
Board of Directors Meeting Summary

Meeting Date/Time: August 15, 2019, 6:30-9:00pm

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

Board Member Attendees: Mike Allemang, Raymond Hess, Eric Mahler (Chair), Jesse Miller, Kathleen Mozak-Betts, Kyra Sims

AAATA Staff Attendees: Matt Carpenter (CEO), Bryan Smith, John Metzinger, Tim Sanderson

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

1. OPENING ITEMS

1.1 Approve Agenda

Ms. Kathleen Mozak-Betts moved to approve the agenda. The motion was seconded by Mr. Raymond Hess. The agenda was approved unanimously.

1.2 Public Comment

Mr. Larry Krieg voiced concerns about Ann Arbor traffic growth and encouraged the Board to contribute toward solutions.

Ms. Michelle Barney expressed her willingness to contribute to public awareness of mass transit by passing around petitions.

Mr. Don Stasie declared that his largest concern is the absence of any fixed route busses on Carpenter Road on Sundays and the difficulty this poses for those living at American Place. He also suggested that the number 6 route could sub divide, and a few number 6's could be sent out to Sam's Club. He requested that all buses have identification on the back end of the bus and also discussed the need for bus drivers to have increased awareness of passenger's running for the bus.

Ms. Barney agreed with Mr. Stasie's assessment of Carpenter Road service.

1.3 General Announcements

Mr. Bryan Smith formally introduced the new Manager of Mobility Services, Michelle Willis, who was present at the meeting.

Mr. John Metzinger announced the appointment of the new Manager of IT, Mike Blackston, joining September 4th.

Mr. Mike Allemang announced that the Audit Task Force has chosen new auditors, UHY.

CEO Matt Carpenter pointed out the Board Assessment of Meeting questionnaire now in the back of the Board Meeting Packet.

2. CONSENT AGENDA

2.1 Minutes

Ms. Sims moved to approve the minutes and Mr. Hess seconded the motion. Mr. Jesse Miller abstained. The motion carried.

3. 2020 BUDGET UPDATE

3.1 2020 Budget Presentation

Mr. Metzinger discussed changes in the FY 2020 Budget since the last draft was presented to the Board, as well as the feedback collected from the public recently. He explained that there are only incremental changes in numbers since the last draft. He also discussed proposed budget cuts for 2020, including a possible switch from biodiesel fuel to clean (ultra-low Sulphur) fuel, possible discontinuation in the summer of 2020 of the ArtFair shuttles, as well as potentially reevaluating TheRide's participation as UofM football shuttles.

Mr. Metzinger announced that the final recommended Budget will be brought to the Board at the September 19th Board Meeting and will be a single-year operating and capital program for FY 2020.

Mr. Metzinger presented on the operation budget forecast and a probable deficit should corrections not be made, which would be against the Board's policy. He discussed causes and corrections for that deficit.

Mr. Allemang asked what the meaning of "under performed" means as a description of a route. Mr. Tim Sanderson explained that under performance of a route is generally based on passenger per hour but also on the overall character of the route and the purpose.

Prompted by Chairman Mahler, Mr. Metzinger discussed his assumptions around ridership being down 6% in 2019. Mr. Metzinger also discussed potential causes for lower ridership to be a rough winter in 2019, lower ridership nationwide, and others.

Chairman Mahler suggested separating Paratransit from Urban Demand Response for easier discussion. Mr. Allemang expressed agreement that ridership might best be looked at separately amongst the services.

In a discussion of risks and uncertainties, Chairman Mahler asked if the economy was factored into the budget. Mr. Metzinger explained that the budget was a status quo forecast, but he went on to discuss possible plusses and minuses of a slowdown, a fuel fluctuation, property tax values, and a recession.

Mr. Metzinger also discussed better utilization of the capital funds, increase in investment income, reasoning for contingency allocations verses predictability, budgeting to actual cost, holding management accountable for budgeting to actual cost, and continuing to improve in accounting and financial management.

Chairman Mahler asked when planning and discussions of the corrective measures and cost controls would begin, expressing his preference to start sooner rather than later. Mr. Metzinger responded that once past the budget adoption, staff and the Board will continue with the momentum of working toward the 2021 budget. Mr. Allemang expressed the importance that the Service Committee be the proper committee to start discussing these items, but the Finance Committee needs to be made aware of number changes as soon as possible.

Mr. Miller expressed caution toward putting too much on the Service Committee's plate. CEO Carpenter voiced that efforts will continue to be made for all these topics to be spread out amongst all the committees.

Mr. Allemang announced that once again Mr. Metzinger and his staff have received the GFOA Distinguished Budget Presentation Award, this time for the 2019 budget. The award will be presented at the September Board Meeting by Catherine McClary, Washtenaw County Treasurer.

3.2 Budget Public Hearing

Mr. Metzinger provided further explanation to Ms. Barney of operating costs, capital, and the “Use of Federal Funds” graph.

Mr. Stasie expressed concern about increase in demand for A-Ride. He applauded replacement of Crown Victorias with Chrysler sedans. CEO Carpenter provided some discussion of studies made on A-Ride and suggested further outside discussion or addressing his concerns with the LAC. Mr. Stasie was provided with additional information on LAC meetings and other meetings he can attend.

Mr. Stasie also expressed room for improvement regarding on-time performance.

4. POLICY MONITORING & DEVELOPMENT

4.1 Committee Reports

4.1.a Governance Committee

Chairman Mahler encouraged more Board Member participation than has been evident in recent months. He also announced that the Governance Committee will be meeting with three potential board candidates on August 28th.

Chairman Mahler led a discussion on the role of the Board Treasurer in the Articles of Incorporation. He described leaving the role vacant or eliminating the role. Mr. Hess suggested delegating the Treasurer responsibilities to the AAATA CFO. Mr. Miller offered the solution of presenting a consent agenda to the governing bodies. Chairman Mahler suggested that reaching out to Melvin Muskovitz for a resolution on this may be needed.

Chairman Mahler discussed officer elections and requested feedback on possibly eliminating the nominating committees process and simply taking nominations from the floor. Ms. Mozak-Betts expressed that nominations from the floor are possibly the better avenue. Mr. Allemang expressed that nominating committees make less sense for a smaller board like that of AAATA.

4.1.b Finance Committee

Mr. Allemang directed the Board to the Budget discussion, Corporate Business Plan, quarterly review of the investments, and the Committee meeting summary.

4.1.c Service Committee

Ms. Mozak-Betts announced that the Service Committee is open to be the Fare Policy Task Force if the Governance would like the Committee to do that. Mr. Sanderson discussed the one-year transit signal priority won by TheRide.

4.2 Monitoring Report: 3.5 Chief Governance Officer Role

Chairman Mahler commented that the feedback was generally positive from the two responses.

4.3 Other Board Reports & Ownership Linkage

4.3.a LAC & Task Forces

Cheryl Weber expressed her excitement for the LAC to be moving into policy governance. She offered that the Treasurer role in other Boards with which she has been affiliated just oversaw money spent on development of the Board.

5. STRATEGY & OPERATIONAL UPDATES: CEO

5.1 Corporate Business Plan Update

Ms. Rosa-Maria Njuki and CEO Carpenter provided discussion on the intent and purpose of the Corporate Business Plan draft, describing it as a high-level blueprint.

CEO Carpenter pointed out the heart of the rolling 5-year business plan on page 23, the AAATA Roadmap of Initiatives, highlighting the Long-Range Plan and increasing ridership.

Mr. Allemang complimented the Roadmap of Initiatives table and suggested that updating the table throughout the year would be helpful to the Board.

Mr. Hess presented the idea of opportunities for TheRide to look at other funding streams, including a millage, before 2023. He suggested looking at visitor contributions to the funding streams, i.e. gas, sales, and hotel taxes.

CEO Carpenter agreed that relying on property taxes so heavily creates a lot of competition and tax fatigue.

Chairman Mahler further clarified that the Corporate Business Plan is an analysis tool, not a tool to illustrate the actual mechanics of how initiatives will be accomplished.

Ms. Sims suggested a key for figure 5: 5-Year Work Plan describing the meaning of the grey highlights and the italicized items.

5.2 Q3 Finance Report

Mr. Metzinger explained the relevance of the quarterly report and walked through the income statement, the balance sheet, and the cash flow statement. He also discussed the investments summary.

Mr. Allemang offered that Ann Arbor pays property tax twice a year and the summer tax is far greater than the winter tax. He also explained the importance of surpluses going toward the current slightly off target reserves.

5.3 Q3 Service Report

Mr. Smith took questions for clarity from Mr. Miller about the report. Chairman Mahler expressed appreciation for the data and clarity of the data.

5.4 CEO Report

CEO Carpenter expressed that in his meeting with Senator Irwin the Senator continues to be a supporter of public transit. He also described his meeting with Representative Lasinski who is also supportive.

CEO Carpenter expressed that TheRide is awaiting a decision from the State regarding funding for Detroit-to-Ann Arbor. He described the inherent risks as worth taking should the funding be awarded.

CEO Carpenter discussed Michigan Flyer's expansion and the potential benefits of that. He responded to Mr. Miller that there is no discussion of an AirRide stop in Ypsilanti at this time, but there is a future for that if AirRide is decoupled and becomes more of a contracted service with more flexibility.

6. EMERGENT BUSINESS

No emergent business.

7. CLOSING ITEMS

7.1 Topics for Next Meeting

- 2020 Budget (Decision)
- Officer Elections

- Board Meeting Schedule Approval

7.2 Public Comment

Mr. Stasie asked if there is an expectation of an increase in Ridership. Chairman Mahler expressed that it is projected and can be reviewed in the Budget packet.

7.3 Board Assessment of Meeting

Board Members were encouraged to complete the Board Self-Monitoring Questionnaire.

7.4 Adjournment

Ms. Sims moved to adjourn the meeting. Ms. Mozak-Betts seconded the motion. Chairman Mahler adjourned the meeting at 9:24 p.m.

Respectfully Submitted by: Keith Everett Book

Approved September 19, 2019