

Council,

Thank you for your extensive discussion and consideration of the 4-Party Public Transportation agreement last night. I sincerely appreciate your consideration of this framework for regional transportation and look forward to seeing you again on the 23rd.

- As promised, below are my **responses to Councilmember Lumm's questions** (and a few additional ones that I heard last night). Do not hesitate to call me directly if you have any questions or comments. I would like to be as open to you as possible as we develop this framework for improved transit options for Ann Arbor and the county. Though there has been discussion for *many* years about regional connections and countywide transit, this, bar none, is the most work that has been done toward this end. I would encourage you to look as close as Grand Rapids and Lansing to see areas that have successfully developed regional relationships in order to meet the needs of their residents.

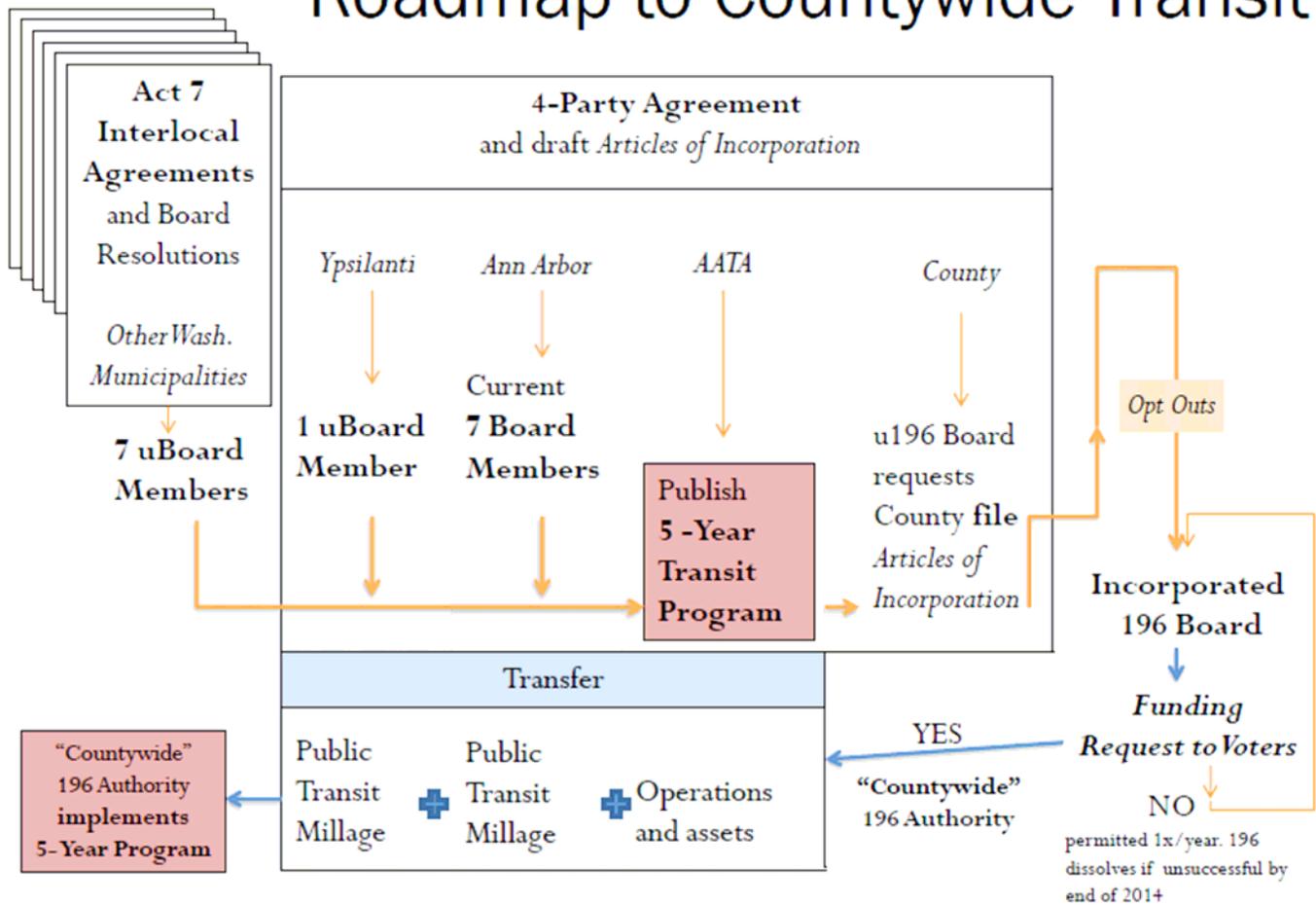
Though there are several conditions yet to meet, I am confident that the framework will provide a transparent, fair, and effective way for area communities to work as a region to develop transit services.

- Also below is the **diagram outlining the 4-Party Process** as requested by Councilmember Smith. This outline is meant to summarize the 4-Party Public Transportation agreement, showing the process. Note that before any official action, the u196 board will be going out for public comment in Ann Arbor and throughout Washtenaw County with a draft 5-Year Program.

When the input and revisions are completed, the u196 will then publicize the 5-Year Program before requesting incorporation of a new authority (which would have no assets or control of AATA services). At this time, all municipalities would have an opportunity to opt out of the system and would not be included in a funding request or receive service.

If we reach this stage, any funding request would go to the voters in the communities that are participating in the countywide authority. If it passed in the county AND in Ann Arbor (per Councilmember Taylor's amendment), then the major conditions of the 4-Party Public Transportation agreement would be met. Upon the meeting of all the conditions, the new authority would then be operational, maintaining Ann Arbor and Ypsilanti's service with the existing millages.

Roadmap to Countywide Transit



I respect the need for thoughtful review of the Public Transportation Agreement, (The Agreement) and the Articles of Incorporation, (AOI). We have worked for several months on the provisions of the agreement with legal counsels and community leaders. The primary purpose of The Agreement is to continue to be transparent about the steps, actions and conditions to create a countywide transit authority. Ann Arbor is known for its leadership within the Washtenaw region, statewide and across the nation. Taking a leadership role in regional collaboration and cooperation around public transportation is needed now, more than ever. The Council's leadership on this issue represents a move forward to best meet our region's growing transportation needs.

There seems to be somewhat of a misunderstanding that The Agreement indicates a commitment on the part of the City to a set of new services and the funding for these services. Instead, The Agreement is and always has been a means to create a transparent, fair, and efficient process to be used to create a countywide transit authority, outlining the conditions for us to work from. The Agreement is a process by which the four parties agree that a new, operational countywide transit authority could be created under ACT 196. The Agreement itself does NOT become enforceable until all of the conditions outlined in it are accomplished.

Approving the agreement allows the u196 board, with the county, to create a new transit authority, without assets. The agreement outlines the conditions that must be met for that authority to operate Ann Arbor and countywide services. It does not directly create a new authority. It also does NOT commit any party in the Agreement to a specific level of funding or to a specific level of additional service. These items are part of the process outlined in the Agreement, which require public approval to be implemented.

There is no question that the citizens must know what they would get from any new transit investment. Before any official action will be requested, the u196 board will elicit comments on their proposed 5-Year Program and publish their final results. This will trigger a request to incorporate the authority and start the period for municipalities to opt out if they choose.

The u196 board is currently discussing services and will be receiving recommendations from the Financial Task Force, composed of some of the most prominent and knowledgeable business and community leaders in the state. These individuals are committed to ensuring our region has the public infrastructure it needs to maintain a high quality of life, but they also recognize that public funding is not the only answer. These local financial experts are in the process of analyzing the funding options and prioritizing near term and long term investment strategies. Their mission is to provide recommendations that are the most realistic and feasible for our region and to set out a vision for investment options that may be available over the course of the next 30 years

Responses to Questions from Jane Lumm (and others)

Q (in text) Some may say that signing on to the 4-party agreement doesn't really "commit" the City -- that there's an opt-out period -- but we don't know that.

Yes, there is an opt out period dictated by Act 196—at least 30 days after the Articles of Incorporation are filed. The u196 board will publish all details before requesting the Articles to be filed.

Q1. What is the anticipated timeline (targets and deadlines if any) for (1) approval by each party of the 4-party agreement, (2) filing the Articles of Incorporation, (3) going to the voters, and specifically when will Council see the funding recommendations, budgets, and 5-Year Improvement Plan? Will there be a public hearing on this to allow for public input?

- The u196 will be completing a 5-Year plan with service and funding. The u196 board will publicize the 5-Year plan, request public input, and give information to all municipal boards. When that is completed, they would request the Articles to be filed.
- The 4-Party agreement sets up the process and conditions for a new authority to be established. We are working with the parties this month to finalize it.
- Going to voters: determined by timing of completion of the 5-Year Plan, incorporation, and the decision of the 196 Board

Q2. What is the minimum level of participation of other jurisdictions required to move forward? What if it is just AA, Ypsilanti, and one or two townships opting in? What happens if Ypsilanti does not sign on? Who makes the final go/no go decision?

- To participate further in a countywide authority, municipalities must not “opt-out.” If there are communities that opt out, we would continue to move forward with a 5-Year transit improvement plan that was specific to the communities that have not opted-out.
- In the event that there are transit districts without municipal members (e.g. all of the “West” opts out), Board governance would be restructured. In the unlikely event that Ypsilanti does not sign on to the Public Transit Agreement, they could continue to purchase service from the new authority much like they do today. This has not been a stable source of funding and has over several years created the possibility of reducing the already very low service level. They would not receive any transit improvements unless they were to purchase additional service from the new authority. In addition, Ypsilanti’s board seat is dependent on the transfer of Ypsilanti’s millage and this agreement, not having sufficient population to merit a board seat.
- Go/No Go: Ann Arbor will be able to make the determination to opt out if it chooses, making the conditions of the Public Transportation Agreement impossible to meet. If you are referring to who decides on a voter referendum, this would be a decision of the incorporated board, with the voters making the final decision by voting to invest in transit improvements outlined in a 5-year improvement plan once a ballot measure is put forth.

Q3. The "Roadmap to Countywide Transit" slide presented at the work session indicated that after the 196 Board is incorporated, a funding request goes to voters. Will this step take place (go to voters) only if a millage is involved or under any/all funding mechanisms?

Though the authority is investigating many funding options, some type of public funding is likely to be necessary and will need to go to the voters. In the event that non-local funding can fund all countywide improvements, there is a condition in the Public Transportation Agreement that requires the Ann Arbor City Council to sign off before a new authority would operate AATA services.

Q4. What are the funding plans and budgets for both one-time capital costs and ongoing costs? What is the incremental cost to AA taxpayers and what specifically are the added benefits in terms of service improvements for the City -- in the first 5 years, and to the extent known, over the full 30 year periods contemplated in the Master Plan? What portion of the costs are borne by AA taxpayers vis-a-vis other jurisdictions and what was the rationale for that mix?

This is still very much in discussion in the Financial Task Force and will be fully outlined in the 5-Year Transit Improvement plan. Realistically and politically, any funding request would likely be under 1 mill. Preliminary documents are available. All these details will be presented to the public before any incorporation and opt-out opportunity.

Q5. My understanding is that under the countywide plan, the Purchase of Service Agreement fees now paid by some jurisdictions will disappear for those opting in. For those jurisdictions, how will their costs under the new funding mechanism compare with their existing POS fees?

New outcounty services will need to correspond with any new funding mechanisms and increased funding will enable increased services. Though it is up to the u196 board, funding from the outcounty might be higher and much more stable under a new funding mechanism than under a POSA.

Q6. If a millage is proposed, how long would the millage period be? If for a limited time, unlike AATA's perpetual millage, is it contemplated that the millage rate will remain constant over the full 30 year planning period or are increases contemplated? What would happen if the millage were subsequently not renewed?

In the future it will be up to the 196 board and the voters to determine future funding and will depend heavily on the types of service, regional initiatives, and state investments.

If a millage is pursued, Act 196 allows for millages up to a 5-year period for fixed route services. If fixed guideways are installed, then a millage can be enacted longer. The u196 board will publish their 5-Year proposal and will detail the funding they will pursue before incorporation and opt out period. If funding is not renewed or available, services would be reduced to the level supported by the Ann Arbor and Ypsilanti millages.

Q7. The current AA millage has been reduced by state law from the original 2.5 mills to 2.056 mills. If/when the millage transfers to the authority, I'm assuming that it will transfer at the 2.056 rate and that all the Headlee/Prop A rules remain in effect -- correct?

Correct.

Q8. In terms of city staff workload and costs, can you please provide estimates of (1) approximate time/costs spent to date (e.g., City Attorney's Office staff time assigned to crafting the 4-party agreement) and (2) approximate time/costs to transition to the new authority. And on an ongoing basis, do you see any difference in staff time required with this new authority compared to the existing AATA arrangement?

From AATA: The costs of transitioning should be minimal for the City of Ann Arbor: assuring the conditions of the Public Transportation agreement are met. If the time came to transition to a new authority, the AATA would work with the municipalities, State, and Federal governments on the transfers of assets, obligations, and liabilities. AATA would continue to work with the city and partners (colleges, schools, employers, individuals) on transit projects as appropriate.

Q9. If the primary funding source(s) recommended are other than millages, please provide detail on sources, what is required to secure them, anticipated timing in securing, likely amounts and duration, and whether they are one-time or ongoing/for capital or operations.

The State Legislature is currently working on several motor vehicle-based taxes and fees, set to be proposed sometime this month, so particular details are unknown. The Financial Task Force will issue their recommendations on these topics shortly and the u196 board's 5-Year Program would present all these details in their proposal to the citizens.

Q10. Assuming the assets and liabilities ultimately transfer from AATA/City AA to the expanded authority, and that the transferred assets exceed the liabilities, is AATA/City of AA compensated at all for the net balance, either directly or in the proportional funding?

As it stands, these assets would be used to continue to operate transit service in the City of Ann Arbor.

Q11. Independent of approving millages or funding plans, are there any state laws or regulations requiring AA voter approval to transfer assets or millages from AATA/City AA to the new authority?

There are no statutes that require this. The Public Transportation agreement has been developed, in part, because the voters of the City of Ann Arbor approved a Charter Millage dedicated to public transit. The agreement ensures that this millage would continue to be used for public transportation in Ann Arbor through a successor authority, if all the conditions are met.

Q12. AATA may very well have provided this to Council previously, but could you please provide benchmark data you have on AATA's current revenue model (mix of funding sources) and operational metrics (ridership data, on-time data, cost data including per passenger, etc.)

The Funding Options Report contains a good summary of our current revenue model:

[Funding Options Report, Part 1](#) pages 3-5

[Funding Options Report, Part 2](#) (financial statements)

This report, prepared for the AATA board, provides recent data on our operations metrics:

<http://theride.org/pdf/AATAREports.pdf>

Q13. During the work session, there were questions regarding UM's participation, but the responses were not specific. Please elaborate on what (if any) role is contemplated for UM and, if so, the amount and mechanism for their financial participation.

The University one of our biggest partners through the MRide agreement and sponsors fares for additional services such as the A2Express, and an expressed interest in future commuter rail services. They have been a major partner on joint projects such as the Central Campus Transit Center, expanding service to the East Medical Campus, and several Park and Rides. They will continue to be a major partner through a transition to a countywide authority. Their support has and will help us expand services that we could not do without the University. They are also a major partner on the Connector Study—any high capacity investment will need their support and will open the door for more close cooperation between our two systems.

Q14. What are the termination provisions under the new authority? If this does not work out as planned for whatever reason, what recourse does the City have? Assuming the authority is able to incur debt (and likely will at some point), who is ultimately responsible for debt incurred by the authority if it is unable to pay?

If the conditions to transition to a new authority are not met, the agreement will automatically expire in 2014. If the City of Ann Arbor opts out of a 196 authority, it will automatically make the conditions impossible to fill. The county and AATA would dissolve the shell authority.

The Authority would be responsible—no municipality or county is required to provide full faith and credit.

Q15. The 30 year Master Plan contemplates high capacity connectors. What will be the process to discuss/decide those alternatives and are any capital expenditures contemplated in the initial 5-year plan?

The Financial Task Force will be tackling this topic this month. Any and all services and capital expenditures proposed for the first 5-Years will be in the u196's 5-Year Program. This will be presented to the public before incorporation or opt out opportunity.

Kunselman (1.9.12)

What is the history behind the 15 member board with 7 members from the City of Ann Arbor? Countywide transit has been discussed for many years and, to my knowledge, has formally been included in the Washtenaw County's Master Plan, the WATS Transportation Plan, and AATA's 2010 Strategic Plan. We have worked very hard to find a fair and reasonable way for communities to work together on regional cooperation. The proposed 196 board was developed over several months with leaders from Ann Arbor and throughout the county and is based on population and existing millages.

For years, City of Ann Arbor residents have been requesting service beyond the City's borders while people from outside the City have been requesting service into the City. Transportation inherently transverses borders, making jurisdiction by jurisdiction service and planning a particular challenge. No regional connections can be made without cooperation from our neighbors. This board and this process is designed for the residents of Ann Arbor and Washtenaw county to develop a system that will meet our local and common transit needs. It provides a formal discussion and method for local municipalities to work together, at the same table, without presupposing which community is "in" or "out." This decision will be presented to all after the board develops, gets input on, and publishes a formal 5-Year plan.

Developing a fair and acceptable regional transit board is a challenge. The board composition of 15 members of the proposed 196 transit authority was discussed among grassroots advocates of countywide transit services for years before the formal Transit Master Plan process.

A number of ways to divide the county were considered including taxable value, population only, voting precincts and several other combinations. None of these options were able to divide cleanly along political subdivisions. After long discussion and work to find an acceptable solution with political representatives from Ann Arbor and every municipality in Washtenaw County, the current countywide board structure was developed on the basic principles of

- Population
- Contiguous districts of whole political subdivisions with similar transportation needs, land use patterns and historical connections

- Odd number of board members
- Existing investments and contributions to the Transit network

By population, Ann Arbor is about one third (113,934 in 2010) of Washtenaw County (344,791). The other transit districts average to about 31,276 people. A board composed solely on population would result in Ann Arbor having 5 out of 15 members and Ypsilanti would not merit a board seat.

To honor contributions from dedicated millage and transit investment over the years the board was developed based on population with additional seats for dedicated funding. Ann Arbor receives 2 additional members than population would merit and Ypsilanti, who in 2010, passed a transit millage, would receive 1 board member.

Please note that outcounty municipalities are very willing to participate, but cannot in conscience, join an authority where Ann Arbor board members could do anything without consulting the larger group. With each of the other districts having only 1 or 2 seats, Ann Arbor, with 7 votes is far and away the dominant, controlling player. By agreeing to 1 fewer seats than the majority, it creates a situation where Ann Arbor holds the cards, but needs to find only one other partner. Outcounty folks will ALWAYS need to work with Ann Arbor and/or ALL other outcounty members (rural and urban). This creates a balance of power where Ann Arbor is able to maintain dominance, but provides opportunity for countywide dialogue and cooperation.

Kunselman (1.9.12)

Were Ann Arbor taxpayer dollars used to pay for the countywide plan?

[Answer from 12.21] Federal and state grant funds are being used to pay for TMP development consulting costs, surveys, and much of the public outreach and staff time. However, a limited amount of the outreach and staff time that could not be applied to a grant has been funded through AATA's general operating funds.

All the best,
Michael Ford