

Greater Cleveland Regional Transit Authority

2017 Tax Budget
Office of Management & Budget
7/5/16

Greater Cleveland Regional Transit Authority



Challenges

- Sales Tax Base – Medicaid
- Expenses Increasing
- Fund Balance Declining

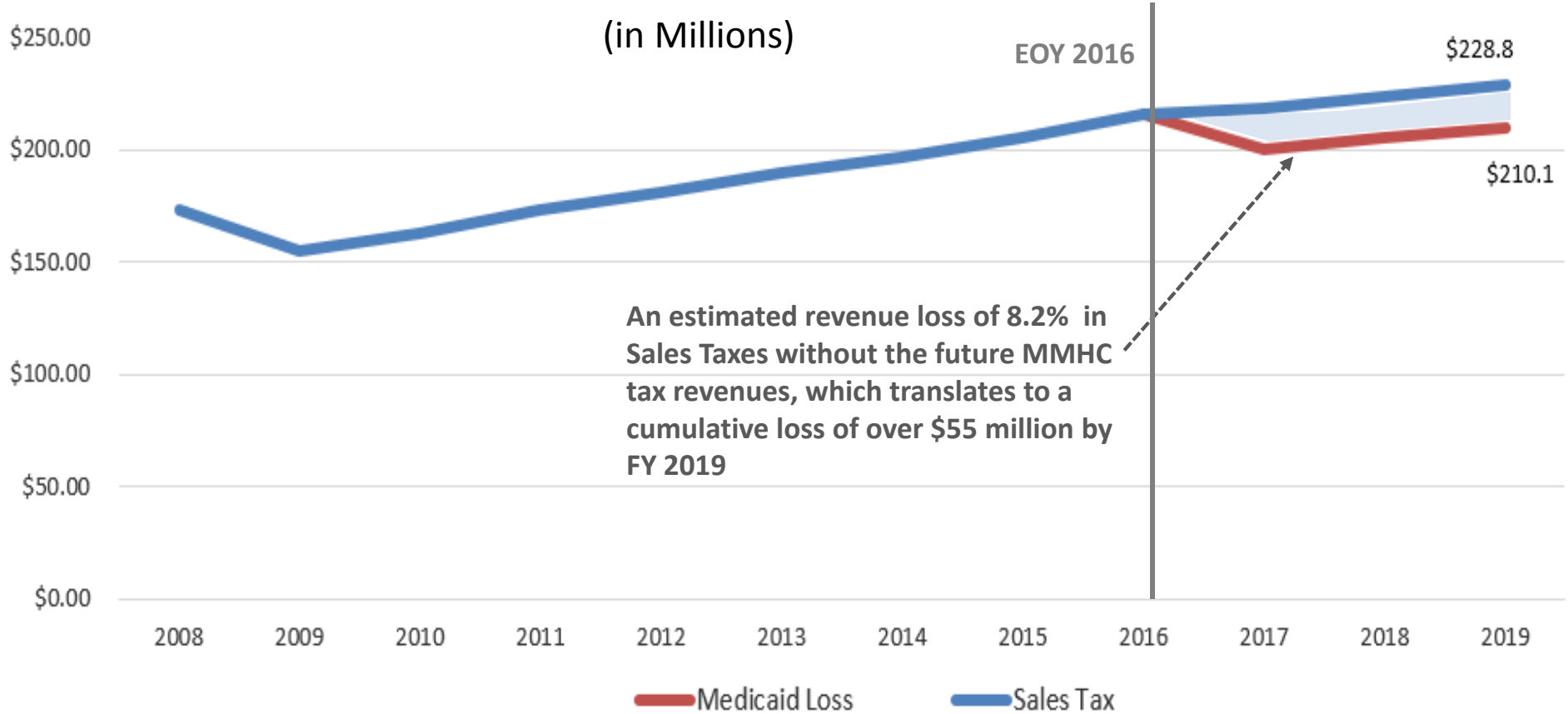
General Fund Revenue Analysis

	2015	2016	2017	2017	2017
(in millions)	Actual	Estimate	W/MMHC	WO/ MMHC Jan	WO/ MMHC Jul
Beginning Balance	26.87	16.89	17.06	17.06	17.06
Revenue					
Passenger Fares	48.41	49.31	53.14	53.14	53.14
Advertising. & Concessions	1.44	1.42	1.42	1.42	1.42
Sales & Use Tax	205.84	215.68	218.22	200.32	209.32
Operating Assistance	4.58	0.64	0.64	0.64	0.64
Investment Income	0.15	0.10	0.10	0.10	0.10
Other Revenue	1.25	1.25	1.20	1.20	1.20
Reimbursed Expenditures	19.72	24.93	22.08	22.08	22.08
Total Revenue	281.41	293.35	296.79	278.90	287.90
Total Resources	312.66	310.25	313.84	295.95	304.95



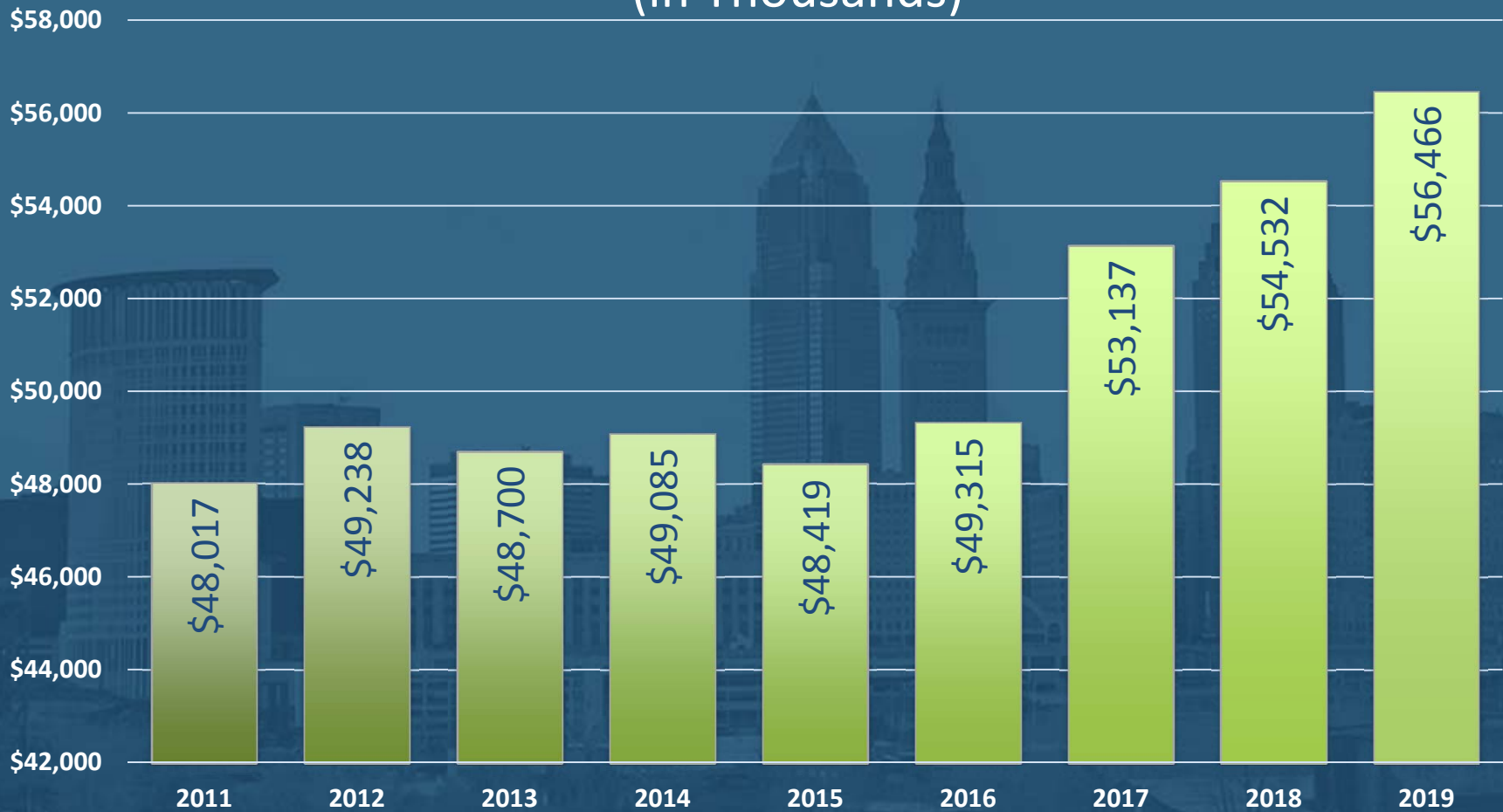
Sales Tax- Managed Healthcare

Sales Tax Trend: Impact of Revenue Loss from Medicaid



Passenger Fare Revenue

(in Thousands)



Greater Cleveland Regional Transit Authority



Reimbursed Expenditures

- Preventive Maintenance
- Reimbursed Labor
- Fuel Tax Reimbursement

Year	Amount
2011	\$25.6M
2012	\$17.0M
2013	\$15.2M
2014	\$17.3M
2015	\$19.7M
2016 Estimate	\$24.9M
2017 Tax Budget	\$22.1M

General Fund Balance Analysis

	2015	2016	2017	2017	2017
(in millions)	Actual	Estimate	W/MMHC	W/O MMHC Jan	W/O MMHC Jul
Operating Expenditures					
Personnel Services	186.60	189.70	195.41	195.41	195.41
Diesel Fuel	10.80	9.40	7.97	7.97	7.97
Natural Gas	1.11	1.56	1.67	1.67	1.67
Other Expenditures	53.12	57.76	61.79	61.79	61.79
Total Operating Expenditures	251.66	258.42	266.84	266.84	266.84
Transfer to the Insurance Fund	1.50	0.50	2.1	2.1	2.1
Transfer to the Pension Fund	0.10	0.10	0.075	0.075	0.075
Transfers to Capital					
Bond Retirement Fund	22.61	21.88	18.59	18.59	18.59
Capital Improvement Fund	15.50	12.30	15.01	15.01	16.52
Total Transfers to Capital	38.12	34.17	33.61	33.61	35.12
Total Expenditures	291.38	293.19	302.62	302.62	304.13
Ending Balance	16.89	17.06	11.22	-6.67	0.82

Sales & Use Tax

Sales & Use Tax (Year)	Amount	%	Revised Amount *	%
2013	\$189.6M	4.6%	\$189.6M	4.6%
2014	\$197.1M	3.9%	\$197.1M	3.9%
2015	\$205.8M	3.9%	\$208.8M *	5.9%
2016 estimated	\$215.7M	4.8%	\$212.7M *	1.9%
2017 Tax Budget (W/MMHC)	\$218.2M	1.2%	\$218.2M	2.6%
2017 Tax Budget (W/O MMHC)	\$200.3M	-7.1%	\$200.3M	-5.8%

* Amended tax return adjustments of 8 returns in FY '15 and 5 returns in FY '16



Personnel Expenditures

Personnel Exp. (Year)	Amount	%
2012	\$163.8M	5.7%
2013	\$169.1M	3.2%
2014	\$181.3M	7.2% (27 Pays & Bargaining Settlement)
2015	\$186.6M	2.9%
2016 Estimate	\$189.7M	1.7%
2017 Tax Budget	\$195.4M	3.0%

Fuel

❖ Diesel Fuel

- Fuel Hedging Program
- 2014: \$14.3M
- 2015: \$10.8M
- 2016: \$9.4M
- 2017: \$8.0M
- 2018: \$7.2M
- 2019: \$7.1M

❖ CNG

- Starting operation 7/2015
- 2014: \$0
- 2015: \$1.1M
- 2016: \$1.6M
- 2017: \$1.7M
- 2018: \$1.6M
- 2019: \$1.7M

2017 Tax Budget Financial Policy Objectives

2017 Tax Budget - including MMHC Financial Policy Objectives

		Goal	2015 Actual	2016 Estimate	2017 Tax Budget	2018 Plan	2019 Plan
Operating Efficiency	Operating Ratio	> 25%	19.9%	19.7%	20.5%	20.7%	21.1%
	Cost/Hour of Service		\$125.7	\$130.1	\$134.6	\$138.0	\$140.5
	Growth per Year	≤ Rate of Inflation	1.6%	3.5%	3.5%	2.5%	1.8%
	Operating Reserve (Months)	≥ 1 month	0.8	0.8	0.5	0.3	0.3
Capital Efficiency	Debt Service Coverage	> 1.5	1.79	1.76	1.61	1.33	1.32
	Sales Tax Contribution to Capital	10% - 15%	18.5%	15.8%	15.4%	15.5%	14.5%
	Capital Maintenance to Expansion	75% - 90%	96.9%	94.2%	94.1%	92.5%	92.5%

2017 Tax Budget Financial Policy Objectives

2017 Tax Budget - w/o MMHC as of January 2017 Financial Policy Objectives

		Goal	2015 Actual	2016 Estimate	2017 Tax Budget	2018 Plan	2019 Plan
Operating Efficiency	Operating Ratio	> 25%	19.9%	19.7%	20.5%	20.7%	21.1%
	Cost/Hour of Service		\$125.7	\$130.1	\$134.6	\$138.0	\$140.5
	Growth per Year	≤ Rate of Inflation	1.6%	3.5%	3.5%	2.5%	1.8%
	Operating Reserve (Months)	≥ 1 month	0.8	0.8	-0.3	-1.3	-2.1
Capital Efficiency	Debt Service Coverage	> 1.5	1.79	1.76	0.64	-0.56	-1.77
	Sales Tax Contribution to Capital	10% - 15%	18.5%	15.8%	16.8%	16.9%	15.8%
	Capital Maintenance to Expansion	75% - 90%	96.9%	94.2%	94.1%	92.5%	92.5%

2017 Tax Budget Financial Policy Objectives

2017 Tax Budget - No MMHC as of July 1, 2017 Financial Policy Objectives

		Goal	2015 Actual	2016 Estimate	2017 Tax Budget	2018 Plan	2019 Plan
Operating Efficiency	Operating Ratio	> 25%	19.9%	19.7%	20.5%	20.7%	21.1%
	Cost/Hour of Service		\$125.7	\$130.1	\$134.6	\$138.0	\$140.5
	Growth per Year	≤ Rate of Inflation	1.6%	3.5%	3.5%	2.5%	1.8%
	Operating Reserve (Months)	≥ 1 month	0.8	0.8	0.0	-0.7	-1.1
Capital Efficiency	Debt Service Coverage	> 1.5	1.79	1.76	1.05	0.23	-0.47
	Sales Tax Contribution to Capital	10% - 15%	18.5%	15.8%	16.8%	16.9%	15.8%
	Capital Maintenance to Expansion	75% - 90%	96.9%	94.2%	94.1%	92.5%	92.5%

Questions

Greater Cleveland Regional Transit Authority

