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Greater Cleveland Regional Transit Authority
Quarterly Management Report
Fourth Quarter 2016 (revised)
February 2017

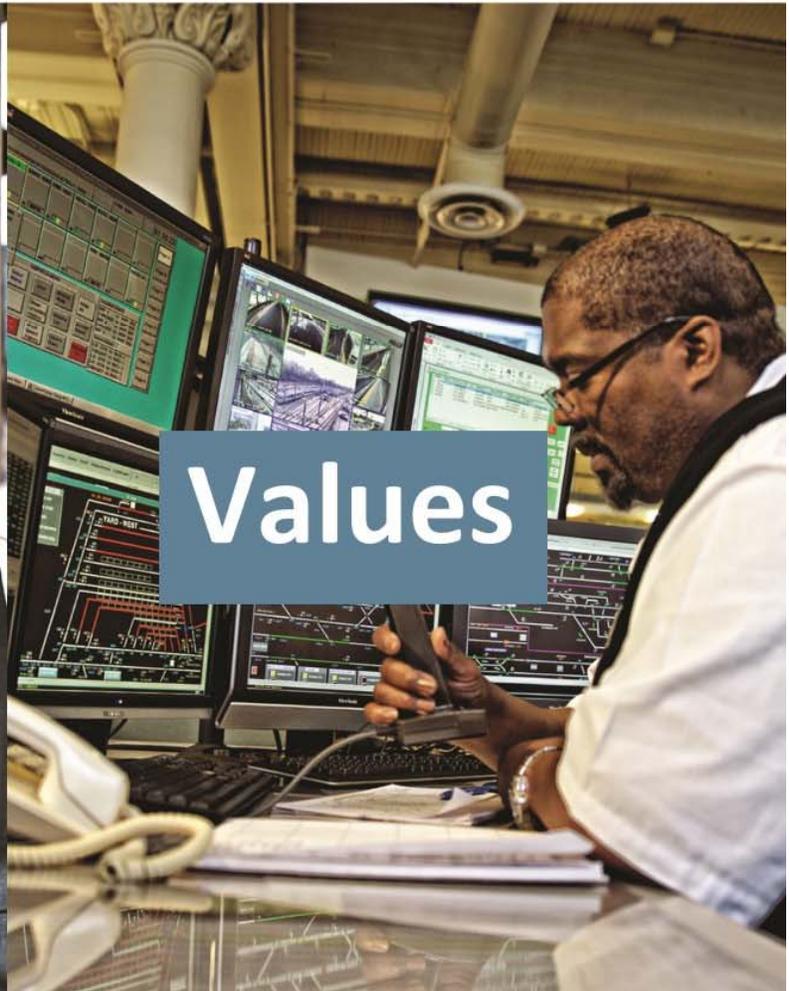




Mission



Vision



Values

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From the CEO



Activity levels were very high at RTA for the majority of 2016.

Between preparation and delivery of service for the RNC and the Cav's and Indians exciting seasons, to the adjusting service levels and fares, 2016 was a year to remember.

The overriding goals for 2016 was to maintain a strong financial position and best position RTA for the future. The fourth quarter and year end results clearly communicate that we did that well.

Financially, we ended the year approximately \$16 million better than budget, completed our FTA Triennial review with flying colors, received our 28th consecutive GFOA Award, and were again presented the Auditor of State's Award with Distinction.

Thanks to this financial performance, on December 20, the Board of Trustees approved a \$300 million 2017 operating budget that includes a stable outlook for our valued customers.

Our capital projects are all on-track with replacement buses on order, the opening of the ADA-compliant Warrensville Station on the Green Line, the replacement of the four escalators at Tower City, and the completion of important Track 8 project. Being financially prudent, we began to set aside funding for upcoming expenses such as the rail car replacement project.

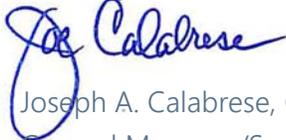
To enhance pedestrian safety, not only for Greater Cleveland but for the industry as a whole, RTA received two separate demonstration grants from the FTA to develop pedestrian warning and collision avoidance technology. This, and many other projects, continues and enhances our international reputation as an industry leader.

In 2016, RTA continued the journey towards the Baldrige Award of Excellence, expanded ISO 14001 certification, was recognized for our efforts in the areas of diversity and inclusions, continued its leadership role in the battle against Human Trafficking, and worked hard to communicate the need for additional investments in public transit.

To further enhance our image, RTA was awarded the Commission 50 Award from the Council on Economic Inclusion, the Silver Award from the Partnership for Excellence, and the Three-Star Green Fleet Award from Clean Fuels Ohio.

The enclosed report details the activity and operating results of RTA through the fourth quarter of 2016. The eight TEAM performance measures continue to be at the core of our operating philosophy. Additional quarterly updates are included for DBE participation, Affirmative Action, and a status update on our Engineering and Construction activities.

Sincerely,

A handwritten signature in blue ink that reads "Joe Calabrese". The signature is written in a cursive style with a large, looping initial "J".

Joseph A. Calabrese, CEO

General Manager/Secretary-Treasurer

FINANCIAL VISION

In the 2016 Strategic Planning cycle, the 5-Year Strategy and 10-Year Vision were updated and framed in a Balanced Scorecard (BSC) with Financial Vision being a BSC Focus Area. One Vital Few Objective (VFO) within this category, Fiscal Responsibility, yields two Initiatives: to Increase Revenue and Reduce Expenses, and to Enhance Fiscal Responsibility. The core drivers of Fiscal Responsibility are outlined in Figure 1.

Initiative: Increase Revenue, Reduce Expenses	Performance Target	Fourth Quarter Performance
Operating Revenue	≥ 1% Growth	4.4%
Capital Revenue	≥ \$30 M Competitive	\$
Total Expenses	≤ 2.5% Growth	-5.6%
Overtime Percentage of Labor	≤ 7% Share	10.4%

Figure 1: 2016- 18 Strategic Plan, Financial Vision Balanced Scorecard Focus

Operating Revenues

Revenues consist mainly of Sales & Use Tax, Passenger Fares, Advertising & Concessions, and Reimbursed Expenditures. Other nominal contributors are the Investment Income and periodic one-time reimbursements from the Northeast Ohio area-wide Coordinating Agency (NOACA), the State of Ohio, or the Federal Transit Administration. For the Fourth Quarter of 2016, the 1.8% growth in Operating Revenue was mainly influenced by Sales & Use Tax receipts, due to a 13-month tax back payment from a Medicaid Managed Health Care company received in June. The key revenue sources for 2016 are outlined in Figure 2.

Operating Revenue Item	Fourth Quarter	Percentage of Total Revenue	Percentage Compared to Budget
Sales & Use Tax	\$218,749,851	74.3%	3.1%
Passenger Fares	\$46,279,344	15.7%	- 10.1%
Advertising & Concessions, Investment Income and Other Revenue	\$4,790,483	1.6%	176.1%
Reimbursements and Operating Assistance	\$24,570,024	8.3%	11.3%

Figure 2: Operating Revenue Highlights

Capital Expenses

Capital Program	EOY 2016	EOY 2015	Percentage Compared to Prior Year Expense
Bus Garages	\$4,071,238	\$4,632,018	-12.11%
Bus Improvement Program	\$7,851,833	\$42,880,020	-81.69%
Equipment & Vehicles	\$3,203,332	\$2,324,956	37.78%
Facilities Improvements	\$7,405,095	\$5,391,371	37.35%
Other Projects	\$712,437	\$2,154,398	-66.93%
Preventive Maintenance/Operating Reimbursements	\$21,419,520	\$22,339,306	-4.12%
Rail Projects	\$23,363,312	\$22,343,046	4.57%
Transit Centers	\$1,077,929	\$757,322	42.33%
Grand Total	\$69,104,696	\$102,822,437	-32.79%

Figure 3: Capital Expense Highlight

In 2016, \$69.1 million of expenditures were generated by capital projects within the RTA Capital and RTA Development Funds. This is decrease from prior year expenditures due to pending bus order. In 2015, 90 40-Ft CNG buses were delivered and placed into service by the Authority. Since then, the Authority has entered into contracts for an additional 16 40-Ft CNG buses and 29 Diesel fueled buses. Due to the timing of the production runs by the bus manufacturer, these buses won't be delivered and expensed until 2017.

In the upcoming year, capital expenditures will rebound due to the expected delivery of the 45 40-Ft buses, and a number of capital projects programmed for construction in 2017 begins. These include a significant track reconstruction project on the Red Line between West 30th and West 98th, three ADA Key Station reconstructions of the Lee/Shaker, E. 116th Street, & East 34th Street Stations, rehabilitation work on the Central Viaduct Bridge, three additional light rail crossings, and the upgrade of the Authority's Fiber Optic System gets underway.

Capital expenditures are expected to remain at relatively high levels in the future as the Authority continues to focus on achieving a state of good repair (SOGR) in its capital assets. Of concern in the upcoming year is the potential decrease in Sales & Use Tax Revenue if Medicaid Managed Health Care providers are removed from the Sales & Use base. If this occurs, and the State fails to implement a revenue neutral fix, revenues to support both the daily operations of the Authority as well as meet the funding needs of the Authority's capital programs will be significantly tested. Despite this challenge, the Authority will continue to target both non-

traditional as well as formula grant funding sources in the future as it continues to focus on improving the condition of its capital assets.

Operating expenses

There are a wide range of operating expense categories. The four most critical items are the Personnel, Services, Material and Supplies, and Utilities. Personnel encompasses salaries, wages, and benefits for all workforce segments. Services and Material & Supplies are mainly driven by the Operations division, and include a variety of contracts and procurements of inventory and equipment to meet operating needs. The utilities are managed by the Energy Manager through the Energy Price Risk Management Strategy and consist of fuel, electricity, water, sewer, and natural gas. Figure 4 highlights year-end expenditures in these categories as a percentage share of Total Operating Expenses. The percentage compared to budget indicates the Authority’s Operating Budget performance compared to budget.

Operating Expense Item	Year-End Expense	Share of Total Operating Expenses	Percentage Compared to Budget
Salaries	\$134,370,739	54.6%	- 5.2%
Fringe Benefits	\$48,074,083	19.5%	- 5.5%
Fuel (Diesel & Natural Gas)	\$9,846,299	4.0%	- 10.3%
Other Expenses	\$53,905,673	21.9%	- 15.9%

Figure 4: Key Operating Expense Highlight

Overtime

An important focus of managing expenses includes Total Overtime as compared to the Total Salaries. Key factors that impact this ratio include employee vacancy rates, absenteeism, vacations, and scheduled service delivery levels. The current goal for this measure is 7% across Authority-wide positions. The Overtime rate was 10% in 2014, and grew to an average of 12% in 2015, as vacancies and absenteeism increased. The rate then decreased in 2016 to a year-end 10% as vacancies decreased and service levels were reduced. Figure 5 summarizes the Authority-wide end-of 2016 Overtime expenditures by these workforce segments.

Workforce Segment	Year-End Labor Expense	Year-End Overtime Expense	% Overtime
Operator	\$46,304,536	\$7,688,458	16.6%
Hourly	\$42,097,911	\$3,496,857	8.3%
Salary	\$33,331,429	\$1,451,548	4.4%

Figure 5: Overtime Performance Highlights.

FINANCIAL INDICATORS

Additional measures of budget performance include six financial policy objectives as approved by the Board of Trustees. The indicators are listed in Figure 6, and include the Fourth Quarter Performance.

Operating Efficiency

The policy goal is to maintain an **Operating Ratio** of at least 25%. The Fourth Quarter had a performance rate of 20.1%. Key influencers of this indicator were the 25-cent base fare increase executed in August and the annualized 3% service reduction executed in September.

The target of the **Cost per Hour of Service** measure is to be maintained at or below the budgeted rate of inflation. Factors that impact this indicator include the change of Total Operating Expenses relative to the prior year, annual service levels, and the rate of inflation as calculated by the Federal Reserve. At the end of 2016, the Cost per Hour of Service was \$135.20, a decrease of 3.4 percent relative to the 2015 year-end Cost per Hour of Service of \$140.00.

Operating Reserve is targeted for a period of 30 Days or 1 Month (1.0), meaning the available cash equivalent of one month's operating expenses, with a stretch goal of 45 Days. Key factors that influence this indicator are Operating Revenues and Expenses, and General Fund Transfers to the other Funds of the Authority.

For the 2016 Budget, a one-month reserve equals \$20.9 million. At the end of the year, operating expenses have been tightly controlled and funds set aside during the year. Transfers to other Funds were lower than budgeted with lower claims and insurance premiums, refinancing of debt issuance, and a reduction in the transfer of local funds to the Capital Improvement Fund. The ending balance includes a planned \$8.8 million for an upcoming transfer to the Reserve Fund in the first quarter of 2017 and a remaining fund balance of \$24.3 million or a 1.2 month reserve.

Capital Efficiency

The **Debt Service Coverage** ratio compares total operating resources, (net of operating costs and transfers to the Insurance, Capital, and Pension Funds), with the Authority's debt service needs. For 2016, this indicator ended the year at 2.49, higher than the budgeted amount of 1.32 due to projected improvements in the Operating Budget Revenues, which in turn will increase total operating resource available for debt service coverage.

The **Sales Tax Contribution to Capital** includes direct support for capital projects, transfers to fund the Authority's bond retirement payments, and has a Board policy goal of 10–15 percent. By year-

end, this indicator was 14.3 percent, within the policy goal. The decrease in this measure, relative to budget is due to the \$12.91 million increase in revenues from the Sales & Use Tax relative to capital growth, a one-time decrease in the General Fund transfer to capital, and to a debt refinancing in 2016 which lowered the Authority's debt service payments. Despite the continued rebound in Sales & Use Tax revenue, which has continued for the last several years, this indicator will likely remain within the Board Policy Goal in the near future due to the Authority's aggressive Capital program aimed at achieving a State of Good Repair (SOGR) throughout its capital assets.

At 96.3 percent, the **Capital Maintenance Outlay to Capital Expansion Outlay** ratio remains outside of the 75-90 percent range outlined in the Board Policy goal, though close to the FY 2016 budgeted level of 94.2 percent. This measure continues to show the Authority's focus remains first on the maintenance or SOGR of its current assets rather than on the expansion of service levels. Given the financial constraints of recent years, this continues to remain the best course available as the Authority continues on its five-year bus replacement program, equipment upgrades and infrastructure improvements.

In summary, four of the six financial indicators will meet the Board Policy Goals. One of the remaining objectives is better than budget. RTA continue to improve processes and reduce costs resulting in ending balances slightly higher than a one-month reserve. This will enable the Authority to once again shift gears and review our processes to maintain a balance between operating and capital funds to stay successful and serve the citizens of Cuyahoga County.

End of Year Funds

RTA made a calculated decision three years ago to reduce PM Reimbursement and increase Capital expenditures. Transit is a capital-intensive business and the Authority has addressed some of the capital needs to ensure a state of good repair of its assets. In spite of these efforts, there are well over \$260 million of capital projects that need to be funded. Costs are rising and the projected 2017 fund balance may decline to \$8.5 million if not executed well. RTA must maintain a reasonable balance of at least 30 days operating reserve to maintain the balance between operating levels and capital needs. With the increase in the Ending Balance for 2016, Fiscal Year 2017 will begin the year with an additional \$11 million before Reserve Funds. This additional funding is vital especially with the \$4.5 million expected drop in Sales & Use Tax in the Fourth Quarter 2017, but also the apprehension of refunding the Federal Government \$12 million from the closing of Public Square.

2016 4th Quarter						
Financial Policy Objectives						
		Goal	2014 Actual	2015 Actual	2016 Budget	2016 Year-End
Operating Efficiency	Operating Ratio	> 25%	20.6%	19.9%	19.9%	20.1%
	Cost/Hour of Service		\$123.6	\$140.0	\$134.3	\$135.2
	Growth per Year	< Rate of Inflation	-4.2%	13.2%	9.2%	-3.4%
	Operating Reserve (Months)	> 1 month	1.3	0.8	0.3	1.2
Capital Efficiency	Debt Service Coverage	> 1.5	2.38	1.78	1.32	2.49
	Sales Tax Contribution to Capital	10%- 15%	18.4%	18.5%	18.2%	14.3%
	Capital Maintenance to Expansion	75%- 90%	95.7%	98.9%	94.2%	96.3%

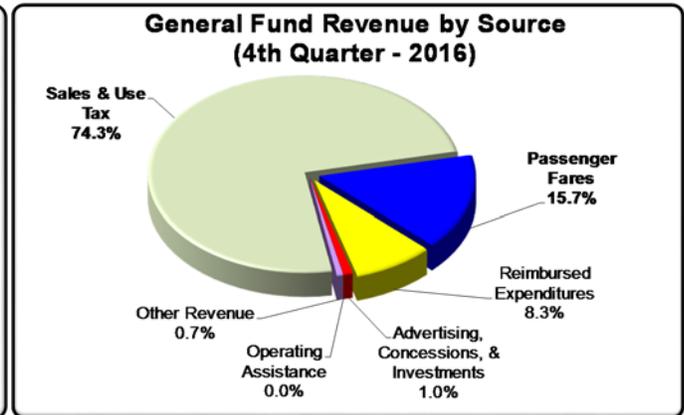
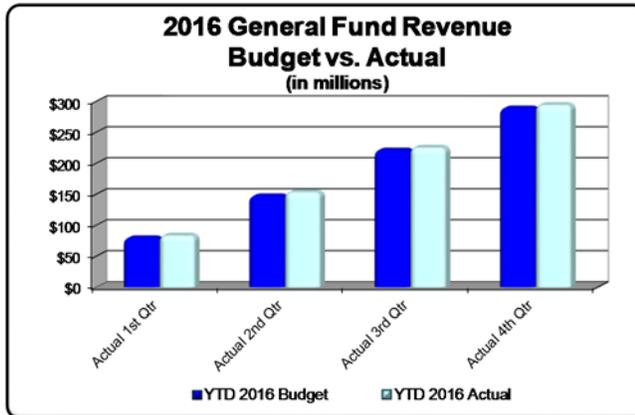
Figure 6: GCRTA Financial Policy Performance Indicators, Performance thru Fourth Qtr. 2016

General Fund Balance Analysis

	2014 Actual	2015 Actual	2016 Budget	2016 Year-End	Variance
Beginning Balance	38,394,322	27,116,140	25,894,064	16,822,906	(9,071,158)
Revenue					
Passenger Fares	49,085,267	48,419,211	51,475,500	46,279,344	(5,196,156)
Advertising & Concessions	1,488,870	1,442,677	1,420,000	2,860,267	1,440,267
Sales & Use Tax	197,118,146	205,843,321	212,243,660	218,749,851	6,506,191
CMAQ Reimbursement for 2012 Trolleys	704,063	533,478	0	0	0
Operating Assistance - Paratransit Operations	4,057,815	3,125,000	0	0	0
Operating Assistance - Trolley Operations	0	0	640,000	0	(640,000)
Access to Jobs Program	2,470,656	920,570	0	0	0
Investment Income	169,211	153,534	200,000	42,156	(157,844)
Other Revenue	1,470,683	1,254,771	1,100,000	1,888,060	788,060
Reimbursed Expenditures	17,570,406	19,720,588	22,000,000	24,560,024	2,560,024
Total Revenue	274,135,117	281,413,150	289,079,160	294,379,702	5,300,542
Total Resources	312,529,439	308,529,289	314,973,224	311,202,608	(3,770,616)
Operating Expenditures					
Salaries and Overtime	132,536,216	134,377,598	141,748,009	134,370,739	(7,377,269)
Fringe Benefits	48,769,442	52,231,192	50,868,431	48,074,083	(2,794,348)
Diesel Fuel	14,335,896	10,804,133	9,274,280	8,600,211	(674,069)
Natural Gas	957,626	1,124,699	1,707,000	1,246,088	(460,912)
Other Expenditures	51,458,576	53,443,532	64,075,686	53,905,673	(10,170,013)
Total Operating Expenditures	248,057,756	251,981,154	267,673,405	246,196,793	(21,476,612)
Transfer to the Insurance Fund	900,000	1,500,000	1,200,000	500,000	(700,000)
Transfer to the Pension Fund	100,000	100,000	100,000	100,000	0
Transfers to Capital					
Bond Retirement Fund	20,480,914	22,615,956	23,006,085	21,887,562	(1,118,523)
Capital Improvement Fund	15,874,629	15,509,273	15,579,812	9,472,060	(6,107,752)
Total Transfers to Capital	36,355,543	38,125,229	38,585,897	31,359,622	(7,226,275)
Transfer to Rolling Stock Reserve Fund	0	0	741,392	0	(741,392)
Total Expenditures	285,413,299	291,706,383	308,300,695	278,156,415	(30,144,279)
Ending Balance	27,116,140	16,822,906	6,672,529	33,046,193	26,373,664
Reserved Funds	6,900,000	0	0	8,776,432	8,776,432
Available Ending Balance	20,216,140	16,822,906	6,672,529	24,269,761	17,597,232

Figure 7: GCRTA General Fund Balance Analysis

Operating Revenues



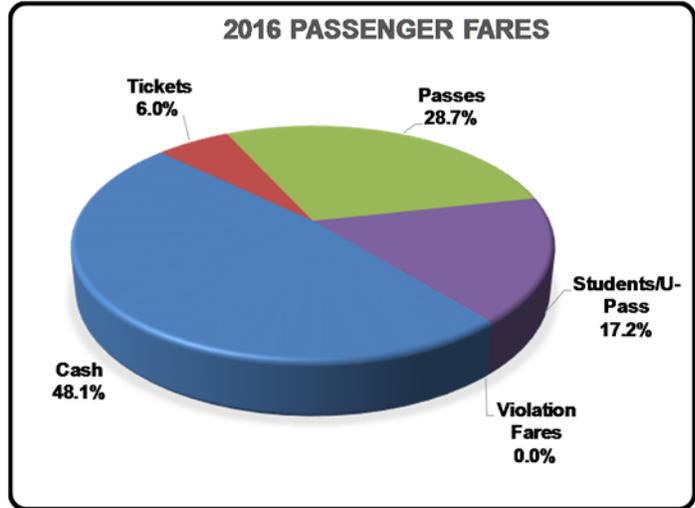
The pie chart to the right, and the bar graph at the left, visually portray the revenue status. The General Fund revenue received through the Fourth Quarter totaled \$294.4 million, 1.8 percent more than budget and 4.6 percent greater than 2015. Ridership has continued to decline throughout the year as gas prices have remained low, choice riders elect to drive and Passenger Fare revenue ended the year at nearly \$46.3 million, \$5.2 million, or -10.1 percent, below budget. Sales & Use Tax, the largest source of local revenue, ended the year 3.1 percent above budgeted levels, at \$218.7 million mainly because of a 13-month payment of taxes in June from a Managed Health Care company

The following section provides a more detailed account of each of the revenue streams.

Passenger Fares

Actual Passenger Fare revenue received for 2016 was \$46.3 million. This is 10.1 percent below budget, and 4.4 percent below 2015.

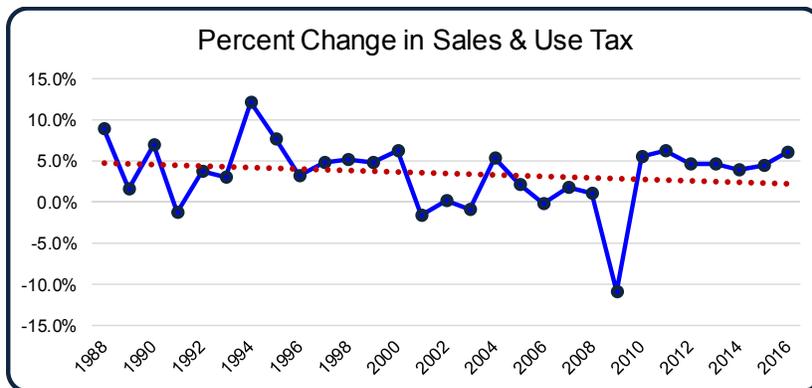
RTA provided transportation to special events, including the Monsters, CAVS, and Indians championship games, CAVS Championship parade and Republican National Convention (RNC). Ridership increased on the Heavy and Light Rail trains during these events, but decreased on the buses. Passenger Fare revenue was originally budgeted at \$51.5 million for 2016, but was adjusted each quarter as ridership continued to decline. The Board of Trustees approved a 25-cent base fare increase effective August 2016. Although ridership continued to decline through the Fourth Quarter, Passenger Fare receipts increased slightly from the Third Quarter projection due to the fare increase.



Advertising and Concessions

Revenue received from Advertising and Concessions includes advertising on the buses and trains, concession income, and naming rights funding for the HealthLine and CSU Line. Funding received through the Third Quarter totaled \$1.1 million, which was 4.4 percent below budget. A new advertising contract was enacted in November 2016, where revenues are collected at the beginning of the contract year. In December 2016, an additional \$1.4 million was received for the new contract. A total of \$2.9 million was collected by year-end.

Sales & Use Tax



Sales & Use Tax collections were budgeted at \$212.2 million. A 13-month tax payment adjustment was received in June from a Medicaid company audit finding. This increased the mid-year projection to \$215.8 million. Sales & Use Tax receipts continued to be strong through the end of the year

due to the CAVS playoff and Championship games, Championship parade, the Republican National Convention, and the Indians playoff and World Series games. By year-end, receipts totaled \$218.7 million, 3.1 percent better than budget and 6.2 percent better than 2015.

Since 2009, the Ohio Legislatures have increased the Sales & Use Tax base to cover Medicaid Managed Health Care services and other services. The Federal government ordered Ohio Legislatures to comply with the new regulations by June 30, 2017, prohibiting taxing a subset of Managed Health Care (Medicaid). Although discussions have continued a decision has yet to be made. Removing Medicaid Managed Health Care services from the Sales & Use Tax base will result in an estimated \$4.5 million drop in Sales Tax revenue in 2017 and over \$18 million in 2018.

Investment Income

Investment income remains low. To date, the Authority has received 0.46 percent interest return on its investments. This was further amplified by the declining balance of the General Fund over the past few years. This category was budgeted at \$200,000 but projections reduced revenues to \$75,000 and reduced again to \$70,000. By year-end, Investment Income totaled \$42,156.

Other Revenue

This revenue category is difficult to project as it consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. Receipts for Other Revenue was budgeted at \$1.1 million. The Third Quarter projection increased the year-end estimate to \$1.6 million as receipts came in stronger than expected. By year-end, receipts for this revenue stream totaled \$1.9 million, 71.6 percent better than budget and 50.5 percent more than 2015.

Reimbursed Expenditures

Reimbursed Expenditures category includes reimbursements for preventive maintenance, fuel tax, force account labor, as well as other state, federal, and local reimbursements. In prior years, other reimbursements included Paratransit Operating Assistance, and CMAQ Trolley Reimbursements.

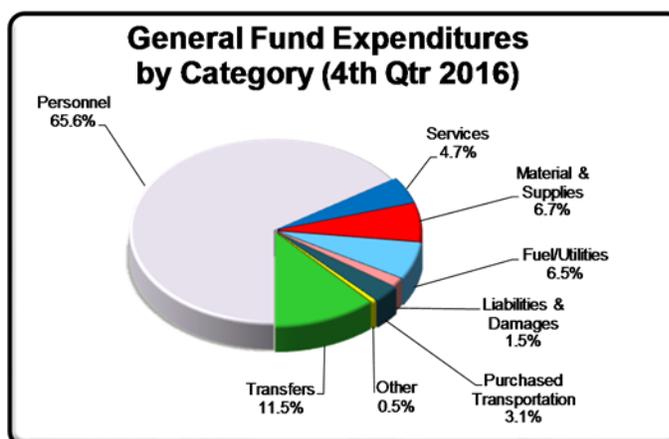
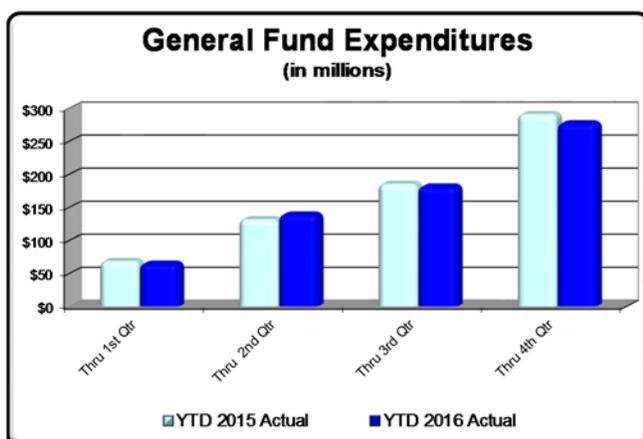
Reimbursed Expenditures were budgeted at \$22.0 million. Reimbursements for Fuel Tax and Labor were programmed at \$1.3 million and \$1.7 million, respectively. The remaining budgeted \$19.0 million was for grant-funded preventive maintenance reimbursements to the operating budget. By year-end \$1.5 million was received for fuel tax reimbursement and \$1.5 million was received for reimbursed labor. Total Reimbursed Expenditures were \$24.6 million, 11.6 percent above the 2016 budget.

Operating Expenditures

The chart to the right itemizes the major cost categories and compares final expenses to the 2016 Budget and Third Quarter projections. The 2016 Operating Budget (not including transfers) includes \$267.7 million originally adopted for 2016 plus prior year rollover encumbrances of \$7.9 million for a total budget of \$275.6 million. Please note: this presentation differs from the expenditure number appearing in the fund balance statement on page 5 because it includes prior year encumbrances. Expenditures, net of prior year encumbrances, are further highlighted with the bar graph and the pie chart below.

2016 4th QTR ACTUALS BY CATEGORY CURRENT BUDGET vs. ACTUAL COMMITMENTS				
Category	Current Budget	Year-End Commitments	Variance vs. Current Budget	
Personnel Services	192,893,509	182,469,059	10,424,450	5.40%
Services	17,795,492	15,540,279	2,255,212	12.67%
Material & Supplies	22,278,742	20,575,952	1,702,790	7.64%
Fuel/Utilities	23,870,454	20,214,907	3,655,547	15.31%
Liabilities & Damages	5,897,851	4,118,341	1,779,509	30.17%
Purchased Transportation	10,234,255	9,638,916	595,338	5.82%
Other	2,648,518	1,609,753	1,038,765	39.22%
Transfers	40,627,289	31,959,622	8,667,667	21.33%
	316,246,108	286,126,829	30,119,279	9.52%

A total of \$246.2 million was expended in the Operating Budget, which is 9.5 percent below budget and 2.1 percent below Third Quarter estimates. Expenses are further detailed in the following categories:



Personnel Services

Personnel Services were budgeted at \$192.6 million. This included \$141.7 million for Operator, Hourly, and Salary labor and overtime, and \$50.9 million for Fringe Benefits. ATU and FOP personnel received wage increases for 2016 based upon their respective contracts. Non-Bargaining wage increases were delayed until July and were tiered based on grade levels. The EMT (Executive Management Team) received no pay increases in 2016. In the Fourth Quarter, as employees retired, only a few vital positions were filled, allowing more positions to remain vacant through year-end. Operator Labor and overtime was reduced due to the planned service reduction.

The budget for Fringe Benefits was \$50.9 million. Total hospitalization costs were over budget by nearly \$1.5 million, as more employees chose the PPO plan than the HMO plan. Total prescription costs were under budget by nearly \$4.3 million. Monthly fringe benefit meetings with the vendors have helped to better manage the fringe benefit costs throughout the year.

Services

This category includes general services, advertising fees, vendor services for the NAPA contract, shelter cleaning, and other maintenance and administrative costs. Expenses for maintenance contracts and other services increased by \$700,000 during the Fourth Quarter. Several new contracts and services were accepted where the bids came back higher than expected. At year-end, services totaled \$12.9 million. This is \$0.3 million or 2.3 percent over budget.

Material and Supplies

Material and Supplies includes Inventory, postage and duplicating expenses, office supplies, NAPA parts, and other miscellaneous parts. The largest expense for Material and Supplies is Inventory where year-end commitments totaled nearly \$16 million, 7.2 percent over budget. The Predictive Maintenance Program, which encompasses maintenance plans for CNG buses, HealthLine, and certain NABI fleets, has \$2.5 million budgeted in Inventory. Parts through the NAPA contract ended the year about 0.3 million under budgeted levels. These parts are for the non-revenue vehicles and with leasing many of these vehicles, parts needed have lessened. The Materials and Supplies category ended the year \$0.2 million, or 1.2 percent, over budget, mainly due to Inventory.

Fuel/Utilities

The balance of 2016 is hedged at an average price of \$2.44/gal. The budget for fuel is \$9.3 million. At year-end, the average price of diesel was \$2.56/gallon with a total costs of \$8.6 million, or 6.6 percent under budget.

Electrical costs were budgeted for 2016 at \$6.6 million, factoring a potentially large utility rate increase. One specific rider (RRS) was originally approved by the PUCO and was later essentially repealed by the FERC. A supply contract was secured in April 2016 for the period of June 2017 through May 2019. The rate contracted will result in lower electrical supply expenses by about 5.3 percent. Total Electrical costs, including Propulsion Power, ended the year at \$6.5 million, or nearly at budget.

Natural gas prices are locked in through mid-2017. An RFP was issued on July 18, 2016 which locked the contract for the next 2 years. Compressed Natural Gas for the CNG buses had an average pre-tax and credit cost of \$0.98/Diesel Gallon Equivalent (DGE) and after tax and credit cost of \$0.42/DGE. This is well below the costs we had estimated. CNG and Natural Gas ended the year at \$1.9 million, which is about 10.3 percent under budget.

Liabilities & Damages

This category includes workers' compensation claims and payments, liability and property claims and damages, and insurance premiums under \$1 million. Safety initiatives implemented have helped the Authority become a safer system and decreased claims for injuries and damages. By year-end, total expenses for Liabilities and Damages were \$4.1 million, 0.07 percent below the Third Quarter estimate, and 30.2 percent below budget. Insurance premiums were lower than budgeted due to the Authority maintaining a high safety awareness and lower claims.

Purchased Transportation

The two major components in this category are the ADA Purchased Transportation program and Operating Assistance for Brunswick and Medina. ADA purchased transportation was budgeted at \$9.3 million. By year end, costs totaled \$8.1 million, about \$0.5 million over budget, as needs for ADA services have increased steadily.

Pass-Through payments for Brunswick totaled \$710,438. This includes the \$320,000 budget for 2016 as well as back payments to finalize the contract. Under the 2010 census, the urbanized areas were redistributed and Medina became a large urbanized area, in which Brunswick is located. Starting January 1, 2017, a new 2-year contract will be in place, where the GCRTA will continue the Pass-Thru agreement. After the two-year contract expires, a decision will need to be made on whether Medina County Public Transit will continue this service. The funding for the Medina Pass-through was not needed.

Other

The Other Expense category includes tuition reimbursement, property tax, leases and rentals, and other miscellaneous expenses such as travel and training costs, which makes this category difficult

to project. At the end of the Third Quarter, the Other Expenses category was projected to end the year at \$1.6 million, or 23.6 percent under budget. Expenses for Tuition Reimbursement, property taxes, meals & concessions, and other miscellaneous items were lower than expected in the Fourth Quarter. At year-end, total expenses were \$1.4 million, about 33.3 percent under budget.

Transfers to Other Funds

Transfers from the General Fund to the other Funds of the Authority are made periodically during the year to establish payments for catastrophic losses, benefits for certain retired employees, local funding and local match for capital projects, and principal and interest payments on issued bonds. These funds include the Insurance Fund, Pension Fund, Capital Fund, and Bond Retirement Fund. The transfer to the Supplemental Pension Fund of \$100,000 was completed in the First Quarter, which met the budgeted level. This fund was established for assets held by the Authority in a trustee capacity for payments of benefits relating primarily to certain retired employees of the Authority and its predecessor transit systems.

A \$1.2 million transfer was budgeted in 2016 for the Insurance Fund, however, with lower claims and insurance premiums, a transfer of only \$500,000 was needed in the First Quarter to maintain the ending balance at \$5.0 million.

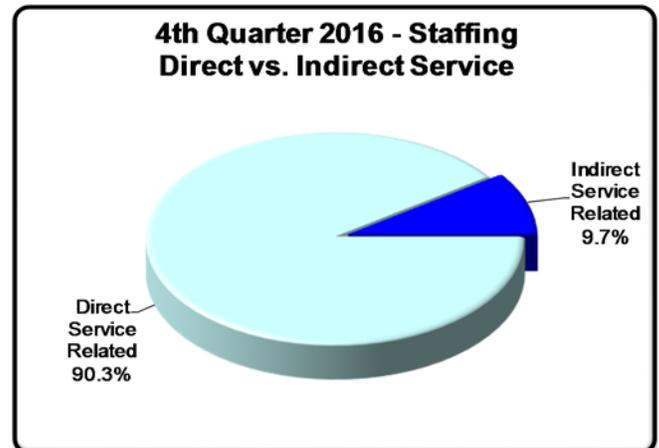
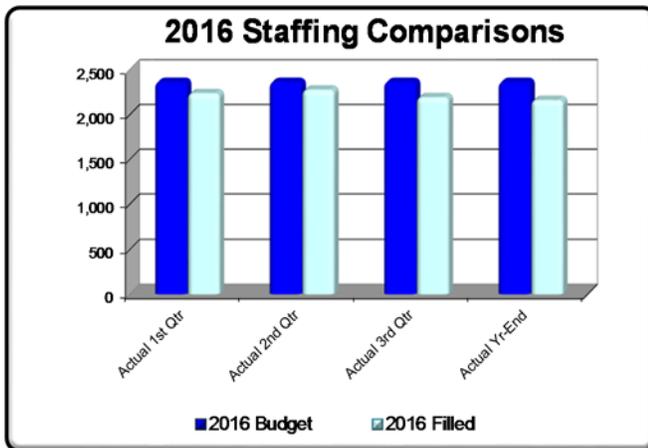
The Bond Retirement Fund transfer is the debt service less the investment income earned in the Bond Retirement Fund. The interest and principal payments on outstanding debt are taken from debt amortization scheduled. For 2016, a transfer of \$13.6 million has been made and an additional \$8.3 million is to be transferred in the Fourth Quarter. Total transfers of \$21.9 million are projected by year-end to maintain the needed balance. This is \$1.1 million below budget due to refinancing a debt issuance.

The transfer to Capital Improvement Fund covers 100 percent locally funded Asset Maintenance and Routine Capital projects in the RTA Capital Fund, as well as, required local matches for most grant-funded projects in the RTA Development Fund. In 2016, transfers of \$15.6 million were budgeted, of which \$7.2 million was transferred by the end of the Third Quarter. An additional \$2.2 million was transferred in the Fourth Quarter. Total transfers to Capital Improvement were \$9.5 million, \$6.1 million under the budgeted level, to reduce the local fund balance in the RTA Development Fund.

Staffing

The charts below summarize staffing at the end of the year. The bar chart shows the comparisons between budgeted and actual filled positions. The pie chart demonstrates the relationship between

indirect and direct service-related positions. The 2016 approved Operating Budget funded a combined 2361.8 full- and part-time Full-Time Equivalent (FTE) positions. At the end of the year, a total of 2,160.8 positions were filled, consisting of 2,048 full-time and 112.8 part-time positions.



Bond/Insurance/Supplemental Pension/Law Enforcement Funds

In 2016, as a result of the Authority refinancing debt in 2015 and 2016, the Authority’s debt-service ratio improved and the transfer to the Bond Retirement Fund was reduced by \$1.1 million. The transfer from the General Fund to the Insurance Fund was completed during the First Quarter at \$0.5 million, under the budgeted amount of \$1.2 million, as claims were low. There has been no other activity in the Law Enforcement, Bond Retirement, Insurance, or Pension Funds other than budgeted increases, scheduled set asides, activities on prior year encumbrances, and budgeted expenditures.

Capital Commitments and Expenditures

Commitments by Capital Category

During the completed fiscal year, the Authority’ capital program continued its focus on improving the overall State of Good Repair (SGR) of its capital assets and infrastructure. Major capital projects to be completed and open in 2016 included East 81st - 83rd Track Bridge, Warrensville Shaker Station, Tower City Escalator Replacement and rehabilitation

of Tower City 7 & 8 Track replacement. While construction activities continued at Brookpark Station and upgrades for CNG building compliance at Hayden & Central Bus Maintenance, construction work began at the Lee-Shaker Station. The Authority accepted delivery of 12 Trolley buses and 20 MV1's that will improve fleet reliability and service delivery.

Unlike the General Fund, which is annually appropriated, the Authority's RTA Capital and RTA Development Funds budget appropriations are multi-year or Inception-to-Date (ITD) based. As a result, the combined Fiscal Year (FY) 2016 capital budget appropriation of \$323.71 million included \$255.96 million of prior year carryover budget appropriation in multi-year projects and the approved 2016 Capital Budget of \$67.75 million.

The combined End-of-Year (EOY) project commitments in the two capital funds totaled \$280.38 million, include \$220.46 million of ITD expenditures and \$59.92 million of active encumbrances resulting in a positive EOY variance of \$43.33 million, or 13.4%, relative to the EOY capital budgets. In general, the positive variance is due to capital projects completed under budget, multi-year budgeted projects compared with the annual draws for project activities during the year, the timing of availability of funds, and delays in programmed time lines for capital construction projects.

At the end of the fiscal year encumbrances totaled \$59.92 million within the Authority's capital programs for various SGR projects underway. These projects include delivery of 45 replacement buses, 16 40-Ft CNG buses and 29 diesel fueled buses, three (3) substation replacement at Puritas, Warrensville and West 65th stations, rehabilitation of the Light Rail Retaining Wall at Buckeye/Woodhill, improvements at three (3) Light Rail Crossings, and reconstruction of E. 116th Street Station. The ongoing reconstruction work continues at Brookpark, Lee/Shaker Stations, and E. 92nd Street Track Bridge. These carryover projects and encumbrances, along with the upcoming 2017 Capital Improvement Plan budget of \$64.09 million will lead to an extremely busy upcoming year in the capital programs.

**2016 END OF YEAR (EOY) CAPITAL
COMMITMENTS BY CATEGORY**

Category	EOY Budget	EOY Commitments	EOY Variance vs. Category Budget	
Bus Garages	\$9,960,634	\$9,421,216	\$539,418	5.4%
Bus Improvement Program	\$73,760,309	\$72,825,994	\$934,315	1.3%
Equipment and Vehicles	\$17,353,832	\$14,874,873	\$2,478,959	14.3%
Facilities Improvements	\$22,113,117	\$18,350,872	\$3,762,245	17.0%
Other Projects	\$10,553,020	\$1,638,144	\$8,914,876	84.5%
Preventive Maint./Operating Reimb.	\$24,036,086	\$22,765,549	\$1,270,537	5.3%
Rail Projects	\$142,002,435	\$117,699,749	\$24,302,686	17.1%
Transit Centers	\$23,933,454	\$22,717,616	\$1,215,838	5.1%
Grand Total	\$323,712,887	\$280,294,013	\$43,418,874	13.4%

Current Year Expenditures by Capital Category

As shown below, capital expenditures have decreased compared to prior years; the decrease was due to delays in FTA’s required environmental studies, pending bus orders and delays in construction startup, causing delays in various projects until next year due to the lack of funding.

Capital activities during the recent year generated \$69.10 million of expenditures with most \$60.04 million or 86.89%, occurring within four of the eight categories including Facilities Improvement (\$7.41 million), Bus Improvement Program (\$7.85 million), Rail Projects (\$23.36 million), and the Preventive Maintenance/Operating Reimbursements (\$21.42 million). The remaining capital expenditures were led by Bus Garages (\$4.07 million), followed by Equipment & Vehicles (\$3.20 million), the Transit Centers category (\$1.08 million), and the Other Projects category (\$712,436).

It is important to note, \$46.76 million of funds were committed, \$25.53 million Rail Projects and \$21.23 million in Bus Improvement Program but not expensed during the current fiscal year due to timing, availability of funds and manufacturing bus order schedule. The Authority continue to direct financial resources towards the capital program to help provide a safe, reliable service to our passengers both now and in the future.

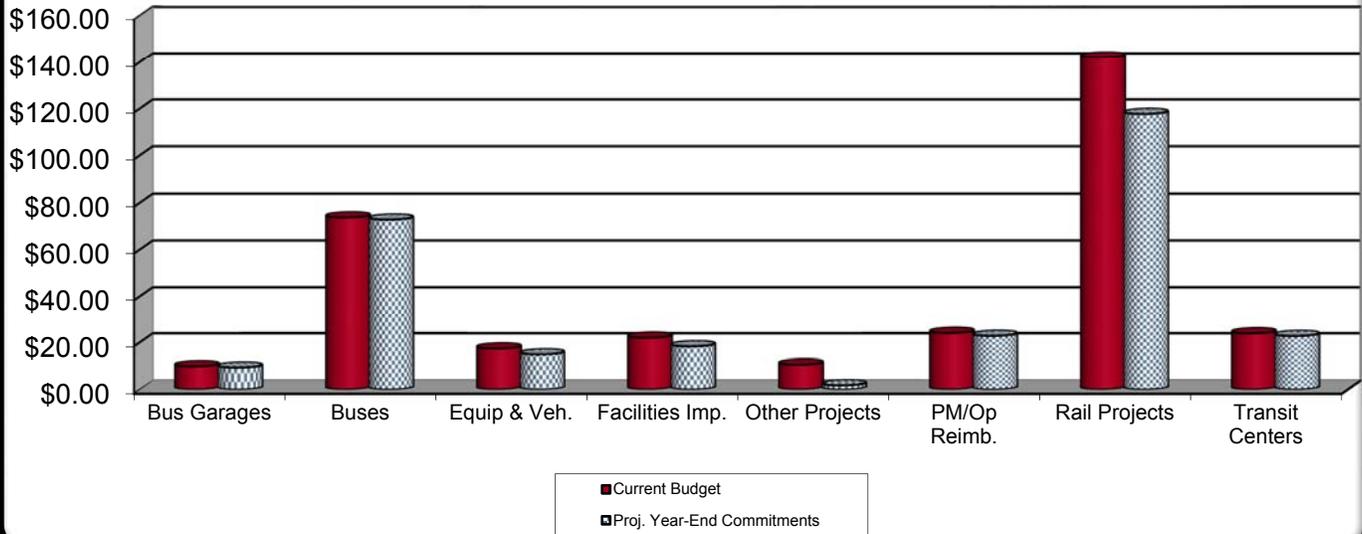
Some of the larger capital asset expenditures during 2016 included \$2.27 million for completion of Tower City Escalator Replacement, \$1.90 million for Track Bridge reconstruction at East Boulevard, \$7.22 million for the delivery of 12 Trolley buses and 20 MV1s, \$3.91 million for CNG building compliance upgrades, \$2.01 million construction completion of Warrensville-Shaker

Station, \$7.24 million for continuing reconstruction of Brookpark Station, and a combined \$7.79 million for track rehabilitation and light rail crossings projects throughout the rail system.

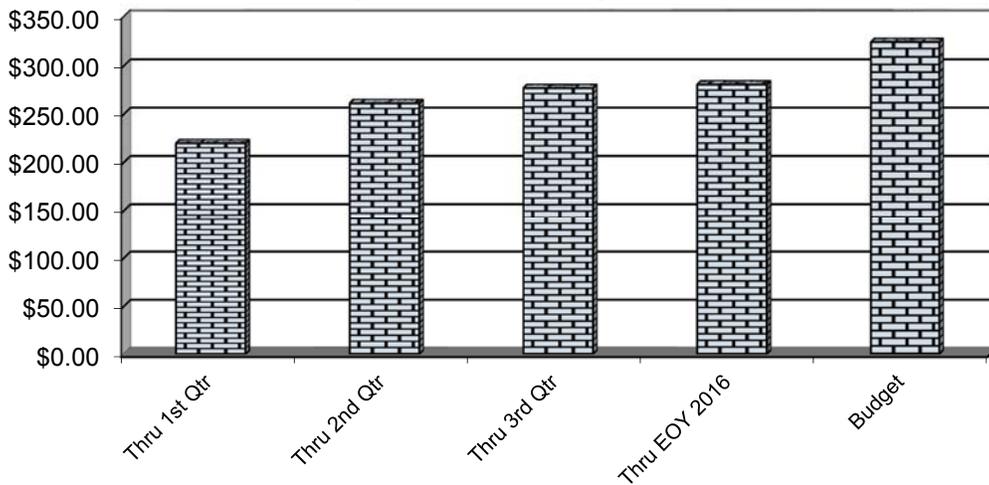
Individual Capital projects with significant expenditures will be covered in the following discussion on the individual capital categories.

Category	EOY 2016	%	EOY 2015	%	EOY 2014	%
Bus Garages	\$4,071,238	5.9%	\$4,632,018	4.5%	\$1,100,805	1.2%
Bus Improvement Program	\$7,851,833	11.4%	\$42,880,020	41.7%	\$16,883,938	18.2%
<i>Bus Rapid Transit</i>	\$0	0.0%	\$0	0.0%	\$0	0.0%
Equipment and Vehicles	\$3,203,332	4.6%	\$2,324,956	2.3%	\$7,065,081	7.6%
Facilities Improvements	\$7,405,095	10.7%	\$5,391,371	5.2%	\$3,953,175	4.3%
Other Projects	\$712,437	1.0%	\$2,154,398	2.1%	\$3,979,644	4.3%
Preventive Maint/Op. Reimb.	\$21,419,520	31.0%	\$22,339,306	21.7%	\$22,512,208	24.2%
Rail Projects	\$23,363,312	33.8%	\$22,343,046	21.7%	\$28,538,415	30.7%
Transit Centers	\$1,077,929	1.6%	\$757,322	0.7%	\$8,858,827	9.5%
Grand Total	\$69,104,696	100.0%	\$102,822,437	100.0%	\$92,892,094	100.0%

2016 Year-End Capital Fund Commitments vs. Category Budgets (in millions)



Total Capital Commitments (in millions)



The following is a brief explanation of each capital category included in the capital commitments and capital expenditure tables on previous pages.

Bus Garages

The primary focus within this category during 2016 has been to prepare the Hayden Garage and Central Bus Maintenance Facility for the introduction of CNG fueled buses and the Paratransit Garage for propane fueled vehicles.

At the end of the fiscal year, \$9.42 million of the current \$9.96 million category budget was committed leaving a positive variance of \$539,419 or 5.4%. Total category commitments include \$8.27 million of ITD expenditures and \$1.15 million of encumbrances. During FY2016, \$4.07 million in expenditures were generated in all projects within this category reflecting the continuous strides to upgrade facilities at Hayden, Triskett and Central Bus to prepare for energy efficient vehicles.

The positive projected variance of \$539,419 or 5.4% at the end of the year in this category is due to projected cost savings and delay in construction of Triskett Outdoor Bus Storage and ongoing facility improvements at Hayden and Central Bus.

Bus Improvement Program

The Authority's capital program in FY 2016 includes the third and fourth years of a funded five-year bus and Paratransit bus replacement program. The Authority has added to its fleet 12 Trolley buses and 20 MV1's during the 2016 fiscal year. At the close of FY 2016 two separate bus orders remain under contract, 16 40-Ft CNG buses due the first quarter of 2017 and 29 Diesel fueled buses programmed for production and due fourth quarter 2017.

At the end of 2016, category commitments total a combined \$72.83 million out of a total budget appropriation of \$73.76 million, leaving a positive variance of \$934,315, or 1.3%. The category expenditures during the year of \$7.85 million included \$6.01 million for the purchase of (12) Trolley buses, \$1.21 for Paratransit 20-MV1's and \$626,964 for delayed invoicing for bus purchases and various bus spare parts to help maintain the Authority's existing bus fleets in a State of Good Repair.

The positive variance of \$934,315 or 1.3% is due to bus spare parts being slightly lower than budget, cost savings and expected closeout of remaining budget appropriation within completed projects.

Equipment & Vehicles

Total category commitments of \$14.85 million at the end of 2016 include \$8.24 million of ITD expenditures and \$6.61 million of open encumbrances resulting in a positive year-end variance of \$2.54 million, or 14.6%. Majority of the open encumbrances within this category, \$4.68 million or 70.80%, remain with the on-going Fare Collection Equipment project. Incremental progress continues to be made towards completing outstanding items left on this project, but a timely resolution remains unlikely. Remaining encumbrances within this category at year-end are concentrated within various SOGR equipment & vehicle upgrade projects throughout the Authority.

Activities within this category projects during 2016 generated \$3.20 million of capital expenditures. Some of the major expenditures within this category were generated by non-revenue vehicles with \$663,789 and a combined \$1.81 million for various security & information technology improvements and \$718,425 equipment replacement upgrades throughout the Authority.

Most of the positive year-end variance of \$2.54 million, or 14.6%, in this category at the end of the year is due to continued delays in execution of budgeted Information Technology projects which ended the year with a combined positive variance of \$1.58 million, or 62.2% of the category's uncommitted balance, and to the expected closeout of prior year's budget authority remaining within completed projects.

Facilities Improvements

Year-end combined commitments of \$18.30 million in this category included \$13.33 million of ITD expenditures and \$4.97 million of current encumbrances resulting in a positive variance of \$3.70 million, or 16.8%, versus the current category budget of \$22.0 million.

During 2016, \$7.41 million was expended on various facility improvement projects throughout the Authority. Most category expenditures included \$3.93 million or 53.32% for various track bridge improvements at East Boulevard, E. 81st-82nd Street, East 92nd Street, and Viaduct Bridge. The other facility enhancements included, \$2.27 million for Tower City Escalator Replacement, \$1.02 million in locally funded Asset Maintenance program, and with the remaining capital expenditures scattered throughout this category.

The positive year-end variance of \$3.70 million, or 16.8%, in this category is primarily due to delays in several programmed projects within the RTA Development Fund. Major projects

delayed until 2017 include rehabilitation of Viaduct Bridge reconstruction Phase I and Viaduct Drainage & Concrete repairs Phase II, both due to timing and funding availability; and Demolition of WB Access Road, pending NS inspection and approval to proceed. The other projects in this category that are locally funded are completed projects with remaining balances that have not been closed, or contingent upon Engineering Department project schedule.

Other Projects

The Other Projects category includes capital projects for pass-thru grants to other entities and other miscellaneous capital projects that don't fit into the seven remaining capital categories. At the end of the year, this category has combined project commitments of \$1.82 million out of the category budget of \$10.63 million resulting in a positive variance of \$8.81 million or 82.9%.

During the year, \$712,436 of expenditures was generated by various projects within this category. A combined expense of \$135,503 for dues and legal services, \$297,804 for Transit Police Emergency Preparedness, \$20,000 for Transit Planning Studies, \$167,855 for Continued Education Programs, Career Pathway and Pull-In & Pull-Out Process Improvements, and \$91,274 from the pass-thru grant award for Senior Transportation Connection.

The positive year-end variance of \$8.82 million, or 82.9%, is due to multi-year budgeted projects for Employee Continuing Education and Transit Police Emergency Preparedness & Terrorism Programs compared to annual draws for project activities during the year, including closeout of remaining unfunded or uncommitted budget appropriation left from completed projects throughout the RTA Development Fund and due to the timing of commitments in the pass-thru award for the Senior Transportation Connection (STC).

Preventive Maintenance/Operating Expense Reimbursements

This category includes formula and non-formula grant funded reimbursements to the General Fund for various eligible activities. These include formula grant funded preventive maintenance activities within the General Fund, and non-formula grant funded reimbursements for the delivery of ADA services. Total category commitments of \$22.77 million at close of 2016 include all ITD expenditures, resulting in a positive variance of \$1.27 million, or 5.3% when compared to the category budget of \$24.04 million.

At year-end, a combined \$21.42 million of expenditures were generated by projects within this category to reimburse costs incurred within the Operating Budget. This includes \$21.20 million for preventive maintenance activities, and \$220,648 to support the Authority's ADA services for supplemental Non- ADA Paratransit and Travel Trainer program.

The positive variance of \$1.27 million, or 5.3%, is due to multi-year budgeted grant funded projects created to track Operating Budget Reimbursement draws within the RTA Development Fund. The New Freedom Travel Supplemental ADA program ended the year with an uncommitted balance of the full \$1.27 million variance with plans to draw against the remaining balance during FY 2017.

Rail Projects

At the close of 2016, \$117.69 million of the \$142.08 million budget for the Rail Projects category was committed creating a positive variance of \$24.40 million or 17.2%. Total commitments within this category consisted of \$92.16 million of ITD expenditures along with \$25.53 million of current encumbrances.

In 2016, \$23.37 million was expended on various projects within this category. Some of the major projects included \$7.24 million for construction activities at Brookpark Station, a combined \$5.54 million for completion of track rehabilitation at Tower City Track 7 & 8, and S-Curve to W.117th Station, \$2.01 million reconstruction at Warrensville-Shaker Station and \$2.25 million for Phase II of Nine Light Rail Crossing at Main Avenue, West Park Boulevard, and Southington Rd. The remainder of the expenditures during the year occurred in smaller amounts in other budgeted projects within this category.

The positive variance of \$24.40 million, or 17.2%, versus the current budget at the end of the year is due to delays in programmed project time lines. These projects along with their uncommitted budgets at the end of the year include \$9.18 million for reconstruction of the West 30th-West 74th Street, \$1.70 million for E. 79th St. Red Line Station Design, and a combined \$5.49 million for rehabilitation of three rail station at Warrensville/Shaker Station, E. 34th Street Station and Lee/Shaker Green Line Station. Other factors accounting for the positive variance include multi-year budgeted projects compared with the annual commitments and expenditures for programmed capital activities, and for projects nearing completion at the end of the year.

Transit Centers

Total commitments of \$22.72 million out of a category budget of \$23.85 million within the Transit Centers category included \$22.62 million of ITD expenditures and \$95,273 of current encumbrances generating a positive variance of \$1.14 million, or 4.8%, at the end of the year.

During 2016, \$1.08 million was expended on capital projects within this category with \$734,982 or 68.2%, generated by final invoicing for Clifton Blvd. Enhancement project, and a combined \$342,947 expense for bus shelters and minor work repairs under the Authority's Pavement & Parking Lot Rehabilitation programs.

Many of the projects within this category have been completed, except for the remaining construction work to be reimbursed on the pass thru Intermodal Station with Cleveland Museum of Art.

The projected positive variance of \$1.14 million, or 4.8%, at the end of the year is primarily due to delays in final draw for the pass-thru grant award for the Cleveland Museum of Art, programmed time line for Opportunity Corridor construction and projected savings for projects within this category scheduled for closing.

Performance Measure

Performance Measure	2016 Target	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Year to Date
Passenger Per Vehicle/Car Hour:						
Bus	26	25	25	25	25	25
Rail	64	63	70	67	78	70
Total	30	29	29	29	30	29
Revenue Vehicle Cost Per Mile: (Maintenance & Fuel)	\$2.35	\$1.67	\$1.87	\$1.71	1.97	\$1.81
% of Scheduled Maintenance Completed: (Revenue Vehicles)						
Bus	100%	93%	87%	84%	90%	93%
Rail	100%	99%	95%	97%	99%	99%
Paratransit	100%	100%	98%	98%	99%	100%

Critical Success Factors

Passenger Fare Revenue	The Passenger Fare Revenue performance measure is discussed in detail in the Financial Analysis Section of the report.
Preventable Accidents	The GCRTA Preventable Collision Rate (PCR) TEAM goal for 2016 is 1.40. The 2016 YTD PCR through December 31, 2016 is 1.55, which is 10% higher than the TEAM goal and 5% lower than the 1.64 PCR for the same period in 2015. Total preventable collisions decreased 6% to 389 from 414.
Total Collision Rate	The GCRTA Total Collision Rate (TCR) for the 2016 YTD 4th Quarter is 3.93, which is 8% lower than the 4.27 TCR for the same period in 2015. Total collisions decreased 2% to 978 from 1,079.
On the Job Injury Rate	The GCRTA 2016 TEAM Goal is 10. The 2016 YTD 4th Quarter Injury Rate of 9.51 is 5% below the TEAM Goal and 4% above the 9.12 Injury Rate for the same period in 2015. Total injuries increased 1.7% to 176 from 173.
Number of Miles between Service Interruption	The Number of Miles Between Service Interruption (Reliability) is defined as mechanical failure that results in the inability of the bus/train to operate in revenue service. The 2016 YTD figure for No. of Miles Between Service Interruption was 13,699 miles, as compared to 6,966 miles for 2015, which represents a 96.66% improvement in this indicator which exceeds the TEAM Goal of 8,000.
On-Time Performance	On-Time Performance is defined as a bus or train arriving from 0-5 minutes after its scheduled time. Composite On-Time Performance for the fourth quarter of 2016 for bus, light rail, and heavy rail was approximately 67.5%, as compared to 67% for 2015, representing a 0.75% improvement in this TEAM measure, falling short of the TEAM Goal of 15%.
Ridership	<ul style="list-style-type: none"> Nearly 44 million trips were taken on the system last year. This represents a decrease in ridership of 6.9%. Contributing to this loss, were lower gas prices at the pump. Throughout the year, the cost of a gallon of gas in Northeast Ohio was relatively stable fluctuating between \$2.00 and \$2.25, with the annual low dipping to \$1.43. Also, downtown vehicular traffic has dropped over recent years. Changing work hours, the increased popularity of telecommuting and a growing downtown residential population has contributed to a nearly 25% reduction in the number of trips being taken downtown. Finally, the combination of a fare increase and service reduction

<p>Ridership Cont'd</p>	<p>implemented in August, resulted in a further drop in ridership. • Summer construction season continued with rail shutdowns on the west side Red Line (2 days), east side Red Line (2 days), Green Line (2 days), and single tracking on the east side Red Line (5 days). Rail service was also impacted by continuing construction on the westbound track through Tower City. This work is scheduled to be completed by Thanksgiving.</p> <ul style="list-style-type: none"> • Bus/HealthLine - The most significant drop in ridership was experienced on Bus/HealthLine service. Combined, 32.25 million trips were taken on these modes, which represented a decrease in ridership of 8.1% for the year (Bus down 8.1%; HealthLine down 7.9%). Of the 3.0 million rides lost on Bus/HealthLine in 2016, nearly 500,000 can be directly attributed to the change in Paratransit policy related to riding fixed route service free with a Paratransit card. Although we did observe an increase in "half fare" trips after the August 15th implementation of the new policy, they did not replace the vast majority of trips previously being taken for "free" by Paratransit certified customers. • Rail - • Rail ridership was down marginally for the year. Nearly 9.0 million trips were taken on our light and heavy rail system, a 1.8% drop from 2015. Major special events including the Indians' post season play, the Cavaliers' run to the NBA Championship and arguably the busiest day ever on RTA's rail system, the Cavs World Championship Parade, added significantly to 2016 ridership. Offsetting these heavy volume days were a number of line closures and single tracking operations scheduled throughout the year for much needed state of good repair projects along the rail system. The most significant of these was the four month project to replace the westbound track through Tower City. During this period, all rail customers traveling to Downtown were inconvenienced to some degree.
<p>Customer Satisfaction/Ride Happy or Ride Free</p>	<ul style="list-style-type: none"> • Ride Happy or Ride Free is the comprehensive customer satisfaction measure for RTA. The Ride Happy or Ride Free card begins by asking the passenger to indicate what they liked about their RTA "ride," followed by space to

	<p>communicate if they were dissatisfied. Qualifying passengers received a free ride card to help offset their negative experience.</p> <ul style="list-style-type: none"> • The Ride Happy or Ride Free performance measure is the ratio of free ride cards requested in comparison to ridership for the same period. One card for every 50,281 customers was received for the fourth quarter of 2016, as compared to one request for approximately every 27,295 customers received for the same period in 2015, representing a 84.21% improvement in customer satisfaction, as measured by the percentage of people requesting Ride Happy or Ride Free Cards. This exceeds the TEAM goal of 30,000.
Attendance	<ul style="list-style-type: none"> • The Attendance performance measure is the percentage of employee absences from work that are unscheduled and includes absences due to Worker’s Compensation as unscheduled. An absence is considered unscheduled when it is charged to any category other than vacation, personal days, birthdays, holidays, training/seminars, and use of compensatory leave. • Reducing unscheduled absences increases agency reliability, improves productivity and reduces overtime expenses. In the fourth quarter of 2016, the unscheduled absence percentage was 6.03% which, when compared to 6.02% for 2015, shows a 0.17% decline in attendance, but this exceeds the TEAM goal of 5.0% or below.

Fourth Quarter Initiatives and Special Promotions to Increase Ridership

During December, the following new clients signed up for the Commuter Advantage program: Trispark, Document Technologies, and Cuyahoga County Jobs and Family Services. This closes out the year with 36 new pre-tax clients and approximately 800 total companies enrolled.

In addition to the regularly scheduled concerts at Quicken Loans Arena, House of Blues and the Wolstein Center, events such as Harlem Globetrotters, Trans-Siberian Orchestra, Cleveland Monsters, Cleveland Cavaliers, and many Cleveland Browns home games attributed to higher ridership.

During the month of December, RTA participated in several community events throughout the Greater Cleveland area including speaking engagements and informational sessions at Euclid Senior Center, Musicians Towers, Emeritous House, Alexis Lourexis, Southwesterly Apartments, Scranton School, and Westerly Apartments. By design, these events increase RTA's presence within the Greater Cleveland community and enhance public transit awareness.

DBE Participation/Affirmative Action

The DBE program is administered on a federal fiscal year (FFY) that runs from October 1 – September 30. The Overall DBE Participation Goal on federally assisted contracts of \$25,000 and above for FFY 2016 - 2018 is 21.7%. Per federal regulations, the calculation of Overall DBE participation excludes real estate transactions and the procurement of Transit Vehicle Manufacturers (typically buses and Paratransit vehicles).

The current quarterly performance period of October 1, 2016 – December 31, 2016 represents the first quarter of FFY 2017. To conform the Quarterly Performance Report to the Federal Semi-Annual Report, DBE participation is calculated on the “federally assisted” portion of contracts only. The amount awarded on contracts greater than \$100,000 during the current quarter totaled \$3,493,730. This amount included DBE participation of \$314,836 or 9.0%.

QUARTERLY - PARTICIPATION OF DBE FIRMS BY CLASSIFICATION (October 1, 2016 – December 31, 2016)

Classification	1 st . Quarter		2 nd Quarter		3 rd Quarter		4 th Quarter	
	Oct. 1 –Dec. 31		Jan. 1 – Mar. 31		April 1 – June 30		July 1 – Sept. 30	
Caucasian Female	0	0						
African American	\$268,096	85.2%						
Native American	0	0						
Asian	0	0						
Hispanic	\$46,740	14.8%						
TOTAL	\$314,836	100%						

Current Quarter – DBE Performance by Contract Category*

(October 1, 2016 – December 31, 2016)

	Construction	Professional Services	Equipment & Supply	Total
DBE Dollars	\$246,740	\$68,096	0	\$314,836
All Dollars	\$1,743,160	\$765,367	\$985,203	\$3,493,730
% DBE Participation	14.2%	8.9%	0	9.0%

Year-to-Date – DBE Performance by Quarter

(October 1, 2016 – December 31, 2016)

	Total Contracts	DBE Participation	% DBE Participation
1st Qtr.	\$3,493,730	\$314,836	9.0%
2nd Qtr.			
3rd Qtr.			
4th Qtr.			
TOTAL FFY	\$3,493,730	\$314,836	9.0%

Office of Business Development Activities

Outlined below are selected efforts undertaken during the first quarter of FFY 2017

Selected Certification Activities during the quarter include:

- New Certification: 4
- Re-Certification: 9
- On-Site Visit: 8

Selected Contract Compliance Activities during the quarter include:

- Completed 2 Goal Settings
- Conducted 0 Field site monitoring reviews
- Reviewed 25 Certified Payrolls

Selected Outreach Efforts during the quarter include:

- Attended NOACA Annual Meeting at the Hilton Hotel
- Participated on conference call with Cleveland Airport Systems representatives hosted by ODOT in discussion of the Unified Certification Program (UCP) Memorandum of Understanding (MOU)
- Participated on meeting with Strategic Resources Consulting regarding DBE Certification
- Attended a Meet & Greet with MACfest LLC, newly established Small Business.

Affirmative Action

The Affirmative Action Goals for the employment of women in all categories except for administrative support for the overall three years (2015-2017).

PERFORMANCE MEASURE	2015 -2017 Target		2015 Total		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		3-Year Total Target to Date	
	Minority	Female	Minority	Female	Minority	Female	Minority	Female	Minority	Female	Minority	Female	Minority	Female
Affirmative Action:	Minority	Female	Minority	Female	Minority	Female	Minority	Female	Minority	Female	Minority	Female	Minority	Female
Officials/Administrators	N/A	4	N/A	3	N/A	0	N/A	0	N/A	1	N/A	0	N/A	4
Professionals	N/A	28	N/A	22	N/A	4	N/A	2	N/A	5	N/A	3	N/A	36
Technicians	N/A	29	N/A	7	N/A	1	N/A	0	N/A	0	N/A	0	N/A	8
Protective Services	N/A	4	N/A	4	N/A	0	N/A	0	N/A	0	N/A	1	N/A	5
Administrative Support	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A
Semi & Skilled Craft	N/A	20	N/A	1	N/A	0	N/A	0	N/A	0	N/A	0	N/A	1
Service Maintenance	N/A	106	N/A	201	N/A	33	N/A	32	N/A	26	N/A	25	N/A	317
Total	N/A	191	N/A	238	N/A	*38	N/A	34	N/A	32	N/A	29	N/A	371

The numbers reported for the 4th Quarter include new hires, rehires, and promotions in each of the designated categories.

Engineering/Construction Program

This section provides information on the status of the Authority's engineering and construction activities. Projects are reported on by major program categories as follows:

- Bridges
- Track & Signal
- Passenger Facilities
- System Expansions
- Maintenance Facilities
- Planning

Other categories may be added on occasion depending upon activity in the Authority's capital program.

PROJECT	DESCRIPTION	STATUS
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Bridges

Rehabilitation of Transit Track Bridge over East Blvd/MLK Design (27S)	Track bridge rehabilitation design Consultant: Euthenics Design Cost: \$165,450	Contract awarded May 20, 2008 and notice to proceed issued July 10, 2008. Euthenics has completed the design and construction documents. Project awarded at April 26, 2016 Board. Notice to Proceed June 21, 2016. Consultant is providing construction administration services.
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<p>Rehab of Transit Track Bridge over East Blvd./MLK Construction (27S)</p>	<p>Contractor: Suburban Maintenance & Construction Construction Cost: \$1,904,748</p>	<p>Board awarded contract on April 26, 2016. Notice to Proceed issued June 22, 2016. Construction reached substantial completion on December 19, 2016. Project in close-out.</p>
<p>CSX/E. 92nd Track Bridge Rehabilitation Design (27W)</p>	<p>Design for truss bridge rehabilitation; timbers and track previously replaced Consultant: TranSystems Design Cost: \$275,299</p>	<p>Board awarded contract on October 21, 2014. Construction Notice to Proceed issued June 22, 2016. Consultant is providing construction administration services.</p>
<p>CSX/E. 92nd Track Bridge Rehabilitation Construction (27)</p>	<p>Contractor: Suburban Maintenance & Construction Construction Cost: \$2,030,000</p>	<p>Board awarded contract on May 10, 2016. Notice to Proceed issued June 22, 2016. West span painting complete. Project shutdown until spring 2017.</p>

<p>Trunk Line Retaining Walls (14.97)</p>	<p>Rehabilitate guard walls along Shaker Blvd. between Buckeye-Woodhill & Shaker Square</p> <p>Consultant: ms consultants</p> <p>Design: \$262,261</p>	<p>Board awarded contract on October 21, 2014. A/E authorized May 12, 2016 to proceed with Phase II plans. Phase I construction Notice to Proceed issued December 7, 2016. Consultant is providing construction administrative services.</p>
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<p>Trunk Line Retaining Walls (14.97)</p>	<p>Rehabilitate guard walls along Shaker Blvd.</p> <p>Contractor: EnviroCom Construction</p> <p>Construction Cost: \$1,059,000</p>	<p>Notice to Proceed 12/7/16. Demolished brick from Woodhill to E. 103rd. Installed epoxy rebar at base of wall.</p>
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Track & Signal

<p>Trunk Line Signaling (12D)</p>	<p>Design for Trunk Line (E. 79 to Shaker Sq. Station) Signal System Replacement</p> <p>Estimate: \$8,000,000</p>	<p>Design being completed in-house by GCRTA Engineering Department. Project reviewed by On-Call Rail Consultant. Design suspended pending hire of new Signal Engineer. Vacant position is advertised. Sole viable candidate to date was not hired.</p>
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<p>Nine Light Rail Grade Crossings Design (23V5)</p>	<p>Engineering services for reconstruction of nine Light Rail grade crossings Consultant: TranSystems Design Cost: \$546,394</p>	<p>Request for proposal issued. Proposals received January 7, 2014. Board awarded project March 18, 2014. Notice to Proceed issued April 4, 2014. Recommendations report received June 2014. Designer is completing 3 construction packages of 3 crossings per package. The first package construction has been completed. The second package has been completed. The third package bids are due January 30, 2017. Consultant will provide construction services.</p>
<p>Nine Light Rail Grade Crossings Construction (23V5 Phase 2)</p>	<p>Reconstruction of Three of Nine Grade Crossings Contractor: Delta RR Construction Cost: \$2,114,523</p>	<p>Notice to Proceed issued April 8, 2016. Waterfront Line Main Avenue crossing completed June 20, 2016. Southington completed in August. West Park Blvd. completed in October. Project closeout underway.</p>
<p>Nine Light Rail Grade Crossings Construction (23V5 Phase 3)</p>	<p>Reconstruction of Final Three of Nine Grade Crossings</p>	<p>Project was advertised for bids due on January 30, 2017.</p>
<p>West 65 Substation Replacement (23Z)</p>	<p>Furnish and Install Modular Substation</p>	<p>Proposals received on October 28, 2016. Negotiations to be held 1st Quarter 2017.</p>

Puritas Substation Replacement	Furnish and Install Modular Substation	Proposals received on October 28, 2016. Negotiations to be held 1 st Quarter 2017.
Design		
(60A)		

Warrensville/Van Aken Substation Replacement	Furnish and Install Modular Warrensville/Van Aken Substation	Proposals received on October 28, 2016. Negotiations to be held 1 st Quarter 2017.
(16.36)		

Passenger Facilities

Rapid Stations

Brookpark Rapid Transit Station Design	A/E services for design of Brookpark Station	Contract awarded June 30, 2009 and Notice to Proceed issued September 30, 2009. Brook Park Planning Commission approved design and project presented to Cleveland’s local design committee. 90% design received on March 20, 2013, including value engineering. Change order for separate parking lot plans approved in 2013. NEPA documentation completed. Phase I East Parking Lot completed. Station construction project awarded at the March 24, 2015 Board meeting to Mid-American Construction. Consultant providing construction administration services.
(24J(c))	Consultant: Bialosky + Partners	
ARRA	Cost: \$1,334,926	

<p>Brookpark Rapid Transit Station Construction (24J(c))</p>	<p>Reconstruction of the Brookpark Station Contractor: Mid-American Construction, LLC Cost: \$12,264,882</p>	<p>NTP issued May 11, 2015. East Station and Headhouse approximately 90% complete, West Station approximately 25% complete. Contractor is behind and will not meet the substantial completion date of January 16, 2017. Workforce has been inadequate to maintain schedule. Meetings with contractor/broker ongoing.</p>
<p>Cedar-University Station Reconstruction (24K)</p>	<p>Reconstruction of Red Line rapid station Contractor: McTech Corporation Cost: \$15,929,049</p>	<p>Contract awarded June 18, 2012 and Notice to Proceed issued July 10, 2012. Groundbreaking ceremony September 19, 2012. Ribbon cutting ceremony held on August 28, 2014 and the rail and Bus Stations completed and opened for service. Contractor missed the final completion date of December 16, 2014. Work finally completed May 29, 2015. Contractor lien resolution needed for closeout</p>

<p>Little Italy - University Circle Station</p> <p>Design (24P)</p>	<p>ADA rehabilitation of station and transit track bridge reconstruction</p> <p>Consultant: City Architecture</p> <p>Design Cost: \$1,808,083</p>	<p>Contract awarded July 15, 2008 and Notice to Proceed issued August 22, 2008. Project at 60% design when Norfolk Southern review resulted in decision to go to center platform design. FONSI received from FTA April 4, 2013. Tiger III (\$12.5M) funding obtained and grant agreement executed on May 31, 2013. Property acquisition agreement signed and approved by Board April 16, 2013 and FTA concurrence on May 21, 2013. Consultant providing construction support. Consultant has submitted 100% construction documents for Mayfield Road sidewalk improvements. Project 24P-2 awarded at June 14, 2106 Board Meeting. A/E providing construction assistance.</p>
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<p>Little Italy - University Circle Station</p> <p>Construction (24P)</p>	<p>ADA rehabilitation of station and transit track bridge reconstruction</p> <p>Contractor: McTech Corporation</p> <p>Cost: \$11,555,471</p>	<p>Contract awarded September 17, 2013. Notice to proceed issued October 14, 2013. Held groundbreaking October 22, 2013. Track outage began on June 7, 2014 and ended August 28, 2014 with return to service on August 29, 2014. Station opened on August 11, 2015 and substantial completion reached on August 13, 2015. Contractor lien resolution needed for closeout. GCRTA has resolved warranty items.</p>
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<p>Mayfield Road Pedestrian Enhancements (24P-2)</p>	<p>Lighting, railing, signage and sidewalk improvements Contractor: EnviroCom Cost: 1,439,943</p>	<p>Project awarded at June 14, 2016 Board Meeting. Notice to Proceed August 11, 2016. Sidewalk and abutment work underway. Significant deterioration found under railroad bridges which is being corrected.</p>
<p>E. 120 St. Station Demolition (24P-3)</p>	<p>Demolition of existing station when Little Italy opens Contractor: Purple Orchid Cost Estimate: \$423,967</p>	<p>Construction documents completed and bid awarded at the July 28, 2015 Board meeting. Notice to Proceed issued on August 31, 2015. Water infiltration issue traced to The Illuminating Company power duct has been corrected. Final City inspection delays have thus far prevented project closeout.</p>
<p>E. 116 Station Design (24R)</p>	<p>ADA reconstruction of E. 116 Light Rail station Consultant: City Architecture Design Cost: \$537,490</p>	<p>Request for Proposals received January 3, 2014. Board awarded contract to City Architecture March 18, 2014. Notice to Proceed issued April 24, 2014. Design proceeded to 100% and completed City Design Review and Planning Commission review process. Project was bid a second time and bid was over budget. A/E is revising the design and project will be re-advertised in 2017.</p>
<p>Lee-Shaker Station ADA Design (24T)</p>	<p>ADA Rehab. of Lee-Shaker Station Consultant: CHA Cost: \$166,719</p>	<p>Make station accessible under the ADA, restore platform and track, and update signage and lighting. Consultant contract approved at January 20, 2015 Board meeting. Project Notice to Proceed October 18, 2016. Construction underway.</p>

<p>Lee-Shaker Station ADA Construction (24T)</p>	<p>ADA Rehab of Lee-Shaker Station Contractor: Schirmer Construction Cost: \$1,394,000</p>	<p>Notice to Proceed issued October 18, 2016. Contractor has constructed temporary station waiting areas.</p>
<p>Warrensville- Shaker Station Reconstruction (31F) Design (14.50 - Task 4)</p>	<p>ADA rehabilitation of Blue Line station Consultant: HWH Engineering Cost: \$104,232</p>	<p>Design prepared by On-Call Architect/Engineer. Task closed, this is last report.</p>
<p>Warrensville- Shaker Station Reconstruction (31F)</p>	<p>Contractor: Shirmer Construction Construction Cost: \$2,009,385</p>	<p>Notice to Proceed issued January 15, 2016. Substantial completion reached on November 22, 2016. Construction complete, closeout underway.</p>
<p>Tower City Track 7 Platform and Track 8 Replacement (52F)</p>	<p>Design of Track 7 Platform upgrades and replacement of Track 8 Consultant: TranSystems Cost Estimate: \$797,397</p>	<p>NTP issued April 9, 2015. Design completed, construction underway. A/E is providing construction support services.</p>

<p>Track 7 Auxiliary Platform and Station Egress Rehabilitation (52F-BP 1)</p>	<p>Contractor: EnviroCom Constr., Inc. Construction Cost: \$1,006,824</p>	<p>Board awarded contract on January 26, 2016. Notice to Proceed issued on February 22, 2016. Project complete and in service July 31, 2016. Project closeout underway.</p>
<p>Track 8 Reconstruction and Track 7 Rehabilitation (52F-BP 2)</p>	<p>Contractor: Delta Railroad Construction Construction Cost: \$5,073,409</p>	<p>Board awarded contract on January 26, 2016. Notice to Proceed issued on February 2, 2016. Track 7 rehabilitation completed. New Low Vibration Track (LVT) completed on Track 8 and in service on November 26, 2016. Turnout #125 and Track 9 restraining rail to be replaced Spring 2017.</p>
<p>Tower City Escalator Replacement (54)</p>	<p>Replace Four Tower City Station escalators Contractor: KONE Construction Cost: \$2,872,013</p>	<p>Project bid was awarded at April 21, 2015 Board Meeting. Notice to Proceed issued May 13, 2015. KONE has completed two long escalators. Replacement of two short escalators completed. Project closed. This is last report.</p>

PLANNING

<p>Clifton Blvd. Transit Enhancement Public Art (51-PA)</p>	<p>Solicitation for decorative poles and gateway elements</p> <p>Artist: TBD</p> <p>Estimate: \$75,000</p>	<p>Public art call advertised February 14, 2014. Fifteen responses received for evaluation. Committee selected artist but concept was not viable. Artwork was re-solicited with responses received on April 13, 2015. 3rd call for artists was limited to lighting professionals. Have accepted the design concept of the artist. One insurance issue still remains on the contract, Cudell Design withdrew its approval. Seeking another spot. Lakewood working on its portion, approved concept. Contract executed with artist working on individual site plans.</p>
<p>Opportunity Corridor Improvements (15.97)</p>	<p>Opportunity Corridor TWE Improvements on E. 105th</p> <p>Budget: \$420,000</p>	<p>Project funded by ODOT to improve E. 105th bus stop areas at Cedar, Carnegie, Euclid & Chester. Working with City, ODOT & Clinic to determine project requirements for bidding. Bid documents planned for early 2017 advertising.</p>
<p>LEED Commissioning for Station Projects (13.33)</p>	<p>Review station design drawings and materials for environmental impact to meet LEEDS certification</p> <p>Consultant: Karpinski Engineering Co.</p> <p>Cost: \$54,170</p>	<p>Task orders have been issued for design enhanced commissioning for University-Cedar station \$10,560 and construction commissioning \$10,000. Lee-Van Aken station design fundamental commissioning \$4,360 and construction commissioning \$5,000. Brookpark station design enhanced commissioning \$6,500 has commenced.</p>

<p>E. 34th Public Art (17.15)</p>	<p>Solicitation of Public Art for E. 34th Street Station Budget Cost: \$75,000</p>	<p>Initial meeting with committee being scheduled in November. Art call solicitations due on February 3, 2017.</p>
<p>Red Line Public Art Project (16.55)</p>	<p>Public art installations along the Red Line Contractor: LAND Studio Various Artists Cost: \$357,263</p>	<p>Public art installations along the Redline to beautify the rail right-of-way before the RNC. RTA art was installed at Tower City, W. 25th, West Blvd., and Airport Tunnel. Additional installations on ODOT property. Art installations all completed. Awaiting final determination from FTA on grant eligibility. FTA has determined it ineligible. Working to obtain funding and replace local dollars. Project is completed.</p>
<p>E. 116th Street Public Art (16.95)</p>	<p>Artist to be selected for Public Art Cost: \$34,000</p>	<p>Public art installation at E. 116th Street in concert with Neighborhood Progress & Land Studio. Tri- party contract between artist, Land Studio, and RTA being reviewed by legal. Awaiting response on insurance issues from artist and contractor.</p>

Maintenance Facilities

<p>Infrastructure Upgrades @ Hayden & CBMF for CNG & Propane (61B)</p>	<p>Upgrade facilities for CNG and Propane fueling at Hayden and CBMF Consultant: Wendel Cost: \$743,943</p>	<p>Board awarded contract on October 21, 2014. Design completed. Support to Construction of improvements continuing.</p>
<p>CNG Heavy Maintenance Infrastructure Upgrades at Hayden & CBMF (61B-c)</p>	<p>Contractor: EnviroCom Constr., Inc. Construction Cost: \$2,501,289</p>	<p>Board awarded contract on November 17, 2015. Notice to proceed was issued on December 22, 2015. Ductwork wiring completed. Work at CBMF 95% complete and at Hayden 95% complete. Gas detection system installation underway at both garages.</p>
<p>CNG Backup Generator at Hayden (61B-d)</p>	<p>Contractor: RWJ Wiring Construction Cost: \$390,190</p>	<p>Board awarded contract on November 17, 2015. Notice to proceed was issued on December 11, 2015. Generator installed. Generator tie-in work completed. Windermere Station tie-in completed. Construction completed on October 27, 2016. Project retainage to be paid.</p>

<p>CNG Tail Pipe Exhaust System Upgrades at Hayden & CBFM (61B-e)</p>	<p>Contractor: North Bay Construction Construction Cost: \$995,061</p>	<p>Board awarded contract on January 26, 2016. Notice to proceed issued on February 23, 2016. Construction completed on October 28, 2016. Project retainage to be paid once punch list and warranty issues are resolved.</p>
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<p>CNG Backup Generator at CBFM (61B-f)</p>	<p>Contractor: Einheit Electric Construction Co. Construction Cost: \$631,672</p>	<p>Board awarded contract June 14, 2016. Notice to proceed July 25, 2016. Generator on site and wired. City required additional bollards to be placed prior to startup.</p>
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