

Board of Director's Meeting Agenda

Meeting Date/Time: April 22, 2021, 6:30-9:00pm

Location: REMOTE – Via Zoom

To join by computer: (You will be able to use your computer audio.)

1. Click on this link: [Zoom](#) (If you are using an Ipad, you must download Zoom first.)
2. You will be prompted to register with your name and e-mail address, then go directly into the meeting.

To join by phone:

1. Dial any of these numbers: (For higher quality, dial a number based on your current location): 301-715-8592 or 312-626-6799 or 929-205-6099 or 253-215-8782 or 346-248-7799 or 669-900-6833.
International numbers available: <https://theride-org.zoom.us/j/93845506279>
2. Enter the Webinar ID: 938 4550 6279

Meeting Chair: Eric Mahler

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6.4 Adjournment			

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

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?

Board of Director's Meeting Summary

Meeting Date/Time: March 18, 2021, 6:30-9:00pm

Location: Remote via Zoom

Board Member Attendees: Raymond Hess, Jesse Miller, Kyra Sims, Roger Hewitt, Kathleen Mozak, Richard Chang, Mike Allemang, Ryan Hunter, Sue Gott, Eric Mahler (Chair)

AAATA Staff Attendees: Matt Carpenter (CEO), Bryan Smith, Forest Yang, John Metzinger, LaTasha Thompson, Ken Anderson, Rosa-Maria Njuki

Meeting Chair: Eric Mahler

Chairman Eric Mahler called the meeting to order at 6:33 pm.

Discussion Items

1. OPENING ITEMS

1.1 Approve Agenda

Ms. Kathleen Mozak moved to approve the agenda, seconded by Mr. Roger Hewitt.

In support of the motion:

Mr. Hewitt: Yes

Mr. Raymond Hess: Yes

Ms. Mozak: Yes

Mr. Jesse Miller: Yes

Mr. Mike Allemang: Yes

Mr. Rich Chang: Yes

Ms. Sue Gott: Not available yet to vote.

Mr. Ryan Hunter: Yes

Ms. Kyra Sims: Yes

Chairman Mahler: Yes

The motion passed.

1.2 Public Comment

Mr. Robert Pawlowski expressed his appreciation for the reinstatement of AirRide beginning April 26th. He also described his preference for the Gillig bus design over the Nova bus design. He prefers the seating arrangement of the Gillig bus design for the most part and noted that the Nova bus design would be good for the Washtenaw Ave. route during peak hours.

Mr. Jim Mogensen highlighted that the August Service Recovery Proposal is a move toward permanent service as opposed to temporary, pandemic response service. He noted that he has not seen the Title VI analysis of the proposed changes yet and described the need for it to be robust and start with the previous, permanent service.

Ms. Michelle Barney described her understanding that FlexRide East does not go to Chidester after hours during the week or weekend. She expressed her appreciation for hours being extended as well, and also described an effort to vaccinate all the senior high rises by Washtenaw Public Health and her willingness to keep AAATA aware of when large buildings are vaccinated. She described the positive effect vaccinations may have on ridership.

1.3 General Announcements

Chairman Mahler announced that this will be the last Board meeting with John Metzinger, CEO, Finance and Administration, who will be moving on to another opportunity. Below is the resolution read by Chairman Mahler:

**RESOLUTION 02/2021:
Honoring the Service of John Metzinger**

Meeting: Board of Directors

Meeting Date: March 18, 2021

WHEREAS, John Metzinger joined TheRide on May 22, 2017; and

WHEREAS, John's last day as a member of our team will be April 9, 2021; and

WHEREAS, John has accepted a position as the CEO of another transit agency; and

WHEREAS, John has served as TheRide's first Chief Financial Officer, providing strong financial leadership and advice throughout his tenure; and

WHEREAS, John led the establishment of many changes and new approaches that will benefit the agency and our communities into the future; and

WHEREAS, John has been an excellent example of integrity, sound judgment, and strong leadership; and

WHEREAS, the Board of Directors wants to express its appreciation for his contributions.

LET IT THEREFORE BE RESOLVED THAT the Board of Directors expresses its thanks to John Metzinger, Deputy CEO for Finance and Administration, and wishes him success in all his future pursuits.



Eric Mahler, Chairperson



Kyra Sims, Secretary

Mr. Chang motioned to move the resolution into the record, seconded by Mr. Allemang.

In support of the motion:

Mr. Hewitt: Yes

Mr. Hess: Yes

Ms. Mozak: Yes

Mr. Miller: Yes

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes.

Mr. Hunter: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

Mr. Metzinger responded that serving this organization has been a great honor. He described the Board and staff as excellent and hoping that the citizens of Ann Arbor and Ypsilanti know what they have in them. He noted that excellent progress has been made together. He shared that he appreciated being recognized and honored like this but described that it has been a team effort. He recognized the great management team in his division, as well as great leadership from CEO Carpenter and the Board. He ended by saying that the work that AAATA does and the service that it provides is something that he will treasure for the rest of his career.

Mr. Allemang, Chairman Mahler, and Mr. Miller shared their appreciation for Mr. Metzinger's tenure with AAATA and wished him well.

2. CONSENT AGENDA

2.1 Minutes and Committee Meeting Reports

Mr. Hewitt moved to approve the consent agenda, seconded by Mr. Chang.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

3. POLICY MONITORING & DEVELOPMENT

3.1 Committee Meeting Discussion

None.

3.2 Board Retreat Feedback (Verbal)

Mr. Hewitt noted that the retreats were very well organized and provided an enormous amount of well-presented information. He expressed his hope for more opportunities to discuss the information and the long-range future of what transportation systems in general might look like.

Chairman Mahler described the struggle to balance the huge amount of information with enough time to discuss it all.

Mr. Hewitt further mentioned that Zoom meetings are not the ideal format for wide-ranging discussions.

Mr. Miller described coming out of the retreat excited about having more conversations and doing a deeper dive into some of the individual topics through the long-range planning process.

Chairman Mahler described that the Governance Committee will discuss this at the next Governance Committee meeting, planning future steps and recommending some future actions that will come up at future Board meetings.

Mr. Chang described the retreats as extremely helpful and useful and complemented the presentations presented by Mr. Smith and Mr. Yang, as well as CEO Carpenter.

Ms. Mozak pointed out that it had been mentioned in Committee meetings that because so much information was presented and there may not have been an appropriate amount of time to discuss it, there might be another half day retreat later on in the Summer. She supported that suggestion. Chairman Mahler responded that this will be discussed at the Governance Committee meeting and with staff.

Ms. Sims shared that one of the things missing in the retreat due to time constraints was the ability to collaborate as a Board. It is that piece that she would like to explore in a half day follow-up meeting, hopefully sooner rather than later before information is forgotten.

3.3 LAC Task Force Report

Ms. Mozak walked the Board through the policy language for Board linkage with the LAC, as well as an Executive Limitation for external relations with the LAC. She noted that the Governance and Service Committees have both recommended bringing the language to the Board for their thoughts and possibly implementation.

Chairman Mahler noted that Ms. Mozak led this project from start to finish and did a tremendous amount of work to organize and get the right result, along with CEO Carpenter and Governance Coach Rose Mercier. It was also a coordination between Chairman Mahler, Ms. Sims, the Governance Committee, and the LAC. He offered kudos to her for getting what he perceives as a very good policy in front of the Board.

Mr. Miller asked if the LAC has had an opportunity to review the policy language.

Ms. Mozak responded that this language was not presented to the LAC who just came back online in February. She described not pursuing that because it was language given by the Board, though there has been a lot of excellent feedback from the LAC in the past. She expressed her understanding that the LAC is anxious to move forward with policy governance and the Board's decision.

Mr. Miller expressed his trust in Ms. Mozak to represent the LAC's interests.

Ms. Mozak described that during the meeting she attended with the LAC in March she let the LAC know that there was new policy language, and the Board packet was available before the Board meeting. She asked that if they had any concerns, they were welcome to attend the Board meeting, but she does not believe the Board had any public comment from them at this point.

Ms. Mozak motioned to adopt the LAC Task Force policy as drafted, seconded by Ms. Sims.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

3.4 Ownership Linkage Task Force (Verbal)

Mr. Allemang reminded the Board that the Ownership Linkage Task Force (OLTF) was formed a little over 2 years ago. He described that ownership linkage is to try to have the Board engage directly with who they consider to be their owners. He noted that in the traditional sense, AAATA does not really have owners, but they consider the three bodies that create AAATA's existence and appoint the Board members to be the legal owners; generally, the residents within the communities serve to be AAATA's moral owners.

Mr. Allemang noted that the former OLTF met a number of times with Governance Coach Rose Mercier and developed a plan for doing this linkage, which was followed up with three meetings – one with Mayor Christopher Taylor of Ann Arbor, one with Mayor Beth Bashert of Ypsilanti, and one with Supervisor Brenda Stumbo of Ypsilanti Township. He shared that those were good meetings followed by the Board deciding that the linkage should be the responsibility of the entire Board and the OLTF was dissolved. Due to the pandemic, there was no further action after those meetings.

The OLTF has been reconstituted, with members Mr. Allemang, Ms. Sims, Mr. Miller, and Mr. Chang. So far, they have had a couple of meetings with the intent at the next Board meeting to bring what their consensus is relative to ownership linkage and to have a dialogue with the Board, to get their input and what they think about ownership linkage, in particular, what should be done going forward.

Chairman Mahler noted that this is a key pillar of AAATA's policy governance.

Mr. Allemang described that the focus of the dialogue with the owners should try to incorporate AAATA's Ends, to see that all are in agreement and to get input about changes.

3.5 Monitoring: Investments (Policy 2.6)

Mr. Metzinger walked the Board through the monitoring report for Policy 2.6 – Investments, presenting compliance with all elements of the policy.

Mr. Hewitt asked about Executive Limitation 2.6.2, the first interpretation indicating that the compliance with the policy will be demonstrated when account statements from financial institutions indicate that funds are held in accounts that are federally insured to the level of at least \$250,000 per account. He noted that there are two CDARS at the Bank of Ann Arbor equaling \$5M and asked Mr. Metzinger to explain that.

Mr. Metzinger explained that CDARS stands for Certificates of Deposit Account Registry Service. These funds are managed by the Bank of Ann Arbor, but they are held in Certificates of Deposit at banks around the country. While the sum is \$5M, in each bank there are amounts held of \$250,000, which is the maximum that is federally insured.

Mr. Miller asked if the accounts were capped at \$250,000, to avoid keeping a federally uninsured level in each.

Mr. Metzinger explained that AAATA does have accounts that are above that federally insured threshold. The reason for that is those funds are treated as an exception to this policy as they are funds that are held for operations. Policy 2.6.1 makes the exception for this in the language "except where necessary to facilitate ease in operational

transactions”. This cash is on hand for paying bills and payroll; these check runs often top more than \$1M.

Mr. Miller asked if this policy is possibly not accomplishing what the Board wants it to accomplish if there are funds that are uninsured.

Mr. Metzinger explained that AAATA is very careful to make sure that the operating dollars are being held in banks that are fiscally secure. The Bank of Ann Arbor is very highly rated by BankRate.com.

Mr. Miller wondered if language such as “in financially responsible, solvent institutions” should be added to the policy.

Chairman Mahler suggested that this may be something the Finance Committee could discuss.

Ms. Sims described a previous discussion in regard to the rating of the banks and how support of the health and safety of the bank could be provided, which might be something to add to the policy or monitoring report at some point.

Mr. Metzinger suggested that might be good advice. He described an opportunity here to provide an additional interpretation of evidence the next time this report is presented that could perhaps indicate the fiscal strength of the financial institution.

Mr. Allemang moved to approve the CEO as (a) in compliance, seconded by Ms. Sims. In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

3.6 Monitoring: Communication & Support (Policy 2.10)

CEO Carpenter presented the monitoring report, suggesting level (b) of compliance (in compliance except for items noted in policy 2.10.1 and 2.10.3) for the Board’s consideration.

Mr. Miller requested in the future that the report indicate when the report was scheduled to be due. He also expressed his interest in discussing how to address being informed of what other transit agencies are up to, whether it belongs in this policy or in External Relations.

Mr. Hewitt moved to approve the CEO as (b) in compliance except for items noted, seconded by Ms. Mozak.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Not available for vote (abstention as per Chairman Mahler)

Mr. Hess: Yes
Mr. Hewitt: Yes
Mr. Hunter: Yes
Mr. Miller: Yes
Ms. Mozak: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The motion passed.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Details of August Service Restoration

Mr. Yang reminded the Board that the public feedback period will run March 4 – April 2. He noted that there are quite a few public Town Halls being planned for the next couple of weeks and quite a few stakeholders have been met with as well. He reported that AAATA has not heard any major concerns yet. By April 2, all the feedback will be compiled from staff, the Board, and the public to incorporate into the final recommendation. AAATA will come back to the public in June for additional public Town Halls. At that time, it will be more for a communication purpose. Feedback will be collected then, but it will not be on time for the August service changes. It will be for future planning cycles. The service is going to be implemented on August 29th.

Mr. Anderson, AAATA Communication Service Coordinator, shared that so far AAATA has received around 70 individual pieces of feedback, mostly from the website or e-mail. In addition to that, there are 9 phone calls to which AAATA has responded. The majority of the feedback has been generalized questions such as “What is happening to my route? What is happening to my bus stop?” and requests for information. Routes 23 and 24 have received more comments than other routes. A lot of that is asking for clarification on exactly what the proposals are. But the majority of the feedback received at this point has either been supportive of the proposals or asking for clarifications. After the public comment period closes, Mr. Anderson explained that staff will finish compiling a summary sheet and provide the statistics on the types of comments received, the routes that had the most popular comments, and then make it available for the Board.

The August 2021 Service Recovery Proposal is available for review on TheRide’s website [here](#).

Mr. Miller expressed that he does not feel it is being adequately conveyed that these changes are permanent; they are not a COVID-19-related service increase but are in fact changes to AAATA’s core service that will remain until there is another re-working of the service.

Mr. Yang explained that this will be emphasized at the public Town Halls and that he will ask AAATA’s communication expert to provide further communication to make sure the public understands this to be a permanent change.

Mr. Miller expressed wanting to make sure that the public is given adequate notice that these are permanent changes so that they know to make time to provide input on this proposal.

Mr. Anderson shared that the original round of materials was put out before that type of language was able to be included, but AAATA’s Community Relations reports that in the news articles and interviews they have been giving, they are starting to use that language to reinforce those points going forward.

Mr. Yang addressed Ms. Michelle Barney's comment in regard to FlexRide East. He described that the service hours for FlexRide East are being expanded quite a bit on the weekdays from 6am to 10pm, on Saturdays 8am-9pm, and on Sundays 9am-7pm. Those service hours basically are matching AAATA's fixed routes services that used to be operating in that neighborhood.

Chairman Mahler asked generally how Mr. Anderson would categorize the comments thus far, how the tone of the comments is trending.

Mr. Anderson noted that the majority of comments are questions, but there are some people letting AAATA know that they do like some of the changes being made like simplifying the branches, and then there are others saying the changes that are being proposed are not as good in their opinion to what is already in place. He noted that it will have to be considered going forward as AAATA goes into the long-term plan, if some of the things that were done, like the more frequent service on weekends, if that is something that should be revisited or if resources need to be reverted.

Chairman Mahler asked what the timeframe is for the communication plan and if it is Mr. Anderson that generally gets back to people. Mr. Anderson shared that responses are coming from a combination of himself and Elyse Osterday in the planning department. They are catching up right now on the initial feedback with the goal of responding within several days. They do tend to respond to phone messages sooner than e-mails as phone calls seem to indicate a stronger sense of urgency.

4.2 Q1 Finance Report

Ms. Thompson walked the Board through the Q1 Finance Report, highlighting the following:

- In regard to the operating results, it has ended pretty much how staff thought it was going to end. There was a zero net income for the first quarter.
- The revenue and the expenses were at \$9.2M year-to-date, \$1.6M less than the budget. A couple of reasons for the budget variance include:
 - On the expense side, AAATA has a reduced service plan. With that there is lower fuel, materials, and supplies. And even with the pandemic, there are less purchased services as well. With no AirRide, D2A2, and even the ARide service coming in house, that causes all of AAATA's expenses to decrease at this point.
 - The revenue is going to follow the expenses. AAATA is not trying to pull federal funding for a surplus. Staff are just trying to cover the costs at this point.
 - AAATA pulled about \$1.6M in CARES Act funding for this quarter, at about \$3M year-to-date.
 - The fares are down quite considerably, about \$470K down for this quarter, which is due to the very low ridership that AAATA still has. Fixed route ridership is at about 20-25% current. That for demand response is at about 40%.
- On the balance sheet side, there is a strong net position. The reserve was at 2.9 months of annual operating expense, \$10.4 million. The months in reserve may look a little strange because the reserve is going down in total dollars, but the months are going up. That is due to the budget for FY2021 being less than FY2020.
- The investments presented are higher than the prior quarter, which is due to the CDARS program.

Mr. Hewitt asked in regard to the \$9.2 in revenue and \$3M in CARES Act, if everything had stayed the same and there was no CARES Act money, would there have been a \$3M loss recorded? Ms. Thompson explained that not to be the case. She noted that there was \$1.6M drawn for the quarter for CARES, and if it had not been drawn, other federal funding that AAATA has would have been used.

Chairman Mahler asked if there will be an increment increase, decrease, or steady state in regard to drawing in CARES Act funding going forward. Is it staying at the same level or is staff forecasting to draw more or less CARES Act funding in the next quarter? Ms. Thompson shared that AAATA is aiming to increase the money they are pulling from the CARES Act.

4.3 Q1 Service Report

Mr. Smith pointing out that the Q1 Service Report is a pre-pandemic to pandemic comparison. To see how AAATA is transitioning through the pandemic, he suggested taking a look at the comparison of Q4 to Q1. This is also the last report with pre-pandemic data.

4.4 Budget Update (Verbal)

Mr. Metzinger brought forth a concept of amending the 2021 budget primarily because with CARES Act funding, CRRSAA funding, and the potential of American Rescue Plan funding, staff are recognizing with greater confidence that AAATA will be able to spend federal funding more quickly than anticipated when the budget was adopted last September.

Mr. Metzinger described the concept to be spending a greater share of federal aid more quickly as operating assistance. Then to transfer AAATA's local property tax funding into reserve accounts, primarily as a capital reserve for future projects. This plan would allow AAATA to not only maintain operations for the next couple of years, but also to begin to make exciting progress on capital projects that have long been on AAATA's wish list. AAATA is dealing with an available \$35M in federal funds right now between CARES Act and CRRSAA funding. The plan would involve spending those funds more rapidly this year and next. Staff have confirmed with legal counsel that these plans due align with state law and are also allowable under the federal regulations for grantor relationships in accordance with the Board's policy. It is also in alignment with what voters have authorized in local millages in that they have elected to support public transportation in the service area through their millage votes. Capital and Operating projects both support public transportation. Mr. Metzinger also noted that this approach is consistent with what quite a lot of transit agencies of the same size as AAATA around the country are doing.

Next month, staff will be bringing forth a detailed plan along with a resolution and request for the Board's authorization to amend the FY2021 budget, to make some changes in expenses based upon what has occurred so far this year, minor changes. But the most impactful change is to realign the revenue and the operating budget using federal aid more promptly and then creating reserve accounts with local property tax funds for future capital projects.

CEO Carpenter added that he has spoken with three other transit CEOs, 2 in this state and another outside. What he has found is that a lot of other transit agencies are in a very similar situation to AAATA's, and almost all of them are doing something very similar to what Mr. Metzinger described. He noted that the transit agency in Des Moines, Iowa whose leader he has known for 20 years has already done this, has already begun moving their local property tax funding into a capital reserve. CEO Carpenter shared that he is confident in Mr. Metzinger's initial recommendation and is conscious of making sure perceptions of the recommendation are heard. He also noted that now is a good time to be pulling together local funding for capital. There are a lot of rumblings out of Washington, D.C. about a forthcoming infrastructure bill and even the potential in turn of congressional earmarks, about which he and Mr. Hunter will be speaking to Congresswoman Debbie Dingell. He described a concern among

some CEOs that a flood of federal infrastructure money, if there is no local money to match it, could be difficult to spend. So, he suggested now would be a good time to have local capital funding to match things.

Chairman Mahler expressed looking forward to a more fleshed out plan but conceptionally liked the idea. He agreed that public perception will matter and once it is well explained will hopefully not have a lot of objections. He described that AAATA has done much over the last several years to engender, manage, and maintain the trust of the public when it comes to fiduciary matters.

Mr. Allemang asked how soon a good estimate of the funds potentially being received from the American Rescue Plan might be known. CEO Carpenter described that it will probably take a couple of weeks as there are more formulas being applied to every new bill. In this particular case, the formulas being applied at a federal level limit every transit agency to 138% of their annual operating budget cumulatively taken from all three relief bills. He hopes to have something to communicate in a month, though it is all in the hands of the FTA.

Mr. Allemang asked if the American Rescue Plan dollars will have to be considered as part of the FY2021 budget amendment process. CEO Carpenter explained that the CARES Act and CRRSAA funds technically do not expire, but the American Rescue Plan funds are understood to expire in 4 years. So, there is a much greater urgency to use that money faster. If staff can find a way to ask for the Board's approval to spend the funds from the American Rescue Plan first, they will do that, or they may have to wait for the next amendment.

Mr. Miller expressed that the lack of capital investment has been holding AAATA back. He described that when he joined the Board, he was hoping to be breaking new ground on the YTC by now. He hopes that this budget amendment will be speeding up that timeline. Mr. Miller described his understanding that larger transit agencies have not received as great a percentage of their operating budgets from these bills as the smaller transit agencies have. He asked if any counter lobbying should be expected from the larger transit agencies.

CEO Carpenter described that it is understood by all APTA members that if a bill is passed at a national level, every district needs an incentive to vote yes. Even though New York's success is important, they could not get a federal rescue bill if they tried to hoard all of the money. CEO Carpenter expressed that he is not concerned about claw backs or any legal challenge to the proposal that Mr. Metzinger has outlined. He also described generally that the CARES Act funding was distributed in a more equal and less formulaic manner than the bills that have followed, potentially because the larger transit agencies need more funding and have a more difficult time reducing service and expenses.

CEO Carpenter described that capital projects in the industry are thought of in terms of 5-10 years; he has rarely seen a project happen in three years. In regard to the Ypsilanti terminal, he suggested that AAATA is potentially years away from a ribbon cutting due to the time-consuming aspects of development, such as numerous rounds of funding approval, local negotiations over land, and NEPA studies.

Chairman Mahler described that AAATA is in the position that they are in, to make these kinds of adjustments and moves, because of the early budget decisions they made in this pandemic, i.e., being very conservative with the CARES Act funds, cost cutting, and spending.

4.5 CEO Report

Mr. Smith described that AAATA is pleased to be offering a vaccine shuttle, having been contacted by the Washtenaw Health Department to do so. AAATA is offering a deviation of Route 4, a shuttle between BTC and YTC, and a stop in the middle at EMU. That is running from 10am-4pm, Wed.-Sat., which is when the clinic is currently open. For those that cannot get there on that fixed route shuttle, AAATA is offering ARide service that they have been offering throughout to anybody that has an appointment; that is fare free, being paid for via the CARES Act funding. For those that are outside of the ARide area, additional AAATA service is also available in some of the surrounding townships for vaccination appointments thanks to assistance from Golden Limousine. He described that if ever there was a reason to spend CARES Act funds, this is it.

Ms. Gott expressed that she was really proud that TheRide was involved in the vaccine shuttle. She described it as a great demonstration of leadership and stepping up.

CEO Carpenter complimented the AAATA planning and communications teams on the service restoration work. He described that Mr. Miller and the team made a presentation to Ypsilanti City Council this week.

In regard to AirRide service, it is getting back up and running. CEO Carpenter noted that the private company that operates the buses that are coming from Lansing through Ann Arbor to the airport (Michigan Flyer and Indian Trails) have found state money to backstop their operations. They are not being funded by AAATA. At the same time, AAATA's contract with them naturally expired during the pandemic. As they bring the service back, they do not need financial assistance from AAATA, and AAATA will not have a contract with them either. They will still be stopping at the BTC, but it will look a little bit different temporarily as the market for air travel stabilizes.

CEO Carpenter described making a requested presentation to the Board of the RTA on AAATA's current activities, to which he followed up with an ask of them to restart the Detroit to Ann Arbor service in part because UofM has announced its intent to return to in-person classes this Fall, which was a big chunk of the reason for the D2A2 service. Another chunk was the local health department asking AAATA if they could take passengers to Ford Field in downtown Detroit, which is perfect for the D2A2 service.

In regard to the transit-oriented development zoning work, CEO Carpenter described that as going well and announced that the Ann Arbor Planning Commission will be meeting on April 6th for a public hearing on it, if individuals are curious to hear more.

Lastly, CEO Carpenter responded to Mr. Robert Pawlowski's comment on Nova buses. CEO Carpenter noted that AAATA only has the one right now, with more expected sometime this Summer. He described that the seating configuration that Mr. Pawlowski was describing is not a distinction between Gillig or Nova buses, but rather a conscious decision about how the seats themselves are configured. The seats can be set up in almost any configuration, and this configuration was chosen by staff. CEO Carpenter thanked Mr. Pawlowski for his feedback and noted that if there is a lot of similar feedback, staff may revisit the configuration. He reported that staff have also heard some positive feedback about the extra room for standees and strollers.

5. EMERGENT BUSINESS

None.

6. CLOSING ITEMS

6.1 Topics for Next Meeting:

Monitoring: Policies 3.0-3.8
Board Retreat Follow-up
Budget

6.2 Public Comment

Mr. Jim Mogensen described TheRide eliminating GoldRide sedans for seniors. He also described that with taxis there is some understanding of what fares will be and backstops if people are being discriminated against. He shared that this is not the case with Uber and described additional barriers with Uber, such as individuals being canceled, surge pricing, and the need for technology and credit cards.

Ms. Michelle Barney added her praise of Mr. Metzinger. In regard to FlexRide East, she described that it lets her off on Michigan Avenue, from which she has an 8-block walk to her home in the evening. She asked for that bus system to be extended to include an area near Chidester. In regard to the August Service Recovery Proposal, she thanked staff for clarifying that the proposal is for permanent service changes. She also expressed her appreciation that Route 66 is being restarted. Lastly, she asked for staff to contact her with more information on the vaccine shuttle.

6.3 Board Assessment of Meeting (Electronic)

6.4 Adjournment

Mr. Chang moved to adjourn, seconded by Mr. Hewitt.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

Chairman Mahler adjourned the meeting at 8:25pm.

Respectfully submitted by: Keith Everett Book

Governance Committee Meeting Summary

Meeting Date/Time: April 1, 2021, 9:00-10:30am

Location: REMOTE – Via Zoom

Meeting Chair: Eric Mahler

Committee Meeting Attendees: Mike Allemang, Roger Hewitt, Kyra Sims

AAATA Staff Attendees: Matt Carpenter, Forest Yang, Bryan Smith, John Metzinger, LaTasha Thompson, Rosa-Maria Njuki

Guests: Rose Mercier, Mel Muskovitz

Chairman Eric Mahler called the meeting to order at 9:02 am.

Discussion Items
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval) Approved.</p>
<p>1.2 Communications CEO Carpenter welcomed LaTasha Thompson as Acting Interim Chief Financial Officer upon Mr. John Metzinger’s departure on April 9th.</p>
2. POLICY MONITORING & DEVELOPMENT
<p>2.1 Committee Agendas <u>Service Committee:</u> Mr. Hewitt had no additions.</p> <p><u>Finance Committee:</u> Mr. Allemang added an agenda item for August Service Recovery Proposal Public Feedback.</p> <p><u>Board of Directors:</u> Chairman Mahler asked about the Retreat Follow-up: Paratransit agenda item. CEO Carpenter described breaking the retreat follow-up down into discussions of specific topics, starting with Paratransit since that material happens to be ready first.</p> <p>Mr. Allemang asked if a decision is needed on the budget amendment at the April Board meeting. CEO Carpenter described that there is no immediate need for a decision, but sooner would be better than later. He emphasized that use of federal aid requires that a budget amendment be approved. Chairman Mahler expressed that the Board will take more time with the approval if needed.</p> <p>CEO Carpenter noted that the Closed Session is tentative. He noted also that Board members will need to state the location from which they are linking in from at the top of the meeting.</p>

Discussion Items

2.2 Other Governance Issues (as assigned)

2.2.1 Bylaw Review Material

Chairman Mahler provided his suggested edits and described a target of the May Board meeting for a draft to be brought to the Board.

Mr. Allemang suggested talking about the draft of the actual Bylaws at the next meeting, rather than the table.

Mel Muskovitz described that the changes in the draft Bylaws that Dykema has created are their suggestions based on feedback from staff and Board members. Chairman Mahler described making changes required by law and OMA automatically. For other potential changes outside of that, the Governance Committee should do the distilling down for the rest of the Board. Chairman Mahler has provided his suggested revisions. After this Committee meeting, a 2-hour working call with Mr. Muskovitz, Andrew VanEgmond, CEO Carpenter, Chairman Mahler, Ms. Sims, and Mr. Allemang will be scheduled for the week of April 12th.

Mr. Allemang expressed not being able to tell who made the comments in the marked-up document. Chairman Mahler will note "EM" at the front of each of his comments. Mr. Muskovitz will then go through the Bylaws document to shade Chairman Mahler's comments, amend it for items mistakenly deleted, and recirculate it.

2.2.2 Ownership Linkage Task Force (Verbal)

Mr. Allemang reported that Mr. Chang is doing a redraft of the Ownership Linkage document and the next meeting of the Task Force will be April 5th.

2.2.3 Board Retreat Feedback / Next Steps

Chairman Mahler expressed that he would like to see some analysis or conclusions from the polls taken during the retreat. CEO Carpenter described that the retreat was effective in getting the Board on the same page in regard to context, aspiration, and trade-offs. Now, smaller chunks will be brought forth for further discussion in Board meetings, starting with paratransit.

Chairman Mahler noted that bringing the retreat topics all together will likely need to happen at a later time in another retreat meeting. His hope is to be able to make movement on some of the issues at the monthly Board meetings in order for staff to create an outline for the strategic plan.

2.2.4 Monitoring Reports 3.0-3.8

Mr. Allemang described that 3.0-3.8 was a lot to survey and some of the answers for the same questions had answers of both always and never. He suggested that the interpretations may need to be discussed.

Chairman Mahler agreed that it was a lot of information, but also expressed appreciation for surveying all of the policies together as it revealed some areas of contradiction. He also noted the need to discover what to do with the treasurer role and make it in line with how operations are actually happening.

2.2.5 Board Meeting Assessment (3/18)

Discussion Items
No comments.
3. STRATEGY & OPERATIONAL UPDATES: CEO
<p>3.1 Budget Amendment Proposal Mr. Metzinger shared some ideas for how the budget could be updated to reflect federal relief funding, starting with the need to amend the FY2021 budget. Committee members discussed and provided feedback.</p>
<p>3.2 Earmarks (Verbal) CEO Carpenter reported that the House of Representatives has opened up the application processes for earmarks, but the Senate has not yet agreed. AAATA's application for Representative Dingell's earmarks was submitted on the deadline of March 31st.</p> <p>CEO Carpenter described that earmarks are specific projects for which a Congressperson can request additional funds.</p>
<p>3.3 Commuter Rail & RTA Update (Verbal) CEO Carpenter reported that he has completed his feedback on the commuter rail project. Committee members discussed potential next steps.</p>
4. CLOSING ITEMS
4.1 Topics for Next Meeting
<p>4.2 Adjournment Chairman Mahler adjourned the meeting at 10:45am.</p>

Respectfully submitted by: Keith Everett Book

Service Committee Meeting Summary

Meeting Date/Time: April 7, 2021, 3:00-5:00pm

Location: REMOTE – Via Zoom

Meeting Chair: Roger Hewitt

Committee Meeting Attendees: Kathleen Mozak, Jesse Miller, Ryan Hunter, Sue Gott

AAATA Staff Attendees: Matt Carpenter, John Metzinger, Bryan Smith, Forest Yang, LaTasha Thompson, Rosa-Maria Njuki

Meeting Chair: Roger Hewitt

Chairman Hewitt called the meeting to order at 3:03 pm.

Discussion Items
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) Approved.
1.2 Communications Ms. Gott shared that her term on the Board will officially end on May 1, 2021.
2. POLICY MONITORING & DEVELOPMENT
2.1 Board Retreat Feedback Mr. Hewitt noted that there will be follow-up discussions of Board Retreat topics at each of the future Board meetings. CEO Carpenter shared that Mr. Smith will present on paratransit at the April Board meeting.
3. STRATEGY & OPERATIONAL UPDATES: CEO
3.1 Budget Amendment Proposal Mr. Metzinger shared some ideas for how the budget could be updated to reflect federal relief funding, starting with the need to amend the FY2021 budget. Committee members discussed and provided feedback.
3.2 Earmarks CEO Carpenter reported that the House of Representatives has opened up the application processes for earmarks, but the Senate has not yet agreed. CEO Carpenter described that earmarks are specific projects for which a Congressperson can request additional funds. AAATA’s application for Representative Dingell’s earmarks was submitted on the deadline of March 31st. He and Mr. Hunter spoke with Representative Dingell’s staff this morning. The Surface Transportation Reauthorization Bill earmark deadline may also be approaching this month. At Ms. Mozak’s request, CEO Carpenter described the difference between applying for grants and earmarks. He described applying for a grant as going through the federal transit branch for discretionary funding and applying for a grant through an existing program in competition with applications across the country. An earmark is a legislative branch application (rather than an executive branch application) that hinges

on the Congressperson's discretion.

CEO Carpenter confirmed for Mr. Miller that shovel-ready projects would be more attractive to earmark applications.

3.3 August Service Restoration Public Feedback

Mr. Yang described finishing the first round of public feedback on April 2nd. He thanked Ms. Mozak and Mr. Miller for their attendance. Mr. Yang described that there were 10 attendees per Town Hall which is considered a good showing. Over 300 comments and feedback submissions were collected. He reported that quite a few of the comments were on GoldRide.

Mr. Yang described reviewing the GoldRide and route-specific comments. He also noted that there has been some embracing of proposed alternatives like VanPool.

Mr. Smith pointed out that if GoldRide needs to be reinstated, the contractor for FlexRide may be available to provide a quote. Mr. Yang emphasized that prior to the pandemic, GoldRide was only offered to Ann Arbor and Pittsfield, which could be a concern from an equity standpoint. Mr. Yang also pointed out that many GoldRide riders have already applied and been accepted for A-Ride.

Ms. Mozak asked the Committee to reconsider bringing GoldRide back, considering concerns such as weather and areas without sidewalks. Mr. Smith will be bringing forward information about the previous ridership and cost of GoldRide, as well as some options and cost estimates going forward.

Mr. Yang described that if there is additional feedback, to please forward it to staff this and next week to be included in the final recommendations.

Mr. Miller described noticing the attention to GoldRide in the Town Halls. He described that the expense of GoldRide was an issue pre-pandemic as well. He also described that this may be an issue to discuss at the April Board meeting, specifically considering the long-term implications of whatever decision is made.

4. CLOSING ITEMS

4.1 Topics for Next Meetings

Q2 Service Report

Monitoring: External Relations (Policy 2.9)

Bus Stop Improvement Progress (Requested by Mr. Miller, when available.)

4.2 Adjournment

Chairman Hewitt adjourned the meeting at 4:21pm.

Respectfully submitted by: Keith Everett Book

Finance Committee Meeting Summary

Meeting Date/Time: April 13, 2021, 3:00-5:00pm

Location: REMOTE – Via Zoom

Meeting Chair: Mike Allemang

Committee Meeting Attendees: Raymond Hess, Kyra Sims, Rich Chang

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, Forest Yang, Rosa-Maria Njuki, LaTasha Thompson

Chairman Mike Allemang called the meeting to order at 3:03pm.

Discussion Items
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) Approved.
1.2 Communications Ms. Sims noted that she may need to pop in and out of the meeting.
2. POLICY MONITORING & DEVELOPMENT
2.1 Board Retreat Feedback CEO Carpenter noted that there will be follow-up discussions of individual Board Retreat topics at each of the future Board meetings. He shared that this will start with Mr. Smith presenting on paratransit at the April Board meeting.
2.2 Ownership Linkage Task Force Chairman Allemang noted there was another meeting of the Ownership Linkage Task Force last week. The Task Force has materials that they would like to include in the April Board meeting packet as a means of reintroducing ownership linkage to the Board. Then their hope is to seek approval of a plan at the May Board meeting.
3. STRATEGY & OPERATIONAL UPDATES: CEO
3.1 Budget Amendment Proposal CEO Carpenter shared some ideas for how the budget could be updated to reflect federal relief funding, starting with the need to amend the FY2021 budget. Committee members discussed and provided feedback. CEO Carpenter described that the budget amendment proposal may be shared at the April Board meeting.
3.2 Earmarks CEO Carpenter reported that the House of Representatives has opened up the application processes for earmarks, though the Senate has not yet agreed. CEO Carpenter described that earmarks are specific projects for which a Congressperson can request additional funds.

Discussion Items

AAATA's application for Representative Dingell's earmarks was submitted on the deadline of March 31st. He and Mr. Hunter spoke with Representative Dingell's staff about the submitted projects. Additionally, the Surface Transportation Reauthorization Bill earmark deadline is this Friday, April 16th, to which AAATA is also applying.

3.3 August Service Restoration Public Feedback

Mr. Yang described finishing the first round of public feedback on April 2nd. He thanked Chairman Allemang and Mr. Hess for their attendance. Mr. Yang described that there were 10 attendees per Town Hall which is considered a good showing. Over 300 comments and feedback submissions were collected from the public, staff, and stakeholders.

Mr. Yang reported that quite a few of the comments were on GoldRide, followed by route specific comments. Staff have completed their review of all the comments thus far.

In regard to the proposed discontinuation of GoldRide, Mr. Yang described that the GoldRide sedan service was always a premium service, a service that the transit study suggested discontinuing in order to manage cost and ensure the ARide performance. He emphasized that GoldRide riders are and will still be able to ride the fixed route for free.

Mr. Yang described that the June engagement meetings will be announcing the plan for August. June feedback will be taken and considered for implementation further down the line, but not for the August implementation.

Mr. Smith described that some seniors have expressed only using the free fixed-route benefit of GoldRide and not needing the sedan service. He also emphasized that prior to the pandemic, GoldRide was only offered to Ann Arbor and Pittsfield. With all this to consider, he shared that he may have a proposal for GoldRide to present at the April Board meeting as part of his paratransit presentation.

Mr. Yang described that staff are having another meeting with Ypsilanti Township stakeholders this Friday. He also noted that the finalized service recovery will be presented to the Board at the June meeting.

4. CLOSING ITEMS

4.1 Topics for Next Meeting

Q2 Finance Report
Ownership Linkage
Budget Amendment (if not approved at the April Board meeting). At Chairman Allemang's request, Ms. Thompson described that if the budget amendment is adopted, the Q2 report will reflect the budget amendment on the income statement and balance sheet.

4.2 Adjournment

Chairman Allemang adjourned the meeting at 4:18pm.

Respectfully submitted by: Keith Everett Book

ISSUE BRIEF: Ownership Linkage Taskforce Update

Meeting: Board of Directors

Meeting Date: April 22, 2021

INFORMATION TYPE
Other
RECOMMENDED ACTION(S):
That the Board review and provide feedback to the Taskforce.
BACKGROUND
<p>The original Ownership Linkage Task Force was established in late 2018—composed of Mike Allemang (chair), Kyra Sims, Jesse Miller, and Larry Krieg. They were advised by Rose Mercier. The task force reviewed ownership linkage concepts and, after much discussion, documented their conclusions that included a plan for implementing board linkage with AAATA’s “owners”. The overall objective of ownership linkage: The board should engage more directly with its owners to promote two-way communication. The dialog should have a long-term perspective, that focusses on Ends Policies, and that sees that goals are aligned.</p> <p>In mid-2019, initial linkage meetings were held with Ann Arbor Mayor Taylor, Ypsilanti then-Mayor Bashert and Ypsilanti Township Supervisor Stumbo. The meetings generally went well; they were attended by two board members and Matt Carpenter.</p> <p>After these three meetings, the task force was dissolved and Ownership Linkage was deemed to be the responsibility of all board members. However, other priorities (and the pandemic) intervened, and no further linkage actions occurred. The task force was reconstituted in late December 2020 and consists of Mike Allemang (chair), Kyra Sims, Jesse Miller, and Rich Chang.</p>
PRIOR RELEVANT BOARD ACTIONS AND POLICIES
<p>Policy 3.0: Global Governance Process defines owners. Policy 3.2: describes the Board as an informed agent of the ownership and members are to maintain effective ambassadorship and coordinated advocacy with owners.</p>
ISSUE SUMMARY:
<p>1. Ownership Policy (3.0) states that the Board governs AAATA “<i>on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership)</i>”. The Ownership Linkage Task Force agrees that the City of Ann Arbor, City of Ypsilanti, and Township of Ypsilanti are the Authority’s legal owners since they give</p>

AAATA its legal authority and also appoint its board. The *residents* and *workers* of the cities of Ann Arbor and Ypsilanti, plus the Townships of Ypsilanti, Pittsfield, Scio, and Superior are its **moral owners**.

2. 3-year timeline

The taskforce is recommending a 3-year plan to conduct linkage as follows.

FY- 2021 Discuss ownership linkage with Board; finalize revised Policy 3.0 and three-year plan.

Have second round of meetings with legal owners that covers the purpose of ownership linkage, AAATA ends policies, the desired frequency of future meetings and how to connect with others on the governing bodies.

FY- 2022 Continue regular meetings with legal owners.

Initiate outreach to moral owners with a survey. The survey will include a description of its purpose: that the Board of Directors is seeking input about long-term, big-picture issues that will assist the Board in creating the future of AAATA. Surveys can reference AAATA’s long-term goals (ends) and be in several forms: material given to riders, rider interviews, telephone interviews with residents, focus groups, etc. It would be helpful to engage a firm with expertise in surveys.

FY- 2023 Based on experience from prior two years, continue linkage with legal and moral owners.

ATTACHMENTS:

- 1. Detailed 3-year Ownership Linkage Plan Draft

(DRAFT) Ownership 3-year Linkage Plan

Year	Who	Vision/Purpose	Why	How	Desired Outcomes
1	<ul style="list-style-type: none"> • AAATA Board • Legal owners: <ul style="list-style-type: none"> ▪ Ann Arbor City Council ▪ Ypsilanti City Council • Ypsilanti Township Board of Trustees 	<p>Establish a baseline understanding of the purpose of ownership linkage with the target audience via general sessions, education sessions, and Q&A sessions.</p>	<p>Get the board to be more involved as AAATA ambassadors with legal owners (vs just AAATA staff).</p> <p>Board ‘as a whole’ wants to understand the perspectives and priorities of the jurisdictions because all Board members are governing on behalf of, and accountable to, all owners, and not just ‘representing’ the authority that appointed them.</p> <p>Legal owners are important conduits to the constituents they represent and as such, we want to make sure those legal owners have better knowledge of how the AAATA works, the limits we</p>	<p>2-3 meetings with each legal owner. The number of meetings is flexible based on legal owner. How the board interacts with the legal owner is also flexible. For example, it could be 1:1, or a small group setting. It does not need to be in a public forum either, such as a city council meeting. Can also be accomplished via group/committees that member(s) of the legal owners also participate in with AAATA board member(s).</p> <p>For direct 1:1 or small group settings, we will want to perform internal board prep beforehand. For example, we will want to come up with list of the right questions, anticipate possible resistance or questions, and determining in advance what responses to give.</p> <p>Meeting 1: Listening by board members, education around what ownership linkage is +</p>	<p>Baseline education (what is linkage, what is policy driven governance, roles between Board and CEO and staff at AAATA).</p> <p>Understanding by legal owners of the longer-term perspective, ends, and values.</p> <p>Establish steady relationship between board and legal owners. After the first round of meetings, the Board may find it useful to establish a regular schedule for this type of meeting in order to keep the focus on the longer-term perspective and values issues, and also for new legal owners (e.g., due to regular election cycles) to get up to speed.</p>

			have, and provide favorable support for the organization, especially when we are in need of community backing for various funding initiatives.	Q&A by us and legal owners. Allow venting. Meeting 2: Education around the board's roles and responsibilities in policy governance. Meeting 3: Education around the Ends we need to meet. Discussion regarding ownership linkage and how the board + legal owners achieve Ends.	
2	<ul style="list-style-type: none"> AAATA Board Legal owners (as above) Moral owners: <ul style="list-style-type: none"> Residents and workers of the cities of Ann Arbor and Ypsilanti, plus the Townships of Ypsilanti, Pittsfield, Scio, and Superior 	Expand inquisitive outreach from legal owners to also moral owners in the communities we serve.	We need to learn what their concerns are.	<p>Survey that legal and moral owners participate in.</p> <p>Use the input gained in Year 1 as the basis for questions to be included in the survey that the Authority does every second year. This could be supported by the company that the staff use who have expertise in survey design and delivery.</p> <p>Consideration could be given to adding ownership questions to the telephone interviews if they are conducted in that year.</p>	<p>Understanding of legal and moral owner views/concerns in regard to the AAATA.</p> <p>Review and evaluate the activities from Year 2 and add the next year to the rolling three-year plan.</p>
3	<ul style="list-style-type: none"> AAATA Board Moral owners (as above) 	Educational outreach to the moral owners who use or may not use the AAATA services.	Maintain a high level of confidence and support with the moral owners in the communities that	Develop focus groups of moral owners (segmented in some fashion) to explore in more detail the results obtained through the survey.	<p>Educated moral owners regarding the AAATA.</p> <p>Compile and share findings from the surveys and explore</p>

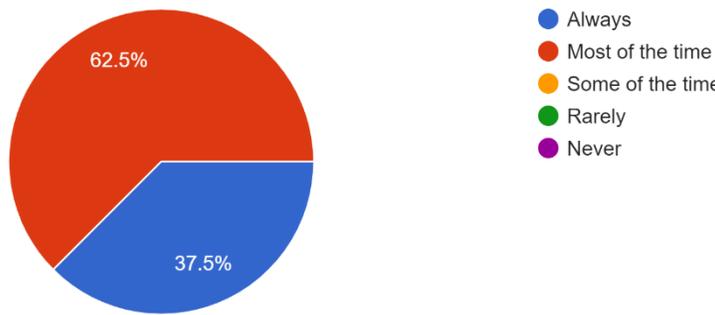
		<p>Make sure we are meeting the needs of moral owners and they understand not just the value the AAATA provides, but also how we are allowed to operate (e.g., what limitations we have to follow).</p>	<p>we serve. They may not utilize the AAATA service, but we need their support, especially when we are asking for financial support (e.g., via millages).</p>		<p>in more detail the results obtained with legal owners.</p> <p>Improved relationships with, better understanding of the AAATA, and support of AAATA by moral owners.</p>
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SURVEY RESULTS: Governance Process Policies (Policies 3.0-3.8)

Governance Committee Meeting Review Date: April 1, 2021
Board Meeting Review Date: April 22, 2021

Survey Participants: 8 Board Members

Note: Each bullet represents a comment by a different Board member.

Board Assessment of CEO/ Org Performance												
3.0 Global Governance Process												
<p>The purpose of the Board, on behalf of the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements (Ownership), and as stewards of the future, is to see to it that the Ann Arbor Area Transportation Authority (AAATA) (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.</p>												
<p>8 responses</p> <div style="text-align: center;">  <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Survey Results Data</caption> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Always</td> <td>37.5%</td> </tr> <tr> <td>Most of the time</td> <td>62.5%</td> </tr> <tr> <td>Some of the time</td> <td>0%</td> </tr> <tr> <td>Rarely</td> <td>0%</td> </tr> <tr> <td>Never</td> <td>0%</td> </tr> </tbody> </table> </div>	Response	Percentage	Always	37.5%	Most of the time	62.5%	Some of the time	0%	Rarely	0%	Never	0%
Response	Percentage											
Always	37.5%											
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Some of the time	0%											
Rarely	0%											
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Additional Context for Policy 3.0 (Optional)												
<ul style="list-style-type: none"> • I don't think we have strayed from our purposes since adopting Policy Governance. • I am very concerned about the current service restoration plan and the elimination of Gold Ride. I believe it is in contradiction to our ends policy. As an alternative, TheRide has said that seniors can use fixed route or apply for an ADA card if they have a disability. I think that this will create a greater burden on our para-transit services. The board has been told that the ADA service is already placing an economic strain on our budget and we will be in dire straits in a few years. The influx of riders may create a budgetary nightmare. More 												

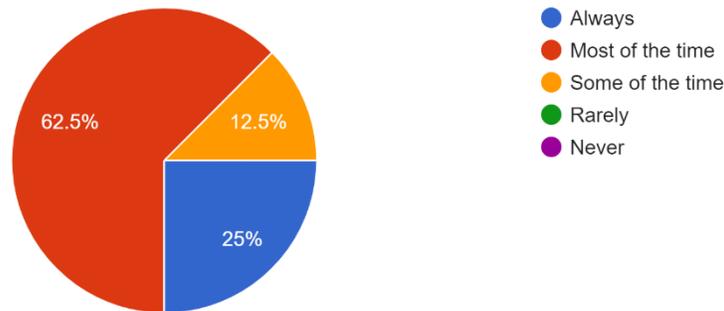
Board Assessment of CEO/ Org Performance

importantly, we are asking a vulnerable population, that may not have a disability, to ride fixed route when there are snowy and icy conditions creating health concerns such as slip-and-falls and hypothermia. They may not be able to get to needed services such as the grocery store, doctor appointments, places of worship, food banks and service centers like MDHHS and SSA. I am wondering why TheRide has not considered a maintaining Gold Ride but matching the service with para-transit. In other words, advance trip booking, no same day service and will calls doe doctor appointments and the like.

3.1 Governing Style

3.1.1 The Board will cultivate a sense of group responsibility. The Board, not the staff, will be responsible for excellence in governing. The Board will be the initiator of policy, not merely a reactor to staff initiatives.

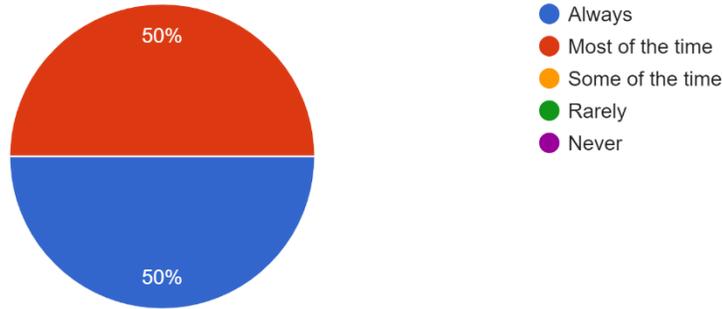
8 responses



Board Assessment of CEO/ Org Performance

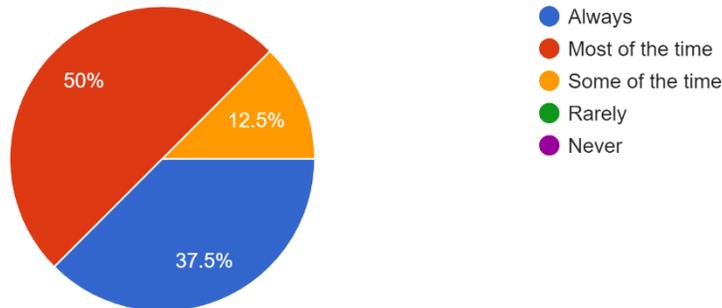
3.1.2 The Board will encourage a diversity of viewpoints and work to ensure all views are heard. The Board may use the expertise of individual members to enhance the ability of the Board as a body. However, the Board will not allow dominant personalities or individual agendas to usurp the Board's broader perspective, collective responsibilities or values.

8 responses



3.1.3 The Board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the Board's values and perspectives. The Board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.

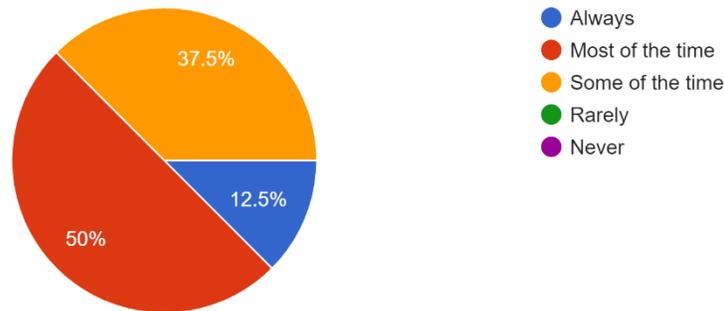
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Board Assessment of CEO/ Org Performance

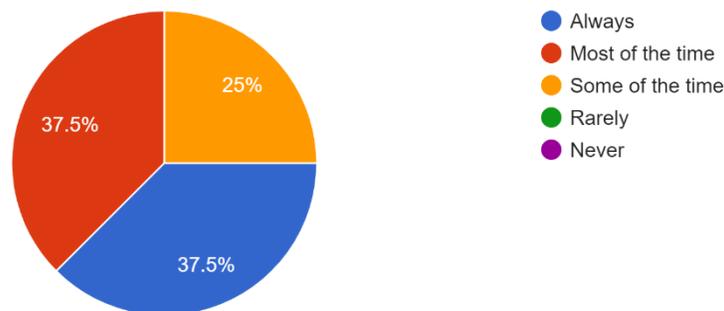
3.1.3.1 The Board will only allow itself to address a topic after it has answered these questions: 1. What is the nature of the issue? Is the issue within the scope of the agency? 2. What is the value that drives the concern? 3. Whose issue is this? Is it the Board's or the CEO's? AAATA Board Policy Manual V 2.15 – Approved December 17, 2020 17 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?

8 responses



3.1.4 The Board must provide the strategic leadership for the AAATA and recognizes that its greatest contribution to long-range planning is an explication of its vision for the AAATA through creating ends policies with a long-range perspective. The Board also recognizes that the operational planning of the AAATA to meet Board end policies is a staff function, and organizational performance on ends will be closely monitored by the Board. Accordingly, the Board will periodically review its ends policies to ensure alignment with its owners and the long-range demands of the AAATA.

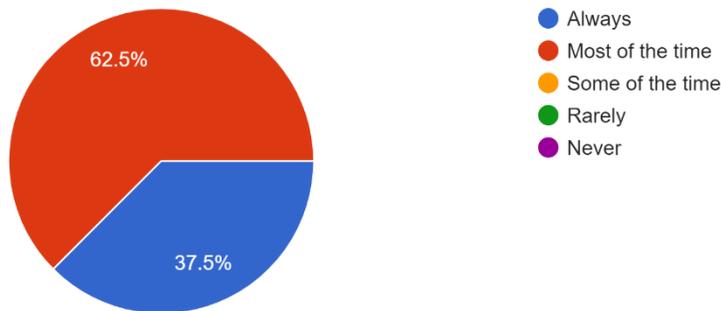
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Board Assessment of CEO/ Org Performance

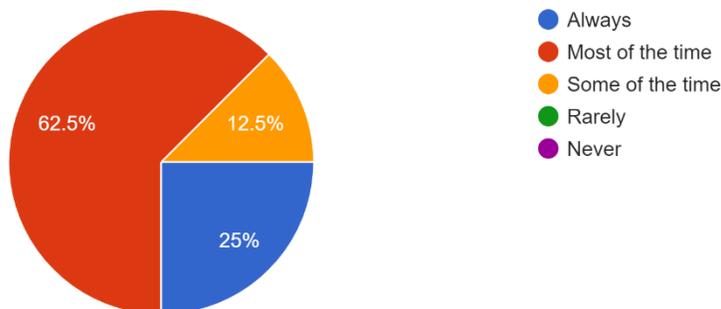
3.1.5 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the Board can change its governance process policies at any time, it will observe them scrupulously while in force.

8 responses



3.1.6 Continual Board development will include orientation of new Board members in the Board's governance process, periodic Board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners.

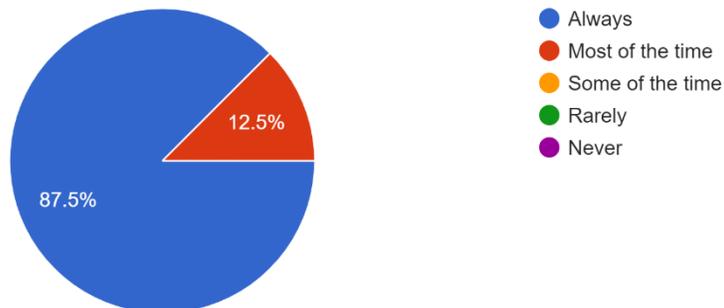
8 responses



Board Assessment of CEO/ Org Performance

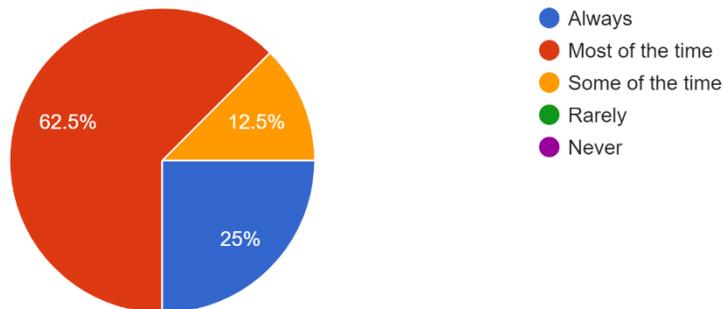
3.1.7 The Board will allow no officer, individual or committee of the Board to hinder or be an excuse for not fulfilling its governance commitments.

8 responses



3.1.8 The Board will monitor its process and performance according to its established schedule. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A.

8 responses



Board Assessment of CEO/ Org Performance

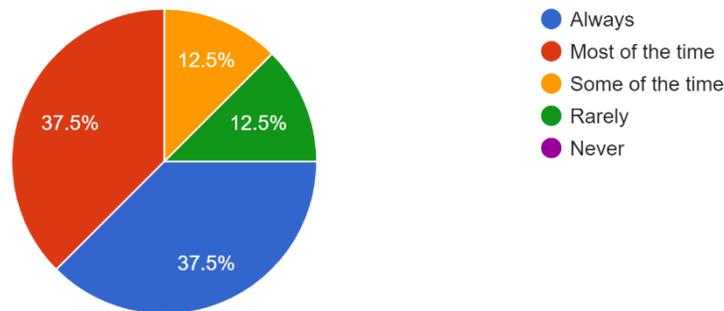
Additional Context for Policy 3.1 (Optional)

- 3.1.3.1 Although we often see these questions, I don't recall that anyone has ever specifically referred to them.
- 3.1.1 It is important for the board to become better at self-identifying policy issues. I feel that we may rely too heavily on the CEO in this regard. I appreciate that we are given suggestions from the CEO in policy matters but we must strive to improve the boards ability to identify it's policy visions.

3.2 Board Job Description

3.2.1 The authoritative linkage between the ownership and the operational organization.

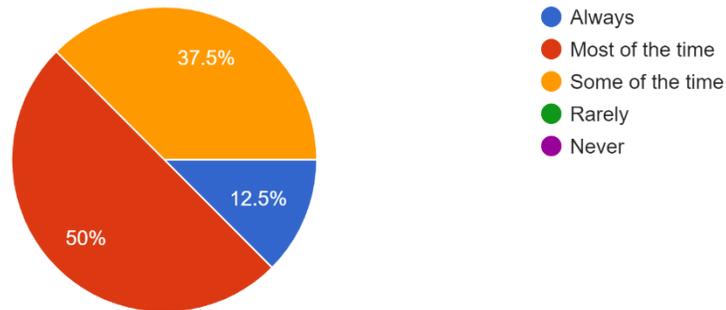
8 responses



Board Assessment of CEO/ Org Performance

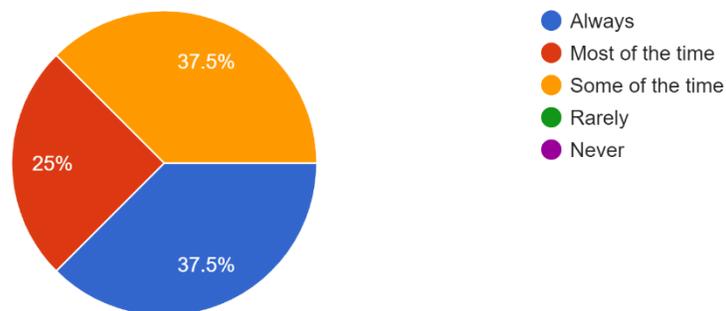
3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.

8 responses



3.2.2 Strategic leadership and vision of the organization through its policymaking.

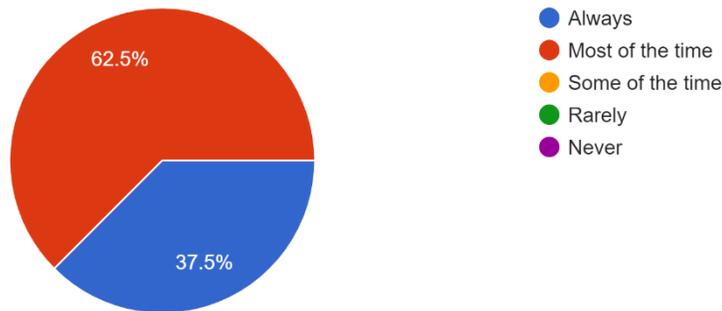
8 responses



Board Assessment of CEO/ Org Performance

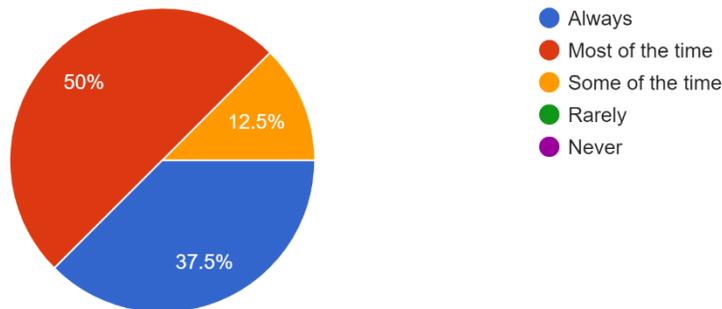
3.2.3 Written governing policies that address the broadest levels of all organizational decisions and situations. A. Ends: Organizational products, impacts, benefits, outcomes, recipients; and their relative worth in cost or priority (what good for which recipients at what cost). B. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place. C. Governance Process: Specification of how the Board conceives, carries out and monitors its own task. D. Board-Management Delegation: How power is delegated and its proper use monitored; the CEO role, authority and accountability.

8 responses



3.2.4 Assurance of successful organizational performance on Ends and Executive Limitations.

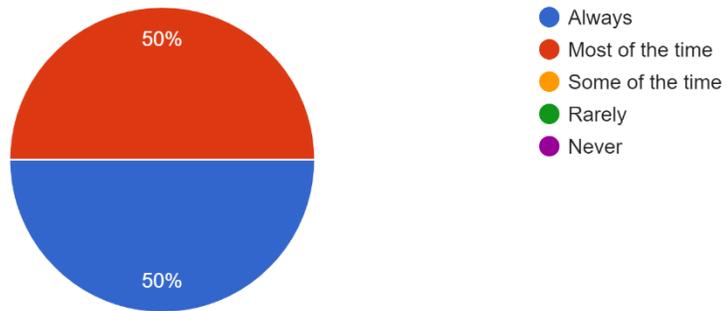
8 responses



Board Assessment of CEO/ Org Performance

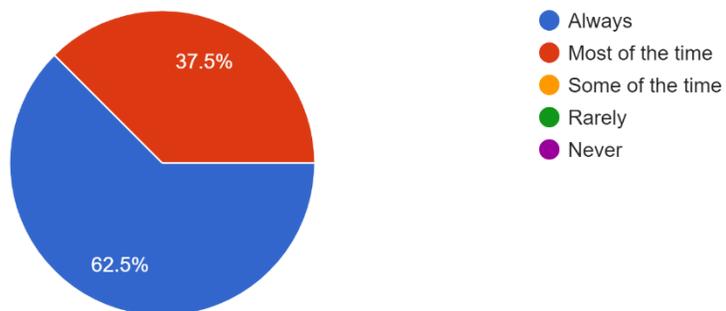
3.2.5 Assurance of CEO performance includes evaluation of organizational performance on Ends and Executive Limitations.

8 responses



3.2.6 Annual performance review and appropriate adjustment of CEO salary.

8 responses



Board Assessment of CEO/ Org Performance

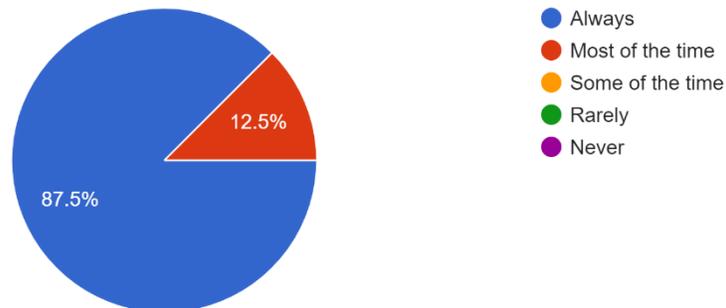
3.2.7 Approval of the annual budget developed and recommended by the CEO.

8 responses



3.2.8 A contract with the CEO that will stipulate compensation, benefits and other terms and conditions for the CEO.

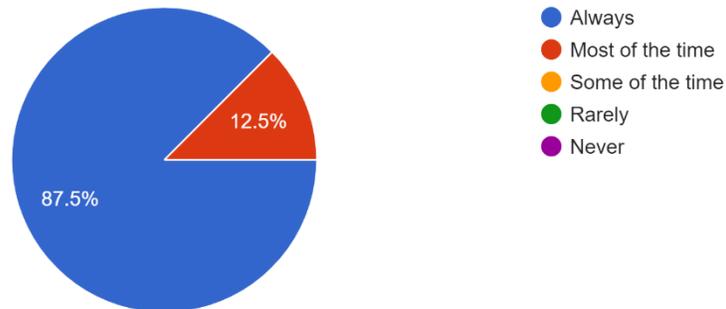
8 responses



Board Assessment of CEO/ Org Performance

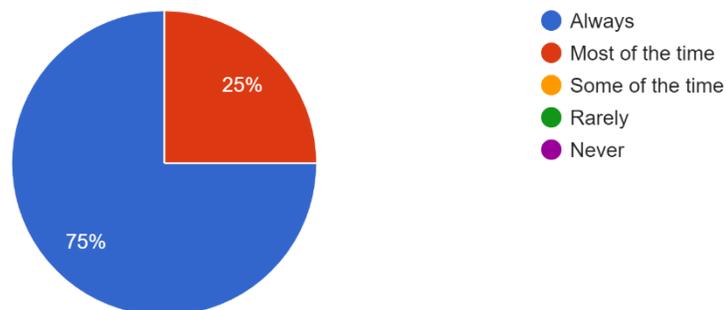
3.2.9 Approval of rider fare increases and millage rates assessed by the Authority.

8 responses



3.2.10 Approval of real estate acquisition, encumbrance, or disposal.

8 responses



Additional Context for Policy 3.2 (Optional)

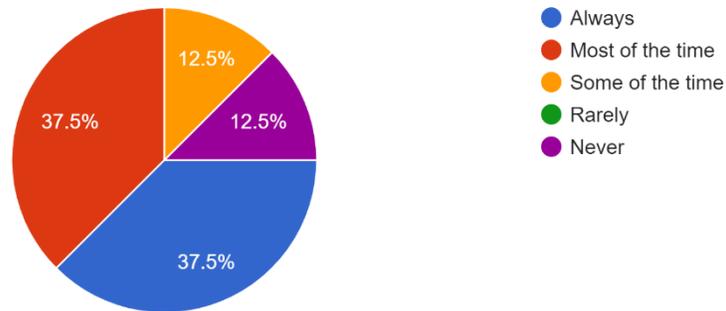
- **3.2.10 - depends on limitations. May not need direct board approval.**
- **3.2.1 and 3.2.1.1 The ownership linkage task force has been reinstated and with that I believe the board will improve in this area.**

Board Assessment of CEO/ Org Performance

3.3 Board Code of Conduct

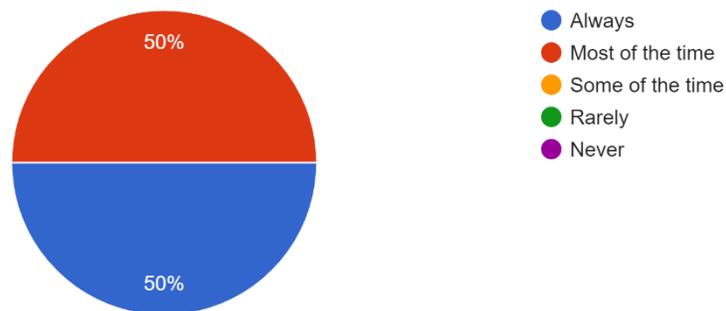
3.3.1 Members must demonstrate loyalty to the ownership of the AAATA, unconflicted by loyalties to the CEO or staff, other organizations, or any personal interest as consumers.

8 responses



3.3.2 Members must avoid conflicts of interest with respect to their legal duties of care and loyalty.

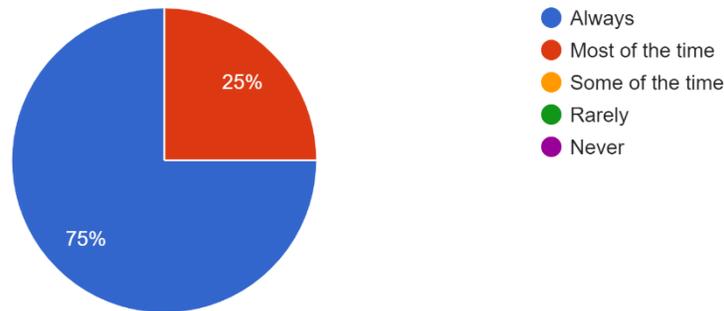
8 responses



Board Assessment of CEO/ Org Performance

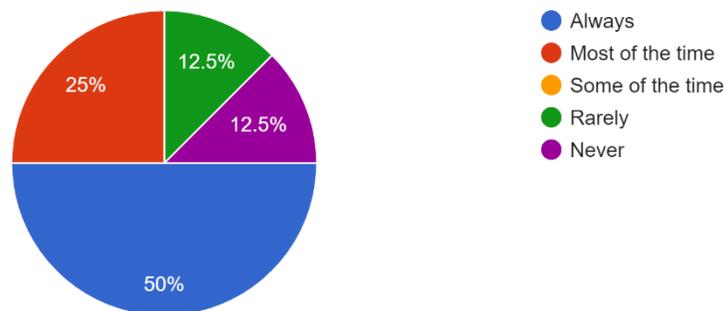
3.3.2.1 There will be no self-dealing or business by a member with the organization. Members will, each January, disclose in writing their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.

8 responses



3.3.2.2 When the Board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation by leaving the room.

8 responses



Board Assessment of CEO/ Org Performance

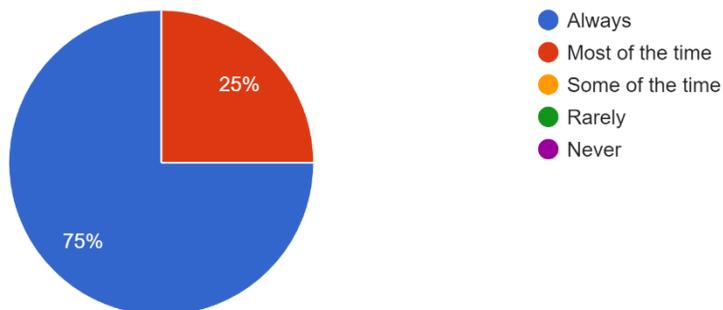
3.3.2.3 Board members will not use their Board position to obtain employment or financial benefit in the organization for themselves, family members, or close associates.

8 responses



3.3.3 Board members may not attempt to exercise individual authority over the organization.

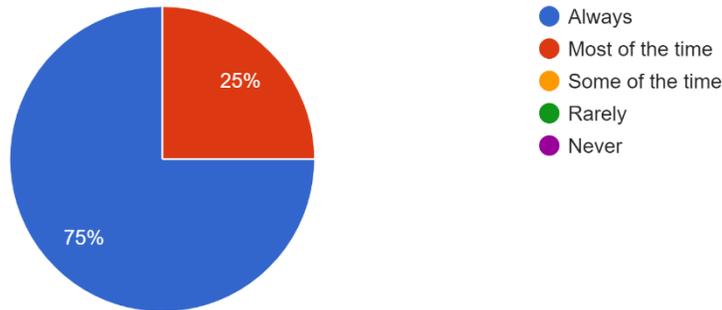
8 responses



Board Assessment of CEO/ Org Performance

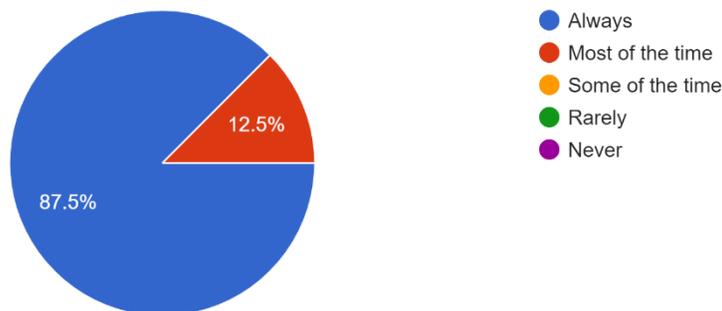
3.3.3.1 Members' interaction with the CEO or with staff must recognize the lack of authority vested in individual members except when explicitly authorized by the Board. While individual members should share their perspectives and advice with the CEO, they shall not give (or imply) direction to the CEO or any staff.

8 responses



3.3.3.2 Members' interaction with public, press or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board positions.

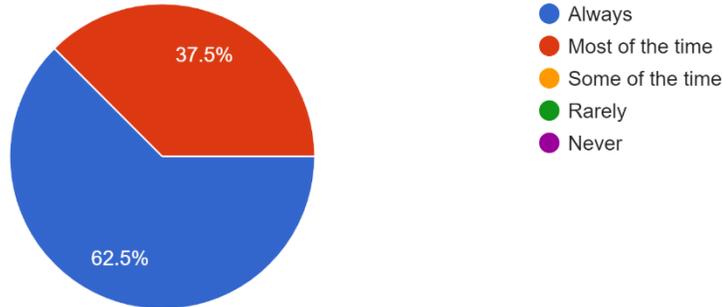
8 responses



Board Assessment of CEO/ Org Performance

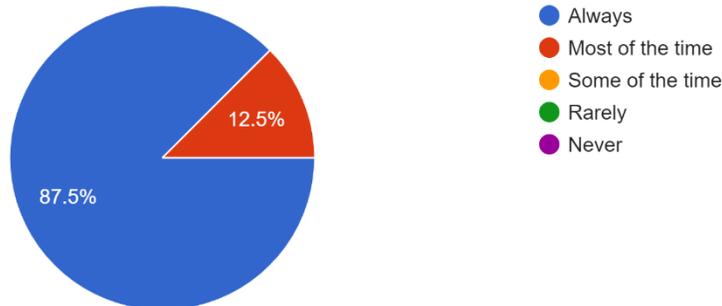
3.3.3.3 Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the CEO, members will not express individual judgments on performance of the CEO or other staff.

8 responses



3.3.4 Members shall conduct themselves in a calm, professional and respectful manner. Members shall not intimidate or harass other Board members, staff or members of the public.

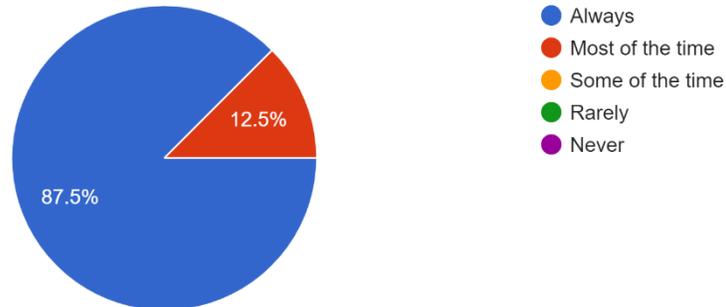
8 responses



Board Assessment of CEO/ Org Performance

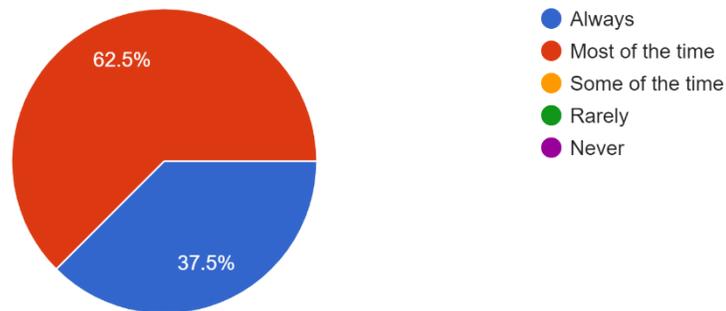
3.3.5 Members will respect the confidentiality appropriate to issues of a sensitive nature.

8 responses



3.3.6 Members will be properly prepared for Board deliberation.

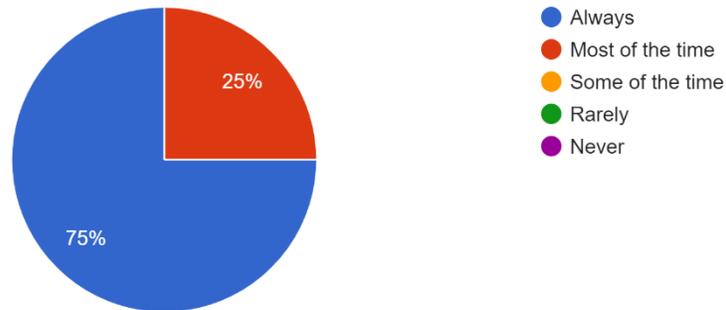
8 responses



Board Assessment of CEO/ Org Performance

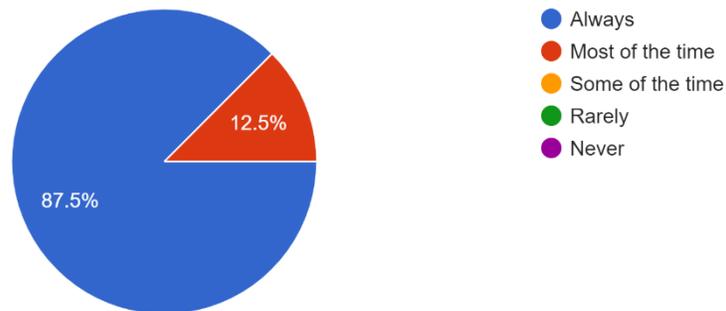
3.3.7 Members will support the legitimacy and authority of the final determination of the Board on any matter, without regard to the member's personal position on the issue.

8 responses



3.3.8 Members will follow the rule of “no surprises” and shall keep the CGO and CEO informed in advance of intended actions that could be perceived as conflicting with current policy and direction of the organization.

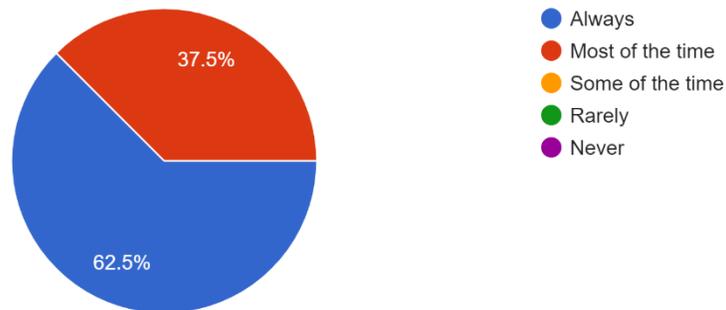
8 responses



Board Assessment of CEO/ Org Performance

3.3.9 When serving on other Boards, members remain accountable to the AAATA Board for their actions and statements regarding transit-related issues.

8 responses



Additional Context for Policy 3.3 (Optional)

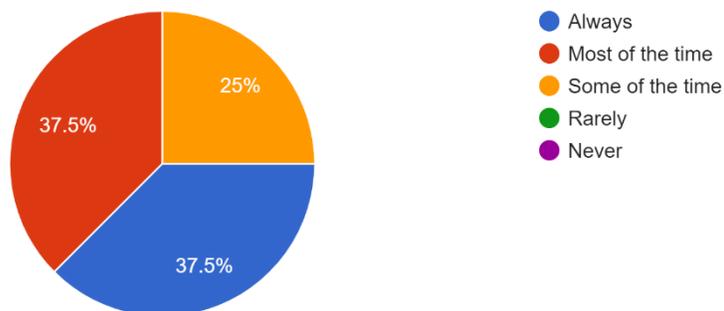
- **3.3.3.3 This area does not seem to allow for the Board or its individual members to be able to congratulate staff on a job well done, or promotion etc... The language seems to restrict that type of interaction and we may need to revisit our thinking on this policy. Staff need to feel supported by the board. I am unaware of any board member not adhering to the other policies in this section.**

Board Assessment of CEO/ Org Performance

3.4 Agenda Planning

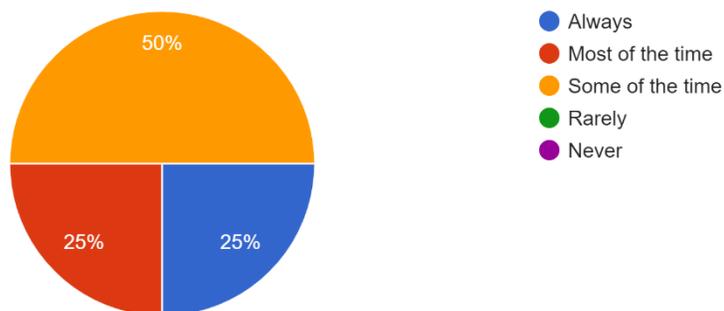
3.4.1 The cycle will conclude each year so that administrative planning, strategic planning and budgeting can be based on accomplishing a one-year segment of the Board's most recent statement of long-term Ends.

8 responses



3.4.2 The cycle will start with the Board's development of its agenda for the next year. A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year. B. Governance education, and education related to Ends determination, (e.g. presentations by researchers, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year.

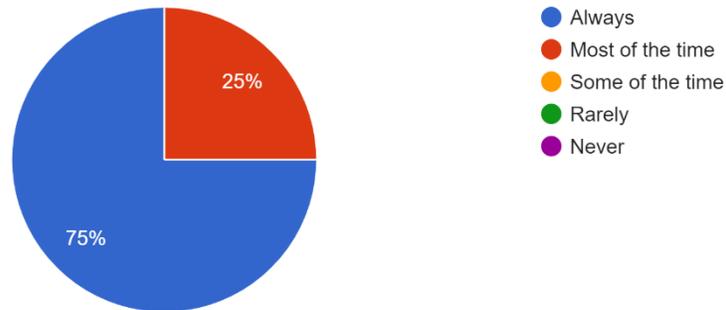
8 responses



Board Assessment of CEO/ Org Performance

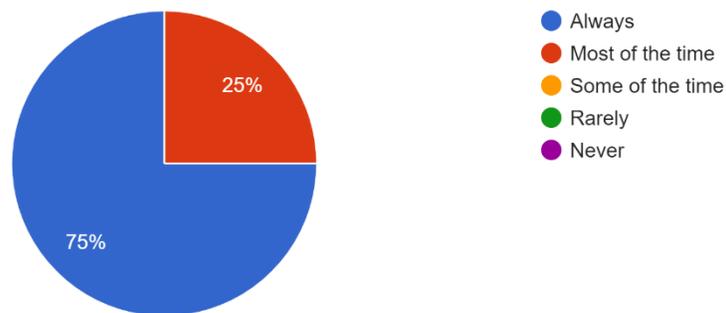
3.4.3 Throughout the year, the Board will attend to consent agenda items as expeditiously as possible.

8 responses



3.4.4 CEO monitoring will be on the agenda if reports have been received since the previous meeting, if plans must be made for direct inspection monitoring, or if arrangements for third-party monitoring must be prepared.

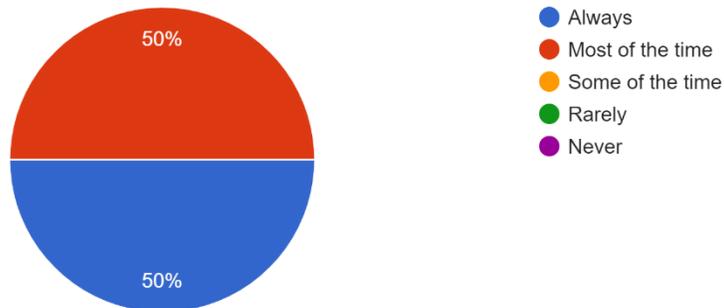
8 responses



Board Assessment of CEO/ Org Performance

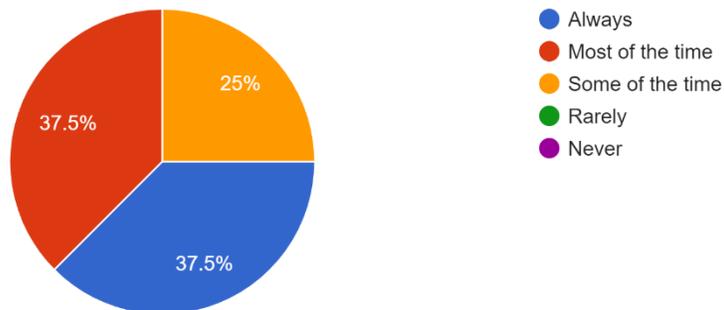
3.4.5 A Board member may recommend or request an item for Board discussion by submitting the item to the CGO no later than two days before the Board meeting.

8 responses



3.4.6 Information that is neither for monitoring performance nor for Board decisions will be avoided or minimized and always noted as such.

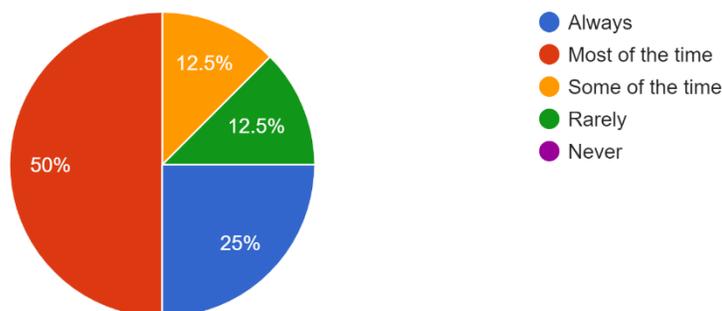
8 responses



Board Assessment of CEO/ Org Performance

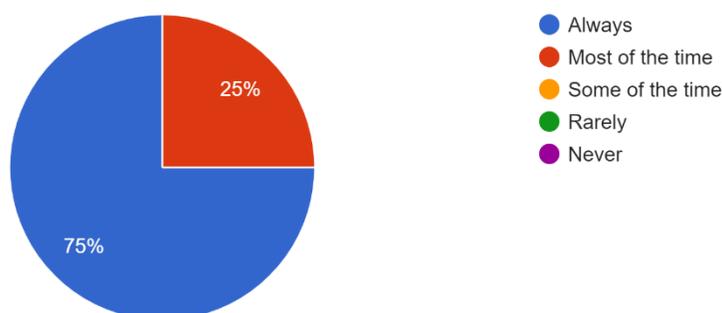
3.4.7 CEO remuneration will be decided during the month of June after a review of monitoring reports received in the last year.

8 responses



3.4.8 Individual meeting agendas will generally follow the format below: 1) Opening Items a. Approve Agenda b. Public Comment c. General Announcements 2) Consent Items a. Approval of Minutes b. Mandatory Approvals 3) Policy Monitoring and Development a. Policy Monitoring b. Other Board Reports & Ownership Linkages c. Board's Annual Plan of Work Item & Ends Policies 4) Strategy and Operational Updates 5) Board Development a. Governance Policy Monitoring b. Board Education 6) Emergent Business 7) Closing Items a. Topics for Next Meetings b. Public Comment c. Board Assessment of Meeting d. Adjournment

8 responses



Additional Context for Policy 3.4 (Optional)

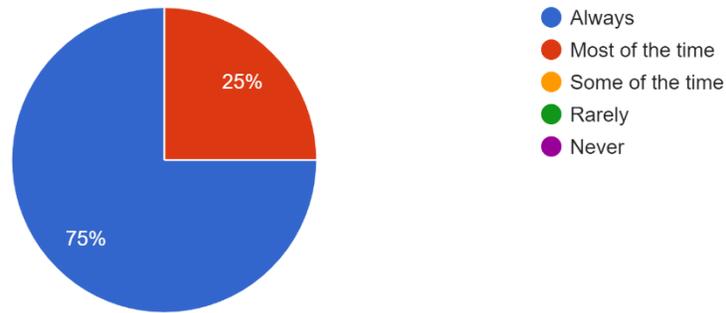
- Scheduling of certain reports has understandably been impacted by the pandemic.

Board Assessment of CEO/ Org Performance

3.5 Chief Governance Officer Role

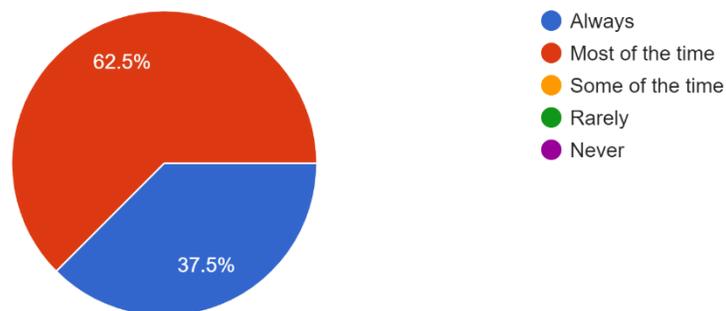
3.5.1 The job result of the CGO is that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

8 responses



3.5.1.1 Meeting discussion content will consist solely of issues that clearly belong to the Board to decide or to monitor according to Board policy.

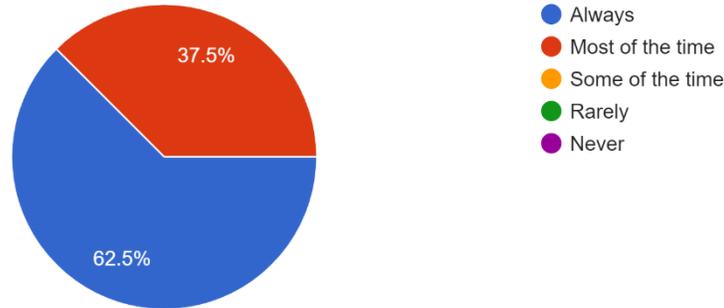
8 responses



Board Assessment of CEO/ Org Performance

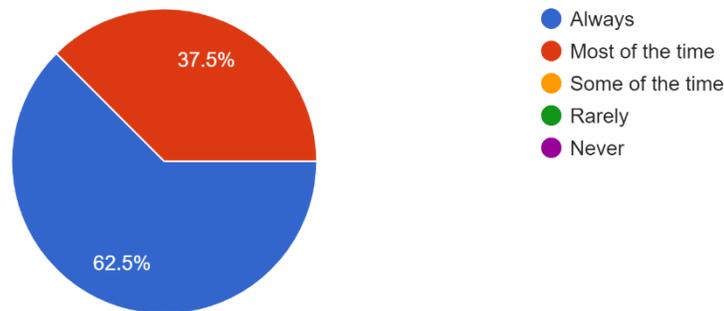
3.5.1.2 Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.

8 responses



3.5.2 The authority of the CGO consists in making decisions that fall within topics covered by Board policies on Governance Process and Board-CEO Linkage, with the exception of (a) employment or termination of a CEO and (b) where the Board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of the provisions in these policies.

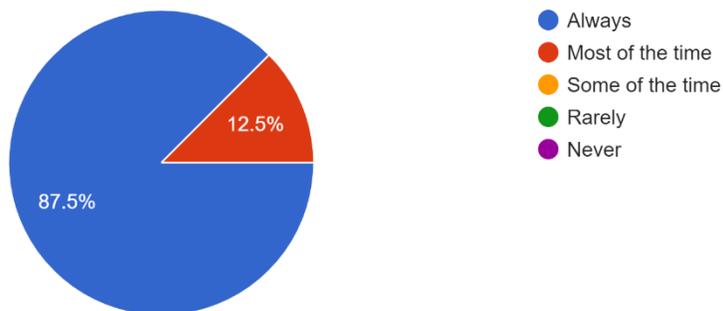
8 responses



Board Assessment of CEO/ Org Performance

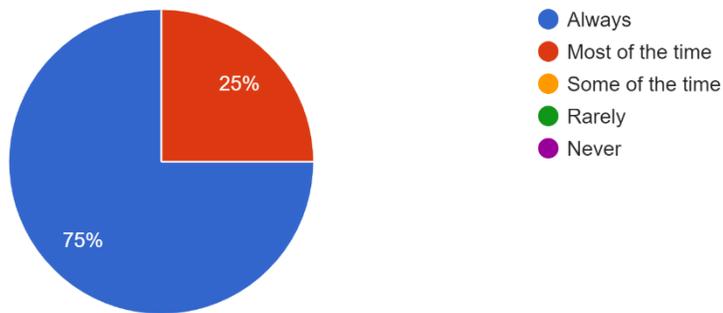
3.5.2.1 The CGO is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).

8 responses



3.5.2.2 The CGO has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas. Therefore, the CGO has no authority to supervise or direct the CEO.

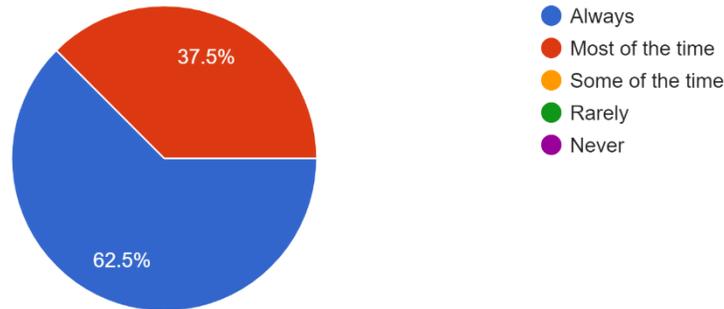
8 responses



Board Assessment of CEO/ Org Performance

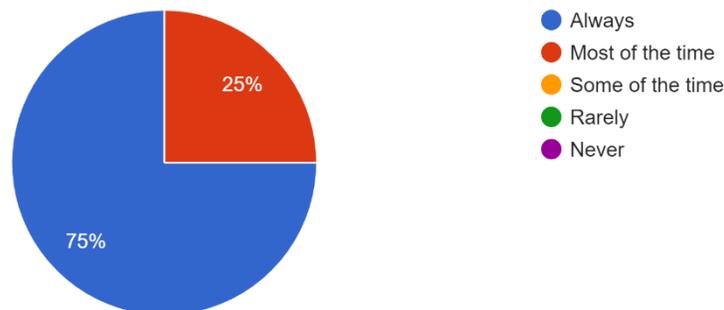
3.5.2.3 The CGO may represent the Board to outside parties in announcing Board-stated positions and in stating CGO decisions and interpretations within the area delegated to that role.

8 responses



3.5.2.4 The CGO may delegate this authority, but remains accountable for its use.

8 responses



Additional Context for Policy 3.5 (Optional)

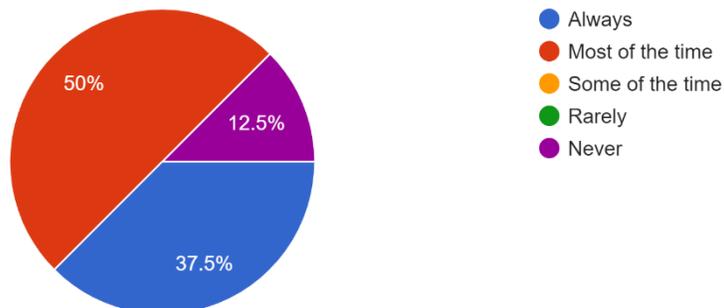
- Not sure I understood 3.5.2.0 and 3.5.2.3. Also at times I was not always sure if certain questions were to be evaluated based on, "what the role is supposed to do/how to act" vs "how the role has acted in the past."

Board Assessment of CEO/ Org Performance

3.6 Board Committee Principles

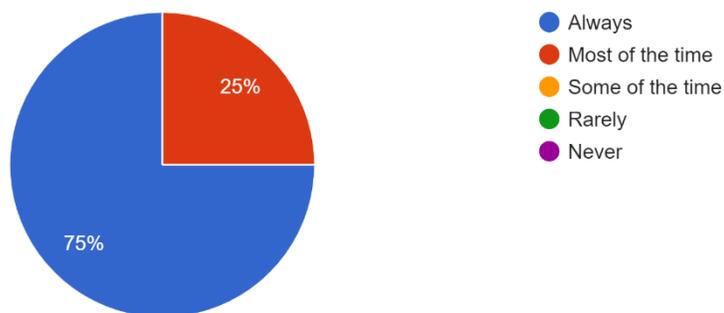
3.6.1 Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations.

8 responses



3.6.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.

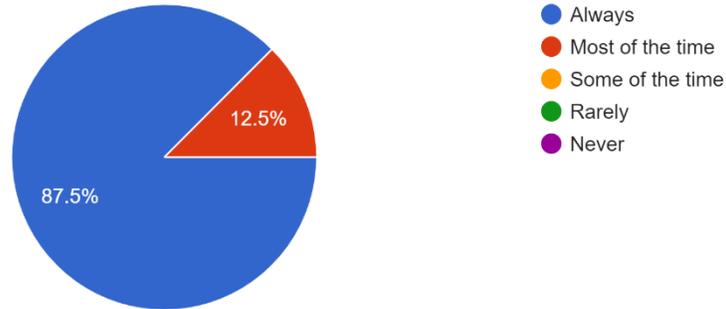
8 responses



Board Assessment of CEO/ Org Performance

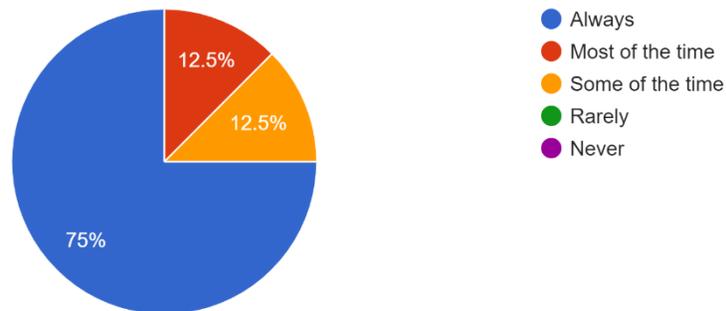
3.6.3 Board committees cannot exercise authority over staff. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.

8 responses



3.6.4 Other work groups will be used in an ad hoc capacity.

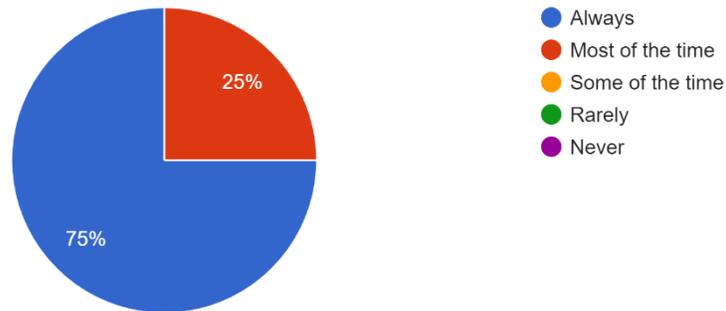
8 responses



Board Assessment of CEO/ Org Performance

3.6.5 This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.

8 responses



Additional Context for Policy 3.6 (Optional)

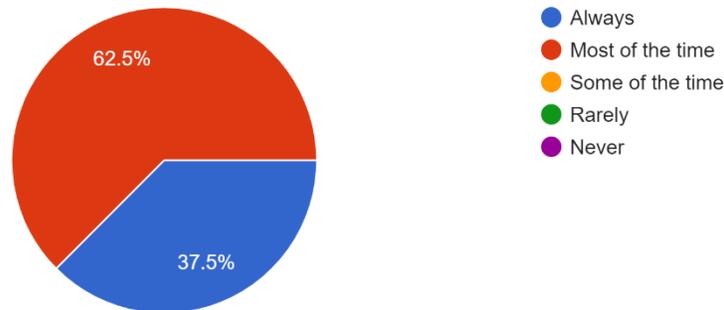
- **The board liaison to the CEO seems to be a little different from this policy as the CEO has requested input in the restructuring of the LAC under the leadership of the CEO. Is this considered advising? And if so, does the current policy allow for leniency?**

Board Assessment of CEO/ Org Performance

3.7 Board Committee Structure

3.7.1 Governance Committee A. Products: a. Plans Board annual agenda, retreat planning, etc. b. Monitors Governance policies and practices. Advise on possible changes to policy. c. CEO/Board relationship (annual evaluation, expenses, pay, etc). d. Board Development & Self-Assessment (Recruitment, Orientation, Training, etc). e. Strategy Update (CEO seeks feedback) & Ends Discussion. f. Will have primary responsibility for monitoring governance-related Executive Limitations (Global Governance Process, Agenda Planning, Governing Style, Board Job Description, Board Member's Code of Conduct, Chair's Role, Board Committee Principles & Structure, Cost of Governance, Accountability of CEO, Monitoring CEO Performance). **B. Membership:** Chair of the Board, Chairs of other Committees. Chaired by Chair of Board. **C. Term:** One year

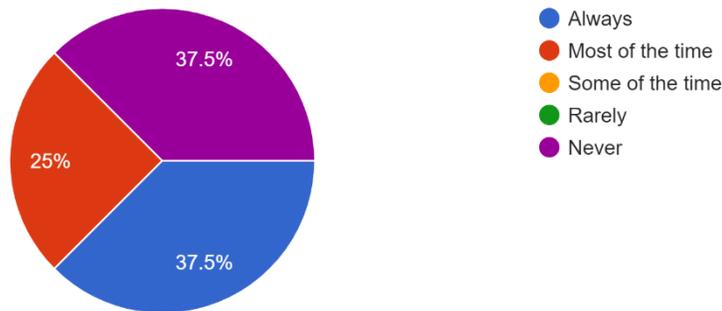
8 responses



Board Assessment of CEO/ Org Performance

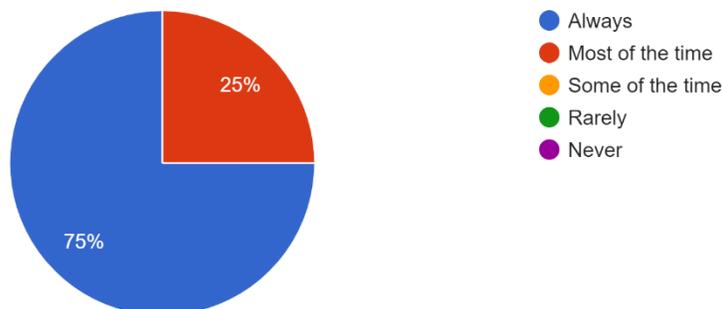
3.7.2 Executive Committee A. Products: a. Limited emergency powers (Acting CEO Appointment, Urgent Purchases Only). b. Task-force appointments, one-off issues, Emergent Issues. c. Will have primary responsibility for monitoring Board-CEO delegation and other Executive Limitations (Global Board-Management Delegation, External Relations, Unity of Control, Delegation to CEO, Emergency CEO Succession). B. Membership: Elected Board Officers – Chair, Treasurer, Secretary. Chaired by Chair of Board. AAATA Board Policy Manual V 2.15 – Approved December 17, 2020 26 C. Term: One year.

8 responses



3.7.3 Finance Committee A. Products: a. Assists Board by pre-vetting monitoring reports. Will have primary responsibility for monitoring finance-related Executive Limitations (Compensation & Benefits, Financial Planning/Budgeting, Financial Condition & Analysis, Investments, Asset Protection) b. Advise on possible changes to policy. c. Reviews quarterly Financial Reports. d. Strategy Update (CEO seeks feedback) & Ends Discussion. B. Membership: Appointed by Chair of Board (as per Bylaws). C. Term: One year.

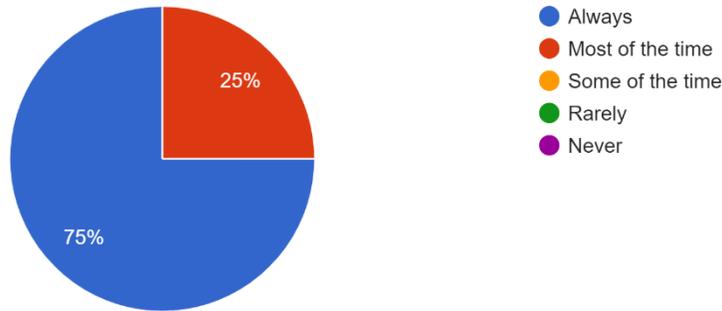
8 responses



Board Assessment of CEO/ Org Performance

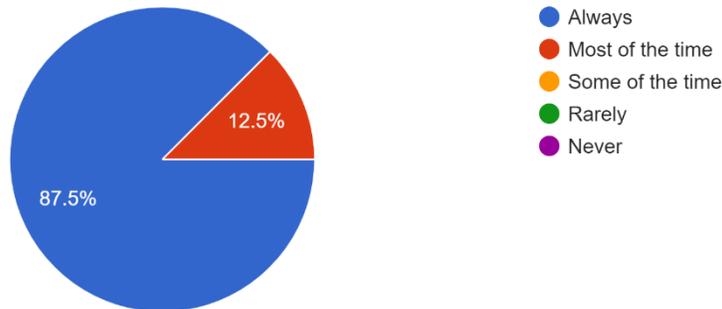
3.7.4 Service Committee A. Products: a. Assists Board by pre-vetting monitoring reports (See table for assigned policies). Advise on possible changes to policy. Will have primary responsibility for monitoring service and customer related Executive Limitations (Treatment of Riders, Treatment of Staff, Ends Focus of Contracts, Communication & Support). b. Reviews quarterly Customer Satisfaction Reports. c. Strategy Update (CEO seeks feedback) & Ends Discussion. **B. Membership:** Appointed by Chair of Board (as per Bylaws). **C. Term:** One year.

8 responses



3.7.5 Audit Task Force A. Products: a. Conduct annual Board audit of agency finances. **B. Membership:** Appointed by Chair of Board (as per Bylaws). Cannot include chair of Finance Committee. **C. Term:** One year. The only Board committees are those which are set forth in this policy or the Bylaws (Governance Committee). Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

8 responses



Board Assessment of CEO/ Org Performance

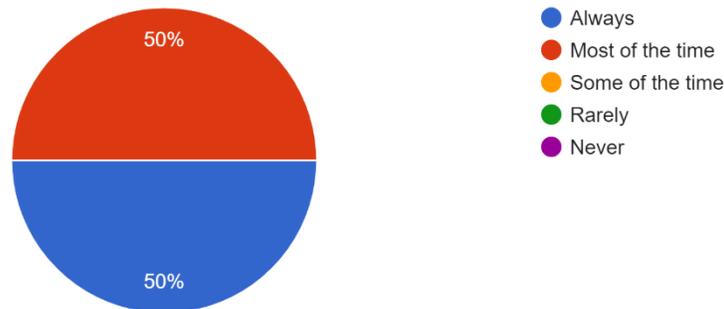
Additional Context for Policy 3.7 (Optional)

- 3.7.2 This should be deleted since there is no Executive Committee.
- 3.7.1 - The Secretary is now a member of the Governance Committee.
- Executive Committee -- still have to address treasurer issue.
- Is there a formal review of terms for committees on a yearly basis?

3.8 Cost of Governance

3.8.1 Board skills, methods, and supports will be sufficient to assure governing with excellence.

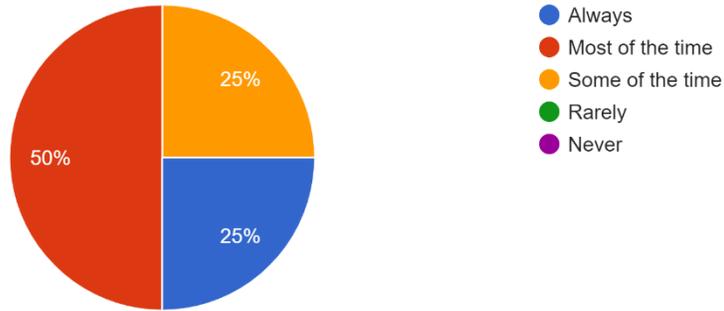
8 responses



Board Assessment of CEO/ Org Performance

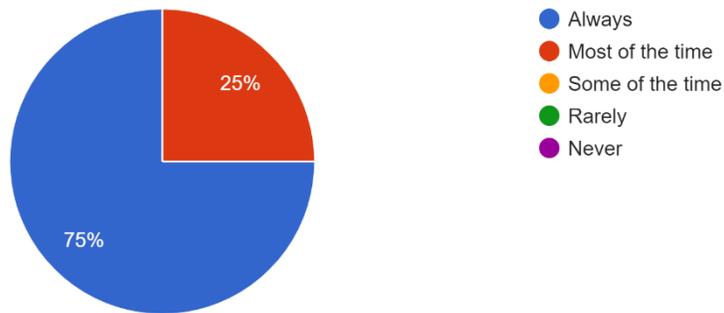
3.8.1.1 Training and re-training will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.

8 responses



3.8.1.2 Outside monitoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.

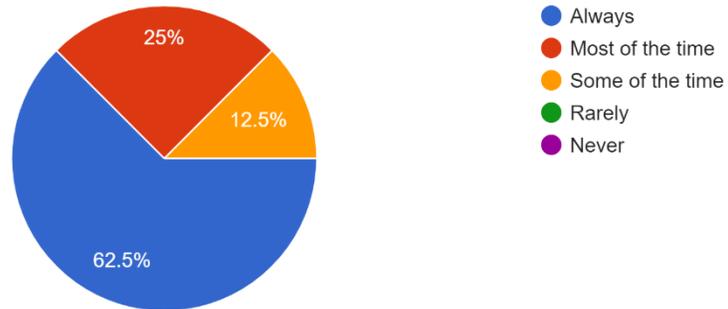
8 responses



Board Assessment of CEO/ Org Performance

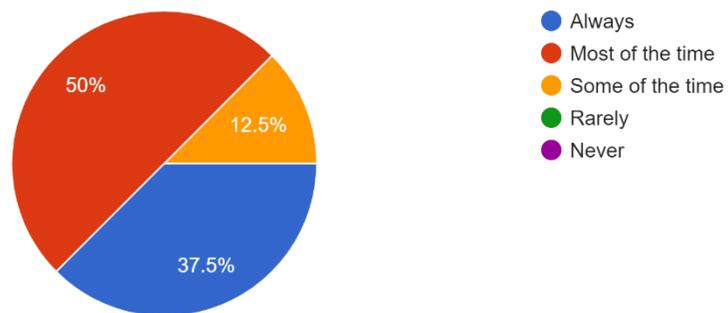
3.8.1.2.1 Contracted auditing firms will be periodically rotated to maintain independence. Contracted auditors will serve no more than six consecutive years.

8 responses



3.8.1.3 Outreach mechanisms will be used as needed to ensure the Board's ability to listen to owner viewpoints and values.

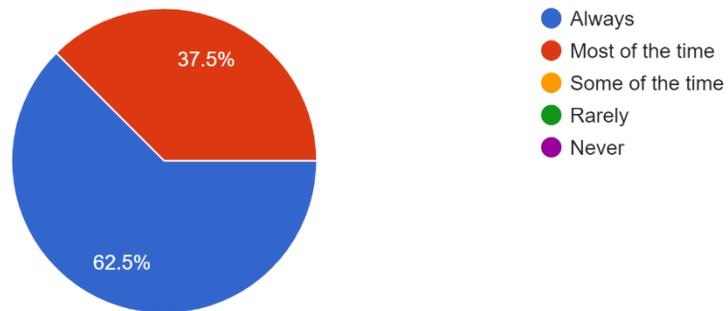
8 responses



Board Assessment of CEO/ Org Performance

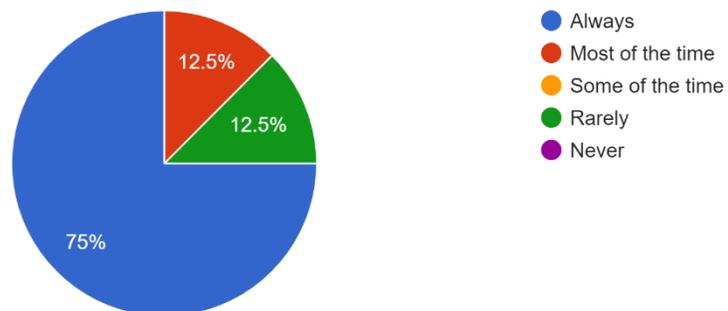
3.8.2 Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.

8 responses



3.8.3 The Board will develop its budget by June 30 each year to assure its inclusion in the overall budget.

8 responses



Additional Context for Policy 3.8 (Optional)

- Do not have enough personal knowledge to really answer 3.8.1.2.1.

ISSUE BRIEF: FY2021 Budget Amendment Proposal

Meeting: Board of Directors
Meeting Date: April 22, 2021

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
Consider the approval of a resolution to formally amend the FY2021 operating budget (Attachment 3). The rationale for the proposed amendment is described below.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Financial planning and budgeting must support the Ends, cannot risk fiscal jeopardy, and must align with strategic planning (Policy 2.4), must be clear about long-term funding needs (2.4.4), cannot cause deficits (2.4.5), must provide for adequate reserves (2.4.6), and cannot create debt or unfunded future obligations (2.4.8). • The Board sets strategic leadership and vision through its policymaking (Policy 3.2.2) It is the CEO’s responsibility to develop and recommend annual budgets and it is the Board’s responsibility to authorize annual budgets (Policy 3.2.7). • FY2021 Operating Budget was adopted September 24, 2020 (Res# 07/2020). At that time, staff noted that it was likely that budget amendments would be likely.
ISSUE SUMMARY:
<p>Emergency coronavirus aid (CARES/CRRSAA/ARP) from the federal government is creating a temporary surplus of one-time relief funds. The CEO is recommending that TheRide accelerate its use of these funds starting immediately, and continuing until all funds are expended in FY2024. This will allow these funds to be rapidly used for their intended purpose while local funding can then be directed to various one-time reserves – including a new Capital Reserve for major projects. This is seen as the best way to optimize the use of one-time federal funds and local funds, while advancing the interests of public transit and the Board’s goals. All funds, whether federal or local, legally must be used for public transit purposes.</p> <p>This recommended amendment is to the FY2021 budget and would only cover FY2021. However, we want to place this decision in a multi-year context and these changes to revenue allocations would be carried forward into budget proposals for FY2022-FY2024.</p>
BACKGROUND:
<p>In response to the pandemic, the federal government allocated funding to public transit agencies through three separate bills: the CARES Act, CRRSAA, and the American Rescue Plan. Some of these funds have been allocated to the AAATA area. It is important to note that these funds can only be used for public transit, can only be used by TheRide or the RTA, and must be used for certain eligible operating expenses. In addition, since they are one-time funds, they should not be used to start additional services as this would create unfunded future obligations (policy 2.4.8).</p>

To ensure that local residents receive lasting benefits from these funds, the highest and best use appears to be to drawdown the funds as soon as possible as reimbursement for eligible operating expenses, and direct local AAATA property tax funding primarily to reserves. These reserves, especially a new Capital Reserve, could then be used to fund major one-time projects that advance the Board's Ends (goals). This is consistent with the legal uses of the federal relief funds, the legal use of local property taxes, and the best use of one-time funding.

IMPACTS OF RECOMMENDED ACTION(S):

- **Budgetary/Fiscal:** The operating budget will rely upon a greater use of federal relief funding, while some local funds are to be preserved for major capital projects.
- **Governance:** The Board alone has the authority to amend the budget and approve capital projects.

ATTACHMENTS:

1. Funding Optimization Strategy (Multi-Year Context & Explanation)
2. FY2021 Operating Budget Amendment Details (Details on Recommended Action)
3. Resolution #03/2021: Amendment of FY2021 Operating Budget (Action Item)

Attachment 1

Funding Optimization Strategy

This attachment outlines a multi-year approach for optimizing the use of anticipated one-time funding. Future budgets will follow this approach. All figures are estimates and may change in the future. This attachment starts with general principles, then continues with increasing detail through an overview and specifics of the recommended multi-year approach. The recommended FY2021 amendment (Attachments 2 and 3) are based on this approach.

Federal Relief

The federal government has made a total of \$64.2 million in reimbursable relief funding available to the AAATA from the CARES Act, CRRSAA, and ARP as follows:

- \$20,704,090 in Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- \$15,771,805 in Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- \$27,725,020 in American Rescue Plan (ARP) funding (anticipated after RTA split)

After \$1.4 million was expended in FY2020, \$62.8 million is available starting in FY2021.

Reimbursements

It is important to emphasize that these relief funds are only available as *reimbursements* to the AAATA after paying for *eligible* expenses which are exclusively operational (i.e. payroll, lost fare revenue, etc).

Eligible Uses of Funding and Use to Date

The various bills make clear that funding is directly available only for the following uses:

- Operating expenses of transit agencies related to the response to a COVID-19 public health emergency starting January 20, 2020
- Reimbursement of operating expenses to maintain service and lost revenue
- Purchase of personal protective equipment (PPE)
- Pay of administrative leave of personnel due to reductions in service
- To the maximum extent possible, directed to payroll and operations

Great concern about the pandemic's impacts on AAATA's revenues, particularly uncertainty of state operating assistance and passenger fares, was cause for a cautious approach to ensure financial sustainability for the long term. This is why just \$1.4 million of relief funding was spent in the first six months of the pandemic (through the end of FY2020). Through January, another \$1.9 million has been spent.

Limitations of One-Time Funding

It is important to note that these are *one-time funds*. This further limits the utility of these funds as they should not be used to create additional ongoing operating commitments, such as launching a new bus service, since the AAATA will not be able to sustain that service once the funds are depleted.

Traditionally, the best use of one-time funds is to support one-time expenses such as capital projects (e.g. buildings, vehicles, etc). However, these federal funds cannot directly be used for capital, which is not an eligible expense.

Strategy Overview Narrative (2021-2024)

This overview provides a narrative of the multi-year approach, which includes three broad elements:

1. **Accelerate Use of Relief Funds:** The first step of this strategy is to rely primarily on federal relief funds for all eligible operating expenses, thereby using all these funds within four years (FY2021-FY2024) for eligible expenses. At the same time we will direct a similar amount of local property tax funds to reserves. Local funds are more flexible and can be used for a wider array of purposes. It is important to note that we have received a legal opinion that local property tax revenues *can* be used for capital, providing it is only for public transit benefits in Ann Arbor, Ypsilanti, and/or Ypsilanti Township. This use is in line with all ballot language. There are two additional direct expenditures of the federal relief funds, which are detailed in the next section (1.b), but are tangential to the larger strategy. Finally, other federal and state formula funds will be deferred for later use.

This transition will take about four years to complete, is legal, uses all funds for their intended purposes, draws down the federal funds as quickly as possible, and optimizes the funds for use in advancing the goals of the AAATA and the interests of public transit in the area.

2. **Repurpose Local Funds:** The second step is to direct local funds to their optimum use. The CEO is recommending that local funds be directed to two new restricted accounts:
 - A newly-created **Capital Reserve** where accumulated funds can help to pay for major projects in the future. The Board will approve specific projects at a later date.
 - An **Insurance Reserve** to guard the AAATA against future injury claims. The AAATA is self-insured and this will help avoid future risks of fiscal jeopardy.

Restricted accounts are walled-off sections of the AAATA's internal accounting system which are designated for a specific use. This gives them a degree of protection, although the Board can always reallocate funding via budget amendments. More discussion will be necessary to determine appropriate Board and CEO control mechanisms for these accounts.

3. **Create Operating Reserve:** A final step is the creation of a third restricted account to house the AAATA's long-standing operating reserve. This does not involve the federal relief funds at all and is a prudent step at this time.

Strategy Details (2021-2024)

This section goes into detail about the specific allocations anticipated between FY2021-FY2024, and in the recommended FY2021 budget amendment:

1. **Accelerate Use of Relief Funds:** Spend all federal relief funds (CARES/CRRSAA/ARP = \$62,795,936) within four years, following approach below:
 - a. Daily Operations: Pay for routine operations, and recovery of lost fare and contract revenues through FY2024 (sub total: \$61,295,936).
 - FY2021:** \$15,600,314
 - FY2022:** \$18,653,477
 - FY2023:** \$17,277,770
 - FY2024:** \$9,764,375
 - (Sub-Total: \$61,295,936)
 - b. Pandemic Expenses: Pay for immediate (FY2021) pandemic-related priorities (sub total \$1,500,000) using federal relief funds:
 - i. Essential-Worker Bonuses for all AAATA employees (\$860,000, based upon \$3,000 bonus per employee minus applicable payroll taxes). Transit workers were classified as essential and worked through the pandemic.
 - ii. Other emergency-related services and supplies (\$640,000), as already authorized in budgeting. This includes additional janitorial services, cleaning materials and supplies, personal protective equipment, and EZfare mobile ticketing.
 - c. Defer Regular Formula Funds (\$10.7 million): The AAATA regularly receives formula funds from the federal government. These can be saved while we draw down federal relief funds. Later these funds can help us to pay for capital or operations.
2. **Repurpose Local Funds:** Up to \$62.8 million of local funds (offset from use of federal funding) to be directed to the following uses :
 - a. **Capital Reserve (\$51.6 million)** – The majority of these local funds would be used to fund a newly-created Capital Reserve. We can think of this reserve as a savings account; funds in this account are intended to be used to help fund future projects such as construction, land purchases, or equipment. A funded capital reserve aligns with TheRide’s pre-pandemic Business Plan and Capital Budget which foresaw numerous one-time capital-intensive projects but did not have funds to pay for those priorities.

The Board retains the right to decide which projects should be funded at a future date using the reserve. Prioritization still occurs through the 10-Year Capital Plan and Board approval via the annual Budget approval.

While staff are not recommending any expenditures from the Capital Reserve at this time, we can suggest the following *intentions* for how the Capital Reserve funds could be used:

- Ypsilanti Transit Center replacement and expansion
- Blake Transit Center expansion
- New bus garage

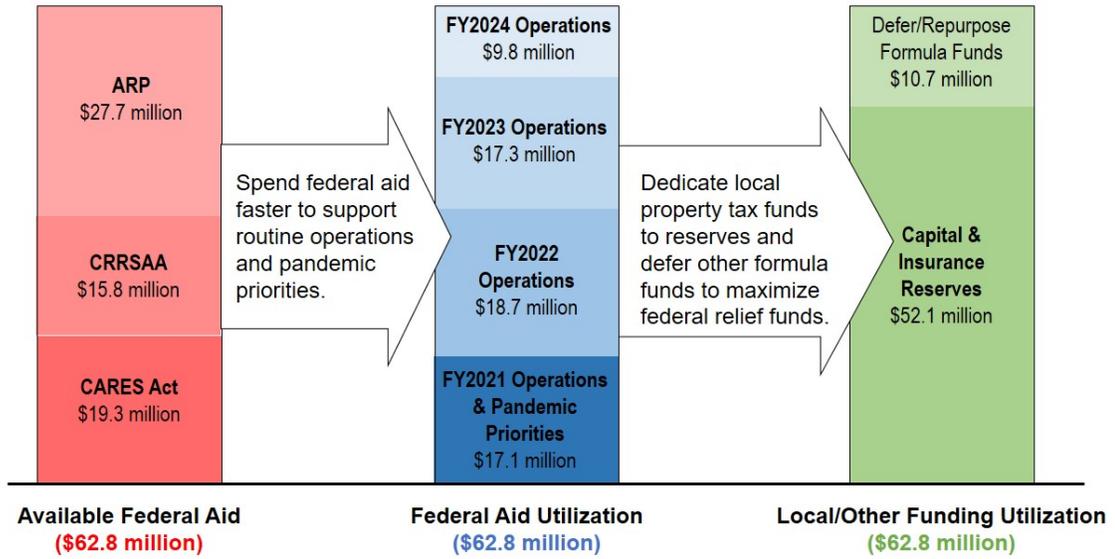
Capital projects are very expensive and \$51.6 million will not go that far. The three projects listed above could consume the entire amount. Staff are updating the 10-year Capital Plan to help inform future discussions about capital priorities. The CEO expects the first decisions regarding use of Capital Reserve funds and approval of specific projects could occur with the FY2022 budget (September 2021).

- b. **Insurance Reserve (\$500,000)** –The AAATA risk management team recommends creating a restricted Insurance Reserve for workers compensation self-insurance payouts and claims. This advances the goal of avoiding fiscal jeopardy.
3. **Create Operating Reserve** – A final element of the restructuring of the AAATA budget can be implemented by the CEO without Board approval, but is presented here for context. Industry best-practice suggests agencies should have a short-term operating reserve to buffer against cash-flow disruptions. Typically this is the equivalent of 2-3 months of operating expenses in a liquid form (i.e. not tied up in long-term investments). For the AAATA our target is equivalent to \$10.7 million. While the AAATA has followed this practice for many years, we have never had a restricted account entitled “Operating Reserve,” only the funds left over every year which are called “Unrestricted Net Position/Assets.” These funds have functioned as our reserve and cash-float to meet payroll.

In addition to the Capital and Insurance reserves described above, the CEO will create this third restricted account formally called the “Operating Reserve” and direct the appropriate amount of operating funds to it. These funds already exist and are not related to the federal relief funds. This has no impact on the budget’s bottom line and is akin to moving existing funds “from one pocket to another.”

Figure: Illustration of Funding Optimization Strategy

Federal relief funding would be spent on operations for four years, and offset local funding which will be directed to reserve accounts for insurance and capital projects. Other formula funds will be deferred for later use.



Attachment 2

FY2021 Operating Budget Amendment Details

This attachment details the proposed amendment to the current FY2021 operating budget based on the multi-year strategy described above, and also addresses numerous smaller budgetary changes. A budget amendment from the Board is needed in order to modify sources of operating revenue and make adjustments to certain pandemic-related budgeted expenses. The net result is a *reduction* in expense for FY2021.

Changes to Revenues

1. \$10.7 million in federal emergency aid is added to revenue, bringing the total anticipated amount to be used in FY2021 to \$17.1 million.
2. \$11.9 million in budgeted local property tax funding is directed to the Capital Reserve as described in Attachment 1.
3. Fare revenue has been lower than anticipated and is reduced, offset by increased CARES/CRRSAA/ARP funding.
4. State operating assistance (budgeted low due to expected state funding cuts that did not occur) has been increased to regular levels (31.6% of eligible expenses).
5. \$704,000 in grant revenue from Toyota to support FlexRide has been added.
6. Advertising revenue has been better than expected and is adjusted by \$32,000.

Changes to Expenses

1. As service is restored, rebuilding staff-capacity is required. We are recommending 5 additional motor coach operators, 2 fleet technicians, 1 paint and body shop technician, and 4 additional staff (TBD) to add capacity for growth. This will require an increase to salaries, wages, and fringe benefits.
2. Salaries have been increased for paid time off payouts and Essential Worker Bonuses.
3. Fringe benefits were increased to correct an error in the FICA expense calculation.
4. Costs for AirRide and D2A2 were reduced in Purchased Transportation and Other Expenses. (AirRide will be operated with MDOT funding rather than AAATA; RTA has not indicated when D2A2 will re-launch.)
5. Emergency-related contracted services and materials budgets were reduced to adjust for lower than anticipated costs. Adequate budget was maintained where needed, particularly in finance, fleet maintenance, fleet service, and facilities.
6. An adjustment was made for higher insurance premiums based upon higher than expected insurance renewal rates in 2020.

Adopted vs. Amended Budget Comparison

	FY2021 Adopted Budget	FY2021 Amended Budget	Variances
OPERATING REVENUE			
Passenger Revenue	\$ 3,397,137	\$ 2,088,234	(1,308,903)
Local Property Tax Revenue	16,265,739	4,327,139	(11,938,600)
POSA & Other Contract Revenue	1,102,389	1,806,389	704,000
State Operating Assistance	10,592,027	12,062,516	1,470,489
Federal Operating Assistance	3,000,000	3,000,000	-
Other Federal Conditional Assistance	2,075,700	2,075,700	-
CARES/CRRSAA/ARP	6,446,949	17,100,314	10,653,365
Advertising, Interest, and Other	271,000	303,000	32,000
TOTAL REVENUES	43,150,941	42,763,292	(387,649)
OPERATING EXPENSES			
PERSONNEL			
Operations Salaries & Wages	10,703,862	11,416,502	712,640
Other Salaries & Wages	2,780,127	3,117,550	337,423
Administration Salaries & Wages	4,858,032	5,341,657	483,625
Subtotal - Personnel	18,342,021	19,875,709	1,533,688
Fringe Benefits	5,910,967	6,882,543	971,576
Total Salaries & Wages	24,252,988	26,758,252	2,505,264
OTHER EXPENSES			
Purchased Transportation	8,169,337	5,722,139	(2,447,198)
Diesel Fuel and Gasoline	1,500,000	1,500,000	-
Materials and Supplies	3,124,778	2,981,434	(143,344)
Contracted Services	3,361,468	3,116,121	(245,347)
Utilities	608,344	608,344	-
Casualty & Liability Insurance	1,046,500	1,300,000	253,500
Other Expenses	1,087,526	777,001	(310,525)
Subtotal - Other Expenses	18,897,954	16,005,040	(2,892,914)
TOTAL EXPENSES	43,150,942	42,763,292	(387,650)
Surplus (Deficit)	\$ -	\$ -	-

Attachment 3

Resolution 03/2021

AMENDMENT OF FY 2021 OPERATING BUDGET

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
ANN ARBOR AREA TRANSPORTATION AUTHORITY**

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 for each fiscal year, and

WHEREAS, an operating budget with operating revenues and expenses of \$43,150,941 was adopted for FY2021 by the Board in September 2020 (Resolution No. 07/2020), and

WHEREAS, Congress has authorized additional federal relief funding for AAATA as a result of the coronavirus emergency, bringing more federal funds than were anticipated at budget adoption, and AAATA intends to use additional federal funding to support 2021 operating expenses,

WHEREAS, AAATA intends to direct local funding to the Capital Reserve for future projects, and

WHEREAS, other variances in revenue and expense require an amendment to the adopted budget,

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves an amendment to the FY2021 Operating Budget as its general appropriations act to decrease total expenses to \$42,763,292, and to modify sources of revenues, and

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes dedication of some local property tax funding to the restricted capital projects account ("Capital Reserve"). The amount to be dedicated will be the total of property tax receipts anticipated in July and August 2021, less the authorized property tax expenditure in the amended budget. This amount is anticipated to be and shall not exceed \$11,938,600.

Eric A. Mahler, Chair
April 22, 2021

Kyra Sims, Secretary
April 22, 2021

ISSUE BRIEF: CEO Report

Meeting: Board of Directors

Meeting Date: April 22, 2021

INFORMATION TYPE:

Other

OPERATIONAL & PROJECT UPDATES

- AUGUST SERVICE RESTORATION – MARCH PUBLIC ENGAGEMENT COMPLETED**
 The public input period for the permanent service recovery proposal ended on April 2. Virtual public meetings were held and public comments collected. The permanent service plan will be presented at a series of public meetings in June.
- FEDERAL FUNDING REQUESTS (EARMARKS)**
 Staff submitted two funding requests to Congresswoman Dingell’s office: one for construction of the YTC and another for studies supporting a new bus garage.
- MOBILE TICKETING PILOT UPDATE**
 EZfare mobile ticket sales continue to grow. Passengers have purchased \$18,659 in fares with the app through March. 4,720 individual tickets were purchased, nearly all for fixed route bus service (63 trips on A-Ride were purchased with mobile tickets).



- FLEET SERVICES**
 Fresh air kits for buses have been received and installation will begin soon. We received delivery of three Eldorado Cutaways and are in the process of installing safety and technology equipment including; cameras, COVID-19 protections (barriers, hand sanitizer dispenser, etc.). They will be ready to deploy in the next 60 days. Permanent barriers have been installed on 100% of our active fleet. Fleet restoration is underway to return to full service at the end of August.

- **TRANSPORTATION - MOTOR COACH OPERATOR (MCO) UPDATE**

All of the MCOs laid off have been called back to work. In anticipation of going back to full service in August at least two classes with approximately ten new MCOs are planned (20 MCOs are needed based on attrition). All MCOs will be retrained with the training focus on customer service, on time performance, and defensive driving.

- **EMPLOYEE COMMUNICATION**

A cloud-based software system has been implemented to provide company information, updates, and showcase customer compliments to employees using an innovative electronic communication board. The system is an innovative and modern way to broadcast company information to the transportation division.

- **CUSTOMER RELATION MANAGEMENT SYSTEM (CRM)**

A new CRM is being developed using SalesForce Service Cloud to collect, respond, monitor, and manage customer interactions. It will include a knowledge base for internal training and customer communication.

- **TRANSPORTATION COMMISSION (ANN ARBOR)**

The City of Ann Arbor Transportation Commission will be meeting on April 20 in a joint session with Planning Commission.

- **ANN ARBOR PLANNING COMMISSION**

The CEO participated in a Planning Commission discussion of the new transit-oriented zoning ordinance under consideration.

- **RTA**

The CEO participated in an RTA Board meeting where steps were taken towards re-starting the D2A2 service. He is hopeful that the service may be running again before September.

- **WATS POLICY COMMITTEE UPDATE**

The Washtenaw Area Transportation Study Policy Committee met March 17. The committee approved the 2020-2023 Transportation Improvement Program (TIP) amendments and continued its discussion of regional transit priorities with the Regional Transit Authority of Southeast Michigan (RTA). Further discussion of the RTA Regional Master Transit Plan Update with an emphasis on rural transportation needs is expected at the April 21 WATS meeting.

- **LOCAL ADVISORY COUNCIL (LAC)**

The Local Advisory Council met on March 9.

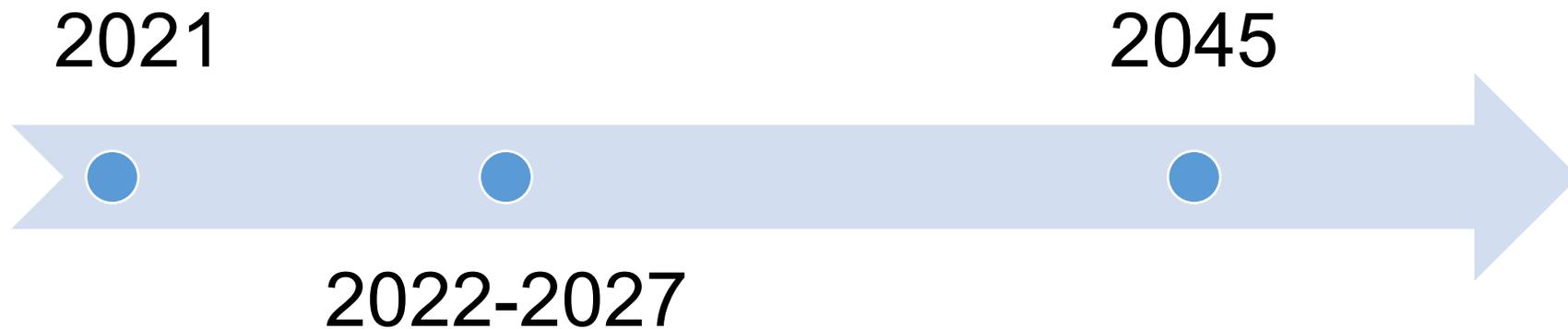
Mobility Management Services

Short Term

- Service Levels
- Eligibility & Certification

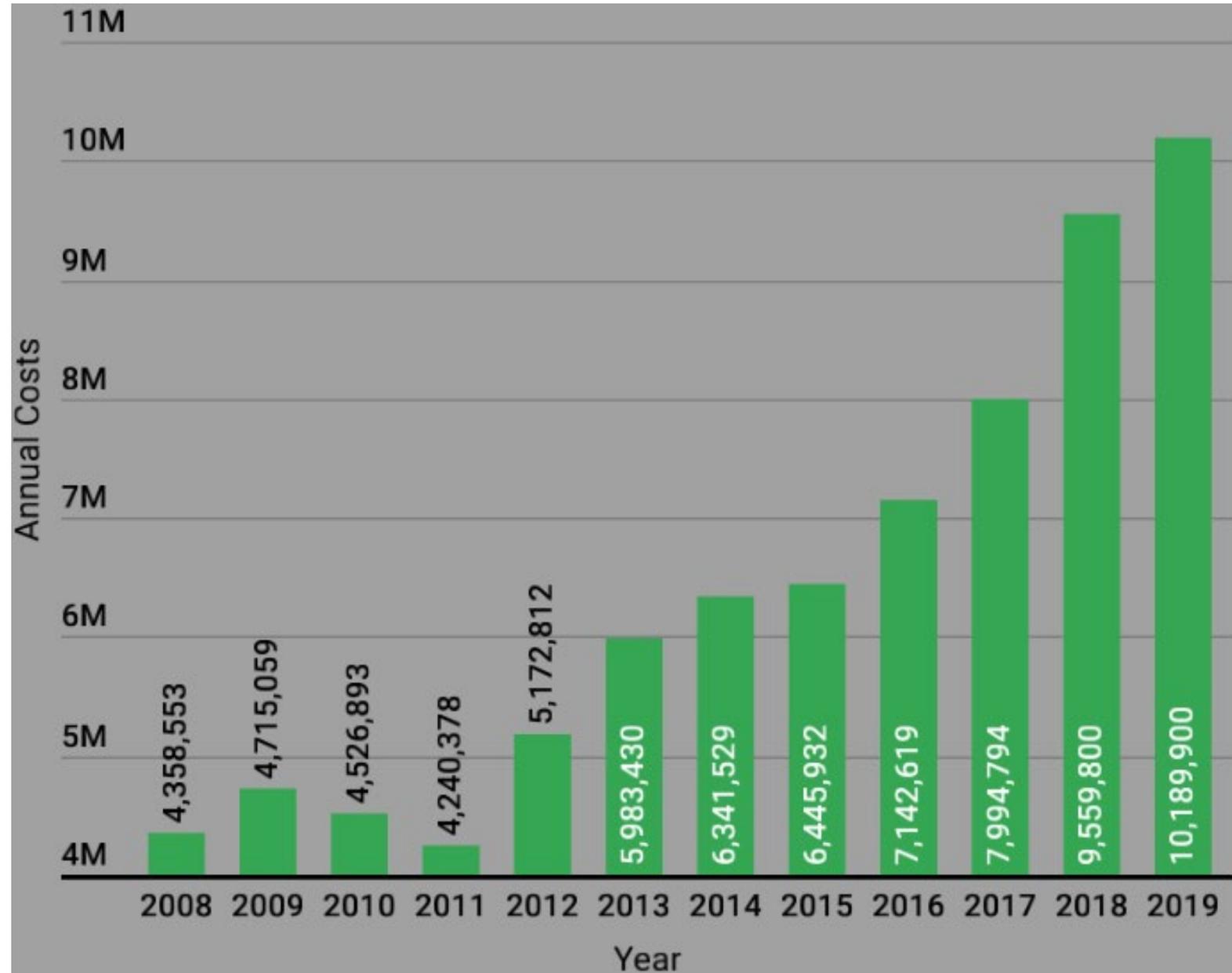
Long Term

- Additional On-demand Services



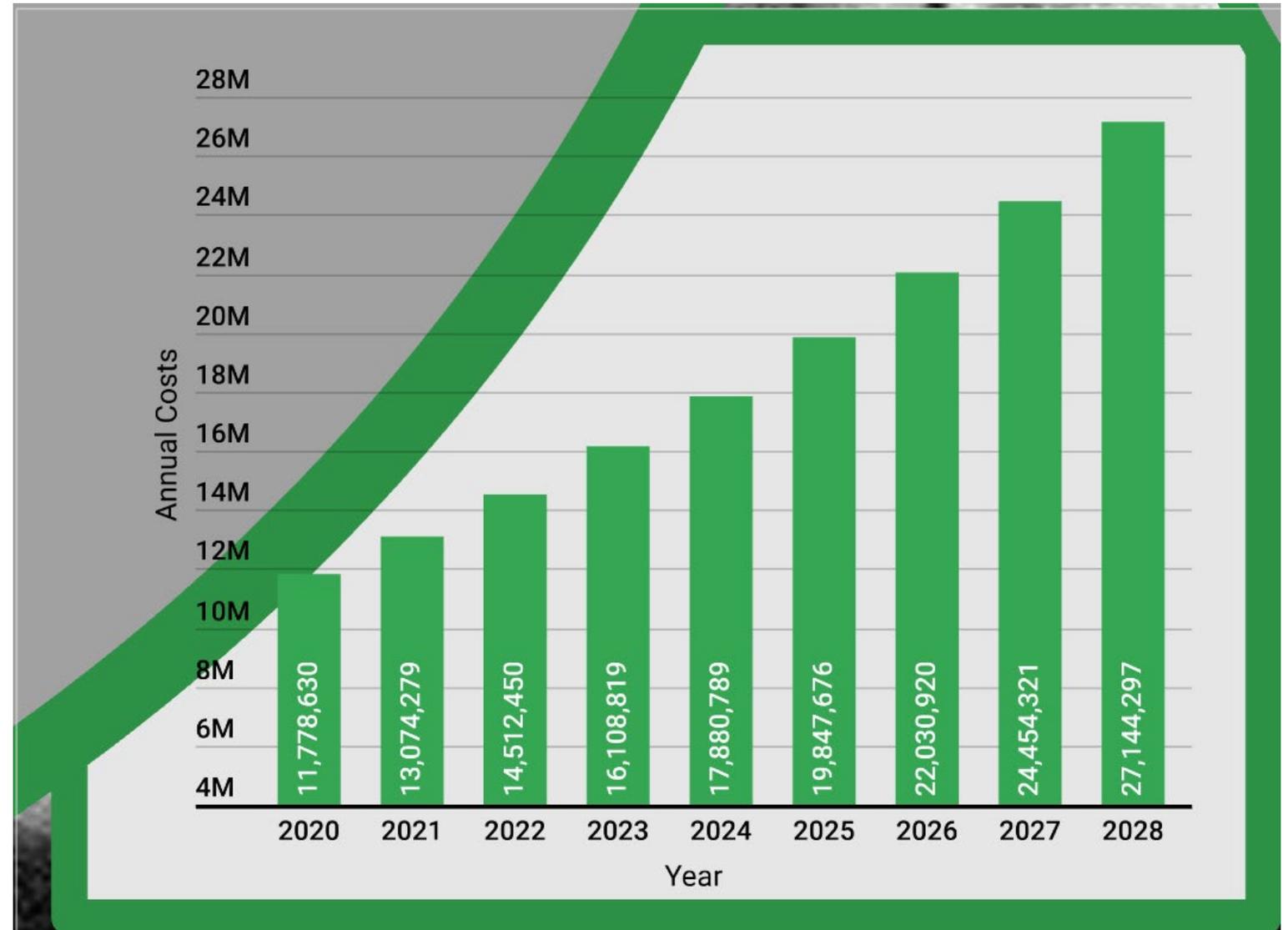
Service Levels

- Historically High growth



Service Levels

- Unaffordable trends into the future



So...Now What? Part Two

Short Term

- Service Levels
- Eligibility & Certification

Long Term

- Additional On-demand Services

2021

2045

2022-2027



Short Term



Service Levels

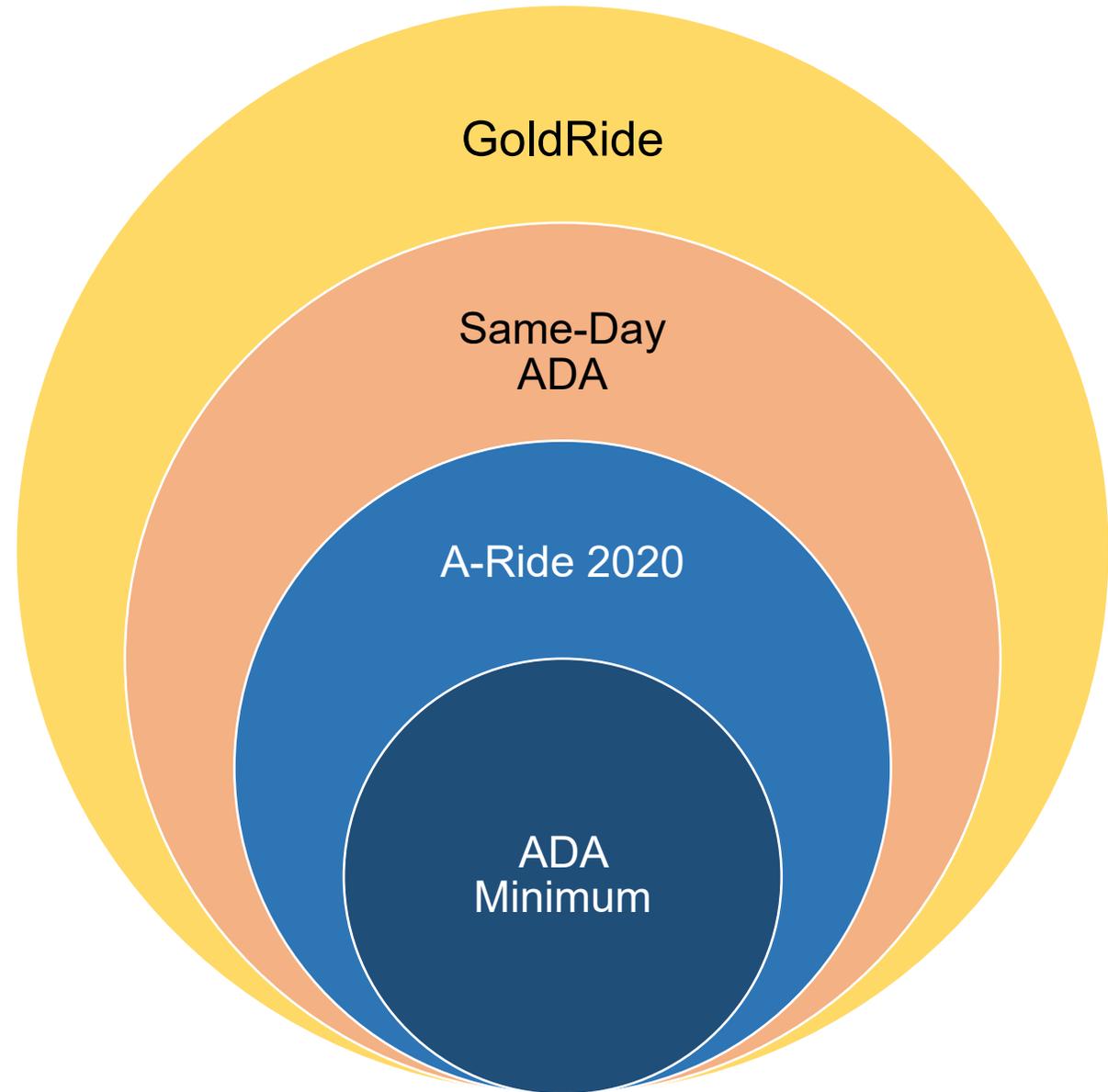


Eligibility

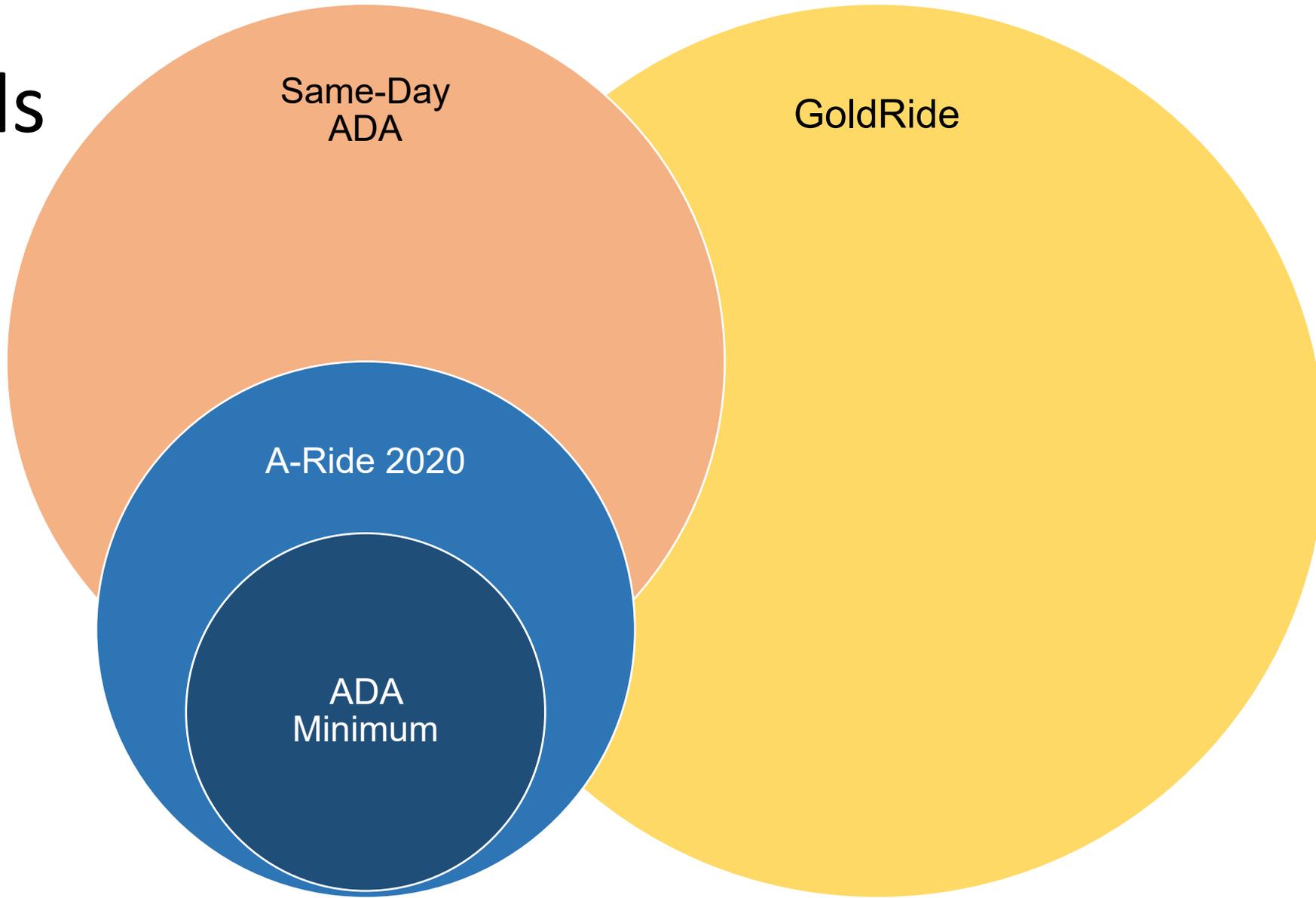
Short Term



Service Levels



Service Levels

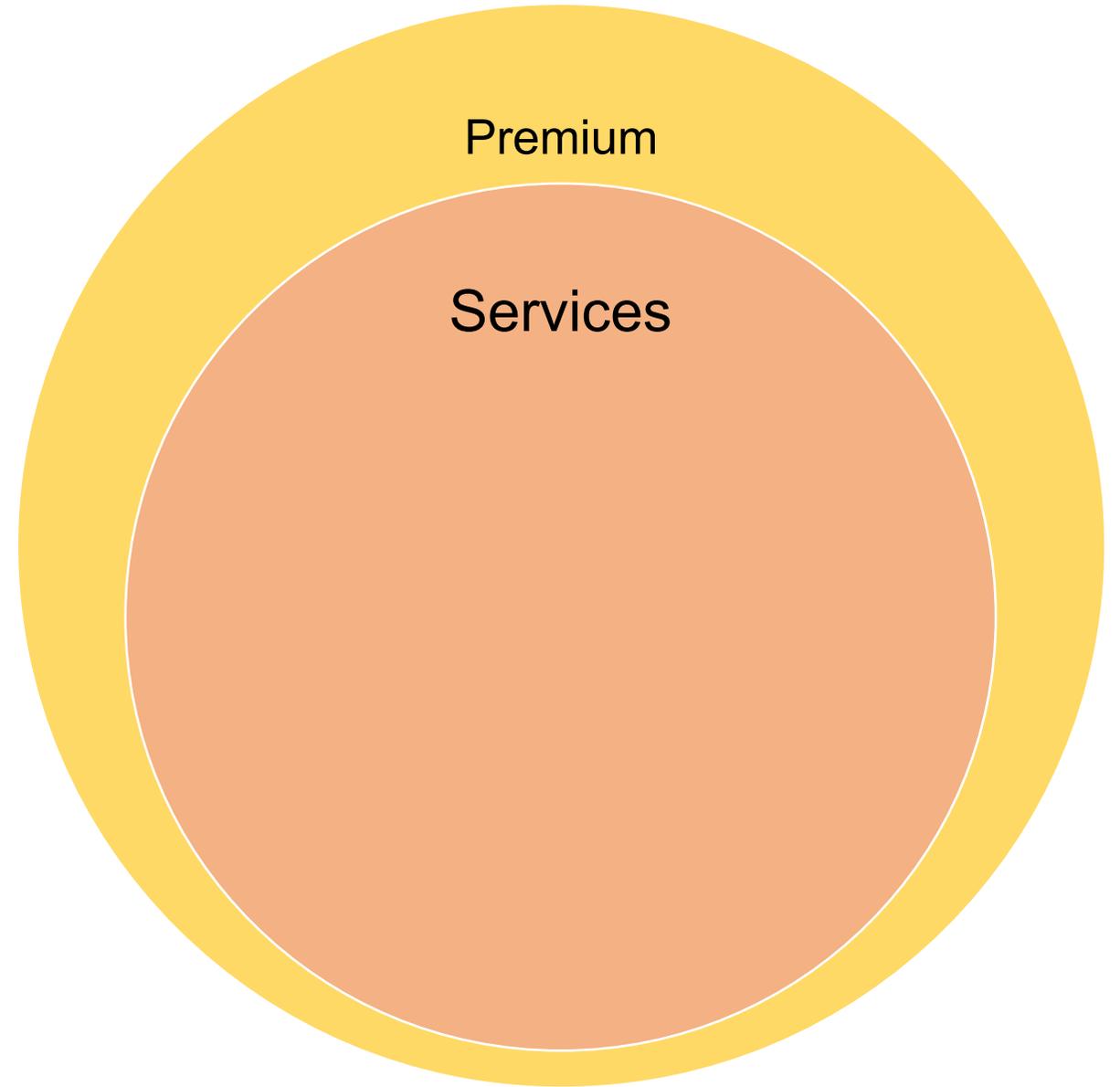
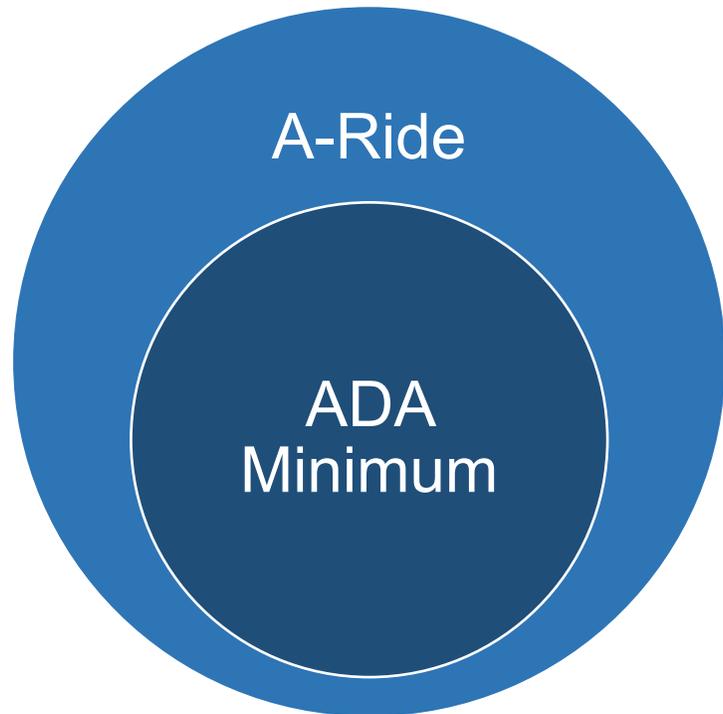


Short Term Service Levels

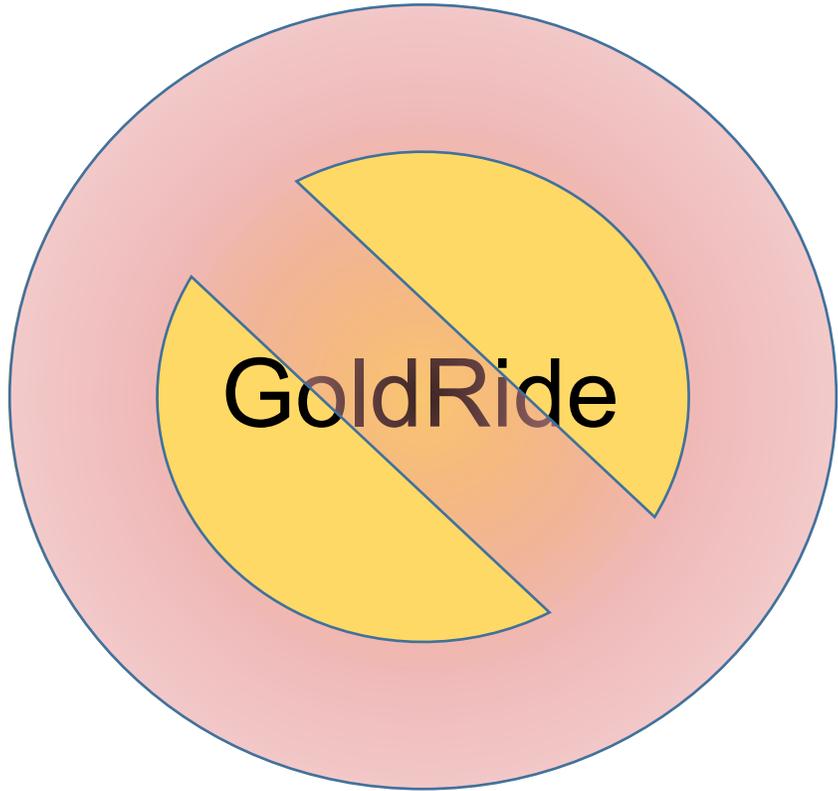
Most transit systems that allow same-day service do so on an as-available basis, or utilize a separate premium service operated by private vendors.

AAATA Paratransit Study, p. 5-9

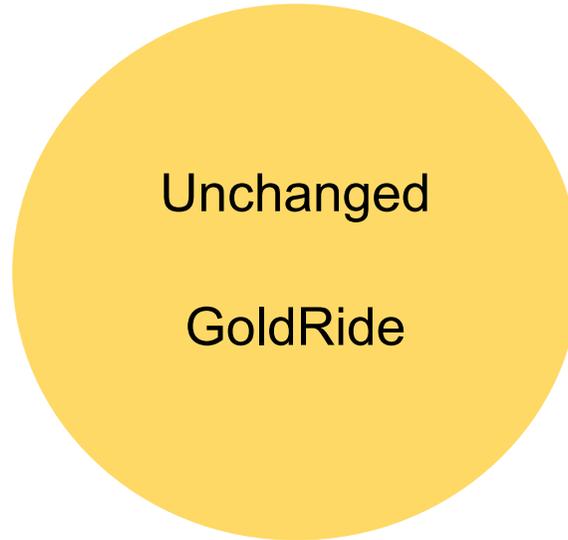
Service Levels



GoldRide Options



1



2



3