

Board of Director's Meeting Agenda

Meeting Date/Time: March 20, 2025 - 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, Susan Pollay, Kyra Sims, Georgia Valentine

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 February 20, 2025	D		3
2.2 Committee Meeting Summaries	D		8
3. OWNERSHIP LINKAGE			
3.1 Ownership Linkage Task Force Updates	O	Chang	Verbal
4. MONITORING			
4.1 Financial Conditions & Activities (2.5)	M	Reed	15
4.2 Cash & Investments (2.6)	M	Reed	43
4.3 Global Executive Limitations (2.0)	M	Carpenter	58
5. POLICY DEVELOPMENT			
5.1 Policy Language Discussion (if needed)	O	Mozak	Verbal
6. BOARD EDUCATION / DISCUSSION			
6.1 Ridership & Coverage	O	Yang	71
7. OPERATIONAL UPDATES			
7.1 FY25 Q1 Service Report	O	Brooks	91
7.2 Low-No Update	O	Reed	Verbal
7.3 Legislative Updates	O	Pfeifer	Verbal
7.4 CEO Report	O	Carpenter	97
8. EMERGENT ITEMS			
9. CLOSING ITEMS			
9.1 Action Item Recap	O	Holt	
9.2 Topics for Next Meeting Communication & Support to the Board (2.9) Environmental Sustainability (2.11) Transit Funding Part I Future: Determining Reasonableness		Thursday, April 17, 2025	
9.3 Closed Session (Pursuant to Sec.8(d) MI OMA)	O		
9.4 Public Comment	O		
9.5 Adjournment			

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

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: February 20, 2025 - 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), Simi Barr, Rich Chang, Kyra Sims

Members Absent: Chris Allen (Excused), Julie Grand (Excused), Susan Pollay (Excused)

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

Agenda Item
1. OPENING ITEMS
<p>1.1 Approve Agenda</p> <p>No additions or changes noted to the agenda.</p> <p>Mr. Chang motioned to approve the agenda, seconded by Mr. Allemang.</p> <p>No discussion on the motion.</p> <p>All in favor of approving the agenda:</p> <ul style="list-style-type: none"> Mr. Mike Allemang: Yes Mr. Simi Barr: Yes Mr. Rich Chang: Yes Mr. Jesse Miller: Yes Ms. Kyra Sims: Yes Chairwoman Kathleen Mozak: Yes <p>The motion to approve the agenda passed unanimously</p> <p>1.2 Public Comment</p> <p>No public commenters.</p> <p>1.3 General Announcements</p> <p>It was announced that Mr. Miller will be stepping down as Chair of the Service Committee due to other commitments but will continue to work on the Board. It was announced that Simi Barr would run the next Service Committee meeting. A new chair has not been named as of yet.</p>
2. CONSENT AGENDA
<p>2.1 Board Meeting Minutes January 23, 2025</p> <p>2.2 Committee Meeting Summaries</p>

Chairwoman Mozak noted an amendment to the Consent Agenda – the January 23, 2025, Board Meeting Minutes noted that Mr. Allemang was present on the 1st page of the Minutes, when he had been absent from the meeting.

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

No discussion on the motion.

All in favor of accepting the amended Consent Agenda:

Mr. Mike Allemang: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the amended Consent Agenda passed unanimously.

Staff will update the January Board minutes, accordingly.

3. EMERGENT ITEMS

3.1 Audit Presentation and Vote to Receive

Ms. Reed introduced Ms. Pam Hill and Mr. Christopher Gilbert – auditors from Plante Moran. They presented an overview of the recent completion of the annual audit. The organization operated within budget for the fiscal year 2024 with a 3.3% variance from the operating budget. Assets and net position improved due to additional funds from the millage starting in the summer of 2024. Plante Moran confirmed a clean audit with no findings related to internal controls or federal compliance.

Overall, the organization has a strong financial position with no long-term debt and 100% funded retiree health. The audit team expressed their appreciation for the cooperation and communication from staff.

Chairwoman Mozak noted the Board did not need to motion to approve the audit report, rather they needed to motion that they had received the report.

Mr. Miller motioned to receive the audit report, seconded by Ms. Sims.

No discussion on the motion.

All in favor of receiving the audit report:

Mr. Mike Allemang: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The motion to receive the audit report passed unanimously.

4. OWNERSHIP LINKAGE

4.1 Ownership Linkage Task Force Updates

Mr. Chang provided an update on OLTF outreach – a rescheduled meeting with the City of Ypsilanti will be taking place in March. He also noted the ongoing efforts of Ypsilanti Township finding a new representative for the Board.

5. MONITORING

5.1 Board Management Delegation (4.0-4.4)

Chairwoman Mozak briefly provided an overview of the policies for Board management Delegation (4.0-4.4) which is a Board self-monitored review. She noted several comments within the survey related to reasonableness which has been discussed at committee levels. The Governance Committee has met with the Governance consultant to discuss training materials and potential policy changes which will be brought to the Board at a future date. The Board did not vote on the report as it was self-monitored and there was no further discussion.

6. POLICY DEVELOPMENT

6.1 Policy Language Discussion (if needed)

Board members had no discussion on policy language for Board Management Delegation (4.0-4.4).

6.2 Policy Language Recommendation (2.1.2 & 2.1.3.1)

Mr. Miller shared that the Service Committee had been tasked with reviewing two potentially redundant policies (2.1.2 and 2.1.3.1). They determined the best route was to revise the language within policy 2.1.2 and remove policy 2.1.3.1.

Revised 2.1.2:

Operate without providing effective, comprehensible, accessible, and timely information ***with respect to services offered and safe, respectful conduct.***

Mr. Miller motioned to accept the proposed revised language for policy 2.1.2 and remove 2.1.3.1 seconded by Mr. Barr.

No discussion on the motion.

All in favor of accepting the proposed revised language for policy 2.1.2, and remove 2.1.3.1:

Mr. Mike Allemang: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The motion to accept the proposed revised language for policy 2.1.3 passed unanimously.

The Board Policy Manual will be updated to reflect the revision.

6.3 Board Annual Plan of Work

Board members reviewed the Annual Plan of Work which includes topics like ridership trends, funding, sustainability, and the importance in understanding local geographic trends compared to national trends. The Board noted the continued need for advocacy at the state and federal levels to address/monitor potential funding changes. They also agreed to keep the plan flexible and open to adjustments as needed

Policy Topics / Decisions

Ends Review
Sustainability
Determining Reasonableness
Ownership Value / Affordability & Property Taxes

Education Topics

Funding (Federal, State, Local / POSA's)
Ridership / Coverage (Title VI, Equity)
Post Pandemic Ridership Trends
UM2050
Land Use
AI

7. BOARD EDUCATION / DISCUSSION

7.1 Innovation and Trends

Mr. Carpenter provided an annual update on innovations and trends which impact the organization ([February 20, 2025, AAATA Board of Director's Meeting packet, page 40](#)). He outlined ridership growth and challenges, the impact of demographic changes, land development, and organizational technology. He also highlighted the importance of understanding local trends and the need for continuous improvement.

Mr. Carpenter fielded questions from Board members pertaining to ridership growth, and new services and technologies to enhance operations.

8. OPERATIONAL UPDATES

8.1 FY25 Q1 Financial Report

Ms. Reed provided a financial update for FY25 Q2, noting that revenues and expenses are trending as expected. No reserve funds were used during the first quarter and operating reserves are slightly above target. She also shared that several investments were called or matured and were reinvested at higher interest rates.

Mr. Allemang added that the organization continues to show solid financial performance, and the new millage is providing a positive impact for operations and services.

8.2 CEO Report

Mr. Carpenter shared that the Planning Department will be hosting a BRT exchange in the coming year with two communities that have built Bus Rapid Transit. February 4th was Transit Equity Day and TheRide celebrated by placing bus cards on each bus honoring Ms. Rosa Parks which received positive community feedback.

8.3 Legislative Updates

Mr. Carpenter provided a summary of recent executive orders and potential impacts related to DEI, immigration and the administrations position on sanctuary cities. The organization relies on federal funds for capital projects and there may be challenges in receiving that funding due to the new administration's stance on climate action and discretionary grants.

There are ongoing efforts to get the Low-No grant obligated despite the current funding freeze. Recent federal employee layoffs at the FTA will also potentially delay processing paperwork. Mr. Carpenter also shared the potential impact of trade tariffs and the supply chain. Staff will continue to monitor the situation and learn from agency peers. Updates will continue to be provided each month to the Board.

9. CLOSING ITEMS

9.1 Action Item Recap

- Update policy manual with changes to policies 2.1.2 and removal of 2.1.3.1

9.2 Topics for Next Meeting

FY25 Q1 Service Report
Global Executive Limitations (2.0)
Financial Conditions & Activities (2.5)
Cash & Investments (2.6)

Future:
Determining Reasonableness
Ridership and Coverage

9.3 Public Comment

No Public Commenters.

9.4 Adjournment

Mr. Barr motioned to adjourn the meeting seconded by Mr. Chang.

There was no discussion on the motion.

All in favor of adjourning the meeting:

Mr. Mike Allemang: Yes
Mr. Simi Barr: Yes
Mr. Rich Chang: Yes
Mr. Jesse Miller: Yes
Ms. Kyra Sims: Yes
Chairwoman Kathleen Mozak: Yes

The motion to adjourn the meeting passed unanimously.

Chairwoman Mozak adjourned the meeting at 8:29pm.

Governance Committee Meeting Notes

Meeting Date/Time: Thursday, February 27, 2025 – 3:00 – 5:00pm

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

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

Location: REMOTE – Via Zoom

Chairwoman Mozak called the meeting to order at 3:01 pm.

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No changes made to the agenda.</p> <p>1.2 Communications</p> <p>Chairwoman Mozak shared that Mr. Simi Barr will run the March Service Committee meeting. A new Service Committee Chair has not yet been named.</p>
<p>2. BOARD DEVELOPMENT</p> <p>2.1 Recruitment / Training / Attendance</p> <p>Chairwoman Mozak provided an update a current Board seat opening, a future opening and inquiries to participate. There is one current opening for Ypsilanti Township and one future opening for the City of Ann Arbor. Several newer Board members will be attending the PG Training Bootcamp. Attendance will be discussed in March.</p> <p>2.2 OLTF</p> <p>Mr. Chang had no new updates for upcoming outreach.</p> <p>2.3 Annual Plan of Work</p> <p>Chairwoman Mozak shared of recent meetings with Governance Consultant, Sue Radwan. With recent and upcoming changes to the Board, it was suggested that the Board hold off on reviewing the Ends policies.</p> <p>Mr. Carpenter noted that the policy topics of <i>Sustainability</i> and <i>Ownership Value? Affordability & Property Taxes</i> may absorb into the Ends review discussion.</p> <p>The committee discussed / clarified several Education Topics.</p>

3. POLICY MONITORING & DEVELOPMENT

3.1 Determining Reasonableness

The committee discussed a recent meeting with the Governance consultant and documents she had provided for their review. Committee members will be providing input for further review by the consultant. The conversation will continue at the next Governance Committee meeting.

3.2 Guidance on Sustainability Policy

The Service Committee had deferred discussions on the Sustainability policy review and if it should be an Ends or Executive Limitation policy. Earlier discussion had noted that this policy may be reviewed when the Ends policies are reviewed. Staff were asked to look back at earlier documents related to Sustainability and any issue briefs shared with the Board. The conversation will continue at the next Governance Committee meeting,

3.3 Policy Manual Mock-Up

Mr. Carpenter recently shared a revised draft version of the policy manual. Board members have made suggestions to include visual aids and graphics to assist with better understanding policy governance framework within the policy manual. The Committee expressed positive input on the suggested revisions and requested staff work on a draft in the next few months to present to the Board for review.

4. STRATEGY & OPERATIONAL UPDATES: CEO

5. EMERGENT ITEMS

5.1 Legislative Updates

Mr. Carpenter shared recent Executive Orders and other federal updates that may impact the agency.

Mr. Pfeifer shared that at the state level, budget conversations have started.

6. CLOSING ITEMS

6.1 Committee Agendas

Service Committee Meeting agenda – Update the wording of sustainability policy to include *review* under future meetings.

Finance Committee Meeting Agenda – No updates or changes noted.

Board of Director's Meeting Agenda – Remove ridership and coverage under future topics, no other

6.2 Action Item Recap

- Continue with topics of Recruitment / Training / Attendance, Determining Reasonableness, Guidance on Sustainability at March Governance Committee meeting.
- Staff will look for issue briefs related to the 2023 Sustainability policy development.
- Staff will work on draft policy manual revisions to share in a few months.

6.3 Topics for Next Meeting

CEO Expense Report
Guidance on Sustainability Policy
Determining Reasonableness

Future:

Advocacy & Regionalism, Governance Training Options, Policy Manual Mock-Up

6.4 Adjournment

Chairwoman Mozak thanked the committee and staff and adjourned the meeting at 4:28pm.

Respectfully submitted by Deborah Holt

DRAFT

Service Committee Meeting Notes

Meeting Date/Time: March 4, 2025, 3:00pm – 5:00 pm

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

Members Absent: Rich Chang

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

Location: REMOTE – Via Zoom

Mr. Barr called the meeting to order at 3:01pm

Agenda Item
<p>1. OPENING ITEMS</p> <p>1.1 Agenda (Additions, Approval)</p> <p>No new additions or changes were noted.</p> <p>1.2 Communications</p> <p>Mr. Miller shared an update on the vacant Board position for Ypsilanti Township. The Township will be voting on a Board representative, and communications will be sent out to Board members once that has been confirmed.</p>
<p>2. POLICY MONITORING & DEVELOPMENT</p> <p>2.1 Global Executive Limitations 2.0</p> <p>Mr. Carpenter presented an overview of the monitoring report for Global Executive Limitations. In previous monitoring reports, Board members requested an expansion of evidence under prudence, ethics and lawfulness. He shared that an area that was expanded upon within the report was under lawfulness – an inventory of every law the organization must comply with was listed with evidence of compliance (Staff Review, FTA findings and Court/Regulator Findings). There is no singular resource that lists all applicable federal, state or local law so staff have reviewed internal records for evidence and will be working with corporate counsel for further review.</p> <p>Committee members discussed the revisions and considered ways in which the CEO might further explore evidence for prudence and ethics. The committee determined that they would recommend the Board vote for the monitoring report to be received as (A) – Complaint.</p>
<p>3. STRATEGY & OPERATIONAL UPDATES: CEO</p> <p>3.1 FY25 Q1 Service Report</p> <p>Mr. Brooks presented the Q1 service report for fiscal year 2025. He highlighted the increase in boardings by 12% over Q1 of 2024, with a decrease in complaints and an increase in compliments. He noted the improvement in on-time performance, which had struggled due to numerous construction sites. He discussed the challenges faced with the Flex Ride service, which saw a significant increase in demand during holidays, leading to a higher denial rate. However, he noted that Via, the new contracted service provider, has significantly improved their response to meet the demand.</p>

3.2 Federal Updates

Mr. Carpenter shared recent federal and state updates that have the potential to impact public transportation and funding,

4. CLOSING ITEMS

4.1 Action Item Recap

- Committee recommending the Board accept the Global Executive Limitations Monitoring Report as (A) complaint.
- Minor change to data within Q1 Service report – staff will adjust and provide for the March Board packet.

4.2 Topics for the Next Meeting

Environmental Sustainability Policy monitoring report (2.11)

Future:

Environmental Sustainability Review
Determining Reasonableness

4.3 Adjournment

Mr. Barr thanked the committee and staff and adjourned the meeting at 4:08pm.

Respectfully submitted by Deborah Holt

Finance Committee Meeting Notes

Meeting Date/Time: Tuesday, March 11, 2025 - 3:00 – 5:00pm

Members Present: Mike Allemang (Chair/Treasurer), Chris Allen, Kyra Sims, Julie Grand
Staff: Matt Carpenter, Dina Reed, Jeff Pfeifer, Andy Huber, Deb Holt

Location: REMOTE – Via Zoom

Mr. Allemang called the meeting to order at 3:03pm

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 the Board has a new member representing Ypsilanti Township who will be attending the March Board meeting.</p>
2. POLICY MONITORING & DEVELOPMENT
<p>2.1 Financial Conditions & Activities (2.5)</p> <p>Ms. Reed provided an overview of the Financial Conditions & Activities (policy 2.5) monitoring report which was submitted as fully compliant. She noted two expenditures were significantly under budget for capital projects – this was due to a project day and the other was a delay in delivery/payment for a vehicle order.</p> <p>Committee members discussed with Mr. Carpenter and Ms. Reed potential implications for policy 2.5.2 and compliance with changing federal laws and funding. There was no additional discussion or comments.</p> <p>2.2 Cash & Investments (2.6)</p> <p>Ms. Reed provided an overview of Cash & Investments (policy 2.6) monitoring report which was submitted as fully compliant. She noted that the financial tables within the report were consistent with all quarterly reports that were presented.</p> <p>Mr. Allemang noted the data presented was thorough and thanked Ms. Reed and staff for their reporting. There was no additional discussion or comments.</p> <p>Both monitoring reports will be presented at the March Board meeting with a recommendation to accept as (A) Compliant.</p>

3. EDUCATION

4. STRATEGY AND OPERATIONAL UPDATES

4.1 Federal Updates

Mr. Carpenter provided an overview of recent federal updates that may impact transit. He also noted that budget discussion proposals are starting at the state level. Committee members discussed the potential impacts of tariffs on capital projects.

Mr. Carpenter, Mr. Pfeifer and Chairwoman Mozak will be meeting with state representatives in Lansing at the MPTA Legislative Day on March 12th. Staff will be heading to DC for the APTA Legislative Conference in May.

5 CLOSING ITEMS

5.1 Action Item Recap

- Both monitoring reports will be presented at the March Board meeting with a recommendation to accept as (A) Compliant.

5.2 Topics for Next Meeting

Transit Funding Primer

Future Meeting:
Determining Reasonableness
Gas Tax information / update

5.3 Adjournment

Mr. Allemang thanked the committee and staff and adjourned the meeting at 3:49 pm.

Respectfully submitted by Deborah Holt

**Monitoring Report:
Financial Conditions & Activities (Policy 2.5)
Monitoring Period: Fiscal Year 2024**

Finance Committee Meeting Review Date: March 11, 2025

Board of Directors Meeting Review Date: March 20, 2025

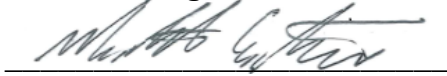
INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this monitoring report and consider accepting it as:</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(B) a reasonable interpretation for 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.is making reasonable progress towards 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</p>

written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in March 2025 and was submitted in February 2025.

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




2/27/2025

ATTACHMENTS

1. Monitoring report for Financial Conditions & Activities (Policy 2.5)
2. FY2024 Final Audit Materials - AAATA

Table of Contents

POLICY TITLE: FINANCIAL CONDITIONS AND ACTIVITIES	Page#	Compliance
2.5 With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	5	
2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.	5	
2.5.2 Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.	7	
2.5.3 Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.	9	
2.5.4 Compromise the independence the Board's audit or other external monitoring or advice.	10	
2.5.4.1 Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.	11	
2.5.4.2 Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.	12	
2.5.5 Allow expenditures that exceed the overall Board-approved budget.	13	
2.5.5.1 Allow cost overruns on capital projects.	14	
2.5.6 Authorize contracts not anticipated in the current budget with a value greater than \$250,000.	15	
2.5.6.1 Split purchases or contracts into smaller amounts in order to avoid the above limit.	16	
2.5.7 Use funds from the Capital Reserve.	17	
2.5.8 Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.	18	
2.5.9 Adjust tax rates assessed by the Authority.	19	
2.5.10 Acquire, encumber, or dispose of real estate.	20	
2.5.11 Encumber the agency with financial debt without previous authorization from the Board.	21	

 Fully Compliant
  Partially Compliant
  Non-Compliant

Financial Conditions & Activities (Policy 2.5)

Preliminary CEO Interpretations and Evidence

POLICY 2.5

With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Degree of Compliance: Compliant

Interpretation

Operational Definition

With respect to regular financial operations and the requirement to prevent and address risks of fiscal jeopardy, the policy is fully refined in policies 2.5.1 through 2.5.11, below, and no further interpretation is necessary.

With respect to alignment with the Ends, I interpret this policy to require all agency resources to be spent on pursuit of the Board's Ends. This can be demonstrated through budget documents, financial statements tracking expenditures, and corresponding auditors' reports on accuracy of the financial statements.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when:

- With policies 2.5.1 – 2.5.11 are in compliance,
- A review of budget documents demonstrates plans to focus all resources towards achieving the Ends,
- Quarterly Financial Statements from staff illustrate that expenditures match the budget plan, and
- The annual auditor's report concludes that staff's Quarterly Financial Statements presented to the Board (with budget comparisons) are consistent with Annual Financial Statements, and that Annual Statements are a complete and accurate representation of revenue and expenditures.

Rationales

Fiscal jeopardy is fully addressed in lower-level policy so compliance with those policies is a reasonable demonstration of compliance with this policy.

Demonstrating alignment with the budget, financial statements, and the auditor's report is reasonable because together they illustrate that funds were spent in accordance with a plan that had focused all resources on the Ends.

- The budget illustrates how staff intend to expend funds.
- Staff's Quarterly Financial Statements represent actual expenditures, and whether the original budget plan is being followed.

- The auditor’s report provides independent confirmation that funds were spent as intended and funds were not redirected. Auditors use various methods to check that the Annual Financial Statement (a total of quarterly statements) is accurate (checking staff’s work), that there were no expenditures that were not accounted for, and are trustworthy (ie comply with relevant accounting rules and laws). The auditor’s report is an impartial assessment of the accuracy of financial statements and a strong indicator that funds were not misused or diverted to other purposes.

Evidence

Source of Data: Internal Documentation

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration, and 02/27/2025 verified by CEO Carpenter.

Data:

1. Policies 2.5.1 through 2.5.11 are compliant,
2. A review of the FY2024 Recommended and Approved Budget documents found no financial resources directed towards anything but pursuing the Board’s Ends, and
3. A review of Quarterly Financial Statements in board packets found no significant deviation from planned expenditures, and
4. A review of the February 5, 2025 Audit prepared by Plante Moran found that auditors provided an Unmodified Opinion (page 1) and did not identify any material weaknesses (page 2). Nor did the report find any suggestion that financial statements were less than accurate.

POLICY 2.5.1

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

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that we are required to 1) have policies and procedures in place that meet industry and professional standards for transportation authorities and 2) that they are followed.

Measure/Standards & Achievement

Compliance will be demonstrated when:

1. TheRide maintains a financial *Internal Control System Manual (ICSM)* which is consistently reviewed, updated and followed.
2. Within six months after the end of each fiscal year, an external audit firm completes an independent audit report and single audit review of TheRide’s financial statements using

auditing standards generally accepted in the United States of America, and Board policies, and which achieves the following:

- a. “Unmodified” opinion of the financial statements presented in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and Government Auditing Standards for internal control and compliance.
- b. No repeat findings and no compliance findings in the financial statement findings.

Rationale

This is reasonable because:

1. The ICSM includes detailed financial management, cash handling, and accounting policies and procedures that are compliant with GASB and Government Auditing Standards. Staff are required to follow the ICSM. The ICSM is updated as processes are updated.
2. Six months is reasonable because the State of Michigan Office of Management and Budget requires a completed audit be provided by six months after the end of the fiscal year.
3. An “Unmodified” opinion indicates that financial statements are accurate and complete as presented with the audit.
4. No repeat findings indicate that any weaknesses are promptly resolved in a manner that was satisfactory with the independent auditor.
5. No compliance findings indicate that any audit findings did not result in misreporting or compliance issues with regulatory agencies.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

1. A review of records (Reed, 02/25/2025) found that TheRide’s *Internal Control System Manual* was adopted by the CEO in 2019 and was updated in November 2024 by Finance staff to reflect routine process and terminology changes.
2. The external audit firm of Plante Morane completed an independent financial audit of TheRide’s financial statements and internal control and compliance testing for FY2024 and provided a completed audit document with financial statements on 02/05/2025. As indicated in the Summary of Auditor’s Results (FY2024 Final Audit Materials - AAATA, p. 75), the auditors issued an “Unmodified” opinion for both the Financial Statements and Federal Awards, which is the best result an organization can achieve within this framework.

POLICY 2.5.2

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

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that we must meet all requirements that are conditions of receiving funds from the federal government, especially the Federal Transit Administration, and the state government, particularly the Michigan Department of Transportation. This includes numerous and evolving requirements, such as procurement rules. Specifically, the agency's procurement manual must meet changing federal requirements.

Measure/Standards & Achievement

Compliance will be demonstrated when TheRide operates in compliance with the following regulatory requirements:

1. Within six months after the end of each fiscal year, an external firm provides an independent audit report indicating an "Unmodified" opinion of TheRide's major federal programs using generally accepted accounting standards and audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
2. The FTA Triennial Review is completed as indicated with a closeout letter from the FTA.
3. Michigan Department of Transportation (MDOT) agreements are executed as required, as follows:
 - a. Master Agreement, executed every five (5) years, and
 - b. Annual grant agreements are executed annually.
4. TheRide maintains an approved *Procurement Manual* that is accepted by the FTA as determined in the Triennial Review.

Rationale

This is reasonable because:

1. Generally accepted accounting principles in the United States and standards applicable to financial audits contained in *Government Auditing Standards* are issued by the Comptroller General of the United States. Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the Uniform Guidance (set of standards) provided by the Federal Government pertaining directly to agencies receiving federal awards.
2. TheRide's largest source of grant funding is the Urbanized Area Formula Grant program. Compliance with this and other capital programs are monitored by the FTA primarily through the Triennial Review Process. Compliance with the Triennial Review process is required to maintain access to grant funding. FTA is responsible for conducting oversight activities to ensure that recipients of grants use the funds in a manner consistent with their intended purpose and in compliance with regulatory and statutory requirements. A satisfactory

closeout letter demonstrates any review issues have been resolved and TheRide is compliant with FTA grant program requirements.

3. A signed master agreement must be on file with the Michigan Department of Transportation (MDOT) Office of Passenger Transportation (OPT) must be on file before any federal or state grant funds can be made available to the agency. Further, the OPT master agreement contains all the information that is required for purchasing, billings, payments, audits, budget adjustments, revisions, and amendments that the transit agency needs to maintain compliance with MDOT.
4. Procurement thresholds established in federal regulations and Board policy provide the framework for processes and procedures described in detail in TheRide's *Procurement Manual*. The Procurement Manual complies with federal and state requirements and is followed by staff as verified through the FTA Triennial Review process.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

1. The external audit firm of Plante Moran completed an independent financial audit of TheRide's major federal programs for FY2024 and provided a completed audit document with financial statements on 02/05/2025. The audit report provided an "Unmodified" opinion and stated that AAATA "complied, in all material respects, with the types of compliance requirements ... that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024" (FY2024 Final Audit Materials - AAATA, p. 69).
2. The FTA FY2022 Triennial Review closeout letter was provided on 01/03/2023 and indicated that all deficiencies identified in the FTA FY2022 Triennial Review were resolved and the report is closed. The next triennial review will be completed by the end of 2025, as required by the FTA.
3. The Master Agreement with MDOT OPT was executed on April 7, 2022 and is effective for program years 2022 through 2025. Annual grant agreements from the Michigan Department of Transportation are fully awarded and executed for FY2024 and for FY2025. The FY2026 grant application was submitted to MDOT timely by 02/01/2025. Approval is anticipated in April 2025.
4. TheRide's Procurement Manual was most recently updated and adopted by the CEO in February 2025. Procurement thresholds established in federal regulations and Board policy were updated to reflect improved processes and procedures, and current terminology and references. The Board was provided information regarding the updated manual in the CEO Report of the February 20, 2025 Board Meeting. The FY2022 FTA Triennial Review (the most recently completed Triennial Review) indicated no open issues with the Procurement Manual; the document is FTA compliant. The next Review is currently underway.

POLICY 2.5.3

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

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this to mean that internal controls, policies and procedures are in place and followed to provide reasonable assurance that funds are collected, managed and spent for purposes and in a manner that is consistent with Board policies and are found by an auditor to prevent deficiencies in internal control over compliance.

Measure/Standards & Achievement

Compliance will be demonstrated when:

1. TheRide maintains a financial *Internal Control System Manual (ICSM)* which is consistently reviewed and followed and includes receipt, processing, and disbursement of funds control procedures.
2. Internal controls are reviewed and tested by an external audit firm annually as described in Policy 2.5.1, and the independent audit report identifies no deficiencies in the audit report.

Rationale

This is reasonable because the ICSM includes detailed financial management, cash handling, and accounting policies and procedures that are compliant with GASB and Government Auditing Standards and are followed by Finance staff.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

A review of records (Reed, 02/25/2025) confirmed that TheRide’s *Internal Control System Manual* was updated and adopted by the CEO in FY2019. Subsequent updates by staff had no material impact on controls that required additional CEO approval.

Internal controls regarding internal controls were reviewed and tested as described by the FY2024 Audit report and no findings or repeat findings were identified. The section of the report “Report on Internal Control over Compliance” states that “...during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness...” (FY2024 Final Audit Materials - AAATA, p. 70).

POLICY 2.5.4

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

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that staff shall not interfere with, and must honestly assist with, any Board-initiated assessment of policy compliance, such as auditors, as well as any party hired by the Board to assess the organization in any way.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when groups the Board uses to assist them with oversight or advice (e.g. auditors, legal counsel, governance consultants, etc) provide written confirmation of the following:

1. The Board has direct and unfettered access to the auditing firm through the firm’s pre-audit communication and post-audit communication,
2. The auditor provides an independent audit report in writing and through presentation to the Board at a public meeting, and
3. The CEO or staff have not interfered with the relationship of other groups providing independent monitoring or advice to the Board.

Rationales

This is reasonable because the independent confirmation from the outside groups is independent. These groups are hired by the Board itself and the CEO is unable to influence their response.

Evidence

Source of Data: Internal Documents

Date of Data Review: Verification estimated on 03/03/2025 by Dina Reed, DCEO of Finance and Administration

Data:

A review of records (Reed, estimated on 03/03/2025) indicates that the following firms have provided written confirmation indicating agreement with the points outlined in the interpretation, as applicable:

- Leading Edge Mentoring (Radwan, March 2025) – Governance Consultant
- Plante Moran, PLLC (Hill, March 2025) – Auditors
- Dykema (Muskovitz, March 2025) - Corporate Counsel

POLICY 2.5.4.1

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

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that the Board wants to quickly be notified regarding *significant* instances of actual or suspected financial fraud, embezzlement, or staff errors.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when the Board, Governance Committee or Treasurer are notified of a significant incident within five business days after the CEO or Deputy CEO becomes aware.

I define *significant* to mean:

1. Any incident that jeopardizes, or could jeopardize, continuity of services to customers,
2. Any instance that involves a person in a position of authority and/or involves embezzlement for personal reasons, and/or
3. Any instance that could harm public credibility for the organization.
4. Loss of \$250,000 or more (a size that could affect financial plans).

Rationales

These interpretations are reasonable because:

1. Low-level fraud and attempted fraud are an unfortunate reality and are too numerous or unimportant to spend Board time on. Most are addressed through disciplinary or law enforcement measures.
2. Minor staff errors are addressed through HR processes for performance management.
3. The definition of significance ensures that the Board will be notified of incident that are truly serious.
4. Five business days is an appropriate time for senior staff to confirm the nature of an incident and prepare information for the Board.
5. Depending on the issue it may be appropriate to notify the Chair (policy 3.5), Governance Committee (3.7.1), or Treasurer (Bylaws, Art II, sec 5) prior to notifying the full Board.
6. Staff immediately take steps to stop any financial losses without further direction from the Board so losses are minimized.
7. \$250,000 represents a significant amount of funds but only 0.41% of the FY2024 operating budget.

Evidence
<p>Source of Data: Internal Documents Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration</p> <p>Data: A review of records by the CEO and CFO (Carpenter, Reed; 02/25/2025) verified that there were no significant instances of fraud, attempted fraud, or financial mismanagement within the fiscal year.</p>

<p>POLICY 2.5.4.2 Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.</p>

<p>Degree of Compliance: Compliant</p>

Interpretation
<p><u>Operational Definition</u> I interpret this policy to mean that staff shall not interfere with, and must honestly assist, any direct inspection of the agency’s finances by the Board itself.</p> <p><u>Measure/Standard & Level of Achievement</u> Compliance will be demonstrated by providing any financial information requested by the Board including internal controls.</p> <p><u>Rationales</u> This is reasonable because the Board already has power to directly inspect any agency record at any time.</p>

Evidence
<p>Source of Data: Internal Documents Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration</p> <p>Data: A review of records by the CEO and CFO (Carpenter, Reed; 02/25/2025) confirms that there have been no requests from the Board for access to this information. There are no motions or resolutions on record requesting such information.</p>

POLICY 2.5.5
 Allow expenditures that exceed the overall Board-approved budget.

Degree of Compliance: Compliant

Interpretation

Operational Definition
 I interpret this to mean that the total of actual operating and capital expenses (excluding depreciation) for the fiscal year will not exceed total budgeted operating expenses as approved by the Board.

Measure/Standard & Level of Achievement
 Compliance will be demonstrated when audited financial statements demonstrate that the actual expenses in the operating and capital budgets at the end of the fiscal year do not exceed the total operating (net of depreciation) and capital expenses set forth in the Board approved budget, including any budget amendments for the fiscal year.

Rationales
 This is reasonable because audited financial statements are the accepted record of actual expenses for the fiscal year and a budget resolution approved by the Board explicitly provides authorized budgeted operating and capital expenses for the fiscal year. Note: Budgeted operating expenses do not include depreciation.

Evidence

Source of Data: Internal Documents
Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

Operating

- For FY2024, the board approved operating expenditures of \$61,357,289 (Resolution 03/2023).
- Total actual operating expenses (before depreciation) are \$59,308,768 (Audit 2024, p. 53), which is less than budgeted operating expenses. (Note: Total operating expenses were \$65,200,168 when \$5,891,400 in depreciation expenses were included; the adopted operating budget does not include depreciation).

Capital

- For FY2024, the Board adopted a capital budget with a program of projects totaling \$26,406,000 (Resolution 03/2023).
- Total actual capital expenses, which are stated in the “Acquisition and construction of capital assets” line of the Statements of Cash Flows (FY2024 Final Audit Materials - AAATA, p. 20) are \$1,697,660, which is less than budgeted capital expenses.

<p>POLICY 2.5.5.1 Allow cost overruns on capital projects.</p>
<p>Degree of Compliance: Compliant</p>
<p>Interpretation</p>
<p><u>Operational Definition</u> I interpret this to mean that staff cannot spend more money on capital projects than the amount approved by the Board in annual budgets, including budget amendments. This policy applies to projects in the capital budget/amended budgets.</p> <p><u>Measure/Standard & Level of Achievement</u> Compliance will be demonstrated when a comparison of actual expenses that match reporting in financial statements for capital projects listed in the capital plan does not exceed the capital budget approved by the Board, including any budget amendments.</p> <p><u>Rationales</u> This is reasonable because audited financial statements are the accepted record of actual expenses for the fiscal year and a budget resolution approved by the Board explicitly provides authorized budgeted capital expenses for the fiscal year.</p>
<p>Evidence</p>
<p>Source of Data: Internal Documents Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration</p> <p>Data: The following table (next page) illustrates that all capital expenditures in FY2024 were within budget for the fiscal year.</p>

FY2024 Capital Budget and Expenditures						
Type of Capital Project	Line No.	Capital Projects	FY2024 Approved Budget	FY2024 Actual Expenditures	Budget Variance Over/(Under)	Cost Overruns?
State of Good Repair	1	Vehicles	\$ 7,745,000	\$ 46,046	\$ (7,698,954)	No
	2	Equipment	435,000	\$ 330,886	(104,114)	No
	3	Existing Facilities	13,849,000	\$ 314,412	(13,534,588)	No
	4	IT Hardware and Software Replacement	435,000	41,949	(393,051)	No
Value Added	5	Technology Upgrades	450,000	\$ 158,005	(291,995)	No
	6	Bus Stop Improvements	302,000	\$ 22,022	(279,978)	No
	7	Bus Lane Improvements & Other	700,000	27,775	(672,225)	No
Research and Development	8	Emergent R&D Projects	25,000	-	(25,000)	No
Expansion	9	Ypsilanti Transit Center	1,268,000	\$ 703,800	(564,200)	No
	10	Blake Transit Center	155,000	\$ 52,766	(102,234)	No
	11	Bus Rapid Transit	100,000	\$ -	(100,000)	No
	12	Bus Garage	350,000	\$ -	(350,000)	No
	13	Information Technology	530,000	\$ -	(530,000)	No
	14	Support Vehicles	62,000	\$ -	(62,000)	No
Total			\$26,406,000	\$ 1,697,660	\$(24,708,340)	No

POLICY 2.5.6
 Authorize contracts not anticipated in the current budget with a value greater than \$250,000.

Degree of Compliance: Compliant

Interpretation

Operational Definition
 I interpret this policy to mean that staff must obtain Board approval for single expenditures with a value greater than \$250,000 that are not already authorized by the Board in an approved budget document.

Flexibility for smaller unplanned purchases is provided to allow the CEO to deal with emergencies or urgent needs. The policy does *not* give the CEO permission to exceed the total budget amount authorized by the Board. Staff can also accept revenue contracts (incoming funds) at any value without Board approval.

Measure/Standard & Level of Achievement
 Compliance will be demonstrated when a review of procurement records demonstrates that no unbudgeted/unauthorized contracts over \$250,000 were awarded during the fiscal year without the Board's approval.

Rationales
 This interpretation is reasonable because procurement records are the definite source of all purchases or services over \$10,000, and any contract award over \$250,000 would appear in these

records. The purchase of goods and services without proper authorization, as described in the Procurement Manual, is strictly prohibited.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/25 as verified by Michelle Whitlow, Procurement Manager

Data:

A review of procurement records by the Procurement Manager (Whitlow, 02/25/2025) found no unbudgeted/unauthorized contracts of \$250,000 or more awarded in FY2024.

POLICY 2.5.6.1

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

Degree of Compliance: Compliant

Interpretation

Operational Definition

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

Measure/Standard & Level of Achievement

Compliance will be demonstrated when a review of procurement records demonstrates that no split contracts (contracts to the same vendor or for the same scope of work) were awarded and exceeded the \$250,000 limit.

Rationales

This interpretation is reasonable because procurement records are the definite source of all purchases or services over \$10,000. The purchase of goods and services without proper authorization, as described in the Procurement Manual, is strictly prohibited.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/25 as verified by Michelle Whitlow, Procurement Manager

Data:

A review of procurement records by the Procurement Manager (Whitlow, 02/25/2025) found no split contracts (contracts to the same vendor or for the same scope of work) to avoid compliance with this policy.

POLICY 2.5.7

Use funds from the Capital Reserve.

Degree of Compliance: Compliant

Interpretation

Operational Definition
 I interpret this policy to mean that the CEO and staff cannot reduce the amount of funds in the Capital Reserve without prior Board approval.

Measure/Standard & Level of Achievement
 Compliance will be demonstrated when annual audited financial statements indicate that spending from Capital Reserve funds does not exceed an amount approved by the Board.

Rationales
 This is reasonable because audited financial statements are the accepted record of actual expenses for the fiscal year and a budget resolution approved by the Board explicitly provides authorized budgeted operating and capital expenses for the fiscal year.

Evidence

Source of Data: Internal Documents
Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:
 For FY2024 the Board did not approve the use of capital reserve funds for any purpose.

A review of the Statements of Cash Flows in the audited FY2024 Financial Statements (FY2024 Final Audit Materials - AAATA, pp. 20-21) indicates that no Capital Reserve funds were used during the fiscal year.

POLICY 2.5.8
Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.

Degree of Compliance: Compliant

Interpretation

Operational Definition
I interpret this policy to mean that I must establish an appropriate level of Operational Reserve funding that would insulate the AAATA from financial disruptions or emergencies, and that this reserve fund must remain fully funded and ready to be used if needed.

Measure/Standard & Level of Achievement
Compliance will be demonstrated when quarterly financial statements demonstrate an Operating Reserve balance of at least 2.0 months of quarterly operating expenses for each quarter of the fiscal year.

Rationales
This is reasonable because the Government Finance Officers Association (GFOA), an independent third-party organization that sets industry best practices in public finance, confirms 2.0 months or more is a reasonable standard and quarterly financial statements are an accurate representation of the amount of funding available.

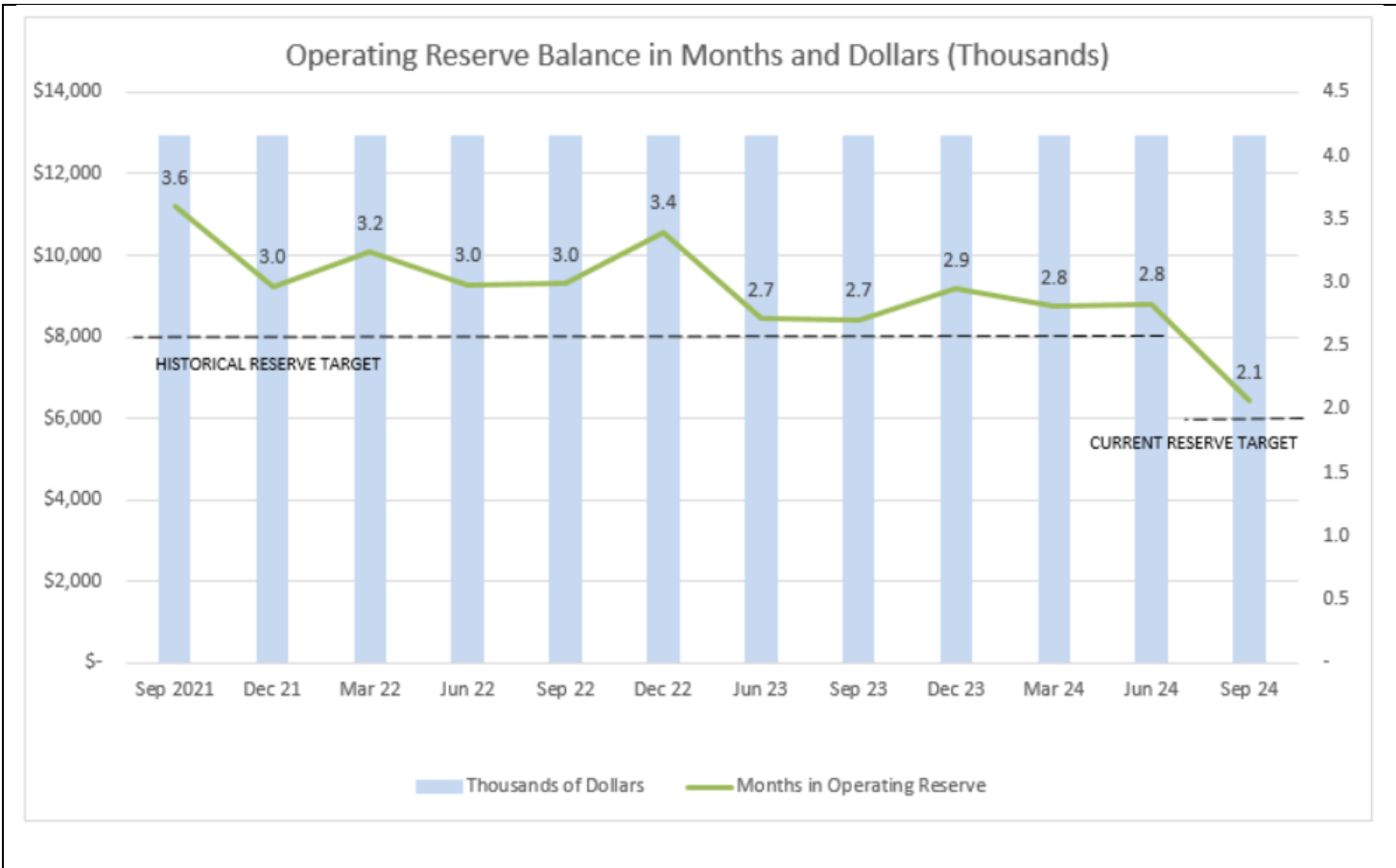
Evidence

Source of Data: Internal Documents
Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:
According to the balance sheet as of September 30, 2024, AAATA ended the year with a reserve balance of \$12.9 million, capital sufficient to support 2.1 months of operations based on the approved FY2025 budget.

Policy 2.4.6 requires “adequate” reserves. The CEO and CFO are confident that with the structural deficit resolved and *three* fully funded reserves, there is no longer a rationale to maintain a 2.5-month threshold and little risk in aligning the operating reserve target with GFOA’s recommended best practices of 2.0 months beginning in FY2025. Conversely, maintaining the higher threshold could appear to be overly conservative, or beyond “adequate”. The CEO feels that 2.0 months is reasonable considering TheRide’s improved financial situation.

The Operating Reserve Graph below illustrates the change in the operating reserve target from FY2024 to FY2025 and demonstrates compliance with operating reserve targets for the monitoring period.



POLICY 2.5.9
Adjust tax rates assessed by the Authority.

Degree of Compliance: Compliant

Interpretation

Operational Definition
I interpret this policy to mean that the annual L-4029 form submitted to taxing collection authorities reflects the rate approved by the Board and voters, and is compliant with all tax laws including the Headlee Amendment.

I further interpret this policy to mean that the CEO cannot submit language for a property tax ballot proposal that has not been approved by the board.

Measure/Standard & Level of Achievement
Compliance will be demonstrated when the annual L-4029 form submitted to taxing collection authorities reflects the rate approved by the Board and voters and is compliant with all tax laws

including the Headlee Amendment. Compliance will also be demonstrated when any ballot proposal transmitted to elections authorities was first approved by the Board.

Rationales

This is reasonable because in Michigan taxes may be changed only with signature of the Board Chair and Secretary on Michigan Form L-4029, which is the form that instructs municipality assessors to levy taxes in accordance with millages approved by voters. Tax proposals and renewals must be approved by boards and voters. The CEO is not legally capable of changing the tax rate by themselves but does ensure the information on the form is correct.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

A review of records by the CFO (Reed, 02/25/2025) confirms that property taxes levied to support operations in FY2024 were consistent with Board approved millage rates of 2.380 mills, which were authorized in April 2022 (Resolution 4/2022) and effective from 2024 through 2028. A review of ballot proposal records by the CEO (Carpenter, 02/27/25) confirms that there were no ballot proposals communicated by this agency during the period. A further review of communiques found no instances of the CEO transmitted unapproved ballot language to election authorities.

POLICY 2.5.10

Acquire, encumber, or dispose of real estate.

Degree of Compliance: Compliant

Interpretation

Operational Definition

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

This policy does not apply to renting or leasing property, buildings or facilities needed to facilitate AAATA operations or implementation of agency plans.

Measure/Standard & Level of Achievement

Compliance will be demonstrated when a review of land and transfer records indicates there are no records of real estate transactions that have not been approved by the Board. Compliance will also be demonstrated when a review of audited financial statements confirms real estate has not been encumbered with leasing or selling rights.

Rationales

This is reasonable because acquisition and disposal of real estate is a matter of public record and can be verified through the Washtenaw County Clerk’s Office. Further, governmental accounting standards require agencies to disclose and auditors to verify any encumbrances or leases impacting the value of any asset in the financial statements.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

A search of the online register found no real estate change records to date for the Ann Arbor Area Transportation Authority. Additionally, the following alias names do exist in the register:

- ANN ARBOR TRANSIT AUTHORITY
- ANN ARBOR TRANSPORATION AUTHORITY
- ANN ARBOR TRANSPORTATION AUTHORITY AND
- ANN ARBOR TRANSPORTATION AUTHORITY ET AL

A search of the online register using the alias names produced no change records beyond 2003. (Reed, 02/25/2025)

Additionally, a review of the audited financial statements (Reed, 02/25/2025) confirms no encumbrances or leases to AAATA-owned real estate exist.

POLICY 2.5.11

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

Degree of Compliance: Compliant

Interpretation

Operational Definition

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

Measure/Standard & Level of Achievement

Compliance will be demonstrated when the audited financial statements demonstrate no new debt exists during the fiscal year. If debt does appear, compliance will be demonstrated with a Board resolution approving the issuance of bonds in that fiscal year.

Rationales

This is reasonable because audited financial statements are the accepted record of reporting for liabilities, which would include any debt owed by AAATA.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

As indicated in the FY2024 Statements of Net Position (FY2024 Final Audit Materials - AAATA, p. 18, there is no debt reported.

Policy Trendlines

Policies	FY 21	FY 22	FY 23	FY 24
2.5	2	2	3	3
2.5.1	3	3	3	3
2.5.2	3	3	3	3
2.5.3	3	3	3	3
2.5.4	3	3	3	3
2.5.4.1	3	1	3	3
2.5.4.2	3	3	3	3
2.5.5	3	3	3	3
2.5.5.1	2	3	3	3
2.5.6	3	3	3	3
2.5.6.1	3	3	3	3
2.5.7	3	3	3	3
2.5.8	3	3	3	3
2.5.9	3	3	3	3
2.5.10	3	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.

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)

WORKSHEET RESULTS:

Financial Conditions & Activities (Policy 2.5)

Participants: 8 Board Members

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

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	If you stated NO, kindly provide additional context
<p>Policy 2.5 With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</p>	100%	100%	<ul style="list-style-type: none"> I find the interpretation reasonable, however I suggest an adjustment that clarifies that it is the board's approval of the budget that demonstrates that all resources are focused on achievement of the Ends, as that is when such a discussion should be held. This interpretation encourages an extraneous discussion of whether the current budget is in alignment with the Ends, outside of budget approval and Ends Monitoring
<p>Policy 2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.</p>	100%	100%	

<p>Policy 2.5.2 Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.</p>	<p>100%</p>	<p>100%</p>	
<p>Policy 2.5.3 Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards</p>	<p>100%</p>	<p>100%</p>	
<p>Policy 2.5.4 Compromise the independence the Board's audit or other external monitoring or advice.</p>	<p>100%</p>	<p>100%</p>	
<p>Policy 2.5.4.1 Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.</p>	<p>100%</p>	<p>100%</p>	
<p>Policy 2.5.4.2 Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.</p>	<p>100%</p>	<p>100%</p>	

Policy 2.5.5 Allow expenditures that exceed the overall Board-approved budget.	100%	100%	
Policy 2.5.5.1 Allow cost overruns on capital projects.	100%	100%	
Policy 2.5.6 Authorize contracts not anticipated in the current budget with a value greater than \$250,000.	100%	100%	
Policy 2.5.6.1 Split purchases or contracts into smaller amounts in order to avoid the above limit.	100%	100%	
Policy 2.5.7 Use funds from the Capital Reserve.	100%	100%	
Policy 2.5.8 Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.	100%	100%	
Policy 2.5.9 Adjust tax rates assessed by the Authority.	100%	100%	
Policy 2.5.10 Acquire, encumber or dispose of real estate.	100%	100%	

Policy 2.5.10 Encumber the agency with financial debt without previous authorization from the Board.	100%	100%	
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Additional context questions

1. **Is there any reason to doubt the integrity of the information presented?**
Responses – (8) 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 – (8) 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 – (7) NO
 (1) Yes
 - 2.5.5.1 - A number of budgeted expenditures directly related to the LRP were not pursued (BRT, Bus Garage, IT, and Support Vehicles). While this did not lead to overruns, it represents a deviation of nearly 4% from the capital budget. The board may want to consider policy that addresses such deviations and seeks explanation when they occur. I am concerned that board is inconsistent regarding its implementation of the Oxford Comma (see policy 2.5.4.1)

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

20, 35, 30, 30, 15, 10, 6,10

**Monitoring Report:
Cash and Investments (Policy 2.6)
Monitoring Period: Fiscal Year 2024**

Finance Committee Meeting Review Date: March 11, 2025

Board of Directors Meeting Review Date: March 20, 2025

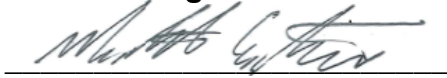
INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>That the Board review this monitoring report and consider accepting it as:</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(B) a reasonable interpretation for 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.is making reasonable progress towards 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</p>

written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in March 2025 and was submitted in February 2025.

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

2/27/2025

ATTACHMENTS

1. Monitoring report for Investments (Policy 2.6)

Table of Contents

POLICY TITLE: CASH AND INVESTMENTS	Page#	Compliance
2.6 The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board’s investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	4	
2.6.1 Hold AAATA operating cash or surplus capital in insecure instruments, including federally uninsured checking accounts or non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.	4	
2.6.2 Deviate from the “Investment Policy to Comply with Michigan PA 20 of 1943” as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to state and federal laws, including Michigan PA 20 of 1943.	8	

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.6

The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board’s investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Degree of Compliance: Compliant

Operational Definition

The policy is fully refined in policies 2.6.1 and 2.6.2, below. No further interpretation is necessary.

Measure/Standard & Level of Achievement

Compliance with this policy is demonstrated through compliance with policies 2.6.1 and 2.6.2.

Evidence

Source of Data: Internal Documents

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

See below

POLICY 2.6.1

Hold AAATA operating cash or surplus capital in insecure instruments, including federally-uninsured checking accounts or non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to apply to the agency’s approach to short-term cash management. Agency funds should be kept safe to protect the agency and customers from loss, service disruptions, and organizational instability, while at the same time maintaining adequate liquidity to transact normal business and generate some degree of investment return. However, safety is the priority not investment returns, and we consequently have a low risk tolerance for investments.

Measure/Standard & Level of Achievement

Compliance with this policy will be demonstrated when statements for all accounts from the most recent financial quarter illustrate that all funds held in checking and money market savings accounts:

1. Are held in accounts that are Federal Deposit Insurance Corporation (FDIC) insured and at banking institutions where all accounts are FDIC insured up to \$250,000, and
2. That deposit accounts generate interest.

I further interpret this policy to allow funds to be unsecured and not generate revenue if liquidity and cash-flow needs require them for transactions such as payroll.

Rationales

This is a reasonable interpretation because:

- A. Account statements are legally required tallies of each account produced by the institution. Account statements are generated by the financial institution (not AAATA staff), reflect all cash transactions in reported accounts, and a true representation of accounts, transactions, interest earned, fees and balances for the reporting period.
- B. All funds needed for immediate operations (e.g. payables, payroll, etc.) are included and our funds are safe (financial institutions backed by the FDIC provide guaranteed insurance up to \$250,000 per depositor and protects insured depositors). The level of necessary cash in these accounts varies based on projected operating and capital expenses, timing of deposits generated from revenue, and investment transfers. Approximately one month's projected operating expenses *plus* projected capital expenditures are required for managing the cash flow. Excess funds are transferred to CDARS-ICS accounts, fully federally insured accounts, or longer-term investment accounts. At times, investment transfers require placing funds in money market accounts for up to 24 hours.
- C. All these accounts generate some interest.

Evidence

Source of Data: Internal Documentation

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

A review of all account statements (Reed, 02/25/2025) from all financial institutions holding AAATA monies as of September 30, 2024 disclose that:

1. All accounts holding AAATA funds produce interest.
2. Cash held in accounts that exceed federally insured limits were required to facilitate ease of transactions. At the end of Q4 FY 2024, there was \$12.2M million in cash, checking and money market balances (excluding CDARS-ICS money market funds). Operating expenses during this time period were approximately \$4.95 million per month. All uninsured balances were required to facilitate ease of financial transactions.

As of September 30, 2024 total cash, checking, and money market account balances were \$59.4 million and distributed as shown on the next page in Table 2.6A.

Table 2.6A	
Cash, Checking and Money Market Balances	
(\$ in thousands)	
Cash, Checking or Money Market Account	As of 09/30/2024
Imprest	\$3,460
Operating	1,157
Payroll	803
Changers/Petty Cash	5
Passes and Tokens	35
Capital	3,366
Money Market Savings	3,022
Flex Spending	54
GetDowntown	309
Sub-Total (Insured up to \$250,000)	12,210
CDARS-ICS (Insured up to \$75,000,000)	47,202
Total Cash, Checking & Money Market	\$59,412

All monies held in bank accounts and investments are in deposit at The Bank of Ann Arbor, which is an FDIC insured bank with FDIC insured accounts. Additionally, based on information reported by the Federal Financial Institutions Examination Council (FFIEC), in the Uniform Bank Performance Report (UBPR), Deposit Accounts by Lending Tree, an unbiased evaluator of banking institutions, gave Bank of Ann Arbor a A+ rating as of September 30, 2024, for overall bank health. Rating summaries are provided on the next page.

A+

Data as of Q3 2024

[Learn why bank health matters](#)

Health Grade Components

A+ Texas Ratio ▼	A+ Texas Ratio Trend ▼	B+ Deposit Growth ▼	A+ Capitalization ▼
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OVERALL	
FDIC Certificate #	34120
Year Established	1996
Employees	341
Primary Regulator	FDIC

PROFIT MARGIN	
Return on Assets - YTD	1.69%
Return on Equity - YTD	12.85%
Annual Interest Income	\$126MM

ASSETS AND LIABILITIES		
Assets	Q3 2024	\$3.15B
	vs Q3 2023	\$3.08B
Loans	Q3 2024	\$2.49B
	vs Q3 2023	\$2.34B
Deposits	Q3 2024	\$2.64B
	vs Q3 2023	\$2.58B
Equity Capital	Q3 2024	\$421.9MM
	vs Q3 2023	\$386.1MM
Loan Loss Allowance	Q3 2024	\$27.5MM
	vs Q3 2023	\$30.9MM
Unbacked Noncurrent Loans	Q3 2024	\$1.7MM
	vs Q3 2023	\$15.9MM
Real Estate Owned	Q3 2024	\$4.1MM
	vs Q3 2023	\$344K

POLICY 2.6.2

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Deviate from the “Investment Policy to Comply with Michigan PA 20 of 1943” as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to state and federal laws, including Michigan PA 20 of 1943.

Degree of Compliance: Compliant

Interpretation

Operational Definition

This policy is already fully defined and requires no additional interpretation.

Measure/Standards & Achievement

Compliance will be demonstrated when:

1. Account statements for investments indicate that funds are held only in Certificates of Deposit (not to exceed \$4 million in any one financial institution), bonds or other direct obligations of the U.S. (maturity limited to 3 years or less), or government mutual funds.
2. Investments are held:
 - a. In accounts which ensure the safety of the principal balance,
 - b. Remain liquid, and
 - c. Return the highest yield compatible with prudent investing.
3. A listing of investment accounts, with balances, maturity dates, and interest rates for each account, is provided to the Board at least quarterly.

Rationale

This is reasonable because these are the only types of investment instruments that are legal under Michigan Public Act 20 and authorized by the Board’s policy.

Evidence

Source of Data: Internal Documentation

Date of Data Review: 02/25/2025 as verified by Dina Reed, DCEO of Finance and Administration

Data:

1. AAATA’s investments were held in Certificates of Deposits (CDs), U.S. Agency Bonds, and/or Money Market Savings accounts. Each of these are legal, authorized instruments per the policy, and do not exceed limits on amounts or maturities as required by the policy.
2. Regarding the Board’s established priorities for investing:

(a) Safety of Principal: Cash was held in checking and savings accounts at the Bank of Ann Arbor. Some investments were held in the Certificate of Deposit Account Registry Service

(CDARS) managed by Bank of Ann Arbor (which invests funds to the FDIC insured limit in other banks), Certificates of Deposit (CDs) and Money Market Savings or ICS accounts. Bank accounts, CDs, and Money Market accounts are FDIC insured. Other investments were held in U.S. Agency Bonds, which are federally insured direct obligations of the U.S. government.

(b) Adequate Liquidity: Cash in checking and savings accounts is immediately available. Monies held in investments are available within 30 days' notice to the financial institution. Liquidity has been sufficient to meet operating needs during the monitoring period, as AAATA has been able pay its expenses without using debt, and no expenses have been deferred due to insufficient liquidity of capital.

(c) Highest Yield Compatible with Prudent Investing: Yields on investments (0.23% to 5.50%) are the highest rates available considering the limited investment options due to policy and regulatory limits and the priorities for safety and liquidity. AAATA has followed the advice of its expert trust consultant at Bank of Ann Arbor in making prudent investing decisions according to the Board's policy and priorities.

3. A review of monthly Board meeting agendas and minutes (Reed, 2/25/2025) indicates that the required disclosure of investment accounts, balances, maturity dates, and interest rates was provided in quarterly financial reports presented to the Board since this policy was last monitored in March 2024. Investments for quarters 2, 3, and 4 for FY2024 were reported in May, August and November 2024, respectively, and FY2025 Q1 investments were presented in February 2025.

As of September 30, 2024 investment account balances totalled \$19.0 million and are distributed as shown on the next page in Table 2.6B.

Table 2.6B

Investments Summary					
<i>(in thousands)</i>					
Investment Instrument	Date of Maturity	Interest Rate	Value as of 06/30/2024	Transactions	Value as of 09/30/2024
U.S. Agency Bond	4/8/2024	0.38%	\$0	\$0	\$0
U.S Treasury Notes	5/9/2024	4.86%	0	0	0
U.S Treasury Notes	6/30/2024	3.00%	2,000	(2,000)	0
U.S. Agency Bond	9/15/2024	2.89%	2,500	(2,500)	0
U.S. Agency Bond	9/23/2024	0.51%	2,000	(2,000)	0
U.S. Treasury Bills	10/31/2024	4.63%	0	2,000	2,000
U.S. Treasury Bills	11/12/2024	4.66%	0	2,500	2,500
U.S. Treasury Bills	11/29/2024	4.70%	0	2,000	2,000
U.S. Treasury Bills	12/26/2024	4.57%	2,000	0	2,000
U.S. Treasury Bills	2/20/2025	4.45%	1,300	0	1,300
U.S. Agency Bond	2/24/2025	3.76%	200	0	200
U.S. Agency Bond	3/28/2025	2.85%	2,500	0	2,500
U.S. Agency Bond	3/28/2025	3.11%	2,000	0	2,000
U.S. Agency Bond	6/27/2025	3.28%	2,000	0	2,000
U.S. Agency Bond	8/8/2025	4.11%	1,400	0	1,400
U.S. Agency Bond	1/22/2026	4.11%	750	0	750
Money Market Funds	N/A	5.04%	210	218	428
Mark-to-Market Adjustment			(272)	147	(125)
Total Investments:			\$18,588	\$364	\$18,953

The financial data presented as of September 30, 2024, demonstrates compliance with Policy 2.6 and the Board’s Investment Policy at a single point in time. A review of account statements and quarterly financial reports (Reed, 2/9/2025) confirms that cash and investments were held in compliance with this policy throughout the monitoring period. Additionally, quarterly financial reports are presented at Board meetings and monthly account statements are available for direct inspection.

Policy Trendlines

Policy	FY 21	FY 22 (March)	FY 22 (August)	FY 22 (April)	FY23	FY24
2.6	3	3	3	3	3	3
2.6.1	3	3	3	3	3	3
2.6.2	3	3	3	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: (If Applicable)

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)

WORKSHEET RESULTS:

Cash & Investments (Policy 2.6)

Participants: 7 Board Members

Mike Allemang, Chris Allen, Simi Barr, Julie Grand, Jesse Miller,
Kathleen Mozak, Susan Pollay

Performance on reasonable interpretation and verifiable evidence			
	% of Board members that find the interpretation reasonable	% of Board members that find the evidence verifiable	If you stated NO, kindly provide additional context
<p>Policy 2.6 The CEO will not fail to hold cash for short-term operations or surplus capital for investment according to the Board's investing priorities: first ensuring safety of principal, next providing adequate liquidity, and third, returning the highest yield compatible with prudent investing. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:</p>	100%	100%	
<p>Policy 2.6.1 Hold AAATA operating cash or surplus capital in insecure instruments, including federally uninsured checking accounts or</p>	100%	100%	

<p>non-interest-bearing accounts except where necessary to facilitate ease in operational transactions.</p>			
<p>Policy 2.6.2 Deviate from the “Investment Policy to Comply with Michigan PA 20 of 1943” as stated in the Appendices, invest in instruments other than those so authorized, or invest unlawfully with respect to state and federal laws, including Michigan PA 20 of 1943.</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 – (7) NO

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

15, 10, 20, 7, 10, 5, 5

Monitoring Report: Global Executive Constraint (Policy 2.0)
Monitoring Period: FY23 and FY 24

Service Committee Meeting Review Date: 03/04/2025

Board of Directors Meeting Review Date: 03/20/2025

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
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> <ul 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</p>

with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in January and was submitted in March. The interpretation is significantly changed from previous versions.

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

2/21/2025

ATTACHMENTS

1. Monitoring report for Global Executive Constraint (Policy 2.0)

CEO Interpretations and Evidence *(changed since previous)*

POLICY 2.0

The CEO shall not cause, allow or fail to address any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that the CEO must take proactive steps to prevent or resolve *any and all* situations that violate the Board’s expectations as defined below:

- A. **Prudence:** I define prudence as the practice of pursuing goals while minimizing risks by acting carefully and thoughtfully, with consideration for the future, sound judgment, and discernment. Acting imprudently implies carelessness, recklessness, or a lack of consideration, often leading to unwise choices. In other words, calculated risks rather than negligence. I interpret “commonly accepted business practices” to be an extension of the concept of prudence. The Board has fully outlined imprudent and unacceptable risks in the Executive Limitations policies.
- B. **Ethics:** I define ethics as the principles of morality that establish a clear distinction between right and wrong, focusing on integrity and guiding how we should act toward others and broader concepts like the environment and society. Ethics are inherently subjective and often dependent on the situation. The Board has fully outlined its ethical expectations in the Executive Limitations policies.
- C. **Lawfulness:** I define lawfulness as a matter of understanding and correctly applying approved laws and regulations passed by governments (i.e. the federal government of the US, the State of Michigan, or the local municipalities in which we operate) that are applicable to and binding on the organization. This can include sections of certain laws (e.g. the ADA) that are required across society, but not voluntary funding stipulations (which are addressed elsewhere).

Indicators/Targets

Compliance with this policy will be demonstrated when:

- A. **Prudence:** The Board has found all Executive Limitations policies to be compliant (A) or with an acceptable timeline to become compliant (B).
- B. **Ethical:** The Board has found all Executive Limitations policies to be compliant (A) or with an acceptable timeline to become compliant (B), especially policies 2.1.1, 2.1.4.1, 2.2.1.1, 2.2.3, 2.3.1.1, 2.3.3, 2.3.4.1, 2.3.5 B and C, 2.5.4.
- C. **Lawfulness:** 1) Periodic proactive review by staff and/or corporate counsel of legal requirements finds no instances of ongoing violation of law, 2) the agency is not found to be in violation of a law by the court system or regulators, 3) any action recognized as unlawful by the CEO is being resolved promptly.

Rationale

The interpretations regarding prudence and ethics are reasonable because the Board has already written their expectations in Executive Limitation policies. The Board should have identified *all*

broad instances of decisions and actions that it would find unethical, imprudent, or unacceptable in Executive Limitations. If the Board has accepted monitoring reports as A (compliant) or B (compliant, or being addressed), it suggests their collective proscriptions have been, or are being, addressed.

Further detailed definitions of ethical behavior from the CEO do include acting with integrity, respect, and compassion (for employees). Those expectations are codified in the non-union employee handbook and union contract material. However, because situations are so dependent on context, the CEO cannot presently offer a more refined definition of ethics against which proof of compliance or non-compliance could conclusively be offered.

Compliance with all laws is what the policy requires. Practical difficulties arise in inventorying all applicable laws (there is no pre-existing list and some are obscure) and dealing with laws that are unclear. Staff are most familiar with the legal requirements and are in the best position to judge daily compliance. Corporate Counsel and the FTA can provide independent perspectives when needed or available. The courts or regulators may be required when a situation is unclear. Accusations of illegality (e.g. discrimination, etc.) are not reported because they may not be true and need to be adjudicated first to ensure due process (innocent until proven otherwise) and avoid scapegoating. Settlements can be reported to the board but may not imply impropriety.

Some regulations, for example the ADA's requirements regarding paratransit, are not legal *requirements* so much as conditions to qualify for federal funding. As such they will be addressed under policy 2.5.2 in the future.

Only significant lapses of prudence, ethics or lawfulness are covered in this interpretation. The indicator's use of words like "ongoing violation", "in violation" and "being resolved" are intended to allow the CEO some discretion in developing staff without reporting every minor mistake. This is reasonable because, in a large organization, it can be difficult to ensure every individual decision and action is *always* prudent, ethical and lawful. As part of natural learning staff occasionally make mistakes, in which case coaching may be appropriate. In my experience, there is no replacement for a leadership culture that is clear about expectations, does not jump to conclusions, and coaches or holds staff accountable as appropriate. Also, the 'No Surprises' clause (policy 2.9.1.5) already requires the CEO to notify the Board of *significant* emergent legal or other risks that could jeopardize the organization. The Board can always monitor specific decisions if necessary.

It is reasonable that the CEO is accountable to arrange matters in order to prevent or respond to non-compliance as this is what the policy requires, and the Board has given the corresponding authority to the CEO (policy 4.3.3).

Evidence

Source of Data: Board policy monitoring reports, Legal compliance and compliance with other funding requirements as noted below.

Date of Data Review: 01/29/2025- 2/10/2025 as verified by DCEOs, Manager of Public Affairs and Community Engagement and the Manager of Human Resources.

Data:

A. Prudence: Compliance with all executive limitations was as shown below (Corporate Strategy & Performance Officer. 2/13/2025)

Policy	FY23	FY24
2.1	Compliant	Compliant
2.2	Partially Compliant* – high attrition rates.	Partially Compliant* -no whistle blower policy. (Now compliant)
2.3	Compliant	Compliant
2.4	Compliant	Compliant
2.5	Compliant	Compliant
2.6	Compliant	Compliant
2.7	TBD -new policy 2.7.2 was similar to existing policy 2.5.3, interpretation TBD	Partially Compliant* - Logo is not trademarked. (In progress. Paperwork submitted.)
2.8	N/A -monitored every other year.	Compliant
2.9	Partially Compliant* – no whistleblower policy, less than 90% of monitoring reports were submitted as scheduled,	Partially Compliant* - a notification of contract award was not submitted on time and less than 90% of monitoring reports were submitted on time.
2.10	Compliant	Compliant
2.11		Partially Compliant* - New policy.

Notes for partially compliant policies*

At the writing of this report,

- a) The attrition rates are back to industry average.
- b) The Board reviewed and revised the two redundant policies i.e., 2.7.2 and 2.5.3, and staff presented an interpretation that the Board accepted
- c) The agency now has an operational whistleblower policy.
- d) Logo is currently in the process of being trademarked. Timeline is based on the Trademark and Patent Office workload. Paperwork submitted. Compliance expected in the next monitoring period.
- e) All awards are notified to the Board in the CEO report within two months of when they happen.
- f) Less than 90% of our monitoring reports were submitted on time.

Compliance Timeline: We anticipate compliance within the next monitoring period.

B. Ethics: Compliance with all executive limitations was as shown above, further other identified ethical executive limitations are as shown below (Corporate Strategy & Performance Officer, 2/13/2025)

Policy	FY23	FY24
2.1.1	Compliant	Compliant
2.1.4.1	Compliant	Compliant
2.2.1.1	Compliant	Compliant
2.2.3	Non-Compliant -no whistleblower policy.	Non-Compliant -no whistleblower policy. (Now compliant)
2.3.1.1	Compliant	N/A-monitored every other year
2.3.3	Compliant	N/A-monitored every other year
2.3.4.1	Compliant	N/A-monitored every other year
2.3.5 B	Compliant	N/A-monitored every other year
2.3.5 C	Compliant	N/A-monitored every other year
2.5.4	Compliant	Compliant

C. Lawfulness: Applicable Laws and other requirements.

A review of the following laws, regulations and other legal requirements was conducted by respective Deputy CEOs and department managers and found to be in compliance during the monitoring period (FY23 and FY24). Staff believes the list above is complete. However, there is no resource that lists all applicable federal, state and local laws, and it is possible some have been missed. Local laws are still being reviewed. Staff will work with corporate counsel to update this list.

An FTA Triennial Review is occurring in 2025 but the results will likely not be finalized until 2026. There have been no formal charges of illegality against the organization during the monitoring period, nor court findings of illegality.

Major Laws and Regulations

<u>Law</u>	<u>Staff Review (2024)</u>	<u>FTA Findings (2022 most recent)</u>	<u>Court/Regulator Findings</u>
<u>Title 49 Transportation Law</u> (Applicable Policies: 2.1, 2.2., 2.11) Reviewed By: Deputy CEO, Operations, 02/04/2025			
– Regulatory compliance, liability	Compliant	No findings	None
– Contract negotiations	Compliant	No findings	None
– Dispute resolution	Compliant	No findings	None
– Safety standard and environmental impact	Compliant	No findings	None

State/Local Transportation Laws (Applicable Policies: 2.1, 2.2, 2.7 Reviewed By: Deputy CEO, Operations, and DCEO, Planning 02/07/2025			
– Act 432: Motor Bus Transportation Act	Compliant	NA	None
– Act 55: Mass Transportation System Authorities (Incorporation)	Compliant	NA	None
– Safety equipment requirements	Compliant	NA	None
– Vehicle registration regulations	Compliant	NA	None
– Traffic Violations (i.e. tickets)	None	NA	None

	<u>Staff Review</u> <u>(2024)</u>	<u>FTA Findings</u> <u>(2022)</u>	<u>Court/Regulator</u> <u>Findings</u>
<u>Nondiscrimination Acts:</u> (Applicable Policies: 2.2) Reviewed By: HR Manager, 02/07/2025			
– Age discrimination in Employment Act	Compliant	No findings	None
– Equal Employment Opportunity		No findings	None
– Fair Labor Standards Act.	Compliant	No findings	None
– Genetic Information Nondiscrimination Act (GINA)	Compliant	No findings	None
– Pregnancy Discrimination Act	Compliant	No findings	None
– Immigration and Nationality Act	Compliant	No findings	None
– Civil Rights Act 1964 (Title VI)	Compliant	No findings	None
– Uniformed Services Employment and Reemployment Rights Act	Compliant	No findings	None
– Older Workers Benefit Program Act	Compliant	No findings	None
<u>Labor Statutes</u> (Applicable Policies: 2.2) Reviewed By: HR Manager, 2/7/25			
– National Labor Relations Act	Compliant	No findings	None
– Michigan At-Will Employment	Compliant	NA	None
– Worker Adjustment and Retraining Notification Act	Compliant	No findings	None
<u>Data protection Acts</u> (Applicable Policies: 2.7, 2.2) Reviewed By: HR Manager, 02/07/2025			
– Consumer Protection Act	Compliant	No findings	None
– Fair Credit Reporting Act	Compliant	No findings	None
– Health insurance Portability and Accountability Act (HIPPA)	Compliant	No findings	None

	<u>Staff Review (2024)</u>	<u>FTA Findings (2022)</u>	<u>Court/Regulator Findings</u>
<u>Equitable Accessibility Act</u> (Applicable Policies: 1.0, 2.1, 2.2) Reviewed By: DCEO, Planning and Manager of Public Affairs and Community Engagement 02/07/2025			
– Americans with Disabilities Act	Compliant	Minor findings. Resolved.	None
– Section 508 of the Rehabilitation Act (info accessibility for people with disabilities)	Compliant	No findings	None

	<u>Staff Review (2024)</u>	<u>FTA Findings (2022)</u>	<u>Court/Regulator Findings</u>
<u>Financial Laws and Regulations</u> (Applicable policies: 2.3) Reviewed By: DCEO, Finance 02/07/2025			
– Equal Pay Act	Compliant	No findings	None
– Earned Sick Time Act	Compliant	No findings	None
– Minimum Wage Law	Compliant	No findings	None
– Davis Bacon Act - sub/contractors minimum worker pay for federally funded construction projects	Compliant	No findings	None
– Fair Labor Standards Act	Compliant	No findings	None
– Paid Medical Leave Act	Compliant	No findings	None
– Family and Medical Leave Act	Compliant	No findings	None

	<u>Staff Review (2024)</u>	<u>FTA Findings (2022)</u>	<u>Court/Regulator Findings</u>
<u>Financial</u> (Applicable policies: 2.3,2.4, 2.5, 2.6) Reviewed by: DCEO, Finance 02/07/2025			
– Management and Budget Act	Compliant	No findings	None
– Public Law 98-502- Single Audit Act (1984)	Compliant	No findings	None
– Buy America Act	Compliant	Minor Findings. Resolved.	None
– IRS Tax code	Compliant	No findings	None
– The Bipartisan Infrastructure Law (BIL) (2021)	Compliant	No findings	None
– The Brooks Act- procuring engineering and architectural services	Compliant	No findings	None
– Title 41 U.S.C. 3301-3311 Independent Government cost Estimates (IGCE's)	Compliant	No findings	None

- Uniform Guidance (2 CFR Part 200) - guidance to procurement and financial oversight.	Compliant	Minor Findings. Resolved.	None
- Title 48 U.S Chapter 1 - Federal Acquisition Regulation (FAR)	Compliant	No findings	None
	<u>Staff Review</u> <u>(2024)</u>	<u>FTA Findings</u> <u>(2022)</u>	<u>Court/Regulator</u> <u>Findings</u>
<u>FTA & State stipulations for receiving funding *</u> <u>(not necessary laws and regulations)</u> (Applicable policies: 2.5.2 Reviewed by: DCEO, Finance, and DCEO, Planning 02/07/2025			
- Legal (notifications, False Claims Act, restrictions on lobbying)	Compliant	No findings	None
- Financial Management and Capacity	Compliant	Minor finding. Resolved.	None
- Award Management	Compliant	No findings	None
- Subrecipient Oversight	Compliant	No findings	None
- Project Management	Compliant	No findings	None
- Transit Asset Management (TAM)	Compliant	No findings	None
- Satisfactory Continuing Control	Compliant	No findings	None
- Maintenance	Compliant	Minor finding. Resolved.	None
- Procurement	Compliant	Minor finding. Resolved.	None
- Disadvantaged Business Enterprise (DBE)	Compliant	Minor finding. Resolved.	None
- Title VI (Civil Rights Act)	Compliant	No findings	None
- Americans with Disabilities Act (ADA)	Compliant	Minor findings. Resolved.	None
- Equal Employment Opportunity (EEO)	Compliant	No findings	None
- School Bussing Prohibition	Compliant	No findings	None
- Charter Bus Prohibition	Compliant	No findings	None
- Drug Free Workplace Act	Compliant	No findings	None
- Drug and Alcohol Program	Compliant	No findings	None
- 5307 Program Requirements (grant)	Compliant	No findings	None
- 5310 Program Requirements (grant)	Compliant	No findings	None
- 5311 Program Requirements (grant)	Compliant	No findings	None
- Public Transit Agency Safety Plan	Compliant	No findings	None
- Transportation Planning	Compliant	No findings	None
- Public participation	Compliant	No findings	None

- LAC participation	Compliant	NA (state law)	None
- During major service changes and major fare changes	Compliant	No findings	None
- Data reporting (NTD)	Compliant	No findings	None
- Environmental Compliance (NEPA)	Compliant	No findings	None
- Project funding (requiring a local match)	Compliant	No findings	None

*The CEO intends to move this section on funding conditions to the interpretation for policy 2.5.2.

Policy Trendlines

Policy	FY20	FY21/22	FY23/24
2.0			

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

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)

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WORKSHEET RESULTS:

Global Executive Limitation (Policy 2.0)

Participants: 6 Board Members

Mike Allemang, Chris Allen, 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	If you stated NO, kindly provide additional context
Policy 2.0 The CEO shall not cause, allow or fail to address any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.	100%	100%	

Additional context questions

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

Responses – (6) 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 – (3) YES
(3) 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

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

Responses – 10, 15, 10, 10, 10, 9

Ridership (Frequency) vs. Coverage Refresher

Meeting: Board of Directors

Meeting Date: March 20, 2025

INFORMATION TYPE
Other
RECOMMENDED ACTION(S)
Receive as Background Information for Future Discussion.
ISSUE SUMMARY
<p>As per the Board’s request, staff present background information on ridership (frequency) vs. coverage prior to the Board review of the Ends policies.</p> <p>These concepts help outline the principles for the design of fixed-route transit networks, and some of the key trade-offs involved in prioritizing limited resources. In a nutshell, limited resources can be focused on increasing frequency on major corridors thereby attracting more riders, or resources can be scattered to ensure every resident has a bus stop nearby, but trips are longer, less frequent and less attractive. Attracting new riders is often the key to achieving objectives like environmental benefits and labor mobility, while coverage often helps those residents who cannot drive. As all of these goals are reflected in the Board’s current Ends, further clarification or prioritization may be required to guide future resource allocation. This is an educational discussion to prepare the Board for their review of the Ends policies.</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>Board Ends policies recognize the twin goals of increasing ridership and ensuring access for residents throughout the service area. Previously the Board received similar presentations on the network-design principles of prioritizing ridership or coverage. At the time, an informal agreement to priority ridership was reached. Subsequently, TheRide 2045 Long-Range Plan was developed based on extensive Board/community feedback and overwhelmingly supported by the community. The Plan approved by the Board in 2022 focuses on developing a high-frequency fixed-route network with two Bus Rapid Transit (BRT) lines and projects a ridership increase of 150-165%.</p> <p>Ends Policies:</p> <ol style="list-style-type: none"> 1. <i>AAATA exists so that an increasing proportion of residents, workers and visitors in the Ann Arbor Ypsilanti Area utilize public transportation options that contribute to the Area’s social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources.</i> <ol style="list-style-type: none"> 1.1 <i>Residents in the area have equitable access to public transportation services that enables full participation in society</i> <ol style="list-style-type: none"> 1.1.1 <i>People with economic challenges have affordable public transportation options.</i>

- 1.1.2 *People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.*
- 1.1.3 *Riders and prospective riders perceive public transportation services as safe.*
- 1.2 *Public transportation positively impacts our environment.*
 - 1.2.1 *Public transportation options are increasingly chosen over use of a personal car.*
 - 1.2.2 *Public transportation options produce conditions favorable to more compact and walkable land development.*
 - 1.2.3 *Relevant public policy is transit supportive.*
- 1.3 *Public transportation positively impacts the economic prosperity of the area.*
 - 1.3.1 *Public transportation facilitates labor mobility.*
 - 1.3.2 *Students can access education opportunities without need of a personal vehicle.*
 - 1.3.3 *Visitors use public transportation in the area.*
 - 1.3.4 *Public transportation connects the area to the Metro Detroit region.*
- 1.4 *Passengers are highly satisfied with public transportation services.*
- 1.5 *Residents of the area recognize the positive contributions of public transportation to the area's quality of life.*

ATTACHMENTS

- 1. Ridership (Frequency) vs. Coverage Board Presentation 03.20.2025

Ridership (Frequency) vs. Coverage

Principles for Service Design

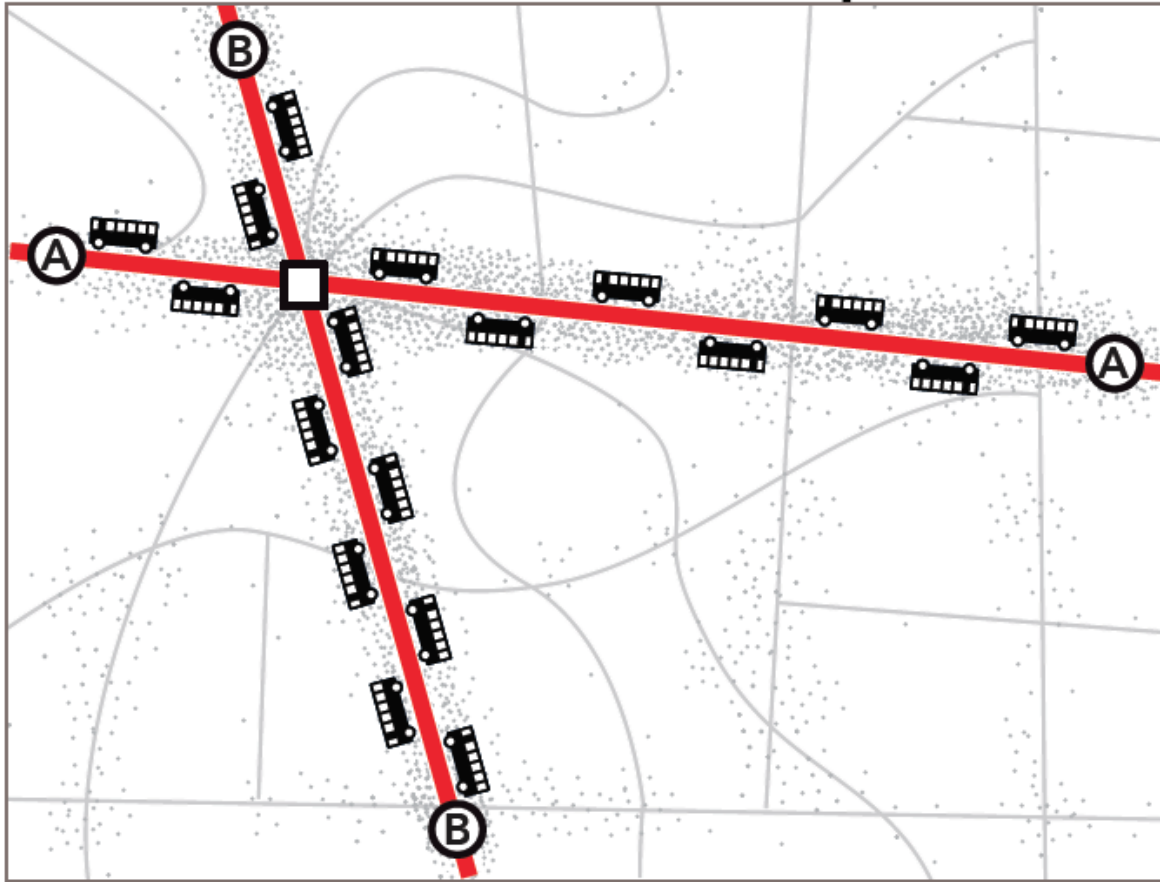
For Discussion Only

Agenda

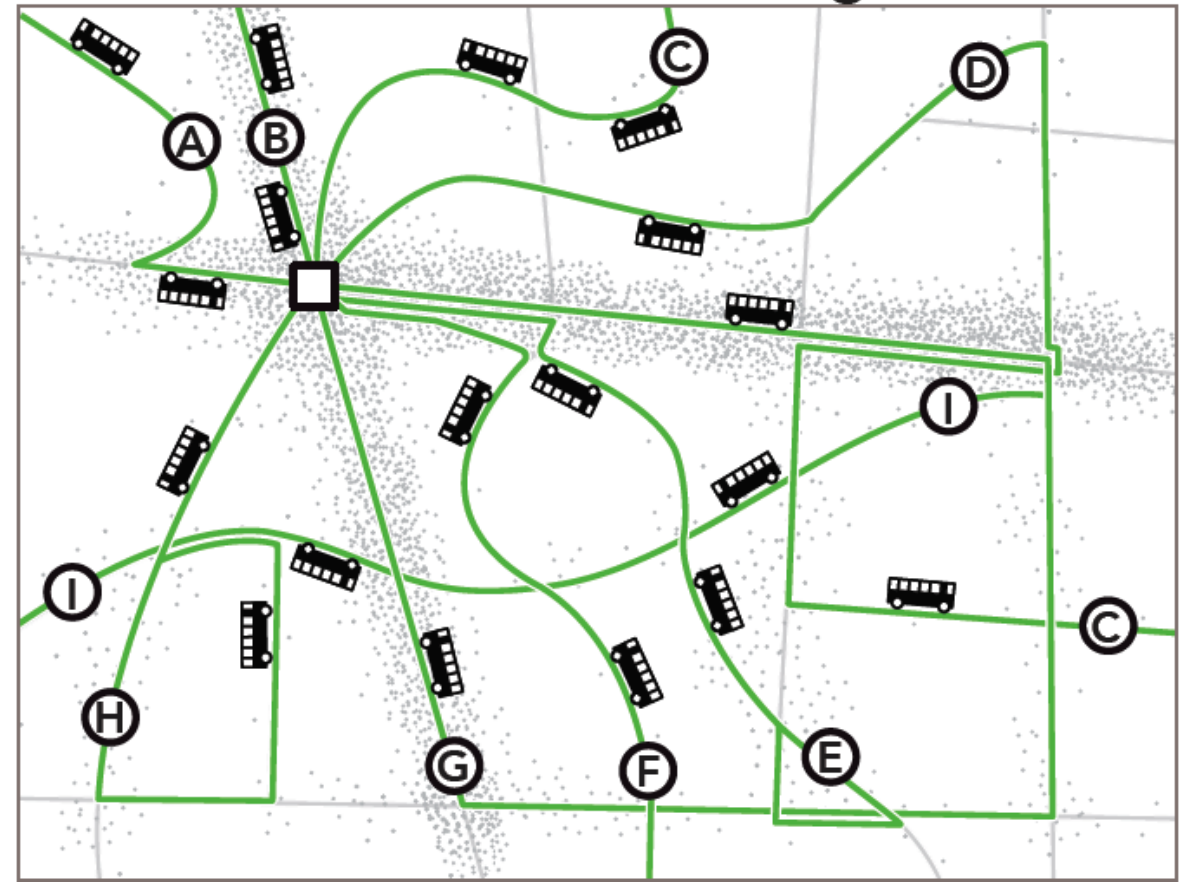
- The Concept
- Where we are today
- Challenges and Opportunities
- Discussion & Q/A

The Ridership (Frequency) vs. Coverage Concept

Maximum Ridership



Maximum Coverage



Source: Human Transit

Traditional Approach

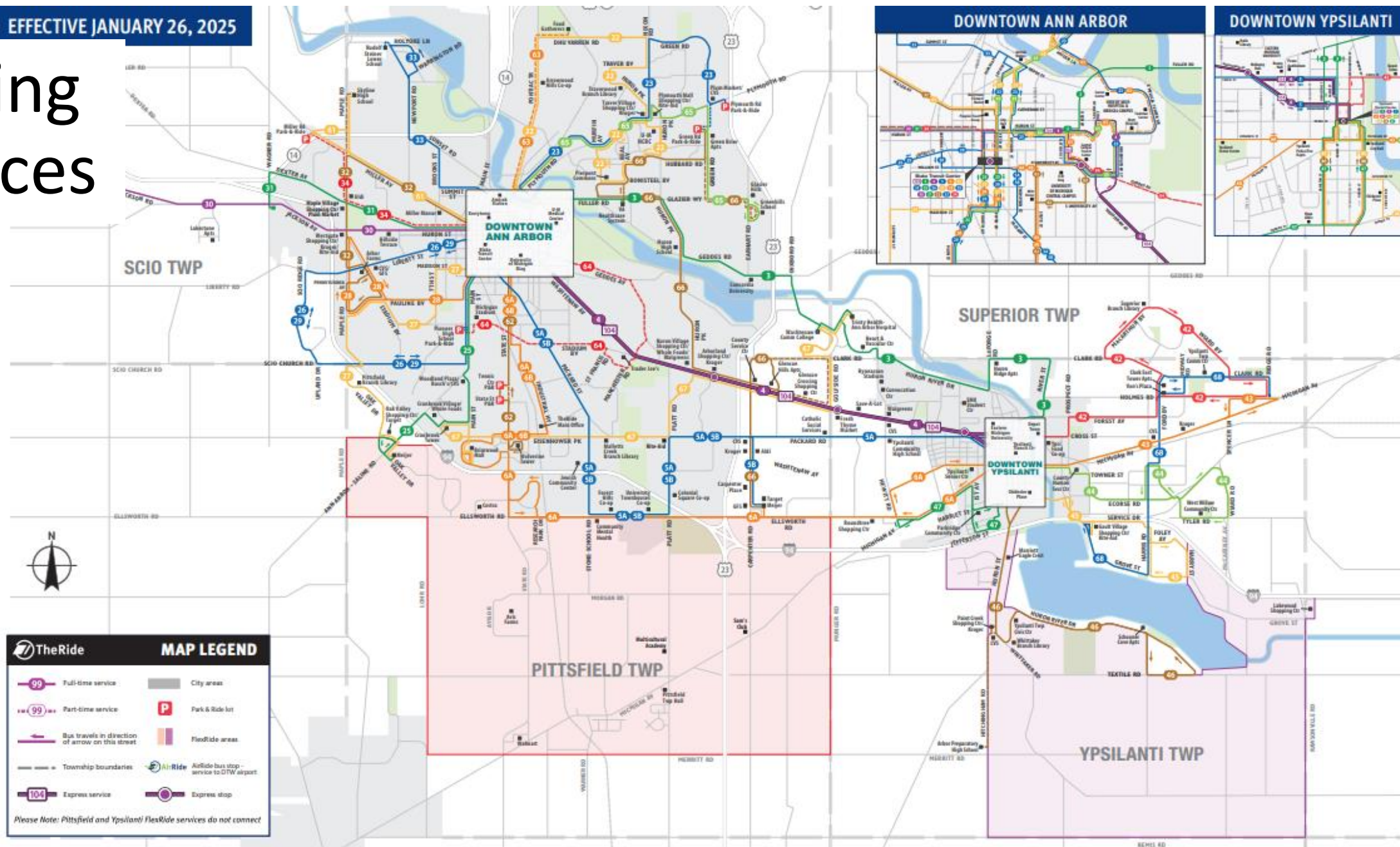
- Service Design Standards and Guidelines
 - Coverage, frequency, productivity, etc.
- Best Practices
- Priorities and tradeoffs






Agenda

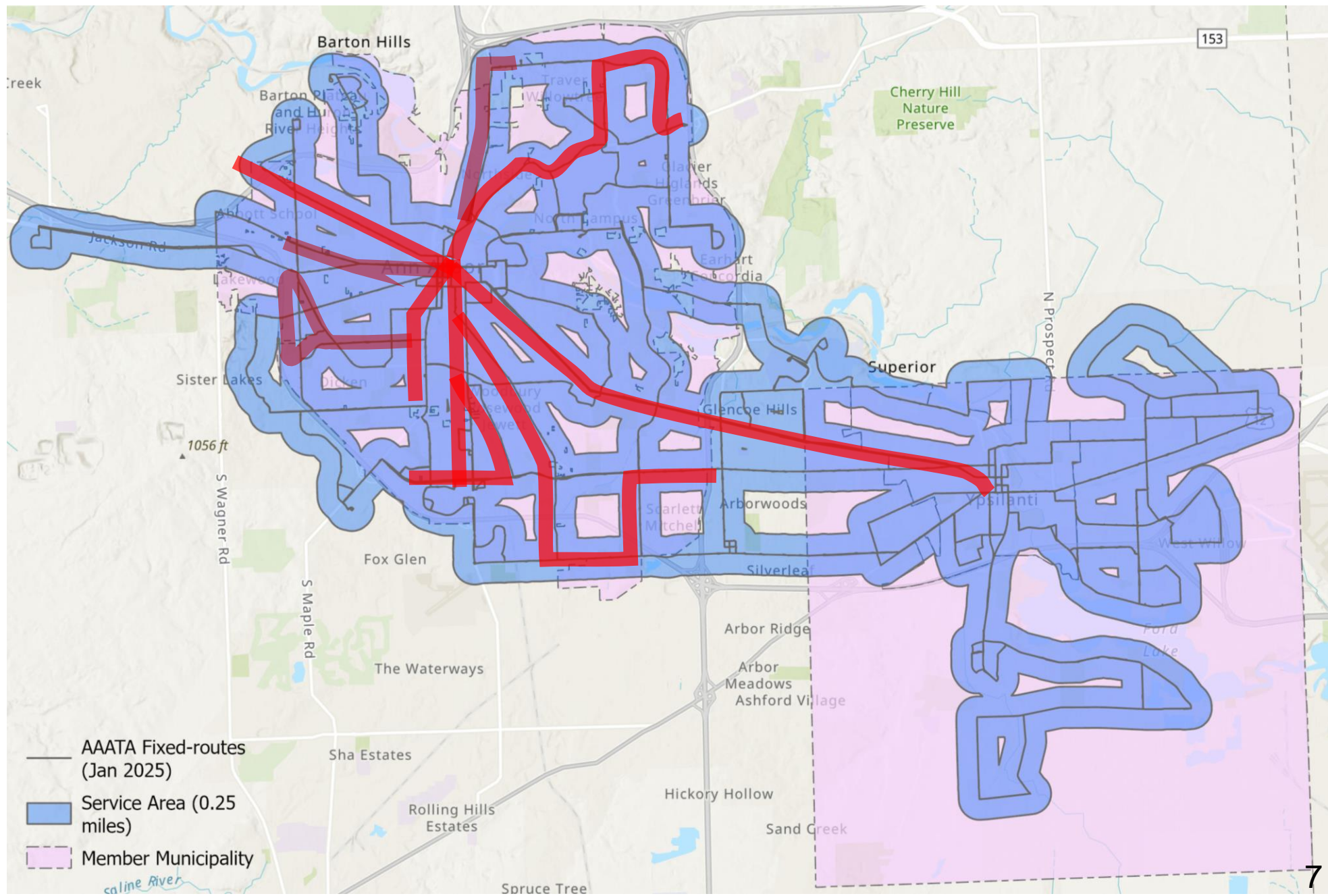
- The Concept
- Where We Are
- Challenges and Opportunities
- Discussion & Q/A

Existing Services

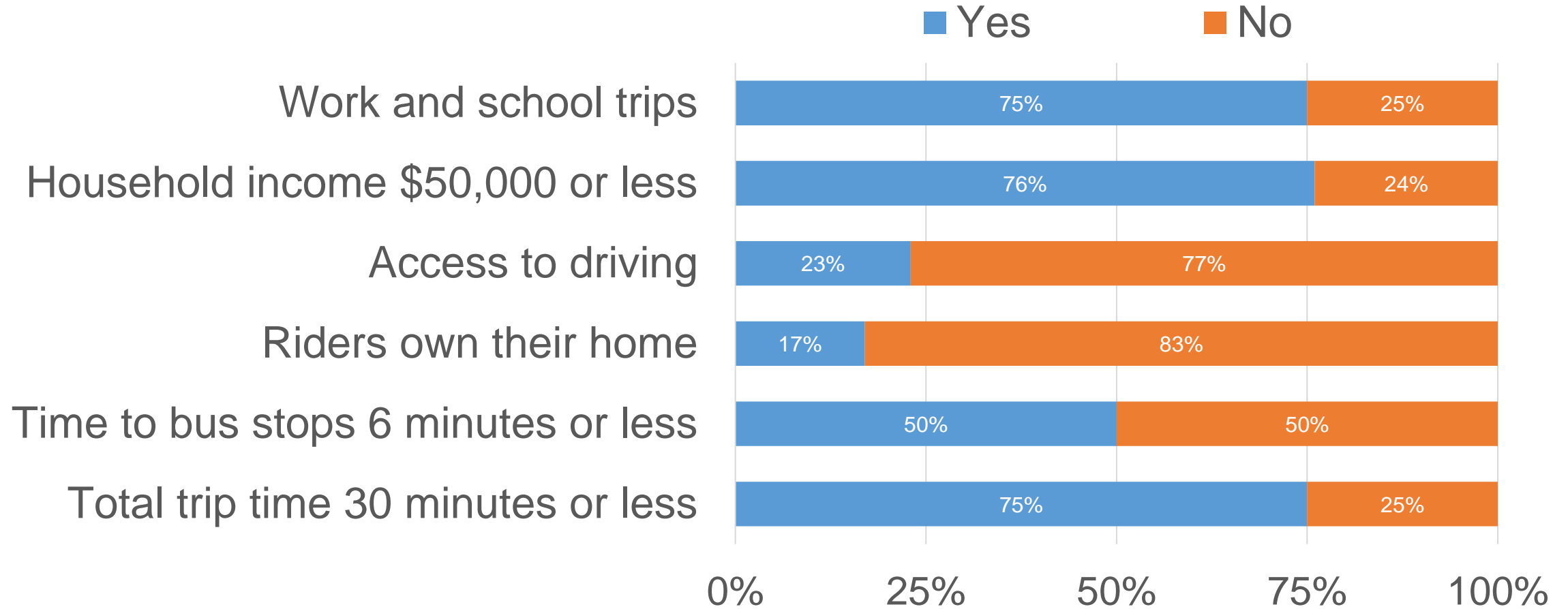


Frequency /Coverage

-  High-Frequency Services (Daytime)
-  High-Frequency Service (Peak Hours)
-  Fixed-Route Service Coverage (0.25 miles)



Existing Riders



Board' Priorities

Ridership

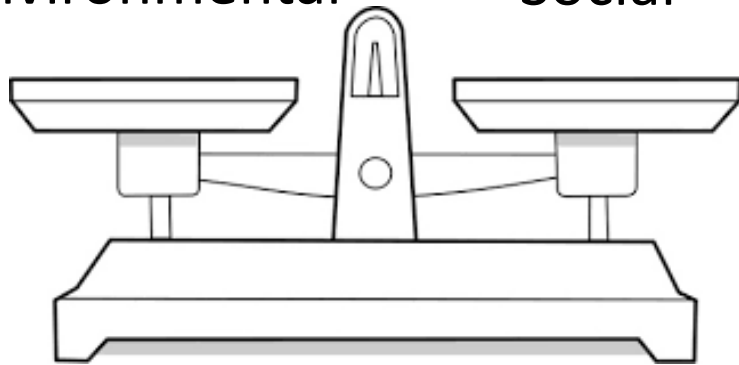
Increased use
Stewardship
Customer satisfaction
Economic

Coverage

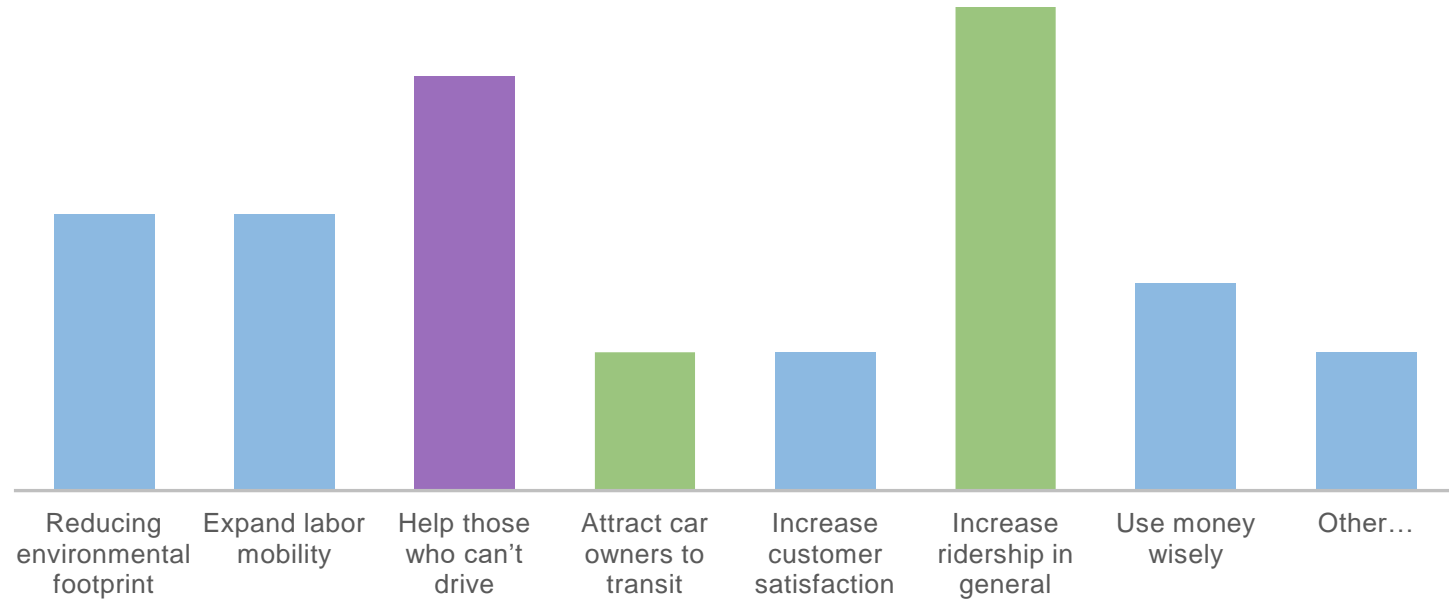
Equitable
Access
Customer satisfaction
Economic

Environmental

Social



From ENDS Policy

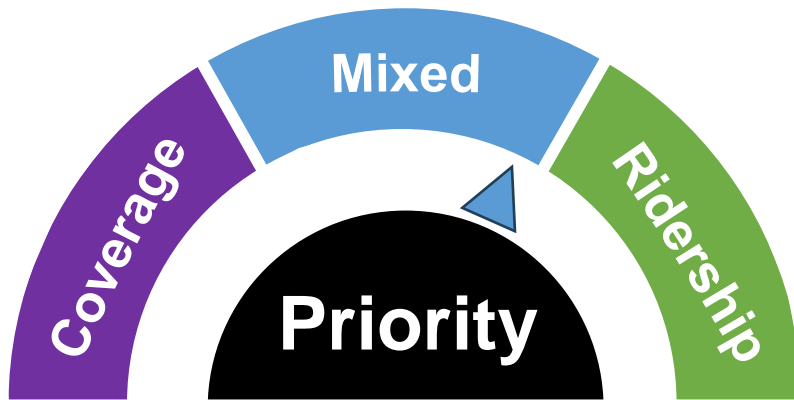


“Keep social need routes, put new resources into growing ridership”

Input from Board members in 2022

Riders and Community Priorities

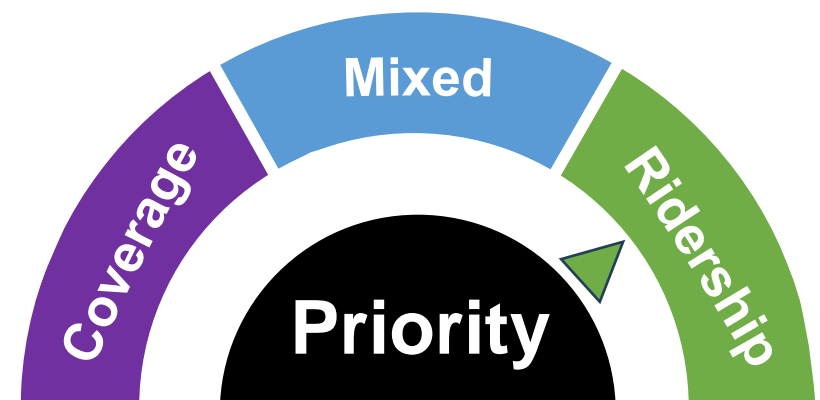
Pre-Pandemic



Pandemic



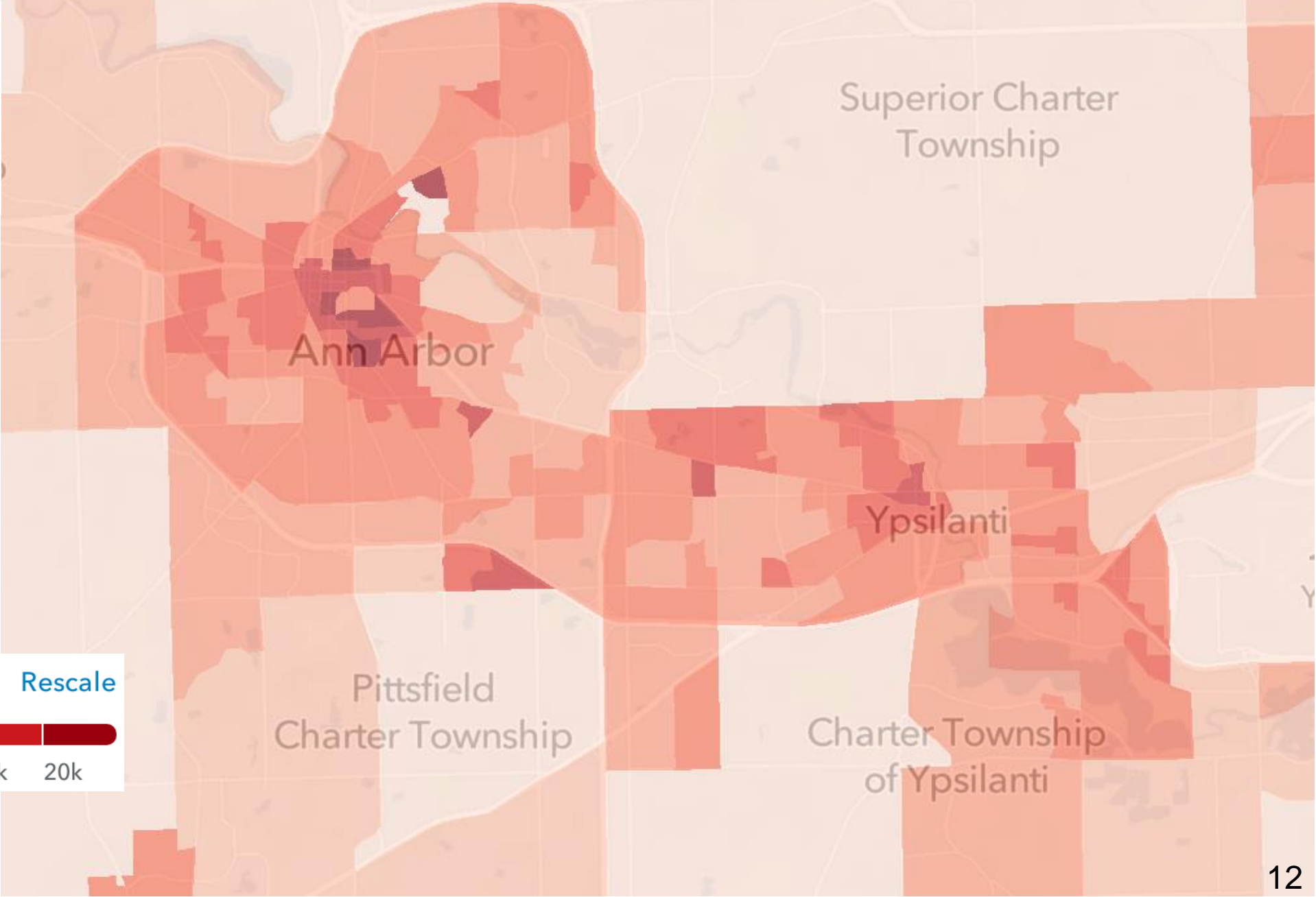
Long-Range Plan



Agenda

- The Concept
- Where We Are
- Challenges and Opportunities
- Discussion & Q/A

Community Profile



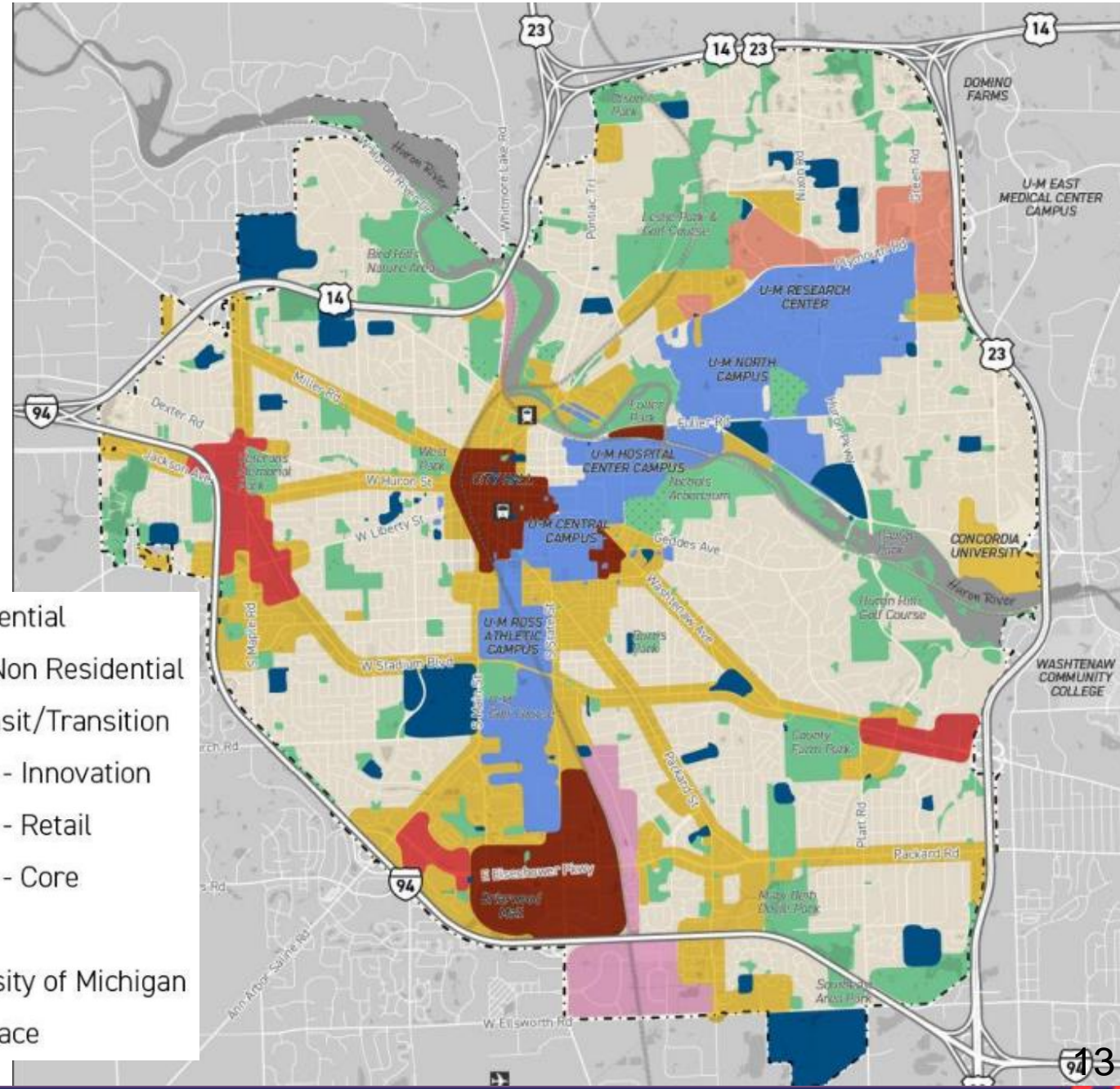
PEOPLE / MI²

[Rescale](#)



Concept of Integrated Planning

- Land use and transportation and transit
- Transit priorities and technologies
- Programs/partnership
- System/network approach



Opportunity Index

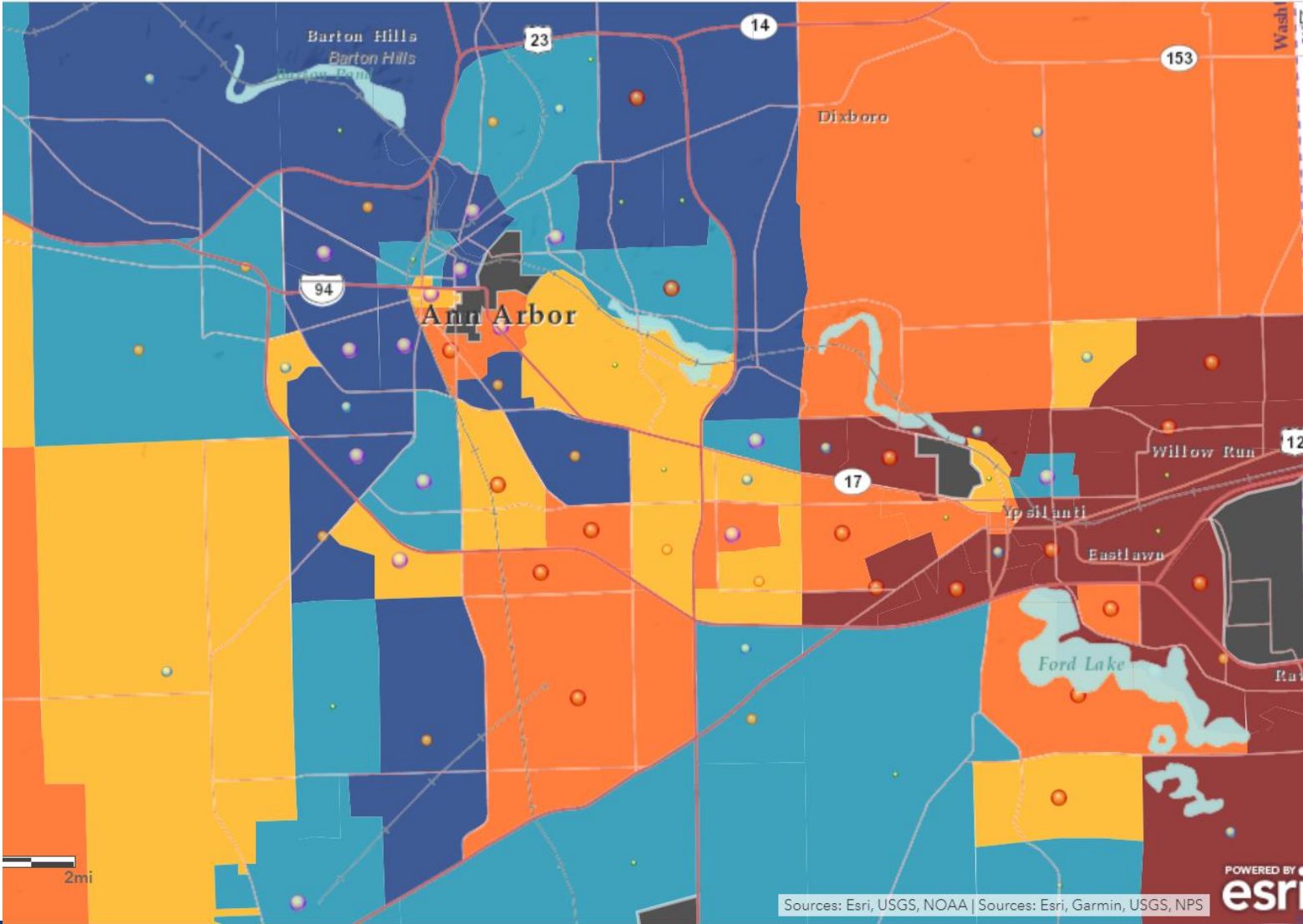
Change Index

- High Decline
- Some Decline
- Stable
- Some Growth
- High Growth

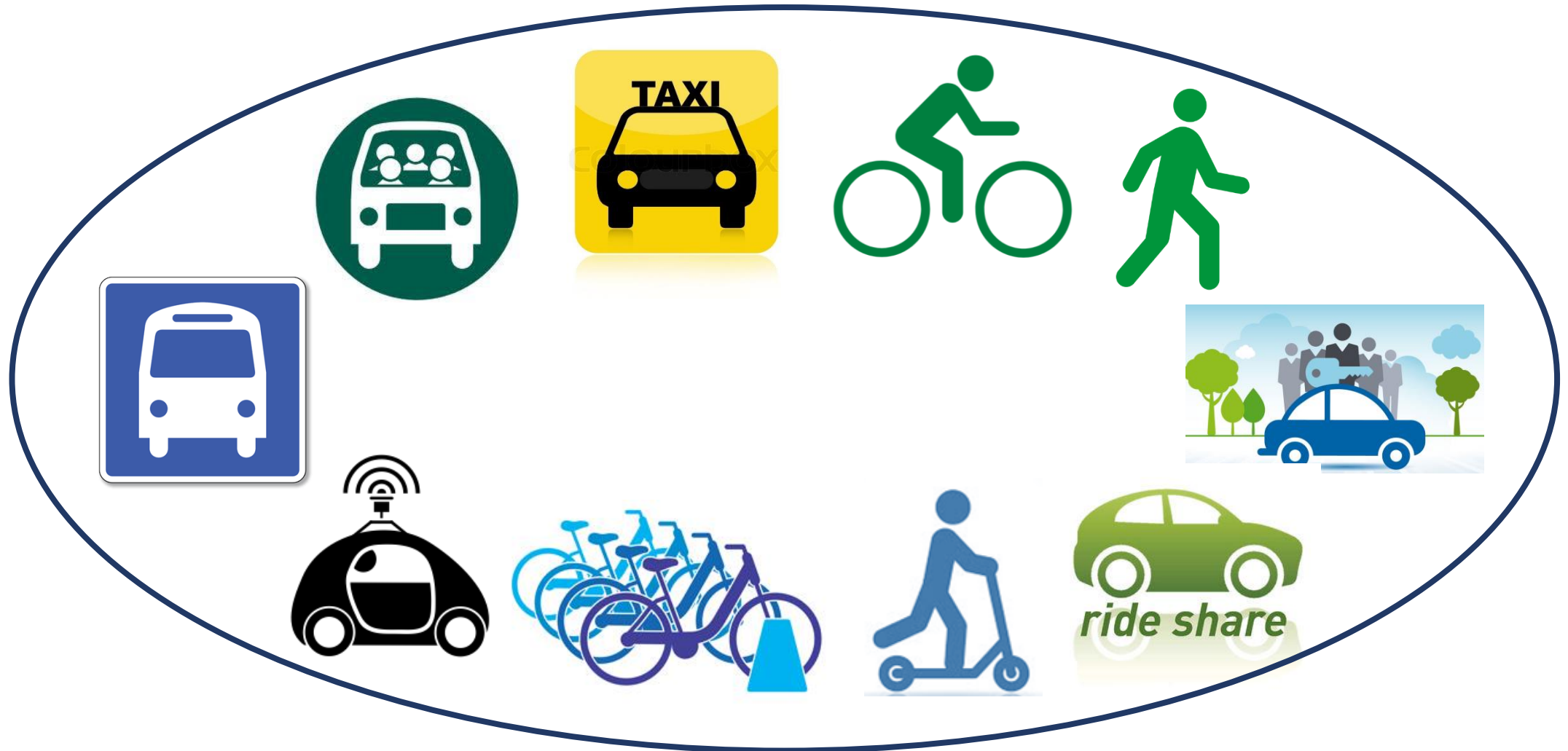
Low Number of Households

Opportunity_Index

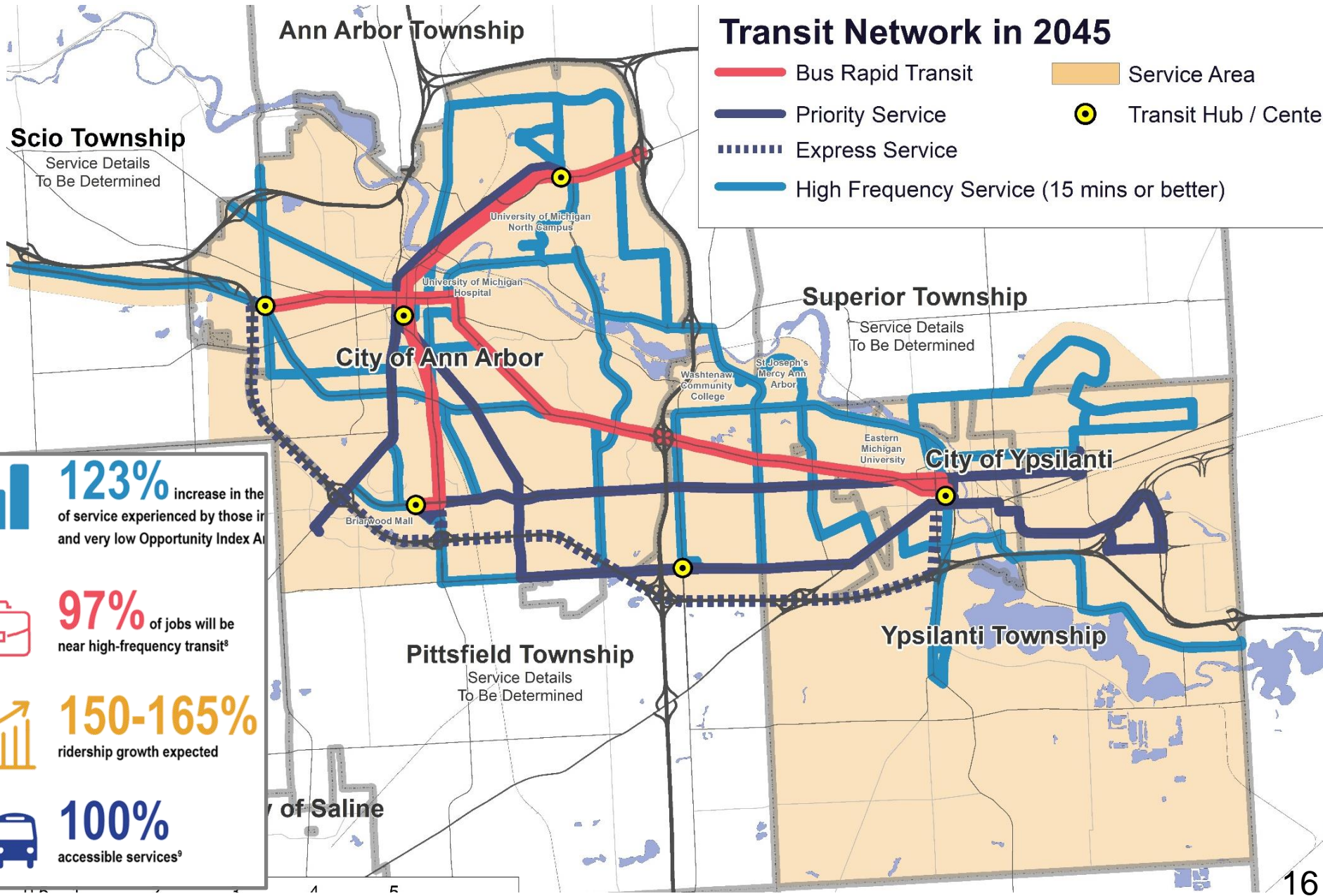
- Very Low
- Low
- Moderate
- High
- Very High
- Low Number of Households



Concept of Integrated Mobility



TheRide 2045 Long-Range Plan



- 100%** increase in the level of service experienced by the average rider
- 123%** increase in the level of service experienced by those in the lowest and very low Opportunity Index Areas
- 39%** faster travel time for the average trip taken by transit
- 97%** of jobs will be near high-frequency transit⁹
- 7-11%** reduction of transportation-related emissions
- 150-165%** ridership growth expected
- 6.9 million** car trips avoided
- 100%** accessible services⁹

Agenda

- The Concept
- Where we are today
- Challenges and Opportunities
- Discussion & Q/A

Ridership (Frequency) vs. Coverage

Principles for Service Design

For Discussion Only

FY2025 Q1 Service Report

Service Committee Meeting Date: March 4, 2025

Board of Director’s Meeting Date: March 20, 2025

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 Oct, Nov, Dec
ISSUE SUMMARY
<p>In accordance with the Board’s Policy Manual, I present the Quarterly Satisfaction and Service Report for the first quarter of FY2025. 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 includes currently available and reportable data/targets for Fixed Route, A-Ride/Paratransit, VanRide, and FlexRide services.</p> <p>Over the past year, we have seen continued year-over-year growth in ridership, particularly within our Fixed Route and A-Ride services. This sustained increase reflects our community’s growing reliance on public transit as a preferred mode of travel. At the same time, our Fixed Route On-Time Performance has remained steady, reinforcing our role as a dependable and accessible service provider. These trends indicate strong ridership recovery and increasing demand for our services.</p> <p>The data from Q1 of FY2025 illustrates a transit system that is steadily regaining ridership levels, with usage patterns that align with broader industry trends. As transit agencies nationwide continue to adapt to evolving work habits and travel behaviors, our ability to maintain pullout and prepare for future service needs ensures we are well-positioned to meet the mobility demands of our community.</p> <p>Readers should note that the numbers reported at the end of the quarter have undergone validation and confirmation as required by the National Transit Database (NTD) process. Some figures included in this report were quarterly estimates based on available financial and operational data. Historic numbers have been updated to reflect validated data submitted to NTD.</p> <p>We remain committed to providing high-quality, reliable service to our riders while continuing to monitor and adapt to shifting mobility trends.</p>
ATTACHMENTS
<ol style="list-style-type: none"> 1. Highlights Brief 2. FY 2025 Q1 Service Report

Fixed Route

Fixed Route Measure	FY 2024 Q2	FY 2024 Q3	FY 2024 Q4	FY 2025 Q1	Q1 24 - Q1 25
Revenue Miles	881,700	898,466	942,466	987,825	12%
Revenue Hours	68,416	68,600	77,169	79,241	16%
Operational Cost	\$9,388,530	\$10,357,970	13,702,830	12,053,030	28%
Boardings	1,201,786	1,090,795	1,288,645	1,395,485	16%
Boardings/Revenue Hour	17.6	15.9	16.7	17.6	0%
Cost/Revenue Hour	\$137.23	\$150.99	\$177.57	\$152.11	11%
Cost/Boarding	\$7.81	\$9.50	\$10.63	\$8.64	11%
On-time Performance	86%	82%	80%	82%	-4%
Collisions (New Metric)	NA	NA	NA	74	NA
Percent of Passengers on an On-time Bus	NA	NA	NA	NA	NA
Avg Miles Between Road Calls	32,862	23,751	20,438	24,440	-26%
Average Age of Fleet	8	7.2	7.2	8.5	6%
Complaints/100,000 Boardings	1.2	1.0	1.6	1.1	-8%
Compliments/100,000 Boardings	3.4	1.6	1.3	1.4	-60%



Boardings are up 12% over Q1 of '24 showing a service that is growing and attracting new riders



Complaints per 100,000 Boardings for Q1 experienced a decrease in complaints, demonstrating a strong rebound in transit usage and the community's growing confidence in public transportation.

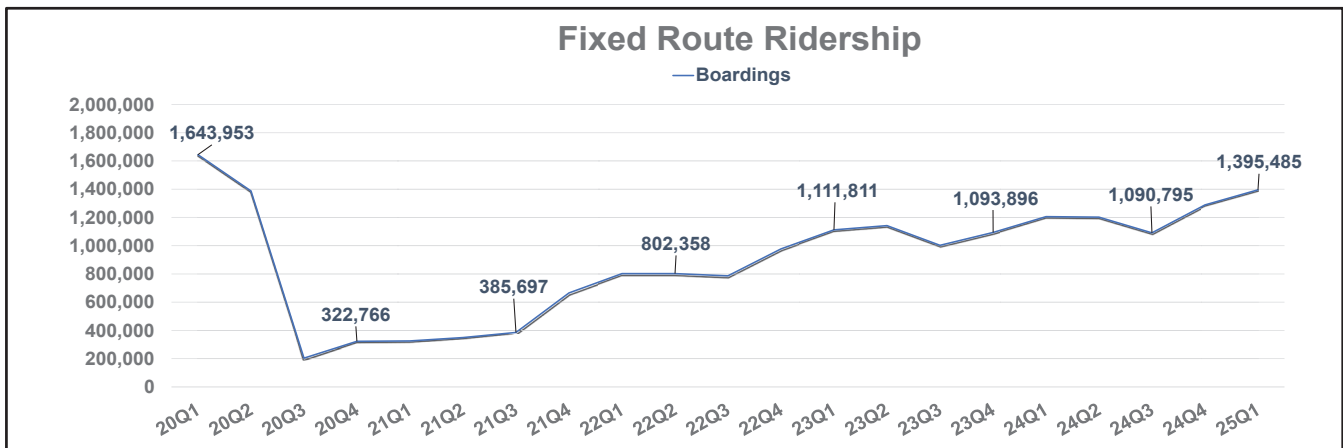


Compliments per 100,000 Boardings for Fixed Route are up 200% compared to Q1 of '24

Preventable Accidents Injury/100,000 miles now Collisions

Preventable accidents were previously defined as any incident that could have been avoided by a driver's actions. We are now also reporting on collisions to track how often our buses are involved in a collision.

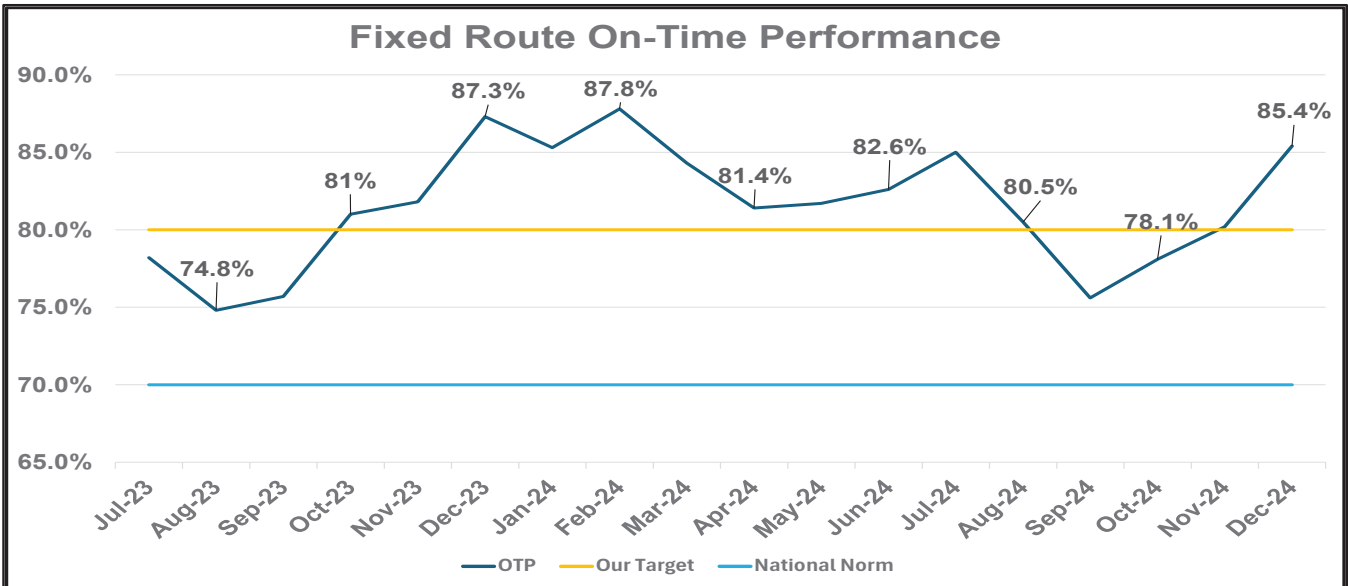
Fixed Route Ridership Comparison



Fixed Route Cost Per Boarding



Fixed Route On-Time Performance

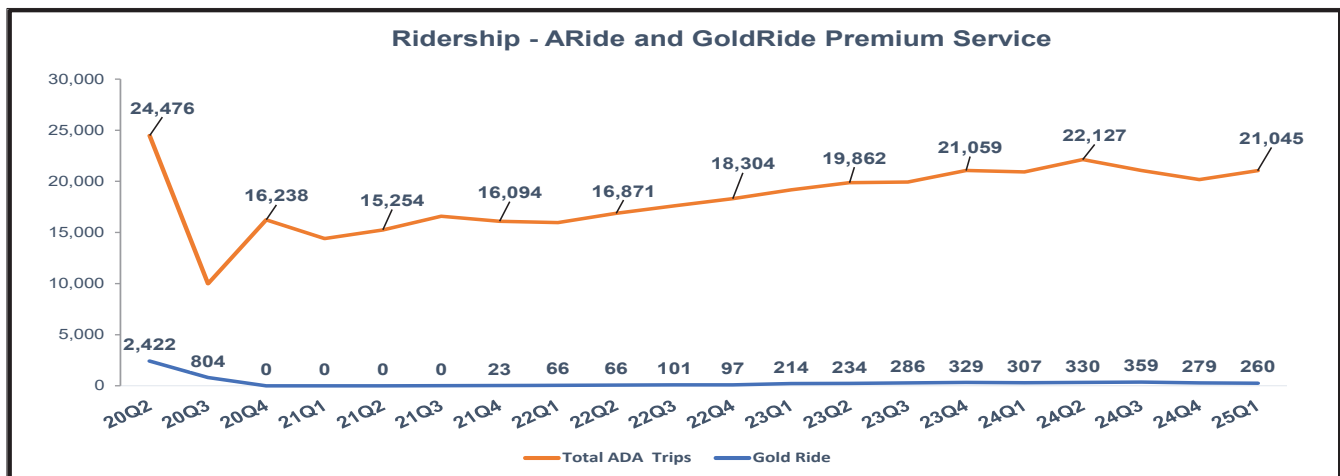
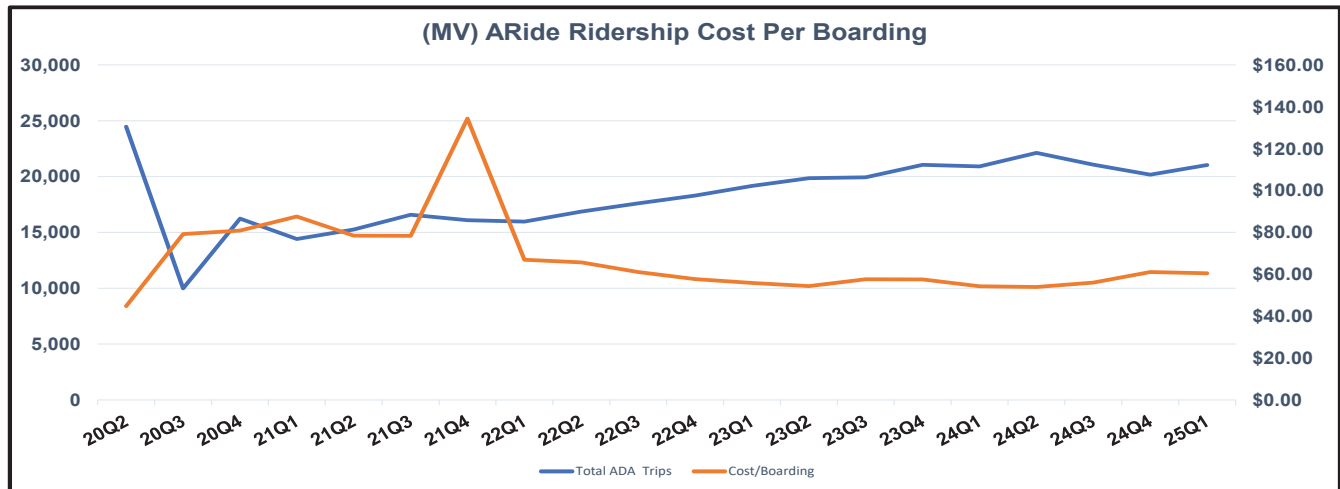




(MV) Aride / ParaTransit

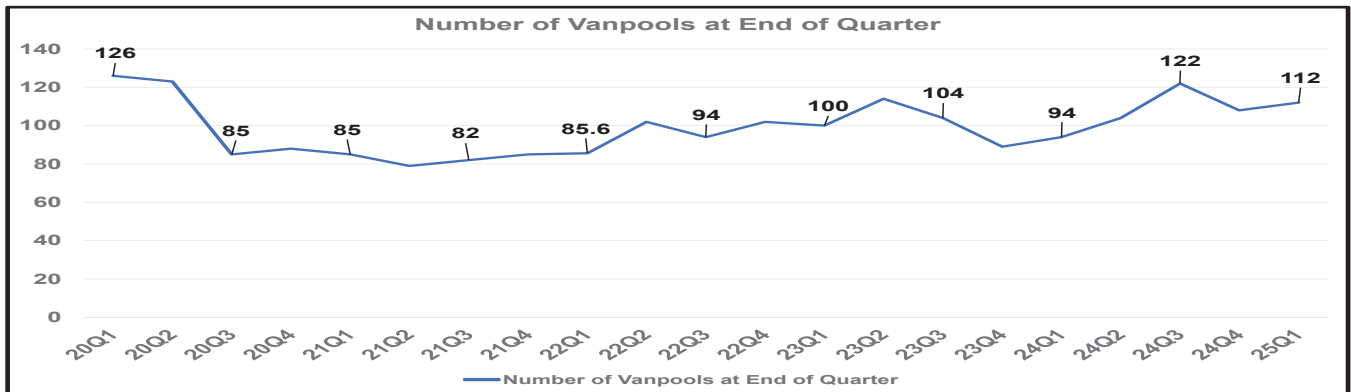
MV - ARide/ParaTransit Measure	FY 2024 Q2	FY 2024 Q3	FY 2024 Q4	FY 2025 Q1	Q1 24 - Q1 25
Revenue Miles	198,620	196,604	188,334	182,255	-8%
Revenue Hours	13,916	13,603	13,791	14,076	1%
Operational Cost	\$1,193,382	\$1,180,821	\$1,233,161	\$1,232,389	3%
Senior Trips	330	359	279	260	-21%
Total ADA Trips	22,127	21,072	20,178	21,045	-5%
Cost/Revenue Hour	\$85.75	\$86.81	\$89.42	\$89.75	5%
Boardings/Revenue Hour	1.61	1.58	1.46	1.48	-8%
Cost/Boarding	\$53.93	\$56.04	\$61.11	\$60.51	12%
Ontime Performance with 30 Minute Service Window	98%	97%	98%	98%	0%
Complaints/100,000	49.7	75.9	42.8	33.3	-33%
Compliments/100,000	9.04	18.98	4.75	14.26	58%
Trip Denials	0.00	2	2	3	NA

(MV) Aride Ridership Cost Per Boarding



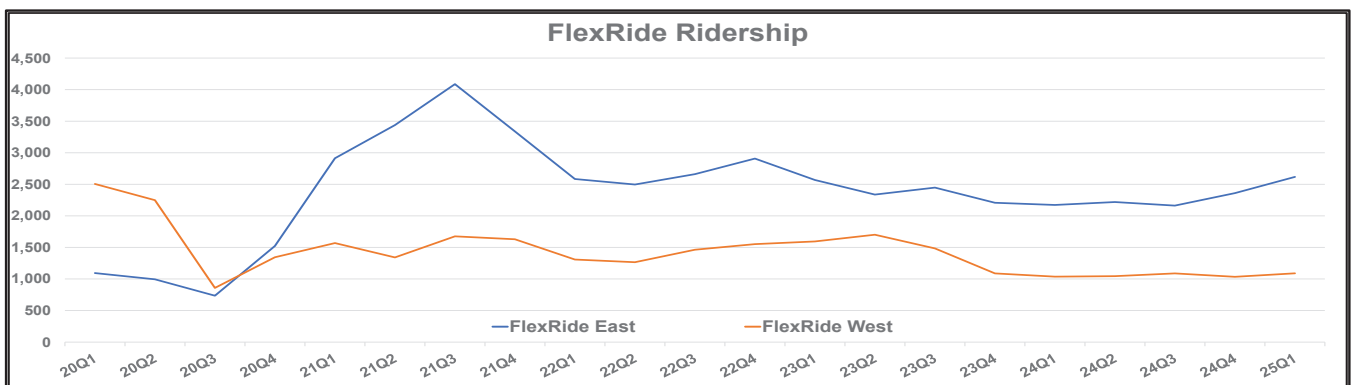
Vanpool

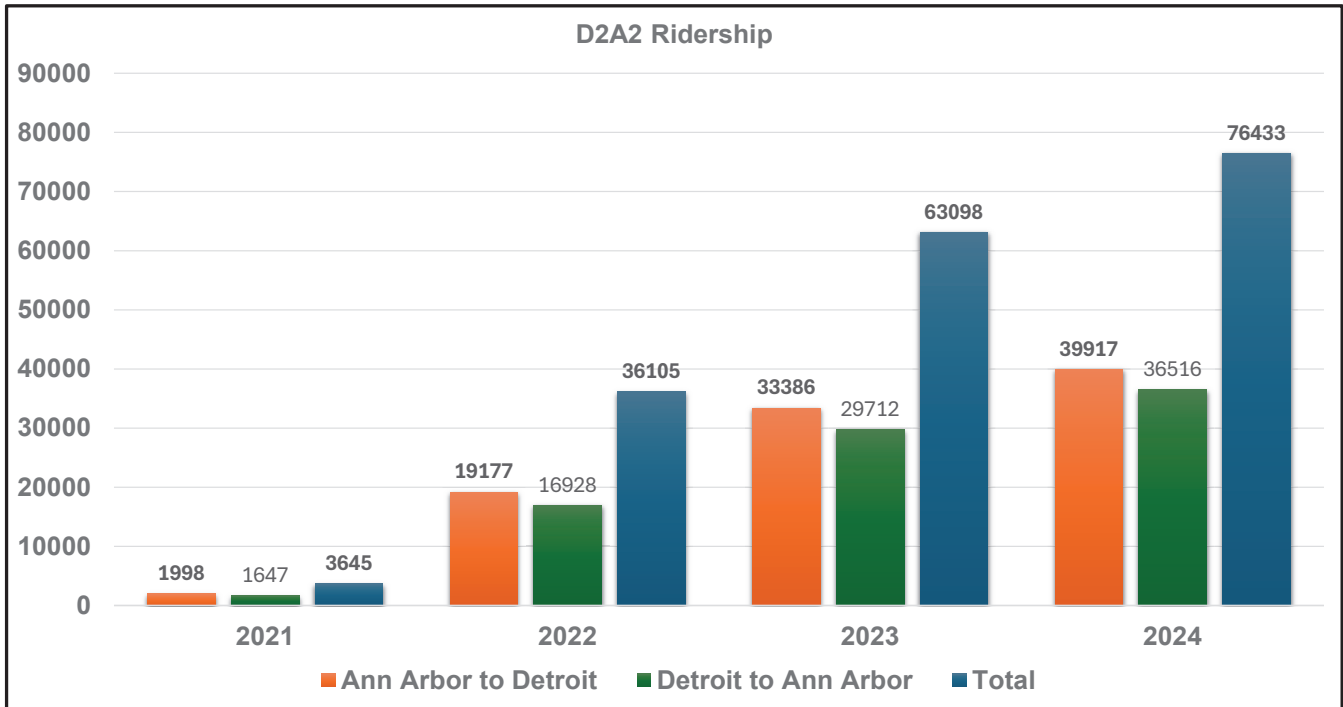
VanPool Measure	FY 2024 Q2	FY 2024 Q3	FY 2024 Q4	FY 2025 Q1	Q1 24 - Q1 25
Number of Vanpools at End of Quarter	104	122	108	112	8%
Number of Rider Trips Taken	46,860	44,060	46,854	47,781	2%
Avg Fuel Cost to Rider	\$58.87	\$63.56	\$66.64	\$55.46	-6%
Avg Monthly Rider Miles	178,106	180,014	194,526	196,555	10%
Federal Subsidy/Rider Trip	\$3.58	\$3.14	\$3.68	\$3.67	3%
Rider Miles/Gallon	27.24	27.29	29.67	18.12	-33%



FlexRide

Golden/Via - FlexRide Measure	FY 2024 Q2	FY 2024 Q3	FY 2024 Q4	FY 2025 Q1	Q1 24 - Q1 25
Operational Cost (Contractor)	\$159,079	\$161,265	\$284,025	\$278,295	75%
Trips - East Service Area	2,219	2,163	2,361	2,618	18%
Trips - West Service Area	1,045	1,089	1,035	1,090	4%
FlexRide - Late Night	2,490	2,475	2,881	3,062	23%
Cost/Boarding	\$48.74	\$49.59	\$83.64	\$75.05	54%
Complaints	1	9	18	24	2300%
Compliments	0	1	0	1	NA
Denials East	8	3	22	191	2288%
Denials West	5	2	11	32	540%
Denials Late Night/Holiday	24	41	244	162	575%
Boardings	5,754	5,727	6,277	6,770	18%
Trip Denials	37	46	277	385	941%



D2A2 Ridership


CEO Report

Meeting: Board of Directors

Meeting Date: March 20, 2025

INFORMATION TYPE

Other

LONG-RANGE PLAN STATUS UPDATES

YPSILANTI TRANSIT CENTER PLANNING

Schematic design of the YTC building is underway and will likely continue into May. The design team has been engaging 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. Most technical work and written documentation are complete for the Categorical Exclusion with Documentation, but the project team faces uncertainty at the federal level with technical and legal reviews of the documents and coordination on the Section 106 process with the Michigan State Historic Preservation Office (SHPO), which must be completed by FTA. The timeline for finishing the environmental documentation is in flux, but the project team is hoping to complete it by this spring. The project team will hold additional public engagements April 17-May 23, 2025, to inform stakeholders and the community on the facility design and function. AAATA staff are working with the current consultant team to move into the next phases seamlessly under a new contract. As currently scoped, this will include final schematic design, design development, construction documentation, and some construction management. Project delivery methods for construction are also under consideration.

BUS LANES AND BUS RAPID TRANSIT

Bids were opened and City staff will present a recommendation to City Council in the coming weeks to award a contract for the South State Watermain and Resurfacing project, which runs from South University Avenue to Williams Street. As previously reported, this project will include a dedicated transit lane on northbound State Street (east side of the road), as well as bus stop upgrades. The project also includes crosswalk enhancements, bike lanes, traffic signal modifications, and underground utility upgrades. Construction is expected to occur from Spring 2025 to Fall 2025 and State Street will be closed for the duration of construction. More information is available on the project website: <https://engage.a2gov.org/state-street-watermain-and-resurfacing-project>.

OPERATIONAL UPDATES

TRANSIT OPERATOR GRADUATION/RECRUITMENT

AAATA had a MCO class of six begin on February 10th, with an expected graduation date of March 21st. The next MCO class began on March 4th with five individuals in the class. Our operator number is expected to be 202 after the MCO class graduation.

COMMUNITY AND EMPLOYEE ENGAGEMENT

On March 18th, AAATA will celebrate Transit Employee Appreciation Day. AAATA will be honoring all staff and providing food for all employees.

LOCAL ADVISORY COMMITTEE (LAC)

The LAC met on March 11th and discussed the 2025 work plan and operational service updates.

ANN ARBOR CITY COUNCIL

AAATA will present to Ann Arbor City Council on April 7th, 2025.

TRANSPORTATION COMMISSION (ANN ARBOR)

The commission met on February 19th, where a resolution to collaborate with AAPS was discussed and passed, and initial results from the "Safe Street for All" survey were discussed.

WATS POLICY COMMITTEE UPDATE

The February 2025 WATS meeting was cancelled.

ADVOCACY UPDATES

FEDERAL DEVELOPMENTS

The CEO and Manager of Public Affairs will provide a federal update at the board meeting.

STATE BUDGET BEGINNINGS

As reported last month, the Governor has proposed a \$3 billion transportation proposal. These proposed funds would go through the Act 51 formula, automatically distributing about \$250 million into the Comprehensive Transportation Fund.

In response, the GOP recently introduced and passed a \$20b spending plan that emphasizes fiscal restraint and excludes transit. As a reminder, this is the starting point of a very lengthy budget negotiation process.

AAATA attended the MPTA advocacy day on March 12th in Lansing. CEO Matt Carpenter, Board Chair Kathleen Mozak, and Manager of Public Affairs and Community Engagement Jeff Pfeifer met and had conversations with elected officials. Meetings included members from our own delegation in the MI State House, State Senate, as well as House Leadership. The meetings were to educate the elected officials about AAATA and the importance of public transit funding.

EXECUTION OF CONTRACTS OVER \$250K (Policy 2.9.1.5.D)

There were no contract executions over \$250k to report.