

Greater Cleveland Regional Transit Authority

2019 Tax Budget
Office of Management & Budget
July 17, 2018



Operating Budget Calendar

- May Prepare 5-Yr. Financial Forecast
- Jun Finalize 5-Yr Financial Forecast
- Jul 5-Yr. Forecast presented
 - July 17, 2018
 - Operational Planning & Infrastructure Committee
 - July 24, 2018
 - Board of Trustees

Operating Budget Calendar

- Aug Begin 2019 Operating Budget
- Nov 2019 Operating Budget
 - Public Hearing and Presentation
 - 5-Yr. Forecast
 - Operational Planning and Infrastructure Committee
 - Board of Trustees
- Dec Adoption of the 2019 Operating Budget

Challenges

- Ridership Declining
- Sales Tax
- Total Resources Declining
- Expenses Increasing

Revenue Sources

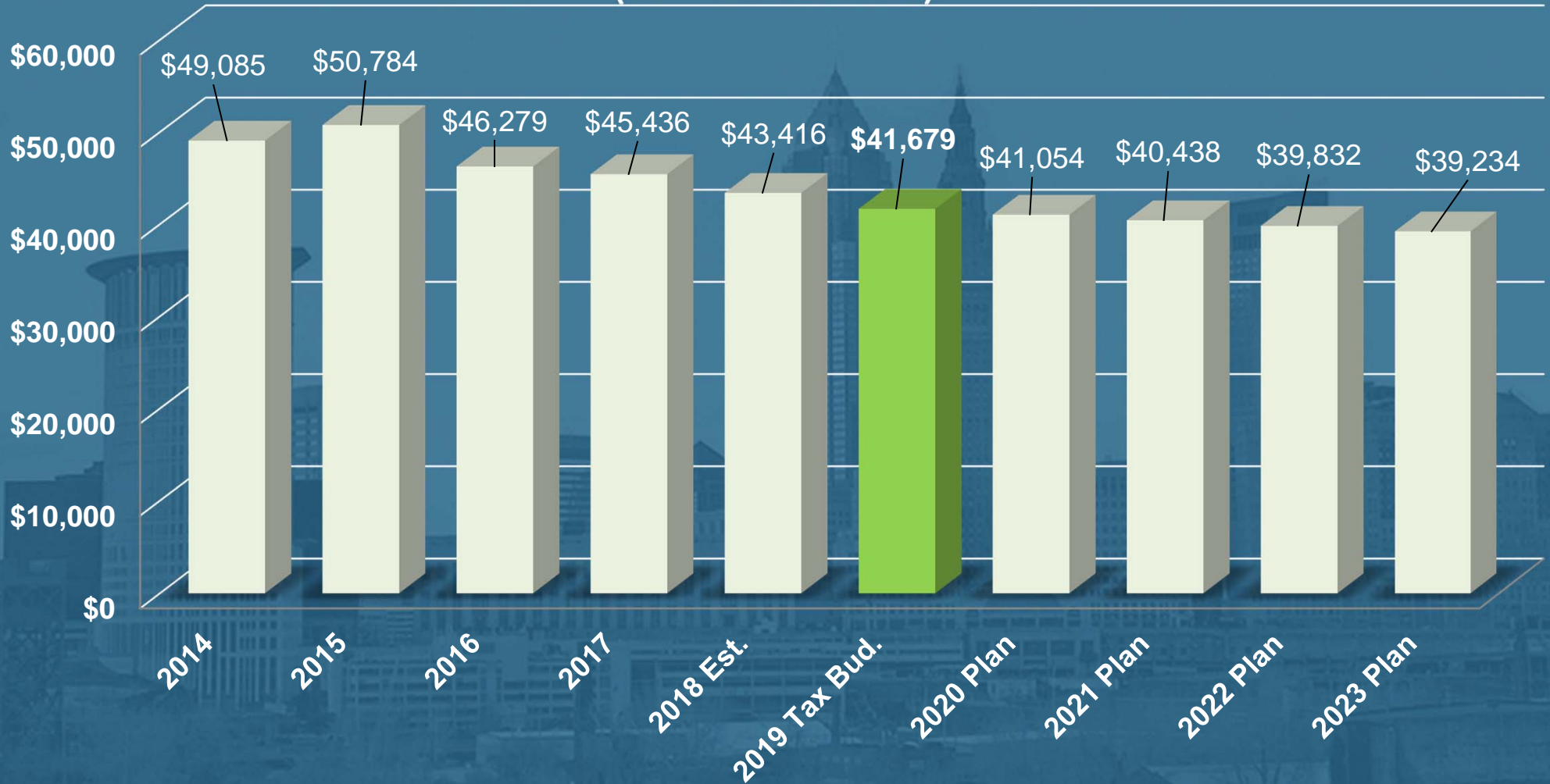
- Sales Tax
- Passenger Fare
- Reimbursements
- Other

Sales & Use Tax

Year	Amount (in Millions)	%
2014	\$197.1M	3.9%
2015	\$205.8M	4.4%
2016	\$218.7M	6.3%
2017	\$213.7M	-2.3%
2018 Estimate	\$197.9M	-7.4%
2019 Tax Budget	\$198.9M	0.5%
2020 Plan	\$199.9M	0.5%
2021 Plan	\$200.9M	0.5%
2022 Plan	\$201.9M	0.5%
2023 Plan	\$202.9M	0.5%

Passenger Fare Revenue

(in Thousands)



Reimbursed Expenditures

- Preventive Maintenance
- Force Account Labor
- Fuel Reimbursement
- Past & Future

Year	Amount (in Millions)
2016	\$24.6M
2017	\$22.8M
2018 Estimate	\$22.7M
2019 Tax Budget	\$27.1M
2020 Plan	\$22.1M
2021 Plan	\$22.1M
2022 Plan	\$22.1M
2023 Plan	\$22.1M



Tax Budget - Revenues

	2019	2020	2021	2021	2023
(in millions)	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	\$38.8	\$28.9	\$8.0	(\$20.0)	(\$48.8)
Revenue					
Passenger Fares	41.67	41.05	40.44	39.83	39.23
Advertising & Concessions	2.2	2.2	2.3	2.4	2.4
Sales & Use Tax	198.9	199.9	200.9	201.9	202.9
State Aid from MCO Loss	3.1	0.0	0.0	0.0	0.0
Trolley Sponsorship	0.6	0.6	0.6	0.6	0.6
Investment Income	0.3	0.1	0.1	0.1	0.1
Other Revenue	1.5	1.4	1.4	1.4	1.4
Reimbursed Expenditures	27.1	22.1	22.1	22.1	22.1
Total Revenue	275.3	267.4	267.8	268.3	268.7
Total Resources	\$314.1	\$296.3	\$275.8	\$248.2	\$219.8

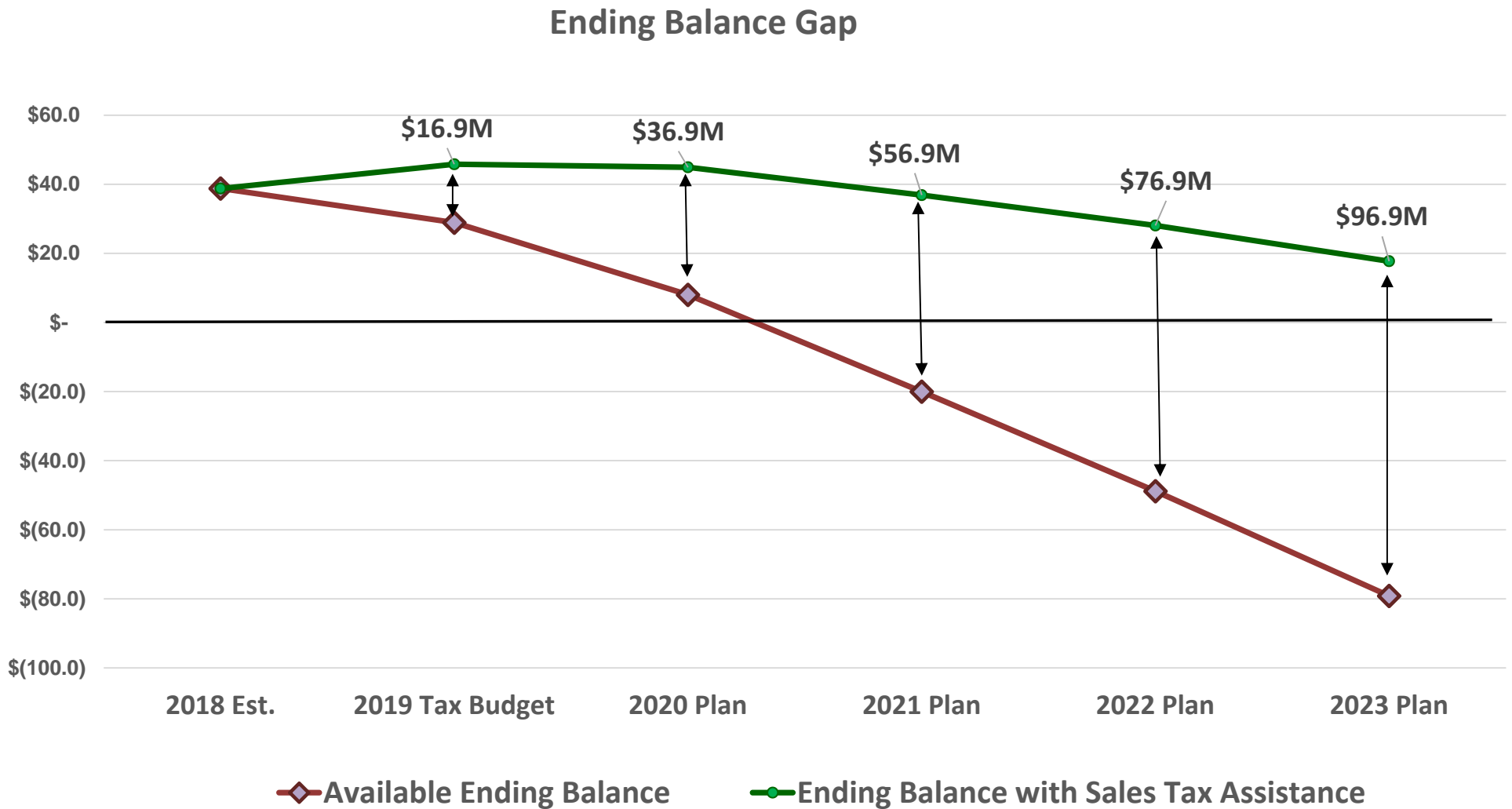
Tax Budget - Expenses

	2019	2020	2021	2022	2023
(in millions)	Tax Budget	Plan	Plan	Plan	Plan
Operating Expenditures					
Personnel Services	190.8	193.2	192.3	193.1	195.1
Diesel Fuel & Natural Gas	6.7	6.5	6.4	6.3	6.3
Other Expenditures	56.0	56.7	57.0	57.5	57.5
Total Operating Expenditures	\$253.5	\$256.4	\$255.7	\$256.9	\$258.8
Transfer to the Insurance Fund	1.5	2.2	2.4	2.2	2.5
Transfer to the Pension Fund	0.1	0.1	0.1	0.1	0.1
Transfers to Capital					
Bond Retirement Fund	16.6	17.9	18.2	17.6	17.7
Capital Improvement Fund	12.1	10.8	13.6	14.4	14.1
Total Transfers to Capital	28.7	28.7	31.8	32.0	31.8
Transfer to Reserve Fund	1.4	0.9	5.9	5.9	5.9
Total Expenditures	\$285.1	\$288.3	\$295.8	\$297.1	\$299.0

2019 Tax Budget

(In Millions)	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	\$38.8	\$28.9	\$8.0	(\$20.0)	(\$48.8)
Sales & Use Tax	198.9	199.9	200.9	201.9	202.9
State Aid for MCO Loss	3.1				
Passenger Fares	41.7	41.1	40.4	39.8	39.2
Reimbursed Expenditures	27.1	22.1	22.1	22.1	22.1
Other Revenue	4.6	4.4	4.4	4.5	4.5
Total Revenue	275.3	267.4	267.8	268.3	268.7
Total Resources	\$314.1	\$296.3	\$275.8	\$248.2	\$219.8
Personnel Expenses	190.8	193.2	192.3	193.1	195.1
Diesel & Natural Gas	6.7	6.5	6.4	6.3	6.3
Other Expenses	56.0	56.7	57.0	57.5	57.5
Transfers	31.6	31.8	40.1	40.2	40.2
Total Expenditures	\$285.1	\$288.3	\$295.8	\$297.1	\$299.0
Available Ending Balance	\$28.9	\$8.0	(\$20.0)	(\$48.8)	(\$79.2)

2019 Tax Budget Ending Balance Gap



2019 Tax Budget Financial Policy Goals

2019 Tax Budget Financial Policy Goals							
	Goal	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan	
Operating Efficiency	Operating Ratio	≥ 25%	17.5%	17.0%	16.8%	16.5%	16.1%
	Cost/Hour of Service		\$142.6	\$148.0	\$151.3	\$155.9	\$161.1
	Growth per Year	≤ Rate of Inflation	4.6%	3.8%	2.3%	3.0%	3.3%
	Operating Reserve (Months)	≥ 1 month	1.4	0.4	-0.9	-2.3	-3.7
Capital Efficiency	Debt Service Coverage	≥ 1.5	2.85	1.50	0.22	-1.43	-3.14
	Sales Tax Contribution to Capital	≥ 10%	14.2%	14.4%	15.9%	15.9%	15.7%
	Capital Maintenance to Expansion	75% - 90%	100.0%	100.0%	100.0%	100.0%	100.0%

2019 Tax Budget Reserve Fund

2019 Tax Budget Financial Policy Goals							
	(in Millions)	Goal	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Reserved Funds	Fuel Reserve Funds	Fuel Budget less Annual Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Compensated Absences Reserve Funds	≤ 25% of Accrued Liability	\$0.69	\$0.00	\$0.00	\$0.00	\$0.00
	Hospitalization Reserve Funds	≤ 10% of Annual Hospitalization Costs	\$0.00	\$0.14	\$0.00	\$0.00	\$0.00
	27th Pay	1/12th of Annual 27th Pay Costs	\$0.69	\$0.88	\$0.88	\$0.88	\$0.88
	Rolling Stock Replacement Funds	≥ \$5,000,000 per year	\$0.00	\$0.00	\$5.00	\$5.00	\$5.00

Strategic Objectives

- Maintaining 30-day Operating Reserve
 - 2020
- Funding for Capital Needs
 - \$540M Unfunded
- Additional Revenue And/or
- Expense reductions

Public Hearing

Public Hearing – Tax Budget

Request from Committee

- Request the 2019 Tax Budget for BOT approval on July 24th

Questions