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GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

2016 CEO/General Manager's Budget

November 10, 2015

Greater Cleveland Regional Transit Authority

2016 TRANSMITTAL LETTER

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

Date: November 5, 2015

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

Subject: 2016 Transmittal Letter

EXECUTIVE SUMMARY

I am pleased to report that 2015 was yet another successful year at the GCRTA. Once again the Authority was highly recognized on a national and international level for its best-in-class accomplishments. In 2015 we significantly enhanced communications with our employees and our customers to both communicate, and to deliver on, our recently developed mission, vision and values. We also continued our quest for continual improvement as was evidenced by our recognition by The Partnership for Excellence (TPE) and our progress in obtaining ISO 14001 certification.

As RTA continues to effectively manage its financial resources, we have simultaneously increased our efforts to invest in our state-of-good-repair infrastructure program. Some highlights were the opening of the Little Italy Red Line Station and the roll-out of 90 sleek and "Green" CNG buses.

In 2015 we saw the upgraded Lee/Van Aken Blue Line Station begins to welcome customers, and as the long awaited construction of the Brookpark Station begin. Design is underway on the next two stations that will become ADA compliant which are the St. Lukes/East 116th Station and the Campus/East 34th Street Station. There can be little doubt that RTA is investing in the future of our region.

As we work hard every day, it is gratifying that more and more individuals and organizations are recognizing the contribution we make to our community and our industry.

During 2015, RTA:

- Was recognized as one of Northeast Ohio's "50 Smartest" organizations.
- Made strides with our succession planning efforts and was awarded two workforce development grants.
- Saw safety for our customers and our employees improve significantly thanks to better training, more cameras and the effectiveness of Transit Police.
- Was selected by the USDOT to help develop and prototype two separate collision avoidance technologies to reduce pedestrian accidents.
- Was recognized for our Best-In-Class in workforce diversity.
- Received an award of distinction for our station designs from the Urban Land Institute.,
- Hosted labor Secretary Perez at the RTA Rail District to discuss workforce development initiatives.
- Recognized employers of distinction with the second Smart Commute Awards.
- Celebrated as a second GCRTA Trustee became the Chair of APTA.
- Continued on our journey towards the Baldrige Award for Excellence.

2016 TRANSMITTAL LETTER

During the past eight years, GCRTA has gone through three economic cycles: underperforming revenue, economic recession, and then financial recovery. Through 2008, Sales Tax was underperforming at a 1% growth rate. Diesel fuel prices rose dramatically increasing annual costs by millions of dollars. Sales Tax collections plummeted by nearly $19 million, unemployment escalated, while ridership dropped by 13%, which resulted in declined revenue by another $5 million. Service was reduced, fares were increased, and capital projects were deferred. The Great Recession had a major impact on the 2009 operating and capital budgets. Additional service was cut, fares were again increased, positions were eliminated, and most vacant positions were not filled. Union employees received no pay increases while non-bargaining employees took a 3% salary cut. Revenue was augmented with new temporary grants, of which the American Recovery and Reinvestment Act (ARRA) provided $46 million. GCRTA used some of these funds to support operations. The largest portion was used to fund high priority capital infrastructure needs. GCRTA ended the year with an operating fund balance of less than $2.9 million, only about 3.5 days of operating funds.

In 2010 a 12% service cut was implemented, Harvard Garage was closed and 245 positions were eliminated. The fuel hedging Energy Price Risk Management Program was implemented and diesel costs were reduced. An Energy Management program was initiated to reduce electricity costs. The totality of actions reduced operating expenses by $30 million. As Sales & Use Tax revenue recovered, the operating reserve jumped to the 30-day goal with a balance of about $20 million. From 2011 to 2014 RTA was in a very strong financial position. Sales Tax rose by 5% annually and the Authority had a 60-day operating reserve of over $35 million. Reimbursed expenditures were lowered, making more funds available for the Capital Budget. During these years capital expenditures improved to $80-90 million. Rail stations were reconstructed, track was repaired, 47 articulated buses and 90 new CNG buses were purchased and a CNG fueling station was installed.

Union negotiations were settled with an innovative contract that tied pay increases, up to 3%, to prior-year revenue increases for Passenger Fares and Sales & Use Tax. All personnel received a 3% wage increase in 2012, 2013, 2014 and 2015. The FOP and ATU contracts have been renewed following the same principle.

The next change began in 2014. Expenses increased substantially including a 27th pay for hourly employees. Although budget execution was excellent, year-end balance dropped by $9.3 million to $27 million. For 2015, the budgeted year-end balance was $13.1 million. Sales Tax was strong and expenses were held to less than the previous year. The fund balance is projected to end at $25.9 million, $12.8 million better than budget. Although execution continues to be strong, there is a clear downward trend. The recovery phase has ended. RTA must react to a new set of challenges.

Revenues for 2016 will grow only slightly as about $5 million in grant funds will no longer be obtainable. Expenses are budgeted to increase by $20 million. RTA must react, as the downward trend in operating reserve will accelerate in 2016. The Budget projects a year-end balance of $6.7 million. Positive execution can probably achieve a $15 million balance, an $11 million drop from 2015. The Budget thus proposes fare increases and a slight service reduction to balance capacity at RTA’s bus garages.

For more than a dozen years, RTA has been an exemplary benchmark for other transit systems. A contributing factor is the demonstrated strategy of sound financial management. GCRTA has proven it can be fiscally agile in both difficult and good times. TransitStat, the data-driven performance management initiative GCRTA implemented in 2007, has been a major factor in improving processes and reducing costs over the past seven years. Since its inception, TransitStat actions have helped to reduce costs by nearly $60 million by affecting overtime, inventory, fuel, electricity, towing, accident claims, and workers' compensation. RTA has adopted the Balanced Scorecard leadership methodology to improve processes; focus on financial health; improve customer service by focusing on its new mission of providing safe, reliable, clean and courteous public transportation; and finally enhance employee learning and growth through increased training and innovation with new initiatives such as Safe Turn Alert, Track Worker Safety Devices, DriveCam and the Public Transit Management Academy. RTA joined The Partnership for Excellence and submitted its first full application December 2014 in accordance with the Criteria for Performance Excellence. RTA received the Silver Award for its Commitment to Excellence. Leadership, strategic planning, and financial management have improved.

The Board of Trustees' first review of the 2016 Capital Budget took place on August 4, 2015 and the Capital Appropriation for 2016 was authorized on August 18, 2015 allowing the Authority's Capital Budget to be better aligned with the Federal fiscal calendar. The committee will deliberate issues on the Operating Budget at a meeting on November 10, 2015 and again on December 1, 2015. Public Hearings will be held on December 1, 2015 at 9:00 AM and on December 15, 2015 at 9:00 AM. At the Committee meeting on December 1, 2015, the Finance Committee is expected to make a recommendation to the full Board of Trustees to adopt the proposed 2016 Operating and Other Funds Budgets. Adoption will be considered at the December 15, 2015 Board Meeting.

The Operating Budget includes resources to fund rail, bus, and paratransit services. A new mode is being added in 2016 with Vanpool Service. RTA hopes to implement and start this service with 10 van pools in March. The Capital Budget provides resources for rehabilitation and maintenance of equipment and facilities. In preparing the 2016 Operating Budget, staff developed Fund Balance Analysis statements for each major fund group, which summarize financial activity and ending balances. The Finance and Operations Committees will review major revenue and expenditure assumptions and trends, financial policy objectives, service and employment levels, and strategic initiatives. The capital projects included in the 2016 – 2020 Capital Improvement Plan (CIP) have already been reviewed and approved on August 18, 2015. If changes are required, the appropriation will be amended in the 2016 Budget.

The 2016 appropriation for operating expenditures totals $267,653,405, a 3.35% increase compared to the $255,115,882 appropriated for 2015. Based on Sales Tax Revenue and Fare Revenue increases in 2015, a 3.0% wage increase has been calculated for 2016. The Budget includes $192.6 million for Personnel Services: providing salary, overtime, and fringe benefit resources needed to fund 2,362 positions. The authorized employment level for 2016 is an increase of 17.25 positions from the 2,344.5 in the 2015 budget. Twelve of these positions are additional operators needed for more efficient scheduling of service and will be funded from reduced overtime. A position for Power and Way Training will be funded from reduced expense for contractor training. A Construction Engineer position has been included to reduce third party inspection costs for Capital projects. An operating instructor to train new operators, a material handler for a new Power & Way Stock Room and two Assistant Transportation Managers for Hayden and Triskett have also been added.

RTA has not increased fares for seven years. Over that time inflation has increased costs by about 12%. The 2016 Budget includes an increase in base fare from $2.25 to $2.50. Also included is a Paratransit fare increase from $2.25 to $3.50. Department of Transportation (DOT) Americans with Disabilities Act (ADA) regulations at 49 C.F.R. Section 37.131(c) states that a transit authority may charge up to twice the fare of fixed route for a similar trip length. Through this regulation, RTA is permitted to charge $4.50 now for Paratransit services and $5.00 if regular service base fare is increased. Changes need to be made to continue to provide service near current levels. RTA bus garages are operating beyond capacity. To provide the best service possible, a 1.3% bus reduction in service for 2016 is needed. Paratransit services continue to increase and costs are again increasing at about 6%. These services must be controlled. If not, reductions in regular bus service will follow.

The establishment and execution of the Operating Budget has an impact on the Capital Budget. A strategic objective has been to keep reimbursed preventive maintenance under $20 million allowing GCRTA to execute a capital program needed to maintain the extensive infrastructure required for a public transportation entity of this size. Over the next five years another 200 buses need to be replaced to properly maintain the fleet at a cost of $100 million. About $150 million will also be needed for rail track maintenance and ADA Key Station reconstruction. This must be done to maintain the Authority's assets in a State of Good Repair (SOGR). The wise use of ARRA funds and the improved financial status of the Authority have improved its ability to execute strategic initiatives for both operating and capital programs. The Authority must continue to focus on state of good repair maintenance, rehabilitation and construction projects and the need to provide customers with safe and reliable service. That strategy will become increasingly difficult if Operating Reserves are not maintained at the 30 day goal.

Over the last eight years, RTA has gone through three economic cycles as previously stated. A fourth is now in progress as revenue has not exceeded costs for the last two years. That will be heightened by the loss of $5 million in grant funds in 2016. Expenses will likely exceed revenue by $10 million. At the same time, RTA is continuing to execute its strategic plan. One initiative is to improve reliability of service through predictive maintenance. Paratransit subcontracting costs are continuing to rise. Information technology is being improved to maintain a solid knowledge management position. Electricity rates have been raised by PUCO. An OBD disparity study must be conducted. Costs for actions in concert with RNC in July 2016 have been included in the budget. The costs for these projects are about a $6 million increase. Some of these costs are one-time and will not be part of the 2017 budget. Wages are likely to continue to increase at about 3% under the current contracts. Fuel costs will decline with the introduction of the 90 new CNG buses and another 16 recently ordered. The proposed fare increase will stop the downward trend for Operating Reserves and return RTA to the 30-day goal by 2018. A fare increase is not desired but must happen to continue to supply service efficiently and effectively while working toward a state of good repair.

A STRATEGIC APPROACH TO THE BUDGET

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

GCRTA MISSION

RTA provides safe, reliable, clean and courteous public transportation.

BOARD POLICY GOALS

I. CUSTOMER FOCUS: Provide safe, high-quality service to all customers and support our employees in that endeavor.

II. EXPAND AND REORGANIZE SERVICE: Expand and reorganize service to retain our current riders and attract new riders by providing service that meets customer and community needs.

III. PREPARE FOR THE FUTURE: Prepare for the future by forging new partnerships and strengthening existing ones with the public and private sectors to establish policies, funding, innovations, and technologies that support cost-effective public transportation.

IV. IMPROVE FINANCIAL HEALTH: Improve the agency's financial health through efficient use of resources and the pursuit of new and innovative revenue sources.

V. PROVIDE COMMUNITY BENEFITS: Provide social, economic, and environmental benefits to the community through system improvements and increase community awareness of these contributions.

From 2007 to 2011, the business planning efforts were forced to highlight only two of the five policy goals as most critical: **Customer Focus** and **Improve Financial Health**. After 2011, the improved financial status allowed GCRTA to focus on **Preparing for the Future** and **Providing Community Benefits.** In an effort to more effectively transition the strategic planning focus into the 2014 budgeting process, the evaluation of requests and the allocation of funding for 2014 initiatives were linked to the business plan and most directly to these four policy goals. **Expansion** cannot be a priority at this time. **Maintaining and Reorganizing** service to retain the base and attract new customers is certainly an objective.

In addition, RTA conducted a strategic planning initiative in the summer of 2014 with SWOT exercises and analyses conducted with ten groups totaling over 120 people, including the Board of Trustees and the Citizens Advisory Board. A two-day planning retreat was held with the Executive Management Team and Board participation. That retreat resulted in a new and updated Strategic Plan with nine Vital Few Objectives and ten Change Initiatives for execution over the next 18 months. A new set of Mission, Vision, and Values have been adopted and are now in deployment. This will encourage greater internal communication and ensure that all RTA employees know what RTA stands for and its vision for the upcoming years.

Mission

To Provide

Safe, Reliable, Clean, and Courteous

Public Transportation

Vision

We Will Be...

- The transportation mode of choice
- Recognized as a transportation industry leader with first-class image.
- An employer of choice in Northeast Ohio.
- A champion for sustainability, achieving the triple bottom-line: people, profit, and planet.

Vision

We Will Have...

- A sustainable financial position with controlled expenses and a minimum 30-day operating reserve.
- An increasing impact in the region by improving efficiency and the coordination of services.

Vision

We Will...

- Upgrade and manage technology systems with increased efficiency to best serve our customers
- Achieve an infrastructure and vehicle state of good repair with an effective asset management system.
- Fund, plan, coordinate, execute and deliver quality projects on time and on budget.
- Continually improve the quality of our services and enhance the value of RTA to our community.

I Safety

- The Safety of our passengers, our employees, and the general public is always our top priority.

II Ethics & Integrity

- We are dedicated to the highest ethical standard including uncompromising honesty and integrity in our daily activities.

III Service Excellence

- We will provide safe, clean, reliable, on-time, courteous service that our customers and the community will view as outstanding.

IV Fiscal Responsibility

- We are committed to managing every taxpayer and customer-generated dollar as if it were coming from our own pocket.

V Teamwork

- We believe in teamwork and will foster a spirit of cooperative effort within RTA and with our partners.

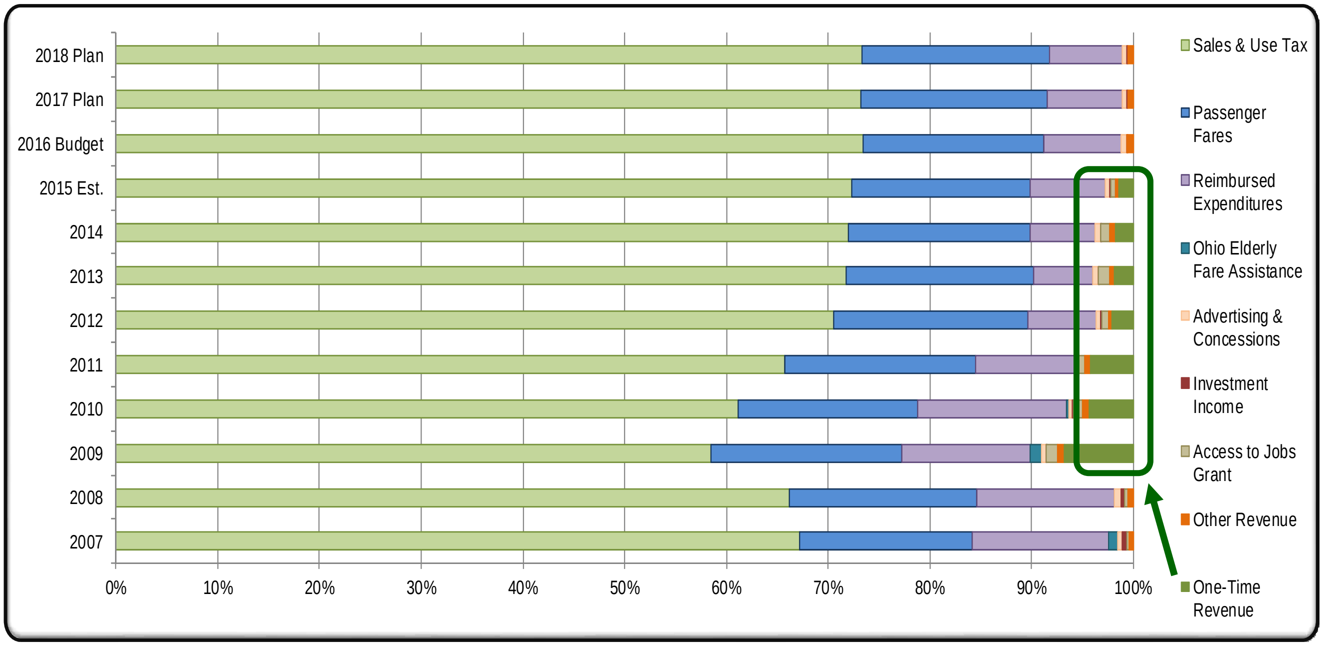
VI Responsibility & Accountability

- 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.

VII Respect

- We will treat all members of the RTA family, our customers, and the general public with dignity and respect.

GENERAL FUND



Revenues

The current 2015 estimate projects $285.7 million in General Fund revenue and total resources of $312.6 million. This is a $6.1 million increase in total resources compared to the 2015 budget. This increase is a result of an additional $7.9 million in Sales & Use Tax receipts received and slightly higher revenue from Passenger Fares and Advertising & Concessions, which offset the decrease in reimbursed expenditures and the lower than budgeted beginning balance.

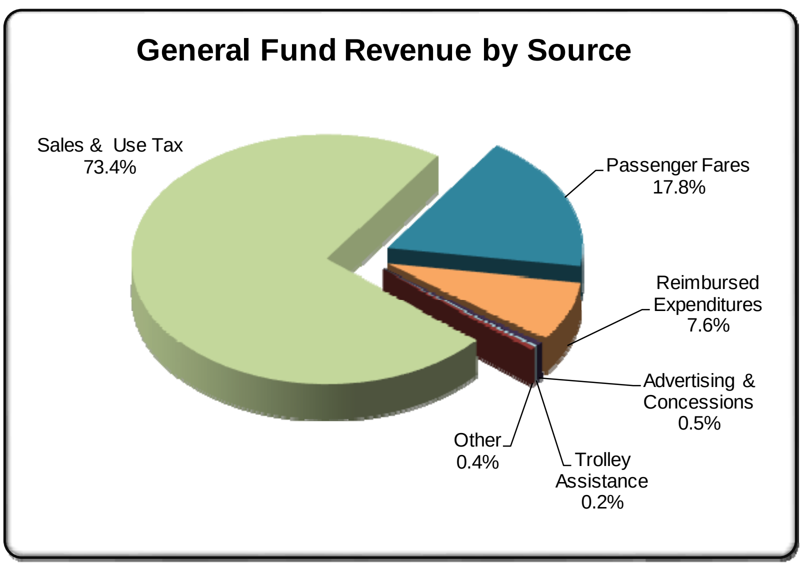
The chart above shows the percentage of each revenue stream from 2007 through 2018. In 2007, Sales & Use Tax was about 68% of the Authority's revenue and had been slowly declining as Passenger Fares and Reimbursed Expenditures increased. In 2009, the Sales & Use Tax plummeted due to the Great Recession and became less than 60% of the total revenue. One-time grants, sent by the State and Federal Government helped to lessen the effects of the service reduction. Without these funds, the Authority would have seen more drastic reductions in service. Managed Care was added to the Sales & Use Tax base in late 2009, and in 2010, the Sales & Use Tax rebounded by 5.6%, and the one-time grants lessened. The Sales & Use Tax and Passenger Fare Revenues both grew in 2011 and 2012, and reimbursed expenditures were reduced to cover needed capital projects.

With the Sales & Use Tax increasing from 2010 through 2013, RTA has become less reliant upon one-time funding and reimbursed expenditures. In 2014 and 2015, the percentage growth of Sales & Use Tax has been fluctuating, from 3.9% in 2014 and an anticipated 4.8%

in 2015. Receipts received in 2014 and 2015 have been inconsistent not only by month, but also by the categories that make up the total. The last of the one-time grants will be received in 2015. As the State has not provided any funding and the one-time grants have ended, the Authority must operate from the funding it does receive – Sales & Use Tax and Passenger Fare Revenue being the two largest sources of revenue.

The chart below shows the percentage of each revenue stream for 2016. Sales & Use Tax has remained above 70% of total revenue, at 73.4%, showing a steady increase from prior years. Passenger Fares is 17.8% of total revenue and has been slowly decreasing from a high of 19.2% in 2012 to 17.5% in 2015. Reimbursed expenditures slowly increased over the past few years, from 5.8% in 2013, 6.3% in 2014, 7.3% in 2015, and to a projected 7.6% in 2016. Total revenue for 2016 will increase to an estimated $289.1 million, an increase of $3.4 million from 2015 estimate. The increase comes from projected increases in Sales Tax, Passenger Fares (due to fare increase), and Reimbursed Expenditures. Total Resources will increase to $315.0 million including the projected carry forward from 2015 of $25.9 million.

The key to any budget is a realistic estimate of revenues to support operations. This is particularly true of a public entity such as a transportation authority, which can only provide the level of service that revenues will support. The General Fund Balance Analysis included as Attachment A, presents the 2016 Operating Budget in summary. The specific assumptions and calculations for the revenues included there are as follows:



Passenger Fares **$51.5 Million**

Rationale:

Ridership through September 2015 was 3.7% below the same period in 2014. As fuel prices remain low, more people are opting to drive to work rather than take public transit. Weather was a factor in the first quarter of 2014 and 2015. In January 2014, Northeast Ohio received 62.6 inches of snowfall, an increase of 74.4% from 2013. For 2014, 40 out of 59 days saw recorded highs under 32 degrees and 50 out of 59 days recorded lows under 32 degrees. During the 1st Quarter of 2015, the brutal weather was repeated. January recorded 17 days with a high below 32 degrees and 16 days with a high below 20 degrees. February held several weather records, including the coldest February in history in Northeast Ohio. There were 17 consecutive days with a low of 11 degrees or below; only 5 days had a high above 32 degrees. Schools and businesses were closed and parents had to find alternative care for their children. The result was a drop in ridership.

Actual Passenger Fare revenue received for 2014 and 2015 has been skewed by a payment timing problem as a $1.1 million payment from Cleveland Metropolitan School District for 2013 was not received until January 2014. An additional $1.5 million was to be received in December 2014. A $1.9 million payment was made in June to balance the account. An additional $4.2 million payment was received in August 2015 for the 2015-2016 school year.

Fares have remained steady for seven years. Over that time inflation has increased costs by about 12%. The 2016 Budget includes an increase in base fare from $2.25 to $2.50. Costs for Paratransit service continue to rise. Consequently, a fare increase for Paratransit service from $2.25 to $3.50 per trip is included. RTA is permitted to charge twice the fixed route rate for Paratransit services. Currently, the Paratransit fare could be $4.50; $5.00 if the fixed route base fare is increased. Changes need to be made to continue to provide service near current levels. RTA bus garages are operating beyond capacity and a 1.3% bus reduction in service for 2016 is needed. Paratransit services continue to increase and costs are increasing at about 6%. These services must be controlled to maintain quality service for customers. With the fare increase, Passenger Fares have been budgeted at $51.5 million, a 2.7% increase from the 2015 estimate.

Sales & Use Tax Revenue **$212.2 Million**

Rationale:

The economic crisis in late 2008 and 2009 had unparalleled effects on Sales & Use Tax revenue and across the entire U.S. GCRTA experienced an historic decline from $173.6 million in 2008 to $154.6 million in 2009. Late in 2009 the State Legislature added Managed Care to the Sales Tax base. For 2010 collections jumped to $163.2 million, $5 million of which were from the added Managed Care and $3.6 million was due to an improved economy. Collections continued to improve in 2011 through 2013, ending the year at $173.2 million, $181.2 million, and $189.2 million, respectively.

The budget for 2014 was $194.1 million and monthly collections were inconsistent; down one month and up the next (see the chart below). The projection at the end of the third quarter was $194.4 million, a 2.4% increase, but with higher than expected receipts in November and December, the total revenue for the year was $197.1. The inconsistent pattern did not instill confidence in likely collections for 2015, and the budget was a 2.2% increase from 2014. Collections have been more consistent for 2015 and the year-end projection is at $206.6 million. For 2016, revenue projections for this category are $212.2 million, or a 2.7% increase from 2015 estimates. This increase takes into consideration the additional Sales & Use Tax revenue from the Republican National Convention taking place in Cleveland in July.

SALES AND USE TAXES
ACTUAL RECEIPTS

Month Received	2013 Actual	2014 Actual	2015 Budget	2015 Actual	2015 vs. 2014 Month % Change	2015 Month Actual vs 2015 Budget	2014 YTD Actual	2015 YTD Actual	2015 2014 YTD Change	2015 YTD % EST Variance
January	$15,066,994	$14,987,634	$15,317,362	$16,282,053	8.64%	6.30%	$14,987,634	$16,282,053	8.64%	6.30%
February	$14,435,414	$15,953,485	$16,304,462	$17,005,762	6.60%	4.30%	$30,941,119	$33,287,815	7.58%	5.27%
March	$19,098,370	$18,755,294	$19,167,910	$20,785,335	10.82%	8.44%	$49,696,412	$54,073,150	8.81%	6.46%
April	$13,478,691	$14,296,188	$14,610,704	$14,273,366	(0.16%)	(2.31%)	$63,992,601	$68,346,516	6.80%	4.50%
May	$13,474,700	$14,740,102	$15,064,384	$16,170,924	9.71%	7.35%	$78,732,703	$84,517,440	7.35%	5.04%
June	$17,463,306	$16,637,176	$17,003,194	$17,835,726	7.20%	4.90%	$95,369,879	$102,353,166	7.32%	5.01%
July	$15,753,604	$15,869,902	$16,219,040	$16,341,849	2.97%	0.76%	$111,239,781	$118,695,015	6.70%	4.41%
August	$16,139,261	$16,689,971	$17,057,150	$17,590,599	5.40%	3.13%	$127,929,752	$136,285,614	6.53%	4.24%
September	$17,626,259	$19,061,428	$19,480,779	$18,783,136	(1.46%)	(3.58%)	$146,991,179	$155,068,750	5.50%	3.22%
October	$15,859,555	$15,827,801	$16,176,013	$17,250,795	8.99%	6.64%	$162,818,980	$172,319,545	5.84%	3.56%
November	$15,858,745	$17,408,526	$17,791,514				$180,227,506			
December	$15,375,745	$16,890,639	$17,262,233				**$195,603,251**			
TOTAL	**$189,630,645**	**$197,118,145**	**$201,454,745**	**$172,319,545**						

Advertising & Concessions **$1.4 Million**

Advertising Contract	**$1,000K**
HealthLine and Cleveland State Lines	**$420K**
Total	**$1.4M**

Rationale:

The Advertising and Concessions Category consists of two subcategories. The first is the current advertising contract. As the fleet size reduced due to the service reductions in 2008, 2009, and 2010, the advertising contract's annual guarantee shrunk from $1,000,000 to $525,000. In 2012, a new advertising contract was established and the contract's annual guarantee rose to nearly $900,000. The receipts received from the advertising contract have slowly increased over the past few years. For 2016, the advertising contract is budgeted at $1.0 million. The second subcategory is the naming rights for the HealthLine and the new Cleveland State Line contracts that will net the Authority $420,000. Advertising revenue received through the third quarter 2015 totaled $1.2 million and revenue is expected to reach $1.5 million by year end. The 2016 Budget for this category is slightly over $1.4 million.

<u>Intergovernmental</u>	**$0.0 Million**
Federal & State Funding	**$0.0M**
Elderly and Disabled Fare Assistance	**$0.0M**
<u>Access to Jobs Revenue (JARC)</u>	**<u>$0.0M</u>**
Total	**$0.0M**

Rationale:

Temporary State funding helped eliminate the $24 million gap during the 2008-2009 recession and the financial difficulties in 2010. Expenses were reduced but without the temporary funding from the State of Ohio, the service reductions would have been more severe. That funding has expired. CMAQ funding for the C-Line, L-Line and 9-12 Trolleys brought in about $950,000 in 2014 and again in 2015. Operating assistance for our Paratransit operations totaled $4.1 million in 2014 and $3.1 million in 2015 through assistance from NOACA. For 2016, alternative funding for Paratransit Operating Assistance was not identified.

In 2009, the Authority received about $2.8 million from the State of Ohio for elderly and disabled fare assistance for 2008 and 2009. The last disbursement RTA received was for a partial year, totaling $619,057, through August. In 2011, the State halted all funding in this category for the eight largest agencies and allocated these funds to the small rural authorities. The State has no plans to reinstate the funding for the eight largest agencies.

Job Access and Reverse Commute (JARC) helped GCRTA provide vanpool and reverse commute services consistent with Welfare to Work initiatives. The funds from this source were very sporadic over the past few years. In 2013, revenue for this category was budgeted at $2.1 million, drawing receipts through May. A new grant was found for the remainder of the year. In the third quarter 2013, a decision was made to continue drawing receipts through November, increasing the revenue projection to $3.2 million. The remainder of the receipts will be drawn in 2014, $2.3 million, and in 2015, $1.1 million. Federal funding for the JARC program was eliminated in the new Transportation Bill, MAP-21, and no alternate funding was created. The program ended April 1, 2015.

<u>Other Revenue</u>	**$1.7 Million**
Other Revenue	**$1.1M**
<u>Trolley Assistance</u>	**<u>$0.6M</u>**
Total	**$1.7M**

Rationale:

These other sources of revenue include contractor and hospitalization claim reimbursements, rent, salvage sales, and identification card proceeds, among other miscellaneous receipts. The amounts received from these sources have fluctuated over the years, mainly due to one-time settlements and reimbursements. Through 3rd Quarter of 2015, receipts totaled nearly $700,000. The revenue projection for year-end remains at the budgeted amount of $1.1 million. For 2016, the revenue projection is $1.1 million. As funding for the C-Line and Nine-

Twelve Trolleys is ending, additional funding is being sought from area businesses, similar to the B-Line and E-Line Trolleys. RTA is seeking 80% funding, or $640,000, from the community and the remaining 20% will be maintained by the Authority.

Investment Income **$200 Thousand**

Through 2014, the available General Fund cash balances have been improved. The Fed has kept interest rates at all-time lows in an attempt to spur the economy. Income from this source was $201,267 in 2012, $200,188 in 2013, and 169,211 in 2014. Through the third quarter 2015, Investment Income earned totaled $237,153. This is 51.8% higher than 2014 during the same time frame. The Authority is only receiving 0.46% interest on investments. The Fed has demonstrated it intends to keep interest rates low for at least the next ten years. As a result, the year-end projection for this revenue stream for 2015 is $250,000. For 2016 and the out-years, because the fund balance will be dropping, the budgets are 200,000; 190,000; and 170,000, respectively.

Reimbursed Expenditures **$22.0 Million**

Preventive Maintenance Reimbursements	**$19.0M**
Fuel Tax Reimbursement	**$ 1.3M**
Reimbursed Labor & Material	**$ 1.7M**
Total	**$22.0M**

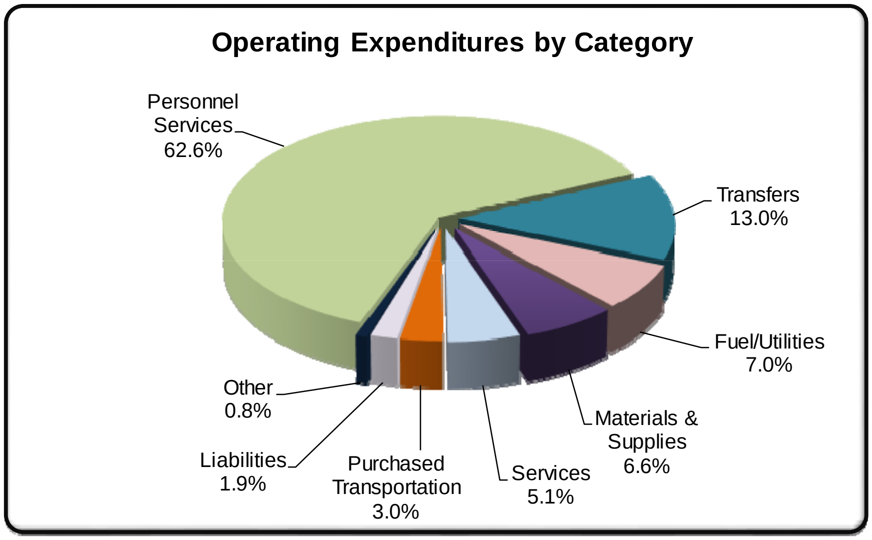
Rationale:

This category is primarily composed of preventive maintenance reimbursements, fuel tax reimbursements, grant funded labor costs, and material reimbursements. In 2009, this category was $33.5 million, and in 2010 it totaled $39.2 million due to the inclusion of force account labor from the ARRA projects. Dollars that were needed for capital projects had to be used to sustain operations. For eight years it had been a goal to reduce this reimbursement to less than $20 million. Underperforming Sales Tax collections from 2001 to 2008 and then the Great Recession in 2009 had made that goal unachievable.

The improved financial position of the Authority in 2011 through 2013 enabled funding from reimbursed expenditures to be reduced. This revenue category was reduced in 2011 to $25.6 million, 2012 to $16.9 million, and 2013 to $15.2 million. The improved financial situation means that the Authority did not need to draw as much preventive reimbursement to maintain the Operating Budget. For 2014, Reimbursed Expenditures were budgeted for $18 million but ended the year at $17.3 million. Reimbursed Expenditures were budgeted at $23.1 million for 2015 and are projected to end the year at $21.0 million. This means that more funds from formula grants will continue to be available for capital projects. With the implementation of MAP-21 and a reduction in the formula grant amount, this is particularly important.

For 2016, Reimbursed Expenditures are budgeted at $19.0 million for preventive maintenance (PM) reimbursements, $1.3 million for Fuel tax, and $1.7 million for force account labor. For 2017 and 2018, $22.0 million is budgeted each year for Reimbursed Expenditures. Raising PM Reimbursement will lower capital funding and will make it difficult to maintain a state of good repair.

Expenditures



The Operating Expenditures for the 2016 budget include the appropriation and expenditure changes as described below. As with revenues, expenditures are estimated not only for the 2016 Budget Year, but also for the two consecutive out-years. The General Fund Balance Analysis projections include those out-years to demonstrate the longer-term impacts of various items contained in the 2016 Budget (collective bargaining agreements, service changes, contract changes, as well as requirements of the Capital Improvement Plan, etc.).

The chart on page 19 summarizes the budgeted increases and reductions in expenditures for 2016. The chart highlights the ardent effort made by management to align the Authority's expenditures with the projected revenue. As a result of the efforts made in 2009 through 2014 to control and reduce expenditures, the Authority has been able to lower Preventive Maintenance reimbursements. With the improvement in Sales Tax collections, the Authority was able to avoid a service reduction. RTA will not be able to continue the current level of service. A service reduction will need to be implemented in 2016 unless additional sources of long-term revenue can be found.

Compensation Issues include the wage and fringe benefit payments consistent with current collective bargaining agreements with the ATU and FOP, vacancy replenishments, as well as expected cost increases associated with health care and the Ohio Public Employee Retirement System (OPERS). The plunge in revenue from the Great Recession of 2008-2009 meant RTA had to secure wage concessions or become a smaller organization.

An innovative approach for wage increases was approved in the FOP negotiations that tied wage increases for the current year to the increase in revenue for Passenger Fares and Sales Tax from the prior year. Under that contract, wages were tied to these revenues but could be no less than 0% and no more than 3%. On the basis of 2011 revenue, FOP and Non-Bargaining employees received a 3% wage increase in 2012. ATU 268 agreed to this contract and received a 3% wage increase in 2012, as well as a $1,000 bonus. For 2013 through 2014, all personnel received the 3% maximum wage increases.

In 2015, FOP agreed to a new 3-year contract (2015 through 2017), continuing to match wage raises to revenue increases and aligned health care benefits with those of Non-

Bargaining. Negotiations with ATU continued until October 2015, when a 3-year contract was ratified by the ATU (2015 through 2017). The new ATU contract, similar to that of FOP, aligned wage raises to revenue increases and health care benefits similar to Non-Bargaining. For 2016 and 2017, Sales Tax and Passenger Fare Revenues are projected to increase by 2.7% and 2.8%, respectively, and the wage increases are calculated to match.

The Health Care contribution increased in 2011 from 12% to 14%. Non-smoking employees received a 1% credit and employees who complete an annual physical also received a 1% credit. Those employees who completed both received a 2% credit on their health care contribution. This credit has also been available from 2012 through 2015 and again in 2016. In the upcoming contract, co-pays and deductibles have been increased and employee monthly payments decreased. This action makes employees more involved in their own care. It will also help avoid penalty payments in the future under the Affordable Care Act.

In 2012, TranSystems was asked to conduct an assessment of the existing system environment and organizational structure of the Authority. The intent of this assessment was to provide recommendations for improvement and optimization of the technology systems. A business plan was created to include policies, procedures, governance, and support for the recommended improvements. Late 2012, several recommendations to improve processes and upgrade systems were made.

During the budget process for 2014, the IT (Information Technology) Department, in the Finance & Administration Division, was moved under the Executive Division and 6 new positions were created. An additional 4 positions were moved into IT from other departments. A Chief Information Officer (CIO) was hired in mid-2014. Through 2015, the CIO has implemented changes and reorganized the department. Five significant projects are in progress and must be completed by 2016.

Fuel costs were very volatile in 2008. Fuel is the Authority's second highest cost area. RTA implemented a better process to purchase fuel to stabilize fuel costs. For much of 2008, RTA worked to establish this new methodology. To get that accomplished, State law had to be changed, which was finalized in September 2008. In January of 2009, the Board of Trustees approved the implementation of an Energy Price Risk Management Program. RTA is now authorized to purchase futures contracts out to a maximum maturity of 36 months up to a maximum of 90% of projected use.

The Authority buys fuel when prices present a good opportunity. Prices in 2012 started at $2.90/gallon and increased for a few months until in June, prices dropped significantly to $2.70/gallon. GCRTA purchased 3.7 million gallons of diesel. In March of 2013, prices dropped dramatically again and GCRTA bought 2.1 million gallons of fuel. Prices then steadied but at a higher $3.00-$3.10/gallon amount. When prices dropped to $2.48/gallon, RTA bought 5.5 million gallons of fuel hedges and was completely hedged for 2014 and 2015. In November 2014, Saudi Arabia decided to maintain market share and prices dropped. RTA bought all of the fuel needed for 2016 and 2017. RTA has further bought 18 of the contracts needed for 2018. Diesel prices are low and usage is declining. For 2016, RTA will have 90 CNG buses running for the entire year. Fuel costs for 2014 were $14.4 million; for 2015, costs will be $12.5 million; and in 2016, costs will drop to $10.5 million.

Utility Cost Reduction Measures have been implemented, and will continue to result in significant cost saving for the Authority. From 2010 through 2014, electrical savings alone amounted to over $13,500,000. Electrical savings were obtained by entering into long term favorable electrical supply agreements, carefully auditing all invoices and account tariffs, paying invoices on a timely basis (avoiding late fees) and working with the utility to obtain corrections for billing errors. In addition, a number of lighting energy projects were completed that have resulted in lower kWh usage and maintenance costs. Regarding Natural Gas, invoices and tariffs are also carefully audited and payments are submitted on a timely basis. The Natural Gas supply is contracted through mid-2017 ensuring budget stability. With the increase in volume for the new CNG buses, a lower basis was negotiated. Regarding Water and Sewer, usages are carefully monitored to detect leaks as soon as possible to keep costs at a minimum as well as prevent potential structural damage. With the closure of a number of coal fired power plants, utility costs are increasing and are expected to continue to increase. In order to mitigate these increases, it is imperative to continue to diligently manage our utility accounts and explore the financial feasibility of energy efficiency projects.

Transfer to the Insurance Fund

The Insurance Fund is used to account for resources to protect the Authority against future catastrophic or extraordinary losses. The Authority is self-insured in all areas except personal property and equipment. Expenditures in the Insurance Fund are used for extraordinary claims and insurance premiums over $100,000. The required fund balance is $5.0 million. With the increase in safety measures, claims have declined significantly and the budgeted transfer of $2.7 million for 2012 was reduced to $1.0 million. In 2013, a transfer of $1.4 million was made. In 2014, a transfer of $2.1 million was budgeted but was reduced to $0.9 million. For 2015, a transfer of $1.5 million was budgeted and executed in the first quarter as premiums are expected to remain steady. The transfer for 2016 is budgeted at $1.2 million. For the out-years, 2017 and 2018, transfers of $2.0 and $2.2 million, respectively, are planned, due to higher premiums and projected claim payments. Continued safety actions may allow these amounts to be lowered in the future.

Transfer to the Supplemental Pension Fund

The Supplemental Pension Fund was established for payments of benefits relating primarily to certain retired employees of the Authority and predecessor transit systems. Since 1986, the Pension Fund has also been used to account for funds on deposit with the Ohio Public Employees Deferred Compensation Board. The Authority has no control over these funds, but is required to account for them in a trust. As in previous budget years, the 2016 budget estimates that the Supplemental Pension Fund will need transfers of $100,000. For the two out-years, 2017 and 2018, an additional $100,000 for each year is budgeted in order to maintain the necessary balance within this fund as identified in a bi-annual actuarial study.

Transfers to Capital

In past years this measure, calculated as a percentage of Sales & Use Tax revenue, has remained well above the Board goal of a maximum of 15% due to the significant decrease in

Sales and Use Tax revenue that occurred in 2009 and the inclusion of a number of capital grants to reimburse Operating Expenses, which required a local match.

As Sales & Use Tax revenue recovered, this measure has fluctuated slightly over the years to 17.1% in 2012, falling back to 18.0% in 2013 and 18.4% in 2014. Transfers to capital grew from $31.0 million to $36.4 million over the past three years. In 2015 the projected transfers for capital totals $38.0 million and equal 18.4% of Sales & Use Tax revenue. Local funds are transferred to the capital program for the multi-year bus replacement program and other state of good repair projects.

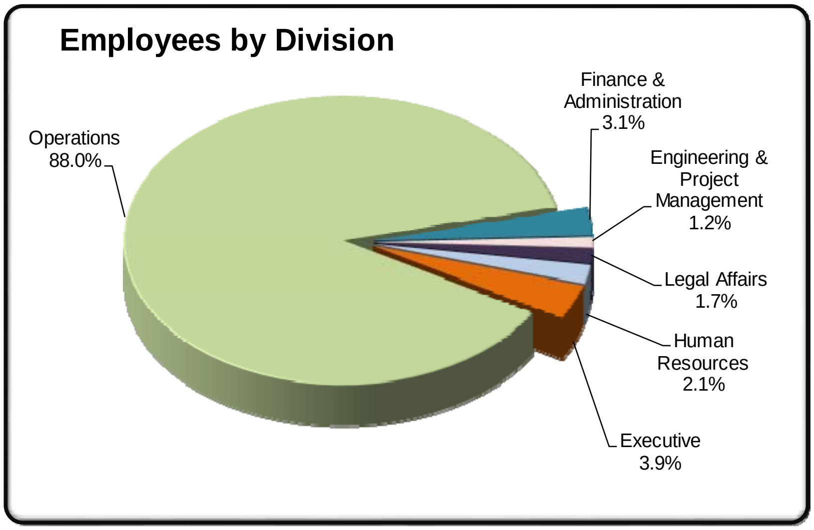
The projected 2015 transfer to capital includes $15.7 million for payment of 100% locally funded capital projects, to provide the local match portion of grant-funded projects, and $22.5 million to the Bond Retirement Fund for debt service payments associated with existing debt service.

In 2016, the transfer to capital will increase to $38.66 million, or 18.2%, as additional local funds are transferred to capital to meet the financial needs of the capital improvement program. In 2017, the transfer to capital will decrease to $33.3 million, or 15.3%. The 2006 bond service will be paid off. These transfers will then slightly increase to $34.8 million, or 15.5%, in 2018. This measure may be impacted if additional debt service is needed in the future. The high level of this measure continues to highlight the difficulty created by increased capital and debt service needs in times of constrained revenue.

Areas of Expenditure Growth
2016 Budget

2015 Projected Operating Expenses		**$247,128,266**	
Compensation Issues		**$ 11,432,652**	**6.3%**
Operator Labor & Overtime	$ 2,497,819		
Hourly & Salary Labor & OT Increase	$ 6,318,158		
Fringe Benefits	$ 2,616,675		
Fuel / Utilities		**$ (315,082)**	**-1.5%**
Diesel Fuel	$ (2,571,517)		
Propulsion Power	$ 616,496		
Natural Gas & CNG	$ 738,875		
Telephone	$ 132,281		
Other Utilities	$ 768,783		
Service Opportunities		**$ 6,680,137**	**19.9%**
Purchased Transportation	$ 1,550,142		
Inventory	$ 2,286,957		
IT Contracts & Services	$ 675,075		
RNC	$ 371,000		
Vanpool	$ 100,000		
Other Maintenance Contracts	$ 1,696,963		
Administration Changes		**$ 2,727,432**	**25.6%**
FTA/DOT Disparity Study	$ 250,000		
Storm Water Assessment	$ 151,000		
Liabilities	$ 1,366,019		
Other (Net)	$ 960,413		
Expenditure Growth		**$ 20,525,139**	**8.3%**
2016 Budgeted Operating Expenditures		**$267,653,405**	

Employment Level Analysis



The chart below summarizes changes in staffing from the 2015 original Budget to the level included in the 2016 Budget.

The 2016 Budget reflects staffing of 2,361.8, an overall increase of 17.3 positions from the 2015 budget.

The pie chart presents the relative employment levels within each division.

In 2013, with the completion of the HRV exterior overhaul, 15 of the 22 positions were eliminated. Employees who were in these positions were moved into vacant positions. Five support positions for operations were added to the budget and one administrative part-time position was changed to full-time. For 2014, a total of 46 positions were added to the budget. Additional operators were added to address overcrowding on some routes and increase efficiencies in the service plan. The IT Department was reorganized and 6 positions were added to the budget including adding a Chief Information Officer (CIO) /Executive Director, eliminating the IT Director, and moving 4 positions from other departments into the department.

Two Security Technicians were added to the Transit Police department to perform routine maintenance on security systems, eliminating the need for outside contracts, reducing the funding needed for the department's budget. Six electrical equipment mechanics were added to Fleet Management's budget to address the maintenance needed for increasing electrical and smart equipment. Plans were drawn to create a new work environment for the Electrical Equipment section, which was completed in the 3rd Quarter of 2015.

2016 Budget		
2015 Original Budget		**2,344.5**
Operations		**14.00**
Operators	12	
Assistant Transportation Manager	2	
Service / Support		**3.00**
Material Handler / Stock Clerk	1	
Training Instructors	2	
ITS Personnel from Service Management	-7	
ITS Department	7	
Administrative Staff		**0.25**
HR - Management Development Program	-1	
Return to Work Coordinator	0.25	
Construction Engineer	1	
2016 Budget		**2,361.75**
Net Increase (Decrease)		**17.25**

On the administrative side, a new Wellness Coordinator was added to the 2015 budget. This position created a wellness strategic plan, oversaw the wellness programs, and worked with the healthcare vendors and employees to ensure that participants are utilizing the services available. The return on investment for this position was to be three times the cost of the position itself. A part-time Safety Awareness Coordinator was budgeted in 2015. This position was eliminated in the 2014 budget but was restored after a grievance ruling. In order to cut costs, ten administrative positions, on a rotating basis, remained vacant during the course of the year.

For 2016, 17.25 positions were added to the 2,344.5 positions budgeted in 2015. This includes 12 Operator positions to alleviate shortages due to long-term absences. These additional Operators will help to reduce overtime, currently needed to cover absences. Seven positions will be moving from Service Management into an Intelligent Transportation Systems (ITS) Department. A Management Development Program (MDP) analyst position is eliminated, reducing the number of MDP positions budgeted to 4. A Return to Work Coordinator position was increased from 0.5 FTE to 0.75FTE to assist the EEO Manager. Two instructors were added. An Operating Instructor was added to assist with the increased training needs for Operators. A Power & Way Trainer was added to bring contracted training in-house. Training for signals, substations, and right-of-way maintenance has been historically offered through contractors. By adding a Power & Way trainer, the need for outside contracted training will be reduced. A Material Handler/Stock Clerk was added due to increased needs in the Inventory areas. Two Assistant Transportation Managers have been added to the 2016 budget for the two bus districts. Lastly, a Construction Engineer was added. This position will bring expert knowledge in-house, thus reducing the need for outside contracted engineering services.

Service Levels

The recession of 2008-2009 reduced revenues for the Authority and RTA was forced to reduce service levels by more than 20% between 2008 and 2010 in order to maintain a balanced budget. Service levels were not reduced in 2011. For 2012 through 2014, service was increased by just over 4%, 5%, and 3.4%, respectively. The financial position of the Authority improved markedly from 2010 to 2014. Consequently, some of the service cuts from 2008 through 2010 were restored. These changes include route enhancements for higher utilized bus routes traveling from suburban areas into downtown, as well as, some changes made on other routes to lessen crowding. The frequencies for in-peak and off-peak rail services were adjusted and service enhancements were implemented in 2012 and 2013.

In late 2012, RTA added three new Trolley routes: C-Line, L-Line, and Nine/Twelve Line. The C-Line connects the Convention Center, Medical Mart, Casino, Warehouse District, and Playhouse Square; the L-Line connects the Rock Hall of Fame, Great Lakes Science Center, Medical Mart, Convention Center; and the Nine/Twelve Line connects the Muni Lot to the Gateway District. Due to low ridership and loss of funding, the L-Line was discontinued as of September 2015. Corporate sponsorship is being sought in 2016 and the out-years for the

C-Line and Nine/Twelve Line for 80% of the costs, or $640,000. The remaining 20% funding will be absorbed by RTA.

The Cleveland State University (CSU) Line was completed along Clifton Blvd in late 2014. Ridership along this new corridor has increased steadily over the first nine months in operation and is projected to continue this trend. The CSU Line was part of a $20 million Clifton Boulevard Transportation Enhancement Project that incorporated many features of the HealthLine including bus stops, stations, median landscaping and dedicated transit lane.

As service hours and miles have increased since 2011, resources such as bus lifts and mechanics, have been overextended. In 2015 a plan was proposed to decrease service slowly starting mid-year. The decision was made to postpone any service changes until 2016. For 2016, Service Hours and Service Miles are budgeted to decrease by 0.8% each. Rail service miles are scheduled to increase by 1.0% and Paratransit by 1.3%. Requests for Paratransit services continue to increase and RTA is committed to manage the ADA service and requirements.

Work on the rail tracks and stations has demanded the increase need for bus bridges while the rail lines are down. These bus bridges were not factored into the 2015 budgeted service levels and bus service had to be added. The projected bus service hours and miles are shown on the chart below. These updated service levels are compared to the budgeted service levels for 2016, which has accounted for bus bridges during rail work.

2016 Budgeted Service Levels
Compared to 2015 Projected Service Levels (By Mode)

	Service Hours				Service Miles			
Service Mode	**2015 Projected**	**2016 Budget**	**Variance**	**Percent Variance**	**2015 Projected**	**2016 Budget**	**Variance**	**Percent Variance**
Rail								
Heavy Rail(Red)	146,752	148,088	1,336	0.9%	2,735,852	2,758,293	22,441	0.8%
Light Rail(Blue/Green)	61,076	61,985	909	1.5%	882,433	895,025	12,592	1.4%
Total Rail	**207,828**	**210,073**	**2,245**	**1.1%**	**3,618,285**	**3,653,318**	**35,033**	**1.0%**
Bus								
RTA	1,394,900	1,376,803	(18,097)	-1.3%	16,874,500	16,566,033	(308,467)	-1.8%
Van Pool	0	0	0	#DIV/0!	0	0	0	#DIV/0!
Total Bus	**1,394,900**	**1,376,803**	**(18,097)**	**-1.3%**	**16,874,500**	**16,566,033**	**(308,467)**	**-1.8%**
Paratransit								
In-House	187,568	189,041	1,473	0.8%	2,608,228	2,633,475	25,247	1.0%
Contract	206,048	205,312	(736)	-0.4%	2,840,416	2,885,414	44,998	1.6%
Total Paratransit	**393,616**	**394,353**	**737**	**0.2%**	**5,448,644**	**5,518,889**	**70,245**	**1.3%**
Grand Totals	**1,996,344**	**1,981,229**	**(15,115)**	**-0.8%**	**25,941,429**	**25,738,240**	**(203,189)**	**-0.8%**

A new pilot program for a van pool service is budgeted for 2016 and is set to begin at the start of the 2nd Quarter. The budget includes funding for a new contract where the vendor will set up and provide the van pool service for our customers.

POLICY COMPLIANCE

The discussion in this section focuses on the financial status of GCRTA as it relates to the Authority's basic adopted financial policy objectives. These objectives represent trends or indicators that should be analyzed as they relate to long-range financial implications for the organization. These financial policy objectives were amended in August 2011.

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

Operating Efficiency

An **Operating Ratio** of at least 25% is the policy goal. The decrease of operating expenses in 2012 boosted the ratio to 23.0%. For 2013 through 2015, Operating Expenses increased at a higher rate than the Operating Revenue and the Operating Ratio declined to 22.0%, 20.6%, and 21.1%, respectively. This ratio will not meet the objective for 2016, at 19.9%. RTA has not increased fares for seven years. The 2016 Budget includes a fare increase and a slight service reduction. Base fare is proposed to be increased by $0.25, from $2.25 to $2.50, and a Paratransit fare increase is budgeted from $2.25 to $3.50. RTA will need to manage expenses throughout the year in order to end the year with a ratio above 20%. The Authority will have to end the year 3% to 5% under budgeted expenses in order to make this happen.

The goal that is most easily understood and tracked is the **One-Month Operating Reserve**. This objective requests the Authority should have a year-end balance equal to one month's operating costs (1.0). The Operating Reserve objective was met in 2010 for the first time since 1990. It continued to be met in 2011 through 2014. For 2015, a one-month operating reserve is equal to $20.5 million. With a projected ending balance of $25.9 million, a 1.3-month reserve, the Authority is expected to meet this measure. For 2016, the ending balance is budgeted at $6.7 million, or 0.3-month reserve. A one-month reserve would equal $22.2 million. Therefore, the 2016 budget will not meet this policy objective. For the two out years, 2017 and 2018, this policy goal is also not projected to be met at 0.1-month and 0.0-month, respectively.

Another measure of operating efficiency is the **Cost per Hour of Service.** The growth in cost of delivering an hour of service is to be held at or below the rate of inflation. In the latest report, the Cleveland Fed expects inflation rate to expand slowly, between 1.8% and 2.0% over this next year and remain around 2% during the next decade. Interest rates are expected to reach between 1.75% and 2.0% by the end of 2016. The Federal Reserve Bank stated that interest rates will be increased more slowly than in previous years.

This goal was not met in 2010 or 2011 because service cuts were decreasing at a greater rate than expenses. This objective was met in 2012, with a rate of –8.5%, due to revenue hours increasing at a greater rate than operating expenses. For 2013, the Cost per Hour of Service ended the year at 5.6%. The increase in the Cost per Hour of Service was attributed to operating expenditures increasing by 4.6%, mainly in the personnel category, and the service hours decreasing slightly. In 2014, the Cost per Hour of Service was budgeted at $123.6, slightly higher than 2012 ($123.3 per hour). Service hours increased by 12.5%, while operating costs increased by 7.4%, ending the year at -4.2%, a negative growth per year. At the end of the third quarter 2015, the Cost per Hour of Service is projected at $124.1. This is 1.5% lower than budget and 0.4% higher than 2014. The budget for 2016 has total service hours decreasing by 0.8% and operating expenses increasing by 8.3%, compared to 2015 third quarter estimates. At a budgeted rate of 8.3%, this measure will not be met. For the two out-years, service hours are projected to decrease by 0.24% in 2017 and 1.0% in 2018. Operating Costs for 2017 are projected to decrease by 0.1% and for 2018 to increase by 1.6%. The Growth per year for 2017 and 2018 are projected at 1.0% and 2.7%, respectively.

Capital Efficiency

The goal for the **Debt Service Coverage** ratio is to be above 1.5. Due to the impact of the recent recession, this measure had declined to a low of 1.14 at the end of 2009. The ratio improved to 2.02 in 2010 as revenue from the Sales & Use Tax recovered and again increased in 2011, to 2.82 at the end of the year as Tax receipts continued to grow, the Authority stretched the use of its 2008 borrowing for four years, and pre-paid a State Infrastructure Bank loan in 2011. Between 2013 and 2015, the debt service coverage continued to meet the Board Policy goal, though slowly declining in each year from 2.73 in 2013, to 2.37 in 2014, to a projected 2.18 at the end of 2015. At a projected 1.32 in 2016, it will not meet the coverage.

Another financial goal is to contribute a minimum of 10% and up to a maximum of 15% of Sales Tax revenue to capital. This indicator includes both the direct contributions to capital and the amount “set-aside” in the General Fund for debt service. The **Contribution to Capital** has been well above the maximum of 15% since FY 2009 as Sales Tax collections plummeted in that year losing 11% of revenue. The Authority initially cut capital expenditures but could not make cuts of that magnitude, meet its debt service requirements, and still support and maintain the service needs of the Authority.

The financial contributions to the capital programs support 100% locally funded capital projects, provide the local match for projects funded by grants, and funds the Authority’s debt service requirements. The added contribution of 18.0% in 2013 was due to transfers of additional local funds needed for multi-year bus replacement program and to meet the financial needs of the Authority’s capital programs. The contribution to capital will hold steady at 18.4% in 2014 and for 2015, before slightly declining to 18.2% in 2016. This decline in contribution will continue at 15.3% in 2017 and 15.5% in 2018 as existing debt service is retired, but continue to remain above the Board’s maximum goal.

The projected ratio of 96.9% in 2015 for **Capital Maintenance Outlay to Capital Expansion** is above the Board Policy goal of between 75% and 90% due to a large number of State of Good Repair (SOGR) capital maintenance projects including the bus improvement program, reconstruction of heavy and light rail stations, and track infrastructure projects. It will remain above the 90.0% maximum in 2016, at 94.2%, as the focus of the Authority’s capital program remains on the maintenance, rehabilitation, and the replacement and/or upgrade of existing capital assets, rather than on expansion projects. This measure is expected to remain above the maximum of 90%, at 94.1% in 2017 and 92.5% in 2018, due to the focus of the 2016-20 Capital Improvement Plan on state of good repair projects throughout the Authority.

In 2016, none of the six objectives will to be met due to constrained revenue. The major factors include elimination of $5.0 million grant funds that help subsidize operation, the increase in operating expenses over the past years, and the growing demand in capital projects to maintain a state of good repair.

The Operating Ratio will be 20.0% but not at the goal of 25%, due to the increase in the operating budget. The operating budget Growth per Year is expected to increase at 8.3%, above the rate of inflation, and Sales Tax Contribution to Capital is expected to be at 18.2% in 2016 with the focus of capital projects on maintenance, rehabilitation, and replacement of current assets. In 2017 and 2018, only one out of the six financial policy goals will be achieved, **Growth per Year,** the cost of delivering a unit of service. This is due to the budgeted fare increase in 2016, which will be annualized in 2017 and 2018, and slight service reductions each year to balance capacity at the bus garages.

The Authority has been able to improve internal processes over the past five years and reduce costs to enable shifts of financial resources to address many SOGR capital projects. RTA must continue to maintain a balance between operating and capital funds to stay successful, RTA must review and revise a plan to address the challenges that are there in the next two years.

End of Year Reserve Funds

From 2011 through 2013, the General Fund balance was over $30 million. RTA has made a calculated decisions to reduce PM reimbursement and increase Capital expenditures. Transit is a capital-intensive business and the Authority addressed some of the capital needs to ensure a state of good repair. Operating costs are rising and are budgeted at $267.7 million for 2016. The budgeted ending balance for 2016 is $6.7 million. If RTA is to remain financially sustainable, a 30-day operating reserve must be met. Maintaining PM reimbursement under $25.0 million is going to become increasingly difficult.

A transfer to the Rolling Stock Reserve Fund is budgeted to reserve a percentage of the year-end balance for future purchases of revenue vehicles. This Fund would reserve 10% of the balances over $5 million and 5% if the balances is under $5 million. This fund will help to create the local match needed for revenue vehicle purchases.

CAPITAL PROGRAM

The Capital Improvement Plan (CIP) for 2016-2020 has already been Board approved and appropriated. It provides for the purchase, maintenance, and improvement of the Authority's capital assets through a programmed allocation of available financial resources. The capital assets of the Authority are varied and include such items as buses, rail cars, rail right-of-way infrastructure, facilities, equipment, non-revenue vehicles, and other capital assets needed to support the on-going operations of the Authority. The life cycle of these capital assets extends over a period of years and effective capital improvement planning provides the framework for scheduling improvements based on the availability of resources, the condition of assets, and the priorities among submitted capital projects. The capital-intensive nature of public transportation makes long-term financial planning, as well as effective implementation and completion of programmed capital projects on a timely basis, indispensable.

For several years additional resources have been needed to meet the needs of maintaining the Authority's capital assets in a SOGR. Those resources were not available and projects were deferred due to a lack of funding. In recent budget years, due to the improved financial conditions of the Authority additional funding was supplied to the capital program by strategically reducing grant funded Preventive Maintenance (PM) reimbursements to the Operating Budget and directing more resources towards capital asset improvements. The upturn in the balance of the General Fund triggered a reduction in actual PM reimbursements from $21.6 million in 2011, to $11.8 million in 2012 to $9.6 million in 2013. This recent trend was reversed in the current year as growth of the General Fund balance slowed and projected PM reimbursements has grown to $14.6 million. For 2016, Preventive Maintenance reimbursements is projected at $19 million expected to remain at this amount in the following two years.

The allocation of capital funds and budget authority in recent years targeted a significant number of SOGR projects throughout the Authority. Financial resources were allocated through a capital review process that prioritized both budgeted, unfunded capital projects as well as consideration of new capital projects. It continues to maintain the focus of the Authority's capital program on achieving and maintaining a State of Good Repair throughout the system as it continues to reflect existing and future financial and operational constraints facing the Authority. Part of the added needs of the program is replacement of up to 185 40-Ft buses over the next five years, of which, twelve (12) trolley buses are currently in production and due to arrive in 2016. Needed reconstruction of rail stations and bridges are also priorities within the capital program.

The Authority's capital projects are grouped in the proposed 2016 – 20 Capital Improvement Plan is shown on the next page.

2016 - 2020 CAPITAL IMPROVEMENT PLAN
Combined Budget Authority

PROJECT CATEGORY	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2016-2020
Bus Garages	$0	$1,950,000	$5,450,000	$0	$0	$7,400,000
Bus Improvement Program	$855,766	$15,749,142	$13,031,747	$24,328,125	$20,243,322	$74,208,102
Equipment & Vehicles	$2,007,556	$3,029,617	$3,528,569	$1,782,019	$4,992,020	$15,339,781
Facilities Improvements	$8,944,406	$5,801,510	$8,878,724	$14,002,061	$8,792,890	$46,419,591
Other Projects	$2,268,950	$2,271,450	$2,272,250	$2,273,750	$2,275,250	$11,361,650
Preventive Maint./Oper. Reimb.	$20,180,000	$20,180,000	$20,180,000	$20,180,000	$20,180,000	$100,900,000
Rail Projects	$21,724,135	$13,176,618	$18,225,672	$16,489,554	$11,133,725	$80,749,704
Transit Centers	$708,783	$288,783	$288,785	$285,115	$285,115	$1,856,581
TOTALS	$56,689,596	$62,447,120	$71,855,747	$79,340,624	$67,902,322	$338,235,409

CONCLUSION

GCRTA has managed well over the past four years. As the growth in revenues and resources slow, increasing operating costs are making it more difficult to end 2015 and 2016 with a 30-day balance. Tough decisions will be required in 2016 through 2018 in order to maintain the 30-day balance. RTA must react as the budgeted operating reserve falls in 2016. Consequently, the 2016 budget proposes fare increases and a slight service reduction.

Additional funding from the state would be helpful. The state recently conducted a study that indicated their funding level for public transportation is inadequate. In spite of that, no additional funding was budgeted for public transportation in their latest budget. RTA must manage within its current resources and expenses must be controlled. The only way to improve revenue is to raise fares and increase funding from local sources, as proposed in the 2016 budget. Along with that, RTA must continue to improve its operational efficiencies and effectiveness to provide quality service. The Authority must maintain the funds necessary to sustain current operations and keep its infrastructure in a state of good repair.

ATTACHMENT A

General Fund Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Assumptions:						
Passenger Fare Annual Growth =	**-1.1%**	**0.8%**	**2.1%**	**2.7%**	**5.9%**	**3.5%**
Sales Tax Annual Growth =	**4.6%**	**3.9%**	**4.8%**	**2.7%**	**2.8%**	**2.8%**
Personnel & Fringe Cost Growth =	**3.2%**	**7.2%**	**-0.1%**	**6.3%**	**2.1%**	**2.1%**
Non-Personnel Cost Growth =	**8.3%**	**7.9%**	**-1.2%**	**13.8%**	**-5.7%**	**0.4%**
Operating Expenses Growth =	**4.6%**	**7.4%**	**-0.4%**	**8.3%**	**-0.1%**	**1.6%**
Capital Contribution =	**34,094,435**	**36,355,659**	**37,966,541**	**38,585,897**	**33,295,257**	**34,765,834**
	18.0%	**18.4%**	**18.4%**	**18.2%**	**15.3%**	**15.5%**
Beginning Balance	**40,713,947**	**38,394,321**	**26,870,715**	**25,894,064**	**6,696,531**	**1,926,310**
Revenue						
Passenger Fares	48,699,580	49,085,267	50,113,420	51,475,500	54,535,500	56,456,300
Advertising & Concessions	1,400,191	1,488,870	1,477,912	1,420,000	1,400,000	1,400,000
Sales & Use Tax	189,630,645	197,118,776	206,618,710	212,243,660	218,186,482	224,295,704
CMAQ Reimbursement - Healthline	0	0	0	0	0	0
Operating Assistance - Paratransit Operations	3,889,000	4,057,815	3,125,000	0	0	0
Trolley Assistance	0	0	0	640,000	640,000	640,000
CMAQ Reimbursement - Trolley	1,104,680	704,063	934,596	0	0	0
Access to Jobs Program	2,927,754	2,470,656	1,098,518	0	0	0
Investment Income	200,188	169,211	250,000	200,000	190,000	170,000
Other Revenue	1,177,962	1,470,683	1,100,000	1,100,000	1,100,000	1,100,000
Reimbursed Expenditures	15,217,046	17,324,469	21,000,000	22,000,000	22,000,000	22,000,000
Total Revenue	**264,247,046**	**273,889,810**	**285,718,156**	**289,079,160**	**298,051,982**	**306,062,004**
Total Resources	**304,960,993**	**312,284,131**	**312,588,871**	**314,973,224**	**304,748,513**	**307,988,314**
Operating Expenditures						
Personnel Services	169,098,188	181,305,658	181,163,788	192,596,439	196,585,638	200,646,281
Diesel Fuel	13,956,183	14,335,896	11,845,797	9,274,280	7,233,370	7,050,000
Natural Gas	1,388,300	957,626	1,440,125	2,179,000	2,291,000	2,510,000
Other Expenditures	46,529,565	51,458,576	52,678,557	63,603,686	61,218,711	61,456,594
Total Operating Expenditures	230,972,236	248,057,756	247,128,267	267,653,405	267,328,719	271,662,875
Transfer to the Insurance Fund	1,400,000	900,000	1,500,000	1,200,000	2,000,000	2,200,000
Transfer to the Pension Fund	100,000	100,000	100,000	100,000	100,000	100,000
Transfers to Capital						
Bond Retirement Fund	18,324,392	20,480,914	22,273,402	23,006,085	17,486,950	18,834,857
Capital Improvement Fund	15,770,044	15,874,745	15,693,139	15,579,812	15,808,307	15,930,977
Total Transfers to Capital	34,094,435	36,355,659	37,966,541	38,585,897	33,295,257	34,765,834
Transfers to Rolling Stock Reserve Fund	0	0	0	737,390	98,227	
Total Expenditures	**266,566,672**	**285,413,415**	**286,694,808**	**308,276,693**	**302,822,203**	**308,728,709**
Ending Balance	38,394,321	26,870,715	25,894,064	6,696,531	1,926,310	-740,395
Brookpark Lightning Strike Reserve Funds	0	0	0	0	0	0
Rolling Stock Reserve Funds	0	0	0	0	0	0
Reserved Funds	6,900,000	6,900,000	0	0	0	0
Available Ending Balance	**31,494,321**	**19,970,715**	**25,894,063**	**6,696,530**	**1,926,309**	**-740,396**

ATTACHMENT B

2016 Budget
Financial Policy Objectives

		Description	Goal	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Operating Efficiency	**Operating Ratio**	*Ratio that shows the efficiency of management by comparing operating expenses to operating revenues. Operating Revenues divided by Operating Expenses*	**> 25%**	22.0%	20.6%	21.1%	19.9%	21.1%	21.5%
	Cost/Hour of Service	*Measure of service efficiency. Total Operating Expenses divided by Total Service Hours*		$129.1	$123.6	$123.0	$134.3	$134.5	$138.1
	Growth per Year	*Growth in the cost of delivering a unit of service (Cost per Hour), compared to the prior year, to be kept at or below the rate of inflation.*	**< Rate of Inflation**	5.6%	**-4.2%**	**-0.5%**	9.2%	**0.1%**	**2.7%**
	Operating Reserve (Months)	*Equal or above one month's operating expenses to cover unforseen or extraordinary fluctuations in revenues or expenses.*	**> 1 month**	**2.0**	**1.3**	**1.3**	0.3	0.1	0.0
Capital Efficiency	**Debt Service Coverage**	*The measure of the Authority's ability to meet annual interest and principal payments on outstanding debts.*	**> 1.5**	**2.73**	**2.37**	**2.18**	1.32	1.09	0.96
	Sales Tax Contribution to Capital	*Sales tax revenues to be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.*	**10% - 15%**	18.0%	18.4%	18.4%	18.2%	15.3%	15.5%
	Capital Maintenance to Expansion	*The capital program requires a critical balance between maintenance of exisiting assets and expansion efforts.*	**75% - 90%**	**84.1%**	95.7%	96.9%	94.2%	94.1%	92.5%

ATTACHMENT C

RTA Development Fund Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Beginning Balance	**44,440,121**	**38,924,890**	**23,911,529**	**32,610,942**	**16,132,855**	**28,975,768**
Revenue						
Debt Service	0	0	30,000,000	0	25,000,000	0
Transfer from RTA Capital Fund	13,470,255	11,734,255	11,649,255	11,334,255	11,534,255	11,509,255
Investment Income	95,725	54,038	53,000	53,000	54,000	54,000
Federal Capital Grants	59,795,463	58,199,720	63,862,500	68,250,000	64,620,000	63,875,000
State Capital Grants	264,693	2,046,063	1,384,658	1,384,658	1,384,658	1,384,658
Other Revenue	0	0	0	0	0	0
Total Revenue	**73,626,136**	**72,034,076**	**106,949,413**	**81,021,913**	**102,592,913**	**76,822,913**
Total Resources	**118,066,257**	**110,958,966**	**130,860,942**	**113,632,855**	**118,725,768**	**105,798,681**
Expenditures						
Capital Outlay	79,141,367	87,047,437	98,250,000	97,500,000	89,750,000	87,500,000
Other Expenditures	0	0	0	0	0	0
Total Expenditures	**79,141,367**	**87,047,437**	**98,250,000**	**97,500,000**	**89,750,000**	**87,500,000**
Ending Balance	**38,924,890**	**23,911,529**	**32,610,942**	**16,132,855**	**28,975,768**	**18,298,681**

ATTACHMENT D

RTA Capital Fund Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Beginning Balance	**2,286,108**	**1,731,677**	**1,523,036**	**1,980,120**	**1,885,178**	**2,091,480**
Revenue						
Transfer from General Fund	15,770,044	15,874,745	15,693,139	15,579,812	15,808,307	15,930,977
Investment Income	5,200	13,200	13,200	9,500	7,250	7,500
Other Revenue	0	72,916	0	0	0	0
Total Revenue	**15,775,244**	**15,960,861**	**15,706,339**	**15,589,312**	**15,815,557**	**15,938,477**
Total Resources	**18,061,352**	**17,692,538**	**17,229,375**	**17,569,433**	**17,700,735**	**18,029,957**
Expenditures						
Asset Maintenance	1,083,402	1,627,995	1,675,000	1,900,000	1,825,000	1,850,000
Routine Capital	1,776,018	2,807,251	1,925,000	2,450,000	2,250,000	2,250,000
Transfer to RTA Development Fund	13,470,255	11,734,255	11,649,255	11,334,255	11,534,255	11,509,255
Total Expenditures	**16,329,675**	**16,169,501**	**15,249,255**	**15,684,255**	**15,609,255**	**15,609,255**
Ending Balance	**1,731,677**	**1,523,036**	**1,980,120**	**1,885,178**	**2,091,480**	**2,420,702**

ATTACHMENT E

Bond Retirement Fund Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Beginning Balance	**4,119,818**	**1,710,131**	**1,775,684**	**1,929,490**	**1,924,060**	**1,574,060**
Revenue						
Transfer from General Fund	18,324,392	20,480,914	22,273,402	23,006,085	17,486,950	18,834,857
Investment Income	12,502	263	1,560	2,500	2,500	2,500
Bond Premium Proceeds	0	0	0	0	0	0
Other Revenue	27	-445,748	0	0	0	0
Total Revenue	**18,336,921**	**20,035,429**	**22,274,962**	**23,008,585**	**17,489,450**	**18,837,357**
Reconciling Journal Entry	**0**	37,349	**0**	**0**	**0**	**0**
Total Resources	**22,456,739**	**21,782,909**	**24,050,646**	**24,938,075**	**19,413,510**	**20,411,417**
Expenditures						
Debt Service						
Principal	13,895,000	14,475,000	16,320,000	16,975,000	12,024,772	12,808,126
Interest	6,851,608	5,532,225	5,799,656	6,037,515	5,813,178	5,952,731
Other Expenditures	0	0	1,500	1,500	1,500	1,500
Total Expenditures	**20,746,608**	**20,007,225**	**22,121,156**	**23,014,015**	**17,839,450**	**18,762,357**
Ending Balance	**1,710,131**	**1,775,684**	**1,929,490**	**1,924,060**	**1,574,060**	**1,649,060**

ATTACHMENT F

Insurance Fund Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Beginning Balance	**6,678,594**	**6,384,153**	**6,162,818**	**6,474,546**	**5,449,846**	**5,440,746**
Revenue						
Investment Income	39,881	28,978	46,253	45,000	45,000	45,000
Transfer from General Fund	1,400,000	900,000	1,500,000	1,200,000	2,000,000	2,200,000
Total Revenue	**1,439,881**	**928,978**	**1,546,253**	**1,245,000**	**2,045,000**	**2,245,000**
Total Resources	**8,118,475**	**7,313,131**	**7,709,071**	**7,719,546**	**7,494,846**	**7,685,746**
Expenditures						
Claims and Premium Outlay	1,734,322	1,150,313	1,234,525	2,269,700	2,054,100	2,269,700
Other Expenditures	0	0	0	0	0	0
Total Expenditures	**1,734,322**	**1,150,313**	**1,234,525**	**2,269,700**	**2,054,100**	**2,269,700**
Ending Balance	**6,384,153**	**6,162,818**	**6,474,546**	**5,449,846**	**5,440,746**	**5,416,046**

ATTACHMENT G

Supplemental Pension Fund Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Beginning Balance	**1,195,091**	**1,228,490**	**1,227,680**	**1,263,680**	**1,299,680**	**1,337,430**
Revenue						
Investment Income	7,752	3,859	6,500	6,500	6,750	6,750
Transfer from General Fund	100,000	100,000	100,000	100,000	100,000	100,000
Total Revenue	**107,752**	**103,859**	**106,500**	**106,500**	**106,750**	**106,750**
Total Resources	**1,302,843**	**1,332,349**	**1,334,180**	**1,370,180**	**1,406,430**	**1,444,180**
Expenditures						
Benefit Payments	74,353	74,676	70,500	70,500	69,000	67,500
Other Expenditures	0	0	0	0	0	0
Total Expenditures	**74,353**	**74,676**	**70,500**	**70,500**	**69,000**	**67,500**
Reconciling Journal Entry	0	29,993	0	0	0	0
Ending Balance	**1,228,490**	**1,227,680**	**1,263,680**	**1,299,680**	**1,337,430**	**1,376,680**

ATTACHMENT H

Law Enforcement Fund Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Beginning Balance	**184,341**	**406,607**	**296,216**	**230,030**	**235,155**	**240,280**
Revenue						
Investment Income	44	60	125	125	125	125
Other Revenue	292,445	81,335	177,000	55,000	55,000	55,000
Total Revenue	**292,489**	**81,395**	**177,125**	**55,125**	**55,125**	**55,125**
Total Resources	**476,830**	**488,002**	**473,341**	**285,155**	**290,280**	**295,405**
Expenditures						
Capital & Related Items	70,223	191,786	243,311	50,000	50,000	50,000
Total Expenditures	**70,223**	**191,786**	**243,311**	**50,000**	**50,000**	**50,000**
Reconciling Journal Entry	0	0	0	0	0	0
Ending Balance	**406,607**	**296,216**	**230,030**	**235,155**	**240,280**	**245,405**

ATTACHMENT I

All Funds Balance Analysis

	2013 Actual	2014 Actual	2015 Estimate	2016 Budget	2017 Plan	2018 Plan
Beginning Balance	**99,618,020**	**88,780,268**	**61,767,679**	**70,382,872**	**33,623,305**	**41,586,074**
Revenue						
Passenger Fares	48,699,580	49,085,267	50,113,420	51,475,500	54,535,500	56,456,300
Sales & Use Tax	189,630,645	197,118,776	206,618,710	212,243,660	218,186,482	224,295,704
Federal	59,795,463	58,199,720	63,862,500	68,250,000	64,620,000	63,875,000
State	4,153,693	6,103,878	4,509,658	2,024,658	2,024,658	2,024,658
Investment Income	361,292	269,609	370,638	316,625	305,625	285,875
Other Revenue	22,120,105	23,204,593	25,788,026	24,575,000	24,555,000	24,555,000
General Obligation Debt Proceeds	0	0	30,000,000	0	25,000,000	0
Total Revenue	**324,760,778**	**333,981,843**	**381,262,952**	**358,885,443**	**389,227,265**	**371,492,537**
Total Resources	**424,378,798**	**422,762,112**	**443,030,631**	**429,268,316**	**422,850,570**	**413,078,611**
Expenditures						
Personnel Services	169,098,188	181,305,658	181,163,788	192,596,439	196,585,638	200,646,281
Diesel Fuel	13,956,183	14,335,896	11,845,797	9,274,280	7,233,370	7,050,000
Natural Gas	1,388,300	957,626	1,440,125	2,179,000	2,291,000	2,510,000
Other Expenditures	48,408,463	52,905,344	54,228,393	65,995,386	63,393,311	63,845,294
Capital Outlay	82,000,787	91,482,683	101,850,000	101,850,000	93,825,000	91,600,000
Debt Service	20,746,608	20,007,225	22,119,656	23,012,515	17,837,950	18,760,857
Rolling Stock Reserve	0	0	0	737,390	98,227	0
Total Expenditures	**335,598,529**	**360,994,432**	**372,647,759**	**395,645,010**	**381,264,496**	**384,412,432**
Available Ending Balance	**88,780,268**	**61,767,679**	**70,382,872**	**33,623,305**	**41,586,074**	**28,666,179**