
Board of Director's Meeting Summary

Meeting Date/Time: April 16, 2020

Location: Remote

Board Member Attendees: Raymond Hess, Jesse Miller, Kyra Sims, Roger Hewitt, Kathleen Mozak-Betts, Richard Chang, Mike Allemang, Sue Gott, Ryan Hunter, Eric Mahler (Chair)

AAATA Staff Attendees: Matt Carpenter (CEO), Bryan Smith, John Metzinger, Mike Blackston, Rosa-Maria Njuki

Chairman Eric Mahler called the meeting to order at 6:34pm.

1. OPENING ITEMS

1.1 Approve Agenda

Chairman Mahler suggested moving agenda item 4.3 (CEO Contract Update) to agenda item 6.3 and for the Board to go into a closed session to discuss the CEO Contract. He moved to approve the agenda with that amendment.

In support of the motion:

Mr. Mike Allemang: Yes

Mr. Rich Chang: Yes

Ms. Sue Gott: Not present for vote

Mr. Raymond Hess: Yes

Mr. Hewitt: Not present for vote

Mr. Jesse Miller: Yes

Ms. Kathleen Mozak-Betts: Yes

Ms. Kyra Sims: Yes

Mr. Ryan Hunter: Yes

Chairman Mahler: Yes

The motion was approved unanimously.

1.2 Public Comment

Jim Mogensen discussed the need to have reimbursable expenses in order to use the funds provided by the CARES act and UofM qualifying for funds from the FTA because of arrangements made previously with their fares cards. He described managing funds and fares in this new environment.

Michelle Barney commented that we are doing a little bit better than other cities. She asked about the D2A2 service and CEO Carpenter answered that it has been suspended for about 2 weeks, to be reopened when circumstances permit.

1.3 General Announcements

A moment of silence was taken in remembrance of a staff member who recently passed away.

2. CONSENT AGENDA

2.1 Minutes

Mr. Alleman moved to approve the minutes, seconded by Ms. Mozak-Betts. Chairman Mahler conducted a roll call vote.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Not present for vote

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Mr. Hunter: Yes

Chairman Mahler: Yes

The motion carried and the minutes were moved into the record.

3. EMERGENT BUSINESS

3.1 Coronavirus Update

CEO Carpenter started by expressing gratitude to the staff and the Board for their dedication and support. He described a proactive course ahead and presented on a draft of the TheRide Pandemic Realignment Plan (in April packet).

Mr. Miller asked that the sources used to guide decision making and creating draft timelines be made public. CEO Carpenter pointed to the [Washington Post](#) citation and described the sources as an extrapolation of media reports and information from the CDC. As information is updated, he will add any citations that make sense. Mr. Allemang expressed his understanding of CEO Carpenter using multiple sources for information that he finds most credible to create his assumptions.

Chairman Mahler asked if there were any guidelines being used for how fast to ramp service back up. CEO Carpenter noted that the lifting of the stay at home orders and clear unambiguous instruction from state leadership would be helpful in that decision. He suggested that conflicting priorities might lead to more of a rolling restoration of services, dependent upon demand and maintaining the safety of our employees.

Mr. Bryan Smith presented on AAATA's operational response to COVID-19 as outlined below. Ridership is operating at about 10% of what it was before the pandemic began.

Employee safety measures taken:

- Ceased fare collection
- Instituted rear boarding
- Increased sanitation procedures
- Encouraged compliance with CDC and state guidelines for social distance in common spaces
- Instructed staff to work from home
- Providing hand sanitizers, masks, shields and PPE as it becomes available
- Adapting HR policies to allow employees to protect health

Public safety measures taken:

- Sanitizing facilities and buses regularly and frequently
- Closed YTC and BTC lobbies to prevent crowds and groups from forming
- Created advisory, precautionary and warning signage on buses and facilities

- Decreased maximum capacity of buses to 15 riders
- Only members of the same household per vehicle for A-Ride

Vehicle modifications:

- UM designed acrylic barrier is currently being installed at the standee line of every bus in service
- Added audio PSA announcements
- Signed seats to encourage appropriate distance

Service adjustments:

- Reduced service with informal, ad-hoc service reductions based on decreased demand
- Limited service schedule to Sunday Plus
- Responded to needs of essential workers and added early runs to service the hospital

Future:

- Prepare for an increase in demand after stay at home order lifted
- Expect and plan to maintain a decreased level of service into the fall, while remaining agile and responsive to ever changing needs
- Build a plan for a sustainable service that meets the new needs of the community and provides the greatest benefit

Chairman Mahler asked if the plan is to not collect fares for the foreseeable future. Mr. Smith described a need to explore new, safe ways of collecting fares.

Mr. John Metzinger presented on the financial impacts of COVID-19 on AAATA as outlined below:

Financial challenges could last years:

- Increased expenses for cleaning, sanitation, PPEs, paid employee leave, incentive pay for front-line employees reporting to work.
- Priority need for investments to promote employee and public safety, restore fare collection, restore service, and rebuild ridership.
- Total loss of fare and contract revenues.
- Concerns about potential losses in state and local funding for 2020 through 2022 due to recession.

Mr. Metzinger thanked the federal officials for quickly passing the CARES Act and bringing \$20.7M in federal funding to AAATA. The questions we're asking ourselves are how those funds should be used and how far will they go.

He walked the Board through a preliminary financial capacity projection for April 2020 through FY2022. He described the current scenario, staffing cost savings scenario, and worst case scenario with CARES Act funding applied to ongoing operations and service restoration.

Mr. Metzinger stated that the uncertainties and financial challenges that lie ahead lead him to recommend that AAATA move ahead with very careful control of our costs, that we need to take a very conservative approach to limit spending in order to assure that we have a sustainable future for the organization. He suggested that AAATA needs to be sure to expend CARES Act funding to preserve our mission, particularly with respect to those employees that are working each day on the front lines of our organization, especially during this crisis; however, it may not be the most effective or

productive use of these funds to continue to pay employee leave for an extended period of time. We do need to reserve a portion of CARES Act funding, suggesting 30%, to have those funds available to bring AAATA back on line when the timing is appropriate to do so, so that we can make appropriate operating and capital investments to promote safety and service restoration.

CEO Carpenter pointed out that policy 2.11 requires him to notify the Board of new risk (public health risk) and policy 2.4 requires him to act in avoidance of fiscal jeopardy, both of which he is doing. Policy 4.3.3 makes it clear that these choices are in the CEO's lap, but he would prefer to take action with the Board's support.

Mr. Hess applauded the staff. He also asked them to explain the significant declines in funding indicated in the charts another year past post pandemic predicted to begin around July 2021, guessing it has to do with the long-term economic downturn that may be reflected in reduced property tax, gas tax, and ridership. Mr. Metzinger pointed out that according to recent information from SEMCOG, tax collections from the state are expected to be down through 2022, but could recover quickly after that. CEO Carpenter pointed out that the CDC is reporting that the vaccine may take 12-18 months to deploy.

Mr. Allemang echoed Mr. Hess's compliments and asked if there are any service restorations in the current plan, and if so, what kind of assumptions were made in operating those. Mr. Metzinger pointed out that some level of service expansion begins to happen in August of this year, working its way back up to full schedule around Spring/Summer of 2021.

Mr. Metzinger explained to Ms. Mozak-Betts that the model is built by taking the year-to-date actuals through March as well as looking at what AAATA was spending through mid-March into April and projecting those forward.

Mr. Hewitt expressed that if significant cost reductions are needed, he would strongly support those.

Ms. Gott expressed that the leadership the staff is showing at this time is extraordinary.

Mr. Chang offered the Board's support to the staff. Mr. Hunter thanked the staff, and Ms. Sims complimented the transparency being exhibited.

Chairman Mahler pointed out that AAATA's funding comes from the federal government, state government, property taxes, and fares, and the cost reduction emphasis stems from AAATA's lack of alternative funding and inability to raise money at this time through debt or bonds. We either cost cut or raise revenue; AAATA is not a taxing authority that can raise taxes on their own without voter approval.

Mr. Hess requested the staff to take an iterative approach and re-adjust projections on a regular basis. Chairman Mahler cautioned also that AAATA needs to make sure they have cash on hand should the economy come back up as predicted. Mr. Allemang added that AAATA must preserve the operation and can't risk having a worse case that we're not ready for; we need to be conservative. He agreed with Mr. Hess that we don't need to reduce costs more than necessary, particularly when we know there is a human cost.

Mr. Miller described the current experience as very humbling, and complimented the stewardship of the executive team. He expressed that AAATA is a public good and

must remain so via our decisions, decisions focused on what is best for our community and employees.

4. POLICY MONITORING & DEVELOPMENT

4.1 Committee Reports

4.1.1 Governance Committee

4.1.1.1 Board Retreat

Chairman Mahler suggested the Board may want to think about a different type of retreat, perhaps a virtual option a couple months from now, that does not put any kind of cost on AAATA or burden on the staff to plan, considering the pandemic.

4.1.2 Finance Committee

Regarding the review of policy 2.5, Mr. Allemang highlighted that the Committee felt the CEO was in compliance, except as noted.

4.1.3 Service Committee

Mr. Hewitt mentioned that the Committee discussed how to proceed with the Construction Policy. They will focus on a few specific points where there seems to be differences of opinion and try to work out a revised policy to bring back to the Board that at least the majority of the Committee will support, if not all support.

4.2 Monitoring Reports

4.2.1 Ends Monitoring Report

CEO Carpenter pointed out that this version includes the prior year's status added at the policy level so that the Board can see where it was rated last year.

Mr. Miller expressed his appreciation of policy 1.1.2 being noted as partially compliant.

Chairman Mahler pointed out the interpretation of the policy 1.2.3 and asked if the targets are where they should be. Mr. Hewitt described the policy as very aspirational, but he is satisfied with the policy and interpretation as long as it is understood that it will be non-compliant for quite a long time. Mr. Hess concurred with Mr. Hewitt that this will take years, though he is fine with it. Ms. Gott mentioned that this is one of the oldest topics for the Board, and we are fortunate to be in a county where there would be a lot of support for this. The relationship AAATA has and the opportunity to support transit oriented development makes it aspirational in a positive way, though there are some limitations by which CEO Carpenter is able to meet this, given other jurisdictional responsibilities. Ms. Mozak-Betts pointed out a typo / inconsistency indicating the policy both non-compliant and partially compliant. She agreed with keeping the policy as aspirational. CEO Carpenter expressed being on the same page as the Board with the policy.

Chairman Mahler discussed policy 1.3, pointing out the data to measure this is not where the Board or the CEO would like it to be. He asked if the goal should be adjusted or modified, in order to get data to track or determine if data is not needed. Mr. Hewitt described not knowing how to measure it, but he likes the idea of the policy. Chairman Mahler asked if the Board likes the ambiguity. Ms. Sims described a graph showing how accessible AAATA is to the grocery store, the court, and shopping centers that could be helpful in this evidence of this policy, GIS maps from SEMCOG's library. CEO Carpenter pointed out Rose Mercier's

suggestion that it is better to measure the right thing imprecisely than the wrong thing with great accuracy. Mr. Miller expressed being comfortable with data that circles around the goal.

Mr. Hewitt moved to accept the policy as making reasonable progress toward compliance (C), seconded by Ms. Gott. Chairman Mahler conducted a roll call vote.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Mr. Hunter: Yes

Chairman Mahler: Yes

The motion passed unanimously.

4.2.2 Financial Conditions (Policy 2.5)

Mr. Metzinger described the report as one of the ways that the Board reviews the audited financials. He pointed out non-compliance with the policy that deals with the Reserve, though it was better than in the past.

Chairman Mahler asked about policy 2.5.5: How do you define the limits within this; at what point would you indicate that you're making a substantial enough move that you need to tell the Board? CEO Carpenter agreed that the interpretation is envelope budgeting, allowing the Board to just look at the bottom line. He suggested that the Board could potentially add sub-policies within this policy if it is too vague, particularly with use of the word "overall".

Mr. Allemang commented that he thinks CEO Carpenter's interpretation is reasonable. He described a period of time at AAATA when the financial reporting was horrendous in the amount of detail, too detailed to be meaningful. The financial reporting is much more concise now and sufficient possibly because the financial recording has been so good. He suggested that it may now be too simplified and AAATA should rethink the financial reporting to find a balance, a task he would accept for the Finance Committee as priorities allow.

Ms. Mozak-Betts suggested that there should possibly be some sort of sub-policy giving some sort of number, what variances are acceptable.

CEO Carpenter encouraged the Board to seek a little more clarity with sub-policies.

Mr. Hewitt agreed with Mr. Allemang that this is something the Finance Committee should take a look at for future Boards when they have the time to deal with it.

Mr. Allemang moved to accept the CEO as in compliance except where noted (B), seconded by Ms. Mozak-Betts. Chairman Mahler conducted a roll call vote.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes
Ms. Gott: Yes
Mr. Hess: Yes
Mr. Hewitt: Yes
Mr. Miller: Yes
Ms. Mozak-Betts: Yes
Ms. Sims: Yes
Mr. Hunter: Yes
Chairman Mahler: Yes

The motion passed unanimously.

5. STRATEGY & OPERATIONAL UPDATES: CEO

5.1 FY2021 Budget Calendar

Mr. Metzinger noted that the budgeting approach this year will be more stream-lined than previous years considering all that is going on and the budget is likely to be rather austere. This year we have cancelled the annual call for projects and call for staffing needs.

Regarding key dates for the Board, Mr. Allemang requested that the schedule be adjusted to have the preliminary budget go to the Finance Committee before going to the public. Mr. Metzinger agreed that the budget will be presented to the committees and full Board in July before going for public comment.

5.2 Service Changes Update

Mr. Smith reported that AAATA has suspended their planning for the service changes in August due to COVID-19.

5.3 CEO Report

Chairman Mahler asked if there was any more talk about the carbon emissions plan. CEO Carpenter commended the city's efforts and reported that City Council has begun their discussions but the environment around the discussion has changed radically. He suggested that finding the resources, now especially, may be the biggest challenge, but he is waiting to see where the city would like to go with it. Mr. Hess added that it is scheduled to go before City Council on April 20th.

6. CLOSING ITEMS

6.1 Topics for Next Meeting:

Communication Support to the Board
(Policy 2.11);
Governing Style (Policy 3.1);
Board Job Description (Policy 3.2);
Compensation & Benefits (Policy 2.3);
Board Committee Principles (Policy 3.6);
Board Committee Structure (Policy 3.7);
Cash & Investments (Policy 2.6);
Asset Protection (Policy 2.8);
Q2 Financial Report;
Q2 Service Report

CEO Carpenter expressed that we may not be able to sustain the schedule of the monitoring reports. A commitment to keep the Q2 Financial and Service Reports on schedule was made, with efforts toward the rest as prioritized.

6.2 Public Comment

Michelle Barney suggested that AAATA get in contact with an infection control physician or public health physician to understand the curve and CDC guidelines as they will be under a lot of pressure to re-open. She would like AAATA to include a medical expert in their meetings and decision-making.

Jim Mogensen commented on the CARES Act and how wonderfully astonishing it is that AAATA received \$20.7M. He noted that it will be harder to get choice riders back on the bus. He also discussed transit oriented development and the effect it has on public transit. Lastly, he requested that the presentations given at the meeting be shared on the website.

6.3 CEO Contract Update

Chairman Mahler moved that the Board go into a closed session to discuss the CEO contract, seconded by Mr. Hunter. He conducted a roll call vote for going into a closed session.

In support of the motion:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

The motion passed unanimously, and the Board went into the closed session at 9:21pm. At 10:10pm, the Board voted unanimously to come out of closed session.

6.3 [Board Assessment of Meeting \(Electronic\)](#)

6.4 Adjournment

Ms. Mozak-Betts moved to adjourn the meeting, seconded by Mr. Hunter. Chairman Mahler conducted a roll call vote for adjournment.

In support of adjournment:

Mr. Allemang: Yes

Mr. Chang: Yes

Ms. Gott: Yes

Mr. Hess: Yes

Mr. Hewitt: Yes

Mr. Hunter: Yes

Mr. Miller: Yes

Ms. Mozak-Betts: Yes

Ms. Sims: Yes

Chairman Mahler: Yes

Chairman Mahler adjourned the meeting at 10:14pm.

Respectfully submitted by: Keith Everett Book

Approved May 21, 2020