

GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

# 2023

## PROPOSED OPERATING & CAPITAL BUDGET



# 2023 TRANSMITTAL LETTER

**To:** Rev. Charles P. Lucas, President  
and Members, Board of Trustees

**Date:** November 15, 2022

**From:** India L. Birdsong Terry  
General Manager, Chief Executive Officer



**Subject:** Transmittal Letter & Proposed  
FY 2023 Budget in Brief

## EXECUTIVE SUMMARY

We continue to exemplify our mission statement “Connecting the Community” through the various efforts and events throughout the year. We began 2022 with the winter snowstorms, which put a huge strain on all Northeast Ohio, street plowing and our service. Our employees worked tirelessly to maintain service and operators exhibited diligence and commitment to excellence.

The Authority hosted a kick-off event in Public Square in June to promote the launch of a new mobile ticketing solution. This solution, thanks to a partnership with NEORide, Transit App, and Masabi allows transit riders to use the Transit App with EZfare to pay fares, plan trips, and obtain real-time information. We joined EZfare, the platform used by 14 other transit agencies across the region, as well as ridesharing apps Uber and Moovit, allowing customers to purchase fares anytime, anywhere, and travel seamlessly with just a few taps on their mobile device. This enhanced the connectivity for Northeast Ohio riders with adjacent systems as Laketran, PARTA, SARTA, Akron Metro, and Medina County Public Transit (MCPT). Additionally, we installed electronic validators on the HealthLine vehicles and will be installing these on all buses and trains, enabling riders to simply scan their fare displayed on the mobile device when boarding.

We rolled out 16 new HealthLine vehicles connecting downtown Cleveland to University Circle, Cleveland Clinic and Windermere Rapid Station. Some key features of these vehicles include two LCD screens to display real-time information, six ultrasonic sensors to guide the vehicles to the stations, 360-degree security cameras, and added space for bicycles and strollers.

We were the first public transit agency to sign the Hispanic Promise pledge. This is a pledge to hire, promote, retain, develop, and celebrate Hispanic employees and passengers. We honored Hispanic Heritage Month with 22 special bus stop signs along the Clark-Fulton route (#45) with flags that comprise the Hispanic/Latinx diaspora. A bus shelter at Fulton & Marvin featured a banner graphic that incorporates the 22 country flags, and the W. 25<sup>th</sup> / Ohio City station showcased a unique Hispanic Heritage Month decal at the station’s entrance.

In addition to signing the Hispanic Promise Pledge, the Authority is participating in the American Public Transit Administration’s (APTA) pilot Racial Equity Commitment Program. The program is a two-year commitment to participate in a cohort with 30 other transit agencies to create a roadmap on how to advance racial equity within their organizations by examining strategies to deepen our commitment to diversity, equity, and inclusion.

Inspired by Paul Laurence Dunbar’s poem, “We Wear the Mask,” a pop-up mural was painted on an RTA wall in the Buckeye-Woodhill neighborhood. This mural is an artistic expression of what it means to wear the mask today and sheds light on the suppressed trauma of people of color as they wear the mask of conformity. In collaboration with Graffiti HeArt, the Authority arranged for French graffiti artist Blek Le Rat to stencil one of his most famous pieces “The Man Who Walks Through Walls” on a pier of the Cuyahoga River Viaduct Bridge near Merwin’s Wharf restaurant.

The Board of Trustees approved the Transit Police Ambassador program in 2021. Our Transit Police, Marketing, and HR teams have worked together to implement the Transit Police Ambassador program in September. The program consists of Ambassadors and Community Outreach Specialists. The Ambassadors are tasked with providing riders with information regarding purchasing passes, route guidance, boarding/alighting the vehicles, reporting safety issues, and much more. The Community Outreach Specialists assist with mental health issues, crisis and substance abuse outreach, diffusing immediate crises, and serving as a resource to the riding public. These teams initially provided coverage on the HealthLine and rail stations before expanding to other routes and locations.

The Authority was awarded \$4 million from the Federal Transit Administration (FTA) to assist with upgrades to its buses and bus facilities. We were one of five agencies to receive an award under this grant and used the funds to replace the roof at Hayden Garage. We were also awarded \$11.5 million from two Ohio Department of Transportation (ODOT) transit funding programs. The first award of \$8 million through ODOT's Ohio Transit Partnership Program (OTP2) will go towards our rail car replacement program, The second award of \$3.5 million from ODOT's Urban Transit Program (UTP) will go towards the Authority's bus replacement program. These funds will be used to replace six (6) 40-foot diesel buses with six environmentally friendly 40-foot Compressed Natural Gas (CNG) powered buses.

We hosted a free "Touch a Truck" event in August in downtown Public Square. Trucks included Transit Police cars, motorcycles, and command vehicle, HealthLine bus, Trolleys, salt trucks, mobile mechanic truck, front-end loader, Paratransit vehicles, and an inflatable train. In addition to vehicle demonstrations, Transit Police was on-site with their K-9 teams and Operation Kidwatch, a program where children interacted with Transit Police Officers to learn valuable safety tips and create a child ID.

In March we hosted "RTA 101", an introduction to public transit for local government elected officials. During the 90-minute session, attendees were provided with vital information on GCRTA and gave our staff an opportunity to thank local Ohio leaders for their support of public transportation in Greater Cleveland. Our staff had the honor of meeting with U.S. Secretary of Transportation Peter Buttigieg and U.S. Congresswoman Shontel Brown who were in town to highlight the impact of the Infrastructure Investment and Jobs Act (IIJA) on Cleveland. We facilitated a panel discussion with them about the future of workforce development and the Secretary spoke about the transformative impact that the infrastructure and jobs act will have on the public transit industry going forward.

Some additional highlights:

- Implemented a Community Connection Line, enabling customers to communicate their experiences
- Worked with Care Alliance Health Center and area agencies to provide free COVID vaccinations and booster shots to areas within Northeast Ohio
- Implemented a Positive Impact Program / Operator Mentorship Program
- Held several job fairs including at the West Park Rapid Station and the Spanish American Committee Facility
- Held the 4<sup>th</sup> Annual GCRTA Rail Rodeo
- Participated in the Pride in the CLE March, Puerto Rican Parade, and White Cane Walk
- Implemented the "Let's Go Together" ridership campaign
- Donated two motorcoaches to Tri-C for the CDL training courses

These initiatives and projects, among countless others, are the mechanisms by which we continue to connect the Greater Cleveland community. Through our commitment to serving our patrons, we continue to improve the quality of life for all residents of Northeast Ohio.

## 2023 PROPOSED BUDGET IN BRIEF

The Proposed FY 2023 Budget supports the daily operating activities of the Authority. The following pages discuss the assumptions used in developing the Proposed FY 2023 Budget.

### INFLATION

Inflation peaked at 9.1% in June 2022 and the Federal Reserve Bank of Cleveland expects inflation to drop to 8.0% at the end of 2022. For 2023, a steady decline is expected to continue, and inflation is expected to end the year at 3.5%. Kiplinger is projecting that inflation will ease from 7.7% at the end of 2022 to 5.5% by spring and as low as 3.5% by the end of 2023. On-going shortages of raw materials and computer chips, as well as supply chain disruptions are expected to ease by the end of 2022. Moody's Analytics has forecasted that inflation will lessen and GDP will increase grow 1.4% by late 2023.

### INTEREST RATES

Moody's Analytics expects the interest rates to remain between 4.0% to 4.25% through 2023 and start cutting interest rates in 2024. Kiplinger reports the Federal Reserve will need to keep raising interest rates above 3.5% until core inflation slows.

## Revenues

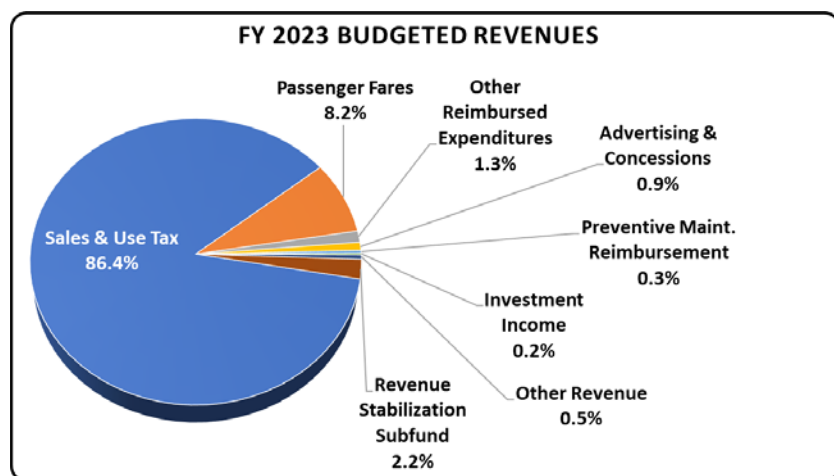


Figure 1

During the past 2 years, the Authority received federal stimulus funding under the Coronavirus Aid Relief and Economic Securities (CARES) Act, Coronavirus Response & Relief Supplemental Act (CRRSAA), and the American Rescue Plan (ARP). The Authority drew down the remaining \$81.2 million through the American Rescue Plan (ARP) in 2022. No additional stimulus funding is expected.

Total Revenue is budgeted at \$299.9 million. Sales Tax and Passenger Fares are the Authority's primary sources of

unrestricted revenue representing 86.4% and 8.2%, respectively of the total projected revenues.

Ridership in 2019 totaled 32.05 million riders. With the pandemic, total ridership in 2020 was 46.3% below 2019 levels, and in 2021, the first full year of the pandemic, ridership was 50.2% below 2019 pre-pandemic levels. Ridership through September 2022 is down 43.0% compared to the same period in 2019. Ridership continued to return slowly through September and has increased 18.6% compared to the same period in 2021. Ridership for 2023 is budgeted at 18.7 million riders, an increase of 2% compared to 2022. For 2024 and 2025, ridership is projected to increase 2.0% each year. See figure 2.

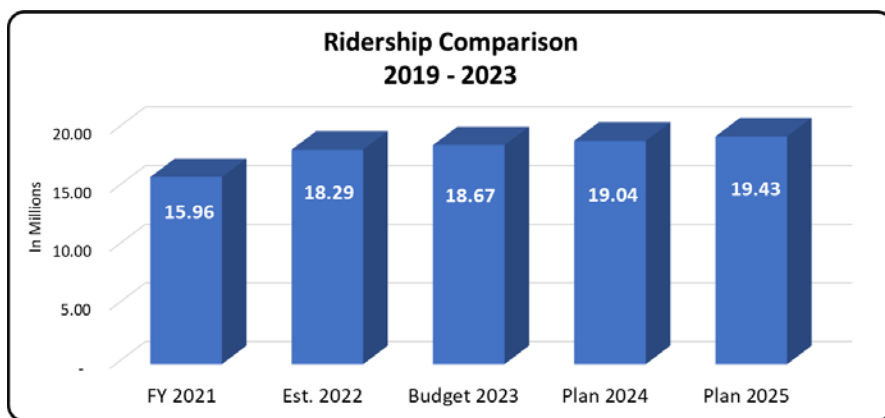


Figure 2

Passenger Fares are projected to end 2022 at \$24.2 million. For 2023, Passenger Fares are budgeted at \$24.7 million, a 2% increase from 2022 levels. For the outyears, Passenger Fares are projected at \$25.2 million and \$25.7 million, respectively.

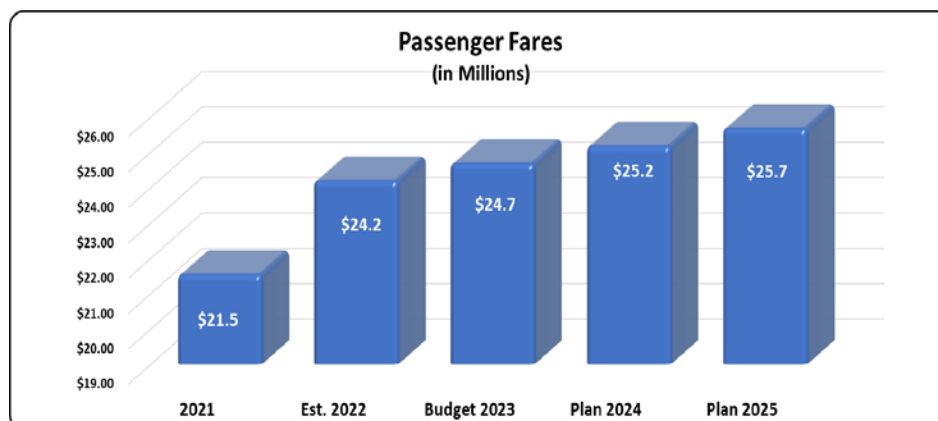


Figure 3

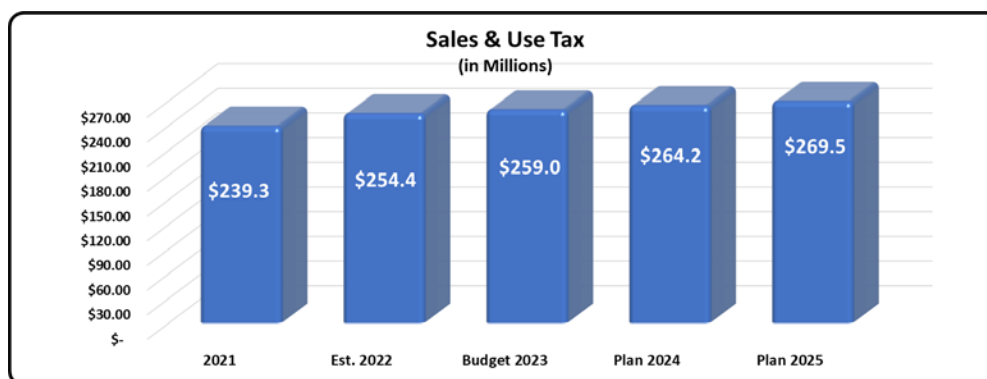


Figure 4

economic recovery. Through October 2022, sales tax is up 6.6%, compared to 2021. Inflation is expected to stay above five percent into the spring of 2023, which will further contribute to sales tax growth, however, rising costs and continued supply chain issues could result in decreased consumer demand. Sales tax is budgeted to increase by 1.8% in 2023 and projected to increase by 2.0% in 2024 and 2.0% in 2025.

Advertising & Concessions is composed of two sub-categories: advertising and naming rights. The naming rights includes Cleveland Clinic Foundation and University Hospitals for the HealthLine and area shelters; Cleveland

Student ridership increased in 2022 as students returned to in-class learning. A new contract was signed with Cleveland Metropolitan School District (CMSD) for the 2022-2023 school year. U Pass agreements were also signed with several colleges and universities as in-school learning was re-established.

Sales & Use Tax is the largest source of operating revenue for the Authority. The Authority receives revenue from a 1.0% Sales & Use Tax collected in Cuyahoga County.

Sales tax revenue has maintained strong growth in 2022, mainly due to

State University for the CSU Line; MetroHealth for MetroHealth Line; and Cuyahoga Community College (Tri-C) for E. 34<sup>th</sup> Rapid Transit Station for HealthLine Shelters.

The Advertising & Concessions category is budgeted at \$2.6 million in 2023, which aligns with the 2022 estimate, and more than doubles the revenues received during 2021.

Advertising & Concessions revenue is projected at the same level for 2024 and 2025.

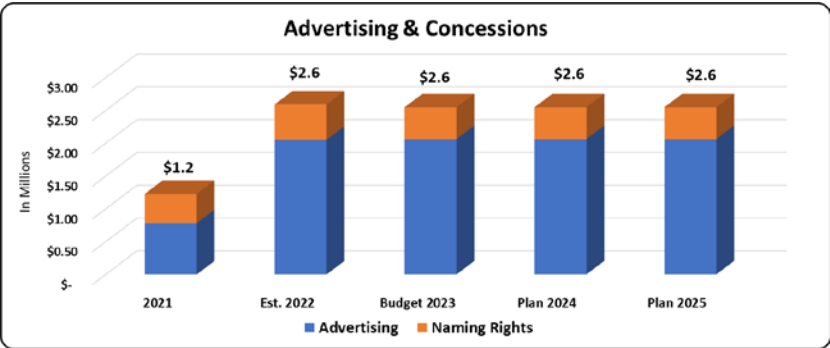


Figure 5

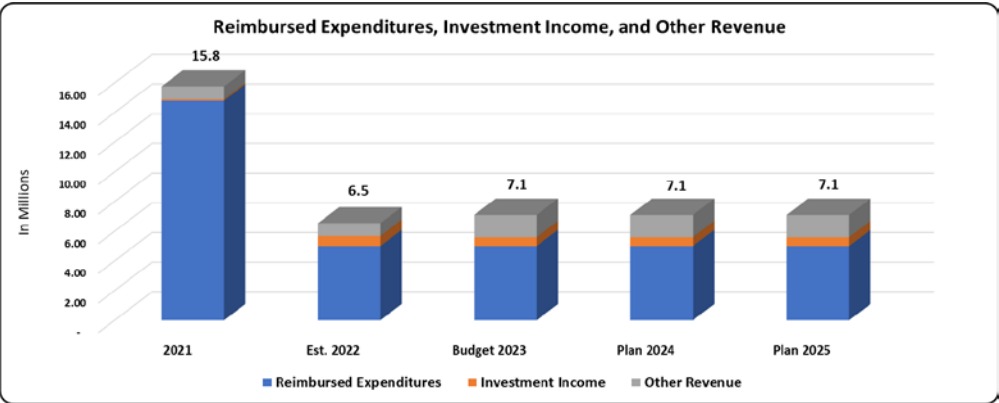


Figure 6

Investment income is budgeted at \$600,000 in 2023. The Authority is currently receiving an average of 1.23% on its cash investments.

With the receipt of the stimulus funding, the Authority made a strategic decision to reduce Preventative Maintenance (PM) reimbursements to

fund much needed but unfunded capital projects. The PM Reimbursement for FY 2022 through 2025 was reduced to \$1 million for grant close-outs. The formula grants in the out years will be used for unfunded or under-funded projects. Other reimbursed expenditures include fuel tax reimbursements and force account labor reimbursements. Other Revenue is budgeted at \$1.5 million for 2023 and the subsequent years through 2025. Other Revenue includes various miscellaneous receipts from contractors, hospitalization, claim reimbursements, rent, and salvage sales.

In 2021, the Authority made a strategic decision to set aside \$85 million in the Reserve Fund for Revenue Stabilization. This fund was created to support the operations by transferring funds back to the General Fund when needed to make up for the decline in passenger fare revenues. This approach will also ensure that the Authority complies with the one-month year-end reserve Board Policy goal. In 2022, an additional \$50 million was transferred to the Revenue Stabilization sub-fund. For FY 2023, \$6.5 million is budgeted to be transferred back to the General Fund. For FY 2024 and FY 2025, \$30 million and \$34 million, respectively, are planned to be transferred to the General Fund.



## Expenditures

The total expenditures for FY 2023 are budgeted at \$324.3 million. This includes \$282.4 million for the Operating expenditures and \$41.9 million for required transfers to other funds. Total personnel costs, which includes salaries, overtime, payroll taxes, and fringe benefits, represent 65.9% of the operating budget.

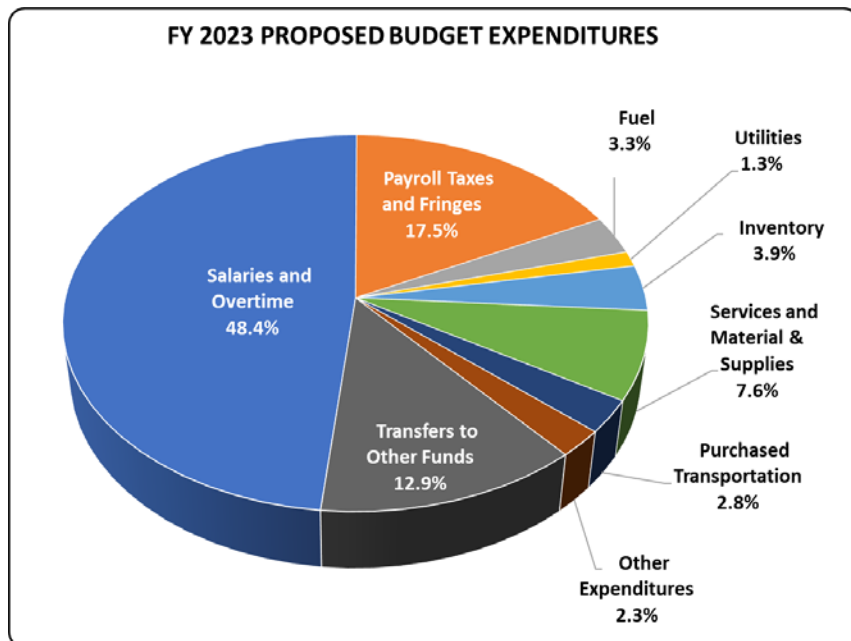


Figure 7

salaries, overtime, payroll taxes, and fringe benefits, represent 65.9% of the operating budget.

Fuel and utilities total 4.6% of the operating budget. Fuel includes diesel, CNG, propulsion power, propane, and gasoline. Utilities include water/sewer, electricity and natural gas for the facilities, as well as telephone and internet services.

Services, Materials, and Inventory include all service and maintenance contracts, materials, office supplies, inventory, and supplies for the upkeep of the buildings, stations, and vehicles. These categories represent 11.5% of the operating budget. Purchased

Transportation represents expense for the third-party contractors for ADA Paratransit services. This represents 2.8% of the operating budget. Other expenditures include workers' compensation costs, insurance premiums, claims payments, travel and training costs, and tuition reimbursement expenses. The Other Expenditures category represents 2.3% of the total operating budget. The last category, Transfers to Other Funds, includes transfers for specific set-asides that are required by various policies and sound financial management. This category totals 12.9% of the total expenditures for FY 2023.

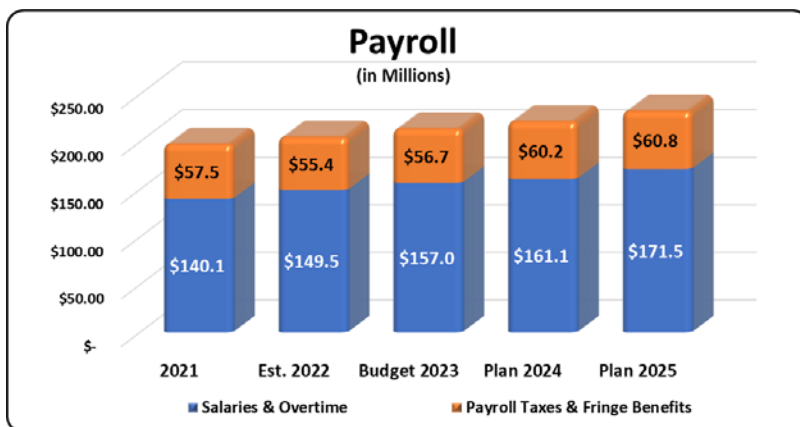


Figure 8

Salaries and overtime represent the largest portion of the expenditures, at \$157.0 million. This includes wage increases for all employees, covering ATU and FOP union employees, as well as non-bargaining employees.

Payroll Taxes and Fringes are the second largest category, at \$56.7 million. A new contract budgeted for healthcare, vision, dental, life, and prescription costs beginning in FY 2023.

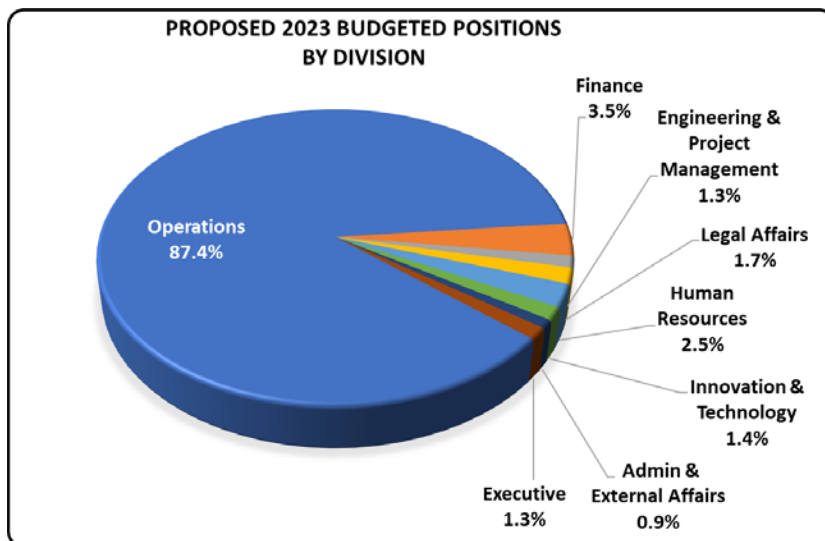


Figure 9

Payroll is budgeted for 2,396.5 Full-Time Equivalent (FTE) positions for FY 2023. This is an increase from FY 2022 by 15 positions. In FY 2022, 8 Transit Police Fare Enforcement FTEs were exchanged for 8 Transit Police Ambassadors and Crisis Intervention Specialists. The FY 2022 budget was amended from 2,374.5 FTEs to 2,381.5 FTEs with the addition of 7 Transit Police Civilian Oversight Committee members. For the FY 2023 budget, 5 positions were added to Transit Police department's budget, including Ambassadors and Crisis Intervention Specialists; 4 additional FTEs were added for the Innovation and Technology (IT)

and Information Technology Systems (ITS) departments; 2 FTEs were added to facilities for labor and cleaning; and 3 administrative FTEs were added.

Of the 2,396.5 FTEs, 83.4% are within the 2 unions (Amalgamated Transit Union and Fraternal Order of Police). The remaining 16.6% are non-bargaining positions. The Operations Division holds the majority of the positions in the Authority. These positions include bus and rail operators, mechanics, service supervisors, janitorial and facilities staff, service planning, and a variety of other positions to keep our buses, trains, facilities, and right-of-way in operation and suitable working condition.

The remaining divisions are administrative in nature and support the operations of the Authority, through engineering, finance, analysts, human resource staff, lawyers, and executive personnel.

The Energy Price Risk Management program has stabilized the Fuel expense which has been one of the Authority's most volatile expenses. The diesel fuel usage has decreased over the past several years due to more CNG buses placed into service and retiring the older diesel buses, however the diesel price per gallon has increased over the past year. As gasoline prices increased over \$4.00 per gallon, diesel prices soared to over \$6.00 per gallon.

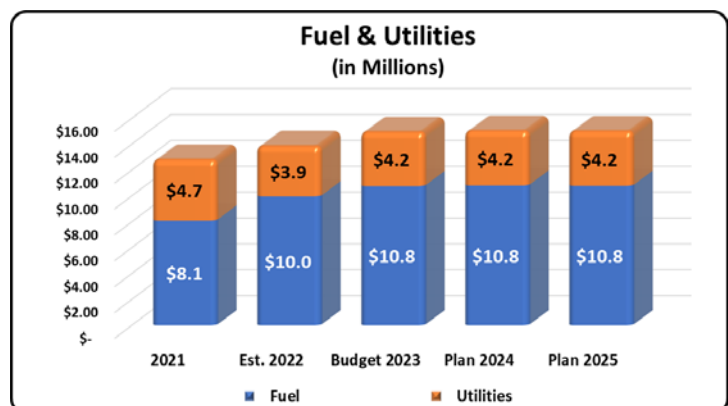


Figure 10

The Energy price Risk Management program helped in stabilizing the cost with minimal negative impact to the operating budget.



The Authority placed 16 new HealthLine articulated vehicles in service in late 2021 and 20 40-foot CNG buses in 2022. The Authority is expecting 20 CNG buses to be delivered in 2023. The total fuel cost for FY 2023 is budgeted at \$10.8 million. This includes diesel, CNG, propane, gasoline, and propulsion power for the trains.

Utility costs are budgeted at \$4.2 million for FY 2023. This category includes natural gas and electricity for facilities, water/sewer, telephone, and internet expenses. The Authority has reduced electricity costs by re-negotiating a contract in 2021, which has established favorable rates through 2024. A new contract was negotiated for natural gas mid-year 2022.

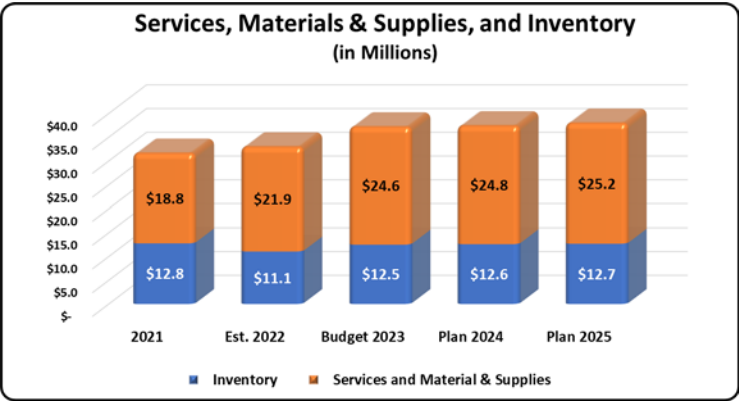


Figure 11

The main categories in Services, Materials & Supplies and Inventory are maintenance and other contracts, advertising costs, equipment, and supplies for the upkeep of facilities, equipment, and vehicles. Inventory is budgeted at \$12.5 million for FY 2023. The Supply Chain Management section of Fleet Management has helped the Authority maintain parts for the predictive and preventive maintenance repairs and other repairs of revenue fleets. Supply Chain Management also maintained an inventory for the supplies and equipment for

cleaning and sanitizing, personal protective equipment, and other equipment needed during the COVID pandemic. The predictive maintenance program began in 2015 where vehicles are serviced based on a proactive maintenance program, which ensures greater reliability of our bus and rail fleets. Services, Materials & Supplies are budgeted at \$24.6 million and include maintenance and other contractual services and purchases. These purchases include smaller items and one-time purchases not covered under the Inventory program.

Purchased transportation is budgeted at \$9.2 million for FY 2023. This includes the ADA/Paratransit trips. The Authority entered three new contracts in June 2019 with Provide-A-Ride, Senior Transportation Connection (STC), and GC Logistics. These contracts included a tablet for operators, which displays rolling-90 minutes of trips, a connected dispatch system, and a united training program. New contracts will be negotiated mid-2023.

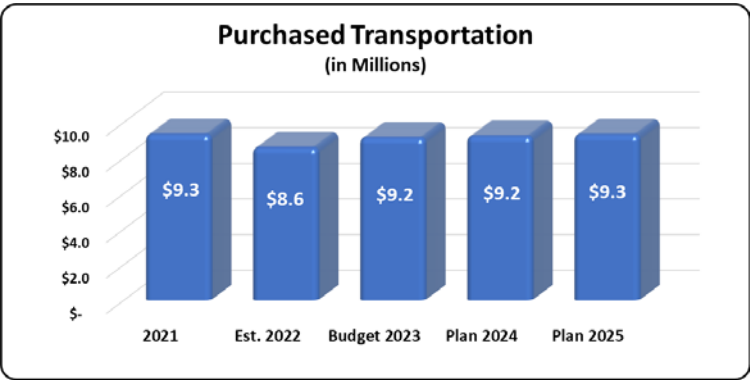


Figure 12

The Other Expenditure category includes workers’ compensation costs, purchased insurance premiums, travel and training expenses, and other miscellaneous expenses. This category is budgeted at \$7.4 million for FY 2023. Nationally and internationally, insurance premiums have increased in part due to the increased number of natural disasters and global COVID-19 pandemic. (See figure 13)

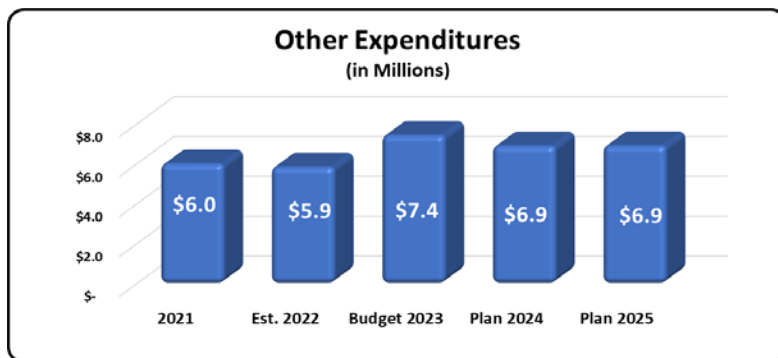


Figure 13

Transfers to Other Funds are set asides for specific needs required by various policies. Total transfers to other funds are budgeted at \$41.9 million for FY 2023. The transfer to the Bond Retirement Fund in 2021 included debt service on the Authority's outstanding debt and the debt defeasance. For FY 2023, the transfer to the Bond Retirement Fund is for the debt service payments.

The transfer to the Capital Improvement Fund is to cover the 100% locally funded capital projects in the RTA Capital Fund, and local matches for most grant-funded projects in the RTA Development Fund. The total contribution to capital is budgeted at \$28.5 million and includes the transfers to the Capital Improvement Fund and Bond Retirement Fund. The Authority made a strategic decision in 2021 to repurpose all PM reimbursements for unfunded and under-funded capital projects. Additional funding was transferred to capital in 2021 and 2022 to pay for unfunded capital projects. For 2023, the PM reimbursement is only budgeted at \$1.0 million largely for use when closing grants. In FY 2024 and FY 2025, transfers to capital are projected to be \$26.4 million and \$27.0 million, respectively.

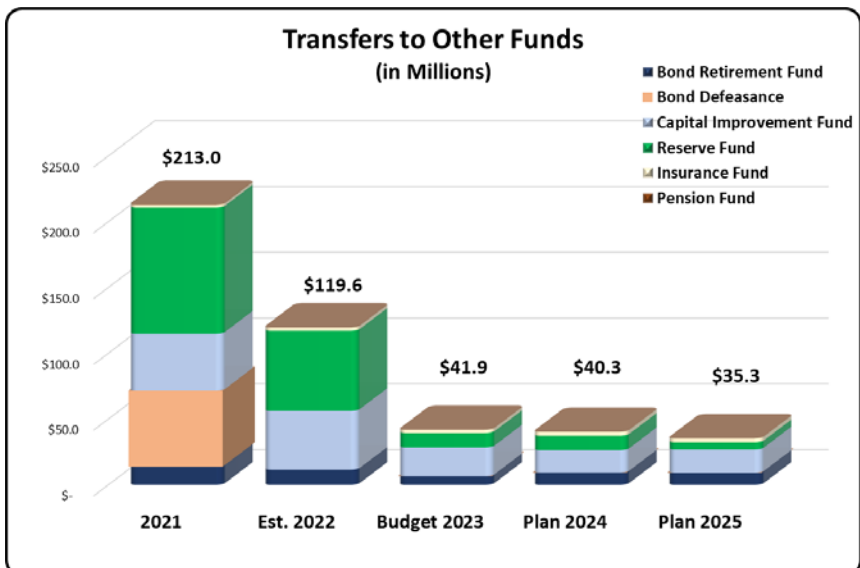


Figure 14

A \$2.5 million transfer to the Insurance Fund is budgeted in FY 2023. This transfer is to cover expected expenses and to maintain the \$5 million required balance. A transfer of \$10.9 million is budgeted to the Reserve Fund for 1/12<sup>th</sup> of the 27<sup>th</sup> pay for hourly and salary employees, and \$10 million for the replacement of the rail cars. In 2022, an additional \$50 million was transferred to the Reserve Fund for the Revenue Stabilization Sub-Fund. This is to help make up for the slow recovery in passenger fare revenues, and to maintain a 1-month ending balance required by policy when needed. No transfer is budgeted for the Supplemental Pension Fund as the fund has maintained the recommended ending balance.

## SERVICE LEVELS

<b>2023 Budgeted Service Levels By Mode</b> <b>Compared to 2022 Budgeted Service Levels by Mode</b>								
Service Mode	Service Hours				Service Miles			
	2022 Budget	2023 Budget	Variance	Percent Variance	2022 Budget	2023 Budget	Variance	Percent Variance
<b>Rail</b>								
Heavy Rail (Red)	143,000	143,000	0	0.0%	2,600,000	2,600,000	0	0.0%
Light Rail (Blue/Green)	53,336	53,336	(0)	0.0%	756,852	756,852	0	0.0%
<b>Rail Total</b>	<b>196,336</b>	<b>196,336</b>	<b>(0)</b>	<b>0.0%</b>	<b>3,356,852</b>	<b>3,356,852</b>	<b>0</b>	<b>0.0%</b>
<b>Bus</b>								
<b>Bus Total</b>	<b>1,255,020</b>	<b>1,255,020</b>	<b>0</b>	<b>0.0%</b>	<b>15,066,089</b>	<b>15,066,089</b>	<b>0</b>	<b>0.0%</b>
<b>Sub-Total Bus &amp; Rail</b>	<b>1,451,357</b>	<b>1,451,356</b>	<b>(0)</b>	<b>0.0%</b>	<b>18,422,941</b>	<b>18,422,941</b>	<b>0</b>	<b>0.0%</b>
<b>Paratransit</b>								
In-House	167,110	157,715	(9,395)	-5.6%	2,368,900	2,733,980	365,080	15.4%
Contract	214,739	159,102	(55,637)	-25.9%	3,128,614	2,758,014	(370,600)	-11.8%
<b>Sub-Total Paratransit</b>	<b>381,849</b>	<b>316,817</b>	<b>(65,032)</b>	<b>-17.0%</b>	<b>5,497,514</b>	<b>5,491,994</b>	<b>(5,520)</b>	<b>-0.1%</b>
<b>Total</b>	<b>1,833,206</b>	<b>1,768,173</b>			<b>23,920,455</b>	<b>23,914,935</b>		

Figure 15

The Authority implemented the NextGen service in June 2021 in response to the System Redesign Pillar Study. This service provides customers greater frequency of service with greater connectivity. Additionally, NextGen provides more cross-town routes allowing customers more access to all Cuyahoga County has to offer. No service changes are projected for fixed routes in FY 2023. In 2021 and 2022, Paratransit adjusted and adapted to a new business process to increase the number of passengers per hour. The result is a decrease in hours with little decrease in miles, thus becoming more efficient in providing service to passengers. For FY 2023, this new business model strategy is annualized.

2023 Budget Financial Policy Goals							
		Goal	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
Operating Efficiency	Operating Ratio	≥ 25%	8.9%	10.5%	9.9%	9.8%	9.6%
	Cost per Service Hour		\$154.3	\$157.6	\$169.4	\$173.9	\$180.8
	Growth per Year	≤ Rate of Inflation	0.0%	2.1%	7.5%	2.6%	4.0%
	Operating Reserve (Months)	≥ 1 month	2.9	2.2	1.0	1.0	1.0
Capital Efficiency	Debt Service Coverage	≥ 1.5	3.13	10.22	4.45	4.62	4.24
	Sales Tax Contribution to Capital	≥ 10%	48.0%	22.1%	11.0%	10.0%	10.0%
	Capital Maintenance to Expansion	75%- 90%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure 16

An **Operating Ratio** of at least 25% is required by the Board. This efficiency ratio compares operating revenues (passenger fares, advertising, and investment income) to operating expenses. With ridership down compared to pre-pandemic levels, the Operating Ratio is budgeted at 9.9% for FY 2023. The Authority is not likely to meet this goal. Although in-person learning has started again with the 2021-2022 school year, some schools have continued the virtual learning and many businesses continue to have their employees either partially or permanently telecommuting.

An **Operating Reserve** of at least 1 month (30 days) is required to cover any unforeseen or extraordinary fluctuations. With a 1.0-month Operating Reserve budgeted for FY 2023, the Authority is well prepared through FY 2024. The assistance from the CARES Act, CRRSAA, and ARP have helped the Authority to adjust to the reduced ridership due to the pandemic.

The **Growth per Year** is the change in the cost per hour of revenue service from one year to the next. This growth rate is to be kept at or below the level of inflation (for 2023, around 5.5%). This efficiency ratio shows the cost of delivering a unit of service compared to the prior year. Operating expenses are increasing for FY 2023 by 7.5% compared to estimated expenses in FY 2022 and service levels have not changed.

**Debt Service Coverage** is a ratio measuring the Authority's ability to meet annual interest and principal payments on outstanding debts. With the increased ending balance due to the assistance from the Federal stimulus funding and a defeasance of approximately \$57.5 million in bonds in 2021, the Debt Service Ratio is budgeted at 4.45 for FY 2023.

Current Board policy requires that a minimum of 10% of Sales & Use Tax revenue be applied to the capital needs of the Authority. These funds are used to meet the Authority's annual debt service payments, provide the local match for grant-funded projects, and fund routine capital and asset maintenance projects. An additional \$29.5 million was transferred in 2022 for unfunded and under-funded capital projects. For FY 2023, the **Sales Tax Contribution to Capital** is budgeted at 11.0%, with \$28.5 million being transferred to capital. This goal will be met.

The Board recognized that an emphasis must be made to maintain the Authority's existing capital assets. **The Capital Maintenance to Expansion** is to be maintained between 75% and 90%. At 100% for the FY 2023 budget, the Authority's emphasis continues to be on maintaining and improving its assets rather than an expansion of the system.

## CAPITAL IMPROVEMENT PLAN

2023 - 2027 COMBINED CAPITAL IMPROVEMENT PLAN Combined Budget Authority						
PROJECT CATEGORY	2023 Budget	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2023-2027
Bus Garages	\$3,525,000	\$3,900,000	\$0	\$2,150,000	\$500,000	\$10,075,000
Bus Improvement Program	\$37,066,750	\$23,066,750	\$23,066,750	\$23,066,750	\$23,066,750	\$129,333,750
Equipment & Vehicles	\$9,144,354	\$5,205,541	\$15,114,144	\$15,966,353	\$13,504,893	\$58,935,285
Facilities Improvements	\$21,990,000	\$24,358,786	\$13,635,000	\$15,725,000	\$12,405,728	\$88,114,514
Other Projects	\$2,643,750	\$4,643,750	\$23,143,750	\$26,143,750	\$2,643,750	\$59,218,750
Preventive Maint./Oper. Reimb.	\$2,076,041	\$1,801,041	\$1,120,282	\$8,452,021	\$12,109,100	\$25,558,485
Rail Car Program	\$30,550,000	\$39,400,000	\$34,000,000	\$21,700,000	\$11,500,000	\$137,150,000
Rail Projects	\$24,982,500	\$44,192,500	\$34,630,759	\$31,944,241	\$19,575,050	\$155,325,050
Transit Centers	\$1,300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$2,500,000
<b>TOTALS</b>	<b>\$133,278,394</b>	<b>\$146,868,368</b>	<b>\$145,010,685</b>	<b>\$145,448,115</b>	<b>\$95,605,271</b>	<b>\$666,210,834</b>

Figure 17

The Capital Improvement Plan (CIP) for 2023-2027 was approved by the Board of Trustees on May 24, 2022. The CIP provides for the purchase, maintenance, and improvement of the Authority's capital assets through a programmed allocation of available financial resources. The capital assets of the Authority are varied and include such items as buses, rail cars, rail right-of-way infrastructure, facilities, equipment, non-revenue vehicles, and other capital assets needed to support the on-going operations of the Authority. The life cycle of these capital assets extends over a period of years and effective capital improvement planning provides the framework for scheduling improvements based on the availability of resources, the condition of assets, and the priorities among submitted capital projects. The capital-intensive nature of public transportation makes long-term financial planning, as well as effective implementation and completion of programmed capital projects on a timely basis, indispensable.

In 2021, a strategic decision was made to transfer the preventive maintenance reimbursements for capital investments to address the needed but unfunded and under-funded capital projects. This decision continues through FY 2025. The Authority's priorities include replacement of rail vehicles, maintenance, and repair of rail infrastructure including tracks, signals, bridges, and substations. Financial resources are allocated through a comprehensive capital projects review process, which prioritizes funding of requested capital projects. It continues to maintain the focus of the Authority's long-term capital strategic plan, as well as reflect on existing and future financial and operational constraints facing the Authority.

The FY 2023-2027 capital expenditures are predicated on year-to-date outlays, obligations, and projected commitments, as well as the approved 5-year Capital Improvement Plan. Projected grant revenues include current, as well as expected traditional and non-traditional grant awards and are based on a continuation of current FAST Act funding levels. Over the next 10 years, the Authority's capital program will continue to focus on various State of Good Repair (SOGR) projects throughout the system. These include the on-going bus replacement program, rail car purchases, rehabilitation of light rail track and rail infrastructure of signal and overhead catenary, and various facility improvements and upgrades.



## General Fund Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	<b>\$ 132,581,757</b>	<b>\$ 62,360,626</b>	<b>\$ 49,012,139</b>	<b>\$ 24,618,717</b>	<b>\$ 23,524,395</b>
<b>Revenue</b>					
Passenger Fares	21,541,061	24,198,721	24,683,669	25,178,427	25,683,004
Advertising & Concessions	1,228,020	2,591,381	2,547,051	2,547,051	2,547,051
Sales & Use Tax	239,341,747	254,392,739	259,038,785	264,219,560	269,503,950
CRRSAA Federal Funding	67,416,466	-	-	-	-
ARP Federal Funding	54,815,088	81,293,422	-	-	-
Investment Income	97,478	683,569	600,000	600,000	600,000
Other Revenue	854,246	849,473	1,500,000	1,500,000	1,500,000
Reimbursed Expenditures	14,804,933	5,000,000	5,000,000	5,000,000	5,000,000
Transfer from Reserve Fund (Revenue Stabilization)	-	-	6,500,000	30,000,000	34,000,000
<b>Total Revenue</b>	<b>400,099,039</b>	<b>369,009,305</b>	<b>299,869,505</b>	<b>329,045,038</b>	<b>338,834,005</b>
<b>Total Resources</b>	<b>532,680,796</b>	<b>431,369,931</b>	<b>348,881,644</b>	<b>353,663,755</b>	<b>362,358,400</b>
<b>Operating Expenditures</b>					
Salaries and Overtime	140,088,330	149,455,943	157,017,221	161,091,738	171,491,194
Payroll Taxes and Fringes	57,491,909	55,407,055	56,697,891	60,200,742	60,747,498
Fuel ( Diesel, CNG, Prop. Pwr., Gas)	8,101,694	8,973,927	10,758,400	10,807,945	10,783,340
Utilities	4,700,271	4,369,968	4,181,320	4,217,484	4,218,408
Inventory	12,773,812	10,185,586	12,500,000	12,600,000	12,700,000
Services and Material & Supplies	18,818,101	20,747,424	24,637,747	24,767,717	25,221,683
Purchase Transportation	9,335,470	8,149,048	9,150,000	9,235,850	9,322,214
Other Expenditures	6,018,115	5,464,470	7,447,466	6,917,313	6,928,222
<b>Total Operating Expenditures</b>	<b>257,327,702</b>	<b>262,753,421</b>	<b>282,390,045</b>	<b>289,838,789</b>	<b>301,412,559</b>
<b>Transfers to (from) Other Funds</b>					
Transfer to (from) the Insurance Fund	2,100,000	2,500,000	2,500,000	3,000,000	3,000,000
Transfer to (from) the Pension Fund	45,000	-	-	-	-
Transfers to Reserve Fund	95,878,615	60,878,615	10,878,615	10,878,615	10,878,615
Transfers from the Reserve Fund	-	-	-	-	(5,500,000)
Transfers to (from) Capital					
Bond Retirement Fund	13,835,408	11,500,000	6,627,398	9,346,959	9,184,042
Bond Defeasance	57,734,586	-	-	-	-
Capital Improvement Fund	43,398,859	44,725,757	21,866,868	17,074,997	17,766,354
<b>Total Transfers to (from) Capital</b>	<b>114,968,853</b>	<b>56,225,757</b>	<b>28,494,266</b>	<b>26,421,956</b>	<b>26,950,396</b>
<b>Total Transfers to (from) Other Funds</b>	<b>212,992,468</b>	<b>119,604,372</b>	<b>41,872,881</b>	<b>40,300,571</b>	<b>35,329,011</b>
<b>Total Expenditures</b>	<b>470,320,170</b>	<b>382,357,793</b>	<b>324,262,926</b>	<b>330,139,360</b>	<b>336,741,570</b>
<b>Available Ending Balance</b>	<b>\$ 62,360,626</b>	<b>\$ 49,012,139</b>	<b>\$ 24,618,717</b>	<b>\$ 23,524,395</b>	<b>\$ 25,616,830</b>

## Capital Improvement Fund Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	<b>\$ 32,437,292</b>	<b>\$ 148,525,235</b>	<b>\$ 176,326,452</b>	<b>\$ 178,756,424</b>	<b>\$ 176,099,651</b>
<b>Revenue</b>					
Transfer from General Fund	43,398,859	44,725,757	21,866,868	17,074,997	17,766,354
Transfer from Reserve Fund	49,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Investment Income	118,933	265,000	265,000	265,000	765,000
Federal Capital Grants	87,419,866	133,449,281	64,062,635	65,652,635	65,652,635
CARES Act / CRRSAA Assistance	67,416,467	-	-	-	-
ARP Assistance	-	81,293,422	-	-	-
State Capital Grants	-	9,336,598	19,336,598	19,336,598	19,336,598
Other Revenue	6,587,238	-	24,225,000	35,891,286	34,500,000
<b>Total Revenue</b>	<b>253,941,363</b>	<b>279,070,058</b>	<b>139,756,101</b>	<b>148,220,516</b>	<b>148,020,587</b>
<b>Total Resources</b>	<b>286,378,655</b>	<b>427,595,293</b>	<b>316,082,552</b>	<b>326,976,940</b>	<b>324,120,238</b>
<b>Expenditures</b>					
Capital Outlay	70,436,953	169,975,419	137,326,128	150,877,289	149,028,209
Capital Outlay - CARES Act / CRRSAA	67,416,467	-	-	-	-
ARP Assistance	-	81,293,422	-	-	-
Other Expenditures	-	-	-	-	-
<b>Total Expenditures</b>	<b>137,853,420</b>	<b>251,268,841</b>	<b>137,326,128</b>	<b>150,877,289</b>	<b>149,028,209</b>
<b>Available Ending Balance</b>	<b>\$ 148,525,235</b>	<b>\$ 176,326,452</b>	<b>\$ 178,756,424</b>	<b>\$ 176,099,651</b>	<b>\$ 175,092,029</b>

## Bond Retirement Fund Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	<b>\$ 5,946,363</b>	<b>\$ 4,114,410</b>	<b>\$ 3,874,210</b>	<b>\$ 1,163,158</b>	<b>\$ 1,132,167</b>
<b>Revenue</b>					
Transfer from General Fund	13,835,408	11,500,000	6,627,398	9,346,959	9,184,042
Transfer from General Fund - Defeasance	57,734,586	-	-	-	-
Transfer from RTA Development Fund	-	-	-	-	-
Investment Income	41,268	135,000	135,000	100,000	100,000
Bond Premium Proceeds	-	-	-	-	-
Other Revenue	25,271	-	-	-	-
<b>Total Revenue</b>	<b>71,636,533</b>	<b>11,635,000</b>	<b>6,762,398</b>	<b>9,446,959</b>	<b>9,284,042</b>
<b>Total Resources</b>	<b>77,582,896</b>	<b>15,749,410</b>	<b>10,636,608</b>	<b>10,610,117</b>	<b>10,416,209</b>
<b>Expenditures</b>					
Debt Service					
Principal	68,187,986	9,535,000	7,610,000	7,995,000	8,355,000
Interest	5,279,000	2,338,700	1,861,950	1,481,450	1,115,500
Other Expenditures	1,500	1,500	1,500	1,500	1,500
<b>Total Expenditures</b>	<b>73,468,486</b>	<b>11,875,200</b>	<b>9,473,450</b>	<b>9,477,950</b>	<b>9,472,000</b>
<b>Ending Balance</b>	<b>\$ 4,114,410</b>	<b>\$ 3,874,210</b>	<b>\$ 1,163,158</b>	<b>\$ 1,132,167</b>	<b>\$ 944,209</b>

## Insurance Fund Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	<b>\$ 5,827,793</b>	<b>\$ 6,161,198</b>	<b>\$ 5,703,198</b>	<b>\$ 5,189,198</b>	<b>\$ 5,124,198</b>
<b>Revenue</b>					
Investment Income	15,760	35,000	35,000	35,000	35,000
Transfer from General Fund	2,100,000	2,500,000	2,500,000	3,000,000	3,000,000
Other Revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>2,115,760</b>	<b>2,535,000</b>	<b>2,535,000</b>	<b>3,035,000</b>	<b>3,035,000</b>
<b>Total Resources</b>	<b>7,943,553</b>	<b>8,696,198</b>	<b>8,238,198</b>	<b>8,224,198</b>	<b>8,159,198</b>
<b>Expenditures</b>					
Claims and Premium Outlay	1,782,355	2,993,000	3,049,000	3,100,000	3,100,000
Other Expenditures	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,782,355</b>	<b>2,993,000</b>	<b>3,049,000</b>	<b>3,100,000</b>	<b>3,100,000</b>
<b>Ending Balance</b>	<b>\$ 6,161,198</b>	<b>\$ 5,703,198</b>	<b>\$ 5,189,198</b>	<b>\$ 5,124,198</b>	<b>\$ 5,059,198</b>

## Supplemental Pension Fund Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	<b>\$ 1,288,956</b>	<b>\$ 1,326,577</b>	<b>\$ 1,318,677</b>	<b>\$ 1,310,777</b>	<b>\$ 1,302,877</b>
<b>Revenue</b>					
Investment Income	1,012	1,100	1,100	1,100	1,100
Transfer from General Fund	45,000	-	-	-	-
<b>Total Revenue</b>	<b>46,012</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>
<b>Total Resources</b>	<b>1,334,968</b>	<b>1,327,677</b>	<b>1,319,777</b>	<b>1,311,877</b>	<b>1,303,977</b>
<b>Expenditures</b>					
Benefit Payments	8,391	9,000	9,000	9,000	9,000
Other Expenditures	-	-	-	-	-
<b>Total Expenditures</b>	<b>8,391</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
<b>Ending Balance</b>	<b>\$ 1,326,577</b>	<b>\$ 1,318,677</b>	<b>\$ 1,310,777</b>	<b>\$ 1,302,877</b>	<b>\$ 1,294,977</b>

## Law Enforcement Fund Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	\$ 57,550	\$ 156,171	\$ 151,221	\$ 136,271	\$ 136,321
<b>Revenue</b>					
Law Enforcement Revenue	103,257	20,000	5,000	20,000	5,000
Law Enforcement Training Revenue	-	-	-	-	-
Investment Income	41	50	50	50	50
Other Revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>103,298</b>	<b>20,050</b>	<b>5,050</b>	<b>20,050</b>	<b>5,050</b>
<b>Total Resources</b>	<b>160,848</b>	<b>176,221</b>	<b>156,271</b>	<b>156,321</b>	<b>141,371</b>
<b>Expenditures</b>					
Capital & Related Items	4,677	25,000	20,000	20,000	15,000
Training	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,677</b>	<b>25,000</b>	<b>20,000</b>	<b>20,000</b>	<b>15,000</b>
<b>Ending Balance</b>	<b>\$ 156,171</b>	<b>\$ 151,221</b>	<b>\$ 136,271</b>	<b>\$ 136,321</b>	<b>\$ 126,371</b>

## Reserve Fund Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	\$ 51,601,958	\$ 98,598,588	\$ 150,102,203	\$ 141,480,818	\$ 111,759,433
<b>Revenue</b>					
Investment Income	118,015	625,000	500,000	400,000	200,000
Transfer from GF for Compensated Absences	-	-	-	-	-
Transfer from GF for Fuel	-	-	-	-	-
Transfer from GF for Hospitalization	-	-	-	-	-
Transfer from GF for Rolling Stock Reserve	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Transfer from GF for 27th Pay	878,615	878,615	878,615	878,615	878,615
Transfer from GF for Revenue Stabilization	85,000,000	50,000,000	-	-	-
Other Revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>95,996,630</b>	<b>61,503,615</b>	<b>11,378,615</b>	<b>11,278,615</b>	<b>11,078,615</b>
<b>Total Resources</b>	<b>147,598,588</b>	<b>160,102,203</b>	<b>161,480,818</b>	<b>152,759,433</b>	<b>122,838,048</b>
<b>Expenditures</b>					
Transfer to General Fund (Compensated Absences)	-	-	-	-	-
Transfer to General Fund (Fuel)	-	-	-	-	-
Transfer to General Fund (Hospitalization)	-	-	-	-	-
Transfer to RTA Development Fund (Rolling Stock)	49,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Transfer to General Fund (27th Pay - 2024)	-	-	-	-	5,500,000
Transfer to General Fund (Revenue Stabilization)	-	-	10,000,000	31,000,000	36,000,000
<b>Total Expenditures</b>	<b>49,000,000</b>	<b>10,000,000</b>	<b>20,000,000</b>	<b>41,000,000</b>	<b>51,500,000</b>
<b>Ending Balance</b>	<b>\$ 98,598,588</b>	<b>\$ 150,102,203</b>	<b>\$ 141,480,818</b>	<b>\$ 111,759,433</b>	<b>\$ 71,338,048</b>
<b>Rolling Balances</b>					
Compensated Absences	\$ 3,711,501	\$ 3,727,020	\$ 3,740,238	\$ 3,753,673	\$ 3,764,226
Fuel	2,619,150	2,630,101	2,639,429	2,648,910	2,656,357
Hospitalization	2,681,378	2,692,590	2,702,139	2,711,845	2,719,470
Rolling Stock	673,590	676,406	678,805	681,244	683,159
27th Pay: Salary: 2020 / Hourly 2025	3,811,108	4,709,332	5,607,765	6,509,679	1,893,603
Revenue Stabilization	85,101,860	135,666,754	126,112,441	95,454,082	59,621,234
<b>Total</b>	<b>\$ 98,598,588</b>	<b>\$ 150,102,203</b>	<b>\$ 141,480,818</b>	<b>\$ 111,759,433</b>	<b>\$ 71,338,048</b>

## All Funds Balance Analysis

	2021 Actual	2022 Projection	2023 Budget	2024 Plan	2025 Plan
<b>Beginning Balance</b>	<b>\$ 229,741,670</b>	<b>\$ 321,242,807</b>	<b>\$ 386,488,100</b>	<b>\$ 356,155,365</b>	<b>\$ 323,579,044</b>
<b>Revenue</b>					
Passenger Fares	21,541,061	24,198,721	24,683,669	25,178,427	25,683,004
Sales & Use Tax	239,341,747	254,392,739	259,038,785	264,219,560	269,503,950
Federal	87,419,866	133,449,281	64,062,635	65,652,635	65,652,635
CARES Act / CRRSAA	67,416,467	-	-	-	-
ARP	54,815,088	81,293,422	-	-	-
State	-	9,336,598	19,336,598	19,336,598	19,336,598
Investment Income	392,507	1,744,719	1,536,150	1,401,150	1,701,150
Other Revenue	23,602,965	8,460,854	33,277,051	44,958,337	43,552,051
<b>Total Revenue</b>	<b>494,529,701</b>	<b>512,876,334</b>	<b>401,934,888</b>	<b>420,746,707</b>	<b>425,429,388</b>
<b>Total Resources</b>	<b>724,271,371</b>	<b>834,119,140</b>	<b>788,422,988</b>	<b>776,902,072</b>	<b>749,008,432</b>
<b>Expenditures</b>					
Personnel Services	197,580,239	204,862,998	213,715,112	221,292,480	232,238,692
Fuel ( Diesel, CNG, Prop. Pwr., Gas)	8,101,694	8,973,927	10,758,400	10,807,945	10,783,340
Utilities	4,700,271	4,369,968	4,181,320	4,217,484	4,218,408
Inventory	12,773,812	10,185,586	12,500,000	12,600,000	12,700,000
Services & Materials	18,818,101	20,747,424	24,637,747	24,767,717	25,221,683
Purchased Transportation	9,335,470	8,149,048	9,150,000	9,235,850	9,322,214
Other Expenditures	7,815,038	8,492,970	10,526,966	10,047,813	10,053,722
Capital Outlay	70,436,953	169,975,419	137,326,128	150,877,289	149,028,209
Debt Service	73,466,986	11,873,700	9,471,950	9,476,450	9,470,500
<b>Total Expenditures</b>	<b>403,028,564</b>	<b>447,631,040</b>	<b>432,267,623</b>	<b>453,323,028</b>	<b>463,036,768</b>
<b>Available Ending Balance</b>	<b>321,242,807</b>	<b>386,488,100</b>	<b>\$356,155,365</b>	<b>\$323,579,044</b>	<b>\$285,971,664</b>

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