Building Our Future

Corporate Business Plan FY 2024

ANN ARBOR AREA TRANSPORTATION AUTHORITY

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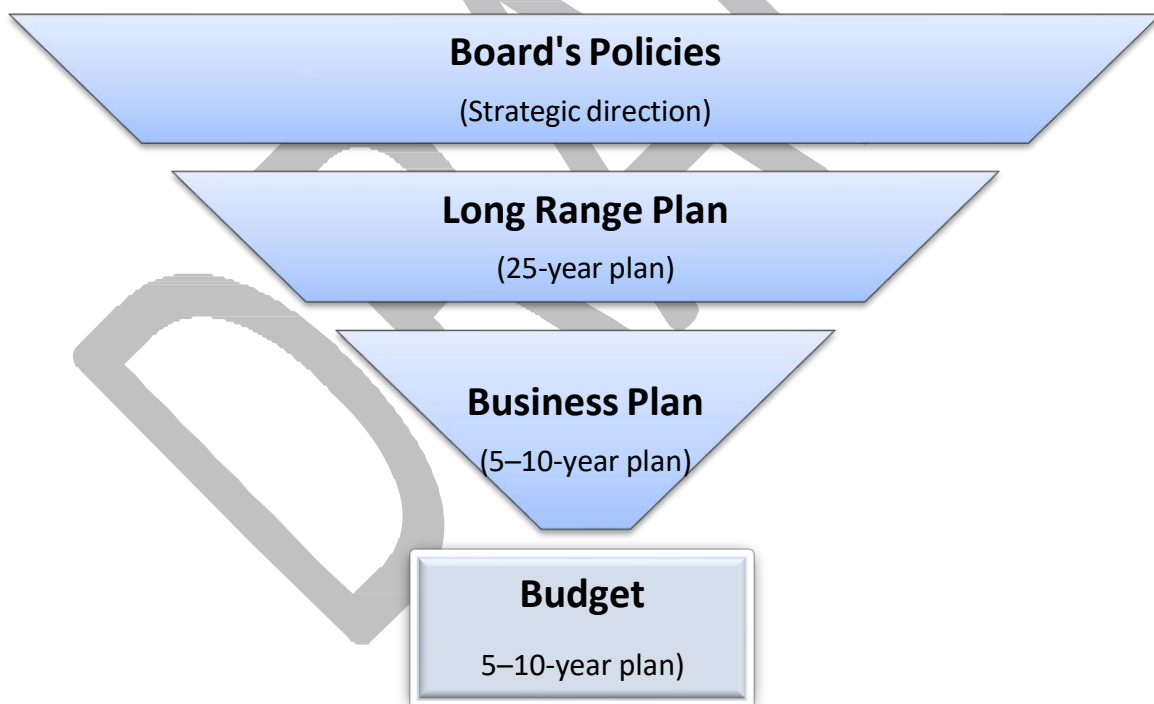
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Introduction

TheRide's Board of Directors uses written policies to set the overall strategic direction for the agency. In past years, TheRide has engaged the public in developing a 25-year plan known as the Long-Range Plan whose intent is to achieve the Board set Ends policies. In Aug 2022, the Board approved the plan as a blueprint for the evolution of our services. The FY2024 Business Plan comprises of initiatives divided into a 5-year Operating work plan and a 10-year Capital work plan. The Business Plan 5- and 10-year timelines are deliberately shorter in order to narrow the focus on initiatives and better plan for resources. By transparently identifying proposed projects and initiatives, the Business Plan provides an opportunity for the Board, staff, and the public to have a dialogue about *priorities* before the budgeting process adds details. **Everyone is invited to provide feedback on these initial proposals and help build a better Business Plan.** The finalized Business Plan forms the foundation for building the detailed budget staff recommends to the Board later in the year.

Board's Policies
(Strategic direction)

Long Range Plan
(25-year plan)

Business Plan
(5–10-year plan)

Budget
5–10-year plan)

The strategic approach to organizing workplan initiatives is detailed in the appendices but can be summarized as identifying the initiatives that will best achieve our Board's goals, and organizing deadlines, workflow, and staff activities to best achieve those projects.

The CEO is focusing efforts on to growing ridership, and is organizing priorities and projects that fall into one of three categories:

1. **Attract New Riders & Increase Ridership**
2. **Excellence in Service Delivery**
3. **Continuous Improvement**

This Business Plan includes numerous priorities, projects and expenditures which are organized into a conceptual **5-year operating workplan** and **10-year capital plan**. Once finalized, these plans will form the core of the recommended FY 2024 Budget.

The focal point of all agency operations is to increase ridership.
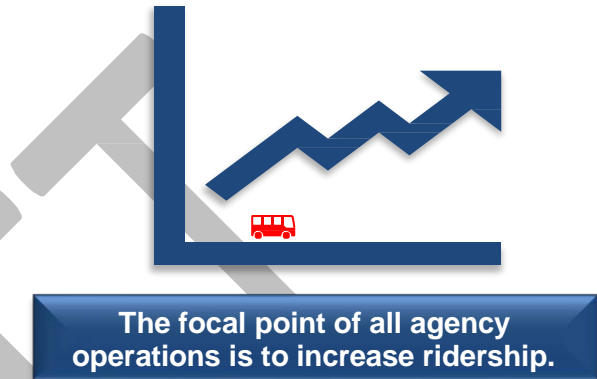
The Business Plan clarifies TheRide's strategic goals (Ends policies) and outlines how it will achieve them within a **5-year operating plan** and a **10-year capital plan**. The operating workplan is shorter to allow a detailed focus on day-to-day operational aspects and more specifically new service improvements. Examples of initiatives in the operational workplan include increasing frequency of services and expanding service coverage. The capital project plan extends over a longer period since its focus is on infrastructure projects which may take longer to complete. Capital projects include transit center redevelopments, and the Bus Rapid Transit.

The second version of this document is a DRAFT piece shared with staff, the Board, and the public, availing them an opportunity to review projects, and provide feedback before the projects in this document are absorbed into the operating budget and the capital budget respectively.

Feedback on any of the initiatives in this document, can be sent to tellus@theride.org.

Strategic Goals & Expectations

TheRide's Board of Directors uses written policies to set the strategic goals for TheRide (i.e., Ends policies). The Board's strategic goals define what TheRide is to achieve; for whom, and at what cost. The Board's strategic goals are provided below:

1. AAATA exists so that an increasing proportion of residents, workers and visitors in the Ann Arbor-Ypsilanti Area utilize public transportation options that contribute to the Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

1.1. Residents in the area have equitable access to public transportation services that enables full participation in society.

1.1.1. People with economic challenges have affordable public transportation options.

1.1.2. People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.

1.2. Public transportation positively impacts our environment.

1.2.1. Public transportation options are increasingly chosen over use of a personal car.

1.2.2. Public transportation options minimize energy use and pollution, and conserve natural resources.

1.2.3. Public transportation options produce conditions favorable to more compact and walkable land development.

1.2.4. Relevant public policy is transit supportive.

1.3. Public transportation positively impacts the economic prosperity of the area.

1.3.1. Public transportation facilitates labor mobility.

1.3.2. Students can access education opportunities without need of a personal vehicle.

1.3.3. Visitors use public transportation in the area.

1.3.4. Public transportation connects the area to the Metro Detroit region.

1.4. Passengers are highly satisfied with public transportation services.

1.5. Residents of the area recognize the positive contributions of public transportation to the area's quality of life.

In addition to advancing the Board's goals, 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

> **TheRide's Board of Directors sets the <u>ultimate strategic direction</u> for the agency using written policies.**

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. Do not risk fiscal jeopardy.
- Maintain assets of the organization in good condition.
- Compliance with all applicable laws. (Numerous other local, state, and federal laws also enable and constrain what TheRide can do.)

Within these expectations, staff are to use their professional judgment to recommend the best ways to achieve the Board's strategic goals.

Increasing Ridership

The Board's highest direction is:

"…an increasing <u>proportion </u>of residents…utilize public transportation…".

This element of the Board's direction is emphasized by the CEO to help focus and prioritize the work of the agency. While care must be taken to ensure fairness, the act of increasing ridership will itself help to achieve many of the Board other objectives, such as social equity (greater access), environmental benefits (fewer drivers), and economic activity (labor mobility). Growing our ridership is the key to achieving the Board's goals (i.e. Ends policies). Conversely it is hard to imagine progress without increasing ridership.

History

Transit ridership peaked in the U.S. during World War II (see below) and then declined rapidly as cars, freeways, urban decline, and suburban sprawl became common. National trends began to level off in the early 21st century as cities began to regain population. However, the overall American preference for cars and the individual mobility they provide had become deeply rooted. Subsidies for cars are deeply entrenched (e.g. free parking, low gas taxes, road construction policies, etc.) and have already reshaped American cities. Meanwhile, funding and public support for transit is relatively modest and far from enough to approach, for example, European levels of transit service.

Figure 1: US National Transit Ridership, 1920-2010
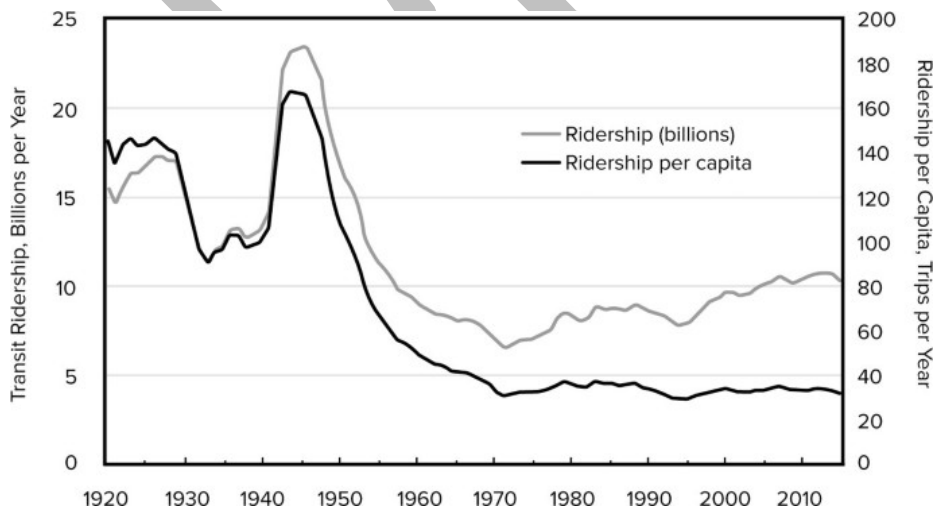
Ridership trends in the Ann Arbor/Ypsilanti area have mirrored national patterns, albeit with higher ridership that comes from a large built-in somewhat-captive ridership market: university students.

After the implementation of new 5YTIP services in 2014-2017 there was a bump in increased ridership, which then plateaued (see below). The COIVD-19 pandemic caused an unprecedented and massive dip in economic activity and travel of all sorts. Transit ridership and many other markets (e.g. retail, air travel, office work) collapsed and are still recovering to pre-pandemic levels. Still, our region has the *highest transit ridership and market share (i.e. mode share) in southeast Michigan* outside of Highland Park. TheRide has also benefited from generous public taxpayer support and TheRide provides the highest amount of transit service in the region, far above norms for the mid-west United States.
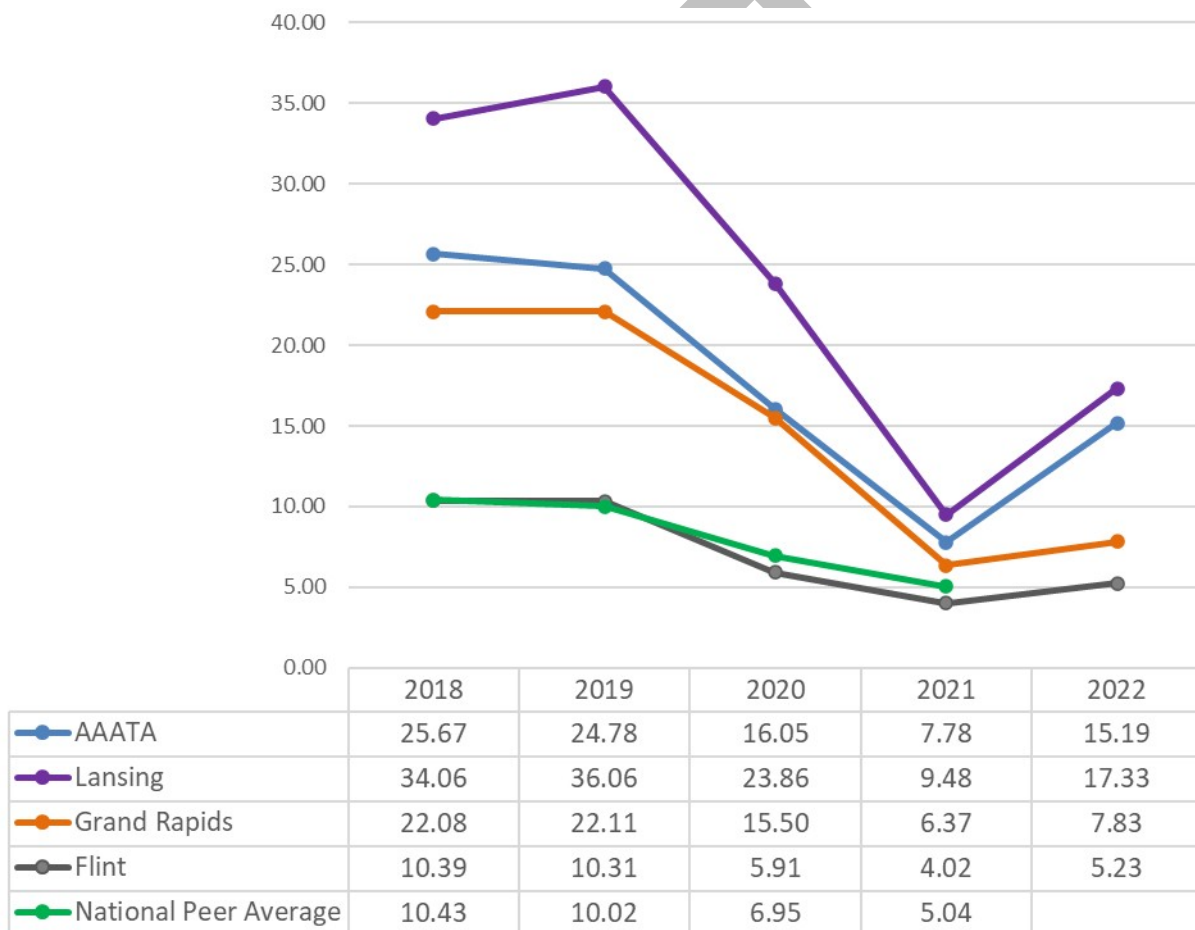
Figure 2: TheRide's Historic Transit Ridership
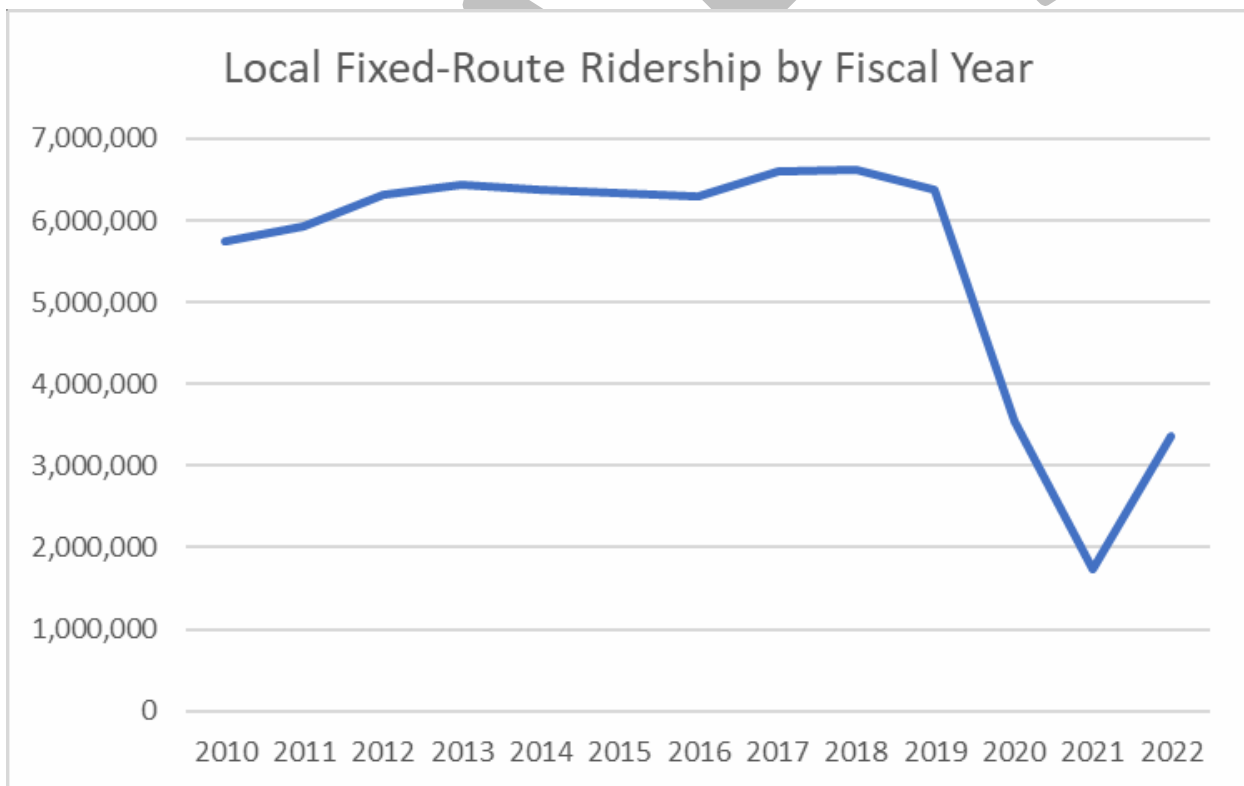
TheRide's recent ridership performance can be seen in the graph below, which uses *ridership per capita* (total trips divided by population) to illustrate the proportionate rate of ridership for TheRide and our peer communities. Prior to the pandemic, TheRide already had a relatively high rate of ridership (24 rides/capita) for a midwestern US city. The COIVD pandemic severely affected transit ridership for TheRide and our peer agencies, although Ann Arbor and Lansing are bouncing back faster, possibly due to the larger university student ridership.

Figure 3: Ridership per Capital, 2018-2022

	2018	2019	2020	2021	2022
AAATA	25.67	24.78	16.05	7.78	15.19
Lansing	34.06	36.06	23.86	9.48	17.33
Grand Rapids	22.08	22.11	15.50	6.37	7.83
Flint	10.39	10.31	5.91	4.02	5.23
National Peer Average	10.43	10.02	6.95	5.04	

Source: National Transit Database for FY 2018-2021. National peer data is currently available until FY 2021. FY 2022 numbers are collected directly from peer agencies and are preliminary.

It will not be easy to build ridership in a landscape so oriented to the automobile. It is likely that TheRide has already picked the low-hanging fruit for generating ridership, and *future increases in ridership may be more difficult, expensive, and will require sustained focus over time.*

Aligning Agency Activities with The Board's Goals

A key purpose of the Business Plan is to organize and align the agency's resources in the best manner to achieve the Board's goals (the Board has delegated this to the staff's professional judgment). It also increases transparency by allowing anyone to quickly learn about the agency's goals and how it intended to achieve them.

The CEO is using an overall goal of growing fixed-route ridership at the primary goal, towards which all other efforts are aligned. They are then bundling activities into three broad categories:

1. **Attract New Riders & Increase Ridership**
2. **Excellence in Service Delivery**
3. **Continuous Improvement**

All activities and efforts at TheRide must fit into one of these categories. All activities sand initiatives are vetted, priorities and organized into multi-year operation and capital work plans. The reality of limited resources forces prioritization and a concern with cost-effectiveness.

TheRide's Toolkit for Growing Ridership

There are two broad approaches to building ridership that can help shape our work plan:

1. **Attract New Riders & Increase Ridership** – There are two broad ways to increase total trips:
    a. Encourage current riders to use transit more often. As this group is a small minority of the total population and there are only so many trips each person can make, this approach has only modest potential to increase ridership. Serving the "transit dependent" market (i.e. low income or those unable/willing to drive) is a crucial social mission, but a limited tactic for large increases in ridership.
    b. Attract new users to transit, especially the very large majority who are currently using cars (i.e. discretionary riders). Because of its size, a modest increase in transit use from this market can generate large amounts of ridership. The two most successful ways to attract discretionary riders are:
        i. Increase the frequency of transit services (as it increase flexibility and independence). Although effective, this approach is expensive.
        ii. Increase latent demand for transit by removing subsidies for cars and creating a transit-favorable culture. This approach is effective but often unpopular in practice.

While there are many other worthy initiatives that will be discussed, they will be relatively low yield in building ridership compared with these two elements. These elements are also the most difficult to achieve and will require years of focused effort. Creating and maintaining that focus is a key goal of the CEO.

TheRide's strategy for changing our services in order to become more attractive to new riders has already been developed and was approved by the Board in mid-2022. Our long-range plan, *TheRide2045*, details the vision to build a more attractive fixed-route transit system that can attract a growing proportion of the population, while still meeting goals for social equity[1]. It also identifies changes to outside policies that would increase demand for transit. The plan is too large to summarize in full here, but it details how, when, and where the **frequency of transit services will be increased**, as well as the optimum organization and resources needs.

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[1] TheRide2045 determined that it was more advantageous to intensify service within our existing urbanized service area, than to expand into low-density peripheral areas where the cost per passenger would be much higher.

Figure 4: Long-Range Plan Elements, Local and Regional
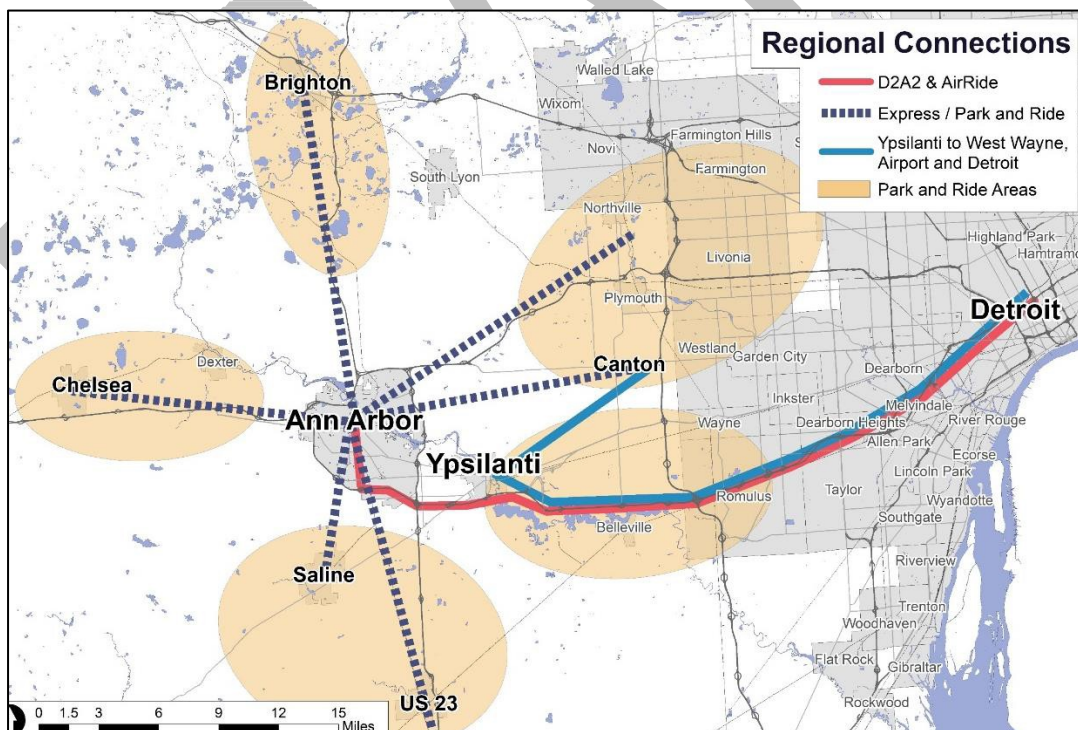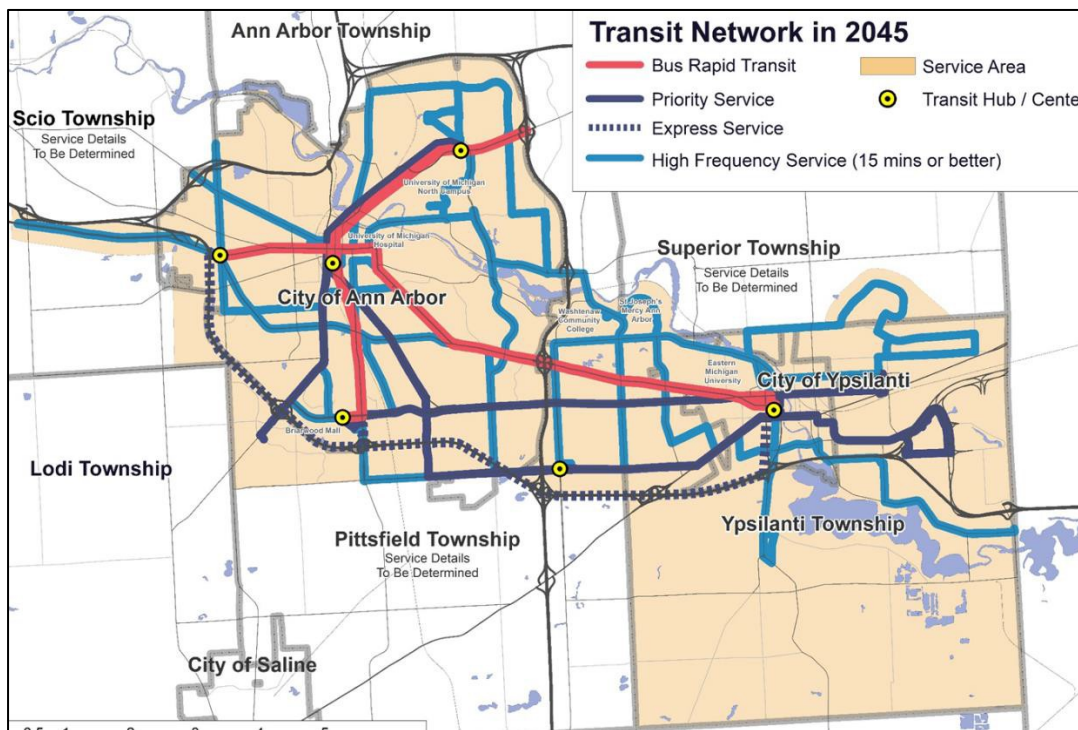
The long-range plan contains a detailed description of projects, staging and timelines. The overall timeline is illustrated in the figure below:

Figure 5: Long-Range Plan Timeline
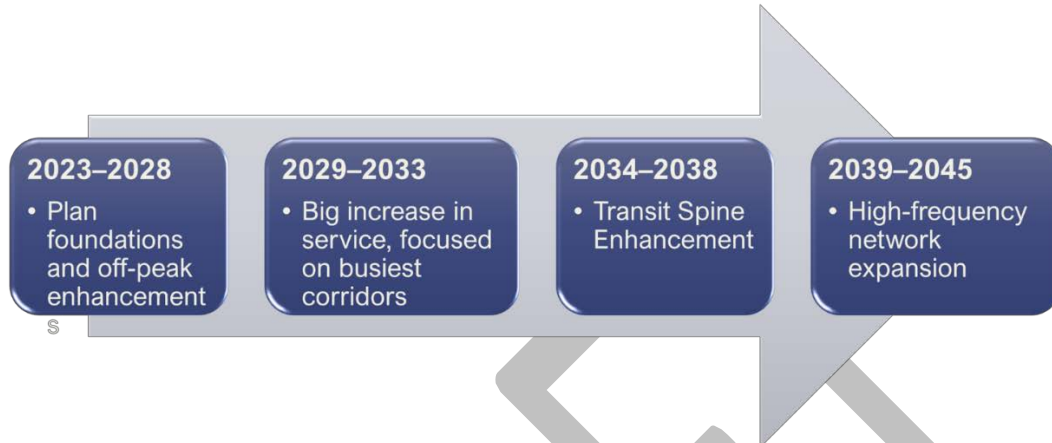
The ultimate purpose of the TheRide2045 plan is to organize TheRide's resources and efforts to best meet the long-term goal of the Board – growing ridership. The plan also includes ridership forecasts. The figure below illustrates plan forecast for ridership growth.

Figure 6: Ridership Forecast
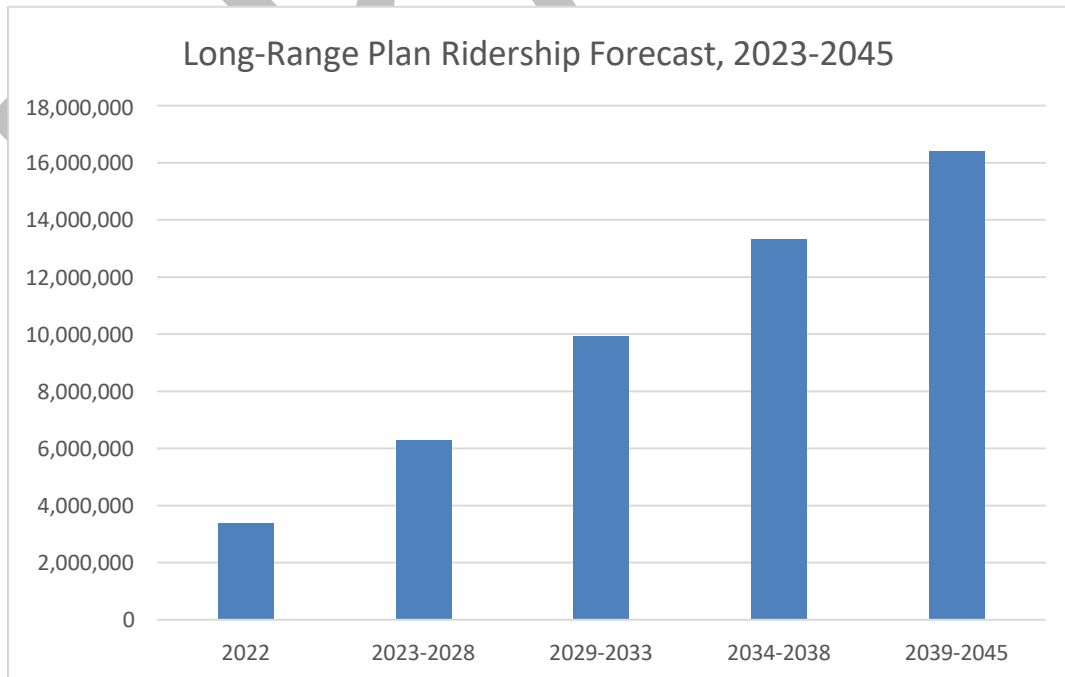
2. **<u>Excellence in Service Delivery</u>** – Total ridership will not grow if we cannot *retain* the customers that we have worked hard to attract. To keep *customers satisfied* and coming back, we must invest in maintaining and increasing the quality of services (QOS) in attributes such as on-time performance, cleanliness, courtesy, etc.

   Maintaining existing services drives most staff activities and consumes about 90% of the entire budget. Initiatives in this priority include
   a. Improving the quality of service by addressing on time performance, cleanliness, staff courtesy, and overall improvements of vehicles and facilities.
   b. Ensuring customer information is available and accessible
   c. Working to reduce FlexRide denials
   d. Optimizing fare collection technology

In addition to these direct tactics, there are numerous supporting efforts within the organization that will be needed and must be included in a work plan.

3. **<u>Continuous Improvements</u>** - In addition to tactics that can directly grow ridership, TheRide must also take into account the numerous internal improvement opportunities for the organization and its employees that can support ridership growth by ensure the health of the organization. This includes operational improvements such as zero-emissions buses that will not directly impact ridership but are nevertheless still important. It also includes risk management and the work necessary to comply with the Board's Executive Limitations policies.

The CEO's job is to advance TheRide's mission (Ends) as quickly as possible while remaining cognizant of risks and costs (Executive Limitations). Staff use their professional judgment to evaluate and prioritize specific initiatives[2] and organize them into multi-year operating and capital plans (below). Some projects come in later years and are not represented in the Business Plan. Some ideas are discarded for various reasons. Those plans are then used to drive the development of annual budgets.

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[2] *If the reader is interested in learning more about how the CEO and staff vet and assess individual initiatives and tactics, the thought processes and vetting criteria are described in the Appendix.*

There are numerous strategies and tactics for growing ridership. Each can give rise to numerous projects and initiatives which can have complex inter-dependencies and different ROIs (returns on investment). The table below illustrates the broad range of general tactics (not projects) that can be pursued. There will be numerous projects in each category in the coming years. The table below illustrates the general tactics that staff will be pursuing over the next several years to increase ridership.

Figure 7: Illustration of Project Alignment
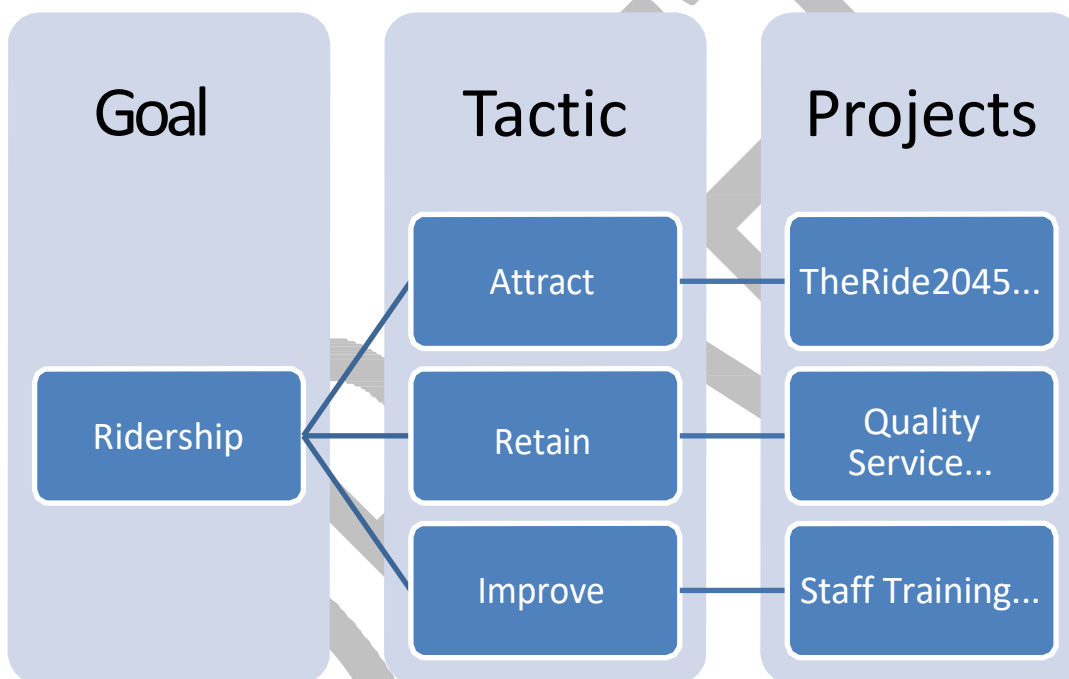
While there are numerous initiatives and projects that can impact ridership, the most important are simple fundamentals:

1. Increases the amount of service and frequency of service by implementing the long-range plan, TheRdie2045.
2. Delight the customer with excellent customer services.
3. Build demand by advocating for a less car-dependent society.

While conceptually simply, these are difficult strategies that require focused discipline over a long time.

Figure 8: Ridership Growth Tactics

Goal	Tactic		Line
1. Attract New Riders & More Trips	Implement LRP* New facilities More bus service	YTC, BTC, garage, Bus rapid transit, bus lanes, …	1
		Higher frequency, span, etc.	2
	Ridership growth Research	Learn from peers, best practices	3
	New Services/Innovations	New services (TBD: regional PNR, TMA, NEMT, etc.)	4
	Fares	Optimize structure & pricing to attract	5
		Increase bulk sales (schools, businesses, etc.)	6
	Advertising	More aggressive promotion/advertising	7
	Advocacy	Land use: **higher density**, mixed use, ped/transit-oriented	8
		Increase cost of cars: Parking, taxes, etc.	9
	Culture	Create pro-transit culture	10
2. Retain Riders with Excellence in Service Delivery	Improve Quality of Service	**On-Board**	11
		Improve reliability/on-time performance, reduce denials	12
		Cleanliness	13
		Courtesy	14
		Improvements to stops, equipment, vehicles, amenities…	15
		Responsiveness (complaints, etc.)	16
	Information	Hardcopy: New RideGuide (Fall 2023)	17
		Real-time: New system, apps	18
		Timely notification of changes	19
	Fares	Streamline current sales (?)	20
		Continue current bulk sales (i.e. MRide, AAPS, etc)	21
		Fare collection technology upgrades (i.e. open payment, etc.)	22
	Internal Customer Excellence	(All internal dept. work)	23
3. Continuous Improvement	People	Staffing	24
		Alignment	25
		Communications	26
		Training	27
		Performance	28
	Technology	Legacy software	29
		New systems	30
	Processes	Numerous	31
	Environmental Operations	Create sustainability plan	32
		ZEB decision	33
		Facilities study	34
		Remaining fleet study	35
* TheRide 2045 contains numerous projects, phases, and timelines. Consult the report document for full details.			

5-Year Operating Work Plan

The Operating Work Plan itemizes major service improvements, operational changes, and staff activities to align with Board goals and optimize efforts. Plans for major infrastructure and construction projects (i.e., Capital Plan) are outlined separately in the next section. Every proposed initiative is cross referenced to illustrate which Board goal (i.e. Ends policy) it advances with blue citations such as **(1.0, 2.3)**.

1: Attract New Riders & Increase Ridership

This section itemizes the new services, operational changes and key planning work initiatives that are expected for the next five years. All are part of the 2022 millage or long-range plan. FY2024 will include a great deal of detailed planning to prepare to initiate these new services in August 2024. *Only the 2024 projects will be approved via the annual budget. The additional years are for context.* Each project description starts with a title and the Board goal which the project advances.

FY2024 projects

a. **Ypsilanti Transit Center Staffing (Board goals advanced: 1.1, 1.4)**
As part of the 2022 millage TheRide will be restoring customer service agents to the Ypsilanti Transit Center. This project may be started in advance in FY 2023 depending on construction timelines.

b. **30-minute frequencies- Weekend daytime routes (1.1, 1.3, 1.4, 1.5)**
This initiative began in FY 2023 and will be complete in FY 2024. More buses will be added on the weekends to ensure that daytime service runs at a 30-minute frequency instead of a 60-minute frequency.

c. **Longer Service Hours (1.1, 1.3, 1.4, 1.5)**
TheRide is currently working on extending service hours. On weekdays the hours of operations will be from 6:00AM to 11:30PM, Saturday from 7:00AM to 11:30PM and on Sunday 8:00AM to 9:00PM. This adjustments are expected to be completed by the end of FY 2024.

d. Overnight On-Demand Expansion (1.3.1)

TheRide is currently working on improving overnight services, holiday service and expanding overnight and holiday services to all of City of Ypsilanti, and Ypsilanti Twp north of Textile Road (matching the fixed route by end of FY 2024).

e. Express Pilot on Washtenaw (1.0-1.5)

The Express Pilot service will provide enhanced service along the Washtenaw corridor by reducing travel time by 30% and building ridership in preparation of the Washtenaw BRT. Planning and funding of this pilot is expected to commence in FY 2024.

f. Accessibility Improvement, Response & Fixed Route Integration (1.1.2)

TheRide will continue improvement to bus stops, integrate Fixed route, A-Ride and FlexRide. This work is continuous through the LRP lifecycle.

g. Advocacy Agenda (Policy 1.0, 2.0)

Many elements of the Long-Range Plan and TheRide's future plans rely on decisions made by others outside of the agency, including municipal councils, legislatures, and congress. Working with the Board's efforts on Ownership linkage, staff will work to establish a clear advocacy agenda and take steps towards

Beyond FY2024 projects

h. Fare collection Modernization and integration (1.4)

To better serve customers, TheRide will enhance fare collection systems, fare structure, expand real-time information and work on integrating with local providers / first and last mile solutions. This work is expected to begin in FY 2026.

i. Express Pilot on North-South Corridor (1.0-1.5)

An express route from Eisenhower/State to the Plymouth Road Park and Ride lot is expected to be introduced with the intent of starting to build momentum for the north-south BRT in FY 2028.

j. Priority Routes: Main-Nixon/Plymouth and Packard-Ellsworth (1.0-1.5)

These priority routes are intended to provide higher frequency service to higher demand areas and facilitate faster trips for longer travel patterns not well covered by the BRT routes. The priority routes are somewhat enhanced by transit priority features with frequency ranging from 15 to 20 minutes during peak periods. Planning is expected to begin in FY 2027. The service is expected to begin in FY 2028.

k. 30-Minute Frequencies - Evenings (All Routes, Days, Times) (1.1, 1.3, 1.4, 1.5)

To make transit options more reliable and attractive, ALL routes, during the day and night,

weekday and weekends are currently having their frequency adjusted to run at 30-minute intervals. This work will continue into FY 2028.

I.   Enhance On-Demand Service, Expand Coverage (1.1, 1.3, 1.5)

Beginning FY 2028 through FY 2033, TheRide will increase On Demand Service resources with the aim of expanding coverage and reducing wait times.

2: Excellence in Service Delivery

During the pandemic we had to reduce services. For FY2024 TheRide is proposing to maintain all current transit and related services at full levels. We are also proposing to keep all fares the same as in FY2023. About 90% of TheRide's resources are used to operate transit services, and most of our staff are focused on this daily mission. Continuing these services and rebuilding ridership in a post-pandemic period of inflation, volatility, labor shortages, and other challenges is no small effort. The Business Plan does not detail the numerous efforts needed to maintain services, although the capital plan includes investments necessary to maintain assets, facilities, equipment, and the fleet.

3: Continuous Improvements

One of TheRide's business principles[3] is 'Excellence,' which the agency defines as *continuously renewing our commitment to perform well beyond set standards.* TheRide prides itself in being compliant with federal, state, and local regulations but it desires and works on doing and being better. This section itemizes internal efforts to improve staff engagement, customer experience, and environmental objectives.

FY 2024 Projects

a. Team and Staff Development (1.0, 2.0, 2.2)

TheRide is an agency and an institution but is also a team. The staff are key to identifying and implementing opportunities for the future. We will continue to invest in our staff through various training opportunities (easier post pandemic), work to engage and inspire staff, and improve cross-department collaboration. An essential pre-condition is the ability to fully fill in key vacant positions. This work has started and will continue into FY 2025

ONE TEAM

b. Customer Satisfaction Brainstorming (1.0)

In many ways, public transit is a retail industry. We need to attract and retain our customers with quality services and experiences. With the Long-Range Plan detailed how we will *attract* new riders, the CEO would like to develop a process for re-engaging staff, the community, and the Board to identify the best ways to improve the customer experience and *retain* riders. This work will start in FY 2024 and continue into FY 2025

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[3] A list of TheRide's values and business principles is provided in Appendix 1.

Sustainability Planning (1.0, 2.1, 2.4, 2.7)

As part of our strategic goals, TheRide is working to plan for reducing and then eliminating emissions from our own operations. In addition to ongoing work on zero-emission buses (see capital plan below), there are two additional forthcoming studies that will address other aspects of our operations:

c. Zero emissions support Fleet and A-Ride Study (1.2.2)

A Zero emissions study for the support fleet and A-Ride vehicles is currently being conducted and will continue into FY24. These studies will inform us of the next steps.

d.   Zero emissions facility studies (1.2.2)

A Zero emissions facility study is scheduled to take place in FY 2025. The studies will inform on the next steps.

Figure 9: 5-Year Operational Work Plan

	Major initiatives	Applicable Ends & Exec. Limitations	FY24	FY25	FY26	FY27	FY28
Attract new riders	Ypsilanti Transit Center Staffing	1.1, 1.4	■				
	30-minute frequencies- Weekend daytime routes	1.1, 1.3, 1.4, 1.5	■				
	Longer Service Hours	1.1, 1.3, 1.4, 1.5	■				
	Overnight On-Demand Expansion	1.3.1, 2.0	■				
	Express Pilot on Washtenaw	1.0-1.5	■				
	Accessibility Improvement & Response and Fixed Route Integration	1.1.2	■				■
	Fare collection Modernization and integration	1.4			■	■	■
	Express Pilot on North-South Corridor	1.0-1.5					■
	Priority Service: Main-Nixon/Plymouth	1.0-1.5				■	C
	Priority Service: Packard-Ellsworth	1.0-1.5					C
	30-Minute Frequencies - Evenings (All Routes, Days, Times)	1.1, 1.3, 1.4, 1.5				■	■
	Enhance On-Demand Service, Expand Coverage	1.1, 1.3, 1.5					■
Cont. Improvement	Team and Staff Development	1.0, 2.0, 2.2	■	■	■		
	Customer Satisfaction Brainstorming	1.0	■	■			
	Advocacy Agenda (wrong place)	1.0, 2.0	■	■	■	■	■
	Zero emissions A-Ride fleet studies	1.2.2	S	NEXT STEPS TBD			
	Zero emissions facilities studies	1.2.2		S	NEXT STEPS TBD		
Timeline pending funding, staff capacity and collaboration with key stakeholders.							

Legend: Environmentally friendly projects | **S** Studies | **C** Year of commissioning

10-Year Capital Plan (Conceptual)

The Long-Range Plan illustrates how TheRide will need to implemented major capital infrastructure projects in order to meet the growing needs of the communities we serve.

1: Attract New Riders & Increase Ridership

TheRide2045 lays out numerous new facilities and major construction projects over the next 20 years. This section itemizes the major capital projects (i.e., construction, infrastructure, equipment, etc.) that are expected for the next five years. All are part of the 2022 millage or long-range plan. FY2024 will include planning to prepare these projects for construction (YTC, BTC), or consideration, funding or approval (i.e., garage, BRT). *Only the 2024 projects will be approved via the annual budget. The additional years are for context.* Each project description starts with a title and the Board goal which the project advances.

FY 2024 projects

a. Ypsilanti Transit Center Redevelopment (1.1, 1.4, 1.5, 2.5.2, 2.10)

The current facility has outlived its useful life; increased demand for service and planned increase in service levels make it necessary to develop plans for a new transit center. This project includes planning, development, and construction of a new transit center in the City of Ypsilanti and is expected to begin operations in FY 2027.
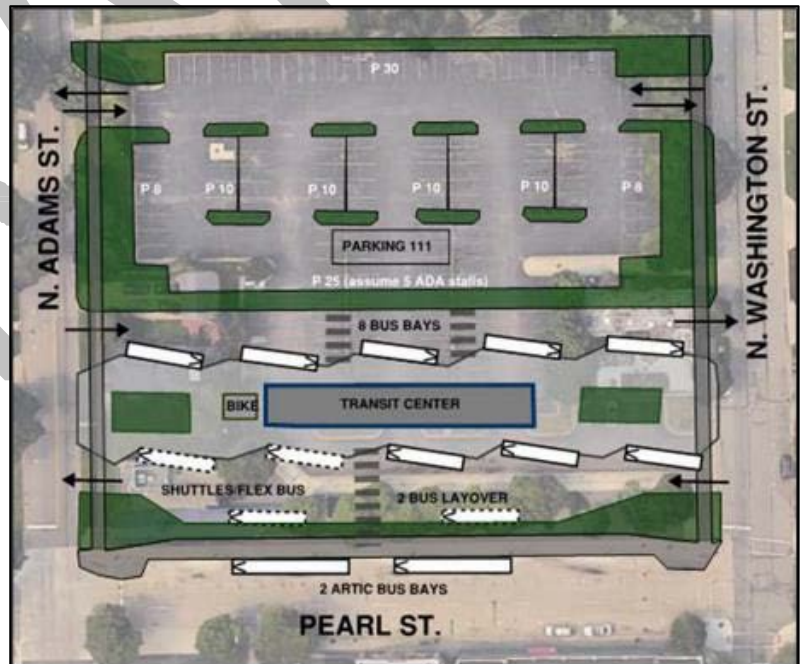
b.   Blake Transit Center Expansion & Redesign (1.0, 1.4, 1.5, 2.5.2, 2.10)

TheRide intends to nearly double its service hours by 2045. The transit centers must be designed to efficiently accommodate the increased service. The BTC expansion and redesign is expected to take place through FY 2026, when the new facility will officially be open for operations.
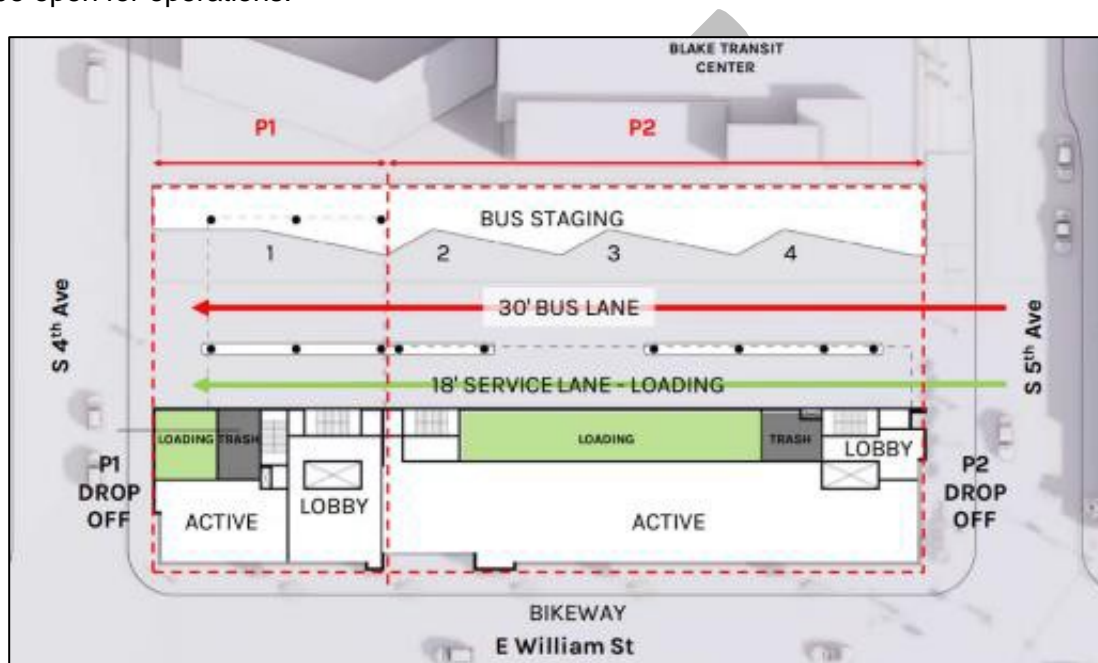
c.   New Bus Garage (1.0, 2.4.2, 2.4.3, 2.10)

The new garage is anticipated to increase capacity for the fleet by 100 buses. It will also be critical in supporting the transition to zero-emissions vehicles with respect to different charging/refueling and maintenance requirements. The new bus garage is expected to be commissioned in FY 2031.

d.   Washtenaw BRT planning & funding (1.0-1.5, 2.10)

The Washtenaw Avenue corridor provides the highest and most continuous ridership between downtown Ann Arbor and downtown Ypsilanti. The Washtenaw BRT will run between downtown Ypsilanti and Maple/Jackson in Ann Arbor, roughly spanning the service area from east to west. The planning and funding of the first phase of this BRT (BTC – YTC) is expected to take place between FY 2024 to FY 2029.

Projects beyond FY 2024

e.   Transit hubs and priority infrastructure (1.0, 2.10)

Four transit hubs will be developed outside of the downtown cores to facilitate better connectivity between peripheral areas that have high demand, are projected to have significant growth in demand, and are located at logical connection points between numerous routes..

- State & Eisenhower area
- Jackson & Maple area
- Carpenter & Ellsworth area
- Nixon & Plymouth area

2: Excellence in Service Delivery

TheRide's first priorities are to its existing customers. This section itemizes the 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). Initiatives under this priority category include:

FY 2024 projects

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 has vehicle refresh schedules that call for the replacement of bus components to include engines, transmissions, hybrid drives, batteries, seats, and other parts necessary to maintain the fleet in a good state of repair.

c. **Existing Facilities (1.4, 2.2.1, 2.4.3, 2.7.3)**

Improvement of existing facilities include the rehabilitation of the Dawn Gabay Operations Center, the Blake Transit Center, the Ypsilanti Transit Center, the Park and Ride Lots as well as improve the ergonomic functionality for staff in these facilities.

3: Continuous Improvement

Every organization needs to upgrade and improve technology systems, clean propulsion, and basic infrastructure. This section itemizes various internal improvements to systems, processes, or technology that can improve TheRide or our performance. It also includes important improvements for riders (i.e., bus stops, bus lanes) or the environment (zero-emissions buses).

a. **Technology upgrades: (1.4, 2.0, 2.7)**

Technology upgrades include investments in switches, firewalls, better storage systems, and network monitoring software and the Transit Signal Priority project.

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 successful collaboration with stakeholders, TheRide has hopes to create and improve bus lanes in order make transit more attractive (relative to other modes) and efficient. Fully dedicated bus lanes will require the collaboration of the municipal, County and State partners in changing the streetscape.

d. **Zero Emissions Bus Fleet (1.2.2)**

A propulsion study is being conducted in FY 2023 to determine the best zero emission propulsion option. Per the Long-Range Plan it is expected that TheRide will have a 100% zero emissions fleet by FY 2038.

e. **IT Studies (2.0, 2.7)**

The IT department is currently conducting a study to inform on technological software and hardware that needs upgrades. This study will continue into FY 2024 after which obsolete or at-risk IT infrastructure will be upgraded or replaced.

Figure 10: 10-Year Capital Plan

	Major initiatives	Applicable Ends & Exec Limitations	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Service Delivery	Vehicle Replacement	1.4, 2.4.3, 2.7.3	■	■	■	■	■	■	■	■	■	■
	Equipment Replacement	1.4, 2.4.3, 2.7.3	■	■	■	■	■	■	■	■	■	■
	Rehab facilities	1.4, 2.2.1, 2.4.3, 2.7.3	■	■	■	■	■	■	■			
Attract new riders	YTC Redevelopment	1.1, 1.4, 1.5, 2.5.2, 2.10	■	■	■	C						
	BTC Expansion & Redesign	1.0, 1.4, 1.5, 2.5.2, 2.10	■	■	C							
	New Bus Garage	1.0, 2.4.2, 2.4.3, 2.10	■	■	■	■	■	■	■	C		
	Washtenaw BRT	1.0-1.5, 2.10	■	■	■	■	■	■	■	■	■	C
	Transit hubs & priority infrastructure	1.0, 2.10		■	■				■	■		
Cont. Improv.	Technology Upgrades	1.4, 2.0, 2.7	■									
	Bus Stop Improvements	1.1.2, 1.4	■	■	■	■	■	■	■	■	■	
	Bus Lane Improvements	1.0, 1.4, 2.10		■	■	■	■	■	■	■	■	
	Zero Emissions Buses	1.2.2	■	■	■	■	■	■	■	■	■	■
	IT studies	2.0, 2.7	S									

Timeline pending funding, staff capacity and collaboration with key stakeholders.

▢ (green)	Environmentally friendly projects	C	Year of commissioning	S Studies

FY2024 Annual Budget Preparation

The Business Plan is the first part of an annual process of _**aligning**_ expenditures to best achieve the Board's goals. The Business Plan allows staff, the public and the Board of Directors to review and discuss the largest component of the upcoming budget in a transparent conceptual way (without all the detailed financial figures). This keeps the focus on Big Picture issues and the goals the Board has set and helps

> **The Business Plan allows staff, the public and the Board of Directors to review and discuss the largest component of the upcoming budget in a transparent conceptual way (without all the detailed financial figures).**

to avoid distracting minutia. Once the CEO feels they have received the advice and feedback they need, staff can begin preparing the detailed recommended budget, confident that most major questions have hopefully already been asked, answered, and accommodated. Hopefully this will allow the later discussion and approval of the budget to become a routine confirmation of decisions that have already been discussed.

Board Policies → **Business Plan** → **Annual Budget**

Board Expectations for the Budget and Strategic Planning

This approach is heavily influenced by Policy Governance and the Board's written policies. Key policies include:

1. The CEO and staff present a recommended budget. The Board deliberates and approves the final budget (policy 3.2.7).
2. Policy Governance delegates almost all operational decisions to the professional staff intentionally so that the Board can focus its attention on the Outcomes.
3. The Board gives instruction with one voice via written policy when describing (in advance) how a budget should be prepared, most of which are described in policy 2.4: Financial Planning and Budgeting. Key expectations from the Board include:

a. All budget items must be focused on advancing the Ends or complying with other policies.

b. Staff cannot recommend a budget that risks fiscal jeopardy, causes deficit spending, or funds ongoing operations via debt or unclear means.

c. The staff's recommended budget must include: a strategic multi-year context, projections of revenues and expenses, separation of operation and capital expenses, clear long-term funding needs, and clear assumptions.

d. Staff generally present a high-level budget to help focus on the key strategic decisions. Since Means are already delegated to the CEO (policy 4.3.3), they do not typically present a line-item budget. Please let us know if granular details are required.

e. Several other Executive Limitation policies affect the structure and content of the budget, for example by requiring staff be kept safe (2.2), construction projects be clearly defined (2.10), financial activities be correct (2.5), assets maintained (2.7.3), public input (2.7.5.5), and that risks be addressed prudently (2.0) and clearly (2.9.1.5).

These are the expectations the Board has created for staff regarding budgeting. When the recommended budget is presented for approval (September) the Board also receives a Monitoring Report for policy 2.4: Financial Planning and Budgeting. Acceptance of the monitoring report suggests compliance with the Board's expectations, after which the Budget is generally approved. However, the Board does have the ability, by vote, to change any element of the recommended budget. The Business Planning process is an attempt to learn of any significant concerns with the emerging budget so that changes can be incorporated early on.

Budget planning will take place in June through August. During this period, a draft budget will be developed, and discussions held at staff and Board level to improve it. The final budget will be ready for Board approval before the end of September 2023.

TheRide staff generally present a high-level budget to focus discussion on major decisions and strategy. We do not generally present line-item budgets, especially since Means are already delegated to the CEO and staff (policy 4.3.3). If Board members or the public have questions

about granular expenditures or specific operational decisions, we hope they will be raised early in the process so they can be addressed early.

Performance Monitoring

To assess the effectiveness of initiatives in the Corporate Business Plan and their alignment to the needs of our Communities through set Board policies, TheRide uses a two-tier method of monitoring progress and operational performance:

Monitoring Reports – The Board requires that the CEO report on compliance with every Policy. Monitoring Reports provide detailed interpretations of Board policies and evidence of compliance. These reports are provided at least annually and more frequently at the Board's request.

Operational Reports – The CEO and staff provide a variety of detailed reports on specific aspects of TheRide's internal workings.

- Quarterly financial reports provide information on the financial health of the authority.
- Quarterly service reports provide specific performance measures on operations.
- Monthly CEO updates provide information on specific projects at the public Board meetings. These updates most often include status updates of the projects identified in this Business Plan.

All of these reports and status updates are available on TheRide.org website.

Conclusion

As TheRide focuses on implementing the many initiatives and projects we have promised to our communities, the annual Business Plan is a tool to help us align our resources to achieve our goals. The CEO encourages and welcomes feedback on the Business Plan to help further focus agency efforts, and to expedite the upcoming annual budgeting process.

Feedback on any of the initiatives in this document, can be sent to tellus@theride.org.

Appendix

These appendices provide more information about staff's process for identifying and proposing initiatives and projects that are best suited to advancing the Board's goals.

Strategic Planning Methodology

Strategic planning has three main pieces: an envisioned future state, a sound understanding of the current situation, and a plan for how to get from the current state to the desired future state. The Long-Range Plan has done extensive work to define these three states. Let's look at each piece separately.

Envisioning a Future State: TheRide's future state is defined in the Board's End policies, feedback from the Communities we serve and staff insight. Having consensus on a clear, defined future state gives TheRide a target toward which it can align its efforts, judge options, and measure progress.

Understanding Current Status: A shared understanding of the current situation and context allows TheRide to take steady aim at the targeted future. The current state of the organization is organized into strengths, weaknesses, opportunities and threats/challenges and that information detailed in the SWOT analysis table in Appendix 2A. To determine the position of the agency in relation to the external environment i.e., political, economic, social, technological, legal, and environmental (PESTLE) aspects, a PESTLE analysis was conducted, and the details documented in Appendix 2B. The results in these two analyses are updated annually during each Business Planning process to reveal areas that the agency is performing well, and where new capabilities and capacities need to be acquired.

Filling in the gap: A gap analysis identifies opportunities and gaps between the current state and the desired future. It informs on the key drivers for change and the order of prioritizing agency initiatives. Based on that insight, a strategic action plan is developed to bridge the gap between the current and the desired state. The work done during the Long-Range Planning

process has been instrumental in addressing major gaps. See Appendix 2C for the Gap analysis. The Business Plan is updated annually and during this time emergent gaps may arise. Such gaps are prioritized using the strategic planning criteria in Appendix 3 which include alignment with TheRide's goals, tradeoffs, and affordability

Values and Business Principles

In addition to aligning with the Boards direction, staff collaboratively developed values and business principles to inform on how they would engage with each other and how they conduct business respectfully. Below are those values and business principles.

VALUES: (How TheRide's employees engage with each other)	**RESPECT:** Treating one another with dignity	**COMPASSION:** Understanding, sharing in and being sensitive to the situations of others.	**INTEGRITY:** Having a moral or ethical conviction to always do what is right.
BUSINESS PRINCIPLES (How TheRide's employees get the work done)	**TEAMWORK:** Collaborating for a greater good	**SAFETY:** Keeping yourself and others away from harm.	**EXCELLENCE:** Continuously renewing our commitment to perform well beyond set standards

SWOT Analysis

This analysis provides a current state assessment of the positive and negative forces that impact the organization from an internal (within the organization) and external (outside the organization) perspectives.

	INTERNAL	EXTERNAL
	STRENGTHS (Agency Capabilities)	**OPPORTUNITIES** (External opportunities that the agency can impact)

Helpful	• Presence of a guiding vision (The Long-Range Plan)
	  -Provide focus and help prioritize resources.
	 - Speed up implementation by starting with a realistic plan.
	  - Help communicate the value of public transit.
	• Strong credibility & support by the Communities we serve.
	  - Strong relationships with partners.
	  - History of successful collaborations.
	  - A tradition of excellence in service delivery and business decisions.
	  - High rider satisfaction.
	• Existing resources & assets in reasonable condition.
	  - Existing technology allows for effective virtual/hybrid running of business.
	  - Relatively stable funding.
	  - Physical assets and equipment are adequate and in fair shape.
	• Engaged Board and staff.
	   - Strong commitment to our Communities, especially underserved populations.
	   - Rapidly modernizing internal processes, clarifying roles, & direction.
	   - Willingness to listen and strive to improve. • Good interdepartmental coordination
		• Opportunity to study environmentally friendly transit options.
		• Demographics, economic and societal trends are changing. Hence creating an opportunity to tailor services to meet emerging demands.
		  - The population is growing and aging.
		  - Urban areas are growing more compact and need additional mass transit.
		  - Mobility needs are growing in suburban and rural areas.
		  - More transit-supportive land development could make accessing destinations easier.
		• Potential to expand services and funding.
		  - Could seek additional funding/resources via grants, partnerships, and other sources.
		  - Could expand Authority membership/change enabling legislation.
		• Advocate for outside decisions that support TheRide's desired outcomes.
		  - Influence outside decision-makers (land development, housing, transportation policy, etc.)
		  - Assume a leadership position in coordinating alternative transportation.
		• The approved millage will help maintain operations and prevent a financial

SWOT ANALYSIS continued…

	INTERNAL	EXTERNAL
	WEAKNESSES **(Areas of improvement within the organization)**	**THREATS** **(External challenges to agency success)**

Weak areas	• Insufficient facility capacity
	  - The bus fleet cannot grow because the garage is full
	  - Space at the terminals is limited.
	• Reduced fare revenues.
	  - Working from home and alternative learning options have led to a decline in ridership.
	• Limited ability to influence outside decisions (RTA, local land development)
		• Dominant car culture.
		• Remote working & online learning options may reduce ridership.
		• Constrained funding and resources limit opportunities.
		  - Many travel needs lie outside our geographic service area and taxing authority.
		  - Resource-constrained partners & a sometimes zero-sum environment.
		  - Insufficient facility capacity (garage and terminals) limits service growth.
		  - Possible loss of autonomy or funding to the RTA.
		• Increased operational costs
		  - Increasing construction and fuel costs.
		  - Growing demand for expensive premium services.
		  - Traffic congestion slows buses and makes them less reliable.
		  - Labor shortages (technical and professional staff)
		  - Economic inequality, A2/Ypsi disparities and affordability.
		• Outside pressures/demands can divert TheRide's attention.

Key takeaways from the SWOT analysis.

1. The Long-Range Plan provides a strategic direction on how to organize, leverage, and maximize resources and innovative technologies in order to provide our Communities with the best transit options.

2. Remote and hybrid working and learning options have negatively impacted ridership. However, changing demographics, economic and societal trends create emerging demands and opportunities to grow ridership.

3. Advocacy of outside decisions such as land development, housing, and other transit supportive policies will be instrumental in achieving TheRide's desired outcomes (to include increasing ridership).

Building our Future.

PESTLE analysis

Awareness of external factors and their impact on the agency allows us to plan realistically. TheRide achieves this by conducting a Political, Economic, Social, Technological, Legal/Governance and Environmental (PESTLE) analysis. Here is a list of external factors and how they impact TheRide.

Political	• Changes at the federal level have led to transit favorable actions. • RTA prioritization has TheRide competing for resources with other agencies. • Federal regulations and FTA reviews promote safe, non-discriminatory, and financially responsible operations.
Economical	• Additional federal funding options have enabled AAATA to continue providing services and plans for capital projects. • The current government may repurpose unused earmarks which in turn provides more funding for transportation infrastructure. • Increased inflation leads to increased costs. • The millage win may help take care of structural deficits.
Social	• AAATA has a positive public image. • Presence of pro and anti- development cultures in our Communities. • There's disparity in demographics and income in Ypsilanti vs. Ann Arbor. • Demands from local interests must be prioritized to ensure TheRide's resources are utilized in a manner that shows efficient stewardship.
Technological	• Adaptation of the public to remote working, virtual commerce, etc., impacts travel patterns and ridership. • Opportunities to advance customer experience and operational efficiency via technology platforms. • Opportunity to improve remote worker experience. • Remote and hybrid working creates opportunities to increase and sustain cyber-security measures.
Legal / Governance	• AAATA surpasses ADA compliance requirements except for bus stops. • AAATA complies with Title VI equitable accessibility provisions. • The Board sets governing policies that serve the interest of our Communities and compliance to these policies is monitored periodically. • AAATA is currently compliant with laws and regulations governing the transit industry.
Environmental	• Our Communities are supportive of ecologically conscious decisions. • The federal government is considering funding clean energy transit options. • There is an opportunity to study and implement zero-emissions fleet and facilities

Key takeaways from the PESTLE analysis.

A. Increasing operation costs and increasing demands from local interests create a need to prioritize initiatives to ensure efficient stewardship of available resources.

B. Remote working, online schooling, virtual commerce, and telemedicine has negatively

impacted ridership. TheRide is working on initiatives to retain riders as well as attract new ones.

Gap analysis

The Ride's Board determines the desired results through its ends policies and staff conducts a current state assessment through the SWOT and PESTLE analyses. Comparing current and end states helps identify gaps and inform on how resources can be prioritized to achieve desired results.

Desired End State (Policy)	Current State	Gap	Mitigation
Increase ridership (1.0)	-Low ridership (compared to pre-pandemic years)	Low ridership	Retain and attract ridership by making transit more reliable through implementation of the LRP
Ensure efficient stewardship of resources (Policy 1.0)	-New millage was passed in Aug 2022 -Declining fare revenues due to reduced ridership -Increased cost of operations due to inflation	The new millage will address structural deficits however increased operational costs and reducing fare revenues still leave TheRide in need of more funding options.	Make use of all possible grants and funding opportunities
Equitable accessibility (Policy 1.1)	TheRide complies with most equitable accessibility regulations but there's room to provide more equitable opportunities and results for customers and the traveling public.	Unclear on opportunities to improve equity within the agency and with customers	Conduct a study to better understand how TheRide can improve equity opportunities and results for our customers and the travelling public.
Positively impact the environment (Policy 1.2)	TheRide is currently studying zero emissions options.	Zero emissions technology is unclear	Understand and implement sustainable zero emissions technology
Increase service frequency and connectivity (Policy 1.3)	Insufficient facility capacity at terminals and garage making it challenging to expand services	Potential to expand space, fleet and consequently services.	Implement the Long-Range Plan -Increase facility capacity, -expand terminal space, -grow fleet size
Increased customer satisfaction (Policy 1.4)	Currently have high customer satisfaction however, due to reduced ridership, TheRide would like to find ways to retain and attract new ridership	Opportunity to attract and retain ridership	Campaign to rebuild ridership, improve service comfort and reliability by replacing aging vehicles, continuing safety practices
Support and credibility in the Community (1.5)	TheRide enjoys support from our Communities. Aug millage 2022 Passed.	N/A	N/A

Building our Future.

1. Implementation of the Long-Range Plan will not only provide for better transit options but also further the desired end results.

Strategic Planning Criteria

The Board's policies outline desired outcomes/goals and operational expectations. It is up to the CEO and staff to recommend initiatives, projects, and expenditures that will make progress in achieving the goals identified by the Board. Staff seek public and stakeholder input, as well as advice from the Board, as they develop these recommendations. To be effective stewards of resources, TheRide prioritizes initiatives by considering the following.

1. **Organizational Alignment:** Does the initiative help to advance the Board's desired outcomes? Does it mesh with what we do, for whom and at what cost? Are we focusing our energy on future goals, or reacting and spreading ourselves too thin? Are they in line with our values and business principles?

2. **Roles:** Is the initiative within TheRide's legal mandate, or is it the responsibility of another group? Do we have direct control, or can we only influence others? Is the idea more appropriate for another organization? Is partnering a possibility?

3. **Risks:** What risks does the initiative pose now or in the future? Are the risks acceptable?

4. **Priority:** Broadly TheRide puts a priority on maintaining existing services ahead of new initiatives that add value or cause expansion. Where does this idea fall?

5. **Tradeoffs and Affordability:** Is this a beneficial use of limited funding or time (cost/benefit, ROI, etc.)? What trade-offs are implicit or not immediately obvious?

6. **Capacity:** Does TheRide have the expertise or resources to pursue the initiative now or in the future?

7. **Sequence and Readiness:** How ready is the initiative to proceed? Do other steps logically need to come first? Is there a risk of proceeding too soon? What are the impacts of deferral? Is this urgent to us and our goals, or someone else?

8. **Precedent and Commitment:** Will initially small steps create a larger,

unavoidable commitment later on? Will a precedent set in one case require greater commitment to treat everyone the same later?

9. **Public Commitment:** Have we committed to this project publicly? Within what timeframe? Are other external stakeholders involved in the execution of this project and

to what extent?

10. **External impact and influence vs. internal capacity and capabilities:** The Strengths, Weaknesses, Opportunities and Challenges/Threats (SWOT) analysis detailed in Appendix 2A; and the Political, Environmental, Social, Technological, Legal/Governance and Economical factors (PESTLE) analysis detailed in Appendix 2B Priorities and Initiatives allow the agency to make and prioritize decisions based on a reasonable balance between internal capacity and external influences.