



Operational Planning & Infrastructure Committee

July 1, 2025

MEETING MINUTES

Committee Members: Mr. Sleasman (Chair), Ms. Elder, Mr. Love, Rev. Lucas

Not Present: Ms. Welch (Vice Chair), Mayor Gallo

Staff/Other: Shawn Becker, Nick Biggar, India Birdsong Terry, Janet Burney, Floun'say Caver, Melinda Dangelo, Nick Davidson, Wendy Feinn, Michael Fesler, George Fields, Bob Fleig, Anthony Garofoli, Rajan Gautam, Anna Hlavacs, Sharon Jenkins, Lawrence Jupina, Carl Kirkland, Sheila Miller, Charles Morgan, Jim Reed, Mike Schipper, Michael So, Kay Sutula, Wendy Talley, Dawn Tarka, John Togher, Carolyn Young

Public: Brian Gibbons, Loh, Chris Martin

Mr. Sleasman called the meeting to order at 9:27 am with a roll call. Four (4) committee members were present, representing a quorum.

A motion by Mr. Sleasman, seconded by Mr. Love to approve the minutes from June 3, 2025, and was unanimously approved.

Mr. Sleasman called the first presentation CMSD Agreement – to discuss the CMSD Intergovernmental Student Transportation Agreement for the 2025-2026 school year. John Togher, Director of Accounting, presented the *Intergovernmental Student Transportation Agreement* between the Greater Cleveland Regional Transit Authority (GCRTA) and the Cleveland Metropolitan School District (CMSD) for the 2025–2026 school year. CMSD seeks to continue its long-standing partnership with GCRTA—originally established in 2006—to provide discounted public transportation for students in grades 9–12. The agreement, valued at approximately \$2.5 million, covers the academic year from August 18, 2025, through May 28, 2026.

This year's agreement includes a key update at CMSD's request: student passes will now be valid seven days a week from 5:00 a.m. to 11:00 p.m., including holidays. This contrasts with the unrestricted access previously granted in the 2024–2025 school year. The change was driven by CMSD's review of ridership data, which indicated student travel at unusually late hours, prompting the district to introduce time restrictions for safety and oversight.

GCRTA will issue 13,500 student picture ID cards, which are magnetically striped and compatible with all fareboxes. These cards serve as the only acceptable proof of payment under the agreement. CMSD will make a 90% lump sum payment of \$2.25 million in September 2025, with final billing based on actual ridership usage calculated at a rate of \$1.67 per ride. Any rides exceeding the

agreement—for instance, for summer school or field trips involving students outside grades 9–12—will be billed separately at the rate of \$1.75 per ride.

During the Q&A, committee members, including Trustee Love and Trustee Elder, asked about the rationale behind the new time restrictions, the impact on overall contract value, and scenarios under which CMSD might purchase additional rides. Mr. Togher explained that while the service window has been limited, CMSD is increasing the number of passes issued, and the financial outcome is expected to remain consistent with last year. He added that a single academic calendar adopted by CMSD for the upcoming year will simplify reconciliation and contract management.

It was recommended that the Committee forward approval to the full Board. A motion by Mr. Sleasman and seconded by Mr. Love and unanimously approved.

Mr. Sleasman called for the next presentation of Tax Budget – discussion of the FY 2026 Tax Budget. Kay Sutula, Director of the Office of Management and Budget, introduced Wendy Feinn, a budget management analyst, who presented the tax budget for the first time. The presentation outlined the initial revenue and expenditure projections for the upcoming fiscal year, along with forward-looking estimates through 2028.

The FY 2026 tax budget serves as a forward-looking financial planning tool and is based on current economic conditions and agency assumptions. Budget development began in May 2025 with the adoption of the Capital Improvement Plan and aligns with NOACA, ODOT, and FTA planning timelines. The full FY 2026 budget, which will include operating budget and transfers to other funds, will be developed through the fall, with public hearings and board review scheduled in November and December. Final adoption is planned for December 16, 2025.

Economic assumptions guiding the budget include continued inflationary pressures, stable interest rates from the Federal Open Market Committee (FOMC), and an average investment yield of 4.05% on GCRTA's cash holdings. Ridership and fare revenues are projected to rise modestly, with a 2% increase anticipated for passenger fares. Sales and Use tax revenues are expected to remain stable in 2026, with slight growth in 2027 and 2028. The wage projections reflect current contracts with ATU and FOP bargaining units.

The FY 2026 general fund revenues are estimated at \$342.8 million. The largest revenue sources include Sales and Use tax (78%) and passenger fares (9.5%). The budget also includes \$7 million in reimbursements, with \$6 million allocated for preventive maintenance. To meet operational funding needs and maintain a one-month reserve, a transfer of \$33 million from the Revenue Stabilization Reserve Fund is planned.

Projected expenditures for FY 2026 total \$352.8 million. Personnel costs, the largest expenditure category, are estimated at \$244 million and include salaries, overtime, payroll taxes, and fringe benefits. A temporary spike in fringe costs is expected due to the 27th payroll period affecting the 2026 fiscal year. Other key expenses include \$24 million for services, materials, and supplies; \$16.5 million for purchased transportation; and \$13 million for fuel and utilities. Transfers to other funds total \$34.9 million, supporting insurance, the capital program, debt service, pension, and reserves.

The presentation also emphasized the agency's ongoing compliance with its financial policy to maintain a one-month operating reserve. Estimated ending balances are projected to support this reserve through 2026 and 2027. However, projections show the Revenue Stabilization Fund may be fully depleted by late 2028 if no corrective measures are taken.

Committee members inquired about preparation strategies for the potential reserve shortfall in 2028. Ms. Sutula explained that the agency is actively reviewing controllable expenditures and maintains conservative revenue projections. Any excess revenues or underspending could reduce the need for reserve transfers, preserving funds for future use. Clarifications were also provided on volatility in fuel and utility markets, with current fixed-price contracts offering protection through mid-2026 and 2027.

Following discussion, the committee agreed to proceed with the required public hearing. A motion was made and seconded to suspend the committee for the public hearing, which was approved unanimously.

PUBLIC COMMENTS

During the public comment portion of the meeting, Chris Martin from the City of Cleveland offered several remarks and suggestions. He recommended that public hearing announcements also be shared on Instagram to broaden community outreach. He also requested that presentation slide decks be reposted on the agency's website, noting they are public records and enhance public accessibility. Mr. Martin inquired about the status of the fare capping policy, which he noted had been added to the agency's codebook but has yet to be implemented. He expressed concern about the agency's financial sustainability, warning that without action, it could face significant budget shortfalls within two to three years. He urged the trustees to begin preparing transparent messaging to the public regarding potential service cuts or fare increases and stressed the importance of prioritizing operational funding over capital projects. Additionally, he asked about the agency's authority to increase sales tax in Cuyahoga County, referencing differing interpretations and expressing hope that up to 0.5% additional sales tax could be levied to support transit funding. He concluded by encouraging the agency to demonstrate urgency in addressing its financial future.

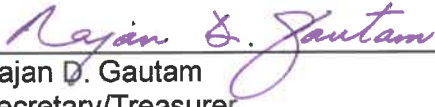
Loh provided public comments emphasizing the challenges of budgeting, particularly in the context of public services like transportation. She acknowledged the progress GCRTA has made but highlighted persistent funding issues caused by limited federal support and the state's reluctance to allocate a fair share to public transit. She noted that while the agency recently celebrated its 50th anniversary, its primary revenue source—sales tax—has remained unchanged for five decades. Loh urged GCRTA to advocate more strongly at the county level, especially when other initiatives, such as proposals for a new county jail, seek to use sales tax revenue. She argued that diverting funds away from transit undermines access and equity, particularly for those who rely on public transportation to visit or support individuals in jail. She called for resistance to budget cuts and fare increases that burden riders and instead encouraged the agency to fight for additional funding, specifically, an increase of 0.5% in sales tax dedicated to transit. Loh concluded by stressing that public transit serves the broader community and deserves a greater share of resources to expand access and avoid service reductions.

There were no public comments received via phone or email.

A motion to close the Public Hearing was made by Mr. Sleasman and seconded by Mr. Love. Following the Public Hearing, a motion was made by Mr. Sleasman and seconded by Mr. Love to reconvene the Committee meeting.

It was recommended that the Committee forward approval to the full Board. A motion to advance the item was made by Mr. Sleasman, seconded by Mr. Love, and unanimously approved.

There being no further business to come before the Committee, a motion to adjourn was made by Mr. Sleasman and seconded by Ms. Elder. The meeting was adjourned at 9:58 am.



Rajan D. Gautam
Secretary/Treasurer



Avis R. Lyons
Interim Executive Assistant