

# 2023 Budget Guide

## Organization of the Adopted Budget Plan

The purpose of this section is to describe the contents of the 2023 Operating and Capital Budgets (Adopted Budget Plan) for the Greater Cleveland Regional Transit Authority (GCRTA, RTA, or Authority). This section is an aid for those who wish to analyze the book in detail. The Table of Contents in the beginning of the book and initial page of each section provide further direction to the reader.

## Transmittal Letter

The Transmittal Letter is the General Manager/Chief Executive Officer's (CEO) Executive Letter, which provides an overview of the Authority's operations, and finances for the upcoming fiscal year. It includes the Citizens' Summary, which explains the revenues, expenditures, staffing, and service indicators. The Transmittal Letter also includes a Budget in Brief, attachments of the Fund Statements, and Financial Objectives.

## Budget Guide

The Budget Guide explains the Authority's Financial and Budgetary policies, including Debt Financing, and the explanation of the policies' adoption, implementation, and monitoring. The Budget Guide also contains a description of the Budget Process, a Budget Calendar, a Profile of the Service Area, and a Glossary of terms.

## Fund Budgets

The Fund Budgets section defines the Authority's Fund Structure and the interrelationships between funds. Individual fund statements reflect the trends in revenues, expenditures, ending balances, and transfers between funds. Historical, current, and prospective information are provided. An analysis of the Authority's financial condition is based on these trends.

## Department Budgets

The Department Budgets present the Adopted Budget Plan for each department. These sections describe the divisions, prior year's achievements, upcoming priorities for the budget year, and the current performance measures (Traction Scorecards). For each department, an overview, connection to the strategic plan, individual budgets, staffing level summaries, and organizational charts are provided.

## Capital Improvement Plan

The Capital Improvement Plan itemizes capital projects approved for 2023 and those planned for 2024 through 2027. This section discusses funding sources, debt limits, capital improvement planning cycle, and the criteria used to establish priorities.

## Board Policy Goals

On October 27, 2020, the RTA Board of Trustees unanimously approved adoption of the Strategic Plan.

The Authority has partnered with the community to develop a Strategic Plan that will shape the agency to the year 2030. The Strategic Plan provides a guide for enhancing the customer experience and pursuing capital improvements over the next decade. The planning process included several pillar studies, technical analyses, and robust community engagement to create a cohesive plan. The study highlights vision, goals, existing conditions, strategy identification, and recommendations. With a geographic focus on Priority Corridors in transit oriented urban areas as well as job hubs across the region, the Strategic Plan points to seven key initiatives to create the framework for the future. These are discussed further in the Performance Management section.

RTA will be customer-focused and community-engaged in order to drive the region forward. This dual undertaking encapsulates RTA's need to focus on the service to its customers, while also leaning into the larger societal conversations across the region. RTA will continue to deliver and work to improve access to opportunity for individuals and the region through safe, reliable, integrated, sustainable, and innovative transportation.

Through the Strategic Plan, the CEO initiated a process to establish a clear vision and definition for the success of the Authority. The process engaged a consultant to collaborate with the Executive Management Team to redefine the Mission, Vision, and Success Outcomes for GCRTA. An update to the Strategic Plan is presented to the Board of Trustees quarterly.

## Financial Policies

The Authority adopted a set of financial policies in 1989 relating to its overall finances and particular funds. Over the years, the policies were amended through the Strategic Plan, reflecting the growth experienced by GCRTA with the last update on December 21, 2021. The Financial Policies are under Part Four- Finance Code of the Board Codified Rules and Regulations, specifically Chapter 460- Financial Policies and Procedures, Funds.

Chapter 460 provides a comprehensive framework for the management of revenues and financial resources of the Authority. It provides guidelines for decision-making by the Board of Trustees and management on how the financial resources of the Authority shall be used to achieve the Authority's mission to provide public transportation services; to meet the obligations of the Authority; and to protect the public interest.

The financial policies cover the following areas: General Fund, Reserve Fund, Capital Improvement Fund, Bond Retirement Fund, Insurance Fund, Supplemental Pension Fund, Law Enforcement Fund, and investment of Authority's funds. The following goals and priorities are Board approved for the General Fund, Capital Improvement Fund, and Bond Retirement Fund.

<u>Goal</u>	<u>Value</u>
Operating Ratio	> 25%
Operating Ending Balance	Reserve $\geq$ 1 month
Growth in Cost per Service Hour	$\leq$ rate of inflation
Debt Service Coverage	$\geq$ 1.5
Sales & Use Tax Revenue allocated annually to Capital Improvement	$\geq$ 10%
Capital Maintenance Outlay to Capital Expansion	75 $\leq$ $\geq$ 90%

Detailed explanations of these policies are identified in the following policy statements.

## ALL FUNDS

***Policy Statement:*** *Current appropriations in each fund are limited to the sum of available cash, encumbered balances, and revenues estimated to be received in the current budget period.*

***Rationale:*** By law, the budget must be balanced. Expenditures cannot exceed available resources. A balanced budget occurs when one of the following occur:

- A. Total expenditures equal total revenues.
- B. Total expenditures are less than total revenues, called a **surplus**
- C. Total resources (previous year balance plus current year revenues) are greater than total expenditures.

***Implementation:*** The Board of Trustees (BOT or Board) has adopted other policy goals that go beyond the statutory requirements listed above and requires certain reserves in each fund. The specific requirements are discussed under the appropriate fund policy statement.

In the General Fund budget for 2023, resources total \$342.4 million (current budgeted revenues of \$299.9 million plus a beginning balance of \$42.6 million). Total budgeted expenditures for 2023 is \$324.3 million, which is within the resources available. The available ending balance for 2023 is estimated at \$18.2 million.

***Policy Statement:*** *The Authority's personnel, procurement, and other policies are designed and administered to obtain the maximum value for the funds provided by its constituents.*

***Rationale:*** As a public agency, the Authority delivers the services for which its taxpayers and users provide resources. The incentive is not to generate an excessive surplus of funds, but rather, to provide the most extensive and cost-effective level of services possible. When services and operations are well-managed, and costs are contained, the Authority can provide greater services.

***Implementation:*** For the General Fund, the policy limits growth in the cost of providing services (measured by cost per hour of service) to no more than the rate of inflation. This policy goal allows the Authority to maximize the use of its resources and provide the most direct service possible.

The operating expenditures budgeted in the 2023 General Fund, which exclude transfers to other funds, are \$282.4 million, which represents an increase of 2.8 percent over the 2022 budget.

In the Capital Improvement Fund, economies are sought that minimize the costs of capital projects. Construction management activities ensure the timely completion of these projects at the lowest cost. Cost savings also are possible by planning for the purchase of similar types of equipment in larger quantities. Additionally, capital investment is encouraged where operating cost savings and operational efficiencies result.

***Policy Goal: 460.09(a) Achieve the maximum financial return for the Authority consistent with prudent market and credit risks while conforming to applicable State and Federal laws and consistent with the cash flow requirements of the Authority, matching maturities and/or marketability at par, to meet outstanding obligations and financial commitments.***

***Rationale:*** Investment income is a material resource for the Authority and makes funds management a priority. Investment decisions should attempt to increase yields without risking the principal or the liquidity position. Idle cash balances will be invested whenever possible to maximize investment income.

***Implementation:*** Monthly reports summarizing investment transactions and earnings are provided to the Board. The Ohio Depository Act (ORC 135) and the Authority’s cash management investment policy allow the Authority to invest in various types of financial instruments. As of December 31, 2022, GCRTA’s investment portfolio comprised:

<b><u>Financial Instrument</u></b>	<b><u>Average Maturity</u></b>
Money Market Account	4 days
Key Bank Sweep Account	4 days
State Treasury Asset Reserve of Ohio (STAR Ohio)	4 days
Earnings Credit Rate Account	4 days
Commercial Paper	25 days
US Government Securities	704 days

GCRTA’s average yield on its portfolio during 2022 was 1.74%. This is 3 basis points above the performance standard yield of 1.71% and 16 basis points above the market average yield of 1.58%. The 2023 investment income is budgeted at \$600,000.

**GENERAL FUND**

***Policy Statement: Program demands require that an adequate resource stream be maintained. The Authority must make the hard decisions required to assure a continued flow of resources.***

***Rationale:*** It is the policy of the Authority to take whatever steps are necessary to ensure full and continued funding for the services, programs, and facilities, which the Authority is required, or elects, to provide. The Authority should actively pursue whatever legitimate revenues it can locate to support the services that its constituents demand.

***Implementation:*** Total resources (Total Revenues + Beginning Balance) available in the General Fund at the end of FY 2022 totaled \$435.9 million. It is anticipated that total resources will decrease to \$342.4 million in FY 2023 largely due to \$39.4 million in transfers planned to the Reserve Fund, the Bond Retirement Fund and the



Capital Improvement Fund. As ridership losses have negatively impacted passenger fare revenue. Sales and Use Tax revenue has increased as a proportion of General Fund revenues. Revenues from Sales and Use tax increased from approximately 76% of revenues prior to 2020 to 86% of the 2023 budget.

Passenger Fares and ridership have not recovered to pre-pandemic levels. Ridership dropped by roughly half during 2020, and by the end of 2022, ridership was approximately two-thirds of pre-pandemic levels and had increased approximately 15 percent compared to 2021. Passenger Fares are budgeted at \$24.7 million. This assumes that ridership will stay above 50% of pre-pandemic levels through 2023.

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***Policy Goal:*** 460.02 (c)(1) *The goal for the Operating Ratio (Operating revenues divided by operating expenses) is to be greater than 25% with a long-range objective of having operating revenue cover an increasing proportion of operating expenses.*

***Rationale:*** A higher Operating Ratio indicates that the Authority is becoming more self-supporting and less reliant on other sources of income. A lower Operating Ratio indicates that customers are paying a lower portion of the operating cost.

***Implementation:*** Operating Revenues include passenger fares, advertising, concessions, and investment income. Operating Expenses include all expenditures of the General Fund less reimbursed labor, which are charged to and reimbursed by the Capital Program.

As Operating Revenues decreased due to lost ridership and low market interest rates, and as Operating Expenses are slowly increasing, the Operating Ratio for 2023 is projected to be 9.9 percent. Prior to the pandemic, the Operating Ratio was approximately 17 percent. The Operating Ratios for 2024 and 2025 are projected to decrease with 2024 estimated at 9.8% and 2025 estimated at 9.6%.

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***Policy Goal:*** 460.02(c)(2) *In order to maintain an adequate fund balance to mitigate current and future risks, the Authority's goal shall be to maintain a general fund balance of at least one month's operating expenses.*

***Rationale:*** Adequate reserves must be maintained to avoid disruptions in service due to temporary shortages in operating funds or fluctuations in revenue streams or costs. If the financial forecast projects the ending balance to be below this level, a plan shall be developed to replenish the fund balance.

***Implementation:*** This policy goal is not expected to be met with a budgeted amount of \$18.2 million or 0.8 months (1 month = \$23.5) of operating reserve funding available for 2023. Federal assistance received in the last two years, including CARES, CRRSAA, and ARP that paid for the operating expenses, resulted in unrestricted revenues from savings of funds resulting from Sales and Use Tax revenues and Passenger Fares enabled GCRTA to plan to offset the decrease in passenger fares for several years while maintaining an adequate reserve for the future. The 2023 budget includes a \$06.5 million transfer from the Revenue Stabilization Reserve fund with a plan for \$30 million in 2024 and \$34 million in 2025 to maintain an adequate general fund balance. The decrease in fund balance from 2.2 months at the end of FY 2022 to 1.0 in each year FY 2023 through FY 2025 is due to the unfunded Federal Operating Assistance.

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***Policy Goal:*** 460.02 (c)(3) *The goal for growth in the cost of delivering a unit of service (cost per service hour) shall be kept at or below the rate of inflation.*

**Rationale:** As a means of measuring cost containment, direct costs should not be permitted to increase faster than overall price levels.

**Implementation:** As of the writing of this document, service hours for 2023 are budgeted to remain at the same level as compared to 2022. The cost per service hour is budgeted at \$169.4, a 7.5 percent increase from 2022 estimate.

Inflation in 2022 peaked at 9.1 percent in June and decreased to 6.4% by the beginning of 2023. The Congressional Budget Office as of early 2023 forecasts the consumer price index to be 4.8 percent for 2023; this policy goal is not expected to be met in 2023. The Authority will ensure that Operating expenses are managed throughout the year.

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***Policy Goal:*** 460.02(c)(4) Debt service coverage (Total operating revenue minus operating expenditures, divided by debt service requirements) will be to remain at a minimum of 1.5.

**Rationale:** The Authority should comfortably support debt service payments. The excess from general obligations should be used as the measure to not jeopardize the financial condition of the Authority.

**Implementation:** GCRTA completed a debt defeasance in 2021 using approximately \$57.7 million to pay debt obligations early and provide average savings of \$3.1 million per year through 2026. The Authority has traditionally used debt sparingly, and as a result of the debt defeasance, the debt service coverage goal will be exceeded. The goal of the debt service coverage is to be above 1.5. This is measured by subtracting operating expenditures from total operating revenues then dividing by debt service requirements. The Debt Service Coverage ratio has been maintained over the 1.5 goal since 2015. The budget for 2023 is projected at 4.45. The debt coverage is projected at 4.62 in 2024 and 4.24 in 2025, still well above the goal.

## Reserve Fund

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***Policy Goal:*** 460.03(a) A Reserve Fund containing sub-accounts may be established and maintained to protect the Authority from economic downturns.

**Rationale:** The Authority recognizes that there are areas in which dollars must be set aside, or reserved, in order to ensure adequate dollars are available to continue operation and meet its obligations.

**Implementation:** Six sub-funds have been created that make up the Reserve Fund: fuel, compensated absences, hospitalization, 27<sup>th</sup> pay, rolling stock, and revenue stabilization. Budgeted for FY 2023, the total ending balance anticipated is \$145.8 million.

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***Policy Goal:*** 460.03(b)(1) Reserve for Fuel

**Rationale:** Annual savings resulting when actual expenditures are less than the budgeted line item for fuel may be placed in this sub-account to protect the Authority from a significant and continuing rise in fuel prices

**Implementation:** From FY 2023 through 2025, GCRTA does not plan to add any additional funds to the Fuel reserve outside of regular investment income. The FY 2023 budgeted balance is \$2.7 million dollars.

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***Policy Goal:*** 460.03(b)(2) Reserve for Compensated Absences

**Rationale:** Excess funds from the General Fund may be placed in this sub-fund to ensure payment to employees for vacation time that has been earned. This reserve shall not exceed twenty-five percent of the accrued liability for compensated absences.

**Implementation:** From FY 2023 through 2025, GCRTA does not plan to add any additional funds to the compensated absences fund outside of regular investment income. The FY 2023 budgeted balance is \$3.8 million dollars.

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***Policy Goal: 460.03(b)(3) Reserve for Hospitalization***

**Rationale:** Excess funds from the General Fund may be placed in this sub-Fund to protect against any substantial cost increases from unfunded mandates or costs for any catastrophic illnesses. The reserve shall not exceed ten percent of annual hospitalization costs.

**Implementation:** From FY 2023 through 2025, GCRTA does not plan to add any additional funds to the hospitalization fund. The FY 2023 budgeted balance is \$2.7 million dollars.

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***Policy Goal: 460.03(b)(4) Reserve for 27<sup>th</sup> Payroll Expenses***

**Rationale:** The Authority has two different payroll cycles; one for hourly employees and the other for salaried employees. Within each cycle, there is an extra pay date (27<sup>th</sup> payroll expense) that occurs every eleven years. This reserve shall be funded to the best of the Authority's ability in order to plan for this additional payroll expense.

**Implementation:** The 27<sup>th</sup> pay for salaried employees occurred in FY2020 requiring a \$1.45 million dollar transfer to the General fund to cover the associated costs. The 2023 budget has a \$878,615 transfer from the General Fund and an ending balance of \$5.7 million dollars. The hourly employee 27<sup>th</sup> pay will occur in FY 2025.

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***Policy Goal: 460.03(b)(5) A Rolling Stock Replacement Fund***

**Rationale:** Account to set aside funds to systematically replace aging revenue vehicles. Funds should be amassed in this replacement fund and then transferred to the Capital Improvement Fund to assist in meeting this major capital requirement.

**Implementation:** In 2017, the Authority began setting aside funds into the Rolling Stock Reserve sub-fund. The Rolling Stock sub-fund has received transfers of \$10 million per year since 2020 with a plan to continue \$10 million per year through 2025. In 2021, \$49 million dollars was transferred from the Rolling Stock sub-fund to the Development Fund with another \$10 million transferred in 2022 to be used for replacement of aging revenue vehicles. FY 2023 budgeted transfer to the program is \$10 million with a projected ending balance of \$ 726,586.

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***Policy Goal: 460.03(b)(6) Reserve for Revenue Stabilization***

**Rationale:** Account to set aside funds to protect against substantial decreases in revenues. Funds should be amassed in this stabilization sub-fund and then transferred to the General Fund when needed to maintain a one-month ending balance.

**Implementation:** The Board of Trustees established this reserve fund in late 2021 to provide additional resilience to revenue volatility and allow GCRTA to have the resources available to maintain essential services to

the community despite revenue fluctuations. Volatility was seen several years ago when State tax changes severely impacted the Authority's Sales and Use Tax Revenues and more recently, fare revenue decreases during the COVID-19 pandemic. FY 2023 budgeted balance is \$ 130.2 million dollars. The Revenue Stabilization reserve received transfers of \$85 million in 2021 and \$50 million in 2022. The 2023 budget has a transfer of \$6.5 million from the Revenue Stabilization fund to the General Fund provide operating resources despite passenger fare revenue declines.

## INSURANCE FUND

***Policy Goal:*** 460.06(b) *The Authority is insured through both self-insurance and purchased insurance. Insurance for property and equipment losses as well as liability is to be purchased on the open Insurance market. The Risk Manager determines the basis for the Insurance Fund structure and coverage levels.*

***Rationale:*** The Authority desires to save funds by implementing the most appropriate balance of insurance to address claims. Sufficient resources must be set aside to provide security against business risk, for major property claims, and to purchase specified insurance.

***Implementation:*** The General and Insurance Funds provide for the payment of the insurance purchased on the open market. The Insurance Fund includes a mix of self- and purchased- insurance. For 2023, \$3.0 million is budgeted for Casualty Insurance and Excise tax, claims and liability payments, insurance broker fees, and other related expenditures.

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***Policy Statement:*** *The minimum balance to be maintained in the Insurance Fund shall be determined by the Risk Manager on an annual basis taking into consideration the balance between self-insurance and purchased-insurance requirements. Upon attaining the required minimum balance, additional funds will be allotted to the Insurance Fund during the annual budgeting process based on the results of periodic actuarial studies of the Fund to assess its sufficiency.*

***Rationale:*** The intent is to ensure that reserves and insurance levels are sufficient to cover extraordinary or catastrophic losses. The periodic evaluations will determine the sufficiency of the Fund and the cost-effectiveness of maintaining a self-insurance program versus obtaining coverage externally.

***Implementation:*** Ordinary and routine losses are paid through the Legal Department's General Fund Budget, whereas claims and insurance premiums for catastrophic and extraordinary losses are budgeted in the Insurance Fund. The Risk Manager's requirements depend on insurance provider requirements. The required minimum balance is \$5.0 million. For FY2023, expenditures are projected at \$3.0 million. A transfer of \$2.5 million is needed from the General Fund to maintain the \$5.0 million balance. The budgeted ending balance is \$5.2 million and would maintain the policy goal.

## SUPPLEMENTAL PENSION FUND

***Policy Statement:*** 460.07(c) Every two years, an evaluation, including appropriate actuarial studies, shall be made of the Supplemental Pension Fund to determine the amounts required to meet expected obligations of the Fund. Any additional funds determined to be needed will be allocated during the annual budgeting process of the Authority.

***Rationale:*** A periodic evaluation of the pension amount ensures that the Authority has adequate funds to meet expected obligations.

***Implementation:*** The Supplemental Pension Fund contains assets held in trust for the payment of pension benefits to certain retired employees of the Authority. Provisions of the plan are delineated in the agreement between RTA and the Amalgamated Transit Union (ATU). An actuarial evaluation is performed every two years, in odd-numbered years, to assess the adequacy of the fund balance. The study was completed in 2021. Because expenditures have been decreasing, a transfer from the General Fund is not needed, and the available fund balance is sufficient to cover expenditures through 2025.

## LAW ENFORCEMENT FUND

***Policy Statement:*** 460.08(b) The expenditure of monies from the Law Enforcement Fund shall be in accordance with the guidelines established by the United States Attorney General on seizure and forfeiture of property, and shall be limited to expenditures not otherwise budgeted.

***Rationale:*** The funds are restricted by federal law, and all expenditures of those funds must adhere to legal requirements on purposes and usage.

***Implementation:*** The Law Enforcement had expenditures of nearly \$30,000 for personal protective equipment and other non-budgeted items. The 2023 budget provides expenditure authority of \$20,000.

## CAPITAL IMPROVEMENT FUNDS

***Policy Goal:*** 460.04(a) The Capital Improvement Funds shall be used to account for the construction and acquisition of major capital facilities and equipment. It shall include funds to match federal and state grants as well as funds to be used for capital construction and acquisition without the benefit of any grant funding. The Capital Improvement Fund will consist of the RTA Capital Fund and the RTA Development Fund.

***Rationale:*** The separation of funds used for day-to-day operations from those employed for capital improvements facilitates the planning process and the management of resources. Capital assets such as facilities, equipment, and vehicles, are essential to the provision of transportation services. Although expensive to sustain, a regular capital investment program lowers operating and capital costs over the long term. The Federal Government funds a substantial portion of capital projects, but the Authority must have adequate local matching funds on hand in order to qualify for federal, state and other financing grants.

**Implementation:** In 2020, the GCRTA Codified Rules and Regulations were updated and included additional clarification defining the capital funds and definition of a capital expenditure (sections b, c, and e below).

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***Policy Goal: 460.04(b) Projects that are locally-funded, smaller and more routine in nature, generally less than one-hundred-fifty thousand dollars (\$150,000) and have a useful life not exceeding five (5) years will primarily be budgeted in the RTA Capital Fund. The RTA Capital Fund and the RTA Development Fund (460.04(c)) are both in the Capital Improvement Fund.***

**Rationale:** The above policy clarifies which fund is to be used based for smaller projects based on the criteria set forth.

**Implementation:** The fund is designated for smaller, locally-funded projects in a separate fund from larger projects funded in the Development Fund. The source of funding for RTA Capital Fund is primarily the Sales & Use Tax transferred from the General Fund. Projects fall into two categories: Routine Capital for the purchase of non-revenue vehicles and small equipment and Asset Maintenance, which includes small rehabilitation projects maintain existing assets. The Codified Rules designate separate funds for each to provide clarity between the RTA Capital Fund and the RTA Development Fund.

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***Policy Goal: 460.04(c) The RTA Development Fund will consist of projects that are larger, generally greater than one-hundred-fifty thousand dollars (\$150,000) and have a useful life greater than five (5) years. These projects can be supported through local, federal, and state funding, of which, federal and state funding may require a local match. The RTA Capital Fund (460.04(b)) and the RTA Development Fund are both in the Capital Improvement Fund.***

**Rationale:** The above section of the policy clarify which fund within the Capital Improvement Fund is to be used for larger projects based on the criteria set forth.

**Implementation:** The Codified Rules designates a separate fund for larger projects that have a useful life beyond five years. Projects funded at least in part through State or Federal grants use the RTA Development Fund. The Authority has combined debt financing and direct allocations of Sales & Use Tax receipts to fulfill its financial commitment to the capital program. In 2023, the Sales Tax Contribution to Capital is budgeted at 11.0 percent. The contribution projected for 2024 and 2025 are both at 10.0 percent.

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***Policy Goal: 460.04(d) The Authority will strive to take advantage of all available state and federal grants and other financing programs for capital improvements, including but not limited to, State of Ohio public transportation grants, Federal Highway Administration (FHWA) programs of the Federal Transit Administration (FTA), and the Federal Emergency Management Agency (FEMA).***

**Rationale:** Various 'formula' grants are usually allocated to systems based on service or demographic indicators. Discretionary grants are competitive and require the maintenance of positive relationships, solid planning, and well-conceived projects. The Authority strives to maximize grant funding in order to best leverage local funds to maintain a State of Good Repair (SOGR) in its capital assets. Furthermore, as more dollars are needed to support an aggressive Long-Range plan, the Authority will explore and secure other creative and non-traditional revenue sources to meet the needs of its capital program.



**Implementation:** The limited availability of funding at the Federal, State, and Local levels means the Authority can only focus on the most essential and realistic capital projects during the 2024-2028 CIP development process and continue its focus on SOGR projects. The Authority received federal funding of \$15.0 million in 2020 from the Build Grant to be used for the Rail Car Replacement Program. The Authority will continue to aggressively pursue and explore any and all non-traditional funding opportunities under the Infrastructure Investment and Jobs Act. This Act created the Bipartisan Infrastructure Law that enacted \$108 billion for public transportation focused on four key priorities: safety, modernization, climate, and equity. Competitive grants such as Urban Transit Program (UTP), Ohio Transit Partnership Program (OTP2), Northeast Ohio Areawide Coordinating Agency Enhanced Mobility Program NOACA 5310, Diesel Emission Reduction Grant (DERG), and Congestion Mitigation & Air Quality (CMAQ) can boost the ability to complete SOGR projects and preventive maintenance projects. Complete breakdown of the Capital Improvement Revenue by Source can be found in the Capital Section starting on page 200.

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***Policy Goal: 460.04(e) Items that have a useful life in excess of one year and an acquisition cost in excess of five thousand dollars (\$5,000) are considered to be capital expenditures.***

**Rationale:** Transit remains a capital-intensive business and continued quality service relies solidly on maintenance of infrastructure and equipment. Investments must anticipate future service requirements and capacity.

**Implementation:** This policy has been used in the past to develop the annual capital budget. The focus of the Authority's capital program has been on achieving a SOGR through the maintenance, rehabilitation, and replacement or upgrade of existing capital assets rather than on expansion activities.

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***Policy Goal: 460.04(f) An amount of at least 10 percent of Sales Tax revenues shall be allocated to capital improvement on an annual basis. This amount shall be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.***

**Rationale:** Capital assets such as facilities, equipment, and vehicles, are essential to the provision of transportation services. Although expensive to sustain, a regular capital investment program lowers operating and capital costs over the long term. The Federal Government funds a substantial portion of capital projects, but the Authority must have adequate local matching funds on hand in order to qualify for FTA grants.

**Implementation:** The Authority has combined debt financing and direct allocations of Sales & Use Tax receipts to fulfill its financial commitment to the capital program. The outstanding debt for the Authority totaled \$43.9 million in Sales Tax Revenue bonds at the end of 2022. In 2023, the Sales Tax Contribution to Capital is budgeted at 11.0 percent to assist in the Railcar Replacement Program. The contribution projected for 2024 and 2025 are both at 10.0 percent.

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***Policy Goal: 460.04(g) Recognizing that the capital program requires a critical balance between maintenance of existing assets and expansion efforts, the following policy objective will be used to develop the annual capital budget. The goal percent of capital maintenance outlay to capital expansion outlay will be a minimum of 75 percent and maximum of 90 percent.***



**Rationale:** Transit remains a capital-intensive business and continued quality service relies solidly on maintenance of infrastructure and equipment. Investments must anticipate future service requirements and capacity.

**Implementation:** This policy has been used in the past to develop the annual capital budget. The focus of the Authority's capital program has been on achieving a SOGR through the maintenance, rehabilitation, and replacement or upgrade of existing capital assets rather than on expansion activities. At 100% for the FY 2023 budget, the Authority's emphasis continues to be on maintaining and improving its assets rather than an expansion of the system. This measure is planned to remain at 100 percent through 2024, due to many SOGR capital maintenance projects including the bus improvement program, rail car replacement program, reconstruction of heavy and light rail stations, and track infrastructure projects.

## BOND RETIREMENT FUND

***Policy Goal: 460.05(a) Will be used to provide the funds necessary for the payment of principal and interest on debt obligations is deposited in the Bond Retirement Fund.***

**Rationale:** It is the intent of the Authority to issue debt in a manner that adheres to State and Federal laws and prudent financial management principles.

**Implementation:** The Authority has issued debt sparingly due to the benefits of Federal and State grant funding. The last debt issuance was made in 2019 for \$30 million. With CARES Act, CRRSAA and ARPA covering operating needs, extra Sales & Use Tax funding was used for a debt defeasance to reduce debt obligations by approximately half and increase financial security. In 2021, GCRTA defeased approximately \$58 million of debt. The last of remaining debt is now scheduled to expire in 2030.

***Policy Goal: 460.05(b) Each month, Sales and Use Tax revenues in an amount, together with anticipated investment earnings on the amounts deposited, calculated to accumulate sufficient funds to meet the next ensuing principal and interest payments due on the Authority's un-voted general obligation notes and bonds, is deposited in the Bond Retirement Fund. The balance in that Fund will drop to near zero balance once each year in conformance with Federal tax law restrictions on arbitrage earnings.***

**Rationale:** It is the intent of the Authority to issue debt in a manner that adheres to State and Federal laws and prudent financial management principles.

**Implementation:** Total outstanding debt for the Authority totaled \$43.9 million in Sales Tax Supported bonds at the end of 2022. Principal and interest payments are budgeted at \$9.5 million per year in 2023 through 2025.

## Debt Financing

The Authority infrequently issues Sales Tax Supported bonds to meet the Authority's needs. The Bond Retirement fund was set up to meet the annual obligations on the Authority's outstanding debt. The Authority currently holds an "AAA" rating with S & P and an "Aa1" rating with Moody's. More detail on the Bond Retirement fund can be found in the Fund Budgets section.

Ohio law also permits the Authority to issue both voted and un-voted debt, and to levy ad valorem property taxes. Current obligations have not required the use of property taxes for debt service. Debt issuances are subject to three limitations as specified in the Ohio Revised Code and the Ohio Constitution. Since the Authority has not had any debt service backed by property tax revenue in recent years and has no plans to do so in the foreseeable future, this restriction does not impact the 2023 budget.

1. **Restriction:** Total debt supported by voted and/or un-voted property taxes may not exceed 5 percent of the total assessed valuation of the property within the Authority’s territory (Cuyahoga County).

**Impact:** The provision is not currently applicable since debt obligations have not required the use of ad valorem property taxes for debt service payments. Further, the 1.50 mill limitation (based on the county’s assessed valuation of \$34.8 billion) is not currently restrictive in view of the Authority’s debt requirements.

2. **Restriction:** Annual principal and interest payments on all un-voted general obligation (GO) bonds may not exceed one-tenth of one percent of the total assessed valuation.

**Impact:** Based on the 2021 valuation, the annual debt service capacity of one-tenth of one percent would be \$34.8 million. The Authority does not have any GO bonds outstanding.

3. **Restriction:** The total amount of annual debt service on un-voted general obligation (GO) bonds issued by overlapping subdivisions is limited to ten mills of assessed valuation in each political subdivision. Overlapping subdivisions include Cuyahoga County and various municipalities, school districts, and townships within the taxing district.

**Impact:** The ten-mill limit provision pertains to all un-voted debt regardless of the source of payment and historically has been the most restrictive to the Authority. The required tax rate in mills for 2023 is less than 7.5 mills.

## Budget Management Process

For the Authority, the fiscal and calendar years coincide. The operating budget process begins in June with the development of the Tax Budget, and in August with the development of the Capital and Operating Budgets. The Authority prepares a Tax Budget as required by the Ohio Revised Code for being a political subdivision of the State of Ohio. The tax budget is a valuable tool for estimating budgeted resources and preparing appropriations planning.

Around the same time, a mid-year review of spending patterns and budget variances is conducted. The Capital Budget and the Tax Budget are essential components of the base level appropriations assumed for the succeeding budget cycle. The development of the tax budget begins the annual budget process for both operating and capital.

## Capital Improvement Plan (CIP)

**The Capital Improvement Plan (CIP)** cycle begins in August, 17 months prior to the start of the fiscal year. For example, the CIP cycle starts with departments submitting capital request in September 2022 that would be programmed for the CIP budget in fiscal year 2024.

- Departments submit capital requests starting in September for upcoming years.
- All capital requests are due by mid- November.
- Capital requests are processed and meetings with the Capital Program Working Group (CPWG) begin mid-February. The CPWG consists of departments, project managers and Office of Management & Budget (OMB).
  - Capital requests are reviewed at the CPWG meetings and ranked according to the Federal Transit Association’s (FTA) asset management standards.
- During the months of March and April, after the CPWG identifies and ranks the top projects, the Capital Program Oversight Committee (CPOC) reviews each of the recommended projects, aligns funding and identifies the priority projects to be implemented in the five-year capital plan. The CPOC consists of Chief Deputy General/CEO, Deputy General Managers and members of OMB.
- In May, the 5-year CIP Resolution is completed and presented to the Board of Trustees.
  - A public hearing is held during the committee meeting.
- The Board of Trustees review the Resolution for approval of the Budgeted Fiscal Year for the CIP (the first year out of the 5 presented).
- Once the Board approves the CIP Resolution, the 5-year CIP is submitted by June to the Northeast Ohio Areawide Coordinating Agency (NOACA), Northeast Ohio’s Metropolitan Planning Office (MPO). NOACA then submits the CIP to the Ohio Department of Transportation (ODOT) and the Federal Transportation Administration (FTA) for submission in the next federal fiscal year, beginning the following October.

#### 14 Month CIP Timeline Highlights from Project Origination to Project Funding



## Operating Budget

**The Operating Budget** cycle begins in June with the creation of the [Tax Budget](#)

- The Tax Budget is created to estimate the next fiscal year resources.
- In July, the Tax Budget is presented to the Board of Trustees for approval and a public hearing is held.
  - Once approved, the Authority submits a copy of the Tax Budget to the Cuyahoga County Auditor and the State Auditor.
- In August, OMB staff adjust the budget basis for any nonrecurring costs, contracts, binding commitments, or inflation.
  - The product is called the Base Budget.
- The Base Budget consist of budgets from each of the Divisions and Departments.
  - The Department directors and managers review their base budgets and submit requests for adjustments.
- New requests are reviewed by OMB and a cost benefit analysis is done, if needed
- Discussions are held in mid-September between OMB and the Departments to refine the Base Budget.
- When completed, the Base Budget includes commitments, recurring costs, and initiatives.
  - This then becomes the General Manager/CEOs’ Recommended Budget
- The finalized General Manager/CEO’s Recommended Budget:
  - Is the sum of the refined Base Budgets and Adjustments
  - Is limited to estimated available resources

- Satisfies the Authority’s financial policies to the best extent possible
- Supports the Authority’s mission and strategic direction as embodied in the Board Policy Goals and outlined in the Strategic Planning Process
- The General Manager/CEO’s Recommended Budget with service levels for the next fiscal year is presented to the Executive Management Team (EMT) in October and presented to the Board of Trustees in November and December.
  - Public hearings are held in November and December
- The review process culminates in the formal adoption of a budget resolution at the December Board Meeting.
  - It is the Trustees’ practice to finalize appropriations before the new fiscal year begins.
  - OMB loads the budget prior to the start of the new fiscal year.

### 12 Month Operating Budget Highlights from Tax Budget to BOT Approval



### Budget Monitoring and Control

OMB monitors all revenues and expenses monthly. The Authority focuses largely on the top two revenues sources that support the Operating Expenditures (Passenger Fares and Sales and Use Tax) and the top 3 expenditures (Salaries/Overtime, Payroll Taxes/Fringe Benefits, and Services/Materials & Supplies) since these are the lion’s share of overall financial performance. Quarterly financial reports inform the General Manager/CEO and the Board of Trustees (BOT) on how revenues and expenses are performing compared to the budget throughout the year. This report is used to determine whether adjustments are needed to realign the budget. Interdepartmental transfers are the main method to adjust the Operating Budget. The BOT’s General Manager has the authority to transfer appropriations within and between departments, which are reported monthly to the BOT. In rare occasions, an increase to the overall budget appropriation may be needed, which requires BOT approval.

The General Manager/CEO has the authority to upgrade or reclassify staff positions. Positions may be reallocated between departments and divisions, providing the overall staffing level remain at the level approved by the BOT for the budgeted year. This allows flexibility in making staff decisions. If an increase in budgeted positions is needed during the year, approval by the BOT would be required.

**BUDGET DEVELOPMENT CALENDAR: OPERATING (O) & CAPITAL (C)**

<p><b>January</b></p> <ul style="list-style-type: none"> <li>•O: Finalize Previous Fiscal Year-end</li> <li>•O/C: Finalize Budget Book</li> <li>•O: Encumbrance Roll</li> <li>•O/C: New Fiscal Year begins</li> </ul>	<p><b>February</b></p> <ul style="list-style-type: none"> <li>•C: Capital Program Working Group (CPWG) Meetings-Capital Improvement Plan (CIP)</li> </ul>	<p><b>March</b></p> <ul style="list-style-type: none"> <li>•C: Capital Program Oversight Committee (CPOC) Meetings: CIP</li> <li>•O/C: 1st Qtr Ends</li> </ul>
<p><b>April</b></p> <ul style="list-style-type: none"> <li>•O: O/C: Finalize 1st Qtr Projections</li> <li>•C: Legal Notice: CIP &amp; Public Hearing</li> </ul>	<p><b>May</b></p> <ul style="list-style-type: none"> <li>•C: CIP Presentation to BOT</li> <li>•O/C: Tax Budget Extension</li> </ul>	<p><b>June</b></p> <ul style="list-style-type: none"> <li>•O: Legal Notice: Tax Budget &amp; Hearing</li> <li>•O/C: 2nd Qtr Ends</li> </ul>
<p><b>July</b></p> <ul style="list-style-type: none"> <li>•O/C: Finalize 2nd Qtr Projections</li> <li>•O/C: Tax Budget presentation to BOT and receive BOT Approval</li> </ul>	<p><b>August</b></p> <ul style="list-style-type: none"> <li>•O: Upcoming FY Operating Budget Planning Kickoff</li> <li>•C: Future FY + 1 CIP Planning Kickoff</li> </ul>	<p><b>September</b></p> <ul style="list-style-type: none"> <li>•C: Next FY CIP: Submit requests through Apex</li> <li>•O: RTA Service Plan Due</li> <li>•O: Next FY Base Budget Due</li> <li>•O: Present next FY Base Budget to CEO and EMT</li> <li>•O/C: 3rd Quarter Ends</li> <li>•O: Inventory Roll</li> </ul>
<p><b>October</b></p> <ul style="list-style-type: none"> <li>•O/C: Finalize 3rd Qtr Projections</li> <li>•O/C: Next FY Budget Appeals</li> <li>•O/C: Present Next FY Budget to CEO and EMT</li> <li>•C: Load next FY CIP</li> <li>•O/C: Transmittal Letter</li> </ul>	<p><b>November</b></p> <ul style="list-style-type: none"> <li>•C: : Future FY + 1 CIP projects due</li> <li>•O: Upcoming FY Budget 1st presentation to BOT and public hearing</li> </ul>	<p><b>December</b></p> <ul style="list-style-type: none"> <li>•O: Next FY Budget 2nd presentation to BOT and public hearing</li> <li>•C: DGM review of upcoming CIP projects and approval</li> <li>•O: Next FY Budget approved by BOT</li> <li>•O: Load Next FY Budget</li> <li>•O/C: 4th Qtr Ends</li> <li>•O: Inventory Roll</li> </ul>

**Key:** O: Operating C: Capital O/C: Operating & Capital

## Performance Management

GCRTA utilizes established **Scorecards** for each division, department and the Authority as a whole. These are derived from the Authority's strategic plan, mission and vision, and customer, community, and employee survey data obtained throughout the year. Scorecards are detailed in the Strategic Plan section below and contained within each Division summary page under the Operating Department Budgets section. There are several established programs to allow for improving performance, accountability, and processes through the following initiatives:

**TRACTION** was deployed in 2022 as an update to the TransitStat performance management program that began in 2007. TRACTION utilizes Scorecards to identify performance metrics and goals to improve GCRTA in identified success outcomes. FY 2023 continues the Authority's alignment with strategic plan through the scorecards.

**Problem Identification & Corrective Action (PICA)** began as an Operations change initiative over 20 years ago. PICA focuses on 'quick fixes' that have an immediate return and improvement.

The Authority continues to send employees for **LEAN Six Sigma Yellow, Green and Black Belt Certification** in order for employees to implement these tools to identify areas of waste, create efficiencies, and perform Kaizen Events. In 2022, 26 employees earned their Green Belt certification and six earned their Black Belt certification.

## Strategic Plan

GCRTA's [Strategic Plan](#) was approved by the BOT in 2020. It establishes a 10-year framework for the future of the Authority. It is a compilation of key highlights and technical information that encompasses five pillar studies that informed the Plan's development and direction:

Pillar Study	Result
Economic Impact	Concluded that RTA has a massive economic impact on the Region and State.
Rail Car	Showed immediate need for procuring new heavy and light rail car fleets that have exceeded their 30-year useful life
Fare Equity	Recommended a variety of ways to promote equity and enhance the customer experience regarding fare payments. These recommendations were incorporated into the plan. 2021 implemented All Day pass fare reduction from \$5.50 to \$5.00
System Redesign	Comprehensive review and redesign of the RTA bus route system. The NextGen redesign was implemented in June 2021.
Financial and Economic Forecast & Operational Review	Identified benchmarks, risks, issues, efficiencies, performance indicators, and revenue sources

Various public involvement opportunities occurred and led to the creation of seven key strategic initiatives that highlight prioritized Plan recommendations and provide a framework for the future.

1. Improve where and when buses travel

2. Improve how streets function (prioritizing transit in street design)
3. Improve how customers pay
4. Improve passenger safety and comfort
5. Engage with emerging technology, data, and new mobility
6. Address funding challenges
7. Partner to support vibrant communities and access to job centers

These seven initiatives provide a framework for the future to provide a guide for enhancing the customer experience and pursuing capital improvements through the year 2030.

## MISSION, VISION, AND VALUES

**Mission:** Connecting the Community

**Vision:** Leading the delivery of safe and creative mobility solutions and community connections

**Values:** Safety, Ethics & Integrity, Service Excellence, Fiscal Responsibility, Teamwork, Responsibility & Accountability, and Respect.

**Description of Values:** The safety of our passengers, our employees and the general public is always our top priority. We are dedicated to the highest ethical standards, including uncompromising honesty and integrity in our daily activities. We will provide safe, clean, reliable, on-time, courteous service that our customers and the community will view as outstanding. We are committed to manage every taxpayer and customer-generated dollar as if it were coming from our own pocket. We believe in teamwork and will foster a spirit of cooperative effort within RTA and with our partners. Every individual is accountable. Meeting our individual responsibilities will ensure that collectively, RTA is a high-performing organization. We will meet all regulations and commitments and continually strive to improve. We will treat all members of the RTA family, our customers and the general public with dignity and respect.

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## SUCCESS OUTCOMES

Living the values, working towards the vision, and ensuring the mission are upheld each day leading GCRTA to define success outcomes in four key areas: (1) customer experience, (2) community value, (3) financial sustainability, and (4) employee engagement.

These Success Outcomes will provide measurable, trackable performance outcomes for BOT, staff, customers, and the general public.



<b>Success Outcomes</b>	<b>Information System</b>	<b>Measurement Tools</b>	<b>Success Definition</b>
<b>Customer Experience</b>	Net Promoter Score	Customer Survey	5% improvement in Net Promoter Score over 2022 average baseline
<b>Community Value</b>	Community Value Score	Community Survey & Data	in community value score over baseline
<b>Financial Sustainability</b>	Operating & Capital Performance	Financial Reporting	3-year projected budget with at least one-month operating reserve (in compliance with Board Policy) A minimum of \$10m transfer to capital and reserve fund
<b>Employee Engagement</b>	Employee Engagement	Employee Engagement Survey	Weighted Score of THREE questions: Work matters, Tools to be successful, Feedback Provided, would reapply for my job

The Scorecards (discussed earlier in Performance Management) track data on a monthly basis at the organization, division, and department levels. Performance metrics are reviewed along with the next fiscal year’s performance goals and updated as needed starting at the organization level, then filtered down to the division and department levels. Each scorecard can be found in the Division pages of the Department Budget section. Each metric is linked to a different information system that provides updates throughout the year. The current information systems utilized are:

- Customer survey- conducted once per quarter
- Community survey- conducted twice per year
- Employee Survey- conducted once per year
- Financial Data- tracked and provided by the Finance division
- Performance Data- tracked and provided by the division

In FY23, GCRTA will be incorporating The Scorecard performance methodology to individual employee evaluations in an effort to build ownership at the employee level and move the organization to deliver its mission.

In addition to the Scorecards there are individual tactics. A tactic is defined at the beginning (and throughout) the fiscal year. A tactic is an individually focused project or activity that will have a noticeable, measurable impact on success outcomes. They are monitored monthly.

It is GCRTA to conduct performance management of the Success Outcomes on a quarterly basis. With the identified information systems, GCRTA is able to rely on regularly updated data (through information systems) to move forward in connection with the strategic plan.

## Transit Service Profile

The History of public transit in Cleveland through 2017 can be found at <http://www.riderta.com/history>. Since 2019, the Authority has:

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### 2019

- India L. Birdsong Terry hired as CEO/General Manager
- Completed upgrades to East 105-Quincy Red Line Station
- Hosted Major League Baseball All Star Game and Tall Ships Festival
- Completed a \$6.4 million track upgrade to the Red Line in May, extending between the West Park Station and the Airport Tunnel, including 3.6 miles of railroad track, replacing 12,275 timber cross ties, improving track drainage, adding signal improvements, and repairing the platform at Puritas Station
- Created a corrective action plan was implemented for the S-Curve Retaining Wall, installing 75 steel beam frames along the 300-foot long wall
- Completed five studies (“pillar studies”) to provide a comprehensive examination of RTA’s operations and impact on the Greater Cleveland and Cuyahoga County community, which provided information used for the new Strategic Plan in 2020

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### 2020

- RTA received COVID-19 Coronavirus A Relief Economic Stimulus (CARES) Act dollars for operating expenses, which allowed RTA to continue 87% of service during global pandemic and return to 97% of pre-COVID service level by the end of 2020
- RTA made free WIFI accessible on vehicles and at stations for the general public
- RTA installed new radio equipment on all vehicles (buses and trains)
- RTA provided free rides for election day to support access to those limited by the pandemic supported by a grant
- RTA developed a new ten-year Strategic Plan

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### 2021

- Implementation of NextGen system redesign
- Issued RFP for purchase of new Rail Cars
- TRAC Funds, ODOT awarded GCRTA \$4.2M for light rail rehabilitation
- Heavy Rail received the APTA 2021 Rail COVID-19 Gold Award
- Marketing received a First Place Award in the 2021 Annual APTA AdWheel Awards, "Greater Cleveland RTA's "Holiday Trains" Social Media: Best Marketing and Communications to Support Ridership or Sales
- RTA initiated a Vaccination Incentive Program to encourage its employees to get vaccinated
- RTA received additional Emergency relief funds to assist with operating expenses and decreased passenger revenue under Coronavirus Response & Relief Supplemental Appropriation Act (CRRSA) and American Rescue Plan Act

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### 2022

- Introduced a new HealthLine fleet
- Signed the Hispanic Promise
- Provided free All-Star Trolley service to support the All-Star games
- Received \$81 million from the Infrastructure Investment and Jobs Act- \$20.3 million annually over the next four years
- Joined the APTA Racial Equality Commitment Pilot Program
- Launched a new mobile ticketing app – Transit with EZfare
- Launched Transit Ambassador and Crisis Intervention Specialists Programs

- Created a Civilian Oversight Committee for independent review and investigation of public complaints of alleged misconduct regarding its Transit Police Department
- Received remaining funds from American Rescue Plan Act
- Introduced Positive Impact Bus Operator Mentoring Program
- Received one of seven 2022 Awards of Excellence in Government Finance from GFOA
- Installed validators on fixed route buses for validation of mobile fares
- Received notice of \$8 million in funding for station improvements
- Received \$3.5 million award from ODOT's Urban Transit Program for six 40-foot CNG buses

## Glossary

Please visit <http://www.riderta.com/budget/2023> for a complete glossary.

## Economic Profile

The Service Profile depicts the economic and service activity as it impacts the organization on operational and financial levels. The provided information highlights trends regarding items that have direct effect on how RTA develops, supports, and implements services.

<b>Cuyahoga County Profile (2020 &amp; 2021)</b>			
		Number	Change from prior year
<b>Population</b>	2021 Population	1,249,387	-15,430
	% Change from last Decennial (2020)		-1.2 %
	Projected 2030 Population	1,154,210	-95,177
	Land Area (sq. miles)	458.3	0
	% Female	52.0 %	-0.3 %
	Persons per Sq. Mile	2,726	-41
<b>Race &amp; Ethnicity</b>	% White	57.8 %	-4.6 %
	% Black	28.8 %	-0.8 %
	% Hispanic/Latino	6.6 %	+0.7 %
	% Asian/Pacific Islander	3.3 %	+0.3 %
	% American Indian/Alaskan Native	0.3 %	0.0 %
	% Other	2.5 %	+0.9 %
<b>Housing</b>	Avg. persons per Household	2.19	-0.15
	# Housing Units	615,415	-2,980
	Occupied Housing Units	557,572	+16,607
	% Resident Home Ownership	58.4 %	+0.2 %
	Housing Median Value (owner-occupied)	\$166,000	+\$33,200
<b>Income</b>	Median Household Income	\$55,132	+\$4,766
	% Population under Federal poverty line	17.5 %	-0.5 %
<b>Largest Cities</b> (# of Residents)	Cleveland City	372,624	-8,385
	Parma City	81,146	+3,043
	Lakewood City	50,942	+1,264
	Euclid City	49,692	+3,142
	Strongsville City	46,491	+1,831
	Cleveland Heights City	45,312	+1,320
	Westlake City	34,228	+2,196
	North Olmsted City	32,442	+1,101
	North Royalton City	31,322	+1,254
Garfield Heights City	29,781	+2,333	
<b>Land Usage</b>	Developed/Urbanized	77.0 %	0.0 %
	Bare/Mines	0.2 %	0.0 %
	Forest	18.8 %	0.0 %
	Pasture	1.4 %	0.0 %
	Cropland	0.1 %	0.0 %
	Wetlands	1.1 %	0.0 %
	Open Water	0.4 %	0.0 %

Figure 18

<b>Cuyahoga County Profile (2020 &amp; 2021)</b>			
		Number	Change from prior year
<b>Education Resources</b>	Public Schools	269	-6
	Non-Public Schools	187	-3
	4-Year Public Universities	1	0
	2-Year Public Colleges	3	0
	Private Universities & Colleges	6	0
	Public Libraries Branch Libraries	9 72	0 0
<b>Means of Transportation to Work</b>	Drive Alone	68.9 %	-10.1 %
	Carpool	7.4 %	-0.9 %
	Public Transportation	2.2 %	-2.1 %
	Walk	2.7 %	+0.2 %
	Other	1.6 %	+0.3 %
	Work from Home	17.3 %	+12.6 %
<b>Travel Time to Work</b>	Less than 15 minutes	25.5 %	+2.9 %
	15 to 29 minutes	44.2 %	+0.5 %
	30 to 44 minutes	22.5 %	-0.6 %
	45 to 59 minutes	4.3 %	-2.0 %
	60 minutes or more	3.5 %	-0.8 %
<b>Major Employers</b>	Cleveland Clinic Health Foundation	Healthcare provider	
	University Hospitals Health System	Healthcare provider	
	Minute Men Cos.	Staffing and employment Services firm	
	U.S. Office of Personnel Management	Federal government	
	Progressive Corp.	Insurance Co.	
	Group Management Services	Staffing and employment Services firm	
	Cuyahoga County	County government	
	City of Cleveland	Municipal government	
	The Metrohealth System	Healthcare provider	
	Cleveland Metropolitan School District	Public education	
	KeyCorp.	Bank and financial services company	
	Case Western Reserve University	Higher education	
Amazon.com, Inc.	Online retailer		
Sherwin-Williams Co.	Manufacturer of paint, coatings & related products		
Swagelok Co.	Manufacturer of industrial components		

Figure 19

Data Sources:

U.S. Census Bureau

Cuyahoga County Annual Information Statement 2021

## Trends of Northeast Ohio compared to the State and National Averages

The Population in Cleveland has been steadily decreasing since the 1980s and Cuyahoga County has been decreasing since 2000. Due to the COVID-19 pandemic, unemployment rose significantly during 2020. Unemployment rates have improved significantly during 2021 and 2022 returning the region close to pre-pandemic rates.

Unemployment Rates - History				
Year	National Avg.	Ohio	Cuyahoga County	City of Cleveland
2011	8.5	8.0	6.7	8.8
2012	7.9	7.4	6.3	8.0
2013	6.7	6.9	6.5	8.4
2014	5.6	5.2	5.3	6.7
2015	5.0	4.9	4.4	5.7
2016	4.7	5.3	5.8	7.3
2017	4.1	4.6	4.7	5.9
2018	3.9	4.4	4.3	5.3
2019	3.6	4.3	3.9	4.8
2020	6.7	5.6	8.3	11.2
2021	3.9	4.5	4.9	6.3
2022 Est.	3.7	4.2	4.9	5.9

Source: Bureau of Labor Statistic. Figure 21

Population - Urban Centers						
Year	Cleveland	Akron	Cincinnati	Columbus	Dayton	Toledo
1900	381,768	42,728	325,902	125,560	85,333	131,822
2000	478,403	217,074	331,285	711,470	166,179	313,619
2010	431,363	207,216	333,013	769,360	141,527	316,238
2015	387,812	198,244	298,654	850,044	140,575	279,676
2016	385,809	197,633	298,800	860,090	140,489	278,509
2017	385,525	197,846	301,301	879,170	140,371	276,491
2018	383,793	198,006	302,605	892,533	140,640	274,975
2019	381,009	197,597	303,940	898,553	140,407	272,779
2020	372,624	190,469	309,317	905,748	137,644	270,871
2020	367,991	189,347	308,935	906,528	137,571	268,508

Source: US Census Bureau

Figure 20

County Population Changes				
County	2021	2010	Diff.	%
Ashtabula	97,337	101,490	-4,153	-4.1%
Cuyahoga	1,249,387	1,280,115	-30,728	-2.4%
Geauga	95,565	93,409	2,156	2.3%
Lake	232,023	230,050	1,973	0.9%
Lorain	315,595	301,371	14,224	4.7%
Medina	183,092	172,333	10,759	6.2%
Portage	162,382	161,425	957	0.6%
Summit	537,633	541,778	-4,145	-0.8%

Source: US Census Bureau

Figure 22

## National Transit Trends

The National Transit Database (<https://www.transit.dot.gov/ntd>) was established by US Congress to be the Nation’s primary source of information and statistics on the transit system of the United States. Recipients of grants from the Federal Transit Administration (FTA) are required by statute to submit data to the NTD. The NTD is used to help meet the needs of individual public transportation systems, the US Government, State, and Local governments, and the public for information on which to base public transportation service planning.

Below is a comparison of total Cost per Unlinked Passenger Trip for Bus, Rapid Bus, Heavy Rail, and Light Rail. As the number of trips declined following COVID-19, the cost of providing each trip increased.

National Transit Database statistics are always behind two calendar years for final reporting purposes. For example, 2021 NTD data was not available until the end of the 2022 calendar year.

### Cost of providing each Unlinked Passenger Trip (by mode):

	Bus	BRT*	Heavy Rail	Light Rail
<b>2010</b>	\$3.53	\$0.00	\$1.79	\$3.28
<b>2011</b>	\$3.58	\$3.43	\$1.83	\$3.21
<b>2012</b>	\$3.59	\$2.27	\$1.87	\$3.31
<b>2013</b>	\$3.64	\$2.11	\$1.91	\$3.46
<b>2014</b>	\$3.83	\$2.18	\$1.96	\$3.61
<b>2015</b>	\$4.03	\$2.41	\$2.05	\$3.82
<b>2016</b>	\$4.34	\$2.72	\$2.18	\$4.05
<b>2017</b>	\$4.71	\$3.05	\$2.28	\$4.30
<b>2018</b>	\$4.92	\$3.53	\$2.44	\$4.78
<b>2019</b>	\$5.27	\$3.35	\$2.46	\$5.14
<b>2020</b>	\$7.45	\$5.04	\$5.12	\$7.44
<b>2021</b>	\$10.42	\$7.37	\$5.83	\$13.46

Figure 23

### Total Unlinked Passenger Trips (by year):

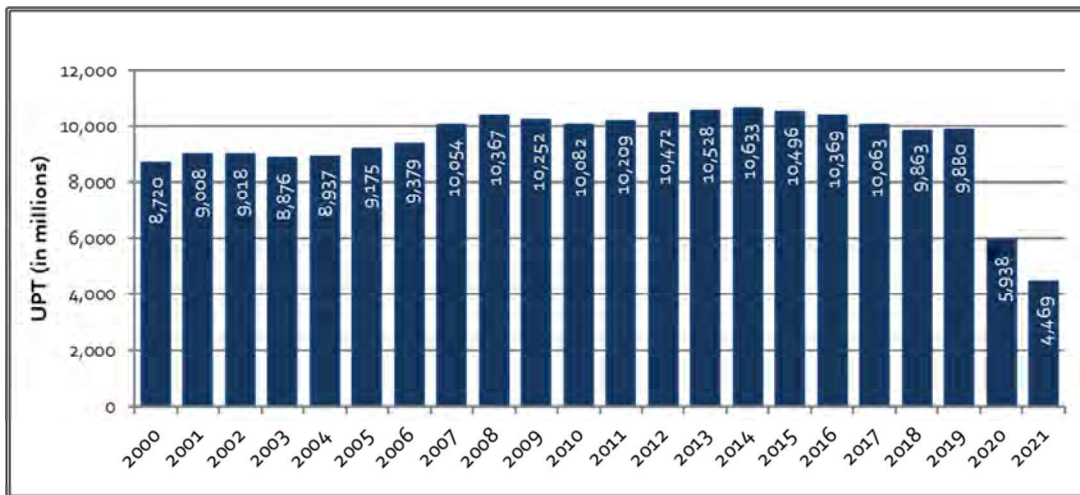


Figure 24

Source: NTD TS2.1 - Service Data and Operating Expenses Time-Series by Mode



Ohio Transit Trends

The 9 Largest Agencies in Ohio as of 2021 – NTD data listed below:

Agency	Service Area Sq. Mi	Pop	Mode	Unlinked Passenger Trips	Annual Passenger Miles	Vehicle Revenue Miles	Vehicles in Max Service	Vehicles Available for Max Service	Spare Ratio (%)
Akron (Metro)	420	541,013	DR & DR/PT	174,873	1,009,114	1,401,597	76	118	55.3
			Bus	2,882,108	12,356,484	3,425,508	75	139	85.3
Canton (SARTA)	581	375,586	DR	100,045	779,029	1,087,913	30	35	16.7
			Bus	1,083,547	7,827,282	2,269,504	36	38	5.6
Cincinnati (SORTA)	289	744,901	DR	130,356	1,243,596	1,032,288	40	56	40.0
			Bus	9,600,324	51,828,597	9,442,905	286	316	10.5
Cleveland (GCRTA)	458	1,412,140	DR & DR/PT	391,199	3,241,760	3,061,061	109	164	50.5
			HR	2,420,125	14,341,626	2,389,074	18	40	122.2
			LR	465,123	2,520,913	468,737	5	29	480.0
			Bus	11,184,684	44,453,388	12,404,462	213	315	47.9
			RB	1,411,832	3,644,572	451,694	11	19	72.7
Columbus (COTA)	336	1,168,779	DR & DR/PT	242,445	2,468,989	2,918,655	64	93	45.3
			Bus	8,899,769	36,048,940	11,809,700	219	321	46.6
Dayton (GDRTA)	274	559,062	DR	172,982	1,470,092	1,490,592	39	74	89.7
			Bus	3,355,260	26,204,855	4,196,284	77	120	55.8
			TB	1,786,684	9,459,351	1,439,885	31	45	45.2
Lake County (Laketran)	227	232,603	CB	37,196	869,642	372,591	13	20	53.9
			DR	193,576	1,812,064	1,869,755	64	103	60.9
			Bus	204,872	1,203,970	795,951	17	20	17.7
Toledo (TARTA)	142	374,213	DR & DR/TX	231,764	1,408,488	1,199,908	98	99	1.0
			Bus	1,346,101	8,669,735	1,878,580	99	101	2.0
Youngstown (WRTA)	331	426,657	DR	42,230	339,106	409,846	15	25	66.7
			Bus	900,561	3,710,311	1,907,881	38	56	47.4
Bus - Fixed Route Bus				TB - Trolley Bus	RB - Rapid Transit Bus				
DR - Demand Response				LR - Light Rail	DR/TX - Demand Response - Taxi				
DR/PT - Demand Response - Purchased Transportation				HR - Heavy Rail	VP - Vanpool				

Figure 25

# National Transit Database: Greater Cleveland Regional Transit Profile

General Information		Financial Information	
Urbanized Area Statistics - 2010 Census Cleveland, OH 1,780,073 Population 772 Square Miles 25 Pop. Rank out of 498 UZAs Other UZAs Served 0 Ohio Non-UZA	Service Consumption 68,202,259 Annual Passenger Miles (PMT) 15,572,963 Annual Unlinked Trips (UFT) 50,760 Average Weekday Unlinked Trips 31,716 Average Saturday Unlinked Trips 23,028 Average Sunday Unlinked Trips	Sources of Operating Funds Expended Fares and Directly Generated \$31,241,835 12.0% Local Funds \$99,142,204 36.2% State Funds \$0 0.0% Federal Assistance \$129,073,664 48.8%	Sources of Capital Funds Expended Local Funds \$142,213,780 75.6% State Funds \$0 0.0% Federal Assistance \$39,865,300 21.2%
Database Information NTDID: 60015 Reporter Type: Full Reporter Asset Type: Tier 1 (Rail) Sponsor NTDID:	Assets Revenue Vehicles 629 Service Vehicles 221 Facilities 145 Track Miles 66.39 Lane Miles 17.30	Total Operating Funds Expended \$259,357,703 100.0%	Total Capital Funds Expended \$188,192,761 100.0%
Service Supplied 18,775,028 Annual Vehicle Revenue Miles (VRM) 1,462,991 Annual Vehicle Revenue Hours (VRH) 356 Vehicles Operated in Maximum Service (VOMS) 567 Vehicles Available for Maximum Service (VAMS)	Uses of Capital Funds Systems and Stations Facilities and Stations Other Total \$148,803 \$90,835,353 \$332,399 \$10,071,969 \$2,281,212 \$58,718,781 \$28,419,875 \$188,192,761	Summary of Operating Expenses (OE) Labor \$193,049,429 75.6% Materials and Supplies \$22,804,862 9.0% Purchased Transportation \$7,029,879 2.8% Other Operating Expenses \$32,286,208 12.7% Total Operating Expenses \$255,240,176 100.0% Reconciling OE Cash Expenditures \$4,117,527 Purchased Transportation (Reported Separately) \$0	Summary of Operating Expenses (OE) Labor \$193,049,429 75.6% Materials and Supplies \$22,804,862 9.0% Purchased Transportation \$7,029,879 2.8% Other Operating Expenses \$32,286,208 12.7% Total Operating Expenses \$255,240,176 100.0% Reconciling OE Cash Expenditures \$4,117,527 Purchased Transportation (Reported Separately) \$0
Service Area Statistics 458 Square Miles 1,412,140 Population	Service Supplied 18,775,028 Annual Vehicle Revenue Miles (VRM) 1,462,991 Annual Vehicle Revenue Hours (VRH) 356 Vehicles Operated in Maximum Service (VOMS) 567 Vehicles Available for Maximum Service (VAMS)	Total Operating Funds Expended \$259,357,703 100.0%	Total Capital Funds Expended \$188,192,761 100.0%
Modal Overview	Vehicles Operated in Maximum Service	Uses of Capital Funds	Modal Characteristics
Mode	Directly Operated	Revenue Vehicles	Systems and Stations
Demand Response	52	\$148,803	Facilities and Stations
Heavy Rail	18	\$2,937,762	Other
Light Rail	5	\$0	Total
Bus	213	\$17,837,355	\$148,803
Bus Rapid Transit	11	\$28,419,875	\$90,835,353
Total	299	\$49,381,755	\$332,399
Operation Characteristics	Fare Revenues	Use of Capital Funds	Revenue Vehicles
Mode	Operating Expenses	Directly Operated	Revenue Vehicles
Demand Response	\$41,720,820	52	\$148,803
Heavy Rail	\$38,853,820	18	\$2,937,762
Light Rail	\$9,235,149	5	\$0
Bus	\$60,315,063	213	\$17,837,355
Bus Rapid Transit	\$5,706,794	11	\$28,419,875
Total	\$155,240,176	299	\$49,381,755
Performance Measures	Service Efficiency	Service Efficiency	Service Efficiency
Mode	Operating Expenses per Vehicle Revenue Mile	Operating Expenses per Passenger Mile	Operating Expenses per Vehicle Revenue Mile
Demand Response	\$13.44	\$188.55	\$12.69
Heavy Rail	\$16.26	\$306.11	\$2.71
Light Rail	\$19.02	\$119.02	\$3.89
Bus	\$12.62	\$154.77	\$3.87
Bus Rapid Transit	\$13.63	\$172.18	\$1.57
Total	\$13.59	\$174.46	\$3.74

Operation Characteristics		Performance Measures	
Mode	Operating Expenses per Vehicle Revenue Mile	Operating Expenses per Passenger Mile	Operating Expenses per Vehicle Revenue Mile
Demand Response	\$13.44	\$188.55	\$12.69
Heavy Rail	\$16.26	\$306.11	\$2.71
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Total	\$13.59	\$174.46	\$3.74

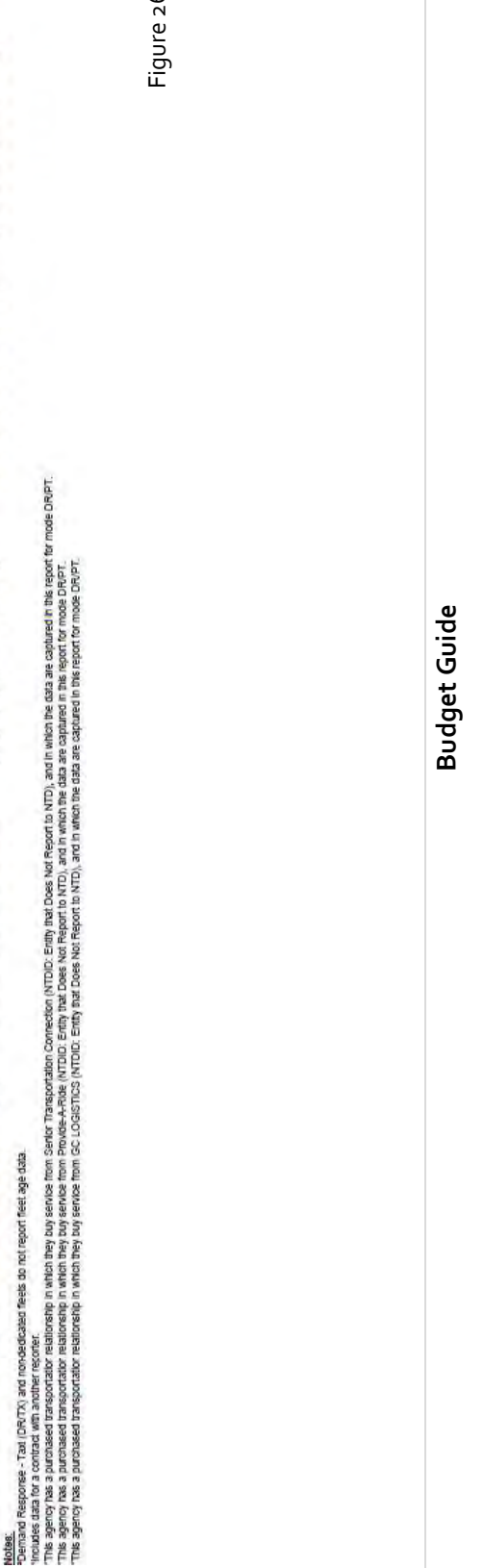


Figure 26

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