2 11 Citizens Summary

Transmittal etter

Performance Management

Citizens Summary

If you wish to see a summary of the 2011 Operating and Capital Improvement Budgets, the Citizens' Summary is the chapter to read. This chapter includes the CEO/General Manager's Transmittal Letter to the Board of Trustees explaining the 2011 budget request in terms of revenue, ridership, and service level assumptions; program changes and initiatives; and financial policy variables. In addition, it provides a Performance Management section that highlights the iniatives in the TransitStat program.

2011 TRANSMITTAL LETTER

To: George F. Dixon III, President, and Members, Board of Trustees

Date: November 9, 2010

From: Joseph A. Calabrese, CEO, General Manager / Secretary-Treasurer

Subject: 2011 Transmittal Letter

EXECUTIVE SUMMARY

All and all, 2010 was yet another successful year at RTA. Once again RTA was highly recognized on a national, and international level for its best in industry accomplishments, highlighted by hosting the APTA Bus and Paratransit Conference, the COMTO National Conference and numerous smaller meetings of industry and municipal professionals yearning to learn more about our success with the HealthLine.

With a full plate of ARRA funded infrastructure improvements well under way, we were able to cut the ribbon on the first one to be completed, the Stephanie Tubbs Jones Transit Center where we will be able to better serve our customers for years to come. In recognition of RTA's Safety is Job #1 philosophy, we were proud to accept the APTA "Gold" award for our safety program from FTA Administrator Peter Rogoff.

During 2010 we successfully:

- Increased productivity and reduced overhead expenses, as evidenced by the integration of the Harvard District functions into the Hayden and Triskett Districts,
- Managed utility and fuel costs through fuel hedging and other innovative programs,
- Reduced labor and inventory expenses, and
- Consolidated lower productivity services to increase our total service efficiency.

Although the weakening of the economy was very concerning, the strength of our organization, our people, our relationships, and our recent accomplishments allowed us to be cautiously optimistic about our future. That optimism was well founded, as 2010 was a year during which much of our hard work paid dividends in the form of additional financial resources from NOACA, Tiger, several FTA State of Good Repair and TIGGER Grants, and the long awaited announcement by the Governor of a significant three year plan for additional funding for public transit, the Next Generation Transit Partnership Program.

Most importantly, 2010 better positioned RTA to be more economically sustainable into 2011 and beyond, so that we can continue to provide our customers with the safe, reliable and first class service they want, need and deserve.

The financial divergence between revenues and expenses, which began impacting RTA in 2001, has not only continued, but also widened dramatically in 2009. The recession of 2008-2009 sliced an additional $24 million from revenue. The strategic use of one-time revenues and adjustments to service levels and reduction of other expenditures allowed the Authority to achieve a balanced budget in 2009, although by the narrowest of margins. That $24 million loss in revenue, which continued into 2010, required RTA to take additional action to further reduce expenses to match an increasingly lower revenue base.

As revenue has continued to decrease, RTA has cut expenses, raised fares, and reduced service for three straight years. Administrative positions were reduced by 5% in 2009 and cut by another 3% in 2010. Salaried employees took a 3% wage cut for half of 2009 and all of 2010. As the fuel surcharge expired in the first quarter of 2010, the staff recommended that fares be held at the $2.25 base level. Public hearings were held in January 2010 to discuss the fares and a $9 million reduction in service. This service cut reduced our employment level by 163. In consonance with the service reduction, Harvard Garage was closed on weekends and then taken out of operation in August. Another 64 positions were eliminated. Fuel costs were reduced by $9.1 million in 2010 due to the use of fuel hedging from the Energy Price Risk Management Program. Electricity costs were reduced by $1.6 million.

In recent years, RTA has been the most recognized transit system in the nation. One factor is our demonstrated strategy of sound financial management. The 2009 and 2010 Budgets are excellent examples of the execution of that strategy. The actions taken to right size our service, our employment and to reduce other costs have paid dividends. Those actions have positioned the Authority to sustain it in difficult financial times. We feel that this budget, while far from ideal, continues to match our service and fare levels with the current revenue realities.

The Board of Trusteesôfirst review of the 2011 Operating and Capital Budget will take place at the Finance Committee meeting on November 9, 2010. The committee will deliberate issues in the operating and capital budget requests at subsequent meetings on November 16 and December 7, 2010. At the Board meeting on December 21, 2010, we expect the Finance Committee to present a recommendation to the full Board of Trustees to adopt the proposed 2011 Operating, Capital, and the Other Funds Budgets.

Resources are included to fund rail, bus, and paratransit services and continue rehabilitation and maintenance of equipment and facilities. In preparing the 2011 budget request, staff developed Fund Balance Analysis statements for each major fund group, which summarize financial activity and the resulting ending balances. The Finance, Operations, and Planning and Development Committees will review major revenue & expenditure assumptions and trends, financial policy indicators, service & employment levels, strategic and other program initiatives, and capital projects included in the 2011 ï 2015 Capital Improvement Plan (CIP).

The 2011 appropriation for operating expenditures totals $225,874,579. In comparison, the 2009 Budget totaled $246,514,436 for operating expenditures and the 2010 Budget appropriated $225,941,877. The Authority continued and added new initiatives to control expenditures during the execution of the 2010 Budget and is projected to finish the year at $217,569,825, about $8.3 million under budget. The 2011 Budget has been held almost constant and is actually about $67,000 less than the amount budgeted for 2010. It includes $168.2 million for Personnel Services; providing salary, overtime, and fringe benefit resources needed to fund 2,232 positions. The authorized employment level for 2011 is a decrease of 245 positions from the 2,477 in the original 2010 budget. Personnel Services costs have been reduced to an amount less than 2006 levels. An April 2010 service reduction, layoffs in operating support positions and the closing of Harvard Garage accounts for this reduction.

For 2011, the combined Capital Budgets for the RTA Capital & RTA Development Finds total $95.05 million for equipment, rehabilitation, and other capital projects to improve, replace, or upgrade the Authority's facilities and services. This includes $2.35 million, or 2.5% of the total, of 100% locally funded projects within the RTA Capital Fund and $92.70 million, or 97.5%, of grant & locally supported projects within the RTA Development Fund. The emphasis within the capital program for the 2011-2015 CIP is to better match budgeted projects with the anticipated revenue, both for locally and grant funded projects.

The requested capital budget appropriation of $95.05 million is significantly higher than the 2010 capital budget of $72.07 million is primarily as a result of including additional budget authority for capital projects with identified non-traditional funding sources. These include $16.80 million for the rehabilitation of the Red Line Station at University Circle that will be primarily funded through two earmark grants, a combined $10.09 million of budget authority for three Capital Operating Assistance grants, $5.56 million of budget authority for various facility & equipment upgrade projects at three bus facilities funded through the FTA Bus State of Good Repair program, and $4.07 million for the Access to Jobs program. This leaves $58.53 million of requested project budgets to be funded from traditional Capital & Rail Grants and other potential non-traditional funding sources.

As was done in prior budget years, budget authority for new projects was added to the five-year capital plan through a capital needs review and prioritization process, while budget authority for other projects was deferred and shifted into future years. As a result of including alternative project budgets funded through non-traditional sources, as well as Capital Operating Assistance grants within the requested CIP, the five-year capital plan increased from $436.4 million for 2010-2014 to $491.5 million over the 2011- 2015 period.

Capital financing and the balance between the capital program and operating costs continue to be a major challenge for the Authority. Recent Capital Budgets have addressed this issue through the deferral and reduction of some projects. The 2011 Capital budget, though higher than in 2010, represent the Authority's efforts to reduce the growth of the capital program to a level that is compatible with anticipated funding levels.

Due to 100% federal grant funding that did not require a 20% local match, the Authority has been able to stretch the use of its available bond funds enabling the Authority to defer a planned FY2010 $20.0 million debt service sale into FY2011. A $25.0 million debt service sale is planned for FY2011 that is expected to meet the Authority's local funding needs for capital projects until FY2014. This action will, though, increase the Authority's debt service payments in 2011 & beyond and continue to challenge the Authority's ability to meet debt service requirements as well as operational needs.

The revenue required to support both operating and capital budgets continues to pose difficult fiscal challenges. The shortfall from our largest revenue source, the Sales & Use

Tax, has been limiting the ability to provide service for the last eight years. Now, the dramatic drop in this revenue caused by the recent recession more severely constrains every aspect of our operation. This shortfall significantly limits our ability to provide service, maintain and upgrade our capital plan, and finance these needs.

The Authority has made significant efforts to reduce costs since 2000. The budgets for the last ten years have been financially constrained and only actions to control costs have allowed RTA to achieve positive financial balances. The 2008-2009 recession made the 2009 Budget the most difficult RTA has ever had to execute. Without the fuel surcharge and service realignment executed at the end of 2008 and then the additional action to implement the deferred fuel surcharge and the deferred service reduction in September 2009, our 2009 fiscal year would have ended with a large negative balance. Our diligence in seeking additional funding in 2009 to provide temporary relief from the unprecedented decline in Sales Tax Revenue allowed RTA to achieve a positive ending balance. Those one-time funds were used in 2010 and will be again in 2011. Those revenues, the maintenance of fares at $2.25, a 12% service realignment, the closing of Harvard Garage and reduction of expenditures once again, will cause RTA to end 2010 with a significantly improved and now reasonable year-end balance. The premium service provided in the past had to be reduced, but base level services were maintained.

Our objective for 2011 is to maintain the level of service we have and to avoid any further service cuts. A $12 million funding gap had to be solved to accomplish that. This budget meets that objective. Further elimination of routes is not envisioned and with the assistance of Governor Strickland and ODOT, some service will actually be restored. This budget allows the Authority to end the year with a fourteen-day end of year balance. Given the constraints we now face, it is a reasonable mix of service funded under a tight but improving financial outlook.

A STRATE IC APPROACH TO THE D ET

In developing the budget as well as developing our business strategy, the Authority derives its direction from the five Policy Goals identified by the Board of Trustees. These Goals, along with the Authority's Mission Statement, are shown below.

CRTA MISSIO

RTA enhances the quality of life in Greater Cleveland by providing outstanding, cost-effective public transportation services.

OARD PO IC OA S

I. C STOMER FOC S: Provide safe, high-quality service to all customers and support our employees in that endeavor.

II. E PA D A D REOR A I E SER ICE: E pand and reorganize service to retain our current riders and attract new riders y providing service that meets customer and community needs.

III. PREPARE FOR THE F T RE: Prepare for the future y forging new partnerships and strengthening e isting ones with the pu lic and private sectors to esta lish policies, funding, innovations, and technologies that support cost-effective pu lic transportation.

I . IMPRO E FI A CIA HEA TH: Improve the agency's financial health through efficient use of resources and the pursuit of new and innovative revenue sources.

. PRO IDE COMM IT E EFITS: Provide social, economic, and environmental enefits to the community through system improvements and increase community awareness of these contri utions.

Again, for 2011, our business planning efforts continue to highlight two of the five policy goals as most critical: **Customer Focus** and **Improve Financial Health**. In an effort to more effectively transition the strategic planning focus into the 2011 budgeting process, the evaluation of requests and the allocation of funding for 2011 initiatives were linked to the business plan and most directly to these two policy goals.

PRO RAM A D PRO ECT I ITIATI ES

The recession of 2008-2009 has made one initiative very clear. The major point of emphasis is to survive the unprecedented drop in revenue from loss of sales tax and loss of fare revenue caused by this recession. The loss of almost $19 million in sales tax and nearly $5 million in fare revenue have had a major impact on RTAôs balance sheet. Service had to be cut twice for 2009 and again in 2010, fares had to be increased, positions were left vacant, one bus garage has been closed and capital projects have been significantly constrained. One time funding initiatives were explored and developed to help offset the loss in revenue and at least delay actions needed to balance the budget so that RTA had enough time to adjust service levels and personnel. TransitStat, a data driven performance management initiative, was implemented at the beginning of 2008 with the goal of continuing and further promoting the cultural change of constant improvement and its natural outcome, reductions in expenditures. The first initiative for TransitStat dramatically reduced non-operator overtime by over $2.4 million. Other initiatives such as inventory management, vehicle reliability, and operational scorecards enhanced operational capacity while reducing costs. TransitStat was expanded to encompass all areas of the Authorityôs operations in 2009. Now WorkersôCompensation, electricity usage, energy retrofits, revenue collection, fuel hedging, safety, and customer service are also generating results. Since its inception, TransitStat has saved the Authority nearly $24 million. TransitStat was implemented prior to the 2008-2009 recession in response to the weakening economy in Northeast Ohio. It has been a major factor in surviving this deep recession. We can and will continue to manage our resources as effectively as possible, but without sufficient revenue to sustain operations at a level in line with the needs of the working public in Greater Cleveland service reductions had to be made. We have become a smaller transit authority. Our challenge now is to hold the current base level of service and avoid a continuing decline.

Management and execution of the American Recovery and Reinvestment Act (ARRA) Grant and the nearly $46 million provided to maintain RTA infrastructure is also very important. The Authority has 17 ARRA projects in process. Some of these projects include maintenance of rail infrastructure, renovating rail cars, renovation of rail grade crossings, reconstruction of Puritas Station, reconstruction of East 55th Station, reconstruction of Woodhill Station, construction of the Stephanie Tubbs Jones East Side Transit Center, and the purchase of 57 paratransit vehicles. These projects provided the bulk of capital improvements the Authority could afford in 2010 and will be finished during the upcoming year. In this difficult economy they are very important because added financial constraints have made maintenance of our system even more difficult.

Fare Structure

The financial constraints the economy has imposed over the last 10 years has required RTA to reduce service and increase fares to at least maintain a base level of service. After thirteen years with no increase, the Authority had to raise fares in 2006. The RTA Board elected to execute the increase over an eighteen-month period with a 25-cent increase in July 2006 and another 25-cent increase in January 2008. The result was a $1.75 base fare.

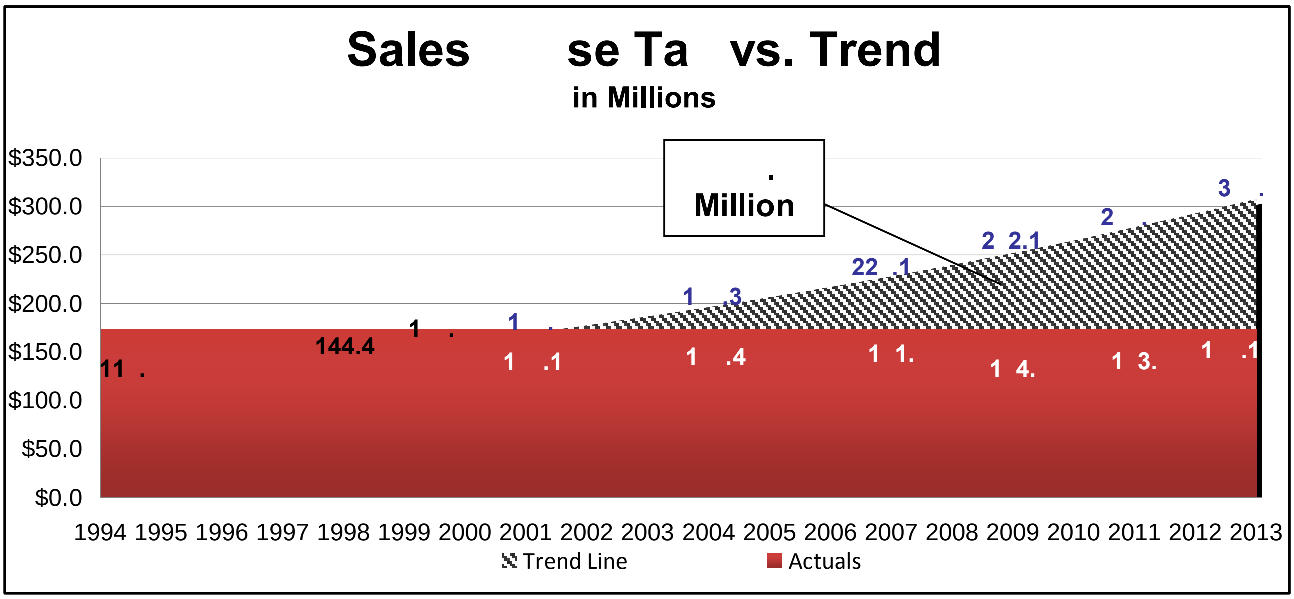
The dramatic increase in diesel fuel cost in 2008 (fuel jumped from $2.50 per gallon to $4.18 per gallon) added $7.4 million to RTA expenses. Consequently, in October 2008 RTA added a 25-cent fuel surcharge to fares with an additional 25-cent increase deferred until September 2009. RTA had hoped to avoid the imposition of the second 25 cents.

The 2008-2009 recession caused even greater financial difficulties for RTA and most transit authorities throughout the U.S. In September the additional $0.25 of the fuel surcharge and a deferred service cut had to be implemented. This pushed base fares to $2.25. The fuel surcharge was to be eliminated if fuel prices went down. That happened in late 2008 and the beginning of 2009. However, the loss of nearly $19 million in Sales & Use Tax revenue imposed another financial hurdle. The Board had little choice but to vote to maintain the $2.25 base fare. Holding the base fare at $2.25 still meant a 12% service reduction had to be made to balance the budget. Our objective for the 2011 Budget is to maintain service at the current level and to avoid any further increase in fares. This Budget meets that objective.

E ERA F D

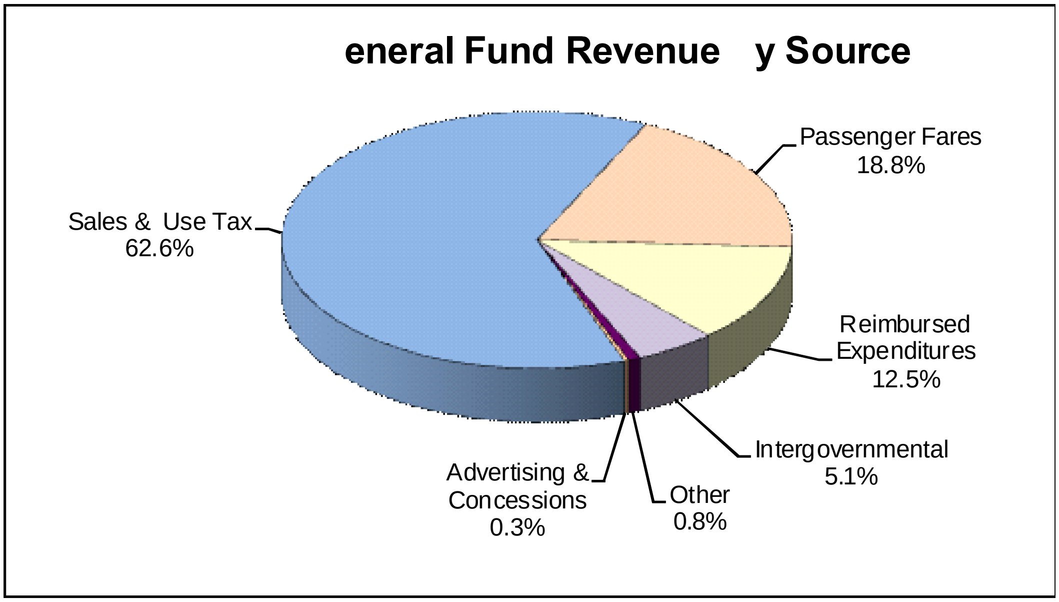
nderperforming Sales se Ta

The graph shown in this section presents the major issue affecting the Authority and the region. Revenue from the Sales & Use Tax, from 1992 to 2000, increased about 5.6% per year. Beginning in 2001, local economic activity and sales tax growth flattened. The average annual growth declined to 0.9%. Consequently, the Authority has experienced an increasing gap between revenues generated in the past and current revenues. That factor has been worsened by the deep recession of 2008-2009. Sales & Use Tax revenue for 2008 was $173.6 million. In 2009 it dropped to $154.6 million. This 11% drop removed $19 million from the Authorityȇs revenue.



This is by far the most dramatic decline in revenue from the Sales & Use Tax in the history of the Authority; the previous worst decline in a year was 1.6%. Unlike recessions in the past, most economists expected the effects of this one to be long lasting. RTA had projected that it would take a minimum of six years to get back to the $173.6 million Sales Tax amount generated in 2008. Sales Tax generated 70% of RTAȇs revenues in 2000. It only generated 58% in 2009. Some recovery was anticipated in 2010. In fact, that recovery appears to be better than expected with our projection showing Sales & Use Tax revenue of $161.6 million. Part of that increase came from an addition to the Sales Tax base. No additions are expected in 2011. The increase is encouraging but closer analysis reveals that only two of 12 categories have increased. On that basis, we project a 1.2% increase in Sales Tax for 2011 and estimate $163.5 million in revenue. That figure is about $5.2 million higher than our previous 2011 projection but is still about $10 million less than the 2008 receipts. The Authority has adjusted and must continue to adjust to what now appears to be a sustained lower revenue base for the next several years.

Revenue



The current 2011 estimate projects $261.3 million in General Fund revenue and total resources of $270.2 million as the 2010 fiscal year ends with an $8.8 million balance. Total resources for 2008 were $276.2 million, for 2009 the total was $272.9 million. Projected total resources for 2010 are $272.8 million.

The key to any budget is a realistic estimate of revenues that will be available to support operations. This is particularly true of a public entity such as a transportation authority, which can only provide the level of service its revenues will support. The General Fund Balance Analysis, included as Attachment A, presents the 2010 Operating Budget in summary. The specific assumptions and calculations for the revenues included there are as follows:

Passenger Fares **4 .1 Million**

Rationale:

Ridership through September 2010 was 11.5% below the same period in 2009. The recession, leading to a double-digit unemployment rate in the region, the reduction in gasoline prices and the service reductions over the last three years are the reasons for this decrease. The Authority provided service for approximately 51.3 million riders in 2009 and collected fare revenue of $49.7 million. The Budget was $54.7 million. The deferred fuel surcharge implemented in September 2009 raised the fare to $2.25. The Authority elected to maintain the $2.25 base fare for 2010. Even with that base fare many routes had to be eliminated and a 12% service reduction was executed in April of 2010. The increased fares should have produced fare revenue of $52.3 million but ridership continued to decline through the first eight months of 2010. The revenue estimate for 2010 has been reduced to $48.4 million. There has been some improvement in the number of riders since August but the economy is expected to be flat in the fourth quarter of 2010 and the first half of 2011. Until the economy improves and people are recalled to work, ridership will continue at reduced loads and fare revenue will remain depressed. RTA will hold the base fare level at $2.25 and will maintain that rate for as long as possible. The estimate for 2011 fare revenue is $49.1 million.

<u>Sales se Ta Revenue</u> **1 3. Million**

Rationale:

The economic crisis in late 2008 and 2009 had unparalleled effects on Sales & Use Tax revenue across the entire U.S. Cuyahoga County experienced an historic decline in 2009. As previously stated, this source declined by 10.94%, losing nearly $19 million in revenue.

Economists indicated this recession was deep and would be longer-lasting than any other that has affected the U.S. in the last 70 years. The indication was that our Sales Tax revenue would not recover in the short term and would not return to the $173 million mark generated in 2008 until 2015. RTA projected a 1.2% increase in Sales Tax revenue for 2010 ($156.4 million). We felt that most of that increase would be generated in the second half of the year.

Through the first five months of 2010 the estimate was proven correct. June, August, September and October had Sales Tax collections that were much higher than expected, producing 9-11% growth in each of those months. (The chart below details 2010 collections). Retail sales in the second quarter were higher than expected, as were car sales. The Sales Tax revenue estimate has been upgraded to $161.6 million for 2010. The optimism that existed in the second quarter has now waned. The Federal Reserve in Cleveland and many economists are projecting a flat fourth quarter and 1-1.5% growth for the first half of 2011.

MO TH RECEI ED	2 ACT A	4 - ear Average	2 1 udget	2 1 ACT A through Sep	2 1 Dollar ariance udget vs Actual	2 1 Percent ariance	2 11 udget
JANUARY	$12,734,154	$13,037,641	$12,845,269	$13,029,565	$184,296	1.43%	$13,159,856
FEBRUARY	$12,834,724	$13,765,449	$12,946,716	$13,235,921	$289,205	2.23%	$13,368,280
MARCH	$17,103,628	$17,657,845	$17,455,332	$16,734,752	($720,580)	-4.13%	$16,901,950
APRIL	$11,828,348	$12,788,946	$11,931,559	$12,261,769	$330,210	2.77%	$12,354,140
MAY	$12,406,078	$13,176,387	$12,514,329	$11,917,611	($596,718)	-4.77%	$12,096,450
JUNE	$12,694,667	$14,260,216	$12,906,668	$14,007,370	$1,100,702	8.53%	$14,175,500
JULY	$12,323,435	$13,310,890	$12,430,966	$12,557,155	$126,189	1.02%	$12,770,650
AUGUST	$12,248,257	$13,602,122	$12,355,132	$13,394,184	$1,039,052	8.41%	$13,608,490
SEPTEMBER	$13,268,229	$15,022,782	$13,485,235	$14,773,029	$1,287,794	9.55%	$14,876,440
OCTOBER	$12,535,554	$13,639,555	$12,644,936	$13,831,261	$1,186,325	9.38%	$13,982,030
NOVEMBER	$12,428,910	$13,313,706	$12,557,361	*$12,557,361*	*$0*	0.00%	$13,287,960
DECEMBER	$12,180,237	$13,532,441	$12,367,752	*$12,367,752*	*$0*	0.00%	$12,943,870
TOTA	**1 4, ,221**	**1 , 1 , 4**	**1 ,441,2**	**1 , , 3**	**4,22 ,4**	**2.**	**1 3, 2 , 1**

Sales Tax collections are better than expected and yet the underlying economy does not support the collections RTA is receiving. A year ago our projection for 2011 was $158.3 million. The improvement in the recent four months has caused us to re-evaluate that projection. We still cannot be overly optimistic. On that basis, our estimate for Sales Tax collections in 2011 has been revised from $158.3 million to $163.5 million. This is $15.3 million below 2008 projections but is an increase of $5.2 million from projections six months ago. If that number is achieved in 2011, the gap between 2008 ($173.6 million) and 2011 will have been reduced from $19 million to $10 million.

Advertising Concessions **. Million**

Advertising Contract	**2**
Health ine net	**12**
Other	**1**
Total	**. M**

Rationale:

The 2011 Budget Advertising and Concessions Category consist of three subcategories. The first is the current advertising contract. However, due to 2008, 2009, and 2010 fleet reductions, the advertising contractǿs annual guarantee shrunk from $1,000,000 to $525,000 this year. The second is the HealthLine naming rights contract that will net the Authority $125,000 in 2011. The other subcategory is composed of various concession and vending arrangements and is expected to generate $100,000 in the upcoming year.

Intergovernmental **14. Million**

Temporary State Funding	**11.3M**
Elderly and Disa led Fare Assistance	**. M**
Access to o s Revenue ARC	**2. M**
Total	**14. M**

Rationale:

When the 2008-2009 hit full force in 2009, the RTA had a $24 million funding gap. Expenses were reduced but those actions could not eliminate the gap. Temporary funding for the Healthline, the Trolleyǿs and ADA Paratransit filled the remainder of the gap. The 2011 Budget is the last year those funds will be available. They provide $11.3 million to help maintain service.

In 2008, the Authority received $2.1 million from the State of Ohio for elderly and disabled fare assistance. The State of Ohio tax receipts were reduced by the recession and in 2009 RTA received only $688,000 in this category. In 2010 this was again reduced to $619,000. With some recovery in the economy, the projection is increased slightly to $650,000 for 2011.

Job Access and Reverse Commute (JARC) helps GCRTA provide vanpool and reverse commute services consistent with Welfare to Work initiatives. The funds from this source have been very sporadic over the past few years. Actions by the Northeast Ohio Area Coordinating Agency (NOACA) in 2008 released Federal funds. RTA spent $500,000 of these funds in 2008, with the remaining balances to be used in 2009 and 2010, at approximately $1.2 million-$1.4 million per year. An additional $700,000 from Federal funds and $700,000 from ODOT were received in 2009 and 2010, respectively, totaling $1.4 million. Then RTA received an ARRA grant for $1.863 million with no match requirement. About $300,000 of those funds was used in the end of 2009. The remaining $1.5 million from that grant were used in 2010 and then supplemented with funds from grants previously received. Remaining funds from these grants will be used in 2011. The projection is for $2.0 million.

Other Revenue **1.2 Million**

These other sources of revenue include contractor and hospitalization claim reimbursements, rent, salvage sales, identification card proceeds, among other miscellaneous receipts. The amounts received from these sources have fluctuated over the years, mainly due to one-time settlements and reimbursements.

In 2007 and 2008, the Authority received CNG rebates from the Internal Revenue Service (IRS). These rebates are no longer received as our CNG fleet has been retired.

Investment Income **112 Thousand**

The available 2010 General Fund cash balances have been improved over 2009. The Fed has kept interest rates at all time lows in an attempt to spur the economy. Income from this source dropped 76% in 2009. That decline continued in 2010 and investment income is now projected at approximately $86,500. The Fed has demonstrated it intends to keep interest rates low for at least the next nine months. As a result, the projection for this revenue for 2011 is $112,493.

Reim ursed E penditures

32. Million

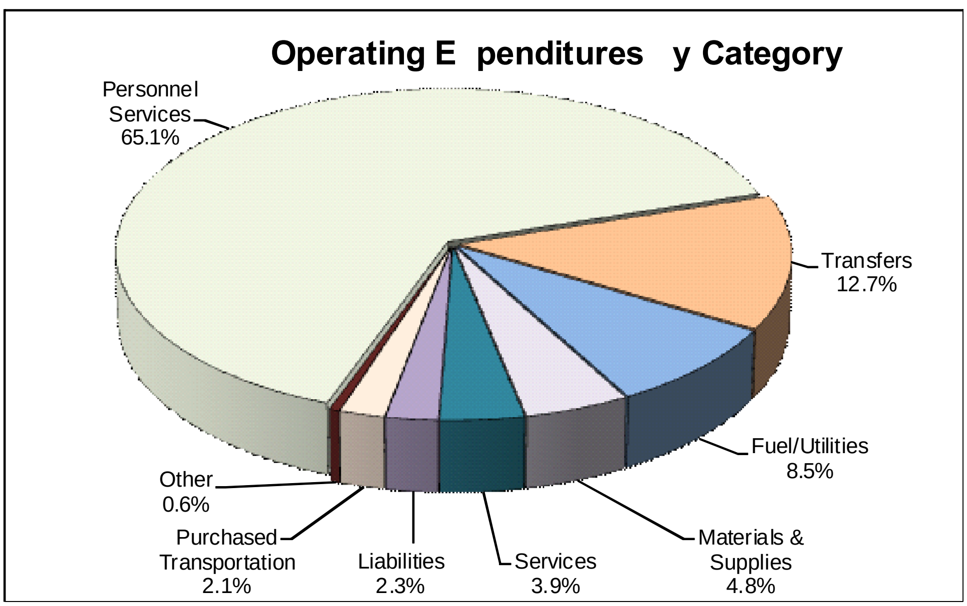
Capitalized Operating Assistance	**2 .2M**
Fuel Ta Reim ursement	**1.2M**
Force Account a or Material	**2.2M**
Total	**32. M**

Rationale:

This category primarily is composed of capitalized operating assistance, fuel tax reimbursements, grant labor, and material reimbursements. In 2009, this category was $33.4 million. This is about $3.6 million less than was projected because four federal grants with expected receipts in 2009 were not finalized until after the close of the fiscal year (Those grants contained over $10 million in revenue expected for 2009). Much of this revenue was received and thus reimbursed in 2010. This explains the higher than usual amount in reimbursed expenditures for 2010. ARRA project force account labor also added to the higher than usual total.

This category will decline in 2011 to $32.6 million. Service has been reduced and the amount of preventive maintenance has been reduced because we are maintaining fewer busses and with the closure of Harvard Garage, one less facility. ARRA force account labor will also be ending and the only real amount of force account labor will be the $1.8 million for the heavy rail vehicle overhaul. Governor Strickland has pushed for funding for Transit and worked with ODOT to commit a little over $4.0 million, which will be used to reimburse contract maintenance that allows RTA to reach the $29.2 million level for Capitalized Operating Assistance.

E penditures



The Operating Expenditures for 2011 include the appropriation and expenditure changes as described below. As with revenues, expenditures are estimated not only for the 2011 Budget Year, but also for the two subsequent years. The Fund Balance Analysis projections include those out-years to demonstrate the longer-term impacts of various items contained in the

2011 Budget (collective bargaining agreements, service changes, requirements of the Capital Improvement Plan, etc.).

The chart on page TL ï 16 summarizes the budgeted increases/reductions in expenditures for 2011. The chart highlights the ardent effort by management to align the Authorityõs expenditures with the projected revenue. As a result of the efforts made in 2009 and 2010 to control and reduce expenditures and the improvement in Sales Tax collections the Authority will be able to avoid a service reduction in 2011.

Compensation Issues include the wage and fringe payments consistent with current collective bargaining agreements with the ATU and FOP, vacancy replenishments, as well as expected cost increases associated with health care and the Ohio Public Employee Retirement System (OPERS). Savings in labor and fringe benefits will be realized from the annualization of reduction in employees from the reductions in positions in operational support personnel, reduction in personnel due to the 2010 service reduction and the closing of Harvard Garage. In the past, Sales & Use Tax revenue covered the personnel costs. Passenger fares and grants covered the remaining costs. For instance, in 2006 revenue from this source was $168.6 million and Personnel Services was $168.9 million. In 2008, the numbers were $173.6 million in Sales Tax versus $173.0 million for Personnel Services. In 2009, the Sales & Use Tax generated $154.6 million of revenue while Personnel Services were $176.6 million. This is a $22 million shortfall. For 2010, the shortfall was reduced to $3.9 million due to the actions taken to reduce personnel expenses and the improvement in Sales Tax. The gap has been reduced significantly and action to maintain this closure must continue. As such, there are no wage and salary increases projected for employees in 2011 and the shortfall is held at $4.7 million with Personnel Services budgeted at $168.2 million and revenue from the Sales & Use Tax at $163.5 million.

RTA has attempted to negotiate concessions to the current union contracts for 17 months. Concessions have not been achieved and salaries have not increased. The needed changes to Health Care provisions have not materialized during negotiations. The Authority has budgeted for a 10% increase in expense in this area. Salaried employees received no pay increase for the first seven months of 2009 and then had wages reduced by 3% for the remainder of the year. The 3% reduction remained in effect for all of 2010. Wages for those employees will be returned to the base rate at the beginning of 2011.

RTA has had to become a smaller organization. We hope the rightsizing we have done in recent years will lead to sustainability in the near future. Administrative positions were eliminated in 2008 and 2009. Service reductions were made in 2007, 2008, 2009 and 2010. Personnel were eliminated with each of these cuts. The Authority also eliminated non-administrative support positions in 2010. In 2007, RTA had 2,744 budgeted positions. For 2008 funded personnel was reduced to 2,693. Positions were cut further to 2,577 for 2009 and then to 2,477 for 2010. The number of positions budgeted for 2011 has been reduced to 2,232. In addition, a selective hiring freeze was employed for 2008, 2009 and 2010. That practice will likely continue in 2011. Fringe benefits are expected to grow by $2.2 million because of Health Care increases. The final payment of $1.3 million due for the conversion from quarterly to monthly OPERS payments is due at the beginning of 2011. These elements have added to costs and offset most of the reductions made. We expect to hold personnel costs for 2011 below the amount budgeted for 2010 at $168.2 million. The Budget for 2010 was $169.5 million while projections indicate expenditures will be $165.5 million.

Fuel costs have been stabilized. The unprecedented increases in fuel costs for 2008 are well documented. At RTA, the effects were nearly crippling, where the daily purchase price for diesel fuel ranged from a low of $2.55 per gallon to a high of $4.18 per gallon, and costs increased from $12 million to $19.3 million. Fuel costs for 2009 were reduced to about $17.4 million. A better way to purchase fuel was needed, one that would reduce the volatility and stabilize and control costs.

For much of 2008, RTA worked process improvements to establish a new methodology of purchasing diesel fuel. To get that accomplished, State law had to be changed, which was enacted and effective in September 2008. In January of 2009, the Board of Trustees approved the implementation of an Energy Price Risk Management Program. RTA is now authorized to purchase futures contracts out to a maximum maturity of 36 months up to a maximum of 90% of projected use.

In early 2009, RTA purchased future contracts on 88% of its 2010 fuel requirements and about 25% of the 2011 requirement. As opportunities to purchase at advantageous prices materialized more fuel futures were purchased. The budgeted amount for 4,850,000 gallons of diesel fuel for 2010 was $9.4 million. At the beginning of 2010, RTA began to execute the sale on fuel futures contracts bought previously. The realized gains from these sales have been used to offset the actual cost of diesel purchased on the market. This results in a net cost. Diesel fuel costs have been lower than budgeted, $2.19/gal versus the $2.35/gal budgeted. The Authority has used 180,000 gallons less than budgeted. Diesel costs for 2010 are projected at $10.3 million. Realized gains of $2.0 million are projected. The result will be a net cost for diesel fuel of $8.3 million, $1.1 million under budget.

The volatility experienced in the past has been eradicated. Costs have been stabilized for 2010, 2011 and 2012. For 2011, 88% of the fuel requirement has already been purchased at a cost of $2.31 per gallon. The currently projected cost is $10.972 million. This will fund 4,750,000 gallons of fuel. That amount funds an increase in service. Futures contracts for 65% of the 2012 requirement are already in place. As opportunities become available, the remainder of 2012 requirements will be purchased and work will begin on 2013 needs.

Cost Reduction Measures will continue to result in significant savings. In addition to the reduction of staff and salaries described under compensation issues, travel expenditures have been reduced for the last three years and that will continue in 2011. Once again, there will be no cost of living adjustment for materials and supplies. Encumbrances for 2009 were held to less than $3.6 million. This is the lowest amount in the last 20 years. For 2010, RTA is attempting to hold that level. Encumbrance carry-over probably can not be reduced further.

In addition, the Authority closely reviewed utility usage, completely auditing the electricity accounts. In 2009, we went out on the open market and solicited bids for our electricity rate. The rate quotes received lowered our cost by 2 cents per kilowatt-hour and resulted in savings of over $1.127 million. Other actions further reduced costs by $504,000 for electricity. RTA has applied for rate changes for our rail sub stations that will reduce costs by another $324,000 in the future and then in May, RTA will bid electricity again. The TIGGER Energy Retrofit grant will reduce electricity usage at our facilities by approximately $193,000.

Transfer to the Insurance Fund

In 2009, a transfer from the General Fund of $3.52 million was made. Although significant, it was not enough to maintain the Insurance Fund at the established balance of $5.0 million. The fund now has a balance of $4.6 million. Consistent with the recommendation from our Director of Risk Manager and Board guidance, the Authority will make transfers to reinstate the $5.0 million balance in the Insurance Fund. Transfers from the General Fund of $3.2 million in 2010 and $3.25 million in 2011 are currently budgeted. These amounts should restore the $5.0 million balance at the end of 2010 and maintain it in 2011. The actual level of claims will dictate the transfers needed to maintain that balance.

Transfer to the Supplemental Pension Fund

The 2011 budget estimates that the Supplemental Pension Fund will need transfers of $100,000 for 2011 and 2012 in order to accommodate the increase in retirees affecting the Authority's pension liabilities.

Transfers to Capital

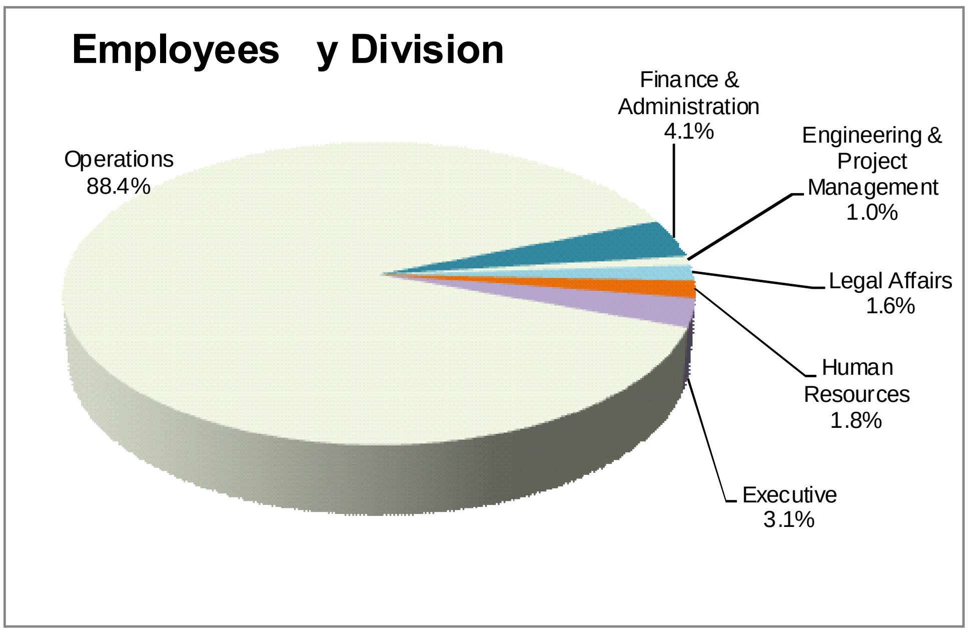
In 2011, Transfers to Capital will total $31.3 million and equal 19.1% of the Sales Tax & Use revenue. This amount includes $19.2 million to be transferred to the Bond Retirement Fund for debt service payments associated with existing debt. An additional $12.1 million will be transferred to the Capital Improvement Fund for payment of 100% locally funded projects and for the local match portion of grant-funded projects. Due to increases in capitalized operating expense reimbursements, along with a dwindling local match fund balance, and the inclusion of capital grants to reimburse Operating Expenses the combined transfers to Capital have continued to increase over the past several years. The total Transfers to Capital will decline, in comparison to the projected amounts required for the 2010 Budget Year, but will remain well above the Board Policy goals for the foreseeable future. In the two out-years, 19.3% and 18.8% of revenue from the Sales & Use Tax will be needed to meet the demands of the Capital program. The high level of this measure continues to highlight the difficulty created by increased capital and debt service needs in a time of constrained revenue.

AREAS OF E PE DIT RE RO TH
2 11 D ET

2 1 Pro ected Operating E penditures		**21 , , 2**	
Compensation Issues		**2, 1,3**	**1.2**
Fringe Benefits	$1,882,067		
Service Increase (Labor)	$665,500		
Hourly & Salary Labor Increase	$818,532		
Unemployment Compensation	($684,799)		
Fuel tilities		**3,4 ,**	**1.**
Diesel Fuel	$2,577,520		
Other Fuel / Utilities Adjustments (net)	$744,858		
Service Increase (Fuel)	$134,500		
Service Opportunities		**1, 31,34**	**.**
ADA Purchased Transportation	$592,797		
Services	$535,741		
Materials and Supplies	$602,810		
Service Increase (Parts)	$200,000		
Administrative Proceedural Changes		**23 ,22**	**.1**
Workers' Compensation	$153,316		
Property Tax	($3,126)		
Other (Net)	$85,038		
E penditure rowth		**,3 4, 4**	**3.**
2 11 udgeted Operating E penditures		**22 , 4,**	

Employment evel Analysis

The chart on the following page summarizes changes in staffing from the 2010 Budget to the level included in the 2011 Budget. The 2011 Budget reflects staffing of 2,232, an overall decrease of 245 positions. With the April 2010 service reductions and the closing of Harvard Garage, 235 operating positions have been eliminated, including mechanics and operational support positions. In addition, 10 administrative support positions have been eliminated due to the administrative reduction to adjust and right-size administrative support to existing budget limitations, and abate upcoming fiscal hardships. These reductions must be taken to align with service levels and maintain our fiscal position. The pie chart below demonstrates relative employment levels within each division.



EMP O ME T E E CHA ES
2 11 D ET

2 1 udget		**2,4**
Operations		**22**
April Service Reduction	(163)	
Harvard Closing Weekends	(15)	
Harvard Closing	(49)	
Service Support		
Mechanics/Servicers	(4)	
Administrative	(3)	
Administrative Support Staff		**11**
Administrative/Support	(11)	
2 11 udgeted Positions		**2,232**
et Change in Employment evel		**24**

SER ICE E E S

In these difficult economic times, the Authority has been faced with dwindling revenues, particularly from our largest revenue sources, the Sales and Use Tax and Passenger Fares. As the unemployment levels rise, less people are taking transit, which then contributes to less Passenger Fare revenue. This combined with increasing operating costs, limits the ability to provide service at levels RTA would like to provide for our customers.

Service evels	2 1	2 11	Change 2 1 -2 11
Service Hours	1,817,626	1,690,674	-7.0%
Service Miles	24,431,291	22,632,473	-7.4%

In recent years, service levels were adjusted to more accurately reflect customer demand. In some cases, this involved service reductions and merging of routes. The budgeted miles and hours include the annualized effect of service changes that were made in April 2010. The changes include route changes for lower utilized bus routes traveling from suburban areas into downtown, as well as some changes made on other routes to consolidate costs. The frequencies of those routes have been adjusted in off-peak hours. Headway adjustments on select routes are scheduled mostly in off-peak periods when ridership is low. This involves changing the time interval between vehicles moving in the same direction.

Service for bus and rail are reduced. Paratransit services have increased slightly. RTA continues our actions to promote our continuing commitment to ADA service and requirements. In 2011, the Authority will remain sustainable because of the slight increase in sales tax revenue.

2 11 udgeted Service evels y Mode
Compared to 2 1 udgeted Service evels y Mode

Service Mode	Service Hours 2 1 udget	Service Hours 2 11 udget	Service Hours ariance	Service Hours Percent ariance	Service Miles 2 1 udget	Service Miles 2 11 udget	Service Miles ariance	Service Miles Percent ariance
Rail								
Heavy Rail(Red)	73,711	72,135	(1,576)	-2.1%	1,606,193	1,570,110	(36,083)	-2.2%
Light Rail(Blue/Green)	62,686	56,970	(5,716)	-9.1%	760,916	700,390	(60,526)	-8.0%
Total Rail	**13 ,3**	**12 ,1**	**,2 2**	**- .3**	**2,3 ,1**	**2,2 ,**	**,**	**-4.1**
us								
RTA	1,346,584	1,219,314	(127,270)	-9.5%	16,854,877	14,982,400	(1,872,477)	-11.1%
Van Pool	30,000	25,500	(4,500)	-15.0%	590,000	557,000	(33,000)	-5.6%
Total us	**1,3 , 4**	**1,244, 14**	**131,**	**- .**	**1 ,444,**	**1 , 3 ,4**	**1, ,4**	**-1 .**
Paratransit								
In-House	206,016	209,123	3,107	1.5%	3,125,027	3,169,700	44,673	1.4%
Contract	98,629	107,632	9,003	9.1%	1,494,278	1,652,873	158,595	10.6%
Total Paratransit	**3 4, 4**	**31 ,**	**12,11**	**4.**	**4, 1 ,3**	**4, 22, 3**	**2 3,2**	**4.4**
rand Totals	**1, 1 , 2**	**1, , 4**	**12 , 2**	**- .**	**24,431,2 1**	**22, 32,4 3**	**1, , 1**	**- .4**

PO IC COMP IA CE

The discussion in this section focuses on the financial status of GCRTA as it relates to the Authority's basic adopted financial policies. These policies represent trends or indicators that should be analyzed as they relate to long-range financial implications for the organization.

The financial policies or trends, as outlined in Attachment B, are applied to the following areas:

Revenues

For 2011, Operating Revenues will account for 22.5% of total operating expenses. This ratio is under the **Operating Ratio** policy goal of 25% and less than the 2010 estimate of 23.4%. The increase of operating expenses in 2011 was the main contributor in the decrease of this ratio, compared to the 2010 estimate. The reduction of operating expenses helped to increase the ratio in 2010, compared to the prior two years. The Fuel Surcharge, implemented in 2008 and 2009, helped to stabilize the Fare revenue, even though we have had a decrease of ridership over the past year.

Its companion indicator**, Fare Su sidy et Cost Per Passenger** at $3.81, will fall short of the policy goal of three times the average fare of $1.08 or $3.24 due to decreases in ridership and associated fare revenue. These two indicators demonstrate that the Operating Budget lost ground in covering a sufficient portion of the actual service costs.

E penditures

This Indicator includes a **One-Month Operating Reserve**, for available ending balance. The 2011 and 2010 Operating Reserve is equal to a 0.5 month, a significant increase over 2009. By managing expenses, we again plan to improve this number during 2011. The Authority does all that it can to reduce expenses, but downward pressure on revenues threaten the results of our costs savings and meeting this indicator.

The Authority will meet its operational needs in the 2011 budget by managing efficiently and effectively. Because of the recession, reserves available can be measured in days. A reserve is maintained as a safeguard to protect the organization in times of cyclical economic downturns and will be replenished as the economy improves. The cyclic downturn in Sales Tax has lasted eight years. It is no longer a cycle; it is a new reality. With the temporary revenues already discussed and actions taken to reduce cost, a positive balance for year-end will be again achieved in 2011.

The percent of **Overhead Cost to Total Cost** is projected to be 16.0%, slightly over the maximum of 15%, and the **Cost per Hour of Service** is projected to be $131.48, an increase over the 2010 estimate. We are seeing an increase because although we implemented major budget reductions in service for 2010, the 2011 operating expenses are budgeted to increase. We will work diligently to control expenses during 2011 to bring these indicators down.

De t Structures

After declining to a low of 1.14 at the end of Fiscal Year (FY) 2009, the **De t Service Coverage** ratio is projected to end FY2010 at 1.43, significantly better than the original 2010 estimate of 1.06. The improvement during the year is due to steps taken to control Operating Budget expenditures and to an improvement of $5.1 million in revenue from the Sales & Use Tax relative to the original budget resulting in a $6.6 million increase in the projected year-end fund balance.

This ratio will slightly improve in FY2011 to 1.49, due again to an expected increase in the fund balance, but will again fall just below the minimum goal of 1.50 as a result of increasing debt service requirements in support of the capital program. This ratio is expected to worsen in 2012 and 2013 due to programmed increases in debt service requirements and continuing decreases to the General Fund ending balance as this measure falls to 1.22 and 0.97 respectively.

Capital Outlay

Our goal is also to contribute a minimum of 10% and a maximum of 15% of Sales Tax revenue to capital. This indicator includes both the direct contributions to capital and the amount ñset-asideò in the General Fund for debt service. The 21.7% **Contri ution to Capital** in 2010, which amounts to $35.06 million, exceeded this goal and, though it will decline to 19.1% in 2011 it is expected to continue well above the maximum of 15% of Sales Tax Revenue due to the relationship between revenue from the Sales & Use Tax and the increasing capital and debt service needs of the Authority. This outlay continues to support 100% locally funded RTA Capital projects, provides the local match for projects funded by grants, and funds the Authorityõs debt service requirements. The contribution to capital is expected to slightly increase to 19.3% in 2011 and then decrease to 18.8% in 2013, both significantly above the maximum range for this Board Policy measure due, as mentioned before, to meeting the growing capital and debt service needs of the Authority relative to expected revenue from the Sales & Use Tax.

The ratio of **Capital Maintenance Outlay to Capital E pansion Outlay,** at 96.9%, is well outside of the Board Policy goal of between 33% and 67% for 2010. It slightly decreases from a projected level of 99.0% in 2010, but continues at a high level as the Authority continues to focus on maintaining and rehabilitating existing assets, rather than on expansion projects, during the economic downturn. This measure is again expected to exceed the goal during 2012 with a ratio of 83.4% and in 2013 with 88.5% as more maintenance projects are prioritized in the upcoming years.

CAPITA PRO RAM

The Capital Improvement Plan (CIP) provides for the purchase, maintenance, and improvement of the Authority’s capital assets and covers a period of five years, from 2011 through 2015. Capital assets are properties such as buses, rail cars, facilities, equipment, etc., and the life of these properties extends over a period of years. Capital improvement planning provides a framework for scheduling improvements based on the availability of resources, the condition of assets, and the priorities among projects. The capital-intensive nature of public transportation makes long-term financial planning indispensable.

The first year of the CIP reflects the 2011 Capital Improvement Budget. For the upcoming Fiscal Year the focus continues to be on supporting the Operating Budget through the reimbursement of preventive maintenance expenses and Capital Operating Assistance grants, the Heavy Rail Fleet Mid-Life Overhaul project, and the on-going rehabilitation and maintenance of the Authority’s existing assets. In the following four years, the longer-term plans of the organization are outlined. Though the projected cost of the five-year CIP is $491.5 million, an increase of $55.15 million or 12.6%, from the 2010-14 CIP, it continues to reflect the existing financial & operational constraints facing the Authority. The increase in budget authority through the five years of this CIP is due to the inclusion of capital projects with earmark grants, for capital operating assistance grants, and for alternative capital projects that will only be funded if & when non-traditional funding can be identified.

Capital projects supported by this budget authority allocation are categorized into seven areas as shown in the chart displayed below. The larger programs/projects included in the five-year plan are shown below.

Highlights of the larger programs & projects included in the 2011-2015 CIP are as follows:

- Capitalized Operating Expenses $137.4 million
- Operating Expense Reimbursements $75.0 million
- Rail Station Rehabilitations $55.7 million
- Bus & Paratransit Bus Programs $40.0 million
- Blue Line (Light Rail) Extension $33.8 million
- Track & Rail Infrastructure Rehabilitation $26.5 million

2 11-2 1 CAPITA IMPRO EME T P A

PRO ECT CATE OR	2 11 udget	2 12 Plan	2 13 Plan	2 14 Plan	2 1 Plan	2 11-1
us arages	, , 4					, , 4
uses		,	13, ,	13, ,	12, ,	4 , ,
Equipment ehicles	1, 4,	2, 2,	4,111,4	1, ,	1, 13,	12, 2 ,
Facilities Improvements	1, 3,	3, 4 ,	3, ,2	, ,1	4, ,	22,21 ,2
Other Pro ects	, 4,4 2	4 ,24 , 3	4 , 4,	4 , 2 ,43	4 , 32,33	23 , ,
Rail Pro ects	2 ,2 , 1	13,2 , 41	14, 4 ,	2 ,3 ,	4,223,	14 , 3,3
Transit Centers	4 ,	1 ,2 ,2	2, 3,	4, 13,	13, 43,2	31, 3,
TOTA S	, 2, 1	, 3,1 4	, 2 , 22	1 3, 2,	132, ,23	4 1, 1 , 1

2 11 TRA SMITTA ETTER

The total 2011 Capital Improvement Budget is $95.05 million, of which $2.35 million, or 2.5%, is for RTA Capital Fund projects and $92.70 million, or 97.5%, is for RTA Development Fund projects. The stabilization of budgeted RTA Capital Fund projects in the first year of the CIP, followed by an expected shift of some activities to the grant funded RTA Development projects beginning in 2012, reflects the precarious status of expected revenue from the Sales & Use Tax. The two largest projects with identified grant funding sources included in the 2011 Capital Improvement Budget are Capitalized Operating Expenses, at $30.2 million, or 31.8% of the total capital budget for the year, and the rehabilitation of the University Circle Red Line Station, primarily funded with earmark grants at $16.8 million, or 17.7% of the total.

In addition, budget authority is also provided in 2011 for the following projects with identified grant funding sources:

- A combined $14.16 million for various State and Federal Capital Operating Assistance grants;
- A combined $5.56 million of projects for a recently awarded Bus State of Good Repair grant that will fund rehabilitation work at the Hayden & Paratransit Garages and at the Central Bus Maintenance Facility;
- Continuation of the Heavy Rail (Red Line) Vehicle Mid-Life Overhaul project with $3.1 million for equipment and $1.8 million for reimbursed labor costs;
- The rehabilitation of the Lee Rd./Van Aken Blvd. Light Rail Station with $4.3 million; and
- Payment of the bi-annual Fare Collection Equipment Lease at $2.4 million.

The 2011 through 2015 Capital Improvement Plan of $491.5 million that continues the Authority's focus on the maintenance and rehabilitation of existing capital assets, especially during in the first several years of the proposed CIP. The GCRTA remains committed to both policy goals of Customer Service and Improving Financial Health by continuing to develop and to refine a more realistic capital program that both meets the Authority's needs as well as its ability to finance it.

CO C SIO

The 2010 Operating and Capital Budgets were very tight when authorized. The 2008-2009 recession affected the entire U.S. Northeast Ohio had never recovered from the downturn in 2001. In 2009, unemployment rose to 11% in Northeast Ohio. Sales Tax declined by an unprecedented 11% resulting in nearly $19 million in lost revenue. Fare revenue was $5 million under budget because of lost ridership. The Authority took action throughout the fiscal year to combat this problem. The same strong action was required in 2010. Fares were held at the $2.25 base level. Service was decreased again. Personnel costs were reduced. Improving processes such as fuel purchasing and electricity usage also reduced costs. Expenditures for projects and capital upkeep were held to a minimum. The ARRA funds authorized in 2009 provided the bulk of our infrastructure maintenance in 2010. For 2011, the normal CIP will again be supplemented by a grant for State of Good Repair and by the University Circle earmark grants.

The funds borrowed in 2008 were tightly rationed and will last three years instead of the customary two. RTA provided the maximum service to the public that is possible. Due to the recession, premium service could not be funded. Base service has been maintained. For 2011, the RTA objective is to avoid another fare increase and any further elimination of routes and to end the year with a fund balance that at least covered ten days of operations. The actions taken over the last two years and continuing actions that will be part of this 2011 Budget, will allow us to meet those objectives. The 2011 Budget has been shaped by the 2008-2009 recession and the severe economic challenges it has imposed. The revenues available are significantly smaller. RTA has had no choice but to continue to react and become a smaller, leaner entity.

ATTACHME T A

eneral Fund alance Analysis

	2 Actual	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
eginning alance	**1 , 2,33**	**14, 4 ,4**	**,4 1,**	**2, ,1 4**	**, 1, 12**	**, , 4**	**4, ,**
Revenue							
Passenger Fares	43,467,204	48,173,971	49,757,083	48,401,904	49,127,933	50,110,492	51,112,702
Advertising & Concessions	1,217,959	1,591,538	1,197,713	892,570	750,000	750,000	750,000
Sales & Use Tax	171,661,508	173,568,817	154,586,220	161,586,577	163,525,616	166,796,128	170,132,051
Operating Assistance - ARRA Federal Grants	0	0	0	3,196,015	0	0	0
Short Term Notes	0	0	8,000,000	0	0	0	0
CMAQ Reimbursement for the Healthline	0	0	1,930,603	5,389,397	7,205,000	1,680,000	0
Operating Assistance - Paratransit Operations	0	0	0	4,320,000	3,109,000	3,109,000	3,109,000
Ohio Elderly Fare Assistance	2,246,309	0	2,756,762	619,000	650,000	650,000	650,000
State Funding Fuel Initiative	0	0	7,875,683	1,165,200	0	0	0
Operating Assistance - Trolley Operations	0	0	0	1,961,960	980,980	0	0
Access to Jobs Program	572,647	976,432	2,697,111	2,329,175	2,034,466	2,034,466	2,034,466
Investment Income	870,024	825,633	198,200	86,533	112,493	146,241	190,113
Other Revenue	1,193,213	1,391,890	2,053,241	1,492,334	1,200,000	1,000,000	1,000,000
Reimbursed Expenditures	34,201,180	35,597,279	33,461,105	38,500,000	32,561,100	31,500,000	30,000,000
Weekly Shopper Service	0	0	0	30,000	30,000	30,000	30,000
Total Revenue	**2 ,43 , 44**	**2 2,12 ,**	**2 4, 13, 21**	**2 , ,**	**2 1,2 ,**	**2 , ,32**	**2 , ,332**
Total Resources	**2 1,1 2,3**	**2 ,1 3, 2**	**2 2, 14,**	**2 2, ,**	**2 ,1 ,4**	**2 ,4 , 4**	**2 3, 4,211**
Operating E penditures							
Personnel Services	173,796,848	173,016,961	176,631,322	165,498,948	168,180,247	169,021,148	170,711,360
Diesel Fuel	12,112,507	19,272,336	17,357,364	8,260,480	10,972,500	11,191,950	11,415,789
Other Expenditures	47,653,742	47,662,814	44,548,954	43,810,397	46,721,832	46,955,441	47,002,397
Total Operating E penditures	233,563,097	239,952,111	238,537,640	217,569,825	225,874,579	227,168,539	229,129,545
Short Term otes Payment	0	0	0	8,048,493	0	0	0
Transfer to the Insurance Fund	1,200,000	2,900,000	3,520,000	3,203,000	3,250,000	3,100,000	3,250,000
Transfer to the Pension Fund	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Transfers to Capital							
Bond Retirement Fund	15,456,127	14,753,950	17,327,062	17,353,787	19,181,632	21,302,402	21,375,801
Capital Improvement Fund	6,825,687	10,065,882	10,550,000	17,703,853	12,101,441	10,920,255	10,584,255
Total Transfers to Capital	22,281,814	24,819,832	27,877,062	35,057,640	31,283,073	32,222,656	31,960,056
Total E penditures	**2 ,144, 11**	**2 , 1, 43**	**2 , 34, 2**	**2 3, ,**	**2 , , 2**	**2 2, 1,1**	**2 4,43 , 1**
Availa le Ending alance	**14, 4 ,4**	**,4 1,**	**2, ,1 4**	**, 1, 12**	**, , 4**	**4, ,**	**- ,3**

ATTACHME T

2 11 Proposed udget
Financial Indicators

	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
RE E ES						
Operating Ratio	21.5%	21.8%	23.4%	22.5%	22.8%	23.0%
Fare Su sidy et Cost Per Passenger	$3.23	$3.70	$3.66	$3.81	$3.74	$3.70
Average Fare	$0.83	$1.00	$1.09	$1.08	$1.08	$1.08
E PE DIT RES						
Operating Reserve Months	0.4	0.1	0.5	0.5	0.3	0.0
Overhead Cost vs. Total Cost	**12.2**	**12.**	**14.1**	16.0%	16.0%	15.9%
Cost Hour of Service	$105.47	$115.04	$125.78	$131.48	$131.05	$131.05
rowth per ear	5.3%	9.1%	9.3%	4.5%	**- .3**	**.**
DE T STR CT RES						
De t Service Coverage	1.32	1.14	1.43	1.49	1.22	0.97
CAPITA O T A						
Sales Ta Contri ution to Capital	**14.3**	18.0%	21.7%	19.1%	19.3%	18.8%
Capital Maintenance to E pansion	89.3%	95.6%	99.0%	96.9%	83.4%	88.5%

Definitions:

Operating Ratio = Operating Revenue (Fares + Advertising + Interest) / Total Operating Expenditures
Fare Subsidy (Net Cost) Per Passenger = (Total Operating Expenditures/Ridership) - (Fares/Ridership)
Operating Reserve = Available Ending Balance / (Total Operating Expenditures/12)
Overhead Cost vs. Total Cost = Operating Overhead Cost / Total Operating Cost
Cost/Hour of Service = Total Operating Expenditures / Total Service Hours
Debt Service Coverage = (Total Operating Revenues - Total Operating Expenditures) / Debt Service
Contribution to Capital = (Capital Improvements Contribution & Capital Improvement + Bond Retirement Transfers) / Sales & Use Tax Revenue
Capital Maintenance to Expansion = Capital Maintenance Outlay / Total Capital Outlay

otes:

* Total Operating Expenditures are net capital expenditures.

ATTACHME T C

RTA Development Fund alance Analysis

	2 Actual	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
eginning alance	**1 , 4,**	**22, 3 ,4**	**33,4 ,2 4**	**3 , ,3**	**3 , ,3 2**	**1, , 33**	**4 , , 3**
Revenue							
General Obligation Debt Proceeds	0	35,472,559	0	0	25,000,000	0	0
Transfer from RTA Capital Fund	5,000,000	7,600,882	8,346,054	14,653,853	9,601,441	9,170,255	8,834,255
Investment Income	844,393	1,672,096	271,990	261,579	350,000	375,000	400,000
Federal Capital Grants	74,319,702	86,109,609	65,807,459	65,106,807	66,994,100	70,699,040	63,981,780
ARRA Federal Capital Grants	0	0	7,840,623	28,823,088	7,284,988	0	0
State Capital Grants	8,532,391	9,370,685	9,162,154	1,807,284	6,776,795	6,776,795	6,776,795
Capital Lease	25,000,000	0	0	0	0	0	0
Other Revenue	2,810,906	1,837,731	0	500,000	500,000	500,000	500,000
Total Revenue	**11 , ,3 2**	**142, 3, 2**	**1,42 ,2**	**111,1 2, 11**	**11 , ,324**	**, 21,**	**,4 2, 3**
Total Resources	**13 ,2 2,3**	**1 4, 1, 2**	**124, 13, 34**	**141, , 11**	**1 4,2 , 1**	**13 ,1 , 22**	**12 ,4 2, 12**
E penditures							
Capital Outlay	109,944,506	128,830,215	93,705,234	103,192,519	102,617,783	92,199,040	85,309,040
Other Expenditures	2,000,000	472,559	0	0	0	0	0
Transfer to Bond Retirement Fund	510,386	2,113,000	700,000	700,000	0	0	0
Total E penditures	**112,4 4, 2**	**131,41 , 4**	**4,4 ,234**	**1 3, 2, 1**	**1 2, 1 , 3**	**2,1 , 4**	**,3 , 4**
Ending alance	**22, 3 ,4**	**33,4 ,2 4**	**3 , ,3**	**3 , ,3 2**	**1, , 33**	**4 , , 3**	**42,1 3, 3**

ATTACHME T D

RTA Capital Fund alance Analysis

	2 Actual	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
eginning alance	**2, ,22**	**1,3 4,34**	**2 ,2 4**	**1 , 2**	**, 1**	**,41**	**4, 1**
Revenue							
Transfer from General Fund	6,825,687	10,065,882	10,550,000	17,703,853	12,101,441	10,920,255	10,584,255
Investment Income	96,409	65,557	370	126	2,500	4,500	4,500
Other Revenue	0	0	0	8	0	0	0
Total Revenue	**, 22,**	**1 ,131,43**	**1 , ,3**	**1 , 3,**	**12,1 3, 41**	**1 , 24,**	**1 , ,**
Total Resources	**, 21,322**	**11, ,**	**1 , 2 , 34**	**1 , 1,**	**12, 1,**	**11, 2 ,1**	**11,3 3,**
E penditures							
Asset Maintenance	1,394,482	1,630,502	1,197,531	1,425,000	1,450,000	1,000,000	1,000,000
Routine Capital	2,052,494	2,004,137	1,079,267	1,025,000	1,050,000	750,000	750,000
Other Expenditures	0	0	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	7,600,882	8,346,054	14,653,853	9,601,441	9,170,255	8,834,255
Total E penditures	**,44 ,**	**11,23 , 21**	**1 , 22, 2**	**1 ,1 3, 3**	**12,1 1,441**	**1 , 2 ,2**	**1 , 4,2**
Ending alance	**1,3 4,34**	**2 ,2 4**	**1 , 2**	**, 1**	**,41**	**4, 1**	**,41**

ATTACHME T E

ond Retirement Fund alance Analysis

	2 Actual	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
eginning alance	**1, 4, 3**	**1, 2 ,21**	**1, 33, 4**	**2, 4, 2**	**1, 12,1**	**1, 4,333**	**1, ,1**
Revenue							
Transfer from General Fund	15,456,127	14,753,950	17,327,062	17,353,787	19,181,632	21,302,402	21,375,801
Transfer from RTA Development Fund	510,386	2,113,000	700,000	700,000	0	0	0
Investment Income	271,752	316,200	36,270	47,086	75,000	125,000	125,000
Other Revenue	2,404	326,277	0	4,462	0	0	0
Total Revenue	**1 ,24 ,**	**1 , ,42**	**1 , 3,332**	**1 ,1 ,33**	**1 ,2 , 32**	**21,42 ,4 2**	**21, , 1**
Total Resources	**1 , , 42**	**1 ,23 , 3**	**1 , ,21**	**2 ,1 , 1**	**21, , 2**	**23,2 1, 34**	**23,2 ,**
E penditures							
Debt Service							
Principal	9,358,533	10,216,526	10,012,244	11,108,564	11,816,510	14,050,515	14,603,260
Interest	6,919,899	7,286,227	7,700,390	7,269,157	7,472,985	7,357,063	6,823,518
Other Expenditures	0	0	0	0	5,000	5,000	5,000
Total E penditures	**1 ,2 ,432**	**1 , 2, 3**	**1 , 12, 34**	**1 ,3 , 21**	**1 ,2 4,4**	**21,412,**	**21,431,**
Ending alance	**1, 2 ,21**	**1, 33, 4**	**2, 4, 2**	**1, 12,1**	**1, 4,333**	**1, ,1**	**1, ,1**

ATTACHME T F

Insurance Fund alance Analysis

	2 Actual	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
eginning alance	**,1 , 1**	**,2 4,**	**,432,1**	**4, 34,**	**,4 ,**	**, ,**	**, ,**
Revenue							
Investment Income	316,340	167,544	75,515	72,778	85,000	105,000	110,000
Transfer from General Fund	1,200,000	2,900,000	3,520,000	3,203,000	3,250,000	3,100,000	3,250,000
Total Revenue	**1, 1 ,34**	**3, , 44**	**3, , 1**	**3,2 ,**	**3,33 ,**	**3,2 ,**	**3,3 ,**
Total Resources	**, 3,3**	**,332,1**	**, 2 , 14**	**, 1 , 33**	**, ,**	**, ,**	**, ,**
E penditures							
Claims and Premium Outlay	1,418,695	2,900,000	4,392,859	2,459,675	3,225,000	3,257,250	3,354,968
Total E penditures	**1,41 ,**	**2, ,**	**4,3 2,**	**2,4 ,**	**3,22 ,**	**3,2 ,2**	**3,3 4,**
Ending alance	**,2 4,**	**,432,1**	**4, 34,**	**,4 ,**	**, ,**	**, ,**	**, 13, 4**

ATTACHME T

Supplemental Pension Fund alance Analysis

	2 Actual	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
eginning alance	**33,3**	**3,2 2**	**1, 3 , 1**	**1, 3, 1**	**1,124,**	**1,1 ,3**	**1,2 ,3**
Revenue							
Investment Income	42,900	34,609	28,441	22,505	23,000	25,500	26,500
Transfer from General Fund	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Revenue	**142,**	**134,**	**12 ,441**	**122,**	**123,**	**12 ,**	**12 ,**
Total Resources	**1, ,2**	**1,11 , 1**	**1,1 4,4**	**1,2 ,**	**1,24 ,**	**1,2 ,**	**1,33 ,**
E penditures							
Benefit Payments	92,966	81,884	81,366	80,699	82,500	81,500	80,500
Other Expenditures	0	0	0	0	0	0	0
Total E penditures	**2,**	**1, 4**	**1,3**	**,**	**2,**	**1,**	**,**
Ending alance	**3,2 2**	**1, 3 , 1**	**1, 3, 1**	**1,124,**	**1,1 ,3**	**1,2 ,3**	**1,2 ,3**

ATTACHME T H

aw Enforcement Fund alance Analysis

	2	2	2	2 1	2 11	2 12	2 13
	Actual	**Actual**	**Actual**	**Estimate**	**udget**	**udget**	**udget**
eginning alance	**2 4,**	**2 4,12**	**1 2,1 3**	**1 2, 1**	**232, 24**	**244,3 4**	**2 , 4**
Revenue							
Law Enforcement Revenue	99,046	14,400	11,280	15,000	11,000	12,000	12,000
Investment Income	11,784	4,505	425	197	450	600	950
Other Revenue	0	61,991	28,937	127,741	0	0	
Total Revenue	**11 , 3**	**,**	**4 , 42**	**142, 3**	**11,4**	**12,**	**12,**
Total Resources	**31 ,33**	**2 , 22**	**212, 3**	**2 ,4**	**244,3 4**	**2 , 4**	**2 , 24**
E penditures							
Capital & Related Items	111,213	112,829	60,318	62,531	0	0	0
Total E penditures	**111,213**	**112, 2**	**,31**	**2, 31**			
Ending alance	**2 4,12**	**1 2,1 3**	**1 2, 1**	**232, 24**	**244,3 4**	**2 , 4**	**2 , 24**

ATTACHME T I

All Funds alance Analysis

	2 Actual	2 Actual	2 Actual	2 1 Estimate	2 11 udget	2 12 udget	2 13 udget
eginning alance	**4 , 1 ,3**	**4 ,43 , 3**	**, 3 ,**	**41, 41,232**	**, , 4**	**, 4,1**	**1,41 , 12**
Revenue							
Passenger Fares	43,467,204	48,173,971	49,757,083	48,401,904	49,127,933	50,110,492	51,112,702
Sales & Use Tax	171,661,508	173,568,817	154,586,220	161,586,577	163,525,616	166,796,128	170,132,051
Federal	74,319,702	86,109,609	73,648,082	97,125,910	74,279,088	70,699,040	63,981,780
State	10,778,700	9,370,685	21,725,202	13,300,881	17,740,795	12,215,795	7,426,795
Investment Income	2,453,602	3,086,144	611,211	490,804	648,443	781,841	857,063
Other Revenue	40,097,355	41,797,538	47,449,387	45,853,250	38,067,546	35,826,466	34,296,466
General Obligation Debt Proceeds	0	35,472,559	0	0	25,000,000	0	0
Capital Lease	25,000,000	0	0	0	0	0	0
Total Revenue	**3 , , 1**	**3 , ,323**	**34 , ,1**	**3 , ,32**	**3 ,3 ,421**	**33 ,42 , 1**	**32 , ,**
Total Resources	**413,2 4,44**	**444, 1 ,**	**3 ,3 , 1**	**4 ,3 ,**	**424,44 , 1**	**4 ,2 3, 1**	**3 ,221,**
E penditures							
Personnel Services	173,796,848	173,016,961	176,631,322	165,498,948	168,180,247	169,021,148	170,711,360
Diesel Fuel	12,112,507	19,272,336	17,357,364	8,260,480	10,972,500	11,191,950	11,415,789
Other Expenditures	51,276,616	51,230,086	49,083,497	54,461,795	50,034,332	50,299,191	50,442,864
Capital Outlay	113,391,482	132,464,854	95,982,032	105,642,519	105,117,783	93,949,040	87,059,040
Debt Service	16,278,432	17,502,753	17,712,634	18,377,721	19,289,495	21,407,578	21,426,778
Total E penditures	**3 , ,**	**3 3,4 ,**	**3 , , 4**	**3 2,241,4 3**	**3 3, 4,3**	**34 , ,**	**341, , 3**
Availa le Ending alance	**4 ,43 , 3**	**, 3 ,**	**41, 41,232**	**, , 4**	**, 4,1**	**1,41 , 12**	**4 ,1 , 3**

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Performance Management

TransitStat

Over the past two decades, many organizations have embraced the use of data, statistics, and metrics as their means to exceed customer expectations, as well as achieve operational excellence. Six Sigma, Total Quality Management (TQM), and the Balanced Scorecard are popular examples of proven management techniques in the private sector. In government, Performance Stat programs have proven to be effective tools.

Performance Stat programs are structured continuous management events, which entail the frequent gathering, reviewing, and analyzing of day-to-day government performance. CompStat and CitiStat are credited as the first government stat programs. CompStat's goals were to infuse timely information and accountability into the NYPD's management and culture. The program used computer mapping and statistical data to capture crime trends at their highest levels, how many officers were on duty, and where their officers were located during those times. By placing officers at the high crime areas, this technique was widely credited with contributing to the dramatic reduction in New York City's crime levels.

The City of Baltimore developed CitiStat. CitiStat brought its tenets and strategies to general government by tracking performance in waste collection, road repairs, housing enforcement, etc. The city holds bi-weekly meetings lead by the mayor's executive team to review performance, understand trends, and make necessary adjustments to ensure that immediate and long-term goals are met. Since then, other cities and states have adopted Performance Stat programs, including Maryland, Atlanta, San Francisco, and Washington State. These governments have reported immediate success with their Stat programs.

In December 2007, GCRTA adapted the Performance Stat model to the transit environment and titled our program TransitStat, characterized with bi-weekly performance monitoring forums. It is a critical link to achieving high-level performance directed towards the Authority's three most critical objectives:

1. **Maintain Financial Health**
2. **Improve Customer Service**
3. **Enhance the Image of RTA**

The TransitStat leadership team (panel) includes:

- Chief Executive Officer (CEO)
- Deputy General Manager (DGM) – Operations
- DGM – Human Resources
- Director of Procurement
- Executive Director – Internal Audit
- Executive Director – Office of Management & Budget (OMB)

In 2009, Administrative TransitStat was incorporated to the already running TransitStat program. Administrative TransitStat focuses on the performance monitoring of all Administrative Departments.

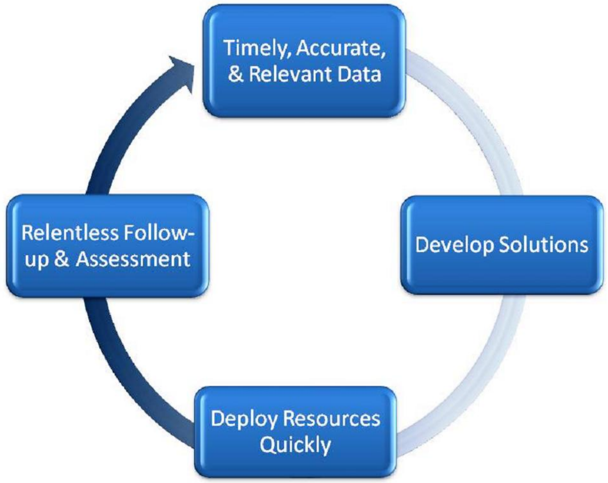
The Administrative TransitStat leadership team includes:

- TransitStat Panel (above)
- DGM – Finance & Administration
- DGM – Engineering & Project Development
- DGM – Legal Affairs
- Director of Marketing & Communications

Performance Management

The meetings are coordinated and directed by OMB. Other members with information pertaining to the topic of interest are also invited. The forum ensures that the people needed to address issues are at the table, therefore expediting action and eliminating excuses.

Performance Stat programs center on four principles:



1. **Provide timely, accurate, and relevant data.**
   Begin with available data; data that is already being collected for other administrative purposes. What data is needed to determine whether the agency is or is not improving?

2. **Analyze data and develop effective solutions that respond to emerging issues.**
   A performance program requires performance data. Use the data to discuss, examine, and analyze the agency's recent performance.

3. **Deploy resources quickly to address issues.**
   The staff assigned to the Panel can affect change, foster improvement in performance, and make critical decisions.

4. **Relentless follow-up and assessment.**
   Continuous follow-up on assignments and commitments must be done in order to improve agency operations.

In 2008, RTA implemented TransitStat in the Authority's Operations Division and identified four target areas: overtime (non-operator), inventory management, service reliability, and District scorecards. In 2009, Administrative TransitStat was added. Both programs focused on the FAST approach (a strategic development process):

- **F – Focus** - What will the Authority look like in 1-10 years?
- **A – Accelerate** - Identify 2-3 operating initiatives which would accelerate the movement toward the preferred future.
- **S – Strengthen** - What major organizational objectives might prevent the Authority from moving forward to achieve the goals?
- **T – Tie it all together** - Integrate the preceding activities and refine them.

Performance Management

HOT Target Areas for both the Operations and Administrative Stat programs were identified:

Operations TransitStat:

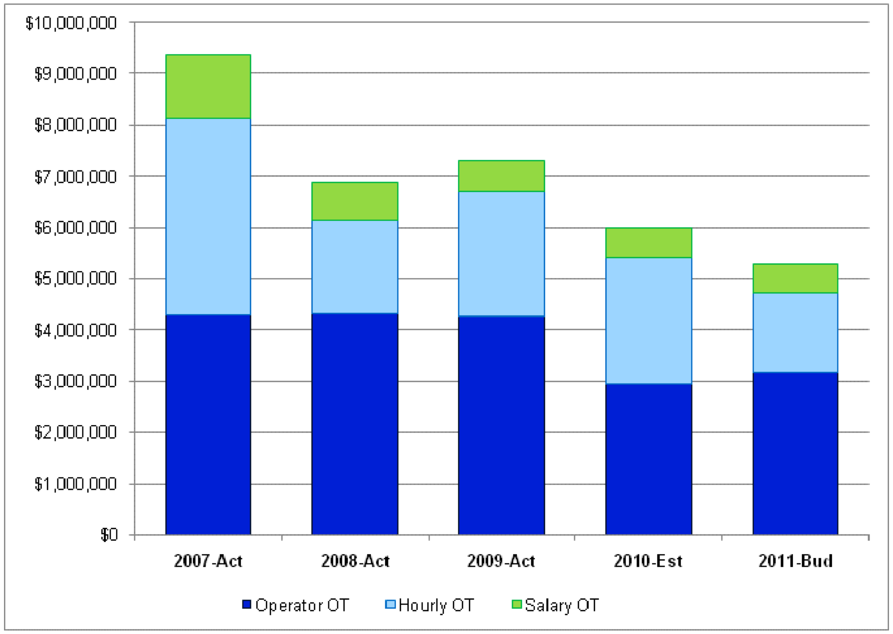
1. Paratransit Part-Time Operators
2. Inventory EOQ ï Top 50 FAD items
3. Utilities/Energy Management & Conservation
4. Brand Management
5. Training Initiatives
6. Shift Changes
7. Vehicle Reliability
8. Fare Evasion
9. District/Department Scorecards

Administrative TransitStat:

1. Capital Plan Execution
2. Stimulus Package Execution
3. Customer Service Performance
4. Revenue/Vaulting Procedures
5. Ridership Reporting
6. Purchasing Card Enhancements
7. Employee Injuries/Back to Work Program
8. Collision Reduction
9. Strategic Healthcare Plan
10. Electricity Audit
11. Healthcare Audit
12. Energy Price Risk Management

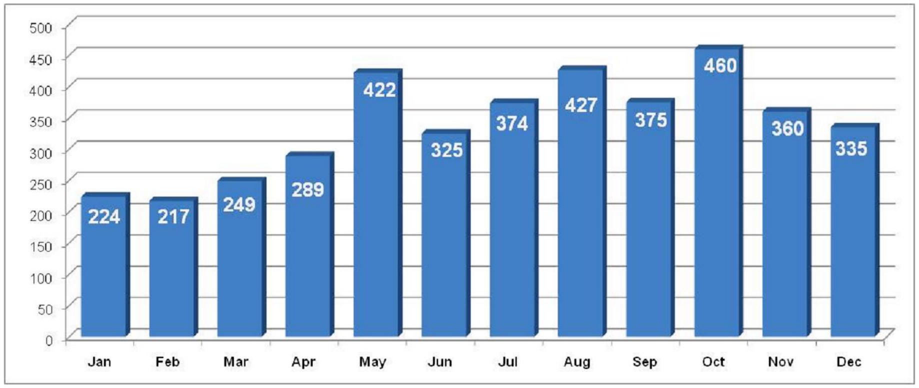
Successes

In non-operator overtime, the Authority saved $2.3 million in 2008, compared to 2007. This was achieved through detailed analysis of overtime cost drivers, developing more effective ways to dispense overtime, effectively managing and monitoring the times to complete tasks, and maximizing use of the UltraMain maintenance and material system. Overtime for 2009 and 2010 were maintained at the new levels and 2011 is projected to be slightly lower.



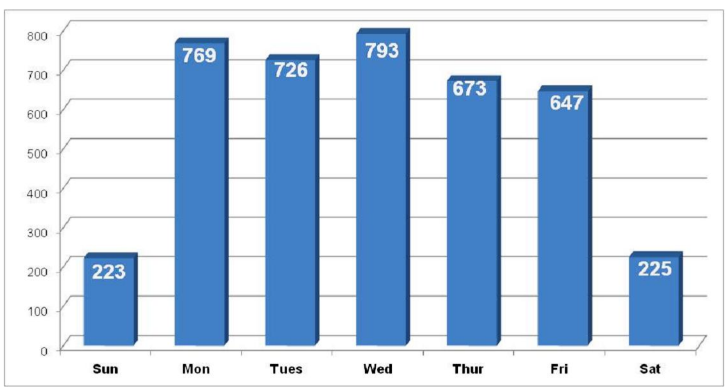
Performance Management

The Transit Police Department has reviewed the fare evasion on the Red Line and the HealthLine based on citations given.

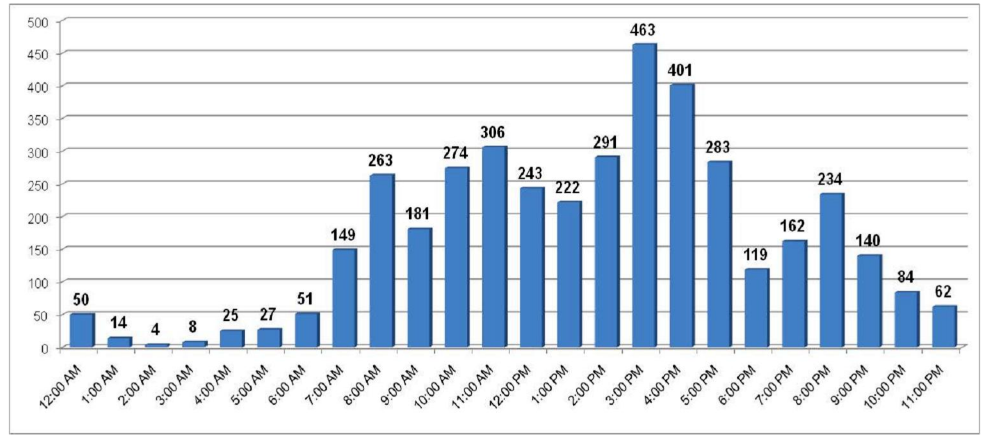


The number of citations per month, as seen in the graph above, has gradually increased since the beginning of the year, with a slight dip in June, November, and December. Only 0.055% of all riders along the Health Line and Red Line were issued citations for fare evasion. This equals to 1 out of every 1,820 passengers.

Transit Police also reviewed the citations issued by weekday.



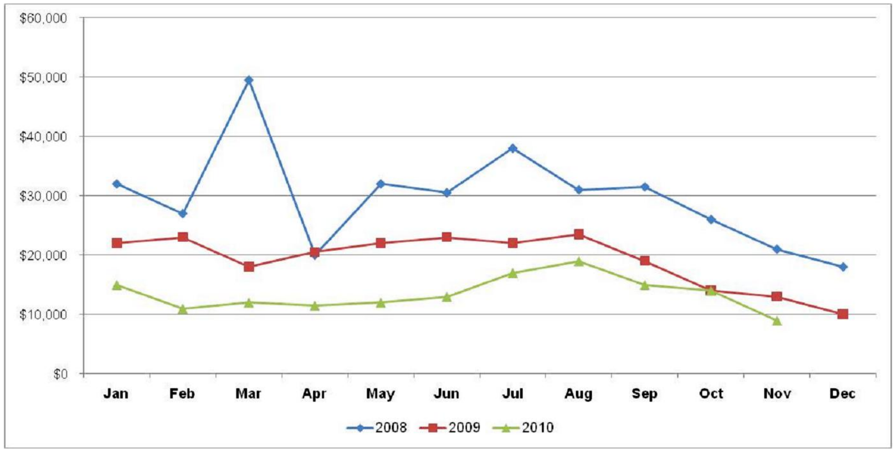
There was a fairly even distribution of citations issued during the weekdays; however, the weekends had a large drop. Saturday and Sunday both produced only 5.5% of the total citations issued.



Transit Police noticed that there were spikes in citations during the times when students attend school. Between 3:00pm and 6:00pm, 28% of all citations were issued, which is also the time when students are out of school for the day. When Transit Police analyzed the data for juveniles, 39% of the fare evaders between 3:00pm and 5:00pm were in fact juveniles. They found that a majority of these students received fare cards from their schools. Transit Police, the Cleveland City School District, and the City of Cleveland have created a plan to reduce juvenile fare violations, which will be in effect February 2011.

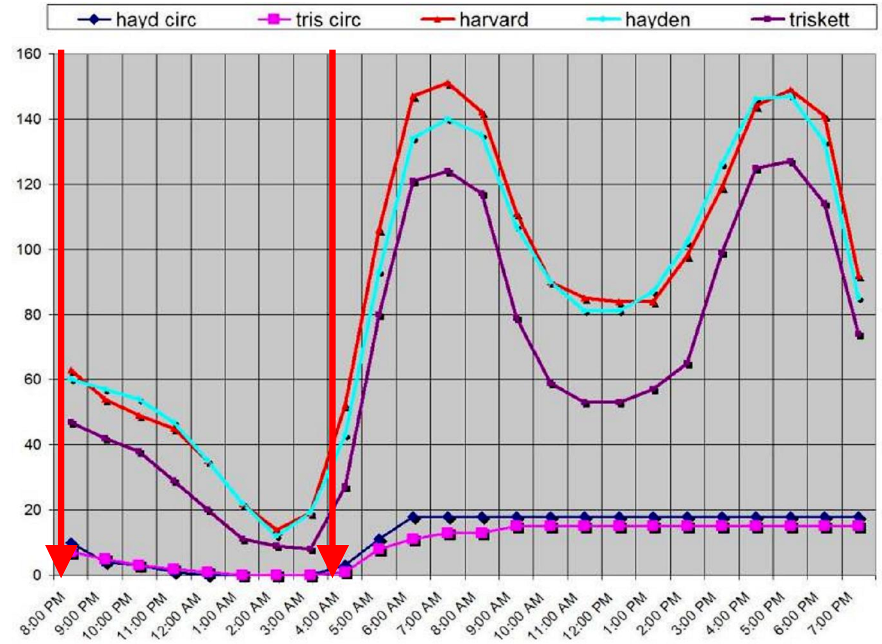
Performance Management

Vehicle Reliability was added to the TransitStat program in July 2008. The Central Bus Maintenance (CBM) District monitors the number, cost, and reasons for revenue vehicles to be towed. Since the onset of this program, towing charges have reduced over 31% each year. The total towing charges for 2010 are reduced nearly 56%, compared to the total charges for 2008.



Starting in July 2008, the Maintenance Planners conducted a comprehensive analysis on maintenance, productivity, and performance of the bus equipment maintenance sections. They compared the labor scheduled with the availability of the buses. They also analyzed failure modes, labor productivity, shift productivity, maintenance effectiveness, and reevaluated the work processes and shift schedules. What they found was that most of the bus maintainers and supervisors were scheduled during the first shift however, most of the buses were available during the third shift.

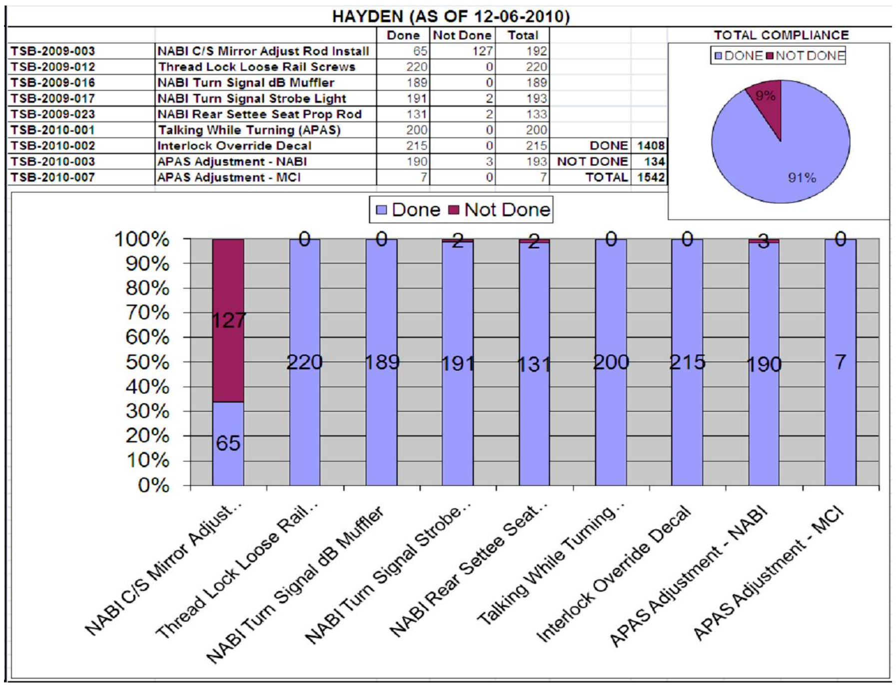
The graph below displays the number of buses per District that are on the road at a given time. Between 8:00pm and 4:00am is the time when the least number of buses are in revenue service and the greatest number of buses are in the garages. This time span is when the most mechanics are needed to schedule, repair, and maintain the vehicles.



In order to increase wrench time and optimize the performance standards, the shift times need to be changed with most of the bus maintainers and supervisors working the third shift (7:30pm to 4:00am). This ensures that the mechanics and supervisors who maintain the buses are working at the Districts when the buses are available. These new shifts were implemented mid to late 2009 among all the bus districts.

Performance Management

CBM (Central Bus Maintenance) has been monitoring the progress of their safety campaigns by District. The chart below displays one of the Safety Campaigns for Hayden District.



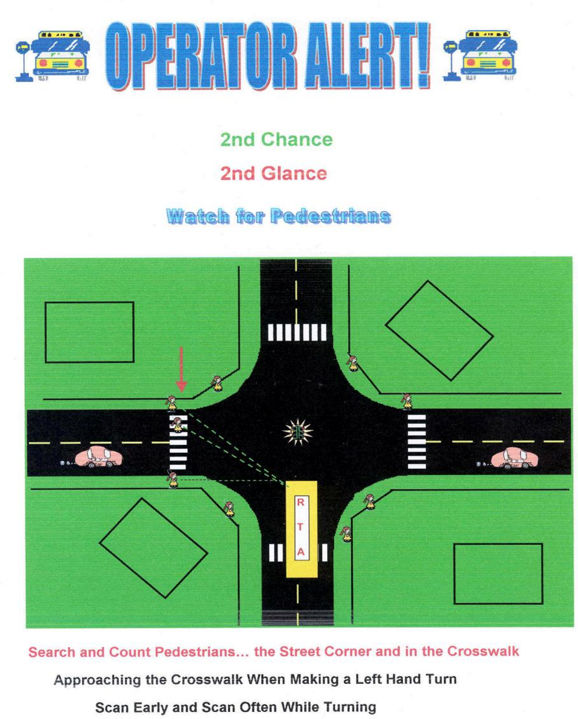
HAYDEN (AS OF 12-06-2010)

		Done	Not Done	Total		
TSB-2009-003	NABI C/S Mirror Adjust Rod Install	65	127	192		
TSB-2009-012	Thread Lock Loose Rail Screws	220	0	220		
TSB-2009-016	NABI Turn Signal dB Muffler	189	0	189		
TSB-2009-017	NABI Turn Signal Strobe Light	191	2	193		
TSB-2009-023	NABI Rear Settee Seat Prop Rod	131	2	133		
TSB-2010-001	Talking While Turning (APAS)	200	0	200		
TSB-2010-002	Interlock Override Decal	215	0	215	DONE	1408
TSB-2010-003	APAS Adjustment - NABI	190	3	193	NOT DONE	134
TSB-2010-007	APAS Adjustment - MCI	7	0	7	TOTAL	1542

The Safety Department has developed a Stat-format in their Executive Safety Committee (ESC) meetings. They updated TransitStat on one of their safety campaigns, Left Hand Turn Safety. The Safety Department analyzed the number of left-hand turn accidents, the procedures for making a left-hand turn, and Operators knowledge of these procedures.

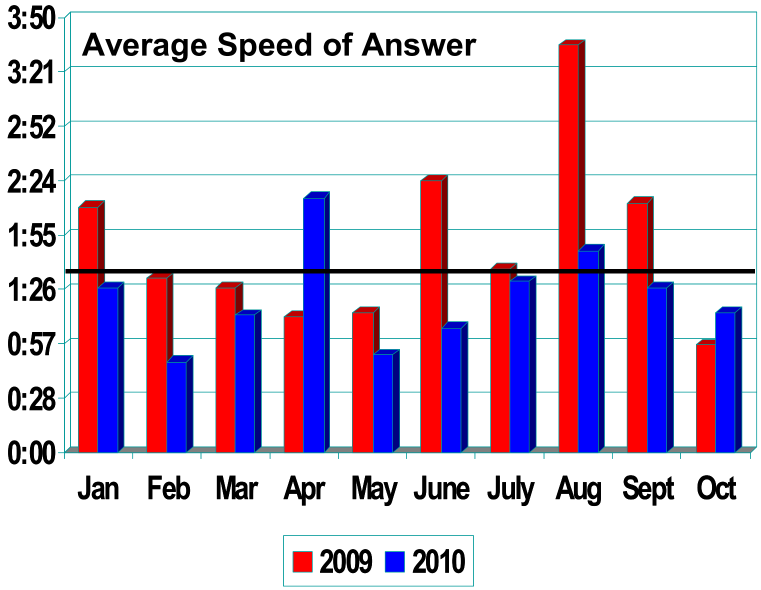
They concluded that 98% of Operators scanned the road curb to curb before making a left-hand turn; 99% of operators correctly identified the number of customers on the right-hand corner; 85% of Operators correctly identified the number of customers on the left-hand corner; and 94% of Operators waited 2 seconds before making the left-hand turn.

The Safety Department and Training & Employee Development Department, with assistance from other Operations Departments, created a training program for left-hand turns.



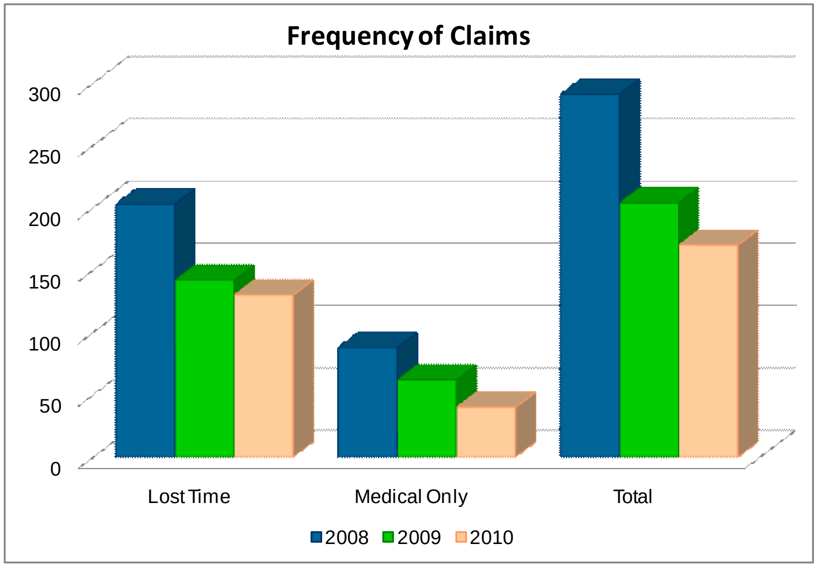
Performance Management

The Telephone Information Center is a section under the Marketing and Communications Department. Since 2008, the Telephone Information Center has been monitoring their performance. They have significantly decreased their Average Speed of Answer from a high of 5 minutes in 2008 to just over 1 minute average in 2010. Their goal was to answer every call within 1.5 minutes and they have surpassed their goal.



The Telephone Information Center operators have increased the number of calls answered in 2010 to nearly 500,000; over a 20% increase from 2009 and over 30% increase compared to 2008. One operator increased the number of calls answered by 42% compared to 2009 and four additional operators increased the number of calls answered from 21% to 34%, compared to 2009.

Risk Management has been monitoring the number of On-the-Job Injury (OJI) claims submitted each month, the reason for the claims, and the type of claims. GCRTA encourages a stay-at-work culture, which has helped to decrease the lost time and medical only claims.



Due to high costs of diesel fuel in 2008, GCRTA positioned itself to mitigate the risk of the volatility through an Energy Price Risk Management Program. This program enabled GCRTA to reduce its diesel fuel costs from $17.4M, in 2009, to $8.0M, in 2010. Additional information about this program is on PM-8.

Performance Management

TransitStat Moving Forward

In 2011, TransitStat will continue performance monitoring of the Administrative and Operations divisions. The Stat programs will be used to focus on critical initiatives that can better position GCRTA to address impending economic threats. TransitStat is the scorecard that GCRTA will continue to use to achieve breakthrough performance.

Energy Price Risk Management

In 2008, RTA experienced record highs in fuel cost as well as extreme volatility. The cost per gallon for diesel fuel ranged from $2.54 to $4.18. As a result of the high costs, our total diesel fuel expense increased by nearly $7.4 million, compared to 2007. This amount was $3.6 million above RTA's 2008 budget. With this as the new reality for fuel, the Authority sought to use tools to ensure better performance in the management of it's fuel costs, which resulted in the creation of an energy price risk management program (fuel hedging program).

The fuel hedging program's strategy uses a process that:

1. Addresses market opportunities and market risk;
2. Holds the risk of exceeding budget at or below an acceptable level;
3. Uses historical pricing ranges as pricing parameters;
4. Is continuous;
5. Uses a dollar cost averaging tool;
6. Mitigates transaction-timing risk by making numerous smaller volume transactions (i.e. 42,000 gallons per transaction).

The strategy was accomplished with an Advisor, who is responsible for daily execution of the program, including the execution of transactions, generating reports on the program's status and results, and monitoring the program and energy markets. The hedging instruments include purchases of home heating oil futures (the diesel fuel correlate) traded on the Exchange, as well as, purchases of derivatives with financial institutions that are certified by the International Swaps and Derivative's Association (ISDA). RTA's policy dictates that the maximum hedge ration will not be more than 90 percent of the forecasted consumption and that hedges can only extend 36 months in advance.

The Authority began positioning itself in the first quarter of 2009. By April, the Authority had nearly 3.9 million gallons of the 5 million gallon usage, purchased for 2010. The performance objective was to establish a 2010 fuel cost at or below $2.20 per gallon. Regular reports and tracking are included in the 2009 and 2010 budget execution.

The overall objective of the program is to decrease energy volatility, increase the certainty of future fuel costs, stabilize and control the budget and finally to lower overall long-term energy costs.

In 2008, fuel costs were $19.4 million. Using a firm fixed price contract for 2009, those costs were reduced to $17.4 million. For 2010, the budgeted cost for fuel was $9.39 million. Factoring in the shares of home heating oil that was sold, net cost of diesel fuel was $8.0 million. This meets our objective of stabilizing budgeted costs and then goes on to significantly reduce overall costs. All of 2011 and most of 2012 fuel requirements have been hedged and net costs are projected at $10.9 million and $12.4 million, respectively.