

Monitoring Report: Construction (Policy 2.10)

Monitoring Period: FY24: 1st October 2023- 30th Sept 2024

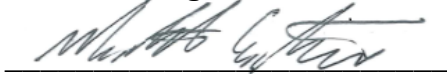
Service Committee Meeting Review Date: 1st, October 2024
Board of Directors Meeting Review Date: 17th, October 2024

INFORMATION TYPE
Monitoring
RECOMMENDED ACTION(S)
<p>At the 10/1/24 Service Committee Meeting, the Committee recommends that the Board review this monitoring report and consider accepting it as:</p> <p>(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.</p> <p>(B) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations, except for the CEO’s stated non-compliance with item(s) x .x, which the Board acknowledges and accepts the proposed dates for compliance.</p> <p>(C) 1. For policy items x.x.x – there is evidence of compliance with a reasonable interpretation 2. For policy items x.x.x – the interpretation is not reasonable 3. For policy items x.x.x – the interpretation is reasonable, but the evidence does not demonstrate compliance 4. For policy items x.x.x – the Board acknowledges and accepts the CEO’s stated non-compliance and the proposed dates for compliance</p>
PRIOR RELEVANT BOARD ACTIONS & POLICIES
<p>Monitoring Reports are a key Policy Governance tool to assess organizational/CEO performance in achieving Ends (1.0) within Executive Limitations (2.0). A Policy-Governance-consistent Monitoring Process is:</p> <ol style="list-style-type: none"> 1. CEO sends Monitoring Report to all board members 2. At Board meeting, board accepts Monitoring Report through majority vote (or if not acceptable, determines next steps)
ISSUE SUMMARY
<p>TheRide’s Board of Directors establish policies that define what methods are unacceptable to use to achieve expected results, called Executive Limitations. This monitoring report provides the CEO’s interpretations of those policies, evidence of achievement, and an assertion on compliance with the Board’s written goals. As with other monitoring reports, the Board decides whether the interpretations are reasonable, and the evidence is convincing.</p>

Per Appendix A of the Board Policy Manual, this report was scheduled for monitoring in October and was submitted in October.

I certify that the information is true and complete, and I request that the Board accept this as indicating an acceptable level of compliance.

CEO's Signature







Date

September 24, 2024

ATTACHMENTS

1. Monitoring report for Construction (Policy 2.10)

Table of Contents

POLICY TITLE: CONSTRUCTION	Page#	Compliance
2.10 The CEO shall not allow construction of a new building or facility or major renovation that is inconsistent with industry standards and grantor expectations, environmentally irresponsible, risks financial jeopardy, or is not aligned with achievement of the Board’s Ends. Further, without limiting the scope of the above by the following list, the CEO shall not:	5	
2.10.1 Proceed with funding applications, detailed architecture or engineering, procurement of construction services, or real-estate transactions for a construction or major renovation project.	7	
2.10.1.1 Request authorization to proceed with a project prior to providing information that demonstrates that such construction is fiscally responsible and aligned with achievement of the board’s Ends, and without providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following: A. Definition of the project’s purpose and goals. B. Definition of the project’s key elements and rationale for their inclusion. C. Definition of the project’s strategic context, and contribution to advancing the board’s Ends or other policies. D. Explanation of the project’s priority relative to other capital needs. E. Estimates of the capital cost, ongoing operating and maintenance costs, and expected useful life associated with the project. F. Explanation of anticipated funding sources and financing mechanisms. G. Definition of risks associated with the project. H. Project timeline. I. Public involvement process.	8	
2.10.1.2 Request authorization to proceed with a project without incorporating it into an annual budget or a budget amendment.	9	

2.10.2 Expend funds on a construction project prior to having confirmed funding for that stage.	10	●
2.10.3 Proceed with construction that does not minimize inconvenience to the travelling public and those businesses and residences directly impacted to the extent that is reasonably practicable.	11	●
2.10.3.1 Proceed without providing timely and accurate information to the travelling public, residents and business owners.	12	●
2.10.3.2 Proceed without providing timely and accurate information to the travelling public, residents and business owners.	13	●
2.10.4 Allow the board to be unaware of political, residents' and businesses' issues related to the proposed construction.	14	●
2.10.5 Allow the board to be without regular reports on the project's implementation, including but not limited to: A. Changes to the anticipated cost of the project. B. Changes to the elements/scope of the project. C. Changes to scheduled completion, delays or impacts to timelines. D. Timely notice of possible cost overruns and planned action to reduce impact.	15	●

 Fully Compliant
  Partially Compliant
  Non-Compliant

Preliminary CEO Interpretations and Evidence

POLICY 2.10

The CEO shall not allow construction of a new building or facility or major renovation that is inconsistent with industry standards and grantor expectations, environmentally irresponsible, risks financial jeopardy, or is not aligned with achievement of the Board’s Ends. Further, without limiting the scope of the above by the following list, the CEO shall not:

Degree of Compliance: Compliant

Interpretation

Operation definition:

I define key terms as follows:

1. A new **“building”** is an edifice or structure with walls and a roof which remains in one place and is intended to be permanent. This does not include structures such as bus shelters or temporary storage structures.
2. A new **“facility”** is a significant piece of infrastructure that remains in one place (e.g., a bus terminal platform, a park n ride lot, a storage yard, a rail line, roads, power lines, sewers, etc.) and is intended to be permanent. A building can be a part of a larger facility. Due to their ubiquity and small scale, bus stops, pads, shelters and benches, and adjoining sidewalks are excluded.
3. A **“major renovation”** is a significant, permanent change to an existing building or facility that 1) changes the exterior dimensions, or 2) fundamentally changes the function of part or all of a building or facility. This does not include maintenance activities, repairs or routine upgrades, replacement of worn-out elements, or renovations of interior spaces, etc. (e.g., roof replacement, remodeling offices). Such projects are addressed through annual facility maintenance budgets and are not reported on under this policy. Any individual maintenance project costing more than \$250,000 will be identified individually in an annual budget proposal to increase transparency.
4. **“Construction”** means activities related to **implementation** of a physical project and does not include the **planning or exploratory work** needed for the development and design of such projects which are delegated to the CEO.

The distinction between implementation activities and exploratory/planning work is reasonable because:

-
- This policy exists to ensure Board control over large financial or political *commitments*. Exploratory or planning work is not a commitment and the Board still retains final authority. While such planning work may create public expectations, the CEO can take steps to manage such expectations, so they do not force the Board’s hand.
- Facilities, and their construction, are a Means to achieve the Board’s actual Ends. If planning and design work requires Board approval, the Board will be allowing itself to direct Means and projects will move much more slowly. This is supported by policies 3.1.4 and 4.3.3 in which the Board has delegated most Means to the CEO.
- This policy creates information and performance expectations for proposals from the CEO to the Board. The CEO could not meet those expectations unless they had the latitude to plan and develop projects to a sufficient degree. Exploratory work is often necessary for the CEO to decide whether a project is even viable and worth pursuing and then to generate the

information the Board is requesting. For example, exploratory studies may be necessary to develop preliminary cost estimates.

- Large studies will likely require Board authorization through the annual budget process, providing another means of Board oversight.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when

- A. During construction, close out letters, Triennial reviews and any other official correspondence from the Federal Transit Administration (FTA) verifies that their expectations with respect to industry standards, environmental responsibility, construction, and grantor expectations have been met.
- B. Lower-level policies are compliant.

Rationale

- A. Having compliance be determined by the FTA is reasonable because they are an independent third party , promulgate a great deal of information about standards that can be understood in advance and followed, and thereafter verifies whether expectations were met.
- B. The Board has interpreted “financial risk” and “alignment with Ends achievement” in the lower-level policies below.

Evidence

Source of Data: FTA documents and lower-level policy

Date of Data Review: 09/19/24 as verified by DCEO, Planning and Innovation

Data:

- A. There was no qualifying construction in the monitoring period and therefore no FTA documents related to such were necessary.
- B. All lower-level policies are compliant.

POLICY 2.10.1

Proceed with funding applications, detailed architecture or engineering, procurement of construction services, or real-estate transactions for a construction or major renovation project.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that Board approval must be secured before the CEO can proceed with the following **construction implementation activities**:

- A. Applying for competitive grants or earmarks directly connected with implementation of a project,
- B. Hiring anyone to finalize plans/designs/engineering,
- C. Hiring anyone to provide demolition, earthwork, utility relocation, paving, or construction services, and
- D. The purchase, disposal or long-term encumbrance of land property.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when Board meeting minutes indicate that a formal Board approval (annual budget or amendment) for the above-named implementation activities was granted before contracts were signed to **initiate implementation** activities.

Rationale

Further, the use of meeting minutes is reasonable because board meeting minutes are the official documentation of board decisions, and the dates will document the sequence in which actions occurred

Evidence

Source of Data: Board Meeting Minutes

Date of Data Review: 09/24/24 as verified by DCEO, Planning and Innovation and the DCEO, Finance

- Data:**
- A. The Board on Jan 25, 2024 authorized the CEO to submit grant applications and funding requests for low and zero emissions bus propulsion systems.
 - B. September 21, 2023 Board meeting minutes indicate that Ypsilanti Transit Center (YTC) NEPA studies (environmental impact studies) and schematic designs; and the Blake Transit Center (BTC) planning and design projects were presented to the Board as part of the FY24 Budget (Pg.46). The Board reviewed and approved the budget and the projects there-in.
 - C.-D. No other qualifying construction implementation activities began in the monitoring period.

POLICY 2.10.1.1

Request authorization to proceed with a project prior to providing information that demonstrates that such construction is fiscally responsible and aligned with achievement of the board’s Ends, and without providing data that supports an informed decision by the board – including but not limited to clearly articulated information about the following:

- A. Definition of the project’s purpose and goals.
- B. Definition of the project’s key elements and rationale for their inclusion.
- C. Definition of the project’s strategic context, and contribution to advancing the board’s Ends or other policies.
- D. Explanation of the project’s priority relative to other capital needs.
- E. Estimates of the capital cost, ongoing operating and maintenance costs, and expected useful life associated with the project.
- F. Explanation of anticipated funding sources and financing mechanisms.
- G. Definition of risks associated with the project.
- H. Project timeline.
- I. Public involvement process.

Degree of Compliance: Compliant

Interpretation

Operational definition

I interpret this policy to mean that the CEO will provide the Board with the information identified A-I above before requesting authorization to proceed with the implementation activities of any construction project.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when the minutes of the Board meeting record that a CEO’s request for Board approval of an element of implementation of a construction project comes in the form of a proposal that answers the questions identified for each of the elements interpreted below:

1. **Scope** – What is the nature of the project? What are the most important elements?
2. **Alignment with Ends & Rationale** – Description of how the project will advance specific goals identified by the Board
3. **Public Involvement** – How has the public been engaged in the development of the proposal thus far? How will the public be engaged going forward?
4. **Priority** – Why is this project being prioritized ahead of other projects? How would this project affect the 10-Year Capital Plan?
5. **Fiscal responsibility** –
 - a. What are the anticipated capital and operating costs during the life of the project?
 - b. How will the capital and operating costs of the project be paid during the lifespan of the project? What assumptions are made regarding outside grant funding, funding from the Capital Reserve, or local millage funds?
 - c. How would the approval of this project impact on the agency’s ability to maintain existing services and infrastructure, or afford other projects?
6. **Timeline** – What are the expected dates of major milestones such as construction, opening/initiation, operating lifespan, decommissioning?

Rationale:

This interpretation is reasonable because minutes are the official record of the Board's meetings and identify when a request is made. The elements of the proposal address all of the items specified by the Board in its policy.

Evidence

Source of Data: AAATA Planning Documents

Date of Data Review: 09/20/24 as verified by Corporate Strategy and Performance Officer

Data:

During the monitoring period, there was one request for grant authorization on January 25, 2024 (Low-No Grant). A review of board packet item 6.1 found that the above information was provided. A review of minutes found no other requests for authorization during the monitoring period.

POLICY 2.10.1.2

Request authorization to proceed with a project without incorporating it into an annual budget or a budget amendment.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that construction implementation activities should be part of a Board-approved budget.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when meeting minutes demonstrate that all requests to fund implementation activities were identified to the Board as part of the budget process, either the regular budget-approval or through a mid-year budget amendment.

Rationale

This interpretation is reasonable because minutes are the official record of the Board's meetings and identify if and when a request is made, and whether it was approved

Evidence

Source of Data: Financial and planning documents

Date of Data Review: 09/24/24 as verified by DCEO, Planning and Innovation

Data:

There were no qualifying construction projects that required an authorization to proceed.

POLICY 2.10.2

Expend funds on a construction project prior to having confirmed funding for that stage

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that funding sources will be identified and shared with the Board prior to construction projects commencing

Measure/Standards & Achievement

Compliance will be demonstrated when dates for the initial written notice-to-proceed orders and first invoices occur after confirmation that funding is available, such as Board approval of a budget or written confirmation from an outside funder (e.g., notice of award or full funding grant agreement from the FTA).

Rationale

This is reasonable because each stage of a project can have an initiation point with an initial notice-to-proceed order that is always in writing with a date, and dated invoices precede expenditures. Only the initial dates are warranted because there could be hundreds of subsequent invoices for various stages, but none could occur without the initial notice to proceed. Funding confirmations come from the Board vote, or state or federal government and should not be considered final until written notice is received

Evidence

Source of Data: AAATA Budget document

Date of Data Review: 09/24/24 as verified by DCEO, Finance

There were no qualifying construction projects during the monitoring period and therefore no construction expenditures.

POLICY 2.10.3

Proceed with construction that does not minimize inconvenience to the travelling public and those businesses and residences directly impacted to the extent that is reasonably practicable.

Degree of Compliance: Compliant

Interpretation

Operational Definition.

I interpret this policy to mean that the agency will identify in advance situations that may inconvenience the traveling public and the surrounding businesses and residences and do their best to mitigate such occurrences prior to construction.

Measure/Standards & Achievement

- A. Construction projects include a plan to minimize or mitigate public inconvenience that is deemed reasonable by the CEO and in the context of the project.
- B. Lower-level policies are compliant

Rationale

- A. Construction projects almost always cause some level of disruption, vary in scale and impact, and therefore need to be developed in context. The requirement for a plan allows for this context while ensuring the issue is addressed beforehand.
- B. Compliance with this policy is dependent on compliance of its sub policies.

Evidence

Source of Data: AAATA Planning records

Date of Data Review: 09/24/24 as verified by DCEO, Planning and Innovation

Data:

- A. There were no qualifying construction projects during the monitoring period.
- B. Lower-level policies are compliant

POLICY 2.10.3.1

Proceed without providing timely and accurate information to the travelling public, residents and business owners.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to mean that the agency will notify the traveling public, and any business or residence that will be or is likely to be impacted by the construction project.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when review of public notices about foreseeable construction-related disruptions (e.g., closures, changes to services, etc.) confirms that notices were provided at least 7 days before activities begin, or blanket notices about uncertain timing are provided at least 14 days in advance. Public notice includes, at a minimum: media releases, website and social media notices, hardcopy notices where applicable, attempts to information nearby residents and property owners.

Rationale

These time periods are reasonable because they allow the public to make alternate arrangements, and construction timelines can sometimes need to change to keep a project progressing on schedule or on budget. Additionally, public notices are our standard means of informing the public and are recognized as official. Finally, non-construction information is addressed under policy 2.1.2.

Evidence

Source of Data: AAATA Planning documents

Date of Data Review: 09/24/24 as verified by DCEO, Planning and Innovation

Data:

There was no construction project during the monitoring period and therefore no information was provided or necessary.

POLICY 2.10.3.2

Proceed with construction project or changes to the project that could be foreseen to create significant resistance from the traveling public and external stakeholders because they had not had the opportunity for consultation.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I interpret this policy to apply to the logistics and impacts of direct construction activities (i.e., closures, site prep, demolition, earthworks, excavation, utility changes, paving, construction, etc.), not preceding decisions about project need, scope, cost, location, etc., covered under 2.7.5.5 (general public consultation requirement). The policy does not require construction to stop due to resistance, only that there were reasonable opportunities for input beforehand

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when reasonable consultation opportunities are provided prior to finalizing construction plans and are publicized beforehand. Consultation includes providing information on anticipated construction activities and plans, opportunities to provide feedback and identify concerns, efforts to mitigate impacts, and notice of final decision. Depending on the project context, this could include posted notices, website information, or public meetings.

Rationale

This interpretation is reasonable because it recognizes that construction is inherently disruptive and can cause resistance, requires consultation, attempts at mitigation before construction begins, and calls for communication with the public beforehand.

Evidence

Source of Data: AAATA Planning Documents

Date of Data Review: 09/24/24 as verified by DCEO, Planning and Innovation

Data:

There was no construction project during the monitoring period and no consultation was required or provided.

POLICY 2.10.4

Allow the board to be unaware of political, residents' and businesses' issues related to the proposed construction.

Degree of Compliance: Compliant

Interpretation

Operational Standard

I interpret this policy to mean that the agency will conduct an impact assessment of the project prior to commencing construction activities.

Measure/Standards & Achievement

Compliance will be demonstrated when a review of board meeting materials and/or agency email communications finds that all significant known concerns with construction activities have been shared with the board.

Rationale

Sharing such information with the Board during meetings, or by email if time sensitive, is a reasonable way to meet the Board's expectations.

Evidence

Source of Data: AAATA Planning documents

Date of Data Review: 09/24/24 as verified by DCEO, Planning and Innovation

Data:

No new construction projects were proposed to the public in FY24 and therefore no concerns to share.

POLICY 2.10.5

Allow the board to be without regular reports on the project’s implementation, including but not limited to:

- A. Changes to the anticipated cost of the project.
- B. Changes to the elements/scope of the project.
- C. Changes to scheduled completion, delays or impacts to timelines.
- D. Timely notice of possible cost overruns and planned action to reduce impact.

Degree of Compliance: Compliant

Interpretation

Operational Definition

I Interpret this to mean any changes to a qualifying construction project should be communicated to the Board in a timely manner.

Measure/Standards & Achievement

Compliance with this policy will be demonstrated when the Board receives at least monthly updates on construction projects which address the details outlined in items A-D above in comparison with assumptions and expectations created at the beginning of the project.

Rationale

This interpretation is reasonable because items A-D are self-explanatory and monthly updates can be provided at board meetings.

Evidence

Source of Data: AAATA Planning documents

Date of Data Review: 09/24/24 as verified by DCEO, Planning and Innovation

Data:

There was no construction project during the monitoring period.

Policy Trendlines

Policies	FY 22	FY23	FY24	FY25
2.10	Compliance cannot be determined	Policy is partially compliant	Policy is compliant	Policy is compliant
2.10.1	Policy is not compliant	Policy is partially compliant	Policy is compliant	Policy is compliant
2.10.1.1	Compliance cannot be determined	Policy is partially compliant	Policy is compliant	Policy is compliant
2.10.1.2	Compliance cannot be determined	Policy is partially compliant	Policy is compliant	Policy is compliant
2.10.2	Compliance cannot be determined	Policy is compliant	Policy is compliant	Policy is compliant
2.10.3	Compliance cannot be determined	Policy is compliant	Policy is compliant	Policy is compliant
2.10.3.1	Compliance cannot be determined	Policy is compliant	Policy is compliant	Policy is compliant
2.10.3.2	Compliance cannot be determined	Policy is compliant	Policy is compliant	Policy is compliant
2.10.4	Compliance cannot be determined	Policy is compliant	Policy is compliant	Policy is compliant
2.10.5	Compliance cannot be determined	Policy is compliant	Policy is compliant	Policy is compliant

LEGEND	
	Policy is not compliant
	Policy is partially compliant
	Policy is compliant
	Compliance cannot be determined

Guidance on Determining “Reasonableness” of CEO Interpretations

Are the interpretations reasonable?

An interpretation is reasonable if the following are provided,

1. a measure or standard,
2. a defensible rationale for the measure or standard,
3. a level of achievement necessary to achieve compliance and
4. a rationale for the level of achievement.

Is evidence verifiable?

Evidence is verifiable if there is

1. actual measurement/data,
2. the source of data and
3. the date when data was collected is provided.

CEO Notes: (If Applicable)

Board's Conclusion on Monitoring Report

Board's conclusion after monitoring the report.

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

(A) a reasonable interpretation for all policy items and that the evidence demonstrates compliance with the interpretations.

Board Notes: (If Applicable)