
BOARD OF DIRECTORS - ANN ARBOR AREA TRANSPORTATION AUTHORITY

DATE: July 18, 2019

TIME: 6:30pm – 9:00pm

PLACE: AAATA, 2700 South Industrial Highway, Ann Arbor MI 48104

MEETING CHAIR: Eric Mahler

AGENDA

	Info Type*	Detail
1) Opening Items		
1. Approve Agenda	D	
2. Public Comment	O	
3. General Announcements	O	
2) Consent Agenda		
1. Minutes	D	
3) Policy Monitoring and Development		
1. Committee Reports		
1. Governance Committee	O	Mahler
2. Finance Committee	O	Allemang
3. Service Committee	O	Hewitt
2. Monitoring Reports		
3. Other Board Reports & Ownership Linkage		
1. LAC & Task Forces	O	
4) Strategy and Operational Updates: CEO		
1. Business Plan Update	O	Carpenter
2. 2020 Budget Update	O	Metzinger
3. Budget Forecast	O	Metzinger
4. Resolution for FlexRide Contract	D	Sanderson
5. CEO Report	O	Carpenter
5) Emergent Business		
6) Closing Items		
1. Topics for Next Meeting: 2020 Budget, Q3 Reports		<i>Thursday, August 15, 2019</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?
-

Ann Arbor Area Transportation Authority Board of Directors
Meeting Minutes

Thursday, June 20, 2019

6:30 p.m.

Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor, Michigan

Present: Mike Allemang, Eric Mahler (Chair), Sue Gott, Raymond Hess, Roger Hewitt, Ryan Hunter, Jesse Miller, Kathleen Mozak-Betts, Kyra Sims

Chairman Eric Mahler called the meeting to order at 6:32 p.m.

1) Opening Items

1. Approve Agenda

Chairman Mahler moved to approve the agenda with support from Kyra Sims. It was approved unanimously.

2. Public Comment

Jim Mogensen commented that Michelle Barney is unable to attend the memorial service for Sue Knelty who had been featured in an autonomous vehicle article.

He also commented on the fares indicating that it may be cheaper to have people on a fixed route and that he will submit comments at a later date.

Larry Krieg commented that he is thankful to be on the board for Wake-Up Washtenaw for the past five years and stated he is interested in Monitoring Report 2.10 and making sure that the AAATA works with the public.

3. General Announcements:

Passing of Brian Clouse

CEO Matt Carpenter expressed condolences for the passing of long-time AAATA employee, Brian Clouse.

Raymond Hess Introduction

Chairman Mahler introduced board member Raymond Hess who works for the City of Ann Arbor.

2) Consent Agenda:

1. Minutes

Roger Hewitt moved approval of the Consent Item, seconded by Mike Allemang. Chairman Mahler declared the motion carried.

2. July Meetings

Mr. Hewitt stated that he may be late, noting it's the first day of the Ann Arbor Art Fair.

3. 2.9 Emergency CEO Succession
No discussion.
- 3) Policy Monitoring and Development
1. Board's Annual Plan of Work Items
No discussion.
 2. Committee Reports
 1. Governance Committee
 - a. Retreat Recap
Chairman Mahler stated that the board is waiting on Rose Mercier's report. A discussion ensued regarding the retreat.
 - b. Policy Monitoring & Development Options
Mr. Carpenter would like the board to provide more guidance through written policy to the agency. The following examples were given:
 - Fares
 - Union Negotiations
 - Service Planning and InfrastructureA discussion ensued.
 - c. Board Development Costs
Mr. Carpenter presented an Issue Brief on Board Development Costs.
 2. Finance Committee
Mr. Allemang explained that the committee did a recap of the Emergency CEO Succession and commented that Mr. Metzinger gave the presentation on Cash Flow & Investment Monitoring. Mr. Metzinger provided the Quarter II Financial results.
 3. Service Committee
Mr. Hewitt commented that the group discussed the External Relations Monitoring Report, YTC Update, Means and the Detroit-to-Ann Arbor Update. The group received Part II of Paratransit as well.
 3. Monitoring Reports
 1. 3.8 Costs of Governance
Chairman Mahler discussed the survey attached to the board packet.
 2. 2.10 External Relations

Mr. Carpenter commented on building community relationships and demonstrating community support. A discussion ensued.

4. Other Board Reports & Ownership Linkage

1. LAC & Task Forces

A member of LAC commented that Mr. Smith presented his Paratransit Study to the group and several LAC members attended the funeral of Brian Clouse.

Mr. Allemang stated that he along with Ms. Sims and Mr. Carpenter had a good meeting with Ypsilanti Township and that it concluded the first round of ownership linkage meetings (City of Ann Arbor, City of Ypsilanti, Ypsilanti Township).

2. Delegation of WATS & Transportation Commission

Mr. Carpenter stated that there are two external bodies that the board members sit on, WATS and the Transportation Commission. There was some discussion as to whether the roles should be filled by board members or staff.

Ms. Gott made a motion to support delegating Mr. Carpenter or his staff to fulfill the roles. The motion was seconded by Mr. Hewitt and passed unanimously.

4) Strategy and Operational Updates: CEO

1. Paratransit Study Part II

Mr. Smith announced that Michelle Willis will be joining the agency as Manager of Mobility Services and will be helping with Paratransit. Board members discussed transparency.

2. YTC Update

Mr. Sanderson commented that the 5339 Grant was due tomorrow. The second grant would be due in late July. Mr. Carpenter discussed the four risks for the projects and stated that there will be more information included in the draft budget next month. There was a motion to support the grant by Ms. Gott, seconded by Mr. Miller and passing unanimously.

3. Business Plan + Budget Updates (Verbal)

Mr. Metzinger reported that he will be presenting the Proposed FY2020 budget to the City of Ann Arbor on July 23rd and City of Ypsilanti on July 24th. The draft budget will be presented to the Board in committee, at the August Board meeting, and go in front of the Board for approval on September 19th.

4. Q2 Financial Report (From May)

Mr. Metzinger presented a brief form to the Board Year End audited financial statements. A discussion amongst board members ensued.

5. CEO Report

Mr. Carpenter announced the 45th work anniversary of Ron Copeland, Operations Manager on July 9. He discussed that the Initial House Budget was passed, with a lot of cuts but felt it was better than when first presented. It will go to the Senate then the Governor.

5) Emergent Business

There was no Emergent Business.

6) Closing Items

1. Topics for Next Meeting

- Financial Report

2. Public Comment

Jim Mogensen commented on his participation with the group Washtenaw Poor People's Campaign and expressed that the public will want to know what's going on.

Larry Krieg commented on the Board's decision for the CEO, or his designee, to be involved with WATS.

3. Board Assessment of Meeting

None.

4. Adjournment

Chairman Mahler moved to adjourn the meeting with support from Mr. Hewitt. The motion carried and meeting adjourned at 9:57 p.m.

Kyra Sims

Secretary, AAATA Board of Directors

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Governance Committee
Thursday, June 27, 2019

Present: Mike Allemang (Phone), Roger Hewitt, Eric Mahler (Chair)

Staff: John Metzinger, Tim Sanderson, Bryan Smith (Acting CEO)

The meeting was called to order at 9:07 a.m. by Chairman Mahler.

1) Opening Items

a. Additions to Agenda

Chairman Mahler added item 2) b. 5. CEO Evaluation Process to the agenda. The Committee approved the amended agenda by consensus.

b. Communications

Acting-CEO Bryan Smith reported that CEO Matt Carpenter sends his well-wishes.

2) Policy Monitoring and Development

a. Appoint Audit Task Force

CFO John Metzinger reported that the deadline for proposals for Audit Services is next week. After some discussion, it was decided that Mr. Allemang will chair the task force with Ms. Sims and Mr. Miller participating as well.

b. Other Governance Issues (as assigned)

1. Board Candidates

Chairman Mahler, Mr. Hewitt and Mr. Allemang will meet on July 10th or July 12th to interview two candidates.

2. Policy Development, Meeting Elements + Fares Task Force

Chairman Mahler reported that these were reviewed at the last board meeting and a discussion ensued regarding the attachments.

Chairman Mahler requested a working session with the Governance Committee and the Executive Team to review Policy Monitoring of the Executive Limitations.

3. Meeting Assessment (6/20)

Acting-CEO Smith reported that the agency has only received two responses. The Governance Committee said they would seek additional responses over the next week.

4. Committee Agendas

Chairman Mahler suggested adding 3A – Strategic Planning Discussion and 3B – Flexride Discussion to the Service Committee Agenda.

Concerns were brought up about the Finance Committee in August taking place on August 13th, the same week of the board meeting. Mr. Allemang suggested that the date be moved to August 7th. Mr. Metzinger indicated that the 7th is the same date of the Service Committee. There was some discussion about holding both meetings on the same date.

5. CEO Evaluation Process

Chairman Mahler will set a date with Mr. Carpenter when he is back in town.

3) Strategy and Operational Updates: CEO

a. 2020 Budget

Mr. Metzinger reviewed an Issue Brief on the 2020 Budget.

b. CEO Expense Report

Mr. Metzinger presented the CEO Expense Report ; there were no changes.

4) Closing Items

a. Topics for Next Meeting: Monitoring Report 3.5, Treasurer Role

b. Adjournment

Chairman Mahler adjourned the meeting at 10:41 a.m.

Respectfully Submitted,
Traci Chauncey

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Finance Committee
Wednesday, July 12, 2019

Present: Mike Allemang (Chair), Kyra Sims

Staff: Bryan Smith (Acting CEO), John Metzinger

The meeting was called to order at 1:01 p.m. by Chairman Allemang.

1) Opening Items

a. Agenda (Additions, Approval)

No additions. The Committee approved the agenda by consensus.

b. Communications

Mr. Metzinger announced that the agency has hired a Finance Manager.

2) Policy Monitoring and Development

a. FY 2019-2020 Budget

Mr. Metzinger reviewed Attachments 2 and 3 in the issue brief and the committee discussed the budget.

b. Proposed Policy Language on Operating Cash

Mr. Metzinger discussed the money market account will be considered cash and how the new Financial Manager will be able to work on this project.

c. Policy Monitoring EL 2.6

The committee agreed that the monitoring investments portion of 2.6 will be reviewed quarterly by the committee and should be brought in a full report to the board annually.

d. Policy Monitoring EL 2.8

The committee decided to leave as is.

3) Strategy and Operational Updates

a. Audit Task Force

The task force first met two days ago. There are two proposals and the task force will score them by July 22nd and begin the process of speaking with those firms.

4) Closing Items

a. Topics for Next Meeting: Q3 Financial Report, Audit Task Force and 2019-2020 Budget

b. Adjournment

Chairman Allemang adjourned the meeting at 2:27 p.m.

Respectfully Submitted,
Traci Chauncey

Meeting Summary
Ann Arbor Area Transportation Authority Board of Directors
Service Committee
Wednesday, July 3, 2019

Present: Roger Hewitt (Chair), Kathleen Mozak-Betts, Sue Gott

Staff: Bryan Smith (Acting CEO), John Metzinger, Tim Sanderson

The meeting was called to order at 3:00 p.m. by Chairman Hewitt.

1) Opening Items

a. Agenda (Additions, Approval)

The Committee approved the agenda by consensus.

Moved section 3 to start.

2) Policy Monitoring and Development

a. FY 2019-2020 Budget

Staff discussed budget projections for the coming year.

3) Strategy and Operational Updates: CEO

a. Long Range Plan

Staff gave a brief update that plan is in progress, including scheduling public meetings for input.

b. FlexRide Contract: Service for Pittsfield

1. Resolution to award contract

Staff discussed Pittsfield request to extend FlexRide to Pittsfield in place of fixed route service, POSA. Committee consensus was to recommend passing resolution.

4) Closing Items

a. Topics for Next Meeting: Q3 Service Report, FY 2019-2020 Budget

b. Adjournment

Chairman Hewitt adjourned the meeting at 3:45 p.m.

Respectfully Submitted,
Traci Chauncey

Issue Brief: FY2020 Operating and Capital Budget (First Draft)

Meeting: **Board of Directors Meeting**

Meeting Date: **July 18, 2019**

Recommended Action(s):

Receive as information the first draft operating and capital budget for FY2020. Provide feedback and advice to staff.

Alternative Option(s):

1. Financial planning is essential to achieve sustainability and capacity objectives; no alternative.

Prior Actions and Policies:

- Governance Process: Policy 3.2.7 "...the Board has direct responsibility to create...approval of the annual budget developed and recommended by the CEO."
- Executive Limitation: Policy 2.4 Financial Planning/Budgeting

Issue Summary:

State law requires the board approve an operating budget before funds can be spent in the new fiscal year. Preliminary discussions this month and next will help ensure support for the final budget that will be presented for adoption in September.

This issue brief first presents the first draft of the FY2020 budget, which presents a balanced budget for the fiscal year. ("Balanced" means that revenues are sufficient to cover expense without deficits during the fiscal year.)

It is important to note that *only the FY2020 budget* will be presented for adoption by the Board; TheRide does not adopt a multi-year budget.

Background:

AAATA staff developed a recommended FY2020 Operating and Capital budget that

- furthers Board Ends Policies within Executive Limitations and
- provides multi-year context.

By resolution, the Board would approve FY2020 operating and capital funds as well as a multiyear capital program for federal funds eligibility. Approval will be sought in September 2019.

The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget through resolution for its next fiscal year, which begins October 1. In addition, a formal public hearing for the budget is required and will be held at the August 15th Board meeting.

Impacts of Recommended Action(s): Details on impacts will be provided in the formal budget presentation next month.

Attachments:

1. *FY2020 Operating and Capital Budget (First Draft)*

Attachment 1:

FY2020 Operating and Capital Budget (First Draft)

A preliminary draft operating and capital budget for FY2020 has been prepared, which presents a balanced budget that fully funds the services our community has come to rely upon. TheRide's services can continue with no major service reductions or fare changes planned for the fiscal year. The budget is aligned with the overall direction established for the organization by the Board of Directors and the *Strategic Business Plan*.

FY2020 Operating Budget Highlights

- Overall operating expenses of \$47,368,503, an increase of 3.3% over the current year.
- Balanced budget with an operating surplus of \$513,952.
- Services to customers/riders are preserved.
- Fares and property tax rates remain unchanged.
- Continued replenishment of the operating reserve due to surplus.
- Assures continued operations without debt or unfunded pension liabilities.

In addition, the budget continues to advance many of the initiatives already underway:

- Continuation of work on a new long-range service planning effort.
- Development of fare policy, structure, and pricing strategy, and phasing for fare changes.
- Development of cost savings measures for paratransit and related services.

FY2020 Capital Budget Highlights

TheRide may have the opportunity to begin planning and design work to replace the Ypsilanti Transit Center in FY2020. Land acquisition and planning work could get underway if discretionary federal funds and state capital matching funds are awarded this Fall. Applications for funds have already been filed.

Other highlights of the draft Capital Budget include:

- Replacement of 8 fixed-route buses and 4 A-Ride paratransit vehicles.
- Continued investments in bus stop improvements and amenities, growing in years 2021 to 2023.
- Growing investment in mobility innovations and pilot projects, specifically Transit Signal Prioritization (TSP), and planning and design for a pilot Mobility Hub (a multi-modal super stop).
- Progress on a backlog of capital maintenance; roof and HVAC replacement at TheRide's garage.
- Significant investments in back-office technology modernizations and IT network enhancements.

More details on capital and work plan projects will be provided in next month's presentation.

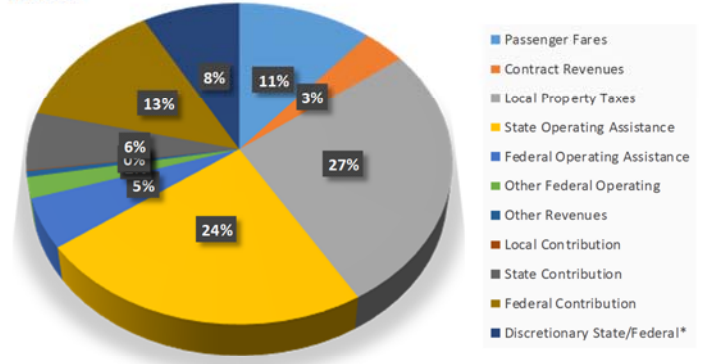
FY2020 Operating and Capital Budget (First Draft)

2020 Draft Operating Budget

Revenues

Budgeted Revenues	FY2019	FY2020	% Change
Operating Revenues			
Passenger Fares	7,146,591	7,336,441	2.7%
Contract Revenues	2,392,524	2,332,705	-2.5%
Local Property Taxes	16,528,289	17,512,610	6.0%
State Operating Assistance	15,009,608	15,598,848	3.9%
Federal Operating Assistance	3,250,000	3,331,250	2.5%
Other Federal Operating	1,304,983	1,377,095	5.5%
Other Revenues	319,250	393,506	23.3%
Total Operating Revenues	45,951,245	47,882,455	4.2%
Capital Revenues			
Local Contribution	97,500	52,000	-46.7%
State Contribution	1,712,600	3,828,379	123.5%
Federal Contribution	6,850,400	8,674,098	26.6%
Discretionary State/Federal*	-	5,299,601	-
Total Capital Revenues	8,660,500	17,854,078	106.2%
TOTAL REVENUES:	54,611,745	65,736,533	20.4%

FY2020

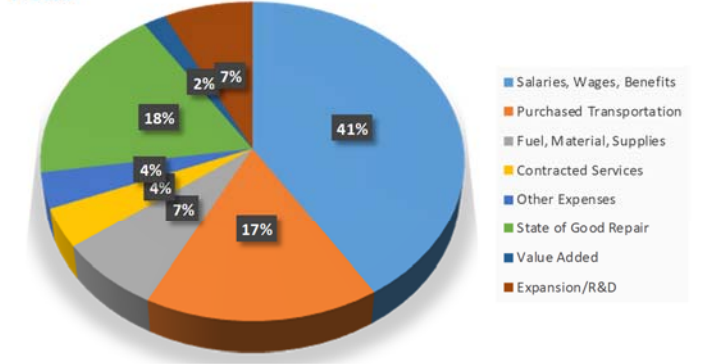


* Contingent upon award of discretionary state and federal funds for the YTC replacement/expansion project.

Expenses

Budgeted Revenues	FY2019	FY2020	% Change
Operating Expenses			
Salaries, Wages, Benefits	26,193,918	26,729,720	2.0%
Purchased Transportation	10,189,900	10,852,555	6.5%
Fuel, Material, Supplies	4,867,800	4,774,138	-1.9%
Contracted Services	2,567,909	2,645,495	3.0%
Other Expenses	2,038,171	2,366,595	16.1%
Total Operating Expenses	45,857,698	47,368,503	3.3%
Capital Expenses			
State of Good Repair	8,381,000	11,836,777	41.2%
Value Added	182,000	1,220,700	570.7%
Expansion/R&D	97,500	4,796,601	4819.6%
Total Capital Expenses	8,660,500	17,854,078	106.2%
Reserve Fund Retainage	93,547	513,952	449.4%
TOTAL EXPENSES:	54,611,745	65,736,533	20.4%

FY2020



Budget Comparison (2020 Draft Budget vs. 2019 Adopted Budget)

	FY2018 Actual	FY2019 Adopted	FY2019 Projected	FY2020 Draft	\$ Change 2020 vs. 2019 Budgeted	% Change 2020 vs. 2019 Budgeted
OPERATING REVENUE						
Passenger Revenue	\$ 6,972,276	\$ 7,146,591	\$ 7,193,569	\$ 7,336,441	\$ 142,872	3%
Local Property Tax Revenue	16,037,925	16,528,289	16,161,016	17,512,610	1,351,594	6%
POSA & other Governmental Partners	2,337,643	2,392,524	2,239,012	2,332,705	93,693	-3%
State Operating Assistance	14,083,424	15,009,608	14,110,907	15,598,848	1,487,941	4%
Federal Operating Assistance	2,400,000	3,250,000	3,250,000	3,331,250	81,250	3%
Other Federal Conditional Assistance	2,797,808	1,304,983	1,304,983	1,377,095	72,112	6%
Advertising, Interest, and Other	450,502	319,250	359,484	393,506	34,022	23%
TOTAL REVENUES	45,079,578	45,951,245	44,618,971	47,882,455	3,263,484	4%
OPERATING EXPENSES						
PERSONNEL						
Operations Salaries & Wages	10,075,291	10,633,287	10,412,299	10,952,286	539,987	3%
Other Salaries & Wages	2,911,383	2,787,669	2,951,951	3,090,623	138,672	11%
Administration Salaries & Wages	4,990,870	5,338,733	5,271,577	5,488,361	216,784	3%
Subtotal - Personnel	17,977,544	19,021,587	18,635,826	19,531,270	895,444	3%
Fringe Benefits	6,374,276	7,172,331	6,782,624	7,336,450	553,826	2%
Total Salaries & Wages	24,351,820	26,193,918	25,418,450	26,867,720	1,449,270	3%
OTHER EXPENSES						
Purchased Transportation	9,042,101	10,189,900	9,616,639	10,852,555	1,235,916	7%
Diesel Fuel and Gasoline	1,529,650	1,950,500	1,696,620	1,850,500	153,880	-5%
Materials and Supplies	2,034,066	2,773,681	2,070,738	2,923,638	852,900	5%
Contracted Services	2,480,119	2,567,909	2,209,700	2,645,495	435,795	3%
Utilities	495,504	515,988	512,463	537,648	25,185	4%
Casualty & Liability Insurance	809,179	898,800	821,687	932,404	110,717	4%
Other Expenses	541,222	767,002	543,998	758,543	214,545	-1%
Subtotal - Other Expenses	16,931,841	19,663,780	17,471,844	20,500,783	3,028,939	4%
TOTAL EXPENSES	41,283,661	45,857,698	42,890,294	47,368,503	4,478,209	3%
Reserve Retainage	\$ 3,795,917	\$ 93,547	\$ 1,728,677	\$ 513,952	\$ (1,214,725)	449%

FY2020 Capital Budget (First Draft) 10-Year Forecast

Category	Project Description	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	TOTAL	
State of Good Repair	Large Bus Replacement	\$4,200,000	\$4,326,000	\$4,455,780	\$4,589,453	\$4,727,137	\$4,868,951	\$5,015,020	\$5,165,470	\$5,320,434	\$5,480,047	\$5,644,449	\$53,792,742	
	Small/Medium Bus Replacement	\$400,000	\$191,000	\$197,000	\$203,000	\$209,000	\$215,000	\$221,000	\$228,000	\$235,000	\$242,000	\$249,000	\$2,590,000	
	Non-Revenue Vehicles	\$100,000	\$103,000	\$106,000	\$109,000	\$112,000	\$115,000	\$118,000	\$122,000	\$126,000	\$130,000	\$134,000	\$1,275,000	
	Bus Components, Tools and Equipment	\$720,000	\$447,000	\$320,000	\$320,000	\$340,000	\$350,000	\$361,000	\$372,000	\$383,000	\$394,000	\$406,000	\$4,413,000	
	Facilities Rehabilitation	\$4,100,000	\$2,670,000	\$300,000	\$300,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$315,000	\$315,000	\$9,555,000	
	Architecture & Engineering	\$580,000	\$210,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$2,140,000
	Furniture Replacement	\$75,000	\$150,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$405,000
	IT Hardware and Software Replacement	\$1,542,777	\$169,000	\$174,000	\$179,000	\$184,000	\$190,000	\$196,000	\$202,000	\$208,000	\$214,000	\$220,000	\$220,000	\$3,478,777
	Maintenance Equipment	\$100,000	\$2,000,000	\$100,000	\$103,000	\$106,000	\$109,000	\$112,000	\$115,000	\$118,000	\$122,000	\$126,000	\$126,000	\$3,111,000
	Communications Equipment	\$19,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,000
	Sub-total	\$11,836,777	\$10,266,000	\$5,822,780	\$5,973,453	\$6,158,137	\$6,327,951	\$6,503,020	\$6,684,470	\$6,875,434	\$7,067,047	\$7,264,449	\$80,779,519	
Value Added	Rider Amenities and Accessibility	\$155,000	\$312,500	\$312,500	\$312,500	\$175,000	\$180,000	\$185,000	\$191,000	\$197,000	\$203,000	\$209,000	\$2,432,500	
	IT Hardware and Software	\$65,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,700	
	Strategic Land Acquisition	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000,000	
	Sub-total	\$1,220,700	\$312,500	\$312,500	\$312,500	\$175,000	\$180,000	\$185,000	\$191,000	\$197,000	\$203,000	\$209,000	\$3,498,200	
Expansion	YTC Replacement/Expansion	\$4,299,601	\$8,969,264	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,268,865	
	Mobility Innovations	\$445,000	\$880,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,325,000	
		Sub-total	\$4,744,601	\$8,969,264	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,713,865
Research and Development	Emergent R&D Projects	\$52,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,000	
		Sub-total	\$52,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,000	
Capital Costs Total		\$17,854,078	\$19,547,764	\$6,135,280	\$6,285,953	\$6,333,137	\$6,507,951	\$6,688,020	\$6,875,470	\$7,072,434	\$7,270,047	\$7,473,449	\$98,043,584	
Sources of Capital Funds:		FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	TOTAL	
	Local Share	\$52,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,000	
	STP Flex	\$60,185	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$2,560,185	
	MDOT Mobility TSP	\$350,000	\$380,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$730,000	
	State Capital Match	\$3,478,379	\$3,783,553	\$1,177,056	\$1,207,191	\$1,216,627	\$1,251,590	\$1,287,604	\$1,325,094	\$1,364,487	\$1,404,009	\$1,444,690	\$18,940,280	
	Federal 5307 Formula	\$6,143,804	\$3,782,211	\$2,260,466	\$2,303,372	\$2,272,204	\$2,341,247	\$2,412,547	\$2,487,754	\$2,568,516	\$2,647,686	\$2,729,316	\$31,949,122	
	Federal 5310 Formula	\$218,501	\$224,947	\$231,583	\$238,414	\$245,448	\$252,688	\$260,143	\$267,817	\$275,717	\$283,851	\$292,225	\$2,791,334	
	Federal 5339 Formula	\$1,114,403	\$987,036	\$1,016,154	\$1,046,130	\$1,076,991	\$1,108,762	\$1,141,471	\$1,175,144	\$1,209,811	\$1,245,500	\$1,282,242	\$12,403,644	
	CMAQ	\$1,137,205	\$1,170,753	\$1,200,022	\$1,240,846	\$1,271,867	\$1,303,664	\$1,336,255	\$1,369,662	\$1,403,903	\$1,439,001	\$1,474,976	\$14,348,154	
	Discretionary	\$5,299,601	\$8,969,264	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,268,865	
	Total:	\$17,854,078	\$19,547,764	\$6,135,280	\$6,285,953	\$6,333,137	\$6,507,951	\$6,688,020	\$6,875,470	\$7,072,434	\$7,270,047	\$7,473,449	\$98,043,584	

Issue Brief: FY2020 Operating Budget Forecast (First Draft)

Meeting: **Board of Directors Meeting**

Meeting Date: **July 18, 2019**

Recommended Action(s):

Receive as information the operating budget forecast for fiscal years 2021 to 2027, to be presented with the FY2020 draft budget. Provide feedback and advice to staff.

Alternative Option(s):

1. Financial planning is essential to achieve sustainability and capacity objectives; no alternative.

Prior Actions and Policies:

- Since 2018, Board Policy requires the avoidance of fiscal jeopardy (Policy 2.5), requires budgeting that is clear about long-term funding, needs, and growth projections (Policy 2.4.4), and prohibits budgeting that causes deficit spending (Policy 2.4.5).

Issue Summary:

While the draft FY2020 Operating Budget to be presented for adoption will be balanced, the 7-year budget forecast indicates operating deficits are likely to emerge in 2021 and grow thereafter. Corrective measures will be necessary to increase revenue and reduce expense to avoid deficits before subsequent year budgets are presented for adoption.

Background:

The Michigan Uniform Budgeting and Accounting Act of 1968 requires the Board to adopt a balanced operating budget through resolution for its next fiscal year, which begins October 1 each year.

Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** State law and Board policy requires adoption of an annual budget which is balanced.
- **Social:** New revenue and cost savings measures will have an impact on the communities served.
- **Environmental:** Cost saving measures could impact environmental sustainability efforts.
- **Governance:** Board policy requires financial prudence and prohibits deficit budgeting.

Attachments:

1. *FY2020 Operating Budget Forecast (First Draft)*
2. *Emerging Deficits and Potential Corrections*

Attachment 1:

FY2020 Operating Budget Forecast (First Draft)

While the draft budget produces a small surplus for FY2020, the 7-year forecast identifies emerging operating deficits starting in FY2021. It will be necessary for TheRide to consider means to raise revenue and lower expenses, since Board policy prohibits adoption of a deficit budget. Options are being evaluated by staff and more details will be provided when the FY2020 budget is formally introduced next month.

FY2020 Operating Budget (First Draft) with 7-Year Forecast

Operating Revenues	2019	2020	2021	2022	2023	2024	2025	2026	2027
Passenger Fares	7,146,591	7,336,441	7,552,590	7,783,799	8,031,478	8,297,182	8,582,616	8,889,655	9,220,360
Contract Revenues	2,392,524	2,332,705	2,155,045	2,148,591	2,103,201	2,148,902	2,195,723	2,243,691	2,292,836
Local Property Taxes	16,528,289	17,512,610	18,020,476	18,543,069	19,080,819	19,634,162	20,203,553	20,789,456	21,392,350
State Operating Assistance	15,009,608	15,598,848	16,198,828	16,822,502	17,470,812	18,144,737	18,845,296	19,573,548	20,330,595
Federal Operating Assistance	3,250,000	3,331,250	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
Other Federal Operating	1,304,983	1,377,095	1,138,962	1,190,208	1,178,288	1,178,288	1,178,288	1,178,288	1,178,288
Other Revenues	319,250	393,506	396,069	398,650	401,252	403,873	406,513	409,174	411,855
Total Operating Revenues	45,951,245	47,882,455	48,861,970	50,286,820	51,665,849	53,207,144	54,811,989	56,483,812	58,226,284
Operating Expenses	2019	2020	2021	2022	2023	2024	2025	2026	2027
Salaries, Wages, Benefits	26,193,918	26,729,720	27,522,421	28,315,880	29,117,895	29,942,825	30,791,739	31,665,153	31,873,319
Purchased Transportation	10,189,900	10,852,555	11,618,690	12,519,194	13,470,990	14,515,553	15,662,561	16,922,733	18,307,940
Fuel, Material, Supplies	5,011,419	4,774,138	4,928,278	5,144,386	5,370,636	5,609,049	5,858,652	6,119,986	6,393,616
Contracted Services	2,567,909	2,645,495	2,471,598	2,571,626	2,626,419	2,696,025	2,754,203	2,827,615	2,889,324
Other Expenses	1,894,552	2,366,595	2,425,996	2,495,208	2,551,602	2,609,404	2,668,653	2,729,389	2,791,653
Total Operating Expenses	45,857,698	47,368,503	48,966,983	51,046,294	53,137,542	55,372,856	57,735,809	60,264,876	62,255,852
Reserve Fund Retainage/Deficit	93,547	513,952	(105,013)	(759,475)	(1,471,693)	(2,165,711)	(2,923,820)	(3,781,064)	(4,029,568)

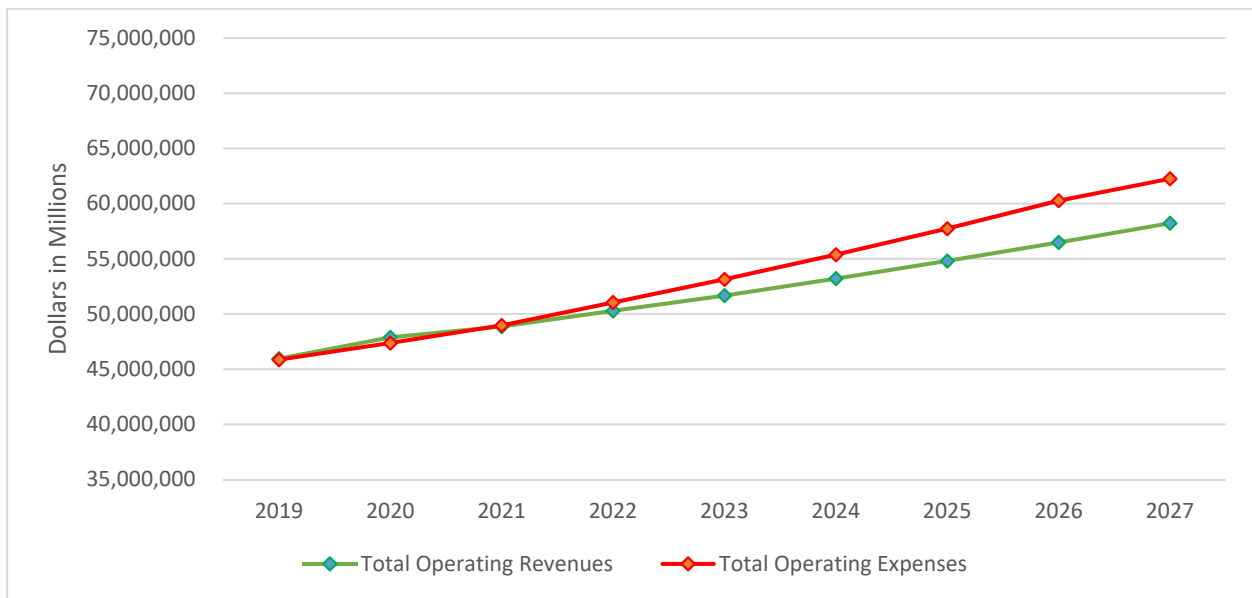
Attachment 2:

Causes of Emerging Deficits and Potential Corrections

It is important to note that *only the FY2020 budget* will be presented for adoption by the Board; TheRide does not adopt a multi-year operating budget. TheRide’s Board may adopt the FY2020 budget even though the forecast predicts deficits, as long as they are corrected by the next annual budget. The forecast is provided for context as an element of long-term financial planning.

Figure 1 charts the relationship between forecasted revenues and expenses. Deficits can be a frequent challenge in public-sector budgeting, as decisions to increase user fees and tax revenues are difficult to make due to the impacts upon beneficiaries and taxpayers.

Figure 1. Projection of Revenues vs. Expense (7 Year Forecast)



Nature of Deficits

TheRide’s forecasted deficits are temporary rather than indicative of a permanent problem that cannot be corrected. They appear because business decisions to fix them, while underway, are still to be made and have not yet been implemented in forecasting. Deficits are forecasted to grow from just over \$100,000 in FY2021, or -0.2% of budgeted expenses, to more than \$4 million in FY2027, -6.5% of total costs. Because Board policy prohibits adoption of a deficit budget, corrections need to be made to bring forward a balanced budget for each fiscal year ahead.

Causes of Deficits

Emerging deficits are caused by slow revenue growth against a higher growth rate for expenses. Audited financials show operating revenue has grown by 4.8% while costs have grown 6.1% annually on average since 2015. Some key causes and potential corrections of forecasted deficits are:

1. The pricing of fares has not been increased since 2010. TheRide’s fare recovery (percentage of costs covered by fares) has declined from 19.8% in 2012 to 16.5% in 2018.

Correction: *Fare policy, structure, and pricing is being considered to grow fare revenue.*

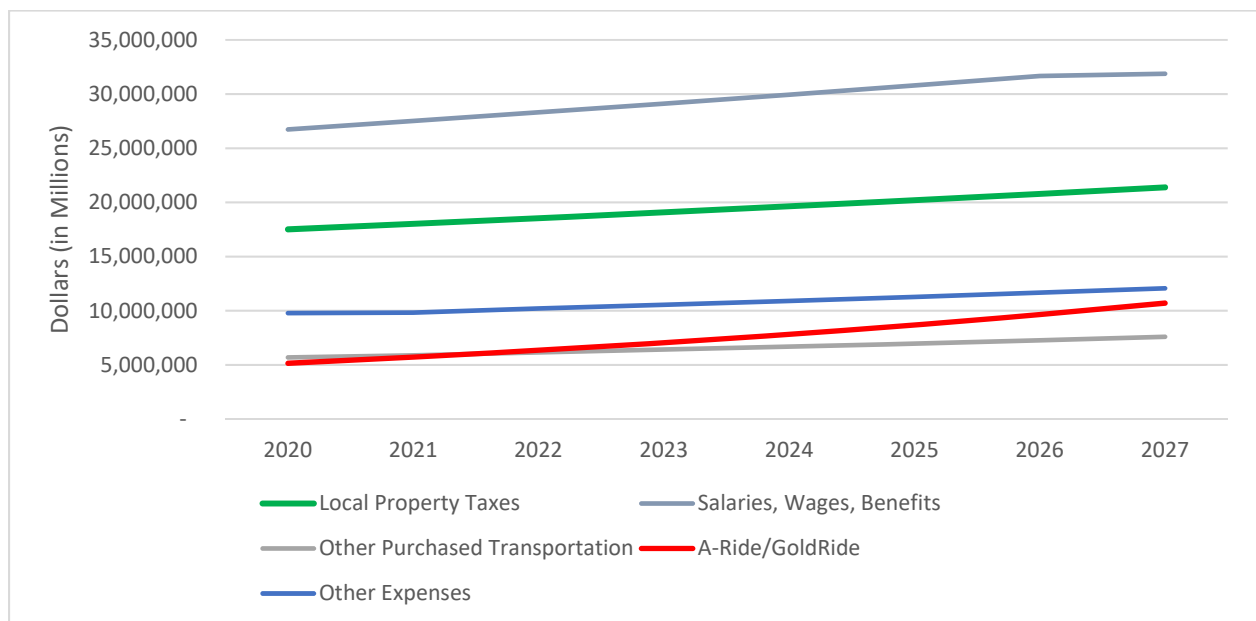
2. In recent years, TheRide has directed an increasing percentage of its Federal formula funds to support operations making them unavailable for capital projects. These funds are flexible, and may be used to support both operations and capital projects. Capital investment is a strategic priority for these funds with overdue capital maintenance needed for facilities and major projects on the horizon. Federal operating assistance has been held flat (\$3.4 million annually) in the forecast starting in FY2021. While this change contributes to the growing deficit, it will improve the availability of funds for capital investment.

Correction: *Long-range capital budgeting needs to be further developed to clarify priorities for capital investments vs. the use of federal funds to support operations.*

3. Purchased transportation costs for A-Ride/Gold Ride are projected to grow 11% annually, which is much higher than the rate of growth for all other costs and revenues (see Figure 2).

Correction: *Efficiencies and cost-containment measures are already being considered.*

Figure 2. *Projected Growth in A-Ride and Other Major Costs vs. Property Tax Revenue*



4. Property tax revenues from the 0.7 expansion millage are not sufficient to cover full cost of service expansions made since 2014. Growth in property tax revenue is limited by Headlee to original millage levels adjusted for inflation.

Correction: Some expanded services which are underperforming need to be reduced or discontinued. Future changes to the expansion millage rate may be considered.

5. Staff are working on many other measures to lower costs and find efficiencies, including lowering materials and supplies costs and other measures. More detail will be provided in the formal budget presentation next month.

Issue Brief: FlexRide Contract Award

Meeting: Board

Meeting Date: July 18, 2019

Information Type: Decision

Recommended Action(s): That the Board authorizes the CEO to negotiate and execute a contract with MODE (division of Golden Limousine) for FlexRide service.

Alternative Option(s): Reject the recommended contract which would result in a service lapse.

Prior Relevant Board Actions and Policies: Resolution 17/2017: Approval of Contract for FlexRide Pilot Services

Issue Summary:

FlexRide is a demand response service that is provided by AAATA but operated by a third-party vendor. As the total potential contract cost is greater than \$250,000 this contract requires Board approval.

Background:

The FlexRide pilot program commenced in August of 2017 in a designated portion of Ypsilanti Township to provide a lower intensity service to an area that would struggle to support fixed route transit. While AAATA is still evaluating this pilot program, an additional need for this type of service emerged in Pittsfield Township, where there was desire to reduce annual POSA costs through reduction of service. The existing FlexRide service is performing within the expected range of 2-4 Passengers per Hour.

This award is designed to provide flexibility in the provision of these services as we continue our assessment and development of the long-range plan. As such, this contract is for a period of one year, with the option of annual extensions for up to five years. Additionally, AAATA retains control over the provision and level of service including number of vehicles, service hours, areas of operation, etc. Award of this contract does not present a long-term obligation to FlexRide.

AAATA recommends award of this contract to Golden Limousine who is our current vendor at the following rates:

Year	Hourly Cost
1	\$50
2 (Optional)	\$51
3 (Optional)	\$52
4 (Optional)	\$53
5 (Optional)	\$54

Based upon our current service levels, anticipated costs for FY21 are as follows:

Hourly Cost	Ypsilanti Cost	POSA Cost	Total Cost
\$50	\$101,200	\$202,400	\$303,600

Impacts of Recommended Action(s):

Staff seeks Board action to move forward a resolution granting the CEO authority to negotiate a contract for the operation of FlexRide service.

- **Budgetary/Fiscal:** The total value of this contract is determinate upon the level of service that is provided but will not exceed \$2.1 Million over 5 years.

Attachments: Resolution

Resolution 05/2019

APPROVAL OF CONTRACT FOR FLEXRIDE PILOT SERVICES

WHEREAS, the Ann Arbor Area Transportation Authority issued Request for Proposal (RFP) #2019-1 for the purpose of identifying a firm to provide FlexRide Services.

WHEREAS, three proposals were received, and

WHEREAS, TheRide staff evaluated the proposals using the criteria established within the RFP and determined that the submittal from MODE (a division of Golden Limousine), was found to be the most responsive and responsible bidder, and

WHEREAS, the cost of service may exceed \$250,000 and Board policy requires advance authorization to incur products or services over \$100,000,

NOW, THEREFORE, BE IT RESOLVED, that the Ann Arbor Area Transportation Authority Board of Directors authorizes the CEO to negotiate a contract with MODE (a division of Golden Limousine) for FlexRide Services for a period up to a five years based on the cost per vehicle service hour of \$50.00 to \$54.00. This contract will not exceed \$2.1 million dollars over the five-year life of the contract.

Eric A. Mahler, Chair

July 18, 2019

Kyra D. Sims, Secretary

July 18, 2019

Issue Brief: CEO REPORT

Meeting: Board

Meeting Date: July 18, 2019

Information Type: Other

OPERATIONAL AND PROJECT UPDATES:

- **2020 BUDGET PUBLIC ENGAGEMENT**

We are holding public engagement opportunities to obtain feedback from the community about our Fiscal Year 2020 budget proposal. Public meetings are scheduled for July 23 from 5:30 p.m. – 7:00 p.m. at the Ann Arbor District Library Downtown location, July 24 from 5:30 p.m. – 7:00 p.m. at the Ypsilanti District Library on Michigan Ave. We are also holding a public hearing prior to the August 15 Board meeting at the Ann Arbor District Library downtown location.

- **BUS OPERATIONS – ART FAIR SHUTTLE SERVICE**

We are gearing up for Art Fair, with service this year from Briarwood Mall exclusively. We consolidated service this year to streamline what we are offering to a single location, which should easily be able to handle the expected ridership.

- **FLEET SERVICES**

A new tire contract was awarded to Meekhof Tire Sales of Jackson which should result in long term savings through a new recapping program.

- **FACILITIES MAINTENANCE**

The Roof/HVAC project has begun in earnest, with the old boiler removed, and new pipe work being installed. A permanent fence has been installed between Blake Transit Center and the Post Office.

- **INNOVATIVE MOBILITY PUBLIC ENGAGEMENT**

TheRide will be conducting public engagement sessions and an online survey to obtain feedback on our Innovative Mobility draft goals. Pop-up events will now be held at the Blake Transit Center on August 6 from 7-10am and at the Ypsilanti Transit Center August 7 from 4-7pm. Individuals will also be given the opportunity to provide feedback at TheRide.org/AboutUs/Initiatives/New-Mobility.

- **AUGUST SERVICE CHANGES PLANNED**

On August 24, 2019 the Fall Service change will come into effect. A number of adjustments are being made, including routing changes to Routes 24, 25 and 27 in order to simplify connections and routing for our customers and the replacement of routes 61 and 67 with FlexRide service. The planning process for

this service change began in December 2018 and included a public input process from March 1 – 31, 2019. Due to the small size of these changes, a Title VI analysis was not required.

- **STATE BUDGET UPDATE**

We are still awaiting word on when the Senate/House Conference Committee will meet to discuss the transportation budget.

- **TRANSPORTATION COMMISSION**

The City of Ann Arbor's Transportation Commission met on June 19, 2019. The Commission received updates on the Ann Arbor's transportation projects as well as a presentation on the City's Capital Improvement Plan.

- **BIKESHARE/ARBORBIKE**

The permits for city right-of-way usage were submitted in April. After discussions with the City regarding accessibility clearances, engineering drawings, and a final license agreement from the City attorney's office, we are still waiting for a final approval. Discussions are proceeding with the 615 S. Main development to place the 14th station on their property, per their approved site plan with the City.

PERSONNEL UPDATE

Keith Book has started as TheRide's Executive Administrative Assistant. He comes to us with many years of experience in the private and non-profit sector.

Michelle Willis has started as TheRide's first Manager of Mobility Services. She comes to us from CATA in Lansing with many years of experience in paratransit operations. We are excited to have her here.

REPORT OF BOARD RETREAT

AAATA

June 6, 2019

Prepared by Rose Mercier

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1. Retreat Objectives and Agenda

The agenda for the retreat on June 6th was based on directions chosen by the board at its March 11th retreat planning meeting. The board determined that it wanted to review its Ends policies with a view to achieving greater clarity and specificity. It wanted its Ends policies to be focused on questions where the Authority has a greater degree of control in generating effect. It wanted to prioritize its Ends after considering where the Authority provides greatest value and whether there are trade-offs to be made between rider and community-level benefits. The board also wanted to develop a longer-term vision as a framework for its Ends policies.

2. Developing a Vision

Small Group Work

In preparing for the retreat, Board members were asked to reflect on three questions and write a vision for public transportation in the area. The result of this exercise was a starting point for building a consensus vision. Board members and senior staff team members paired up to discuss their individual visions and develop a vision statement that brought their ideas together. Then pairs combined into three groups of four and repeated the process. The end result of the four person discussions are show below:

Group 1:

An improved quality of life through mobility for all.

Group 2:

Themes:

- Equity
- Quality of life
- Increasingly integrated/connected world
- Access and opportunity ----- "good life"
- Flexibility /need to adapt
- Sustainability
- Distributed and mixed use; move away from /get rid of existing concentration

Creating robust public transportation service that enhances the quality of life and meets the demands of a globalized world is our mandate.

We must create a system that positively impacts our environment and remains adaptable to the needs of the future

Group 3:

All people can easily, efficiently, and affordably get to where they want to go at the time they desire, faster than driving alone in a car.

Plenary Discussion of Vision

The plenary discussion focused on key ideas expressed in three visions: public transportation *system*, focus is quality of life in community /area and not individual quality of life.

Below for the Board's consideration are three suggestions for slightly different ways of stating the vision:

A robust public transportation system capable of adapting to changing needs in an increasingly globalized world and enhancing the area's quality of life.

A robust public transportation system capable of meeting the evolving needs of an interconnected future and enhancing the area's quality of life.

A robust public transportation system that adapts to the evolving needs of a globalized world and positively impacts the area's environment and quality of life.

The board will want to polish its chosen statement. A vision should serve as the North Star, a statement of the preferred future. It becomes the framework within which the Board sets its Ends. Vision is longer-term than Ends and endures for greater length of time.

3. Process for Revising the Ends Policies

There was an initial discussion about the global Ends policy that resulted in a shift in the focus. The small working groups needed to keep this change in mind as it reviewed the board's Ends policies so that the more detailed levels of Ends.

Global End before retreat:

AAATA exists to provide access to destinations throughout the Ann Arbor-Ypsilanti Area for increasing numbers of residents, workers and visitors via transportation options that contribute to the Area's social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources

Following is the change that I had proposed for consistency with the Ends principle that Ends describe what is different for beneficiaries and do not describe the actions of the organization:

AAATA exists so that increasing numbers of residents, workers and visitors have access to destinations throughout the Ann Arbor-Ypsilanti Area via transportation options that contribute to the Area's social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

Global End revised at start of Ends discussion:

AAATA exists so that an increasing percentage/proportion of residents, workers and visitors ~~to provide access to destinations throughout~~ in the Ann Arbor-Ypsilanti Area utilize public transportation options that contribute to the Area's social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

With the agreed shift in emphasis, groups of four worked with the current Ends with the following guideline:

Using the vision as a framework:

- A. Identify current Ends that still fit as they are written
- B. Suggest revisions to current Ends (big and small)
- C. Write new Ends to be considered

Bring your suggestions to Rose

The groups' suggestions were incorporated into the Ends policies so that they could be considered one at a time in plenary. Section 4 records the Ends policies as they stood at the end of the retreat. Red font indicates new wording. Yellow highlight indicates wording which the group identified as needing more thought. Strike-through sections are deletions. Blue font indicates wording that was moved.

4. Statement of Ends at the End of the Retreat

1.0 AAATA exists **so that an increasing percentage/proportion of** residents, workers and visitors ~~to provide access to destinations throughout~~ in the Ann Arbor-Ypsilanti Area utilize **public** transportation

options that contribute to the Area's social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

- 1.1. ~~All residents of the Area~~ **Public transportation users** can participate fully in society without a personal vehicle. ~~Residents, workers and visitors in the area have equitable access to public transportation services even without a personal vehicle in order to participate fully in society.~~

- 1.1.1. People with low incomes /economic challenges can afford to travel in the area.

- 1.1.2. People, including those with disabilities or mobility impairments, seniors, minors, and non-English speakers, **have equitable access to opportunities*** in the Area.

- 1.1.3. ~~People with access to a car find public transit to be an attractive alternative. Personal~~ **Public transportation is a preferred choice over use of a personal car.**

- 1.1.4 **People have access to destinations in order to get to where they want to go**

- 1.1.4. ~~Passengers are highly satisfied with public transportation services that are safe, reliable, courteous, comfortable, convenient, and fast. Plus integrative, responsive but move to ELs~~ **Passengers are highly satisfied with public transportation services.**]

- 1.2. ~~The Area's natural environment is enhanced.~~

- 1.2.1. ~~The Area's overall transportation system minimizes energy use and pollution.~~

- 1.2.2. ~~The Area's carbon footprint is reduced~~

- 1.2.3. ~~The Area's air is cleaner.~~

- 1.2.4. ~~The Area's natural resources are conserved.~~

~~Land development can become more compact and walkable in part because of transportation options.~~

- 1.2.5. ~~Agency operations make efficient use of energy, water, materials, and other natural resources; and minimize waste.~~

- 1.2 **Public transportation positively impacts our environment**

- 1.2.1 Transportation service options produce conditions favorable to more compact and walkable land development.

- 1.2.2 **Owners and community stakeholders have compelling data about transit oriented land use development and its contribution to a more sustainable environment.**

- 1.2.3 **Public transportation options minimize energy use and pollution and conserve natural resources**

- 1.3. The Area prospers economically /Labor and mobility

- 1.3.1. **Labor mobility**

- 1.3.1.1 **Workers and students can access employment and education opportunities without need of a personal vehicle. [Maybe move to 1.1]**

- 1.3.1.2 Employers have access to a diverse labor pool.

- 1.3.3. **Visitors have access within the Area.**

- 1.3.4. ~~The Area's economy grows despite limited parking and~~ **Auto congestion is reduced.**

- 1.3.5. **The Area is connected to the Metro Detroit region.**

1.3.6. **The Authority's owners are aware of the contribution public transportation makes to the community.**

~~1.3.7. The Authority will remain economically viable in the long term.~~

1.4 Passengers are highly satisfied with public transportation services. (Availability)

5. Considerations in Finalizing Ends

The revision of board's Ends policies remains to be completed. In the next section is a suggested way of stating the Ends policy that captures the above changes as well as some of the points made in the general session.

- There was a concern that the importance of residents, workers and visitors having access to opportunities might be lost with the shift in focus to increased utilization of public transportation by residents, workers and visitors.
- There were many points made about where and how to place "passengers are highly satisfied with public transportation services". While the value could possibly be addressed within Executive Limitations, the board agreed that it was an Ends statement but that it did not fit as a more detailed interpretation of its current placement.
- The original discussion behind the End about positive impact of public transportation was related to labor mobility. This has been kept in mind in the following suggestions.

Additionally, I offer the following comments:

- While it was suggested that the Ends identify 'owners' as beneficiaries, e.g. "*The Authority's owners are aware of the contribution public transportation makes to the community*", you will notice that this does not appear in the suggested Ends policies below. It is the Board's job, in demonstrating accountability to owners, to ensure that the owners are aware of the contribution of public transportation services on the environmental sustainability, its contribution to community well-being, etc. assuming, of course, that this corresponds with their values and priorities about public transportation. In one instance, I am suggesting you consider using "*community stakeholders and those who influence or even make federal, state and municipal policies*" as the beneficiary. The Cities and Township, in addition to being owners, are also stakeholders and in this role can be considered beneficiaries. In the second instance, I am suggesting that the benefit you want the Authority to create is that residents – who, in fact, vote on the millage, recognize the positive contributions of public transportation to the community economy and/or community well-being.

The suggested Ends are presented in Section 6 as well as reproduced in Appendix 1 for ease of use.

6. Suggested Statement of Ends Policies

The Board establishes its Ends policies within its Vision for public transportation:

A robust public transportation system that adapts to the evolving needs of a globalized world and positively impacts the area's environment and quality of life.

AAATA exists so that an increasing proportion of residents, workers and visitors in the Ann Arbor-Ypsilanti Area utilize public transportation options that contribute to the Area's social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

1. Residents, workers and visitors in the area have equitable access to public transportation services that enable them to participate fully in society.

- 1.1. People with economic challenges have affordable public transportation options.
- 1.2. People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.
- 1.3. People use public transportation options to access to destinations in the area where they want and need to go.
2. Public transportation positively impacts our environment.
 - 2.1. Public transportation options are increasingly chosen over use of a personal car.
 - 2.2. Public transportation options produce conditions favorable to more compact and walkable land development.
 - 2.3. Public transportation options minimize energy use, pollution and conserve natural resources.
 - 2.4. Community stakeholders and those who influence federal, state and municipal policy have compelling data about transit oriented land use development and its contribution to a more sustainable environment.
3. Public transportation positively impacts the economic prosperity of the area.
 - 3.1. Public transportation facilitates labor mobility.
 - 3.1.1. Workers and students can access employment and education opportunities without need of a personal vehicle.
 - 3.1.2. Employers have access to a diverse labor pool.
 - 3.2. Visitors have access within the area.
 - 3.3. The area is connected to the Metro Detroit region.
 - 3.4. Residents of the area recognize the positive contributions that public transportation makes to the community economy. [OR as End #4 if you broaden the statement as follows.] Residents of the area recognize the positive contributions of public transportation to the area's quality of life.
4. Passengers are highly satisfied with public transportation services.

7. Related Policy Changes

Stated previously as an Ends policy, "*Agency operations make efficient use of energy, water, materials, and other natural resources; and minimize waste*" is more appropriately incorporated in the Board's Executive Limitations policies because it refers to the internal operation of the Agency whereas Ends policies only define results or benefits produced external to an organization.

The statement represents an important value which can be reflected in the Board's Executive Limitations. The most logical move is to the Executive Limitation policy on Asset Protection (EL-2.5). I have made some other suggestions about this policy so that it reflects the Board's previous discussion on where innovation might be addressed. Policy item 2.5.10.1 is the recommendation from a previous special Coaching Advisory. Policy item 2.5.10.2 is the change I would suggest in this specific instance.

- 2.5.10 Permit planning that endangers the fiscal soundness of future years or ignores building of organization capability sufficient to achieve Ends in future years.
 - 2.5.10.1 Permit planning which ignores opportunities for innovation or that open capacity for the organization.
 - 2.5.10.2 Allow agency operations which do not make efficient use of energy, water, materials and other natural resources or which do not minimize waste.

- 2.5.10.3 Operate without succession plans to facilitate smooth operations during key personnel transitions and ensure competent operation of the organization over the long term.
- 2.5.10.4 Permit the organization to be without sufficient organizational capacity and current information about CEO and board issues and processes for the competent operation of the organization to continue in the event of sudden loss of CEO services.

You agreed to move the values related to "*transportation services being safe, reliable, courteous, comfortable, convenient, and fast*" to your Executive Limitation policy. By doing so, you are stating that it would be unacceptable if transportation services provided to the riding public were not safe, reliable, courteous, comfortable, convenient, and fast. Below is the suggested revision to Executive Limitation 2.2 Treatment of Riders, including a restatement of 2.1.1.2 which eliminates the 'shall not fail to' version which is no longer used.

- 2.1.1 Operate without established and enforceable standards for customer service and rider safety.
 - 2.1.1.1 Allow transportation services which are not safe, reliable, courteous, comfortable, convenient, integrated, responsive and fast.
 - 2.1.1.2 Allow the public and riders to be without easily accessible information about service and safety standards and expectations.

8. Next Steps

This report summarizes the board's work during its retreat planning meeting. I am happy to answer any questions arising from this report or offer any further guidance as you move forward with your planning.

Once again, it was a pleasure to work with the AAATA Board and staff. I look forward to continuing to support your journey to governance excellence.

Respectfully submitted,



Rose Mercier
Senior Consultant

9. Appendix 1 – AAATA Proposed Ends Policies

The Board establishes its Ends policies within its Vision for public transportation:

A robust public transportation system that adapts to the evolving needs of a globalized world and positively impacts the area's environment and quality of life.

AAATA exists so that an increasing proportion of residents, workers and visitors in the Ann Arbor-Ypsilanti Area utilize public transportation options that contribute to the Area's social, environmental and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

1. Residents, workers and visitors in the area have equitable access to public transportation services that enable them to participate fully in society.
 - 1.1. People with economic challenges have affordable public transportation options.
 - 1.2. People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.
 - 1.3. People use public transportation options to access to destinations in the area where they want and need to go.
2. Public transportation positively impacts our environment.
 - 2.1. Public transportation options are increasingly chosen over use of a personal car.
 - 2.2. Public transportation options produce conditions favorable to more compact and walkable land development.
 - 2.3. Public transportation options minimize energy use, pollution and conserve natural resources.
 - 2.4. Community stakeholders and those who influence federal, state and municipal policy have compelling data about transit oriented land use development and its contribution to a more sustainable environment.
3. Public transportation positively impacts the economic prosperity of the area.
 - 3.1. Public transportation facilitates labor mobility.
 - 3.1.1. Workers and students can access employment and education opportunities without need of a personal vehicle.
 - 3.1.2. Employers have access to a diverse labor pool.
 - 3.2. Visitors have access within the area.
 - 3.3. The area is connected to the Metro Detroit region.
 - 3.4. Residents of the area recognize the positive contributions that public transportation makes to the community economy. [OR as End #4 if you broaden the statement as follows.] Residents of the area recognize the positive contributions of public transportation to the area's quality of life.
4. Passengers are highly satisfied with public transportation services.