

Board of Director’s Meeting Summary
Meeting Date/Time: August 19, 2021, 6:30-9:00pm

Location: Remote via Zoom

Board Member Attendees: Jesse Miller, Kathleen Mozak, Mike Allemang, Kyra Sims (Acting Chair), Raymond Hess, Ryan Hunter (joined at 6:41pm), Susan Pollay, Roger Hewitt (joined at 6:47pm)

AAATA Staff Attendees: Matt Carpenter (CEO), Bryan Smith, Forest Yang, Dina Reed, LaTasha Thompson, Gwyn Newsome

Guests: Leigh Shultz (Attorney and Counselor at Law)

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

Chairman Kyra Sims called the meeting to order at 6:30 pm.

Discussion Items	
1. OPENING ITEMS	
1.1	<p>Approve Agenda Mr. Mike Allemang moved to approve the agenda, seconded by Mr. Jesse Miller. In support of the motion: Mr. Allemang (reporting in from Glen Arbor, MI): Yes Mr. Raymond Hess (reporting in from Ann Arbor, MI): Yes Mr. Miller (reporting in from Ypsilanti, MI): Yes Ms. Kathleen Mozak (reporting in from Ann Arbor, MI): Yes Ms. Susan Pollay (reporting in from Ann Arbor, MI): Yes Chairman Sims (reporting in from Ann Arbor, MI): Yes</p> <p>The motion passed unanimously.</p>
1.2	<p>Public Comment Mr. Robert Pawlowski called in from South Gate in Wayne County. He suggested that AAATA participate in job fairs to assist with the driver shortage, perhaps a drive through job fair, if necessary.</p>
1.3	<p>General Announcements Ms. Mozak moved to appoint Mr. Miller as Acting Secretary of this meeting, seconded by Mr. Allemang. In support of the motion: Mr. Allemang: Yes Mr. Hess: Yes Mr. Miller: Yes Ms. Mozak: Yes Ms. Pollay: Yes Chairman Sims: Yes</p> <p>The motion passed unanimously.</p>
2. CONSENT AGENDA	
2.1	<p>Minutes & Committee Meeting Reports Mr. Allemang moved to approve the consent agenda, seconded by Ms. Pollay.</p>

In support of the motion:

Mr. Allemang: Yes

Mr. Hess: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Chairman Sims: Yes

The motion passed unanimously.

3. POLICY MONITORING & DEVELOPMENT

3.1 Committee Meeting Discussion

None.

3.2 Monitoring: Cash and Investments (Policy 2.6)

Ms. Dina Reed took questions from the Board regarding the [Monitoring Report for Policy 2.6, Cash and Investments](#).

Mr. Hess and Ms. Mozak requested that the due date of any given monitoring report be stated in the report itself.

Chairman Sims led a discussion of the \$250K FDIC insurance limit. Ms. Reed explained that account funds above that are technically uninsured, which is why staff only keep the amount of money needed for cash flow in those accounts. Ms. Reed is considering recommendations made by the Finance Committee to address the liquidity component of this and indicating what amounts are insured versus uninsured in the next monitoring report.

Mr. Miller also requested the amounts of funds that are insured and not insured in order to determine compliance with this policy going forward. Ms. Reed explained that understanding if the uninsured funds are safe comes back to the credibility of the bank. She will put together additional information to share with the Board at their request and include in future reports illustrating the stability of the actual banks in which the funds are being held.

Chairman Sims suggested including a one-page report as has been included in the past from a regulatory agency that provides information describing the credibility of the banks holding the funds. Ms. Reed and Mr. Allemang described the CDARS program used to insure the majority of the funds. Chairman Sims expressed that including information on the CDARS program in the monitoring report would also be helpful.

Mr. Allemang shared that the Finance Committee did conclude that the CEO was in compliance with this policy.

Mr. Allemang moved to approve the CEO as in compliance (A), seconded by Mr. Hess.

In support of the motion:

Mr. Allemang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Chairman Sims: Yes

The motion passed unanimously.

3.3 Board Retreat Follow-up

CEO Carpenter described having gotten a little more clarity on priorities from the Board Retreat.

Chairman Sims expressed her interest in recommendations that come out of the discussions from the consultants and senior staff.

Mr. Miller described his appreciation of discussions had on both an operational and conceptual level and his interest in seeing how staff takes the Board's feedback and turns it into operational priorities.

Mr. Allemang and Ms. Mozak asked that instructions for technology being used at future meetings (like Concept Board that was used at the Board Retreat) be provided before the meetings. Ms. Mozak also suggested that the questions posed at the meeting could have been provided ahead of time in order for the Board to provide better perceptions or answers.

Mr. Hewitt agreed that a lot of the questions could have been done ahead of time (and the answers compiled) in order for the Board to react more to the discovered priorities.

Mr. Allemang agreed with Mr. Hewitt and suggested that there could have been more opportunity for the Board to have discussions outside of the structure used for the meeting.

Mr. Hess expressed liking trade-off exercises like used in the last exercise of the retreat in which a limited number of points could be attributed to different strategies.

Chairman Sims described wishing that time would have allowed for the Board to synthesize the knowledge gained from the retreat and discuss it at the end, to walk away from the retreat having discussed key lessons learned with which to move forward more immediately.

Mr. Hunter expressed his appreciation for the alternate manners provided in which to participate in the retreat.

Ms. Pollay described her take away from the retreat as centering on the goal of gaining ridership.

CEO Carpenter described his intrigue with Mr. Hess' comment at the retreat about focusing on what AAATA is good at (mass transportation) and doing the best job possible there. He thanked the Board for their feedback and described looking forward to discussions going forward at more of a specific project level.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 August Service Restoration Update (Final)

Mr. Smith reported that driver retirements and class drop-outs have contributed to the labor shortage and need for continued suspension of Route 68 (a cross-town, North and South route on the East side of Ypsilanti) until there are enough drivers available. If necessary, on a daily basis, frequency on high-frequency routes may need to be minimally diminished. If this needs to happen, it will be communicated in every way possible using the real time system, rider alerts, and signs at the affected stops.

Mr. Smith also reported that MV has taken over approximately half of the ARide service. By August 29th, they are expected to be fully operating the ARide service.

Mr. Smith described his hope to not have anywhere near the low pullout rates that Detroit is currently experiencing due to the labor shortage by utilizing the extra board that AAATA does have for any kind of daily call off and even using a number of personnel in the office that are able to drive.

Mr. Miller described the disadvantage of a lack of real-time bus information at the AAATA stops.

4.2 FY2021 Budget Amendment

Chairman Sims described that the amendment is clarifying language rather than substance. Ms. Reed described that the amendment will more accurately reflect the current projection of property tax revenues for FY2021, show the surplus of the revenues over expenses, and show how that will then go into the capital reserve as was discussed in April. She explained that a budget is considered balanced if the revenues meet or exceed the expenses.

Ms. Pollay moved to approve Amendment of FY2021 Operating Budget Resolution 10/2021, seconded by Mr. Allemang.

In support of the motion:

Mr. Allemang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Chairman Sims: Yes

The motion passed unanimously.

Attachment 1

Resolution 10/2021

AMENDMENT OF FY 2021 OPERATING BUDGET

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

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget for each fiscal year, and

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

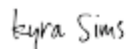
WHEREAS, on April 22, 2021, the Board adopted an amendment to the FY2021 Operating Budget by resolution (Attachment 3, Resolution No. 03/2021), and

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

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

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

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



Kyra Sims, Acting Chair
August 19, 2021



Jesse Miller, Acting Secretary
August 19, 2021

4.3 Q3 Finance Report

Ms. LaTasha Thompson presented the [Q3 Finance Report](#) via the presentation in the last six pages of the [August 19th, 2021 Board Meeting Packet](#).

4.4 FY2022 Draft Budget

Ms. Reed & Ms. Thompson presented the [FY2022 Draft Budget](#) via the presentation found after the draft budget in the [August 19th, 2021 Board Meeting Packet](#).

Ms. Pollay asked if AAATA is in communication with UofM or the DDA about the lowered parking demand in Ann Arbor and how that might affect fare revenue projections. She explained that this may increase the number of people driving because they can now find parking. Mr. Yang described conversations had with UofM about their parking demands projected to gradually recover over the next 3-5 years, followed by a more steady recovery beyond that. He agreed that reaching out to the DDA for their projections may also be helpful.

Chairman Sims asked if inflationary issues are appearing to be more transitory or fixed. Ms. Reed described trying to base inflationary factors on historical trends unless

something else is known to be disruptive. The insurance market issue has been seen across the transportation industry, based on liability claims that have been rising broadly (not specific to AAATA). Staff is focusing on different ways to possibly mitigate the market risk. A different percentage of self-insurance is being explored versus fully insured.

CEO Carpenter reported that the RTA Board made a final decision today about how the ARP funds are going to pass through them to the transit agencies. It is CEO Carpenter's understanding that the RTA will immediately release 80% of those funds to the transit agencies. They are going to hold back 20% of those funds for their own uses. 5% of those funds will be used to fund their own staffing needs for several years and 15% will be set aside to fund regional projects that are to be determined. The RTA does not have a list of projects or process for deciding which projects will be funded yet. They have reassured the transit agencies that they will be working with them to develop those ideas and perhaps select them. CEO Carpenter noted that the ARP funds being received do have a deadline to be used and will be allocated as soon as possible.

In regard to long-range planning, Mr. Miller asked if alternate GoldRide contracts are being assumed or the current contract. Ms. Reed described that assumptions are being made on the current costs, though not inflated year after year, as a conservative approach.

Mr. Miller asked for a definition of the equity consulting costs indicated in the proposed budget. CEO Carpenter described an internal diversity, equity, and inclusion audit of AAATA being considered.

Mr. Miller asked for clarification of the media expense in the budget. Ms. Thompson described this as being any type of media on which AAATA advertises.

Mr. Miller pointed out a significant budget increase in the bus lane planning and construction expenses in the 10-year capital plan between 2025 and 2026. CEO Carpenter described this as a place holder with the hope that there can be discussions about dedicated bus lanes in the near future.

How the contracted MRide service is accounted for in the list of fairs was discussed by Mr. Miller, Ms. Thompson, and CEO Carpenter.

Mr. Hewitt described his view that increasing ridership may best be done by decreasing travel-time. He shared his concern that expansions of the BTC (Blake Transit Center) and YTC (Ypsilanti Transit Center) may not decrease travel-time and that until there is a long-range plan, it may be imprudent to spend large amounts of capital dollars without any assurance that those dollars are going to increase ridership. Mr. Hewitt expressed being unsure if he can support the expansion part of the capital budget until after a long-range plan has been approved.

Ms. Mozak described the prudence of AAATA looking at expanding the BTC because staging on 4th and 5th Ave. will be lost once new housing is put in at the old Y lot. Regarding the YTC, she described that the YTC is often packed, unsafe late at night, and does not currently offer passengers the ability to purchase bus passes like they can at the BTC and DGOC (Dawn Gabay Operations Center). She expressed that the expansion of the YTC is something that the people of Ypsilanti have been waiting for long enough.

CEO Carpenter described that physical buildings can become a barrier to increasing ridership. He provided the example that if terminals and garages are too small, the

fleet cannot grow, travel time cannot decrease, and ridership cannot grow. He highlighted that the City is building on the old Y lot and the timeline for being included in that is not at the discretion of AAATA. He also mentioned that the proposed budget of \$150K for the BTC and \$1M for the YTC expansions is not a lot of money when speaking of capital projects; the actual construction of these projects will be much larger. He described this as seed money that is unlikely to be wasted. He also extended his regret that the long-range plan will not be Board approved before approval of this capital budget is necessary, but the recommendation to move forward with these projects is based on reasonable assumptions for the Board to consider.

Mr. Allemang complemented Ms. Reed and Ms. Thompson on the proposed budget and described his support. He also described the projection of ridership not returning to the level of 2019 until 2030 as breath-takingly scary.

Ms. Reed shared that there will be opportunities throughout the month in Committee meetings for further comments and recommendations.

4.5 Q3 Service Report

Mr. Smith took questions on the [Q3 Service Report](#). He described for Mr. Hess that in Q3 2020 the revenue mile costs did not drop even though there were fewer miles because no MCOs had been laid off yet, overtime rates were being paid for all hours worked, and additional cleaning was being conducted at very high costs at the height of the pandemic. The required 60 days of pay after announcement of layoffs also extended into Q3.

Mr. Smith will gather additional information for Mr. Hess to help compare the revenue mile costs between Q3 2019 and Q3 2021.

4.6 CEO Report

CEO Carpenter took questions on the CEO Report on page 61 of the [August 19, 2021 AAATA Board Meeting Packet](#).

CEO Carpenter described for Mr. Allemang that several of the NOVA buses are in service on Route 6 and are generally being well received by drivers.

Mr. Smith described for Mr. Allemang that part of the purchase of EZFare is an integration with Uber, Transit, and Moovit making it possible for the AAATA passes to also be purchased through the Uber app.

Mr. Smith and CEO Carpenter described the Q'Straint Wheelchair Securement Systems Study as still ongoing for Ms. Mozak. They reported that customer reactions have been very mixed.

Mr. Miller and CEO Carpenter discussed the ongoing efforts to improve the lines of communication between AAATA, Washtenaw County RTA Appointees, and the RTA.

Ms. Pollay and Chairman Sims discussed Ms. Pollay participating in AAATA's Ownership Linkage Task Force (which extends a line of communication between AAATA and their legal owners). They described extending additional communication lines via the Task Force to the RTA and the RTA Washtenaw County Representatives.

5. EMERGENT ITEMS

None.

6. CLOSING ITEMS

6.1 Topics for Next Meetings

Monitoring: Planning & Budgeting (Policy 2.4)
Monitoring: Fare Policy (Policy 2.5.11)
FY2022 Budget Approval & Public Hearing
Long-Range Business Plan Update

6.2 Public Comment

Mr. Robert Pawlowski complimented Mr. Smith and Mr. Yang on the service restoration and integration of the public input. He also added his support of more communication with the RTA.

6.3 Closed Session

Chairman Sims requested a motion to go into closed session pursuant to section 8(c) of the Open Meetings Act. This was motioned by Ms. Mozak and seconded by Ms. Pollay.

Chairman Sims conducted a roll call vote for this.

In support of the closed session:

Mr. Allemang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

The Board went into the closed session at 9:02pm.

Mr. Hewitt motioned to go out of closed session, seconded by Ms. Pollay. Chairman Sims took a roll call vote.

In support of going out of closed session:

Mr. Allemang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Chairman Sims: Yes

At 10:10pm, the Board voted unanimously to come out of the closed session.

6.4 Adjournment

Ms. Mozak moved to adjourn, seconded by Mr. Hewitt.

In support of the motion:

Mr. Allemang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Chairman Sims: Yes

The motion passed unanimously.

Chairman Sims adjourned the meeting at 10:13pm.

Respectfully submitted by: Keith Everett Book

Approved September 23, 2021