

PUBLIC HEARING

Greater Cleveland Regional Transit Authority 2016 Budget Tuesday, December 1, 2015

This is the first public hearing for the 2016 Proposed Budget for the Greater Cleveland Regional Transit Authority.

This proposed budget has been made available for public inspection for more than 10 days in the Office of Management & Budget of this Authority. Public notice of this hearing was made by the publication of a legal advertisement in the Cleveland Plain Dealer on November 23, 2015. In addition, notice was posted in the first floor lobby of the Authority's Main Office Building.

In developing the budget we attempted to maintain financial health while providing effective public transportation. RTA has and will continue to press to achieve a sustainable financial position. RTA has had good operating reserves for the last six years. The reserve for 2015 will be above 40 days. Maintaining this level of reserves will become more difficult as revenues decline and expenses increase. The highlights for the 2016 Budget are as follows:

- The General Fund budget request includes expenditures of \$308.3 million against estimated revenue of \$289.1 million. The total expenditures include \$267.7 million in operating expenditures, \$23.0 million debt service, \$15.6 million in earmarked sales tax receipts for capital improvements, \$100,000 to the pension fund and \$1.2 million to the insurance fund.
- Personnel costs are budgeted \$11.4 million above projected 2015 costs. The increase comes from a projected wage increase for ATU, FOP and Salaried Non-Bargaining Personnel plus step increases. The wage increase is tied to the increase in sales tax and fare revenue from 2015 for FOP and ATU. Total positions funded are 2,362 compared to 2,344 in 2015.
- Overall service will be reduced slightly. Bus service will be reduced by about 1.3%. Rail service will be increased by about 1% and Paratransit service will increase by about 1%. The reduction in bus service is needed as we are currently at or exceeding capacity at our garages.
- The 2016 Budget includes fare increases for regular service and for paratransit services. Discussions and deliberations on this matter will be held in January and February. This may be followed by Public Hearings on the matter and then final discussions before action is taken.
- RTA will continue to strive to increase productivity and efficiency. TransitStat, the Authority's data driven performance management initiative, has reduced costs by

about \$64 million from 2008 through 2015. RTA has joined The Partnership for Excellence and submitted its first full application in pursuit of the Baldrige Award. RTA has revised its Mission, Vision and Values and is executing the 2015-2025 Strategic Plan with nine Vital Objectives. GCRTA received the Silver Award from TPE for its Commitment to Excellence.

- Solid management and effective budget execution has allowed RTA to improve its financial position for the last six years. This budget will be more challenging than the last three have been but the same budget execution principles will be continued in 2016. RTA intends to again achieve positive results for budget vs actual and to improve operating reserve from the budget projection of \$6.7 million to \$14.0 million.