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## BOARD OF DIRECTORS

DATE: Thursday, September 15, 2016

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 August 18, 2016 (p. 1-9)	Decision	Mahler
5.0 <u>Election of Officers: Term of Office October 1, 2016-September 30, 2017</u>		
5.1 Election of Board Chair, Treasurer and Secretary	Decision	Bernard/ Gururaja
6.0 <u>Board and Staff Reports</u>		
6.1 Chief Executive Officer	Information	Carpenter
6.1.1 AirRide	Verbal	
6.1.2 August Service Update	Verbal	
6.2 Planning and Development (p. 10-15)	Information	Gainsley
6.2.1 FY2017 Budget	Verbal	
6.3 Performance Monitoring External Relations (p. 16-19)	Information	Allemang
6.4 Local Advisory Council	Information	Bernard
6.4.1 Executive Committee Appointments		
6.5 Governance	Inform/Discuss	Mahler
7.0 <u>Question Time</u>	Information	All

## 8.0 Old Business

8.1	Regional Transit Authority (p. 20-21)	Decision	Mahler
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## 9.0 New Business

9.1	FY2017 Budget (p. 22 plus Attachments)	Decision	Carpenter
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9.2	Engine Replacement (p. 23-25)	Decision	Carpenter/ T. Black
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9.3	MDOT Master Agreement (p. 26-27)	Decision	Carpenter
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9.4	MDOT Agreements up to \$1Million (p. 28-29)	Decision	Carpenter
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9.5	LAC Executive Committee Appointments	Decision	Bernard
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9.6	FY2017 Board Meeting Schedule (p. 30)	Decision	Mahler
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10.0	<u>Public Time</u>	Information	Public
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11.0	<u>Adjourn</u> [next meeting Thursday, October 20, 2016 @ 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



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Proposed Minutes

August 18, 2016

Ann Arbor Area Transportation Authority Board of Directors

Ann Arbor District Library, 343 South Fifth Avenue, Ann Arbor, Michigan, 6:30pm

Board: Mike Allemang, Eli Cooper, Gillian Ream Gainsley, Sue Gott (arrived 6:50pm), Prashanth Gururaja, Roger Hewitt, Eric Mahler (Chair)

Absent with Notice: Jack Bernard, Larry Krieg, Stephen Wade

Staff: Michael Benham, Matt Carpenter, Mary Stasiak, Phil Webb, Chris White, Michelle Whitlow

LAC Representative: Rebecca Burke

Recording Secretary: Karen Wheeler

Chairman Eric Mahler declared that a quorum was present and called the meeting to order at 6:33 p.m.

1.0 Public Hearing

There was no public hearing.

2.0 Communications and Announcements

2.1 Appoint Acting Secretary

Mr. Mahler appointed Gillian Ream Gainsley Acting Secretary.

3.0 Public Time – Comment on Agenda Items

Carolyn Grawi appeared before the Board. Ms. Grawi spoke in favor of support among different counties for regional transit and hope for growth of services in Ann Arbor. Ms. Grawi commented on work at the LAC on disability awareness training. Ms. Grawi requested that the training is broadened to become part of a driver's everyday experience so that passengers don't have to remind drivers about the law, but rather drivers know what they need to do.

Cathy-Alice Koyanagi appeared before the Board. Ms. Koyanagi recently relocated to Ann Arbor and has found the transportation good overall. Ms. Koyanagi may address

some issues about the paratransit service with the LAC. Ms. Koyanagi appreciates the service and looks forward to getting to know the board as a customer and citizen.

Ed Vielmetti appeared before the board. Mr. Vielmetti commented on the AAATA routes he rides indicating that his travel patterns vary and he is dependent on having accurate and timely schedule information, preferably by phone. Mr. Vielmetti commented on traveling in other cities where real-time information is available through phone-based apps. Mr. Vielmetti requested that AAATA provide developers with access to its API data to allow for writing code to figure out data to help plan routes, obtain overall system status and have live data available by phone.

Gale Benson appeared before the Board. Mr. Benson extended congratulations on the service expansion. Mr. Benson submitted a letter of observations and suggestions on Route #68.

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

#### 4.0 Review and Approval of Minutes

##### 4.1 Review and Approval of Minutes June 20, 2016

Mike Allemang moved approval of the minutes as drafted with support from Gillian Ream Gainsley. The motion passed unanimously.

##### 4.2 Review and Approval of Minutes June 23, 2016

Eli Cooper moved approval of the minutes as drafted with support from Prashanth Gururaja. The motion passed unanimously.

#### 5.0 Board and Staff Reports

##### 5.1 Chief Executive Officer

Mr. Carpenter announced that real-time information is being displayed on the website. A new Safety Officer has been hired and will join the team on September 12. Mr. Carpenter announced the resignation of Nancy Shore, GetDowntown Coordinator. Mr. Carpenter thanked Ms. Shore for her great service. Mr. Carpenter announced that staff are ready to help students returning to Ann Arbor navigate the service changes implemented in May. Mr. Carpenter reported that more service changes are coming in August and introduced Chris White to report on the changes.

##### 5.1.1 August Service Update

Mr. White reported on the fall 2016 service improvements that will begin on August 28. Weekday service on Route #6 between downtown Ann Arbor and the Meijer on Carpenter Road will increase to every 15

minutes. A new shuttle Route #61 will serve the business parks on State Street south of Ellsworth during peak hours only. Route #61 will connect to Route #6 on Airport Boulevard. Route #32 will be realigned to provide more direct trips between the Stadium Boulevard and Maple Road area and downtown Ann Arbor. Weekday service on #32A to Skyline High School service has been changed to coincide with bell times. Weekday afternoon service on Route #32B will serve Skyline after stopping at the Miller Road Park and Ride lot.

#### 5.1.2 AirRide

Mr. Carpenter provided an update on AirRide service. Mr. Carpenter is working on a recommended approach for retendering the contract that will expire on March 31, 2017. The current AirRide service model does not meet the definition of public transportation in new Wayne County Airport Authority (WCAA) regulations. Continuing with the current model, after March 31, 2017, will require payment of an access fee. Mr. Carpenter reported that deploying a new service model, perhaps using a dedicated fleet of vehicles, may meet the definition of public transportation and not require payment of a fee. Mr. Carpenter indicated that the same level and quality of service will be required in a new contract, and there will be an option for pricing to add a stop in Ypsilanti.

Mr. Carpenter reported on a recent meeting with RTA staff. RTA has a workable solution to take over AirRide service, if the RTA's millage is successful.

Mr. Carpenter reported that this is the intended approach. Mr. Carpenter will discuss the proposal in detail with the board committees in September and seek endorsement for proceeding.

#### 5.1.3 RTA

Mr. Carpenter reported that the Regional Transit Authority (RTA) board voted to submit language to the election commissions to place a referendum on the November 8 ballot. As part of the approval, there was an amendment to the RTA's bylaws that created a Funding Allocation Committee. Action by the new committee, which includes one board member from Detroit and one member from each of the four counties, requires unanimous consent from all members.

### 5.2 Planning and Development Committee

Ms. Gainsley announced a promotion every Friday in August where people can ride on AAATA buses free with Ypsilanti or Ann Arbor library cards.

Ms. Gainsley reported that the Planning and Development Committee (PDC) received updates on the items reported by Mr. Carpenter under the CEO report. With regard to AirRide, it was noted that there is a desire for an AirRide stop in Ypsilanti. With regard to the RTA, a request was made for the AAATA board to receive information on tools that the RTA will use for monitoring projects benefiting Washtenaw County.

PDC received a presentation on the draft FY2017 budget. This is the first year that the operating and capital budget are being presented together. A number of hybrid buses purchased in 2007 are due for replacement in 2019 which has significant implications on the capital budget. PDC was reminded that it will be important to include the triple bottom line from the Sustainability Plan when developing future budgets.

### 5.3 Performance Monitoring and External Relations Committee

Mr. Allemang reporting on the Performance Monitoring and External Relations (PMER) Committee meeting. PMER previously met on the Tuesday of the same week of board meeting. The committee is piloting a new schedule for a few months and met the week prior to the board meeting. PMER received updates similar to the CEO report, and reports on the financial and performance data ten months into the fiscal year. The budget has a favorable bottom line just under \$700,000. The amount will be reduced when drawing down of federal operating is stopped by fiscal year end. Reports about performance trends continue with fixed-route ridership low for the period. Mr. Allemang reported that September ridership is hoped to give a good indication of the real effect of additional routes and services provided. Mr. Allemang reported that the committee endorsed moving forward a resolution to the full board for a new survey research service.

### 5.4 Local Advisory Council

Ms. Burke reported on the Local Advisory Council (LAC) meeting. LAC received a presentation from Mr. Carpenter on a new project to hire a consultant to review the paratransit program and services. LAC will be asked to provide assistance with developing a work plan for the consultant and determining best methods to communicate the project. LAC received a report on the Council's first retreat held in July. LAC discussed the appointment of Executive Committee members in September with terms beginning in October. Mr. De Groot made a presentation on the Dial-A-Ride Plus program anticipated to go into limited service in 2017 in southern Ypsilanti Township. Mr. De Groot reported that one or two LAC board members would be invited to participate in the provider evaluation process. LAC received a report from Mr. Clouse on development of a practical training video for disability training. Ms. Burke announced that RideCorp recently started a new service where paratransit riders can sign up to receive calls to say that their ride is on the way.

## 5.5 Washtenaw Area Transportation Study

Mr. Mahler reported, on behalf of Mr. Krieg, that the August meeting of the WATS Policy Committee was canceled.

## 5.6 Governance

Mr. Mahler reported that the Governance Committee continues their work to determine the best process for getting to draft governance policies. Susan Radwan attended the October 2 Governance Committee meeting and worked with the committee on creating draft policies. A significant amount of work remains to be done on how board committees function and the annual and monthly board planning agenda process. Mr. Mahler suggested that the “Means” work could be done in two subcommittees with the “Ends” policy drafting undertaken by the full Board. Mr. Mahler suggested that the scope of the Board’s November retreat could be reshaped to include drafting Ends policies. Mr. Mahler noted that Ends policy drafting was discussed in budget meetings. The importance of determining a strategic direction that values and is considerate of the budget planning process was noted. Mr. Mahler indicated that he would circulate information and propose a process for completing the governance work over the next several months.

Mr. Mahler raised the question of whether board members are comfortable about signing on to support the RTA initiative through the Coalition for Transit. Board members considered the question. The following requests and suggestions were made:

- Guidance from legal counsel on the legalities of whether AAATA and the AAATA board are legally able to advocate for a millage
- Hold off until the final ballot language and approved plan the Board would be endorsing are available
- Obtain information on the implications for AAATA, if the millage passes
- Provide the Board with details on AAATA’s financial investment; specifically, how AAATA staff time and resources have been invested into RTA activities and the implications on other AAATA operations
- An updated analysis on the RTA from AAATA staff
- Direct input from Washtenaw County RTA board members
- Conduct due diligence for AAATA’s role as a local transit provider in a regional transit authority
- Do everything the Board can to support and help shape regional transit

Mr. Mahler indicated that there would be follow-up on items raised by board members and consideration of a decision at a future board meeting.

## 6.0 Question Time

Mr. Gururaja indicated that the real-time reporting information is not in the most user friendly format and asked about the plan and timeframe towards getting it there.

Ms. Stasiak responded that a live map tool launched in July. A new website home page is in development and that will provide better tools. It is expected to be ready in late August or early September. Ms. Stasiak reported that real-time information was streamed to the UM Central Campus Transit Center signs for the first time this week with data from the new bid. Plans are underway to have real-time information signs installed at the BTC and YTC in October. Ms. Stasiak reported that two other new real-time features will launch when the data is accurate. Ms. Stasiak added that staff is working on being able to provide the API for developers.

Mr. Gururaja asked about the existing policy for where ARide should operate and whether ARide coverage is mandated on the new Route #61.

Mr. White responded that there two different levels of service. If areas are within  $\frac{3}{4}$  of a mile of a bus stop, all requirements of the ADA must be met. There can't be any capacity constraints; there must be an ability to satisfy all trip demand. There is ARide service throughout Pittsfield Township but it may be in a lower level in the areas that are beyond  $\frac{3}{4}$  of a mile. When fixed-route service is expanded, the area must be expanded to a level of ADA service to satisfy all trip needs. Mr. White indicated that he believes that Pittsfield Township is paying for additional ARide service as a result of the expansion, and could clarify.

Mr. Gururaja asked about an AirRide stop in Ypsilanti and a second stop in Ann Arbor, or if it would be an either/or. Mr. Carpenter responded that the intent is to include a stop on the south side of Ann Arbor in addition to seeking cost information as an option for providing service from Ypsilanti.

Mr. Cooper referred to the budget which was introduced through PDC and the Ends policy in the governance model. Mr. Cooper asked when the board starts the Ends policy discussion as part of the budget suggesting that is now as the discussion can't be separate from budget decisions as those will prescribe what the Ends are. Mr. Cooper commented on the combined operating and capital budget. Mr. Cooper suggested that the Ends are more than a statement of good repair. Mr. Cooper noted the inclusion of a capital budget line item of \$100,000 for access to transit, but Park and Ride, a primary means for access, has been eliminated from the previous year's programming. Mr. Cooper suggested that the fleet must be maintained to provide service when there's no certainty of how people will get to the service. Mr. Cooper suggested keeping an eye on the changing mobility marketplace noting discussions about the RTA. Mr. Cooper commented on the investment of state and federal funds for high speed rail to connect Ann Arbor with Chicago and Detroit; a significant expansion of public transportation and there is not much in the budget to prepare for that eventuality, an omission Mr. Cooper hopes will be addressed through budget deliberations. Mr. Cooper commented on the



Connector which only has funding in the first year of the capital program and nothing going out several years. Mr. Cooper indicated that a high capacity transit system will span a period of years. Mr. Cooper suggested that the board provide guidance and direction so as to not miss the mark on opportunities and have projects land in the category of good repair. Mr. Cooper indicated that he embraces the concept of a policy board but feels there is opportunity to go beyond "State of Good Repair" projects. Mr. Cooper commented on the projected capital budget deficit in 2019 and asked the board to think about maximizing the availability of federal and state resources for the agency to realize both a state of good repair and a world class transit operation in Ann Arbor. Mr. Cooper indicated that he wanted to frame areas opportunity for how the board sees potential significant changes and how to position the agency to be a true regional leader within the confines of a growing metropolitan area. Mr. Cooper noted the need to focus on a state of good repair and maintaining balanced operating budget suggested starting with the Ends and an understanding that the organization will rise to the occasion of achieving those Ends.

#### 7.0 Old Business

There was no Old Business for the Board to consider.

#### 8.0 New Business

Mr. Carpenter introduced the resolution for approval of a contract for Survey Research Services. Ms. Whitlow reported that AAATA's current contract for survey research services expires on August 25, 2016. To maintain the ability of services, a Request for Proposals was issued. A procurement team received and evaluated the competitive proposals. Ms. Whitlow requested that the Board authorize award of a contract with CJI Research Corporation for a one-year contract with four one year renewals.

Board members commented on the resolution. Mr. Carpenter responded to a question about what cost control mechanism exists to limit how much over \$100,000 the contract could end up incurring annually. Mr. Cooper noted that planned expenditures for FY2017 are about \$45,000. Mr. Carpenter noted that the resolution includes a statement that expenditures will not exceed the budgeted amount.

Eli Cooper moved to amend the resolution for the final "Whereas" clause to be changed to "Be It Further Resolved" and appear as the final clause. Sue Gott supported the motion.

Mr. Carpenter responded to a request for his comment on the board getting into that level of detailed monitoring. Mr. Carpenter indicated that the expenditures will be dependent on what the contractor is asked to do. Mr. Carpenter provided assurance that the expenditures will be monitored.

Board members discussed whether to place a cap on the expenditure vs. controlling expenditures through budgeting in general.

A vote was called on the motion to amend. Mr. Allemang opposed the motion to amend. The motion to amend carried.

#### 8.1 Survey Research Services

#### Board Amended Resolution 24/2016

#### APPROVAL OF CONTRACT FOR SURVEY RESEARCH SERVICES

**WHEREAS**, Ann Arbor Area Transportation Authority (AAATA) contracts for professional survey research and data analysis services in an effort to learn the views and needs of our riders and those of the general public, and

**WHEREAS**, AAATA uses the data to modify existing service, develop new services, shape promotional and educational programs, and inform AAATA's communication to riders and the community, and

**WHEREAS**, AAATA's current contract for survey research services will expire on August 25, 2016, and

**WHEREAS**, AAATA staff issued Request for Proposals (RFP) #2016-21 for Survey Research Services, and received and evaluated competitive proposals, and

**WHEREAS**, the Proposal from CJI Research Corporation of Columbus, OH has been determined to be the most advantageous to AAATA, and

**WHEREAS**, the cost of survey research services is expected to exceed \$100,000 over five years, and Board policy requires advance authorization to incur products or services over \$100,000, ~~and~~

~~**WHEREAS**, the annual costs for survey services will be included in each annual budget, and expenditures will not exceed the budgeted amount,~~

**NOW, THEREFORE, BE IT RESOLVED**, that the AAATA Board of Directors hereby authorizes execution of a contract with CJI Research Corporation to provide survey research services for a one-year term, with up to four (4) one-year renewal options, ~~and~~

~~**WHEREAS, BE IT FURTHER RESOLVED THAT** the annual costs for survey services will be included in each annual budget, and expenditures will not exceed the budgeted amount.~~

The resolution, as amended, passed unanimously.

## 9.0 Public Time

Carolyn Grawi appeared before the Board. Ms. Grawi commented on expanded bus service into Pittsfield Township and the need to make sure there are enough RideCorp hours for additional service. Ms. Grawi suggested involving people with disabilities in the planning process for new services. Ms. Grawi shared the details of two open positions at the Ann Arbor Center for Independent Living.

Edward Vielmetti appeared before the Board. Mr. Vielmetti encouraged the release of data for development as soon as is practical. Mr. Vielmetti suggested that the current website would be difficult to use by someone who is visually impaired. He suggested opening up program access so that work could begin on that.

Michelle Barney appeared before the board. Ms. Barney commented that she has had problems as a passenger with RideCorp. Ms. Barney reported that she has experienced rudeness by drivers on fixed-route buses and provided details of two situations. Ms. Barney suggested providing more sensitivity training for new drivers. Ms. Barney expressed appreciation for additional service in Ypsilanti but concern that some connections only allow three minutes which may not be enough time in bad weather. Ms. Barney requested information on groups involved in Partners for Transit to plan ahead and be ready for the renewal election in 2018.

Gale Benson appeared before the Board. Mr. Benson commented on the timing of intersecting routes in Ypsilanti. Mr. Benson noted concerns raised about the comportment of drivers. Mr. Benson indicated that his experience with and observation of driver behavior has been very good.

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

## 10.0 Adjourn

Gillian Ream Gainsley moved to adjourn the meeting with support from Roger Hewitt. The motion passed unanimously and the meeting adjourned at 8:23 pm.

Respectfully Submitted,

Gillian Ream Gainsley, Acting Secretary



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Meeting Summary  
September 7, 2016  
Ann Arbor Area Transportation Authority  
Planning and Development Committee

Committee: Gillian Ream Gainsley (Chair), Sue Gott (telephone; signed off at 9:43),  
Roger Hewitt, Larry Krieg, Stephen Wade

Staff: Michael Benham, Matt Carpenter, Bill De Groot, Dawn Gabay, Sarah  
Pressprich Gryniowicz, Mary Stasiak, Phil Webb, Chris White

Ms. Gainsley called the meeting to order at 8:55 a.m.

1.0 Additions to Agenda

Mr. Krieg requested an update on the Connector project which was added as item 4.5.  
Ms. Gainsley requested a discussion around changing the start time of PDC meetings.

2.0 Communications and Announcements

Ms. Gainsley suggested changing the start time of PDC meetings to 9:00am. Committee  
members discussed the suggestion and reached agreement that future PDC meetings  
will begin at 9:00am.

3.0 Public Participation

Jim Mogensen commented on two news articles on Detroit bus driver opposition to the  
Regional Transit Authority and filing of a Title VI complaint. Mr. Mogensen suggested  
not losing sight of the relationship between the RTA and AAATA which will continue  
whether or not the RTA's millage passes. Mr. Mogensen recommended making sure  
that Washtenaw County is maintained in the relationship.

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

4.0 Business

4.1 FY2017 Budget

Mr. Carpenter introduced the presentation on the proposed FY2017 Budget. Mr.  
Carpenter noted that meetings were held with small groups of board members  
to review the budget in detail. Mr. Carpenter reported that there were only

modest adjustments between the draft and recommended versions of the budget, and requested a recommendation from PDC to take the budget to the full Board for consideration.

Mr. Webb made a presentation on the budget. Mr. Webb highlighted changes from the draft budget to the recommended budget:

- Eliminated one IT position
- Added an IT Intern
- Reduced AirRide access fees from \$100,000 to \$60,000
- Added \$20,000 for BikeShare project
- Added \$285,000 expense for People's Express (this will have a net effect of \$0 due to revenues from non-urban POSA, and state and federal funding)
- Added engine replacements for 14 hybrid buses
- Reduced natural gas line item by 20%
- Increased printing line item by \$20,000

Mr. Webb referred to the FY2017 Work Plan adopted by the Board in June, reviewed the percentage breakdown of operating expenses by category of services provided, and reviewed operating revenues by category. Mr. Webb referred to charts on staffing levels, the FY2017 capital budget overview and a five-year projection of the Capital Budget.

Board members commented on the recommended budget and staff responded to questions. Section 5303 funds for YTC planning and the Connector Study resulted in an increase in capital funds. An error in the mileage calculation by the vanpool contractor in FY2014 will be corrected in FY2017 and increase state funding. Details on bus engine replacements and additional printing costs were provided.

The deficit that begins in FY2019, and the need to maintain a fund balance to cover upcoming needs, were noted. A question was raised about pursuing innovative funding strategies rather than decreasing costs. Mr. Carpenter confirmed that one of the areas to be considered is deferring the purchase of new vehicles. Mr. Carpenter reported on the development of a fleet planning tool to aid with the work. Mr. Carpenter noted that the FY2018 Work Plan includes fare strategy preparation, indicating that farebox revenue is a source of income over which there is direct control.

Mr. Carpenter added that the Board has about a year to consider options to manage the issue that begins in FY2019. Mr. Carpenter clarified that the Board is only being asked to approve FY2017 budgets and information from other years is provided as context and can be changed in the future. It was noted that the

Board is embarking on governance work that will likely set a framework for the organization for financial stability and revenue enhancements.

Ms. Gott suggested adding a clause to the resolution to address longer terms needs regarding the source and uses of funds:

BE IT FURTHER RESOLVED that the recommendation be based on a commitment to due diligence to further explore long-term financial planning and funding sources to satisfy future commitments and needs.

Larry Krieg moved the resolution, as drafted by staff, with support from Roger Hewitt.

#### ADOPTION OF FY 2017 OPERATING AND CAPITAL BUDGET

**WHEREAS**, the Ann Arbor Area Transportation Authority (AAATA) is required to adopt to the Board of Directors (Board) a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

**WHEREAS**, the AAATA is required to develop a fiscally-constrained four-year program of capital projects for inclusion in the Transportation Improvement Program (TIP) in order to be eligible for federal funds, and

**WHEREAS**, the four-year program is required to be submitted to the Washtenaw Area Transportation Study (WATS) to be included in the TIP development process, and

**WHEREAS**, the AAATA is required to submit the program for FY 2018 – FY 2020 to the Michigan Department of Transportation (MDOT) by February 1, 2017 as part of the annual application for FY 2018 funding, and

**WHEREAS**, the AAATA is required to submit the operating budget and capital program to the Regional Transportation Authority of Southeast Michigan (RTA), and

**WHEREAS**, the attached program has been developed to be consistent with potential funding and to comply with various federal and state requirements, and

**WHEREAS**, on September 7, 2016, the Planning and Development Committee (PDC) and AAATA Staff recommended the operating and capital budget for FY 2017 for presentation to the Board that continues the implementation of the Five Year Transit Improvement Program, properly funds the FY 2017 Work Plan and Capital Plan (adopted by the Board on June 23, 2016), and

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby approves the attached FY2017 Operating Budget with total expenses of

\$43,878,355, beginning October 1, 2016, and that the budget is assigned to the Performance Monitoring and External Relations Committee (PMER) for appropriate monitoring, and

**BE IT FURTHER RESOLVED**, that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the attached FY 2017 Capital Budget.

Larry Krieg proposed an amendment to add the following clause to the resolution:

**BE IT FURTHER RESOLVED**, that the recommendation be based on a commitment to due diligence to further explore long-term financial planning and funding sources to satisfy future commitments and needs.

Roger Hewitt supported the amendment. The amendment passed unanimously.

The resolution, as amended, passed unanimously.

#### 4.2 AirRide

Mr. Carpenter reported on a proposal for retendering the AirRide contract noting that if a contract goes to full term, it is expected to exceed \$100,000, and would require Board approval. Mr. Carpenter noted two nuances to the retendering: new Wayne County Airport Authority (WCAA) regulations and the Regional Transit Authority's (RTA) impending millage vote.

The current AirRide contract will end on March 31, 2017. AAATA will need to issue a Request for Proposals in the next 60 days. New WCAA regulations include a definition of public transportation that the current AirRide service model does not meet. An access fee would be required after March 31, 2017. The RFP for a new contract will be written to comply with the WCAA's regulations so that a fee would not have to be paid. It is believed that service can be provided to meet WCAA's requirements for public transportation through the use of a dedicated fleet. The costs for providing service under a new model will not be known until proposals are received.

Mr. Carpenter reported on the prospect of the RTA providing AirRide service, if the RTA's millage is successful. If this is the case, AAATA would cancel its RFP and work with the RTA to issue an RFP. If RTA service could not be in place by April 1, 2017, the current AirRide contract may be able to be extended on a month-to-month basis. This would require payment of an access fee, which is included in the proposed FY2017 budget.

Mr. Carpenter responded to inquiries on access fees, relations with WCAA and the customer experience under a new service model. Mr. Carpenter indicated

that the fare structure could be revisited. He suggested continuing to maintain a positive relationship with WCAA, noting that pending litigation appears to support the idea that the WCAA regulations are legal. Mr. Carpenter indicated that the expectation is that the rider experience would be as good as current service. Mr. Carpenter noted that the RFP will require bringing back a stop on the south side of Ann Arbor and will provide an option for proposers to bid on the cost for adding a stop in Ypsilanti. Mr. Carpenter reported that additional input will be sought from the Board, if there is a need to set priorities based on the outcome of the RFP process.

#### 4.3 Space Planning Update

Mr. Benham provided an update on the Space Planning project. A contract is in place with Kimley Horn and Maintenance Design Group serving as the subcontractor. A project kick-off meeting is planned for October with a strategic direction for the study expected to be set in November. Mr. Carpenter responded to a question about possible grant funding to implement plans indicating that funding will be dependent on federal programs in place at the time. Mr. Benham reported that the Board will be included in the process through a charrette that could take place at the November PDC meeting. It was suggested that the full Board is included in the charrette. Mr. Carpenter agreed to revisit the resolution on the Space Plan and check in with Ms. Gainsley.

#### 4.4 August Service Update

Mr. White reported on the implementation of service changes: additional service on Route 6 between the BTC and Meijer on Carpenter Road, a new route serving the business parks on State Street connecting to Route 6, during peak hour service only, and additional service on Route 32 restoring service levels to that area.

Ms. Stasiak reported on the website homepage which has been redesigned and includes rider tools. Ms. Stasiak encouraged committee members to use the new tools and share feedback.

#### 4.5 Connector Study

Mr. White provided an update on the Connector Study. A visioning tool is being developed to allow people to understand what the project is. A Request for Proposals will be issued for the next phase of work; an environmental assessment and project development. The University of Michigan will issue the RFP which is expected to be released in the fall. Mr. White indicated that the timeline for the next phase of the project is expected to be three years.

### 5.0 Public Participation

Jim Mogensen commented on the committee's deliberations around potential issues related to the capital budget, a look at the fare structure, and issues related to AirRide



and the Connector. Mr. Mogensen suggested outreach to community leadership to make people aware of what is going on early in the process. Mr. Mogensen shared details on continuing his work to raise private money to allow nonprofit agencies to have resources to purchase bus tokens to make systems work more effectively. Mr. Mogensen indicated that he will report back to AAATA and provide input into the community match program.

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

6.0 Adjourn

There being no further business, Ms. Gainsley adjourned the meeting at 10:34am.

Respectfully Submitted,

Karen Wheeler



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Meeting Summary  
September 6, 2016  
Ann Arbor Area Transportation Authority  
Performance Monitoring and External Relations Committee

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

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

Mr. Allemang called the meeting to order at 3:36 pm.

1 Additions to Agenda

There were no additions to the agenda.

2 Communications and Announcements

There were no communications or announcements.

3 AirRide

Mr. Carpenter presented an Issue Brief on AirRide and reported on the proposed process for retendering the contract for service. A Request for Proposals (RFP) will be issued so that a new contract can be in place by April 1. The RFP will include a service model that is in compliance with the definition of public transportation contained in new Wayne County Airport Authority (WCAA) regulations. Mr. Carpenter noted that the RFP will include a requirement for two stops in Ann Arbor; adding a stop in Ypsilanti will be optional.

Mr. Carpenter reported that if the November 8 Regional Transit Authority (RTA) referendum is successful, AAATA would cancel its procurement and work with the RTA on an RFP for the RTA to operate AirRide service. Mr. Carpenter reported that if there was a gap between contracts, it may be possible to extend the current service contract on a month-to-month basis.

Mr. Carpenter reported that the intent is for the RTA to provide the same level of service AirRide customers are currently experiencing. If the RTA millage is not successful, AAATA would complete the procurement process to contract with a service provider. Mr. Carpenter described the composition of revenue calculations which

provides for the current service to operate in a breakeven manner. Service under a model to comply with new WCAA regulations could be higher. The FY2017 budget includes continuation of service at the current level, plus a contingency for the cost of access fees. Mr. Carpenter indicated that the costs under the new model (to comply with WCAA regulations) will not be known until proposals are received. If costs are significantly higher, staff would return to the Board for discussions about how the service could continue and whether a budget amendment would be necessary.

Mr. White responded to a question on the option of AAATA providing service. Mr. White indicated that would require acquiring and maintaining a specialized type of vehicle, noting that there is no place to store the vehicles. Mr. White indicated that while the possibility has not been eliminated, it may not be a good option.

Mr. Carpenter concluded his report with an indication that an RFP seems like the process that is the best way forward.

#### 4 MDOT Agreements

Mr. White reported on a request for the Board to authorize two resolutions related to the Michigan Department of Transportation (MDOT). The first to authorize the CEO to execute the MDOT Master Agreement. MDOT issues a Master Agreement every five years which is a compendium of standard terms and conditions for grant contracts. Individual grant contracts are brief. The current Master Agreement expires on September 30, 2016. MDOT provided a new version effective October 1, 2016. A description of changes that are included from the expiring Master Agreement was provided. Staff analyzed the changes and determined that the changes do not cause any concern about continued compliance. Mr. White requested that the committee recommend approval for the CEO to sign the new MDOT Master Agreement.

Mr. White reported on the second resolution, executed by the Board annually, to authorize the CEO to execute MDOT grant contracts for \$1Million or less during the fiscal year. AAATA submits an annual application to the state which results in several grants contracts for different kinds of assistance from MDOT. When contracts are received there is a limited time period for execution. The resolution authorizes the CEO to sign contracts received as part of annual application.

Mr. White noted that receipt of contracts over \$1Million is rare. Contracts over \$1Million are brought to the board for authorization to sign the contract.

Mr. Allemang suggested clarifying in the resolution that the \$1Million amount is a receipt instead of an expenditure.

The committee supported moving forward the resolutions to the full Board for consideration.

## 5 FY2017 Budget

Mr. Carpenter reported that the draft budget has been modified and once recommended by the Planning and Development Committee, will to the full Board for consideration. Mr. Webb highlighted changes between the draft budget and the recommended version.

In response to a comment on projects included in the Capital Plan, Mr. Carpenter indicated that there were no adjustments made between the draft and recommended versions of the Capital Plan. Mr. Carpenter indicated that going forward there will be an opportunity to discuss more fully whether projects should be reclassified or added to the Plan.

## 6 Engine Replacement

Mr. Carpenter reported on a sudden series of engine failures of hybrid buses purchased in 2007 and 2008. It was expected that some engine replacements would be necessary, but the sudden onset was not planned. If the replacements had not taken place, service could have been disrupted. Mr. Carpenter authorized the replacement of six engines under a provision of the Procurement Manual which provides for the CEO to approve emergency purchases. The approximate cost for the engines is \$132,000. The Board's retroactive approval of the decision is needed. Mr. Carpenter reported that the 14 remaining needed replacements would be brought forward through the traditional procurement process, and funds are included in the FY2017 Operating Budget.

Mr. Black provided details on the engine failures indicating that they are internal. Mr. Black noted that a step has been added to the maintenance program to help project future failures. Mr. Black responded to questions on the type of engine replacement and life expectancy. Direct rebuild replacements will be used, and it is believed that this will extend the useful life of the vehicles.

The committee supported recommending to the Board retroactive approval of the expenditure.

## 7 Financials

Mr. Carpenter reported that the August financial and performance data was not available due to the adjustment to the PMER meeting schedule. Mr. Carpenter indicated that the information would be provided in October and reported on a cycle one month behind, barring objection from the committee. Mr. Allemang indicated that it may be too early to come to a conclusion and suggested continuing in that fashion for a month or two and then make a determination. Mr. Allemang requested that the data be provided to the committee when it is available to provide an opportunity to address any urgent observations or questions. Mr. Carpenter agreed to distribute the data in advance of the next meeting.

Mr. Gururaja restated a prior suggestion for staff to conduct a financial exercise to address a permanent reduction in revenue, if ridership continues to decline. Mr. Gururaja noted that the reduction in expenses that has caused the budget to be balanced is unrelated to ridership and may not be able to be maintained. Mr. Carpenter indicated that while a hypothetical planning scenario could be pursued, it would not an inconsiderable level of effort. Mr. Carpenter added that this might prompt conversations about priorities and how to make choices which is expected to be part of the Board's work on governance in upcoming retreats.

8 Performance

There was no report.

9 Response to Ridership Trends

Mr. White reported on an 8% increase in ridership in August due to two extra weekdays. Mr. White noted that the primary measure of ridership is average weekday ridership, which was up 1% in August over August of 2015. This is the first month there has been an increase of month over month since June of 2015. Mr. White indicated that this is an encouraging sign going into September which is believed to be an important month for predicting the future.

10 August Service Update

Mr. White reported on the August service changes. Service on Route #6 between the Blake Transit Center and the Meijer on Carpenter Road increased to every 15 minutes. A new route serving the business parks on State Street was added during peak hours only. The new route connects with Route #6. Revisions were made to Route #32 improve some of the issues with that route.

Mr. Allemang announced that he is not able to attend the October PMER meeting and Mr. Gururaja will serve as Chair. Mr. Cooper noted that the October 11 PMER meeting conflicts with a religious observance. Committee members agreed that the meeting date should be changed. Mr. Carpenter indicated that staff would work out rescheduling the meeting.

11 Adjourn

There being no further business, Mr. Allemang adjourned the meeting at 5:31pm.

Respectfully Submitted,

Karen Wheeler

**Resolution in Support of Southeast Michigan's RTA**

September 15, 2016

**WHEREAS**, the Ann Arbor Area Transportation Authority has been committed to provision of sustainable, effective multimodal public transportation options within the local community for decades; and

**WHEREAS**, Southeast Michigan's regional public transit system is challenged due to severe underfunding compared to peer regions around the country, leaving us at an economic disadvantage; and

**WHEREAS**, the current lack of a regional public transit system in southeastern Michigan results in a fragmented, disconnected, and incomplete transportation system failing to meet the mobility needs of the citizens and employers in the region; and

**WHEREAS**, an improved regional transit system would help our region retain workers and make Southeast Michigan economically competitive, which will help all communities attract more businesses and create local jobs while growing in a more sustainable fashion; and

**WHEREAS**, the Regional Transit Authority (RTA) of Southeast Michigan's Regional Master Transit Plan is an opportunity to create a connected regional transit system that supports the needs of our residents; and

**WHEREAS**, the Regional Master Transit Plan will connect Southeast Michigan's four largest counties — Macomb, Oakland, Washtenaw and Wayne — and two major population centers — Detroit and Ann Arbor; and

**WHEREAS**, the Regional Master Transit Plan outlines the connected network that seniors and people with disabilities need to maintain independence and mobility; and

**WHEREAS**, a large majority of jobs in the region are not readily accessible by existing regional transit; and

**WHEREAS**, the Regional Master Transit Plan will connect people to jobs; and

**WHEREAS**, the Southeast Michigan Regional Transit Authority's master plan has been developed with considerable public input, and represents a clear path toward implementing effective rapid regional transit on an ambitious yet achievable timeline; and

**WHEREAS**, the services proposed by the Regional Transit Authority will complement and enhance The Ride's existing services by bringing more transit riders to our service area, investing in transit infrastructure along key corridors, providing a wider variety of options for commuters, and offering additional resources for mobility programs for seniors and people with disabilities;

**NOW, THEREFORE, BE IT RESOLVED**, the Ann Arbor Area Transportation Authority fully supports the need for a modern, reliable regional transportation system linking the Ann Arbor Area to the Detroit metropolitan area. We urge our riders and local residents to vote “yes” on the regional transit ballot proposal in November 2016, and to support the Southeastern Michigan RTA’s efforts to build reliable and connected regional public transportation throughout all of Southeast Michigan.

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Eric A. Mahler, Chair

September 15, 2016

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Stephen Wade, Secretary

September 15, 2016

Resolution 25/2016  
ADOPTION OF FY 2017 OPERATING AND CAPITAL BUDGET

**WHEREAS**, the Ann Arbor Area Transportation Authority (AAATA) is required to adopt to the Board of Directors (Board) a balanced operating budget on or before September 30 for its next fiscal year, which begins on October 1, and

**WHEREAS**, the AAATA is required to develop a fiscally-constrained four-year program of capital projects for inclusion in the Transportation Improvement Program (TIP) in order to be eligible for federal funds, and

**WHEREAS**, the four-year program is required to be submitted to the Washtenaw Area Transportation Study (WATS) to be included in the TIP development process, and

**WHEREAS**, the AAATA is required to submit the program for FY 2018 – FY 2020 to the Michigan Department of Transportation (MDOT) by February 1, 2017 as part of the annual application for FY 2018 funding, and

**WHEREAS**, the AAATA is required to submit the operating budget and capital program to the Regional Transportation Authority of Southeast Michigan (RTA), and

**WHEREAS**, the attached program has been developed to be consistent with potential funding and to comply with various federal and state requirements, and

**WHEREAS**, on September 7, 2016, the Planning and Development Committee (PDC) and AAATA Staff recommended the operating and capital budget for FY 2017 for presentation to the Board that continues the implementation of the Five Year Transit Improvement Program, properly funds the FY 2017 Work Plan and Capital Plan (adopted by the Board on June 23, 2016), and

**NOW THEREFORE, BE IT RESOLVED**, that the Board of Directors hereby approves the attached FY2017 Operating Budget with total expenses of \$43,878,355, beginning October 1, 2016, and that the budget is assigned to the Performance Monitoring and External Relations Committee (PMER) for appropriate monitoring, and

**BE IT FURTHER RESOLVED**, that the Ann Arbor Area Transportation Authority Board of Directors hereby adopts the attached FY 2017 Capital Budget, and

**BE IT FURTHER RESOLVED**, that the recommendation be based on a commitment to due diligence to further explore long-term financial planning and funding sources to satisfy future commitments and needs.

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Eric A. Mahler, Chair

September 15, 2016

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Stephen Wade, Secretary

September 15, 2016





2700 S. Industrial Highway  
Ann Arbor, MI 48104

734.973.6500 **Phone**  
734.973.6338 **Fax**  
TheRide.org **Online**

August 31, 2017

Mr. Chairman and Members of the Board,

The Administrative Team is pleased to submit a recommended budget for FY2017 to the Planning and Development Committee for their consideration and feedback. Our fiscal year begins in October and the budget is typically approved in September. Before reviewing the details of this budget binder, we wanted to highlight a few key themes:

- **Financially, Socially and Environmentally Sustainable:** The budget is balanced for FY 2017 and makes responsible recommendations for using public resources. The budget supports services that help to advance excellence in service delivery, a cleaner environment, and quality of life throughout the service area. Board priorities were incorporated through feedback on the work plan and capital plan in June.

Overall, the operating budget will increase, largely driven by the annualized expansion of bus services as promised in the 5-Year Transit Improvement Plan (service will expand 11.35% in FY2017).

- **New Approaches and Greater Context:** The budget uses new approaches in order to provide more context for financial decisions:
  - Operating and capital budgets are provided at the same time and are tightly coordinated to make the best use of a variety of funding sources.
  - Funding that could be used for either operating or capital purposes is highlighted.
  - Rolling five-year plans provide longer-term context for current decisions. *[Only a FY2017 budget needs to be approved before October 2016. Future years are provided for context only.]*
  - This year's draft budget is provided in a binder that includes sections for the operations budget and work plan, and capital budget, and flexible funding recommendations.

These new ways of presenting our financial situation, along with new information, allows us to look at budget decisions from new perspectives. The Authority's first Chief Financial Officer is anticipated to join the agency in late 2016, and will play a key role in future budgets. Staff have already identified some additional approaches that may be worth exploring (e.g. more prioritization, life-cycle costing and asset management).



In closing, the recommended FY2017 budget helps to place the Ann Arbor Area Transportation Authority in a sound position for the forthcoming year. Budgeting is always a process of matching priorities with available resources, and the Board and staff have a strong track record of finding this balance.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Carpenter".

Matt Carpenter, Chief Executive Officer



# FY 2017 Operating Budget

*Proposed to the Planning and Development Committee  
August 31, 2016*

The Proposed FY 2017 Operating Budget reflects the financial and human resources necessary to operate the Ann Arbor Area Transportation Authority from October 1, 2016 to September 30, 2017, including the continued implementation of new services in the Five-Year Transit Improvement Plan.

Ann Arbor Area Transportation Authority  
2700 South Industrial Highway  
Ann Arbor, Michigan 48104

<http://www.theride.org/AboutUs/Dashboard-Facts/Financial-Information>

# Ann Arbor Area Transportation Authority // FY 2017 Operating Budget

## Executive Summary

The Proposed FY 2017 Operating Budget reflects the human and financial resources to provide the following from October 1, 2016 to September 30, 2017:

### Overall Summary:

- The FY2017 expenses will increase from \$40.0 million in FY 2016 budget to \$44.2 million (10.4%)
- The operating budget supports the continuing implementation of the third year (May 1, 2016) and fourth year (August 27, 2017) services in the Urban Core Five-Year Transit Improvement Plan (5YTIP).

### Five-Year Transit Improvement Plan Transit Services:

- For the fiscal year 2017, we are providing an additional 28,500 local fixed route services hours (11.3%) compared with fiscal year 2016.
- The third phase of the 5YTIP (May 1, 2016) added an additional 150.6 (18.2%) fixed route service hours on each weekday, 38.1 hours on each Saturday and 30.7 hours on each Sunday. Weekly service hours increased from 4,573 to 5,250 (14.8%).
- The fourth phase added 38.65 fixed route service hours each weekday on August 28, 2016.
- The fourth phase of the 5YTIP (August 2017) will add 18.0 fixed route service hours each weekday.
- The Peak bus requirement increased from 71 in August 2015 to 79 in May 2016 to 84 in August 2016. We expect the Peak bus requirement to increase to 86 in August 2017.
- ARide, GoodRide, AirRide, ExpressRide, MyRide and VanRide Services will continue at the same service level.
- Detailed information regarding all of our services can be found at [www.theride.org](http://www.theride.org)

### The FY 2017 Operating Budget reflects a balanced budget, with areas of special note.

#### Revenues:

- The FY 2017 operating budget includes the 0.6943 mill local property taxes in the Authority member communities (Cities of Ann Arbor and Ypsilanti and Ypsilanti Township) that will be levied on July 1, 2017. This will be the fourth year of the five-year voter approved 0.7 transit millage. The City of Ann Arbor also levies 2.0373 millage property tax and the City of Ypsilanti levies 0.9789 transit millage. Scio Township also levies 0.36 transit millage that they use to fund services provided in the Purchase of Service Agreement.
- The State Formula Operating Assistance revenue has increased due to greater eligible expenses and the reimbursement percentage for urban services has increased, from to 30.8% in FY 2016 to 32.4% in FY 2017.

#### Expenses:

- Personnel – The operating budget reflects the hiring and training of additional bus drivers (MCOs) to provide the additional service. We will hire additional operations and maintenance staff to support the 11.3% increase in fixed route service hours with a net reduction in administrative staff.
- Other expenses include resources necessary to support the new services in the 5YTIP, continuing services and programs, and research and development projects.

**ANN ARBOR AREA TRANSPORTATION AUTHORITY  
PROPOSED FY 2017 OPERATING BUDGET  
OCTOBER 1 THROUGH SEPTEMBER 30**

	A	B	C	D	E	F	G
	Audited	Adopted	Estimated	Proposed	Budget	Percent	Percent
	FY 2015	FY 2016	Projected	Budget	Change	Change	Change
			FY 2016	FY 2017	B to D	B to D	C to D
<b>OPERATING REVENUES:</b>							
Passenger Revenue	\$6,003,725	\$6,461,032	\$6,049,461	<b>\$6,715,104</b>	\$254,072	3.9%	11.0%
Local Property Tax Revenue (applied)	12,427,730	13,772,766	13,680,174	<b>15,252,538</b>	1,479,772	10.7%	11.5%
Purchase of Service Agmts - Urban	378,884	1,020,536	865,867	<b>1,407,259</b>	386,723	37.9%	62.5%
Purchase of Service Agmts - Nonurban	445,340	422,979	400,529	<b>537,501</b>	114,522	27.1%	34.2%
Purchase of Service Agmts - Interurban	140,263	0	101,203	<b>0</b>	0	0.0%	-100.0%
Other Governmental Partners	323,639	308,780	127,041	<b>256,400</b>	(52,380)	-17.0%	101.8%
State Operating Assistance	11,152,690	11,809,784	11,294,719	<b>13,700,698</b>	1,890,914	16.0%	21.3%
Federal Operating Assistance	4,751,082	5,856,182	4,977,125	<b>5,967,484</b>	111,302	1.9%	19.9%
Advertising, Interest and Other	315,039	384,700	301,884	<b>398,000</b>	13,300	3.5%	31.8%
<b>TOTAL REVENUES</b>	<b>\$35,938,392</b>	<b>\$40,036,758</b>	<b>\$37,798,004</b>	<b>\$44,234,984</b>	<b>4,198,225</b>	<b>10.5%</b>	<b>17.0%</b>
<b>OPERATING EXPENSES:</b>							
<b>PERSONNEL:</b>							
Operations Salaries & Wages	\$9,417,633	\$10,972,071	\$10,408,640	<b>\$11,624,229</b>	\$652,158	5.9%	11.7%
Maintenance Salaries & Wages	\$2,402,221	\$2,888,537	\$2,732,530	<b>\$3,172,001</b>	\$283,464	9.8%	16.1%
General Admin Salaries & Wages	\$3,010,271	\$3,279,413	\$3,032,784	<b>\$3,487,634</b>	\$208,221	6.3%	15.0%
<b>Total Salaries and Wages</b>	<b>\$14,830,124</b>	<b>\$17,140,022</b>	<b>\$16,173,954</b>	<b>\$18,283,864</b>	<b>\$1,143,842</b>	<b>6.7%</b>	<b>13.0%</b>
Fringe Benefits	5,866,859	7,012,706	6,560,754	<b>7,019,445</b>	\$6,739	0.1%	7.0%
<b>Subtotal - Personnel</b>	<b>20,696,983</b>	<b>24,152,727</b>	<b>22,734,708</b>	<b>25,303,309</b>	<b>\$1,150,582</b>	<b>4.8%</b>	<b>11.3%</b>
<b>OTHER EXPENSES:</b>							
Purchased Services	2,306,082	3,211,615	2,065,057	<b>3,935,361</b>	\$723,746	22.5%	90.6%
Diesel Fuel and Gasoline	2,267,086	1,978,700	1,384,119	<b>1,688,800</b>	(\$289,900)	-14.7%	22.0%
Materials and Supplies	1,947,757	2,303,103	2,283,141	<b>2,696,155</b>	\$393,052	17.1%	18.1%
Utilities	562,449	537,516	446,131	<b>524,640</b>	(\$12,876)	-2.4%	17.6%
Casualty & Liability Insurance	537,130	775,000	740,000	<b>828,000</b>	\$53,000	6.8%	11.9%
Purchased Transportation	6,476,150	6,037,194	6,927,308	<b>7,937,343</b>	\$1,900,149	31.5%	14.6%
Other Expenses	689,368	730,380	791,337	<b>839,204</b>	\$108,823	14.9%	6.0%
Local Depreciation	343,564	298,000	407,400	<b>420,000</b>	\$122,000	40.9%	3.1%
<b>Total Other Expenses</b>	<b>15,129,585</b>	<b>15,871,509</b>	<b>15,044,494</b>	<b>18,869,503</b>	<b>2,997,994</b>	<b>18.9%</b>	<b>25.4%</b>
<b>TOTAL EXPENSES</b>	<b>35,826,568</b>	<b>40,024,236</b>	<b>37,779,202</b>	<b>44,172,812</b>	<b>\$4,148,576</b>	<b>10.4%</b>	<b>16.9%</b>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>\$111,824</b>	<b>\$12,522</b>	<b>\$18,802</b>	<b>\$62,172</b>	<b>\$49,649</b>		

<b>ASSUMPTIONS:</b>	Audited	Budget	Estimated	Proposed	Amount	Percent	Percent
	FY 2015	FY 2016	Projected	Budget	Change	Change	Change
			FY 2016	FY 2017	B to D	B to D	C to D
<b>Service Hours:</b>							
Local Fixed Route	207,239	251,400	251,428	<b>279,900</b>	28,500	<b>11.3%</b>	11.3%
ExpressRide	2,073	2,081	2,073	<b>2,081</b>	0	0.0%	0.4%
AirRide	4,126	8,965	9,013	<b>8,965</b>	0	0.0%	-0.5%
Urban Demand Response*	80,881	86,000	84,457	<b>86,000</b>	0	0.0%	1.8%
<b>Total</b>	<b>294,319</b>	<b>348,446</b>	<b>346,971</b>	<b>376,946</b>	<b>28,500</b>	<b>8.2%</b>	<b>8.6%</b>
<b>Passenger Trips:</b>							
Local Fixed Route	6,327,729	7,943,900	6,541,800	<b>6,767,500</b>	(1,76,400)	-14.8%	3.5%
ExpressRide	34,249	41,500	29,900	<b>30,500</b>	(11,000)	-26.5%	2.0%
AirRide	80,350	75,000	88,400	<b>92,500</b>	17,500	23.3%	4.6%
Urban Demand Response*	165,577	177,000	167,000	<b>172,000</b>	(5,000)	-2.8%	3.0%
<b>Total</b>	<b>6,607,905</b>	<b>8,237,400</b>	<b>6,827,100</b>	<b>7,062,500</b>	<b>(1,174,900)</b>	<b>-14.3%</b>	<b>3.4%</b>

\* Urban Demand Response includes ARide, NightRide, MyRide

**ANN ARBOR AREA TRANSPORTATION AUTHORITY  
PROPOSED FY 2017 OPERATING BUDGET  
OCTOBER 1 THROUGH SEPTEMBER 30**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	
	Audited FY 2015	Adopted Budget FY 2016	Estimated Projected FY 2016	Proposed Budget FY 2017	Percent Change B to D	Percent Change C to D	Budget Notes
<b>OPERATING REVENUES:</b>							
<b>Passenger Revenue</b>							
Cash, Tokens and Passes	2,333,844	2,468,052	2,277,185	<b>2,370,902</b>	-3.9%	4.1%	1a
Subcontract (ARide, AirRide, NightRide)	1,734,078	1,770,000	1,844,514	<b>1,931,756</b>	9.1%	4.7%	1b
Special Fares (UM, DDA, EMU & WCC)	1,935,803	2,222,980	1,927,762	<b>2,412,446</b>	8.5%	25.1%	1c
Total Passenger Revenue	<u>6,003,725</u>	<u>6,461,032</u>	<u>6,049,461</u>	<b>6,715,104</b>	3.9%	11.0%	
<b>Local Property Tax Revenue</b>							
City of Ann Arbor	\$13,556,384	\$13,507,300	\$13,507,292	<b>\$13,974,150</b>	3.5%	3.5%	2a
City of Ypsilanti	\$475,299	\$490,019	\$490,463	<b>\$492,095</b>	0.4%	0.3%	2b
Township of Ypsilanti	\$796,047	\$786,047	\$781,420	<b>\$786,293</b>	0.0%	0.6%	2c
Subtotal - Property Tax Levies	<u>\$14,827,730</u>	<u>\$14,783,366</u>	<u>\$14,779,174</u>	<b>\$15,252,538</b>	3.2%	3.2%	
Adjustments to Property Tax Levies:							
July 2015 Levy for FY 15 Capital (5 Buses)	(\$2,400,000)						2d
July 2016 Levy for FY 16 Capital (2 buses)		(\$1,010,600)	(\$1,099,000)				2e
Total Property Tax Applied to Operations	<u>\$12,427,730</u>	<u>\$13,772,766</u>	<u>\$13,680,174</u>	<b>\$15,252,538</b>	10.7%	11.5%	2f
<b>Purchase of Service Agreements &amp; Other Governmental Partners</b>							
Urban (Pittsfield, Superior & Scio Twps)	378,884	1,020,536	865,867	<b>1,407,259</b>	37.9%	62.5%	3
Non-Urban (WAVE and People's Express)	445,340	422,979	400,529	<b>537,501</b>	27.1%	34.2%	
Inter-Urban (AirRide)	140,263	0	101,203	<b>0</b>	100.0%	-100.0%	
Other Governmental Partners	323,639	308,780	127,041	<b>256,400</b>	-17.0%	101.8%	
Total POSA & Other Govnt Partners	<u>1,288,126</u>	<u>1,752,295</u>	<u>1,494,640</u>	<b>2,201,160</b>	25.6%	47.3%	
<b>State Operating Assistance</b>							
Formula Operating - Urban	9,194,271	10,792,703	10,278,028	<b>12,514,433</b>	16.0%	21.8%	4
Formula Operating - Nonurban	415,180	399,239	408,933	<b>542,476</b>	35.9%	32.7%	
Prior year Formula Adjustments	967,228	0	0	<b>0</b>	0.0%	#DIV/0!	
Job Access/Reverse Commute (JARC)	104,572	140,528	115,068	<b>140,528</b>	0.0%	22.1%	
Planning Grants (match Sec 5307 & YTC)	57,540	40,000	54,228	<b>160,000</b>	300.0%	195.1%	
Preventive Maintenance (match Sec 5307)	292,500	317,500	317,500	<b>220,000</b>	-30.7%	-30.7%	
Capital Cost of Contracting (match 5307)	30,000	30,000	30,000	<b>30,000</b>	0.0%	0.0%	
Specialized Services	91,399	89,814	90,963	<b>93,261</b>	3.8%	2.5%	
Total State Operating Assistance	<u>11,152,690</u>	<u>11,809,784</u>	<u>11,294,719</u>	<b>13,700,698</b>	16.0%	21.3%	
<b>Federal Operating Assistance</b>							
Operating Assistance (Section 5307)	1,900,000	2,640,000	2,120,000	<b>2,680,000</b>	1.5%	26.4%	5
Preventive Maintenance (Sec 5307)	1,170,000	1,270,000	1,270,000	<b>880,000</b>	-30.7%	-30.7%	
Capital Cost of Contracting (Sec 5307)	120,000	120,000	120,000	<b>120,000</b>	0.0%	0.0%	
Planning (Section 5307)	269,217	130,000	252,673	<b>320,000</b>	146.2%	26.6%	
Subtotal - Section 5307 Fed Formula Funds	<u>3,459,217</u>	<u>4,160,000</u>	<u>3,762,673</u>	<b>4,000,000</b>	-3.8%	6.3%	
Congestion Mitigation/Air Quality-TDM	484,100	501,000	484,100	<b>455,000</b>	-9.2%	-6.0%	
Planning (Section 5303)	98,880	49,440	50,583	<b>49,440</b>	0.0%	-2.3%	
Planning - Connector (Section 5339)	110,058	233,600	136,966	<b>500,000</b>	114.0%	265.1%	
Job Access/Reverse Commue (JARC)	137,057	166,112	166,112	<b>166,112</b>	0.0%	0.0%	
New Freedom	6,171	69,360	69,360	<b>69,360</b>	0.0%	0.0%	
North/South Commuter Rail (TCSP)	187,454	440,000	76,000	<b>160,000</b>	100.0%	110.5%	
Coast to Coast Rail Planning (Section 5304)	56,800	55,200	23,200	<b>0</b>	-100.0%	-100.0%	
YTC - Planning Grant (Section 5303)	0	0	0	<b>320,000</b>	100.0%	0.0%	
Grant Administration (Section 5310)	0	0	0	<b>20,000</b>	100.0%	0.0%	
Non-Urban (Section 5311)	211,345	181,470	208,131	<b>227,572</b>	25.4%	9.3%	
Total Federal Operating Assistance	<u>4,751,082</u>	<u>5,856,182</u>	<u>4,977,125</u>	<b>5,967,484</b>	1.9%	19.9%	
<b>Advertising, Interest and Other</b>	<u>315,039</u>	<u>384,700</u>	<u>301,884</u>	<b>398,000</b>	3.5%	31.8%	6
<b>TOTAL OPERATING REVENUES</b>	<u>\$35,938,392</u>	<u>\$40,036,758</u>	<u>\$37,798,004</u>	<b>\$44,234,984</b>	10.5%	17.0%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY  
PROPOSED FY 2017 OPERATING BUDGET  
OCTOBER 1 THROUGH SEPTEMBER 30**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	
	Audited FY 2015	Adopted Budget FY 2016	Estimated Projected FY 2016	Proposed Budget FY 2017	Percent Change B to D	Percent Change C to D	Budget Notes
<b>OPERATING EXPENSES:</b>							
<b>SALARIES &amp; WAGES:</b>							
<b>Operations:</b>							
Motor Coach Operators (MCO)	8,081,047	9,394,681	8,827,578	<b>9,902,874</b>	5.4%	12.2%	7
Call Taker/Information Specialists	362,757	475,421	461,205	<b>528,173</b>	11.1%	14.5%	8
Operations Supervision	973,829	1,101,969	1,119,857	<b>1,193,182</b>	8.3%	6.5%	9
Subtotal - Operations	9,417,633	10,972,071	10,408,640	<b>11,624,229</b>	5.9%	11.7%	
<b>Maintenance:</b>							
Vehicle Maintenance Technicians	1,149,595	1,312,084	1,260,879	<b>1,484,183</b>	13.1%	17.7%	10
Vehicle Service Crew	537,551	665,814	637,570	<b>658,950</b>	-1.0%	3.4%	10
Facility Maintenance	187,426	259,747	256,884	<b>272,115</b>	4.8%	5.9%	10
Maintenance Supervision	527,649	650,893	577,197	<b>756,753</b>	16.3%	31.1%	11
Subtotal - Maintenance	2,402,221	2,888,537	2,732,530	<b>3,172,001</b>	9.8%	16.1%	
<b>General Administration</b>	3,010,271	3,279,413	3,032,784	<b>3,487,634</b>	6.3%	15.0%	12
<b>TOTAL SALARIES &amp; WAGES</b>	14,830,124	17,140,022	16,173,954	<b>18,283,864</b>	6.7%	13.0%	
<b>FRINGE BENEFITS:</b>							
Payroll Taxes	1,075,564	1,272,990	1,156,393	<b>1,356,703</b>	6.6%	17.3%	13
Pension	1,089,074	1,251,337	1,147,049	<b>1,382,018</b>	10.4%	20.5%	
Medical Insurance	2,436,427	2,917,060	2,784,642	<b>2,814,574</b>	-3.5%	1.1%	
Health Care Reform Taxes (PPACA)	70,957	68,040	82,861	<b>75,000</b>	10.2%	-9.5%	
Medical & Dependent Care	8,186	8,028	6,861	<b>6,648</b>	-17.2%	-3.1%	
Vision	53,669	51,510	50,676	<b>53,640</b>	4.1%	5.8%	
Dental	209,333	254,116	249,084	<b>250,320</b>	-1.5%	0.5%	
Life Insurance	74,780	87,952	85,860	<b>61,066</b>	-30.6%	-28.9%	
Unemployment	3,000	10,546	5,233	<b>10,854</b>	2.9%	107.4%	
Workers' Compensation	293,588	423,578	367,409	<b>359,350</b>	-15.2%	-2.2%	
Long Term Disability	35,324	37,051	36,300	<b>20,092</b>	-45.8%	-44.7%	
Short Term Disability	109,056	122,310	119,340	<b>97,440</b>	-20.3%	-18.4%	
Health Care Savings Plan	338,200	423,188	384,038	<b>446,740</b>	5.6%	16.3%	
Post-Retirement Health Care Benefits	69,700	85,000	85,008	<b>85,000</b>	0.0%	0.0%	
<b>TOTAL FRINGE BENEFITS</b>	5,866,859	7,012,706	6,560,754	<b>7,019,445</b>	0.1%	7.0%	
<b>TOTAL PERSONNEL COSTS</b>	20,696,983	24,152,727	22,734,708	<b>25,303,309</b>	4.8%	11.3%	
<b>PURCHASED SERVICES:</b>							
Bank Fees	17,960	16,200	13,564	<b>16,200</b>	0.0%	19.4%	14
Agency, Design Fees	96,388	350,000	220,598	<b>96,000</b>	-72.6%	-56.5%	
North/South Rail Station Feasibility & NEPA	0	300,000	68,000	<b>200,000</b>	-33.3%	194.1%	
Physical Exams	25,916	30,000	25,846	<b>34,000</b>	13.3%	31.5%	
Legal Fees	168,254	115,000	56,887	<b>140,000</b>	21.7%	146.1%	
Auditing Fees	29,372	25,615	22,010	<b>26,375</b>	3.0%	19.8%	
Property Tax Collection Fees	147,983	147,600	187,628	<b>152,500</b>	3.3%	-18.7%	
Information Technology Services	92,083	70,000	19,860	<b>74,000</b>	5.7%	272.6%	
Contracted Maintenance Services	637,403	757,700	633,702	<b>885,800</b>	16.9%	39.8%	
Custodial Services	154,553	167,100	171,550	<b>170,300</b>	1.9%	-0.7%	
Security Services	317,126	343,700	305,452	<b>336,200</b>	-2.2%	10.1%	
Web/Internet Services	59,240	121,100	52,479	<b>144,800</b>	19.6%	175.9%	
Towing	13,074	15,000	15,096	<b>16,686</b>	11.2%	10.5%	
Consulting Fees - Planning Grants	502,044	571,000	246,380	<b>1,070,000</b>	87.4%	334.3%	
Consulting Fees - Other	17,216	105,350	7,245	<b>493,250</b>	368.2%	6708.1%	
Media Relations & Public Relations	1,540	35,250	2,000	<b>25,250</b>	-28.4%	1162.5%	
Benefit Administration Fees & EAP	25,929	41,000	30,324	<b>54,000</b>	31.7%	78.1%	
<b>TOTAL PURCHASED SERVICES</b>	2,306,082	3,211,615	2,065,057	<b>3,935,361</b>	22.5%	90.6%	

**ANN ARBOR AREA TRANSPORTATION AUTHORITY  
PROPOSED FY 2017 OPERATING BUDGET  
OCTOBER 1 THROUGH SEPTEMBER 30**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	
	Audited FY 2015	Adopted Budget FY 2016	Estimated Projected FY 2016	Proposed Budget FY 2017	Percent Change B to D	Percent Change C to D	Budget Notes
<b>BIODIESEL FUEL AND GASOLINE</b>	2,267,086	1,978,700	1,384,119	<b>1,688,800</b>	-14.7%	22.0%	15
(PER GALLON)	\$3.25	\$2.45	\$1.76	<b>\$2.00</b>	-18.4%	13.7%	
(Gallons)	697,900	807,700	786,604	844,400	4.5%	7.3%	
<b>MATERIALS AND SUPPLIES:</b>							
Lubricants, Anti-Freeze and DEF	123,141	137,300	111,571	<b>152,732</b>	11.2%	36.9%	16
Tires and Tubes	114,145	141,500	146,147	<b>160,000</b>	13.1%	9.5%	
Repair Parts	770,916	881,700	933,145	<b>1,186,300</b>	34.5%	27.1%	
Perishable Tools	3,413	5,000	7,047	<b>7,500</b>	50.0%	6.4%	
Equipment Repairs	9,218	10,000	1,842	<b>10,000</b>	0.0%	442.8%	
Other Materials and Supplies	447,699	488,763	503,269	<b>548,663</b>	12.3%	9.0%	
Computer Software	288,734	378,220	347,328	<b>378,140</b>	0.0%	8.9%	
Production Costs	20,976	40,800	42,984	<b>57,500</b>	40.9%	33.8%	
Printing Costs	160,135	209,320	184,942	<b>184,320</b>	-11.9%	-0.3%	
Mechanics Tools	9,380	10,500	4,865	<b>11,000</b>	4.8%	126.1%	
TOTAL MATERIALS & SUPPLIES	1,947,757	2,303,103	2,283,141	<b>2,696,155</b>	17.1%	18.1%	
<b>UTILITIES:</b>							
Natural Gas	261,488	187,016	154,474	<b>148,840</b>	-20.4%	-3.6%	17
Electricity	224,567	256,000	212,455	<b>232,650</b>	-9.1%	9.5%	
Water	34,522	41,500	32,941	<b>38,550</b>	-7.1%	17.0%	
Telephone & Wireless Communications	41,871	53,000	46,260	<b>104,600</b>	97.4%	126.1%	
TOTAL UTILITIES	562,449	537,516	446,131	<b>524,640</b>	-2.4%	17.6%	
<b>CASUALTY AND LIABILITY INSURANCE:</b>	537,130	775,000	740,000	<b>828,000</b>	6.8%	11.9%	18
<b>PURCHASED TRANSPORTATION:</b>							
A-Ride and GoldRide	3,032,181	2,760,000	3,644,452	<b>4,443,000</b>	61.0%	21.9%	19
Night Ride	573,916	572,000	554,295	<b>550,000</b>	-3.8%	-0.8%	
NonUrban-Western Wash. Area Value Express	562,634	619,350	622,708	<b>619,350</b>	0.0%	-0.5%	
NonUrban-People's Express	642,531	469,688	469,694	<b>754,837</b>	60.7%	60.7%	
Mobility Management Trip Assistance	415,185	444,000	401,861	<b>344,000</b>	-22.5%	-14.4%	
AirRide - Airport Shuttle Services	1,219,362	1,135,356	1,203,500	<b>1,189,356</b>	4.8%	-1.2%	
Guaranteed Ride Home	30,341	36,800	30,799	<b>36,800</b>	0.0%	19.5%	
TOTAL PURCHASED TRANSPORTATION	6,476,150	6,037,194	6,927,308	<b>7,937,343</b>	31.5%	14.6%	
<b>OTHER EXPENSES:</b>							
Uniform Expense	134,650	119,000	109,081	<b>126,000</b>	5.9%	15.5%	20
Postage	16,475	23,350	14,127	<b>23,350</b>	0.0%	65.3%	
Dues and Subscriptions	78,461	97,590	99,633	<b>102,290</b>	4.8%	2.7%	
Conference, Travel and Meetings	51,003	65,000	61,604	<b>68,500</b>	5.4%	11.2%	
Media Planning & Placement	203,220	204,250	221,136	<b>171,350</b>	-16.1%	-22.5%	
Employee Development	80,310	126,250	81,354	<b>162,650</b>	28.8%	99.9%	
Employee Wellness and Appreciation	2,276	18,890	6,282	<b>20,940</b>	10.8%	233.3%	
Recruitment & Hiring	70,035	20,000	45,601	<b>92,074</b>	360.4%	101.9%	
Loss on Sale/Disposal of Equipment	5,389	0	0	<b>0</b>	0.0%	0.0%	
Equipment and Park & Lot Rentals	47,549	56,050	152,519	<b>72,050</b>	28.5%	-52.8%	
TOTAL OTHER EXPENSES	689,368	730,380	791,337	<b>839,204</b>	14.9%	6.0%	
<b>LOCAL DEPRECIATION:</b>	343,564	298,000	407,400	<b>420,000</b>	40.9%	3.1%	21
<b>TOTAL OPERATING EXPENSES</b>	\$35,826,568	\$40,024,236	\$37,779,202	<b>\$44,172,812</b>	10.4%	16.9%	
<b>NET OPERATING SURPLUS (DEFICIT)</b>	<b>\$111,824</b>	<b>\$12,522</b>	<b>\$18,802</b>	<b>\$62,172</b>			



**ANN ARBOR AREA TRANSPORTATION AUTHORITY  
PROPOSED FY 2017 OPERATING BUDGET  
STAFFING INFORMATION**

	ADOPTED BUDGET FY 2016	Actual July 2016	Proposed BUDGET FY 2017	Budget Change: 2016 to 2017	Notes - Comparing Budgets 2016 to 2017
<b>Operations:</b>					
Motor Coach Operators - Full Time	138.00	145.00	151.00	13.00	151 Full-time MCOs
Motor Coach Operators - Part Time	24.00	22.50	22.50	-1.50	30 Part-time MCOs x 75%
Subtotal - MCO FTEs	162.00	167.50	173.50	11.50	Total MCOs (170 to 181)
Special Services MCO (ARide)	6.40	0.00	0.00	-6.40	Potential Hire 11 SSMCOs in FY 16 was not necessary
Call-Takers/Info Specialist	9.75	9.75	9.75	0.00	9 Full-time; 1 Part-time
Transportation Supervision	15.00	15.00	16.00	1.00	Add Call-Center Supervisor
Subtotal - Operations	193.15	192.25	199.25	6.10	
<b>Maintenance:</b>					
Vehicle Maintenance	21.00	20.00	24.00	3.00	Add 2 vehicle technicians and parts clerk
Vehicle Service Crew	13.50	13.00	13.00	-0.50	Eliminate vacant service crew position (mid 2016)
Facilities Maintenance	3.00	3.00	3.00	0.00	
Bus Stop Maintenance	2.00	2.00	2.00	0.00	
Maintenance Supervision	9.00	8.00	10.00	1.00	Add evening service crew supervisor
Subtotal - Maintenance	48.5	46.0	52.00	3.50	
<b>General Administration:</b>					
Administration	8.00	7.00	6.00	-2.00	Add Deputy CEO/CFO, less admin asst, transfer one employee to CPIA, transfer another to Service Dev, net - 2 New Dept, existing
Corporate Planning & Intergovernmental Affairs (CPIA)	0.00	0.00	2.00	2.00	employees transferred in from Admin and Svc Dev
Information Technology	6.00	5.00	5.00	-1.00	Less Web Developer
Finance	3.00	3.00	3.00	0.00	
Purchasing	3.50	3.00	3.00	-0.50	Eliminate admin asst shared with Service Dev
Human Resources	4.00	3.00	5.00	1.00	Add Safety Officer Transfer Fin'l Analyst from Admin, transfer Strategic
Service Development & Planning	6.50	6.00	6.00	-0.50	Planner to CPIA, eliminate admin asst shared with purchasing net = -0.5
Mobility Management	1.00	1.00	1.00	0.00	
Communications	6.00	6.00	6.00	0.00	
GetDowntown	2.00	2.00	2.00	0.00	
Subtotal - General Administration	40.00	36.00	39.00	-1.00	
Authority Total FTEs	281.65	274.25	290.25	8.60	

## Column Descriptions for Pages Two through Five:

- A. Audited Fiscal Year 2015** – These amounts are taken from the audited financial statements for the year ended September 30, 2015 with the independent auditors' report dated January 13, 2016. Some reclassifications have been made to conform to the presentation of the operating budget.
  
- B. Adopted Budget Fiscal Year 2016** – These amounts are taken from the budget adopted at the board of directors meeting on September 17, 2015.
  
- C. Estimated Projected Fiscal Year 2016** – These amounts are projected based on nine months of actual revenue and expenses through June 30, 2016, with seasonal adjustments.
  
- D. Proposed Operating Budget Fiscal Year 2017** – The FY 2017 Budget includes an increased level of service for fixed route due to the implementation of the May 1, 2016 and August 28, 2016 service increases in the Urban Core Five-Year Transit Improvement Plan, (5YTIP). There also an increase in ARide due to the larger service area and longer service hours. We are budgeting a consistent level for AirRide, ExpressRide, MyRide, VanRide and non-urban demand response services.

Ann Arbor Area Transportation Authority  
FY 2017 Operating Budget // Budget Notes

**Revenues:**

**1. Passenger Revenue:**

- a. **Cash, Passes and Tokens** - We are budgeting passenger revenue to be less than the FY 2016 budgeted amount, but greater than our FY 2016 actual passenger fares.
- b. **Subcontracted Revenue** – We are budgeting an increase in revenue for AirRide shuttle service to/from Detroit Metro Airport and ARide. We expect NightRide ARide, WAVE and Northfield’s Human Services pass-through passenger revenue to remain flat.
- c. **Special Fares** – Special Fares are when someone other than the rider pays the fare. We are budgeting \$680,600 based on the projected ridership on the go!pass program. The University of Michigan Unlimited Access contract amount represents \$1.37 million payment from the UofM after giving credit for the Federal funds we receive that are earned by the UofM bus system. The EMU amount of \$159,500 is for the route guarantee for route #41 during the school year.

**2. Local Tax Revenue:**

- a. The projected City of Ann Arbor July 2017 property tax levy includes both the original millage of 2.0373 and the additional millage of 0.6943 mills approved by the voters on May 6, 2014. These millages have been Headlee reduced from last year’s 2.056 and 0.7 mills. We are allowing for \$30,000 collection loss due to potential Michigan Tax Tribunals rebates and other adjustments.
- b. The projected City of Ypsilanti July 2017 property tax levy includes both the original 0.9789 transit millage and the new 0.6943 millage.
- c. The Charter Township of Ypsilanti July 2017 property tax levy is 0.6943 millage.
- d. A portion of the July 2015 property tax millage was used to purchase 4.0 large buses and 1.0 small bus for service expansion delivered in November 2015.
- e. A portion of the July 2016 levy was used to purchase 2.0 additional buses and bus stop improvements in the new service areas.
- f. A total of 16 large buses will be purchased from the property tax levies of July 1, 2014, 2015 and 2016 for a total of \$7.35 million.

- 3. Purchase of Service Agreements (POSA) and Governmental Partners** – These are the proposed contract amounts the other governments will be charged based on the increasing level of service with the fully allocated POSA hourly rate. Pittsfield, Scio and Superior Townships’ amounts also include a capital component to recover the cost of buses needed to provide the service over the 12-year life of the buses. Other governmental reimbursements include \$17,500 for the local match for the Connector Study and \$40,000 in contributions from the other participating municipalities in the north/south rail project.

Ann Arbor Area Transportation Authority  
FY 2017 Operating Budget // Budget Notes

- 4. State Operating Assistance** – The State Urban Operating Assistance is 32.4% (2016 was 30.8%) multiplied by our budgeted urban eligible expenses. The Nonurban State Operating Assistance amount is the non-urban eligible expenses multiplied by the reimbursement rate of 38.52% (2016 was 35.64%). These percentages are based on the latest communication from MDOT regarding the Local Bus Operating (LBO) line item in the State of Michigan budget, which increased from \$167.4 million to \$186.25 million (11.3%). These amounts are subject to reconciliation and audit, resulting in changes (either increase or decrease) based on audited eligible expenses and total State tax revenue received in FY 2017. The State revenue also includes matching funds for Job Access/Reverse Commute, Planning, Preventive Maintenance and Capital Cost of Contracting.
  
- 5. Federal Operating Assistance** – Federal Formula Funds are budgeted based on the current five-year Capital and Categorical Grant Program. The Authority uses a portion (\$2.68 million) of AAATA’s programmed Federal Formula Funds to fund operating expenses. The amount of Preventive Maintenance funds includes \$880,000 of Federal funds (and State match of \$220,000) realized from UofM Transportation Services. Congestion Mitigation/Air Quality (CMAQ) is the federal share for Rideshare/Outreach and GetDowntown program. Federal planning - Connector revenue includes \$100,000 (80%) for continuing the current phase of the Connector Alternatives Analysis, which continues from FY 2013. The local 20% portion is covered by UofM (10%), the City of Ann Arbor (4%) and the Authority (6%). We secured a \$400,000 Federal Planning grant to contribute to the next phase of the Connector project. We expect to earn \$160,000 of the existing FHWA Transportation Community and System Preservation Program (TCSP) grant supporting the north/south commuter railroad station feasibility study and engineering support for the National Environmental Policy Act (NEPA) process. We recently received a \$320,000 Federal Section 5303 Planning grant, with an \$80,000 State match, to scope the needs to potentially rebuild the Ypsilanti Transit Center.
  
- 6. Interest and Other Revenue** - Interest is based on projected cash balances at a 0.25% rate of return. We are budgeting advertising revenue at \$251,000.

Ann Arbor Area Transportation Authority  
FY 2017 Operating Budget // Budget Notes

**Expenses:**

- 7. Operator Wages** – The number of Motor Coach Operators (MCOs) will be 173.5 Full Time Equivalents (FTE) resulting from increased service hours in the 5YTIP. The total includes 151 full-time positions and 30 part-time (3/4) positions (22.5 FTE). The top hourly wage rate for MCOs is \$26.25 and will increase to \$26.75 (+1.9%) on January 1, 2017 per the five-year labor agreement that expires June 30, 2017. MCOs hired after January 1, 2013 receive \$3.00 less per hour. Built into the budget are additional hours for University of Michigan football games (75 hours per game), Art Fair (700 hours) and other special events (200 hours) at overtime rates.
- 8. Call Taker Wages** – The number of Call-Takers/Information Specialist is staying the same at 9.75 (9 full-time and 1 part-time) to support the new ARide model, which includes taking all advanced reservations, which was effective May 1, 2015. One full time position is funded by Federal and State of Michigan JARC and New Freedom grants under the MyRide program.
- 9. Operations Supervision** – These wages include the wages for the manager of operations, ten operations supervisors, specialized transportation coordinator, paratransit coordinator, administrative assistant and a travel trainer. We are adding a call-center supervisor.
- 10. Maintenance Wages** – We are adding two vehicle maintenance technician and a second parts clerk to support increased number of vehicles, hours, miles and the span of service. The wages for the Master Technicians are \$28.15 and increase to \$28.65 (+1.8%) on January 1, 2017. The top wage for the Service Crew is \$23.30 and increases to \$23.80 (2.1%) on January 1, 2017.
- 11. Maintenance Supervision** – These wages include the management wages for the manager of maintenance, three vehicle mechanic supervisors, a parts inventory supervisor, two electronic technicians, a bus stop coordinator, and an administrative. We expect to fill the vacant facilities manager to oversee our facilities, which includes our main facility (operations, maintenance and administration), two transit centers, 1,200 bus stops, 150 bus shelters and 200 benches. We are adding an evening service crew supervisor.

Ann Arbor Area Transportation Authority  
FY 2017 Operating Budget // Budget Notes

**12. General Administrative Wages** – Administrative departments include Administration, Information Technology, Finance, Purchasing, Human Resources, Service Development & Planning, Corporate Planning & Intergovernmental Affairs, Community Relations, and the GetDowntown program. We are adding a Deputy CEO, Finance and Administration to the leadership team. We are also adding a Safety Officer to Human Resources. We are eliminating the Web Developer position and two administrative assistant positions.

**13. Fringe Benefits** – Payroll taxes (FICA), pension and workers' compensation expenses are based on wages and statutory or contractual rates.

Medical insurance plans are from Blue Care Network (BCN) and premiums were virtually unchanged on the annual renewal date of August 1, 2016. Medical & dependent care reimbursement, vision, dental, life insurance, long term and short term disability are based on the number of employees at the monthly premium amounts effective August 1, 2016. The budget assumes 10.0% increase in medical insurance on August 1, 2017. Life insurance, long-term and short-term disability rates are lower, since we are contracting with a new provider. Hourly personnel increased their contribution from 15% to 20% of the medical, vision and dental insurance premiums, effective August 1, 2016, per the five-year labor agreement. Management personnel continue to pay 20% of medical, vision and dental insurance premiums.

The pension expense is 9.0% of wages for full-time employees, who are eligible after one year of service with an assumption of 3.0% turnover. This amount is net of forfeitures of AAATA provided pension match for employees who leave before the five-year vesting period.

Our workers' compensation rates are from the current policy period, expiring December 30, 2016. Historically, we have had favorable results from our dividend program with our workers' compensation carrier, expecting refunds per year. We are budgeting for a refund of \$110,000 based on the low claims incurred in calendar year 2015 and an expected refund of 25% of the calendar year 2015 premiums.

The Health Care Savings Plan (HCSP) is a defined contribution plan administered by the Municipal Employees Retirement System of Michigan (MERS). AAATA contributes \$140 to each full-time employee's health savings account each month, per the five-year labor agreement. This money will be available to each employee, after a five-year vesting period, for eligible health care expenses post-employment.

We still maintain the post-employment medical defined benefits plan for twelve retirees and one eligible active employee who elected in 2008 to participate in it instead of

Ann Arbor Area Transportation Authority  
FY 2017 Operating Budget // Budget Notes

participating in the HCSP. Even though the plan is closed, the Authority will still need to contribute approximately \$85,000 each year. An actuary study is conducted annually to determine future contribution amounts.

**14. Purchased Services** – Contracted maintenance includes snow removal, electricians, along with services on vehicle hoists, and all the building systems in our facilities. We also expect to use an outside contractor for the campaign to install 14 of the first 20 hybrid buses (2007 & 2008) at \$8,000 each that are approaching 375,000 miles. We expect to replace the first 6 engines before the end of FY 2016. Consultants fees – Planning Grants include the continued work on the alternatives analysis of the connector study, which began in FY 2013 and will continue through FY 2016 (\$125,000). This project is funded by a Federal planning grant (80%), the University of Michigan (10%), City of Ann Arbor (4%) and AAATA (6%). The North/South Rail Station Design Study is a continuing study funded by the Federal TCSP grant (80%) and local partners' contributions (20%). Consulting Fees – Other contains \$150,000 for a space assessment of our current and future needs for our operations, maintenance and administrative facility and a paratransit review of our current ARide program for \$150,000.

**15. Diesel Fuel and Gasoline** – We are expecting ultra-low sulfur biodiesel fuel (#2 B10%) prices to decrease to \$2.00 per gallon. We expect to use 829,400 gallons, an increase from 780,000 gallons. We also use 15,000 gallons of gasoline in our service trucks, supervisor vehicles and shuttle vehicles per year.

**16. Materials and Supplies** – We are utilizing Federal grant funds for associated capital maintenance to cover the costs of an approximately \$150,000 in components (hybrid battery refresh kits, transmissions, etc.). Bus parts are increasing due to the increase in service hours and the campaign to replace the engines in 14 of the first 20 hybrid buses (2007 & 2008) for \$205,800 (\$14,700 each). We are scheduled to replace the engines in the first six hybrid buses in FY 2016. Lubricants, tires and repair parts are increasing due to the increase in the amount of service hours. We expect other items to be consistent with the FY 2016 budget or rise with the increase in service hours.

**17. Utilities** – For natural gas, we are contracted to pay \$5.36 per million British Thermal Unit (MMBTU) through April 2018, which is down from \$7.65 per unit in FY 2015, with budgeted usage at 24,000 MMBTU, which is 20% above the average of the last five years' actual usage at the main facility. Telephone expense is increasing, since we switched the way we communicate with our buses on the street. Before, we were using a radio-based system and we recently implemented a cellular based system to reliably transmit voice and real-time data information.

Ann Arbor Area Transportation Authority  
 FY 2017 Operating Budget // Budget Notes

**18. Insurance** – Our vehicle and corporate insurance renewal rates were greater than expiring. The expense includes an estimate\* of annual insurance claims below our \$25,000 deductible for minor incidents and accidents. The insurance detail is as follows:

	<b>FY 2016</b>	<b>FY 2017</b>
a. Vehicles Insurance – Premiums	\$474,300	\$529,400
b. Vehicles Insurance – Claims under \$25,000*	75,000*	75,000*
c. Umbrella Coverage (from \$5 million to \$10 million)	73,700	75,000
d. Property	25,500	25,400
e. Public Official and Employment Practices Liability	26,500	20,100
f. Pollution Premises – Underground Storage Tank	20,200	21,700
g. Fiduciary	6,800	6,900
h. Commercial General Liability	15,600	15,900
i. Government Official/Crime	4,000	3,900
j. Broker Fees	<u>53,400</u>	<u>54,700</u>
Total	<u>\$775,000</u>	<u>\$828,000</u>

**19. Purchased Transportation** – The amount for ARide and GoldRide Taxi is based on the contract effective May 1, 2016 at current service levels. Later fixed route service hours mean that NightRide started later each night. The WAVE and People’s Express portions are the pass-through amounts to these entities using Nonurban State Operating Assistance and Federal Section 5311 grants. Purchased Transportation includes \$1.2 million for the Ann Arbor to Detroit Metro Airport, which is funded from State operating assistance and passenger fares.

**19. Other Expenses** – Uniform expense is increasing due to the increase in MCO and maintenance technicians. Employee development is increasing to support additional training for personnel. Media costs and postage are consistent in Communications due to initiatives to continue to inform the communities about service improvements and other goals in the FY 2017 Work Plan. The amount for Recruitment and Hiring is for the recruitment of two senior level positions due to potential retirements.

**20. Local Depreciation** – This represents the depreciation expense on capital assets purchased with local funds rather than purchased with Federal and State Capital funds. We do not budget for depreciation on the expansion buses purchased with 5YTIP property tax millage, since the revenue was not originally included as an operating revenue.



**ANN ARBOR AREA TRANSPORTATION AUTHORITY  
REVENUE AND EXPENSE ALLOCATION AMONG CORE SERVICES, PROGRAMS AND RESEARCH & DEVELOPMENT  
PROPOSED FY 2017 OPERATING BUDGET**

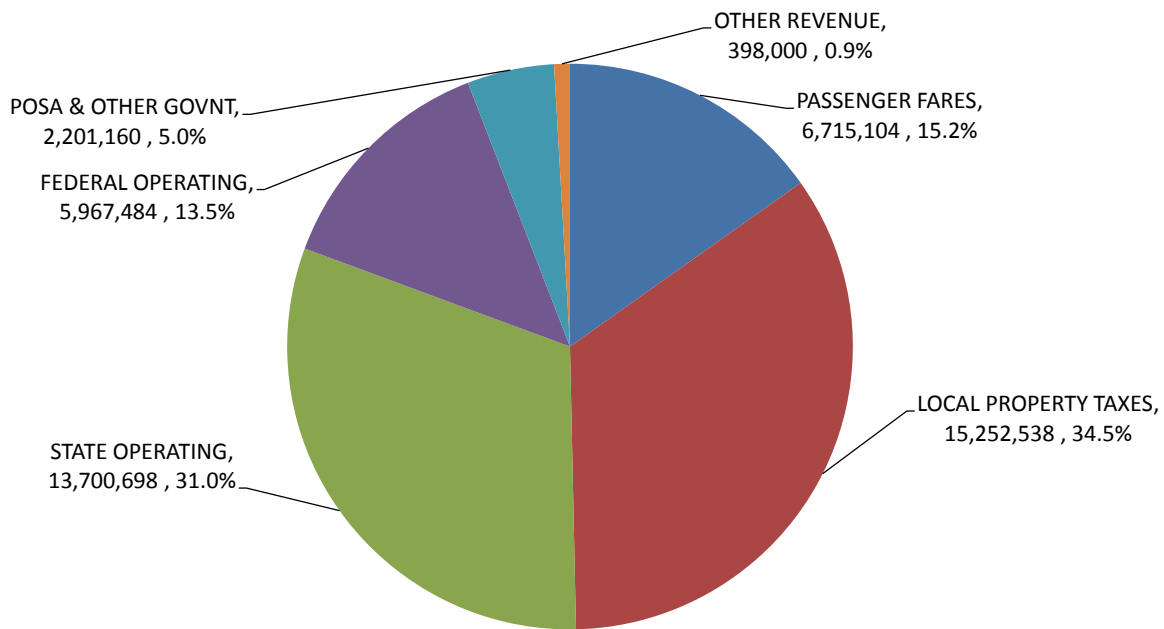
	A	B	C	D
	SUMMARY			
	Audited FY 2015	Adopted Budget FY 2016	Estimated Projected FY 2016	Proposed Budget FY 2017
<b>REVENUES:</b>				
Passenger Revenue	\$6,003,725	\$6,461,032	\$6,049,461	<b>\$6,715,104</b>
Local Property Taxes	12,427,730	13,772,766	13,680,174	<b>15,252,538</b>
Purchase of Service Agmts - Urban	378,884	1,020,536	865,867	<b>1,407,259</b>
Purchase of Service Agmts - Nonurban	445,340	422,979	400,529	<b>537,501</b>
Purchase of Service Agmts - Interurban	140,263	0	101,203	<b>0</b>
Other Governmental Partners	323,639	308,780	127,041	<b>256,400</b>
State Operating Assistance	11,152,690	11,809,784	11,294,719	<b>13,700,698</b>
Federal Operating (Discretionary)	0	2,640,000	2,120,000	<b>2,680,000</b>
Other Federal Oper Assistance	4,751,082	3,216,182	2,857,125	<b>3,287,484</b>
Advertising, Interest and Other	315,039	384,700	301,884	<b>398,000</b>
<b>TOTAL REVENUES</b>	<b>\$35,938,392</b>	<b>\$40,036,758</b>	<b>\$37,798,004</b>	<b>\$44,234,984</b>
<b>EXPENSES:</b>				
<b>PERSONNEL:</b>				
Operations	\$9,417,633	\$10,972,071	\$10,408,640	<b>\$11,624,229</b>
Maintenance	2,402,221	2,888,537	\$2,732,530	<b>3,172,001</b>
General Administration	3,010,271	3,279,413	\$3,032,784	<b>3,487,634</b>
Subtotal Wages	14,830,124	17,140,022	\$16,173,954	<b>18,283,864</b>
Fringe Benefits	5,866,859	7,012,706	6,560,754	<b>7,019,445</b>
Subtotal - Personnel	20,696,983	24,152,727	22,734,708	<b>25,303,309</b>
<b>OTHER EXPENSES:</b>				
Purchased Services	2,306,082	3,211,615	2,065,057	<b>3,935,361</b>
Diesel Fuel and Gasoline	2,267,086	1,978,700	1,384,119	<b>1,688,800</b>
Materials and Supplies	1,947,757	2,303,103	2,283,141	<b>2,696,155</b>
Utilities	562,449	537,516	446,131	<b>524,640</b>
Casualty & Liability Insurance	537,130	775,000	740,000	<b>828,000</b>
Purchased Transportation	6,476,150	6,037,194	6,927,308	<b>7,937,343</b>
Other Expenses	689,368	730,380	791,337	<b>839,204</b>
Local Depreciation	343,564	298,000	407,400	<b>420,000</b>
Total Other Expenses	15,129,585	15,871,509	15,044,494	<b>18,869,503</b>
<b>TOTAL EXPENSES</b>	<b>35,826,568</b>	<b>40,024,236</b>	<b>37,779,202</b>	<b>44,172,812</b>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>\$111,823</b>	<b>\$12,522</b>	<b>\$18,802</b>	<b>\$62,172</b>

	E	F	G	H	I	J	K	L	M
	CORE SERVICES AND PROGRAMS								
	FIXED ROUTE	DEMAND RESPONSE			EMPLOYER/COMMUTER OUTREACH				SUBTOTAL CORE SERVICES & PROGRAMS
	\$115.72								
HRS>	FIXED ROUTE	A-RIDE & GOOD/GOLD	NIGHT RIDE	NON- URBAN	MY RIDE	EMPLOYER OUTREACH	GET DOWNTOWN	VAN RIDE	
	279,900								
3.9%	\$4,451,348	\$613,000	\$138,000	\$104,400	\$84,000	\$0	\$0	\$65,000	\$5,455,748
10.7%	12,660,472	2,222,393	252,173	0	0	0	0	0	15,135,038
37.9%	1,162,162	200,097	0	30,000	0	0	0	0	1,392,259
27.1%	0	0	0	537,501	0	0	0	0	537,501
0.0%	0	0	0	0	0	0	0	0	0
-17.0%	69,843	0	0	0	26,157	0	102,900	0	198,900
16.0%	10,393,172	1,831,744	186,979	542,476	140,528	0	0	78,595	13,173,494
1.5%	1,798,739	509,644	0	5,181	0	0	0	99,006	2,412,570
2.2%	1,520,689	140,000	0	227,572	235,472	204,400	216,421	34,179	2,578,733
3.5%	303,000	0	0	0	90,000	0	5,000	0	398,000
10.5%	\$32,359,425	\$5,516,878	\$577,152	\$1,447,130	\$576,157	\$204,400	\$324,321	\$276,780	\$41,282,243
5.9%	10,875,136	\$462,145	\$3,887	\$24,437	\$71,827	\$972	\$0	\$3,887	\$11,442,291
9.8%	3,146,619	7,424	0	0	0	0	0	0	3,154,043
6.3%	2,185,963	321,787	21,473	45,771	133,998	124,828	169,121	57,893	3,060,834
6.7%	16,207,718	791,356	25,360	70,208	205,825	125,800	169,121	61,780	17,657,168
0.1%	6,840,207	100,422	0	2,735	24,844	0	0	0	6,968,208
4.8%	23,047,925	891,778	25,360	72,943	230,669	125,800	169,121	61,780	24,625,376
22.5%	2,714,018	160,350	0	0	0	21,550	111,600	0	3,007,518
-14.7%	1,676,244	0	0	0	0	0	0	0	1,676,244
17.1%	2,590,978	10,750	1,000	0	1,488	29,950	19,950	4,000	2,658,116
-2.4%	515,460	0	792	0	0	0	0	0	516,252
6.8%	827,222	0	0	0	0	0	0	0	827,222
31.5%	0	4,443,000	550,000	1,374,187	344,000	0	200	36,000	6,747,387
14.9%	680,407	11,000	0	0	0	27,100	23,450	0	741,957
40.9%	245,000	0	0	0	0	0	0	175,000	420,000
18.9%	9,249,329	4,625,100	551,792	1,374,187	345,488	78,600	155,200	215,000	16,594,695
<b>10.4%</b>	<b>32,297,253</b>	<b>5,516,878</b>	<b>577,152</b>	<b>1,447,130</b>	<b>576,157</b>	<b>204,400</b>	<b>324,321</b>	<b>276,780</b>	<b>41,220,071</b>
396.5%	\$62,172	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62,172

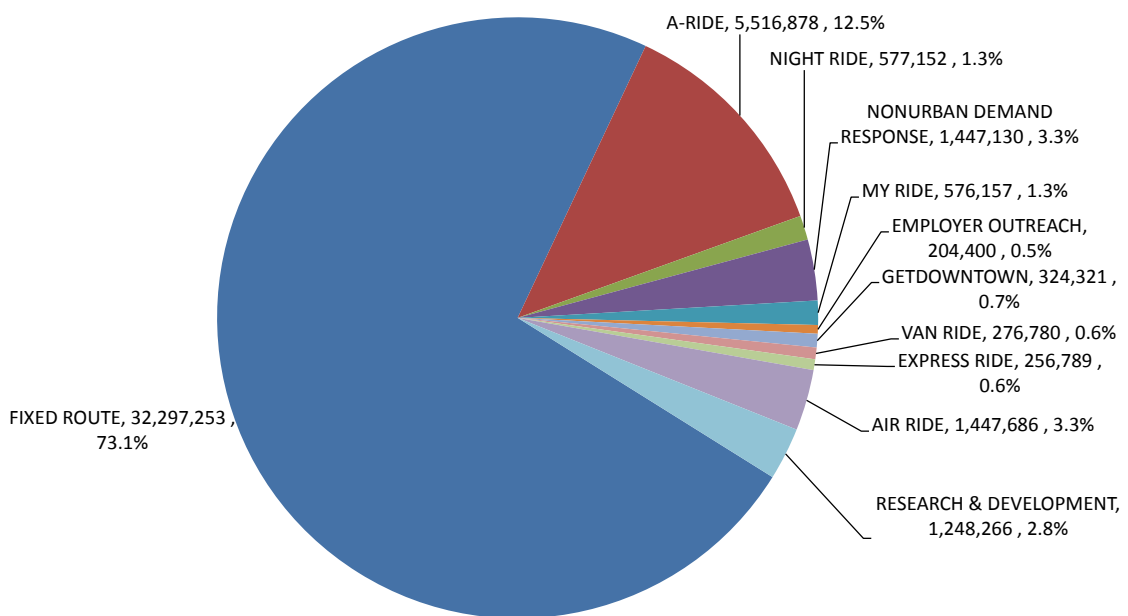
**ANN ARBOR AREA TRANSPORTATION /  
REVENUE AND EXPENSE ALLOCATION A  
PROPOSED FY 2017 OPERATING BUDGE**

	N	O	P	Q	R	S	T	U	V	W	X	Y
	OTHER SERVICES			RESEARCH AND DEVELOPMENT								TOTAL
	EXPRESS RIDE	AIR RIDE SERVICES	SUBTOTAL OTHER SERVICES	URBAN CORE IMPLEMENT	REGIONAL TRANSIT AUTHORITY	NORTH/SOUTH RAIL	CONNECTOR ALTERNATIVES ANALYSIS	RE IMAGINE WASHTENAW	YPSILANTI TRANSIT CENTER PLAN	BIKE SHARE	SUBTOTAL RESEARCH & DEVELOPMENT	FY 2017 Proposed BUDGET
<b>REVENUES:</b>												
Passenger Revenue	\$130,000	\$1,129,356	\$1,259,356	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,715,104
Local Property Taxes	0	0	0	0	0	10,000	107,500	0	0	0	117,500	15,252,538
Purchase of Service Agmts - Urban	15,000	0	15,000	0	0	0	0	0	0	0	0	1,407,259
Purchase of Service Agmts - Nonurban	0	0	0	0	0	0	0	0	0	0	0	537,501
Purchase of Service Agmts - Interurban	0	0	0	0	0	0	0	0	0	0	0	0
Other Governmental Partners	0	0	0	0	0	40,000	17,500	0	0	0	57,500	256,400
State Operating Assistance	83,190	318,330	401,520	63,378	26,274	5,044	7,144	12,311	3,596	7,937	125,684	13,700,698
Federal Operating (Discretionary)	28,599	0	28,599	132,252	54,828	1,995	0	25,689	7,504	16,563	238,831	2,680,000
Other Federal Oper Assistance	0	0	0	0	0	180,176	528,575	0	0	0	708,751	3,287,484
Advertising, Interest and Other	0	0	0	0	0	0	0	0	0	0	0	398,000
<b>TOTAL REVENUES</b>	<b>\$256,789</b>	<b>\$1,447,686</b>	<b>\$1,704,475</b>	<b>\$195,630</b>	<b>\$81,102</b>	<b>\$237,215</b>	<b>\$660,719</b>	<b>\$38,000</b>	<b>\$11,100</b>	<b>\$24,500</b>	<b>\$1,248,266</b>	<b>\$44,234,984</b>
<b>EXPENSES:</b>												
<b>PERSONNEL:</b>												
Operations	\$100,961	\$80,978	\$181,939	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,624,230
Maintenance	17,957	0	17,957	0	0	0	0	0	0	0	0	3,172,000
General Administration	26,831	76,441	103,272	136,860	81,102	31,247	35,719	23,000	11,100	4,500	323,528	3,487,634
Subtotal Wages	145,749	157,419	303,167	136,860	81,102	31,247	35,719	23,000	11,100	4,500	323,528	18,283,864
Fringe Benefits	51,236	0	51,236	0	0	0	0	0	0	0	\$0	7,019,445
Subtotal - Personnel	196,985	157,419	\$354,404	136,860	81,102	31,247	35,719	23,000	11,100	4,500	323,528	25,303,308
<b>OTHER EXPENSES:</b>												
Purchased Services	14,485	27,858	42,343	25,500	0	200,000	625,000	15,000	0	20,000	885,500	3,935,361
Diesel Fuel and Gasoline	12,556	0	12,556	0	0	0	0	0	0	0	0	1,688,800
Materials and Supplies	19,051	7,750	26,801	5,270	0	5,968	0	0	0	0	11,238	2,696,155
Utilities	3,084	5,303	8,388	0	0	0	0	0	0	0	0	524,640
Casualty & Liability Insurance	778	0	778	0	0	0	0	0	0	0	0	828,000
Purchased Transportation	600	1,189,356	1,189,956	0	0	0	0	0	0	0	0	7,937,343
Other Expenses	9,249	60,000	69,249	28,000	0	0	0	0	0	0	28,000	839,204
Local Depreciation	0	0	0	0	0	0	0	0	0	0	0	420,000
Total Other Expenses	59,803	1,290,267	1,350,071	58,770	0	205,968	625,000	15,000	0	20,000	924,738	18,869,503
<b>TOTAL EXPENSES</b>	<b>256,789</b>	<b>1,447,686</b>	<b>1,704,475</b>	<b>195,630</b>	<b>81,102</b>	<b>237,215</b>	<b>660,719</b>	<b>38,000</b>	<b>11,100</b>	<b>24,500</b>	<b>1,248,266</b>	<b>44,172,811</b>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$62,172</b>

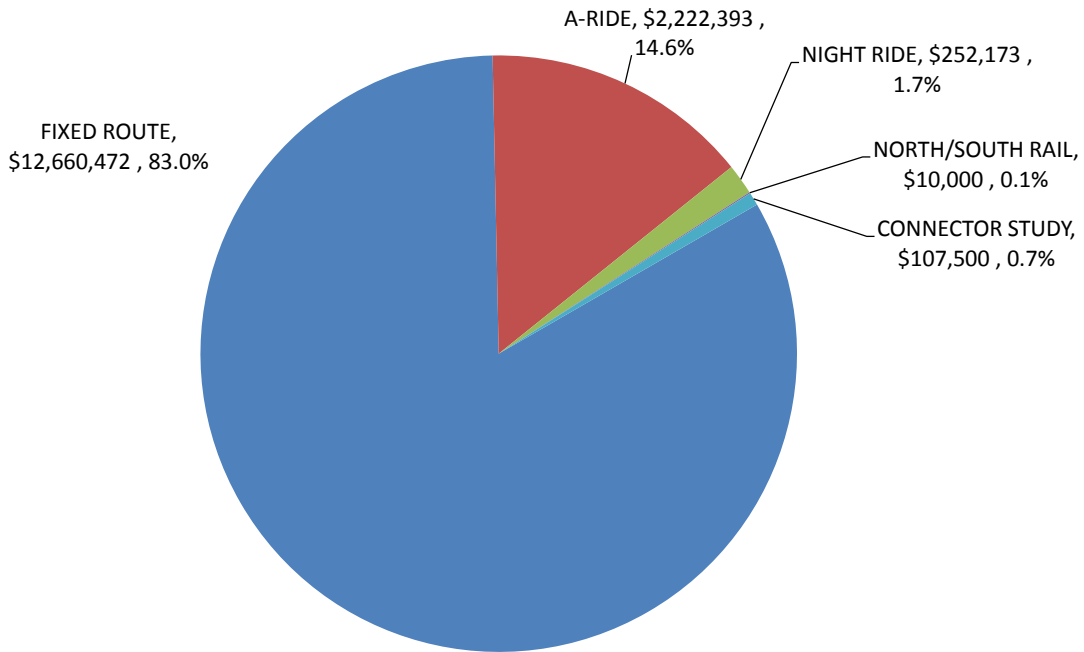
### FY2017 Operating Budget - Total Revenues by Source \$44.24 Million



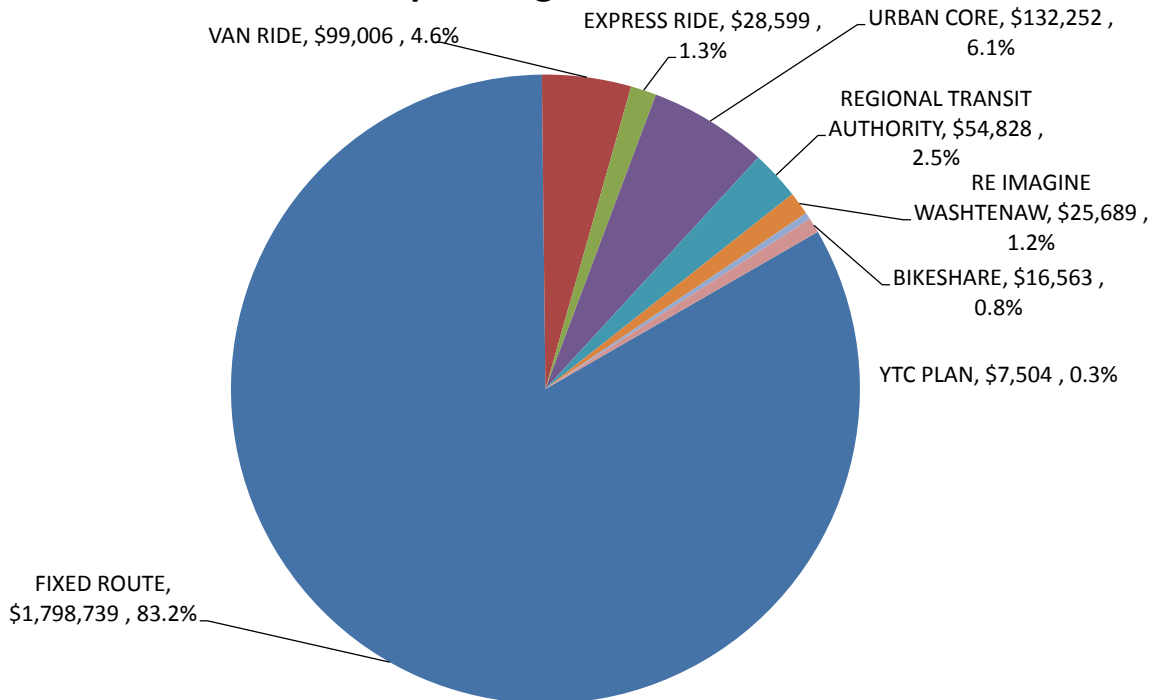
### FY2017 Operating Budget - Total Expenses by Service \$44.19 Million



**Cities of Ann Arbor & Ypsilanti and Ypsilanti Township  
Property Taxes - \$15,252,500**



**FY 2017 Federal Operating Assistance \$2.68 Million**



# FY 2017 Project Overviews

August 1, 2016

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## State of Good Repair

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### Long Term Fleet Planning (financial)

Staff will be developing a long term financial model for fleet planning and asset management.

*Source of funds:* Operating budget for planning work.

### AirRide Procurement

The original 5 year contract for the AirRide service will come to its natural conclusion at the end of March, 2017. To ensure the continuity of the AirRide service a new contract will be necessary. A competitive tendering process will require a few months, and additional time will need to be allowed if a new supplier is selected. The next contract is now in development with an intent to begin the public bidding process in Sept/Oct 2016. A selection should occur around December 2017. Considerable staff time will likely be required in the first quarter of 2017 to ensure successful implementation. In addition, the regulatory environment continues to evolve and disruptive changes may require additional time to address.

*Source of funds:* Operating Budget

### Labor Agreement

The current collective bargaining agreement between AAATA and the TWU Local 171 expires June 30, 2017. Historically, the Authority has been successful negotiating 5 year contracts. Because of the typical length of the contracts, a great deal of key staff time and effort to prepare for negotiations and to actually negotiate the new agreement are critical. Although preliminary planning will begin during the summer of 2016, it is anticipated that extensive preparatory work and strategy meetings will occur during the fall and winter with negotiations beginning May or June 2017.

*Source of funds:* Operating Budget

### Evaluation of 5YTIP Service Improvements

Staff will be evaluating service performance of the new improvements and develop recommendations as needed. Service Planning for future years or expansion of service is listed in "Expansion" below.

*Source of funds:* Operating Budget

### Replace Timekeeping Software

Trapeze, a vendor, is ending support for Trapeze MidasBD, the timekeeping system for Transportation. It will be replaced with Trapeze OPS with baseline functionality. This will take significant effort from Operations. There are options to increase capabilities and improve internal processes which staff will be evaluating.

*Source of funds:* Capital Program

## Value Added

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### CAD/AVL Phase II

Phase I of CAD/AVL comprised installation and configuration of technology on fixed route buses and nearing completion and is a very significant effort for IT, Maintenance, and Operations. Phase II is another significant effort for IT, Transportation, Community Relations, and Maintenance. It comprises the launch of real time information (real-time tool on website, APIs for 3<sup>rd</sup> party developers, IVR, Text My Bus), CAD/AVL on Paratransit vehicles, and Automated Vehicle monitoring (for maintenance). Work on real time information has already commenced. Phase II is expected to be completed in second quarter of FY2017.

*Source of funds:* Capital Program

### Website Improvements

Realtime tools will be launched on TheRide.org in FY2016. However, staff, particularly Community Relations, will continue to make improvements to streamline design, content, navigation and functionality of TheRide.org by incorporating best practices aimed at customers and stakeholders.

*Source of funds:* Operating Budget

### Purchasing and Asset Management Software Replacement (EAM)

Staff have been working to replace outdated Maintenance, Purchasing, and Asset management software. This is a significant effort for Maintenance, Purchasing, Finance, and IT. Work is underway and will conclude in November 2017.

*Source of funds:* previously approved capital (2014) and FY2017 capital

### BTC Boarding Area Improvement

There have been ongoing discussions in the community about development at former Y-lot property. AAATA, as a direct neighbor, has interest in this project in how it could affect passenger boarding areas and/or become an opportunity for partnership. Staff will continue to monitor how discussions in the community progress, with the goal that future development provides a safe and efficient coexistence for transit users and that creative workable solutions for this area are explored.

*Source of funds:* Operating budget for current efforts, monitoring for capital implications

### Governance Evolution

The Board of Directors has initiated discussions regarding board governance. These efforts will likely continue in to FY 2017.

*Source of funds:* Operating Budget

## Management Evolution

The Administrative team is discussing and initiating a series of internal changes intended to help improve internal administration. These improvements will continue through 2018. Recruitments for senior positions are also possible in 2017.

*Source of funds:* Operating Budget

## Expansion

### 5YTIP Execution: Fixed Route

The final phase of the 5YTIP implementation is scheduled for August, 2107. It includes:

- Route 69: New weekday service south of Ellsworth, east of Carpenter Rd. including service to Sam's Club and the Arbor Meadows community either as an extension of the #6 route from Meijer or as a new route.
- Route 93: A new express route with weekday peak-hour service between Ypsilanti Township near Huron St. / I-94 and Ann Arbor including stops at the U-M Medical Center, central campus, and downtown. Includes a intercept park and ride lot, assumed to be leased.
- Route 30: Service further on Jackson Road either by TheRide or pass-through funding to WAVE.

*Source of funds:* previously approved capital was used for buses. Intercept lot assumed to be leased using operating funds.

### 5YTIP Execution: Ypsilanti Township Dial A Ride Plus

Dial A Ride service was promised in the 5YTIP and staff will design and implement service.

*Source of funds:* Operating Budget

### ReImagine Washtenaw: SuperStops

ReImagine Washtenaw is a long-term vision for the redevelopment of Washtenaw Avenue as a transit-oriented corridor. One focus is on communities' planning and zoning along Washtenaw to require/encourage redevelopment consistent with TOD. The second focus is on transit and traffic improvements on Washtenaw Ave. This includes 14 superstops - 7 in each direction – serving bus operations in the corridor. Superstops will serve high-volume boarding locations and provide special features such as distinctive signs, a high level of passenger amenities, bus pull-offs, lighting and art.

A Superstop Design Guide is nearly complete. Candidate locations include: Pittsfield, Glencoe Crossings, Golfside, Glencoe Hills apartments, County Service Center (Carpenter Road), Hewitt, and Huron Parkway. Each location has strengths and challenges (easement availability, development activity, ease and safety of pedestrian movements, design readiness). These factors must be further evaluated to select a site to focus on first. Grant funding is on hand to develop at least one Superstop in FY 2017.



*Source of funds:* previously approved capital (2015)

## Research and Development

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### Service Planning

Staff will be evaluating the new and revised service, and assessing capacity on key routes. As needed, staff will undertake development and implementation of revised service, subject to board approval. Staff is currently identifying issues and suggestions. The level of effort is still being determined.

*Source of funds:* Operating Budget

### Paratransit Review

The Authority's paratransit services, ARide and the complementary sedan service, are experiencing steadily growing demand and increasing costs which may jeopardize the financial sustainability of the service and customer satisfaction.

Although the amount of paratransit services have historically been well above minimum legal requirements or similar services in comparable communities, some riders and area advocates have made criticisms of the services parameters and demanded even higher levels of service, which would lead to additional cost increases. There has not been a structured public discussion about the role, purpose and priority of paratransit service in at least 15 years.

The Paratransit Review is a proposed study of the Authority's paratransit service parameters, the community's expectations and needs, and the overall operating context. The result will be useful, contextualized information, observations and conclusions that will help help the Authority be confident in the level of service it provides in the future.

Although a formal scope has not yet been developed it is envisioned that this consultant-lead project will involve a considerable amount of public and staff engagement, documentation, comparison, and benchmarking.

*Source of funds:* Operating Budget

### Ypsilanti Transit Center Planning

The YTC was constructed in downtown Ypsilanti in 1993 as a partnership with the City of Ypsilanti, Eastern Michigan University and TheRide. The YTC is a vital link for the residents of the City of Ypsilanti to access local bus service and service to the job center in the City of Ann Arbor. Given the facility's age and AAATA's service improvements in Ypsilanti TheRide staff conducted a preliminary assessment of the Ypsilanti Transit Center. A first "State of Good Repair" phase (bathrooms, the planter wall, HVAC, general painting, and the facility's roof) was recently completed.

Next, staff will work with a consultant to develop a plan for the renovation or relocation of the Ypsilanti Transit Center (YTC). This will include detailing Purpose and Need for the project, public and

stakeholder involvement, estimating facility requirements, alternatives analysis, planning and Environmental linkages, a Feasibility Report, and final recommendations including a cost estimate. At least two alternatives will be submitted to TheRide as final alternatives. The presented alternatives shall list the operational design, minimum property requirement, basic location of the property, and preliminary project costs including acquisition of property and construction cost estimates. This report shall identify all sources of cost sharing and partnerships with others in the community.

*Source of funds:* Discretionary grant (Section 5303)

### NS Rail Study Completion

The N-S Commuter Rail (WALLY) project proposes new rail service on existing state-owned tracks between Howell and Ann Arbor. Many, but not all, prospective riders live in Livingston County and work at UM or downtown Ann Arbor. Benefits to Ann Arbor are mainly in the form of traffic and parking relief. AAATA became the "designated authority" for the project by Board resolution in 2008. AAATA, in cooperation with MDOT, applied for and was awarded a \$640,000 grant to undertake feasibility work aimed at qualifying the project for federal funding. A final report in mid-2016 will address the full range of feasibility questions and will help decide whether the community has an appetite for pursuing the project further.

*Source of funds:* previously approved grant

### Connector Environmental Analysis and Concept Development

The Connector is a developing plan for high-capacity transit in an arc from northeast to south Ann Arbor, connecting major destinations including downtown, University of Michigan campuses and medical center, and commercial areas. The first phase Feasibility Study was completed from 2010-2011. In early 2016, The Connector project team (AAATA, UM, City of Ann Arbor, and the AA DDA) completed an Alternatives Analysis, identifying a Preferred Alternative for further development: light rail/street car for the minimum operable segment is between northeast Ann Arbor and downtown. An extension between downtown and Briarwood is recommended as a second phase.

The next step in the federal process toward funding is called "project development" and would include preliminary engineering and environmental review. UM has pledged the bulk of the \$3-4 million in funding for this project phase, and will be taking over the lead of the project. AAATA, DDA and the City of Ann Arbor will remain active participants and will contribute about 10% of the funding to this phase. This phase of the project will generate more precise cost estimates, and must yield a Finding of No Significant Impact in order for the project to qualify for federal funding for final design and construction. Project development may take up to two years.

*Source of funds:* Discretionary grant (Section 5303) and federally-required local match from Operating budget

## Propulsion Research

Bus propulsion has significant implications on AAATA's environmental impact, operations, facilities, capital program, and operating budget. Pursuant to Board Resolution 04/2015, staff, with contracted assistance as necessary, will continue to evaluate new and emerging alternative bus technologies and configurations for deployment in the Ann Arbor Area and coordinate with the Fleet Planning process and Operational Space Assessment.

*Source of funds:* Operating Budget

## Operational Space Assessment

With the expansion of services provided to the community, AAATA is reaching the limits of capacity for maintenance, bus storage, driver's facilities, offices and parking. Preliminary assessments by staff suggested a need to investigate options for reconfiguring, relocating and/or enlarging facilities. A space planning consultant will assist a more in-depth definition and evaluation of space options. The planning effort is designed to generate a vision of future space requirements, order-of magnitude costs, and alternative spatial concepts (e.g. centralized vs. decentralized), and a transition plan.

*Source of funds:* Operating Budget

## RTA Activities

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The Regional Transit Authority will put a referendum on the November 2016 ballot. If successful, the RTA will start to make significant investments in Washtenaw County and necessitate a high-level of coordination with AAATA over many years. Several near-term AAATA projects such as Traffic Signal Priority, Bus Rapid Transit Study, etc. are anticipated to be included in RTA funding. Other coordination needed in FY2017 would be Regional Fare Card and Technology Upgrades, Paratransit Planning, and planning for other projects' implementation. These efforts are likely to involve several departments including Administration, Planning, Finance, Transportation, IT, and others.

*Source of funds:* TBD. RTA millage, corresponding state and federal funds, and possible discretionary grants.

## Board Emergent Priorities

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While staff have attempted to incorporate known board priorities into the Work Plan, there may be other projects that the Board identifies as priority.

*Source of funds:* TBD

--DRAFT--Change Initiatives and Major Projects: Five Year Work Plan

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>Notable Events</b>	RTA Millage (Nov 2016) Retirement of Key Staff/Onboard staff FTA Title VI Compliance Review	FTA Triennial Review Renewal Millage		FTA Title VI Compl.Review	FTA Triennial Review
<b>State of Good Repair</b> "maintain existing services and assets"	Long-Term Fleet Planning (financial)		Replace 15 large buses		
	AirRide Procurement				
	Labor Agreement				
	Evaluation of 5YTIP Service Improvements				
	Replace Timekeeping Software				
<b>Value Added</b> "making things work better"	<b>CAD/AVL Phase II:</b> Paratransit Text My Bus/Stop IDs Responsive Telephone Menu				
	Website Improvements				
	Purchasing and Asset Management Software Replacement (EAM)	Integrate EAM with CAD/AVL			
	BTC Boarding Area Improvement	BTC Boarding Area Improvement			
	Governance Evolution				
	Management Evolution	Management Evolution			
<b>Expansion</b> "implementing new, approved service"	<b>5YTIP Execution:</b> Rte 93: Ypsi T Express and Park&Ride Rte 69: Meijer/Sams Rte30: Jackson Rd Service Expansion Ypsi T Dial-A-Ride Plus				
	Relmagine Wash: SuperStops				
	Service Planning (pending RTA and 2018 millage prep)	Update Service Plan			
	Paratransit Review				
<b>Research and Development</b>	YTC Planning	YTC Planning			
	NS Rail Study Completion				
	Connector: Env Analysis & Concept Development	Connector: Env Analysis & Concept Development	<i>Connector: TBD</i>	<i>Connector: TBD</i>	<i>Connector: TBD</i>
	Propulsion Research				
	Operational Space Assessment				
		Fare Strategy Prep	Farebox Upgrade (if no RTA project)		
		Park and Ride Analysis			
		BRT & Traffic Signal Priority Studies (if no RTA project)			
<b>RTA Activities</b> [with successful RTA referendum]	<i>Reg. Fare Card, Tech. Upgrades Paratransit Planning Implementation Preparation</i>	<i>"Pre-BRT" on Wash Ave Traffic Signal Priority Regional Rail Development</i>	<i>Regional Rail Development</i>	<i>Regional Rail Development</i>	<i>Regional Rail Development</i>
<b>Board Emergent Priorities</b>					

*italics* = assumptions  
grey box=led by others  
**red**= funds from RTA millage

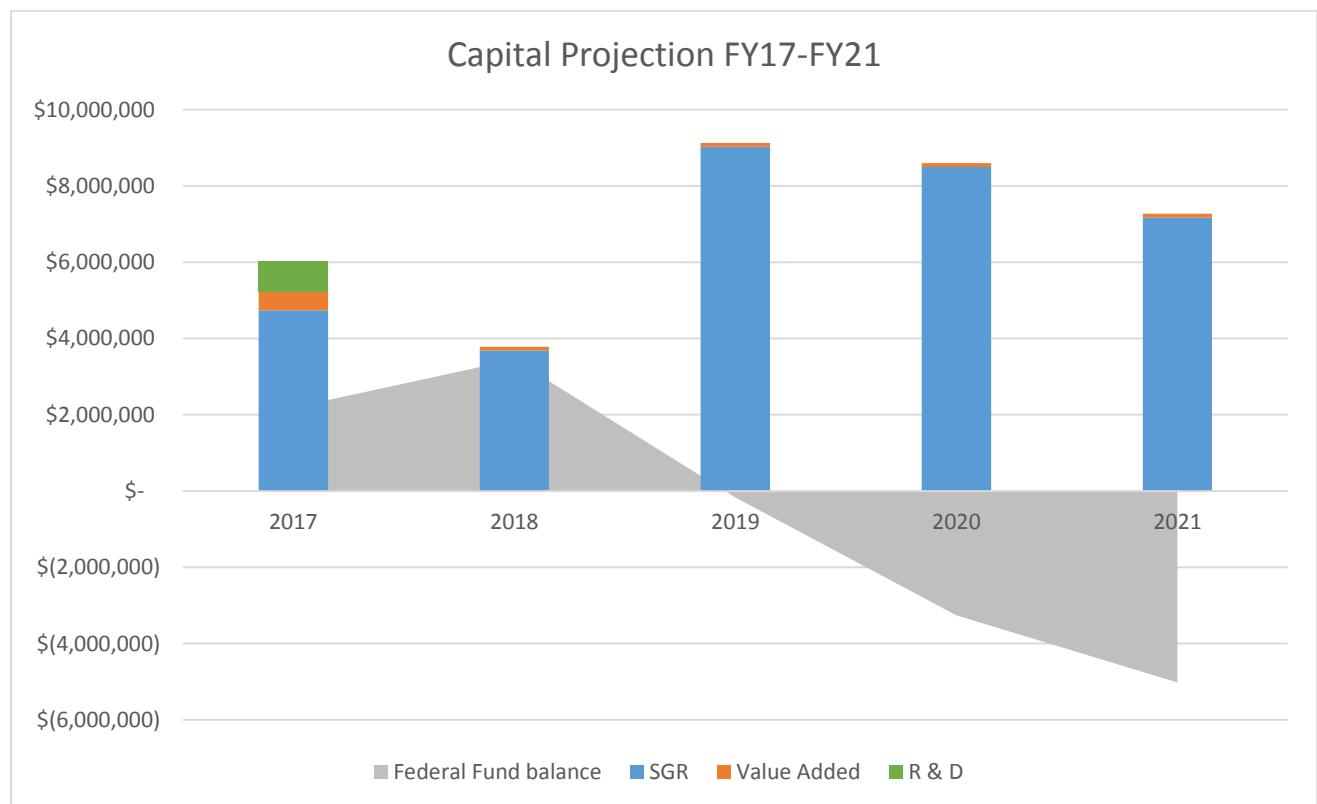
<b>Pending</b>
<i>TBD</i>
<i>Paratransit Update</i>
<i>YTC Phase II</i>
<i>Connector</i>
<i>Alt. Propulsion Tech</i>
<i>Op. Space Implem.</i>
<i>Park &amp; Ride Lot TBD</i>
<i>Traffic Signal Priority BRT Study (RTA or 2018)</i>

# FY2017 Capital Budget Overview

## Summary

TheRide’s FY2017 capital budget is fiscally constrained and balanced. Total capital funding revenues this year are anticipated to be \$10,615,827, including \$1,455,827 available from the previous year, \$2,700,000 in discretionary grants, and \$2,400,000 local funds committed to capital, while costs are estimated to be \$8,425,000, resulting in a modest surplus of \$2,190,827 to be carried over into FY2018.

Significant capital funds will be needed between FY2019 and FY2021 to replace twenty-seven buses that will be at or past their useful life, in addition to other desired capital projects. The current year annual capital budget must be fiscally constrained (have a running balance of zero or above). Staff will be looking into options and discussing with the board in the coming year.



A table on the next page provides a 5-year overview of TheRide’s capital budget. Descriptions for each project that uses FY2017 capital funding follow on subsequent pages, as well as a list of projects that were approved in previous years and are currently underway.

# FY2017 Capital Budget Plan Project Descriptions

## State of Good Repair

### **Vehicles: Fleet Planning and planned replacements**

Replacement of revenue vehicles follows a schedule developed by the Federal Transit Administration (FTA); large buses – 12 years, medium buses – 10 years, small buses/cutaways – 5-7 years, vans – 4 years. Multi-year purchase agreements with vehicle suppliers provide price and delivery schedule predictability. AAATA typically retains the 6-10 large buses in the best condition after retirement in a contingency fleet available for emergencies, events, and to implement expanded service until new buses can be delivered.

**Large Bus Replacements.** Current prices are \$480,000 for Low Emission Conventional buses and \$680,000 for Hybrid buses. Staff have assumed that 3-4 buses from FY17 and beyond will be funded through CMAQ grants to maximize discretionary funding.

The FY 2017 and FY 2018 programs include the delivery of 5 and 4 replacement buses, respectively, which were deferred from FY 2015. Per previous board discussions, The FY2017 delivery order has been placed (2 low-emission conventional and 3 hybrids), and the FY2018 order will soon be completed (4 low-emission conventional).

There will be a large replacement need as buses reach their useful life in FY2019 (15 Hybrids), FY2020 (5 Hybrids), and FY2021 (7 Hybrids). Staff recommend spreading out the replacements: 10 in FY2019, 10 in FY2020, and 7 in FY2021. Staff will be coordinating fleet planning, operational space needs, and propulsion research in preparation for this and future replacement needs.

Orders have already been placed for buses to be delivered in FY17 (2 low-emission conventional and 3 hybrids), and the next order will be placed soon for FY18 buses (1 low-emission conventional and 2 hybrids). 15 hybrid buses will be eligible for replacement in FY2019, 5 hybrids in FY2020, and 7 hybrids in FY2021.

**Small and Medium bus replacements.** Small and medium buses are used for paratransit and selected fixed route service. Estimated costs are around \$120,000, and 1 is anticipated in FY17, 4 in FY18, 5 in FY19, and 5 in FY21.

**Vanpool vehicles.** Vanpool vehicles are used by groups of five or more people who commute together into Washtenaw County. Current van prices are around \$25,000. The number of vehicles needed from year to year may fluctuate with the number of vanpools “formed.” In FY17, 34 vans are needed as replacement for existing vehicles. Subsequent years anticipate replacement vehicles as well.

**Non-revenue vehicle replacements.** TheRide staff uses pick-up trucks for everyday maintenance needs and shuttle vans. Costs vary depending on the need and utilization of the vehicle.

### IT Hardware and Software.

TheRide uses a standing budget of \$150,000 in capital funds for ongoing hardware and software needs. In addition to that, the FY17 capital budget includes:

**Replace Operations Timekeeping Software.** \$300,000 estimated. Trapeze, our current vendor, is ending support for Trapeze MidasBD, the timekeeping system for Transportation operations. It will be replaced with Trapeze OPS with baseline functionality. This will take significant effort from Operations. There are options to increase capabilities and improve internal processes which staff will be evaluating.

**Safety and Security Software.** \$45,000 estimated. Upgrades are required for door entry and camera system, which the current software will not support in the near future.

**I-net fiber cable infrastructure.** \$20,000 in FY17 and \$20,000 in FY2018 estimated. The current fiber connection TheRide uses will no longer be available and a new connection must be made.

### Maintenance Components, Tools, and Equipment

TheRide uses a standing budget of \$250,000 in capital funds for ongoing maintenance revenue vehicle equipment needs such as engine overhaul and battery refresh kits.

## Value Added

### 2700 Terminal Rehabilitation Phase II

Further upgrades needed at TheRide's headquarters include replacing the bus wash and garage doors.

**Bus Wash.** \$250,000 estimated. TheRide's bus wash is significantly passed its useful life and is need of replacement.

**Garage Door Replacement.** \$50,000. TheRide's garage doors are significantly passed their useful life and are need of replacement. Staff are hoping to replace with more efficient doors to save energy and need for repair.

### Rider Amenities and Accessibility

TheRide uses a standing budget of \$100,000 in capital funds for new stops, amenities, and accessibility improvements.

### Drivermate paratransit software

\$90,000 estimated. Software that allows electronic manifest to be provided to A-Ride's RideCorp sedans and also allow data regarding trips completed to be tracked/reported in the A-Ride scheduling software (PASS).

## Expansion

### **Large Bus Expansion**

TheRide is purchasing 5 new (expansion) buses as part of the 5-Year Transit Improvement Plan as planned. Two additional buses were anticipated, but because of potential adjustments to service delivery, staff advise deferring purchasing them at this time and will use buses that are already past their useful life temporarily if necessary.

### **Intercept Park and Ride Lot**

A \$1,500,000 placeholder for Park and Ride Intercept lot was removed and the project was placed in the pending column, similar to other not-yet-scoped projects.

## Research and Development

Several projects do not yet have a firm scope or cost, but are likely to require capital funds in the future. They are, or soon will be, in a planning or study phase to establish the concept, scope, cost, and resource requirements. Funds for the study or planning come from the operating budget, dedicated grants, or partner funds.

Projects that already have discretionary planning funding for FY17 include the third phase of the Connector study and scoping for the Ypsilanti Transit Center.

## Ongoing Projects Underway

There are several projects that have been funded out of FY2016 and earlier grants that are underway and do not necessarily appear in the FY2017 Capital Budget including:

- CAD/AVL Phase I and II
- Ultramain Replacement/EAM
- GSA Walkway
- 2700 Facility Upgrades Phase I
- Fall Protection in Maintenance Bays
- Point of Sale
- And other minor projects



Capital Costs						
Category	Project Description	FY 2017	FY 2018	FY2019	FY2020	FY2021
State of Good Repair	Large bus replacement*	\$2,400,000	\$1,950,000	\$5,000,000	\$5,100,000	\$3,640,000
	Hybrid Increment	\$600,000		\$2,100,000	\$2,200,000	\$1,610,000
	Small/Medium bus replacement	\$120,000	\$480,000	\$600,000		\$600,000
	Vanpool vehicles	\$850,000	\$728,000	\$783,000	\$700,000	\$725,000
	Non-revenue vehicles		\$100,000	\$140,000	\$100,000	\$200,000
	Maintenance: Components, Tools and Equipment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	IT - Hardware and software	\$515,000	\$170,000	\$150,000	\$150,000	\$150,000
<b>Sub-total</b>		<b>\$4,735,000</b>	<b>\$3,678,000</b>	<b>\$9,023,000</b>	<b>\$8,500,000</b>	<b>\$7,175,000</b>
Value Added	2700 Facility Upgrades Phase II	\$300,000				
	Rider amenities and accessibility	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
	DriverMate paratransit software	\$90,000				
<b>Sub-total</b>		<b>\$490,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>
Expansion	Large Bus expansion	\$2,400,000				
	Intercept Park & Ride Lot					
<b>Sub-total</b>		<b>\$2,400,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Research and Development <i>(Studies that may lead to Capital Projects)</i>	Fixed Route Planning					
	Paratransit Review					
	Ypsilanti Transit Center**	\$400,000				
	Connector**	\$400,000				
	Propulsion Research					
	2700 Operational Space Assessment					
	Traffic Signal Priority Analysis					
	BRT Study					
<b>Sub-total</b>		<b>\$800,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Capital Costs Total</b>		<b>\$8,425,000</b>	<b>\$3,778,000</b>	<b>\$9,123,000</b>	<b>\$8,600,000</b>	<b>\$7,275,000</b>

**2017 NOTES**

Assumes 4 new transmission diesels/year to maximize CMAQ

Assumes all hybrids are replaced by hybrids to maintain ratio

INET cables \$20k, Ops software replacement \$300k, Safety/Security software \$45k

Bus wash \$250k; Garage door \$50K

PENDING
2 deferred Expansion Buses
Park & Ride Lot TBD
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Capital needs TBD
Paratransit Update
YTC Phase II
Connector
Alt. Propulsion Tech
Op. Space Implementation
TSP Equip and Install
BRT Service

<b>Capital Revenues</b>		<b>Federal Formula Funds (Secton 5307 + 5339) and CMAQ Discretionary Funds</b>				
	Carrover from Previous Year	\$1,455,827	\$2,190,827	\$3,444,827	-\$166,173	-\$3,254,173
Formula Funds	Capital Fed Formula Funds Allocation	\$4,010,000	\$3,082,000	\$3,562,000	\$3,562,000	\$3,562,000
Discretionary Funds	**Section 5303 Planning	\$800,000				
	*Congestion Mitigation & Air Qual. (CMAQ)	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000
Other	Local Funds committed to capital	\$2,400,000				
<b>Annual Captial Revenue Available</b>	<b>Total Capital Funds Available (sum)</b>	<b>\$10,615,827</b>	<b>\$7,222,827</b>	<b>\$8,956,827</b>	<b>\$5,345,827</b>	<b>\$2,257,827</b>

<b>Capital Balance</b>						
<b>Fed. Formula Funds Capital Balance</b>	<b>Running Total</b>	<b>\$2,190,827</b>	<b>\$3,444,827</b>	<b>-\$166,173</b>	<b>-\$3,254,173</b>	<b>-\$5,017,173</b>

# Federal and State Grant Funding – 2016 DRAFT

## 1 FEDERAL FUNDING

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**Flexibility:** The Ann Arbor Area Transportation Authority (Authority) has the flexibility within our Capital and Categorical Grants Program to decide the amount of Federal formula funds to use for capital needs and how much to use in the annual operating budget each year. The 0.7 millage request, passed in May 2014 by the voters in the member communities, was calculated on the assumption that the Authority would continue to use about \$4.0 million of the annual Federal formula funds to fund operating expenses.

**Requirements:** In order to be eligible for federal funding, projects must be in a long-range plan (20-year) and four-year Transportation Improvement Program (TIP) approved by the Federal Transit Administration (FTA). Each of these documents is first approved by the Washtenaw Area Transportation Study Committee (WATS), then the Southeast Michigan Council of Governments (SEMCOG), and then the Michigan Department of Transportation (MDOT). There is a wide variety of other federal requirements, particularly dealing with grant management and purchasing. FTA conducts a compliance audit every 3 years (triennial review). The AAATA submits annual applications which are approved by the FTA in August or September.

For background, the Authority receives Federal funding from a variety of programs.

- A. **Section 5307 & 5339:** Urbanized area Federal formula funds are allocated to the Ann Arbor urbanized area and AAATA had been the designated recipient. The allocation for the Ann Arbor urbanized area will be about \$7.3 million in FY 2016. On October 1, 2013, the Regional Transit Authority of Southeast Michigan (RTA) became the designated recipient. The RTA has the authority to approve AAATA applications for these funds, but by law the funds can only be spent in the Ann Arbor urbanized area. These funds are primarily for capital purchases and projects, but general operating assistance and some specific types of operating expenses are also eligible. The federal share is 80% for most types of projects. Funds allocated in one year are available for four years total. This provides the AAATA with the flexibility to manage its capital program (e.g. saving money for a large bus purchase). AAATA is eligible to use up to about \$3.65 million of federal formula funds for urban operating assistance per year, including some specific categories of operating expenses – preventive maintenance, capital cost of contracting, and planning.
- B. **Operating Assistance (Section 5307):** AAATA is currently eligible to use Section 5307 formula funds for urban operating assistance each year. Prior to 2013, large urban areas including Ann Arbor could not use federal funds for general operating assistance. However, there are some specific categories of operating expenses which are eligible for grant funding – preventive maintenance, capital cost of contracting, and planning.

On the following page is a table of recommended use of Section 5307 federal formula funding for operating assistance in accordance with 5YTIP calculations. The specific parameters for use of these funds for operating assistance can be found in the Federal Transit Administration Circular 9030.1E ([https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FINAL\\_FTA\\_circular9030.1E.pdf](https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FINAL_FTA_circular9030.1E.pdf))

Category	Project Description	FY 2017	FY 2018	FY2019-2021 (each year)
Operating Assistance	General Operating Assistance	\$2,400,000	\$2,400,000	\$2,400,000
	Preventive Maintenance	\$1,100,000	\$1,100,000	\$1,100,000
	Capital Cost of Contracting	\$150,000	\$150,000	\$150,000
	Administration - planning	\$400,000	\$400,000	\$400,000
<b>Operating Sub-total</b>		<b>\$ 4,050,000</b>	<b>\$4,050,000</b>	<b>\$ 4,050,000</b>

- C. **Congestion Mitigation/Air Quality** (pronounced cee-mack). CMAQ is the one remaining competitive grant program for projects that reduce congestion and/or improve air quality, providing 80% federal share for most types of projects. Primarily for capital purchases and projects, but also some types of operating expenses are eligible. Funds are allocated to southeast Michigan by formula; AAATA projects compete with other transit projects in southeast Michigan for these funds which are administered by SEMCOG. AAATA has received at least one CMAQ grant each year.
- D. **Planning:** Planning activities in the AAATA planning work program are eligible for grant funding. The Southeast Michigan Council of Governments (SEMCOG) passes through to AAATA \$49,440 per year. The remainder of the planning work program has been funded with Section 5307 formula funds. The use of formula grant funds (Section 5307) for planning is being reduced.
- E. **JARC & New Freedom:** JARC is Job Access/Reverse Commute. These are formula programs which allocated funds to the Ann Arbor urbanized area from 2006-2012 for which AAATA was the designated recipient. New funding ended in 2013, but AAATA has a balance remaining in approved grants which are funding the MyRide program into FY2017.
- F. **Section 5310:** This funding was formerly administered by MDOT. In FY2013, the program was changed and includes an annual allocation to the Ann Arbor urbanized area of about \$200,000. These funds are to provide enhanced service for people with disabilities and increase the

coordination with human service transportation. Funds are being used for replacement vans for human service agencies and MyRide funding continuation.

- G. **Operating Assistance (Section 5311):** AAATA receives federal operating assistance for nonurban service outside of the urbanized area through the Michigan Department of Transportation (MDOT). MDOT receives a single statewide grant, and distributes it to eligible agencies. For the last several years, the rate has been between 16% - 18.5% of nonurban operating expenses. The AAATA currently does not directly operate any non-urban service. AAATA applies for and passes through non-urban operating assistance to WAVE and People's Express to fund their service in the non-urban area.

## 2 STATE FUNDING

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- A. **State Operating Assistance – Urban:** Each year, the Michigan Department of Transportation (MDOT) provides urban operating assistance equal to a fixed percent of eligible expenses. The maximum authorized level is 50% of eligible expenses. The actual percentage is much lower, currently 30.8% and increasing to 32.4% in FY2017. The percent depends first on the amount of funding appropriated by the legislature and is in the Local Bus Operating (LBO) line item in the State budget. It also depends on the eligible expenses of all of the transit systems in the state because the funds are distributed among them at the same percent of eligible operating expenses, split between urban and nonurban systems. These funds currently come directly to the Authority, but will go to the RTA for distribution in the future.
- B. **Statutory Operating Assistance – Nonurban:** For service outside of the urban area, State operating assistance works the same way, but the percentage is different. The maximum authorized level is 60% of eligible expenses; the actual percentage is currently 35.64% and is increasing to 38.52%. The AAATA does not directly operate any nonurban service currently, but does apply for and receive funds to pass through to WAVE and People's Express for their service in the non-urban area.
- C. **Matching Funds for Capital Grants:** MDOT provides all or part of the match for federal capital grants. Historically, MDOT has always provided the entire 20% local (non-federal) share for capital grants, so no local funds were required. By law, MDOT is only required to provide 2/3 of the non-federal share.
- D. **Matching Funds for Section 5310:** MDOT provides the entire non-federal share of cost for the capital portion of 5310 grants.
- E. **Specialized Service:** MDOT provides limited funds for service for seniors and people with disabilities. The statewide amount has not changed for many years, and the Washtenaw County allocation has remained at about \$180,000 per year. About \$78,000 per year that pays a portion of the cost for A-Ride service in Ypsilanti, Ypsilanti Township and Superior Township. The AAATA also administers these funds for four private, non-profit service providers in the County, WAVE, People's Express, Neighborhood Senior Services, and Manchester Senior Citizens.

## **Issue Brief:** Emergency Engine Replacement for Six Hybrid Buses

Meeting: Board of Directors

Date: September 15, 2016

Agenda Item #9.2

### **Recommended Committee Action(s):**

That the Board approve the emergency procurement of six bus engine replacements at an approximate cost of \$132,000. This will be paid for with funds available in the 2016 operating budget.

### **Prior Relevant Board Actions and Policies:**

The Board has committed to maintaining service delivery to customers and the proportion of hybrid buses in the fleet.

### **Issue Summary:**

Twenty hybrid buses will require the replacement of their engines due to unexpected mechanical failures. If they are not replaced, service to passengers will likely be disrupted. Since the engine failures happened very suddenly, the CEO has already authorized the immediate replacement of six engines using emergency procurement guidelines. Fourteen more buses are expected to need engine replacements over the next year.

AAATA Administration is seeking Board approval of the CEO's emergency procurement of six new engines. Administration anticipates seeking the Board's approval of the contract for replacing the remaining 14 engines in the next few months.

### **Background:**

In 2007/2008 AAATA purchased its first 20 hybrid buses. At that time the hybrid technology was new and lacked historical track records upon which to project future performance. It was believed that the advantages of the hybrid buses would include fuel savings, reduced emissions and lower total operating costs. Greater reliance on battery power reduced the burden on the diesel engine, and manufacturers installed smaller engines to reduce fuel use.

In late July/early August 2016, engines in some of the AAATA's oldest hybrids began to suddenly and unexpectedly fail. While engine replacements had been anticipated and budgeted for, the failures occurred much more suddenly than anticipated, leaving no time to seek Board approval for the purchase. Faced with impacts to passengers, the CEO authorized an emergency procurement (as per Board-approved procurement guidelines) to replace the engines and ensure services to customers were not disrupted. Board approval for this decision is now required.

The remaining 14 buses are anticipated to require new engines within the next year. Funding for the replacement of the remaining engines will be provided through the use of operating funds which have been included in the 2017 operating budget.

Looking forward, the Maintenance department has established a procedure for identifying the early signs of the mechanical failure in question, and will be inspecting all buses for signs of this problem. It is not yet clear if these failures are directly related to the hybrid propulsion system or the smaller engine.

**Impacts of Recommended Action(s):**

- **Budgetary/Fiscal:** The approved FY2016 budget can pay for six replacement engines. The recommended FY2017 budget includes \$317,800 to replace 14 engines.
- **Social:** Without replacing engines, service to passengers will be disrupted.
- **Environmental:** N/A
- **Governance:** Retroactive approval of emergency procurement for (6) replacement engines. Forthcoming approval of contract approval over \$100,000 for (14) replacement engines in the FY2017 operating budget.

**Attachments: NA**

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Author: Terry Black

Reviewed by: Matt Carpenter

Approved by: Matt Carpenter

Date: 8/31/2016

## Resolution 26/2016

## APPROVAL OF EMERGENCY ENGINE REPLACEMENTS FOR SIX HYBRID BUSES

**WHEREAS**, Ann Arbor Area Transportation Authority (AAATA) purchased its first twenty hybrid buses in 2007 and 2008, and

**WHEREAS**, in late July and early August of 2016, a number of hybrid bus engines began failing, and

**WHEREAS**, engines for six hybrid buses were replaced under emergency procurement guidelines to prevent service disruption, and

**WHEREAS**, the cost of engine replacement has exceeded \$100,000, and Board policy requires authorization to incur products or services over \$100,000, and

**WHEREAS**, AAATA's maintenance department has now established a baseline for testing for anticipated engine failures within this series of buses, and will create an engine replacement schedule for the remaining fourteen (14) buses over the next year, and

**WHEREAS**, AAATA has issued an Invitation for Bid to purchase replacement engines for the remaining fourteen (14) hybrid buses and will seek the Board's approval of a contract in a separate Board Resolution,

**NOW, THEREFORE, BE IT RESOLVED**, that the AAATA Board of Directors hereby retroactively approves the purchase and installation of six (6) engines from Cummins Bridgeway of New Hudson, MI.

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Eric A. Mahler, Chair

September 15, 2016

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Stephen Wade, Secretary

September 15, 2016






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## Issue Brief: MDOT Master Agreement

Meeting: Board of Directors      Date: September 15, 2016

Agenda Item #9.3

Board Meeting Date: September 15, 2016

### Recommended Committee Action(s):

- Recommend approval of resolution authorizing CEO to execute master agreement

### Alternative Option(s):

- Failure to approve the master agreement would make AAATA ineligible to receive grants from the Michigan Department of Transportation (MDOT)

### Prior Relevant Board Actions and Policies:

- Board authorization for execution of previous MDOT master agreements, most recently in August, 2011 for the 2012-2016 master agreement (resolution 34/2011)

### Issue Summary:

MDOT includes standard terms and conditions for grant contracts in a master agreement. As a result, the various grant contracts are relatively short with only the specific information about the individual grants. The master agreement includes a variety of requirements with which the AAATA is familiar and have been complying with. The current master agreement will expire on September 30, 2016. MDOT has supplied a new master agreement, contract number 2017-0008. There are five, relatively minor changes from the previous master agreement. Staff has reviewed these changes and does not anticipate any issues with complying with them.

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

- **Budgetary/Fiscal:** The AAATA currently receives about 1/3 of its operating funding from MDOT.
- **Social:** N/A
- **Environmental:** N/A
- **Governance:** N/A

**Attachments:** none

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Author: Chris White

Reviewed by: Matt Carpenter

Approved by: Matt Carpenter

Date: 8/31/2016

## Resolution 27/2016

## Authorize CEO to Enter into Master Agreement with MDOT (2017-0008)

**WHEREAS** the Ann Arbor Area Transportation Authority (AAATA) receives funding from the Michigan Department of Transportation (MDOT) which require execution of grant contracts, and

**WHEREAS**, MDOT incorporates standard terms and conditions in a master agreement every five years, and

**WHEREAS**, the master agreement provided by MDOT for execution includes five changes from the 2012-2016 master agreement, with which staff has determined that AAATA can comply without issues, and

**WHEREAS**, execution of the master agreement is a requirement to receive grant funding from MDOT,

**NOW, THEREFORE, BE RESOLVED**, that the AAATA Board of Directors authorizes the CEO to execute the master agreement (2017-0008) on behalf of the AAATA.

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Eric A. Mahler, Chair

September 15, 2016

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Stephen Wade, Secretary

September 15, 2016



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## Issue Brief: MDOT Contracts

**Meeting:** Board of Directors

**Date:** September 15, 2016

**Agenda Item:** #9.4

### Recommended Committee Action(s):

Review for consideration of Board approval at September 15, 2016 meeting.

### Summary:

Ann Arbor Area Transportation Authority (AAATA) staff requests that the Board of Directors approve a resolution authorizing the CEO to execute contracts with the Michigan Department of Transportation (MDOT) for \$1,000,000 or less for FY2017.

### Background:

Each year AAATA receives a series of contracts from MDOT that are the result of the annual application AAATA submits to MDOT. The Board approves the annual application before it is submitted. MDOT requests execution of the contracts within 20 days and requires a specific resolution for each contract, unless a blanket resolution is passed. The draft resolution is attached.

### Impacts of Recommended Action(s):

- **Budgetary/Fiscal:** MDOT funding is essential to the organization.
- **Environmental:** None
- **Social:** None
- **Governance:** None

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Author: Chris White

Approved by: Matt Carpenter

Date: 8/23/2016

## Resolution 28/2016

AUTHORIZATION TO EXECUTE  
MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) AGREEMENTS

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

WHEREAS the AAATA submits an annual application to MDOT which is approved by the Board of Directors, and

WHEREAS the annual application results in several contracts for State and Federal funds which are submitted by MDOT to the AAATA for execution, and

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

NOW THEREFORE, BE IT RESOLVED that the AAATA Chief Executive Officer is hereby authorized to enter into and execute on behalf of the AAATA all contracts with the Michigan Department of Transportation for \$1,000,000 or less, which result from the annual application to MDOT which is approved of by the Board, for the period October 1, 2016 through September 30, 2017, and

BE IT FURTHER RESOLVED that staff will report on the MDOT contracts received to the Performance Monitoring and External Relations Committee at their monthly meeting.

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Eric A. Mahler, Chair

September 15, 2016

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Stephen Wade, Secretary

September 15, 2016

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# MEMO

**To:** AAATA Board of Directors

**Date:** September 9, 2016

**Re:** Proposed Board Meeting Schedule for FY2017

**Message:** Article IV Section 1. of the Bylaws speaks to the scheduling of board meetings. “The Board shall meet in public session generally once each month. The Board shall set the time of Board meetings at such time as the budget is passed for the fiscal year.”

Included below are the proposed AAATA Board meeting dates for Fiscal Year 2017. All FY2017 Board meetings will be scheduled to begin at 6:30 p.m.

AAATA Board Meetings for FY2017

Thursday, October 20, 2016

Thursday, November 17, 2016

Thursday, December 15, 2016

Thursday, January 19, 2017

Thursday, February 16, 2017

Thursday, March 16, 2017

Thursday, April 20, 2017

Thursday, May 18, 2017

Thursday, June 15, 2017

July – No Scheduled Meeting

Thursday, August 17, 2017

Thursday, September 21, 2017