

2020 BUDGET GUIDE

ORGANIZATION OF THE ADOPTED BUDGET PLAN

The purpose of this section is to describe the contents of the 2020 Operating and Capital Budgets (Adopted Budget Plan) for the Greater Cleveland Regional Transit Authority (the Authority). This section is an aid for those who wish to analyze the book in detail. The Table of Contents in the beginning of the book and on the tabs in the beginning of each section provide further direction to the reader.

TRANSMITTAL LETTER

The Transmittal Letter is the CEO/General Manager's Executive Letter and an overview of the Authority's operations and finances for the upcoming fiscal year. It includes the Citizens' Summary which explains the revenues, expenditures, staffing, and service indicators. The Transmittal Letter also includes attachments of the Fund Statements and Financial Objectives.

BUDGET GUIDE

In addition to providing an outline of the Adopted Budget Plan, the Budget Guide explains the Authority's Financial and Budgetary policies, including the rationale for their adoption and the way they are implemented and monitored. The Budget Guide also contains a description of the Budget Process, a Budget Calendar, a Profile of the Service Area, and a Glossary of terms used in the Adopted Budget Plan.

FUND BUDGETS

The Fund Budgets section defines the Authority's Fund Structure and the interrelationships between funds. Individual fund statements reflect the trends in revenues, expenditures, ending balances, and transfers between funds over a six-year period. Historical, current, and prospective information is provided. An analysis of the Authority's financial condition is based on these trends.

PERFORMANCE MANAGEMENT

This section highlights improvements and efficiencies made in the Authority through the Strategic Plan and TransitStat, GCRTA's performance management program. GCRTA continues to improve itself as a model transit authority through the balanced scorecard within these strategies. Each of the Departments have a direct or indirect link to the Strategic Plan.

DEPARTMENT BUDGETS

The Department Budgets present the Adopted Budget Plan by the Operating Budget organizational units. These sections describe the six divisions, their mission, functions, achievements for the past year, and priorities for the current year. Individual department budgets, budget implementation narratives, scorecards, organizational charts, and staffing level summaries are provided for each department.

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan itemizes capital projects approved for 2020 and those planned for 2020 through 2024. This section discusses funding sources, debt limits, capital improvement planning cycle, and the criteria used to establish priorities.

BOARD POLICY GOALS

The strategic planning focus was implemented in the 2020 budgeting process. The evaluation of requests and the allocation of funding for 2020 initiatives were linked to the business plan, balanced scorecard, and most directly to these four policy goals. Based on the current economic conditions, **expansion** cannot be a priority at this time. Rather **maintaining and reorganizing** service to retain base riders and attract new customers is objective.

FINANCIAL POLICIES

INTRODUCTION

The Authority adopted a set of financial policies in 1989, relating to its overall finances and to particular funds. The policies were amended in July 1998 to include four additional key indicators. These policies were then amended again in September 2011 to provide a comprehensive framework for the management of revenues and financial resources of the Authority. They provide guidelines for decision-making by the Board of Trustees and management on how the financial resources of the Authority shall be used to achieve the Authority's mission and provide public transportation services.

The new policy objectives are a better indicator of efficiency, effectiveness, and financial condition of the Authority, which ensures the fiscal integrity of the Authority and adherence to laws and regulations. The Authority's purpose, which is to provide a public service, will only be accomplished so long as it remains a financially viable organization. In this vein, a balance of using the funds to provide that service and maintaining a reserve for possible future shortfalls must occur. The new policy objectives to measure and/or control expenses and revenues are:

- Operating Ratio $\geq 25\%$
- Operating Reserve ≥ 1 month
- Growth in Cost per Service Hour \leq rate of inflation
- Debt Service Coverage ≥ 1.5
- Sales & Use Tax Revenue allocated annually to Capital Improvement $> 10\%$
- Capital Maintenance Outlay to Capital Expansion $75 \leq \geq 90\%$

RTA established Reserve Funding to mitigate against increases in hospitalization, fuel costs for diesel and CNG, compensated absences, and 27th pay period. In December 2012, an Operating Reserve for replacement of rolling stock was added. Starting in 2016, funds for the Reserve Fund are transferred at the end of the year based on the available ending balance. If the available ending balance is above \$5 million, before the Reserve transfer, 10 percent of the available ending balance will be transferred into the Reserve. If the available ending balance is less than \$5 million, only 5 percent will be transferred.

For accounting purposes, the Authority reports the results of its operations in a single enterprise fund, the General Fund Statement. Separate funds are maintained on the books of the Authority in order to best account for its various revenues and expenditures that are designated for specific purposes. For budget purposes, a separate budget must be adopted annually for each Fund (see **Fund Budgets** section). Therefore, the following financial and budgetary policies are organized by Fund, except for those general policies that are applicable to the Authority as a whole.

ALL FUNDS

POLICY STATEMENT: *Current appropriations in each fund are limited to the sum of available cash, encumbered balances, and revenues estimated to be received in the current budget period.*

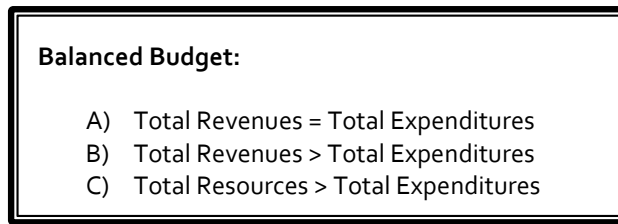


Figure 11

RATIONALE: By law, the budget must be balanced. Expenditures cannot exceed available resources. A balanced budget occurs when total expenditures equal total revenues. The budget is also balanced in situations where total expenditures are less than total revenues, called a surplus. A third type of a balanced budget is when total resources (previous year balance plus current year revenues) are greater than total expenditures.

IMPLEMENTATION: The Board of Trustees (BOT) has adopted other policy goals that go beyond the statutory requirement listed above and requires certain reserves in each fund. The specific requirements are discussed under the appropriate fund policy statement. The following describes the implementation of this policy for the General Fund.

In the General Fund budget for 2020, estimated resources total \$320.8 million (current revenues of \$283.6 million plus an estimated beginning balance of \$37.1 million). Total estimated expenditures for 2020 equal \$295.8 million and are within the estimate of total resources available. The ending balance, \$25.0 million, is over the one-month reserve recommended by the Trustees for the General Fund (see page 20). The Board policy goal is considerably more restrictive and more determinate than the legal demand for balanced appropriations.

POLICY STATEMENT: *The Authority's interim funds shall be invested to achieve the maximum financial return consistent with prudent market and credit risks while conforming to applicable State and Federal laws and consistent with the cash flow requirements of the Authority, matching maturities and/or marketability at par, to meet outstanding obligations and financial commitments.*

RATIONALE: With interim funds of more than \$50 million, investment income is a material resource for the Authority and makes funds management a priority. Investment decisions should attempt to increase yields without risking the principal or the liquidity position of the organization. In addition, idle cash balances should be invested whenever possible to maximize investment income.

IMPLEMENTATION: The Ohio Depository Act and the Authority's cash management investment policy allow the Authority to invest in the following types of financial instruments:

- U.S. Government securities, maximum term of three years
- Secured certificates of deposit, maximum term of one year
- U.S. Government Agency securities, maximum term of three years
- Repurchase agreements of U.S. Government and Agency securities, maximum term of thirty days
- State Treasury Asset Reserve of Ohio (STAR Ohio), daily liquidity

Monthly reports summarizing investment transactions and earnings are provided to the Board of Trustees. The Authority was able to achieve a favorable return on its 2019 investments and at the same time meet its outstanding financial commitments with an investment yield of 2.22 percent.

POLICY STATEMENT: The Authority's personnel, procurement, and other policies are designed and administered to obtain the maximum value for the funds provided by its constituents.

RATIONALE: As a public agency, the Authority delivers the services for which its taxpayers and users provide resources. The incentive is not to generate an excessive surplus of funds, but rather, to provide the most extensive and cost-effective level and mix of services possible. When services and operations are well managed and costs are contained, the Authority can provide greater services.

IMPLEMENTATION: In the General Fund, the growth in the cost of providing services (measured by cost per hour of service) must remain at or below the rate of inflation. This policy goal allows the Authority to maximize the use of its resources and provide the most direct service possible.

The operating expenditures budgeted in the 2020 General Fund, which exclude transfers to other funds, are \$262.2 million, which represents an increase of 3.0 percent over the 2019 budget. The largest Operating Budget appropriation, \$143.7 million, is for Salaries and Overtime and accounts for 54.8 percent of the total operating appropriation. The 2020 appropriation for personnel costs is 3.7 percent higher than the 2019 budget. The Operating Expenditures include labor, overtime, and fringe benefits for personnel; diesel fuel and natural gas fuel. Inventory, other utilities, cost of materials and services, and liability costs are included in the other expenditures.

In the Capital Improvement Fund, economies are sought that minimize the costs of capital projects. Construction management activities ensure the timely completion of these projects at the lowest cost. Cost savings also are possible by planning for the purchase of similar types of equipment in larger quantities. Additionally, capital investment is encouraged where operating cost savings and operational efficiencies result.

GENERAL FUND

POLICY STATEMENT: Program demands require that an adequate resource stream be maintained. The Authority must make the hard decisions required to assure a continued flow of resources.

RATIONALE: It is the policy of the Authority to take whatever steps are necessary to ensure full and continued funding for the services, programs, and facilities, which the Authority is required or elects to provide. The Authority should actively pursue whatever legitimate revenues it can locate to support the services its constituents demand.

IMPLEMENTATION: Sales & Use Tax is the largest revenue stream for the Authority, at nearly 75.9 percent of total revenues. The Sales & Use Tax receipts in 2019 were 3.3 percent higher than 2018. Receipts for 2020 are budgeted at \$215.4 million, a 2 percent increase over 2019.

Passenger Fares have continued to fall as ridership declines. In 2019, Passenger Fares are estimated at \$43.2 million, an 7.4 percent drop from 2018 receipts. Passenger fares are budgeted at \$41.4 million, a 4.0 percent decrease over 2019 estimates. Reimbursed Expenditures, the third largest revenue stream for the Authority, consists of reimbursements for Preventive Maintenance, Fuel Tax, and grant-funded labor and material costs. The goal is to keep reimbursed expenditures under \$20 million, enabling more funds to be available for capital projects and maintaining a state of good repair on all assets. With the Sales Tax base having decreased, the inconsistency of Passenger Fares, the consistent decline in ridership and the policy to keep Preventative Maintenance at \$20 million or below, it is necessary to find alternative revenue sources.

POLICY STATEMENT: *An operating reserve in an amount equal to at least one month's operating expenses shall be budgeted each year to cover unforeseen or extraordinary fluctuations in revenues or expenses.*

RATIONALE: Adequate reserves must be maintained to avoid disruptions in service due to temporary shortages in operating funds or fluctuations in revenue streams or costs.

IMPLEMENTATION: This policy goal is expected to be met for at 1.1-months for 2020.

POLICY STATEMENT: *Growth in the cost of delivering a unit of service (cost per service hour) shall be kept at or below the rate of inflation.*

RATIONALE: As a means of measuring cost containment, direct costs should not be permitted to increase faster than overall price levels.

IMPLEMENTATION: Service hours for 2020 are budgeted to remain at the same level as compared to 2019. The cost per service hour is budgeted at \$ 143.1, an 8 percent from 2019 estimate. This policy goal is not expected to be met in 2020, as the Federal Bank of Cleveland is estimating inflation to remain below 2.1 percent in 2020. The Authority will have to ensure that Operating expenses are managed throughout the year to mitigate the impact of not meeting this policy goal.

POLICY STATEMENT: *The Operating Ratio (Operating Revenues divided by Operating Expenses) shall not be allowed to go below 25 percent with a long-range objective of having Operating Revenues cover an increasing portion of Operating Expenses.*

RATIONALE: A higher Operating Ratio indicates that the Authority is becoming more self-supporting and less reliant on other sources of income. Additionally, a lower Operating Ratio indicates that customers are paying a lower portion of the operating cost of providing the service.

IMPLEMENTATION: Operating Revenues include passenger fares, advertising, concessions, and investment income. Operating Expenses include all expenditures of the General Fund less reimbursed labor, which are charged to and reimbursed by the Capital Program, and transfers to other funds.

As Operating Revenues decrease, mainly due to the decrease in ridership, and operating expenses are slowly increasing, the Operating Ratio for 2020 is projected to be 17.1 percent. The Operating Ratios for 2020 through 2022 are slowly decreasing, from 17.1 percent in 2020 to 15.8 percent in 2022, due to the projected loss of ridership each year.

POLICY STATEMENT: *Debt service coverage (total operating revenue minus operating expenditures divided by debt service requirements) shall be kept to a minimum of 1.5.*

RATIONALE: The Authority should comfortably support Debt service payments. The excess from general obligations should be used as the measure to not jeopardize the financial condition of the Authority.

IMPLEMENTATION: The debt service coverage measure has traditionally been met and the minimum significantly exceeded since the Authority has used debt sparingly. The goal of the debt service coverage is to be above 1.5. The Debt Service Coverage ratio has been maintained over the 1.5 goal since 2015. A \$30 million bond issuance was budgeted for 2017 but was postponed for 2018, then postponed again for 2019. The budget for 2020 is projected at 2.65. The debt coverage is projected at 2.34 in 2021 and 2.37 in 2022, still well above the goal.

CAPITAL IMPROVEMENT FUNDS

POLICY STATEMENT: *A minimum of 10 percent of Sales & Use Tax revenues shall be allocated to the Capital Improvement Fund on an annual basis. This allocation shall be used to support budgeted projects in the Capital Improvement Fund or support debt service payments in the Bond Retirement Fund.*

RATIONALE: Capital assets such as facilities, equipment, and vehicles, are essential to the provision of transportation services. Although expensive to sustain, a regular capital investment program lowers operating and capital costs over the long term. The Federal Government funds a substantial portion of capital projects, but the Authority must have adequate local matching funds on hand in order to qualify for Federal Transit Administration (FTA) grants. State and Federal assistance have shrunk in recent years, leaving the Authority to absorb an increasing share of capital expenditures through 100 percent local funds.

IMPLEMENTATION: The Authority has combined debt financing and direct allocations of Sales & Use Tax receipts to fulfill its financial commitment to the capital program. In 2017, the definition of contribution to capital was officially changed from 10 to 15 percent contribution to a minimum of 10 percent. In 2020, the Sales Tax Contribution to Capital is budgeted at 12.6 percent. The contribution projected at 9.9 percent and 10.1 in 2021 and 2022 respectively.

POLICY STATEMENT: *Capital Improvement Funds shall be used to account for the construction and acquisition of major capital facilities and equipment.*

RATIONALE: The separation of funds used for day-to-day operations from those employed for capital improvements facilitates the planning process and the management of resources.

IMPLEMENTATION: Capital investments are defined as those exceeding \$5,000, where the useful life of the asset exceeds one year. The Capital Improvement Fund includes the RTA Capital Fund and the RTA Development Fund. The Capital Improvement Fund is supported by the Federal and State grants as well as local sources.

POLICY STATEMENT: *The percent of capital maintenance to capital expansion outlay will be between 75 percent and 90 percent.*

RATIONALE: Transit remains a capital-intensive business and continued quality service relies solidly on maintenance of infrastructure and equipment. Investments must anticipate future service requirements and capacity.

IMPLEMENTATION: Recognizing that the capital program requires a critical balance between maintenance of existing assets and expansion efforts, this policy objective has been used in the past to develop the annual capital budget. The focus of the Authority's capital program has been on achieving a State of Good Repair (SOGR) through the maintenance, rehabilitation, and replacement or upgrade of existing capital assets rather than on expansion activities. This measure will remain at 100 percent from 2020 through 2022, due to many SOGR capital maintenance projects including the bus improvement program, rail car replacement program, reconstruction of heavy and light rail stations, and track infrastructure projects.

POLICY STATEMENT: *The Authority will strive to take advantage of all available State and Federal grants and other financing programs for capital improvements, including but not limited to, State of Ohio public transportation grants and Federal Highway Administration programs, as well as the programs of the Federal Transit Administration.*

RATIONALE: Various ‘formula’ grants are usually allocated to systems based on service or demographic indicators. Discretionary grants are competitive and require the maintenance of positive relationships, solid planning, and well-conceived projects. The Authority strives to maximize grant funding in order to best leverage local funds to maintain a SOGR in its capital assets. Furthermore, as more dollars are needed to support an aggressive Long-Range plan, the Authority will explore and secure other creative and non-traditional revenue sources to meet the needs of its capital program.

IMPLEMENTATION: The limited availability of funding at the Federal, State, and Local levels meant the Authority can only focus on the most essential and realistic capital projects during the 2020-2024 CIP development process and continue its focus on SOGR projects. The Authority will continue to aggressively pursue and explore any and all non-traditional funding opportunities under the MAP-21 (Moving Ahead for Progress in the 21st Century) legislation and will continue to focus on improving our internal capability to plan, finance, and implement its Capital Improvement Plan. Under the new MAP-21, census data and operating statistics are used to determine the distribution of formula grants. Competitive grants such as UPT, OTP2, NOACA 5310, DREG, and CMAQ can boost the ability to complete SOGR projects and preventive maintenance projects. Complete breakdown of the Capital Improvement Revenue by Source can be found in the Capital Section in the back of the budget book.

SUPPLEMENTAL PENSION FUND

POLICY STATEMENT: *Every two years, an evaluation, including appropriate actuarial studies, shall be made of the Supplemental Pension Fund to determine the amounts required to meet expected obligations of the Fund. Any additional funds determined to be needed will be allocated during the annual budgeting process of the Authority.*

RATIONALE: A periodic evaluation of the pension amount ensures that the Authority has adequate funds to meet expected obligations.

IMPLEMENTATION: The Supplemental Pension Fund contains assets held in trust for the payment of pension benefits to certain retired employees of the Authority. Provisions of the plan are delineated in the agreement between RTA and the Amalgamated Transit Union (ATU). Because of low levels of investment income earned over the last few years and increasing expenditures, the fund has required transfers from the General Fund to keep the recommended balance. The 2020 budget includes a transfer of \$50,000. In 2021 and 2022, transfers of \$45,000 and \$40,000 will be needed each year, respectively for the Pension Fund.

INSURANCE FUND

POLICY STATEMENT: *The Authority is insured through both self-insurance and purchased insurance. Insurance for property and equipment losses as well as liability is to be purchased on the open Insurance market. The Risk Manager determines the basis for the Insurance Fund structure and coverage levels.*

RATIONALE: The Authority desires to save funds by implementing the most appropriate balance of insurance to solve claims. Sufficient resources must be set aside to provide security against normal business risk, for major property claims, and to purchase specified insurance for these purposes.

IMPLEMENTATION: The General and Insurance Funds provide for the payment of the insurance purchased on the open market. The Insurance Fund was restructured to include a mix of self- and purchased-insurance in 1998. This was a major change from the Authority’s previous self-insurance position. For 2020, \$2.0 million is budgeted to be transferred from the General Fund for the payment of claims and additional property insurance premiums. For 2021 through 2022, over \$2 million and \$2.6 million is planned each year respectively, for claims outlay and insurance premiums for catastrophic and extraordinary losses.

POLICY STATEMENT: *The minimum balance to be maintained in the Insurance Fund shall be determined by the Risk Manager on an annual basis taking into consideration the balance between self-insurance and purchased-insurance requirements. Upon attaining the required minimum balance, additional funds will be allotted to the Insurance Fund during the annual budgeting process based on the results of periodic actuarial studies of the Fund to assess its sufficiency.*

RATIONALE: The intent is to ensure that reserves and insurance levels are sufficient to cover extraordinary or catastrophic losses. The periodic evaluations will determine the sufficiency of the Fund and the cost-effectiveness of maintaining a self-insurance program versus obtaining coverage externally.

IMPLEMENTATION: Ordinary and routine losses are paid through the Risk Management Department's General Fund Budget, whereas claims and insurance premiums for catastrophic and extraordinary losses are budgeted in the Insurance Fund. The Risk Manager requires a minimum \$5.0 million fund balance.

BOND RETIREMENT FUND

POLICY STATEMENT: *Principal and interest payments on outstanding bonds will be accounted for in the Bond Retirement Fund. Debt issuances shall comply with pertinent State and Federal laws, finance only long-term capital assets, and supported by adequate debt servicing capacity.*

RATIONALE: It is the intent of the Authority to issue debt in a manner that adheres to State and Federal laws and prudent financial management principles.

IMPLEMENTATION: Historically, the Authority has used debt capacity sparingly due to the benefits of Federal and State grant funding. Reductions in these sources of capital support over the years in combination with an aggressive long-range Capital Improvement Program (CIP), has resulted in more frequent use of debt sales as a revenue source for the Authority's capital needs. The outstanding debt for the Authority totaled \$116.8 million Sales Tax Revenue bonds at the end of 2019, which will require principal and interest payments of \$16.3 million in 2020. Principal and interest payments are expected to increase to 13.4 million after FY 2020 debt issuance of \$30 million for on-going needs of the Capital Improvement Plan.

DEBT FINANCING

Ohio law permits the Authority to issue both voted and un-voted debt and to levy ad valorem property taxes. Current obligations have not required the use of property taxes for debt service. Debt issuances are subject to three limitations as specified in the Ohio Revised Code and the Ohio Constitution:

1. **RESTRICTION:** Total debt supported by voted and/or un-voted property taxes may not exceed 5 percent of the total assessed valuation of the property within the Authority's territory (Cuyahoga County).

IMPACT: The provision is not currently applicable since debt obligations have not required the use of ad valorem property taxes for debt service payments. Further, the 1.50 mill limitation (based on the county's assessed valuation of \$30.5 billion) is not overly restrictive in view of the Authority's debt requirements.

2. **RESTRICTION:** Annual principal and interest payments on all un-voted general obligation (GO) bonds may not exceed one-tenth of one percent of the total assessed valuation.

IMPACT: Based on the 2020 valuation, the annual debt service capacity of one-tenth of one percent would be \$30.5 million and apply to all debt issued by the Authority.

3. **RESTRICTION:** The total amount of annual debt service on un-voted general obligation (GO) bonds issued by overlapping subdivisions is limited to ten mills of assessed valuation in each political subdivision. Overlapping subdivisions include Cuyahoga County and various municipalities, school districts, and townships within the taxing district.

IMPACT: The ten-mill limit provision pertains to all un-voted debt regardless of the source of payment and historically has been the most restrictive to the Authority. At the beginning of 2020, the majority of political subdivisions in Cuyahoga County are close to the 10-mil limit, leaving little for additional debt issuances. The Authority currently holds an "AA+" rating with S & P and an "Aa1" rating with Moody's.

BUDGET MANAGEMENT PROCESS

INTRODUCTION

As the Authority's finances become tighter, increased emphasis has been placed on the budget management process. The following procedures were instituted to strengthen this process:

- The Board of Trustees (BOT) developed a set of financial policies, starting on page 20, to guide the development of the budget plan and articulate the Authority's operating guidelines.
- The Authority's performance is measured against the standards established by the BOT.
- A formal budget document is produced, providing clear, timely, and accurate budget information to officials and the public.
- The expenditures are tracked against appropriations and available resources.
- Performance indicators are used to assess the containment of costs and the effectiveness of service delivery.
- The Customer Advisory Committee (CAC) (formerly called the Citizens' Advisory Board) meets monthly to provide the pulse of the community in matters of fare changes, Long Range Plan updates, capital projects, and service changes.

THE BUDGET CYCLE

For the Authority, the fiscal and calendar years coincide. The budget process for the forthcoming fiscal year begins in January with the development of the Capital Budget and in June with the development of the Tax Budget, both for the following fiscal year. Although not necessary, the Authority prepares a Tax Budget as a valuable tool for estimating budgeted resources and preparing appropriations planning.

Around the same time, a mid-year review of spending patterns and budget variances is conducted. The Capital Budget and the Tax Budget are essential components of the base level appropriations assumed for the succeeding budget cycle. The development of this 'base' budget begins the annual budget process, which proceeds as follows:

- **The Capital Improvement Plan (CIP)** cycle begins in September, 16 months prior to the start of the fiscal year. For example, the CIP cycle starting in September 2019 would be for the CIP budgeted in fiscal year 2021.
 - All capital requests are due by mid-January.
 - Capital requests are processed and meetings with the Capital Program Working Group (CPWG) begins mid-February. Capital requests are reviewed at the CPWG meetings and ranked according to the Federal Transit Association's (FTA) MAP-21 asset standards.
 - After the CPWG identifies and ranks the top projects, the Capital Program Oversight Committee (CPOC) reviews each of the projects and aligns funding from March through April.
 - In May, the 5-year CIP Resolution and Presentation are completed and presented to the Board of Trustees. A public hearing will be held during the committee meeting.
 - The Board of Trustees will review the Resolution and either approve or reject the Budgeted Fiscal Year for the CIP (the first year out of the 5).
 - If the Board approves the CIP Resolution, the 5-year CIP is submitted in June to the Northeast Ohio Areawide Coordinating Agency (NOACA), Northeast Ohio's Metropolitan Planning Office (MPO). NOACA then submits the CIP to the Ohio Department of Transportation (ODOT) and the Federal Transportation Administration (FTA) for submission in their next fiscal year, beginning October.
- **The Operating Budget** cycle begins in June with the creation of the Tax Budget
 - The Tax Budget is created to estimate the next fiscal year resources and identify any changes or adjustments in the operating budget and to plan for the future fiscal year.
 - In July, the Tax Budget is presented to the Board of Trustees and a public hearing is held. The Board of Trustees will either approve or reject the Tax Budget resolution in late July. If approved, the Authority will submit a copy of the Tax Budget to the Cuyahoga County Auditor and the State Auditor.
 - In August, the Office of Management and Budget (OMB) staff adjusts the budget basis for any nonrecurring costs, contracts, or binding commitments, or inflation. The product is called the Base Budget.
 - The Base Budget is then divided into each of the Divisions and Departments. The Department directors and managers review their base budgets and submit requests for adjustments.
 - New requests are reviewed by OMB and a cost benefit analysis is done, if needed
 - Negotiations are held in mid-September between OMB and the Departments to refine the Base Budget.
 - When completed, the Base Budget includes commitments, recurring costs, and any approved new projects and initiatives. This then becomes the CEO/General Managers' Recommended Budget
 - The finalized CEO/General Manager's Recommended Budget:
 - Is the sum of the refined Base Budgets and Adjustments
 - Is limited to estimated available resources
 - Satisfies the Authority's financial policies to the best extent possible
 - Supports the Authority's mission and strategic direction as embodied in the Board Policy Goals and outlined in the Strategic Planning Process
 - The CEO/General Manager's Recommended Budget is presented to the Executive Management Team (EMT) in October and presented to the Board of Trustees in November and December. Public hearings are held in November and December
- The review process culminates in the formal adoption of a budget resolution at the December Board Meeting. It is the Trustees' practice to finalize appropriations before the new fiscal year begins.

A calendar of the Budget Development cycles begins on page 29.

BUDGET MONITORING AND CONTROL

The Office of Management and Budget monitors revenues and expenses monthly, as well as projects year-end estimates for the Authority's top two revenues (Passenger Fares and Sales and Use Tax) and the top 3 expenditures (Salaries and Overtime, Payroll Taxes and Fringe Benefits, and Fuel). Quarterly financial reports allow the CEO/General Manager, Secretary-Treasurer and the Board of Trustees (BOT) to monitor actual performance throughout the year. This report is used to determine if adjustments are needed to realign the budget. Interdepartmental transfers are the main method to adjust the Operating Budget. The Secretary-Treasurer has the authority to transfer appropriations within and between departments, which are reported monthly to the Board of Trustees (BOT). In rare occasions, an increase to the overall budget appropriation may be needed. Any increase to the Authority's total budget requires BOT approval.

The Secretary-Treasurer also has the authority to upgrade or reclassify staff positions. Positions may be reallocated between departments and divisions, providing the overall staffing level remain at the level approved by the BOT for the budgeted year. This allows the Secretary-Treasurer flexibility in making staff decisions. If an increase in budgeted positions is needed during the year, approval by the BOT would be needed.

BUDGET DEVELOPMENT CALENDAR

2019

Jan 2019	Feb 2019	Mar 2019
<ul style="list-style-type: none"> •O: Finalize 2018 Year-end •O/C: Finalize 2019 Budget Book 	<ul style="list-style-type: none"> •C: CPWG Meetings (2021-2025 CIP) 	<ul style="list-style-type: none"> •C: CPOC Meetings •O/C: 1st Qtr Ends
Apr 2019	May 2019	Jun 2019
<ul style="list-style-type: none"> •O: O/C: Finalize 1st Qtr Projections •C: Legal Notice: CIP & Public Hearing 	<ul style="list-style-type: none"> •C: 2020-2024 CIP Presentation to BOT •O/C: 2020 Tax Budget Extension 	<ul style="list-style-type: none"> •O: Legal Notice: 2020 Tax Budget & Hearing •O/C: 2nd Qtr Ends
Jul 2019	Aug 2019	Sep 2019
<ul style="list-style-type: none"> •O/C: Finalize 2nd Qtr Projections •O/C: 2020 Tax Budget presentation to BOT and Board Approval 	<ul style="list-style-type: none"> •C: Load 2020 CIP •O: 2020 Operating Budget Kickoff •C: 2021-2025 CIP Kickoff 	<ul style="list-style-type: none"> •C: 2021-2025 CIP: Submit requests through Apex •O: 2020 Service Plan Due •O: 2020 Base Budget Due •O: Present 2020 Base Budget to EMT and CEO •O/C: 3rd Quarter Ends
Oct 2019	Nov 2019	Dec 2019
<ul style="list-style-type: none"> •O/C: Finalize 3rd Qtr Projections •O/C: 2020 Budget Appeals •O/C: Present 2020 Budget to EMT and CEO 	<ul style="list-style-type: none"> •C: 2021-2025 CIP projects due •O: 2020 Budget 1st presentation to BOT and public hearing 	<ul style="list-style-type: none"> •O: 2020 Budget 2nd presentation to BOT and public hearing •C: DMG review of 2021-2025 CIP projects and approval •O: 2020 Budget approved by BOT •O: Load 2020 Budget •O/C: 4th Qtr Ends

O: Operating

C: Capital

BUDGET DEVELOPMENT CALENDAR

2020

Jan 2020	Feb 2020	Mar 2020
<ul style="list-style-type: none"> •O: Finalize 2019 Year-end •O/C: Finalize 2020 Budget book 	<ul style="list-style-type: none"> •C: CPWG Meetings (2020-2024 CIP) 	<ul style="list-style-type: none"> •C: CPOC Meetings •O/C: 1st Qtr Ends
Apr 2020	May 2020	Jun 2020
<ul style="list-style-type: none"> •O: O/C: Finalize 1st Qtr Projections •C: Legal Notice: 2021-2025 CIP & Public Hearing 	<ul style="list-style-type: none"> •C: 2021-2025 CIP Presentation to BOT •O/C: 2021 Tax Budget Extension 	<ul style="list-style-type: none"> •O: Legal Notice: 2021 Tax Budget & Hearing •O/C: 2nd Qtr Ends
Jul 2020	Aug 2020	Sep 2020
<ul style="list-style-type: none"> •O/C: Finalize 2nd Qtr Projections •O/C: 2021 Tax Budget presentation to BOT and Board Approval 	<ul style="list-style-type: none"> •C: Load 2021 CIP •O: 2021 Operating Budget Kickoff •C: 2022-2026 CIP Kickoff 	<ul style="list-style-type: none"> •C: 2022-2026 CIP: Submit requests through Apex •O: 2021 Service Plan Due •O: 2021 Base Budget Due •O: Present 2021 Base Budget to EMT and CEO •O/C: 3rd Quarter Ends
Oct 2020	Nov 2020	Dec 2020
<ul style="list-style-type: none"> •O/C: Finalize 3rd Qtr Projections •O/C: 2021 Budget Appeals •O/C: Present 2021 Budget to EMT and CEO 	<ul style="list-style-type: none"> •C: 2022-2026 CIP projects due •O: 2021 Budget 1st presentation to BOT and public hearing 	<ul style="list-style-type: none"> •O: 2021 Budget 2nd presentation to BOT and public hearing •C: DMG review of 2022-2026 CIP projects and approval •O: 2021 Budget approved by BOT •O: Load 2021 Budget •O/C: 4th Qtr Ends

O: Operating
C: Capital

Figure 12

STRATEGIC PLANNING PROCESS AND MANAGEMENT POLICIES

In previous years The Authority has operated under the Quality Management System (QMS) through the STRATEGIC PLAN and BALANCED SCORECARD. This year, in partnership with **TransPro Consulting**, the Authority is in the process of developing a strategic plan to grow the Authority into the next decade. The Authority will continue to use the three major monitoring forums which help guide the Authority through the Strategic Plan including **TransitStat** program, Executive Safety Committee (ESC), and the Information Technology Steering Committee (ITSC). The Board of Trustees (BOT), Executive Management Team (EMT) and key stakeholders in RTA review the strategic plan for short-term and long-term performance of the RTA through the Balanced Scorecard. This includes the areas of focus and Vital Few Objectives essential for growth and progress in RTA. **Budget decisions are made with the overall strategic planning process in mind. The Balanced Scorecard, TransitStat program and Authority performance over the past years are discussed in further detail in the Performance Management Section.**

MISSION STATEMENT:

To provide safe, reliable, clean, and courteous public transportation

VALUES:

- **Safety:** The safety of our passengers, employees, and the general public is our top priority.
- **Ethics & Integrity:** We are dedicated to high ethical standards, including uncompromising honesty and integrity in our daily activities.
- **Service Excellence:** We will provide safe, clean, reliable, on-time, courteous service that our customers will view as outstanding.
- **Fiscal Responsibility:** We are committed to manage every taxpayer and customer-generated dollar as if it were coming from our own pocket.
- **Teamwork:** We believe in teamwork and will foster a spirit of cooperative effort within RTA and with our partners.
- **Responsibility & Accountability:** Every individual is accountable. Meeting our individual responsibilities will ensure that collectively RTA is a high-performing organization. We will meet all regulations and commitments and continually strive to improve.
- **Respect:** We will treat all members of the RTA family, customers, and the general public with dignity and respect.

BALANCED SCORECARD

AREAS OF FOCUS AND VITAL FEW OBJECTIVES (VFOS)

- FISCAL RESPONSIBILITY
 - Increase Revenue / Reduce Expenses
 - Enhance Fiscal Responsibility
- VOICE OF THE CUSTOMER
 - Expand Advocacy
 - Enhance Customer Experience
- CONTINUAL PROCESS IMPROVEMENT
 - Increase Service Efficiency
 - Achieve State of Good Repair
 - Advance & Improve Technology
- LEARNING & INNOVATION
 - Achieve a Safety Culture
 - Improve Employee Development
 - Improve Sustainability
 - Improve Employee Engagement
 - Improve Performance Management

Balanced Scorecard Category	Strategic Actions	Considerations	Definition/ Context
Voice of Customer	<ul style="list-style-type: none"> Collect and Analyze Customer Data & Feedback Improve customer experiences Effectively communicate reliable, relevant information through innovative mechanisms Respectfully respond to customer complaints and celebrate commendations Develop & foster meaningful customer relationships 	<ul style="list-style-type: none"> How do we ensure we are meeting customer needs? How do we gather the correct information that gauges impact on customer perceptions and experiences with our service and its enhancements and improvements? 	<ul style="list-style-type: none"> Collect customer feedback and data through various surveys Establish processes and criteria to identify customer needs and trends Develop and implement customer experience improvement strategies Expediently and accurately share information and improvements with customer base Collect and respond to customer complaints rapidly and professionally Celebrate customer commendations Develop, value, and maintain meaningful customer relationships
Continual Process Improvement	<ul style="list-style-type: none"> Achieve Performance Excellence Manage Innovation Optimize Key Work Systems (Safety, Scheduling, Service Delivery, & Maintenance) Improve Administrative Processes Establish a culture of individual and organizational accountability 	<ul style="list-style-type: none"> What are the collection of processes & procedures most relevant to the mission? How are we ensuring they meet the needs of our Vision and Values? How are the performance and impact of these processes measured and used to determine new needs or improvements within the organization? 	<ul style="list-style-type: none"> Leverage performance management programs and tools to achieve and sustain performance excellence Research, develop, and maintain best practices and change management concepts to define & manage innovation Leverage key work systems (Safety, Scheduling, Service Delivery, & Maintenance) to improve quality & add value to organization & services Innovate and align support systems and work processes with key work systems Assure RTA is a high performing organization by demanding individual excellence and accountability
Innovation & Learning	<ul style="list-style-type: none"> Increase workforce capacity & capability Promote a culture of innovation across the Authority Value & grow intangible assets & resources Establish & maintain a positive workforce climate 	<ul style="list-style-type: none"> How do we align the qualitative and quantitative impacts of organizational development with the strategic plan and direction of the organization? How do we systematically collect knowledge to transfer to others? How do we align workforce development and succession planning with strategy? How do we systematically manage and grow innovation at the organization? 	<ul style="list-style-type: none"> Recruitment strategies Workforce development and retention Recognize & reward innovation & high performers Support and grow intellectual property via technology investments and improvements (work smarter) Invest in and develop aspects of a workforce environment conducive to engagement & loyalty
Fiscal Responsibility	<ul style="list-style-type: none"> Refine Internal Controls Comply with Regulatory Requirements Manage Resources & Control Expenditures Sustain 30 Day operating Reserve Grow Operating & Capital Revenues 	<ul style="list-style-type: none"> How do we responsibly allocate resources to optimize operations and ensure best impact that meets the mission of the organization? How does this optimization support process improvements and innovation? 	<ul style="list-style-type: none"> Increase Capital Revenue Increase Operation Revenue Comply with Financial & Legal Regulatory Bodies Meet & Sustain 30 Day Operating Reserve Identify and improve internal processes

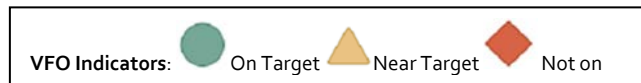
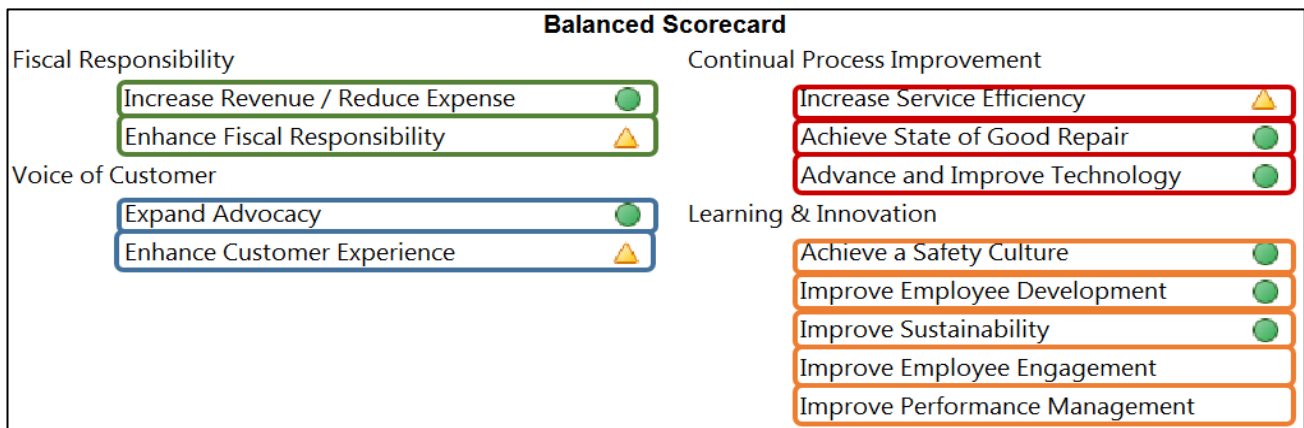


Figure 13

TRANSIT SERVICE PROFILE

GCRTA HISTORY

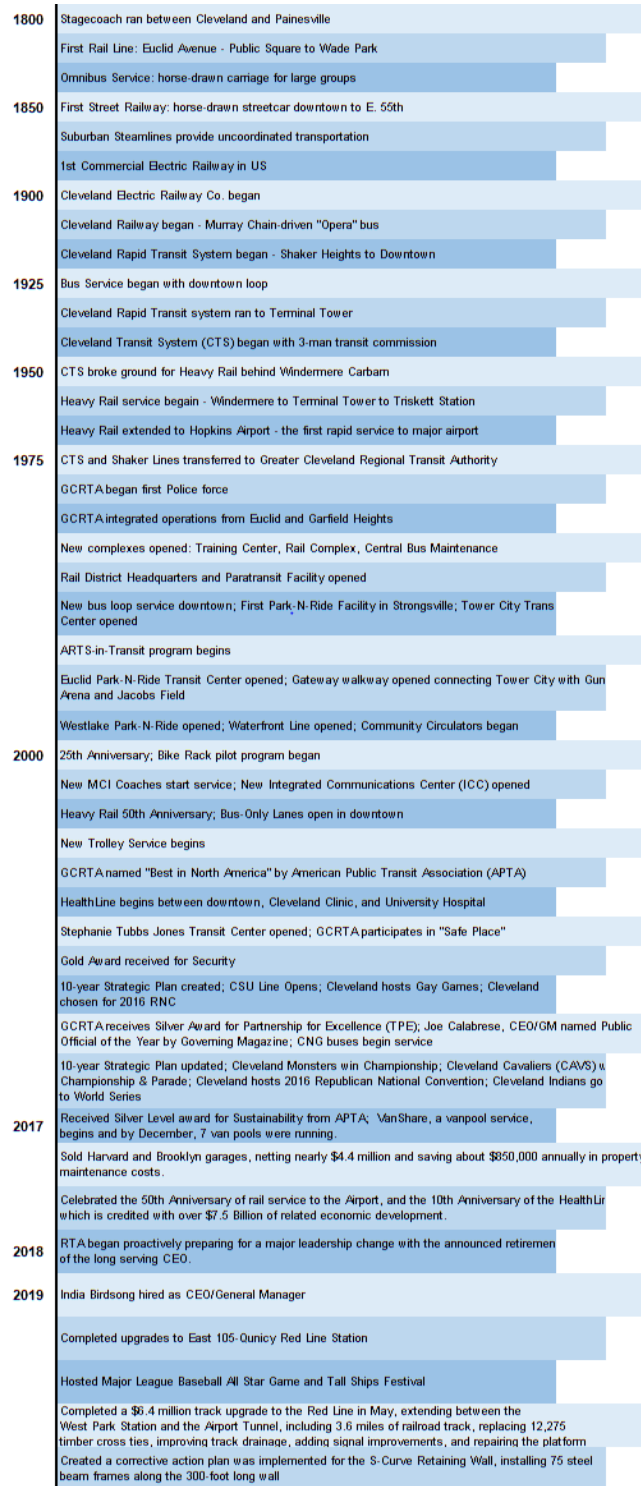


Figure 14

ECONOMIC PROFILE

(U.S. Census Bureau)

The Service Profile depicts the economic and service activity as it impacts the organization on operational and financial levels. The provided information highlights trends regarding items that have direct effect on how RTA develops, supports, and implements services.

Cuyahoga County Profile			
		Number	Change prior year
Population	2018 Census (estimate)	1,243,857	-46,570
	percent Change from 2010 Census		0.0%
	Projected 2020 Population	1,301,870	
	Land Area (square miles) (2018)	458.3	0
	percent Female (2017)	52.3 percent	0.0%
	Persons per Square Mile (2010)	2,800	-286
	percent White (2018)	63.0 percent	-0.0%
	percent Black (2018)	29.6 percent	8.9%
	percent Hispanic/Latino (2018)	5.6 percent	0.0%
	percent Asian (2018)	2.8 percent	0.0%
	percent American Indian/Alaskan Native (2018)	0.3 percent	0.0%
	percent Other (2018)	4.3 percent	0.2%
Housing	Persons per household (2018)	3.0	-0.5%
	# Housing Units (2018)	619,305	632
	Home Ownership rate (2018)	58.8 percent	-0.1%
	Median value of owner-occupied housing units (2018)	\$123,900	1,700
	Median Household Income (2018)	\$46,720	0.0%
	percent Under Poverty Level (2018)	18.3 percent	-0.2 %
	Cost of Living Index 2016 (U.S. Avg.: 100)	87.7	-1.6
Largest Cities (2018) (# of Residents)	Cleveland City	383,793	-1,732
	Parma City	78,751	-416
	Lakewood City	50,100	-149
	Euclid City	46,946	-255
	Strongsville City	44,853	109
	Cleveland Heights City	44,373	-189
	Westlake City	32,233	-64
	North Olmsted City	31,591	-143
	North Royalton City	30,239	-55
	Garfield Heights City	27,687	-148
Land Use/Land Cover (2018)	Urban (Residential, Commercial, Industrial, Transportation, etc.)	76.97 percent	-0.8%
	Bare/Mines	0.18 percent	0.1%
	Forest	18.82percent	1.6%
	Pasture	1.39 percent	0.7%
	Cropland	0.12 percent	-0.2%
	Wetlands	1.05 percent	-0.8%
	Open Water	0.44 percent	0.0%

Figure 15

Cuyahoga County Profile			
Education	Public Schools	278	-89
	Non-Public Schools	71	-3
	4-Year Public Universities	1	0
	2-Year Public Colleges	3	0
	Private Universities & Colleges	6	1
	Public Libraries Branch Libraries	9 72	0 0
Means of Transportation to Work	Drive Alone	465,751	10,166
	Carpool	48,504	2,713
	Public Transportation	23,960	-3,862.37
	Walk	13,441	-3,368.36
	Other	8,181	1,225.83
	Work from Home	24,544	-2,118.74
Travel time to Work (16 yrs old and older) (2018)	Less than 15 minutes	22.4 percent	-1.0%
	15 to 29 minutes	44.2 percent	0.4%
	30 to 44 minutes	22.4 percent	-0.2%
	45 to 59 minutes	5.9 percent	-0.9%
	60 minutes or more	4.3 percent	-0.3%
Major Employers Type of Employment (Non-Government)	American Greetings	Manufacturer	
	Case Western Reserve University	Education	
	Cleveland Clinic Health System	Health Care	
	Eaton Corp.	Manufacturer	
	Ford Motor Company	Manufacturer	
	KeyCorp	Finance	
	Lincoln Electric Holding Inc	Manufacturer	
	Nestle USA	Manufacturer	
	Parker Hannifin Corp.	Manufacturer	
	Progressive Corp.	Insurance	
	Sherwin Williams Co	Manufacturer	
Swagelok	Manufacturer		
University Hospitals Health System	Health Care		

Figure 16

Data Sources:

U.S. Census Bureau, 2017 American Community Survey

Ohio Development Services Agency --Ohio County Profiles

TRENDS OF NORTH EAST OHIO COMPARED TO THE STATE AND NATIONAL AVERAGES

The Population in Cleveland has been steadily decreasing since the 1980s and Cuyahoga County has been decreasing since 2000. In 2010 and 2011, unemployment rates steadily decreased for Cuyahoga County, City of Cleveland, and Northeast Ohio compared to national average. Based on 2019 estimates, unemployment rates are trending towards the national average.

Unemployment Rates - History				
Year	National Avg.	Ohio	Cuyahoga County	City of Cleveland
2010	9.6	10.2	9.5	11.4
2011	8.9	8.9	8.0	10.3
2012	8.1	7.4	7.2	8.7
2013	7.3	7.4	7.1	9.3
2014	6.2	5.8	7.1	8.0
2015	5.3	4.9	5.3	4.9
2016	4.9	5.0	5.6	6.1
2017	3.9	5.0	4.9	4.8
2018	3.7	4.6	5.0	4.9
2019 Est.	3.4	3.4	5.2	3.5

Source: U.S Bureau of Labor Statistics

Figure 17

County Population Changes				
	2018 Est.	2010	Diff.	%
Ashtabula	97,493	101,490	-3,997	-3.9%
Cuyahoga	1,243,857	1,280,115	-36,258	-2.8%
Geauga	94,031	93,409	622	0.7%
Lake	230,514	230,050	464	0.2%
Lorain	309,461	301,371	8090	2.7%
Medina	179,146	172,333	6813	4.0%
Portage	162,927	161,425	1502	0.9%
Summit	541,918	541,778	140	0.0%

Source: United States Census Bureau. U.S

Figure 18

Population - Census - Cities						
Year	Cleveland	Akron	Cincinnati	Columbus	Dayton	Toledo
1900	381,768		325,902	125,560	85,333	131,822
2000	478,403	217,074	331,285	711,470	166,179	313,619
2010	431,363	207,216	333,013	769,360	141,527	316,238
2014	389,521	197,859	298,165	835,957	141,003	281,031
2015	387,812	198,244	298,654	850,044	140,575	279,676
2016	385,809	197,633	298,800	860,090	140,489	278,509
2017	385,525	197,846	301,301	879,170	140,371	276,491
2018	383,793	198,006	302,605	892,533	140,640	274,975

Source: United States Census Bureau. U.S

Figure 19

NATIONAL TRANSIT TRENDS

A total of 953 Agencies are included in the National Transit Database (NTD) for 2018. The National Transit Database was established by Congress to be the Nation’s primary source of information and statistics on the transit system of the United States. Recipients of grants from the Federal Transit Administration (FTA) are required by statute to submit data to the NTD. The NTD is used to help meet the needs of individual public transportation systems, the US Government, State, and Local governments, and the public for information on which to base public transportation service planning. (www.ntdprogram.gov/ntdprogram/)

The UPT are part of service consumed; the goal of transit service is to transport passengers from one place to another. Operating cost per passenger unit is slightly different than passenger miles traveled. Commuter Rail service, for example, may carry fewer people, but it carries them a consistently longer distance per trip. The opposite is true of Heavy Rail, which carry many people in dense urban settings, but not very far. Below is a comparison of total Cost per Unlinked Passenger Trip for Bus, Heavy Rail, and Light Rail.

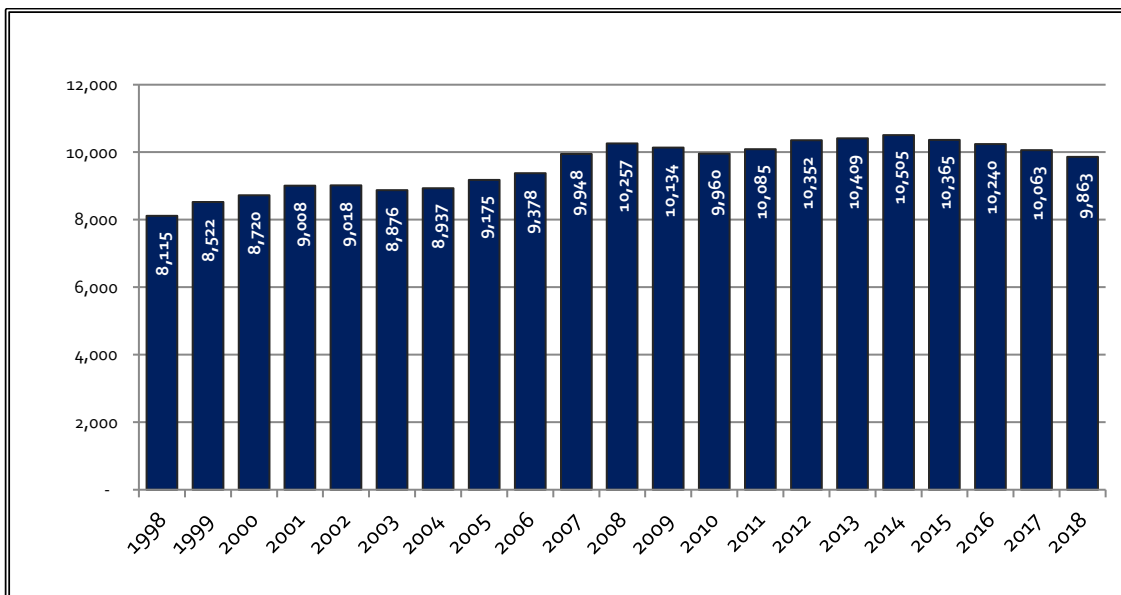
Cost per Unlinked Passenger Trip (by mode):

	Bus	BRT*	Heavy Rail	Light Rail
2008	\$ 3.30	\$ -	\$ 1.73	\$ 2.79
2009	\$ 3.42	\$ -	\$ 1.81	\$ 3.00
2010	\$ 3.58	\$ -	\$ 1.79	\$ 3.28
2011	\$ 4.98	\$ 3.43	\$ 1.83	\$ 3.21
2012	\$ 4.65	\$ 2.27	\$ 1.87	\$ 3.31
2013	\$ 5.25	\$ 2.15	\$ 2.14	\$ 3.46
2014	\$ 5.56	\$ 2.23	\$ 2.20	\$ 3.62
2015	\$ 5.68	\$ 2.46	\$ 2.32	\$ 3.83
2016	\$ 6.09	\$ 3.00	\$ 2.46	\$ 4.06
2017	\$ 4.68	\$ 3.05	\$ 2.28	\$ 4.30
2018	\$ 4.92	\$ 3.53	\$ 2.44	\$ 4.78

* NTD TS2.1 - Service Data and Operating Expenses Time-Series by Mode
Operating Expenses per UPT for Bus & Rail National Transit Database

Figure 20

Total Unlinked Passenger Trips (by year):



Source: National Transit Summaries and Trends for the 2017 National Transit Database Report Year

Figure 21

OHIO TRANSIT TRENDS

535 Agencies reported full data in the National Transit Database in 2018

The 9 Largest Agencies in Ohio – data listed below:

Agency	Service Area Sq. Mi	Pop	Mode	Unlinked Passenger Trips	Annual Passenger Miles	Vehicle Revenue Miles	Vehicles in Max Service	Vehicles Available for Max Service	Spare Ratio (%)
Akron (Metro)	420	541,918	DR	270,815	1,723,661	1,938,836	93	125	25.6
			Bus	4,872,140	21,355,560	4,077,986	121	150	19.3
Canton (SARTA)	581	375,586	DR	161,267	1,425,633	1,281,624	35	30	14.3
			Bus	2,290,017	15,374,255	2,318,669	38	36	5.3
Cincinnati (SORTA)	289	744,901	DR/PT	231,101	2,583,709	1,560,675	56	46	17.9
			Bus	13,750,630	81,723,692	9,580,899	356	299	16.0
			SC/PT	485,700	799,161	92,052	5	3	40.0
Cleveland (GCRTA)	458	1,412,140	DR and						
			DR/PT	587,190	4,402,093	5,581,907	160	142	11.3
			HR	6,273,379	42,165,745	2,113,189	40	20	50.0
			LR	1,638,170	9,580,135	682,556	34	13	61.8
			Bus	22,866,545	97,776,046	12,257,437	334	275	17.7
			RB	3,764,271	10,019,677	548,234	24	13	45.8
VP	21,156	656,443	130,182	9	9	0.0			
Columbus (COTA)	324	1,060,666	Bus	291,455	3,031,477	3,551,774	72	60	16.8
			DR/PT	18,913,789	73,617,347	13,619,995	322	268	16.7
Dayton (GDRTA)	274	559,062	DR	238,749	2,074,794	1,991,316	75	57	24.0
			Bus	6,805,906	45,092,015	5,525,064	166	95	42.8
			TB	2,084,109	8,556,529	881,241	37	26	29.7
Lake County (Laketran)	227	230,041	CB	151,869	3,552,350	303,825	22	14	36.4
			DR	271,003	2,552,808	2,297,946	72	67	6.9
			Bus	300,587	1,761,381	552,296	16	10	37.5
Toledo (TARTA)	142	374,213	Bus	292,855	2,694,281	2,011,561	170	111	34.7
			DR & DR/PT	2,257,703	9,512,713	2,936,051	115	96	16.5
Youngstown (WRTA)	216	238,823	DR	46,884	376,479	418,603	20	15	25.0
			Bus	1,408,417	5,802,678	1,320,878	53	35	34.0
Bus - Fixed Route Bus				TB - Trolley Bus		RB - Rapid Transit Bus			
DR - Demand Response				LR - Light Rail		SC/PT - Street Car - Purchased Transportation			
DR/PT - Demand Response - Purchased Transportation				HR - Heavy Rail		VP - Vanpool			

Data Source: 2018 National Transit Database

Figure 22

GLOSSARY

Accrual Accounting – A method of financial accounting where revenues are recorded when earned, however, the revenue does not have to be received in the same reporting period. Similarly, expenditures are recorded as soon as the goods or services are received; the payment of the expenditure does not have to be made in the same reporting period.

Ad Valorem Tax – A tax based on the value (or assessed value) of a property.

Advocacy – Public support for a cause or policy, specifically for public transportation.

Amalgamated Transit Union (ATU) – The largest transit union in North America.

American Bus Benchmarking Group (ABBG) – A consortium of mid-sized bus agencies in North America, est. in 2011 to benchmark performance and share best practices.

American Recovery and Reinvestment Act (ARRA) – An economic stimulus package enacted by the 111th U.S. Congress in February 2009 in response to the Great Recession. The primary objective for ARRA was to save and create jobs; the secondary objectives were to provide temporary relief programs for those impacted by the recession and invest in infrastructure, education, health, and renewable energy.

Americans with Disabilities Act (ADA) – of 1990, requires that public entities, which operate non-commuter fixed route transportation services, also provide complementary Paratransit service for individuals unable to use the fixed route system.

Appropriation – A financial authorization granted by the Board of Trustees to cover expenditures and incur obligations.

Arbitrage – Investment earnings representing the difference between interest paid on bonds and the interest earned on the investments made utilizing bond proceeds.

Assessed Valuation – The value of property against which an ad valorem tax is levied. Valuations are conducted by the County Auditor and reflect a percentage of the true or market value of the property.

Asset Maintenance – This category of capital projects refers to projects where 100 percent of the funding is provided by local sources (versus grant funded sources) and represents expenses incurred to maintain or improve the Authority's assets.

Asset Management – A systematic approach to procuring, operating, maintaining, upgrading or replacing transit assets in a manner that reduces risk and costs while improving operational performance.

Average Cost per [Paratransit] Trip – Average cost to provide Paratransit Services to the ADA community using RTA vehicles and operators or contracted vehicles and operators.

Balanced Budget – The Authority considers the budget balanced when total expenditures equal total revenues. The budget is also balanced in situations where total expenditures are less than total revenues, which is called a surplus. There are also few instances where the Authority might plan to spend fund balances from previous years on one-time or non-routine expenditures, provided the funding from previous years is available. The Authority, however, must have a plan in place to not build ongoing expenditures into this type of funding.

Balanced Scorecard – Tool to measure progress and metrics in performance management.

Base Budget – The total appropriation for maintaining the Authority's daily operations, authorized by the Board of Trustees.

Bond – The written evidence of the debt issued by the Authority. It bears a stated rate of interest and maturity date on which a fixed sum of money plus interest is payable to the holder.

Bond Counsel – A lawyer or law firm, which delivers an opinion regarding the legality of a debt issuance or other matters.

Budget Basis – The starting point for budget deliberations, usually the current budget year appropriation, or the Midyear Review estimate of expenses.

Budget Deficit – Usually, this is a projection of expenditures exceeding appropriations. It is normally determined during a quarterly review. The budget is controlled so that expenditures plus encumbrances should not exceed appropriations.

Bus Rapid Transit (BRT) – A broad term given to transit systems that use buses to provide a service that is of a higher quality than an ordinary bus line. See HealthLine.

CAFR – Comprehensive Annual Financial Report, contains audited financial statements, financial notes, and related materials.

Capital Expenditures – Funds in the Capital Improvement Program are used to account for the acquisition, construction, replacement, repair and renovation of capital facilities, assets, and equipment. Under Routine Capital Fund, local funds are used for the purchase of vehicles and equipment, where each unit has a value of at least \$5,000 and a useful life of greater than a year. Asset Maintenance expenditures are locally funded projects that maintain, repair, or rehabilitate an existing capital asset of the Authority. These projects are of smaller duration, scope, and expense than those indicated in the RTA Development Fund. The duration of these projects is often less than one year with a cost generally not exceeding \$150,000 and a useful life of less than five years. The RTA Development Fund includes both a majority of the larger rehabilitation projects and Authority's Long Range projects. These projects are greater than \$150,000 and have a useful life of more than five years. The RTA Development Fund is primarily, but not exclusively, supported through Federal grant awards.

Capital Improvement Budget – The current year estimated revenues and expenses of construction projects and capital equipment purchases in the Capital Improvement Plan. The Capital Budget includes maintenance and expansion projects that are funded through grants and local sources.

Capital Improvement Plan (CIP) – A five to ten year plan for constructing, acquiring, or maintaining capital assets.

Cash Accounting – A major accounting method that recognizes revenues and expenses at the time physical cash is actually received or paid out.

Cash Deficit – Occurs when a fund is carrying a negative cash balance. This situation typically requires a cash transfer to remedy.

Closed Circuit TV (CCTV) – Video cameras transmit a signal to a specific or limited set of monitors. CCTV is used for surveillance in areas that need security, such as rapid stations, transit facilities, Park-N-Rides, and the airport.

Comprehensive Annual Financial Report – See CAFR

Computer Integrated Transit Maintenance Environment (CITME) – A computer program, created by UltraMain, purchased to assist in modernizing maintenance and inventory operations through management by data.

Congestion Mitigation and Air Quality Improvement Program (CMAQ) – Federal program that provides a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas).

Continual Process Improvement – Measuring efficiency of resources used for process investments.

Controlled-Access Right-of-Way (ROW) – Lanes restricted for a portion of the day for use by transit vehicles and other high occupancy vehicles (HOV).

Cost Ceiling – A limit on the reimbursed costs for federally supported capital projects.

Cost per Hour of Service – Rate of cost for each hour of revenue service.

Customer Engagement – Customer’s investment, commitment or loyalty to RTA’s brand and services.

Customer Satisfaction – A measure of how transit services meet or surpass customers’ expectations.

Debt Limit – A statutory or constitutional limit on the principal amount of debt that an issuer may incur or have outstanding at one time.

Debt Service – Principal and interest paid on bonds and notes.

Debt Service Coverage – The measure of the Authority’s ability to meet annual interest and principal payments on outstanding debts.

Decision Issue – A budget request for new or increased funding of projects or programs, which exceeds base budget requests. Use of decision issues aids the process of allocating financial resources and provides for the comparison and prioritization of existing programs and services relative to the need for new programs and services.

Depreciation – The reduction in value of a capital asset due to use, age, or wear.

Diesel Emissions Reduction Grant (DERG) - Funding is made available through the Ohio Department of Transportation’s Federal Highway Administration (FHWA) CMAQ Program federal appropriation fund used for vehicle replacement.

Disadvantaged Business Enterprise (DBE) – A program intended to ensure nondiscrimination in the award and administration of the Authority’s programs and contracts.

Displaced Emissions / Displacement – Reduced emissions of private vehicles on a regional or national level through increased use of public transit services.

Door-to-Door Service – Paratransit Service where drivers have been instructed to pick-up and drop-off passengers at the front door of places of residence, at the front door of the apartment buildings in which they live, or front door of destination.

DriveCam – System installed on revenue fleets to monitor driver behaviors, coach unsafe behavior, and reduce accidents and incidents.

Employee Engagement – The emotional and intellectual commitment of an employee, or segment of employees, committed to accomplishing RTA’s strategic objectives, mission, and vision.

Employee Injury Rates – Metric monitoring rate of employee injuries or accidents; 1 occurrence per 200,000 hours worked.

Employee Satisfaction – When employees are happy with their workplace and benefits provided by the organization; including incentives, recognition, and events.

Encumbrances – A budgetary technique for recording unperformed contracts for goods and services. Use of encumbrances restricts the balance in each fund so that total commitments (expenditures plus encumbrances) will not exceed appropriations.

Exclusive Right-of-Way (ROW) – Roadway or other right-of-way (ROW) lanes reserved at all times for transit use and / or other high occupancy vehicles (HOV).

Executive Management Team (EMT) – The General Manager’s first level of management, which includes Deputy General Managers and Executive Directors.

Expenditure – An expense that a business incurs as a result of performing its normal business operations.

Family and Medical Leave Act (FMLA) – To grant employees temporary medical leave under certain circumstances.

FAST (Fixing America’s Surface Transportation) Act – A Federal Transportation Act that replaced the MAP-21 Act with in December, 2015. This act continued many of the programs changes included in the MAP-21 legislation including Federal formula calculations, the 2010 Census data in the determination of those formula grants, and incorporation of operating statistics relative to all Transit Agencies as well as provide an increase in Federal funding for needed State of Good Repair projects.

Federal Highway Administration (FHWA) – Supports all of America’s roads and highways and ensures them to be the safest and most technologically up-to-date. Although State, local, and tribal governments own most of the Nation’s highways, the FHWA provides financial and technical support for constructing, improving, and preserving America’s highway system.

Federal Transit Administration (FTA) – Supports a variety of locally planned, constructed, and operated public transportation systems throughout the U.S., including buses, subways, light rail, commuter rail, streetcars, monorail, passenger ferry boats, inclined railways, and people movers.

Financial Vision – Objectives identified to achieve financial stability and fiscal responsibility.

Financial Management System (FMS) – The information system software that houses all financial data and includes the General Ledger, Procurement, and Budget Modules.

Fiscal Responsibility – Commitment to managing financial resources as if they were from our own pocket.

Fiscal Year – The 12-month period that the Authority uses for accounting purposes. The Fiscal Year for the Authority is concurrent with the Calendar Year.

Fixed Guideway (FG) – A separate right-of-way (ROW) for the exclusive use of public transportation vehicles. The Heavy Rail and Light Rail modes operate exclusively on fixed guideway (FG).

Fraternal Order of Police (FOP) – The world's largest organization of sworn law enforcement officers, committed to improving the working conditions of law enforcement officers and the safety of those we serve through education, legislation, information, community involvement, and employee representation.

Full-Time Equivalent (FTE) Position – A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year for 40 hours per week employees.

Functional Testing – Quality assurance testing process of customers used to determine physical ability to use fixed route services.

Fund – A reserve of money set-aside for a specific purpose. The RTA has specific funds set up for Operating (General), Capital, Insurance, Bonds, Pension, and Law Enforcement. There are also reserve funds in place for diesel fuel, compensated absences, hospitalization, and replacement train cars.

Fund Deficit – An excess of expenditures over revenues during a fiscal year. This is not an acceptable condition and must be addressed by transferring revenue to the fund in deficit. See Balanced Budget.

Fund Type – See Fund.

GAAP – Generally Accepted Accounting Principles. These principles are guidelines and rules for use by accountants in preparing financial statements.

General Obligation (GO) Bond – A bond that is secured by the full faith and credit of the Authority. The GCRTA pledges to utilize its taxing power (almost always Sales Tax proceeds) to pay debt service.

Goal – A statement of direction, purpose, or intent based on the needs of the community. A goal is not concerned with a specific achievement in a given time period.

Greenhouse Gas Emissions – Atmospheric gases contributing to the greenhouse effect; includes carbon dioxide, methane, nitrous oxide, and water vapor.

Growth Strategy – Objectives focused on improving Advocacy, Service Usage, and Passenger Satisfaction.

Guideway – A separate right-of-way (ROW) or rail system for the exclusive use of public transportation including the buildings and structures dedicated for the operation of transit vehicles. Includes tunnels, subways, bridges, tracks, and power systems.

HealthLine – A route providing service along Euclid Avenue that is of a higher quality than an ordinary bus line. This service improves transit, as well as supports increased development along Euclid Avenue with links to medical, educational, and cultural centers in Greater Cleveland.

Heavy Rail Vehicle (HRV) – Heavy Rail is a transit mode that is an electric railway with the capacity for a heavy volume of traffic. These vehicles operate on the Red Line, from Cleveland Hopkins Airport to Windermere Rapid Station.

Indirect Costs – The expenses of doing business that are not readily identified with the Authority's transportation, but rather with the general operation of the organization, such as finance, accounting, engineering, legal, and human resources.

Information Technology (IT) Environment – Applications and systems needed to support business operations; impact of systems on efficiencies of an operating environment.

Innovation, Learning, & Growth – Efficiency measures of people investments; mainly Employee Satisfaction and Employee Engagement indicators.

Interactive Voice Response (IVR) – A phone technology that allows a computer to detect voice and touch tones using a normal phone call. The IVR system can respond with pre-recorded or dynamically generated audio to further direct callers on how to proceed.

Interest – The amount paid for the use of money.

Interest Expense – The charges for the use of borrowed capital incurred by the transit agency, including Interest on long term and short-term debt obligations.

Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) – A legislative initiative setting policy guidance and providing funding for highway, transit, and safety programs. It expired in 1998.

Key Transit 2025 – The long-range plan to help guide the future development of public transit in Cuyahoga County, which focuses on bringing RTA's transit infrastructure up to higher standards and encouraging transit-oriented design, or TOD. Related to nationwide efforts towards Smart Growth, TOD encourages locating transit and development in close proximity in order to reduce auto dependency and improve transit access.

Legal Millage Rate – The stated rate, in mills, for levying real and personal property taxes.

Light Rail Vehicle (LRV) – Light Rail is a transit mode that typically is an electric railway with a light volume traffic capacity, compared to Heavy Rail (HR). These vehicles operate on the Blue, Green, and Waterfront Lines.

Management Development Program (MDP) Succession planning program to integrate external talent throughout the organization.

Moving Ahead for Progress in the 21st Century (MAP-21) – A new Federal Transportation Act that replaces the SAFETEA-LU and TEA-21 Acts. This act changed the Federal formula calculations, includes the Census 2010 data in the determination of those formula grants, and incorporates operating statistics relative to all Transit Agencies. This act was replaced by the Fixing America’s Surface Transportation Act (FAST) in 2015.

Market Value – The County Auditor’s estimate of the true or fair value of real or personal property. In accounting, it is the price that a good or service would command on the open market.

Material Issues – Topics of highest importance in consensus identified by internal and external stakeholders.

Materiality Assessment – Defining the social, economic, and environmental topics that matter most to RTA and RTA’s stakeholders.

Miles Between Service Interruptions (MBSI) – Measured by miles; total service delivered before a vehicle breakdown that causes a service interruption.

Mill – The equivalent of \$1 of tax for each \$1,000 of assessed value of real or personal property.

Mixed Traffic Right-of-Way (ROW) – Roadways that have no time restrictions nor restrictions on what type of vehicles may use them.

Mode – A general term for the different kinds of transportation used to transport people.

NOACA – Northeast Ohio Areawide Coordinating Agency. It is the federally designated Metropolitan Planning Organization (MPO) for five counties of Northeast Ohio, which include Greater Cleveland and the Lorain area. Its chief functions are to perform long- and short-range transportation planning, transportation-related air quality planning, and areawide water quality management planning, as defined by federal and Ohio mandates.

Notes – Short-term promises to pay specified amounts of money, secured by specific sources of future revenue.

Revenue – The amount of money that a company actually receives during a specific period, usually a year.

Object – A commodity-based expenditure classification which describes articles purchased or services obtained. It represents the lowest degree of expenditure summary and budgetary control.

Objective – Desired output-oriented accomplishments, which can be measured and achieved within a given time frame.

Office of Business Development (OBD) – Engage, support, and assist the local disadvantaged business community to help ensure fair and representative participation in procurement opportunities at RTA and within the community at-large. The primary function of the OBD is to administer RTA’s Disadvantaged Business Enterprise (DBE) Program.

Official Statement – A document prepared by the Authority when issuing debt that gives financial and statistical information to potential investors and others.

Ohio Depository Act – Requires a written investment policy that is approved by the treasurer of a political subdivision or governing board, or by the investing authority of a county, to be on file with the State Auditor. The policy must provide that

all entities conducting investment business with a subdivision treasurer or governing board or county investment authority sign the investment policy of that subdivision or county.

Ohio Department of Transportation (ODOT) – State operating and capital subsidies are distributed to the Authority by ODOT.

On-Time Performance – Schedule adherence; ability to deliver service as scheduled.

Ohio Transportation Partnership Program (OTP2) - Competitive grant provided by the Ohio Department of Transportation that fund rural and urban transportation systems in Ohio. The grant provides funding to maintain, sustain, or keep in a good sound state the transit systems in Ohio.

Operating Budget – Current year estimated revenues and expenses that provide for the day-to-day operations of the Authority.

Operating Deficit – The sum of all operating revenues minus operating expenses. See Balanced Budget.

Operating Ratio – A ratio that shows the efficiency of management by comparing operating expenses to fare revenues.

Operating Reserve – The available ending balance. 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 Board Policy requires at least one month’s operating reserve. RTA recently added three reserves for fuel, medical, and compensated absences.

Outlays – The payments on obligations in the form of cash, checks, the issuance of bonds or notes, or the maturing of interest coupons.

Park-N-Ride – Parking lots owned by the GCRTA to provide rail and/or bus services for all major commuter corridors in Cuyahoga County.

Pass-Thru – A situation where the Authority functions as a channel for the expenditure of funds from another source without authorization to decide the use of the funds.

People Investments – Resources allocated to developing and supporting workforce capabilities.

Performance Management – Culture of continual improvement of transit services, operational processes, and administrative processes; fostered by collecting, sharing, and analysis of data and reported through various mechanisms like TransitStat, Executive Safety Committee, Quarterly Management Meetings, and other forums.

Preventive Maintenance – Regularly performance maintenance on vehicles, equipment, or facilities to reduce probability of failure.

Predictive Maintenance – Defining the condition of assets in order to predict maintenance; cost savings through time-based maintenance best practices.

Preventable Collision Rates – Metric monitoring rate of collisions defined as preventable; 1 occurrence per 100,000 miles.

Principal – The face amount of a bond, which the issuer promises to pay at maturity.

Process Investments – Committing resources to improving priority, value-creation processes.

Program – A group of related activities performed by one or more organizational units for the purpose of accomplishing an objective.

Public Transit Management Academy (PTMA) – RTA program in partnership with Cleveland State University (CSU), which provides leadership development across all workforce segments.

Ratings – Designations used by ratings services to indicate the financial health of the issuers of debt.

Reimbursed Expenditures – Operating fund reimbursements related to: capital grants for force account labor, project expenses, administration, and overhead costs; fuel tax refunds on diesel and gasoline purchases; and Federal and State operating assistance.

Repurchase Agreement – A money market transaction in which one party sells securities to another while agreeing to repurchase those securities at a later date.

Resolution – A legal and public declaration by the Board of Trustees of intent, policy, or authorization. Resolutions are the legislation of the Authority.

Resolution Category – One of two cost categories at which the Board of Trustees controls operating budget expenditures. These include Personnel Services and Other Expenditures.

Revenue Bond – A bond on which the debt service is payable solely from the revenue generated from the operation of the project being financed.

Ridership – Number of people using a transit service, generally aggregated over a given period of time across several modes or services.

Routine Capital – Budgeted expenses for equipment, where the useful life of which is a year or more and the unit cost is at least \$1,000. These expenses are locally, not grant, funded.

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) – A legislative authorization for transit approved in 2005. It is a six-year initiative, which replaces the expired Transportation Equity Act for the Twenty-First Century (TEA-21).

Senior Transportation Connection (STC) – Founded in 2005, STC is a centralized coordinating unit for senior transportation services in Cuyahoga County. The STC's mission is to provide comprehensive, efficient, and affordable transportation for senior adults in the county.

Service Capacity – The comparison of scheduled miles to actual, delivered miles optimized by available operators and vehicles.

Service Indicator – An output measure showing a statistical workload change or the degree to which program objectives are achieved.

Standard Operating Procedure (SOP) – Methods followed routinely for performance of defined operations or situations.

State Infrastructure Bank (SIB) – A funding initiative administered by the State of Ohio, Department of Transportation. The SIB provides low-cost loans for transportation infrastructure projects.

State of Good Repair (SOGR) – A Federal initiative to identify and maintain the nation's assets for bus and rail systems. This is essential for delivering safe and reliable transit service to millions of daily riders and one of the FTA's highest priorities.

Strategic Plan – Process outlining RTA's Vital Few Objectives (VFOs) and prioritized Changed Initiatives (CIs).

Strategy Map – Tool aligning and prioritizing key objectives for implementing the Strategic Plan.

Succession Planning – Program in place to develop future leaders for RTA.

Sustainability – Ability to continue a defined behavior or process indefinitely; maintain availability of natural and human capital for the foreseeable future.

Temporary Assistance for Needy Families (TANF) – Provides grants to states to fund a wide array of benefits and services, primarily to low-income families with children. It is best known for funding cash welfare benefits to needy families with children, but it also is used to fund transportation aid and assistance.

Tax Levy – The total amount to be raised by general property taxes for purposes specified in the Tax Budget.

Threat and Vulnerability Assessment (TVA) – Analyzes all the aspects of security: physical, personnel, information, and communication. It measures the current threat capabilities against emplaced security measures and operating procedures to identify vulnerabilities.

Tons CO₂e – Measure of greenhouse gas impact on climate change as referenced through concentration levels of CO₂.

TransitStat – The Greater Cleveland Regional Transit Authority’s performance monitoring program. It is characterized with frequently scheduled performance monitoring forums, embracing the use of data, statistics, and metrics as a means to exceed customers’ expectations, as well as achieve operational excellence. It is a critical link to achieving high-level performance directed towards the Authority’s Mission, Vision, and Values.

Transportation Equity Act for the Twenty-First Century (TEA-21) – A legislative authorization for transit originally approved in mid-1998. It is a five-year initiative, which originally expired in 2003, but was extended by Congress pending an agreement on new transit legislation. It expired in 2005.

Transportation Improvement Plan (TIP) – The official listing of highway, transit, bikeway, airport, and harbor projects covering a five-year period.

Transportation Review Advisory Council (TRAC) – Created by the Ohio General Assembly in 1997 to bring an open, fair, numbers-driven system to choosing major new transportation projects.

Unlinked Passenger Trip – A one-way ride on a transit vehicle, not including transfers, and despite fare type.

U-Pass (Universal Pass) – offers university students a discounted transportation pass. Currently students at Case Western Reserve University (CWRU), Cleveland State University (CSU), Cleveland Institute of Art, and Cleveland Institute of Music have U-Passes.

Urban Mass Transportation Act (UMTA) of 1964 – As amended, an Act of Congress providing funds to the Authority under various programs:

Section 5309 (formerly Section 3) – A Federal discretionary program directed primarily to those rail modernization and major bus projects that require funding beyond that available under Section 9.

Section 5307 (formerly Section 9) – A Federal formula program which makes resources available to urbanized areas for planning, capital, and operating assistance purposes. Funding allocations are earmarked by Congress.

Title 23 Interstate Transfer Fund – Federal funding which had been made available for alternative projects due to the elimination of Interstate 490 from the Federal Interstate Highway Program. Funding for this program was split between highway and transit projects. Also established by Section 134, Title 23 of the United States Code. All funds have been exhausted at this time.

Vehicle Reliability – Minimize the impact of vehicle defects on On-Time Performance through improved maintenance practices for vehicles and equipment.

Voice of Customer – Process for collecting customer-focused information.

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