

Proposed Minutes
September 19, 2007
Ann Arbor Transportation Authority
Board of Directors Meeting
ATA Headquarters, 2700 South Industrial Highway, 7:30 p.m.

Board Members Present: Paul C. Ajegba, Ted Annis, Eli Cooper (Acting Chair), Charles Griffith, Sue McCormick, Rich Robben

Board Members Absent: David Nacht

Staff Present: Tom Antonow, Terry Black, Francis Borzo, Ron Copeland, Dawn Gabay, Jan Hallberg, Ed Robertson, Mary Stasiak, Carnell Taite, Phil Webb, Chris White

LAC Representative: Sam Breck

Recording Secretary: Karen Wheeler

Mr. Cooper declared that a quorum was present and called the meeting to order at 7:35 p.m.

1.0 Public Hearing

There was no public hearing.

2.0 Communications and Announcements

2.1 Designate Board Member for Washtenaw Community Collaborative

Mr. Cooper appointed Mr. Nacht to serve as a Steward on the Community Collaborative of Washtenaw County representing AATA.

2.2 Donation of Bus to Ann Arbor Community Center

Mr. Cooper announced the donation of a retired AATA bus to the Ann Arbor Community Center. Mr. Black reported that AATA will assist with repainting of the bus.

2.3 Airport Service

Mr. Cooper announced that a press conference was held earlier in the day announcing the start of bus service from the Four Points Sheraton hotel in Ann Arbor to Detroit Metropolitan Airport. The service is being provided by Michigan Flyer and the

boarding and deboarding location is within walking distance of an AATA bus stop. Mr. Cooper attended the press conference in his role as an employee of the City of Ann Arbor. Several members of AATA staff attended, and Ms. Gabay spoke on behalf of AATA. Mr. Cooper reported that Michigan Flyer will run ten trips per day and reservations are now being accepted. Service will begin on October 1, 2007.

2.4 Hybrid Bus

Mr. Cooper announced that the first hybrid electric bus was received and Board members had an opportunity to take a ride on the bus prior to the Board meeting.

2.5 Appointment of Acting Secretary

Mr. Cooper appointed Mr. Griffith Acting Secretary.

3.0 Public Time

Carolyn Grawi from the Ann Arbor Center for Independent Living (AACIL) appeared before the Board. Ms. Grawi shared the details of the First Annual Great Lakes Independence Ride held in August. Ms. Grawi hopes to hear more about countywide transportation. Ms. Grawi announced that October is Disability Awareness month. Several events will be held at the University of Michigan during Investing in Ability Week, October 19-26. Details on Investing in Ability Week can be found at <http://www.umich.edu/~hrraa/ability/index.htm>.

Mr. Cooper announced that the Washtenaw Area Transportation Study (WATS) is putting the finishing touches on a countywide service plan. Details of the plan can be found at www.miwats.org or by calling the WATS office.

Tom Partridge appeared before the Board. Mr. Partridge requested reforms in the reconfiguration of the AATA Board, the Local Advisory Council (LAC), and AATA service. Mr. Partridge requested reforms in the means of funding AATA's current programs and for continuation of paratransit service to Eagle Pointe residential development in Scio Township, the only affordable housing complex in the entire county that has been informed that the current paratransit program will be discontinued at the end of September.

Mr. Partridge urged the Board to continue paratransit service to Eagle Pointe for the next twelve months and assign AATA staff to work with Mr. Partridge and Scio Township residents to identify a solution for funding the service. Mr. Partridge noted that in June of 2006 AATA spent nearly \$80,000 on a market research study and suggested that continuing paratransit service to his residential community would cost less than that amount. Mr. Partridge requested free transportation for everyone to and from LAC meetings. Mr. Partridge also requested that several positions on the AATA Board be designated for people with disabilities and seniors.

Jim Mogensen appeared before the Board. Mr. Mogensen commented on providing

transportation service to the urbanized area suggesting that the Board needs to be careful in the solutions it designs for problems, because those solutions can sometimes result in a disservice to all involved.

Nancy Shore appeared before the board. Ms. Shore announced that in her role as Director of the getDowntown Program she is a commuter consultant for downtown employers. Ms. Shore invited Board members to attend a getDowntown reception on September 26 from 4-6 p.m. at the Metro Café in Kerrytown. Representatives from AATA, the Downtown Development Authority and MichiVan will be on hand to share information on the services offered by the program for downtown employers. Ms. Shore requested RSVPs to the reception via email to nancy@annarborchamber.org. Ms. Shore commented on the airport service that will be provided by Michigan Flyer.

4.0 Review and Approval of Minutes

4.1 Review and Approval of Minutes of August 15, 2007

Ms. McCormick moved approval of the minutes with support from Mr. Griffith. Mr. Annis noted the need for a correction to item 6.2.1. The correction was made as follows:

6.2.1 Report on Proposed FY 2008 Operating Budget

Mr. Annis reported that the proposed budget ~~was~~ would be presented to the Board for their review over the next month, noting that the numbers could potentially change significantly prior to a request for adoption. Mr. Nacht suggested that the Finance and Audit Committee hold a public meeting for Board members to discuss the proposed budget prior to the September Board meeting.

Ms. McCormick and Mr. Griffith accepted the amendment to the minutes. The amended motion passed unanimously.

5.0 Election of Officers

Mr. Cooper asked Mr. Griffith to report as Chair of the Nominating Committee. Mr. Griffith recommended that the current officers continue in their role for the coming year. Mr. Cooper opened the floor for additional nominations. Hearing none, Mr. Cooper declared the nominations closed.

Mr. Griffith moved that the current officers be renominated for FY2008 – David Nacht – Chair; Ted Annis – Treasurer; and Eli Cooper Secretary. Ms. McCormick supported the motion. The motion passed unanimously.

6.0 Board and Staff Reports

6.1 Treasurer's Report

Mr. Annis distributed a written Treasurer's Report and reviewed the report which is attached hereto and included as part of the minutes.

Mr. Annis reported that he prepared a white paper on "stakeholders" that was previously distributed to Board members via email. Mr. Annis distributed the report which is attached hereto and included as part of the minutes. Mr. Annis requested that the Ad Hoc Committee consider the information contained in the white paper presented at the meeting.

6.1.1 Report of Operations for Eleven Months Ended August 31, 2007

Mr. Annis noted that the status of the FY2007 budget was addressed in the Finance and Audit Committee report.

6.2 Finance and Audit Committee Report

Mr. Annis distributed a written Finance and Audit Committee report and reviewed the report which is attached hereto and included as part of the minutes.

6.2.1 Report on FY2008 Purchase of Service Agreements

This item was included in the Chair of the Finance and Audit Committee's written report.

6.2.2 Report on Proposed FY2008 Operating Budget

Mr. Annis distributed copies of the latest draft of the FY2008 proposed budget that he received from staff just prior to the start of the Board meeting. Mr. Annis noted that due to the timing of receipt of the latest draft of the budget, he did not have the opportunity to review the document in detail.

Mr. Annis announced that he was not comfortable recommending adoption of the proposed budget. Mr. Annis noted that the draft included a projected increase in revenue, yet a year end deficit was also projected. Mr. Annis restated his concerns about the amount of money being paid by U of M for AATA to provide MRide service. Members of the Board discussed the proposed budget. It was agreed that the discussion would continue during New Business.

6.3 Policy and Operations Committee Report

Mr. Cooper presented a draft written report and reviewed the document, a copy of

which is attached hereto and included as part of the minutes.

6.3.1 Washtenaw County Heat Wave Community Response Plan Proposed Policy for AATA

Mr. Cooper reported that staff requested that the Board adopt a policy for AATA's participation in the Washtenaw County Heat Wave Community Response Plan, essentially reducing to writing actions already being taken. The policy creates the opportunity to use AATA equipment for certain emergency situations. Mr. Cooper supported the Board taking action on the resolution.

Mr. Robben moved approval of the Washtenaw County Heat Wave Community Response Plan Policy for AATA. Ms. McCormick supported the motion. The motion passed unanimously.

6.4 Personnel Committee Report

Mr. Ajegba distributed copies of a written report and reviewed the document which is attached hereto and included as part of the minutes.

Mr. Ajegba distributed a draft Policy Regarding Misconduct of Executive Director, a copy of which is attached hereto and included as part of the minutes. Mr. Ajegba requested that Board members review the policy which will be considered for adoption at the October Board meeting.

Mr. Ajegba distributed the Fourth Quarter Update of the FY2007 Goals and Objectives. A copy of the document is attached hereto and included as part of the minutes. Mr. Ajegba indicated that the Personnel Committee would like to complete the evaluation of the Interim Executive Director prior to the October board meeting. Mr. Ajegba requested that comments on the goals update be submitted to him and Mr. Robben.

6.4.1 Report on Draft FY2008 Goals and Objectives

Mr. Ajegba reported that draft Goals and Objectives for FY2008 were included in the Board packet. Mr. Ajegba requested that Mr. Annis and Mr. Cooper, in their roles of Chair of the Finance and Audit and Policy and Operations Committees respectively, review the document and forward recommended additions. Mr. Ajegba invited other Board members to submit their comments as well.

6.5 Ad Hoc Committee Report

Mr. Ajegba distributed a written report and reviewed the report that is attached hereto

and included as part of the minutes. The committee presented draft vision and mission statements aimed at giving the Board an idea of the direction being taken by the committee. Mr. Ajegba announced that the next Ad Hoc Committee meeting will be publicly noticed, and open to all Board members to attend. Mr. Ajegba indicated that the committee will be looking for Board concurrence prior to the next step.

6.6 Washtenaw Area Transportation Study Report

Mr. Cooper asked Mr. White to report. Mr. White reported that the discussion at the Washtenaw Area Transportation Study (WATS) meeting was centered on the Surface Transportation Program (STP) allotment of funds that flow through WATS. These are primarily used for road projects. AATA staff participated in making sure that AATA's interests are accurately reflected in the program through 2012.

6.7 Local Advisory Council Report

Mr. Breck reported that he continues work on the traffic situation on South Industrial Highway with regard to pedestrian crossing. Mr. Breck talked with the City of Ann Arbor Traffic Engineer and discovered that AATA can request a traffic survey to determine traffic speed and volume. Mr. Breck noted that planned replacement of two bridges on Stadium Boulevard will move a significant amount of additional traffic to South Industrial Highway, and that now is the time to get started on traffic calming in the area. Mr. Breck indicated that he will talk with Ms. Gabay about a letter requesting a traffic survey.

6.7.1 Appointment of Executive Committee Members

Ms. Gabay reported on the need for two appointments to the LAC Executive Committee. Ms. Gabay announced the receipt of applications from Joanne Weintraub and Karen Wanza. Appointment of the applicants would complete the Executive Committee and ensure that the Executive Committee fulfills the requirements contained in the Charge from the Board to the LAC.

Mr. Griffith moved appointment of Joanne Weintraub and Karen Wanza to the LAC Executive Committee. Ms. McCormick supported the motion.

The motion passed unanimously.

6.8 Interim Executive Director's Report

6.8.1 Report on August Performance Indicators

Ms. Gabay referred to the August Performance Indicators included in the packet.

6.8.2 Report on Request for Authorization to Sign State Contracts

Ms. Gabay reported that the request for authorization to sign state contracts is made of the Board annually to authorize submission of contracts less than \$1Million previously approved by the Board. This avoids the necessity of passing a resolution for each contract which could result in a delay in receipt of funds.

6.8.3 Report on Use of B10 Biodiesel Fuel

Mr. Black reported that the use of B10 Biodiesel fuel in select vehicles began on September 10. The fuel is being tested in a variety of engine platforms. Mr. Black indicated that there has been no variance in the cost of B5 and B10 biodiesel. Mr. Black responded to questions on the future use of B10 in the entire fleet. Mr. Black agreed to report back to the Board on findings of the test phase, and plans for expanded use of B10.

7.0 Question Time

Mr. Annis asked Ms. Gabay to respond to concerns raised by Tom Partridge during public time regarding paratransit service in Scio Township. Ms. Gabay reported that in compliance with the Americans with Disabilities Act, AATA is required to provide paratransit service within 3/4 of a mile of fixed route bus service. Staff discovered an error where mapping software measured incorrectly and service was being provided to an area of Scio Township outside of the required service area. A letter was sent to the individuals impacted by the error indicating AATA's intent to correct the problem. Service was continued for six months, and AATA staff contacted People's Express of Northfield Township to arrange for continuation of paratransit service. Since the August Board meeting staff received numerous requests for information from Mr. Partridge. Mr. Partridge also requested that staff provide the information to the manager of his residential community.

Mr. Griffith asked why Northfield Township was providing transportation. Ms. Gabay explained that it is not actually Northfield Township; the name of the agency is Northfield Human Services, also known as People's Express.

Mr. Annis asked for Scio Township's position on the issue. Ms. Gabay responded that to date, Scio Township has declined to participate in funding public transportation.

Ms. McCormick announced that there may be an opportunity to gain access to special funds for affordable housing units that could possibly be available to fund transportation services.

Mr. Annis suggested that the Board may want to postpone the cutoff of paratransit service to Eagle Pointe Apartments for 60 days while staff pursues innovative financing options.

Mr. White responded to a question regarding the level of service provided by People's

Express. The service is provided on weekdays only and the hours of operation are shorter. The capacity to provide same day services such as will-call is not available, resulting in a lower level of service.

Mr. Ajegba asked how long paratransit service has been provided to Eagle Pointe.

Mr. Cooper asked about the financial implications of continuing the service for 60 days and for the cost of subsidizing the service provided by People's Express to increase the level of service equivalent to the service provided in Ann Arbor.

Mr. Annis asked if Eagle Pointe is an affordable housing community.

Mr. Griffith requested that staff involve Scio Township in this discussion and encourage a partnership to resolve the issue.

The Board reached consensus on the continuation of paratransit service for up to 60 days while staff explores innovative financing options and works to resolve the issue.

Ms. Gabay indicated that she would provide the requested information and report back to the Board at the October meeting, or at the earliest time possible.

8.0 Old Business

There was no Old Business.

9.0 New Business

Mr. Annis moved the following resolution with support from Mr. Ajegba:

9.1 Consideration of Resolution Approving Purchase of Service Agreements

BE IT RESOLVED, that the Ann Arbor Transportation Authority Board of Directors authorize the Ann Arbor Transportation Authority to enter into agreements with Eastern Michigan University, City of Ypsilanti, Ypsilanti Township, Pittsfield Township, and Superior Township in the form of Purchase of Service Agreements in the amounts listed in the detailed budget document on page 6.

BE IT FURTHER RESOLVED, that the Interim Executive Director is authorized and directed to sign said Agreements.

The motion passed unanimously.

Mr. Annis requested that items 9.3 and 9.4 be addressed prior to item 9.2. There was no objection to the request.

The following resolution was moved by Mr. Annis with support from Ms. McCormick:

9.3 Consideration of Resolution Authorizing Execution of Contracts with the Michigan Department of Transportation

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

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

NOW THEREFORE, BE IT RESOLVED that the AATA Interim Executive Director 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, 2007 through September 30, 2008.

The motion passed unanimously.

Mr. Annis moved approval of the schedule of meetings for FY2008 with support from Mr. Robben. Members of the Board discussed the schedule. Mr. Cooper requested that staff confirm that there are no conflicts with holidays in the schedule.

9.4 Proposed Schedule of FY 2008 Board Meetings

Ann Arbor Transportation Authority
Proposed Board of Directors Meetings
Fiscal Year 2008

OCTOBER 17, 2007

NOVEMBER 14, 2007

DECEMBER 19, 2007

JANUARY 16, 2008

FEBRUARY 20, 2008

MARCH 19, 2008

APRIL 16, 2008

MAY 21, 2008

JUNE 18, 2008

JULY – To Be Determined

AUGUST 20, 2008

SEPTEMBER 17, 2008

The motion passed unanimously.

9.2 Consideration of Resolution Adopting FY2008 Operating Budget

Mr. Annis noted that the proposed budget reflects a \$1Million increase in revenue and a projected loss of \$288,589. Mr. Annis indicated he was not comfortable recommending adoption of the budget and suggested that changes need to be made in the way AATA operates. Mr. Annis suggested that the Board consider consolidating or eliminating service on unproductive routes based on recommendations made in a study completed by Parsons Brinckerhoff. Mr. Annis recommended that the Board discuss a process and timetable for dealing with needed changes, and noted that the Finance and Audit Committee discussed the option of passing a budget for three months.

Mr. Webb noted that it may be a legal requirement for AATA to have an adopted budget. Ms. Gabay agreed to obtain a legal opinion.

Ms. Gabay noted that there many uncertainties in the budget including the unsettled labor agreement and pending decisions from the Ad Hoc Committee and Board on the direction of the organization. Members of the Board discussed the proposed budget. Suggestions for dealing with the situation included instructing staff to create a “menu of options” in descending dollar value for the Board to consider to reduce the budget; holding a Finance and Audit Committee meeting where the committee and staff can refine the budget; followed by a special Board meeting before the end of the month to consider a revised budget.

Ms. Gabay indicated that following receipt of a legal opinion on AATA’s obligation to have an adopted budget, staff will contact Board members to schedule necessary meetings.

10.0 Public Time

Jim Mogensen appeared before the Board. Mr. Mogensen commented on the progress, funding and timing of the William Street Station project.

Carolyn Grawi appeared before the Board. Ms. Grawi encouraged the Board to maintain

transit throughout Washtenaw County. Ms. Grawi commended the Board for their decision to continue paratransit service in Scio Township while financing options are explored. Ms. Grawi noted that many residents of low income housing units may be people with disabilities and seniors. Scio Township residents cannot attend meetings of their elected officials without spending large amounts of money for transportation to and from the meetings. Ms. Grawi requested that AATA Board committee reports be submitted in advance of Board meetings and distributed via email so that meeting attendees can be full participants in the process. Ms. Grawi requested that Board packet recipients be notified of special meetings as soon as they are scheduled.

Tom Partridge appeared before the Board. Mr. Partridge encouraged the Board to do more to sell public transportation services to combat global warming. Mr. Partridge requested that the Board review the current fare structure for public transportation and find ways to increase fare surcharges for people currently riding free. Mr. Partridge requested that the Board explore the expansion of public transportation services, not reductions in service.

Mr. Cooper announced that the Executive Session was being held in accordance with Michigan's Open Meetings Act, Public Act Number 267 of 1976, as amended, the section entitled "Closed Meetings":

The law provides for closed meetings in specified circumstances; the two that apply to this meeting are:

"strategy and negotiation sessions necessary in reaching a collective bargaining agreement..."

"to consider the purchase or lease of real property"

11.0 Executive Session – Discuss Real Estate Matter and Labor Negotiations

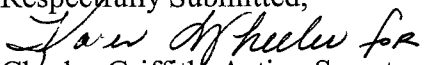
Mr. Annis moved to adjourn the meeting to Executive Session for the purpose of discussing real estate matters and labor negotiations. Ms. McCormick supported the motion. On a roll call vote, the motion passed unanimously: Annis – yes, Griffith – yes, Ajegba – yes, Robben – yes, Cooper – yes. The Executive Session commenced at 9:58 p.m.

Mr. Griffith moved to close the Executive Session with support from Mr. Robben. The motion passed unanimously. The Executive Session closed at 11:37 p.m.

12.0 Adjournment

Mr. Robben moved to adjourn the meeting with support from Ms. McCormick. The motion passed unanimously. Mr. Cooper adjourned the meeting at 11:38 p.m.

Respectfully Submitted,


Charles Griffith, Acting Secretary

Date: 19 September 2007
To: AATA Board
From: AATA Treasurer, Ted Annis
Subject: Treasurer's Report for September 2007

Operating Budget

The Report of Operations (P&L) for the Fiscal Year 2007 and explanatory notes from the CFO are addressed in the report from the Finance and Audit Committee.

Capital Budget

As mentioned in the May Treasurer's report, Capital Funds of \$1,000,000 are programmed for Park and Ride. I concur with the ED's recommendation in her report in a previous month's Board packet to focus on one Park and Ride lot. The ED and I have looked at properties.

The transfer of Capital Funds to the Operating Budget is discussed in the report from the Finance and Audit Committee.

Stakeholders

The question of who are the stakeholders arose at the last Board meeting. The answer to this question influences the direction of the AATA.

Attached is a white paper that breaks down the definition of a "Stakeholder" into two views: the "Professional View" and the "Social View."

Given that the AATA has an annual Operating Budget in excess of \$23M/year and a Capital Budget in excess of \$9M/year, it seems prudent that the "Professional View" of a stakeholder should be used and not the "Social View."

Respectfully,

Ted Annis
AATA Treasurer

Date: 12 September 2007
To: AATA Board of Directors
From: Ted Annis, AATA Board Member and Treasurer
Subject: Stakeholders

“Stakeholders” is a term used by not-for-profit organizations and government chartered organizations. The term has a loose meaning and definition. This paper is intended to bring some clarity to the term.

In business (the private sector), the shareholders, the owners of the business, are the stakeholders. Customers, suppliers, employees, subsidiaries, local governmental bodies, the Federal government are not shareholders and therefore not stakeholders, regardless of their level of benefit from the business. Rather clear.

In a business whose stocks are publicly-traded, a customer, employee, etc. can purchase a share of the business to become a shareholder and thereby become a stakeholder.

In not-for-profit organizations and government entities there are no direct owners. So, who are the stakeholders? There are two views:

The Professional View

The professional view is that the entities that capitalized and continue to subsidize the organization are its stakeholders. Customers, suppliers, employees, local governmental bodies are not stakeholders in this view.

In the case of the AATA, the tax payers of Ann Arbor (not the City), the State of Michigan, and the Federal Government are the stakeholders. Specifically in this view, customers and employees are not stakeholders, although customers receive a benefit that is a service for a low fare subsidized by the stakeholders and employees receive a wage much of which is subsidized by the stakeholders.

The City of Ypsilanti, the City of Milan, Pittsfield Township, Superior Township, and Ypsilanti Township subsidize their users (customers) of the AATA. One could argue that they also are stakeholders in this view.

The Social View

The social view is that everyone that is somehow connected to or benefits from the not-for-profit organization and government entity is a stakeholder.

In this view as regards the AATA, customers, employees, suppliers, organizations whose employees use the bus, the City, the DDA, the County, and the UoM are also to be viewed as AATA stakeholders.

End

Date: 19 September 2007
 To: AATA Board
 From: Finance and Audit Committee
 Subject: Minutes of the Finance and Audit Committee Meeting of 18 September 2007

Attendees:

Ted Annis (Committee Chair)
 Rich Robben (Committee Member)
 Eli Cooper (Board Member)
 Dawn Gabay
 Chris White
 Phil Webb
 Jan Hallberg

Not in Attendance:

David Nacht (Committee Member)

Items discussed are as follows:

Performance to 2007 Operating Budget

A five-figure loss is expected.

2008 Operating Budget

Staff presented a draft that showed an Operating Loss of \$400,000 in spite of a \$1M increase in total Revenue to \$24.3M. The underlying assumptions include the best and final offer to the union and the addition of a TMMC position. Staff was directed to revise this draft to reduce this loss by slashing expenses in various departments. The revised draft and a revised statement of assumptions have not been reviewed by this committee and should be available just in time for this Board meeting.

The funds that are taken from the Capital Budget and placed as "Revenue - Preventative Maintenance" in the Operating Budget were discussed. The amounts are:

- 2000 \$240,000 Federal
- 2001-3 Data not provided by staff
- 2004 \$800,000 Federal + \$200,000 State
- 2005 \$2M Federal
- 2006 \$1.6M Federal + \$286,000 State
- 2007 \$1.7M Federal + 0 State
- 2008 \$1.84M Federal + 0 State
- 2008-2012 \$2.1M Federal + 0 State budgeted for each year

It is noted that Maintenance Wages in the 2008 Budget are \$1,915,000.

Staff has agreed to prepare a five-year projection that maps Capital Funds Available versus Uses of Capital Funds in order to determine the effect on future Capital Acquisitions.

The committee discussed whether or not to recommend this budget for Board approval. No consensus was reached.

Five-year Budget Projection

This was provided and acknowledged but not discussed in detail.

Hybrid Buses and Their Funding

Hybrid buses are approximately \$200,000 per bus more expensive than a conventional bus. The 18 hybrid buses on order have caused a juggling of the Capital Budget funding schedule. Chris White's report covers this in more detail.

Staff was asked to provide an economic analysis of the hybrid buses versus conventional buses. This analysis was not available for this committee meeting.

UoM Fare Agreement

40% of the riders on AATA buses are UoM related and use the free UoM pass.

A copy of the AATA/UoM Fare Agreement has not yet been provided by staff to the committee.

POSAs (Purchase of Service Agreements)

The progress on these was presented by Chris White.

Approval of the Resolution for the AATA to enter into the new POSAs is recommended. These are billed to the participating entity by the AATA at its cost.

Resolution for the ED to Enter into Contracts with the State of Michigan in the Amount of \$1M or Less

This Resolution was not placed on the committee agenda, was not discussed, and was not noticed in the Board packet by the committee chair until after the committee meeting.

Respectfully,

Ted Annis
Chair of the Finance and Audit Committee

Date: September 19, 2007
To: AATA Board
From: AATA Policy and Operations Committee
Subject: DRAFT Policy and Operations Committee Report for September 2007

Park and Ride

Staff presented a memo detailing the pros and cons regarding eight different locations for possible Park and Ride lot construction. Staff defined why this area was selected to begin exploring expanding our Park and ride system. The committee recommended staff proceed with communicating the Authority's interest in MDOT property at Plymouth Road and US 23. Two additional sites were also identified near Plymouth and Green Road. Given those sites are in private ownership and their future is unknown due to the closure of the owner's operations, it may be some time before what opportunity, if any, exist at these locations. The committee asked staff to monitor the status of those sites in the event that we are unable to use the MDOT property. The committee will be seeking an action from the Board to formally authorize pursuit of the opportunity at the highway interchange.

Bus Wrap Advertising

Staff had received some expressions of concern regarding the full bus wrap advertising. Riders are having trouble seeing through the windows at night. Staff brought the issue to the Committee for consideration. The committee has previously addressed the bus wrap issue as part of our coordination with the GoBoulder presentation. The Committee directed staff to prepare a policy paper responding to the concern. Issues to be addressed include the value to the Authority of advertising review, the implications regarding customer satisfaction, perception of the Authority's image and other items.

Potential Effect of FY 2008 Purchase of Service Agreements (POSA)

Staff advised the committee of the implication of a rapid increase of the cost for delivering complementary demand response service in POSA communities. The rate of increase use and cost exceed budget. Possible options including overall service in POSA communities was discussed. The Committee guided staff to work closely with the POSA communities to explore possible options including fares and services.

Proposal for Public Education Activities

The Committee received an inquiry from staff regarding proceeding with the proposal to undertake an awareness image program. The effort would be a follow-up activity to the previous market research effort. The Committee is not comfortable in advancing the proposal at this time. Reasons include the ongoing efforts of the ad-hoc Committee and the future direction among other issues. Staff was encouraged to continue to undertake our usual and customary marketing and promotional activities around our service, but was asked not to proceed with a major public awareness initiative until some other items are resolved.

Peer Review

Staff presented a cover memo and several pages of information that have been compiled from selected peer systems. This item was presented at a high clip with the committee accepting the information and agreeing to come to the next meeting prepared to delve deeper into the information and what it is telling us.

Update information:

Airport Service Michigan Flyer

Michigan flyer announced starting regularly scheduled service between Ann Arbor and Detroit Metro Airport. AATA will provide a link via the Route 3. Service Begin on October 1, 2007.

Respectfully submitted,

Eli Cooper, Chairman
Policy and Operations Committee

AATA Personnel Committee Meeting
AATA Headquarters
Wednesday, September 12, 2007, 5:00 p.m.

The meeting was attended by Paul C. Ajegba (Committee Chair) and Dawn Gabay (Interim Executive Director).

1. Draft Misconduct Policy

A draft policy regarding Misconduct by the Executive Director was reviewed and discussed. Legal counsel has been asked to address a section dealing with whistle blowing to attach to the policy.

2. Fourth Quarter Update of FY2007 Goals and Objectives

A draft fourth quarter update of the FY2007 Goals and Objectives was reviewed and discussed. Mr. Ajegba requested that some additional information be included in the update. Staff will update the document and resubmit it.

3. Draft First Run of FY2008 Goals and Objectives

The first draft of FY2008 Goals and Objectives was reviewed and discussed. The document will be sent to the Board with the understanding that work of the Ad Hoc Committee and the impending decision on moving forward with strategic planning may impact some of the goals. It is possible that some of the goals may need to be adjusted, and some goals may need to be added.

4. Search for Executive Director

A preliminary discussion took place regarding the development of a process that will be used to develop a profile for hiring a new Executive Director. Staff was directed to begin compiling a list of consultants for this project. The Personnel Committee will ask the entire Board for feedback before proceeding.

POLICY REGARDING MISCONDUCT OF EXECUTIVE DIRECTOR

Introduction.

It is the intent of the Board to consider promptly and effectively any conduct of the Executive Director which may be illegal, inconsistent with Board policy, violative of his or her employment agreement, or which may in any other way impact adversely on the operation or reputation of the Authority. Any such behavior of the Executive Director constitutes misconduct for which corrective action or other discipline may be imposed. Without precluding any other method by which such alleged misconduct may be brought to the Board's attention, this policy summarizes a procedure for dealing with alleged Executive Director misconduct.

Complaint and Preliminary Investigation.

Any 3 members of the Board may cause a preliminary investigation of possible misconduct by the Executive Director by notifying the Board's general counsel in writing of their concerns. The Board shall promptly be informed that such notification has been given. The general counsel, upon receipt of such notification, shall promptly investigate the allegations by conducting such interviews and examining such other evidence as he/she deems appropriate. Upon completion of this investigation, the general counsel shall submit his/her findings in writing to the Board, as an attorney-client communication, and the Board shall consider these findings in executive session. If the Board determines that further investigation by the general counsel is required, it may direct the general counsel to conduct such investigation. In the event the Board determines that immediate corrective or disciplinary action is warranted by said findings, it may take such action as it deems appropriate, consistent with any requirements of the Open Meeting Act. If it determines that a hearing by the Board is appropriate, it shall proceed to conduct such a hearing.

Hearing by Full Board.

Upon a determination that a Board hearing is appropriate the Board shall promptly conduct such a hearing, which shall be conducted in executive session if requested by the Executive Director pursuant to the Open Meetings Act. Upon conclusion of said hearing, the Board shall determine whether any corrective or disciplinary action is required, and, if so, what said action shall be.

Corrective and Disciplinary Actions.

Corrective and disciplinary actions may include, but not be limited to, the following, and any relevant employment contract provisions shall be followed:

- **Censure by the Board.** The formal condemnation and public reprimand of the Executive Director.
- **Restitution or Compensation (if possible and appropriate).** Restitution involves the offending party giving back to the injured party any personal gains

he or she may have realized due to the inappropriate action. Compensation involves compensating, or paying back, the injured party for any loss that may have been suffered as a result of the inappropriate action.

- **Request of Resignation.** The Board may formally request the Executive Director to resign from his/her employment with the Board. This action generally expresses the lack of confidence the Board has in the Executive Director to carry out the duties of his or her office, and allows the Executive Director the opportunity to voluntarily end their relationship.
- **Termination of Employment for Cause.** This corrective action entails the Board giving the Executive Director a formal written notice that his/her employment will be terminated as of a future date, or, in severe cases, terminating the Executive Director's employment immediately.

2006-7 Goals for the AATA Executive Director (ED)

Adopted January 31, 2007

Fourth Quarter Update September 18, 2007 – Prepared by Senior Staff

Please note: the goals listed below were originally written for Greg Cook, then Executive Director. Mr. Cook tendered his resignation on March 16, 2007. Dawn Gabay was named Interim Executive Director and assumed immediate authority. On March 20, 2007 Ms. Gabay and members of the Personnel Committee agreed that the goals set forth herein would become organizational goals and remain the same, with the exception of some timelines that need to be updated. Please also note that the goals were adopted following the close of the fiscal year first quarter, thus there was no first quarter update on the status of the goals.

The process for the creation and approval of a set of annual Goals is as follows: The Personnel Committee creates a draft, reviews them with the Board, reviews them with the ED, and presents them to the Board for final approval.

1. Revisit the progress of “Destination 2010”, AATA Strategic Plan. Review the 13 service standards to ensure their consistency with the plan. Where appropriate, propose changes for revision of the service standards to the Board for approval.

Target completion date: May 2007

Adopted target date: September 2007*

*divide the standards and review in the three remaining quarters: standards #1 & #2 second quarter; standards #3-8 third quarter; standards #9-13 fourth quarter

Second Quarter Update: On target for successful completion

Third Quarter Update: The Board’s instruction to review and revise the vision and mission statement impacts the work done on the standards; development of standards would be determined by mission and vision.

Fourth Quarter Update: Pending completion of work of the Board/Staff Ad Hoc Committee on direction of the organization.

2. (Carryover Goal) Prepare for the Board a strategy document for the upcoming union contract negotiations with timelines, preliminary positions, steps, and the contingency position on each issue. Prepare a contingency plan in the event of unfruitful negotiations and labor actions.

Original Target completion date: June 2006

Revised Target completion date: December 2006

Adopted Target completion date: April 2007

Second Quarter Update: Members of the Negotiating Team prepared a document outlining a strategy for upcoming negotiations. The document was delivered to Board members on March

26, 2007. A special Board Working Executive Session was held on March 29, 2007 to discuss the strategy. The contingency plan ("Service Restoration Plan") is complete.

Third Quarter Update: Completed May 2007

Fourth Quarter Update: No update

3. Successfully negotiate with the union (Local 171 of the United Transport Workers Union) according to the conditions and objectives established by the Board.

Target completion date: May 2007

Adopted Target completion date: July 1, 2007

Second Quarter Update: On target for successful completion

Third Quarter Update: Negotiations continue while employees work under an extension of the old contract.

Fourth Quarter Update: A new contract was not completed prior to June 30, 2007. The process has been extended to include fact finding under the Michigan Employment Relations Commission (MERC). Expected completion date of this process is expected sometime in the first or second quarter of the new fiscal year. Employees continue to work under the terms of the expired contract.

4. Review and report to the Board, the capital plan as it relates to environmental operations, cost control and ridership considerations. Staff provided the capital and categorical grant program for 2008-2011 with explanations to the Board in December 2006 for Board adoption in January 2007. Examples of major projects include: procurement of 37 replacement buses with delivery to take place over the next three fiscal years; procurement of replacement fare collection system with prepaid fare options; renovation of facility on S. Industrial to extend the useful life, improve safety, and make more efficient use of space; review and development of a plan for facility improvements based on inspection of national inspection firm. Environmental operations, cost control and ridership considerations are taken into account in development of the capital plan.

Note: What type of information would the Board find useful?

Target completion date: April 2007

Second Quarter Update: An updated draft was given to the Chair of the Finance and Audit Committee during the week ending March 24, 2007. Another update is due on April 6, 2007.

Third Quarter Update: Fifteen hybrid electric buses are scheduled to be delivered by October. Another five buses are scheduled to be delivered in February 2008, but there are still decisions about how funding will be arranged for these remaining buses. There were instructions from the Chair of the Finance and Audit Committee that staff delay the purchase of new fareboxes pending a Board decision of whether to use funds designated for the purchase of fareboxes for other purposes.

Fourth Quarter Update: Buses are eligible to be replaced when they are 12 years old. AATA has 20 buses eligible for replacement in 2007/2008, seven more buses in 2008/2009, and 10 buses in 2011/2012. Funding is secure for the replacement of 18 of the first 20 buses with

hybrid electric buses. Information on funding options for the additional two buses will be presented to the Finance and Audit Committee in September.

Staff is preparing an evaluation of options for a fare collection system.

The AATA headquarters building is 22 years old. The building, according to federal guidelines, has a useful life of 20 years. This means that after 20 years it is eligible to use capital funds for a one-time renovation to extend the useful life. At this time some items are eligible for federal and state capital funding that are not eligible at other times such as roof replacement, parking area upgrade and window replacement. Otherwise, operating funds would have to be spent for these types of repairs. Renovation of the facility on South Industrial to extend its useful life has been in process since roof replacement, including new HVAC units, was completed in 2005. Responses to a request for proposals for architectural services to renovate the maintenance area have been received and are being evaluated; a request for proposal to repair and resurface the parking lot was sent out in August, 2007. Responses are due at the end of September. Purchasing staff is currently working on requests for proposals for concrete repair, hoist replacement, landscaping, and researching hiring an architectural/engineering firm to manage refurbishing the facility interior.

5. Propose to the Board which of the Service Standards should be eliminated or changed.

Adopted target completion dates:	March 2007	*recommendations for first step due (standards #1 & #2)
	June 2007	*recommendations for second step due (standards #3-8)
	September 2007	*recommendations for third step due (standards #9-13)

Second Quarter Update: Staff discussed the revision of Standards 1 and 2 with members of the Policy and Operations Committee at the February and March P&O committee meetings. Staff provided a draft of revised Standards 1 and 2 for the April meeting.

P&O Committee Chair requested that Staff take more time to research and coordinate updates of all of the service standards. P&O Chair requested that staff work with Personnel Committee to revise due dates.

Third Quarter Update: Staff provided draft revisions to service standards and 1 and 2; feedback received from the Board was that they want to consider the standards in a more comprehensive manner. Work on this goal is on hold pending work of the Ad Hoc committee and completion of the vision and mission statements.

Fourth Quarter Update: unchanged

6. Implement decision of the Board regarding new service standards.

Target completion date: TBD

Second Quarter Update: Completion of goal dependent upon revised dates in Goal 5.

Third Quarter Update: Completion of goal dependent upon revised dates in Goal 5.
 Fourth Quarter Update: unchanged

7. Guide outside consultant Parsons Brinckerhoff (PB) to complete its Transit Service Evaluation (TSE) study for the AATA. Prepare an internal plan with a budget and implementation schedule to advance Park and Ride.

Target completion date: October 2006
 Revised Consultant date: February 2007
 Target Staff work date: May 2007

Second Quarter Update: TSE study is complete. Most of the park and ride recommendations in the TSE are procedural. Staff is evaluating how to proceed. Park and Ride expansion is included in the Countywide Service portion of the completed PB study; staff is awaiting Board decision on how to proceed with countywide service (see goal 20.)

Third Quarter Update: The Board agreed that we are going to concentrate on potential park and ride locations within our existing service area for the time being. Specifically, the area near Plymouth and Green Roads is being targeted and evaluated. Staff is preparing a plan on how to proceed.

Fourth Quarter Update: An analysis of park and ride opportunities in northeast Ann Arbor and recommendations on how to proceed will be presented to the Policy and Operations Committee on September 12, 2007, and to the full Board at their September 19, 2007 meeting.

8. (Carryover Goal) Create a plan with a budget and implementation schedule to improve the passenger waiting areas including pads and shelter at stops with more than 50 boardings/day. Identify shortcomings for access to transit, i.e., sidewalk connections, and coordinate with the City in its review of the Comprehensive Non-motorized Plan.

Original Target completion date: March 2006
 Revised Target completion date: December 2006
 Adopted target completion date: March 2007

Second Quarter Update: Draft plan provided to P&O committee at their meeting on March 14, 2007. It is scheduled to be discussed at the April P&O meeting.

Third Quarter Update: Purchase and installation of the shelters and benches in the 2007 portion of the plan is underway. Approximately 18 shelters and 5 benches are expected to be installed by October.

Fourth Quarter Update: Staff continues work on implementing the plan. The shelters have been ordered and are in the process of being fabricated. They are scheduled to be delivered and installed by the end of October.

The concrete work is being done by a City contractor, with the City providing oversight. There are several advantages to doing it this way, including lower price and using the City's expertise at inspection to insure quality work. However, we have limited ability to determine the work schedule. They know our deadlines. We expect them to pour shelter pads in early October.

9. (Carryover Goal) Recommend a revised (more cost-effective) post-retirement medical benefits plan for non-union personnel to the Board. Such plan is to be a “defined contributions” type of plan as opposed to the current “defined benefits” plan.

Target completion date:	August 2006
Revised Target completion date:	December 2006
Adopted target date:	March 2007

Second Quarter Update: Research is ongoing; staff has begun providing information to the Chairs of the Finance and Audit and Personnel Committees. The Chair of the Finance and Audit Committee requested that staff investigate hiring a consultant to investigate various programs. The Controller spoke with a consultant regarding a meeting to educate staff and members of the Finance and Audit Committee on defined contribution post retirement health care plan options. The research will be ready for presentation during the week of 4/23.

The Controller recommends designating the portion of unrestricted net assets previously recorded as a post-retirement health care benefits liability.

Third Quarter Update: A front loading plan for the institution of a defined contribution post-retirement medical benefit plan has been completed and approved by Board committees. Negotiations with the union are currently underway to implement this frontloading plan, and to provide ongoing contributions to assure future growth of individual health care savings plan accounts through the Municipal Employee Retirement System (MERS). When negotiations are complete with the bargaining unit, the plan will be implemented for management staff.

Fourth Quarter Update: Implementation of individual MERS Health Care Savings Plans (a defined contribution health plan) for management employees has been delayed until the labor contract with the Union is finalized. The labor contract is now in fact finding. The defined contribution retiree health plan is expected to be implemented during the first or second quarter of FY 2007-2008.

10. Provide a comparison of the existing pension plan for non-union personnel, with other plans available in Southeast Michigan, in an effort to control costs, taking into consideration the total salary and benefits package.

Target completion date:	January 2007
Adopted revised target date:	May 2007

Second Quarter Update: On target for successful completion

Third Quarter Update: Negotiations recommending an adjustment from the current 1:3 match to a new 1:2 match are underway.

Fourth Quarter Update: Implementation of a 1:2 match has been delayed due to the extension of the labor contract into the fact finding process. Implementation of a change in premium contribution dates will take place in the first or second quarter of FY 2007-2008. Union and management need to be implemented at the same time because we have one pension plan.

11. Limit Executive Director's expenses to no more than 30% of AATA's annual travel budget (\$15,000). Every attempt should be made to limit travel expenses to the pro-rated quarterly budget, but recognizing that travel obligations will not always fall within the quarterly budget. Any trip within a quarter that exceeds this pro-rata annual amount is to be approved by the Board Chair.

Second Quarter Update: As of March 31, 2007, ED's expenses were 18% of the annual travel budget.

Third Quarter Update: As of June 30, 2007, ED's expenses were 19.2% of the annual travel budget.

Fourth Quarter Update: As of August 31, 2007, expenses were 19.8% of the annual travel budget. The amount spent by the former Executive Director was \$9,314.30 or 18.6%; the amount spent by the Interim Executive Director to date is \$583.14 or 1.2%.

12. Maintain a balanced budget in accordance with the adopted budget for fiscal year 2007 and maintain the Unrestricted Net Assets within the guidelines set by Resolution of the Board.

Second Quarter Update: Staff recommended that the Board designate funds for post-retirement medical benefit liability to remain in compliance with Board policy.

Third Quarter Update: The Board committees approved the use of a portion of unrestricted net assets to be used to frontload the post-employment defined contribution medical benefit plans for employees retiring after June 30, 2007 (healthcare savings plan through MERS). In addition, a portion of the unrestricted net assets was also approved by the Board committees to fund a trust through MERS to provide a revenue stream for existing retirees receiving defined benefits for healthcare.

Fourth Quarter Update: We are currently operating at a loss of approximately \$350,000. We have not billed as much federal preventive maintenance as budgeted because we are reserving some federal capital dollars to fund the additional cost of purchasing hybrid buses. Use of unrestricted net assets to frontload the post-employment defined contribution medical benefit plans is delayed pending settlement of the labor agreement.

13. Prepare a monthly written activity report for the Board, of critical events, community meetings, business travel planned, business travel completed with the objective accomplished. This report should be included in the monthly Board meeting package.

Second Quarter Update: The former Executive Director completed a report and submitted it to the Board in February. The Interim Executive Director will undertake this practice beginning with the April Board package.

Third Quarter Update: Reports have been submitted to the Board monthly.

Fourth Quarter Update: unchanged

14. Respond to Board requests for documents and materials within a week of the request. Ensure that the items in the request have been completed. Respond to questions from Board members over email or telephone within two business days and agree with the Board member as to what constitutes a reasonable response time frame.

Second Quarter Update: Ongoing
 Third Quarter Update: Ongoing
 Fourth Quarter Update: Ongoing

15. Report to the Board quarterly of adherence to the Service Standards.

Second Quarter Update: Ongoing
 Third Quarter Update: Ongoing
 Fourth Quarter Update: Ongoing

16. Report to the Board on a regular basis the status of the new downtown terminal development.

Second Quarter Update: The Term Sheet was approved by the Board at their February 21, 2007 meeting. Counsel is in the process of gathering information on the project to take to the FTA for their approval of the Term Sheet. AATA received a draft of the development agreement.

Third Quarter Update: Meetings with HDC and the City of Ann Arbor are ongoing. The Board has been updated regularly in Executive Session.

Fourth Quarter Update: Staff has provided updates to the Board in Executive Session on a regular basis.

17. Report to the Board on SEMCOG's efforts to coordinate the Ann Arbor to Detroit Transit Study and on the City's progress on their rail study. Present a plan to provide local bus line connectors to support these efforts, including how it would impact AATA operations and service standards. Work with the City on development of Transportation Plan Update.

Second Quarter Update: Coordination efforts on rail service and the City's Transportation Plan Update are ongoing. The development of a plan for local bus connection is scheduled to be done once a proposed schedule for the rail service is developed.

Third Quarter Update: Based on recent meetings with SEMCOG staff, the proposed schedule is expected to be provided to AATA by September 2007. The initiation of service is expected to be at least two to three years away. There are a number of difficult issues related to the development of proposed bus service to connect to the train station that will need to be addressed. How to provide local transit access to and from the rail station will require a significant amount of service. There are still a lot of questions to be answered about ridership levels and access to the Ann Arbor train station that will greatly affect local bus service. The funding and equipment for this service will have to be identified.

Fourth Quarter Update: Staff updated the Board on the status of the east-west rail project at the August Board meeting.

Staff continues to work with the City on the development of the City's Transportation Plan Update.

18. Manage the Authority within an environment of TQM, continually seeking reasonable ways and methods to improve the quality of the operation while keeping costs low. Beginning with the development of the 2007-2008 fiscal year budget, limit the growth of expenses to a level of 3% below the approved 2006-2007 budget. Present the budget, along with trade-offs, to the Board. The Board will make decisions for line item cost increases that are necessary, and beyond staff's control.

Target completion date: May 2007 *target date may need to be adjusted

Second Quarter Update: The second half of the Board retreat is scheduled to take place in April, and we hope to have Board guidance and direction for 2007-2008 goals, including guidance on Board goals for labor negotiations. The budget will be built based on those goals, and a timetable for the budget will be issued in June 2007. The proposed budget will be presented to the Board in August.

Third Quarter Update: Staff provided a budget timetable in June. Staff plans to bring the first draft of the FY2008 budget to the Finance and Audit Committee at their August meeting.

Fourth Quarter Update: Staff is working with the Finance and Audit and Policy and Operations Committees on development of the FY2008 budget.

Note: While staff will present a budget for FY2008, uncertainties associated with the outcome of the labor contract and direction that may be set by the Board in strategic planning will impact the budget. Please also note that staff had to contend with unexpected expenses related to the William Street Station project (hiring of additional legal services and architectural consultants). Labor negotiations have gone to fact finding which means that expenses associated with benefits of the last contract will be carried over into the last three months of FY2007, and possibly into the first quarter of FY2008.

19. Implement the use of biodiesel at 5%, and evaluate the results.

Target completion date: September 2007

Second Quarter Update: The evaluation has been completed and the report will be presented to the P&O committee in April.

Third Quarter Update: Complete

Fourth Quarter Update: Use of B5 was a success and is currently being used in all buses. AATA will begin using B10 in a limited number of buses by mid September.

20. Develop plans and communicate recommendations for use by the Board in making decisions in moving toward countywide service including:

Service planning and funding proposal	Target completion date:	6 months from Board decision to move forward
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Organizational issues	Target completion date:	series of decisions for Board; presentation to Board 2-3 months after Board request
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Public information and property tax election campaign Target completion date: public information campaign first – proposal coming from The Rossman Group

Second Quarter Update: The Policy and Operations Committee has a draft service plan which will be discussed at the April P&O committee meeting.

Third Quarter Update: The Ad Hoc committee will undertake the development of a vision statement for the organization which will determine who our customers are and what services we will provide.

Fourth Quarter Update: This goal is being addressed as part of the overall discussion of the Ad Hoc Committee and subsequent strategic direction decided on by the Board. Staff will develop strategies to implement recommendations of the Ad Hoc Commi

AATA Board of Directors
Ad Hoc Committee
September 5, 2007, 5:30 p.m.
AATA Headquarters

The meeting was attended by Paul Ajegba, Rich Robben, Charles Griffith, Dawn Gabay, Ed Robertson, Mary Stasiak, Phil Webb, Chris White, and Karen Wheeler

Meeting attendees agreed to work until 7:00 p.m.

Members of the committee discussed their work completed at the committee's August 13, 2007 meeting. It was announced that two responses were received to a request for proposal issued for a facilitator to work with the Board on creation of a strategic plan, should the Board decide to go in that direction.

Meeting attendees reviewed draft mission and vision statements from Mr. Robertson, a compilation of the work completed by the committee to date. Committee members adopted the following draft mission and vision statements.

Adopted:

Mission

It is the Mission of the Ann Arbor Transportation Authority to use traditional and innovative means to provide or facilitate

- Safe,
- Reliable
- Cost effective, and
- Environmentally responsible

public transportation services and mobility options to enhance the quality of life, economic growth, and overall vitality of the Greater Ann Arbor Community.

Vision

The Ann Arbor Transportation Authority (AATA) will be the primary provider or facilitator of public transportation for those without access to a private vehicle within the greater Ann Arbor community. It will be a viable, valuable and frequently used transportation option for those able to choose between private automobiles and other transportation modes.

AATA will increase ridership by offering attractive transportation services at competitive prices using the highest professional standards, collaborative efforts, public relations and customer interactions to remain responsive to the transportation needs of the community and encourage the use of alternative transportation options.

AATA will provide frequent, reliable, safe, and convenient transportation services that are environmentally conscious and contribute to the reduction of climate changing emissions and vehicle miles traveled (VMT).

AATA will contribute to the enhancement of the quality of life and the economy of the greater Ann Arbor community while improving air quality, decreasing traffic congestion, and reducing dependence on foreign energy sources.

AATA will respect and value its stakeholders, customers and employees and will recognize and celebrate the great diversity within its community. It will encourage its employees to do their best work and will provide the tools, training, and environment to enable them to excel.

Key strategies discussed to date that may be employed to achieve these goals include:

1. Launch of a major public outreach effort to inform citizens and key stakeholders about our services and to seek input on options for both improving and expanding our services in the Ann Arbor – Washtenaw County area.
2. Increasing the frequency of transit buses on key routes, so that riders have more transit options and are less constrained by scheduling;
3. Increasing the geographic coverage of transit options throughout the county, including express routes into Ann Arbor from perimeter park and ride lots and expansion of transit services in surrounding communities.
4. New and expanded partnerships with other alternative transportation providers (e.g., commuter train, coach services) and municipal development planners throughout the County and SE Michigan region.
5. Increasing the attractiveness of transit options through additional customer-friendly information services and transit passes, new energy-saving buses, a new downtown transit center, and other amenities such as bus shelters, sidewalk access, etc.

The next Ad Hoc Committee meeting is scheduled for Wednesday, September 12 from 4:00 p.m. to 6:00 p.m. [The meeting was subsequently canceled.]

Proposed Minutes
September 27, 2007
Ann Arbor Transportation Authority
Board of Directors Special Meeting
ATA Headquarters, 2700 South Industrial Highway, 5:30 p.m.

Board Members Present: Paul C. Ajegba, Ted Annis, Eli Cooper, Sue McCormick (departed meeting at 6:37 p.m.), David Nacht (Chair), Rich Robben

Board Members Absent: Charles Griffith

Staff Present: Terry Black, Ron Copeland, Dawn Gabay, Jan Hallberg, Ed Robertson, Mary Stasiak, Phil Webb

Recording Secretary: Karen Wheeler

Mr. Nacht declared that a quorum was present and called the meeting to order at 5:37 p.m.

1.0 Public Hearing

There was no public hearing.

2.0 Communications and Announcements

Mr. Cooper announced a public workshop on the Washtenaw County Access Management Plan; a collaborative roadway, transit, pedestrian and bicycle study funded by the Michigan Department of Transportation. Meetings were held before the Board meeting with an additional session scheduled from 7-8 p.m. at Washtenaw Community College.

3.0 Public Time

Tom Partridge appeared before the Board. Mr. Partridge complained that the special Board meeting was made on short notice. Mr. Partridge commented on the Board's work to eliminate a deficit and balance the budget. Mr. Partridge noted that he advocated at previous Board meetings and the August LAC meeting that the Board adopt policies that would be more egalitarian in favor of providing service to the neediest riders. Mr. Partridge suggested that AATA address those problems and formulate solutions progressively based in the form of a fare increase. Mr. Partridge suggested that the fare for football shuttle service be increased stating that this would wipe out any projected deficit and allow for the expansion of fixed route bus serviced and paratransit service in the areas not now served by the AATA. This would allow AATA to expand service by adding a route along Jackson Road in Scio Township, and providing fixed route bus and paratransit service for students of the western center of Washtenaw Community College.

September 27, 2007

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Mr. Partridge urged the AATA begin today to plan for a countywide system that could be called the Washtenaw County Department of Transportation Bus System and/or the Washtenaw Transportation Authority to replace the limited service area and limited vision of unbalanced fare collection revenue approach AATA is currently under.

Jim Mogensen appeared before the Board. Mr. Mogensen announced that he is glad to see the Board coming forth with a plan for balancing the budget. Mr. Mogensen suggested that the Board is going to have to revisit some of the issues as things fluctuate through the year such as the issue of bus service in Ypsilanti, if a city income tax is not voted in. Mr. Mogensen suggested that the Board can take a professional view or social view to resolving outstanding issues, and cautioned the Board not to underestimate the social aspect of public transportation.

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

4.0 Review and Approval of Minutes

There were no minutes for review and approval.

5.0 Board and Staff Reports

5.1 Finance and Audit Committee Report

Mr. Annis reported that the Finance and Audit Committee met on September 25 with a specific objective of working on a projected deficit in the proposed FY2008 budget. Mr. Annis announced that Sue McCormick was a new member to the Finance and Audit Committee, replacing Mr. Nacht.

Mr. Annis reported that staff obtained a legal opinion from counsel confirming that the State of Michigan requires that AATA have a balanced budget approved by October 1. Mr. Annis indicated that he had given considerable thought to what a budget objective should be. He recommended retaining 1% of the FY2008 operating budget revenue and capital income for a target surplus of \$330,000. The committee debated the issue.

Staff gave the committee a menu of expense reduction opportunities and reviewed the document. Meeting attendees discussed one of the items at length, reducing service on unproductive routes using recommendations contained in the Parson's Brinckerhoff report as a guide. Consideration of potential service reductions for FY2008 was presented to the Policy and Operations Committee. Mr. Annis noted that there were other items on the list that were not considered.

A majority of the committee voted to go with a breakeven budget. Mr. Annis did not vote for that as Committee Chair and Treasurer.

Mr. Nacht noted that the committee recommended approving a balanced budget

September 27, 2007

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and the Treasurer had a dissenting vote. Mr. Nacht asked Mr. Annis to explain his dissenting vote. Mr. Annis responded that there is a \$1Million revenue increase in the FY2008 budget over the FY2007 budget. Mr. Annis indicated that the AATA view is to spend the entire increase. One of his objectives as Treasurer is to get AATA out of the mode of spending all available money.

Mr. Nacht requested that the other committee members explain their view of adopting a balanced budget. Ms. McCormick explained that the committee and staff discussed the philosophical question of making service cuts to save money when there does not appear to be a specific risk of revenue reduction nor a plan for the agency to use surplus funds. Ms. McCormick indicated that if there is a desire to optimize service, then the Finance and Audit Committee should make a recommendation to the Policy and Operations Committee to determine the amount of optimization. Any savings realized prior to the end of the fiscal year would then be part of next year's budget process. Mr. Robben added that the recommendation for a contingency does not appear to be based on risk. Mr. Robben suggested that the Board identify a reallocation plan based on least cost effective routes, and that the plan be available for consideration in January or April. Mr. Robben noted that the Board has the option to amend the budget.

Mr. Annis acknowledged that he has a fundamental philosophical difference with the other committee members indicating that AATA, as a government entity, should not spend all of its available funds.

Board members discussed the proposed budget. It was noted that the collective bargaining agreement remains unsettled, and this could potentially impact the budget. Mr. Cooper indicated that the Policy and Operations Committee would take up the charge of identifying opportunities for system optimization with the goal of identifying meaningful milestones.

Mr. Nacht supported the idea of implementing some of the recommendations in the route rationalization study indicating that AATA should not continue to run unproductive service. In response to a question from Mr. Nacht about the required lead time to implement service reductions, Ms. Gabay indicated that the process could take a matter of a few months to allow for the necessary public input.

Ms. McCormick indicated that based on staff input received at the Finance and Audit Committee, a reasonable implementation for route reductions would be April. Mr. Cooper suggested that staff make available to the Board the value of implementing reductions at different time points in the year, and the potential savings the Board could quickly recognize within the FY2008 budget.

Mr. Nacht expressed frustration with the amount of time it takes to make changes and suggested that when the Board wants staff to try something, there should be some movement. Mr. Nacht acknowledged the fact that the Board can amend the

budget later if it wants to see money spent on things in one area and money taken away from other things so there will be an incentive to make other things happen faster.

Mr. Ajegba suggested that if the Board is going to request that staff pursue service reduction options, it is important to give the time necessary to hold a process that is both legal and reasonable in terms of timing to be fair to AATA customers. Mr. Ajegba reminded the Board that there is an adopted set of service standards in place. Mr. Ajegba noted that the Board, at its last meeting, voted to extend paratransit service for up to 60 days to a jurisdiction that does not pay for service without any public forum to consider the issue.

In response to a question from Mr. Nacht, Ms. McCormick stated that the Board has the responsibility, if changes are warranted, to compel them by direction to staff with follow through by oversight of committees, and to send a clear message that should changes not occur, the Board may make a budget reduction midyear. Ms. McCormick added that she does not think it is fiscally responsible to budget for a reduction premise on an outcome that has yet not been achieved.

Mr. Robben suggested that the approach to optimizing routes should be part of continuous improvement looking at low producing revenue areas, and where necessary, remove service and replace it with service enhancements. This process would lead to controlling costs and service improvements.

Mr. Annis went on the record stating that when he joined the Board he had hopes of getting rid of the "empty buses," saving money, and maybe giving the taxpayers a break. Over the past two and a half years Mr. Annis has approached this goal in several different ways. Mr. Annis was informed by legal counsel that because of the wording of the millage, AATA cannot take less tax money. This is a concern for Mr. Annis. The citizens of Ann Arbor foolishly voted upon themselves a perpetual tax for the AATA. There is no reason for AATA to perform in any way, and tax proceeds increase because of inflation year over year. Mr. Annis would like to accomplish the following three steps: 1. get rid of empty buses which reductions in service would do; 2. save some money; and 3. approach the idea of returning extra funds to the taxpayers. Mr. Annis is distressed and feels he is nowhere close to returning unused funds to taxpayers. He remains distressed by a silly tax that Ann Arbor residents voted upon themselves for the AATA given the fact that there is no mechanism to return any savings, and there is no motivation within the organization to be careful with a dollar. Mr. Annis indicated that this is the philosophical difference he has with other members of the Board.

Mr. Nacht revisited the issue of service changes indicating that he thought they were in the Policy and Operations Committee. Mr. Nacht would like the changes implemented. Mr. Nacht asked Mr. Cooper to comment.

Mr. Cooper indicated that there is an opportunity for the Board to provide clear direction to the staff and the agency that taxpayer resources be used well and that if route optimization is the goal, that staff be given the opportunity to optimize service based on the resources available to them and clear direction from the Board. Mr. Cooper noted that the existing service standards require AATA to run unproductive service. Mr. Cooper suggested that the issues framed by the Finance and Audit Committee are in conflict with the service standards. Mr. Cooper noted that the Ad Hoc Committee was established to begin to create the direction for the Board.

Mr. Nacht thanked the Board for their thoughtful comments.

Ms. McCormick moved that the Board adopt the FY2008 budget recommended by the Finance and Audit Committee. Mr. Cooper supported the motion. The motion carried. Cooper – yes; Ajegba – yes; McCormick – yes; Robben – yes. Annis – no; Nacht – no.

6.0 Question Time

Mr. Nacht requested the status of airport service provided by Michigan Flyer. Ms. Gabay reported that a kickoff ceremony and press conference were held on September 19. Mr. Cooper attended representing the City of Ann Arbor, and Ms. Gabay spoke on behalf of AATA. Ms. Gabay announced that one of AATA's routes was adjusted to provide a closer link for passengers. Staff will work with Michigan Flyer to make a more direct link between the two services in the future. Mr. Nacht requested that staff provide updates to the Board on a regular basis, in the event the private sector chose not to continue providing services, that AATA could provide the service, if appropriate.

Ms. Gabay reported that the HDC project is proceeding. Staff will continue to provide updates to the Board.

Mr. Cooper expressed appreciation to Ms. Gabay for coordinating with the Ann Arbor Discovering Downtown (A2D2) on a steering committee session scheduled for November 5. Mr. Cooper indicated that transportation will be a significant part of the discussion. Ms. Gabay indicated that she had not received any responses from Board members to her invitation to attend the meeting.

In response to a question from Mr. Annis on what might come out of the A2D2 project, Ms. Gabay indicated that the responsibilities assigned to AATA and the goals set are very consistent with what staff has in their work plan. Specific objectives include extending service on the Link and providing additional park and ride service. Ms. Gabay noted that a copy of the A2D2 Plan was sent to Board members. Staff plans to work with the Downtown Development Authority (DDA) to achieve the goals. Mr. Annis indicated that he has some concerns about how the City and the DDA communicate with AATA what they want they want AATA to do. Ms. Gabay asked Mr. Cooper to comment.

Mr. Cooper explained that A2D2 is work framed out of City's primary initiative to look at the development of downtown. There was another piece of work that the DDA was developing at the time trying to get intelligence data about parking issues in downtown. City Council brought the parking study and the downtown development study together and created a joint committee that includes AATA Board members, DDA board members, Planning Commission members and members of City Council. This is the first time in recent history where all of the major policy entities in the public sector on transportation issues got around the table to define an agenda. Recognizing that the work done at AATA is still a work in progress, the types of commitments to enhance the role of transportation planning as part of the management facilitating downtown development was the primary focus. City Council has embraced the recommendations that in part came from the AATA Board's participation in the joint policy board sessions. On September 17 City Council passed a resolution directing the implementation to take root and grow. The first recommendation was to create a transportation council, and that the A2D2 steering committee would be expanded to be that body. The steering committee will address issues beyond AATA's scope as a transportation authority, and will insure that the work of AATA, the DDA and City Council are all in concert with the adopted policies in the report created by the parties involved.

Mr. Annis asked if the work to be done by AATA will be supported by the other entities. Mr. Cooper indicated that is the intent.

7.0 Old Business

7.1 FY2008 Operating Budget

The operating budget was addressed under the Finance and Audit Committee report.

7.2 Consideration of Resolution Adopting FY2008 Operating Budget

The operating budget was approved under the Finance and Audit Committee report.

8.0 New Business

8.1 Mr. Nacht moved that at the next regular meeting the Board vote on a change in service standards, and on a change in actual routes consistent with the consultant's report. Mr. Cooper supported the motion.

Members of the Board discussed the motion. Mr. Ajegba noted that the Ad Hoc Committee is considering the service standards in its broader view, and suggested that the Policy and Operations Committee needed to be involved in revising service standards. Mr. Ajegba asked how the service standards would be revised.

Mr. Nacht responded that it was his understanding that midday routes with low

ridership would be reduced, and midday headways increased, the kinds of things the Board has been talking about for years based on consultant's reports and sitting in committees. Mr. Nacht stated that he has had it with bureaucratic, sporadic approaches to change and wants service reductions done instead of studying it.

Mr. Ajegba indicated that service reductions cannot be made without a public input process. Mr. Ajegba noted that the Ad Hoc Committee was created to determine a long range vision for the organization. Members of the Board discussed the relationship between implementing service changes and the work of the Ad Hoc Committee dealing with broad philosophical visionary questions for the agency.

Mr. Ajegba indicated that he could support the recommendation of staff to consider service reductions in accordance with suggestions in the Parsons Brinckerhoff study. Mr. Ajegba suggested that the Policy and Operations Committee propose changes to the service standards consistent with the consultant's recommendations.

Mr. Nacht indicated that the quarter mile service standard prevents the Board from making some service changes. Mr. Nacht wants to implement express bus service.

Mr. Cooper noted that at their last meeting the Board voted to maintain service beyond AATA's service territory. The Board just adopted a budget that as part of the deliberations, the Board directed staff to develop a process by which management controls will review poor performing routes. Mr. Cooper recommended not deviating from the service standards in order to implement management control in paring weaker routes and devising innovative new strategies for improving service.

Mr. Nacht amended his motion to leave the service standards intact and focus on routes. Mr. Cooper accepted the amendment.

Mr. Cooper proposed an amendment to the motion for the Board to direct staff to report back within 30 days a recommended set of recommendations that implements the strategy of what the Board has been talking about; paring back weaker performing routes toward a cost optimized model suggested by the Finance and Audit Committee Chair with a target financial savings of \$500,000. Mr. Nacht accepted the friendly amendment.

Members of the Board continued to discuss service reductions.

Mr. Cooper restated his motion as follows: the Board directs staff to report back within 30 days a set of recommended service reductions paring the weaker performing parts of the system. Staff should not feel bound by a literal

interpretation of the existing service standards. Furthermore, staff should bring preliminary recommendations as to new, innovative express service, or reducing headways as part of this analysis.

Ms. Gabay asked if the Board's conversation is aimed at implementing recommendations in the budget. Mr. Cooper responded that it is his understanding that AATA has designated federal funds programmed for providing experimental commuter service.

Mr. Nacht stated that based on the Board's discussion, staff should understand the deliverables the Board desires. Mr. Nacht withdrew the motion.

8.2 Mr. Nacht moved to amend the Bylaws to hold one Public Time session per Board meeting. Mr. Cooper supported the motion. The motion carried: Annis – yes; Cooper – yes; Nacht – yes. Ajegba – no; Robben – no.

9.0 Adjournment

Mr. Annis moved to adjourn the meeting with support from Mr. Cooper. Mr. Nacht adjourned the meeting at 7:09 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Efi Cooper for".

Efi Cooper, Secretary