MEETING MINUTES

Operational Planning & Infrastructure Committee

July 7, 2026

Committee Members: Mr. Sleasman (Chair), Ms. Pacetti (Vice Chair), Mayor Gallo, Ms. Harper, Mr. Love

Also Present: Mayor Koomar, Ms. Elder, Mayor Gallo, Ms. McPherson, Mayor Weiss, Ms. Smith Whigham

Staff/Other: Shawn Becker, Nick Biggar, India Birdsong Terry, Janet Burney, James Burke, Tonina Campbell, Floun'say Caver, Brent Charnigo, Nick Davidson, Ronald Darden, Wendy Feinn, Michael Fesler, George Fields, Bob Fleig, Anthony Garofoli, Rajan Gautam, Chief Deirdre Jones, Lawrence Jupina, Carl Kirkland, Jonathan Laule, Jeff Macko, Sheila Miller, Charles Morgan, Ruben Morgan, Holly Mothes, Steve Peganoff, Mike Schipper, Joe Shaffer, Kay Sutula, Wendy Talley, John Togher, Natoya Walker-Minor, Carolyn Young

Public: 4

I. Roll Call

Mr. Sleasman called the meeting to order at 10:15 a.m. with roll call. A quorum was present.

II. Approval of Minutes – June 2, 2026

Mr. Sleasman moved to approve the minutes; Ms. Pacetti seconded. The motion carried.

III. RFP Procurement - a competitive negotiated procurement for professional consulting services for safety and security certification of major rail projects.

Joe Shaffer, Director of Engineering, stated that this project will provide a consistent process for verifying safety and security requirements through all phases of project activity.

Jonathan Laule, Program Contract Manager, stated that the request for this proposal was issued on April 27, 2026. Fourteen (14) parties reviewed the solicitation and four (4) were interviewed. The most highly qualified firm for this project was K&J Safety & Security Consulting Services, Inc.

Staff requests that the Committee recommend the Board award a contract to K&J Safety & Security Consulting Services, Inc. for this project in amount not to exceed $650,000 for a period of thirty-six (36) months.

Ms. Pacetti moved to advance the item to the Board of Trustees and seconded by Mr. Love. The motion carried.

IV. Cleveland Municipal School District - an Intergovernmental Student Transportation Agreement for the 2026-2027 school year.

John Togher, Director of Accounting, advised that since 2006 the Cleveland Metropolitan School District (CMSD) has partnered with GCRTA to purchase discounted student fares.

CMSD wants to make public transportation available to its students on a daily basis. This agreement is for students in grades nine (9) through twelve (12) for the school year beginning August 24, 2026, and ending on June 23, 2027. These passes will be valid seven (7) days per week from 5:00 a.m. to 11:00 p.m. This is a volume pricing agreement for $2,500,000 and is based on projected 1.5 million rides and will be only for the students who have the CMSD-GCRTA identification card.

GCRTA will supply 13,500 student ID cards for the 2026-2027 school year. CMSD will pay a lump sum in September, and the balance will be paid after reconciliation at the end of the school year based on actual rides.

Staff requests that the Committee recommend the Board to approve the Intergovernmental Student Transportation Agreement with CMSD for the 2026-2027 school year.

Ms. Pacetti moved to advance the item to the Board of Trustees and seconded by Mr. Love. The motion carried.

V. 2027 Tax Budget Presentation

Kay Sutula, Director, Office of Budget & Management, stated that the tax budget is an estimate of revenues for the next fiscal year. This is the beginning of the budget process that will eventually lead to the operating budget and transfer of other funds to be presented to the Board of Trustees for adoption in December. The Board approved the Capital budget in May 2026, which was submitted earlier in the year to align with FTA, NOACA and ODOT fiscal years.

We are continuing to work with departments and divisions to identify cost savings.

The Federal Open Market Committee (FOMC) maintained interest rates during its June 2026 meeting. The FOMC is forecasting that inflation will remain between 3.5% and 4.5% in 2027. Ridership and passenger fares are projected to increase at modest rates in 2027, and the new railcars will begin running on the Red Line. Sales tax is projected to increase by 2.2% from 2026 projected levels.

The 2027 tax budget includes annual annualized cost saving measures implemented in 2025 and 2026, including personnel costs, which include salaries, overtime, payroll taxes and fringes. Increases are largely contractual and includes a 3% service reduction that will be implemented in August 2026.

Wendy Feinn, Budget Management Analyst, stated that the biggest source of revenue is sales and use tax, which is estimated to be $286.1 million in 2027. This is a 2.2% increase over 2026 estimates. Revenue reimbursements include preventive maintenance, which is projected at $4.7 million and other reimbursements at $1.9 million. Staff estimates needing to transfer $28 million from the Reserve Fund for Revenue Stabilization to maintain the one-month operating reserve in the General Fund to adhere to financial policy.

Total revenues for fiscal year 2027 tax budget are an estimated $357.1 million. The transfer needed from reserve may decrease if revenues come in higher than estimates. The two largest sources are sales and use tax, which is 80% of revenues and passenger fares, which is close to 9%.

Projected expenditures in the 2027 tax budget are $357.9 million – the largest of which is personnel, totaling $266.6 million. These payroll estimates include the annualized impact of the 3% service reduction planned for August 2026 and does not incorporate additional service reductions.

The next largest categories for expenditures include services, materials and supplies at $23 million, purchase transportation at $17.3 million and fuel and utilities estimated at $14.4 million.

Transfers to other funds total $17.5 million. The transfer to Capital was temporarily reduced from 10% to 5% of sales tax through 2028 and will return to 10% in 2029.

For 2028, a transfer of $16,000,000 is planned from the Revenue Stabilization Reserve Fund, which would leave a 15-day reserve in the Revenue Stabilization Fund, which would adhere to the board policy that was approved in December of 2025. With the updated information, the estimated ending reserve at the end of 2028 would be 1.0 month. This is a slight change from the previous presentation where we projected it would be 0.9 month reserve. In fiscal year 2029, there is estimated to be a $30 million shortfall between revenues and expenditures.

This 2027 tax budget annualizes the service reductions that are planned to begin next month. It does not include any other service reductions that that have been discussed. We will be starting 2027 operating budget development next month and during that process we will analyze and review other reductions.

Motion -- Mayor Gallo moved to suspend the Committee meeting and convene the public hearing; Ms. Pacetti seconded. The motion carried at 10:37 a.m.

Ms. Feinn read the official public hearing statement for the proposed fiscal year 2027 tax budget for the Greater Cleveland Regional Transit Authority. The information for the tax budget has been made available for public inspection on the Authority's website, X and Facebook platform and the public notice of this hearing has been given through legal advertisements in *The Plain Dealer* on June 19, 2026, and June 21 2026, and the *Call & Post* on June 17, 2026, and June 21 2026, and by posting notices in the first floor lobby of the Authority's main office building and the Customer Service Center in the Tower City Rotunda. Notification was given on these sites on how to virtually attend live streaming, the Committee meeting public hearing and Board meeting and how to submit comments for public hearing.

The fiscal year 2027 tax budget was presented to the Operational Planning and Infrastructure Committee of the GCRTA Board of Trustees on July 7, 2026. This is the initial analysis and forward-looking document toward estimated revenues for the next fiscal year. This is the first step in a valuable tool in the budget development process.

The tax budget estimates revenues at $357.1 million sales and use tax receipts are projected at $286.1 million, which is a 2.2% increase from 2026 levels. Total passenger fares are budgeted at $31.9 million, an increase of 1.5%. Transfers from the Reserve Fund includes $28 million from revenue stabilization to maintain a one-month ending balance. Reimbursed expenditures includes operating reimbursements for preventive maintenance, labor and other miscellaneous reimbursements. Reimbursed expenditures are projected at $6.7 million, $5.2 million for preventive maintenance and $1.5 million for capital, labor and other reimbursements combined.

Total expenditures for the 2027 tax budget are projected at $357.9 million, which includes $340.4 million for operating expenditures and $17.5 million for transfers to other funds. The transfer to capital is budgeted at $14.3. Million, which includes $5.7 million for the transferred to the Bond Retirement Fund to pay the principal and interest and maintain the recommended ending balance. $18.6 million is budgeted for transfer to the Capital Improvement Fund. The transfer to Capital has been temporarily reduced to 5% as approved by the Board of Trustees in May 2026.

There were no public comments.

Motion -- Mayor Gallo moved to adjourn the public hearing and reconvene the Committee meeting; Mr. Love seconded. The motion carried at 10:41 a.m.

Mr. Love stated that there will be additional revisions to the forecast for 2027 with service and personnel considerations and inquired how those will be taken into account. Mr. Gautam stated that the tax budget is a requirement of the County and State and initiates the budget process. There may be additional changes. The 2027 appropriations that the Board will approve will be during the December 2026 meeting.

Ms. Pacetti moved to advance the item to the Board of Trustees and seconded by Mr. Love. The motion carried.

VI. Adjournment

There being no further business to come before the Committee, Ms. Pacetti moved to adjourn the meeting, which was seconded by Mr. Love. The meeting was adjourned at 10:43 a.m.

Rajan D. Gautam

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Secretary/Treasurer