

GCRTA Special Board of Trustees Meeting

Tuesday, June 30, 2026

Tax Revenue Considerations

GCRTA's Regional, County, and Community Value

June 30, 2026

Agenda

- Financial Steps Taken Since 2025
- Recent Ohio Transit Ballot Initiatives
- Legal Overview of Transit Authority Sales and Use Tax Levies
- Cuyahoga County Election Calendar
- Benefits of Increased Sales Tax Revenue
- Community Survey Recap
- Review of Revenue Alternatives

Financial Steps Taken Since 2025

Expense Initiatives Adopted in the 2026 Budget

Recommendations implemented in 2025:

Suspend transfer to Rolling Stock Reserve for 2026-2027	\$ 10,000,000
Suspend Merit Increase	1,200,000
Reduction in non-personnel costs (B-items)	2,500,000
Reduction in overtime	1,000,000
Reduction in transfers to 27th Pay Fund for 2026-27	156,000
Elimination of Customer WiFi	250,000
Implement Hiring Freeze	1,000,000
Elimination of 56 vacant positions	1,700,000 (Overall Impact - \$6M)
TOTAL	<u>\$ 17,806,000</u>

Originally presented during the 2026 Budget Presentations

Additional Financial Initiatives Reviewed

Evaluate Sales Tax Levy for 0.25% or 0.50%	\$70 million or \$140 million/yr (approx.) in process
Issue debt to mitigate reduced transfers from 10% to 5%	Board approved in May 2026, in process
Continue looking for efficiencies/consolidations	in process
Minimize Service Reductions to the extent possible	in process
Consider increase in fares	TBD

2026 Approved Operating Budget (Presented in November and December 2025)

General Fund Overview (in millions)	2026 Budget	2027 Plan	2028 Plan
Total Revenues	\$363.8	\$349.2	\$341.9
Operating Expenditures	342.5	347.7	351.4
Transfers to Other Funds	30.7	31.8	37.3
Total Revenues over/(under) Total Expenditures	(9.4)	(30.2)	(46.8)
Beginning Balance	38.1	28.8	(1.5)
Projected Ending Balance	\$28.8	\$(1.5)	\$(48.3)
Reserve (months)	1.0	(0.1)	(1.6)

2026 Operating Fund Balance & Projections (Presented in April and June 2026)

General Fund Overview (in millions)	2026 Projection	2027 Plan	2028 Plan
Total Revenues	\$350.1	\$359.5	\$357.2
Operating Expenditures	339.1	339.4	343.1
Transfers to Other Funds	16.7	17.5	17.8
Total Revenues over/(under) Total Expenditures	(5.7)	2.6	(3.7)
Beginning Balance	33.8	28.1	30.6
Projected Ending Balance	\$28.1	\$30.7	\$26.9
Reserve (months)	1.0	1.1	0.9

Summary of Previously Discussed Recommendations

Recommendations for 2026 (shared on April 7 & June 16, 2026):	Amount
<i>Reduce transfer from GF to Capital 10% to 5% 2026-2028 (implemented)</i>	\$ 42,700,000
<i>Service Reductions 2026-2028 (implemented 8/2026)</i>	6,000,000
<i>Recruit Part-Time vs. Full Time Operators 2026-2028 (implemented)</i>	6,000,000
<i>Suspend transfer to Rolling Stock Reserve Fund in 2028 (implemented)</i>	5,000,000
<i>Renegotiate Paratransit 3rd party contracts (implemented)</i>	1,500,000
Eliminate positions and Consolidations 2026-2028 (in process)	6,200,000
Evaluate a Convenience Fee on CC activity 2026-2028 (in process)	900,000
Total Recommendations previously reported (April 2026 & June 2026)	68,300,000
Additional Future Potential Reductions (shared on June 23, 2026):	
Service Reductions - review in process	17,000,000
Other Expense Reductions - review in process	13,000,000
Total Additional Potential Reductions (reported June 2026)	30,000,000
Grand Total of Potential Reductions 2026-2029	\$ 98,300,000

Recent Ohio Transit Ballot Initiatives

Recent Ohio Transit Ballot Initiatives

Agency	Service Area (Metro)	Election Date	Ballot Type	Outcome	% Voted in Favor
Laketran	Lake County	November 2019	0.25% Sales Tax Increase	Passed	58.2%
SORTA	Hamilton County (Cincinnati)	May 2020	New 0.8% Sales Tax (includes local infrastructure)	Passed	50.4%
TARTA	Lucas County (Toledo)	November 2021	New 0.5% Sales Tax	Passed	55.0%
COTA	Franklin and Surrounding Counties (Columbus)	November 2024	0.5% Sales Tax Increase (includes local infrastructure)	Passed	56.7%
SARTA	Stark County	May 2026	0.1% Sales Tax Increase	Failed	48.6%

Note: The ballot measures shown represent each agency's most recent transit funding initiative. All agencies shown above have appeared before voters for transit funding measures at various points since their establishment. In the cases of SORTA and TARTA, prior ballot efforts preceded the transition to countywide sales tax funding. Measures have included new taxes, tax increases, and renewals.

Overview of Transit Authority Sales and Use Tax Levies

Transit Authority Sales and Use Tax

- Under Ohio law, transit authorities may levy a sales and use tax in their territory of up to 1.50%. See Ohio Revised Code Section 5739.023
- This transit tax may be for the purpose of providing additional general revenue for the transit authority
- There is no conflict between Cuyahoga County and GCRTA for sales tax. Since Cuyahoga County adopted a charter, Ohio law authorizes both GCRTA and Cuyahoga County to levy up to 1.50% in sales tax (currently, County is at 1.25% and GCRTA is at 1.00%)
 - GCRTA can levy up to another 0.50%
 - Cuyahoga County can levy up to another 0.25%

Process for Transit Authority Levy

- An increase to GCRTA's levy must be submitted to the Cuyahoga County voters for approval
- GCRTA's Board of Trustees must adopt, by majority vote, a resolution to increase the rate of tax
- The resolution must specify the purpose of the levy, amount of the increase, duration (continuous or limited years) and the election date
- GCRTA's fiscal officer must provide the certified resolution to the Board of Elections and Tax Commissioner at least 90 days prior to election day

GCRTA's 1975 Sales and Use Tax Levy

- May 22, 1975: GCRTA's Board of Trustees adopted Resolution No. 1975-5 to levy a sales and use tax “for all transit purposes” at the rate of 1.0% for a continuing period of time
- July 22, 1975: Special Election held in Cuyahoga County
- Results: 70% approval countywide; passed in all 33 wards in City of Cleveland; passed in 42 of 59 suburbs served by GCRTA
- Sales tax became effective on October 1, 1975
- Tax increase takes effect on 1st day of calendar quarter that follows the 65th day after Tax Commissioner receives certified results

Example of Sales Tax Timeline

- Tax increase takes effect on 1st day of calendar quarter that follows the 65th day after Tax Commissioner receives certified results

Example, November 2026:

- Election: November 3, 2026
- Certified results 11/3/2026 – 1/25/2027 + 65 days $\leq$ 3/31/2027 (1st Qtr.)
- Sales Tax takes effect on April 1, 2027 (1st day of 2nd Qtr.)
- GCRTA receives funds July 2027

Cuyahoga County Election Calendar

2026/2027 Cuyahoga County Election Calendar

NOVEMBER 2026	MAY 2027	AUGUST 2027	NOVEMBER 2027
FILING DEADLINE August 5, 2026	FILING DEADLINE February 3, 2027	FILING DEADLINE May 5, 2027	FILING DEADLINE August 4, 2027
ELECTION November 3, 2026	ELECTION May 4, 2027	ELECTION August 3, 2027	ELECTION November 2, 2027

Note: The February 3, 2027, filing deadline has been confirmed by the Cuyahoga County Board of Elections. All remaining dates are calculated based on the statutory 90-day filing requirement and are subject to official confirmation upon publication of the applicable election calendars.

***May 2027** transit levy would be a special election

****August 2027** is a special election and GCRTA must be determined to be in a fiscal emergency to qualify for an August election; this will not occur in 2027.

Benefits of Increased Sales Tax Revenue

Benefits of Increased Sales Tax Revenue

- A Rail System for a Vibrant City
- Serving a 7-Day Economy
- Investing in Priority Corridors
- Enhancing Comfort and Safety
- Driving Economic Growth

A Rail System for a Vibrant City

A Rail System for a Vibrant City

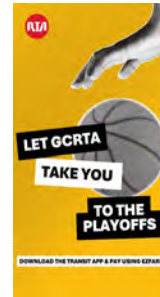


- Single-seat rides connecting major economic hubs
- A train to depart the Airport every 5 min on weekdays
- New, modern, clean rail cars
- More frequent service at every station

A Rail System for a Vibrant City



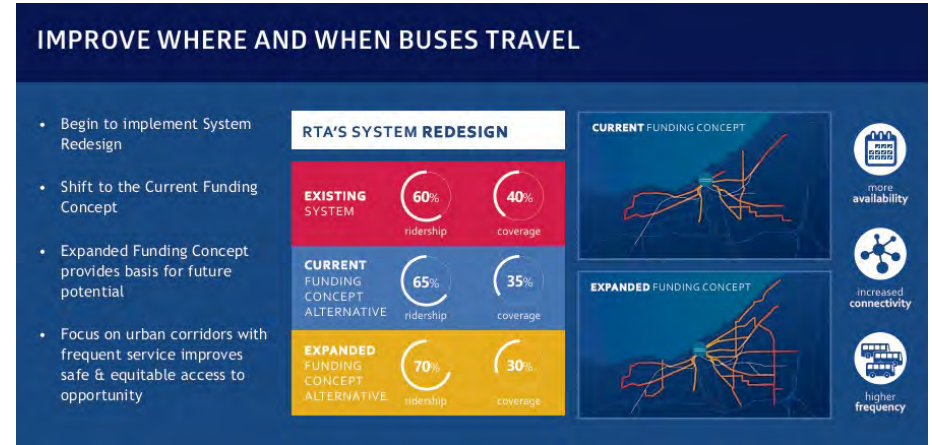
- Easy access to top-tier sports teams
- Bringing people together (Connecting the Community)
- Efficiently move tens of thousands of people to and from large events



Serving a 7-Day Economy

Serving a 7-Day Economy

- The community and riders told the RTA they wanted to:
 - Maintain service coverage
 - Improve frequency all-day and on weekends
 - Add service on non-downtown routes
 - When able, increase frequency

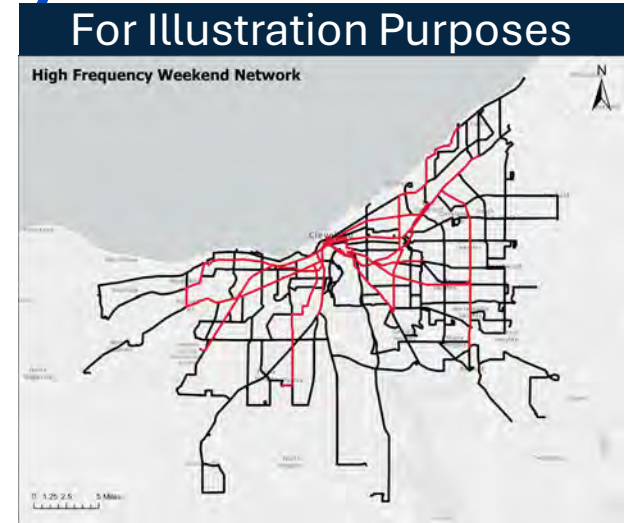


Serving a 7-Day Economy

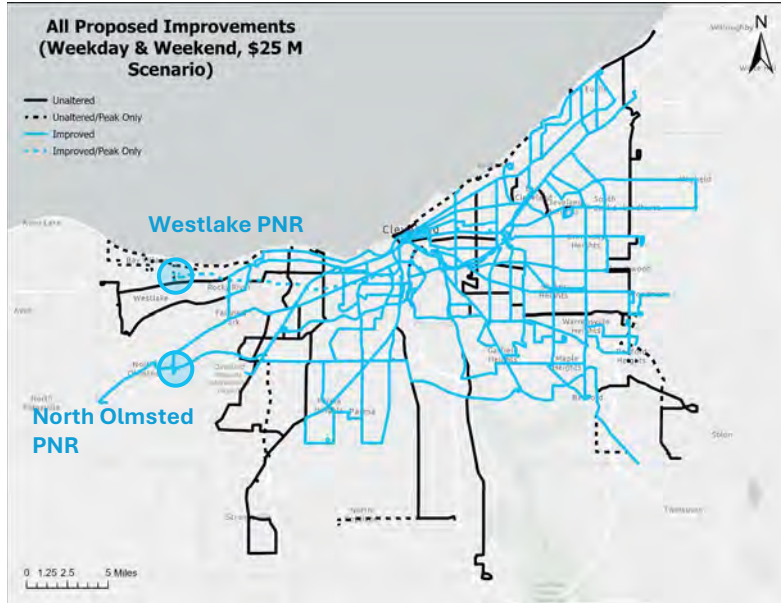
- Weekend ridership on bus exceeds pre-COVID levels
- Proposed weekend service improvements provide employment flexibility

Paratransit:

- Paratransit ridership is over 50% higher than in 2019
- Paratransit provides freedom of mobility to support aging in place
- Proposed service improvements will expand Paratransit coverage 7 days/week



Serving a 7-Day Economy



For Illustration Purposes

A 0.50% Sales Tax levy would:

- Improve service on 75% of all routes
- Restore #263 North Olmsted and #246 Westlake Park-N-Ride routes
- 90% of riders will experience a service improvement

Investing in Priority Corridors

Investing in Priority Corridors

- HealthLine serves two major and growing business centers of Cleveland:
 - Downtown
 - University Circle
- **0.25% Sales Tax:** A HealthLine bus departs **every 10 min**
- **0.50% Sales Tax:** A HealthLine bus departs **every 7.5 min**



Investing in Priority Corridors

Building on the success of the HealthLine, invest in future BRT corridors:

- **West 25th Street BRT – Reliability and Frequency**
 - Leveraging MetroHealth, Ohio City, and Irishtown Bend investments
- **Broadway TOD Corridor – Implementation**
 - Connecting Southeast suburbs to Slavic Village and Downtown
- **Lorain TOD – Study**
 - Cleveland, Fairview Park, North Olmsted
- **Eastern Suburbs BRT Network – Study**
 - Serves 10 municipalities

**A 0.50% levy means
10-min frequencies on
priority corridors**

Enhancing Comfort and Safety

Enhancing Comfort and Safety

- Improved shelters
- Enhanced waiting environments
- Real-time passenger information

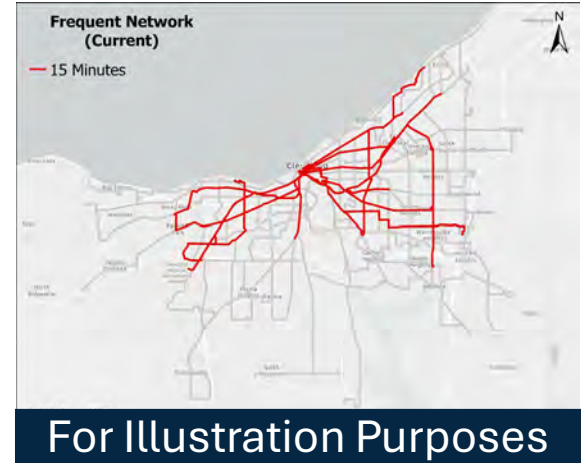


Driving Economic Growth

Driving Economic Growth

- Reliable transit moves the local economy
- High-frequency service spurs economic investments

People and Jobs within 0.5-mile of High Frequency Network				
		Current	Scenario B (0.25% Sales Tax)	Scenario C (0.50% Sales Tax)
15-min or better	Jobs	334,000	393,500	396,000
	People	438,500	598,000	780,000
10-min or better	Jobs	0	209,500	273,000
	People	0	127,500	301,000

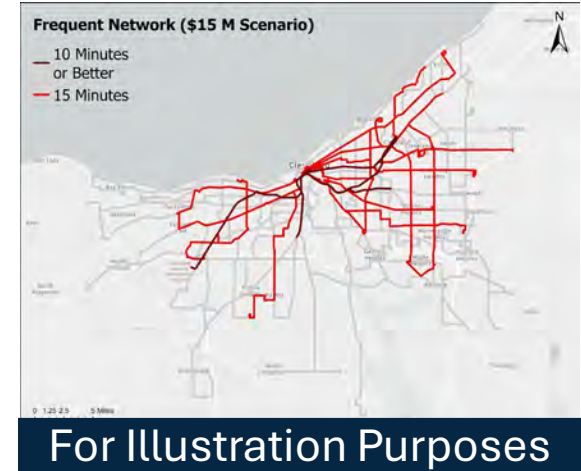


Driving Economic Growth

0.25% Sales Tax:

- More jobs connecting to more people on the 15-min network
- A new, core 10-min network on our premium services

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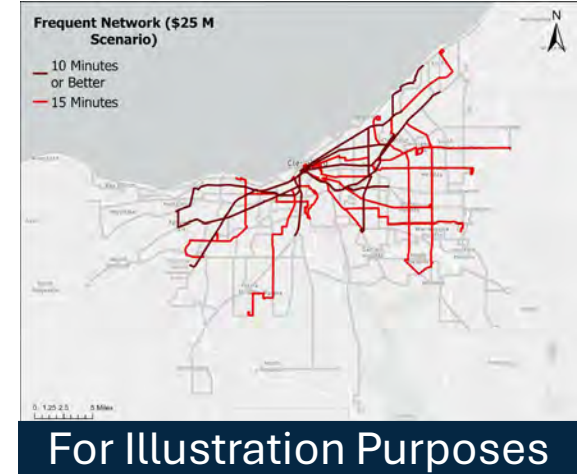


Driving Economic Growth

0.50% Sales Tax:

- A robust 10-min network connecting 1 out of 3 jobs to 1 out of 4 people in Cuyahoga County
- New neighborhoods accessing major job hubs on the 15-min network

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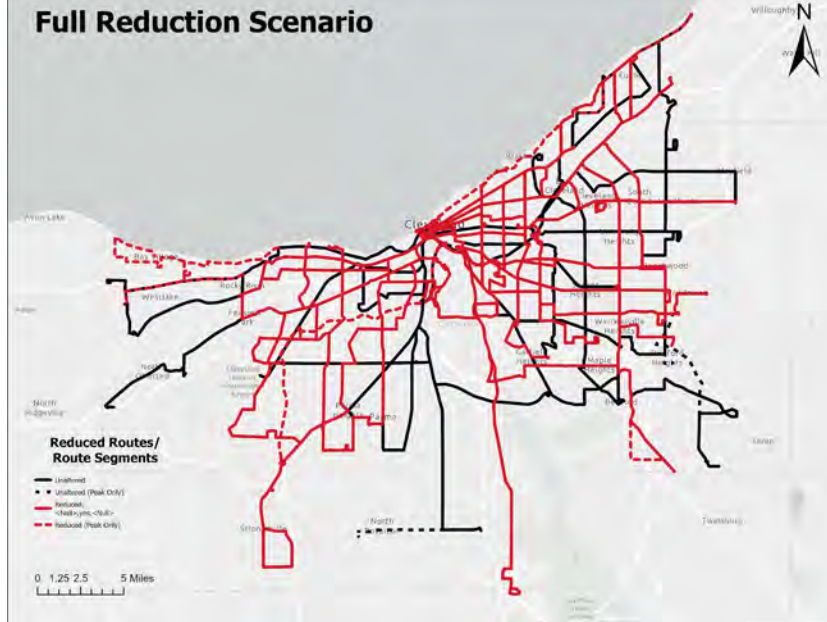


No New Revenue Alternative

No New Revenue Alternative

For Illustration Purposes

Full Reduction Scenario



- 27 of the 41 bus routes in the RTA network will have less service than today
- Discontinuation of routes #2, #8, #16, #34, #35, #39, #55B/C branches, and #251
- Span reduction on Green Line

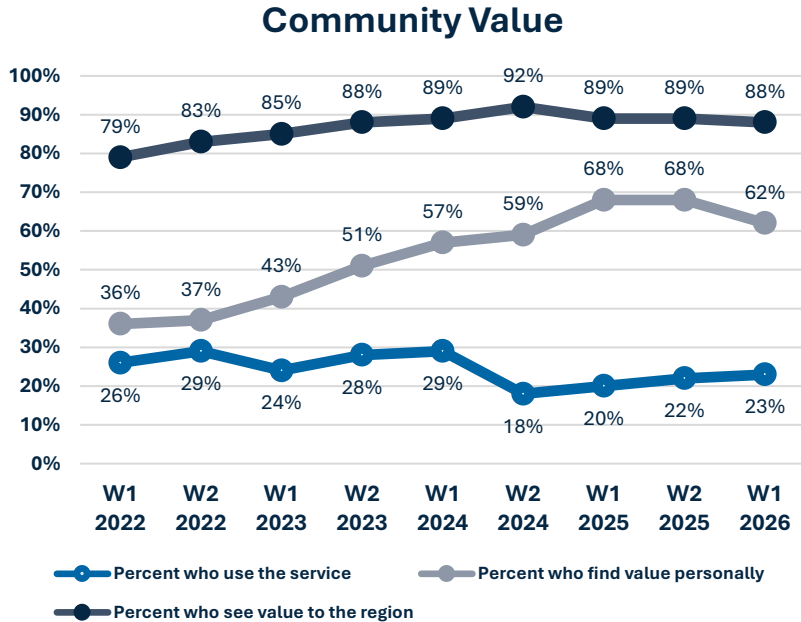
No New Revenue Alternative



- Freedom of movement relies on frequent service
- Less frequent service limits when and where people can go
- If your garage door only opened once an hour, you would think twice about which trips you would make

Community Survey Recap

Community Survey Recap (2026)



- GCRTA (through ETC) surveys a statistically significant number of community members semi-annually
- 88% of community members feel RTA is valuable to the Cleveland Region (compared to 66% for national average)

Community Survey Recap (2026)

- The community stated the main value propositions of GCRTA are providing:
 - Affordable transportation options
 - Access to places of employment
 - Mobility to low-income families
 - Transportation options to people with special mobility needs
- The top 2 features/amenities that would influence community members to use public transit in the future are:
 - More frequent service
 - More routes to serve places needed to go

Review of Revenue Alternatives

Review of Revenue Alternatives

No New Revenue

\$30M in service and expense reductions

Fiscal cliff in 2029

Economic stagnation

0.25% Sales Tax Levy



\$15M in service improvements

10 years of stability

Moderate Economic growth

0.50% Sales Tax Levy



\$25M in service improvements

50 years of stability

Economic Transformation



Review of Revenue Alternatives

November 2026

Potentially avoid
any service
reductions

GCRTA receives
revenue July 2027

May 2027

Service reductions
in December 2026

GCRTA receives
revenue January
2028

November 2027

Service reductions
in December 2026

Proposed service
reductions Fall
2027

GCRTA receives
revenue July 2028

Review of Revenue Alternatives

Continuing

Indefinite funds

GCRTA will not
need another levy

Limited Duration

Only for a limited
number of years

GCRTA will need
to return to the
ballot in the future

Review of Revenue Alternatives

Management concludes that it is in the best interest of the Authority and the region to:

- Seek additional General Revenue for the Transit Authority
- Request a 0.50% Sales Tax Increase for a continuing period
- Pursue a Ballot Issue:
 - November 2026
 - May 2027
 - November 2027
- Adopt Board Resolution on July 7, 2026

Questions