

## Minutes

### RTA Operational Planning & Infrastructure Committee

9:01 a.m. July 14, 2020

**Committee Members:** Joyce (Chair), Lucas (Vice Chair), Byrne, Moss, Pellot, Serrano

**Other members:** Bibb, Clough, McCall, Weiss

**Not present:** None

**Also Present:** Anderson, Alling, Burney, Caver, Cox, Dangelo, Dietrich, Fields, Freilich, Garofoli, Gautam, Kirkland, Laule, Lewis, Marotta, McGervey, Penning, Pickett, Schipper, Scott, Sutula, Wiehe

Mr. Joyce called the meeting to order at 9:01 a.m. The secretary called the roll and reported that six (6) committee members were present. This meeting was conducted by teleconference for members of the Board in accordance with House Bill 197 of the 133rd General Assembly, signed by the Governor of the State of Ohio on March 27, 2020, the March 9, 2020 order of the Governor of the State of Ohio declaring a public health emergency and the April 30, 2020 order of the Director of the Ohio Department of Public Health prohibiting any gathering of ten (10) or more people. The meeting was live-streamed on RTA's Facebook page ([www.facebook.com/rideRTA](http://www.facebook.com/rideRTA)) for staff and members of the public.

#### RFP Procurement: On-Call Architect/Engineering Services

Kathleen McGervey, resident engineer/architect and Jonathan Laule, contract administrator, gave the presentation. This contract involves the preparation of plans and specs to augment RTA in house personnel and development of cost estimates and construction support. The work will be done by task order not to exceed \$300,000 for a 24-month duration. Potential task include CBMF foundation reinforcement, Transit Police property room work at rail and other projects as necessary.

The RFP was issued March 9, 2020. It was viewed by fifty-one (51) parties. Four (4) firms proposed. Three (3) firms were interviewed. The evaluation panel consisted of various RTA departments using selected criteria. This project was evaluated using the Brooks Act. The recommended firm is HWH Architects Engineers Planners Inc. of Cleveland Ohio. A 12% DBE goal will be met by utilizing Sandhu & Associates Inc, Somat Engineering of Ohio, Smith Architects LLC and K&J Safety & Security. HWH has completed projects for RTA, General Electric, City of Cleveland, among others. Staff requests that the Operational Planning and Infrastructure Committee recommend award to HWH Architects Engineers Planners Inc. for On-Call Architectural/Engineering Services. The contract is not to exceed \$300,000.00 for 24 months.

Ms. Moss asked where did HWH fall in line with the other bids. Mr. Laule said in this process, price is not a factor. It is solely based on qualifications. They provided their hourly rates and it has been negotiated. They will negotiate each task to come to a finalized price per task.

It was moved by Mr. Serrano, seconded by Ms. Pellot and approved to move this to the full Board meeting.

IFB Procurement: Rehabilitation of the Light Rail Trunk Line Guard Walls and Retaining Walls

Matt Marotta, resident engineer/architect, and Jonathan Laule, contract administrator, made the presentation. Work will be performed along the Blue/Green Trunk Line between E. 103 Street and Shaker Square Rapid Station. The construction duration is approximately 13 months. They will replace the brick veneer, cast concrete base, cast stone caps at the east end of the project, plant new trees (approx. 200), remove tree well grates and approx. 100 trees will be removed near the train tracks that are impacting the overhead catenary structures.

The IFB was issued on May 11, 2020. Seventeen (17) parties reviewed the project. Four (4) submitted a bid. The recommended vendor is Zavarella Bros. Construction Co.'s bid of \$1,689,900 which was determined to be the lowest responsive bid. The bid is 10.01% below the Independent Cost Estimate of \$1,877,792. A 22% DBE goal was assigned to this project. Zavarella Bros. Construction Co. has successfully completed projects for Gilmore Academy, Cleveland Community Mikvah, and Bellefaire JCB, among others. They were the subcontractor for Phase 1 of this project. They are located in Bedford Heights, Ohio. Staff requests that the Operational Planning & Infrastructure Committee recommend award to Zavarella Bros. Construction Co. for the rehabilitation of the Light Rail Trunk Line Guard Walls & Retaining Walls. The base contract is not to exceed \$1,689,900.00.

Rev. Lucas noticed during Phase 1 of the project that trash was not cleaned up properly. Mr. Marotta said he would ensure for this next phase that trash is disposed of properly. Mr. Joyce asked if anything would need to be shut down for this project. Matt said it would not. Mayor Weiss asked for the number of phases and the times period for each phase. Matt said when funding becomes available they will proceed. Mr. Schipper said the five year CIP does not have any future phases funded.

It was moved by Mr. Serrano, seconded by Mayor Byrne to move this to the full Board.

August Service Changes

Joel Frielich, director of service management, made the presentation. The schedule adjustment is for August 9. Schools and colleges are still making decisions about what they will offer instruction. RTA wants to be ready for when they do that. Weekly vehicle hours of service will go back to 93%. Decisions were guided by vehicle capacity, demand for service, availability of alternate routes and customer feedback. Highlights are the Blue and Green Line rail service, which is currently shut down for construction. It will return to the level of service provided before the shutdown. Each of the three Park-N-Ride services will be back in service providing two trips per hour or roughly a 30 minute frequency for customers not working from home.

With downtown activities opening up, the B-line Trolley service will start again. The route will be realigned since it will be the only one running. It will serve Public Square in both directions and will run every 15 minutes. The goal is to serve some major destinations. The route is similar to the traditional B-Line especially in terms in how it leaves the Warehouse District, which includes stops at the Main Office where customers are served. The B-Line will leave the Main Office going down W. 6<sup>th</sup> Street to Superior, go to Public Square traveling east on Superior, serving major private sector employees, turning north on E. 12<sup>th</sup> and left on Lakeside near the Double Tree Hotel, past the Federal Building and City Hall. In the past when people leaving these buildings wanted to go to Public Square, they had to wait at the Main Office for the trolley to leave. This route will take them to PS quicker. This line will serve certain E-Line stops. There will be signage redirecting customers.

Service frequency improvements will be on the HealthLine, #1 St. Clair, #3 Superior, #11 Quincy, #14 Kinsman, #15 Harvard, #22 Lorain and #79 Fulton. The MetroHealth Line on W. 25<sup>th</sup> Street was fully restored to pre-COVID frequency effective June 28. Staff will continue to monitor to see what additional service is needed.

Ms. Moss asked where are we compared to pre-COVID, if there is enough ridership to have 30 minute frequency on the Park N Ride service and is RTA nimble enough to make changes if ridership doesn't end up as predicted or if the State shuts down again. Joel said that ridership has been gradually increasing. At the worst, we were carrying barely over 30% of ridership levels. Now we are carrying roughly half of former ridership levels. They anticipate that Aug-Dec will have higher ridership than today. The Park N Ride service riders are less dependent on RTA because they have cars, but there are customers that use it who are too anxious to drive downtown. Normal PNR service is every 15 minutes in the busy rush hour time and 30 minutes towards the trail end. There will not be overloads. RTA is nimble enough to make changes. To get the full reduction in labor cost, it would require an additional pick per the union contract. From the time the decision is made, it takes six weeks before they can fully redo service and save operator labor. Service can be pulled off the road if there are no riders to save fuel and maintenance cost. The August 9 service adjustment does not have to be sustained through December if something changes.

Mr. Bibb asked what is driving the assumption that the ridership will be 93% of pre COVID levels. Joel meant to say the total number of vehicle miles and hours in the county would be 93%. For most routes, the frequency is not governed by the number of people who fit on a bus. But some routes are most of the time not governed by the number of people on the bus. We're not so short on money that we can only provide hourly service. Mr. Bibb asked how can RTA ensure the right level of service is done in a cost efficient manner and meets demands given the Pandemic. An agile route system based on demand may be better than a fixed route to manage cost. Joel said that when ridership was 30% of normal, they were providing 85% of regular service. During rush hour, they provided 70% of service. Some workers are essential and need to get to work. Mr. Bibb requested each level and cost allocation versus the revenue and the cost benefit analysis at each tier, so the Board can understand how they are being flexible with service delivery and meeting supply and not having excess demand. Joel said they strategically do not want to lay off operators hence the 30-minute service. Mr. Bibb asked what the plans are with the system redesign. Joel said there is an update scheduled for August 11.

Dr. Caver said as we look at the connection between ridership and the amount of service, another key component is the ability and mobility of individuals throughout the system. The system redesign consultant spoke about this. There is some representative service providing coverage and service that would be more like for profit that is on the corridor and has ridership that supports its needs. One thing they continue to battle with is when service is cut; the ability of people to navigate through the system a fair amount of time becomes more difficult. If people cannot get to work because RTA has a business mindset that solely looks at the cost, it will increase the possibility that people will not have access.

### FY 2021 Tax Budget

Kay Sutula, director of the office of management and budget, made the presentation. The tax budget is an initial analysis and forward looking document toward estimated revenues for the next fiscal year. It is the first step and a valuable tool in the budget development process. The agenda is to review the schedule, economic assumptions, 2021 Tax Budget and then holding a public hearing. In May 2020, they presented the 2021 Capital Improvement Plan, which was adopted by the Board. It is submitted early in the year in order to provide capital projects to NOACA, ODOT and FTA in time for their 2021 fiscal years. They will ask the committee to present this to the full Board for adoption at the July 28

meeting. In August, they will begin the Operating Budget development for the fiscal year 2021. In November, they will present this to the committee, which includes the Operating Budget and Transfers to other funds. They will also hold a public hearing. In December, they will again present the 2021 General Fund budget, hold another public hearing and recommend the committee to present the budget to the full Board for adoption on December 15.

This year has presented several challenges with the COVID-19 pandemic. As the economy has opened back up over the past several months, spending patterns are projected to slowly rebound. Ridership and sales tax revenues are expected to increase at modest rates in 2021 compared to post COVID-19 levels. U.S. Congress approved stimulus packages, eliminated borrowing caps and lowered interest rates below 2%. Inflation is estimated to remain around 2% for fiscal year 2021. The Federal Open Market Committee estimates for inflation and interest rates will help to stabilize prices and help to expand the economy as market conditions slowly improve. Currently, the Authority has received an average yield of 1.6% on its cash investments. The Authority was awarded \$111.9 million through the CARES Act. They are not anticipating any additional federal assistance in 2021 and 2022. Wage increases, which are largely contractual with ATU and FOP are projected for fiscal year 2021.

Actual passenger fares received through May 2020, total \$12 million or 23.8% below 2019 actual receipts. We are projecting passenger fares at \$23.6 million by year-end, a 45% decline from 2019. Ridership in April on average declined by over 60%. As the economy slowly opened and the Stay At Home order was lifted, ridership has slowly increased over the last several months, but remains 50% below average from pre COVID levels. Total passenger fares from the 2021 Tax Budget are projected at \$30.5 million. The fare increases that were scheduled for 2018 have been postponed until further notice as they continue to review and implement the recommendations of the Fare Equity and System Redesign studies.

Sales and Use tax for 2020 is estimated to decrease by 9.5% compared to 2019. The estimated revenues for the 2021 Tax Budget are projected to increase by .6% in 2021. These estimates are conservative due to the uncertainties surrounding the Pandemic. Reimbursed expenditures includes preventative maintenance reimbursement, force account labor and reimbursements for fuel tax and other misc. items. For the 2021 Tax Budget, reimbursed expenditures are projected at \$2.9 million. Rail projects are a high priority. They have made a strategic decision to forgo the \$20 million for PM reimbursement in order to fund these necessary capital projects. Total revenues for the 2021 Tax Budget are projected at \$232.1 million. The \$111.9 million awarded to RTA through the CARES Act will be used to help supplement the decline in Passenger Fares and Sales Tax and added expenses due to the Pandemic. Through May, they have drawn down \$57 million. The drawdown for June is currently being finalized. This funding is to help carry us through fiscal year 2022.

The two largest revenue categories are Sales and Use tax receipts at 83.2% and Passenger Fares at 13.1%. Salaries and overtime are estimated at \$143.9 million and account for 50.4% of RTA's General Fund expenses. Total wages for 2021 include payroll taxes and fringes and are estimated to increase by 3.9%, largely due to negotiated bargaining unit agreements. The Energy Price Risk Management Program has helped to stabilize fuel cost. The Authority's diesel fuel usage has decreased over the last few years due to implementing more CNG buses into service and retiring older diesel vehicles. Inventories is projected at \$13.5 million or 4.7% of the GF expenditures. The Supply Chain Management section has helped the Authority maintain predictive maintenance repairs on the Authority's newer fleets and carry out major purchases for supplies and equipment during the Pandemic. The main drivers of the Services and Materials categories are maintenance contracts, advertising cost, equipment and other misc. supplies. This category is projected at \$17.1 million or 6% of all expenditures.

Purchased Transportation/ADA is projected at \$10.3 million. The Authority entered into three new contracts starting in June 2019. This increase in 2021 is due to contractual agreements. Transfers to Other funds are projected at \$29.7 million for bond retirement, insurance, supplemental pension, capital improvement and reserve funds. These transfers are for the expected expenses and maintain recommended fund balances. Total expenditures for the 2021 Tax Budget are projected at \$285.4 million, which includes \$255.7 million for Operating expenditures and \$29.7 million for Transfers to Other Funds. Salaries and overtime and payroll taxes and fringes remain the two largest categories at 54.4% and 18.6% respectively. Total expenditures against total revenues for 2020, 2021 and 2022, the Authority will be operating at a loss each year. The CARES Act funding will help to offset these losses and provide stability during the Pandemic recovery. Preventative maintenance reimbursement for 2021 and 2022 will be used for unfunded rail and rail infrastructure projects. This will lower the PM reimbursement revenue for each year by \$20 million. Salaries, payroll taxes and fringes are projected at \$196.9 million and \$199.6 million for 2021 and 2022 respectively. These increases are largely due to the contractual increases for ATU and FOP. Total operating expenses are projected at \$255.7 M for 2021 and \$259.3 M for 2022. Transfers to other funds are to support the expenses and maintain recommended ending balances. Transfers are projected at \$29.7 M for 2021 and \$30.9 M for 2022.

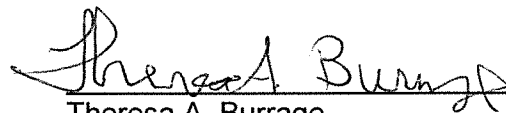
In summary, the CARES Act funding will help to offset the losses in revenue due to the Pandemic through December 2022 and beyond. This funding will also enable the Authority to invest into the community through reviewing and implementing recommendations from the System Redesign and Fare Equity studies, provide labor stability, increase capital investments and reduce the capital backlog. Mayor Clough noted that the CARES Act money will help get us through this time. He asked if this is sent to the County so that once they certify our expected revenues and expenditures, that's the amount used to prepare the 2021 budget. Dr. Caver said we are not required to send it to the County, but is done as a good budgeting practice similar to cities, which are required. This helps staff build the parameters to bring the budget in the fall.

It was moved by Rev. Lucas, seconded by Mr. Serrano and approved to suspend this meeting to open up the Public Hearing. After the Public Hearing was closed, it was moved by Rev. Lucas, seconded by Mr. Serrano and approved to reconvene this meeting. It was moved by Mr. Serrano, seconded by Rev. Lucas and approved to move the budget to the full Board Meeting.

The meeting was adjourned at 9:56 a.m.



Floun'say R. Caver, Ph.D.  
Interim Secretary/Treasurer



Theresa A. Burrage  
Executive Secretary