

Minutes

RTA Operational Planning & Infrastructure Committee

9:02 a.m. November 10, 2020

Committee Members: Joyce (Chair), Lucas (Vice Chair) Byrne, Moss, Pellot, Serrano

Other Board Members: Clough, McCall, Weiss

Not present: Bibb

Also Present: Benford, Birdsong, Bitto, Burney, Caver, Dangelo, Davidson, Davis, Fields, Freilich, Garofoli, Gautam, Kirkland, Laule, Mothes, Orlando, Piggery, Schipper, Shaffer, Sutula, Tarka, Temming, Valentino

Mr. Joyce called the meeting to order at 9:02 a.m. The secretary called the roll and reported that six (6) committee members were present. This meeting was conducted by teleconference for members of the Board in accordance with House Bill 197 of the 133rd General Assembly, signed by the Governor of the State of Ohio on March 27, 2020, the March 9, 2020 order of the Governor of the State of Ohio declaring a public health emergency and the April 30, 2020 order of the Director of the Ohio Department of Public Health prohibiting any gathering of ten (10) or more people. The meeting was live-streamed on RTA's Facebook page (www.facebook.com/rideRTA) for staff and members of the public.

IFB Procurement for W. 30th Street Substation Rehabilitation

Robert Piggery, Engineering Project Manager, Electrical and Jonathan Laule, Contract Administrator, made the presentation. The substation is located at 2334 W.30th Street in Cleveland. This project will provide a complete rehab of the existing facility. Replacement work shall include, but not be limited to the following; all existing switchgear, DC feeder cabling, 1.5 MW rectifier and the transformer. The incoming service to the building is at a higher voltage that they need, so this rectifier transformer will bring the voltage down to a more usable level and it will send that to the rectifier. Since our trains operate on DC and the utility voltage is AC, the rectifier will convert the AC voltage to DC voltage for our trains. On the outside is the rectifier transformer and on the inside is the existing rectifier 600 voltage switchgear. It has been reliable, but it is difficult to find replacement parts because of its age. The way the equipment was manufactured, there are energized components that are exposed to open air. So that is a concern. If you were to visit the substation, there is always a barrier in front of the switchgear.

The justification for the project is that the substation legacy equipment is 1950's vintage. The DC switchgear does not meet current safety standards. On modern switchgears, there are no exposed and energized parts. They are inside of an enclosure. Replacement parts for the switchgear and rectifier transformer are obsolete. Modern substation equipment is more energy efficient. The new substation will improve reliability and reduce maintenance costs. For this project, they will furnish and install the following new equipment: 1,615 kVA Oil Filled Rectifier Transformer (XFMR), 15 kV Load Break Switch, 75 kVA House Power XFMR, 1.5 MW Rectifier, 15 kV AC Switchgear Lineup and 600 VDC Switchgear Lineup.

Previous rehabilitation projects include Buckeye Woodhill Substation – 9528 Buckeye Road, Cleveland, OH(2015), Brookpark Substation – 18305 Cleveland Road, Cleveland, OH (2019) and West 65th St. Substation – 6204 Corona Court, Cleveland, OH (2019). The most recent projects was

the W. 65th Street Substation. He showed a picture of what it looked like before and after construction. A new rectifier, new rectifier transformer and new DC switchgear was installed. They are not exposed or energized parts. They are all located inside of the enclosure. Not only does the equipment have a smaller footprint, it meets current safety standards.

The Invitation for Bid (IFB) was issued August 24, 2020. It was accessed on the GCRTA website by twenty-five (25) interested parties including subcontractors. Five (5) firms submitted a bid. The lowest responsive and responsible vendor was Hatzel & Buehler, Inc. Cleveland, Ohio. A 14% DBE participation goal was assigned to this project and will be achieved through the use of Safeguard Associates, Denise's Flagging and Summit Painting. The firm's experience includes completing projects for the University of Michigan Brighton, Verizon Wireless, and Tri-C, among others. They are currently working on RTA's Puritas Station and Van Aken Substations. Staff requests that the Operational Planning & Infrastructure Committee recommend to the Board of Trustees an award to Hatzel & Buehler, Inc. for the West 30th Street Substation Rehabilitation in an amount not to exceed \$1,557,327.00.

Mr. Joyce asked if the footprint of the new substation is the same as the existing station and will it have the inside/outside component. Robert said the footprint of the building remains the same, but the inside will have more room because the size of the switchgear and rectifier is smaller. It will be more space inside the building for the substation maintainers. Mr. Serrano asked where on W. 30th is the substation located. Robert said it is south of Lorain Avenue and is at a dead end road. Adjacent to the substation are RTA train tracks. Ms. Pellot asked if there is a temperature control at the substation. Robert said there are exhaust fans that open up to control the temperature during the summer and there is heat inside the building in the winter. All the major equipment is located inside the building with the exception of the rectifier transformer.

It was moved by Mr. Serrano, seconded by Mayor Byrne and approved and moved to the full Board meeting.

ESMS Update

Heather Valentino, Program Manager made the presentation. The Environmental Sustainability Management System (ESMS) is how we manage our environmental risks at RTA. Four sites (CBM, Triskett, Hayden, Main Office) are working towards implementing criteria. We're utilizing the ISO 14001:2015 framework to manage the program. This is the newest program. It was originally created in 1996 and has a few different updates. They are working towards different elements of the standard. Items in red are in continual improvement until they have an active program, they have worked through at least a year. To implement the program, they have created core teams. The global team is for those aspects that are over all of the other four sites or the administrative things happening that is consistent from site to site. The rest of the core teams are site specific, cross functional teams in order for them to implement the various aspects.

Each core team identifies significant aspects at each location or how we impact the environment. Electricity consumption and natural gas consumption is a global aspect, because it is one of the significant aspects at each location. During that review, they identified how they manage it and how the goals and programs put in place can be consistent. Hayden and Triskett has identified wash rack water consumption specifically to their location. Main Office has identified paper usage and disposal. Central Bus Maintenance identified paint storage. For 2020, progress has been the creation of procedures, baseline tracking and the development of action plans. For 2021, the first significant portion will be creating goals for those significant aspects, executing action plans and internal audits for compliance. This is a part of the Internal Audit program.

They review RTA's policies annual to determine if it is still relevant and if there are recommended changes. The Core Teams and Management Review did not recommend any changes be made to the policy.

Ms. Birdsong said there is a high priority on sustainability and environmental efforts. They will bring the goals and metrics back to the Board.

Budget Presentations

Kay Sutula, Director of the Office of Management and Budget made the presentation. Today she will present the 2021 Proposed General Fund Budget, proposed increases to the 2020 Budget and increase to the 2021 Capital Improvement Plan. There will also be a Public Hearing on the 2021 Proposed Budget. Proposed changes to the 2020 Budget includes an additional transfer of \$5 million to the Reserve Fund for Rail Car Replacement, for a total transfer of \$10 million 2021 Capital Improvement Plan, \$12.7 million of capital expenditures for the Rail Car Replacement Program, Baby on Board Program, and Light Rail Passenger Shelter.

In May 2020, she presented the 2021 Capital Improvement Plan, which was adopted by the Board. They submit this earlier in the year in order to provide our Capital needs to NOACA, ODOT, and FTA in time for their 2021 Fiscal Years. In July, they presented the 2021 Tax Budget to the Operational Planning & Infrastructure Committee, which was adopted by the Board on July 28th. In August, they began the General Fund Budget Development for Fiscal Year 2021. Today, they will present the Proposed 2021 General Fund Budget, which includes the Operating Budget and Transfers to Other Funds. She will present requested increases to the FY 2020 budget appropriation (an additional transfer of \$5 million for the Reserve Fund for Rail Car Replacement) and FY 2021 Capital Improvement Plan appropriation (an additional \$12.7 million in expenditures). In December, we will again present the Proposed 2021 General Fund Budget, proposed amendments to the FY 2020 budget appropriation and the FY 2021 Capital Improvement Plan appropriation. A second public hearing will be held. They will recommend that the committee present the Proposed 2021 budget, FY 2020 budget amendment, and FY 2021 Capital Improvement Fund budget amendment to the full Board for adoption on December 15, 2020.

This year has presented several challenges with the Coronavirus pandemic. As the economy has started to open over the past several months, spending patterns are projected to slowly rebound. Ridership and Passenger Fare revenue are projected to increase at a modest rate in 2021, compared to post-COVID-19 levels. The U.S. Congress approved stimulus packages, eliminating borrowing caps and lowering interest rates below 0.5%. Inflation is estimated at 1.34% for Fiscal Year 2021. The Federal Open Market Committee (FOMC) estimates inflation and interest rates will help to stabilize prices and help to expand the economy as market conditions slowly improve. Currently, the Authority has received an average yield of 0.79% on its cash investments. The Authority was awarded approximately \$112 million through the CARES (Coronavirus Aid, Relief, and Economic Security) Act. They are not anticipating any additional Federal assistance for 2021 and beyond. Wage increases, which are largely contractual (ATU and FOP), are projected for FY 2021.

Actual Passenger Fares received through September 2020 totaled \$18.7 million. This is 50% below 2019 actual receipts. Passenger Fares are projected to total \$23.8 million by year-end, a 56% decline from 2019. Ridership through September, declined by over 43%. Total Passenger Fares for the Proposed 2021 Budget are projected at \$27.8 million. Sales & Use tax through October totaled \$174.8 million. The year-end projection is \$211.9 million. The estimated revenues for the Proposed 2021 Budget are projected to increase by 1.8% as the economy slowly rebounds. These estimates are conservative due to the uncertainties surrounding the pandemic. Reimbursed Expenditures includes Preventive Maintenance Reimbursement, Force Account Labor reimbursement, and

reimbursements for fuel tax and other miscellaneous items. For the proposed 2021 Budget, reimbursed expenditures are projected at \$19.41 million. They are projecting to transfer the entire PM reimbursement received in 2021 to the Capital Improvement Fund for necessary capital projects. (PM Reimbursement: \$16.8 million). Total revenues for the proposed 2021 Budget are \$268.2 million. The Authority was awarded approximately \$112 million of Federal Funding through the CARES Act. This funding is to help supplement the decline in passenger fare revenues and sales tax receipts and added expenses due to the pandemic. Through October, we have drawn down the entire \$112 million. This funding is to help carry us through Fiscal Year 2022 and beyond.

The Revenue for the 2021 Budget totals \$268.2 million. Of which, the largest three categories are: 80.2% for Sales & Use Tax receipts, 10.3% for Passenger Fares and 6.3% for PM Reimbursement (\$16.8 million). Salaries and Overtime are estimated at \$143.4 million and account for 47.7% of RTA's General Fund Expenses for the proposed 2021 budget. Twenty-three (23) positions have been added, which include 18 vehicle cleaners for COVID-cleaning, 4 Bus/Rail Operator Instructors, and 1 executive position. Total Payroll, which includes payroll taxes and fringes, are estimated to increase by 6.2%, largely due to an increase in hospitalization and prescription costs, negotiated bargaining unit agreements and the 23 new positions. The Energy Price Risk Management Program has helped to stabilize costs of fuel. The Authority's diesel Fuel usage has decreased over the past several years due to implementing more CNG buses into service and retiring older diesel vehicles.

Inventory is projected at \$13.1 million, or 4.4% of General Fund expenditures. The Supply Chain Management section has helped the Authority to maintain predictive maintenance repairs on the Authority's newer fleets and carry out major purchases for supplies and equipment during the Pandemic. The main drivers of the Services and Materials category are service and maintenance contracts, equipment and other miscellaneous supplies. This category is projected at \$21.2 million for the proposed 2021 Budget, or 7% of all expenditures. Most of this category consists of contractual agreements. For those contracts being negotiated, we estimate the budget for the full year based on past history, plus a contingency. Purchased Transportation/ADA is projected at \$9.9 million. The Authority entered into 3 new contracts, starting in June 2019. This increase in 2021 is due to contractual agreements.

For 2020, Transfers to other Funds are projected at \$38.6 million. This includes a request to transfer an additional \$5 million to the Reserve Fund for Rail Car Replacement for a total of \$10 million transfers. Transfers for the Proposed 2021 Budget total \$55.2 million, which includes transfers to Bond Retirement, Insurance, Supplemental Pension, Capital Improvement, and Reserve Funds. These transfers are to support the expected expenses and maintain the recommended fund balances. They are proposing to transfer all of the PM reimbursement funding, totaling \$16.8 million, to Capital to fund needed projects. Expenditures for the Proposed 2021 Budget total \$317.6 million. For FY 2021, 2,356 positions are budgeted. This is an increase of 23 positions from FY 2020. These positions include: 18 vehicle cleaners for additional COVID cleaning; 4 Bus/Rail Operator Instructor positions; and 1 executive position and 88% of the budgeted positions are in the Operations Division.

Total expenditures for the 2021 Budget is projected at \$317.6 million, which includes \$262.5 million for Operating expenditures and \$55.2 million for transfers to other funds. Salaries & Overtime and Payroll Taxes and Fringes remain the top two largest categories at 47.7% and 18.0%, respectively. Total expenditures against total revenues for 2021, 2022, and 2023, the Authority will be operating at a loss for each year. The CARES Act Funding received in 2020 will help to offset these losses and provide stability during the pandemic recovery. Preventive Maintenance reimbursement for 2021 and 2022 (General Fund revenue) will be strategically used for priority projects. Total Operating Expenses are projected at \$262.5 million for the proposed 2021 Budget and \$267.2 million for 2022.

Transfers to other funds are to support the expenses and maintain the recommended ending balances for Insurance, Supplemental Pension, Bond Retirement, Capital Improvement, and Reserve Funds. They requested an additional \$5 million appropriation for FY 2020 to increase the transfer to the Reserve Fund for Rolling Stock / Rail Car Replacement. For the 2021 Budget, transfers are projected at \$55.2 million due to a transfer of \$16.8 million of PM Reimbursement revenue to Capital.

After factoring in the beginning balance for FY 2020, the available ending balance is \$139.7 million. For FY 2021 budget, the ending balance is \$90.2 million. The CARES Act funding is doing what it was planned to do. It will help to offset the losses in revenue due to the COVID pandemic through December 2022 and beyond. This funding will also enable the Authority to invest in the Community through reviewing and implementing recommendations from the Service Redesign and Fare Equity Pillar Studies; provide labor stability; increase capital investments and reduce the capital backlog. The FY 2021-2025 Capital Improvement Plan was approved by the Board of Trustees on May 12, 2020.

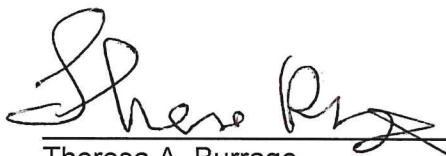
The Capital Improvement Plan provides for the purchase, maintenance, and improvement of the Authority's capital assets through a programmed allocation of available financial resources. An additional \$12.7 million appropriation is requested to the FY 2021 CIP to cover projects that need additional funding or received funding from awards after the Board approved the FY 2021 CIP. These projects include Rail Car Replacement Program increase of \$10.25 million and Baby on Board increase of \$400,000. The Authority received a 100% OTP2 award for a healthy baby initiative, light rail passenger shelter in Shaker, and increase of \$2 million. We received competitive grant from FHWA-CMAQ.

Mr. Joyce suspended the meeting to start the Public Hearing at 9:35 a.m. The committee reconvened at 9:40 a.m. Mayor Clough added that RTA was fortunate to get the CARES money to put it in the position to recover from the lack of revenues received during the Pandemic. Moving forward with additional monies into the Capital Fund and increasing the ending balance is good for RTA. This presentation was an update.

The meeting was adjourned at 9:41 a.m.



Floun'say R. Caver, Ph.D.
Interim Secretary/Treasurer



Theresa A. Burrage
Executive Secretary

