

Board of Director's Meeting Agenda

Meeting Date/Time: April 16, 2020, 6:30-9:00pm

Location: REMOTE – Via Phone Conference Dial-in & GoToWebinar

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This prevents feedback.

Meeting Chair: Eric Mahler

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6. CLOSING ITEMS			
6.1 Topics for Next Meeting: Communication Support to the Board (Policy 2.11); Governing Style (Policy 3.1); Board Job Description (Policy 3.2); Compensation & Benefits (Policy 2.3); Board Committee Principles (Policy 3.6); Board Committee Structure (Policy 3.7); Cash & Investments (Policy 2.6); Asset Protection (Policy 2.8); Q2 Financial Report; Q2 Service Report		Thurs., May 21, 2020	
6.2 Public Comment			
6.3 Board Assessment of Meeting (Electronic)			Link here
6.4 Adjournment			

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

If additional policy development is desired:

Discuss in Board Agenda Item 3.0 Policy Monitoring and Development. It may be appropriate to assign a committee or task force to develop policy language options for board to consider at a later date.

Emergent Topics

Policy 3.13 places an emphasis on distinguishing Board and Staff roles, with the Board focusing on “long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.” Policy 3.1.3.1 specifies that that Board use a structured conversation before addressing a topic, to ensure that the discussion is appropriately framed:

1. What is the nature of the issue? Is the issue within the scope of the agency?
2. What is the value [principle] that drives the concern?
3. Whose issue is this? Is it the Board’s [Policy, 3.0 and 4.0] or the CEO’s [running the organization, 1.0 and 2.0]?
4. Is there already a Board policy that adequately covers the issue? If so, what has the Board already said on this subject and how is this issue related? Does the Board wish to change what it has already said?

Board of Director's Meeting Summary

Meeting Date: March 19, 2020

Location: Remote

Board Member Attendees (all remote): Raymond Hess, Jesse Miller, Kyra Sims, Roger Hewitt, Kathleen Mozak-Betts, Richard Chang, Mike Allemang, Sue Gott, Eric Mahler (Chair)

AAATA Staff Attendees: Matt Carpenter (CEO), Bryan Smith, John Metzinger (remote), Mike Blackstone, Rosa-Maria Njuki (remote)

Chairman Eric Mahler called the meeting to order at 6:31pm.

1. OPENING ITEMS

1.1 Approve Agenda

Mr. Roger Hewitt moved to approve the agenda, seconded by Ms. Kyra Sims.

Mr. Mike Allemang moved to defer the Annual Ends Report to possibly April's Board meeting, seconded by Ms. Sims. Chairman Mahler conducted a roll call vote.

In support of the motion:

Mr. Allemang: Yes

Mr. Rich Chang: Yes

Ms. Sue Gott: No vote received

Mr. Raymond Hess: Yes

Mr. Hewitt: Yes

Mr. Jesse Miller: Yes

Ms. Kathleen Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion carried.

CEO Matt Carpenter suggested deferring discussions of Ron Copeland's retirement, the Board Retreat, the Construction Policy, and Regional Transit. Mr. Hewitt agreed with the Construction Policy delay. Chairman Mahler expressed that he would like to discuss the Board retreat just briefly to get an idea of a month.

Mr. Hewitt motioned to defer the Construction Policy, seconded by Ms. Gott, Ms. Mozak-Bett's and Mr. Chang. Mr. Allemang motioned to also defer Ron Copeland's Retirement to next month. Chairman Mahler conducted a roll call vote.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion carried. Discussions of the Annual Ends Report, Ron Copeland's Retirement, and the Construction Policy were deferred.

1.2 Public Comment

Mr. Jim Mogensen asked that Michelle Barney's comments be read to the Board once received and thanked Ron Copeland for his years of service.

Mr. Mogensen asked if information / materials on potential August service changes or fare changes be made available on the website. He also spoke about the old YMCA site and the accommodations that should be considered for Uber, Lyft, food service, Amazon, AirRide, and the bike lane. Lastly, he addressed the YTC project and suggested an equity divide between Ann Arbor and Ypsilanti.

1.3 General Announcements
None

2. CONSENT AGENDA

2.1 Minutes

Ms. Sims moved to approve the minutes, seconded by Ms. Mozak-Betts. Chairman Mahler conducted a roll call vote.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion carried and the minutes were moved into the record.

3. EMERGENT BUSINESS

3.1 Coronavirus Update

CEO Carpenter, Mr. Bryan Smith, and Mr. John Metzinger provided an update on the Coronavirus and AAATA's response to that.

CEO Carpenter complimented and thanked the staff, the community, and the Board. He described the current status of terminals being shuttered, fares being dropped, and start of reduced fixed route services. He stated that AAATA is committed to serving the community as long as they are able to do so. He described many uncertainties and mentioned possibilities of new legislation and federal assistance in the future. He stated that the new definition of success going forward looks like maintaining skeletal fixed route and paratransit services throughout the duration of the pandemic. He also suggested that the community may need to prepare themselves that bus services like AAATA may need to cease operations for a period of time, though AAATA is aiming to be as resilient as possible. He pointed out that there are budget implications and probably a recession ahead. He described the current state of reaction that may also have a rebound, for which the community and AAATA will want to position themselves.

Mr. Smith reported continuing on the national trend, with about a 74% decline in ridership. He emphasized that leaves 26% of ridership that still need to get somewhere. He expressed the intent to serve the community for as long as possible

and complimented the staff's commitment. He reported that buses are being cleaned nightly, extra supplies are on back order, and discussions are being had between operations and planning as to what a much-reduced service would look like.

Mr. Metzinger provided a brief summary of the financial situation, highlighting a loss of fare revenue for the next 6 months of the year, which could be about \$2.8M dollars in fare revenue. He also described the challenge of growing costs affiliated with the Coronavirus. Currently, AAATA is looking at more than \$3M impact on the budget. He compared this to other parts of the country, like New York City's MTA, which is looking for a \$4B bail out. He described the good news that the reserve appears to be adequate and cash sufficient to meet needs for most of the remaining fiscal year. He reported that AAATA accounting is systematically tabulating costs affiliated with the Coronavirus in order to seek assistance for those costs in the future. He also shared that the August service change discussions with the public currently scheduled for April will still move forward in a safe environment such as online forums.

CEO Carpenter reported on the staff's meaningful interactions with the bus operators and a 70-year-old rider able to reach and care for her 90-year-old mother because of the AAATA buses during this difficult time.

Chairman Mahler and Ms. Gott gave thanks to the staff. Ms. Gott asked what Board members can do to be helpful. CEO Carpenter thanked the Board for the efficiency of their policy governance. He asked the Board to continue to look at their policies and ensure that they hold up during times of a pandemic.

3.2 Audit Task Force Update / Audit Presentation

Ms. Sims reported that the audit went well and overall was a very clean audit. Marlene Beach and Michael Santicchia of UHY presented on the audit.

4. POLICY MONITORING & DEVELOPMENT

4.1 Committee Reports

4.1.1 Governance Committee

Chairman Mahler highlighted discussion of the committee agendas and the Board retreat.

4.1.1.1 Board Retreat

Chairman Mahler expressed he was original aiming for a Board retreat in May or June. Considering the current situation, he suggested that the topic be revisited next month. Mr. Allemang expressed he would like to defer until next month. Mr. Hewitt, Ms. Gott, and Ms. Mozak-Betts agreed. Chairman Mahler will save the main body of the discussion for next month, to be addressed then if timely.

4.1.2 Finance Committee

Mr. Allemang reported that the majority of the meeting was taken up by the audit task force. He emphasized that the auditors were extremely complimentary of LaTasha Thompson, Mr. Metzinger, and the accounting staff, and that it was a positive audit.

He reported that Mr. Smith led discussion on potential changes to the paratransit service and CEO Carpenter gave an update on RTA.

4.1.3 Service Committee

Mr. Hewitt reported that the Service Committee spent almost the whole meeting discussing the Construction Policy, which he feels the Board has wisely decided to defer. Otherwise, the same updates were given by Mr. Smith and CEO Carpenter as were given to the Finance Committee.

4.2 LAC Report

Ms. Cheryl Weber reported on identifying people that were interested in the paratransit vehicles that are being purchased. Michelle Willis set up a meeting for this, but then the pandemic hit, so that meeting has been delayed. She shared that Mr. Smith spoke with the LAC regarding some of the recommendations from the paratransit study. She mentioned the RTA approval, which the LAC is happy about. She reported that LAC also discussed issues about the inline buses, how people are fastened in, and different problems with how people are dropped off. Lastly, Ms. Weber indicated that there was discussion of FlexRide changes at the meeting as well.

4.3 Monitoring Reports

4.3.1 Ends Report

CEO Carpenter reported that the only difference in the report to be reviewed at next month's Board meeting are indications of whether each policy was considered compliant or otherwise in the previous review. He looks forward to a discussion next month and hopes the Board will be able to acceptance it.

5. STRATEGY & OPERATIONAL UPDATES: CEO

5.1 Authorization of Grant Application

Mr. Metzinger walked the Board through the application and resolution, asked for the Board's acceptance of the resolution, and took questions from the Board.

Mr. Allemang asked if submitting the application will commit AAATA in any way, if the Board would have the ability to decline a full or partial award. Mr. Metzinger said yes, AAATA can step back, though there are risks associated with that – it could make it challenging for FTA to award future projects if a previous one has been stepped back from.

Ms. Gott commented that it could consider scaling back the project if there is a partial award; it's possible that AAATA could design and construct to the scale of the award.

Ms. Mozak-Betts asked if Mr. Metzinger feels that AAATA has been able to make the necessary tweaks to get the application through the next hoop. Mr. Metzinger expressed feeling they will be able to have a good shot with the improvements made.

Mr. Hess asked Mr. Metzinger what a typical local share tends to be on these projects. Mr. Metzinger responded that both reviewers said bringing more money to the table does make a grant application more competitive. He reported that there are grants that were funded at the typical 80/20 split. He pointed out that at this particular time, there isn't any further local funds to offer. Mr. Hess suggested getting congressional support. Mr. Metzinger reported that AAATA has reached out for congressional support letters and has a meeting with Susan Weber of the FTA, hoping that will help with the application.

Chairman Mahler conducted a roll call vote on the resolution.

In support of the resolution:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Enthusiastically Yes
Mr. Hess: Yes
Mr. Hewitt: Yes
Mr. Miller: No vote response
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Chairman Mahler: Yes

The resolution was passed unanimously.

5.2 Regional Transit

CEO Carpenter reported that the attempt to use the Municipal Partnership Act stalled in the State legislature, seeming to flounder on broad anti-tax sentiment across the state, and a plan to amend the RTA's enabling legislation floundered as well. He highlighted that these attempts have brought AAATA and the community together, particularly AAATA and members of Washtenaw County and the RTA. He reported that the meeting to continue working on the plan for Washtenaw County has been pushed out to later in the month.

He also reported that the Detroit to Ann Arbor bus service launched on Monday, March 16th.

Mr. Allemang asked about the D2A2 service, if ridership is poor, who would make the decision to suspend the service. CEO Carpenter responded that he and the CEO of RTA would make a collaborative decision. He described their desire to power through at the moment, a decision to be re-evaluated as needed.

Ms. Mozak-Betts expressed that the color scheme is very similar to the WAVE. CEO Carpenter explained that the WAVE and D2A2's service areas don't overlap much, and it was a challenge to more importantly separate the color schemes from those of DDOT and SMART.

5.3 CEO Report

At Chairman Mahler's request, CEO Carpenter and Mr. Smith provided a recap of some of the efforts being made to protect the public during this time and what service is currently running. Mr. Smith reported an upped amount of cleaning and also scheduling a second round of Clorox 360 this week. He shared the suspension of fares reduces the amount of interaction between the driver and passengers, as well as the ability to board now at both ends of the bus to improve social distancing. Mr. Smith reported that the reduced service began today, about 100 hours less a day, which ran successfully today. He asked the public to stay 4-6 feet apart on the bus when possible, only approach the driver when necessary, and there is still a full complement of call takers for questions.

CEO Carpenter reported that the San Francisco Bay is very much requiring people to stay in their homes, but their public transit is still running, with challenges. He shared that AAATA is working on the assumption that they will need to be present through the duration of the event.

Mr. Hess asked about the drivers' health and mindsets. CEO Carpenter described the staff as of one of AAATA's greatest assets and at the same time one of the points of vulnerability. He expressed at some point they are expecting confirmation of infection within or near the workforce which would lead to staff attrition, perhaps sapping AAATA's strength to put service out.

Mr. Smith reported at this time they still have good staff attendance and are providing bag lunches for all the operators and staff there on Friday as a thank you. He noted that they are also distributing hand sanitizers to all staff, making use of it a standard procedure. He expressed being proud to work with the entire staff.

CEO Carpenter reported that all this week office staff has been instructed to work from home that could. He also mentioned that face masks are being allowed if the drivers want to wear their own masks. Generally, he described that staff as holding up fairly well.

Mr. Allemang asked how the planning and discussions of potential service changes scheduled for August will be affected. CEO Carpenter expressed that it creates a challenge, especially the public involvement piece, but he would like to try and continue forward with having these necessary budgetary discussions remotely via technology, or in person with small groups, if warranted and possible. He noted that meetings have already been held with the City of Ann Arbor and CIL, but others have had to be delayed this week with the DDA, City of Ypsilanti, and Ypsilanti Township simply because of the pandemic.

Mr. Allemang expressed not wanting to sound negative, but under these unsure circumstances and probable financial challenges, AAATA needs to be very careful about making commitments that they may not be able to fulfill, particularly on the financial side, but also on the operational side. He wanted to emphasize how critical that is to the future service of this great agency. He went on to thank CEO Carpenter for his leadership and the staff for all their efforts, expressing they make him proud to be a Board member.

CEO Carpenter expressed that it is definitely a team effort.

6. CLOSING ITEMS

6.1 Topics for Next Meeting:
Communication & Support (Policy 2.11);
Financial Conditions (Policy 2.5);
Compensation & Benefits (Policy 2.3);
Governing Style (Policy 3.1);
Board Job Description (Policy 3.2)
Ends Report
Construction Policy
Ron Copeland's Retirement
Board Retreat

6.2 Public Comment

Mr. Mogensen discussed technology, how many don't have access with the closing of libraries. He asked for printer ready documents on the Website.

He suggested checking in on facilities with people in them that may need access to GroceryRide.

He pointed out that we need to keep track of what is happening around the transit centers, which have been understandably shut down, to make sure public health is being maintained.

He also mentioned pointing to the public transit associations for what is happening state-wide and beyond.

Ms. Cheryl Weber suggested making a community connection by doing an electronic town hall which she will check on. She also mentioned that the BTC was engineered to have an opening from the back.

Michelle Barney's comments below, sent via e-mail, were read to the Board:

"I couldn't get to connect, but I have two issues.

First, thanks for all you're doing to keep riders and workers safe!

Closing YTC & BTC is very difficult. It means no warmth or shelter from cold or rain. Also, no bathroom in the area, with library and everything else shut down. This is hard on pregnant women, seniors, etc. Can that part of the Centers be made available only?

We're supposed to enter and leave buses by back door. Makes sense, but riders with walkers and wheelchairs can't do that. What do we do, stop using buses?"

6.3 Board Assessment of Meeting

Ms. Gott requested that forms needing to be filled out by the Board be put into online forms for easier completion during this time.

6.4 Adjournment

Mr. Hewitt moved to adjourn the meeting, seconded by Ms. Mozak-Betts. Chairman Mahler conducted a roll call vote for adjournment.

In support of adjournment:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes.

Chairman Mahler adjourned the meeting at 8:13pm.

Respectfully submitted by: Keith Everett Book

ISSUE BRIEF: Pandemic Response Update

Meeting: Board of Directors

Meeting Date: April 16, 2020

INFORMATION TYPE:
Other
ISSUE SUMMARY:
<p>In a very short time, a global pandemic has caused unprecedented social change and resulted in many transit agencies shutting down or drastically reducing services as TheRide has done. While we are still early in the initial fight against the pandemic, it is not too early to begin to think about the next stages of the pandemic, how the future will change, and how TheRide will need to adapt to uncertain circumstances.</p> <p>This issue brief illustrates the assumptions TheRide has developed on the stages and duration of the pandemic and the associated implications for transit agencies. Within this context, we present the CEO’s plan to begin to pivot the agency’s priorities to align with our new reality.</p> <p>The CEO wishes to share this new blueprint with the Board of Directors, staff and the public, and hear feedback and suggestions.</p>
RECOMMENDED ACTION(S):
Review document and provide feedback to the CEO.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Policy 2.11.1.5 requires the CEO to inform the Board of the emergence of significant new risks. • Policy 2.1 and 2.2 require the CEO to maintain the safety of staff and passengers. • Policy 2.4 requires the CEO to respond to the emergence of fiscal jeopardy. • Policy 4.3.3 empowers and requires the CEO to make decisions to maintain compliance with the Board’s expectations (written policies).
ATTACHMENTS:
Attachment 1: TheRide Pandemic Realignment Plan (DRAFT)

Attachment 1: TheRide Pandemic Realignment Plan (DRAFT)

Section 1: New Context

There are no reliable predictions about the course of duration of the pandemic. We are planning for the worst and hoping for the best. Our working assumptions are: 1) a vaccine isn't available until [early 2021](#) 2) until then social distancing will continue, 3) socio-economic damage may be significant is not yet known, 4) there will be intense pressure to reopen society and restart transit services, and 5) a recovery will be slow and sputtering.

Timeline & Impacts

The following phases and timelines are a thought exercise for planning purposes not firm predictions. Dates are extrapolations based on assumptions. Timing is a best guess. Phases will overlap. Updates will occur.

- **Phase 1: Emergence and Initial Reactions (Jan – March 2020)** – Arrival of virus in North America. Emergency social isolation orders. Emphasis on “flattening the curve”. Transit identified as ‘essential service’. Ridership drops. Fare collection suspended. Feds provide CARES relief for transit. Focus on public and employee safety, reducing services while maintaining essential mobility needs. Loss of labor force as infections spread.
- **Phase 2: Containment & Associated Impacts (Feb 2020 – Jan 2021)** – *(We are just entering this phase.)* A prolonged period of social isolation and endurance until a vaccine is developed. Maintaining employee health and essential services to aid in containment and treatment is priority. Maintaining organization capacity to re-emerge is a secondary priority (hoarding resources, re-start costs, etc). Agencies begin developing and deploying mitigation measures. Employers and schools may not reopen by fall 2020. Homelessness may increase. Supply chains disrupted. Layoffs continue and operating costs may decline, but labor relations impacted. Local tax revenues begin to decline and agency funding further disrupted.
- **Phase 3: Restoring Service & Start-Stop Cycle (May 2020 – June 2021)** – While containment efforts are still ongoing, early successes in containing the virus and pressure to reopen society will lead to loosening of quarantines, a start-stop cycle of rebounding infections, and pressure to increase transit services. Timing of this phase is unpredictable. Gradual reintroduction of some services and fare collection. It will be challenging to re-start and then stop services. Agencies will incur re-start costs. Timing and levels depend on local factors, labor availability/willingness, and finances.
- **Phase 4: Vaccine Deployment (Jan 2021 – June 2021)** – Vaccine hoped for 12-18 months after initial emergence (Jan-June 2020). Mass deployment will take months after vaccine is developed. Early vaccinations for transit workers should be a priority.
- **Phase 5: Post-Pandemic (June 2021 and beyond)** – Recovery begins; focus on social and economic rebuilding, emotional healing. Transit may be seen as important precursor to recovery but stigma of crowding will be a challenge. Future conditions may include: high unemployment, social/emotional trauma in society and workforces, lingering fear of infection, reduced tax revenues cause secondary financial challenge.

Phase/Time	Calendar Year 2020												Calendar Year 2021							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Phase 1	Red	Red	Red																	
Phase 2		Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow								
Phase 3					Purple	Purple	Purple	Purple	Purple	Purple	Purple	Purple	Purple	Purple	Purple	Purple				
Phase 4													Green	Green	Green	Green	Green			
Phase 5																		Blue	Blue	
Color	Phase detail																			
Red	Emergence and Initial Reactions																			
Yellow	Containment & Associated Impacts																			
Purple	Restoring Service & Start/Stop Cycle																			
Green	Vaccine Deployment																			
Blue	Post-Pandemic																			

Implications for Transit Industry

1. Timing and duration are major unknown variables. Decisions will have to be made without certainty on when services will return to normal, or how long resources will have to last.
2. New definition of success for transit agencies may be maintaining minimal, essential operations; maintaining financial viability; and getting prepared to re-emerge.
3. Agencies may want to prepare for a long period of financial strain until 2022. The post-pandemic impacts and economic implications may be as bad as the disease itself. Local/State tax sources will be impacted. The initial federal relief (CARES Act) may not be repeated and could quickly be exhausted. Fare revenue down. Infrastructure funding is unknown.
4. After establishing stability, use down-time to retool and prepare to re-emerge. Restore fare collection ASAP to ease finances.
5. Prepare to be asked to restore services before the pandemic is completely under control and before a vaccine is available. A yo-yoing start/stop cycle may be a major challenge in itself.
6. Services in September 2021 may not be the same as in earlier years. Schools may not reopen. Whenever full ridership returns, agencies may still be expected to reduce crowding.
7. Alternatives to public transit such as ridesharing and e-scooters will also be affected. Competing modes may re-emerge differently.
8. Emergency preparation will become a new priority. We will all need to update emergency pandemic plans. A single national model/protocols would help.
9. Being thinking about how society's needs may have changed by mid-2021. What will recovery look like? How can the agency be ready? What would success look like in 12-18 months? Agencies and service may face differing expectations and need to adjust services and offerings accordingly.

Undoubtedly this timeline will be wrong. Adjust as circumstances warrant.

Opportunities

A prolonged shutdown and social/economic impact may present opportunities to make changes that would have otherwise have been more difficult. As travel demand reappears, there may be an opportunity to win back ridership and market share. No one will ride services that aren't running. Be careful not to over-reach.

Section 2: Updating Corporate Priorities

The Board has already given us their priorities and expectations in their *Policies*. We had a blueprint of actions for achieving those goals – the *Corporate Business Plan*. Today, the external environment has radical shifted and earlier goals and blueprints need to be reconsidered, and a new directions set - quickly. Triage decisions have been made, and operations and finances are stable (for the moment). We have a few moments to catch our breath and consider our next steps.

- **Board Priorities:** The Board’s existing policies still appear relevant and can be used. Those addressing safety and health are obviously a priority.
- **Action Plan / Blueprint:** The Corporate Business Plan is now obsolete. We must shift our emphasis towards priorities that are more fundamental: safety and health, serving essential travel, financial sustainability, etc. We need to quickly reconstitute a new corporate blueprint. Critical to this work is establishing a new set of priorities, aligned with the Board’s policies, which reflect our new reality, and new risks and uncertainties. We will also need to update our rolling, multi-year work plan and capital plans, and align department plans.

Having clear, focused priorities is essential. The federal government has provided us with \$20.7 million in relief funding and we also had about \$8 million of our own funds in reserve. While this is a huge help, it also brings the risk of organizational paralysis, delay, or waste if we can’t identify priorities. Clear priorities and focused objectives are essential now more than ever.

Approach

The CEO is quickly re-shuffling our Business Plan (blueprint) to establish new priorities and begin directing resources. We will attempt to maintain staff and public involvement efforts as appropriate. Big decisions will likely be made before full information is available. Let’s get a framework in place and then build the plane as we fly it.

Based on the Board’s existing priorities and Exec Team input, the following are the new corporate business priorities:

- 1. Health and safety of the public and staff.**
- 2. Maintain Essential transport needs (continue paratransit and minimal fixed-route)**
- 3. Financial sustainability of the organization**
- 4. Prepare to re-emerge as a stronger organization**
- 5. Other...**

As with the existing Business Plan, each of these priorities are thematic buckets established to help us make critical decisions, and identify and prioritize specific projects. We can should work with staff to help populate the actions and tactics. A hierarchical arrangement of tactics discussed so far *might* look like:

- 1. Health and safety of the public and staff.**
 - a. Continue additional cleaning/sterilization, other mitigation measures
 - b. Build capacity to react to new challenges
- 2. Maintain Essential transport needs (continue paratransit and minimal fixed-route)**
 - a. Continue reduced service levels
 - b. Make contingency plans for maintaining service

3. Financial sustainability of the organization

- a. Emergency costs savings
- b. Update financial plans: Revise 2020 Budget, plan for 2021
- c. Reconcile workforce costs with financial capacity

4. Prepare to re-emerge as a stronger organization

- a. Maintain health and well-being of workforce
- b. Make use of down time. Retrain, re-tool. Deferred maintenance.
- c. Route plans for Sept
- d. Update emergency prep plans (later). Contingency plan, Continuing Operations Plan

5. Other...

TheRide staff are beginning to re-prioritize actions within this new framework. Our immediate next challenge is that our budget, already tight, has seen rising costs and the loss of all fare revenue. Future revenue losses are possible. *TheRide likely faces a very difficult decision regarding our financial capacity to maintain current staffing costs.* This is the next major challenge facing the organization and the implications will drive subsequent decisions.

Next Steps

1. **Safety of Staff and Maintaining Essential Service** – Continue new approaches to keeping staff safe while maintaining essential services.
2. **Confirm New Priorities and Assumed Timeline** – Seek feedback and advice on the new corporate priorities and general blueprint.
3. **Financial Assessment** – Determine how long financial reserves and federal CARES funding can last, and the likely tradeoffs ahead of us.
4. **Make decisions regarding staffing costs** – Can and should TheRide try to maintain current staffing costs? For how long? What are the implications?
5. **Develop Action Plans** – Based on final priorities and decisions, review and update plans for resources.

Governance Committee Meeting Summary

Meeting Date/Time: March 26,2020, 9:00-10:30am

Location: REMOTE – Via GoToMeeting and Phone Conference Dial-in

Meeting Chair: Eric Mahler

Committee Meeting Attendees: Mike Allemang, Roger Hewitt, Kyra Sims

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger, Rosa-Maria Njuki

Chairman Eric Mahler called the meeting to order at 9:05 am.

Discussion Items
1.OPENING ITEMS
1.1 Agenda (Additions, Approval) No additions.
1.2 Communications None.
2. EMERGENT ISSUES
2.1 Coronavirus Update CEO Carpenter announced that we are reducing our services. We have one confirmed case. Only the staff that absolutely must be coming in. We had our first Town Hall call yesterday and will have another today. We are collecting driver personal e-mail addresses to help with communications. Chairman Mahler asked about testing symptoms. CEO Carpenter reported that this morning we got a notice from the Washtenaw County Health Department that may require employers to individually scan employees for symptoms before entering the building. Chairman Mahler asked if testing is available. CEO Carpenter shared that there hasn't been anything announced as to where or how to get tests possibly, and perhaps they aren't forcing tests because they don't know how to get them. He reported that more and more surrounding areas are shutting down fixed route services (Lansing, Bay City, Sawganaw). Bryan Smith reported on the agreement with the union that was executed on Tuesday. Services have been taken down to the Sunday service with the addition of Route 3 in order to service hospitals. An emergency bid on Wednesday went from 8:00am to 4:00pm. Significantly less than half of our force is working for time and half through April 14 th . The schedule was instituted this morning. Regarding maintenance, we have 13 technicians, only 4 volunteered of the 6 that were requested. We may need to bring in outside contractors. Regarding paratransit – Aride is continuing to run, no same day service. No one with a fever or symptoms are being transported. Ridership has dropped off significantly. We have made an exception to take those needing dialysis outside of our usual service. We added some early service on the 4. And all of the service changes are reflected on the website.

Discussion Items

Chairman Mahler suggested documenting every action we take for transparency. Mr. Metzinger discussed the cash flow. There is reason for concern; our total cash in investments could support operations for 3 & ½ months. We are about a month away from dipping into our reserve. The package to the union is costing AAATA a bit more than was budgeted for wages.

He reported on the federal aid package that was passed by the Senate last night, moving on to the House today. It provides \$25B to transportation. FTA is hosting a webinar this afternoon that they will attend. It will fund 4 programs, of which AAATA has access to 2. This is all operations assistance, not capital. The finance department has already set up new cost codes in order to document them, and paid leave is eligible. It looks like about \$8M may be coming to us. First, he suggests using it to pay for loss fare revenue (\$2M), reimburse sanitation costs, and last, the employees on leave. The FTA is lifting a lot of the rules, apportioning the funds within 7 days.

CEO Carpenter pointed out that we should strike a balance between maintaining operational ability to bounce back, while being as conservative as possible.

Chairman Mahler suggested that we may not see the peak until late April at the earliest.

3. POLICY MONITORING & DEVELOPMENT

3.1 Monitoring Reports:

Governing Style (Policy 3.1)

Board Job Description (Policy 3.2)

It will be more and more difficult to get feedback from the Board while everything is currently remote. Mr. Allemang suggested not spending significant time on monitoring reports at this time. CEO Carpenter may diverge from the current schedule and prioritize.

CEO Expense Report

Chairman Mahler pointed out the declining trend of spending. CEO Carpenter mentioned he will obviously not be doing the traveling expected. New furniture for the CEO office may be coming as planned in accordance with the other office furniture that has already arrived.

3.2 Committee Agendas

Service Committee Meeting:

Mr. Hewitt would like to delay the Construction Policy discussion at this time. He does think that the policy should be in place for YTC. He thinks going through it once will prove what needs to be changed. He would like the Board to pass it in its current state and to be modified as we go along. Mr. Allemang and Chairman Mahler would like to not pass it if it needs to be changed, unless something is needed for the YTC. CEO Carpenter expressed that he thinks it is important to the YTC. He would hate for the Board to lose the momentum they have on the policy. Mr. Hewitt will suggest bringing two versions to the Board, one stripped down and one that is not. He will discuss doing this or punting it some months with the Committee.

Finance Committee Meeting:

It was agreed to defer Compensation & Benefits Policy 2.3 and put it into Topics for Next Meeting.

Discussion Items

Mr. Allemang suggested making Cash a separate topic on the agenda. Under agenda item 2.1, a Cash Flow discussion will be added.

Board Meeting:

Chairman Mahler would like to suggest not having a Board Retreat this year. The CEO Contract update will be coming, and he will reach out to Keith Book for assistance scheduling dates and times in the next 10 days.

Construction Policy, LAC Report, and monitoring reports 3.1, 3.2, and 2.3 will be added into Topics for Next Meeting.

Closing Items: Chairman Mahler would like to suggest to the Board that monitoring of policies 3.6, 3.7, 2.6, and 2.8 be delayed.

Ron Copeland's Retirement will be struck from the agenda as Mr. Copeland has agreed to stay on through the COVID pandemic.

3.3 Other Governance Issues (as assigned)

3.3.1 Meeting Assessment (3/19)

These will be done electronically going forward.

3.4 Board Retreat

Chairman Mahler would like to suggest not having a Board Retreat this year.

3.5 CEO Contract Update

The CEO Contract Update will be coming, and Mr. Mahler will reach out to Keith Book for assistance scheduling dates and times in the next 10 days for the Governance Committee.

4. CLOSING ITEMS

4.1 Topics for Next Meeting:

Board Committee Principles (Policy 3.6)

Board Committee Structure (Policy 3.7)

4.2 Adjournment

Chairman Mahler adjourned the meeting at 10:42.

Respectfully submitted by: Keith Everett Book

Finance Committee Meeting Summary

Meeting Date/Time: April 7, 2020, 3:00-5:00pm

Location: REMOTE – Via Phone Conference Dial-in & GoToMeeting

Meeting Chair: Mike Allemang

Committee Meeting Attendees: Kyra Sims, Raymond Hess, Rich Chang

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger, Rosa-Maria Njuki

Chairman Mike Allemang called the meeting to order at 3:05 pm.

Discussion Items
1. OPENING ITEMS
1.1 Agenda (Additions, Approval) Approved.
1.2 Communications CEO Carpenter announced the death of an AAATA employee.
2. EMERGENT ISSUES
<p>2.1 Coronavirus Update CEO Carpenter led a discussion on the possible timeline and impacts of the pandemic as follows:</p> <p>New Context There are no reliable predictions about the course of duration of the pandemic. Our working assumptions are: 1) a vaccine isn't available until early 2021 2) until then social distancing will continue, 3) socio-economic damage will be severe but the full extent will not become clear for months, 4) a recovery will be slow and sputtering starting in 2021.</p> <p>Timeline & Impacts Dates are extrapolations based on assumptions. They will need to be updated. Phases will overlap.</p> <ul style="list-style-type: none"> • Phase 1: Emergence and Initial Reactions (Jan – March 2020) – Arrival of virus in North American. Emergency social isolation orders. Transit identified as 'essential service'. Ridership drops. Fare collection suspended. Feds provide \$25 billion in relief for transit. Focus on public and employee safety, reducing services while maintaining essential mobility needs. Loss of labor force as infections spread. • Phase 2: Containment & Associated Impacts (Feb 2020 – Jan 2021) – (We are just entering this phase.) A difficult period of social isolation and endurance until a vaccine is developed. Maintaining employee health, and essential services to aid in containment and treatment is priority. Maintaining organization capacity to re-emerge secondary priority. Agencies begin developing and deploying mitigation measures. Tax revenues begin to decline. Employers and schools may not reopen by fall 2020. Homelessness may increase. Supply chains disrupted. Layoffs continue and labor relations impacted.

Discussion Items

- Phase 3: Restoring Service (May 2020 – July 2021) – Pressure to re-open society and allow limited additional economic activity will lead to loosening of quarantines, rebound infections and a start-stop cycle, and pressure to increase transit services. Gradual reintroduction of some services and fare collection. Timing and levels depend on local factors, labor availability/willingness, and finances.
- Phase 4: Vaccine Deployment (Jan 2021 – June 2021) – Vaccine hoped for 12-18 months after initial emergence (Jan 2020). Deployment will take months after vaccine is developed.
- Phase 5: Post-Pandemic (June 2021 and beyond) – Recovery begins. Focus on social and economic rebuilding, emotional healing. Transit will be seen as important precursor to recovery, but stigma of crowding will be a challenge. Future circumstance may include: high unemployment and social/emotional trauma in society and workforces, lingering fear of infection, reduced tax revenues cause secondary financial challenge.

Implications for Transit Industry

1. New definition of success for transit agencies may be maintaining minimal, essential operations; maintaining financial viability; and getting prepared to re-emerge.
2. Agencies should prepare for a long period of financial strain until 2022. Local tax sources will soon be impacted. The initial federal relief (CARES Act) is unlikely to be repeated. Infrastructure funding is unknown. Plan for the worst, hope for the best.
3. After establishing stability, use down time to retool and prepare to re-emerge. Restore fare collection ASAP to ease finances.
4. Prepare to be asked to restore services before the pandemic is completely under control and before a vaccine is developed.
5. Services in September 2021 may not be the same as in earlier years. Schools may not reopen.
6. Being thinking about how society's needs may have changed by mid-2021. What will recovery look like? How can the agency be ready? Agencies and service may face differing expectations and need to adjust services and offerings accordingly. Undoubtedly this timeline will be wrong. Be prepared to adjust as circumstances warrant.

Opportunities

A prolonged shutdown and social/economic impact may present opportunities to make changes that would otherwise have been more difficult. As travel demand reappears, there may be an opportunity to appeal to returning travelers. Be careful not to over-reach.

Chairman Allemang thanked CEO Carpenter for attempting to create a long-term plan. Mr. Chang praised the attempt at a plan and asked what the cost might be to get things back up and running. CEO Carpenter described challenges such as Hybrid buses deteriorating over time if not up and running regularly. He expressed that that the biggest factor of restart will be staff.

Mr. Hess wondered if this pandemic will create a shift in how we plan our cities; in today's environment, you take transit at your own risk, and when we get on the other side of it, it may be difficult to win back riders. He also asked if the federal funding can be used as a stop gap for lack of fare revenue, or does it have to be for a capital or operational expense. CEO Carpenter said that yes, it can be used as a stop gap.

Discussion Items

Ms. Sims asked what the rider environment is. Mr. Smith expressed the institution of only allowing 15 passengers at a time. A new line that is 6 feet away from the driver will be created, sticking with boarding at the rear door for everyone that can. Social distancing is in place with signs and the buses are being cleaned twice a day.

Mr. Hess asked where ridership is currently. Mr. Smith expressed that we are at a 90% fixed route ridership drop – at about 2200-2400 riders/day. There are about 14 riders an hour. The paratransit ridership has also gone down significantly, only being used for critical cases like trips to the hospital for dialysis. CEO Carpenter expressed that this is about normal.

Mr. Metzinger provided information as to where TheRide is with funding. There is no revenue from fares or contracts that pay fares either – this accounts for 17% of TheRide's budget. Delays in our collection of property taxes are possible. Funds we receive from MDOT are challenged since those come from sales tax revenues. Our costs are slightly higher than budgeted. We are paying time and a half for those driving, and those not working are being paid for 37.5 hours/wk through April 14th.

Mr. Metzinger reported that \$20.8M will be received from the federal government to be used for capital and operational expenditures. It is 100% federal funding, not requiring a state or local match. Capital projects will be able to move forward without going through some of the typical hoops. Mr. Metzinger expressed that we should not spend these funds entirely on employee leave. He pointed out that we will need the funds in place by July, but we expect that it will happen more quickly than that.

Mr. Metzinger described the current situation as a fast burn on cash. He is still working on the modeling of a plan to be shared with the committee and Board soon. He cautioned that some of the operating funds from the state may be clawed back now that there is federal funding, another reason why we need to take a very conservative approach.

Mr. Hess expressed that the “feds giveth and the state taketh away” may be a real threat.

CEO Carpenter expressed that this may be the only opportunity for assistance from the federal government.

CEO Carpenter pointed out that policy 2.11 obligates him to relay to the Board any new risks. He relayed that financial risk has emerged. Policy 2.4 requires response to the emergence of fiscal jeopardy, and CEO Carpenter is working to understand the reactions needed. He reported that AAATA will not be in the position to launch an organization or community communiqué outlining specific reactions but will likely reach major decisions in the next three weeks.

2.1.1 Cash Flow

Mr. Allemang suggested doing more monitoring of the cash flow, more closely and more often. Mr. Metzinger will be instituting some new finance processes to facilitate that.

Discussion Items

3. POLICY MONITORING & DEVELOPMENT

3.1 Financial Conditions (Policy 2.5)

Mr. Metzinger walked the Committee through the report, demonstrating partial compliance – Not in compliance with the policy that deals with the Reserve. He pointed out that the Reserve was not at 2.5 months for 12 consecutive months. Mr. Allemang pointed out that the policy states quarterly adherence for 12 months (not monthly adherence). Mr. Hess suggested changing the language for consistency to either monthly or quarterly.

The Committee agreed that it is compliant, except where noted (B).

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 FY2021 Budget Calendar

Mr. Metzinger expressed that the goal is to prepare and bring the FY2021 budget for adoption to the Board in September. He explained that this year's budget will be more austere. The calls for projects and staffing are not going to be part of the process this year. CEO Carpenter pointed out that the Governance Committee is leaning toward no Board Retreat this year.

The cost of governing will be prepared by staff with input from the Governance Committee. Mr. Metzinger is suggesting just posting the budget for 30 days but not having public input sessions due to poor attendance in the past. We will see if an additional July Board meeting is needed again this year.

Mr. Allemang wanted to know when the budget will be brought to the Finance Committee, preferably before it is put out to the public. The date of the Board meeting in September needs to be confirmed for the calendar.

Mr. Chang asked about communication with the staff since there won't be the usual calls for projects or staffing. Mr. Metzinger expressed needing to still handle communication with the staff so they understand why those have been cancelled.

Mr. Metzinger expressed that financial data has been provided through Questica that presents current financial data each week to the managers, which needs more engagement by some of the managers. The methodical goal is to have engaged managers that determine and control their own budgets.

Mr. Hess expressed wondering if there are any other actions being taken, anything else that is being put on hold considering the current situation, to be discussed at future committee meetings. Mr. Metzinger will provide a list of projects that will be deferred.

CEO Carpenter discussed that some projects will need to be started as soon as possible. For example, mitigation strategies are being started to determine how to begin collecting fares again in the best way possible.

4.2 Paratransit Update

Mr. Smith reported that staff are working to fully implement the most current software. We are out to bid for a new contract, also keeping in mind what challenges starting a new business relationship at this time might pose.

Discussion Items	
	Mr. Allemang asked if there were any relevant City Counsel updates that Mr. Hess could offer. He reported briefly on a transit- supported zoning along certain corridors that is in discussions. CEO Carpenter expounded upon this idea and noted that he has offered AAATA’s assistance on context as needed. Mr. Hess shared that a Transportation Plan and an A2Zero project are on the docket, though it is unsure how these will or won’t be able to move forward at this time.
4.3	<p>2021 Service Adjustments</p> <p>Mr. Smith reported that in the wake of COVID-19, it does not serve AAATA to try to make proposed service changes (minor tweaks to the previous full schedule) in September.</p>
5. CLOSING ITEMS	
5.1	<p>Topics for Next Meeting:</p> <ul style="list-style-type: none"> Cash & Investments (Policy 2.6); Asset Protection (Policy 2.8); Compensation & Benefits (Policy 2.3); Q2 Financial Report COVID-19 Update <p>CEO Carpenter mentioned that the monitoring report schedule may adjust considering the current situation.</p>
5.2	<p>Adjournment</p> <p>Mr. Allemang adjourned the meeting at 4:38pm.</p>

Respectfully submitted by: Keith Everett Book



Service Committee Meeting Summary

Meeting Date/Time: April 1, 2020, 3:00-5:00pm

Location: REMOTE – Via GoToMeeting and Phone Conference Dial-in

Meeting Chair: Roger Hewitt

Committee Meeting Attendees: Sue Gott, Kathleen Mozak-Betts, Jesse Miller

AAATA Staff Attendees: Matt Carpenter, Bryan Smith, John Metzinger, Rosa-Maria Njuki

Chairman Roger Hewitt called the meeting to order at 3:02pm.

Discussion Items
1.OPENING ITEMS
1.1 Agenda (Additions, Approval) Approved.
1.2 Communications None
2. EMERGENT ISSUES
<p>2.1 Coronavirus Update CEO Carpenter announced reports of a UofM bus driver who has passed away from the coronavirus. He extended his condolences.</p> <p>Mr. Smith reported on fixed route services running at the as the usual Sunday service plus a couple of Rt. 4s in the morning along with the Rt 3 to service St. Joe Hospital. He expressed that TheRide is making service every day, but not with a huge amount of slack with 44 volunteer drivers. 4 Technicians volunteered. Service crew is at full staff. The popular routes remain to be popular. We are running extra trippers to keep the number of people on the bus 15 and below. Anyone reporting to work must answer symptom questions upon their arrival. We will be taking temperatures once non-touch thermometers arrive. Social distancing is in place and the buses are being cleaned twice a day.</p> <p>Ms. Gott asked if the drivers are wearing or asking for protective gear. Mr. Smith responded the efforts being made for social distancing - no fare collections, rear door entry, tagging every other seat with a please don't sit here sign. We are not supplying masks to the drivers due to contrary reports of their usefulness, as well being unable to find any for them, but we are allowing them to wear their own. He reported that someone having to use the front door does briefly come within less than 6 feet of the driver and those riding with wheelchairs do need to be secured.</p> <p>Ms. Mozak-Betts reported that she has observed the bus drivers doing an excellent job. Mr. Smith noted that there have been no call outs of the 44 drivers since the pandemic. Mr. Smith repeated that it is unclear if masks are effective and there would a lot of questions to be answered by TheRide if they supply them.</p>

Discussion Items

Mr. Metzinger provided information as to where TheRide is with funding. There is no revenue from fares or contracts that pay fares either – this accounts for 17% of TheRide's budget. Delays in our collection of property taxes are possible. Funds we receive from MDOT are challenged since those come from sales tax. Our costs are slightly higher than budgeted. We are paying time and a half for those driving, and those not working are being paid for 37.5 hours/wk through April 14th. We will be dipping into the Reserve which has gone from \$10M – \$9M thus far. The Cares Act was signed into law last week. \$25B has been allocated for public transportation. How much comes to AAATA, how it will flow to us, and how its use will be prioritized we hope to learn more about next week. He discussed the balance of current needs and safety with future sustainability.

Ms. Gott asked what the long-term picture looks like. LaTasha Thompson and Mr. Metzinger have been running cost analysis for paying staff time and a half and the net effect of that is an increase of \$400,000 above budget. Once we have more information, Mr. Metzinger will be providing further analysis.

Ms. Gott expressed the importance of trying to maintain our efforts to get the medical workers to the hospitals.

CEO Carpenter discussed making efforts and providing service as resources persist. Success right now is keeping the fixed route and paratransit services running at all. He reported that TheRide will be transporting homeless to hotels for shelter in the evening at the request of Washtenaw county.

CEO Carpenter further described TheRide's immediate financial state as stable. Knowing that the federal funding is coming is positive. AAATA is working to give our staff peace of mind by paying them all through April 14th and for the Easter holiday. He noted that we will still have to talk about how to save money.

Mr. Miller expressed being immensely proud of the organization and hope that the staff and organization is being recognized for all they are doing. He asked if there are any mental health resources available for the staff. Mr. Smith reported that private e-mails were collected for more communication and an employee assistance program is in place for the staff, as it has been for a long time, which includes counseling via phone.

Mr. Miller asked if pay cuts would be considered across the executive staff. CEO Carpenter is going to be discussing this with his teammates, as a potential voluntary and symbolic gesture.

Ms. Gott asked what the cost of a 2- week payroll is for AAATA. Mr. Metzinger reported that would be \$600K. The duration of the Executive Order for shelter in place is the main factor determining next steps.

Mr. Miller suggested conservation of Board expenses. Mr. Hewitt announced the Governance Committee discussed cancelling the retreat.

Discussion Items

3. POLICY MONITORING & DEVELOPMENT

3.1 Construction Policy

Mr. Hewitt announced that if TheRide should get a grant for the YTC, that would not be awarded until November. Mr. Metzinger reported that the YTC application has been submitted. CEO Carpenter refreshed the committee's memory on the theory behind a shortened draft. He expressed a lot of the value being in policies 1,2, 6, and 8 of the Executive Limitation. He reiterated that whatever the Board decides, staff will do their best to comply.

Mr. Miller agreed with the course of action but asked the Governance Committee to triage and determine what we CAN do in Board meetings so that it doesn't pile up. He would like to do as much as we can.

Ms. Gott expressed that there may be little to gain by discussing this topic only amongst the Committee, but she is happy to continue the work if it will assist the Board in any streamlining for decision making.

Ms. Mozak-Betts expressed being at a point where she would like to hear what other Board members have to say. CEO Carpenter referred to the CTN video of the last Board meeting where this was discussed.

Mr. Hewitt will try to come up with a clearer road map of how to proceed and offer what the previous concerns were about the policy to the committee at the next meeting.

4. STRATEGY & OPERATIONAL UPDATES: CEO

4.1 Paratransit & 2021 Service Adjustments Update

Mr. Smith announced that public meetings have been delayed until May and may be virtual. Starting in two weeks, time will be spent with stakeholders.

Mr. Miller would like to recommend not using a hybrid of computer and phone for virtual meetings.

5. CLOSING ITEMS

5.1 Topics for Next Meeting:

Q2 Service Report (CEO Carpenter reported that planning staff may be behind on data, so this may need to be delayed for a month).

5.2 Adjournment

Ms. Gott motioned to adjourned. Chairman Hewitt adjourned the meeting at 4:26pm.

Respectfully submitted by: Keith Everett Book
















ISSUE BRIEF:
Monitoring Report for Policy 2.5 Financial Condition & Activities

Finance Committee Review Date: April 7, 2020

Board Meeting Review Date: April 16, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
<p>That the Board consider accepting this monitoring report in April as either level:</p> <ul style="list-style-type: none"> • B – In compliance, except for item(s) noted, OR • C – Making reasonable progress toward compliance.
ISSUE SUMMARY:
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p>
BACKGROUND:
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Governance: Perform key Policy Governance process
ATTACHMENTS:
<ol style="list-style-type: none"> 1. Monitoring report for Policy 2.5 Financial Condition and Activities

Table of Contents

POLICY TITLE: ASSET PROTECTION:	Page #	Compliance
2.5 With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:	3	
2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.	4	
2.5.2 Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.	5	
2.5.3 Receive, process or disburse funds under controls that are insufficient to meet the Board-appointed auditor's standards.	6	
2.5.4 Compromise the independence the Board's audit or other external monitoring or advice.	7	
2.5.4.1 Fail to provide the Board with timely information regarding fraud, suspected fraud or financial mismanagement.	8	
2.5.4.2 Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.	9	
2.5.5 Allow expenditures that exceed the overall Board-approved budget.	10	
2.5.5.1 Allow cost overruns on capital projects.	11	
2.5.6 Authorize contracts not anticipated in the current budget with a value greater than \$250,000.	13	
2.5.6.1 Split purchases or contracts into smaller amounts in order to avoid the above limit.	14	
2.5.7 Operate without a reserve policy that covers near-term core operating expenses in case of funding shortages.	15	
2.5.8 Adjust transit passenger fares or tax rates assessed by the Authority.	17	
2.5.9 Acquire, encumber, or dispose of real estate.	18	
2.5.10 Encumber the agency with financial debt without previous authorization from the Board.	19	

 Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

EXECUTIVE LIMITATIONS POLICY 2.5:

With respect to the actual, ongoing financial condition and activities, the CEO will not cause, allow or fail to address the development of fiscal jeopardy or deviation of actual expenditures from Board priorities established in Ends policies. Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

Degree of Compliance: Partial Compliance

EXECUTIVE LIMITATIONS POLICY 2.5: Interpretation

I interpret this policy to mean I am responsible for ensuring the implementation of the Board-approved budget and ensuring sufficient internal control and risk management for financial matters. In addition, I am responsible to address unforeseen events resulting in any significant deviations from budgeted expenditures, or requiring use of reserves to cover shortfalls, as well as those that disrupt service delivery or delay or cancel approved initiatives. I must take all reasonable precautions to prevent and/or mitigate financial risks (fiscal jeopardy) that result from human error, fraud, or external economic conditions that bear upon the Authority. Further, all of TheRide's activities and costs must be demonstrably related to accomplishing the Board's Ends. Compliance with this overall policy will be demonstrated by compliance with the following sub-policies.

EXECUTIVE LIMITATIONS POLICY 2.5: Evidence

- See monitoring reports for sub-policies.

EXECUTIVE LIMITATIONS POLICY 2.5.1:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.1: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.1: Evidence

Financial management, cash handling, and accounting policies and procedures are described in detail in TheRide's *Internal Control System Manual*, which was updated by Finance staff and adopted by the CEO in 2019. This manual was developed to ensure compliance with Federal standards and these Board policies.

GASB is the source of accounting reporting standards and generally accepted accounting principles used by local governments in the United States. Finance personnel follow the accounting standards established by GASB.

Financial auditors recently completed an audit for the FY2019 financial statements. Auditors test internal controls and accounting standards during the process of their audit. While they "do not express an opinion on the effectiveness of" internal controls (Audit 2019, p. 44), they do report upon any material weaknesses they find in accounting, financial reporting, and internal controls. No such material weaknesses in internal control were found in the 2019 audit.

EXECUTIVE LIMITATIONS POLICY 2.5.2

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.2: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.2: Evidence

Federal Compliance: The auditors stated that AAATA “complied, in all material respects, with the types of compliance requirements ... that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019” (p. 47). One finding of significant deficiency was reported by the auditor; details are provided in the audited financials on pp. 51-54. This finding has to do with non-compliance in subawards of federal funds, after testing of grant subawards made prior to 2019 found that agreements did not include all of the federally-required elements. This is the same issue that resulted in findings of non-compliance in the FY2018 FTA Triennial Review, which has since been corrected, and such corrections were accepted by FTA during the Triennial Review closeout.

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

State Compliance: Grant agreements from the Michigan Department of Transportation are fully awarded and executed for FY2019 and for FY2020, with no findings of non-compliance reported by MDOT.

Procurement Manual: TheRide’s Procurement Manual was updated and adopted by the CEO in October, 2018, which was during FY2019. Procurement thresholds established in federal regulations and Board policy were updated along with the DBE policy in correction of findings from the 2018 FTA Triennial Review.

EXECUTIVE LIMITATIONS POLICY 2.5.3:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.3: Interpretation

I understand this policy to mean that staff are prohibited from handling the AAATA's funds while using internal controls that are insufficient to meet the Board's auditor's standards. Internal controls are defined as processes designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. This is the most widely accepted definition and comes from the Committee of Sponsoring Organizations (COSO). It focuses upon the fiduciary responsibilities of the Board of Directors, management, and other personnel, given that AAATA is a local government entity that handles public funds.

EXECUTIVE LIMITATIONS POLICY 2.5.3: Evidence

Receipt, processing, and disbursement of funds is controlled by procedures identified in TheRide's *Internal Control System Manual*, which was updated and adopted by the CEO as an administrative policy in FY2019. It includes three types of internal controls:

1. **Environmental Controls:** the set of policies, standards and procedures that provide the Board's expectations for carrying out the internal control system. Board policies, executive and management leadership, the organization structure, personnel policies and practices, insured risks to cover losses, and monitoring for "red flags" are all examples of environmental controls.
2. **Administrative Controls:** are managerial policies, standards, and procedures that interpret and put into practice internal controls. Examples are internal control standards that cover the authorization of transactions, separation of duties, access to software and records, procedures to run trial balances and reconcile accounts, physical audits, documentation, record retention, and security of sensitive information.
3. **Other Administrative Controls:** Several other documents exist which inform internal controls including employee handbooks and the collective bargaining agreement, the Purchasing Manual, IT Policies, the Award Management Procedure (for managing federal and state grants), and the Transit Asset Management Plan.

Internal controls were reviewed and tested by the auditing firm and no findings resulted.

EXECUTIVE LIMITATIONS POLICY 2.5.4:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.4: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.4: Evidence

Financial auditors recently completed an audit on FY2019 Financial Statements and Federal Programs, following Generally Accepted Auditing Standards, which include stringent independence standards. The Auditors sent a Pre-Audit communication letter in November 2019 to the Board's Audit Task Force. The Draft Independent Auditor's Report has been provided to the Audit Task Force, and the auditor presented the final audit results to the Board of Directors in March, 2020. The auditing firm, UHY LLC, does no consulting or advising with AAATA.

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

EXECUTIVE LIMITATIONS POLICY 2.5.4.1:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.4.1: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.4.1: Evidence

An effective internal control system is in place to guard against fraud, recognizing that it is easier to prevent fraud than it can be to detect it. Internal controls identify and mitigate risks of fraud through policies and procedures that act as checks and balances to make it difficult for a person to commit fraud without detection. The internal control system also establishes the responsibility for employees to report fraud when it is suspected or detected, and clarifies the reporting and investigation procedure.

The CEO is required by this policy and also by the Internal Control System to brief the Board about any instances of fraud. Further, fraud is required to be reported to auditors, and to other regulatory bodies such as FTA and the U.S. Department of Transportation’s Office of Inspector General.

The primary means of avoiding financial mismanagement is the fiduciary oversight provided by the Board of Directors and the Finance Committee, who review financial statements quarterly. The CEO, Deputy CEOs, department managers, and others hold accountability for financial performance within the costing centers/business units they manage, with close fiduciary oversight provided by the CEO, CFO, and Manager of Finance.

I attest that neither I, nor the CFO, nor the Manager of Finance are aware of any occurrences of fraud, suspected fraud, or financial mismanagement during the monitoring period, or since I began my work as CEO.

EXECUTIVE LIMITATIONS POLICY 2.5.4.2:

Fail to provide the Board with information and access to internal controls that allows Board review of fraud, suspected fraud or financial mismanagement.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.4.2: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.4.2: Evidence

The Board's primary mechanism to review for fraud and financial mismanagement is the annual financial audit governed by the Audit Task Force. Per the evidence provided previously, in monitoring for Policy 2.5.4, the CEO and staff cooperated by making available financial information and internal controls requested by the auditor.

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

EXECUTIVE LIMITATIONS POLICY 2.5.5:

Allow expenditures that exceed the overall Board-approved budget.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.5: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.5: Evidence

- For FY2019, the board approved operating expenditures of \$46,174,498 (Resolution 02/2019), an amendment to the budget originally adopted (Resolution 10/2018). The amendment was necessary to account for additional revenues and expenses after AAATA was awarded state funding for two pilot projects (autonomous wheelchair securements, and technology from Feonix Mobility Rising to enhance transit use for people with hearing and visual impairments).
- FY2019 final operating expenses (before depreciation) are shown in the audited financials to be \$44,589,168, which is less than FY2019 budgeted expense. Please see page 33 of the FY2019 audit. (Total operating expenses were \$51,581,962 including \$6,992,794 in depreciation expense. The adopted operating budget does not include depreciation.)

EXECUTIVE LIMITATIONS POLICY 2.5.5.1:

Allow cost overruns on capital projects.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.5.1: Interpretation

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

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

I define an *improvement* to a capital asset as substantial change such as initial acquisition, construction, expansion, renovation, or replacement of facilities, vehicles, or equipment. I believe that the emphasis of this policy is on reducing the financial risk from overruns on large projects, such as bus purchases or facility construction, rather than smaller overages on routine purchases, such as replacing computers.

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

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

EXECUTIVE LIMITATIONS POLICY 2.5.5.1: Evidence

For FY2019, the Board adopted a capital budget with a program of projects totaling \$8,987,700 for the following capital projects (*FY2019 Operating and Capital Budget*, p. 21 and Resolution 02/2019, Budget Amendment):

Following are actual expenditures and variances from budget for FY2019:

FY2019 Capital Budget and Expenditures

Category	Capital Program	Budget	Expenditure	Variance from Budget	Cost Overruns?
State of Good Repair	Large Bus Replacement	4,053,000	-	(4,053,000)	No
	Facilities Rehabilitation	2,000,000	975,698	(1,024,302)	No
	Bus Components, Tools, Equipment	1,050,000	347,282	(702,718)	No
	IT Hardware and Software	668,000	484,431	(183,569)	No
	Small/Medium Bus Replacement	180,000	-	(180,000)	No
	Architecture and Engineering	180,000	53,291	(126,709)	No
	Furniture Replacement	150,000	136,044	(13,956)	No
	Non-Revenue Vehicle Replacement	100,000	82,804	(17,196)	No
Value Added	Feonix Mobility Technology	207,200	-	(207,200)	No
	Rider Amenities/Accessiblity	150,000	110,285	(39,715)	No
	Autonomous Wheelchair Securements	120,000	93,756	(26,244)	No
	IT Hardware and Software	32,000	-	(32,000)	No
Expansion	New Mobility Pilots	47,500	-	(47,500)	No
Research and Development	R&D Projects	50,000	-	(50,000)	No
Total		8,987,700	2,283,591	(6,704,109)	No

There were no capital project overruns in FY2019. In fact, expenditures were far lower than budgeted because many of the projects carried over into FY2020. For example, new Gillig buses were placed into service and the roof and HVAC project over the administration facility was completed in first quarter FY2020.

EXECUTIVE LIMITATIONS POLICY 2.5.6:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.6: Interpretation

I interpret this policy to mean that I must obtain Board approval for expenditures with a value greater than \$250,000 that are not specifically listed in the budget document. A list of authorized contractual expenditures was included in the FY2019 budget's appendices on pages 37-38. I can authorize unbudgeted contracts valued at \$250,000 or below without additional approval by the Board. I can also accept revenue contracts (incoming funds) at any value without Board approval.

EXECUTIVE LIMITATIONS POLICY 2.5.6: Evidence

The following budgeted contracts valued at greater than \$250,000 were awarded in FY2019:

CONTRACT DESCRIPTION	AWARDED PROVIDER (TERM)	AWARDED DATE	VALUE OF AWARD
Replace 40' buses	Nova Bus, A Division of Prevostr Car (5 years)	8/31/2019	\$25,000,000
2700 Roof Replacement (Administration Facility)	C & J General Contractors	5/24/2019	\$1,468,500
Infield Communications (VOIP 2.0)	Clever Devices	6/28/2019	\$499,000

No unbudgeted contracts greater than \$250,000 were awarded in FY2019.

EXECUTIVE LIMITATIONS POLICY 2.5.6.1:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.6.1: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.6.1: Evidence

With the exception described below, the Purchasing Manager found no vendors who were awarded multiple contracts bringing award totals above the thresholds of policy in FY2019.

Three vendors were issued multiple purchase orders totaling more than \$250,000 each for the purchase of biodiesel fuel as listed:

Description	Vendor	Amount
Biodiesel fuel	Atlas	\$860,770
Biodiesel fuel	Corrigan	\$686,110
Biodiesel fuel	RKA	\$227,710

The Authority has found it to be an advantageous practice to purchase fuel on the “spot market” rather than awarding a single contract. Procurement personnel and the CFO are evaluating whether awarding a single fuel purchase contract could lower expense, however, TheRide has been able to buy fuel at lower prices on the spot market to date.

While costs were within the adopted budget for fuel, it was discovered when monitoring for this policy last year that these contracts were not specifically identified in budgeting, an oversight which was corrected in the adopted FY2020 budget (see p. 39).

This policy is now in compliance since the problem was corrected for the FY2020 budget.

EXECUTIVE LIMITATIONS POLICY 2.5.7:

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

Degree of Compliance: Not in Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.7: Interpretation

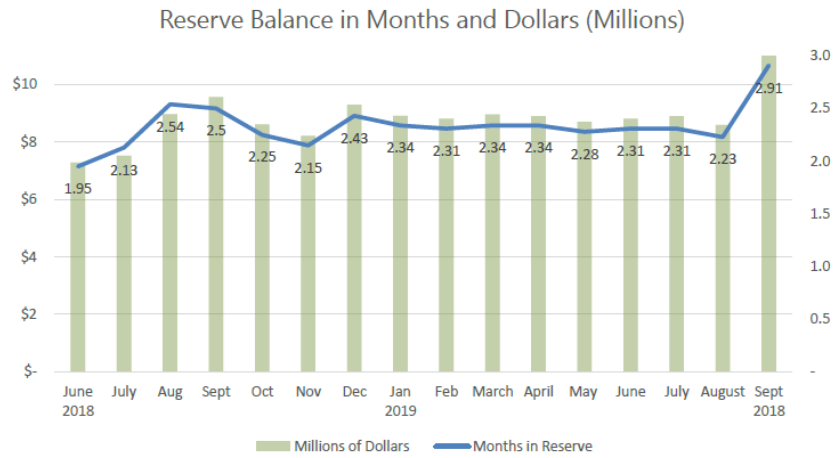
I understand this policy to mean that I must establish an administrative policy that identifies an appropriate level of operational reserve funding that would insulate the AAATA from financial disruptions or emergencies. Furthermore, this reserve fund must be fully funded and ready to be used if needed.

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

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

EXECUTIVE LIMITATIONS POLICY 2.5.7: Evidence

AAATA ended FY2019 with a reserve balance of \$9.6 million, capital sufficient to support 2.9 months of operations. This year-end peak was due in part to one-time draws of expiring federal grants late in the fiscal year. While the reserve balance finished the year well above the target of 2.5 months, the reserve balance was consistently below the target during the monitoring period:



Corrective steps have been taken to continue addressing the deficient reserve balance during FY2020. However, now the COVID-19 pandemic has resulted in unexpected financial challenges this year, an emergency which is likely to require some use of reserves. The CEO is grateful for the progress that has been made on the reserve as this has strengthened our position of readiness to handle this crisis.

Progress toward this target will continue to be monitored, and while positive progress has been made, this policy is listed as non-compliant because the reserve balance remains insufficient to meet 2.5 months of near term operating expenses.

EXECUTIVE LIMITATIONS POLICY 2.5.8:

Adjust transit passenger fares or tax rates assessed by the Authority.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.8: Interpretation

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

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

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

EXECUTIVE LIMITATIONS POLICY 2.5.8: Evidence

TheRide did not adjust passenger fares in FY2019 or for FY2020. Current and proposed fares for the FY2020 budget were included in the adopted budget in Appendix 4, and remained unchanged. All current fares are available on the website at <http://www.theride.org/Fares-Passes>. They do not deviate from the fares listed in the FY2020 budget.

Property tax rates were not adjusted in FY2019. The Board of directors last approved a rate change when the restoration rate of 0.7 mills was authorized in April, 2018 (Resolution 8/2018).

EXECUTIVE LIMITATIONS POLICY 2.5.9:

Acquire, encumber, or dispose of real estate.

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.9: Interpretation

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

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

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

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

EXECUTIVE LIMITATIONS POLICY 2.5.9: Evidence

The FY2019 Statements of Net Position (Annual Audit, p. 7, also Note 7, p. 19) demonstrate that there has been no change in the valuation of land and improvements (\$2,270,821), for FY2019 compared to FY2018. This is evidence that no real estate was acquired or disposed of in FY2019.

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

EXECUTIVE LIMITATIONS POLICY 2.5.10:

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

Degree of Compliance: In Compliance

EXECUTIVE LIMITATIONS POLICY 2.5.10: Interpretation

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

EXECUTIVE LIMITATIONS POLICY 2.5.10: Evidence

Revenue Bonds: AAATA did not issue any bonds in FY2019. No Board resolutions approving the issuance of bonds occurred in FY2019.

Annual Audit: As a regular task during the financial audit, the auditor requires local banks to confirm the balance of all bank accounts reconciles with AAATA's financial statements. This confirmation also inquires about the existence of bank debt. No debt was reported in the FY2019 audited financials.

Monitoring Policy 2.5 Financial Condition & Activities

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 on monitoring report

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

Executive Limitations Report (select one)

The Board finds that the CEO:

- 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.

Board notes: (If applicable)

ISSUE BRIEF: FY2021 Budget Calendar

Meeting: Board of Directors

Meeting Date: April 16, 2020

RECOMMENDED ACTION(S):
Receive as information key dates for the development, consideration, and adoption of the FY2021 operating and capital budget.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<ul style="list-style-type: none"> • Resolution 07/2019 (September) to adopt the FY2020 Operating and Capital Budget • Resolution 02/2020 (February) to amend the FY2020 Operating and Capital Budget • Ends Policies amended in December 2019 to clarify the objectives of AAATA. • Governance Process: Policy 3.2.7 "...the Board has direct responsibility (for) ... approval of the annual budget developed and recommended by the CEO." • Executive Limitation: Policy 2.4 Financial Planning/Budgeting • Executive Limitation: Policy 2.5 Financial Condition and Activities
ISSUE SUMMARY:
AAATA staff will develop an FY2021 Operating and Capital budget that furthers the Board's Ends Policies within Executive Limitations and provides multi-year context.
BACKGROUND:
State law (Michigan Uniform Budgeting and Accounting Act of 1968) requires the board approve an operating budget before funds can be spent in the new fiscal year.
IMPACTS OF RECOMMENDED ACTION(S):
<ul style="list-style-type: none"> • Budgetary/Fiscal: Adoption of the FY2021 Budget is necessary prior to any expenditure. • Social: The adopted budget will fund transit services for FY2021 toward achievement of Ends Policy 1.1 (Equitable Access), 1.3 (Economic Prosperity), 1.4 (Passenger Satisfaction), and 1.5 (Quality of Life). • Environmental: Per FTA, transit reduces the number of cars in the street and helps improve air quality by reducing greenhouse gas emissions. Adopted budget ensures progress toward Ends Policy 1.2 (Environmental Impact). • Governance: Ends achievement, fiduciary oversight of AAATA.
ATTACHMENTS:
1. Key Dates for the Board

Attachment 1: Key Dates for the Board

Board Retreat: Not Scheduled

A retreat is unlikely to be scheduled this year due to the COVID-19 pandemic.

Ends Policy: December 2019

Ends strategies are a significant Board input to the budget expressed through Ends Policy updates. Ends were most recently updated in December 2019. Does the Board wish to make any changes to Ends Policy that would impact budgeting?

Board Cost of Governance Budgeting: June 30, 2020

Per Policy 3.8.3, the Board will plan investment in its own governance capacity by developing its budget by June 30. Staff are available to assist the Governance Committee as necessary.

Public Input Period Begins: July 20, 2020

Federal regulations require a 30-day review and public input period for AAATA's capital program. Both the capital program and the operating budget will be ready for public input starting July 20, 2020.

Budget Introduced to Board: Service Committee, August 5, 2020
Finance Committee, August 11, 2020
Board of Directors, August 20, 2020

The Board's budget inputs continue and discussion will commence upon introduction of a draft budget by staff at Board Committees and the monthly Board of Directors meeting.

Public Hearing: August 20, 2019

As required by state law, meaningful public input to the budget will be obtained through a public hearing to run concurrent with the August Board meeting.

Board Deliberation: August-September 2020

The Board's deliberation will continue until budget adoption at the September Board of Directors Meeting.

Board Adoption: September 24, 2020

Adoption of the FY2021 budget is required before any expenditures may be incurred.

Changes from Prior Years: Canceled formal public input meetings held in July due to poor attendance. However, the budget and the capital program will be posted for a 30-day review period prior to the August public hearing.

ISSUE BRIEF: CEO Report

Meeting: Board of Directors

Meeting Date: April 16, 2020

INFORMATION TYPE:
Other
OPERATIONAL & PROJECT UPDATES
<ul style="list-style-type: none"> <p>• CORONAVIRUS</p> <p>TheRide has implemented a series of notices, operating procedures and service reductions to safeguard the health of staff and passengers. As of April 10, fixed-route and paratransit services are still operating, albeit in a much-reduced capacity. New staff safety measures are being brought on-line. Staff will be bringing more up-to-date information to the board meeting.</p> <p>We have been hosting weekly townhall style meetings with staff via telephone. The meetings are well attended with 50-80 participants each. We recognize the importance of timely communication with staff.</p> <p>The Federal Government has provided significant, but not unlimited, financial relief for TheRide and other transit agencies. We wish to express our sincere thanks to all federal officials.</p> <p>• DETROIT – ANN ARBOR EXPRESS BUS SERVICE (D2A2)</p> <p>The D2A2 service began service on Monday, March 16th. Despite promising ridership, the service has been suspended until further notice due to business closures and event cancelations as a result of COVID-19.</p> <p>• AUGUST FIXED-ROUTE SERVICE CHANGES</p> <p>TheRide has suspended planning for service changes in August 2020. We will not be continuing stakeholder meetings or public engagement and planned changes have been shelved. Instead, we will be focusing on maintaining essential service and developing plans for re-introducing services later in the year.</p> <p>• ANN ARBOR A2Zero PLAN</p> <p>The City of Ann Arbor has released a draft plan outlining the steps necessary to reach Council's goal of eliminating all carbon emission by 2030. While the CEO was a part of the Technical Advisory Committee, TheRide is not privy to the City's costs estimates for public transit. We feel that the report does an excellent job at clarifying the sheer magnitude and overall expense of eliminating all carbon emissions. We await City Council's discussion of the draft plan.</p> <p>• WATS POLICY COMMITTEE UPDATE</p> <p>There was no March WATS Policy Committee meeting.</p> <p>• TRANSPORTATION COMMISSION</p> <p>The April 15, 2020 Transportation Commission meeting was cancelled.</p>

















ISSUE BRIEF: Ends Policies Monitoring Report

Board Meeting: April 16, 2020

INFORMATION TYPE:
Decision
RECOMMENDED ACTION(S):
<p>That the Board review this monitoring report through the month of February and consider accepting it in March as either level:</p> <ul style="list-style-type: none"> • B – In compliance, except for item(s) noted, OR • C – Making reasonable progress toward compliance.
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>On December 19th, 2019, the Board adopted new Ends policies.</p>
ISSUE SUMMARY:
<p>TheRide’s Board of Directors articulate the results the agency is to produce, for whom, and at what cost. These strategic outcomes are called the Ends Policies. 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>
BACKGROUND:
<p>The CEO certifies that the information contained in this report is truthful and accurate to the best of his knowledge.</p> <p>In the process of compiling this report, staff has realized that there may be a few data integrity issues and is working to improve those instances.</p>
ATTACHMENTS:
<ol style="list-style-type: none"> 1. ENDS Monitoring Report

TheRide Proposed Ends Policies

The Board establishes its Ends policies within its Vision for public transportation:
 A robust public transportation system that adapts to the area’s evolving needs, environment, and quality of life.

PROPOSED ENDS POLICIES:	Page #	Compliance
1. 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.	3	
1.1. Residents in the area have equitable access to public transportation services that enable them to participate fully in society.	7	
1.1.1. People with economic challenges have affordable public transportation options.	9	
1.1.2. People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.	10	
1.2. Public transportation positively impacts our environment.	13	
1.2.1. Public transportation options are increasingly chosen overuse of a personal car.	14	
1.2.2. Public transportation options minimize energy use and pollution, and conserve natural resources.	16	
1.2.3. Public transportation options produce conditions favorable to more compact and walkable land development.	18	
1.2.4. Relevant public policy is transit supportive	20	
1.3. Public transportation positively impacts the economic prosperity of the area.	21	
1.3.1. Public transportation facilitates labor mobility.	21	
1.3.2. Students can access education opportunities without need of a personal vehicle.	25	
1.3.3. Visitors use public transportation in the area.	26	
1.3.4. Public transportation connects the area to the Metro Detroit region.	27	
1.4. Passengers are highly satisfied with public transportation services.	28	
1.5 Residents of the area recognize the positive contributions of public transportation to the area’s quality of life.	29	

 Fully Compliant
  Partially Compliant
  Non-Compliant
  TBD

Preliminary CEO Interpretations and Evidence

POLICY 1:

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.

Degree of Compliance: Partially Compliant

Previous monitoring period: Partially Compliant

Expected date for full compliance: Unknown

POLICY 1: Interpretation

I interpret this policy to mean that the broadest purpose of TheRide is to facilitate access to destinations within the service area. Further, I interpret the lack of reference to specific vehicle technology to mean that TheRide can utilize whatever mode of transportation is most suitable given the circumstance.

Compliance with this policy will be demonstrated during this period when ridership on fixed-route services increases *faster* than population growth. This should indicate that the community is *increasingly* relying on transit. Fixed-route ridership is a good proxy for overall benefit as it makes up 90% of all riders of all our services. Other modes of travel are referenced later.

Further, value and stewardship will be demonstrated when our cost-effectiveness remains within the norms of the public transit industry over time. No transit service breaks-even or turns a profit, so conventional financial analysis are less helpful. This interpretation is reasonable because it provides alternative context via benchmarking and trends over time. It also illustrates whether limited funds are being used to benefit the largest number of people possible.

Our specific metrics, targets and results for this period are outlined below.

Further compliance with this policy is demonstrated by compliance with policies 1.1, 1.2, 1.3, 1.4 and 1.5 below.

POLICY 1: Evidence

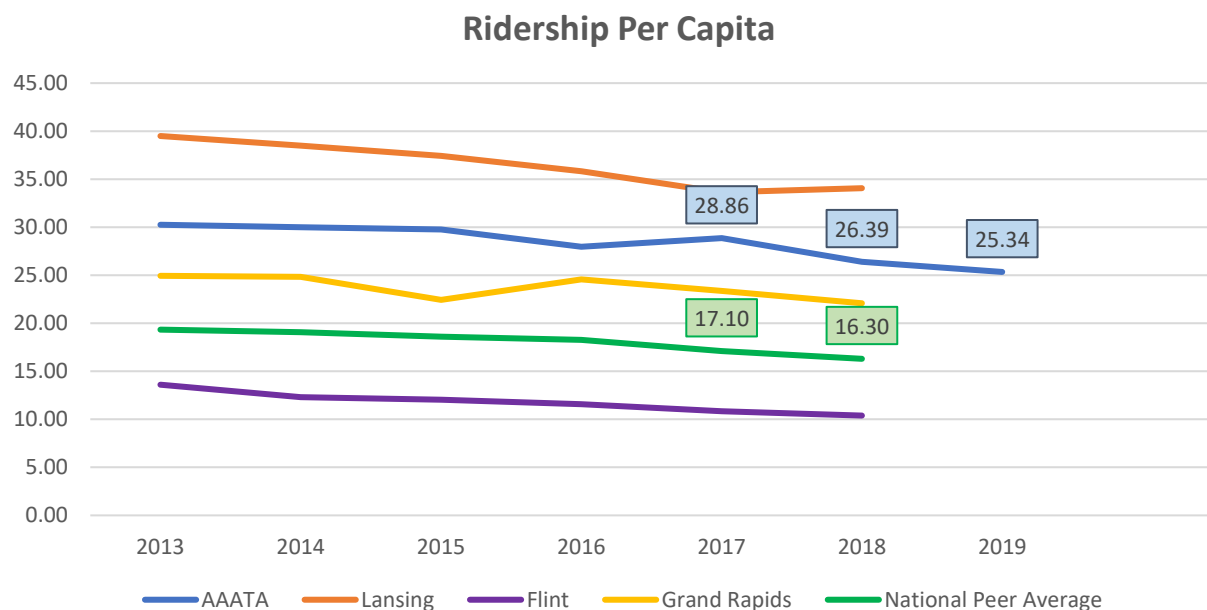
Evidence for this policy is provided as statistical trends for TheRide’s key performance metrics for fixed-route bus service, benchmarked against other peer transit agencies in Michigan for context. TheRide peers are developed by a third-party, Florida Transit Information System (FTIS). FTIS uses data from the National Transit Database to create peers that are similar based on area population, mode type, total annual vehicle miles operated, annual operating budget, population density, population growth rate, percent of service demand-responsive, percent of low-income population etc. Five of the most similar transit agencies in the country have been used to provide a national peer average comparison.

Our key metrics are:

- **Ridership per Capita** – Total fixed-route ridership divided by population. This gives a snapshot of the proportion of the community using the service and is more up to date than mode share figures that follow later in this report.
- **Annual Ridership** – Total absolute ridership on the fixed-route service. A snapshot of the actual number of passengers. (Paratransit, vanpool and other services are addressed in other policies.)
- **Cost per Rider** – Total Fixed-route Operating Costs divided by Ridership. This cost-effectiveness measure provides an answer about “at what cost?” It is best judged in comparison with other transit agencies.

Ridership (Trips) per Capita

The population of the area grew by 1.02% while ridership grew by 0.24%. Even though growth was experienced both in ridership and capita, ridership did not grow as fast as the population leading to a decrease of 4% in ridership per capita. Becoming compliant with this goal will require more resources, service restructuring, and an increase in service in order to attract the growing population. The graph below displays this information



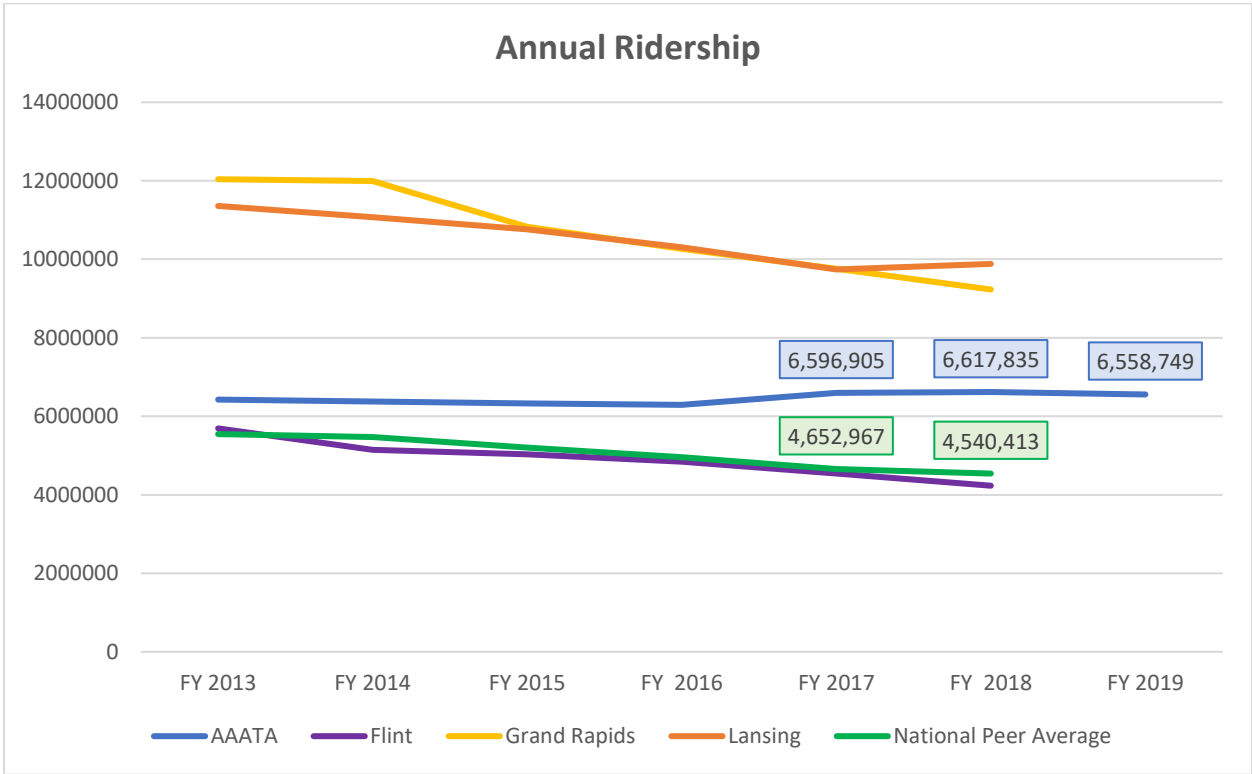
Note:

1. Lansing ridership per capita is high because CATA reports Michigan State University ridership. TheRide accounts for University of Michigan’s population but does not account for their on-campus ridership thus reporting comparatively lower ridership per capita numbers.

POLICY 1: Evidence (continued)

Annual Ridership

Since 2013, TheRide has seen a slight overall increase in fixed-route ridership, albeit with some declines. This is in contrast to other Michigan transit agencies and national trends of severe ridership losses. The national peer average is based on five transit agencies with the highest likeliness score to TheRide. The graph below displays this information.

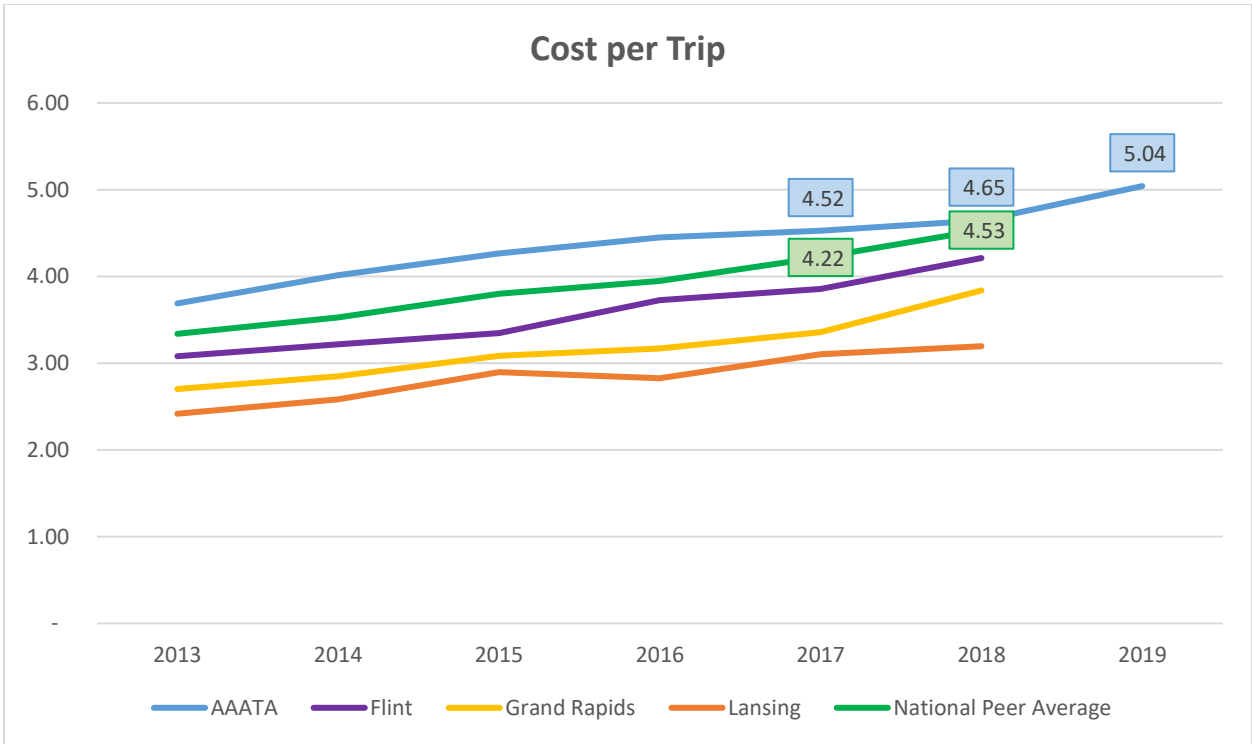


- Note:**
1. Lansing’s ridership includes ridership at Michigan State University while TheRide does not include University of Michigan on campus ridership. This may explain the disparity in the ridership numbers between the two agencies.

POLICY 1: Evidence (continued)

Cost per Ride (not adjusted for inflation)

Like peer agencies, the cost of operation has seen a gradual increase as costs increase faster than ridership. 2019’s expenses are higher as a result of an increase in wages, fuel costs, utilities and insurance. Fixed route absorbs the majority of that increase since it is the main business. Our target is to maintain a reasonable cost per ride in comparison with other peer agencies. The information below illustrates that we are higher than other Michigan agencies, possibly due to a higher cost-of-living in the Ann Arbor area.



Note:

1. Lansing divides its cost across a larger base (including MSU ridership). TheRide does not include U of M on campus ridership in this analysis. This, among other reasons, accounts for the difference in cost per trip among the two agencies.
2. AAATA’s costs are not conclusive as audit is ongoing.

POLICY 1.1:
Residents in the area have equitable access to public transportation services that enables full participation in society.

Degree of Compliance: Partially Compliant

Previous monitoring period: Partially Compliant

Expected date for full compliance: Unknown

POLICY 1.1 INTERPRETATION

Compliance with this policy will be further demonstrated when:

- At least 80% of residences in the membership area are within 0.25 miles of a bus stop. This distance is generally seen as a reasonable walking distance by industry standards.
- There is a bus stop within 0.25 mile walk of all municipal council chambers (3) and major hospitals, and most major grocery stores and libraries are within 0.25 miles of a bus stop. (Job and educational sites are addressed in later policy.)
- The Board has partially interpreted equitable access in policies 1.1.1 and 1.1.2. Compliance with policies 1.1.1 and 1.1.2 constitutes further achievement of this End.

This interpretation is reasonable because, as a requirement for service coverage, walking distance standards are the industry norm for setting acceptable limits. This is as much coverage as available resources allow. Paratransit must serve all destinations with 3/4 miles of a bus route, so these measures also encompass paratransit access. Our specific metrics, targets and results for this period are outlined below.

POLICY 1.1: Evidence

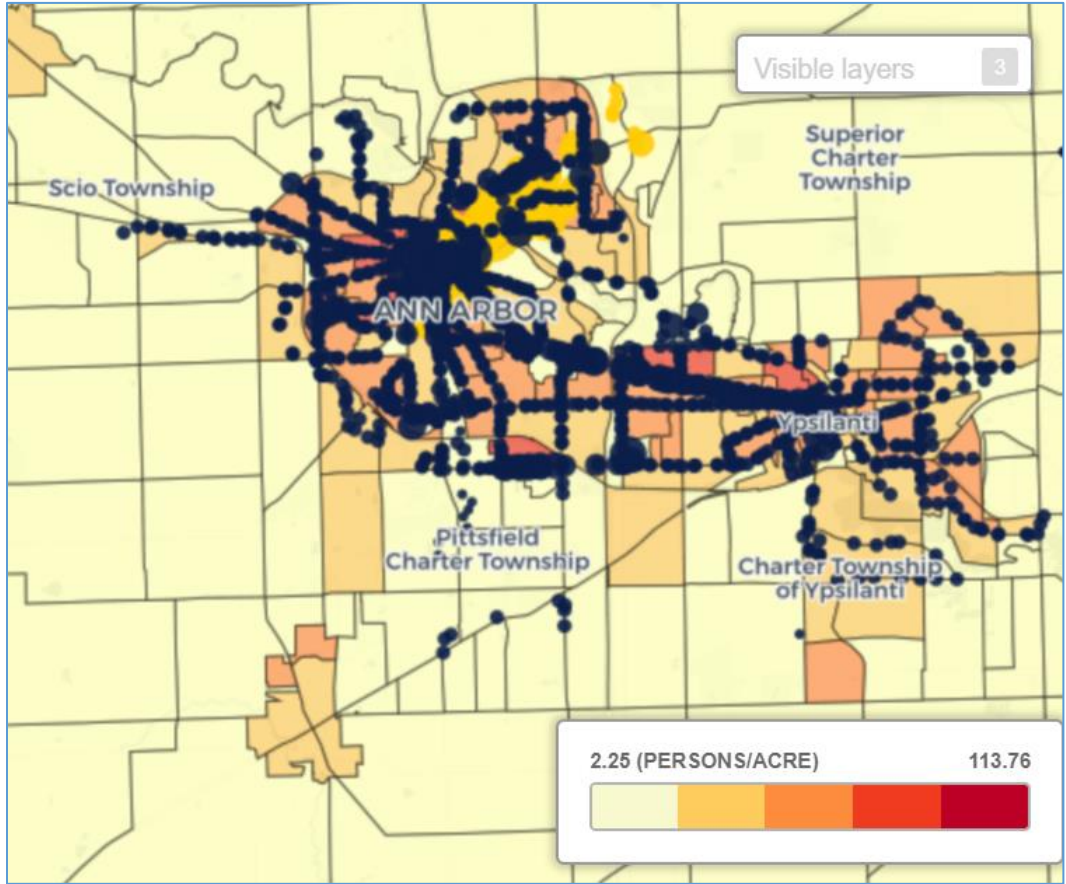
Service Coverage

Within 0.25 mile of a bus stop	FY2018	FY 2019	FY 2020	Target
Council Chambers	3	3	3	3
Hospitals (UM, St Joseph)	2	2	2	2
Major Grocery Stores	100%	100%	100%	80%
Major Libraries	100%	100%	100%	80%

POLICY 1.1: Evidence (continued)

Residential Coverage

As illustrated in the SEMCOG map below, there are AAATA bus stops near the majority of the residential population. While some outlying low-density areas may be beyond 0.25 miles, we believe that at least 80% of the population is covered. In the future, we may use more detailed computer analysis to further quantify the exact calculation.



POLICY 1.1.1:
 1.1.1. People with economic challenges have affordable public transportation options.

Degree of compliance in this report

Degree of Compliance: Compliant
Previous monitoring period: Compliant

POLICY 1.1.1: Interpretation

Compliance with this policy will be demonstrated when low-income residents of member jurisdictions (Ann Arbor, Ypsilanti, Ypsilanti Twp.) have access to a reasonably discounted passenger fare for the fixed-route service. This interpretation is reasonable because, unless fares are free, there will be a need to establish a threshold. A threshold based on income is the most direct way to target the additional subsidy specifically to persons with lower incomes.

This is as much as a discount as we can offer given existing resources and the need to use passenger revenue to help fund services. Our specific metrics, targets and results for this period are outlined below.

POLICY 1.1.1: Evidence

TheRide has a low-income discount program called the Fare Deal program. Eligible passengers pay a discounted fare of \$0.75 compared with the full fare price of \$1.50. Eligibility is determined by being able to present a Medicare*/ Medicaid** card and a valid State ID.

The Fare Deal program is reasonably well-used and is available to all eligible residents of the service area. Over four thousand people are registered. 3,525 of these are registered based on income. About, 99% of all those served through this program are residents of the service area.

Fare Deal Program	FY 2019
Total # of Fare Deal registrants	4,286
# Fare Deal ADA	205
# Fare Deal Income eligible	3,525
# Fare Deal Senior	506

In addition to the Fare Deal program, as per the Federal Transit Act, seniors, people with disabilities, and Medicare cardholders can only be carded a 50% fare. Therefore, a reasonable discounted fare for TheRide should be no greater than, \$0.75. i.e. 50% less than the full fare price (\$1.50).

Note:

* Medicare eligibility is based on state of residence, age, disability and/or chronic illness. Each state has different eligibility requirements. However, Medicare users are often 65 years old and above.

**Those who do not qualify for Medicare (16-64 years) and have an income at or below 133% of the federal poverty level (\$16,000 for a single person or \$33,000 for a family of four), are not pregnant and reside in Michigan may qualify for Medicaid also known as the Healthy Michigan Plan in Michigan.

POLICY 1.1.2:

People with disabilities or mobility impairments, seniors, minors, and non-English speakers have equitable access to opportunities and destinations in the area.

Degree of compliance: Partially Compliant

Previous monitoring period: Compliant

POLICY 1.1.2: Interpretation

Compliance with this policy will be demonstrated when:

- Anyone using an ADA-compliant wheelchair is able to access all buses and passenger terminals. This is reasonable because if a wheelchair can be accommodated, most other physical mobility limitations can be accommodated; and because mobility limitations, not age, are the barrier to access.
- TheRide complies with legal requirements for accommodating anyone with disabilities. This is reasonable because it documents compliance with the Americans with Disabilities Act (ADA).
- 100% of bus stops adjacent to sidewalks are wheelchair accessible. This is reasonable because full access is a reasonable goal, and because some bus stops have no adjacent sidewalks and the TheRide cannot make them accessible.
- Residents and visitors who are not physically able to use the fixed-route service due to a mobility limitation have access to door-to-door paratransit service that meets ADA minimum requirements. This is reasonable as federal law mirrors this interpretation.
- Minors are allowed on the bus, there is no age limit to ride the bus. We do expect that young children, toddlers and infants be accompanied by an adult. This is reasonable because it allows the bus driver to exercise discretion based on circumstance.
- Printed passenger information is available in Spanish and Chinese (Mandarin) which are the two most common non-English languages in the area. This is reasonable because it mirrors minimum federal requirements and is cost effective. On-line translation services can help communicate our website information.

In this context I interpret seniors to be a subset of persons with mobility limitations, not a separate group. This is reasonable because it is the mobility limitation, not age, that suggests the need for additional consideration.

Our specific metrics, targets and results for this period are outlined below. These goals are within our control and financial reach, and mirror legal requirements for our services. While there will always be specific needs we cannot meet (e.g. extra-large wheelchairs, remote destinations, etc.), the above goals are within our resources to achieve. Should resources permit, we may strive to exceed these requirements.

POLICY 1.1.2: Evidence

Measure	Current Status	Target
% of Buses Accessible to Wheelchairs	100%	100%
% of terminals accessible to wheelchairs	100%	100%

POLICY 1.1.2: Evidence (continued)		
% of bus stops accessible (that can be made accessible)	59% (623 out of 1,061 are accessible. There are another 188 stops that cannot be made accessible.)	100%
% of buses with audio and visual stop announcements	100%	100%
% of terminals with visual departure announcements	Both terminals	Both terminals
Paratransit compliance with ADA (determined by FTA)	Complies with ADA (2018 FTA Review)	Complies with ADA
Availability of Spanish and Mandarin	Ride Guides published. On-line translation	Ride Guides published
Age of Unaccompanied Minors	No age limit to ride the bus, young children need to be accompanied	No age limit.

Previously, we were in compliance with older goals for making bus stops accessible. This new interpretation we are only 59% in compliance and will need to make further investments to achieve full compliance. There are 438 bus stops still to be made accessible. The timeline is not yet defined for reaching full compliance. For that reason, I report partial compliance on this policy.

Below is a comparison of ADA minimum requirements and TheRide provisions today. As seen in this table, TheRide provisions equal to exceed ADA minimum requirements.

Parameter	ADA Minimum Standards	TheRide's Current Level of Service	Compliant?
Coverage area	¾ mile from fixed routes	Covers all fixed route service areas and beyond.	Yes
Trip denials for advanced booking	None, within one-hour negotiation window	None, within one-hour window.	Yes
Fare	A maximum of 2x the fixed route cost.	Paratransit fares are \$3.00, twice the fixed route fare of \$1.50.	Yes
Vehicles	All buses are wheelchair accessible.	All buses are wheelchair accessible.	Yes
Assistance	Personal Care Attendant (PCA) allowed free of charge, Guest fare equal to client	PCA free of charge, Guest fare equal to client	Yes

POLICY 1.1.2: Evidence (continued)

Parameter	ADA Minimum Standards	TheRide's Current Level of Service	Compliant?
Advance booking	Allow up to 14 days in advanced booking; an agency may choose to allow booking for less than 14 days if such a plan involves public participation.	TheRide allows up to 7-days in advanced booking. This change came in effect after two public input sessions in April 2011.	Yes.
Scheduling window	Allow for 30 minutes before or after scheduled time	Allow for 30 minutes after scheduled time	Yes.
Curb to curb	Curb to curb	Door to Door (Better than curb to curb)	Yes.
Reservations	Trip reservation services should be available during administration's office hours.	Administration hours are 8:00AM-5:00PM. Trip reservation services are available from 7:00AM - 6:00PM	Yes.
Reasonable modification	Reasonable modification at customer request	Reasonable modification at customer request	Yes.
Will-call return trips	No stipulation	When passengers make medical trips, they are allowed to call for their return trips. TheRide allows for two will call trips a day.	Yes.
Service Animals	Service animals are permitted to accompany service users	Service animals are permitted to accompany service users	Yes.
Trip Purpose	There are no restrictions or priorities based on trip purpose	There are no restrictions or priorities based on trip purpose	Yes.

<p>POLICY 1.2:</p> <p>Public transportation positively impacts our environment.</p>
<p>Degree of compliance: Partially Compliant</p> <p>Previous monitoring period: Partially Compliant Expected date for full compliance: Unknown</p>
<p>POLICY 1.2: Interpretation</p>
<p>The Board has fully interpreted this policy in the policies 1.2.1 through 1.2.4. Demonstrated achievement of those policies constitutes achievement of this policy.</p>
<p>POLICY 1.2: Evidence</p>
<p>Achievement of policies 1.2.1 through 1.2.4 constitutes achievement of this policy.</p>

POLICY 1.2.1:

Public transportation options are increasingly chosen over use of a personal car.

Degree of compliance: Partially Compliant

Previous monitoring period: Partially Compliant

Expected date for full compliance: Unknown

POLICY 1.2.1: Interpretation

Compliance with this policy will be demonstrated when the proportion of daily *commuters* using non-automobile modes, especially public transit, increases over time. This measure is known as “mode share” and is similar to “market share”. This is reasonable because this is an industry-standard measure of how people actually travel and can be consistently measured over time. Also, we do not have mode share data for *all* trips, only *work* trips.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resources.

POLICY 1.2.1: Evidence

Commute to Work, Changes Over Time (Ann Arbor, Ypsi, Ypsi Twp., Pittsfield Twp.)

Transportation to Work

Transportation to Work	ACS 2010	% of Total (ACS 2010)	ACS 2015	% of Total (ACS 2015)	% Point Chg 2010-2015
Drove alone	72,861	68.7%	74,216	66.5%	-2.2%
Carpooled or vanpooled	8,778	8.3%	8,949	8%	-0.3%
Public transportation	6,097	5.8%	8,840	7.9%	2.1%
Walked	10,194	9.6%	9,764	8.8%	-0.8%
Biked	2,073	2%	2,987	2.7%	0.7%
Other Means	831	0.8%	786	0.7%	-0.1%
Worked at home	5,164	4.9%	6,017	5.4%	0.5%
Resident workers age 16 and over	105,998	100.0%	111,559	100.0%	0.0%

Source: U.S. Census Bureau, 2006-2010 and 2011-2015 American Community Survey 5-Year Estimates

Source: SEMCOG, Community Profiles. 2019.

Note: This data is collected every five years.

Targets: The proportion of all modes of travel other than driving alone should increase over time. Driving alone should decrease. Change in mode share are gradual and best measured over years. Per the data above, there was a 2 percent increase in public transportation and a 2.2 percent decrease in personal vehicle (driving alone) use between 2010 and 2015.

These mode share data are the most reasonable evidence that is readily available. However, there are shortcomings: the data are only collected every five years, mode share for all trips is not available, and the data combine TheRide, UM buses, and other services together. Nevertheless, a better means of providing evidence for this policy has not yet been found.

POLICY 1.2.2:

Public transportation options minimize energy use, pollution and conserve natural resources.

Degree of compliance: Not Compliant

Previous monitoring period: TBD

POLICY 1.2.2: Interpretation

Compliance with this policy during will be demonstrated when TheRide’s own energy use and greenhouse gas emissions (GHG) *per passenger trip* decrease for major services and facilities. This is reasonable because it allows tracking over time by accounting for changes in the amount of service provided. More detailed estimates of emissions are possible cost-prohibitive and fuel use is a reasonable proxy measure.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resources. Should resources permit, we may strive to exceed these requirements.

(Note: Because shared-ride modes have a lower environmental impact than single-occupant automobiles, it is more important to increase the number of people *using* public transit than it is to reduce the energy consumption or pollution *from* public transit.)

POLICY 1.2.2: Evidence

Fuel Use/Passenger Trip

Gallons of fuel per Passenger Trip	2018	2019	Target	Within target
Fixed-Route	0.13 (841,689 gallons)	0.13 (868,528 gallons)	Same or reduced.	Yes
	Overall fuel consumption increased by 26,839 gallons compared with the previous year. Nonetheless, there wasn’t a significant change in ridership, and the ratio of gallons to ridership remained the same at 0.13			
Paratransit	0.13 (17,906 gallons)	0.14 (18,985 gallons)	Same or reduced.	No. up by 7.6%
	Despite 1.5% decline in paratransit ridership from 2018 to 2019, the amount of fuel consumed was up by 7.6%. This could be as a result of less shared trips.			
Vanpool	0.36 (84,400 gallons)	0.37 (90,175 gallons)	Same or reduced.	No. Up 2.7%.
	The 2.7% increase in vanpool fuel consumption is due to a 16% increase in vanpool vehicles.			

POLICY 1.2.2: Evidence (continued)

Green House Gas (GHG) Emissions/Passenger Trip

TheRide does not measure GHG emissions directly due to cost. However, the more fuel that is burned, the more GHG emitted. Based on the table above it could therefore be deduced that there was also a slight increase in GHG emissions from 2018 to 2019.

Energy Used per Hours of Operation (Facilities, Cumulative)

There was an increase in electricity, natural gas and water consumption from 2018 to 2019. The Polar Vortex in early 2019 may have resulted to the increase of energy use. Staff will monitor these figures to see if weather is the cause, or other actions are necessary to achieve compliance.

Energy used	2018	2019	Target	Within target
Electricity (kwh)	1,754,658	1,996,119	Same or reduced.	No. Up 13%.
Natural Gas (therms)	345,880	448,560	Same or reduced.	No. Up 29%.
Water (units)	4,116	5,961	Same or reduced.	No. Up 44%.

POLICY 1.2.3:

Public transportation options produce conditions favorable to more compact and walkable land development.

Degree of compliance: Not Compliant

Previous monitoring period: TBD

POLICY 1.2.3: Interpretation

Compliance with this policy during this period will be demonstrated when the frequency of fixed-route services in suitable corridors is high enough to encourage demand for transit-oriented land development.

This is a reasonable interpretation because the frequency of transit is perhaps the largest factor in whether fixed-route service is perceived as competitive with personal automobiles. Increasing the frequency of services can encourage land development decision that do not rely on cars and parking. Conversely, it would be hard to produce favorable conditions without high frequency service. Also, only certain corridors have the combination of potential land development and existing frequency. While land development decisions are complex, involve many actors, and are not in TheRide’s direct control, we can increase the attractiveness of our services.

Suitable corridors are ones where high frequency service is already somewhat viable and where intensification of land development is possible. Specifically, this includes Washtenaw Avenue, Plymouth Road, Huron, State Street, Main Street, Packard.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resources.

POLICY 1.2.3: Evidence

Suitable corridors area defined as:

Corridor	Current Frequencies	Targets	Compliance
Washtenaw Ave	<p>Weekdays Peak: 10 minutes Mid-day: 30 minutes Evenings: 30 minutes</p> <p>Weekends Peak: 20 minutes Mid-day: 30 minutes Evenings: 60 minutes</p>	<p>Weekdays Peak: 10 minutes or better Mid-day: 20 minutes or better Evenings: 30 minutes or better</p> <p>Weekends Peak: 30 minutes or better Mid-day: 30 minutes or better Evenings: 30 minutes or better</p>	Somewhat

POLICY 1.2.3: Evidence (cont.)			
Plymouth Road	Weekdays Peak: 15 minutes Mid-day: 15 minutes Evenings: 30 minutes	Weekdays Peak: 15 minutes Mid-day: 15 minutes Evenings: 30 minutes	Somewhat
Plymouth Road (cont.)	Weekends Peak: 60 minutes Mid-day: 60 minutes Evenings: 60 minutes	Weekends Peak: 30 minutes or better Mid-day: 30 minutes or better Evenings: 30 minutes or better	Somewhat
Huron	Weekdays Peak: 30 minutes Mid-day: 30 minutes Evenings: 30 minutes Weekends: 60 minutes	Weekdays Peak: 15 minutes or better Mid-day: 30 minutes or better Evenings: 30 minutes or better Weekends: 30 minutes or better	Somewhat
State Street	Weekdays Peak: 15 minutes Mid-day: 30 minutes Evenings: 30 minutes Weekends: 30 minutes	Weekdays Peak: 15 minutes or better Mid-day: 30 minutes or better Evenings: 30 minutes or better Weekends: 30 minutes or better	Yes
Main Street	Weekdays Peak: 30 minutes Mid-day: 30 minutes Evenings: 60 minutes Weekends: 60 minutes	Weekdays Peak: 30 minutes or better Mid-day: 30 minutes or better Evenings: 30 minutes or better Weekends: 30 minutes or better	Somewhat
Packard	Weekdays Peak: 15 minutes Mid-day: 15 minutes Evenings: 30 minutes Weekends: 60 minutes	Weekdays Peak: 15 minutes or better Mid-day: 15 minutes or better Evenings: 30 minutes or better Weekends: 30 minutes or better	Somewhat

Presently, we do not have enough resources to meet these targets for frequency. For these reasons, I report partial compliance with this policy. Compliance will require additional buses, staff, funding, and a larger garage. If planning currently underway leads to more resources by 2022, higher frequencies could occur between 2023-2025. Increasing frequencies may reduce passenger per hour performance until land-develop occurs.

POLICY 1.2.4:

Relevant public policy is transit supportive.

Degree of compliance: To be determined

Note: This is a new policy

POLICY 1.2.4: Interpretation

I interpret this policy to mean that TheRide should strive to influence external decisions of local governments in a way that encourages greater transit ridership or enhances the quality of transit service. Many of the factors that encourage transit ridership are controlled by local governments not the transit authority.

Compliance with this policy will be demonstrated when TheRide makes efforts to encourage the municipalities of Ann Arbor, Ypsilanti, Ypsilanti Township, Pittsfield Township, and MDOT adopt and implement the following decisions:

1. Zoning regulations that encourage higher densities, mixed uses, and pedestrian access *along major transit corridors*.
2. Regulations limiting the *maximum* amount of parking allowed for new developments (parking maximums).
3. Dedicated bus lanes or HOV lanes on local streets and state highways.

Political feasibility of TheRide’s efforts is defined as achieving the best outcome possible considering local political realities. This is a reasonable interpretation because these are the outside policies that most influence demand for transit. The impact of those policies will take years to become visible and can be seen in changes in average population and employment densities. Our specific metrics, targets and results for this period are outlined below.

POLICY 1.2.4: Evidence

Presence of adequate transit-supportive elements in local zoning and land development ordinances:

Service Area	Adequate? (Low, Mid, High)	Population density (people per sq. mile)	Notes
Ann Arbor	High	4,280	Transit supportive core: dense with mixed use, managed parking, and several large residential buildings; adjacent to large university. Outer areas less pedestrian friendly and congested corridors.
Ypsilanti	High	4,805	Transit supportive core: dense and adjacent to large university. Outer areas less pedestrian friendly.
Ypsilanti Twp.	Low	1,631	Low density, suburban
Pittsfield Twp.	Low	1,389	Low density, suburban

MDOT – The Michigan Department of Transportation does not presently allow bus lanes or shoulder-lane bus operations. Our targets are to change policy to allow these elements.

POLICY 1.3:

Public transportation positively impacts the economic prosperity of the area.

Degree of compliance: Partially Compliant

Previous monitoring period: Partially Compliant

Expected date for full compliance: Different for each sub-policy

POLICY 1.3: Interpretation

The Board has fully interpreted this policy in policies 1.3.1 through 1.3.4 below. Compliance with these policies will constitute compliance with this policy.

POLICY 1.3: Evidence

The evidence of compliance with policies 1.3.1 through 1.3.4 demonstrates compliance with this policy.

POLICY 1.3.1:

Public transportation facilitates labor mobility.

Degree of compliance: Partially Compliant

Note: This is a new policy

POLICY 1.3.1: Interpretation

Compliance with this policy will be demonstrated when:

1. The proportion of daily work trips using non-automobile modes, especially public transit, increases over time. This measure is known as “mode share” and is similar to “market share”. This is reasonable because this is an industry-standard measure of how people actually travel and can be consistently measured over time.
2. Riders can access 80% of jobs in the service area within a reasonable walk from a bus stop (0.25 miles),
3. Vanpool options are available outside the fixed-route service area and are reasonably well used.

This is a reasonable interpretation because it measures the outcome of labor trips (i.e. work trips) directly in manner that can be tracked over time, and also includes coverage of job sites.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resource

POLICY 1.3.1: Evidence

Targets: The proportion of work trips made as driving alone should decrease, while all other modes should increase, in particular public transit. Change in mode share are gradual and best measured over years.

These are reasonable measures considering that TheRide does not have timely data regarding *why* our riders are traveling (i.e. trip purpose) and therefore cannot document how many passengers are travelling to work. TheRide cannot afford to reliably collect more up-to-date figures due to the costs of surveying. However, there are shortcomings: the data are only collected every five years, and the data combine TheRide, UM buses, and other services together. Nevertheless, a better means of providing evidence for this policy has not yet been found

The table below illustrates the relative mode share for each type of vehicle/mode of transportation and the change between 2010 and 2015. Per the table below, there was a 2 percent increase in public transportation and a 2.2 percent decrease in personal vehicle (driving alone) use between 2010 and 2015. Carpooling/Vanpooling declined 0.3%.

Commute to Work Mode Share 2010-2015 (Ann Arbor, Ypsi, Ypsi Twp., Pittsfield Twp.)

Transportation to Work					
Transportation to Work	ACS 2010	% of Total (ACS 2010)	ACS 2015	% of Total (ACS 2015)	% Point Chg 2010-2015
Drove alone	72,861	68.7%	74,216	66.5%	-2.2%
Carpooled or vanpooled	8,778	8.3%	8,949	8%	-0.3%
Public transportation	6,097	5.8%	8,840	7.9%	2.1%
Walked	10,194	9.6%	9,764	8.8%	-0.8%
Biked	2,073	2%	2,987	2.7%	0.7%
Other Means	831	0.8%	786	0.7%	-0.1%
Worked at home	5,164	4.9%	6,017	5.4%	0.5%
Resident workers age 16 and over	105,998	100.0%	111,559	100.0%	0.0%

Source: U.S. Census Bureau, 2006-2010 and 2011-2015 American Community Survey 5-Year Estimates

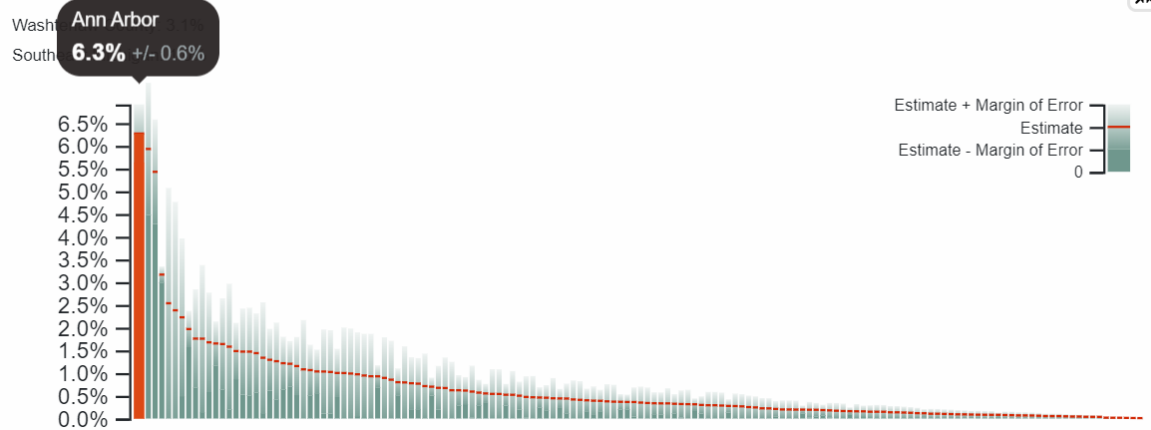
Source: SEMCOG, Community Profiles. 2019.

Note: Although dated, these figures are the most up-to-date available. These data are collected every five years. Also, these figures group all transit users together (TheRide, UM buses, WAVE, etc.) so it is difficult to assess the impact of TheRide.

The following graphs illustrate the transit mode share for every community in southeast Michigan, with estimates of mode share for 2019 – a more recent figure. Interestingly, the City of Ann Arbor had the highest mode share in southeast Michigan while the City of Ypsilanti had the third highest. (Note: the figures from 2010/2015 may not be directly comparable with those from 2019.)

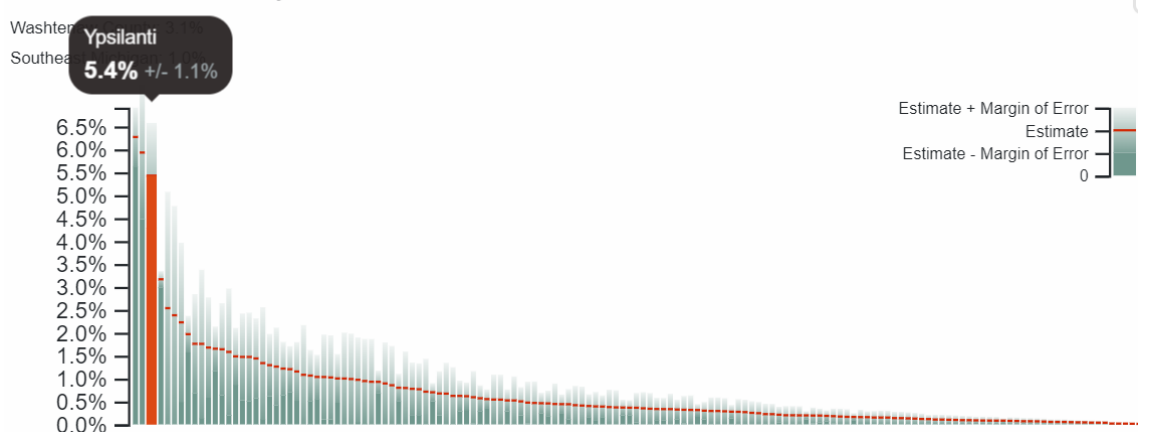
Commute to Work, Southeast Michigan Region

Percent Commute by Transit



Source: SEMCOG, Community Explorer, 2019.
The City of Ann Arbor had the highest average transit mode share (commute to work) rate of all the municipalities in the Southeast Michigan Region.

Percent Commute by Transit

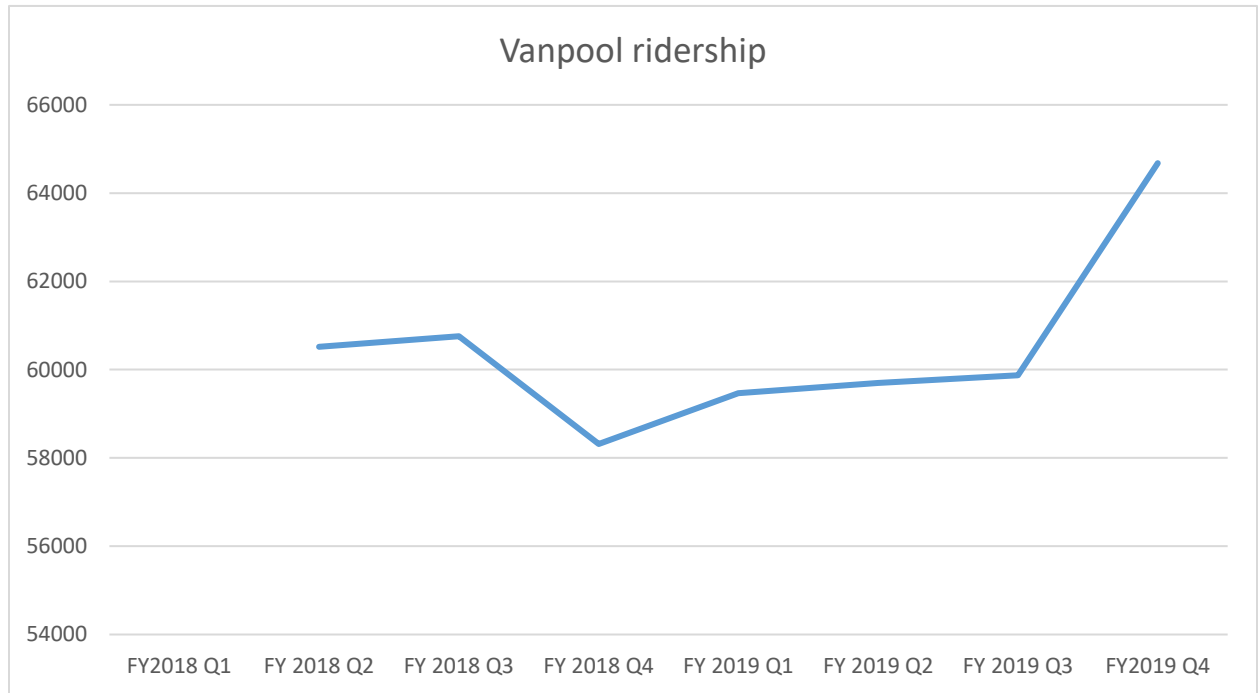


Source: SEMCOG, Community Explorer, 2019.
The City of Ypsilanti had the third highest commute-to-work rate in the region (after Highland Park).

POLICY 1.3.1: Evidence (continued)

Van Pool Availability

TheRide’s vanpool program is available to any group making regular trips in our service area. We have vanpools originating from Toledo, Detroit, and other distant points. Overall, vanpool usage has been increasing, as illustrated in the graph below. Targets for vanpool ridership is simply an annual increase.



POLICY 1.3.2

Students can access education opportunities without need of a personal vehicle.

Degree of Compliance: Compliant

Previous monitoring period: Compliant

POLICY 1.3.2: Interpretation

Compliance with this policy during this period will be demonstrated when riders can access all post-secondary educational campuses in the Ann Arbor, Ypsilanti, and Ypsilanti Twp. area within a reasonable walk from a bus stop (0.25 miles).

This is a reasonable interpretation because 1) mode share for student travel is not available, and 2) fixed route access to campuses is a reasonable proxy for ability to use the service. Access to high schools is not included in this interpretation because those trips are the responsibility of the local school board. However, TheRide does transport many riders to high school.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resources. Should resources permit, we may strive to exceed these requirements.

POLICY 1.3.2: Evidence

Campus Access

Campuses	With 0.25 miles? Yes/No	Adjacent Routes
UM Main Campus	Yes	4, 6, 62, 63, 64, 23, 48, 60, 65, 81
UM North Campus	Yes	22, 66
EMU	Yes	3, 4, 41
WCCC	Yes	3, 24
Concordia	Yes	3

The printed Ride Guide can provide additional evidence of how the above routes serve each campus.

POLICY 1.3.3:
Visitors use public transportation in the area.

Degree of Compliance: Compliant
Previous monitoring period: Compliant

POLICY 1.3.3: Interpretation

Compliance with this policy during this period will be demonstrated when people arriving in the membership area via inter-city carrier (i.e. Detroit Metro Airport, intercity rail or bus) have reasonable access to fixed-route and paratransit services, and temporary eligibility for paratransit is available. Compliance also includes fixed-route service between Ann Arbor and Metro Detroit Airport.

This interpretation is reasonable because we have no way of knowing whether passengers are visitors to the area and therefore cannot directly measure the number of riders who are visitors.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resources. Should resources permit, we may strive to exceed these requirements.

POLICY 1.3.3: Evidence

Connections with Inter-City Carriers

	Currently Served by	Target
Amtrak (Ann Arbor on Fuller Street)	Fixed-route (Rt 21) and paratransit.	Accessible via fixed-route, paratransit.
Greyhound (Ann Arbor on Fuller Street)	Fixed-route (Rt 21) and paratransit.	Accessible via fixed-route, paratransit.
Greyhound & other bus (Ypsilanti Twp. on Huron Road)	Fixed-route (Rt 46) and paratransit.	Accessible via fixed-route, paratransit.
Detroit Metro Airport	AirRide (wheelchair accessible)	Accessible via AirRide.

TheRide’s paratransit service, ARide, does allow temporary eligibility for visitors with disabilities that are eligible for ADA paratransit in another jurisdiction.

POLICY 1.3.4:

The area is connected to the Metro Detroit region.

Degree of Compliance: Not Compliant

Previous monitoring period: Not Compliant
Expected date for full compliance: Mid-2020

POLICY 1.3.4: Interpretation

Compliance with this policy will be demonstrated when a scheduled transit service exists between Ann Arbor and Metro Detroit with departures at least once an hour during weekdays.

This is a reasonable, if specific, interpretation that outlines the elements of what an acceptable connection would need to provide.

Our specific results for this period are outlined below.

POLICY 1.3.4: Evidence

No service matching this interpretation existed during the monitoring period.

However, during the monitoring period TheRide has worked with the RTA to develop such a service. Funding has been secured and final approvals are anticipated on June 20, 2020. If successful, the service could be operational in mid-2020. Funding is tentatively designated 2020-2023.

POLICY 1.4:

Passengers are highly satisfied with public transportation services.

Degree of Compliance: Compliant

Note: This is a new policy.

POLICY 1.4: Interpretation

Compliance with this policy during this period will be demonstrated when the quality of services provided are relatively high, complaints are relatively low, and customers self-report high levels of satisfaction. This interpretation is reasonable because it included the main elements that drive customer satisfaction and distills them into one figure that can be tracked over time. Also, the Board receives quarterly services reports with timelier and detail breakdowns.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resources. Should resources permit, we may strive to exceed these requirements. Feedback on overall service satisfaction will be provided in Policy 1.5

POLICY 1.4: Evidence

Service Quality Composite Index Score

The service composite index score is an aggregate measure of **safety**, **courtesy** (compliments and complaints), **comfort** (cleanliness of the bus, quality of bus stops and bus shelters), and **reliability** (on time performance, miles between road calls, average age of fleet). This measure ranges from a scale of 0.0 to 1.0 with 1.0 being the highest score. Below are the scores for fixed route and paratransit services for 2018 and 2019.

Service	2018	2019	Targets
Fixed Route	.85	.89	increase
	The increase was due to reduced injuries per 100k trips, increase in courtesy (Compliments vs. Complaints, reduction in preventable collisions, cleaner buses etc.,)		
Paratransit	.75	.71	Increase. If a decrease is noted, there should no particular pattern.
	There has been an increase in complaints and denials which led to this score dropping. There has been no pattern however and staff is working with contractors to make improvements.		

	2013	2014	2015	2016	2017	2018	2019	Target	Target reached?
Onboard Surveys	87%		88%		91%			Increase over time	Yes

Onboard surveys have traditionally been conducted every two years. An onboard survey should have been conducted in 2019 but was neglected due to staff turnover. It is being rescheduled for 2020.

POLICY 1.5:
Residents of the area recognize the positive contributions of public transportation to the area's quality of life.

Degree of compliance: Compliant

Note: This is a new policy.

POLICY 1.5: Interpretation

Compliance with this policy during this period will be demonstrated when people who live in membership service area (riders and non-riders) have generally positive impressions of TheRide, and vote to support property taxes dedicated to TheRide. This interpretation is reasonable because it appears to be the only objective ways to directly measure resident support for transit and TheRide.

Our specific metrics, targets and results for this period are outlined below. The targets are realistic within our existing resources. Should resources permit, we may strive to exceed these requirements.

POLICY 1.5: Evidence

	2009	2011	2013	2014	2015	2016	2017	2018	2019	Target	Target reached?
Telephone Survey of Residents	80%		91%				86%			>51% success	TBD
Referendum Results				70%				83%		>51% success	Yes

Telephone surveys are a relatively recent development. Due to cost they are only conducted sporadically.

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 on monitoring report

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

Executive Limitations Report (select one)

The Board finds that the CEO:

- 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.

Board notes: (If applicable)