

# Greater Cleveland Regional Transit Authority

Office of Management & Budget

Operating Budget and Financial

Forecast Presentation

Budget Amendments

Finance Committee – Dec 19, 2017



# Remaining Schedule

- December 19- Second Presentation to the Finance Committee/Public Hearing
- December 19 – Anticipated approval of the 2018 Budget by the BOT

# 2017 Projection

- Original Budget Estimate - \$10.8M
- 3<sup>rd</sup> Quarter 2017 Estimate - \$36.4M
  - Good budget management
  - Unanticipated/unbudgeted revenues

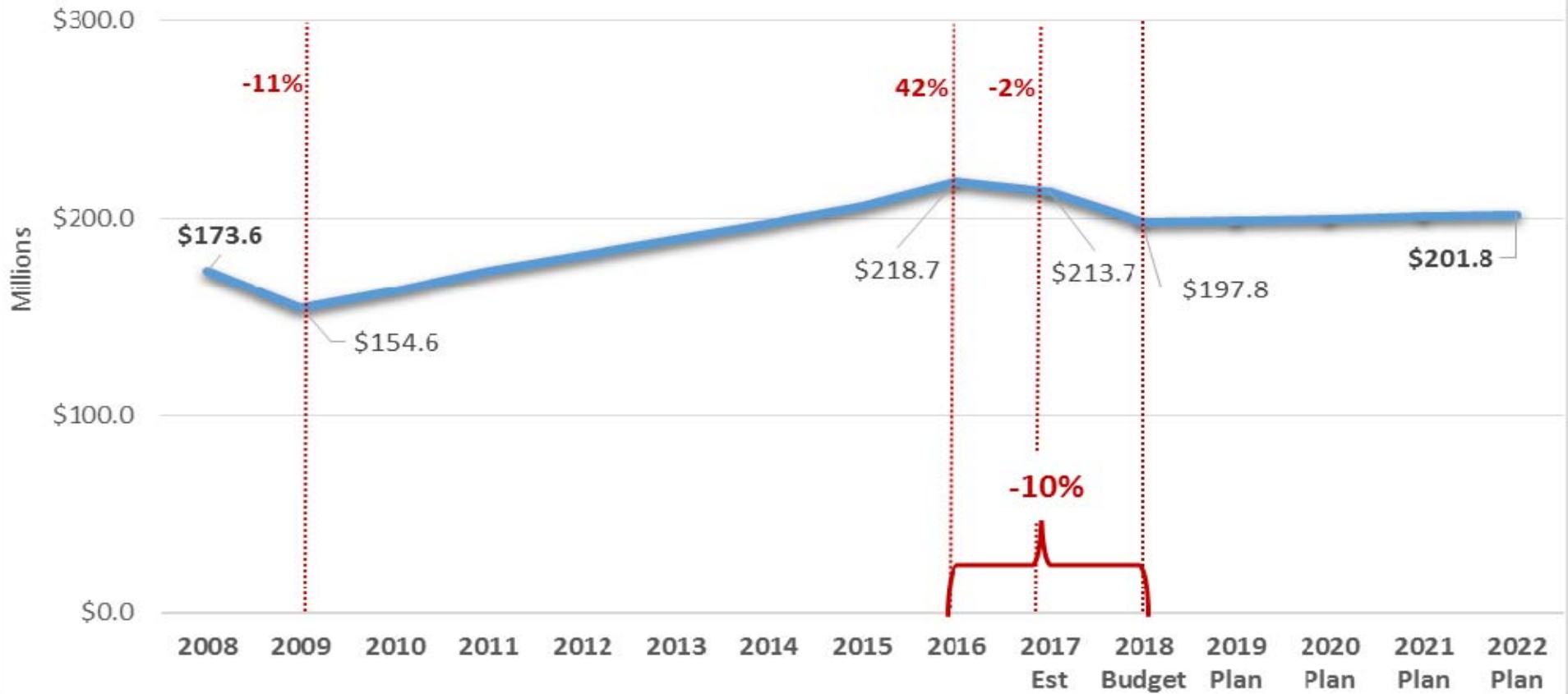
# Revenue Sources

- Sales Tax
- Passenger Fare
- Reimbursements
- Other

# MCO Sales Tax - Impact

- Loss of \$20M Annually
  - 7% of operating/general fund revenue
  - Approx. 160-200 positions

# Sales & Use Tax Revenue



# General Fund Revenues

	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan
<b>Revenue</b>							
Passenger Fares	46,279,344	47,103,978	47,843,114	48,861,774	48,615,022	48,613,807	48,249,811
Advertising & Concessions	2,860,267	1,660,000	2,095,000	2,162,000	2,230,000	2,297,000	2,364,000
Sales & Use Tax	218,749,851	213,693,355	197,793,912	198,782,882	199,776,796	200,775,680	201,779,558
Revenue from Medicaid Transition Fund	0	10,034,083	10,034,083	0	Similar to 2014 Actual Revenues		0
Short Term Notes	0	0	0	0			0
Trolley Sponsorship	0	640,000	640,000	640,000	640,000	640,000	640,000
Investment Income	42,156	217,987	110,000	90,000	90,000	70,000	70,000
Other Revenue	1,888,060	2,100,000	1,550,000	1,450,000	1,400,000	1,400,000	1,400,000
Reimbursed Expenditures	24,560,024	22,201,800	22,075,000	22,075,000	22,075,000	22,075,000	22,075,000
<b>Total Revenue</b>	<b>294,379,702</b>	<b>297,651,203</b>	<b>282,141,109</b>	<b>274,061,656</b>	<b>274,826,818</b>	<b>275,871,487</b>	<b>276,578,369</b>

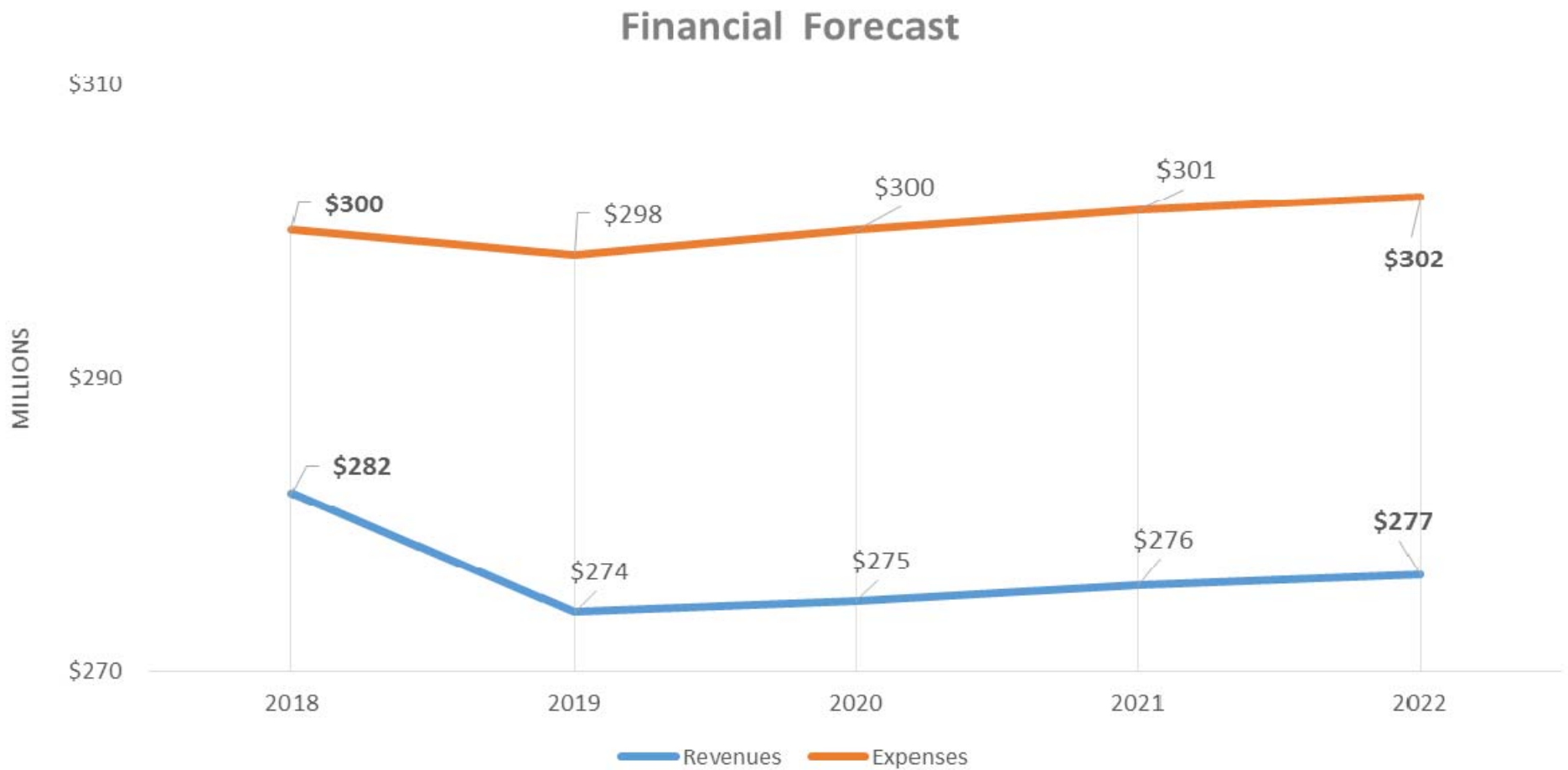


# General Fund Expenditures

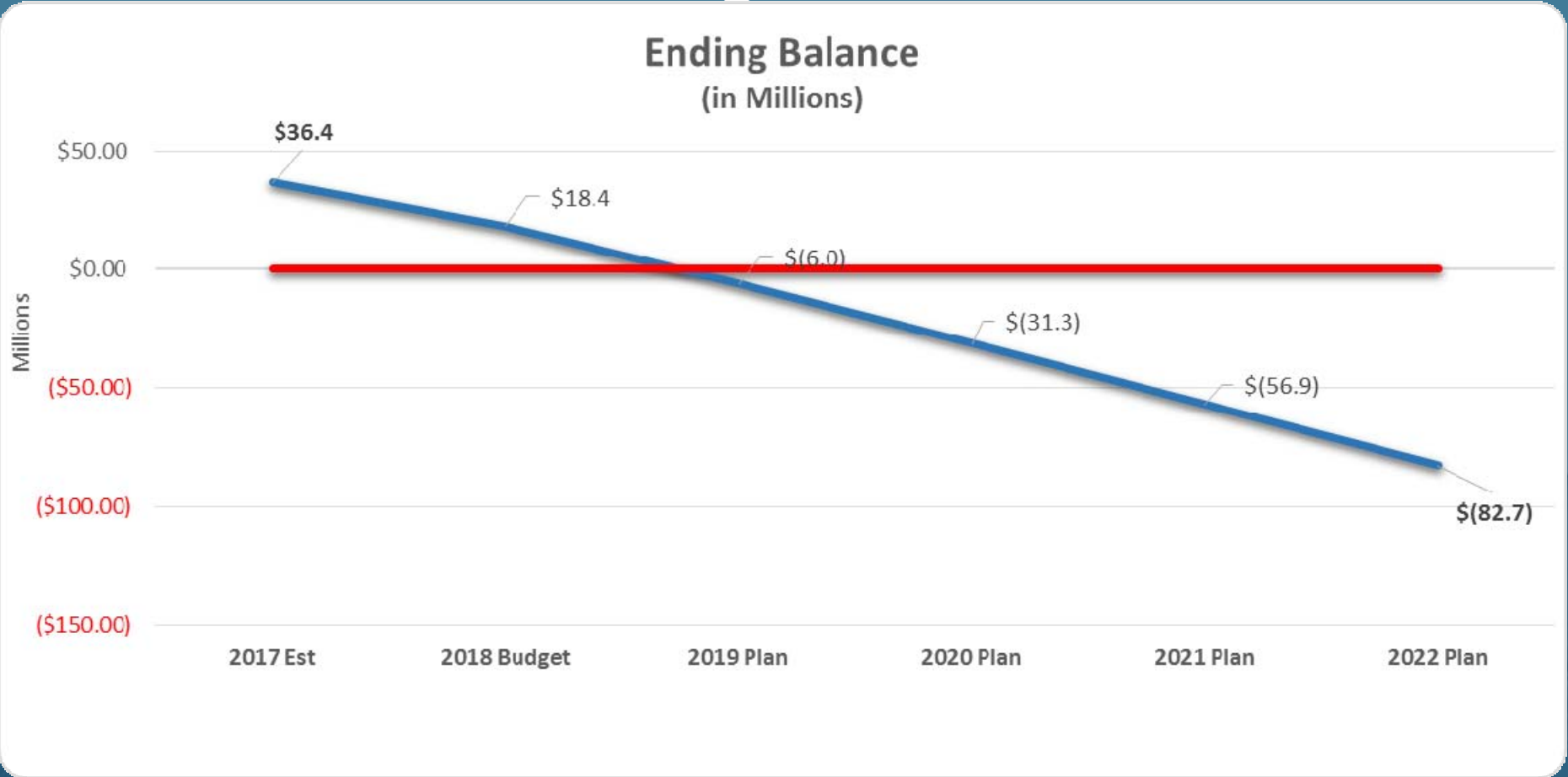
	2016 Actual	2017 Estimate	2018 Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan
<b>Operating Expenditures</b>							
Salaries and Overtime	134,370,484	136,237,188	138,358,462	138,344,129	139,838,915	138,588,492	138,706,794
Fringe Benefits	48,074,083	50,876,550	53,331,694	53,967,904	54,821,882	55,244,430	55,893,452
Diesel Fuel	8,627,383	6,596,987	5,887,000	5,769,260	5,653,875	5,597,336	5,541,363
Natural Gas	1,246,088	1,956,545	1,985,000	1,986,114	1,987,229	1,988,345	1,989,461
Other Expenditures	53,600,135	51,274,126	60,097,571	59,844,145	60,333,852	60,064,187	60,138,315
<b>Total Operating Expenditures</b>	<b>245,918,172</b>	<b>246,941,396</b>	<b>259,659,727</b>	<b>259,911,552</b>	<b>262,635,752</b>	<b>261,482,789</b>	<b>262,269,385</b>
<b>Transfer to the Insurance Fund</b>	<b>500,000</b>	<b>2,400,000</b>	<b>2,250,000</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>2,100,000</b>
<b>Transfer to the Pension Fund</b>	<b>100,000</b>	<b>75,000</b>	<b>60,000</b>	<b>60,000</b>	<b>55,000</b>	<b>55,000</b>	<b>50,000</b>
<b>Transfers to Capital</b>							
Bond Retirement Fund	21,887,562	17,045,783	18,865,474	16,603,865	17,891,282	18,249,054	17,621,881
Capital Improvement Fund	9,472,060	10,571,331	11,933,343	12,586,877	11,309,855	13,598,221	14,426,089
<b>Total Transfers to Capital</b>	<b>31,359,622</b>	<b>27,617,114</b>	<b>30,798,817</b>	<b>29,190,742</b>	<b>29,201,137</b>	<b>31,847,275</b>	<b>32,047,970</b>
<b>Transfers to Reserve Fund</b>	<b>0</b>	<b>17,554,922</b>	<b>7,368,662</b>	<b>7,119,025</b>	<b>6,021,421</b>	<b>5,878,615</b>	<b>5,878,615</b>
<b>Total Expenditures</b>	<b>277,877,794</b>	<b>294,588,432</b>	<b>300,137,206</b>	<b>298,481,319</b>	<b>300,113,310</b>	<b>301,463,679</b>	<b>302,345,970</b>



# Financial Forecast



# Ending Balance



# Assumptions

- Sales Tax
  - Removal of MCO Tax Base – 2018
  - Small growth of .5% -2019-2022
- Passenger Fare
  - Fare increase – August 2018
  - Small decreases – 2020-2022 – Ridership Decline
- Reimbursed Expenditures
  - Consistent with prior years

# Assumptions

- Salaries and OT
  - No raises
  - Additional pay period - 2020
- Fringe Benefits
  - Small growth due to health care
    - Approx 2% annually

# Assumptions

- Other Expenses
  - Currently being re-reviewed
- Transfers to Capital
  - Includes debt issuance in 2018, 2020 and 2022
- Transfers to Reserve
  - To fund the reserve accounts

# Eye Towards 2019

- Taskforce Initiatives
- Staffing
- Other Expenses

# Eye Towards 2019

- Present plan for BOT approval
- Present amended 2018 budget/financial forecast
  - 1<sup>st</sup> Quarter 2018

# Key Takeaways

- 2018
  - Diminished Revenue Sources
- 2019 – Forward
  - Further Diminished Revenues
  - Limited/No Growth/”New Normal”
  - 2014 Levels



# Questions

Greater Cleveland Regional Transit Authority



# Public Hearing

- Public Hearing – 2018 Operating Budget

# Proposed Change – 2017 Capital Budget

- \$2.9 M increase to RTA Development Fund project budget authority for 6 40Ft. CNG Buses (DERG Grant)

# Proposed Changes – 2018 Capital Budget

- Board Approved August 15, 2017
  - \$84M
- Proposed Changes = \$32M

# Proposed Changes – 2018 Capital Budget

- \$6.53 M – (9) 45-Ft Diesel Commuter Coaches **(UTP, Formula Award)**
- \$3.05 M – 40-Ft CNG Buses **(CMAQ Award)**
- \$12.83 M – Upgrade CAD/AVL Communication System **(Non-Formula Award)**
- \$710,000 – Van Aken/Warrensville Substation Replacement **(Formula Award)**

# Proposed Changes – 2018 Capital Budget

- \$6.82 M – West 117<sup>th</sup> – West Park Track Rehab **(OTP3 Award)**
- \$2.0 M – Rail Car Study **(Reserve Fund 100% Local)**

# Request from Finance Committee

- Request the following for BOT approval:
  - 2017 Amended General Fund Appropriations
  - 2018 General Fund and Non Capital Appropriations
  - 2017 Amended Capital Fund Appropriations
  - 2018 Amended Capital Fund Appropriations

# Questions

Greater Cleveland Regional Transit Authority

