

Greater Cleveland Regional Transit Authority

2020 Tax Budget



2020 TAX BUDGET

To: Hon. Dennis M. Clough, President,
and Members of the Board of Trustees

Date: July 16, 2019

From: Floun'say R. Caver, Ph.D.,
Interim CEO, General Manager / Secretary-Treasurer

Subject: 2020 Tax Budget Transmittal Letter

EXECUTIVE SUMMARY

The 2020 Tax Budget is an initial analysis of the financial trends, revenue and expenditure forecasts, and service levels of the Authority. It is a reflection of actions taken in the current and in previous budget years and is a valuable tool in the budget development process as it helps to identify upcoming issues and opportunities that may impact the Authority.

The Authority is undergoing six comprehensive studies to identify areas of improvement, create financial stability, identify efficiencies, and to enhance service. Over the past year, the six studies ("Pillar Studies") that have been undertaken and currently ongoing are the economic impact study, rail car study, fare study, system redesign, economic and financial study and strategic plan. Based on the feedback from consultants, employees and members of the community, the recommendations will be reviewed, prioritized, and implemented, resulting in a sustainable operation and strengthening the financial position.

The Economic Impact Study was conducted by Cleveland State University's Center for Economic Development. The results of this study were presented to the Board of Trustees in the 1st Quarter 2019 and included the following:

- Transit impact on Cuyahoga County property values: \$2.2 billion
- Property values increased 3.5% within a decade for previously unserved census tracts
- RTA's annual economic impact to Cuyahoga County: \$322 million
- RTA's annual direct spending in Cuyahoga County: \$182 million
- RTA creates and sustains nearly 3,000 jobs in Cuyahoga County
- RTA's employees residing in Cuyahoga County: 1,800
- Jobs created from RTA-purchased goods and services in Cuyahoga County: 1,177
- Improved transit access in urban neighborhoods results in:
 - 12.9% reduction in poverty
 - 3.1% growth in employment

The Rail Car Study was conducted by LTK Engineering Services (LTK). This was a comprehensive evaluation of the Authority's Heavy Rail Vehicles (HRV) and Light Rail Vehicles (LRV). Both fleets have undergone mid-life rehabilitation and now exceed the 30-year useful life. Based on the results of the study, the HRVs have an estimated 5 years of life remaining and the study recommended replacement of the fleet rather than undertaking a second rehabilitation. The cost for replacement of the HRV fleet is estimated at \$102 million for 34 cars (about \$3 million per vehicle). The LRVs have an estimated remaining life of 10 years and replacement is estimated at \$96 million for 24 cars (approximately \$4 million per vehicle). At the end of the 1st Quarter 2019, the Authority has nearly \$24 million in local funding in the Reserve Fund, Rolling Stock Replacement, for the rail vehicles.

The Authority is working with Jarrett Walker and Associates on a System Redesign Study; Greater Cleveland Partnership on the Efficiency Study and Operational Review; and LTK on a Fare Equity Study. The final recommendations of these studies will be presented to the Board of Trustees later in 2019. As the Authority undergoes these studies, the financial resources will continue to be managed efficiently. These Pillar Studies will form the basis for the creation of the Authority's 10-year Strategic Plan (2020 – 2030).

The Authority closed on a \$30 million debt issuance on May 1, 2019. This funding will be used for the local match for Development Fund capital projects. The Authority received excellent credit ratings from Standards & Poor's (AA+) and Moody's (Aa1). Continued focus on data driven performance initiatives such as TransitStat,

the Pillar Studies, Partnership for Excellence, and ISO 14001 will continue to improve processes, enhance operational capabilities, and reduce costs for the Authority. For the second year in a row, the Authority was awarded the America Public Transportation Association's (APTA) Bus Safety and Security Gold Award (Security).

In a continuing drive to excellence, GCRTA made its first full application under The Partnership for Excellence and the Baldrige Criteria. GCRTA received the Gold Award recognition status from The Partnership for Excellence in 2018 and is expected to submit its next application to The Partnership for Excellence in December 2019. RTA is the first transit agency to receive this award. In 2016, RTA received the Three-Star Ohio Green Fleet Award from Clean Fuels Ohio for work to improve air quality and health, reduce pollution, and strengthen Ohio's economy.

The Authority has maintained the largest General Fund ending balances of its history. The ending balances for 2017 and 2018 were \$34.9 million and \$39.0 million, respectively. The Authority projects 2019 to have an ending balance of \$35.0 million by continuing to monitor expenses. The 2020 Tax Budget estimates revenues at \$285.1 million. With a beginning balance of \$35.0 million, total resources are estimated at \$320.1 million. Total operating expenses are estimated at \$258.8 million and total transfers to other funds equal \$35.1 million. The estimated ending balance for the 2020 Tax Budget is \$28.9 million, providing a 1.4-month operating reserve. The following paragraphs explain the 2020 Tax Budget in more detail.

General Fund Assumptions

Inflation

Assumption:

1.8% to 2.1%

Rationale:

The Federal Reserve recently released their projections for the remainder of 2019 through the next 30 years. The Federal Reserve Bank of Cleveland observed that the 4th District economic activity has risen modestly despite the slight decrease of 0.2 percent inflation since last year. There was minimum change in the overall economic outlook with modest growth. Labor markets remained tight, while retailers were able to increase pricing and consumer spending slightly increased. The Federal Reserve Bank is expecting the economy to expand slowly - between 1.8 percent and 2.1 percent. The Federal Reserve Bank of Cleveland projects the inflation rate to remain under 2.1 percent over the next 10 years.

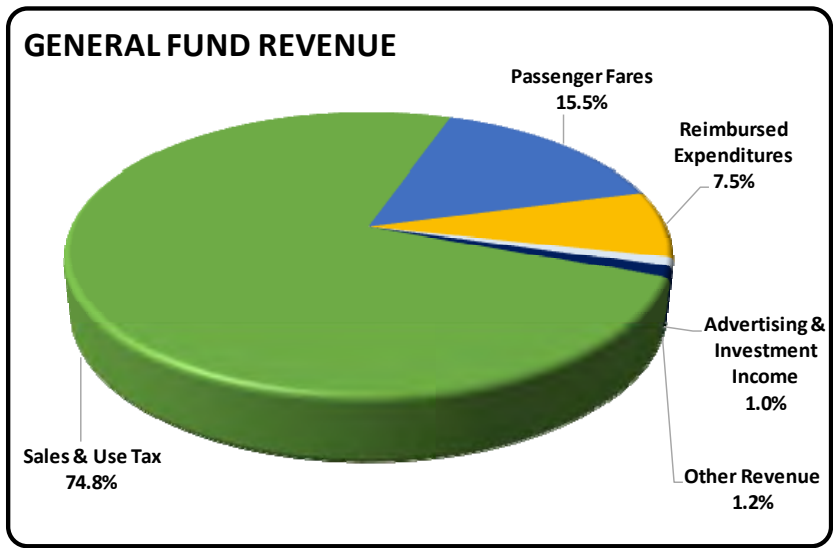
Interest Rates

Assumption:

2.5% to 3.0%

Rationale:

The Federal Reserve Bank raised interest rates again in December 2018, from 2.25 percent to 2.5 percent due to strong job gains and household spending. According to Federal Open Market Committee (FOMC), they plan to keep rates at current level of 2.5 percent until 2021 even though inflation is a little below its 2 percent target. The committee's plan to hold interest rates steady is an indicator of a healthy economy. The Authority has received an average of 2.26 percent interest income on its General Fund investments and an average of 2.32 percent average yield on all investments in all Funds in 2019.



REVENUES

Passenger Fares

Assumption: **\$44.1M**
Rationale:

Actual Passenger Fare revenue received through May 2019 totaled \$15.7 million. This amount is 9.5 percent below 2018 actual receipts for the same period. Passenger Fares for 2019 are estimated at \$44.9 million, a 3.7 percent decline from 2018 actual revenues, due to continued decrease in ridership. Total passenger fares for 2020 are estimated at \$44.1 million, a decrease of 1.8 percent for 2019 projections, keeping with the national trends. The passenger and paratransit fare increases that were scheduled for 2018 were postponed until August 2020 in order to review the results of the fare equity study and other pillar studies and assess our short and long term strategy. Our assumptions are based on no changes to the fares.

Advertising & Concessions

Assumptions:
Advertising Contract and Concessions **\$1.9M**
Naming Rights: HealthLine, CSU Line, and MetroHealth Line **\$430K**
Total **\$2.4 M**

Rationale:

Advertising and Concessions revenue is composed of two subcategories. The first subcategory is comprised of the current advertising contract, concessions, and the new contract for advertising on the bus shelters. The second category is the Naming Rights. This includes Cleveland Clinic Foundation and University Hospitals for the HealthLine and area shelters, Cleveland State University for the CSU Line, Medical Mutual for the MetroHealth Line, Tri-C District for E. 34th Rapid Station, Huntington Bank for HealthLine shelters, and Bryant & Stratton College for HealthLine shelters. The Advertising & Concessions category is projected to total \$2.4 million in 2020 and is projected to remain steady each year thereafter 2021 through 2024 base on contract guarantees.

Sales & Use Tax Revenue

***Assumptions:
Sales & Use Tax***

\$213.2M

Rationale:

Sales Tax growth for 2019 remains strong; up 2.6 percent compared to prior year through June. The Authority receives 1 percent of Sales and Use Tax Revenue collected in Cuyahoga County. The estimate for the 2020 Tax Budget is projected based on continued growth in consumer spending and revenues received to date. Sales tax receipts are projected to increase by 1.5 percent in 2020 and increase by 1.5 percent each of the outyears (2021 through 2024). These estimates are conservatively established and compare well with estimates by Standards & Poor's Global Ratings, which expect sales tax revenue to increase by 1.59 percent in 2019 and 1.32 percent in 2020.

Investment Income

***Assumption:
Rationale:***

\$440K

The estimate for Investment Income for 2020 is \$440,126. The Federal Reserve Bank does not expect interest rates to increase and to remain steady at 2.5 percent until 2021. The estimated income is based on an average income earned over the prior three years. The Investment Income has slightly increased and expected to increase based on the current investment levels and interest rates. Through May 2019, the Authority has received an average yield of 2.26 percent on its General Fund investments and an average of 2.32 percent on all investments in all Funds.

Other Revenue

Assumptions:

Other Revenue:

\$2.0M

Transfer from Reserve Fund for 27th Pay (Salaried Labor)

\$1.5M

Total:

\$3.5M

Rationale:

This revenue category contains other revenue and a transfer from the Reserve Fund for the 27th pay for Salaried Labor. The other revenue category is difficult to project as it consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. For the 2020 Tax Budget, receipts for Other Revenue are budgeted at \$2.0 million.

In 2021, the first pay date for the Salaried/Salaried Bargaining Labor category is set for Friday, January 1, 2021. Because this pay date falls on a holiday, the pay date is moved back one day, to December 31, 2020, which creates a 27th pay for this category. A transfer from the Reserve Fund to the General Fund in the amount of \$1.5 million is to compensate for the 27th pay in 2020. The Authority pays its employees every other week, totaling 26 pay dates. Every 12 years each of the pay categories (Salaried/Salaried Bargaining Labor and Hourly/FOP Labor) has a 27th pay, depending upon when the pay dates fall within the calendar year. Each year funding is set aside for each of the pay categories (Salary/Salaried Bargaining Labor and Hourly/FOP Labor) in the Reserve Fund for the 27th pay. The next 27th pay date for Hourly/FOP Labor is scheduled for 2025.

Reimbursed Expenditures

Assumptions:

Preventive Maintenance Activities

\$20.0M

Fuel Tax Reimbursement

\$0.5M

Reimbursed Labor

\$0.8M

Other Reimbursements

\$0.2M

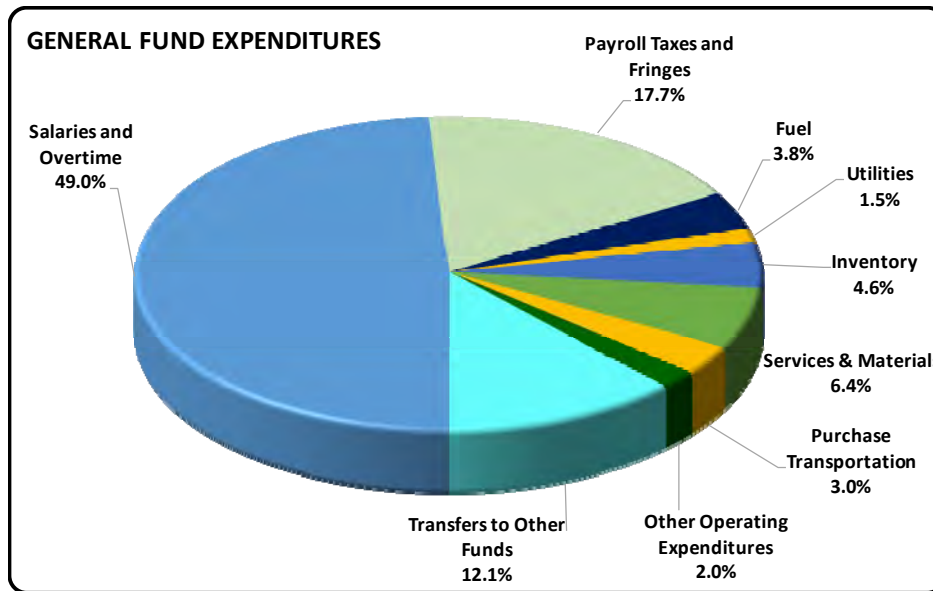
Total

\$21.5M

Rationale:

This category is composed of reimbursement of labor costs for capital projects, preventive maintenance activities within the Operating Budget, and diesel fuel tax refunds. For the 2020 Tax Budget, revenues from Reimbursed Expenditures are budgeted at \$21.5 million. Preventive maintenance activities, estimated at

\$20.0 million, is the reimbursement to provide funding for State of Good Repair projects and to support daily operations of the Authority. A long-term goal is to keep preventive maintenance reimbursements under \$17.5 million and steer funding toward capital projects. Other reimbursements include fuel tax reimbursements, reimbursed labor, and Paratransit SNAPS reimbursements, which are projected at \$0.5 million, \$0.8 million, and \$0.2 million, respectively. For the out years (2021 through 2024), Reimbursed Labor is estimated at \$21.4 million each year.



EXPENDITURES

Salaries and Overtime

Assumption:

\$142.8M

Rationale:

Total salaries and overtime for the 2020 Tax Budget are estimated at \$142.8 million and account for 49.0 percent of RTA's General Fund expenses. Wage increases for ATU employees are still under negotiations. The FOP negotiations have reached an agreement for 3 percent wage increases, which will be paid in 2019. Non-Bargaining personnel received wage increases in May. Wage increases are budgeted across the board for 2020 and 2021. Minimal increases are scheduled for 2022 through 2024. A 27th Pay is budgeted for payout in 2020 for the Salaried Labor category.

Payroll Taxes and Fringes

Assumption:

\$51.5M

Rationale:

Payroll Taxes and Fringe Benefits are budgeted at \$51.5 million for the 2020 Tax Budget and account for about 17.7 percent of General Fund expenses. The main expenses include health care, prescription, vision, dental, uniform allowances, Medicare and PERS (pension) expenses. For the out-years, slight increases in payroll taxes, health care, and prescription costs are projected.

Fuel

Assumptions:

Diesel Fuel	\$4.8M
Gasoline	\$0.9M
Propane	\$0.2M
Propulsion Power	\$3.6M
Compressed Natural Gas	\$1.1M
Diesel Fuel Tax	\$0.6M
Total	\$11.2M

Rationale:

The Energy Price Risk Management Program has helped to stabilize one of GCRTA's most volatile expenses, diesel fuel. The authority diesel fuel usage has decreased over the years due to RTA implementing more CNG buses into service and retiring older diesel vehicles. Between 2015 and 2019, RTA placed 139 new CNG buses into operation. For 2020, 25 new CNG buses are planned to be placed in operation and diesel fuel usage will once again decrease as these newer buses are introduced. For the 2020 Tax Budget, the total Fuel cost is estimated at \$11.2 million.

Other Expenditures

Assumptions:

<i>Utilities</i>	<i>\$4.2M</i>
<i>Inventory</i>	<i>\$13.5M</i>
<i>Services & Materials</i>	<i>\$18.5M</i>
<i>Purchased Transportation/ADA</i>	<i>\$8.8M</i>
<i>Other Expenditures</i>	<i>\$5.7M</i>
<i>Total</i>	<i>\$50.7M</i>

Rationale:

The Utilities category includes natural gas (facility heating), water/sewer, electricity, and telephone expenses. This category is budgeted at \$4.2 million for the 2020 Tax Budget, 1.5 percent of all General Fund expenditures. Electricity and natural gas usage continues to be closely managed. RTA has reduced electricity costs by nearly \$21.5 million over the last eight years. In December 2017, a new contract for electricity was negotiated, which fixed costs through mid-2021 at favorable prices for the Authority. Natural gas commodity costs are locked in through mid-2022.

Inventory is budgeted at \$13.5 million, or 4.6 percent of General Fund expenditures. The Supply Chain Management section of the Fleet Management District has helped the Authority to maintain predictive maintenance repairs on the Authority's newer fleets. The predictive maintenance program was started in 2015 and parts are replaced based on a proactive maintenance program.

The main drivers of the Services and Materials category are service and maintenance contracts, advertising costs, equipment, and other miscellaneous supplies. This category is budgeted at \$18.5 million for the 2020 Tax Budget, 6.4 percent of all General Fund expenditures. The out years are planned to increase slightly each year.

Purchased Transportation/ADA is budgeted at \$8.8 million for the 2020 Tax Budget. The Authority entered into 3 new contracts, starting in June 2019 with Provide-A-Ride, Senior Transportation Connection, and GC Logistics. Other Expenditures include travel and meeting expenses, claims, and other miscellaneous expenses. For the 2020 Tax Budget, \$5.7 million is budgeted for this category.

Transfers

Assumption:

<i>Bond Retirement</i>	<i>\$13.7M</i>
<i>Capital Improvements</i>	<i>\$13.4M</i>
<i>Insurance Fund</i>	<i>\$2.1M</i>
<i>Reserve Fund</i>	<i>\$5.9M</i>
<i>Pension Fund</i>	<i>\$50K</i>
<i>Total</i>	<i>\$35.1M</i>

Rationale:

Transfers shown for the bond retirement is for the debt service less the investment income earned in the Bond Retirement Fund. A \$30 million debt issuance was finalized in May 2019. The bond premium resulting from the issuance of approximately \$6 million will be used toward paying the principal and interest payments for the 2019 issuance from 2019 through part of 2022. The \$13.7 million transfer to the Bond Retirement Fund for 2020 is needed to pay the principal and interest on all debt for 2020, as well as maintain the recommended balance.

The transfer to the Capital Improvement Fund covers 100 percent locally funded capital projects in the RTA

Capital Fund, as well as required local matches for most grant-funded projects in the RTA Development Fund. The \$13.7 million transfer to the Bond Retirement Fund for debt payments represents a transfer of 6.4 percent of sales tax receipts. The total contribution to capital (transfer to the Capital Improvement Funds and Bond Retirement Fund), at 12.7 percent, remains within the Board policy of a minimum of 10 percent of Sales & Use Tax revenue and continues to reflect the significant financial requirements of the Authority's capital program.

The \$2.1 million transfer to the Insurance Fund is required to maintain the Fund Balance at the current \$5 million level and to cover expected expenses for the 2020 Fiscal Year. A transfer of \$5.9 million to the Reserve Fund will cover a \$5 million transfer for rail vehicles and \$0.9 million, which covers 1/12 of 27th pay expenses. Lastly, the \$50,000 transfer to the Supplemental Pension Fund is needed to maintain the recommended balance.

FINANCIAL INDICATORS

The General Fund statement presented in this Tax Budget results in the following performance against the Authority's financial policy goals.

OPERATING EFFICIENCY

Operating Ratio: The Board policy requires a 25.0 percent ratio in operating revenues compared to total operating expenditures. This ratio shows the efficiency of management by comparing operating expenses to operating revenues. The 2020 Tax Budget yields an 18.4 percent ratio, which is below the policy objective. The Operating Ratio for 2019 is estimated at 19.6 percent. This ratio is not expected to be met for the 2020 Tax Budget or the out years as ridership continues to decline.

Operating Reserve: The Operating Reserve is targeted for a period of 30 days, or 1 month, meaning the available cash equivalent to one month's operating expenses to cover any unforeseen or extraordinary fluctuations. At a budgeted ending balance of \$28.9 million, the Operating Reserve for the 2020 Tax Budget is budgeted at 1.4-months. The Operating Reserves planned for 2021 is estimated at 1.0-month. This highlights the need to identify new revenue sources and to effectively monitor and control expenditures to achieve a continued sustainable Operating Budget.

Growth per Year: This policy requires that growth in the cost per hour of service from year to year be kept at or below the rate of inflation. The cost per hour of service is a measure of service efficiency dividing total operating expenses by total service hours. The Growth per Year is the cost of delivering a unit of service (cost per hour of service) compared to the prior year. The Federal Reserve estimates inflation to remain between 1.8 percent and 2.1 percent in 2020 and does not foresee any major changes over the next 10 years. The 2020 Tax Budget assumes no inflation in "Other Expenses". This indicator is \$139.8 per hour of service and is 2.9 percent higher than the 2019 projection and higher than the estimated 1.8 percent to 2.1 percent inflation rate. Operating costs must continue to be monitored.

CAPITAL EFFICIENCY

Debt Service Coverage: The Debt Service Coverage is a ratio measuring the Authority's ability to meet annual interest and principal payments on outstanding debts. The 2020 Tax Budget estimates the debt service coverage at 2.98 and higher than the Board policy minimum of 1.50. For the years 2021 and 2022, the debt service coverage is projected to be 2.43 in 2021 and 2.06 in 2022, both years above the Board policy of 1.50.

Sales & Use Tax Contribution to Capital: Current Board policy requires that a minimum of 10.0 percent of Sales & Use Tax receipts be applied to the capital needs of the Authority. These funds are used to meet the Authority's annual debt service payments, to provide the local match for grant funded capital projects, and to fund Routine Capital and Asset Maintenance projects included within the RTA Capital Fund. At 12.7 percent, this indicator is expected to exceed the minimum of 10 percent. This indicator will be met in each of the out years (2021 through 2024). As sales tax receipts increase at a minimal rate, the balance between operating expenses and capital expenses becomes a delicate balance.

Capital Maintenance to Expansion: Several years ago, the Board recognized that our emphasis must be to maintain the Authority's existing capital assets and revised this objective to a policy guideline of 75 percent to 90 percent of the Authority's capital projects. At 100 percent for the 2020 Tax Budget and each of the out years, the Authority's emphasis continues to be the maintenance of existing assets as opposed to expansion projects. Given the financial constraints of recent years, this continues to remain the best course as the Authority continues its bus replacement program, equipment upgrades, rail vehicle replacements, and rail infrastructure improvements.

CAPITAL IMPROVEMENT FUNDS

The Authority's Capital Improvement Funds are used to account for the acquisition, construction, replacement, repair and rehabilitation of major capital facilities and equipment. The Capital Improvement Funds are composed of grant funded projects as well as 100 percent locally funded items. The funds needed to meet the grant requirements typically require a 20 percent local match. Financial resources are appropriated to sustain capital infrastructure needs through retention of investment earnings, contributions from Sales and Use Tax proceeds, as well as issuance of debt.

Transportation is a capital-intensive business and the Authority's focus has been on addressing various State of Good Repair (SOGR) projects. Over the past few years, the Authority's priorities include replacement of rail vehicles and maintenance and repair of rail infrastructure, including tracks, bridges, signals, and substations. Additional funding has been transferred each year above the 10 percent contributions to capital policy goal in order to tackle some of these projects. A delicate balance exists in order to maintain the 1.0 month operating reserve.

Financial resources are allocated through a comprehensive capital review process which prioritizes funding of requested capital projects. It continues to maintain the focus of the Authority's long-term capital plan, as well as to reflect on existing and future financial and operational constraints facing the Authority.

The 2020 through 2024 estimated capital expenditures are predicated on year-to-date outlays, obligations and projected commitments, as well as, the approved five-year Capital Improvement Plan. Projected grant revenues include current, as well as, expected traditional and non-traditional grant awards and are based on a continuation of current FAST Act funding levels.

Over the next ten years the Authority's capital program will continue to focus on various SOGR projects throughout the system. These include the on-going bus replacement program, rail car purchases (replacing 34 heavy rail and 24 light rail vehicles), rehabilitation of light rail track and rail infrastructure of signal and overhead catenary systems, and various facility improvement and upgrades,

BOND RETIREMENT FUND

The General Fund is the source of transfers necessary to make the principal and interest payments for the Authority's outstanding debt. Such transfers represent the debt service less the investment income earned in the Bond Retirement Fund. A \$30 million debt issuance was finalized in May 2019. Total expenditures of \$16.3 million are expected in 2020. It is anticipated that a new debt sale of \$25 million will be issued in mid-2021 to support the capital program with a second debt issue of \$25 million planned for mid to late 2023. The Authority has its debt rated highly by the major rating agencies (AA+ from Standards & Poor and Aa1 from Moody's).

INSURANCE FUND

The Insurance Fund is structured to reflect a combination of self and purchased insurance coverages. Projected activities in 2020 include a combined \$2.9 million for premium outlays and payments for the settlement of claims. This will require a \$2.1 million transfer from the General Fund to maintain the current Fund balance recommended by the Authority's Risk Management Department.

SUPPLEMENTAL PENSION FUND

Authority employees who were employed by predecessor transit systems are covered by supplemental benefit payments. Activities expected within this fund in 2020 include \$14,000 of revenue from investment income, a \$50,000 transfer from the General Fund to maintain the Pension Fund at the recommended balance, and projected benefit payments of \$60,000. An actuarial study is performed every two years to assess the adequacy of these funds. The budget transfers maintain the fund balance at the levels recommended by the actuarial evaluation.

LAW ENFORCEMENT FUND

In 1988, RTA became involved with the Northern Ohio Law Enforcement Task Force (NOLETF), a multi-jurisdictional force (formerly known as the Caribbean/Gang Task Force). RTA's involvement was prompted by increased gang activity found in and around the rail system and the need to obtain intelligence in this area. In addition to the benefits of intelligence gathering and improved inter-department relations, RTA derives revenue from seized and confiscated monies and/or properties of convicted drug dealers prosecuted by the Task Force.

Revenue obtained through the NOLETF may be expended for non-budgeted items for law enforcement purposes. Furthermore, certain guidelines have been instituted by the State Attorney General's Office for the reporting and disbursement of funds. At this point in time, expenditures are not being projected in 2020 through 2024 until additional needs arise requiring protective equipment and various supplies and materials to support law enforcement activities.

RESERVE FUND

In 2017, the Authority established the Reserve Fund to help protect the Authority from future economic downturns and cost increases. The Reserve Fund retains funding for five accounts: Compensated Absences, Fuel, Hospitalization, Rolling Stock, and budget years with 27 pay periods. A transfer of \$5.9 million is budgeted in the 2020 Tax Budget for replacement of rail vehicles and 27th pay period expenses.

In summary, three of the six financial goals meet the Board Policy Goals for the 2020 Tax Budget. The continued hard work put forth has helped to maintain a strong financial position for the Authority. The Authority's biggest challenge is keeping up with the aging infrastructure and SOGR needs, and Federal capital funding is crucial. The 5 Pillar studies will lead the way toward the Authority's next 10-year Strategic Plan (2020-2030) and lead the Authority into the future.

ATTACHMENT A
General Fund Balance Analysis

Assumptions:

Passenger Fare Annual Growth =	-0.2%	-3.7%	-1.8%	-1.8%	-1.8%	-1.8%	-1.8%	
Sales & Use Tax Annual Growth =	1.5%	2.8%	1.5%	1.5%	1.5%	1.5%	1.5%	
Personnel & Fringe Cost Growth =	3.5%	1.7%	2.7%	1.7%	0.6%	0.7%	0.7%	
Non-Personnel Cost Growth =	6.3%	6.5%	-0.5%	0.3%	-0.7%	0.1%	0.3%	
Operating Expenses Growth =	4.2%	2.9%	1.9%	1.4%	0.3%	0.5%	0.6%	
Capital Contribution =	32,496,326	27,115,233	25,226,184	27,112,367	26,214,272	30,414,872	23,822,033	26,765,251
	14.6%	13.1%	12.0%	12.7%	12.1%	13.8%	10.7%	11.8%

	2018	2019	2019	2020	2021	2022	2023	2024
	Actual	Amended Budget	Estimate	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	34,869,398	38,959,996	38,959,996	34,969,416	28,850,073	20,749,825	10,004,166	7,013,360
Revenue								
Passenger Fares	46,611,350	46,497,104	44,886,597	44,078,638	43,285,223	42,506,089	41,740,979	40,989,642
Advertising & Concessions	786,836	2,162,000	3,412,700	2,400,863	2,400,863	2,400,863	2,400,863	2,400,863
Sales & Use Tax	204,331,707	207,396,683	210,098,194	213,249,667	216,448,412	219,695,138	222,990,565	226,335,424
State Aid from MCO Loss	18,271,169	0	0	0	0	0	0	0
Investment Income	733,668	600,000	702,055	440,126	100,000	70,000	100,000	50,000
Other Revenue	2,217,242	2,090,000	2,152,500	2,000,000	2,051,547	2,092,578	2,113,503	2,134,638
Transfer from Reserve Fund	0	0	0	1,450,000	0	0	0	0
Reimbursed Expenditures	22,667,293	22,075,000	22,075,000	21,519,803	21,448,019	21,416,982	21,420,500	21,452,961
Total Revenue	295,619,265	280,820,787	283,327,046	285,139,097	285,734,064	288,181,650	290,766,410	293,363,527
Total Resources	330,488,663	319,780,783	322,287,042	320,108,513	314,584,137	308,931,475	300,770,576	300,376,887
Operating Expenditures								
Salaries and Overtime	134,480,231	138,563,985	138,331,377	142,760,360	145,624,371	146,496,769	147,665,711	148,659,971
Payroll Taxes and Fringes	51,457,495	53,873,933	50,823,009	51,457,098	51,977,053	52,227,053	52,400,858	52,844,838
Fuel (Diesel, CNG, Prop. Pwr., Gas)	10,044,572	11,425,995	11,043,732	11,200,000	11,000,000	10,800,000	10,600,000	10,600,000
Utilities	3,864,515	4,213,123	4,296,886	4,250,000	4,300,000	4,320,000	4,350,000	4,350,000
Inventory	12,961,263	13,368,000	14,003,560	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
Services and Material & Supplies	16,642,929	18,381,341	18,445,410	18,500,000	18,625,000	18,550,000	18,600,000	18,610,000
Purchase Transportation	9,934,312	8,434,045	8,747,586	8,750,000	8,770,000	8,800,000	9,000,000	9,200,000
Other Expenditures	4,968,362	6,257,354	5,684,823	5,700,000	5,900,000	5,700,000	5,700,000	5,700,000
Total Operating Expenditures	244,353,679	254,517,776	251,376,383	256,117,458	259,696,424	260,393,822	261,816,569	263,464,809
Transfers to Other Funds								
Transfer to the Insurance Fund	7,250,000	2,700,000	2,700,000	2,100,000	2,000,000	2,200,000	2,200,000	2,200,000
Transfer to the Pension Fund	60,000	50,000	50,000	50,000	45,000	40,000	40,000	40,000
Transfers to Reserve Fund	7,368,662	7,965,059	7,965,059	5,878,615	5,878,615	5,878,615	5,878,615	5,878,615
Transfers to Capital								
Bond Retirement Fund	17,236,407	15,228,052	13,339,003	13,714,842	13,835,408	13,820,910	14,065,825	13,854,458
Capital Improvement Fund	15,259,919	11,887,181	11,887,181	13,397,525	12,378,864	16,593,962	9,756,208	12,910,793
Total Transfers to Capital	32,496,326	27,115,233	25,226,184	27,112,367	26,214,272	30,414,872	23,822,033	26,765,251
Total Transfers to Other Funds	47,174,988	37,830,292	35,941,243	35,140,982	34,137,887	38,533,487	31,940,648	34,883,866
Total Expenditures	291,528,668	292,348,068	287,317,626	291,258,440	293,834,311	298,927,309	293,757,217	298,348,675
Available Ending Balance	38,959,996	27,432,715	34,969,416	28,850,072	20,749,824	10,004,165	7,013,359	2,028,212
Passenger Fare & Sales Tax % Change		1.18%	1.61%	0.92%	0.93%	0.95%	0.97%	0.98%
Operating Expenses % Change		4.16%	2.87%	1.89%	1.40%	0.27%	0.55%	0.63%
Revenues - Expenses (millions)	\$4.09	(\$11.53)	(\$3.99)	(\$6.12)	(\$8.10)	(\$10.75)	(\$2.99)	(\$4.99)

ATTACHMENT B

**2020 Tax Budget
Financial Policy Goals**

		Goal	2018 Actual	2019 Budget	2019 Estimate	2020 Tax Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Operating Efficiency	Operating Ratio	≥ 25%	19.8%	19.4%	19.6%	18.4%	17.7%	17.3%	17.0%	16.5%
	Cost per Service Hour		\$130.6	\$140.8	\$135.8	\$139.8	\$141.7	\$142.1	\$142.9	\$143.8
	Growth per Year	≤ Rate of Inflation	1.4%	7.9%	-3.6%	2.9%	1.4%	0.3%	0.5%	0.6%
	Operating Reserve (Months)	≥ 1 month	1.9	1.3	1.7	1.4	1.0	0.5	0.3	0.1
Capital Efficiency	Debt Service Coverage	≥ 1.5	3.76	3.19	3.73	2.98	2.43	2.08	1.89	1.53
	Sales Tax Contribution to Capital	≥ 10%	14.6%	13.1%	12.0%	12.7%	12.1%	13.8%	10.7%	11.8%
	Capital Maintenance to Expansion	75% - 90%	97.3%	94.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reserved Fund (in Millions)	Fuel Reserve Fund	Fuel Budget less Actual Expenditures	\$2.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Compensated Absences Reserve Fund	≤ 25% of Accrued Liability	\$1.90	\$0.94	\$0.69	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Hospitalization Reserve Fund	≤ 10% of Annual Hospitalization Costs	\$1.80	\$0.73	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	27th Payroll Expense Reserve Fund	1/12th of Annual 27th Pay Expenses	\$1.40	\$0.69	\$0.69	\$0.88	\$0.88	\$0.88	\$0.88	\$0.88
	Rolling Stock Replacement Fund	≥ \$5,000,000 per year	\$10.00	\$6.00	\$6.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00

ATTACHMENT C

Capital Improvement Fund Balance Analysis

	2018	2019	2019	2020	2021	2022	2023	2024
	Actual	Amended Budget	Estimate	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	21,435,743	21,313,973	21,313,973	39,655,989	17,632,453	27,095,395	16,388,805	23,119,843
Revenue								
Transfer from General Fund	15,259,919	11,887,181	11,887,181	13,397,525	12,378,864	16,593,962	9,756,208	12,910,793
Transfer from General Fund	2,000,000	0	200,000	0	0	0	0	0
Investment Income	320,733	860,000	860,000	565,000	765,000	565,000	765,000	765,000
Federal Capital Grants	56,531,115	42,082,188	42,082,188	63,887,602	67,750,869	65,973,700	68,792,642	68,606,227
State Capital Grants	827,365	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658
Debt Service Proceeds	0	30,000,000	30,000,000	0	25,000,000	0	25,000,000	0
Other Revenue	-30,675	0	0	0	0	0	0	0
Total Revenue	74,908,457	86,214,027	86,414,027	79,234,785	107,279,392	84,517,320	105,698,508	83,666,678
Total Resources	96,344,200	107,528,000	107,728,000	118,890,774	124,911,845	111,612,714	122,087,313	106,786,522
Expenditures								
Capital Outlay	75,030,227	68,072,011	68,072,011	101,258,321	97,816,451	95,223,909	98,967,470	98,514,766
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	75,030,227	68,072,011	68,072,011	101,258,321	97,816,451	95,223,909	98,967,470	98,514,766
Available Ending Balance	21,313,973	39,455,989	39,655,989	17,632,453	27,095,395	16,388,805	23,119,843	8,271,756

ATTACHMENT D
RTA Development Fund Balance Analysis

	2018 Actual	2019 Amended Budget	2019 Estimate	2020 Tax Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Beginning Balance	20,136,261	18,099,415	18,099,415	36,808,688	15,776,584	26,289,906	15,961,610	42,909,680
Revenue								
Debt Service Proceeds	0	30,000,000	30,000,000	0	25,000,000	0	25,000,000	0
Transfer from RTA Capital Fund	9,434,255	8,984,255	8,984,255	10,684,255	10,034,255	13,884,255	6,684,255	10,184,255
Transfer from the Reserve Fund	2,000,000	0	200,000	800,000	400,000	200,000	20,600,000	0
Investment Income	258,572	800,000	800,000	500,000	700,000	500,000	700,000	700,000
Federal Capital Grants	56,531,115	42,082,188	42,082,188	63,887,602	67,750,869	65,973,700	68,792,642	68,606,227
State Capital Grants	827,365	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658
Other Revenue	-32,530	0	0	0	0	0	0	0
Total Revenue	69,018,777	83,251,101	83,451,101	77,256,515	105,269,782	81,942,613	123,161,555	80,875,140
Total Resources	89,155,038	101,350,516	101,550,516	114,065,203	121,046,367	108,232,519	139,123,165	123,784,820
Expenditures								
Capital Outlay	71,055,623	64,741,828	64,741,828	98,288,619	94,756,461	92,270,909	96,213,486	95,952,766
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	71,055,623	64,741,828	64,741,828	98,288,619	94,756,461	92,270,909	96,213,486	95,952,766
Ending Balance	18,099,415	36,608,688	36,808,688	15,776,584	26,289,906	15,961,610	42,909,680	27,832,055

ATTACHMENT E
RTA Capital Fund Balance Analysis

	2018 Actual	2019 Amended Budget	2019 Estimate	2020 Tax Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Beginning Balance	1,299,482	3,214,558	3,214,558	2,847,301	2,655,869	2,005,488	1,827,195	2,210,164
Revenue								
Transfer from General Fund	15,259,919	11,887,181	11,887,181	13,397,525	12,378,864	16,593,962	9,756,208	12,910,793
Investment Income	62,161	60,000	60,000	65,000	65,000	65,000	65,000	65,000
Other Revenue	1,855	0	0	0	0	0	0	0
Total Revenue	15,323,935	11,947,181	11,947,181	13,462,525	12,443,864	16,658,962	9,821,208	12,975,793
Total Resources	16,623,417	15,161,739	15,161,739	16,309,826	15,099,733	18,664,450	11,648,403	15,185,957
Expenditures								
Asset Maintenance	1,920,700	1,405,000	1,405,000	1,510,000	1,755,000	1,710,000	1,610,000	1,610,000
Routine Capital	2,053,904	1,925,183	1,925,183	1,459,702	1,304,990	1,243,000	1,143,984	952,000
Other Expenditures	0	0	0	0	0	0	0	0
Transfer to RTA Development Fund	9,434,255	8,984,255	8,984,255	10,684,255	10,034,255	13,884,255	6,684,255	10,184,255
Total Expenditures	13,408,859	12,314,438	12,314,438	13,653,957	13,094,245	16,837,255	9,438,239	12,746,255
Ending Balance	3,214,558	2,847,301	2,847,301	2,655,869	2,005,488	1,827,195	2,210,164	2,439,702

ATTACHMENT F
Bond Retirement Fund Balance Analysis

	2018	2019	2019	2020	2021	2022	2023	2024
	Actual	Amended Budget	Estimate	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	2,299,936	2,739,205	2,739,205	7,046,617	4,637,249	1,982,157	1,689,617	1,648,742
Revenue								
Transfer from General Fund	17,236,407	15,228,052	13,339,003	13,714,842	13,835,408	13,820,910	14,065,825	13,854,458
Investment Income	122,664	130,000	130,000	135,000	135,000	135,000	135,000	135,000
Other Revenue	134	0	5,916,999	0	0	0	0	0
Total Revenue	17,359,205	15,358,052	19,386,002	13,849,842	13,970,408	13,955,910	14,200,825	13,989,458
Reconciling Journal Entry	0	0	0	0	0	0	0	0
Total Resources	19,659,141	18,097,257	22,125,207	20,896,459	18,607,657	15,938,067	15,890,442	15,638,200
Expenditures								
Debt Service								
Principal	11,945,000	10,405,589	9,650,000	10,560,000	11,345,000	9,535,000	10,005,000	10,515,000
Interest	4,974,936	5,477,090	5,427,090	5,697,710	5,279,000	4,711,950	4,235,200	3,734,950
Other Expenditures	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Expenditures	16,919,936	15,884,179	15,078,590	16,259,210	16,625,500	14,248,450	14,241,700	14,251,450
Ending Balance	2,739,205	2,213,078	7,046,617	4,637,249	1,982,157	1,689,617	1,648,742	1,386,750

ATTACHMENT G
Insurance Fund Balance Analysis

	2018 Actual	2019 Amended Budget	2019 Estimate	2020 Tax Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Beginning Balance	6,074,641	12,640,748	12,640,748	7,772,298	7,011,848	6,327,848	5,856,848	5,372,848
Revenue								
Investment Income	90,005	90,000	90,000	35,000	35,000	35,000	35,000	35,000
Transfer from General Fund	7,250,000	2,700,000	2,700,000	2,100,000	2,000,000	2,200,000	2,200,000	2,200,000
Total Revenue	7,340,005	2,790,000	2,790,000	2,135,000	2,035,000	2,235,000	2,235,000	2,235,000
Total Resources	13,414,646	15,430,748	15,430,748	9,907,298	9,046,848	8,562,848	8,091,848	7,607,848
Expenditures								
Claims and Premium Outlay	773,898	7,014,000	7,658,450	2,895,450	2,719,000	2,706,000	2,719,000	2,419,000
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	773,898	7,014,000	7,658,450	2,895,450	2,719,000	2,706,000	2,719,000	2,419,000
Ending Balance	12,640,748	8,416,748	7,772,298	7,011,848	6,327,848	5,856,848	5,372,848	5,188,848

ATTACHMENT H
Supplemental Pension Fund Balance Analysis

	2018 Actual	2019 Amended Budget	2019 Estimate	2020 Tax Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Beginning Balance	1,333,767	1,352,482	1,352,482	1,356,482	1,360,482	1,361,482	1,357,482	1,356,482
Revenue								
Investment Income	16,260	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Transfer from General Fund	60,000	50,000	50,000	50,000	45,000	40,000	40,000	40,000
Total Revenue	76,260	64,000	64,000	64,000	59,000	54,000	54,000	54,000
Total Resources	1,410,027	1,416,482	1,416,482	1,420,482	1,419,482	1,415,482	1,411,482	1,410,482
Expenditures								
Benefit Payments	57,545	60,000	60,000	60,000	58,000	58,000	55,000	55,000
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	57,545	60,000	60,000	60,000	58,000	58,000	55,000	55,000
Reconciling Journal Entry	0	0	0	0	0	0	0	0
Ending Balance	1,352,482	1,356,482	1,356,482	1,360,482	1,361,482	1,357,482	1,356,482	1,355,482

ATTACHMENT I
Law Enforcement Fund Balance Analysis

	2018	2019	2019	2020	2021	2022	2023	2024
	Actual	Amended Budget	Estimate	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	26,958	34,063	34,063	55,863	77,863	99,863	121,863	143,863
Revenue								
Law Enforcement Revenue	27,850	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Law Enforcement Training Revenue	0	0	0	0	0	0	0	0
Investment Income	1,219	1,800	1,800	2,000	2,000	2,000	2,000	2,000
Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	29,069	21,800	21,800	22,000	22,000	22,000	22,000	22,000
Total Resources	56,027	55,863	55,863	77,863	99,863	121,863	143,863	165,863
Expenditures								
Capital & Related Items	21,964	0	0	0	0	0	0	0
Training	0	0	0	0	0	0	0	0
Total Expenditures	21,964	0	0	0	0	0	0	0
Reconciling Journal Entry	0	0	0	0	0	0	0	0
Ending Balance	34,063	55,863	55,863	77,863	99,863	121,863	143,863	165,863

ATTACHMENT J
Reserve Fund Balance Analysis

	2018	2019	2019	2020	2021	2022	2023	2024
	Actual	Amended Budget	Estimate	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	17,624,278	27,677,990	27,677,990	35,893,049	39,996,664	46,100,279	52,528,894	38,707,509
Revenue								
Investment Income	326,456	450,000	450,000	475,000	625,000	750,000	900,000	900,000
Transfer from GF for Compensated Absences	944,484	690,000	690,000	0	0	0	0	0
Transfer from GF for Fuel	0	0	0	0	0	0	0	0
Transfer from GF for Hospitalization	729,330	0	0	0	0	0	0	0
Transfer from GF for Rolling Stock Reserve	5,000,000	6,000,000	6,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Transfer from GF for 27th Pay	694,848	1,275,059	1,275,059	878,615	878,615	878,615	878,615	878,615
Other Revenue	4,358,594	0	0	0	0	0	0	0
Total Revenue	12,053,712	8,415,059	8,415,059	6,353,615	6,503,615	6,628,615	6,778,615	6,778,615
Total Resources	29,677,990	36,093,049	36,093,049	42,246,664	46,500,279	52,728,894	59,307,509	45,486,124
Expenditures								
Transfer to General Fund (Compensated Absences)	0	0	0	0	0	0	0	0
Transfer to General Fund (Fuel)	0	0	0	0	0	0	0	0
Transfer to General Fund (Hospitalization)	0	0	0	0	0	0	0	0
Transfer to RTA Development Fund (Rolling Stock)	2,000,000	0	200,000	800,000	400,000	200,000	20,600,000	0
Transfer to General Fund (27th Pay - 2024)	0	0	0	1,450,000	0	0	0	0
Total Expenditures	2,000,000	0	200,000	2,250,000	400,000	200,000	20,600,000	0
Ending Balance	27,677,990	36,093,049	35,893,049	39,996,664	46,100,279	52,528,894	38,707,509	45,486,124
Rolling Balances								
Compensated Absences	2,886,027	3,633,531	3,621,152	3,663,467	3,711,959	3,763,499	3,819,003	3,869,344
Fuel	2,493,996	2,531,253	2,525,338	2,554,728	2,588,409	2,624,207	2,662,758	2,697,723
Hospitalization	2,566,707	2,616,162	2,598,999	2,629,280	2,663,982	2,700,865	2,740,584	2,776,609
Rolling Stock	17,605,814	23,869,259	23,704,032	28,243,542	33,301,216	38,660,563	23,741,450	29,430,206
27th Pay: Salary: 2020 / Hourly 2025	2,125,446	3,442,843	3,443,528	2,905,647	3,834,712	4,779,759	5,743,714	6,712,242
Total	27,677,990	36,093,049	35,893,049	39,996,664	46,100,279	52,528,894	38,707,509	45,486,124

ATTACHMENT L
All Funds Balance Analysis

	2018 Actual	2019 Amended Budget	2019 Estimate	2020 Tax Budget	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Beginning Balance	83,664,721	104,718,457	104,718,457	126,749,713	100,366,632	104,916,848	89,347,675	99,362,647
Revenue								
Passenger Fares	46,611,350	46,497,104	44,886,597	44,078,638	43,285,223	42,506,089	41,740,979	40,989,642
Sales & Use Tax	204,331,707	207,396,683	210,098,194	213,249,667	216,448,412	219,695,138	222,990,565	226,335,424
Federal	56,531,115	42,082,188	42,082,188	63,887,602	67,750,869	65,973,700	68,792,642	68,606,227
State	19,098,534	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658
Investment Income	1,611,005	2,145,800	2,247,855	1,666,126	1,676,000	1,571,000	1,951,000	1,901,000
Other Revenue	30,027,274	26,347,000	33,577,199	25,940,666	25,920,429	25,930,423	25,954,866	26,008,462
Debt Service Proceeds	0	30,000,000	30,000,000	0	25,000,000	0	25,000,000	0
Total Revenue	358,210,985	355,853,433	364,276,691	350,207,358	381,465,591	357,061,008	387,814,711	365,225,413
Total Resources	441,875,706	460,571,890	468,995,147	476,957,071	481,832,223	461,977,856	477,162,386	464,588,060
Expenditures								
Personnel Services	185,937,726	192,437,918	189,154,386	194,217,458	197,601,424	198,723,822	200,066,569	201,504,809
Fuel (Diesel, CNG, Prop. Pwr., Gas)	10,044,572	11,425,995	11,043,732	11,200,000	11,000,000	10,800,000	10,600,000	10,600,000
Utilities	3,864,515	4,213,123	4,296,886	4,250,000	4,300,000	4,320,000	4,350,000	4,350,000
Inventory	12,961,263	13,368,000	14,003,560	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
Services & Materials	16,642,929	18,381,341	18,445,410	18,500,000	18,625,000	18,550,000	18,600,000	18,610,000
Purchased Transportation	9,934,312	8,434,045	8,747,586	8,750,000	8,770,000	8,800,000	9,000,000	9,200,000
Other Expenditures	5,821,769	13,332,854	13,404,773	8,656,950	8,678,500	8,465,500	8,475,500	8,175,500
Capital Outlay	75,030,227	68,072,011	68,072,011	101,258,321	97,816,451	95,223,909	98,967,470	98,514,766
Debt Service	16,919,936	15,882,679	15,077,090	16,257,710	16,624,000	14,246,950	14,240,200	14,249,950
Total Expenditures	337,157,249	345,547,966	342,245,434	376,590,439	376,915,375	372,630,181	377,799,739	378,705,025
Available Ending Balance	104,718,457	115,023,924	126,749,713	100,366,632	104,916,848	89,347,675	99,362,647	85,883,035



Greater Cleveland Regional Transit Authority
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