

Board of Director's Meeting Agenda

Meeting Date/Time: August 19, 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/k2a2qYiM7>
2. Enter the Webinar ID: 897 4050 4227

Meeting Chair: Kyra Sims (Acting Chairman in Eric Mahler's absence)

Agenda Item	Info Type	Details	Page #
1. OPENING ITEMS			
1.1 Approve Agenda	D	Mahler	
1.2 Public Comment	O	Mahler	
1.3 General Announcements	O	Mahler	
2. CONSENT AGENDA			
2.1 Minutes	D		3
2.2 Committee Meeting Reports	D		16
3. POLICY MONITORING & DEVELOPMENT			
3.1 Committee Meeting Discussion	O	All	
3.2 Monitoring: Cash & Investments (Policy 2.6)	M	Reed	25
3.3 Board Retreat Follow-up	O	All	
4. STRATEGY & OPERATIONAL UPDATES: CEO			
4.1 August Service Restoration Update (Final)	O	Smith / Yang	
4.2 FY2021 Budget Amendment	D	Reed	36
4.3 Q3 Finance Report <i>(Presentation at the very back of the packet)</i>	M	Thompson / Reed	44
4.4 FY2022 Draft Budget <i>(Draft after packet page 62 followed by the Presentation)</i>	O	Reed	48
4.5 Q3 Service Report	M	Smith	49
4.6 CEO Report	O	Carpenter	61
5. EMERGENT ITEMS			
6. CLOSING ITEMS			
6.1 Topics for Next Meetings Monitoring: Financial Monitoring: Planning & Budgeting (Policy 2.4) Monitoring: Fare Policy (Policy 2.5.11) FY2022 Budget Approval & Public Hearing		Thurs., Sept. 23, 2021	
6.2 Public Comment			
6.3 Closed Session (pursuant to Section 8(c) of the OMA)			
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: July 22, 2021, 6:30-9:00pm

Location: Remote via Zoom

Board Member Attendees: Jesse Miller, Kathleen Mozak, Mike Allemang (joined at 7:25pm), Kyra Sims, Roger Hewitt (joined at 7:25pm), Raymond Hess, Ryan Hunter, Susan Pollay, Eric Mahler (Chair)

AAATA Staff Attendees: Bryan Smith (Acting CEO), Forest Yang, Dina Reed, Rosa-Maria Njuki

Guests: Rose Mercier (Governance Coach), Mel Muskovitz (Attorney)

Meeting Chair: Eric Mahler

Chairman Eric Mahler called the meeting to order at 6:30 pm.

Discussion Items	
1. OPENING ITEMS	
1.1	<p>Approve Agenda</p> <p>Mr. Miller moved to approve the agenda, seconded by Ms. Sims.</p> <p>In support of the motion:</p> <p>Mr. Raymond Hess (reporting in from Exmore, Virginia): Yes</p> <p>Mr. Ryan Hunter: (reporting in from Genesee County): Yes</p> <p>Mr. Jesse Miller (reporting in from Ypsilanti, Washtenaw County): Yes</p> <p>Ms. Kathleen Mozak (reporting in from Ann Arbor, Washtenaw County): Yes</p> <p>Ms. Kyra Sims (reporting in from Ann Arbor, Washtenaw County): Yes</p> <p>Ms. Susan Pollay (reporting in from Ann Arbor, Washtenaw County): Yes</p> <p>Chairman Mahler (reporting in from Ann Arbor, Washtenaw County): Yes</p> <p>The motion passed unanimously.</p>
1.2	<p>Public Comment</p> <p>Mr. Jim Mogensen noted that Bylaws are boring until they are not. He expressed having some concerns about some of the Bylaws changes, but will see how it goes. He described his understanding that AAATA’s financing is even more complicated than transit funding usually is which began when there was a private bus service from Ypsilanti to Ann Arbor and City Council no longer wanted to deal with little bills that came up, so they created the AATA. Then there was the millage in 1973. He went on to describe that over time, the idea was that it had expanded beyond Ann Arbor, but the amount of money raised provided additional money for extra services, which is why senior ride was limited to Ann Arbor. As the visioning in recent years has expanded, this created more problems. He expressed that there are people in Ann Arbor who have been expecting some of these other extra things that were outside things that were funded by state and federal money.</p> <p>Mr. Robert Pawlowski asked if some pavement could be placed on Route 42 at the Clark and Ridge bus stop. In regard to the Holmes and Ridge bus stop, he asked if that bus stop could be moved to after the bus turns, if the bus could go a little bit farther and pick up the passengers after it turns instead of before it turns. He also asked if TheRide is looking into articulated buses for Washtenaw and the highly</p>

populated routes. He thanked the bus drivers for their patience with the traffic of Art Fair. Specifically, he thanked AAATA employees Lisa at the Industrial Hwy. main office and Valenie and Christina at the Blake Transit Center for their help during the pandemic. He expressed that they are bringing the system and customer service to the top.

1.3 General Announcements

Chairman Mahler introduced the newest AAATA Board member, Susan Pollay. Ms. Pollay was recently the Executive Director of the Downtown Development Authority. Ms. Pollay expressed having enormous respect for TheRide, an agency she described as being at the heart of a lot of the success of downtown Ann Arbor. Among the projects that give her the most pride was the creation along with the City and AAATA of the Get Downtown and GoPass program, which helped contain the construction of new garages by diverting more employees into transit. She also described AAATA's contributions to a downtown that is walkable and vibrant.

Acting CEO Bryan Smith introduced Don Bowlin, the new AAATA Manager of Bus Operations, who comes from Kansas City where he started as a driver and worked his way up.

2. CONSENT AGENDA

2.1 Minutes, Committee Meeting Reports, and Dina Reed BOAA Authorized Signer Approval

Ms. Mozak moved to approve the consent agenda, seconded by Ms. Sims.

In support of the motion:

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

INVESTMENT ACCOUNT ACCESS AUTHORIZATIONS
**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE**

ANN ARBOR AREA TRANSPORTATION AUTHORITY #19-1110

I, hereby certify that the following Resolution was duly approved and adopted by the Board of Directors (herein after referred to as the Board) of the Ann Arbor Area Transportation Authority at a meeting held on July 22, 2021, at which a quorum was present and acting throughout.

WHEREAS, the Authority has accounts with the Bank of Ann Arbor for the purpose of banking and/or investment management purposes; and

WHEREAS, the Board ratified the establishment of specific investment accounts with the Bank of Ann Arbor in September 2018.

FURTHER, BE IT RESOLVED, that the Board hereby designates the following individuals as duly authorized and gives these individuals the authority to direct Bank of Ann Arbor via emails, telephone conversations, in writing, and/or any other form necessary regarding deposits, transfers, and withdrawals from any accounts held at the Bank of Ann Arbor (retail or trust), and to conduct any other business as deemed necessary and, further, grants Bank of Ann Arbor, Agent, the authority to follow without question the direction of at least two of the following named individuals:

Names(s) Bryan D Smith Acting Chief Executive Officer
Bryan D. Smith Title

Bryan D Smith Deputy CEO, Operations
Bryan D. Smith Title

LaTasha Thompson Manager of Finance
LaTasha Thompson Title

Dina Reed Deputy CEO, Finance & Administration
Dina Reed Title

Eric A. Mahler
Eric A. Mahler, Chair
July 22, 2021

Kyra Sims
Kyra Sims, Secretary
July 22, 2021

3. POLICY MONITORING & DEVELOPMENT

3.1 Committee Meeting Discussion
None.

3.2 Bylaw Update
Chairman Mahler and Mr. Mel Muskovitz described that the Treasurer resolution takes care of the delegation of the role duties which are outgrown by the Treasurer itself and have been done by the Finance and Administration team for quite some time now. The Treasurer is on the Finance Committee and will probably be chairing the Finance Committee. The Board and the Finance Committee will be integrally involved in financial issues to make sure that there is proper oversight.

Mr. Hess suggested changing "majority vote" to "60% vote" in Section 3 of the Bylaws in regard to the vote needed to recommend the removal of a Board member. He also suggested in Section 11 of the Bylaws that Policy Governance "may" govern instead of it "shall" govern. Discussion of these suggestions ensued.

Ms. Sims moved to approve the Amendment of Bylaws Resolution 05/2021, seconded by Mr. Hunter.

Mr. Hess moved to change the language “majority vote” to “60% vote” under Article I, Section 3 of the Bylaws. Mr. Miller seconded that motion.

In support of the motion:

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

Mr. Mike Allemang and Mr. Roger Hewitt joined the meeting at 7:25pm.

Mr. Hess moved to change language in Article III, Section 11 of the Bylaws to say the Policy Governance model “may” govern the Board instead of it “shall” govern the Board. This was not seconded. The motion failed.

Ms. Sims motioned to move the amended Bylaws into the record, seconded by Mr. Hewitt.

In support of the motion:

Mr. Allemang: Yes

Mr. Hewitt: Yes

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

AMENDMENT OF BYLAWS

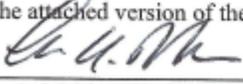
**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
ANN ARBOR AREA TRANSPORTATION AUTHORITY**

WHEREAS, a task force of the AAATA's Governance Committee undertook a comprehensive review of the AAATA's Bylaws, in consultation with the AAATA's legal counsel, and with input from AAATA staff and Board members, and

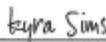
WHEREAS, the task force proposed the amendments to the AAATA's Bylaws shown in the attached marked-up version of the Bylaws, and

WHEREAS, the Governance Committee recommends that the Board adopt the amendments to the AAATA's Bylaws proposed by the task force and shown in the attached version of the Bylaws incorporating the proposed amendments,

NOW THEREFORE, BE IT RESOLVED, that the AAATA's Bylaws are amended as shown in the attached version of the Bylaws incorporating the amendments.



Eric A. Mahler, Chair
July 22, 2021



Kyra Sims, Secretary
July 22, 2021

Ms. Mozak moved to approve the Secretary Duties Resolution 06/2021, seconded by Mr. Hewitt.

In support of the motion:

Mr. Allemang: Yes

Mr. Hewitt: Yes

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

SECRETARY DUTIES

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

WHEREAS, the AAATA's Articles of Incorporation require the AAATA's Secretary to "[k]eep the minutes of all meetings of the Board, and of all committees thereof, and books provided for that purpose," "[a]ttend to the giving, serving, and receiving of all notices or process of or against the Authority," and "[h]ave charge of all books and records," *AAATA Articles of Incorporation*, Art. IV, § 6,

WHEREAS, the AAATA's Bylaws allow the AAATA's Board to "authorize the CEO to perform, or assign, the duties of the Secretary . . . whenever, for any reason, it is impracticable for the Secretary . . . to act personally," *AAATA Bylaws*, Art. II, § 5,

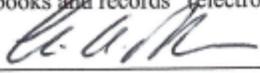
WHEREAS, it is impracticable for the Secretary to keep the minutes of all AAATA Board meetings and Board committee meetings when that duty can be more efficiently performed by AAATA staff,

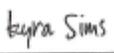
WHEREAS, it is impracticable for the Secretary to "[a]ttend to the giving, serving, and receiving of all notices or process of or against the Authority," and

WHEREAS, it is impracticable for the Secretary to "[h]ave charge of" all the AAATA's Board's "books and records" when that duty can be more efficiently performed by AAATA staff,

NOW THEREFORE, BE IT RESOLVED, that:

- (1) the Board directs the CEO to ensure that, starting with today's meeting, the AAATA's Board's meeting minutes and the AAATA's Board committees' meeting minutes are taken, and that all minutes are kept in books (electronic or otherwise) provided for that purpose;
- (2) the Board authorizes the CEO to perform, or assign, the Secretary's duty to "[a]ttend to the giving, serving, and receiving of all notices or process of or against the Authority;" and
- (3) the Board authorizes the CEO to perform, or assign, the Secretary's duty to "[h]ave charge of all books and records" (electronic or otherwise).


Eric A. Mahler, Chair
July 22, 2021


Kyra Sims, Secretary
July 22, 2021

Mr. Allemang moved to approve the Treasurer Duties Resolution 07/2021, seconded by Mr. Hewitt.

In support of the motion:

Mr. Allemang: Yes

Mr. Hewitt: Yes

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

TREASURER DUTIES

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

WHEREAS, the AAATA's Articles of Incorporation require the AAATA's Treasurer to "have custody of all the funds and securities of the Authority which may come into his hands or possession," to "[w]hen necessary or proper, . . . endorse in behalf of the Authority for collection, checks, notes and other obligations, and [] deposit them to the credit of the Authority in a designated bank or depository," to "sign all receipts and vouchers for payments made to the Authority," to "jointly with such other officer as may be designated by the Board sign all checks, bonds, promissory notes, or other obligations when so ordered by the Board," to "render a statement of his cash account when required by the Board," to "enter regularly in the books of the Authority to be kept by him for this purpose full and accurate accounts of all monies received and paid by him on account of the Authority," to "at all reasonable times exhibit the books and accounts to the Board or any member thereof when so required," and to "perform all acts incidental to the position of treasurer fixed by the bylaws and as assigned to the treasurer from time to time by the Board," *AAATA Articles of Incorporation*, Art. IV, § 7,

WHEREAS, the AAATA's Board Policy Manual requires the Treasurer, along with the CEO, to "supervis[e]" the "investment decisions and activities" of the AAATA's "investment officer," *AAATA Board Policy Manual*, App'x F,

WHEREAS, the AAATA's Bylaws allow the AAATA's Board to "authorize the CEO to perform, or assign, the duties of the . . . Treasurer whenever, for any reason, it is impracticable for the . . . Treasurer to act personally," *AAATA Bylaws*, Art. II, § 5,

WHEREAS, it is impracticable for the Treasurer to personally "sign all receipts and vouchers for payments made to the Authority" given the volume of transactions the AAATA enters into and the fact that the AAATA enters into many of those transaction electronically, and

WHEREAS, it is practical and prudent for the CEO and staff to remain accountable for the aforementioned duties ascribed to the Treasurer in the Articles, and

WHEREAS, the Board finds that it is more appropriate that the entire Finance Committee, not the Treasurer and CEO, take responsibility for supervising the "investment decisions and activities" of the AAATA's "investment officer,"

NOW THEREFORE, BE IT RESOLVED, that, unless specifically requested by a majority vote of currently serving Board members, the Treasurer is not required to:

- possess AAATA funds and/or securities, or retain their custody;

- endorse on behalf of the AAATA for collection, checks, notes and other obligations, or deposit same to the credit of the AAATA in a bank or other depository;
- sign checks, bonds, promissory notes, or other obligations of the AAATA;
- render a cash account statement;
- keep books on behalf of the AAATA of money received, or exhibit the AAATA's books and accounts; or
- perform any other acts incidental to the position,

NOW THEREFORE BE IT RESOLVED, that the Board amends Appendix F, paragraph two, of the Board Policy Manual as follows:

DELEGATION OF AUTHORITY TO MAKE INVESTMENTS

The Deputy CEO Finance and Administration (CFO), or the Manager of Finance (Controller) as his/her designee, is designated as the investment officer for the AAATA, and is responsible for investment decisions and activities implemented under this policy under the supervision of the CEO. Under the supervision of the CEO, the investment officer is authorized on behalf of AAATA to execute and deliver agreements, documents, or other instruments in connection with or relating to the opening and closing of investment accounts, the purchasing, selling, or redeeming authorized investments, and the safekeeping of investment accounts. Twice a year, or more frequently at the discretion of the Board, the Board shall determine compliance with the AAATA's Cash and Investment Policy (Section 2.6) by the CEO.

NOW THEREFORE, BE IT RESOLVED, that the Board directs the CEO to sign, or direct staff to sign, receipts and vouchers for payments made to the Authority as specified in the Board Policy Manual.


 Eric A. Mahler, Chair
 July 22, 2021


 Kyra Sims, Secretary
 July 22, 2021

3.3 Capital Reserve Policy Recommendation

Mr. Allemang described that the Finance Committee is proposing the Capital Reserve Policy Recommendation with the help of Ms. Rose Mercier. He noted that it is being taken into future consideration for the Capital Reserve to be put into separate investment accounts and managed under a different investment policy.

Mr. Hess pointed out that the numbering of the "Use funds from the Capital Reserve" policy should be 2.5.7 (not 2.5.6). In a friendly way, Chairman Mahler used Mr. Hess' suggestion to amend the resolution to reflect that.

Mr. Allemang moved to approve the Capital Reserve Policy Resolution 08/2021 as amended, seconded by Mr. Miller.

In support of the motion:

Mr. Allemang: Yes

Mr. Hewitt: Yes

Mr. Hess: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously.

CAPITAL RESERVE POLICY

**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) has created a Capital Reserve fund;

WHEREAS the Board asked the Finance Committee to explore the development of a new policy concerning its use;

WHEREAS the Finance Committee requested the input of Rose Mercier, the Board's governance coach and agrees with the proposed policy that any use of the Capital Reserve Fund by subject to Board approval;

THEREFORE BE IT RESOLVED THAT the Board address the use of the newly created capital reserve by approving two policy changes: 1) Amend Executive Limitation policy 2.5 Financial Conditions and Activities by adding policy item 2.5.7 "Use funds from the Capital reserve"; and 2) Amend Governance Process policy 3.2 Board Job Description by adding policy item 3.2.12, "Approval of the use of funds from the Capital Reserve"



Eric A. Mahler, Chair
July 22, 2021



Kyra Sims, Secretary
July 22, 2021

Mr. Muskovitz expressed that he will discuss with Ms. Mercier to determine if there is something that can be included in the Board Policy Manual that addresses an inadvertent failure to follow the Governance Policy model.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Final Aug Service Plan

Mr. Yang described the public feedback report on page 72 of the [Board Meeting Packet](#) and the methods used to collect public feedback over the one month period - six public town halls, online, e-mail, phone, and regular mail. The August Service plan will be implemented on August 29th and closely monitored as students and commuters come back in order to tweak the service as needed in the next planning cycle in January 2022. He also pointed out the Equity Analysis for Proposed Service Changes on page 63 of the [Board Meeting Packet](#), as required by the FTA.

Mr. Smith described that AAATA is still hiring operators and technicians, and is struggling like many organizations to find employees. Contingency plans have been developed to make sure that AAATA can still roll out full service on August 29th. Mr. Smith highlighted that in a dire situation, AAATA may have to reduce frequency on existing routes due to staffing capacity, but work is being done to try and avoid that possibility.

Regarding the HolidayRide and NightRide, Mr. Smith will confirm what has been done historically regarding any cost for a PCA (Personal Care Attendants) to join a passenger; the intention was to offer the service at a similar level without any fare changes.

Ms. Pollay expressed concerns with the longer travel time in the August service plan for Ypsilanti commuters coming into downtown Ann Arbor via Route 4. She suggested improvement on the Ypsilanti to Ann Arbor routing for the next plan change

in January. Chairman Mahler requested that this issue be brought to the Service Committee. Mr. Hewitt will add it to the next Service Committee meeting agenda.

4.1.1 GoldRide Approvals

Mr. Smith walked through the GoldRide premium demand response service issue brief and equity analysis for proposed GoldRide fare change starting on page 77 of the [Board Meeting Packet](#). Discussion ensued regarding a proposed Golden Limousine contract expansion authorization and the proposed GoldRide premium demand response service fares.

Mr. Smith described for Mr. Miller that the goal for the contract extension is to give AAATA a year to research alternatives and see how demand and pricing sort out.

Mr. Smith and Ms. Pollay discussed what potential GoldRide premium demand response service riders might pay for comparable on demand services like Lyft and Uber. Mr. Smith described that cost comparison research has been ongoing; private industry costs have changed over the course of the study and the proposed fare may not far exceed what the private industry is currently charging.

Mr. Hess expressed his concern that this proposal for a non-required service could possibly inhibit AAATA's ability to augment and improve the fixed route system. He described a structural deficit where AAATA's revenues will not keep up with their costs, a situation funding this service could further complicate. He also described the potential for riders who become reliant on this service being turned away because the service's capacity has been met. He expressed that he would rather put money into improving fixed route and paratransit service.

Ms. Mozak described how many seniors have voted for AAATA's millages. She also described poor conditions that seniors may have to endure in order to get to a fixed route. She expressed that this year gives AAATA an opportunity to explore better ways for helping seniors commute.

Mr. Hunter shared that he would not be supportive of anything that limits access for seniors.

Mr. Smith noted that as part of AAATA's Title VI Policy, if the Board decides not to bring back GoldRide premium demand response service, the Board would need to vote that there was no other alternative, that despite the disproportionate impact on vulnerable populations, the service had to be eliminated due to the budget limitations. The Title VI Policy is a policy assigned to AAATA by themselves and reviewed by the FTA during a tri-annual review.

Mr. Smith expressed that there may be other potentially more sustainable ways to run a premium on-demand service, but none of those ways could be put in place by August 2021, a self-imposed deadline for restoring services. He described the unique situation of having been allowed to temporarily suspend the service due to the pandemic, but if it is decided to keep it suspended, it must be treated it as a reduction of service. AAATA would be obligated to follow the FTA processes for such a reduction in service. Mr. Smith confirmed that waiting another month to vote on this proposal would likely not make it possible to have it up to full service by August 29th due to the associated contractor start-up costs.

4.1.1.1 Contract Authorization Approval & Fare Rate Approval

Ms. Mozak moved to approve the Golden Limousine Contract Expansion Authorization and GoldRide Premium Demand Response Service Fares Resolution 09/2021, seconded by Ms. Sims.

In support of the motion:

Mr. Allemang: Yes

Mr. Hewitt: Yes

Mr. Hess: No

Mr. Hunter: No

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: No

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed.

Resolution 09/2021

GOLDEN LIMOUSINE CONTRACT EXPANSION AUTHORIZATION AND
GOLDRIDE PREMIUM DEMAND RESPONSE SERVICE FARES

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

WHEREAS, the preliminary recommendation to cancel the GoldRide premium demand response service was met with concern from the public and the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board), and

WHEREAS, the Board asked staff at the May 20, 2021 Board meeting to proceed with developing a plan to restore GoldRide premium demand response service by August 2021, and

WHEREAS, AAATA staff have developed a plan to restore GoldRide premium demand response service by August 29, 2021 with a not-to-exceed \$750,000 budget (based on historic use), as presented at the June 17, 2021 Board meeting, and

WHEREAS, AAATA staff have conducted a Fare Equity Analysis, and

WHEREAS, AAATA staff have identified the existing contractor Golden Limousine to re-start the GoldRide premium demand response service.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby authorizes signing authority to the Acting CEO for expansion of an existing contract with Golden Limousine by \$750,000 to restart the GoldRide premium demand response service by August 29, 2021, and

NOW THEREFORE, BE IT RESOLVED, that the Board hereby authorizes a fare structure of \$20 per ride or \$5 per ride for verified, low-income seniors, and \$5 per companion.



Eric A. Mahler, Chair
July 22, 2021



Kyra Sims, Secretary
July 22, 2021

4.2 Business Plan

Ms. Rosa-Maria Njuki walked the Board through the draft FY022 Corporate Business Plan on page 92 of the [Board Meeting Packet](#). CEO Matt Carpenter will answer any questions that there may be in the next Board meeting upon his return.

4.3 FY2022 Budget Process Update (Verbal)

Ms. Reed provided an update on the budget process using the timeline slide on page 114 of the [Board Meeting Packet](#). She highlighted that staff are expecting to compare the FY2022 budget to the FY2020 budget that was approved because the FY2021 budget was during the pandemic. Since AAATA is going back to full service hour levels, staff needed to compare the FY2022 budget to the FY2020 budget for a better comparison to cost.

Ms. Reed confirmed that staff will address accounting for revenue and what the RTA may retain from the federal funds they pass through.

4.4 CEO Report

Ms. Mozak thanked staff for implementing the critical technology enhancement, especially the onboard communication making it possible for drivers to now communicate amongst themselves for critical and transfer issues. She expressed that this will lead to a higher satisfaction rate with customers.

Mr. Smith described for Mr. Miller that the football shuttle services are reconsidered each year; should it be decided to end that service due to its cost and drain on services, staff would want to make sure a year's notice was given considering its long-standing run in the community. They would also want to give the university, hotels, and community an opportunity to comment on it as part of the budget process. Coming out of the pandemic, it was not something staff considered cancelling for this year as they would not have been able to give the appropriate notice.

Mr. Miller asked staff to keep the Board aware of any inability to get buses on the road like is occurring in Detroit due to driver shortages.

Ms. Pollay asked about charging a higher fare for the football shuttles to offset the cost. Mr. Smith described for Ms. Pollay that the football shuttles are published schedules open to the public and AAATA is allowed to only charge what is charged as a standard fare for fixed route riders. Therefore, the \$1.50 one-way fare is the most that AAATA can charge for that service. To charge any more would put AAATA in violation of the charter regulations with the FTA.

Ms. Pollay suggested that AAATA work with UofM to restructure the traffic patterns after the games so that AAATA transit gets priority.

Mr. Smith confirmed for Mr. Hewitt that all the hotels that the football shuttles service are within the AAATA service area.

5. EMERGENT ITEMS

None.

6. CLOSING ITEMS

6.1 Topics for Next Meetings

6.1.1 2021 AAATA Board Retreat – Part 3

Chairman Mahler and Mr. Hewitt requested that the agenda for the retreat be put on the next Service Committee meeting. The desire to keep the retreat as scheduled on August 12th was discussed in order to stay on track with the timeline set forth for the Long-Range Plan.

<p>6.1.2 AAATA Board Meeting Monitoring: Investments (Policy 2.6) Q3 Finance Report Q3 Service Report FY2022 Budget Preview</p>
<p>6.2 Public Comment</p> <p>Mr. Jim Mogensen described that the metrics in the public sector can be manipulated. He also emphasized the importance of doing a Title VI Analysis at the beginning of the planning process. He expressed his perception that the consultant's report on the route changes was lacking in that it did not include the routing changes that were made during the pandemic and then carried over into the new plan. Lastly, he described his understanding of emerging issues with non-profits qualifying people for low-income status and that there are some potential fare media changes that have impacts on low-income people and need to be part of the conversation.</p> <p>Mr. Robert Pawlowski expressed his perception that the BRT line for Washtenaw is needed within one to two years.</p> <p>Ms. Michelle Barney described, in regard to the GoldRide premium demand response service, that many people cannot afford a \$10 roundtrip. She also described that many of the private companies are undependable. She suggested that AAATA be strict with the rules for any private companies that may be chosen in the future. She noted that she has been getting better responses from AAATA's phone service.</p>
<p>6.3 Adjournment</p> <p>Ms. Pollay moved to adjourn, seconded by Mr. Hewitt. In support of the motion: Mr. Allemang: Yes Mr. Hewitt: Yes Mr. Hess: Yes Mr. Hunter: Yes Mr. Miller: Yes Ms. Mozak: Yes Ms. Pollay: Yes Ms. Sims: Yes Chairman Mahler: Yes</p> <p>The motion passed unanimously.</p> <p>Chairman Mahler adjourned the meeting at 9:18pm.</p>

Respectfully submitted by: Keith Everett Book

Governance Committee Meeting Summary

Meeting Date/Time: July 29, 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: Forest Yang, Bryan Smith, Dina Reed, LaTasha Thompson
Rosa-Maria Njuki

Chairman Eric Mahler called the meeting to order at 9:01 am

Discussion Items
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) Chairman Mahler added a GoldRide follow-up discussion at Agenda Item 2.2.
2. POLICY MONITORING & DEVELOPMENT
2.1 Committee Agendas <u>Service Committee:</u> Mr. Hewitt wanted to add a discussion of the Football shuttles as part of 3.3.1, along with a discussion of spending priorities. Rider counts for the Football shuttles will be provided by Mr. Smith in preparation for the next Service Committee meeting. <u>Finance Committee:</u> No changes. <u>Board of Directors:</u> Chairman Mahler added Agenda Item 3.3: Board Retreat Follow-up. For the monitoring of policy 2.6 discussion, Ms. Reed will lead the discussion, not Chairman Mahler.
2.2 Other Governance Issues (as assigned) Chairman Mahler and the Committee revisited the GoldRide decision made at the July 22, 2021 Board meeting. Chairman Mahler asked staff to continue exploring alternate options while moving forward with the current decision. Mr. Smith confirmed that this research has already begun. Mr. Hewitt invited staff to bring this topic to a near future Service Committee meeting.
3. STRATEGY & OPERATIONAL UPDATES: CEO
3.1 FY2022 Budget Preview Ms. Reed and Ms. Thompson walked the Committee through the FY2022 Budget Preview. This discussion will continue at a supplemental Governance Committee meeting to be scheduled for the week of August 2 nd .

Discussion Items

Governance Committee feedback on the budget preview included:

- Chairman Mahler requested that percentage change ranges of expenses be described in more detail.
- Reinstatement of the D2A2 service is assumed in the preview, but not fully confirmed.
- Chairman Mahler asked that expenses be described further as those that will be sustained, are one-time expenses, or will continue to change.
- Mr. Allemang requested that schedules with both dollar and percentage changes be used in the presentation like they are in the issue brief. Figure 6 in the issue brief was referred to as an example of information to be added more prominently to the presentation, in addition to the pie charts already in the presentation.
- There was a discussion concerning the insurance increase and if the cost increase could be restrained.
- There was discussion of the increase in the current housing market being more likely to affect local property tax in FY2023 rather than FY2022.
- Mr. Allemang and Chairman Mahler asked for further explanation as to how it is determined how much of the federal funds are projected to be used each year. Ms. Reed explained that the projections are based on using the funds for all eligible operational expenses as they are incurred in as quickly a manner as possible, as requested by the Board earlier in the year.

3.2 FY2021 Budget Amendment Update (Verbal)

Ms. Reed presented some draft language for an amendment to the FY2021 budget amendment:

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 is anticipated to be and shall not exceed \$X.

Ms. Reed will return to the Committee with a recommendation for what that \$X amount is anticipated to be and shall not exceed. This will also be presented alongside the detailed budget when presented to the Board.

3.3 August Service Restoration Update (Verbal)

If time allows, to be discussed at the supplemental Governance Committee meeting the week of August 2nd.

3.4 Long-Range Plan & Retreat Update (Verbal)

If time allows, to be discussed at the supplemental Governance Committee meeting the week of August 2nd.

4. CLOSING ITEMS

- 4.1 Topics for Next Meeting
Board Retreat Follow-up
FY2022 Budget Proposal
CEO Personal Expense Report

4.2 Adjournment

Chairman Mahler adjourned the meeting at 11:00am.

Respectfully submitted by: Keith Everett Book

Supplemental Governance Committee Meeting Summary

Meeting Date/Time: August 5, 2021, 9:00-10:00am

Location: REMOTE – Via Zoom

Meeting Chair: Eric Mahler

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

AAATA Staff Attendees: Forest Yang, Dina Reed, LaTasha Thompson
Rosa-Maria Njuki

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

Discussion Items
1. STRATEGY & OPERATIONAL UPDATES: CEO
<p>1.1 FY2022 Budget Preview Ms. Reed and Ms. Thompson continued walking the Committee through the FY2022 Budget Preview from where they left off at the July 29th Governance Committee meeting.</p> <p>Discussion ensued about the anticipated amount of funds passing through the RTA from the American Rescue Plan (ARP) to AAATA. This narrative may be added to the risk slide early in the presentation.</p> <p>Ms. Reed explained that discretionary as a funding source is defined as the opportunity to apply for discretionary grants in order to fund unfunded aspects of projects. Chairman Mahler pointed out that discretionary funds (applied for by AAATA and awarded at the government’s discretion) are not needed for the FY2022 budget. Comparison of the terms “discretionary”, “not currently funded”, and “unfunded” ensued.</p>
<p>1.2 FY2021 Budget Amendment Update Ms. Reed presented draft language once again for an amendment to the FY2021 budget amendment:</p> <p>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 is anticipated to be and shall not exceed \$11,938,600.</p> <p>The Committee discussed how best to clearly illustrate in the resolution the Board’s intent to direct the surplus local funding from the operating budget to the capital reserve for future projects.</p> <p>Ms. Reed will speak with AAATA’s attorney, make suggested amendments, and recirculate the resolution to the Committee for further consideration.</p>
2. CLOSING ITEMS

Discussion Items

2.1 Adjournment

Chairman Mahler adjourned the meeting at 10:04am.

Respectfully submitted by: Keith Everett Book

DRAFT

Service Committee Meeting Summary

Meeting Date/Time: August 4, 2021, 9:00-11:00am

Location: REMOTE – Via Zoom

Meeting Chair: Roger Hewitt

Committee Meeting Attendees: Kathleen Mozak, Jesse Miller, Susan Pollay

AAATA Staff Attendees: Forest Yang (Acting CEO), Dina Reed, Sue Fickau, Don Bowlin, LaTasha Thompson

Meeting Chair: Roger Hewitt

Chairman Hewitt 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 In Bryan Smith's absence, Mr. Yang welcomed Gail Roose (Manager, Facilities Services) as Acting Deputy CEO, Operations to the meeting. Sue Fickau (Manager, Mobility Services) and Don Bowlin (Manager, Bus Operations) also joined the meeting to provide input on the Q3 Service Report. Additionally, LaTasha Thompson (Manager, Finance) joined the meeting to provide input on the FY2022 Budget Preview.</p>
2. POLICY MONITORING & DEVELOPMENT
3. STRATEGY & OPERATIONAL UPDATES: CEO
<p>3.1 FY2022 Budget Preview Ms. Reed and Ms. Thompson walked the Committee through the FY2022 Budget Preview.</p> <p>Mr. Miller suggested separating GoldRide & A-Ride costs from one another for comparison since the services are being conducted separately going forward. (GoldRide is contracted with Golden Limousine and A-Ride is contracted with MV.)</p> <p>Ms. Thompson explained for Chairman Hewitt that the cost of FlexRide has gone down from FY2021 as expected with the fixed route service recovery, but it is still higher than FY2020 because FlexRide is being used more in FY2022 for effectiveness than it was in FY2020.</p> <p>Regarding the assumed reduction in reimbursable relief funding available from the American Rescue Plan, Ms. Thompson explained for Mr. Miller that this will reduce the amount of funds available to contribute to the capital reserve.</p> <p>Mr. Miller and Chairman Hewitt asked for further explanation of the projected operating deficit. New projections show expenses higher than the revenues but growing at the same rate in relationship to one another. Adversely, pre-pandemic projections showed expenses growing at a higher rate than the revenues. Ms. Reed will look further into the new projections once the FY2022 budget process has been completed.</p>

Chairman Hewitt described that the budget appears to incorporate a long-range plan that has not been fully developed or decided upon yet by the Board. Ms. Reed pointed out that there is still time to amend the budget. She also pointed out the importance of allocating the relief funds expected. Mr. Yang noted that even if we were to build a new facility, the existing facility will be used in its current existence for about 7 more years. Mr. Hewitt described that existing facilities may not have the same priority they once did considering the new capacity for exploring larger projects.

Ms. Pollay asked how fixed the FY2022 Capital Budget line items are. Ms. Reed described that the budget could incorporate amendments after its approval as needed. Ms. Pollay also asked for a 20-year capital plan. Ms. Thompson noted that there will be a more detailed list of projects in the actual budget. Ms. Reed will also send a list of capital projects being considered to Ms. Pollay.

Mr. Miller pointed out that there is not anything in the capital budget that has not already been under consideration for the past 3 years.

Ms. Reed noted that the phase and timing of the plans may change with potentially awarded grants.

Ms. Pollay will submit further questions to Ms. Reed directly.

3.2 FY2021 Budget Amendment

Ms. Reed described that the amendment is not intended to change the original approach of the budget, but to amend how it is presented in the financial statements. Explanation and discussion of the language ensued.

3.3 August Service Restoration Update (Verbal)

Mr. Yang and Ms. Fickau described the service transitions underway going well thus far. Ms. Mozak thanked staff for paying close attention to feedback on each stage of the recovery.

3.3.1 Spending Priorities / Route 4 / Football Shuttles

Ms. Pollay and Mr. Yang discussed the distinction between the restoration of full service *hours* rather than the restoration of full service. They also discussed how to realize the Football Shuttle benefits more-fully for riders and apply similar benefits and solutions to other services in the system.

3.4 Long Range Plan & Retreat Update

Mr. Yang shared a draft agenda for the Board Retreat. He described that the main purpose of the retreat is to get feedback from the Board on the Long-Range Plan and discuss ideas of how to achieve the Board's Ends

Ms. Pollay and Mr. Yang discussed taking community plans into consideration in the development of the TheRide's Long-Range Plan.

Mr. Yang shared with Mr. Miller that feedback from the Public Advisory Council (PAC) will be incorporated into the Board Retreat. Mr. Miller expressed wanting to hear about the PAC's progress and feedback on a regular basis.

Chairman Hewitt expressed his hope that the Board Retreat will have some chances for the Board to brainstorm, to have out-of-the box thinking and expressions of aspirations.

3.5 Q3 Service Report

Mr. Bowlin described that similar agencies across the nation are experiencing similar levels of ridership recovery as TheRide. TheRide's ridership recovery is going slightly better than most of those similar agencies.

Mr. Miller described some disappointment with the on-time performance. There was a discussion of improvements expected with the August service recovery. Mr. Miller noted

that he is happy to see complaints being down and compliments being up.

4. CLOSING ITEMS

4.1 Topics for Next Meetings
FY2022 Budget Proposal
Board Retreat Follow-up

4.2 Adjournment
Chairman Hewitt adjourned the meeting at 10:59am.

Respectfully submitted by: Keith Everett Book

DRAFT

Finance Committee Meeting Summary

Meeting Date/Time: August 10, 2021, 3:00-5:00pm

Location: REMOTE – Via Zoom

Meeting Chair: Mike Allemang

Committee Meeting Attendees: Raymond Hess

AAATA Staff Attendees: Bryan Smith, Forest Yang, LaTasha Thompson, Dina Reed

Chairman Mike Allemang called the meeting to order at 3:02pm.

Discussion Items
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) Approved.
1.2 Communications None.
2. POLICY MONITORING & DEVELOPMENT
2.1 Monitoring: Cash & Investments (Policy 2.6) Ms. Reed walked the Committee through the monitoring report for Policy 2.6. Chairman Allemang suggested that future reports could point out more directly which cash and investments are insured and which are exceptions / uninsured. Ms. Reed will also be meeting with the bank to determine if there are any additional programs that would be beneficial in a continued effort to ensure the right balance of liquidity is being met.
3. STRATEGY & OPERATIONAL UPDATES: CEO
3.1 FY2022 Budget Preview Ms. Reed and Ms. Thompson walked the Committee through the FY2022 Budget Preview. Ms. Reed noted that comments and suggestions from the AAATA Committees on the FY2022 Budget Preview are being integrated along the way and have been for this Finance Committee meeting. Mr. Hess suggested providing the actual numbers of operating and administrative staff to further illustrate the actual ratios between them. Chairman Allemang suggested adding another slide explaining the fuel, materials, and supplies expenses. Mr. Smith clarified the benefits of the A-Ride contractor using fuel directly purchased by AAATA. Mr. Hess asked for periodic updates on this practice to ensure that it is beneficial. Chairman Allemang expressed concern about the 51% insurance increase. Ms. Reed shared that this has been a trend in the transportation industry across the country and is under further investigation with the broker.

Discussion Items	
<p>Chairman Allemang asked for further explanation of the ridership rate of growth projections. Mr. Yang pointed out that the projections illustrate about a 3% annual recovery toward pre-pandemic ridership rather than a rate of growth beyond pre-pandemic ridership.</p> <p>Discussion ensued on how best to illustrate the impact of reduced fares to understand when/if ridership returns to 2019 levels. Mr. Hess expressed concern about the impact of the fare change proposal.</p> <p>Ms. Reed reported that there is a Providers Advisory Committee (which includes AAATA) involved in the ongoing discussions of American Rescue Plan funds passing through the RTA.</p> <p>Chairman Allemang suggested that the budget timeline might work better closer to the beginning of the presentation.</p>	
<p>3.2 FY2021 Budget Amendment Ms. Reed walked the Committee through the amendment.</p> <p>Discussion ensued about the speed at which it is best to draw down the capital reserve.</p>	
<p>3.3 Q3 Finance Report Ms. Thompson presented the Q3 Finance Report.</p> <p>Discussion ensued about how to more simply illustrate consistency with passed amendments.</p>	
<p>3.4 August Service Restoration Update (Verbal) Mr. Smith shared that contractor MV has already taken over some of the A-Ride services. He also reported a potential shortage of AAATA motor coach operators, for which contingency planning is underway, with the goal currently still to recover to full service hours. Mr. Yang described that contingency plans are striving toward the least amount of impact on riders.</p>	
<p>3.5 Long Range Plan & Retreat Update Mr. Yang described that feedback from Committees has been to spend as much time as possible on solution and idea discussions at the August 12th Board Retreat. He described some prioritization exercises anticipated for the retreat. If additional one-on-one meetings are needed with Board members following the retreat, staff are willing to arrange those.</p>	
4. CLOSING ITEMS	
<p>4.1 Topics for Next Meetings FY2022 Budget Proposal</p>	
<p>4.2 Adjournment Chairman Allemang adjourned the meeting at 4:56pm.</p>	

Respectfully submitted by: Keith Everett Book

Monitoring Report 2.6 Cash and Investments

Monitoring Period: January 2021 – June 2021

Finance Committee Review Date: August 10, 2021

Board Meeting Review Date: August 19, 2021

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
<p>Board reviews this monitoring report and completes the survey provided in this link by August 2, 2021.</p> <p>Board considers accepting this monitoring report in August as either level:</p> <ul style="list-style-type: none"> • A – In compliance, OR • B – In compliance, except for item(s) noted
ISSUE SUMMARY:
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> <p>I certify that the information presented in this report is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.</p> <p style="text-align: center;">Signature: Date: 7/26/2021</p> <p style="text-align: center;"> Deputy CEO, Finance & Administration</p>
BACKGROUND:
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)
IMPACTS OF RECOMMENDED ACTION(S):
<ol style="list-style-type: none"> 1. Governance: Perform key Policy Governance process
ATTACHMENTS:
<ol style="list-style-type: none"> 1. Policy Monitoring Report for Policy 2.6 Cash and Investments

Table of Contents

POLICY TITLE: EXECUTIVE LIMITATION POLICY 2.6: CASH AND INVESTMENTS	Page #	Compliance
<p>2.6 The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board’s investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing.</p> <p>Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</p>	3	
<p>2.6.1. Hold AAATA operating cash or surplus capital in insecure instruments, including federally-uninsured checking accounts or non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.</p>	6	
<p>2.6.2. Deviate from the “Investment Policy to Comply with Michigan PA 20 of 1943” as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to Michigan PA 20 of 1943.</p>	7	

 Fully Compliant
  Partially Compliant
  Non-Compliant

CEO Interpretations and Evidence

EXECUTIVE LIMITATIONS POLICY 2.6:

The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board's investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.6: Interpretation

Monies held by AAATA are to be invested according to three priorities established in the policy, and are organized in two distinct categories:

1. "Cash for short-term operations" means money held in checking and savings accounts needed to cover operating costs over the next 2-3 months, and
2. "Surplus capital" means money held in investments for use later on.

Compliance for this policy will be demonstrated when account statements from financial institutions and corresponding account reconciliations confirm that the balances and financial instruments are as reported to the Board in quarterly financial reports, and when compliance with both lower level policies is achieved.

This is a reasonable interpretation because financial reporting discloses cash and investment balances and the instruments (types of accounts) funds are held within using accounting standards from the Governmental Accounting Standards Board (GASB).

EXECUTIVE LIMITATIONS POLICY 2.6: Evidence

A review of account statements from financial institutions and reconciliations as of June 30, 2021, completed by the CFO on July 22, 2021, verified the balance of each account, the financial instruments used, and that these match the information reported on the FY2021 Third Quarter financial statements.

The financial data are included below for the convenience of the reader:

1. As of June 30, 2021, cash, checking, and savings account balances were \$5.7 million and distributed as shown in Table 2.6A.

Table 2.6A

Cash, Checking and Money Market Balances	
<i>(\$ in thousands)</i>	
Cash, Checking or Money Market Account	As of 6/30/2021
IMPREST	\$ 310
OPERATING	544
PAYROLL	24
CHANGERS/PETTY	3
PASSES/TOKENS	19
CAPITAL	1,998
FLEX SPENDING	63
MONEY MARKET SAVINGS	2,613
GETDOWNTOWN	141
Total Cash, Checking & Money Market	\$ 5,715

2. As of June 30, 2021, investment account balances totalled \$11.8 million and distributed as shown in Table 2.6B.

Table 2.6B

Investments Summary					
<i>(\$ in thousands)</i>					
Investment Instrument	Date of Maturity	Interest Rate	As of 3/31/2021	Transactions	As of 6/30/2021
Bank of AA - CDARS	4/1/21	0.200%	\$ 2,500	\$ (2,500)	\$ -
Bank of AA - CDARS	3/31/22	0.150%	-	2,502	2,502
Bank of AA - CDARS	9/30/21	0.250%	2,500	-	2,500
U.S. Agency Bond	11/6/23	0.250%	2,000	-	2,000
U.S. Agency Bond	4/9/21	1.600%	1,000	(1,000)	-
U.S. Agency Bond	4/8/24	0.375%	-	1,000	1,000
U.S. Agency Bond	8/12/22	0.125%	1,500	-	1,500
U.S. Agency Bond	1/19/24	0.230%	750	-	750
U.S Treasury Notes	5/15/23	0.125%	1,500	-	1,500
Money Market Funds	N/A	0.150%	32	8	40
Mark-to-Market Adjustment			9	(11)	(2)
Total Investments			\$ 11,791	\$ (1)	\$ 11,790

The financial data presented as of June 30, 2021, demonstrates compliance with Policy 2.6 and the Board's Investment Policy at a single point in time. The CFO attests that cash and investments were held in compliance with this policy throughout the monitoring period. Additionally, quarterly financial reports are presented at Board meetings and monthly account statements are available for direct inspection.

EXECUTIVE LIMITATIONS POLICY 2.6.1:

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

Hold AAATA operating cash or surplus capital in insecure instruments, including federally uninsured checking accounts or non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.6.1: Interpretation

Compliance with this policy will be demonstrated when account statements from financial institutions indicate that funds:

1. are held in accounts that are federally insured to the level of at least \$250,000 per account, and
2. that such accounts generate interest.

This is a reasonable interpretation because the Federal Deposit Insurance Corporation (FDIC) insures the amount of deposits, guaranteeing the availability of funds to the \$250,000 level, and accounts that generate interest will grow AAATA's money over time.

This policy allows an exception for monies that need to be available for ease in operational transactions. This is interpreted as operating cash held in operating and payroll-related checking accounts and the money market savings account held at Bank of Ann Arbor, as well as cash held in change drawers and petty cash.

EXECUTIVE LIMITATIONS POLICY 2.6.1: Evidence

Account statements from all financial institutions holding AAATA monies as of June 30, 2021 disclose that:

1. All monies held in bank accounts and investments are federally-insured to at least the level of \$250,000.
2. All accounts holding AAATA funds produce interest.

EXECUTIVE LIMITATIONS POLICY 2.6.2:

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

Deviate from the “Investment Policy to Comply with Michigan PA 20 of 1943” as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to Michigan PA 20 of 1943.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.6.2: Interpretation

The Investment Policy was adopted by the Board in 2018 as legally-required by Michigan Public Act 20 of 1943 (see Appendix F in the Board Policy Manual).

Compliance will be demonstrated when:

1. Account statements for investments indicate that funds are held only in Certificates of Deposit (not to exceed \$4 million in any one financial institution), bonds or other direct obligations of the U.S. (maturity limited to 3 years or less), or government mutual funds. This is reasonable because these are the only types of investment instruments that are legal under Michigan Public Act 20 and authorized by the Board’s policy.
2. After review of account statements, the CFO attests that investments are held (a) in accounts which ensure the safety of the principal balance, (b) remain liquid, and (c) return the highest yield compatible with prudent investing. This is reasonable because the Board has made its priorities for investments clear in its policy and has delegated authority to make investments in alignment with these priorities to the CFO.
3. A listing of investment accounts, with balances, maturity dates, and interest rates for each account, is provided to the Board at least quarterly. This is reasonable because the Board has required quarterly financial reports in its policy, and financial reporting is done in accordance with GASB accounting standards.

EXECUTIVE LIMITATIONS POLICY 2.6.2: Evidence

A review of account statements from all financial institutions holding AAATA investment monies as of June 30, 2021, completed by the CFO on July 22, 2021, verified that:

1. AAATA's investments were held in Certificates of Deposits (CDs), U.S. Agency Bonds, and Money Market Savings accounts. Each of these are legal, authorized instruments per the policy, and do not exceed limits on amounts or maturities as required by the policy.

2. Regarding the Board's established priorities for investing, the CFO attests:

(a) Safety of Principal: Cash was held in checking and savings accounts at the Bank of Ann Arbor. Some investments were held in the Certificate of Deposit Account Registry Service (CDARS) managed by Bank of Ann Arbor (which invests funds to the FDIC insured limit in other banks), Certificates of Deposit (CDs) and Money Market Savings. Bank accounts, CDs, and Money Market accounts are FDIC insured. Other investments were held in U.S. Agency Bonds, which are federally-insured direct obligations of the U.S. government.

(b) Adequate Liquidity: Cash in checking and savings accounts is immediately available. Monies held in investments are available within 30-days' notice to the financial institution. Liquidity has been sufficient to meet operating needs during the monitoring period, as AAATA has been able pay its expenses without using debt, and no expenses have been deferred due to insufficient liquidity of capital.

(c) Highest Yield Compatible with Prudent Investing: Yields on investments (0.125% to 1.600%) are the highest rates available considering the limited investment options due to policy and regulatory limits and the priorities for safety and liquidity. AAATA has followed the advice of its expert trust consultant at Bank of Ann Arbor in making prudent investing decisions according to the Board's policy and priorities.

3. Regarding reporting to the Board, a review of monthly Board meeting agendas and minutes conducted by the CFO on July 22, 2021 indicates that the required disclosure of investment accounts, balances, maturity dates, and interest rates was provided in quarterly financial reports presented to the Board since this policy was last monitored in December 2020. FY2021 Q2 investments were reported in May 2021 and FY2021 Q3 investments will be presented in August 2021.

Monitoring Policy 2.6 Cash & Investments

Guidance on Determining “Reasonableness” of CEO Interpretations

The International Policy Governance Association has developed the following guidance for Board members to use in deciding whether a CEO’s interpretation is “reasonable”:

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed...

Defensible measures and standards are those that:

- *Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)*
- *Are relevant and conceptually aligned with the policy criteria and the board’s policy set.*
- *Represent an appropriate level of fulfillment within the scope of the policy.*

- *“What makes an Interpretation Reasonable and What are the Expectations for the Operational Definition: Policy Governance Consistency Framework Report Number 2”.* International Policy Governance Association. June 11, 2016. Available on the IPGA website.

Board’s conclusion on monitoring report

The Finance Committee has received and reviewed the CEO’s Monitoring Report references above. Following the Finance Committee’s review and discussion with the CEO, the committee makes the following conclusions:

Executive Limitations Report (select one)

The Finance Committee finds that the CEO:

- A. Is in compliance
- B. Is in compliance, except for item(s) noted.
- C. Is making reasonable progress toward compliance.
- D. Is *not* in compliance or is *not* making reasonable progress toward compliance
- E. Cannot be determined

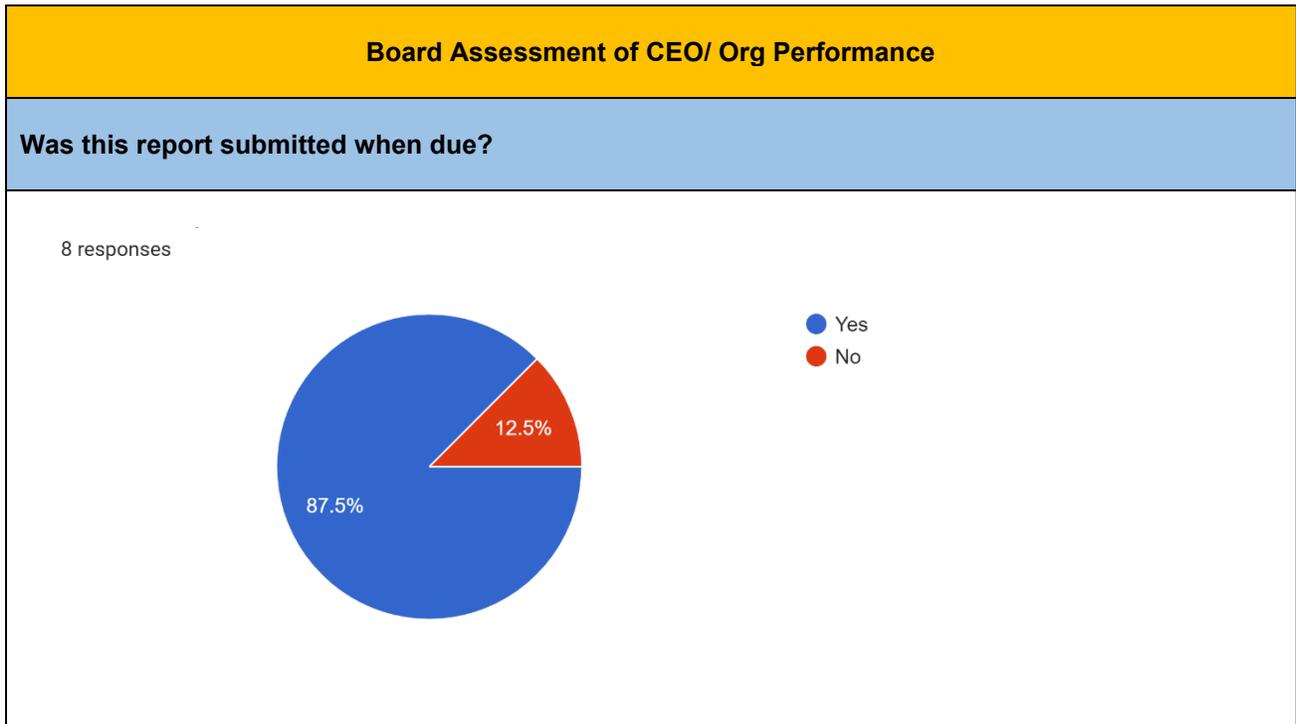
Finance Committee notes: (If applicable)

SURVEY RESULTS: Cash and Investments (Policy 2.6)

Finance Committee Review Date: August 10, 2021
Board Meeting Review Date: August 19, 2021

Survey Participants: 8 Board Members

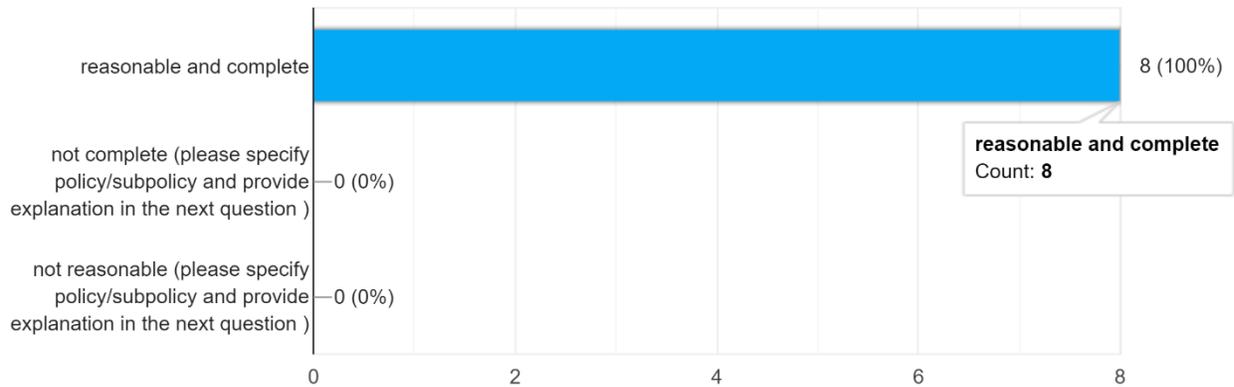
Note: Each bullet represents a comment by a different Board member.



Board Assessment of CEO/ Org Performance

Do you find the CEO Interpretation for each policy/sub policy to be:

8 responses

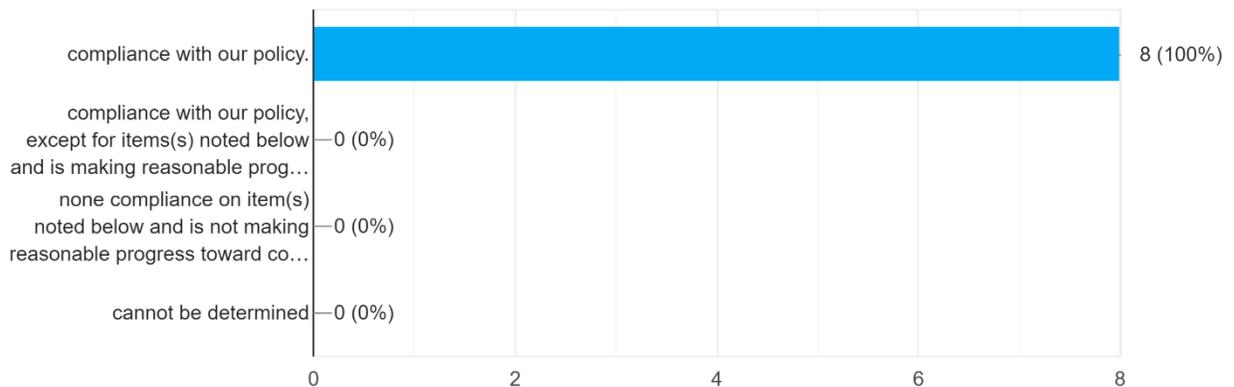


CEO Interpretations that were incomplete or unreasonable (if any):

- **No comments.**

Do you find the CEO's evidence and data shows..?

8 responses



Items not in compliance (if any):

- **No comments.**

Optional: Potential Policy Development

Is there any area associated with this policy that concerns you that is not clearly addressed in existing policy? What is the value that drives your concern?

- 2.6.1 Evidence says that as of June 30, 2021 that all accounts are federally insured and produce interest. Will the Board treasurer review these accounts to confirm?
- I am concerned that there is a conflict between the priorities of security vs liquidity. If accounts are only insured up to \$250k, it appears nearly 75% of our funds in cash, checking, and savings accounts are uninsured.
- It isn't clear if there are any allowed exceptions to 2.6.1 - monies needed for ease in operational transactions.

What policy language would you like to see incorporated to address your worry?

- If it isn't possible to insure account balances sufficient to maintain adequate liquidity, perhaps the priorities of liquidity and safety of principal should be reversed to reflect financial realities.

Optional: Comments for the CEO

Commendations on this topic:

- No comments.

Potential Improvement(s):

- See previous comments on allowed exceptions.

Comments on the report itself:

- The report cites Q3 balances; however, the board has not yet seen the Q3 financial report. In the future, consideration should be given to scheduling this monitoring report the month after the financial report is given to the board.

ISSUE BRIEF: FY2021 Budget Amendment Proposal

**Meeting: Board of Directors
Meeting Date: August 19, 2021**

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
Consider the approval of a resolution to formally amend the FY2021 operating budget (Attachment 1). 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 on September 24, 2020 (Attachment 2, Resolution #07/2020). At that time, staff noted that it was likely that budget amendments would be likely. FY2021 Operating Budget was amended on April 22, 2021 (Attachment 3, Resolution #03/2021).
ISSUE SUMMARY:
<p>It is recommended that the Board amend the FY2021 Amended Budget approved in April 2021 to update the local property tax revenues to reflect the estimated property tax revenues to be collected in FY2021 and that the proposed amended budget reflect a corresponding surplus for the fiscal year, which will provide for a Capital Reserve.</p> <p>The proposed amended budget is consistent with the strategic approach of the Funding Optimization Strategy as presented in April 2021 in that emergency coronavirus (CARES/CRRSAA/ARP) funds will continue to be used as soon as possible to cover all eligible operating expenses while directing the surplus of local funds to reserves. The Capital Reserve will be used for capital projects for public transit benefits in Ann Arbor, Ypsilanti, and/or Ypsilanti Township.</p> <p>The proposed amended budget is an alternative and more transparent approach to revenue reporting, which will reflect a more accurate projection of property tax revenues earned in FY 2021 and the resulting estimated surplus to fund reserves. This amendment also reaffirms the not-to-exceed amount to go into the Capital Reserve for FY2021.</p>
BACKGROUND:
In April 2021 the FY 2021 Budget was amended to allow for federal funding received, as a result of the emergency coronavirus (CARES/CRRSAA/ARP) funds, to be rapidly used

for their intended purpose while directing a portion of local revenues to the new Capital Reserve. In that amendment, CARES/CRRSAA/ARP revenues were increased to reflect the anticipated revenues expected to be used and property tax revenues were reduced. Upon review of the treatment of those revenues in the operating budget it has been determined that the preferred way to address increase in revenues is to budget the full amount of projected property tax revenues.

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. Resolution #10/2021 and Amendment of FY2021 Operating Budget Amendment (Recommended Action)
2. Resolution #07/2020 and FY 2021 Operating Budget (Informational Item)
3. Resolution #03/2021 and Amendment of FY2021 Operating Budget (Informational Item)

Attachment 1

Resolution 10/2021

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, on September 24, 2020, the Board adopted a FY2021 Budget by resolution (Attachment 2, Resolution No. 07/2020), and

WHEREAS, on April 22, 2021, the Board adopted an amendment to the FY2021 Operating Budget by resolution (Attachment 3, Resolution No. 03/2021), and

WHEREAS, AAATA intends to amend the FY2021 Operating Budget to increase budgeted local property tax revenues to more accurately represent projected revenues for the fiscal year, and

WHEREAS, AAATA intends to direct a portion of local funding to a capital reserve for future projects,

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves an amendment to the FY2021 Operating Budget to modify revenues (Attachment A), and

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes dedication of a portion of revenues that exceed expenses to the restricted capital projects account ("Capital Reserve"); the amount to be dedicated is anticipated to be and shall not exceed \$11,938,600.

Eric A. Mahler, Chair
August 19, 2021

Kyra Sims, Secretary
August 19, 2021

Attachment A

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
FY2021 AMENDED BUDGET
AUGUST 19, 2021**

	FY2021 Amended Budget (April 2021)	FY2021 Amended Budget (August 2021)	Amended Budget Variance April vs. August
OPERATING REVENUE			
Passenger Revenue	\$ 2,088,234	\$ 2,088,234	\$ -
Local Property Tax Revenue	4,327,139	16,265,739	11,938,600
POSA & Other Contract Revenue	1,806,389	1,806,389	-
State Operating Assistance	12,062,516	12,062,516	-
Federal Operating Assistance	3,000,000	3,000,000	-
Other Federal Conditional Assistance	2,075,700	2,075,700	-
CARES/CRRSAA/ARP	17,100,314	17,100,314	-
Advertising, Interest, and Other	303,000	303,000	-
TOTAL REVENUES	\$ 42,763,292	\$ 54,701,892	\$ 11,938,600
OPERATING EXPENSES			
PERSONNEL			
Operations Salaries & Wages	\$ 11,416,502	\$ 11,416,502	\$ -
Other Salaries & Wages	3,117,550	3,117,550	-
Administration Salaries & Wages	5,341,657	5,341,657	-
Subtotal - Personnel	19,875,709	19,875,709	-
Fringe Benefits	6,882,543	6,882,543	-
Total Salaries & Wages	\$ 26,758,252	\$ 26,758,252	\$ -
OTHER EXPENSES			
Purchased Transportation	\$ 5,722,139	\$ 5,722,139	\$ -
Diesel Fuel and Gasoline	1,500,000	1,500,000	-
Materials and Supplies	2,981,434	2,981,434	-
Contracted Services	3,116,121	3,116,121	-
Utilities	608,344	608,344	-
Casualty & Liability Insurance	1,300,000	1,300,000	-
Other Expenses	777,001	777,001	-
Subtotal - Other Expenses	16,005,040	16,005,040	-
TOTAL EXPENSES	\$ 42,763,292	\$ 42,763,292	\$ -
Surplus (Deficit)	-	11,938,600	11,938,600
Reserve Transfer	-	(11,938,600)	(11,938,600)
Operating Balance	\$ -	\$ -	\$ -

Attachment 2

Resolution 7/2020

ADOPTION OF FY 2021 OPERATING AND CAPITAL 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 on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a 2021 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context;

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

WHEREAS, the AAATA is required to submit the capital program for FY 2021 to the Federal Transit Administration (FTA) as part of the annual application for FY 2021 federal funding, and

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

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the AAATA FY2021 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$43,150,941** for operations.
- **\$6,449,880** for capital investment.

BE IT ALSO RESOLVED, that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY 2020-2023 TIP, of which FY 2022 and beyond are subject to amendment in future years.

Eric Mahler

Eric A. Mahler, Chair

September 24, 2020

Kyra Sims

Kyra Sims, Secretary

September 24, 2020

ANN ARBOR AREA TRANSPORTATION AUTHORITY
FY2021 ADOPTED BUDGET
SEPTEMBER 24, 2020

	FY2020 Projected Actuals	FY2020 Adopted Budget	FY2021 Adopted Budget	\$ Change 2021 vs. 2020 Budgeted	% Change 2021 vs. 2020 Budgeted
OPERATING REVENUE					
Passenger Revenue	\$ 4,389,219	\$ 7,336,441	\$ 3,397,137	\$ (3,939,304)	-54%
Local Property Tax Revenue	17,512,511	17,512,610	16,265,739	(1,246,871)	-7%
POSA & other Governmental Partners	1,455,837	2,274,698	1,102,389	(1,172,309)	-52%
State Operating Assistance	13,031,506	16,998,848	10,592,027	(6,406,821)	-38%
Federal Operating Assistance	2,525,000	3,331,250	3,000,000	(331,250)	-10%
Other Federal Conditional Assistance	424,128	1,377,095	2,075,700	698,605	51%
CARES Act Operating Assistance	1,400,423	-	6,446,949	6,446,949	
Advertising, Interest, and Other	309,806	393,506	271,000	(122,506)	-31%
TOTAL REVENUES	41,048,430	49,224,448	43,150,941	(6,073,507)	-12%
OPERATING EXPENSES					
PERSONNEL					
Operations Salaries & Wages	10,674,293	10,952,286	10,703,862	(248,424)	-2%
Other Salaries & Wages	2,864,780	3,090,623	2,780,127	(310,496)	-10%
Administration Salaries & Wages	5,436,071	5,479,575	4,858,032	(621,543)	-11%
Subtotal - Personnel	18,975,144	19,522,484	18,342,021	(1,180,463)	-6%
Fringe Benefits	6,509,747	7,127,736	5,910,967	(1,216,769)	-17%
Total Salaries & Wages	25,484,891	26,650,220	24,252,988	(2,397,232)	-9%
OTHER EXPENSES					
Purchased Transportation	6,931,082	12,297,267	8,192,862	(4,104,405)	-33%
Diesel Fuel and Gasoline	1,425,760	1,880,000	1,500,000	(380,000)	-20%
Materials and Supplies	2,673,248	2,823,638	3,124,778	301,140	11%
Contracted Services	2,189,173	2,730,795	3,361,468	630,673	23%
Utilities	618,698	537,648	608,344	70,696	13%
Casualty & Liability Insurance	1,061,600	958,365	1,046,500	88,135	9%
Other Expenses	663,978	911,543	1,064,001	152,458	17%
Subtotal - Other Expenses	15,563,539	22,139,256	18,897,954	(3,241,302)	-15%
TOTAL EXPENSES	41,048,430	48,789,476	43,150,941	(5,638,535)	-12%
Reserve Retainage	\$ 0	\$ 434,972	\$ (0)	\$ (434,972)	-100%

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

Eric A. Mahler, Chair
April 22, 2021

Kyra Sims

Kyra Sims, Secretary
April 22, 2021

ANN ARBOR AREA TRANSPORTATION AUTHORITY
FY2021 AMENDED BUDGET
APRIL 22, 2021

	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)	\$ -	\$ -	-

ISSUE BRIEF: FY2021 Q3 Financial Statement

Finance Committee Review Date: August 10, 2021

Board Meeting Review Date: August 19, 2021

INFORMATION TYPE:
Receive as CEO operational update
RECOMMENDED ACTION(S):
Receive as CEO operational update
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> 2.10.1.5 CEO shall not...Let the Board be unaware of... incidental information (including) quarterly budget to actual financial reports. Appendix A: Informational Reports schedule specifies quarterly Financial Statement reports in November, February, May, and August. Policy 2.6 Investments and Appendix F Investment Policy.
ISSUE SUMMARY:
Staff present the Third Quarter Financial Statement with currently available and reportable financial information for the period ending June 30, 2021.
BACKGROUND:
<p>Financial highlights from the third quarter (April, May, June 2021) include:</p> <ul style="list-style-type: none"> The budgeted local property tax revenues are adjusted to reflect the FY2021 amended budget presented in August 2021. TheRide operated within the budget for the third quarter of the year. There was a \$9.48 million surplus of revenue over expense as budgeted. This surplus is projected to be transferred to the capital reserve. Expenses were \$2.9 million lower than budgeted. Savings were from lower wages, fringe benefits, purchased transportation, fuel, materials, and contracted services, a result of the pandemic period, with reduced service and ridership. Revenues were \$2.4 million lower than budgeted. This is a result of less than expected fares, federal operating assistance, and other revenues, a result of the pandemic period, with lower ridership and less federal grant funding needed to cover expenses. Based on board action, there are now three reserves: operating reserve at 3 months, capital reserve of \$1.0 million, and insurance reserve at \$0.5 million. \$12.8 million in CARES Act revenue has been used to date to support operations.

- Cash flow was adequate to cover expense; Q3 2021 ended at \$17.5 million in cash and investments.

IMPACTS OF RECOMMENDED ACTION(S):

- Budgetary/Fiscal: Demonstrates financial performance for the reporting period
- Governance: Supports Board in financial oversight/fiduciary responsibility

ATTACHMENTS:

1. FY2021 Q3 Financial Statement (Income Statement and Balance Sheet)

Income Statement

For the Period Ended June 30, 2021

Revenue and Expense (Budget to Actual)

In Thousands of Dollars (which means add a comma and three zeros).

BLACK = FAVORABLE
RED = UNFAVORABLE

REVENUES	Actual	Actual	Actual	Actual	Actual	Amended	Variance (Dollars)	Variance (Percent)
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD	Budgeted YTD		
Fares and Contracts	\$ 652	\$ 884	\$ 730		\$ 2,267	\$ 2,921	\$ (654)	-22%
Local Property Taxes	4,066	4,066	4,066		12,199	12,199	-	0%
State Operating Assist.	2,569	3,327	3,134		9,030	9,047	(17)	0%
Federal Operating Assist.	247	136	1,703		2,086	3,807	(1,721)	-45%
CARES Act Operating	1,599	1,002	10,224		12,825	12,825	-	0%
Other Revenues	76	51	49		176	227	(52)	-23%
Total Operating Revenues	\$ 9,209	\$ 9,466	\$ 19,906	\$ -	\$ 38,582	\$41,026	\$ (2,444)	-6%
EXPENSES								
Salaries, Wages, Benefits	\$ 5,937	5,779	6,956		\$ 18,672	\$ 20,069	\$ 1,397	7%
Purchased Transportation	1,146	1,145	1,111		3,402	4,292	890	21%
Fuel, Material, Supplies	791	917	786		2,494	3,361	867	26%
Contracted Services	560	755	749		2,064	2,337	273	12%
Other Expenses	776	871	822		2,468	2,014	(454)	-23%
Total Operating Expenses	\$ 9,209	\$ 9,466	\$ 10,424	\$ -	\$ 29,099	\$32,072	\$ 2,973	9%
Surplus (Deficit)	\$ -	\$ -	\$ 9,483	\$ -	\$ 9,483	\$ 8,954	\$ (529)	-6%
Reserve Transfer	\$ -	\$ -	\$ (9,483)	\$ -	\$ (9,483)	\$ (8,954)	\$ 529	-6%
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

* The budgeted property tax revenues are adjusted to reflect the proposed amendment in August 2021.

<p><input checked="" type="checkbox"/> TheRide had a \$9,482,616 surplus at the end of the third quarter and operated within the budget.</p> <p>Revenues were lower than budgeted by \$2,444,442 due to federal operating assistance being less than expected as a result of less than expected expenses along with lower passenger fares.</p> <p>Expenses were \$2,973,108 lower than budgeted due to lower costs across most categories as a result of the pandemic period.</p>	<h4>CARES Act Utilization</h4> <p>Expenditures from \$20.7 million in Coronavirus Aid, Relief, and Economic Security Act funding as of June 30, 2021, for eligible COVID-19-related costs:</p> <table border="0"> <tr> <td>Operating Expenditures</td> <td style="text-align: right;">\$ 14,230,006</td> </tr> <tr> <td>Capital Expenditures</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>TOTAL EXPENDITURES</td> <td style="text-align: right;">\$ 14,230,006</td> </tr> </table> <p>CARES Act Funds Remaining: \$ 6,469,994</p>	Operating Expenditures	\$ 14,230,006	Capital Expenditures	\$ -	TOTAL EXPENDITURES	\$ 14,230,006
Operating Expenditures	\$ 14,230,006						
Capital Expenditures	\$ -						
TOTAL EXPENDITURES	\$ 14,230,006						

YTD Revenue and Expense By Mode

In Thousands of Dollars (which means add a comma and three zeros).

	Fixed Route	Demand Response	Other Demand Response	Non-Urban	Express Ride	AirRide D2A2	VanRide	TOTAL ACTUAL
	<i>Fixed Route Bus</i>	<i>A-Ride</i>	<i>FlexRide, HolidayRide, MyRide, NightRide</i>	<i>WAVE, Peoples Express</i>	<i>Commuter Express</i>	<i>Airport/Detroit Shuttle</i>	<i>VanRide, Ride Sharing</i>	
DIRECT REVENUE								
Fare Revenue	\$ 786	\$ 109	\$ 44	\$ 111	\$ (0)	\$ -	\$ -	\$ 1,050
Contract Revenues	617	-	352	248	-	-	-	1,217
Advertising, Interest, Other	167	-	-	-	-	-	8	176
State Operating	6,567	1,199	430	685	-	-	149	9,030
Total Direct Revenue	\$ 8,137	\$ 1,308	\$ 826	\$ 1,044	\$ (0)	\$ -	\$ 157	\$ 11,472
TOTAL EXPENSE								
Salaries, Wages, Benefits	\$ 15,632	\$ 2,851	\$ 72	\$ 58	\$ -	\$ -	\$ 58	\$ 18,672
Purchased Transportation	-	-	1,264	1,738	-	-	400	3,402
Fuel, Materials, Supplies	2,045	412	18	11	-	-	7	2,494
Contracted Services	1,810	242	-	12	-	-	-	2,064
Other Expenses	2,133	288	35	6	-	-	5	2,468
Total Operating Expense	\$ 21,621	\$ 3,794	\$ 1,390	\$ 1,825	\$ -	\$ -	\$ 470	\$ 29,099
Surplus (Deficit) from OPS	\$ (13,484)	\$ (2,486)	\$ (564)	\$ (781)	\$ (0)	\$ -	\$ (313)	\$ (17,627)
ALLOCATED REVENUE								
Local Property Taxes	12,171	-	28	-	-	-	-	12,199
Federal Operating & CARES	10,900	2,486	536	675	0	-	313	14,911
SURPLUS (DEFICIT):	\$ 9,588	\$ -	\$ -	\$ (106)	\$ -	\$ -	\$ -	\$ 9,483

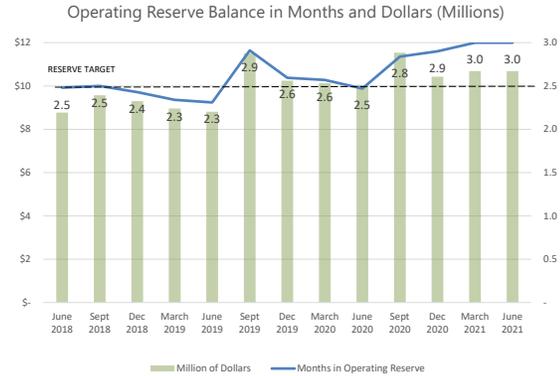
Balance Sheet

For the Period Ended June 30, 2021

Balance Sheet and Reserve

In Thousands of Dollars (which means add a comma and three zeros), With Prior Year Comparison.

	Q3 2020 6/30/2020	Q2 2021 3/31/2021	Q3 2021 6/30/2021
ASSETS			
Cash	\$ 5,183	\$ 4,989	\$ 5,716
Investments	6,789	11,791	11,790
Other Current Assets	16,316	19,672	21,809
Capital Assets	52,784	45,533	44,079
Total Assets	81,071	81,985	83,395
LIABILITIES	5,038	6,586	6,112
TOTAL NET POSITION	\$ 76,033	\$ 75,399	\$ 77,282
RESERVES:	Balances		
Capital	\$ 1,000	\$ 1,000	\$ 1,000
Insurance			\$ 500
Operating	\$ 10,045	\$ 10,691	\$ 10,691
Months in Operating Reserve	2.5	3.0	3.0



Statement of Cash Flows (in Thousands of Dollars)

In Thousands of Dollars (which means add a comma and three zeros).

Historical Cash Flows	Fiscal Year 2019			Fiscal Year 2020				Fiscal Year 2021		
	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3
Beginning Balance:	\$ 16,403	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,031	\$ 19,252	\$ 16,780
Cash from Operations	115	(3,040)	2,273	(4,626)	(1,495)	(618)	11,383	(250)	(3,755)	967
Cash from Capital	628	465	1,031	1,351	(304)	738	674	472	1,291	(240)
Cash from Investments	(3,534)	(1,610)	9,141	-	(2,945)	(2,001)	2	(5,001)	(8)	(1)
Cash Flow:	\$ (2,791)	\$ (4,185)	\$ 12,445	\$ (3,275)	\$ (4,744)	\$ (1,881)	\$ 12,059	\$ (4,779)	\$ (2,472)	\$ 726
Ending Balance:	\$ 13,612	\$ 9,427	\$ 21,872	\$ 18,597	\$ 13,853	\$ 11,972	\$ 24,031	\$ 19,252	\$ 16,780	\$ 17,506

Q3 cash flow was positive at \$0.7 million

The Statement of Cash Flows summarizes the amount of cash and cash equivalents entering and leaving AAATA during the reporting period. It measures how AAATA generates cash to fund its operating, capital, and investing needs. Typically negative cash flow is normal for all quarters except 4th quarter, when property tax receipts generate positive cash flow.

Investments Summary

In Thousands of Dollars (which means add a comma and three zeros).

Investment Instrument	Date of Maturity	Interest Rate	Total as of 3/31/2021		Total as of 6/30/2021	
			Transactions			
Bank of AA - CDARS	4/1/2021	0.2%	2,500	(2,500)	-	-
Bank of AA - CDARS	3/31/2022	0.1%	-	2,502	2,502	2,502
Bank of AA - CDARS	9/30/2021	0.2%	2,500	-	2,500	2,500
U.S. Agency Bond	11/6/2023	0.3%	2,000	-	2,000	2,000
U.S. Agency Bond	4/9/2021	1.6%	1,000	(1,000)	-	-
U.S. Agency Bond	4/8/2024	0.4%	-	1,000	1,000	1,000
U.S. Agency Bond	8/12/2022	0.13%	1,500	-	1,500	1,500
U.S. Agency Bond	1/19/2024	0.23%	750	-	750	750
U.S Treasury Notes	5/15/2023	0.13%	1,500	-	1,500	1,500
Money Market Funds	N/A	0.2%	32	8	40	40
Mark-to-Market Adjustment			9	(11)	(2)	(2)
Total Investments:			\$ 11,791	\$ (1)	\$ 11,790	\$ 11,790

Q3 2021 Investment Income (year to date): \$2,818

The majority of Operating Capital and Long Term Reserves are federally insured. CDARS (Certificate of Deposit Account Registry Service) allows AAATA funds to be distributed to various banks to ensure funds remain under the FDIC \$250,000 limit. This is facilitated by Bank of Ann Arbor.

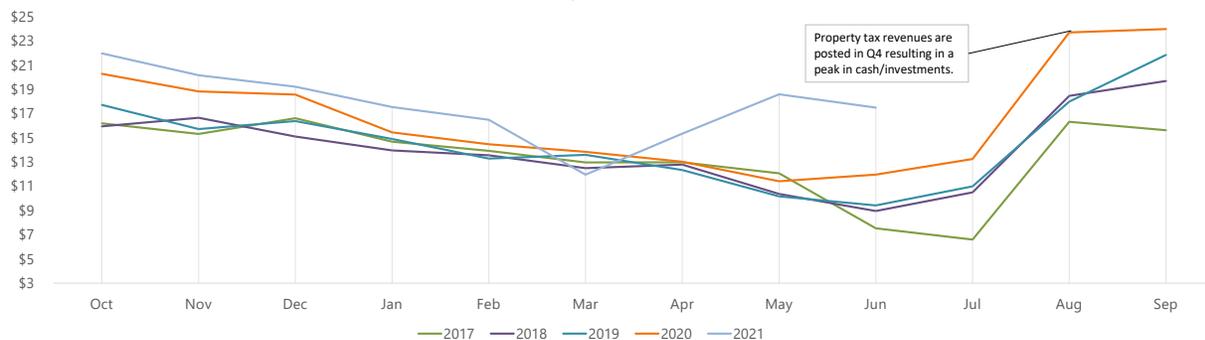
U.S. Treasury Bills, Notes, and Agency Bonds are short term bonds (several months to 10 years) backed by the Treasury Department of the U.S. Government. The rates shown for the current investments represent the gross yield-to-maturity rates (before the annual fee of .28%).

Accounts that are not FDIC insured or with balances above the FDIC insurance threshold are used for day-to-day working capital.

Cash and Investments History

Total Cash and Investments by Month and Year (2017 to 2021 YTD)

In Millions of Dollars.



ISSUE BRIEF: FY2022 Budget Preview

Meeting: Board of Directors
Meeting Date: August 19, 2021

INFORMATION TYPE:
Decision Preparation
RECOMMENDED ACTION(S):
Receive for information a preview of the operating and capital budget for FY2022.
ALTERNATIVE OPTION(S):
Financial planning and budgeting is legally required, required by Board policy, and essential; there is no prudent alternative.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Governance Process: Policy 3.2.7 "...the Board has direct responsibility to create...approval of the annual budget developed and recommended by the CEO." • Executive Limitation: Policy 2.4 Financial Planning/Budgeting
ISSUE SUMMARY:
This issue brief presents a preview of the FY2022 Draft Budget for consideration and comment to the Board of Directors. The budget being presented is balanced, which means that revenues are sufficient to cover expenses without deficits during the fiscal year. Preliminary discussions that occur in July and August through committees and this Board meeting are intended to ensure budget accountability and transparency in anticipation of support for the recommended budget to be presented for Board adoption in September.
BACKGROUND:
AAATA staff developed the draft operating and capital budget for FY2022 to further Board Ends within Executive Limitations and provide multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for our next fiscal year, which begins October 1. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and will be held at the Board meeting on September 23, 2021 along with the requested Board approval of the FY2022 Budget.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Budgetary/Fiscal: Budget adoption is required by state law and Policies 2.4, 3.2.7. • Social/Environmental: Provision of public transportation authorized by the budget is necessary to ensure achievement of social and environmental ends per Board policy. • Governance: The Board is responsible to approve the annual budget (Policy 3.2.7)
ATTACHMENTS:
1. FY2022 Draft Operating and Capital Budget (<i>Attached after page 62 of packet</i>)

ISSUE BRIEF: 2021 Q3 Service Report
Service Committee Meeting Date: August 4, 2021

RECOMMENDED ACTION(S)
Receive as CEO Operational Update.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • 2.11.1.5 CEO shall not...Let the Board be unaware of...operational... [and] customer satisfaction metrics... • Appendix A: Informational Reports schedule specifies quarterly Customer Satisfaction and Service Performance reports in Nov, Feb, May, Sept
ISSUE SUMMARY
<p>In accordance with the Board's Policy Manual, I present the Quarterly Satisfaction and Service Report. I certify that the information is true and complete, and I request that the Board accept this as an operational update.</p> <p>This report is populated with currently available and reportable data/targets for Fixed Route, Paratransit, and VanRide service. Targets, when possible, will be set in Ends Policy Interpretations. A glossary of terms for currently tracked metrics is attached.</p> <p>It should be noted that the data collection and reporting for the Q3 of 2021 period are impacted by the COVID-19 Emergency that began in the last three weeks of Q2 2020. Comparisons of Q3 2021 to Q3 of 2019 give in a picture of performance metrics compared to a pre-pandemic state. Comparison of Q3 2021 and Q3 2020 provide insight into progress through the pandemic emergency and recovery.</p> <p>Q3 of 2021 data reflects a system at less than full service, passenger loads, traffic volumes, commuting demand as travel restrictions lessened and University residents returned. It should be noted that while travel restrictions were lifted, health advisories still discourage the gathering of groups and close contact outside of households. For this reason, return to public transit has lagged and services like VanPool have yet to rebound.</p> <p>FlexRide ridership numbers and costs are also contained within this report. FlexRide is being offered to fill gaps in service that have been created by COVID-related service pauses. As service is returned, FlexRide will be discontinued in some areas and declines in demand will be observed.</p>
ATTACHMENTS
<ol style="list-style-type: none"> 1. Highlights Brief 2. FY 2021 Q3 Service Report 3. Glossary of Terms

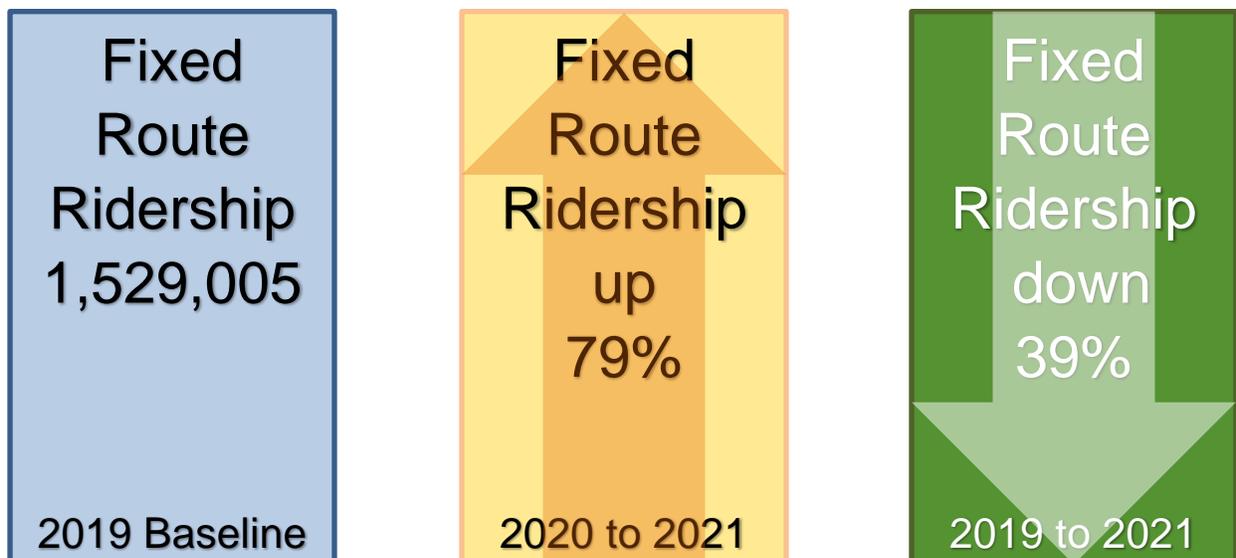
FY2021 Q3

Service and Satisfaction Report Highlights

April 1, 2021 – June 30, 2021

The data collection and reporting continue to be impacted by the COVID-19 Emergency and reflects a reduced level of service in Quarter 3 2021. Metrics that rely on a quarterly average do not reflect performance under typical conditions. For this reason, the report will compare the quarters of three years 2019 (blue) as representative of pre-pandemic conditions, Q3 2020/2021 comparison of two pandemic quarters (yellow), and 2019 pre-pandemic to 2021 current conditions (green).

Fixed Route Ridership and Cost



Ridership in Q3 of 2021 continues to be impacted by the COVID-19 emergency. Compared

to the same quarter in 2019, ridership is down 39%. When ridership is compared to the same quarter in 2020, a 79% increase is observed. As restrictions are lifted, vaccination increases, and additional services are added, we expect to see it reflected in boardings.



Cost per passenger boarding has risen 300% from \$5.13 in Q3 of 2019, our pre-pandemic comparison quarter. Reduced ridership, fixed costs plus the added costs associated with sanitation, decreased bus capacity, and modifications are responsible for this significant increase in the cost of providing fixed route service.

Cost per passenger boarding has decreased 45% since the same quarter last year as passenger volume increases and operational costs stabilize.

Fixed Route Satisfaction, Reliability and Safety

Satisfaction

Customer satisfaction can be evaluated using the number of complaints received by our Customer Service Officer. Complaints have increased 42% over non-pandemic levels. This is not particularly surprising considering reduced and modified service. Complaints have decreased since this same time last year as service has slowly returned and riders become more aware of modified services and alternatives such as FlexRide.



Reliability as Measured by On-Time Performance

On-Time Performance is used as the measure of reliability for reporting purposes. On-Time Performance has been observed at 78% and has returned to pre-pandemic levels.



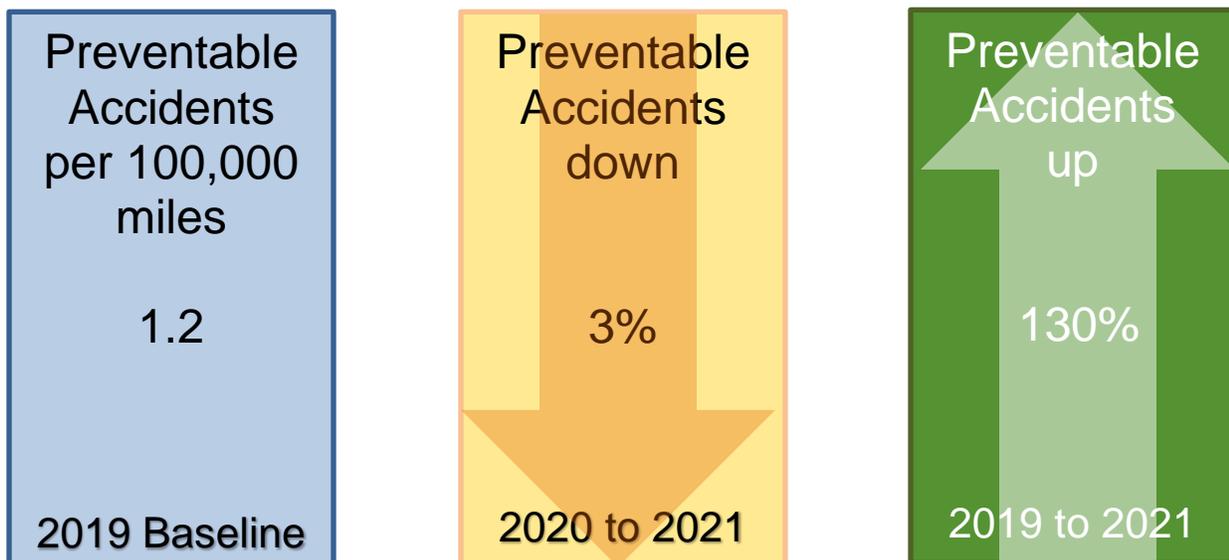
Fixed Route Road Calls as a Measure of Reliability

Miles between road calls continues to improve across all quarters compared. The great improvement seen since 2019 is likely an artifact of far fewer vehicles being used to deliver reduced service and those vehicles remaining in service being in good repair.



Fixed Route Safety

This metric reports a significant decrease in preventable accidents and incidents in since last year, but a large increase from 2019. Operations staff is actively investigating the increase and looking for the root cause.



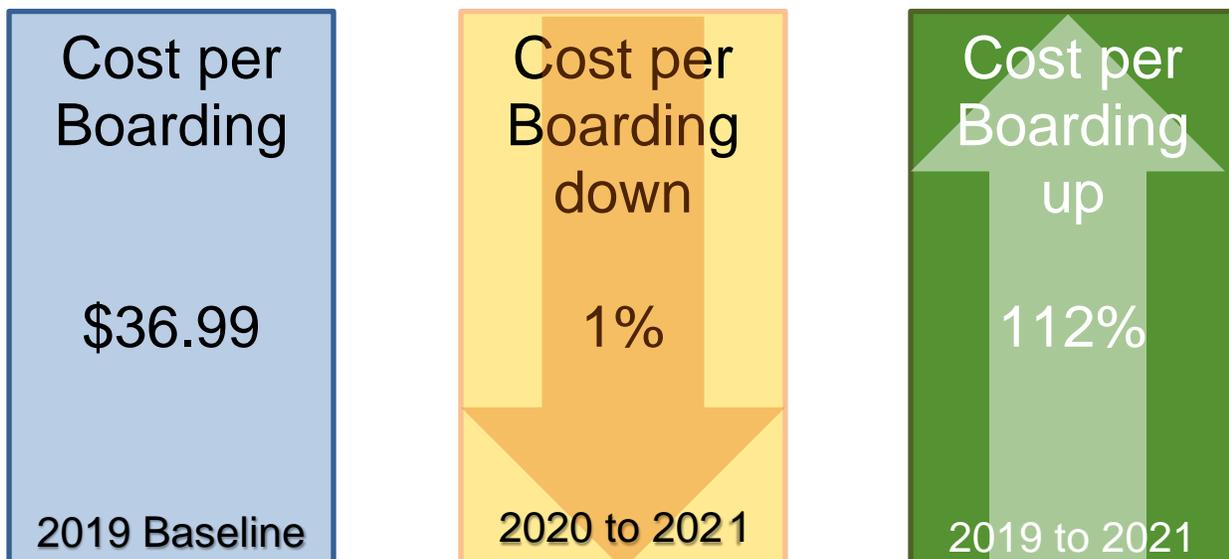
ARide: Paratransit Ridership and Costs

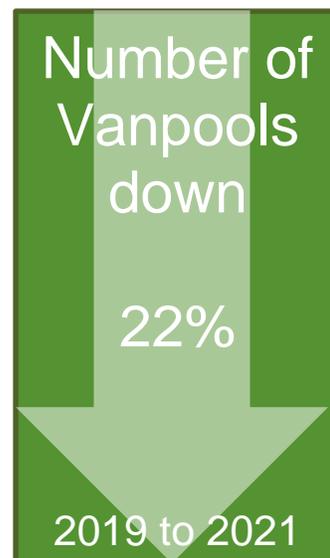
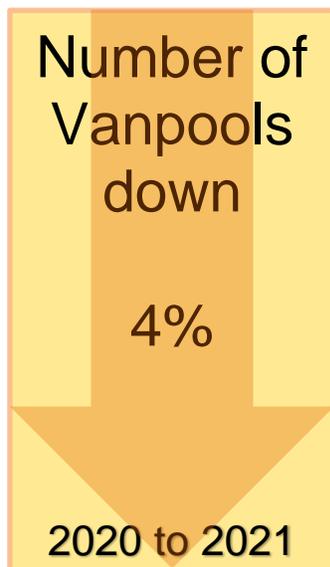
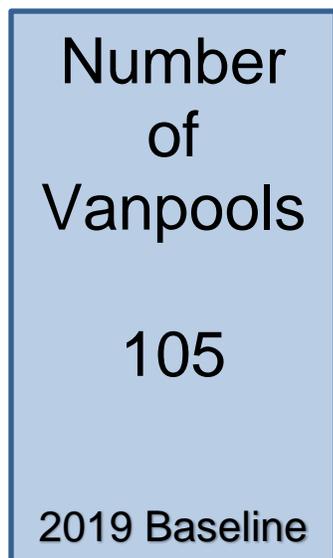
The COVID-19 emergency has continued to impact demand for paratransit services in Q3 of 2021. Ridership numbers have increased 62% since this time last year but still have not returned to levels observed pre-pandemic.



The obligation to observe social distancing for medically compromised passengers, is reflected in an increase in cost per boarding since Q3 of 2019. That obligation has since ended July 1, 2021. Cost per boarding in has decreased since this same quarter last year. ADA passengers are most likely to continue to modify their travel patterns as they represent a vulnerable population.

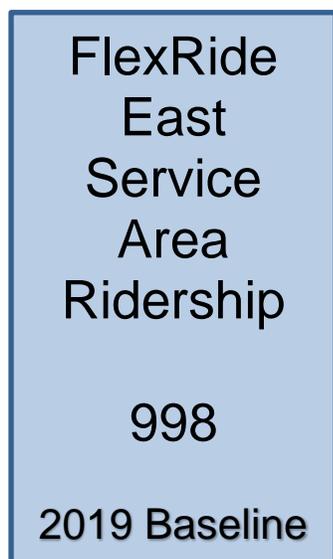
When considering ARide costs and service, it should be noted that in the year-to-year comparison of quarters, Q3 2019 and 2020 represents ARide outsourced and in 2019 also comingled with GoldRide Service. Costs for Q3 of 2021 represents a directly operated ARide service and no GoldRide Service.





At the end of Quarter 3, Vanpooling remains on the decline. This is a 4% drop from the prior year and a 22% decrease from Q3 of 2019. This drop is attributed primarily to two COVID-19 related factors. The first, is the continuation of work-from-home requirements that has decreased the demand for VanRide. The second is the requirement for safe social distancing may cause those returning to work to commute in separate vehicles. The pandemic has dramatically changed commuting patterns and modes.

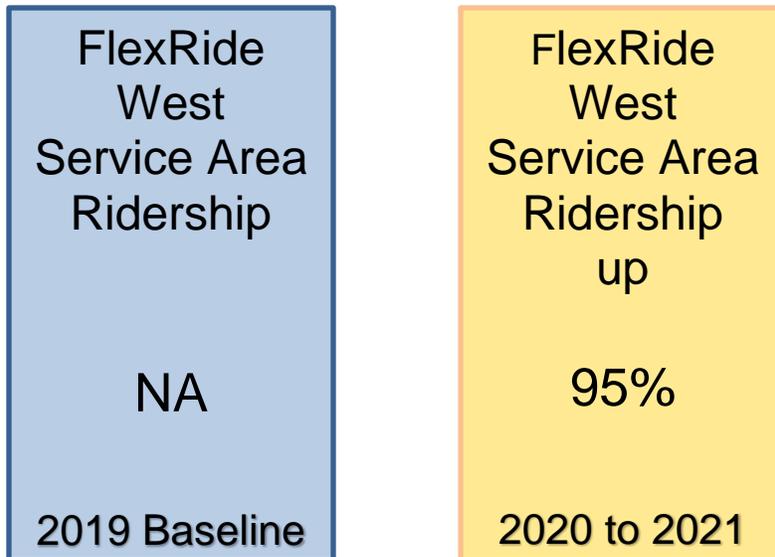
FlexRide



FlexRide has been expanded in attempt to fill the gaps created by the temporary service changes due to pandemic. To evaluate the ability of FlexRide to be a reasonable alternative to fixed route service, it is necessary to measure and track use.

Since the expansion of the FlexRide Service, the East Service Area has seen use increase

456% over the prior year and 310% increase since 2019. Use of the FlexRide service is expected to decline as Fixed Route Service returns to these areas.



The West FlexRide service area was created to as a response to service cuts. No data is available for the 2019 year. The FlexRide West area will no longer be served after the August 29, 2021, Service Changes take effect. That area will again be served by a fixed route.

Fixed Route	FY 2019	FY 2020	FY 2021		Q3 2020 – Q3 2021	Q3 2019 – Q3 2021
Measure	Q3	Q3	Q2	Q3		
Revenue Miles	956,444	324,329	559,749	579,201	79%	-39%
Revenue Hours	69,731	52,979	45,614	48,927	-8%	-30%
Operational Cost	\$7,846,829	\$7,708,670	\$6,985,174	\$7,920,553	3%	1%
Boardings	1,529,005	205,112	349,283	385,697	88%	-75%
Boardings/Revenue Hour	21	3.6	7.7	7.9	119%	-62%
Cost/Revenue Hour	\$112.53	\$145.50	\$153.14	\$161.89	11%	44%
Cost/Boarding	\$5.13	\$37.58	\$20.00	\$20.54	-45%	300%
Preventable Accidents Injury/100,000 miles	1.2	2.9	3.4	2.9	-3%	130%
On-time Performance	77%	80%	78%	77%	-4%	0%
Avg Miles Between Road Calls	37,672	85,846	57,089	106,411	24%	182%
Average Age of Fleet	6.5	6.1	6.4	6.4	5%	-2%
Complaints/100,000 Boardings	0.9	3.4	3.7	1.3	-62%	42%
Compliments/100,000 Boardings	3.9	5.4	2.6	3.4	-37%	-14%

ARide: Paratransit	FY 2019	FY 2020	FY 2021		Q3 2020 – Q3 2021	Q3 2019 – Q3 2021
Measure	Q3	Q3	Q2	Q3		
Revenue Miles	188,807	57,025	119,891	134,602	136%	-29%
Revenue Hours	22,395	7,469	9,609	10,207	37%	-54%
Operational Cost	\$1,248,903	\$855,138	\$1,197,217	\$1,300,153	52%	4%
Senior Trips	3,020	804	0	0	-100%	-100%
Total ADA Trips	30,982	9,995	15,254	16,582	66%	-46%
Cost/Revenue Hour	\$55.77	\$114.49	\$124.59	\$127.38	11%	128%
Boardings/Revenue Hour	1.52	1.45	1.59	0.62	-58%	-60%
Cost/Boarding	\$36.99	\$79.19	\$78.49	\$78.41	-1%	112%
Ontime Performance with 30 Minute Service Window	96%	99%	97%	97%	-2%	1%
Complaints/100,000	32.4	83.3	39.3	18.1	-78%	-44%
Compliments/100,000	11.8	27.8	91.8	36.2	30%	208%
ADA Service Denials/ADA Boardings	0.21	0	0	0	-	-1

VanRide	FY 2019	FY 2020	FY 2021		Q3 2020 – Q3 2021	Q3 2019 – Q3 2021
Measure	Q3	Q3	Q2	Q3		
Number of Vanpools at End of Quarter	105	85	79	82	-4%	-22%
Number of Rider Trips Taken	59,873	28,553	34,751	35,525	24%	-41%
Avg Fuel Cost to Rider	\$32.75	\$24.65	\$40.36	\$43.64	77%	33%
Avg Monthly Rider Miles	1,117	980	1,293	1,258	28%	13%
Federal Subsidy/Rider Trip	\$2.92	\$6.68	\$3.85	\$3.71	-44%	27%
Rider Miles/Gallon	89.7	70.9	79.7	84.0	18%	-6%

FlexRide	FY 2019	FY 2020	FY 2021		Q3 2020 – Q3 2021	Q3 2019 – Q3 2021
Measure	Q3	Q3	Q2	Q3		
Operational Cost (Contractor)	\$24,419	\$134,516	\$237,314	\$224,881	67%	821%
East Service Area	998	735	3,439	4,087	456%	310%
West Service Area	0	859	1,341	1,676	95%	
Cost/Boarding	\$24.47	\$84.39	\$49.65	\$39.02	-54%	59%



FY2021 Q2

Quarterly Satisfaction and Service Report: Glossary of Terms

Boardings (*Unlinked Passenger Trips*, a transit industry standard metric)

The number of passengers who board public transportation vehicles. Passengers are counted each time they board a vehicle no matter how many vehicles they use to travel from their origin to their destination. Reported to the National Transit Database.

Preventable Accidents and Passenger Injuries

Total number of accidents that have been judged to be preventable and any passenger injuries. Serious accidents and all injuries are reported to National Transit Database.

Miles Between Road Calls

The average number of times a bus must be taken out of service because of equipment issues, divided by how many miles the fleet has run. Transit industry standard metric.

On-time Performance

Percentage of buses that leave scheduled timepoints within 0-5 minutes of the posted schedule. Transit industry standard metric.

Complaints

A complaint is when a customer or non-customer communicates to AAATA that something is unsatisfactory or unacceptable. All complaints are investigated and referred to appropriate staff.

ISSUE BRIEF: CEO Report

Meeting: Board of Directors

Meeting Date: August 19, 2021

INFORMATION TYPE

Other

OPERATIONAL AND PROJECT UPDATES

PREPARATIONS FOR AUGUST 29 SERVICE RESTORATION

In preparation for return to full service, departments are developing customer information strategies, readying the fleet, and hiring drivers and mechanics. Planning and Operations are developing contingency plans in the event that labor shortages or pandemic conditions impact service delivery. The bid pick begins on Sunday, August 22 and ends on Monday, the 23rd. During this time, the MCO's will be selecting their work for the service restoration on August 29, including new MCO's graduating from their training on August 27th. We are also conducting aggressive recruitment for open positions.

A-RIDE CONTRACT

A-Ride Service is being gradually transitioned from in-house service to MV Transportation. Currently 50% of A-Ride service has been transitioned. This slow approach to the handover is an intentional effort to address problems and gaps before the full handover of service. One hundred percent of A-Ride service will be transitioned by August 29.

GOLDRIDE SERVICE

GoldRide Service is in place with our existing contractor and is ready for restart on August 29. Income eligibility forms and processes have been revised. Customer information materials have been updated to reflect new service boundaries and cost structures.

NOVA BUSES

All NOVA buses have been delivered. Preparations continue to ready them for service and train drivers. They are currently being used on one of the most visible routes for exposure.

ROUTINE CAPITAL PRIORITIES

The public input period for feedback on the Federal Program of Projects remains open through August 20. Application will be made in June 2022 for federal funds apportioned in FY 2021 and FY 2022 for projects carried out over the next five years through reimbursement of eligible expenses. Anticipated funding levels are based on historic FTA apportionments and Regional Transit Authority (RTA) allocations.

FOOTBALL SHUTTLE SERVICE

Contactless mobile ticketing will be the preferred option for fare payment for 2021 FootballRide. Customers can purchase electronic tickets from four smart phone applications: EZFare, Uber, Transit and Moovit.

LOCAL ADVISORY COMMITTEE(LAC)

The Local Advisory Committee met on August 11 and continued their education on Policy Governance with Rose Mercier.

TRANSPORTATION COMMISSION (ANN ARBOR)

Staff attended the City of Ann Arbor Transportation Commission meeting.

WATS POLICY COMMITTEE UPDATE

There was no July meeting of the Washtenaw Area Transportation Study Policy Committee.



DRAFT OPERATING & CAPITAL BUDGET FOR FY2022

Version 1.0

*Staff Recommended Budget for
TheRide's Fiscal Year 2022*

2022
*Dedicated
to
Supporting
Community
Recovery*

ANN ARBOR AREA TRANSPORTATION AUTHORITY



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Ann Arbor Area Transportation Authority
Michigan**

For the fiscal year beginning October 1, 2019

**Government Finance Officers Association (GFOA)
Distinguished Budget Presentation Award**

The award, presented to TheRide for its *FY2020 Operating and Capital Budgets*, is a significant achievement which reflects the commitment of the Board of Directors and staff to meeting the highest principles of governmental budgeting. TheRide's budget satisfied nationally recognized guidelines for effective budget presentation, including how the document serves as a policy document, a financial plan, an operations guide, and a communications device.

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About TheRide

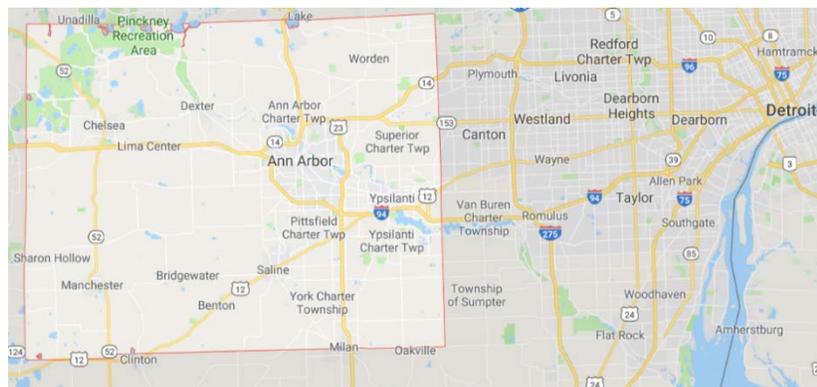


The Ann Arbor Area Transportation Authority (TheRide) was chartered in 1969 by the City of Ann Arbor, Michigan, as a not-for-profit unit of local government. The city of Ypsilanti and Ypsilanti Township were added as charter members to the authority in 2013.

TheRide operates public transportation services for the greater Ann Arbor-Ypsilanti area, enabling the area's residents to reach their destinations at a reasonable cost, and offers the region efficient, environmentally-sound transportation alternatives.

The service area is home to the University of Michigan, Eastern Michigan University, Concordia University, and Washtenaw Community College. The region's economy is driven by education, medical, and technology sectors, as well as the area's proximity to Detroit.

Ann Arbor is the county seat for Washtenaw County, which also includes the city of Ypsilanti and the townships (Ann Arbor, Pittsfield, Scio, Superior, Ypsilanti) which make up TheRide's service area. The service area covers 110 square miles, with a service area population of 228,574 people. TheRide delivers approximately



Washtenaw County, Michigan

400,000 hours of revenue service, driving more than 5.6 million revenue miles, and carries more than 6.9 million passenger trips on transit services annually during a typical year.

TheRide operates fixed-route buses, A-Ride paratransit services, service to Detroit Downtown, FlexRide on-demand service, ridesharing, van pools, and other services (some services are suspended for the pandemic).

TheRide operates from three facilities. The Dawn Gabay Operations Center is the headquarters, administration offices, maintenance facility, and bus garage. Passenger terminals are located in downtown Ann Arbor (Blake Transit Center) and Ypsilanti (Ypsilanti Transit Center).

Board of Directors

Michael Allemang
Rich Chang
Raymond Hess
Roger Hewitt
Ryan Hunter
Eric Mahler, Chair
Jesse Miller
Kathleen Mozak
Susan Pollay
Kyra Sims, Secretary

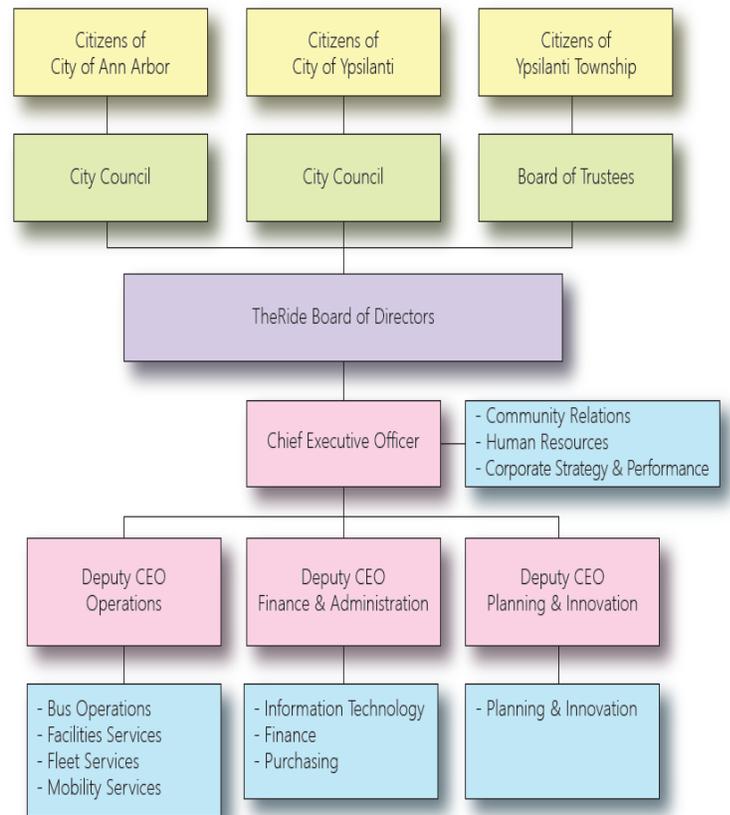
Senior Management Staff

Mike Blackston, Manager of Information Technology
Mary Boonin, Manager of Community Relations
Donald Bowlin, Manager of Bus Operations
Sue Fickau, Manager of Mobility Services
Gwyn Newsome, Manager of Human Resources
Gail Roose, Manager of Facilities Services
James Spangler, Acting Manager of Fleet Services
LaTasha Thompson, Manager of Finance
Michelle Whitlow, Manager of Purchasing

Executive Team

Matt Carpenter, Chief Executive Officer
Dina Reed, Deputy CEO/Finance & Administration
Bryan Smith, Deputy CEO/Operations
Forest Yang, Deputy CEO/Planning & Innovation

Organization Chart



2022
*Dedicated to
Supporting
Community
Recovery*



2700 S. Industrial Highway
Ann Arbor, MI 48104

734.973.6500 Phone
734.973.6338 Fax
TheRide.org Online



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

734-973-6500 **Phone**
734-973-6338 **Fax**
TheRide.org **Online**

September 23, 2021

On behalf of the Executive and Management teams at the Ann Arbor Area Transportation Authority (TheRide), we are pleased to submit this 2022 Recommended Budget for review by our riders, stakeholders, and Board of Directors.

In 2022, TheRide will continue focusing on helping our communities recover by increasing transportation services to pre-pandemic levels, with significant assistance of federal relief funding. The recommended budget supports the strategic priorities of supporting community recovery, planning for the future, serving customers and rebuilding ridership, and modernizing the organization.

The 2022 recommended budget has been prepared in accordance with the Michigan Uniform Budgeting and Accounting Act of 1968, Generally Accepted Accounting Principles (GAAP), and Board Governance Policies. The Board has delegated to the Chief Executive Officer (CEO) the responsibility to prepare a balanced budget which achieves the Board's objectives ("Ends") and avoids deficit spending and fiscal jeopardy. The budget achieves both requirements while positioning TheRide to continue providing excellent service to our communities and constituents. This recommended budget is presented to the Board of Directors for consideration of adoption.

Matt Carpenter
Chief Executive Office

Dina Reed
Deputy CEO, Finance & Administration



Executive Summary

The Fiscal Year 2022 (FY2022) Budget was developed with alignment to the business plan and Board objectives of supporting community recovery, planning for the future, serving customers, and modernizing TheRide. The coronavirus pandemic significantly impacted the world, our state and communities directly beginning in March 2020. Financial and operating impacts were unparalleled and uncertain, with fare revenues and transit ridership losses in the millions. Throughout 2021 federal relief funding has stabilized and provided millions of dollars to transit agencies to recover financial losses due to the pandemic. Additionally, the broad acceptance of public safety measures, including the wide availability of coronavirus vaccinations has restored much public confidence in the ability to return to normal societal behaviors. As a result, the FY2022 Corporate Business Plan focuses on supporting this recovery and the draft FY2022 Budget has been prepared to carry out the priorities represented in this new plan.

The FY2022 Budget is a balanced budget that supports recovery efforts by providing funding to increase services to pre-pandemic levels, as well as restoring some services at a premium level. The budget is supplemented by reimbursable federal relief funding to restore lost revenues and additional expenses incurred due to the pandemic. Consequently, a portion of local revenues are anticipated to provide a surplus in FY2022, which will provide additional funding for previously unfunded capital infrastructure projects critically important for service to our communities.

Two years ago, forecasted budgets showed the emergence of deficits, with their eventual growth to unsustainable levels. Cost-cutting measures, such as staffing and service reductions due to the pandemic, and the utilization of federal aid provided by pandemic relief funds have provided short-term relief with respect to the operating budget. Service recovery, inflationary growth and other cost pressures are a reality and present challenges that will need to be addressed in the future, however, TheRide currently remains in a financially stable position.

As with previous budgets, this recommended budget is guided by a strategic business plan— [Supporting Community Recovery](#)—which outlines the strategic priorities. This plan is aligned with the Board of Directors' expectations—supporting community recovery from the pandemic, planning for the future, serving customers and rebuilding ridership and modernizing TheRide (See *Board's Ends Policies*, in the [Board Policy Manual](#)).

This FY2022 Recommended Budget presents a balanced financial plan to restore most of our core services and to follow the board approved strategy of dedicating local revenues to capital projects for service enhancement in the future.

Highlights of the recommended FY2022 Budget:

- Overall operating expenses are **\$55,772,101** and **\$11,690,000** in capital investments
- Avoids deficit spending while utilizing federal funding for COVID-19 recovery
- Restores GoldRide services
- Addresses the long-term financial picture by presenting 7-year operating plan

- A portion of local funds will be eligible to fund the capital reserve
- Funds the following priorities from the Supporting Community Recovery Plan:
 - Increasing services to pre-pandemic levels as part of helping our communities return to normal
 - Planning for the Future
 - Serving Customers
 - Modernizing TheRide
- Presents a 10-year capital plan, and programs federal and state funding for major projects:
 - Replacement and rehabilitation of fixed-route buses
 - Capital maintenance for the bus garage
 - Planning and design work for future renovations of the Ypsilanti Transit Center and the Blake Transit Center

Introduction

Budget Document Orientation

This document contains five sections:

- The **Introduction** will orient the reader to the overall direction, strategic goals, and executive limitations established by TheRide's Board, as well as the budgeting schedule and process.
- **The State of TheRide** establishes financial context, discusses the challenges, opportunities, and priorities for developing the budget, and presents ridership performance.
- The **Budget** summarizes the operating and capital budgets for FY2022 and presents financial forecasts for subsequent years.
- **Impacts of the 2022 Budget** discusses how the budget will affect the fund balance and the reserve, as well as the impact of capital investments upon the operating budget.
- The **Appendices** include details on initiatives and capital projects, anticipated contracts, fare schedule, a grant funding primer, recommended Board resolution for adoption, and a glossary.

This document uses multiple-year forecasting. Although financial information is presented for years beyond 2022, it is important to note that forecasted years are provided *only for context*, do not represent a commitment, and are likely to change. Each year, the Board of Directors adopts a budget for a single year rather than a multiple-year budget.

Corporate Strategic Plans

The FY2022 Budget is the funding plan for achievement of goals established by TheRide's Board of Directors. Corporate strategic planning establishes the programs and initiatives to help the organization achieve these ends. As of mid-2021, the dominant issue is pandemic recovery. Society is still recovering from the pandemic and the next 12 months are not entirely clear. While vaccinations have reduced infections, it may take several more years to reach herd immunity, and virus variants continue to threaten global health. Nevertheless, our communities are reopening; normal economic and social activities are restarting and TheRide needs to support these activities. Consequently, the FY2022 Budget includes funding for service recovery as well as other initiatives referenced in the FY2022 Corporate Business Plan.

Financial Executive Limitations Policies

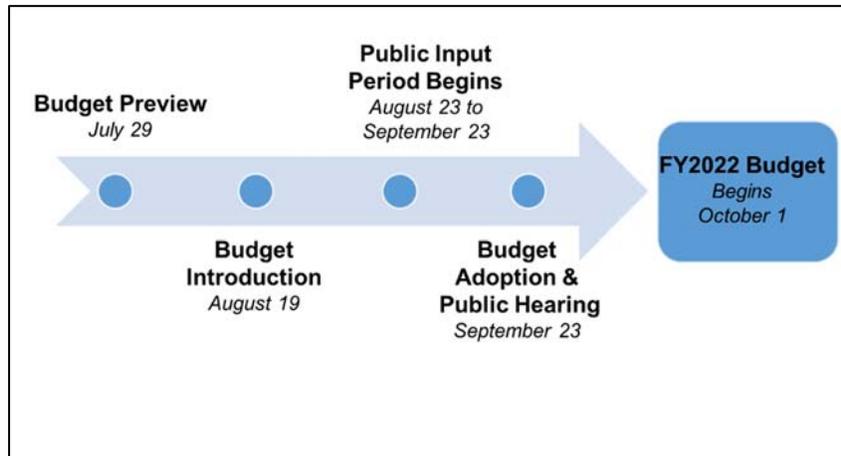
TheRide's Board of Directors controls and directs the organization via written policies. The full manual of these policies is available on the [website](#). Many of the policies have a direct effect on shaping the annual budget. For example, the Board has set clear limitations upon Financial Planning and Budgeting (Policy 2.4), Financial Conditions and Activities (Policy 2.5), Cash and Investments (Policy 2.6), Compensation and Benefits (Policy 2.3), and Asset Protection (Policy 2.7).

These policies require financial planning and budgeting to align with the Board's Ends, be developed using sound financial practices, and incorporate strategic and multi-year planning. The Board's policies

require practices that meet Generally Accepted Accounting Principles (GAAP), comply with federal, state, and local laws, describe practices for handling cash and investments, and require Board authorization for adjusting passenger fares, property tax rates, or buying or selling real estate. Other Board policies guide treatment of the public and employee relations.

Budget Process and Timeline

The timeline for review and adoption of the FY2022 Budget:



- **May/June:** The Finance Manager and Deputy CEO of Finance and Administration drafted a budget with many inputs, including Board policies, budget reviews with department managers, staffing requests, collective bargaining agreement, fleet and facilities plans, and other plans.
- **July/August:** An early draft of the operating and capital budget with a multi-year forecast will be provided at Board Committee meetings. Both the capital program and operating budget preview will be made available for public review starting August 13th, through budget adoption on September 23rd.
- **August:** The draft budget will be formally introduced to the Board of Directors at its August 19th meeting and public input period begins August 23rd.
- **September:** The recommended budget is presented the Board of Directors for adoption and a public hearing, as required by state law, will be held during the September 23rd meeting. The Michigan Uniform Budgeting and Accounting Act of 1968 requires Board adoption prior to any expenditures being made in the fiscal year.
- **October:** Fiscal Year 2022 will begin October 1, 2021, with the newly adopted budget.

The State of TheRide

Financial Condition

TheRide is set to end FY2021 with revenue and costs significantly below the budget because of fare revenue losses and service reductions from the pandemic. The reserve balance was strengthened last year and will remain strong, as federal pandemic relief funds will support ongoing operations and service recovery. This aid will also support revenue losses, pandemic-related costs, and allow local funds to be dedicated to a capital reserve for future capital projects. While there is a great deal of uncertainty due to the pandemic, some financial strengths include:

- Continuing to operate within the budget
- Operating reserve funds at target levels
- Newly established capital and insurance reserves
- No indebtedness or significant liabilities
- No significant legacy costs such as unfunded pension liabilities

In addition, the agency has a track record of strong audit results, as was the case again with the 2020 financial statement audit. Working with the CFO, the Finance Manager is working to improve cost accounting and financial management practices, and modernization of timekeeping and payroll processes. Preserving and building on these strengths will be important going forward into the next fiscal year, particularly in dealing with financial challenges arising from the pandemic including economic recession and lower fare revenue.

Fund Description, Structure, and Balances

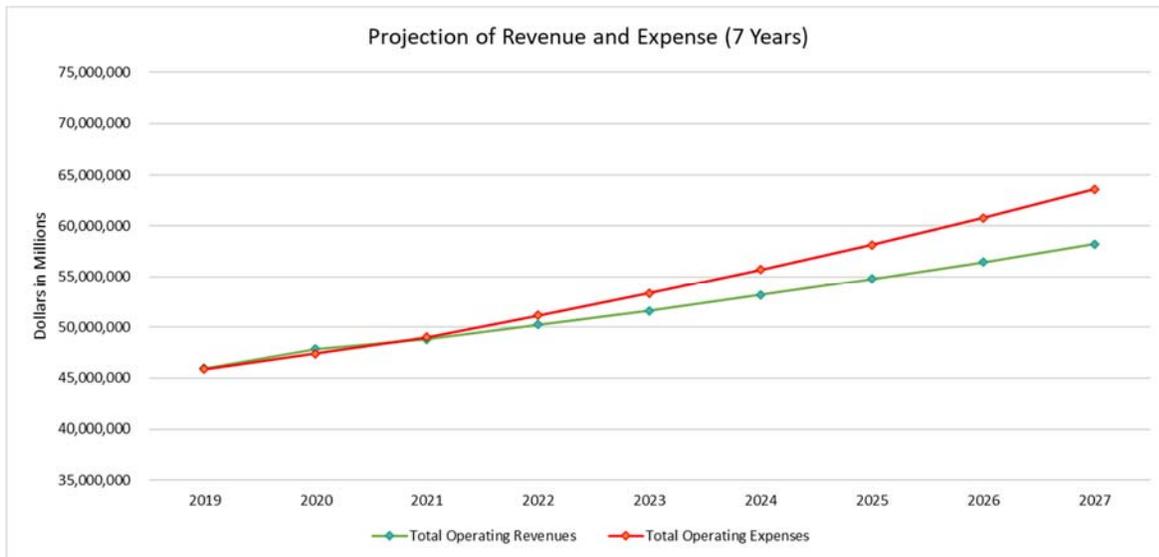
TheRide operates with one general fund through which operating, capital, and investing cash flows occur during the fiscal year. The term *fund balance* is used to describe the net position of the general fund as calculated by GAAP, presented at a particular point in time. It is the net position on the statement of net position (balance sheet).

A positive fund balance with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2022 will bolster the organization against the risks of uncertain funding ahead. The expected effect of the FY2022 budget upon the fund balance is discussed in the [Impacts of the 2022 Budget](#).

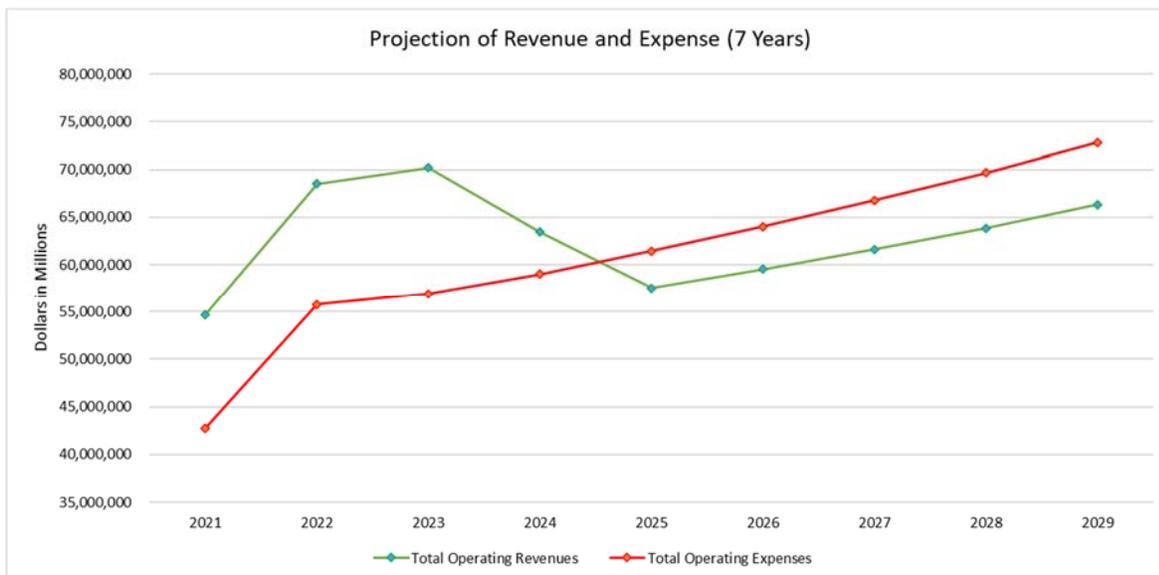
Financial Challenges: Operating Structural Deficit

Before the pandemic, TheRide was already anticipating financial challenges. Two years ago, budget forecasting showed deficits starting in FY2021 because expense growth was outpacing revenue growth. Audited financials from 2015-2019 revealed that costs grew on average 6.1% annually, while revenue growth averaged 4.8%. This audited data demonstrated that the property tax millage which funded service expansion in 2014 was insufficient to cover expansion costs as indicated in the Five-Year

Transportation Improvement Plan (5YTIP): [TheRide was operating beyond its means](#). Deficits were forecasted to grow from \$190,000 in FY2021, or 0.4% of budgeted expenses, to more than \$5.4 million in FY2027, 8.5% of total costs. The graph below illustrates the gap in revenues and expenses as projected through FY2027 at that time.



Once the pandemic emerged, immediate cost saving measures were taken including significant suspension of service and layoffs affecting 42 employees. Those immediate pandemic-related changes in combination with significant contributions of federal relief funding provided immediate relief for FY2021 and is anticipated to project a balanced budget through FY2024. However, one-time federal funding provides short-term relief but cannot offset ongoing operating costs for the long-term. It is important to acknowledge that as service recovers to pre-pandemic levels and federal relief funding is depleted, the underlying structural deficit problem still exists and will need to be addressed. In the seven-year forecast presented below, an emerging operating deficit is again predicted for FY2025, caused by slower revenue growth than expense growth. Deficits are forecasted to grow from \$3.9 million in FY2025 to \$6.5 million in FY2029. TheRide will need to consider a variety of solutions to address the projected operating deficit.



Financial Opportunities

TheRide's budget for fiscal year 2022 will ensure the continued delivery of high-quality services, demonstrate careful stewardship, and provide transparency of future challenges with the seven-year budget forecast. Development of the 2022 Budget was guided by the following principles:

- Budget for the priorities outlined in the *Supporting Community Recovery Plan*
- Reinforce budgeting policies adopted by the Board of Directors to ensure financial stability
- Support safe operation of transportation services
- Maximize value provided to riders/customers and taxpayers
- Ensure funding for ongoing operations remains stable
- Ensure TheRide's assets are maintained in a state of good repair and expansion efforts are planned for the future
- Continuously improve cost accounting and financial management

Ensuring adequate operating reserves, utilizing federal pandemic relief funding, and the capital investment focus for TheRide's assets are priorities which warrant additional brief discussion, as follows.

Ensuring Adequate Operating Reserves

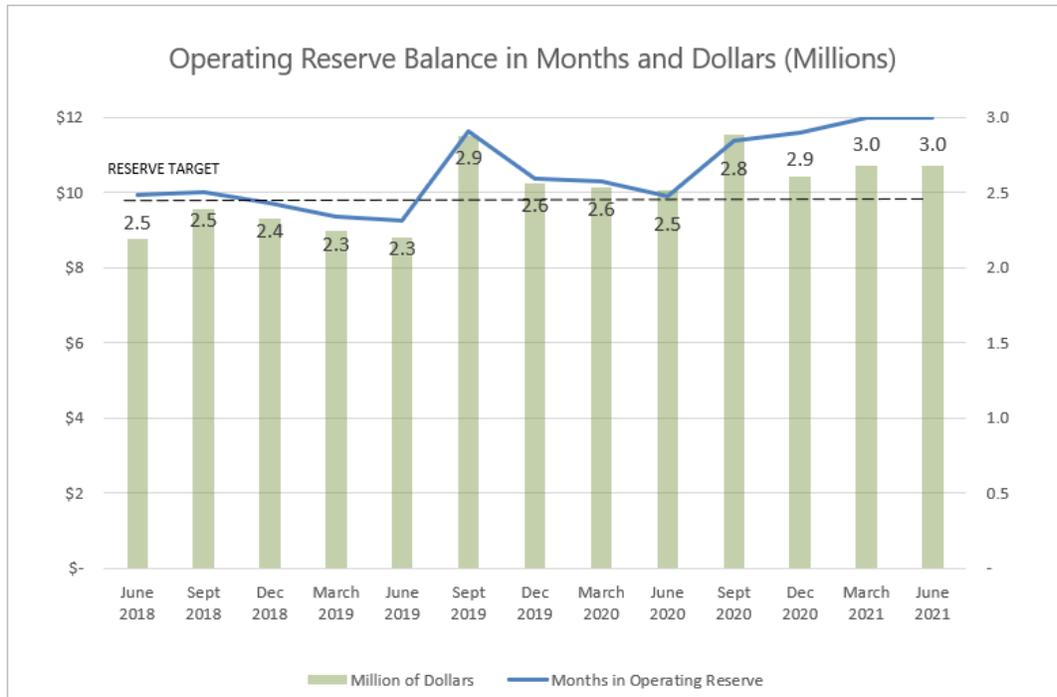
A reserve is an important part of a healthy agency budget. Its purpose is to buffer the agency from the risk of unexpected costs or disruptions to revenues. Without an adequate reserve, the agency would risk insolvency in an emergency, such as the COVID-19 pandemic.

Board Policies (2.4.6, 2.5.8) require budgeting to provide reserves adequate to cover near-term operating expenses. Adopted in April 2021, TheRide established the following reserves and target levels:

- Operating reserve with the target level of 2.5 months
- Worker's compensation insurance reserve of \$500,000

Operating Reserve

Steps taken in recent years have strengthened the operating reserve after it had fallen below this target due to investing in expanded services. TheRide was able to gradually restore the reserve and consistently maintain the target level since the end of FY2019. Due to the pandemic and associated federal relief funds, the operating reserve cash position has improved in FY2021 as shown in the chart below. The projections for the operating reserve are included in the [Impacts of 2022 Budget](#) section.



Worker's Compensation Insurance Reserve

The worker's compensation insurance reserve was created to fund worker's compensation claims and manage budget risk. The worker's compensation insurance reserve is fully funded as of June 2021.

Utilizing Federal Pandemic Relief Funding

Since April 2021, TheRide has been apportioned the following federal pandemic relief funds totaling \$62.8 million for reimbursable eligible costs:

- \$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)
- \$26,338,769 in American Rescue Plan (ARP) funding (Net of 5% programming to RTA)

This federal aid is provided to assist with coronavirus-related operating expenses such as replacement of lost revenue, purchase of Personal Protective Equipment (PPE), cleaning and sanitation supplies, increased janitorial services, paid employee leave, and other costs. New costing accounts have been added to the accounting system for pandemic-related services, materials, and supplies, as well as for the federal pandemic relief revenue.

This budget demonstrates that pandemic relief funds are being utilized to support reimbursable eligible costs throughout the pandemic and after, and through service recovery.

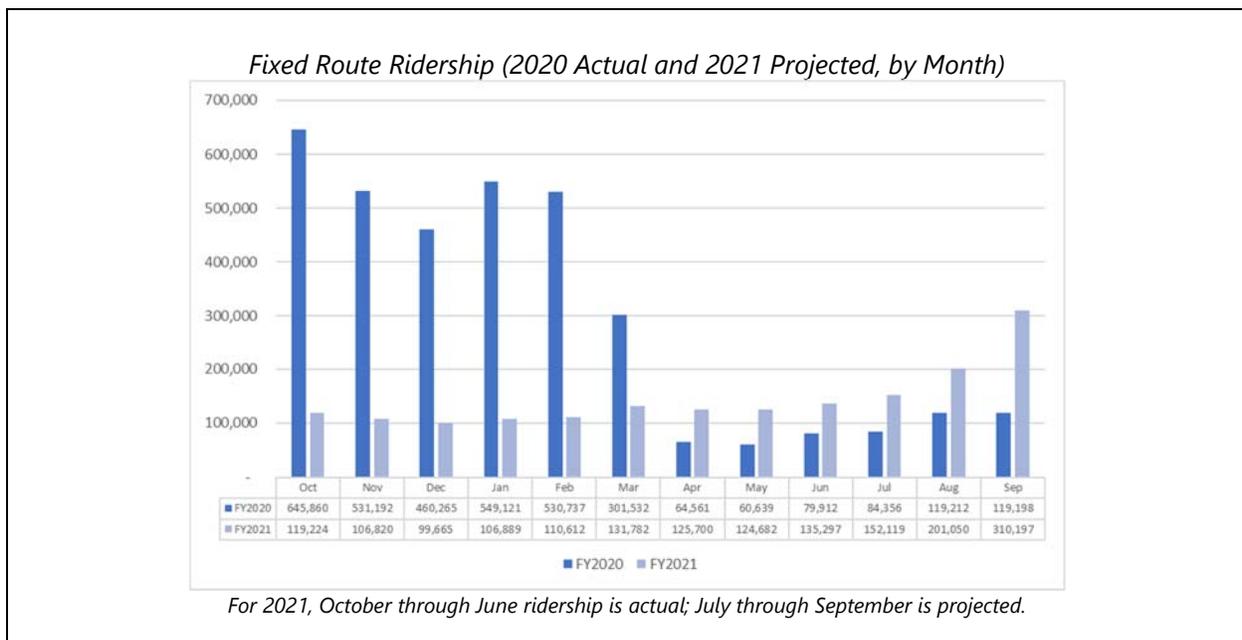
Capital Investment Focus

Maintaining facilities, vehicles, equipment, and other assets is a significant focus in the FY2022 budget. In alignment with federal regulation, the Transit Asset Management (TAM) Plan helps ensure assets are in good condition and ready to support TheRide's services. While TheRide's fleet and equipment are in a

good state of repair overall, facilities need attention. Additional resources are included in capital budgeting to address needs at the bus garage, including roof and HVAC replacement, and other needs. Planning is also scheduled to begin in FY2022 to replace and expand the Ypsilanti Transit Center as well as a Blake Transit Center (BTC) expansion. The BTC expansion will be a partnership with the City of Ann Arbor.

Fixed-Route Ridership

[Fixed-route bus service](#) operated by TheRide includes bus routes in Ann Arbor, Ypsilanti, nearby townships as shown on the [System Map](#) and [GroceryRide](#). Ridership growth peaked in 2018 then declined slightly in 2019 and early 2020 until coronavirus emerged mid-March. Ridership losses were then sudden and severe, dropping by nearly 90% and many fixed-route services were suspended due to lower demand and public safety. Services have gradually been restored to 60% of the full-service level and full-service levels are scheduled to begin August 29, 2021. Total annual fixed route ridership is projected to decline by 49% for 2021 vs. 2020, with 1.7 million passenger trips expected compared to 3.5 million passenger trips last year. Projections show gradual ridership growth as service is recovered.



[ExpressRide](#) commuter bus service from Canton, Chelsea, and Ypsilanti Township to Ann Arbor and the University of Michigan campuses was suspended in mid-March 2020 due to the pandemic. Annual ridership for 2020 was 12,479 passenger trips, down 57% from 29,070 passenger trips in 2019. Service is not budgeted to resume in 2022.

AirRide & D2A2

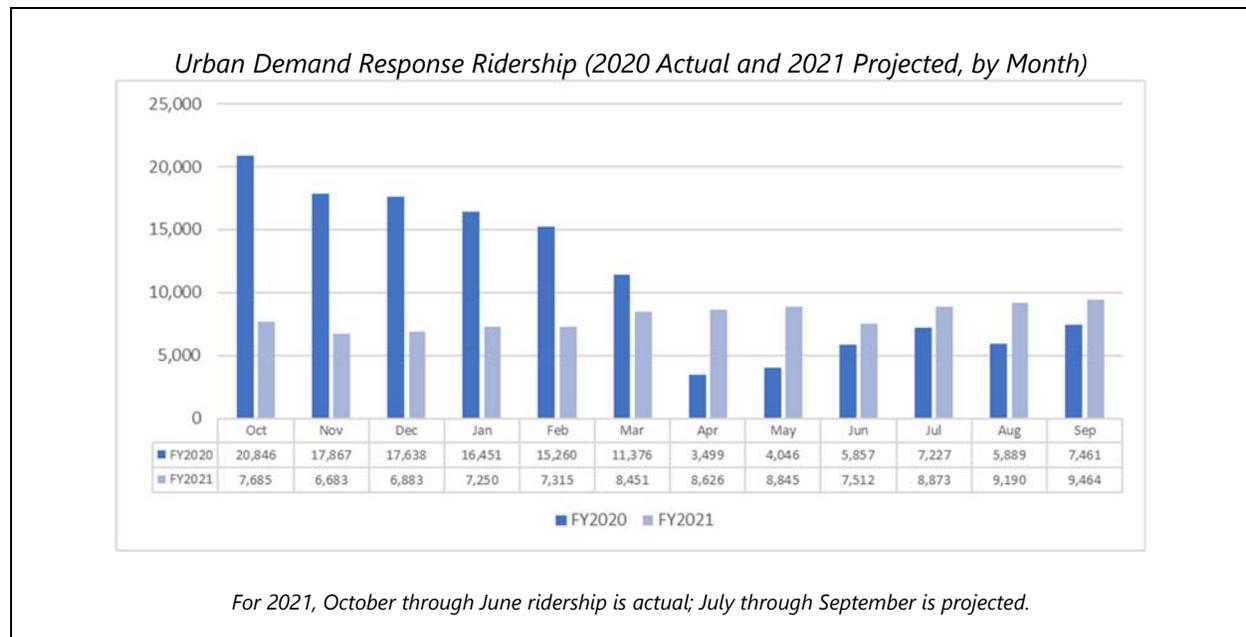
[AirRide](#) bus service from Ann Arbor to the Detroit Metro Airport was continuing its growth trend in 2020 with 5% ridership gains through February, before operations were suspended. TheRide launched [D2A2](#), Detroit-to-Ann Arbor commuter bus service, in partnership with and funded by the Regional Transit Authority (RTA) of Detroit in March 2020. The much-anticipated service operated for only a few weeks before service was suspended due to the pandemic.

AirRide is now being operated by Michigan Flyer who will now be tracking ridership and revenues on their financial records. D2A2 is budgeted to operate in FY2022 if possible and did not operate in FY2021. In FY2020, the ridership for D2A2 was 119 for the short operation period.

Urban Demand Response

Demand response services cover a range of accessible, flexible, on-demand services operated by TheRide, including A-Ride, GoldRide, [NightRide and HolidayRide](#), [FlexRide](#), and [MyRide](#). Service was reduced and ridership declined sharply in March 2020. A-Ride trips were limited to paratransit services minimally required by the Americans with Disabilities Act (ADA). NightRide and HolidayRide services were consolidated with FlexRide in August 2020. MyRide mobility management services were suspended upon the onset of the pandemic but anticipated for restoration in FY2022 if possible.

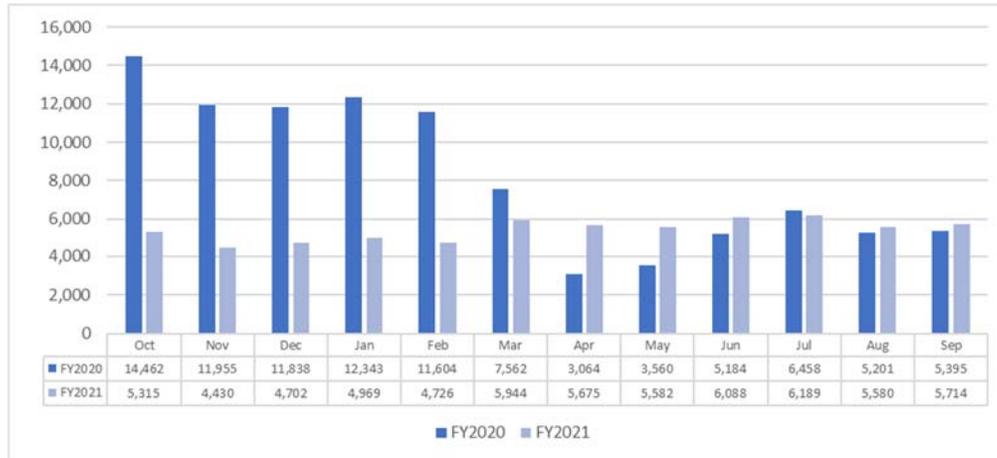
2021 Ridership is projected 28% lower, at 96,777 passenger trips compared to 133,417 in 2020. Ridership comparisons for all demand response services combined are shown in the chart below:



A-Ride is an ADA-required paratransit service, available for people with disabilities who are unable to use the fixed-route system. In prior years, A-Ride had also incorporated GoldRide, a shared-ride on-demand service for persons age 65 or older. Several changes were made in 2020 in response to the pandemic. GoldRide was suspended to ensure adequate capacity was available for ADA-required trips. (GoldRide

passengers are still provided free rides on fixed-route services.) GoldRide has been approved to be expanded in August 2021 and will be separated from A-Ride service. Ridership is projected at 64,914 trips for 2021, down 34% from 98,626 riders in 2020, as shown in the chart below.

A-Ride/GoldRide Ridership (2020 Actual and 2021 Projected, by Month)



For 2021, October through June ridership is actual; July through September is projected.

2022 Budget

Budget Overview

The following sections outline the FY2022 operating and capital budgets. The initiatives outlined in this budget help advance the priorities identified in the *Supporting Community Recovery Plan* (i.e. supporting community recovery, planning for the future). This budget also provides multi-year forecasts and context.

Highlights of the FY2022 Budget include:

- Balanced operating and capital budgets
- Fixed route service recovery
- GoldRide service expansion
- Funding for new A-Ride contractor
- Fare change proposal for daily and monthly passes along with removing the NightRide and Holiday surcharge
- Continuing work on a long-range service plan
- Leverages Federal pandemic relief funds for financial stability
- Leverages local revenue for capital investment

In addition, the budget continues to advance many of the capital initiatives that have been started in recent years. Examples of significant 2022 initiatives include:

- Replacement and rehabilitation of fixed-route buses and support fleet
- Ongoing investment in facility rehabilitation
- Ongoing investments in technology modernizations
- Planning and design for future renovation and/or expansion of transit centers

Operations Overview

Many of the TheRide's services were reduced or suspended upon the pandemic outbreak in 2020 and a *temporary service plan* was developed that will expire on August 28, 2021. At that time, the *Service Recovery Plan* will be implemented which increases services to pre-pandemic levels with a reorganized and simplified network of routes for essential travel. The plan will affect all routes, along with A-Ride, GoldRide, FlexRide, and Night/Holiday service.

It is important to note that the *Service Recovery Plan* was developed in compliance with federal regulations and Board's policy relative to service change and operating requirements. The process included extensive public review and input, and a board review to determine how resources would be best allocated during service recovery.

The following tables present vehicle revenue hours (hours of service) and ridership, with comparisons between FY2020 actual performance and the projected 2022 levels. FY2021 projected results is also presented.

Projected Vehicle Revenue Hours for 2022 vs. 2020, Actual, 2021 Projected

Service Hours:	Actual 2020	Projected 2021	Projected 2022	% Change (2022 vs. 2020)
Local Fixed Route	250,492	205,240	274,928	10%
ExpressRide	972	-	-	-100%
AirRide & D2A2**	5,010	-	7,540	50%
Urban Demand Response	73,522	52,900	111,849	52%
Total	329,996	258,140	394,317	19%

Projected Ridership for 2022 vs. 2020, Actual, 2021 Projected

Passenger Trips:	Actual 2020	Projected 2021	Projected 2022	% Change (2022 vs. 2020)
Local Fixed Route	3,546,585	1,722,549	4,379,800	23%
ExpressRide	12,479	-	-	-100%
AirRide & D2A2**	50,213	-	22,620	-55%
Urban Demand Response	133,417	96,928	168,465	26%
Total	3,742,694	1,819,477	4,570,885	22%

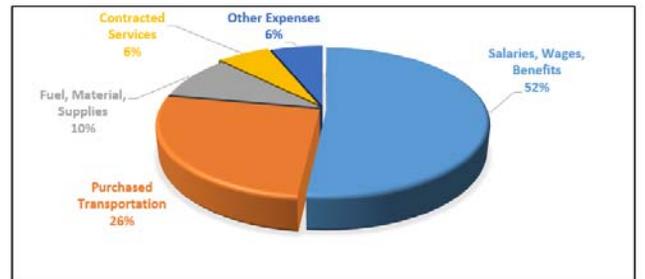
Note: Urban Demand Response includes A-Ride, GoldRide, HolidayRide, NightRide, FlexRide and MyRide. AirRide is currently not operated by TheRide, and no data is included in 2021 or 2022 for this Service Line.

Operating Budget

The following tables and charts illustrate the elements of the 2022 Operating Budget, as well as how the recommended budget compares with the 2020 approved budget. The draft FY2022 budgeted expenses and revenues are presented below and compared to FY2020 as this is the latest budget year with full operating service levels.

FY2022 Expenses (with FY2020 Comparison)

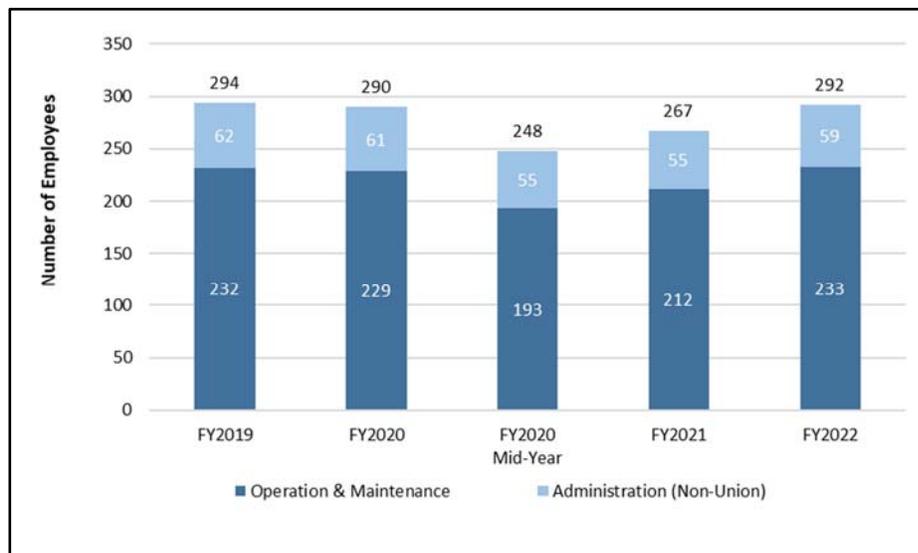
Budgeted Expenses	FY2020	FY2022	% Change
Operating Expenses			
Salaries, Wages, Benefits	\$ 26,650,220	\$ 28,860,379	8%
Purchased Transportation	12,097,267	14,579,680	21%
Fuel, Material, Supplies	4,703,638	5,421,800	15%
Contracted Services	2,730,795	3,487,874	28%
Other Expenses	2,607,556	3,422,368	31%
Total Operating Expenses	\$ 48,789,476	\$ 55,772,101	14%



Expenses

Operating expenses are budgeted at **\$55,772,101**, 14% higher than FY2020. Key expense assumptions:

- Fixed route service will be restored to pre-pandemic levels based on the FY2022 Service Recovery Plan. A-Ride will be operated as a contracted service instead of in-house. FlexRide service will decrease from FY2021 levels but is expanded from FY2020 based on FY2022 service routes. GoldRide service restoration is also included in this draft budget.
- Salaries and wages include contractual pay rate increases for bargaining unit employees and a 3% annual increase for non-union employees. The rate for non-union employees has been benchmarked with the [American Society of Employers \(ASE\) Annual Salary Budget Survey](#). Budgeted employee headcount is restored to FY2020 levels: 290 in FY2020 vs. 292 in FY2022. See below for the headcount trend from FY2019 to FY2022:



- Fringe benefit costs were estimated based on historical actual costs and any expected inflation rate for certain fringe benefits from FY2021 costs. See below for a comparison of the detailed fringe expenses and key assumptions:

Type of Fringe	FY2020	FY2022	\$ Change	% Change
FICA	\$ 1,437,246	\$ 1,594,903	\$ 157,658	11%
Pension	1,589,905	1,886,648	296,743	19%
Healthcare	2,803,048	3,011,496	208,448	7%
Worker's Compensation	131,150	185,281	54,131	41%
Dental/Vision	321,128	289,106	(32,022)	-10%
Disability (Long-Term/Short-Term)	164,491	176,858	12,367	8%
Life Insurance	61,992	64,824	2,832	5%
Other*	618,776	674,196	55,420	9%
Total Fringe Benefits	\$ 7,127,736	\$ 7,883,312	\$ 755,577	11%

*Other includes Post-Retirement, EAP, Unemployment expenses

- FICA (Federal Insurance Contributions Act) or U.S. federal payroll taxes are based statutory rates. For 2021, the rates were 7.65% for earnings up to \$142,800 and 1.45% afterward.
 - Pension expense is based contractual (union) or established rates (non-union) for eligible employees. For eligible employees, the pension expense is 9% of wages.
 - Healthcare expense is based on historical medical insurance premium cost and the assumption of 10% increase in premiums due to previous annual increase amounts.
 - TheRide is self-insured for worker's compensation. The cost is based on historical average cost per employee.
- Purchased transportation expenses are 21% higher than FY2020 due to the new A-Ride contract, restoring the GoldRide service and the expansion of FlexRide from FY2020.
 - Fuel, materials, and supplies are up 15%. Fuel is budgeted ~\$500,000 higher than FY2020 due to the new A-Ride contract arrangement. In the past, this cost was directly incurred by the contractor and then billed to TheRide. The remaining increase in fuel, materials and supplies is related to service recovery costs, pandemic-related costs, and normal cost inflation. One-time pandemic related costs total \$212,000.
 - Contracted services are increasing by 28%, primarily due to one-time and semi-annual costs in consulting, marketing efforts, and pandemic-related services. Variances in contractual services are illustrated in the table below with additional descriptions for primary impacts to the contractual services budget below the table.

Type of Contracted Services	FY2020	FY2022	\$ Change	% Change
Consulting	\$ 479,133	\$ 820,000	\$ 340,867	71%
Contracted Maintenance Service	907,266	766,500	(140,766)	-16%
Pandemic-Related Services	-	521,400	521,400	100%
Security Services	404,077	232,200	(171,877)	-43%
Legal & Auditing Fees	214,000	231,000	17,000	8%
Local Property Tax Collection Fees	175,126	221,734	46,608	27%
Custodial Service	192,402	205,000	12,598	7%
Agency Fees (Marketing Design)	80,700	158,340	77,640	96%
Internet Services & Other	278,091	331,700	53,609	19%
Total Contracted Services	\$ 2,730,795	\$3,487,874	\$ 757,079	28%

- Consulting costs are up 71% or \$340,867. This increase is related to additional planning efforts for the 2045 long term plan, semi-annual surveys due in FY2022, and one-time efforts for the following:
 - Millage renewal consulting - \$75,000
 - Electric bus study - \$100,000
 - Equity consulting - \$100,000
- Agency Fees are up 96% or \$77,640. This is due to one-time marketing efforts for the 2045 long term plan and millage renewal.
- Pandemic-related services include funding for cleaning, media, vehicle maintenance, mobile ticketing, etc. and are budgeted based on expenses incurred in FY2021. These expenses are reimbursed through federal pandemic relief funding and are not expected to be required at the same levels in FY2023.
- Other expenses are projected to increase by 31%, primarily from higher insurance premiums, utility charges, and equipment and parking lot rental fees. Variances in other expenses are illustrated in the table below with additional descriptions for primary impacts to the other expenses budget below the table.

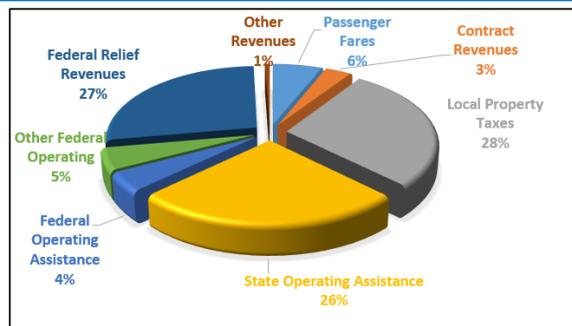
Type of Other Expenses	FY2020	FY2022	\$ Change	% Change
Casualty & Liability Insurance	\$ 958,365	\$1,450,000	\$ 491,635	51%
Utilities	537,648	699,500	161,852	30%
Media	366,500	331,088	(35,412)	-10%
Employee Training & Travel	280,519	309,250	28,731	10%
Equipment & Parking Lot Rental	96,724	207,560	110,836	115%
Uniforms	138,000	140,000	2,000	1%
Other	229,800	284,970	55,170	24%
Total Other Expenses	\$ 2,607,556	\$3,422,368	\$ 814,812	31%

- Higher casualty and liability insurance premiums are mainly due to 15-20% market increases per year since FY2020. These market increases are considered normal for the transportation industry.
- Utilities expenses have been increased to reflect consistency with actual expenditures related to seasonal fluctuations and a historical trending analysis spanning the past several years.
- Equipment & parking lot rental expenses are increased to reflect the assumption that D2A2 service will be restored. Expenses are fully recovered from federal and state funding and any changes in the projected expense will also decrease revenues directly associated with the reimbursement.

Revenues

FY2022 Revenues (with FY2020 Comparison)

Budgeted Revenues	FY2020	FY2022	% Change
Operating Revenues			
Passenger Fares	\$ 7,336,441	\$ 4,165,723	-43%
Contract Revenues	2,274,698	2,200,689	-3%
Local Property Taxes	17,512,610	19,258,842	10%
State Operating Assistance	16,998,848	17,505,274	3%
Federal Operating Assistance	3,331,250	3,000,000	-10%
Other Federal Operating	1,377,095	3,353,022	143%
Federal Relief Revenues	-	18,653,477	N/A
Other Revenues	393,506	391,000	-1%
Total Operating Revenues	\$ 49,224,448	\$ 68,528,026	39%



Operating revenues are budgeted at **\$68,528,026** a 39% increase from the FY2020 budget year. Key revenue assumptions are:

- Passenger fare revenue is expected to be 43% less than the FY2020 budget because of lower ridership than pre-pandemic levels. The proposed fare impact has been included in the passenger fare revenue.
- Contract revenue is expected to recover, only reduced by 3% from FY2020.
- Local property tax collections are expected to remain stable for FY2022 and increase for normal inflation of property tax values.
- State Operating Assistance revenue is increased by 2% due to higher eligible expenses than FY2020 offset by state grants that have ended since FY2020.
- Other federal operating assistance will increase due to funds passed through RTA for the D2A2 service if this service is restored, an increase of 143%.
- Other income is budgeted almost consistent to the FY2020 budget as it is expected that interest income and advertising sales will be restored.

Contingencies

There is still a fair amount of uncertainty regarding revenues and expenses, particularly regarding federal, state, and local funding and how quickly and the degree to which services can be fully recovered. The

FY2022 budget proposal may change before a recommended budget is presented to the Board for adoption. The following revenues and expenses are key areas to review during the budget process:

- The appointment of Federal pandemic relief funds could be higher or lower than anticipated.
- Fare revenue and contract revenue will vary based upon ridership and service restoration.
- Property tax collections could be higher or lower than anticipated.
- State operating and capital contributions will depend upon the state's budget adoption, which isn't likely to occur before early September.
- Purchased transportation costs could decline if D2A2 is unable to relaunch, or the expected ridership levels are not attained.
- Pandemic-related costs could be higher or lower than anticipated.

Budgets to be presented during the budget cycle represent the staff's best attempts to make financial projections using the economic inputs available to us from our industry, local, state, and federal leaders. State law allows adopted budgets to be amended, offering adequate flexibility to accommodate changing budgetary needs as the year progresses.

2022 Operating Budget Detail (with Prior Year Comparisons)

	FY2020		FY2021	FY2022 Draft Budget	2022 vs. 2020 Change		FY2021
	Audited Actuals	FY2020 Adopted Budget	Projected Actuals		\$	%	Amended Budget
OPERATING REVENUE							
Passenger Revenue	\$ 3,627,820	\$ 7,336,441	\$ 1,500,000	\$ 4,165,723	\$ (3,170,718)	-43%	\$ 2,088,234
Local Property Tax Revenue	17,841,235	17,512,610	18,387,071	19,258,842	1,746,232	10%	16,265,739
POSA & other Governmental Partners	1,622,806	2,274,698	1,750,000	2,200,689	(74,009)	-3%	1,806,389
State Operating Assistance	13,200,321	16,998,848	11,366,983	17,505,274	506,426	3%	12,062,516
Federal Operating Assistance	2,570,000	3,331,250	3,000,000	3,000,000	(331,250)	-10%	3,000,000
Other Federal Conditional Assistance	1,228,679	1,377,095	1,312,436	3,353,022	1,975,927	143%	2,075,700
CARES/CRRSAA/ARP	1,404,979	-	17,100,314	18,653,477	18,653,477	n/a	17,100,314
Advertising, Interest, and Other	511,414	393,506	303,000	391,000	(2,506)	-1%	303,000
TOTAL REVENUES	\$ 42,007,254	\$ 49,224,448	\$ 54,719,804	\$ 68,528,026	\$ 19,303,578	39%	\$54,701,892
OPERATING EXPENSES							
PERSONNEL							
Operations Salaries & Wages	\$ 11,772,569	\$ 10,952,286	\$ 11,416,502	\$ 11,958,963	\$ 1,006,677	9%	11,416,502
Other Salaries & Wages	2,923,462	3,090,623	2,838,455	3,390,836	300,213	10%	3,117,550
Administration Salaries & Wages	3,601,772	5,479,575	4,110,000	5,627,268	147,693	3%	5,341,657
Subtotal - Personnel	\$ 18,297,803	\$ 19,522,484	\$ 18,364,958	\$ 20,977,067	\$ 1,454,583	7%	\$19,875,709
Fringe Benefits	6,570,296	7,127,736	6,703,210	7,883,312	755,576	11%	6,882,543
Total Salaries & Wages	\$ 24,868,099	\$ 26,650,220	\$ 25,068,167	\$ 28,860,379	\$ 2,210,159	8%	\$26,758,252
OTHER EXPENSES							
Purchased Transportation	8,429,684	12,097,267	5,800,000	14,579,680	2,482,413	21%	5,722,139
Diesel Fuel and Gasoline	1,009,525	1,880,000	1,150,000	2,400,000	520,000	28%	1,500,000
Materials and Supplies	2,256,631	2,823,638	2,350,000	3,021,800	198,162	7%	2,981,434
Contracted Services	2,269,291	2,730,795	3,000,000	3,487,874	757,079	28%	3,116,121
Utilities	601,093	537,648	700,000	699,500	161,852	30%	608,344
Casualty & Liability Insurance	1,114,209	958,365	1,300,000	1,450,000	491,635	51%	1,300,000
Other Expenses	591,505	1,111,543	600,000	1,272,868	161,325	15%	777,001
Subtotal - Other Expenses	\$ 16,271,939	\$ 22,139,256	\$ 14,900,000	\$ 26,911,722	\$ 4,772,466	22%	\$16,005,040
TOTAL EXPENSES	\$ 41,140,038	\$ 48,789,476	\$ 39,968,167	\$ 55,772,101	\$ 6,982,625	14%	\$42,763,292
Surplus (Deficit)	867,217	434,972	14,751,637	12,755,926	12,320,954	2833%	11,938,600
Operating Reserve Transfer	(867,217)	(434,972)	(2,813,037)	-	-		
Capital Reserve Transfer			(11,938,600)	(12,755,926)	(12,320,954)		(11,938,600)
Operating Balance	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -

Basis of Budgeting

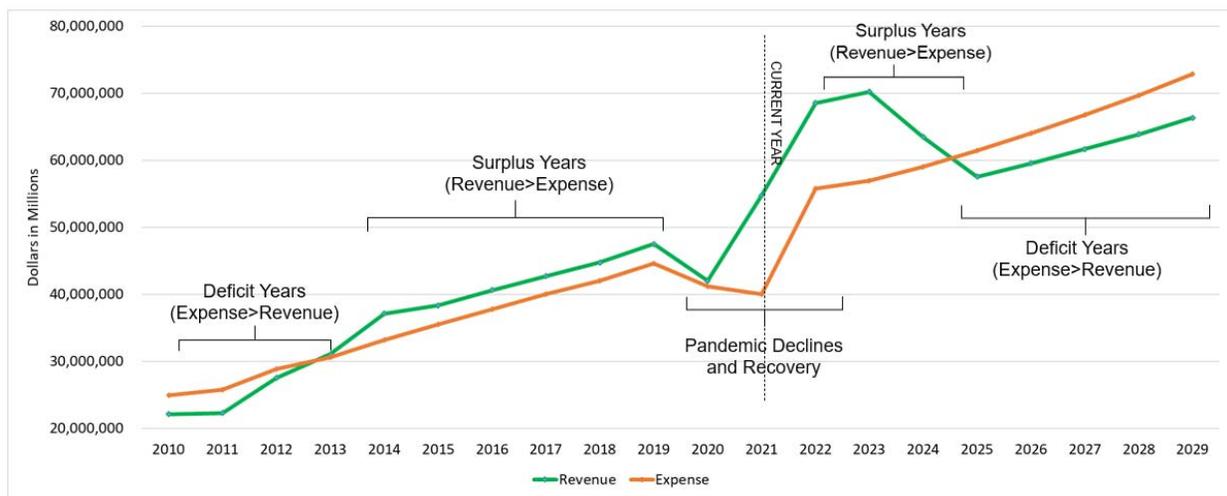
The 2022 operating and capital budget has been prepared on the full accrual basis of accounting, which is the same method used for accounting for the general fund, and for the production of the financial statements. The only difference between the financial statements and the budget is that depreciation expense is not included in the operating budget since it is a booked expense which does not affect the general fund balance, operating reserve, or capital budget. Depreciation expense is included in the annual audited financial statements.

Long-Term Financial Context: 2022-2029

The Board’s policies require the annual budget to be contextualized within a multi-year forecast of costs and revenues (Policy 2.4). The FY2022 budget and 7-year forecast for subsequent years is detailed on the next page.

The graph below compares historic (10-year actuals), FY2021 projected actuals, and forecasted financials to provide context for the FY2022 budget. After historical operating deficits consumed much of TheRide’s financial capacity prior to 2013 as the organization expanded, new funding helped restore fiscal strength until just before the pandemic outbreak. TheRide’s reserve coffers were finally at the policy target in late FY2019 after experiencing low balances for several years.

TheRide’s Financial Performance (Historic, Current, Forecast)



At the onset of the pandemic in 2020, revenues declined and cost-cutting measures including staff reductions and suspended transit service were enacted in response. Federal aid from the CARES Act helped to gradually restore service in late FY2020 continuing through FY2021, assuring long-term financial sustainability. By 2022, service recovery to pre-pandemic levels is planned and operating surpluses are projected from FY2021 to FY2024 with the local funds being rededicated to the established capital reserve for capital projects. Operating deficits are predicted from FY2025 to 2029 that will need to be addressed soon.

2022 Operating Budget (with 7 Year Forecast)

Operating Revenues	2021	2022	2023	2024	2025	2026	2027	2028	2029
Passenger Fares	2,088,234	\$ 4,165,723	\$ 5,811,855	\$ 6,120,552	\$ 6,313,699	\$ 6,515,267	\$ 6,725,730	\$ 6,945,599	7,175,415
Contract Revenues	1,806,389	2,200,689	2,329,374	2,467,200	2,614,955	2,773,537	2,943,791	3,126,631	3,323,044
Local Property Taxes**	16,265,739	19,258,842	19,932,902	20,630,553	21,352,623	22,099,964	22,873,463	23,674,034	24,502,625
State Operating Assistance	12,062,516	17,505,274	17,760,971	18,413,195	19,203,801	20,043,162	20,940,629	21,895,404	22,926,486
Federal Operating Assistance	3,000,000	3,000,000	3,000,000	3,500,000	4,050,364	4,050,434	4,050,507	4,050,582	4,172,099
Other Federal Operating	2,075,700	3,353,022	3,584,178	3,406,769	3,449,893	3,496,288	3,546,213	3,599,946	3,659,306
CARES/CRRSAA/ARP	17,100,314	18,653,477	17,277,770	8,378,125	-	-	-	-	-
Other Revenues	303,000	391,000	517,313	526,939	536,803	546,910	557,267	567,881	578,757
Total Operating Revenues	54,701,892	\$ 68,528,026	\$ 70,214,362	\$ 63,443,333	\$ 57,522,138	\$ 59,525,562	\$ 61,637,601	\$ 63,860,077	\$ 66,337,733
Operating Expenses	2021	2022	2023	2024	2025	2026	2027	2028	2029
Salaries, Wages, Benefits	26,758,252	28,860,379	29,263,745	30,099,460	30,957,098	31,840,788	32,750,300	33,684,808	34,658,252
Purchased Transportation	5,722,139	14,579,680	15,783,647	16,426,276	17,323,172	18,288,416	19,327,401	20,445,949	21,650,346
Fuel, Material, Supplies	4,481,434	5,421,800	5,421,692	5,638,420	5,863,816	6,098,229	6,342,018	6,595,559	6,859,241
Contracted Services	3,116,121	3,487,874	2,715,505	2,782,785	2,862,163	2,935,830	3,021,992	3,102,872	3,196,713
Other Expenses	2,685,346	3,422,368	3,716,991	4,051,149	4,426,984	4,850,331	5,327,881	5,867,303	6,477,397
Total Operating Expenses	42,763,292	\$ 55,772,101	\$ 56,901,581	\$ 58,998,089	\$ 61,433,232	\$ 64,013,595	\$ 66,769,591	\$ 69,696,491	\$ 72,841,948
Surplus (Deficit)	11,938,600	12,755,926	13,312,781	4,445,243	(3,911,095)	(4,488,032)	(5,131,990)	(5,836,414)	(6,504,215)
Capital Reserve Transfer	(11,938,600)	(12,755,926)	(13,312,781)	(4,445,243)	-	-	-	-	-
Operating Balance	-	-	-	-	-	-	-	-	-

10-year Capital Plan Summary

The table below summarizes the capital program for FY2022 and beyond until FY2031. While projects advance the *Supporting Community Recovery* priorities, here their purpose is further organized by priorities of State of Good Repair, Value Added, Expansion, or Research and Development. The priority for capital investments is to maintain State of Good Repair as the highest priority, and Value Added and Expansion as the second highest priorities.

CAPITAL PROJECTS	FY2022 Budget	FY2023-FY2031 Program
State of Good Repair	\$9,750,000	\$82,809,300
Value Added	\$665,000	\$37,553,980
Research & Development	\$25,000	\$225,000
Expansion	\$1,250,000	\$146,917,406
TOTAL EXPENSES	\$11,690,000	\$267,505,686

FUNDING SOURCES	FY2022 Budget	FY2023-FY2031 Program
State & Federal Grants	\$11,288,931	\$115,862,450
Local Capital Reserve/Share	\$401,069	\$42,176,833
Unidentified Funding	\$0	\$109,466,403
TOTAL REVENUE	\$11,690,000	\$267,505,686

UNIDENTIFIED FUNDING PORTION	FY2022 Budget	FY2023-FY2031 Program
Unidentified Funding %	0%	41%

2022 Capital Budget

The table below lists the detailed capital program for FY2022. Details for each project can be found in the [Appendix](#).

Category	Project Description	FY2022
State of Good Repair	Vehicles	\$4,820,000
	Equipment	\$405,000
	Existing Facilities	\$4,290,000
	IT Hardware and Software Replacement	\$235,000
	Sub-total	\$9,750,000
Value Added	Technology Upgrades	\$450,000
	Bus Stop Improvements	\$215,000
	Sub-total	\$665,000
Research and Development	Emergent R&D Projects	\$25,000
	Sub-total	\$25,000
Expansion	Ypsilanti Transit Center: Planning & Design	\$1,100,000
	Blake Transit Center: Planning & Design	\$150,000
	Sub-total	\$1,250,000
Capital Costs Total		\$11,690,000

Capital expenditures are defined as assets purchased with an initial cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets include land, buildings, vehicles, and equipment, which are recorded at historical cost. Improvements expected to extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs are not capitalized.

10-Year Capital Plan

All figures in \$		FY22 Budget	FY23-31 Program										
Category	Project Description	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total	
STATE OF GOOD REPAIR	Vehicles	4,820,000	4,942,000	5,090,260	5,242,968	5,400,257	5,562,265	5,729,132	5,901,006	6,078,037	6,260,378	55,026,302	
	Equipment	405,000	345,000	321,000	409,000	412,000	425,000	501,000	516,030	531,511	547,456	4,412,997	
	Existing Facilities	4,290,000	5,040,000	2,690,000	2,690,000	2,690,000	2,690,000	2,690,000	2,690,000	2,690,000	2,690,000	30,850,000	
	Information Technology	235,000	435,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,270,000	
	Category Total	9,750,000	10,762,000	8,301,260	8,541,968	8,702,257	8,877,265	9,120,132	9,307,036	9,499,548	9,697,834	92,559,300	
VALUE ADDED	Technology Upgrades [ITS, TSP, Smart Card]	450,000	500,000	870,000	2,150,000	2,150,000	2,150,000	2,150,000	150,000	150,000	150,000	10,870,000	
	Zero-Emission Vehicles [Costs Pending Study]	-	-	-	-	-	-	-	-	-	-	-	
	Bus Stop Improvements	215,000	395,927	310,000	77,879	185,000	191,000	197,000	202,910	208,997	215,267	2,198,980	
	Bus Lane Planning & Construction	-	50,000	50,000	50,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	-	25,150,000	
	Category Total	665,000	945,927	1,230,000	2,277,879	7,335,000	7,341,000	7,347,000	5,352,910	5,358,997	365,267	38,218,980	
RESEARCH & DEVELOPMENT	Emergent R&D	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000	
	Category Total	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000	
EXPANSION	Bus Garage	Land Acquisition	-	-	-	1,000,000	-	-	-	-	-	1,000,000	
		Planning, NEPA, & Design	-	650,000	1,950,000	3,900,000	-	-	-	-	-	-	6,500,000
		Construction	-	-	-	-	43,333,333	21,666,667	-	-	-	-	65,000,000
		Garage Subtotal	-	650,000	1,950,000	4,900,000	43,333,333	21,666,667	-	-	-	-	72,500,000
	Ypsilanti Transit Center	Land Acquisition	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000
		Planning, NEPA, & Design	1,100,000	772,622	-	-	-	-	-	-	-	-	1,872,622
		Construction	-	-	10,396,523	5,198,261	-	-	-	-	-	-	15,594,784
	YTC Subtotal	1,100,000	1,772,622	10,396,523	5,198,261	-	-	-	-	-	-	18,467,406	
	Blake Transit Center	Planning, NEPA, & Design	150,000	150,000	-	-	-	-	-	-	-	-	300,000
		Construction Contribution	-	4,000,000	-	-	-	-	-	-	-	-	4,000,000
		BTC Subtotal	150,000	4,150,000	-	-	4,300,000						
	Bus Rapid Transit	Planning, NEPA, & Design	-	-	-	-	-	-	2,000,000	8,000,000	6,000,000	-	16,000,000
		Construction & Vehicles	-	-	-	-	-	-	-	9,150,000	11,150,000	16,600,000	36,900,000
		BRT Subtotal	-	-	-	-	-	-	2,000,000	17,150,000	17,150,000	16,600,000	52,900,000
	Category Total	1,250,000	6,572,622	12,346,523	10,098,261	43,333,333	21,666,667	2,000,000	17,150,000	17,150,000	16,600,000	148,167,406	
EXPENSE TOTAL	11,690,000	18,305,549	21,902,783	20,943,108	59,395,590	37,909,931	18,492,132	31,834,946	32,033,545	26,688,101	279,195,686		

Funding Sources	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	Total
FORECASTED:											
5307 Federal + State Match	6,161,713	9,786,770	17,722,114	7,675,182	7,770,698	7,431,189	7,691,469	7,916,342	9,355,050	9,629,479	91,140,004
5339 Federal + State Match	2,562,615	1,225,759	1,261,919	1,299,145	1,337,470	1,376,925	1,417,545	1,459,362	1,502,413	1,546,735	14,989,888
CMAQ Federal + State Match	2,089,604	1,667,790	1,716,990	1,767,641	1,819,786	1,873,470	1,928,737	1,985,635	2,044,211	2,104,516	18,998,381
5310 Federal + State Match	100,000	-	-	-	-	-	-	-	-	-	100,000
STBG Flex Federal + State Match	175,000	350,230	300,000	77,879	-	-	-	-	-	-	903,109
State Initiatives (TSP)	200,000	250,000	570,000	-	-	-	-	-	-	-	1,020,000
Local Capital Reserve/Share	401,069	5,025,000	331,760	10,123,261	26,571,811	25,000	25,000	25,000	25,000	25,000	42,577,902
UNIDENTIFIED:											
Other	-	-	-	-	21,895,825	27,203,347	7,429,382	20,448,607	19,106,870	13,382,372	109,466,402
REVENUE TOTAL	11,690,000	18,305,549	21,902,783	20,943,108	59,395,590	37,909,931	18,492,133	31,834,946	32,033,545	26,688,101	279,195,685

Sources of Capital Funding

The capital program is funded through a combination of local, state, and federal sources as listed at the bottom of the table on the previous page and summarized below for FY2022. Additional information is available in the *State and Federal Grants Primer*, see the [Appendix](#).

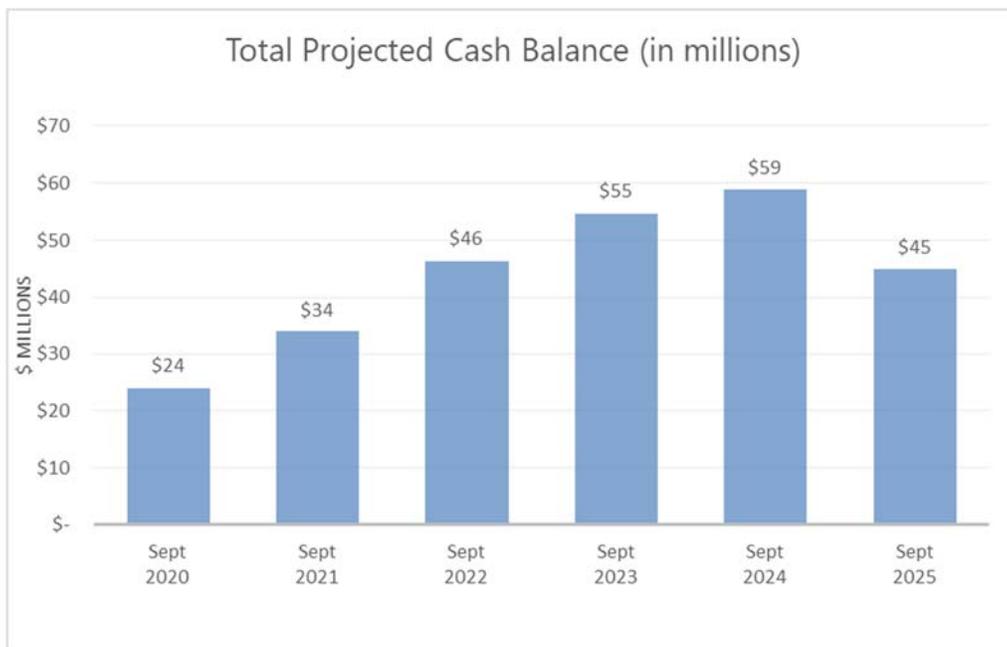
Sources of Capital Funds:	FY2022
<p>Local Capital Reserve/Share TheRide’s own cash and investments budgeted for YTC planning and research and development projects in FY2022. A capital reserve was established in FY2021 with local funds as a result of additional pandemic relief that has been and will be received.</p>	\$401,069
<p>Federal STBG Flex Federal Surface Transportation Block Grant (STBG) funding provided to states and localities for road projects. Washtenaw Area Transportation Study (WATS) has transferred a portion to FTA Section 5307 for pedestrian/bus stop improvements.</p>	\$140,000
<p>State Initiatives (TSP) State funding MDOT awarded for the Transit Signal Priority project, continuing work started last year. Project listed in the Technology Upgrades line.</p>	\$200,000
<p>State Capital Match State Comprehensive Transportation Fund (CTF) capital funding for 20% local share required by federally funded capital projects (STBG, 5307, 5310, 5339, CMAQ, Discretionary).</p>	\$2,217,786
<p>Federal 5307 Formula Federal urbanized formula support for transit capital projects. Supports state of good repair projects, technology upgrades, and YTC/BTC planning.</p>	\$4,929,370
<p>Federal 5310 Formula Federal formula for mobility of seniors and people with disabilities. Supports capital purchases and operating activities designed to serve these populations.</p>	\$80,000
<p>Federal 5339 Formula Federal formula for buses and bus facilities, will support state of good repair vehicle replacements and facility rehabilitations.</p>	\$2,050,092
<p>Federal CMAQ Federal highway funding for Congestion Mitigation/Air Quality (CMAQ) improvement, transferred by the Southeast Michigan Council of Governments (SEMCOG) for transit projects in Washtenaw County. Supports large bus replacements.</p>	\$1,671,683
<p>Unidentified/Discretionary A placeholder in the capital budget for federal discretionary awards, also known as competitive FTA grants, that will support capital projects.</p>	\$0
Total:	\$11,690,000

Impacts of 2022 Budget

Projected General Fund and Cash Balances

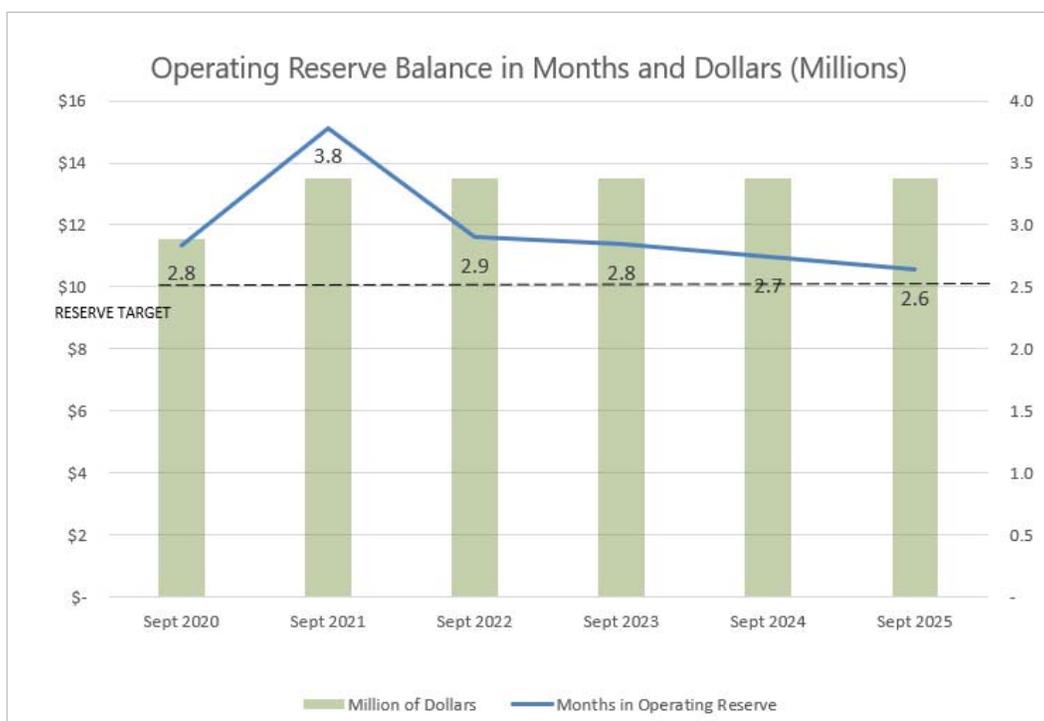
The fund balance will start the new fiscal year (October 1, 2021) near the net position of \$82 million with most assets in capital, cash, and investments. The FY2022 closing fund balance is expected to grow about \$13 million based on the projected FY2022 operating surplus amount and continuation of low liability balances. The growth in the fund balance is a direct result of the Board-approved strategy to establish a capital reserve with local funds as federal pandemic relief funds are utilized for operating purposes.

TheRide's cash balance will fluctuate through the year with the highest level in August and/or September and gradual spending over the fiscal year. See projected cash balances at the end of FY2021 to FY2025 (September) with the historical cash balance as of the end of FY2020.



Projected Operating Reserve Balance

The projected operating reserve is the cash and investment balance of the unrestricted net position on the statement of net position (balance sheet) that has been committed to operational use. TheRide expresses the reserve in terms of a dollar amount (balance) and the number of months of operations it can support. The Government Finance Officers Association (GFOA) recommends that reserve balances in the public sector should be able to support 2 to 3 months of operations. TheRide's target reserve balance is 2.5 months, which is \$11.6 million to support a \$55.8 million budget as recommended for FY2022. This target level is expected to be reached at the end of FY2021 with \$13.5 million projected as the operating reserve and is expected to be maintained until FY2025 to accommodate growing expenses through that time.



Projected Capital Reserve Balance

The projected capital reserve is the cash and investment balance of the unrestricted net position that has been committed to capital use. The capital reserve will be funded from local operating surplus dollars from FY2021 to FY2024 as federal pandemic relief funds are received for operating use. The below table represents the expected capital reserve funding timing, use of funds, and the remaining capital reserve balance from FY2021 to FY2026. See the 10-year Capital Plan for more details on the capital projects that will utilize these funds.

<i>In Thousands of Dollars</i>	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	Total
Capital Reserve Transfer (from Operating Surplus)	\$ 11,939	\$ 12,756	\$ 13,313	\$ 4,445	\$ -	\$ -	\$42,453
Capital Reserve Use	\$ -	\$ 401	\$ 5,025	\$ 332	\$ 10,123	\$26,572	\$42,453
Remaining Capital Reserve Amount	\$ 11,939	\$ 24,294	\$ 32,581	\$ 36,695	\$ 26,572	\$ -	\$ -

Impacts of Capital Investments on the Operating Budget

Capital investments can impose significant impacts upon the operating budget. These have been considered in development of the FY2022 budget and are summarized in this section.

- Large Bus Replacement:** TheRide awarded a contract to Nova Bus, a new vendor, in 2019 and 8 buses were ordered. These buses were delayed by the manufacturer due to the pandemic and the majority of the buses were received in August 2021, funded with prior-year capital dollars. For the FY2022 operating budget, higher costs were anticipated for investment in parts inventory and training for the new style of buses.

- **Bus Components:** Major bus components such as engines, transmissions, hybrid drives and batteries, and other major parts can be replaced as capital improvements to equipment. These capital investments are made to maintain a state of good repair in equipment, and result in lower maintenance costs.
- **Facilities Rehabilitations:** A backlog of preventive and corrective maintenance needs has resulted in increased operating expenses for service of HVAC systems and the roof. Replacement of these systems began in 2019 and will continue through 2023, resulting in lower ongoing maintenance costs when complete. Other facility rehabilitations, such as higher efficiency HVAC systems and lighting replacement campaigns will lower utility expenses when completed.
- **Facility Expansions:** Expansion and replacement of the Ypsilanti Transit Center, expansion of the Blake Transit Center, and an expansion of garage space are all priorities in the capital planning. While there is little operating impact for 2022, additional costs for contract services (security, snow removal, janitorial), and utilities which will be necessary once facilities are constructed.

APPENDICES

1. FY2022 Initiatives

This section provides descriptions of operating and capital initiatives that will help to advance the priorities of the *Supporting Community Recovery Plan* and achieve the Board's *Ends Policies*. Initiatives below are listed under the priorities of Supporting Community Recovery, Planning for the Future, Serving customers and Rebuilding Ridership and Modernizing TheRide.

Support community recovery: One of the major priorities of the TheRide in FY 2022 is to support the community recovery from the pandemic.

- **Service Recovery:** The recovery of pre-pandemic service will begin in August 2021 and should be complete in early FY 2022 (Policy 1.0).
- **Mobile Ticketing Assessment:** TheRide launched a pilot project for mobile ticketing called EZfare at the end of 2020. For 2022, in coordination with work on fare strategy, staff will evaluate the pilot project's results for adoption, including effects on promoting safer, socially distant fare payments, attracting new riders, equity impacts, and return on investment. (Policies 2.1, 2.2, 2.5.11, 3.2.9)

Planning for the Future:

- **2045 Long-Range Plan:** Development of a new long-term vision for public transit in the Ann Arbor/Ypsilanti area is needed to guide TheRide's future. TheRide will continue planning with our communities, riders, and stakeholders to create a service plan. (Policies 2.4, 2.5, 3.1.4)
- **Ypsilanti Transit Center and Blake Transit Center Planning:** TheRide will begin planning and design efforts for the replacement of the Ypsilanti Transit Center and expansion of the Blake Transit Center. See section 2 of the Appendix – FY2022 Capital Descriptions for further details. Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10, 2.12)

Serving Customers and Rebuilding Ridership: Providing safe, reliable services has been at the core of TheRide's mission. Most transit agencies lost most of their ridership during the pandemic. Rebuilding our ridership by providing genuinely attractive services and calming residual fears will be a key part of helping our communities. Key initiatives are:

- **Fare Change Proposal:** Based on the Fare Study and other strategic factors, the proposed fare changes have been included in this draft budget. The fare changes include reducing the daily and monthly bus passes, introducing a reduced day pass, and eliminating the NightRide and HolidayRide surcharge. See the proposed fare changes in the Fare Section (4) of the Appendices. (Policies 1.0, 2.5.12, 3.2.9)
- **GoldRide Service:** The premium GoldRide service will be restored as of August 2021 with a new fare structure as approved by the Board in 2021. See the fare structure in the Fare Section (4) of the Appendices. (Policies 1.0, 2.5.12, 3.2.9)

- **Customer Communications and External Relations Strategy:** Started in 2021 and planned for completion in 2022, TheRide will conduct a review of its approach to customer communications and external relations including updating priorities, clarifying roles, improving effectiveness, and ensuring appropriate resourcing. Functional areas to be covered include brand management, business development, social media management, sales, demand management, the GetDowntown program, and corporate communications. (Policies 2.1, 2.10)
- **Modernizing TheRide:** This priority ensures TheRide has a strong platform for delivering service in the community.
 - **Paratransit:** Continued work to bring efficiencies in A-Ride paratransit and related services will take place in 2022. The service transitioned from in-house operations to a third-party contractor in late FY2021. (Policies 1.1, 2.1.2)
 - **Timekeeping and Integrated HRIS and Payroll:** Staff initiated work to modernize and replace human capital management, timekeeping, and payroll systems in FY2020, and hired an outside expert to guide the project. The Operations Division began implementation of Trapeze OPS to streamline timekeeping-related functions, bidding, scheduling, and dispatching for Motor Coach Operators. For the rest of the organization, TheRide is procuring a provider for both HRIS and payroll, with implementation expected by the end FY2022. (Policies 2.2)
 - **Technology Upgrades:** State funds are programmed to continue work begun in 2022 on Transit Signal Priority along with technology upgrades (Policies 1.0, 2.1, 2.2, 2.4, 2.7).

Other notable initiatives in the Operating Budget:

- **FTA Triennial Review:** A three-year audit of TheRide's compliance with federal regulations is due in FY2022. See [FTA's website](#) for details. (Policies 2.0, 2.4, 2.7)

2. FY2022 Capital Descriptions

This section provides further details on the projects included in the **Capital Budget**. To be consistent with the Capital Budget, it is further organized by priorities of State of Good Repair, Value Added, Expansion, or Research and Development.

State of Good Repair: Board Policy 2.7 requires the CEO to ensure that the physical assets of TheRide are not risked or under-maintained. To meet this requirement and to comply with federal regulation, TheRide follows a comprehensive Transit Asset Management (TAM) Plan. Updated annually, this plan establishes performance targets to ensure state of good repair for the fleet, equipment, and facilities operated by TheRide and its grant subrecipients. FY2022 projects:

- **Vehicle Replacement:**
 - **Large Bus Replacement:** Eight large transit buses that have reached the end of their useful life will be replaced to maintain service levels and avoid additional maintenance costs. TheRide has resumed its fleet replacement schedule following a deferral in FY2021 due to the pandemic. The 8 clean-diesel replacement buses will be purchased under the current Nova Bus contract. Budget: \$4,400,000 (Policies, 2.1, 2.4, 2.7).
 - **Small/Medium Bus Replacement:** The purchase five small cutaway buses for the A-Ride paratransit service and one small bus for the GroceryRide shopping access service are planned to maintain TheRide's accessible mobility services fleet. The replacement vehicles will be procured in FY2022 in accordance with fleet replacement plans. Budget: \$420,000 (Policies 2.1, 2.4, 2.7).
- **Equipment:**
 - **Bus Components:** Vehicle refresh schedules call for replacement of bus components such as engines, transmissions, hybrid drives and batteries, seats, and other major parts needed to maintain the fleet in a state of good repair. Budget: \$305,000 (Policies 2.1, 2.4, 2.7).
 - **Shop Equipment:** A budget for replacement of maintenance equipment and tooling used by mechanics and service crew. Budget: \$100,000 (Policies 2.2, 2.4, 2.7).
- **Existing Facilities:**
 - **Facility Rehabilitation:** Funding is budgeted to address priority maintenance issues at The Dawn Gabay Operations Center (DGOC), the Blake Transit Center (BTC), the Ypsilanti Transit Center (YTC), and TheRide's park-and-ride lots. A backlog of maintenance needs at the DGOC will continue to be addressed, including administrative facility interior renovations and replacement of the HVAC systems and roof over the maintenance facility using funds set aside in 2020 and 2021. Budget: \$4,000,000 (Policies 2.1, 2.2, 2.4, 2.7).
 - **Architecture & Engineering:** Facility rehabilitation projects will be guided by architecture and engineering design consultants who will provide design, engineering, bidding support, and project management. Budget: \$250,000 (Policies 2.1, 2.2, 2.4, 2.7).

- **Furniture Replacement:** In the last several years, it has been a priority to replace outdated and poor condition furnishings at the DGOC. Significant progress has been made, and furniture replacements will continue to modernize workspaces, improve ergonomic function, and enhance TheRide’s objective to be a workplace of choice. Budget: \$40,000 (Policies 2.2, 2.4, 2.7).
- **Information Technology:**
 - **IT Hardware and Software Replacements:** Capital funds are budgeted for the replacement of obsolete or at-risk computers, servers, software, fare collection equipment, and other technology infrastructure aboard buses and in facilities. Budget: \$235,000 (Policies 2.1, 2.2, 2.4, 2.7).

Value Added: Projects in this category are focused on finding innovative ways to enhance services, or an existing part of TheRide’s operations. Projects include:

- **Technology Upgrades:** State funds are programmed for the Transit Signal Priority project, and additional IT infrastructure investments in switches, firewalls, storage systems, and network monitoring software are planned. Budget: \$450,000 (Policies 1.0, 2.1, 2.2, 2.4, 2.7).
- **Bus Stop Improvements:** Each year investment is needed for replacement and improvement of bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities, all with an eye toward ensuring accessibility for riders with disabilities. Staff are coordinating with WATS and Washtenaw County staff to prioritize and plan enhancements along Washtenaw Avenue and throughout TheRide’s service area. Budget: \$215,000 (Policies 2.1, 2.4, 2.7, 2.10).

Research and Development: Capital funds are reserved for new projects that may develop in 2022. This is a budget placeholder for exploratory projects that could advance the organization’s Ends by leading to new services, infrastructure, or business relationships. Budget: \$25,000 (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10).

Expansion: Projects in this category add capacity to implement new services or add other capacities to the organization.

- **Ypsilanti Transit Center and Blake Transit Center Planning:** Applications for discretionary federal and state funding to replace and expand the YTC were, unfortunately, not selected for funding by FTA in 2019 or 2021. TheRide will continue to work on replacement and expansion of this facility by conducting planning studies in FY2022 and utilizing local funds. The Construction Policy (2.12) adopted by the Board in 2020 will be followed for next steps, which could include future grant applications. TheRide also budgeted for Blake Transit Center planning in coordination with the City of Ann Arbor, which owns the property adjacent to the BTC. We are hopeful that these discussions will move toward allowing a small expansion of the BTC on this parcel. Budget: \$1,250,000 (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10)

3. Contracts

The Board’s Executive Limitations Policy (Policy 2.5.6) authorizes the CEO to award contracts with a value up to \$250,000 and disallows the splitting of purchases or contracts into smaller amounts to avoid this limitation. Listed below are the contracts that are anticipated to be awarded in FY2022. When adopting the budget, the Board may opt to accept all contracts with a value greater than \$250,000 as listed by including them in the budget adoption or may call out specific contracts that the Board wishes to consider for deliberation before acceptance. The largest contract to be awarded in FY2022 is for the maintenance roof replacement project.

CONTRACT DESCRIPTION	CURRENT PROVIDER	RENEWAL DATE	VALUE OF AWARD (ESTIMATED)	FY2022 BUDGETED EXPENSE
Maintenance Roof Replacement	New	10/1/2021	\$ 5,000,000	\$ 2,000,000
Vanpool Services (5 Year Agreement)	Enterprise	6/30/2022	4,035,000	725,000
D2A2 Express Bus Service	Indian Trails, Inc., dba Michigan Flyer, LLC	12/31/2021	2,500,000	2,110,000
Gasoline and Diesel Fuel	Multiple Providers	10/1/2021	2,400,000	2,400,000
Ypsilanti Transit Center Planning	New	10/1/2021	1,872,622	1,100,000
Blake Transit Center Planning	New	10/1/2021	300,000	150,000
Unarmed Security Guard Services	D.K. Security	4/1/2022	1,090,000	218,200
Transit Signal Priority Project	New	10/1/2021	1,020,000	200,000
Bus Engines and Installation	Cummins	10/1/2021	1,000,000	250,000
HVAC Services	Dunbar	9/13/2022	700,000	175,000
Uniforms for Transit Employees	Superior Uniform Sales	8/1/2022	697,000	140,000
Small/Medium Bus Replacement	New	10/1/2021	420,000	420,000
Bus Stop Shelters and Concrete Pads	Saladino	6/16/2022	328,000	40,000
Employee Benefits and Consulting Services	Gallagher Benefit Services	7/1/2022	300,000	60,000
Park& Ride Lot Repairs	New	10/1/2021	300,000	300,000
Retirement Investment Advising and Consulting	Action Point Retirement Group	12/1/2021	270,000	45,000
Survey Research Services	CJI Research Group	8/25/2022	250,000	140,000

4. Fares

The fare table presents current-year fares and proposed fares for the new fiscal year. The proposed fare changes that would be effective at the beginning of 2022 are highlighted below.

FIXED ROUTE FARES		
	Current FY2021	Proposed FY2022
Cash Fares		
Full Fare Cash	\$1.50	\$1.50
Transfer	Free	Free
Reduced Cash Fares		
Youth (Grades K-12)	\$0.75	\$0.75
Children (5yrs & Younger)	Free	Free
Fare Deal Card	\$0.75	\$0.75
A-Ride Card	Free	Free
GoldRide Card	Free	Free
Passes and Tokens		
Day Pass	\$4.50	\$3.00
Reduced Day Pass	N/A	\$1.50
30 Day Pass	\$58.00	\$45.00
30 Day Value Pass (Senior)	\$29.00	\$22.50
30 Day Value Pass (Income Elig.)	\$29.00	\$22.50
30 Day Value Pass (Disability)	\$29.00	\$22.50
30 Day Value Pass (Student)	\$29.00	\$22.50
Full Fare Token	\$1.50	\$1.50
Reduced Fare Token	\$0.75	\$0.75

SPECIAL SERVICES FARES		
	Current FY2021	Proposed FY2022
GroceryRide		
GroceryRide	\$0.75	\$0.75
NightRide		
NightRide (Full Fare)	\$5.00	\$5.00
NightRide (go!Pass)	\$3.00	\$3.00
NightRide (Reduced Fare)	\$2.50	\$2.50
NightRide (Surcharge/outside A2)	\$2.00	\$0.00
NightRide (Child age 5 & under)	Free	Free

SPECIAL SERVICES FARES (CONTINUED)		
HolidayRide		
HolidayRide (Full Fare)	\$5.00	\$5.00
HolidayRide (go!Pass)	\$3.00	\$3.00
HolidayRide (Reduced Fare)	\$2.50	\$2.50
HolidayRide (Surcharge/outside A2)	\$2.00	\$0.00
HolidayRide (Child age 5 & under)	Free	Free
FootballRide		
One-Way	\$1.50	\$1.50
Round Trip	\$3.00	\$3.00

EXPRESSRIDE FARES		
	Current FY2021	Proposed FY2022*
Cash Fares		
One-Way Cash	\$6.25	\$6.25
Transfer from Fixed Route	\$4.75	\$4.75
Passes and Tickets		
30 Day Commuter Pass	\$125.00	\$125.00
10-Ride Ticket	\$62.50	\$62.50
Reduced Passes		
Mride	\$62.50	\$62.50
go!Pass	\$62.50	\$62.50
*ExpressRide service has been suspended due to the pandemic.		

A-RIDE FARES		
	Current FY2019	Proposed FY2021
Cash Fares		
Advance Reservation	\$3.00	\$3.00
Same Day Reservation	\$4.00	*\$4.00
Will Call return Trip	\$3.00	\$3.00
Companion Fare	\$3.00	\$3.00
Companion Fare (Youth K-12)	\$1.50	\$1.50
Companion Fare (Age 5 & Under)	Free	Free
Personal Care Assistant	Free	Free
Scrip Coupons		
Booklet of 10	\$30.00	\$30.00
*Same day reservation has been suspended due to the pandemic.		

AIRRIDE FARES		
	Current FY2021	Proposed FY2022
Advance Reservation		
Standard One-Way Fare	\$12.00	\$12.00
Standard Round Trip	\$22.00	\$22.00
Seniors One-Way	\$6.00	\$6.00
Seniors Round Trip	\$11.00	\$11.00
Disabled One-Way	\$6.00	\$6.00
Disabled Round Trip	\$11.00	\$11.00
Youth (Ages 2-17) One Way	\$6.00	\$6.00
Youth (Ages 2-17) Round Trip	\$11.00	\$11.00
Walk-On Fares		
Standard One-Way Fare	\$15.00	\$15.00
Seniors	\$7.50	\$7.50
Disabled	\$7.50	\$7.50
Youth (Ages 2-17)	\$7.50	\$7.50

D2A2 FARES		
	Current FY2021	Proposed FY2022
Advance Reservation		
Standard One-Way Fare	\$6.00	\$6.00
Senior/Disability One-Way Fare	\$4.00	\$4.00
Book of 10 Rides (\$5 Each Trip)	\$50.00	\$50.00
Walk-On Fares		
Standard One-Way Fare	\$8.00	\$8.00
Senior/Disability One-Way Fare	\$4.00	\$4.00

FLEXRIDE FARES		
	Current FY2021	Proposed FY2022
FlexRide Fares		
Standard Adult One-Way	\$1.00	\$1.00
Students (K-12, ages 6-18)	\$0.50	\$0.50
Children (Age 5 & Under)	Free	Free
Fare Deal Card	\$0.50	\$0.50
A-Ride Card	Free	Free
GoldRide Card	Free	Free
30-Day Value Pass (Fare Deal)	Free	Free

5. State and Federal Grants Primer

The following provides a brief description of federal and state funding sources.

Federal Funding

Requirements: To be eligible for federal funding, projects must be included in a long-range plan (20-years) and four-year Transportation Improvement Program (TIP) approved by the Federal Transit Administration (FTA). Each is first approved by the Washtenaw Area Transportation Study (WATS), the Southeast Michigan Council of Governments (SEMCOG), and the Michigan Department of Transportation (MDOT). There are many other federal requirements, particularly dealing with award management and procurement. FTA conducts a compliance audit every three years (Triennial Review) and the AAATA submits annual applications for grant awards for approval by the FTA.

Funding for Urban Service

Section 5307 and 5339 Formula Funds: Urbanized area formula funds are appropriated annually by Congress to the FTA, which apportions Sec. 5307/5339 funding to the Ann Arbor urbanized area. The apportionment of FY2021 funds available for budgeted activities in FY2022 and subsequent years is about \$7.9 million in Sec. 5307 funds and \$0.9 million in Sec. 5339 funds. The Regional Transit Authority (RTA) is the Designated Recipient of formula funds and has the authority to approve AAATA applications for these funds (as the Direct Recipient). By law, the funds can only be spent in the Ann Arbor urbanized area.

- **Capital Funding:** Sec. 5307 and 5339 funds are primarily available for capital asset procurement. The federal share is 80% for most capital projects. Funds apportioned in one year are available for three (Sec. 5339) or five (Sec. 5307) additional years, which provides the AAATA with some flexibility to manage its capital program (e.g., funds may be held and combined with other annual appropriations for a larger capital purchase).
- **Operating Assistance:** The amount of Sec. 5307 funding eligible for operating assistance is limited by law. AAATA is currently able to use up to about \$4.3 million in federal formula 5307 funds for urban operating assistance per year at a 50% federal share. If the full amount of eligible funding is not utilized for operating budget, the remaining amount is able to be used for capital purposes. In addition, there are other limited categories of operating expenses which are eligible for grant funding—preventive maintenance, capital cost of contracting, and planning—at 80% federal funding.

Discretionary Funding: There are other discretionary federal grant programs from which the AAATA has the opportunity to receive funding. Discretionary spending is subject to the appropriations process, whereby Congress sets a new funding level for each fiscal year. Typically, these funds are awarded on a competitive basis, in which recipients submit projects for consideration and award. These include:

- **Capital Investment Grants (Section 5309):** Discretionary funds awarded in a competitive application process to fund major transit investments for rail projects and bus rapid transit.

- Buses and Bus Facilities and Low or No Emission Grants (Section 5339 Discretionary): The Sec. 5339 program includes two competitive grant opportunities. 5339(b) funds are awarded for the purchase of buses and related equipment, and to rehabilitate or build bus-related facilities. 5339(c) grants support low and zero-emission vehicle projects.
- RAISE (Rebuilding American Infrastructure with Sustainability and Equity): This USDOT program, formerly known as BUILD and TIGER, awards funds on a competitive basis for investment in transportation infrastructure. Funding can support roads, bridges, transit, rail, ports, and intermodal transportation for projects that have significant local or regional impact.
- CMAQ (Congestion Mitigation and Air Quality Improvement): Southeast Michigan receives an annual allocation of CMAQ funds authorized by the Clean Air Act, for which SEMCOG conducts a competitive application process. AAATA is an eligible applicant. If successful, funds are transferred to FTA from the Federal Highway Administration (FHWA) for administration. For FY2022, a CMAQ grant for \$1.6 million for replacement buses has been programmed.
- JARC (Job Access/Reverse Commute) and New Freedom: These two programs provided formula funds for work transportation and transportation for people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) from 2006-2012. The programs have since expired; however, New Freedom has been incorporated into the Section 5310 formula program. AAATA has one active grant, which is being used for mobility management services until the grant is ready for closeout in 2022.

Planning: Planning activities in the AAATA planning work program are eligible for grant funding. SEMCOG and WATS each pass through to AAATA about \$50,000 per year. As access to regional planning funds increased, the use of formula grant funds (Section 5307) for planning was phased out in FY2020 to focus investment of these funds into capital assets

Section 5310: Formula funds for “Enhanced Mobility for Seniors and People with Disabilities” are apportioned annually to the Ann Arbor urbanized area, which the RTA allocates through a competitive call for projects and AAATA is responsible for administering. Funds are eligible to be used for traditional purposes such as replacement of vans and buses, and for non-traditional purposes such as operating assistance and mobility management. AAATA works with the RTA, WATS, and local non-profit agencies through the Washtenaw Transportation Coordinating Council (TCC) to coordinate the use of funds.

Funding for Nonurban Service

Operating Assistance (Section 5311): AAATA passes through federal operating assistance funds for service outside of the urbanized area that is allocated by the Michigan Department of Transportation (MDOT). MDOT receives a single statewide federal grant and distributes it to eligible agencies. For the last several years, the Sec. 5311 rate has been about 18% of nonurban operating expenses, with an additional 18% provided from pandemic relief funding for FY2020-2022. AAATA passes these funds to Western Washtenaw Area Value Express (WAVE) and People’s Express to fund their service in the nonurban area.

Capital Assistance: Federal, nonurban capital assistance comes through MDOT which submits a single statewide application to the FTA. WAVE and People’s Express are eligible to apply directly and have

received and managed their own grants for buses and equipment. AAATA has not received federal non-urban capital assistance.

Federal Pandemic Relief Funds

A total of \$62.8 million in reimbursable federal relief funding is 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)
- \$26,338,769 in American Rescue Plan (ARP) funding (anticipated after RTA split – 5%)

This federal aid was provided to help agencies respond to the pandemic and maintain transit services while facing lost revenue and increased expenses for Personal Protective Equipment (PPE), cleaning and sanitation supplies, increased janitorial services, paid employee leave, and other costs. The funding was apportioned to TheRide through the Sec. 5307 program and is available for 100% share of eligible operating expenses.

State Funding

Requirements: AAATA is required to submit an annual application for operating and capital assistance by February each year for the next fiscal year (beginning in October). At some point the RTA may submit a combined application including AAATA, but so far, the AAATA application is submitted separately to RTA and MDOT at the same time.

Statutory Operating Assistance – Urban: Each year, MDOT provides urban operating assistance equal to a fixed percent of eligible expenses. The maximum authorized level is 50% of eligible expenses. The actual amount is much lower, about 32%. The percentage depends first on the amount of funding appropriated by the legislature. It also depends on the eligible expenses of all the transit systems in the state because the funds are distributed among them at the same percent of eligible operating expenses. These funds for all southeast Michigan, including Ann Arbor, may go to the RTA for distribution in the future, and they could change the distribution formula.

Statutory Operating Assistance – Nonurban: For service outside of the urban area, state operating assistance works the same way, but the percentage is different. The maximum authorized level is 60% of eligible expenses; the actual amount has been about 38%. The AAATA applies for and receive funds to pass through to WAVE and People's Express for their service in the nonurban area.

Matching Funds for Capital Grants: MDOT provides all or part of the match for federal capital grants (e.g., Sec. 5307, 5339, 5310, CMAQ, discretionary). Historically, MDOT has always provided the entire 20% local (non-federal) share for capital grants, so no local funds were required. By law, MDOT is only required to provide 2/3 of the non-federal share.

Specialized Service: MDOT provides limited funds for service for seniors and people with disabilities. The Washtenaw County allocation has remained at about \$200,000 per year since 2020. About \$110,000 per year pays a portion of the cost for eligible demand response trips in the AAATA service area. The AAATA also administers or passes these funds through to private, non-profit service providers in the County.

6. Adopting Resolution

Resolution 11/2021

ADOPTION OF FY 2022 OPERATING AND CAPITAL 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 on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a 2022 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context;

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

WHEREAS, the AAATA is required to submit the capital program for FY 2022 to the Federal Transit Administration (FTA) as part of the annual application for FY 2022 federal funding, and

WHEREAS, the AAATA is required to submit the capital program for FY 2022 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY 2022 state funding.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the AAATA FY2022 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$55,772,101** for operations.
- **\$11,690,000** for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY 2020-2023 TIP, of which FY 2023 and beyond are subject to amendment in future years.

Eric A. Mahler, Chair

September 23, 2021

Kyra Sims, Secretary

September 23, 2021

7. Glossary

A-Ride – A shared ride ADA paratransit service that supplements the fixed route bus service operated by TheRide.

Accounting System – The total structure of records and procedures which identify, record, classify, summarize, and report information on the financial positions and results of operations of a government.

Accrual Basis of Accounting – The method of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

ADA – See Americans with Disabilities Act.

AirRide – A commuter bus service operated as a public-private partnership with Michigan Flyer between Ann Arbor and the Detroit Metro Airport.

Americans with Disabilities Act (ADA) – This federal act gives civil rights protections to individuals with disabilities that ensure equal opportunity and access and prohibit discrimination.

Appropriation – An authorization made by the Board of Directors to make expenditures of resources for specific purposes within a specific time frame.

Assessed Value – The current market value of real estate as determined by city and township treasurers' offices.

BTC – An acronym for the Blake Transit Center, TheRide's passenger terminal in downtown Ann Arbor.

Balanced Budget – A budget in which revenues are equal to or greater than expenditures.

BikeShare – Public bike sharing service in which bicycles are made available for shared use to individuals on a short-term basis for a fee.

Budget – A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures to fund services in accordance with adopted policy.

Budget Year – The fiscal year for which the budget is being considered, that is, the fiscal year following the current year. TheRide's fiscal year is October 1 through September 30.

CAFR – See Comprehensive Annual Financial Report.

Capital – Wealth in the form of money or other assets owned by TheRide, or available or contributed for a particular purpose.

Capital Budget – The annual plan of appropriations for the amount necessary to carry out capital project expenditures during the year budgeted.

Capital Outlay – Expenditures which result in the acquisition of, or addition to, fixed assets. Any item with an expected useful life of more than five years and a value of more than \$5,000 (such as a vehicle, equipment, or facility) is considered a capital outlay.

Capital Program – The annual updated plan or schedule of project expenditures with estimated project costs, source of funding, and timing of work over a ten-year period. For financial planning and general management, the capital program is a plan of work and expenditures and is the basis for annual appropriations.

Capital Project – A governmental effort involving expenditures and funding for the creation of usually permanent facilities and other public assets having a relatively long life. Certain planning studies, consultant fees, vehicles, major equipment, furniture, and fixtures necessary to operate facilities may also be considered part of capital projects.

CARES Act – Federal law enacted by Congress in April 2020 to provide economic relief in response to the COVID-19 pandemic. CARES is an acronym for the Coronavirus Aid, Relief, and Economic Security Act.

CEO – See Chief Executive Officer

Chart of Accounts – A uniform list of accounts that standardizes accounting and supports the preparation of standard external reports. It assists in providing control over all financial transactions and resource balance.

Chief Executive Officer – The highest-ranking staff member at TheRide, ultimately responsible for managerial decisions to carry out the Board’s expectations for TheRide.

Constituents – This word means a “part of a whole.” In the context of local governments like TheRide, constituents are the people who are legal or moral owners of the TheRide.

Comprehensive Annual Financial Report (CAFR) – The official annual report of a government.

Costing Center – The smallest unit for which costs are collected and reported upon.

COVID-19 – A disease caused by a new strain of coronavirus which emerged in humans in 2019 and caused a global pandemic in 2020. ‘CO’ stands for corona, ‘VI’ for virus, and ‘D’ for disease.

COVID-19 Recovery Plan – A multi-year plan that establishes the strategic priorities for the budget in response to the coronavirus pandemic which emerged in 2020.

CRRSA – A secondary stimulus federal law enacted by Congress on December 27, 2020, to provide economic relief in response to the COVID-19 pandemic. CRRSA is an acronym for the Coronavirus Response and Relief Supplemental Appropriations Act.

Current Year – The fiscal year immediately preceding the fiscal year for which the budget is being prepared.

D2A2 – Shorthand for “Detroit to Ann Arbor,” name for commuter bus service between the two cities jointly operated by TheRide and RTA.

Debt – Money that is owed or due to another party typically from borrowing or bonding activities; does not include short term payables.

Deficit – The amount by which budget outlays exceed receipts for a given period, usually a fiscal year.

Demand Response – Public transit service in which passenger trips are generated by calls from passengers to schedule trips with a transit operator, who then dispatches a vehicle to perform the trip.

Department – A categorization of organizational unit, indicating management responsibility for an operation or a group of related operations within a functional area, subordinate to the division level of organizational unit.

Depreciation – An allocation made for the decrease in value of physical assets through wear, deterioration, or obsolescence.

Disbursement – The expenditure of monies from an account.

Distinguished Budget Presentation Award Program – A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Division – A major administrative unit which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Ends – Board policies that define the results, outcomes, or benefits that the organization should achieve for specific beneficiaries at a certain cost or relative priority; from Policy Governance.

Executive Limitations – Board policies that put out-of-bounds operational means that are illegal, imprudent, unethical, or outside of the will of the Board of Directors; from Policy Governance.

Expenditure – The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate an obligation. Where accounts are kept on an accrual or modified accrual basis, expenditures are recognized whether or not cash payment has been made. Where accounts are kept on a cash basis, they are recognized only when cash payments have been made.

Expense – The outflow of assets or the incurring of liabilities (or both) during a period as a result of rendering services, delivering or producing goods, or carrying out other normal operating activities.

Fare – the money a passenger pays to use transit services.

Fare Media – The transit industry’s term for the cards, passes, tickets, tokens, and mobile device applications used to pay for rides on transit services.

Fiscal Year – Any yearly accounting period, regardless of its relationship to a calendar year. The fiscal year for the AAATA begins on October 1 of each year and ends on September 30 of the following year; it is designated by the calendar year in which it ends. For example, the fiscal year 2022 begins on October 1, 2021 and ends on September 30, 2022.

Fixed Assets – Assets of a long-term character which are intended to continue to be held and used. Examples of fixed assets include items such as land, buildings, vehicles, computer hardware, furnishings, and equipment.

Fixed-Route Bus – A form of public transit bus service that does not regularly deviate from a defined course or schedule.

FlexRide – A shared-ride service operating on-demand in limited-service areas to connect passengers to their destinations or by transfer to the fixed route bus system.

Fringe Benefits – For budgeting purposes, fringe benefits are employer payments for social security, retirement, group health, dental, disability, and life insurance.

FTE – See Full-Time Equivalent.

Full-Time Equivalent (FTE) – A measure of authorized personnel calculated by dividing hours of work per year by the number of hours worked per year by a full-time employee.

Fund – A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out specific activities or attaining certain objectives. TheRide has one general fund.

Fund Balance – Used to describe the net position of governmental funds calculated with GAAP; net position is calculated as assets minus liabilities.

FY – See Fiscal Year.

GAAP – See Generally Accepted Accounting Principles.

GASB – See Governmental Accounting Standards Board.

General Fund – The general operating fund that is used to account for all financial resources except for these required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards for financial accounting and recording encompassing the conventions, rules, and procedures that define accepted accounting principles as determined through common practice or as promulgated by the Governmental Accounting Standards Board, Financial Accounting Standards Board, or various other accounting standard-setting bodies.

GFOA – An abbreviation for Government Finance Officers Association.

GoldRide – A service provided to non-disabled people age 65 and older which allows free travel on fixed route buses and shared-ride trips in sedans and small buses.

Governmental Accounting Standards Board (GASB) – An organization established to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities.

Grant – A county, state or federal financial assistance award making payment in cash or in kind for a specified program.

HVAC – An abbreviation for heating, ventilation, and air conditioning equipment.

Infrastructure – The physical assets of AAATA (facilities, bus stops, shelters, bike racks, etc.) upon which the continuance and growth of service depend.

Intergovernmental Revenues – Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.

Investments – Capital held for the production of revenues in the form of interest, dividends, rentals, or lease payments.

Levy – (Verb) To impose taxes or special assessments for the support of governmental activities. (Noun) The total amount of taxes or special assessments imposed by a government.

Liabilities – Debts or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.

Long-Term Debt – Debt with a maturity of more than one year after the date of issuance.

MCO– See Motor Coach Operator.

Michigan Uniform Budgeting and Accounting Act – State law passed in 1968 known as Act 2, to establish uniform charts of accounts and reports in local units of government.

Millage – A millage rate is the tax rate used to calculate local property taxes and represents the amount per every \$1,000 of a property’s assessed value.

Mobility – The ability to move or be moved freely and easily. The ability to change one’s social or socioeconomic position in a community and to improve it.

Modernizing or Modernization – A strategic initiative to bring systems, policies, procedures, and practices to an improved state of excellence.

Motor Coach Operator – A bus driver.

MyRide – A mobility management service that provides coordination of transportation services for individual riders within a network of services in Washtenaw County and select areas of Jackson, Lenawee, Livingston, Monroe, Oakland, and Wayne counties.

Obligations – Amounts which a government may be required legally to meet out of its resources. They include not only actual liabilities, but also un-liquidated encumbrances.

Operating Budget – See Budget.

Operating Expenditures – Costs other than capital outlays and depreciation. Examples of operating expenditures include salaries and fringes, office supplies, telephone expense, consulting or professional services, and travel expenses.

Other Expenses – In a summary analysis of expense types, this refers to all expenses not included within specifically defined categories. Within TheRide’s operating budget this category consists of utilities, phone service, insurance premiums, postage, dues and subscriptions, conference travel and meetings expenses, media costs, employee development, employee appreciation, recruiting, Guaranteed Ride Home Program reimbursements, and equipment and parking lot lease payments.

PPE – Acronym for Personal Protective Equipment. Refers to protective clothing, helmets, gloves, face shields, goggles, masks, respirators, and other equipment designed to protect the wearer from injury or exposure to infection or illness.

Pandemic – A disease outbreak that spreads across countries or continents, as compared to an epidemic, which is a disease outbreak affecting a large number of people within a contained area.

Paratransit – A type of scheduled or on-demand transit service that supplements the fixed-route system by providing access for people with disabilities who are unable to use the fixed-route system.

Passenger – An individual on board, boarding, or alighting from a vehicle used in public transportation, not including the transit operator, employees, or contractors who are onboard to provide service.

Pension – A regular payment made during a person’s retirement from an investment fund to which the individual or their employer has contributed during their work life.

Per Capita – Per unit of population; by or for each person.

Performance Measurements – See Management Indicators.

Permanent Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of longer than one year, whose compensation is derived from administrative personnel position classifications.

Personnel (Costs) – Expenditures which include salary costs for full-time, part-time, hourly, and contract employees; overtime expenses; and all associated fringe benefits.

POFA – Acronym for “Purchase of Fare Agreement;” a third-party contract with a party that purchases fares from TheRide, either through the sale of fare media or the use of third-party issued photo identification cards.

Policy Governance – An integrated board leadership paradigm created by Dr. John Carver designed to empower boards of directors to fulfill their obligation of accountability for governance.

POSA – Acronym for “Purchase of Service Agreement;” a third-party contract with a township to provide public transportation services in the township funded by the general revenues of the township.

Prior Year(s) – The fiscal year(s) immediately preceding the current year.

Program Area – A group of activities and/or work programs based primarily upon measurable performance.

Projections – Estimates of budget authority, outlays, receipts, or other budget amounts extending several years into the future. Projections are generally intended to dictate the budgetary implications of existing or proposed programs.

Property Tax – A tax levied on all real and certain personal property, tangible and intangible, according to the property’s assessed valuation.

Public Transportation – Regular and continuing general or special transportation provided to the public, not including school buses or charter, intercity bus, or rail service provided by the private sector.

Purchase Order – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of charge for them.

Purchased Transportation – Transportation service provided to TheRide from a public or private transportation provider based upon a written contract.

Reimbursement – A sum (1) that is received by the government as a repayment for commodities sold or services furnished either to the public or to another government account and (2) that is authorized by law to be credited directly to specific appropriation and fund accounts.

Reserve – The unrestricted net assets from TheRide’s financial statements.

Resolution – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue – Monies received or collected by TheRide as income, including such items as tax payments, passenger fares, fees from specific services, receipts from other governments, and interest income.

Revenue Hours/Miles – The time (hours) or distance traveled (miles) when a vehicle is available to the general public for the carrying of passengers; a key measure of service provided by a transit agency.

Revision – Shifting of all or part of the budget authority in one appropriation or account to another, as specifically authorized by law.

Self-Insurance – Refers to participation in a self-insurance fund. Self-insurance allows an organization to closely realize its actual claim experience, as well as pool its insurance buying power with other participating agencies.

Surplus – The amount by which TheRide’s budget receipts exceed its budget outlays for a given period, usually a fiscal year.

TIP – Acronym for Transportation Improvement Program, a federally-required 4-year program of projects for federal funding.

Tax Base – All forms of wealth under TheRide’s jurisdiction that are taxable.

Tax Rate – The amount levied per \$1,000 of assessed property value on property.

Temporary Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of less than one year.

Transfer – See Revision.

User Fees – Payments for direct receipt of a public service by the party benefitting from the service. Also known as user charges. Fares are an example.

YTC – An acronym for the Ypsilanti Transit Center, TheRide’s passenger terminal in Ypsilanti.

Draft Budget

FY2022 Operating & Capital Budget

Dina Reed
Deputy CEO, Finance and Administration
dreed@theride.org

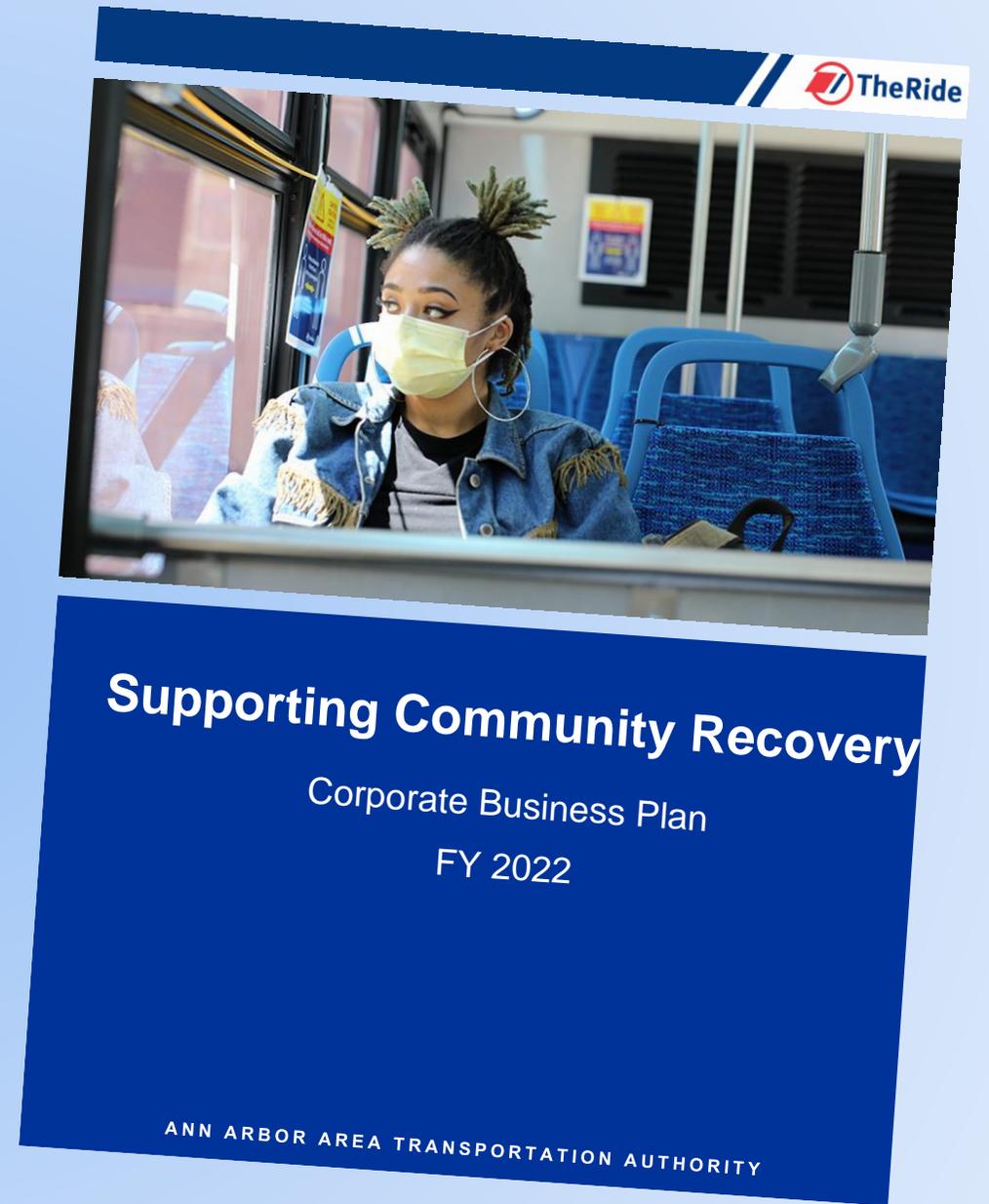
LaTasha Thompson
Finance Manager
lthompson@theride.org



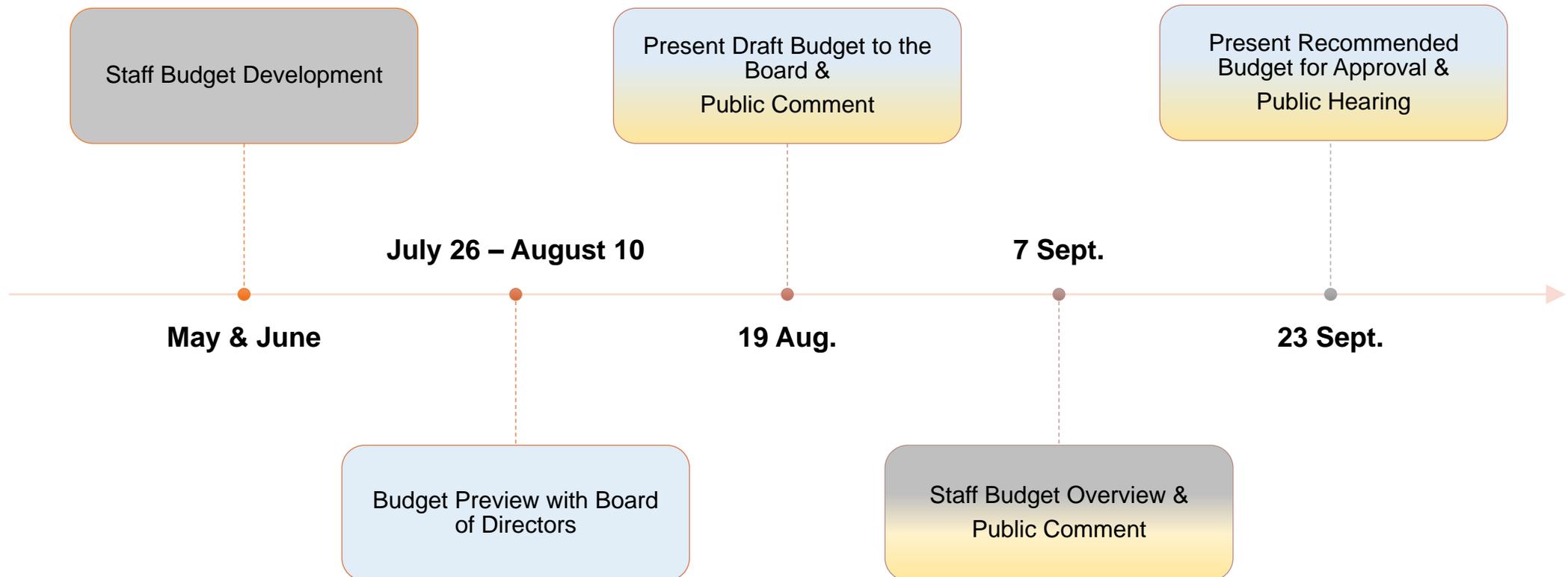
Agenda

- FY2022 Budget Introduction
 - FY2022 Budget Timeline
 - Budget Highlights
- FY2022 Draft Budget
 - FY2022 Operating Budget
 - FY2022 Capital Budget
 - Conclusions

FY2022 Budget Introduction



FY2022 Budget Timeline



The Budget Follows Policies and Best Practices

Board Policies for Financial planning and budgeting:

Is developed using sound financial practices,

Incorporates strategic and multi-year planning,

Uses practices that meet generally accepted accounting principles,

Complies with federal, state, and local regulations,

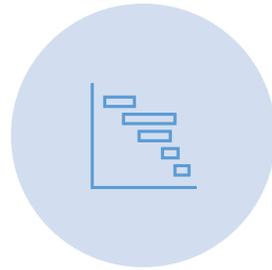
Details practices of handling cash and investments; and

Seeks authorization when adjusting passenger fares, property tax rates, or buying or selling real estate.

The Budget is Aligned with the Business Plan and Advances Board Ends



SUPPORTING
COMMUNITY
RECOVERY



PLANNING FOR THE
FUTURE



SERVING
CUSTOMERS



MODERNIZING
TheRide

The budget provides for restoring services to pre-pandemic levels as part of helping our communities return to normal as we emerge from the pandemic. Operating expenses are rising proportionately.

Key Messages

While increasing costs and reductions in revenue put pressure on our budget, pandemic relief funds provide short-term relief and provide the TheRide the opportunity to:

-  Fully serve our community as it recovers from the pandemic
-  Plan, design and fund capital projects for facilities projects critically important for service to our communities
-  Evaluate projections and recommend solutions for the structural deficit and future funding (i.e. mill rate for 2022)
-  Be financial stable with a balanced FY2022 Budget

Budget Highlights

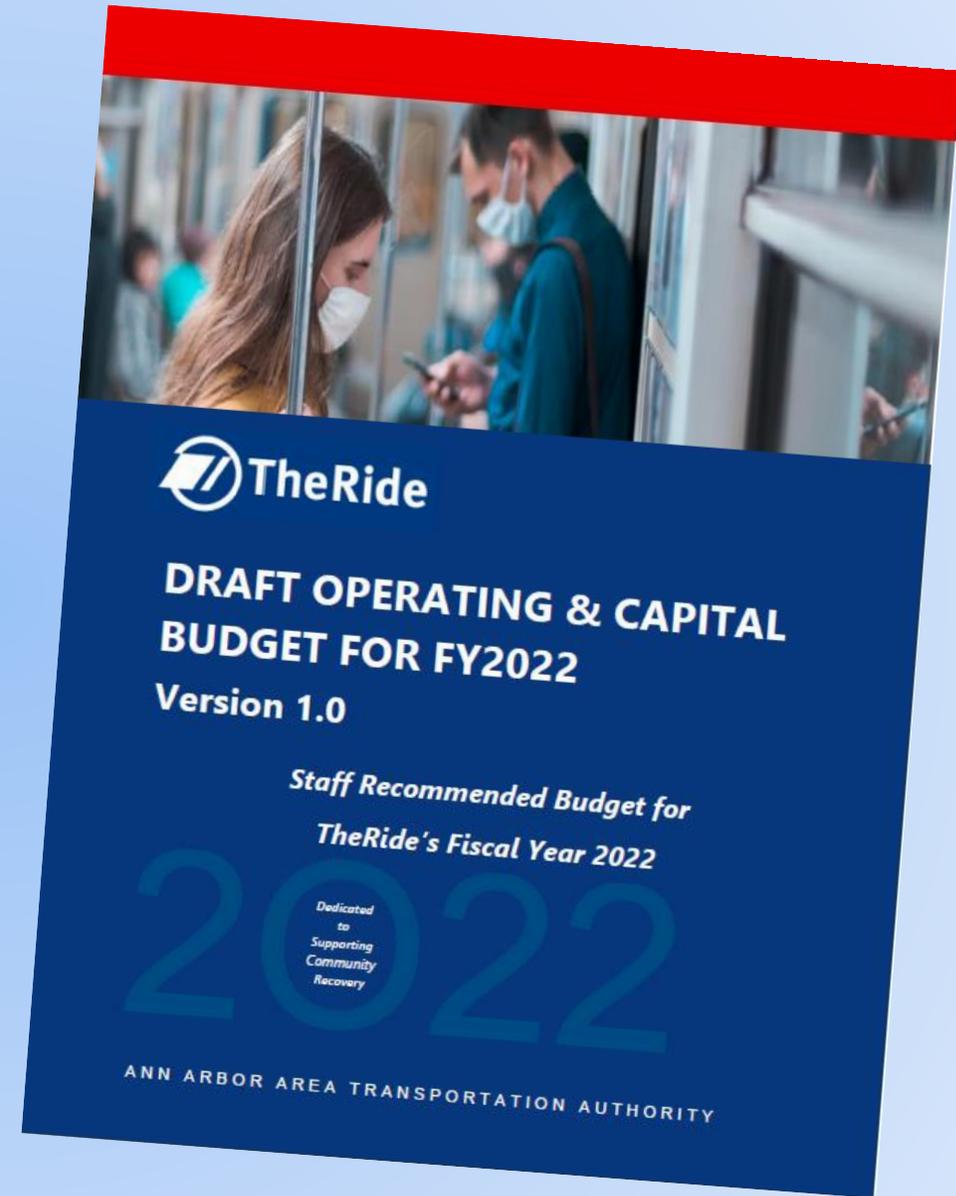
The FY2022 Operating Budget:

- Operating Expenses are increasing to \$55.8M
- Restores fixed route service to full levels
- Restores GoldRide services and includes an improved contract for A-Ride
- Leverages \$18.6M of federal relief funds
- Results in a surplus of local funds of \$12.9M which will be eligible to fund the capital reserve

The FY2022 Capital Budget:

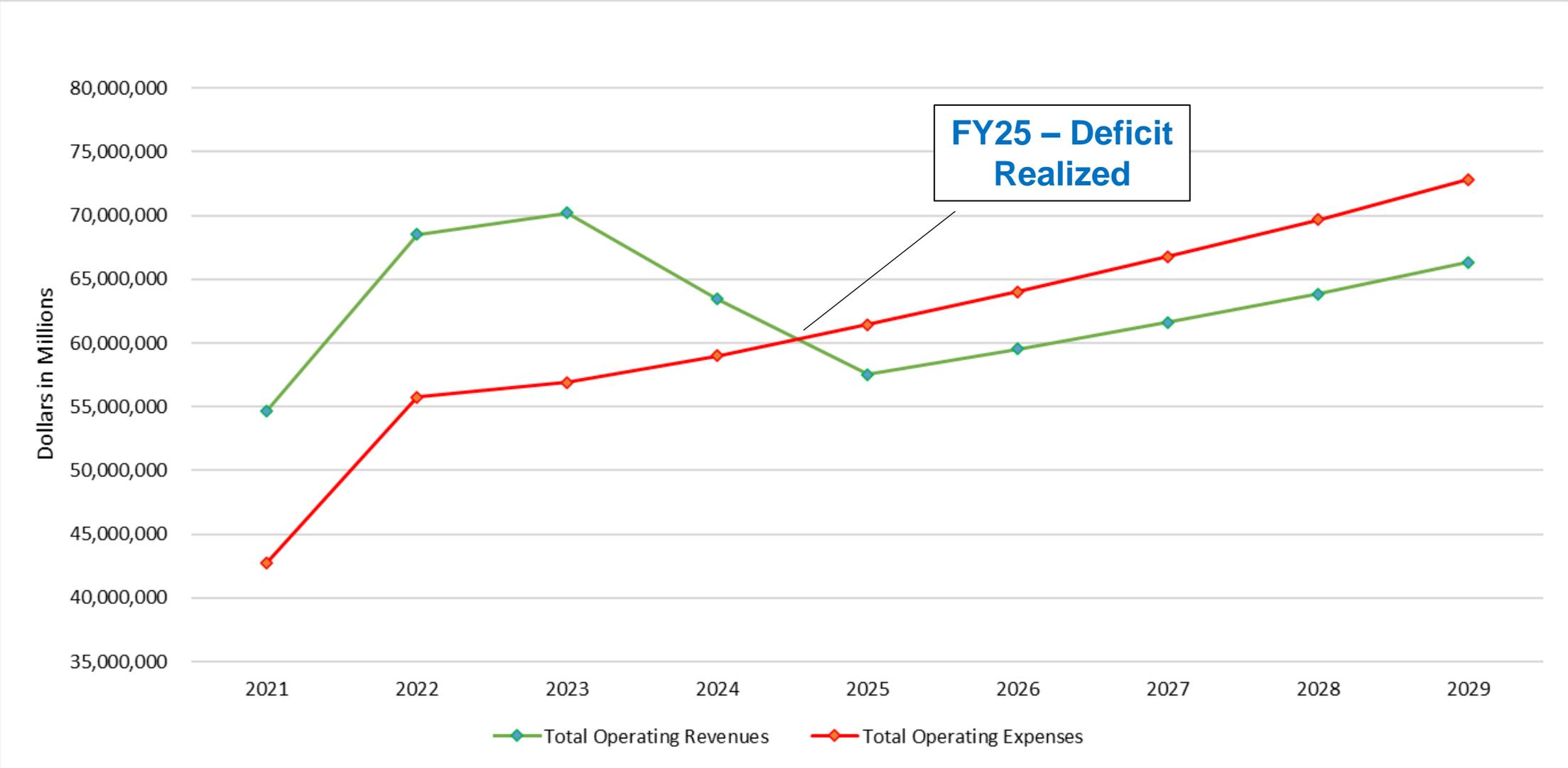
- Capital Budget is \$11.7M
- Provides \$9.1M for Fleet and Facility capital investment
- Includes planning and design funding for the YTC and BTC

FY 2022 Draft Budget

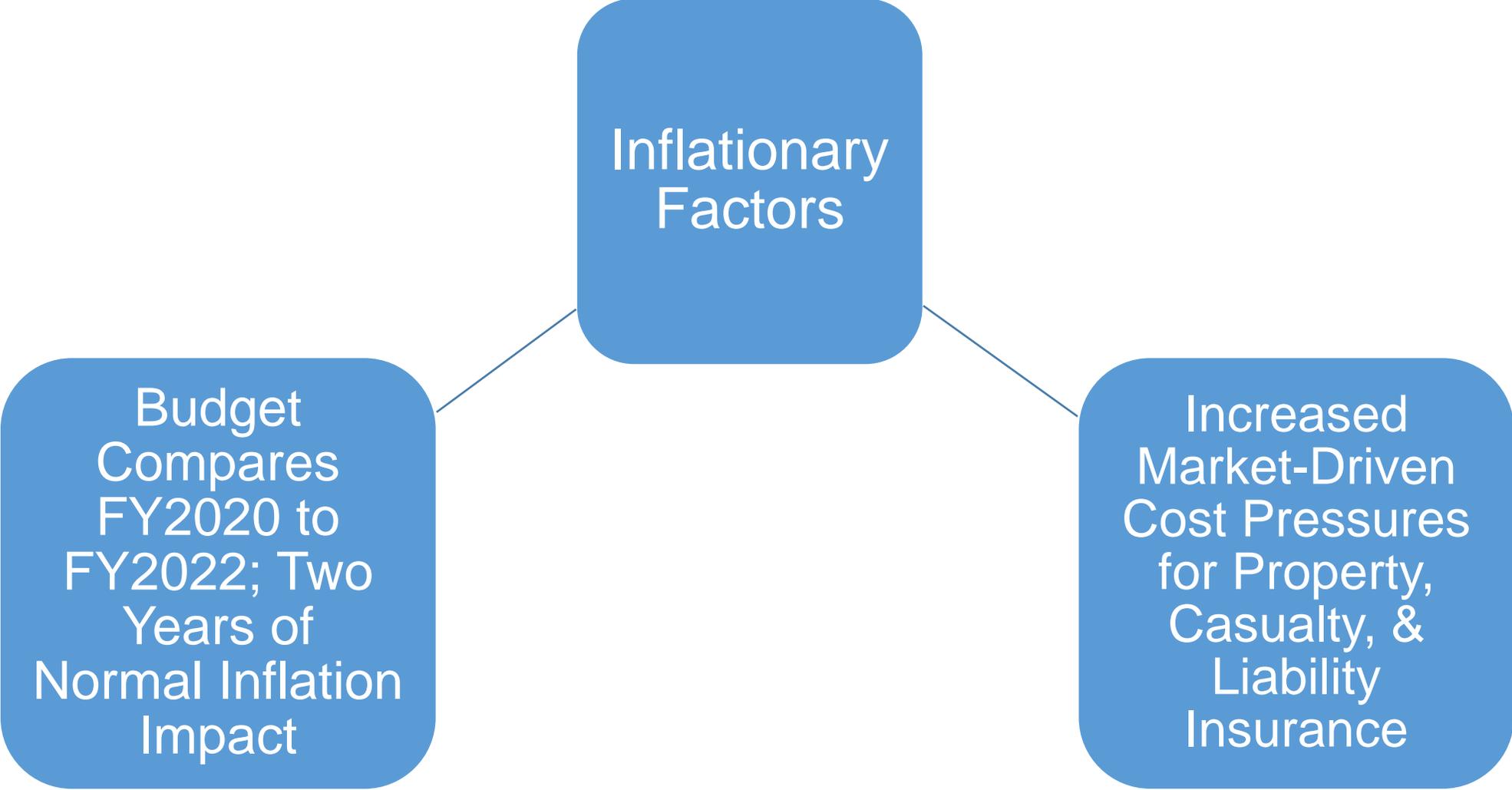


FY 2022 Operating Budget

2022 Budget & Financial Forecast



Key Considerations Impacting the FY22 Budget



Key Considerations Impacting FY22 Budget *(cont'd)*

Initiatives that Further TheRide

Planning for the Future



- 2045 Long-Range Plan
- 2022 Millage Education Efforts

Supporting Community Recovery



- Service Recovery Plan
- Pandemic-Related Safety Measures

Modernizing TheRide



- Service Improvements for A-Ride and GoldRide
- Propulsion Study

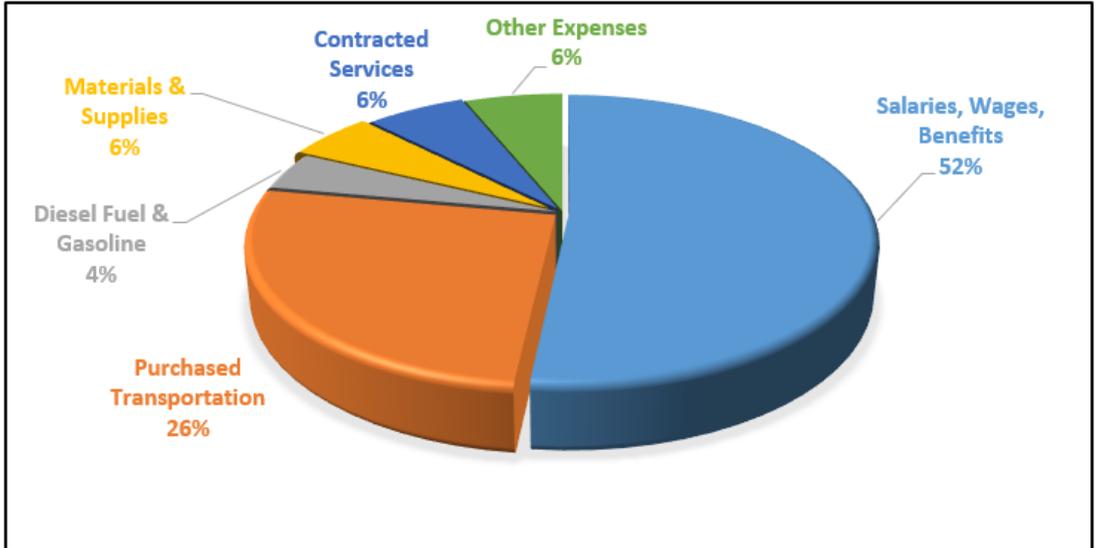
Serving Customers



- Fare Changes

FY2022 Budgeted Expenses

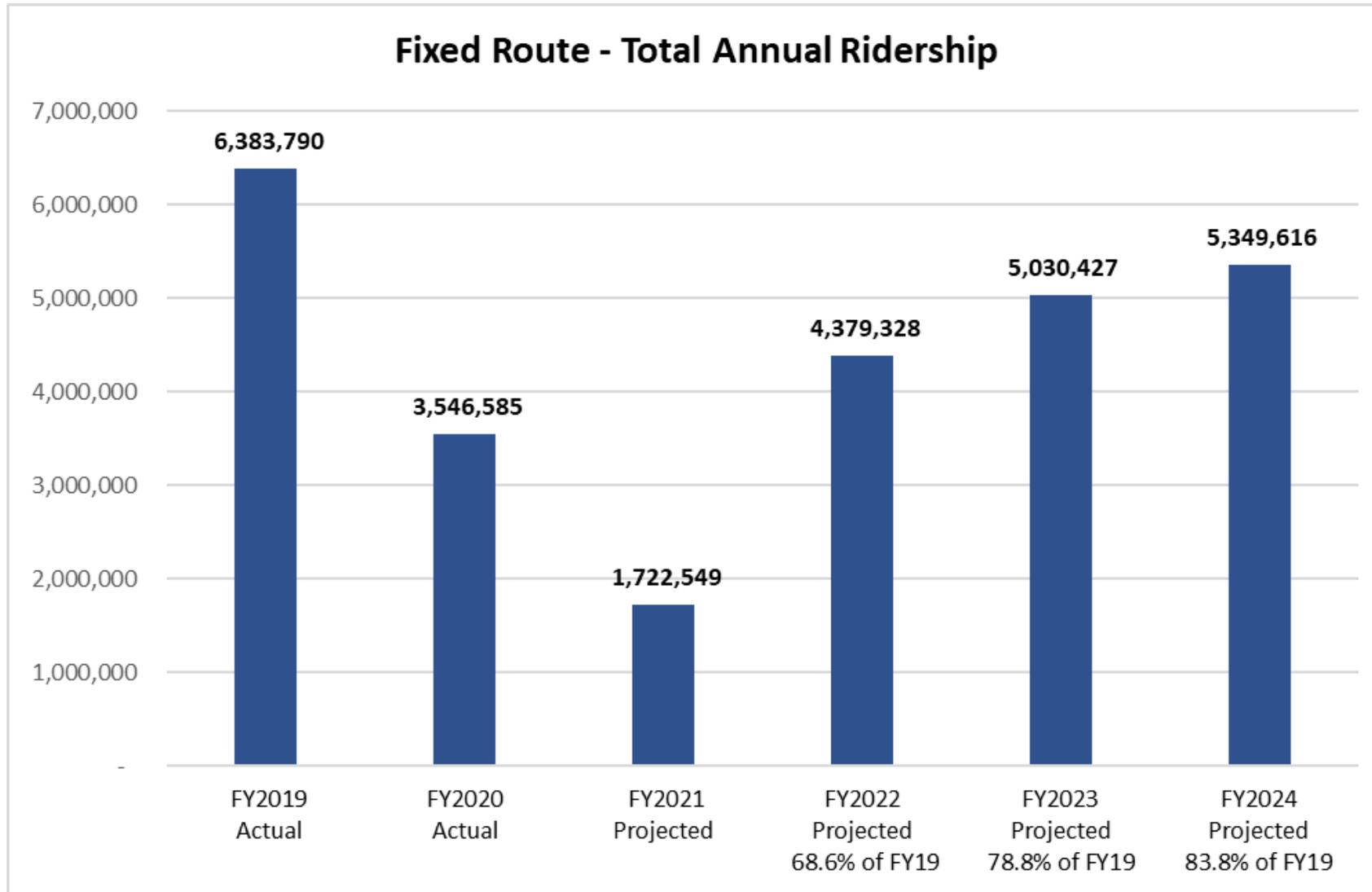
Budgeted Expenses	FY2020	FY2022	% Change
Operating Expenses			
Salaries, Wages, Benefits	\$ 26,650,220	\$ 28,860,379	8%
Purchased Transportation	12,097,267	14,579,680	21%
Diesel Fuel & Gasoline	1,880,000	2,400,000	28%
Materials & Supplies	2,823,638	3,021,800	7%
Contracted Services	2,730,795	3,487,874	28%
Other Expenses	2,607,556	3,422,368	31%
Total Operating Expenses	\$ 48,789,476	\$ 55,772,101	14%



Key Operating Revenue Impacts

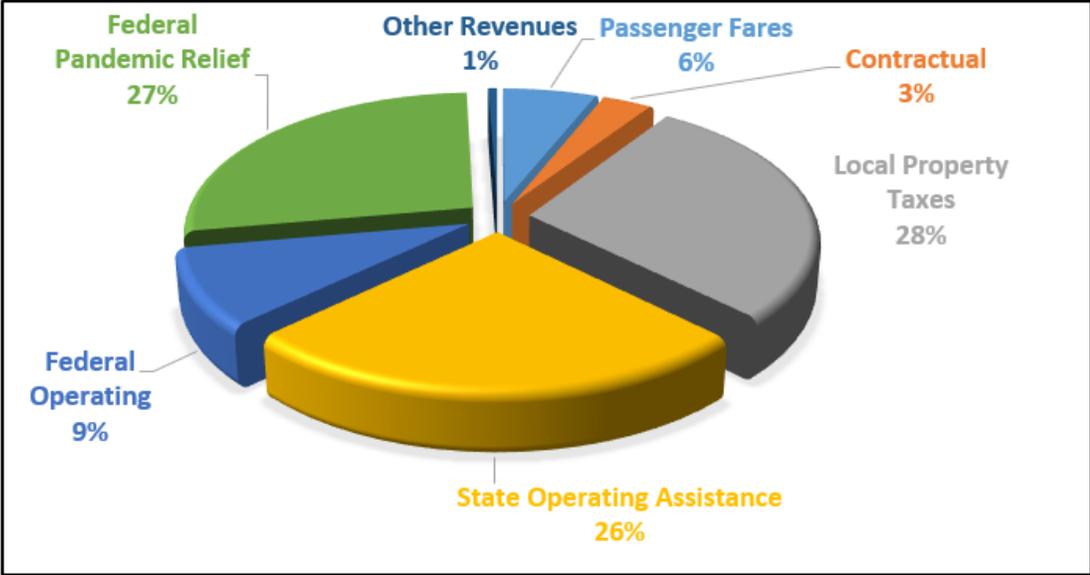
- Fare Revenues will recover gradually as ridership grows
- Local Property Tax Revenues have increased 5%-6% in the past two years; six-year average is 3.5% per year
- Full Year Impact of restoration of D2A2 service
- All eligible expenses will be reimbursed with CARES Act and CRRSSA Funds (\$18.6M)

Ridership Forecast is 68.6% of FY19 Ridership



FY2022 Budgeted Revenues

Budgeted Revenues	FY2020	FY2022	% Change
Operating Revenues			
Passenger Fares	\$ 7,336,441	\$ 4,165,723	-43%
Contractual	2,274,698	2,200,689	-3%
Local Property Taxes	17,512,610	19,258,842	10%
State Operating Assistance	16,998,848	17,505,274	3%
Federal Operating	4,708,345	6,353,022	35%
Federal Pandemic Relief	-	18,653,477	N/A
Other Revenues	393,506	391,000	-1%
Total Operating Revenues	\$ 49,224,448	\$ 68,528,026	39%

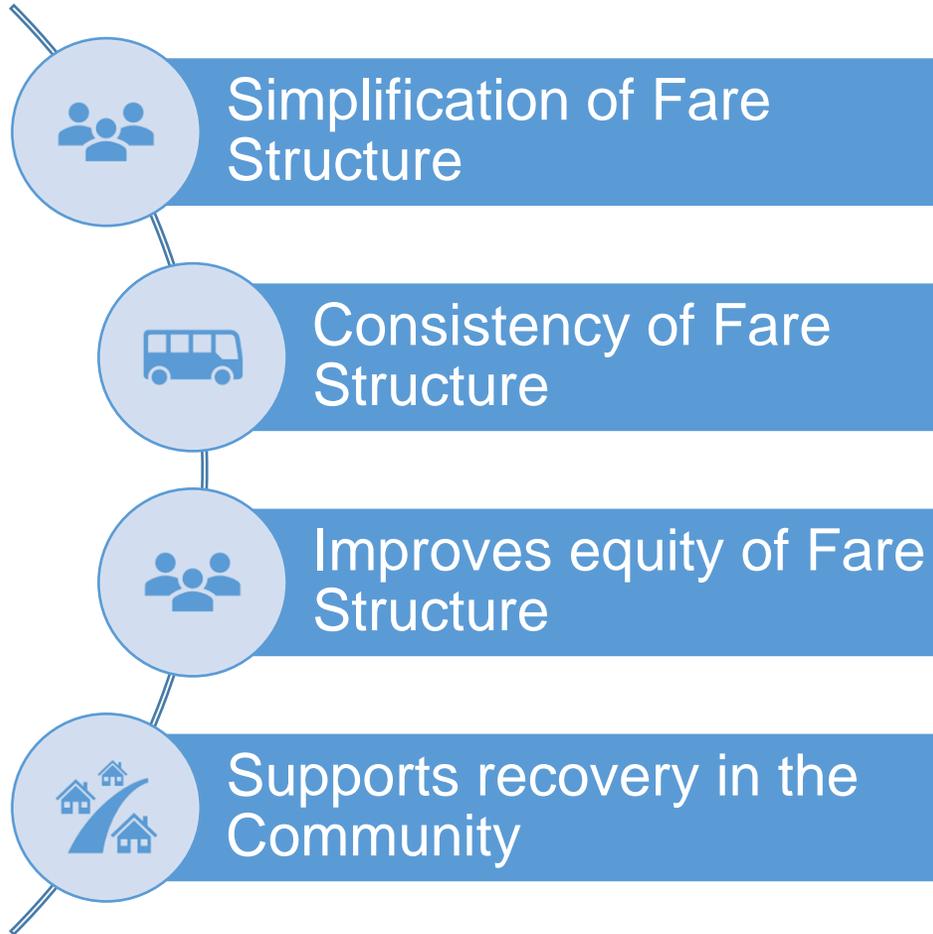


Review of Proposed Fare Changes

- Fare changes will be effective in 2022
- Lower multiplier for Day Pass from 3 to 2 times the base fare
- Lower multiplier for 30-Day Pass from 39 to 30 times the base fare
- Discontinue NightRide and HolidayRide surcharge of \$2.00

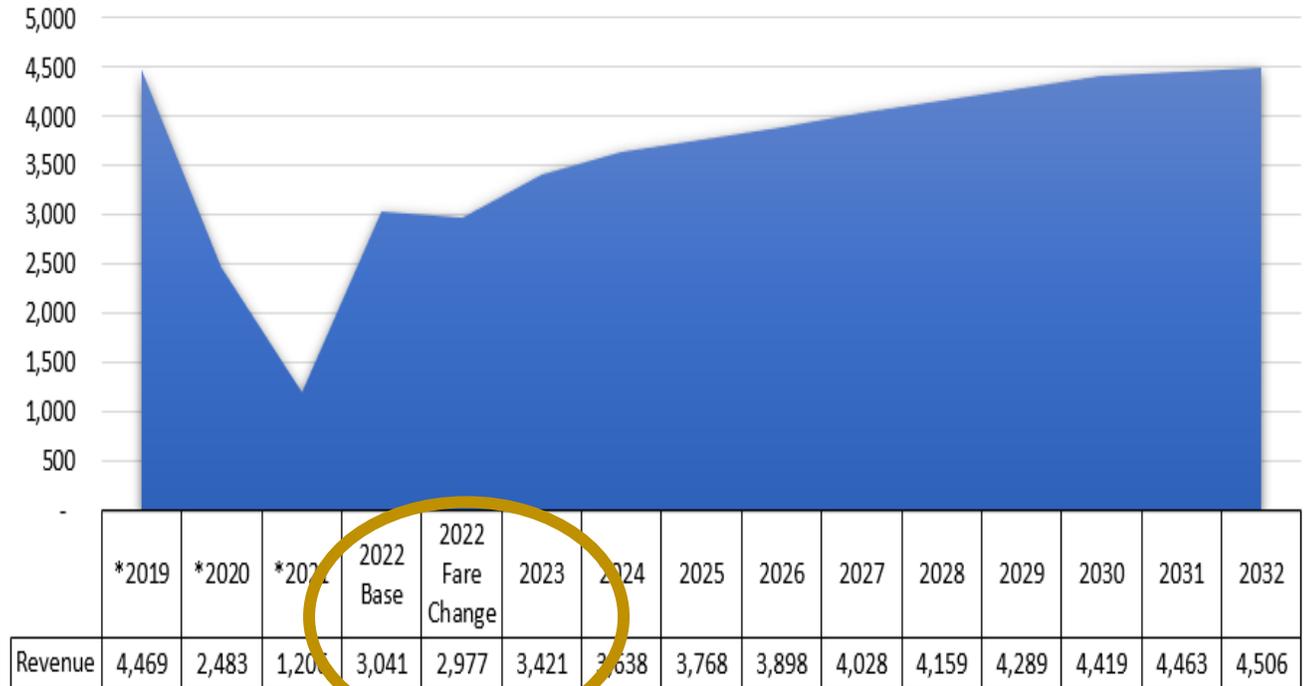
Fare Type	Current (FY2021)	Proposed (FY2022)
Day Pass	\$4.50	\$3.00
Reduced Day Pass	N/A	\$1.50
30-Day Pass	\$58.00	\$45.00
Reduced 30-Day Pass	\$29.00	\$22.50
NightRide/HolidayRide Surcharge	\$2.00	\$0.00

Key Impacts of Fare Change Proposal



Ridership Recovery Mitigates Impacts of Reduced Fares

Projected Fixed Route Revenue (000s)



*For fiscal years 2019-2021, the same average fare rate was used as the 2022 baseline to determine the fixed route revenue for illustrative purposes.

Operating Budget Challenges

- Several factors are causing expenses to increase:
 - Impacts of inflation and business changes
 - Pandemic-related expenses
 - Service restoration and improvements
- Revenues are not rising at the same rate as expenses:
 - Fare revenue will likely take several years to recover
 - State property tax laws may reduce local funding
 - Federal funding may be syphoned by other entities
- TheRide is still experiencing a structural deficit will need to be addressed in future years
- Even with these challenges, the FY2022 Budget is balanced and will result in a surplus of local funds of \$12.8M

FY 2022 Capital Budget

Capital Budget Highlights

- Provides \$9.1M for Fleet and Facility capital investment
 - 8 Low-Emission Diesel Buses
 - DGOC Garage Roof and HVAC Replacement
 - A&E Work for Facilities
- Includes \$1.3M of planning and design funding for the YTC and BTC Expansion Projects
- Provides \$0.7M for Technology Upgrades and Bus Stop Improvements

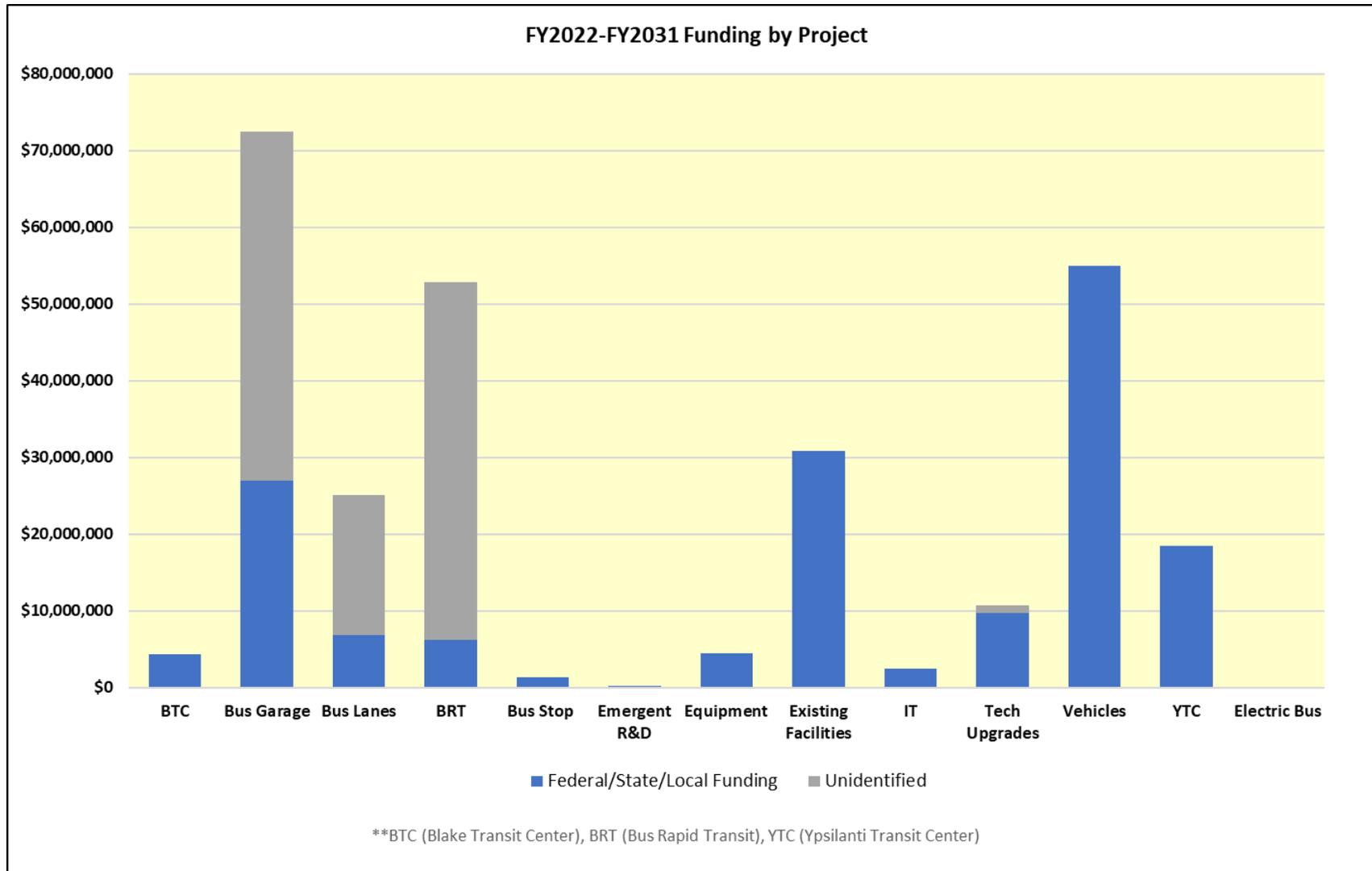
FY2022 Capital Plan Budget is Fully Funded *(one year)*

CAPITAL PROJECTS	FY2022 Budget	FY2023-FY2031 Program
State of Good Repair	\$9,750,000	\$82,809,300
Value Added	\$665,000	\$37,553,980
Research & Development	\$25,000	\$225,000
Expansion	\$1,250,000	\$146,917,406
TOTAL EXPENSES	\$11,690,000	\$267,505,686

FUNDING SOURCES	FY2022 Budget	FY2023-FY2031 Program
State & Federal Grants	\$11,288,931	\$115,862,450
Local Capital Reserve/Share	\$401,069	\$42,176,833
Unidentified Funding	\$0	\$109,466,403
TOTAL REVENUE	\$11,690,000	\$267,505,686

UNIDENTIFIED FUNDING PORTION	FY2022 Budget	FY2023-FY2031 Program
Unidentified Funding %	0%	41%

The 10-Year Capital Plan Requires More Funding



Capital Reserve to Fund Transportation Projects

<i>In Thousands of Dollars</i>	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	Total
Capital Reserve Transfer (from Operating Surplus)	\$ 11,939	\$ 12,756	\$ 13,313	\$ 4,445	\$ -	\$ -	\$42,453
Capital Reserve Expenditures	\$ -	\$ 401	\$ 5,025	\$ 332	\$ 10,123	\$26,572	\$42,453
Remaining Capital Reserve Amount	\$ 11,939	\$ 24,294	\$ 32,581	\$ 36,695	\$ 26,572	\$ -	\$ -

- \$62.8 million of pandemic relief funds are expected to be utilized through FY2024 to recover:
 - Loss of passenger fares
 - Pandemic-related costs
- Consequently, \$42.5 million of local funds will be dedicated to the capital reserve for capital projects directly supporting transportation services in our communities

Conclusions

While increasing costs and reductions in revenue put pressure on our budget, pandemic relief funds provide short-term relief and provide the TheRide the opportunity to:



Thank You

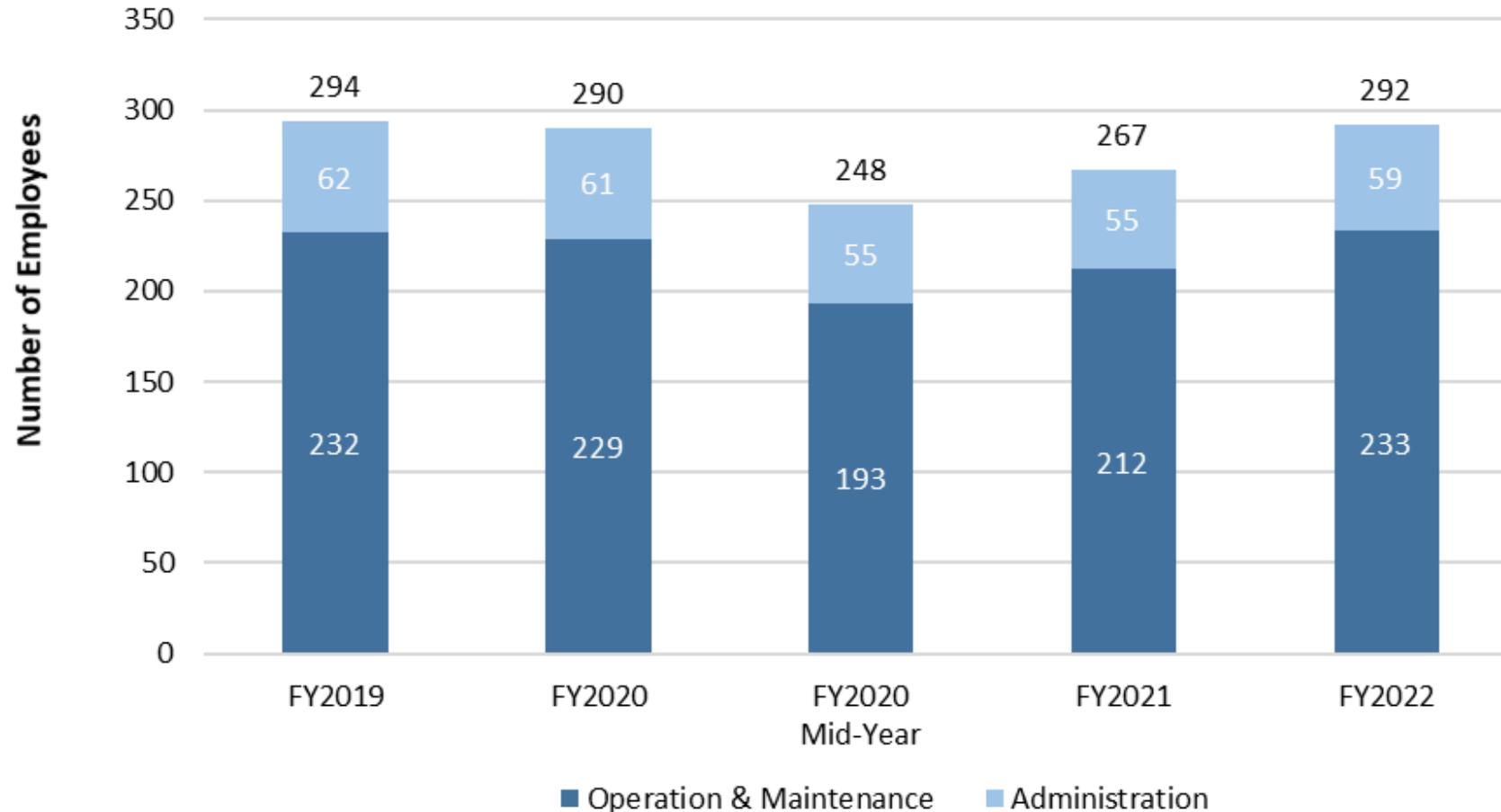
Questions/Discussion

For Additional Questions, please contact:

Dina Reed
Deputy CEO, Finance and Administration
dreed@theride.org



Operations and Maintenance Staff Are Restored



Note: The headcount shown above represents the headcount at budget adoption, except for FY2020 Mid-Year. Staff were significantly reduced part-way through FY2020 due to service and cost reductions.

Salaries, Wages & Benefits are \$28.5M

Salaries, Wages & Benefits	FY2020	FY2022	\$ Change	% Change
Operations	\$ 10,952,286	\$ 11,710,196	\$ 757,910	7%
Other - Maintenance	3,090,623	3,335,063	244,440	8%
Administration	5,479,575	5,638,653	159,078	3%
Total Salaries & Wages	\$ 19,522,484	\$ 20,683,911	\$ 1,161,427	6%
Fringe Benefits	7,127,736	7,859,064	731,328	10%
Total Salaries, Wages & Benefits	\$ 26,650,220	\$ 28,542,975	\$ 1,892,755	7%

- Salaries and wages include contractual pay rate increases for bargaining unit employees and a 3% annual increase for non-union employees
- Fringe benefit costs (FICA, Pension, Healthcare, Worker’s Compensation, etc.) are increasing due to additional payroll costs, increases in costs for healthcare and other cost fluctuations, based on changes in average historical trends and inflationary factors

Service Improvements Increase Purchased Transportation Expenses by \$2.5M or 21%

GoldRide &
A-Ride
\$2.0M

- Higher quality service
- Mitigates reporting risks
- Reduces operational risks

D2A2
\$0.8M

- Increase represents a full year of service instead of a partial year
- Cost fully recovered by Federal/State funding

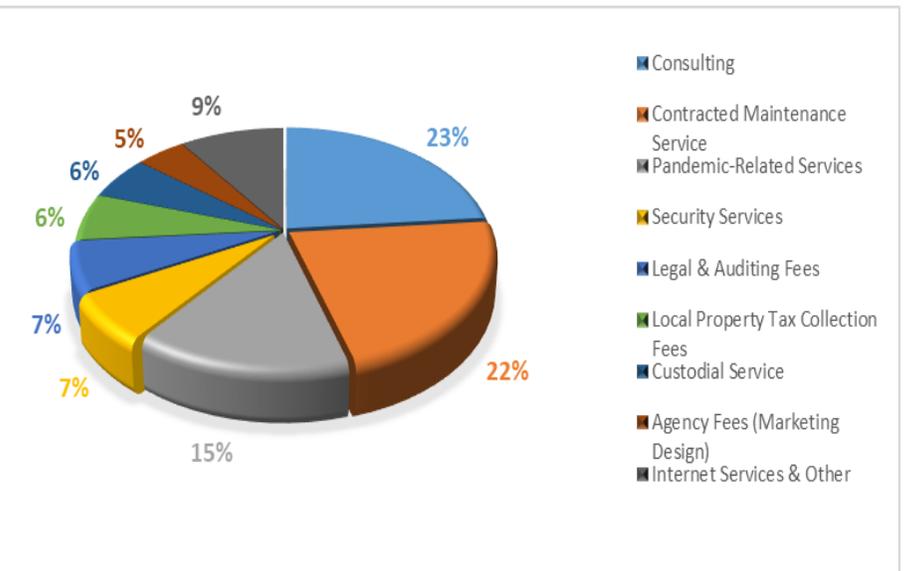
FlexRide
\$0.4M

- Expanded service area and schedules

Note: Increases above partially offset by other decreasing expenses.

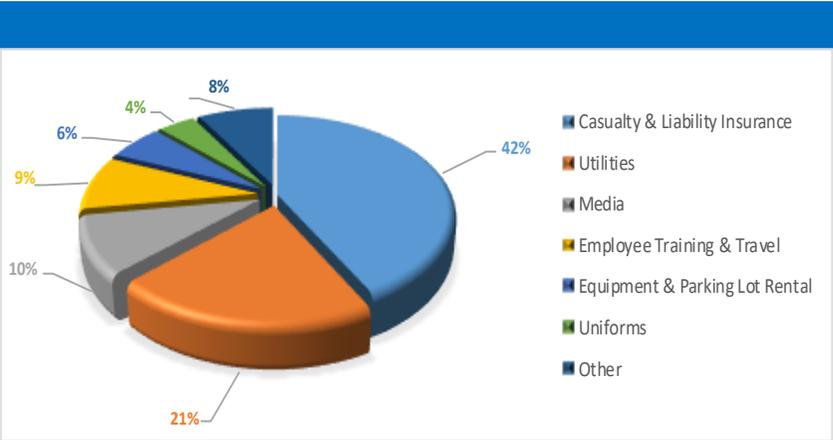
Contracted Services Increased by \$0.8M or 28%

Type of Contracted Services	FY2020	FY2022	\$ Change	% Change
Consulting	\$ 479,133	\$ 820,000	\$ 340,867	71%
Contracted Maintenance Service	907,266	766,500	(140,766)	-16%
Pandemic-Related Services	-	521,400	521,400	100%
Security Services	404,077	232,200	(171,877)	-43%
Legal & Auditing Fees	214,000	231,000	17,000	8%
Local Property Tax Collection Fees	175,126	221,734	46,608	27%
Custodial Service	192,402	205,000	12,598	7%
Agency Fees (Marketing Design)	80,700	158,340	77,640	96%
Internet Services & Other	278,091	331,700	53,609	19%
Total Contracted Services	\$ 2,730,795	\$3,487,874	\$ 757,079	28%



Other Expenses Increased by \$0.8M or 31%

Type of Other Expenses	FY2020	FY2022	\$ Change	% Change
Casualty & Liability Insurance	\$ 958,365	\$1,450,000	\$ 491,635	51%
Utilities	537,648	699,500	161,852	30%
Media	366,500	331,088	(35,412)	-10%
Employee Training & Travel	280,519	309,250	28,731	10%
Equipment & Parking Lot Rental	96,724	207,560	110,836	115%
Uniforms	138,000	140,000	2,000	1%
Other	229,800	284,970	55,170	24%
Total Other Expenses	\$ 2,607,556	\$3,422,368	\$ 814,812	31%



Other Notable Revenue Assumptions

- Local Property Tax revenue based on historical increase of 3.5% from FY2020
- State and Federal funding based on grant funds available, caps and expense levels
- Federal Relief funding is based on the schedule to drawdown all relief funds by FY2024 (further detail on slides)

Pandemic Relief Funds Overview

A total of \$62.8 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)
- \$26,338,769 in American Rescue Plan (ARP) funding (Reduced by 5% RTA split)

Prior to recent RTA developments, total expected pandemic relief funds were \$64.2 million which was \$1.4 million higher than amount listed above.

Pandemic Relief Funds Expenditures

Planned timing of expenditures to support operations will use the total expected funding through 2024:

- FY2020: \$ 1.4 million
 - FY2021: \$17.1 million
 - FY2022: \$18.7 million
 - FY2023: \$17.3 million
 - FY2024: \$ 8.3 million
- Total - \$62.8 million**

Actual
Projected



CARES Act

Coronavirus Aid, Relief, Economic Security Act

\$14.2 million has been spent to date.

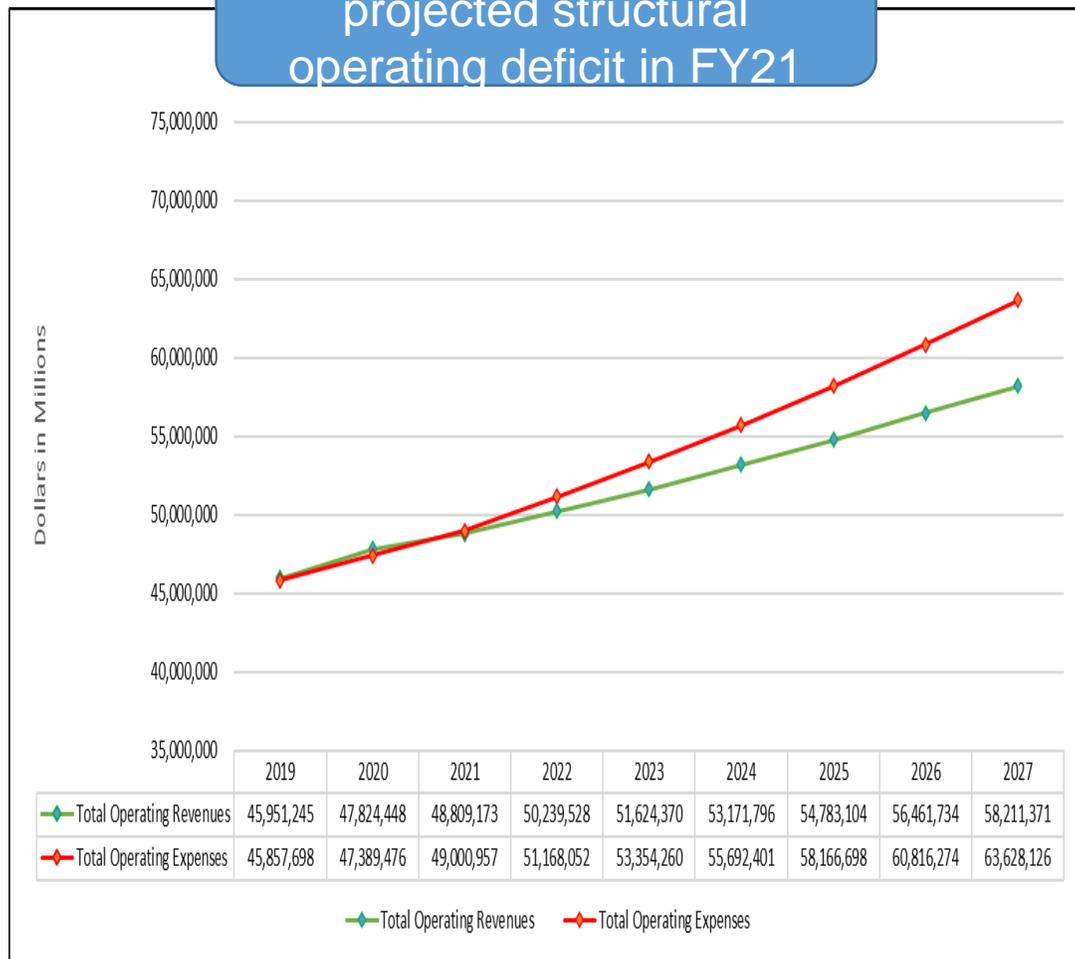
Expenditures from \$20.7 million in Coronavirus Aid, Relief, and Economic Security Act funding as of June 30, 2021, for eligible COVID-19-related costs:

Operating Expenditures	\$ 14,230,006
Capital Expenditures	\$ -
TOTAL EXPENDITURES	\$ 14,230,006
<i>CARES Act Funds Remaining:</i>	<i>\$ 6,469,994</i>

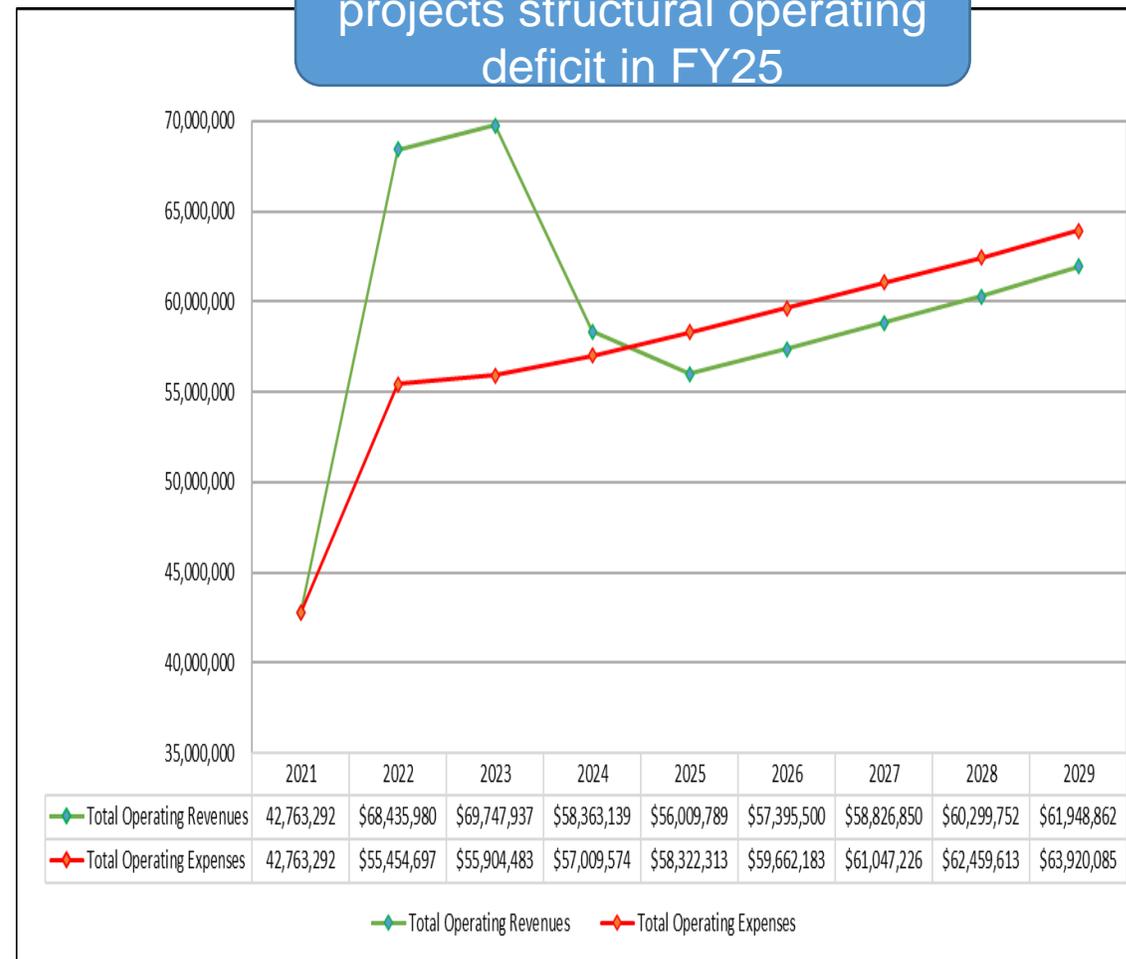
CARES act funding has covered: Reimbursement of payroll costs for front-line workers, safety barriers on buses or inside facilities, personal protective equipment, additional cleaning and sanitation, mobile ticketing pilot project, Backfill revenue gaps caused by the pandemic

Projected Operating Deficit

The pre-pandemic forecast projected structural operating deficit in FY21

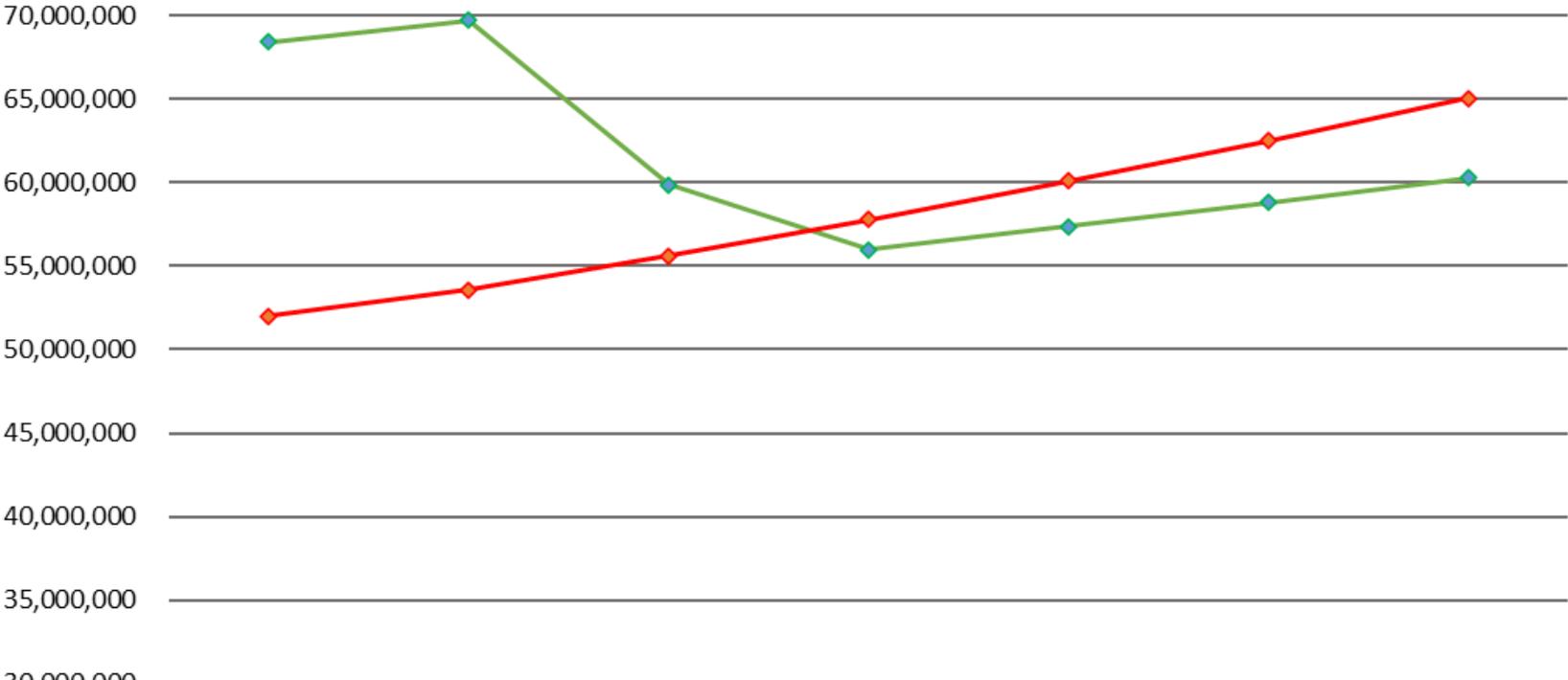


The post-pandemic forecast projects structural operating deficit in FY25



2022 Budget & Financial Forecast

Revenue Budget Project Compared (2022 to 2021)



	2022	2023	2024	2025	2026	2027	2028
2022 Forecasted Revenues	\$68,435,980	\$69,747,937	\$59,858,350	\$56,009,789	\$57,395,500	\$58,826,850	\$60,299,752
2021 Forecasted Revenues	\$52,021,683	\$53,593,516	\$55,628,533	\$57,789,060	\$60,098,402	\$62,519,520	\$65,077,326

◆ 2022 Forecasted Revenues
 ◆ 2021 Forecasted Revenues

FY 2022 Capital Budget

- 8 Low-Emission Diesel Buses
- DGOC Garage Roof and HVAC Replacement
- A&E Work for Facilities
- Transit Signal Priority
- YTC/BTC Planning & Design

Category	Project Description	FY 2022 Expenditure
State of Good Repair (Maintaining Existing Services and Assets)	Vehicles	\$4,820,000
	Equipment	\$405,000
	Existing Facilities	\$4,290,000
	IT Hardware and Software Replacement	\$235,000
	Sub-total	\$9,750,000
Value Added (Make Things Work Better)	Technology Upgrades	\$450,000
	Bus Stop Improvements	\$215,000
	Sub-total	\$665,000
Expansion	Ypsilanti Transit Center: Planning & Design	\$1,100,000
	Blake Transit Center: Planning & Design	\$150,000
	Sub-total	\$1,250,000
Research and Development	Emergent R&D Projects	\$25,000
	Sub-total	\$25,000
Capital Costs Total		\$11,690,000

Financial Statements

2021 Third Quarter

Presented by:

LaTasha Thompson
Manager of Finance



2021 Third Quarter Financial Report

- **Important Points for Q3 2021 Report:**
 - Income Statement includes the Amended Budget presented in August 2021
 - Income Statement does reflect the Funding strategy passed in April 2021, specifically in regard to **revenue**

2021 Third Quarter Financial Report

Operated below budget for Q3

- \$9.48 million surplus that is projected to be transferred to the capital reserve
- TheRide operated below the budget:
 - Expenses was \$29.0 million YTD, \$2.9 million less than budget
 - Revenue was \$38.6 million YTD, \$2.4 million less than budget
- ~\$12.8 million in CARES funding used (FY2021); \$14.2 million to date

2021 Third Quarter Financial Report

Balance Sheet and Reserve

In Thousands of Dollars (which means add a comma and three zeros), With Prior Year Comparison.

	Q3 2020 6/30/2020	Q2 2021 3/31/2021	Q3 2021 6/30/2021
ASSETS			
Cash	\$ 5,183	\$ 4,989	\$ 5,716
Investments	6,789	11,791	11,790
Other Current Assets	16,316	19,672	21,809
Capital Assets	52,784	45,533	44,079
Total Assets	81,071	81,985	83,395
LIABILITIES			
TOTAL NET POSITION	\$ 76,033	\$ 75,399	\$ 77,282
RESERVES:			
	Balances		
Capital		\$ 1,000	\$ 1,000
Insurance			\$ 500
Operating	\$ 10,045	\$ 10,691	\$ 10,691
Months in Operating Reserve	2.5	3.0	3.0

Reserve Balances

Based on Board Approval and Current Cash/Investment Balances

Thank You

Questions/Discussion

Presented by:

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Revenue and Expense (Budget to Actual)

In Thousands of Dollars (which means add a comma and three zeros).

BLACK = FAVORABLE

RED = UNFAVORABLE

REVENUES	Actual Quarter 1	Actual Quarter 2	Actual Quarter 3	Actual Quarter 4	Actual YTD	Amended		Variance (Dollars)	Variance (Percent)
						Budgeted YTD			
Fares and Contracts	\$ 652	\$ 884	\$ 730		\$ 2,267	\$ 2,921		\$ (654)	-22%
Local Property Taxes	4,066	4,066	4,066		12,199	12,199	*	-	0%
State Operating Assist.	2,569	3,327	3,134		9,030	9,047		(17)	0%
Federal Operating Assist.	247	136	1,703		2,086	3,807		(1,721)	-45%
CARES Act Operating	1,599	1,002	10,224		12,825	12,825		-	0%
Other Revenues	76	51	49		176	227		(52)	-23%
Total Operating Revenues	\$ 9,209	\$ 9,466	\$ 19,906	\$ -	\$ 38,582	\$41,026		\$ (2,444)	-6%
EXPENSES									
Salaries, Wages, Benefits	\$ 5,937	5,779	6,956		\$ 18,672	\$ 20,069		\$ 1,397	7%
Purchased Transportation	1,146	1,145	1,111		3,402	4,292		890	21%
Fuel, Material, Supplies	791	917	786		2,494	3,361		867	26%
Contracted Services	560	755	749		2,064	2,337		273	12%
Other Expenses	776	871	822		2,468	2,014		(454)	-23%
Total Operating Expenses	\$ 9,209	\$ 9,466	\$ 10,424	\$ -	\$ 29,099	\$32,072		\$ 2,973	9%
Surplus (Deficit)	\$ -	\$ -	\$ 9,483	\$ -	\$ 9,483	\$ 8,954		\$ (529)	-6%
Reserve Transfer	\$ -	\$ -	\$ (9,483)	\$ -	\$ (9,483)	\$ (8,954)		\$ 529	-6%
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	

* The budgeted property tax revenues are adjusted to reflect the proposed amendment in August 2021.