
BOARD OF DIRECTORS - ANN ARBOR AREA TRANSPORTATION AUTHORITY

DATE: Thursday, March 21, 2019

TIME: 6:30pm – 9:00pm

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

MEETING CHAIR: Eric Mahler

AGENDA

	Info Type*	Detail
1) Opening Items		
1. Approve Agenda		
2. Public Comment		
3. General Announcements		
2) Consent Agenda	D	
1. Minutes		
3) Board Development: Transit Oriented Development	O	Brad Strader, MKSK
4) Policy Monitoring and Development		
1. Board's Annual Plan of Work Items	O	
2. Policy Monitoring and Committee Reports		
1. Governance Committee	O	Mahler
2. Finance Committee	O	Allemang
3. Service Committee	O	Hewitt
3. Other Board Reports & Ownership Linkage		
1. LAC, WATS, A2 Transportation Commission	O	Mozak-Betts, Krieg, Sims
2. Task Forces	O	Allemang, Mahler
5) Strategy and Operational Updates: CEO		
1. Service Planning Process Follow-Up Discussion	O	Carpenter/Sanderson
2. Monitoring Reports		
1. 2.3 Compensation + Benefits	M	Carpenter
2. 2.8 Asset Protection	M	Carpenter
3. CEO Report	O	Carpenter
6) Emergent Business		
7) Closing Items		
1. Topics for Next Meeting: Fares, 2.6, 2.11		<i>Wednesday, April 18, 2019 @ 6:30pm</i>
2. Public Comment		
3. Board Assessment of Meeting		
4. Adjournment		

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

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?
-

Issue Brief: Board Education – Transit and Land Use

Meeting: Board Meeting

Date: March 21, 2019

Agenda Item # 3

Recommended Committee Action(s):

- Receive for Information. Discuss policy implications.

Prior Relevant Board Actions and Policies:

- Board Education is a part of policy 3.4: Agenda Planning.

Issue Summary:

Prof. Bradley Strader will make a presentation and lead a discussion about how land use and transit/transportation interact.

Background:

Within the Policy Governance model, the main products of a board are its policies. A board organizes its priorities into an annual agenda. The result of this agenda planning is called an “Annual Plan of Work”. See policies 3.4 Agenda Planning on page 17 of the AAATA Policy Manual for more information.

Part of a board’s annual agenda includes identifying subjects about which it wishes to become better informed. These informational items are labeled “Board Education.” In general, Board Education is intended to help improve board performance and enrich input and deliberation [policy 3.4(b)]. Education topics spur dialogue about the future and can give board members insight into how to improve written policies, with a focus on Ends policies.

John Carver has made the following observations about the purpose of Board Education.

“You may spend more than half your time learning – not about staff jobs but about issues that will enable you to make informed, visionary, creative decisions largely about Ends. This learning will come from various sources that you will select. Some will be from ownership ... Some of the learning will come from invited experts or other outsiders who have special knowledge or experience... Some of the learning will come from your CEO and staff.”

- Reinventing your Board, John Carver (2006). Page 228.

When considering the policy implications of education material, the Board can refer to the process in policy 3.1.3.1 to help determine whether an issue is likely an Ends or a Means, and if they Board wishes to change its policies based on any new information.

File Pathway?

Impacts of Recommended Action(s):

- **Budgetary/Fiscal: NA**
- **Social: NA**
- **Environmental: NA**
- **Governance:** Board Education is a part of policy 3.4 Agenda Planning.

Attachments: Biography of Bradley Strader.

Author: MC

Approved by: MC



Brad Strader, is a Principal for MKSK and heads up their Detroit office along with the firms transportation planning studio. He has over 30 years of experience in comprehensive and downtown plans, form-based codes, parking, and multi-modal transportation projects. His transit portfolio includes five BRT studies (Grand Rapids, Lansing and Metro Detroit), Transit Master Plans (The Rapid in Grand Rapids, STARS in Saginaw, LETS in Livingston County), and TOD Plans and Codes (Michigan Street in Grand Rapids, ReImagine Washtenaw Ave, Woodward Ave, Michigan Ave in Lansing). He is part of the consulting team recently selected by the RTA to work on the Ann Arbor to Detroit Mobility Oriented Development project.

Brad's work in the Ann Arbor area includes the City's Transportation Plan, Park and Ride Study for AAATA, the State Street and State Road Corridor Plans, and Master Plans and corridor plans for several cities and townships.

Brad is frequently sought as an instructor on best practices and innovative approaches for linking land use with transportation, Transit-Oriented Development, form-based codes, and Complete Streets for a wide variety of organizations in Michigan and other states. He also serves as an advisor on transportation and transit to the MEDC's Redevelopment Ready Community Program.

Issue Brief: Board's Annual Plan of Work**Meeting:** Board of Directors**Meeting Date:** 3/21/2019**Information Type:** Other**Issue Summary:**

As approved by the Board, the Board's Annual Plan of Work, Item # 4.1, and Monitoring Calendar is attached to this Issue Brief for reference.

Attachment 1:

Annual Plan of Work Calendar

Author: GB**Reviewed by:** MC**Approved by:** MC**Date:** January 18, 2019

Annual Board Plan of Work Approved October, 2018												Item 4.1	
		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				⊗ Monitor Ends									
Renew Ends													
Strategic Business Plan								⊗	Strategic Business Plan				
Budget Development												Draft Budget	
Budget Approval		⊗											⊗ Approve budget
		Key: ⊗ indicates key step.											
Plan of Work													
	Ownership Linkage												
	Ends Policies			Review Old Ends	Update Ends Policies	Update Ends Policies	Finalize Ends Policies						
			• Ownership Linkage Task Force	• Ownership Linkage Task Force	• Ownership Linkage Task Force	• Ownership Linkage Task Force						• Budget	• Budget
					• Resource Allocation Task	• Resource Allocation Task Force	• Resource Allocation Task Force					• Bylaws, etc	• Bylaws, etc
						• Orientation, etc	• Orientation, etc	• Orientation, etc		• Role of LAC	• Role of LAC	• Role of LAC	
							• Ridership/Coverage						
						• Long-Range Service Planning Input	• Long-Range Service Planning Input	• Long-Range Service Planning Input	• Service Planning Cont.	• Service Planning Cont.	• Service Planning Cont.	• Service Planning Cont.	• Service Planning Cont.
	Board Education (TBD)	• Emerging Tech		Affordability & Equity				Transit and Land Use			Advocacy		
Oversight, Accountability and Monitoring Reports													
	Directly to Full Board	• 2.0		• 1.0	• Board member Disclosure Statements due (3.3.2.1)			• 2.11					• 2.4
	Governance	• 3.3 • 4.1 • CEO expense report	• 4.2	• 4.3	• 4.4 • CEO expense report • CEO Evaluation	• 3.4 • CEO Evaluation • CEO Compensation (odd years)	• 3.2 • CEO Evaluation	• 3.1 • CEO expense report • CEO Evaluation process	• 3.6 • 3.7	• 3.8 • CEO pay (3.4.7)	• CEO expense report	• 3.5	• 3.0 • 4.0
	Service Committee		• 2.2 • Q4 Service Report		• 2.2	• Q1 Service Report			• Q2 Service Report	• 2.10	• Draft Budget Preview	• Q3 Service Report	
	Finance Committee		Report: • Q4 Financial Report	• 2.7		• 2.5 • Q1 Financial Report	• 2.3 Compensation + Benefits • 2.8 Asset Protection	• 2.6	• Q2 Financial Report	• 2.9	• Draft Budget Preview	• Q3 Financial Report	
	Audit Task Force		• Form Task Force	Field Work	Draft	Present							
CEO Strategy Updates			BRT	YTC		• Long-Range Service Planning Process							
Misc							Labor Agreement (every 5 years)						Offer Elections (Byl II.2) Set meeting times (IV.1)

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Finance Committee

Tuesday, March 12, 2019

Present: Mike Allemang (Chair), Jesse Miller, Kyra Sims, Eli Cooper (phone)

Staff: Matt Carpenter, John Metzinger, Bryan Smith, Phil Webb, Gwyn Newsome, Mary Stasiak, Rosa-Maria Njuki, Geri Barnstable

The meeting was called to order at 3:03 p.m. by Chairman Allemang.

1) Opening Items

a. Agenda (Additions, Approval)

Mr. Carpenter announced that the Monitoring Reports will be from Mr. Metzinger, not him.

b. Communications

None.

2) Policy Monitoring and Development

a. Monitoring Report 2.3: Compensation + Benefits

Mr. Carpenter and Ms. Newsome reviewed specific items and noted where we are not in compliance and we are; in particular the payroll system is being updated because it is currently obsolete. She has proposals for this with the goal of finishing changes by next year. She did note that there is equity with internal pay ranges, but more factors are needed for a comparison with external ranges. It was noted that our long-time auditor has stated that we are in compliance on retirement benefits. A discussion and questions about the policies and compliance followed. Mr. Carpenter asked the Committee to accept the report because it is mostly in compliance. The committee unanimously favored voting for B which is compliance except where noted.

b. Monitoring Report 2.8: Asset Protection

Mr. Carpenter noted that compliance in this area is very important because of finances and liability; in particular, taking care of physical assets. He asked what level of detail the Board wants on this. Specific policies and details were discussed with questions asked. One policy that is not completed deals with the CEO putting the organization into an unreasonable position, seeking to define what constitutes unreasonable. He noted that in risk management, we are well

covered by insurance with Travelers. A discussion about insurance, including how to compare us to others in our industry, followed. Mr. Cooper requested more data; in particular on bus maintenance. Mr. Carpenter may revisit this and bring it up at the Board Meeting. Mr. Cooper believes the Board should know the details of what costs are coming up. Mr. Smith, with Mr. Metzinger and Ms. Gail Roose, will put this information together for the fleet, some bus stops and some shelters. Mr. Metzinger noted that the FTA doesn't review us because they consider us low risk. Mr. Cooper stated that this is our sustainability policy. Choice "B", in compliance but as noted, was voted "yes" by 3 of the 4 Committee Members to accept the Monitoring Report. The other member favored "C", making reasonable progress toward compliance.

c. Ownership Linkage Update

Mr. Allemang announced Mr. Krieg drafted a letter requesting meetings and why, to city officials of Ann Arbor, Ypsilanti Township and Ypsilanti. That letter, with several revisions, will be going out under the board chair's signature.

3) Strategy and Operational Updates

a. FY2020 Budget Calendar

Mr. Metzinger announced that key dates, including public meetings, are listed here.

b. Cash Flow

As planned, Mr. Allemang met with Mr. Metzinger and Mr. Webb to review cash accrual, cash flow and operating income with details on the chart in the packet. As a result, the second quarter financial report format will be revised, plus the committee will review a more detailed statement of operations at that meeting. Mr. Metzinger noted that the quarterly statement will come out in May.

c. Branding Update

Mr. Carpenter noted that there are many logos, as shown in the packet, and that there is the opportunity to consolidate them because they currently dilute our image in the community. Some options were reviewed and discussed.

d. Mr. Metzinger gave a description of the potential impact of the proposed Federal and Michigan budgets.

4) Closing Items

a. Topics for Next Meeting: Ownership Linkage Update, Progress Toward the May Meeting (Retreat), State Filing of a Resolution, Policy Monitoring Report 2.6: Cash and Investments.

b. The meeting was adjourned at 5:15 p.m.

Respectfully Submitted,

Geri Barnstable

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
Wednesday, March 06, 2019

Present: Roger Hewitt (Chair), Larry Krieg, Kathleen Mozak-Betts, Sue Gott (phone)

Staff: Matt Carpenter, John Metzinger, Bryan Smith, Mary Stasiak, William DeGroot, Geri Barnstable

The meeting was called to order at 3:05 p.m. by Chairman Hewitt.

1) Opening Items

a. Agenda

Mr. Carpenter introduced Ms. Traci Chauncy who will be assisting Bryan Smith.
All approved.

b. Communications

None.

2) Policy Monitoring and Development

Mr. Krieg has his Certificate of Disclosure which he will give to Mr. Metzinger. Mr. Metzinger stated that he will hold the copies here. Chairman Hewitt noted that he emailed his to Chairman Mahler and will also send it to Mr. Metzinger.

3) Strategy and Operational Updates: CEO

a. Long Range Planning Follow Up Discussion

The recent slides were reviewed, and Mr. Carpenter inquired if there were any questions regarding the presentation of this topic that was made at the February 21st Board Meeting. There were questions and the RTA came up. Ms. Mozak-Betts asked whether we assist them and what any impact of that would be. Mr. Carpenter reported that things are not currently moving forward at the RTA, whereas we would like to see our plan ready by the summer of 2020. Chairman Hewitt noted that this is a time of rapid changes and we must become innovative now so as not to be left with poor choices. Mr. DeGroot noted that this is a time to be listening to the community.

b. Detroit – Ann Arbor Update

Mr. Carpenter reported that discussions are happening with the RTA and that we will meet to pull Washtenaw County together. He noted that we should be active with all the different entities involved. Discussion followed.

c. Mr. Carpenter announced that there would be changes to AirRide this summer in relation to Michigan Flyer's Lansing Route. He noted that AirRide belongs to Michigan

Flyer, not AAATA and that modifications to the existing contract are coming. He gave details of the changes and there was a discussion about options and their impact. More discussion followed.

- d. Branding Update
Mr. Carpenter noted that there are many logos, as shown in the packet, and that there is the opportunity to consolidate them because they currently dilute our image in the community. Some options were reviewed and discussed.
- 4) Closing Items
- a. Topics for Next Meeting: None but discussion in May of the Department of Energy Report.
 - b. Adjournment
The meeting was adjourned at 4:33 p.m.

Respectfully Submitted,

Geri Barnstable

Issue Brief: [Monitoring Report 2.3 Compensation and Benefits](#)

Meeting: Board

Date: March 21, 2019

Agenda Item # 5.2.1

Recommended Committee Action(s):

- That the Board receive the monitoring report for information and accept by formal motion.

Issue Summary:

The CEO feels the report is complete and is seeking Board feedback and formal acceptance.

Background:

Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:

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

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

Attachments: Monitoring Report: 2.3 Compensation and Benefits

Author: MC/GN/JM

Reviewed by: MC

Approved by: MC

2.3 Compensation and Benefits

Monitoring Report

Period: December 2, 2018 – February 1, 2019

Date of Report:	March 14, 2019
Board Survey due:	NA
Finance Committee Review:	March 12, 2019
Board Review:	March 21, 2019

TheRide Board of Directors;

In accordance with the Board's Policy Manual; I present the Monitoring report on **Executive Limitation Policy 2.3: Compensation and Benefits**. 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

Policy being monitored:

	Report p.
POLICY TITLE: COMPENSATION AND BENEFITS	
2.3 With respect to employment compensation and benefits, the CEO will not cause, allow or fail to respond to any situation which jeopardizes to the agency’s effectiveness, fiscal integrity, or public image. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	4
2.3.1 Operate without a compensation and benefits program that attracts and retains highly qualified employees.	5
2.3.1.1 Offer a benefits program that does not include health insurance.	
2.3.2 Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.	9
2.3.3 Change the CEO’s own paid compensation and benefits, except to make his or her benefits consistent with a package for all other non-unionized employees, without Board approval.	10
2.3.4 Operate without a robust, impartial, and transparent process for determining employee compensation.	11
2.3.4.1 Allow compensation for agency employees (union and non-union), suppliers, or contracted employees to be less than a “living wage”, as defined by ordinance of the City of Ann Arbor.	12
2.3.5 Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that: A. Incur unfunded liabilities. B. Provide less than some basic level of benefits to all full time employees. C. Treat the CEO differently from other senior employees.	Error! Bookmark not defined.

Executive Limitations Policy 2.3

With respect to employment compensation and benefits, the CEO will not cause, allow or fail to respond to any situation which jeopardizes to the agency's effectiveness, fiscal integrity, or public image.

Current Interpretation & Rationale

I understand this policy to mean that I am obligated to prevent or resolve circumstances involving employee compensation that could: 1) risk the agency's ability to deliver Ends outcomes or comply with Executive Limitations policies, 2) allow unaffordable staffing costs, or 3) expose the agency to legitimate criticism that could damage the public's confidence in the agency.

A motivated workforce is key to determining an organizations success. Employee pay and benefits are one element of a motivated workforce, although hopefully not the most important. It can also be a risk. This policy focuses only the issue of employee pay and benefits to ensure minimum standards. But we should remember that compensation is only one element of employee motivation. Other expectations are covered in policy 2.2 Treatment of Staff.

Other policies directly monitor outcomes regarding the agency's overall effectiveness (Policy 1.0), fiscal integrity (2.4 and 2.5), and public image (2.8.5).

Evidence

I believe that compliance with this section's sub-policies demonstrates compliance with this higher policy.

Conclusion on Compliance

In compliance, except as noted.

Executive Limitations Policy 2.3.1

...the CEO shall not... Operate without a compensation and benefits program that attracts and retains highly qualified employees.

Current Interpretation & Rationale

I interpret this policy to mean that, within the limits of affordability (policy 2.4), the AAATA's pay and benefits should be sufficiently competitive to be appealing to current and potential staff who 1) have credentials and skills appropriate to their duties, 2) are able to fulfill their duties with a high degree of effectiveness and efficiency, and 3) are capable of making constructive contributions to the effectiveness of the agency through individual and team contributions.

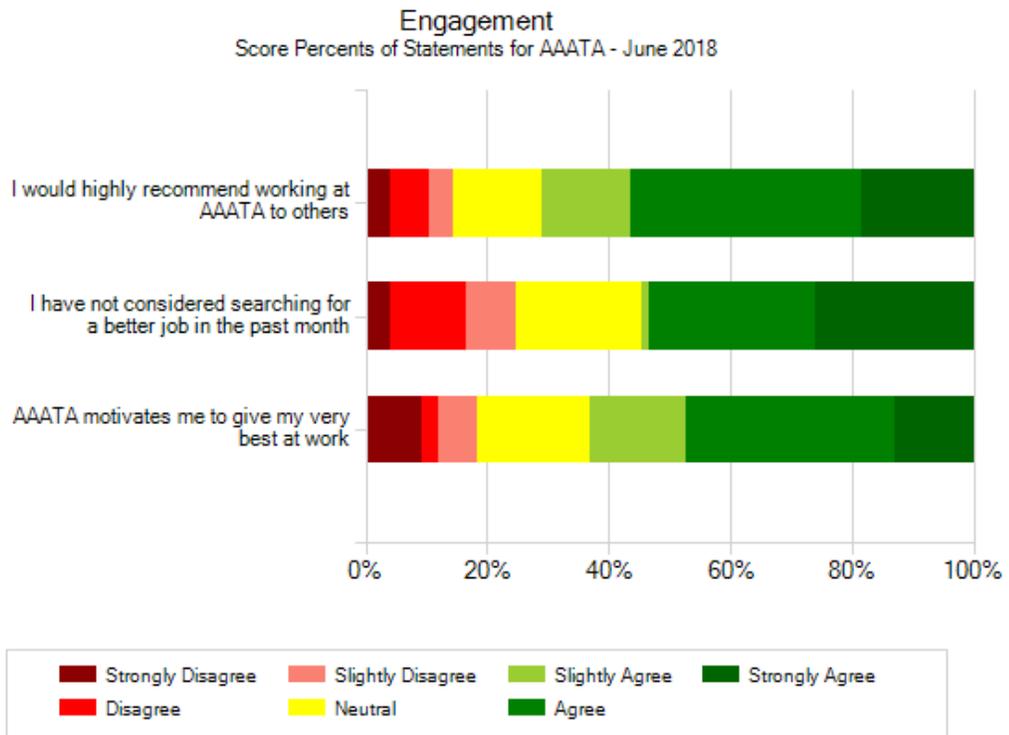
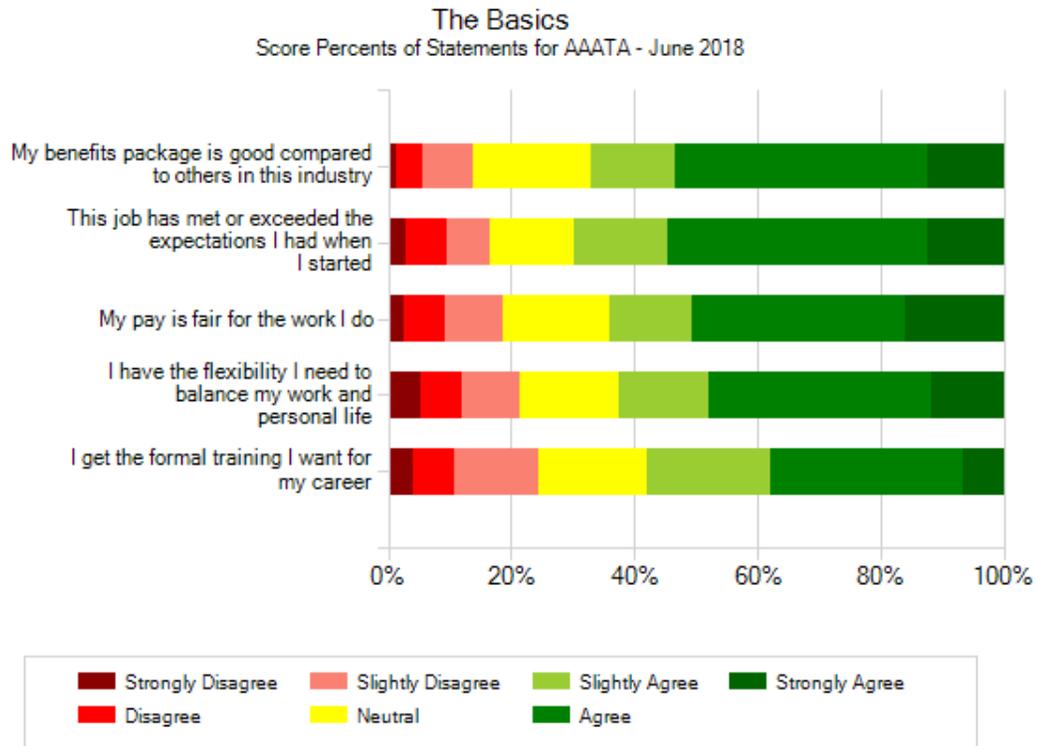
While pay is only one factor in attracting highly qualified employees, I interpret this policy to mean that the pay and benefits offered must be an effective element of recruiting and retaining the desired workforce and helping the AAATA become a "workplace of choice" (policy 2.2.1).

I define a "**compensation and benefits program**" to mean a up-to-date, purposeful and comprehensive arrangement of pay and benefits that has been intentionally designed to meet organizational objectives, such as attracting and retaining high-quality employees. A haphazard accumulation of uncoordinated decisions is not sufficient.

Evidence

- **Recruitment Success:** During the monitoring period, the AAATA recruited for 25 positions. Of those, all were filled. It is the general opinion of the CEO and HR Manager that the recruited staff were qualified, able, and are making constructive contributions. However, the CEO and Manager of HR have recognized other elements of the compensation and benefits program that are likely obsolete and may be hampering recruitment (see 2.3.2 below). Due to these concerns, the CEO believes that the current compensation and benefits program is likely out of date and does not fully meet the definition in the interpretation.
- **Retention Success:** Voluntary non-retirement turnover was 4.9% overall during the monitoring period. Of that, unionized turnover was 4.4%. Out of 286 staff, there were 14 voluntary departures, including three non-unionized employees (excluding retirements). The Bureau of Labor Statistics reports that the corresponding national rate for state/local government employees was 0.8% in December 2018.

- Staff Survey Results:** During the monitoring period, staff participated in an engagement survey (mid 2018). Several of the questions reveal the staff's perception of their pay and compensation. Well over half of staff reported feeling satisfied with their pay and benefits.



Conclusion on Compliance

Partially compliant.

While pay and benefits appear compliant, outdated legacy systems for non-unionized personnel make compliance difficult to determine. The Manager of Human Resources has initiated a review of the compensation and a benefits program and compliance is anticipated by January of 2020.

Executive Limitations Policy 2.3.1.1

...the CEO shall not... Offer a benefits program that does not include health insurance.

Current Interpretation & Rationale

When a benefits program is offered to full and/or part-time employees (union and non-union), it must include the *offer* of some level of health insurance coverage. However, it is not mandatory that every employee accept health insurance coverage.

Evidence

Presently, all eligible employees (union, non-union, full-time, part-time) have affirmatively enrolled in one of the group health plans, are in a waiting period before becoming eligible for benefits, or have waived the medical coverage option. One part-time employee with very low hours was not eligible. The table below illustrates the enrollment/waver status of all employees as of December 1, 2018.

Total Employees	Enrolled in a Health Plan	Voluntarily Waived Health Plan	In Waiting Period	Part-Time <20 hours/week
286	225	52	8	1

Detailed records are available for Board inspection upon request.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.3.2

...CEO shall not... Establish compensation and benefits that deviate materially from the geographic or professional market for the skills employed.

Current Interpretation & Rationale

AAATA compensation and benefits must be reasonably comparable with other public-sector employers in Southeastern Michigan (e.g. municipal governments and authorities, schools, universities, etc.), other comparable transit employers in Michigan and nearby states, and/or the national transit industry for specific positions.

Evidence

Non-union pay and benefits structures did not change during the monitoring period. However, the existing legacy structure has a methodology that makes it difficult to determine compliance. The existing system attempts to determine AAATA salary ranges in comparison with both public and private sectors in Southeast Michigan. This legacy system is not compliant with the CEO's interpretation and no longer meets the agency's business needs.

Unionized compensation and benefits were agreed to in 2017 as part of a 5-year labor contract (2017-2022). That contract included annual increases in pay rates that staff judged to be reasonably in-line with industry compensation.

Conclusion on Compliance

Indeterminant.

While pay and benefits appear compliant with this policy, outdated legacy systems for non-unionized personnel make compliance difficult to determine. The Manager of Human Resources has initiative a review of the compensation and a benefits and compliance is anticipated by January of 2020.

Executive Limitations Policy 2.3.3

The CEO shall not... Change the CEO's own paid compensation and benefits, except to make his or her benefits consistent with a package for all other non-unionized employees, without Board approval.

Current Interpretation & Rationale

I understand this policy to mean that the CEO's direct financial compensation, specifically pay, bonuses and any unique contractual benefits, can only be changed by an act of the Board. The CEO cannot grant themselves additional direct compensation only available to themselves.

However, changes to benefits that apply to all non-unionized staff (including the CEO) can be approved by the CEO. This is necessary to ensure that the agency remains competitive. For example, if a more advantageous company-wide dental plan were found, this change could be approved by the CEO.

I further interpret this policy to mean that the CEO is not to adjust group benefits if they themselves would benefit at a rate greater than their existing compensation/benefits would suggest.

Evidence

During the monitoring period the Board adjusted the CEO's compensation and benefits in September 2018. Aside from that, there has been no other change to the CEO's compensation or benefits. Records are available for the Board inspection upon request.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.3.4

The CEO shall not... Operate without a robust, impartial, and transparent process for determining employee compensation.

Current Interpretation & Rationale

In interpret this policy to mean that the AAATA is required to have an objective and fair system of determining staff wages. The system must be reliable and produce credible results (robust); be free from favoritism and treat all positions fairly based on as much objective criteria as possible (impartial); treat similar positions in a similar fashion (internal equity); and be comprehensible to a reasonable person (transparent). Such a process is necessary to ensure confidence in salary determinations that seek to balance competitive compensation with the budgetary interests of the AAATA.

I interpret “compensation” to mean wages, salary and bonuses; but not benefits which are addressed elsewhere.

Evidence

The AAATA’s current compensation system was established in 1994. It is the professional opinion of the CEO and the Manager of HR that the current system was appropriate for a smaller organization and no longer meets the definition above.

Conclusion on Compliance

Not in compliance.

While pay and benefits appear compliant with this policy, outdated legacy systems for non-unionized personnel make compliance difficult to determine. The Manager of Human Resources has initiative a review of the compensation and a benefits and compliance is anticipated by January of 2020.

Executive Limitations Policy 2.3.4.1

The CEO shall not... Allow compensation for agency employees (union and non-union), suppliers, or contracted employees to be less than a “living wage”, as defined by ordinance of the City of Ann Arbor.

Current Interpretation & Rationale

I interpret this policy to mean that all full and part-time employees of the AAATA, and employees of our suppliers and contractors, will be paid an hourly wage at or above the living wage as defined by the City of Ann Arbor.

Ann Arbor’s current living wage is a minimum of \$13.22/hour with health care and \$14.75/hour without health care. Suppliers with contracts under \$10,000 annually, 5 employees (for-profit), or 20 employees (non-profit) are exempt (Source: Living Wage Declaration Poster for 2018-2019, available at <https://www.a2gov.org/departments/finance-admin-services/purchasing/pages/forms.aspx>).

Evidence

- No AAATA staff were paid less than the living wage threshold. All staff are paid at least \$16.90 per hour. Detailed listing can be made available for the Board upon request.
- All AAATA contracts with suppliers require that they pay a rate at or above the threshold. A compliance audit of contractor payrolls was completed by the Purchasing Department in December 2018. Two contractors were found to be non-compliant:
 - A contract operator discovered that one employee was underpaid and has since provided documentation that the pay rate has been corrected. Purchasing staff believe this was an unintended error.
 - The contract provider of armored car services continues to be non-compliant. Staff continue to look for opportunities to resolve this, however, we have been unable to find any qualified supplier willing to pay their employees the necessary rate.

Conclusion on Compliance In compliance, except as noted.

After several years on non-compliance, management does not believe that it will be possible to retain armored car service that comply with this policy. Non-compliance in this one instance may continue for some time.

Executive Limitations Policy 2.3.5

The CEO shall not... Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that:

- A. *Incur unfunded liabilities.*
- B. *Provide less than some basic level of benefits to all full time employees.*
- C. *Treat the CEO differently from other senior employees.*

Current Interpretation & Rationale

I understand this policy to mean that if retirement benefits are created or altered, they must

- Be affordable for the agency in the short and long term,
- Include a defined-contribution pension program and a post-employment medical savings program,
- Be applied in a fair and consistent manner, consistent with clearly stated initial expectations,

Further, I interpret this policy to mean that benefits for the CEO should be the same as those for the Deputy CEOs, unless the Board has agreed to different arrangements specific to the CEO.

Evidence

Affordability

- No post-employment benefits have been created or modified within the monitoring period. This can be seen on page seven of the FY2018 audit which shows the liability for the Other Post Employment Benefits (OPEB) as \$1.5 million. Notes on page 24 indicate that this liability has decreased from previous years and the number of employees covered cannot increase.
- Further, at the February 21, 2019 Board meeting of the AAATA, lead Auditor Pam Hill from Plante Moran stated publicly described outstanding liability of \$1.6 million as “minimal” and “nominal”. (CTN board meeting video recording, [Time 9:05-11:41](#). <https://a2ctn.viebit.com/player.php?hash=7xpXeDPLwCQd>)
- Furthermore, the adopted FY 2019 Budget illustrates a five-year projection of operating costs, including fringe benefits (p. 20). These projections suggest that relevant benefits are affordable for the foreseeable future.

Pension & Healthcare

- All employees are required to participate in the defined-contribution pension program, after a one-year waiting period. As of December 2018, all employees were enrolled, in a required waiting period pending enrollment, or not eligible due to part-time status. The table below illustrates the breakdown.

Total Employees	Enrolled in Pension	Part-Time, non-eligible	In Waiting Period
286	252	8	26

- With only a few exceptions, all full-time employees are enrolled in the Michigan Employees Retirement System (MERS) Healthcare Savings Plan (HCSP). Many years ago, AAATA switched from providing retiree health benefits to funding a defined-contribution plan administered by the MERS during the employee’s employment. Eleven retirees who opted not to switch remain on earlier health care plan. This is accounted for in the budget and is affordable. The table below illustrates the breakdown.

Total Employees	Enrolled in MERS/HCSP	Part-Time, Non-eligible	In Waiting Period	Active, Enrolled in Legacy retiree Health Plan instead of MERS
286	269	8	8	1

CEO Benefits

- Other than a provision approved by the Board in the CEO’s original contract, the CEO has the same defined-contribution and retirement health benefits plans as all other non-unionized AAATA employees, including the Deputy CEOs. This has not changed in the monitoring period. No changes to the CEO’s contract have been made, although the Board did grant a raise and bonus. Some of the bonus was directed to a Board-approved 457 retirement plan.

Detailed records supporting all of the above evidence are available for Board inspection upon request.

Conclusion on Compliance

In compliance

**Record of Board Decision Regarding Monitoring Report
(To be filled in based on Board action after submission)**

Policy: EL 2.3 Compensation and Benefits

Date Submitted: 3/14/19

Date of Board Response: 3/21/19

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.

Finance Committee notes:

- Clarifications about methodology concerns with legacy compensation system.
- Suggestion that the Board accept the monitoring report at "B" (above).

Issue Brief: [Monitoring Report 2.8 Asset Protection](#)

Meeting: Board Meeting

Date: March 21, 2019

Agenda Item #5.2.2

Recommended Committee Action(s):

- That the Board receive the monitoring report for information and accept by formal motion.

Issue Summary:

The CEO feels the report is complete and will ask the Board to accept.

Background:

Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:

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

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

Attachments: Monitoring Report: 2.8 Asset Protection

Author: MC/BS/JM Reviewed by: MC Approved by: MC

2.8 Asset Protection

Monitoring Report for the Period: February 28, 2018 to February 28, 2019

Date of Report: March 14, 2018

Board Survey due: NA

Finance Committee Review: March 12, 2019

Board Meeting: Thursday, March 21, 2019

AAATA board;

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

I believe that the agency is in compliance, with the exception of policies 2.8.5.2 and 2.8.5.6 which have not yet been interpreted. Otherwise, I certify that the information is true and complete.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

Policy being monitored:

POLICY TITLE: ASSET PROTECTION

Report p.

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

4

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

- 2.8.1 Allow board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses. 5
- 2.8.2 Operate without ensuring appropriate risk management. 7
 - A. Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.
 - B. Fail to proactively anticipate the financial requirements needed to maintain assets.
 - C. Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud or malfeasance.
- 2.8.3 Unreasonably expose the organization, its Board or staff to claims of liability. 12
- 2.8.4 Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access. 13
- 2.8.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends by. 14
 - 2.8.5.1 Operating the organization in a manner that jeopardizes grantor relationships. 15
 - 2.8.5.2 Ignoring the social, environmental and economic implications of major decisions. 16
 - 2.8.5.3 Allowing third-party advertising that violates stated agency guidelines for community standards 17
 - 2.8.5.4 Hiring a former board member as an agency employee or supplier within one year of that member's departure from the Board. 18
 - 2.8.5.5 Hiring a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members to the AAATA Board. 18
 - 2.8.5.6 Ignoring exploration for innovation or opportunities that open capacity for the organization 19

Executive Limitations Policy 2.8

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

Current Interpretation & Rationale

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

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

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

(Note: Liquid assets are managed in compliance with policy 2.6: Cash and Investments.)

Evidence

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

Compliance

In compliance (with exceptions noted).

Executive Limitations Policy 2.8.1

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

Current Interpretation & Rationale

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

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

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

Evidence

During the monitoring period I have confirmed the insurance parameters, below, were in place. We judge the level of coverage to be adequate based on advice from our broker and our professional experience. AAATA's Risk Management Team has met with the broker to review claims and the adequacy of coverage (this meeting occurs annually during budget preparation). The table below illustrates coverage levels and open claims.

Financial Risks	Coverage Limits	Claims on File (As of 2/28/2019)
1. Replacement of Vehicles and Buildings		
a. Automobile (Vehicles): full replacement for losses within 2700 facility (terminal fire and catastrophic loss)	\$55,758,330 (Adequate to replace all buses and support vehicles.)	\$0
b. Property: full replacement for building, business personal property, disasters (e.g. earthquake, flood, data systems, tools)	\$26,310,300 Building \$4,576,000 Business Personal Property \$360,000 Extra Expense \$25,000,000 Earthquake \$2,500,000 Flood \$2,139,000 Data Systems \$660,000 Tools	\$0
2. Liabilities		
a. General Liability (Each Occurrence, General Aggregate)	\$2,000,000	\$0
b. General Liability (Personal & Advertising Injury, Products/Completed Operations Aggregate, Damage to Premises Rented)	\$1,000,000	\$0
c. Umbrella Lead Liability (General Aggregate, Products/Completed Operations Aggregate, Personal & Advertising Injury)	\$4,000,000	\$0
d. Employee Benefits Liability	\$300,000	\$0
e. Public Officials Liability	\$2,000,000	\$0
f. Each Employee Liability Limit	\$1,000,000	\$0
g. Umbrella Excess Liability	\$10,000,000	\$0
h. Automobile (Comprehensive and Collision)	\$1,000,000	\$722,679 incurred/reserve
i. Crime	\$500,000	\$0
j. Fiduciary (Each Loss, Each Policy Period)	\$4,000,000	\$0
k. Premises Pollution Legal Liability (Per Pollution Condition Limit, Per Pollution Aggregate)	\$2,000,000	\$0
3. Worker's Compensation		
a. Worker's Compensation	Self-Insured	
b. Worker's Compensation Excess (Aggregate Limit)	\$5,000,000	\$0

Detailed records supporting all of the above evidence are available for Board inspection upon request.

Compliance

In compliance

Executive Limitations Policy 2.8.2

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

Current Interpretation & Rationale

I interpret this policy to require taking proactive steps to reduce the potential for loss or damage of the physical assets of the AAATA.

Evidence

The board has comprehensively interpreted this policy in its subsequent policy provisions below. No further interpretation is needed. Compliance with sub-policies constitutes compliance with 2.8.2.

Compliance

In compliance.

Executive Limitations Policy 2.8.2 A

The CEO shall not...Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.

Current Interpretation & Rationale:

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

Evidence

- Buses and facilities do have documented preventative maintenance plans which are available for Board inspection upon request. The Federal Transit Administration (FTA) recently sampled the AAATA's records for maintenance and made the following conclusion on page 19 of the 2018 Triennial Review:

7. Maintenance

Basic Requirement: Recipients must keep federally funded vehicles, equipment, and facilities in good operating condition. Recipients must keep Americans with Disabilities Act (ADA) accessibility features on all vehicles, equipment, and facilities in good operating order.

Finding: During this Triennial Review of AAATA, no deficiencies were found with the FTA requirements for Maintenance.

- AAATA implemented the FTA-required Transit Asset Management (TAM) Plan in October 2018 with the purpose of ensuring state of good repair for vehicles and facilities. AAATA's plan requires annual condition assessments, setting of performance targets for state of good repair, and prioritization for capital investments. This data is reported annually to SEMCOG and MDOT. FTA will review the data in the next Triennial Review in 2021.

Targets are set as the percentage of assets that have met or exceeded their expected useful life benchmark. The table below shows the condition of assets in FY2018 and targets for FY2019 and FY2020:

Percentage of Assets at or Beyond Useful Life Benchmark

Asset Class	FY2018 Condition	FY2019 Target	FY2020 Target
Large Buses	14%	8%	1%
Mini Buses	0%	1%	1%
Supervisor Vehicles	21%	28%	21%
Service Trucks	100%	80%	40%
Facilities	0%	0%	0%

- Costs for implementing these preventative maintenance and replacement programs can be seen in the 2019 Budget (p. 21) listed as “Bus Replacement, Bus Components..., IT Hardware and Software, Small/Medium Bus Replacements, Furniture Replacement, Non-Revenue Vehicle Replacement”, with further explanations on pages 22, 31-36.

Detailed records supporting all of the above evidence are available for Board inspection upon request.

Compliance

In compliance.

Executive Limitations Policy 2.8.2 B

The CEO shall not...Fail to proactively anticipate the financial requirements needed to maintain assets.

Current Interpretation & Rationale

I interpret this policy to mean that the agency must have a rolling 10-year capital budget that:

- Use comprehensive lifecycle costing when considering major purchasing/investment decision, so that total costs are understood in advance of decisions.
- Uses multi-year capital and operating projections to comprehensively forecast all costs associated with maintaining and replacing vehicles, facilities and equipment. In particular, this requires plans for replacing the bus fleet.
- Assets should be maintained in a “State-of-Good-Repair” which means able to fulfill their function, adequate for customer and operational needs, and in cost-effective manner.
- Is fundable under realistic assumptions.

I further interpret this policy to mean that costs for maintaining existing assets should be visible to allow informed decision-making in a budgetary context.

Evidence

Replacement costs for the bus fleet, support vehicles, and IT equipment are itemized in the 10-year capital plan in the 2019 Budget (p. 23). Also included in the capital plan are facility rehabilitation costs.

Compliance

In compliance

Executive Limitations Policy 2.8.2 C

The CEO shall not...Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud or malfeasance.

Current Interpretation & Rationale

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

Consistent with federal law (2 CFR Part 200.302) the AAATA's internal controls will comply with *Standards for Internal Control for the Federal Government* issued by Comptroller of the US and the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Evidence

While internal controls were not the focus of the FY2018 auditor's report, the auditors did note that no deficiencies in internal control were identified, stating:

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

- *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (p.45):*

AAATA has updated key policies and procedures to ensure compliance with this policy. Updates include a new Purchasing Manual (which includes the Ethics Policy) and a new Internal Control System. Board members and management staff complete an annual disclosure of any conflicts of interest with regard to the Ethics Policy. The Internal Control System incorporates the standards and requirements of federal law (2 CFR 200.302), FTA guidance (Circular 5010.1E), and COSO's integrated framework. It includes a chapter that defines fraud and its characteristics, identifies each employee's responsibility for reporting fraud, and describes the procedures required to report and investigate fraud. These documents are available for Board inspection.

There were no reports of theft, fraud or malfeasance during the monitoring period.

Compliance

In compliance.

Executive Limitations Policy 2.8.3

The CEO shall not...Unreasonably expose the organization, its Board or staff to claims of liability.

Current Interpretation & Rationale

DRAFT INFORMATION BELOW. SECTION IS INCOMPLETE.

I interpret this policy to mean that ...

Liability means to be accountable or legally responsible for something. In this context I believe that it refers to being found responsible for financial damages. The nature of transportation operations means there is always expose to risk of being genuinely liable. Therefore, I interpret that *unreasonable* liability would be:

1. To allow activities to occur without appropriate resources and risk management. For example, allowing bus drivers to drive without appropriate training and supervision.
2. Voluntarily accepting legal responsibility or excessive risk for something the agency should not be responsible for at all. For example, failing to adequately distinguish the agency's responsibilities from those of a contractor, or building curbs and gutters.
3. Operating without adequate liability insurance (see policy 2.8.1).

Evidence

- During the monitoring period, no court judgments have been made against the agency.
- During the monitoring period the agency did require a contract operator to increase their liability insurance coverage.
- Training summary?
- Ongoing risk assessment or third-party assessment?
- Consultation with legal counsel?
- Contract provisions?
- Hiring practices?

Compliance

TBD

Executive Limitations Policy 2.8.4

The CEO shall not...Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access.

Current Interpretation & Rationale

I interpret this policy to mean that the AAATA's paper records and electronic files must will be kept in secure environments that minimize exposure to unauthorized access, theft, fire, or water damage. In addition, back-ups of critical files should be kept.

Evidence

Loss/Damage Prevention: Files on the network are backed up nightly to redundant servers located in separate locations. Although kept locked, cabinets for maintaining personnel records were not fire/water proofed.

Unauthorized Access: Proper controls are in place to prevent unauthorized access to records and files.

- **Electronic files:** AAATA implemented new IT Policies in 2019 for the acceptable use of technology systems, handling of confidential data, passwords, email, physical security, remote access, data retention, guest access, third party access, and wireless access. Further improvements that have been made include required use of 16-character network passwords, and implementation of two-factor authentication for external/remote access to the network. There were no known breaches of the AAATA's electronic records.
- **Applicant/Rider Information.** Documents identified as Protected Personal Information (PPI) and/or Protected Health Information (PHI) are stored with restricted access in locked file cabinets and secure network locations. Further, the Record Retention Procedure (Internal Control System) limits access only to authorized persons and assigns recordkeeping accountabilities. There were no known breaches of this information.
- **Financial:** Access to the accounting system is controlled by the Manager of Finance and the IT Manager. During the financial audit, auditors confirm that access controls are correctly implemented. There were no reports of any problems in this area in the FY2018 audit, or in prior years.

Compliance

In compliance, except as noted.

New cabinets for personnel records were installed on March 4, 2019.

Executive Limitations Policy 2.8.5

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

Current Interpretation & Rationale

I interpret this policy to mean that the public's confidence in the AAATA must remain high. Perhaps the agency's most valuable asset is its strong reputation. The public's confidence in the AAATA is the origin of much of our financial and political capital.

Evidence

During the monitoring period the AAATA's millage was renewed with 83% voter support, suggesting a high level of public confidence in the agency.

The CEO is not aware of any incidents during the monitoring period that damaged public confidence in the agency.

Compliance

In compliance

Executive Limitations Policy 2.8.5.1

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

Current Interpretation & Rationale

I understand this policy to mean that the AAATA will operate in compliance with the expectations made by the federal and state governments. The AAATA will not knowingly or through ignorance fail to follow these expectations.

Evidence

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

Federal Compliance: In 2018 the FTA conducted a Triennial Review and found no problems with the AAATA's internal control or business decisions that would jeopardize federal funding. Review is available for inspection upon request. The CEO and CFO are not aware of any risks to these grants. In addition, the AAATA's FY2018 audit assessed compliance with federal grant regulations (p. 47) and found that: *In our opinion, Ann Arbor Area Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2018.*

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

Detailed records supporting all of the above evidence are available for Board inspection upon request.

Compliance

In compliance.

Executive Limitations Policy 2.8.5.2

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

...By ignoring the social, environmental and economic implications of major decisions.

Current Interpretation & Rationale TBD

Evidence TBD

Compliance TBD

Executive Limitations Policy 2.8.5.3

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

Current Interpretation & Rationale

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

Evidence

The AAATA has an administrative Advertising Policy (see below). This Policy is consistently enforced. All third-party advertising must meet the Policy. There were no legal challenges to the policy during the monitoring period. One set of proposed advertisements were rejected in early 2019.

AAATA Advertising Policy, 2014

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

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

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

Compliance

In compliance

Executive Limitations Policy 2.8.5.4 and 2.8.5.5

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

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

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

Current Interpretation & Rationale

This policy is unambiguous.

Evidence

In concert with the Managers of Human Resources and Purchasing, we state that during the monitoring period the AAATA did not hire and current or former board member, or current or former elected officials as staff. There are no such people on staff. Nor did any current or former board members of elected officials own any of the suppliers we engaged for goods or services.

Compliance

In compliance

Executive Limitations Policy 2.8.5.6

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

Current Interpretation & Rationale TBD

Evidence and data TBD

Compliance TBD

CEO Notes on Policies

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

- 2.8.5.1 – This policy appears to be redundant with policy 2.5.2 “Operate in a manner that would jeopardize federal and state funding...”.
- 2.8.5.2 – Social, environmental, economic sustainability. With the recent update to the Ends policies, this statement may be redundant. Its placement in this section also feels awkward (asset protection). It may have been put here during initial drafting as a placeholder.
- 2.8.5.6 – Innovation - This is an ambiguous term and feels awkward in this section (asset protection). It may have been put here during initial drafting as a placeholder.
- The CEO is still attempting to develop a functional definition for unreasonable liability for policy 2.8.3.

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

Policy: 2.8 Asset Protection

Date Submitted: March 14

Date of Board Response: March 21

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.

Finance Committee Notes:

- Questions about how much liability insurance coverage is enough. Desire for more evidence.
- Question about the interpretation for policy 2.8.1.
- Desire for more evidence about preventative maintenance programs for facilities under 2.8.2 A.
- Suggestion to consult Rose Mercier regarding interpretation for 2.8.3.
- Some desire to keep policies 2.8.5.2 and 2.8.5.6.
- Suggestion to add "marijuana" to bullet 9 of advertisement policy, given its new legal status.
- Suggestion that Board find the Monitoring report as "C" or "B" (above).

Board Notes:

CEO's Report

Meeting Date: March 21, 2019

Agenda Item # 5.3

OPERATIONAL AND PROJECT UPDATES:

- **BIKESHARE/ARBORBIKE**

All agreements have been signed and the system is being prepared to relaunch this spring. There is not an official launch date at this time, but staff is aiming for a window between April 15 and May 1 to have the system available to the public. You should expect to see both program and agency communications to the community advertising that the system is returning shortly.

- **QUANTUM WHEELCHAIR SECUREMENTS**

The first installation is scheduled for a pre-launch event on the afternoon of March 26 from 3:30-6:30pm at MCity. The public and media will be invited. All 10 buses will have the Quantum wheelchair securements installed and available for customer use by the end of April. The buses will have a sticker on the outside near the front door to let customers know that it has a Quantum wheelchair securement on board.

A prelaunch notice is being distributed on fixed-route and A-Ride vehicles, and at several community businesses including the Center for Independent Living. A Quantum User's Guide will be available in print and online at TheRide.org/AboutUs/Initiatives/New-Mobility.

Staff was joined by Board Member Kathleen Mozak-Betts and representatives from the Center for Independent Living to test the Quantum wheelchair securements installed onboard the Port Huron Blue Water Transit buses.

- **FEONIX MOBILITY RISING: FEONIX-CONNECT APP**

Assistive real-time technology is being tested to enable individuals with auditory and sight challenges to receive on-demand schedule updates, navigate bus routes and to identify the exact location (within 10 feet) of a pick-up and drop-off location.

- **WASHTENAW BUS RAPID TRANSIT**

Following the November/December 2018 public input period and open house, two additional pop-up events are scheduled to collect additional feedback in April. Presentations will also be given to the WATS Policy committee in March and the Technical committee in April. More details about the project are at www.TheRide.org/AboutUs/Initiatives/Relmagine-Washtenaw.

- **PUBLIC INPUT – AUGUST SERVICE CHANGE PROPOSALS**

A public comment period for August service changes is being held from March 1-31 to seek input from customers on recommendations for potential changes to several fixed routes. Public input sessions were held at the Blake Transit Center, Ypsilanti Transit Center and at the Pittsfield Twp. Senior Center.

- **NEW STAFF** – This month we welcomed Rosa-Maria Njuki as our new Corporate Strategy and Performance Officer.

OTHER UPDATES:

- **AMERICAN PUBLIC TRANSPORTATION ASSOCIATION (APTA) LEGISLATIVE CONFERENCE – March 17-19**

The APTA Legislative Conference is an opportunity to learn about important federal legislation and policy initiatives and to learn about the industry's policies and federal advocacy agenda. Meetings are scheduled with the staff of Senators Debbie Stabenow and Gary Peters, and Representative Debbie Dingell. This is an opportunity for us to build strong relationships with our delegation about future investment opportunities.

- **MICHIGAN PUBLIC TRANSPORTATION AUTHORITY (MPTA) LEGISLATIVE BREAKFAST – March 21, 2019**

The MPTA Legislative Breakfast is a key part of building strong relationships that benefit us into the future. This is also an opportunity to strengthen our support by reminding returning legislators who we are and what we do in their home districts. Funding is just one of the issues that will be discussed with legislators. Many legislators do not yet fully understand our industry or how we are funded, and this is as an opportunity to help acquaint them with who we are and how we work. With new Governor Whitmer advocating a “Fix the Roads” policy, it’s important that public transportation is seen as a part of the overall solution.

- **A2Y CHAMBER “WORKFORCE PIPELINE SUMMIT”– March 18, 2019**

Staff attended the Workforce Pipeline Summit hosted by the A2Y Chamber. The outcome of the summit includes sustainable and actionable 2-, 5-, and 10-year Strategic Plans that spell out the vision and commitments for solving the workforce pipeline problem in our community.