requests for information, a primer on State and Federal grants was added to the appendix, pp. 39-41.
- Information about the sources of funds was added to the 10-Year Capital Plan on p. 23.

Operating Budget

- Accelerated implementation of high-frequency service on Sundays for Route 4, to be implemented in January (ten months earlier than planned previously).
- POSA revenue was restored to current levels with inflationary increases after further discussions with POSA partners.
- State Operating Assistance increased in proportion to increased operating expense.
- Purchased transportation increased to allow for growing use of A-Ride and higher insurance premium costs.
- Budget for fuel was increased to allow for greater contingency for rising fuel costs.
- Contract services was increased for additional security-related services at passenger terminals.

Capital Budget

- Capital budgeting for State of Good Repair increased by \$695,000 overall.
 - Additional funds were allocated for facility rehabilitations (see p. 33).
 - Funds were reallocated from small bus replacements, bus components, tools, and equipment to fund these additions.



CEO's Report

Board Meeting

Date: September 20, 2018

Agenda Item #5.4

Operational and Project Updates:

Ypsilanti Transit Center planning - The YTC project team has been busy finishing the last stages of this project. We have identified 3 local sites around the downtown of Ypsilanti. These sites were then evaluated and prioritized.

The consultant took these four options out for public feedback on August 29th at the YTC. We engaged and received feedback from about 120 riders, local residents, and business owners. The team combined this information with the previous prioritization and presented the preliminary results to Senior Management. The team will be finalizing the results and completing the reports which are expected by the middle of October.

BikeShare - The memorandum with the civic partners (University of Michigan, Ann Arbor DDA, City of Ann Arbor) is signed and complete. Final contract language with our selected operator is being reviewed for signature to begin the relaunch. Initial re-launch operational issues have been discussed with the new operator and an initial equipment review has been completed. Upon signing, the re-launch plan will be initiated, focusing on bringing the stations that are permanently installed online and potentially allowing on-campus operations through the winter. Next spring is the plan for launching off-campus locations to allow time to discuss with the City the opportunities to allow year-round operations. Public announcements are planned for when the contract is signed with the new operator and again with a re-launch date.

Operations Notes - Increased Fall services began running in late August and implementation went smoothly with no significant challenges. Football shuttles have also begun running smoothly. Road construction detours are going to affect our routing longer than normal due to the labor dispute across the state with road builders and contractors. In a tight labor market, bus driver recruiting has become a year-round exercise with new classes being conducted regularly.

We purchased a gum removal machine that uses a non-toxic solution and steam heat to dissolve gum off of sidewalks. The facilities crew has been out at transit terminals using it to great effect.

We are installing a demonstration unit into one of the busses in the fleet for a collision avoidance system that will give our operators a visual and audible warning if they are on a collision course with another vehicle, bicycle, or pedestrian.

Federal Transit Administration Review – Transit agencies like TheRide are visited every three years by the Federal Transit Administration (FTA). The FTA conducts a routine review of agency records to determine how compliant the agency has been with federal laws and regulations. FTA auditors will be on-site at TheRide headquarters in late September to conduct the review. The resulting report will be sent directly to the CEO and the Chair of the agency’s board. This year, the CEO expects more findings than in previous years due to increased FTA scrutiny of asset management practices across the country, and because we have become more aware of opportunities for improvement and will share those opportunities with the FTA. The FTA generally allows several years for agencies to resolve incidents of non-compliance on their own.

AirRide – New regulations from the Airport Authority have resulted in a single stop at each terminal. This is an improvement for passengers, especially those with mobility limitations. However, number of small challenges have arisen with updating outdated wayfinding and signage, seating and confusion for passengers. These issues became apparent with back-to-school crowds in late August. The AAATA and contractor are working with the Airport Authority to resolve these issues. Progress has recently been made in updating signage.

Grants – Recently, there has been a surge in discretionary grant opportunities, and TheRide has applied for several. These are competitive programs and success is not guaranteed. Responses from State and Federal authorities are not expected for several weeks and until fall, respectively.

RTA– As a regional stakeholder, the AAATA was asked to comment on the RTA’s proposed budget. We were happy to see that the Michigan Department of Transportation has found additional funds to help support the RTA’s administrative costs. There does not appear to be any interested in requisitioning any part of the AAATA’s funding to help pay for the RTA’s administrative costs. Also, Liz Gerber has resigned from the RTA board and the Washtenaw County Board of Commissioners will be selecting a replacement.

Michigan Public Transit Association – The statewide association of transit agencies met for their annual meeting in August. Matt Carpenter was elected Vice President (Vice Chair) of the Board of Directors.