



Board of Director's Meeting Agenda

Meeting Date/Time: March 17, 6:30-9:00pm

Members: Eric Mahler (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Rich Chang, Raymond Hess, Roger Hewitt, Ryan Hunter, Kathleen Mozak, Susan Pollay, Kyra Sims

Location: Ann Arbor District Library Virtual attendance available [via Zoom](#) Passcode: 983308

| Agenda Item | Info Type | Details | Page # |
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| 1. OPENING ITEMS | | | |
| 1.1 Approve Agenda | D | Mahler | |
| 1.2 Public Comment | O | | |
| 1.3 General Announcements | O | | |
| 2. CONSENT AGENDA | | | |
| 2.1 Board Meeting Minutes February 24, 2022 (Rescheduled) | D | | 2 |
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| 2.3 Public Transportation Agency Safety Plan | D | | 16 |
| 2.4 RAISE Grant Application Authorization (by Motion) | D | | 17 |
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| 3.2 Millage Proposal Introduction | D | Carpenter | 53 |
| 4. POLICY MONITORING & DEVELOPMENT | | | |
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| 4.2 2.5 Financial Conditions | M | Reed | 65 |
| 4.3 Monitoring Improvements | D | Allemang | |
| 5. OPERATIONAL UPDATES | | | |
| 5.1 Labor Negotiations: TA Approval Request | D | Newsome/Smith | |
| 5.1.1 Closed Session (Pursuant to 8(c) of OMA) | D | Mahler | |
| 5.2 FY 2022 Q1 Financial Report | O | Reed | 94 |
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| 5. EMERGENT ITEMS | | | |
| 6. CLOSING ITEMS | | | |
| 6.1 Topics for Next Meetings Millage 2.1 Monitoring Report (return) 2.10 Monitoring Report | | Thursday, April 21, 2022 | |
| 6.2 Public Comment | O | | |
| 6.3 Adjournment | | | |

Monitoring, D = Decision Preparation, O = Other

Board of Director's Meeting Notes

Meeting Date/Time: February 17, 6:30-9:00pm
Rescheduled Date/Time: February 24, 6:30-9:00pm

Members: Eric Mahler (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Rich Chang, Raymond Hess, Roger Hewitt, Ryan Hunter, Kathleen Mozak, Susan Pollay, Kyra Sims

AAATA Staff Attendees:

Location: Ann Arbor District Library
Virtual attendance available [via Zoom](#) Passcode: 983308

Chair Eric Mahler called the meeting to order at 6:31pm.

| Agenda Item |
|---|
| 1. OPENING ITEMS |
| 1.1 Approve Agenda Mr. Chang moved to approve the agenda, seconded by Mr. Miller. In support of the motion: Mr. Mike Allemang: Yes (attending virtually) Mr. Rich Chang: Yes Mr. Raymond Hess: Yes Mr. Roger Hewitt: Yes Mr. Ryan Hunter: Yes Mr. Jesse Miller: Yes Ms. Mozak: Yes Ms. Pollay: Yes Ms. Kyra Sims: Yes Chairman Mahler: Yes The motion passed unanimously. |
| 1.2 Public Comment Robert Pawloski shared with the board his thoughts on resuming full-service connections and expanding fixed routes. Jim Mogensen shared with the board that there is confusion in the community regarding the millage and long-range planning. He also shared concerns regarding the propulsion study. |

1.3 General Announcements

Mr. Carpenter reminded the board that with the cancellation of the February 17, 2022 board meeting (due to weather), there had been minor changes to the board packet. An updated agenda with the corrected board date had been added, the resolutions had updated dates, but no other additions were made. Hard copies of the packets were not reprinted for the board.

2. CONSENT AGENDA

2.1 Board Meeting Minutes December 16, 2021

2.2 Committee Meeting Summaries (January & February)

2.3 Transportation Commission Delegates

2.4 FY 2023 State Application Resolution

Chairman Mahler introduced the Consent Agenda that included items 2.1 – 2.4.
Mr. Hewitt moved to approve the Consent Agenda as presented, seconded by Mr. Hunter.

In support of the motion:

Mr. Allemang: Yes (attending virtually)

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The Consent Agenda was accepted as presented.

3. STRATEGY & OPERATIONAL UPDATES: CEO

3.1 Y-Lot Update

Mr. Yang introduced Jennifer Hall (Deputy Director, Ann Arbor Housing Commission), Jeff Kahan (City Planner, City of Ann Arbor) and Michael Johnson (Consultant, Smith Group). He and Ms. Hall shared a presentation for YLot development (450 S. Fifth) that will soon go before the Ann Arbor City Council. The YLot development plan will provide affordable housing and expansion of the Blake Transit Center and TheRide is being asked to support it through collaborative planning and a commitment to partnership. Potential shared costs would include bus lane/staging construction, building reconfiguration and annual maintenance.

Mr. Chang asked for clarification on operational costs and Mr. Yang, Ms. Hall and Mr. Carpenter outlined that those projected costs would be yearly maintenance costs.

Mr. Miller asked if this project meant that the Blake Center would be locked in to its current footprint and no further expansion would be possible one development occurred around it. Mr. Carpenter shared that Blake expansion was important and the YLot development plan was a way to utilize an otherwise empty parcel when downtown space is limited.

Mr. Miller followed up with asking if contribution was going to be financial or another project participation. Mr. Yang confirmed that while TheRide is not leading the project, there will be collaboration and partnership throughout the process.

Mr. Hewitt asked if both Phase I and II were for affordable housing. Ms. Hall responded that Phase I was intended to be all affordable housing and Phase II was intended to be for both affordable and market rate housing.

Ms. Mozak asked if the Blake Center structure was able to build upward if there is future development. Mr. Carpenter said that is a decision that can be addressed in the future should the need arise.

Ms. Pollay asked Mr. Johnson about the specifics of trash and service lanes for the building and he referenced back to the presentation outlines to show the location of those lanes. More specific designing will occur as the project details are finalized.

Mr. Allemang asked how many additional buses the Blake would be able to accommodate with this expansion. Mr. Yang shared that 3-4 additional bus bays could be added with additional expansion. With more frequent bus services projected, the need for a dedicated bus bay for individual buses will be reduced.

Mr. Mahler asked Mr. Carpenter about funding sources. Mr. Carpenter shared that the YLot is a more complex property development and would be a more challenging to utilize federal funding. Capital reserve, local, and state funding options are being investigated.

Mr. Mahler introduced the Resolution for board support of the YLot development planning and the ability of the CEO to investigate funding resources.

Ms. Pollay moved to accept the resolution and Ms. Mozak seconded that motion.

In support of the resolution:

Mr. Allemang: Yes (attending virtually)

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The board unanimously passed the resolution.

3.2 CEO Report

Mr. Carpenter noted his CEO report was two pages and had no new additions to add to what he had written.

Mr. Allemang asked Mr. Carpenter for specifics and clarifications on the AirRide notations within the report.

Mr. Carpenter shared that AirRide program had been a private service from East Lansing to Ann Arbor that provides service to Detroit Metro. TheRide had financially supported it in the early years, but ridership had dwindled in the past few years. Service has recently been reactivated with funding found through the state – the contract with TheRide expired. TheRide has a relationship with them.

Ms. Pollay noted she had understood that AirRide needed to be associated with TheRide to follow airport policies on transportation access. She was concerned about raised fees for the public.

Mr. Carpenter shared that their transportation status had been settled through MDOT and they are considered a transportation service.

4. POLICY MONITORING & DEVELOPMENT

4.1 Monitoring 1.0 Ends

Mr. Carpenter shared with the board that the report had been delayed due to the cyber-attack last fall. He also noted that the report includes 12 full months of the pandemic though the 2021 fiscal cycle and reflects a low point during the pandemic. The report shows non-compliance due to two items – one was related to D2A2 service which had been suspended due to the pandemic. Service restored a month after the monitoring period ended – so it is back in compliance. The second is a result of the partial compliance of many items in the report due to the depressed ridership during this period. Only one month out of the 12 had full service. He noted excellent questions in the board survey and discussion around the interpretations of the report. One question from a board member had been regarding accessibility with closed captioning of board meetings – Mr. Carpenter shared that the February board meeting was the first to start using closed captioning and thanked Mr. Blackston and IT for their work getting that option running through zoom.

Mr. Mahler turned to guest Cheryl Weber to share LAC Ownership Feedback before opening up discussion on the Ends Report.

4.1.1 LAC Ownership Feedback (Verbal)

Ms. Weber shared overall positive feedback / comments that the LAC likes the job TheRide is doing. They feel processes and systems in place meet criteria for federal ADA. There are areas of improvement in the way of signage and language accessibility and improving accessibility for those who are unable to afford paratransit. There was also a concern shared about accessibility for students who may need to utilize public transportation because they aren't eligible for school bus transportation.

Ms. Mozak shared that she had attended the LAC meeting and realized that much of the focus on disability accessibility compliance in policies was related to physical mobility limitations and there was discussion related to those who are sight impaired and how "disability" is a much broader spectrum. She shared an example that sight impaired people utilizing a pull string on transportation and with new busses, the string has been replaced with a button which can cause challenges.

Mr. Carpenter responded that there are times when new mechanical ideas are introduced but when customer feedback doesn't support the change, they return to what works best for the customer. He agreed with her assessment of seeing disability more broadly and encouraged the exploration of new language for policies in the policy taskforce group.

Mr. Allemang commended Mr. Carpenter on the report he provided. He did disagree with the interpretation of 1.3.3 regarding the measurement of visitors using public transportation. He inquired as to whether there is a survey to gather better data.

Mr. Carpenter shared that there is a survey that may be done every few years, but that visitor ridership data is more challenging to gather.

Mr. Miller asked if the electronic fare system might be used to pull data.

After a discussion on what data might be gathered or used to better support this portion of the policy, Mr. Carpenter stated that the data collection is limited and after the recent cyber-attack, collecting in-depth data and securely storing would not be cost effective when it is only used for policy monitoring. He agreed to look further into EZ Fare to see if additional data might be utilized.

Mr. Allemang and Mr. Mahler discussed that language revision might be needed for this policy.

Ms. Pollay noted that football shuttles are not included and that might be added as a data point for this policy item.

Mr. Hewitt agreed that data is an effective method of proving compliance and without adequate means of collecting, a revision to the policy should be considered.

Mr. Chang challenged the interpretation of 1.1.1 and 1.1.2 as it doesn't adequately cover those who are economically challenged *and* disabled. He also challenged the conclusion to 1.2.1 as it may be tougher to interpret due to covid. He questioned the data used as it seemed inconclusive that driving decreases were due to increased public transportation usage when more people in the area are working from home.

Mr. Carpenter shared that with 1.1.1 and 1.1.2 there is no comparable discount for on-demand or paratransit services per standard industry practice. He said for clarification he should have added that the interpretation did not apply to paratransit. For the second comment from Mr. Chang he responded that he used RTA data.

Mr. Chang made an additional note that 1.1.1 might need to be factored into the Long-Range Planning as the state population is aging and more adults are on fixed incomes.

Mr. Carpenter said that Mr. Yang will be presenting a detailed Long-Range plan at the March board meeting. It was agreed upon that he should investigate further into population demographics as they related to the Long-Range Plan.

Mr. Hewitt asked if there were pre-pandemic reports to use for comparison and Mr. Carpenter directed him to the online policies page for reference.

With no further discussion from the board, Mr. Miller proposed the motion that the board adopt the policy as in compliance except for the items noted that 1.3.3 cannot be determined. Mr. Chang seconded that motion.

In support of the resolution:

Mr. Allemang: Yes (attending virtually)

Mr. Chang: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak: Yes

Ms. Pollay: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The board unanimously passed the motion to accept.

5. EMERGENT ITEMS

4.2 4.0-4.4 Board Management Delegation Policies Survey

Mr. Mahler noted that the board survey results were very favorable.

Mr. Miller commented that some interpretations might have been skewed by how board members communicate with Deputy CEO's.

Mr. Mahler stated that Mr. Carpenter offers full access at his discretion and the board shouldn't bypass without his knowledge.

Ms. Mozak shared that she feels that there are times when the Deputy CEO's invite direct feedback and she has felt open to communicate without involving Mr. Carpenter.

Mr. Carpenter stated that his interpretation is that there is a chain of command within the organization yet not all communication from the board needs to go through him. He feels the board has not circumvented his authority and he is comfortable with the current processes. He noted that the policy was focused on official communication.

Ms. Mozak stated that she answered the survey based upon how meetings are conducted and based on what she sees but she isn't always certain of how people conduct themselves outside of that.

Mr. Hess brought up the policy task force and how it can be applied to the current discussion regarding the policy and survey. He is hopefully that the interpretation vs. ends vs. means can be clarified better for the entire board with policy monitoring processes.

Mr. Mahler noted that this also a reminder that when deficiencies are noted, they need to be followed up on.

Mr. Allemang briefly mentioned 4.2.2 and how this seems to contradict itself.

Mr. Mahler agreed that there is room for contradiction or misinterpretation. He outlined the original drafting intent was that opinions could be expressed outside of the normal evaluation process for Mr. Carpenter. This may be policy wording that needs to be evaluated and clarified.

4.3 Monitoring Streamlining (Verbal)

Mr. Allemang reiterated what Mr. Hess had shared in his previous comments. The task force has met several times and has a list of priorities – of which is developing new and better procedures, and procedures for tracking compliance. The next meeting is in March and by April the task force hopes to have specific recommendations to bring before the board. He also shared that Mr. Chang needed to step away from the task force due to other obligations and welcomed additional board members to participate if they were able.

6. CLOSING ITEMS

6.1 Topics for Next Meetings

Audit
Monitoring Report 2.5 Financial Conditions
Millage
LRP

6.2 Public Comment

Robert Pawlowski thanked the board for their work for their work in the community through economic development support.

Michelle Barney commented that she's had several issues in the last month with calling and making a reservation and there were errors in pickup times. She also commented that she feels TheRide is one of the safest transit systems and offered her support if there is an upcoming millage.

6.3 Closed Session (Pursuant to 8(c) of OMA)

Mr. Mahler took a roll call to vote to go into closed session for strategy connected with negotiation of a collective bargaining agreement pursuant to Section 8(c) of the Open Meetings Act.

Vote to go into closed session

Mr. Allemang – Yes (Participating virtually)
Mr. Chang - Yes
Mr. Hess – Yes
Mr. Hewitt: Yes
Mr. Hunter - Yes
Mr. Miller - Yes
Ms. Mozak - Yes
Ms. Pollay - Yes
Ms. Sims - Yes
Chairman Mahler – Yes

Board voted unanimously to go into closed session.

Mr. Mahler motioned to go out of closed session, seconded by Mr. Hewitt.

Vote to leave closed session at 9:50pm.

Mr. Allemang - Yes
Mr. Chang - Yes
Mr. Hess – Yes
Mr. Hewitt: Yes
Mr. Hunter -
Mr. Miller - Yes
Ms. Mozak - Yes
Ms. Pollay - Yes
Ms. Sims - Yes
Chairman Mahler – Yes

6.3 Adjournment

Move to Adjourn motion made by Mr. Allemang and seconded by Mr. Miller.

Mr. Allemang – Yes
Mr. Chang – Yes
Mr. Hess – Yes
Mr. Hewitt: Yes
Mr. Miller - Yes
Ms. Mozak – Yes
Ms. Pollay– Yes
Ms. Sims – Yes
Chairman Mahler – Yes

Meeting adjourned at 9:55pm.

Respectfully Submitted: Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: February 24, 2022 - 9:00-10:30am

Members: Eric Mahler (Chair), Mike Allemang, Roger Hewitt, Jesse Miller

Staff: Matt Carpenter, Forest Yang, Bryan Smith, Rosa-Maria Njuki, Deb Holt

Location: [REMOTE – Via Zoom](#)
Passcode: 050646

Chairman Mahler called the meeting to order at 9:06am

| Agenda Item |
|---|
| <p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval) Mr. Mahler suggested switching the order of section 2 and 3 for discussion. No other additions or changes were made to the Governance agenda.</p> <p>1.2 Communications No additional new communications.</p> |
| <p>2. STRATEGY & OPERATIONAL UPDATES: CEO</p> <p>2.1 2022 Millage Discussion Mr. Carpenter shared with the committee the most recent updates on the millage planning process. The committee discussed various planning options.</p> <p>2.2 Long-Range Plan Feedback (Verbal) Mr. Yang shared a brief verbal update on the long range-plan. He is moving forward with public engagement planning starting in March with both virtual and in-person options.</p> |
| <p>3. POLICY MONITORING & DEVELOPMENT</p> <p>3.1 Agendas No additions or changes to Service or Finance committee meetings. Committee discussed the robust Board Meeting agenda and agreed to moving the RAISE grant, financial and service quarterly reports and CEO reports to the consent agenda. The agenda may need other adjustments depending on updates and/or an outcome from labor negotiations.</p> <p>3.2 Monitoring Streamlining Mr. Allemang shared that a meeting is scheduled for March and the task force is putting together a tentative proposal to bring to the board in the next few months.</p> |

3.3 CEO Evaluation

Mr. Mahler shared with the committee that the board evaluations have been received and a meeting will be scheduled for the next week to review those evaluations.

3.4 CEO Expense Report.

The committee reviewed the report and Mr. Carpenter noted that his expenses will be increasing in the next quarter as conference travel is going to be resuming.

4. CLOSING ITEMS

4.1 Topics for Next Meeting

- Millage
- LRP
- 3.0-3.8 Governance Process Policies

4.2 Adjournment

Mr. Mahler thanked the committee and staff and adjourned the meeting at 9:57 am.

Respectfully submitted: Deborah Holt

DRAFT

Service Committee Meeting Notes

Meeting Date/Time: March 2, 2022, 9:00-11:00am

Members: Jesse Miller (Interim-Chair), Kathleen Mozak, Susan Pollay, Ryan Hunter

Staff: Matt Carpenter, Dina Reed, Forest Yang, Sue Fickau, Rosa-Maria Njuki, Deborah Holt

Location: [REMOTE – Via Zoom](#)
Passcode: 538410

Mr. Miller called the meeting to order at 9:03am

| Agenda Item |
|---|
| 1. OPENING ITEMS |
| <p>1.1 Agenda (Additions, Approval) No additions or changes to the agenda.</p> <p>1.2 Communications Committee approved agenda.</p> |
| 2. STRATEGY & OPERATIONAL UPDATES: CEO |
| <p>2.1 2022 Millage Discussion Mr. Carpenter briefed the committee on planning for millage steps and potential deadlines. The committee reviewed and discussed the timeline.</p> <p>2.2 Long-Range Plan Feedback (Verbal) Mr. Yang shared with the committee that he is working with consultants from Left Turn Right Turn Ltd to finalize a long-range plan presentation that will be shared in upcoming public meetings starter later in March and April.</p> <p>2.3 2022 Q1 Service Report Ms. Fickau presented the Q1 Service Report to the committee and highlighted several positive improvements in the areas of safety and ridership. The committee discussed that trends are generally moving toward pre-pandemic levels.</p> |
| 3. POLICY MONITORING & DEVELOPMENT |
| <p>3.1 Monitoring Streamlining Ms. Mozak shared that the task force has met twice and has a March meeting planned. The task force is working with consultant Rose Mercier to improve methods of policy monitoring.</p> |

4. CLOSING ITEMS

4.1 Topics for Next Meeting
Millage
LRP

4.2 Adjournment

Mr. Miller thanked the committee and staff, and the meeting adjourned at 10:18am.

Respectfully Submitted: Deborah Holt

DRAFT

Finance Committee Meeting Agenda

Meeting Date/Time: March 8, 2022, 3:00 – 5:00pm

Members: Mike Allemang (Chair/Treasurer), Rich Chang, Raymond Hess, Kyra Sims, Eric Mahler

Staff: Matt Carpenter, Dina Reed, Forest Yang, LaTasha Thompson, Rosa-Maria Njuki, Deb Holt

Location: [REMOTE – Via Zoom](#)

Passcode: 038107

Mr. Allemang started the meeting at 3:01 pm

| Agenda Item |
|--|
| 1. OPENING ITEMS |
| <p>1.1 Agenda (Additions, Approval) No new additions to the agenda.</p> <p>1.2 Communications No new communications to share with the committee.</p> |
| 2. MONITORING & STRATEGY UPDATES: CEO |
| <p>2.1 Audit Report</p> <p>Ms. Reed introduced guests Marlene Beach and Mike Santicchia, auditors from UHY. They presented the FY 2021 Audit report to the committee.</p> <p>2.2 Monitoring Report 2.5 Financial Conditions</p> <p>Ms. Reed went over the monitoring report with the committee. She highlighted an area of non-compliance regarding the omission of notifying the board that check fraud that had occurred in the fall of 2021. Communication to the board was not made as it occurred during the cyber-attack.</p> <p>The committee discussed compliance level and agreed unanimously in recommending to the board that the report was “B – in compliance except for items noted.”</p> <p>2.3 FY 2022 Q1 Financial Report</p> <p>Ms. Reed presented the FY 2022 Q1 Financial Report to the committee.</p> <p>2.4 Long-Range Plan Feedback</p> <p>Mr. Yang shared with the committee that public engagement will begin March 14th. Along with the presentations, there will be surveys for the public. He will also be presenting the Long-Range Plan at the March 17th Board meeting. Feedback will be gathered, and a final plan will be shared in the summer.</p> |

2.5 2022 Millage Discussion

Mr. Carpenter provided updates on the millage planning and process which are scheduled to be presented at the March 17, 2022 Board of Directors meeting.

3. CLOSING ITEMS

3.1 Topics for Next Meetings

Millage

LRP

Policy 2.6 Cash and Investments

3.2 Adjournment

Mr. Allemang thanked the committee and staff and the meeting adjourned at 4:46pm.

Respectfully Submitted: Deborah Holt

DRAFT

Annual Approval of Public Transit Agency Safety Plan

Meeting: Board of Directors

Meeting Date: March 17, 2022

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| INFORMATION TYPE: |
| Decision Preparation |
| RECOMMENDED ACTION(S): |
| Approve the AAATA's Public Transportation Agency Safety Plan (PTASP) |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| <p>3.4.8 – Approval of managerial matters that outside bodies require the board to make are placed in the Consent Agenda.</p> <p>2.1.5 – Safety of staff</p> <p>2.0 & 2.5.2 – Comply with laws and federal regulations, do not jeopardize funding.</p> |
| ISSUE SUMMARY: |
| <p>The FTA requires that AAATA have in place an annual board-approved safety plan for staff by December 31, 2021. The PTASP annual review was delayed due to the October 2021 cyber-attack and has now been completed by the Chief Safety Officer and the AAATA Safety Officer. The objective of PTASPs is to increase safety through the proactive identification, assessment and mitigation of identified safety hazards and risks. The aim is for the successful management of safety by AAATA leadership through the structure and framework that this PTASP provides. Document changes made during the annual review were in the form of placeholders, section title changes, etc. and the added position of Safety Coordinator to the Organizational Structure and Systems Safety Responsibilities Section.</p> |
| BACKGROUND: |
| <p>The Board already requires the CEO to ensure staff safety in policy 2.2.</p> <p>The PTASP has been developed to be consistent with and support the requirement of this agency to utilize a Safety Management Systems (SMS) approach to safety risk management. This approach includes an integrated collection of policies, processes and behaviors that ensures a formalized, proactive, and data-driven approach to safety risk management. This rule, 49 CFR Part 673, as established, provides the minimum standards for its implementation to be flexible and scalable, so that the AAATA can meet the basic applicable requirements through its PTASP. The PTASP for AAATA shall align and incorporate the basic elements of SMS to ensure its compliance and success:</p> <ul style="list-style-type: none"> • Safety Management Policy • Safety Risk Management • Safety Assurance • Safety Promotion |
| IMPACTS OF RECOMMENDED ACTION(S): |
| <ul style="list-style-type: none"> • Budgetary/Fiscal: Board approval necessary to ensure federal funding. • Social: The PTASP helps to minimize risk to the employees and public. • Environmental: NA • Governance: A "Mandatory Approval" required of our Board but prepared by staff. |
| ATTACHMENTS: |
| Once approved, PTASP will be uploaded to the website. |

Federal Grant Application Approval

Meeting: Board of Directors

Meeting Date: March 17, 2022

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| INFORMATION TYPE |
| Decision |
| RECOMMENDED ACTION(S) |
| By motion or consent, authorize staff to submit a RAISE planning grant application. |
| ALTERNATIVE OPTION(S) |
| Deny application. |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| Policy 2.1 (Construction) requires staff to receive Board authorization before submitting grant applications due to the implied financial commitment. It also lays out the information the Board wants to see when considering such a request. |
| ISSUE SUMMARY |
| <p>Staff are seeking Board authorization in March to submit a RAISE grant application to the federal government by April 14, 2022. The application would be for federal funding to help conduct <i>planning</i> for several major infrastructure projects included in the emerging Long-Range Plan. These projects are:</p> <ol style="list-style-type: none"> 1. Bus Rapid Transit 2. Garage Space 3. Zero-Emissions Propulsion (as part of BRT and garage) <p>These projects are being bundled together into a single proposal. This proposal is only for planning, not construction. This briefing does not include the full grant application, only responses to policy requirements.</p> |
| BACKGROUND |
| The recent federal infrastructure bill has added new funding to competitive grant programs. One such program, RAISE, can provide significant funds to advance planning projects. Many such programs are competitive, and TheRide’s application will be compared with many other national submissions. If TheRide is successful, the extra support would expedite the implementation of the Long-Range Plan |
| IMPACTS OF RECOMMENDED ACTION(S) |
| <ul style="list-style-type: none"> • Budgetary/Fiscal: If approved, TheRide will share costs. • Social: N/A • Environmental: N/A • Governance: Board authorization required by policy 2.11. |
| ATTACHMENTS |
| 1. Required Information About Submission (Policy 2.11.1-2.11.1.1) |

Attachment 1: Required Information About Submission

The Board's Construction policy (2.11) lays out the information the Board wants to see before authorizing a grant application. The CEO's interpretation then groups that information into the categories. Those categories and the CEO's responses are seen below:

Scope of project, Rationale, Alignment with Ends – What is the nature of the project? What are the most important elements? Description of how the project will advance specific goals identified by the Board.

The CEO is requesting authorization to apply to the competitive federal RAISE program for planning funds to advance three major capital projects. Our purpose is to win federal funding to conduct planning work, thereby advancing our priorities and conserving local funds. If successful, the feds could pay up to 80% of the total costs. However, staff may need to increase the proportionate local share to improve chances of success. This request does NOT include implementation or construction funds. None of the projects can proceed beyond planning without additional Board authorization.

This grant application incorporates three distinct projects which the CEO proposes to bundle together in this one application:

- A. **Bus Rapid Transit Planning** – Bus rapid transit (BRT) along Washtenaw Avenue is the lynchpin of the emerging Long-Range Plan (LRP). In addition to benefits along the immediate corridor, BRT is envisioned as the spine of the future bus network, with numerous other routes connecting to it and allowing easier bus-to-bus transfers all along Washtenaw Avenue. This will speed up point-to-point travel throughout the community as riders no longer have to go to terminals to transfer.

With faster, frequent, reliable service, BRT is a proven tool for **growing ridership** and **increasing customer satisfaction**. Strengthening the connection between Ann Arbor and Ypsilanti will aid the integration of these communities and **increase social equity, labor mobility** and **access to universities**. Higher ridership helps **achieve environmental goals** by removing cars from the road. Given the many destinations along the corridor, BRT will increase access for all key passenger groups. Finally, as a high-visibility project BRT will **enhance public recognition** of the benefits of transit.

Planning efforts under this grant application would include feasibility and alternative analysis, conceptual plans, environmental and other required studies, detailed engineering. Crucially, this effort would include the convening of local leaders, road authorities, and MDOT to have serious discussion about the extent of dedicated bus lanes on Washtenaw Avenue.

- B. **Garage Planning** – A new or expanded garage and maintenance facility is an essential precursor to future expansion. A new garage will help **advance all goals for decades to come**. The existing garage and maintenance space is full, and we will not be able to increase rush-hour frequencies, implement BRT, or expand our footprint without more garage space to house a larger fleet. Garage space is the key limiting factor for all future expansion aspirations.

Planning efforts under this grant application would include needs assessment, program development, site selection, conceptual planning, environmental and other required

studies, and detailed engineering. Does not include land purchase. It is common to bundle a BRT project with a garage.

- C. **Zero-Emission Planning**– One of the Board’s goals (1.2.2) requires TheRide to **minimize pollution** arising from our own operations. Since the planning work for BRT and the garage is expected to take several years, and implementation even longer, it is reasonable to start incorporating accommodations for zero-emissions technologies at the beginnings of these projects. Even though TheRide has not yet made any decisions about whether or how to adopt zero-emissions technologies, there is little risk and only marginal additional cost to planning at this stage. TheRide still retains the ability to decide whether and how to adopt new propulsion technologies in the future. The RAISE program places heavy weight on emissions reductions and our application will likely not be competitive without this facet. Planning efforts under this grant application would include incorporating accommodations for zero-emissions propulsion technologies into all planning, design, and engineering decisions for BRT and the garage.

The ultimate purpose of this planning work is to conduct all necessary pre-construction evaluations and position these capital projects to be successful in winning future federal construction grants valued at \$40 million - \$80 million apiece

Relative Priority – Why is this project being prioritized ahead of other projects? How would this project affect the 10-Year Capital Plan?

If successful, neither the funding for this grant nor the planning work it calls for would displace any other capital priority. Rather it would address unfunded planning projects in the 10-Year Capital Plan (FY2022 Budget, page 33) and accelerate the entire capital planning program by 2-3 years. It would also advance the largest and most expensive projects in the 10-Year Capital Plan and the LRP.

This application would not jeopardize funding for the Ypsilanti Transit Center or Blake transit Center, both of which are expected to compete planning and enter construction before the elements of this application. Planning efforts for Ypsilanti Transit Center and the Blake Transit Center have already begun. These additional projects (BRT, garage, emissions) are the next highest planning priorities.

Timeline – What are the expected dates of major milestones such as construction, opening/initials, operating lifespan, decommissioning?

The emerging Long-Range Plan calls for planning for BRT and a garage to be completed by 2028. The funds from a RAISE grant will need to be fully expended by 2031.

TheRide would likely be notified whether our application is successful in mid or late 2022. We would include our local contribution in the FY2023 Budget for Board approval. With funds and authorizations in place, staffing and consultant selection would likely occur in early/mid 2024, and project initiation in mid-late 2024. We may separate the BRT and garage work into separate projects in order to get the best consulting teams for each. The projects would run concurrently. Detailed timelines for both would be established in late 2024. Ideally, the terminal projects will move forward into construction, then the garage, then the BRT.

These timelines pertain only the planning work. Construction will require winning much larger federal grants and providing a large local match.

Fiscal Responsibility - What are the anticipated capital and operating costs during the life of the project? How will the capital and operating costs of the projects be paid for during the lifespan of the project? What assumptions are made regarding outside grant funding, funding from the Capital Reserve, or local millage funds? How would the approval of this project impact the agencies ability to maintain existing services and infrastructure, or afford other projects?

The anticipated costs are entirely operational (staff time, consultants, meetings, analysis, field work, written reports, etc) with no construction, land purchases or other capital costs.

Winning this RAISE grant would provide considerable financial support for TheRide’s major capital planning agenda. During the 4-5 year lifespan of the planning effort, the work would be paid for by a combination of local, state and federal funds. Rather than pay for all planning costs ourselves, federal support allows us to stretch our local dollars further. The following table illustrates the general proportion of funds staff expect as well as a timeline for expenditures.

The exact percentage shares will be finalized with the formal application and may change based on state participation and competitive positing (i.e. making our project more attractive by asking for less federal funds).

If successful, staff will likely recommend that TheRide pay for the local share from TheRide’s Capital Reserve. It is worth noting that the costs will be spread over several years. However, staff may need to increase the proportionate local share to improve chances of success.

The tables below illustrate preliminary expectations about the timelines, costs, and cost-sharing for this grant application. As the submission evolves, some of these details may changes, but the generalities will remain roughly the same.

| Project Cost Estimate (Preliminary*) | | | | | | | |
|---|---------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Bus Maintenance and Storage Facility | Total | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Needs & program development | \$300,000 | \$100,000 | \$200,000 | | | | |
| Site Selection | \$200,000 | | \$150,000 | \$50,000 | | | |
| Concept Design | \$500,000 | | | \$500,000 | | | |
| Environmental Analysis/NEPA | \$1,000,000 | | | \$200,000 | \$800,000 | | |
| Design | \$6,500,000 | | | | | \$3,000,000 | \$3,500,000 |
| Sub Total | \$8,500,000 | \$100,000 | \$350,000 | \$750,000 | \$800,000 | \$3,000,000 | \$3,500,000 |
| Washtenaw BRT | | | | | | | |
| Alternative Analysis | \$500,000 | \$150,000 | \$350,000 | | | | |
| Environmental Analysis/NEPA | \$750,000 | | | \$400,000 | \$350,000 | | |
| Design | \$7,000,000 | | | | | \$4,000,000 | \$3,000,000 |
| Sub Total | \$8,250,000 | \$150,000 | \$350,000 | \$400,000 | \$350,000 | \$4,000,000 | \$3,000,000 |
| Addition for Zero-Emissions Propulsion | \$1,000,000 | \$50,000 | \$150,000 | \$150,000 | \$150,000 | \$250,000 | \$250,000 |
| Total - All Projects | \$17,750,000 | \$300,000 | \$850,000 | \$1,300,000 | \$1,300,000 | \$7,250,000 | \$6,750,000 |
| Cost Shareing Proposal (Preliminary*) | | | | | | | |
| Federal (80%) | \$14,200,000 | \$240,000 | \$680,000 | \$1,040,000 | \$1,040,000 | \$5,800,000 | \$5,400,000 |
| State (10%) | \$1,775,000 | \$30,000 | \$85,000 | \$130,000 | \$130,000 | \$725,000 | \$675,000 |
| Local Capital Reserve (10%) | \$1,775,000 | \$30,000 | \$85,000 | \$130,000 | \$130,000 | \$725,000 | \$675,000 |

*Figures are being refined and may changed prior to grant submission.

Risks -What social, environmental, financial, operation, or other risks have been identified? Are there ways to mitigate risks?

As an application for grant funding to conduct planning work, the risks of authorization are low, but include funding the local share of the project, successfully meeting all local and FTA requirements and expectations, staff capacity, and using the planning to develop a strong construction proposal.

Failure to win funding is the biggest risk as it may delay planning work or force TheRide to expand more of its own money to conduct the work.

Public Involvement – How has the public been engaging in the development of the proposal thus far? How will the public be engaged going forward?

These projects are emerging as part of the Long-Range Planning process which has conducted numerous public meetings since 2019. Generally, public sentiment suggests that TheRide should proceed to the next stages of planning for these major projects. There is no public involvement planned for this grant application as it merely seeks funds to facilitate future involvement about specific projects.

Should the grant application be successful, detailed public involvement plans will be established for each element of the project. Federal law and AAATA policy require such plans.

TheRide 2045 Long-Range Plan

Meeting: Board of Directors

Meeting Date: March 17, 2022

| |
|---|
| INFORMATION TYPE |
| Other |
| RECOMMENDED ACTION(S) |
| Receive for information. |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| <p>The Board defines the outcomes/goals that TheRide is supposed to be achieving in the future (Ends policy). The Long-Range Plan is to make recommendations about the best way to achieve the Board’s goals.</p> <p>The Board has also created constraints that apply to this planning process. These constraints are primarily focused on funding and defining the planning process itself. Policy 2.4-2.4.8, 2.10.1.3, 2.0 Policy 2.4, 2.4.3, 2.4.5, 2.4.8, 2.5 Policy 2.1.3, 2.1.4, 2.2.1, 2.9, 2.9.4, 2.9.5</p> |
| ISSUE SUMMARY |
| <p>TheRide 2045 Long-Range Plan will develop a shared vision, a long-term system plan and shorter-term implementation steps for public transit in the Ann Arbor-Ypsilanti area. The plan focuses on improving social equity by increasing access to jobs and housing, while also contributing to a cleaner environment and a vibrant economy.</p> <p>Last fall, four plan scenarios were presented to the public and about 1,400 people were engaged through surveys, online public meetings, in-person public events, stakeholder meetings, direct emails, and social media. Based on their feedback and further technical analysis, draft recommendations have been developed and will be available for public review and feedback from March 14 to April 15.</p> <p>A summary of the draft recommendations will be presented to the Board for your information and comments. TheRide is hosting a series of virtual and in-person meetings to hear the community’s final feedback on these draft recommendations. After this round of public engagement, TheRide will use feedback to further refine the plan into final recommendations for the Board to approve in the summer of 2022.</p> |
| ATTACHMENTS |
| 1. TheRide 2045 Round 3 Public Engagement Presentation |



A Shared Vision for transit



Spring 2022

Agenda

- Long-Range Plan Process
- What We Heard
- TheRide 2045
 - Features of the Draft Plan
 - Implementation Staging
 - Summary
- Discussion



Project Overview



TheRide 2045 is a long-range plan for public transit services in the Ann Arbor-Ypsilanti area.



Transit network



Higher-order transit



New types of services



Infrastructure



Technology






Fleet



Goals for the Plan

Community Values Drive Transit's Goals:

-  Increase social equity, access to jobs, education, and housing
-  Help the environment and reduce air pollution
-  Support existing and new businesses





TheRide 2045 Project Timeline

Fall 2021:
Engagement
on scenarios



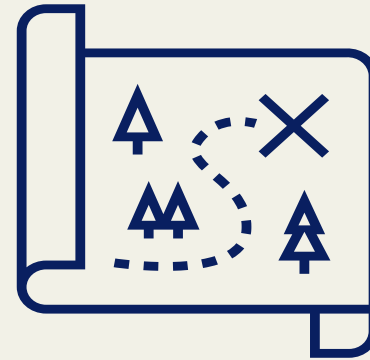
Spring 2022:
Feedback on
Draft Plan



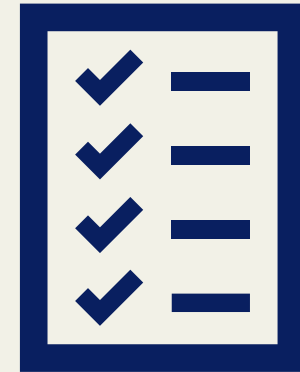
Phase 1: Guidance
and establish Public
Advisory Group
(Feb – July)



Phase 2: Analysis
of current and
future state
(Mar – Aug)



Phase 3: Development
scenarios and
public feedback
(Jul – Feb '22)



Phase 4: Finalization
and implementation
planning
(Jan – Jun '22)

Agenda

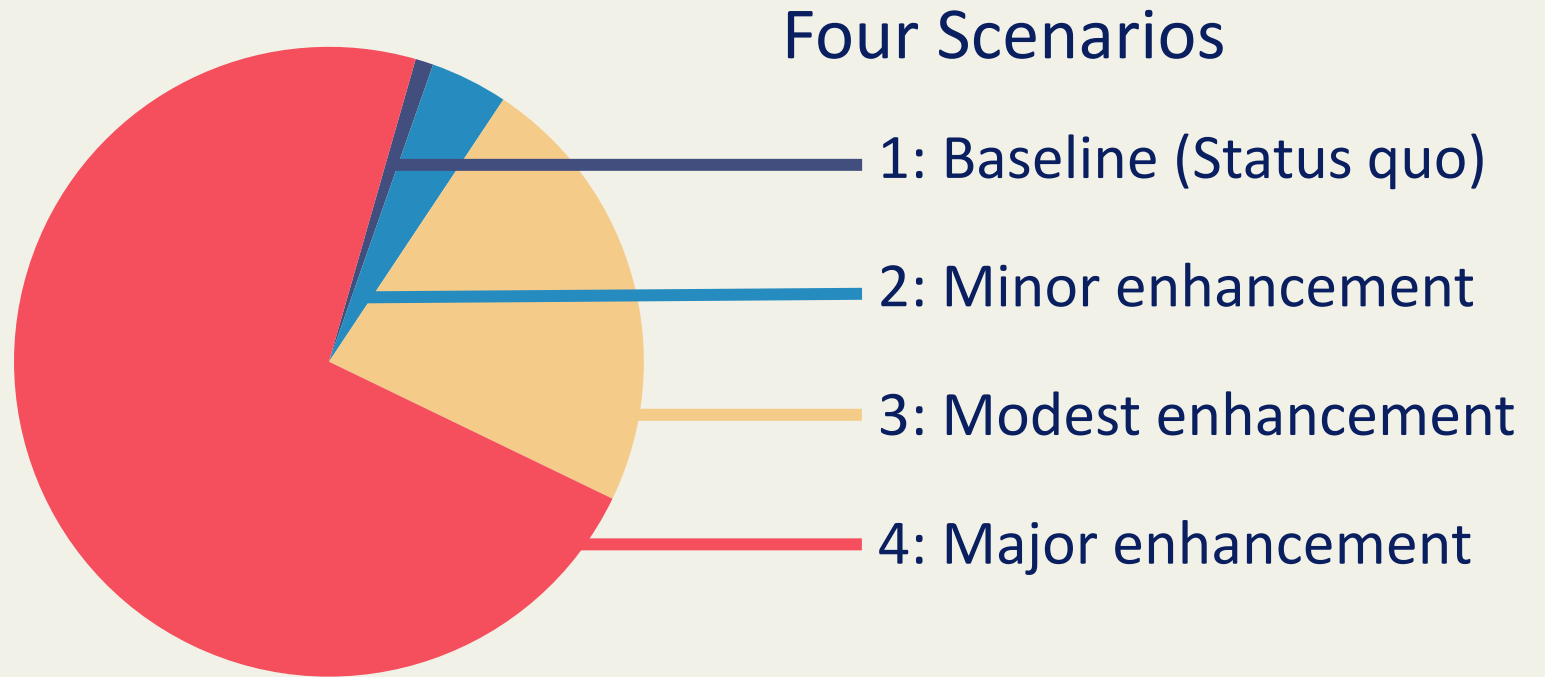
- Long-Range Plan Process
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Last Round of Engagement

We heard from almost 1400 people in our community!



Over 72% of survey respondents told us they prefer Scenario 4

What We Heard

Desire for transformational change

People want to see improved transit that fundamentally changes transportation in order to achieve:

- Social Equity
- Less car usage
- Climate goals

Most of the people we heard from are willing to pay for the investments if the benefits are clear

Convenience, reliability and dependability

Other considerations



What We Heard

Desire for transformational change

Convenience, reliability and dependability

Transit is readily available at all times to get to where people go. This means:

- A high-frequency network
- Better off-peak service
- Faster travel using Bus Rapid Transit and express services
- Better connections between non-downtown locations
- Better regional connections

Other considerations



What We Heard

Desire for transformational change

Convenience, reliability and dependability

Other considerations

- Transit is important for everyone
 - Enhance the broader community's perception of transit
- Collaboration (U of M, municipalities, RTA)
- Costs
- Feasibility of the road network



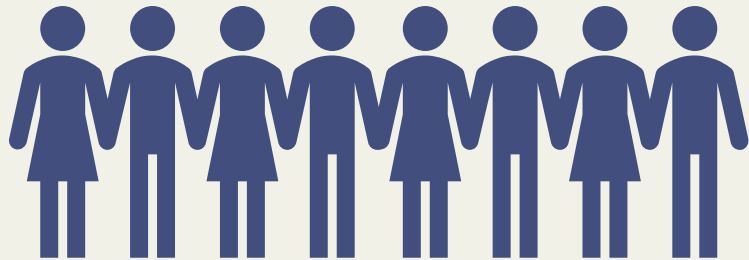
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Using Your Feedback



- Scenario 4 as a base with cost reductions
 - Minor reduction in service hours
 - Replaced some dedicated bus lanes with other transit priority measures
- Improve off-peak service in near-term
- Minimize overall travel times
- Better service in areas with lower access to housing, education, employment and healthcare



Enhanced Services

Express

- Limited stop service with some transit priority features



Priority

- Conventional bus
- Route is somewhat enhanced with transit priority features
- Fewer stops



Bus Rapid Transit (Lite)

- Large vehicle
- Route is greatly enhanced with transit priority features
- Fare payment before boarding
- Fewer stops



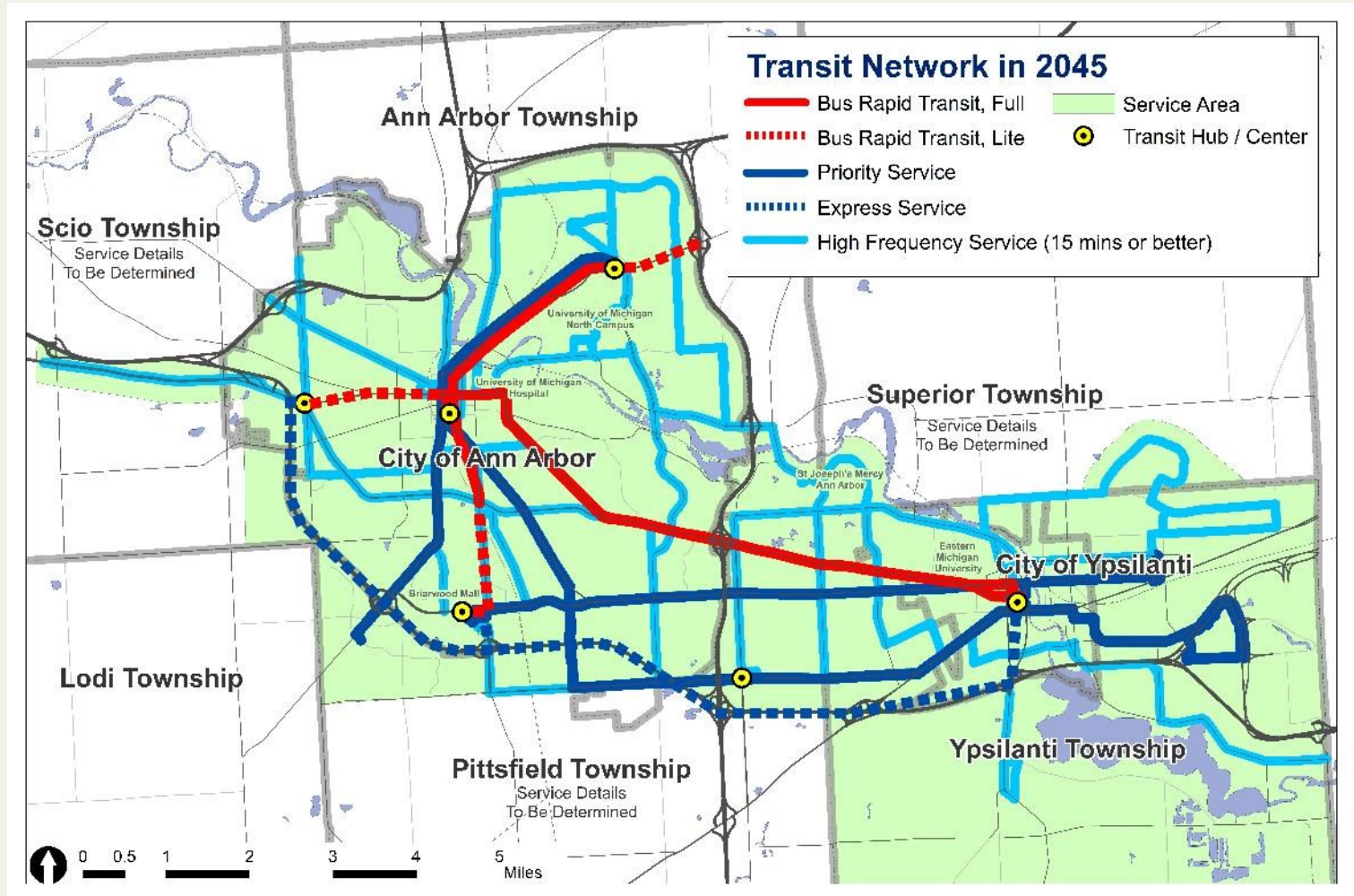
Bus Rapid Transit (Full)

- Large vehicle
- Operates in physically segregated lane so it does not compete with traffic
- Fare payment before boarding
- Fewer stops



TheRide 2045

- Transformation of entire transit system
- Bus Rapid Transit forms the backbone
- Other main corridors are served by Express and Priority Service
- High-frequency routes across the service area
- New transit hubs at key locations:
 - Briarwood Mall
 - Jackson & Maple
 - Carpenter & Ellsworth
 - Nixon & Plymouth

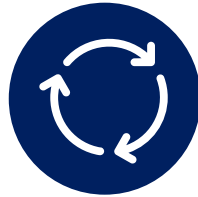




Features of TheRide 2045



Improve off-peak service



Integrate across all services, including A-Ride



Expand partnerships with external stakeholders



Focus service on places that need it most



Modernize fare collection and trip planning



Develop first and last mile solutions



Enhance system accessibility



Diversify bus fleet

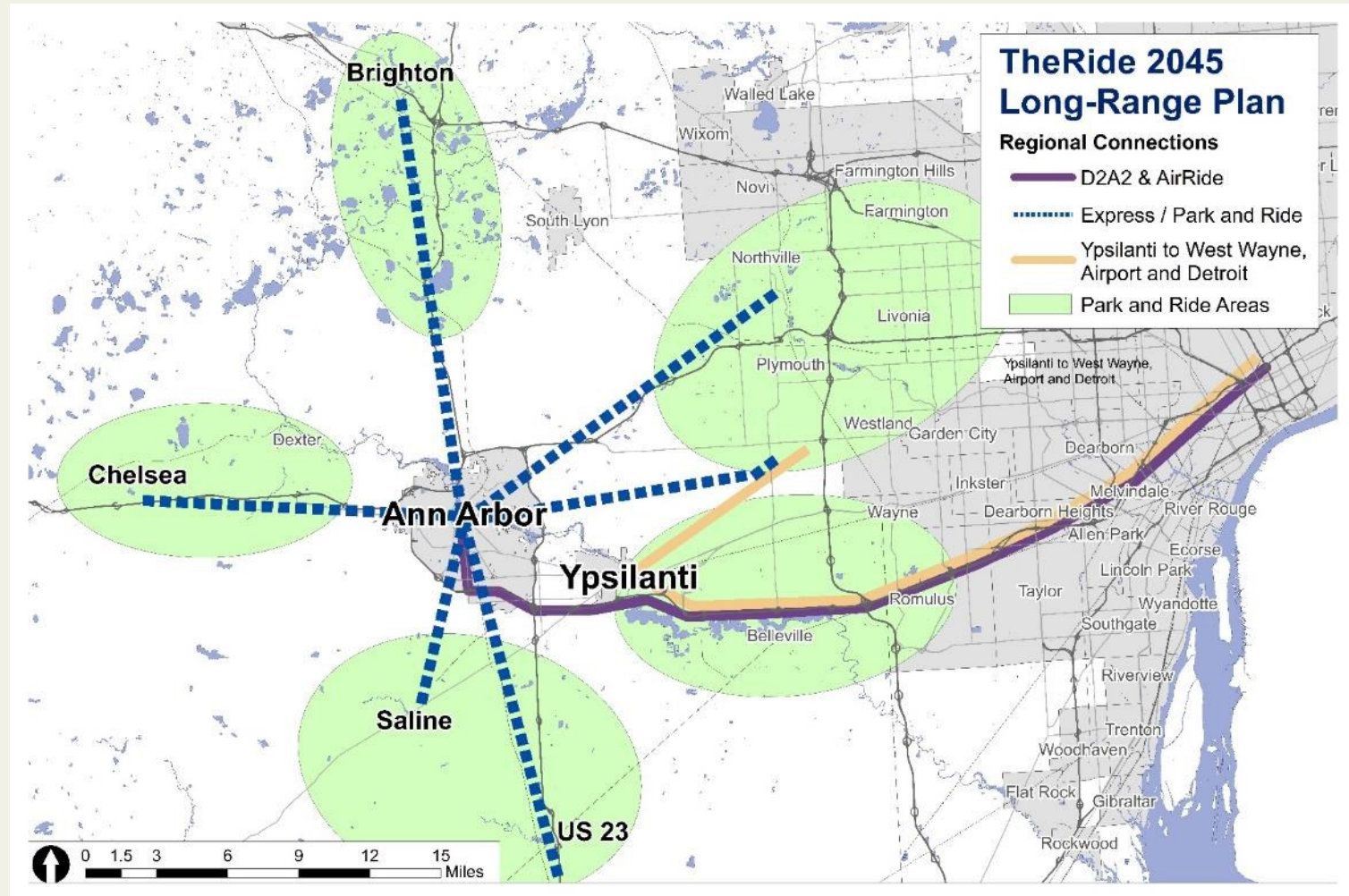


Explore mixed-use real estate at transit hubs and centers




Regional Connections

- Improve connections to our neighbors, and help commuters coming in to work, shop, or visit
- Increase parking capacity in surrounding areas
- Connect new parking lots with express bus routes
- Outside funding will be essential to create regional connections







Our Goals in Action



Increase social equity, access to jobs, education, and housing



Help the environment and reduce air pollution



Support existing and new businesses



More frequent, efficient, reliable, convenient and **39%** faster service

100% increase in service with emphasis on areas that need it most

Reduce emissions by 7-11% with electric buses and avoiding 6.9 M annual car trips

97% of jobs will be near high frequency transit

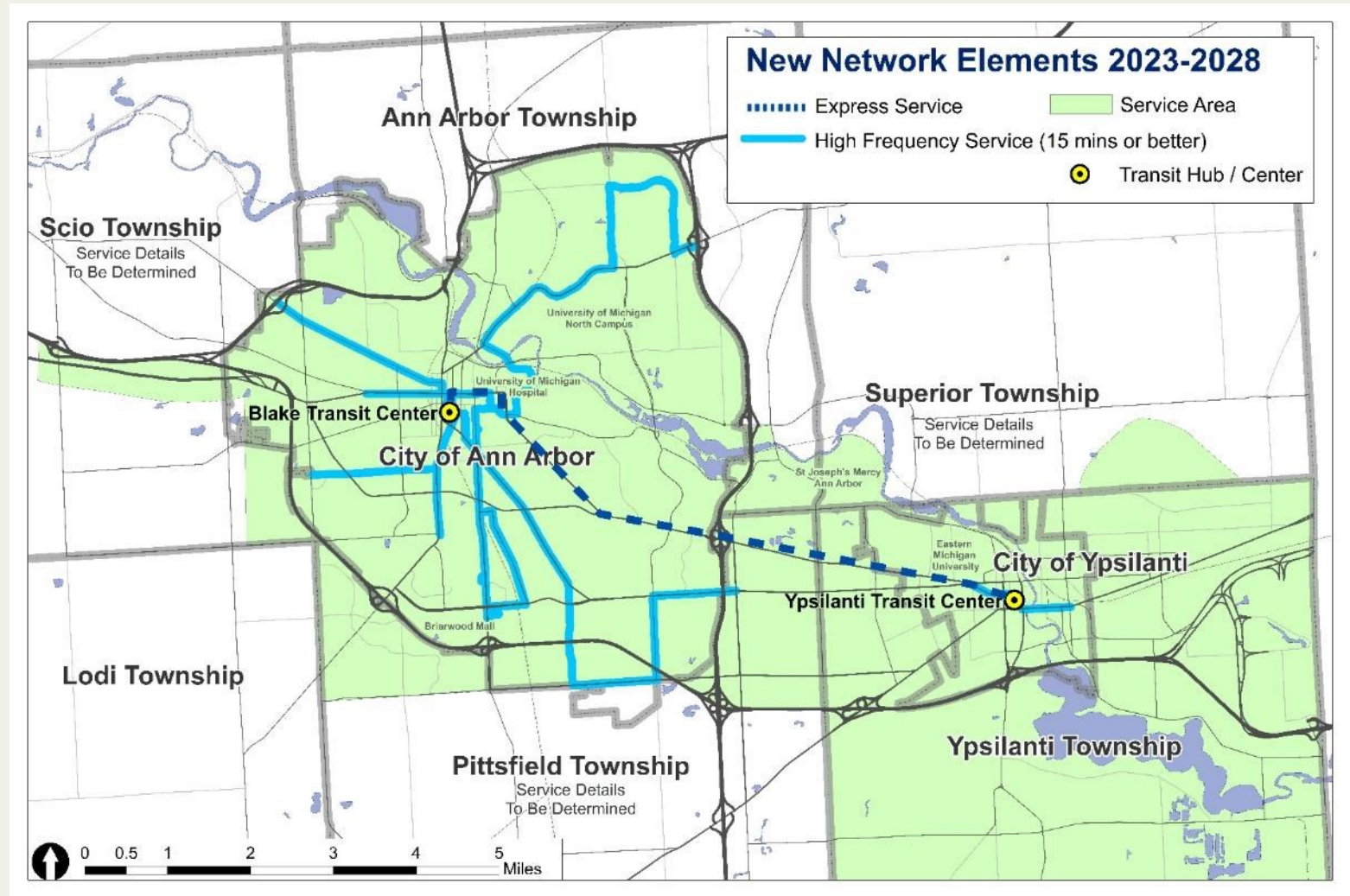
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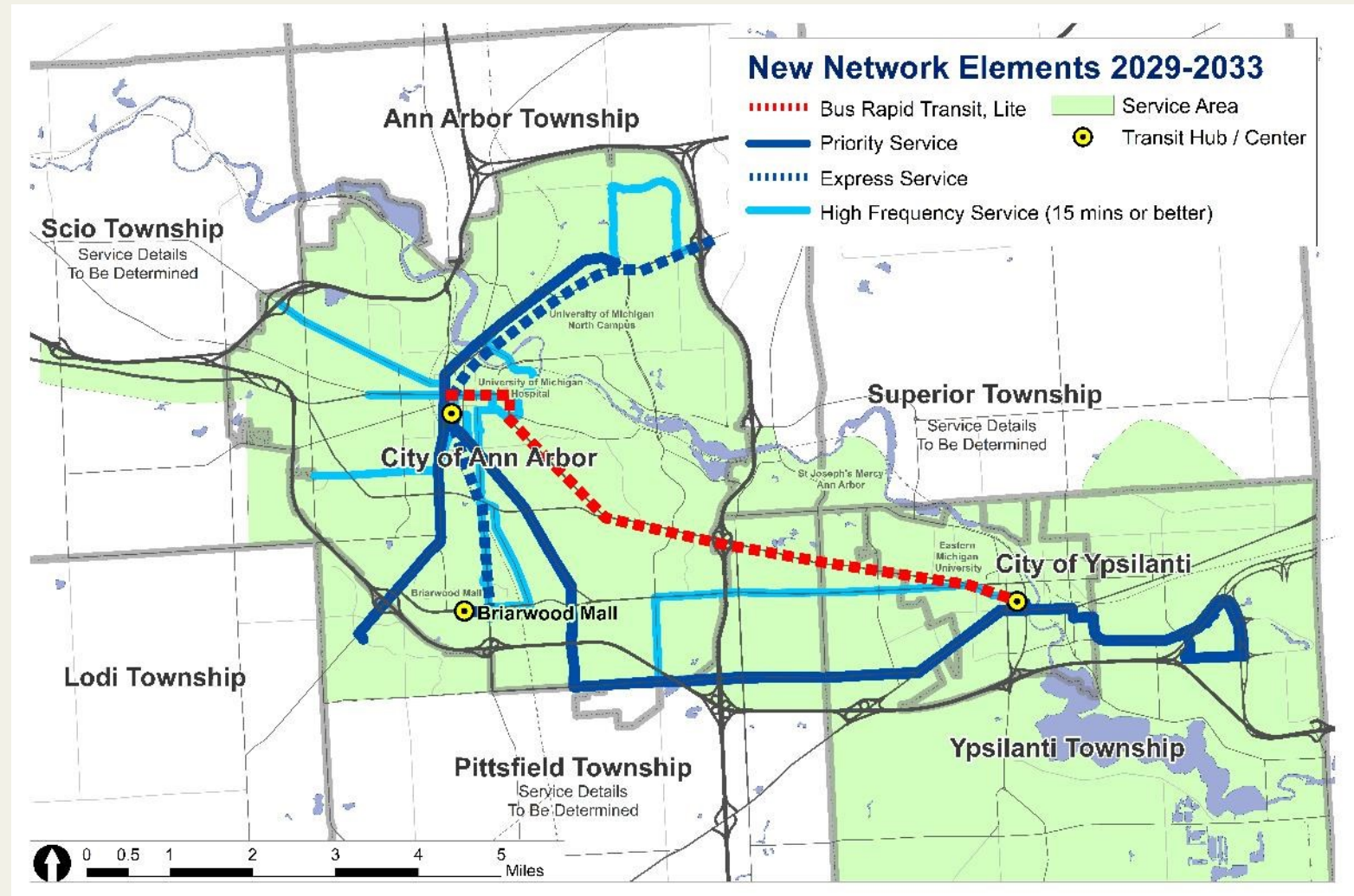
2023-2028

- Laying the groundwork for future stages while increasing Off-peak service
- BTC and YTC upgrades
- Washtenaw express pilot
- Better off-peak service
 - 30-minute minimum frequencies during the daytime
 - Longer hours of operation
 - NightRide expansion and enhancement
- Improved accessibility for fixed route with better integration with A-Ride
- Planning and design for
 - New bus garage
 - BRT and transit priority



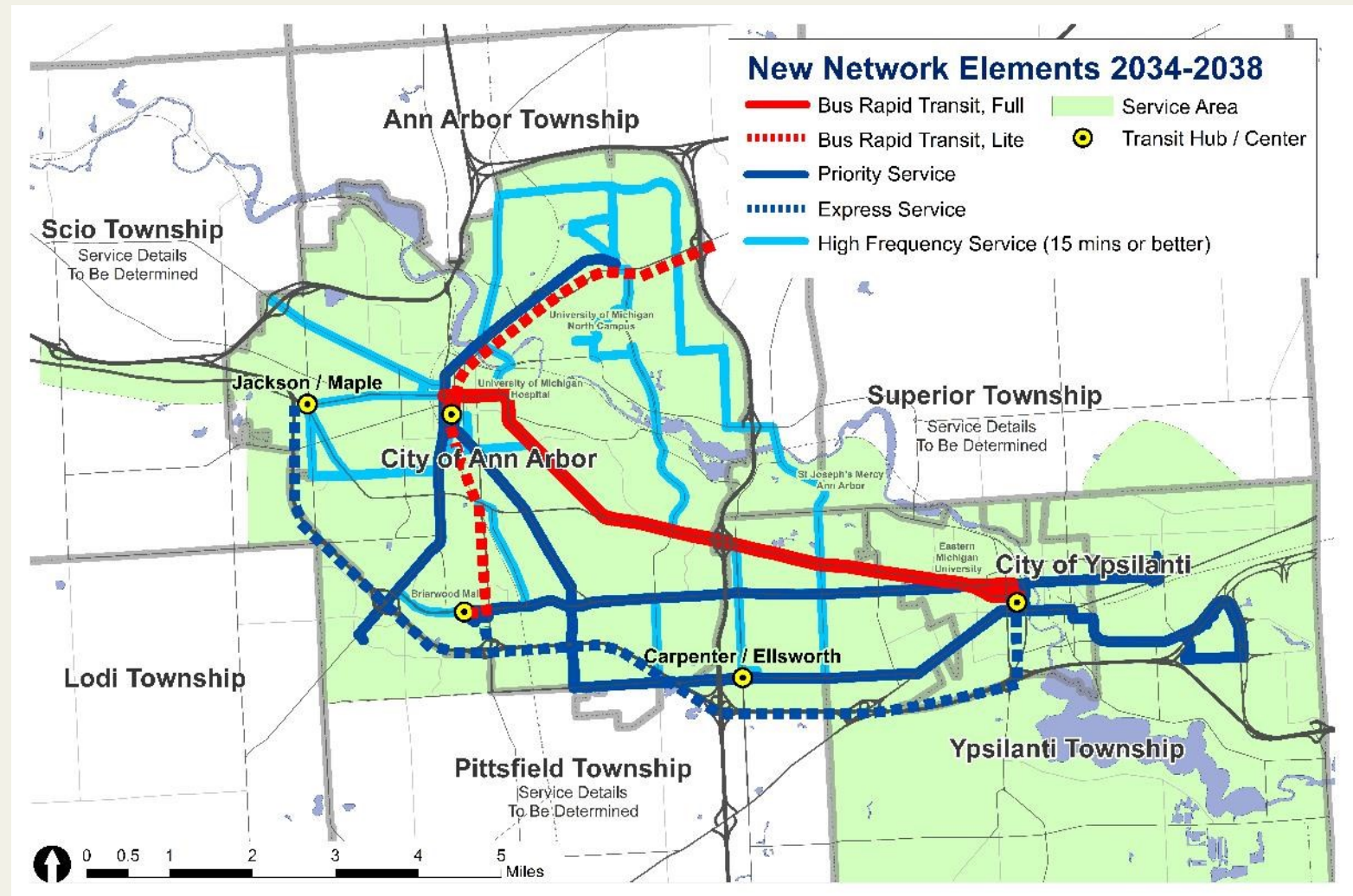
2029-2033

- Focus on increasing service on busiest corridors
 - Bus Rapid Transit Lite on Washtenaw Ave
 - North-South express pilot
 - Priority Service on Main-Plymouth and Packard – Ellsworth
- New bus garage
- 30-minute minimum frequency at all times
- Transit priority in central Ann Arbor
- Transit hub at Briarwood Mall
- Major fare collection modernization
- Increasing investments in A-Ride



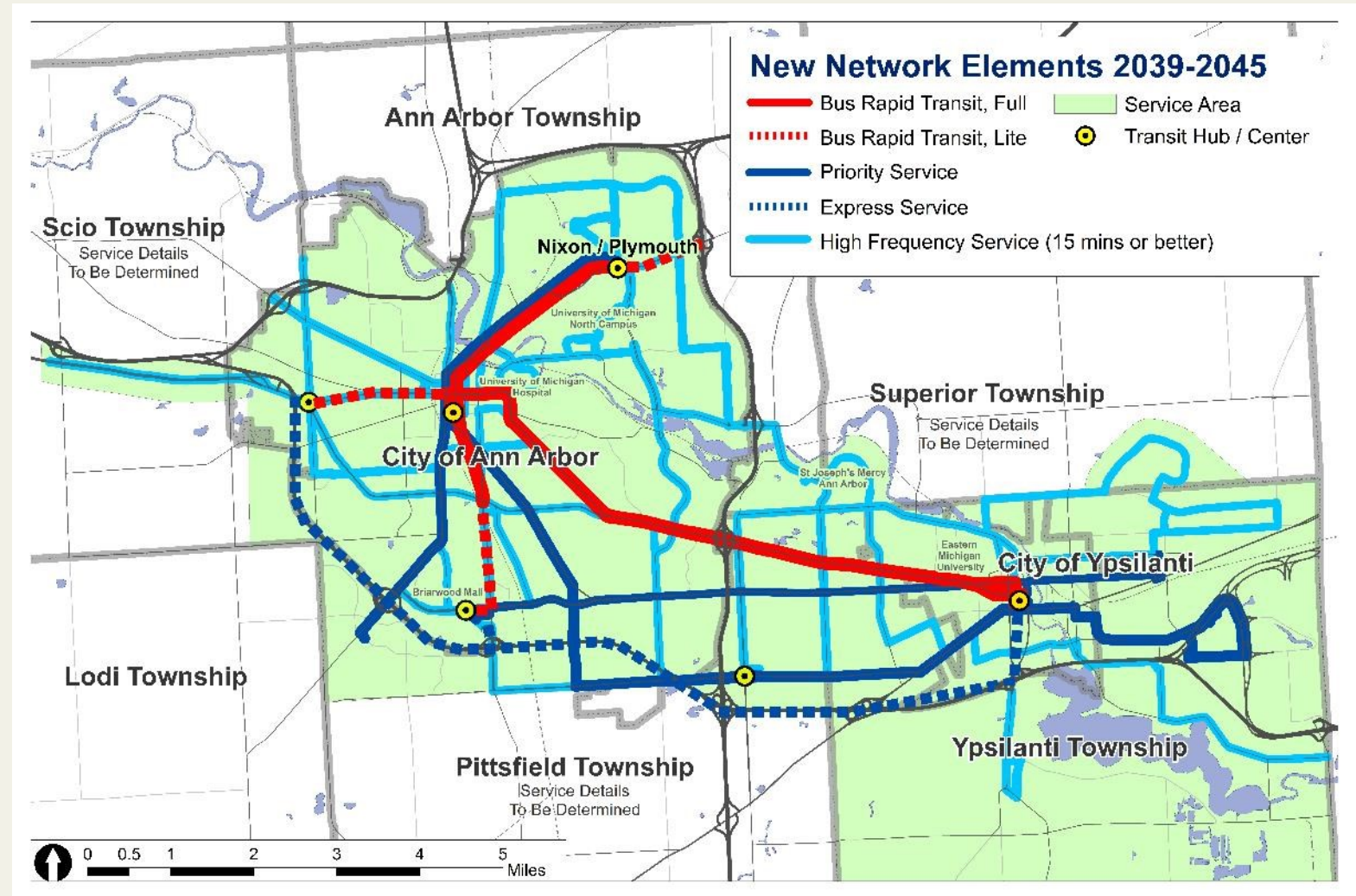
2034-2038

- Large improvements to the backbone of the network
 - Full Bus Rapid Transit on Washtenaw Ave
 - N-S Bus Rapid Transit Lite from Briarwood Mall to Plymouth Park n Ride
 - Express route on I-94
 - Packard-Eisenhower priority route
- Transit priority enhancements across service area
- Two new transit hubs at
 - Carpenter/Ellsworth
 - Jackson/Maple
- Expansion of high frequency network and FlexRide
- Continued integration between A-Ride and fixed route



2039-2045

- Further improvements to the backbone of the network along with high-frequency routes across service area
 - Final buildout of BRT on N-S route
 - BRT Lite on Huron/Jackson
- Transit hub at Nixon/Plymouth
- Fleet enhancement: 100% zero-emissions fleet
- Regional fare system integration
- Full integration between A-Ride and fixed route



Agenda

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Transit Improvements

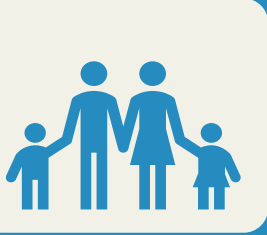
- Average of 39% faster service across the network
- Increase in off-peak services, resulting in minimum 30-minute frequency on all routes at all times
- On average, service will double near residences and increase by 74% near jobs
- Focus investments to innovate and modernize the service



Results in a 150-165% ridership increase!



Community Benefits



More equitable access to high-quality transportation for jobs, education and housing



Reduces transportation costs



More walkable, vibrant communities



Less infrastructure required for parking



Healthier environment for everyone



Reduces traffic congestion



Budget

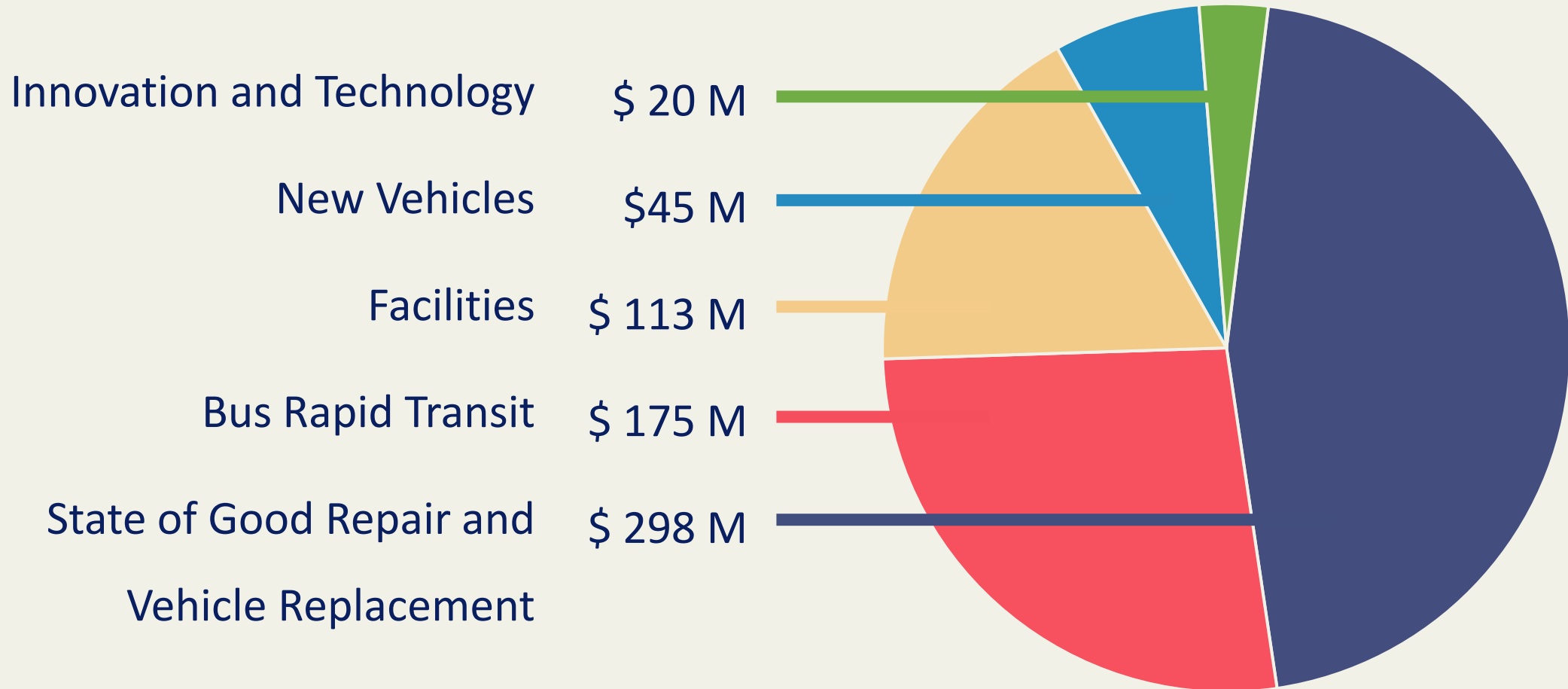
| | 2023-2028 | 2029-2033 | 2034-2038 | 2039-2045 |
|---|-----------|-----------|-----------|-----------|
| Annual Operating Cost* | \$63 M | \$72 M | \$81 M | \$90 M |
| Increase in operating cost (from previous) | 13% | 14% | 13% | 11% |
| Capital Cost | \$115 M | \$201 M | \$161 M | \$174 M |

*Operating Costs come from local property tax, state and federal grants, and passenger fares.

Note: all figures are in 2021 dollars

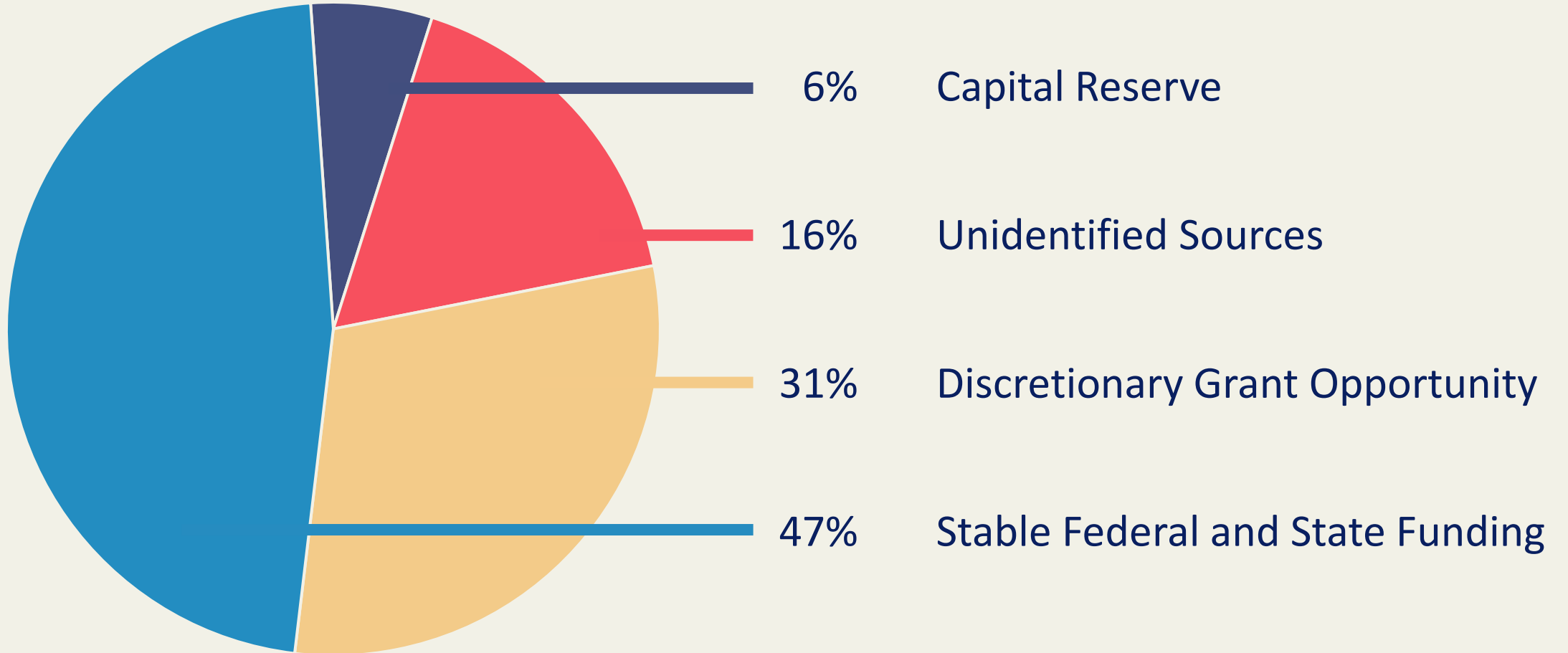


Capital Costs





Capital Funding Sources



Agenda

- Long-Range Plan Process
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Thank you!

For more information, visit TheRide.org

Please give us your feedback by taking our survey or sending us your comments by:

- **Email:** 2045@TheRide.org
- **Call:** 734-794-1882
- **Mail:**

Ann Arbor Area Transportation
Authority
c/o TheRide 2045
2700 S. Industrial Highway
Ann Arbor, MI 48104



2022 Service and Millage Proposal

Meeting: Board Meeting
Meeting Date: March 17, 2022

| |
|---|
| INFORMATION TYPE |
| Decision Preparation |
| RECOMMENDED ACTION(S) |
| Receive and discuss the CEO's initial proposal for a millage referendum in August 2022. |
| ISSUE SUMMARY |
| <p>The Board of Directors has laid out ambitious goals for TheRide and transit services; <i>advance the community's needs for social, environmental and economic sustainability through strategic provision of transit, while remaining careful stewards of the public trust.</i> This 5-year millage proposal (2024-2028, 2.38 mills) outlines how far TheRide could move towards achieving those goals by 2028. If approved, this proposal would replace the existing 0.7 mill levy, creating a net <i>additional</i> levy of 1.68 mills. A larger local investment in public transit magnifies outside funding. For every \$1 in local tax investment, TheRide collects another \$1.40 in federal and State transit formula grants. <i>All</i> those funds are directly invested in our communities and residents.</p> <p>This proposal includes several key improvements to public transit services:</p> <ul style="list-style-type: none"> • Maintain all existing services, • Expand evening, late night, weekend, and holiday services systemwide, • Introduce express service between downtown Ann Arbor and downtown Ypsilanti, • Increase social equity by equalizing services across all member communities, • Increase access to jobs, housing, medical, education, and other destinations, • Provide a mobility alternative for everyone including seniors, persons with disabilities or low incomes, workers and employers, students, and those striving for a car-free lifestyle, • Increase TheRide's capacity to deliver major projects in the future, • Maximizing the use of federal, State and local funding, and • Provide new services called for in public documents such as the Ann Arbor A2Zero plan, the Washtenaw County Housing Affordability and Economic Equity Analysis, the WATS 2045 Plan, the Ypsilanti Township Master Plan, City of Ypsilanti's Climate Action Plan, and the RTA's Regional Transit Plan. <p>The CEO is providing this proposal to the Board of Directors for their consideration in March 2022. It is the Board who will decide what, if any, request is made of voters. The Board will need to approve a mill rate, referenda date, and ballot language. If an August date is selected, the deadline for ballot language is May 10. Final approval is requested by <u>April 21st</u>.</p> |

BACKGROUND

The proposal detailed in this memo outlines the improvements and enhancements TheRide could deliver between 2024-2028. These improvements all advance the Board's goals, respond to requests from the community, and are aligned with the emerging Long-Range Plan.

In 2019 TheRide began developing a new Long-Range Plan to serve as the blueprint for meeting our communities' changing needs. Based on strategic goals identified by TheRide's Board of Directors, and incorporating extensive public requests and feedback, this Plan is expected to be finalized later in 2022. This 5-year millage proposal can be seen as the first phase of implementing that longer-term vision.

TheRide has served our communities for over 50 years and has implemented many successful initiatives. As TheRide's existing millage expires soon, now is an appropriate time to build on past successes with a new Long-Range Plan and 5-year millage.

ALTERNATIVE OPTION(S)

1. **Date:** The Board can select August or November 2022. 2023 is a fallback date. The new millage would begin in 2024.
2. **Mill Rate:** The Board can accept the CEO's proposed rate, modify the CEO's proposal, or generate one of their own.

PRIOR RELEVANT BOARD ACTIONS & POLICIES

By law and policy the Board has authority to approve 1) date of a referendum, 2) mill rate, and 3) ballot language. The CEO only makes proposals and recommendations on these matters.

IMPACTS OF RECOMMENDED ACTION(S)

- **Budgetary/Fiscal:** High. Determines revenue and service levels through 2028.
- **Social:** High. Revenue & services levels impact passengers, taxpayers and society in general.
- **Environmental:** High. Services levels impact ridership and environmental benefits.
- **Governance:** High. The Board must act on millage decisions. The Board may wish to confer with Legal owners in March-April.

ATTACHMENTS

1. Details of Proposed Services and Mill Rate
2. Rationale for Timing and Referendum Date
3. Proposed Ballot Language (Placeholder for April)
4. Resolution (Placeholder for April)

Attachment 1: Details of Proposed Services and Mill Rate

This section details the itemized content, rationales, costs, benefits, and timelines of the 2022 millage proposal.

Overview of Millage Proposal, Content, Rates, and Timelines

Based on policies approved by local jurisdictions¹, and public feedback during the development of the Long-Range Plan, **there is a clear public and institutional desire to maintain and enhance transit services**. This public input aligns with goals developed by TheRide's Board of Directors: **improve access for seniors, persons with mobility challenges and low incomes, increase social equity and environmental benefits, facilitate labor mobility and economic development, and enable access to education**. Such goals (i.e. [Ends policies](#)) help to clarify *what* TheRide does, *for whom*, and *at what cost*, and are directions for the CEO and staff.

As the first stage of implementing the emerging Long-Range Plan ([TheRide 2045](#)), the CEO is proposing a new 5-year millage (2024-2028) with a mill rate of 2.38 mills for the consideration of the Board. Each element of this proposal addresses multiple goals to different degrees. For example, more weekend bus service can aid seniors, persons with disabilities, and labor mobility simultaneously, while also increasing social equity. Elements are grouped into two broad categories:

- **Maintain Existing Services.** This includes renewal of basic operating funds with allowances to continue previously under-funded services and address inflation, as well as staffing requests to meet growing expectations.
- **Service Enhancement Options** for improving or expanding public transit services for residents and passengers. This includes expansion of overnight services, customer service agents, a new express route, longer hours of service systemwide, more frequent weekend service systemwide, and capital funds for future projects.

The following table itemizes each element, gross annual cost, net mill rate, cumulative mill rate, and tentative start date. As the table illustrates, all the elements combined would require 2.38 mills. Since this proposal replaces the existing 0.7 mill levy, the *new* net levy is 1.68 mills. Key points include:

- The proposal is weighted towards creating direct, immediate benefits, with 81% of millage and 79% of costs going directly to services in the community.
- Funding for major capital projects requires 15% of costs and 17% millage, and maximizes outside funding that can be invested in the community in the future.
- Maintaining existing services receives 58% of expenses (1.52 mills) and 64% of the millage.
- New services in the community account for 28% of costs and 19% of millage (0.86 mills).

It is important to note that the *gross* annual costs cannot be directly compared with the *net* mill rate as each elements receives differing fare revenue and State subsidies. Detailed descriptions of each element are provided after the table.

¹ Ann Arbor's [A2Zero](#) and [Transportation Master Plan](#); Ypsilanti's [Climate Action Plan](#) and [Non-Motorized Transportation Master Plan](#); Ypsilanti Township's [Master Plan](#); Washtenaw County's [ReImagine Washtenaw](#), [Opportunity Index](#), and [Housing Affordability and Economic Equity Analysis](#); WATS [2045 Long Range Plan](#), and the RTA's [Regional Transit Plan](#).

| Elements and Costs of 2022 Service and Millage Proposal | | | | | | |
|---|----------------------|------------------|------------------|-----------------|----------------------|---------------|
| | Annual Cost (Gross)* | | Mill Rate (Net)* | | Cumulative Mill Rate | Start Date ** |
| | \$ | % of Total Costs | Rate | % of Total Rate | | |
| Maintain Existing Services | | | | | | |
| 1. Renewal of existing millage | \$ 5,600,000 | 26% | 0.70 | 29% | 0.70 | Aug 2024 |
| 2. Allowance for deficit | \$ 4,800,000 | 22% | 0.60 | 25% | 1.30 | Aug 2024 |
| 3. Allowance for inflation | \$ 1,280,000 | 6% | 0.13 | 5% | 1.43 | Aug 2024 |
| 4. Additional Staff (9 FTEs) | \$ 940,000 | 4% | 0.09 | 4% | 1.52 | 2023-2024 |
| Service Enhancement Options | | | | | | |
| 5. Ann Arbor-Ypsilanti Express Service | \$ 930,000 | 4% | 0.07 | 3% | 1.59 | Aug 2024 |
| 6. Longer Hours of Operation Systemwide | \$ 1,901,000 | 9% | 0.15 | 6% | 1.74 | Aug 2024 |
| 7. Increase Weekend Frequency Systemwide | \$ 1,996,000 | 9% | 0.14 | 6% | 1.88 | Aug 2024 |
| 8. Expand Overnight Service (Ypsi Twp & Ypsi) | \$ 1,066,000 | 5% | 0.09 | 4% | 1.97 | Aug 2024 |
| 9. Customer Service Agents (Ypsi Transit Center) | \$ 184,000 | 1% | 0.01 | 0% | 1.98 | 2023-2024 |
| 10. Funding Major Capital Projects | \$ 3,200,000 | 15% | 0.40 | 17% | 2.38 | 2024 |
| Totals | \$ 21,897,000 | | 2.38 | | | |

*Total gross costs for each element are paid for with a differing mixture of local taxes, fares, and State subsidies. The net mill rate reflects only the local tax cost. The two figures are not directly comparable on this table.

**Dates are tentative. New funding will not arrive until July 2024. During 2023, staff would conduct the necessary planning, public involvement, regulatory clearances (Title VI), and make operational arrangements. Some staffing positions may start before the new services.

Descriptions of Millage Elements

The following pages describe each proposed element in detail. The elements are categorized as either Essential Elements or Service Enhancement Options.

Maintain Existing Services

The following items (1-4) are directly related to *maintaining existing transit services*:

- 1. Renewal (0.70 mills - \$5.6 million)** – TheRide’s current service depends on a 0.70 mill property levy. The levy was first approved in 2014, overwhelmingly renewed in 2018, and naturally expires in 2023. Maintaining these funds is crucial to maintaining current services. If this funding is not renewed before 2024, TheRide will need to reduce services in order to balance the budget.
- 2. Deficit (0.60 mills - \$4.8 million)** – The original 0.7 mill levy approved in 2014 did not generate enough revenue to cover the costs of new services introduced in 2013-2015, nor the strong growth in demand for services like paratransit. This has created an ongoing structural deficit. When the deficit was discovered in 2017, TheRide decided to cut internal costs rather than reduce services or raise taxes or fares. The 0.7 mill rate was renewed in 2018. However, although this has *delayed* the onset of the deficit, updated forecasts show that without additional funds, deficit spending or service cuts will be needed as early as 2025 ([FY2022 Budget, page 11-13](#)). Meanwhile, internal staff

reductions have reduced the organization's capacity at a time when the community expectations are increasing. For more information on the deficit, click [here](#). This 0.40 mill addition will add enough revenue to resolve the underfunding of services.

3. **Inflation (0.13 mills - \$1.28 million)** – TheRide faces the same volatile inflationary pressures as other organizations. Historically, although property-tax revenue has grown (although constrained by State law), revenue from fares has not grown, and federal and state grants have not kept up with inflation. This leaves TheRide exposed to 1%-1.5% of uncovered inflationary costs per year. TheRide has not increased its tax rate since 2014. Recently, per unit costs for fuel, salaries, insurance, and many other necessities have risen and are expected to continue to increase by over 3% annually. Staff will continue to work to control costs and increase productivity, but an inflationary adjustment is necessary to maintain services. This 0.37 mill addition will help TheRide to maintain services in the face of ongoing inflationary pressures.
4. **Additional Staff (0.09 mills - \$940,000)** – Since 2015, the number of administrative staff positions has decreased by 9%. While TheRide has a dedicated and talented workforce, burnout is becoming a concern. To fully meet today's expectations, remain an attractive employer, and prepare for growth, the CEO is requesting funding to increase staffing by 9 full-time positions: four operational/supervisory positions, and five office positions. The costs are for additional salary and benefits.

Service Enhancement Options

The following are options for *new or expanded services*. The options could be implemented individually or as a group and are presented in a loose descending priority.

5. **Ann Arbor-Ypsilanti Express Service (0.07 mills - \$930,000/year)** – This initiative would create a *new* bus route along Washtenaw Avenue between downtown Ann Arbor and downtown Ypsilanti. It will reduce terminal-to-terminal travel times from 45 minutes to about 30 minutes. By reducing travel times, this route would effectively bring the two downtowns closer together. This service would be especially important for labor mobility, access to education, and access to social, medical, and shopping needs. It would run weekdays from 6am to 6pm, with a frequency of 30 minutes, and be in addition to regular local service on Washtenaw Ave. In addition to the downtown terminals there would be just four intermediate stops: EMU, Golfside Rd, Arborland Mall, and U-M Central Campus as illustrated below:
6. **Longer Hours of Operation Systemwide (0.15 mills - \$1,901,000)** – Later evening service creates more opportunities for riders to reach jobs, classes, and other destinations that would otherwise be out of reach. It is especially valuable to workers and employers, those without cars, and those who wish to live a car-free lifestyle. This initiative would extend evening and weekend hours of operation across the fixed-route service area. Public consultation and planning during 2023 will determine whether this should be delivered by fixed-route or TheRide's ride-hailing service, FlexRide.
7. **Increase Weekend Frequency Systemwide (0.14 mills - \$1,996,000)** – Frequent bus service is one of the chief factors in attracting more people to transit. It is also liberating for seniors, people with disabilities, and those who cannot drive as it greatly increases their flexibility and independence. This initiative would make bus service more frequent (from every 60 minutes to every 30 minutes) on Saturdays and Sundays until 6pm.

8. **Expand Overnight Service into Ypsilanti Twp and All of the City of Ypsilanti (0.09 - \$1,066,000/year)** – TheRide’s overnight service, NightRide, efficiently transports people to work and other opportunities during late-night hours. NightRide helps promote a car-free lifestyle by providing late-night options and mobility for those who cannot drive. Presently NightRide runs from 11:45pm until 6am the next day, varying by day of week. Historically, this service has only been offered in Ann Arbor and parts of Ypsilanti. This initiative would extend NightRide to cover *all* of the City of Ypsilanti, and Ypsilanti Township *north* of Textile Road. This improvement will increase equity and labor mobility while improving reliability and reducing wait times.

9. **Customer Service Agents at Ypsilanti Transit Center (0.01 mills - \$104,000/year, \$80,000 one-time refurbishment costs)** – This initiative improves equity by staffing the Ypsilanti bus terminal, as is already done in Ann Arbor. These funds would be used to hire two additional customer services agents to staff the Ypsilanti Transit Center (YTC) during regular business hours on weekdays. All services available at the Ann Arbor terminal (fare sales, photos and passes, general questions, etc.) would then be available at the YTC. The YTC office space would also be refurbished to be equivalent with the Ann Arbor terminal space. Having staff on-site will help grow ridership and increase customer satisfaction.

10. **Funding Major Capital Projects (0.40 mills - \$3,200,000/year)** – By replacing certain federal funds with new local funds TheRide can A) maximize capital funding, B) advance major capital projects sooner, C) increase our chances of winning major construction grants, D) maximize local capital dollars, and E) reduce risk.
 - A. By adding local tax dollars to pay for *operations*, we can shift a portion of 5307 funds back to *capital*. MDOT will add 20% to every federal dollar used for *capital*.
 - B. Due to limited capital funding, TheRide presently needs to pursue competitive federal grants to conduct project planning work. These grants are highly competitive and uncertain. TheRide has not been able to win such competitive grants in many years. Using 5307 funds instead would allow us to conduct such planning sooner and by using existing federal and State funds. Presently, there is \$25 million of planning and land acquisition costs in the 10-Year Capital Plan for projects such as terminals, BRT, a garage, and zero-emissions propulsion. Over five years, these new funds would allow us to pursue these projects without waiting for competitive grants.
 - C. By using federal and State funds to conduct planning and land acquisition, we lower the cost of the final federal construction grant request. A lower price tag increases the chances of winning large federal infrastructure grants.
 - D. The best use of local capital funds is as the 50% match for major federal construction grants. The changes above conserve these flexible local funds so they can help fund construction projects in the future.
 - E. Using 5307 funds for operations creates risks. The federal government intended these funds for capital, not operations. If TheRide applies for competitive federal capital grants in the future, we may be refused based on how we are using 5307 now. In addition, although Michigan DOT (MDOT) presently matches 5307 funds with additional state operations funding, MDOT can change those rules at any time, leaving TheRide exposed to a sudden drop in operating revenue.

This initiative will maximize the funding available for major projects like bus rapid transit, expanded terminals, a new garage, and a zero-emissions fleet. The Board would approve specific projects in the future.

A larger local investment in public transit magnifies outside funding. For every \$1 in local tax investment, TheRide collects another \$1.40 in federal and State transit formula grants. All those funds are directly invested in our communities and residents. On average 1.0 mill would cost a property owner an additional \$187/year in Ann Arbor, \$66 in Ypsilanti, and \$76 in Ypsilanti Twp, per \$100,000 of assessed value. For context, 1.0 mill would generate about \$8 million per year.

Attachment 2: Rationale for Timing and Referendum Date

This section outlines the CEO's rationale for pursuing additional investment now, as well as for a specific referendum date in August of 2022.

Timing Rationale: 2024-2028

There are several reasons why an enhanced millage referendum is being proposed for 2022:

1. **5-Year Millages:** By State law, TheRide can only seek 5-year millages and can only hold one referendum per calendar year. Funding from the existing millage will run out in 2024. If TheRide were not successful in 2022, we could hold a second referendum in 2023 without any disruption to cashflow or services. Due to tax assessment deadlines, Fall 2023 is the *latest* that TheRide could seek replacement funding for 2024. If this deadline were missed, funding would run out in 2024 and services would likely need to be reduced.
2. **Urgency:** The need for improved public transit is growing. As the pandemic recedes, the need for travel is rebounding. Key groups of customers such as seniors, persons with low incomes or disabilities, students, and others require affordable access even more than before. Parking will become a challenge again as the UM continues to grow and our downtowns rebound. Finally, all the policy goals for transit (e.g. social equity, environmental benefits, serving an ageing population, access to affordable housing, labor mobility, etc) are becoming more urgent each year.
3. **Helping Community Rebound:** As the pandemic wanes many people will need to establish new travel patterns and will be looking for new options. This is an ideal moment to upgrade transit services and gain new riders. Waiting until the next millage cycle (2029-2033) will certainly be too late to help the community post-pandemic. From a timing standpoint, 2022-2024 is a window of opportunity to grow our ridership and be a greater service to people throughout our communities.
4. **Implementation:** If a higher millage is approved in 2022 or 2023, new funds will arrive in mid-2024. Transit services require a long lead time to arrange. Having certainty about future funding will allow TheRide to use 2023 to make the necessary arrangements.

TheRide's ridership has already begun to return, quickly reaching 50% of pre-pandemic levels by October 2021. As demand for travel returns, it is essential that TheRide be ready with improved services.

Referendum Date Rationale

The CEO feels that it will be much easier and less expensive to educate voters during the August 2022 election rather than in November 2022. The August election has only primary races (local, state, federal), and we are not aware of any other ballot measures.

In contrast, the November election addresses highly contentious federal and State issues: control of the House of Representatives and the Governorship, and there are reportedly [12 statewide ballot measures](#) vying to be on the November ballot covering issues such as voting rights, term limits, and abortion rights. These contests will be loud, passionate and expensive, and small local ballot measures will struggle to educate voters amid the cacophony.

Attachment 3: Proposed Ballot Language (Placeholder for April)

Based on the Board's preferred millage content and rate, Dykema can develop draft ballot language for the Board to consider in April. The Board must approve specific ballot language. The Washtenaw County Clerk will receive the ballot language and confirm whether it meets legal requirements.

[To Be Developed for April]

Attachment 4: Resolution (Placeholder for April)

[To Be Developed for April]

Audit Task Force / Audit Report

Meeting: Board Committee

Meeting Date: March 17, 2022

| |
|--|
| RECOMMENDED ACTION(S): |
| Receive as support for compliance with Policy 3.7.5, which indicates that the Audit Task Force is to conduct the annual financial audit for AAATA. |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| <ul style="list-style-type: none"> • Policy 2.5.3, “the CEO shall not ... receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor’s standards.” • Policy 2.5.4, “the CEO shall not ... compromise the independence of the Board’s audit ...”. • Policy 3.7.5 establishes the Board’s Audit Task Force to conduct the annual financial audit. • Representatives from UHY LLC (the auditors) and staff presented the results of the FY2021 Annual Audit to the Audit Task Force (task force) on March 3, 2022. The Audit Task Force included Board Members Eric Mahler, Kathleen Mozak-Betts, and Raymond Hess. On March 8th the auditors and staff presented the completed report to the Finance Committee for review and comment. |
| ISSUE SUMMARY: |
| Reviews of the FY2021 Annual Audit demonstrated no findings of material weaknesses or significant deficiencies, indicating a clean audit. The report was received as satisfactory by both the Audit Task Force and the Finance Committee. |
| BACKGROUND: |
| <ul style="list-style-type: none"> • To summarize from the independent Auditor’s Report: <ul style="list-style-type: none"> ○ Financial statements present fairly, in all material respects, the financial position of AAATA as of September 30, 2021. (p. 2) • Financial highlights (p. 4-5): <ul style="list-style-type: none"> ○ AAATA’s assets increased from the prior year by \$14.2 million (18%) ○ Total net position increased by \$14.4 million (20%) ○ Operating revenues decreased by \$2.0 million (55%) due to the pandemic ○ Operating expenses decreased \$1.2 million (3%) due to the pandemic • Findings: <ul style="list-style-type: none"> ○ No findings of material weaknesses (pp. 52-53) ○ No findings of significant deficiency and noncompliance (pp. 52-53) ○ “No findings” constitutes a “clean” audit ○ |
| IMPACTS OF RECOMMENDED ACTION(S): |
| <ul style="list-style-type: none"> • Budgetary/Fiscal: Demonstrates financial performance for FY2021. • Governance: Supports Board in financial oversight/fiduciary responsibility |
| ATTACHMENTS: |
| <ol style="list-style-type: none"> 1. Auditor’s Letter to the Board of Directors 2. Audited Financial Statements as of September 30, 2021 |

February 24, 2022

Board of Directors
Ann Arbor Area Transportation Authority
Ann Arbor, MI

We have audited the financial statements of the business-type activities and the fiduciary activities of Ann Arbor Area Transportation Authority (the "Authority") for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 12, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 17 to the financial statements, the Authority changed accounting policies related to Fiduciary Activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*. The adoption of this standard resulted in the initial recognition of certain fiduciary activities. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Authority's financial statements was:

Management's estimate of the liability for other postemployment benefits is based on the Authority's actuarial valuation provided by a third-party actuary. We evaluated the key factors and assumptions used to develop the other postemployment benefit liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was:

The disclosure of other postemployment benefit liability in Note 15 to the financial statements, which outlines the actuarial assumptions.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no proposed audit adjustments. The schedule below summarizes uncorrected misstatements of the financial statements. Management has determined their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

| Unadjusted Audit Differences | | | | | |
|---|------------------------|--------------|-------------------|------------|----------------|
| Financial Statement Effect - Amount of Over (Under) Statement of: | | | | | 09/30/21 |
| Description of unadjusted audit differences | Nature of Misstatement | Total Assets | Total Liabilities | Equity | Income |
| Current Year Misstatements | | | | | |
| 1 Underaccrual of compensated absences | (1) Factual | 0 | (118,441) | 0 | 118,441 |
| 2 | [Select] | 0 | 0 | 0 | 0 |
| 3 | [Select] | 0 | 0 | 0 | 0 |
| | | 0 | (118,441) | 0 | 118,441 |
| Income Tax Effect on Unadjusted Errors | | | | | |
| Net Unadjusted Audit Differences - This Year | | 0 | (118,441) | 0 | 118,441 |
| Effect of Unadjusted Audit Differences - Last Year | | | | | 0 |
| Net Unadjusted Audit Differences | | 0 | (118,441) | 0 | 118,441 |
| Financial Totals | | 92,675,166 | 7,055,895 | 85,619,271 | 8,339,868 |
| Percent of Financial Totals | | 0.00% | -1.68% | 0.00% | 1.42% |

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Board of Directors
Ann Arbor Area Transportation Authority
Ann Arbor, MI
Page Three

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and the required GASB 75 supplementary information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of revenue, schedule of operating expenses, schedule of expenditures of federal awards, schedule of expenditures of state awards, schedule of operating and contract expenditures, schedule of urban regular service revenues, schedule of urban regular service expenses, schedule of nonurban regular service revenues, schedule of nonurban regular service expenses, schedule of urban and nonurban regular service nonfinancial information, the schedule of operating assistance calculation, and the notes to the schedule of operating assistance calculation which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.

We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Ann Arbor Area Transportation Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

The image shows a handwritten signature in blue ink that reads "UHY LLP". The letters are stylized and cursive.


















Monitoring Report for Policy 2.5 Financial Condition & Activities

Finance Committee Review Date: March 8, 2022

Board Meeting Review Date: March 17, 2022

| |
|---|
| INFORMATION TYPE: |
| Decision |
| RECOMMENDED ACTION(S): |
| <p>That the Board consider accepting this monitoring report as either level:</p> <ul style="list-style-type: none"> B – In compliance, except for item(s) noted. C – Making reasonable progress toward compliance. |
| ISSUE SUMMARY: |
| <p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> |
| BACKGROUND: |
| <p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps) |
| IMPACTS OF RECOMMENDED ACTION(S): |
| <ul style="list-style-type: none"> Governance: Perform key Policy Governance process |
| ATTACHMENTS: |
| <ol style="list-style-type: none"> 1. Monitoring report for Policy 2.5 Financial Condition and Activities |

Table of Contents

| POLICY TITLE: ASSET PROTECTION: | Page # | Compliance |
|--|--------|---|
| 2.5 With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not: | 4 |  |
| 2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting. | 5 |  |
| 2.5.2 Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual. | 6 |  |
| 2.5.3 Receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards. | 7 |  |
| 2.5.4 Compromise the independence the Board's audit or other external monitoring or advice. | 8 |  |
| 2.5.4.1 Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement. | 9 |  |
| 2.5.4.2 Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement. | 10 |  |
| 2.5.5 Allow expenditures that exceed the overall Board-approved budget. | 11 |  |
| 2.5.5.1 Allow cost overruns on capital projects. | 12 |  |
| 2.5.6 Authorize contracts not anticipated in the current budget with a value greater than \$250,000. | 14 |  |
| 2.5.6.1 Split purchases or contracts into smaller amounts in order to avoid the above limit. | 15 |  |
| 2.5.7 Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages. | 16 |  |
| 2.5.8 Adjust tax rates assessed by the Authority. | 17 |  |
| 2.5.9 Acquire, encumber, or dispose of real estate. | 18 |  |
| 2.5.10 Encumber the agency with financial debt without previous authorization from the Board. | 19 |  |
| 2.5.11 Adjust passenger fares. | 20 |  |
| 2.5.11.1 Request authorization to adjust passenger fares without (a) incorporating the request into a budget or budget amendment for board consideration, (b) providing data that demonstrates | 21 |  |

| | | |
|---|--|------------|
| <p>the fare adjustment is fiscally responsible and aligned with achievement of the board’s Ends, and (c) providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following:</p> <ul style="list-style-type: none"> A. A clear listing of all proposed fare categories/types and prices, along with supporting information. B. The fare discounts to be provided for low-income residents and other vulnerable populations and rationale for how residents qualify for fare discounts. C. The impact of the proposed adjustment on equity among different fare categories. D. The implication of the proposed fare adjustment on ridership. E. The implications of the proposed adjustment on the authority’s budget and the financial trade-offs required (e.g. tax rate increase/decrease, increased/decreased services, impact on reserve or deficit, etc.). F. Opportunities that users, residents, Legal Owners, and stakeholders had to provide feedback on the proposed fare adjustment, the nature of their feedback, and how their feedback has been addressed. | | |
| <p>2.5.11.2 Let the traveling public, residents and businesses be without reasonable advance notice of approved changes to fares.</p> | | <p>N/A</p> |

 Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

EXECUTIVE LIMITATIONS POLICY 2.5:

With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Degree of Compliance: Partial Compliance

EXECUTIVE LIMITATIONS POLICY 2.5: Interpretation

I interpret this policy to mean I am responsible for ensuring the implementation of the Board-approved budget and ensuring sufficient internal control and risk management for financial matters. In addition, I am responsible to address unforeseen events resulting in any significant deviations from budgeted expenditures, or requiring use of reserves to cover shortfalls, as well as those that disrupt service delivery or delay or cancel approved initiatives. I must take all reasonable precautions to prevent and/or mitigate financial risks (fiscal jeopardy) that result from human error, fraud, or external economic conditions that bear upon the Authority. Further, all TheRide's activities and costs must be demonstrably related to accomplishing the Board's Ends. Compliance with this overall policy will be demonstrated by compliance with the following sub-policies.

EXECUTIVE LIMITATIONS POLICY 2.5: Evidence

- See monitoring reports for sub-policies.

EXECUTIVE LIMITATIONS POLICY 2.5.1:

Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.1: Interpretation

I interpret this policy to mean TheRide will meet Governmental Accounting Standards Board (GASB) and Internal Control (cash handling, fund handling, and financial management) standards. On an annual basis, an external audit firm will assess TheRide’s policies, processes, and procedures for compliance and appropriateness. I will incorporate auditor’s suggestions when appropriate.

EXECUTIVE LIMITATIONS POLICY 2.5.1: Evidence

Financial management, cash handling, and accounting policies and procedures are described in detail in TheRide’s *Internal Control System Manual*, which adopted by the CEO in 2019. The manual was developed to ensure compliance with Federal standards and these Board policies. In October 2021, the manual was updated by Finance staff to reflect routine process and terminology changes.

GASB is the source of accounting reporting standards and generally accepted accounting principles used by local governments in the United States. Finance personnel follow the accounting standards established by GASB.

Financial auditors recently completed an audit for the FY2021 financial statements. Auditors test internal controls and accounting standards during the process of their audit. While they “do not express an opinion on the effectiveness of” internal controls (Audit 2021, pp. 52-53), they do report upon any material weaknesses they find in accounting, financial reporting, and internal controls. No such material weaknesses in internal control were found in the 2021 audit.

EXECUTIVE LIMITATIONS POLICY 2.5.2

Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.2: Interpretation

AAATA will operate in compliance with regulations, master agreements, federal circulars, and state manuals associated with funding. AAATA will take care in its administration of grants. Federal compliance will be tested annually by an independent audit firm, and federal compliance every three years by a Federal Transit Administration auditor (this last occurred in 2018; the 2021 review was deferred by FTA due to the pandemic, but will be completed in 2022). AAATA will utilize a procurement manual that includes the latest requirements.

EXECUTIVE LIMITATIONS POLICY 2.5.2: Evidence

Federal Compliance: The auditors stated that AAATA “complied, in all material respects, with the types of compliance requirements ... that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021” (p. 55).

FTA Triennial Review: The FY2018 Triennial Review found that AAATA was fully compliant in 15 of 20 areas reviewed. Findings of non-compliance resulted in 5 areas of review, including financial management, grants management, oversight of subrecipients, procurement, and the Disadvantaged Business Enterprise (DBE) program. Findings were for outdated procedures, policies and procedures missing required elements, late or missing reports, and missing clauses in contracts. All findings have been corrected, corrections have been accepted by FTA, and no jeopardy to federal funding has resulted.

State Compliance: Grant agreements from the Michigan Department of Transportation are fully awarded and executed for FY2021 and for FY2022, with no findings of non-compliance reported by MDOT.

Procurement Manual: TheRide’s Procurement Manual was updated and adopted by the CEO in FY2021. Procurement thresholds established in federal regulations and Board policy were updated to reflect improved processes and procedures, and current terminology and references. The Board was provided information regarding updated manual in the CEO Report of the September 23, 2021 Board Meeting.

EXECUTIVE LIMITATIONS POLICY 2.5.3:

Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.3: Interpretation

I understand this policy to mean that staff are prohibited from handling the AAATA's funds while using internal controls that are insufficient to meet the Board's auditor's standards. Internal controls are defined as processes designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. This is the most widely accepted definition and comes from the Committee of Sponsoring Organizations (COSO). It focuses upon the fiduciary responsibilities of the Board of Directors, management, and other personnel, given that AAATA is a local government entity that handles public funds.

EXECUTIVE LIMITATIONS POLICY 2.5.3: Evidence

Receipt, processing, and disbursement of funds is controlled by procedures identified in TheRide's *Internal Control System Manual*, which was updated and adopted by the CEO as an administrative policy in FY2019. Subsequent updates by staff had no material impact on controls that required additional CEO approval. The three types of internal controls included in the manual are:

1. Environmental Controls: the set of policies, standards and procedures that provide the Board's expectations for carrying out the internal control system. Board policies, executive and management leadership, the organization structure, personnel policies and practices, insured risks to cover losses, and monitoring for "red flags" are all examples of environmental controls.
2. Administrative Controls: are managerial policies, standards, and procedures that interpret and put into practice internal controls. Examples are internal control standards that cover the authorization of transactions, separation of duties, access to software and records, procedures to run trial balances and reconcile accounts, physical audits, documentation, record retention, and security of sensitive information.
3. Other Administrative Controls: Several other documents exist which inform internal controls including employee handbooks and the collective bargaining agreement, the Procurement Manual, IT Policies, the Award Management Procedure (for managing federal and state grants), the Transit Asset Management Plan, and the Public Transportation Agency Safety Plan (PTASP).

Internal controls were reviewed and tested as described by the FY2021 Audit report and no findings resulted.

EXECUTIVE LIMITATIONS POLICY 2.5.4:

Compromise the independence the Board’s audit or other external monitoring or advice.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.4: Interpretation

I understand this policy to mean that staff should in no way hinder any Board inspection of financial information. The Board’s audit, and other inquiries, should be truly independent opinions free of staff influence. The CEO shall not engage the auditing firm to be advisors or consultants. CEO and staff are resources to the auditor, not supervisors or authors of audit opinions. The Board shall have direct and unfettered access to the auditing firm through the firm’s pre-audit communication and a post-audit communication as required by U.S. Generally Accepted Auditing Standards, in addition to an auditor’s presentation to the Board at a public meeting.

EXECUTIVE LIMITATIONS POLICY 2.5.4: Evidence

Financial auditors recently completed an audit on FY2021 Financial Statements and Federal Programs, following Generally Accepted Auditing Standards, which include stringent independence standards. The Auditors held an Audit kick-off meeting with the Board’s Audit Task Force on December 1, 2021. The Audit Task Force was provided the direct contact information of the auditors and unfettered access to the auditing team throughout the duration of the audit. The Draft Independent Auditor’s Report has been provided to the Audit Task Force, and the auditor will present the final audit results to the Board of Directors in March, 2021. The auditing firm, UHY LLC, does no consulting or advising with AAATA.

From the Auditor’s Management Letter (pp. 1-2):

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

EXECUTIVE LIMITATIONS POLICY 2.5.4.1:

Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.

Degree of Compliance: Not In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.4.1: Interpretation

I interpret this policy to mean that I am to inform the Board in a timely manner upon becoming aware of fraud, suspected fraud, or financial mismanagement. Fraud is defined as “wrongful or criminal deception intended to result in financial or personal gain.” Financial mismanagement refers to manners of handling AAATA’s finances that could be characterized as without due regard for future implications, as well as “wrong, bad, careless, inefficient or incompetent,” whether deliberate or not.

EXECUTIVE LIMITATIONS POLICY 2.5.4.1: Evidence

An effective internal control system is in place to guard against fraud, recognizing that it is easier to prevent fraud than it can be to detect it. Internal controls identify and mitigate risks of fraud through policies and procedures that act as checks and balances to make it difficult for a person to commit fraud without detection. The internal control system also establishes the responsibility for employees to report fraud when it is suspected or detected and clarifies the reporting and investigation procedure.

The CEO is required by this policy and by the Internal Control System to brief the Board about any instances of fraud. Further, fraud is required to be reported to auditors, and to other regulatory bodies such as FTA and the U.S. Department of Transportation’s Office of Inspector General.

The primary means of avoiding financial mismanagement is the fiduciary oversight provided by the Board of Directors and the Finance Committee, who review financial statements quarterly. The CEO, Deputy CEOs, department managers, and others hold accountability for financial performance within the costing centers/business units they manage, with close fiduciary oversight provided by the CEO, CFO, and Manager of Finance.

Check fraud was discovered in October 2021. The fraud consisted of an unknown individual intercepting a legitimate check from AAATA to a vendor, altering the check and cashing the check. Subsequently, additional alterations were made to the same check and successfully cashed in two separate instances. All transactions occurred in September 2021, within a two-week period, and the total amount of the three fraudulent checks was \$86,810.16. Interactions with our financial institution resulted in full reimbursement to AAATA. Additionally, the Finance Department now participates in a program with our bank that provides additional security measures for clearing checks presented to the bank.

The check fraud incident was being investigated during the week of October 18th, 2021. On October 23rd, 2021, the organization experienced the cyber-attack incident. Although the check fraud incident was resolved without consequence to AAATA, the impact of the cyber-attack

greatly overshadowed the check fraud incident and was not communicated timely to the Board. The check fraud was reported to the external auditor as part of the FY2021 annual audit and there were no findings associated with the incident.

I attest that neither I, nor the CFO, nor the Manager of Finance are aware of any other occurrences of fraud, suspected fraud, or financial mismanagement during the monitoring period, or since I began my work as CEO.

EXECUTIVE LIMITATIONS POLICY 2.5.4.2:

Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.4.2: Interpretation

I interpret this policy to mean that I must make available any financial information the Board and its auditors request, including internal controls.

EXECUTIVE LIMITATIONS POLICY 2.5.4.2: Evidence

The Board's primary mechanism to review for fraud and financial mismanagement is the annual financial audit governed by the Audit Task Force. Per the evidence provided previously, in monitoring for Policy 2.5.4, the CEO and staff cooperated by making available financial information and internal controls requested by the auditor.

There have been no other times when the Board, as a whole, has requested access to this information. There are no motions or resolutions on-record requesting such information.

EXECUTIVE LIMITATIONS POLICY 2.5.5:

Allow expenditures that exceed the overall Board-approved budget.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.5: Interpretation

I interpret the phrase “Board-approved budget” to refer to the operating budget for the fiscal year. I interpret the word “overall” to mean that the Board is most concerned that the bottom line of the budget is not exceeded, and I am allowed some discretion in permitting variances among the contributing categories of expenses that comprise the total budget. For example, I have latitude to allow overruns in some line items, or shift resources between types of expenses within the budget, as long as total expenditures do not exceed the approved amount. Non-compliance would therefore be indicated if total expenses exceed the overall budgeted amount.

EXECUTIVE LIMITATIONS POLICY 2.5.5: Evidence

- For FY2021, the board approved operating expenditures of \$42,763,292 (Resolution 03/2021), and an amendment to the budget originally adopted (Resolution 07/2020). The amendment was to decrease expenses for continued pandemic impacts and to modify sources of revenues for additional federal pandemic relief funds.
- FY2021 final operating expenses (before depreciation) are shown in the audited financials to be \$40,046,521, which is less than FY2021 budgeted expenses due to continued service reductions (most of the year), lower ridership, and workforce supply shortages, all as a result of the coronavirus pandemic. Please see page 41 of the FY2021 audit. (Total operating expenses were \$46,697,464, including \$6,650,943 in depreciation expense. The adopted operating budget does not include depreciation.)

EXECUTIVE LIMITATIONS POLICY 2.5.5.1:

Allow cost overruns on capital projects.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.5.1: Interpretation

I interpret this policy to mean that I cannot spend more money on improvements to capital assets than the amount approved by the Board in annual budgets or budget amendments. Additional expenditures may be approved by the Board, if they see fit.

A capital asset is a significant piece of property typically having a one-time purchase price or ongoing leasing cost, and is distinct from ongoing operating costs such as labor, fuel, services, office supplies, training, etc. Examples of capital assets include land, buildings and their major mechanical components, vehicles and buses, sidewalks and bus pads, bus ways and changes to streets, bus shelters and street furniture, office furniture, tools, computers and in-field technologies, printers, etc. having a value greater than \$5,000. This does not include financial capital, such as money held in a bank account, which are covered under other policies.

I define an *improvement* to a capital asset as substantial change such as initial acquisition, construction, expansion, renovation, or replacement of facilities, vehicles, or equipment. I believe that the emphasis of this policy is on reducing the financial risk from overruns on large projects, such as bus purchases or facility construction, rather than smaller overages on routine purchases, such as replacing computers.

Capital projects, especially larger ones, often take multiple years to deliver after they are approved. Natural cash flow variances within the course of implementing a project can cause costs to occur earlier or later than originally expected without jeopardizing the final cost of the project. Such low-risk fluctuations are called “timing variances” and must be noted in this report.

I will also note that policy 2.11, adopted in 2020, establishes additional executive limitations that apply to certain capital construction projects, including construction of a new building or facility or a major renovation to an existing facility.

EXECUTIVE LIMITATIONS POLICY 2.5.5.1: Evidence

For FY2021, the Board adopted an amended capital budget with a program of projects totaling \$6,449,880 (Resolution 07/2020).

As noted in the interpretation, capital projects typically span more than one fiscal year, The table below illustrates actual expenditures and variances from the approved capital budgets for projects that were active in FY2021. In some cases, it may appear that budget is exceeded, when in fact, the project budget is within budget. For example, the expenditures for bus replacements exceed the amounts budgeted in FY2021 but are within the Board approved

budgets for bus replacements programs. The variances are due to timing issues related to funding and timing of bus delivery, not exceeding the program budget. To accurately demonstrate budget comparisons, the table below includes budgeted funds from previous years, as appropriate.

FY2021 Capital Budget and Expenditures

| Category | Capital Program | 2021 Budget | Budget from Prior Years (FY18-FY20) | Total Project Budget | Expenditures | Variance from Budget Over/(Under) | Cost Overruns? |
|--------------------------|---------------------------------|---------------------|-------------------------------------|----------------------|---------------------|-----------------------------------|----------------|
| State of Good Repair | Large Bus Replacement | \$ - | \$ 4,443,735 | \$ 4,443,735 | \$ 4,244,563 | \$ (199,172) | No |
| | Small/Medium Bus Replacement | - | 1,814,326 | 1,814,326 | 524,384 | (1,289,942) | No |
| | Non-Revenue Vehicle Replacement | 106,000 | 120,196 | 226,196 | - | (226,196) | No |
| | Facilities Rehabilitation | 3,500,000 | 2,451,718 | 5,951,718 | 72,361 | (5,879,357) | No |
| | Architecture and Engineering | 150,000 | 687,052 | 837,052 | - | (837,052) | No |
| | Furniture Replacement | 40,000 | 74,258 | 114,258 | 86,761 | (27,496) | No |
| | IT Hardware and Software | 230,000 | 888,776 | 1,118,776 | 1,093,044 | (25,732) | No |
| | AOS System Replacement | 670,000 | - | 670,000 | - | (670,000) | No |
| | Maintenance Equipment | 100,000 | - | 100,000 | 15,733 | (84,267) | No |
| Communications Equipment | 30,000 | - | 30,000 | 25,833 | (4,167) | No | |
| Value Added | Rider Amenities/Accessibility | 327,880 | 203,698 | 531,578 | 8,384 | (523,194) | No |
| Expansion | Land Acquisition | 1,000,000 | - | 1,000,000 | - | (1,000,000) | No |
| | Garage Expansion A&E | 271,000 | - | 271,000 | - | (271,000) | No |
| Research and Development | R&D Projects | 25,000 | - | 25,000 | - | (25,000) | No |
| Total | | \$ 6,449,880 | \$ 10,683,759 | \$ 17,133,639 | \$ 6,071,062 | \$ (11,062,576) | No |

Going forward, capital budgets will incorporate the anticipated expenditures by year to reflect timing of capital expenditures and improve budget comparisons more accurately.

EXECUTIVE LIMITATIONS POLICY 2.5.6:

Authorize contracts not anticipated in the current budget with a value greater than \$250,000.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.6: Interpretation

I interpret this policy to mean that I must obtain Board approval for expenditures with a value greater than \$250,000 that are not specifically listed in the budget document. A list of authorized contractual expenditures was included in the FY2020 budget's appendices on page 39. I can authorize unbudgeted contracts valued at \$250,000 or below without additional approval by the Board. I can also accept revenue contracts (incoming funds) at any value without Board approval.

EXECUTIVE LIMITATIONS POLICY 2.5.6: Evidence

The following budgeted contracts valued at greater than \$250,000 were awarded in FY2021:

| CONTRACT DESCRIPTION | DATE AWARDED | VENDOR | AWARDED AMOUNT | BOARD APPROVAL OBTAINED |
|---------------------------------|---------------------|----------------------------|-----------------------|--------------------------------|
| A-Ride Paratransit Services | May 10, 2021 | MV Transportation, Inc. | \$3,961,927 Annually | Yes, adopted with budget |
| Janitorial Services | March 10, 2021 | JNS Facility Maintenance | \$1,200,000 | Yes, adopted with budget |
| General Services A & E | May 26, 2021 | Sidock Group | \$ 750,000 | Yes, adopted with budget |
| Payroll & HRIS Service Provider | December 21, 2020 | UKG/Kronos | \$ 400,000 | Yes, adopted with budget |
| Electrical Services | February 21, 2021 | Shaw Systems & Integration | \$ 300,000 | Yes, adopted with budget |
| Gasoline and Diesel Fuel | N/A | Multiple Providers | \$1,500,000 | Yes, adopted with budget |

No unbudgeted contracts greater than \$250,000 were awarded in FY2021.

EXECUTIVE LIMITATIONS POLICY 2.5.6.1:

Split purchases or contracts into smaller amounts in order to avoid the above limit.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.6.1: Interpretation

I interpret this policy to mean that the staff and I cannot attempt to avoid the requirements of Policy 2.5.6 by splitting expenditures into smaller amounts less than \$250,000.

EXECUTIVE LIMITATIONS POLICY 2.5.6.1: Evidence

The Purchasing Manager found no purchases or contracts were split to avoid the requirements of this policy in FY2021.

EXECUTIVE LIMITATIONS POLICY 2.5.7:

Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.7: Interpretation

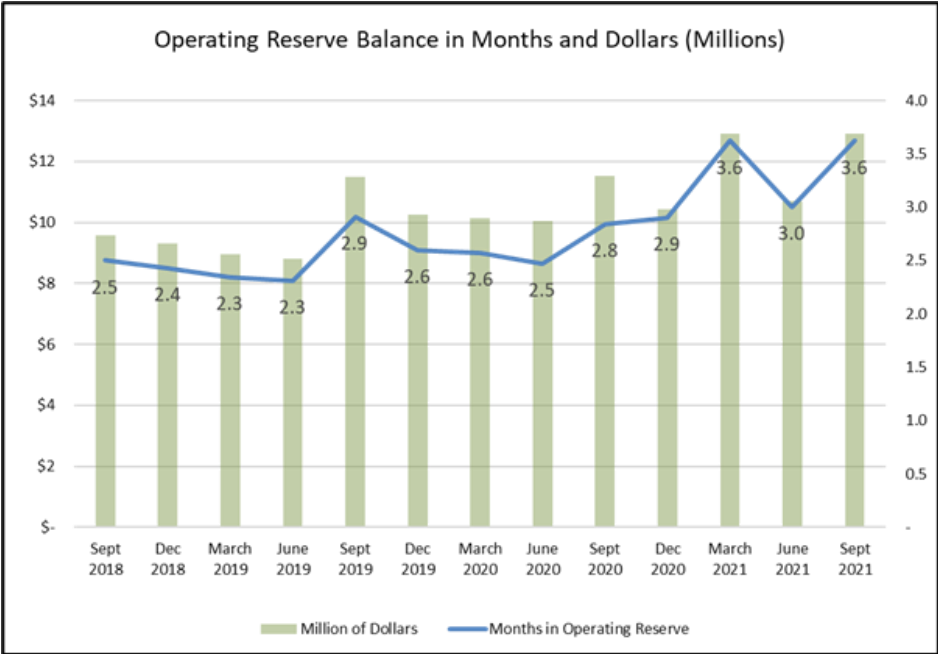
I understand this policy to mean that I must establish an administrative policy that identifies an appropriate level of operational reserve funding that would insulate the AAATA from financial disruptions or emergencies. Furthermore, this reserve fund must be fully funded and ready to be used if needed.

In the recent past, near-term core operating expenses was defined as unrestricted net assets available to support 2.5 months of normal operations. Retained “unrestricted net assets” comprise the “reserve fund.”

Staff and I have since determined that our reserve policy target should remain at 2.5 months of operating expenses available for operations. Research on public sector practices has confirmed that 2.5 months is a reasonable standard. It is my interpretation that we will be in compliance with this policy when AAATA’s quarterly financial statements demonstrate a reserve balance of at least 2.5 months of operating expenses quarterly for a period of one year.

EXECUTIVE LIMITATIONS POLICY 2.5.7: Evidence

According to the balance sheet as of September 30, 2021, AAATA ended the year with a reserve balance of \$12.9 million, capital sufficient to support 3.6 months of operations. The reserve balance finished the year above the target of 2.5 months and has consistently been above this target for 24 continuous months for the first time in many years. This level of operating reserve was deemed sufficient to prepare for the significant increase in expenses approved in the FY2022 budget. In FY2022 the operating reserve coverage to is anticipated to be 2.8 months.



EXECUTIVE LIMITATIONS POLICY 2.5.8:

Adjust tax rates assessed by the Authority.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.8: Interpretation

Tax rates refers to local property taxes levied upon property owners who live in our taxation districts. The CEO must bring any fare or tax adjustments to the Board for approval. In Michigan, taxes may be changed only with signature of the Board Chair and Secretary on Michigan Form L4029. Tax proposals and renewals must be approved by governance bodies and voters.

EXECUTIVE LIMITATIONS POLICY 2.5.8: Evidence

Property tax rates were not adjusted in FY2021. The Board of directors last approved a rate change when the restoration rate of 0.7 mills was authorized in April 2018 (Resolution 8/2018).

EXECUTIVE LIMITATIONS POLICY 2.5.9:

Acquire, encumber, or dispose of real estate.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.9: Interpretation

I understand this policy to mean that staff are prohibited from purchasing or selling land, buildings or any other fixed physical asset without prior Board authorization. Furthermore, prohibited encumbrances include saddling real estate with debt or mortgages, leasing or selling rights to AAATA-owned property, and making encumbrances to real estate which would limit or restrict its use by the AAATA.

Specifically, this Policy applies to three real estate properties owned by the AAATA:

1. Dawn Gabay Operations Center
2. Blake Transit Center
3. Ypsilanti Transit Center

Should the AAATA need to acquire, encumber, or dispose of real estate, I understand this Policy to mean that the Board’s approval would be required first. This policy does not apply to renting property, buildings or facilities needed to facilitate AAATA operations or implementation of Board policies.

EXECUTIVE LIMITATIONS POLICY 2.5.9: Evidence

The FY2021 Statements of Net Position (Annual Audit, p. 9, also Note 7, p. 24) demonstrate that there has been no change in the valuation of land and improvements (\$2,270,821 for FY2021 compared to FY2020.) This is evidence that no real estate was acquired or disposed of in FY2020.

Mortgages, leases, and land contracts are recorded at the Washtenaw County Clerk’s Office. A search of the online register will find no such records to date for the Ann Arbor Area Transportation Authority. No properties were encumbered through leasing, mortgaging, or transfer of rights to other parties. All AAATA-owned real estate is available for the Authority’s use.

EXECUTIVE LIMITATIONS POLICY 2.5.10:

Encumber the agency with financial debt without previous authorization from the Board.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.10: Interpretation

I understand this policy to mean that I am prohibited from issuing bonds, which is the only legal form of debt financing available to AAATA under Act 55, without Board approval, or acquiring any other means of indebtedness such as bank loans on behalf of the Authority. I understand that this policy does not apply to trade payables or credit card expenses which are necessary transactions resulting from day-to-day operations and do not encumber the AAATA with debt.

EXECUTIVE LIMITATIONS POLICY 2.5.10: Evidence

Revenue Bonds: AAATA did not issue any bonds in FY2021. No Board resolutions approving the issuance of bonds occurred in FY2021.

Annual Audit: As a regular task during the financial audit, the auditor requires local banks to confirm the balance of all bank accounts reconciles with AAATA's financial statements. This confirmation also inquires about the existence of bank debt. No debt was reported in the FY2021 audited financials.

EXECUTIVE LIMITATIONS POLICY 2.5.11:

Adjust passenger fares.

EXECUTIVE LIMITATIONS POLICY 2.5.11.1:

Request authorization to adjust passenger fares without (a) incorporating the request into a budget or budget amendment for board consideration, (b) providing data that demonstrates the fare adjustment is fiscally responsible and aligned with achievement of the board's Ends, and (c) providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following:

- A. A clear listing of all proposed fare categories/types and prices, along with supporting information.
- B. The fare discounts to be provided for low-income residents and other vulnerable populations and rationale for how residents qualify for fare discounts.
- C. The impact of the proposed adjustment on equity among different fare categories.
- D. The implication of the proposed fare adjustment on ridership.
- E. The implications of the proposed adjustment on the authority's budget and the financial trade-offs required (e.g. tax rate increase/decrease, increased/decreased services, impact on reserve or deficit, etc.).
- F. Opportunities that users, residents, Legal Owners, and stakeholders had to provide feedback on the proposed fare adjustment, the nature of their feedback, and how their feedback has been addressed.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.11 & 2.5.11.1: Interpretation

I understand this policy to mean that the CEO and staff cannot adjust fare rates without prior approval from the Board.

Compliance will be demonstrated when any proposal to change fares is part of a formal budget document sent to the Board for consideration and addresses the elements A-F listed above.

Further, it is my interpretation that the CEO can temporarily suspend and resume fare collection in the event of a public emergency.

EXECUTIVE LIMITATIONS POLICY 2.5.11 & 2.5.11.1: Evidence

Although no fare changes occurred in FY2021, the Board did approve fare changes as required by this policy during FY2021 as part of the [FY2022 Budget](#).

All elements of Policy 2.5.11 & 2.5.11.1 were addressed as part of the FY2022 Budget presentation to the Board and can be reviewed in Appendix 8.4, pp. 49-52 of the [budget document](#). While the Board approved Fare Policy 2.5.12.1 as partially compliant ([September 23, 2021 Board Meeting Minutes](#), pp. 4-6), all elements of this policy were addressed and fare changes were approved by the Board in the adoption of the FY2022 budget.

The approved fare changes will be implemented in August 2022.

EXECUTIVE LIMITATIONS POLICY 2.5.11.2:

Let the traveling public, residents and businesses be without reasonable advance notice of approved changes to fares.

Degree of Compliance: N/A

EXECUTIVE LIMITATIONS POLICY 2.5.11.2: Interpretation

I interpret this policy to mean that the CEO and staff will inform the public of fare changes at least 30 days in advance of implementing new fares through various communication media, following established communications protocols, including postings in the bus terminals.

EXECUTIVE LIMITATIONS POLICY 2.5.11.2: Evidence

In FY2021 no fare changes were implemented, therefore, monitoring is not applicable. Fare changes approved in FY2021 will be implemented in FY2022 and the public will be notified in accordance with this policy interpretation.

Monitoring Policy 2.5 Financial Condition & Activities

Guidance on Determining “Reasonableness” of CEO Interpretations

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

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

Defensible measures and standards are those that:

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

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

Board’s conclusion on monitoring report

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

Executive Limitations Report (select one)

The Board finds that the CEO:

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

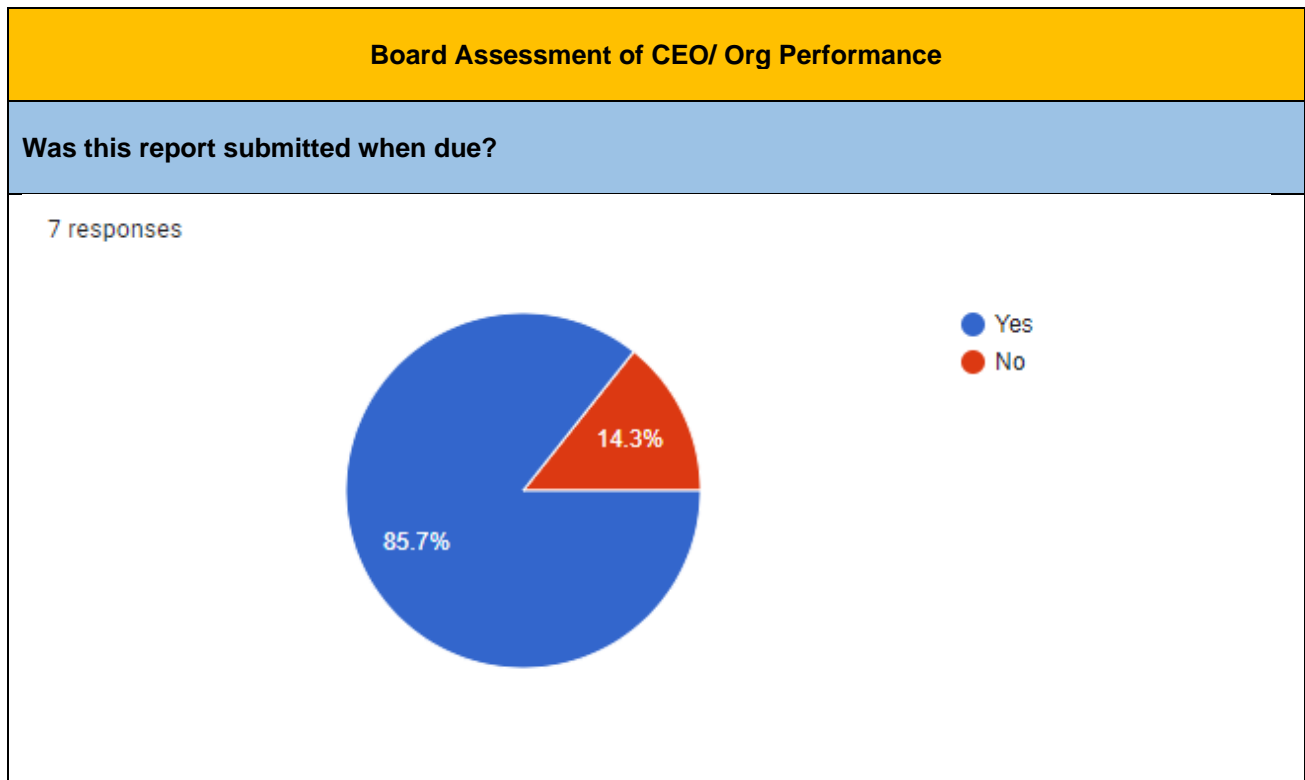
Board notes: (If applicable)

SURVEY RESULTS: Financial Condition & Activities (Policy 2.5)

Finance Committee Review Date: March 8, 2022
Board Meeting Review Date: March 17, 2022

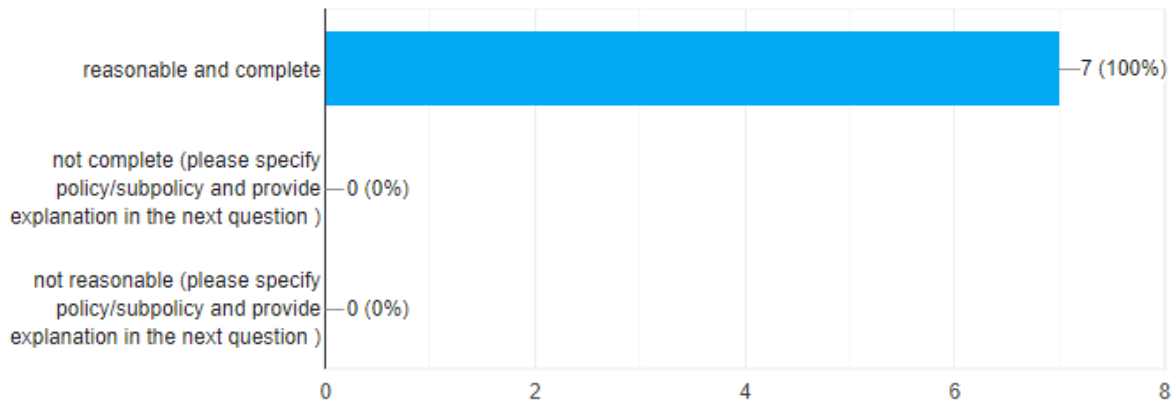
Survey Participants: 7 Board Members

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



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

7 responses



Board Assessment of CEO/ Org Performance

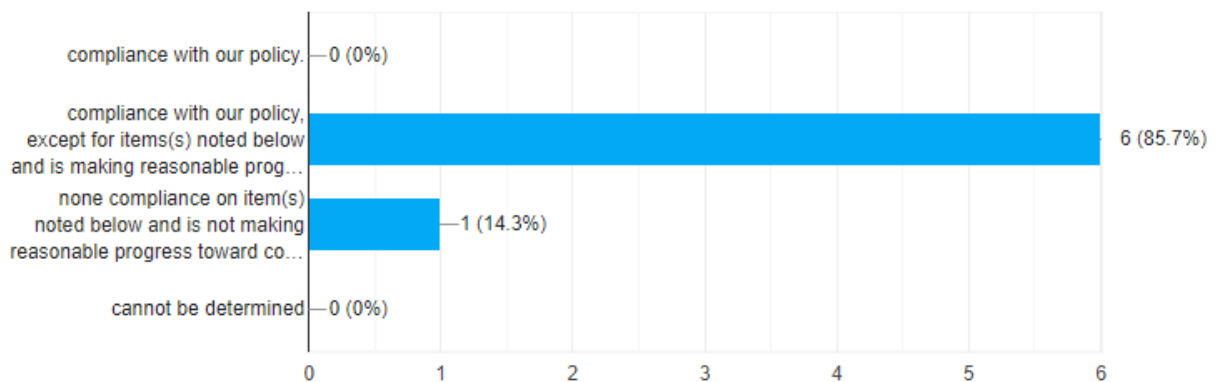
CEO Interpretations that were incomplete or unreasonable (if any):

0 responses

No responses yet for this question.

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

7 responses



Items not in compliance (if any):

4 responses

2.5.4.1 -- a lot going on at the time of the check fraud and it is understandable that this fell through the cracks. By the letter of the policy, the CEO was out of compliance.

2.5.4 as noted

2.5.4, as reported by CFO

2.5.4.1

Optional: Potential Policy Development

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

2 responses

Given the much greater importance of (and the mayhem caused by) the nearly simultaneous cyber attack, it's understandable (to me anyway) that the fraud perpetrated by an outside actor with the vendor check wasn't communicated immediately to the board. With an agency this size and the number of vendor payments it must make it's a statistical probability that there may be a problem every now & again, which is why the banks have processes in place to help its customers. What I am curious about is whether the CEO feels there were any steps the agency could take (did take?) to prevent problems in the future.

2.5.4.1. - I'm a little concerned with the assertion, "The primary means of avoiding financial mismanagement is the fiduciary oversight provided by the Board of Directors and the Finance Committee, who review financial statements quarterly."

While it is true we review quarterly financial statements, we are not provided with the level of detail to be able to identify fraud. We don't have access to "the ledger" - and arguably this is not an appropriate level of oversight by the Board. The instance of the check fraud is a good illustration of this point - there is no way the Board or the Finance Committee could have spotted this in the 2 page quarterly financial statements we receive.

I would instead assert that the annual audit by an independent 3rd party consultant is the best mechanism to identify fraud. They do look over the ledger and flag anomalies in a way the Board is incapable of doing. Therefore, I think the proper controls are in place but the wrong mechanism was identified to demonstrate compliance on this matter.

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

0 responses

No responses yet for this question.

Optional: Comments for the CEO

Commendations on this topic:

2 responses

There was a lot going on between the (1) security breach, (2) the check fraud, and (3) COVID. I commend the CEO and team for making sure that they still kept on top of financial responsibilities for the organization as a whole even with those 3 issues on their backs.

Even with the pandemic and cyber attack, the report was complete and on time.

Potential Improvement(s):

1 response

2.5.4.1 The CEO states that check fraud was discovered in mid-October just before the cyber-attack on the AAATA and that because of this did not inform the board in a timely manner about the check fraud. Waiting 6 months to inform the board in a monitoring report seems highly inappropriate. Also, it states that the auditing firm was apprised of the check fraud during the recent financial audit and I am wondering why there was no mention in the audit report.

In addition the banner for 2.5.4.1 is misleading as it is highlighted in green and not red.

Comments on the report itself:

1 response

I believe the report needs an area for Board members to give feedback on the CEO's evidence and data beyond just a check box. So, I used the potential improvement section to air comments.

FY2022 Q1 Financial Statement

Finance Committee Review Date: March 8, 2022

Board Meeting Review Date: March 17, 2022

| |
|---|
| INFORMATION TYPE: |
| Receive as CEO operational update |
| RECOMMENDED ACTION(S): |
| Receive as CEO operational update |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| <ul style="list-style-type: none"> 2.10.1.5 CEO shall not...Let the Board be unaware of... incidental information (including) quarterly budget to actual financial reports. Appendix A: Informational Reports schedule specifies quarterly Financial Statement reports in November, February, May, and August. Note that this report is being provided in March instead of February. Policy 2.6 Investments and Appendix F Investment Policy. |
| ISSUE SUMMARY: |
| Staff presents the First Quarter Financial Statement with currently available and reportable financial information for the period ending December 31, 2021. |
| BACKGROUND: |
| <p>Financial highlights from the first quarter (October, November, December 2021) include:</p> <ul style="list-style-type: none"> TheRide operated within the budget for the first quarter of the year. There was a \$2.3 million surplus of revenue over expense that will be transferred to the capital reserve. Expenses were \$0.9 million lower than budgeted primarily due to less than expected purchased transportation (PT) costs and purchased services. This decrease is due to lower PT demand and start-up costs for the new A-Ride contractor than expected, timing of expenses and lower operational needs for the quarter. Revenues were \$1.7 million lower than budgeted. This is a result of less than expected federal and state operating assistance along with passenger fares. Lower federal and state operating assistance was received because of lower actual expenses than budgeted and timing differences. Passenger fares were lower due to less than expected ridership. The projected balances for the three board-approved reserves are as follows: operating reserve at \$12.9 million or 2.8 months (based on the FY2022 budget), capital reserve of \$14.2 million, and insurance reserve at \$0.5 million. \$22.9 million in CARES Act revenue has been used to date to support operations. |

- Cash flow was adequate to cover expense; Q1 2022 ended at \$32.6 million in cash and investments.

IMPACTS OF RECOMMENDED ACTION(S):

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

ATTACHMENTS:

FY2022 Q1 Financial Statement (Income Statement and Balance Sheet)

Income Statement

For the Period Ended December 31, 2021

Revenue and Expense (Budget to Actual)

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

BLACK = FAVORABLE
RED = UNFAVORABLE

| REVENUES | Actual | Actual | Actual | Actual | Actual | Budgeted | Budget Variance | |
|-----------------------------------|-------------------|-------------|-------------|-------------|-------------------|-------------------|-------------------|-------------|
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | YTD | YTD | \$ | % |
| Fares and Contracts | \$ 1,137 | | | | \$ 1,137 | \$ 1,472 | \$ (335) | -23% |
| Local Property Taxes | 4,715 | | | | 4,715 | 4,815 | (100) | -2% |
| State Operating Assist. | 3,985 | | | | 3,985 | 4,229 | (243) | -6% |
| Federal Operating Assist. | 975 | | | | 975 | 1,720 | (745) | -43% |
| Federal Pandemic Relief | 4,399 | | | | 4,399 | 4,663 | (264) | -6% |
| Other Revenues | 70 | | | | 70 | 98 | (28) | -29% |
| Total Operating Revenues | \$ 15,280 | \$ - | \$ - | \$ - | \$ 15,280 | \$ 16,996 | \$ (1,716) | -10% |
| EXPENSES | | | | | | | | |
| Salaries, Wages, Benefits | \$ 7,063 | | | | \$ 7,063 | \$ 7,155 | \$ 93 | 1% |
| Purchased Transportation | 2,837 | | | | 2,837 | 3,676 | 839 | 23% |
| Fuel, Material, Supplies | 1,388 | | | | 1,388 | 1,359 | (29) | -2% |
| Purchased Services | 693 | | | | 693 | 899 | 206 | 23% |
| Other Expenses | 1,046 | | | | 1,046 | 852 | (194) | -23% |
| Total Operating Expenses | \$ 13,027 | \$ - | \$ - | \$ - | \$ 13,027 | \$ 13,941 | \$ 914 | 7% |
| Surplus (Deficit) | \$ 2,252 | \$ - | \$ - | \$ - | \$ 2,252 | \$ 3,055 | \$ (802) | -26% |
| Capital Reserve Transfer | \$ (2,252) | \$ - | \$ - | \$ - | \$ (2,252) | \$ (3,055) | \$ 802 | -26% |
| Operating Reserve Transfer | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| OPERATING BALANCE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |

| | | | | | | | |
|---|--|------------------------|---------------|----------------------|------|---------------------------|----------------------|
| <p> TheRide had a \$2,252,335 surplus at the end of the first quarter and operated within the budget.</p> <p> Revenues were lower than budgeted by \$1,716,415 primarily due to less than expected state and federal operating assistance and passenger fares. This decrease is a result of lower expenses along with lower than expected</p> <p> Expenses were \$914,187 lower than budgeted primarily due to less than expected purchased transportation (PT) costs and purchased services. This decrease is due to lower demand and start-up costs for PT, timing of expenses and operational needs for the quarter.</p> | <p>Federal Pandemic Relief Utilization Expenditures from \$58.7 million in Federal Pandemic Relief funding as of December 31, 2021, for eligible COVID-19-related costs :</p> <table border="0"> <tr> <td>Operating Expenditures</td> <td>\$ 22,904,089</td> </tr> <tr> <td>Capital Expenditures</td> <td>\$ -</td> </tr> <tr> <td>TOTAL EXPENDITURES</td> <td>\$ 22,904,089</td> </tr> </table> <p>Federal Pandemic Funds Remaining: \$ 35,840,898</p> | Operating Expenditures | \$ 22,904,089 | Capital Expenditures | \$ - | TOTAL EXPENDITURES | \$ 22,904,089 |
| Operating Expenditures | \$ 22,904,089 | | | | | | |
| Capital Expenditures | \$ - | | | | | | |
| TOTAL EXPENDITURES | \$ 22,904,089 | | | | | | |

YTD Revenue and Expense By Mode

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

| | Fixed Route | Demand Response | Other Demand Response | Non-Urban | Express Ride | D2A2 | VanRide | TOTAL ACTUAL |
|-----------------------------------|------------------------|-------------------|---|------------------------------|-------------------------|------------------------|------------------------------|-------------------|
| | <i>Fixed Route Bus</i> | <i>A-Ride</i> | <i>FlexRide, HolidayRide, GoldRide, MyRide, NightRide</i> | <i>WAVE, Peoples Express</i> | <i>Commuter Express</i> | <i>Detroit Shuttle</i> | <i>VanRide, Ride Sharing</i> | |
| DIRECT REVENUE | | | | | | | | |
| Fare Revenue | \$ 639 | \$ 9 | \$ 13 | \$ 36 | \$ - | \$ 41 | \$ - | \$ 738 |
| Contract Revenues | (7) | - | 275 | 131 | - | - | - | 399 |
| Advertising, Interest, Other | 70 | - | - | - | - | - | - | 70 |
| State Operating | 3,050 | 508 | 143 | 234 | - | - | 51 | 3,985 |
| Total Direct Revenue | \$ 3,751 | \$ 517 | \$ 431 | \$ 401 | \$ - | \$ 41 | \$ 51 | \$ 5,192 |
| TOTAL EXPENSE | | | | | | | | |
| Salaries, Wages, Benefits | \$ 6,691 | \$ 305 | \$ 28 | \$ 19 | \$ - | \$ - | \$ 19 | \$ 7,063 |
| Purchased Transportation | - | 1,199 | 430 | 638 | - | 424 | 147 | 2,837 |
| Fuel, Materials, Supplies | 1,298 | 73 | 9 | 5 | - | - | 3 | 1,388 |
| Contracted Services | 631 | 57 | - | 5 | - | - | - | 693 |
| Other Expenses | 788 | 85 | 18 | 2 | - | 150 | 2 | 1,046 |
| Total Operating Expense | \$ 9,408 | \$ 1,720 | \$ 486 | \$ 669 | \$ - | \$ 574 | \$ 171 | \$ 13,027 |
| Surplus (Deficit) from OPS | \$ (5,657) | \$ (1,203) | \$ (55) | \$ (268) | \$ - | \$ (533) | \$ (121) | \$ (7,836) |
| ALLOCATED REVENUE | | | | | | | | |
| Local Property Taxes | 4,715 | - | - | - | - | - | - | 4,715 |
| Federal Operating & CARES | 3,195 | 1,203 | 55 | 268 | - | 533 | 121 | 5,373 |
| SURPLUS (DEFICIT): | \$ 2,252 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,252 |

Balance Sheet

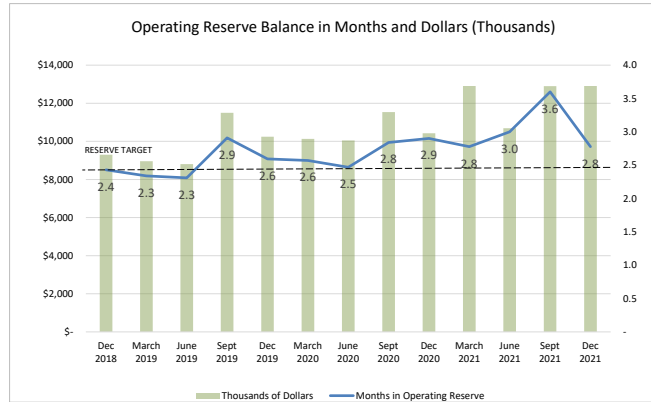
For the Period Ended December 31, 2021

Balance Sheet and Reserve

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

| ASSETS | Q1 2021 | Q4 2021 | Q1 2022 |
|---------------------------|------------------|------------------|------------------|
| | 12/31/2020 | 9/30/2021 | 12/31/2021 |
| Cash | \$ 7,453 | \$ 23,660 | \$ 20,841 |
| Investments | 11,799 | 11,796 | 11,765 |
| Other Current Assets | 11,306 | 10,799 | 15,883 |
| Capital Assets | 46,369 | 46,420 | 45,368 |
| Total Assets | 76,927 | 92,675 | 93,856 |
| LIABILITIES | 6,456 | 7,056 | 7,274 |
| TOTAL NET POSITION | \$ 70,471 | \$ 85,619 | \$ 86,582 |

| RESERVES: | Balances | | |
|------------------------------------|------------|------------|------------|
| | Q1 2021 | Q4 2021 | Q1 2022 |
| Capital | \$ 11,939 | \$ 14,191 | |
| Insurance | \$ 500 | \$ 500 | |
| Operating | \$ 10,429 | \$ 12,905 | \$ 12,905 |
| Months in Operating Reserve | 2.9 | 3.6 | 2.8 |



Statement of Cash Flows (in Thousands of Dollars)

| Historical Cash Flows | FY 2019 | FY 2020 | | | | FY 2021 | | | | FY 2022 |
|---------------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|-------------------|
| | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 1 |
| Beginning Balance: | \$ 9,427 | \$ 21,872 | \$ 18,597 | \$ 13,853 | \$ 11,972 | \$ 24,031 | \$ 19,252 | \$ 16,780 | \$ 17,506 | \$ 35,455 |
| Cash from Operations | 2,273 | (4,626) | (1,495) | (618) | 11,383 | (251) | (3,755) | 966 | 17,749 | (5,079) |
| Cash from Capital | 1,031 | 1,351 | (304) | 738 | 674 | 472 | 1,291 | (240) | 198 | 2,261 |
| Cash from Investments | 9,141 | - | (2,945) | (2,001) | 2 | (5,000) | (8) | - | 2 | (31) |
| Cash Flow: | \$ 12,445 | \$ (3,275) | \$ (4,744) | \$ (1,881) | \$ 12,059 | \$ (4,779) | \$ (2,472) | \$ 726 | \$ 17,949 | \$ (2,850) |
| Ending Balance: | \$ 21,872 | \$ 18,597 | \$ 13,853 | \$ 11,972 | \$ 24,031 | \$ 19,252 | \$ 16,780 | \$ 17,506 | \$ 35,455 | \$ 32,606 |

Q1 cash flow was negative at \$2.9 million

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

Investments Summary

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

| Investment Instrument | Date of Maturity | Interest Rate | Total as of | | Total as of 12/31/2021 |
|---------------------------|------------------|---------------|------------------|----------------|------------------------|
| | | | 9/30/2021 | Transactions | |
| Bank of AA - CDARS | 3/31/2022 | 0.15% | \$ 2,503 | | \$ 2,503 |
| Bank of AA - CDARS | 12/30/2021 | 0.05% | 2,506 | (2,506) | - |
| Bank of AA - CDARS | 3/31/2022 | 0.05% | - | 2,507 | 2,507 |
| U.S. Agency Bond | 11/6/2023 | 0.25% | 2,000 | | 2,000 |
| U.S. Agency Bond | 4/8/2024 | 0.38% | 1,000 | | 1,000 |
| U.S. Agency Bond | 8/12/2022 | 0.13% | 1,500 | | 1,500 |
| U.S. Agency Bond | 1/19/2024 | 0.23% | 750 | | 750 |
| U.S Treasury Notes | 5/15/2023 | 0.13% | 1,500 | | 1,500 |
| Money Market Funds | N/A | 0.15% | 37 | 2 | 39 |
| Mark-to-Market Adjustment | | | - | (34) | (34) |
| Total Investments: | | | \$ 11,796 | \$ (31) | \$ 11,765 |

Q1 2022 Investment Loss (year to date): \$30,987

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

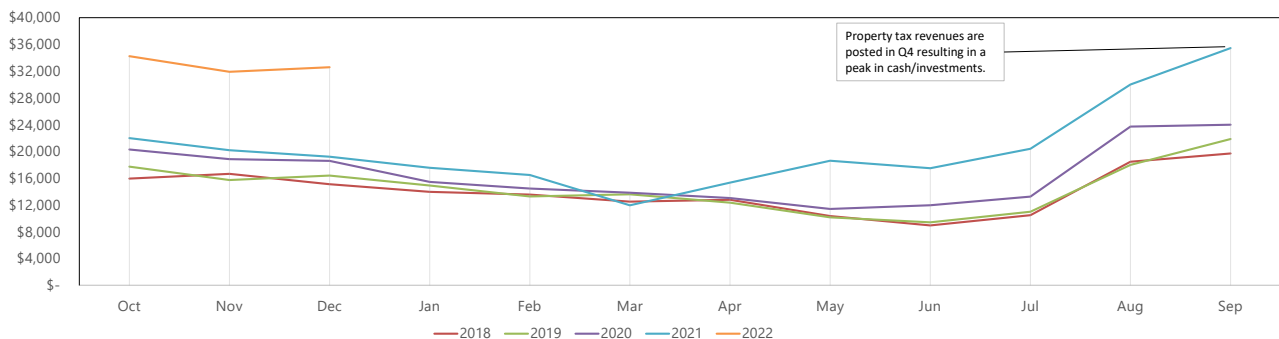
U.S. Treasury Bills, Notes, and Agency Bonds are short term bonds (several months to 10 years) backed by the Treasury Department of the U.S. Government. The rates shown for the current investments represent the gross yield-to-maturity rates (before the annual fee of .28%).

A FDIC-insured cash sweep account or accounts that have balances above the FDIC insurance threshold are used for day-to-day working capital.

Cash and Investments History

Total Cash and Investments by Month and Year (2018 to 2022 YTD)

In Thousands of Dollars



2022 Q1 Service Report
Service Committee Meeting Date:
Agenda Item:

| |
|--|
| RECOMMENDED ACTION(S) |
| Receive as CEO Operational Update. |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| <ul style="list-style-type: none"> • 2.11.1.5 CEO shall not...Let the Board be unaware of...operational... [and] customer satisfaction metrics... • Appendix A: Informational Reports schedule specifies quarterly Customer Satisfaction and Service Performance reports in Nov, Feb, May, Sept |
| ISSUE SUMMARY |
| <p>In accordance with the Board's Policy Manual, I present the Quarterly Satisfaction and Service Report. I certify that the information is true and complete, and I request that the Board accept this as an operational update.</p> <p>This report is populated with available data for Fixed Route, Paratransit, VanRide, FlexRide, and A2D2 services. A glossary of terms for currently tracked metrics is attached.</p> <p>It should be noted that the data collection and reporting for the Q1 of 2022 period are impacted by the COVID-19 Emergency that began in the last three weeks of Q2 2020. Comparisons of Q1 2022 to Q1 of 2019 give in a picture of performance metrics compared to a pre-pandemic state. Comparison of Q1 2022 and Q1 2021 provide insight into progress through the pandemic emergency and recovery.</p> <p>Q1 FY2022 data reflects a system at less than full service. Staffing shortages necessitated frequency reductions on some routes. It should be noted that while travel restrictions have been lifted, health advisories still encourage distancing and many employers have virtual work options and many services are offered virtually. For this reason, return to public transit has lagged and services like VanRide have yet to rebound. Complete VanRide use numbers were not available at the time of this report.</p> <p>Readers should note, numbers reported at the end of the quarter have yet to undergo further validation and confirmation required before reporting to NTD. Historic numbers presented in this document have been updated to reflect the validated data submitted to NTD.</p> |
| ATTACHMENTS |
| <ol style="list-style-type: none"> 1. FY 2022 Q1 Service Report 2. Glossary of Terms |



FY2022 Q1

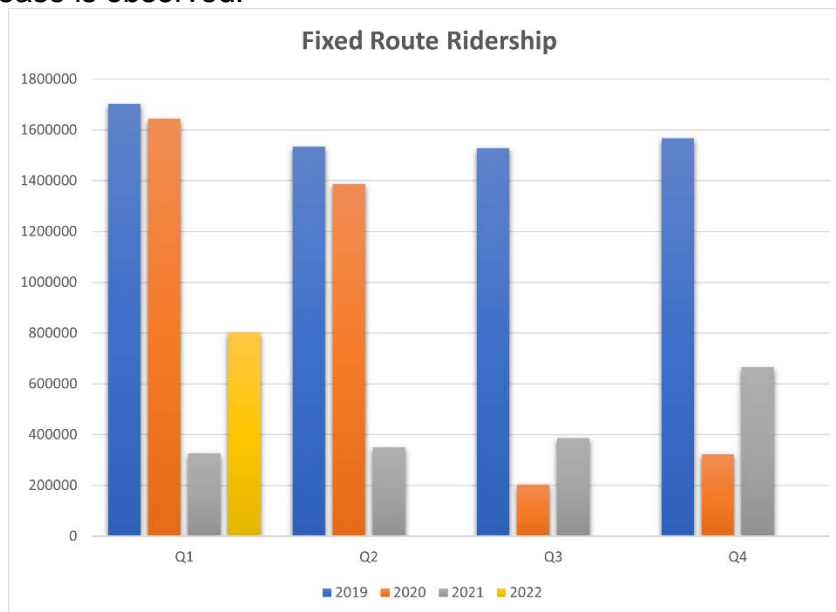
Service and Satisfaction Report Highlights

October 1, 2021 – December 31, 2021

The data collection and reporting continue to be impacted by the COVID-19 Emergency. Staffing shortages necessitated reductions in service beginning in November 2021. Metrics that rely on a quarterly average do not reflect performance under typical conditions.

Fixed Route Ridership and Cost

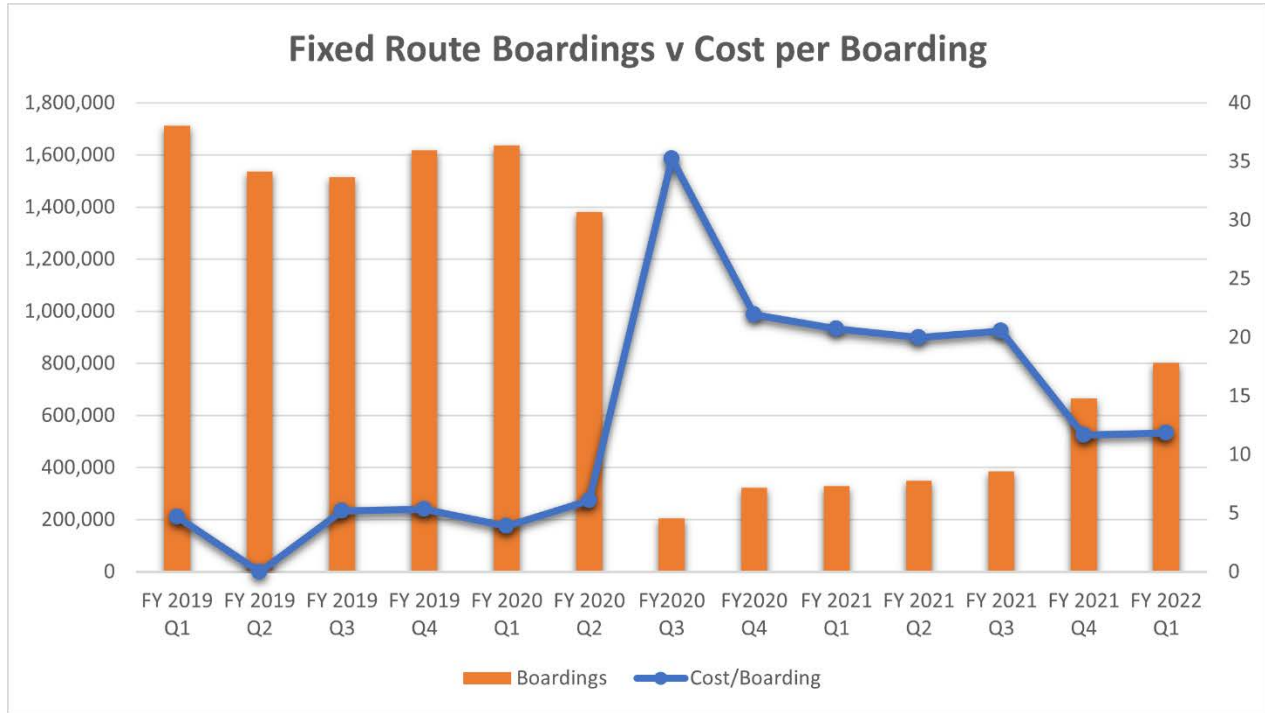
Ridership in Q1 2022 began to rebound in this quarter as students returned to campus and some employers began to encourage employees to work in-person during some part of the work week. Compared to the same quarter in 2019, ridership is still down significantly from pre-pandemic levels. When ridership is compared to the same quarter in 2021, a significant increase is observed.



Comparing quarter to quarter may be helpful; visualizing the change in ridership through the Covid Emergency may also be insightful.



Cost per passenger boarding has risen 152% from \$4.70 in Q1 of 2019, our pre-pandemic comparison quarter. Reduced ridership, fixed costs plus the added costs associated with sanitation, decreased bus capacity, and modifications are responsible for this significant increase in the cost of providing fixed route service.

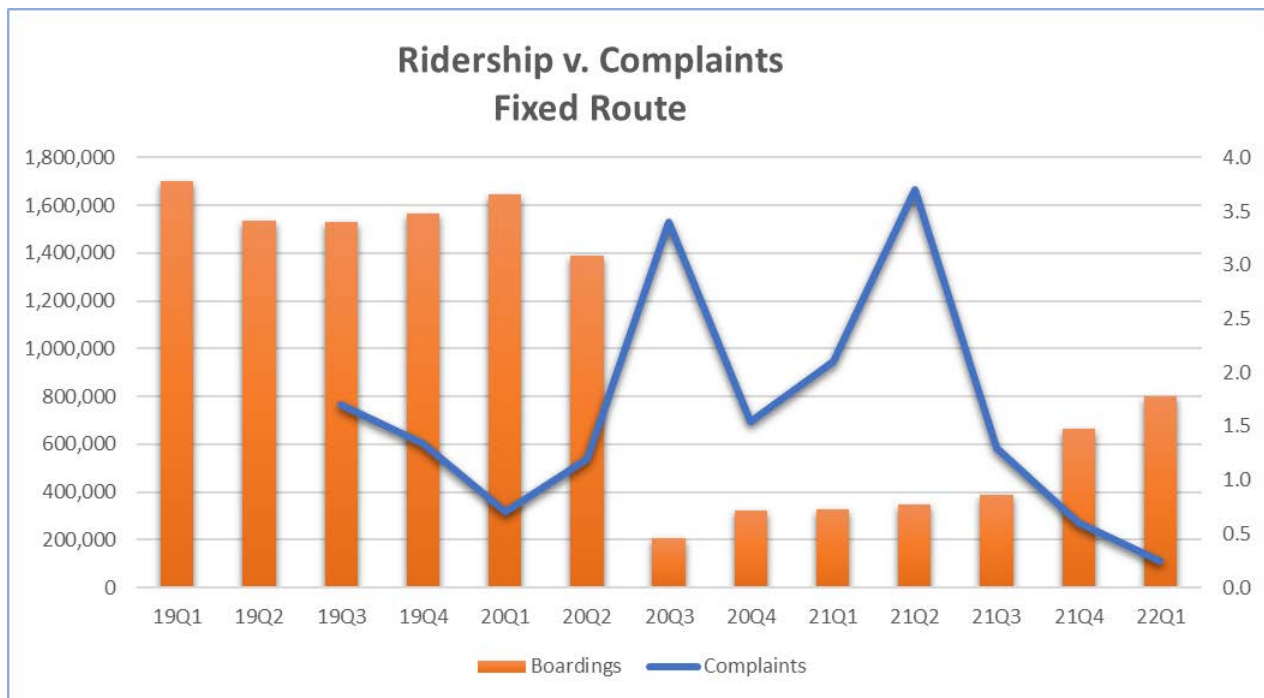


Cost per passenger boarding has decreased 43% since the same quarter last year as passenger volume increases and operational costs stabilize.

Fixed Route Satisfaction, Reliability and Safety

Satisfaction

Customer satisfaction can be evaluated using the number of complaints received by our Customer Service Officer. Complaints have decreased from non-pandemic levels. This could be explained by smaller passenger loads. However, because complaints have also decreased since this same time last year, as passenger numbers have begun to rebound. This leads us to believe that while services levels have changed and ridership has fluctuated, riders have fewer complaints. To illustrate, the following chart graphs both ridership and complaints over time.



Reliability as Measured by On-Time Performance

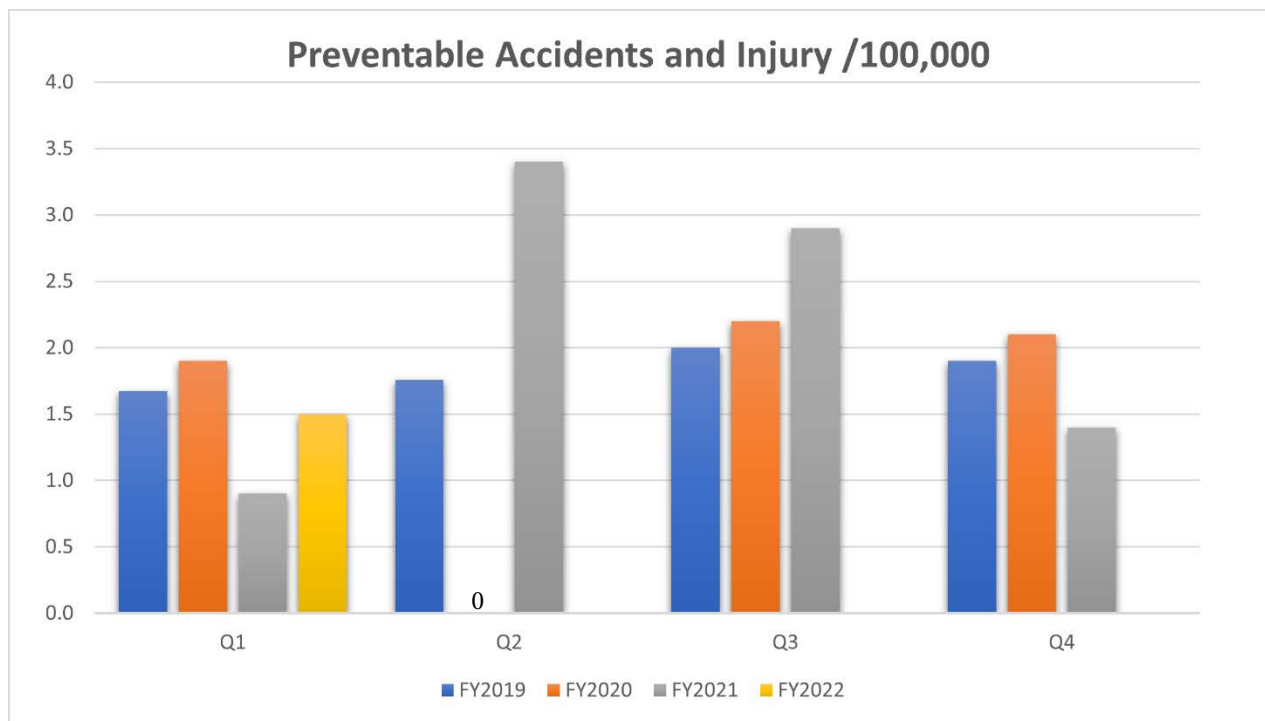
On-Time Performance is used as the measure of reliability for reporting purposes. As of this writing, OTP data from Q1 of 2022 cannot be recovered.

Fixed Route Road Calls as a Measure of Reliability

Upon review of historical data, issues of accuracy and integrity have been discovered. Historic data has not yet been recalculated to allow for a comparison of quarterly information. The NTD definition and requirements have been corrected and we be able to confidently present the data for the “miles between road calls” metric going forward.

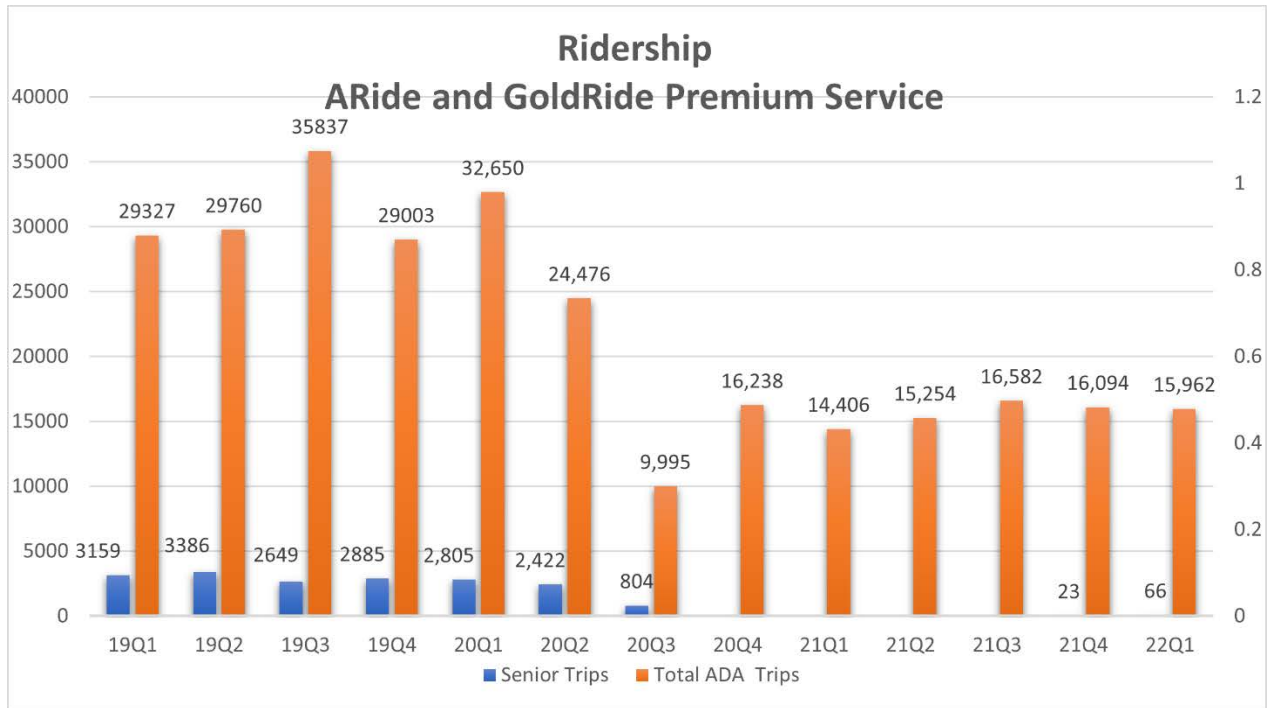
Fixed Route Safety

This metric reports a significant decrease in preventable accidents and incidents in since last year and 2019.



A-Ride: Paratransit Ridership and Costs

The COVID-19 emergency has continued to impact demand for paratransit services. Ridership numbers have improved since this time last year.



The obligation to observe social distancing for medically compromised passengers, was removed on July 1 of 2021. Removal of this restriction allows for shared rides between passengers resulting in a cost savings per boarding. ADA passengers are most likely to continue to modify their travel patterns based on public health concerns as they represent

a vulnerable population. However, many A-Ride passengers use the service for essential and medical trips. Services have somewhat plateaued after reaching the lowest ridership in Q3 of FY2020. The availability of many services virtually may be contributing to the slow return of ridership numbers.

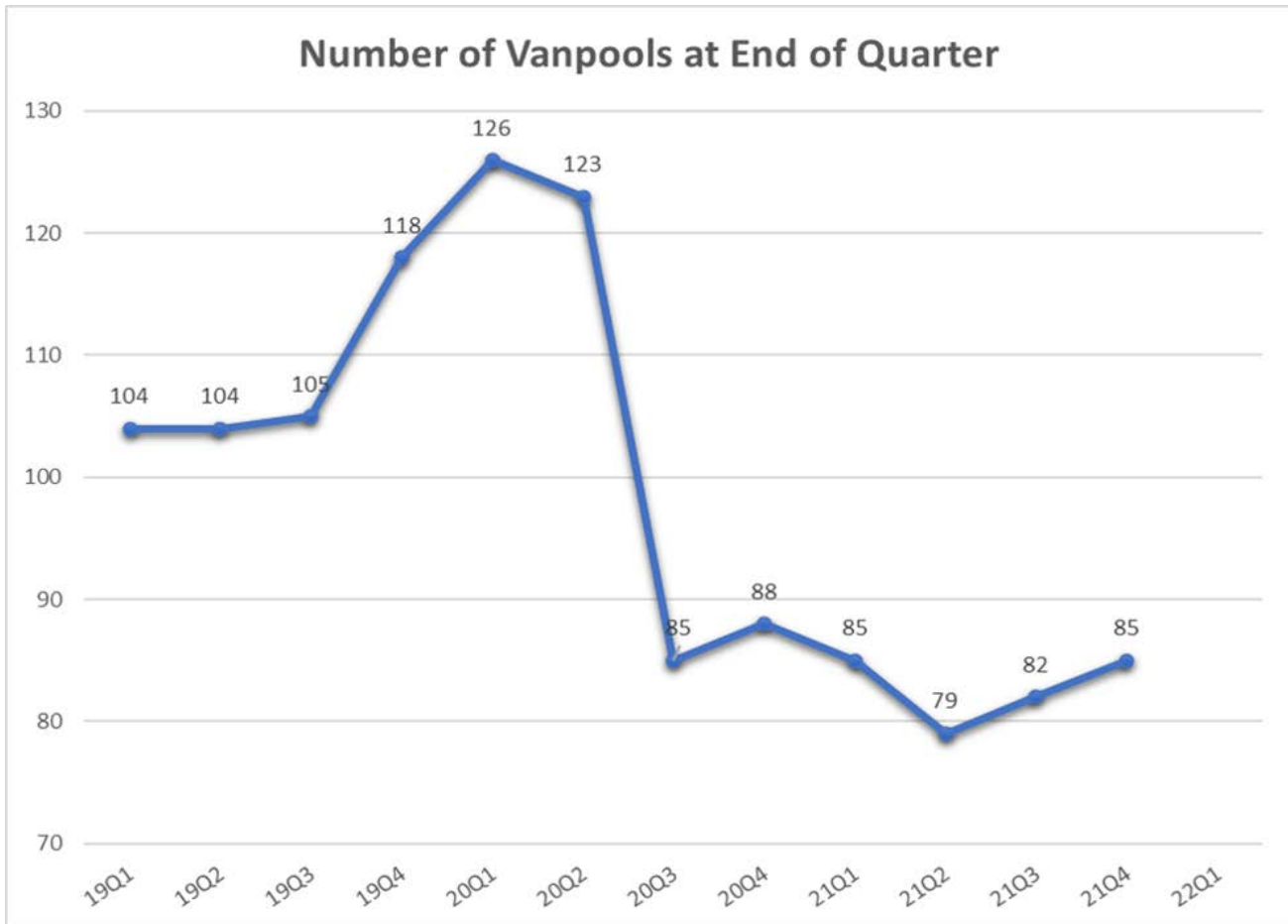
GoldRide On-Demand Services have been returned, though with a significant change in fare. GROD served just 66 passengers in Q1 of FY2022. It should be noted that during this time a completely free on-demand service was offered by AARP. When this service concludes, an increase in GROD service may follow.



When considering A-Ride costs and service, it should be noted that since 2019, the service has undergone considerable transition. First, it was pulled from an outsourced contractor and brought in-house to AAATA in August of 2020. In August of 2021, it was moved again to an outsourced contractor. Costs peaked in Q4 of FY2021 with the start-up costs of the Contractor. It would be reasonable to expect the costs of the program will begin to stabilize now that the contractor relationship is established.

VanRide

At the end of Quarter 1, VanRide data are inaccessible due to technology limitations. Given the current atmosphere of safe social distancing and more work-from-home options, it is fair to assume VanRide has yet to rebound. The pandemic has dramatically changed commuting patterns and modes. Data missing from Q4 FY 2021 Report due to technology issues has been restored.



FlexRide

Since the expansion of the FlexRide Service, the Flex Ride East Service Area has seen a significant increase in use since 2019, 322%. It has declined when compared to the same quarter last year. This drop in use is most likely the restoration of fixed route service in the area. The 17% decline of ridership in the West Service Area can also be attributed to a return of fixed route service. Because the contractor invoices on a per ride basis, declining ridership is reflected in a decreased cost.

D2A2

D2A2 Service was restarted on October 18, 2021, eighteen days into the first quarter of the fiscal year. The service provided 3,645 trips in Q1. This is the first ridership data report. It will be provided in future service reports.

| Fixed Route Measure | FY 2019 Q1 | FY 2021 Q1 | FY 2022 Q1 | Q1 2021 -Q1 2022 | Q1 2019-Q1 2022 |
|--|----------------|----------------|----------------|------------------|-----------------|
| Revenue Miles | 956,655 | 552,018 | 867,231 | 57% | -9% |
| Revenue Hours | 85,043 | 48,081 | 68,291 | 42% | -20% |
| Operational Cost | \$8,051,772 | \$6,753,445 | \$9,485,460 | 40% | 18% |
| Boardings | 1,712,972 | 328,895 | 802,264 | 144% | -53% |
| Boardings/Revenue Hour | 24 | 5.8 | 11.7 | 103% | -67% |
| Cost/Revenue Hour | \$94.68 | \$120.90 | \$138.90 | 15% | 47% |
| Cost/Boarding | \$4.70 | \$20.73 | \$11.82 | -43% | 152% |
| Preventable Accidents Injury/100,000 miles | 1.7 | 0.9 | 1.5 | 67% | -10% |
| On-time Performance | Not Available | 77% | Not Available | | |
| Percent of Passengers on an On-time Bus | 72 | Not Available | Not Available | | |
| Avg Miles Between Road Calls | Under Revision | Under Revision | Under Revision | | |
| Average Age of Fleet | 5 | 5.8 | 7.5 | 29% | 50% |
| Complaints/100,000 Boardings | 15.0 | 2.1 | 0.2 | -88% | -98% |
| Compliments/100,000 Boardings | Not Available | 1.2 | 0.7 | -38% | |
| Finalized financial data for Q1 2022 was not available as of the writing of this report February 15, 2022. | | | | | |

| ARide/ParaTransit Measure | FY 2019 Q1 | FY 2021 Q1 | FY 2022 Q1 | Q1 2021 -Q1 2022 | Q1 2019-Q1 2022 |
|---|---------------|-------------|-------------|------------------|-----------------|
| Revenue Miles | 192,348 | 125,741 | 144,518 | 15% | -25% |
| Revenue Hours | 23,010 | 11,255 | 10,661 | -5% | -54% |
| Operational Cost | \$1,200,131 | \$1,262,598 | \$2,162,030 | 71% | 80% |
| Senior Trips | 3159 | | 23 | | -99% |
| Total ADA Trips | 29327 | 14,406 | 16,094 | 12% | -45% |
| Cost/Revenue Hour | \$52.16 | \$112.18 | \$202.80 | 81% | 289% |
| Boardings/Revenue Hour | 1.54 | 1.28 | 1.28 | 0% | -17% |
| Cost/Boarding | \$33.90 | \$87.64 | \$134.34 | 53% | 296% |
| On-time Performance with 30 Minute Service Window | 97% | 97% | 97% | 0% | 0% |
| Complaints/100,000 | 34.1 | 20.8 | 142.9 | 586% | 319% |
| Compliments/100,000 | Not Available | 20.8 | 18.6 | -10% | |
| ADA Service Denials/ADA Boardings | | | 0.0002 | | |

| VanRide | FY 2019 | FY 2021 | FY 2022 | Q1 2021 -Q1 2022 | Q1 2019-Q1 2022 |
|--------------------------------------|----------------|----------------|----------------|-------------------------|------------------------|
| Measure | Q1 | Q1 | Q1 | | |
| Number of Vanpools at End of Quarter | 104 | 85 | Not Available | | |
| Number of Rider Trips Taken | 59467 | 32,449 | Not Available | | |
| Avg Fuel Cost to Rider | 30.39 | \$31.06 | Not Available | | |
| Avg Monthly Rider Miles | 1102 | 1121 | Not Available | | |
| Federal Subsidy/Rider Trip | 2.97 | \$4.13 | Not Available | | |
| Rider Miles/Gallon | 90.81 | 73.4 | Not Available | | |

| FlexRide | FY 2019 | FY 2021 | FY 2022 | Q1 2021 -Q1 2022 | Q1 2019-Q1 2022 |
|--------------------------------------|-----------------|------------------|------------------|-------------------------|------------------------|
| Measure | Q1 | Q1 | Q1 | | |
| Operational Cost (Contractor) | \$20,661 | \$215,853 | \$154,483 | -28% | 837% |
| East Service Area | 612 | 2913 | 2584 | -11% | 322% |
| West Service Area | 0 | 1569 | 1308 | -17% | |
| Cost/Boarding | \$33.76 | \$48.16 | \$39.69 | -18% | 18% |

| D2A2 | FY 2019 | FY 2021 | FY 2022 |
|-----------------------------|----------------|----------------|----------------|
| Measure | Q1 | Q1 | |
| Number of Rider Trips Taken | | | 3,645 |

FY2021 Q4

Quarterly Satisfaction and Service Report: Glossary of Terms

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

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

Preventable Accidents and Passenger Injuries

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

Miles Between Road Calls

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

On-time Performance

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

Complaints

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

CEO Report

Meeting: Board of Directors

Meeting Date: March 17, 2022

INFORMATION TYPE

Other

OPERATIONAL AND PROJECT UPDATES

THE RIDE 2045 LONG-RANGE PLAN

The third and final round of public engagement is underway for the final draft recommendation for TheRide 2045 Long-Range Plan. The draft recommendations are available for public review and feedback through April 15. More details are available at TheRide.org

MILLAGE AND SERVICE IMPROVEMENT PROPOSAL

Staff announced public comment period for the 2022 Millage and Service Improvement Proposal. Comments are welcomed through April 19. More details are available at TheRide.org

TEMPORARY SERVICE REDUCTIONS REMAIN IN PLACE

Due to low staffing levels, service reductions implemented on January 30 are continued until further notice. While the service reduction is not ideal, it has offered a break to the frontline workers, who were working overtime to fill in for the driver shortages.

FEDERAL MASK MANDATE EXTENDED

On March 10th, the federal Transportation Security Administration extended its mask mandate for public transit until April 18th. The mandate had been set to expire on March 18th. This extension may become problematic as more passengers feel they should not have to wear masks.

DIESEL PRICES INCREASES

Recently general fuel prices have begun a dramatic increase due to the conflicts in the Ukraine. TheRide is also experiencing a sudden increase in diesel fuel prices. Should prices remain high, there is a chance we may exceed budgeted plans for fuel expenses. Should that happen, the federal pandemic relief funds can be used to offset the difference, even if a return to full-service increases fuel us. We do not expect service to customers to be impacted.

Y LOT UPDATE

Ann Arbor City Council had their first readings for the Y Lot development. It was passed by a large majority. Additional council approvals are still required.

TRANSIT SUPPORTIVE ZONING

Ann Arbor City Council are considering implemented the new T1 transit supportive zoning for a large area around the intersection of State Street and Eisenhower Blvd. Should future approvals be forthcoming, higher density developments would be permitted in this area near Briarwood Mall.

CYBER ATTACK RECOVERY

Progress continues to be made to restore internal systems. Our passenger-facing LED and LCD signs will be brought back online once the Clever Devices systems are brought back in house.

LOCAL ADVISORY COMMITTEE(LAC)

The Local Advisory Committee met on March 8th. LAC discussed their recent responses to the Board Ends Policies, as well as options for recruiting future LAC members. Current updates were given on Fixed route and Paratransit services as well.

TRANSPORTATION COMMISSION (ANN ARBOR)

Staff continues to attend the City of Ann Arbor Transportation Commission meetings. Staff will be updating the commission on the TheRide 2045 plan and the millage and service improvement proposal at the March 16th meeting.

WATS POLICY COMMITTEE UPDATE

The February meeting of the Washtenaw Area Transportation Study Policy Committee was canceled. The March meeting is scheduled for March 16th. Notice of the Long-Range Plan and millage proposal will be provided, with full presentations scheduled for April.

STAFFING UPDATE

Recent services reductions are providing respite for many staff. Recruitment is ongoing and multiple positions are available. Two transportation supervisor positions and a facilities technician position have been filled.



2022-2027 Collective Bargaining Agreement with TWU Local 171

Meeting: Board of Directors

Meeting Date: March 17, 2022

| |
|--|
| INFORMATION TYPE: |
| Decision Preparation |
| RECOMMENDED ACTION(S): |
| Approve the tentative agreement on the negotiated union contract between AAATA and TWU Local 171 |
| PRIOR RELEVANT BOARD ACTIONS & POLICIES |
| Historically the Board as formally taken action to approve the negotiated tentative agreement causing the collective bargaining agreement between the Authority and the Union to be fully executed. This action was last taken in July 6, 2017 for the contract which expires March 31, 2022. |
| ISSUE SUMMARY: |
| <p>The AAATA and the Transport Workers Union Local 171 entered into good faith bargaining December 7, 2021 and reached a full tentative agreement on March 16, 2022. In order to fully execute the contract, the tentative agreement must be ratified by the union membership, approved by the International Union, and approved by the AAATA Board of Directors. At the time of this writing, the Union will schedule a ratification vote on March 28, 2022.</p> <p>Negotiations were conducted in a cooperative, professional manner and in an atmosphere that strengthened the working relationship between the parties. The AAATA negotiation team was charged with reaching an agreement that:</p> <ol style="list-style-type: none">1. Controls AAATA's costs in light of structural operating deficit;2. Demonstrates value and efficient stewardship of resources;3. Increases productivity and efficiencies;4. Values the workforce by providing competitive wages and benefits; and5. Maintains positive labor/management relations. <p>This contract meets those objectives. The AAATA utilized new financial forecasting tools and believes that the contract is affordable.</p> |
| BACKGROUND: |
| The Transport Workers Union Local 171 has represented most operational and maintenance employees of AAATA since the late 1980s. The parties have operated under negotiated collective bargaining agreements since that time. The current contract expires March 31, 2022 and in accordance with the terms of that contract, negotiations for a successor contract began in December 2021. |
| IMPACTS OF RECOMMENDED ACTION(S): |
| <ul style="list-style-type: none">• Economic: The tentative contract is affordable through 2026 according to financial forecasts.• Social: Ensures services for riders continue; demonstrates fairness and equity to employees providing that service; exhibits fiscal responsibility with taxpayer/fare payer dollars |

- **Environmental:** NA
- **Governance:** Complies with Board policies 2.2.1, 2.2.2, 2.2.5, 2.3.1, 2.3.2, 2.3.4.1 and 2.4

ATTACHMENTS:

1. Resolution

Resolution 3/2022

Signing of Contract Between

Ann Arbor Area Transportation Authority

And

Transport Workers Union, Local 171

WHEREAS, the collective bargaining agreement (“labor contract”) between the Ann Arbor Area Transportation Authority (“TheRide”) and the Transport Workers Union, Local 171 (“TWU”) expires on March 31, 2022, and

WHEREAS, the TheRide and the TWU negotiated an equitable tentative agreement for a new labor contract effective through March 31, 2026 prior to the expiration of the old agreement, and transit operations have continued awaiting formal approval of the labor contract by all parties, and

WHEREAS, the TWU has indicated it will hold a formal vote of its membership prior to the expiration of the current contract, now therefore

IT IS RESOLVED, Motion to ratify and approve a successor collective bargaining agreement between the Authority and the TWU to include the changes reflected in the tentative agreements reached between the parties, subject to and conditioned on ratification by the Union membership. The AAATA Board of Directors approves and accepts the tentative labor contract and authorizes the Chair of the Board, the Board Secretary, and TheRide’s Chief Executive Officer to sign a labor contract with the TWU for the period of 4 years, through March 31, 2026.

Eric A. Mahler, Chair

March 17, 2022

Jesse Miller, Secretary

March 17, 2022

** Agenda Items 3.2 Presentation given during 3/17 Board meeting was later added to the packet

Proposal Introduction: 2022 Transit Expansion and Millage

March 2022

Agenda

- Overview & Process
- Overview of Initial Proposal
- Timing Considerations
- Next Steps and Timeline
- Board Questions and Discussion



2022 Service & Millage Proposal

- Maintains all AAATA services
- Enhances and expands key services
- For seniors, persons with disabilities or low-incomes, workers and employers, students, those striving for car-free lifestyle
- Advances Board's and community's Goals, aligned with Long Range Plan
- Maximizes state and federal funding

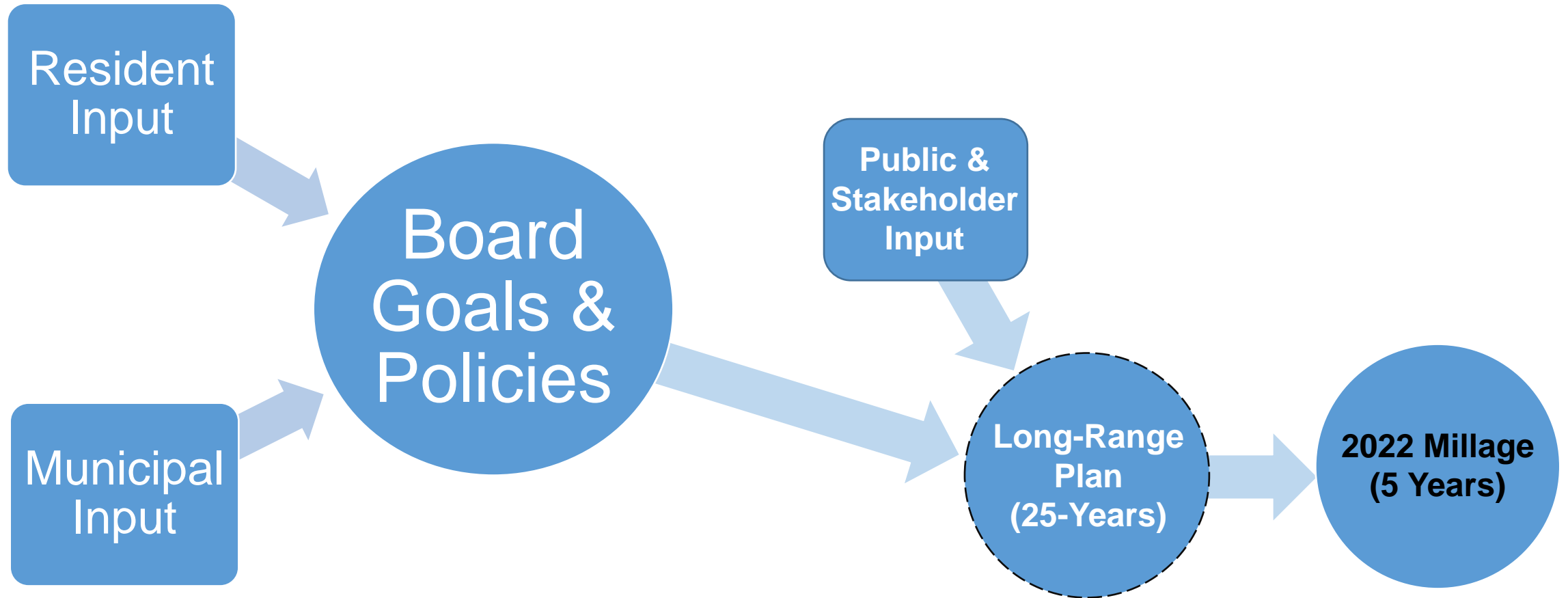


Process for Ballot Measure

- AAATA Board allowed to place ballot measure on election
- CEO prepares initial millage proposal
- Board can accept, change, replace any element
- Board vote on: mill rate, date, ballot language



Proposal Development



Proposal Development

- **Board Goals**

- Social, Environmental, Economic Sustainability
- Grow Transit Ridership

- **Public Documents**

- Ann Arbor: *A2Zero, Trans Master Plan*
- Ypsilanti: *Climate Action Plan, Non-Motorized Plan*
- Ypsilanti Twp: *Master Plan*
- Washtenaw Co: *Relmagine Washtenaw, Opportunity Index, Econ Equity Analysis*
- WATS: *2045 Long Range Plan*



Public & Stakeholder Engagement

- Built from Long-Range Plan involvement
 - Public & stakeholders meetings
 - Virtual meetings
 - On-Line survey
 - Telephone survey
 - 1400+ contacts
- Round 2 (Oct 2021) included four scenarios with mill rates
 - Strong desire for increased services



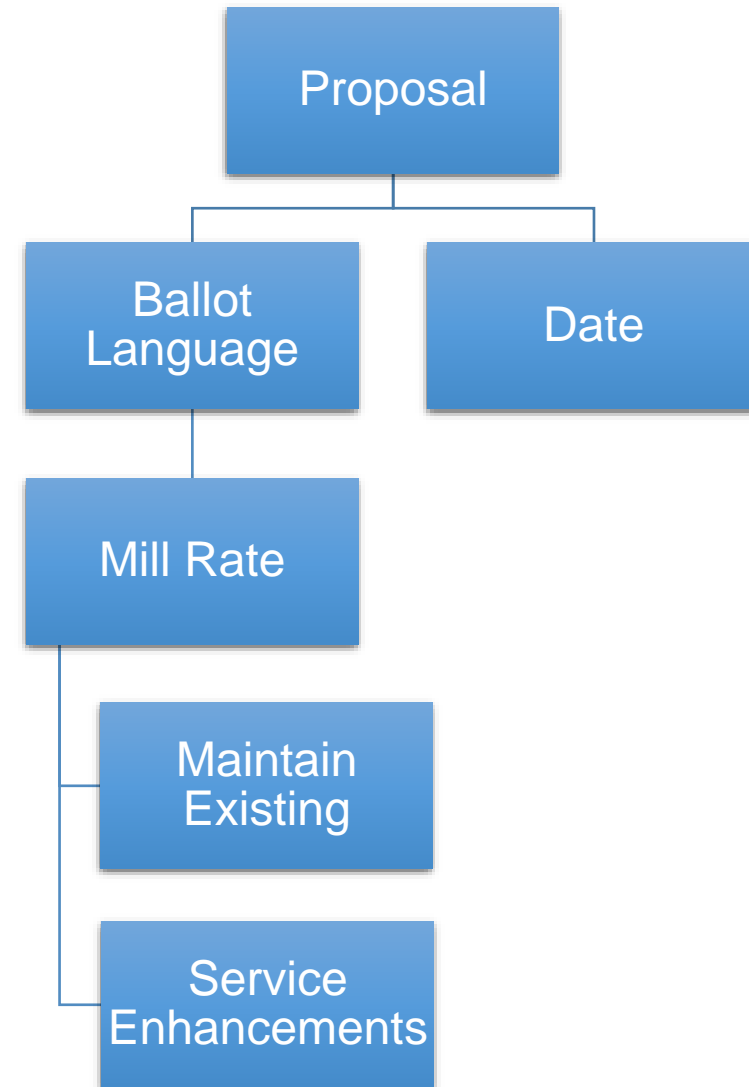
Agenda

- Overview & Process
- Overview of Initial Proposal & Timing Considerations
- Next Steps and Timeline
- Board Questions and Discussion



Proposal Structure

- Ballot language (TBD), mill rate, date
- 10 elements in 2 categories



A. Maintaining Existing Service

Necessary to maintain services:

1. Renewal of Existing Millage
2. Deficit Allowance
3. Inflation Allowance
4. Staffing



B. Service Enhancement Options

Opportunities to enhance services, help community, advance goals

5. Ann Arbor-Ypsilanti Downtown Express
6. Longer Hours of Service
7. Increased Frequency of Service
8. Expand Overnight Service
9. Customer Service Agents (YTC)
10. Funding for Major Capital Projects



5. Ann Arbor-to-Ypsilanti Express

Limited-stop express route along Washtenaw Ave. Departures every...

- Increases speed by 1/3
- Intended to increase social and economic integration of Ann Arbor and Ypsilanti. Brings all opportunities closer together.
- Workers & employers, education, medical, social, housing



6. Longer Hours of Operation, Systemwide

Consistently longer hours of operation

- Today some routes stop or start earlier than others
- Consistent longer hours of evening service, weekend and weekdays
- Earlier Saturday service



7. Increase Weekend Frequency, Systemwide

More buses on the weekends

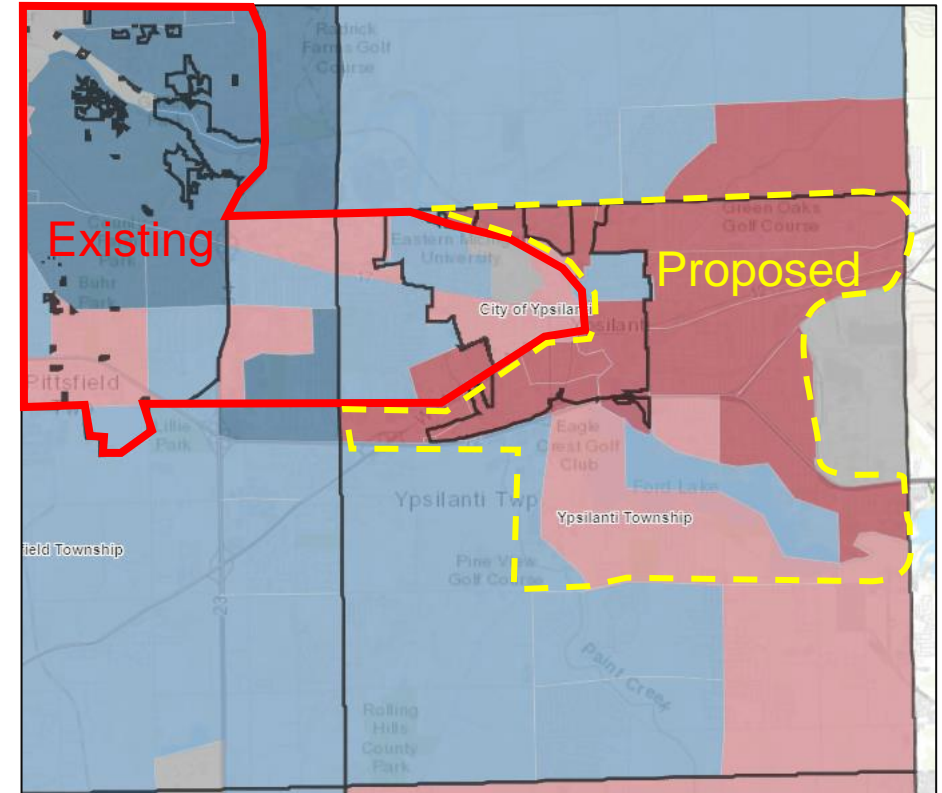
- Increases flexibility and independence
- Frequency = Freedom
- Benefits: seniors, persons with disabilities or low income, car-free lifestyle, workers
- Increases all 60-minute service to every 30-minutes



8. Expand Overnight Service to Ypsilanti, Ypsilanti Township

Add overnight and holiday service

- Presently, overnight service (NightRide) only in Ann Arbor, and parts of Ypsi and Ypsi Twp
- Will expand NightRide to all of City of Ypsi, all of Ypsi Twp north of Textile Road.



9. Customer Service Agents at Ypsi Center

In-person agents at Ypsilanti Transit Center

- Weekdays during regular business hours
- Ypsi Transit Center has not had these staff in years. Ann Arbor does.
- Would allow ticket sales, Q/A, and all equivalent services.
- Bring poor office space up to standards.



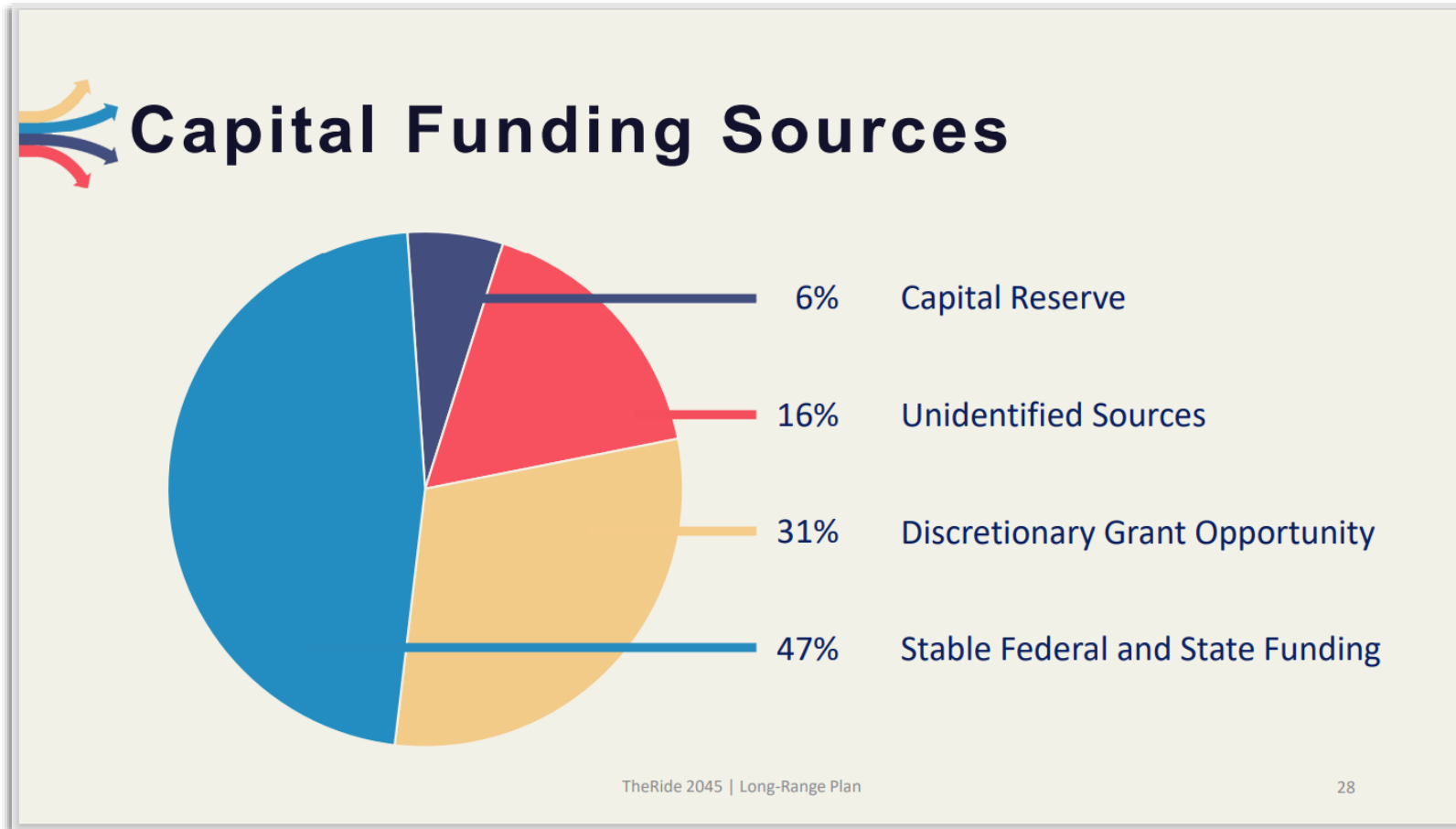
10. Funding Major Capital Projects

Provides capital funding for future investment such as bus rapid transit, zero-emission buses, terminals, garage, etc.

- Federal capital matched by 10-20% State match.
- Use local funds for operations, and redirect federal formula funds to capital



10. Funding Major Capital Projects



**Thank you
Senator
Peters!**

**Earmark for
Ypsi Transit
Center
planning**

\$300,000

Summary Table

| | Annual Cost (Gross)* | | Mill Rate (Net)* | | Cumulative Mill Rate | Start Date ** |
|--|-------------------------|------------------------|---------------------|-----------------------|-------------------------|------------------|
| | \$ | % of Total Costs | Rate | % of Total Rate | | |
| Maintain Existing Services | | | | | | |
| 1. Renewal of existing millage | \$ 5,600,000 | 26% | 0.70 | 29% | 0.70 | Aug 2024 |
| 2. Allowance for deficit | \$ 4,800,000 | 22% | 0.60 | 25% | 1.30 | Aug 2024 |
| 3. Allowance for inflation | \$ 1,280,000 | 6% | 0.13 | 5% | 1.43 | Aug 2024 |
| 4. Additional Staff (9 FTEs) | \$ 940,000 | 4% | 0.09 | 4% | 1.52 | 2023-2024 |
| Service Enhancement Options | | | | | | |
| 5. Ann Arbor-Ypsilanti Express Service | \$ 930,000 | 4% | 0.07 | 3% | 1.59 | Aug 2024 |
| 6. Longer Hours of Operation Systemwide | \$ 1,901,000 | 9% | 0.15 | 6% | 1.74 | Aug 2024 |
| 7. Increase Weekend Frequency Systemwide | \$ 1,996,000 | 9% | 0.14 | 6% | 1.88 | Aug 2024 |
| 8. Expand Overnight Service (Ypsi Twp & Ypsi) | \$ 1,066,000 | 5% | 0.09 | 4% | 1.97 | Aug 2024 |
| 9. Customer Service Agents (Ypsi Transit Center) | \$ 184,000 | 1% | 0.01 | 0% | 1.98 | 2023-2024 |
| 10. Funding Major Capital Projects | \$ 3,200,000 | 15% | 0.40 | 17% | 2.38 | 2024 |
| Totals | \$ 21,897,000 | | 2.38 | | | |

Implementation Timelines

Committed funding facilitates planning

- Funding starts in mid-2024
- New services start August 2024
 - Need time for planning, hiring, training, etc
- Some staff positions may start early



Timing of Referenda

Proposal: August 2022

- Existing millage expires in 2023, cashflow will run out in mid-2024.
- Recommend 2022, with 2023 as fallback
- TheRide can only go to voters once per calendar year.
- Last chance to collect replacement funds in very early 2024.



Timing

August or November: The Calm or the Storm?

- November General Election: Large ballot. Loud, acrimonious election.
 - Numerous high-profile races (Fed House, Gov, local)
 - Numerous ballot measures (6-12)
 - Hard to educate voters
- August Primary Election: Smaller ballot. Less distractions.
 - Primaries (local, state, fed). No other ballot measures.
 - Easier to educate voters



2022 Service & Millage Proposal

- Maintains all AAATA services
- Enhances and expands key services
- For seniors, persons with disabilities or low-incomes, workers and employers, students, those striving for car-free lifestyle
- Advances Board's and community's Goals
- Maximizes state and federal funding



Next Steps

- March 15-April 19th: Public Feedback Open
- March 17th: AAATA Board Discussion
- April 5th: Meetings at Ypsilanti Council, Ypsilanti Twp Board
- April 21st: AAATA Board Discussion and Decision
- May 10: Ballot language due (Aug)



Proposal Introduction: 2022 Transit Expansion and Millage

March 2022