

Minutes

RTA Special Board of Trustees Meeting
9:37 a.m., Tuesday, August 7, 2018

Present: Clough (Chair), Elkins, Lucas, McCall, Moss, Nardi, Welo

Not present: Britt, Norton, Serrano

Also Present: Anderson, Benford, Bitto, Bobich, Boyd, Burney, Calabrese, Caraballo, Case, Catalusci, Caver, Cranford, Curtis, Czeck, D'angelo, Davis, Draper, Eaton, Feliciano, Ferraro, Fields, Finnerty, Ford, Freilich, Garofoli, Gautam, Gillan-Shafron, Gray, Haer, Jaszczak, Johnson, Jones, Kacerek, Kirchmeir, Krecic, Loh, Lozada, Macko, Manus, Miller, Pinkney-Butts, Raguz, Randalson, Roseman, Schipper, Shariff, Shurik, Singh, Sohrabian, Sutula, Tarka, Tarter, Vukmanic, Wiehe, Wright, Young, Zeller

Mayor Clough called the meeting to order at 9:37 a.m. The secretary called the roll and reported that seven (7) Board members were present. This meeting will continue the discussion from the Committee of the Whole Meeting held, July 31, 2018.

The Secretary advised that notice of this meeting has been posted more than twenty-four hours in advance of the meeting, that the usual notification has been given the news media and other interested persons, and that all requirements of the Ohio Revised Code and Rules and Bylaws of this Board regarding notice of meeting have been complied with.

Introduction of resolutions

The following resolution is a result of a company name change for a resolution that was previously approved by the Board. The name change is required to execute the contract.

- A. 2018-77 - Amending Resolution 2018-064 to correct the vendor name "LTK Engineering Services, Inc. dba LTK Engineering Services" and replace with "LTK Consulting Services, Inc. dba LTK Engineering Services", the adoption of which was moved by Mr. Nardi, seconded by Mayor Elkins and approved by unanimous vote.

Committee of the Whole report

Rev. Lucas chaired the July 31 Committee of the Whole meeting to discuss three draft tax levy resolutions. There were several presentations. The public also made comments about the proposed levies. It was decided to hold today's meeting to continue the discussion and make a final decision. There were not enough votes at that meeting to refer this to the full board.

The proposed draft legislation was provided to the board. There are blanks that need to be filled in by the board. Mayor Elkins suggested the voters be given a choice to vote on a 0.4% sales tax increase for a period of 10 years. RTA has not sought a tax increase in 40 years. Regardless of what occurs in Columbus, the funding shortfall cannot be overcome with additional State aid. Voter turnout will be greater this November. If it fails, staff can take lessons learned and prepare for November 2019. May 2019 is likely to have a host of tax levies across the county. Parma, Berea, Newburgh Heights and maybe Valley View will be voting for local races in May 2019. Staff has a strong understanding of what is necessary, how the revenue would be used and how that could be crafted into a message. The only county wide levy that failed was the Port Authority in 2012. There is a strong history of the

county supporting public services. RTA can't be afraid of the levy failing. He requested a sales tax levy be created since there is not enough time to submit the property tax levy.

One of Mayor Welo's employees suggested Cleveland's parking tax of 8%, which generates \$11 million a year, be tripled to generate the same amount of revenue as a sales tax or property tax increase. This would be in line with what is charged by other cities, but less than cities like Pittsburgh, which taxes parking at 50%. A second benefit would be a decrease in demand for parking and increase in transit ridership in the change and cost benefit of a trip downtown. A third benefit would be a decrease in demand for parking lots. Less demand for parking lots corresponds to greater demand to develop them into productive use to provide increased property and sales tax. November 2019 may not be the best time if all the options have not been looked at. The cost of the campaign has to be considered. The Board also has issues they need to address like internal controls, the acting General Manager and the new General Manager.

Mayor Elkins said a parking tax was included in the whitepaper. The Board can't control whether the City of Cleveland will increase its parking tax rate. The Board has to focus on things they can do by working over the next year to look at other alternatives. He is frustrated on the constant talk about studies and doing due diligence. Studies show that spending money on municipal facilities does not generate economic return. Does research really matter to the Board. He agrees that alternative funding should be looked at. The levy should be presented in the short term to let the voters decide.

Ms. Moss asked what the reasoning is behind Mayor Elkins proposal of 0.4% and 10 years and why not some other amount. She believes that a sales tax is regressive. The Board has not fully vetted all options and has not finished dealing with all of its business. She is optimistic about the Governor's race that with democratic leadership, the State could provide assistance. If a tax levy passes, the new Governor may choose not to provide assistance to RTA.

Mayor Elkins said the 0.4% proposal will meet the MCO sales tax loss funding gap, set the agency back to 2015-16 service levels, allow for growth and raise money for new rail cars. The other options can still be considered to fill in additional funding gaps. A 10 year levy will show commitment to growth and accountability to voters. A five year proposal will result in a perpetual cycle of fund raising. A 0.4% increase will raise \$73 million annually. Thirty million will restore the service levels. For the tax payer, that is \$54 per year, \$1 a week, and \$0.15 per day. He can't see a Democratic Governor bypassing RTA if a tax levy passes. But he is not in favor of relying on a Democratic Governor for funding.

Chief McCall thanked Mayor Elkins for making a proposal, but doesn't believe the agency is ready. What the money will be used for has not been identified and there hasn't been a conversation with the public. Other city tax levy models need to be studied. The State can't be relied on. The month of May might be a better season to vote. She doesn't feel confident voting on any proposal today. She appreciates the emails from the public.

Mayor Clough thanked everyone who sent emails and spoke to him. RTA knows that additional funding is needed to continue operations. But problems need to be addressed. There needs to be an exhaustive search for revenue sources, and the public needs to know what the money will be used for. The economic impact study results are needed. Internal spending practices are being reviewed. More stakeholders need to be engaged. The business community, Cuyahoga County, City of Cleveland and the suburbs need to be on board. He doesn't want to go to the ballot prematurely. He prefers a strong game plan be put together first. He asked if the staff was ready. Mr. Calabrese said they will work hard to do what the Board request of them. The building blocks are being put together to give the tax payers confidence and to address the needs of the customers. But staff does not know

where the campaign money will come from and who will run it. Mayor Clough wants the Board and administration to be together in making the tax levy recommendation.

Rev. Lucas said that he rides daily and has been riding Paratransit for 14 years after he had his operation. He was a rider before then. He chaired the effort to slow down the Paratransit fare increase to \$.25 a year. He agrees that the tax levy is needed, but doesn't think they are ready. He received all the comments from the public. Mr. Nardi said it should be a sales tax for 6 or 7 years as opposed to 10 years, to show the tax payers what can be done. He will not vote for a property tax. He also received all the comments from the public. Mayor Elkins summarized that the board agrees that a new revenue source is needed. He said the staff will do what the Board directs them to do.

Mayor Clough asked if there is a proposal to place either of the resolutions up for consideration.

Mayor Elkins introduced Resolution 2018-78 to place a 0.4% sales tax increase on the ballot for 6 years as a compromise to Mr. Nardi. There was not a second. The motion died.

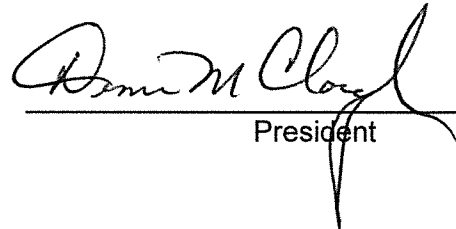
Executive Session Requested

There will not be any action taken after the Executive Session.

10:19 a.m. – Mayor Clough asked for a motion to go into executive session to review the investigation of charges or complaints against a public official and to discuss with RTA's General Counsel a matter that is subject of pending court action.. It was moved by Ms. Moss, seconded by Mr. Nardi. There were seven (7) ayes and none opposed.

11:22 a.m. – It was moved by Mayor Elkins, seconded by Mr. Nardi to come out of executive session. There were seven (7) ayes and none opposed.

The meeting was adjourned at 11:22 a.m.



President

Attest: 

CEO, General Manager/Secretary-Treasurer