

Board of Director’s Meeting Agenda

Meeting Date/Time: September 19, 2024 - 6:30pm – 9:00pm

Location: Ann Arbor District Library (4th Floor)

Virtual attendance available via [Zoom](#) Passcode: 983308

Members: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, Julie Grand, Monica Ross-Williams, Susan Pollay, Kyra Sims

Agenda Item	Info Type	Details	Page #
1. OPENING ITEMS			
1.1 Approve Agenda	D	Mozak	
1.2 Public Comment	O		
1.3 General Announcements	O		
2. CONSENT AGENDA			
2.1 Board Meeting Minutes July 18, 2024	D		3
2.2 Board Meeting Notes August 15, 2024	D		10
2.3 Committee Meeting Summaries (July & August)	D		13
3. OWNERSHIP LINKAGE			
3.1 Open Dialogue Task Force Updates	O	Chang	Verbal
4. MONITORING			
4.1 Asset Protection (2.7)	M	Carpenter	29
5. POLICY			
5.1 Budget Discussion & Approval	O	Carpenter	54
5.1.1 Public Hearing	D	Mozak	Verbal
5.1.2 Financial Planning & Budgeting (2.4)	M	Reed	55
5.1.3 Fare Policy (2.5.12)	M	Reed	77
5.1.4 FY2025 Budget Presentation & Approval	D	Reed	92
5.2 Policy Language Discussion (2.4, 2.5.12)	O	Mozak	Verbal
6. BOARD EDUCATION / DISCUSSION			
7. OPERATIONAL UPDATES			
7.1 Q3 Service Report	O	Brooks	99
7.2 CEO Report	O	Carpenter	107
8. EMERGENT ITEMS			
8.1 Officer Elections	D	Mozak	111
9. CLOSING ITEMS			
9.1 Action Item Recap	O	Carpenter / Holt	
9.2 Topics for Next Meetings Budget Presentation Treatment of Staff (2.2) Construction (2.10) Future: Training/Discussion on Reasonableness		Thursday, October 17, 2024	
9.3 Public Comment	O		
9.4 Adjournment			

* M = Monitoring, D = Decision Preparation, O = Other

Budget Book pg. 112
Budget PPT pg. 178

If additional policy development is desired:

Discuss in Board Agenda Item 3.0 Policy Monitoring and Development. It may be appropriate to assign a committee or task force to develop policy language options for board to consider at a later date.

Emergent Topics

Policy 3.1.3 places an emphasis on distinguishing Board and Staff roles, with the Board focusing on “long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.” Policy 3.1.3.1 specifies that that Board use a structured conversation before addressing a topic, to ensure that the discussion is appropriately framed:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value [principle] that drives the concern?
3. Whose issue is this? Is it the Board’s [Policy, 3.0 and 4.0] or the CEO’s [running the organization, 1.0 and 2.0]?
4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?

Board of Director’s Meeting Minutes

Meeting Date/Time: July 18, 2024 - 6:30pm – 9:00pm

Members Present: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Chris Allen, Simi Barr, Rich Chang, Julie Grand

Members Absent: Kyra Sims (Excused), Susan Pollay (Excused), Monica Ross-Williams

Location: Riverside Arts Center, Ypsilanti (4th Floor)
Virtual attendance available via Zoom Passcode: 983308

Chairwoman Mozak called the meeting to order at 6:30pm

Agenda Item
1. OPENING ITEMS
<p>1.1 Approve Agenda</p> <p>Chairwoman Mozak requested the addition to the agenda of 8.1 CEO Employment Agreement under Emergent Items. No other changes were noted.</p> <p>Mr. Chang motioned to approve the amended agenda, seconded by Mr. Miller.</p> <p>All in favor of approving the amended agenda:</p> <ul style="list-style-type: none"> Mr. Mike Allemang: Yes Mr. Chris Allen: Yes Mr. Simi Barr: Yes Mr. Rich Chang: Yes Mr. Jesse Miller: Yes Chairwoman Kathleen Mozak: Yes <p>The motion to approve the amended agenda passed unanimously.</p> <p>1.2 Public Comment</p> <p>Robert Pawlowski congratulated TheRide on the recent announcement that the FDA was awarding the organization a \$25M grant to invest in sustainable transportation.</p> <p>Jim Mogensen noted the extensive information related to policy governance in the board meeting packet and expressed concerns related to the amount of time the Board spends on policy report details.</p> <p>1.3 General Announcements</p> <p>1.3.1 Low-No Grant Success</p> <p>Mr. Carpenter shared an overview of the recent July 9th visit from Ms. Veronica Vanterpool the acting Administrator of the Federal Transit Administration and the</p>

announcement that the organization had been awarded a \$25M Low-No Grant. The grant funding will be used to purchase two hydrogen fuel cell buses, one fueling station and around a dozen hybrid buses. He thanked the Biden/Harris administration and FTA for the grant awarding, Congresswoman Debbie Dingell, Senator Gary Peters and others who wrote letters of support, staff members who participated in the logistical details for the grant submission and the Board who had accepted the CEO's recommendation proposal in January.

*** Ms. Grand joined the meeting at 6:37 pm.*

2. CONSENT AGENDA

2.1 Board Meeting Minutes June 20, 2024

2.2 Committee Meeting Summaries

2.3 FY25 Committee / Board Meeting Dates

Mr. Allemang motioned to accept the Consent Agenda, seconded by Mr. Barr.

All in favor of accepting the Consent Agenda:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the Consent Agenda passed unanimously.

3. OWNERSHIP LINKAGE

3.1 Open Dialogue Task Force Updates

Mr. Chang shared that he and Mr. Carpenter were meeting in August to discuss next steps for the task force.

4. MONITORING

4.1 Governance Process Policies (3.0-3.4)

Chairwoman Mozak discussed survey results for the monitoring of the Board's Governance Process Policies (3.0-3.4). Survey results were positive overall, and she called attention to two respondents for 3.1 Governing Style who both noted areas there were areas of improvement needed.

4.2 Update: CEO Approach to Reports

Mr. Carpenter shared that Board members had noted areas for improvement with monitoring reports and Governance coach Sue Radwan had provided several suggestions for improving the reports. He and staff will now use interim targets to measure progress and when targets are not met, an explanation will now be provided within monitoring reports. The monitoring reports will also be cross-referenced to the Business Plan for means.

Ms. Radwan fielded questions from Board members related to the interpretation / verification of evidence within reports. They also discussed the benefit of creating benchmarks for determining reasonableness. Board members also discussed the incorporation of interim targets into upcoming monitoring reports.

4.3 Environmental Sustainability (2.11)

Mr. Carpenter shared an overview of the draft Environmental Sustainability Policy (2.11) and noted this was the first time it had been monitored as it was newly created in 2023. The monitoring report focused on setting targets / projections for compliance as determining specific methodological tools for compliance measurement had been challenging.

Chairwoman Mozak led a robust Board discussion on the metrics that had been used within the report and data redundancies from the CEO.

Mr. Allen motioned to accept the draft report as (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, seconded by Mr. Chang.

All in favor of accepting the Environmental Sustainability (Policy 2.11) monitoring report as (A):

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the draft Environmental Sustainability (Policy 2.11) monitoring report as (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, passed unanimously.

5. POLICY

5.1 Policy Language Discussion (2.11)

Board members discussed the policy language for Environmental Sustainability and if the language was too complex for setting reasonable expectations for measurement and compliance.

Mr. Miller suggested the Service Committee evaluate policy 2.11 as a potential Ends policy and then once that has been established, report back to the Board and then reassess the Executive Limitations.

Chairwoman motioned to have the Service Committee evaluate policy 2.11 as a potential Ends policy and then once that has been established, report back to the Board and then reassess the Executive Limitations, seconded by Mr. Miller.

All in favor of accepting the motion to have the Service Committee evaluate policy 2.11 as a potential Ends policy and then once that has been established, report back to the Board and then reassess the Executive Limitations:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Chairwoman Kathleen Mozak: Yes

The motion to have the Service Committee evaluate policy 2.11 as a potential Ends policy and then once that has been established, report back to the Board and then reassess the Executive Limitations passed unanimously.

5.2 Safety Policy

Mr. Miller provided an overview of Board discussions from last month related to wording for a proposed Safety Policy. The Service Committee met in July to discuss and determine the language proposal to bring back before the board. Mr. Miller did not attend the July Service Committee meeting but suggested the Board might consider enhancing the proposed policy to include wording that stated public transportation services are safe.

Board members discussed the proposed policy language and Ms. Radwan noted that the additional language might move the proposed policy placement out of the Ends policies. After a robust discussion the Board determined the proposed language to bring as a motion for acceptance.

Mr. Miller motioned to accept proposed policy 1.1.3: *Riders and prospective riders perceive public transportation services as safe*, seconded by Mr. Chang.

All in favor of accepting accept proposed policy 1.1.3:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept proposed policy 1.1.3: *Riders and prospective riders perceive public transportation services as safe* passed unanimously.

Policy 1.1.3 will be added to the Board Policy Manual.

Chairwoman Mozak reminded Board members that the Ends policies would be reviewed in 2025 as part of a several year policy review timeline.

6. BOARD EDUCATION / DISCUSSION

7. OPERATIONAL UPDATES

7.1 YTC Updates

Gretchen Johnson provided a presentation of recent YTC Planning updates ([Board Packet, pg. 96](#)). In the presentation she shared that staff and Ypsilanti City Council have identified a preferred option for the facility location. The project team will continue their environmental review, finalize site concepts and provide public engagement opportunities fall/winter 2024-2025.

Ms. Johnson fielded various questions from Board members and noted that the project team welcomes any additional feedback.

7.2 Business Plan

Mr. Carpenter shared that several updates had been made to the Business Plan and was ready to be utilized by the Finance Department as they utilize it for the annual budget.

7.3 Draft Budget Preview

Ms. Reed shared the draft budget preview presentation ([Board Packet, page 112](#)). She highlighted that the draft budget is balanced and within the preview, Board members provided preliminary projected operating revenues and expenses and budget assumptions. She summarized that the organization will be operating full-service levels, have a full year of millage services, no fare changes, with a balanced budget and funded capital projects.

Upon the conclusion of her presentation, she answered Board questions related to long-range capital plans and the capital reserve, federal operating assistance projections and overall transportation funding.

7.4 Advocacy Agenda

Mr. Pfeifer thanked Board members for their feedback and comments on the initial draft of the Advocacy Agenda. He shared the revised version and noted several updates that had been made in the finalized version. He also noted that the agenda is a living document and periodic updates / revisions will be made in the future.

7.5 CEO Report

Mr. Carpenter shared brief highlights from the CEO report, noting that many staff had participated in local 4th of July parades.

Mr. Pfeifer shared updates on the State Executive Budget and impacts to transportation funding.

Mr. Carpenter also noted that the long-time MPTA Executive Director will be retiring, and the new Executive Director may bring about greater statewide engagement opportunities with other transit agencies.

8. EMERGENT ITEMS

8.1 CEO Employment Agreement

Chairwoman Mozak shared that Mr. Carpenter's CEO employment agreement will be expiring and he has agreed to enter into discussions to renew his contract. The Board must approve the Governance Committee entering into Employment Agreement discussions to renew Mr. Carpenter's CEO Agreement which expires May 31, 2025.

Mr. Chang motioned to approve the Governance Committee entering into Employment Agreement discussions to renew Mr. Carpenter's CEO Agreement, seconded by Mr. Allen.

All in favor of approving the Governance Committee entering into Employment Agreement discussions to renew Mr. Carpenter's CEO Agreement:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Chairwoman Kathleen Mozak: Yes

The motion to approve the Governance Committee entering into Employment Agreement discussions to renew Mr. Carpenter's CEO Agreement to adjourn the meeting passed unanimously.

9. CLOSING ITEMS

9.1 Action Item Recap

FY25 Committee/Board meeting calendar invites will be created/sent to Board members, Mr. Chang and Mr. Carpenter will be meeting to discuss ownership linkage next-steps, Environmental Sustainability policy was accepted and the Service Committee will be reviewing policy language further, the new Safety Policy was approved and the policy manual will be updated and sent out.

9.2 Topics for Next Meetings

Draft Budget
FY24 Q3 Financial Report
Treatment of Staff (2.2)
Asset Protection (2.7)
Falls on Buses
Future: Training/Discussion on Reasonableness

9.3 Public Comment

Robert Pawlowski commented that he'd like to see the utilization of grant funding for more investment in BRT routes and continued discussions on overall service enhancements. He has many suggestions for improving current routes, including Route 4 which is an especially busy route, and is available for further discussions with staff.

9.4 Adjournment

Mr. Miller motioned to adjourn the meeting, seconded by Mr. Barr.

All in favor of adjourning the meeting:

Mr. Mike Allemang: Yes
Mr. Chris Allen: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Ms. Julie Grand: Yes
Mr. Jesse Miller: Yes
Chairwoman Kathleen Mozak: Yes

The motion to adjourn the meeting passed unanimously.

Chairwoman Mozak adjourned the meeting at 9:55 pm.

Respectfully Submitted by Deborah Holt

DRAFT

Board of Director’s Meeting Notes

Meeting Date/Time: August 15, 2024 - 6:30pm – 9:00pm

Location: Ann Arbor District Library (4th Floor)

Virtual attendance available via Zoom

Members Present: Kathleen Mozak (Chair), Mike Allemang (Treasurer), Jesse Miller (Secretary), Julie Grand

Members Absent: Chris Allen (EA), Simi Barr (EA), Rich Chang (EA), Monica Ross-Williams, Susan Pollay (EA), Kyra Sims (EA)

Chairwoman Mozak called the meeting to order at 6:30 pm

Agenda Item
1. OPENING ITEMS
<p>Chairwoman Mozak stated that there was an absence of a quorum present (6 members) – therefore no actions or decisions would be made. Attending members would still review and informally discuss agenda items.</p> <p>1.1 Approve Agenda</p> <p style="padding-left: 20px;">No changes noted to the agenda.</p> <p>1.2 Public Comment</p> <p style="padding-left: 20px;">No public commenters.</p> <p>1.3 General Announcements</p> <p style="padding-left: 20px;">Chairwoman Mozak thanked Mr. Allemang and Mr. Allen for agreeing to participate on the Audit Procurement Task Force.</p>
2. CONSENT AGENDA
<p>2.1 Board Meeting Minutes July 18, 2024</p> <p>2.2 Committee Meeting Summaries</p> <p style="padding-left: 20px;">Since a quorum was not present, a motion/voting on the approval of the Consent Agenda was tabled until the September 19, 2024 Board Meeting.</p>

3. OWNERSHIP LINKAGE

3.1 Open Dialogue Task Force Updates

No updates were provided.

4. MONITORING

4.1 Asset Protection (2.7)

Mr. Carpenter provided an overview of the Asset Protection monitoring report and highlighted non-compliance for policy 2.7.2 – staff found the organizational name and logo were not trademarked. The timeline for compliance completion is by the next monitoring period. Monitoring report survey responses were positive.

After reviewing, the Finance Committee recommended the Board accept the monitoring report as (B). Since a quorum was not present, a motion/voting to accept the monitoring report was tabled until the September 19, 2024 Board Meeting.

5. POLICY

5.1 Policy Language Discussion (2.7)

The policy language discussion will take place at the September 19, 2024 Board Meeting.

6. BOARD EDUCATION / DISCUSSION

7. OPERATIONAL UPDATES

7.1 FY24 Q3 Financial Report

Ms. Reed presented the FY24 Q3 Financial Report – revenues and expenses are trending favorable with a surplus that will help cushion the projected expense increases for the 4th quarter. Pandemic relief funds have been fully depleted.

7.2 Draft Budget Presentation

Ms. Reed presented the FY25 draft budget ([Board packet, pg. 124](#)) which is projected to be balanced with \$68.8M in revenues and \$67.3M in expense. Highlights include operating full-service levels, a full year of millage services, no fare changes, balanced budget and funded capital projects.

Ms. Reed fielded several questions related to funding for future capital projects and the state of current bus order fulfillments. Questions/comments related to the budget can be made online and Board member input will be compiled and directly answered by Ms. Reed.

~~7.2.1 Public Hearing Regarding Budget~~

Public hearing has been moved to the September 19, 2024 Board Meeting agenda.

7.3 Falls on Buses

Yvette Washington, Manager of Bus Operations, presented an overview of data pertaining to falls on buses and additional training procedures that have been adopted to help reduce slip/fall instances. Slip/falls for the organization are well below the national average and staff have implemented a “Kneel and Wait” campaign as an additional training resource for MCO’s.

Ms. Washington fielded several Board member questions related to “Kneel and Wait” impacts to on-time performance and data gathering for slips/falls.

7.4 CEO Report

Mr. Carpenter shared the remainder of the millage service increases are being implemented with staff man-power being monitored.

Mr. Pfeifer shared recent community engagement events with “Touch a truck” at Ypsilanti Community High Schools and the upcoming Park Ridge Summer Festival in Ypsilanti. There are two remaining weekends of free rides for those who show a valid Ypsilanti District Library or Ann Arbor District Library card.

Mr. Carpenter also shared of DDOT’s recent union contract settlement which will have positive impacts.

8. EMERGENT ITEMS

9. CLOSING ITEMS

9.1 Action Item Recap

The Consent Agenda, Asset Protection monitoring report approval, and the Budget Public Hearing will be added to the September 19, 2024 Board Meeting agenda.

9.2 Topics for Next Meetings

Budget Presentation
Treatment of Staff (2.2)
Fare Policy (2.5.12)
Financial Planning & Budgeting (2.4)
Public Hearing Regarding Budget
Future: Training/Discussion on Reasonableness

9.3 Public Comment

No public commenters.

9.4 Adjournment

Chairwoman Mozak thanked the Board members and staff and closed the meeting at 7:42 pm.

Respectfully Submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, July 25, 2024 – 9:00am-11:00am

Members Present: Kathleen Mozak (Chair), Mike Allemang, Jesse Miller, Rich Chang

Staff: Matt Carpenter, George W. Brooks, Dina Reed, Forest Yang, Jeff Pfeifer, Kevin Zelazny

Location: REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 9:05 am

Agenda Item
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval)</p> <p>Chairwoman Mozak switched the order of 3.0 Policy Monitoring Development and 4.0 Strategy & Operational Updates: CEO. No other changes were noted.</p> <p>1.2 Communications</p> <p>Mr. Miller shared a story about financial audits.</p>
2. BOARD DEVELOPMENT
<p>2.1 Recruitment / Training / Attendance</p> <p>Chairwoman Mozak shared recent updates related to meeting with a community member who had expressed interest in future board participation. While there are no current board openings, she positively noted the board experience and talent of this community member for future consideration.</p> <p>2.2 Task force Coordination (ODTF)</p> <p>Mr. Chang has been working on the policy and gotten it to a draft stage. He is also working on the next steps with ODTF outreach planning and progress.</p>

2.3 Board Budget

Committee members reviewed a proposed FY 25 board budget - it was noted that the budget had been increased last year but overall spending had decreased. Ms. Reed fielded questions related to the budget process. The committee will continue the discussion at their August meeting.

2.4 Governance Consultant Discussion

The committee reviewed and discussed the expectations of the governance consultant, expressing challenges and the need for clearer expectations. This led to a discussion about making policies for consultant engagement.

2.5 Training / Discussion on Reasonableness

The committee reviewed the expectations of the governance consultant, identifying the need for clearer guidelines. A discussion followed about establishing policies for consultant engagement and restructuring the consultant's points on reasonableness to better align with core values. A follow-up with the consultant will be scheduled to refine these points before the next committee meeting.

3. POLICY MONITORING & DEVELOPMENT

3.1 Recap of Survey Response Changes (3.0)

Mr. Miller stated that ambiguity in compliance definitions could cause uncertainty for board members. He proposed that compliance be defined as the absence of evidence of noncompliance.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 August Service Rollout

Mr. Carpenter provided the committee with an update on staffing and August service changes.

4.2 Sensitive Subjects from CEO

The CEO gave a high-level view of news and topics for the board.

5. CLOSING ITEMS

5.1 Committee Agendas

Service Committee – Mr. Miller requested to have environmental replace with safety policy 2.1 will be changed to safety with a return to sustainability – no other changes were noted for the Service Committee agenda. Mr. Carpenter requested August service update from staff

Finance Committee – Mr. Allemang noted no additions or changes to the agenda.

Board Meeting – no additions or changes to the agenda.

5.2 Action Item Recap

Financial audit information shared

Mr. Chang - Task force Coordination (ODTF) – Review DRAFT document.

August Governance Committee - Discuss cost for 3 board members to attend boot camp.

August Governance Meeting decision to be taken to the Board in September on budget recommendation.

Governance consultant expectations.

Mr. Miller – put together issue brief of survey questions for next governance committee.

August service changes to be updated as information becomes available.

5.3 Topics for Next Meeting

Draft Budget

UM 2050

Equity

Future: Parliamentary Procedure, Park & Ride

5.1 Adjournment

Chairwoman Mozak thanked the Committee and staff and adjourned the meeting at 11:04 am.

Respectfully Submitted by Kevin Zelazny

Service Committee Meeting Notes

Meeting Date/Time: July 30, 2024, 9:00am – 11:00am

Members Present: Jesse Miller (Chair), Simi Barr, Susan Pollay

Members Absent: Rich Chang (EA)

Staff: Dina Reed, Forest Yang, George Brooks, Jeff Pfeifer, Rosa-Maria Kamau, Deb Holt

Location: REMOTE – Via Zoom

Mr. Miller called the meeting to order at 9:02 am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes were noted.</p> <p>1.2 Communications</p> <p>No new communications.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Safety Policy Pt 2 (Executive Limitation)</p> <p>Mr. Miller thanked the committee for their work in creating a new Ends policy for Safety. He and the committee then discussed how the initial concerns related to safety had stemmed out of public concerns about police presence at facilities. They discussed the values and goals of safety. Policy Governance consultant Sue Radwan joined the discussion and noted the Board might create a shared value statement around safety and policing to be a filter for new policy creation. Mr. Miller recommended the committee continue to consider this topic of conversation and requested more information from Ms. Radwan related to ownership linkage ideas related to community values/interest</p>
<p>3. STRATEGY & OPERATIONAL UPDATES: CEO</p> <p>3.1 Draft Budget Review Update</p> <p>Ms. Reed shared updates on the process of the 1st draft of the FY2025 Budget. The Budget is projected to be balanced with a small surplus and will also include long-term budget projections. The Finance Committee will review the 1st draft at their August 6th meeting and the Board will receive a more in-depth presentation at the August 15th Board meeting. She noted that Board questions/feedback will be received and answered individually.</p>

3.2 Falls on Buses

Mr. Brooks presented an overview of data findings related to falls on buses and additional MCO training that has been implemented. He noted that a concerned rider had shared their experiences during public comment at the March Board meeting which prompted an in-depth review of safety practices, and comparisons to industry standards. He shared that slip/falls were well below national average and staff have implemented a “Kneel and Wait” campaign to observe/evaluation/coach/mentor MCO’s for continued safety.

He fielded questions from the committee on how slip/fall data is collected and reviewed, where slip/falls occur and reliability of video feeds.

3.3 August Service Updates

Mr. Brooks provided the committee with an update on service expansions in August. Recent staffing shortages brought about an opportunity for evaluation / assessment of how schedules are developed and MCO’s are recruited/hired. HR and Community Relations are working together on recruitment strategies. August service expansions will still be implemented as planned with expectations managed carefully.

4. CLOSING ITEMS

4.1 Action Item Recap

Continue Safety Policy Discussion at next meeting.
Update on millage service rollouts

4.2 Topics for the Next Meeting

Treatment of Staff (2.2)
Q3 Service Report
Draft Budget Review
Safety Policy Pt 2 (Executive Limitation)
Millage Services updates

4.3 Adjournment

Mr. Miller thanked the committee and staff and adjourned the meeting at 10:40am.

Respectfully Submitted by Deborah Holt

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, August 6, 2024, 3:00pm – 5:00pm

Members Present: Mike Allemang (Chair/Treasurer), Chris Allen, Julie Grand

Members Absent: Kyra Sims (EA), Monica Ross-Williams

Staff: Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Jeff Pfeifer, Andy Huber, Deb Holt

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:11 pm.

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes to the agenda.</p> <p>1.2 Communications</p> <p>No new communications.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Asset Protection (2.7)</p> <p>Mr. Carpenter provided an overview of the Asset Protection monitoring report with a notation of non-compliance under policy 2.7.2 as it was noted that the organizational name and logo are not trademarked. Compliance is set by the next monitoring period. He also reviewed survey comments from board members with overall positive responses.</p> <p>Committee members were in agreement to recommend that the Board accept the report as (B) with compliance for policy 2.7.2 to be made within the next reporting period.</p>
<p>3. STRATEGY AND OPERATIONAL UPDATES</p> <p>3.1 Q3 Financial Report</p> <p>Ms. Reed provided an overview of 3rd quarter highlights – the organization operated within budget with an \$8M surplus of revenue over expenses. Expenses were \$5.8M lower than projected due to unfilled positions and the 4th quarter is expected to reflect higher expenses as positions are fully staffed. Investments are stable, cash flow is adequate to cover expenses with Q3 ending at \$48.4M in cash and investments.</p>

3.2 Draft Budget

Ms. Reed shared the draft budget and noted that information within the draft budget document is consistent with earlier budget process projections. The draft budget provided detailed revenue expense projections, capital budget projects and capital funding sources. The appendix of the budget book also includes full descriptions of planned capital projects. No fare changes are noted for FY 2025.

The draft budget is publicly available for review and will be presented at the August 15th Board Meeting for input/discussion.

Committee members discussed details related to individual capital projects. They thanked Ms. Reed and staff for the comprehensive details provided within the draft budget.

4 CLOSING ITEMS

4.1 Action Item Recap

Finance Committee will be recommending Asset Protection be approved as (B) with compliance for policy 2.7.2 to be made within the next reporting period.

4.2 Topics for Next Meeting

Budget
Fare Policy (2.5.12)
Financial Planning & Budgeting (2.4)

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 4:09pm.

Respectfully submitted by Deborah Holt

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, August 22, 2024 – 9:00am-11:00am

Members: Kathleen Mozak (Chair), Mike Allemang, Jesse Miller, Rich Chang

Staff: Matt Carpenter, Dina Reed, Forest Yang, George Brooks, Jeff Pfeifer, Rosa-Maria Kamau, Deb Holt

Location: REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 9:00am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No additions or changes made.</p> <p>1.2 Communications</p> <p>Chairwoman Mozak shared that Employee Appreciation Day would be taking place at DGOC on Friday, 9/23 and noted a plan to send out an email to Board members with links to the August budget presentation and information about the budget approval process ahead of the September Board meeting.</p> <p>Mr. Carpenter shared updates from his attendance at the MPTA Conference and that the new Manager of HR would be starting 9/26.</p>
<p>2. BOARD DEVELOPMENT</p> <p>2.1 Recruitment / Training / Attendance</p> <p>Chairwoman Mozak shared that Board members have indicated that training is a high priority and suggested sending a survey to Board members to gather information on how on-going education might be achieved. The committee agreed and will be compiling questions to be sent out.</p> <p>2.2 Task Force Coordination (ODTF, Audit Procurement Task Force)</p> <p>Mr. Chang shared a brief update and that the group will be meeting in September. Committee members discussed additional opportunities to meet with local municipal councils.</p>

2.3 Board Budget

Ms. Reed provided additional information – as requested by the Committee – on board expenses from previous years and projections on expected expenses. The committee thanked Ms. Reed for the detailed information and requested she share the information at upcoming committee meetings.

2.4 Training / Discussion on Reasonableness

The committee discussed a memo from the Governance consultant that provided advice on determining reasonableness. Mr. Carpenter will be sharing committee discussion feedback with the consultant with the goal of having a more concise summary to share with the entire Board for educational discussion.

2.5 Governance Consultant Discussion

Mr. Carpenter shared a recent positive discussion with the Governance consultant after the Board offered feedback on communications expectations.

3. POLICY MONITORING & DEVELOPMENT

3.1 Regionalism & Advocacy Policy Discussion

Mr. Chang shared that after recent input and work toward creating a policy statement on regionalism and advocacy. He and Chairwoman Mozak determined that the work will be tabled until later in the year to give more opportunity for Board member involvement.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Draft Budget

Ms. Reed shared that initiatives are being finalized with the final draft going to the Finance Committee in September and then to the Board at the September Board Meeting. She fielded questions from committee members related to aspects of the budget process and potential election impacts with long-range budget planning. The committee also discussed the importance of Board engagement during the Budget process.

5. CLOSING ITEMS

5.1 Committee Agendas

Include Board budget with Budget issue brief for Service and Finance Committee Agendas. Mr. Miller noted no other changes to the Service Committee agenda. Mr. Allemang noted no other change to the Finance Committee agenda.

For the Board Meeting agenda, add officer elections to the agenda under Emergent Items and change the order off 7.1 and 7.2 with language to be “Budget presentation and decision.”

5.2 Action Item Recap

Mr. Chang will be scheduling ODTF meeting, add Board budget information to Governance Committee notes (see pages 4-5, below), Mr. Carpenter will have further discussions with the Governance consultant.

5.3 Topics for Next Meeting

CEO Expense Report

UM 2050

Equity

Future: Parliamentary Procedure, Park & Ride

Updates, Advocacy & Regionalism Policies

5.4 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 10:53 am.

Respectfully Submitted by Deborah Holt

Costs of Governance Budget Comparison

Type of Expense	FY2023	FY2024 Budget	FY2024*	FY2025 Budget
Board Training & Development	\$ 3,101	\$ 12,000	\$ 425	\$ 14,500
Legislative Development	4,228	15,000	5,087	14,000
Governance Coaching	12,438	15,000	11,347	17,000
Board Recruitment	4,306	5,000	-	1,000
Other - Budget	-	3,000	-	3,500
Other - Internal Board Meeting	107	-	-	n/a
Other - CEO Assessment	1,199	-	1,199	n/a
Other - Professional Photos	300	-	-	n/a
Total	\$ 25,680	\$ 50,000	\$ 18,058	\$ 50,000

*FY2024 represents year-to-date through July 31, 2024

Historical Costs of Governance Detail

Category	FY2022	FY2023	FY2024
Board development	\$ 730	\$ 796	\$ 425
Board member recruitment	2,521	4,306	-
Bootcamp - hotel	476	802	-
Bootcamp - meal	-	100	-
Bootcamp - registration	4,125	900	-
Bootcamp - travel	-	504	-
Governance coach	7,660	12,438	11,347
Legislative development - hotel	-	914	1,526
Legislative development - meal	-	205	239
Legislative development - registration	-	2,200	1,950
Legislative development - travel	-	909	1,372
Internal board meeting	-	107	-
CEO Assessment	-	1,199	1,199
Professional photos	-	300	-
Grand Total	\$ 15,511	\$ 25,680	\$ 18,058

FY2025 Cost of Governance Key Assumptions

	Assumptions		Total
	Cost Per Unit	Quantity	
1.0 Board Training & Development			
1.1 Bootcamp - Registration	\$ 500	3	\$ 1,500
1.2 Bootcamp - Hotel, Travel Expenses	1,000	3	3,000
1.3 APTA Conference - Registration	1,250	2	2,500
1.4 APTA Conference - Hotel, Travel Expenses	2,500	2	5,000
1.5 Board Education Series - Webinars	500	2	1,000
1.6 Board Education Series - Presentations on Transit Topics	500	3	1,500
Sub-Total, Board Training & Development			\$ 14,500
2.0 Legislative Development			
2.1 MPTA Legislative Conference - Registration	\$ 250	2	\$ 500
2.2 MPTA Legislative Conference - Hotel, Travel Expenses	1,000	2	2,000
2.3 APTA Legislative Conference - Registration	1,250	2	2,500
2.4 APTA Legislative Conference - Hotel, Travel Expenses	2,500	2	5,000
2.5 Other Conferences/Meetings	2,000	2	4,000
Sub-Total, Legislative Development			\$ 14,000
3.0 Governance Coaching			
3.1 Consultant Coaching - Policy Development & Monitoring	\$ 15,000	1	\$ 15,000
3.2 Governance Consultant Coaching - Special Projects	2,000	1	2,000
Sub-Total, Governance Coaching			17,000
4.0 Board Recruitment			
4.1 Board Member Recruitment	\$ 1,000	1	\$ 1,000
4.2 General Recruitment - Ongoing	-	0	-
Sub-Total, Board Recruitment			\$ 1,000
5.0 Other			
5.1 Board Retreat	1,000	1	1,000
5.2 CEO Assessment	1,500	1	1,500
5.3 CEO Compensation Study	1,000	1	1,000
5.4 General Other	-	0	-
Sub-Total, Other			\$ 3,500
Total Governance Expenses			<u>\$ 50,000</u>

Service Committee Meeting Notes

Meeting Date/Time: September 3, 2024, 9:00am – 11:00am

Members Present: Jesse Miller (Chair), Simi Barr, Rich Chang

Members Absent: Susan Pollay (EA)

Staff: Matt Carpenter, Dina Reed, George Brooks, Raymond Hess, Jeff Pfeifer, Rosa-Maria Kamau, Deb Holt

Location: REMOTE – Via Zoom

Mr. Miller called the meeting to order at 9:02am

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>The agenda was slightly modified under Operational Updates with a reordering of 3.1 - Q3 Service Report, 3.2 – Millage Service Updates, 3.3 – Draft Budget Review.</p> <p>1.2 Communications</p> <p>No communications.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Safety Policy Pt 2 (Executive Limitation)</p> <p>Mr. Miller shared a recent communication with the Governance Consultant related to public safety achievement through Executive Limitations and Ownership Linkage.</p> <p>Consultant Ms. Radwan provided guidance for shaping a policy through asking “What is imprudent or unethical” and asked if there are areas in Treatment of the Traveling Public (Policy 2.1) along with Asset Protection (Policy 2.7) that are currently not being addressed.</p> <p>She asked the committee to consider:</p> <ol style="list-style-type: none"> 1. What are you worried about (from an internal perspective) in relation to safety and public image? (Ex: policy 2.7.5) 2. Executive Limitations are about what is unacceptable – policies should not tell/advice staff how to do something <p>Mr. Miller requested that committee members reflect on the discussion that took place and consider if current policies would be in alignment with Board expectations. Discussion will continue at the next Service Committee meeting.</p>
<p>3. STRATEGY & OPERATIONAL UPDATES: CEO</p> <p>3.1 Draft Budget (Moved to 3.3)</p>

3-2 3.1 Q3 Service Report

Mr. Brooks shared updates from the Q3 Service Report with an overall positive notation of steady growth in ridership in all services provided. FlexRide contract services has transitioned, and Mr. Brooks noted an area of improvement with late-night service denials. On-time performance continues to improve and is attributed to several local construction projects completed over the summer.

3-3 3.2 Millage Service Updates

Mr. Brooks shared the first week of new millage service rollouts had completed positively. Staffing shortages continue to be a challenge, and the Union has collaboratively worked to ensure the shortages are being filled. The first U of M football weekend has concluded successfully and a new class of MCO's recently started.

3.3 Draft Budget

Ms. Reed shared a copy of the draft budget – with a summary of minor changes that have been made since the draft budget was presented at the August Board meeting. She fielded several questions related to details within the draft budget. Overall budget projections are still aligned with previous drafts that have been shared with the Board.

The final draft budget recommendation will be reviewed by the Finance Committee and then presented to the Board at the September 19th Board Meeting. She also shared that any Board member comments will be answered / shared with all Board members – as of yet, none have been sent to her.

4. CLOSING ITEMS

4.1 Action Item Recap

Mr. Miller requested the committee review policies 2.1 and 2.7 related to the value of ownership linkage outcomes and further discussion will take place at the next meeting.

4.2 Topics for the Next Meeting

Treatment of Staff (2.2)
Construction (2.10)
Safety Policy Pt 2 (Executive Limitation)

4.3 Adjournment

Mr. Miller thanked the committee and staff and adjourned the meeting at 10:23 am.

Respectfully Submitted by Deborah Hol

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, September 10, 2024, 3:00pm – 5:00pm

Members Present: Mike Allemang (Chair/Treasurer), Kathleen Mozak (Board Chair), Chris Allen, Julie Grand

Members Absent: Monica Ross-Williams, Kyra Sims (EA)

Staff: Matt Carpenter, Dina Reed, Jeff Pfeifer, Rosa-Maria Kamau, Andy Huber, Deb Holt

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:10pm

Agenda Item
1. OPENING ITEMS
<p>1.1 Agenda (Additions, Approval)</p> <p>No changes or additions to the agenda.</p> <p>1.2 Communications</p> <p>Mr. Allemang shared that Chairwoman Mozak was participating in the meeting.</p>
2. POLICY MONITORING & DEVELOPMENT
<p>2.1 Financial Planning & Budgeting (2.4)</p> <p>Ms. Reed provided an overview of the monitoring report sharing that no significant comments were made by Board members in the monitoring report survey. Committee members thanked staff for their diligence in the budget process. The committee was in favor of recommending to the Board that the monitoring report be accepted as (A) in compliance.</p> <p>2.2 Fare Policy (2.5.12)</p> <p>Ms. Reed noted no fare changes had been made in the last year. She also noted that one survey comment had referenced that Gold Ride fees weren't included in the table provided in the monitoring report. Those fees are outlined within the draft budget document. The committee was in favor of recommending to the Board that the monitoring report be accepted as (A) in compliance.</p>

3. STRATEGY AND OPERATIONAL UPDATES

3.1 Draft Budget

Ms. Reed shared an overview of the draft recommended budget. She noted that at the request of the Governance Committee, information related to the the Board's budget was being shared with the committee.

She outlined slight changes to state operating assistance and strategic initiatives within the Operating Budget. Within the Capital Budget, two small changes were made that resulted in an overall reduction - two projects in the early planning stages are being moved to a future budget. She also shared that that due to a positive financial position, cash reserves are being lowered from 2-1/2 months to 2 months (cash on hand). This amount still meets the GFOA target – the committee then discussed various aspects of the reduction and impacts.

Ms. Reed concluded her overview by sharing that with public and board outreach she has not received any public comments. She and her team will be updating the draft recommended budget in preparation for the Board meeting on September 19th.

4 CLOSING ITEMS

4.1 Action Item Recap

The Finance Committee will be recommending both monitoring reports be accepted as (A), details on reserve targets will be discussed at a future meeting.

4.2 Topics for Next Meeting

4.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:56pm.

Respectfully Submitted by Deborah Holt

**Monitoring Report:
Asset Protection (Policy 2.7)**

Finance Committee Meeting Review Date: Aug 6th, 2024

Board of Directors Meeting Review Date: Aug 15th, 2024

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>The Finance Committee recommends that the Board review this monitoring report and consider accepting it as:</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) 2.7.2, which the Board acknowledges and accepts the proposed dates for compliance.</p> <p>(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<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)
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>

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in June and was submitted in August.

I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.

CEO's Signature
















Date

7/22/2024

ATTACHMENTS


1. Monitoring report for Asset Protection (Policy 2.7)

Table of Contents

POLICY TITLE: ASSET PROTECTION	Page#	Compliance
<p>2.7 The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.</p> <p>Further, without limiting the scope of the scope of the above by the following list, the CEO shall not:</p>	4	
<p>2.7.1. Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.</p>	4	
<p>2.7.1.1 Unreasonably expose the organization, its Board or staff to claims of liability.</p>	5	
<p>2.7.2 Receive, process, or disburse the organization's assets under internal controls insufficient to detect, deter and prevent fraud or insufficient to prevent and detect significant deficiencies or material weaknesses.</p>	6	
<p>2.7.3 Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.</p>	10	
<p>2.7.4 Allow intellectual property, information, and files to be exposed to loss, significant damage or unauthorized access.</p>	12	
<p>2.7.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends.</p>	13	
<p>2.7.5.1 Permit inconsistent, disrespectful or untimely response to stakeholder concerns.</p>	14	
<p>2.7.5.2 Allow third-party advertising that violates stated agency guidelines for community standards.</p>	15	
<p>2.7.5.3 Hire a former Board member as an agency employee or supplier within one year of that member's departure from the Board.</p>	16	
<p>2.7.5.4 Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.</p>	16	
<p>2.7.5.5 Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.</p>	17	
<p>2.7.6. Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.</p>	18	

 Fully Compliant

 Partially Compliant

 Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.7

The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

Further, without limiting the scope of the above by the following list, the CEO shall not:

Degree of Compliance: Partially Compliant

Interpretation

I interpret this policy to address non-financial, non-liquid assets and property. This includes all physical equipment and structures as well as intellectual property. Liquid financial assets are covered under policy 2.4, 2.5, and 2.6.

Measures/ Standards of Achievement

Compliance will be demonstrated when compliance for policies 2.7.1 to 2.7.6 are achieved.

Rationale

This policy is fully defined in lower-level policies

Evidence

Lower-level policies are compliant except for policy 2.7.2. Hence this policy is partially compliant. A compliance timeline is provided in the respective policy.

POLICY 2.7.1

Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when

- A. AAATA carries property and liability insurance (private or self-insured) sufficient to replace assets and restore services quickly while remaining affordable for the agency.
- B. For all board members and staff, adequate insurance means that they will be indemnified and free of personal liability for decisions made when pursuing their duties in good faith.
- C. Lower-level policies are compliant

Rationale

- A. Replacement is a reasonable standard and level of achievement because the goal is the restoration of services, not just financial compensation for loss of use. If a natural disaster destroyed the bus garage and a large proportion of the fleet (i.e., fire, tornado, train derailment), insurance that only covered the current value of the assets would likely not be sufficient to rebuild those assets. AAATA’s Risk Management Team meets with the broker annually during the budget preparation period to review claims and the adequacy of coverage.
- B. Indemnifying staff and board members acting in good faith is a standard industry practice because inadvertent harm can occur, lawsuits can be filed for many reasons (regardless of validity), and without indemnification the agency may not be able to attract staff or board members.
- C. Compliance with lower-level policies constitutes compliance with this policy.

Evidence

Source of Data: Insurance records and Budget documents

Date of Data Review: 06/11/24 as verified by DCEO, Finance and Administration

Data:

- A. During the active monitoring period the agency carried sufficient insurance to replace assets as required; available assets were available to maintain service operations as planned, and all costs for insurance were managed within the Board approved budget.
- B. During the active monitoring period the agency carried sufficient insurance to protect staff and Board members from personal liability. There was no incidence leading to the need to indemnify a staff or board member.
- C. Policy 2.7.1.1 is compliant

POLICY 2.7.1.1

Unreasonably expose the organization, its Board or staff to claims of liability.

Degree of Compliance: Compliant

Interpretation

In this circumstance (Asset Protection) I interpret liability to mean negligence in maintaining equipment that leads to unsafe conditions.

Standard/Measure

Compliance will be achieved when:

- A. All mechanical safety inspections of the bus fleet are done on time and as specified by the manufacturer and are passed prior to buses being released for use. More specifically, brakes, oil changes, steering columns, fire suppression systems, wheelchair ramps are reviewed for proper functionality.
- B. All buses are inspected at least once a day by a driver to ensure that their bus is in good working condition at the beginning of their shift.
- C. All facility safety inspections are passed.

Rationale

This is reasonable because “liability” implies negligence that leads to harm, and this policy is focused on physical assets. In the context of a transportation agency safety risks from equipment failures can be serious, and are highest on buses and in maintenance workspaces, and to a lesser degree terminals. Although we cannot foresee all equipment failures, maintaining equipment is entirely within the control of the agency.

A is reasonable because it focuses on the vehicle elements most important to public safety, and safety inspections are a mature, documented process developed by the manufacturers who built the vehicles.

B is reasonable because pre-trip inspections are effective at identifying defects that may have emerged since a mechanical inspection and are required by law. These inspections check for the proper functionality of handrails, ramps emergency exits, steering wheels, horns, windshield wiper, fluid and air leaks, lights, suspension systems, mirrors, exhaust systems, driver’s seat/belt and interior conditions (lighting, climate control etc.,) Drivers are also required to notify management about any possible mechanical problem that may emerge after the pre-trip inspection.

C is reasonable because facility inspections are rigorous and well documented.

Evidence

Source of Data: Fleet maintenance records and facility inspection records

Date of Data Review: 7/22/24 as verified by Manager of Facilities, Manager of Operations, and Manager of Fleet

Data:

During the monitoring period,

- A. A review of fleet maintenance records confirms that all fleet safety inspections were done in line with the manufacturer's requirements. These inspections included brakes, oil changes, steering column, wheelchair ramps and fire suppression systems. Inspections were done within acceptable time periods and no bus was put in service until it was inspected.
- B. A review of pre-trip inspection reports found that bus drivers inspected all the buses that were sent out for service at least once a day and sometimes during shift changes. All safety defects reported were addressed prior to the bus being put back in service.
- C. A review of facility safety inspections indicates that all three facilities were assessed for potential hazards and passed all inspections. Additionally, as a safety precaution, all spills that occurred were cleaned as soon as possible to prevent falls.

POLICY 2.7.2

Receive, process, or disburse the organization's assets under internal controls insufficient to detect, deter and prevent fraud or insufficient to prevent and detect significant deficiencies or material weaknesses.

Degree of Compliance: Not Compliant

Interpretation

In the context of the asset protection policy, I interpret this policy to pertain to preventing theft of non-financial assets including physical equipment, electronic records, and intellectual property (i.e., trademarks).

Measure/Standard of Achievement

Compliance will be demonstrated when the agency

1. *Physical assets (non-electronic):*
 - A. Has processes in place that track and account for maintenance parts and fuel, electronic devices and data and intellectual property from procurement to disposal.
 - B. Access to valuable assets is limited to staff with an operational need and without unduly impacting operational efficiency or morale
 - C. Have no incident of recordable theft incidences that were as a result of negligence or the lack of proper controls in place.
2. *Electronic equipment and data*
 - A. All electronic equipment is used in accordance with the Electronic Usage Policy which provides staff with what to do and what not to do when using agency electronic property.
 - B. Access to computer servers, network assets and other electronic equipment is limited to staff with an operational need, for example via passwords and administrative access.
 - C. There are no instances of theft of computer equipment theft or electronic data as a result of lack of proper controls in place.
3. *Cyber/Online Data and Information*
 - A. All electronic data and online activities using agency gadgets are conducted in line with the Electronic Usage Policy.
 - B. The agency uses multi-factor authentication prior to allowing access of online/electronic information.
 - C. Have no incidence of data being stolen by staff or external parties (breach).
4. *Intellectual property*
 - A. The agency's name and logos are trademarked.
 - B. Have no incidence of intellectual assets being stolen

Rationale

This is reasonable because

- A. Liquid financial assets are covered under policy 2.5.3 and 2.5.4.
- B. Tracking of assets ensures a positive account of what the agency has, discourages theft, and identifies and accounts for discrepancies. The agency has limited its interpretation of physical assets to maintenance parts, fuel and electronic assets because tracking other administrative parts e.g., note pads, pens may be time consuming and the impact of their loss negligible.
- C. Limiting staff access to important assets reduces the risk of theft, maintains morale, aids in accountability and supports loss investigations should they need to occur. Access controls can be increased as evolving circumstances warrant.
- D. The only significant piece of intellectual property at the agency is our name and logos. The misuse or theft of these could cause confusion and problems for our passengers or damage our reputation.
- E. Successful theft-prevention processes and controls can be gauged by the number of actual theft cases that happen. A target of 0 is reasonable as this is the highest possible outcome.

Evidence

Source of Data: Operational and Administrative Policies and Processes.

Date of Data Review: 7/1/2024 as verified by Manager of IT, Manager of Public Affairs and Community Engagement, Manager of Fleet

Data:

During the monitoring period, there were

	A. Internal Controls in place?	B. Limited Access?	C. Actual incidences of theft
1.Non electronic physical assets	Yes	Yes	0
2.Electronic assets	Yes	Yes	0
3.Cyber/Online Data & Information	Yes	Yes	0
4.Intellectual Property	Yes	No, Name and logos are not trademarked.	0

The agency was compliant on all four categories except having its name and logo trademarked. Because of this, the CEO reports non-compliance with the policy. The agency is currently working with legal counsel to address this issue. Compliance is anticipated in the next monitoring period.

POLICY 2.7.3

Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to be focused on avoiding excessive costs or inconvenience to customers due to inadequate maintenance.

Measure/Standards & Achievement

Compliance will be achieved when

- A. **Fleet:** Preventative maintenance of 90% (or more) of fixed route buses is conducted in accordance with the manufacturer's standards.
- B. **Facility:** An architect conducts assessment of each of the three facilities (Ypsilanti Transit Center, Blake Transit Center and Dawn Gabay Operations Center) every three years and finds that they are adequately maintained.
- C. All inspections by the agency, city and state on **major equipment** are passed.
- D. Computer hardware is inventory controlled and maintained in accordance with Equipment Management Procedures

Rationale

This is reasonable because

- A. Aside from public safety (addressed in 2.7.1.1) the chief risks from inadequate maintenance are higher costs and breakdowns that inconvenience passengers. Preventative maintenance of the bus fleet happens every 6,000 miles and addresses various components to include transmission, farebox functionality, air conditioning, electronics system etc. FTA target for such maintenance is 80%. The agency aims to be better custodians of its resources and has its target of 90%.
- B. If preventative maintenance is not done properly and timely, it could result in unnecessary costs or loss of service. Building structures deteriorate slowly and hence they are inspected every three years per FTA requirements. Inspection by an architect provides an independent third-party perspective by a subject matter expert. Given that some of the buildings are older, for example, the DGOC was built in 1984, a target of adequately maintained (3, on a scale of 1 to 5) is reasonable. This facility assessment is scored based on extensive assessment of all rooms and major equipment therein. Older buildings score lower than newer buildings.
- C. Passing inspections indicates that major equipment has been maintained in accordance with agency, city and/or state requirements (Agency standards are only considered where city and state standards are not required). Since the agency has a lot of equipment, assets addressed here are only that which affects safety, accessibility and functionality of fleet and facilities. Such equipment includes boilers, elevators, underground storage tanks, and fire alarm systems.
- D. The Equipment Management Procedures addresses inventory control, loss prevention and disposition. This process ensures that wear and tear is assessed and addressed accordingly, and maintenance is conducted timely.

Evidence

Source of Data: Preventative maintenance and Inspection reports

Date of Data Review: 6/27/24 as verified by Manager of Fleet, Manager of Facilities, and Manager of IT

Data:

- A. 92% of fleet maintenance was conducted on time and in accordance with the manufacturer’s recommendations during the monitoring period.
- B. The agency achieved 100% pull out during the monitoring period
- C. No deficiencies were found during the facility condition assessment which was last conducted in 2022

Below were the scores of the three facilities

	Score (on a scale of a 1-5) 1=Poor, 3=Adequate, 5=Excellent	Target achieved? Y/N
Ypsilanti Transit Center	3	Y
Blake Transit Center	5 (Newer building)	Y
Dawn Gabay Operations Center	3	Y

The following inspections were conducted during the monitoring period.

	Frequency of inspection	Inspection Passed/Failed?
Backflow Systems (plumbing)	Annually	Passed
Boilers Semi-Annual, (Spring-Fall)	Annually	Inspected semi-annually passed, Certified annually
Elevator	Annually	Passed
Fire Alarm System	Annually	Passed
Fire Extinguishers	Annually	Passed
Fire Suppression System	Annually	Passed
Overhead cranes	Annual	OSHA inspection passed
Underground Storage Tanks	Quarterly/Annual	Passed
Storm Water Prevention Plan	Quarterly	Passed

- D. All IT hardware was inventory controlled as stipulated in the Equipment Management Procedures.

POLICY 2.7.4

Allow intellectual property, information and files to be exposed to loss, significant damage or unauthorized access.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

- Compliance with this policy will be demonstrated when
- A. The agency is able to acquire Cyber insurance, and pass any required Information Technology Controls Audit
 - B. All physical files of employee and client records are stored, collected, and managed based on set standard operating procedures that appropriately secure documents and limit access.

Rationale

- A. The Cyber insurance company conducts a risk assessment of the agency prior to providing insurance. Part of the assessment includes reviewing internal risk controls. This assessment is done annually prior to the renewal of the insurance coverage. It is not possible to acquire Cyber insurance without having proper processes and procedures in place. This includes practices such multi-factor authentication. IT controls audits are conducted by external third parties and includes reviewing regulatory compliance
- B. Internal controls ensure the agency keeps personal information safe from unauthorized access and unreasonable exposure to damage or loss.

Evidence

Source of Data: Insurance documents, Audit reports, and Operational records.

Date of Data Review: 6/11/2024 as verified by DCEO, Finance and Administration, Manager of Mobility Services and Interim Manager of Human Resources

Data:

- A. The agency had cyber insurance throughout the monitoring period and passed the IT control audit.
- B. Employee and Paratransit service customer data is the only information stored in paper form. A review shows that this information was stored and managed within existing standard operating procedures.

POLICY 2.7.5

Endanger the organization's public image, credibility, or its ability to accomplish Ends.

Degree of Compliance: Compliant

Interpretation

I interpret this policy as meaning the community trust in the management of the institution.

Measure/Standard

Compliance with this policy will be demonstrated when

- A. Agency ballot measures pass
- B. Agency Survey data (when available) suggests a high degree of confidence in the agency.
- C. A majority (50%+1 or more) of survey respondents in Community surveys (when available) conducted by local municipalities indicate that public transportation is favorable.
- D. On time performance (fixed route) is above 70%
- E. Anecdotal review of local media and social media find no pattern of serious agency criticism.
- F. There are no *legitimate* public accusations suggesting significant mismanagement of the AAATA due to a factor over which the CEO has control and there are no *legitimate* public accusations suggesting the agency has broken a significant promise or failed to deliver on an important commitment.
- G. Compliance with policies 2.7.5.1 - 2.7.5.4 is achieved.

Rationale

These are reasonable because:

- A. Passing a millage indicates a broad degree of trust in agency management.
- B. Use of polling data provides public perception of the agency collected by an independent third party. It can provide direct measures of public perceptions in between ballot measures.
- C. Community surveys collected by local municipalities provide public perception data from residents. A majority of residents finding transit to be favorable may be indicative of a positive public image.
- D. On-time performance measures reliability of service and has an outsized impact on shaping the perception of passengers, who can influence the general public. It can influence public perception as a whole. 70% percent is reasonable because that level is the lowest in recent local history and may shape local perceptions of what is acceptable.
- E. Anecdotal tracking of local media and social media is appropriate as professional tracking is very expensive, less formal tracking can suffice, and it is unclear how much either source can actually shape public opinion about transit.
- F. As a public body, there will always be some criticism of the agency. Limiting AAATA to decisions that contain no risk of raising objections would severely limit our ability to pursue Ends outcomes. The CEO can only be accountable for what they control, not what others may believe. Unfounded allegations of mismanagement can be weaponized in disagreements over decisions made by the agency. The CEO cannot stop someone from blowing a small issue out of proportion. Mismanagement implies a violation of Board policy, widespread concern, and/or negligence rather than an individual complaint or controversial decision. A legitimate case of mismanagement would likely involve decisions that were unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics (policy 2.0).
- G. Lower-level policies details issues of specific concern to the Board.

Evidence
<p>Source of Data: External input by members of the public, Operational records, Date of data review: 07/03/24 as verified by the CEO, DCEO of Operations, and the Manager of Public Affairs and Community Engagement.</p> <p>Data:</p> <ul style="list-style-type: none"> A. In 2022, TheRide passed a millage (61%), winning majorities in all three municipalities (Ann Arbor, Ypsi, Ypsi Twp won). B. The telephone survey conducted in December 2021 indicates that 81% of the public had a favorable opinion of the TheRide. C. In 2022, Ann Arbor conducted a community survey and 68% of respondents noted that the public transit was of high quality, 54% noted that public transportation was accessible. No similar surveys were found from other municipalities. D. During the monitoring period, on time performance was at 81% E. A staff review of local newspaper articles and samples of social media posts found nothing that suggested agency actions or decisions led to the agency damaging its own credibility. F. There was no record of legitimate public accusations in the monitoring period. G. Lower-level policies are compliant

<p>POLICY 2.7.5.1</p> <p>Permit inconsistent, disrespectful or untimely response to stakeholder concerns.</p>
<p>Degree of Compliance: Compliant</p>
<p>Interpretation</p>
<p>I interpret this policy to apply to agency responses to concerns/inquiries from outside the AAATA, primarily from other groups, institutions, or officials, but are not passenger concerns. I define inconsistent to mean that the response was treated differently than how most are treated and out of line with existing policies, where applicable. I define disrespectful to mean rude, discourteous, or unprofessional. I define untimely to mean unreasonably late or delayed. All of these factors are dependent on context.</p> <p><u>Measure/Standards & Achievement</u> Compliance with this policy will be demonstrated when the CEO, in their professional judgment, finds no evidence of any <i>legitimate</i> criticism of the agency’s communications from any outside group on grounds other than desiring a different conclusion.</p> <p><u>Rationale</u> This interpretation is reasonable because:</p> <ul style="list-style-type: none"> 1. Customer concerns are addressed under policy 2.1.3.1. 2. It applies to the type of concern, not the individual raising the issue. Owners, customers, and others can all raise “stakeholder concerns” covered by this policy. 3. No instances of unprofessional responses are an appropriate target in line with the policy language

4. Criticisms that amount to wanting a different answer, rather than a criticism of the quality of the response, are common and are not inconsistent, disrespectful, or untimely. Limiting AAATA to only innocuously safe decisions, or choices that were popular with outspoken special interests, would severely limit our ability to pursue Ends outcomes.
5. The agency cannot control how responses are perceived, only the degree of professionalism with which they are crafted. People can feel disrespected even if the agency does nothing disrespectful. Trying to avoid all such criticisms would severely limit pursuit of the Ends.
6. Legitimate criticism is determined by the CEO's professional judgment because there is too much nuance to prescribe rules for all staff communications, and honest misunderstandings are common and often easily resolved.

Evidence

Source of Data: Emails, meeting notes, and legal records.

Date of Data Review: 7/3/2024 as verified by CEO

Data:

During the monitoring period the CEO found no evidence of legitimate criticism of the agency's communications.

POLICY 2.7.5.2

Allow third-party advertising that violates stated agency guidelines for community standards.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when the agency consistently operates based on Advertising Policy, 2014 or an updated version. Updates to the policy should include clear expectations on content to safeguard TheRide's image.

Rationale

The current Advertising Policy, 2014 provides for management of expectations and restricts inappropriate third-party advertising in order to protect AAATA's image and reputation. It is also reasonable to allow for policy updates to improve clarity of expectations, comply with new regulations, be in line with industry best practices, address potential loopholes in order to safeguard TheRide's image and reputation.

Evidence

Source of Data: Marketing and Operational records

Date of Data Review: 06/17/24 as verified by Manager of Public Affairs and Community Engagement

Data:

During the monitoring period AAATA operated and enforced the AAATA's Advertising Policy, 2014. There were no violations to the policy.

POLICY 2.7.5.3 Hire a former Board member as an agency employee or supplier within one year of that member’s departure from the Board.

&

POLICY 2.7.5.4 Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.

Degree of Compliance: Compliant

Interpretation

Measure/Standard

Compliance with this policy will be demonstrated when

- A. The agency confirms that during the monitoring period, AAATA did not hire a current or former Board member as an agency employee or supplier within one year of that member’s departure from the Board.
- B. Additionally, AAATA did not hire a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members of the AAATA Board.
- C. 100% of bid submissions confirm that potential suppliers have no conflict of interest, and that they are specifically not current sitting elected officials or board members, or within one year since departure from such positions.

Rationale

- A.-B. This is reasonable as that is what the policy calls for.
- C. Bids occur prior to contracting and the agency ensures that all potential contractors/suppliers are aware of this expectation.

Evidence

Source of Data: Employment and procurement records

Date of data review: 6/24/24 /as verified by Interim Manager of Human Resources and the Manager of Procurement

Data:

- A. One former board member was hired by the agency during the monitoring period, but they had been off the board for over 18 months. None of the employees hired during the monitoring period were current or previous suppliers.
- B. No sitting elected official or former elected official was hired as an agency employee or supplier during the monitoring period.
- C. A review of bids and supplier contracts confirm that there was no elected official or board member currently serving or within one year of service that was hired as a supplier.

POLICY 2.7.5.5

Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

The CEO ensure that all final decisions regarding services, programs, or transit facilities (fares are addressed in Policy 2.5.12) provide opportunities for public involvement in line with the AAATA’s Public Input Policy (PIP) for Service and Fare Changes (Board Resolution 5/2012).

Rationale

This is reasonable because the PIP is compliant with federal regulation regarding public involvement and describes levels, types and timing of engagement needed in relation to the degree of change being considered i.e., major, minor, or adjustment. It also emphasizes not only receiving comments but responding to all input and more so, having two-way conversations to better understand comments or suggestions. Hence preventing or reducing chances where a stakeholder(s) may feel ignored.

Evidence

Source of Data: Planning and operational records

Date of Data Review: 06/27/24 as verified by DCEO, Planning

Data:

All service changes were conducted in accordance with the Public Input Policy. There were public input sessions in November 2023 that collected public feedback before the Washtenaw Express was launched in May 2024. There were other minor service changes, and all occurred in line with the PIP.

POLICY 2.7.6

Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when no AAATA vehicles (owned or contracted) nor any AAATA staff (directly employed or contracted) are used to transport persons detained by law enforcement for participating in public demonstrations.

Rationale

This is reasonable because the policy is self-evidence in its intent.

Evidence

Source of Data: Operational records

Date of Data Review: 6/27/24 as verified by the CEO

During the monitoring period, the CEO did not authorize the use of vehicles or operators to transport persons detained by law enforcement for participating in public demonstrations. No such requests were made to the agency.

Policy Trendlines

Policy	FY 20	FY 22	FY 23	FY 24
2.7				
2.7.1 (Created FY22)				
2.7.1.1 (Created FY23)				
2.7.2 (Deleted in FY 24)				
2.7.2.1 (Became 2.7.2 in FY 24)				
2.7.3				
2.7.4				
2.7.5				
2.7.5.1				
2.7.5.2				
2.7.5.3				
2.7.5.4				
2.7.5.5				
2.7.6				

LEGEND	
	Policy is not compliant
	Policy is partially compliant
	Policy is compliant
	To be determined

Guidance on Determining “Reasonableness” of CEO Interpretations

Are the interpretations reasonable?

An interpretation is reasonable if the following are provided,

1. a measure or standard,
2. a defensible rationale for the measure or standard,
3. a level of achievement necessary to achieve compliance and
4. a rationale for the level of achievement.

Is evidence verifiable?

Evidence is verifiable if there is

1. actual measurement/data,
2. the source of data and
3. the date when data was collected is provided.

Board’s Conclusion on Monitoring Report

Board’s conclusion after monitoring the report.

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

- (A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.
- (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.is making reasonable progress towards compliance.
- (C)
 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
 2. For policy items x.x.x – the interpretation is not reasonable
 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance

Board Notes: (If Applicable)

2.7.1.1 was not a sub policy of 2.7.1 in the original Carver policy template. It was its own independent policy. The Board may wish to consider elevating this policy.

WORKSHEET RESULTS:

Asset Protection (Policy 2.7)

Participants: (7) Members

Mike Allemang, Chris Allen, Simi Barr, Rich Chang, Julie Grand, Jesse Miller, Kathleen Mozak

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
<p>Policy 2.7</p> <p>The CEO shall not allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked. Further, without limiting the scope of the scope of the above by the following list, the CEO shall not:</p>	100%	86%	<ul style="list-style-type: none"> Do we carry keyman insurance on the CEO? With all the data breaches and other IT issues that happen no matter how we try to be safe, I assume we have E&O (errors and omission) insurance? ** Would like to see a table of the various insurance we have (much like there are tables with supporting data for the other sub policies).
<p>Policy 2.7.1</p> <p>Allow Board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.</p>	100%	100%	
<p>Policy 2.7.1.1</p> <p>Unreasonably expose the organization, its</p>	100%	100%	

Board or staff to claims of liability.			
Policy 2.7.2 Receive, process, or disburse the organization's assets under internal controls insufficient to detect, deter and prevent fraud or insufficient to prevent and detect significant deficiencies or material weaknesses.	100%	100%	<ul style="list-style-type: none"> Although above answers were YES, CEO has concluded non-compliance regarding intellectual property. Please provide a date by which this will be in compliance. The next monitoring report seems too far out.
Policy 2.7.3 Cause or allow buildings and equipment to be subjected to improper wear and tear or insufficient maintenance.	100%	100%	<ul style="list-style-type: none"> While I think this is reasonable and verifiable, this could potentially be difficult for the CEO to control, particularly as it relates to buildings and their maintenance costs.
Policy 2.7.4 Allow intellectual property, information, and files to be exposed to loss, significant damage or unauthorized access.	100%	100%	<ul style="list-style-type: none"> I would expect the CEO to take steps to actively prevent this from happening, but "allow" strikes me as off base.
Policy 2.7.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends.	100%	100%	
Policy 2.7.5.1 Permit inconsistent, disrespectful or	100%	100%	

untimely response to stakeholder concerns.			
<p>Policy 2.7.5.2</p> <p>Allow third-party advertising that violates stated agency guidelines for community standards.</p>	100%	100%	
<p>Policy 2.7.5.3</p> <p>Hire a former Board member as an agency employee or supplier within one year of that member's departure from the Board.</p>	100%	100%	
<p>Policy 2.7.5.4</p> <p>Hire a sitting elected official or former elected official from any jurisdiction that appoints members to the AAATA Board who has not been out of office for at least one year.</p>	100%	100%	
<p>Policy 2.7.5.5</p> <p>Proceed with material changes to services, programs or transit facilities that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation, or their input had been ignored.</p>	100%	100%	

<p>Policy 2.7.6</p> <p>Authorize the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.</p>	100%	100%	
--	------	------	--

Additional context questions

- 1. Is there any reason to doubt the integrity of the information presented?**

Responses (7) NO
- 2. If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable?**

Responses (6) YES

(1) N/A

 - Please provide a date by which this will be in compliance. The next monitoring report seems too far out.
- 3. Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring, but should be addressed as a board decision.)**

Responses (6) NO

 - While I don't prefer the word "allow" in certain cases, as I feel that it overstates the control the CEO has over the situation, I don't believe that this rises to the level of an amendment.

(1) YES

 - 2.7.2 The board may want to consider replacing the term "Fraud" with "Theft" to improve clarity.

APPROXIMATELY HOW MANY MINUTES DID IT TAKE YOU TO FILL OUT THIS FORM?

30, 20, 25, 30, 25, 20, 20

FY2025 Budget Approval Process


Board Meeting Date: September 19, 2024

INFORMATION TYPE:
Decision Preparation
ISSUE SUMMARY:
This issue brief provides an overview of the budget approval process for the September Board meeting.
BACKGROUND:
<p>Each year, staff prepare a recommended budget that advances the Board’s goals (Ends policies) and complies with the Board’s other expectations (Executive Limitations policies). Staff then present the budget to the Board for their consideration.</p> <p>TheRide’s Board of Directors follows a two-step process to approve the budget:</p> <ul style="list-style-type: none"> • In Step One the Board reviews and accepts Monitoring Reports from the CEO (per Policy Governance). This ensures that it is the whole Board giving direction to staff via written and approved policies, and that the CEO’s interpretation and evidence of compliance with those collective expectations is satisfactory. This ensures unity of delegation to staff, speaking with one voice, and accountability and transparency. There are two monitoring reports (budgeting and fares) and the Board must review and judge both. Should the Board accept the reports, it indicates that staff have met the Board’s expectations for the Budget. • In Step Two the Board members vote on accepting the Budget Resolution. This satisfies state law. The Board may accept the CEO’s recommended budget or amend the recommended budget. Per the Bylaws, 6 of the 9 serving members must vote to approve a budget (Sec 6 p. 3). <p>A budget must be adopted before October 1, 2024.</p>
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: The annual budget authorizes spending on all agency programs. By state law, the Board must approve a budget. • Social/Environmental: All services are funded through the budget. • Governance: Board approves the annual budget.

**Monitoring Report:
Financial Planning / Budgeting (Policy 2.4)
Monitoring Period: October 2023 – September 2024**










Finance Committee Meeting Review Date: September 10, 2024

Board of Directors Meeting Review Date: September 19, 2024

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this monitoring report and consider accepting it as:</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.</p> <p>(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</p>
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> <p>Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in September and was submitted in September.</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>CEO’s Signature</p>  </div> <div style="text-align: center;"> <p>Date</p> <p><u>8/26/2024</u></p> </div> </div>

BACKGROUND
Annual Board oversight of budget process via monitoring reports
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<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"> • Budgetary/Fiscal: Current staff budget process continues as is • Governance: Compliance with monitoring report requirements
ALTERNATIVE OPTION(S)
N/A
ATTACHMENTS
<ol style="list-style-type: none"> 1. Monitoring report for Financial Planning / Budgeting (Policy 2.4) 2. FY 2025 Draft Operating and Capital Budget

Table of Contents

POLICY TITLE: FINANCIAL PLANNING / BUDGETING	Page #	Compliance
2.4 Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board’s Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:	4	
2.4.1. Risks incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”	5	
2.4.2 Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.	6	
2.4.3 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.	8	
2.4.4 Is unclear about long-term funding needs and growth projections.	9	
2.4.5 Causes deficit spending.	11	
2.4.6 Does not provide for adequate reserves.	13	
2.4.7 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.	15	
2.4.8 Funds ongoing operations via debt or creates unfunded future obligations.	16	

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.4

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

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

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when there is compliance with all lower-level policies.

Rationale

This is reasonable because the board has fully interpreted this policy in lower-level policies as follows:

- Deviation from Board’s Ends priorities (2.4.2),
- Derived from strategic multi-year plan (2.4.2, 2.4.4, 2.4.7), and
- Risk fiscal jeopardy (2.4.1, 2.4.3, 2.4.5, 2.4.6, 2.4.7, 2.4.8).

Evidence

Source of Data: Compliance of lower-level policies

Date of Data Review: 8/29/2024 as verified by Chief Executive Officer

Data:

As demonstrated below, policies 2.4.1-2.4.8 are reported to be in compliance.

POLICY 2.4.1

Risks incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities.”

Degree of Compliance: Compliant

Interpretation

I interpret that this policy to be about elements in a recommended annual budget that could impact compliance with policy 2.5 (Financial Conditions and Activities) *in the future*. The Budget does not impact many elements of policy 2.5 directly, for example having policies and procedures, which are duties of staff. These issues will be addressed in the monitoring report for 2.5.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when:

- A. Recommendations pertaining to decisions the Board has reserved for itself (i.e., authorization of unbudgeted contracts over \$250,000, use of the Capital Reserve, adjustments to tax rates or fares, real estate transactions, or creation of debt) are clearly noted.
- B. The recommended budget includes sufficient resources to hire an independent auditor.

Rationale

This is reasonable because

- A. The Board has identified specific budget controls in policy 2.5. Ensuring these items are addressed in the budget maximizes compliance with 2.5.
- B. Policy 2.5.4 requires the CEO must not compromise the Board’s audit, so it is necessary to provide budgeted resources for an external auditor.

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget (the budget), and Corporate Business Plan FY2025 (the business plan)

Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data:

- A. The following decisions reserved for the Board under Policy 2.5 are addressed in the budget as follows:
 - a. 2.5.6 Budgeted Contracts – Contracts over \$250,000 are illustrated on page 50.
 - b. 2.5.7 Capital Reserve Funds – There is no use of capital reserve funds in the FY2025 Budget. Use of the capital reserve forecasted in future years is outlined in the 10-Year Capital Plan, Figure 21, on page 40. It is also illustrated on page 44 in Figure 26, Projected Capital Reserve Activity.

- c. 2.5.9 Tax Rates – Tax rate adjustments approved by the Board in August 2022 are impacting the budget. The impact of the approved millage on revenues is described under “Local Property Taxes” (page 34). There are no new recommended changes to Tax Rates requested to support the budget.
 - d. 2.5.10 Real Estate Transactions – The capital budget includes a budget for acquiring land for the Ypsilanti Transit Center (page 40). Approval of the budget allocates the financial resources to acquire the land but does not provide approval of the purchase. In accordance with Policy 2.5.10, approval to acquire land would need to be approved by the Board prior to purchase.
 - e. 2.5.11 Debt – As indicated in the capital plan (pages 39-40) there is no debt funding planned in the budget.
- B. Auditing Fees – As indicated in Figure 14: Contractual Services Summary (page 31), sufficient funding is provided for external auditing fees in the budget. Recently auditing contracts have cost about \$70K per year. We are including \$80K in the FY2025 budget.

POLICY 2.4.2

Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that each draft annual budget (and the expenditures therein) must be informed by a multi-year strategic plan that illustrates how the agency will align its resources to make progress toward making progress in achieving the Board’s expectations (i.e., Ends and Executive Limitations).

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the CEO produces an annual Corporate Business Plan that together:

- A. Uses the Board policies to guide agency goals/outcomes. *All* efforts are aligned towards these outcomes.
- B. Provides a summation of the agency’s current situation sufficient to establish a common understanding of the plan’s starting point and key considerations that guide agency efforts to achieve Ends within set limitations.
- C. Staff, community and the Board participate to provide input on the activities before they are adopted in the budget for funding.

- D. Provides a multi-year framework for illustrating initiatives. Longer-term context can be provided, as necessary, in supplemental documents like a long-range plan.

Rationale

This interpretation and degree of achievement is convincing because

- A. Aligning agency activities to Board policies indicates a deliberate focus of operational matters (delegated to the CEO) to accomplish Board’s ends within set limitations.
- B. A summary of the agency’s current situation establishes a common understanding of the starting point, clarifies background, provides situational awareness, and focuses on key issues.
- C. Providing staff, board and the public the opportunity to review activities before they are funded ensures transparency of the organization’s work before they are finalized/funded.
- D. Multi-year timeframes provide context without under-representing lengthy projects whose costs are spread over time. Major anticipated business decisions are addressed, directly or indirectly, through the Business Plan and Budget documents. All expenditures are addressed in each annual budget.

Evidence

Source of Data: Corporate Business Plan FY2025 (the business plan), FY 2025 Draft Operating and Capital Budget (the budget), TheRide2045 (long-range plan)

Date of Data Review: 8/23/2024 as verified by Corporate Strategy & Performance Officer

Data:

- A. The Board’s Ends policies appear on page 25 of the Business Plan. All recommended initiatives are cross-referenced to illustrate which Board policy (Ends or Executive Limitation) they are intended to advance (pgs. 12-20).
- B. The Business Plan provides historical background on ridership trends (pgs. 4-6) in part to focus attention on this key output. It also provides SWOT (pgs. 27-28), PESTLE (pgs. 29-30) and GAP (p31) analyses.
- C. The Business Plan provided ways to provide input and feedback on the plan (pgs. 3 & 23), responded to questions and documented frequently asked questions (pgs. 33-34).
- D. The Business Plan provides a 21-year plan in Gantt chart format on page 9.

POLICY 2.4.3

Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that the FY 2025 Budget will provide transparent estimates and defensible assumptions based on historical trends and future projections. And that there will be a clear separation of revenues and expenses, capital and operational items, and cashflows.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the annual draft budget includes

- A. All anticipated revenue estimates by source,
- B. All anticipated expense estimates by general category or project as appropriate,
- C. Operating budget is separate from the capital budget,
- D. Anticipated cash flow projections (annually) for the current year and the next five years based on operating and capital budget requirements,
- E. Any assumptions that significantly influence budget planning.

Rationale

This interpretation is reasonable as the policy unambiguously requires provision of those items.

A.-D. Having all anticipated revenues, expenses, and cashflow displayed in the budget is a reasonable level of achievement as it shows available financial resources and how resources are allocated to further the Board's Ends.

E. There are many assumptions that guide budget projections. Some are routine or based on best practices. Highlighting assumptions that result in significant budget changes from prior years e.g., anticipated expenses due to service expansion, allows the Board to focus on the strategic context of operational matters. Additionally, historical context and explanation of assumptions provides the opportunity for the Board to assess reasonableness of projections.

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget
Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data:

- A. Revenue Estimates – Page 38 provides estimates of 7-year operating expenses by category and page 40 provides 10-year capital expenses by project.
- B. Cost Estimates – Page 38 provides estimates of 7-year operating expenses by category with historical context and page 40 provides 10-year capital expenses by project.
- C. Operating and Capital budgets are separated (see pages 36 and 39)
- D. Cash Flow Projections – Page 43 provides cash balances for the current year in September and the next six years. Cash flow is based on operating and capital budget revenue and expense projections as presented in the budget.
- E. Assumptions – Pages 27 through 36 and 46 through 48 provide operating and capital budget assumptions, respectively.

The Budget is attached to this monitoring report for reference.

POLICY 2.4.4

Is unclear about long-term funding needs and growth projections.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the annual budget clearly outlines five-to-ten-year financial assumptions for:

- A. Maintaining operation of existing services,
- B. Maintaining assets (per Board policy and FTA requirements),
- C. Mitigating against foreseeable risk,
- D. Implementing expansion plans (i.e., TheRide2045, the long-range plan), and
- E. Changes in ridership (i.e., passenger demand).

Rationale

This is reasonable because it accounts for the main elements of funding needs i.e., maintaining existing services and equipment, risk, service expansion, and growing demand for services.

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget

Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data:

- A. Page 10 of the budget states that the budget includes operating full-service levels and funding for millage service expansions. Page 37 demonstrates that there is no reduction in funding for operations, and that the increased levels of funding for expanded services cover expenses through FY2029.
- B. Page 39 of the budget demonstrates that there is funding for maintaining assets through capital funding in the “State of Good Repair” section for the projection period (10 years).
- C. The projections included on pages 37-38 of the budgets include average annual inflationary increases of at least 3% per year. There are some exceptions, such as union salary and wage increases, which are based on the current bargaining unit contract in the first few years, and then 3% annually after expiration of the current contract. Additionally, some areas of the budget include additional inflationary adjustments based on historical trends that may be higher than 3%, such as different types of insurance costs.
- D. Expansion plans are included in the budget as follows:
 - a. Millage services to be implemented in FY2025 and through the projection period are described in the operating budget on pages 8 through 10. Increased funding to support initiatives is demonstrated in the projections on pages 37-38. Operating costs supporting the longer-term service changes, such as Bus Rapid Transit (BRT) are beyond the current millage cycle and are not included in the projections as funding has not been approved and will not be implemented until funding becomes available.
 - b. Longer term expansion plans are described in the capital plan on page 12. Increased funding to support capital initiatives are provided in the capital budget and projections on pages 39-41.
- E. Changes in ridership are described in the budget on pages 24 through 26.

POLICY 2.4.5

Causes deficit spending.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget demonstrates that:

- A. Projected costs do not exceed reasonable forecasts of revenues,
- B. Any unsecured revenue sources, such as aspirational or competitive capital grants, are clearly identified,
- C. Operating and Capital reserves are maintained at appropriate levels, and
- D. Maintenance is not deferred.

Rationale

This is reasonable because,

- A. While multi-year forecasts are included in the budget for context, the Board only approves one year of budget at a time. Projections of future deficits do not cause immediate deficit spending. A balanced budget is also in compliance with State law.
- B. Forecasting future deficits may be necessary to represent the agency's circumstances honestly and transparently.
- C. Stipulating the reserves must be maintained eliminates the option of drawing down those reserves to temporarily increase spending beyond what revenues could support longer-term.
- D. Requiring that maintenance be conducted eliminates the option of underfunding these important activities to temporarily increase spending beyond what revenues could support longer-term.

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget

Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data:

- A. On page 36 of the budget, Figure 17 demonstrates that the FY2025 Operating Budget is balanced. On page 39 of the budget, Figure 20 demonstrates that the FY2025 Capital Budget is balanced.
- B. On page 40 of the budget, Figure 21 shows anticipated funding sources for aspirational projects, including some projects that are unfunded later in the projection period.
- C. On pages 43 through 44, descriptions of required operating and planned capital reserves are provided, along with multi-year projections demonstrating reserve requirements are met through the projection period. Additional compliance with operating reserve requirements is described on pages 19 through 22.
- D. Page 31 of the budget explanations of additional funding for maintenance are described under fuel, materials and supplies expenses and contractual services in the operating budget. Also, fleet and facilities maintenance staff are fully funded in the operating budget, including additional staff needed to support additional service hours due to the millage services. As described in Figure 21 on page 40, the capital plan also includes "State of Good Repair" funding for equipment and existing facilities. All operating costs are projected to be covered through FY2029 due to the approved millage. Capital items are fully funded through FY2029 as well, currently with the use of the Local Capital Reserve beginning in FY2027.

POLICY 2.4.6

Does not provide for adequate reserves.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget provides for:

- A. An operating reserve with funding equivalent to at least 2.0 months of operating costs.
- B. A Worker’s Compensation Insurance Reserve with at least \$500,000 is available to pay for claims costs beyond what is anticipated in the budget in any given fiscal year.
- C. A Capital Reserve (of whatever amount is available) intended to help pay for the local match in competitive federal grant applications, or for other capital expenses.

Rationale

This is reasonable because:

- A. An **operating reserve** is prudent because it provides an easily accessible amount of funding to ensure agency operations do not have to shut down in the event normal funding mechanisms were temporarily interrupted. Unpredictable circumstances beyond the agency’s control such as cyberattacks, federal government shutdowns or paperwork errors can disrupt normal cash flow and impact paychecks and fuel purchases. A reserve provides an emergency buffer against such interruptions.

The Government Finance Officers Association (GFOA) best practice recommends, *at a minimum*, that governments maintain at least two (2) months of regular operating expenditures in reserve. Several factors (including a structural deficit) contributed to the initial position that AAATA should maintain operating reserves of 2.5 months for many years. However, with the August 2022 millage and prudent use of pandemic relief funds, AAATA has gained financial stability by eliminating the structural deficit and establishing adequate reserves. Given the current level of fund balance and other reserves, the CEO and CFO feel that a less conservative stance is warranted and is aligning the operating reserve target with best practices at 2.0 months beginning in FY2025.

- B. The **Worker’s Compensation Insurance Reserve** is an important part of the agency’s approach to being self-insured, which is more cost-effective than

paying high insurance premiums. The level of \$500,000 has been historically adequate.

- C. A **capital reserve** is useful to sequester one-time surplus funds to help provide the local match for competitive federal grants. Presently, the agency has a board-approved long-range plan with numerous capital projects. Several grants will be needed, making a capital reserve a prudent tool.

The adequacy of the amount of funding in the capital reserve is entirely dependent on available resources. Saving for future growth is the last priority after maintaining existing assets and services. Presently, the agency does not have a permanent funding source for the capital reserve.

There are no other reserves.

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget

Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data:

- A. Operating Reserves – As indicated on page 44, Figure 25 illustrates the Operating Reserve Balance will meet the reserve target through the projection period.
- B. Worker’s Compensation Insurance Reserve – As described on page 21, the reserve is fully funded. There is no additional funding needed as part of the budget.
- C. Capital Reserve – As illustrated in Figure 26 on page 44 of the budget, there is no anticipated contribution to the Capital Reserve in FY2025

POLICY 2.4.7

Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.

Degree of Compliance: Compliant

Interpretation

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the draft annual budget incorporates a budget for Board activities. This board budget is reviewed by the Governance Committee prior to budget adoption.

Rationale

This is reasonable because cost of governance is one of the Governance Committee’s primary responsibilities per policy 3.7.1 and policy 3.8.3 specifically requires inclusion of the board budget in the overall budget each year.

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget

Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data:

Cost of Governance is addressed on page 33 of the budget and notes that \$50,000 is allocated for Board activities. The details of the board budget were reviewed by the Governance Committee as documented in committee meeting minutes for August 22, 2024.

POLICY 2.4.8

Funds ongoing operations via debt or creates unfunded future obligations.

Degree of Compliance: Compliant

Interpretation

I interpret this policy to mean that the budget presented will not jeopardize the agency’s future. Further I interpret it to mean that the CEO can recommend that the Board approve debt as long as there is a revenue source to pay for it, for example revenue bonds paid for by a supplemental millage.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when:

- A. The draft annual budget does not require the Board to approve debt to maintain existing levels of public services or assets for the upcoming year,
- B. Any one-time revenues are not used to create permanent ongoing expenses, and
- C. The draft annual budget does not forecast operating deficits.

Rationale

This is reasonable because:

- A. The draft annual budget covers both operating and capital expenses, and the absence of a request to authorize debt is evidence of spending discipline,
- B. Creating ongoing expenses with temporary funding would create a future obligation, and
- C. The credible projections required in earlier policies illustrate the future implications of immediate spending decisions.

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget, [FY2023 audited financial statements](#)

Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data:

- A. Debt – As indicated on the Statement of Net Position of the [FY2023 audited financial statements](#), under Liabilities, AAATA has no debt.
- B. One-Time Revenues – As indicated on page 37 of the budget, the CEO has not created new obligations for AAATA that cannot be funded with reasonably foreseeable revenues. All increased expenses related to service expansions are funded with the August 2022 millage beginning in Summer 2024.
- C. Operating Deficits – As indicated on page 36 of the budget, there is no projected deficit in FY2025.

Policy Trendlines			
Policies	FY 22	FY 23	FY 24
2.4	3	3	3
2.4.1	3	3	3
2.4.2	3	3	3
2.4.3	3	3	3
2.4.4	3	3	3
2.4.5	3	3	3
2.4.6	3	3	3
2.4.7	3	3	3
2.4.8	3	3	3

LEGEND	
	Policy is not compliant
	Policy is partially compliant
	Policy is compliant

Guidance on Determining “Reasonableness” of CEO Interpretations

Are the interpretations reasonable?
 An interpretation is reasonable if the following are provided,
 1. a measure or standard,
 2. a defensible rationale for the measure or standard,
 3. a level of achievement necessary to achieve compliance and
 4. a rationale for the level of achievement.

Is evidence verifiable?
 Evidence is verifiable if there is
 1. actual measurement/data,
 2. the source of data and
 3. the date when data was collected is provided.

CEO Notes:

The flow of the monitoring report may make more sense if policies 2.4.1 and 2.4.7 are moved to the end of 2.4. They are very specific about budget content and disrupt the strategic narrative of the other policies.

Board's Conclusion on Monitoring Report

Board's conclusion after monitoring the report.

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

- (A) a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.
- (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.
- (C)
 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
 2. For policy items x.x.x – the interpretation is not reasonable
 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
 4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance

Board Notes: (If Applicable)

WORKSHEET RESULTS:

Financial Planning / Budgeting (Policy 2.4)

Participants: (7) Board Members

Mike Allemang, Chris Allen, Simi Barr, Rich Chang, Julie Grand, Jesse Miller, Kathleen Mozak

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
Policy 2.4 Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate from Board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a strategic multi-year plan. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not cause, allow or fail to address budgeting that:	100%	100%	
Policy 2.4.1 Risks incurring those situations or conditions described as	100%	100%	

unacceptable in the Board policy "Financial Condition and Activities."			
Policy 2.4.2 Fails to place business decisions in a comprehensive, strategic context that illustrates progress towards Ends and compliance with Executive Limitations.	100%	100%	
Policy 2.4.3 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.	100%	100%	
Policy 2.4.4 Is unclear about long-term funding needs and growth projections.	100%	100%	
Policy 2.4.5 Causes deficit spending.	100%	100%	
Policy 2.4.6 Does not provide for adequate reserves.	100%	100%	

<p>Policy 2.4.7 Provides less for Board prerogatives during the year than is set forth in the Cost of Governance policy.</p>	<p>100%</p>	<p>100%</p>	
<p>Policy 2.4.8 Funds ongoing operations via debt or creates unfunded future obligations.</p>	<p>100%</p>	<p>100%</p>	

Additional context questions

- 1. Is there any reason to doubt the integrity of the information presented?**

Responses – (7) - NO
- 2. If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable?**

Responses – (7) N/A
- 3. Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring, but should be addressed as a board decision.)**

Responses – (6) – NO

(1) – YES

 - The CEO makes a valid point with his following comment: "The flow of the monitoring report may make more sense if policies 2.4.1 and 2.4.7 are moved to the end of 2.4. They are very specific about budget content and disrupt the strategic narrative of the other policies."

APPROXIMATELY HOW MANY MINUTES DID IT TAKE YOU TO FILL OUT THIS FORM?

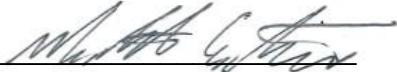
30,15, 15, 30, 25, 10, 20

Monitoring Report: 2.5.12 Fare Policy

Monitoring Period: October 2023 – September 2024




Finance Committee Meeting Date: September 10, 2024




Board Meeting Date: September 19, 2024

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this monitoring report and consider accepting it as:</p> <ul style="list-style-type: none"> (A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations. (B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO's stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance. (C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO's stated non-compliance and the proposed dates for compliance
ISSUE SUMMARY
<p>This policy was scheduled for submission in September and submitted in the September Finance Committee 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>CEO's Signature</p>  </div> <div style="text-align: center;"> <p>Date</p> <p>8/28/24</p> </div> </div>

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)
PRIOR RELEVANT BOARD ACTIONS & POLICIES
N/A
IMPACTS OF RECOMMENDED ACTION(S)
<ul style="list-style-type: none"> • Budgetary/Fiscal: TheRide continues with its choice to not change fares • Governance: Compliance with monitoring report requirements
ALTERNATIVE OPTION(S)
N/A
ATTACHMENTS
<ol style="list-style-type: none"> 1. Monitoring report for Policy 2.5.12: Fare Policy 2. FY 2025 Draft Operating and Capital Budget

Table of Contents

POLICIES:	Page #	Compliance
2.5.12 The CEO shall not...adjust passenger fares	4	
<p>2.5.12.1</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>	8	
<p>2.5.12.2</p> <p>Let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares.</p>	10	

 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: Compliant

Interpretation

Measure/ Standard & Level of Achievement

Compliance with this policy will be demonstrated when the CEO

- A. Does not adjust any fares without prior approval from the Board OR
- B. Adjusts fares with Board’s approval and is compliant with the sub policies below.

Rationale

The Board has retained the right to control decisions on changes to fares for itself (see policy 3.2.9).

Evidence

Source of Data: FY 2025 Draft Operating and Capital Budget
Date of Data Review: 8/26/2024 as verified by the Deputy CEO, Finance and Administration
Data: A comparison of fares and prices used during the monitoring period with those used in previous years confirms that none were changed. See below for that detail as provided in Table 8.3 on pages 51 and 52 of the FY25 budget.

FIXED ROUTE FARES	FY2023	FY2024	FY2025
Cash Fares			
Full Fare Cash	\$1.50	\$1.50	\$1.50
Transfer	Free	Free	Free
Reduced Cash Fares			
Youth (Grades K-12)	\$0.75	\$0.75	\$0.75
Children (5yrs & Younger)	Free	Free	Free
Fare Deal Card	\$0.75	\$0.75	\$0.75
A-Ride Card	Free	Free	Free
GoldRide Card	Free	Free	Free
Passes and Tokens			
Day Pass	\$3.00	\$3.00	\$3.00
Reduced Day Pass	\$1.50	\$1.50	\$1.50
30 Day Pass	\$45.00	\$45.00	\$45.00
30 Day Value Pass (Senior)	\$22.50	\$22.50	\$22.50
30 Day Value Pass (Income Elig.)	\$22.50	\$22.50	\$22.50
30 Day Value Pass (Disability)	\$22.50	\$22.50	\$22.50
30 Day Value Pass (Student)	\$22.50	\$22.50	\$22.50
Full Fare Token	\$1.50	\$1.50	\$1.50
Reduced Fare Token	\$0.75	\$0.75	\$0.75
SPECIAL SERVICES FARES	FY2023	FY2024	FY2025
GroceryRide			
GroceryRide	\$0.75	\$0.75	\$0.75
NightRide			
NightRide (Full Fare)	\$5.00	\$5.00	\$5.00
NightRide (go!Pass)	\$3.00	\$3.00	\$3.00
NightRide (Reduced Fare)	\$2.50	\$2.50	\$2.50
NightRide (Surcharge/outside A2)	\$0.00	\$0.00	\$0.00
NightRide (Child aged 5 & under)	Free	Free	Free
HolidayRide			
HolidayRide (Full Fare)	\$5.00	\$5.00	\$5.00
HolidayRide (go!Pass)	\$3.00	\$3.00	\$3.00

HolidayRide (Reduced Fare)	\$2.50	\$2.50	\$2.50
HolidayRide (Surcharge/outside A2)	\$0.00	\$0.00	\$0.00
HolidayRide (Child aged 5 & under)	Free	Free	Free
FootballRide			
One-Way	\$1.50	\$1.50	\$1.50
Round Trip	\$3.00	\$3.00	\$3.00
A-RIDE FARES	FY2023	FY2024	FY2025
Cash Fares			
Advance Reservation	\$3.00	\$3.00	\$3.00
Same Day Reservation	*\$4.00	*\$4.00	*\$4.00
Will Call return Trip	\$3.00	\$3.00	\$3.00
Companion Fare	\$3.00	\$3.00	\$3.00
Companion Fare (Youth K-12)	\$1.50	\$1.50	\$1.50
Companion Fare (Age 5 & Under)	Free	Free	Free
Personal Care Assistant	Free	Free	Free
Scrip Coupons			
Booklet of 10	\$30.00	\$30.00	\$30.00
FLEXRIDE FARES	FY2023	FY2024	FY2025
Standard Adult One-Way	\$1.00	\$1.00	\$1.00
Students (K-12, ages 6-18)	\$0.50	\$0.50	\$0.50
Children (Age 5 & Under)	Free	Free	Free
Fare Deal Card	\$0.50	\$0.50	\$0.50
A-Ride Card	Free	Free	Free
GoldRide Card	Free	Free	Free
30-Day Value Pass (Fare Deal)	Free	Free	Free
GoldRide*	FY2023	FY2024	FY2025
One-Way	\$20.00	\$20.00	\$20.00
Additional Passenger (Companion)	\$ 5.00	\$ 5.00	\$ 5.00

*GoldRide was added to this table after the Finance Committee meeting, but was included in the Draft Budget Book sent to the Board in August that was referenced in this monitoring report.

Description of Fare Structure

Fixed Route Fares

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

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

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

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

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

- A-Ride I.D. – American with Disabilities Act (ADA) eligible
- GoldRide I.D. – Seniors 65 and over
- Value Passes (Fare Deal Cards):
 - Senior Fare Deal – Seniors ages 60-64
 - Income Eligible Fare Deal – Medicaid card holders and other verified individuals
 - Disability Fare Deal – Persons with disabilities who do not qualify for A-Ride
- Children – Ages 5 and under
- Personal Care Attendant (PCA) – Assist A-Ride customers as a companion; must be registered as a PCA
- Students – Grades K-12 with a valid student ID, ages 6-18
- Commuters with go!pass – Employees who work at registered companies located in the Ann Arbor Downtown Development Authority’s boundaries are eligible to purchase a go!pass.

Demand Response Fares

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

A-Ride Fares

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

Fare definitions for A-Ride are as follows:

- **Will Call:** When an advance reservation is made for a pickup, an open-ended time for a return reservation can be made at the same time. The price is the same for the return trip, but it will not require advance notice to use the return trip if it is originally reserved with the initial reservation.

- **Companion:** A-Ride passengers requiring assistance with their trip may bring a companion for assistance. As a companion passenger, an A-Ride I.D. for the companion is not required, but there is a fare charged for the passenger, as indicated in Table 8.3.
- **Personal Care Assistant:** Personal Care Assistants (PCAs) are registered assistants that may travel with an A-Ride eligible passenger to assist with their trip. There is no fare charge for PCAs.

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 should the CEO seek authorization from the Board to change fares, the Board has articulated the process and information it will want to see as part of the CEO proposal.

Measure/Standards & Level of Achievement

Compliance will be demonstrated when a CEO’s proposal to change fares:

- A. Is presented as a part of the annual budget process or a mid-year budget amendment.
- B. Provides the following information:
 - i. A table clearly showing the existing and proposed fares side-by-side to make it easy to see the proposed changes.
 - ii. Comments on how the proposed changes will advance the Board’s written Ends goals.
 - iii. Estimates for impacts on ridership.

- iv. Documentation of what discounts are being proposed for low-income or other passengers, and a description of, and justification for, the process for assessing eligibility for the discount.
- v. A description of the public involvement process used in developing the proposal (often dictated by Title VI requirements).
- vi. An assessment of the cost per trip and subsidy per trip for each fare type, as well as the average cost per trip and the amount of costs covered by taxpayers.
- vii. A financial assessment documenting the anticipated impacts on revenues and how the agency will compensate for any decrease in revenue.

Further, the CEO is empowered to suspend fare collection under emergency situations.

Rationale

The above interpretations are reasonable because the Board policy is already specific and unambiguous regarding the information it expects to accompany a proposal to adjust fares. The interpretation re-orders the information for a succinct proposal and clarifies the details to be provided in a few instances.

The interpretation that the CEO can suspend fare collection in emergency situations is reasonable because a blanket suspension is temporary and equitable, and timeliness may be urgent.

Evidence

Source of data: FY 2025 Draft Operating and Capital Budget

Date of data collection: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data: The CEO is not requesting any changes to fares or prices in the budget (pages 51 and 52). No proposal has been submitted to the Board.

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: Compliant

Interpretation

I interpret this policy to be about publicizing a decision, not about the public involvement leading up to a decision. Public involvement is already addressed above in policy 2.5.12.1(f). Public involvement prior to decisions is also a legal requirement of Title VI.

Measure/Standards & Level of Achievement

Compliance with this policy will be demonstrated when the public is notified of any change at least 30 days in advance. While tools for notification may change, they will at least include publication on agency’s website and social media accounts, and hardcopy postings in terminals and on buses.

Rationale

This interpretation is reasonable because a minimum of 30 days of advance notification provides a reasonable likelihood that regular patrons will encounter the notification before changes take effect. This approach does not preclude staff from recommending a longer timeline between Board approval and implementation of changes.

The minimum approaches for publication and posting are reasonable as they will reach most patrons. Electronic publication will reach many, while hardcopy postings will be physically available where fares are paid. This also does not preclude staff from mounting more expansive public education efforts based on the scale of the change.

Finally, this approach is consistent with the rules from the agency’s Title VI plan which also requires considerable public involvement before a final approval can be made.

Evidence

Source of data: Review of Public Input Policy

Date of data collection: 8/26/2024 as verified by the Deputy CEO, Finance and Administration

Data: There were no fare changes implemented during the monitoring period, so no notifications were made.

Policy Trendline

Policies	FY22	FY23	FY24
2.5	3	3	3
2.5.1	3	3	3
2.5.12	2	3	3
2.5.12.1	3	3	3
2.5.12.2	1	3	3

Legend	
1	Policy is not compliant
2	Policy is partially compliant
3	Policy is fully compliant

The policy trends for this policy are as shown below. The trendline for FY2024 is not final and is dependent on the Board’s decision.

Board’s Conclusion on Monitoring Report

Board’s conclusion after monitoring the report.

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

- A. a reasonable interpretation for **all** policy items and that the evidence demonstrates compliance with the interpretations.
- B. a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.
- C. 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation
 2. For policy items x.x.x – the interpretation is not reasonable
 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance
 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance.

Board’s notes (where applicable)

WORKSHEET RESULTS:

Fare Policy (Policy 2.5.12)

Participants: (7) Board Members

Mike Allemang, Chris Allen, Simi Barr, Rich Chang, Julie Grand, Jesse Miller, Kathleen Mozak

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	Additional comments if NO stated
Policy 2.5.12 The CEO shall not ... Adjust passenger fares.	100%	100%	
Policy 2.5.12.1 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	100%	100%	

<p>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, and how their feedback has been addressed.</p>			
<p>Policy 2.5.12.2 Let the travelling public, residents and businesses be without reasonable advance notice of approved changes to fares.</p>	<p>100%</p>	<p>100%</p>	

Additional context questions

1. Is there any reason to doubt the integrity of the information presented?

Responses – (7) – NO

- It looks like the \$20 one-way GoldRide route fee was not included in the fare table (figured it would go under the "special services fares" section)?

2. If the CEO has indicated NON-COMPLIANCE with any aspect of this policy, is there a commitment as to when the Board can expect to see compliance and is the proposed time-frame acceptable?

**Responses – (1) – YES
(6) – N/A**

3. Having reviewed the monitoring report, does anything you have learned make you consider whether the POLICY ITSELF should be amended? (Policy amendment is not monitoring, but should be addressed as a board decision.)

Responses – (10) - NO

APPROXIMATELY HOW MANY MINUTES DID IT TAKE YOU TO FILL OUT THIS FORM?

10, 5, 16, 15, 10, 15, N/A

FY2025 Recommended Budget

Meeting: Board of Directors Meeting

Meeting Date: September 19, 2024

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
That the Board adopt the resolution in Attachment 2, thereby approving the Recommended FY2025 Operating and Capital Budget.
ALTERNATIVE OPTION(S):
The Board may amend the recommended budgets by vote.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Governance Process: Policy 3.2.7 "...the Board has direct responsibility to create...approval of the annual budget developed and recommended by the CEO." • Executive Limitation: Policy 2.4 Financial Planning/Budgeting
ISSUE SUMMARY:
This issue brief presents the Recommended FY2025 Operating and Capital Budget for approval. Adoption of the FY2025 operating and capital budget is required this month to continue operations and capital spending after September 30, 2024 (last day of the current approved FY2024 Budget). The budget is balanced (revenues are sufficient to cover expenses without deficits) for the fiscal year, services are maintained with some expansions, and fares are unchanged.
BACKGROUND:
AAATA staff developed this recommended FY2025 operating and capital budget that furthers Board Ends within Executive Limitations and provides multi-year context. The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget by Board Resolution for our next fiscal year, which begins October 1. In addition, the Board needs to authorize a multi-year capital program for federal funding. A formal public hearing for the budget is required and was held at the August Board meeting.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Budgetary/Fiscal: Budget adoption is required by state law and Policies 2.4, 3.2.7. • Social/Environmental: Provision of public transportation authorized by the budget is necessary to ensure achievement of social and environmental ends per Board policy. • Governance: The Board is responsible to approve the annual budget (Policy 3.2.7)
ATTACHMENTS:
<ol style="list-style-type: none"> 1. FY2025 Recommended Budget Updates 2. Resolution 03/2024: Adoption of the FY2025 Operating and Capital Budget 3. FY2025 Recommended Operating and Capital Budget Document

Attachment 1

FY2025 Recommended Budget Updates

Since presentation of the Draft FY2025 Operating and Capital Budget (the draft budget) to the Board on August 15, 2024, several activities and budget refinements have occurred. With reference to additional review and consideration of the budget and budget assumptions, the following activities have transpired:

- Public engagement outreach and opportunities for public comment,
- Discussions with Board members to provide additional information as well as process updates and open communication regarding budget items at committee meetings,
- Operating and capital budget staff review, and updates based on:
 - Detailed analysis and review of budget assumptions,
 - Current industry information and state and federal funding updates,
 - Monitoring of external factors that influence budget assumptions, and
- Thorough review of the budget resolution.

Public Comments

Opportunities for public comment regarding the FY2025 Draft and Recommended Operating and Capital Budgets have been solicited and encouraged in several ways:

- Official and informal public notices of opportunities to review the budget and encourage public comment (newspaper, press release, social media and web site),
- Opportunities for comment at two public Board meetings, and
- Posting the budget online and providing a hard copy available for public inspection at the front desk at the operations center, as publicized.

To date, there have been no objections from any source (telephone, email or in person) of the public.

The final opportunity for public comment will be during the Board meeting on September 19, 2024. There will also be an official public hearing at the Board meeting that evening.

Summary of Revisions: Draft Budget to the Recommended Budget

The Recommended Operating Budget (the budget) is a balanced budget with revenues sufficient to cover budgeted expenditures. Changes to the budget compared to the draft budget presented at the August Board meeting are as follows:

The Recommended Operating Budget (the budget) is a balanced budget with revenues sufficient to cover budgeted expenditures. Changes to the budget compared to the draft budget presented at the August Board meeting are as follows:

Operating Revenues are budgeted at **\$69,788,943**, which is an increase from the draft budget of \$1,028,943, or 1.5%. The increase is due to various factors: adjustments to Passenger Fare revenues, a change in the anticipated revenues for State Operating Assistance, an increase in expected POSA revenue, and the expectation of additional investment income. Chief among the changes in Passenger Fare revenues is a substantive shift in expected income from MRide,

based on the impact of a necessary year-end reconciliation to account for federal and state funding, which amounts to a reduction of \$841,422 from the last budget draft.

With regards to State Operating Assistance, TheRide's expenses increased in this draft of the budget, which in turn augmented the amount of assistance anticipated by \$713,034. This revenue, received via The Comprehensive Transportation Fund (CTF) appropriation for Local Bus Operating (LBO) is a state reimbursement for a percentage of eligible operating expenses, which is determined by a formula the state uses to appropriate passenger transportation funding to transit agencies.

Expected POSA revenue was increased by \$319,046 based on updated internal forecasting. Investment income has been projected upwards by \$650,000 from the last draft of the budget based on FY24 Actuals through Quarter 3 and the expectation of consistency in our reserves and fund balance, which provides the basis for these returns. Various nominal increases in Passenger Fares based on historical actuals and ridership, along with minor adjustments in Government Partners income, account for the remaining revenue changes in this draft of the FY2025 budget.

Operating Expenses are budgeted at **\$68,716,570**, which is an increase of \$1,408,528 or 2.1% increase from the prior draft budget. This increase is due to higher anticipated wages after more detailed analysis and internal initiatives from TheRide staff which are incorporated in this step of the budget process.

FY2025 Draft Recommended Budget Summary

The FY2025 Draft Recommended Operating Budget is provided in Figure 3 and illustrates the changes described above. For your convenience, the draft budget presented on August 15th is included in the table and labelled accordingly.

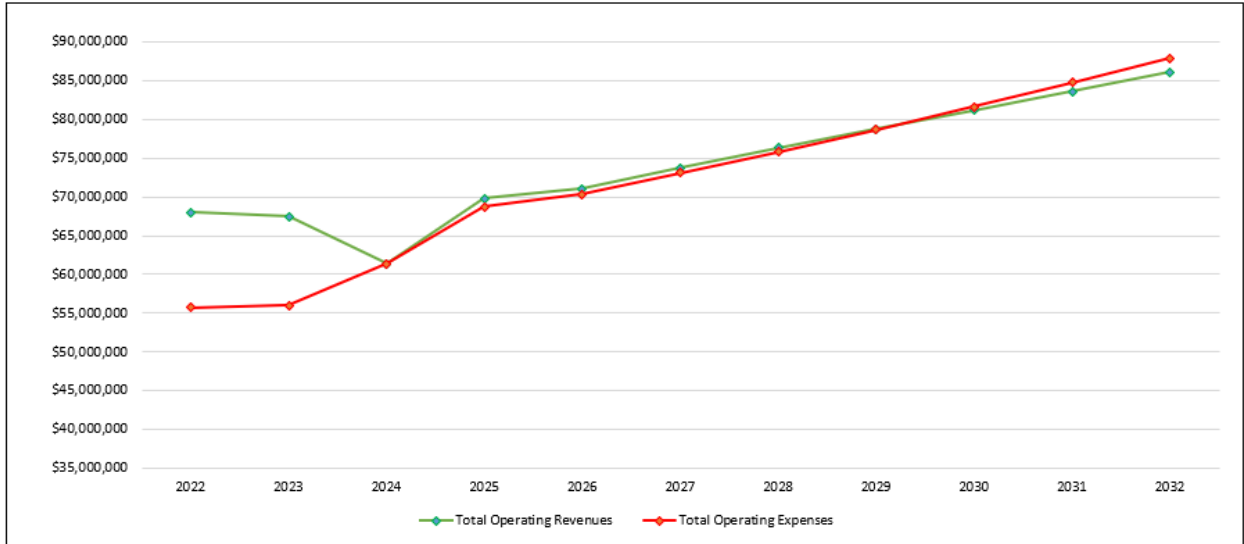
Figure 3: FY2025 Operating Budget Detail (with prior year and prior version comparisons)

**TheRide
FY2025 Operating Budget**

	FY2024 Approved Budget	FY2025 Draft Budget	FY2025 Recommended Budget	2025 vs 2024	
				\$	%
OPERATING REVENUES					
Passenger Revenue	\$ 4,316,568	\$ 4,360,972	\$ 3,800,535	\$ (516,033)	-12.0%
Local Property Tax Revenue	20,022,143	37,494,802	37,494,802	17,472,659	87.3%
POSA & Other Governmental Partners	2,040,622	2,713,336	2,939,682	899,060	44.1%
State Operating Assistance	20,865,466	21,485,581	22,198,615	1,333,149	6.4%
Federal Operating Assistance	2,458,210	-	-	(2,458,210)	100.0%
Other Federal Programs	4,427,127	1,446,166	1,446,166	(2,980,961)	-67.3%
Pandemic Relief Funds	6,786,895	-	-	(6,786,895)	100.0%
Advertising, Interest, and Other	440,258	1,259,143	1,909,143	1,468,885	333.6%
TOTAL REVENUES	\$ 61,357,289	\$ 68,760,000	\$ 69,788,943	\$ 8,431,654	13.7%
OPERATING EXPENSES					
Salaries, Wages and Benefits	\$ 33,569,407	\$ 36,958,209	\$ 37,984,126	\$ 4,414,719	13.2%
Purchased Transportation	13,005,810	13,554,686	13,554,686	548,876	4.2%
Diesel Fuel and Gasoline	3,195,626	3,417,000	3,417,000	221,374	6.9%
Materials and Supplies	3,646,971	4,227,804	4,259,770	612,799	16.8%
Contracted Services	3,814,811	4,672,685	4,956,685	1,141,874	29.9%
Utilities	713,931	929,800	929,800	215,869	30.2%
Casualty & Liability Insurance	1,827,000	2,121,050	2,121,050	294,050	16.1%
Other Expenses	1,583,733	1,426,808	1,493,453	(90,280)	-5.7%
TOTAL EXPENSES	\$ 61,357,289	\$ 67,308,042	\$ 68,716,570	\$ 7,359,281	12.0%
SURPLUS (DEFICIT)	\$ -	\$ 1,451,958	\$ 1,072,373	\$ 1,072,373	100.0%
Operating Reserve Transfer	\$ -	\$ (1,451,958)	\$ (1,072,373)	\$ (1,072,373)	100.0%
Capital Reserve Transfer	-	-	-	-	0.0%
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ 1,072,373	100.0%

The Operating Budget remains balanced as projected in the Draft Budget. The outlook for the budget is stable and is supported by approved millages through 2028. While assumptions for the projection period continue to be refined, as demonstrated in Figure 2 below, The Ride is still projecting a small surplus in the beginning of the 2024-2028 millage cycle, and by fiscal year 2029 we are projecting to breakeven.

Figure 1: Current Projection of Revenues and Expenses (8 years)



Capital Budget Updates

The Draft Recommended Capital Budget for FY2025 has decreased to **\$34,866,296** while the FY2026-2034 Program has increased to **\$417,809,000** due to State of Good Repair timing and anticipated cost escalations over the course of the full forecast.

The FY2025 Recommended Capital Budget is provided in Figure 4 below and illustrates the changes described above. Budget approval is only requested for FY2025 and is fully funded.

Figure 4: Capital Plan Projects and Funding Sources

CAPITAL PROJECTS	FY2025 Budget	FY2026-FY2034 Program
State of Good Repair	\$24,317,000	\$147,776,000
Value Added	\$5,454,000	\$21,636,000
Research & Development	\$25,000	\$225,000
Expansion	\$5,070,000	\$248,172,000
TOTAL EXPENSES	\$34,866,000	\$417,809,000
FUNDING SOURCES	FY2025 Budget	FY2026-FY2034 Program
State & Federal Grants	\$33,626,000	\$172,682,000
Congressionally Directed Spending	\$1,240,000	\$7,510,000
Local Capital Reserve	\$0	\$33,184,000
Unidentified Funding	\$0	\$204,433,000
TOTAL REVENUE	\$34,866,000	\$417,809,000
UNIDENTIFIED FUNDING PORTION	FY2025 Budget	FY2026-FY2034 Program
Unidentified Funding %	0%	49%

Attachment 2

Resolution 03/2024

APPROVAL OF FY2025 OPERATING AND CAPITAL BUDGET

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

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2025 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) in order to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2025 to the Federal Transit Administration (FTA) as part of the annual application for FY2025 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2025 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2025 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2025 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$68,716,570** for operations, and
- **\$34,866,296** for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2021-FY2024 TIP, of which FY2025 and beyond are subject to amendment in future years.

Kathleen M. Mozak, Chair

Jesse Miller, Secretary

Date:

Date:

FY 2024 Q3 Service Report

Service Committee Meeting Date: September 3, 2024

Board Meeting Date: September 19, 2024

RECOMMENDED ACTION(S)
<p>Receive as CEO Operational Update.</p>
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 Dec, March, June, Sept
ISSUE SUMMARY
<p>In accordance with the Board’s Policy Manual, I present the Quarterly Satisfaction and Service Report for the third quarter of 2024. I certify that the information is true and complete with exceptions noted, and I request that the Board accept this as an operational update.</p> <p>This report is populated with currently available and reportable data/targets for Fixed Route, A-Ride/Paratransit, VanRide, and FlexRide services.</p> <p>The impact of the COVID-19 Emergency, which emerged in the latter part of Q2 of FY2020, continues to influence the collection and reporting of data. Therefore, the comparison of Q3 figures from FY2024 with those of FY2020 serves as a benchmark to gauge performance metrics in a post-pandemic context. Moreover, juxtaposing the data between Q3 of FY2024 and Q3 of FY2020 provides valuable insights into our journey through the pandemic and subsequent stages of recovery. This analysis allows us to discern the trajectory of progress amid the evolving landscape of transit.</p> <p>The data from Q3 of FY2024 illustrates a system that is experiencing growth in ridership. This quarter's data is being compared to the third quarter of previous periods when the pandemic significantly reduced ridership. Nationally, the resurgence of public transit usage has been gradual as remote work continues to shape post-pandemic work culture. We are still making pullout and are on track to meet future service needs, further supporting our community and service demands.</p> <p>Readers should note that numbers reported at the end of the quarter have undergone validation and confirmation required through the NTD process. Some numbers were quarterly estimates based on reported financial and operating data. 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. Highlights Brief 2. FY 2023 Q3 Service Report

Operations Report


For the Period Ended June 30, 2024

Fixed Route

Fixed Route Measure	FY 2024			FY 2024		FY 2024		Q3 20 - Q3 21 -		Q3 22 - Q3 23 -	
	Q1	Q2	Q3	Q3	Q4	Q3 24	Q3 24	Q3 24	Q3 24	Q3 24	Q3 24
Revenue Miles	873,224	881,700	898,466	898,466		177%	55%	14%	3%		
Revenue Hours	67,800	68,416	68,600	68,600		29%	33%	11%	3%		
Operational Cost	\$9,597,310	\$9,388,530	\$10,357,970	\$10,357,970		43%	31%	11%	0%		
Boardings	1,205,355	1,201,786	1,090,795	1,090,795		432%	183%	39%	9%		
Boardings/Revenue Hour	17.8	17.6	15.9	15.9		340%	113%	25%	6%		
Cost/Revenue Hour	\$141.55	\$137.23	\$150.99	\$150.99		11%	-2%	0%	-3%		
Cost/Boarding	\$7.96	\$7.81	\$9.50	\$9.50		-73%	-54%	-20%	-9%		
Preventable Accidents Injury/100,000 miles	1.0	1.5	1.1	1.1		-50%	-61%	-27%	-8%		
On-time Performance	83%	86%	82%	82%		NA	6%	NA	2%		
Percent of Passengers on an On-time Bus	NA	NA	NA	NA		NA	NA	NA	NA		
Avg Miles Between Road Calls	28,754	32,862	23,751	23,751		-72%	-78%	16%	-24%		
Average Age of Fleet	7.52	8	7.2	7.2		18%	13%	-5%	-10%		
Complaints/100,000 Boardings	1.2	1.2	1.0	1.0		-70%	-22%	-21%	-61%		
Compliments/100,000 Boardings	1.3	3.4	1.6	1.6		-85%	-54%	-23%	-22%		

 Avg Age of Fleet shows a 10% decrease

 Revenue Miles compared to Q3 of '24 shows a 3% increase

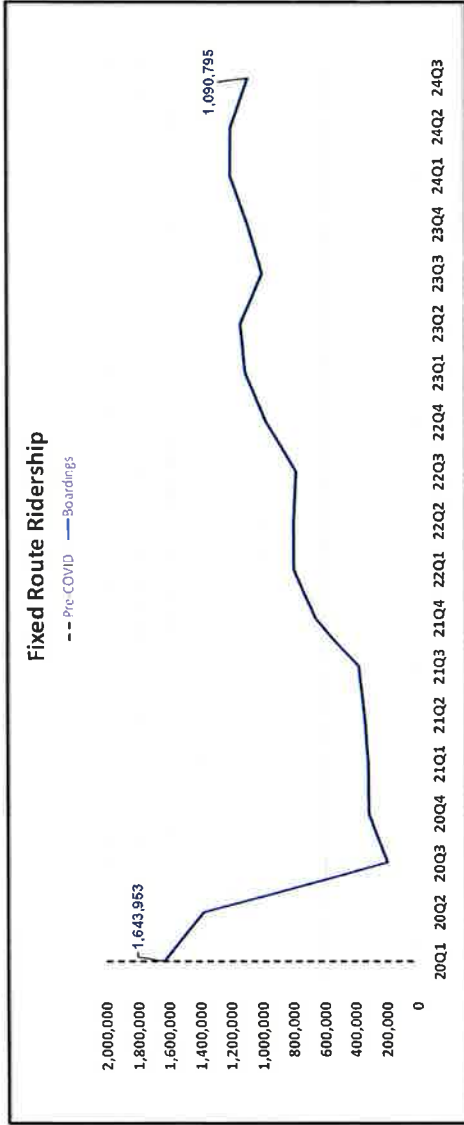
 Complaints per 100,000 Boardings for Fixed Route is down 61% compared to Q3 of '24

Boardings Compared

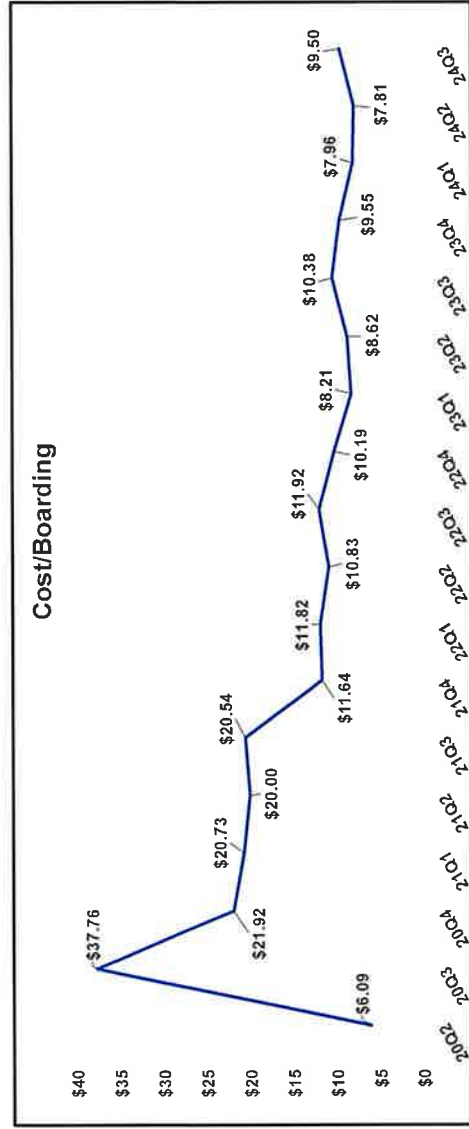
Q3 of 2024 compared to Q3 of 2023 saw a 9% rise in ridership for TheRide

Boardings Q3 2024	1,090,795
Boardings Q3 2023	1,002,837
DIFFERENCE	87,958

Fixed Route Ridership Comparison



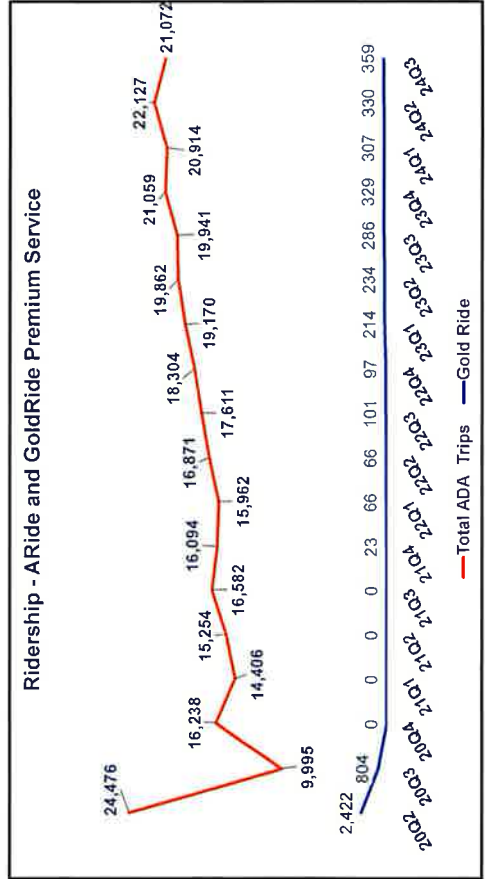
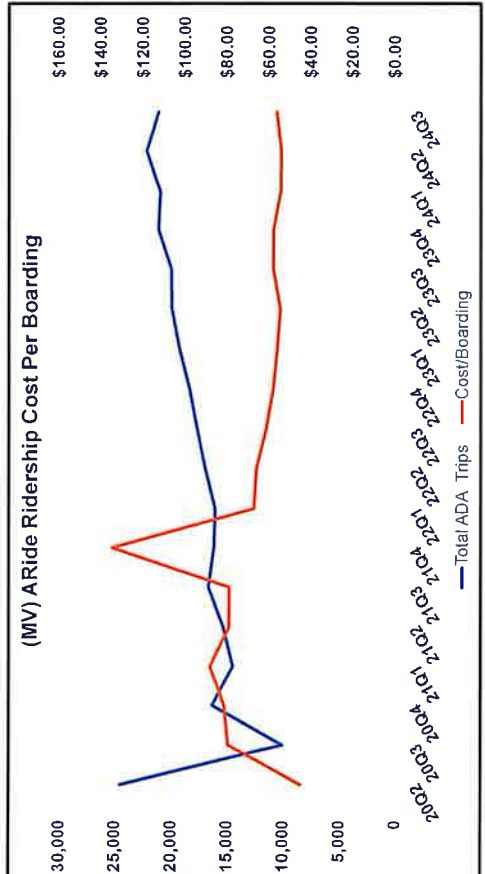
Fixed Route Cost Per Boarding



(MV) Aride / ParaTransit

Measure	FY 2024			FY 2024			FY 2024			FY 2024			FY 2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue Miles	177,008	198,620	196,604												
Revenue Hours	13,401	13,916	13,603												
Operational Cost	\$1,577,640	\$1,193,382	\$1,180,821												
Senior Trips	307	330	359												
Total ADA Trips	20,914	22,127	21,072												
Cost/Revenue Hour	\$82.80	\$85.75	\$86.81												
Boardings/Revenue Hour	1.50	1.61	1.58												
Cost/Boarding	\$54.27	\$53.93	\$56.04												
Ontime Performance with 30 Minute Service Window	98%	98%	97%												
Complaints/100,000	76.5	49.7	75.9												
Compliments/100,000	0.00	9.04	18.98												
ADA Service Denials/ADA Boardings	0	0	2												

(MV) Aride Ridership Cost Per Boarding



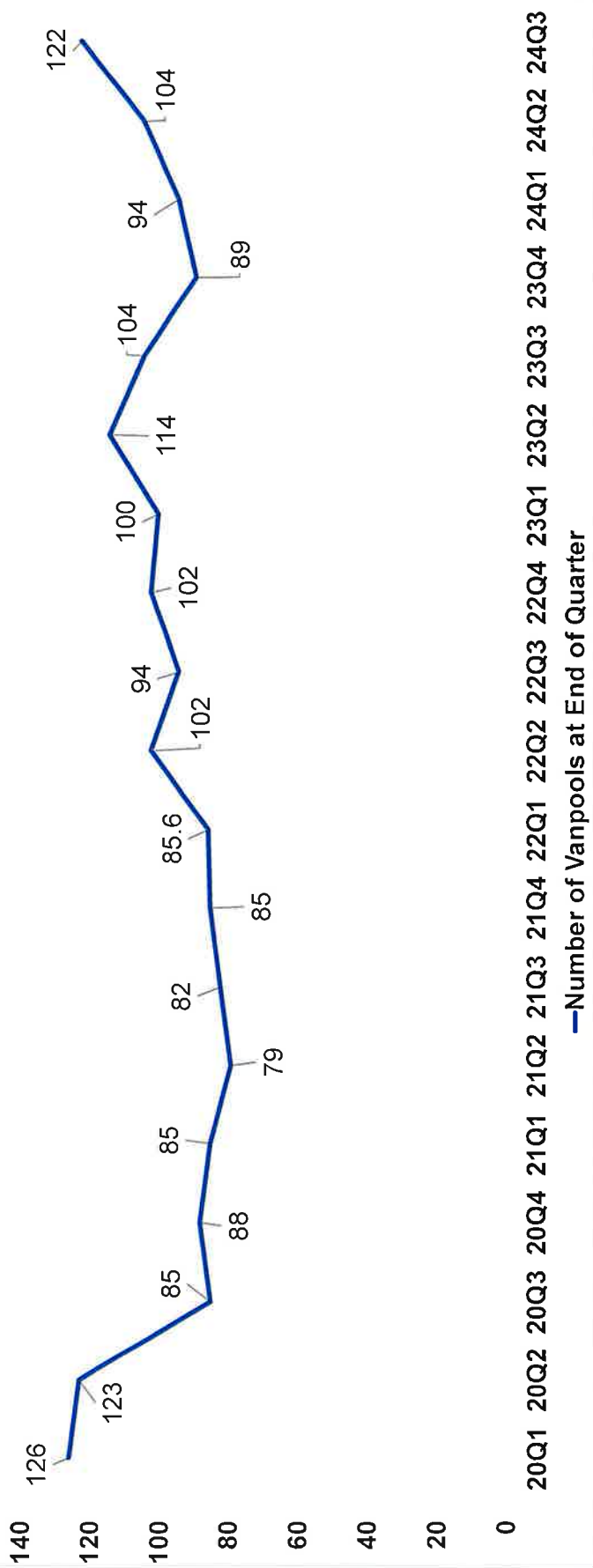
Operations Report

For the Period Ended June 30, 2024

Vanpool

VanPool Measure	FY 2024			FY 2024		FY 2024		FY 2024		Q3 20 - Q3 24		Q3 21 - Q3 24		Q3 22 - Q3 24		Q3 23 - Q3 24	
	Q1	Q2	Q3	Q2	Q3	Q3 20 - Q3 21	Q3 21 - Q3 22	Q3 22 - Q3 23	Q3 23 - Q3 24	Q3 20 - Q3 21	Q3 21 - Q3 22	Q3 22 - Q3 23	Q3 23 - Q3 24	Q3 20 - Q3 21	Q3 21 - Q3 22	Q3 22 - Q3 23	Q3 23 - Q3 24
Number of Vanpools at End of Quarter	94	104	122	46,860	44,060	44%	54%	54%	NA	44%	24%	NA	5%	44%	24%	NA	5%
Number of Rider Trips Taken	42,590	\$58.87	\$63.56	158%	18256%	158%	14210%	NA	17%	158%	46%	NA	17%	158%	46%	NA	17%
Avg Fuel Cost to Rider	\$3.68	\$3.58	\$3.14	180,014	180,014	18256%	14210%	NA	11%	18256%	14210%	NA	11%	18256%	14210%	NA	11%
Avg Monthly Rider Miles	18.07	27.24	27.29			-53%	-68%	NA	-2%	-53%	-68%	NA	-2%	-53%	-68%	NA	-2%
Federal Subsidy/Rider Trip																	
Rider Miles/Gallon																	

Number of Vanpools at End of Quarter

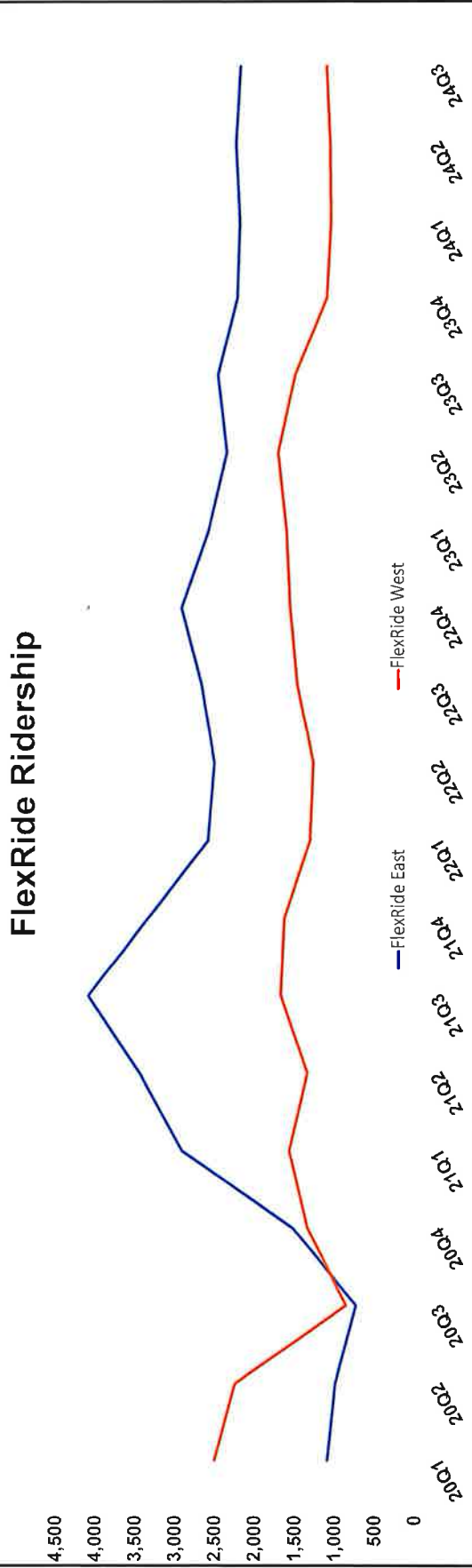


— Number of Vanpools at End of Quarter

FlexRide

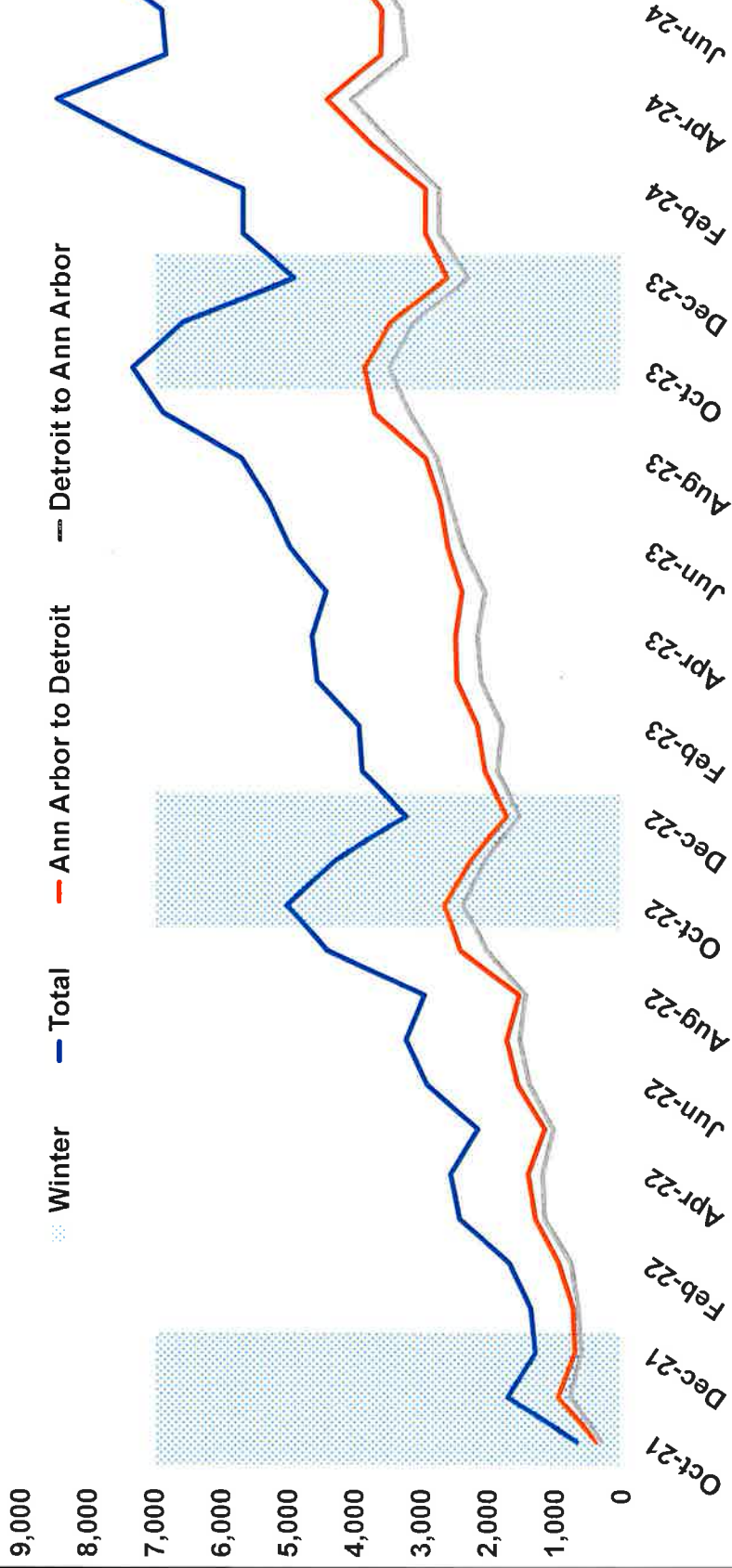
Measure	FY 2024		FY 2024		FY 2024		FY 2024		FY 2024		FY 2024		FY 2024		FY 2024		FY 2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Operational Cost (Contractor)	\$217,978	\$159,079	\$161,265																
Trips - East Service Area	2,173	2,219	2,163																
Trips - West Service Area	1,037	1,045	1,089																
FlexRide - Late Night	2,555	2,490	2,475																
Cost/Boarding	\$67.91	\$48.74	\$49.59																
Complaints	3	1	9																
Compliments	0	0	1																
Denials East	8	8	3																
Denials West	0	5	2																
Denials Late Night/Holiday	26	24	41																
Boardings	5,765	5,754	5,727																
Trip Denials	34	37	46																

Data for Q1 of FY23 is unavailable as it was not requested or measured until Q2 of FY23



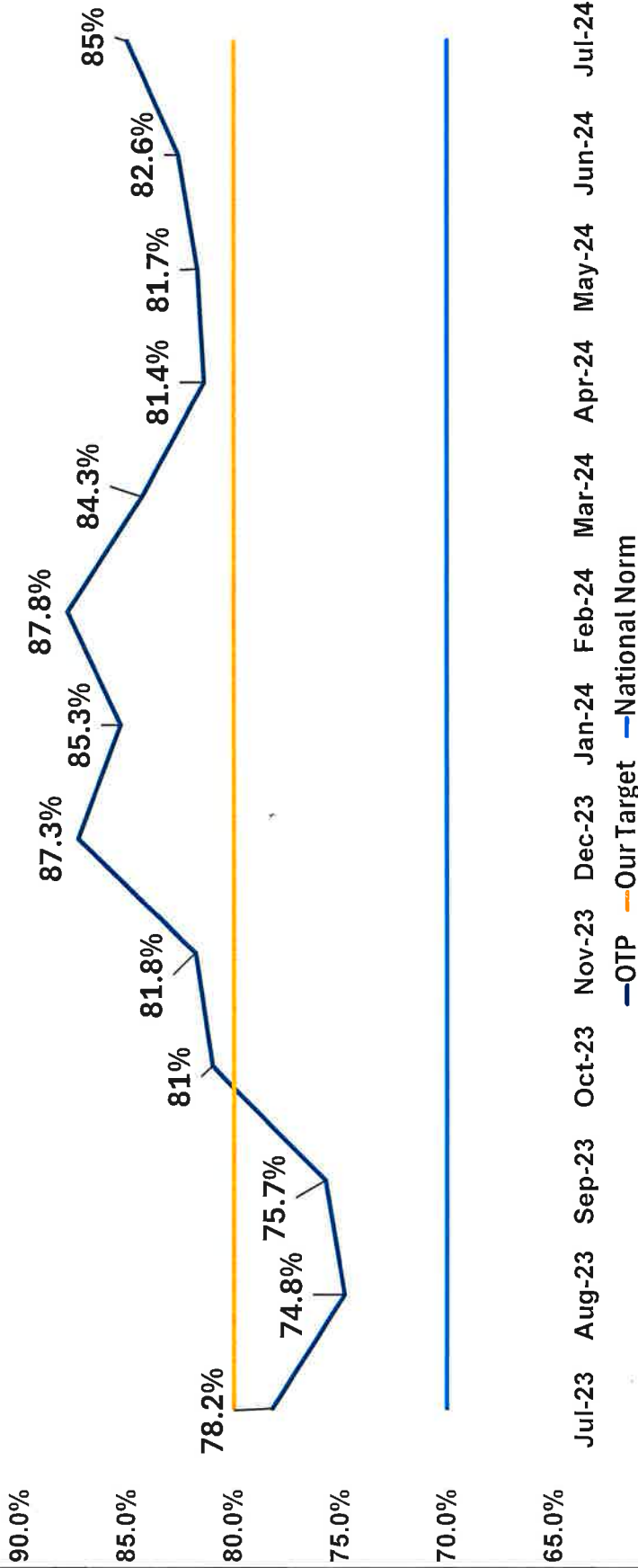
D2A2

D2A2 Ridership



Fixed Route On-Time Performance Trend

Fixed Route On-Time Performance



CEO Report

Meeting: Board of Directors

Meeting Date: September 19, 2024

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

AUGUST SERVICE UPDATE

The service changes took effect on August 25th and included expanded and more frequent service. These changes are part of TheRide’s Long Range Plan and were a pillar of TheRide’s 2022 millage. As part of these changes, TheRide extended weekday, weekend, and late night/holiday service hours. On the first couple days of the service change, staff were present at the BTC and YTC and rode along routes which experienced the biggest changes to assist our customers understand the new service.

SCHOOL YEAR BEGUN

Various students returned to classes throughout our communities this month. This corresponds with an increase in TheRide’s services. This year’s return was typical and generally uneventful, aside from the implementation of new millage services.

YPSILANTI TRANSIT CENTER PLANNING

Schematic design of the YTC began in August and will continue throughout the fall and winter. The design team will begin engaging with employees throughout the organization, relying on them and a core team of users to help inform decisions. In parallel, the project team has made considerable progress on the environmental review process. A preliminary draft Categorical Exclusion with Documentation was submitted to the FTA at the end of August. The FTA will review and provide feedback which staff will address with consultant team help. TheRide and the City of Ypsilanti have also worked in conjunction to help the consultants conduct necessary ongoing environmental field work at the YTC/Washington St. Parking Lot site. The project team will hold additional public and stakeholder engagements to inform the community on the facility design and function; timing of the engagement is to be determined as the environmental review and schematic design processes unfold.

BLAKE TRANSIT CENTER EXPANSION

TheRide continues to work with the Ann Arbor Housing Commission and City staff on the joint development of the old Y-Lot site adjacent to the BTC (350 S. Fifth). The Housing Commission and developer Related Midwest will hold a kickoff in September and continue ramping up the project throughout September and October. The design of the affordable housing building will likely become clearer in the next few months, and TheRide is working closely with the co-

developers and architect on the design of the transit platform expansion. A separate study led by the DDA to redesign 4th Avenue from Liberty St. to William St. is ongoing. The project team made slow but steady progress over the summer and will be discussing the project timeline and final designs as the details of 350 S. Fifth development unfold.

US-23 / WASHTENAW MDOT STUDY

TheRide continues working with MDOT to ensure that the redesign of the US-23/Washtenaw interchange accommodates TheRide's long-term needs. MDOT shared different preliminary designs for the interchange which included concepts that showed dedicated bus lanes through portions of the interchange. TheRide staff provided comments emphasizing the need for dedicated bus lanes through the entirety of the project area to achieve mobility and safety objectives. MDOT has been very responsive, and we await the study's conclusion. A complementary study to create a new vision for upgrade on Washtenaw Ave from Carpenter Road east to EMU is also moving along and is incorporating transit elements. Both efforts are advancing projects identified in our long-range plan, TheRide2045.

LEGISLATIVE UPDATE

The Michigan House and Senate both remain in legislative recess, with an expected return date in mid-to-late September, yet session will be sporadic due to the upcoming election. As previously discussed, the SOAR package did not move, although there is a possibility it will be revisited in the fall when the legislators return.

The new Executive Director of the Michigan Public Transit Association (MPTA), John Dulmes, started his job in September. TheRide looks forward to renewed assertiveness of the state trade association in the coming years.

The CEO, CFO and Grants Manager met with FTA Region 5 personnel at the MPTA Annual Meeting in August. The topics were general. Low-No implementation was discussed in generalities. No concerns with TheRide's compliance were raised or suggested. Relationships were strengthened.

OPERATIONAL UPDATES

FLEXRIDE VENDOR CHANGE

The new FlexRide vendor, Via, has been operating since August 26th. TheRide will continue with pre-booked trips with FlexRide, and staff has informed customers of the change. In the future staff will endeavor to time vendor changes to occur earlier in the summer to minimize disruption.

STOPGAP BUS REPLACEMENT

TheRide is currently working on a mutual cancellation agreement with NovaBus. The remainder of the contract has been awarded to Gillig, a prominent manufacturer. Delivery of the new buses is anticipated by the end of the calendar year. These buses are not part of the ZEB or Low-No discussions.

LOCAL ADVISORY COMMITTEE (LAC)

The August LAC meeting was held on September 10th. Advertising on fixed-route and paratransit vehicles has attracted several new participants. The LAC continued discussions of what their feedback on Ends policies to the Board would include, and received the last monitoring report on Treatment of the Traveling Public for discussion at the next meeting.

ANN ARBOR CITY COUNCIL

Jeff Pfeifer, Manager of Public Affairs presented to the Ann Arbor City Council in August. He provided an update on the service expansion, FTA grant award, and Washtenaw Express giveaway on social media.

TRANSPORTATION COMMISSION (ANN ARBOR)

The Commission met on August 21th. Bylaws and winter maintenance schedule were discussed. No actions.

WATS POLICY COMMITTEE UPDATE

The August 2024 WATS Policy Committee meeting was cancelled. The September meeting is set for September 18th.

EMPLOYEE ENGAGEMENT/HIGHLIGHTS

TheRide hosted an “Employee Appreciation Day” event on August 23rd, emceed by Deputy CEO George Brooks. The awards were given out because of feedback that employees gave to other employees, exemplifying the benefits they bring to the organization.



COMMUNITY ENGAGEMENT

TheRide participated in the Parkridge Summerfest/Joe Dulin Day event in Ypsilanti, where we engaged with members of the community, handed out some branded items and spoke with citizens about the August service changes.

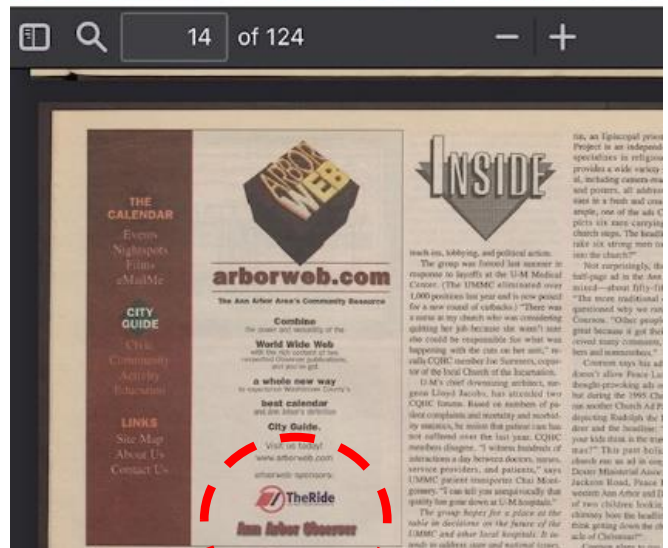
On August 26th and 27th, TheRide set up tables at both the Blake Transit Center and the Ypsilanti Transit Center to help riders with the new schedule and answer any questions regarding the new services provided or route changes.



TRADEMARK REGISTRATION - UPDATE

TheRide recently began the process to submit trademark applications for our logos. Once submitted, it will take 8-10 months to be reviewed. As part of the submission process, TheRide had to provide the first use of our current logo. TheRide reached out to a few former employees to see if they could help provide a history of our current logo. TheRide learned that the current "Coast Guard" logo design was first used in 1980-1981, which was the same time that driver's uniforms were mandated, and the PPM created, with the goal of moving AATA to a more professional institution. The current logo being used was first seen in December 1996. Attached are some photos showing the old logo and the new logo from old Ann Arbor Observer publications.

Ann Arbor Observer, September 1986 Ann Arbor Observer, March 1997



Board Officer Elections

Meeting: Board of Director's

Meeting Date: September 19, 2024

INFORMATION TYPE
Decision
RECOMMENDED ACTION(S)
Elect Board officers for the coming fiscal year: Chair, Treasurer, and Secretary.
ISSUE SUMMARY
<p>In accordance Ann Arbor Area Transportation Authority Bylaws, Article II, Section 2, Election and Term of Office:</p> <p><i>Nominations for each Board Officer position shall be made from the floor. Offices will be filled one at a time by roll call vote. Officers shall be elected in September to take office October 1 for a one-year term.</i></p>



OPERATING & CAPITAL BUDGET

Recommended Budget

Fiscal Year 2025

2025
*Growing
for the
Future*

ANN ARBOR AREA TRANSPORTATION AUTHORITY



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

This Budget presentation is an award winning document which reflects the commitment of the Board of Directors and staff to meeting the highest principles of governmental budgeting. TheRide's budget consistently satisfies nationally recognized guidelines for effective budget presentation, including how the document serves as a policy document, a financial plan, an operations guide, and a communication device. TheRide was presented the Distinguished Budget Award for its *Operating and Capital Budgets* for four consecutive years, which is a significant achievement. Although the award was not pursued for the last two fiscal year budgets, all elements and criteria that earned this award are still present in this FY2025 Budget document. New GFOA requirements have delayed submission for the past two fiscal years, but new elements are being evaluated for incorporation into future budget documents.

Reader's Guide

In addition to introductory information about TheRide and a letter from the CEO and CFO, this document contains six sections describing the FY2025 (2025) Recommended Operating and Capital Budgets:

- **About the Ride** and **Letter from the CEO and CFO** provide information about the agency and an introduction to the budget document.
- The **Executive Summary** provides a high-level summary of the budget.
- The **Introduction** will orient the reader to the overall direction, strategic goals, and executive limitations established by TheRide's Board, as well as the budgeting schedule and process.
- **The State of TheRide** establishes financial context, discusses the challenges, opportunities, and priorities for developing the budget, and presents ridership performance.
- The **2025 Budget** summarizes the operating and capital budgets for FY2025 and presents financial forecasts for subsequent years.
- **Impacts of the 2025 Budget** discusses how the budget will affect the fund balance and the reserve, as well as the impact of capital investments upon the operating budget.
- The **Appendices** include details on initiatives and capital projects, anticipated contracts, fare schedule, additional financial tables, a grant funding primer, recommended Board resolution for adoption, and a glossary.

This document includes multi-year forecasting. Although financial information is presented for years beyond 2025, it is important to note that forecasted years are provided *only for context*, do not represent a commitment, and are expected to change. Each year, the Board of Directors (the Board) adopts the budget for a single year rather than a multi-year budget. The operating budget must be balanced (revenues must meet or exceed expenses) and the Board approves total budgeted expenditures. As necessary, budget amendments may be brought to the Board for consideration during any fiscal year.

Detailed information throughout this budget document is provided for context, information, and transparency in budgeting. Budget approval, as indicated in the *Adopting Resolution in Appendix 8.5*, is for total operating and capital expenditures.

Table of Contents

1. About TheRide	5
2. Letter from the CEO and CFO	7
3. Executive Summary	8-14
4. Introduction	15-18
5. The State of TheRide	19-28
6. 2025 Budget	29-45
7. Impacts of 2025 Budget	46-47
8. Appendices	
8.1 2025 Capital Descriptions	49-52
8.2 2025 Contracts	53
8.3 2025 Fares	54-56
8.4 State and Federal Grants Primer	57-59
8.5 Detailed Operating Budget	60
8.6 Adopting Resolution	61
8.7 Glossary	62-66

1. About TheRide

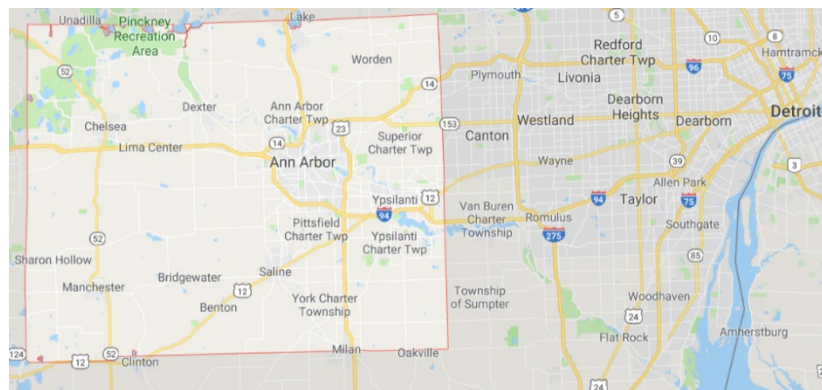


The Ann Arbor Area Transportation Authority (AAATA, or TheRide) was chartered in 1969 by the City of Ann Arbor, Michigan, as a not-for-profit unit of local government. The city of Ypsilanti and Ypsilanti Township were added as charter members to the authority in 2013.

TheRide operates public transportation services for the greater Ann Arbor-Ypsilanti area, enabling the area's residents to reach their destinations at a reasonable cost, and offers the region efficient, environmentally sound transportation alternatives.

The service area is home to the University of Michigan, Eastern Michigan University, Concordia University, and Washtenaw Community College. The region's economy is driven by education, medical, and technology sectors, as well as the area's proximity to Detroit.

Ann Arbor is the county seat for Washtenaw County, which also includes the city of Ypsilanti and the Townships of Ann Arbor, Pittsfield, Scio, Superior, Ypsilanti, which make up TheRide's service area. The service area covers 110 square miles, with a population of 228,574 people. TheRide delivers approximately 335,000 hours of revenue service,



Washtenaw County, Michigan

driving more than 6.6 million revenue miles, and carries more than 4.5 million passenger trips on transit services annually during a typical year.

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

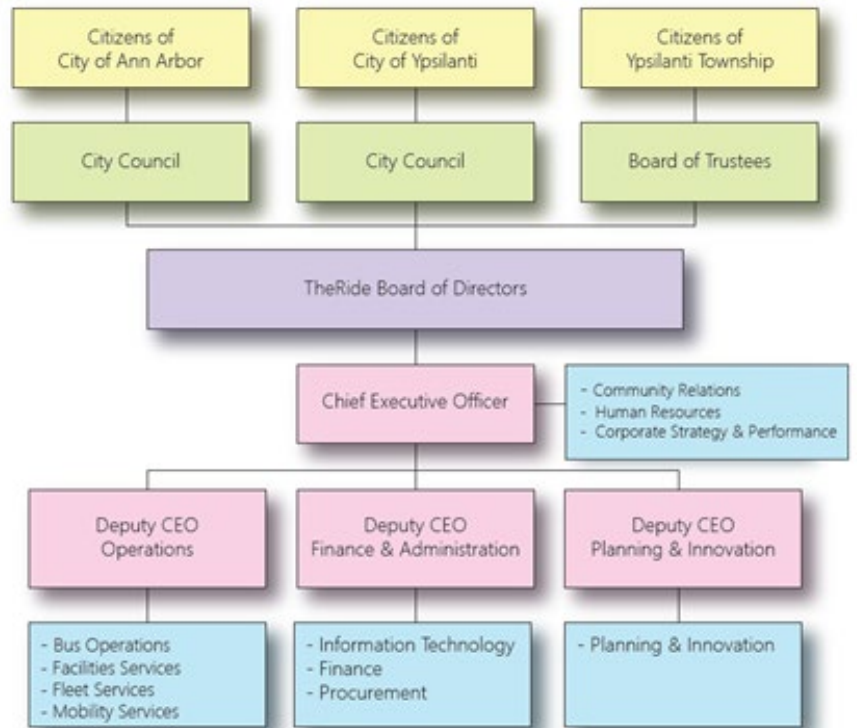
TheRide operates from three facilities. The Dawn Gabay Operations Center is the headquarters, and houses administration offices, a maintenance facility, and a bus garage. Passenger terminals are located in downtown Ann Arbor (Blake Transit Center) and Ypsilanti (Ypsilanti Transit Center) and include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

Board of Directors

Kathleen Mozak, Chair
 Michael Allemang, Treasurer
 Jesse Miller, Secretary
 Chris Allen, Board Member
 Simi Barr, Board Member
 Rich Chang, Board Member
 Julie Grand, Board Member
 Susan Pollay, Board Member
 Monica Ross-Williams, Board Member
 Kyra Sims, Board Member

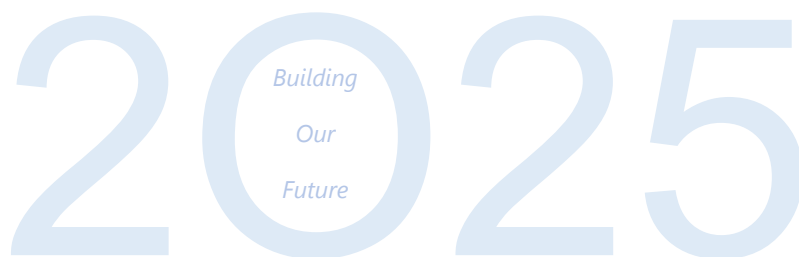
Executive Team

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



Senior Management Staff

Mike Blackston, Manager of Information Technology
 Raymond Hess, Manager of Project Mgmt. & Delivery
 Rosa-Maria Kamau, Corporate Strategy & Performance
 Jeff Pfeifer, Manager, Public Affairs/Community Relations
 Yvette Washington, Manager of Bus Operations



2. Letter from the CEO and CFO



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

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

September 13, 2024

On behalf of the Executive and Management teams at the Ann Arbor Area Transportation Authority (TheRide), we are pleased to submit for review this Recommended FY2025 Operating and Capital Budget (the budget) to be reviewed by the Board of Directors on September 19, 2024.

In 2025, TheRide will continue focusing on growing ridership by providing a range of transportation services and expanding frequency and hours of service, with assistance of federal relief funding. The budget supports the strategic priorities of attracting, retaining, and growing ridership, excellence in service delivery, and agency wide continuous improvement.

The budget has been prepared in accordance with the Michigan Uniform Budgeting and Accounting Act of 1968, Generally Accepted Accounting Principles (GAAP), and Board Governance Policies. The Board has delegated to the Chief Executive Officer (CEO) the responsibility to prepare a balanced budget which achieves the Board's objectives ("Ends") and avoids deficit spending and fiscal jeopardy. The budget achieves both requirements while positioning TheRide to continue providing excellent service to our communities and constituents.

Handwritten signature of Matt Carpenter in black ink.

Matt Carpenter
Chief Executive Officer

Handwritten signature of Dina Reed in black ink.

Dina Reed
Deputy CEO, Finance & Administration

3. Executive Summary

The FY2025 Operating and Capital Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

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

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

The Corporate Business Plan (the business plan) clarifies the strategic objectives and outlines what will be achieved within the 5-year operating and 10-year capital plans. These plans are aligned with the Board-approved Long-Range Plan. The 5-year operating plan is a shorter workplan that supports a detailed focus on day-to-day operational aspects and more specifically new service improvements. The annual budget provides funding to support the following organizational objectives:

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

This presentation of the budget illustrates initial assumptions of revenues and expenses needed to maintain current service levels (a base budget) and initiatives to further the Ends policies. The budget provides reasonably conservative assumptions to maintain current services and fund initiatives important to advance the Boards Ends. The FY2025 Budget incorporates these elements comprehensively and is shared in the context of future projections. The outlook for the budget is stable, and is supported by the new millage, in place until 2028.

The Operating Budget

Operating Budget Initiatives

The most significant initiatives impacting the operating budget this year are the implementation of services promised in the 2022 millage proposal (the millage). In August 2022, the communities we serve supported a new millage that addressed funding challenges faced by the agency for years, which were exacerbated by impacts of the pandemic. The millage also included funding for the first phase of the Long-Range Plan approved in 2022, which includes expanded services that began in August 2024. The following millage initiatives aimed at **attracting new riders and increasing ridership** have been implemented and funding is included in the budget. While initiatives began in FY2024, FY2025 is the first full year services are funded in the budget.

- a. [Ypsilanti Transit Center Staffing \(Board goals advanced: 1.1, 1.4\)](#)
As part of the expansion of services provided for through the millage, TheRide will be restoring customer service agents to the Ypsilanti Transit Center.
- b. [30-minute frequencies – Weekend daytime routes \(1.1, 1.3, 1.4, 1.5\)](#)
This initiative began in FY 2023 and phased in through FY2024. More buses were added on the weekends to ensure that daytime service runs at a 30-minute frequency instead of a 60-minute frequency.
- c. [Longer Service Hours \(1.1, 1.3, 1.4, 1.5\)](#) – The Ride is currently working on extending service hours. On weekdays the hours of operations will be from 6:00AM to 11:30PM, Saturday from 7:00AM to 11:30PM and on Sunday 8:00AM to 9:00PM. These adjustments are expected to be completed by the end of FY 2024.
- d. [Overnight On-Demand Expansion \(1.3.1\)](#) – TheRide continues to work on improving overnight services, holiday service and expanding overnight and holiday services to all of City of Ypsilanti, and Ypsilanti Twp north of Textile Road
- e. [Express Pilot on Washtenaw \(1.0-1.5\)](#) – Route 104, the [Washtenaw Avenue Express Route](#) on started serving riders on Monday, May 6. This limited-stop service provides a faster connection between Ann Arbor and Ypsilanti on Washtenaw Avenue and is a part of TheRide’s Long-Range Plan, made possible by the citizen approved millage in 2022 that goes into effect this year.
- f. [Accessibility Improvement, Response & Fixed Route Integration \(1.1.2\)](#) – TheRide will continue improvement to bus stops, integrating Fixed route, A-Ride and FlexRide. This work is continuous through the LRP lifecycle.
- g. [Advocacy Agenda \(Policy 1.0, 2.0\)](#) – Many elements of the Long-Range Plan and TheRide’s plans rely on decisions made by others outside of the agency, including municipal councils, legislatures, and congress. Working with the Board’s efforts on Ownership linkage, staff will implement the advocacy agenda developed in FY2024.

The budget provides appropriate funding to provide **excellence in service delivery**. In addition to the expansion of service initiatives, the ride will maintain all current transit and related services at full levels. We are also keeping all fares the same as in FY2024. About 90 percent of TheRide’s staff and other resources provide for focus on the daily mission of operating transit services, including operations and maintenance of facilities and equipment. Continuing these services and striving to expand ridership in a period of inflation, volatility, labor shortages, and other challenges is no small effort and should be acknowledged.

The budget includes funding for investing in **continuous improvements**. The following initiatives are being implemented throughout the next fiscal year and are funded in the budget:

- a. **Team and Staff Development (1.0, 2.0, 2.2)** – TheRide is an agency and an institution but is also a team. The staff are key to identifying and implementing opportunities for the future. We will continue to invest in our staff through various training opportunities, work to engage and inspire staff, and improve cross-department collaboration. An essential pre-condition is the ability to fully fill in key vacant positions. This work will continue in FY2025.
- b. **Customer Satisfaction Brainstorming (1.0)** – With the Long-Range Plan detailed how we will attract new riders, the CEO would like to develop a process for re-engaging staff, the community, and the Board to identify the best ways to improve the customer experience and retain riders. This work started in FY2024 and continues into FY2025
- c. **Sustainability Planning (1.0, 2.1, 2.4, 2.7)** – TheRide is working to plan for reducing and then eliminating emissions from our own operations. In addition to ongoing work on zero-emission buses (see capital plan below), there are two additional forthcoming studies that will address other aspects of our operations.
- d. **Zero emissions facility studies (1.2.2)**
The Zero emissions facility study is scheduled to take place in FY2025. The studies will provide information to develop next steps.

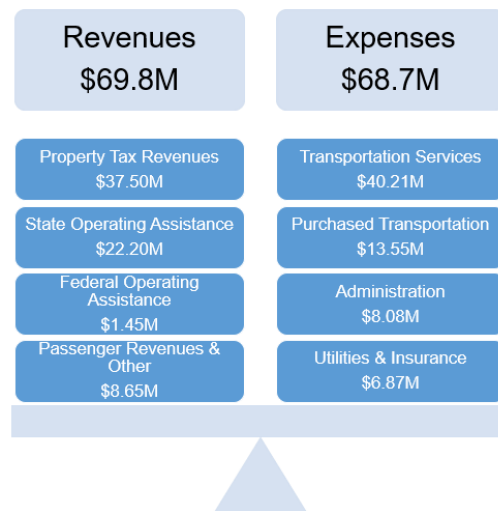
Initiatives are approved in the context of organizational priorities, available resources, and align with the business plan.

Operating Budget Summary

This balanced budget provides funding to execute on the TheRide’s highest priorities. Direct funding for transportation services makeup approximately 80 percent of total expenditures.

Key assumptions include:

- Operating full-service levels.
- Funding for millage services:
 - Accelerates funding for Ypsilanti Transit Center customer service center.
 - Accelerates funding for approved millage positions required to maintain current services.
 - Includes funding to phase in operations staff in to prepare to deliver services on time.
 - Includes funding for startup contract costs to prepare to deliver services on time.
- Anticipates no fare changes.



The budget assumes that federal pandemic relief funds will be used to the full extent possible for eligible expenses. Use of pandemic relief funds slowed in FY2023 to allow more funding to be available for accelerating and phasing in millage service expansions in FY2024. Pandemic relief funds were exhausted in the third quarter of this fiscal year, with none being budgeted in FY2025. Almost all expense increases in

the next fiscal year reflect the full year impact of operating expenses for the expansion of services approved in the millage, which begin in August of 2024.

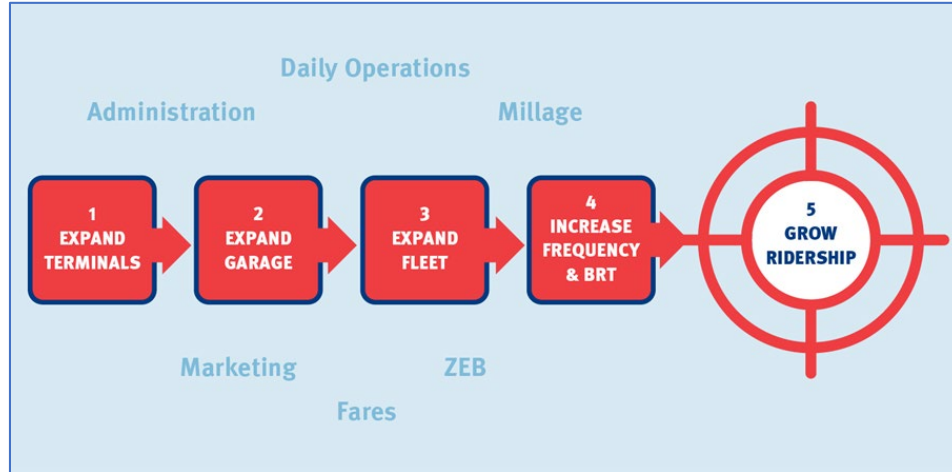
The Capital Budget

Capital Budget Initiatives

The most significant costs impacting the capital budget for 2025 are commitments to maintain fleet and facilities in a state of good repair, Information Technology upgrades, renovations to the Dawn Gabay Operations Center, continued redevelopment of the Ypsilanti and Blake Transit Centers, planning and design for an additional maintenance and storage facility, environmental impact studies for major capital projects. The following initiatives aimed to **attract new riders and increase ridership** are being implemented throughout the next fiscal year and are funded in the budget:

- a. [Ypsilanti Transit Center Redevelopment \(1.1, 1.4, 1.5, 2.5.2, 2.10\)](#) – Progress to develop a new transit center will continue into this fiscal year. The most significant initiatives for FY2025 include ongoing environmental analysis as required by both the federal and state governments, architecture and design and land acquisition to aid in the redevelopment of the YTC.
- b. [Blake Transit Center Expansion & Redesign \(1.0, 1.4, 1.5, 2.5.2, 2.10\)](#) – The Blake Transit Centers must be designed to efficiently accommodate increased service hours. For FY2025, capital funds will be allocated for environmental analysis as required by the federal and state governments as well as the planning and design to improve and expand bus operations along 4th Ave. TheRide will continue to work with the Ann Arbor Housing Commission and the City of Ann Arbor to jointly develop a vision for the Y LOT adjacent to the BTC.
- c. [New Bus Garage \(1.0, 2.4.2, 2.4.3, 2.10\)](#) – With the operational expansions planned through the long -range plan, TheRide will begin an assessment for the need of a new storage and maintenance facility to accommodate expanded service, bus rapid transit, and new vehicle types. The new garage is anticipated to increase capacity for the fleet by 100 buses. It will also be critical in supporting the transition to zero-emissions vehicles with respect to different charging/refueling and maintenance requirements. The new bus garage is expected to be commissioned in FY 2031. The FY25 capital allocations for the new bus garage include requested funding for site selection, architecture and design services, and environmental analysis.
- d. [Washtenaw BRT planning & funding \(1.0-1.5, 2.10\)](#) – The Washtenaw Avenue corridor provides the highest and most continuous ridership between downtown Ann Arbor and downtown Ypsilanti. In 2024, MDOT in conjunction with TheRide completed work on two studies related to the Washtenaw BRT. In FY25, TheRide is requesting capital funds to begin the required environmental analysis to move forward with this project.

The illustration below summarizes the critical path for major capital initiatives to support ridership growth.



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

- a. **Vehicle Replacements (1.4, 2.4.3, 2.7.3)** – To maintain service levels and avoid additional maintenance costs, TheRide plans to replace large transit buses, cutaway buses, mobility fleet and support vehicles through the LRP lifecycle.
- b. **Equipment Replacements (1.4, 2.4.3, 2.7.3)** – TheRide has vehicle refresh schedules that call for the replacement of bus components including engines, transmissions, hybrid drives, batteries, seats, and other parts necessary to maintain the fleet in a good state of repair.
- c. **Existing Facilities (1.4, 2.2.1, 2.4.3, 2.7.3)** – Improvements to the existing facilities include the continued rehabilitation of the Dawn Gabay Operations Center, the Blake Transit Center, the Ypsilanti Transit Center, the Park and Ride Lots as well as improve the ergonomic functionality for staff in these facilities.

The budget provides for capital costs and investments necessary to upgrade and improve technology systems, clean propulsion, and basic infrastructure. Initiatives focus on opportunities to execute various internal improvements to systems, processes, or technology designed to improve TheRide’s internal performance. It also includes important improvements for riders (i.e., bus stops, bus lanes) environment (zero-emissions buses). The following initiatives aimed to **continuous improvement** are being implemented throughout the next fiscal year and are funded in the budget:

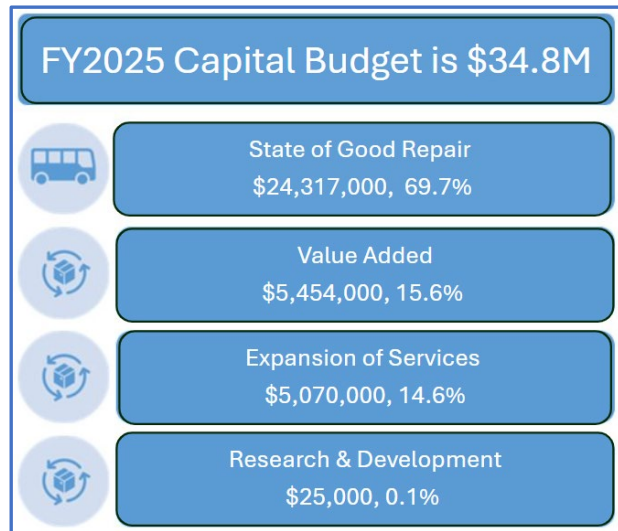
- a. **Information Technology (IT): (1.4, 2.0, 2.7)** – Technology improvements include replacements and improvements of major systems required to support transportation services. IT needs are strategically planned for several years at a time and are based on evaluations of systems and software for current and future needs. Significant updates and improvements to bus dispatch and vehicle location systems are planned to begin in 2025.
- b. **Bus Stop Improvements: (1.1.2, 1.4)** – Focused on improving accessibility for people with disabilities, TheRide is working on improving bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities. Pending funding and issuance of permits, TheRide targets to make 30 to 40 bus stops near sidewalks accessible each year.

- c. **Bus Lane Improvements: (1.0, 1.4, 2.10)** – Pending funding and successful collaboration with stakeholders, TheRide has hopes to create and improve bus lanes to make transit more attractive (relative to other modes) and efficient. Fully dedicated bus lanes will require the collaboration of the municipal, County and State partners in changing the streetscape.
- d. **Zero Emissions Bus Fleet (1.2.2)** – A propulsion study was conducted in FY2023 to determine the best zero emission propulsion option. As a result of this study, TheRide Board approved a plan to introduce hydrogen bus technology into its fleet, highlighting a long-term dedication to environmental sustainability and clean energy infrastructure. In July of 2024, TheRide was awarded a \$25 million grant to support the introduction of zero emission hydrogen buses into its fleet, as well as hydrogen fueling and low emission diesel electric hybrid buses. The grant is part of the Federal Transit Administration’s Low / No Emission Bus Grant program, under President Biden’s Investing in America program. Per the Long-Range Plan it is expected that TheRide will have a 100% zero emissions fleet by FY 2038.
- e. **IT Studies (2.0, 2.7)** – An IT needs assessment was completed in FY2024. Staff is evaluating the assessment and generating a multi-year roadmap for IT infrastructure to be upgraded or replaced. Initial estimates from the IT needs assessment have been incorporated into the capital plan and will continue to be evaluated and updated to align with needs identified in the Long-Range and Corporate Business Plans and in the context of financial and non-financial resources.

Capital Budget Summary

This balanced budget provides funding to execute on TheRide’s highest priorities. A majority of the capital budget is focused on state of good repair for buses and facilities, as well as continued advancement toward the redevelopment of TheRide’s two outdated transit facilities specifically:

- Replacement of buses in line with the Transit Asset Management (TAM) Plan
- Purchase of service vehicles
- Replacement of the HVAC system and roof at the Dawn Gabay Operations Center, as well as reconstruction of the parking lot
- Environmental analysis for the redevelopment of both the Ypsilanti Transit Center and the Blake Transit Center
- Architecture and design services for the redevelopment of the YTC and the BTC
- Needs assessment and facility planning, design, and site selection for a bus maintenance and storage facility



Expansion of services and value-added projects are described in the Capital Budget Initiatives section.

Funding for the FY2025 capital budget is 100 percent funded with no use of capital reserve.

The Budget Recap

The assumptions in the Recommended FY2025 Budget represent the staff's best attempts to make financial projections using the economic inputs available to us from industry, local, state, and federal leaders. There is always some uncertainty in the budget, particularly the impact of inflation, workforce challenges, and impacts of state and local funding. The following are key risks monitored closely throughout the fiscal year:

- Fare revenue and contract revenue may vary based upon ridership projections.
- Property tax collections could be higher or lower than anticipated.
- Fuel, materials, and supplies costs may vary due to inflation and market volatility.
- Impacts of workforce challenges appear to be stable for TheRide, but general labor shortages are still a risk.
- Purchased transportation costs may vary depending on the costs for FlexRide, GoldRide and NightRide services.

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

- No known risks of service cuts or lay-offs in 2025.
- Continuing to operate within the budget and available resources.
- Operating reserve funds at or above target levels.
- Established capital, operating, and insurance reserves.
- No indebtedness or significant liabilities.
- No significant legacy costs, such as unfunded pension liabilities.
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022.

The FY2025 Adopted Operating and Capital Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. This presentation of the Adopted budget illustrates assumptions of revenues and expenses needed to provide transportation services to the communities we serve and includes funding for initiatives prioritized in the business plan. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current year and five and ten-year projections. The outlook for the budget is stable, and is supported by approved millages through 2028 to provide transportation services to our communities.

4. Introduction

Budget Introduction

The FY2025 Operating and Capital Adopted Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

The budget process began by evaluating impacts of economic and industry conditions on financial and operational plans, collecting historical and current trend data, developing information-based assumptions, identifying opportunities, creating strategic themes, and having tactical discussions to develop prioritized initiatives for the next five years.

The coronavirus pandemic significantly impacted the world, Michigan, and TheRide's local communities beginning in March 2020, with unprecedented financial and operational challenges for transit agencies nationwide. While recovery began in 2021 with the widespread availability of vaccinations, the transit industry has continued to face obstacles into the present. Persistent labor shortages, volatile financial markets, historically high inflation, and changing market demands have affected transit agencies across the country. In response, the federal government provided temporary sources of operational and capital funding to transportation agencies.

Despite these challenges, TheRide has successfully navigated a path of resilience and development. Following national trends of reimagining public transit post-pandemic, the agency secured sustainable funding through a community-supported millage in August 2022. This millage not only addresses long-standing funding challenges exacerbated by the pandemic but also supports the first phase of the Long-Range Plan approved in 2022. Moreover, the use of federal pandemic-response funding over the past four years for operations has allowed TheRide to stockpile a healthy reserve to ensure continued operational and capital project momentum into the years ahead.

The millage, effective from 2024 through 2028, enables TheRide to provide expanded services set to begin in August 2024. FY2025 will mark the first full year of all service expansion initiatives, with this critical funding support extending to FY2029. This service expansion aligns with state and national efforts to enhance public transportation availability and adapt to changing commuter patterns post-pandemic. The additional funding also allows TheRide to focus on growing ridership through strategic expanded service enhancements along with investments in organizational efficiencies.

TheRide is now poised to actively embrace and adapt to key developments shaping the future of public transportation through the goals laid out in the Corporate Business Plan. This vision strategically aligns its services with the evolving demands of flexible work arrangements, all the while leveraging technology to improve rider experience plus placing sustainability at the forefront of operations and capital planning. By integrating these trends with our expanded services, TheRide is not only responding to clear changes within the public transportation space but embracing innovation to meet our community's dynamic

needs. This ensures TheRide stays current with public transit best practices, providing services that meet today's needs while preparing for future community requirements.

The FY2025 Corporate Business Plan (the business plan) focuses on initiatives targeted to increase ridership, provide excellence in service delivery, and support continuous improvements. The business plan clarifies TheRide's strategic goals (Ends policies) and outlines how it will achieve them within a 5-year operating and 10-year capital plan. The operating workplan is shorter to allow a detailed focus on day-to-day operational aspects and new improvements. Examples of initiatives in the operational workplan include increasing frequency of services and expanding service coverage. The capital project plan extends over a longer period since its focus is on infrastructure projects which may take longer to complete. Capital projects include transit center redevelopments, and the Bus Rapid Transit.

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

This presentation of the FY2025 Budget illustrates assumptions of revenues and expenses needed to provide transportation services to the communities we serve and includes funding for initiatives prioritized in the Corporate Business Plan. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current year and five and ten-year projections. The budget considers that federal pandemic relief funds were used to the full extent possible for eligible expenses and have been exhausted in FY2024. The budget is balanced with property tax revenues.

In summary, the budget provides reasonably conservative assumptions to maintain current services and fund initiatives important to advance the Boards Ends. The FY2025 Budget incorporates these elements comprehensively and is shared in the context of future projections. The outlook for the budget is stable, and is supported by the new millage, in place until 2028.

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

The budget presents a balanced financial plan to maintain and expand transportation services.

Highlights of the FY2025 Recommended Operating and Capital Budget are:

- Overall operating expenses are **\$68,716,570** and **\$34,866,000** in capital investments.
- Addresses the long-term financial picture by presenting a 7-year operating plan.
- Addresses the long-term financial picture of capital projects by presenting a 10-year capital plan.
- Funds the priorities from the Corporate Business Plan.
- Presents a 10-year capital plan, and programs federal and state funding for major projects:

- Replacement and rehabilitation of fixed-route buses.
- Capital maintenance for the operations center.
- Planning and design work Ypsilanti Transit Center and the Blake Transit Center renovations.
- Environmental analysis for upcoming projects, including bus shelters, bus rapid transit, and a bus maintenance storage facility.

Corporate Strategic Plans

The FY2025 Budget is the funding plan for achievement of goals established by TheRide’s Board of Directors. Corporate strategic planning establishes the programs and initiatives to help the organization achieve these Ends. As of mid-2024, the dominant issues are ongoing ridership recovery, persistent workforce shortages, and adapting to changing work patterns. While the acute phase of the pandemic has long passed, its lasting effects continue to shape public transportation. Our communities have fully reopened, and economic and social activities have largely normalized, but with notable shifts in commuting habits due to increased remote and hybrid work. Transit agencies like TheRide are now focusing on service adjustments to meet these evolving needs, while also addressing challenges in recruiting and retaining essential staff. Despite these hurdles, TheRide is positioned for growth with adequate funding coupled with increased emphasis on sustainability, equity, accessibility, and the continued modernization of operational assets. The budget includes funding for full schedules of transportation services, and initiatives referenced in the FY2025 Corporate Business Plan.

Financial Executive Limitations Policies

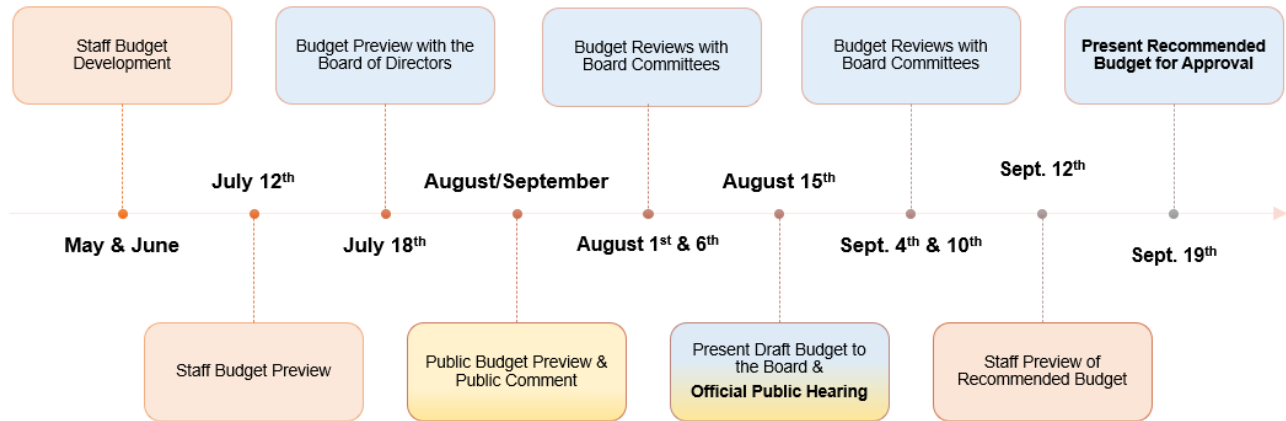
TheRide’s Board of Directors controls and directs the organization via written policies. The full manual of these policies is available on the [website](#). Many of the policies have a direct effect on shaping the annual budget. For example, the Board has set clear limitations upon Financial Planning and Budgeting (Policy 2.4), Financial Conditions and Activities (Policy 2.5), Cash and Investments (Policy 2.6), Compensation and Benefits (Policy 2.3), and Asset Protection (Policy 2.7).

These policies require financial planning and budgeting to align with the Board’s Ends, be developed using sound financial practices, and incorporate strategic and multi-year planning. The Board’s policies require practices that meet Generally Accepted Accounting Principles (GAAP), comply with federal, state, and local laws, describe practices for handling cash and investments, and require Board authorization for adjusting passenger fares, property tax rates, or buying or selling real estate. Other Board policies guide treatment of the public and employee relations.

Budget Process and Timeline

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

Figure 1 Budget Timeline:



- April/May/June:** In partnership with staff, the Finance led development of the baseline budget, defined as the base budget required to provide transportation services aligning with Board policies. The budget is developed in context with current economic conditions and operations and business plans and includes many activities, such as, evaluating budget performance and projections with department managers, reviewing staffing levels, analyzing impacts of current collective bargaining agreements, reviewing asset maintenance plan documents, analyzing historical trends of key drivers, and forecasting revenues and expenses.
- August/September:** A recommended operating and capital budget with a multi-year forecast was provided at Board meetings and committee meetings. The operating budget preview was made available for public review starting August 1st and will remain accessible through budget adoption on September 19th.
- August:** An updated recommended budget will be provided to the Board of Directors at its August 15th meeting. The public input period began in August, and the official public hearing, as required by state law, was held with the August 15th Board meeting.
- September:** The Board adopted the budget at the September Board meeting. The Michigan Uniform Budgeting and Accounting Act of 1968 requires Board adoption prior to any expenditures be incurred on October 1, the first day of the new fiscal year.
- October:** Fiscal Year 2025 will begin October 1, 2024, with the newly adopted budget.

5. The State of TheRide

Financial Condition

TheRide is financially stable and is expected to remain so through FY2025 and for the duration of the approved millage. TheRide expects current year revenues and expenses to be materially consistent with the approved FY2024 budget. The reserve balance remains strong, as property tax revenue replaces federal pandemic relief funds to support ongoing operations and service expansion. While future impacts of regulatory changes and political shifts remain uncertain, financial strengths include:

- No known risks of service cuts or lay-offs in FY2025.
- Continuing to operate within the budget and available resources.
- Operating reserve funds at or above target levels.
- Established capital, operating, and insurance reserves.
- No indebtedness or significant liabilities.
- No significant legacy costs, such as unfunded pension liabilities.
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022.

The agency continues to build on its track record of strong audit results, as demonstrated by another successful financial statement audit for 2023. The Finance Department maintains its emphasis on continuous improvement, particularly in the areas of accounting cycle processes and managerial reporting. While the Finance Department continued to face staffing challenges in FY2024, these difficulties present opportunities for growth and innovation. The FY2025 budget reflects a strong commitment to overcoming these challenges, allocating considerable resources for consulting support to ensure effective day-to-day operations and drive improvements in financial planning and analysis, interdepartmental financial management, and internal controls. Simultaneously, the budget supports the development of a full internal team, with the aim of managing all departmental work without aid of external assistance on routine matters. The Finance Department is focusing on more effectively utilizing existing software and taking better advantage of its capabilities to provide high quality data for internal and external needs. This approach positions TheRide to not only preserve but significantly strengthen its financial backbone, ensuring long-term stability and with the target of reaching the highest standards for financial excellence in public transportation agencies.

Fund Description, Structure, and Balances

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

When liabilities are high and the fund balance is low, it means that the cash and investment accounts used day-to-day are supported through debt, unearned revenue and other obligations yet to be paid. This balance sheet scenario can lead to financial instability, reduced flexibility and a limited ability to leverage funding sources.

TheRide currently maintains a positive fund balance coupled with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2025. This will bolster the organization against liquidity issues, budget cuts, and other risks that could jeopardize the organization's ability to carry out its mission. The effect of the FY2025 Operating Budget on the fund balance is discussed in the [Impacts of the 2025 Budget](#).

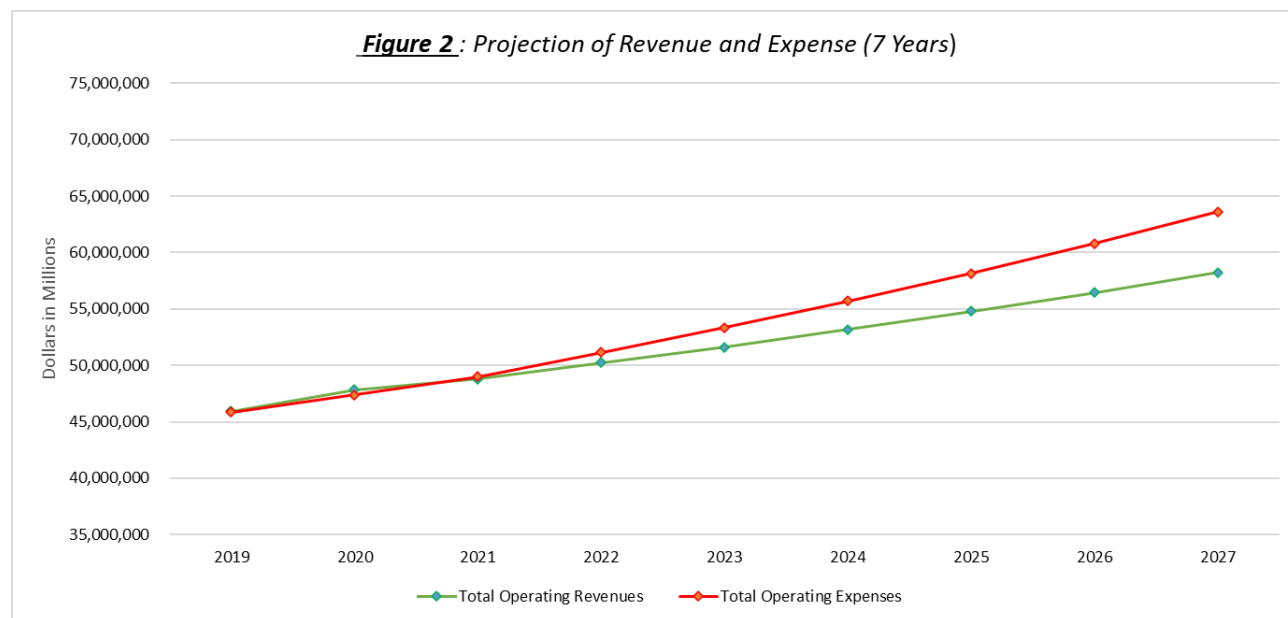
New Millage Provides Longer-Term Financial Stability

Before the pandemic, TheRide faced financial challenges. In 2019, budget forecasting showed deficits starting in FY2021 because expenses were growing faster than revenue. Audited financials from 2015-2019 revealed that costs grew on average 6.1% annually, while revenue growth averaged 4.8%. This audited data demonstrated that the property tax millage which funded service expansion in 2014 was insufficient to cover expansion costs as indicated in the Five-Year Transportation Improvement Plan (5YTIP), in effect [TheRide was operating beyond its means](#).

Previous budgets were balanced by leveraging federal formula funding, intended primarily for capital investments, to support operations. Federal formula funding is the primary source of available capital funding the agency relies on to maintain assets in a state of good repair (a federally regulated requirement), and to invest in other capital projects. Using this funding for operations reduces the available funding to purchase new buses, maintain and improve existing facilities, and the opportunity to invest in other value-added and expansion projects. Even with using federal formula funds for operations, projections in 2019 showed operating deficits were forecasted to grow from \$190,000 in FY2021, or 0.4% of budgeted expenses, to more than \$5.4 million in FY2027, 8.5% of total costs. It was clear that there needed to be another solution to address the structural deficit, and that federal formula funding would not be a sustainable funding source for operations.

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

Figure 2: Historic Projection of Revenues and Expenses (7 years)



In early FY2020, cost control measures were under way. And, when the pandemic emerged, TheRide’s financial situation suddenly appeared much more precarious and immediate cost saving measures were deemed necessary, including significant suspension of service and layoffs affecting 42 employees. Those immediate pandemic-related changes in combination with significant contributions of federal relief funding provided immediate relief for FY2021, and in FY2022 TheRide returned to full services. The remaining federal relief funding renewed financial stability and provided funding for a balanced budget through FY2024. While none of this resolved the pre-existing structural deficit, the onset was delayed from 2021 to 2024. One-time federal funding provided short-term relief but would not sustain ongoing operating costs for the long-term.

The need to re-focus and address the structural deficit became two-fold as time marched us toward the expiration of the 2018 millage for property tax funding set to expire in 2023. As the emergency of the pandemic began to stabilize, TheRide prioritized attention on recovery and the future. Efforts to complete the long-range plan accelerated in the face of the “new normal” and new projections for key operational drivers and budgetary impacts were developed.

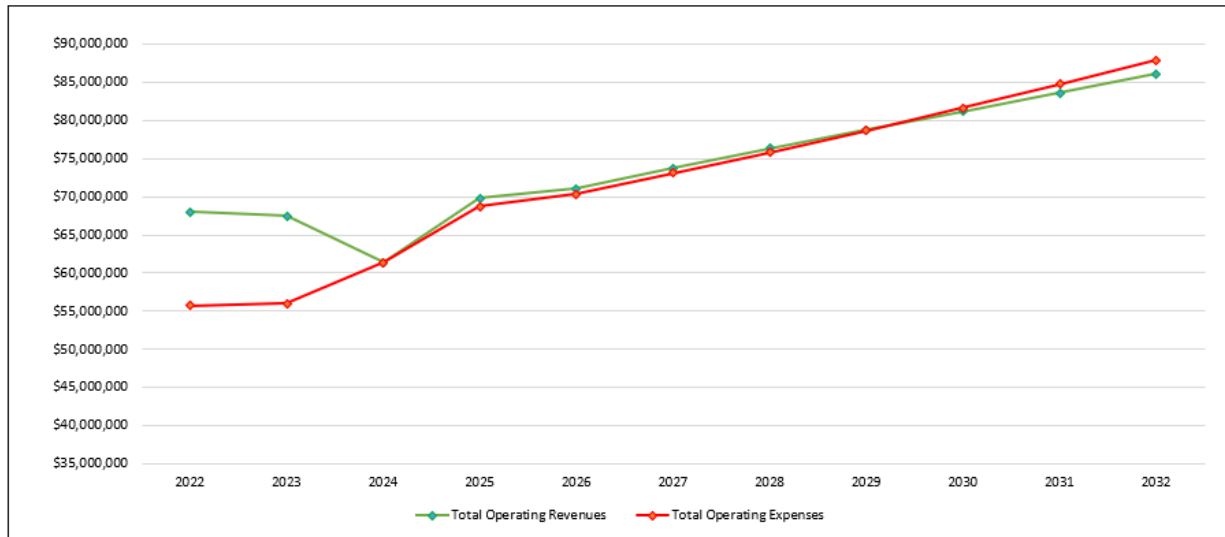
With a vision for the future and continued transparency with operating budget projections, staff developed a millage proposal to address both. The Board and the voters of our communities were very supportive of the proposal, which was approved decisively on August 2, 2022. The elements of the millage proposal addressed funding for the structural deficit, re-establishes federal capital funding that had been supplementing the operating budget and provides funding for the first phase of the long-range plan, which improves service significantly to our communities.

This significant achievement for TheRide cannot be understated. The projection of revenues and expenses, for the first time in years, demonstrates that TheRide has secured funding to improve transportation services and provide a sustainable revenue source to support the commitments to our communities. The new millage begins in 2024, (provided to TheRide in the summer of 2024), and will

fund fiscal years 2025 through 2029. Expanded services are anticipated to begin in the fall of 2024 (just prior to the beginning of fiscal year 2025, which starts on October 1, 2024).

Figure 3 shows that TheRide has funding for projected expenses well beyond the use of pandemic relief funds, through the projection period.

Figure 3: Current Projection of Revenues and Expenses (7 years)



It is important to note that although there is a small surplus in the beginning of the 2024 to 2028 millage cycle, by fiscal year 2029 TheRide is projecting only to break even. The budget will grow through the projection period due to service expansions funded by the millage. Surpluses in the first few years of the millage cycle will help fund operating reserves as the budget grows, as required by the Board. Funding for any additional services not currently provided or stipulated in the current millage proposal over the next five years, or for these services beyond fiscal year 2029 will need to be addressed with future millage proposals or be supported by other funding sources.

While we have achieved significant results over the last couple of years, with this success comes the responsibility to provide the services promised and be financially prudent. Financial stability and prudence will be maintained by continuing to administer effective financial controls and disciplined stewardship of financial management, organizational resources and strategic decision making, consistent with Board policies.

Financial Opportunities

TheRide’s budget for fiscal year 2025 will ensure the continued delivery of high-quality services, demonstrate careful stewardship, and provide transparency of future challenges with the seven-year budget forecast. Development of the budget was guided by the following principles:

- Compliance with budgeting policies recommended by the Board of Directors to ensure financial stability.
- Budget for the priorities outlined in the Corporate Business Plan.
- Support safe operation of transportation services.

- Maximize value provided to passengers and taxpayers.
- Ensure funding for stable operations.
- Ensure TheRide’s assets are maintained in a state of good repair.
- Support future expansion efforts.
- Provide for continuous improvements that improve the quality of services and efficiencies.

Ensuring adequate operating reserves, utilizing federal pandemic relief funding, and the capital investment focus for TheRide’s assets are priorities which warrant additional brief discussion, as follows.

Ensuring Adequate Operating Reserves

Reserves are an important part of a healthy budget. The purpose of reserves is to buffer the agency from the risk of unexpected costs or disruptions to revenues. Without adequate reserves, the agency risks insolvency due to unanticipated changes beyond our control or in an emergency, such as extreme economic conditions, sudden loss of ridership, and a global pandemic.

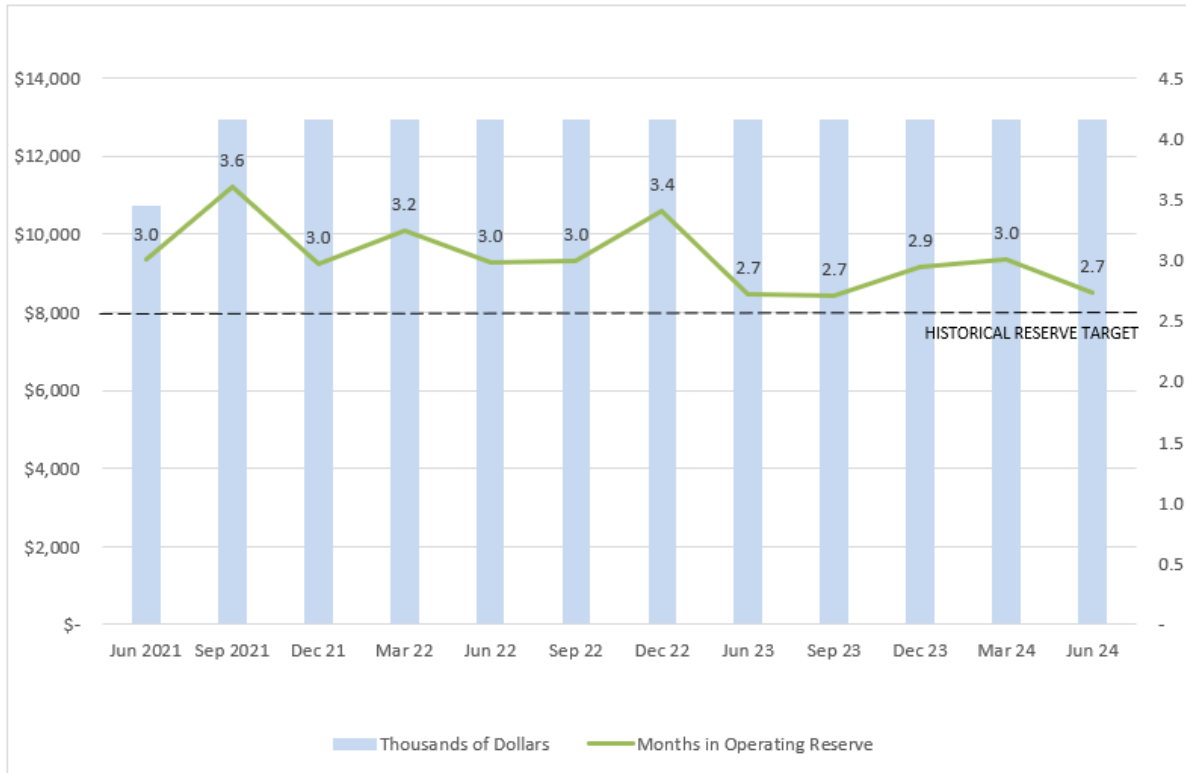
Board Policies (2.4.6, 2.5.8) require budgeting to provide reserves adequate to cover near-term operating expenses. Through Board adoption, TheRide established the following reserves and target levels:

- Up through FY2024, the operating reserve has had a target level of 2.5 months of operating cash. Beginning in FY2025, the reserve target for operating will be reduced to 2.0 months of operating cash. The Government Finance Officers Association (GFOA) best practice recommends that governments maintain at least two (2) months of regular operating expenditures in reserve. Several factors (including a structural deficit) contributed to the initial position that AAATA should maintain operating reserves of 2.5 months for many years. However, with the August 2022 millage and prudent use of pandemic relief funds, AAATA has gained financial stability by eliminating the structural deficit and establishing adequate reserves. Given the current level of fund balance, the CEO and CFO feel that a less conservative stance is warranted and will be aligning the operating reserve target with GFOA best practices at 2.0 months starting in next fiscal year.
- Worker’s compensation insurance reserve of \$500,000.

Operating Reserve

Due to the pandemic and associated federal relief funds, the operating reserve cash position improved in FY2021 and remains strong as shown in the chart below. The projections for the operating reserve are included in the [Impacts of 2025 Budget](#) section.

Figure 4: Historical Operating Reserve Balances in Months and Dollars (Thousands)



Worker’s Compensation Insurance Reserve

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

Utilizing Federal Pandemic Relief Funding

Since April 2021, TheRide has been apportioned and has obligated the following federal pandemic relief funds totaling \$58.7 million for reimbursable eligible costs:

- \$20,704,090 in Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- \$15,771,805 in Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- \$22,269,092 in American Rescue Plan (ARP) funding (Net of 20% retained by RTA)

This federal aid is provided to assist with coronavirus-related operating expenses such as replacement of lost revenue, purchase of Personal Protective Equipment (PPE), cleaning and sanitation supplies, increased janitorial services, paid employee leave, and other costs. New costing accounts have been added to the accounting system for pandemic-related services, materials, and supplies, as well as for the federal pandemic relief revenue.

The budget demonstrates that pandemic relief funds are being utilized to support reimbursable eligible costs throughout the pandemic and after, and through service recovery.

Capital Investment Focus

Our capital plans balance maintaining current assets with investments in future expansions. Funding for improvements to facilities and maintaining a state of good repair for vehicles, equipment, and other assets continue in the FY2025 budget. In alignment with federal regulations, the Transit Asset Management (TAM) Plan helps ensure assets are in good condition and ready to support TheRide's services. While TheRide's fleet and equipment are in a good state of repair overall, continued renovations to facilities are a focus of the capital budget for 2025. These facilities improvements include replacement of an outdated HVAC system and redevelopment of the parking lot at the Dawn Gabay operations Center to ensure adequate parking for both staff and visitors. Additional resources are included in capital budgeting to address needs for a bus maintenance and storage facility, as well as bus stop improvements, replacement and redevelopment of the Ypsilanti Transit Center (YTC), and improvements to the Blake Transit Center (BTC), and a new bus rapid transit line.

TheRide's Transportation Services and Ridership

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

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

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

In this section, current services, recent changes to current services and corresponding ridership activity are discussed. Ridership is an indicator of the success of our services. As indicated in the Board's Ends, AAATA exists so that an increasing proportion of residents, workers and visitors in the service area utilize public transportation options (Board Policy 1.0). Ridership is tracked and measured to provide a gauge of how frequently our services are utilized and understand the value of the services to our stakeholders. Ridership projections are developed by analyzing historical trends, evaluating impacts of service changes, contextualized with local and national trends, and aligned with long-term projections. Ridership are key drivers used for estimating passenger fare revenues, and other revenues and expenses as described in the key budget assumptions of operating revenues and operating expenses in Section 6: 2023 Budget of this document.

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

Fixed-Route Services and Ridership

Fixed-route public transportation services are regularly scheduled transportation available to the general public and is provided according to published schedules along designated published routes with specified

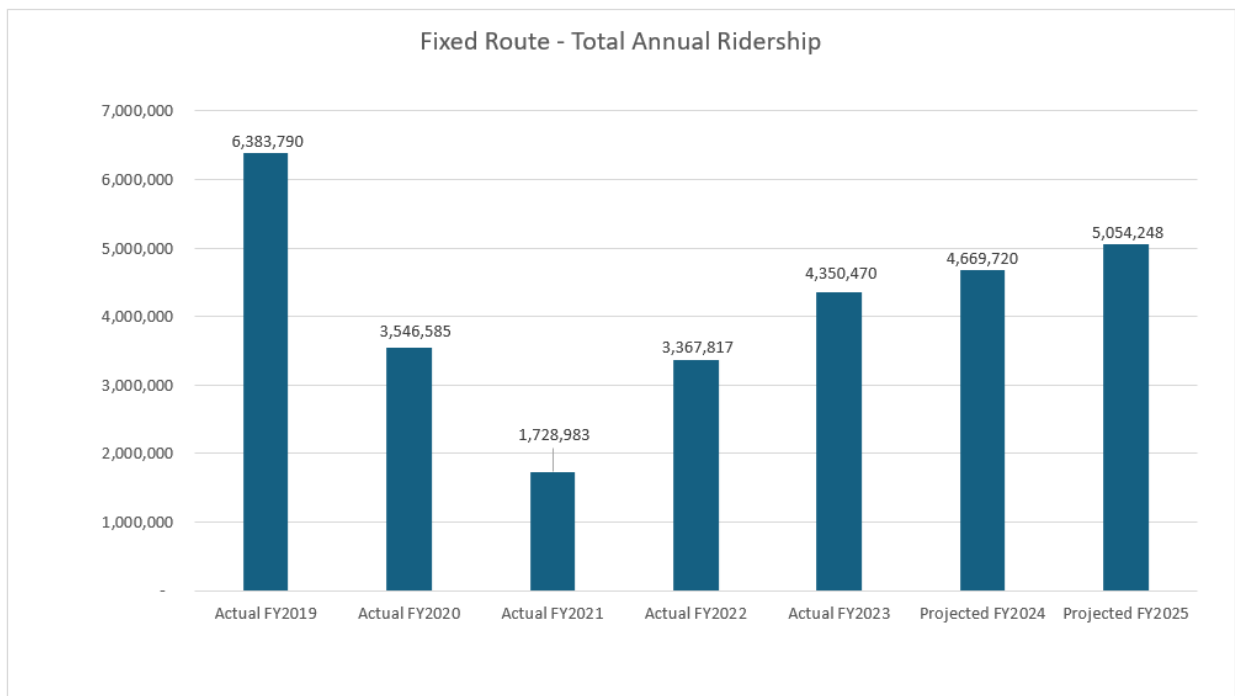
stopping points for boarding and alighting passengers. [Fixed-route bus service](#) operated by TheRide includes bus routes in Ann Arbor, Ypsilanti, and nearby townships as shown on the [System Map](#).

Fixed-route ridership represents approximately 96% of all ridership for services offered by TheRide and is the most compared metric for mid and large-sized public transportation agencies. The significance of the ridership as a percentage of total also makes it the primary driver for budget projections of total passenger revenues.

Ridership growth peaked in 2018 then declined slightly in 2019 and early 2020 when coronavirus emerged in mid-March. Ridership losses were then sudden and severe, dropping by nearly 90% and many fixed-route services were suspended due to lower demand and public safety. Services were gradually restored to full-service levels in August 2021.

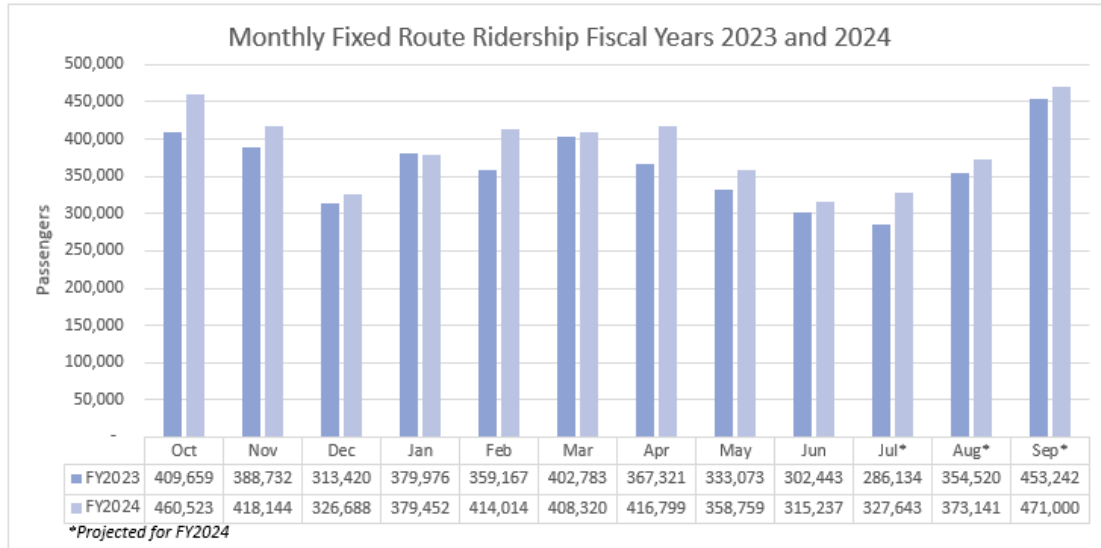
As shown in Figure 5, in fiscal year 2025, total annual fixed route ridership is projected to be 8.2% higher compared to FY2024. TheRide has been experiencing gradual ridership growth that is consistent with national trends and projected to continue.

Figure 5: Annual Fixed Route Ridership



As shown in Figure 6, ridership has grown in every month compared to the prior year and appears to have stabilized. Projections into the fall of fiscal year 2024 demonstrate conservative assumptions in growth compared to prior months.

Figure 6: Monthly Fixed Route Ridership



D2A2 Services and Ridership

TheRide launched [D2A2](#), Detroit-to-Ann Arbor commuter bus service, in partnership with and funded by the Regional Transit Authority (RTA) in March 2020. The much-anticipated service operated for only a few weeks before service was suspended due to the pandemic. D2A2 resumed operations in October 2021, and ridership has been progressively improving throughout 2024.

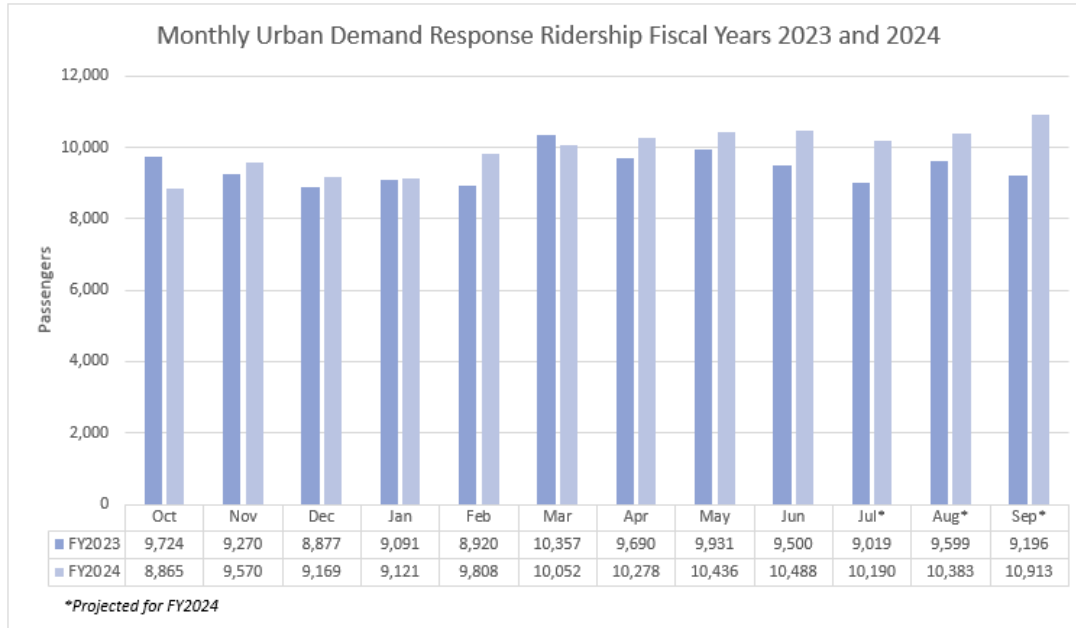
D2A2, the Detroit-to-Ann Arbor commuter bus service, is funded through a state grant with the RTA and will be operated by TheRide through the end of this fiscal year, FY2024. In FY2025, operational control of D2A2 moves to the RTA, but the service will continue uninterrupted. Connections to metro Detroit supports the Board Ends policy (1.3.4).

Urban Demand Response Services and Ridership

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

Total ridership for urban demand response services is projected to be 5.4% higher in fiscal year 2024 than the prior year, with 119,273 passengers compared to 113,174 in fiscal year 2023. A comparison of total ridership for all demand response services combined are illustrated in Figure 7.

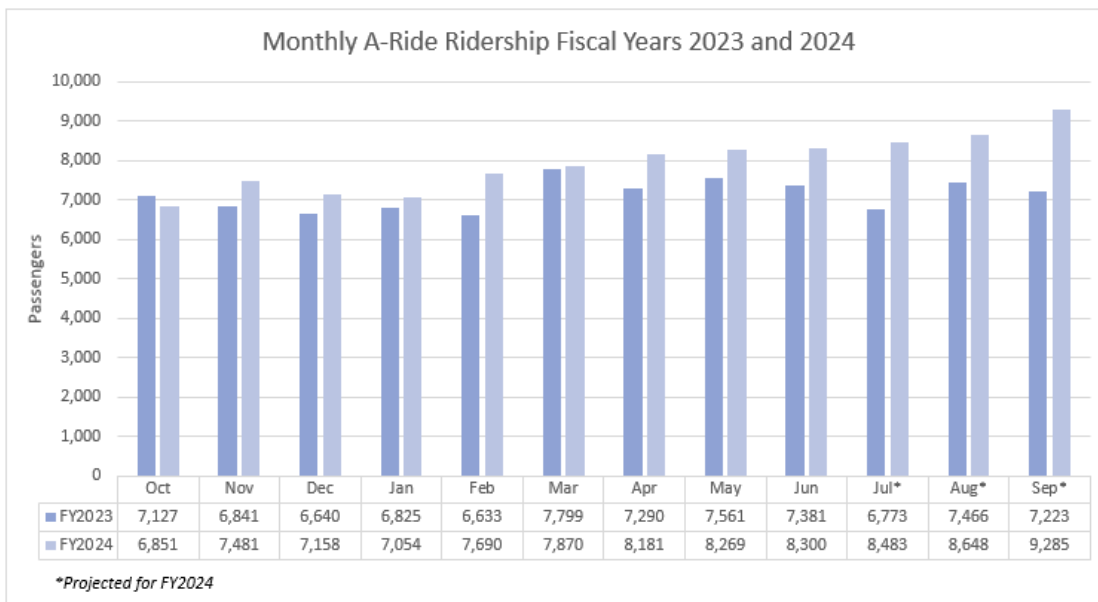
Figure 7: Urban Demand Response Ridership



A-Ride Services and Ridership

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

Figure 8: A-Ride Ridership



6. 2025 Budget

Budget Overview

The following sections outline the FY2025 Operating and Capital Budget (the budget). The initiatives outlined in this budget help advance the priorities identified in the **Corporate Business Plan**. This budget also provides multi-year forecasts and context.

Highlights of the FY2025 Budget include:

- Full services for fixed-route and paratransit services
- Full year of millage supported expanded services
- Leverages property taxes and State Operating Assistance (LBO) revenues to replace pandemic relief funds and federal operating assistance from formula funds
- Additional costs for salaries, wages and benefits, fuel and fuel supplies, and insurance for the first full year of millage service expansions
- Inflationary impacts on bus parts and software expenses
- Balanced operating and capital budgets

In addition, the budget continues to advance many of the capital initiatives that have been started in recent years. Examples of significant 2025 initiatives include:

- Replacement and rehabilitation of fixed-route buses and support fleet
- Ongoing investments in facility rehabilitation
- Planning and design for future renovations and expansion of transit centers
- Environmental analysis for projects such as bus shelters, bus rapid transit, and bus maintenance and storage facilities

Operations Overview

In FY2025, TheRide will operate at millage-supported expanded service levels for the whole year. The organization will not only continue to serve its existing ridership but augment the scope of its day-to-day operations to reach more individuals. Ridership projections are anticipated to increase due to expanded services, but otherwise are expected to remain flat, consistent with projections.

The following tables present vehicle revenue hours (hours in service) and ridership, with comparisons between FY2023 actual performance and projections for 2024 and 2025, which are the basis for assumptions in the budget.

Figure 9: Projected Vehicle Revenue Service Hours

Service Hours	Actual FY2023	Projected FY2024	Budget FY2025	% Change (2025 vs. 2024)
Local Fixed Route	286,766	281,575	314,905	12%
Urban Demand Response	56,920	64,443	76,285	18%
Total Service Hours	343,686	346,018	391,190	13%

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

Figure 10: Projected Ridership

Ridership	Actual FY2023	Projected FY2024	Budget FY2025	% Change (2025 vs. 2024)
Local Fixed Route	4,350,470	4,669,720	5,054,248	8%
Urban Demand Response	113,174	119,272	139,570	17%
Total Service Hours	4,463,644	4,788,992	5,193,818	8%

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

Operating Budget

The following tables and charts illustrate the elements of the FY2025 Operating Budget. Actual FY2024 revenue is tracking above target at the end of Q3 but forecasted to fall back to budgeted expectations by year end, apart from investment revenue which will remain elevated due to consistently high interest rates. Expenses this fiscal year will likely land somewhat below budget due to unfilled staff positions. In FY2025, overall operating expenses are increasing by 12.0% compared to FY2024 budget to support a full year of expanded millage services on top of our preexisting services.

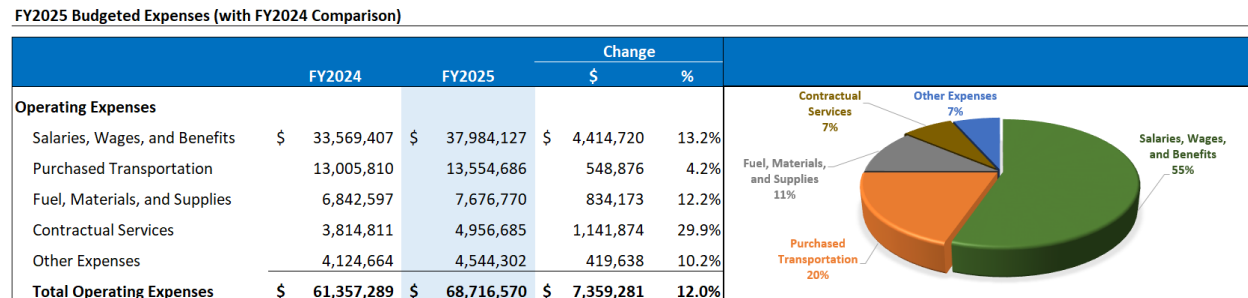
Operating revenues are 13.7% higher than FY2024 budget with the inclusion of higher local property tax revenue. This revenue not only replaces prior year assistance from federal operating and pandemic relief funding but increases our resources by approximately \$8.4 million to cover expanded services. Millage-supported property tax revenues will provide sustainable funding to balance the budget through FY2029.

The budget produces a surplus of \$1,072,373 to be transferred to TheRide's operating reserve. Further details of operating budget expenses and revenues, as well as multi-year comparisons are highlighted in this section of the budget document.

Operating Expenses

As illustrated in Figure 11, FY2025 Operating Expenses are budgeted at **\$68,716,570**, 12.0% higher than FY2024.

Figure 11: FY2025 Operating Expenses (with FY2024 Comparison)



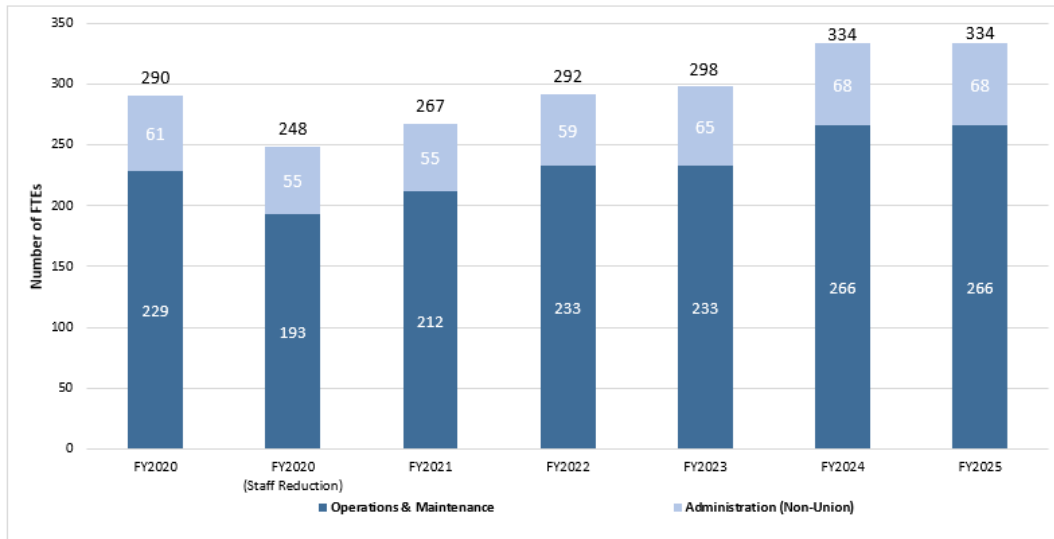
Descriptions of expenses and key budget assumptions are as follows:

Expenses are increasing to fund the first full year of the millage expansion of services. Expenses are supported by additional property tax revenues from the approved millage. The cost of these augmented services can be seen broadly across all expense line items apart from Purchased Transportation and Other Expenses. The necessary utilization of additional staff, fuel, materials and other direct costs for service rise proportionally with the larger scope of expanded operations.

- Salaries, wages, and benefits include a contractual pay rate increase for bargaining unit employees and a projected 3.5% annual increase for non-union employees. Thirty additional MCOs (Motor Coach Operators) were added during the latter part of FY2024 as TheRide ramped up towards expanded millage services, and the impact of this increased staffing is realized for the full year in FY2025 as this larger workforce is sustained.

Figure 12 on the following page illustrates staffing levels from FY2020 to FY2025. In FY2022 budgeted staffing levels were restored to pre-pandemic levels to meet service recovery schedules. There was a net of 36 new positions incorporated into the budget in FY2024, but most of the new positions were only partially funded in FY2024. Service expansions are being phased in throughout FY2024, but FY2025 will be the first year all positions are fully funded for the year. As a result, expenses are increasing, but the number of approved full-time positions remains the same from FY2024 and FY2025.

Figure 12: Full Time Employee (FTE) Staffing Levels FY2020 to FY2025

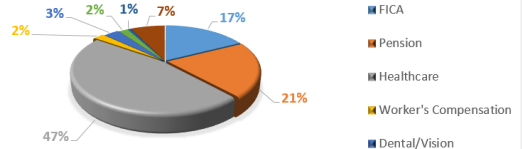


- Employee benefits costs are estimated based on historical actual costs and adjusted for anticipated inflationary rates. Figure 13 provides a comparison of the detailed employee benefits expenses and key assumptions. Employee benefits and payroll taxes increases are calculated with a full year of higher levels of salaries and wages to account for expanded services. Benefits expenses are increasing by 12.2% in line with this. Assumptions and explanations for significant changes in the employee benefits budget are described below.

Figure 13: Employee Benefits Summary

FY2025 Employee Benefits (with FY2024 Comparison)

Type of Employee Benefit	FY2024	FY2025	Change	
			\$	%
FICA	\$ 1,793,752	\$ 1,958,628	\$ 164,876	9.2%
Pension	2,122,846	2,320,417	197,571	9.3%
Healthcare	4,493,130	5,219,220	726,090	16.2%
Worker's Compensation	217,630	238,476	20,846	9.6%
Dental/Vision	330,827	357,101	26,274	7.9%
Disability (Short/Long Term)	203,705	220,416	16,711	8.2%
Life Insurance	74,790	81,284	6,494	8.7%
Other*	745,710	801,175	55,465	7.4%
Total Employee Benefits	\$ 9,982,390	\$ 11,196,717	\$ 1,214,327	12.2%



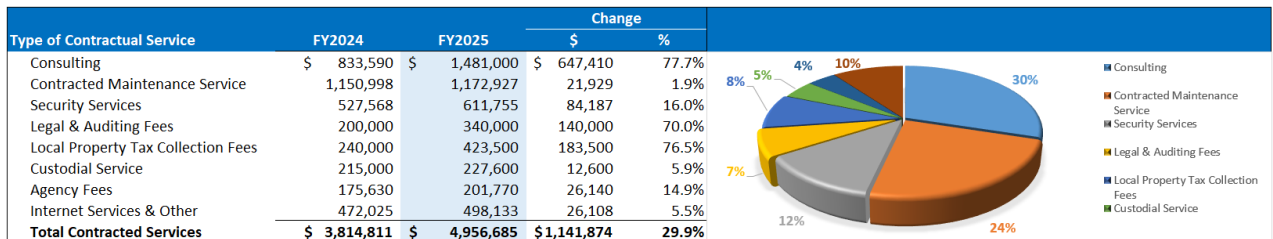
*Other includes Health Care Savings Plan, Post-Retirement, EAP, Unemployment expenses

- FICA (Federal Insurance Contributions Act) or U.S. federal payroll taxes are based on statutory rates. Social security and Medicare rates are unchanged, 6.20% for earning up to \$168,800 and 1.45% respectively. FY2025 assumptions are budgeted consistent with the prior year.
- Pension expense is based contractual (union) or established rates (non-union) for eligible employees. For eligible employees, the pension expense is 9% of wages and is budgeted accordingly.
- Healthcare expenses are budgeted to increase by 16.2% when compared to the prior year's budget. This is the largest component of benefit expenses, and the increase is consistent with TheRide's multi-year expectation of higher costs for this coverage.

- TheRide is self-insured for worker’s compensation. The budgeted expense is based on the historical average cost per employee, which has been increasing in the last couple of years. TheRide also has a worker’s compensation reserve, which is fully intact and has not been used to manage impacts of expenses to the operating budget.
- Purchased transportation expenses are 4.2% higher than FY2024. This stems from a variety of factors. The largest true increases in this category are to Night Ride and A-Ride, with costs rising by 64% and 23% respectively due to expanded services. WAVE and PEX costs have increased, but in line with additional contract revenue as pass-through services. D2A2 costs have decreased to zero from \$2mm, but this is offset by the absence of any contract revenue for it with the service being transferred over to the RTA.
- Fuel, materials, and supplies expenses, as shown in Figure 11, are up 12.2%. The primary source of this additional cost is the need for new software and cybersecurity. The newly approved maintenance contract for Clever Devices, the CAD-AVL-VOIP system used in most of our fleet vehicles, makes up the vast majority of this escalation in software and cybersecurity expense. Additionally, Fuel costs are expected to be 6.9% higher than the FY2024 Budget on account of projected volume increases from expanded services.
- Contractual services expenses are 29.9% higher than FY2024 arising from increases in temporary plus consulting staff, auditing fees and collections fees.

Figure 14: Contractual Services Summary

FY2025 Budgeted Contracted Services (with FY2024 Comparison)



*Other includes bank service fees, physical exam fees, temporary help, benefit admin fees, towing

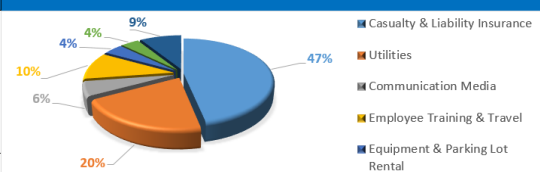
- The use of temporary and consulting staff is required to ensure continued smooth operations as new internal staff are hired and trained. While actual costs of supplemental staffing services will decrease from the current year, the budget reflects the expected costs to continue support through FY2025. Internal staffing positions are budgeted as well, opening a path to scaling down these costs sustainably as new team members are hired and trained.
- External annual auditing fees have been increasing due to the specific audit requirements of being a transit organization, along with the significant growth in the size of the operating budget over the past several years, which increases the scope of external audits. The budget for these services has increased by \$40,000 in the budget to align actual costs.
- Collection fees are fees collected by municipalities for collecting property taxes and passing them through the agency. The fees are a percentage of property tax collections and are expected to rise in tandem with higher property taxes generated by the new millage.

- *Other expenses* are projected to increase by 10.2%, driven by higher premiums and rates for insurance and utilities respectively, but partially offset by reductions in Communication Media, Employee Training & Travel, plus Equipment & Parking Lot Rental. Variances in other expenses are illustrated in Figure 15 and described in further detail below.

Figure 15: Other Expenses Summary

FY2025 Budgeted Other Expenses (with FY2024 Comparison)

Type of Other Expense	FY2024	FY2025	Change	
			\$	%
Casualty & Liability Insurance	\$ 1,827,000	\$ 2,121,050	\$ 294,050	16.1%
Utilities	713,931	929,800	215,869	30.2%
Communication Media	367,970	250,500	(117,470)	-31.9%
Employee Training & Travel	514,760	474,065	(40,695)	-7.9%
Equipment & Parking Lot Rental	162,200	188,000	25,800	15.9%
Uniforms	210,000	175,000	(35,000)	-16.7%
Other	328,803	405,888	77,086	23.4%
Total Other Expenses	\$ 4,124,663	\$ 4,544,303	\$ 419,640	10.2%



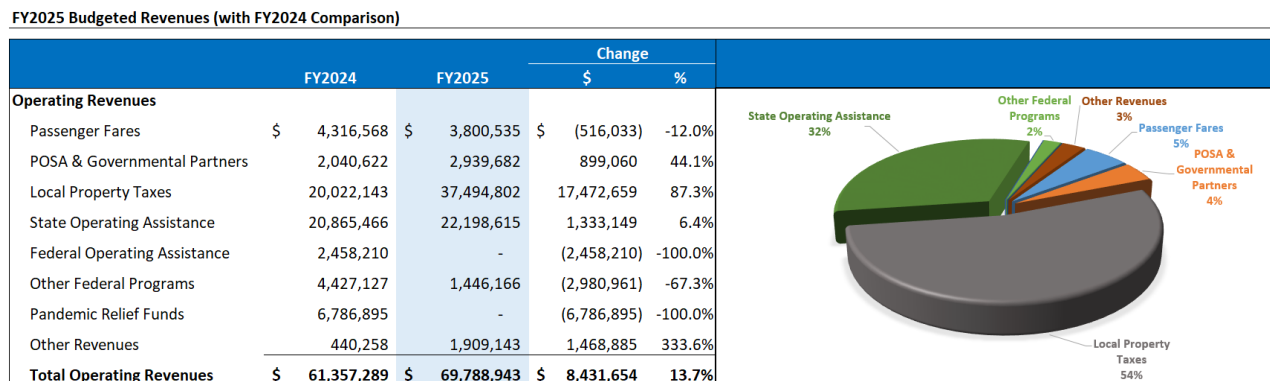
*Other includes dues and subscriptions, employee appreciation, recruiting costs, and Board governance and training

- Casualty and liability insurance is budgeted to be up by 16.1% from FY2024 driven principally by the need for increased coverage as our operating budget grows to accommodate expanded services, along with market rate increases to premiums themselves.
- Apart from water, utility costs are anticipated to rise sizably across the board, up by 30.2% in FY2025 compared to this fiscal year. The largest component of the growth in utility expense is due to increased usage of Telephone and Cellular Services both within bus operations and administration. Natural gas and electricity charges are expected to rise due to higher rates.
- Communication media encompasses fare media, such as paper tickets, token and physical announcements, along with educational materials used to inform the public about TheRide’s services, such as schedule publications and announcements regarding services (i.e., the Ride Guide, etc.). Costs in this category are budgeted down 31.9% primarily caused by the absence of fare media related to D2A2 with the service being transferred over to the RTA.
- Employee training & travel is decreasing in large part because many new staff members received training in currently utilized software systems during FY2024, when TheRide ramped up to the staffing needs of expanded services.
- Equipment & parking lot rentals are increasing due to the inclusion of rental space for the bike share program.
- Uniform expense is projected down due to hiring for expanded services occurring and stabilizing within FY24.
- Other expenses include dues and subscriptions, employee appreciation and recruiting costs. Additionally, costs of governance expenses are budgeted in this expense category. Per Board Policy 3.8, the costs of governance to support the Board’s education and ability to govern effectively are required to be included in the annual budget. Budgeted costs of governance will stay flat at \$50,000 in FY2025 to provide funding for engagement on legislative issues, governance education and recruitment as well as board policies review.

Operating Revenues

As illustrated in Figure 16, FY2025 Operating Revenues are budgeted at **\$69,788,943**, a 13.7% increase from the FY2024 budget year.

Figure 16: Operating Revenues (with FY2024 Comparison)



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

- Passenger fares:** TheRide collects fares according to a Board-approved fare structure, paid either by passengers or by organizations (TheRide’s purchase-of fare partners) on their behalf. As detailed in *Appendix 8.4*, fares vary based on service type (fixed route, A-Ride, etc.), rider category (Full Fare, Reduced Fare-Youth/Senior/Disability, etc.), and fare product (Token, 30-Day Pass, etc.). Fares may be paid by purchasing a token, pass, or mobile ticket in advance; by presenting an organization-paid pass; or by paying cash upon boarding. Purchase-of-fare partners are eligible to receive bulk purchase discounts and often provide additional discounts or free fares to their members. The FY2025 budget anticipates purchase-of-fare partnerships with Ann Arbor Downtown Development Authority (DDA), Ann Arbor Public Schools, Eastern Michigan University, University of Michigan, Washtenaw Community College, and several employers participate in the getDowntown go!pass program.

Passenger fare revenue decreases by 12% in FY2025 primarily due to the removal of D2A2 with the service being transferred over to the RTA; along with a substantive shift in expected income from MRide, based on the impact of a necessary year-end reconciliation to account for federal and state funding. Otherwise, passenger revenues are expected to remain relatively flat, guided by current ridership projections. Fixed Route ridership increases expected in FY2025 are due primarily to expanded services.

- Contract revenues:** TheRide enters into purchase-of-service agreements with Pittsfield, Scio, and Superior Townships to provide fixed-route and/or demand-response services in their communities. An additional contract with the Ann Arbor Downtown Development Authority supports getDowntown program operations. Pass-through contract revenue for nonurban service provided by People’s Express and Western-Washtenaw Area Value Express (WAVE) is associated with state-led rural programs and offset by both agencies’ operating expenses without a net impact on TheRide’s budget.

Contract revenue has increased 44.1% in FY2025 due to higher revenue for WAVE and People's Express. As explained above, this increase in pass-through contract revenue nets to zero against the associated purchased transportation costs TheRide incurs.

- Local property taxes: TheRide receives property tax revenues from the Cities of Ann Arbor and Ypsilanti and the Charter Township of Ypsilanti ("Ypsilanti Township"). There are two types of funding for local property taxes utilized to fund the current budget: property taxes levied by city charters and millage tax rates levied by AAATA, as approved by voters in member municipalities. For the tax rates approved by voters to support AAATA, the Board of Directors authorizes the levy of ad valorem property taxes, as required, to be adjusted for the Headlee Amendment (Headlee) under Michigan State Law, for the purpose of providing public transportation services.

Local property tax collections are expected to increase by approximately 87.3%, which is based on a 3% increase in assessed property values over 2024 and the increased approved millage from 0.7 mills to 2.38 mills. This revenue greatly reduces TheRide's reliance on federal funding for operations, eliminating it outside of a handful of programs detailed in its revenue section below.

- State operating assistance: revenue is projected to increase in FY2025 by 6.4% based on the latest information from MDOT that urban systems will receive state funding of approximately 29.6% of eligible operating expenses for the fiscal year. This information is based on the state budget for FY2025, which was recently approved.
- Federal operating assistance, other federal programs and federal relief revenues have been dramatically reduced and replaced with local property taxes, as promised in the approved millage. This restores federal funding to be used to maintain the state of good repair on our current assets (buses, facilities, etc.) along with other capital projects in the capital plan. The remaining federal funding revenues in the FY2025 operating budget support the capital cost of contracting, seniors & people with disabilities, and planning.
- Other revenues: Interest revenue accounts for the bulk of the enlargement to other revenues. This stems from high rates in the CDARS program, which allows funds to be liquid while earning interest comparable to longer term investments. This program resides outside of our investment portfolio within standard banking; hence it being reflected in the FY2025 Operating Budget. While FY2024 actual interest revenue has already outpaced this budgeted figure, TheRide has chosen to budget somewhat conservatively to insure against the likelihood of rates falling within the upcoming fiscal year.

Contingencies

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

- Property tax collections could be higher or lower than anticipated.
- State operating and capital contributions will depend upon changes in operating expenses.
- Fuel, materials, and supplies cost assumptions may be adjusted based on impacts of inflation and demand.
- Purchased transportation costs may vary depending on finalizing the NightRide, FlexRide and GoldRide contracts.
- Additional expenses may be added to accommodate Corporate Business Plan initiatives.

The assumptions in the FY2025 Recommended Budget represent the staff's best attempts to make financial projections using the economic inputs available to us from industry, local, state, and federal leaders. State law allows adopted budgets to be amended, offering adequate flexibility to accommodate changing budgetary needs as the year progresses.

Figure 17 on the following page illustrates the details of the FY2025 Recommended Budget along with comparisons to previous years.

Figure 17: FY2025 Adopted Operating Budget Detail (with Prior Year Comparisons)

**TheRide
FY2025 Operating Budget**

	FY2023	FY2024	FY2025	2025 vs 2024	
	Actual	Approved Budget	Recommended Budget	\$	%
OPERATING REVENUES					
Passenger Revenue	\$ 4,315,606	\$ 4,316,568	\$ 3,800,535	\$ (516,033)	-12.0%
Local Property Tax Revenue	20,621,601	20,022,143	37,494,802	17,472,659	87.3%
POSA & Other Governmental Partners	2,259,066	2,040,622	2,939,682	899,060	44.1%
State Operating Assistance	17,989,845	20,865,466	22,198,615	1,333,149	6.4%
Federal Operating Assistance	648,000	2,458,210	-	(2,458,210)	-100.0%
Other Federal Programs	3,424,527	4,427,127	1,446,166	(2,980,961)	-67.3%
Pandemic Relief Funds	15,041,000	6,786,895	-	(6,786,895)	-100.0%
Advertising, Interest, and Other	1,406,920	440,258	1,909,143	1,468,885	333.6%
TOTAL REVENUES	\$ 65,706,565	\$ 61,357,289	\$ 69,788,943	\$ 8,431,654	13.7%
OPERATING EXPENSES					
Salaries, Wages and Benefits	\$ 29,429,850	\$ 33,569,407	\$ 37,984,126	\$ 4,414,719	13.2%
Purchased Transportation	12,520,026	13,005,810	13,554,686	548,876	4.2%
Diesel Fuel and Gasoline	2,835,476	3,195,626	3,417,000	221,374	6.9%
Materials and Supplies	2,941,123	3,646,971	4,259,770	612,799	16.8%
Contracted Services	4,247,071	3,814,811	4,956,685	1,141,874	29.9%
Utilities	770,427	713,931	929,800	215,869	30.2%
Casualty & Liability Insurance	1,742,382	1,827,000	2,121,050	294,050	16.1%
Other Expenses	774,686	1,583,733	1,493,453	(90,280)	-5.7%
TOTAL EXPENSES	\$ 55,261,041	\$ 61,357,289	\$ 68,716,570	\$ 7,359,281	12.0%
SURPLUS (DEFICIT)	\$ 10,445,524	\$ -	\$ 1,072,373	\$ 1,072,373	100.0%
Operating Reserve Transfer	\$ -	\$ -	\$ (1,072,373)	\$ (1,072,373)	100.0%
Capital Reserve Transfer	(10,445,524)	-	-	-	0.0%
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ 1,072,373	100.0%

Basis of Budgeting

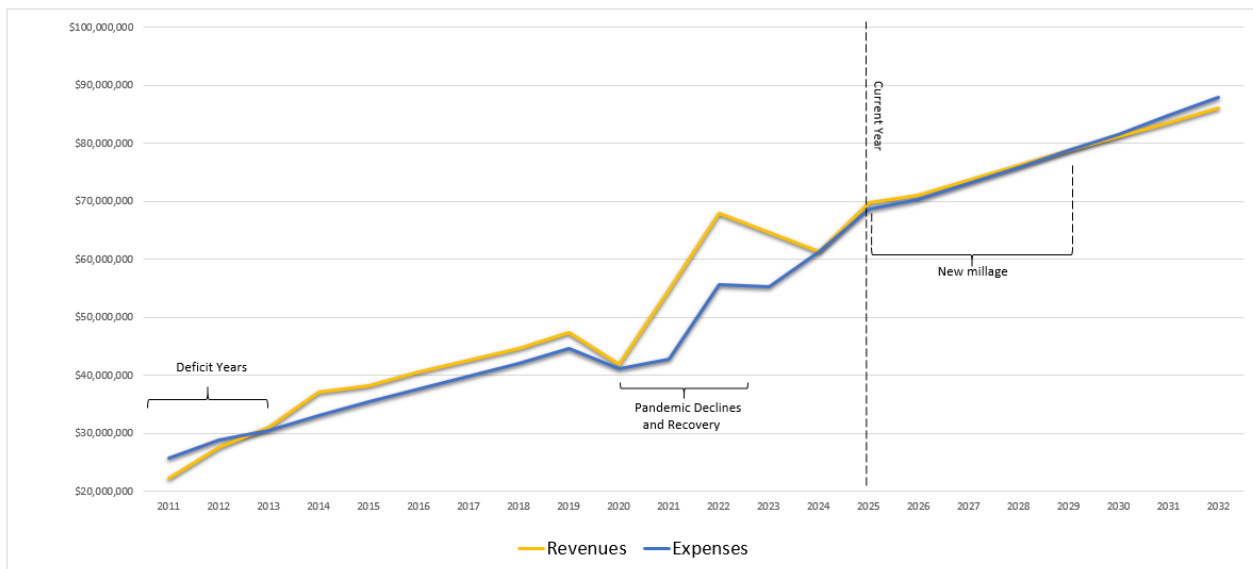
The 2025 operating and capital budget has been prepared on the full accrual basis of accounting, which is the same method used for accounting for the general fund, and to produce the financial statements. The only difference between the financial statements and the budget is that depreciation expense is not included in the operating budget since it is a booked expense which does not affect the general fund balance, operating reserve, or capital budget. Depreciation expense is included in the annual audited financial statements. An annually selected Audit Task Force (comprised of volunteer members of the Board) have oversight of the financial statements and an independent audit at the end of each fiscal year. The fully audited Comprehensive Annual Financial Report (CAFR) is presented to the full Board for review and acceptance on an annual basis.

Long-Term Financial Context: 2010-2030

The Board’s policies require the annual budget to be contextualized within a multi-year forecast of costs and revenues (Policy 2.4). The FY2025 budget and 5-year forecast for subsequent years is detailed in *Figure 19*, below.

Figure 18, below, compares historic (12-year actuals), the approved FY2024 budget, and forecasted financials to provide context for the FY2025 budget. After historical operating deficits consumed much of TheRide’s financial capacity prior to 2013 as the organization expanded, new funding helped restore fiscal strength until just before the pandemic outbreak. TheRide’s reserve coffers were finally at the policy target in late FY2019 after experiencing low balances for several years.

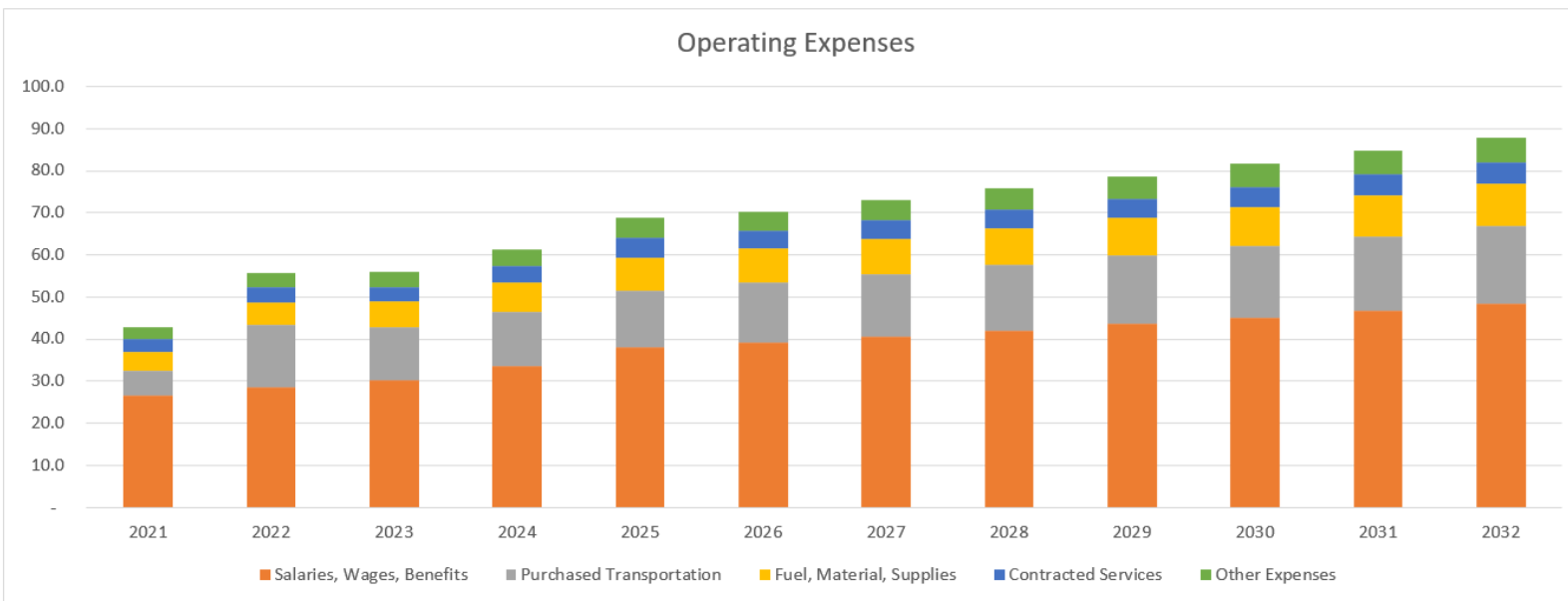
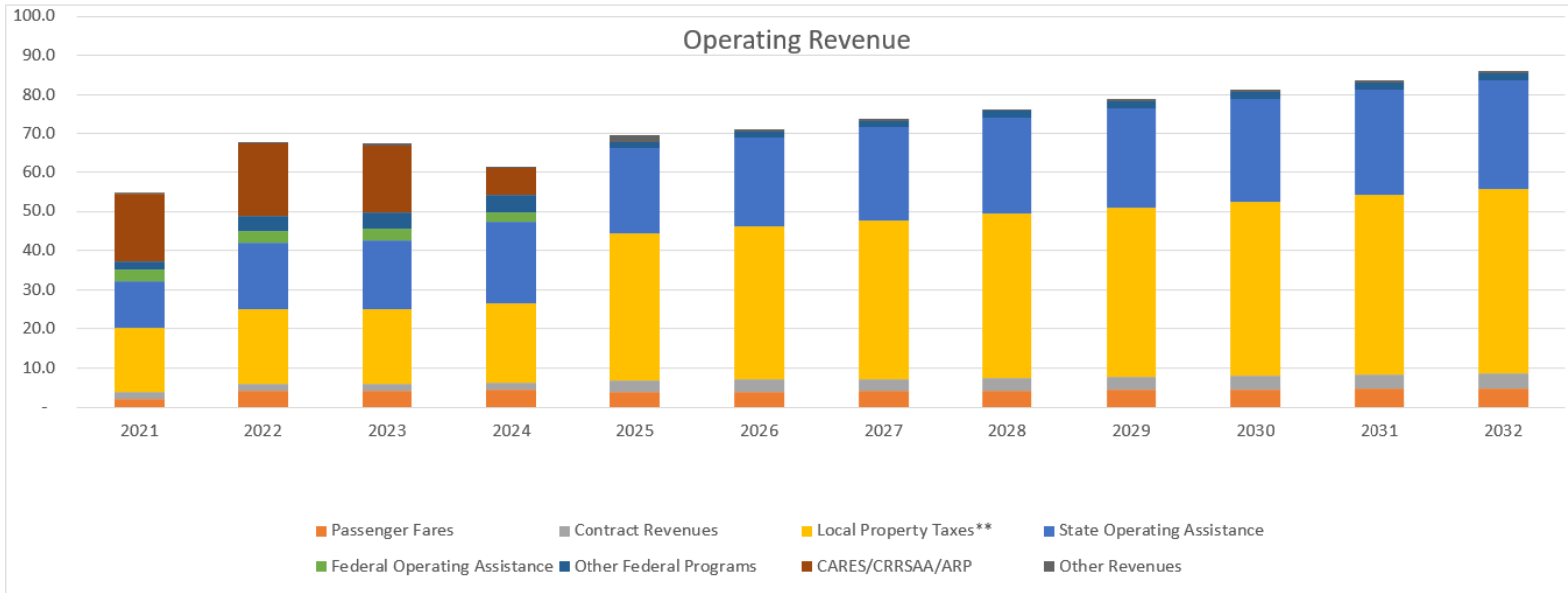
Figure 18: Financial Performance (Historic, Current, Forecast)



At the onset of the pandemic in 2020, revenues declined and cost-cutting measures including staff reductions and suspended transit service were enacted in response. Federal pandemic relief funds helped to gradually restore service in late FY2020 continuing through FY2021 and helped assure mid-term financial sustainability. By 2022, service recovery was restored to pre-pandemic levels and due to pandemic relief funding, there were operating surpluses from FY2021 to FY2023, with the surplus local funds being rededicated to the established capital reserve. However, operating deficits were predicted from FY2024 to 2029 until TheRide addressed the issue with the 2022 millage proposal.

Figure 19 on the following page details projected operating revenue and expense projections for the next seven years.

Figure 19: Detailed Operating Budget (with 7 Year Forecast)



10-Year Capital Plan

“Capital” expenditures are defined as assets purchased with an initial cost of more than \$5,000 and an estimated useful life greater than one year. Such assets include land, buildings, vehicles, and equipment, which are recorded at historical cost. Improvements expected to extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs are not capitalized.

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

- **Maintaining State of Good Repair** projects receive the highest priority for funding because maintaining current assets is required to provide transportation services and FTA regulations require that federally funded agencies maintain specific levels of state of good repair to continue to receive federal funding. Almost all projects in the capital plan (See Figure 23) rely on federal funding, so the alternative of not maintaining current assets as prescribed by FTA standards would jeopardize all federal funding, resulting in the inability to provide assets for operations (buses, facilities, etc.), effectively shutting down the agency.
- **Value Added** is the second highest priority for capital projects because enhancing current services and improving existing operations is necessary for maintaining existing ridership and increasing efficiencies to maintain fiscal responsibility. Value Added projects are typically a cost-effective way to improve services or operations with manageable costs and are high value for money propositions.
- **Expansion** is the third highest priority for capital projects because expanding or increasing services typically requires significantly more funding than is available to the agency through traditional funding sources. In addition to funding for the projects, expansion projects most often result in significantly more operating and capital future resources that need to be planned for in advance of committing to the project.

Every year, TheRide produces a rolling 10-year plan to prioritize and plan for anticipated major capital expenses. While a 10-year perspective is helpful context, the Board only authorizes one year of expenditures at a time, in this case for FY2025. The remaining nine years are planning estimates and are subject to change. During the coming year, the 10-year capital plan may need to be adjusted to better reflect the final priorities of the ongoing Long-Range Plan.

The table below summarizes the adopted capital program for FY2025 and beyond until FY2034. While projects include the *Advancing the Long-Range Plan* priorities, their purpose is further organized by priorities of State of Good Repair, Value Added, Expansion, or Research and Development.

Figure 20: Capital Plan Projects and Funding Sources

CAPITAL PROJECTS	FY2025 Budget	FY2026-FY2034 Program
State of Good Repair	\$24,317,000	\$147,776,000
Value Added	\$5,454,000	\$21,636,000
Research & Development	\$25,000	\$225,000
Expansion	\$5,070,000	\$248,172,000
TOTAL EXPENSES	\$34,866,000	\$417,809,000
FUNDING SOURCES	FY2025 Budget	FY2026-FY2034 Program
State & Federal Grants	\$33,626,000	\$172,682,000
Congressionally Directed Spending	\$1,240,000	\$7,510,000
Local Capital Reserve	\$0	\$33,184,000
Unidentified Funding	\$0	\$204,433,000
TOTAL REVENUE	\$34,866,000	\$417,809,000
UNIDENTIFIED FUNDING PORTION	FY2025 Budget	FY2026-FY2034 Program
Unidentified Funding %	0%	49%

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

Figure 21: 10-Year Capital Plan

(\$ in thousands)															
Category	Project Description	Spend FY22-24	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	Project/CIP Total		
STATE OF GOOD REPAIR	Vehicles	N/A	8,435,890	14,041,110	11,174,460	10,169,525	7,352,949	7,573,538	9,472,417	8,034,766	8,275,809	10,350,766	94,881,229		
	Equipment	N/A	1,360,000	949,660	981,333	1,014,051	1,048,456	1,084,137	1,121,146	1,154,780	1,189,423	1,225,106	11,128,092		
	Existing Facilities	1,169,807	12,359,150	3,002,450	3,660,105	2,895,727	2,419,844	2,492,439	2,567,212	3,121,549	3,961,275	5,050,241	42,699,799		
	Information Technology	N/A	2,161,759	5,429,442	6,866,518	6,766,530	1,112,003	1,218,397	238,810	245,975	253,354	260,955	24,553,742		
	Category Total	1,169,807	24,316,799	23,422,662	22,682,415	20,845,832	11,933,252	12,368,511	13,399,585	12,557,069	13,679,862	16,887,067	173,262,862		
VALUE ADDED	Bus Stop Improvements	23,945	402,000	388,310	399,959	400,812	424,317	437,046	450,158	231,831	238,786	246,015	3,643,180		
	Facilities Parking Lot Renovation	-	895,000	-	-	-	-	-	-	-	-	-	895,000		
	Transit Priorities	125,439	2,413,800	1,030,000	1,060,900	1,092,727	2,251,018	2,318,548	2,388,105	1,229,874	1,266,770	1,304,773	16,481,953		
	Low & Zero-Emission	-	1,743,697	4,475,628	-	-	-	-	-	-	-	-	6,219,325		
	Category Total	149,384	5,454,497	5,893,938	1,460,859	1,493,539	2,675,334	2,755,594	2,838,262	1,461,705	1,505,556	1,550,788	27,239,458		
RESEARCH & DEVELOPMENT	Emergent R&D	N/A	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000		
	Category Total		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000		
EXPANSION	Ypsilanti Transit Center	Land Acquisition	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000		
		Planning, NEPA, & Design	550,000	1,240,000	1,213,186	408,447	-	-	-	-	-	-	-	3,411,633	
		Construction	-	-	5,304,500	13,665,241	-	-	-	-	-	-	-	-	18,969,741
		YTC Subtotal	550,000	2,240,000	6,517,686	14,073,688	-	-	-	-	-	-	-	-	23,381,374
	Blake Transit Center	Planning, NEPA, & Design	103,082	100,000	-	-	-	-	-	-	-	-	-	203,082	
		Construction	-	-	1,020,627	2,917,475	1,189,980	-	-	-	-	-	-	5,128,082	
		BTC Subtotal	103,082	100,000	1,020,627	2,917,475	1,189,980	-	-	-	-	-	-	-	5,331,164
	Bus Rapid Transit	Planning, NEPA, & Design	-	500,000	515,000	265,225	4,370,908	3,376,526	405,746	597,026	614,937	3,166,925	3,261,933	17,074,227	
		Construction & Vehicles	-	-	-	-	-	12,024,281	23,185,481	33,316,307	28,287,099	3,465,000	-	100,278,169	
		BRT Subtotal	-	500,000	515,000	265,225	4,370,908	15,400,807	23,591,227	33,913,334	28,902,036	6,631,925	3,261,933	-	117,352,395
	Bus Maintenance & Storage Facility	Land Acquisition	-	-	1,545,000	-	-	-	-	-	-	-	-	1,545,000	
		Planning, NEPA, & Design	32,900	1,200,000	772,500	3,182,700	3,824,545	-	-	-	-	-	-	9,012,645	
		Construction	-	-	-	-	-	28,137,720	34,778,222	11,940,523	-	-	-	74,856,465	
	Garage Subtotal	32,900	1,200,000	2,317,500	3,182,700	3,824,545	28,137,720	34,778,222	11,940,523	-	-	-	-	85,414,110	
	Information Technology	New Fare Technology	-	-	-	212,180	764,909	2,363,569	1,159,274	-	-	-	-	4,499,931	
		Customer Experience Technology	-	100,000	103,000	106,090	163,909	135,061	139,113	143,286	147,585	152,012	156,573	1,346,629	
		First and Last Mile Solutions	-	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382	917,110	
		Operational Innovations	-	350,000	360,500	371,315	382,454	393,928	405,746	417,918	430,456	443,370	456,671	4,012,358	
		Information Technology Subtotal	-	530,000	545,900	774,457	1,398,691	2,982,598	1,796,875	656,729	676,431	696,724	717,625	-	10,776,029
	Transit Hubs	Transit Hubs	-	500,000	515,000	-	-	337,653	1,159,274	-	368,962	633,385	652,387	4,166,661	
Additional Vehicles for Service Expansion		-	-	71,500	-	-	2,661,279	1,738,451	294,334	2,518,595	221,685	-	7,505,843		
Category Total		685,982	5,070,000	11,503,213	21,213,545	10,784,123	49,520,057	63,064,049	46,804,919	32,466,024	8,183,719	4,631,945	253,927,575		
EXPENSE TOTAL		2,005,173	34,866,296	40,844,813	45,381,819	33,148,494	64,153,644	78,213,155	63,067,767	46,509,798	23,394,136	23,094,800	454,679,896		

Funding Sources		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	Project/CIP Total
FORECASTED:												
5307 Federal + State Match		24,282,511	16,383,069	27,007,142	14,904,019	12,382,569	13,236,304	13,424,586	14,043,774	13,943,647	13,608,330	163,215,952
5339 Federal + State Match		4,049,728	17,555,748	10,184,640	1,765,916	-	-	-	-	1,363,647	1,363,647	36,283,326
CMAQ Federal + State Match		4,033,257	-	-	325,713	-	-	-	-	-	-	4,358,970
5310 Federal + State Match		-	-	-	-	-	-	-	-	-	-	-
STBG Flex Federal + State Match		377,000	388,310	399,959	400,812	-	-	-	-	-	-	1,566,081
State Initiatives (TSP)		883,800	-	-	-	-	-	-	-	-	-	883,800
Congressionally Directed Spending		1,240,000	6,517,686	992,314	-	-	-	-	-	-	-	8,750,000
Local Capital Reserve		-	-	6,797,763	10,620,308	16,843,072	-	-	-	-	-	34,261,143
UNIDENTIFIED:												
Other		-	-	-	5,131,726	34,928,003	64,976,851	49,643,181	32,466,024	8,086,842	8,122,823	205,360,624
REVENUE TOTAL		34,866,296	40,844,813	45,381,819	33,148,494	64,153,644	78,213,155	63,067,767	46,509,798	23,394,136	23,094,800	454,679,896

FY2025 Adopted Capital Budget

The table below lists the approved capital investments for FY2025 only. Details for each project can be found in *Appendix 8.2*.

Figure 22: FY2025 Capital Plan

Category	Project Description	FY2025
State of Good Repair	Vehicles	\$8,436,000
	Equipment	\$1,360,000
	Existing Facilities	\$12,359,000
	Information Technology	\$2,162,000
	Sub-total	\$24,317,000
Value Added	Bus Stop Improvements	\$402,000
	Transit Properties	\$2,414,000
	Facilities Parking Lot Renovation	\$895,000
	Low & Zero- Emissions	\$1,743,000
	Sub-total	\$5,454,000
Research and Development	Emergent R&D Projects	\$25,000
	Sub-total	\$25,000
Expansion	Ypsilanti Transit Center	\$2,240,000
	Blake Transit Center	\$100,000
	Bus Rapid Transit	\$500,000
	Bus Maintenance and Storage Facility	\$1,200,000
	Information Technology	\$530,000
	Transit Hubs	\$500,000
	Sub-total	\$5,070,000
Total Capital Costs		\$34,866,000

Approved capital projects and funding sources for FY2025 and the 10-year plan are explained in more detail in Appendices 8.1 and 8.4.

Sources of Capital Funding

The capital program is funded through a combination of local, state, and federal sources as listed at the bottom of the table on the previous page and summarized below for FY2025. Additional information is available in the *State and Federal Grants Primer*, see the *Appendix (page 53)*.

Figure 23: Capital Funding Sources

Sources of Capital Funds	FY2025
<p>Local Capital Reserve/Share TheRide’s own cash and investments budgeted for research and development projects in FY2025. A capital reserve was established in FY2021 with local funds as a result of additional pandemic relief that has been and will be received.</p>	\$0
<p>Federal STBG Flex Federal Surface Transportation Block Grant (STBG) funding provided to states and localities for road projects. Washtenaw Area Transportation Study (WATS) has transferred a portion to FTA Section 5307 for pedestrian/bus stop improvements.</p>	\$377,000
<p>State Initiatives (TSP) State funding MDOT awarded for the Transit Signal Priority project, continuing work started last year. Project listed in the Technology Upgrades line.</p>	\$883,800
<p>State Capital Match State Comprehensive Transportation Fund (CTF) capital funding for 20% local share required by federally funded capital projects (STBG, 5307, 5310, 5339, CMAQ, Discretionary).</p>	\$4,860,440
<p>Federal 5307 Formula Federal urbanized formula support for transit capital projects. Supports state of good repair projects, bus stop improvements, technology upgrades, and expansion efforts.</p>	\$19,441,760
<p>Federal 5310 Formula Federal formula for mobility of seniors and people with disabilities. Supports capital purchases and operating activities designed to serve these populations.</p>	\$0
<p>Federal 5339 Formula Federal formula for buses and bus facilities, will support state of good repair vehicle replacements and facility rehabilitations.</p>	\$4,050,000
<p>Federal CMAQ Federal highway funding for Congestion Mitigation/Air Quality (CMAQ) improvement, transferred by the Southeast Michigan Council of Governments (SEMCOG) for transit projects in Washtenaw County. Supports large bus replacements.</p>	\$4,033,000
<p>Federal Earmark</p>	\$1,240,000
<p>Unidentified/Discretionary A placeholder in the capital budget for federal discretionary awards, also known as competitive FTA grants, that will support capital projects.</p>	\$0
Total	\$34,866,000

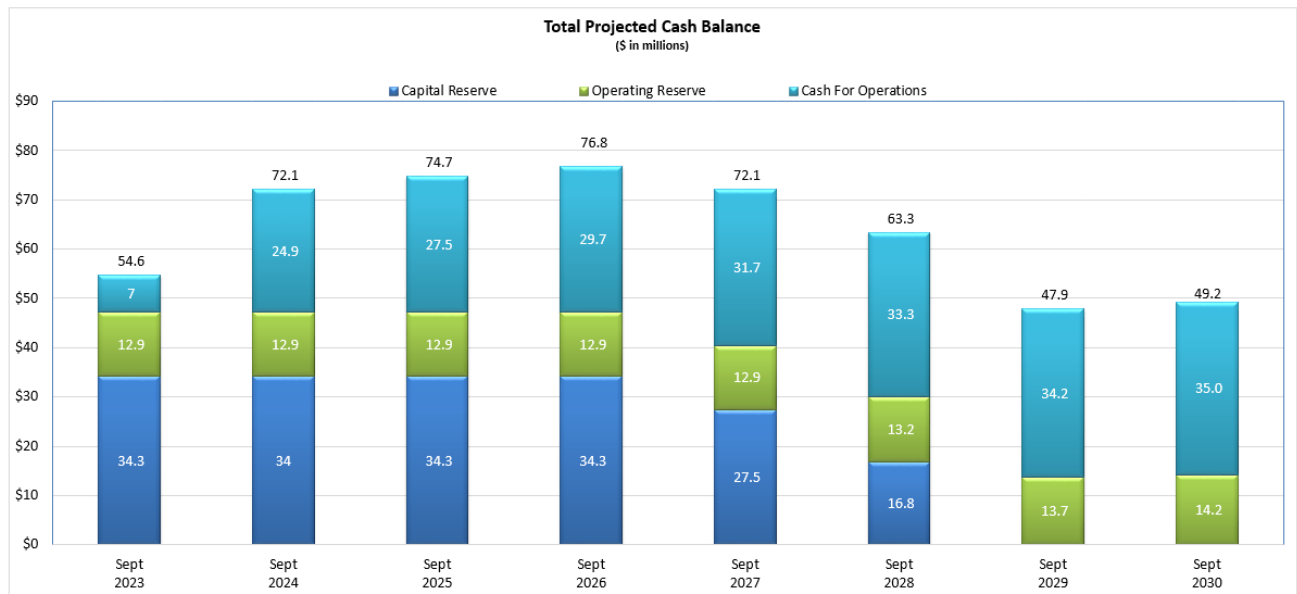
7. Impacts of 2025 Budget

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

Projected Cash Balances

Figure 24 summarizes projected cash balances at the end of FY2024 to FY2030 (September) with the historical cash balance as of the end of FY2023. In addition to total projected cash, the stacked bar chart shows the projected capital reserve, operating reserve, and other cash balances. Cash For Operations represents the insurance reserve of \$500,000, cash needed for daily operations, and any restricted cash. Beginning in 2024, TheRide will have more cash available for operations at the end of each September, thanks to increased property tax revenue, most of which is received during the summer months. In the past, a significant portion of operational cash came from federal funding, which was deposited quarterly as reimbursements. As TheRide’s reliance on federal funding for operations has greatly decreased, this shift has a notable effect on the timing of cash balances, especially in September each year, as shown below. See further details on the operating reserve and capital reserves below.

Figure 24: Total Projected Cash Balances

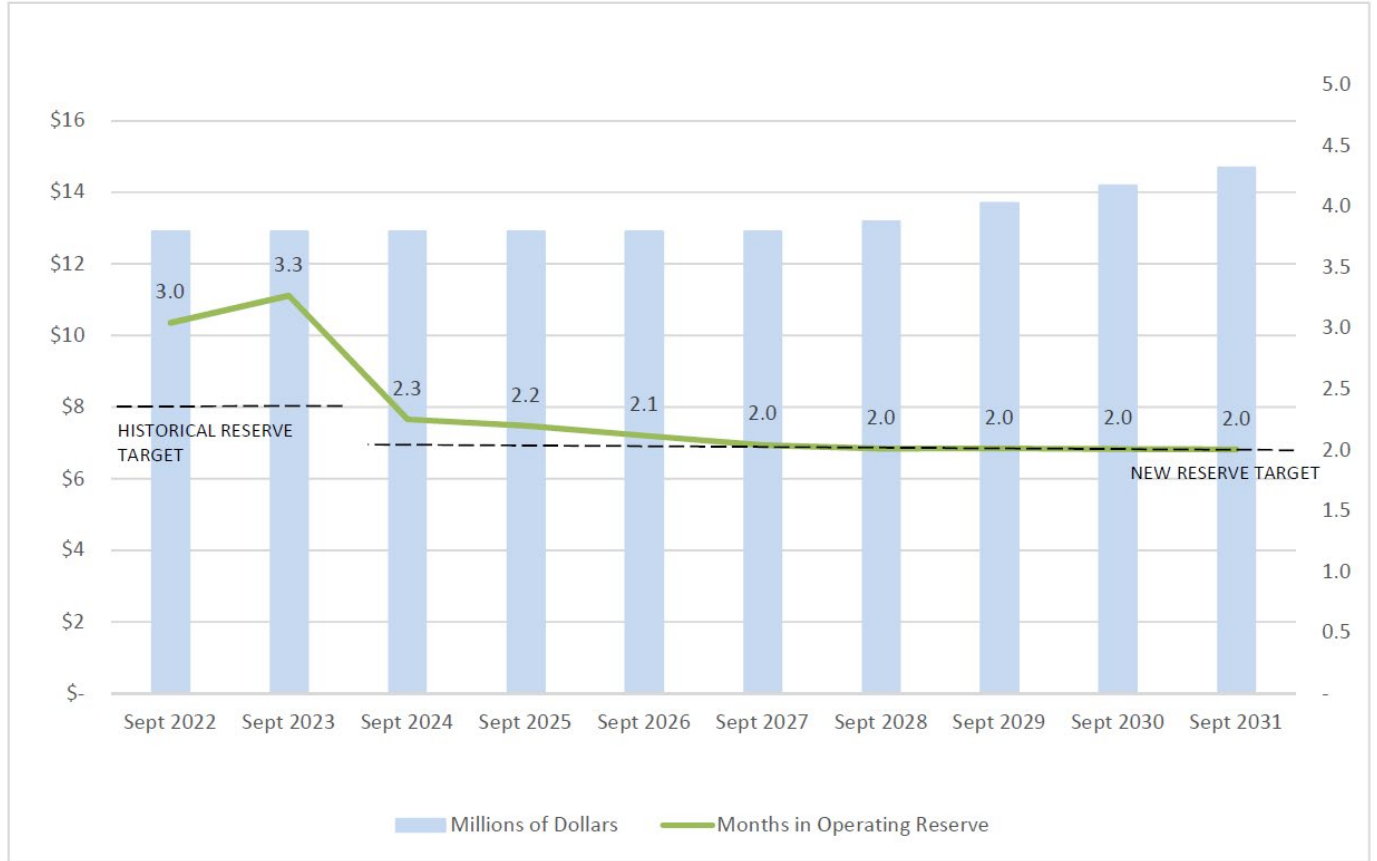


Projected Operating Reserve Balance

The projected operating reserve is the cash and investment balance of the unrestricted net position on the statement of net position (balance sheet) that has been committed to operational use. TheRide expresses the reserve in terms of a dollar amount (balance) and the number of months of operations it can support. The Government Finance Officers Association (GFOA) recommends that reserve balances in the public sector should be able to support at least 2 months of operations. The operating reserve balance at the end of each September must be enough to meet this requirement for the upcoming fiscal

year beginning the following month in October. TheRide’s target reserve balance will be 2.0 months beginning in FY2025, which is about \$11.5 million to support a \$68.9 million budget as recommended for the upcoming fiscal year.

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



Projected Capital Reserve Balance

The projected capital reserve is the cash and investment balance of the unrestricted net position that has been committed to capital use. The capital reserve was funded from local operating surplus dollars in FY2022, and in FY2023 federal pandemic relief funds were used for operating purposes. The below table represents the capital reserve funding timing and use of funds from FY2022 through FY2029. See the 10-year Capital Plan for more details on the capital projects that will utilize these funds.

Figure 26: Projected Capital Reserve Activity

(\$ in thousands)	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Capital Reserve Funding (from Operating Surplus)	\$ 11,939	\$ 12,218	\$ 10,105	-	-	-	-	-	-	\$ 34,261
Use of Current Capital Reserve	-	-	-	-	-	-	\$ 6,798	\$ 10,620	\$ 16,843	\$ 34,261
Remaining Capital Reserve	\$ 11,939	\$ 24,157	\$ 34,261	\$ 34,261	\$ 34,261	\$ 34,261	\$ 27,464	\$ 16,843	\$ -	\$ -

8. Appendices

8.1 FY2025 Capital Descriptions

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

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

- 1. Ypsilanti Transit Center and Blake Transit Center Planning:** The expansions of the two bus terminals have been highlighted in budget documents since FY2018 and advance these longstanding aspirations. Staff are seeking Board authorization to move forward with more specific implementation planning for separate work on each facility. Both projects require formal Board approval during FY2025 and significant capital costs in the future, although the planning work in the FY2025 budget does not obligate the Board to continue with either project. (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10, 2.11).
 - Ypsilanti Transit Center (YTC):** \$2,240,000 to complete formal NEPA studies (environmental impact studies), seek concept approval from federal and state review agencies, cover land acquisitions, and start the next phase of design. This work includes schematic designs necessary to refine the facility design and prepare the project to compete for additional federal funds and land acquisition. Discussions with the City, stakeholders, and the public are ongoing as the project concept evolves.
 - Blake Transit Center (BTC):** TheRide has been working with the Ann Arbor Housing Commission and City of Ann Arbor to jointly develop a vision for the Y Lot adjacent to the BTC. This vision has advanced rapidly but has faced challenges with the rising costs of materials and construction. A separate study led by the Ann Arbor Downtown Development Authority (DDA) to redesign 4th Avenue from Liberty St. to William St. is also part of this project to improve and expand bus operations along 4th Avenue. TheRide staff is requesting \$100,000 for the planning and design in FY2025 to continue work in support of these efforts. The Housing Commission and DDA are driving the vision for the Y Lot site and 4th Avenue design.
- 2. Bus Rapid Transit – Washtenaw Avenue:** TheRide's long-range plan, TheRide 2045, recommends major enhancements to the fixed-route network, built around two bus rapid transit (BRT) lines, a north-south BRT and Washtenaw Avenue/E Huron Street BRT. The first of these, Washtenaw Avenue/E Huron Street, is scheduled to begin by 2033. In FY2024, TheRide has been working with MDOT on two studies related to this corridor: M-17 Planning and Environmental Linkages Study (aka Washtenaw PEL Study); and the US-23 Environmental Assessment (EA) Study including rebuilding and reconfiguring the US-23/Washtenaw Ave Interchange. Recommendations for dedicated bus lanes are expected to be included in these studies. TheRide will build on this work done by MDOT, and staff are requesting \$500,000 for work to begin alternatives analysis/NEPA. Planning and environmental studies take a significant amount of lead time for BRT, so TheRide staff anticipates this to be multi-year effort with subsequent budget support needed in future years.

3. **Bus Maintenance and Storage Facility:** \$1,200,000 is requested to begin the assessment of needs, facility programming, design criteria, and site selection process of a new storage and maintenance facility. Additional capacity for bus storage and maintenance provides the backbone of support for the TheRide 2045. Operational enhancements planned over the next 20+ years - including expanded service, bus rapid transit, and new vehicle types - will only be achievable if a new facility is built to accommodate that growth. FY2025 work will lead directly into the conceptual design and formal environmental documentation processes.
4. **Transit Hub:** TheRide's long-range plan, TheRide 2045, recommends four transit hubs outside of the downtown cores to support the future high-frequency transit network and facilitate better connectivity between peripheral areas. These hubs will be composed of multiple stops serving multiple connecting routes. The hubs will make transfers easy and comfortable and provide a higher level of amenities and excellent service in higher demand locations. The redevelopment of the former Sears site at the Briarwood Mall presents a unique opportunity to relocate and enhance the bus stop serving this site with the potential for future upgrades to become a transit hub. Staff requests \$500,000 in FY2025 to advance this work in collaboration with the developer.
5. **Information Technology:** To better serve our riders, staff are requesting the consideration of \$180,000 in funding for expansion technology that can assist with expanding operational innovations and customer service technology.

State of Good Repair: Board Policy 2.7 requires the CEO to ensure that the physical assets of TheRide are not put at risk or under-maintained. To meet this requirement and to comply with federal regulation, TheRide follows a comprehensive Transit Asset Management (TAM) Plan. Updated annually, this plan establishes performance targets to ensure a state of good repair for the fleet, equipment, and facilities operated by TheRide and grant subrecipients. FY2025 projects:

1. **Vehicle Replacement:**
 - **Large Bus Replacement:** Eleven large transit buses that have reached the end of their useful life will be replaced to maintain service levels and avoid additional maintenance costs. TheRide has resumed its fleet replacement schedule following a deferral in FY2021 due to the pandemic. The 11 clean-diesel replacement buses will be purchased by Gillig. Budget: \$7,677,890 (Policies, 2.1, 2.4, 2.7).
 - **Small/Medium Bus Replacement:** The purchase of three small cutaway buses for the A-Ride paratransit service and one small bus for the GroceryRide shopping access service are planned to maintain TheRide's accessible mobility services fleet. The replacement vehicles will be procured in FY2025 in accordance with fleet replacement plans. Budget: \$525,000,000 (Policies 2.1, 2.4, 2.7).
2. **Support Vehicles:** The purchase of four support vehicles is planned to maintain TheRide's non-revenue related transportation services. The replacement vehicles will be procured in FY2023 in accordance with the fleet replacement plans. Budget: \$233,000 (Policies 2.1, 2.4, 2.7).
3. **Equipment:**
 - **Bus Components:** Vehicle refresh schedules call for replacement of bus components such as engines, transmissions, hybrid drives and batteries, seats, and other major parts

needed to maintain the fleet in a state of good repair. Budget: \$1,210,000 (Policies 2.1, 2.4, 2.7).

- **Shop Equipment:** A budget for replacement of maintenance equipment and tooling used by mechanics and service crew. Budget: \$150,000 (Policies 2.2, 2.4, 2.7).

4. Existing Facilities:

- **Facility Rehabilitation:** Funding is budgeted to address priority maintenance issues at The Dawn Gabay Operations Center (DGOC), the Blake Transit Center (BTC), the Ypsilanti Transit Center (YTC), and TheRide's park-and-ride lots. A backlog of maintenance needs at the DGOC will continue to be addressed, including administrative facility interior renovations and replacement of the HVAC systems and roof the maintenance facility using funds set aside from prior years. Projects at the DGOC also include a parking lot renovation to address the need for additional parking for staff and visitors. Budget: \$12,359,150 (Policies 2.1, 2.2, 2.4, 2.7)

5. **Information Technology:** This FY2025 budget includes \$2,161,759 for technology replacements for the current Computer Aided Dispatch/ Automatic Vehicle Locator (CAD/AVL) equipment as well as the 4G routers that were purchased in 2015. While both the routers and the CAD/AVL system are still functional, they are at the end of their useful life and nearing the end of vendor support. Upgrading to current standards of dispatch and vehicle location information is required to maintain proper operations. This funding request also includes funding for hardware and software replacements, laptops, computer monitors and essential software (Policies 2.1, 2.4, 2.7).

Value Added: Projects in this category are focused on finding innovative ways to enhance services, or an existing part of TheRide's operations. Projects include:

1. **Bus Stop Improvements:** Each year investment is needed for replacement and improvement of bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities, all with an eye toward ensuring accessibility for riders with disabilities. Staff are coordinating with WATS and Washtenaw County staff to prioritize and plan enhancements along Washtenaw Avenue and throughout TheRide's service area. Budget: \$402,000 (Policies 2.1, 2.4, 2.7, 2.10).
2. **Existing Facilities:** \$895,00 has been budgeted for FY2025 for the renovation of the Dawn Gabay Operations Center parking lot. This project will ensure that all staff and visitors have adequate and reliable parking (Policies 2.1, 2.4, 2.7, 2.10).
3. **Low & Zero Emissions:** TheRide staff is requesting consideration of \$1,743,697 for FY2025 to cover the beginning work on the infrastructure and workforce development aspects of the low and zero emissions award received in FY2024 for the future implementation of hybrid buses, hydrogen buses, and fueling stations. Funding is also allocated for technical support for this award (Policies 2.1, 2.4, 2.7, 2.10).
4. **Transit Priorities:** The requested amount of \$2,413,800 allows for TheRide staff to continue to work on the Transit Signal Priority (TSP) project funded by the Michigan Department of Transportation and modernize digital bus stop signs. In addition, transit priorities will also include creating bus lanes and other features to make transit more attractive (relative to other

modes) will help increase demand and make transit more efficient. Budget: \$2,413,800 (Policies 2.1, 2.4, 2.7, 2.10).

Research and Development: Capital funds are reserved for new projects that may develop in 2024. This is a budget placeholder for exploratory projects that could advance the organization's Ends by leading to new services, infrastructure, or business relationships. Budget: \$25,000 (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10).

8.2 Contracts

The Board's Executive Limitations Policy (Policy 2.5.6) authorizes the CEO to award contracts with a value up to \$250,000 and disallows the splitting of purchases or contracts into smaller amounts to avoid this limitation. Listed below are the contracts that are anticipated to be awarded in FY2025 above the \$250,000 threshold. Approval of this section of the budget constitutes approval of these purchases and authorizes the CEO to make contract awards without additional Board approval. When adopting the budget, the Board may opt to accept all contracts with a value greater than \$250,000 as listed by including them in the budget adoption or may call out specific contracts that the Board wishes to consider for deliberation before acceptance.

Table 8.2: Budgeted Contracts Summary

CONTRACT DESCRIPTION	CURRENT PROVIDER	RENEWAL DATE (ESTIMATED)	VALUE OF AWARD (ESTIMATED)	FY2025 BUDGETED EXPENSE
Auditing Services	New	10/1/2024	\$ 80,000	\$ 80,000
Bus Advertising Services	Outfront Media Group LLC	10/1/2024	\$ 1,300,000	Revenue Contract
Bus Garage Planning	New	10/1/2024	\$ 1,950,000	\$ 1,200,000
Communication and Marketing Services	GUD Marketing & Q & M	4/1/2025	\$ 1,652,500	\$ 330,500
Construction Management Services for the YTC	New	10/1/2024	\$ 1,000,000	\$ 100,000
Emergency Backup Generator for DGOC	New	10/1/2024	\$ 550,000	\$ 550,000
Finance Consulting Services	Rehmann	10/1/2024	As needed	\$ 600,000
Fleetwide Seating Transition	New	10/1/2023	\$ 350,000	\$ 350,000
Gasoline and Diesel Fuel	Multiple Providers	10/1/2024	\$ 3,042,000	\$ 3,042,000
New and Retread Transit Tires	Best One of Dearborn	3/4/2025	\$ 1,125,000	\$ 225,000
Planning and Engineering for Capital Projects	Various	TBD	TBD	\$ 3,040,000
Planning Consulting Services	New	10/1/2024	As needed	\$ 420,000
Public Transit Buses*	Gillig	10/1/2024	TBD	\$ 7,677,890
RideGuide Printing Services	Printwell, Inc.	10/1/2024	\$ 550,000	\$ 110,000
Small/Medium Bus Replacements	New	10/1/2023	\$ 600,000	\$ 600,000
Snow Removal Services	RNA Facilities & Margolis Companies	11/8/2024	\$ 1,000,000	\$ 250,000
Washtenaw BRT Planning	New	10/1/2024	\$ 500,000	\$ 500,000
YTC Planning & Design (Phases III-V)	DLZ	10/1/2024	\$ 2,000,000	\$ 700,000
Zero Emissions Bus Project (Project Management & Project Site Design)	New	10/1/2024	\$ 1,060,000	\$ 450,000

*Procurement strategy being identified for future bus orders

8.3 Fares

Table 8.3 presents current fares, as approved by the Board. Fares were most recently updated in August 2022. There have been no new fares or changes to existing fares proposed in FY2024 or Adopted for FY2025. The FY2025 fares are the basis for budget assumptions.

Table 8.3 – FARES			
FIXED ROUTE FARES	FY2023	FY2024	FY2025
<i>Single Ride Fares – Cash or Token</i>			
Full Fare	\$1.50	\$1.50	\$1.50
Transfer	Free	Free	Free
<i>Discount Single Ride Fares – Cash or Token</i>			
Youth (Grades K-12, ages 6-18)	\$0.75	\$0.75	\$0.75
Children (Age 5 and under)	Free	Free	Free
Fare Deal Card	\$0.75	\$0.75	\$0.75
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
Commuters with go!pass	Free	Free	Free
<i>Passes</i>			
Day Pass	\$3.00	\$3.00	\$3.00
30 Day Flex Pass	\$45.00	\$45.00	\$45.00
<i>Discount Passes</i>			
Half-Fare 1-Day Pass with Fare Deal	\$1.50	\$1.50	\$1.50
30 Day Value Pass with Fare Deal	\$22.50	\$22.50	\$22.50
30 Day Value Pass for Youth (K-12, ages 6-18)	\$22.50	\$22.50	\$22.50
DEMAND RESPONSE FARES	FY2023	FY2024	FY2025
<i>FlexRide</i>			
Standard Adult One-Way	\$1.00	\$1.00	\$1.00
Students (K-12, ages 6-18)	\$0.50	\$0.50	\$0.50
Children (Age 5 & under)	Free	Free	Free
Fare Deal Card	\$0.50	\$0.50	\$0.50
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
30 Day Value Pass with Fare Deal	Free	Free	Free
<i>NightRide and HolidayRide</i>			
Full Fare	\$5.00	\$5.00	\$5.00
Commuters – go!Pass	\$3.00	\$3.00	\$3.00
A-Ride I.D.	\$2.50	\$2.50	\$2.50
GoldRide I.D.	\$2.50	\$2.50	\$2.50
Children (Age 5 & under)	Free	Free	Free
<i>GoldRide</i>			
One-Way	\$20.00	\$20.00	\$20.00
Additional Passenger (Companion)	\$5.00	\$5.00	\$5.00

Verified Low-Income Reduced Fare	\$5.00	\$5.00	\$5.00
FootballRide			
One-Way	\$1.50	\$1.50	\$1.50
One-Way Youth (K-12, ages 6-18)	\$0.75	\$0.75	\$0.75
One-Way Fare Deal Card	\$0.75	\$0.75	\$0.75
GroceryRide			
GroceryRide	\$0.75	\$0.75	\$0.75
A-RIDE FARES	FY2023	FY2024	FY2025
Cash Fares			
Advance Reservation	\$3.00	\$3.00	\$3.00
Will Call (Advance reservation for return trip)	\$3.00	\$3.00	\$3.00
Companion Fare	\$3.00	\$3.00	\$3.00
Companion Fare Students (K-12, ages 6-18)	\$1.50	\$1.50	\$1.50
Companion Fare (Age 5 & under)	Free	Free	Free
Personal Care Assistant	Free	Free	Free
Scrip Coupons			
Booklet of 10	\$30.00	\$30.00	\$30.00

Description of Fare Structure

Fixed Route Fares

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

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

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

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

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

- A-Ride I.D. – American with Disabilities Act (ADA) eligible
- GoldRide I.D. – Seniors 65 and over
- Value Passes (Fare Deal Cards):
 - Senior Fare Deal – Seniors ages 60-64
 - Income Eligible Fare Deal – Medicaid card holders and other verified individuals
 - Disability Fare Deal – Persons with disabilities who do not qualify for A-Ride

- Children – Ages 5 and under
- Personal Care Attendant (PCA) – Assist A-Ride customers as a companion; must be registered as a PCA
- Students – Grades K-12 with a valid student ID, ages 6-18
- Commuters with go!pass – Employees who work at registered companies located in the Ann Arbor Downtown Development Authority’s boundaries are eligible to purchase a go!pass.

Demand Response Fares

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

A-Ride Fares

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

Fare definitions for A-Ride are as follows:

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

8.4 State and Federal Grants Primer

The following provides a brief description of federal and state funding sources.

Federal Funding

Requirements: To be eligible for federal funding, projects must be included in a long-range plan (20-years) and four-year Transportation Improvement Program (TIP) approved by the Federal Transit Administration (FTA). Each is first approved by the Washtenaw Area Transportation Study (WATS), the Southeast Michigan Council of Governments (SEMCOG), and the Michigan Department of Transportation (MDOT). There are many other federal requirements, particularly dealing with award management and procurement. FTA conducts a compliance audit every three years (Triennial Review) and the AAATA submits annual applications for grant awards for approval by the FTA.

Funding for Urban Service

Section 5307 and 5339 Formula Funds: Urbanized area formula funds are appropriated annually by Congress to the FTA, which apportions Sec. 5307/5339 funding to the Ann Arbor urbanized area. The Regional Transit Authority (RTA) is the Designated Recipient of formula funds and has the authority to approve AAATA applications for these funds (as the Direct Recipient). By law, the funds can only be spent in the Ann Arbor urbanized area.

- **Capital Funding:** Section 5307 and 5339 funds are primarily available for capital asset procurement. The federal share is 80% for most capital projects. Funds apportioned in one year are available for three (Sec. 5339) or five (Sec. 5307) additional years, which provides the AAATA with some flexibility to manage its capital program (e.g., funds may be held and combined with other annual appropriations for a larger capital purchase).
- **Operating Assistance:** The amount of Sec. 5307 funding eligible for operating assistance is limited by law. AAATA is currently able to use up to about \$4.3 million in federal formula 5307 funds for urban operating assistance per year at a 50% federal share. If the full amount of eligible funding is not utilized for operating budget, the remaining amount is able to be used for capital purposes. In addition, there are other limited categories of operating expenses which are eligible for grant funding—preventive maintenance, capital cost of contracting, and planning—at 80% federal funding.

Discretionary Funding: There are other discretionary federal grant programs from which the AAATA has the opportunity to receive funding. Discretionary spending is subject to the appropriations process, whereby Congress sets a new funding level for each fiscal year. Typically, these funds are awarded on a competitive basis, in which recipients submit projects for consideration and award. These include:

- **Capital Investment Grants (Section 5309):** Discretionary funds awarded in a competitive application process to fund major transit investments for rail projects and bus rapid transit.
- **Buses and Bus Facilities and Low or No Emission Grants (Section 5339 Discretionary):** The Sec. 5339 program includes two competitive grant opportunities. 5339(b) funds are awarded for the purchase of buses and related equipment, and to rehabilitate or build bus-related facilities. 5339(c) grants support low and zero-emission vehicle projects.

- RAISE (Rebuilding American Infrastructure with Sustainability and Equity): This USDOT program, formerly known as BUILD and TIGER, awards funds on a competitive basis for investment in transportation infrastructure. Funding can support roads, bridges, transit, rail, ports, and intermodal transportation for projects that have significant local or regional impact.
- CMAQ (Congestion Mitigation and Air Quality Improvement): Southeast Michigan receives an annual allocation of CMAQ funds authorized by the Clean Air Act, for which SEMCOG conducts a competitive application process. AAATA is an eligible applicant. If successful, funds are transferred to FTA from the Federal Highway Administration (FHWA) for administration.
- JARC (Job Access/Reverse Commute) and New Freedom: These two programs provided formula funds for work transportation and transportation for people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) from 2006-2012. The programs have since expired; however, New Freedom has been incorporated into the Section 5310 formula program.
- Planning: Planning activities in the AAATA planning work program are eligible for grant funding. SEMCOG and WATS each pass through to AAATA about \$50,000 per year. As access to regional planning funds increased, the use of formula grant funds (Section 5307) for planning was phased out in FY2020 to focus investment of these funds into capital assets.

Section 5310: Formula funds for “Enhanced Mobility for Seniors and People with Disabilities” are apportioned annually to the Ann Arbor urbanized area, which the RTA allocates through a competitive call for projects and AAATA is responsible for administering. Funds are eligible to be used for traditional purposes such as replacement of vans and buses, and for non-traditional purposes such as operating assistance and mobility management. AAATA works with the RTA, WATS, and local non-profit agencies through the Washtenaw Transportation Coordinating Council (TCC) to coordinate the use of funds.

Funding for Nonurban Service

Operating Assistance (Section 5311): AAATA passes through federal operating assistance funds for service outside of the urbanized area that is allocated by the Michigan Department of Transportation (MDOT). MDOT receives a single statewide federal grant and distributes it to eligible agencies. For the last several years, the Sec. 5311 rate has been about 18% of nonurban operating expenses, with an additional 18% provided from pandemic relief funding for FY2020-2022. AAATA passes these funds to Western Washtenaw Area Value Express (WAVE) and People’s Express to fund their service in the nonurban area.

Capital Assistance: Federal, nonurban capital assistance comes through MDOT which submits a single statewide application to the FTA. WAVE and People’s Express are eligible to apply directly and have received and managed their own grants for buses and equipment. AAATA has not received federal non-urban capital assistance.

State Funding

Requirements: AAATA is required to submit an annual application for operating and capital assistance by February each year for the next fiscal year (beginning in October). At some point the RTA may submit a combined application including AAATA, but so far, the AAATA application is submitted separately to RTA and MDOT at the same time.

Statutory Operating Assistance – Urban: Each year, MDOT provides urban operating assistance equal to a fixed percent of eligible expenses. The maximum authorized level is 50% of eligible expenses. The actual amount is much lower, about 32%. The percentage depends first on the amount of funding appropriated by the legislature. It also depends on the eligible expenses of all the transit systems in the state because the funds are distributed among them at the same percent of eligible operating expenses. These funds for all southeast Michigan, including Ann Arbor, may go to the RTA for distribution in the future, and they could change the distribution formula.

Statutory Operating Assistance – Nonurban: For service outside of the urban area, state operating assistance works the same way, but the percentage is different. The maximum authorized level is 60% of eligible expenses; the actual amount has been about 38%. The AAATA applies for and receive funds to pass through to WAVE and People’s Express for their service in the nonurban area.

Matching Funds for Capital Grants: MDOT provides all or part of the match for federal capital grants (e.g., Sec. 5307, 5339, 5310, CMAQ, discretionary). Historically, MDOT has always provided the entire 20% local (non-federal) share for capital grants, so no local funds were required. By law, MDOT is only required to provide 2/3 of the non-federal share.

Specialized Service: MDOT provides limited funds for service for seniors and people with disabilities. The Washtenaw County allocation has remained at about \$200,000 per year since 2020. About \$110,000 per year pays a portion of the cost for eligible demand response trips in the AAATA service area. The AAATA also administers or passes these funds through to private, non-profit service providers in the County.

8.5 Detailed Operating Budget

Historical Operating Budget and 6-Year Forecast

in million dollars

Operating Revenues	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Passenger Fares	2.1	4.2	4.3	4.3	3.8	4.0	4.1	4.2	4.4	4.5	4.6	4.8
Contract Revenues	1.8	1.7	2.3	2.0	2.9	3.1	3.2	3.3	3.4	3.5	3.6	3.7
Local Property Taxes**	16.3	19.3	20.6	20.0	37.5	39.0	40.5	41.9	43.2	44.5	45.9	47.2
State Operating Assistance	12.1	16.9	18.0	20.9	22.2	23.1	24.0	24.8	25.6	26.4	27.2	28.0
Federal Operating Assistance	3.0	3.0	0.6	2.5	-	-	-	-	-	-	-	-
Other Federal Programs	2.1	3.9	3.4	4.4	1.4	1.5	1.6	1.6	1.7	1.7	1.8	1.8
CARES/CRRSAA/ARP	17.1	18.7	15.0	6.8	-	-	-	-	-	-	-	-
Other Revenues	0.3	0.4	1.4	0.4	1.9	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Total Operating Revenues	54.7	68.0	65.7	61.4	69.8	71.1	73.7	76.3	78.8	81.1	83.6	86.1
Operating Expenses	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Salaries, Wages, Benefits	26.8	28.6	29.4	33.6	38.0	39.3	40.7	42.1	43.6	45.1	46.7	48.3
Purchased Transportation	5.7	14.7	12.5	13.0	13.6	14.1	14.8	15.5	16.2	16.9	17.8	18.5
Fuel, Material, Supplies	4.5	5.4	5.8	6.8	7.7	8.0	8.3	8.6	9.0	9.3	9.7	10.1
Contracted Services	3.1	3.6	4.2	3.8	5.0	4.2	4.3	4.5	4.6	4.7	4.9	5.0
Other Expenses	2.7	3.4	3.3	4.0	4.5	4.7	4.9	5.1	5.3	5.5	5.7	6.0
Total Operating Expenses	42.8	55.8	55.3	61.3	68.7	70.4	73.1	75.8	78.7	81.6	84.8	87.9
Surplus (Deficit)	12.0	12.0	10.0	-	1.0	1.0	1.0	1.0	-	-	(1.0)	(2.0)
Reserve Transfers (Capital/Operating)	(12.0)	(12.0)	(10.0)	-	(1.0)	(1.0)	(1.0)	(1.0)	-	-	-	-
Operating Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ (2)

8.6 Adopting Resolution

Resolution 09/2024

APPROVAL OF FY2025 OPERATING AND CAPITAL BUDGET

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

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2025 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) in order to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2025 to the Federal Transit Administration (FTA) as part of the annual application for FY2025 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2025 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2025 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2025 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$68,716,570** for operations, and
- **\$34,866,296** for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2021-FY2024 TIP, of which FY2025 and beyond are subject to amendment in future years.

Kathleen M. Mozak, Chair

Jesse Miller, Secretary

Date

Date

8.7 Glossary

A-Ride – A shared ride ADA paratransit service that supplements the fixed route bus service operated by TheRide.

Accounting System – The total structure of records and procedures which identify, record, classify, summarize, and report information on the financial positions and results of operations of a government.

Accrual Basis of Accounting – The method of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

ADA – See Americans with Disabilities Act.

AirRide – A commuter bus service operated as a public-private partnership with Michigan Flyer between Ann Arbor and the Detroit Metro Airport.

Americans with Disabilities Act (ADA) – This federal act gives civil rights protections to individuals with disabilities that ensure equal opportunity and access and prohibit discrimination.

Appropriation – An authorization made by the Board of Directors to make expenditures of resources for specific purposes within a specific time frame.

Assessed Value – The current market value of real estate as determined by city and township treasurers' offices.

BTC – An acronym for the Blake Transit Center, TheRide's passenger terminal in downtown Ann Arbor.

Balanced Budget – A budget in which revenues are equal to or greater than expenditures.

BikeShare – Public bike sharing service in which bicycles are made available for shared use to individuals on a short-term basis for a fee.

Budget – A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures to fund services in accordance with recommended policy.

Budget Year – The fiscal year for which the budget is being considered, that is, the fiscal year following the current year. TheRide's fiscal year is October 1 through September 30.

CAFR – See Comprehensive Annual Financial Report.

Capital – Wealth in the form of money or other assets owned by TheRide, or available or contributed for a particular purpose.

Capital Budget – The annual plan of appropriations for the amount necessary to carry out capital project expenditures during the year budgeted.

Capital Outlay – Expenditures which result in the acquisition of, or addition to, fixed assets. Any item with an expected useful life of more than five years and a value of more than \$5,000 (such as a vehicle, equipment, or facility) is considered a capital outlay.

Capital Program – The annual updated plan or schedule of project expenditures with estimated project costs, source of funding, and timing of work over a ten-year period. For financial planning and general management, the capital program is a plan of work and expenditures and is the basis for annual appropriations.

Capital Project – A governmental effort involving expenditures and funding for the creation of usually permanent facilities and other public assets having a relatively long life. Certain planning studies, consultant fees, vehicles, major equipment, furniture, and fixtures necessary to operate facilities may also be considered part of capital projects.

CARES Act – Federal law enacted by Congress in April 2020 to provide economic relief in response to the COVID-19 pandemic. CARES is an acronym for the Coronavirus Aid, Relief, and Economic Security Act.

CEO – See Chief Executive Officer

Chart of Accounts – A uniform list of accounts that standardizes accounting and supports the preparation of standard external reports. It assists in providing control over all financial transactions and resource balance.

Chief Executive Officer – The highest-ranking staff member at TheRide, ultimately responsible for managerial decisions to carry out the Board’s expectations for TheRide.

Constituents – This word means a “part of a whole.” In the context of local governments like TheRide, constituents are the people who are legal or moral owners of the TheRide.

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

Costing Center – The smallest unit for which costs are collected and reported upon.

COVID-19 – A disease caused by a new strain of coronavirus which emerged in humans in 2019 and caused a global pandemic in 2020. ‘CO’ stands for corona, ‘VI’ for virus, and ‘D’ for disease.

COVID-19 Recovery Plan – A multi-year plan that establishes the strategic priorities for the budget in response to the coronavirus pandemic which emerged in 2020.

CRRSA – A secondary stimulus federal law enacted by Congress on December 27, 2020, to provide economic relief in response to the COVID-19 pandemic. CRRSA is an acronym for the Coronavirus Response and Relief Supplemental Appropriations Act.

Current Year – The fiscal year immediately preceding the fiscal year for which the budget is being prepared.

D2A2 – Shorthand for “Detroit to Ann Arbor,” name for commuter bus service between the two cities jointly operated by TheRide and RTA.

Debt – Money that is owed or due to another party typically from borrowing or bonding activities; does not include short term payables.

Deficit – The amount by which budget outlays exceed receipts for a given period, usually a fiscal year.

Demand Response – Public transit service in which passenger trips are generated by calls from passengers to schedule trips with a transit operator, who then dispatches a vehicle to perform the trip.

Department – A categorization of organizational unit, indicating management responsibility for an operation or a group of related operations within a functional area, subordinate to the division level of organizational unit.

Depreciation – An allocation made for the decrease in value of physical assets through wear, deterioration, or obsolescence.

Disbursement – The expenditure of monies from an account.

Distinguished Budget Presentation Award Program – A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Division – A major administrative unit which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Ends – Board policies that define the results, outcomes, or benefits that the organization should achieve for specific beneficiaries at a certain cost or relative priority, from Policy Governance.

Executive Limitations – Board policies that put out-of-bounds operational means that are illegal, imprudent, unethical, or outside of the will of the Board of Directors; from Policy Governance.

Expenditure – The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate an obligation. Where accounts are kept on an accrual or modified accrual basis, expenditures are recognized whether or not cash payment has been made. Where accounts are kept on a cash basis, they are recognized only when cash payments have been made.

Expense – The outflow of assets or the incurring of liabilities (or both) during a period as a result of rendering services, delivering or producing goods, or carrying out other normal operating activities.

Fare – the money a passenger pays to use transit services.

Fare Media – The transit industry’s term for the cards, passes, tickets, tokens, and mobile device applications used to pay for rides on transit services.

Fiscal Year – Any yearly accounting period, regardless of its relationship to a calendar year. The fiscal year for the AAATA begins on October 1 of each year and ends on September 30 of the following year; it is designated by the calendar year in which it ends. For example, the fiscal year 2022 begins on October 1, 2021, and ends on September 30, 2022.

Fixed Assets – Assets of a long-term character which are intended to continue to be held and used. Examples of fixed assets include items such as land, buildings, vehicles, computer hardware, furnishings, and equipment.

Fixed-Route Bus – A form of public transit bus service that does not regularly deviate from a defined course or schedule.

FlexRide – A shared-ride service operating on-demand in limited-service areas to connect passengers to their destinations or by transfer to the fixed-route bus system.

Fringe Benefits – For budgeting purposes, fringe benefits are employer payments for social security, retirement, group health, dental, disability, and life insurance.

FTE – See Full-Time Equivalent.

Full-Time Equivalent (FTE) – A measure of authorized personnel calculated by dividing hours of work per year by the number of hours worked per year by a full-time employee.

Fund – A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out specific activities or attaining certain objectives. TheRide has one general fund.

Fund Balance – Used to describe the net position of governmental funds calculated with GAAP; net position is calculated as assets minus liabilities.

FY – See Fiscal Year.

GAAP – See Generally Accepted Accounting Principles.

GASB – See Governmental Accounting Standards Board.

General Fund – The general operating fund that is used to account for all financial resources except for these required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards for financial accounting and recording encompassing the conventions, rules, and procedures that define accepted accounting principles as determined through common practice or as promulgated by the Governmental Accounting Standards Board, Financial Accounting Standards Board, or various other accounting standard-setting bodies.

GFOA – An abbreviation for Government Finance Officers Association.

GoldRide – A service provided to non-disabled people age 65 and older which allows free travel on fixed-route buses and shared-ride trips in sedans and small buses.

Governmental Accounting Standards Board (GASB) – An organization established to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities.

Grant – A county, state or federal financial assistance award making payment in cash or in kind for a specified program.

HVAC – An abbreviation for heating, ventilation, and air conditioning equipment.

Infrastructure – The physical assets of AAATA (facilities, bus stops, shelters, bike racks, etc.) upon which the continuance and growth of service depend.

Intergovernmental Revenues – Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.

Investments – Capital held for the production of revenues in the form of interest, dividends, rentals, or lease payments.

Levy – (Verb) To impose taxes or special assessments for the support of governmental activities. (Noun) The total amount of taxes or special assessments imposed by a government.

Liabilities – Debts or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.

Long-Term Debt – Debt with a maturity of more than one year after the date of issuance.

MCO– See Motor Coach Operator.

Michigan Uniform Budgeting and Accounting Act – State law passed in 1968 known as Act 2, to establish uniform charts of accounts and reports in local units of government.

Millage – A millage rate is the tax rate used to calculate local property taxes and represents the amount per every \$1,000 of a property’s assessed value.

Mobility – The ability to move or be moved freely and easily. The ability to change one’s social or socioeconomic position in a community and to improve it.

Modernizing or Modernization – A strategic initiative to bring systems, policies, procedures, and practices to an improved state of excellence.

Motor Coach Operator – A bus driver.

MyRide – A mobility management service that provides coordination of transportation services for individual riders within a network of services in Washtenaw County and select areas of Jackson, Lenawee, Livingston, Monroe, Oakland, and Wayne counties.

Obligations – Amounts which a government may be required legally to meet out of its resources. They include not only actual liabilities, but also un-liquidated encumbrances.

Operating Budget – See Budget.

Operating Expenditures – Costs other than capital outlays and depreciation. Examples of operating expenditures include salaries and fringes, office supplies, telephone expense, consulting or professional services, and travel expenses.

Other Expenses – In a summary analysis of expense types, this refers to all expenses not included within specifically defined categories. Within TheRide’s operating budget this category consists of utilities, phone service, insurance premiums, postage, dues and subscriptions, conference travel and meetings expenses, media costs, employee development, employee appreciation, recruiting, Guaranteed Ride Home Program reimbursements, and equipment and parking lot lease payments.

PPE – Acronym for Personal Protective Equipment. Refers to protective clothing, helmets, gloves, face shields, goggles, masks, respirators, and other equipment designed to protect the wearer from injury or exposure to infection or illness.

Pandemic – A disease outbreak that spreads across countries or continents, as compared to an epidemic, which is a disease outbreak affecting a large number of people within a contained area.

Paratransit – A type of scheduled or on-demand transit service that supplements the fixed-route system by providing access for people with disabilities who are unable to use the fixed-route system.

Passenger – An individual on board, boarding, or alighting from a vehicle used in public transportation, not including the transit operator, employees, or contractors who are onboard to provide service.

Pension – A regular payment made during a person’s retirement from an investment fund to which the individual or their employer has contributed during their work life.

Per Capita – Per unit of population; by or for each person.

Performance Measurements – See Management Indicators.

Permanent Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of longer than one year, whose compensation is derived from administrative personnel position classifications.

Personnel (Costs) – Expenditures which include salary costs for full-time, part-time, hourly, and contract employees; overtime expenses; and all associated fringe benefits.

POFA – Acronym for “Purchase of Fare Agreement;” a third-party contract with a party that purchases fares from TheRide, either through the sale of fare media or the use of third-party issued photo identification cards.

Policy Governance – An integrated board leadership paradigm created by Dr. John Carver designed to empower boards of directors to fulfill their obligation of accountability for governance.

POSA – Acronym for “Purchase of Service Agreement;” a third-party contract with a township to provide public transportation services in the township funded by the general revenues of the township.

Prior Year(s) – The fiscal year(s) immediately preceding the current year.

Program Area – A group of activities and/or work programs based primarily upon measurable performance.

Projections – Estimates of budget authority, outlays, receipts, or other budget amounts extending several years into the future. Projections are generally intended to dictate the budgetary implications of existing or proposed programs.

Property Tax – A tax levied on all real and certain personal property, tangible and intangible, according to the property’s assessed valuation.

Public Transportation – Regular and continuing general or special transportation provided to the public, not including school buses or charter, intercity bus, or rail service provided by the private sector.

Purchase Order – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of charge for them.

Purchased Transportation – Transportation service provided to TheRide from a public or private transportation provider based upon a written contract.

Reimbursement – A sum (1) that is received by the government as a repayment for commodities sold or services furnished either to the public or to another government account and (2) that is authorized by law to be credited directly to specific appropriation and fund accounts.

Reserve – The unrestricted net assets from TheRide’s financial statements.

Resolution – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue – Monies received or collected by TheRide as income, including such items as tax payments, passenger fares, fees from specific services, receipts from other governments, and interest income.

Revenue Hours/Miles – The time (hours) or distance traveled (miles) when a vehicle is available to the general public for the carrying of passengers; a key measure of service provided by a transit agency.

Revision – Shifting of all or part of the budget authority in one appropriation or account to another, as specifically authorized by law.

Self-Insurance – Refers to participation in a self-insurance fund. Self-insurance allows an organization to closely realize its actual claim experience, as well as pool its insurance buying power with other participating agencies.

Surplus – The amount by which TheRide’s budget receipts exceed its budget outlays for a given period, usually a fiscal year.

TIP – Acronym for Transportation Improvement Program, a federally-required 4-year program of projects for federal funding.

Tax Base – All forms of wealth under TheRide’s jurisdiction that are taxable.

Tax Rate – The amount levied per \$1,000 of assessed property value on property.

Temporary Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of less than one year.

Transfer – See Revision.

User Fees – Payments for direct receipt of a public service by the party benefiting from the service. Also known as user charges. Fares are an example.

YTC – An acronym for the Ypsilanti Transit Center, TheRide’s passenger terminal in Ypsilanti.

Recommended Budget

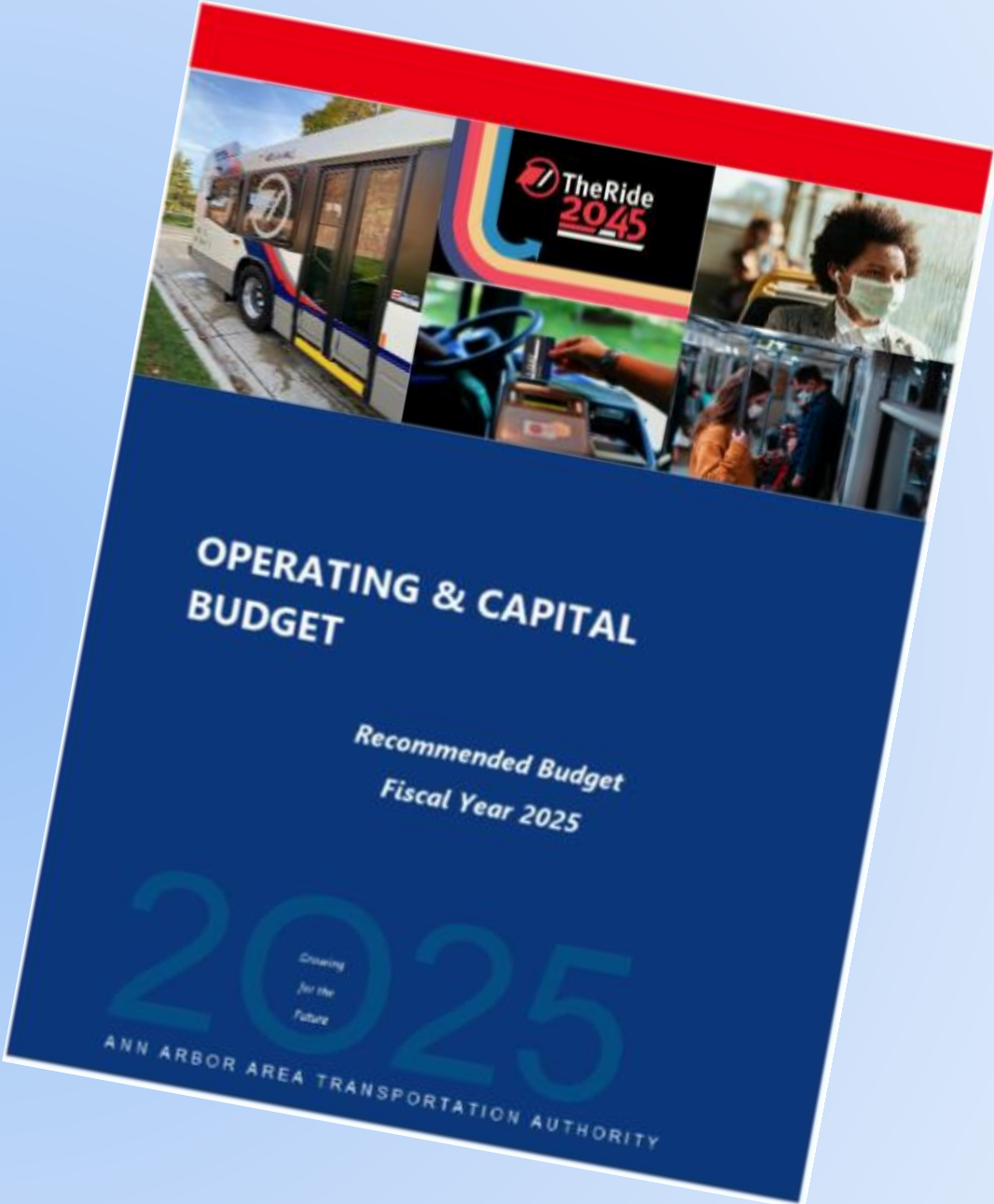
FY2025 Operating & Capital Budget

Dina Reed
Deputy CEO, Finance and Administration
dreed@theride.org

Agenda

- FY2025 Budget Processes and Policies
- FY2025 Recommended Budget
 - Key Accomplishments
 - Overview
 - Operating Budget
 - Capital Budget
 - Conclusion

FY 2025 Budget Process and Policies



Our Budget Process is...



Policy Driven



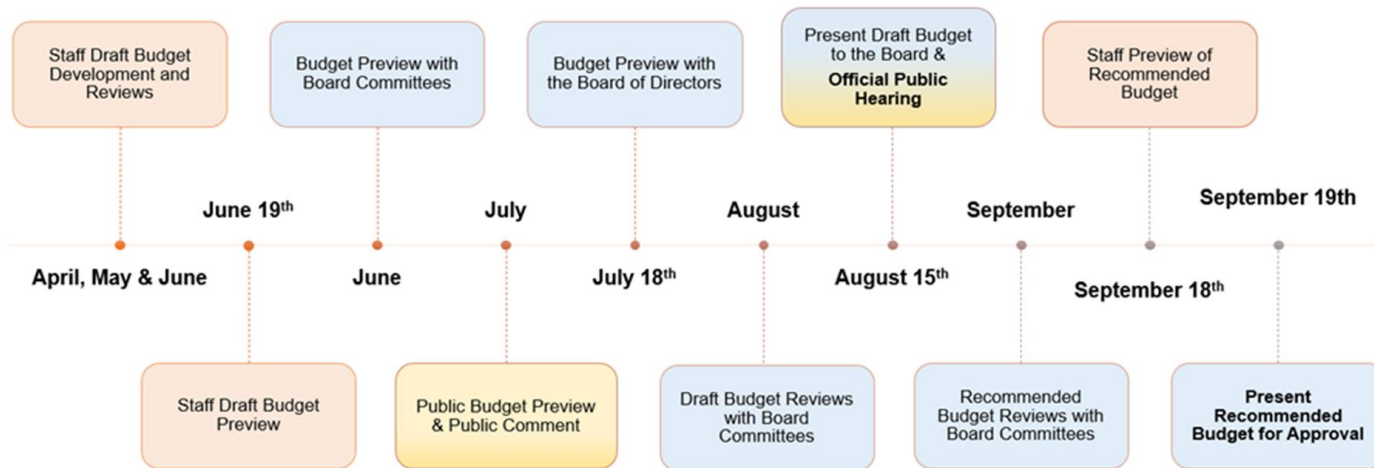
Strategic



Collaborative



Transparent



The Budget Advances Board “Ends”

1.0 Provide public transportation for the Ann Arbor-Ypsilanti Area that contributes to:

1.1 Residents/
1.4 Passengers



Equitable access and Passengers are Highly satisfied

1.2 Environment



Positively Impacts Environment

1.3 Economic
Prosperity



Positively Impacts Economic Prosperity

1.5 Residents



Positively Impacts Area’s Quality of Life

1.0 Fiscal
Responsibility



Efficient Stewardship and Value for Money



The Budget is Aligned with Business Plan Priorities

The Corporate Business Plan provides an opportunity for the Board, staff, and the public to have a dialogue about *priorities* before a budget to fund projects is developed.

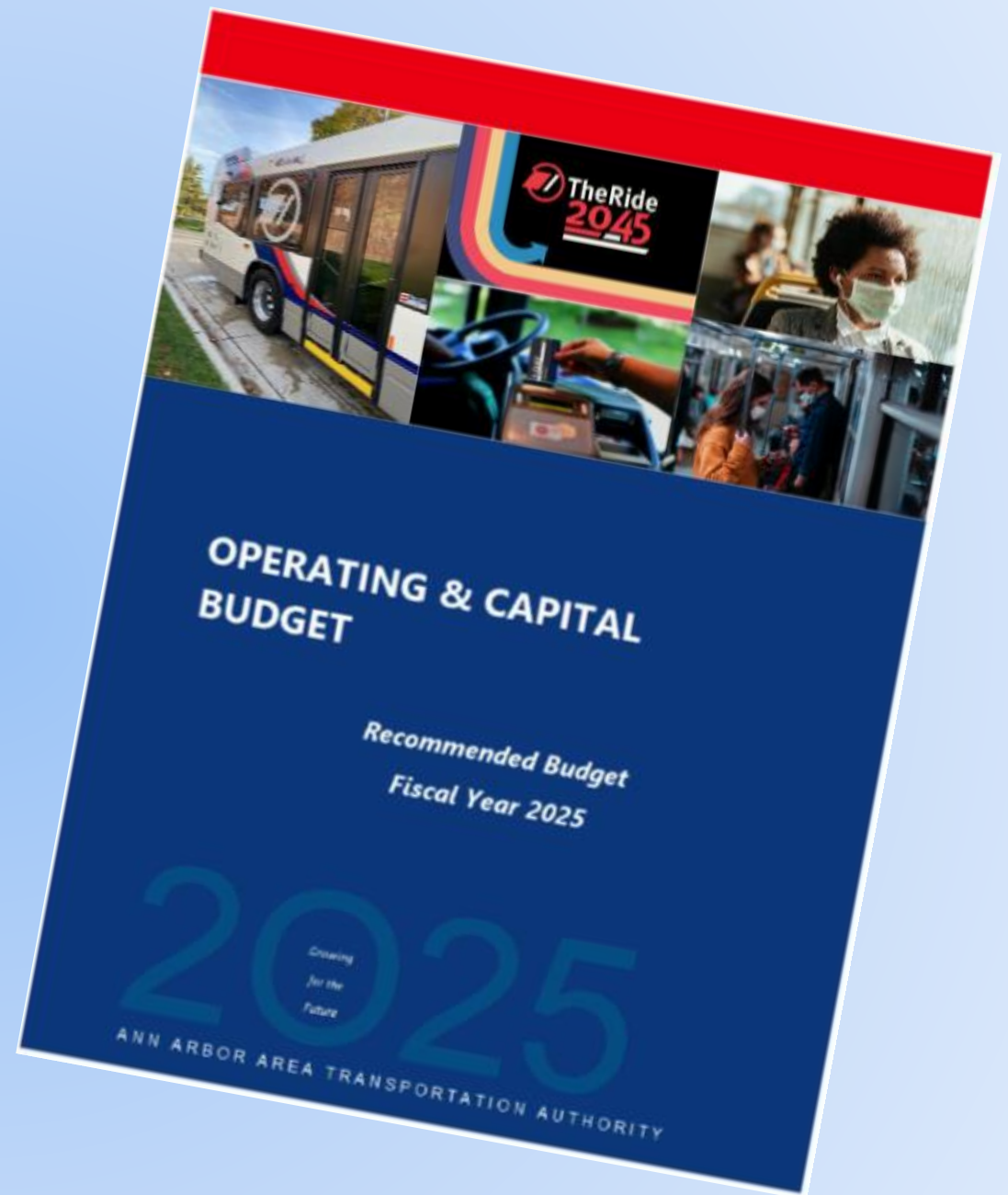


Attract New Riders and Increase Ridership

Excellence in Service Delivery

Continuous Improvement

FY 2025 Operating and Capital Recommended Budget



Highlights: FY2025 Key Budget Accomplishments



Operating Expanded Service Levels



Full Year of Millage Services



No Fare Changes



Budget is Balanced



Capital Projects are Funded

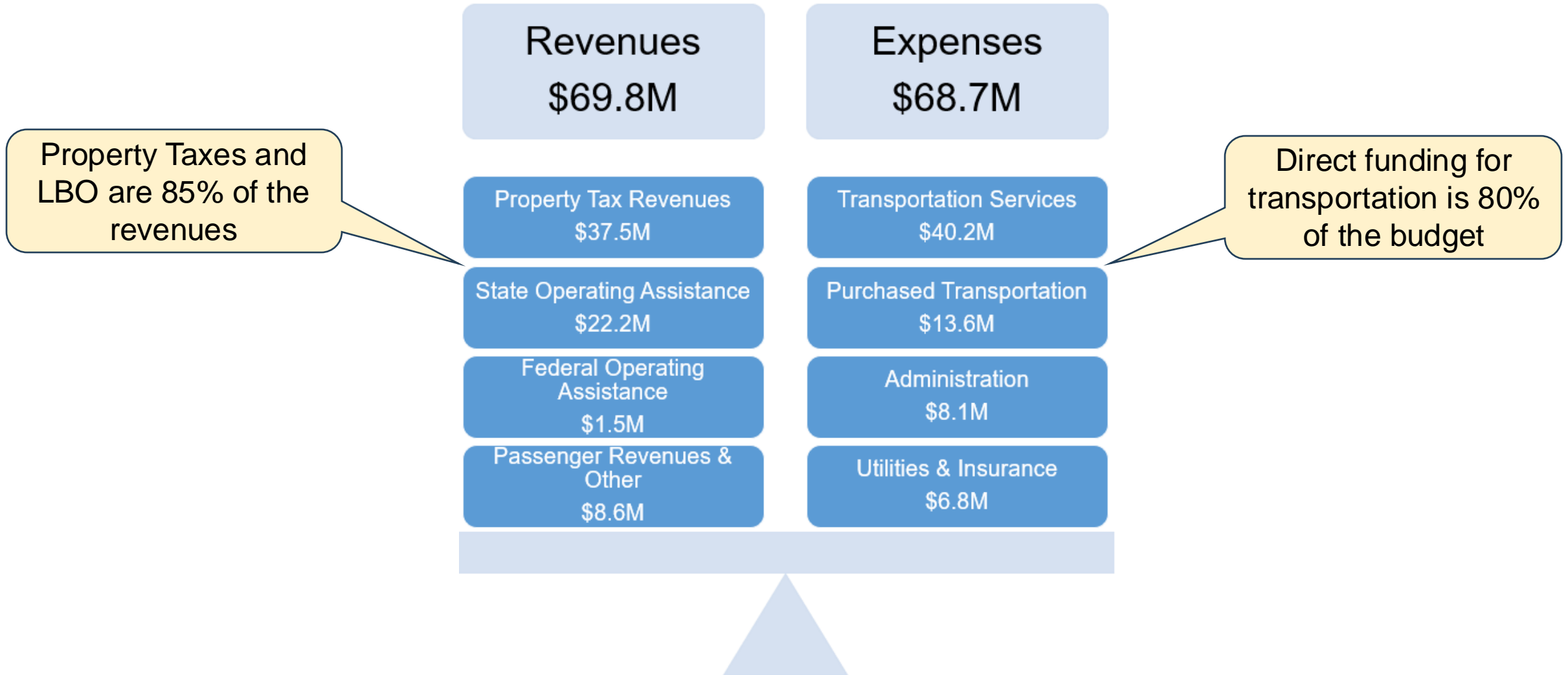
FY2025 Operating and Capital Budget Overview

- **\$68.7 million** for operations
- **\$34.9 million** in capital investments
- Provides funding for expanded transportation services
- Provides funding for operating and capital initiatives
- Presents 7-year operating budget projection
- Includes 10-year capital projects funding plan

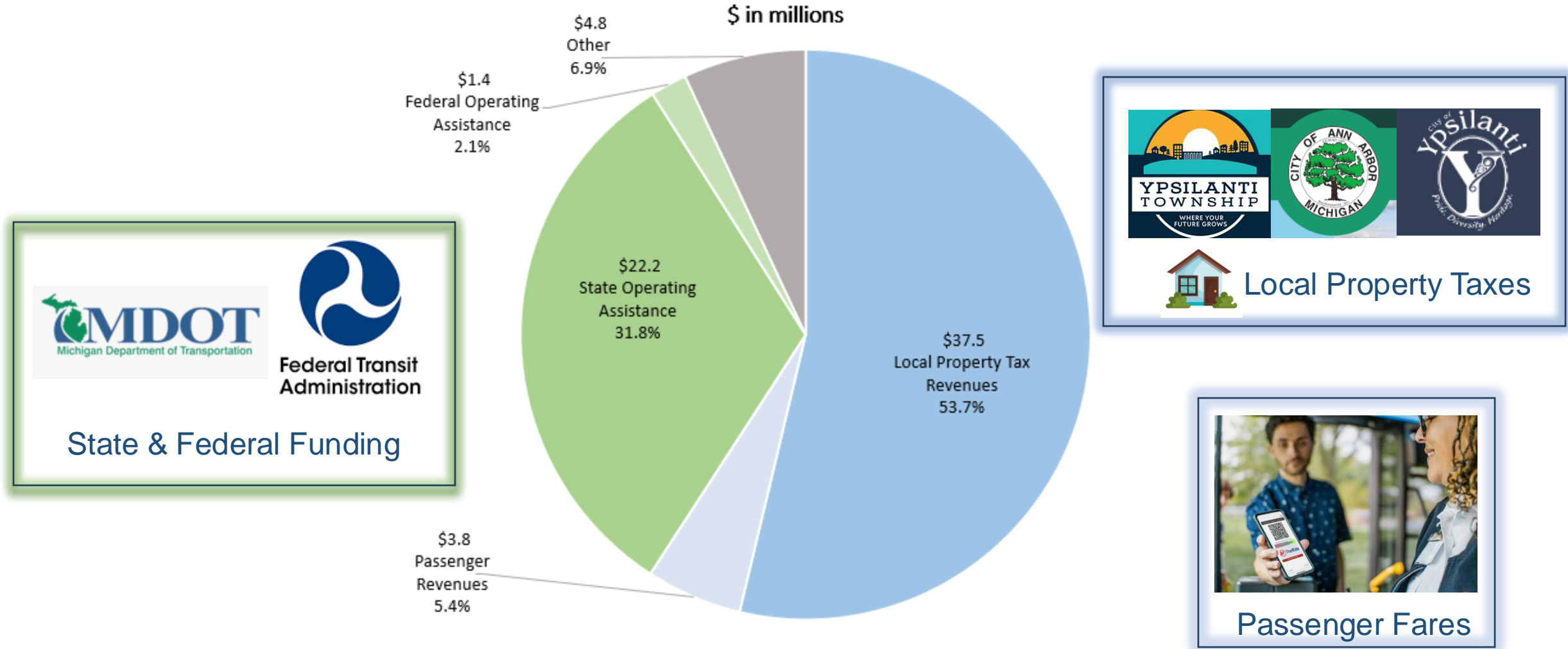


Operating Budget

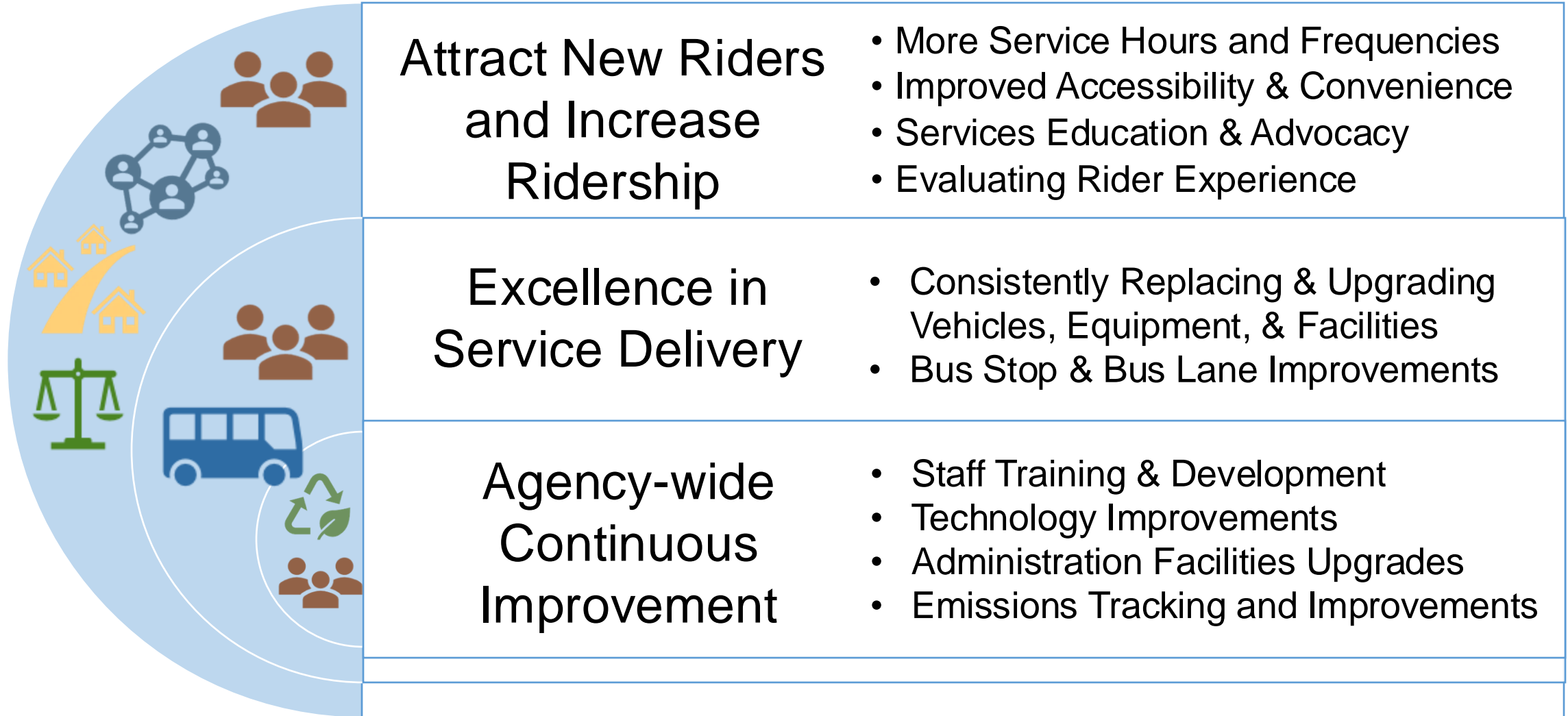
The FY2025 Operating Budget is Balanced



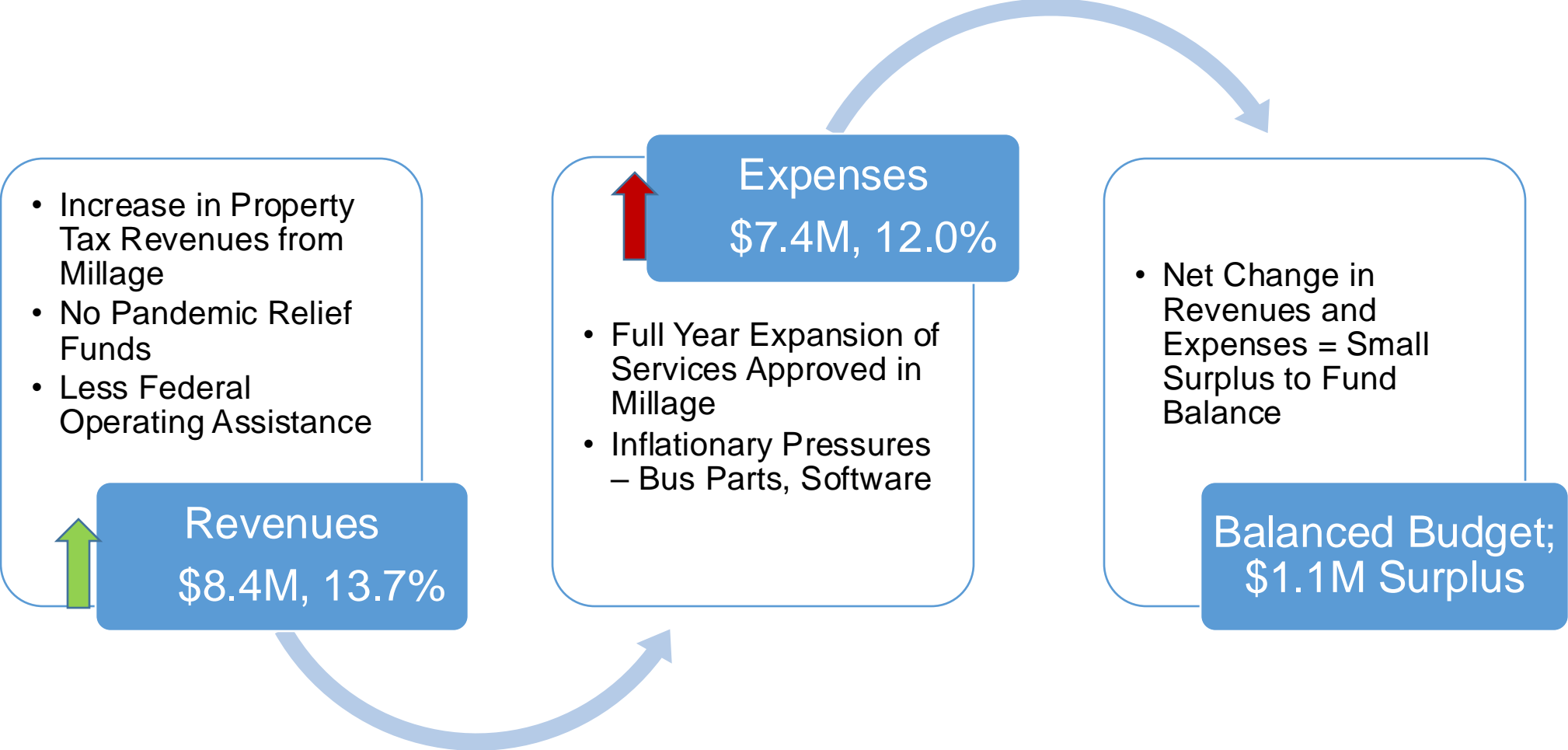
Where Does Operating Money Come From?



The Budget Provides Funding for Initiatives

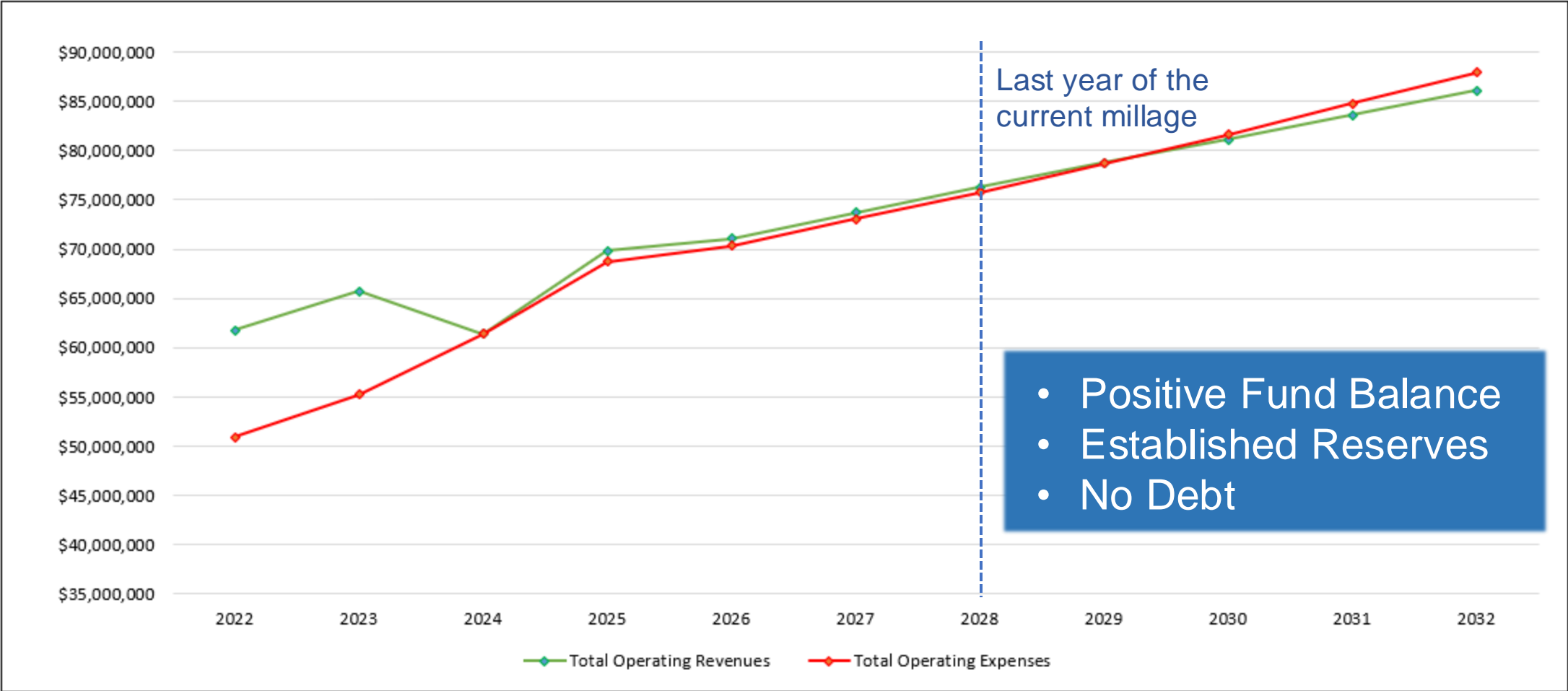


Key Changes in the FY2025 Operating Budget



Stable Financial Projection

FY2022 to FY2032 Operating Budget Revenues and Expenses



Capital Budget

The FY2025 Capital Budget is Balanced

FY2025 Capital Budget is \$34.9



State of Good Repair
\$24.3M, 69.7%



Value Added
\$5.4M, 15.6%



Expansion of Services
\$5.0M, 14.6%



Research & Development
\$0.2M, 0.1%

Capital Funding for Maintaining State of Good Repair

Operations Center Roof & HVAC Replacement



Maintaining the Fleet



Technology Replacements & Upgrades



UPDATE...



Capital Funding for Value Added & Expansion Projects

Ypsilanti Transit Center Expansion



Transit Signal Priority



Bus Stop Improvements



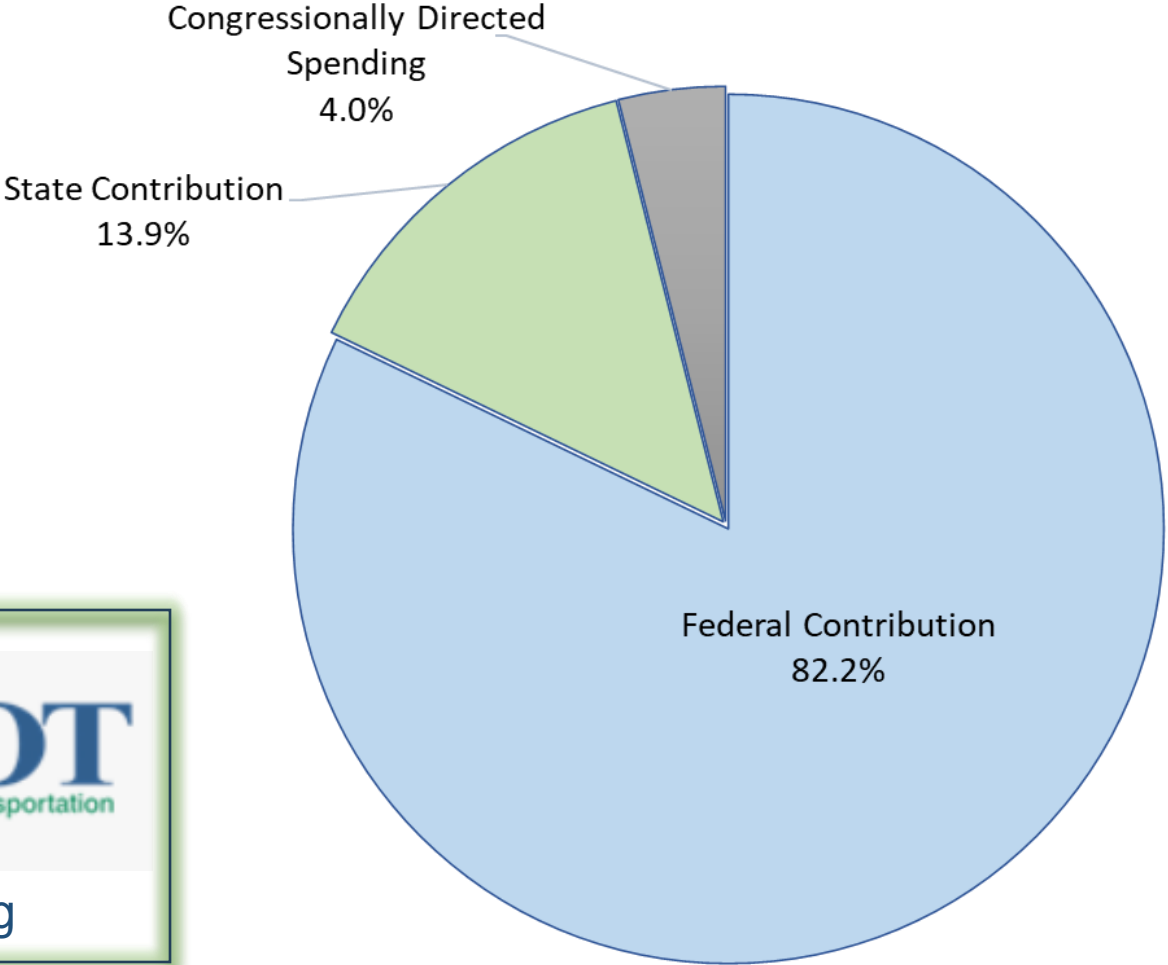
Blake Transit Center



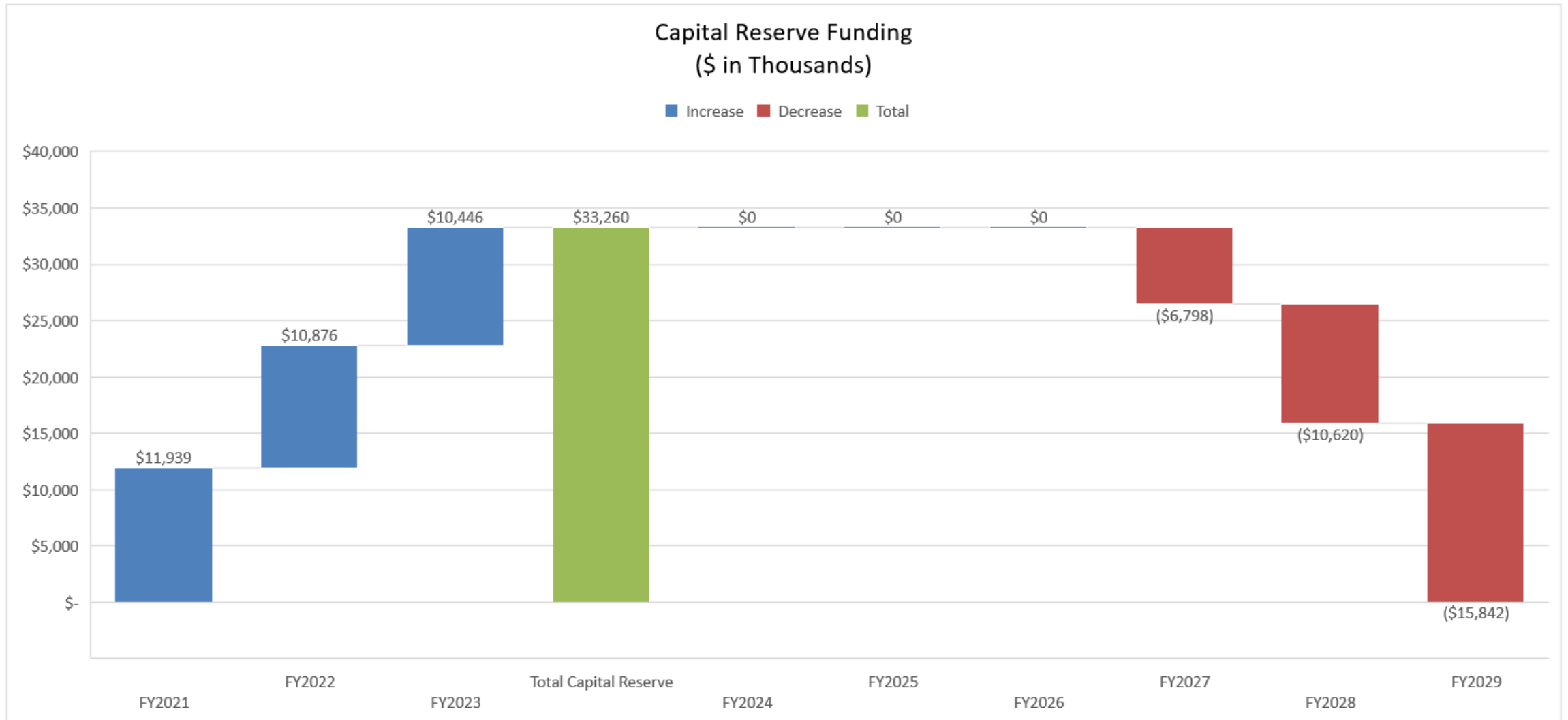
Hydrogen Propulsion Project



Where Does Capital Money Come From?



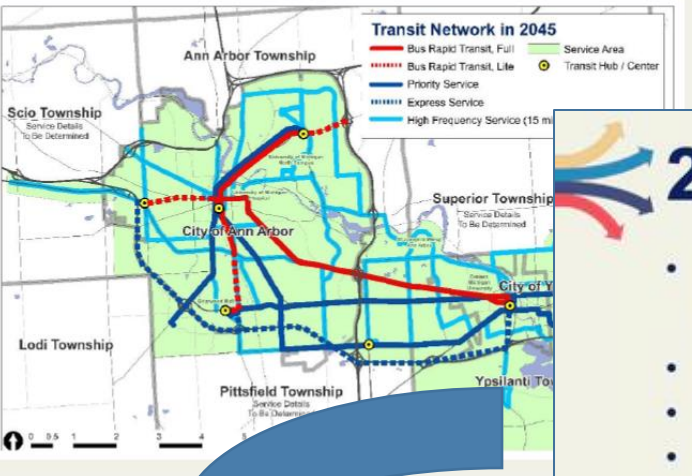
Protect Capital Reserve for Capital Projects



Projects in TheRide 2045 are in the Capital Plan

TheRide 2045

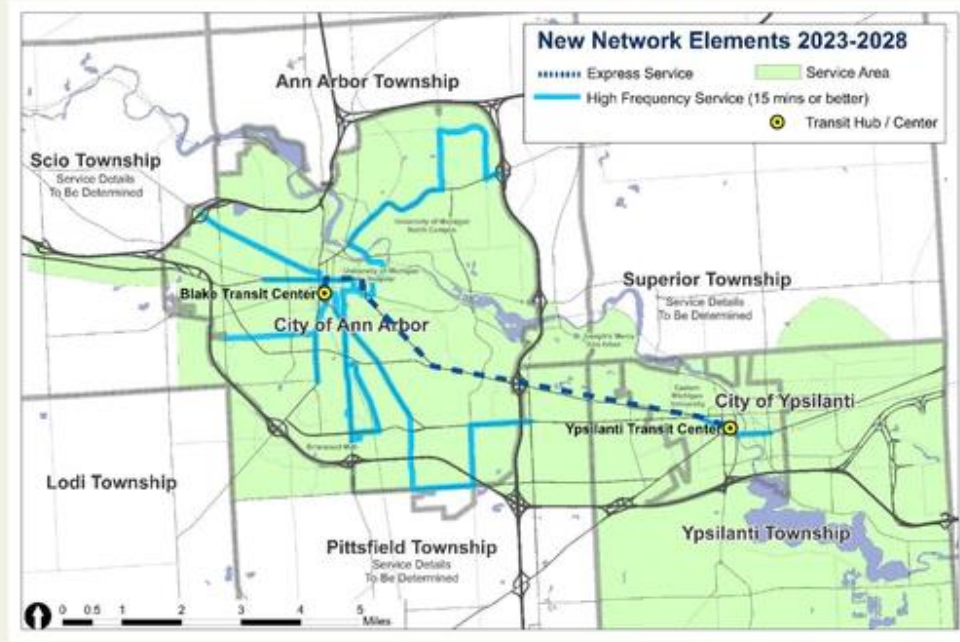
- Transformation of entire transit system
- Bus Rapid Transit forms the backbone
- Other main corridors are served by Express and Priority Service
- High-frequency routes across the service area
- New transit hubs at key locations:
 - Briarwood Mall
 - Jackson & Maple
 - Carpenter & Ellsworth
 - Nixon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



FY2025 – Planning and Design for Bus Rapid Transit and Bus Garage – NEPA and Land Acquisition for YTC

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



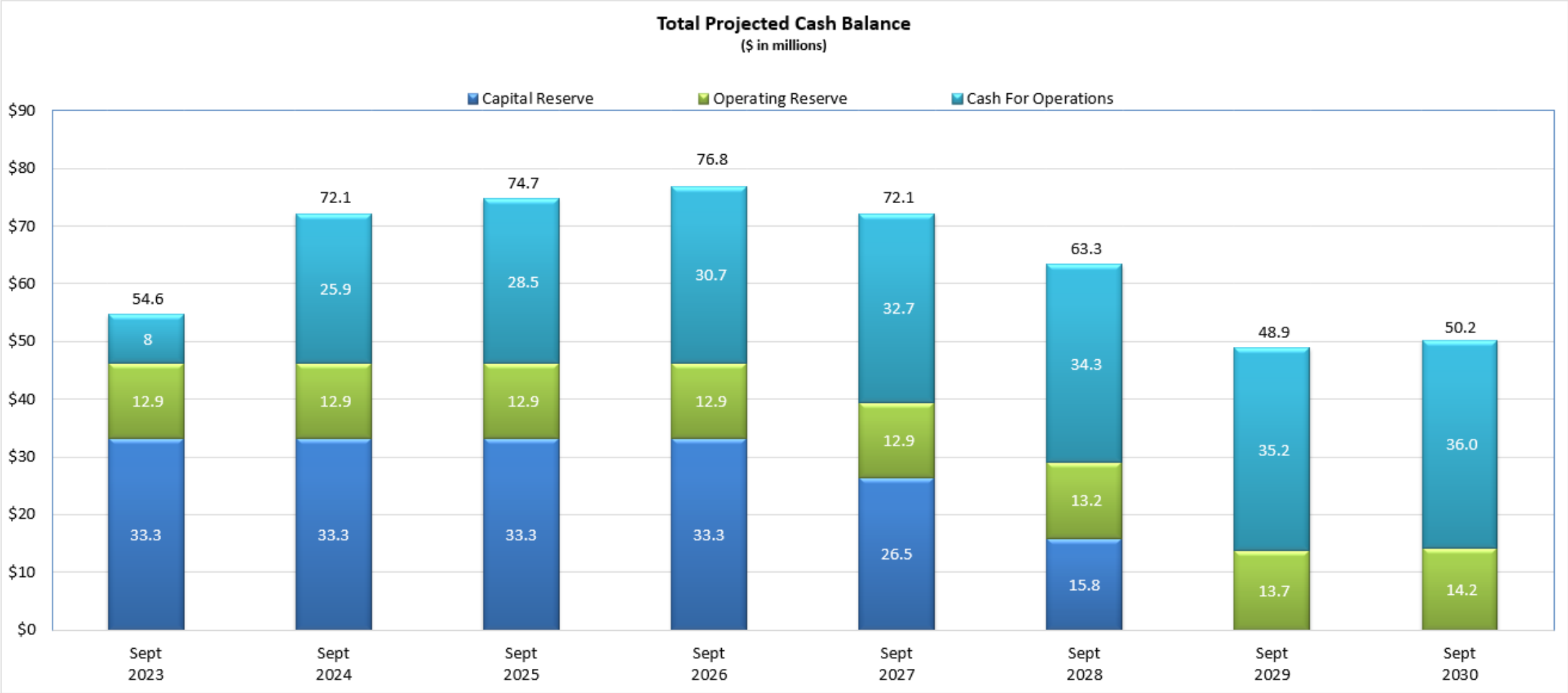
Conclusion

Summary of Recommended Budget

FY2025 Budgeted Expenses (with FY2024 Comparison)

	FY2024	FY2025	Change	
			\$	%
Operating Expenses				
Salaries, Wages, and Benefits	\$ 33,569,407	\$ 37,984,127	\$ 4,414,720	13.2%
Purchased Transportation	13,005,810	13,554,686	548,876	4.2%
Fuel, Materials, and Supplies	6,842,597	7,676,770	834,173	12.2%
Contractual Services	3,814,811	4,956,685	1,141,874	29.9%
Other Expenses	4,124,664	4,544,302	419,638	10.2%
Total Operating Expenses	\$ 61,357,289	\$ 68,716,570	\$ 7,359,281	12.0%
Capital Expenses				
State of Good Repair	\$ 22,464,000	\$ 24,317,000	\$ 1,853,000	8.2%
Value Added	1,452,000	5,454,000	4,002,000	275.6%
Expansion/R&D	2,490,000	5,095,000	2,605,000	104.6%
Total Capital Expenses	\$ 26,406,000	\$ 34,866,000	\$ 8,460,000	32.0%
Total Expenses	\$ 87,763,289	\$ 103,582,570	\$ 15,819,281	18.0%

Strong Cash Position for the Projection Period



Budget Opportunities and Risks

Opportunities

- Continuing Service to Communities
- Executing on the LRP
- Approved Millage through 2028
- Funded Reserves, No Debt

Risks

- State LBO Funding Levels
- Cost Inflation – Capital Impact
- Federal Funding for Capital
- Presidential Election Year

Highlights: FY2025 Key Budget Accomplishments



Operating Expanded Service Levels



Full Year of Millage Services



No Fare Changes



Budget is Balanced



Capital Projects are Funded

Questions?



Request for FY2025 Budget Approval

Attachment 2

Resolution 03/2024

APPROVAL OF FY2025 OPERATING AND CAPITAL BUDGET

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

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2025 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) in order to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2025 to the Federal Transit Administration (FTA) as part of the annual application for FY2025 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2025 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2025 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2025 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- \$68,716,570 for operations, and
- \$34,866,296 for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2021-FY2024 TIP, of which FY2025 and beyond are subject to amendment in future years.

Kathleen M. Mozak, Chair

Jesse Miller, Secretary

Date:

Date:

- **Page 98** of the Board packet
 - **\$68.7 million** for operations
 - **\$34.9 million** in capital investment

Thank You!

<https://www.theride.org/about/performance/business-plan-budget>

The screenshot shows the website's navigation menu with 'ABOUT' selected. The breadcrumb trail is 'HOME / ABOUT / PERFORMANCE / BUSINESS PLAN & BUDGET'. The main heading is 'Business Plan & Budget'. A sidebar on the left contains links for 'About', 'Leadership', 'News', and 'Events', with 'About' being the active page. The main content area contains the following text:

TheRide's corporate business plan and annual budgets are planning tools to help align our work with expectations from the Board of Directors. The business plan provides a high-level overview with a longer-term perspective. The annual budget focuses on details for the specific year and projected costs for subsequent years.

TheRide's Fiscal Year (FY) is from October 1 through September 30.

Proposed Budget (FY2025)