



BOARD OF DIRECTORS

DATE: Thursday, February 16, 2017

TIME: 6:30pm

PLACE: Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor MI 48104

MEETING CHAIR: Eric Mahler

AGENDA

Item	Item Type	Speaker(s)
1.0 <u>Public Hearing</u>	Information	Mahler
2.0 <u>Communications and Announcements</u>	Information	All
3.0 <u>Public Time – Comment on Agenda Items</u>	Information	Public
4.0 <u>Review and Approval of Minutes</u>		
4.1 Review and Approval of Minutes of January 19, 2017 (p. 1-5)	Decision	Mahler
5.0 <u>Board and Staff Reports</u>		
5.1 Chief Executive Officer	Information	Carpenter
5.1.1 FY2016 Audit Presentation (Separate Cover)	Information	Plante Moran
5.2 Planning and Development (p. 6-9)	Information	Gainsley
5.3 Performance Monitoring External Relations (p. 10-26)	Information	Allemang
5.4 Local Advisory Council	Information	Weber
5.5 Washtenaw Area Transportation Study	Information	Krieg
5.6 Ann Arbor Transportation Commission	Information	Gururaja
5.7 Governance	Inform/Discuss	Mahler
5.7.1 Policy Governance (p. 27-57)		
6.0 <u>Question Time</u>	Information	All
7.0 <u>Old Business</u>		

8.0 New Business

8.1	FY2018 State Funding Application (p. 58-61)	Decision	Roberts
8.2	Accept Audit Report (p. 62)	Decision	Webb
8.3	AirRide Contract (p. 63-65)	Decision	Carpenter
8.4	Communications and Marketing Services (p. 66-68)	Decision	Stasiak

9.0 Public Time

Information Public

10.0	<u>Adjourn</u> [next meeting Thursday, March 16, 2017 @ 6:30pm]	Decision	Mahler
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BOARD OF DIRECTORS

Eric Mahler, Chair • Eli Cooper, Treasurer • Stephen Wade, Secretary
Mike Allemang • Jack Bernard • Sue Gott • Prashanth Gururaja • Roger Hewitt
Gillian Ream Gainsley • Larry Krieg



Proposed Minutes

January 19, 2017

Ann Arbor Area Transportation Authority Board of Directors

Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor, Michigan, 6:30 p.m.

Board: Mike Allemang, Jack Bernard, Eli Cooper, Sue Gott (departed 7:57 p.m.), Prashanth Gururaja, Roger Hewitt, Larry Krieg, Eric Mahler (Chair), Stephen Wade

Absent with Notice: Gillian Ream Gainsley

Staff: Matt Carpenter, Bill De Groot, Sarah Pressprich Grynowicz, Phil Webb

Recording Secretary: Karen Wheeler

Chairman Eric Mahler declared that a quorum was present and called the meeting to order at 6:31 p.m.

1.0 Public Hearing

There was no Public Hearing.

2.0 Communications and Announcements

There were no communications or announcements.

3.0 Public Time – Comment on Agenda Items

Kathleen Mozak-Betts appeared before the Board. Ms. Mozak-Betts commented on municipal website offering email alerts that includes out-of-date information on AAATA routes. Ms. Mozak-Betts requested that the information be updated, if the information will continue to be available.

Mr. Mahler asked Mr. Carpenter to respond. Mr. Carpenter requested clarification on the source of the information which was identified as the City of Ann Arbor. Mr. Carpenter agreed to reach out to the City to correct the information. Mr. Cooper announced that he would address the matter with City staff.

Michelle Barney appeared before the Board. Ms. Barney commented on the new Federal Administration and possible changes to public services. Ms. Barney commented on the potential for conflict during the Inauguration. Ms. Barney suggested preparing bus drivers and providing someplace to call in, if drivers see trouble starting.

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

4.0 Review and Approval of Minutes

4.1 Review and Approval of Minutes December 15, 2016

Eli Cooper moved approval of the minutes as written with support from Roger Hewitt. The motion passed. Sue Gott abstained.

5.0 Board and Staff Reports

5.1 Chief Executive Officer

There was no report.

5.2 Planning and Development Committee

Mr. Wade reported on the Planning and Development Committee (PDC) meeting. PDC received a presentation on the Operational Space Plan from the project consultants. A wide ranging conversation followed. Key points included balancing operational needs with the organization's principles and values and considering different ways about how to operate.

Ms. Gott added to the report noting the importance of having an operational strategy and bringing additional vitality to the community. Ms. Gott reviewed the ideas for additional goals and evaluation criteria shared by PDC members. Ms. Gott reported that PDC will be coming back to the Board to get early input once different scenarios for space plans are identified.

5.3 Performance Monitoring and External Relations Committee

Mr. Allemang reported on the Performance Monitoring and External Relations (PMER) Committee meeting. PMER received a report on the financial and performance indicators for the first two months of the fiscal year. Mr. Allemang noted that reserves are less than the objective of 2.5 months at 2.1 months. Mr. Allemang reported that fixed-route ridership is 6% above last year. This is the fourth month in a row where ridership has exceeded the same period a year ago. Mr. Allemang reported that the auditors completed their onsite review for

FY2016 and will make a report at the February PMER meeting. PMER discussed the Policy Governance template with a focus on the Ends.

5.4 Local Advisory Council

Mr. Carpenter reported on the Local Advisory Council (LAC) meeting. LAC discussed operational concerns with paratransit service, received a report on the Communications Subcommittee, and reviewed the LAC's responsibilities and goals. Mr. Carpenter announced plans to meet with the LAC Chair to discuss how LAC sees its role and where LAC wants to focus its efforts.

5.5 Washtenaw Area Transportation Study

Dr. Krieg reported on the Washtenaw Area Transportation Study (WATS) Policy Committee meeting. The Committee passed the Washtenaw County Unified Planning Work Program which includes AAATA planning tasks and anticipated funding for the WATS fiscal year starting July 1, 2017. Dr. Krieg reported to the Committee about increased ridership on AAATA routes and efforts by the Livingston County Transportation Coalition to find better ways to get to Washtenaw County. Dr. Krieg reported on his attendance at the Transportation Research Board conference where autonomous vehicles were discussed.

5.6 Governance

Mr. Mahler introduced the discussion on the draft Policy Template and proposed committee structure. Mr. Mahler suggested that board deliberate carefully on its vision as a board and for the organization. Mr. Mahler opened the floor for discussion.

Mr. Bernard distributed a document detailing his thoughts on the Ends (please see text below).

Section 1: ENDS

1.0 POLICY TITLE: GLOBAL END (REVISED)

AAATA exists to provide public transportation for people who live in, work in, or visit the Ann Arbor-Ypsilanti Region. AAATA strives to—

- 1.1 provide up-to-date, multi-modal transit services in a manner that supports and increases the use of public transportation in the region;
- 1.2 provide accessible public transit services, vehicle facilities, programs, and communications for all, including people who have disabilities, seniors, children, non-native speakers, poor people, and those without other means of transit, among others;

- 1.3 provide affordable, reliable, convenient, efficient transit services, vehicles, facilities and programs;
- 1.4 provide safe, clean, well-maintained, environmentally-responsible transit services, vehicles, facilities, programs, and working environments for all, including riders, employees, volunteers, and visitors, among others;
- 1.5 be and remain relevant to and involved with local, municipal, county and state governments as part of an ecosystem of transit, planning, development, and research;
- 1.6 uphold practices of equal opportunity for all persons and act in ways that do not discriminate on the basis of race, color, national origin, age, disability, marital status, sex, sexual orientation, gender identity, gender expression, religion, height, weight, or veteran status; and
- 1.7 engage in its activities in a lawful, ethical manner, with prudent financial stewardship and professionalism, and mindful of industry standards and best practices; and
- 1.8 use research, evidence, and data to make decisions consistent with these ends.

Board members engaged in a robust discussion about developing Ends including whether to bring the Ends back for further discussion by the full Board, or the possibility of creating a Drafting Committee. No action was taken.

6.0 Question Time

Dr. Krieg noted that the level of reserves is less than the amount set by Board policy yet the budget has a favorable balance. Dr. Krieg requested clarity on the relationship between reserves and the budget.

Mr. Allemang responded that the reserves are impacted by results from the operating budget, and also from the capital budget.

Mr. Carpenter added that year-end operational funds are put into the reserves noting that the year-to-date budget can have a favorable balance but not have built reserves back up to where it ought to be.

Dr. Krieg asked what is done when the level of reserves is below the policy.

Mr. Carpenter responded that Board policy directs maintaining 2.5 months of reserves. If the reserves fall below the limit, the CEO is charged with finding a remedy.

Mr. Cooper commented on work completed two years ago that led to the Board establishing the reserve level at 2.5 months. Mr. Cooper noted that AAATA's level is above some standards articulated by financial oversight entities. Mr. Cooper recommended revisiting the reserves policy under the Policy Governance model.

Mr. Bernard suggested establishing a policy that meets the objective of having reserves at a certain capacity.

7.0 Old Business

There was no Old Business for the Board to consider.

8.0 New Business

There was no New Business for the Board to consider.

9.0 Public Time

No appearing, Mr. Mahler declared Public Time closed.

10.0 Adjourn

Jack Bernard moved to adjourn the meeting with support from Roger Hewitt. The motion passed unanimously and the meeting adjourned at 8:55 p.m.

Respectfully Submitted,

Stephen Wade, Secretary



Meeting Summary
February 7, 2017
Ann Arbor Area Transportation Authority
Planning and Development Committee

Committee: Gillian Ream Gainsley (Chair; arrived 9:28), Sue Gott, Roger Hewitt, Larry Krieg, Stephen Wade

Staff: Michael Benham, Bill De Groot, Matt Carpenter, Dawn Gabay, Sarah Pressprich Gryniewicz, Julia Roberts, Mary Stasiak, Phil Webb, Chris White, Reggie Whitlow

Dr. Krieg, serving as Acting Chair, called the meeting to order at 9:09 a.m.

1.0 Additions to Agenda

Mr. Carpenter suggested inverting the order of agenda items. Hearing no objections, Dr. Krieg changed the order of the agenda.

2.0 Communications and Announcements

There were no communications or announcements.

3.0 Public Participation

Jim Mogensen appeared before the Committee. Mr. Mogensen commented on the draft Policy Template indicating that he intends to provide comments on the document to the full Board.

No one further appearing, Dr. Krieg declared Public Time closed.

4.0 Business

4.1 FY2018 State Funding Application

Ms. Roberts reported that the State Funding Application is a routine matter that essentially signals to the state that AAATA would like to receive capital matching funds for federal dollars, plus annual state operating assistance. Ms. Roberts noted that the first element of the application includes the FY2018 portion of AAATA's Capital and Categorical Grant Program adopted by the Board in September. The second element of the application is presenting a proposed operating budget for FY2018. Ms. Roberts

noted that the capital plan can be revised to reconcile with AAATA's federal grant application due in June 2018. Ms. Roberts responded to questions on how the FY2018 application compares to last year's application and offered to provide a written comparison.

Staff responded to questions on whether additional state funds should be sought to help with anticipated future budget shortfalls, and whether approval of the state application would continue to be brought to committee under the governance structure the Board is contemplating. An explanation of state funding priorities was provided. It was noted that while the application is largely formula driven, adjustments can be made through the federal funding application process next year. Mr. Carpenter noted that the Board intends to continue to approve the budget under the proposed new governing structure which would alleviate the Board from having to consider some "housekeeping" approvals. Mr. Carpenter further noted, however, that it is a requirement of the State for the Board to approve submission of the application and the request for approval would likely be included on a consent agenda under the new governing scenario.

The committee reached consensus on moving the resolution forward to the full board for consideration.

4.2 WATS Policy Committee Discussion

Mr. Carpenter reported on a discussion scheduled to take place at the February Washtenaw Area Transportation Study (WATS) Policy Committee meeting; spending local road funds on state trunk lines. The specific issue involves a pedestrian crosswalk on Washtenaw Avenue near Hogback Road.

Dr. Krieg noted that the pedestrian crossing is included in the ReImagine Washtenaw project and asked committee members for their input. Suggestions included:

- Supporting projects on Washtenaw Avenue as the trunk line is crucial to AAATA service
- Working with the State on prioritizing projects that make the most sense for the whole corridor while keeping local priorities in mind.

Ms. Gainsley arrived to Chair the meeting.

4.3 Connector Update

Mr. Carpenter provided an update on the Connector project. Cost proposals for the next phase of the project exceeded allocated funding available. The project partners (UM, City of Ann Arbor, DDA and AAATA), led by UM, will meet to discuss incremental ways to advance the project in the short term. Ms. Gott added that the vision for the project stands and the team is looking into more manageable investments where

congestion and demand is greatest. Mr. Carpenter reminded committee members that AAATA received a planning grant designated for AAATA's share of the next phase of the study. Mr. Carpenter reported that efforts will be undertaken to explore options for how the funding might best be repurposed. A recommendation will be brought to the Board.

Committee members offered the following suggestions:

- Narrow the Connector project scope and put the work through in stages
- Explore dedicated lanes to improve speed and efficiency on Washtenaw Avenue
- Utilize grant funds to approach the project in an incremental and less expensive manner
- AAATA consider presenting a mobility vision and engaging other partners in the vision

4.4 Passenger Terminal Needs Assessment-YTC

Mr. De Groot made a [presentation](#) on the Passenger Terminal Needs Assessment for the Ypsilanti Transit Center (YTC) reporting on the Study Purpose and Proposed Process. Mr. De Groot reported that a Request for Proposals has been drafted and is scheduled to be issued in the next month.

Mr. De Groot reported that Phase I of the project is expected to take 8 to 12 months to complete with the final report of Phase I due within one month of identifying final alternatives which include short and long-term conceptual recommendations for the YTC. Mr. De Groot noted that funding for Phase I of the project will be provided by a state grant. Phase II includes where to place future YTC operations.

Mr. Carpenter reported that there is an emphasis on an operational facilities planning process previously discussed by PDC. Mr. Carpenter added that there will be a significant public discussion component due to a wide range of interests in the project.

Ms. Gainsley opened the floor for discussion and the following ideas were shared:

- Define "public" [who will be asked to provide input] more closely so that consultants have a clear idea of what AAATA thinks is included in the "public"
- Develop a creative and open public communications process
- Consider charrettes for public input sessions
- Consider two-minute on-the-street interviews for a different perspective
- Clearly identify the topics that citizens may offer opinions on to manage expectations
- Bring the communities involved in into the discussion and foster cooperation
- Encompass stakeholder coordination and look for partners in the community; consider more than just AAATA's needs in the project
- Visioning is important but needs to have clear boundaries

- Integrate Phase I of the work with the Operational Facilities Needs Assessment so that both project consultants can identify visionary opportunities to be reinforced in subsequent work
- Have a sign-off on creation of the program, including a cost estimate, before commencing consultant work
- Include estimate of lifecycle and operations costs in addition to capital expenditure estimates in the overall financial plan
- The project cost should include a triple bottom line balanced against the cost on the environment, the impact on future generations and on social justice issues.

5.0 Public Participation

Jim Mogensen appeared before the Committee. Mr. Mogensen commented on how public comment would interact with a new board governance model. Mr. Mogensen commented on situations when people are given the opportunity to participate, and they don't. Mr. Mogensen encouraged the committee to continue to provide opportunities for input so that people don't feel excluded. Mr. Mogensen commented on his continuing work to acquire bus tokens and plans to intersect with AAATA staff to obtain an understanding of the Community Match Program.

Ms. Gainsley welcomed Mr. Mogensen's input on public participation under the Policy Governance model.

No one further appearing, Ms. Gainsley declared Public Time closed.

6.0 Adjourn

There being no further business, Ms. Gainsley adjourned the meeting at 10:49 a.m.

Respectfully Submitted,

Karen Wheeler



Meeting Summary
February 9, 2017
Ann Arbor Area Transportation Authority
Performance Monitoring and External Relations Committee

Committee: Mike Allemang (Chair), Jack Bernard (telephone), Eli Cooper,
Prashanth Gururaja

Staff: Matt Carpenter, Dawn Gabay, Sarah Pressprich Gryniewicz, Mary
Stasiak, Phil Webb, Chris White, Michelle Whitlow

Guest: Pam Hill, Plante Moran

Mr. Allemang called the meeting to order at 3:41 p.m.

1 Additions to Agenda

There were no additions to the agenda.

2 Communications and Announcements

Mr. Gururaja announced that the first meeting of the Transportation Commission is scheduled for February 15. The Commission is scheduled to meet on the third Wednesday of every month.

3 FY2016 Audit Presentation

Pam Hill from Plante Moran reported on the audit for the fiscal year ended September 30, 2016. Ms. Hill thanked AAATA staff for their cooperation, courtesy and quick responses during the audit.

Ms. Hill provided an overview of the audit opinion letter which designates an “unmodified opinion”, the highest level of assurance that the information presented in the audited financial statements are free of material misstatements.

Ms. Hill reported on highlights in the Statement of Net Position. AAATA’s total assets are \$78 Million, increased from 2015 due to bus purchases. Ms. Hill referred to non-current liabilities of \$1.7 Million, noting that the liabilities are low when compared to other public entities.

Ms. Hill reviewed the Income Statement which shows a 5% increase in local non-operating revenues due to increased service in Pittsfield Township and increases in tax revenues primarily from the City of Ann Arbor.

Ms. Hill announced a new reporting requirement for next year. All “Other Postemployment Benefits” (OPEB), retiree healthcare obligation liabilities, will need to be included on the Balance Sheet and recognized as a liability. This will reduce net assets by the same amount. Ms. Hill noted that AAATA’s retiree healthcare plan is closed, and there are sufficient net assets to cover the liability.

Ms. Hill responded to questions regarding internal controls, indicating that the controls are very good.

The committee reached consensus on moving forward to the full Board the resolution for **Acceptance of Audited Financial Statements for the Year Ended September 30, 2016.**

4 Financials

Mr. Webb reported on highlights from the Report of Operations which shows a net surplus of \$750,000 three months into the fiscal year. Mr. Webb referred to the Report to Treasurer noting that Unrestricted Net Assets are at 2.15 months. Mr. Webb reviewed the Fuel Savings and Technology Fund accounting. Mr. Cooper provided a brief history of how the Fuel Savings and Technology Fund came into being.

5 Performance

Mr. White reported on the performance data noting that December fixed-route Average Weekday Passengers ridership increased slightly above last year, continuing a five-month trend. Mr. White reported that ARide ridership increased almost 5% which has an impact on overall costs. Mr. White reported that AirRide ridership was up 3% while ExpressRide ridership continued to decline with the decline in gas prices.

In response to a discussion at the January PMER meeting, Mr. White presented three graphs depicting long-term ridership trends: 1. A 35-year trend of fixed-route riders, service hours and productivity; 2. Changes in fixed-route ridership in the last 10 years and 3. Changes in average weekday, Saturday and Sunday ridership in the last five years. Mr. White reported that the overall long-term trend is positive. There was discussion around the graphs and a suggestion made to look at mode sharing to understand how AAATA can maintain importance relative to the mobility picture.

6 AirRide Contract

Mr. Carpenter reported on details of a recommendation for the Board to authorize the CEO to negotiate and execute a contract with Indian Trails/Michigan Flyer to provide AirRide service. Mr. Carpenter presented two procedural options for moving forward: 1. empowering the CEO to negotiate contract terms and return to the Board for final approval, or 2. empowering the CEO at the beginning to negotiate and execute the contract. Mr. Carpenter responded to questions on service particulars noting that the service would continue to include one stop in Ann Arbor.

Mr. Cooper suggested that entrusting the CEO to represent the Authority would be a move towards Policy Governance. The Committee reached consensus on empowering the CEO at the beginning to negotiate and execute the contract.

The Committee reached consensus on moving forward a resolution to the full Board for **Approval of Contract Award for Airport Transportation (AirRide) Services.**

7 Communications and Marketing Services Contract

Ms. Stasiak reported on a recommendation to approve a contract for Communications and Marketing Services. Ms. Stasiak noted that in previous years AAATA has awarded contracts to multiple vendors for various services. The recommendation is to award to one vendor, Berline, Inc. to combine all marketing and communications services into one contract.

The Committee reached consensus on moving forward a resolution to the full Board for **Authorization to Award Communications and Marketing Contract.**

8 Draft Monitoring Report

Mr. Carpenter proposed discussing the Draft Monitoring Report at the March PMER meeting. Mr. Allemang agreed to move the item forward to the March meeting.

9 Adjourn

There being no further business, Mr. Allemang adjourned the meeting at 5:47 p.m.

Respectfully Submitted,

Karen Wheeler

**Ann Arbor Area Transportation Authority
Financial Report of Operations - Unaudited
For the Three Months Ended December 31, 2016**

Comparison to Prior Year

	12/31/2016	12/31/2016	Favorable		12/31/2015	Favorable	
	Year to Date	Year to Date	(Unfavorable)	Percent	Year to Date	(Unfavorable)	Percent
	Budget	Actual	Variance		Actual	Variance	
Revenues:							
Passenger Fare Revenue	\$571,945	\$587,344	\$15,399	2.7%	\$555,235	\$32,109	5.8%
Subcontracted Fare Revenue	461,939	490,665	28,726	6.2% 1	459,878	30,787	6.7%
Special Fares (EMU,UofM,go!Pass)	647,745	695,194	47,449	7.3%	597,108	98,086	16.4%
Advertising, Interest, and Other	70,246	68,375	(1,871)	-2.7%	68,761	(386)	-0.6%
Local Property Tax Revenue	3,813,134	3,812,864	(270)	0.0% 2	3,442,825	370,039	10.7%
Purchase of Service Agreements	518,015	471,580	(46,435)	-9.0%	244,756	226,824	92.7%
State Operating Assistance	3,319,790	3,008,006	(311,784)	-9.4% 3	2,683,498	324,508	12.1%
Federal Operating Assistance	1,156,713	1,162,213	5,500	0.5%	958,616	203,597	21.2%
Total Revenues	10,559,527	10,296,241	(263,286)	-2.5%	9,010,677	1,285,564	14.3%
Expenses:							
Operations Wages	2,889,392	2,815,489	73,903	2.6% 4	2,546,293	(269,196)	-10.6%
Maintenance Wages	784,503	707,140	77,363	9.9% 4	670,139	(37,001)	-5.5%
Administrative Wages	835,037	727,539	107,498	12.9% 4	746,090	18,551	2.5%
Total Wages	4,508,932	4,250,168	258,764	5.7% 4	3,962,522	(287,646)	-7.3%
Fringe Benefits:							
Payroll Taxes	332,386	320,679	11,707	3.5%	305,266	(15,413)	-5.0%
Pension	345,775	359,001	(13,226)	-3.8%	304,520	(54,481)	-17.9%
Medical Insurance	692,050	658,645	33,405	4.8%	678,097	19,452	2.9%
Post-Retirement Benefits & HCSP	132,933	125,832	7,101	5.3%	112,917	(12,915)	-11.4%
Other Fringe Benefits	257,962	242,443	15,519	6.0% 5	200,188	(42,255)	-21.1%
Fringe Benefits	1,761,106	1,706,600	54,506	3.1% 5	1,600,988	(105,612)	-6.6%
	39.1%	40.2%					
Purchased Services:							
Contracted Maintenance	221,442	165,360	56,082	25.3% 6	82,881	(82,479)	-99.5%
Consulting Fees	160,128	121,201	38,927	24.3%	32,556	(88,645)	-272.3%
Security Services	84,045	71,160	12,885	15.3%	78,741	7,581	9.6%
Other Purchased Services	A 203,513	122,152	81,361	40.0% 6	156,090	33,938	21.7%
Purchased Services	669,128	479,873	189,255	28.3%	350,268	(129,605)	-37.0%
Materials and Supplies:							
Diesel Fuel and Gasoline	424,600	344,184	80,416	18.9% 7	332,848	(11,336)	-3.4%
Fuel Futures (Gains) or Losses	0	(73,147)	73,147	100.0% 7	118,973	192,120	161.5%
Bus Parts	295,200	184,996	110,204	37.3%	192,689	7,693	4.0%
Printing	60,438	2,118	58,320	96.5% 8	20,477	18,359	89.7%
Other Materials and Supplies	B 283,387	230,495	52,892	18.7% 8	239,069	8,574	3.6%
Materials and Supplies	1,063,625	688,646	374,979	35.3%	904,056	215,410	23.8%
Utilities	C 112,845	74,616	38,229	33.9% 9	75,878	1,262	1.7%
Casualty & Liability Insurance	207,000	195,617	11,383	5.5%	175,333	(20,284)	-11.6%
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Purchased Transportation:							
ARide and Good as Gold	1,110,750	1,096,584	14,166	1.3%	771,079	(325,505)	-42.2%
Night Ride	137,499	135,623	1,876	1.4%	135,662	39	0.0%
Air Ride	297,339	316,366	(19,027)	-6.4%	308,723	(7,643)	-2.5%
WWAVE, Northfield, MyRide, GRH	396,080	387,742	8,338	2.1%	323,444	(64,298)	-19.9%
Purchased Transportation	1,941,668	1,936,315	5,353	0.3%	1,538,908	(397,407)	-25.8%
Other Expenses	D 197,023	107,631	89,392	45.4% 10	123,840	16,209	13.1%
Local Depreciation	105,000	105,000	0	0.0%	101,850	(3,150)	-3.1%
Total Expenses	10,566,327	9,544,466	1,021,861	9.7%	8,833,643	(710,823)	-8.0%
Gain (Loss) from Operations	(\$6,800)	\$751,775	\$758,575		\$177,034	574,741	

Variations:

Detail of Budget Variances - Positive (Negative):

	December	December
	Year to Date	Year to Date
A: Other Purchased Services Variances:		
Management & Agency Fees	18,639	
Physical Exam Fees	6,348	
Legal Fees	5,402	
Auditing Fees	0	
IT Services	12,542	
Custodial Services	229	
Internet Services	25,231	
Towing	2,064	
Admin Fee - Benefit Source	10,906	
	81,361	
B: Other Materials and Supplies Variances:		
Lubricants	2,362	
Tires, Tubes and Wheels	650	
Tools and Equipment	(1,013)	
Equipment Repair	2,411	
Other Materials and Supplies	39,508	
Computer Software	8,974	
	52,892	
C: Utilities Variances:		
Natural Gas		13,394
Electricity		7,196
Water		2,300
Telephone		15,339
		38,229
D: Other Expenses Variances:		
Uniform Expense		(114)
Postage		4,226
Dues and Subscriptions		486
Conference and Travel		12,612
Media costs		30,971
Employee Development		25,134
Wellness & Appreciation		4,916
Recruitment and Hiring		8,256
Equipment Rental		2,905
		89,392



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TheRide.org

Online

MEMO

To: Board of Directors, Ann Arbor Area Transportation Authority

From: Philip Webb, Controller/Manager of Finance

Date: January 18, 2017

Re: Notes to the Financial Report of Operations – Three Months Ended Dec. 30, 2016

Message: The following are the explanations and notes for budget to actual variances for the AAATA's year-to-date unaudited financial report of operations, generally +/- 5.0% and \$20,000.

OVERALL – The Report of Operations reflects a **\$752,000** surplus for the first three months of the fiscal year.

REVENUES: Total Revenues are 2.5% under budget (unfavorable).

1. Subcontracted fares are over budget for AirRide and ARide to higher ridership than expected
2. Property taxes reflect two twelfths of the property tax millages which will be levied on July 1, 2017.
3. State operating assistance is under budget by \$311,800, because eligible expenses (which are lower than budgeted) are calculated using the lower formula percentage of 32.2% (urban).

EXPENSES: Total Expenses are 9.7% under budget (favorable).

4. Wages are under budget for operations, maintenance and administration due to a few vacant positions, which are budgeted from the first day of the fiscal year. The vacant positions include call center supervisor, 2 vehicle mechanics, parts clerk, service crew supervisor, facilities manager, and CFO.
5. Fringe Benefits are under budget due to overall wages being under budget. The largest savings in fringes are health care benefits, due to a few vacant positions to start the year. Overall fringes are 40.2% of wages compared to the budgeted amount of 39.1%.
6. Contracted maintenance is under budget due to timing differences for projects. Many disbursements in October & November are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses. Some monthly expenses are estimated, such as custodial, security, etc. where we can reasonably estimate the monthly amounts. Other expenses, such as legal fees, contracted maintenance and towing, are not estimated, due to their variable nature.
7. Fuel and fuel futures expenses are under budget by \$153,600, 36.2%, after consideration of the loss on fuel futures. We have averaged \$1.58 per gallon for fuel deliveries, compared to the budget of \$2.00 per gallon.
8. Other materials and supplies are under budget. Many disbursements in October & November are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses.
9. Utilities are under budget by \$38,200 due to timing of the bills received and we are using less electricity and natural gas due to the milder temperature.
10. Other Expenses are under budget primarily because many disbursements in October are recorded back into September to ensure proper cutoff between FY 2016 and FY 2017 expenses.

Ann Arbor Area Transportation Authority
Report to the Treasurer: Summary Operating Statement by Mode
For the Three Months Ended December 31, 2016

Year-To-Date Summary Operating Statement by Mode - Unaudited

	Fixed	Demand		Express		N/S Rail, GDT,	Total
Revenues (except Property Tax):	Route	Response	NonUrban	Ride	AirRide	UrbanCore, Van	Actual
Passenger Revenue	\$540,769	\$46,575	\$0	\$0	\$0	\$0	\$587,344
Subcontracted Revenue	\$0	\$149,512	\$26,100	\$0	\$303,258	\$11,795	\$490,665
Special Fares (EMU, UofM, go!Pass)	\$667,194	\$0	\$0	\$28,000	\$0	\$0	\$695,194
Advertising, Interest, and Other	\$67,937	\$0	\$0	\$0	\$0	\$438	\$68,375
Purchase of Service Agreements	\$268,938	63,263	\$114,642	\$11,250	\$0	\$13,487	\$471,580
State Operating Assistance	\$2,254,794	\$510,364	\$162,822	\$20,105	\$59,921	\$0	\$3,008,006
Federal Operating Assistance	\$794,691	\$30,000	\$62,392	\$3,044	\$0	\$272,086	\$1,162,213
Total Revenues	\$4,594,323	\$799,715	\$365,956	\$62,398	\$363,179	\$297,806	\$6,483,377
Expenses:							
Wages	3,842,733	207,351	13,177	35,585	28,438	122,883	\$4,250,168
Fringe Benefits	1,550,189	79,600	5,059	13,661	10,917	47,174	1,706,600
Purchased Services	366,256	0	1,440	3,763	0	108,415	479,873
Diesel Fuel, Net of Futures	268,912	0	0	2,125	0	0	271,037
Materials and Supplies	402,473	8,354	835	3,274	0	2,672	417,609
Utilities	70,462	3,365	0	789	0	0	74,616
Insurance	172,411	15,649	1,467	1,534	4,556	0	195,617
Purchased Transportation	0	1,276,401	343,548	0	316,366	0	1,936,315
Other Expenses	86,695	0	431	844	3,000	16,662	107,631
Local Depreciation	104,177	0	0	823	0	0	105,000
Total Expenses	6,864,307	1,590,721	365,956	62,398	363,276	297,806	9,544,466
Net Local Property Tax Applied	\$2,269,985	\$791,007	\$0	\$0	\$98	\$0	\$3,061,089
Percent of Total	74.2%	25.8%	0.0%	0.0%	0.0%	0.0%	100.0%
Local Property Taxes							\$3,812,864
Authority Wide Surplus (Loss)							\$751,775
Service Hours	66,320	29,454		520	2,296		98,590
Cost per Service Hour	\$ 103.50	\$ 54.01		\$ 120.00	\$ 158.22		
Passengers	1,697,691	43,179		6,448	25,054		1,772,372
Cost per Passenger	\$ 4.04	\$ 36.84		\$ 9.68	\$ 14.50		\$ 5.39
Percent of Expenses Paid by Riders	17.6%	12.3%	7.1%	44.9%	83.5%		18.6%
Percent of Expenses Paid by Local Tax	33.1%	49.7%	0.0%	0.0%	0.0%		32.1%

Balance Sheets	Unaudited	Unaudited
Assets:	12/31/2016	12/31/2015
Cash & Investments	\$16,637,607	\$14,072,562
Accounts Receivables	886,874	714,483
Grants Receivables	378,181	3,216,229
Other Receivables	3,876,790	3,903,029
Inventory (Parts, Fuel)	830,720	872,143
Prepaid Expenses	590,820	544,330
Total Current Assets	23,200,992	23,322,776
Land & Buildings	36,308,508	36,103,440
Equipment	70,114,121	64,879,778
Accum Depreciation	(51,126,005)	(48,378,666)
Net Capital Assets	55,296,624	52,604,552
Total Assets	\$78,497,616	\$75,927,328
Liabilities:		
Accounts payable	\$827,467	\$322,962
Accrued Payroll	348,025	240,601
Accrued Sick/Vacation	1,605,136	1,413,254
Other Accruals	577,164	266,070
Unearned Revenue	221,261	505,087
Post-Retire Benefits	275,347	238,178
Total Liabilities	3,854,400	2,986,152
Net Position:		
Unrestricted (GASB 31)	11,441,502	11,087,523
Unrestrictd (Fuel Savings)	223,964	239,517
Unrestricted (Available)	7,681,126	9,009,584
Total Unrestricted	19,346,592	20,336,624
Invested in Capital Assets	55,296,624	52,604,552
Total Net Position	74,643,216	72,941,176
Total Liab & Net Position	78,497,616	75,927,328
Total FY 2017 Expenses*	\$42,924,546	\$38,655,850
Increase from 9/30/2015	\$4,268,696	
Months in Unrestricted		
Net Assets (Min 2.5)	2.15	2.80
Amount below Minimum	(\$1,261,488)	\$956,282
*Expenses do not include R&D projects	\$889,000	+Budget 2.5 Mos

**ANN ARBOR AREA TRANSPORTATION AUTHORITY
CASH AND INVESTMENT STATUS REPORT
AS OF 12/31/2016**

ACCOUNT NUMBER	ACCOUNT NAME	10/1/2016 BEG BALANCE	RECEIPTS	DISBURSEMENTS	NET TRANSFERS	CURRENT BALANCE
990-101-200	IMPREST	\$696,593.07	\$1,692,730.75	(\$193,233.16)	(\$618,000.00)	\$1,578,090.66
990-101-210	OPERATING	\$218,766.99		(\$4,134,811.09)	\$4,045,000.00	\$128,955.90
990-101-300	PAYROLL	\$88,831.38		(\$2,820,841.63)	\$2,766,345.11	\$34,334.86
990-101-100,110	CHANGERS/PETTY	\$2,820.00			\$0.00	\$2,820.00
990-101-410	PASSES/TOKENS	\$8,519.36	\$2,667.44		\$0.00	\$11,186.80
990-101-500	CAPITAL	\$1,021,820.14	\$2,403,910.30	(\$36.00)	(\$3,044,000.00)	\$381,694.44
990-101-970	FLEX SPENDING	\$24,087.26			\$23,968.08	\$48,055.34
990-101-730	GETDOWNTOWN	\$318,611.35	\$45,979.82		\$0.00	\$364,591.17
TOTAL CASH		\$2,380,049.55	\$4,145,288.31	(\$7,148,921.88)	\$3,173,313.19	\$2,549,729.17
990-102-150	PAYROLL TAX TRNSFR			(\$1,119,949.88)	\$1,119,949.88	
	WIRE TO MASS MUTUAL			(\$793,090.93)	\$793,090.93	
	WIRE TO MERS			(\$128,646.00)	\$128,646.00	
990-101-700&800	INVESTMENTS	\$14,354,961.59	\$9,298,582.59	(\$4,350,667.33)	(\$5,215,000.00)	\$14,087,876.85
GRAND TOTAL		\$16,735,011.14	\$13,443,870.90	(\$13,541,276.02)	\$0.00	\$16,637,606.02

S/B \$0.00

INVESTMENTS SUMMARY:

12/31/2016

TYPE OF	PURCHASE	DATE OF MATURITY	INTEREST RATE	TOTAL	Annualized Interest
Bank of AA - CDARS		1/12/2017	0.10%	\$4,350,667.33	\$4,350.67
Bank of AA - CDARS		3/23/2017	0.20%	\$5,300,000.00	\$10,600.00
Bank of AA - CDARS		9/21/2017	0.30%	\$1,450,000.00	\$4,350.00
RBC Futures Account		Daily	0.10%	\$450,815.50	\$450.82
KEY BANK MONEY MARKET		Daily	0.10%	\$5,399.42	\$5.48
BANK OF AA MONEY MARKET SAVINGS		Daily	0.20%	\$2,431,253.25	\$4,862.51
MERS Retirement Savings				\$99,741.35	
TOTAL INVESTED				<u>\$14,087,876.85</u>	<u>\$24,619.47</u>
				\$14,087,876.85	
	DATE		Check S/B \$0.00	\$0.00	
			CDARS total	\$11,100,667.33	
			MIF & Savings	\$2,887,468.17	
			MERS	\$99,741.35	
				<u>\$14,087,876.85</u>	

Ann Arbor Area Transportation Authority
 Fuel Savings and Technology Fund
 FY 2017

Quarter
Oct - Dec 2016

Beginning Balance:	\$ 245,400
Additions:	
Fuel Savings - calculated	\$ 34,172
Subtractions:	
Environmentally sustainable vehicle and/or equipment	\$ -
Product research and testing	\$ -
Dedicated route analysis and optimization	\$ -
Driver education and training on environmental habits	\$ -
Unanticipated hybrid drive system repairs	\$ (55,609)
Off-warranty costs	\$ -
Transit-related projects & investments to reduce CO2 or emissions	\$ -
	<u>\$ (55,609)</u>
Total Subtractions	<u>\$ (55,609)</u>
Ending Balance	<u>\$ 223,964</u>
	12/31/2016

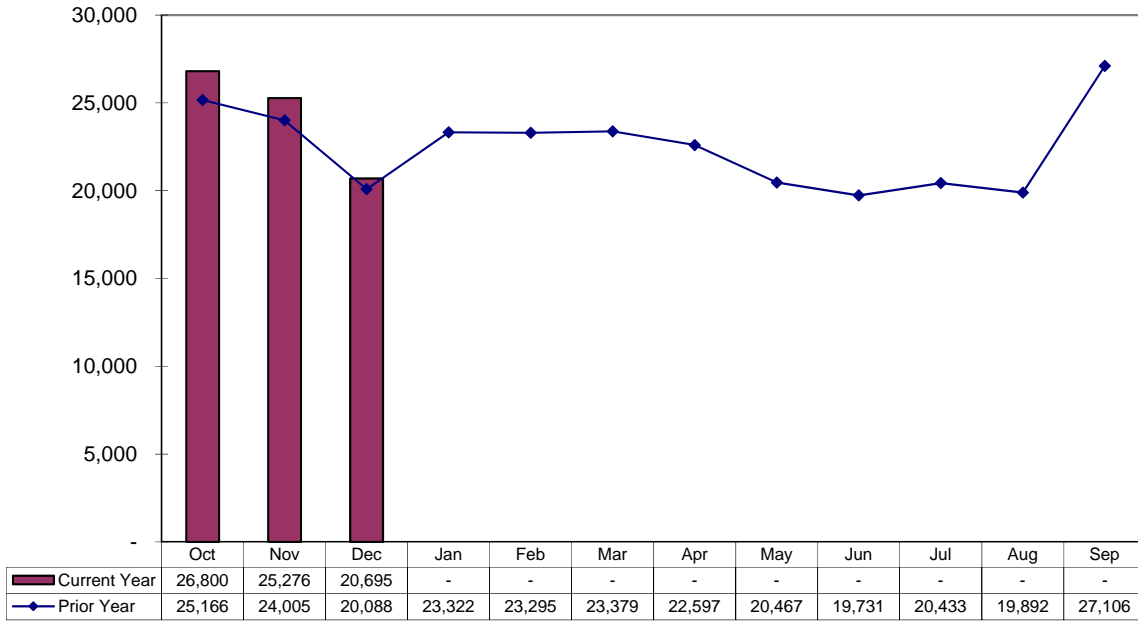
NOTES:

DPIM Warranty work AAATA pays 10%, bus 451 10/20/16 ck 19434	\$ 6,805.00
Cummins Bridgeway, replace engine on 444, 11/23/16 ck 93604	\$ 22,184.26
Cummins Bridgeway, replace engine on 439, 11/30/16 ck 93643	\$ 22,247.62
WW Williams, DPIM work on 461, 11/30/16 ck 93663	\$ 4,371.64
	<u>\$ 55,608.52</u>

Average Weekday Passengers

December 2016

Fixed Route Average Weekday Passengers



A-Ride Average Weekday Passengers



Ann Arbor Area Transportation Authority

Performance Report - Year to Date

Urban Fixed-Route Service

December 2016

Performance Indicators	Actual		Budgeted		Previous Year			
	Year to Date		Year to Date	% Variance	to Same Date	% Variance		
Average # of Weekday Passengers	23,808				22,666	5%		
Passengers per Service Hour	25.6		31.4	-19%	27.9	-8%		
Operating Expense per Passenger	\$	4.04	\$	3.93	3%	\$	4.07	-1%
Operating Expense per Service Hour	\$	103.50	\$	123.66	-16%	\$	113.72	-9%
Operating Expense per Service Mile	\$	7.15	\$	8.85	-19%	\$	8.54	-16%
Percent of Cost paid by Passenger	17.6%		15.7%	12%	16.3%	8%		

Base Data	Actual		Previous Year		
	Year to Date		to Same Date	% Variance	
Service Inputs					
AAATA Operating Expenses	\$	6,864,307	\$	6,559,467	4.6%
Service Outputs					
AAATA Service Hours		66,320		57,679	15.0%
AAATA Service Miles		960,532		767,891	25.1%
Service Consumption					
AAATA Passengers		1,697,691		1,611,231	5.4%
AAATA Passenger Revenue	\$	1,207,963	\$	1,067,957	13.1%
Total # of Weekday Passengers		1,523,690		1,450,602	5.0%

Number of Weekdays Fy 2015: 64
 Fy 2016: 64

Ann Arbor Area Transportation Authority

Performance Report - Year to Date

Urban Demand-Response Service

December 2016

Performance Indicators	Actual		Budgeted		Previous Year			
	Year to Date		Year to Date	% Variance	to Same Date	% Variance		
Average # of Weekday Passengers	555				542	2%		
Passengers per Service Mile	0.127		0.182	-30%	0.124	2%		
Operating Expense per Passenger	\$	36.84	\$	27.81	32%	\$	31.31	18%
Operating Expense per Service Mile	\$	4.68	\$	5.05	-7%	\$	3.89	20%
Percent of Cost paid by Passenger	12%		18%	-31%	13%	-3%		

Base Data	Actual		Previous Year		
	Year to Date		to Same Date	% Variance	
Service Inputs					
Urban DR Operating Expenses	\$	1,590,721	\$	1,309,497	21%
Service Outputs					
Urban DR Service Miles		339,956		336,594	1%
Service Consumption					
Urban DR Passengers		43,179		41,827	3%
Urban DR Passenger Revenue	\$	196,087	\$	166,040	18%
Total # of Weekday Passengers		35,533		34,683	2%

Number of Weekdays
 Fy 2015: 66
 Fy 2016: 64

Ann Arbor Area Transportation Authority

Performance Report - Year to Date

ExpressRide - Fixed-Route Service			December 2016			
Performance Indicators	Actual		Budgeted		Previous Year	
	Year to Date		Year to Date	% Variance	to Same Date	% Variance
Average # of Weekday Passengers	101				108	-7%
Passengers per Service Hour	12.4		19.9	-38%	13.3	-7%
Operating Expense per Passenger	\$ 9.68	\$	6.79	43%	\$ 10.25	-6%
Operating Expense per Service Hour	\$ 119.92	\$	135.39	-11%	\$ 136.56	-12%
Operating Expense per Service Mile	\$ 4.53	\$	5.14	-12%	\$ 5.16	-12%
Percent of Cost paid by Passenger	44.9%		60.0%	-25%	44.7%	0%

Base Data	Actual		Previous Year	
	Year to Date		to Same Date	% Variance
Service Inputs				
Operating Expenses	\$ 62,398	\$	71,055	-12%
Service Outputs				
Service Hours	520		520	0%
Service Miles	13,770		13,770	0%
Service Consumption				
Passengers	6,448		6,929	-7%
Passenger Revenue	\$ 28,000	\$	31,750	-12%
Total # of Weekday Passengers	6,448		6,929	-7%

Number of Weekdays Fy 2015: 64
 Fy 2016: 64

Ann Arbor Area Transportation Authority

Performance Report - Year to Date

AirRide - Fixed Route Service

December 2016

Performance Indicators	Actual		Budgeted		Previous Year			
	Year to Date		Year to Date	% Variance	to Same Date	% Variance		
Average # of Weekday Passengers	293				284	3%		
Passengers per Service Hour	10.9		8.4	30%	10.7	2%		
Operating Expense per Passenger	\$	14.50	\$	19.06	-24%	\$	14.06	3%
Operating Expense per Service Hour	\$	158.21	\$	159.44	-1%	\$	149.94	6%
Operating Expense per Service Mile	\$	4.87	\$	4.93	-1%	\$	4.62	6%
Percent of Cost paid by Passenger	83.5%		53.0%	57%	86.4%	-3%		

Base Data	Actual		Previous Year		
	Year to Date		to Same Date	% Variance	
Service Inputs					
Operating Expenses	\$	363,276	\$	351,057	3%
Service Outputs					
Service Hours		2,296		2,341	-2%
Service Miles		74,520		75,985	-2%
Service Consumption					
Passengers		25,054		24,969	0%
Passenger Revenue	\$	303,258	\$	303,176	0%
Total # of Weekday Passengers		18,744		18,727	0%

Number of Weekdays

Fy 2015: 66

Fy 2016: 64



2700 S. Industrial Highway
Ann Arbor, MI 48104

734.973.6500 Phone
734.973.6338 Fax
TheRide.org Online

MEMO

To: Performance Monitoring – External Relations Committee
From: Chris White, Manager of Service Development
Date: January 20, 2017
Re: Ridership Inquiries at January PMER Meeting

Message:

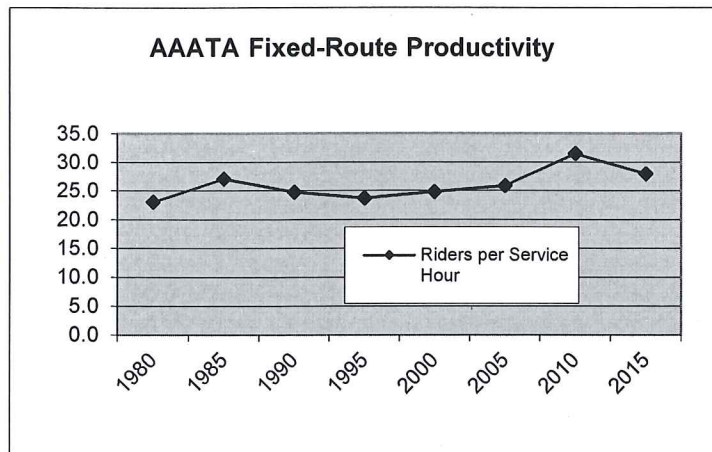
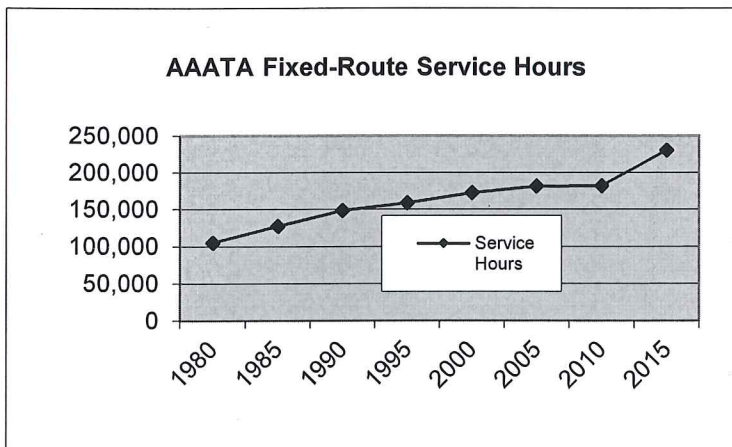
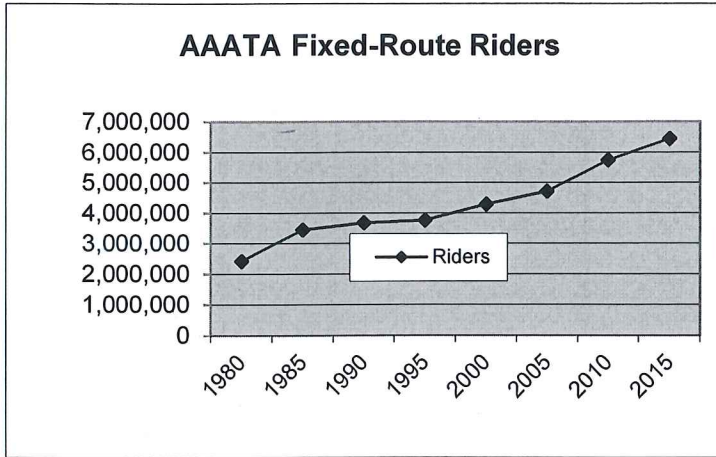
Attached are charts in response to the discussion at the January PMER meeting, as follows:

- Long-term (35 year) trends of fixed-route riders, service hours, and productivity (riders per service hour)
- Changes in fixed-route ridership in the last 10 years
- Changes in average weekday, Saturday, and Sunday ridership in the last 5 years. Average weekday is down slightly during this period (1%), while Saturday ridership is up 21% and Sunday ridership is up 31%. Nearly all of the weekend increase has occurred since weekend service increases were implemented August 2014 and 2015.

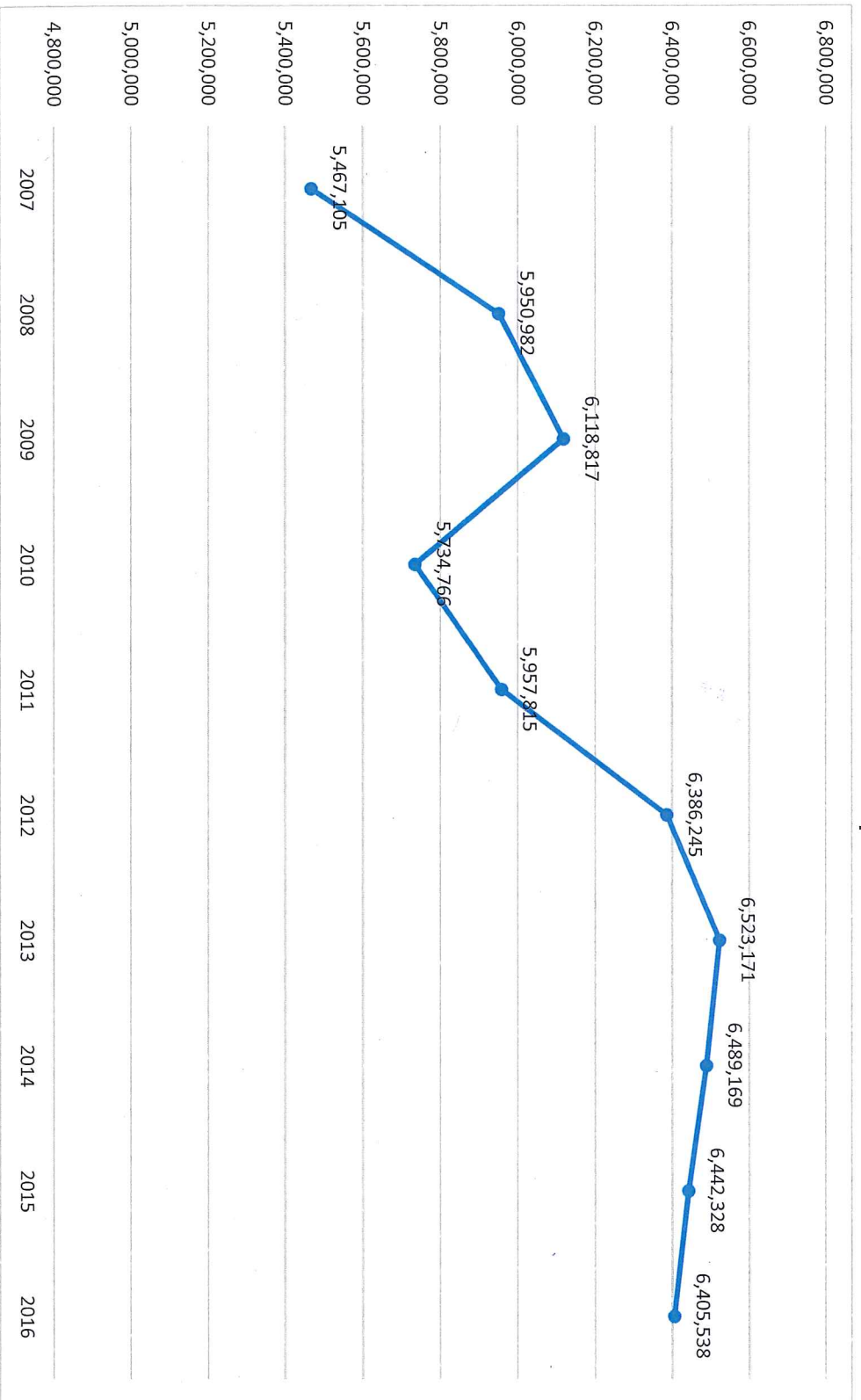
We can discuss this further if desired at the February meeting.

AAATA Long-Term Trends - 1980-2015

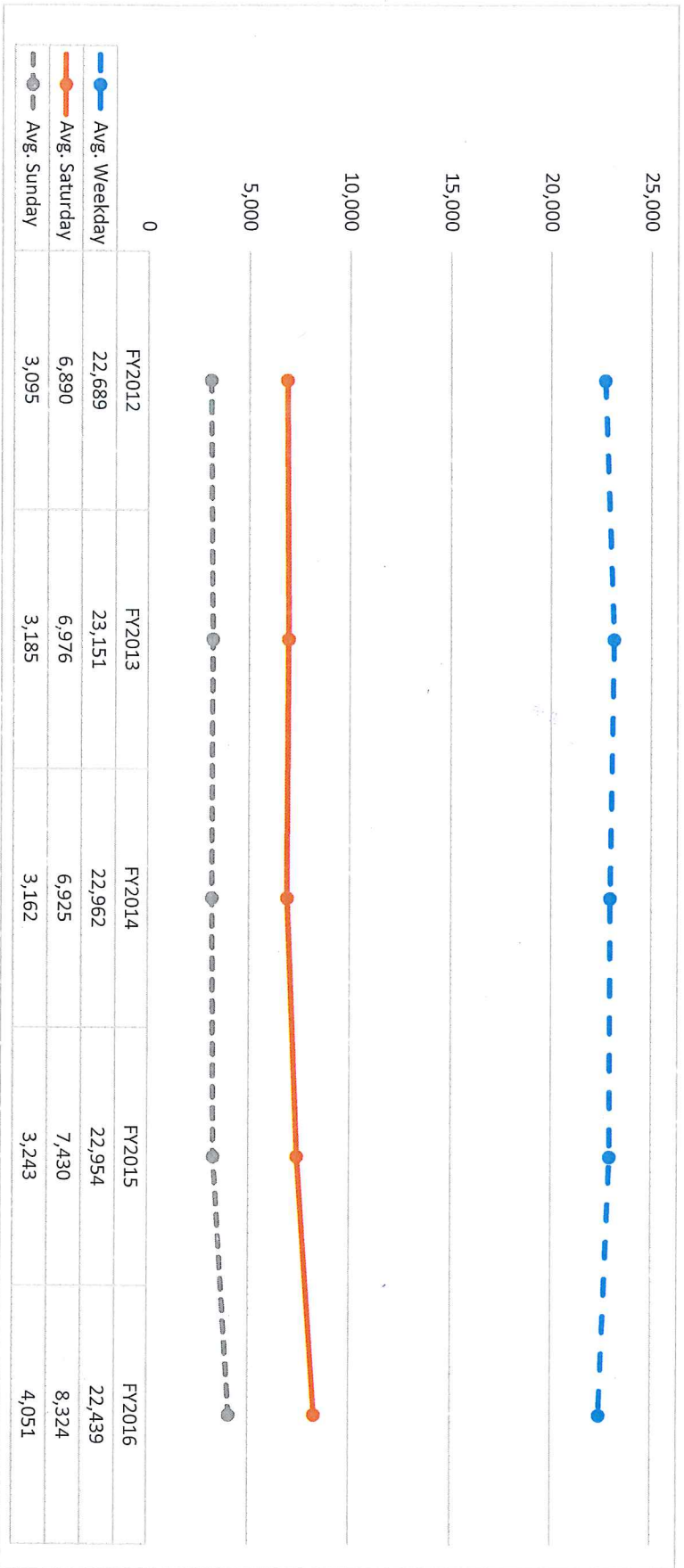
Local Fixed-Route Service



Local Fixed-Route Ridership 2007-2016



AAATA Average Riders by Day of Week





Issue Brief: DRAFT Policy Governance Template

Meeting: Board of Directors

Date: February 10, 2017

Agenda Item #5.7.1

Recommended Committee Action(s):

Receive draft template of governance policies for discussion. No decision or approval requested in January.

Prior Relevant Board Actions and Policies:

The Board has discussed policy development and governance principles at two public meetings; June 20, 2016 and November 14, 2016.

Issue Summary:

The Board of the AAATA is considering a new framework for governance based on the “Policy Governance” model. Further public discussion and development of policies is warranted. Draft policy framework is attached.

Background:

The Policy Governance model for boards provides a framework to increase agency focus, transparency and accountability; by providing the Board and staff with clear roles and expectations. The AAATA Board has begun to modify a generic template to set an overall direction for the agency and establish clear expectations for the CEO.

Impacts of Recommended Action(s):

- **Budgetary/Fiscal: High** – Draft policies provide extensive guidance on budget development.
- **Social: High** – Draft policies will clarify social, economic and environmental outcomes.
- **Environmental: High** – Draft policies will clarify social, economic and environmental outcomes.
- **Governance: High** – Draft policies form the foundation of the board’s governance.

Attachments: Attachment A: AAATA Policy Governance® Policies and Tools (Draft Policies)

Author: Matt Carpenter

Reviewed by: Matt Carpenter

Approved by: Matt Carpenter

Date: 1/12/2017

AAATA
Policy Governance[®]
Policies & Tools

DRAFT

Tentative Policy Table of Contents

- 1.0 Ends
- 2.0 Global Executive Constraint
 - 2.1 Treatment of Riders
 - 2.2 Treatment of Staff
 - 2.3 Compensation & Benefits
 - 2.4 Financial Planning/Budgeting
 - 2.5 Financial Condition & Activities
 - 2.6 Investments
 - 2.7 Ends Focus of Contracts
 - 2.8 Asset Protection
 - 2.9 Emergency CEO Succession
 - 2.10 External Relations
 - 2.11 Communication & Support to the Board
- 3.0 Global Governance Commitment
 - 3.1 Governing Style
 - 3.2 Board Job Description
 - 3.3 Board Member's Code of Conduct
 - 3.4 Agenda Planning
 - 3.5 President's Role
 - 3.6 Board Committee Principles
 - 3.7 Board Committee Structure
 - 3.8 Cost of Governance
- 4.0 Global Board-Management Delegation
 - 4.1 Unity of Control
 - 4.2 Accountability of the CEO
 - 4.3 Delegation to the CEO
 - 4.4 Monitoring CEO Performance

SECTION 1: ENDS

1.0 POLICY TITLE: *GLOBAL END (REVISED)*

AAATA exists to enhance the quality of life for residents, workers, employers, and visitors of the Ann Arbor-Ypsilanti region, and make private vehicle use optional, by providing access to safe, reliable, efficient, environmentally-responsible transportation options to region-wide destinations at a cost that demonstrates valuable and efficient stewardship of resources.

- 1.1 The service area (core and contracted) realizes an enhanced quality of life because of transit.
- 1.2 People have safe, convenient, and efficient multi-modal options to reach their desired destinations in a reasonable timeframe.
- 1.3 Persons without access to a personal automobile can access the same destinations as others, regardless of age or mobility limitations.
- 1.4 Public transit is seen as an attractive alternative to using a personal automobile.
 - 1.4.1 Area residents and workers shift to a transit-oriented culture.
 - 1.4.2 Area residents and visitors have reasonable access to area “live-work and play” destinations so that using a private vehicle becomes optional.
 - 1.4.3 Employers have reasonable access to workers and employees have reasonable access to job sites without requiring the use of private vehicles.
 - 1.4.4 Planning bodies and property developers integrate a transit orientation in compact development.
 - 1.4.5 Employers have reasonable access to workers and employees have reasonable access to job sites without requiring ownership of a car,
- 1.5 Use of public transit options increases region-wide.
- 1.6 The environmental impact of AAATA operations is minimized.

SECTION 2: EXECUTIVE LIMITATIONS

These policies limit the unilateral authority of the CEO.

The policies address what the board values as imprudent or unethical conditions or actions.

2.0 POLICY TITLE: GLOBAL EXECUTIVE CONSTRAINT

(acts like an umbrella policy to all of Sec 2 lower-level policies)

The CEO shall not cause or allow any practice, activity, decision, or organizational circumstance which is either unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.

- 2.1. With respect to interactions with riders, the CEO shall not cause or allow conditions, procedures, or decisions that are unprofessional, unsafe, undignified, unclear, or intrusive.
- 2.2. With respect to the treatment of paid and volunteer staff, the CEO will not cause or allow conditions that are inconsistent, unfair, unsafe, unhealthy, undignified, disorganized, or unclear.
- 2.3. With respect to employment compensation and benefits, the CEO will not cause or allow jeopardy to the agency's effectiveness, fiscal integrity, or public image.
- 2.4. Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.
- 2.5. With respect to the actual, ongoing financial condition and activities, the CEO will not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.
- 2.6. In order to maximize available funding, the CEO shall not operate without investing cash funds in excess of near term operating requirements to earn the highest yield compatible with low risk, liquidity needs and State of Michigan law.
- 2.7. The CEO may not enter into any grant or contract arrangements unless it primarily emphasizes the production of Ends and, secondarily, the avoidance of unacceptable means.
- 2.8. The CEO will not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.
- 2.9. In order to protect the board from sudden loss of CEO services, the CEO may have no fewer than one, and preferably two, other executives who are sufficiently familiar with board and CEO issues and processes to be able to temporarily assume the duties of CEO.
- 2.10. In order to facilitate the development of a transit oriented culture, the CEO shall not operate without creating collaborative, strategic relationships with external stakeholders.
- 2.11. The CEO will not permit the board to be uninformed or unsupported in its work.

2.1 POLICY TITLE: *TREATMENT OF RIDERS*

With respect to interactions with riders, the CEO shall not cause or allow conditions, procedures, or decisions that are unprofessional, unsafe, undignified, unclear, or intrusive.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.1.1 Provide facilities, vehicles, or services that are not accessible to every rider.
- 2.1.2 Fail to take reasonable steps to ensure that customers are aware of rules and expectations regarding use of the agency's services and facilities.
- 2.1.3 Allow people who have disabilities or seniors to be marginalized.
- 2.1.4 Operate without optimal ease of use for riders in terms of intuitive, accessible information.
- 2.1.5 Discourage persons from asking questions, airing a complaint, or being heard.
- 2.1.6 Operate without established and enforceable standards for customer service and rider safety.
- 2.1.7 Use methods of collecting, reviewing, transmitting, or storing client information that allows improper access to the material gathered or inappropriate disclosure of information protected under Privacy regulations.
 - 2.1.7.1 Use forms that elicit rider information for which there is no clear necessity.

2.2 POLICY TITLE: *TREATMENT OF STAFF*

With respect to the treatment of paid and volunteer staff, the CEO will not cause or allow conditions that are inconsistent, unfair, unsafe, unhealthy, undignified, disorganized, or unclear.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

2.2.1 Operate in a manner that undermines the organization as a workplace of choice.

2.2.1.1 Operate with a work environment that devalues the humanity, creativity and knowledgeable contribution of its workforce or inhibits the recruitment of highly qualified people.

~~2.2.1.2~~ 2.2.2 Operate without a written, comprehensive manual of up-to-date personnel rules, guidelines, and policies for non-unionized staff that will help to ensure an attractive, fair workplace.

~~2.2.1.3~~ 2.2.1 2.2.1 Allow staff to be subjected to rules or policies that are not clear and available.

~~2.2.1.4~~ 2.2.2 Allow wrongful conditions, nepotism, or preferential treatment based on personal reasons.

~~2.2.2.2.3~~ Allow an ineffective or biased method to address staff grievances.

~~2.2.3~~ 2.2.4 Allow retaliation against any staff member for non-disruptive expression of dissent.

2.2.5 Allow staff to be unprepared to deal with emergency situations.

~~2.2.4~~ 2.2.6 Operate without an adequate labor agreement covering unionized personnel.

2.2.7 In the event of layoffs, allow those affected to be without job transition services.

2.3 POLICY TITLE: *COMPENSATION AND BENEFITS*

With respect to employment compensation and benefits, the CEO will not cause or allow jeopardy to the agency's effectiveness, fiscal integrity, or public image.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.3.1 Operate without a compensation and benefits program that attracts and retains highly qualified employees.
 - 2.3.1.1 Offer a benefits program that does not include health insurance.
- 2.3.2 Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
- 2.3.3 Change the CEO's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.
- 2.3.4 Operate without a robust, impartial, or transparent process for administering employee compensation.
 - [2.2.4.1.1-12.3.4.1 Allow compensation for agency employees \(union and non-union\) or contracted employees to be less than a "living wage", as defined by ordinance of the City of Ann Arbor.](#)
- 2.3.5 Establish or change retirement benefits so as to cause unpredictable or inequitable situations, including those that:
 - A. Incur unfunded liabilities.
 - B. Provide less than some basic level of benefits to all full time employees.
 - C. Treat the CEO differently from other senior employees.

2.4 POLICY TITLE: *FINANCIAL PLANNING/BUDGETING*

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from board's Ends priorities, risk fiscal jeopardy, or fail to be derived from a multi-year plan.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not allow budgeting that:

- 2.4.1 Risks incurring those situations or conditions described as unacceptable in the board policy "Financial Condition and Activities."
- 2.4.2 Omits credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
- 2.4.3 Is unclear about long-term funding needs and growth projections.
- 2.4.4 Allows inefficiencies due to over or under-funding.
- 2.4.5 Causes deficit spending.
- 2.4.6 Does not provide for adequate reserves.
- 2.4.7 Provides less for board prerogatives during the year than is set forth in the Cost of Governance policy.

2.5 POLICY TITLE: FINANCIAL CONDITION AND ACTIVITIES

With respect to the actual, ongoing financial condition and activities, the CEO will not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.5.1 Operate without policies, processes and procedures that are necessary to meet generally accepted standards for financial management, cash handling, and accounting.
- 2.5.2 Operate in a manner that would jeopardize federal and state funding, including an up-to-date procurement manual.
- 2.5.3 Receive, process or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.
- 2.5.4 Compromise the independence of the board's audit or other external monitoring or advice..
- 2.5.5 Allow expenditures that deviate materially from the Board-approved budget.
 - 2.5.5.1 Allow cost overruns on capital projects.
- 2.5.6 Invest or hold operating capital in insecure instruments, including uninsured checking accounts, or bonds of less than AA rating at any time, or non interest-bearing accounts, except where necessary to facilitate ease in operational transactions.
- 2.5.7 With regard to Long Term Reserves, invest outside of the parameters set forth in the Board's Investment Policy Statement (Appendix C) or operate without an annual consultation with a professional investment manager.
- 2.5.8 Authorize contracts not anticipated in the current budget with a value greater than \$250,000.
 - 2.5.8.1 Split purchases or contracts into smaller amounts in order to avoid the above limit.
- 2.5.9 Allow the unrestricted net assets to drop below 2.5 months' worth of operating expenses.
- 2.5.72.5.10 Adjust transit passenger fares or tax rates assessed by the Authority.

2.6 POLICY TITLE: *INVESTMENTS*

In order to maximize available funding, the CEO shall not operate without investing cash funds in excess of near term operating requirements to earn the highest yield compatible with low risk, liquidity needs and State of Michigan law.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not invest beyond the following limitations:

- 2.6.1 Certificates of deposit, depository receipts, and repurchase agreements (covered by direct obligations of the U.S. Treasury) with any financial institution that maintains a principal office or branch office located in the State of Michigan.
 - 2.6.1.1 Selected financial institutions must agree to acknowledge receipt of the investment policy and agree to comply with its terms regarding buying or selling of securities.
 - 2.6.1.2 The total investment (exclusive of checking accounts) in any one financial institution shall not exceed the lesser of twenty percent (20%) of that financial institution's capital and surplus or \$4,000,000.
 - 2.6.1.3 Authorized investments may be purchased or sold directly from the issuing agency or corporate entity through selected financial institutions.
- 2.6.3 Bonds and other direct obligations of the United States or any agency or instrumentality thereof with a maturity of three years or less.
- 2.6.4 Commercial paper of corporations, acquired through the bidding process or through the secondary market which meet the following:
 - A. At the time of purchase, such paper is top rated P-1 (Moody's), A-1 (Standard & Poors), or F-1 (Fitch), by at least two out of three of these rating agencies and will mature not more than 270 days after the date of purchase;
 - B. Not more than five hundred thousand dollars (\$500,000) be invested by the Authority at any one time in the commercial paper of any one of such corporations.
- 2.6.5 Governmental Mutual Funds which invest only in authorized investments for local units of Government under State Law and which offer daily liquidity.

2.7 POLICY TITLE: *ENDS FOCUS OF GRANTS OR CONTRACTS*

The CEO may not enter into any grant or contract arrangements unless it primarily emphasizes the production of Ends and, secondarily, the avoidance of unacceptable means.

2.8 POLICY TITLE: *ASSET PROTECTION*

The CEO will not cause or allow corporate assets to be unprotected, inadequately maintained, or unnecessarily risked.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.8.1 Allow board members, staff, and the organization itself to be inadequately insured against theft, embezzlement, casualty, and liability losses.
- 2.8.2 Operate without ensuring appropriate risk management.
 - A. Subject property, plant, and equipment to improper wear and tear or insufficient maintenance.
 - B. Fail to proactively anticipate the financial requirements needed to maintain assets.
 - C. Operate without internal processes, procedures and systems that encourage informed decisions and would deter and prevent theft, fraud or malfeasance.
- 2.8.3 Unnecessarily expose the organization, its board or staff to claims of liability.
- 2.8.4 Allow intellectual property, information and files to be exposed to loss or significant damage.
- 2.8.5 Endanger the organization's public image, credibility, or its ability to accomplish Ends.
 - 2.8.5.1 Operate in a manner that jeopardizes grantor relationships.
 - [2.8.5.2 Ignore the social, environmental and economic implications of all decisions.](#)
 - [2.8.5.3 Allow third-party advertising that violates stated agency guidelines for community standards.](#)
 - [2.8.5.4 Hire a former board member as an agency employee or supplier within one year of that member's departure from the Board.](#)
 - 2.8.5.5. Ignore exploration for innovation or opportunities that open capacity for the organization.

2.9 POLICY TITLE: *EMERGENCY CEO SUCCESSION*

In order to protect the board from sudden loss of CEO services, the CEO may have no fewer than one, and preferably two, other executives who are sufficiently familiar with board and CEO issues and processes to be able to temporarily assume the duties of CEO.

2.10 POLICY TITLE: *EXTERNAL RELATIONSHIPS*

In order to facilitate the development of a transit oriented culture, the CEO shall not operate without creating collaborative, strategic relationships with external stakeholders.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.10.1 Ignore opportunities for collaboration for the community benefit.
- 2.10.2 Allow planners, developers and decision-makers to ignore the role of transit in density development.
- 2.10.3 Fail to develop critical relationships with community stakeholders, including elected officials, that contribute to community support for the Authority.

2.11 POLICY TITLE: COMMUNICATION AND SUPPORT TO THE BOARD

The CEO will not permit the board to be uninformed or unsupported in its work.

Further, without limiting the scope of the foregoing by this enumeration, the CEO shall not:

- 2.11.1 Withhold, impede, or confound information relevant to the board's informed accomplishment of its job.
 - 2.11.1.1 Neglect to submit monitoring data required by the board in Board-Management Delegation policy "Monitoring CEO Performance" in a timely, accurate and understandable fashion, directly addressing provisions of board policies being monitored, and including CEO interpretations consistent with Board-Management Delegation policy "Delegation to the CEO," as well as relevant data.
 - 2.11.1.2 Allow the board to be unaware of any actual or anticipated noncompliance with any Ends or Executive Limitations policy, regardless of the board's monitoring schedule.
 - 2.11.1.3 Allow the board to be without decision information required periodically by the board, including the agency and situational context and implications for a decision.
 - 2.11.1.4 Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types: monitoring, decision preparation, and other.
 - 2.11.1.5 Let the board be unaware of material internal changes, including changes in policy interpretation.", significant reputational, legal, political, or financial risks, developments that have significant negative implications for the budget, threatened or pending lawsuits, relevant trends and any other incidental information requested by the board.
 - A. Incidental information includes:
 - operational and financial performance metrics
 - customer satisfaction metrics,

- sustainability performance,
 - updates on capital improvement projects,
 - quarterly budget to actual financial reports,
 - timely notification of execution of budgeted items over \$250,000 and grant requests or awards over \$100,000.
 - unbiased information on industry norms for CEO compensation on an annual basis.
 - advance notification of intended changes to the non-unionized staff manual, procurement manual, or benefits or compensation changes.
 - CEO's personal expense report to the appropriate element of the Board at least quarterly, with explicit notation of the expenses of any other employee which benefited the CEO, aside from group expenses where the CEO's participation was incidental.
- 2.10.1.6 Fail to provide Board education on the business of the agency relevant to the public at the request of the Board or in anticipation of the board's need to be responsive to community concerns.
- 2.11.1.7 Let the board be unaware if, in the CEO's professional opinion, the board or individual board members may not be in compliance with the board's own policies on Governance Process and Board-Management Delegation, particularly in the case of board behavior that could be detrimental to the agency's reputation or the working relationship between the board and the CEO.
- 2.11.2. Withhold from the board and its processes logistical and clerical assistance.
- 2.11.2.1 Allow the board to be deprived of a legal, workable, user-friendly mechanism for official board, officer, or committee communications.
- 2.11.2.2 Allow the board to be deprived of pleasant and efficient settings and arrangements for board and committee meetings.
- 2.11.2.3. Hinder access to the board for any person who alleges unethical or unlawful action or circumstance in the organization or by its representatives.

SECTION 3: GOVERNANCE PROCESS

3.0 POLICY TITLE: *GLOBAL GOVERNANCE COMMITMENT* (contains definition of ownership and acts as an umbrella to all Section 3 lower-level policies))

The purpose of the board, on behalf of ~~property taxpayers~~ the residents and workers of the member jurisdictions and government jurisdictions with whom we have service agreements, and as stewards of the future, is to see to it that the Ann Arbor Area ~~Transit~~ Transportation Authority (AAATA) (a) achieves appropriate results for appropriate persons at an appropriate cost, and (b) avoids unacceptable actions and situations.

- 3.1 The board will govern with an emphasis on (a) the best interests of the entirety of the ownership and stewardship of the agency, (b) outward vision rather than an internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) proactivity rather than reactivity.

On any issue, the Board must insure that all divergent views are considered in making decisions, yet must resolve into a single position.

- 3.2 Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.
- 3.3 The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members. The board has the authority to enforce this code of conduct via the disciplinary mechanisms outlined in the organization's bylaws.
- 3.4 To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda cycle which (a) drives exploration of Ends concerns, (b) continually improves board performance through board education and enriched input and deliberation, and (c) re-examines for relevance the underlying values that support existing policy.
- 3.5 The Chief Governance Officer (CGO), whom we call "Chair" assures the integrity of the board's process and, secondarily, occasionally represents the board to outside parties.
- 3.6 Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to CEO.
- 3.7 A committee is a board committee only if its existence and charge come from the board, regardless whether board members sit on the committee. The only board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete.
- 3.8 Because poor governance costs more than learning to govern well, the board will invest in its governance capacity.

3.1 POLICY TITLE: *GOVERNING STYLE*

The board will govern with an emphasis on (a) the best interests of the entirety of the ownership and stewardship of the agency, (b) outward vision rather than an internal preoccupation, (c) encouragement of diversity in viewpoints, (d) strategic leadership more than administrative detail, (e) clear distinction of board and chief executive roles, (f) collective rather than individual decisions, (g) future rather than past or present, and (h) proactivity rather than reactivity.

On any issue, the Board must insure that all divergent views are considered in making decisions, yet must resolve into a single position.

Accordingly:

- 3.1.1 The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the initiator of policy, not merely a reactor to staff initiatives.
- 3.1.2 The board will encourage a diversity of viewpoints and work to ensure all views are heard. The board may use the expertise of individual members to enhance the ability of the board as a body. However, the board will not allow dominant personalities or individual agendas to usurp the board's broader perspective, collective responsibilities or values.
- 3.1.3 The board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended long term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
- 3.1.4 The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Although the board can change its governance process policies at any time, it will observe them scrupulously while in force.
 - 3.1.4.1 In accordance with this discipline, the board will only allow itself to address a topic after it has answered these questions:
 - i. What is the nature of the issue? Is the issue within the scope of the agency?
 - ii. What is the value that drives the concern?
 - iii. Is this concern shared by a majority of the Board?
 - iv. Whose issue is this? Is it the Board's or the CEO's?
 - v. Is there already a board policy that adequately covers the issue? If so, what has the board already said on this subject and how is this issue related? Does the board wish to change what it has already said?
- 3.1.5 Continual board development will include orientation of new board members in the board's governance process, periodic board discussion of process improvement and timely identification of quality candidates to be recommended for appointment by our municipal partners. (Note: further development needed.)
- 3.1.6 The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling its governance commitments. (Note: further development needed.)
- 3.1.7 The board will monitor ~~and discuss the board's~~ its process and performance according to its

established schedule at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board-Management Delegation categories, following the monitoring schedule in Appendix A. (Note: minutes must always reflect the board's decisions.)

3.2 POLICY TITLE: BOARD JOB DESCRIPTION

Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.

Accordingly, the board has direct responsibility to create:

- 3.2.1 The link between the external environment and the operational organization.
 - 3.2.1.1 Members shall maintain effective ambassadorship and coordinated advocacy with member municipalities.
- 3.2.2 Written governing policies which address the broadest levels of all organizational decisions and situations.
 - A. Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
 - B. Executive Limitations: Constraints on executive unilateral authority which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - C. Governance Process: Specification of how the board conceives, carries out and monitors its own task.
 - D. Board-Management Delegation: How power is delegated and its proper use monitored; the CEO role, authority and accountability.
- 3.2.3 Assurance of CEO performance.
- 3.2.4 Approval of the annual budget developed and recommended by the CEO.
- 3.2.5 Negotiate a contract with the CEO that will stipulate compensation, ~~and~~ benefits and other terms and conditions for the CEO.
- 3.2.6 Approval of rider fare increases and millage rates assessed by the Authority.

3.3 POLICY TITLE: *BOARD CODE OF CONDUCT*

The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members. The board has the authority to enforce this code of conduct via the disciplinary mechanisms outlined in the organization's bylaws. (Note: disclosure statement from each board member annually in January.)

- 3.3.1 Members must have primary loyalty to the ownership of the AAATA, unconflicted by loyalties to the CEO or staff, other organizations, or any personal interest as a consumer.
- 3.3.2 Each January, Members will disclose in writing any relevant conflicts of interest. Further, throughout the year, members must avoid conflicts of interest with respect to their legal duties of care and loyalty.
 - 3.3.2.1. There will be no self-dealing or business by a member with the organization. Members will annually disclose their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.
 - 3.3.2.2. When the board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation.
 - 3.3.2.3. Board members will not use their board position to obtain employment or financial benefit in the organization for themselves, family members, or close associates. Should a board member apply for employment, he or she must first resign from the board.
- 3.3.3 Board members may not attempt to exercise individual authority over the organization.
 - 3.3.3.1 Members' interaction with the CEO or with staff must recognize the lack of authority vested in individual members except when explicitly board authorized. While individual members should share their perspectives and advice with the CEO, they shall not give direction to the CEO or any staff.
 - 3.3.3.2 Members' interaction with public, press or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board positions.
 - 3.3.3.3 Except for participation in board deliberation about whether reasonable interpretation of board policy has been achieved by the CEO, members will not express individual judgments of performance or the CEO or other staff.
- 3.3.4 Members shall always conduct themselves in a calm, professional and respectful manner. Members shall not intimidate or harass other board members, staff or members of the public.
- 3.3.5 Members will respect the confidentiality appropriate to issues of a sensitive nature.
- 3.3.6 Members will be properly prepared for board deliberation.

- 3.3.7 Members will follow the rule of “no surprises” and shall keep the Chair and CEO informed in advance of intended actions that could be perceived as conflicting with current policy and direction of the organization.
- 3.3.8 When serving on other boards, members remain accountable to the AAATA board for their actions and statements regarding transit-related issues.

3.4 POLICY TITLE: *AGENDA PLANNING*

To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda cycle which (a) drives exploration of Ends concerns, (b) continually improves board performance through board education and enriched input and deliberation, and (c) re-examines for relevance the underlying values that support existing policy.

- 3.4.1 The cycle will conclude so that administrative planning and budgeting can be based on accomplishing a one year segment of the board’s most recent statement of long term Ends.
- 3.4.2 The cycle will start with the board’s development of its agenda for the next year.
- A. Consultations with selected groups in the ownership, or other methods of gaining ownership input will be determined and arranged in the first quarter, to be held during the balance of the year.
 - B. Governance education, and education related to Ends determination, (e.g. presentations by ~~futurists~~, demographers, advocacy groups, staff, etc.) will be arranged in the first quarter, to be held during the balance of the year.
- 3.4.3 Throughout the year, the board will attend to consent agenda items as expeditiously as possible.
- 3.4.4 CEO monitoring will be included on the agenda if monitoring reports show policy violations, or if policy criteria are to be debated.
- 3.4.5 CEO remuneration will be decided during the month of June after a review of monitoring reports received in the last year.
- 3.4.6 Individual meeting agendas will generally follow the format below:
- ~~I.~~ I. Approve agenda
 - ~~II.~~ II. Communications and Announcements
 - ~~III.~~ III. Public Comment on Agenda items
 - ~~IV.~~ IV. Consent Agenda
 - A. Operational (CEO construct)
 - B. Board
 - ~~III.~~ V. Board Education
 - ~~IV.~~ VI. Ownership Linkage
 - A. Communication with the External Environment related to Board’s Annual Agenda
 - B. Ownership Communication
 - ~~V.~~ VII. Policy Discussion
 - A. Based on Annual Plan of Board Work
 - ~~VI.~~ VIII. Assurance of CEO Performance

- A. Receipt of Monitoring Reports; Challenges to Monitoring; Vote on compliance
 - B. ~~New Operational Worries~~New Operational Concerns
 - C. Next monitoring assignment
 - D. Board ~~self assessment~~self-assessment against Board means policies (according to the monitoring schedule)
- ~~VIII~~. ~~Announcements~~Public Comment in general
- ~~VIII~~. Adjournment

3.5 POLICY TITLE: *CHIEF GOVERNANCE OFFICER ROLE*

The Chief Governance Officer (CGO), whom we call “Chair” assures the integrity of the board's process and, secondarily, occasionally represents the board to outside parties.

Accordingly:

- 3.5.1 The job result of the CGO is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - 3.5.1.1 Meeting discussion content will be only those issues which, according to board policy, clearly belong to the board to decide, not the CEO.
 - 3.5.1.2 Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.
- 3.5.2. The authority of the CGO consists in making decisions that fall within topics covered by board policies on Governance Process and Board-CEO Linkage, with the exception of (a) employment or termination of a CEO and (b) where the board specifically delegates portions of this authority to others. The CGO is authorized to use any reasonable interpretation of the provisions in these policies.
 - 3.5.2.1 The CGO is empowered to chair board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing).
 - 3.5.2.2 The CGO has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the CGO has no authority to supervise or direct the CEO.
 - 3.5.2.3 The CGO may represent the board to outside parties in announcing board-stated positions and in stating chair decisions and interpretations within the area delegated to her or him.
 - 3.5.2.4 The CGO may delegate this authority, but remains accountable for its use.

3.6 POLICY TITLE: *BOARD COMMITTEE PRINCIPLES*

Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job and so as never to interfere with delegation from board to CEO.

Accordingly:

- 3.6.1 Board committees are to help the board do its job, not to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's broader focus, board committees will normally not have direct dealings with current staff operations.
- 3.6.2 Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.
- 3.6.3 Board committees cannot exercise authority over staff. Because the CEO works for the full board, he or she will not be required to obtain approval of a board committee before an executive action.
- 3.6.4 Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore, a board committee which has helped the board create policy on some topic will not be used to monitor organizational performance on that same subject.
- 3.6.5 ~~Committees~~ Other work groups will be used ~~sparingly and ordinarily~~ in an ad hoc capacity.
- 3.6.6 This policy applies to any group which is formed by board action, whether or not it is called a committee and regardless whether the group includes board members. It does not apply to committees formed under the authority of the CEO.

3.7 POLICY TITLE: *BOARD COMMITTEE STRUCTURE*

A committee is a board committee only if its existence and charge come from the board, regardless whether board members sit on the committee. The only board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

3.7.1 Executive Committee

A. Responsibilities:

- Serve as first level of review or task force as needed to address externally-related issues which do not fall easily into the work of other committees. (Air Ride, Y-Lot, unforeseen media relations)
- Act as emergency-level decision-maker when full Board cannot be accessed with adequate time to make a Board decision in accordance with the emergency response situations as defined by the board.
- Conduct Board Management Delegation (Section 4) Policy and Compliance Review
- Ownership Linkage: Coordinate ownership outreach initiatives outside Board and Committee meetings

B. Membership: Board Chair (Committee Chair), Board Treasurer, Board Secretary

3.7.2 Governance Committee

A. Responsibilities

- Identify, recruit, and orient new Board members
- Conduct Governance Process Policy (Section 3) and Compliance Review
- Coordinate Annual Board Agenda Planning
- Oversee process of new policy development
- Oversee Board retreat planning
- Develop, implement and execute CEO performance evaluation

B. Membership: Board Chair (Committee Chair), Ends Committee Chairs

3.8 POLICY TITLE: *COST OF GOVERNANCE*

Because poor governance costs more than learning to govern well, the board will invest in its governance capacity.

Accordingly:

- 3.8.1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - 3.8.1.1 Training and re-training will be used liberally to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.
 - 3.8.1.2 Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
 - 3.8.1.3 Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.
- 3.8.2 Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability. The Board will develop its budget by June each year to assure its inclusion in the overall budget and will include allowances for:
 - A. Training, including attendance at conferences and workshops.
 - B. Audit and other third-party monitoring of organizational performance.
 - C. Surveys, focus groups, opinion analyses, and meeting costs.

SECTION 4: BOARD-MANAGEMENT DELEGATION

4.0 POLICY TITLE: *GLOBAL BOARD-MANAGEMENT DELEGATION*

(Acts like an umbrella to all Section 4 lower level policies.)

The board's sole official connection to the operational organization, its achievements and conduct will be through a Chief Executive Officer.

- 4.1 Only officially passed motions of the board are binding on the CEO.
- 4.2 The CEO is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the CEO.
- 4.3 The board will instruct the CEO through written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.
- 4.4 Systematic and rigorous monitoring of CEO job performance will be solely against the only expected CEO job outputs: organizational accomplishment of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations.

4.1 POLICY TITLE: *UNITY OF CONTROL*

Only officially passed motions of the board are binding on the CEO.

Accordingly:

- 4.1.1 Decisions or instructions of individual board members, officers, or committees are not binding on the CEO except in rare instances when the board has specifically authorized such exercise of authority.
- 4.1.2 In the case of board members or committees requesting information or assistance without board authorization, the CEO can defer or refuse such requests that require, in the CEO's opinion, a material amount of staff time or funds or is disruptive.

4.2 POLICY TITLE: *ACCOUNTABILITY OF THE CEO*

The CEO is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the CEO.

Accordingly:

- 4.2.1 The board will never give instructions to persons who report directly or indirectly to the CEO.
- 4.2.2 The board will not evaluate, either formally or informally, any staff other than the CEO. Board members are not restricted from expressing any level of satisfaction in a confidential conversation with the CEO.
- 4.2.3 The board will view CEO performance as identical to organizational performance, so that organizational accomplishment of board stated Ends and avoidance of board proscribed means will be viewed as successful CEO performance.

4.3 POLICY TITLE: *DELEGATION TO THE CEO*

The board will instruct the CEO through officially passed motions of the board or written policies which prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the CEO to use any reasonable interpretation of these policies.

Accordingly:

- 4.3.1 The board will develop policies instructing the CEO to achieve certain results, for certain recipients at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called Ends policies.
- 4.3.2 The board will develop policies which limit the latitude the CEO may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called Executive Limitations policies.
- 4.3.3 As long as the CEO uses *any reasonable interpretation* of the board's Ends and Executive Limitations policies, the CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.
- 4.3.4 The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and CEO domains. By doing so, the board changes the latitude of choice given to the CEO. But as long as any particular delegation is in place, the board will respect and support the CEO's choices.

4.4 POLICY TITLE: *MONITORING CEO PERFORMANCE*

Systematic and rigorous monitoring of CEO job performance will be solely against the only expected CEO job outputs: organizational accomplishment of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations.

Accordingly:

- 4.4.1 Monitoring is simply to determine the degree to which board policies are being met. Data which do not do this will not be considered to be monitoring data.
- 4.4.2 The board will acquire monitoring data by one or more of three methods: (a) by internal report, in which the CEO discloses compliance information to the board, (b) by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies, and (c) by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.
- 4.4.3 In every case, the standard for compliance shall be *any reasonable CEO interpretation* of the board policy being monitored.
- 4.4.4 All policies which instruct the CEO will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule, following the monitoring schedule in Appendix A.

Monitoring Schedule by Policy

Monitoring reports will be due to the board at the end of the month previous to the board assessment indicated below.

Policy		Method	Freq	Due	Date to Assess
1.0	Ends	Internal	Annual	Nov 30	Dec
2.0	Global Executive Limitation	Internal	Annual	June 30	July
2.1	Treatment of Riders	Internal	Annual	Feb 28	Mar
2.2	Treatment of Staff	Internal	Annual	Mar 31	Apr
2.3	Compensation & Benefits	Internal	Annual	Apr 30	May
2.4	Financial Planning/Budgeting	Internal	Annual	Aug 31	Sept
2.5	Financial Condition & Activities	External	Annual	Dec 31	Feb
2.6	Investments	Internal	Annual		
2.7	Ends Focus of Contracts	Internal	Annual	Oct 31	Nov
2.8	Asset Protection	Internal	Annual	May 31	June
2.9	Emergency Succession	Internal	Annual	Oct 31	Nov
2.10	External Relations	Internal	Annual	July 31	Aug
2.11	Communication & Support	Internal	Annual	Jan 31	Jan
3.0	Global Governance Process	Direct Inspection	Annual		Aug
3.1	Governing Style	Direct Inspection	Annual		Sept
3.2	Board Job Description	Direct Inspection	Annual		Oct
3.3	Board Member's Code of Conduct	Direct Inspection	Annual		Nov
3.4	Agenda Planning	Direct Inspection	Annual		April
3.5	Chair's Role	Direct Inspection	Annual		Dec
3.6	Board Committee Principles	Direct Inspection	Annual		Jan
3.7	Board Committee Structure	Direct Inspection	Annual		Jan
3.8	Cost of Governance	Direct Inspection	Annual		April
4.0	Global Board-Mgmt Delegation	Direct Inspection	Annual		Feb
4.1	Unity of Control	Direct Inspection	Annual		Mar
4.2	Accountability Of The CEO	Direct Inspection	Annual		June
4.3	Delegation To The CEO	Direct Inspection	Annual		May
4.4	Monitoring CEO Performance	Direct Inspection	Annual		July

Other informational reports from staff:

Informational Report	Freq.	Board Packet month:
Financial Statements	Quarterly	Nov, Feb, May, Sept
Customer Satisfaction and Service Performance	3 times a year corresponding with bids/service changes	Jan, May, Sept
Capital Improvement Projects	Annual As needed	Nov

CEO Personal Expense Report	Quarterly	Dec, Mar, June, Sept
CEO Compensation comparables	Every 2 years	April of odd years
Notification of execution of budgeted items over \$250K and grant requests/awards over \$100K	As needed	
Notification of Intended changes to -non-unionized staff manual -procurement manual -benefits/compensation	As needed	
Others as requested/needed		

Appendix B

Evaluator: _____
Send to Board President by: _____

Policy Governance Executive Limitations Evaluation Form

*A tool to be used by individual board members
as they evaluate the internal monitoring reports designated in Board-CEO Linkage*

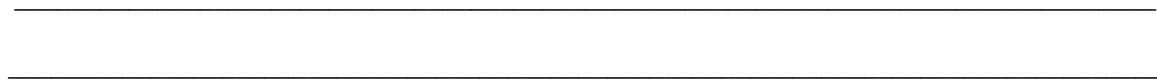
Policy being monitored:
(Insert actual policy)

1. Was this report submitted when due? Yes No
2. Did the report lay out the CEO's interpretation or an operational definition of the policy? Yes No
3. Is the interpretation justified or is proof provided to explain why the interpretation is reasonable? Yes No
4. Was I convinced that the interpretation is justified and reasonable? Yes No
5. Did the interpretation address all aspects of the policy? Yes No
6. Does the data show compliance with the CEO's interpretation of our policy? Yes No

Comments regarding further policy development:

1. Is there any area regarding this policy that you worry about that is not clearly addressed in existing policy? What is the value that drives your worry?

2. What policy language would you like to see incorporated to address your worry?



DRAFT

Board Compliance Monitoring Tool

Complete evaluation form and return to the Board President by _____.

Board Means Policy being monitored: *(insert policy)*

Review all sections of the policy listed and evaluate our compliance with policy.

- 1. Indicate item by item if you believe Yes No Are we are in strict compliance with the policy as stated?

- 2. If you indicated that the Board is not in strict compliance with the policy as stated, please indicate what you notice that gives evidence that we are **not** in compliance?

- 3. How do you think we could improve our process to be in full compliance?

- 4. What do we need to learn or discuss in order to live by our policies more completely?

- 5. Does this policy remain in compliance with the Policy Governance model in terms of content and format? For example, do all the subsections of this policy relate to prudence and ethics? Do the sub-policy further enlighten language of the broader policy? Yes No

History of Policy Changes

Date	Policy #	Action Taken

DRAFT

Example**Sample Layout for Internal Reports – Executive Limitations**

Policy to be Monitored: *Insert Policy # and title*

Policy Provision <i>(insert each section of policy individually below)</i>	CEO Interpretation (Operational Definition, including data track and projection of performance)	Justification of why the Interpretation should be viewed as reasonable	Evidence to show compliance with rehab plan if in non-compliance	Declaration of Compliance/Non-compliance <i>(if non-compliant, what is the plan & timeframe to get into compliance?)</i>

DRAFT

Issue Brief: FY2018 State Funding Application

Meeting: Board of Directors

Date: February 16, 2017

Agenda Item # 8.1

Board Meeting Date: February 16, 2017

Recommended Committee Action(s):

- Options: Recommend resolution for Board Approval

Prior Relevant Board Actions and Policies:

- FY2017 State Funding Application approved in February 2016
- FY2018 Capital and Categorical grant program approved in September 2016

Issue Summary:

The annual application for state funding is in preparation for submission by February 15, 2017. A Board resolution is required to authorize the application for review post submission and the Michigan Department of Transportation (MDOT) has a required format for the resolution. The application and draft resolution will be an action item for the February PDC meeting.

Background:

AAATA's FY2018 application for state funding is a proposal for capital matching funds of federal dollars, plus annual state operating assistance.

The first element of the application is for capital funding. This portion of the application will consist of the FY 2018 part of AAATA's Capital and Categorical Grant Program, which was adopted by the AAATA Board at the September, 2016 meeting. The state capital assistance AAATA will receive will be based ultimately on federal grant application project amounts, including any decision changes made during the Fall 2017 Board review of AAATA's budget. Staff is in the process of developing potential budgets for Capital Improvement Plan processes for the Board to review capital and operating priorities for future fiscal years.

The second element is an operating budget for FY 2018. A proposed budget is required to be submitted with the application, but it is an estimate which is subject to change before the beginning of the fiscal year. Staff is in the process of developing a final budget which includes the service expansion in FY 2017 from the Five-Year Transit Improvement Program.

The capital figures will be reconciled with AAATA's federal grant application due in June, 2018. The state operating assistance AAATA will receive will be based on our actual expenses next year, not the expenses in the application.

Impacts of Recommended Action(s): here is how this item affects these areas of sustainability

- **Budgetary/Fiscal:** approves \$13 million in state revenue for continuing state funding assistance, including \$12 million operating and \$1 million in capital matching funds.
- **Social:** state funding is a source of capital/operating assistance which supports transit service
- **Environmental:** state grants help pay for buses and environmentally-friendly products/practices
- **Governance:** None, routine state requirement

Attachments:

- Public Notice AAATA Proposed FY2018 Operating and Capital Assistance in State and Federal Application
- Resolution of Intent to Apply for Financial Assistance for Fiscal Year 2018 under Act 51, as amended

Author: Julia Roberts

Reviewed by: Chris White

Approved by: Matt Carpenter

Date: February 3, 2016

PUBLIC NOTICE

Ann Arbor Area Transportation Authority**Proposed FY 2018 Operating and Capital Assistance in State and Federal Application**

All citizens are advised that the Ann Arbor Area Transportation Authority (AAATA) has prepared an application to be submitted to the Michigan Department of Transportation for State of Michigan financial assistance for fiscal year 2018 as required under Act 51 of the Public Acts of 1951, as amended, and for federal assistance as required under the Federal Transit Act, as amended.

The AAATA is applying for state funding and federal funding from the Michigan Department of Transportation (MDOT) as shown below:

Funding Source for Operating Assistance	State Application		
Urban Operating Assistance	\$10,692,023		
Formula Non-urban Operating*	\$398,710		
Section 5311 Non-urban Operating*^	\$227,600		
Section 5310 Mobility Management^	\$144,000		
Specialized Services	\$176,840		
Total State Operating Assistance	\$11,639,173		
Capital and Categorical Assistance	State Match	Federal Funds	Total
Large bus replacements for fixed route service	\$392,000	\$1,568,000	\$1,960,000
Small buses for Senior and ADA service	\$96,000	\$384,000	\$480,000
Vans for vanpool program expansion	\$145,600	\$582,400	\$728,000
Maintenance equipment and bus components	\$50,000	\$200,000	\$250,000
Support vehicle	\$20,000	\$80,000	\$100,000
Computer hardware and software	\$34,000	\$136,000	\$170,000
Passenger facilities and equipment	\$20,000	\$80,000	\$100,000
Capital cost of contracting	\$30,000	\$120,000	\$150,000
Preventive maintenance	\$220,000	\$880,000	\$1,100,000
Planning	\$80,000	\$320,000	\$400,000
Total Capital and Categorical Assistance	\$1,087,600	\$4,350,400	\$5,438,000

*AAATA pass-through of state funds for WAVE and People's Express

^state pass-through of federal funds

AAATA ensures that the level and quality of transportation service is provided without regard to race, color, or national origin in accordance with Title VI of the Civil Rights Act of 1964. For more information regarding Title VI obligations or to file a complaint, contact AAATA at the address below.

The proposed application is on file at AAATA offices, 2700 S. Industrial Highway, Ann Arbor, MI 48104, and may be reviewed until March 16, 2017, weekdays between the hours of 8 a.m. and 5 p.m. It can also be reviewed online at the AAATA website, www.TheRide.org.

Written comments regarding the application and written requests for a public hearing to review the application must be received by March 16, 2017. If a hearing is requested, notice of the scheduled date, time, and location will be provided at least 10 days in advance.

Submittals should be sent with Attn: State Application via mail to AAATA, 2700 S. Industrial Hwy., Ann Arbor, MI 48104 or via email to grants@theride.org.

Resolution 7/2017

RESOLUTION OF INTENT TO APPLY TO APPLY FOR FINANCIAL ASSISTANCE FOR FISCAL YEAR 2018 UNDER ACT 51 OF THE PUBLIC ACTS OF 1951, AS AMENDED

WHEREAS, pursuant to Act 51 of the Public Acts of 1951, as amended (Act 51), it is necessary for the Ann Arbor Area Transportation Authority (AAATA) established under Act 55 of 1955 to provide a local transportation program for the state fiscal year of 2018 and, therefore, apply for state financial assistance under provisions of Act 51; and

WHEREAS, it is necessary for the AAATA, to name an official representative for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51; and

WHEREAS, it is necessary to certify that no changes in eligibility documentation have occurred during the past state fiscal year; and

WHEREAS, the performance indicators for this agency have been reviewed and approved by the AAATA; and

WHEREAS, the AAATA, has reviewed and approved the proposed balanced budget and funding sources of estimated federal funds \$4,350,400, estimated state funds \$11,639,173, estimated local funds \$18,556,181, estimated fare box \$6,742,104, estimated other funds \$1,064,395, with total estimated expenses of \$42,352,253.

NOW THEREFORE, be it resolved that the AAATA hereby makes its intentions known to provide public transportation services and to apply for state financial assistance with this annual plan, in accordance with Act 51; and

HEREBY, appoints Matthew Carpenter as the Transportation Coordinator, for all public transportation matters, who is authorized to provide such information as deemed necessary by the State Transportation Commission or department for its administration of Act 51 for 2018.

Eric A. Mahler, Chair

Stephen Wade, Secretary

February 16, 2017

February 16, 2017

Resolution 8/2017

Acceptance of Audited Financial Statements
For the Year Ended September 30, 2016

WHEREAS, the Ann Arbor Area Transportation Authority (Authority) engaged Plante & Moran, PLLC, professional auditors, to perform a financial audit and Federal single audit for the year ended September 30, 2016, and

WHEREAS, the Authority management has prepared financial statements and the auditing firm has completed their audit of the financial statements and Federal grant programs and summarizing their findings, and

WHEREAS, the Authority management has received and reviewed the communications required under Generally Accepted Auditing Standards, Section AU 260, *"The Auditor's Communication with Those Charged with Governance,"* also known as a management letter,

NOW, THEREFORE, BE IT RESOLVED, that the Ann Arbor Area Transportation Authority Board of Directors acknowledges and accepts the audited financial statements for the year ended September 30, 2016, based upon the auditing firm presentation to the Board of Directors.

Eric A. Mahler, Chair

February 16, 2017

Stephen Wade, Secretary

February 16, 2017



Issue Brief: [Airport Transportation Services \(AirRide\)](#)

Meeting: Board of Directors

Date: February 16, 2017

Agenda Item #: 8.3

Recommended Committee Action(s):

That the PMER Committee recommends Board authorization for the CEO to negotiate and execute a contract with Indian Trails/Michigan Flyer, LLC (MI Flyer) of Owosso, MI for Airport Transportation Services, also known as AirRide.

Alternative Recommendation:

That the PMER Committee recommends authorization for the CEO to negotiate a contract with MI Flyer, and then return to the full Board for final consideration and approval.

Prior Relevant Board Actions and Policies:

- Oct 20, 2011 Resolution 2/2012 Authorization to Negotiate a Contract with Michigan Flyer to provide Route #900 bus service between Ann Arbor and DTW
- Feb 16, 2012 Resolution 13/2012 Establishing Fares for AirRide service between Ann Arbor and Detroit Metro Airport
- Feb 23, 2012 Contract Between The Ann Arbor Transportation Authority and Indian Trails, Inc.
- Mar 21, 2013 Resolution 16/2013 Authorization for Extension of Public-Private Partnership (PPP) Agreement with Michigan Flyer to Provide Route 787 Public Buys Service between Ann Arbor and DTW
- Apr 18, 2013 Resolution 18/2013 Authorization to Rescind Resolution 16/2013 and enter into Negotiations with Michigan Flyer for a Second Year of operating AirRide Service
- Mar 20, 2014 Resolution 21/2014 Authorization to enter into Contract with Indian Trails (D.B.A. Michigan Flyer) for a Third Year of Operating AirRide Service

Item Summary:

Ann Arbor Area Transportation Authority (AAATA) staff requests that the Board of Directors authorize the CEO to negotiate and then enter into a contract for transportation service between Ann Arbor and Detroit Metropolitan Airport (DTW). If approved now, the CEO would be empowered to execute a contract without returning to the Board.

Background:

The 2012 contract between AAATA and MI Flyer expires March 31, 2017. To maintain services, staff issued a Request for Proposal (RFP) for Airport Transportation Services, and received and evaluated

competitive proposals. As a result of this process, staff requests that the Board of Directors authorize the CEO to negotiate and implement a contract with MI Flyer to continue to provide service.

Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** There are no anticipated out-of-pocket costs to the agency.
- **Social:** Good opportunity to preserve service to passengers without any disruptions.
- **Environmental:** AirRide reduces automobile trips.
- **Governance:** Under present rules, contracts exceeding \$100,000/year must be brought to the Board for approval. Although a contract award is typically administrative in nature, the scale, complexity, costs and sensitivity warrants Board approval before proceeding.

Attachment:

- **Resolution**

Authors: Matt Carpenter and Michelle Whitlow

Reviewed by: Matt Carpenter

Approved by: Matt Carpenter

Date: 2/9/2017

Resolution 9/2017

APPROVAL OF CONTRACT AWARD FOR AIRPORT TRANSPORTATION (AirRide) SERVICES

WHEREAS, the Ann Arbor Area Transportation Authority's (AAATA) primary consideration is to continue providing cost-effective, high-quality service between Ann Arbor and Detroit Metropolitan Airport (DTW), and

WHEREAS, AAATA conducted a competitive procurement process and determined that Indian Trails/Michigan Flyer, LLC (MI Flyer) was the most responsive and responsible proposer,

NOW, THEREFORE, BE IT RESOLVED, that the AAATA Board of Directors authorizes the Chief Executive Officer to enter into negotiations and implement a contract with MI Flyer to operate AirRide.

Eric A. Mahler, Chair

February 16, 2017

Stephen Wade, Secretary

February 16, 2017

Issue Brief: [Communications and Marketing Services](#)

Meeting: Board of Directors

Date: February 16, 2017

Agenda Item: #8.4

Recommended Committee Action(s):

That the PMER Committee recommends Board approval of a Contract to Berline of Royal Oak, MI for Communications and Marketing Services. The Contract term would be two years with three additional 1-year one (1) year options.

Prior Relevant Board Actions and Policies:

Board approved Resolution 18/2016 dated March 17, 2016 authorizing execution of a contract to Berline for media planning and placement for a term expiring March 31, 2017.

Board approved Resolution 36/2012 dated July 16, 2012 authorizing execution of a contract to Quack Media and Pace & Partners for Marketing and Public Relations services for a term expiring March 31, 2017. Board approved resolution 34/2015 dated August 20, 2015 authorizing to amend awarded amount from Marketing and Public Relations services to conform to budgeted amounts.

Item Summary:

Ann Arbor Area Transportation Authority (AAATA) contracts for communications and marketing services such as strategic communication planning and execution, graphic design, public relations, digital marketing, brand development, corporate communications, public education, media planning and placement and market research.

Background:

Communications and marketing is a specialized field that continues to increase in complexity due to new digital platforms and diverse media outlets. The AAATA has many brands, services, programs and initiatives with varying target markets. Using a single contractor for these services allows us to tap into the expert knowledge in reaching our target markets in an effective and efficient manner.

Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** Costs are in fiscal year approved budgets. Over the past two fiscal years, costs for marketing and public relations were \$196,867.88 and media planning, buying and placement were \$396,860.41.
- **Social:** Important to communicate in multiple mediums/to all ridership and community segments.
- **Environmental:** N/A

- **Governance:** Allows for the organization to communicate and build awareness of its mission and services to the community.

Attachment:

- **Resolution**

Authors: Mary Stasiak and Chloe Campbell

Reviewed by: Matt Carpenter

Approved by: Matt Carpenter

Date: February 1, 2017

Resolution 10/2017

AUTHORIZATION TO AWARD COMMUNICATIONS AND MARKETING SERVICE CONTRACT

WHEREAS, the need for professional communications and marketing services by consulting firms continues due to the expertise required to support the Ann Arbor Area Transportation Authority's (AAATA's) ongoing initiatives, public engagement efforts and communications needs, and

WHEREAS, AAATA publicly sought proposals from companies to provide marketing and communications services and Berline, Inc. was selected as a result of a thorough proposal evaluation process, and

WHEREAS, the cost of these professional communication and marketing services is expected to exceed \$100,000 over the award period, and Board policy requires advance authorization to purchase products or services over \$100,000,

NOW THEREFORE, BE IT RESOLVED, that the AAATA Board of Directors (Board) authorizes the CEO to purchase professional communications and marketing services from Berline, Inc. for the contract term of three years, with an option to extend the term for up to two additional one-year periods, provided that the contract shall allow the Board to terminate the contract without penalty with 30 days' notice at any point.

Eric A. Mahler, Chair

February 16, 2017

Stephen Wade, Secretary

February 16, 2017