



2009 Tax Budget

Greater Cleveland
Regional Transit Authority

Presented by:
Office of Management & Budget



2009 Tax Budget

- 2008 Negative Forces
 - Sales Tax Underperformance \$2.7M
 - Insurance Claims \$1.5M
 - Diesel Fuel \$5.0M
 - \$9.2M**

- 2009 Negative Factors
 - Sales Tax Projected Underperformance \$5.3M
 - Diesel Fuel \$7.5M
 - \$12.8M**



2009 Tax Budget

General Fund Balance Analysis					
	2008 Budget			2009 Budget	
Beginning Balance	11,336,856	\$2.7M		4,689,984	\$13.9M
Revenue					
Passenger Fares	48,010,546			50,891,179	
Advertising & Concessions	1,125,000			1,200,000	
Sales & Use Tax	174,686,954	\$2.7M		178,530,067	\$5.3M
Federal Operating Assistance	0			0	
State Operating Assistance	0			0	
Ohio Elderly Fare Assistance	2,246,300			2,246,300	
Access to Jobs Grants	2,089,000			1,400,000	
Investment Income	652,000			600,000	
Other Revenue	1,200,000			1,000,000	
Reimbursed Expenditures	36,000,000			34,400,000	
Transfer From Insurance Fund	0			0	
Worker's Compensation Deposit	0			0	
Total Revenue	266,009,800			270,267,546	
Total Resources	277,346,656			274,957,530	
Operating Expenditures					
Personnel Services	181,074,207	\$4.0M		187,525,254	
Other Expenditures	66,397,633	\$2.5M	\$5.0M	68,471,962	\$7.5M
Total Operating Expenditures	247,471,840			255,997,216	
Transfer to the Insurance Fund	1,275,000		\$1.5M	1,300,000	
Transfer to the Pension Fund	100,000			100,000	
Transfers to Capital					
Bond Retirement Fund	17,162,960			12,870,330	
Capital Improvement Fund	0			0	
Total Transfers to Capital	17,162,960			12,870,330	
Total Expenditures	266,009,800			270,267,546	
Ending Balance	11,336,856			4,689,984	
Supplemental Transfer to Bond Retirement	563,043			5,881,635	
Supplemental Transfer to Capital Improvement	6,083,829			7,670,485	
Available Ending Balance	4,689,984	\$9.2M	\$9.2M	-8,862,136	\$300K (\$21.8M)

2009 Tax Budget

- Tax Budget Scenarios
 - Scenario #1:
 - ☞ Do Nothing (Assumes no service or staffing reductions)
 - Scenario #2:
 - ☞ \$0.25 fuel surcharge on current base fare (10/08)
 - ☞ 2.5% reduction in salaried labor payroll
 - Scenario #3:
 - ☞ Scenario #2 and
 - ☞ 3.0% service reduction
 - Scenario #4:
 - ☞ Scenario #3 and
 - ☞ Additional \$0.25 (\$0.50 total) fuel surcharge on current base fare (10/08)



2009 Tax Budget Scenario Analysis

	2008 Estimate	2009 Tax Budget Scenario #1	2009 Tax Budget Scenario #2	2009 Tax Budget Scenario #3	2009 Tax Budget Scenario #4
Beginning Balance	14,047,468	4,649,675	4,649,675	4,649,675	4,649,675
REVENUE					
Passenger Fares	48,010,546	48,970,757	52,811,601	52,811,601	57,612,655
Advertising & Concessions	1,198,387	1,225,000	1,225,000	1,225,000	1,225,000
Investment Income	652,000	500,000	500,000	500,000	500,000
Total Operating Revenue	49,860,933	50,695,757	54,536,601	54,536,601	59,337,655
Sales & Use Tax	172,000,000	173,204,000	173,204,000	173,204,000	173,204,000
Ohio Elderly Fare Assistance	2,246,300	2,246,300	2,246,300	2,246,300	2,246,300
Access to Jobs Grants	2,089,000	1,400,000	1,400,000	1,400,000	1,400,000
Other Revenue	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Reimbursed Expenditures	36,000,000	34,400,000	34,400,000	34,400,000	34,400,000
Total Non-Operating Revenue	213,535,300	212,450,300	212,450,300	212,450,300	212,450,300
Total Revenue	263,396,233	263,146,057	266,986,901	266,986,901	271,787,955
TOTAL RESOURCES	277,443,701	267,795,732	271,636,576	271,636,576	276,437,630
<i>Change in Total Revenue</i>	0	-250,176	3,590,668	3,590,668	8,391,722
<i>Change in Total Resources</i>	0	-9,647,969	-5,807,125	-5,807,125	-1,006,071
<i>Changes in Total Revenue Scenario #1 vs. Other Scenarios</i>	0	0	3,840,844	3,840,844	8,641,898



2009 Tax Budget Expenses

	2008 Estimate	2009 Tax Budget Scenario #1	2009 Tax Budget Scenario #2	2009 Tax Budget Scenario #3	2009 Tax Budget Scenario #4
Expenditures					
Operating Expenditures					
Personnel Services	176,430,092	186,188,786	185,248,951	183,021,661	183,021,661
Diesel Fuel	20,544,858	24,143,305	24,143,305	23,572,585	23,572,585
Other Expenditures	48,395,076	50,356,351	50,356,351	50,096,035	50,096,035
Total Operating Expenditures	245,370,026	260,688,442	259,748,607	256,690,281	256,690,281
Transfer to Insurance Fund	2,900,000	2,300,000	2,300,000	2,300,000	2,300,000
Transfer to Pension Fund	100,000	100,000	100,000	100,000	100,000
Transfer to Bond Retirement Fund	17,030,039	16,943,155	16,943,155	16,943,155	16,943,155
Transfer to Capital Improvement Fund	7,393,961	7,894,299	7,894,299	7,894,299	7,894,299
Total Transfers to Capital	27,424,000	27,237,454	27,237,454	27,237,454	27,237,454
Total Expenditures	272,794,026	287,925,896	286,986,061	283,927,735	283,927,735
Available Ending Balance	4,649,675	-20,239,509	-15,458,830	-12,400,504	-7,599,450



2009 Tax Budget Sales Tax

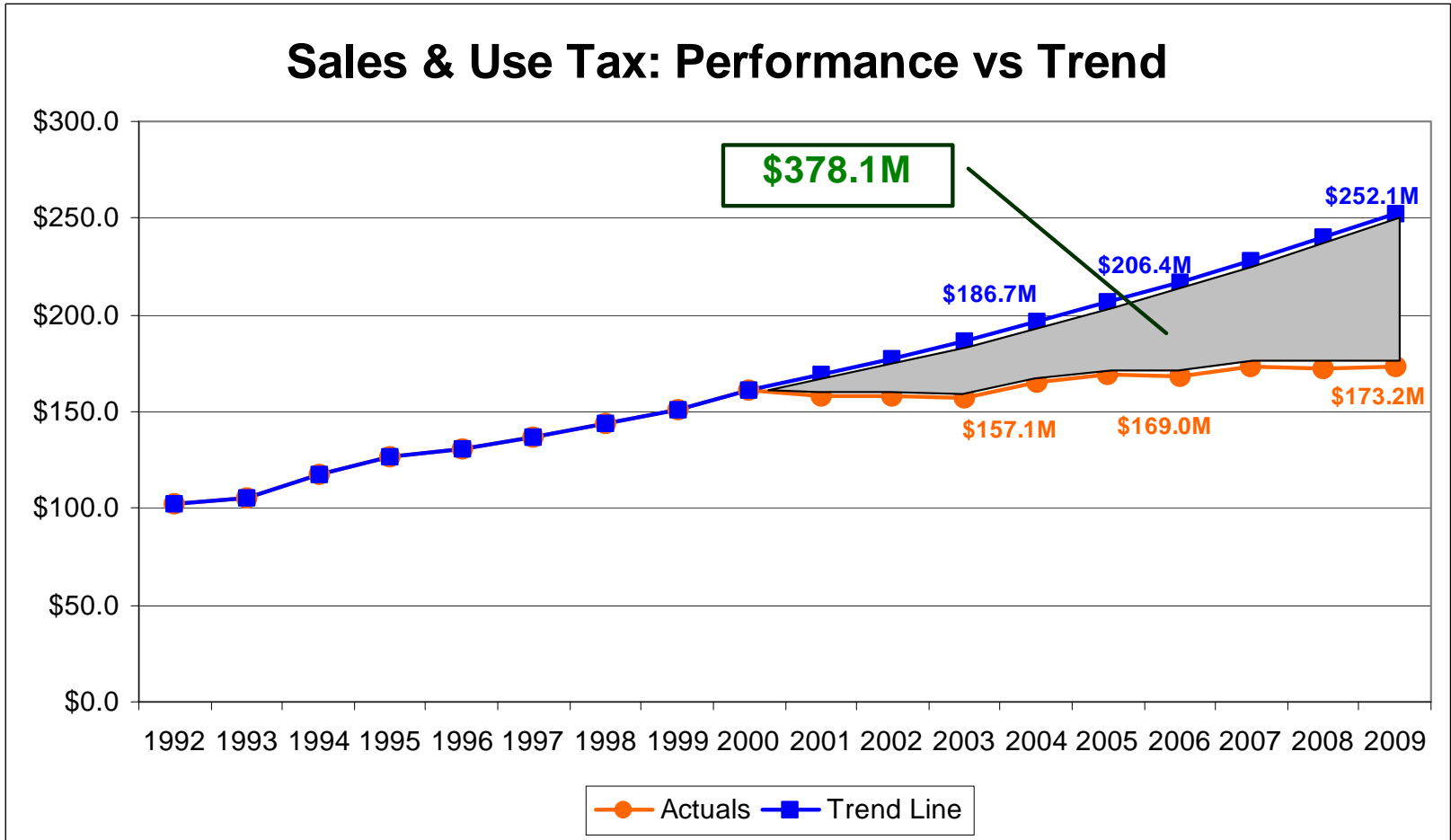
- **2008 Estimate** **\$172.0M**
 - Previous \$174.7M

- **2009 Projected** **\$173.2M**
 - Previous \$178.5M



2009 Tax Budget

Sales Tax Performance



2009 Tax Budget

2009 General Economic Assumptions

- Inflation 1.9% - 2.1%
- Consumer Confidence Weak/Pessimistic
- Unemployment Rising
 - U.S. 5.0%
 - State of Ohio 5.6%
 - Cuyahoga County 6.5%



2009 Tax Budget

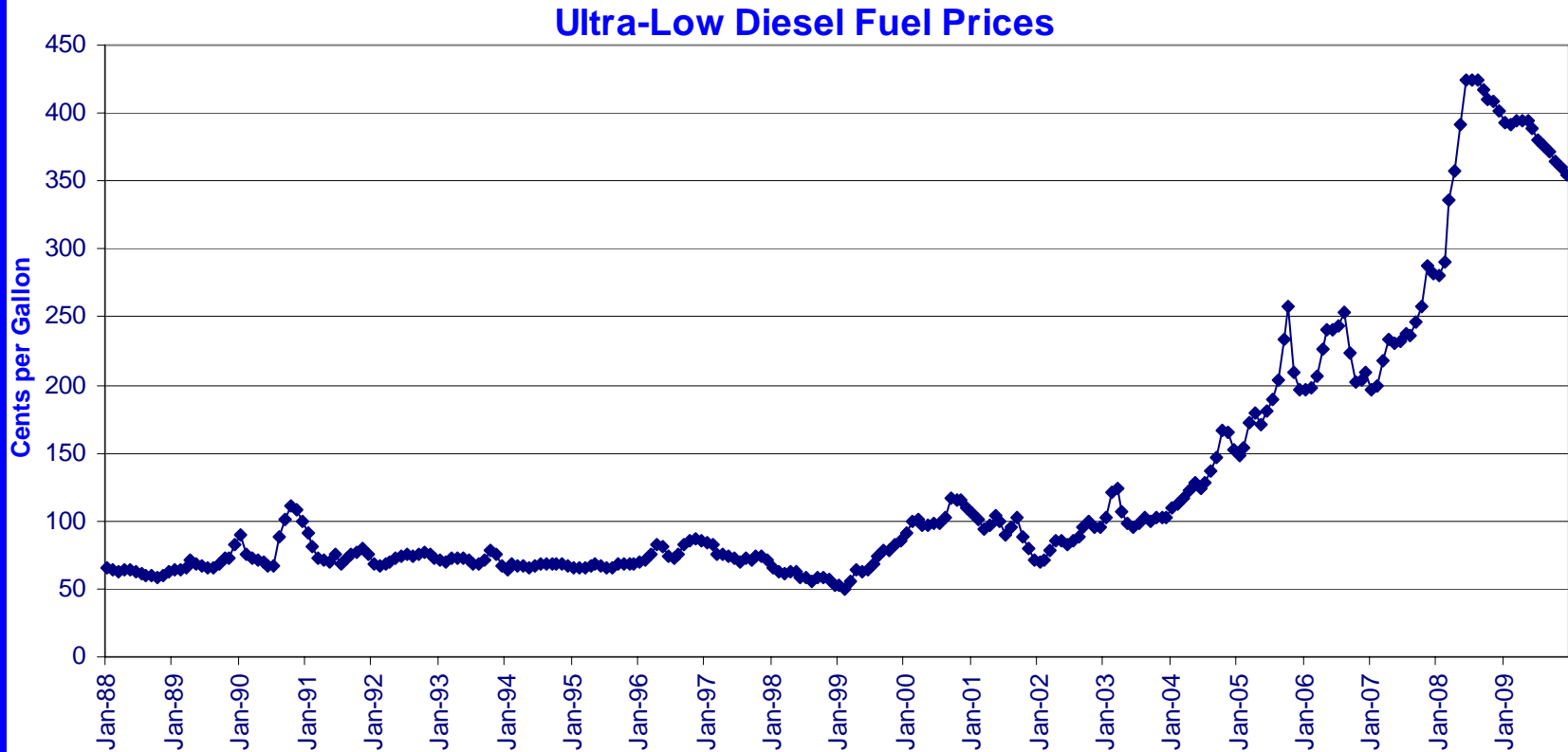
Diesel Fuel Price and Cost

■ 2007 Actual	\$12.2M
■ 2008 Budget	\$15.7M
■ 2008 Estimate	\$20.6M
■ 2009 Tax Budget	\$24.1M
● 2007 Diesel Price	\$2.09
● 2008 Budget	\$2.70
● 2008 Current Estimate	\$3.72
● 2009 Projection	\$4.10



2009 Tax Budget

Yearly Comparison of Ultra-Low Diesel Fuel Prices



2009 Tax Budget

Diesel Fuel Surcharge

- Triggered by Predefined Surcharge Ranges
 - (\$3.00 - \$5.50 per gallon)
- Indexed to National Fuel Cost Tables
- Based on Quarterly Average
- Passage Prior to October 1



2009 Tax Budget

Revenue Comparison by Scenario

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
Revenues				
Passenger Fares	\$960K	\$4.80M	\$4.80M	\$9.60M



2009 Tax Budget

Expenditure Comparison by Scenario

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
Expenditures				
Personnel Services (2.5% Admin Reduction)		\$940K	\$940K	\$940K
Personnel Services (3.0% Service Realignment)			\$2.2M	\$2.2M
Diesel Fuel (3.0% Service Realignment)			\$570K	\$570K
Inventory (3.0% Service Realignment)			\$260K	\$260K
Total	<u>\$0.00</u>	<u>\$940K</u>	<u>\$3.97M</u>	<u>\$3.97M</u>



2009 Tax Budget Scenario Recap

	Scenario #1	Scenario #2	Scenario #3	Scenario #4
Fuel Surcharge & Admin. Reduction		\$4.8M	\$4.8M	\$9.6M
Service Realignment			\$3.0M	\$3.0M
Available Ending Balance	(\$20.24M)	(\$15.46M)	(\$12.40M)	(\$7.60M)



2009 Tax Budget

Expenditure Comparison by Scenario + Scenario #5 (Balanced Budget)

	Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5
Personnel Services (2.5% Admin Reduction)		\$940K	\$940K	\$940K	\$940K
Personnel Services (3.0% Service Realignment)			\$2.2M	\$2.2M	\$2.2M
Personnel Services (7.0% Service Realignment)					\$5.9M
Diesel Fuel (3.0% Service Realignment)			\$570K	\$570K	\$570K
Diesel Fuel (7.0% Service Realignment)					\$1.1M
Inventory (3.0% Service Realignment)			\$260K	\$260K	\$260K
Inventory (7.0% Service Realignment)					\$694K
Total	<u>\$0.00</u>	<u>\$940K</u>	<u>\$3.97M</u>	<u>\$3.97M</u>	<u>\$11.70M</u>



2009 Tax Budget

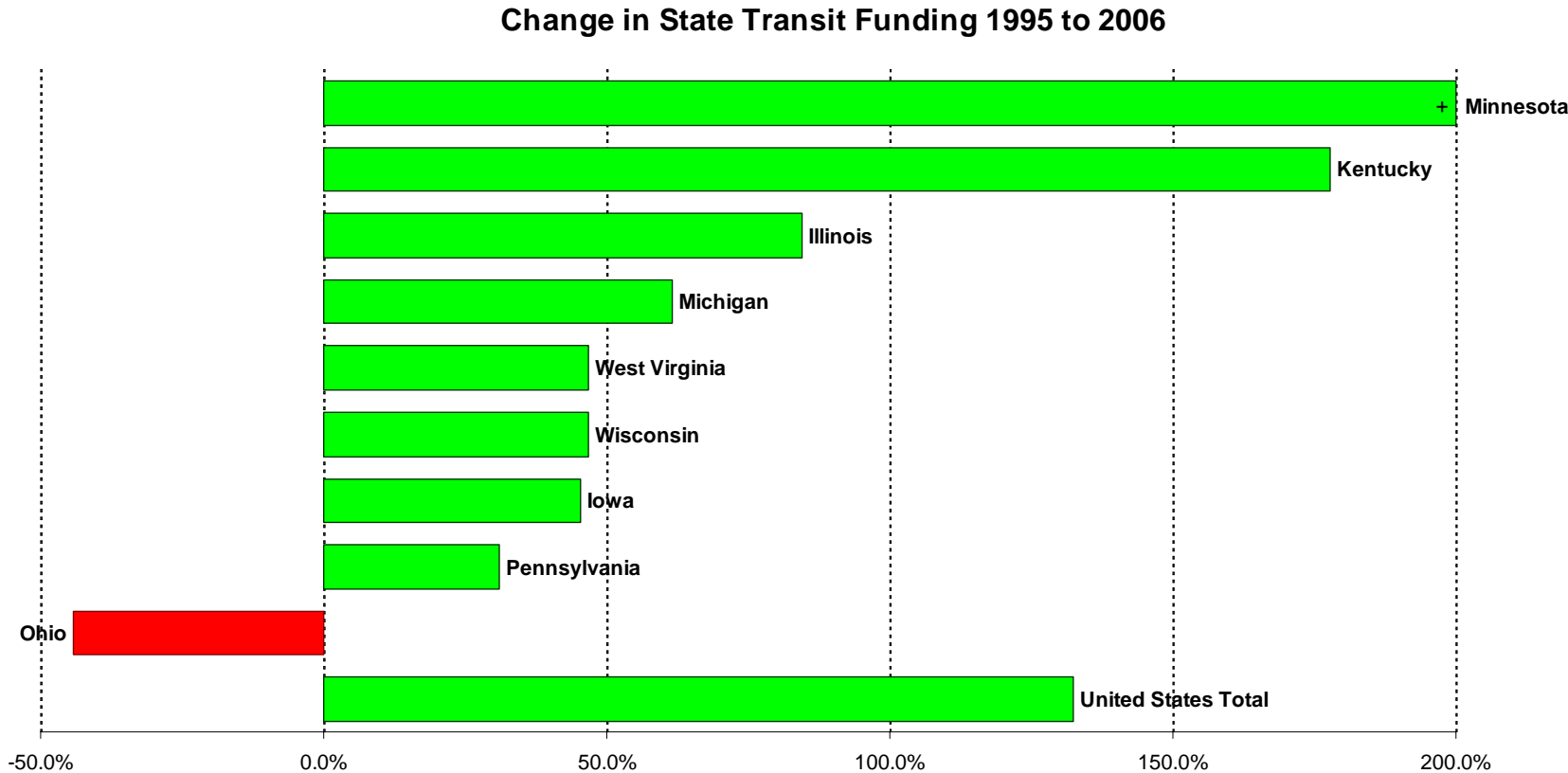
Scenario Recap + Scenario #5 (Balanced Budget)

	Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5
Fuel Surcharge & Admin. Reduction		\$4.8M	\$4.8M	\$9.6M	\$9.6M
Service Realignment			\$3.0M	\$3.0M	\$10.7M
Available Ending Balance	(\$20.24M)	(\$15.46M)	(\$12.40M)	(\$7.60M)	\$105K



2009 Tax Budget

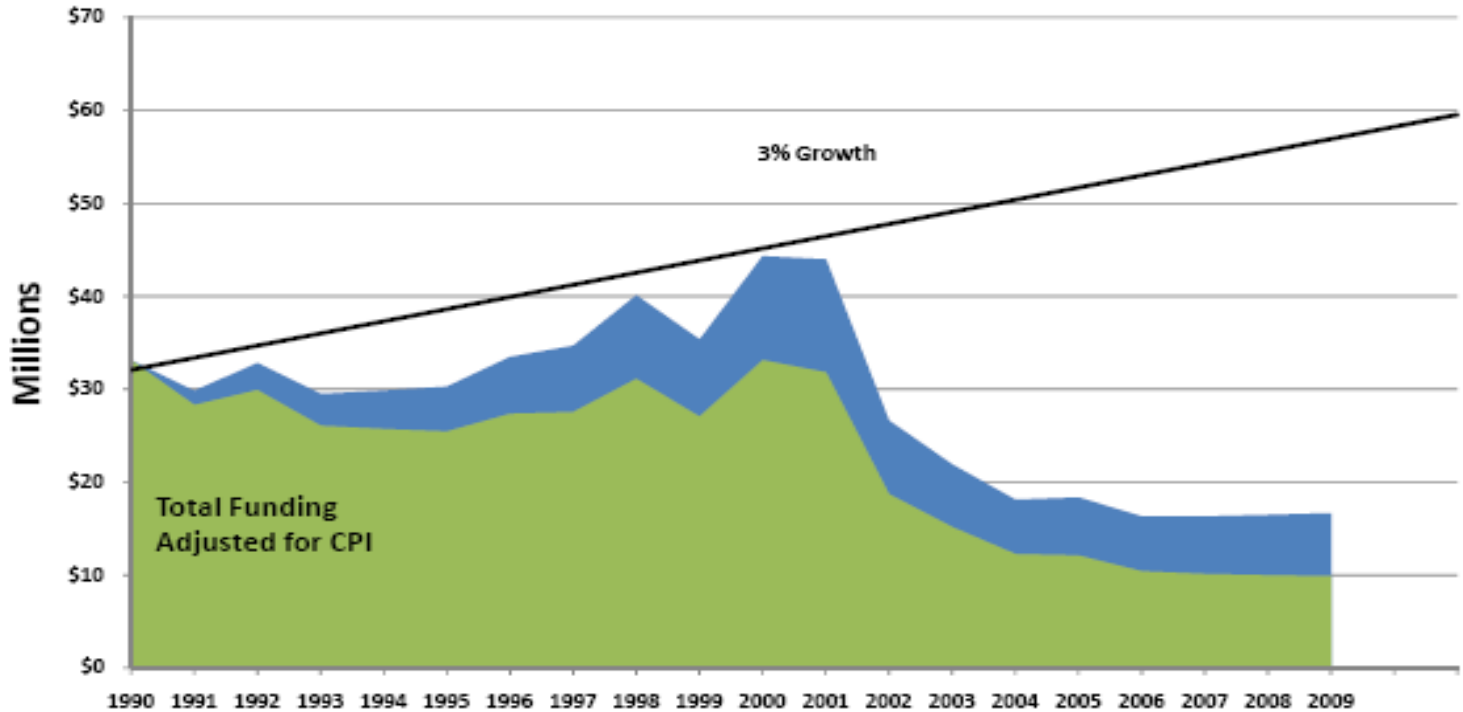
Change in State Funding for Public Transit



2009 Tax Budget

Ohio Department of Transportation State Transit Funding

1990 - 2009



2009 Tax Budget

Recap

- Scenarios #1 – #4: All Unacceptable
- Fuel Surcharge & Service Cut in October Adds to the 2008 Balance
 - ☞ Still Unacceptable
- Only Other Options:
 - Additional Support from State or Federal
 - Or
 - 15% Service Cut

2009 Tax Budget

- Approval Recommendation
 - Scenario #4



Questions & Answers

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