



OPERATING & CAPITAL BUDGET

*Recommended Budget
Fiscal Year 2027*

2027

*Growing
for the
Future*

ANN ARBOR AREA TRANSPORTATION AUTHORITY



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

This Budget presentation is an award winning document which reflects the commitment of the Board of Directors and staff to meeting the highest principles of governmental budgeting. TheRide's budget consistently satisfies nationally recognized guidelines for effective budget presentation, including how the document serves as a policy document, a financial plan, an operations guide, and a communication device. TheRide was presented the Distinguished Budget Award for its *Operating and Capital Budgets* for four consecutive years, which is a significant achievement. Although the award was not pursued this fiscal year, all elements and criteria that earned this award are still present in this FY2027 Budget document. New GFOA requirements are being evaluated for incorporation into future budget documents. We anticipate applying for this award again in the near future.

Reader's Guide

In addition to introductory information about TheRide and a letter from the CEO and CFO, this document contains six sections describing the FY2027 (2027) Recommended Operating and Capital Budgets:

- **About TheRide** and **Letter from the CEO and CFO** provide information about the agency and an introduction to the budget document.
- The **Executive Summary** provides a high-level summary of the budget.
- 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 **2027 Budget** summarizes the operating and capital budgets for FY2027 and presents financial forecasts for subsequent years.
- **Impacts of the 2027 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, additional financial tables, a grant funding primer, recommended Board resolution for adoption, and a glossary.

This document includes multi-year forecasting. Although financial information is presented for years beyond 2027, it is important to note that forecasted years are provided *only for context*, do not represent a commitment, and are expected to change. Each year, the Ann Arbor Area Transportation Authority Board of Directors (the Board) adopts the budget for a single year rather than a multi-year budget. The operating budget must be balanced (revenues must meet or exceed expenses) and total budgeted expenses are approved by the Board. As necessary, budget amendments may be brought to the Board for consideration during any fiscal year.

Detailed information throughout this budget document is provided for context, information, and transparency in budgeting. Budget approval, as indicated in the *Adopting Resolution in Appendix 8.6*, is for total operating and capital expenditures.

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1. About TheRide

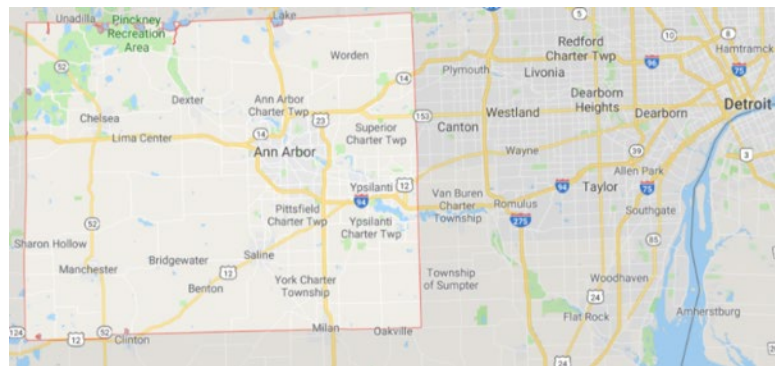


The Ann Arbor Area Transportation Authority (AAATA, or TheRide) was chartered in 1969 by the City of Ann Arbor, Michigan, as a not-for-profit unit of local government. The City of Ypsilanti and Ypsilanti Township were added as charter members to the authority in 2013.

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, 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 includes the Cities of Ann Arbor and Ypsilanti, and Ypsilanti Township, which primarily make up TheRide's service area. The service area covers 146 square miles with a population of approximately 275,000 people. TheRide delivered approximately 450,000 hours of revenue service, drove more than 7.3 million revenue miles, and carried nearly 5.7 million passenger trips on transit services in FY2025, as reported to the National Transit Database.



Washtenaw County, Michigan

TheRide operates fixed-route buses, A-Ride paratransit services, FlexRide on-demand service, ridesharing, van pools, and other services.

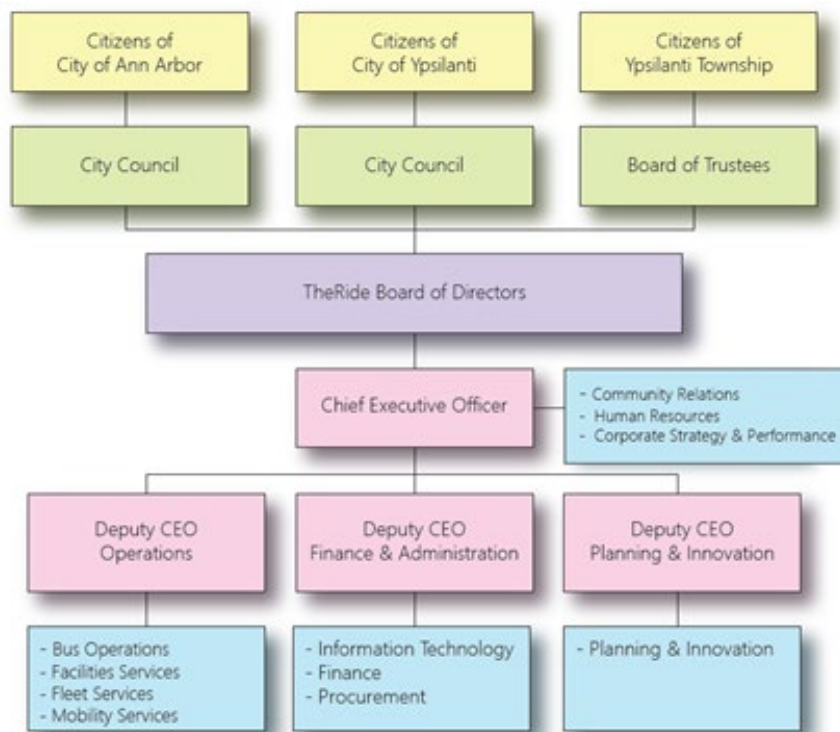
TheRide operates from three facilities. The Dawn Gabay Operations Center (DGOC) is the headquarters, and houses administration offices, a maintenance facility, and a bus garage. Passenger terminals are in downtown Ann Arbor (Blake Transit Center) and Ypsilanti (Ypsilanti Transit Center) and include customer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

Board of Directors

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 Michael Allemang, Treasurer
 Jesse Miller, Secretary
 Travis Gonyou, Board Member
 Simi Barr, Board Member
 Rich Chang, Board Member
 Julie Grand, Board Member
 Susan Pollay, Board Member
 Georgia Valentine, Board Member
 Praveena Ramaswami, Board Member

Executive Team

Matt Carpenter, Chief Executive Officer
 Dina Reed, Deputy CEO, Finance & Administration
 George Brooks, Deputy CEO, Operations
 Forest Yang, Deputy CEO, Planning & Innovation



Senior Management Staff

Mike Blackston, Manager of Information Technology	Ronald Carr, Manager of Human Resources
Raymond Hess, Manager of Project Mgmt. & Delivery	Andy Huber, Manager of Finance
Rosa-Maria Kamau, Corporate Strategy & Performance	Troy Lundquist, Manager of Fleet Services
Jeff Pfiefer, Manager, Public Affairs/Community Relations	Gail Roose, Manager of Facilities Services
Yvette Washington, Manager of Bus Operations	Robert Williams, Manager of Mobility Services
Michelle Whitlow, Manager of Procurement & DBE Liaison	

2027
 Building
 Our
 Future

2. Letter from the CEO and CFO



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

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

September 17, 2026

On behalf of the Executive and Management teams at the Ann Arbor Area Transportation Authority (TheRide), we are pleased to submit the Recommended FY2027 Operating and Capital Budgets (the budget) for consideration and adoption by the Board of Directors on September 17, 2026.

In FY2027, TheRide will continue delivering the full range of services our community relies on while advancing the strategic priorities in our Corporate Business Plan: excellence in service delivery and customer retention, attracting new riders, and continuous improvement. The budget maintains current service levels, holds fares unchanged, and carries forward the major capital investments outlined in our Long-Range Plan. It reflects reasonably conservative financial assumptions and positions the agency to remain financially stable while we prepare for strategic work ahead.

The 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.

A handwritten signature in black ink, appearing to read "Matt Carpenter".

Matt Carpenter
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Dina Reed".

Dina Reed
Deputy CEO, Finance & Administration

3. Executive Summary

The FY2027 Operating and Capital Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish the Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the Board's stated goal of providing public transportation options that contribute to the Ann Arbor–Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

While the Board's Ends inform *what* the agency is to accomplish, Executive Limitations provide the framework for *how* the agency operates. The CEO and staff must comply with the Board expectations regarding administrative and operational decisions (i.e., Executive Limitations policies). These policies ensure transparency, reporting, and fiduciary oversight by the Board. Examples of key Executive Limitations policies include:

- Ensure passengers and customers are well treated
- Ensure staff are well treated and that TheRide is an attractive employer
- Ensure that the Board, riders, and the public have opportunities to shape the future direction of the agency
- Ensure transparency and accountability
- Maintain the financial health of the organization
- Does not risk fiscal jeopardy
- Maintain assets of the organization in good condition
- Compliance with all applicable laws (numerous local, state, and federal laws enable and constrain what TheRide can do)

TheRide's strategic circumstances have changed. Before the pandemic, our focus was on internal improvements within a stable external environment. Today our internal operations are stronger, but the external environment is less predictable. Political conflict at the state and federal levels creates risk for our largest funding partners, along with the potential for funding cuts or macroeconomic disruption. Ridership growth and security remain high priorities. Growing ridership is what the Board's Ends ask of us, and safe, secure service is what keeps current riders and attracts new ones.

To advance the Board's Ends, the Executive Team (CEO and Deputy CEOs) updated the Corporate Business Plan (the business plan) with a revised assessment of our strategic situation, refreshed initiatives, and preparation for a less certain future. The FY2027 Corporate Business Plan outlines initiatives for the next twenty years, with some projects carried forward from FY2026. The updated business plan assumes more economic uncertainty over the next few years and places greater emphasis on risk management. The plan also gives the Board, staff, and the public an opportunity to discuss priorities before the budget process adds further detail. We expect to maintain all current services in FY2027, with no fare increases, and to continue advancing capital projects identified in the long-range plan, TheRide2045.

The business plan informs strategic objectives and outlines what will be achieved within the operating and capital plans. The annual budget provides funding to support the following organizational objectives:

- Excellence in Service Delivery & Customer Retention
- Attract New Riders & Increase Ridership
- Continuous Improvement

The Recommended Budget shows the revenue and expense assumptions needed to maintain current services and fund initiatives that advance the Board's Ends. The assumptions are reasonably conservative and are presented alongside future projections, consistent with the budget materials already reviewed by the Finance Committee and Board during the FY2027 cycle. The outlook for the budget is stable, supported by the existing millage, in place through the summer of 2028.

The Operating Budget

Operating Budget Initiatives

Prioritization is necessary when organizations balance ambitious goals with limited resources. Leadership can set priorities in advance or allow them to emerge through daily decisions. Prudence suggests that the Board and CEO set clear areas of focus to guide effective and transparent decisions.

This year's Business Plan states the CEO's categories explicitly. The Ends are grouped into Core Services, Ridership Growth, and Value Added. The recommended budget maintains existing services while preserving capacity to fund Board priorities as they are finalized through adoption.

- a. **Institutional Stability** - The agency must continue to be able to deliver results.
 - i. **Public Support (1.5)** – Public and political support, not necessarily from special interests. Competence and social mission
 - ii. **Value and Efficient Stewardship (1.0)** - With limited resources we must be cost-effective to create the greatest value for the largest number of people
- b. **Excellence in Service Delivery & Social Mission Populations** – Our mission starts with the daily rider experience, where over 90 percent of our resources support reliable service. Sustaining high-quality experience for current riders is the most effective way to expand our reach and our impact on the community. Retaining riders is the foundation for attracting new ones.
 - i. **Serving Low-Income Residents (1.3.1)** - People who are not able to drive, occasionally or at all, due to income limitations
 - ii. **Serving All People Irrespective of Limitations (1.3.2)** - People with disabilities, impairments, seniors, minors, youth, non-English speakers, and visitors
 - iii. **Economic: Workers, Students, Residents (1.2)** - Every worker, student, or resident we serve achieves social and economic mobility for personal betterment
 - iv. **Customer Satisfaction and Feelings of Safety (1.3.3, 1.2.1)** - Descriptive qualities of an attractive transit service, not outcomes themselves

The budget also provides funding for Ridership Growth Priorities. These priorities address growth and system advancement to increase our reach and ridership (1.2): expanding services and infrastructure, building on policy-driven demand, and integrating our service area with a broader range of mobility options. The specific execution of most ridership growth efforts is outlined in the Long-Range Plan.

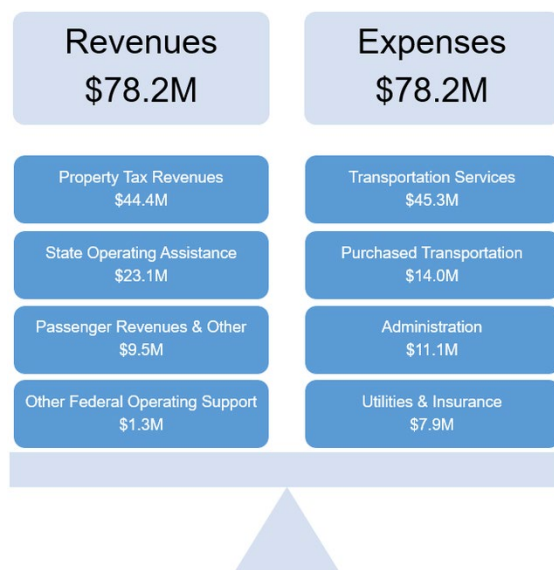
Initiatives are approved in the context of organizational priorities and available resources, and they align with the business plan.

Operating Budget Summary

This balanced budget funds TheRide's highest priorities. Direct funding for transportation services makes up over 75 percent of total expenses.

Key assumptions include:

- Full current service levels maintained, consistent with the FY2027 Business Plan transition year
- Property tax revenues at the voted 2.38 mills applied to updated taxable values, with the millage in place through the summer of 2028
- Higher State Operating Assistance based on MDOT's preliminary FY2027 distribution rate
- Inflationary impacts
- No fare changes
- Ridership consistent with FY2026 levels
- No reliance on federal formula funding for operations



The budget is balanced when revenues are equal to or greater than expenses. The FY2027 budget is balanced.

The Capital Budget

Capital Budget Initiatives

The largest costs in the FY2027 capital budget are construction of the Ypsilanti Transit Center, redesign of the Blake Transit Center, planning for a new bus garage and bus rapid transit, and continued investment to keep the fleet and facilities in a state of good repair.

- Ypsilanti Transit Center Construction (Business Plan initiative 12)** - Construction of the new transit center begins in FY2027, the largest single capital investment in the budget at \$15.4 million, supported by dedicated federal awards including Congressionally Directed Spending and Section 5339 discretionary funds.
- Blake Transit Center Construction (Business Plan initiative 13)** - The Blake Transit Center platform must be redesigned to efficiently accommodate the loss of bus bay capacity on Fourth and Fifth Avenues and future service expansion. FY2027 funding continues design and early site work.
- Bus Garage Planning Studies (Business Plan initiative 14)** - With the operational expansions planned through the Long-Range Plan, TheRide continues assessing the need for expanded storage and maintenance capacity to accommodate expanded service and fleet requirements.
- Bus Rapid Transit Planning Studies (Business Plan initiative 15)** - The Washtenaw Avenue corridor carries the highest and most continuous ridership between downtown Ann Arbor and downtown Ypsilanti. FY2027 funds continue analysis and early design toward a bus rapid transit service.

The budget provides for capital costs and investments necessary to maintain the existing facilities, fleet, and other assets owned by TheRide. Keeping existing assets in a state-of-good-repair is a federal requirement and helps avoid over-spending on new projects or a backlog of deferred maintenance (see Board policy 2.7.3 regarding asset protection). The following initiatives aimed at **excellence in service delivery** are being implemented throughout the next fiscal year and are funded in the budget:

- a. **Vehicle Replacements (1.4, 2.4.3, 2.7.3)** – To maintain service levels and avoid additional maintenance costs, TheRide plans to replace large transit buses, cutaway buses, mobility fleet and support vehicles through the LRP lifecycle.
- b. **Equipment Replacements (1.4, 2.4.3, 2.7.3)** – TheRide replaces major bus components, including engines, transmissions, hybrid drives, batteries and seats, when mileage, oil analysis and maintenance records show that continued repair costs more than replacement, keeping the fleet in a good state of repair.
- c. **Existing Facilities (1.4, 2.2.1, 2.4.3, 2.7.3)** – Improvements to existing facilities center on the Dawn Gabay Operations Center: general facility rehabilitation, renovation of the administration interior, a tire storage carousel and wheel alignment system for the maintenance shop, and ergonomic improvements for staff.

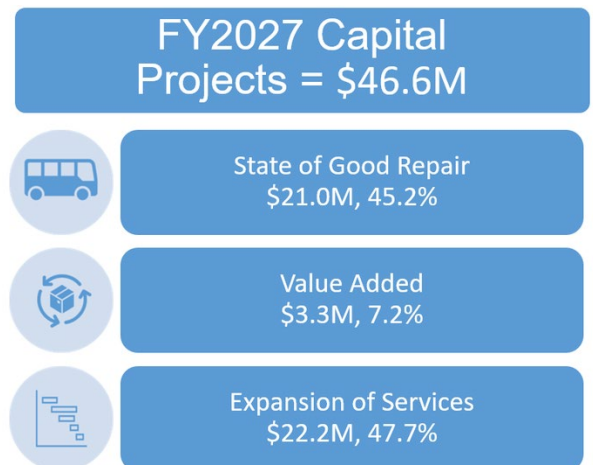
The budget provides for capital costs and investments necessary to upgrade and improve technology systems, clean propulsion, and basic infrastructure. Initiatives focus on opportunities to execute various internal improvements to systems, processes, or technology designed to improve TheRide's internal performance. The budget also includes improvements to the riders' environment, such as bus stops and bus lanes. The following initiatives aimed at **continuous improvement** are being implemented throughout the next fiscal year and are funded in the budget:

- a. **Information Technology (IT): (1.4, 2.0, 2.7)** – Technology improvements include replacements and improvements of major systems required to support transportation services. IT needs are strategically planned for several years at a time and are based on evaluations of systems and software for current and future needs.
- b. **Bus Stop Improvements: (1.1.2, 1.4)** – Focused on improving accessibility for people with disabilities, TheRide is working on improving bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities. Pending funding and issuance of permits, TheRide targets to make 30 to 40 bus stops near sidewalks accessible each year.
- c. **Bus Lane Improvements: (1.0, 1.4, 2.10)** – Pending funding and collaboration with stakeholders, TheRide intends to create and improve bus lanes to make transit more attractive and efficient relative to other modes. Fully dedicated bus lanes will require collaboration with municipal, County, and State partners on changes to the streetscape.

Capital Budget Summary

This balanced budget provides funding to execute on TheRide's highest priorities. A majority of the capital budget is focused on improvements and redevelopment of TheRide's two passenger terminals and transit facilities, along with state of good repair for buses and facilities. Highlights of the capital budget are:

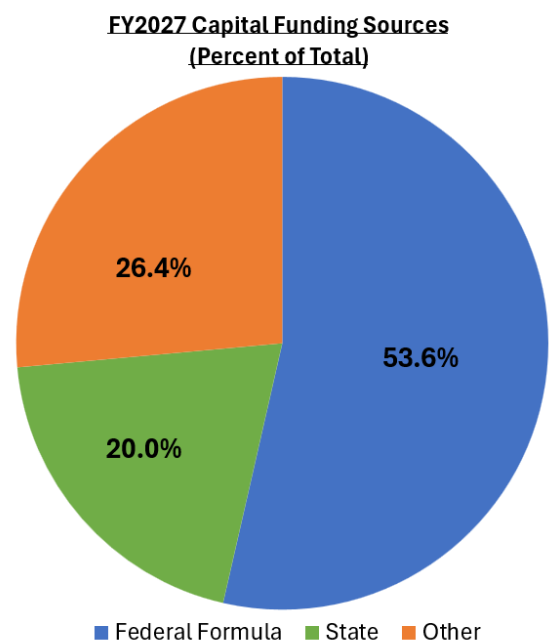
- Planning, NEPA, design and acquisition for the Ypsilanti Transit Center, design services for the Blake Transit Center, and the first year of construction for the Ypsilanti Transit Center
- Replacement buses and support vehicles needed to provide services and comply with the Transit Asset Management (TAM) Plan
- Administration office improvements and ongoing facility maintenance at Dawn Gabay Operations Center
- Facility planning, design, and site recommendations for a future bus maintenance and storage facility
- Planning and design for future Bus Rapid Transit (BRT) services on Washtenaw Corridor



Additional descriptions of expansion and value-added projects are described in the Capital Budget Initiatives section.

The capital budget is fully funded for FY2027 with no use of capital reserves. Federal formula grants, primarily Section 5307 urbanized area and Section 5339 bus and bus facilities grants fund 53.6 percent of budgeted expenses. The required state match, provided through the Comprehensive Transportation Fund, funds 20.0 percent of budgeted expenses.

Other funding of 26.4 percent of the capital budget includes Congressionally Directed Spending (formerly known as earmarks) and Section 5339 discretionary grants dedicated to design and construction of the new Ypsilanti Transit Center.



The Budget Recap

The FY2027 Budget was developed through the spring and summer of 2026, and budget objectives are consistent with the budget introduction in June, the budget preview in July, the draft budget presented at the August 20, 2026 public hearing, and the quarterly financial reports presented to the Board. Operating revenues equal operating expenses at \$78,226,909, and the budget is balanced. Key budget risks outlined below will be monitored throughout the fiscal year and managed within the approved budget.

- State Operating Assistance is budgeted to increase over FY2026 at MDOT's preliminary FY2027 urban Local Bus Operating (LBO) distribution rate of 29.9393%, with deliberate conservatism applied to the line. MDOT's final FY2027 rate is not yet published, and the final reimbursement percentage could differ from the assumption in this budget.
- Costs for the first year of the new union Collective Bargaining Agreement (CBA) are reflected in the salaries and wages budget.
- Changes in interest rates or inflation from current assumptions could affect interest income, as well as costs for fuel, materials, and supplies.

A positive fund balance with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2027 will bolster the organization against the risks of uncertainty ahead. The audited FY2025 financial statements confirm this position. The following are key strengths that may mitigate risks:

- No known risks of service reductions or lay-offs in 2027
- Capacity to operate within the budget and available resources
- Operating reserve funds at or above target levels
- Established capital, operating, and insurance reserves
- No indebtedness or significant liabilities
- No significant legacy costs, such as unfunded pension liabilities
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022

The FY2027 Budget provides a comprehensive plan for delivering the full range of services our community relies on while advancing the following strategic priorities in our Corporate Business Plan: excellence in service delivery and customer retention, attracting new riders, and continuous improvement.

4. Introduction

Budget Introduction

The Board of Directors sets the agency's strategic direction and parameters through formal written policies. The organization is committed to achieving The Board's strategic goals (Ends policies). They also set parameters and risk boundaries provided for the CEO, within which staff methods, decisions, and activities can be responsibly left to professional staff to lead and manage (Executive Limitation policies).

Policy 2.4, Financial Planning/Budgeting (provided below), prescribes the limitations that are required to follow when budgeting.

2.4 FINANCIAL PLANNING/BUDGETING

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:

- 2.4.1 Risks incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
- 2.4.2 Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.
- 2.4.3 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
- 2.4.4 Is unclear about long-term funding needs and growth projections.
- 2.4.5 Causes deficit spending.
- 2.4.6 Does not provide for adequate reserves.
- 2.4.7 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.
- 2.4.8 Funds ongoing operations via debt or creates unfunded future obligations.

Before approving the final budget, the Board will first consider a monitoring report and whether these policy parameters for the budget have been met.

The FY2027 Operating and Capital Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan (the Business Plan). All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

The Business Plan clarifies strategic goals (Ends policies) and outlines how it will achieve them. It serves as a framework for collaboration among the Board, staff, and the public, creating an opportunity to discuss priorities, initiatives and projects before the detailed budgeting process begins. The Business Plan becomes the foundation and 10-year capital projections for context and prudent financial planning.

Aligned with the Business Plan, the budget provides the financial plan to maintain transportation services to the communities we serve. The Budget provides funding to accomplish the following:

- Excellence in Service Delivery and Customer Retention → Operational, Financial and Administrative Excellence
- Attract New Riders and Increase Ridership → Long-Term Infrastructure, Service Enhancements and Influence Demand for Transit
- Continuous Improvement → Team and Staff Development, Internal Effectiveness & Efficiency, and Sustainability Planning

A large majority of funding in the Budget is for maintaining services, with additional funding to support growth and continuous process improvement.

The Budget is a balanced budget that provides a plan for execution of the Board's Ends and the organization's highest priorities. Development of the Budget considers impacts of economic and industry conditions and impacts on financial and operational plans. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current year and a six-year projection. The Budget supports the priorities and initiatives represented in the Business Plan.

The Budget assumes full-service operations, reflecting the impact and data collected from the second full year of expanded services funded by the higher millage rate passed in August 2022. It includes a substantive increase in property tax revenue based on actual receipts and more refined forecasting derived from historical analysis along with recent data from Washtenaw County. It also accounts for an increase in State Operating Assistance, based on guidance from MDOT to public transit agencies in Michigan.

The budget is the financial roadmap for the fiscal year and aligns financial resources to achieve the Board's goals. While the business plan focuses on the big picture, the budget allocates financial resources to ensure plans have the resources to be achieved. Development of the budget considers impacts of economic and industry conditions and the impact on financial and operational plans. Initiatives in the business plan and the budget are evaluated and prioritized to maximize financial and operational resources.

This presentation of the FY2027 Budget illustrates assumptions of revenues and expenses needed to provide transportation services to the communities we serve and includes funding for initiatives prioritized in the Corporate Business Plan. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current and six-year operating and ten-year capital projections.

In summary, the budget provides reasonably conservative assumptions to maintain current services and fund initiatives important to advance the Boards Ends. The FY2027 Budget incorporates these elements comprehensively and is shared in the context of future projections. The outlook for the budget is stable, and is supported by the new millage, in place through the summer of 2028.

As with previous budgets and noted above, the budget is guided by a strategic business plan which outlines the strategic priorities. This plan is aligned with the Board of Directors' expectations: increasing ridership, excellence in service delivery, and continuous improvement (See *Board's Ends Policies*, in the [Board Policy Manual](#)).

The budget presents a balanced financial plan to maintain transportation services. Highlights of the FY2027 Recommended Operating and Capital Budget, with the governing Board policy numbers in parentheses, are:

- Overall operating expenses are \$78,226,909, and capital investments are \$46,605,326
- Addresses the long-term financial picture by presenting a 7-year operating plan (1.0, 2.4)
- Addresses the long-term financial picture of capital projects by presenting a 10-year capital plan (1.4, 2.4.3, 2.7.3)
- Funds the priorities from the Corporate Business Plan (1.0, 1.2, 1.3, 1.5)
- Presents a 10-year capital plan, and programs federal and state funding for major projects in FY2027 (2.4, 2.7):
 - Design work for both the Ypsilanti and Blake Transit Centers (1.2, 1.3.3, 1.4)
 - Final Design, Planning and the first year of Construction for the Ypsilanti Transit Center (1.2, 1.3.3, 1.4)
 - Replacement and rehabilitation of fixed-route buses (1.4, 2.7.3)
 - Capital maintenance for Dawn Gabay Operations Center (1.4, 2.2.1, 2.7.3)
 - Development and deployment of Intelligent Transportation System (ITS) replacement (1.4, 2.0, 2.7)

Corporate Strategic Plans

The FY2027 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-2026, key focus areas are ridership growth, funding stability, and macroeconomic disruptions. Transit agencies like TheRide are now focusing on service adjustments to meet evolving needs, while also addressing challenges in recruiting and retaining essential staff. TheRide continues to support and cultivate a strong internal team ready to meet agency needs and serve the Ann Arbor area. Local support in the community and from the state remains robust. The budget includes funding for the full schedule of transportation services, and initiatives referenced in the FY2027 Corporate Business Plan.



Financial Executive Limitations Policies

TheRide's Board of Directors controls and directs the organization with approved policies. The Board Policy Manual is available on TheRide's [website](#). Many of the policies have direct impacts on shaping the annual budget. For example, the Board has set clear limitations upon Financial Planning and Budgeting

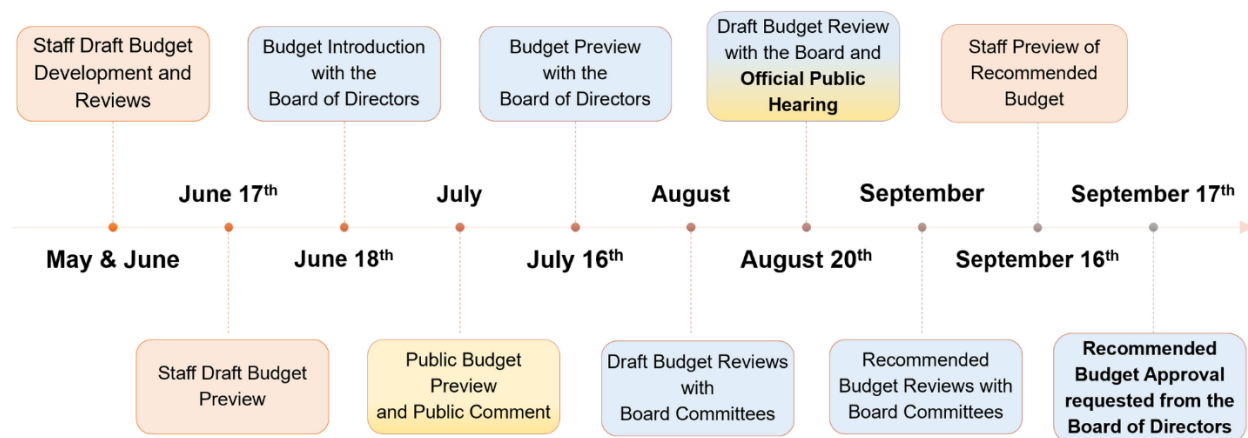
(Policy 2.4), Financial Conditions and Activities (Policy 2.5), Cash and Investments (Policy 2.6), Compensation and Benefits (Policy 2.3), and Asset Protection (Policy 2.7).

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 budget process is a collaborative process that includes interactive communication with staff, stakeholders, the public and the Board. Public review and comment opportunities provide transparency of the process and the budget and are valuable opportunities to listen to our stakeholders. As such, communications to the public exceed minimum federal and state budgeting requirements. The timeline for review and adoption of the budget is shown on the following page.

Figure 1 Budget Timeline:



- May/June/July:** Development of the baseline budget, defined as financial resources required to provide transportation services as scheduled for the fiscal year and in alignment with Board policies. The budget is developed in context of current economic conditions, operations and business plans. The process includes many activities, such as evaluating budget performance and projections with department managers, reviewing staffing levels, analyzing impacts of current collective bargaining agreements, reviewing asset maintenance plans, analyzing historical trends of key drivers, and forecasting revenues and expenses.
- August/September:** A draft operating and capital budget with a multi-year forecast was provided at Board meetings and committee meetings. The operating budget preview was made available for public review starting August 1st and will remain accessible through budget adoption on September 17, 2026.

- **August:** A draft budget was provided to the Board of Directors at the August 20, 2026 meeting. The public input period began in August, and the official public hearing, as required by state law, was held during that meeting.
- **September:** The Board receives the Recommended Budget for approval at the September 17, 2026 Board meeting. The Michigan Uniform Budgeting and Accounting Act of 1968 requires Board adoption prior to incurring any expenditures on October 1, the first day of the new fiscal year.
- **October:** Fiscal Year 2027 will begin October 1, 2026, with the newly adopted budget.

5. The State of TheRide

Financial Condition

TheRide is financially stable and is expected to remain so through FY2027 and for the duration of the approved millage. The current fiscal year is tracking favorably against budget, consistent with the quarterly financial reports presented to the Finance Committee. The reserve balance remains strong, as property tax revenue supports ongoing operations and service expansion. While future impacts of regulatory changes and political shifts remain uncertain, financial strengths include:

- No known risks of service cuts or lay-offs in FY2027
- Continuing to operate within the budget and available resources
- Operating reserve funds at or above target levels
- Established capital, operating, and insurance reserves
- No indebtedness or significant liabilities
- No significant legacy costs, such as unfunded pension liabilities
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022

The agency's financial statements continue to show a strong position, confirmed by another successful independent audit for FY2025. The FY2027 budget preserves that financial position and continues the practices that produced it.

Fund Description, Structure, and Balances

TheRide operates with cash and investment asset accounts, through which operating, capital, and investing transactions flow during the fiscal year. The term *fund balance* is used to describe the net position of the general fund as calculated by GAAP. It is illustrated in the net assets portion of the balance sheet on the financial statement, also often referred to as equity. The fund balance represents the accumulated annual surpluses or deficits over the lifetime of the agency, inclusive of all reserves designated within it by the Board of Directors.

When liabilities are high and the fund balance is low, the cash and investment accounts used day to day are supported by debt, unearned revenue, and other obligations yet to be paid. This balance sheet condition can lead to financial instability, reduced flexibility, and a limited ability to use available funding sources.

TheRide currently maintains a positive fund balance coupled with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2027. This will bolster the organization against liquidity issues, budget cuts, and other risks that could jeopardize the organization's ability to carry out its mission. The effect of the FY2027 Operating Budget on the fund balance is discussed in the Impacts of the 2027 Budget, Section 7, on page 48.

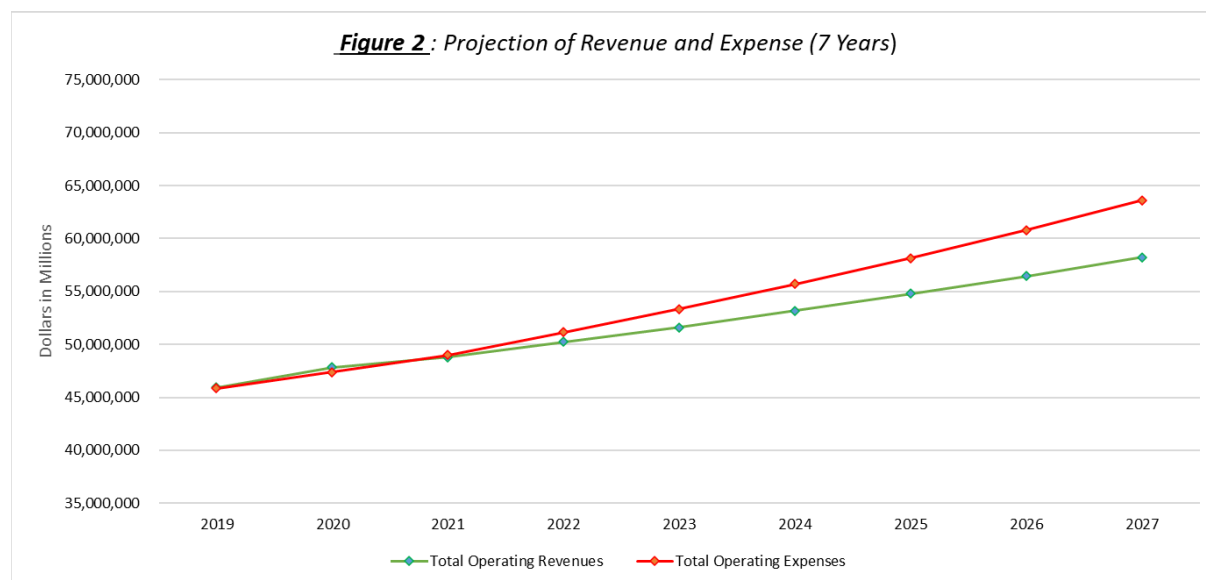
Current Millage Provides Longer-Term Financial Stability

Before the pandemic, TheRide faced financial challenges. In 2019, budget forecasting showed deficits starting in FY2021 because expenses were growing faster than revenues. 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). In effect, [TheRide was operating beyond its means](#).

Previous budgets were balanced by using federal formula funding, which is intended primarily for capital investments, to support operations. Federal formula funding is the agency's primary source of available capital funding to maintain assets in a state of good repair, meet federal requirements, and invest in other capital projects. Using this funding for operations reduces the funding available to purchase new buses, maintain and improve facilities, and invest in other capital and expansion projects. Even with federal formula funds used for operations, projections in 2019 showed operating deficits growing from \$190,000 in FY2021, or 0.4% of budgeted expenses, to more than \$5.4 million in FY2027, or 8.5% of total costs. The projections showed that TheRide needed another solution to address the structural deficit, and that federal formula funding could not sustain ongoing operations.

Figure 2 below illustrates the gap in revenues and expenses through FY2027, as projected in 2019.

Figure 2: Former Projection of Revenues and Expenses (from 2019)



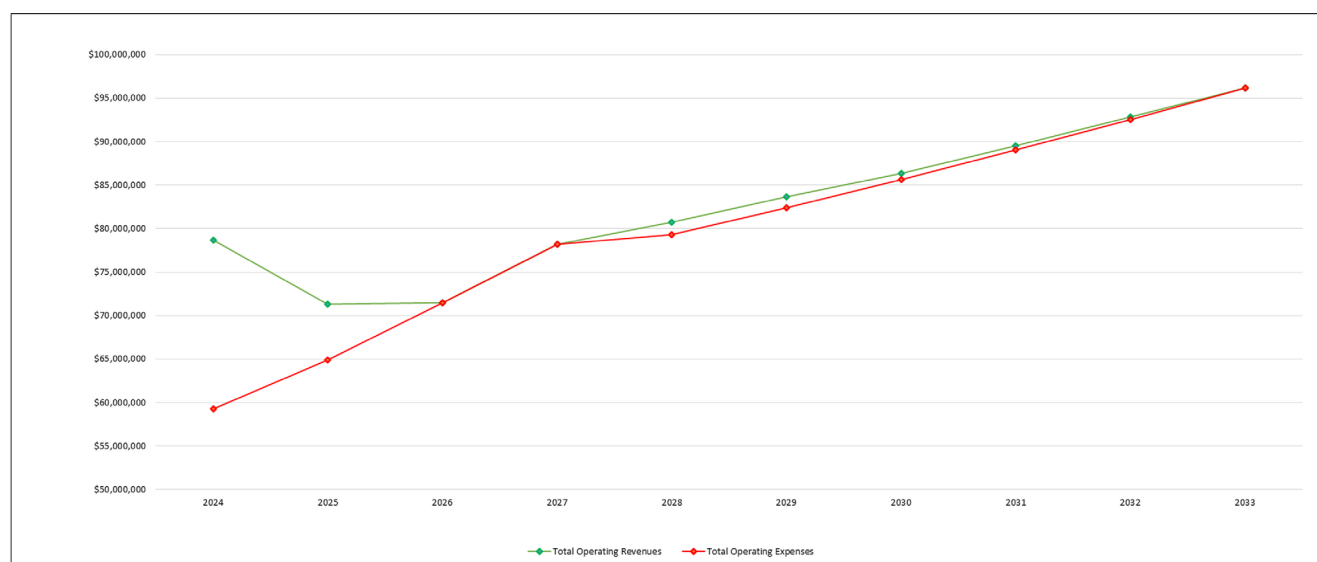
In early FY2020, cost control measures were under way. When the pandemic emerged, TheRide's financial situation became more precarious, and immediate cost saving measures were needed, including service suspensions and layoffs affecting 42 employees. Those pandemic-related changes, together with federal relief funding, provided immediate relief for FY2021, and in FY2022 TheRide returned to full service. The remaining federal relief funding renewed financial stability and provided funding for a balanced budget through FY2024. These actions delayed the pre-existing structural deficit from 2021 to 2024, and they did not resolve it. One-time federal funding provided short-term relief. It could not sustain ongoing operating costs.

The need to refocus on the structural deficit became more urgent as the 2018 property tax millage approached its scheduled expiration in 2023. As the emergency phase of the pandemic stabilized, TheRide prioritized recovery and future service needs. Work on the long-range plan accelerated, and staff developed new projections for key operating drivers and budget impacts.

With a vision for future service and continued transparency about operating budget projections, staff developed a millage proposal to address both needs. The Board and voters in our communities supported the proposal, which was approved on August 2, 2022. The millage proposal funded the structural deficit, re-established federal capital funding that had been supplementing the operating budget and provided funding for the first phase of the long-range plan, which improves service to our communities.

This achievement changed TheRide's financial position. The projection of revenues and expenses, for the first time in years, showed that TheRide had secured funding to improve transportation services and support commitments to our communities. The new millage began in 2024 and funds fiscal years 2025 through 2029. Expanded services began in August 2024 and continue today. As shown in Figure 3, TheRide is expected to provide services as promised and maintain financial stability throughout the seven-year projection period to fiscal year 2033.

Figure 3: Current Projection of Revenues and Expenses (FY2024 to FY2033)



The FY2027 budget is balanced at zero. Total operating revenues are projected to exceed expenses through FY2032, with the margin narrowing each year as costs increase. By FY2033 the projection is roughly break-even. State Operating Assistance is budgeted at MDOT's preliminary FY2027 urban Local Bus Operating distribution rate with deliberate conservatism applied to the line. Growth in local property tax revenue, supported by the millage and rising assessed values, provides the durable base for stability at the voter-approved 2.38 mills, as reduced annually by the Headlee rollback. The millage is in place through the summer of 2028, and the next five-year millage cycle begins in 2029. Continued funding for the services it supports beyond that point will depend on voter approval of a renewal.

Throughout the forecast period, expenses are expected to grow with inflation in wages, healthcare, fuel, and parts, and with the full-year cost of millage-funded service. Revenues are anticipated to stay ahead of expenses through the 2028 tax levy horizon, consistent with Board policy. Funding for any additional services not currently provided or stipulated in the current millage proposal, and funding for current

service levels beyond 2028, will need to be addressed through future millage renewals or other funding sources.

We have delivered results in recent years, and that success carries a responsibility to provide the services promised and manage public resources prudently. Financial stability will be maintained through effective financial controls, disciplined stewardship of organizational resources, and decisions consistent with Board policies.

Financial Opportunities

TheRide's budget for fiscal year 2027 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 budget was guided by the following principles:

- Compliance with budgeting policies recommended by the Board of Directors to ensure financial stability
- Budget for the priorities outlined in the Corporate Business Plan
- Support safe operation of transportation services
- Maximize value provided to passengers and taxpayers
- Ensure funding for stable operations
- Ensure TheRide's assets are maintained in a state of good repair
- Support future expansion efforts
- Fund continuous improvements that improve the quality of services and efficiencies

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

Ensuring Adequate Operating Reserves

Reserves are an important part of a healthy budget. They buffer the agency from unexpected costs and disruptions to revenues. Without adequate reserves, the agency risks insolvency from changes beyond our control or from emergencies such as extreme economic conditions, sudden ridership losses, or a global pandemic.

Board Policies (2.4.6, 2.5.8) require budgeting to provide reserves adequate to cover near-term operating expenses. Through Board adoption, TheRide established the following reserves:

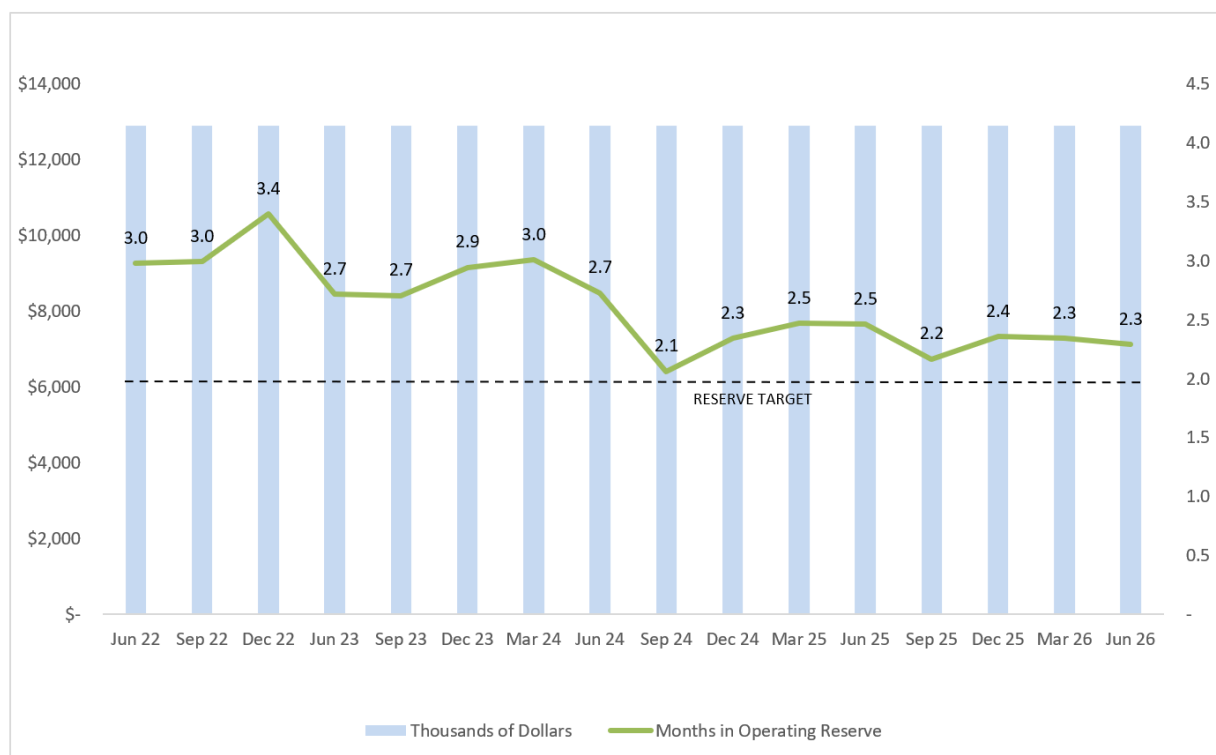
- Operating reserve, with a target of 2.0 months of operating cash, aligned with GFOA guidance
- Capital reserve, which requires Board approval before funds are used (Board Policies 2.5.7, 3.2.12)
- Worker's compensation insurance reserve of \$500,000
- Vehicle damage reserve of \$1,000,000

Operating Reserve

Up through FY2024, the operating reserve had a target level of 2.5 months of operating cash. Starting in FY2025, given the level of fund balance, the CEO and CFO determined that a less conservative stance was warranted and aligned the operating reserve target with GFOA best practices at 2.0 months. Several factors, including a structural deficit, contributed to the initial position that AAATA should maintain operating reserves of 2.5 months for many years. With the August 2022 millage and prudent use of pandemic relief funds, AAATA has gained financial stability by eliminating the structural deficit and establishing adequate reserves.

Due to the pandemic and associated federal relief funds, the operating reserve cash position improved in FY2021 and remains strong, as shown in Figure 4 below. Operating reserve projections are included in Impacts of 2027 Budget, Section 7, on page 48.

Figure 4: Historical Operating Reserve Balances in Months and Dollars (\$ in thousands)



Worker's Compensation Insurance Reserve

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

Vehicle Damage Reserve

The vehicle damage reserve was established at the start of FY2026 in lieu of physical damage insurance that was expensed annually but never used in practice. The reserve is funded at \$1,000,000, sized to replace one large bus in the event of a total loss. The vehicle damage reserve is fully funded.

Capital Investment Focus

Our capital plans balance maintaining current assets with investments in future expansions. The FY2027 budget includes funding for facility improvements and state of good repair needs for vehicles, equipment, and other assets. In alignment with federal regulations, 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, facility renovations are a focus of the 2027 capital budget. These improvements include the redevelopment and construction of enhanced facilities at the Ypsilanti and Blake Transit Centers. Capital budgeting also includes resources for a bus maintenance and storage facility, bus stop improvements, and a new bus rapid transit line.

TheRide's Transportation Services and Ridership

In addition to a strong fixed-route bus service, TheRide provides a diverse array of services. Demand response services are undergoing a period of expansion and change in response to technological advances and changes in planning approaches. FlexRide has been used to replace low-demand fixed routes resulting in improved service quality and cost efficiency.

Steps are also being taken to improve cost efficiency and service quality for A-Ride, GoldRide demand response, and FlexRide demand response (now serving late night and holiday service), which are less cost-efficient compared to fixed-route services.

Within the strong overall performance, various opportunities for improvement were identified. Some changes are being addressed currently, some will be addressed over the next few years, and additional improvements will be considered over the longer term. Service changes are guided by our approved long-range plan, TheRide 2045.



In this section, current services, recent changes to current services, and corresponding ridership activity are discussed. Ridership is an indicator of the success of our services. As indicated in the Board's Ends, AAATA exists so that an increasing proportion of residents, workers, and visitors in the service area utilize public transportation options (Board Policy 1.0). Ridership is tracked and measured to gauge how frequently our services are used and to understand the value of those services to stakeholders. Ridership projections are developed by analyzing historical trends, evaluating impacts of service changes, considering local and national trends, and aligning with long-term projections. Ridership is a key driver used to estimate passenger fare revenues and other revenues and expenses, as described in the key budget assumptions for operating revenues and operating expenses in Section 6, 2027 Budget, of this document on page 28.

The following are descriptions of current services offered at TheRide, explanations of service changes and improvements, and ridership assumptions impacting the budget.

Fixed-Route Services and Ridership

Fixed-route public transportation services are regularly scheduled transportation available to the general public and are provided according to published schedules along designated published routes with specified stopping points for boarding and alighting passengers. [Fixed-route bus service](#) operated by TheRide includes bus routes in Ann Arbor, Ypsilanti, and nearby townships as shown on the [System Map](#).



Fixed-route ridership represents approximately 97% of all ridership for services offered by TheRide and is the most common comparison metric for mid-sized and large public transportation agencies. Because fixed-route service makes up most ridership, it is also the primary driver for budget projections of total passenger fare revenues.

Ridership growth peaked in 2018-2019, then dramatically declined in early 2020 when coronavirus emerged in 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 were gradually restored to full-service levels in August 2021.

As shown in Figure 5 below and Figure 6 on the following page, monthly fixed-route ridership trends turned mixed during FY2026 after a strong first year of expansion-driven growth. Ridership has run below the pace assumed in the FY2026 budget. The FY2027 operating budget reflects conservative assumptions, planning for ridership to hold near current levels rather than assuming continued growth.

Figure 5: Annual Fixed Route Ridership

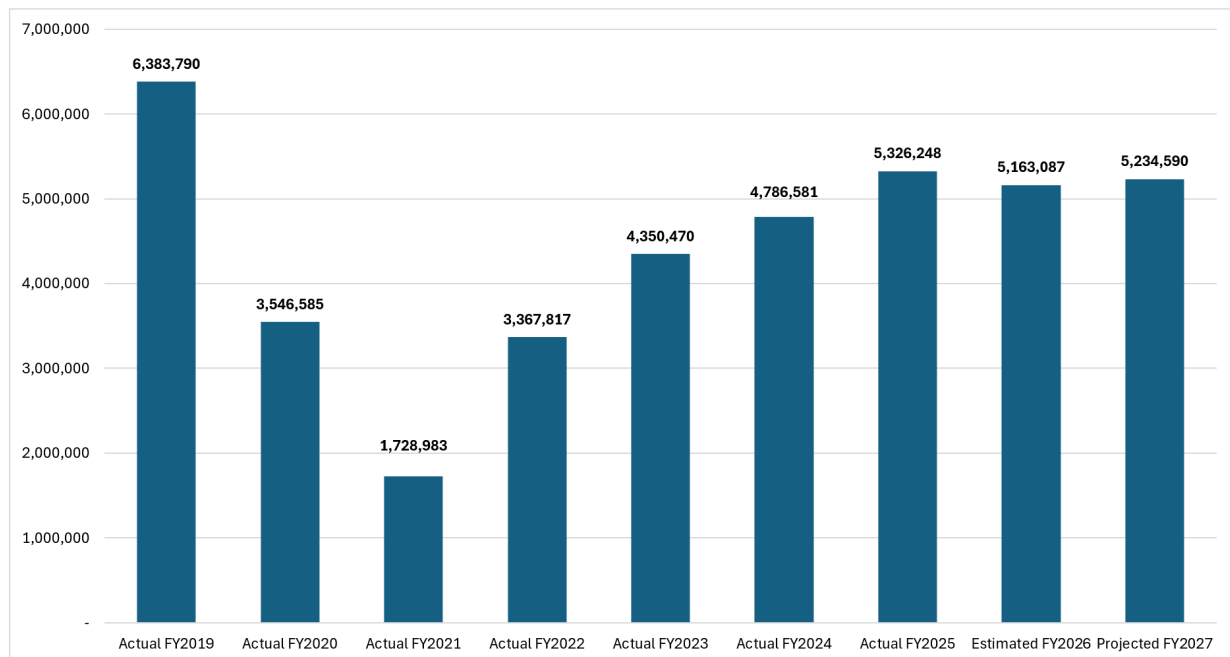
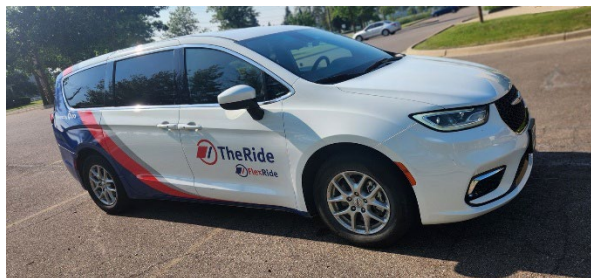


Figure 6: Monthly Fixed Route Ridership



Urban Demand Response Services and Ridership

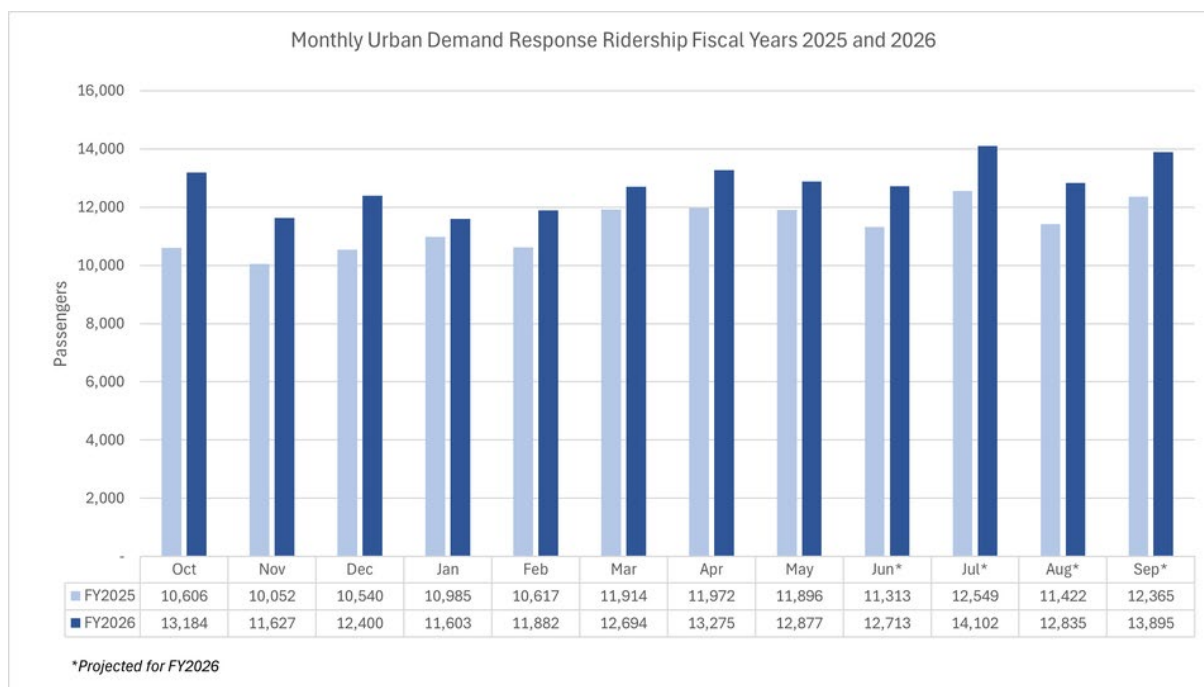
Demand response services are services where passenger trips are generated by calls from passengers requesting specific transportation trip services from TheRide. TheRide provides a range of accessible, flexible, on-demand services, including A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.



Total ridership for urban demand response services is running 10% to 15% higher year-over-year in

FY2026, continuing the growth trend that began with the FY2025 service expansion, when ridership rose 13% over FY2024 (131,656 passengers, up from 116,372). The growth is concentrated in NightRide and HolidayRide, where ridership has gone up considerably year-over-year. A-Ride ridership, by comparison, is roughly flat. A comparison of total ridership for all demand response services combined is illustrated in Figure 7 on the following page.

Figure 7: Urban Demand Response Ridership



A-Ride Services and Ridership

A-Ride is a shared, reservation-based accessible service. This service provides quality transportation for persons with disabilities. A-Ride provides origin-to-destination, curb-to-curb, and door-to-door service and operates during fixed-route service hours. A-Ride trips are provided in accessible lift-equipped buses. A-Ride is a paratransit service, available for people with disabilities who are unable to use fixed-route services. A-Ride services exceed the minimum requirements for a fixed-route public transportation agency to provide ADA complementary paratransit services to ADA eligible individuals. A-Ride ridership has remained roughly flat through FY2026, in contrast to the strong growth in TheRide's microtransit services.

Figure 8: A-Ride Ridership



6. 2027 Budget

Budget in Brief

TheRide enters FY2027 in sound financial position, with the structural deficit of the late 2010s resolved by the August 2022 millage. The current millage is in place through the summer of 2028. TheRide carries no debt and no unfunded pension liabilities. Reserves are fully funded with the operating reserve at or above its target of 2.0 months of operating expenses and no planned use of the capital reserve in FY2027. Capital reserves are projected to be used to leverage federal and state funding for expansion projects beginning in FY2029. No federal formula funds are used to support operations, allowing all eligible operating expenses to earn state operating assistance and all federal funding capacity remaining available for capital spending (buses, facilities, technology, etc.)

The FY2027 Recommended Operating Budget is balanced at \$78.2 million in operating revenues and expenses, with property taxes and state operating assistance providing most of that revenue. State operating assistance is budgeted at \$23.1 million, conservatively below MDOT's preliminary FY2027 published rate. Interest income is budgeted at \$2.2 million, based on current rate trends, and has been providing a natural hedge against fuel and parts inflation. Interest revenue projections are assumed to step down as rates normalize in subsequent years. Fares are unchanged from FY2026. The budget funds full service levels for the third year of millage-supported expansion, with conservative ridership assumptions for fixed-route service and sufficient capacity to meet demand in A-Ride, FlexRide, NightRide and HolidayRide. It funds 338 full-time equivalent positions, four more than FY2026, and includes estimates based on the Collective Bargaining Agreement (CBA) ratified on August 31, 2026. The budget includes funding for a comprehensive fare study, an update to the long-range plan (TheRide 2045), and studies to improve maintenance processes in Fleet Services. Studies will inform assumptions for future financial planning. Operating revenues are projected to slightly exceed expenses through FY2032, with the margin narrowing each year as costs rise, and the projection is roughly break-even by FY2033.



The FY2027 capital program is \$46.6 million, fully funded with no use of the capital reserve. The Ypsilanti Transit Center is the largest project with \$15.4 million to spend in FY2027, which includes the remaining design work and the first season of construction. The \$5.5 million replacement of the system behind real-time arrival information and fleet/operations management with an updated intelligent transportation system is the

largest technology project in the program.

Budget Overview

The following section outlines the FY2027 Operating and Capital Budget (the budget) in detail. The initiatives outlined in this budget help advance the priorities identified in the **Corporate Business Plan**. This budget also provides multi-year forecasts and context.

Highlights of the FY2027 Budget include:

- Full services for fixed-route and paratransit services
- Third full year of millage-supported expanded services
- Property taxes and State Operating Assistance (LBO) represent 86% of operating revenues
- Higher State Operating Assistance based on MDOT's preliminary FY2027 distribution rate
- Anticipates no fare changes
- Balanced operating and capital budgets

In addition, the FY2027 budget continues to advance capital initiatives already underway in recent years. The FY2027 capital program totals \$46,605,326 and includes:

- Replacement and rehabilitation of fixed-route buses and support fleet
- Planning, design and land acquisition for the Ypsilanti Transit Center and design work for the Blake Transit Center
- Commencement of construction for the Ypsilanti Transit Center
- Deployment and implementation of the Intelligent Transportation System (ITS) replacement
- Additional Value Added facilities projects at Dawn Gabay Operations Center

Operations Overview

In FY2027, TheRide will maintain full, millage-supported service levels for the entire year. The organization remains focused on serving existing riders while continuing to build ridership on the network expanded in FY2025. The FY2027 budget takes a conservative approach to ridership growth, reflecting the mixed ridership trends experienced during FY2026, and prioritizes stable, reliable service.

The following tables present vehicle revenue hours (hours in service) and ridership, with comparisons between FY2025 actual performance and projections for 2026 and 2027, which are the basis for assumptions in the budget.

Figure 9: Projected Vehicle Revenue Service Hours

Service Hours	Actual FY2025	Projected FY2026	Budget FY2027	% Change (2027 vs. 2026)
Local Fixed Route	320,255	319,213	318,392	-0.3%
Urban Demand Response	79,633	81,834	82,073	0.3%
Total Service Hours	399,888	401,047	400,465	-0.1%

Note: Urban Demand Response includes A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Figure 10: Projected Ridership

Ridership	Actual FY2025	Projected FY2026	Budget FY2027	% Change (2027 vs. 2026)
Local Fixed Route	5,326,248	5,163,087	5,234,590	1.4%
Urban Demand Response	135,587	152,512	156,522	2.6%
Total Passenger Trips	5,461,835	5,315,599	5,391,112	1.4%

Note: Urban Demand Response includes A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Operating Budget

The following tables and charts show the elements of the FY2027 Operating Budget. FY2026 is tracking favorably against budget. In FY2027, operating revenues total \$78,226,909, up 9.4% from the FY2026 budget. Operating expenses total \$78,226,909, up 9.4% from the FY2026 adopted budget of \$71,477,067. Expense growth reflects full-year millage-supported service levels and cost increases across wages and benefits, repair parts and contracted maintenance services, and fuel.

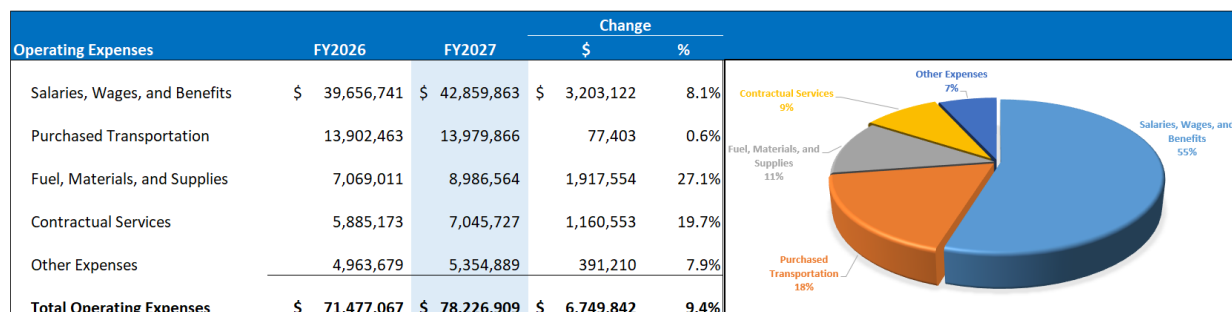
Operating revenues are 9.4% higher than the FY2026 budget, driven by growth in both major funding sources. Property tax revenue is budgeted at \$44,369,124, up 6.5%, anchored to the 2026 county tax rolls under the 2.38 mill levy authorized through the summer of 2028. State Operating Assistance is budgeted at \$23,060,771, of which \$21,101,629 is the urban Local Bus Operating allocation, budgeted with deliberate conservatism below MDOT's preliminary 29.9393% distribution rate for FY2027. Fares are budgeted at \$3,995,030 with no fare increase.

The FY2027 budget is balanced at zero, with revenues equal to expenses. No surplus is transferred to TheRide's reserves or fund balance during the fiscal year. Further details of operating budget expenses and revenues, as well as multi-year comparisons, are highlighted in this section of the budget document.

Operating Expenses

As illustrated in Figure 11, FY2027 Operating Expenses are budgeted at \$78.2 million, 9.4% higher than FY2026.

Figure 11: FY2027 Operating Expenses (with FY2026 Comparison)



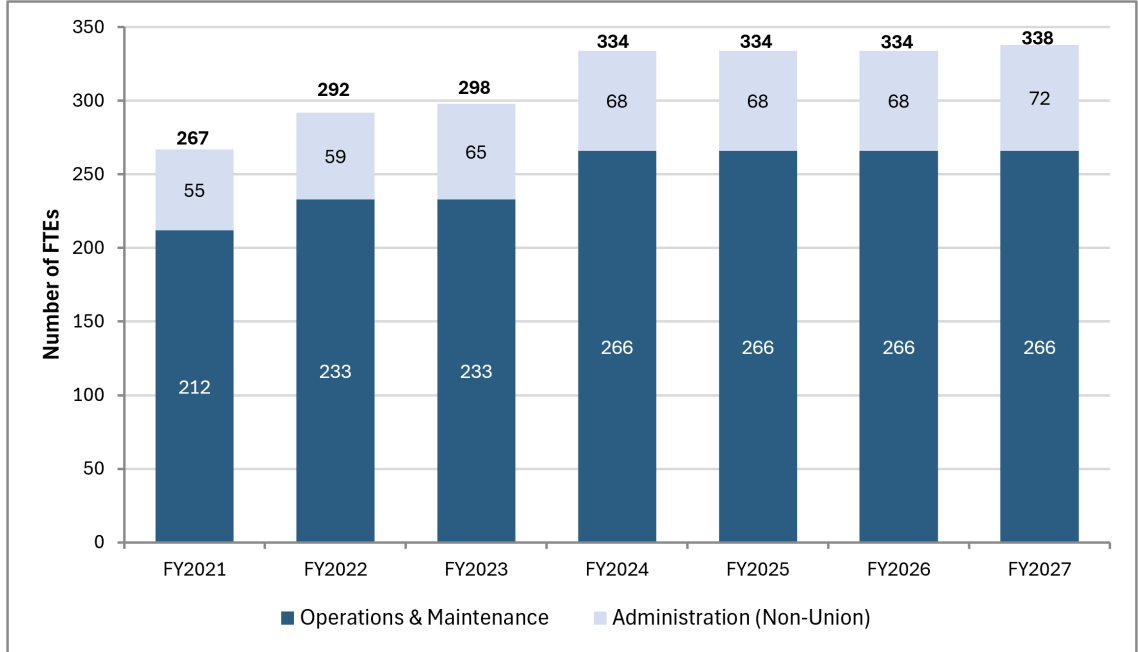
Descriptions of expenses and key budget assumptions are as follows:

Expense growth in FY2027 reflects full-year millage-supported service levels and cost increases in wages, healthcare, and purchased transportation, offset in part by higher State Operating Assistance distribution and property taxes.

- Salaries and wages reflect planned staffing levels for the next fiscal year, including costs for the first year of the new union CBA. Pension costs move with wages at the 9 percent defined contribution rate. Health insurance is budgeted from employee benefits renewal information received. Other fringe benefit lines were adjusted based on year-to-date actual trends from FY2026.

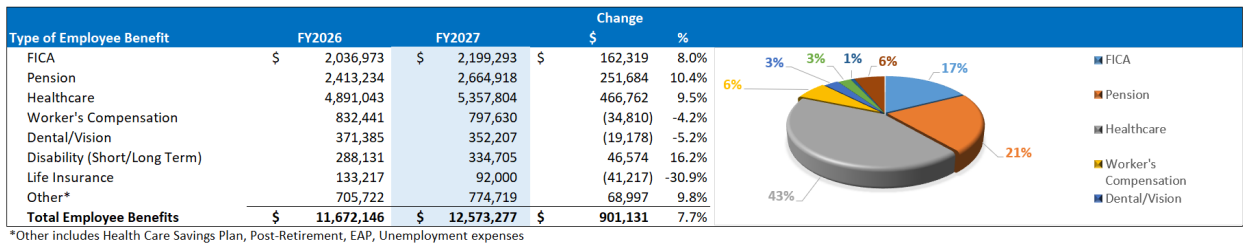
Figure 12 on the following page illustrates full-time employee staffing levels from FY2021 through FY2027. FY2027 budgeted staffing remains at full-year funded levels for all millage-supported positions. Staffing levels can change from time to time as the agency reviews and adjusts how resources should be prioritized to gain efficiencies and improve resource alignment to effectively achieve organizational objectives. Positions are reviewed annually by the Executive Team, including new position requests which are evaluated through the budget initiative process and reviewed in context of multi-year projections to maintain fiscal accountability. Approved changes are incorporated into the budget as funds allow. For FY2027, four additional positions are being added to the budget to support both operational sustainability (2 positions, one for fleet services and one for operations training) and technology improvements (2 positions for the deployment plus ongoing maintenance of technology investments on the horizon). The Recommended Budget allocates funding for positions as illustrated in Figure 12, including associated benefits.

Figure 12: Full-Time Employee (FTE) Staffing Levels FY2021 to FY2027



- Employee benefits costs are estimated based on historical actual costs and adjusted for anticipated inflationary rates. Figure 13 provides a comparison of the detailed employee benefits expenses and key assumptions. Total employee benefits are increasing by 7.7% over the FY2026 budget, driven by healthcare, along with the pension and payroll tax costs that move with wages. Workers compensation is budgeted 4.2% below its FY2026 level, and other fringe benefit lines were adjusted based on further analysis of year-to-date actuals from the current fiscal year. Assumptions and explanations for the key drivers are provided below.

Figure 13: Employee Benefits Summary



- FICA (Federal Insurance Contributions Act) or U.S. federal payroll taxes are based on statutory rates. Social Security and Medicare rates are unchanged at 6.20% and 1.45% respectively. The budget is consistent with projected changes in the Social Security wage base (\$184,500 in calendar year 2026 with an inflation adjustment assumption) and applied to approved headcount.
- Pension expenses are based on contractual (union) or established rates (non-union) for eligible employees. Consistent with that, 9% of eligible wages are assumed in the budget.
- Healthcare expenses are budgeted 9.5% above the FY2026 budget, based on employee benefits renewal information received.

- TheRide self-insures for workers compensation. The budget is 4.2% less than FY2026 budget to adjust for updated trends in claim reductions in the current fiscal year. The Workers Compensation Reserve remains fully intact, has not been needed to supplement costs, and the budget is sufficient to cover expenses for FY2027.
- Purchased transportation expenses are budgeted at \$14.0 million for FY2027, up 0.6% from the FY2026 budget. While demand in aggregate is trending below anticipated FY2026 levels, the budget holds costs near the FY2026 level to allow for fluctuations in ridership during the upcoming fiscal year, up to contract limits.

Additionally, sub-recipient purchased transportation for WAVE and People's Express is budgeted at current contracted levels. Revenues for these services are passed through and the overall impact of these expenses to TheRide nets to zero.

- Fuel, materials, and supplies expenses, shown in Figure 11, are increasing 27.1% over the FY2026 budget. Diesel fuel and gasoline are budgeted at \$3.9 million, up 35.7%, priced at \$4.05 per gallon (the average delivered price since the February spike). The August Short-Term Energy Outlook from the EIA revised wholesale diesel prices upward, supporting the assumption.

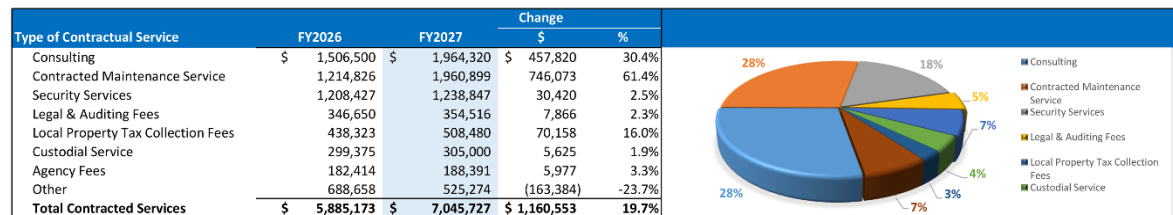
Another major cost in this line item is for vehicle repair parts, which are budgeted at \$2.4 million. Increases in vehicle repair parts (including remanufactured engines and transmissions) are causing expenses to rise. For FY2027 the agency will need more replacement engines and transmissions than in a typical year. This "maintenance bubble" is a one-time catch-up rather than a new ongoing cost level. Miles per active bus reached an all-time high in FY2025 as a fleet no larger than before the pandemic absorbed the millage service expansion, bringing forward a group of powertrains that will likely require replacement within the next year. Revenues are available to increase investment in replacement engines ensuring buses remain operational and can be efficiently maintained through their full useful life.

The balance of the category covers materials, supplies, tires, and lubricants at levels consistent with FY2026.

- Contractual services expenses are budgeted at \$7.0 million for FY2027, 19.7% above the FY2026 budget. The increase predominantly reflects higher contracted maintenance to support necessary repairs to TheRide's fleet. While much of the work on TheRide's fleet is completed in-house, it is supplemented by contracted vehicle maintenance, primarily for heavy maintenance. The ongoing base sits ten percent above the FY2026 budget to keep maintenance timely, and a one-time provision covers vendor engine and transmission installations if failures require them.

Other notable contractual services include security services, legal services, and consulting for studies associated with the Corporate Business Plan. Security services are budgeted in accordance with the security services contract, which are primarily consistent year-over-year. All legal services for TheRide are paid through consulting contracts as there are no in-house counsel. The primary contracts are labor consulting and general counsel. Consulting contracts for initiatives in the budget include the fare study, and an update to the long-range plan to assess progress and maintain alignment with the Board's Ends. Figure 14 illustrates the different categories within this line item, and more detail is provided below.

Figure 14: Contractual Services Summary



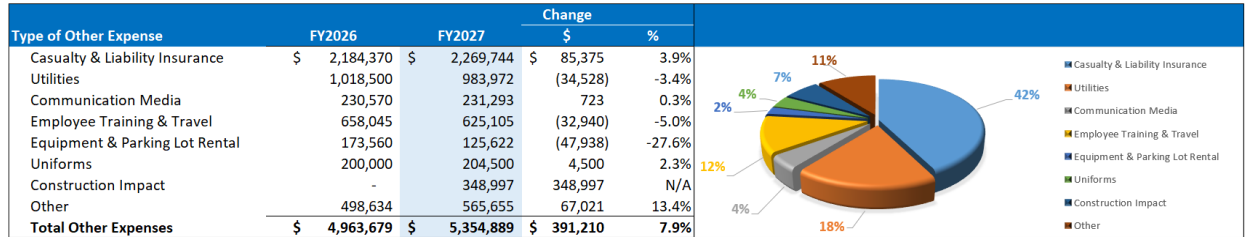
- Security Services are budgeted 2.5% above FY2026. Guard coverage under the security services contract grows as the FY2026 security review is put into practice, while the one-time cost of that review does not recur. The FY2026 security review continues to guide operational improvements that keep riders and staff safe.
- “Other” contractual services are decreasing 23.7% from the FY2026 budget. The main budgetary reduction in this line item is due to planned reductions in temporary staffing support, which is being reduced by approximately \$240,000 year over year. Temporary staff provide AAATA with operational assistance as needed to maintain service levels, address workload surges, and ensure continuity in essential functions. These costs fluctuate due to changes in operational efficiency and short-term needs for additional staff during periods of staff turnover. Improvements in both are reducing the need for planned temporary staff next year.

Local property tax collection fees, a separate line in Figure 14, rise 16.0% to about \$508,000, based on the county’s collection fee rate verified against FY2025 and FY2026 actuals and applied to the growth in property tax revenue.

- Other expenses are budgeted at \$5.4 million for FY2027, 7.9% above the FY2026 budget. The primary increase is from costs incurred due to construction at or near TheRide’s transit centers, which cannot be capitalized into their respective expansion projects, or as general improvements to the current facilities. The Construction Impact line, new for FY2027, consolidates the temporary operating costs of relocating the BTC to accommodate construction in downtown Ann Arbor and additional expenses related to YTC construction in Summer 2027. Costs include security coverage, rentals, contracted maintenance, etc., with a provision of approximately \$349,000 in FY2027.

Employee training and travel are budgeted with reference to spending trends from the last two fiscal years, and the remaining lines hold near FY2026 levels. Figure 15 highlights the variances in other expenses, with additional details provided below.

Figure 15: Other Expenses Summary



*Other includes dues and subscriptions, employee appreciation, recruiting costs, and Board governance and training

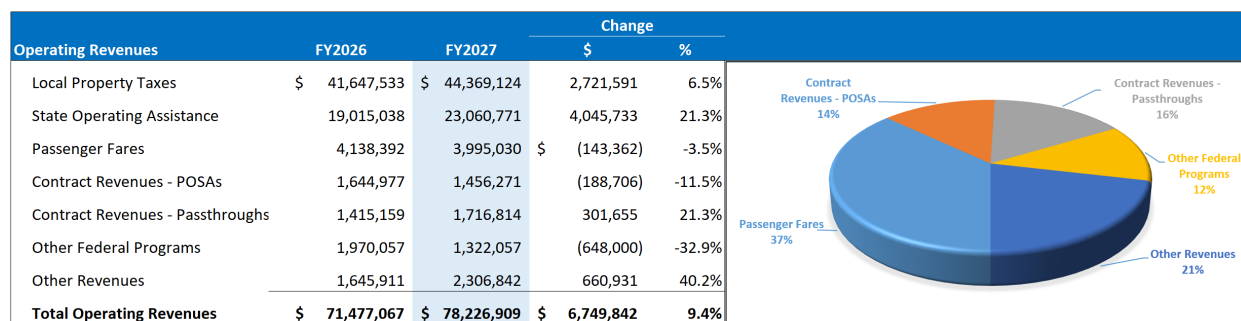
- Casualty and liability insurance costs increase 3.9% in the FY2027 budget. The budget carries the casualty line at the FY2026 base escalated to cover the renewed insurance program bound on August 1, 2026 in full. AAATA continues to self-insure for automobile physical damage.
- Utilities are budgeted at \$984,000 for FY2027, 3.4% below the FY2026 budget due to efficiencies gained from the installation of a new roof at Dawn Gabay Operations Center. Usage is assumed to hold at current levels across the facilities, and the change is rate driven. Utilities remain an inelastic expense and are monitored through the year.
- Uniform expenses are projected to increase due to inflationary pressures affecting material and production costs. The budget accounts for scheduled replacement cycles to maintain consistent, professional standards of appearance and ensure employees have functional, weather-appropriate uniforms.
- The upward change in "Other" expenses reflects recruiting, employee appreciation, and uncollectible property tax, the last of which moves with the growth in property tax revenue for FY2027.

Also note that per Board Policy 3.8, the costs of governance to support the Board's education and ability to govern effectively are required to be included in the annual budget. Costs of governance are budgeted within the Other Expenses category, at \$35,000 for FY2027, held level with FY2026.

Operating Revenues

As illustrated in Figure 16, FY2027 Operating Revenues are budgeted at \$78.2 million, a 9.4% increase from the FY2026 budget year.

Figure 16: Operating Revenues (with FY2026 Comparison)



Operating revenues are primarily generated by a combination of user fees, contractual service agreements and several sources of public funding. Descriptions of major revenue sources and key budget assumptions are as follows:

- **Passenger fares:** Fare pricing is unchanged from FY2026, and the FY2027 budget continues the current fare structure. Passenger fare revenue is budgeted at \$4.0 million, a decrease of 3.5% from the FY2026 budget. The budget aligns revenue with recent ridership and collection trends across TheRide's services, in line with staff projections. The decrease reflects ridership leveling off as the millage-funded service expansion matures, along with short-term impacts from local construction.

AAATA will continue to monitor ridership trends through the fiscal year and refine future projections as data develops.

- **Contract revenues:** TheRide has several types of service contracts in the budget which are described here.
 - **Purchase of Service Agreements (POSAs) contracts** are contracts where TheRide provides transportation services in adjacent municipalities, including fixed-route, paratransit (A-Ride) and FlexRide.

TheRide has long-standing POSAs with Pittsfield, Scio, and Superior Townships. In recent years, public interest in transit has grown, creating new opportunities to coordinate with outlying municipalities and rural service providers.

POSA contract rates increase 4% between contract years 2026 and 2027 due to inflationary impacts in direct operating costs, such as fuel, vehicle maintenance, and bus operator wages and benefits. Meanwhile, TheRide's overall operating expenses as shown in Figure 17 (page 40) reflect an increase of 9.4%.

Year-to-year comparisons for POSAs are not straightforward. The timing of budgets for TheRide, the State, local municipalities, and POSA contract dates do not necessarily align in a convenient way. In addition, the cessation of TheRide's FlexRide service in Pittsfield Township (replaced by People's Express) creates a scope change and reduces revenue in this section by about \$200,000. For clarity, year-over-year contractual changes for each POSA municipality included in the FY2027 Budget are as follows:

PURCHASE OF SERVICE AGREEMENTS: CONTRACT CHANGES		2026 Contract	2027 Contract	% Change	FY2027 Budget
POSA	Contract Year				
Pittsfield Township	Calendar year (Jan 1 to Dec 31)	\$ 683,525	\$ 710,866	4.0%	\$ 704,030
Scio Township	Oct 1 to Sep 30 (aligns with TheRide fiscal year)	544,019	565,780	4.0%	565,780
Superior Township	Oct 1 to Sep 30 (aligns with TheRide fiscal year)	132,173	137,460	4.0%	137,460
Total		\$ 1,359,717	\$ 1,414,105	4.0%	\$ 1,407,270

**Scio amounts reflect services provided by TheRide directly. WAVE services purchased by the township via TheRide are excluded.*

The year-to-year change in the budget for Pittsfield Township was not known until after TheRide's FY2026 Budget was approved.

- Other Contract Revenues are mostly sub-recipient pass-through revenues. TheRide receives federal and/or state funding that is passed through to nonurban service providers (i.e. sub-recipients) where funding is available for nonurban public transportation but relies on urban agencies to provide the funding and oversight of nonurban services. TheRide's sub-recipients are People's Express and WAVE. A portion of TheRide's contract with Scio Township includes pass-through revenues to WAVE. The service is provided by WAVE and not TheRide, and those revenues are reflected in pass-through revenues and listed as a separate item in the contract with Scio Township. All pass-through revenues are offset by operating expenses and have a zero net impact on TheRide's budget.

Additionally, a small portion of Other Contract Revenues is revenue generated through a contract with the Ann Arbor Downtown Development Authority and supports getDowntown program operations.

- Local property taxes: Local property tax revenues are derived from property taxes collected from Ann Arbor, Ypsilanti, and Ypsilanti Township. The FY2027 budget projects \$44.4 million in property tax revenue, an increase of 6.5% over the FY2026 budget, at both the voter-approved millage rate of 2.38 mills and the charter millage rates levied by the cities of Ann Arbor and Ypsilanti. The projection is anchored to the 2026 county tax rolls with the current voter-approved millage authorized through 2028. Property tax remains AAATA's largest single revenue source.

Projections are based on prior year gross assessments and adjusted for changes in assessed property values. Data is compiled from Washtenaw County, Ann Arbor, Ypsilanti, and Ypsilanti Township. All relevant deductions, including the Headlee Amendment rollback, and tax captures, such as those from the Ann Arbor Downtown Development Authority, are factored into revenue assumptions.

The FY2027 increase reflects updated assessed value data from Washtenaw County, Ann Arbor, Ypsilanti, and Ypsilanti Township, applied against the same 2.38 mill rate voters approved in 2022. Property tax revenue has grown steadily since the millage took full effect in summer 2024, and the FY2027 projection factors in that trend, balanced with reasonably conservative assumptions on the rate of growth in taxable value and on the amount captured by local development authorities. AAATA expects property tax revenue to continue supporting service levels through the remainder of the millage's authorized term.

- State Operating Assistance: State Operating Assistance is provided as a percentage of total eligible operating expenses for public transit agencies by the Michigan Department of Transportation (MDOT). The FY2027 budget applies MDOT's preliminary FY2027 urban Local Bus Operating (LBO) distribution rate of 29.9393% and budgets \$23.1 million in State Operating Assistance revenue, of which \$21.1 million is the urban LBO funding. The LBO line is budgeted with deliberate conservatism below that calculation, since MDOT's final FY2027 rate is not yet published. The state and federal preventive maintenance and capital cost of contracting draws are not budgeted for FY2027 meaning every eligible expense dollar earns the LBO reimbursement instead. This allows federal funding capacity to stay available for capital projects.

AAATA calculates its eligible operating expense base each year using MDOT's reporting methodology, applied against current budgeted operating expenses. MDOT's preliminary FY2027 rate, applied to the 9.4% increase in operating expenses, leads to the increase in State Operating Assistance revenue budgeted for FY2027. Critically, during the FY2026 budget cycle the state of Michigan had yet to pass its annual budget, which meant TheRide had to defer to MDOT's conservative estimate of the LBO percentage at budget passage. The percentage assumed in TheRide's FY2026 budget was 26.04%, but the actual rate was eventually set at 29.43%. The delta between the FY2026 and FY2027 rate assumptions accounts for a large portion of the 21.3% change in this line year on year.

In summary, State Operating Assistance revenues are budgeted to increase for FY2027, reflecting MDOT's preliminary FY2027 rate and continued refinement of AAATA's eligible expense calculation. State funding remains a large share of AAATA's operating revenue, and the agency continues to track MDOT's guidance closely given the size of this revenue source.

AAATA will continue monitoring the state budget process and any updates from MDOT, adjusting as needed to reduce financial risk. Dedicated local property tax support continues to put AAATA in a comparatively strong position among Michigan transit agencies to absorb changes in state funding.

- Other federal programs: Federal funding revenues support seniors and people with disabilities programs, planning, and the Section 5311 nonurban program administered for MDOT. This category also includes passthrough funding to subrecipient organizations that receive federal dollars for their transportation services via TheRide, which nets against the expenses those agencies submit to AAATA. Budgeted revenue in this category is \$1.3 million for FY2027, a decrease of 32.9% from the FY2026 budget. The decrease reflects the preventive maintenance and capital cost of contracting draws, which are not budgeted for FY2027. The Section 5310 passthrough is budgeted at its grant level with an equivalent passthrough expense, so it is also net zero to the budget.

- Other revenues: Advertising, interest, and other income are budgeted at \$2.3 million for FY2027. Interest and investment income continue to make up the majority of this category. AAATA considers information from its banking and investment account managers, who provide expertise on interest rate trends, when making budget assumptions.

Other revenues in FY2026 are tracking favorably against budget, and interest income has been the main contributor. The FY2027 budget still holds interest income to a conservative assumption, intentionally set higher than in prior years to reflect the current interest rate environment. This increase partially offsets higher budgeted fuel costs, providing a natural hedge against economic inflation. Staff will continue tracking interest rate developments and will adjust future projections if conditions shift materially.

Other miscellaneous revenues remain a relatively small share of the overall budget and are budgeted in accordance with actual spending trends.

Contingencies

There is always some uncertainty regarding revenues and expenses, particularly the impact of expense assumptions due to inflationary factors and workforce challenges as well as impacts of state and local funding on revenues. The following are revenues and expenses that are monitored closely throughout the fiscal year due to either the magnitude of impact they have on the budget or based on indicators that are more volatile and less predictable in nature, or both. While assumptions are made with current information available, the following factors may affect actual performance throughout the fiscal year.

- The final State Operating Assistance reimbursement rate, as approved in the state budget, may differ from the rate assumed in this budget.
- Fuel prices remain volatile, and actual costs may vary with market conditions.
- Costs for the first year of the new union CBA are reflected in the salaries and wages budget.
- Additional expenses may be added to accommodate Corporate Business Plan initiatives or targeted adjustments from new information. The Executive Team completed its initiative review in August, and the funded items are reflected in this budget.

The assumptions in the FY2027 Recommended Budget represent staff's best estimates using the economic inputs available from industry, local, state, and federal leaders. State law allows adopted budgets to be amended, offering flexibility to accommodate changing budgetary needs as the year progresses.

Figure 17 shown on the following page illustrates the details of the FY2027 Recommended Budget along with comparisons to the prior year and to the August draft.

Figure 17: FY2027 Operating Budget Detail (with Prior Year and Prior Version Comparisons)

TheRide FY2027 Operating Budget					
	FY2026 Approved Budget	FY2027 Draft Budget	FY2027 Recommended Budget	2027 Recommended vs. 2026 Approved	
				\$	%
OPERATING REVENUES					
Passenger Revenue	\$ 4,138,392	\$ 3,995,030	\$ 3,995,030	\$ (143,362)	-3.5%
Local Property Tax Revenue	41,647,533	44,369,124	44,369,124	2,721,591	6.5%
Contract Revenues - POSAs & Passthroughs	3,060,136	3,173,085	3,173,085	112,949	3.7%
State Operating Assistance	19,015,038	23,672,320	23,060,771	4,045,733	21.3%
Other Federal Programs	1,970,057	1,322,057	1,322,057	(648,000)	-32.9%
Advertising, Interest, and Other	1,645,911	2,306,843	2,306,842	660,931	40.2%
TOTAL REVENUES	\$ 71,477,067	\$ 78,838,459	\$ 78,226,909	\$ 6,749,842	9.4%
OPERATING EXPENSES					
Salaries, Wages and Benefits	\$ 39,656,741	\$ 42,828,982	\$ 42,859,863	\$ 3,203,122	8.1%
Purchased Transportation	13,902,463	13,979,866	13,979,866	77,403	0.6%
Diesel Fuel and Gasoline	2,878,389	3,906,900	3,906,900	1,028,511	35.7%
Materials and Supplies	4,190,622	5,029,664	5,079,664	889,043	21.2%
Contracted Services	5,885,173	6,993,102	7,045,727	1,160,553	19.7%
Utilities	1,018,500	983,972	983,972	(34,528)	-3.4%
Casualty & Liability Insurance	2,184,370	2,269,744	2,269,744	85,375	3.9%
Other Expenses	1,760,809	2,091,173	2,101,173	340,363	19.3%
TOTAL EXPENSES	\$ 71,477,067	\$ 78,083,404	\$ 78,226,909	\$ 6,749,842	9.4%
SURPLUS (DEFICIT)	\$ -	\$ 755,055	\$ -	\$ -	

Basis of Budgeting

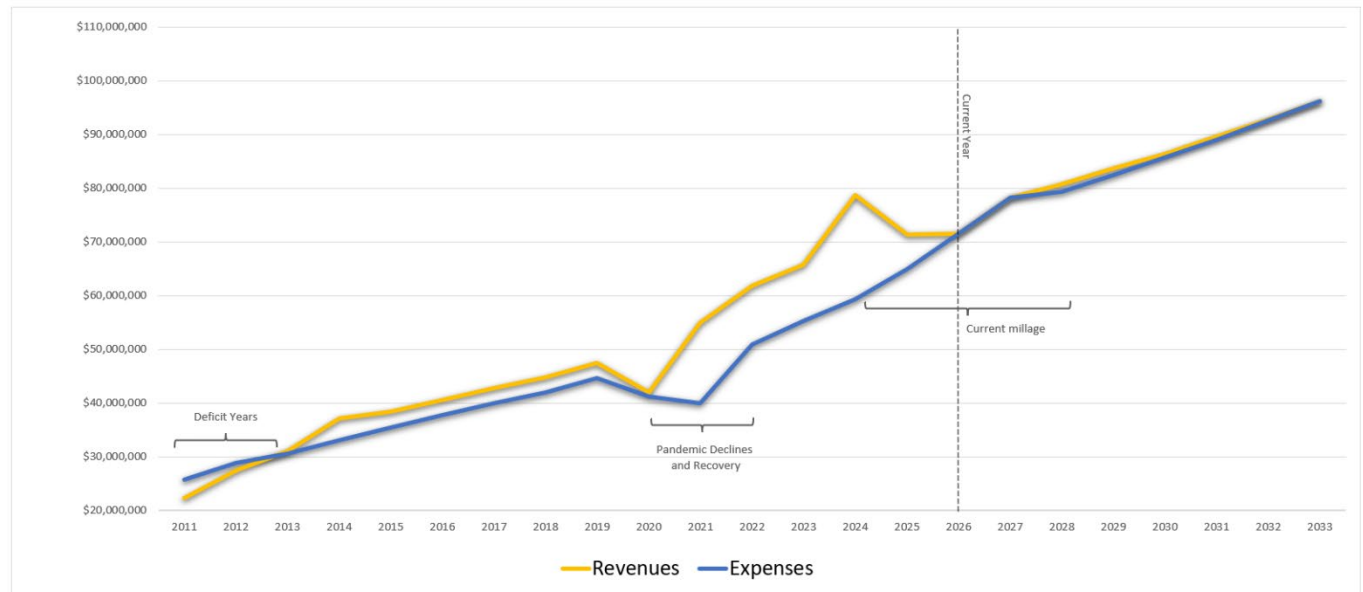
The 2027 operating and capital budget has been prepared on the full accrual basis of accounting, which is the same method used to account for the general fund and to produce the financial statements. The only difference between the financial statements and the budget is that depreciation expense is not 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. An annually selected Audit Task Force, comprised of volunteer members of the Board, has oversight of the financial statements and an independent audit at the end of each fiscal year. The fully audited Annual Comprehensive Financial Report (ACFR) is presented to the full Board for review and acceptance on an annual basis.

Long-Term Financial Context: 2011-2033

The Board's policies require the annual budget to be contextualized within a multi-year forecast of revenues and expenses (Policy 2.4). The FY2027 budget and six-year forecast for subsequent years are detailed in *Figure 19*, on page 42.

Figure 18, below, compares historic 13-year actuals, the approved FY2026 budget, and forecasted financials to provide context for the FY2027 budget. Historical operating deficits consumed much of TheRide's financial capacity before 2013 as the organization expanded. New funding helped restore fiscal strength until just before the pandemic outbreak. TheRide's reserves reached the policy target in late FY2019 after several years of low balances.

Figure 18: 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 pandemic relief funds helped to gradually restore service in late FY2020 continuing through FY2021 and helped assure mid-term financial sustainability. By 2022, with service restored to pre-pandemic levels and with support from pandemic relief funding, operating surpluses were realized from FY2021 to FY2023. The surplus local funds were designated to the established capital reserve in this time period. However, operating deficits were still predicted from FY2024 to 2029 until TheRide addressed the structural deficit with the 2022 millage proposal.

The millage, approved by voters in August 2022, began providing additional funding in summer 2024. This revenue expanded services and replaced the federal capital funds that had been temporarily bridging the structural deficit in prior years. For FY2027, State Operating Assistance is budgeted above the FY2026 level at MDOT's preliminary distribution rate, with deliberate conservatism applied to the line. Growth in local property tax revenue from the millage and rising assessed values continues to strengthen the underlying base. Operating revenues are projected to exceed expenses through FY2032, with the margin narrowing each year and the projection hitting roughly break-even by FY2033. The millage is in place through the summer of 2028, and continued funding for these service levels beyond that point will depend on voter approval of a renewal in the next millage cycle, which begins in 2029.

Figure 19 on the following page details historic actuals, the FY2027 budget, and the six-year forecast of operating revenues and expenses.

Figure 19: Detailed Operating Budget (with 6 Year Forecast)



10-Year Capital Plan

"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. Such 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.

Capital Planning Guiding Principles. Resources for capital projects are limited, and capital projects must be prioritized. To assist in prioritization, the Capital Plan is organized by the major categories of maintaining State of Good Repair, Value Added, and Expansion. State of Good Repair is further defined in Section 8.1.

- **Maintaining State of Good Repair** projects receive the highest priority for funding because maintaining current assets is required to provide transportation services and FTA regulations require that federally funded agencies maintain specific levels of state of good repair to continue to receive federal funding. Nearly all capital plan projects rely on federal formula funding for buses and facilities (See Figure 23). Failure to meet state of good repair standards would result in loss of eligibility for that funding.
- **Value Added** is the second highest priority for capital projects because enhancing current services and improving existing operations is necessary for maintaining existing ridership and increasing efficiencies to maintain fiscal responsibility. Value Added projects are typically a cost-effective way to improve services or operations with manageable costs and are high value for money propositions.
- **Expansion** is the third highest priority for capital projects because expanding or increasing services typically requires more funding than is available to the agency through traditional funding sources. In addition to project funding, expansion projects most often require future operating and capital resources that need to be planned for before the agency commits to the project.

Every year, TheRide produces a rolling 10-year plan to prioritize and plan for anticipated major capital expenses. While a 10-year perspective is helpful context, the Board only authorizes one year of expenditures at a time, in this case for FY2027. The remaining nine years are planning estimates and are subject to change.

The table on the following page summarizes the recommended capital program for FY2027 and beyond until FY2036. The FY2027 capital program totals \$46,605,326. State of Good Repair projects account for 45.2% of the program, Expansion projects account for 47.7%, and Value Added projects account for 7.2%. While all projects advance Long-Range Plan priorities, their purpose is further organized by the State of Good Repair, Value Added, and Expansion categories defined above.

Figure 20: Capital Plan Projects and Funding Sources

CAPITAL PROJECTS	FY2027 Budget	FY2028-FY2036
State of Good Repair	\$21,042,670	\$186,747,915
Value Added	3,335,930	20,312,535
Expansion	22,226,726	267,237,873
TOTAL EXPENSES	\$46,605,326	\$474,298,323
FUNDING SOURCES	FY2027 Budget	FY2028-FY2036
State & Federal Grants	36,542,826	\$227,946,774
Congressionally Directed Spending	10,062,500	-
Local Capital Reserve	-	26,445,189
Unidentified Funding	-	219,906,360
TOTAL REVENUE	46,605,326	\$474,298,323
UNIDENTIFIED FUNDING PORTION	FY2027 Budget	FY2028-FY2036
Unidentified Funding %	0%	46%

The detailed 10-year Capital Plan incorporates projects identified in the Board-approved Long-Range Plan. Detailed projects and funding are provided in Figure 21 on the following page.



Figure 21: 10-Year Capital Plan

(\$)														
Category	Project Description	Ongoing Project Costs Thru FY26	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Project/CIP Total	
STATE OF GOOD REPAIR	Vehicles	N/A	8,187,652	13,586,793	11,682,265	12,199,716	15,478,920	13,304,502	13,893,923	17,634,921	15,152,385	15,823,802	136,944,880	
	Equipment	N/A	1,735,094	1,804,498	1,876,678	1,951,745	2,029,815	2,111,008	2,195,448	2,283,266	2,374,596	2,469,580	20,831,729	
	Existing Facilities	N/A	2,467,880	1,925,955	2,002,993	2,083,113	2,166,438	2,253,095	2,343,219	2,436,948	2,534,426	2,635,803	22,849,870	
	Information Technology	N/A	8,652,044	5,190,625	3,938,644	1,182,326	1,231,442	1,282,614	1,335,929	1,391,477	1,449,352	1,509,653	27,164,107	
	Category Total	-	21,042,670	22,507,872	19,500,580	17,416,900	20,906,615	18,951,219	19,768,519	23,746,612	21,510,760	22,438,838	207,790,585	
VALUE ADDED	Bus Stop Improvements	289,627	430,744	443,666	456,976	470,686	484,806	337,780	347,913	358,351	369,101	260,955	4,250,606	
	Facilities and Technology	N/A	1,880,186	260,193	270,601	281,425	292,682	304,389	316,564	329,227	342,396	356,092	4,633,754	
	Transit Priorities	564,578	1,025,000	1,541,000	2,481,800	2,210,454	2,276,018	1,184,274	1,219,052	1,008,899	1,038,416	1,068,819	15,618,310	
	Category Total	854,205	3,335,930	2,244,859	3,209,377	2,962,564	3,053,505	1,826,443	1,883,530	1,696,477	1,749,914	1,685,865	24,502,669	
EXPANSION	Ypsilanti Transit Center	YTC Planning, NEPA, Design, & Acquisition	2,092,220	1,655,000	-	-	-	-	-	-	-	-	3,747,220	
		YTC Construction	N/A	13,750,000	5,893,000	-	-	-	-	-	-	-	19,643,000	
		YTC Subtotal	2,092,220	15,405,000	5,893,000	-	-	-	-	-	-	-	23,390,220	
	Blake Transit Center	BTC Planning, NEPA, & Design	282,640	350,000	-	-	-	-	-	-	-	-	632,640	
		BTC Construction	N/A	-	5,300,000	570,000	-	-	-	-	-	-	5,870,000	
		BTC Subtotal	282,640	350,000	5,300,000	570,000	-	-	-	-	-	-	6,502,640	
	Bus Rapid Transit	BRT Planning, NEPA, & Design	N/A	3,300,053	3,320,659	5,700,465	1,304,773	-	207,635	1,211,897	2,202,801	3,781,474	3,583,325	24,613,082
		BRT Construction & Vehicles	N/A	-	-	7,426,300	13,047,732	43,694,018	41,180,958	2,388,105	-	-	6,523,866	114,260,978
		BRT Subtotal	-	3,300,053	3,320,659	13,126,765	14,352,505	43,694,018	41,388,593	3,600,002	2,202,801	3,781,474	10,107,191	138,874,061
	Bus Maintenance & Storage Garage	Garage Planning, NEPA, Design, & Acquisition	850,708	2,094,052	6,196,561	2,913,571	-	-	-	-	-	-	-	12,054,893
		Garage Construction	N/A	-	-	19,001,551	32,619,330	33,597,909	-	-	-	-	-	85,218,790
		Garage Subtotal	850,708	2,094,052	6,196,561	21,915,122	32,619,330	33,597,909	-	-	-	-	-	97,273,683
	Information Technology	Operational Innovations	N/A	600,000	824,000	424,360	601,000	619,030	637,601	656,729	676,431	696,724	717,625	6,453,499
		Information Technology Subtotal	-	600,000	824,000	424,360	601,000	619,030	637,601	656,729	676,431	696,724	717,625	6,453,499
		Transit Hubs	N/A	477,621	737,924	380,031	1,304,773	-	415,270	712,880	2,937,067	3,176,438	-	10,142,006
		Service Expansion Vehicles	N/A	-	-	2,459,166	1,634,720	182,332	2,543,447	119,405	-	2,984,510	130,477	10,054,058
		Category Total	3,225,568	22,226,726	22,272,145	38,875,445	50,512,327	78,093,290	44,984,911	5,089,016	5,816,299	10,639,147	10,955,294	292,690,167
EXPENSE TOTAL		4,079,773	46,605,326	47,024,876	61,585,402	70,891,791	102,053,410	65,762,573	26,741,066	31,259,387	33,899,820	35,079,997	524,983,422	

Funding Sources	Ongoing Project Costs Thru FY26	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Project/CIP Total
FORECASTED:												
5307 Federal + State Match	3,784,094	26,693,734	25,767,487	12,615,319	11,688,242	14,805,382	21,365,820	20,073,871	18,916,356	14,693,835	15,003,911	185,408,051
5339 Federal + State Match	-	2,410,376	1,245,103	3,104,219	1,340,481	1,369,971	1,400,110	1,430,913	1,462,393	1,494,565	1,527,445	16,785,575
CMAQ Federal + State Match	-	1,665,472	-	-	1,265,440	8,068,503	1,349,869	1,375,516	1,401,651	1,428,283	1,455,420	18,010,154
Low and No Emissions Federal + State Match	-	-	12,000,000	10,032,000	9,218,000	-	-	-	-	-	-	31,250,000
Congressionally Directed Spending + State Match	-	10,062,500	-	-	-	-	-	-	-	-	-	10,062,500
5339 Discretionary (YTC) + State Match	-	5,342,500	3,682,619	-	-	-	-	-	-	-	-	9,025,119
STBG Flex Federal + State Match	-	430,744	443,666	456,976	407,794	517,627	258,182	260,764	263,371	266,005	268,665	3,573,795
State Initiatives	295,679	-	3,886,000	335,000	-	-	-	-	-	-	-	4,516,679
Local Capital Reserve	-	-	-	4,599,945	6,328,150	9,409,088	4,138,859	360,000	220,280	378,147	1,010,719	26,445,189
UNIDENTIFIED:												
Other	-	-	-	30,441,943	40,643,685	67,882,839	37,249,733	3,240,002	8,995,336	15,638,985	15,813,837	219,906,361
REVENUE TOTAL		4,079,773	46,605,326	47,024,876	61,585,402	70,891,791	102,053,410	65,762,573	26,741,066	31,259,387	33,899,820	524,983,422

FY2027 Recommended Capital Budget

The table below lists the approved capital investments for FY2027 only, totaling \$46,605,326. Details for each project can be found in Appendix 8.1.

Figure 22: FY2027 Capital Plan

Category	Project Description	FY2027
State of Good Repair	Vehicles	\$8,187,652
	Equipment	\$1,735,094
	Existing Facilities	\$2,467,880
	Information Technology	\$8,652,044
	Sub-total	\$21,042,670
Value Added	Bus Stop Improvements	\$430,744
	Facilities and Technology	\$1,880,186
	Transit Priorities	\$1,025,000
	Sub-total	\$3,335,930
Expansion	Ypsilanti Transit Center	\$15,405,000
	Blake Transit Center	\$350,000
	Bus Rapid Transit	\$3,300,053
	Bus Maintenance and Storage Facility	\$2,094,052
	Information Technology	\$600,000
	Transit Hubs	\$477,621
	Sub-total	\$22,226,726
Total Capital Costs		\$46,605,326

Approved capital projects and funding sources for FY2027 and the 10-year plan are explained in more detail in Appendices 8.1 and 8.4.

Sources of Capital Funding

The capital program is funded through a combination of federal, state, and other dedicated funding sources for FY2027. Federal formula funding accounts for 53.6% of the program, state funding accounts for 20.0%, and other dedicated awards account for 26.4%. The YTC project's dedicated awards total \$12,324,000 in federal funds: \$8,050,000 of Congressionally Directed Spending and \$4,274,000 of Section 5339 Discretionary funding. With the required 20 percent state match, carried in the State Capital Match line, the awards support \$15,405,000 of project cost. Additional information is available in the State and Federal Grants Primer in the Appendix on page 58.

Figure 23: FY2027 Capital Funding Sources

Sources of Capital Funds	FY2027
Local Capital Reserve/Share TheRide's own cash and investments. A capital reserve was established in FY2021 with local funds. No capital reserve funds are budgeted for FY2027.	\$0
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.	\$344,595
Federal 5307 Formula Federal urbanized formula support for transit capital projects. Supports state of good repair projects, bus stop improvements, technology upgrades, and expansion efforts.	\$21,354,987
Federal 5310 Formula Federal formula for mobility of seniors and people with disabilities. Supports capital purchases and operating activities designed to serve these populations.	\$0
Federal 5339 Formula Federal formula for buses and bus facilities, will support state of good repair vehicle replacements and facility rehabilitations.	\$1,928,301
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.	\$1,332,378
Congressionally Directed Spending Federal funds designated by Congress for a named project in the annual appropriations act, formerly known as earmarks, and administered by FTA as a capital grant.	\$8,050,000
Federal 5339 Discretionary Federal Bus and Bus Facilities Competitive (5339b) award for the Ypsilanti Transit Center, in FTA review for obligation.	\$4,274,000
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).	\$9,321,065
Total	\$46,605,326

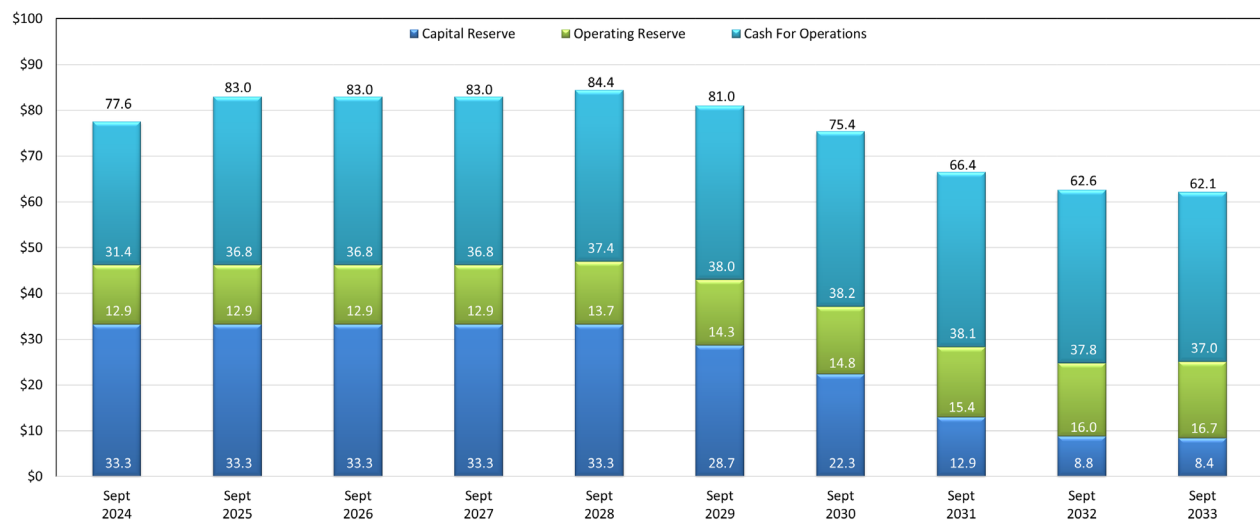
7. Impacts of 2027 Budget

The budget provides for maintaining stable current and future reserves and cash flow that are consistent with the Board's Policies. Impacts on reserves and cash balances are provided in this section.

Projected Cash Balances

Figure 24 summarizes projected cash balances at each September from FY2024 through FY2033, with actual balances through September 2025. In addition to total projected cash, the stacked bar chart shows the projected capital reserve, operating reserve, and other cash balances. Cash For Operations consists almost entirely of unrestricted cash needed for daily operations. It also includes the insurance reserve of \$500,000, vehicle damage reserve of \$1,000,000, along with any other restricted cash. September balances are seasonally high because most property tax revenue arrives during the summer months.

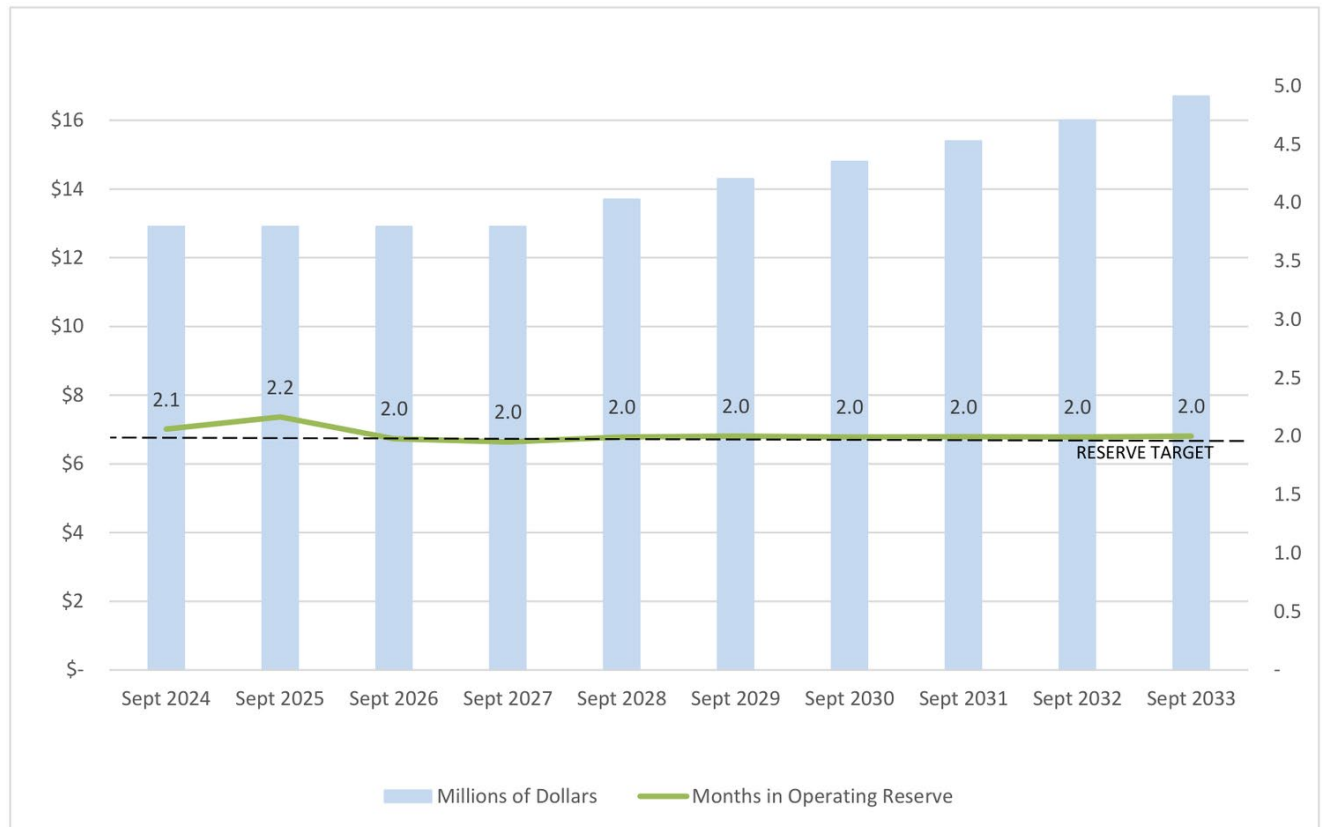
Figure 24: Total Projected Cash Balances (Millions)



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 at least 2 months of operations. The operating reserve balance at the end of each September must be enough to meet this requirement for the upcoming fiscal year beginning the following month in October. TheRide holds \$12.9 million in its operating reserve. The FY2027 budget holds the reserve at its two-month floor but the required balance grows from \$12.9 million to over \$16.0 million by September 2033 as expenses increase. As this balance increases, cash for operations is always reduced first to ensure the reserve stays fully funded.

Figure 25: Projected Operating Reserve Balance in Months and Dollars (Millions)



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 was funded from local operating surplus dollars in FY2021 through FY2023, with federal pandemic relief funds used for operating purposes. The table below represents the capital reserve funding timing and use of funds from FY2021 through FY2036. See the 10-year Capital Plan for more details on the capital projects that may utilize these funds.

Figure 26: Projected Capital Reserve Activity

(\$ in thousands)	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	Total
Capital Reserve Funding (from Operating Surplus)	\$ 11,939	\$ 10,876	\$ 10,446	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 33,260
Use of Current Capital Reserve	-	-	-	-	-	-	-	-	4,600	6,328	9,409	4,139	360	220	378	1,011	\$ 26,445
Remaining Capital Reserve	\$ 11,939	\$ 22,814	\$ 33,260	\$ 33,260	\$ 33,260	\$ 33,260	\$ 33,260	\$ 33,260	\$ 28,660	\$ 22,332	\$ 12,923	\$ 8,784	\$ 8,424	\$ 8,204	\$ 7,826	\$ 6,815	\$ 6,815

8. Appendices

8.1 FY2027 Capital Descriptions

This section provides further details on the projects included in the **10-Year Capital Plan**. The 10-Year Capital Plan aligns with the Board approved Long-Range Plan and includes projects identified in the Long-Range Plan that fall within the 10-year planning period. The capital plan is organized by the priorities of State of Good Repair, Value Added, and Expansion.

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

1. **Ypsilanti Transit Center and Blake Transit Center Planning:** The expansions of the two bus terminals have been highlighted in budget documents since FY2018. Construction at the Ypsilanti Transit Center begins in FY2027. The Blake Transit Center continues through design, with construction anticipated in FY2028. Construction phases are subject to formal Board approval. (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10, 2.11).
 - **Ypsilanti Transit Center (YTC):** TheRide is requesting \$15,405,000 for the Ypsilanti Transit Center with \$1,655,000 for planning, NEPA, design and acquisition, and \$13,750,000 to begin construction of the modernized facility. The upgraded center will address longstanding safety, capacity, and operational issues, providing improved amenities for riders and staff while supporting regional transit growth and connectivity. The request is supported by congressionally directed spending and Section 5339 discretionary funding, with corresponding state matching funds.
 - **Blake Transit Center (BTC):** TheRide requests \$350,000 as the Blake Transit Center continues through design, with construction anticipated in FY2028. TheRide is coordinating with the Ann Arbor Housing Commission and the City of Ann Arbor on the Y Lot next to BTC. The Housing Commission and the Downtown Development Authority (DDA) are leading the vision for the Y Lot site and 4th Avenue design.
2. **Bus Rapid Transit – Washtenaw Avenue:** TheRide requests \$3,300,000 to advance alternatives analysis, planning, NEPA, and design for Bus Rapid Transit on Washtenaw Avenue and E Huron Street. TheRide 2045 recommends two BRT lines as major fixed-route improvements, including this east-west corridor. BRT planning and environmental review take multiple years, so future budgeted costs will need continued support.
3. **Bus Maintenance and Storage Facility:** TheRide requests \$2,094,000 to advance planning, NEPA, and design for a new bus maintenance and storage facility. The work builds on the needs assessment, facility programming, and site selection completed in FY2026. The facility adds the storage and maintenance capacity needed to support TheRide 2045, including expanded service, bus rapid transit, and new vehicle types over the next 20 years.
4. **Transit Hubs:** TheRide requests \$478,000 in FY2027 to advance transit hub planning. TheRide 2045 recommends four hubs outside the downtown cores to support the future high-frequency transit network and improve connections between outlying areas. Each hub would include

multiple stops serving multiple connecting routes, with better transfer conditions and rider amenities in higher-demand locations.

5. **Information Technology:** TheRide requests \$600,000 for technology that supports service growth, including operational innovations like digital signs at the Blake Transit Center, augmenting the rider experience.

State of Good Repair: Board Policy 2.7 requires the CEO to ensure that the physical assets of TheRide are not put at risk 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 a state of good repair for the fleet, equipment, and facilities operated by TheRide and grant subrecipients. FY2027 projects:

1. **Vehicle Replacement:**

- **Large Bus Replacement:** TheRide will replace eight large transit buses that have reached the end of their useful life. The eight clean-diesel buses will maintain service levels and avoid additional maintenance costs. TheRide will purchase the eight buses under its bus procurement contract supported by federal formula funds. Budget: \$6,662,000 (Policies 2.1, 2.4, 2.7).
- **Small/Medium Bus Replacement:** TheRide will purchase small cutaway buses for A-Ride paratransit service in FY2027, in accordance with fleet replacement plans. Budget: \$813,000 (Policies 2.1, 2.4, 2.7).
- **Van Replacement:** TheRide will purchase replacement vans for A-Ride paratransit service in FY2027, in accordance with fleet replacement plans. Budget: \$343,000 (Policies 2.1, 2.4, 2.7).

2. **Support Vehicles:** TheRide will purchase replacement support vehicles for facilities maintenance and non-revenue transportation services in FY2027, in accordance with fleet replacement plans. Budget: \$369,000 (Policies 2.1, 2.4, 2.7).

3. **Equipment:**

- **Bus Components:** TheRide will replace bus components on established vehicle refresh schedules. This work includes engines, transmissions, hybrid drives and batteries, seats, and other major parts needed to maintain the fleet in a state of good repair. Budget: \$1,537,000 (Policies 2.1, 2.4, 2.7).
- **Maintenance Tools and Equipment:** TheRide will replace shop tools and maintenance equipment supporting fleet and facility upkeep. Budget: \$198,000 (Policies 2.1, 2.4, 2.7).

4. **Existing Facilities:**

- **Facility Rehabilitation:** TheRide budgets \$2,468,000 for priority maintenance at existing facilities, including the Dawn Gabay Operations Center (DGOC) and TheRide's park-and-ride lots. The funding covers general facility maintenance, administrative interior renovations, architecture and engineering capacity, and office equipment and furnishings. (Policies 2.1, 2.2, 2.4, 2.7).

5. **Information Technology:** The FY2027 budget includes \$8,652,000 for information technology in a state of good repair. The largest component is \$5,453,000 to replace TheRide's computer-aided dispatch and automatic vehicle location (CAD/AVL) Intelligent Transportation System hardware and software. The budget also begins work on the Next Generation Fare System. Other improvements cover onboard communication upgrades, disaster recovery improvements, storage area network and wireless access point replacements, network operations center upgrades, and routine replacement of laptops, monitors, and essential software implementation. (Policies 2.1, 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:

1. **Bus Stop Improvements:** TheRide will improve bus stops across the service area. Work includes landing pads, safe pedestrian paths, shelters, and other amenities that support access for riders with disabilities. Staff are coordinating with WATS and Washtenaw County to prioritize improvements along Washtenaw Avenue and in other locations. Budget: \$431,000 (Policies 2.1, 2.4, 2.7, 2.10).
2. **Facilities and Technology:** TheRide budgets for building and information technology improvements to existing assets as needs arise during the year, including fare validator equipment to modernize fare collection on the fixed-route fleet and a replacement emergency backup generator at the Dawn Gabay Operations Center, held at the FY2026 budget assumption of \$775,000. Budget: \$1,880,000 (Policies 2.1, 2.4, 2.7, 2.10).
3. **Transit Priorities:** TheRide will advance bus lanes and other transit priority improvements, including transit signal priority and exploratory projects that could advance the organization's Ends. These projects are intended to make bus service faster, more reliable, and more useful to riders. Budget: \$1,025,000 (Policies 2.1, 2.4, 2.7, 2.10).

8.2 Contracts

This section identifies contracts that AAATA anticipates awarding in FY2027 with award values above the \$250,000 threshold. The table that follows presents the contracts for Board acceptance as part of the FY2027 budget.

The Board's Executive Limitations Policy (Policy 2.5.6) authorizes the CEO to award contracts with a value up to \$250,000. The policy also prohibits splitting purchases or contracts into smaller amounts to avoid this limit. Approval of this section constitutes Board approval of the listed contracts and authorizes the CEO to make the contract awards without additional Board approval. When adopting the budget, the Board may accept all listed contracts through the budget adoption or may call out specific contracts for deliberation before acceptance.

Table 8.2: Budgeted Contracts Summary

#	CONTRACT DESCRIPTION	CURRENT PROVIDER	RENEWAL DATE (ESTIMATED)	VALUE OF AWARD (ESTIMATED)	FY2027 BUDGETED EXPENSE
1	Asphalt Replacement	New	10/1/2026	\$ 527,000	\$ 527,000
2	Bus and Vehicle Towing Services	New	1/1/2027	\$ 375,000	\$ 75,000
3	Bus Lane Project	New	10/1/2026	\$ 1,000,000	\$ 1,000,000
4	Bus Stop Concrete Work (Rebid)	Saladino	6/20/2027	\$ 1,875,000	\$ 375,000
5	Bus Video systems	New	1/1/2027	\$ 250,000	\$ 50,000
6	CAD/AVL System	New	11/1/2026	\$ 5,000,000	\$ 5,000,000
7	Digital Signs for BTC and YTC	New	10/1/2026	\$ 1,850,000	\$ 600,000
8	Emergency Backup Generator for DGOC	New	10/1/2026	\$ 775,000	\$ 775,000
9	Employee Benefits Consulting and Insurance Brokerage Services	Gallagher	9/30/2027	\$ 400,000	\$ 80,000
10	Fare Study Consultant	New	10/1/2026	\$ 250,000	\$ 250,000
11	Fare Validators (Electronic Fare Validation Hardware)	New	10/1/2026	\$ 300,000	\$ 300,000
12	Finance Consulting Services	Rehmann	2/1/2027	\$ 360,000	\$ 300,000
13	Finance/Admin Work stations remodel	New	10/1/2026	\$ 250,000	\$ 250,000
14	Fleet Bulk Fluids (Coolant, Oil, Gear Oil, Transmission Fluid)	New	10/1/2026	\$ 1,250,000	\$ 250,000
15	Gasoline and Diesel Fuel	Multiple Providers	10/1/2026	\$ 3,906,900	\$ 3,906,900
16	ITS (CAD/AVL) Project Management - Part II	New	10/1/2026	\$ 500,000	\$ 300,000
17	Long Range Plan (LRP) Updates	New	10/1/2026	\$ 250,000	\$ 250,000
18	Natural Gas	Constellation	10/1/2026	\$ 1,252,500	\$ 347,500
19	Network Operations Center/Security Operations Center	New	10/1/2026	\$ 774,800	\$ 130,000
20	Non-Revenue Vehicles	New	10/1/2026	TBD	\$ 369,200
21	Paratransit Vehicles - Vans	New	10/1/2026	TBD	\$ 343,200
22	Public Transit Buses	Gillig	10/1/2026	\$ 6,661,889	\$ 6,661,889
23	Security Camera for YTC- live view	New	10/1/2026	\$ 250,000	\$ 35,000
24	Security Camera Upgrades	New	10/1/2026	\$ 250,000	\$ 50,000
25	Small/Medium Bus Replacements	New	10/1/2026	TBD	\$ 813,363
26	Snow Removal Services	Margolis and RNA	10/26/2026	\$ 1,030,000	\$ 206,000
27	Transit Employee Uniforms	Superior Uniforms	7/31/2027	\$ 1,000,000	\$ 200,000
28	Transit Hub Development	New	10/1/2026	\$ 478,000	\$ 478,000
29	Virtual Storage Area Network (vSAN)	New	10/1/2026	\$ 351,000	\$ 351,000
30	Washtenaw BRT Planning	New	10/1/2026	\$ 6,000,000	\$ 3,000,000
31	Washtenaw BRT Program Management	New	10/1/2026	\$ 600,000	\$ 300,000
32	YTC Construction Management and GMP Agreement	Christman	10/1/2026	\$ 18,820,000	\$ 13,230,000
33	YTC Phase V Construction Administration Services	DLZ	10/1/2026	\$ 823,000	\$ 520,000

8.3 Fares

Table 8.3 presents current fares, as approved by the Board. Fares were most recently updated in August 2022. There have been no new fares or changes to existing fares proposed in FY2026 or in the FY2027 Recommended Budget. The FY2027 fares are the basis for budget assumptions.

Table 8.3 – FARES			
FIXED ROUTE FARES	FY2025	FY2026	FY2027
<i>Single Ride Fares – Cash or Token</i>			
Full Fare	\$1.50	\$1.50	\$1.50
Transfer	Free	Free	Free
<i>Discount Single Ride Fares – Cash or Token</i>			
Youth (Grades K-12, ages 6-18)	\$0.75	\$0.75	\$0.75
Children (Age 5 and under)	Free	Free	Free
Fare Deal Card	\$0.75	\$0.75	\$0.75
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
Commuters with go!pass	Free	Free	Free
<i>Passes</i>			
Day Pass	\$3.00	\$3.00	\$3.00
30 Day Flex Pass	\$45.00	\$45.00	\$45.00
<i>Discount Passes</i>			
Half-Fare 1-Day Pass with Fare Deal	\$1.50	\$1.50	\$1.50
30 Day Value Pass with Fare Deal	\$22.50	\$22.50	\$22.50
30 Day Value Pass for Youth (K-12, ages 6-18)	\$22.50	\$22.50	\$22.50
DEMAND RESPONSE FARES	FY2025	FY2026	FY2027
<i>FlexRide</i>			
Standard Adult One-Way	\$1.00	\$1.00	\$1.00
Students (K-12, ages 6-18)	\$0.50	\$0.50	\$0.50
Children (Age 5 & under)	Free	Free	Free
Fare Deal Card	\$0.50	\$0.50	\$0.50
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
30 Day Value Pass with Fare Deal	Free	Free	Free
<i>NightRide and HolidayRide</i>			
Full Fare	\$5.00	\$5.00	\$5.00
Commuters – go!Pass	\$3.00	\$3.00	\$3.00
A-Ride I.D.	\$2.50	\$2.50	\$2.50
GoldRide I.D.	\$2.50	\$2.50	\$2.50
Children (Age 5 & under)	Free	Free	Free

DEMAND RESPONSE FARES (Continued)	FY2025	FY2026	FY2027
GoldRide			
One-Way	\$20.00	\$20.00	\$20.00
Additional Passenger (Companion)	\$5.00	\$5.00	\$5.00
Verified Low-Income Reduced Fare	\$5.00	\$5.00	\$5.00
FootballRide			
One-Way	\$1.50	\$1.50	\$1.50
One-Way Youth (K-12, ages 6-18)	\$0.75	\$0.75	\$0.75
One-Way Fare Deal Card	\$0.75	\$0.75	\$0.75
GroceryRide			
GroceryRide	\$0.75	\$0.75	\$0.75
A-RIDE FARES	FY2025	FY2026	FY2027
Cash Fares			
Advance Reservation	\$3.00	\$3.00	\$3.00
Will Call (Advance reservation for return trip)	\$3.00	\$3.00	\$3.00
Companion Fare	\$3.00	\$3.00	\$3.00
Companion Fare Students (K-12, ages 6-18)	\$1.50	\$1.50	\$1.50
Companion Fare (Age 5 & under)	Free	Free	Free
Personal Care Attendant	Free	Free	Free
Scrip Coupons			
Booklet of 10	\$30.00	\$30.00	\$30.00

Description of Fare Structure

Fixed Route Fares

- **Full Fares:** The current single ride fare for TheRide's local fixed-route service includes one free transfer to another local route upon request and is valid for 90 minutes from the time of issuance. The transfer cannot be used to complete a round trip.

The 1-Day Pass is valid for unlimited rides on fixed-route service during the day of purchase ending at 11:59 pm and the 30-Day Pass (called Flex Pass) is valid for unlimited rides on fixed-route service for 30 days from first use.

- **Discount Fares:** Discounted fares on local fixed-route services are offered for several categories of passengers. Discounted fares are offered for single trip fares and 30-Day Passes.

The 30-Day discount Pass for students is called Youth Pass, and the 30-Day discount Passes for the three Fare Deal rider categories are called Value Passes. Children ride for free on fixed-route services.

Basic criteria for each type of discount fare are as follows:

- A-Ride I.D. – Americans with Disabilities Act (ADA) eligible
- GoldRide I.D. – Seniors 65 and over

- Value Passes (Fare Deal Cards):
 - Senior Fare Deal – Seniors ages 60-64
 - Income Eligible Fare Deal – Medicaid card holders and other verified individuals
 - Disability Fare Deal – Persons with disabilities who do not qualify for A-Ride
- Children – Ages 5 and under
- Personal Care Attendant (PCA) – Assist A-Ride customers as a companion and must be registered as a PCA
- Students – Grades K-12 with a valid student ID, ages 6-18
- Commuters with go!pass – Employees who work at registered companies located in the Ann Arbor Downtown Development Authority's boundaries are eligible to purchase a go!pass.

Demand Response Fares

TheRide offers several different options for demand response services. All services are explained and accessible on TheRide's web site and in TheRide Guides distributed throughout the service area. Definitions of discount fares for demand response services referenced in Table 8.3 are defined under the description of Fixed Route Fares above.

A-Ride Fares

A-Ride is a shared, reservation-based accessibility service. Definitions of discount fares referenced in Table 8.3 are defined under the description of Fixed Route Fares above. A-Ride is provided for passengers with a valid A-Ride I.D. and requires an advance reservation. Reservations can be made up to 3 days in advance.

Fare definitions for A-Ride are as follows:

- **Will Call:** When an advance reservation is made for a pickup, an open-ended time for a return reservation can be made at the same time. The price is the same for the return trip, but it will not require advance notice to use the return trip if it is originally reserved with the initial reservation.
- **Companion:** A-Ride passengers requiring assistance with their trip may bring a companion for assistance. A companion does not need an A-Ride I.D. A companion fare is charged, as indicated in Table 8.3.
- **Personal Care Attendant:** Personal Care Attendants (PCAs) are registered attendants that may travel with an A-Ride eligible passenger to assist with their trip. There is no fare charge for PCAs.

8.4 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 Regional Transit Authority of Southeast Michigan (RTA) is the Designated Recipient of these formula funds and allocates the Ann Arbor urbanized area apportionment to AAATA through an annual split letter to FTA. AAATA is the Direct Recipient and applies to and receives its grants directly from FTA. By law, the funds can only be spent in the Ann Arbor urbanized area.

- **Capital Funding:** Section 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. Because AAATA operates between 76 and 100 buses in peak fixed-route service, it may use up to 50 percent of its share of the Ann Arbor urbanized area apportionment for operating assistance, at a 50 percent federal share. FTA publishes the exact cap each year. 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 at 80% federal funding: preventive maintenance, capital cost of contracting, and planning. The FY2027 budget does not draw these categories for operating. That capacity remains available for capital purposes.

Discretionary Funding: There are other discretionary federal grant programs from which AAATA can 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 Section 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.
- 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. New Freedom has been incorporated into the Section 5310 formula program.
- 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 are 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 nonurban service areas.

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 nonurban capital assistance.

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).

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 28-30%. 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 percentage 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 33-35%. The AAATA applies for and receives 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 \$300,000 per year. About \$150,000 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.

8.5 Detailed Operating Budget

Historical Operating Budget and Multi-Year Forecast

in million dollars

Operating Revenues	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Passenger Fares	6.8	3.6	1.6	3.0	4.3	3.8	4.0	4.1	4.0	4.1	4.2	4.4	4.5	4.6	4.8
Contract Revenues	2.7	1.6	1.3	1.3	2.3	3.2	3.2	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8
Local Property Taxes**	16.9	17.8	18.0	19.6	20.6	38.5	40.4	41.6	44.4	46.4	48.8	50.8	53.0	55.2	57.4
State Operating Assistance	15.0	13.2	13.3	15.3	18.0	20.3	18.6	19.0	23.1	23.8	24.6	25.3	26.1	26.8	27.6
Federal Operating Assistance	3.3	2.6	1.4	2.5	-	-	-	-	-	-	-	-	-	-	-
Other Federal Programs	2.2	1.2	1.3	1.3	4.1	2.9	1.7	2.0	1.3	1.4	1.4	1.4	1.5	1.5	1.6
CARES/CRRSAA/ARP	-	1.4	17.1	18.4	15.0	6.8	-	-	-	-	-	-	-	-	-
Other Revenues	0.6	0.5	1.0	0.4	1.4	3.2	3.6	1.6	2.3	1.7	1.3	1.0	1.0	1.0	1.0
Total Operating Revenues	47.5	42.0	55.0	61.8	65.7	78.7	71.4	71.5	78.2	80.7	83.6	86.4	89.6	92.8	96.1
Operating Expenses	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Salaries, Wages, Benefits	25.2	24.9	24.9	27.7	29.3	31.5	35.7	39.7	42.9	44.6	46.4	48.2	50.1	52.1	54.2
Purchased Transportation	10.7	8.4	5.9	11.6	12.5	13.9	13.4	13.9	14.0	14.2	14.8	15.4	16.0	16.6	17.3
Fuel, Material, Supplies	4.0	3.3	3.3	5.4	5.8	5.6	6.3	7.1	9.0	8.9	9.3	9.7	10.0	10.4	10.9
Contracted Services	2.6	2.3	3.1	3.5	4.1	4.1	4.7	5.9	7.0	6.3	6.6	6.8	7.1	7.4	7.7
Other Expenses	2.2	2.3	2.8	2.6	3.6	4.2	4.7	5.0	5.4	5.3	5.5	5.6	5.8	6.0	6.1
Total Operating Expenses	44.6	41.1	40.0	50.9	55.3	59.3	64.9	71.5	78.2	79.3	82.4	85.7	89.1	92.6	96.2
Surplus (Deficit)	3.0	1.0	15.0	11.0	10.0	19.0	6.0	-	-	1.0	1.0	1.0	1.0	-	-
Reserve Transfers (Capital/Operating)	(3.0)	(1.0)	(15.0)	(11.0)	(10.0)	(19.0)	(6.0)	-	-	(1.0)	(1.0)	(1.0)	(1.0)	-	-
Operating Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

8.6 Adopting Resolution

Resolution xx/2026

APPROVAL OF FY2027 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 FY2027 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

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) to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2027 to the Federal Transit Administration (FTA) as part of the annual application for FY2027 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2027 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2027 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2027 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$78,226,909 for operations, and**
- **\$46,605,326 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 FY2026-FY2029 Transportation Improvement Program, of which FY2027 and beyond are subject to amendment in future years.

Kathleen M. Mozak, Chair

Jesse Miller, Secretary

Date

Date

8.7 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.

ACFR – See Annual Comprehensive Financial Report.

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 recommended 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 Annual Comprehensive 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 one year 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 TheRide.

Annual Comprehensive Financial Report (ACFR) – A set of U.S. government audited financial statements comprising the financial report of a governmental entity that complies with the accounting requirements endorsed by the Governmental Accounting Standards Board (GASB).

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 in progress, immediately preceding the budget year.

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. It 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 those 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.

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 indicate 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 charges 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, or 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 benefiting 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.