



It is the mission of the Ann Arbor Transportation Authority to provide useful, reliable, safe, environmentally responsible, and cost-effective public transportation options for the benefit of the Greater Ann Arbor Community.

Approved Minutes  
September 27, 2012  
Ann Arbor Transportation Authority  
Board of Directors Meeting  
Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor, Michigan, 6:30 p.m.

Board Present: Jesse Bernstein, Eli Cooper, Anya Dale, Sue Gott, Charles Griffith, Roger Kerson, David Nacht

District Representatives: Bill Lavery, David Read, Karen Lovejoy Roe

Staff: Terry Black, Ron Copeland, Bill De Groot, Michael Ford, Jan Hallberg, Dawn Gabay, Mary Stasiak, Phil Webb, Chris White

Recording Secretary: Karen Wheeler

Chairman Jesse Bernstein declared that a quorum was present and called the meeting to order at 6:34 p.m. Mr. Bernstein welcomed the District Representatives.

1.0 Public Hearing – None Scheduled

There was no Public Hearing.

2.0 Communications and Announcements

There were no Communications or Announcements.

3.0 Public Time – Comment on Agenda Items

Jim Mogensen appeared before the Board. Mr. Mogensen cited two reasons not to transition AATA to an Act 196 Authority on October 2: cultural and structural. Mr. Mogensen explained his reasons suggesting that more time is needed to develop a structure, and sort out the details of purchased transportation.

Thomas Partridge appeared before the Board. Mr. Partridge called on the board to develop an optimal plan to provide quality, countywide public transportation for senior citizens and people with disabilities.

No one further appearing, Mr. Bernstein declared Public Time closed.

#### 4.0 Review and Approval of Minutes

##### 4.1 Review and Approval of Minutes of August 16, 2012

Charles Griffith moved approval of the minutes as written with support from Roger Kerson. Sue Gott and David Nacht abstained. The motion carried.

##### 4.2 Review and Approval of Minutes of September 5, 2012

David Nacht moved approval of the minutes as written with support from Roger Kerson. Eli Cooper, Anya Dale and Sue Gott abstained. The motion carried.

#### 5.0 Election of Officers – Term of Office October 1, 2012-September 30, 2013

David Nacht provided a report on behalf of the elections committee. Mr. Nacht explained the committee's recommendation that the board put forward Charles Griffith as Chair. Roger Kerson supported the committee's recommendation.

Charles Griffith abstained from the vote. The motion carried.

Mr. Nacht reported on the nominations for the positions of Secretary and Treasurer. Mr. Nacht announced the committee's recommendation and Mr. Nacht's willingness to continue serving as treasurer. Roger Kerson supported the recommendation from committee. There were no further nominations from the floor.

David Nacht abstained from the vote. The motion carried.

Mr. Nacht reported that the committee recommended Anya Dale for the office of Secretary. Eli Cooper supported the recommendation. There were no further nominations from the floor.

Anya Dale abstained from the vote. The motion carried.

##### 5.1 Board Committee Appointments

Incoming Board Chair Charles Griffith deferred committee appointments to the next board meeting to allow for an opportunity to talk with other board members.

#### 6.0 Board and Staff Reports

## 6.1 Chief Executive Officer

Michael Ford welcomed Charles Griffith to the Chair position and thanked Jesse Bernstein for his outstanding leadership over his term.

Mr. Ford referred to an invitation to an Ann Arbor Center for Independent Living November 2nd event.

Mr. Ford reported on a reduction in funding from the Michigan Department of Transportation (MDOT) due to a change in the formula used to calculate funding. Mr. Ford detailed work underway with urban system partners and MDOT staff to reverse MDOT's decision and restore \$800,000 in funding for AATA. Mr. Ford indicated that a balanced budget had been presented to the Planning and Development Committee. A revised budget was prepared for the Board's consideration which includes the use of MAP-21 federal funds and \$300,000 in reserve funds to balance the budget. Mr. Ford reported on expense reductions identified including a wage freeze for AATA non-union employees. Mr. Ford noted that there was no proposal to reduce service. Mr. Ford indicated that staff will continue to work with urban peer systems and legislators to restore the funding. Mr. Ford asked the Board for support of the budget presented.

Mr. Ford requested that the Board consider authorizing the filing Articles of Incorporation for an Act 196 Authority at a special meeting on October 2nd. Mr. Ford reported on the outreach and engagement process and work on the Five Year Transit Program, guided by the 30 year vision, which culminated in the decision to seek incorporation. Mr. Ford noted the benefits of the program for the community indicating that even if a municipality opts out of the new authority, the relationship between AATA and the unit of government will continue.

Mr. Ford referred to his written report for details of work completed over the prior five weeks.

## 6.2 Planning and Development Committee

Anya Dale provided the September Planning and Development Committee meeting report. The committee received a report on MAP-21 legislation and how changes in funding categories will impact AATA's purchases. Staff provided updates on the Transit Master Plan and the third round of District Advisory Committee meetings. Ms. Dale reported on three action items endorsed by the committee: Ann Arbor Connector Alternatives Analysis, FY2013 Work Plan and FY2013 Operating Budget. Ms. Dale noted Mr. Ford's prior comments about the budget which was originally balanced. Following the meeting this was thrown

off due to a reduction in state funding allocations to urban communities. The impact to AATA is an \$800,000 loss. Staff will continue to identify ways to reduce expenses to lower the amount of reserves needed to maintain a balanced budget.

### 6.3 Performance Monitoring and External Relations Committee

Roger Kerson provided the Performance Monitoring and External Relations Committee report. Two action items were moved forward for the Board's consideration; authorization for the CEO to execute contracts with MDOT under \$1Million for FY2013, and authorization of a contract with MDOT for just over \$2Million to match federal formula operating assistance funds for FY2012.

Mr. Kerson reported that meeting attendees spent quite a bit of time talking about the budget. Staff reported on performance measurements and ridership increases. Ridership increases in Ann Arbor are part of a regional and national trend of increasing use of transit beyond predicted use based on gas prices and economic recovery toward a cultural shift. Attendees also discussed the Transit Master Plan and the website redevelopment project which is rounding the last lap.

### 6.4 Local Advisory Council

Cheryl Weber, outgoing Local Advisory Council (LAC) chairperson, provided the LAC meeting report. The committee discussed the carry-on limit policy. Tom Peterson from the University of Michigan Hospitals attended the meeting and discussed temporary solutions being pursued to increase safety and better accommodate visitors to the hospitals. The committee discussed the proposed paratransit driver appreciation program.

Ms. Weber announced the election of Rebecca Burke and Jody Slowins as new co-chairs of the LAC. Ms. Weber introduced Ms. Burke who was present. Ms. Weber thanked the Board for accepting the LAC's input during her term. Jesse Bernstein thanked Ms. Weber for her service.

#### 6.4.1 Executive Committee Appointments

David Nacht moved approval of the following appointments to the Executive Committee:

Lena Ricks, Gloria Kolb, Stephen McNutt and Clark Charnetski for reappointment; and Jody Slowins and Rebecca Burke for appointment.

Charles Griffith supported the motion. The motion carried.

## 7.0 Question Time

Charles Griffith asked Michael Ford to comment on balancing the operating budget. Mr. Ford reported that staff has been actively involved and made critical decisions identifying line items to reduce and projects to eliminate or delay. Areas were considered in each department; Mr. Ford noted specific reductions including the elimination of phase two of the Organizational Strategic Plan project, and elimination of wage increases and bonuses for non-union employees. Additional savings are anticipated in the line items for bus parts, utilities and Night Ride.

David Nacht requested and received confirmation that three months of reserves will remain at fiscal year-end. Mr. Nacht indicated that he was comfortable with staff's approach to investing and the use of federal funds investing in some services that provide opportunities to demonstrate what can be done in the direction of providing countywide service. Mr. Nacht commended staff for making short-term adjustments to deal with the state shortfall while honoring existing service commitments and maintaining investments in countywide efforts.

Chris White responded to an inquiry on the use of capital funds indicating that no capital projects were being deferred. Jesse Bernstein commented on the source of funds being utilized to provide transit service outside of the City of Ann Arbor. It was noted that funding from purchase of service agreements is not sufficient to cover current service levels as well as investments in countywide. It was suggested that at some point service would have to be scaled back if communities decide not to support countywide endeavors.

Roger Kerson commented on the loss of \$800,000 in state revenue. The loss was made up with \$500,000 in budget cuts and \$300,000 in reserves. Mr. Kerson noted the largest items reduced: elimination of wage increases and bonuses and a reduction in consulting. Jesse Bernstein requested that a summary of the cuts and changes be issued to the board and posted online.

David Nacht commented on the attention being paid to providing service to AATA's core area. Mr. Nacht reported on work underway to expand fixed route bus service in the Packard and Platt area.

Charles Griffith thanked AATA for sponsoring an upcoming Ecology Center event.

Karen Lovejoy Roe reported on a presentation on countywide transit to the Ypsilanti Township Board scheduled for Monday, October 8.

David Nacht responded to a question from Eli Cooper regarding the operating deficit and reserve balance projected for year-end. Mr. Nacht indicated that three months of

reserves was estimated and noting that he is comfortable with the level of reserves. Mr. Nacht cautioned that if additional resources are not available for FY2014 a decision will need to be made as to whether AATA can still provide service at the same levels outside of the City of Ann Arbor.

Jesse Bernstein and David Nacht commented further on the prospect of having to cut back on investments if partners are not forthcoming with additional contributions.

Eli Cooper noted that other urban transit systems in Michigan have had to shoulder the burden of reduced state funds and asked about a coordinated effort for legislation to deal with the matter. Michael Ford reported on efforts with urban systems, MDOT staff and legislation introduced to identify a short-term solution. Mr. Cooper requested that legislative representatives and MDOT have an understanding of the difficulty and stress of maintaining high levels of service demanded the by community with decreased resources.

Sue Gott requested that the board be provided with some examples of areas considered for budget cuts that were not taken. Michael Ford indicated that a list would be provided.

#### 8.0 Old Business

There was no Old Business for the Board to consider.

#### 9.0 New Business

##### 9.1 Consider Approval of FY2013 Board Meeting Schedule

David Nacht moved approval of the FY2013 meeting schedule with support from Anya Dale. The motion carried.

Anya Dale moved the following resolution with support from Eli Cooper.

##### 9.2 Consideration of Resolution Approving FY2013 Work Plan

**WHEREAS**, through discussions with the Planning and Development Committee (PDC) the Ann Arbor Transportation Authority (AATA) Staff has developed a work plan for the 2013 fiscal year to help guide programs and projects that are important to the advancement of public transportation, and

**WHEREAS**, the programs and projects contained within the 2013 fiscal year work plan have been incorporated into the FY2013 Operating Budget in order that they may be appropriately funded, now therefore

**IT IS RESOLVED**, that the 2013 Work Plan prepared by Staff and reviewed by the PDC is hereby approved by the Board of Directors, and

**IT IS FURTHER RESOLVED**, that the 2013 Work Plan is assigned to the Performance Monitoring and External Relations Committee for appropriate monitoring of AATA's activities, and progress toward goals and objectives associated with it, during the 2013 fiscal year.

David Nacht commented on the Work Plan characterizing the document as "sound". Mr. Nacht suggested that if there are additional fiscal shocks, the Board should look at adjusting the work plan to continue to run the organization in a fiscally sound manner and with fiduciary responsibility.

The motion carried.

David Nacht moved the following resolution with support from Charles Griffith.

9.3 Consideration of Resolution Adopting FY2013 Operating Budget

**WHEREAS**, the Ann Arbor Transportation Authority (AATA) is required to develop and present to the Board of Directors (Board) a balanced budget on or before September 30 for its next fiscal year, and

**WHEREAS**, on September 11, 2012, the Planning and Development Committee (PDC) and AATA Staff completed a balanced budget for FY 2013 for presentation to the Board that contained a modest surplus for the year, maintained and improved AATA's core services, properly funded the FY 2013 work plan, and moved AATA toward its Transit Master Plan (TMP), and

**WHEREAS**, on September 14, 2012, notification was received from the Michigan Department of Transportation (MDOT) that a new interpretation of the State's Operating Assistance Formula would decrease AATA's FY 2013 operating assistance by approximately \$803,500, and

**WHEREAS**, Staff subsequently worked diligently to propose expense reductions in the budget that would neither negatively impact the public nor diminish its published transit services, however, there remains approximately \$300,000 of uncovered expenses, and

**WHEREAS**, the Board has previously established an Unrestricted Net Assets Policy for instances when "it is necessary for the AATA to have on hand a prudent reserve to cover the expenses necessary to maintain service levels in the event of interruption or delay of the receipt of state or federal funding," now therefore

**IT IS RESOLVED**, that AATA shall utilize approximately \$300,000 of its Unrestricted Net Assets for the purpose of balancing the FY2013 Operating Budget of \$32,700,181, that such budget is hereby approved to become effective October 1, 2012, and that the budget is assigned to the Performance Monitoring and External Relations Committee (PMER) for appropriate monitoring.

The motion carried.

David Nacht moved the following resolution with support from Anya Dale.

9.4 Consideration of Resolution to Contract with URS Corporation to Conduct Connector Alternatives Analysis

**WHEREAS**, AATA is cooperating with community partners including the University of Michigan (U-M), City of Ann Arbor, Ann Arbor Downtown Development Authority, and Washtenaw Area Transportation Study in the development of the potential for high-capacity transit known as the “Connector,” and

**WHEREAS**, AATA and the partners selected URS Corporation to conduct the multi-phase analysis, and

**WHEREAS**, URS has completed the first phase Feasibility Analysis which determined that the demand is sufficient to warrant high-capacity transit with four feasible transit technologies, and

**WHEREAS**, AATA has been awarded a federal grant for \$1.2 million (80%) of the cost of the next phase, an alternatives analysis, and

**WHEREAS**, a \$300,000 local share is required, with current commitments of \$150,000 from U-M and \$90,000 from AATA. The remaining \$60,000 is under consideration by the City of Ann Arbor.

**NOW THEREFORE, IT IS RESOLVED**, that the CEO is hereby authorized to execute a contract with URS Corporation for an amount not to exceed \$1.5 million to conduct the alternatives analysis, contingent upon approval of the remaining local share.

Jesse Bernstein read the “Resolved” clause of the resolution:

Now Therefore, it is Resolved, that the CEO is hereby authorized to execute a contract with URS Corporation for an amount not to exceed \$1.5 million to conduct the alternatives analysis, contingent upon approval of the remaining local share.



Eli Cooper moved to amend the final “Whereas” clause to strike “City of Ann Arbor” and insert “local partners”. Sue Gott supported the amendment to the motion.

Board members discussed the source of funds for the local share of the contract. Eli Cooper commented on the origin of the project as part of the City’s Transportation Master Plan and the collaboration that has gone into the project. Mr. Cooper noted the anticipated benefits of making investments in connector type service and moving the project forward.

The motion to amend carried.

The amended motion carried.

Roger Kerson moved the following resolution with support from Charles Griffith.

9.5 Consideration of Resolution Authorizing Execution of Michigan Department of Transportation (MDOT) Agreements

WHEREAS, the Ann Arbor Transportation Authority (AATA) has the authority to contract with the Michigan Department of Transportation (MDOT) for State and/or Federal funds; and

WHEREAS, the AATA wishes to expedite the execution of such contracts; and

Whereas staff will report on the MDOT contracts received to the Performance Monitoring and External Relations Committee at their monthly meeting;

NOW THEREFORE, BE IT RESOLVED that the AATA Chief Executive Officer is hereby authorized to enter into and execute on behalf of the AATA all contracts, which have been approved of by the Board, in the amount of \$1,000,000 or less with the Michigan Department of Transportation for the period October 1, 2012 through September 30, 2013.

The motion carried.

Roger Kerson moved the following resolution with support from Eli Cooper.

9.6 Consideration of Resolution Authorizing Execution of MDOT Grant Agreement 2007-0162-Z32/R1

WHEREAS, the Michigan Department of Transportation (MDOT) has provided an agreement to add \$2,414,000 to the existing contract for the required match for federal Section 5307 formula funds for FY 2012; and

WHEREAS, the use of these funds was included in the approved Capital and Categorical Grant Program; and

WHEREAS, the federal Section 5307 grant is in the approval process;

NOW THEREFORE, BE IT RESOLVED that the AATA Chief Executive Officer is hereby authorized to enter into and execute on behalf of the AATA Agreement 2007-0162-Z32 with the Michigan Department of Transportation.

The motion carried.

- 9.7 Jesse Bernstein announced that as part of the process of going through District Meetings there have been several “what if” questions raised with regard to defining the final footprint for a new board. Mr. Bernstein indicated that following discussions with board members and district representatives he drafted a resolution to address the issue.

Mr. Bernstein moved the following resolution and read it into the record:

**Whereas**, the Act 55 Board operating the Ann Arbor Transit Authority and the District Representatives from throughout Washtenaw County have been meeting as an Unincorporated 196 Board since Oct 2011 to begin implementation of the 30 year Transit Master Plan, and

**Whereas**, an Articles Committee comprised of District Representatives and representatives from the 4-Parties: City of Ann Arbor, City of Ypsilanti, Washtenaw County, and AATA established Articles of Incorporation, and the 4-Parties approved the Articles, and

**Whereas**, the new incorporated 196 board may need to consider changing key regional policies such as adjusting the service plan, revisiting the board make-up and accepting new members who “opt-in” after incorporation,

**Now therefore be it Resolved**, the Act 55 Board members and the District Representatives agree and commit to maintain the current representation on the new 196 board until such time as we have to present a service plan to the community and request a millage.

Charles Griffith supported the motion.

Mr. Bernstein announced the intent of the message; to convey to new partners a commitment for the board to keep district representatives at the table for as long as possible. Mr. Bernstein suggested that even members whose districts

opt out initially could return prior to a millage vote to get full participation of the county. Mr. Bernstein noted that District Representative Paul Schreiber gave support of the resolution via email.

Board members and District Representatives engaged in a lengthy discussion. Several questions were raised about the Act 196 governing process including terms of the Act 7 agreements, the possibility of a second opt-out period, the timeline for incorporating, adjusting the Act 196 board membership and board composition prior to a millage vote.

Questions were raised about the ability of the Act 55 board to vote to decide a matter for a board not yet formed and whether advice should be sought from legal counsel.

Jesse Bernstein reemphasized the desire to keep everybody at the table, and maintain balance on the board, to the extent the law allows.

Eli Cooper moved to amend the "Resolved" clause as follows:

Now therefore be it Resolved, that the Act 55 Board ~~members and the District Representatives agree and~~ commit to maintain the current representation on the new 196 board until such time as we have to present a service plan to the community and request a millage.

Anya Dale supported the amendment.

Jesse Bernstein restated Paul Schreiber's support of the concept and asked each District Representative present to weigh in. Each District Representative gave their support.

David Nacht suggested that the board's action may not be legally enforceable and suggested amending the resolution to state the board's intent. Mr. Nacht proposed to amend the first amendment of the "Resolved" clause in the resolution [language in **bold** text]:

Now therefore be it Resolved, that the Act 55 Board ~~members and the District Representatives agree and commit to~~ supports **the concept of representation of those communities on the 196 board that are currently represented.** ~~maintaining the current representation on the new 196 board until such time as we have to present a service plan to the community and request a millage.~~

There was no support for the proposed amendment to the proposed first amendment.

Board members engaged in further discussion about the legal validity of the resolution.

Jesse Bernstein noted that there had not been a vote on Eli Cooper's proposed amendment.

Eli Cooper accepted David Nacht's amendment changing the word "commit" to "support" as a friendly amendment to the amendment.

Board members and District Representatives discussed the matter yet further; the process of seating the board in the Articles of Incorporation, who sits on the board before the millage and who sits on the board after there is a millage, representation if an entire district is lost, and the desire to maintain a connection with communities, even if the decision is made to opt out. It was noted that the opportunity to continue to participate might make a difference at a later date. The opposing view to that concept, which was raised, was representation with no taxation, and a concern that a 4/5 vote is required to remove a seated board member. A question was raised about the desired timeline for incorporating and a suggestion made to wait until legal questions about seating the board are answered.

It was suggested that the Articles of Incorporation and the Public Transportation "4-Party" Agreement would guide the process for the Act 196 board and the new board will have the task of working through procedural details.

Jesse Bernstein indicated that moving forward would not be dependent on the resolution noting that a number of questions had been raised and an explanation needed to be provided as to how to move the process forward.

Mr. Bernstein withdrew the motion and Mr. Griffith withdrew the second.

Michael Ford indicated that staff would work diligently on next steps and bringing clarity to the questions raised and areas addressed during the discussion.

- 9.8 David Nacht reported that Roger Kerson and Sue Gott were serving as the committee to negotiate a new contract with the CEO. Mr. Nacht reported that the current contract was expiring and the CEO requested that the severance clause in the existing compensation agreement remains intact until a new contract is negotiated.

David Nacht moved to extend the current severance period in effect for the CEO until there is a new agreement which would supersede the current terms. Sue Gott supported the motion.

Eli Cooper spoke against the motion due to not being familiar with the terms of the agreement and not having enough information to make a decision.

Eli Cooper opposed the motion. The motion carried.

#### 10.0 Public Time

Chairman Bernstein announced that due to time constraints with the impending closing of the Library, public time comments would be reduced to one minute per speaker.

Thomas Partridge appeared before the Board. Mr. Partridge objected to the reduction of speaking time. Mr. Partridge called on the Board to unite the county behind a united, accessible, affordable transportation plan.

Carolyn Grawi from the Ann Arbor Center for Independent Living appeared before the Board. Ms. Grawi objected to the reduction of speaking time. Ms. Grawi congratulated Charles Griffith on his new chairmanship, thanked the new officers and thanked community members for attending the District Advisory Committee meetings.

Jim Mogensen appeared before the Board. Mr. Mogensen revisited his theories about culture and structure. Mr. Mogensen commented on a new bus shelter at Chidester Place in Ypsilanti. Mr. Mogensen indicated that the replacement shelter is much smaller and of grave concern; Mr. Mogensen indicated that he will work with AATA staff.

No one further appearing, Mr. Bernstein declared Public Time closed.

#### 11.0 Adjourn

Sue Gott moved to adjourn the meeting with support from Anya Dale. The motion carried and the meeting adjourned at 8:48 p.m.

Respectfully Submitted,

Charles Griffith, Secretary