



OPERATING & CAPITAL BUDGET

Recommended Budget

Fiscal Year 2025

2025

*Growing
for the
Future*

ANN ARBOR AREA TRANSPORTATION AUTHORITY



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

This Budget presentation is an award winning document which reflects the commitment of the Board of Directors and staff to meeting the highest principles of governmental budgeting. TheRide's budget consistently satisfies nationally recognized guidelines for effective budget presentation, including how the document serves as a policy document, a financial plan, an operations guide, and a communication device. TheRide was presented the Distinguished Budget Award for its *Operating and Capital Budgets* for four consecutive years, which is a significant achievement. Although the award was not pursued for the last two fiscal year budgets, all elements and criteria that earned this award are still present in this FY2025 Budget document. New GFOA requirements have delayed submission for the past two fiscal years, but new elements are being evaluated for incorporation into future budget documents.

Reader's Guide

In addition to introductory information about TheRide and a letter from the CEO and CFO, this document contains six sections describing the FY2025 (2025) Recommended Operating and Capital Budgets:

- **About the Ride** and **Letter from the CEO and CFO** provide information about the agency and an introduction to the budget document.
- The **Executive Summary** provides a high-level summary of the budget.
- The **Introduction** will orient the reader to the overall direction, strategic goals, and executive limitations established by TheRide's Board, as well as the budgeting schedule and process.
- **The State of TheRide** establishes financial context, discusses the challenges, opportunities, and priorities for developing the budget, and presents ridership performance.
- The **2025 Budget** summarizes the operating and capital budgets for FY2025 and presents financial forecasts for subsequent years.
- **Impacts of the 2025 Budget** discusses how the budget will affect the fund balance and the reserve, as well as the impact of capital investments upon the operating budget.
- The **Appendices** include details on initiatives and capital projects, anticipated contracts, fare schedule, additional financial tables, a grant funding primer, recommended Board resolution for adoption, and a glossary.

This document includes multi-year forecasting. Although financial information is presented for years beyond 2025, it is important to note that forecasted years are provided *only for context*, do not represent a commitment, and are expected to change. Each year, the Board of Directors (the Board) adopts the budget for a single year rather than a multi-year budget. The operating budget must be balanced (revenues must meet or exceed expenses) and the Board approves total budgeted expenditures. As necessary, budget amendments may be brought to the Board for consideration during any fiscal year.

Detailed information throughout this budget document is provided for context, information, and transparency in budgeting. Budget approval, as indicated in the *Adopting Resolution in Appendix 8.5*, is for total operating and capital expenditures.

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1. About TheRide

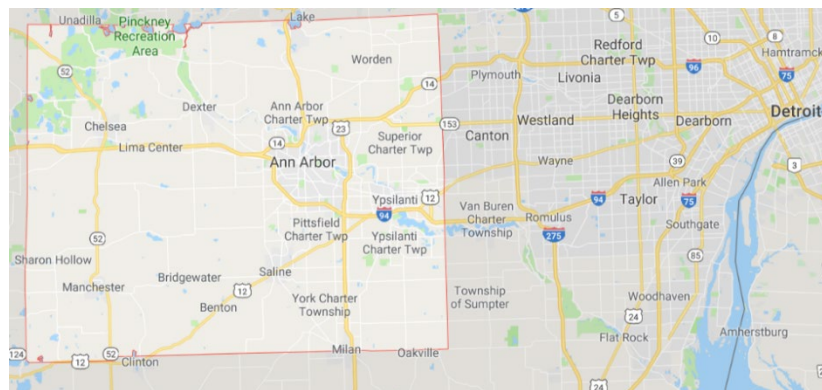


The Ann Arbor Area Transportation Authority (AAATA, or TheRide) was chartered in 1969 by the City of Ann Arbor, Michigan, as a not-for-profit unit of local government. The city of Ypsilanti and Ypsilanti Township were added as charter members to the authority in 2013.

TheRide operates public transportation services for the greater Ann Arbor-Ypsilanti area, enabling the area's residents to reach their destinations at a reasonable cost, and offers the region efficient, environmentally sound transportation alternatives.

The service area is home to the University of Michigan, Eastern Michigan University, Concordia University, and Washtenaw Community College. The region's economy is driven by education, medical, and technology sectors, as well as the area's proximity to Detroit.

Ann Arbor is the county seat for Washtenaw County, which also includes the city of Ypsilanti and the Townships of Ann Arbor, Pittsfield, Scio, Superior, Ypsilanti, which make up TheRide's service area. The service area covers 110 square miles, with a population of 228,574 people. TheRide delivers approximately 335,000 hours of revenue service, driving more than 6.6 million revenue miles, and carries more than 4.5 million passenger trips on transit services annually during a typical year.



Washtenaw County, Michigan

TheRide operates fixed-route buses, A-Ride paratransit services, service to Detroit Downtown, FlexRide on-demand service, ridesharing, van pools, and other services.

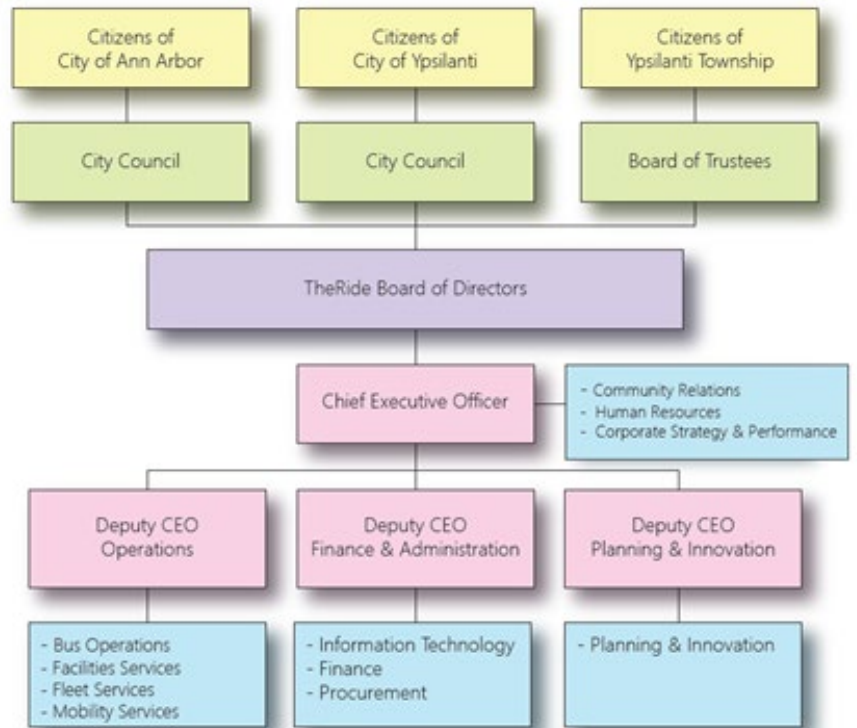
TheRide operates from three facilities. The Dawn Gabay Operations Center is the headquarters, and houses administration offices, a maintenance facility, and a bus garage. Passenger terminals are located in downtown Ann Arbor (Blake Transit Center) and Ypsilanti (Ypsilanti Transit Center) and include customer service centers.

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 Dina Reed, Deputy CEO, Finance & Administration
 George Brooks, Deputy CEO, Operations
 Forest Yang, Deputy CEO, Planning & Innovation



Senior Management Staff

Mike Blackston, Manager of Information Technology
 Raymond Hess, Manager of Project Mgmt. & Delivery
 Rosa-Maria Kamau, Corporate Strategy & Performance
 Jeff Pfeifer, Manager, Public Affairs/Community Relations
 Yvette Washington, Manager of Bus Operations



2. Letter from the CEO and CFO



Dawn Gabay Operations Center
2700 S. Industrial Highway
Ann Arbor, MI 48104

734-973-6500 **Phone**
734-973-6338 **Fax**
TheRide.org **Online**

September 13, 2024

On behalf of the Executive and Management teams at the Ann Arbor Area Transportation Authority (TheRide), we are pleased to submit for review this Recommended FY2025 Operating and Capital Budget (the budget) to be reviewed by the Board of Directors on September 19, 2024.

In 2025, TheRide will continue focusing on growing ridership by providing a range of transportation services and expanding frequency and hours of service, with assistance of federal relief funding. The budget supports the strategic priorities of attracting, retaining, and growing ridership, excellence in service delivery, and agency wide continuous improvement.

The budget has been prepared in accordance with the Michigan Uniform Budgeting and Accounting Act of 1968, Generally Accepted Accounting Principles (GAAP), and Board Governance Policies. The Board has delegated to the Chief Executive Officer (CEO) the responsibility to prepare a balanced budget which achieves the Board's objectives ("Ends") and avoids deficit spending and fiscal jeopardy. The budget achieves both requirements while positioning TheRide to continue providing excellent service to our communities and constituents.

Handwritten signature of Matt Carpenter in black ink.

Matt Carpenter
Chief Executive Officer

Handwritten signature of Dina Reed in black ink.

Dina Reed
Deputy CEO, Finance & Administration

3. Executive Summary

The FY2025 Operating and Capital Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

While the Board's Ends inform *what* the agency is to accomplish, Executive Limitations provide the framework for *how* the agency will operate. The CEO and staff must comply with the Board expectations regarding administrative and operational decisions (i.e., Executive Limitations policies). These policies ensure transparency, reporting, and fiduciary oversight by the Board. Examples of key Executive Limitations policies include:

- Ensure passengers and customers are well treated.
- Ensure staff are well treated and that TheRide is an attractive employer.
- Ensure that the Board, riders, and the public have opportunities to shape the future direction of the agency.
- Ensure transparency and accountability.
- Maintain the financial health of the organization.
- Does not risk fiscal jeopardy.
- Maintain assets of the organization in good condition.
- Compliance with all applicable laws (Numerous local, state, and federal laws enable and constrain what TheRide can do.)

The Corporate Business Plan (the business plan) clarifies the strategic objectives and outlines what will be achieved within the 5-year operating and 10-year capital plans. These plans are aligned with the Board-approved Long-Range Plan. The 5-year operating plan is a shorter workplan that supports a detailed focus on day-to-day operational aspects and more specifically new service improvements. The annual budget provides funding to support the following organizational objectives:

- Attract New Riders & Increase Ridership
- Excellence in Service Delivery
- Continuous Improvement

This presentation of the budget illustrates initial assumptions of revenues and expenses needed to maintain current service levels (a base budget) and initiatives to further the Ends policies. The budget provides reasonably conservative assumptions to maintain current services and fund initiatives important to advance the Boards Ends. The FY2025 Budget incorporates these elements comprehensively and is shared in the context of future projections. The outlook for the budget is stable, and is supported by the new millage, in place until 2028.

The Operating Budget

Operating Budget Initiatives

The most significant initiatives impacting the operating budget this year are the implementation of services promised in the 2022 millage proposal (the millage). In August 2022, the communities we serve supported a new millage that addressed funding challenges faced by the agency for years, which were exacerbated by impacts of the pandemic. The millage also included funding for the first phase of the Long-Range Plan approved in 2022, which includes expanded services that began in August 2024. The following millage initiatives aimed at **attracting new riders and increasing ridership** have been implemented and funding is included in the budget. While initiatives began in FY2024, FY2025 is the first full year services are funded in the budget.

- a. [Ypsilanti Transit Center Staffing \(Board goals advanced: 1.1, 1.4\)](#)
As part of the expansion of services provided for through the millage, TheRide will be restoring customer service agents to the Ypsilanti Transit Center.
- b. [30-minute frequencies – Weekend daytime routes \(1.1, 1.3, 1.4, 1.5\)](#)
This initiative began in FY 2023 and phased in through FY2024. More buses were added on the weekends to ensure that daytime service runs at a 30-minute frequency instead of a 60-minute frequency.
- c. [Longer Service Hours \(1.1, 1.3, 1.4, 1.5\)](#) – The Ride is currently working on extending service hours. On weekdays the hours of operations will be from 6:00AM to 11:30PM, Saturday from 7:00AM to 11:30PM and on Sunday 8:00AM to 9:00PM. These adjustments are expected to be completed by the end of FY 2024.
- d. [Overnight On-Demand Expansion \(1.3.1\)](#) – TheRide continues to work on improving overnight services, holiday service and expanding overnight and holiday services to all of City of Ypsilanti, and Ypsilanti Twp north of Textile Road
- e. [Express Pilot on Washtenaw \(1.0-1.5\)](#) – Route 104, the [Washtenaw Avenue Express Route](#) on started serving riders on Monday, May 6. This limited-stop service provides a faster connection between Ann Arbor and Ypsilanti on Washtenaw Avenue and is a part of TheRide’s Long-Range Plan, made possible by the citizen approved millage in 2022 that goes into effect this year.
- f. [Accessibility Improvement, Response & Fixed Route Integration \(1.1.2\)](#) – TheRide will continue improvement to bus stops, integrating Fixed route, A-Ride and FlexRide. This work is continuous through the LRP lifecycle.
- g. [Advocacy Agenda \(Policy 1.0, 2.0\)](#) – Many elements of the Long-Range Plan and TheRide’s plans rely on decisions made by others outside of the agency, including municipal councils, legislatures, and congress. Working with the Board’s efforts on Ownership linkage, staff will implement the advocacy agenda developed in FY2024.

The budget provides appropriate funding to provide **excellence in service delivery**. In addition to the expansion of service initiatives, the ride will maintain all current transit and related services at full levels. We are also keeping all fares the same as in FY2024. About 90 percent of TheRide’s staff and other resources provide for focus on the daily mission of operating transit services, including operations and maintenance of facilities and equipment. Continuing these services and striving to expand ridership in a period of inflation, volatility, labor shortages, and other challenges is no small effort and should be acknowledged.

The budget includes funding for investing in **continuous improvements**. The following initiatives are being implemented throughout the next fiscal year and are funded in the budget:

- a. **Team and Staff Development (1.0, 2.0, 2.2)** – TheRide is an agency and an institution but is also a team. The staff are key to identifying and implementing opportunities for the future. We will continue to invest in our staff through various training opportunities, work to engage and inspire staff, and improve cross-department collaboration. An essential pre-condition is the ability to fully fill in key vacant positions. This work will continue in FY2025.
- b. **Customer Satisfaction Brainstorming (1.0)** – With the Long-Range Plan detailed how we will attract new riders, the CEO would like to develop a process for re-engaging staff, the community, and the Board to identify the best ways to improve the customer experience and retain riders. This work started in FY2024 and continues into FY2025
- c. **Sustainability Planning (1.0, 2.1, 2.4, 2.7)** – TheRide is working to plan for reducing and then eliminating emissions from our own operations. In addition to ongoing work on zero-emission buses (see capital plan below), there are two additional forthcoming studies that will address other aspects of our operations.
- d. **Zero emissions facility studies (1.2.2)**
The Zero emissions facility study is scheduled to take place in FY2025. The studies will provide information to develop next steps.

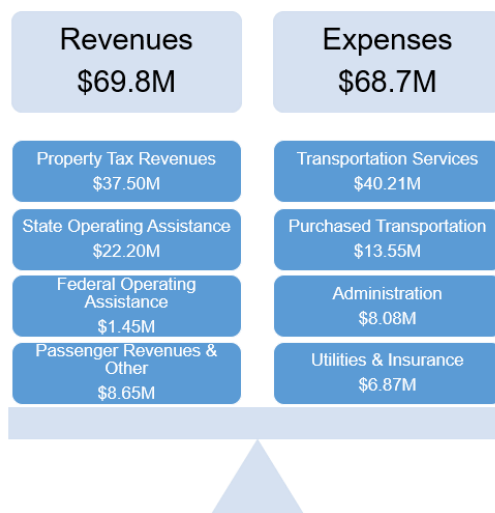
Initiatives are approved in the context of organizational priorities, available resources, and align with the business plan.

Operating Budget Summary

This balanced budget provides funding to execute on the TheRide’s highest priorities. Direct funding for transportation services makeup approximately 80 percent of total expenditures.

Key assumptions include:

- Operating full-service levels.
- Funding for millage services:
 - Accelerates funding for Ypsilanti Transit Center customer service center.
 - Accelerates funding for approved millage positions required to maintain current services.
 - Includes funding to phase in operations staff in to prepare to deliver services on time.
 - Includes funding for startup contract costs to prepare to deliver services on time.
- Anticipates no fare changes.



The budget assumes that federal pandemic relief funds will be used to the full extent possible for eligible expenses. Use of pandemic relief funds slowed in FY2023 to allow more funding to be available for accelerating and phasing in millage service expansions in FY2024. Pandemic relief funds were exhausted in the third quarter of this fiscal year, with none being budgeted in FY2025. Almost all expense increases in

the next fiscal year reflect the full year impact of operating expenses for the expansion of services approved in the millage, which begin in August of 2024.

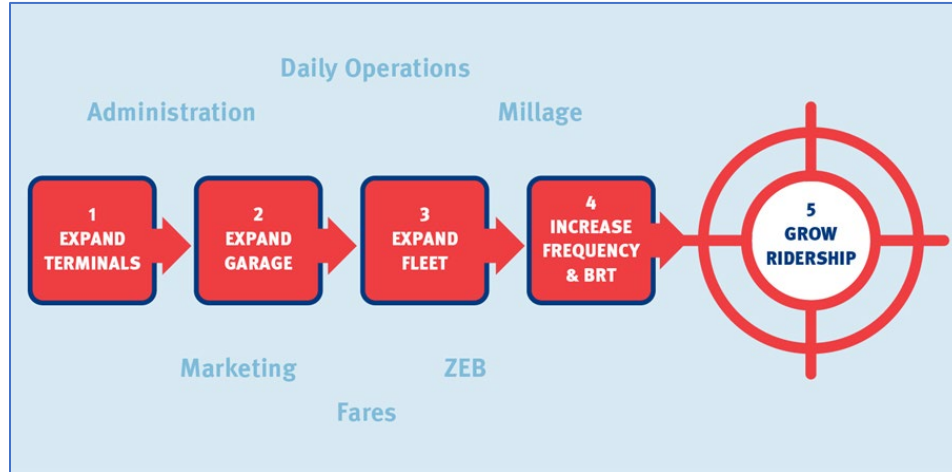
The Capital Budget

Capital Budget Initiatives

The most significant costs impacting the capital budget for 2025 are commitments to maintain fleet and facilities in a state of good repair, Information Technology upgrades, renovations to the Dawn Gabay Operations Center, continued redevelopment of the Ypsilanti and Blake Transit Centers, planning and design for an additional maintenance and storage facility, environmental impact studies for major capital projects. The following initiatives aimed to **attract new riders and increase ridership** are being implemented throughout the next fiscal year and are funded in the budget:

- a. [Ypsilanti Transit Center Redevelopment \(1.1, 1.4, 1.5, 2.5.2, 2.10\)](#) – Progress to develop a new transit center will continue into this fiscal year. The most significant initiatives for FY2025 include ongoing environmental analysis as required by both the federal and state governments, architecture and design and land acquisition to aid in the redevelopment of the YTC.
- b. [Blake Transit Center Expansion & Redesign \(1.0, 1.4, 1.5, 2.5.2, 2.10\)](#) – The Blake Transit Centers must be designed to efficiently accommodate increased service hours. For FY2025, capital funds will be allocated for environmental analysis as required by the federal and state governments as well as the planning and design to improve and expand bus operations along 4th Ave. TheRide will continue to work with the Ann Arbor Housing Commission and the City of Ann Arbor to jointly develop a vision for the Y LOT adjacent to the BTC.
- c. [New Bus Garage \(1.0, 2.4.2, 2.4.3, 2.10\)](#) – With the operational expansions planned through the long -range plan, TheRide will begin an assessment for the need of a new storage and maintenance facility to accommodate expanded service, bus rapid transit, and new vehicle types. The new garage is anticipated to increase capacity for the fleet by 100 buses. It will also be critical in supporting the transition to zero-emissions vehicles with respect to different charging/refueling and maintenance requirements. The new bus garage is expected to be commissioned in FY 2031. The FY25 capital allocations for the new bus garage include requested funding for site selection, architecture and design services, and environmental analysis.
- d. [Washtenaw BRT planning & funding \(1.0-1.5, 2.10\)](#) – The Washtenaw Avenue corridor provides the highest and most continuous ridership between downtown Ann Arbor and downtown Ypsilanti. In 2024, MDOT in conjunction with TheRide completed work on two studies related to the Washtenaw BRT. In FY25, TheRide is requesting capital funds to begin the required environmental analysis to move forward with this project.

The illustration below summarizes the critical path for major capital initiatives to support ridership growth.



The budget provides for capital costs and investments necessary to maintain the existing facilities, fleet, and other assets owned by TheRide. Keeping existing assets in a state-of-good-repair is a federal requirement and helps avoid over-spending on new projects or a backlog of deferred maintenance (see Board policy 2.7.3 regarding asset protection). The following initiatives aimed to **excellence in service delivery** are being implemented throughout the next fiscal year and are funded in the budget:

- a. **Vehicle Replacements (1.4, 2.4.3, 2.7.3)** – To maintain service levels and avoid additional maintenance costs, TheRide plans to replace large transit buses, cutaway buses, mobility fleet and support vehicles through the LRP lifecycle.
- b. **Equipment Replacements (1.4, 2.4.3, 2.7.3)** – TheRide has vehicle refresh schedules that call for the replacement of bus components including engines, transmissions, hybrid drives, batteries, seats, and other parts necessary to maintain the fleet in a good state of repair.
- c. **Existing Facilities (1.4, 2.2.1, 2.4.3, 2.7.3)** – Improvements to the existing facilities include the continued rehabilitation of the Dawn Gabay Operations Center, the Blake Transit Center, the Ypsilanti Transit Center, the Park and Ride Lots as well as improve the ergonomic functionality for staff in these facilities.

The budget provides for capital costs and investments necessary to upgrade and improve technology systems, clean propulsion, and basic infrastructure. Initiatives focus on opportunities to execute various internal improvements to systems, processes, or technology designed to improve TheRide’s internal performance. It also includes important improvements for riders (i.e., bus stops, bus lanes) environment (zero-emissions buses). The following initiatives aimed to **continuous improvement** are being implemented throughout the next fiscal year and are funded in the budget:

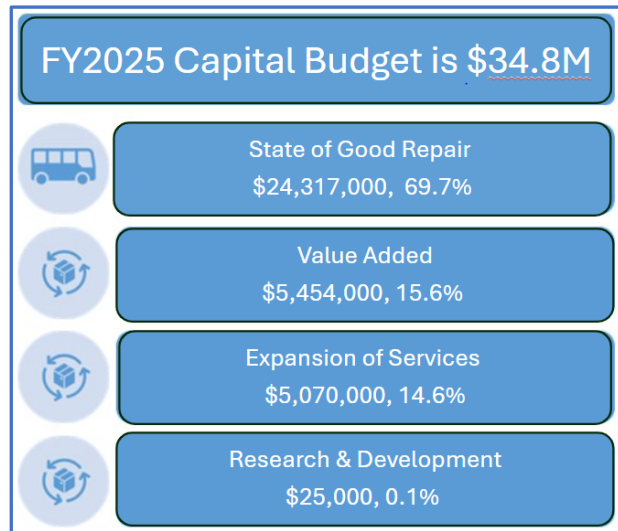
- a. **Information Technology (IT): (1.4, 2.0, 2.7)** – Technology improvements include replacements and improvements of major systems required to support transportation services. IT needs are strategically planned for several years at a time and are based on evaluations of systems and software for current and future needs. Significant updates and improvements to bus dispatch and vehicle location systems are planned to begin in 2025.
- b. **Bus Stop Improvements: (1.1.2, 1.4)** – Focused on improving accessibility for people with disabilities, TheRide is working on improving bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities. Pending funding and issuance of permits, TheRide targets to make 30 to 40 bus stops near sidewalks accessible each year.

- c. **Bus Lane Improvements: (1.0, 1.4, 2.10)** – Pending funding and successful collaboration with stakeholders, TheRide has hopes to create and improve bus lanes to make transit more attractive (relative to other modes) and efficient. Fully dedicated bus lanes will require the collaboration of the municipal, County and State partners in changing the streetscape.
- d. **Zero Emissions Bus Fleet (1.2.2)** – A propulsion study was conducted in FY2023 to determine the best zero emission propulsion option. As a result of this study, TheRide Board approved a plan to introduce hydrogen bus technology into its fleet, highlighting a long-term dedication to environmental sustainability and clean energy infrastructure. In July of 2024, TheRide was awarded a \$25 million grant to support the introduction of zero emission hydrogen buses into its fleet, as well as hydrogen fueling and low emission diesel electric hybrid buses. The grant is part of the Federal Transit Administration’s Low / No Emission Bus Grant program, under President Biden’s Investing in America program. Per the Long-Range Plan it is expected that TheRide will have a 100% zero emissions fleet by FY 2038.
- e. **IT Studies (2.0, 2.7)** – An IT needs assessment was completed in FY2024. Staff is evaluating the assessment and generating a multi-year roadmap for IT infrastructure to be upgraded or replaced. Initial estimates from the IT needs assessment have been incorporated into the capital plan and will continue to be evaluated and updated to align with needs identified in the Long-Range and Corporate Business Plans and in the context of financial and non-financial resources.

Capital Budget Summary

This balanced budget provides funding to execute on TheRide’s highest priorities. A majority of the capital budget is focused on state of good repair for buses and facilities, as well as continued advancement toward the redevelopment of TheRide’s two outdated transit facilities specifically:

- Replacement of buses in line with the Transit Asset Management (TAM) Plan
- Purchase of service vehicles
- Replacement of the HVAC system and roof at the Dawn Gabay Operations Center, as well as reconstruction of the parking lot
- Environmental analysis for the redevelopment of both the Ypsilanti Transit Center and the Blake Transit Center
- Architecture and design services for the redevelopment of the YTC and the BTC
- Needs assessment and facility planning, design, and site selection for a bus maintenance and storage facility



Expansion of services and value-added projects are described in the Capital Budget Initiatives section.

Funding for the FY2025 capital budget is 100 percent funded with no use of capital reserves.

The Budget Recap

The assumptions in the Recommended FY2025 Budget represent the staff's best attempts to make financial projections using the economic inputs available to us from industry, local, state, and federal leaders. There is always some uncertainty in the budget, particularly the impact of inflation, workforce challenges, and impacts of state and local funding. The following are key risks monitored closely throughout the fiscal year:

- Fare revenue and contract revenue may vary based upon ridership projections.
- Property tax collections could be higher or lower than anticipated.
- Fuel, materials, and supplies costs may vary due to inflation and market volatility.
- Impacts of workforce challenges appear to be stable for TheRide, but general labor shortages are still a risk.
- Purchased transportation costs may vary depending on the costs for FlexRide, GoldRide and NightRide services.

A positive fund balance with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2025 will bolster the organization against the risks of uncertainty ahead. The following are key strengths that may mitigate risks:

- No known risks of service cuts or lay-offs in 2025.
- Continuing to operate within the budget and available resources.
- Operating reserve funds at or above target levels.
- Established capital, operating, and insurance reserves.
- No indebtedness or significant liabilities.
- No significant legacy costs, such as unfunded pension liabilities.
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022.

The FY2025 Adopted Operating and Capital Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. This presentation of the Adopted budget illustrates assumptions of revenues and expenses needed to provide transportation services to the communities we serve and includes funding for initiatives prioritized in the business plan. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current year and five and ten-year projections. The outlook for the budget is stable, and is supported by approved millages through 2028 to provide transportation services to our communities.

4. Introduction

Budget Introduction

The FY2025 Operating and Capital Adopted Budget (the budget) is the fiscal year's financial plan that supports activities to accomplish goals and objectives as defined in Board's Ends Policies and is aligned with TheRide's Corporate Business Plan. All policies and plans support the stated policy of providing public transportation options that contribute to the Ann Arbor-Ypsilanti Area's social, environmental, and economic vitality at a cost that demonstrates value and efficient stewardship of resources.

The budget process began by evaluating impacts of economic and industry conditions on financial and operational plans, collecting historical and current trend data, developing information-based assumptions, identifying opportunities, creating strategic themes, and having tactical discussions to develop prioritized initiatives for the next five years.

The coronavirus pandemic significantly impacted the world, Michigan, and TheRide's local communities beginning in March 2020, with unprecedented financial and operational challenges for transit agencies nationwide. While recovery began in 2021 with the widespread availability of vaccinations, the transit industry has continued to face obstacles into the present. Persistent labor shortages, volatile financial markets, historically high inflation, and changing market demands have affected transit agencies across the country. In response, the federal government provided temporary sources of operational and capital funding to transportation agencies.

Despite these challenges, TheRide has successfully navigated a path of resilience and development. Following national trends of reimagining public transit post-pandemic, the agency secured sustainable funding through a community-supported millage in August 2022. This millage not only addresses long-standing funding challenges exacerbated by the pandemic but also supports the first phase of the Long-Range Plan approved in 2022. Moreover, the use of federal pandemic-response funding over the past four years for operations has allowed TheRide to stockpile a healthy reserve to ensure continued operational and capital project momentum into the years ahead.

The millage, effective from 2024 through 2028, enables TheRide to provide expanded services set to begin in August 2024. FY2025 will mark the first full year of all service expansion initiatives, with this critical funding support extending to FY2029. This service expansion aligns with state and national efforts to enhance public transportation availability and adapt to changing commuter patterns post-pandemic. The additional funding also allows TheRide to focus on growing ridership through strategic expanded service enhancements along with investments in organizational efficiencies.

TheRide is now poised to actively embrace and adapt to key developments shaping the future of public transportation through the goals laid out in the Corporate Business Plan. This vision strategically aligns its services with the evolving demands of flexible work arrangements, all the while leveraging technology to improve rider experience plus placing sustainability at the forefront of operations and capital planning. By integrating these trends with our expanded services, TheRide is not only responding to clear changes within the public transportation space but embracing innovation to meet our community's dynamic

needs. This ensures TheRide stays current with public transit best practices, providing services that meet today's needs while preparing for future community requirements.

The FY2025 Corporate Business Plan (the business plan) focuses on initiatives targeted to increase ridership, provide excellence in service delivery, and support continuous improvements. The business plan clarifies TheRide's strategic goals (Ends policies) and outlines how it will achieve them within a 5-year operating and 10-year capital plan. The operating workplan is shorter to allow a detailed focus on day-to-day operational aspects and new improvements. Examples of initiatives in the operational workplan include increasing frequency of services and expanding service coverage. The capital project plan extends over a longer period since its focus is on infrastructure projects which may take longer to complete. Capital projects include transit center redevelopments, and the Bus Rapid Transit.

The budget is the financial roadmap for the fiscal year and aligns financial resources to achieve the Board's goals. While the business plan focuses on the big picture, the budget allocates financial resources to ensure plans have the resources to be achieved. Development of the budget considers impacts of economic and industry conditions and the impact on financial and operational plans. Initiatives in the business plan and the budget are evaluated and prioritized to maximize financial and operational resources.

This presentation of the FY2025 Budget illustrates assumptions of revenues and expenses needed to provide transportation services to the communities we serve and includes funding for initiatives prioritized in the Corporate Business Plan. Financial assumptions are reasonably conservative and are provided in the context of our approach to addressing opportunities and risks for the current year and five and ten-year projections. The budget considers that federal pandemic relief funds were used to the full extent possible for eligible expenses and have been exhausted in FY2024. The budget is balanced with property tax revenues.

In summary, the budget provides reasonably conservative assumptions to maintain current services and fund initiatives important to advance the Boards Ends. The FY2025 Budget incorporates these elements comprehensively and is shared in the context of future projections. The outlook for the budget is stable, and is supported by the new millage, in place until 2028.

As with previous budgets and noted above, the budget is guided by a strategic business plan which outlines the strategic priorities. This plan is aligned with the Board of Directors' expectations—increasing ridership, excellence in service delivery, and continuous improvement (See *Board's Ends Policies*, in the [Board Policy Manual](#)).

The budget presents a balanced financial plan to maintain and expand transportation services.

Highlights of the FY2025 Recommended Operating and Capital Budget are:

- Overall operating expenses are **\$68,716,570** and **\$34,866,000** in capital investments.
- Addresses the long-term financial picture by presenting a 7-year operating plan.
- Addresses the long-term financial picture of capital projects by presenting a 10-year capital plan.
- Funds the priorities from the Corporate Business Plan.
- Presents a 10-year capital plan, and programs federal and state funding for major projects:

- Replacement and rehabilitation of fixed-route buses.
- Capital maintenance for the operations center.
- Planning and design work Ypsilanti Transit Center and the Blake Transit Center renovations.
- Environmental analysis for upcoming projects, including bus shelters, bus rapid transit, and a bus maintenance storage facility.

Corporate Strategic Plans

The FY2025 Budget is the funding plan for achievement of goals established by TheRide’s Board of Directors. Corporate strategic planning establishes the programs and initiatives to help the organization achieve these Ends. As of mid-2024, the dominant issues are ongoing ridership recovery, persistent workforce shortages, and adapting to changing work patterns. While the acute phase of the pandemic has long passed, its lasting effects continue to shape public transportation. Our communities have fully reopened, and economic and social activities have largely normalized, but with notable shifts in commuting habits due to increased remote and hybrid work. Transit agencies like TheRide are now focusing on service adjustments to meet these evolving needs, while also addressing challenges in recruiting and retaining essential staff. Despite these hurdles, TheRide is positioned for growth with adequate funding coupled with increased emphasis on sustainability, equity, accessibility, and the continued modernization of operational assets. The budget includes funding for full schedules of transportation services, and initiatives referenced in the FY2025 Corporate Business Plan.

Financial Executive Limitations Policies

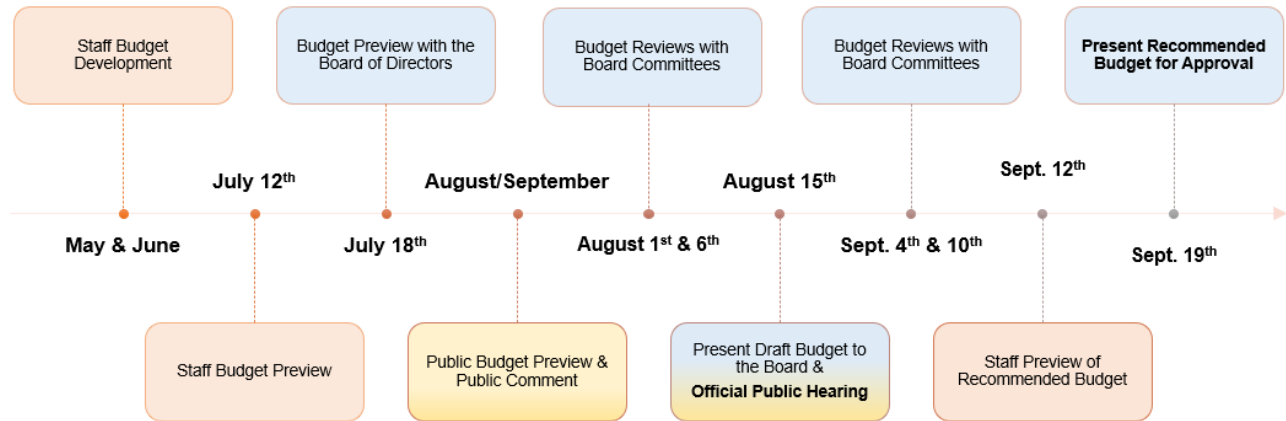
TheRide’s Board of Directors controls and directs the organization via written policies. The full manual of these policies is available on the [website](#). Many of the policies have a direct effect on shaping the annual budget. For example, the Board has set clear limitations upon Financial Planning and Budgeting (Policy 2.4), Financial Conditions and Activities (Policy 2.5), Cash and Investments (Policy 2.6), Compensation and Benefits (Policy 2.3), and Asset Protection (Policy 2.7).

These policies require financial planning and budgeting to align with the Board’s Ends, be developed using sound financial practices, and incorporate strategic and multi-year planning. The Board’s policies require practices that meet Generally Accepted Accounting Principles (GAAP), comply with federal, state, and local laws, describe practices for handling cash and investments, and require Board authorization for adjusting passenger fares, property tax rates, or buying or selling real estate. Other Board policies guide treatment of the public and employee relations.

Budget Process and Timeline

The budget process is a collaborative process that includes interactive communications with staff, stakeholders, the public and the Board. Public review and comment opportunities provide transparency of the process and the budget and are valuable opportunities to listen to our stakeholders. As such, communications to the public exceed minimum federal and state budgeting requirements. The timeline for review and adoption of the budget is shown below.

Figure 1 Budget Timeline:



- April/May/June:** In partnership with staff, the Finance led development of the baseline budget, defined as the base budget required to provide transportation services aligning with Board policies. The budget is developed in context with current economic conditions and operations and business plans and includes many activities, such as, evaluating budget performance and projections with department managers, reviewing staffing levels, analyzing impacts of current collective bargaining agreements, reviewing asset maintenance plan documents, analyzing historical trends of key drivers, and forecasting revenues and expenses.
- August/September:** A recommended operating and capital budget with a multi-year forecast was provided at Board meetings and committee meetings. The operating budget preview was made available for public review starting August 1st and will remain accessible through budget adoption on September 19th.
- August:** An updated recommended budget will be provided to the Board of Directors at its August 15th meeting. The public input period began in August, and the official public hearing, as required by state law, was held with the August 15th Board meeting.
- September:** The Board adopted the budget at the September Board meeting. The Michigan Uniform Budgeting and Accounting Act of 1968 requires Board adoption prior to any expenditures be incurred on October 1, the first day of the new fiscal year.
- October:** Fiscal Year 2025 will begin October 1, 2024, with the newly adopted budget.

5. The State of TheRide

Financial Condition

TheRide is financially stable and is expected to remain so through FY2025 and for the duration of the approved millage. TheRide expects current year revenues and expenses to be materially consistent with the approved FY2024 budget. The reserve balance remains strong, as property tax revenue replaces federal pandemic relief funds to support ongoing operations and service expansion. While future impacts of regulatory changes and political shifts remain uncertain, financial strengths include:

- No known risks of service cuts or lay-offs in FY2025.
- Continuing to operate within the budget and available resources.
- Operating reserve funds at or above target levels.
- Established capital, operating, and insurance reserves.
- No indebtedness or significant liabilities.
- No significant legacy costs, such as unfunded pension liabilities.
- Dedicated property tax revenues through 2028, as approved by voters on August 2, 2022.

The agency continues to build on its track record of strong audit results, as demonstrated by another successful financial statement audit for 2023. The Finance Department maintains its emphasis on continuous improvement, particularly in the areas of accounting cycle processes and managerial reporting. While the Finance Department continued to face staffing challenges in FY2024, these difficulties present opportunities for growth and innovation. The FY2025 budget reflects a strong commitment to overcoming these challenges, allocating considerable resources for consulting support to ensure effective day-to-day operations and drive improvements in financial planning and analysis, interdepartmental financial management, and internal controls. Simultaneously, the budget supports the development of a full internal team, with the aim of managing all departmental work without aid of external assistance on routine matters. The Finance Department is focusing on more effectively utilizing existing software and taking better advantage of its capabilities to provide high quality data for internal and external needs. This approach positions TheRide to not only preserve but significantly strengthen its financial backbone, ensuring long-term stability and with the target of reaching the highest standards for financial excellence in public transportation agencies.

Fund Description, Structure, and Balances

TheRide operates with cash and investment asset accounts, through which operating, capital, and investing transactions flow during the fiscal year. The term *fund balance* is used to describe the net position of the general fund as calculated by GAAP. It is illustrated in the net assets portion of the balance sheet on the financial statement, also often referred to as equity. The fund balance represents the accumulated annual surpluses or deficits over the lifetime of the agency, inclusive of all reserves designated within it by the Board of Directors.

When liabilities are high and the fund balance is low, it means that the cash and investment accounts used day-to-day are supported through debt, unearned revenue and other obligations yet to be paid. This balance sheet scenario can lead to financial instability, reduced flexibility and a limited ability to leverage funding sources.

TheRide currently maintains a positive fund balance coupled with very low liabilities (particularly no significant unfunded pension liabilities) going into FY2025. This will bolster the organization against liquidity issues, budget cuts, and other risks that could jeopardize the organization's ability to carry out its mission. The effect of the FY2025 Operating Budget on the fund balance is discussed in the [Impacts of the 2025 Budget](#).

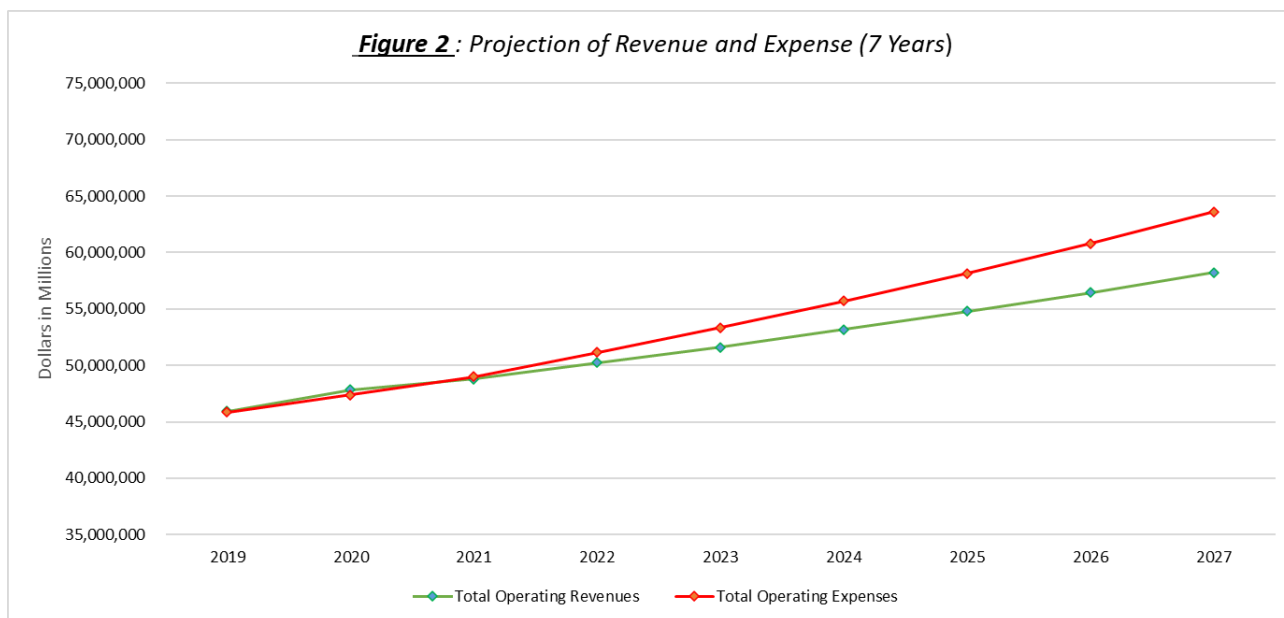
New Millage Provides Longer-Term Financial Stability

Before the pandemic, TheRide faced financial challenges. In 2019, budget forecasting showed deficits starting in FY2021 because expenses were growing faster than revenue. Audited financials from 2015-2019 revealed that costs grew on average 6.1% annually, while revenue growth averaged 4.8%. This audited data demonstrated that the property tax millage which funded service expansion in 2014 was insufficient to cover expansion costs as indicated in the Five-Year Transportation Improvement Plan (5YTIP), in effect [TheRide was operating beyond its means](#).

Previous budgets were balanced by leveraging federal formula funding, intended primarily for capital investments, to support operations. Federal formula funding is the primary source of available capital funding the agency relies on to maintain assets in a state of good repair (a federally regulated requirement), and to invest in other capital projects. Using this funding for operations reduces the available funding to purchase new buses, maintain and improve existing facilities, and the opportunity to invest in other value-added and expansion projects. Even with using federal formula funds for operations, projections in 2019 showed operating deficits were forecasted to grow from \$190,000 in FY2021, or 0.4% of budgeted expenses, to more than \$5.4 million in FY2027, 8.5% of total costs. It was clear that there needed to be another solution to address the structural deficit, and that federal formula funding would not be a sustainable funding source for operations.

Figure 2 on the following page illustrates the gap in revenues and expenses through FY2027, as projected in 2019.

Figure 2: Historic Projection of Revenues and Expenses (7 years)



In early FY2020, cost control measures were under way. And, when the pandemic emerged, TheRide’s financial situation suddenly appeared much more precarious and immediate cost saving measures were deemed necessary, including significant suspension of service and layoffs affecting 42 employees. Those immediate pandemic-related changes in combination with significant contributions of federal relief funding provided immediate relief for FY2021, and in FY2022 TheRide returned to full services. The remaining federal relief funding renewed financial stability and provided funding for a balanced budget through FY2024. While none of this resolved the pre-existing structural deficit, the onset was delayed from 2021 to 2024. One-time federal funding provided short-term relief but would not sustain ongoing operating costs for the long-term.

The need to re-focus and address the structural deficit became two-fold as time marched us toward the expiration of the 2018 millage for property tax funding set to expire in 2023. As the emergency of the pandemic began to stabilize, TheRide prioritized attention on recovery and the future. Efforts to complete the long-range plan accelerated in the face of the “new normal” and new projections for key operational drivers and budgetary impacts were developed.

With a vision for the future and continued transparency with operating budget projections, staff developed a millage proposal to address both. The Board and the voters of our communities were very supportive of the proposal, which was approved decisively on August 2, 2022. The elements of the millage proposal addressed funding for the structural deficit, re-establishes federal capital funding that had been supplementing the operating budget and provides funding for the first phase of the long-range plan, which improves service significantly to our communities.

This significant achievement for TheRide cannot be understated. The projection of revenues and expenses, for the first time in years, demonstrates that TheRide has secured funding to improve transportation services and provide a sustainable revenue source to support the commitments to our communities. The new millage begins in 2024, (provided to TheRide in the summer of 2024), and will

fund fiscal years 2025 through 2029. Expanded services are anticipated to begin in the fall of 2024 (just prior to the beginning of fiscal year 2025, which starts on October 1, 2024).

Figure 3 shows that TheRide has funding for projected expenses well beyond the use of pandemic relief funds, through the projection period.

Figure 3: Current Projection of Revenues and Expenses (7 years)



It is important to note that although there is a small surplus in the beginning of the 2024 to 2028 millage cycle, by fiscal year 2029 TheRide is projecting only to break even. The budget will grow through the projection period due to service expansions funded by the millage. Surpluses in the first few years of the millage cycle will help fund operating reserves as the budget grows, as required by the Board. Funding for any additional services not currently provided or stipulated in the current millage proposal over the next five years, or for these services beyond fiscal year 2029 will need to be addressed with future millage proposals or be supported by other funding sources.

While we have achieved significant results over the last couple of years, with this success comes the responsibility to provide the services promised and be financially prudent. Financial stability and prudence will be maintained by continuing to administer effective financial controls and disciplined stewardship of financial management, organizational resources and strategic decision making, consistent with Board policies.

Financial Opportunities

TheRide’s budget for fiscal year 2025 will ensure the continued delivery of high-quality services, demonstrate careful stewardship, and provide transparency of future challenges with the seven-year budget forecast. Development of the budget was guided by the following principles:

- Compliance with budgeting policies recommended by the Board of Directors to ensure financial stability.
- Budget for the priorities outlined in the Corporate Business Plan.
- Support safe operation of transportation services.

- Maximize value provided to passengers and taxpayers.
- Ensure funding for stable operations.
- Ensure TheRide’s assets are maintained in a state of good repair.
- Support future expansion efforts.
- Provide for continuous improvements that improve the quality of services and efficiencies.

Ensuring adequate operating reserves, utilizing federal pandemic relief funding, and the capital investment focus for TheRide’s assets are priorities which warrant additional brief discussion, as follows.

Ensuring Adequate Operating Reserves

Reserves are an important part of a healthy budget. The purpose of reserves is to buffer the agency from the risk of unexpected costs or disruptions to revenues. Without adequate reserves, the agency risks insolvency due to unanticipated changes beyond our control or in an emergency, such as extreme economic conditions, sudden loss of ridership, and a global pandemic.

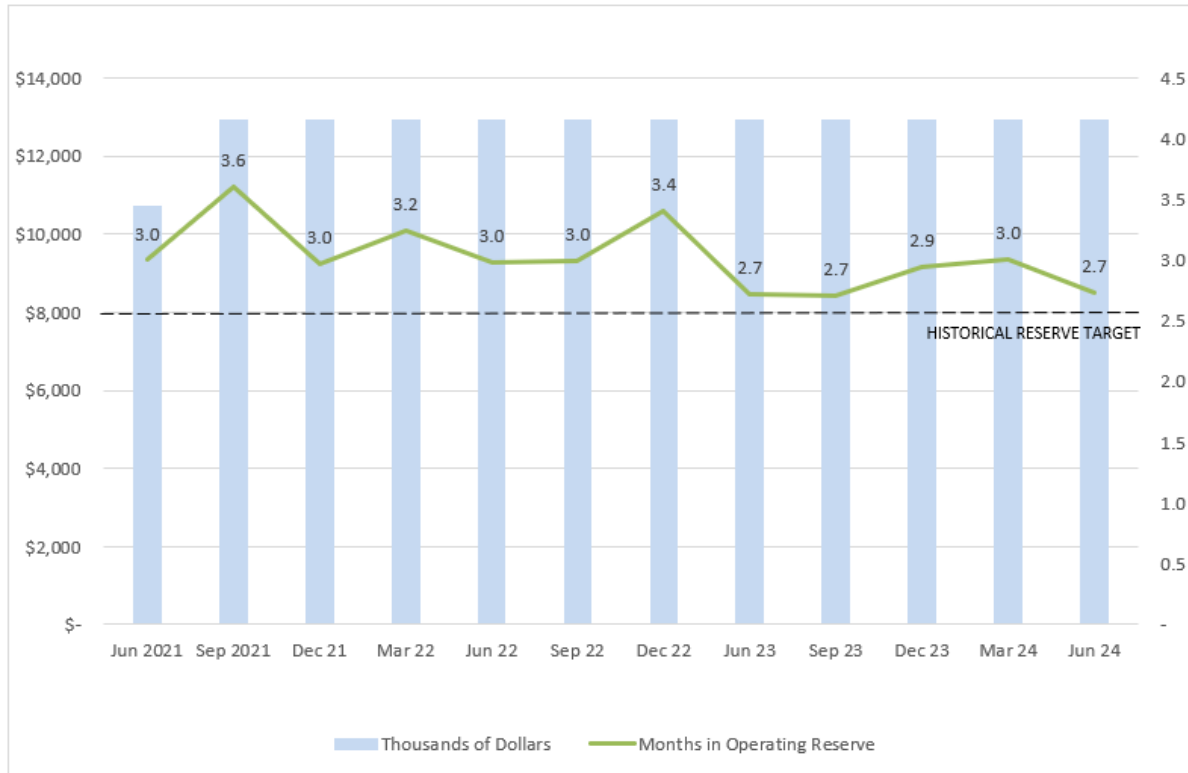
Board Policies (2.4.6, 2.5.8) require budgeting to provide reserves adequate to cover near-term operating expenses. Through Board adoption, TheRide established the following reserves and target levels:

- Up through FY2024, the operating reserve has had a target level of 2.5 months of operating cash. Beginning in FY2025, the reserve target for operating will be reduced to 2.0 months of operating cash. The Government Finance Officers Association (GFOA) best practice recommends that governments maintain at least two (2) months of regular operating expenditures in reserve. Several factors (including a structural deficit) contributed to the initial position that AAATA should maintain operating reserves of 2.5 months for many years. However, with the August 2022 millage and prudent use of pandemic relief funds, AAATA has gained financial stability by eliminating the structural deficit and establishing adequate reserves. Given the current level of fund balance, the CEO and CFO feel that a less conservative stance is warranted and will be aligning the operating reserve target with GFOA best practices at 2.0 months starting in next fiscal year.
- Worker’s compensation insurance reserve of \$500,000.

Operating Reserve

Due to the pandemic and associated federal relief funds, the operating reserve cash position improved in FY2021 and remains strong as shown in the chart below. The projections for the operating reserve are included in the [Impacts of 2025 Budget](#) section.

Figure 4: Historical Operating Reserve Balances in Months and Dollars (Thousands)



Worker’s Compensation Insurance Reserve

The worker’s compensation insurance reserve was created to fund worker’s compensation claims and manage budget risk. The worker’s compensation insurance reserve is fully funded.

Utilizing Federal Pandemic Relief Funding

Since April 2021, TheRide has been apportioned and has obligated the following federal pandemic relief funds totaling \$58.7 million for reimbursable eligible costs:

- \$20,704,090 in Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- \$15,771,805 in Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- \$22,269,092 in American Rescue Plan (ARP) funding (Net of 20% retained by RTA)

This federal aid is provided to assist with coronavirus-related operating expenses such as replacement of lost revenue, purchase of Personal Protective Equipment (PPE), cleaning and sanitation supplies, increased janitorial services, paid employee leave, and other costs. New costing accounts have been added to the accounting system for pandemic-related services, materials, and supplies, as well as for the federal pandemic relief revenue.

The budget demonstrates that pandemic relief funds are being utilized to support reimbursable eligible costs throughout the pandemic and after, and through service recovery.

Capital Investment Focus

Our capital plans balance maintaining current assets with investments in future expansions. Funding for improvements to facilities and maintaining a state of good repair for vehicles, equipment, and other assets continue in the FY2025 budget. In alignment with federal regulations, the Transit Asset Management (TAM) Plan helps ensure assets are in good condition and ready to support TheRide's services. While TheRide's fleet and equipment are in a good state of repair overall, continued renovations to facilities are a focus of the capital budget for 2025. These facilities improvements include replacement of an outdated HVAC system and redevelopment of the parking lot at the Dawn Gabay operations Center to ensure adequate parking for both staff and visitors. Additional resources are included in capital budgeting to address needs for a bus maintenance and storage facility, as well as bus stop improvements, replacement and redevelopment of the Ypsilanti Transit Center (YTC), and improvements to the Blake Transit Center (BTC), and a new bus rapid transit line.

TheRide's Transportation Services and Ridership

In addition to a strong fixed route bus service, TheRide provides a diverse array of services. Demand response services are undergoing a period of expansion and change in response to technological advances and changes in planning approaches. FlexRide has been used to replace low-demand fixed routes resulting in improved service quality and cost efficiency.

Steps are also being taken to improve the cost efficiency and service quality for A-Ride, GoldRide Demand Response, and FlexRide (now serving late night and holiday service), which are less cost-efficient compared to fixed route services.

Within the strong overall performance, various opportunities for improvement were identified. Some changes are being addressed currently, some will be addressed with service expansions over the next few years and additional improvements will be addressed over the longer term. Service changes are guided by our approved long-range plan, TheRide 2045.

In this section, current services, recent changes to current services and corresponding ridership activity are discussed. Ridership is an indicator of the success of our services. As indicated in the Board's Ends, AAATA exists so that an increasing proportion of residents, workers and visitors in the service area utilize public transportation options (Board Policy 1.0). Ridership is tracked and measured to provide a gauge of how frequently our services are utilized and understand the value of the services to our stakeholders. Ridership projections are developed by analyzing historical trends, evaluating impacts of service changes, contextualized with local and national trends, and aligned with long-term projections. Ridership are key drivers used for estimating passenger fare revenues, and other revenues and expenses as described in the key budget assumptions of operating revenues and operating expenses in Section 6: 2023 Budget of this document.

The following are descriptions of current services offered at TheRide, explanations of service changes and improvements, and ridership assumptions impacting the budget.

Fixed-Route Services and Ridership

Fixed-route public transportation services are regularly scheduled transportation available to the general public and is provided according to published schedules along designated published routes with specified

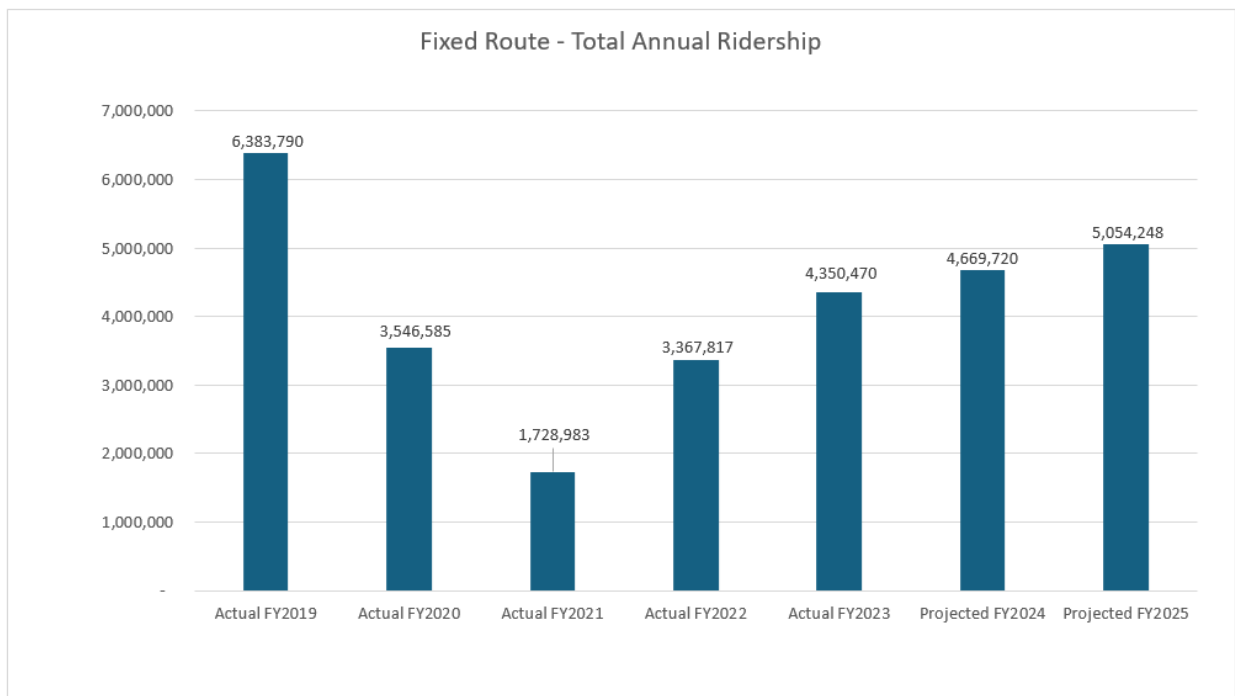
stopping points for boarding and alighting passengers. [Fixed-route bus service](#) operated by TheRide includes bus routes in Ann Arbor, Ypsilanti, and nearby townships as shown on the [System Map](#).

Fixed-route ridership represents approximately 96% of all ridership for services offered by TheRide and is the most compared metric for mid and large-sized public transportation agencies. The significance of the ridership as a percentage of total also makes it the primary driver for budget projections of total passenger revenues.

Ridership growth peaked in 2018 then declined slightly in 2019 and early 2020 when coronavirus emerged in mid-March. Ridership losses were then sudden and severe, dropping by nearly 90% and many fixed-route services were suspended due to lower demand and public safety. Services were gradually restored to full-service levels in August 2021.

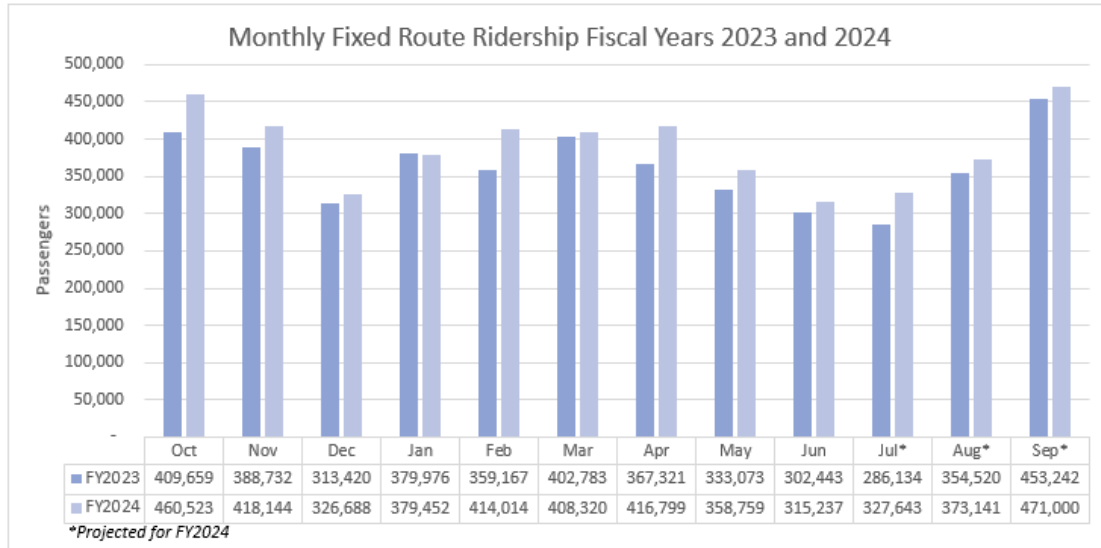
As shown in Figure 5, in fiscal year 2025, total annual fixed route ridership is projected to be 8.2% higher compared to FY2024. TheRide has been experiencing gradual ridership growth that is consistent with national trends and projected to continue.

Figure 5: Annual Fixed Route Ridership



As shown in Figure 6, ridership has grown in every month compared to the prior year and appears to have stabilized. Projections into the fall of fiscal year 2024 demonstrate conservative assumptions in growth compared to prior months.

Figure 6: Monthly Fixed Route Ridership



D2A2 Services and Ridership

TheRide launched [D2A2](#), Detroit-to-Ann Arbor commuter bus service, in partnership with and funded by the Regional Transit Authority (RTA) in March 2020. The much-anticipated service operated for only a few weeks before service was suspended due to the pandemic. D2A2 resumed operations in October 2021, and ridership has been progressively improving throughout 2024.

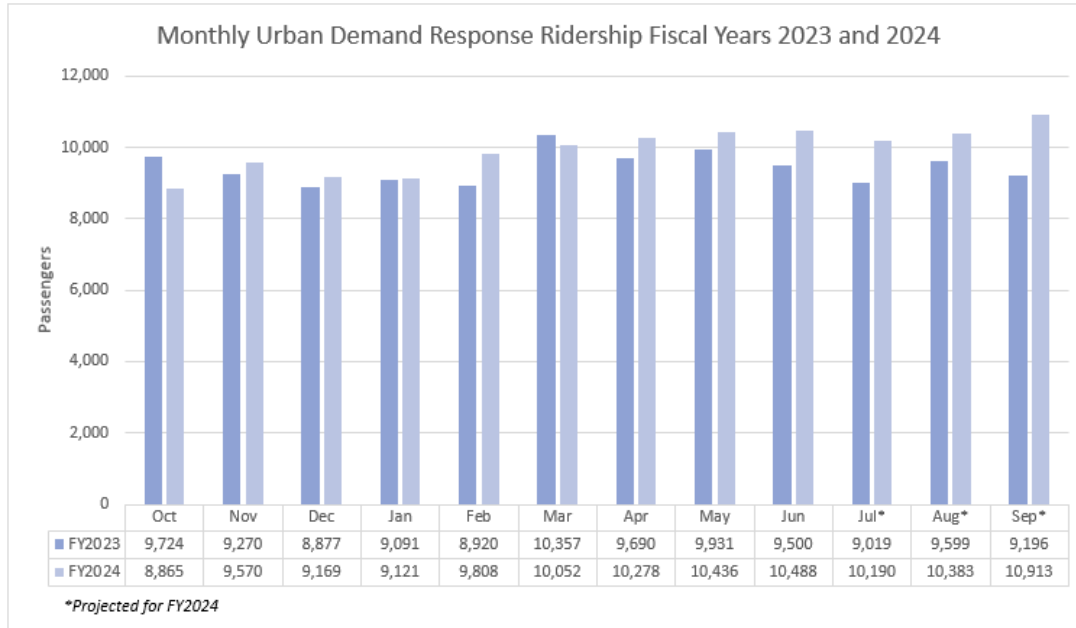
D2A2, the Detroit-to-Ann Arbor commuter bus service, is funded through a state grant with the RTA and will be operated by TheRide through the end of this fiscal year, FY2024. In FY2025, operational control of D2A2 moves to the RTA, but the service will continue uninterrupted. Connections to metro Detroit supports the Board Ends policy (1.3.4).

Urban Demand Response Services and Ridership

Demand response services are services where passenger trips are generated by calls from passengers requesting specific transportation trip services from TheRide. TheRide provides a range of accessible, flexible, on-demand services, including A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Total ridership for urban demand response services is projected to be 5.4% higher in fiscal year 2024 than the prior year, with 119,273 passengers compared to 113,174 in fiscal year 2023. A comparison of total ridership for all demand response services combined are illustrated in Figure 7.

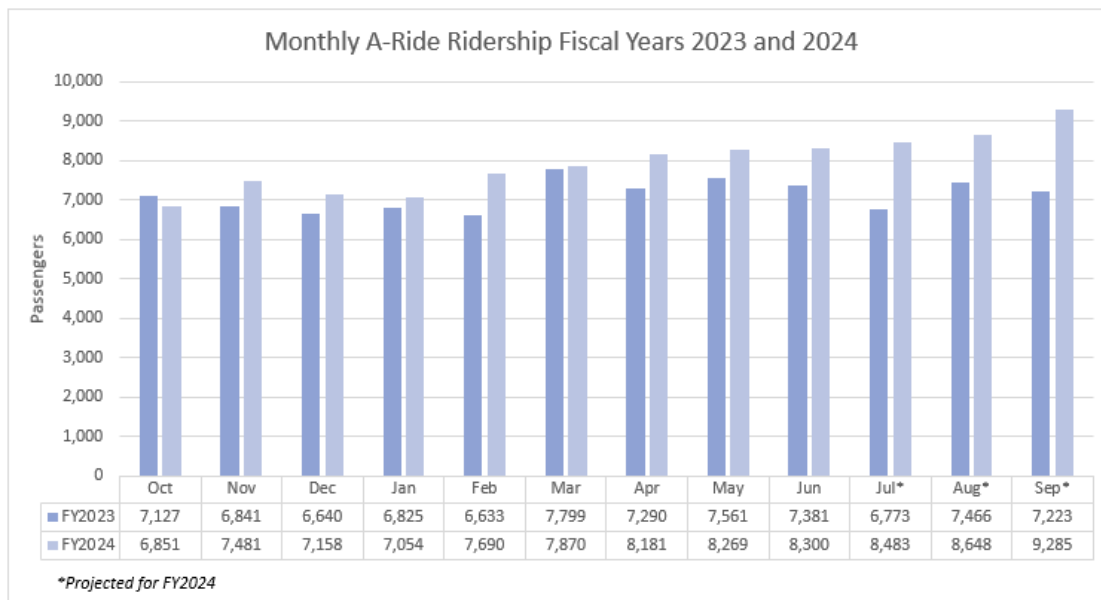
Figure 7: Urban Demand Response Ridership



A-Ride Services and Ridership

A-Ride is a shared, reservation-based accessible service. This service provides quality transportation for persons with disabilities. A-Ride provides origin-to-destination, curb-to-curb, and door-to-door service and operates during fixed-route service hours. A-Ride trips are provided in accessible lift-equipped buses. A-Ride is a paratransit service, available for people with disabilities who are unable to use fixed-route services. A-Ride services exceed the minimum requirements for a fixed-route public transportation agency to provide ADA complementary paratransit services to ADA eligible individuals.

Figure 8: A-Ride Ridership



6. 2025 Budget

Budget Overview

The following sections outline the FY2025 Operating and Capital Budget (the budget). The initiatives outlined in this budget help advance the priorities identified in the **Corporate Business Plan**. This budget also provides multi-year forecasts and context.

Highlights of the FY2025 Budget include:

- Full services for fixed-route and paratransit services
- Full year of millage supported expanded services
- Leverages property taxes and State Operating Assistance (LBO) revenues to replace pandemic relief funds and federal operating assistance from formula funds
- Additional costs for salaries, wages and benefits, fuel and fuel supplies, and insurance for the first full year of millage service expansions
- Inflationary impacts on bus parts and software expenses
- Balanced operating and capital budgets

In addition, the budget continues to advance many of the capital initiatives that have been started in recent years. Examples of significant 2025 initiatives include:

- Replacement and rehabilitation of fixed-route buses and support fleet
- Ongoing investments in facility rehabilitation
- Planning and design for future renovations and expansion of transit centers
- Environmental analysis for projects such as bus shelters, bus rapid transit, and bus maintenance and storage facilities

Operations Overview

In FY2025, TheRide will operate at millage-supported expanded service levels for the whole year. The organization will not only continue to serve its existing ridership but augment the scope of its day-to-day operations to reach more individuals. Ridership projections are anticipated to increase due to expanded services, but otherwise are expected to remain flat, consistent with projections.

The following tables present vehicle revenue hours (hours in service) and ridership, with comparisons between FY2023 actual performance and projections for 2024 and 2025, which are the basis for assumptions in the budget.

Figure 9: Projected Vehicle Revenue Service Hours

Service Hours	Actual FY2023	Projected FY2024	Budget FY2025	% Change (2025 vs. 2024)
Local Fixed Route	286,766	281,575	314,905	12%
Urban Demand Response	56,920	64,443	76,285	18%
Total Service Hours	343,686	346,018	391,190	13%

Note: Urban Demand Response includes A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Figure 10: Projected Ridership

Ridership	Actual FY2023	Projected FY2024	Budget FY2025	% Change (2025 vs. 2024)
Local Fixed Route	4,350,470	4,669,720	5,054,248	8%
Urban Demand Response	113,174	119,272	139,570	17%
Total Service Hours	4,463,644	4,788,992	5,193,818	8%

Note: Urban Demand Response includes A-Ride, GoldRide, FlexRide, NightRide and HolidayRide.

Operating Budget

The following tables and charts illustrate the elements of the FY2025 Operating Budget. Actual FY2024 revenue is tracking above target at the end of Q3 but forecasted to fall back to budgeted expectations by year end, apart from investment revenue which will remain elevated due to consistently high interest rates. Expenses this fiscal year will likely land somewhat below budget due to unfilled staff positions. In FY2025, overall operating expenses are increasing by 12.0% compared to FY2024 budget to support a full year of expanded millage services on top of our preexisting services.

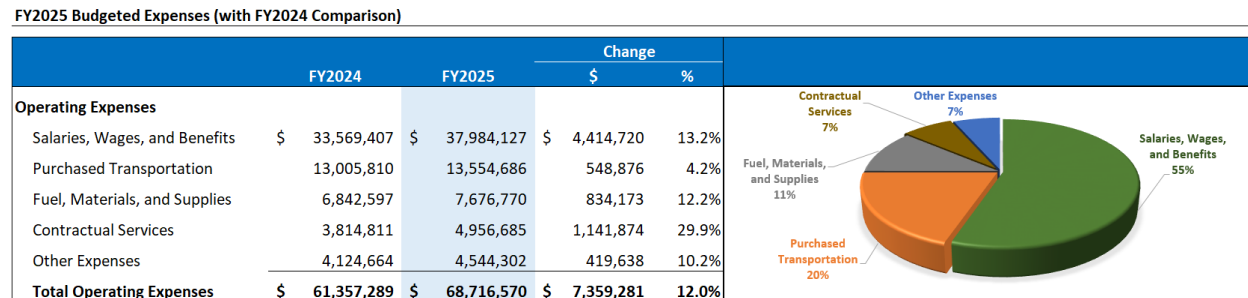
Operating revenues are 13.7% higher than FY2024 budget with the inclusion of higher local property tax revenue. This revenue not only replaces prior year assistance from federal operating and pandemic relief funding but increases our resources by approximately \$8.4 million to cover expanded services. Millage-supported property tax revenues will provide sustainable funding to balance the budget through FY2029.

The budget produces a surplus of \$1,072,373 to be transferred to TheRide’s operating reserve. Further details of operating budget expenses and revenues, as well as multi-year comparisons are highlighted in this section of the budget document.

Operating Expenses

As illustrated in Figure 11, FY2025 Operating Expenses are budgeted at **\$68,716,570**, 12.0% higher than FY2024.

Figure 11: FY2025 Operating Expenses (with FY2024 Comparison)



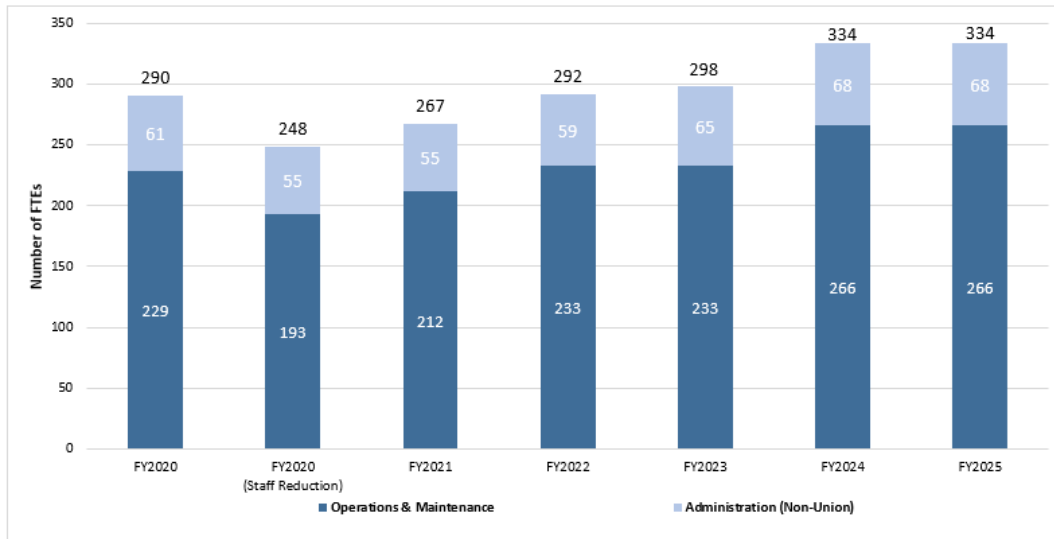
Descriptions of expenses and key budget assumptions are as follows:

Expenses are increasing to fund the first full year of the millage expansion of services. Expenses are supported by additional property tax revenues from the approved millage. The cost of these augmented services can be seen broadly across all expense line items apart from Purchased Transportation and Other Expenses. The necessary utilization of additional staff, fuel, materials and other direct costs for service rise proportionally with the larger scope of expanded operations.

- Salaries, wages, and benefits include a contractual pay rate increase for bargaining unit employees and a projected 3.5% annual increase for non-union employees. Thirty additional MCOs (Motor Coach Operators) were added during the latter part of FY2024 as TheRide ramped up towards expanded millage services, and the impact of this increased staffing is realized for the full year in FY2025 as this larger workforce is sustained.

Figure 12 on the following page illustrates staffing levels from FY2020 to FY2025. In FY2022 budgeted staffing levels were restored to pre-pandemic levels to meet service recovery schedules. There was a net of 36 new positions incorporated into the budget in FY2024, but most of the new positions were only partially funded in FY2024. Service expansions are being phased in throughout FY2024, but FY2025 will be the first year all positions are fully funded for the year. As a result, expenses are increasing, but the number of approved full-time positions remains the same from FY2024 and FY2025.

Figure 12: Full Time Employee (FTE) Staffing Levels FY2020 to FY2025

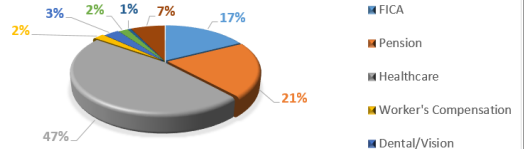


- Employee benefits costs are estimated based on historical actual costs and adjusted for anticipated inflationary rates. Figure 13 provides a comparison of the detailed employee benefits expenses and key assumptions. Employee benefits and payroll taxes increases are calculated with a full year of higher levels of salaries and wages to account for expanded services. Benefits expenses are increasing by 12.2% in line with this. Assumptions and explanations for significant changes in the employee benefits budget are described below.

Figure 13: Employee Benefits Summary

FY2025 Employee Benefits (with FY2024 Comparison)

Type of Employee Benefit	FY2024	FY2025	Change \$	%
FICA	\$ 1,793,752	\$ 1,958,628	\$ 164,876	9.2%
Pension	2,122,846	2,320,417	197,571	9.3%
Healthcare	4,493,130	5,219,220	726,090	16.2%
Worker's Compensation	217,630	238,476	20,846	9.6%
Dental/Vision	330,827	357,101	26,274	7.9%
Disability (Short/Long Term)	203,705	220,416	16,711	8.2%
Life Insurance	74,790	81,284	6,494	8.7%
Other*	745,710	801,175	55,465	7.4%
Total Employee Benefits	\$ 9,982,390	\$ 11,196,717	\$ 1,214,327	12.2%



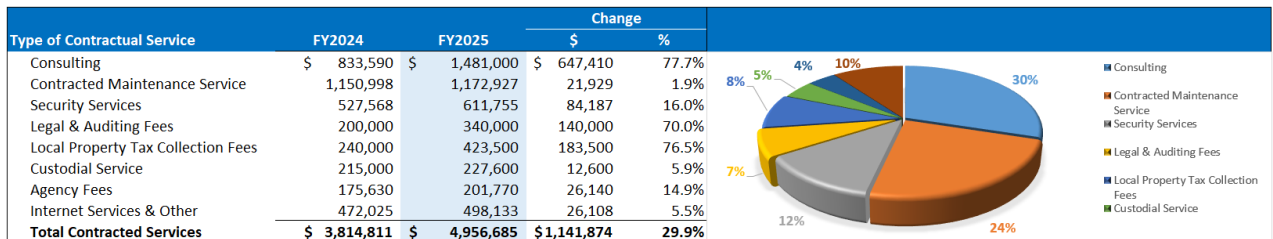
*Other includes Health Care Savings Plan, Post-Retirement, EAP, Unemployment expenses

- FICA (Federal Insurance Contributions Act) or U.S. federal payroll taxes are based on statutory rates. Social security and Medicare rates are unchanged, 6.20% for earning up to \$168,800 and 1.45% respectively. FY2025 assumptions are budgeted consistent with the prior year.
- Pension expense is based contractual (union) or established rates (non-union) for eligible employees. For eligible employees, the pension expense is 9% of wages and is budgeted accordingly.
- Healthcare expenses are budgeted to increase by 16.2% when compared to the prior year's budget. This is the largest component of benefit expenses, and the increase is consistent with TheRide's multi-year expectation of higher costs for this coverage.

- TheRide is self-insured for worker’s compensation. The budgeted expense is based on the historical average cost per employee, which has been increasing in the last couple of years. TheRide also has a worker’s compensation reserve, which is fully intact and has not been used to manage impacts of expenses to the operating budget.
- Purchased transportation expenses are 4.2% higher than FY2024. This stems from a variety of factors. The largest true increases in this category are to Night Ride and A-Ride, with costs rising by 64% and 23% respectively due to expanded services. WAVE and PEX costs have increased, but in line with additional contract revenue as pass-through services. D2A2 costs have decreased to zero from \$2mm, but this is offset by the absence of any contract revenue for it with the service being transferred over to the RTA.
- Fuel, materials, and supplies expenses, as shown in Figure 11, are up 12.2%. The primary source of this additional cost is the need for new software and cybersecurity. The newly approved maintenance contract for Clever Devices, the CAD-AVL-VOIP system used in most of our fleet vehicles, makes up the vast majority of this escalation in software and cybersecurity expense. Additionally, Fuel costs are expected to be 6.9% higher than the FY2024 Budget on account of projected volume increases from expanded services.
- Contractual services expenses are 29.9% higher than FY2024 arising from increases in temporary plus consulting staff, auditing fees and collections fees.

Figure 14: Contractual Services Summary

FY2025 Budgeted Contracted Services (with FY2024 Comparison)



*Other includes bank service fees, physical exam fees, temporary help, benefit admin fees, towing

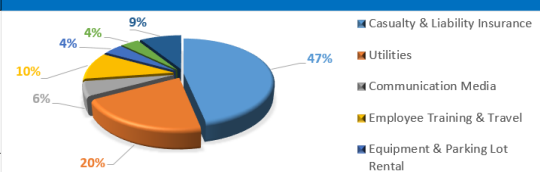
- The use of temporary and consulting staff is required to ensure continued smooth operations as new internal staff are hired and trained. While actual costs of supplemental staffing services will decrease from the current year, the budget reflects the expected costs to continue support through FY2025. Internal staffing positions are budgeted as well, opening a path to scaling down these costs sustainably as new team members are hired and trained.
- External annual auditing fees have been increasing due to the specific audit requirements of being a transit organization, along with the significant growth in the size of the operating budget over the past several years, which increases the scope of external audits. The budget for these services has increased by \$40,000 in the budget to align actual costs.
- Collection fees are fees collected by municipalities for collecting property taxes and passing them through the agency. The fees are a percentage of property tax collections and are expected to rise in tandem with higher property taxes generated by the new millage.

- *Other expenses* are projected to increase by 10.2%, driven by higher premiums and rates for insurance and utilities respectively, but partially offset by reductions in Communication Media, Employee Training & Travel, plus Equipment & Parking Lot Rental. Variances in other expenses are illustrated in Figure 15 and described in further detail below.

Figure 15: Other Expenses Summary

FY2025 Budgeted Other Expenses (with FY2024 Comparison)

Type of Other Expense	FY2024	FY2025	Change	
			\$	%
Casualty & Liability Insurance	\$ 1,827,000	\$ 2,121,050	\$ 294,050	16.1%
Utilities	713,931	929,800	215,869	30.2%
Communication Media	367,970	250,500	(117,470)	-31.9%
Employee Training & Travel	514,760	474,065	(40,695)	-7.9%
Equipment & Parking Lot Rental	162,200	188,000	25,800	15.9%
Uniforms	210,000	175,000	(35,000)	-16.7%
Other	328,803	405,888	77,086	23.4%
Total Other Expenses	\$ 4,124,663	\$ 4,544,303	\$ 419,640	10.2%



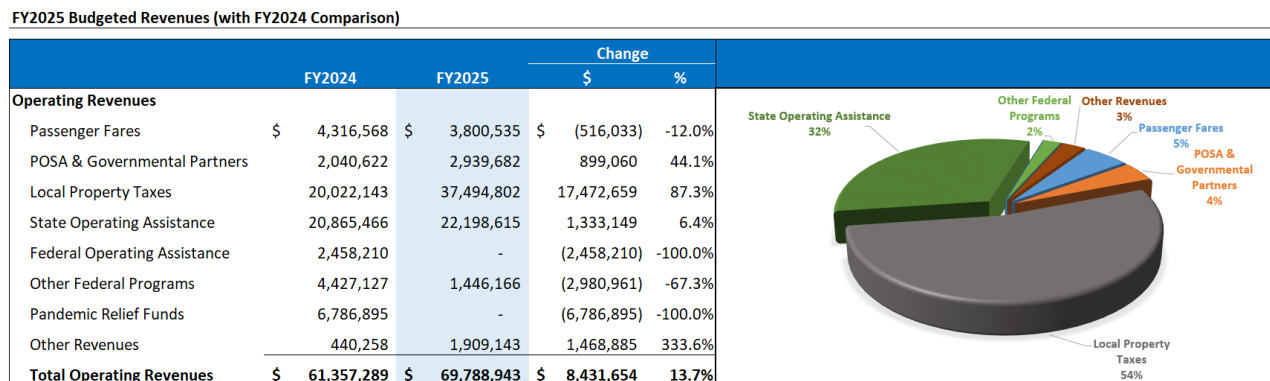
*Other includes dues and subscriptions, employee appreciation, recruiting costs, and Board governance and training

- Casualty and liability insurance is budgeted to be up by 16.1% from FY2024 driven principally by the need for increased coverage as our operating budget grows to accommodate expanded services, along with market rate increases to premiums themselves.
- Apart from water, utility costs are anticipated to rise sizably across the board, up by 30.2% in FY2025 compared to this fiscal year. The largest component of the growth in utility expense is due to increased usage of Telephone and Cellular Services both within bus operations and administration. Natural gas and electricity charges are expected to rise due to higher rates.
- Communication media encompasses fare media, such as paper tickets, token and physical announcements, along with educational materials used to inform the public about TheRide’s services, such as schedule publications and announcements regarding services (i.e., the Ride Guide, etc.). Costs in this category are budgeted down 31.9% primarily caused by the absence of fare media related to D2A2 with the service being transferred over to the RTA.
- Employee training & travel is decreasing in large part because many new staff members received training in currently utilized software systems during FY2024, when TheRide ramped up to the staffing needs of expanded services.
- Equipment & parking lot rentals are increasing due to the inclusion of rental space for the bike share program.
- Uniform expense is projected down due to hiring for expanded services occurring and stabilizing within FY24.
- Other expenses include dues and subscriptions, employee appreciation and recruiting costs. Additionally, costs of governance expenses are budgeted in this expense category. Per Board Policy 3.8, the costs of governance to support the Board’s education and ability to govern effectively are required to be included in the annual budget. Budgeted costs of governance will stay flat at \$50,000 in FY2025 to provide funding for engagement on legislative issues, governance education and recruitment as well as board policies review.

Operating Revenues

As illustrated in Figure 16, FY2025 Operating Revenues are budgeted at **\$69,788,943**, a 13.7% increase from the FY2024 budget year.

Figure 16: Operating Revenues (with FY2024 Comparison)



Operating revenues are primarily generated by a combination of user fees, contractual service agreements and several sources of public funding. Descriptions of major revenue sources and key budget assumptions are as follows:

- Passenger fares:** TheRide collects fares according to a Board-approved fare structure, paid either by passengers or by organizations (TheRide’s purchase-of fare partners) on their behalf. As detailed in *Appendix 8.4*, fares vary based on service type (fixed route, A-Ride, etc.), rider category (Full Fare, Reduced Fare-Youth/Senior/Disability, etc.), and fare product (Token, 30-Day Pass, etc.). Fares may be paid by purchasing a token, pass, or mobile ticket in advance; by presenting an organization-paid pass; or by paying cash upon boarding. Purchase-of-fare partners are eligible to receive bulk purchase discounts and often provide additional discounts or free fares to their members. The FY2025 budget anticipates purchase-of-fare partnerships with Ann Arbor Downtown Development Authority (DDA), Ann Arbor Public Schools, Eastern Michigan University, University of Michigan, Washtenaw Community College, and several employers participate in the getDowntown go!pass program.

Passenger fare revenue decreases by 12% in FY2025 primarily due to the removal of D2A2 with the service being transferred over to the RTA; along with a substantive shift in expected income from MRide, based on the impact of a necessary year-end reconciliation to account for federal and state funding. Otherwise, passenger revenues are expected to remain relatively flat, guided by current ridership projections. Fixed Route ridership increases expected in FY2025 are due primarily to expanded services.

- Contract revenues:** TheRide enters into purchase-of-service agreements with Pittsfield, Scio, and Superior Townships to provide fixed-route and/or demand-response services in their communities. An additional contract with the Ann Arbor Downtown Development Authority supports getDowntown program operations. Pass-through contract revenue for nonurban service provided by People’s Express and Western-Washtenaw Area Value Express (WAVE) is associated with state-led rural programs and offset by both agencies’ operating expenses without a net impact on TheRide’s budget.

Contract revenue has increased 44.1% in FY2025 due to higher revenue for WAVE and People's Express. As explained above, this increase in pass-through contract revenue nets to zero against the associated purchased transportation costs TheRide incurs.

- Local property taxes: TheRide receives property tax revenues from the Cities of Ann Arbor and Ypsilanti and the Charter Township of Ypsilanti ("Ypsilanti Township"). There are two types of funding for local property taxes utilized to fund the current budget: property taxes levied by city charters and millage tax rates levied by AAATA, as approved by voters in member municipalities. For the tax rates approved by voters to support AAATA, the Board of Directors authorizes the levy of ad valorem property taxes, as required, to be adjusted for the Headlee Amendment (Headlee) under Michigan State Law, for the purpose of providing public transportation services.

Local property tax collections are expected to increase by approximately 87.3%, which is based on a 3% increase in assessed property values over 2024 and the increased approved millage from 0.7 mills to 2.38 mills. This revenue greatly reduces TheRide's reliance on federal funding for operations, eliminating it outside of a handful of programs detailed in its revenue section below.

- State operating assistance: revenue is projected to increase in FY2025 by 6.4% based on the latest information from MDOT that urban systems will receive state funding of approximately 29.6% of eligible operating expenses for the fiscal year. This information is based on the state budget for FY2025, which was recently approved.
- Federal operating assistance, other federal programs and federal relief revenues have been dramatically reduced and replaced with local property taxes, as promised in the approved millage. This restores federal funding to be used to maintain the state of good repair on our current assets (buses, facilities, etc.) along with other capital projects in the capital plan. The remaining federal funding revenues in the FY2025 operating budget support the capital cost of contracting, seniors & people with disabilities, and planning.
- Other revenues: Interest revenue accounts for the bulk of the enlargement to other revenues. This stems from high rates in the CDARS program, which allows funds to be liquid while earning interest comparable to longer term investments. This program resides outside of our investment portfolio within standard banking; hence it being reflected in the FY2025 Operating Budget. While FY2024 actual interest revenue has already outpaced this budgeted figure, TheRide has chosen to budget somewhat conservatively to insure against the likelihood of rates falling within the upcoming fiscal year.

Contingencies

There is always some uncertainty regarding revenues and expenses, particularly the impact of expense assumptions due to inflationary factors and workforce challenges as well as impacts of state and local funding on revenues. The following are revenues and expenses that are monitored closely throughout the fiscal year due to either the magnitude of impact they have on the budget or based on indicators that are more volatile and less predictable in nature, or both. While assumptions are made with current information available, the following factors may affect actual performance throughout the fiscal year.

- Property tax collections could be higher or lower than anticipated.
- State operating and capital contributions will depend upon changes in operating expenses.
- Fuel, materials, and supplies cost assumptions may be adjusted based on impacts of inflation and demand.
- Purchased transportation costs may vary depending on finalizing the NightRide, FlexRide and GoldRide contracts.
- Additional expenses may be added to accommodate Corporate Business Plan initiatives.

The assumptions in the FY2025 Recommended Budget represent the staff's best attempts to make financial projections using the economic inputs available to us from industry, local, state, and federal leaders. State law allows adopted budgets to be amended, offering adequate flexibility to accommodate changing budgetary needs as the year progresses.

Figure 17 on the following page illustrates the details of the FY2025 Recommended Budget along with comparisons to previous years.

Figure 17: FY2025 Adopted Operating Budget Detail (with Prior Year Comparisons)

**TheRide
FY2025 Operating Budget**

	FY2023	FY2024	FY2025	2025 vs 2024	
	Actual	Approved Budget	Recommended Budget	\$	%
OPERATING REVENUES					
Passenger Revenue	\$ 4,315,606	\$ 4,316,568	\$ 3,800,535	\$ (516,033)	-12.0%
Local Property Tax Revenue	20,621,601	20,022,143	37,494,802	17,472,659	87.3%
POSA & Other Governmental Partners	2,259,066	2,040,622	2,939,682	899,060	44.1%
State Operating Assistance	17,989,845	20,865,466	22,198,615	1,333,149	6.4%
Federal Operating Assistance	648,000	2,458,210	-	(2,458,210)	-100.0%
Other Federal Programs	3,424,527	4,427,127	1,446,166	(2,980,961)	-67.3%
Pandemic Relief Funds	15,041,000	6,786,895	-	(6,786,895)	-100.0%
Advertising, Interest, and Other	1,406,920	440,258	1,909,143	1,468,885	333.6%
TOTAL REVENUES	\$ 65,706,565	\$ 61,357,289	\$ 69,788,943	\$ 8,431,654	13.7%
OPERATING EXPENSES					
Salaries, Wages and Benefits	\$ 29,429,850	\$ 33,569,407	\$ 37,984,126	\$ 4,414,719	13.2%
Purchased Transportation	12,520,026	13,005,810	13,554,686	548,876	4.2%
Diesel Fuel and Gasoline	2,835,476	3,195,626	3,417,000	221,374	6.9%
Materials and Supplies	2,941,123	3,646,971	4,259,770	612,799	16.8%
Contracted Services	4,247,071	3,814,811	4,956,685	1,141,874	29.9%
Utilities	770,427	713,931	929,800	215,869	30.2%
Casualty & Liability Insurance	1,742,382	1,827,000	2,121,050	294,050	16.1%
Other Expenses	774,686	1,583,733	1,493,453	(90,280)	-5.7%
TOTAL EXPENSES	\$ 55,261,041	\$ 61,357,289	\$ 68,716,570	\$ 7,359,281	12.0%
SURPLUS (DEFICIT)	\$ 10,445,524	\$ -	\$ 1,072,373	\$ 1,072,373	100.0%
Operating Reserve Transfer	\$ -	\$ -	\$ (1,072,373)	\$ (1,072,373)	100.0%
Capital Reserve Transfer	(10,445,524)	-	-	-	0.0%
OPERATING BALANCE	\$ -	\$ -	\$ -	\$ 1,072,373	100.0%

Basis of Budgeting

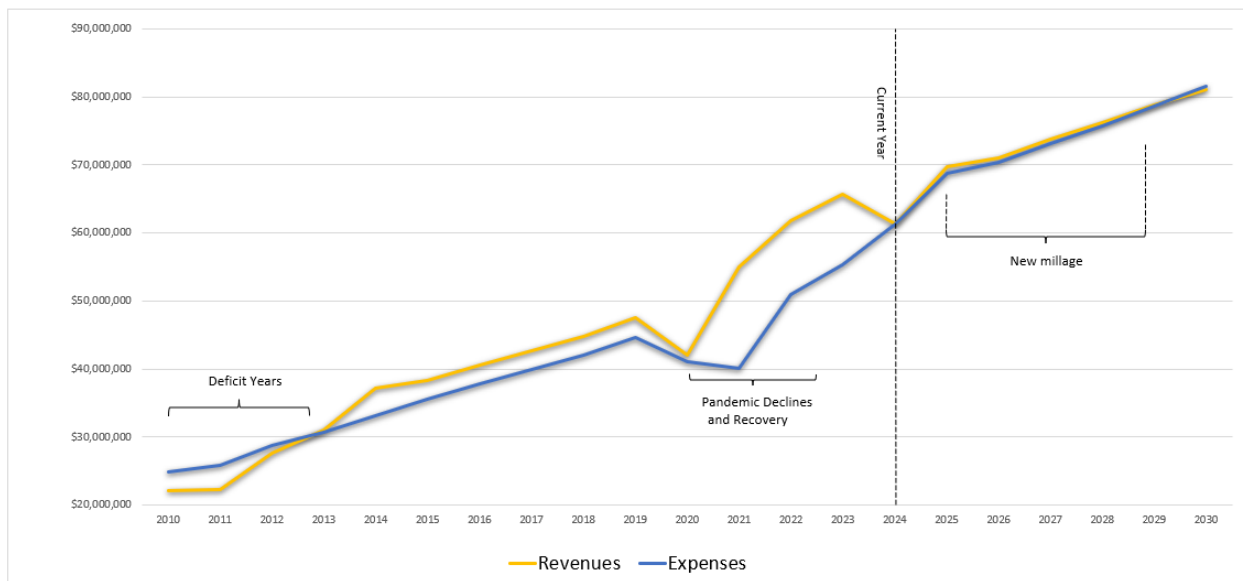
The 2025 operating and capital budget has been prepared on the full accrual basis of accounting, which is the same method used for accounting for the general fund, and to produce the financial statements. The only difference between the financial statements and the budget is that depreciation expense is not included in the operating budget since it is a booked expense which does not affect the general fund balance, operating reserve, or capital budget. Depreciation expense is included in the annual audited financial statements. An annually selected Audit Task Force (comprised of volunteer members of the Board) have oversight of the financial statements and an independent audit at the end of each fiscal year. The fully audited Comprehensive Annual Financial Report (CAFR) is presented to the full Board for review and acceptance on an annual basis.

Long-Term Financial Context: 2010-2030

The Board’s policies require the annual budget to be contextualized within a multi-year forecast of costs and revenues (Policy 2.4). The FY2025 budget and 5-year forecast for subsequent years is detailed in *Figure 19*, below.

Figure 18, below, compares historic (12-year actuals), the approved FY2024 budget, and forecasted financials to provide context for the FY2025 budget. After historical operating deficits consumed much of TheRide’s financial capacity prior to 2013 as the organization expanded, new funding helped restore fiscal strength until just before the pandemic outbreak. TheRide’s reserve coffers were finally at the policy target in late FY2019 after experiencing low balances for several years.

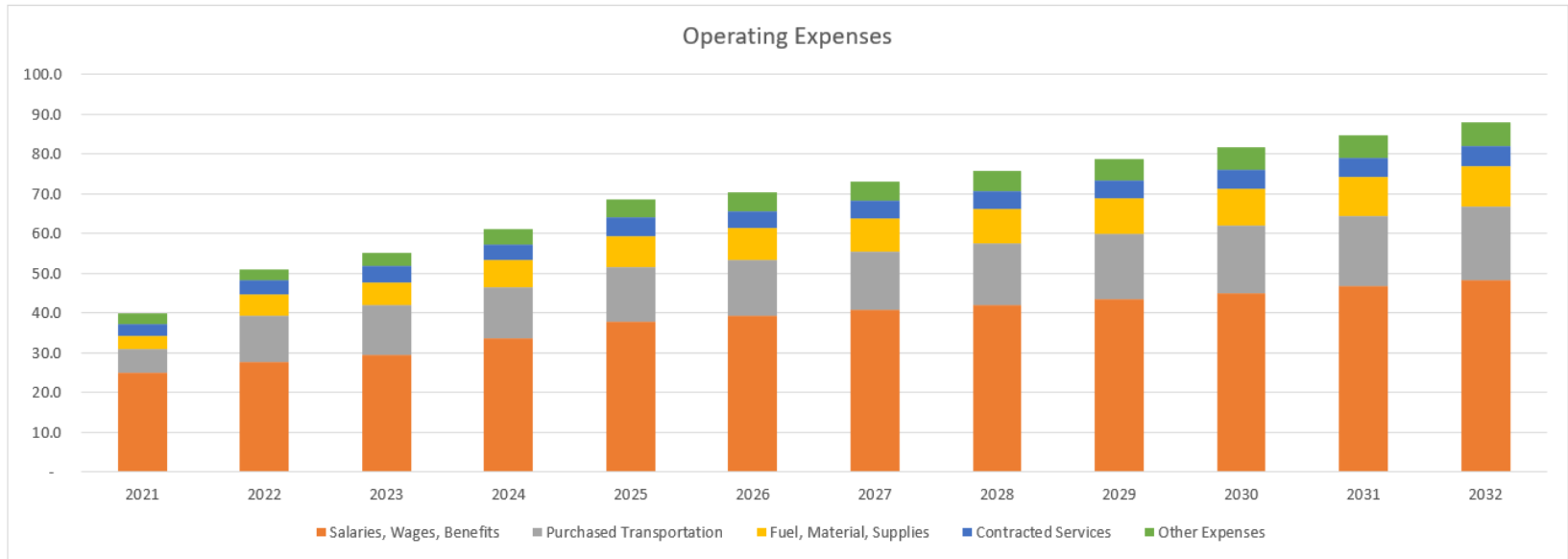
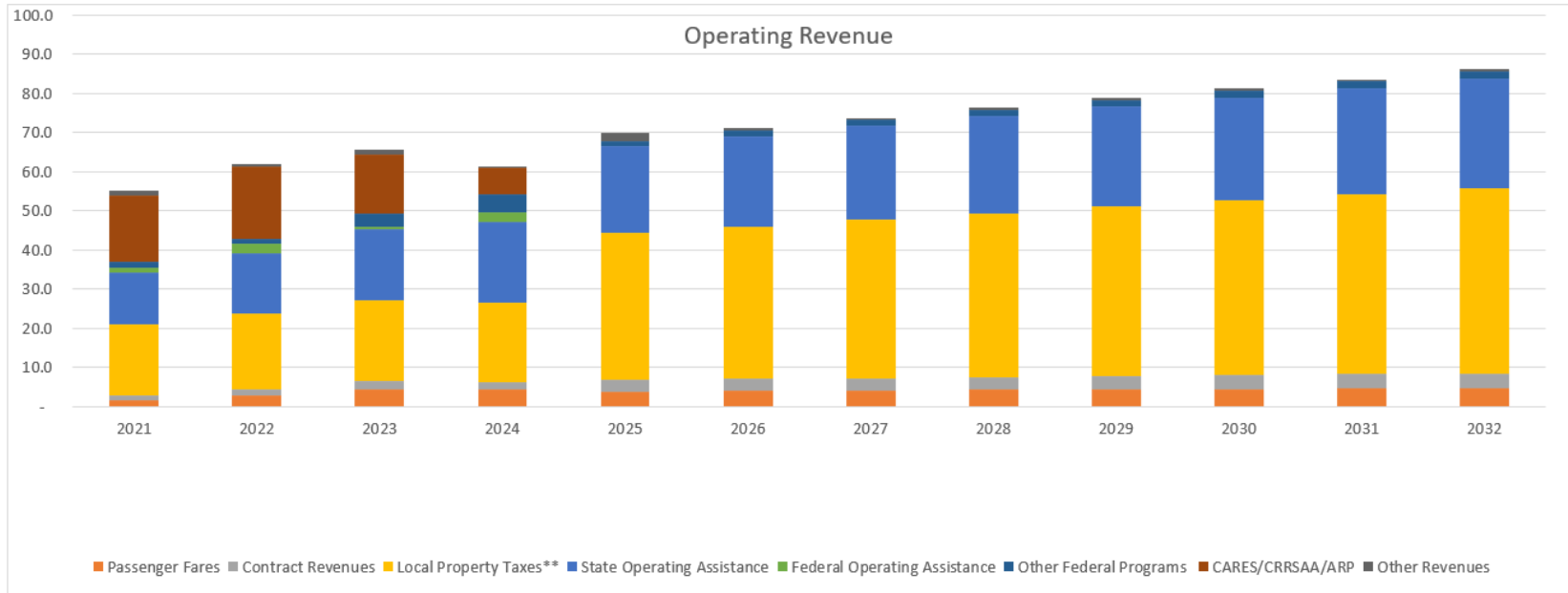
Figure 18: Financial Performance (Historic, Current, Forecast)



At the onset of the pandemic in 2020, revenues declined and cost-cutting measures including staff reductions and suspended transit service were enacted in response. Federal pandemic relief funds helped to gradually restore service in late FY2020 continuing through FY2021 and helped assure mid-term financial sustainability. By 2022, service recovery was restored to pre-pandemic levels and due to pandemic relief funding, there were operating surpluses from FY2021 to FY2023, with the surplus local funds being rededicated to the established capital reserve. However, operating deficits were predicted from FY2024 to 2029 until TheRide addressed the issue with the 2022 millage proposal.

Figure 19 on the following page details projected operating revenue and expense projections for the next seven years.

Figure 19: Detailed Operating Budget (with 7 Year Forecast)



10-Year Capital Plan

“Capital” expenditures are defined as assets purchased with an initial cost of more than \$5,000 and an estimated useful life greater than one year. Such assets include land, buildings, vehicles, and equipment, which are recorded at historical cost. Improvements expected to extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs are not capitalized.

Capital Planning Guiding Principles. Resources for capital projects are limited and capital projects must be prioritized. To assist in the prioritization, the Capital Plan is organized by the major categories of maintaining State of Good Repair, Value Added and Expansion. State of Good Repair (further defined in Section 8.1).

- **Maintaining State of Good Repair** projects receive the highest priority for funding because maintaining current assets is required to provide transportation services and FTA regulations require that federally funded agencies maintain specific levels of state of good repair to continue to receive federal funding. Almost all projects in the capital plan (See Figure 23) rely on federal funding, so the alternative of not maintaining current assets as prescribed by FTA standards would jeopardize all federal funding, resulting in the inability to provide assets for operations (buses, facilities, etc.), effectively shutting down the agency.
- **Value Added** is the second highest priority for capital projects because enhancing current services and improving existing operations is necessary for maintaining existing ridership and increasing efficiencies to maintain fiscal responsibility. Value Added projects are typically a cost-effective way to improve services or operations with manageable costs and are high value for money propositions.
- **Expansion** is the third highest priority for capital projects because expanding or increasing services typically requires significantly more funding than is available to the agency through traditional funding sources. In addition to funding for the projects, expansion projects most often result in significantly more operating and capital future resources that need to be planned for in advance of committing to the project.

Every year, TheRide produces a rolling 10-year plan to prioritize and plan for anticipated major capital expenses. While a 10-year perspective is helpful context, the Board only authorizes one year of expenditures at a time, in this case for FY2025. The remaining nine years are planning estimates and are subject to change. During the coming year, the 10-year capital plan may need to be adjusted to better reflect the final priorities of the ongoing Long-Range Plan.

The table below summarizes the adopted capital program for FY2025 and beyond until FY2034. While projects include the *Advancing the Long-Range Plan* priorities, their purpose is further organized by priorities of State of Good Repair, Value Added, Expansion, or Research and Development.

Figure 20: Capital Plan Projects and Funding Sources

CAPITAL PROJECTS	FY2025 Budget	FY2026-FY2034 Program
State of Good Repair	\$24,317,000	\$147,776,000
Value Added	\$5,454,000	\$21,636,000
Research & Development	\$25,000	\$225,000
Expansion	\$5,070,000	\$248,172,000
TOTAL EXPENSES	\$34,866,000	\$417,809,000
FUNDING SOURCES	FY2025 Budget	FY2026-FY2034 Program
State & Federal Grants	\$33,626,000	\$172,682,000
Congressionally Directed Spending	\$1,240,000	\$7,510,000
Local Capital Reserve	0	\$33,260,000
Unidentified Funding	\$0	\$204,357,000
TOTAL REVENUE	\$34,866,000	\$417,809,000
UNIDENTIFIED FUNDING PORTION	FY2025 Budget	FY2026-FY2034 Program
Unidentified Funding %	0%	49%

The detailed 10-year Capital Plan incorporates projects identified in the Board-approved Long-Range Plan. Detailed projects and funding are provided in Figure 21.

Figure 21: 10-Year Capital Plan

(\$ in thousands)														
Category	Project Description	Spend FY22-24	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	Project/CIP Total	
STATE OF GOOD REPAIR	Vehicles	N/A	8,435,890	14,041,110	11,174,460	10,169,525	7,352,949	7,573,538	9,472,417	8,034,766	8,275,809	10,350,766	94,881,229	
	Equipment	N/A	1,360,000	949,660	981,333	1,014,051	1,048,456	1,084,137	1,121,146	1,154,780	1,189,423	1,225,106	11,128,092	
	Existing Facilities	1,169,807	12,359,150	3,002,450	3,660,105	2,895,727	2,419,844	2,492,439	2,567,212	3,121,549	3,961,275	5,050,241	42,699,799	
	Information Technology	N/A	2,161,759	5,429,442	6,866,518	6,766,530	1,112,003	1,218,397	238,810	245,975	253,354	260,955	24,553,742	
	Category Total	1,169,807	24,316,799	23,422,662	22,682,415	20,845,832	11,933,252	12,368,511	13,399,585	12,557,069	13,679,862	16,887,067	173,262,862	
VALUE ADDED	Bus Stop Improvements	23,945	402,000	388,310	399,959	400,812	424,317	437,046	450,158	231,831	238,786	246,015	3,643,180	
	Facilities Parking Lot Renovation	-	895,000	-	-	-	-	-	-	-	-	-	895,000	
	Transit Priorities	125,439	2,413,800	1,030,000	1,060,900	1,092,727	2,251,018	2,318,548	2,388,105	1,229,874	1,266,770	1,304,773	16,481,953	
	Low & Zero-Emission	-	1,743,697	4,475,628	-	-	-	-	-	-	-	-	6,219,325	
	Category Total	149,384	5,454,497	5,893,938	1,460,859	1,493,539	2,675,334	2,755,594	2,838,262	1,461,705	1,505,556	1,550,788	27,239,458	
RESEARCH & DEVELOPMENT	Emergent R&D	N/A	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000	
	Category Total		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000	
EXPANSION	Ypsilanti Transit Center	Land Acquisition	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000	
		Planning, NEPA, & Design	550,000	1,240,000	1,213,186	408,447	-	-	-	-	-	-	-	3,411,633
		Construction	-	-	5,304,500	13,665,241	-	-	-	-	-	-	-	18,969,741
		YTC Subtotal	550,000	2,240,000	6,517,686	14,073,688	-	-	-	-	-	-	-	23,381,374
	Blake Transit Center	Planning, NEPA, & Design	103,082	100,000	-	-	-	-	-	-	-	-	-	203,082
		Construction	-	-	1,020,627	2,917,475	1,189,980	-	-	-	-	-	-	5,128,082
		BTC Subtotal	103,082	100,000	1,020,627	2,917,475	1,189,980	-	-	-	-	-	-	5,331,164
	Bus Rapid Transit	Planning, NEPA, & Design	-	500,000	515,000	265,225	4,370,908	3,376,526	405,746	597,026	614,937	3,166,925	3,261,933	17,074,227
		Construction & Vehicles	-	-	-	-	-	12,024,281	23,185,481	33,316,307	28,287,099	3,465,000	-	100,278,169
		BRT Subtotal	-	500,000	515,000	265,225	4,370,908	15,400,807	23,591,227	33,913,334	28,902,036	6,631,925	3,261,933	117,352,395
	Bus Maintenance & Storage Facility	Land Acquisition	-	-	1,545,000	-	-	-	-	-	-	-	-	1,545,000
		Planning, NEPA, & Design	32,900	1,200,000	772,500	3,182,700	3,824,545	-	-	-	-	-	-	9,012,645
		Construction	-	-	-	-	-	28,137,720	34,778,222	11,940,523	-	-	-	74,856,465
	Garage Subtotal	32,900	1,200,000	2,317,500	3,182,700	3,824,545	28,137,720	34,778,222	11,940,523	-	-	-	85,414,110	
	Information Technology	New Fare Technology	-	-	-	212,180	764,909	2,363,569	1,159,274	-	-	-	-	4,499,931
		Customer Experience Technology	-	100,000	103,000	106,090	163,909	135,061	139,113	143,286	147,585	152,012	156,573	1,346,629
		First and Last Mile Solutions	-	80,000	82,400	84,872	87,418	90,041	92,742	95,524	98,390	101,342	104,382	917,110
Operational Innovations		-	350,000	360,500	371,315	382,454	393,928	405,746	417,918	430,456	443,370	456,671	4,012,358	
Information Technology Subtotal		-	530,000	545,900	774,457	1,398,691	2,982,598	1,796,875	656,729	676,431	696,724	717,625	10,776,029	
Transit Hubs	-	500,000	515,000	-	-	337,653	1,159,274	-	368,962	633,385	652,387	4,166,661		
Additional Vehicles for Service Expansion	-	-	71,500	-	-	2,661,279	1,738,451	294,334	2,518,595	221,685	-	7,505,843		
Category Total	685,982	5,070,000	11,503,213	21,213,545	10,784,123	49,520,057	63,064,049	46,804,919	32,466,024	8,183,719	4,631,945	253,927,575		
EXPENSE TOTAL		2,005,173	34,866,296	40,844,813	45,381,819	33,148,494	64,153,644	78,213,155	63,067,767	46,509,798	23,394,137	23,094,800	454,679,896	

Funding Sources		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	Project/CIP Total
FORECASTED:												
5307 Federal + State Match		24,282,511	16,383,069	27,007,142	14,904,019	12,382,569	13,236,304	13,424,586	14,043,774	13,943,647	13,608,330	163,215,952
5339 Federal + State Match		4,049,728	17,555,748	10,184,640	1,765,916	-	-	-	-	1,363,647	1,363,647	36,283,326
CMAQ Federal + State Match		4,033,257	-	-	325,713	-	-	-	-	-	-	4,358,970
5310 Federal + State Match		-	-	-	-	-	-	-	-	-	-	-
STBG Flex Federal + State Match		377,000	388,310	399,959	400,812	-	-	-	-	-	-	1,566,081
State Initiatives (TSP)		883,800	-	-	-	-	-	-	-	-	-	883,800
Congressionally Directed Spending		1,240,000	6,517,686	992,314	-	-	-	-	-	-	-	8,750,000
Local Capital Reserve		-	-	6,797,763	10,620,308	15,842,000	-	-	-	-	-	33,260,071
UNIDENTIFIED:												
Other		-	-	-	5,131,726	35,929,075	64,976,851	49,643,181	32,466,024	8,086,842	8,122,823	206,361,696
REVENUE TOTAL		34,866,296	40,844,813	45,381,819	33,148,494	64,153,644	78,213,155	63,067,767	46,509,798	23,394,136	23,094,800	454,679,896

FY2025 Adopted Capital Budget

The table below lists the approved capital investments for FY2025 only. Details for each project can be found in *Appendix 8.2*.

Figure 22: FY2025 Capital Plan

Category	Project Description	FY2025
State of Good Repair	Vehicles	\$8,436,000
	Equipment	\$1,360,000
	Existing Facilities	\$12,359,000
	Information Technology	\$2,162,000
	Sub-total	\$24,317,000
Value Added	Bus Stop Improvements	\$402,000
	Transit Properties	\$2,414,000
	Facilities Parking Lot Renovation	\$895,000
	Low & Zero- Emissions	\$1,743,000
	Sub-total	\$5,454,000
Research and Development	Emergent R&D Projects	\$25,000
	Sub-total	\$25,000
Expansion	Ypsilanti Transit Center	\$2,240,000
	Blake Transit Center	\$100,000
	Bus Rapid Transit	\$500,000
	Bus Maintenance and Storage Facility	\$1,200,000
	Information Technology	\$530,000
	Transit Hubs	\$500,000
	Sub-total	\$5,070,000
Total Capital Costs		\$34,866,000

Approved capital projects and funding sources for FY2025 and the 10-year plan are explained in more detail in Appendices 8.1 and 8.4.

Sources of Capital Funding

The capital program is funded through a combination of local, state, and federal sources as listed at the bottom of the table on the previous page and summarized below for FY2025. Additional information is available in the *State and Federal Grants Primer*, see the *Appendix (page 53)*.

Figure 23: Capital Funding Sources

Sources of Capital Funds	FY2025
<p>Local Capital Reserve/Share TheRide’s own cash and investments budgeted for research and development projects in FY2025. A capital reserve was established in FY2021 with local funds as a result of additional pandemic relief that has been and will be received.</p>	\$0
<p>Federal STBG Flex Federal Surface Transportation Block Grant (STBG) funding provided to states and localities for road projects. Washtenaw Area Transportation Study (WATS) has transferred a portion to FTA Section 5307 for pedestrian/bus stop improvements.</p>	\$377,000
<p>State Initiatives (TSP) State funding MDOT awarded for the Transit Signal Priority project, continuing work started last year. Project listed in the Technology Upgrades line.</p>	\$883,800
<p>State Capital Match State Comprehensive Transportation Fund (CTF) capital funding for 20% local share required by federally funded capital projects (STBG, 5307, 5310, 5339, CMAQ, Discretionary).</p>	\$4,860,440
<p>Federal 5307 Formula Federal urbanized formula support for transit capital projects. Supports state of good repair projects, bus stop improvements, technology upgrades, and expansion efforts.</p>	\$19,441,760
<p>Federal 5310 Formula Federal formula for mobility of seniors and people with disabilities. Supports capital purchases and operating activities designed to serve these populations.</p>	\$0
<p>Federal 5339 Formula Federal formula for buses and bus facilities, will support state of good repair vehicle replacements and facility rehabilitations.</p>	\$4,050,000
<p>Federal CMAQ Federal highway funding for Congestion Mitigation/Air Quality (CMAQ) improvement, transferred by the Southeast Michigan Council of Governments (SEMCOG) for transit projects in Washtenaw County. Supports large bus replacements.</p>	\$4,033,000
<p>Federal Earmark</p>	\$1,240,000
<p>Unidentified/Discretionary A placeholder in the capital budget for federal discretionary awards, also known as competitive FTA grants, that will support capital projects.</p>	\$0
Total	\$34,866,000

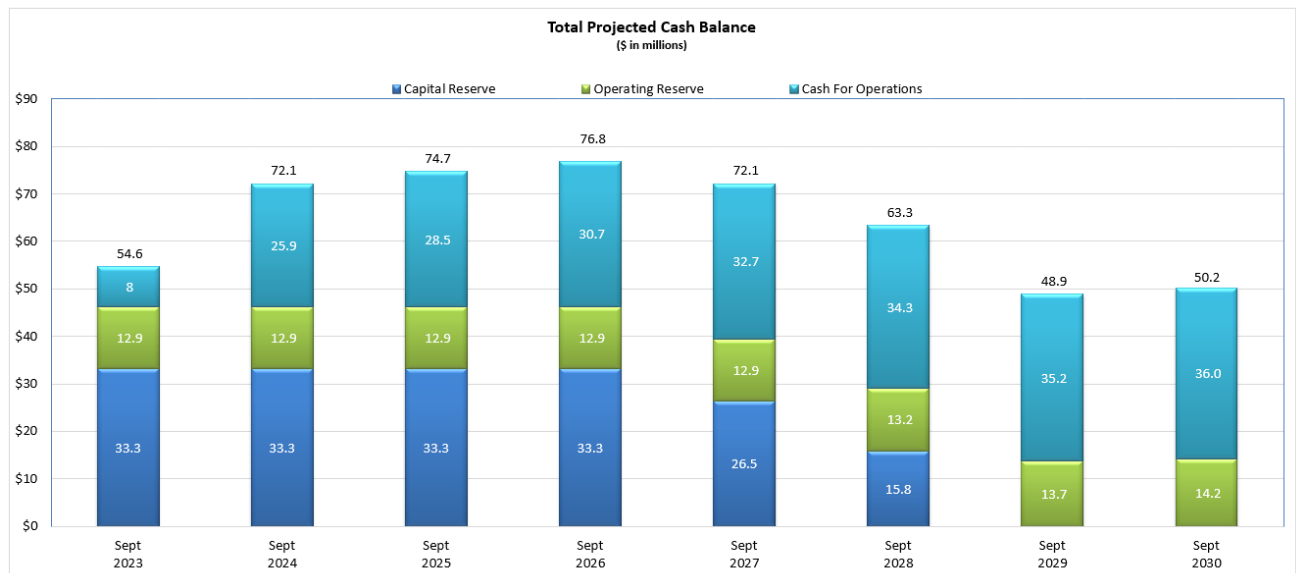
7. Impacts of 2025 Budget

The budget provides for maintaining stable current and future reserves and cash flow that are consistent with the Board’s Policies. Impacts on reserves and cash balances are provided in this section.

Projected Cash Balances

Figure 24 summarizes projected cash balances at the end of FY2024 to FY2030 (September) with the historical cash balance as of the end of FY2023. In addition to total projected cash, the stacked bar chart shows the projected capital reserve, operating reserve, and other cash balances. Cash For Operations represents the insurance reserve of \$500,000, cash needed for daily operations, and any restricted cash. Beginning in 2024, TheRide will have more cash available for operations at the end of each September, thanks to increased property tax revenue, most of which is received during the summer months. In the past, a significant portion of operational cash came from federal funding, which was deposited quarterly as reimbursements. As TheRide’s reliance on federal funding for operations has greatly decreased, this shift has a notable effect on the timing of cash balances, especially in September each year, as shown below. See further details on the operating reserve and capital reserves below.

Figure 24: Total Projected Cash Balances

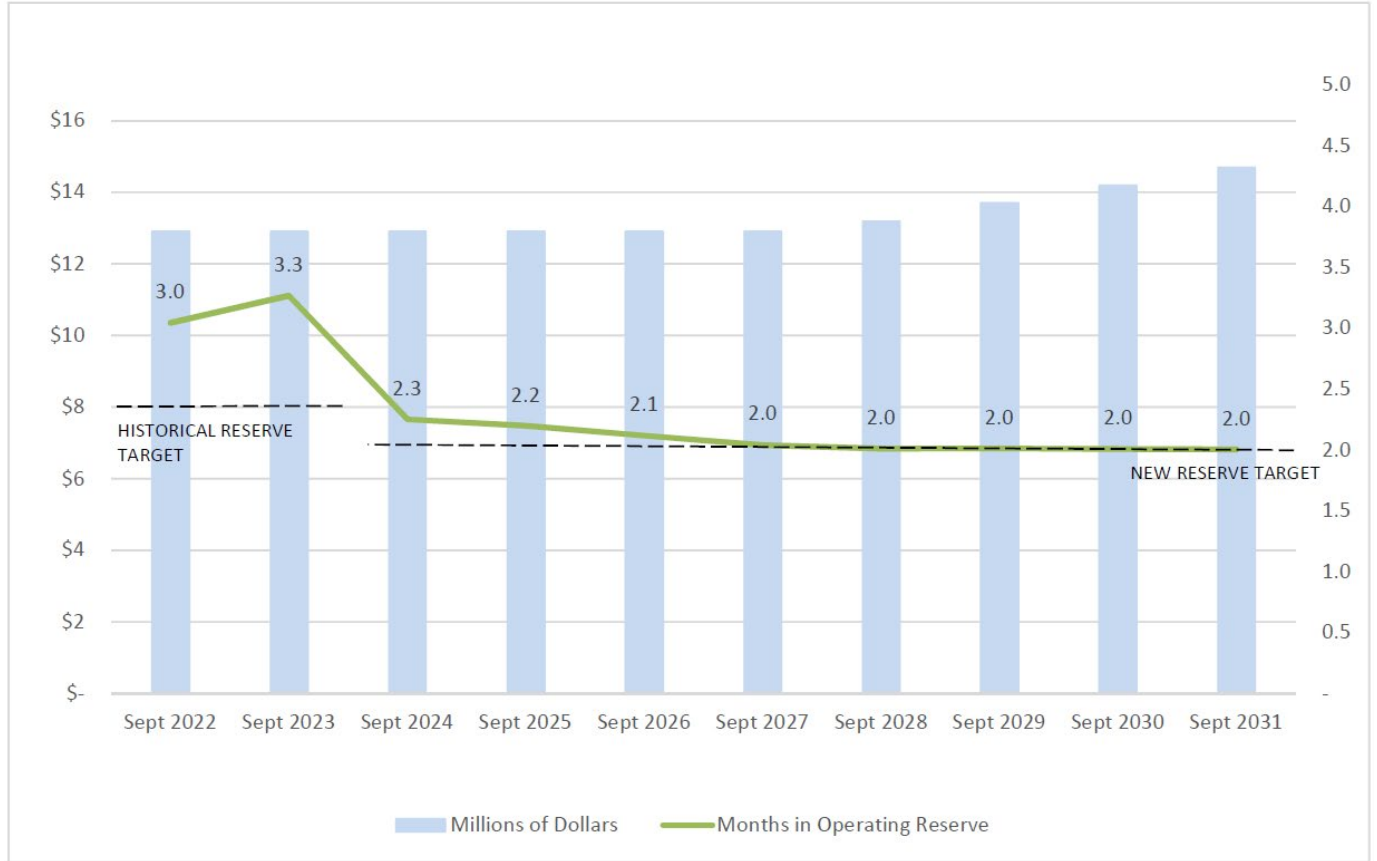


Projected Operating Reserve Balance

The projected operating reserve is the cash and investment balance of the unrestricted net position on the statement of net position (balance sheet) that has been committed to operational use. TheRide expresses the reserve in terms of a dollar amount (balance) and the number of months of operations it can support. The Government Finance Officers Association (GFOA) recommends that reserve balances in the public sector should be able to support at least 2 months of operations. The operating reserve balance at the end of each September must be enough to meet this requirement for the upcoming fiscal

year beginning the following month in October. TheRide’s target reserve balance will be 2.0 months beginning in FY2025, which is about \$11.5 million to support a \$68.9 million budget as recommended for the upcoming fiscal year.

Figure 25: Projected Operating Reserve Balance in Months and Dollars (Millions)



Projected Capital Reserve Balance

The projected capital reserve is the cash and investment balance of the unrestricted net position that has been committed to capital use. The capital reserve was funded from local operating surplus dollars in FY2022, and in FY2023 federal pandemic relief funds were used for operating purposes. The below table represents the capital reserve funding timing and use of funds from FY2022 through FY2029. See the 10-year Capital Plan for more details on the capital projects that will utilize these funds.

Figure 26: Projected Capital Reserve Activity

(\$ in thousands)	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	Total
Capital Reserve Funding (from Operating Surplus)	\$ 11,939	\$ 10,876	\$ 10,446	-	-	-	-	-	-	\$ 33,260
Use of Current Capital Reserve	-	-	-	-	-	-	\$ 6,798	\$ 10,620	\$ 15,842	\$ 33,260
Remaining Capital Reserve	\$ 11,939	\$ 22,814	\$ 33,260	\$ 33,260	\$ 33,260	\$ 33,260	\$ 26,462	\$ 15,842	\$ -	\$ -

8. Appendices

8.1 FY2025 Capital Descriptions

This section provides further details on the projects included in the **10-Year Capital Plan**. The 10-Year Capital Plan aligns with the Board approved Long-Range Plan and includes projects identified in the Long-Range plan that fall within the 10-year planning period. The capital plan is organized by priorities of State of Good Repair, Value Added, Expansion, and Research and Development.

Expansion: Projects in this category add capacity to implement new services or add other capacities to the organization.

- 1. Ypsilanti Transit Center and Blake Transit Center Planning:** The expansions of the two bus terminals have been highlighted in budget documents since FY2018 and advance these longstanding aspirations. Staff are seeking Board authorization to move forward with more specific implementation planning for separate work on each facility. Both projects require formal Board approval during FY2025 and significant capital costs in the future, although the planning work in the FY2025 budget does not obligate the Board to continue with either project. (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10, 2.11).
 - Ypsilanti Transit Center (YTC):** \$2,240,000 to complete formal NEPA studies (environmental impact studies), seek concept approval from federal and state review agencies, cover land acquisitions, and start the next phase of design. This work includes schematic designs necessary to refine the facility design and prepare the project to compete for additional federal funds and land acquisition. Discussions with the City, stakeholders, and the public are ongoing as the project concept evolves.
 - Blake Transit Center (BTC):** TheRide has been working with the Ann Arbor Housing Commission and City of Ann Arbor to jointly develop a vision for the Y Lot adjacent to the BTC. This vision has advanced rapidly but has faced challenges with the rising costs of materials and construction. A separate study led by the Ann Arbor Downtown Development Authority (DDA) to redesign 4th Avenue from Liberty St. to William St. is also part of this project to improve and expand bus operations along 4th Avenue. TheRide staff is requesting \$100,000 for the planning and design in FY2025 to continue work in support of these efforts. The Housing Commission and DDA are driving the vision for the Y Lot site and 4th Avenue design.
- 2. Bus Rapid Transit – Washtenaw Avenue:** TheRide’s long-range plan, TheRide 2045, recommends major enhancements to the fixed-route network, built around two bus rapid transit (BRT) lines, a north-south BRT and Washtenaw Avenue/E Huron Street BRT. The first of these, Washtenaw Avenue/E Huron Street, is scheduled to begin by 2033. In FY2024, TheRide has been working with MDOT on two studies related to this corridor: M-17 Planning and Environmental Linkages Study (aka Washtenaw PEL Study); and the US-23 Environmental Assessment (EA) Study including rebuilding and reconfiguring the US-23/Washtenaw Ave Interchange. Recommendations for dedicated bus lanes are expected to be included in these studies. TheRide will build on this work done by MDOT, and staff are requesting \$500,000 for work to begin alternatives analysis/NEPA. Planning and environmental studies take a significant amount of lead time for BRT, so TheRide staff anticipates this to be multi-year effort with subsequent budget support needed in future years.

3. **Bus Maintenance and Storage Facility:** \$1,200,000 is requested to begin the assessment of needs, facility programming, design criteria, and site selection process of a new storage and maintenance facility. Additional capacity for bus storage and maintenance provides the backbone of support for the TheRide 2045. Operational enhancements planned over the next 20+ years - including expanded service, bus rapid transit, and new vehicle types - will only be achievable if a new facility is built to accommodate that growth. FY2025 work will lead directly into the conceptual design and formal environmental documentation processes.
4. **Transit Hub:** TheRide's long-range plan, TheRide 2045, recommends four transit hubs outside of the downtown cores to support the future high-frequency transit network and facilitate better connectivity between peripheral areas. These hubs will be composed of multiple stops serving multiple connecting routes. The hubs will make transfers easy and comfortable and provide a higher level of amenities and excellent service in higher demand locations. The redevelopment of the former Sears site at the Briarwood Mall presents a unique opportunity to relocate and enhance the bus stop serving this site with the potential for future upgrades to become a transit hub. Staff requests \$500,000 in FY2025 to advance this work in collaboration with the developer.
5. **Information Technology:** To better serve our riders, staff are requesting the consideration of \$180,000 in funding for expansion technology that can assist with expanding operational innovations and customer service technology.

State of Good Repair: Board Policy 2.7 requires the CEO to ensure that the physical assets of TheRide are not put at risk or under-maintained. To meet this requirement and to comply with federal regulation, TheRide follows a comprehensive Transit Asset Management (TAM) Plan. Updated annually, this plan establishes performance targets to ensure a state of good repair for the fleet, equipment, and facilities operated by TheRide and grant subrecipients. FY2025 projects:

1. **Vehicle Replacement:**
 - **Large Bus Replacement:** Eleven large transit buses that have reached the end of their useful life will be replaced to maintain service levels and avoid additional maintenance costs. TheRide has resumed its fleet replacement schedule following a deferral in FY2021 due to the pandemic. The 11 clean-diesel replacement buses will be purchased by Gillig. Budget: \$7,677,890 (Policies, 2.1, 2.4, 2.7).
 - **Small/Medium Bus Replacement:** The purchase of three small cutaway buses for the A-Ride paratransit service and one small bus for the GroceryRide shopping access service are planned to maintain TheRide's accessible mobility services fleet. The replacement vehicles will be procured in FY2025 in accordance with fleet replacement plans. Budget: \$525,000,000 (Policies 2.1, 2.4, 2.7).
2. **Support Vehicles:** The purchase of four support vehicles is planned to maintain TheRide's non-revenue related transportation services. The replacement vehicles will be procured in FY2023 in accordance with the fleet replacement plans. Budget: \$233,000 (Policies 2.1, 2.4, 2.7).
3. **Equipment:**
 - **Bus Components:** Vehicle refresh schedules call for replacement of bus components such as engines, transmissions, hybrid drives and batteries, seats, and other major parts

needed to maintain the fleet in a state of good repair. Budget: \$1,210,000 (Policies 2.1, 2.4, 2.7).

- **Shop Equipment:** A budget for replacement of maintenance equipment and tooling used by mechanics and service crew. Budget: \$150,000 (Policies 2.2, 2.4, 2.7).

4. Existing Facilities:

- **Facility Rehabilitation:** Funding is budgeted to address priority maintenance issues at The Dawn Gabay Operations Center (DGOOC), the Blake Transit Center (BTC), the Ypsilanti Transit Center (YTC), and TheRide's park-and-ride lots. A backlog of maintenance needs at the DGOOC will continue to be addressed, including administrative facility interior renovations and replacement of the HVAC systems and roof the maintenance facility using funds set aside from prior years. Projects at the DGOOC also include a parking lot renovation to address the need for additional parking for staff and visitors. Budget: \$12,359,150 (Policies 2.1, 2.2, 2.4, 2.7)
5. **Information Technology:** This FY2025 budget includes \$2,161,759 for technology replacements for the current Computer Aided Dispatch/ Automatic Vehicle Locator (CAD/AVL) equipment as well as the 4G routers that were purchased in 2015. While both the routers and the CAD/AVL system are still functional, they are at the end of their useful life and nearing the end of vendor support. Upgrading to current standards of dispatch and vehicle location information is required to maintain proper operations. This funding request also includes funding for hardware and software replacements, laptops, computer monitors and essential software (Policies 2.1, 2.4, 2.7).

Value Added: Projects in this category are focused on finding innovative ways to enhance services, or an existing part of TheRide's operations. Projects include:

1. **Bus Stop Improvements:** Each year investment is needed for replacement and improvement of bus stop infrastructure such as concrete landing pads, safe pedestrian paths, shelters, and other amenities, all with an eye toward ensuring accessibility for riders with disabilities. Staff are coordinating with WATS and Washtenaw County staff to prioritize and plan enhancements along Washtenaw Avenue and throughout TheRide's service area. Budget: \$402,000 (Policies 2.1, 2.4, 2.7, 2.10).
2. **Existing Facilities:** \$895,00 has been budgeted for FY2025 for the renovation of the Dawn Gabay Operations Center parking lot. This project will ensure that all staff and visitors have adequate and reliable parking (Policies 2.1, 2.4, 2.7, 2.10).
3. **Low & Zero Emissions:** TheRide staff is requesting consideration of \$1,743,697 for FY2025 to cover the beginning work on the infrastructure and workforce development aspects of the low and zero emissions award received in FY2024 for the future implementation of hybrid buses, hydrogen buses, and fueling stations. Funding is also allocated for technical support for this award (Policies 2.1, 2.4, 2.7, 2.10).
4. **Transit Priorities:** The requested amount of \$2,413,800 allows for TheRide staff to continue to work on the Transit Signal Priority (TSP) project funded by the Michigan Department of Transportation and modernize digital bus stop signs. In addition, transit priorities will also include creating bus lanes and other features to make transit more attractive (relative to other

modes) will help increase demand and make transit more efficient. Budget: \$2,413,800 (Policies 2.1, 2.4, 2.7, 2.10).

Research and Development: Capital funds are reserved for new projects that may develop in 2024. This is a budget placeholder for exploratory projects that could advance the organization's Ends by leading to new services, infrastructure, or business relationships. Budget: \$25,000 (Policies 1.0, 2.1, 2.2, 2.4, 2.7, 2.10).

8.2 Contracts

The Board's Executive Limitations Policy (Policy 2.5.6) authorizes the CEO to award contracts with a value up to \$250,000 and disallows the splitting of purchases or contracts into smaller amounts to avoid this limitation. Listed below are the contracts that are anticipated to be awarded in FY2025 above the \$250,000 threshold. Approval of this section of the budget constitutes approval of these purchases and authorizes the CEO to make contract awards without additional Board approval. When adopting the budget, the Board may opt to accept all contracts with a value greater than \$250,000 as listed by including them in the budget adoption or may call out specific contracts that the Board wishes to consider for deliberation before acceptance.

Table 8.2: Budgeted Contracts Summary

CONTRACT DESCRIPTION	CURRENT PROVIDER	RENEWAL DATE (ESTIMATED)	VALUE OF AWARD (ESTIMATED)	FY2025 BUDGETED EXPENSE
Auditing Services	New	10/1/2024	\$ 80,000	\$ 80,000
Bus Advertising Services	Outfront Media Group LLC	10/1/2024	\$ 1,300,000	Revenue Contract
Bus Garage Planning	New	10/1/2024	\$ 1,950,000	\$ 1,200,000
Communication and Marketing Services	GUD Marketing & Q & M	4/1/2025	\$ 1,652,500	\$ 330,500
Construction Management Services for the YTC	New	10/1/2024	\$ 1,000,000	\$ 100,000
Emergency Backup Generator for DGOC	New	10/1/2024	\$ 550,000	\$ 550,000
Finance Consulting Services	Rehmann	10/1/2024	As needed	\$ 600,000
Fleetwide Seating Transition	New	10/1/2023	\$ 350,000	\$ 350,000
Gasoline and Diesel Fuel	Multiple Providers	10/1/2024	\$ 3,042,000	\$ 3,042,000
New and Retread Transit Tires	Best One of Dearborn	3/4/2025	\$ 1,125,000	\$ 225,000
Planning and Engineering for Capital Projects	Various	TBD	TBD	\$ 3,040,000
Planning Consulting Services	New	10/1/2024	As needed	\$ 420,000
Public Transit Buses*	Gillig	10/1/2024	TBD	\$ 7,677,890
RideGuide Printing Services	Printwell, Inc.	10/1/2024	\$ 550,000	\$ 110,000
Small/Medium Bus Replacements	New	10/1/2023	\$ 600,000	\$ 600,000
Snow Removal Services	RNA Facilities & Margolis Companies	11/8/2024	\$ 1,000,000	\$ 250,000
Washtenaw BRT Planning	New	10/1/2024	\$ 500,000	\$ 500,000
YTC Planning & Design (Phases III-V)	DLZ	10/1/2024	\$ 2,000,000	\$ 700,000
Zero Emissions Bus Project (Project Management & Project Site Design)	New	10/1/2024	\$ 1,060,000	\$ 450,000

*Procurement strategy being identified for future bus orders

8.3 Fares

Table 8.3 presents current fares, as approved by the Board. Fares were most recently updated in August 2022. There have been no new fares or changes to existing fares proposed in FY2024 or Adopted for FY2025. The FY2025 fares are the basis for budget assumptions.

Table 8.3 – FARES			
FIXED ROUTE FARES	FY2023	FY2024	FY2025
<i>Single Ride Fares – Cash or Token</i>			
Full Fare	\$1.50	\$1.50	\$1.50
Transfer	Free	Free	Free
<i>Discount Single Ride Fares – Cash or Token</i>			
Youth (Grades K-12, ages 6-18)	\$0.75	\$0.75	\$0.75
Children (Age 5 and under)	Free	Free	Free
Fare Deal Card	\$0.75	\$0.75	\$0.75
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
Commuters with go!pass	Free	Free	Free
<i>Passes</i>			
Day Pass	\$3.00	\$3.00	\$3.00
30 Day Flex Pass	\$45.00	\$45.00	\$45.00
<i>Discount Passes</i>			
Half-Fare 1-Day Pass with Fare Deal	\$1.50	\$1.50	\$1.50
30 Day Value Pass with Fare Deal	\$22.50	\$22.50	\$22.50
30 Day Value Pass for Youth (K-12, ages 6-18)	\$22.50	\$22.50	\$22.50
DEMAND RESPONSE FARES	FY2023	FY2024	FY2025
<i>FlexRide</i>			
Standard Adult One-Way	\$1.00	\$1.00	\$1.00
Students (K-12, ages 6-18)	\$0.50	\$0.50	\$0.50
Children (Age 5 & under)	Free	Free	Free
Fare Deal Card	\$0.50	\$0.50	\$0.50
A-Ride I.D.	Free	Free	Free
GoldRide I.D.	Free	Free	Free
30 Day Value Pass with Fare Deal	Free	Free	Free
<i>NightRide and HolidayRide</i>			
Full Fare	\$5.00	\$5.00	\$5.00
Commuters – go!Pass	\$3.00	\$3.00	\$3.00
A-Ride I.D.	\$2.50	\$2.50	\$2.50
GoldRide I.D.	\$2.50	\$2.50	\$2.50
Children (Age 5 & under)	Free	Free	Free
<i>GoldRide</i>			
One-Way	\$20.00	\$20.00	\$20.00
Additional Passenger (Companion)	\$5.00	\$5.00	\$5.00

Verified Low-Income Reduced Fare	\$5.00	\$5.00	\$5.00
FootballRide			
One-Way	\$1.50	\$1.50	\$1.50
One-Way Youth (K-12, ages 6-18)	\$0.75	\$0.75	\$0.75
One-Way Fare Deal Card	\$0.75	\$0.75	\$0.75
GroceryRide			
GroceryRide	\$0.75	\$0.75	\$0.75
A-RIDE FARES	FY2023	FY2024	FY2025
Cash Fares			
Advance Reservation	\$3.00	\$3.00	\$3.00
Will Call (Advance reservation for return trip)	\$3.00	\$3.00	\$3.00
Companion Fare	\$3.00	\$3.00	\$3.00
Companion Fare Students (K-12, ages 6-18)	\$1.50	\$1.50	\$1.50
Companion Fare (Age 5 & under)	Free	Free	Free
Personal Care Assistant	Free	Free	Free
Scrip Coupons			
Booklet of 10	\$30.00	\$30.00	\$30.00

Description of Fare Structure

Fixed Route Fares

- **Full Fares:** The current single ride fare for TheRide’s local fixed route service includes one free transfer to another local route upon request and is valid for 90 minutes from the time of issuance. The transfer cannot be used to complete a round trip.

The 1-Day Pass is valid for unlimited rides on fixed route service during the day of purchase ending at 11:59 pm and the 30-Day Pass (called Flex Pass) is valid for unlimited rides on fixed route service for 30 days from first use.

- **Discount Fares:** Eligibility for discounted fares on local fixed route services are offered for several categories of passengers. Discounted fares are offered for single trip fares and 30-Day Passes.

The 30-Day discount Pass for students is called Youth Pass, and the 30-Day discount Passes for the three Fare Deal rider categories are called Value Passes. Children ride for free on fixed route services.

Basic criteria for each type of discount fares are as follows:

- A-Ride I.D. – American with Disabilities Act (ADA) eligible
- GoldRide I.D. – Seniors 65 and over
- Value Passes (Fare Deal Cards):
 - Senior Fare Deal – Seniors ages 60-64
 - Income Eligible Fare Deal – Medicaid card holders and other verified individuals
 - Disability Fare Deal – Persons with disabilities who do not qualify for A-Ride

- Children – Ages 5 and under
- Personal Care Attendant (PCA) – Assist A-Ride customers as a companion; must be registered as a PCA
- Students – Grades K-12 with a valid student ID, ages 6-18
- Commuters with go!pass – Employees who work at registered companies located in the Ann Arbor Downtown Development Authority’s boundaries are eligible to purchase a go!pass.

Demand Response Fares

TheRide offers several different options for demand response services. All services are explained and accessible on TheRide’s web site and in TheRide Guides distributed throughout the service area. Definitions of discount fares for demand response services referenced in Table 8.3 are defined under the description of Fixed Route Fares above.

A-Ride Fares

A-Ride is a shared, reservation-based accessibility service. Definitions of discount fares referenced in Table 8.3 are defined under the description of Fixed Route Fares above. A-Ride is provided for passengers with a valid A-Ride I.D. and requires an advance reservation. Reservations can be made up to 3 days in advance.

Fare definitions for A-Ride are as follows:

- **Will Call:** When an advance reservation is made for a pickup, an open-ended time for a return reservation can be made at the same time. The price is the same for the return trip, but it will not require advance notice to use the return trip if it is originally reserved with the initial reservation.
- **Companion:** A-Ride passengers requiring assistance with their trip may bring a companion for assistance. As a companion passenger, an A-Ride I.D. for the companion is not required, but there is a fare charged for the passenger, as indicated in Table 8.3.
- **Personal Care Assistant:** Personal Care Assistants (PCAs) are registered assistants that may travel with an A-Ride eligible passenger to assist with their trip. There is no fare charge for PCAs.

8.4 State and Federal Grants Primer

The following provides a brief description of federal and state funding sources.

Federal Funding

Requirements: To be eligible for federal funding, projects must be included in a long-range plan (20-years) and four-year Transportation Improvement Program (TIP) approved by the Federal Transit Administration (FTA). Each is first approved by the Washtenaw Area Transportation Study (WATS), the Southeast Michigan Council of Governments (SEMCOG), and the Michigan Department of Transportation (MDOT). There are many other federal requirements, particularly dealing with award management and procurement. FTA conducts a compliance audit every three years (Triennial Review) and the AAATA submits annual applications for grant awards for approval by the FTA.

Funding for Urban Service

Section 5307 and 5339 Formula Funds: Urbanized area formula funds are appropriated annually by Congress to the FTA, which apportions Sec. 5307/5339 funding to the Ann Arbor urbanized area. The Regional Transit Authority (RTA) is the Designated Recipient of formula funds and has the authority to approve AAATA applications for these funds (as the Direct Recipient). By law, the funds can only be spent in the Ann Arbor urbanized area.

- **Capital Funding:** Section 5307 and 5339 funds are primarily available for capital asset procurement. The federal share is 80% for most capital projects. Funds apportioned in one year are available for three (Sec. 5339) or five (Sec. 5307) additional years, which provides the AAATA with some flexibility to manage its capital program (e.g., funds may be held and combined with other annual appropriations for a larger capital purchase).
- **Operating Assistance:** The amount of Sec. 5307 funding eligible for operating assistance is limited by law. AAATA is currently able to use up to about \$4.3 million in federal formula 5307 funds for urban operating assistance per year at a 50% federal share. If the full amount of eligible funding is not utilized for operating budget, the remaining amount is able to be used for capital purposes. In addition, there are other limited categories of operating expenses which are eligible for grant funding—preventive maintenance, capital cost of contracting, and planning—at 80% federal funding.

Discretionary Funding: There are other discretionary federal grant programs from which the AAATA has the opportunity to receive funding. Discretionary spending is subject to the appropriations process, whereby Congress sets a new funding level for each fiscal year. Typically, these funds are awarded on a competitive basis, in which recipients submit projects for consideration and award. These include:

- **Capital Investment Grants (Section 5309):** Discretionary funds awarded in a competitive application process to fund major transit investments for rail projects and bus rapid transit.
- **Buses and Bus Facilities and Low or No Emission Grants (Section 5339 Discretionary):** The Sec. 5339 program includes two competitive grant opportunities. 5339(b) funds are awarded for the purchase of buses and related equipment, and to rehabilitate or build bus-related facilities. 5339(c) grants support low and zero-emission vehicle projects.

- RAISE (Rebuilding American Infrastructure with Sustainability and Equity): This USDOT program, formerly known as BUILD and TIGER, awards funds on a competitive basis for investment in transportation infrastructure. Funding can support roads, bridges, transit, rail, ports, and intermodal transportation for projects that have significant local or regional impact.
- CMAQ (Congestion Mitigation and Air Quality Improvement): Southeast Michigan receives an annual allocation of CMAQ funds authorized by the Clean Air Act, for which SEMCOG conducts a competitive application process. AAATA is an eligible applicant. If successful, funds are transferred to FTA from the Federal Highway Administration (FHWA) for administration.
- JARC (Job Access/Reverse Commute) and New Freedom: These two programs provided formula funds for work transportation and transportation for people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) from 2006-2012. The programs have since expired; however, New Freedom has been incorporated into the Section 5310 formula program.
- Planning: Planning activities in the AAATA planning work program are eligible for grant funding. SEMCOG and WATS each pass through to AAATA about \$50,000 per year. As access to regional planning funds increased, the use of formula grant funds (Section 5307) for planning was phased out in FY2020 to focus investment of these funds into capital assets.

Section 5310: Formula funds for “Enhanced Mobility for Seniors and People with Disabilities” are apportioned annually to the Ann Arbor urbanized area, which the RTA allocates through a competitive call for projects and AAATA is responsible for administering. Funds are eligible to be used for traditional purposes such as replacement of vans and buses, and for non-traditional purposes such as operating assistance and mobility management. AAATA works with the RTA, WATS, and local non-profit agencies through the Washtenaw Transportation Coordinating Council (TCC) to coordinate the use of funds.

Funding for Nonurban Service

Operating Assistance (Section 5311): AAATA passes through federal operating assistance funds for service outside of the urbanized area that is allocated by the Michigan Department of Transportation (MDOT). MDOT receives a single statewide federal grant and distributes it to eligible agencies. For the last several years, the Sec. 5311 rate has been about 18% of nonurban operating expenses, with an additional 18% provided from pandemic relief funding for FY2020-2022. AAATA passes these funds to Western Washtenaw Area Value Express (WAVE) and People’s Express to fund their service in the nonurban area.

Capital Assistance: Federal, nonurban capital assistance comes through MDOT which submits a single statewide application to the FTA. WAVE and People’s Express are eligible to apply directly and have received and managed their own grants for buses and equipment. AAATA has not received federal non-urban capital assistance.

State Funding

Requirements: AAATA is required to submit an annual application for operating and capital assistance by February each year for the next fiscal year (beginning in October). At some point the RTA may submit a combined application including AAATA, but so far, the AAATA application is submitted separately to RTA and MDOT at the same time.

Statutory Operating Assistance – Urban: Each year, MDOT provides urban operating assistance equal to a fixed percent of eligible expenses. The maximum authorized level is 50% of eligible expenses. The actual amount is much lower, about 32%. The percentage depends first on the amount of funding appropriated by the legislature. It also depends on the eligible expenses of all the transit systems in the state because the funds are distributed among them at the same percent of eligible operating expenses. These funds for all southeast Michigan, including Ann Arbor, may go to the RTA for distribution in the future, and they could change the distribution formula.

Statutory Operating Assistance – Nonurban: For service outside of the urban area, state operating assistance works the same way, but the percentage is different. The maximum authorized level is 60% of eligible expenses; the actual amount has been about 38%. The AAATA applies for and receive funds to pass through to WAVE and People’s Express for their service in the nonurban area.

Matching Funds for Capital Grants: MDOT provides all or part of the match for federal capital grants (e.g., Sec. 5307, 5339, 5310, CMAQ, discretionary). Historically, MDOT has always provided the entire 20% local (non-federal) share for capital grants, so no local funds were required. By law, MDOT is only required to provide 2/3 of the non-federal share.

Specialized Service: MDOT provides limited funds for service for seniors and people with disabilities. The Washtenaw County allocation has remained at about \$200,000 per year since 2020. About \$110,000 per year pays a portion of the cost for eligible demand response trips in the AAATA service area. The AAATA also administers or passes these funds through to private, non-profit service providers in the County.

8.5 Detailed Operating Budget

Historical Operating Budget and 6-Year Forecast

in million dollars

Operating Revenues	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Passenger Fares	2.1	4.2	4.3	4.3	3.8	4.0	4.1	4.2	4.4	4.5	4.6	4.8
Contract Revenues	1.8	1.7	2.3	2.0	2.9	3.1	3.2	3.3	3.4	3.5	3.6	3.7
Local Property Taxes**	16.3	19.3	20.6	20.0	37.5	39.0	40.5	41.9	43.2	44.5	45.9	47.2
State Operating Assistance	12.1	16.9	18.0	20.9	22.2	23.1	24.0	24.8	25.6	26.4	27.2	28.0
Federal Operating Assistance	3.0	3.0	0.6	2.5	-	-	-	-	-	-	-	-
Other Federal Programs	2.1	3.9	3.4	4.4	1.4	1.5	1.6	1.6	1.7	1.7	1.8	1.8
CARES/CRRSAA/ARP	17.1	18.7	15.0	6.8	-	-	-	-	-	-	-	-
Other Revenues	0.3	0.4	1.4	0.4	1.9	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Total Operating Revenues	54.7	68.0	65.7	61.4	69.8	71.1	73.7	76.3	78.8	81.1	83.6	86.1
Operating Expenses	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Salaries, Wages, Benefits	26.8	28.6	29.4	33.6	38.0	39.3	40.7	42.1	43.6	45.1	46.7	48.3
Purchased Transportation	5.7	14.7	12.5	13.0	13.6	14.1	14.8	15.5	16.2	16.9	17.8	18.5
Fuel, Material, Supplies	4.5	5.4	5.8	6.8	7.7	8.0	8.3	8.6	9.0	9.3	9.7	10.1
Contracted Services	3.1	3.6	4.2	3.8	5.0	4.2	4.3	4.5	4.6	4.7	4.9	5.0
Other Expenses	2.7	3.4	3.3	4.0	4.5	4.7	4.9	5.1	5.3	5.5	5.7	6.0
Total Operating Expenses	42.8	55.8	55.3	61.3	68.7	70.4	73.1	75.8	78.7	81.6	84.8	87.9
Surplus (Deficit)	12.0	12.0	10.0	-	1.0	1.0	1.0	1.0	-	-	(1.0)	(2.0)
Reserve Transfers (Capital/Operating)	(12.0)	(12.0)	(10.0)	-	(1.0)	(1.0)	(1.0)	(1.0)	-	-	-	-
Operating Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ (2)

8.6 Adopting Resolution

Resolution 09/2024

APPROVAL OF FY2025 OPERATING AND CAPITAL BUDGET

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ANN ARBOR AREA TRANSPORTATION AUTHORITY

WHEREAS, the Ann Arbor Area Transportation Authority (AAATA) Board of Directors (Board) is required by the Michigan Uniform Budgeting and Accounting Act of 1968 to adopt a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

WHEREAS, AAATA staff have developed a FY2025 Operating and Capital Budget that furthers Board Ends Policies within Executive Limitations and provides multi-year context, and

WHEREAS, the AAATA is required to develop a fiscally constrained four-year program of projects for inclusion in the Transportation Improvement Program (TIP) to be submitted to the Washtenaw Area Transportation Study (WATS) in order to be eligible for federal funds, and

WHEREAS, the AAATA is required to submit the capital program for FY2025 to the Federal Transit Administration (FTA) as part of the annual application for FY2025 federal funding, and

WHEREAS, the AAATA is required to submit the capital program and operating budget for FY2025 to the Michigan Department of Transportation (MDOT) as part of the annual application for FY2025 state funding, which is amended by this resolution.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves the FY2025 Operating and Capital Budget as its general appropriations act with total expenditures as follows:

- **\$68,716,570** for operations, and
- **\$34,866,296** for capital investment.

BE IT ALSO RESOLVED that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the capital projects listed herein as updates to the FY2021-FY2024 TIP, of which FY2025 and beyond are subject to amendment in future years.

Kathleen M. Mozak, Chair

Jesse Miller, Secretary

Date

Date

8.7 Glossary

A-Ride – A shared ride ADA paratransit service that supplements the fixed route bus service operated by TheRide.

Accounting System – The total structure of records and procedures which identify, record, classify, summarize, and report information on the financial positions and results of operations of a government.

Accrual Basis of Accounting – The method of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

ADA – See Americans with Disabilities Act.

AirRide – A commuter bus service operated as a public-private partnership with Michigan Flyer between Ann Arbor and the Detroit Metro Airport.

Americans with Disabilities Act (ADA) – This federal act gives civil rights protections to individuals with disabilities that ensure equal opportunity and access and prohibit discrimination.

Appropriation – An authorization made by the Board of Directors to make expenditures of resources for specific purposes within a specific time frame.

Assessed Value – The current market value of real estate as determined by city and township treasurers' offices.

BTC – An acronym for the Blake Transit Center, TheRide's passenger terminal in downtown Ann Arbor.

Balanced Budget – A budget in which revenues are equal to or greater than expenditures.

BikeShare – Public bike sharing service in which bicycles are made available for shared use to individuals on a short-term basis for a fee.

Budget – A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures to fund services in accordance with recommended policy.

Budget Year – The fiscal year for which the budget is being considered, that is, the fiscal year following the current year. TheRide's fiscal year is October 1 through September 30.

CAFR – See Comprehensive Annual Financial Report.

Capital – Wealth in the form of money or other assets owned by TheRide, or available or contributed for a particular purpose.

Capital Budget – The annual plan of appropriations for the amount necessary to carry out capital project expenditures during the year budgeted.

Capital Outlay – Expenditures which result in the acquisition of, or addition to, fixed assets. Any item with an expected useful life of more than five years and a value of more than \$5,000 (such as a vehicle, equipment, or facility) is considered a capital outlay.

Capital Program – The annual updated plan or schedule of project expenditures with estimated project costs, source of funding, and timing of work over a ten-year period. For financial planning and general management, the capital program is a plan of work and expenditures and is the basis for annual appropriations.

Capital Project – A governmental effort involving expenditures and funding for the creation of usually permanent facilities and other public assets having a relatively long life. Certain planning studies, consultant fees, vehicles, major equipment, furniture, and fixtures necessary to operate facilities may also be considered part of capital projects.

CARES Act – Federal law enacted by Congress in April 2020 to provide economic relief in response to the COVID-19 pandemic. CARES is an acronym for the Coronavirus Aid, Relief, and Economic Security Act.

CEO – See Chief Executive Officer

Chart of Accounts – A uniform list of accounts that standardizes accounting and supports the preparation of standard external reports. It assists in providing control over all financial transactions and resource balance.

Chief Executive Officer – The highest-ranking staff member at TheRide, ultimately responsible for managerial decisions to carry out the Board’s expectations for TheRide.

Constituents – This word means a “part of a whole.” In the context of local governments like TheRide, constituents are the people who are legal or moral owners of the TheRide.

Comprehensive Annual Financial Report (CAFR) – A set of U.S. government audited financial statements comprising the financial report of a governmental entity that complies with the accounting requirements endorsed by the Governmental Accounting Standards Board (GASB).

Costing Center – The smallest unit for which costs are collected and reported upon.

COVID-19 – A disease caused by a new strain of coronavirus which emerged in humans in 2019 and caused a global pandemic in 2020. ‘CO’ stands for corona, ‘VI’ for virus, and ‘D’ for disease.

COVID-19 Recovery Plan – A multi-year plan that establishes the strategic priorities for the budget in response to the coronavirus pandemic which emerged in 2020.

CRRSA – A secondary stimulus federal law enacted by Congress on December 27, 2020, to provide economic relief in response to the COVID-19 pandemic. CRRSA is an acronym for the Coronavirus Response and Relief Supplemental Appropriations Act.

Current Year – The fiscal year immediately preceding the fiscal year for which the budget is being prepared.

D2A2 – Shorthand for “Detroit to Ann Arbor,” name for commuter bus service between the two cities jointly operated by TheRide and RTA.

Debt – Money that is owed or due to another party typically from borrowing or bonding activities; does not include short term payables.

Deficit – The amount by which budget outlays exceed receipts for a given period, usually a fiscal year.

Demand Response – Public transit service in which passenger trips are generated by calls from passengers to schedule trips with a transit operator, who then dispatches a vehicle to perform the trip.

Department – A categorization of organizational unit, indicating management responsibility for an operation or a group of related operations within a functional area, subordinate to the division level of organizational unit.

Depreciation – An allocation made for the decrease in value of physical assets through wear, deterioration, or obsolescence.

Disbursement – The expenditure of monies from an account.

Distinguished Budget Presentation Award Program – A voluntary program administered by the Government Finance Officers Association (GFOA) to encourage governments to publish efficiently organized and easily readable budget documents and to provide peer recognition and technical assistance to the fiscal officers preparing them.

Division – A major administrative unit which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Ends – Board policies that define the results, outcomes, or benefits that the organization should achieve for specific beneficiaries at a certain cost or relative priority, from Policy Governance.

Executive Limitations – Board policies that put out-of-bounds operational means that are illegal, imprudent, unethical, or outside of the will of the Board of Directors; from Policy Governance.

Expenditure – The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate an obligation. Where accounts are kept on an accrual or modified accrual basis, expenditures are recognized whether or not cash payment has been made. Where accounts are kept on a cash basis, they are recognized only when cash payments have been made.

Expense – The outflow of assets or the incurring of liabilities (or both) during a period as a result of rendering services, delivering or producing goods, or carrying out other normal operating activities.

Fare – the money a passenger pays to use transit services.

Fare Media – The transit industry’s term for the cards, passes, tickets, tokens, and mobile device applications used to pay for rides on transit services.

Fiscal Year – Any yearly accounting period, regardless of its relationship to a calendar year. The fiscal year for the AAATA begins on October 1 of each year and ends on September 30 of the following year; it is designated by the calendar year in which it ends. For example, the fiscal year 2022 begins on October 1, 2021, and ends on September 30, 2022.

Fixed Assets – Assets of a long-term character which are intended to continue to be held and used. Examples of fixed assets include items such as land, buildings, vehicles, computer hardware, furnishings, and equipment.

Fixed-Route Bus – A form of public transit bus service that does not regularly deviate from a defined course or schedule.

FlexRide – A shared-ride service operating on-demand in limited-service areas to connect passengers to their destinations or by transfer to the fixed-route bus system.

Fringe Benefits – For budgeting purposes, fringe benefits are employer payments for social security, retirement, group health, dental, disability, and life insurance.

FTE – See Full-Time Equivalent.

Full-Time Equivalent (FTE) – A measure of authorized personnel calculated by dividing hours of work per year by the number of hours worked per year by a full-time employee.

Fund – A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out specific activities or attaining certain objectives. TheRide has one general fund.

Fund Balance – Used to describe the net position of governmental funds calculated with GAAP; net position is calculated as assets minus liabilities.

FY – See Fiscal Year.

GAAP – See Generally Accepted Accounting Principles.

GASB – See Governmental Accounting Standards Board.

General Fund – The general operating fund that is used to account for all financial resources except for these required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards for financial accounting and recording encompassing the conventions, rules, and procedures that define accepted accounting principles as determined through common practice or as promulgated by the Governmental Accounting Standards Board, Financial Accounting Standards Board, or various other accounting standard-setting bodies.

GFOA – An abbreviation for Government Finance Officers Association.

GoldRide – A service provided to non-disabled people age 65 and older which allows free travel on fixed-route buses and shared-ride trips in sedans and small buses.

Governmental Accounting Standards Board (GASB) – An organization established to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities.

Grant – A county, state or federal financial assistance award making payment in cash or in kind for a specified program.

HVAC – An abbreviation for heating, ventilation, and air conditioning equipment.

Infrastructure – The physical assets of AAATA (facilities, bus stops, shelters, bike racks, etc.) upon which the continuance and growth of service depend.

Intergovernmental Revenues – Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.

Investments – Capital held for the production of revenues in the form of interest, dividends, rentals, or lease payments.

Levy – (Verb) To impose taxes or special assessments for the support of governmental activities. (Noun) The total amount of taxes or special assessments imposed by a government.

Liabilities – Debts or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date.

Long-Term Debt – Debt with a maturity of more than one year after the date of issuance.

MCO– See Motor Coach Operator.

Michigan Uniform Budgeting and Accounting Act – State law passed in 1968 known as Act 2, to establish uniform charts of accounts and reports in local units of government.

Millage – A millage rate is the tax rate used to calculate local property taxes and represents the amount per every \$1,000 of a property’s assessed value.

Mobility – The ability to move or be moved freely and easily. The ability to change one’s social or socioeconomic position in a community and to improve it.

Modernizing or Modernization – A strategic initiative to bring systems, policies, procedures, and practices to an improved state of excellence.

Motor Coach Operator – A bus driver.

MyRide – A mobility management service that provides coordination of transportation services for individual riders within a network of services in Washtenaw County and select areas of Jackson, Lenawee, Livingston, Monroe, Oakland, and Wayne counties.

Obligations – Amounts which a government may be required legally to meet out of its resources. They include not only actual liabilities, but also un-liquidated encumbrances.

Operating Budget – See Budget.

Operating Expenditures – Costs other than capital outlays and depreciation. Examples of operating expenditures include salaries and fringes, office supplies, telephone expense, consulting or professional services, and travel expenses.

Other Expenses – In a summary analysis of expense types, this refers to all expenses not included within specifically defined categories. Within TheRide’s operating budget this category consists of utilities, phone service, insurance premiums, postage, dues and subscriptions, conference travel and meetings expenses, media costs, employee development, employee appreciation, recruiting, Guaranteed Ride Home Program reimbursements, and equipment and parking lot lease payments.

PPE – Acronym for Personal Protective Equipment. Refers to protective clothing, helmets, gloves, face shields, goggles, masks, respirators, and other equipment designed to protect the wearer from injury or exposure to infection or illness.

Pandemic – A disease outbreak that spreads across countries or continents, as compared to an epidemic, which is a disease outbreak affecting a large number of people within a contained area.

Paratransit – A type of scheduled or on-demand transit service that supplements the fixed-route system by providing access for people with disabilities who are unable to use the fixed-route system.

Passenger – An individual on board, boarding, or alighting from a vehicle used in public transportation, not including the transit operator, employees, or contractors who are onboard to provide service.

Pension – A regular payment made during a person’s retirement from an investment fund to which the individual or their employer has contributed during their work life.

Per Capita – Per unit of population; by or for each person.

Performance Measurements – See Management Indicators.

Permanent Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of longer than one year, whose compensation is derived from administrative personnel position classifications.

Personnel (Costs) – Expenditures which include salary costs for full-time, part-time, hourly, and contract employees; overtime expenses; and all associated fringe benefits.

POFA – Acronym for “Purchase of Fare Agreement;” a third-party contract with a party that purchases fares from TheRide, either through the sale of fare media or the use of third-party issued photo identification cards.

Policy Governance – An integrated board leadership paradigm created by Dr. John Carver designed to empower boards of directors to fulfill their obligation of accountability for governance.

POSA – Acronym for “Purchase of Service Agreement;” a third-party contract with a township to provide public transportation services in the township funded by the general revenues of the township.

Prior Year(s) – The fiscal year(s) immediately preceding the current year.

Program Area – A group of activities and/or work programs based primarily upon measurable performance.

Projections – Estimates of budget authority, outlays, receipts, or other budget amounts extending several years into the future. Projections are generally intended to dictate the budgetary implications of existing or proposed programs.

Property Tax – A tax levied on all real and certain personal property, tangible and intangible, according to the property’s assessed valuation.

Public Transportation – Regular and continuing general or special transportation provided to the public, not including school buses or charter, intercity bus, or rail service provided by the private sector.

Purchase Order – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of charge for them.

Purchased Transportation – Transportation service provided to TheRide from a public or private transportation provider based upon a written contract.

Reimbursement – A sum (1) that is received by the government as a repayment for commodities sold or services furnished either to the public or to another government account and (2) that is authorized by law to be credited directly to specific appropriation and fund accounts.

Reserve – The unrestricted net assets from TheRide’s financial statements.

Resolution – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue – Monies received or collected by TheRide as income, including such items as tax payments, passenger fares, fees from specific services, receipts from other governments, and interest income.

Revenue Hours/Miles – The time (hours) or distance traveled (miles) when a vehicle is available to the general public for the carrying of passengers; a key measure of service provided by a transit agency.

Revision – Shifting of all or part of the budget authority in one appropriation or account to another, as specifically authorized by law.

Self-Insurance – Refers to participation in a self-insurance fund. Self-insurance allows an organization to closely realize its actual claim experience, as well as pool its insurance buying power with other participating agencies.

Surplus – The amount by which TheRide’s budget receipts exceed its budget outlays for a given period, usually a fiscal year.

TIP – Acronym for Transportation Improvement Program, a federally-required 4-year program of projects for federal funding.

Tax Base – All forms of wealth under TheRide’s jurisdiction that are taxable.

Tax Rate – The amount levied per \$1,000 of assessed property value on property.

Temporary Employee – An employee who is hired to fill a position anticipated to have a continuous service duration of less than one year.

Transfer – See Revision.

User Fees – Payments for direct receipt of a public service by the party benefiting from the service. Also known as user charges. Fares are an example.

YTC – An acronym for the Ypsilanti Transit Center, TheRide’s passenger terminal in Ypsilanti.