# 2013 TRANSMITTAL LETTER

**To:** George F. Dixon III, President, and Members, Board of Trustees

**Date:** November 9, 2012

**From:** Joseph A. Calabrese, CEO
General Manager / Secretary-Treasurer

**Subject:** 2013 Transmittal Letter

## EXECUTIVE SUMMARY

I am pleased to report that 2012 was yet another successful year at the GCRTA. Once again the Authority was highly recognized on a national and international level for its best-in-industry accomplishments, highlighted by significant gains in ridership and presented with a “Gold” Safety Award for the third consecutive year.

As we continued to manage our significant state-of-good-repair infrastructure program, we completed the Westlake Park-N-Ride expansion, the Buckeye/Woodhill Rail Station and were joined by FTA Administer Peter Rogoff for the groundbreaking ceremony for the Cedar/University Rail Station. RTA also obtained funding and issued contracts for two critical rail improvements which will enhance the reliability of our system for years to come: the Airport Tunnel and S-Curve rehabilitations. Also important in 2012, was the staff’s significant effort in recovering from the lightning strike that damaged the signaling system for a major portion of our west side rail service.

Four years after its inaugural journey, the Euclid Corridor HealthLine is still considered the international gold standard. In 2012, we shared our success with dozens of transit systems and municipal leaders from around the globe. Nationally recognized publications such as the Wall Street Journal and the New York Times, continue to tout the fact that our $200 million project has leveraged billions of dollars of private investment and transformed the corridor to, once again, one of the coolest places to work and live in the nation.

During 2012 we successfully:

- Increased productivity on all modes in terms of customers served per hour of service,
- Managed utility and fuel costs through fuel hedging and other innovative programs,
- Were recognized for our achievements in the area of transit security by earning the highest rating - The Gold Standard, by TSA,
- Entered into innovative labor agreements with both RTA unions tying future wage increases to revenues and our ability to pay,
- Realized an upgrade in our Standard and Poor’s credit rating to AAA,
- Won engineering awards for the East 55th Street Rail Station and the Stephanie Tubbs Jones Transit Center,
- Added the Disabled American Veterans and the APTA Scholarship funds to our long list of charitable organizations we give back to,
- Won an APTA Ad-Wheel Prize for our marketing efforts,
- Initiated expanded Downtown Trolley Service to support downtown tourism and new downtown businesses with funding from NOACA, the City of Cleveland, the Browns, Rock Hall, Playhouse Square, Forest City, Horseshoe Casino, the Med-Mart and others.

We entered 2012 being cautiously optimistic about our future. That optimism was well founded, as it proved to be a year during which much of our hard work paid dividends in the form of financial sustainability, reduced overhead expenses, and additional financial capital resources from the FTA and NOACA.

During the past five years GCRTA has gone through three economic cycles: underperforming revenue, recession, and recovery. In 2007 and 2008, Sales Tax was underperforming with 1% growth and in 2008 diesel fuel prices rose dramatically increasing costs by $7.4 million. The Authority was financially and operationally stressed. Service was reduced, fares had to be increased, and capital projects had to be deferred. In 2009, the impact of the Great Recession hit. Sales Tax collections plummeted by 11%, nearly $19 million. Unemployment jumped to 11% and ridership dropped by 13%, costing another $5 million in revenue. A reduction in revenue of $24 million required swift and decisive action. Additional service had to be cut, fares were again increased, positions were eliminated, and most vacant positions were not filled. Union employees received no pay increases. Non-bargaining employees took a 3% salary cut. Revenue was augmented with new temporary grants and reimbursed expenditures were maximized. The American Recovery and Reinvestment Act provided $46 million, where a portion of those funds could be used to support operations. GCRTA used the maximum allowed. The largest portion was used to fund badly needed capital infrastructure. These shovel-ready projects provided jobs for workers in Cuyahoga County and allowed the Authority to reset its Capital Improvement Plan. GCRTA ended the year with an operating fund balance of less than $2.9 million, only about 3.5 days operating funds. The margin was slim but the Authority had survived this historic downturn. Actions had been taken but more would be needed.

In 2010, strategies were employed to improve the financial position. A 12% service cut was implemented and Harvard Garage was closed. Temporary fare increases were made permanent. A total of 245 positions were eliminated and vacant positions were only filled if absolutely necessary. Fuel costs were reduced by $9.4 million in 2010 due to the use of the Energy Price Risk Management Program. A thorough review of electricity costs and action to reduce those costs resulted in $1.6 million savings. With these measures in place, 2010 operating expenses were reduced by $30 million from 2009 actual costs and at $208 million were equal to 2004 levels, a rollback of six years. The Sales & Use Tax revenue also began to recover and increased by $8.6 million. For the first time since 1990, the end of year operating balance met RTA's financial policy objective of a 30-day operating reserve with a balance of about $20 million. In 2011, operating expenses were again under budget and finished the year at about $210 million, less than the 2005 operating expenditures and again maintaining that six-year rollback. Because action was taken in 2008, 2009 and 2010, no fare increases or service cuts were needed in 2011. The recovery of sales tax revenue continued and RTA reached 2008 collection levels by the end of the year, a total of $173 million. Reimbursed expenditures were lowered making more funds available for the Capital Budget and the year-end balance was $36.4 million.

Union negotiations were settled through an innovative contract that ties pay increases to revenue increases. All personnel received a 3% wage increase in 2012. Service was increased by 4.3% to reduce overcrowding. Reimbursed expenditures were lowered to less than $15 million; a goal that had been set in 2003, to enable 12 additional capital projects to be completed and appropriations were increased at mid-year to fund them. Sales tax collections have increased by 4.75% and will reach $181.5 million. New trolley lines were added to support tourism and business for the Horseshoe Casino that opened in 2012 and the new Convention Center that will open in the spring of 2013. The end of year operating balance will be about $36.4 million. The Authority is in an excellent financial position. This was confirmed by upgraded credit ratings to the highest, AAA, by Standard & Poor's. GCRTA is well positioned for fiscal years 2013 and 2014.

For more than a dozen years, RTA has been an exemplary benchmark for other transit systems. One factor is the demonstrated strategy of sound financial management. The response to dramatically increased fuel prices and lost revenue from sales tax due to the 2008-2009 recession are excellent examples of the execution of that strategy. The actions taken to right size service and employment and increasing efficiencies and effectiveness through finding smarter ways to do business have paid dividends. A major factor in creating and implementing smarter processes is TransitStat, the data-driven performance management initiative GCRTA implemented in 2008. During the four years after the implementation of the program, TransitStat projects have reduced costs by more than $35 million by cutting costs of overtime, inventory, fuel, electricity, towing, and workers compensation. Total savings is expected to increase at the end of 2012. Beyond that, operational enhancements have improved service to customers. Those actions helped the Authority survive one of the worst financial periods this community has experienced in the last fifty years and now transition to a sustainable enterprise able to meet the next set of demands.

The Board of Trustees' first review of the 2013 Capital Budget took place at the Finance Committee meeting on October 9, 2012. The committee will deliberate issues in the Operating Budget at a subsequent meeting on November 13. Public Hearings will be held on November 20, 2012 at 9:00 AM and on November 27, 2012 at 5:00 PM. At the Board meeting on December 4, 2012, the Finance Committee is expected to present a recommendation to the full Board of Trustees to adopt the proposed 2013 Operating, Capital, and the Other Funds Budgets. Adoption will be considered at the December 18, 2012 Board Meeting.

Resources are included to fund rail, bus, and paratransit services and continue and increase rehabilitation and maintenance of equipment and facilities. In preparing the 2013 Budget, staff developed Fund Balance Analysis statements for each major fund group, which summarize financial activity and ending balances. The Finance, Operations, and Planning and Development Committees will review major revenue & expenditure assumptions and trends, financial policy objectives, service & employment levels, strategic and other program initiatives, and capital projects included in the 2013 – 2017 Capital Improvement Plan (CIP).

The 2013 appropriation for operating expenditures totals $237,650,597. The amount appropriated, including the amended budget, for 2012 was $231,856,301. Fuel costs have increased and will remain at higher levels in 2013. Based on Sales Tax Revenue and Fare Revenue increases in 2012, all employees will receive a 3% wage increase in 2013. The 2013 Budget has an increase in appropriations of approximately $5.8 million. A little over $1.0 million of that increase is due to the increased cost of fuel. The Budget includes $173.2

million for Personnel Services: providing salary, overtime, and fringe benefit resources needed to fund 2,302.5 positions. The authorized employment level for 2013 is an increase of 20 positions from the 2,282.5 in the original 2012 budget and an increase of 6 positions from the 2012 amended budget of 2,296.5. This difference is mainly due to 13 of the 23 HRV Overhaul positions being eliminated at the end of 2012. Ten key overhaul positions will remain to help with the interior overhaul of the Heavy Rail fleet and the other employees in these positions will be assimilated into currently vacant positions. Service levels have been maintained and expanded slightly, increasing by about 5.3%. Rail service will be enhanced to 15-minute frequency, the C-Line, L-Line and 9-12 Trolleys have been added and other adjustments have been made to ease overcrowding. Paratransit service continues to increase.

Personnel Services costs are $3.2 million higher than the 2012 budgeted amount. Other expenditures have increased by about $2.6 million compared to the 2012 Budget. A large part of this is an increase for fuel. Operating expenses for 2012 are projected to finish the year at $224,433,840, about $7.4 million under budget. The objective is to execute the 2013 Budget in the same fashion as 2010, 2011 and 2012.

Over the last three years ARRA projects have been well executed and the improving financial picture has allowed for the completion of the Stephanie Tubbs-Jones Transit Center, Puritas Rail Station, East 55th Rail Station, and the Woodhill-Buckeye Station. GCRTA recently held the groundbreaking for the new University-Cedar Station and this fall, work will begin on the Airport Tunnel Rehabilitation. The S-Curve Reconstruction will follow the Airport Tunnel project. Several projects have been completed; more are about to go into construction, yet more will be needed. The 2013 Capital Budget includes $94.06 million of combined budget authority for RTA Capital and RTA Development Fund projects. That figure is about $30 million higher than the 2012 figure. This includes the replacement of equipment, facilities improvements and upgrades, preventive maintenance reimbursements, rail projects and replacements busses. Over the next five years nearly 200 busses need to be replaced to properly maintain the fleet. This capital plan includes that important element. The amount includes $3.97 million, or 4.2% of the total, of 100% locally funded projects within the RTA Capital Fund and $90.09 million, or 95.8%, of grant & locally supported projects within the RTA Development Fund. As in previous years, the goal of the capital program is to better match budgeted projects with anticipated revenue sources, both for locally and grant funded projects, and to maintain the Authorityôs assets in a State of Good Repair (SGR).

The increase in requested capital budget appropriations of $94.06 million for the upcoming year, relative to the $61.50 million in FY 2012, is the culmination of a planned redistribution of formula grant funds previously used for preventive maintenance reimbursements to the Operating Budget to address needed capital improvements throughout the Authority as well as securing competitive grants. In FY 2013, the proposed CIP includes $33.87 million of budget authority to begin multi-year bus and paratransit replacement programs, $12.38 million for construction of the relocated University ï Little Italy ï Red Line Station, $5.65 for the state of good repair projects on rail stations, track, and rail crossings, and $4.79 million of security and equipment upgrades including a retrofit camera system project for the Authorityôs bus and heavy rail fleets and the remaining budget authority to install event recorders on rail cars.

As in prior budget years, budget authority for new projects was added to the five-year capital plan through a capital needs review and prioritization process, while budget authority for other projects was deferred and shifted into future years. The presented CIP is a reflection of available and projected Federal, State, Local, and non-traditional funds that are and may become available in future years. Beginning in FFY 2013, the Authority expects a reduction in its Federal formula grant allocations due to the impact(s) of the adopted Federal MAP – 21 Transportation Bill.

The proposed five-year capital plan of $387.58 million continues the Authority’s focus on the state of good repair maintenance, rehabilitation and construction projects and the need to provide customers with safe and dependable service. It presents a realistic balance between the financial needs of meeting both the operating and capital programs. The increase in the 2013 Capital budget represents the Authority’s efforts to reduce the growth of the capital program to a level that is compatible with anticipated funding levels while meeting the on-going need of maintaining a State of Good Repair.

Due to 100% ARRA federal grant funding and prudent fiscal management, the Authority was able to stretch the use of its available bond funds for four years. A $25.0 million debt service sale was executed in the second quarter of FY 2012 and is expected to meet the Authority’s local funding needs for capital projects until early in FY 2015. Standard & Poor’s upgraded the Authorities credit rating to AAA. Buyers paid a premium for this bond. The premium allows for reduced debt service payments for 2012 and 2013. Debt service payments will increase for the Authority in 2014, 2015 and 2016. The first major repayment of debt happens in 2017. The Authority will continue to work carefully to control this expenditure area.

The revenue required to support both operating and capital budgets was a challenge from 2004 to 2008. The shortfall from the largest revenue source, the Sales & Use Tax, was limiting the ability to provide service for those years. The dramatic drop in revenue caused by the 2008-2009 recession severely constrained every aspect of operations in 2009 and 2010. A change in the Sales & Use Tax base in 2009 added about $7 million in annual revenue and the economic recovery, meager as it has been, restored sales tax levels to the amount received in 2008 by the end of 2011.

The actions taken in 2009 and 2010 caused RTA to end 2010 with a greatly improved year-end balance. Balances improved again in 2011 allowing new measures to be considered. The Board authorized the establishment of Reserve Funds for Fuel, Hospitalization and Compensated Balances. These funds will help protect the Authority from drastic downturns in revenue in the future. Reimbursement for Capitalized Operating Assistance has been drastically lowered making more funds from grants available for Capital Projects. A Rolling Stock Replacement Fund is now being proposed to prepare for the replacement of busses over the next five years.

Three economic cycles have been bridged over the last five years. GCRTA is now in a nearly sustainable financial position. This status will be maintained, while continuing to upgrade and prepare the infrastructure to meet the demands of a first class transit property for the City of Cleveland for now and into the future.

## A STRATEGIC APPROACH TO THE BUDGET

In developing the budget as well as developing the business strategy, the Authority derives its direction from the five Policy Goals identified by the Board of Trustees. These Goals, along with the Authority's Mission Statement, are shown below.

### GCRTA MISSION

***RTA enhances the quality of life in Greater Cleveland by providing outstanding, cost-effective public transportation services.***

### BOARD POLICY GOALS

**I. CUSTOMER FOCUS: Provide safe, high-quality service to all customers and support our employees in that endeavor.**

**II. EXPAND AND REORGANIZE SERVICE: Expand and reorganize service to retain our current riders and attract new riders by providing service that meets customer and community needs.**

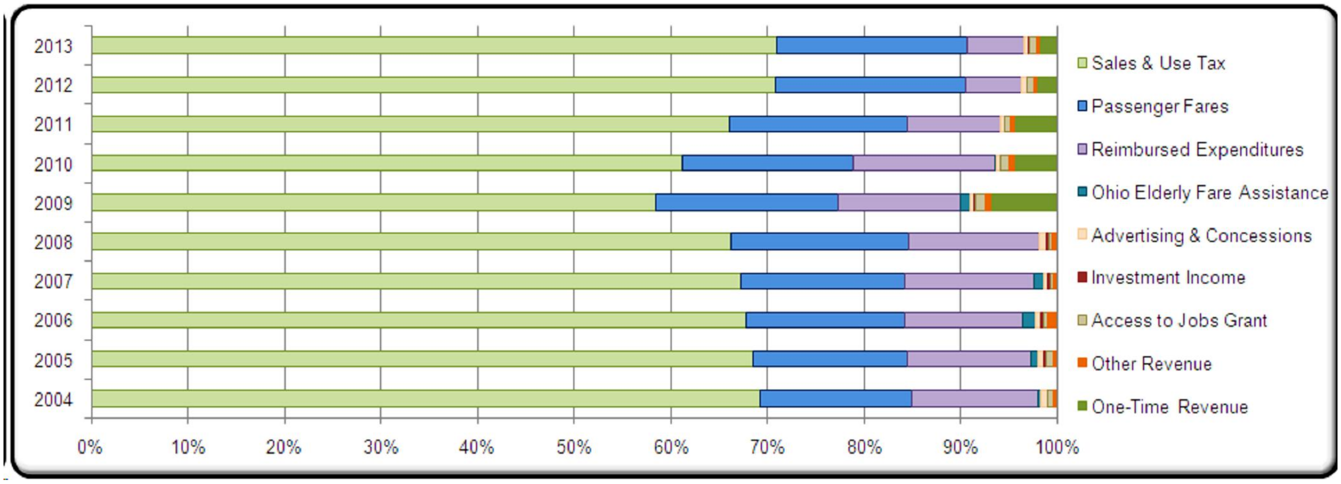
**III. PREPARE FOR THE FUTURE: Prepare for the future by forging new partnerships and strengthening existing ones with the public and private sectors to establish policies, funding, innovations, and technologies that support cost-effective public transportation.**

**IV. IMPROVE FINANCIAL HEALTH: Improve the agency's financial health through efficient use of resources and the pursuit of new and innovative revenue sources.**

**V. PROVIDE COMMUNITY BENEFITS: Provide social, economic, and environmental benefits to the community through system improvements and increase community awareness of these contributions.**

For the period from 2007 to 2011 the business planning efforts were forced to highlight only two of the five policy goals as most critical: **Customer Focus** and **Improve Financial Health**. The improved financial status allows GCRTA to also focus on **Preparing for the Future** and **Providing Community Benefits.** In an effort to more effectively transition the strategic planning focus into the 2013 budgeting process, the evaluation of requests and the allocation of funding for 2013 initiatives were linked to the business plan and most directly to these four policy goals. **Expansion** cannot be a priority at this time. Maintaining and reorganizing service to retain the base and attract new customers is certainly an objective.

## GENERAL FUND




### Revenue

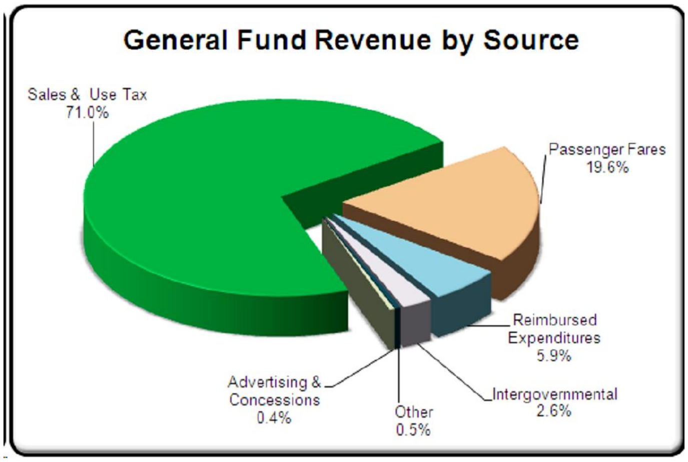
The current 2012 estimate projects $256.1 million in General Fund revenue and total resources of $292.5 million. This is a $5.8 million increase in total resources compared to the original 2012 budget. Most of this increase resulted from the reduction in expenses from 2011 and a subsequent increase in the end of year fund balance.

The chart above shows the percentage of each revenue stream from 2004 through 2013. In 2004, Sales & Use Tax was about 70% of the Authority's revenue and Passenger Fares equated to about 17% of the total revenue. Between 2005 and 2008, Passenger Fare Revenue increased, which reduced the percentage of Sales & Use Tax to the total revenue. In 2009, Sales & Use Tax receipts plummeted due to the great recession and without the one-time funding from the State and Federal Governments, the Authority would have seen more drastic reductions in service. Between 2010 and the 2012, Sales & Use Tax receipts increased, mainly due to Managed Care being added the tax base. Recovery from the recession in 2001 and again in 2009 has been extremely slow in the Cleveland area. With the Sales & Use Tax and Passenger Fares increasing, this has enabled us to become less reliant upon one-time funding and reimbursed expenditures. The graph on TL-8 shows the percentage of each revenue stream for 2013. Sales & Use Tax has returned to 70% of total revenue, Passenger Fares increased to nearly 20% of total revenue, and reimbursed expenditures and inter-governmental funding are slowly decreasing.

Total revenue for 2013 will increase to $261.0 million. The increase comes from Sales Tax, Fare Revenue and a CMAQ Grant for the new C-Line, L-line and 9-12 Trolleys. Total Resources will increase to $296.0 million with the carry forward of a $34.9 million balance from 2012.

The key to any budget is a realistic estimate of revenues that will be available to support operations. This is particularly true of a public entity such as a transportation authority, which can only provide the level of service that revenues will support. The General Fund Balance

Analysis, included as Attachment A, presents the 2013 Operating Budget in summary. The specific assumptions and calculations for the revenues included there are as follows:




**<u>Passenger Fares</u>** **$51.3 Million**

**Rationale:**

Ridership through September 2012 was 2.5% above the same period in 2011. The recession in 2008-2009, led to a double-digit unemployment rate in the region, which resulted in lower ridership. The Authority provided service for approximately 51.3 million riders in 2009 and collected fare revenue of $49.7 million. Ridership and passenger fares dipped again in 2010, collecting $47.2 million. As the economy in the region slowly rebounds, ridership has increased.

The HealthLine ridership through the third quarter 2012 has increased 2.9%, compared to the same period in 2011, an increase of over 96,000 passengers. In the three months of the third quarter alone the HealthLine was 2.9% above the third quarter of 2011. The largest increase in fixed-route passengers has been seen on the Heavy Rail, with an increase of 9.9% through the third quarter of 2012, compared to the same period in 2011, an increase of 416,117 passengers, again showing a rebound in the economy and more people are using transit to get to work. The one negative is that the Cleveland Municipal School District (CMSD) is cutting its transportation budget and plans to use $1.5 million less RTA service. An increase of 2.0% in passenger fare revenue for 2013 is estimated. This is an increase of $1.0 million compared to the projected revenue for 2012.

**<u>Sales & Use Tax Revenue</u>** **$185.3 Million**

**Rationale:**

The economic crisis in late 2008 and 2009 had unparalleled effects on Sales & Use Tax revenue across the entire U.S. Cuyahoga County experienced an historic decline from $173.6 million in 2008 to $154.6 million in 2009. Economists indicated this recession was deep and would be longer-lasting than any other that has affected the U.S. in the last 70 years. Part of that rationale was the damage caused in the finance and banking industry. The indication was that the Sales & Use Tax revenue would not recover in the short term and would not return to the $173 million mark generated in 2008 until 2015.

Late in 2009 the State Legislature added Managed Care to the sales tax base. For 2010 this change added about $5 million in Sales Tax collections for RTA. Collections for 2010 jumped to $163.2 million. Only $3.6 million of this increase was credited to an improved economy. For 2011, collections continued to be above expectation. Collections for 2011 were $173.2 million. Most economists projected a very modest growth in GDP in 2012 with continuing high unemployment. For the first eight months of 2012 collections continued at a robust pace. Through August, as shown in the chart below, collections were 6% above 2011 totals. Projections through August estimated Sales Tax at $183.0 million for 2012. September collections dropped to only 2.3% above 2011 and October collections were only a 1.9% increase. That estimate has been reduced to $181.5 million. For the last three years, Sales Tax has increased by $8.6 million, $9.9 million, and $7.6 million. This most recent trend does not seem to indicate those increases will continue. Economists and the Federal Reserve Bank of Cleveland project growth for 2013 at 2.1%. Thus, the estimate for 2013 is $185.3 million.

**SALES AND USE TAXES**
**ACTUAL RECEIPTS**

| Month Received | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Actual | 2012 vs. 2011 Month % Change | 2012 Month Actual vs 2012 Month Budget | 2011 YTD Actual | 2012 YTD Actual | 2012 vs. 2011 YTD % Change |
|---|---|---|---|---|---|---|---|---|---|
| January | $13,029,565 | $13,325,298 | $14,020,447 | $14,287,958 | 7.22% | 1.91% | $13,325,298 | $14,287,958 | 7.22% |
| February | $13,235,921 | $13,789,418 | $14,242,486 | $14,519,004 | 5.29% | 1.94% | $27,114,716 | $28,806,962 | 6.24% |
| March | $16,734,752 | $17,691,208 | $18,007,411 | $18,658,361 | 5.47% | 3.61% | $44,805,924 | $47,465,322 | 5.94% |
| April | $12,261,769 | $12,510,833 | $13,194,365 | $13,179,592 | 5.35% | (0.11%) | $57,316,757 | $60,644,914 | 5.81% |
| May | $11,917,611 | $12,938,264 | $12,824,010 | $13,989,193 | 8.12% | 9.09% | $70,255,020 | $74,634,108 | 6.23% |
| June | $14,007,370 | $15,707,246 | $15,072,568 | $15,724,553 | 0.11% | 4.33% | $85,962,266 | $90,358,661 | 5.11% |
| July | $12,557,155 | $12,737,308 | $13,512,210 | $14,353,651 | 12.69% | 6.23% | $98,699,574 | $104,712,312 | 6.09% |
| August | $13,394,184 | $14,562,037 | $14,412,884 | $15,390,307 | 5.69% | 6.78% | $113,261,611 | $120,102,619 | 6.04% |
| September | $14,773,029 | $16,413,110 | $15,896,563 | $16,800,205 | 2.36% | 5.68% | $129,674,721 | $136,902,824 | 5.57% |
| October | $13,831,261 | $14,515,151 | $14,883,217 | $14,796,865 | 1.94% | (0.58%) | $144,189,872 | $151,699,689 | 5.21% |
| November | $13,458,376 | $14,054,073 | $14,006,712 | | | | $158,243,945 | | |
| December | $14,019,656 | $14,998,383 | $13,802,582 | | | | **$173,242,328** | | |
| **TOTAL** | **$163,220,649** | **$173,242,328** | **$173,875,455** | | | | | | |

**<u>Advertising & Concessions</u>** **$1.1 Million**

| | |
|---|---|
| **Advertising Contract** | **$900K** |
| **HealthLine (net)** | **$125K** |
| **<u>Other</u>** | **<u>$ 75K</u>** |
| **Total** | **$1.1M** |

**Rationale**:

The 2013 Budget Advertising and Concessions Category consists of three subcategories. The first is the current advertising contract. As the fleet size reduced due to the service reductions in 2008, 2009, and 2010, the advertising contractôs annual guarantee shrunk from $1,000,000 to $525,000. In 2012, a new advertising contract was established and the contractôs annual guarantee rose to $900,000. The second is the HealthLine naming rights contract that will net the Authority $125,000 in 2013. The other subcategory is composed of various concession and vending arrangements and is expected to generate $75,000 in the upcoming year.

**Intergovernmental** **$ 6.7 Million**

| | |
|---|---|
| **Temporary State Funding** | **$4.6M** |
| **Elderly and Disabled Fare Assistance** | **$0.0M** |
| **Access to Jobs Revenue (JARC)** | **$2.1M** |
| **Total** | **$6.7M** |

**Rationale:**

Temporary State funding helped eliminate the $24 million gap during the 2008-2009 recession and the financial struggle in 2010. Expenses were reduced but without the temporary funding from the State of Ohio, the service reductions would have been more severe. Temporary funding for ADA Paratransit operations will provide nearly $3.1 million for 2013 and the next two years. CMAQ funding the new C-Line, L-Line and 9-12 Trolleys will bring in about $1.5 million in 2013.

In 2009, the Authority received about $2.8 million from the State of Ohio for elderly and disabled fare assistance for 2008 and 2009. The State of Ohio tax receipts were reduced by the recession and in 2010 RTA received only $619,057 in this category. In 2011, the State halted all funding in this category and was expected to do the same in 2012. This trend is expected to continue into the future.

Job Access and Reverse Commute (JARC) helps GCRTA provide vanpool and reverse commute services consistent with Welfare to Work initiatives. The funds from this source have been very sporadic over the past few years. Actions by the Northeast Ohio Area Coordinating Agency (NOACA) in 2008 released Federal funds. RTA spent $500,000 of these funds in 2008, with the remaining balances used in 2009 and 2010, at approximately $1.2 million to $1.4 million, respectively. An additional $700,000 from Federal funds and $700,000 from ODOT were received in 2009 and 2010, respectively, totaling $1.4 million. Then RTA received an ARRA grant for $1.863 million with no match requirement. About $300,000 of these funds was used in the end of 2009. The remaining $1.5 million from this grant were used in 2010 and then supplemented with funds from grants previously received. Remaining funds from these grants were used in 2011, totaling about $1.6 million. The projection for 2012 is for $1.8 million.

**Other Revenue** **$1.0 Million**

These other sources of revenue include contractor and hospitalization claim reimbursements, rent, salvage sales, identification card proceeds, among other miscellaneous receipts. The amounts received from these sources have fluctuated over the years, mainly due to one-time settlements and reimbursements. In 2007 and 2008, the Authority received CNG rebates from the Internal Revenue Service (IRS). These rebates are no longer received as the CNG fleet has been retired. In 2012, $1.1 million is projected for other revenue. The projection for 2013 is $1.0 million.

**Investment Income** **$200 Thousand**

The available 2012 General Fund cash balances have been improved. The Fed has kept interest rates at all time lows in an attempt to spur the economy. Income from this source dropped 76% in 2009 and 64% in 2010. The Fed has demonstrated it intends to keep interest rates low for at least the next nine months. As a result, the projection for this revenue stream for 2012 and 2013 is $200,000 for each year.

**Reimbursed Expenditures** **$15.5 Million**

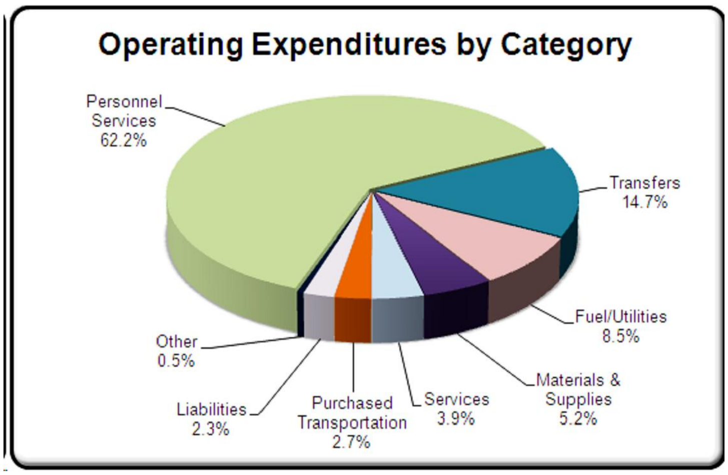
| | |
|---|---|
| **Preventive Maintenance Reimbursements** | **$12.5M** |
| **Fuel Tax Reimbursement** | **$ 1.3M** |
| **Reimbursed Labor & Material** | **$ 1.7M** |
| **Total** | **$15.5M** |

**Rationale:**

This category primarily is composed of preventive maintenance reimbursements, fuel tax reimbursements, grant funded labor costs, and material reimbursements. In 2009, this category was $33.5 million. In 2010 it totaled $39.2 million due to the inclusion of force account labor from the ARRA projects. For eight years it had been a goal to reduce this reimbursement to less than $20 million. Underperforming Sales Tax collections from 2001 to 2008 and then the Great Recession in 2009 had made that goal unachievable. The improved financial position of the Authority in 2011 and 2012 enabled this to happen. This revenue category was reduced in 2011 to $25.6 million. For 2012 it has been reduced to $14.9 million, and the goal will be achieved. Service has been reduced and the amount of preventive maintenance has been reduced because fewer buses and one less facility, with the closure of Harvard Garage, are being maintained. The improved financial situation means that the Authority does not need to draw as much preventive reimbursement to operate the General Fund. Reimbursed expenditures are budged at $15.5 million for 2013 and planned to hold at $17.5 million in 2014. This means that more funds from formula grants will be available for capital projects. With the implementation of MAP-21 and a reduction in the formula grant amount, this is particularly important.

## Expenditures

The Operating Expenditures for 2013 include the appropriation and expenditure changes as described below. As with revenues, expenditures are estimated not only for the 2013 Budget Year, but also for the two subsequent years. The Fund Balance Analysis projections include those out-years to demonstrate the longer-term impacts of various items contained in the 2013 Budget (collective bargaining agreements, service changes, requirements of the Capital Improvement Plan, etc.).




The chart on page TL-15 summarizes the budgeted increases/reductions in expenditures for 2013. The chart highlights the ardent effort by management to align the Authority's expenditures with the projected revenue. As a result of the efforts made in 2009, 2010 and 2011 to control and reduce expenditures and the improvement in Sales Tax collections, the Authority was able to avoid a service reduction in 2011 and 2012 and will do so again in 2013. In fact, small service increases were made in 2012 and will be again in 2013.

**Compensation Issues** include the wage and fringe payments consistent with current collective bargaining agreements with the ATU (Amalgamated Transit Union) and FOP (Fraternal Order of Police), vacancy replenishments, as well as expected cost increases associated with health care and the Ohio Public Employee Retirement System (OPERS). The plunge in revenue from the Sales & Use Tax due to the 2008-2009 recession and in fare revenue due to high unemployment caused by that recession meant RTA had to get wage concessions or become a smaller organization.

For 28 months GCRTA attempted to negotiate contract agreements with the unions. The contract for ATU 268 expired July 31, 2009 and the contract for FOP expired in March 2010. No wage increases were paid for 2010. During the summer of 2011, an agreement was reached with the FOP on an innovative approach that tied a wage increase in 2011 to the revenue increase for Fare Revenue and Sales Tax from 2010 and then used the increase in Fare Revenue and Sales Tax from 2011 to establish the wage increase for 2012. Under the contract, wages are tied to these revenues but may be no less than 0% and no more than 3%. The Health Care contribution increases from 12% to 14% but non-smoking employee's receive a 1% credit and employees who complete the GCRTA Wellness Incentive Program can also receive a 1% credit. The FOP received a 1.75% wage increase in September. Non-bargaining personnel received the same increase in August. On the basis of 2011 revenue both received a 3% wage increase in 2012. ATU 268 agreed to this contract concept in March of 2012. They received a $1,000 payment and a 3% wage increase in 2012. With a

Sales Tax increase of 4.75% in 2012 and a Fare Revenue increase of 1.5%, all personnel will receive the 3% maximum wage increase for 2013. For 2014 and 2015, Sales Tax and Fare Revenue are projected to increase by 2.0% and the wage increase is calculated to match.

**Fuel costs** have been stabilized. Fuel prices were out of control in 2008 and RTA had to find a better process to purchase fuel because this is the second highest cost area. For much of 2008, RTA worked process improvements to establish a new methodology of purchasing diesel fuel. To get that accomplished, State law had to be changed, which was enacted in September 2008. In January of 2009, the Board of Trustees approved the implementation of an Energy Price Risk Management Program. RTA is now authorized to purchase futures contracts out to a maximum maturity of 36 months up to a maximum of 90% of projected use.

The average price/gallon for diesel in 2008 was $3.57 and for 2009 it was $3.17. In early 2009, RTA purchased future contracts on 88% of its 2010 fuel requirements and about 25% of the 2011 requirement. As opportunities to purchase at advantageous prices materialized more fuel futures were purchased. The budget for 2010 was $9.39 million versus the $17.4 million paid in 2009. The year was ended with costs under $8 million, $1.39 million under budget and $9.4 million below 2009. The net cost/gallon was $1.76. For 2011, the budget for diesel was $10.972 million. The actual cost was $9.954 million, slightly more than a million under budget. The budgeted cost for fuel for 2012 is $12.803 million. Projections indicate an actual cost of about $12.375 million.

The Authority is authorized to buy fuel hedges out to 36 months in advance. This enables the Authority to buy when prices present a good opportunity. Prices in 2012 started at $2.90/gallon. By March prices had risen to $3.54/gallon. In May and June prices dropped significantly to $2.70/gallon. GCRTA purchased 3.7 million gallons of diesel and filled the remaining hedge requirements for 2012, 80% of 2013 and 55% of 2014. The budget for diesel fuel is set for $13.835 million for 2013. The volatility experienced in the past has been eradicated. Costs were stabilized for 2010, 2011 and 2012. Those amounts were less than the Authority paid for fuel in 2007.

**Cost Reduction Measures** will continue to result in significant savings. The Authority closely reviewed utility usage, completely auditing the electricity accounts. In 2009, the Authority went out on the open market and solicited bids for the electricity rate. The rate quotes received lowered the cost by 2 cents per kilowatt-hour (kWh) and resulted in savings of over $1.127 million. All electricity accounts were reconciled and all meters are now read and reset by CEI monthly. These actions further reduced costs by $504,000. RTA applied for and received rate changes for rail substations that have reduced costs by another $324,000 annually. Electricity was again bid in May 2011, which lowered the rate/kWh again. A three year contract for electricity is in place and at a very favorable rate. This rate can extend through 2017 and this possibility is being analyzed. The TIGGER Energy Retrofit grant has reduced electricity usage at the facilities by more than $500,000 annually. Natural Gas was bid in July 2011, which lowered the rate by $.43/MCF. These rates are locked up through 2017. GCRTA aggressively uses TransitStat to control costs such as overtime, inventory costs, towing and workers compensation costs. Further, customer service is enhanced with improved operation of the telephone information center and improved on time performance.

The actions taken in the TransitStat forum will affect operations for as long as the process of relentless follow-up continues on what has already been done to address other areas into the future.

**Transfer to the Insurance Fund**

In 2009, a transfer from the General Fund of $3.52 million was made, but due to large claims payments that year, the transfer was not enough to maintain the Insurance Fund at the established balance of $5.0 million. In 2010, an additional $3.2 million was transferred from the General Fund that restored the $5.0 million balance in the Insurance Fund. Claims have declined significantly and the budgeted transfer of $2.7 million for 2012 was reduced to $1.0 million. For 2013 a transfer of $1.4 million is anticipated. The Automated Passenger Alert System has effectively warned pedestrians of turning busses and reduced collisions.

**Transfer to the Supplemental Pension Fund**

As in previous budget years, the 2013 budget estimates that the Supplemental Pension Fund will need transfers of $100,000 for 2013 and in the following two years in order to maintain the necessary balance within this fund as identified in a bi-annual actuarial study.

**Transfers to Capital**

In recent years this measure, calculated as a percentage of Sales & Use Tax revenue, has remained well above the Board goal of a maximum of 15% due to the significant decrease in this revenue source that occurred in 2009 and to the inclusion of a number of capital grants to reimburse Operating Expenses that requires a local match from this source.

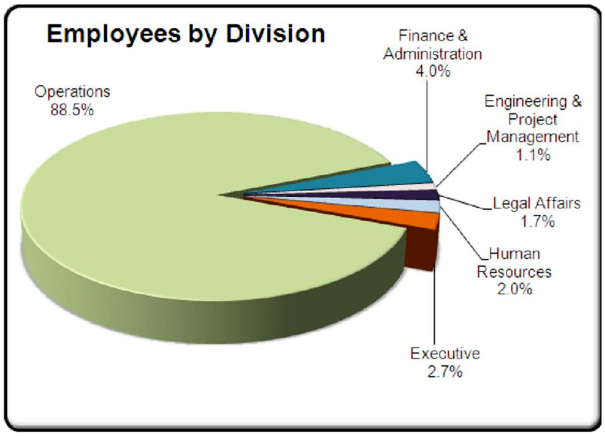
As Sales Tax revenue recovered in recent years, this measure gradually improved from 18.4% in 2011 to 17.6% in 2012. In 2013, as local funds are transferred to the capital program for the multi-year bus replacement program, transfers to Capital will total $39.59 million and equal 21.4% of the Sales & Use Tax revenue. This includes $21.27 million for payment of 100% locally funded projects, the first of a two year program to shift local funds to capital for the bus improvement program, the local match portion of grant-funded projects, and $18.32 million to the Bond Retirement Fund for debt service payments associated with existing debt and a recent $25.0 million G.O. debt sale during FY 2012.

At 21.8%, the transfer at a projected $41.23 million will remain at a high level in 2014 as additional local funds are again transferred to capital for the bus improvement program. It will then decline to a projected $35.06 million, or 18.1% in 2015 as transfers for the bus improvement program cease. The high level of this measure continues to highlight the difficulty created by increased capital and debt service needs in times of constrained revenue.

## Areas of Expenditure Growth
## 2013 Budget

| | | | |
|---|---|---|---|
| **2012 Projected Operating Expenses** | | **$224,433,840** | |
| **Compensation Issues** | | **$ 5,376,651** | **2.40%** |
| Hourly & Salary Labor Increase | $ 4,186,456 | | |
| Fringe Benefits | $ 1,125,050 | | |
| Unemployment Compensation | $ 65,145 | | |
| **Fuel / Utilities** | | **$ 4,069,392** | **1.81%** |
| Diesel Fuel | $ 1,720,216 | | |
| Propulsion Power | $ 547,905 | | |
| Other Utilities | $ 1,801,271 | | |
| **Service Opportunities** | | **$ 2,393,866** | **1.07%** |
| ADA Purchased Transportation | $ 593,162 | | |
| Services | $ 1,459,712 | | |
| Materials & Supplies | $ 377,247 | | |
| Inventory | $ (36,255) | | |
| **Administration Changes** | | **$ 1,376,848** | **0.61%** |
| Workers' Compensation | $ 566,327 | | |
| Property Tax | $ 136,859 | | |
| Other (Net) | $ 673,662 | | |
| **Expenditure Growth** | | **$ 13,216,757** | **5.89%** |
| **2013 Budgeted Operating Expenditures** | | **$237,650,597** | |

## Employment Level Analysis




The chart below summarizes changes in staffing from the 2012 original Budget to the level included in the 2013 Budget.

The 2013 Budget reflects staffing of 2,302.5, an overall increase of 6 positions from the amended 2012 budget.

The pie chart demonstrates relative employment levels within each division.

In 2010, 10 administrative support positions and 235 operating positions were eliminated due to the April service reduction and closing of Harvard Garage. In 2012, Business Analysts and other key positions were added to the operating budget to increase the efficiencies within the departments and to increase service levels. Divisions were also realigned by moving the District General Managers (DGMs) from the Executive Department to the appropriate department within the division.

| 2013 Budget | | |
|---|---|---|
| **2012 Original Budget** | | **2,282.5** |
| **Operations** | | **12.5** |
| Budget Amendment Operating Positions | 11 | |
| Overhaul Positions | -13 | |
| Operators | 4 | |
| Clean Team | 2.5 | |
| Fare Enforcement | 4 | |
| Paratransit/ADA | 4 | |
| **Service / Support** | | **4** |
| Budget Amendment Support Positions | 1 | |
| Mechanics/Support Positions | 3 | |
| **Administrative Staff** | | **3.5** |
| Budget Amendment Admin Positions | 2 | |
| Key Positions | 1.5 | |
| **2013 Budget** | | **2,302.5** |

In 2013, with the completion of the HRV exterior overhaul, 13 of the 23 positions will be eliminated. The other 10 positions will remain to assist with the HRV Interior overhaul. Employees who are currently in these 13 positions will be moved into currently vacant positions. Four Operator positions will be needed with the service increase and 14.5 support positions for operations have been added to the budget. One administrative position will be added and a part-time position will be changed to full-time.

## SERVICE LEVELS

The recession of 2008-2009 reduced revenues for the Authority and RTA was forced to reduce service levels by more than 20% between 2008 and 2010 in order to maintain a balanced budget. Service levels were not reduced in 2011. For 2012 service was increased by just over 4% and in 2013 service levels will again be pushed up by more than 5%.

| Service Levels | 2012 | 2013 | % Change (2013-2012) |
|---|---|---|---|
| Service Hours | 1,793,570 | 1,889,372 | 5.3% |
| Service Miles | 24,088,963 | 25,396,496 | 5.4% |

The financial position of the Authority has improved markedly since 2010. Consequently some of the service cut in 2008, 2009 and 2010 has been restored. Almost 60,000 service hours were added to bus and rail lines in 2012. These changes include route enhancements for higher utilized bus routes traveling from suburban areas into downtown, as well as some changes made on other routes to lessen crowding. The frequencies for rail services were adjusted in-peak and off-peak hours and service enhancements were implemented in 2012.

In late 2012, annualized in 2013, three new Trolley routes were created: C-Line, L-Line, and 9-12 Line. The C-Line connects the Convention Center, Medical Mart, Casino, Warehouse District, and Playhouse Square between 7pm ï 11pm, Monday through Friday and 11am ï 11pm on Saturday and Sunday. The L-Line connects the Rock Hall of Fame, Great Lakes Science Center, Medical Mart, Convention Center, and Casino from 10am ï 5:30pm on Saturday and Sunday. The 9-12 Line connects the Muni Lot to the Gateway District, running along E. 9th and E. 12th Streets during the morning and afternoon rush hours. Rail lines were running on 20-minute frequencies because of the lightning strike in 2011. All repairs are now made and frequencies are being adjusted to 15 minutes.

Service for all modes but vanpool has been increased for 2013, including Paratransit ADA service. Requests for Paratransit services continue to increase. RTA will continue the commitment to ADA service and requirements.

## 2013 Budgeted Service Levels By Mode
## Compared to 2012 Budgeted Service Levels by Mode

| | Service Hours | | | | Service Miles | | | |
|---|---|---|---|---|---|---|---|---|
| Service Mode | 2012 Budget | 2013 Budget | Variance | Percent Variance | 2012 Budget | 2013 Budget | Variance | Percent Variance |
| **Rail** | | | | | | | | |
| Heavy Rail(Red) | 120,133 | 132,400 | 12,267 | 10.2% | 2,164,503 | 2,599,200 | 434,697 | 20.1% |
| Light Rail(Blue/Green) | 59,264 | 63,200 | 3,936 | 6.6% | 719,593 | 876,400 | 156,807 | 21.8% |
| **Total Rail** | **179,397** | **195,600** | **16,203** | **9.0%** | **2,884,096** | **3,475,600** | **591,504** | **20.5%** |
| **Bus** | | | | | | | | |
| RTA | 1,233,446 | 1,296,500 | 63,054 | 5.1% | 15,175,476 | 15,755,300 | 579,824 | 3.8% |
| Van Pool | 29,000 | 29,000 | 0 | 0.0% | 680,000 | 640,000 | (40,000) | -5.9% |
| **Total Bus** | **1,262,446** | **1,325,500** | **63,054** | **5.0%** | **15,855,476** | **16,395,300** | **539,824** | **3.4%** |
| **Paratransit** | | | | | | | | |
| In-House | 201,881 | 207,937 | 6,056 | 3.0% | 3,042,177 | 3,103,021 | 60,844 | 2.0% |
| Contract | 149,846 | 160,335 | 10,489 | 7.0% | 2,307,214 | 2,422,575 | 115,361 | 5.0% |
| **Total Paratransit** | **351,727** | **368,272** | **16,545** | **4.7%** | **5,349,391** | **5,525,596** | **176,205** | **3.3%** |
| **Grand Totals** | **1,793,570** | **1,889,372** | **95,802** | **5.3%** | **24,088,963** | **25,396,496** | **1,307,533** | **5.4%** |

## POLICY COMPLIANCE

The discussion in this section focuses on the financial status of GCRTA as it relates to the Authority's basic adopted financial policy objectives. These objectives represent trends or indicators that should be analyzed as they relate to long-range financial implications for the organization.

The financial policies or trends, as outlined in Attachment B, are applied to the following areas:

### Operating Efficiency

For 2013, Operating Revenues will account for 22.3% of total operating expenses. This ratio is under the **Operating Ratio** policy goal of 25% and less than the Operating Ratio in 2011 of 23.8% and 2012 of 23.2%. The decrease of operating expenses in 2011 and 2012 boosted the budgeted ratios of 22.5% and 22.3%, respectively, to the current levels. This ratio does not meet the objective but comes very close.

The goal that is most easily understood and tracked is the **One-Month Operating Reserve**. Quite simply this objective states that the Authority should have an end of year balance equal to one month's operating costs. This objective was met in 2010 for the first time since 1990 and was met again in 2011 and 2012 with a month operating reserve of 2.1 and 1.9, respectively. The Operating Ratio comes very close to the 1-month reserve in 2013 at 0.9. The Authority intends to execute the budget to achieve an end of year reserve higher than the 0.9 now budgeted.

Another measure of operating efficiency is the **Cost per Hour of Service.** The growth in cost of delivering an hour of service is to be held at or below the rate of inflation. This goal has not been met in 2010 or 2011 because service cuts were decreasing more rapidly than expenses. This cost has moved downward steadily from 9.1% in 2009 to 6.0% in 2010, and increased to 9.5% in 2011. This objective is expected to be met in 2012, with a rate of –6.2%, due to revenue hours increasing at a greater rate than operating expenses. For 2013, revenue hours will remain steady but operating expenses are expected to increase, which increases the Cost per Hour of Service to a rate of 5.2%.

### Capital Efficiency

The goal for the Debt Service Coverage ratio is to be above 1.5. After declining to a low of 1.14 at the end of Fiscal Year (FY) 2009, the **Debt Service Coverage** ratio improved to 2.02 in 2010 as revenue from the Sales & Use Tax recovered. This ratio again increased in 2011, to 2.90 at the end of the year as Tax receipts continued to grow, the Authority stretched the use of its 2008 borrowing for four years, and it pre-paid a State Infrastructure Bank loan in 2011.

In 2012, it is projected to decline to 2.69, but it will again exceed the budget goal for the year of 1.99 primarily due to the continued improvement in Sales Tax receipts. At a projected 1.78 in 2013, it will again meet the coverage measure, but is expected to continue its decline to 1.16 in 2014 and to 0.86 as total resources within the General Fund decrease in those years.

Another goal is to contribute a minimum of 10% and up to a maximum of 15% of Sales Tax revenue to capital. This indicator includes both the direct contributions to capital and the amount "set-aside" in the General Fund for debt service. The **Contribution to Capital** has been well above the maximum of 15% since FY 2009 as Sales Tax collections plummeted in that year losing 11% of revenue. The Authority has cut capital expenditures but could not make cuts of that magnitude, meet its debt service requirements, and still maintain the service needs of the Authority.

These financial contributions to capital support 100% locally funded capital projects, provide the local match for projects funded by grants, and funds the Authority's debt service requirements. The projected improvement in this ratio to 17.6% in 2012 will be reversed in 2013 and 2014 due to transfers of additional local funds into capital for the multi-year bus replacement program. The contribution to capital is expected grow to 21.4% in 2013, then to 21.8% in 2014 before declining to 18.1% in 2015, but it will remain above the Board's maximum goal in the next three years.

The projected ratio of 97.9% in 2012 for **Capital Maintenance Outlay to Capital Expansion** remains above the Board Policy goal of between 75% and 90%. It will remain above the 90.0% maximum in 2013 and 2014, at 96.3% and 94.0% respectively, as the focus of the Authority's capital program remains on the maintenance, rehabilitation, and the replacement and/or upgrade of existing capital assets, rather than on expansion projects. This measure is then projected to decrease to 72.8% in 2015, below the minimum of 75.0% due to the inclusion of budget authority for a possible extension to the Blue Line Light Rail line, but otherwise its concentration remains on state of good repair projects.

Three of the six financial objectives will be met in 2012 and a fourth will be very close to goal. This is a significant improvement from the difficult 2009 fiscal year when none of the objectives were met. Only one of the six financial objectives will be met in the 2013 Budget - Debt Service Coverage. The One Month Operating Reserve will be very close at 0.9 months. The Operating Ratio remains above 22.0% but not quite at 25%, due to the flattening of the Sales & Use Tax monthly receipts. The operating budget Growth per Year is expected to increase at 5.2%, above the rate of inflation. Sales Tax Contribution to Capital is expected to be at 21.4% in 2013 with the focus of capital projects on maintenance, rehabilitation, and replacement of current assets. In 2014 and 2015, out of the six financial policy goals, only the Growth per Year is expected to be met, given the current expectations for 2012 and 2013.

## End of Year Reserve Funds

The Board also voted to add Reserve Funds for Fuel, Compensated Absences and Hospitalization. These reserve funds will protect against the volatility associated with fuel costs, the significant increases that have been the recent norm for Hospitalization and will meet a suggested best practice for compensated absences. The Reserve for Fuel is budgeted at $3.0 million, Hospitalization at $1.9 million, and Compensated Absences budgeted at $2.3 million.

A fourth reserve fund is proposed in 2012 for Rolling Stock replacement. Busses are increasing in age and replacement of these vehicles is costly. The Authority has 200 busses that must be replaced over the next five years. To help mitigate that cost, a replacement fund has been proposed, where savings in operating expenditures from the current year will be set aside and transferred to the Capital Improvement Fund the following year. For 2012, this fund is expected to be $7.0 million and in 2013, $6.0 million has been budgeted for this purpose.

## CAPITAL PROGRAM

The proposed Capital Improvement Plan (CIP) provides for the purchase, maintenance, and improvement of the Authority's capital assets covering Fiscal Years (FY) 2013 through 2017. 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, etc. and the life of these properties extends over a period of years. 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 indispensable.

The first year of the CIP presents the proposed 2013 Capital Improvement Budget and Year continues to focus the Authority's capital programs on supporting the Operating Budget through the reimbursement of preventive maintenance and other Operating Budget expenses and achieving a State of Good Repair (SOGR) through the reconstruction, rehabilitation, and maintenance of the Authority's capital assets.

Two years ago, additional resources needed to be identified and allocated in order to meet the needs of maintaining the Authority's capital assets in a SOGR. Since then and due, in part, to the improved financial conditions of the Authority this goal has been achieved by strategically reducing grant funded Preventive Maintenance (PM) reimbursements to the Operating Budget and directing more resources towards capital asset improvements. The upturn in the balance of the General Fund has triggered a reduction in actual PM reimbursements from $21.6 million in 2011, to $11.8 million in 2012 to a budgeted $12.5 million in 2013, the lowest two-year amount in years.

This enabled the reallocation of capital funds and budget authority targeted at addressing a significant number of SOGR projects throughout the Authority. The reallocation was done through a capital review process that prioritized both budgeted, but unfunded capital projects as well as consideration of new capital projects. This led to the creation of 12 new capital projects and to the reallocation of grant funds to various SOGR capital projects including the long deferred reconstructions of the Airport Tunnel and Red Line S-Curve.

Though subject to revisions in upcoming years, the four out-years of the CIP outline the longer-term plans of the organization and continues to meet the goal of redirecting capital funds to needed SOGR projects. The 2013 - 17 CIP outlines a combined $387.58 million of budget authority for assorted capital projects that is entirely funded with exception of the identified expansion projects. The reduction of $21.4 million relative to the 2012 – 16 CIP of $409.01 million, is a reflection of the decrease in budget authority for preventive maintenance reimbursements and the shift of available formula grant funds to previously unfunded, budgeted capital projects as well as to the projected reduction Federal formula grants in the upcoming budget years. It maintains the focus of the Authorityõs capital program on achieving and maintaining a State of Good Repair throughout the system as it continues to reflect existing and future financial and operational constraints facing the Authority.

The Authorityõs capital projects are grouped into seven categories as shown in the proposed 2013 ï 17 Capital Improvement Plan on the following page. Some of the larger budgeted programs included within the five-year plan are:

- Bus & Paratransit Bus Replacement Programs $107.4 million
- Preventive Maintenance Reimbursements $85.0 million
- Blue Line (Light Rail) Extension $44.0 million
- Track & Rail Infrastructure Improvements $35.0 million
- Rail Station Reconstructions & Rehabilitations $32.8 million
- Other Operating Expense Reimbursements $18.5 million

# 2013-2017 CAPITAL IMPROVEMENT PLAN

Budget Authority

| PROJECT CATEGORY | 2013 Budget | 2014 Plan | 2015 Plan | 2016 Plan | 2017 Plan | 2013-2017 | % |
|---|---|---|---|---|---|---|---|
| Buses | $34,766,205 | $28,081,016 | $10,781,392 | $15,515,766 | $18,296,616 | $107,440,995 | 27.7% |
| Equipment & Vehicles | $9,489,715 | $2,581,500 | $2,318,000 | $1,697,000 | $2,265,600 | $18,351,815 | 4.7% |
| Facilities Improvements | $8,364,410 | $6,150,000 | $2,005,000 | $5,090,000 | $2,175,000 | $23,784,410 | 6.1% |
| Other Projects | $2,813,360 | $2,818,810 | $2,912,560 | $2,912,560 | $2,916,360 | $14,373,650 | 3.7% |
| Preventive Maint./Oper. Reimb. | $17,813,578 | $18,305,000 | $20,805,000 | $23,305,000 | $23,305,000 | $103,533,578 | 26.7% |
| Rail Projects | $19,516,385 | $16,848,250 | $36,392,874 | $35,694,500 | $9,185,050 | $117,637,059 | 30.4% |
| Transit Centers | $1,299,463 | $288,783 | $288,783 | $288,783 | $288,783 | $2,454,595 | 0.6% |
| TOTALS | $94,063,116 | $75,073,359 | $75,503,609 | $84,503,609 | $58,432,409 | $387,576,102 | 100.0% |

In FY 2013, the total Capital Improvement Budget is $94.06 million, of which $3.91 million, or 4.2%, is for RTA Capital Fund projects and $90.09 million, or 95.8%, is for RTA Development Fund projects. The increase of some activities to the locally supported RTA Capital Fund reflects the improved financial standing of the Authority and the intent to supplement available grant funds with local funding when prudent.

The $387.6 million of capital projects included in the 2013 through 2017 CIP continues to focus on the maintenance and rehabilitation of existing capital assets of the Authority, especially during in the first several years of the proposed CIP, while meeting the operational needs of the Authority. The GCRTA remains committed to the policy goals of Customer Service and Improving Financial Health by continuing to develop a more realistic capital program that both meets the Authority's needs as well as its ability to finance it.

## CONCLUSION

The lack of growth in sales tax continuously affected the RTA budget from 2001-2007. The increase in fuel prices had a major impact on the budget in 2008. The Great Recession of 2008-2009 had an even greater effect in 2009. The net effect is the RTA had fewer funds to use to provide service. Necessary actions were taken over the years to manage the finances. Service was reduced in 2008, 2009 and 2010 and fares rose in 2006, 2008 and 2009. Implementing TransitStat reduced costs for overtime, inventory management, towing and workers compensation. The program also improved customer service, safety and on time performance. Improving processes such as fuel purchasing and electricity usage also reduced costs. Expenditures for projects and capital upkeep were held to a minimum. The ARRA funds authorized in 2009 provided the bulk of the infrastructure maintenance in 2010. The Capital Improvement Program has been supplemented by grants for TIGGER, State of Good Repair and the University-Cedar and University– Little Italy earmark grants. The funds borrowed in 2008 were tightly rationed and lasted four years instead of the customary two. All of these actions have been taken to ensure the Authority got the maximum it could out of each dollar of revenue available. The Authority has become a smaller, leaner entity.

The temporary funds used from ARRA for operating funds and grants from NOACA provided supplemental funding to get through 2009 and allowed the time to adjust operations for the future. The tough decisions required have been made. Service has been reduced to match funds. Long-term changes have been made to the cost structure. RTA has rolled back expenses to where they were six years prior. As such, adjustments have been made again and some service has been cautiously restored to reduce overcrowding and match service with funds available. A grant from the Northeast Ohio MPO, NOACA, has allowed the expansion of the downtown trolley service to the Casino and the new Convention Center. Sales Tax has recovered and increased at a 5% rate for the last three years. With these improved revenues, Capitalized Operating Assistance has been reduced to further enhance the formula grant funds to be made available for maintenance of the extensive infrastructure.

The end result is a better financial structure. The goal to have a sustainable budget is being neared. Service has been maintained and increased judiciously. Expenses have been rolled back to levels in place six years ago. The fund balance for 2011 and 2012 has been maintained at levels well above the goal for the Operating Reserve. Funds have been shifted to Capital to properly maintain the infrastructure. Long term revenue vehicle replacement plans are being formulated and executed. The credit rating has been significantly upgraded. The 2013 budget has been planned to continue this pattern. It is the intention of the Authority to execute this budget in the same fashion as the last three years and continue on the path to a sustainable budget.

ATTACHMENT A

# General Fund Balance Analysis

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Assumptions:** | | | | | | | |
| **Passenger Fare Annual Growth** | **3.3%** | **-5.2%** | **1.8%** | **4.7%** | **2.0%** | **2.0%** | **1.5%** |
| **Sales Tax Annual Growth** | **-10.9%** | **5.6%** | **6.1%** | **4.8%** | **2.1%** | **2.0%** | **2.5%** |
| **Personnel & Fringe Cost Growth** | **2.1%** | **-11.1%** | **-1.3%** | **8.3%** | **3.2%** | **1.5%** | **1.9%** |
| **Non-Personnel Cost Growth** | **-6.5%** | **-1.8%** | **4.2%** | **-2.4%** | **13.8%** | **-0.2%** | **-0.2%** |
| **Operating Expenses Growth** | **-0.6%** | **-12.5%** | **-11.8%** | **7.6%** | **5.9%** | **1.1%** | **1.2%** |
| **Capital Contribution** | **27,877,062** | **29,876,950** | **31,895,296** | **32,023,887** | **39,594,436** | **41,228,629** | **35,063,409** |
| | **18.0%** | **18.3%** | **18.4%** | **17.6%** | **21.4%** | **21.8%** | **18.1%** |
| | **2009 Actual** | **2010 Actual** | **2011 Actual** | **2012 Estimate** | **2013 Budget** | **2014 Budget** | **2015 Budget** |
| **Beginning Balance** | **8,401,085** | **2,880,104** | **19,846,961** | **36,375,981** | **34,946,382** | **17,218,993** | **1,965,334** |
| **Revenue** | | | | | | | |
| Passenger Fares | 49,757,083 | 47,153,709 | 48,017,726 | 50,259,213 | 51,264,397 | 52,289,685 | 53,074,030 |
| Advertising & Concessions | 1,197,713 | 956,688 | 904,153 | 1,200,000 | 1,100,000 | 1,100,000 | 1,100,000 |
| Sales & Use Tax | 154,586,220 | 163,220,649 | 173,242,329 | 181,478,753 | 185,289,807 | 188,995,603 | 193,720,493 |
| Operating Assistance - ARRA Federal Grants | 0 | 3,196,015 | 0 | 0 | 0 | 0 | 0 |
| Short Term Notes | 8,000,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| CMAQ Reimbursement for the Healthline | 1,930,603 | 1,069,397 | 7,129,442 | 2,128,337 | 0 | 0 | 0 |
| Operating Assistance - Paratransit Operations | 0 | 4,320,000 | 3,109,000 | 3,089,000 | 3,089,000 | 3,089,000 | 3,089,000 |
| Ohio Elderly Fare Assistance | 2,756,762 | 619,057 | 0 | 0 | 0 | 0 | 0 |
| State Funding Fuel Initiative | 7,875,683 | 1,165,200 | 0 | 0 | 0 | 0 | 0 |
| CMAQ Reimbursement - Trolley | 0 | 1,765,764 | 980,980 | 0 | 1,500,000 | 1,500,000 | 600,000 |
| Access to Jobs Program | 2,697,111 | 2,399,907 | 1,559,639 | 1,800,000 | 2,074,440 | 2,074,440 | 651,120 |
| Investment Income | 198,200 | 71,468 | 131,592 | 200,000 | 200,000 | 200,000 | 200,000 |
| Other Revenue | 2,053,241 | 1,892,101 | 1,500,537 | 1,050,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Reimbursed Expenditures | 33,461,105 | 39,212,130 | 25,600,974 | 14,922,825 | 15,500,000 | 17,500,000 | 20,000,000 |
| **Total Revenue** | **264,513,721** | **267,042,085** | **262,176,372** | **256,128,128** | **261,017,644** | **267,748,728** | **273,434,643** |
| **Total Resources** | **272,914,806** | **269,922,189** | **282,023,333** | **292,504,109** | **295,964,026** | **284,967,721** | **275,399,977** |
| **Operating Expenditures** | | | | | | | |
| Personnel Services | 176,631,322 | 156,964,659 | 154,927,523 | 167,851,897 | 173,228,548 | 175,886,728 | 179,224,449 |
| Diesel Fuel | 17,357,364 | 7,936,072 | 9,918,864 | 12,114,919 | 13,835,135 | 13,777,323 | 13,501,963 |
| Other Expenditures | 44,548,954 | 43,739,803 | 45,555,668 | 44,467,024 | 50,586,914 | 50,509,708 | 50,404,592 |
| **Total Operating Expenditures** | 238,537,640 | 208,640,535 | 210,402,056 | 224,433,840 | 237,650,597 | 240,173,759 | 243,131,004 |
| **Short Term Notes Payment** | 0 | 8,254,743 | 0 | 0 | 0 | 0 | 0 |
| **Transfer to the Insurance Fund** | 3,520,000 | 3,203,000 | 3,250,000 | 1,000,000 | 1,400,000 | 1,500,000 | 1,700,000 |
| **Transfer to the Pension Fund** | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| **Transfers to Capital** | | | | | | | |
| Bond Retirement Fund | 17,327,062 | 17,351,950 | 19,793,855 | 19,386,892 | 18,324,392 | 20,744,079 | 21,566,293 |
| Capital Improvement Fund | 10,550,000 | 12,525,000 | 12,101,441 | 12,636,995 | 21,270,044 | 20,484,550 | 13,497,116 |
| **Total Transfers to Capital** | 27,877,062 | 29,876,950 | 31,895,296 | 32,023,887 | 39,594,436 | 41,228,629 | 35,063,409 |
| **Total Expenditures** | **270,034,702** | **250,075,228** | **245,647,351** | **257,557,727** | **278,745,033** | **283,002,388** | **279,994,413** |
| **Ending Balance** | 2,880,104 | 19,846,961 | 36,375,981 | 34,946,382 | 17,218,993 | 1,965,334 | -4,594,437 |
| **Broo par Lightning Stri e Reserve Funds** | 0 | 0 | 1,100,000 | 1,100,000 | 0 | 0 | 0 |
| **Rolling Stoc Reserve Funds** | 0 | 0 | 0 | 7,000,000 | 6,000,000 | 0 | 0 |
| **Reserved Funds** | 0 | 4,639,000 | 6,602,000 | 7,202,000 | 7,202,000 | 7,202,000 | 7,202,000 |
| **Available Ending Balance** | **2,880,104** | **15,207,961** | **28,673,981** | **19,644,382** | **4,016,992** | **-5,236,667** | **-11,796,438** |

ATTACHMENT B

# 2013 Base Budget

## Financial Policy Objectives

| | Description | | Goal | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|---|---|
| Operating Efficiency | **Operating Ratio** | *Ratio that shows the efficiency of management by comparing operating expenses to operating revenues. Operating Revenues divided by Operating Expenses* | **25%** | 23.8% | 23.8% | 23.2% | 22.3% | 22.6% | 22.6% |
| | **Cost/Hour of Service** | *Measure of service efficiency. Total Operating Expenses divided by Total Service Hours* | | $122.0 | $133.6 | $125.3 | $131.9 | $131.4 | $131.7 |
| | **Growth per Year** | *Growth in the cost of delivering a unit of service (Cost per Hour), compared to the prior year, to be kept at or below the rate of inflation.* | **_ Rate of Inflation** | 6.0% | 9.5% | **-6.2%** | 5.2% | **-0.4%** | **0.2%** |
| | **Operating Reserve (Months)** | *Equal or above one month's operating expenses to cover unforseen or extraordinary fluctuations in revenues or expenses.* | **_ 1 month** | **1.2** | **2.1** | **1.9** | 0.9 | 0.1 | -0.2 |
| Capital Efficiency | **Debt Service Coverage** | *The measure of the Authority's ability to meet annual interest and principal payments on outstanding debts.* | **1.5** | **2.02** | **2.82** | **2.62** | **1.71** | 1.09 | 0.79 |
| | **Sales Tax Contribution to Capital** | *Sales tax revenues to be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.* | **10% - 15%** | 18.3% | 18.4% | 17.6% | 21.4% | 21.8% | 18.1% |
| | **Capital Maintenance to Expansion** | *The capital program requires a critical balance between maintenance of exisiting assets and expansion efforts.* | **75% - 90%** | 99.0% | 98.2% | 97.9% | 96.3% | 94.0% | 72.8% |
| End of Year Reserved Funds | **Fuel Reserve Funds** | *A reserve designated to protect the Authority from a significant and continuing rise in fuel prices. (In Millions)* | **Fuel Budget less Annual Expenditures** | $1.39 | $2.41 | $3.01 | $3.01 | $3.01 | $3.01 |
| | **Compensated Absences Reserve Funds** | *Ensure payment of over $9 million in charges the Authority will need to pay to employees for vacation that has been earned. (In Millions)* | **25% of Accrued Liability** | $1.25 | $2.25 | $2.25 | $2.25 | $2.25 | $2.25 |
| | **Hospitalization Reserve Funds** | *Protect against substantial cost increases from unfunded mandates or out of the ordinary costs for catastrophic illnesses. (In Millions)* | **10% of Annual Hospitalization Costs** | $2.00 | $1.94 | $1.94 | $1.94 | $1.94 | $1.94 |
| | **Rolling Stoc Reserve Funds** | *A reserve designated to protect the Authority from a significant and continuing rise in replacement of revenue vehicles (in Millions)* | **Savings in Operating Funds** | $0.00 | $0.00 | $7.00 | $6.00 | $0.00 | $0.00 |

ATTACHMENT C

# RTA Development Fund Balance Analysis

| | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | **33,485,254** | **30,508,300** | **21,135,307** | **25,947,255** | **58,441,750** | **53,871,577** | **46,769,154** |
| **Revenue** | | | | | | | |
| General Obligation Debt Proceeds | 0 | 0 | 0 | 25,000,000 | 0 | 0 | 20,000,000 |
| Transfer from RTA Capital Fund | 8,346,054 | 9,275,000 | 9,601,441 | 9,620,255 | 18,970,255 | 17,734,255 | 10,684,255 |
| Investment Income | 271,990 | 244,766 | 242,341 | 160,585 | 235,000 | 245,000 | 245,000 |
| Federal Capital Grants | 73,648,082 | 81,487,975 | 51,104,869 | 47,023,123 | 67,243,750 | 70,687,500 | 67,787,500 |
| State Capital Grants | 9,162,154 | 1,807,284 | 778,956 | 1,135,673 | 1,730,822 | 1,730,822 | 1,730,822 |
| Other Revenue | 0 | 0 | 1,500,000 | 3,304,859 | 0 | 0 | 0 |
| **Total Revenue** | **91,428,280** | **92,815,025** | **63,227,607** | **86,244,495** | **88,179,827** | **90,397,577** | **100,447,577** |
| **Total Resources** | **124,913,534** | **123,323,325** | **84,362,914** | **112,191,750** | **146,621,577** | **144,269,154** | **147,216,731** |
| **Expenditures** | | | | | | | |
| Capital Outlay | 93,705,234 | 101,488,018 | 58,415,659 | 53,750,000 | 92,750,000 | 97,500,000 | 93,500,000 |
| Transfer to Bond Retirement Fund | 700,000 | 700,000 | 0 | 0 | 0 | 0 | 0 |
| **Total Expenditures** | **94,405,234** | **102,188,018** | **58,415,659** | **53,750,000** | **92,750,000** | **97,500,000** | **93,500,000** |
| **Ending Balance** | **30,508,300** | **21,135,307** | **25,947,255** | **58,441,750** | **53,871,577** | **46,769,154** | **53,716,731** |

ATTACHMENT D

# RTA Capital Fund Balance Analysis

| | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | **270,264** | **197,782** | **814,717** | **2,061,599** | **3,003,989** | **1,854,228** | **1,354,923** |
| **Revenue** | | | | | | | |
| Transfer from General Fund | 10,550,000 | 12,525,000 | 12,101,441 | 12,636,995 | 21,270,044 | 20,484,550 | 13,497,116 |
| Investment Income | 370 | 235 | 265 | 650 | 450 | 400 | 400 |
| Other Revenue | 0 | 41 | 0 | 0 | 0 | 0 | 0 |
| **Total Revenue** | **10,550,370** | **12,525,276** | **12,101,706** | **12,637,645** | **21,270,494** | **20,484,950** | **13,497,516** |
| **Total Resources** | **10,820,634** | **12,723,058** | **12,916,423** | **14,699,244** | **24,274,483** | **22,339,178** | **14,852,439** |
| **Expenditures** | | | | | | | |
| Asset Maintenance | 1,197,531 | 1,703,742 | 708,534 | 1,150,000 | 1,350,000 | 1,300,000 | 1,300,000 |
| Routine Capital | 1,079,267 | 929,599 | 544,849 | 925,000 | 2,100,000 | 1,950,000 | 1,600,000 |
| Transfer to RTA Development Fund | 8,346,054 | 9,275,000 | 9,601,441 | 9,620,255 | 18,970,255 | 17,734,255 | 10,684,255 |
| **Total Expenditures** | **10,622,852** | **11,908,341** | **10,854,824** | **11,695,255** | **22,420,255** | **20,984,255** | **13,584,255** |
| **Ending Balance** | **197,782** | **814,717** | **2,061,599** | **3,003,989** | **1,854,228** | **1,354,923** | **1,268,184** |

**ATTACHMENT E**

# Bond Retirement Fund Balance Analysis

| | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | **1,733,884** | **2,084,582** | **1,790,289** | **1,737,726** | **4,157,004** | **1,738,788** | **1,733,259** |
| **Revenue** | | | | | | | |
| Transfer from General Fund | 17,327,062 | 17,351,950 | 19,793,855 | 19,386,892 | 18,324,392 | 20,744,079 | 21,566,293 |
| Transfer from RTA Development Fund | 700,000 | 700,000 | 0 | 0 | 0 | 0 | 0 |
| Investment Income | 36,270 | 26,959 | 39,161 | 19,500 | 26,500 | 37,500 | 37,500 |
| Bond Premium Proceeds | 0 | 0 | 0 | 3,779,561 | 0 | 0 | 0 |
| Other Revenue | 0 | 4,519 | 0 | 0 | 0 | 0 | 0 |
| **Total Revenue** | **18,063,332** | **18,083,428** | **19,833,016** | **23,185,953** | **18,350,892** | **20,781,579** | **21,603,793** |
| **Total Resources** | **19,797,216** | **20,168,010** | **21,623,305** | **24,923,679** | **22,507,896** | **22,520,367** | **23,337,052** |
| **Expenditures** | | | | | | | |
| Debt Service | | | | | | | |
| Principal | 10,012,244 | 11,108,564 | 13,139,510 | 13,990,000 | 13,905,000 | 14,485,000 | 15,360,818 |
| Interest | 7,700,390 | 7,269,157 | 6,746,069 | 6,776,675 | 6,861,608 | 6,299,608 | 6,174,896 |
| Other Expenditures | 0 | 0 | 0 | 0 | 2,500 | 2,500 | 2,500 |
| **Total Expenditures** | **17,712,634** | **18,377,721** | **19,885,579** | **20,766,675** | **20,769,108** | **20,787,108** | **21,538,214** |
| **Ending Balance** | **2,084,582** | **1,790,289** | **1,737,726** | **4,157,004** | **1,738,788** | **1,733,259** | **1,798,838** |

ATTACHMENT F

# Insurance Fund Balance Analysis

| | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | **5,432,199** | **4,634,855** | **5,448,731** | **6,883,060** | **6,487,631** | **5,900,131** | **5,397,631** |
| **Revenue** | | | | | | | |
| Investment Income | 75,515 | 70,551 | 72,788 | 43,968 | 57,500 | 62,500 | 62,500 |
| Transfer from General Fund | 3,520,000 | 3,203,000 | 3,250,000 | 1,000,000 | 1,400,000 | 1,500,000 | 1,700,000 |
| **Total Revenue** | **3,595,515** | **3,273,551** | **3,322,788** | **1,043,968** | **1,457,500** | **1,562,500** | **1,762,500** |
| **Total Resources** | **9,027,714** | **7,908,406** | **8,771,519** | **7,927,028** | **7,945,131** | **7,462,631** | **7,160,131** |
| **Expenditures** | | | | | | | |
| Claims and Premium Outlay | 4,392,859 | 2,459,675 | 1,888,459 | 1,439,397 | 2,045,000 | 2,065,000 | 2,065,000 |
| Other Expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Expenditures** | **4,392,859** | **2,459,675** | **1,888,459** | **1,439,397** | **2,045,000** | **2,065,000** | **2,065,000** |
| **Ending Balance** | **4,634,855** | **5,448,731** | **6,883,060** | **6,487,631** | **5,900,131** | **5,397,631** | **5,095,131** |

ATTACHMENT G

# Supplemental Pension Fund Balance Analysis

| | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | **1,036,017** | **1,083,091** | **1,121,472** | **1,161,820** | **1,190,818** | **1,220,668** | **1,251,318** |
| **Revenue** | | | | | | | |
| Investment Income | 28,441 | 17,532 | 15,704 | 8,098 | 8,750 | 9,150 | 9,350 |
| Transfer from General Fund | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| **Total Revenue** | **128,441** | **117,532** | **115,704** | **108,098** | **108,750** | **109,150** | **109,350** |
| **Total Resources** | **1,164,458** | **1,200,623** | **1,237,176** | **1,269,918** | **1,299,568** | **1,329,818** | **1,360,668** |
| **Expenditures** | | | | | | | |
| Benefit Payments | 81,366 | 79,151 | 75,357 | 79,100 | 78,900 | 78,500 | 78,500 |
| Other Expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Expenditures** | **81,366** | **79,151** | **75,357** | **79,100** | **78,900** | **78,500** | **78,500** |
| **Ending Balance** | **1,083,091** | **1,121,472** | **1,161,820** | **1,190,818** | **1,220,668** | **1,251,318** | **1,282,168** |

**ATTACHMENT H**

# Law Enforcement Fund Balance Analysis

| | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | **172,193** | **152,517** | **191,563** | **298,091** | **157,867** | **127,992** | **118,117** |
| **Revenue** | | | | | | | |
| Law Enforcement Revenue | 11,280 | 2,340 | 0 | 0 | 0 | 0 | 0 |
| Investment Income | 425 | 171 | 171 | 119 | 125 | 125 | 125 |
| Other Revenue | 28,937 | 126,011 | 164,467 | 55,000 | 55,000 | 55,000 | 55,000 |
| **Total Revenue** | **40,642** | **128,522** | **164,638** | **55,119** | **55,125** | **55,125** | **55,125** |
| **Total Resources** | **212,835** | **281,039** | **356,201** | **353,210** | **212,992** | **183,117** | **173,242** |
| **Expenditures** | | | | | | | |
| Capital & Related Items | 60,318 | 89,476 | 58,110 | 127,271 | 85,000 | 65,000 | 65,000 |
| **Total Expenditures** | **60,318** | **89,476** | **58,110** | **127,271** | **85,000** | **65,000** | **65,000** |
| Reconciling Journal Entry | 0 | 0 | 0 | 68,072 | 0 | 0 | 0 |
| **Ending Balance** | **152,517** | **191,563** | **298,091** | **157,867** | **127,992** | **118,117** | **108,242** |

**ATTACHMENT I**

# All Funds Balance Analysis

| | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Estimate | 2013 Budget | 2014 Budget | 2015 Budget |
|---|---|---|---|---|---|---|---|
| **Beginning Balance** | **50,530,896** | **41,541,232** | **50,349,041** | **74,465,533** | **108,385,442** | **81,932,378** | **58,589,736** |
| **Revenue** | | | | | | | |
| Passenger Fares | 49,757,083 | 47,153,709 | 48,017,726 | 50,259,213 | 51,264,397 | 52,289,685 | 53,074,030 |
| Sales & Use Tax | 154,586,220 | 163,220,649 | 173,242,329 | 181,478,753 | 185,289,807 | 188,995,603 | 193,720,493 |
| Federal (Including ARRA) | 73,648,082 | 84,683,990 | 51,104,869 | 47,023,123 | 67,243,750 | 70,687,500 | 67,787,500 |
| State | 21,725,202 | 8,980,938 | 11,017,398 | 6,353,010 | 4,819,822 | 4,819,822 | 4,819,822 |
| Investment Income | 611,211 | 431,682 | 502,022 | 432,920 | 528,325 | 554,675 | 554,875 |
| Other Revenue | 47,449,387 | 46,359,501 | 32,210,750 | 26,112,245 | 21,229,440 | 23,229,440 | 23,406,120 |
| General Obligation Debt Proceeds | 0 | 0 | 0 | 25,000,000 | 0 | 0 | 20,000,000 |
| **Total Revenue** | **347,777,185** | **350,830,469** | **316,095,094** | **336,659,264** | **330,375,541** | **340,576,725** | **363,362,840** |
| **Total Resources** | **398,308,081** | **392,371,701** | **366,444,135** | **411,124,797** | **438,760,983** | **422,509,103** | **421,952,576** |
| **Expenditures** | | | | | | | |
| Personnel Services | 176,631,322 | 156,964,659 | 154,927,523 | 167,851,897 | 173,228,548 | 175,886,728 | 179,224,449 |
| Diesel Fuel | 17,357,364 | 7,936,072 | 9,918,864 | 12,114,919 | 13,835,135 | 13,777,323 | 13,501,963 |
| Other Expenditures | 49,083,497 | 54,622,849 | 47,577,594 | 46,180,864 | 52,798,314 | 52,720,708 | 52,615,592 |
| Capital Outlay | 95,982,032 | 104,121,359 | 59,669,042 | 55,825,000 | 96,200,000 | 100,750,000 | 96,400,000 |
| Debt Service | 17,712,634 | 18,377,721 | 19,885,579 | 20,766,675 | 20,766,608 | 20,784,608 | 21,535,714 |
| **Total Expenditures** | **356,766,849** | **342,022,659** | **291,978,603** | **302,739,355** | **356,828,605** | **363,919,367** | **363,277,718** |
| **Available Ending Balance** | **41,541,232** | **50,349,041** | **74,465,533** | **108,385,442** | **81,932,378** | **58,589,736** | **58,674,858** |