





## 2.5.12 Fare Policy

**Monitoring period: October 1, 2021 - September 30, 2022**

**Finance Committee Meeting Date: September 13, 2022**

**Board Meeting Date: September 28, 2022**

<b>INFORMATION TYPE</b>
Decision
<b>RECOMMENDED ACTION(S):</b>
The Finance Committee recommends that the Board accept the Monitoring Report as B, In Compliance except for items noted (2.5.12.2)
<b>BACKGROUND</b>
Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0).
<b>ISSUE SUMMARY:</b>
<p>This policy was scheduled for submission in September and submitted in the September Board Meeting.</p> <p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> <p>I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="text-align: center;"> <p><b>CEO’s Signature</b></p>  </div> <div style="text-align: center;"> <p><b>Date</b></p> <p>9/6/2022</p> </div> </div>
<b>ATTACHMENTS:</b>
<ol style="list-style-type: none"> <li>1. Monitoring report for Policy 2.5.12: Fare Policy</li> <li>2. Operating &amp; Capital Budget for FY2023 Version 1.0, Draft Budget FY2023</li> </ol>

POLICIES:	Page #	Compliance
2.5.12 The CEO shall not...adjust passenger fares	3	
<p><b>2.5.12.1</b></p> <p>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:</p> <p>A. A clear listing of all proposed fare categories/types and prices, along with supporting information.</p> <p>B. The fare discounts to be provided for low-income residents and other vulnerable populations and rationale for how residents qualify for fare discounts.</p> <p>C. The impact of the proposed adjustment on equity among different fare categories.</p> <p>D. The implication of the proposed fare adjustment on ridership.</p> <p>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.).</p> <p>F. Opportunities that users, residents, Legal Owners, and stakeholders had to provide feedback on the proposed adjustment, the nature of their feedback</p>	3	
<p><b>2.5.12.2</b></p> <p>Let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares.</p>	4	

 Fully Compliant    
  Partially Compliant    
  Non-Compliant

## Preliminary CEO Interpretations and Evidence

**POLICY 2.5.12** The CEO shall not...adjust passenger fares.

**Degree of Compliance: Partially Compliant**

**Interpretation**

This policy is fully interpreted in the sub-policies below.

**Evidence**

Evidence of compliance with sub policies below provides evidence of compliance with this policy.

**POLICY 2.5.12.1**

The CEO shall not...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 adjustment, the nature of their feedback, and how their feedback has been addressed.

**Degree of Compliance: Compliant**

**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.

**Evidence**

**Source of data:** Internal documents

**Date of data collection:** 8/30/2022 as verified by the CEO

**Data:**

During the monitoring period there have been no staff proposals to change fares and there is no recommended change to fares in the FY2023 Draft Budget. Reference Section 8.4 Fares (pp. 46-48) which demonstrates that fares have not changed from previously approved prices and are not proposed to change in the FY2023 Budget.

**POLICY 2.5.12.2** The CEO shall not...let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares.

**Degree of Compliance: Not Compliant**

**Interpretation**

I understand this policy to mean that if fares are to be changed, the CEO will work to make the public aware of the impending change before it occurs.

Compliance will be demonstrated when public notice about the impending change is provided at least 30 days prior to the implementation of the change (although this may be suspended during emergencies). While public notice methods may evolve, they will at least include: prominent hardcopy notices posted at terminals and in buses, and notice on the AAATA website. Other methods may also be employed.

**Evidence**

**Source of data:** Internal Records

**Date of data collection:** 8/30/2022 as verified by the Deputy CEO, Finance and Administration

**Data:**

During the monitoring period, fare changes were approved by the Board on September 23, 2021. Due to internal delays, the implementation of the fare change was deferred until August 2022. Then only 26 days advanced notice was provided to the public. For this reason, the CEO is reporting non-compliance with the element of the interpretation that requires 30-days notice. All other elements of the interpretation were met. This incident of past non-compliance cannot

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be corrected. Instead, staff will learn from this error to ensure *future* fare changes comply with the 30-day requirement.

An official press release was issued on August 4, 2022 (to avoid the August 2 millage referendum) where the effective date of the fare changes (August 28, 2022) was announced. The public was notified of the effective date of the change continuously through the month of August 2022 via the following channels:

- Prominent hard copy notices were posted on buses, at terminals, and the Dawn Gabay Operations Center,
- All social media channels,
- TheRide.org,
- Customer service representatives verbally advised passengers during ticket sales.

While the public may remember public meetings held in June 2021 and budget discussions in September 2021 where the decision to change the fare was made, those discussions do not count as the notice of the new fares taking effect.

**Policy Trendline**

Policies	FY 21	FY 22
2.5	2	3
2.5.1	2	3
2.5.12	2	2
2.5.12.1	2	3
2.5.12.2	n/a	1

Legend	
<b>1</b>	Policy is not compliant
<b>2</b>	Policy is partially compliant
<b>3</b>	Policy is fully compliant

The policy trends for this policy are as shown below. The trendline for FY 22 is not final and is dependent on the Board’s decision on September 28, 2022.

**CEO Notes**

## Board's Conclusion on Monitoring Report

### 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 after monitoring the report.

Following the Board's review and discussion with the CEO, the Board finds that the CEO:

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

### Board's notes (where applicable)

**The Board found the CEO to be (B) in compliance, except for item noted (2.5.12.2).**