
BOARD OF DIRECTORS - ANN ARBOR AREA TRANSPORTATION AUTHORITY

DATE: Thursday, February 21, 2019

TIME: 6:30pm – 10:00pm

PLACE: Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor MI 48104

MEETING CHAIR: Eric Mahler

AGENDA

	Info Type*	Detail
1) Opening Items		
1. Approve Agenda		
2. Public Comment		
3. General Announcements		
2) Consent Agenda	D	
1. Minutes		
3) Policy Monitoring and Development		
1. Audit Task Force: Auditor Report	M	Cooper, Plante Moran
2. Board's Annual Plan of Work Items	O	
3. Policy Monitoring and Committee Reports		
1. Governance Committee	O	Mahler
2. Finance Committee	O	Allemang
3. Service Committee	O	Hewitt
4. Other Board Reports & Ownership Linkage		
1. LAC, WATS, A2 Transportation Commission	O	Mozak-Betts, Krieg, Sims
2. Task Force Reports (Verbal)	O	Allemang, Mahler
4) Strategy and Operational Updates: CEO		
1. Service Planning Process Discussion	O	Carpenter/Sanderson
2. Monitoring Report 2.5: Financial Conditions + Activities	M	Metzinger
3. Q1 Financial Report	O	Metzinger
4. Q1 Service Report	O	Smith
5. CEO Report	O	Carpenter
5) Board Development		
6) Emergent Business		
7) Closing Items		
1. Topics for Next Meeting: TOD Presentation, Planning Process Feedback		<i>Thursday, March 21, 2019 @ 6:30pm</i>
2. Public Comment		
3. Board Assessment of Meeting		
4. Adjournment		

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

Monitoring Reports

Sample Motions

Accepting: I move that:

- We affirm that Monitoring Report XYZ has been read by board members, and
- We accept this report as it provides
 - a reasonable interpretation of the policy and
 - evidence of compliance with that reasonable interpretation [or... while not in compliance, shows evidence of reasonable progress/commitment toward compliance]

Not Accepting: I move that:

- We affirm that Monitoring Report XYZ has been read by board members, and
- We do not accept this report
 - as the interpretation for XYZ.XYZ cannot be deemed reasonable by a rational person
 - A. OR
 - though it provides a reasonable interpretation, it does not adequately provide evidence of compliance for XYZ.XYZ.
- CEO will provide an updated Monitoring Report XYZ within ## months.

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 3.13 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 Minutes – Jan. 24, 2019

Recommended Action(s): Approve for Posting to Website

Information Type: Decision

Meeting Information: Ann Arbor District Library, January 24, 2018 at 6:30 p.m.

Board Members in Attendance: Eric Mahler, Kyra Sims, Prashanth Gururaja, Mike Allemang, Roger Hewitt, Jesse Miller, Kathleen Mozak-Betts, Larry Krieg

Staff in Attendance: Matt Carpenter, John Metzinger, Bryan Smith, Tim Sanderson, Geri Barnstable

Chairman Eric Mahler noted that a Quorum was present and called the meeting to order at 6:32pm.

1) Opening Items

1. Approve Agenda

Mr. Miller moved to approve the agenda. Mr. Allemang seconded. All approved the agenda.

2. Public Comment

Mr. Jim Mogensen, from the public spoke about a meeting he attended where the discussion was that increasing the density of the population in certain areas of Ann Arbor would lead to increased fares. However, it is not that simple. More needs to happen for that to work.

Mr. Yuri Popov spoke, a lifelong user of public transportation who is also a teacher at the University of Michigan and a member of the advisory board for the Detroit Connector. Speaking on his own behalf about the Washtenaw Avenue Bus Rapid Transit project, he supports the overall project however it leaves out an important item, that none of the proposed routes service both Central Campus and the Hospital. As it is currently planned, the University of Michigan Central Campus is served by one remote stop. He circulated a possible addition to this. He believes it is vital to establish a stop as close to the Central Campus as possible because that is the busiest transit hub in Ann Arbor. He outlined the benefits to doing this. Then he requested that the Board consider that the Bus Rapid Transit serve both the Central Campus and the university hospitals. Chairman Mahler said they would take that under advisement.

3. Mr. Clark Churnetski wrote the bus traffic transit system in Grand Rapids and the Q Line in Detroit. These were high density areas with stops closer together to serve a lot of people. He echoed what was said previously that Central Campus and the Medical Center must be served because they are prime locations.

4. General Announcements

None.

2) Consent Agenda

1. Minutes from Board Meeting in December 2018 were moved for approval. The motion passed.
2. Required Approval: MDOT Funding Resolution
Chairman Mahler asked for a vote of those in favor of both agenda items. Both passed unanimously.

3) Board Development

1. Education re: Transit Supportive Land Development

Dr. Johnathan Levine spoke about transit supporting land use development, acknowledging that the AAATA has no direct decision-making authority over this. He stated that he will argue transportation, as it relates to land use development, is at the heart of environmental performance. (He noted that even though the U.S. pulled out of the 2015 Paris Accord to cut greenhouse emissions, many groups, including cities and counties in the U.S. are still following it.) New residents have a significant impact on emissions by their choice of transit. That choice is usually determined by zoning and when exclusionary zoning puts these people in farther off places, they have a decreased chance of using public transit. So, land use is also tied to transportation and thereby, environmental performance. He gave examples of cities such as San Francisco, demonstrating that environmental performance is tied to geography, not demography. He provided statistics on how people travel to work locally in various locations. Those within the city have a smaller carbon footprint than those traveling from farther out. So, the cities are more efficient, and zoning defines usage. He gave the example of Minneapolis permitting multi-resident housing in a program called "Neighbors for More Neighbors Share Our City" which lead new residents to choose city living.

Dr. Levine presented 3 levels of policy reform to address exclusionary zoning:

- 1) Education of governing groups for example, cities eliminating parking requirements which make it more affordable to live in those areas.
- 2) Incentive where Regional Authorities evaluate land use policies of municipalities and will not spend money on those that are "hostile" to transit.
- 3) Power Sharing Level of Regionalism is where Regional Authorities and municipalities make a joint decision, but the Regional Authorities can intervene if the municipalities' choice is not environmentally friendly.

Dr. Levine concluded that even though it is not a direct decision-maker, the AAATA can articulate what constitutes good development and be an advocate for that as have other boards in town, such as the library. Questions and discussions followed much focusing on how AAATA could impact the land use decisions in Arbor Area.

4) Policy Monitoring and Development

1. Board's Annual Plan of Work

Chairman Mahler announced that the return of the Board Member Disclosure Forms can be moved to next month. Mr. Allemang noted that under the January Service Committee it says 2.2 but it is really 2.1

2. Policy Monitoring and Committee Reports

1. Governance Committee

Chairman Mahler reported that they discussed Board Retreat planning, CEO expenses, Task Forces and a pipeline of Board candidates being built for that. He announced that a ½ day Retreat Planning would be to filter ideas for the full day retreat to make that efficient and provide the staff with direction. He requested Board Members come to the ½ day retreat with ideas, so a consensus can be reached. Mr. Smith gave an Art Fair Report.

2. Finance Committee

Did not meet.

3. Service Committee

Mr. Hewitt reported that for the majority of the meeting Treatment of the Traveling Public was discussed and Mr. Carpenter will present that later. Whether Executive Limitations are being met is still in progress. The minimum has been set but they asked how to go beyond to the aspirational goals. Mr. Carpenter announced that a website consultant has been hired to determine what to improve to make the website more efficient. Mr. Smith gave an update on Art Fair and there was an update on the Ann Arbor-Detroit Express.

3. Other Board Reports & Ownership Linkage

1. LAC, WATS, A2 Transportation Commission

Ms. Mozak-Betts announced that the LAC did not meet.

Mr. Krieg reported that WATS passed its Audit with flying colors.

Ms. Simms reported that the Commission passed a statement of values revised from December and went to the City Council. The Annual Report was also approved for submission to the City Council. The 2019 Work Plan was discussed which is relevant to AAATA because it includes our Strategic Business Plan. Mr. Cooper and a consultant gave a presentation on "Vision Zero" whose main message is safety.

2. Task Force Reports

Ownership Linkage

Mr. Allemang reported that there was nothing urgent in Finance to report. They made it a Task Force Meeting since 3 of the 4 members of Ownership Linkage were present. Mr. Cooper also participated. Mr. Krieg was not present. The focus was on how to communicate with legal stakeholders starting with the Mayor, then the City Council. The next meeting will be in February.

Resource Allocation

Chairman reported that the meeting was postponed until early February.

5) Strategy and Operational Updates: CEO

1. Monitoring Report 2.1: Treatment of Traveling Public

Mr. Carpenter apologized that the report was incomplete and stated that they are recruiting for staff to help. There is some overlap with the Ends Statements. Minimum standards, which begin with the Monitoring Reports, are being met but there needs to be a way to track that this is being done continuously, using objective evidence. Mr. Carpenter gave an example from Executive Limitations Item 2.1.1, meeting ADA regulations as being objective evidence. He will ask Ms. Mercier how to address exceeding minimum requirements. Questions and discussion followed. Chairman Mahler suggested they vote on what they have. It was unanimously voted that the report is accepted with the incomplete items that were noted.

2. CEO Report

Mr. Carpenter announced that projects such as improvements on the Washtenaw Line and a Federal Grant for autonomous vehicles. Mr. Metzinger reported that we currently are not impacted by the Federal Government shutdown and we have sufficient cash on hand to continue through 2019 if necessary. In March, if the shutdown is still in place, it will be decided whether to defer some capital projects. Contingency plans will be considered if the shutdown goes into summer and Fiscal Year 20/20.

6) Emergent Business

None.

7) Closing Items

1. Topics for Next Meeting: Board Member Disclosure Statements Due (3.3.2.1), Discuss Board Retreat

2. Public Comment

Mr. Popov would like to see general messages that are on the buses replaced by rate information.

Mr. Churnetski stated that regarding Dr. Levine's talk, we need to build downtown and the higher density that is being added should be looked at.

Mr. Mogensen stated there should be a system to learn what the smaller items on the route are.

3. Board Assessment of Meeting

Meeting assessment came up at the Governance Meeting. He will reach out to Rose Mercier meanwhile, he has a form which he will send out.

4. Adjournment

Mr. Hewitt motioned for adjournment. Mr. Miller seconded. The vote to adjourn was unanimous. Meeting was adjourned at 8:50 p.m.

Respectfully submitted by,

Geri Barnstable

Issue Brief: Audit Task Force: Auditor Report

Meeting: Board of Directors

Meeting Date: February 21, 2019

Recommended Committee Action(s): Receive as staff support for Audit Task Force

Prior Relevant Board Actions and Policies:

- Policy 2.5.3, “the CEO shall not ... receive, process, or disburse funds under controls that are insufficient to meet the Board-appointed auditor’s standards.”
- Policy 2.5.4, “the CEO shall not ... compromise the independence of the Board’s audit ...”.
- Policy 3.7.5 establishes the Board’s Audit Task Force to conduct the annual financial audit.

Issue Summary:

Representatives from Plante & Moran PLLC present the results of the annual audit of FY2018 financial statements to the Board, after presentation to the Board’s Audit Task Force on February 12. The task force included Eli Cooper, Kathleen Mozak-Betts, and Jesse Miller.

Background:

To summarize from the independent Auditor’s Report:

- Financial statements present fairly, in all material respects, the financial position of AAATA as of September 30, 2018 and 2017.
- No findings of material weaknesses, significant deficiencies, or compliance problems.

Financial highlights:

- AAATA’s assets increased from the prior year by \$1.17 million
- Total net position decreased by \$1.97 million (due primarily to depreciation)
- Operating revenues declined slightly (-0.2%)
- Operating expenses increased \$2.33 million (due in part to purchased transportation expenses)

Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** Demonstrates financial performance for FY2018
- **Governance:** Supports Board in financial oversight/fiduciary responsibility

Attachments:

1. Auditor’s Letter to the Board of Directors
2. Financial Statements as of September 30, 2018, Audited

Issue Brief: Board's Annual Plan of Work

Meeting: Board of Directors

Meeting Date: 1/24/2019

Information Type: Other

Issue Summary:

As approved by the Board, the Board's Annual Plan of Work, Item # 4.1, and Monitoring Calendar is attached to this Issue Brief for reference.

Attachment 1:

Annual Plan of Work Calendar

Author: GB

Reviewed by: MC

Approved by: MC

Date: January 18, 2019

Annual Board Plan of Work Approved October, 2018												Item 3.2	
		Q1 of each fiscal year			Q2			Q3			Q4		
ANNUAL BUDGET CYCLE		Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	August	Sept
Old Ends Review				⊗ Monitor Ends									
Renew Ends													
Strategic Business Plan								⊗	Strategic Business Plan				
Budget Development												Draft Budget	
Budget Approval		⊗											⊗ Approve budget
		Key: ⊗ indicates key step.											
Plan of Work													
	Ownership Linkage												
	Ends Policies			Review Old Ends	Update Ends Policies	Update Ends Policies	Finalize Ends Policies						
			• Ownership Linkage Task Force	• Ownership Linkage Task Force	• Ownership Linkage Task Force	• Ownership Linkage Task Force						• Budget	• Budget
					• Resource Allocation Task	• Resource Allocation Task Force	• Resource Allocation Task Force					• Bylaws, etc	• Bylaws, etc
						• Orientation, etc	• Orientation, etc	• Orientation, etc		• Role of LAC	• Role of LAC	• Role of LAC	
							• Ridership/Coverage						
						• Long-Range Service Planning Input	• Long-Range Service Planning Input	• Long-Range Service Planning Input	• Service Planning Cont.	• Service Planning Cont.	• Service Planning Cont.	• Service Planning Cont.	• Service Planning Cont.
	Board Education (TBD)	• Emerging Tech		Affordability & Equity				Transit and Land Use			Advocacy		
Oversight, Accountability and Monitoring Reports													
	Directly to Full Board	• 2.0		• 1.0	• Board member Disclosure Statements due (3.3.2.1)			• 2.11					• 2.4
	Governance	• 3.3 • 4.1 • CEO expense report	• 4.2	• 4.3	• 4.4 • CEO expense report • CEO Evaluation	• 3.4 • CEO Evaluation • CEO Compensation (odd years)	• 3.2 • CEO Evaluation	• 3.1 • CEO expense report • CEO Evaluation process	• 3.6 • 3.7	• 3.8 • CEO pay (3.4.7)	• CEO expense report	• 3.5	• 3.0 • 4.0
	Service Committee		• 2.2 • Q4 Service Report		• 2.2	• Q1 Service Report			• Q2 Service Report	• 2.10	• Draft Budget Preview	• Q3 Service Report	
	Finance Committee		Report: • Q4 Financial Report	• 2.7		• 2.5 • Q1 Financial Report	• 2.3 • 2.8	• 2.6	• Q2 Financial Report	• 2.9	• Draft Budget Preview	• Q3 Financial Report	
	Audit Task Force		• Form Task Force	Field Work	Draft	Present							
CEO Strategy Updates			BRT	YTC		• Long-Range Service Planning Process							
Misc							Labor Agreement (every 5 years)						Offer Elections (Byl II.2) Set meeting times (IV.1)

Meeting Summary

Ann Arbor Area Transportation Authority Board of Directors

Finance Committee

Tuesday, February 12, 2019

Present: Mike Allemang (Chair), Jesse Miller, Kyra Sims (phone), Eli Cooper (phone), Prashanth Gururaja (phone)

Staff: Matt Carpenter, John Metzinger, Bryan Smith, Tim Sanderson, Phil Webb, Geri Barnstable

The meeting was called to order at 3:07 p.m. by Chairman Allemang.

1) Opening Items

- a. Agenda (Additions, Approval)
Approved.
- b. Communications
None.

2) Policy Monitoring and Development

- a. Monitoring Report 2.5: Financial Conditions and Activities
Mr. Metzinger noted that this report is timed to match the audit later this month. He noted that we are compliant in most areas but pointed out items where there were discrepancies. Questions and discussion followed, including the use of certain terminology and the level of detail presented. Mr. Carpenter stated that the report would be revised based on this conversation. Mr. Metzinger noted that the report demonstrates to the Board that we are within the budget as per their requirements.
- b. Ownership Linkage Update
Chairman Allemang reported that there has not been another meeting since the last one but that there is one tomorrow. They plan to discuss how to initiate contact with the governments of Ann Arbor, Ypsilanti and Ypsilanti Township.
- c. Audit Review
Mr. Metzinger announced that we just received the Audit report from the Committee. The result was no deficiencies. The Audit Committee will present to the Board at the meeting next week.

3) Strategy and Operational Updates

- a. Mr. Metzinger presented the Q1 Financial Report. Questions and discussion followed.
- b. Mr. Metzinger reported that he and Chairman Allemang had planned to look deeper into the details of Cash Flow, which they will do.
- c. Mr. Carpenter noted that the Board Packets this week will include a PowerPoint presentation on the process of the Long-Range Planning. He will be presenting with Mr. Sanderson and they are seeking early feedback from the Board. Mr. Anderson added that at they will present the process and the goal with the hope of future input from the community. Mr. Carpenter noted that they will be seeking feedback during all stages of the process.

4) Closing Items

- a. Topics for Next Meeting: Ownership Linkage Update, Annual Plan of Work Items 2.3: Compensation and Benefits, 2.8: Asset Protection.
- b. Adjournment by Chairman Allemang was at 4:35 p.m.

Respectfully Submitted,
Geri Barnstable

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
Thursday, February 07, 2019

Present: Roger Hewitt (Chair), Sue Gott, Larry Krieg

Staff: Matt Carpenter, John Metzinger, Bryan Smith, Tim Anderson, Geri Barnstable

The meeting was called to order at 9:08 a.m. by Chairman Hewitt.

1) Opening Items

a. Agenda (Additions, Approval)

None.

b. Communications

None.

2) Policy Monitoring and Development

None

3) Strategy and Operational Updates: CEO

a. Process Preview: Long Range Planning (Verbal)

Mr. Carpenter announced there would a presentation to the Board this month regarding the preliminary process of Long-Range Planning, starting with how to communicate with stakeholders. The Policy Manual says meaningful feedback is required from the public.

Mr. Carpenter noted that it would be good for Board Members to attend these meetings. Ms. Gott requested help in directing them to where they would be most effective. Taking guidance from what is heard, the Planning and Innovation Department will create a disciplined approach to follow up. The overall focus will be what the future vision is for AAATA, as stated in the Ends Policy. The Board has done a lot to set a framework for the process through its Ends Policy. There was much discussion about the types of feedback that may be received. Mr. Carpenter noted a good plan will address trade-offs. Mr. Krieg suggested considering Budget Neutral Improvements such as SMART is doing. Mr. Sanderson expects the feedback to fall into a few categories. The CEO stated that he will update to the Board throughout the process and that the timeline will probably develop over years, hopefully with Federal support. Minor improvements will be done when possible.

b. Q1 Service Report

Mr. Smith reported that on performance time was flat, but he has been doubting the data he has been receiving. He plans to look further into the data. He also noted that bus conditions can be improved. He then reviewed details of the report. There was some discussion about it. Mr. Krieg noted that on the website the last Service Report is from 2016. Mr. Smith will upload the recent ones.

Mr. Carpenter announced that the Executive Team is making internal changes; in particular office staff training which has included some Board Members. He noted that this kind of cultural shift also affects schedules. Mr. Carpenter announced that Mr. Smith will have results of the ParaTransit Study which he will present to the Board as well as plans for a Fare Study.

It was agreed that going forward the Service Committee Meetings will be held on the first Wednesday of each month at 3:00 p.m. – 5:00 p.m.

- 4) Closing Items
 - a. Topics for Next Meeting: Long Range Plan
 - b. Adjournment
Mr. Hewitt requested a vote to adjourn. All voted “yes” unanimously at 10:36 a.m..

Respectfully Submitted,

Geri Barnstable

Issue Brief: Long-Range Plan Process Discussion

Meeting: Board

21 February 2019

Information Type: Other

Recommended Action(s):

Receive for Information. Provide feedback to CEO and staff.

Prior Relevant Board Actions and Policies:

1.0 Ends, 2.4 Financial Planning/Budgeting, 2.8.5.2 Awareness of Implications, 2.8.5.6 Embracing Innovation, 2.10.4 Engaging the Public, 2.10.5 Operate with Transparency, 2.11.1.6 Proactive communication to the Board

Issue Summary:

As the long range plan will represent the future vision of transit in the community through an articulation of the Ends policies developed by the Board, it is imperative that the process for developing the plan is approached in an inclusive and disciplined manner. This presentation describes staff's preliminary process and how the pre-established Board's policies both frame and inform the various methods that will be utilized. Staff are seeking Board feedback and advice on this preliminary process.

Background:

The Strategic Business Plan calls for a new Long-Range Plan to chart a course for achieving the Board End's. As a first step staff have developed a preliminary process, a plan-to-plan, that will guide the planning process. Many Board policies already describe how such a process must be structured.

The first step to achieving this task is developing a robust process that balances the maximization of community participation with the need to produce a focused and attainable plan.

Attachment: PowerPoint Presentation

Long Range Plan Overview

Presented by:

Matt Carpenter, CEO

Tim Sanderson, Deputy CEO, P&I



ANN ARBOR AREA TRANSPORTATION AUTHORITY

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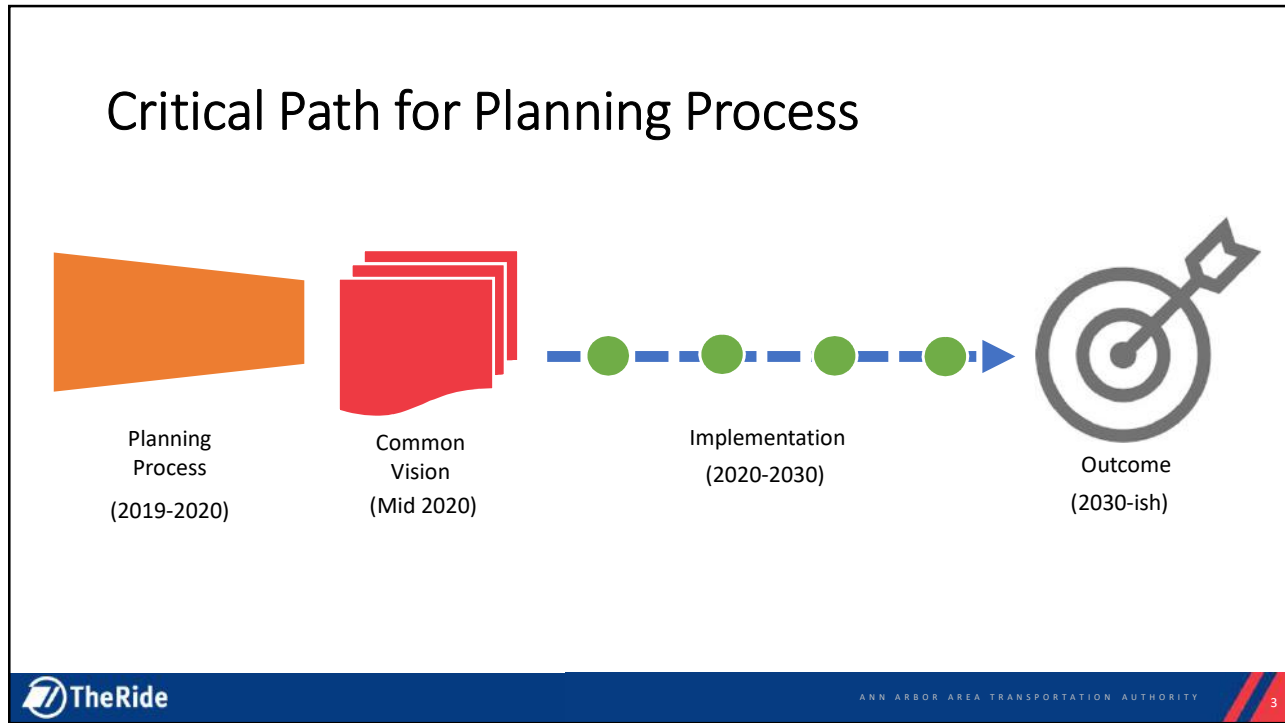
Purpose of Discussion

- Overview of Context & Timeline (Carpenter)
 - Board Feedback
- Overview of Preliminary Planning Process (Sanderson)
 - Board Feedback
- Next Steps/Wrap Up

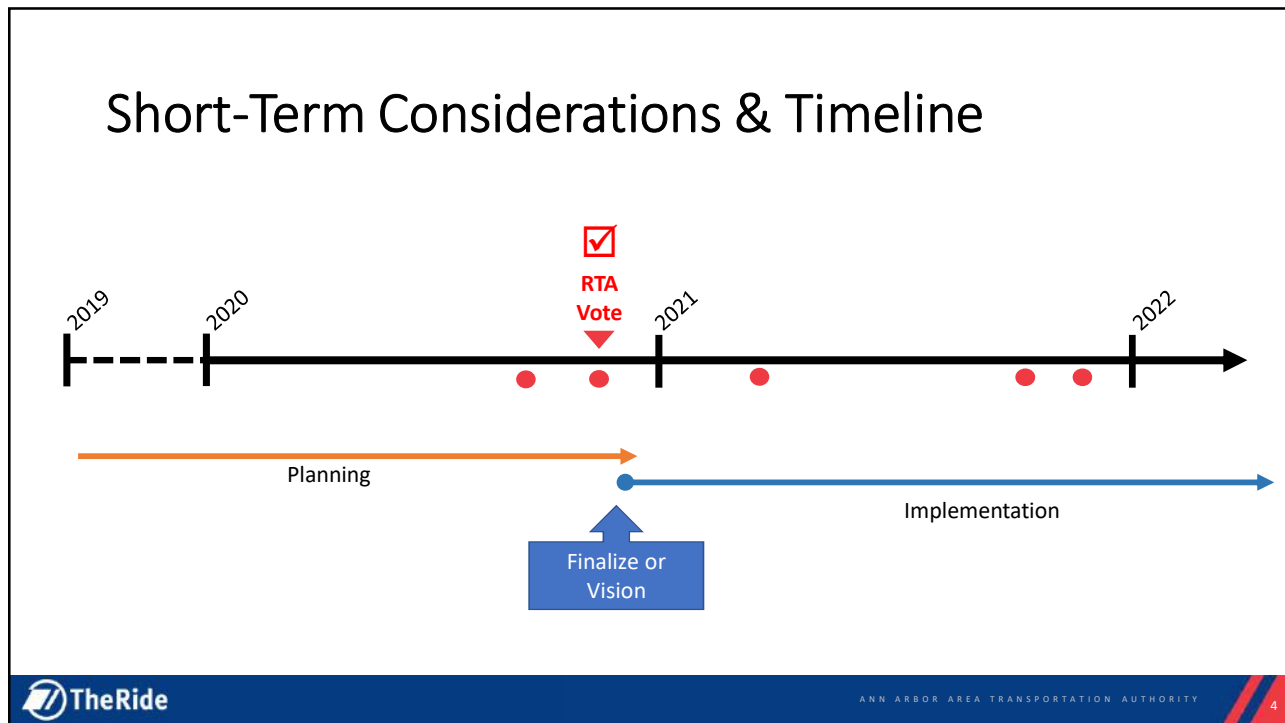


ANN ARBOR AREA TRANSPORTATION AUTHORITY

2



3



4

Board's Role



- Setting outcomes (Ends Policies)
- Setting process parameters (Executive Limitations)
- Ownership Linkage opportunities
- Annual budget approvals
- Millage or other approvals

5

In Summary

- Reverse engineering the process shows us a critical path.
- Timelines suggest an 12-18 month planning period (2019-2020).
- RTA vote affects our options.

Discussion/Feedback

- Questions?
- Did we miss anything?

6

Agenda

- Overview of Context & Timeline (Carpenter)
 - Board Feedback
- Overview of Preliminary Planning Process (Sanderson)
 - Board Feedback
- Next Steps/Wrap Up

7

Overview



WHAT ARE WE
TRYING TO DO?



WHAT IS
GUIDING IT?



WHAT IS THE
PROCESS?



WHAT IS THE
FINAL PRODUCT?

8

What are we trying to do?



CREATE VISION OF TRANSIT IN THE
ANN ARBOR AREA.



DEVELOP A DISCIPLINED APPROACH
TO ACHIEVE THE BOARD'S ENDS .

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What is guiding it?

- Process has been pre-established by the Board.
 - Ends Policies
 - Plan will identify the means to achieving these ends and the expected impact.
 - Executive Limitation Policies:
 - Provides the elements that define the process.

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The Planning Funnel

- Metaphor for how input is received and analyzed and adopted.
 - Parameters defined by policies
 - Wants and needs in
 - Visions out



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Inputs



Wants:

“It would prefer the bus to run more frequently”



Needs:

“I need the bus to go to this location so I can go to work”



Ideas:

“AAATA should invest in a hyperloop”



Comments:

“I would take the bus but it doesn’t work with my hectic lifestyle”

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Public Consultation Elements



Public Meetings/Open Houses



Stakeholder discussions



Rider Surveys



Non-Rider Surveys



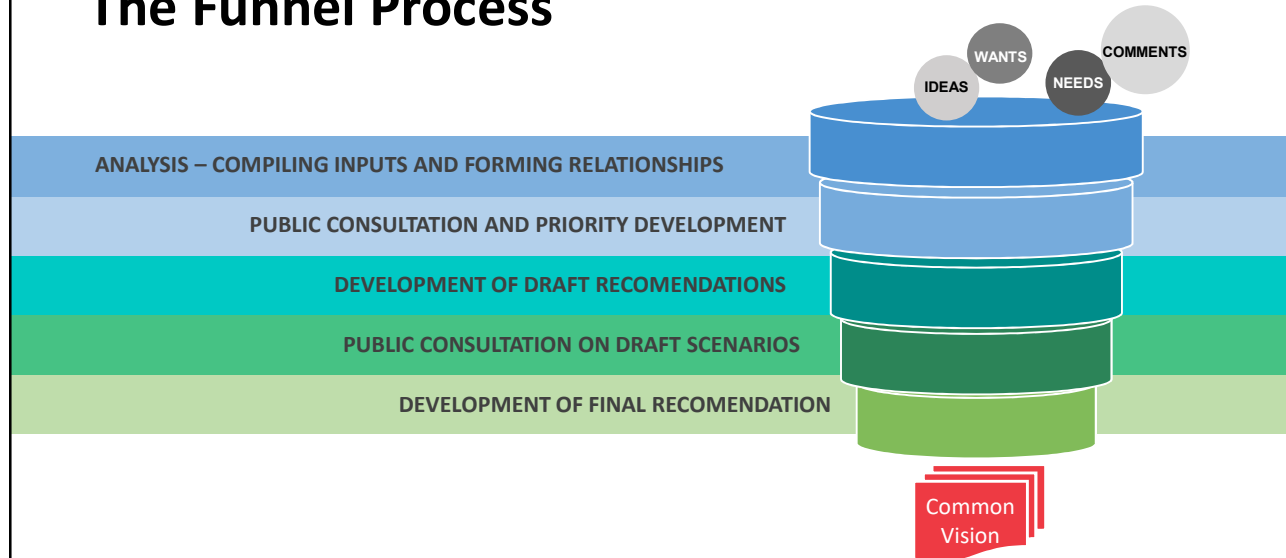
Pop ups



Social Media

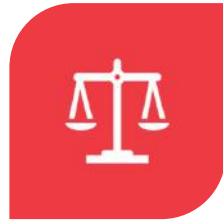
13

The Funnel Process



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Achieving the Right Balance



COMPETING NEEDS / WANTS



LIMITED RESOURCES

What is the final product?

What it will contain:



A framework for achieving the integration of services with community expectations.



A vision for creating a balanced, relevant and effective transit product.



A tool for determining financial impacts and allowing for optimal fiscal stewardship.

What it won't contain:

Timepoint and specific routing.



A firm project/implementation schedule.



Modification of Ends Statements



In Summary

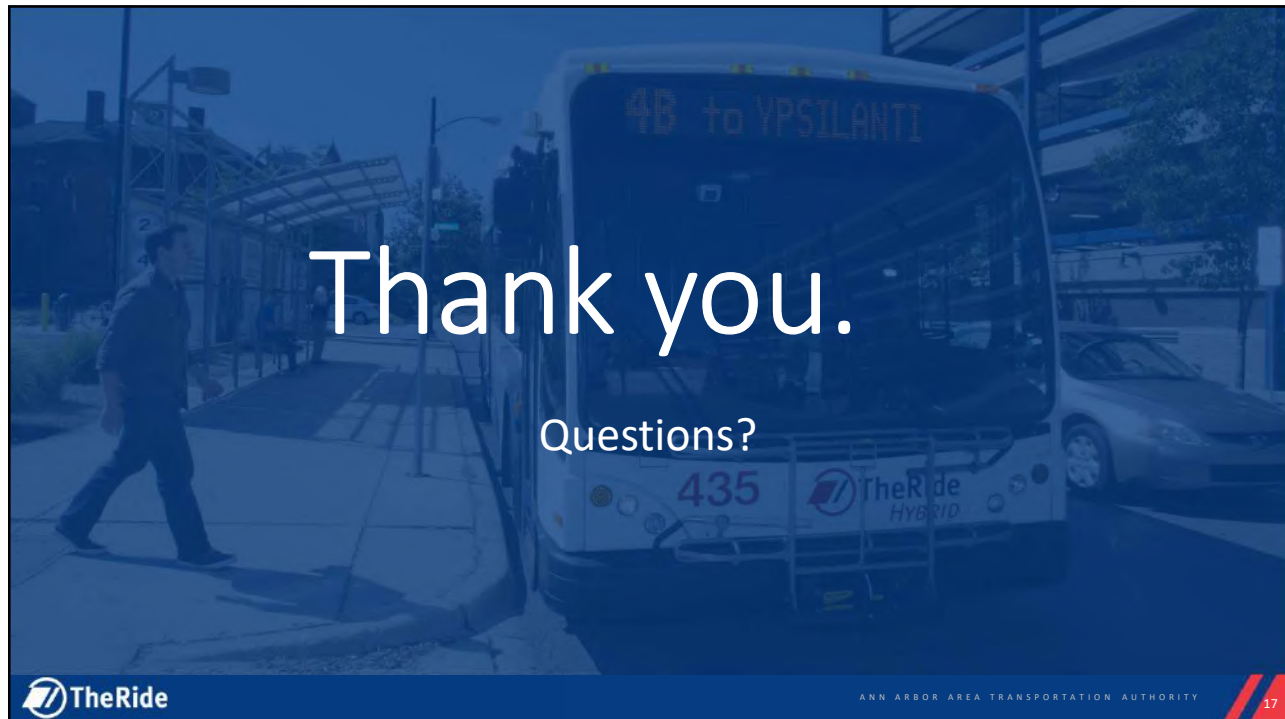
- Planning Process disciplined and achievable.
- Deliberate roles for Board and Staff.

Discussion/Feedback

- Questions? Feedback?
- Did we miss anything?



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18

Issue Brief: Monitoring Report 2.5 Financial Condition and Activities

Meeting: Board of Directors

Meeting Date: February 21, 2019

Recommended Committee Action(s): Accept/not accept monitoring report.

Prior Relevant Board Actions and Policies:

- Policy 4.4: Monitoring CEO Process, Appendices A, B, C.

Issue Summary:

Staff prepared the Monitoring Report for *Executive Limitation Policy 2.5: Financial Conditions and Activities*.

Background:

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:

1. CEO sends Monitoring Report and survey link to all board members
2. All board members complete survey on acceptability of Monitoring Report, looking particularly for two things in the Monitoring Report:
 - a. A reasonable interpretation of the policy
 - b. Evidence of compliance with the reasonable interpretation
3. Committee reviews survey results and develops recommendation to accept/not accept Monitoring Report
4. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)

Impacts of Recommended Action(s):

- **Governance:** Perform key Policy Governance process

Attachments:

- Monitoring report on 2.5 Financial Condition and Activities

TheRide

2.5 Financial Conditions and Activities

Monitoring Report for the Period: October 1, 2017 – September 30, 2018

Date of Report: Tuesday, February 4, 2019, *revised February 14, 2019*

Finance Committee Review: Tuesday, February 12, 2019

Board Review: Thursday, February 21, 2019

TheRide Board of Directors;

In accordance with the Board's Policy Manual; I present the February Monitoring report on **Executive Limitation Policy 2.5: Financial Conditions and Activities**. This report combines an external report information from the financial auditor and internal report information from staff. The auditor examines the financial statements, investments, Federal grant funds, and fund handling, but not the budget.

I certify that the information is true and complete.

Matt Carpenter,
CEO
Ann Arbor Area Transportation Authority

Policy being monitored:

2.5 FINANCIAL CONDITION AND ACTIVITIES

Policy

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: 3

- 2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting. 4
- 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. 8
- 2.5.4 Compromise the independence of the board's audit or other external monitoring or advice. 9
 - 2.5.4.1 Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement. 10
 - 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 11
- 2.5.5 Allow expenditures that exceed the overall Board-approved budget. 12
 - 2.5.5.1 Allow cost overruns on capital projects. 13
- 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 Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages 17
- 2.5.8 Adjust transit passenger fares or tax rates assessed by the Authority. 18
- 2.5.9 Acquire, encumber, or dispose of real estate. 19
- 2.5.10 Encumber the agency with financial debt without previous authorization from the Board. 20

Executive Limitations Policy 2.5

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

Current Interpretation & Rationale

I interpret this policy to mean that I am responsible for ensuring the implementation of the annual Board-approved budget (see policy 2.4) while ensuring sufficient internal control and risk management for financial matters. In addition, I am responsible for reacting to unforeseen events during the course of the year.

Every year sees small fluctuations in financial matters that do not represent significant risk. I define “fiscal jeopardy” to mean a significant deviation of budgeted expenditures or revenues sufficient to require the use of reserves to cover the shortfall, cause disruption in the delivery of services, or to cause delay or cancellation of approved initiatives. For example, fiscal jeopardy could be caused by human error, fraud, or by unforeseeable external events (e.g. recessions, etc.). I must take all reasonable precautions to prevent fiscal jeopardy. Should fiscal jeopardy arise, I am required to act to contain and reduce the risk, for example by reducing non-urgent spending or seeking a formal budget amendment from the Board.

Further, all of TheRide’s activities and costs must be demonstrably related to accomplishing the Board’s Ends. I interpret this to mean that I must not permit resources to be applied for any purpose which would not accomplish the Ends.

Compliance with this overall policy will be demonstrated by compliance with the following sub-policies.

Evidence

See monitoring reports for sub-policies.

Conclusion on Compliance

In compliance with the exception of known challenges regarding the reserve in policy 2.5.7.

While the reserve represents a slight risk to our financial condition, corrective steps have been taken and will continue to be addressed in budgeting for next fiscal year. It will take time for the reserve balance to consistently reach the policy threshold. We will continue to monitor as the fiscal year progresses.

Executive Limitations Policy 2.5.1

...the CEO shall not ... Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.

Current Interpretation & Rationale

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

Evidence

Financial Auditors recently completed an audit for FY2018. They focus on accounting, but report on weaknesses they come across in Internal Controls. In 2009, AAATA had a thorough review of Internal Controls completed by Maner Costerisan, and updated Internal Controls procedures went into effect then. For FY2018 there were no findings of deficiencies in accounting practices or internal controls. Pertinent evidence from both sources is provided here:

Accounting: Selections from the Independent Auditor’s Management Letter (pp.3-5):

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

As described in Note 15, the Authority changed accounting policies related to the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

The most sensitive estimates affecting the financial statements related to the following:

- OPEB (other postemployment benefits) costs, including the actuarial methods and assumptions. These assumptions used are based on plan provisions, healthcare-related trends, and payroll data.
- Allowance for collectability reserve related to local revenue source receivables. The assumptions are based on communications from the City of Ann Arbor, the City of Ypsilanti, and Ypsilanti Township, combined with management's estimates for uncertainties and historical results.
- Reserve for Act 51 operating assistance revenue. The assumption is based on the estimated reduction of the collective qualifying expenditures by the Authority and RTA member agencies, which could result in less total eligible expenditures to be reimbursed by Act 51 monies from the State of Michigan through the Regional Transportation Authority (RTA). There was no reserve recorded at September 30, 2018.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements that were requested to be recorded. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the organization, and business plans and strategies that may affect the risks of material misstatement with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Internal Controls: Selections from the Independent Auditor's Report on *Internal Control Over Financial Reporting* and on *Compliance and Other Matters* (p.45):

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.2

...the CEO shall not ... Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.

Current Interpretation & Rationale

AAATA will operate in compliance with regulations, master agreements, federal circulars, and state manuals. AAATA will take care in its administration of grants. Federal compliance will be tested annually by an independent audit firm, and federal compliance every three years by a Federal Transit Administration auditor (this occurred in 2018). AAATA will utilize a procurement manual that includes the latest requirements.

Evidence

Federal Compliance: Selections from the Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance (p.46):

Opinion on Each Major Federal Program

In our opinion, Ann Arbor Area Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

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

State Compliance: Grant agreements from the Michigan Department of Transportation are fully awarded and executed for FY2019.

Procurement Manual: The procurement manual in use during FY2018 (adopted 2013) complied with known regulations at the time, but needed to be updated to comply with new procurement thresholds established in Board policy, new federal guidance (as described in Section II of the Management Letter, p. 7), and to correct a finding from the 2018 FTA Triennial Review. A new Purchasing Manual was adopted in October 2018 (FY2019) which fulfills all of these requirements.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.3

...the CEO shall not ...Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.

Current Interpretation & Rationale

I understand this policy to mean that staff are prohibited from handling the AAATA's funds while using internal controls that are insufficient to meet the Board's auditor's standards.

Internal controls are defined as processes designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. This is the most widely accepted definition and comes from the Committee of Sponsoring Organizations (COSO). It focuses upon the fiduciary responsibilities of the Board of Directors, management, and other personnel, given that AAATA is a local government entity that handles public funds.

Evidence

During FY2018 AAATA used an outdated Internal Control System that was developed in 2009 with consultation by Maner Costerisan. That consultant was hired to develop agreed upon procedures to ensure use of an appropriate Internal Control System. All the identified risks from that engagement have been resolved over recent years, and it meets the standard of auditors for the FY2018 audit as indicated in the Management Letter.

In early FY2019, a new Internal Control System and a new Federal Award Management Procedure were adopted administratively. These new policies modernize internal controls to meet Board policy and Federal standards, after corrective actions were required during the Triennial Review. They have already been reviewed by FTA and we anticipate they will meet auditor's standards when reviewed during the FY2019 audit.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.4

...the CEO shall not ... Compromise the independence of the Board's audit or other external monitoring or advice.

Current Interpretation & Rationale

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

Evidence

Financial auditors recently completed an audit on FY2018 Financial Statements and Federal Programs, following Generally Accepted Auditing Standards, which include stringent independence standards. The Auditors sent a Pre-Audit communication letter in November 2018 to the Board's Audit Task Force. The Draft Independent Auditor's Report has been provided to the Audit Task Force, and the auditor will offer a presentation in February to the Board. The auditing firm, Plante Moran, does no consulting or advising with AAATA.

From the Auditor's Management Letter (p. 4):

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.4.1

...the CEO shall not ... Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.

Current Interpretation & Rationale

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

Evidence

An effective internal control system is in place to guard against fraud. Neither I, the CFO, nor the Manger of Finance are aware of any occurrences of fraud or suspected fraud during the monitoring period or since I began my work as CEO.

The FY2018 annual audit has been completed. From the auditor’s Opinion, p. 1:

The basic financial statements ... present fairly, in all material respects, the financial position of AAATA as of September 30, 2018 and 2017 and the changes in financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.4.2

...the CEO shall not ... Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud, or financial mismanagement.

Current Interpretation & Rationale

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

Evidence

The Board’s primary mechanism to review for fraud and financial mismanagement is the annual financial audit. From the FY2018 final audit, p. 1:

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

No material weaknesses or significant deficiencies were found in the FY2018 audit (FY2018 Audit, p. 51).

On internal controls, from the FY2018 audit, pp. 43-44:

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.5

...the CEO shall not ... Allow expenditures that exceed the overall Board-approved budget.

Current Interpretation & Rationale

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

Evidence

- For FY2018, the board approved operating expenditures of \$44.3 million (Resolution 9/2018), an amendment to the budget originally adopted (Resolution 21/2017). The amendment provided for additional expenses for the BikeShare program. It should be noted that the adopted operating budget does not include depreciation expense.
- FY2018 final operating expenses (before depreciation) are shown in the audited financials to be \$42.033 million, which is less than FY2018 budgeted expense. Please see page 33 of the Plante Moran audit.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.5.1

...the CEO shall not ... Allow cost overruns on capital projects.

Current Interpretation & Rationale

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

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

I define an *improvement* to a capital asset as substantial change such as initial acquisition, construction, expansion, renovation, or replacement of facilities, vehicles, or equipment.

I believe that the emphasis of this policy is on reducing the financial risk from overruns on large projects, such as bus purchases or facility construction, rather than smaller overages on routine purchases, such as replacing computers.

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

I will also note that policy 2.11.1.5 requires periodic updates on capital improvement projects.

Evidence

For FY2018, the Board adopted a Capital budget with a program of projects totaling \$4.206 million for the following capital projects (*FY2018 Operating and Capital Budget*, p. 32):

Following are actual expenditures and variances from budget for FY2018:

Category	Capital Program	Budget	Expenditure	Variance from Budget	Cost Overruns?	Project Status
State of Good Repair	Large Bus Replacement	1,950,000	1,915,939	(34,061)	No	Complete
	Non-Revenue Vehicles	103,000	-	(103,000)	No	Complete
	Maintenance Components, Tools/Equip.	500,000	296,675	(203,325)	No	Complete
	Facilities Rehabilitation	300,000	182,803	(117,197)	No	Ongoing
	IT Hardware and Software	269,500	286,674	17,174	Yes	Ongoing
Value Added	Rider Amenities/Accessibility	103,000	53,954	(49,046)	No	Ongoing
Expansion	Deferred Large Bus Expansion	980,000	917,528	(62,472)	No	Complete
Total		4,205,500	3,653,573	(551,927)		

FY2018 total expenditures for all capital projects were less than budgeted. However, a timing variance occurred in the capital program (i.e. family of smaller, related projects) for IT hardware and software. Replacement of the Fleetwatch system budgeted in FY2017 was completed in FY2018, and this caused the FY2018 expenditure to be \$17,174 higher than budgeted. The Fleetwatch project was completed within budget, although later than anticipated. The total expenditure for capital projects was less than budgeted, and no cost overruns existed for any individual capital project, including technology projects.

As with the Fleetwatch purchase, another timing variance occurred in FY2018. No expenditure was made for non-revenue vehicles as was budgeted FY2018. The two trucks were purchased but were received just *after* FY2018 ended, in October 2018. As a result, the planned FY2018 expenditure of \$82,804 will show up in the subsequent fiscal year (FY2019).

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.6

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

Current Interpretation & Rationale

I interpret this policy to mean that I must obtain Board approval for expenditures with a value greater than \$250,000 that are not specifically listed in the budget document. A list of authorized contractual expenditures was included in the FY2018 budget’s appendices on page 46. I can authorize unbudgeted contracts valued at \$250,000 or below without additional approval by the Board. I can also accept revenue contracts (incoming funds) at any value without Board approval.

Evidence

The following contracts valued at greater than \$250,000 were awarded in FY2018:

CONTRACT DESCRIPTION	DATE AWARDED	VENDOR	AWARDED AMOUNT	BOARD APPROVAL OBTAINED
Uniforms	8/1/2018	Superior Uniforms	\$380,000	Yes, adopted with budget
Bus Advertising Services	11/1/2017	Outfront Media Group	\$1.2 Million (Revenue Contract)	Yes, adopted with budget
RideGuide Printing	11/1/2018	American Litho	\$600,000	Yes, adopted with budget
Natural Gas	5/25/2018	Constellation	\$450,000	Yes, adopted with budget
Legal Services	8/16/18, 9/1/18	Miller Canfield, Dykema Gossett	\$400,000	Yes, adopted with budget

No unbudgeted contracts greater than \$250,000 were awarded in FY2018.

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.6.1

...the CEO shall not ... split purchases or contracts into smaller amounts in order to avoid the above limit.

Current Interpretation & Rationale

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

Evidence

With the exception described below, the Purchasing Manager found no vendors who were awarded multiple contracts bringing award totals above the thresholds of policy in FY2018.

Three vendors were issued purchase orders totaling more than \$250,000 each for the procurement of fuel in FY2019. Total costs were within the adopted budget for fuel. AAATA issues requests for quotations about every 10 days and awards are made to the lowest bidder on the open market. Total purchases are shown below:

Description	Vendor	Amount
Biodiesel fuel	Atlas	\$455,954
Biodiesel fuel	Corrigan	\$464,100
Biodiesel fuel	RKA	\$620,201

The Authority has found it to be an advantageous practice to purchase fuel on the “spot market” rather than awarding a single contract. Further investigation is necessary to understand if awarding a contract for the purchase fuel could lower expense.

Conclusion on Compliance

TBD

Future budgeting will list the budgeted amount of fuel purchases to be awarded to multiple or single vendors as a correction to this issue.

Executive Limitations Policy 2.5.7

...the CEO shall not ... Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.

Current Interpretation & Rationale

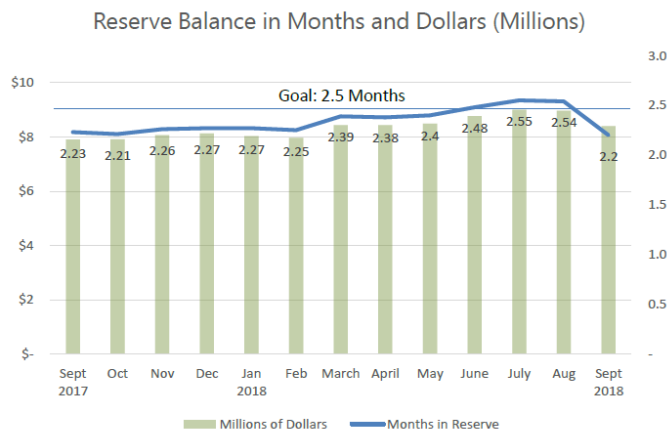
I understand this policy to mean that I must establish an administrative policy that identifies an appropriate level of operational reserve funding that would insulate the AAATA from financial disruptions or emergencies. Furthermore, this reserve fund must be fully funded and ready to be used if needed.

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

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

Evidence

AAATA ended the 2018 fiscal year with a reserve balance of \$8.4 million, or 2.2 months of operating expenses as indicated on the *FY2018 Fourth Quarter Balance Sheet*. Over the last 12 months, the reserve balanced has not been consistently at or above the policy target of 2.5 months:



Corrective steps have been taken and will continue to be addressed in budgeting for next fiscal year. It will take time for the reserve balance to consistently reach the policy threshold. We will continue to monitor as the fiscal year progresses.

Conclusion on Compliance

Not in compliance

Executive Limitations Policy 2.5.8

...the CEO shall not ... Adjust transit passenger fares or tax rates assessed by the Authority.

Current Interpretation & Rationale

I understand this policy to mean that staff cannot change the prices for any passenger fares (cash, tokens, tickets, passes, etc.) without Board authorization. Furthermore, staff cannot adjust the tax rate levied by the AAATA without Board authorization.

Tax rates refers to local property taxes levied upon property owners who live in our taxation districts.

The CEO must bring any fare or tax adjustments to the Board for approval. In Michigan, taxes may be changed only with signature of the Board Chair and Secretary on Michigan Form L4029. Tax proposals and renewals must be approved by governance bodies and voters.

Evidence

TheRide did not adjust passenger fares in FY2018. All current fares are available on the website at <http://www.theride.org/Fares-Passes>.

Property tax rates were adjusted in FY2018 to restore the tax rate in Ann Arbor, Ypsilanti, and Ypsilanti Township to 0.7 mills (an “override” of Headlee Amendment). The Board of directors approved restoration of the 0.7 mill rate in April, 2018 (Resolution 8/2018).

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.9

...the CEO shall not ... Acquire, encumber, or dispose of real estate.

Current Interpretation & Rationale

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

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

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

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

Evidence

The FY2018 Statements of Net Position (Annual Audit, p. 7, also Note 7, p. 19) demonstrate that there has been no change in the valuation of land and improvements (\$2,270,821), or buildings and improvements (\$28,048,161) for FY2018 compared to FY2017. This is evidence that no real estate was acquired or disposed of in FY2018.

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

Conclusion on Compliance

In compliance.

Executive Limitations Policy 2.5.10

...the CEO shall not ... encumber the agency with financial debt without previous authorization from the Board.

Current Interpretation & Rationale

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

Evidence

Revenue Bonds: AAATA did not issue any bonds in FY2018. No Board resolutions approving the issuance of bonds occurred in FY2018.

Annual Audit: As a regular task during the financial audit, Plante Moran requires local banks to confirm the balance of all bank accounts reconciles with AAATA's financial statements. This confirmation also inquires about the existence of bank debt. No debt was reported in the FY2018 audited financials.

Dun & Bradstreet's Business Credit Report: This report compiles data from creditors and publicly available records to measure the creditworthiness of businesses. The *D&B Banking and Finance Report* demonstrates the Authority had no financial debt other than accounts payable (2015 through FY2017):

(Note: "Long Term Debt" in the table below refers to accrued compensated absences and post-retirement benefit obligations, not debt as described in the CEOs interpretation of this policy. This item is labeled "Noncurrent Liabilities" in AAATA's audited financials.)

	2015(\$)	2016(\$)	2017(\$)
Accounts Payable	1,466,357.00	1,157,287.00	1,243,675.00
Bank Loan	NA	NA	NA
Notes Payable	NA	NA	NA
Other Current	1,854,870.00	2,363,959.00	2,724,848.00
Total Current	3,321,227.00	3,521,246.00	3,968,523.00
Long Term Debt	1,530,949.00	1,670,350.00	1,713,129.00
Defferred Credit	NA	NA	NA
Net Worth	66,882,999.00	73,251,441.00	73,988,546.00
Total Liabilities And Net Worth	71,735,175.00	78,443,037.00	79,670,198.00

Source: <https://www.dandb.com>

Conclusion on Compliance

In compliance.

(To be filled in based on Board action after submission)

Policy: 2.5 Financial Condition and Activities

Date Submitted: Feb 5, 2019

Date of Board Response: TBD

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

Executive Limitations Report (select one)

The Board finds that the CEO:

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

Board notes:

Issue Brief: FY2019 Q1 Financial Statement Report

Meeting: Board of Directors

Meeting Date: February 12, 2019

Recommended Committee Action(s): Receive as CEO Operational Update

Prior Relevant Board Actions and Policies:

- 2.11.1.5 CEO shall not...Let the Board be unaware of... incidental information (including) quarterly budget to actual financial reports.
- Appendix A: Informational Reports schedule specifies quarterly Financial Statement reports in November, February, May, and August.
- Policy 2.6 Investments and Appendix F Investment Policy were adopted in June 2018.

Issue Summary:

Staff present the First Quarter Financial Statement with currently available and reportable financial information for the period ending December 31, 2018.

Background:

Financial highlights from the first quarter (October, November, December 2018) include:

- Changes made last year to the investments strategy are paying off. Interest income for Q1 was \$64,712 compared to \$3,189 for Q1 last year.
- The reserve was at 2.4 months of annual operating expense, near the target of 2.5 months.
- The reserve balance was \$9.3 million, \$1.2 million higher than first quarter end last year.
- TheRide operated within the budget for the first quarter of the year.
- There was a \$322,098 surplus of revenue over expense, which represents a contingency margin of 2.8% of the adopted budget (FY2019 to date).
- Expenses were \$311,563 lower than budgeted. Savings were from lower fringe benefits, purchased service, and other costs.
- Revenues were higher than budgeted by \$27,728 with higher than expected passenger fares, advertising sales, and other contract revenues.
- Cash flow was adequate to cover expense; Q1 ended at \$16.4 million in cash/ investments.

Impacts of Recommended Action(s):

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

Attachments:

- FY 2019 Q1 Financial Statement (Income Statement and Balance Sheet)



Ann Arbor Area Transportation Authority

Q1 Financial Statement

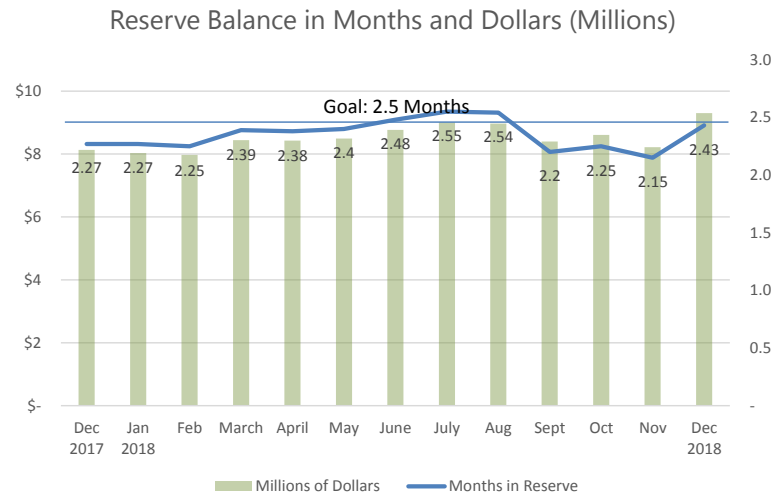
Balance Sheet

For the Period Ended December 31, 2018

Balance Sheet and Reserve

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

	Current Quarter 12/31/2018	Last Quarter 9/30/2018	Last Year 12/31/2017
ASSETS			
Cash & Investments	\$ 16,403	\$ 19,824	\$ 15,120
Other Current Assets	\$ 10,321	\$ 8,771	\$ 8,764.79
Capital Assets	\$ 51,974	\$ 58,293	\$ 54,691
Total Assets	\$ 78,699	\$ 86,888	\$ 78,576
LIABILITIES	5,400	8,555	4,123
NET POSITION	\$ 73,298	\$ 78,333	\$ 74,453
Reserve Balance	\$ 9,296	\$ 8,404	\$ 8,126
Months in Reserve	2.43	2.20	2.27



Statement of Cash Flows (in Thousands of Dollars)

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

Cash & Investments	Fiscal Year 2017			Fiscal Year 2018				Fiscal Yr 2019
	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Beginning Balance	\$ 16,638	\$ 12,985	\$ 7,537	\$ 15,638	\$ 15,120	\$ 12,511	\$ 9,064	\$ 19,824
Effect of Operations	(1,263)	3,859	(137)	(1,519)	(3,584)	(5,417)	2,725	(5,289)
Effect of Capital	48	(1,958)	(447)	-	(5)	(31)	(2)	(50)
Effect of Investments	(2,438)	(7,349)	8,685	1,000	980	2,001	8,037	1,918
Ending Balance:	\$ 12,985	\$ 7,537	\$ 15,638	\$ 15,120	\$ 12,511	\$ 9,064	\$ 19,824	\$ 16,403

Investments Summary

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

Investment Instrument	Date of Maturity	Interest Rate	Total as of 12/31/2018
Bank of AA - CD	1/23/2019	1.9%	795
Bank of AA - CDARS	1/31/2019	0.7%	1,000
Bank of AA - CD	2/20/2019	2.0%	795
Bank of AA - CD	3/20/2019	2.0%	795
Bank of AA - CDARS	3/28/2019	0.7%	2,500
Bank of AA - CDARS	8/1/2019	0.8%	1,500
U.S. Treasury Bill	3/28/2019	2.1%	1,000
U.S. Treasury Bill	9/27/2019	2.3%	1,000
U.S. Treasury Bill	3/25/2020	2.4%	1,000
U.S. Treasury Bill	9/25/2020	2.5%	2,000
RBC Futures Account	Daily	0.1%	446
Key Bank Money Market	Daily	0.1%	5
MERS Retirement Savings			109
Total Investments:			\$ 12,945

Projected FY2019 Investment Income: \$153,421

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

U.S. Treasury Bills are short term bonds (2 years or less) backed by the Treasury Department of the U.S. Government (rates shown are after the annual fee of .28%).

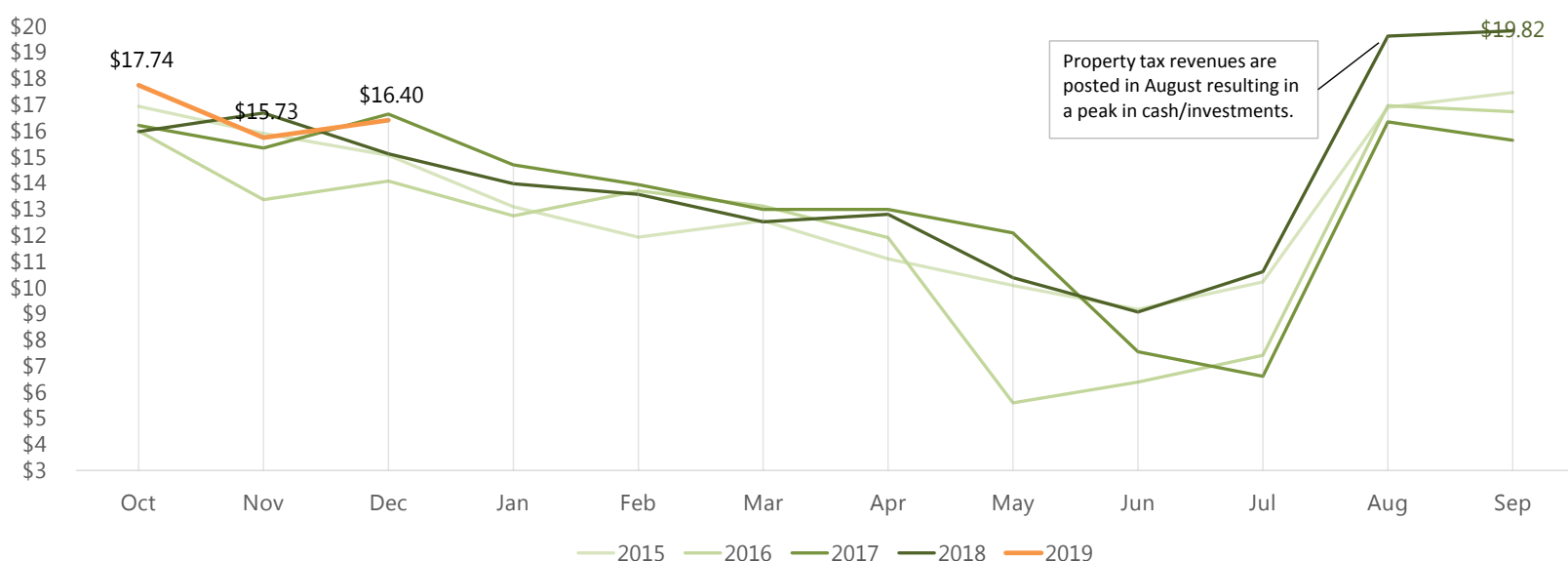
Accounts that are not FDIC insured or with balances above the FDIC insurance threshold are used for day-to-day working capital and include Bank of Ann Arbor CDs, a fuel futures commodity account, and a money market account. Bank of Ann Arbor CDs are a prudent investment; the bank has \$1.6 billion in assets and \$142.9 million in net capital as of June 30, 2018, has been profitable the past 9 years, and does not enter into risky investments.

MERS Retirement Savings, managed by Municipal Employee's Retirement System of Michigan, is not operating capital.

Cash and Investments History

Total Cash and Investments by Month and Year (2015 to 2019 YTD)

In Millions of Dollars.





Issue Brief: 2019 Q1 Satisfaction and Service Report

Meeting: Service Committee **Date:** February 5, 2019

Agenda Item # 4.4

Recommended Action(s): Receive as CEO Operational Update

Prior Relevant Board Actions and Policies:

- 2.11.1.5 CEO shall not...Let the Board be unaware of...operational... [and] customer satisfaction metrics...
- Appendix A: Informational Reports schedule specifies quarterly Customer Satisfaction and Service Performance reports in Nov, Feb, May, Sept

Issue Summary:

Staff present the Quarterly Satisfaction and Service Report populated with currently available and reportable data/targets for Fixed Route, Paratransit, and Vanpool service. This quarter's report is incomplete, missing information on road calls and all of the Vanpool data. Road call data is not recoverable, but full Vanpool data will be reported in the next quarter. I have taken steps to ensure that data is not lost in the future. Information is sorted into several Ends Policy categories. Staff will continue to work on defining and populating the remaining items for Fixed Route and for other services. Targets, when possible, will be set in Ends Policy Interpretations. A glossary of terms for currently tracked metrics is attached.

Attachments:

- Highlights Brief
- FY 2018 Q4 Satisfaction and Service Report
- Fixed Route Service Changes for January 2019
- Glossary of Terms

Author: Bryan D. Smith

Reviewed by:

Approved by:

Date:

Quarterly Satisfaction and Service Report: Guide to Terms

Boardings (“Unlinked Passenger Trips,” a Transit industry standard metric)

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

Per Capita in Service Area.

Population that lives in the AAATA service area, calculated using census tracts (retrospective measure). Also reported to National Transit Database.

Preventable accidents and Passenger Injuries.

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

On-time performance.

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

Miles between Road Calls.

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

Complaints

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

Bus Stops with Shelters

AAATA, based on the industry standard, puts shelters at stops that have an average of 50 or more riders per weekday. A bus stop is considered to meet these standards if there is

- An AAATA shelter
- An alternative shelter is in close proximity to the stop making an AAATA installation redundant.

Only shelters that *may* be possible are included in the metric. Not included are several 50+ rider/day bus stops where a stop is not currently possible because property owners have declined to grant an easement (3%) or there is insufficient space in dense, downtown areas (13%).

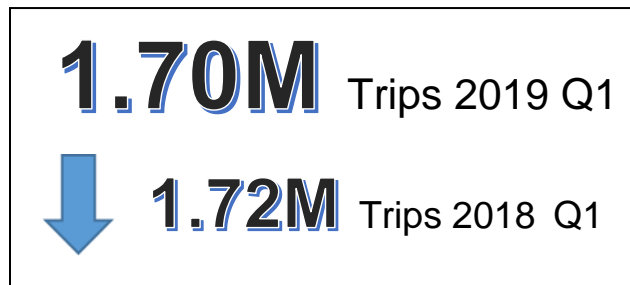
Condition of Vehicle

The image of the transit system, including the condition of the transit vehicles is an important factor in determining user satisfaction. The 100-point system is aligned with industry study: Climate Control (20), Interior Cleanliness (30), Exterior Cleanliness (10), Repair of Seats (20), Interior Lighting (10), General Repair (10).

Service and Satisfaction Report Highlights

10/1/2018 to 12/31/2018

Fixed Route Ridership:



Ridership decreased 1.4% quarter to quarter. Boardings per revenue hour were also down 5% in the same period.

Safety

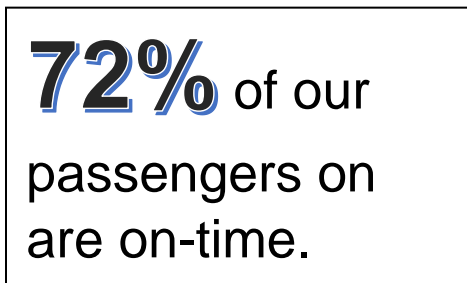
The quarter to quarter trend in preventable collisions and incidents is flat at 2.1 per 100,000. This is well below the target of 3.5, and we will continue to work to bring it down as low as possible.

Fixed Route: On-Time Performance

We continue to track the new metric focused on how many *passengers* are on a on-time bus.

We rolled out some small schedule changes in January that may alleviate some of the on-time performance issues. Those changes won't show up in this metric until the next quarterly report. See the attached information page for the changes made.

A more comprehensive set of solutions will be part of the outcome of the long-range plan, as presented by Planning and Innovation.



72% of our
passengers on
are on-time.

Fixed Route: Complaints

We have seen a drop in complaints to 2.1 per 100,000 boardings. This translates roughly to 2 valid complaints per week of service for the quarter. We investigate each complaint and take appropriate action with every one.

Fixed Route: Bus Condition

The bus condition statistic has improved from last quarter, but still 1% below the first quarter of last year.

Paratransit: Ridership

Paratransit ridership totals were essentially flat Q1 2018 to Q1 2019. We continue to see Senior trips drop and ADA trips grow. Our staff has examined the uptick in denials for the period and found no pattern in the denials (time period, day of week, etc) upon which to take action. While the number did increase, it is still a fraction of the trips delivered. Overall, however, we continue to have an extremely low rate of complaints, and a high on-time performance.

Vanpool

Vanpool data was not available as of the printing of this report. Q1 data will be reported with Q2 data in the next report.



Contact Us:

2700 S. Industrial Hwy.
Ann Arbor, MI 48104
734-996-0400

For alternative formats,
please call 734-973-6500.

Fixed Route Service Change Details

Effective: January 27, 2019

Route 4: Sunday	VIEW THE SCHEDULE – To the BTC
	VIEW THE SCHEDULE – To the YTC
Increase service frequency all day to every 30 minutes.	
Move the starting point of the first morning “To Blake Transit Center” trip to the Ypsilanti Transit Center.	

Route 60: Monday – Friday	VIEW THE SCHEDULE
To Miller Rd Park-&-Ride Lot: Morning trips	
All timepoints on first morning trip departs 3 minutes earlier.	
To U-M Medical Center: Morning trips	
Huron & Seventh timepoint departs 2 minutes later.	
Central Campus Transit Center timepoint departs 3 minutes later.	
U-M Hospital timepoint departs 3 minutes later.	
To Miller Rd Park-&-Ride Lot: Afternoon trips	
U-M Hospital timepoint departs 2 minutes earlier.	
Central Campus Transit Center timepoint departs 2 minutes earlier.	
Dexter & Maple timepoint departs 1 minute later.	
U-M Hospital timepoint departs 1 minute later.	
To U-M Medical Center: Afternoon trips	
Miller Rd Park-&-Ride timepoint departs 3 minutes later.	
Dexter & Maple timepoint departs 2 minutes later.	
Huron & Seventh timepoint departs 1 minute later.	
Central Campus Transit Center timepoint departs 1 minute later.	
U-M Hospital timepoint departs 1 minute later.	

Route 63: Monday – Friday	VIEW THE SCHEDULE
Morning trips	
Inbound Food Gatherers timepoint departs 1 minute later.	
Move inbound U-M Hospital timepoint from Mott to Cancer Center and departs 2 minutes later.	
Outbound Arrowwood Hills timepoint departs 1 minute earlier.	
Outbound Food Gatherers timepoint departs 3 minutes earlier.	
Afternoon trips	
Change starting point of first trip to U-M Cancer Center.	
Inbound Food Gatherers timepoint departs 4 minutes later.	
Inbound Arrowwood Hills timepoint departs 3 minutes later.	
Move inbound U-M Hospital timepoint from Mott to Cancer Center and departs 5 minutes later.	
Outbound Central Campus Transit Center timepoint departs 3 minutes later.	
Outbound Arrowwood Hills timepoint departs 7 minutes later.	
Outbound Food Gatherers timepoint departs 5 minutes later.	

Route 64: Monday – Friday	VIEW THE SCHEDULE
To Pioneer Rd Park-&-Ride Lot: Morning trips	
U-M Hospital timepoint departs 3 minutes later.	
Geddes & Arlington timepoint departs 3 minutes later.	
Medford & Manchester timepoint departs 1 minute later.	
Stadium & Packard timepoint departs 2 minutes later	
Pioneer High School Park-&-Ride timepoint departs 1 minute later.	
To U-M Medical Center: Morning trips	
All timepoints on first morning trip departs 3 minutes earlier.	
To Pioneer Rd Park-&-Ride Lot: Afternoon trips	
U-M Hospital timepoint departs 1 minute later.	
Geddes & Arlington timepoint departs 2 minutes later.	
Medford & Manchester timepoint departs 1 minute later.	
Stadium & Packard timepoint departs 3 minutes later.	
Pioneer High School Park-&-Ride timepoint departs 1 minute later.	
To U-M Medical Center: Afternoon trips	
Pioneer High School Park-&-Ride timepoint departs 1 minute later.	
Stadium & Packard timepoint departs 1 minute later.	
Medford & Manchester timepoint departs 1 minute earlier.	
Geddes & Arlington timepoint departs 2 minutes earlier.	
U-M Hospital timepoint departs 2 minutes earlier.	

Route 65: Monday – Friday	
To Glacier Hills trips	VIEW THE SCHEDULE
Central Campus Transit Center timepoint: morning/afternoon trips depart 1 minute earlier; evening trips depart 6 minutes later.	
Division & Huron timepoint: morning/afternoon trips depart 1 minute earlier; evening trips depart 5 minutes later.	
Plymouth & Barton timepoint: morning/afternoon trips depart 1 minute earlier; evening trips depart 5 minutes later.	
Plymouth Mall timepoint: morning/afternoon trips depart 1 minute earlier; evening trips depart 5 minutes later.	
Green Rd Park-&-Ride timepoint: afternoon/evening trips depart 2-6 minutes later.	
Glacier Hills timepoint: morning/afternoon trips depart 1 minute earlier; evening trips depart 5 minutes later.	
To U-M Campus trips	VIEW THE SCHEDULE
Glacier Hills timepoint: morning trips departs 1 minute later; afternoon trips departs 4-5 minutes earlier; evening trips depart 5 minutes later.	
Green Rd Park-&-Ride timepoint: morning/afternoon trips departs 0-6 minutes earlier; evening trips depart 4 minutes later.	
Plymouth Mall timepoint: morning/afternoon trips depart 1-7 minutes earlier; evening trips depart 3 minutes later.	
Plymouth & Barton timepoint: morning/afternoon trips depart 1-5 minutes earlier; evening trips depart 3 minutes later.	
Kerrytown timepoint: morning/afternoon trips depart 1-7 minutes earlier; evening trips depart 3 minutes later.	
Central Campus Transit Center timepoint: morning/afternoon trips depart 0-2 minutes earlier; evening trips depart 4 minutes later.	

Route 92	VIEW THE SCHEDULE
To Ann Arbor trips	
Meijer timepoint of first morning trip departs 5 minutes earlier. Cherry Hill & Ridge timepoint of first morning trip departs 7 minutes earlier. Adjust other first morning trip timepoints to more accurately reflect current arrival times.	
Meijer timepoint of second morning trip departs 5 minutes earlier. Cherry Hill & Ridge timepoint of second morning trip departs 5 minutes earlier. Adjust other second morning trip timepoints to more accurately reflect current arrival times.	
To Canton trips	
First afternoon trip timepoints departs 0-2 minutes later to more accurately reflect current arrival times.	
Second afternoon trip timepoints departs 1-4 minutes later to more accurately reflect current arrival times.	

FY 2019 Q1 Satisfaction and Service Report

Service: Fixed Route (Local + ExpressRide)

Current Quarter

End/Outcome	Measure	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	Q to Q Trend	Target
Ridership	Boardings	1,724,420	1,732,094	1,539,552	1,647,843	1,701,224	-1.4%	> last yr Q
Satisfaction	User Surveys (every 2 years)	--	5.92	--			1.2% *	> 5
Safe	Preventable accidents + pass. Injuries/ 100,000 miles	2.10 **	2.27 **	2.01 **	1.91	2.10	0.3%	< 3.5
	% bus stops compliant with industry standards (TCRP)						--	
Reliable	On-time Performance (within 0-5 min at timepoints)	81%	84.5%	85.3%	82.8%	73.3%	-10%	90%
	% passengers on an on-time bus	--	77%	75%	72%	72%	--	
	Miles between road calls	20,749	26,913	22,512	20,063	N/A	N/A	--
Courteous	Complaints per 100,000 boardings	2.4	3.1	2.3	2.0	2.1	-13%	--
Comfortable	Crowding	--	--	--			--	
	% of qualifying, possible bus stops with shelters	88%	88%	88%	90%	90%	2%	--
	Condition, cleanliness of bus: % buses scoring 80+/100	81%	80%	77%	78%	80%	-1%	>80%
Eff. Stewardship	Boardings per Revenue Hour	24.8	24.6	22.2	23.6	23.6	-5%	>25
	Cost per Revenue Hour (note: cumulative over yr)	\$ 102.08	\$ 104.07	\$ 110.34	\$ 107.07	\$ 114.65	12%	--

** injuries added to calculation

Service: Paratransit

Current Quarter

End/Outcome	Measure	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	Q to Q Trend	Target
Access	ADA Service Denials/ ADA Boardings	0.12%	0.11%	0.15%	0.07%	0.28%	--	"no pattern"
Ridership	ADA Trips	29,089	30,020	29,815	29,609	29,327	1%	
	Senior Trips	3,950	3,834	3,362	2,604	3,159	-20%	
	Total ADA and Senior Trips	33,039	33,854	33,177	32,213	32,486	-2%	
	ADA Boardings/Capita	0.13	0.13	0.13	0.13	0.13	-1%	
Reliable	On-time Performance (% within 30 min Service Window)	97%	96%	98%	97%	97%		97%
Courteous	% of Complaints/Boardings		0.10%	0.05%	0.03%	0.03%		< 0.50% trips
Convenient	Avg on hold time Advance Reservations							
	Avg on hold time Same-Day Reservations							
Stewardship	Boardings per Revenue Hour	1.52	1.42	1.46	1.45	1.41	-7%	
	Cost/Boarding	\$ 33.30	\$ 32.85	\$ 34.89	\$ 35.84	\$ 36.94	11%	

CEO's Report

Meeting Date: February 2019

Agenda Item # 4.5

Operational and Project Updates:

- **Polar Vortex** – The last month saw record low temperatures throughout Michigan and TheRide's service areas. Aside from proactive suspension of a few AirRide trips, TheRide's services were not disrupted, although passenger traffic was much lighter than normal and may even cause a blip in overall ridership figures.

TheRide did respond to special community needs during this period, providing a mobile warming shelter for firefighters at one house fire and by shuttling homeless persons to emergency shelters. We also reiterated to officials at the City of Ypsilanti and Ypsilanti Township that such support services are also available to them in urgent situations.

The CEO wishes to commend TheRide's staff for their dedication and tremendous fortitude during this period.

- **FTA Triennial Review Follow Ups**- Corrective actions to 12 findings were submitted to FTA in advance of the February 1 deadline. Corrections that were made include updates to policies and procedures (the Purchasing Manual, a new Award Management Policy and Procedure, and internal controls). FTA has acknowledged receipt of these materials. We can expect to receive a response from FTA soon; they will either accept our corrections and close-out the Triennial Review, or request additional corrections to be made. We will keep the Board informed.
- **January Service Adjustments** – On January 27th, numerous small adjustments to fixed-route services were instituted. Most of these were incremental changes to departure times intended to improve on-time performance. As promised in the 2018 millage renewal, we also implemented additional service on Route 4 (Washtenaw Ave) on Sundays. Frequency was improved from a bus every 60 minutes to one every 30 minutes. Previously, we had thought this improvement might have to wait until August 2019, but we were able to find a way to implement it 10 months early.