

SPECIAL MEETING

BOARD OF DIRECTORS - ANN ARBOR AREA TRANSPORTATION AUTHORITY

DATE: June 6, 2019
TIME: 9:00am – 5:00pm
PLACE: Hilton Garden Inn Ann Arbor, 1401 Briarwood Circle, Ann Arbor MI 48108
MEETING CHAIR: Eric Mahler

AGENDA

	Info Type*	Detail
1) Opening Items		
1. Approve Agenda	D	
2. Public Comment	O	
2) Policy Monitoring and Development		
1. Retreat	D	Mahler/Mercier
3) Closing Items		
1. Public Comment	O	
2. Board Assessment of Meeting	O	
3. Adjournment	O	

* 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?
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May 30, 2019

TO: AAATA Board of Directors

CC: AAATA CEO and Deputy CEOs

FROM: Rose Mercier, Senior Consultant

I look forward to working with the AAATA Board as well as meeting the newly appointed Board members. The Board retreat on June 6th follows from the planning meeting on March 11th in which the Board agreed that the outcome of the retreat should be more precise direction that helps staff focus the Authority's resources.

As the agenda on the following page shows, there are four phases in the day. In the morning, we will briefly overview the basics of Ends policies in order that those new to the Board will have a context for the day's work. Although I am doing a full day orientation with new Board members on Friday, I have included four one-page articles as a mini-orientation to help set the stage for Thursday's retreat.

We begin the work of the retreat by looking at the current Ends policies with a view to making some initial changes to ensure the consistency with the definition for Ends.

The second piece of work in the morning is the development of long-term vision for public transportation in the Area. This will be used as a framework within which to situate the Ends. In order to prepare for this part of the retreat, I am asking you to reflect on and answer the questions contained on the one page handout "Developing a Vision". Approach this preparation in whatever way works for you: write out long form answers, jot one or two word reminders, or simply keep mental notes. Please bring this page with you as we will use to start the work.

In the afternoon, we will undertake a review of the Ends, starting with the edited version from the morning. Within the framework created by the Vision – which will likely be a working draft at this point – you will consider such questions as:

- Do the Ends policies flow from the vision? Is there anything missing?
- Are the Ends appropriate within the chosen time frame you establish for Ends policies?
- Are there any Ends policies that better fit as part of the Vision?
- Can the AAATA realistically impact the achievement of the End? Can the Board realistically hold the CEO accountable for achieving this result?

Completing this third phase will result in greater precision in the direction provided to staff. In the final piece of work, the Board will consider the relative priority of its Ends. This will help staff align the Authority's resources to the relative importance of the Ends.

The final point on the agenda is to identify the implications of revised Ends policies. For example, how does the CEO think this will impact on the current strategic plan? It may also be worthwhile to consider the effect, if any, on monitoring cycle for the Ends policies.

AAATA Board Retreat

June 6, 2019

Agenda

MORNING

9:00 am – 10:30 am

- Welcome
- Introduction, Overview and Agenda
- Review the Basics of Ends Policies
- Review the Current Ends and Possible Changes

10:30 am – 10:45 am – BREAK

10:45 am – 12:00 pm

- Finish Review of Current Ends Policies
- Developing Vision as a Framework for Ends Policies

12:00 pm – 1:00 pm – LUNCH

AFTERNOON

1:00 pm – 2:00 pm

- Confirm the Vision
- Consider Timeframe of the Board's Ends

2:00 pm – 4:00 pm

- Reconstructing the Ends: Revise, Rewrite, Tweak to Achieve Clarity and Specificity
- Prioritize the Ends
- Identify Implications of Ends Revision and Next Steps
- Summary, Evaluation



Initial Tips for Developing Ends

- Ends do not describe the organization. They describe **the results that will be produced** because of the organization.
- Ends never refer to results for staff, because the organization does not exist for the staff, but for someone else. This does not mean employees are unimportant! It simply means that their needs are not addressed in Ends. [The only exception is an employee-owned cooperative.]
- Beware of verbs in Ends—if you use them, be sure they are referring to what the beneficiaries of an organization will be doing, *not* to an activity that the organization is doing (e.g., "students will demonstrate mastery of mathematics consistent with their grade level", not "mathematics will be taught.")
- Avoid using words like "goals," "objectives," and "strategies" because they can refer to either Ends or means, so do not clearly distinguish between them.
- The largest Ends statement should always include a statement about the overall worth of the Ends, e.g., "at a cost that is justified by results" or "at an efficiency at least equal to that of similar organizations." The largest Ends policy needs to be big enough to contain any further detail the board may wish to include at lower levels, so must contain something about all three components of Ends – benefits, beneficiaries, and cost or worth. If you haven't said something about overall worth at the largest level, then there is no "container" for content about priorities, for example.
- For Ends below the largest level, cost may be specified by relative priority, rank, percentage, dollars per capita, complete End A before beginning End B, etc. If the board does not specify any of these, the CEO is allowed to make any reasonable interpretation.
- Don't be concerned about how to measure the End. Concentrate on clearly defining the value that is important to you in terms of results. It's the CEO's job to find a measurable way to demonstrate achievement.
- Be sure the End is defined in sufficient detail that the board is prepared to allow the CEO to make any reasonable interpretation.
- The CEO can interpret the End in any reasonable way, but cannot leave out what the Board has specified at any further level of detail.



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Questions To Ask When Refining Ends

- ❑ Is the statement a further interpretation of an End that already exists, or is it a new area of results? (If it is a further interpretation, place it as a new lower-level statement under the existing End. If it is a new area of results, place it under the largest Ends statement. If the largest statement is not big enough to contain the new area, revisit the largest statement.)
- ❑ Is the statement free of any verbs describing what our organization will do? (If it includes verbs describing what the organization does, it is not an End.)
- ❑ Does the language used avoid terms such as *try, seek, influence, promote, foster*? (These are all verbs about effort or activity, rather than effect.)
- ❑ Is this a realistic result for which we can hold our CEO accountable? (Can our organization realistically impact its achievement, at least in the long-term?)
- ❑ In what time-frame do we expect this End to be achieved? Immediate? This year? 2 to 3 years? 4 to 5 years? 6 to 10 years? Greater than 10 years? (If it is a long-range End, do we wish to define intermediate progress steps? If so, don't define "action steps" but rather, stages of progress. For example, "In two years, 60 % of people under 35 in our city will know how to skydive." The board may choose to allow the CEO to do this as part of the interpretation.)
- ❑ Have we been sufficiently forward-thinking in our consideration of benefits we expect the organization to produce? If we achieve these Ends will our organization remain relevant? Are there new Ends that are most important in the next 3 to 5 years in moving us towards our organizational purpose?
- ❑ Would our owners agree that this is a result they want?
- ❑ Do we have sufficient data on which to base the decision that this benefit is in response to an identified need, perspective or value of the owners?
- ❑ How much of our resources are we prepared to spend to achieve this benefit? (What cost?)
- ❑ Do we wish to further quantify this End? (Are we prepared to live with "any reasonable interpretation" that the CEO may make of what we have said?)
- ❑ Do we wish to restrict the CEO's range of interpretation to this degree? (Have we said too much?)
- ❑ Are there any results we are now achieving that we should stop? Any that should receive less priority?
- ❑ What level of achievement would be considered: "acceptable"? Do we want to go farther and define what would be considered "exceptional"? (*Suggested only for boards with some Policy Governance experience behind them!*)

Learn More About Ends . . .

"Creating a Mission That Makes a Difference." *CarverGuide 6*. John Carver. San Francisco: Jossey-Bass Publishers, 1997.

"Putting Purpose First: Deciding, Delegating, and Demanding Organizational Ends." Chapter 5 in *John Carver on Board Leadership*. San Francisco: Jossey-Bass, 2002.



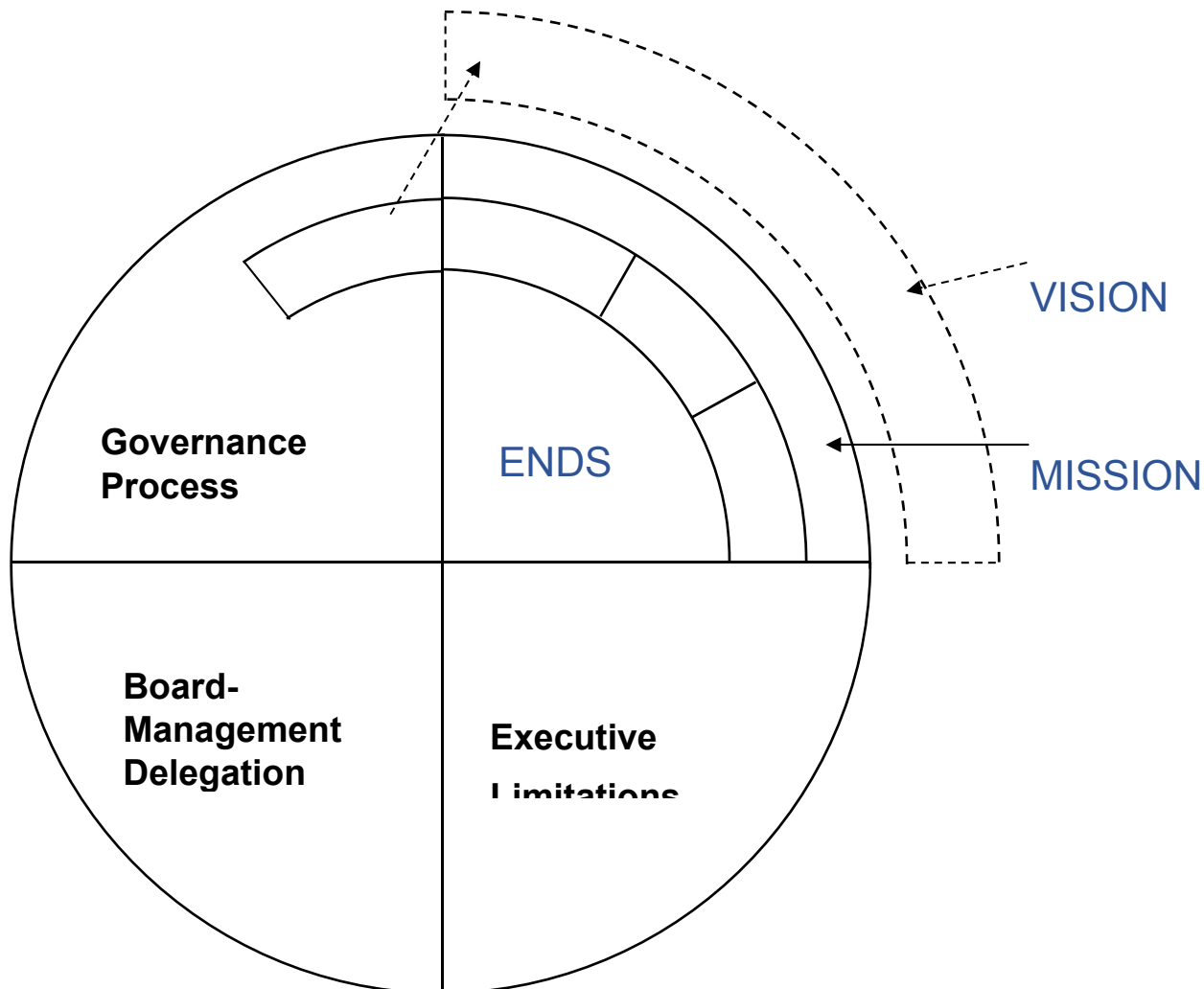
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Relationship of Vision to Ends

A “vision” statement is not a required component in Policy Governance. However, having a succinct statement of a long-range vision may be helpful to the board in providing a framework or context within which the board itself will create Ends. Such a vision can be a “guiding star,” helping the board to focus on a very long-term desired future. However, unless it is a future result that the board intends **to hold the CEO accountable for**, it is not actually an End, because **Ends are statements for which the CEO is accountable**, even though they may be long-term.

If the board chooses to have such a vision statement, it is actually a Governance Process policy, because it provides context **to the board itself**, rather than direction to the CEO. The board may develop the largest Ends statement (which you may choose to call mission* or “mega-End”) in the context of such a vision statement. You may choose to state the vision as a *preamble* to the Ends, as long as it is clear that it is not an End itself. The diagram below shows this relationship.



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Policy Governance ABC's

Policy Governance® is a model of governance created by Dr. John Carver. It enables boards to provide strategic leadership in creating the future for their organization. Policy Governance ensures accountability of the CEO (if there is one) to the Board, and of the Board to the owners (shareholders). Its principles are internally consistent, designed to work effectively when used together. Policy Governance is a complete operating system for boards. If the entire system is not used, it is not Policy Governance.

Policy Governance is a complete system that helps the Board:

- Be accountable in the position of trust in which it has been placed by its ownership
- Provide strategic leadership to the organization—its key responsibility—by clearly defining, on behalf of this ownership, what needs are to be met, for whom, and at what cost or worth
- Distinguish clearly between Ends (see below) and Means (ways of doing things)
- Be involved in appropriate decisions without meddling or rubber stamping
- Set parameters for acceptable organizational performance and for itself by establishing broad policies in four logical categories that make intuitive sense

Policy Categories

Ends – the benefits the organization is to produce, for which people, at what cost or worth. Ends are developed based on the Board's knowledge of and interaction with the owners—those to whom the Board is morally accountable.

Executive Limitations – the boundaries of prudence and ethics within which the Board allows staff to make further decisions about means, the way things are done.

Board–Management Delegation – the manner in which the Board delegates authority to staff through the CEO and measures staff performance through evaluation of the CEO.

Governance Process – the manner in which the Board itself operates, including its philosophy, accountability, discipline, and its own job.

With these policies in place, the Board can delegate the achievement of the Ends to the CEO, be assured that they are in fact being achieved, and that the manner in which this occurs does not exceed the Board's boundaries of prudence and ethics. This assurance is based, not simply on trust, but on a carefully structured monitoring process.



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1. How would you like to change “the world” for yourself and others living in the Area?

2. If there were no practical limits and you could invent the future, what future would you invent for the Area served by the Authority?

3. About what aspects of public transportation do you have a burning passion?

In the space below, use your answers from questions above to describe in 3-4 (or fewer) sentences your vision for public transportation in the Area. You want a vision that is compelling, engages the imagination, and will invite others to join you in its quest.
