


**ISSUE BRIEF: 2.9 External Relationships**

**Monitoring period: (June 2019 - April 2021)**

**Service Committee Meeting Date: May 5, 2021**

**Board Meeting Date: May 20, 2021**

<b>INFORMATION TYPE</b>
Decision
<b>RECOMMENDED ACTION(S):</b>
Board accepts the Monitoring Report as either level A, Compliant or B, Compliant except for items noted.
<b>BACKGROUND</b>
Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0).
<b>ISSUE SUMMARY:</b>
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p> <p>I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.</p> <p><b>CEO’s Signature</b> <span style="float: right;"><b>Date</b></span></p> <p style="text-align: center;">  <span style="float: right;">May 12, 2021</span> </p>
<b>ATTACHMENTS:</b>
1. Monitoring report for Policy 2.9: External Relationships

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POLICIES:	Page #	Compliance
<b>2.9</b> In order to facilitate the continued success of AAATA and its achievement of Ends, the CEO shall not operate without creating collaborative, strategic relationships with external stakeholders. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	3	<span style="color: green;">●</span>
<b>2.9.1</b> Ignore opportunities for collaboration for the community benefit	3	<span style="color: green;">●</span>
<b>2.9.2</b> Ignore opportunities to promote multi-modal solutions, transit-supportive land development, or first mile/last mile considerations whether internally or to outside decision makers.	4	<span style="color: green;">●</span>
<b>2.9.3</b> Fail to develop relationships with community stakeholders, including elected officials, which contribute to community support for the AAATA.	4	<span style="color: green;">●</span>
<b>2.9.4</b> Fail to reasonably engage riders, residents, and stakeholders when considering material changes to services, programs, fares, or transit facilities.	5	<span style="color: green;">●</span>
<b>2.9.5</b> Fail to operate in a publicly transparent manner.	6	<span style="color: green;">●</span>
<b>2.9.6</b> Endanger the organization's public image, credibility, or its ability to accomplish Ends by:	7	<span style="color: green;">●</span>
<b>2.9.6.1</b> Operating the organization in a manner that jeopardizes grantor relationships.	8	<span style="color: green;">●</span>
<b>2.9.6.2</b> Allowing third-party advertising that violates stated agency guidelines for community standards.	9	<span style="color: green;">●</span>
<b>2.9.6.3</b> Hiring a former Board member as an agency employee or supplier within one year of that member's departure from the Board.	10	<span style="color: green;">●</span>
<b>2.9.6.4</b> Hiring a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members to the AAATA Board.	10	<span style="color: green;">●</span>
<b>2.9.6.5</b> Ignoring exploration for innovation or opportunities that open capacity for the organization.	10	<span style="color: green;">●</span>
<b>2.9.6.6</b> Authorizing the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.	11	<span style="color: green;">●</span>
<b>2.9.7</b> Allow the organization to be without (advisory) committees required in legislation or permit those committees to operate inconsistently with requirements of the legislation.	11	<span style="color: green;">●</span>

● Fully Compliant    
 ● Partially Compliant    
 ● Non-Compliant

**POLICY 2.9.** In order to facilitate the continued success of AAATA and its achievement of Ends, the CEO shall not operate without creating collaborative, strategic relationships with external stakeholders.\*<sup>1</sup>

**Degree of Compliance: Compliant**

**Interpretation**

This policy is fully interpreted in the sub-policies below.

**Evidence**

Evidence of compliance with sub policies below provides evidence of compliance with this policy.

**POLICY 2.9.1** The CEO shall not... Ignore opportunities for collaboration for the community benefit.\*

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when written, external requests for the AAATA's resources or support are given due consideration as to whether they advance the Ends and comply with Executive Limitations and Administrative policies, whether the potential benefits are worth the investment and risk, and whether better options exist.

This is reasonable because this policy pertains to external relations and implies the AAATA's reaction to outside proposals. The AAATA's own approach to pro-active collaboration is covered under the Ends policies and other Executive Limitations policies. Verbal proposals are too numerous to track and sometimes politically oriented. Due diligence is reasonable as some proposed collaborations may be wasteful or damaging to the pursuit of the Ends.

**Evidence**

During the monitoring period no written requests were received.

<sup>1</sup> \*= See CEO notes.

**POLICY 2.9.2** The CEO shall not... Ignore opportunities to promote multi-modal solutions, transit-supportive land development, or first mile/last mile considerations whether internally or to outside decision makers.\*

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when written requests for the AAATA’s support of, or funding for, other modes, land development policies, or short-distance travel options are given due consideration as to whether they advance the Ends and comply with Executive Limitations and Administrative policies, whether the potential benefits are worth the investment and risk, and whether better options exist.

This is reasonable because this policy pertains to external relations and implies the AAATA’s reaction to outside proposals. Verbal proposals are too numerous to track and can be politically oriented. The AAATA’s own approach to pro-active planning in these areas is covered under the Ends policies and other Executive Limitations policies. Also, due diligence is reasonable as some proposed collaborations may be wasteful or damaging to the pursuit of the Ends.

**Evidence**

During the monitoring period the AAATA was not approached with any proposals regarding new modes or short-distance mobility options.

During the monitoring period the City of Ann Arbor did seek support from the AAATA in the development of a transit-supportive zoning ordinance. The CEO and Deputy CEO for Planning and Innovation both assisted staff in refining the ordinance language. The CEO participated in three public meetings in early 2021. As of April 2021, the ordinance is being discussed at the Planning Commission and will likely be referred to City Council. A video of the Planning Commission on April 6, 2021 includes the CEO’s participation. He was also at the March 23 Ordinance Review Committee and a meeting on February 9<sup>th</sup>, 2021.

**POLICY 2.9.3** The CEO shall not... Fail to develop relationships with community stakeholders, including elected officials, which contribute to community support for the AAATA.\*

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when no elected officials publicly call for the dissolution of the AAATA. This is reasonable because a call to dissolve the Authority would be a clear indicator of loss of community support. Otherwise, it is impossible to put a threshold on “relationships” and the CEO’s role requires him to sometimes not accede to political demands. Further, if we judge the success of the CEO or the AAATA on the popularity with elected officials, we will become reactive to outside demands.

**Evidence**

The CEO is not aware of any public suggestions to dissolve the AAATA from anyone or any elected official.

**POLICY 2.9.4** The CEO shall not... Fail to reasonably engage riders, residents, and stakeholders when considering material changes to services, programs, fares, or transit facilities.

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when the CEO ensures that appropriate opportunities exist for public involvement and feedback are provided *prior* to final decisions regarding services, programs, fares, or transit facilities. For service and fare changes, staff followed the administrative policy *Public Input Policy for Service and Fare Changes (2011)*, which describes levels/types/timing of engagement needed, scaled with the degree of change being considered: major, minor, or adjustment.

This is reasonable because the AAATA’s Public Input Policy (PIP) is comprehensive, has been successful for many years, and is compliant with federal regulation regarding public involvement.

**Evidence**

Prior to the onset of the pandemic, the rules of the PIP were met. However, the arrival of the pandemic in early 2020 compelled the AAATA to make several emergency decisions on short notice during a period of great uncertainty. *(Amended section) There was one significant misstep where we did not engage riders before a change was proposed. In July 2020, the agency was making plans to reduce services, and information about one element of that change (reduction of route 47 in south Ypsilanti) became public in an unplanned way. Community members, perhaps fearing withdrawal of service, reacted strongly by making public demands. While circulated via email among community leaders, the issue never reached the press. Facing strong public opposition, at the July 23<sup>rd</sup> board meeting, the CEO pre-emptively announced that the suggested changes to route 47 would not be occurring. This seemed to bring relief to the situation. Since then, staff have recommitted to seeking public feedback and have arranged service restoration processes accordingly.*

In spite of the above reference misstep, we are still reporting compliance with this policy due to the extraordinary circumstances and a caveat in the 2011 PIP that is relevant here:

**“Revised Procedures for Exceptional Circumstances**

*Under exceptional circumstances which require a service change or fare change to be adopted and implemented on short notice, the procedures above may be altered to the extent necessary. However, at a minimum, the public will be afforded an opportunity to be heard at the AATA Board meeting at which any action is taken and a notice of the proposed change with the date and time of the Board meeting will be published on the AATA website before the Board meeting. [NOTE: Such exceptional circumstances have never arisen in the past.]” (Underlining added.)*

Although this caveat had never been invoked, the pandemic meets the definition of “exceptional circumstances” and therefore applies. The Board had previously delegated operational decisions to the

CEO (policy), so all of the abrupt changes were made under his authority and did not come to the Board for action.

*The CEO submits that even though we were likely in technical compliance with this policy, we nevertheless took the route 47 incident very seriously, regret any miscommunications that occurred, and have gotten back on track since then.*

A list of key decisions and evidence during the monitoring period is provided below:

	Public comment allowed at Board meeting	Date notice of change was posted on the website	Date change went into effect	Website link
<b>Fares Changes</b>				
1. Fare collection temporarily suspended.	Yes	3/17/2020	3/19/2020	<a href="#">Here</a>
2. Resuming fare collection	Yes	7/15/2020	8/2/2020	<a href="#">Here</a>
<b>Transit Facilities Changes</b>				
1. The YTC, BTC, and the Main Office were temporarily closed.	Yes	3/17/2020	3/19/2020	<a href="#">Here</a>
2. All facilities later reopened after safety protocols were in place.	Yes	7/15/2020	7/20/2020	<a href="#">Here</a>
<b>Service Changes –</b>				
1. In compliance with the stay-at-home orders, TheRide reduced service levels to essential trips only	Yes	3/17/2020	3/19/2020	<a href="#">Here</a>

No further changes occurred in the monitoring period

**POLICY 2.9.5** The CEO shall not... Fail to operate in a publicly transparent manner.

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when the following information is freely available on the AAATA website:

- A. Board meeting agendas and packets are publicly available at least 18 hours before the meeting,
- B. Board meeting minutes are available on-line within two months,
- C. All draft Budgets when proposed, and final Budgets once approved,
- D. All audits, once accepted,
- E. Board members and senior executive staff are identified, and a contact method is provided,
- F. Contact information for Freedom of Information (FOIA) requests, and
- G. Contact information of all services as well as the main office.

This interpretation is reasonable because it complies with the Open Meetings Act and minimum transparency requirements, and adopts further standards derived from the now-defunct Sunshine.org group methodology for grading government transparency.

**Evidence**

During the monitoring period all required information listed above was posted on the agency website within the timeframe outlined. An on-line comment form for contacting the Board Chair directly was added in mid-2020. The AAATA website can be visited to confirm that this information currently exists.

A. All meetings were provided at least 18 hours before the board meeting date as evidenced below.

	Board meeting Date	Date Packet was uploaded on website
<b>Jul-20*</b>	July 23, 2020	July 17, 2020
<b>Aug-20</b>	August 20, 2020	August 13, 2020
<b>Sep-20</b>	September 24, 2020	September 17, 2020
<b>Oct-20</b>	October 22, 2020	October 16, 2020
<b>Nov-20</b>	November 19, 2020	November 13, 2020
<b>Dec-20</b>	December 17, 2020	December 11, 2020
<b>Jan-21</b>	January 21, 2021	January 15, 2021
<b>Feb-21</b>	February 18, 2021	February 12, 2021
<b>Mar-21</b>	March 18, 2021	March 12, 2021
<b>Apr-21</b>	April 22, 2021`	April 16, 2021

\*A new website went into effect in mid-2020. The information above dates from that timepoint.

- B. Board meeting packets are available [here](#).
- C. All Board minutes were available in the following month's packet.
- D. The Draft FY2021 budget was posted on-line on Sept 11,2020. The final budget was approved on September 24, 2020; and posted on the website on Oct 1, 2020.
- E. All annual operating budgets and audits are available [here](#).
- F. The website has pages for [Board members](#) and [Executive Team](#).
- G. FOIA information is [here](#).
- H. General contact info is [here](#).

**POLICY 2.9.6** Endanger the organization's public image, credibility, or its ability to accomplish Ends by:

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when compliance with policies 2.9.6.1 - 2.9.6.6 is achieved.

Compliance with this policy during the monitoring period will be further demonstrated when there are no *legitimate* public accusations suggesting mismanagement of the AAATA due to a factor over which the CEO



has control, and there is compliance with the other policies in this section. A legitimate case of mismanagement would likely involve decisions that were unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics (policy 2.0).

This is reasonable because, as a public body, the AAATA will always be a potential target for accusations of mismanagement by people unhappy with legitimate decisions with which they do not agree. Acceding to illegitimate or self-interested criticisms would make the organization reactive and jeopardize pursuit of the Ends. Limiting the scope to legitimate mismanagement seems appropriate.

**Evidence**

Aside from the previous-mentioned controversy in Ypsilanti regarding sudden service changes for route 47 and some social media criticisms regarding layoffs during the pandemic, the CEO is not aware of any other public accusations during this period. Given the magnitude of changes made during this period, this is reassuring.

Compliance with the following policies further demonstrates compliance with this policy.

**Policy 2.9.6.1** Operating the organization in a manner that jeopardizes grantor relationships.

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when AAATA meets expectations set forth by

- A. Federal Transit Administration,
- B. Michigan Department of Transportation, and
- C. other funders that apply to the AAATA.

This is reasonable because the FTA and MDOT are the two main funders/grantors, both has their own auditing/review processes to ensure compliance. Other funders may have their own rules.

**Evidence**

Evidence of compliance for this sub-policy is primarily provided via outside audits and assessments by the AAATA auditors, the Federal Transit Administration (FTA), and the Michigan Department of Transportation. The AAATA does not receive grant funding from any other body besides the Federal and State governments.



- A. **Federal Compliance:** An FTA review had been scheduled for 2020 but was deferred to 2021 by the FTA due to the pandemic. No communications from the FTA have been received that would suggest any concerns with compliance. In 2018 the FTA conducted a Triennial Review and found no problems with the AAATA's internal control or business decisions that would jeopardize federal funding. That review is available for inspection upon request. In addition, the AAATA's FY2019 and FY 2020 audits assessed compliance with federal grant regulations and found that Ann Arbor Area Transportation Authority complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.
- B. **State Compliance:** Grant agreements from the Michigan Department of Transportation were fully awarded and executed during the monitoring period and for the current fiscal year. MDOT has not indicated any concern with the AAATA's compliance with State grants; all state grants are intact and there are no known risks resulting from noncompliance for these grants. Grant agreements with MDOT are available for inspection upon Board request.
- C. **Other Grantors:** During the monitoring period, the AAATA entered into an agreement for the Toyota Motor Company to provide one-time philanthropic funding for the operations of the FlexRide service in Ypsilanti. A written contract outlining expectations was confirmed and is being complied with.

Detailed records supporting all of the above evidence are available for Board inspection upon request.

**POLICY 2.9.6.2** Allowing third-party advertising that violates stated agency guidelines for community standards.

**Degree of Compliance: Compliant**

#### Interpretation

Compliance with this policy will be demonstrated when the AAATA has, and consistently enforces, an administrative policy that restricts third-party advertising appropriately in order to protect AAATA's image and reputation.

This is reasonable because a written policy can define the limits of community standards.

The AAATA has an administrative Advertising Policy (see below). All third-party advertising must meet the Policy. There were no legal challenges to the policy during the monitoring period. The CEO is not aware of any instance or accusation of inconsistent enforcement.

#### **AAATA Advertising Policy, 2014**

*A. The AAATA, by permitting commercial advertising in or on its vehicles, shelters, informational material, buildings, and benches, does not thereby intend to create a public forum. Further, AAATA requires that such advertising comply with specified standards to further the purposes of providing revenue for AAATA, increasing ridership, and assuring that AAATA riders will be afforded a safe and pleasant environment. AAATA reserves the right to approve all advertising, exhibit material, announcements, or any other display and their manner of presentation.*

*B. In order to minimize the chances of abuse, the appearance of favoritism, and the risk of imposing upon a captive audience, advertising in or on AAATA vehicles, in AAATA shelters, buildings, benches or informational material which does any of the following shall be prohibited.*

- 1. Contains false, misleading, or deceptive material.*
- 2. Promotes an illegal activity.*
- 3. Advocates violence or crime.*
- 4. Infringes copyright, service mark, title, or slogan.*
- 5. Defames or is likely to hold up to scorn or ridicule a person or group of persons.*
- 6. States or implies the endorsement of a product or service by AAATA.*
- 7. Contains political or political campaign advertising\*\*.*
- 8. Contains advertising that is obscene or pornographic, or in advocacy of imminent lawlessness or violent action.*
- 9. Promotes alcohol or tobacco products.*

(\*\* Note: Recent court cases may force a reconsideration of the prohibition on political advertising.)

#### Evidence

During the monitoring period the CEO and staff were not aware of any advertising that violated the above standards. No complaints were received. Copies of all ads carried on AAATA buses are available for Board review upon request.

**POLICY 2.9.6.3** Hiring a former Board member as an agency employee or supplier within one year of that member's departure from the Board.

**& 2.9.6.4** Hiring a sitting elected official or former elected official that has not been out of office for at least one year from any jurisdiction that appoints members to the AAATA Board.

**Degree of Compliance: Compliant**

**Interpretation**

These policies are unambiguous with the note that policy 2.9.6.3 only applies to AAATA Board members.

**Evidence**

In concert with the Managers of Human Resources and Purchasing, we state that during the monitoring period the AAATA did not hire a current or former board member, or current or former elected officials as staff, and there were no such people on staff. Nor did any current or former board members or elected officials own any of the suppliers we engaged for goods or services.

**POLICY 2.9.6.5.** Ignoring exploration for innovation or opportunities that open capacity for the organization.\*

**Degree of Compliance: Compliant**

**Interpretation**

Compliance with this policy will be demonstrated when written, external requests for the AAATA's support of novel means of conducting the AAATA's internal business are given due consideration as to whether they advance the Ends and comply with Executive Limitations and Administrative policies, whether the potential benefits are worth the investment and risk, and whether better options exist.

This is reasonable because this policy pertains to external relations and implies the AAATA's reaction to outside proposals. Verbal proposals are too numerous to track. Suggestions for changes to services are not covered in this policy. The AAATA's own approach to pro-active planning in these areas is covered under the Ends policies and other Executive Limitations policies. Also, due diligence is reasonable as some proposed collaborations some be wasteful or damaging to the pursuit of the Ends.

**Evidence**

No written proposals for changes to the AAATA's internal business were received during the period.

**POLICY 2.9.6.6.** Authorizing the use of vehicles and their operators to transport persons detained by law enforcement for participating in public demonstrations.

**Degree of Compliance: Compliant**

**Interpretation**

This policy is unambiguous.

**Evidence**

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

**POLICY 2.9.7.** Allow the organization to be without (advisory) committees required in legislation or permit those committees to operate inconsistently with requirements of the legislation.

**Degree of Compliance:**

**Interpretation**

Compliance with this policy will be demonstrated when the Local Advisory Council (LAC) meets at least once a year, has at least three members including one appointed by the local Area Agency on Ageing, and provides feedback on the MDOT-required Vehicle Accessibility Plan. This interpretation is reasonable because the LAC is the only advisory body required by legislation, and the above membership and feedback elements are the only requirements in the legislation.

(It is worth noting that policies 2.9.7 and 3.9: Board Linkage with the LAC, came into effect towards the end of the monitoring period.)

**Evidence**

The Local Advisory Council met on Feb 9<sup>th</sup>, 2021 and provided feedback on the Vehicle Accessibility Plan before the plan was submitted to MDOT.

### CEO Notes

In past years I have noted that policies 2.9, 2.9.1, 2.9.2, 2.9.3, and 2.9.6.5 (\*) are prescriptions as they dictate staff actions rather than proscribing unacceptable situations. I have done my best to develop reasonable interpretations which I believe satisfy the guidance from the IPGA (below), but these are still unsatisfying.

I continue to believe these early policies are contrary to Policy Governance. I would ask the Board to consider rewording these policies or deleting them. One alternative would be to move 2.9.4 and 2.9.5 under 2.9.6 and delete everything else. The Board could also consult Rose Mercier.

I will also note that there is no “External Relationships” section in the stock Policy Governance template of policies. I believe this policy began as a continuation of the pre-2017 PMER committee (pre-Policy Governance).

## Board's Conclusion on Monitoring Report

### Guidance on Determining "Reasonableness" of CEO Interpretations

The International Policy Governance Association has developed the following guidance for Board members to use in deciding whether a CEO's interpretation is "reasonable":

*An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed...*

*Defensible measures and standards are those that:*

- *Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)*
- *Are relevant and conceptually aligned with the policy criteria and the board's policy set.*
- *Represent an appropriate level of fulfillment within the scope of the policy.*

- "What makes an Interpretation Reasonable and What are the Expectations for the Operational Definition: Policy Governance Consistency Framework Report Number 2". International Policy Governance Association. June 11, 2016. Available on the IPGA website.

### Board's conclusion after monitoring the report.

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

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

**At the May 20, 2021 Board meeting, the Board accepted the CEO as in compliance except for items noted (B). Those items will be reviewed by the Governance Committee for possible rewriting.**