



FINANCIAL ANALYSIS AND ECONOMIC FORECAST FOR THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

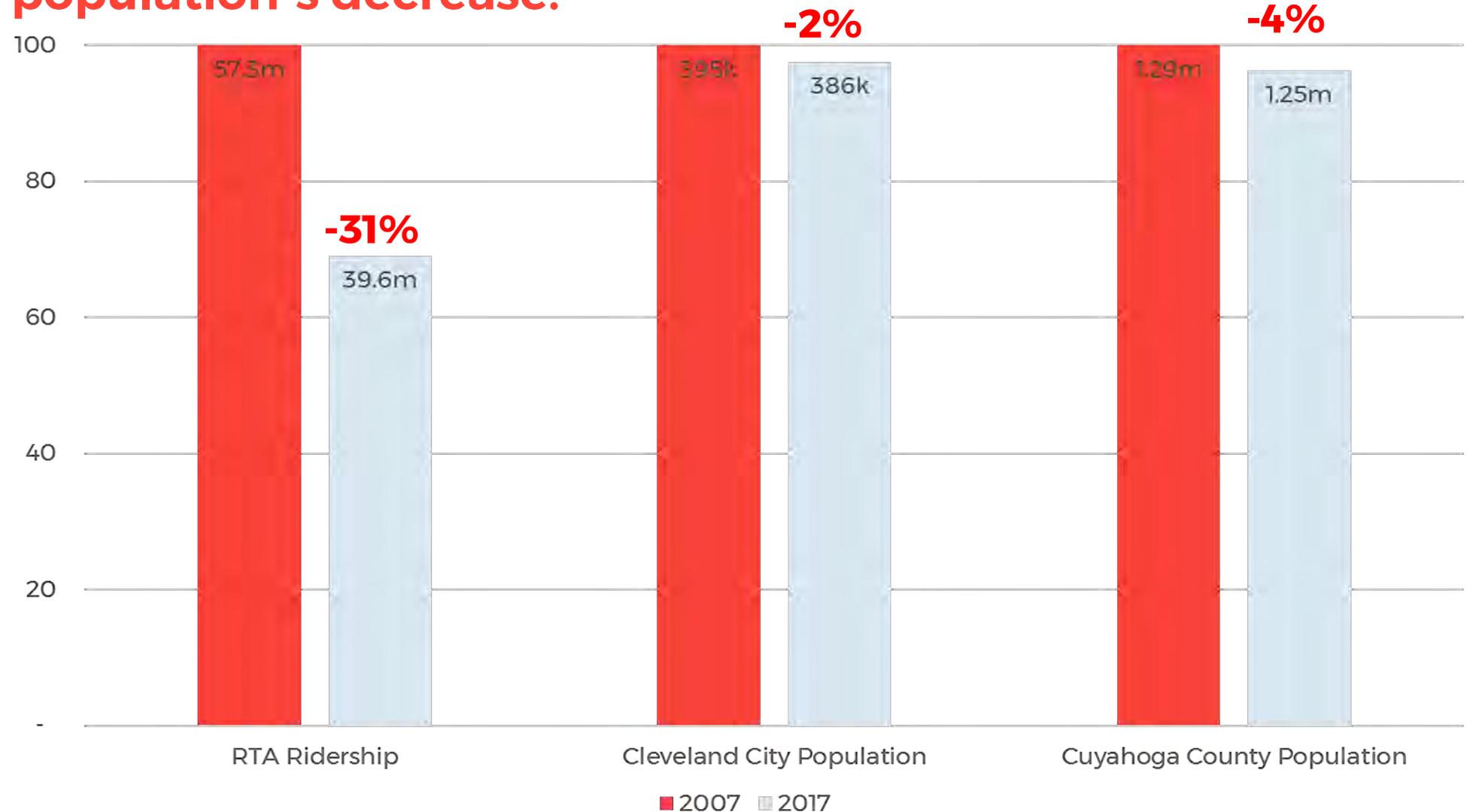


October 22, 2019

Our Approach: 6 Research Questions

1. How does RTA compare to its **peers**?
2. What are the **economic** and **political risks** RTA faces?
3. What are the **financial issues** RTA faces?
4. What **potential efficiencies** could increase financial performance, and what **strategies** could **maximize revenue**?
5. What are current **Key Performance Indicators** and what processes and/or other indicators can be implemented?
6. What are current and potential future **local funding** mechanisms for transit? How could **state** and **federal funding** affect the RTA's finances?

Background: RTA ridership has declined faster than regional population's decrease.



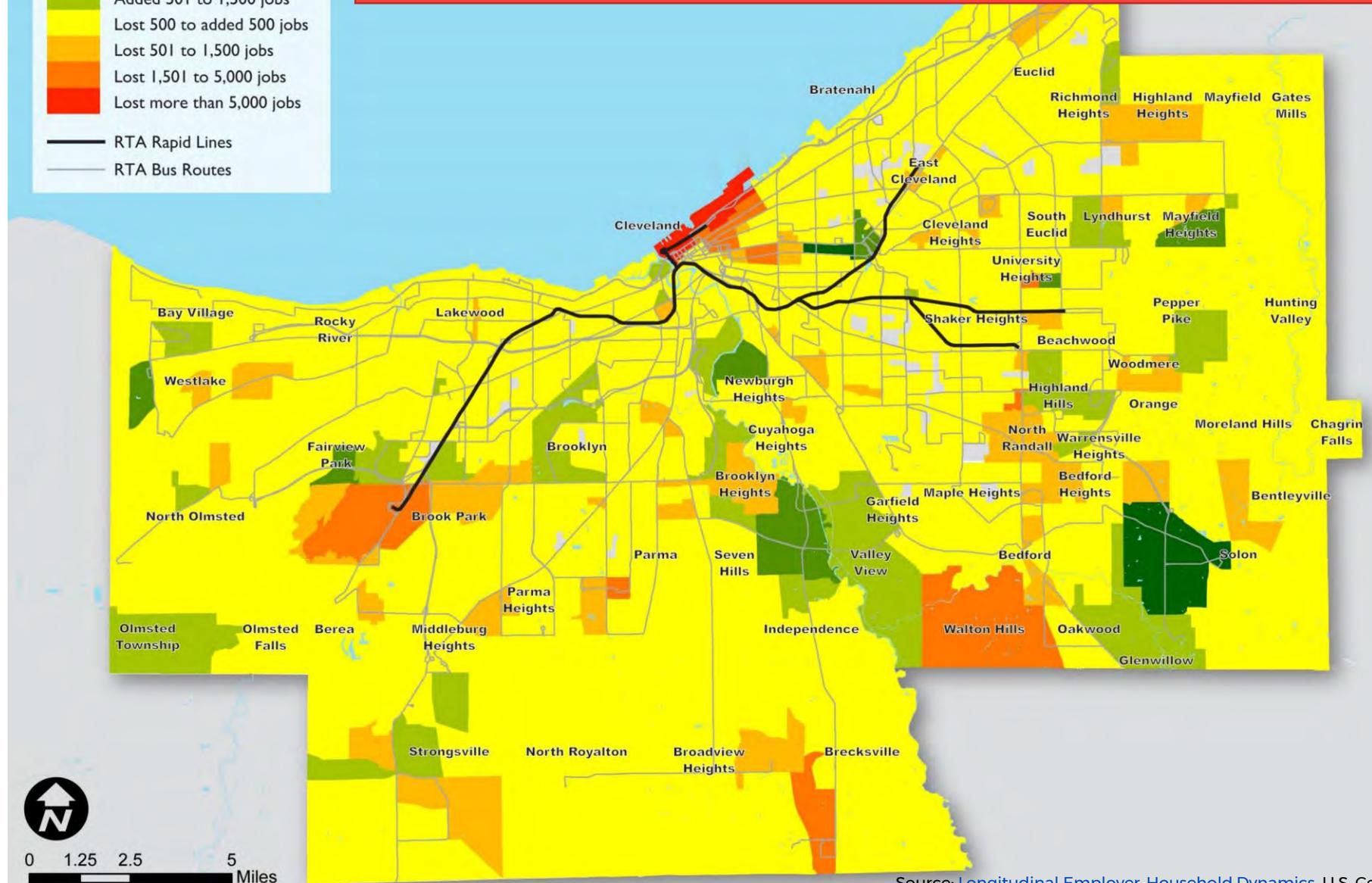
Existing RTA Network

Job Change by Blockgroup
2002 - 2015 LEHD



— RTA Rapid Lines
— RTA Bus Routes

Background: Employment in the region has shifted away from downtown and other areas served by rail



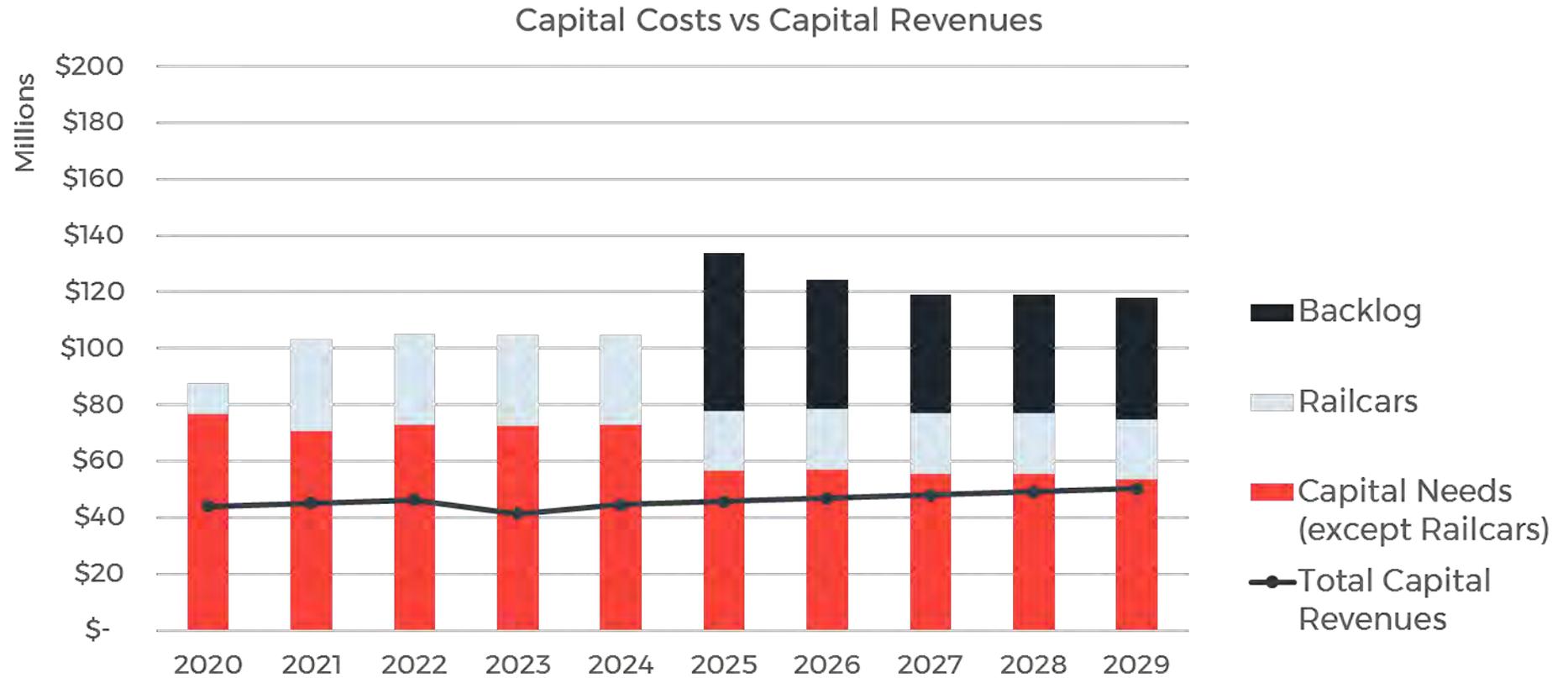
1) RTA's operating costs are generally close to peer average Administrative & paratransit costs are much higher than peers

1. Labor costs (wages and fringe) are well-contained
2. Bus Rapid Transit performance is very efficient across all metrics
3. Rail service costs are lower than average, but service offered is not in line with ridership
4. Administrative costs appear higher than peers
5. Paratransit costs per trip are high, driven by service operated by RTA

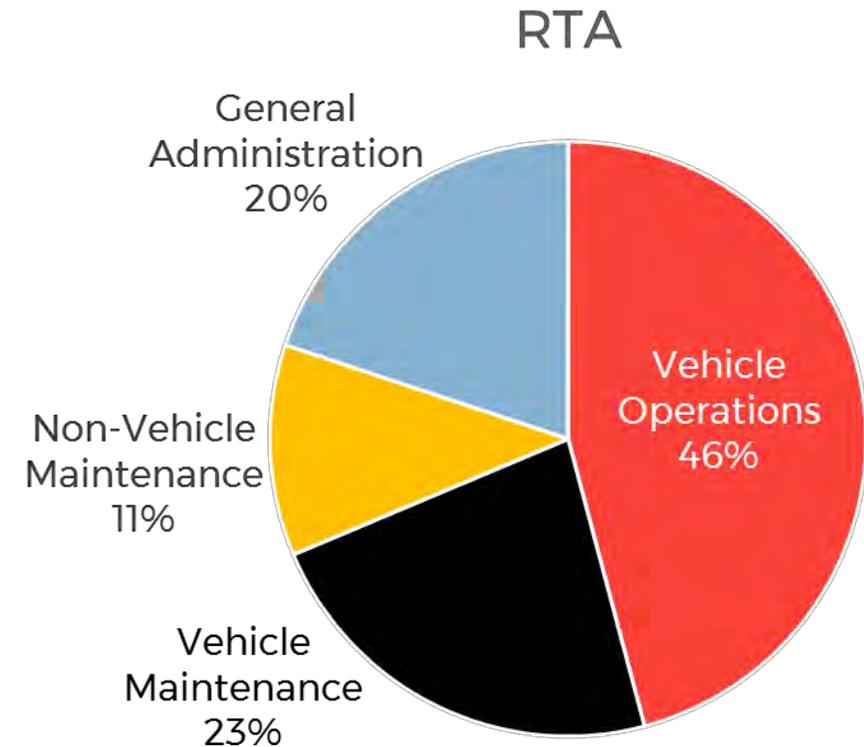
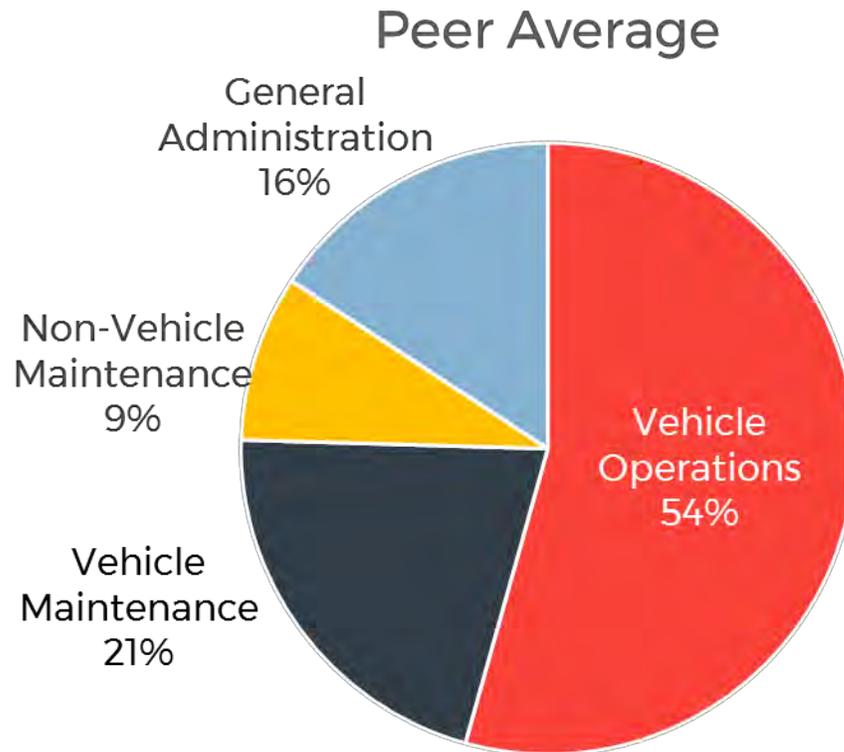
2) RTA is facing major risks on its assets and funding, but opportunities exist to redesign and rethink operations

1. RTA is facing major risks regarding its funding sources
2. Opportunities exist to redesign and rethink operations
3. Public perception of decision-making and goals and demographic changes affect RTA's prospects
4. Aging assets are a major concern, both for rail vehicles and for rail infrastructure
5. Leveraging growth in central urban areas and potential transit-oriented development should be additional priorities

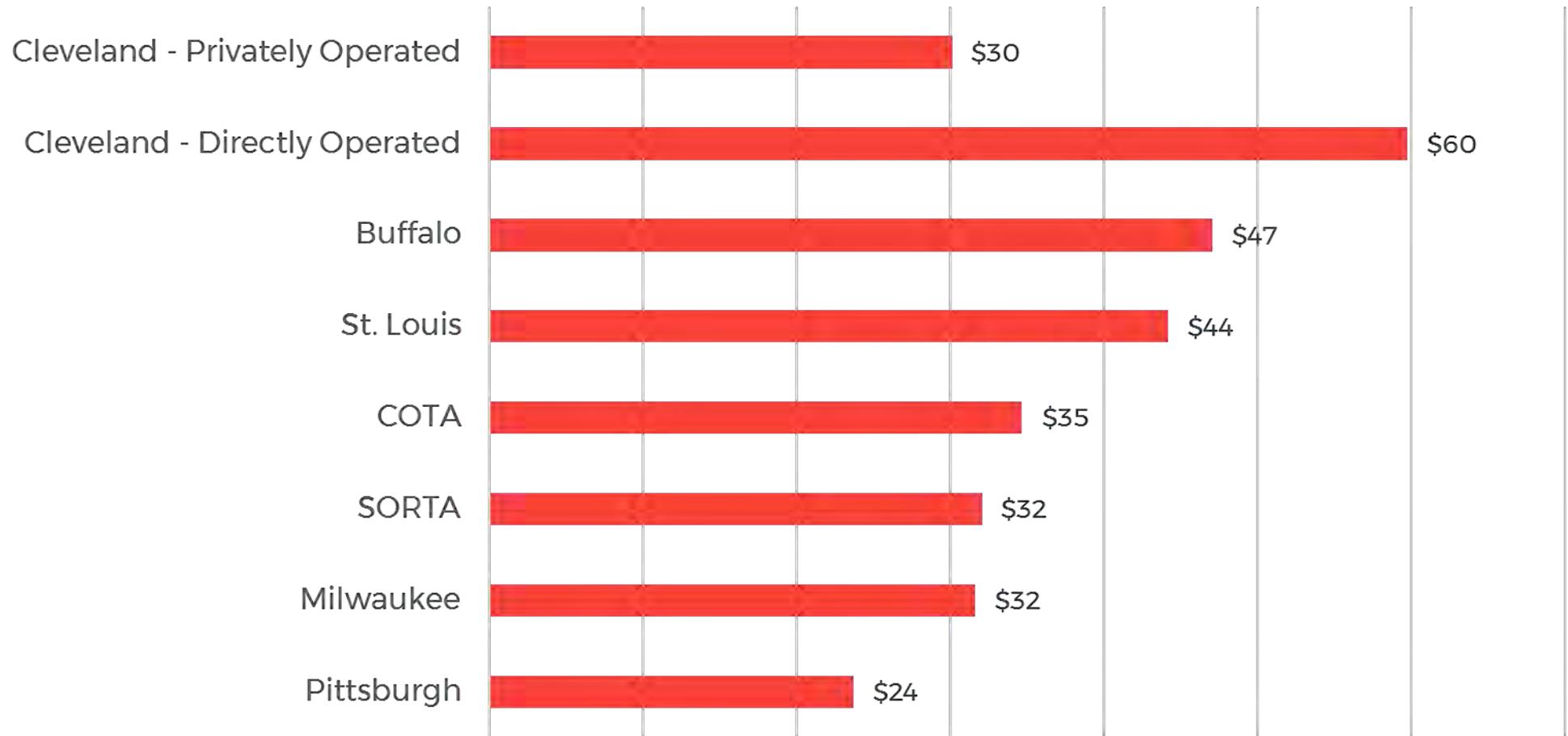
3) RTA's current funding levels are not sufficient for significant capital needs (vehicles and infrastructure)



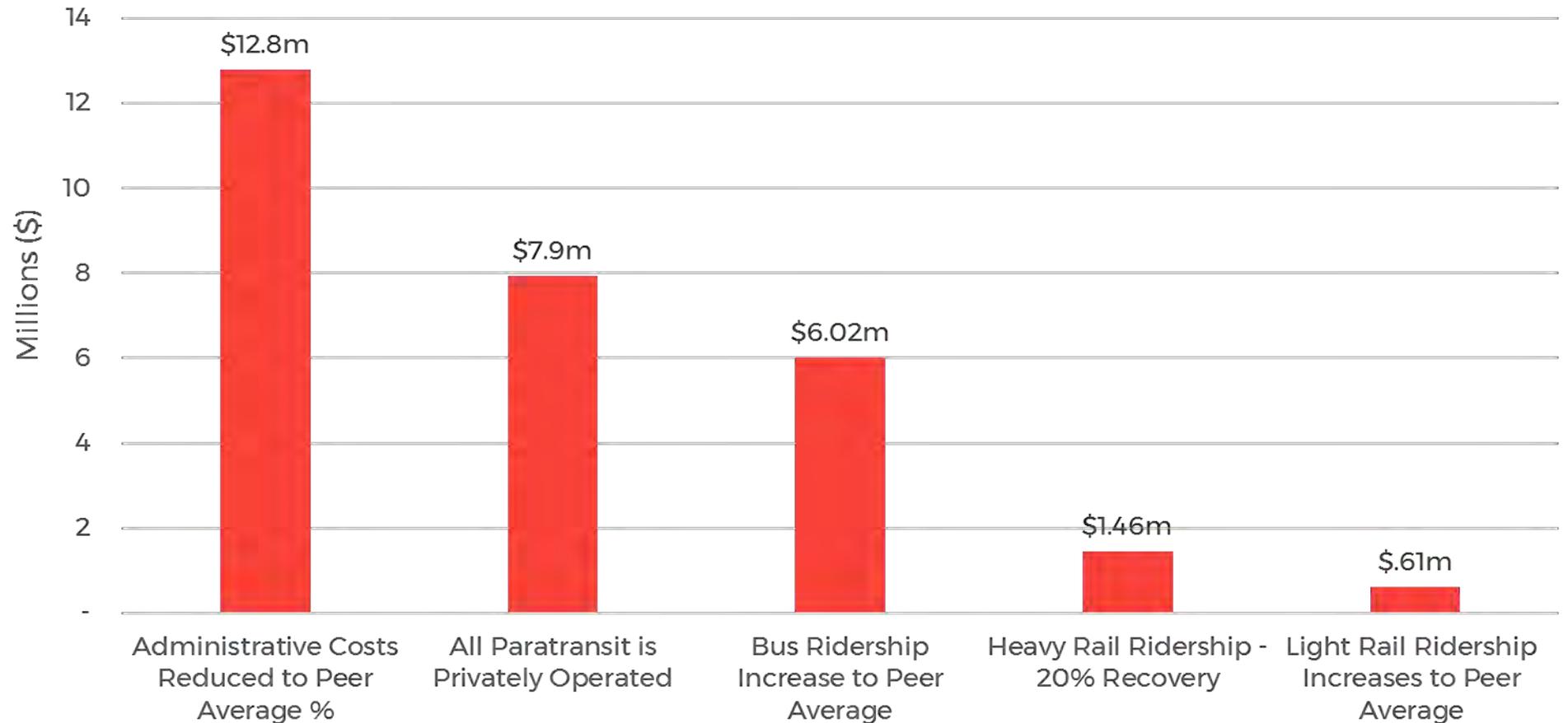
4) Reducing RTA's administrative budget to peer average would free up to \$13 million for operations and maintenance



4) Privatizing all paratransit service would free up to \$7.9 million for operations and maintenance



4) Cost efficiencies and revenue increase strategies could yield up to \$21 million in savings and \$8 million in revenues per year



Source: NTD
Notes: Ridership indexed to 2014 levels.

4) RTA has had success in attracting (re)development through station improvements and new investments

- HealthLine has contributed to attracting over \$9 billion in development to Euclid Corridor since 2008
- Reconstruction of Cedar-University station and relocation of Mayfield - Little Italy Station has boosted ridership and generated millions in redevelopment in nearby areas
 - *Cedar-University ridership up 26%*
 - *Little Italy ridership up 250%*



4) A regional partnership is needed to develop a vision for Cleveland as a transit-oriented region

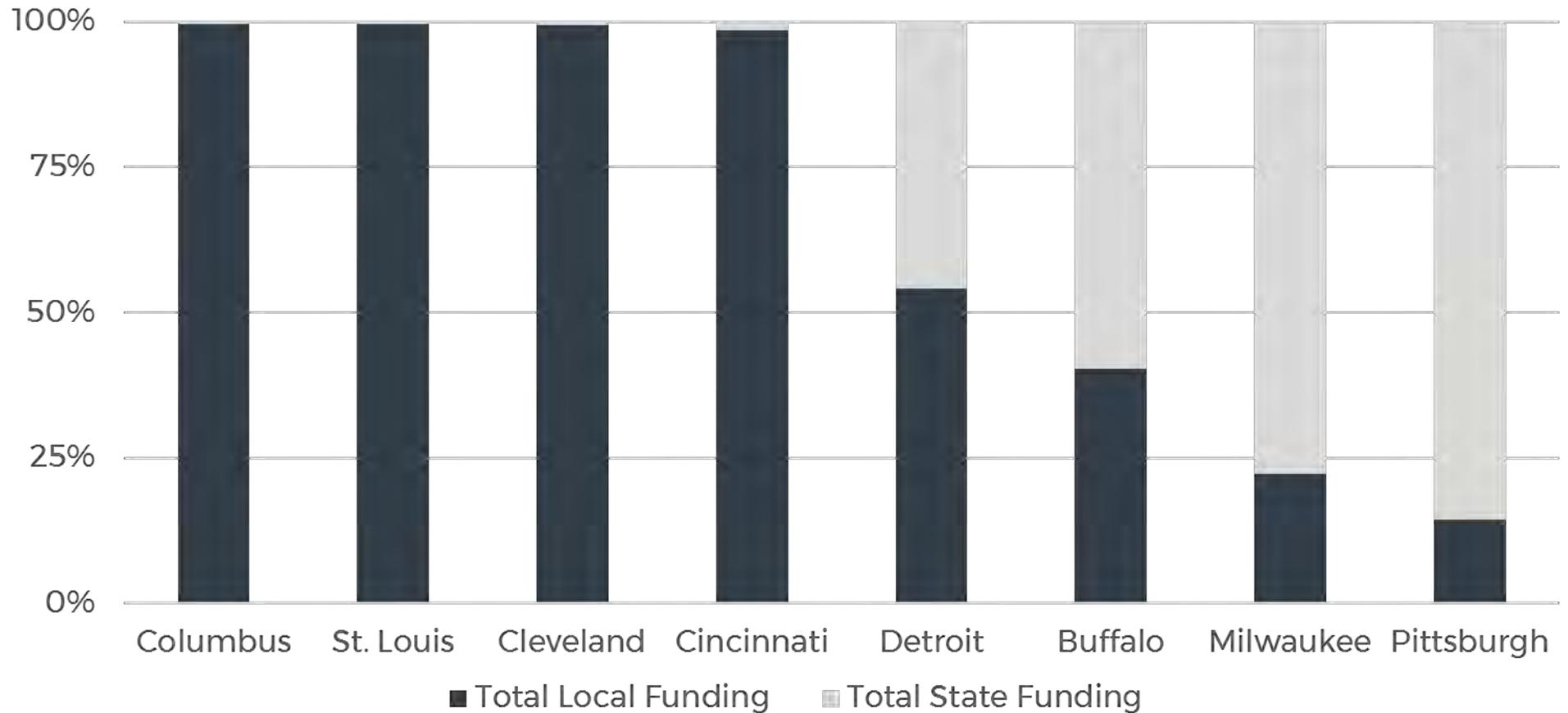
- GCP and business community, major private employers
- Cities, Cuyahoga County
- Ohio Department of Development
- NOACA, ODOT
- Not-for-Profit sector (Fund for Our Economic Future, Cleveland Foundation, Cleveland Neighborhood Progress)
- Institutions providing development finance (Port of Cleveland)

- Develop new incentives to encourage redevelopment and locating jobs in Downtown Cleveland and around major transit services

5) RTA has an advanced Performance tracking system, but lacks in sharing it with its employees and the public

- Leading the way among peer agencies on KPIs
- Lack of public facing dashboards and frequent reporting separates RTA from the “best in class” agencies
- Internal dashboards available to all staff can enhance accountability
- Public dashboard and reporting can help with two key goals:
 - *Customer Service*
 - *Enhancing of RTA’s image*

6) Non-Federal Funding (State and Local): RTA, like other Ohio agencies, mostly relies on local rather than state funding



Note: This figure does not include fare revenues and other directly generated funds, but only external funding accruing to the agencies. Source: National Transit Database

6) Local Funding Focus: RTA relies on sales tax, like most peer agencies

	General Fund	Income Tax	Sales Tax	Property Tax	Tolls	Vehicle Registration Fee*
Cleveland			✓			
Cincinnati		✓				
Columbus			✓			
Buffalo	✓		✓	✓	✓	
Pittsburgh	✓		✓	✓		
Detroit	✓					
St. Louis	✓		✓			
Milwaukee	✓					✓

Source: National Transit Database

*The NTD report shows \$12 million for Other Funds in Milwaukee. Further research showed that the Other Funds correspond to Vehicle Registration Fees.