

Minutes

RTA Operational Planning & Infrastructure Committee Meeting
9:00 a.m., December 4, 2018

Committee Members: Welo (Chair), Lucas (Vice Chair), Elkins, Joyce, Moss, Serrano.

Other Board Members: Bibb, Clough, McCall

Not present: None

Also Present: Anderson, Becker, Benford, Bitto, Bober, Brooks-Williams, Burney, Calabrese, Caver, Cottrell, Cranford, Czeck, Dangelo, Dietrich, Fields, Garofoli, Gautam, Gay, Gibson, Gillan-Shafron, Houston, Jaszczak, Johnson, Jones, Kirkland, Lincoln, Loh, Macko, Palagyi, Pinkney-Butts, Ponder, Schipper, Schultz, Scott, Shaffiff, Sutula, Tarka, Togher, Tucker, Urso, Vukmanic, Williams, Winn, Young, Zeller.

Mayor Welo called the meeting to order at 9:00 a.m. The secretary called the roll and reported that six (6) committee members were present. Mayor Elkins arrived after the roll call.

RFP Procurement: Fresh Perspective on GCRTA Service

John Palagyi, acting service management director and Ashley Boger, procurement contract administrator, made the presentation. This project is one of several studies underway or soon to build that will help build community consensus on the future of transit service in Cuyahoga County. The selected consultant for this study will work with RTA and the community to develop system redesigns for future funding scenarios, which include potential higher, static and lower funding levels. The scope of services include analyzing the current system, summarizing the strengths and weaknesses, conducting planning retreats and public outreach as a means of developing potential system redesigns and communicate them by draft, final reports and presentations. The other studies include the fare policy, economic impact, organizational efficiency and strategic plan update.

This RFP was issued September 28, 2018. It was accessed by 21 interested parties and four firms proposed. The evaluation panel consisted of various RTA departments using specific criteria. The recommended firm is Jarrett Walker and Associates, LLC located in Portland, Oregon. The DBE goal is 0% due to a lack of certified DBEs. They are focused on transit planning, transit network redesign and transit policy. They have led network designs, stakeholder outreach and policy development efforts for large and small cities, suburbs and rural areas throughout the world. They have 25 years of technical experience in transit issues. They have experience in public engagement, including helping communities understand the value of the transit system and building public confidence and support and use visualization tools.

Clients of Jarrett Walker include Central Ohio Transit Authority, Chatham Area Transit, GoRaleigh, Memphis Area Transit, Utah Transit and several others. Staff requests that the Operational Planning & Infrastructure Committee recommend to the Board of Trustees the award of a contract to Jarrett Walker and Associates, LLC in a total amount not to exceed \$173,691.00. Mr. Bibb asked for background on the consulting team and what direct projects the team has managed. Ashley said Jarrett has a team of 10. Jarrett Walker will be the principle. Some information is in the summary of award. Mayor Elkins asked if a complete realignment of the system is being considered. John said that there is no limit on what the consultant can recommend. Mr. Bibb ask that the board be given the entire proposal and the background of the consultant team. Ms. Moss asked if the contracted amount was within the budget.

Mayor Elkins asked for the timeline to complete the project and does it make sense to extend it if it's too short. Joel Freilich, acting deputy general manager for operations, said they envisioned a five or six month study to preserve the board's ability to select the time if they decided to go to the voters for the 2019 election. January would be a good time a time to discuss an extended time frame within the project budget. Chief McCall said Mr. Walker is well known in the transit industry. She ask that the firm have the ability to do a deep dive. She ask that the principles present to the board and that this should come through her external affairs committee before the plan is finalized. Joel confirmed the client speaking to the board and can be expanded to add additional meetings. Mayor Clough agrees with Chief McCall. He asked how close the other firms were in the selection. Staff confirmed that they were far from the selected firm.

Mayor Elkins asked for the number of public engagements. Joel said there would be two rounds of public hearings. The first round would be early in the study, to get public input on generalities that would guide the analyses and one later in a cluster of meetings, while things are in draft form. But additional meetings can be negotiated early in the contract process. The public can also participate in writing and online. The study will give outlines of various scenarios. Once the funding is clear, staff has to go back out to the public for each specific change through the board adopted public process.

Rev. Lucas asked if the budget will be able to contain everything the board wants. Dr. Caver said the firm will describe the outreach plan for the board's review. The beginning study will look at the general route network design. Should the board go to the next level, it could be a more in-depth route by route analysis. Chief McCall requested the project phases be explained in another presentation. Joel added that when the funding scenario is identified, details will be added. A lot of detail will come from the study. Most of the cost savings will come at the front end. RTA has counted all the riders and routes so that will save money. Chief McCall urged staff not tie the study to the budget, but to envision what the system could be for the future. Mayor Elkins agreed that the plan may need to expand, which may encompass more funding.

Mayor Welo asked for a motion to move this to the full board. It was moved by Mayor Welo, seconded by Mr. Serrano and approved by unanimous vote.

Radio Replacement Project

Mike Lively, manager of intelligent technology systems, made the presentation. The current radio system was installed in the early 2000s so it is an aging system. Most parts are no longer available for purchase or repairs. As the parts fail, it impacts communication with operators, supervisors and to visually see vehicles in service. The system is comprised of the vehicle radio, similar to what is in a fire engine or police car; computer or IVLU, which calculates the on time performance for the public; MDT or user interface for the operator to log in and receive information from the dispatch; radio towers (4) located around the county that provide the service for the data portion; real time signage located at key stops and portable radios used by management and field workers. The project funding includes an \$11.6 million grant from the Federal Highway Administration, a \$2.64 grant from FTA and a \$760,000 grant from NOACA.

Since the last update, the board approved the purchase of the mobile routers and mobile radios, which will be installed on all the vehicles, at dispatch centers and by managers in the field. This December and January 2019, the board will be asked to approve contracts to replace the ITC on-board computer equipment, a research agreement with CSU, to update the MARCS State radio system agreement and to select the cellular carrier. Rev. Lucas requested staff inform the board when the radios are in the vehicles. Ms. Moss asked for the timeline for completion. Mike said the project should be complete by April 2020.

The project scope is radio replacement, the ITS computer equipment and the radio and cellular portion. The current vendor to support the system is Trapeze. They are the largest transit software provider in the U.S. They are the current vendor for the onboard equipment and back end software for fix route and paratransit. The program managed by the software is called TransitMaster. The software is proprietary for transit so it is a sole source. The new computer equipment on the vehicles will be modular, modern and easier to maintain and expand. The operator screens will be easier to use. The buses will have turn by turn navigation for reroute purposes. The pre-trip inspection process will be paperless. It will be recorded on the vehicle and sent directly to the maintenance software. For safety, once the vehicle is past idling, going 3 miles an hour, the screen will lock so the operator won't be able to be distracted.

Mr. Joyce asked if a bus had a faulty turn signal, which alerts maintenance, is there a feature to fix that before the vehicle goes back out. Mike said there is a pre-trip check list process which identifies critical components before the vehicle is released to the road. Some of the key new features are a silent alarm for emergencies, the new computers will allow sight and sound inside the vehicle; turn by turn navigation, paperless pre-trip inspection, predictive maintenance technology and faster polling rate to notify staff where the vehicle is located. The preliminary design is ongoing. The hardware procurement is in progress. The project pilot is from Jan-April 2019. The final design review is in March 2019. Hardware installation and testing will begin August 2019 with the project closeout in April 2020.

Mr. Bibb asked how the new data and analytics will be integrated with the mobile applications the riders use. Mike said it will be quicker and more advanced. Mayor Elkins asked if the buses will shut down if equipment fails. Mike said the buses will not shut down, but staff will not be able to communicate or see them, so they are taken out of service.

Mayor Welo asked for a motion to move this to the full board. It was moved by Mayor Elkins, seconded by Mr. Serrano and approved by unanimous vote.

2019 Appropriation

Kay Sutula, director of the Office of Management & Budget, made the presentation. Today's discussion will cover some changes to the 2018 budget and 2019 capital budget. There will be a second hearing on the 2019 budget.

The original 2018 budget was presented with revenues totally \$282.1 million and expenditures of \$300.1 million. During the first quarter of 2018, the budget was revised to lower expenses by \$12 million. The 2018, 3rd quarter projection revenue totaled \$293.3 million, \$10.4 million over the budgeted level. Sales and use tax receipts are projected at \$201.3 million which is 68.6% of total revenues. Normally this is over 70%, however, funding was received from the State for the loss of MCO revenues. Receipts through November are 2.5% better than budget. Through October, they were 2.1% better than budget. Passenger fares are projected at \$45.9 million or 15.7% of total revenues. Receipts through October are 1.2% better than 2017 receipts. Through September, it was 0.8% better than 2017.

Reimbursed expenditures are maintaining preventive maintenance at \$20 million or 7.7% of total revenues. We received \$10 million of State aid in 2017. Originally the 2018 budget also had \$10 million. The State added another \$8 million, which \$5 million was budgeted in 2018 and \$3 million in 2019. All funding from the State was received by September of this year. No future funding is expected from the State. Total operating expenditures are projected at \$245.8 million or \$8.3 million less than budget. The staff is working hard at keeping expenses low especially in the other expenditures categories. These include services and contracts; other utilities such as propulsion power, water sewer and telephone; and purchase transportation for ADA paratransit services.

Transfers to other funds provide set asides for insurance, supplemental pension, bond retirement, capital and reserve funds. They are proposing to increase the transfers to other funds to \$15 million for insurance, capital and the reserve funds. With total expenditures estimated at \$293.1 million out of total resources of \$328.1 million, they project an ending balance of \$35.1 million. This is \$4.9 million better than budget, an operating reserve of 1.7 months.

With the great recession, sales and use tax receipts fell 10.9%. Medicaid MCOs were added to the tax base in 2009-2010 and sales tax rose 41.5% from 2009 to 2016. For 2018, they budgeted receipts at \$197.8 million, a 7.5% decrease from 2017 actual receipts and a 10% reduction from 2016 receipts. Actual receipts for 2018 came in better than estimated, only 5.8% less than 2017 and 8% less than 2016. Had the MCOs not been removed from the sales tax, 2018 estimate receipts would be near \$238.4 million. We lost \$14.6 million in 2017 and \$37.1 million in 2018. With the \$28.3 million in State aid, they were able to recover a portion of this. In December, a resolution will be presented to amend the 2018 amended operating budget to increase budget appropriation by \$15 million to increase transfers of \$5 million each; to the insurance fund for premium, claims and to maintain the recommended ending balance, capital improvement fund for the radio communication project due to receiving the FHA grant and the reserve fund to reinstate the rail car replacement.

Salaries and overtime and payroll taxes and fringes encompass 76.2% of projected operating expenditures or \$187.3 million. The next three largest categories is services and contract, inventory and purchased transportation, representing 13.8% of total operating expenses or a projection of \$34.1 million. With the beginning balance of \$34.9 million and total projected revenues of \$293.3 million, projected resources are \$328.1 million for 2019. Total operating expenditures are projected at \$245.8 million, transfers to other funds total \$47.2 million, which includes the additional \$15 million. When reviewing revenues and expenses in 2017, expenses were \$1.5 million lower than revenue. In 2018, for the 3rd quarter projection, expenses were \$0.2 million lower than revenue. In 2017 and 2018, funding was received from the State due to the loss of MCOs. Without this funding, expenditures would have exceeded revenues.

The 2019 general fund revenue is projecting a 1.5% increase in sales and use tax. This is a conservative estimate based on current trends through November 2018. A 1.2% increase is budgeted in passenger fare revenue based on current receipts through October 2018. Preventative maintenance reimbursement was originally planned for \$25 million. It was reduced to \$20 million to pay for the East 79th Street Red Line Station rehabilitation. Total revenues for 2019 are estimated at \$277.7 million. With an estimated beginning balance of \$35.1 million, total resources are \$312.8 million. Total operating expenditures are budgeted at \$254.5 million. Salaries, overtime, payroll taxes and fringes represent 67.2%. Diesel fuel and natural gas are 2.3% of the operating budget. Other expenditures include service contracts, inventory, other utilities, purchased transportation and other misc. expenses. Transfers to other funds total \$31.8 million. These are the set asides for insurance premiums and claims, supplemental pension, capital improvement funds and the reserve fund, which includes compensated absences, fuel cost, hospitalization, rolling stock and the 27th pay.

Total general fund expenditures for 2019 are budgeted at \$286.3 million against total resources of \$312.8 million. This leaves an available ending balance of \$26.4 million, which represents a 1.3 month reserve. The top three categories for GF expenditures are salaries and OT at 48.4%, fringe benefits at 18.8% and other operating expenditures at 19.4%. With the estimated and beginning balance of \$35.1 million, 2019 is beginning strong. Staff will execute the budget well. Current revenues do not cover current expenses. In 2017 and 2018, the State provided aid for the MCO loss. Without this additional funding, expenditures would have exceeded revenues. Currently the funds available balance is being used to sustain the current expenditures.

The capital improvement fund will be amended by increasing the 2019 appropriation by \$4.2 million to pay for a printing press and combine two Red Line track projects. The funding for the track projects is

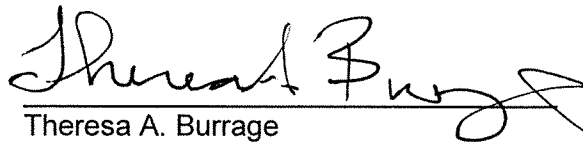
anticipated to be received in 2019. It will cover track reconstruction from West Park to the Airport Tunnel. This appropriation increase will align the budget with the pending award of grants.

This meeting was suspended at 9:40 a.m. to hold the public hearing. It was reconvened at 10:08 a.m. to vote on the budget. It was moved by Mr. Serrano, seconded by Mayor Elkins and approved by unanimous vote. It was approved.

Mayor Welo adjourned the meeting at 10:13 a.m.



Floun'say R. Caver, Ph.D., Interim CEO
General Manager/Secretary/Treasurer



Theresa A. Burrage
Executive Secretary