

Approved Minutes
December 16, 2009
Ann Arbor Transportation Authority
Board of Directors Meeting
AATA Headquarters, 2700 South Industrial Highway, 6:30 p.m.

Board Members Present: Paul C. Ajegba (Chair), Ted Annis, Jesse Bernstein, Charles Griffith, Sue McCormick, David Nacht

Board Members Absent: Rich Robben

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

LAC Representative: Clark Charnetski

Recording Secretary: Karen Wheeler

Chairman Paul Ajegba declared that a quorum was present and called the meeting to order at 6:35 p.m.

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

Thomas Partridge appeared before the Board. Mr. Partridge commented on the special Board meeting held earlier in the month. Mr. Partridge called on the Board to institute a countywide transportation system that serves all segments of the county and links to the existing bus systems in southeastern Michigan as well as Amtrak Service. Mr. Partridge commented on the Blake Transit Center and encouraged Board members to ride buses in and out of the BTC during the rush hour and evening hours to experience what bus a driver experiences.

Carolyn Grawi appeared before the Board. Ms. Grawi reiterated a piece of what was discussed related to the December 8 public meeting and the need to get together as a whole community to look at furthering countywide public transit as things are occurring in our community in which people could participate. Ms. Grawi commented on an opening for a person with a disability to serve on the Washtenaw Area Transportation Study Policy Committee noting that there is no public transportation to the site of the

meeting on Zeeb Road. Ms. Grawi commented on the proposed demolition and reconstruction of the Blake Transit Center indicating that the Ann Arbor Center for Independent Living would like to be involved in project conversations including the review of project plans with the Board and staff as those discussions move forward.

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

4.0 Review and Approval of Minutes

4.1 Review and Approval of Minutes of November 18, 2009

David Nacht moved approval of the minutes as written with support from Jesse Bernstein. The motion carried with five affirmative votes; Charles Griffith abstained.

4.2 Review and Approval of Minutes of December 8, 2009

Mr. Nacht moved approval of the minutes as written with support from Sue McCormick. The motion passed unanimously.

5.0 Board and Staff Reports

5.1 Performance Monitoring and External Relations Committee

Mr. Bernstein reported on highlights of the committee's December 9 meeting. The committee discussed a schedule for reviewing performance benchmarks over the course of the year to assist staff in getting information to the Board in a timely fashion, and not overwhelming staff and the committee with reviewing large volumes of data all of the time. The committee discussed the need to improve efforts of educating the public about what public transit is, where AATA is going, and how AATA compares to other transit systems. Once this process has begun, the conversation can begin about the kind of system wanted for countywide. Mr. Bernstein indicated that the December 8 special Board meeting with an open forum was a good mechanism for interaction with the community. Mr. Bernstein indicated that the PMER committee would be very involved with educating the public and getting input over the coming year. Mr. Bernstein thanked staff for their work supporting and providing information to the committee.

5.1.1 Treasurer's Report

Ted Annis referred to the statement of operations and comparison including staff notes that indicated demand response service ridership is down, as is ridership on fixed-route service. Mr. Annis announced that staff prepared a report to the Treasurer; a one page summary of the year to date operating statement and the balance sheet illustrating the condition of the organization at a point in time.

Mr. Annis referred to the Treasurer's Report included in the Board packet which included two recommendations: improving transparency by posting ten items to the AATA website, and making facility changes for more professional Board meetings. Mr. Annis deferred to the Chair regarding his recommendations.

Mr. Ajegba announced that the Treasurer's recommendations should be referred to the various Board committees. Mr. Ajegba referred to the recommendation to publish employee salaries on the website suggesting that doing so may not be good for morale. Mr. Ajegba noted that as a public organization, any information on AATA can be obtained through a Freedom of Information Act (FOIA) request. Mr. Ajegba stated his preference for posting AATA's FOIA policy on the website as opposed to publishing salaries.

Mr. Annis indicated that the recommendation to place additional data on the website would bring about full transparency and clarity to the community which is needed given the Board's decision to pursue a countywide plan.

Mr. Bernstein suggested that the Treasurer's recommendations were an external relations issue and requested the opportunity for the PMER Committee to consider the issue of what information goes on website and how it is presented. Mr. Bernstein indicated that PMER would work with staff and have a discussion at the January PMER meeting.

Board members discussed the Treasurer's recommendations. With regard to the recommendation to televise Board meetings to make for more professional Board meetings, it was noted that the Board previously considered this option and decided against it. A suggestion was made for PMER to reconsider televising meetings. Mr. Bernstein agreed that PMER would consider televising or capturing meetings and making recordings available in digital format on the website. With regard to the recommendation to hold meetings in a larger room, it was noted that the conceptual plan for the Blake Transit Center includes a meeting room.

5.1.2 Report to the Treasurer: Summary Operating Statement by Mode

There was no further discussion on the report.

5.2 Planning and Development Committee

Sue McCormick reported that the most significant item of discussion at the December 8 meeting was review of a conceptual plan for a new Blake Transit Center. The committee unanimously recommended that the full Board approve

moving forward with rebuilding the facility. The committee briefly discussed a Board strategic planning session, countywide service planning and the service plan that can be integrated into long term planning. Staff will make a recommendation on a strategic planning session at the January committee meeting.

Chris White provided the committee with an overview of the results of a telephone survey of Washtenaw County voters. Ms. McCormick indicated that the consultant's final report will be complete in January and a presentation made at the January Board meeting. The committee discussed Football Ride and Art Fair Shuttle service and agreed that the services should continue in 2010.

The committee reviewed the Capital and Categorical Grant Program and discussed the increasing pricing of hybrid buses and whether it might make sense to purchase conventional diesel buses. Staff will seek approval from the Board on the Program in January, after which time there will be a period of a few months when adjustments to the Program can be made. Staff is conducting an analysis of the type of buses to recommend for purchase, and will report to the PDC and subsequently to the full Board.

5.3 Chief Executive Officer

Michael Ford noted that the Board meeting took place in an alternate room to accommodate a larger audience. Mr. Ford reviewed the CEO report contained in the Board packet.

Mr. Ford reported that staff was directed to conduct an analysis of the November Treasurer's report. Mr. Ford distributed two documents detailing staff's assessment of the report. Copies of the documents are attached.

Mr. Ford reported on the status of a Request for Proposals (RFP) to hire a consultant to develop a Transit Master Plan which will include a countywide service plan. The RFP will be out in January.

Mr. Ford reported on the details of a joint project between AATA and the Union to raise funds to benefit those in need at the holidays. Employees donated vacation time which was converted to over \$4,500. Gifts were purchased for two families, and cash donations made to four area agencies.

In response to a question from Mr. Ajegba on the consequences and projections of revenues that would be lost through the processes outlined in the Treasurer's report, Mr. Ford requested the opportunity to discuss the considerations and concerns at the Board committee meetings in January.

5.4 Local Advisory Council

Clark Charnetski reported that there was to have been a letter from the Local Advisory Council (LAC) to the Board in the Board's packet. Mr. Charnetski reported on topics discussed at the meeting which included adoption of a guide to public participation at LAC meetings, in conjunction with a change in the Bylaws to bring terminology up to date, and incorporates changes in the quorum and a provision for removal of LAC members for cause. The committee requested that the Board make changes to the LAC Charge to make it go along with the changes to the committee's Bylaws. Mr. Charnetski indicated that the policy for no shows on ARide service was in the process of being updated, and that the LAC would like to provide input early on in the process of any changes made to the Blake Transit Center.

Board members discussed LAC member involvement with a prospective Blake Transit Center project. Terry Black indicated that if the Board gave approval to move the project forward, focus groups would part of the process and will include representatives from the LAC.

Mr. Annis restated his request for a newly designed BTC to eliminate the need for security services.

6.0 Question Time

Ms. McCormick indicated that the Board should make sure to have representation from the LAC included in the Blake Transit Center project, with a member of the committee or a representative from the Center for Independent Living serve on the project team, to inform the process and make sure that the outreach is appropriate. In response to a question from Mr. Annis on the City's input on the project, Ms. McCormick indicated that the project team should also include a representative from the City.

David Nacht raised a question about AATA's working relationship with the City on areas of mutual concern such as accessibility. Mr. Nacht suggested that there are perennial issues and questions of responsibility; sidewalks being one example. Mr. Nacht requested that the PMER Committee take up the issue and that staff be required to come up with a plan so that there is no black hole between bureaucracies. Mr. Bernstein noted that AATA serves many jurisdictions. Board members discussed coordinating with the City and other entities to identify deficiencies, respond to special requests, and identify funding mechanisms and devise a plan for how to incorporate all of the components into the overall process of providing service. Mr. Bernstein agreed that PMER would take up the discussion.

7.0 Old Business

There was no Old Business.

8.0 New Business

Mr. Ford distributed copies of a design concept schematic developed by DLZ, the architectural firm hired to conduct an analysis of the Blake Transit Center and present options for redevelopment of the facility. Terry Black provided an overview of the options identified by DLZ.

Option 1 – Renovate the existing facility to make it bring it into compliance with building codes, the Americans with Disabilities Act, and make it structurally sound.

Option 2 – Renovate the existing facility per Option 1 an addition of 370 square feet to expand the office and Drivers' Room spaces.

Option 3 – Demolish the existing facility and construct a new building to accomplish Options 1 and 2, add a meeting room, all on the existing footprint doubling the square footage.

Option 4 – A new Transit Center on an expanded site to include the existing footprint and the surface parking lot owned by the City of Ann Arbor to the immediate south of the site. This option was added following discussions between Michael Ford and City officials.

It was determined that Option 4 was not going to be viable in the timeframe in which funding is available for the redevelopment project. The Planning and Development Committee directed staff to pursue a modified Option 3 for redevelopment on the existing footprint with the ability for future expansion, should the adjacent property become available later. David Nacht noted that the PDC unanimously supported moving forward with the modified Option 3 which would allow for an expanded footprint and a partnership, should the situation present itself in the future.

Mr. Black reported that the schematic presented was conceptual, and not intended to serve as a design for the space. Mr. Black indicated that the next step was to gain approval from the Board to move forward, at which time work would begin to issue a request for proposals for design and construction of the facility. The process would include input from stakeholders to aid in the design.

Board members discussed the PDC's recommendation. Specific issues raised included the whether the relocation of a downtown transit center was imminent, the percentage of passengers transferring at the BTC, the possibility of a change in the service delivery model given the multimodal transportation projects being planned, the need to have a presence in the downtown, whether it was necessary to have a meeting room in the facility given the number of places already available downtown to hold meetings, and the timeline for using the funding that is in place for a new facility.

Terry Black responded to questions on the details of the schematic. Mr. Black restated that the schematic is only one concept for redevelopment. Chris White provided an overview of the funding available for the project and the timing for use of the funds. Board members engaged in a lengthy discussion regarding funding for the project. A

suggestion was made to provide direction to the design team to fund the project within the available grant funds.

A question was raised as to whether a portion of the funding designated for redevelopment of a downtown transit center could be used on an alternate project such as the Fuller Road Station. Michael Ford responded that he was engaged in discussions with representatives from the City to investigate the existence of alternate funding for the Fuller Road Station.

Mike Vernage, project manager from DLZ, reviewed the details of the proposed concept for redevelopment, detailing the problems with the existing site including significant elevation changes and structural deterioration. Mr. Vernage reported that the conceptual design process included input from a number of stakeholders.

Sue McCormick recommended that the Board require staff to seek approval from the Board for a specific project, including cost authorization, following the design and construction services process and prior to demolition. Ms. McCormick also recommended that the request for proposals include value engineering.

David Nacht moved the following resolution with support from Ted Annis.

8.1 Consideration of Resolution Authorizing Demolition and Rebuilding of the Blake Transit Center Renovation

WHEREAS, the Blake Transit Center (BTC) was originally built to serve as a public transit facility for Downtown Ann Arbor, and includes waiting, boarding, transferring, information, customer service, security, and employee break areas, and

WHEREAS, the daily use of the facility by an increased number of customers, passengers, and employees, together with the continuous ravages of time and weather, has resulted in the need to repair or replace the existing facilities, and

WHEREAS, a professional engineering and architectural consulting firm was engaged to explore options for the facility including rehabilitation to extend its life for 5 more years, improving and slightly expanding the existing facility, or demolishing the existing structures and rebuilding a newly designed facility to serve the public, and

WHEREAS, because it is the intention of AATA to maintain a dynamic presence in Downtown Ann Arbor and to be an important asset for the thousands of daily passengers and customers who utilize the BTC; to continue providing attractive, comfortable, safe, and well designed structures for doing so; and because funds are currently available for such a project, therefore

IT IS RESOLVED, that professional engineering, architectural, and contract

management services shall be engaged to design new transit facilities, demolish the existing BTC and rebuild modern structures to replace the current facility as quickly as possible, and

IT IS RESOLVED, that the new facilities shall be designed and built to take maximum advantage of the current site; shall incorporate, whenever possible, environmentally friendly concepts; shall include all the functional areas now provided by the old facilities, plus additional space for new uses; and shall be flexible so as to take advantage of possible future expansion opportunities, and

IT IS FURTHER RESOLVED, that AATA shall make every effort during the course of this project to relocate the services now available at the BTC so as to be least disruptive to users, safe in operation, and convenient for both the public and AATA employees.

Board members, with input from staff discussed the wording and intent of the resolution.

Mr. Nacht moved to amend the second “IT IS RESOLVED” paragraph of the resolution by adding the following language:

“and shall take into account transit functions, aesthetic impacts, environmental impacts, accessibility to all users and public safety”

Mr. Annis accepted the friendly amendment.

The amended motion passed unanimously.

8.2 Next Steps in Determining Extended Service Plan for AATA

Michael Ford reported that the Board, at its special meeting on October 29, reached consensus on considering a decision regarding the legal status of AATA at the December Board meeting. Mr. Ford suggested that it might be appropriate to hold off on a decision pending the hiring of a consultant to develop a Transit Master Plan. Mr. Ford indicated that the service plan may point to a direction to consider.

Board members discussed next steps. Suggestions included engaging communities in the design of a service plan, publishing information on the website to help residents of the County understand transit, and presentations to other entities on preliminary concepts to help determine which jurisdictions might want to move forward.

Michael Ford indicated that the process of developing a Transit Master Plan would include extensive public input, and would provide clarity on how a countywide service plan and all of the multimodal transit projects will work together.

Mr. Ajegba suggested that the PMER Committee consider how to begin to engage the public. Mr. Bernstein agreed that the committee would take up the process of how to communicate with the public in a more sophisticated way, if not in January, then in February.

- 8.3 Jesse Bernstein moved that the Board express appreciation to staff for giving back to the community not only during this holiday season, but during a very difficult economic time and that the Board wish all the staff and their family a very happy holiday. Sue McCormick supported the motion. The motion passed unanimously.

9.0 Public Time

Nancy Kaplan appeared before the Board and questioned whether there was a consultant for redevelopment of the Blake Transit Center, and if there would be furniture involved.

Paul Ajegba responded that a firm was not hired.

Jim Mogensen appeared before the Board. Mr. Mogensen commented on the Board's discussion of a potential expanded service plan for AATA suggesting that the timeline may not be entirely in AATA's control as Ann Arbor City Council mentioned the AATA millage as a potential source of money for the City. Mr. Mogensen shared his opinion of a scenario of how to fund countywide service. Mr. Mogensen suggested that only a very small number of people in the County are receiving communications regarding AATA's plans.

Carolyn Grawi appeared before the Board. Ms. Grawi announced the distribution of the latest version of *Access Magazine*, which includes an AATA advertisement. Ms. Grawi commented on new bus service that will serve the Ann Arbor Center for Independent Living beginning in January. Ms. Grawi thanked Chris White, Vanessa Hansel from Ride Connect, and an anonymous donor for arranging a trip on Thanksgiving Day. Ms. Grawi suggested that there is limited access for citizens to get to public meetings, and that a process needs to be identified to get information out to a broader audience. Ms. Grawi commented on the accessibility of bus stops and shelters. Ms. Grawi thanked staff for making changes in the Arborland area making service safer for the entire community. Ms. Grawi commented on the creation of a conceptual multimodal transit system that she and Mary Stasiak contributed to that won an award. Ms. Grawi encouraged bringing stakeholders to the table to discuss the design of the Blake Transit Center, and noted that it will be important to discuss the accessibility of service and sidewalks, and safety for passengers during reconstruction.

Clark Charnetski appeared before the Board and conveyed the details of a recent

incident near Arborland when two people ran across Washtenaw Avenue in front of and behind his vehicle. Mr. Charnetski indicated that that it is inconvenient and time consuming for people to use the crosswalks and lights that are in place and suggested that perhaps some kind of pedestrian signal could be added that would eliminate the need to have to cross three streets to cross one.

Michael Ford responded that staff was working with representatives from the Michigan Department of Transportation and the City of Ann Arbor to resolve the problem.

10.0 Adjourn

Jesse Bernstein moved to adjourn the meeting with support from Ted Annis. The meeting adjourned at 8:33 p.m.

Respectfully submitted,

Charles Griffith, Secretary

RESPONSE TO TREASURER'S REPORT ON A COUNTY WIDE TRANSPORTATION SYSTEM

- I. AATA currently receives \$9,700,000 per year from the City of Ann Arbor based upon 2.06 mills (\$4,700,000 per mill). The Treasurer's report advocates reducing the City's transportation tax to 1.0 mill. This would mean:
- AATA's revenues available for providing services to the residents of Ann Arbor would immediately **decrease by \$7,600,000** because:
 - The City's millage revenues for public transit would decrease by 1.06 mills or \$5,000,000.
 - AATA's State operating assistance would decrease by \$1,500,000 (State operating assistance is a function of expenses and with fewer revenues to cover expenses, expenses would have to decrease and state funding would decrease as a result.)
 - AATA's passenger revenues would decrease by \$1,100,000 (due to required cutbacks in service as the result of revenue decreases)
 - AATA's budget for providing services to the City of Ann Arbor would be reduced from its current \$25.46 million to approximately \$16.46 million. Drastic service cuts of up to 35% would be required to close this \$9.00 million gap.
- II. The Treasurer anticipated fare revenues would increase from \$4.33 million to \$7.00 million as the result of county-wide service. More realistic estimates anticipate that County revenues will not exceed 50% of City revenues. In addition, City generated fare revenues will be decreased by service cutbacks due to lost revenues (see above). As a result:
- AATA can expect to receive **\$2.17 million less** in fare revenues from County sources than the Treasurer anticipated.
- III. The Treasurer's report anticipated AATA could operate at \$84 per revenue service hour.
- Even if \$84 per hour could be reached, there would still be a **\$5.24 million shortfall** between revenues and expenses, resulting from the loss of tax collections, State operating assistance, and passenger revenues. Substantial service reductions would be required to address this funding gap. In addition:

- AATA has been successful in reducing its costs over the past several years, even in the face of inflationary pressures (like rising fuel and health care costs). Its costs now stand at \$102 per service hour (three years ago its cost were \$108 per hour).
- Operating at \$84 per hour would require reducing the agency's cost by an additional 18%. Both the quantity and the quality of AATA's services would have to be drastically reduced just to get to \$84 additional cuts would have to be made to address the shortfall.
- The Treasurer advocates \$84 per hour, citing Bay City, Michigan, which operates a transit system for \$85 per hour. At \$84 per hour, AATA's system would look similar to Bay City which:
 - Operates 45—50 minute headways between buses on most routes on weekdays, while a few selected routes have as much as three hour headways. ***(AATA provides 15 minute service during rush hours on major routes and 30 minute service on all routes the remainder of the day.)***
 - Operates only from 6:40 am until 5:35 pm on weekdays. ***(AATA operates from 6:00 am until 10:30 pm or 11:00 pm on weekdays. In addition, AATA subsidizes taxicab service in Ann Arbor between midnight and 6:00 am to provide 24 hour public transit service.)***
 - Operates 11 weekday routes. ***(AATA operates 25 mainline routes plus 2 commuter routes on weekdays.)***
 - Operates a community-wide demand-response service for seniors and the disabled with 24 hours reservation. Others may ride if they are going at the same time and there is room. ***(AATA currently does not provide service outside the urbanized area, however, within the urbanized area, AATA provides demand-response service to seniors and the disabled with as little as 2 hours notice.)***
 - Operates "flex-route" service to and from educational institutions, sheltered workshops, and child care centers. ***(AATA services all educational institutions, sheltered workshops, and most child care centers within the urbanized area with regularly scheduled service.)***
 - Operates 60 minute headways on 9 Saturday routes from 9:00 am until 6:00 pm. ***(AATA operates 60 minute headways from 8:00 am until noon on 14 routes on Saturdays; services are every 30 minutes from noon till 7:00 pm. After hours, AATA subsidizes taxicab service to provide 24 hour public transit service.)***
 - Operates no Sunday service. ***(AATA operates 60 minutes service on 10 routes on Sundays from 8:00 am until 6:30 pm. After hours, AATA subsidizes taxicab service to provide 24 hour public transit service.)***
 - Has no holiday service. ***(AATA subsidizes taxi service on holidays within Ann Arbor to provide 24 hour public transit service.)***

- Has no bus shelters, but does have a downtown transit center. **(AATA has countless bus shelters throughout its service area with more coming all the time. AATA operates transit centers in downtown Ann Arbor and downtown Ypsilanti with several other transfer centers located throughout its service area.)**
- Does not provide bus service within ¼ mile of 90% of its population. **(One of AATA's service parameters is to provide regularly scheduled bus service within ¼ mile of 90% of the residents of Ann Arbor.)**
- Does not provide special event service. **(AATA provides rides to tens of thousands every year to the Art Fair and to U of M Football Games.)**
- Has no park and ride service. **(AATA serves numerous park and ride lots throughout the City and is getting even more.)**
- Has no carpool-vanpool matching service. **(AATA teams with SEMCOG to offer online carpool-vanpool matching.)**
- Provides service to 600,000 passengers per year at a cost of \$8.51 per passenger. **(AATA provides service to 6,000,000 passengers per year at a cost of \$3.53 per passenger.)**
- Carries an average of 9.6 passengers per hour on each bus. **(AATA carries an average of 30 passengers per hour on each bus.)**
- Provides connections with Greyhound and Saginaw Transit. **(AATA provides connections with Greyhound, The WAVE, the Ann Arbor-to-Chicago MegaBus, and the Detroit Airport Michigan Flyer. Being considered are connections with the future East/West Commuter Train.)**
- Provides schedule information only in print, via computer, and by telephone. **(AATA provides printed, computerized, and telephone schedule information, and also provides real-time "Bus Tracking" information via computers and web-enabled mobile phones and PDA's.)**

- IV. The Treasurer's report ignores the Ann Arbor Transportation Plan Update (AATPU) formally adopted by the City and AATA in 2009. The AATPU calls for:
- Substantial future increases in public transit services in the City of Ann Arbor.
 - The study and implementation of "flagship" services on heavily used corridors.
 - The construction of additional park and ride lots.
 - The support and expansion of Ann Arbor to Detroit Commuter Rail.

DETAILED CALCULATIONS FOR TREASURER'S REPORT ON COUNTY WIDE TRANSPORTATION SYSTEM

If the City millage produces \$9.70 million based upon 2.06 mills, then that means it produces approximately \$4.70 million per mill.¹ The Treasurer's scenario reduces the City's millage to 1 mill, which would mean that Ann Arbor would be contributing \$4.70 million into the countywide pot available for public transit.

The remainder of the County would be contributing approximately \$10.30 million to be used to provide service outside the City limits.² Since it now requires all of the \$9.70 million collected in the City millage to deliver the current level of service in the City, it would follow that if the millage were cut in half, then Ann Arbor's service would also have to be cut substantially.

There are some other adjustments that would have to be made if Ann Arbor contributed only \$4.70 million toward transit. Ann Arbor's new contribution would be \$5.00 million **less** that it now contributes.³ This \$5.00 million reduction in revenues (we can assume the reduction in revenues would also mean a reduction in expenses) would result in Ann Arbor losing approximately \$1.50 million in state operating assistance.⁴

The loss of these two income generators would result in the City's services being cut by approximately \$6.50 million or approximately 25.5% from today's levels.⁵ As the City's level of transit service decreases, fare revenues would decrease accordingly, which would result in a further reduction of approximately \$1.10 million in fare box revenues⁶ for a total loss of \$7.60 million.⁷

Thus, the net effect of the loss of one mill, the corresponding loss of state operating assistance, and the corresponding loss of fare box revenues resulting from service cutbacks would leave the City's contribution approximately \$7.60 million below today's levels.

¹ \$9.70 million/2.06 mills = \$4.70 million per mill

² \$15.00 million - \$4.70 million = \$10.30 million

³ \$9.70 million - \$4.70 million = \$5.00 million

⁴ \$5.00 million reduction x 30% state funding = \$1.50 million

⁵ \$5.00 million + \$1.50 million = \$6.50 million

⁶ 25.5% x \$4.334 million in fares = \$1.10 million

⁷ \$5.00 million + \$1.50 million + \$1.10 million = \$7.60million

The Treasurer's report was built around fares increasing from \$4.334 million to \$7.00 million. How that would be accomplished is highly questionable. Following the 25.5% reduction in fare revenue from the City of Ann Arbor (as the result of losing approximately 25.5% of its service), then the remainder of the County would have to generate even more passengers than the City.

The City would generate about \$3.23 million in fares,⁸ while the County would have to generate the balance of \$3.77 million in order to reach the Treasurer's \$7.00 million total fares.⁹ That would mean the County would have to produce 117% more passengers than would the City – a prospect that is unlikely.

The level of service being provided in the out-county would be far less than that provided inside the City, as there would be substantially less total revenue available per mile for the rural services than for the urbanized. A substantially lower level of service in the County would produce substantially fewer fares. Even if County services could produce 50% as many passengers as in the City, this would result in adding only \$1.60 million in fares,¹⁰ for a grand total of \$4.83 million.¹¹ This is **\$2.17 million less** in fares than the Treasurer anticipates.¹²

The tax shift would **not** produce \$8.0 million more in revenue. Instead, it would actually produce **\$1.77 million less** than what is produced today.¹³

More importantly, it would result in Ann Arbor losing \$7.60 million worth of service. Under the Treasurer's analysis, AATA would be not only be providing City of Ann Arbor services, but urbanized area services plus County-wide services for less than what it costs to provide City and urbanized area services today.

⁸ \$4.334 million - \$1.10 million = \$3.23 million

⁹ \$7.00 million - \$3.23 million = \$3.77 million

¹⁰ \$3.23 million x .50 = \$1.60 million

¹¹ \$3.23 million city + \$1.60 million county = \$4.83 million

¹² \$7.00 million - \$4.83 million = \$2.17 million

¹³ \$7.60 million less in revenues + \$2.17 million less in fares = \$9.77 million. \$8.00 million from Treasurer's report - \$9.77 million = -\$1.77 million

If the Treasurer's wish of AATA operating at \$84.00 per service hour were to come true, the system (even with additional millage revenue coming from the out-county areas) would still come up **\$5.59 million short**.¹⁴

The Treasurer's scenario of funds coming from the County presumes that 100% of the county would participate in a transportation authority and its accompanying millage. That is a presumption that is highly speculative at best.

In summary, the Treasurer's plan is highly flawed and would negatively affect the amount and levels of service available to the citizens of Ann Arbor. The loss of 1.06 mills from the City would be devastating to AATA's services and would result in services being **cut back by approximately \$7.60 million**. Furthermore, reducing AATA's operating budget to \$84 per service hour would not only greatly degrade the level of service available to City residents; it would still result in the necessity of **cutting an additional \$5.24 million** in Ann Arbor's transit services.

¹⁴ \$84.00 = 17.8% less than the \$102.24 AATA is expected to operate in 2010. The total approved budget for 2010 is \$25.46 million. The approved budget multiplied by the 17.8% reduction in cost yields approximately \$4.53 million in savings. The \$4.53 million in savings deducted from the expected total of \$9.77 million in losses due to the reduced millage, loss in state funds, and loss in fare box revenues would still leave \$5.24 million unaccounted for.

COMPARISON BETWEEN AVAILABLE CITY REVENUES AND COUNTY REVENUES UNDER TREASURER'S PLAN

	CURRENT CITY SERVICES <u>Tax of 2.06 Mills</u>	TREASURER'S CITY SERVICES <u>Tax of 1.0 Mill</u>	TREASURER'S COUNTY SERVICES <u>Tax of 1.0 Mill</u>	TREASURER'S COMBINED CITY AND COUNTY <u>AND COUNTY</u>
Local Tax Revenues	\$9,700,000	\$4,700,000 ¹	\$10,300,000	\$15,000,000
POSA's	1,141,000	-0- ²	-0-	-0-
Fares	4,334,000	3,234,000 ³	1,617,000	4,851,000
State Assistance	6,754,000	5,015,000 ⁴	4,751,000	9,766,000
Federal assistance	3,170,000	3,170,000	830,000	4,000,000
Other	<u>361,000</u>	<u>361,000</u>	<u>-0-</u>	<u>361,000</u>
Total Revenues	\$25,460,000	\$16,480,000	\$17,498,000	\$33,978,000

¹ A millage rate of 1 mill would generate \$4.7 million in Ann Arbor

² POSA's would no longer be paid by cities and towns. Revenue generated in these jurisdictions would pay direct and indirect costs of service.

³ Fares are decrease by 25% due to cutbacks in services resulting from decreases in revenues.

⁴ State assistance would be reduced due to a decrease in expenses (State assistance is based upon each system's expenses)