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2019 CEO / GENERAL
MANAGER'S
PROPOSED
BUDGET

GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY

November 13, 2018



2019 TRANSMITTAL LETTER

To: Hon. Dennis M. Cough, President,
and Members, Board of Trustees

Date: November 13, 2018

From: Floun'say R. Caver, Ph.D. *JRCaver, Ph.D.*
Interim CEO, General Manager/Secretary-Treasurer

Subject: Transmittal Letter & Proposed
FY 2019 Budget

EXECUTIVE SUMMARY

It is with pride that I present the CEO/General Manager's proposed Budget for 2019. We have developed this proposed budget to address some of the challenges that lie ahead. RTA has managed well over the last several years. The Authority has made strategic decisions to improve operational efficiencies, while continuing to provide quality of service to its customers. This has been accomplished in a manner that best serves our customers and the community.

The first quarter of 2018 began with positive steps toward improving service and strengthening RTA's financial position. Due to the removal of the Managed Health Care from the sales tax base, estimated revenues have been reduced to 2015 levels. The Board passed an amended budget in March 2018, reducing total expenditures by \$12.7 million.

As the GCRTA continues to effectively manage its financial resources, we have engaged in six studies to help identify areas of improvement, create efficiencies, and enhance service. Included in these studies are the fare system, economic impact to the Greater Cleveland region, service enhancements, administrative efficiency study, operational review, and a rail car study. Results of these studies will be available in early 2019.

Major new grant awards were applied for and received in 2018. The FTA approved funding for the Triskett Garage CNG improvements. The U.S. Department of Transportation also awarded the Authority more than \$2.6 million for CNG. The Ohio EPA awarded GCRTA a \$400,000 grant to help cover the cost differential between diesel and CNG buses. The funding will go towards the cost of 16 of the 33 new CNG buses currently on order, as well as facility improvements. The Federal Highway Administration awarded the Authority \$8.6 million for the replacement of the radios and communication equipment.

During 2018, the GCRTA:

- Received the APTA Gold Award for Bus Safety
- Received Group Award for Safety from Ohio Bureau of Workers' Compensation
- Awarded Best in Class for Workforce Diversity through the Greater Cleveland Partnership
- Named Government Fleet of the Year by FleetOwner.com
- Launched "See Something, Text Something"
- Received the GFOA Distinguished Budget Presentation Award for the 30th consecutive year
- Received the GFOA Achievement for Excellence in Financial Reporting Award (30th consecutive year)
- Celebrated the HealthLine 10th Anniversary
- Celebrated the Red Line 50th Anniversary

The following pages discuss the assumptions used in developing the Proposed FY 2019 Budget. The proposed budget supports the daily operating activities of the Authority and continue the plan towards achieving a state of good repair. The decrease in the Authority's largest source of revenue, Sales & Use Tax, continues to be a concern in the 5-year plan.

The 2018 General Fund Amended Budget projected Sales & Use Tax receipts at \$197.8 million, a 7.5 percent reduction from 2017 actual receipts, due to the removal of MCO from the tax base. Through October 2018, total receipts were \$169.1 million, a 6.3 percent decrease from 2017 levels but a 2.1 percent increase from the 2018 budget. By year-end, receipts are estimated to be \$201.3 million, \$3.5 million better than budget, which is a significant improvement.

The 2018 Third Quarter estimate maintains reimbursed expenditures at \$22.7 million, which includes preventive maintenance reimbursements of \$20 million. Passenger Fares are estimated at \$45.9 million, a \$3.1 million increase from budgeted levels. State aid for the MCO loss in sales tax receipts was budgeted at \$15.1 million but came in \$3.1 million above budget due to funding budgeted in 2019 being received in 2018. Total revenue for 2018 is estimated at \$293.3 million. With the beginning balance of \$34.9 million, total resources for 2018 are estimated at \$328.1 million, an increase of \$10.4 million from the Amended Budget.

Total Operating Expenditures for 2018 are estimated at \$245.8 million, an \$8.3 million decrease from the 2018 Amended Budget. The Authority has been making strategic decisions throughout the year to maintain expenses near 2014 levels. During 2018, non-bargaining employees, grades 28 and above, were required to take 40-hours of mandatory furloughs. Other non-bargaining employees in grades 27 and below offered to take voluntary furloughs. Expenses have been held to 2014 levels, while ensuring that the departments have what is needed for the year. An additional transfer of \$5 million will be needed for the Insurance Fund, to cover insurance and claims payments and maintain the recommended ending balance. A \$5 million increase is needed for the Capital Improvement Fund to help match funding from the Federal Highway Administration for the radio project. With the increase in the available ending balance, from a budget of \$30 million to an estimate of \$35 million, a \$5 million increase to the Reserve Fund will be needed for the Rail Cars.

The Board of Trustees' first review of the proposed 2019 – 2023 Capital Improvement Plan (CIP) took place on May 1, 2018 and subsequently approved the 2019 Capital Budget Appropriations on May 15, 2018, allowing the Authority's Capital program to be better aligned with Northeast Ohio Areawide Coordinating Agency (NOACA) and Federal fiscal calendars. The Proposed 2019 Operating Budget, Amended 2018 Operating Budget and Amended 2019 Capital budget will be presented to the Board on November 13, 2018. Public Hearings will be held on November 13, 2018 and on December 4, 2018. On December 4, 2018, the Operational Planning & Infrastructure Committee is expected to make a recommendation to the full Board of Trustees to adopt the Proposed 2019 General Fund and other funds budgets, Amended 2018 General Fund Budget and Amended 2019 Capital Budget. Adoption will be considered at the December 18, 2018 Board Meeting.

With the proposed FY 2019 budget, GCRTA is continuing to execute its strategic plan and is continuing its efforts to provide quality service. The Proposed FY 2019 General Fund Budget provides total revenues of \$277.7 million. Sales Tax receipts are estimated to increase by 1.5 percent and Passenger Fares by 1.2 percent, over 2018 estimated levels. Preventive Maintenance reimbursements will be held at \$20 million, which will provide funding for the E. 79th Street Red Line Station rehabilitation. With the 2018 ending balance estimated at \$35.1 million, total resources for 2019 are budgeted at \$312.8 million. Operating Expenses for the 2019 proposed budget total \$254.5 million, a 3.5 percent increase from 2018 estimated expenses, and staying within the goal of under 5 percent. Total Expenditures for the 2019 proposed budget are \$286.3 million, providing for an ending balance of \$26.4 million, a 1.3-month reserve.

The revenue required to support both the operating and the capital budget continues to pose challenges. This budget highlight the need to identify creative ways to further reduce costs and increase traditional and non-traditional revenues. The Authority has made strategic decisions to ensure the Board and staff have the time needed to make those decisions.

STRATEGIC APPROACH TO THE BUDGET

In developing the budget as well as developing the business strategy, the Authority derives its direction from the five Policy Goals identified by the Board of Trustees. These Goals, along with the Authority's Mission Statement, are shown below.

BOARD POLICY GOALS

- I. **CUSTOMER FOCUS:** Provide safe, high-quality service to all customers and support our employees in that endeavor.
- II. **EXPAND AND REORGANIZE SERVICE:** Expand and reorganize service to retain our current riders and attract new riders by providing service that meets customer and community needs.
- III. **PREPARE FOR THE FUTURE:** Prepare for the future by forging new partnerships and strengthening existing ones with the public and private sectors to establish policies, funding, innovations, and technologies that support cost-effective public transportation.
- IV. **IMPROVE FINANCIAL HEALTH:** Improve the agency's financial health through efficient use of resources and the pursuit of new and innovative revenue sources.
- V. **PROVIDE COMMUNITY BENEFITS:** Provide social, economic, and environmental benefits to the community through system improvements and increase community awareness of these contributions.

GCRTA MISSION

RTA provides safe, reliable, clean and courteous public transportation.



In addition, RTA conducted a strategic planning initiative in the summer of 2014 and 2016 with SWOT exercises and analyses conducted with ten groups totaling over 120 people, including the Board of Trustees and the Citizens Advisory Board. Planning retreats were held with the Executive Management Team and Board participation. The retreats resulted in an updated Strategic Plan with nine Vital Few Objectives and ten Change Initiatives for execution over the next 18 months. The Mission, Vision, and Values were reviewed, adopted and are now in deployment. These are listed on the following page.

MISSION: TO PROVIDE SAFE, RELIABLE, CLEAN AND COURTEOUS PUBLIC TRANSPORTATION

VISION:

We Will Be:

- The transportation mode of choice
- Recognized as a transportation industry leader with first-class image
- An employer of choice in Northeast Ohio
- A champion for sustainability

We Will Have:

- A sustainable financial position with controlled expenses and a minimum 30-day operating reserve
- An increasing impact in the region by improving efficiency and the coordination of services

We Will:

- Upgrade and manage technology systems with increased efficiency to best serve our customers
- Achieve an infrastructure and vehicle state-of-good-repair (SOGR) with an effective asset management system
- Fund, plan, coordinate, execute, and deliver quality projects on time and on budget
- Continually improve the quality of our services and enhance the value of RTA to our community

VALUES:



GENERAL FUND

ASSUMPTIONS

Inflation

Assumption:

2.0% to 2.5%

Rationale:

The Federal Reserve recently released their projections for the remainder of 2018 through the next 30 years. The Cleveland Fed observed that the 4th District expanded at a moderate rate. They stated that labor markets have strengthened, but companies reported difficulty finding qualified candidates across a broad array of occupations. Employers are raising wages to remain competitive. The Federal Reserve Bank is expecting the economy to expand slowly - between 2.0 percent and 2.5 percent. The Federal Reserve Bank of Cleveland projects the inflation rate to remain under 2.5 percent over the next 10 years.

Interest Rates

Assumption:

2.5% to 3.0%

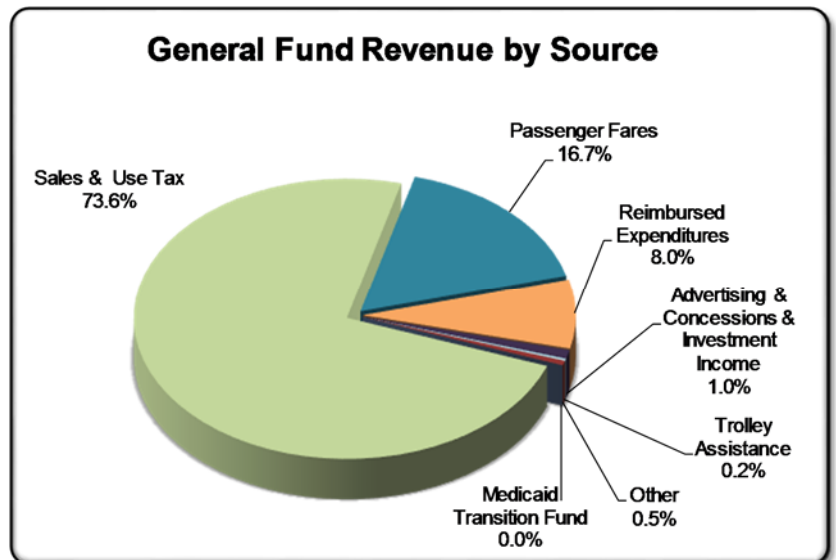
Rationale:

The Federal Reserve Bank raised interest rates again in September 2018, from 2.0 percent to 2.25 percent, the third increase in 2018, with an anticipated increase to 2.5 percent in December 2018. The economic activity in the U.S. continues to strengthen, inflation rates remain low, and unemployment rate has been decreasing. The Fed economic projections of Federal Reserve Board Members and Federal Reserve Bank projects the Federal Funds rate at a high of 3.0 percent in 2019 and a projected high of 3.5 percent in 2020.

REVENUES

The 2019 budget projects \$277.7 million in General Fund revenue and total resources of \$312.8 million. This is a \$15.3 million decrease in total resources compared to the 2018 year-end estimate. This decrease is a result of the state's removal of Medicaid Managed Care Organizations (MCOs) from the sales tax base, implemented in July 2017.

The chart to the right shows the percentage of each revenue stream for 2018. Sales & Use Tax has remained above 70 percent of total revenue, showing a continued reliance on this revenue stream. Passenger Fares is 16.7 percent of total revenue but has been slowly decreasing due to decreased ridership. Reimbursed expenditures, which includes grant-funded and preventive maintenance reimbursements to the Operating Budget, is the third largest source of revenue, at 8.0 percent of total revenue for 2019.



The specific assumptions and calculations for the revenues included there are as follows:

PASSENGER FARES

\$46.5 MILLION

RATIONALE:

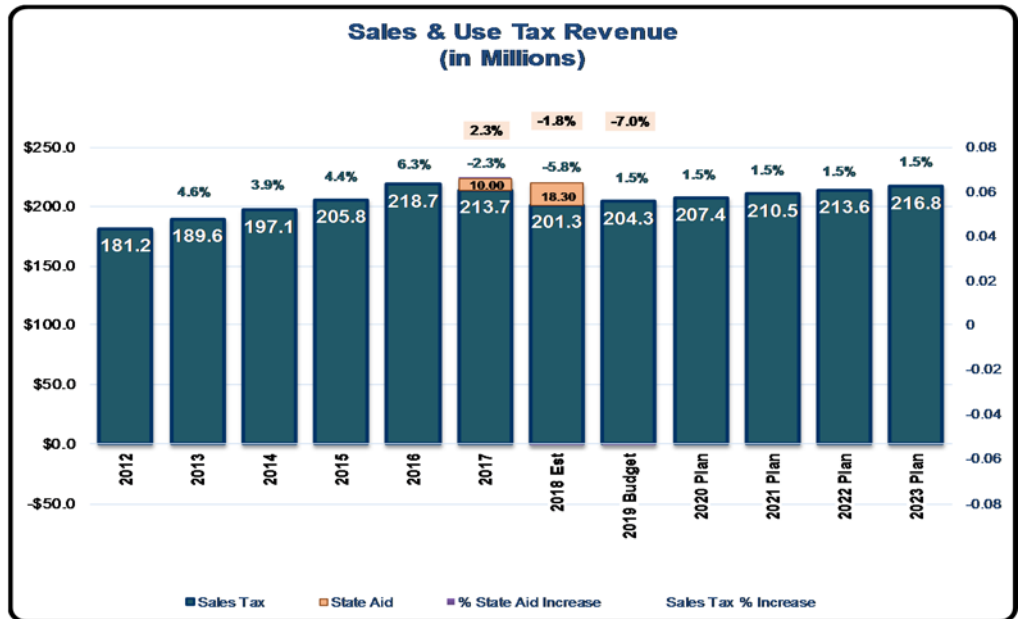
Passenger Fares are estimated at \$46.5 million for 2019. This is a 1.2 percent increase from 2018 and the passenger fare estimates for future years decline. As fuel prices remain low, choice riders are opting to drive to work rather than take public transit. The 2019 Budget does not include any fare increase or service change. The fare increase scheduled for August 2018 has been postponed until further review and the base fare remains at \$2.50.

SALES & USE TAX REVENUE

\$204.3 MILLION

RATIONALE:

Sales & Use Tax receipts for 2019 are estimated at \$204.3 million, a \$3 million increase over 2018 estimates. Over the past several years Sales & Use Tax collections have been fairly steady. Receipts in 2017 were \$5 million less than 2016 receipts, mainly due to Medicaid MCOs being removed from the tax base as of July 1, 2017. There is a 3-month lag time between when the receipts are paid and when the Authority receives the revenue and the effect was felt starting in October 2017. With the Federal Government mandate prohibiting the taxing of a subset of Managed Care Organizations (MCOs), the State removed the Medicaid MCOs from the sales tax base and put all MCO receipts in the insurance tax, supporting the State’s revenues, but diminishing revenues for the 88 counties and transit authorities that levy sales tax.



The State provided assistance in 2017 and 2018 for all transit authorities that received sales tax revenue but provided no assistance to the counties that also relied on this revenue stream. For 2017, the State provided \$10 million of assistance and in 2018, \$18.3 million was received. The State has not provided a revenue neutral fix for the sales tax loss for the future nor will provide any additional assistance.

ADVERTISING & CONCESSIONS

\$2.2 MILLION

ADVERTISING CONTRACT	\$1.3 M
CONCESSIONS & NAMING RIGHTS	\$0.9 M
TOTAL	\$2.2 M

RATIONALE:

The Advertising and Concessions Category consists of three subcategories. The first is the current advertising contract. For 2019, the advertising contract is budgeted at \$1.3 million. The second subcategory is a new contract for advertising on the bus shelters. The third category is the naming rights revenue for the HealthLine, Cleveland State Line, and Metro Health Line and concessions that will net the Authority about \$900,000.



INVESTMENT INCOME**\$600 THOUSAND****RATIONALE:**

For 2019, the Investment Income is estimated at \$600 thousand as interest rates remain low. The average yield on the Authority's investments is 1.8 percent in 2018.

OTHER REVENUE	\$2.1 MILLION
TROLLEY ASSISTANCE	\$0.6M
OTHER REVENUE	<u>\$1.5M</u>
TOTAL	\$2.1M

RATIONALE:

These other sources of revenue include trolley assistance and other miscellaneous receipts. To help fund the continuation of the C-Line and Nine-Twelve Trolleys, additional funding is being sought from area businesses to sponsor the Trolleys. RTA is seeking 80 percent funding, or \$640,000, from the community and the remaining 20 percent will be maintained by the Authority. This funding is due to be received from the Downtown Cleveland Alliance in the 4th Quarter 2018 for the 2018 budget and is expected to receive the same amount of funding in 2019.

Other receipts include contractor and hospitalization claim reimbursements, rent, salvage sales, and identification card proceeds, among other miscellaneous receipts. The amounts received from these sources have fluctuated over the years, mainly due to one-time settlements and reimbursements. For 2019, the other revenue category is budgeted at \$1.5 million.

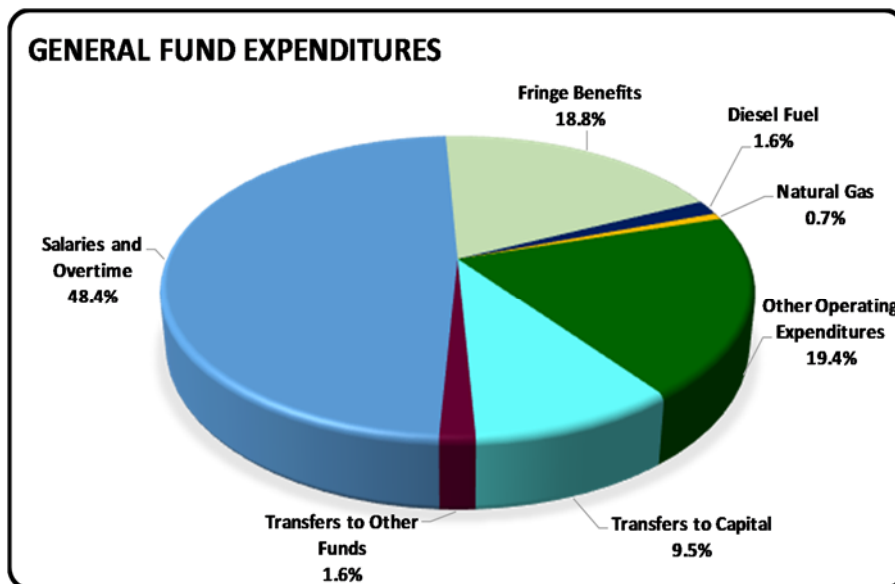
REIMBURSED EXPENDITURES	\$22.1 MILLION
PREVENTIVE MAINTENANCE REIMBURSEMENTS	\$20.0M
FUEL TAX REIMBURSEMENT	\$ 1.1M
REIMBURSED LABOR & MATERIAL	<u>\$ 1.0M</u>
TOTAL	\$22.1M

RATIONALE:

Reimbursed Expenditures category includes reimbursements for Preventive Maintenance (PM), fuel tax, labor and material, as well as other Federal and State reimbursements. For 2019, Reimbursed Expenditures are budgeted at \$22.1 million. Preventive Maintenance at \$20.0 million, \$1.1 million for fuel tax reimbursements, and \$1.0 million for force account labor and other reimbursements. For the out-years, \$22.1 million is budgeted each year for Reimbursed Expenditures. Increasing PM Reimbursement would, in turn, lower available funding for capital projects and increase the difficulty of achieving and maintaining a state of good repair.

EXPENDITURES

Operating Expenditures for the 2019 Operating Budget include the appropriation and expenditure changes as described below. As with revenues, expenditures are estimated not only for the 2019 Budget Year, but also for the four consecutive out-years to assist with long-term planning. The General Fund Balance Analysis projections include those out-years to demonstrate the impacts of various items contained in the 2019 Budget (collective bargaining agreements, service changes, contract changes, as well as requirements of the Capital Improvement Plan, etc.).



The chart on page 10 summarizes the budgeted expenditures for 2019 and highlights the various areas of cost increases included in the proposed Operating Budget.

SALARIES & OVERTIME

\$138.6 MILLION

RATIONALE:

Total salaries/wages and overtime for the 2019 Operating Budget are \$138.6 million and account for 54.4 percent of the 2019 General Fund expenses. For the 2019 Operating budget, a 1.5 percent salary increase is budgeted for all positions. The 2019 Operating Budget includes 2,333.5 FTE (full time equivalent) positions. This is from the 2,332.5 positions originally budgeted in 2018 and the addition of the Senior Advisor position added in August 2018. Both union contracts ended in 2017. The FOP signed a new agreement, which again aligns wage increases to the revenue increases for passenger fares and sales tax from the prior year. The ATU negotiations are continuing.

PAYROLL TAXES & FRINGE BENEFITS

\$53.9 MILLION

PAYROLL TAXES / PERS	\$21.7M
HEALTH CARE / PRESCRIPTION	\$28.1M
VISION / DENTAL / OTHER FRINGE BENEFITS	\$ 4.1M
TOTAL	\$53.9M

RATIONALE:

Payroll taxes and Ohio PERS (Ohio Public Employee Retirement System) budget for 2019 is \$21.7 million and is roughly 15.45 percent of all salaries and overtime costs. Ohio PERS provides retirement, disability, and survivor benefit programs for public employees. Health Care and prescription costs for 2019 are budgeted at \$28.1 million and are projected to maintain near 2018 levels. The employee contribution for health care coverage is 14 percent. Employees can receive a one-percent discount if they complete a physical and another one percent discount if they complete a dental exam. Those employees who complete both received a 2 percent credit on their health care contribution. The 2019 budget for vision, dental, and other fringe benefits is \$4.1 million. In each of the contracts, co-pays and deductibles are identified by type of plan and family size. This action makes employees more involved in their own care. It will also help avoid penalty payments in the future under the Affordable Care Act.

DIESEL FUEL & NATURAL GAS/CNG**\$6.5 MILLION****RATIONALE:**

The Energy Price Risk Management Program (aka Fuel Hedging Program) has helped to stabilize diesel fuel, one of the Authority's most volatile expenses. Diesel Fuel is budgeted to increase by 1.4 percent, compared to 2018 Third Quarter estimates. Through this program, the cost of diesel fuel has remained steady. The U.S. has increased production of crude oil in the last few years and is now less dependent upon foreign sources. Between 2015 and 2018, RTA placed 106 Compressed Natural Gas (CNG) buses into operation and retired the older diesel buses, reducing fuel by nearly \$883,000 in 2017 and an additional \$167,000 in 2018. By 2020, 27 new CNG buses are planned to be placed into operation and diesel fuel costs are expected to continue to decrease.

OTHER EXPENDITURES	\$55.6 MILLION
MAINTENANCE CONTRACTS AND SERVICES	\$13.4M
INVENTORY	\$13.4M
OTHER UTILITIES	\$ 9.1M
PURCHASED TRANSPORTATION	\$ 8.4M
LIABILITIES, TRAINING, PROFESSIONAL EXPENSES	\$ 5.5M
TIRES & TUBES & OTHER MATERIALS & SUPPLIES	\$ 5.0M
<u>OTHER MISCELLANEOUS EXPENDITURES</u>	<u>\$ 0.8M</u>
TOTAL	\$55.6M

RATIONALE:

Maintenance contracts and services is budgeted at \$13.4 million. This category includes advertising fees, the in-house service contract for Paratransit inventory, multi-year maintenance contracts, and other miscellaneous services. Some of the multi-year maintenance contracts are requirement-based and only invoiced when services are needed. This helps to keep costs down throughout the year. The Paratransit inventory service contract will end in 2019 and an analysis on the program is currently underway. The inventory category is budgeted at \$13.4 million and includes all other parts and equipment for the fixed-route buses, trains, and facilities. This category also includes the predictive maintenance kits for the fixed-route buses in the program. The collaborative work between Asset Configuration & Management and Inventory for the predictive maintenance program has helped to stabilize inventory expenses, increase miles between service interruptions, and keep buses on the road.

Propulsion power is the energy needed to run the trains, substations and stations. Propulsion power and electricity continue to be closely managed. RTA has reduced electricity costs by nearly \$21.5 million over the last 9 years. In December 2017, a new contract for electricity was awarded at a very favorable prices for the Authority through mid-2021. Propulsion power and electricity are budgeted to increase by 3.5 percent. The new contract will help keep costs stable.

The Authority entered into a new contract for telephone services in late 2017. The Information Technology Department has been switching all employees to the new phone system. For the 2019 Operating Budget, there is an overlap between the two contracts. By the end of 2019, all phones and expenses related to the old contract will be completed and only the new contract will remain.

Purchased transportation for ADA Paratransit services is budgeted at \$8.4 million. The three current contracts were extended through the first quarter 2019 in order to be able to procure a larger service contract. A 6-month pilot program with Lyft was conducted with Paratransit service. The program ended in October 2018 with 70 Paratransit customers participating in the program. A white paper is currently being written for the FTA on the program.

Other expenses includes liability claims and insurance premiums, which are budgeted at \$4.5 million for 2019, or 1.5 percent of total General Fund expenses. Training, travel, and professional expenses are also in this category, budgeted at \$1.0 million for 2019.

Tires and tubes and other materials and supplies consists of non-inventory parts, tires & tubes for the buses, and other miscellaneous materials. This category is budgeted at \$5.0 million for 2019. Other miscellaneous expenses for 2019 is budgeted at 0.8 million. Total 2019 Operating Expenses are projected to increase by 3.5 percent, maintaining the goal of under 5.0 percent. The chart below identifies the areas of expenditure growth for 2019 compared to 2018 Third Quarter estimates.

Areas of Expenditure Growth 2019 Proposed Budget			
2018 Projected Operating Expenses		\$ 245,838,578	
Personnel		\$ 5,134,154	2.7%
Salaries & Overtime	\$ 3,131,157		
Health Care/Prescription Fringe Benefits	\$ 2,002,997		
Fuel / Utilities		\$ 1,412,499	9.9%
Diesel Fuel	\$ 63,871		
Natural Gas & CNG	\$ 52,358		
Propulsion Power	\$ 166,000		
Electricity	\$ 29,241		
Telephone	\$ 368,121		
Other Utilities	\$ 732,908		
Service Opportunities		\$ 1,323,240	3.4%
Maintenance Contracts & Services	\$ 2,153,579		
Inventory	\$ 269,488		
Tires & Tubes	\$ 500		
Other Services & Supplies	\$ 518,332		
Purchased Transportation	\$ (1,618,660)		
Other		\$ 809,306	14.9%
Liabilities	\$ 611,977		
Training, Travel & Professional Expenses	\$ (88,120)		
Miscellaneous	\$ 285,448		
Expenditure Growth		\$ 8,679,198	3.5%
2018 Budgeted Operating Expenditures		\$254,517,776	

TRANSFER TO THE INSURANCE FUND

The Insurance Fund has a required minimum fund balance of \$5.0 million and is used to account for resources to protect the Authority against catastrophic or extraordinary losses. The Authority is self-insured in all areas except personal property and equipment. Expenditures in the Insurance Fund are used for extraordinary claims and insurance premiums over \$150,000. With the increase in safety measures, claims have declined significantly and the budgeted transfers have generally been reduced. In 2018, a transfer of \$2.3 million was budgeted to cover insurance premiums and projected claim payments, however an additional transfer of \$5 million is needed to maintain the recommended ending balance. For 2019, a transfer of \$2.7 million is needed to cover estimated costs and maintain the fund level. Continued safety actions may allow the amounts in the out-years to be lowered.

TRANSFER TO THE SUPPLEMENTAL PENSION FUND

The Supplemental Pension Fund was established for payments of benefits relating primarily to certain retired employees of the Authority and predecessor transit systems. Since 1986, the Pension Fund has also been used to account for funds on deposit with the Ohio Public Employees Deferred Compensation Board. The Authority has no control over these funds, but is required to account for them in a trust. The 2019 budget estimates that the Supplemental Pension Fund will need transfers of \$50,000. For the out-years, 2020 through 2023, additional transfers are planned in order to maintain the necessary balance within this fund as identified in a bi-annual actuarial study.

TRANSFERS TO CAPITAL

In past years this measure, calculated as a percentage of Sales & Use Tax revenue, has remained well above the Board goal of a maximum of 15 percent due to the significant decrease in Sales and Use Tax revenue that occurred in 2009 and the inclusion of a number of capital grants to reimburse Operating Expenses, which required a local match.

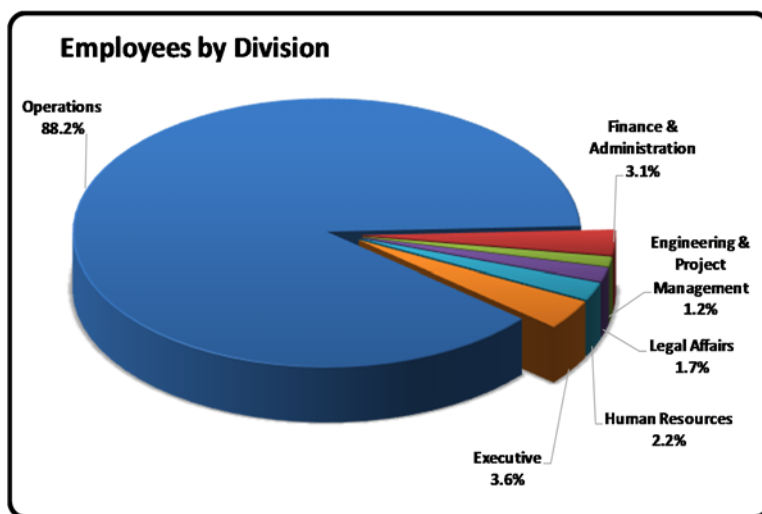
This measure has fluctuated over the years. Between 2016 and 2018, General Fund Transfer to Capital was \$31.4 million, \$27.3 million, and \$32.6 million, respectively. In 2018, an additional transfer of \$5.0 million is needed for the Radio CAD/AVL project, which will increase the sales tax contribution to capital to 16.2 percent. Funding for this project came from a grant from the Federal Highway Administration under a 50/50 cooperative grant agreement that will reimburse RTA 50 percent of the funding used for the project. The transfer to capital for 2019 is budgeted at \$27.1 million, or 13.3 percent.

Local funds are transferred to the capital program to provide the local match for preventive maintenance expenditures and for other locally funded state of good repair projects that are ineligible to fund with debt service. For 2018, \$28.8 million, or 13.5 percent, of sales tax funding was budgeted to be transferred to capital. A \$30 million debt issuance was scheduled in 2017 but was deferred to 2018, which was then again postponed until the first quarter 2019.

For 2020 through 2023, the transfers to capital will decrease slightly, up to a high of 15.3 percent, as the impact of the loss of revenue from the Sales & Use Tax is felt. In 2020 and 2023, debit issuances of \$25 million each are planned. The Authority was able to postpone the last debt issuance by four years. It is the plan to push the 2020 debt issuance to early 2021, if possible.

EMPLOYMENT LEVEL ANALYSIS

The 2019 Budget reflects staffing of 2,333.5, an overall increase of 1 FTE compared to the original 2018 budget. The pie chart to the right represents the relative employment levels within each division. During 2018, 14 positions were moved out of Marketing & Communications. These include the Supervisors of Telephone Information Center, Telephone Operators / Information Clerks, and Customer Service Representatives. The positions in the Telephone Information Center and Customer Service Center were moved to Paratransit and the two call centers are being merged. The Supervisor of the Telephone Information Center retired in April 2018 and the position was only budgeted for 4 months. The FTE was moved to the Office of Management & Budget to replace the Manager of Budgets position, but no funding



was budgeted for the position. In August 2018, at the request of the Board of Trustees, a Senior Advisor position was added to the 2018 budget, increasing the total budget to 2,333.5 positions. The DGM of Operations was selected as the Interim-CEO as the Board seeks to fill the position through an executive search firm.

SERVICE LEVELS

Ridership has slowly dropped as gas prices have remained low and choice riders elect to drive rather than take public transit. A 3 percent service adjustment was implemented in August 2016 and annualized in 2017 for bus and rail modes. Paratransit ridership has decreased, which decreased total service miles. The average length of the trips has steadily increased, which has increased total service hours as it is taking longer to complete each trip. For 2018, a 3 percent service adjustment was implemented for bus and rail, which adjusted the frequency of trips. For Paratransit, the three contractual services we extended through the First Quarter 2019. This will enable the Authority to submit a request to procure a larger contract to help keep costs at a manageable level. Paratransit entered into a 6-month pilot program with Lyft. The program enabled 70 current Paratransit customers to use Lyft instead of Paratransit. The program ended in late October and program participants evaluated the program. A white paper is currently being written on the results, which will be submitted to the FTA.

For 2019, no significant service changes are planned. The Authority plans to maintain current services while working with a consultant on a system redesign study, which is expected to be completed by mid-2019. Any service changes recommended by this study will first be discussed with the public and further refined before any implementation occurs. The Budgets service level comparison by mode is below.

2019 Budgeted Service Levels By Mode								
Compared to 2018 Budgeted Service Levels by Mode								
Service Mode	Service Hours				Service Miles			
	2018* Budget	2019 Budget	Variance	Percent Variance	2018 Budget	2019 Budget	Variance	Percent Variance
Rail								
Heavy Rail (Red)	143,000	143,000	0	0.0%	2,600,000	2,600,000	0	0.0%
Light Rail (Blue/Green)	53,336	53,336	0	0.0%	756,852	756,852	(0)	0.0%
Rail Total	196,336	196,336	0	0.0%	3,356,852	3,356,852	(0)	0.0%
Bus								
Bus Total	1,255,020	1,255,020	0	0.0%	15,066,089	15,066,089	(0)	0.0%
Sub-Total Bus & Rail	1,451,357	1,451,357	0	0.0%	18,422,941	18,422,941	(0)	0.0%
Paratransit								
In-House	162,299	167,110	4,811	3.0%	2,170,368	2,368,900	198,532	9.1%
Contract	243,449	214,739	(28,710)	-11.8%	3,255,552	3,128,614	(126,938)	-3.9%
Sub-Total Paratransit	405,748	381,849	(23,899)	-5.9%	5,425,920	5,497,514	71,594	1.3%
Van Pool Program	12,000	12,000	-	0.0%	300,000	300,000	-	0.0%
	12,000	12,000	-	0.0%	300,000	300,000	-	0.0%
*Amended Budget								
	1,869,104.68	1,845,205.68			24,148,861.41	24,220,455.00		

POLICY COMPLIANCE

The discussion in this section focuses on the financial status of GCRTA as it relates to the Authority's basic adopted financial policy objectives. These objectives represent trends or indicators that should be analyzed as they relate to long-range financial implications for the organization. These financial policy objectives were amended in August 2011 and again in March 2017. The financial policies or trends, as outlined in Attachment B, are applied to the following areas:

OPERATING EFFICIENCY

An OPERATING RATIO of at least 25 percent is the policy goal. At 19.9 percent, this ratio will not meet the objective for 2018, as ridership has decreased over the past several years. Gasoline prices continue to remain low and choice riders are opting to drive rather than use public transit. The operating expenses continue to increase at a higher rate than operating revenues. For 2019, the Operating Ratio is budgeted at 19.4 percent. RTA will need to control expenses throughout the year in order to end the year with a ratio above 20 percent.

The COST PER HOUR OF SERVICE is to be maintained at or below the level of inflation (under 2 percent for 2019 per the Cleveland Fed). For 2019, budgeted operating costs are increasing by 3.5 percent, compared to the 2018 estimate. Total Service hours are budgeted to be maintained in 2019. The cost per hour of service for 2019 is budgeted at \$137.5, a 4.9 percent increase over 2018 estimates. This objective will not be met.

The goal that is most easily understood and tracked is the ONE-MONTH OPERATING RESERVE. This objective requests the Authority should have a year-end balance equal to one month's operating costs. The Operating Reserve objective is projected to be met again in 2018 at 1.7-months. For 2019, a one-month operating reserve is equal to \$21.1 million. With a budgeted ending balance of \$26.4 million, a 1.3-months reserve, the Authority will again meet this measure.

CAPITAL EFFICIENCY

The goal for the DEBT SERVICE COVERAGE ratio is to be above 1.5. A debt issuance was budgeted for 2017 but deferred to 2018 and postponed again to 2019, based on capital needs and market conditions. Debt service coverage for 2018 is estimated at 3.53. At a budgeted 2.75 in 2019 this objective will be met. With the Medicaid MCOs being removed from the tax base, Sales & Use Tax receipts are projected to decline by 5.8 percent in 2018. Receipts are budgeted to increase minimally in 2019 through 2023 and a \$25 million debt issuance is planned in 2020 and again in 2023.

Another financial goal is to contribute a minimum of 10 percent of Sales Tax revenue to capital. This indicator includes both the direct contributions to capital and the amount "set-aside" in the General Fund for debt service. The CONTRIBUTION TO CAPITAL is projected to be above the minimum of 10 percent in 2018, at 14.8 percent. The \$30 million debt issuance planned for in 2019 will bring Sales Tax contribution down to 13.3 percent. The financial contributions to the capital programs support 100 percent locally-funded capital projects, provide the local match for projects funded by grants, and funds the Authority's debt service requirements.

The CAPITAL MAINTENANCE OUTLAY TO CAPITAL EXPANSION remains above the Board Policy goal of between 75 percent and 90 percent due to a large number of State of Good Repair (SOGR) capital maintenance projects including the bus improvement program, reconstruction of heavy and light rail stations, and track infrastructure projects. It will remain above the 90 percent maximum for 2019 and the out years as the focus of the Authority's capital program remains on the maintenance, rehabilitation, and the replacement and/or upgrade of existing capital assets, rather than on expansion projects.

In 2019, only three of the six objectives are projected to be met due to constrained revenue. The major factors include the increase in operating expenses, the reduction in Sales & Use Tax receipts due to the removal of the

Medicaid MCOs from the tax base, and the growing demand in capital projects to maintain a state of good repair.

The Authority has been able to improve internal processes over the past six years and reduce costs to enable shifts of financial resources to address many SOGR capital projects. The Authority must continue to maintain a balance between operating and capital funds to stay successful and develop plans to address the significant challenges it will face in the upcoming years.

END OF YEAR RESERVE FUNDS

RTA has made a decision to reduce grant funded preventive maintenance reimbursements to the Operating Budget and redirect those funds to increase Capital expenditures. Transit is a capital-intensive business and the Authority addressed some of the capital needs to ensure a state of good repair. Operating costs are rising and are budgeted at \$254.5 million for 2019 with a budgeted ending balance for of \$26.4 million. If the GCRTA is to remain financially sustainable in the future, a 30-day operating reserve must be met while maintaining PM reimbursement under \$20.0 million.

A transfer to the Rolling Stock Reserve Fund is planned for 2018 at \$5 million. In 2019, a percentage of the year-end Operating Budget savings must be held for the future purchases of revenue vehicles. This fund is needed to create the local match needed for revenue vehicle purchases. A transfer for Compensated Absences is budgeted at \$0.69 million for 2019 to help cover the liability costs each year. Every 12 years a 27th pay is expected due to the pay cycles. To help cover these costs, a transfer of \$1.3 million is budgeted, or 1/12 of annual pay costs. In total, a transfer of \$2 million is budgeted to the Reserve Fund to help protect the Authority from economic downturns or cover unforeseen or extraordinary expenses.

In 2020, a 27th pay for salaried employees will occur. A transfer of \$1.45 million from the Reserve Fund to the General Fund is planned for the additional pay.

CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP) for 2019-2023 was originally approved by the Board May 15, 2018. The CIP provides for the purchase, maintenance, and improvement of the Authority's capital assets through a programmed allocation of available financial resources. The capital assets of the Authority are varied and include such items as buses, rail cars, rail right-of-way infrastructure, facilities, equipment, non-revenue vehicles, and other capital assets needed to support the on-going operations of the Authority. The life cycle of these capital assets extends over a period of years and effective capital improvement planning provides the framework for scheduling improvements based on the availability of resources, the condition of assets, and the priorities among submitted capital projects. The capital-intensive nature of public transportation makes long-term financial planning, as well as effective implementation and completion of programmed capital projects on a timely basis, indispensable.

As in previous years, additional financial resources continue to be needed to meet the needs of maintaining the Authority's capital assets in a State of Good Repair (SOGR). In recent budget years, due to the improved financial conditions of the Authority additional funds were supplied to the capital program by strategically reducing grant funded Preventive Maintenance (PM) reimbursements to the Operating Budget and directing more resources towards capital asset improvements. The Authority has also aggressively pursued all eligible competitive grant awards for identified, but unfunded SOGR projects. These awards have provided funding for track and station reconstruction projects, bus replacement purchases, and a recent Federal Highway Administration competitive grant award of \$11.6 million will fund the replacement and upgrade of the Authority's Radio/CAD/AVL systems.

The allocation of capital funds and budget authority continues to target a significant number of SOGR projects throughout the Authority. Financial resources for capital projects are allocated through a capital review process that prioritizes both budgeted, unfunded capital projects as well as consideration of new capital projects. It maintains the focus of the Authority’s capital program on achieving and maintaining a SOGR throughout the system as it continues to reflect existing and future projected financial and operational constraints facing the Authority. The challenges include maintaining bus and rail fleets in a SOGR, completing key ADA station rehabilitations, and maintaining rail infrastructure, facilities, and bridges. The Authority will be presenting an Amended 2019-2023 CIP to the Board in December to increase the budget appropriation by \$4.2 million, from \$63.9 million to \$68.1 million. This increase in budget appropriation will allow the Authority to combine two rail projects and purchase a printing press. Funding is anticipated to be received for the Red Line track rehabilitation, which will enable combining reconstruction projects from Westpark Station to the Airport Tunnel. The Amended 2019-2023 CIP will align the budget with anticipated awarding of funds. The Authority’s capital projects are grouped in the 2019-2023 Capital Improvement Plan, including the proposed budget appropriation amendment, shown on the following page.

2019 - 2023 PROPOSED AMENDED COMBINED CAPITAL IMPROVEMENT PLAN						
Combined Budget Authority						
PROJECT CATEGORY	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2019-2023
Bus Garages	\$3,335,938	\$0	\$0	\$0	\$0	\$3,335,938
Bus Improvement Program	\$14,039,810	\$18,220,836	\$18,151,331	\$18,266,327	\$17,388,016	\$86,066,320
Equipment & Vehicles	\$1,925,183	\$1,397,800	\$1,708,000	\$1,566,500	\$1,511,500	\$8,108,983
Facilities Improvements	\$4,926,861	\$14,786,855	\$12,169,206	\$14,924,287	\$13,003,002	\$59,810,211
Other Projects	\$2,637,500	\$2,637,500	\$2,637,500	\$2,637,500	\$2,637,500	\$13,187,500
Preventive Maint./Oper. Reimb.	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$100,000,000
Rail Projects	\$20,906,719	\$21,203,245	\$21,182,081	\$19,125,000	\$16,537,285	\$98,954,330
Transit Centers	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000
TOTALS	\$68,072,011	\$78,546,236	\$76,148,118	\$76,819,614	\$71,377,303	\$370,963,282

CONCLUSION

GCRTA has managed well over the past six years. With diminished revenues and resources going forward, increasing operating expenses are going to make it difficult to end with a 30-day balance. The 2019 budget maintains current service levels. Difficult decisions lie ahead in 2019 through 2020 in order to mitigate the significant decrease in revenues from the removal of Medicaid services from the Sales & Use Tax base. As in the past, the GCRTA will closely monitor expenses and take the necessary actions as the budgeted operating reserve falls.

GCRTA must continue to align expenses with revenues, improve its operational efficiencies and effectiveness to provide quality service and meet its commitments to its customers, while at the same time, it must maintain the necessary funds sustain operations and keep its infrastructure in a state of good repair. The proposed 2019 General Fund and the Other Fund Budgets achieve that goal, but at the same time indicate that significant financial issues lay ahead in the upcoming years.

Proposed FY 2019 Budget

ATTACHMENT A
General Fund Balance Analysis

Assumptions:

Passenger Fare Annual Growth =	-1.8%	1.1%	1.2%	-0.5%	-0.5%	-0.5%	-0.5%
Sales & Use Tax Annual Growth =	-2.3%	-5.8%	1.5%	1.5%	1.5%	1.5%	1.5%
Personnel Cost Growth =	0.9%	-0.1%	2.3%	1.0%	-0.8%	0.0%	0.1%
Fringe Benefits Cost Growth =	7.2%	0.6%	3.9%	0.3%	0.1%	0.1%	0.1%
Non-Personnel Cost Growth =	-1.2%	-0.2%	6.6%	1.7%	0.6%	0.1%	0.5%
Operating Expenses Growth =	0.7%	-0.8%	3.5%	0.9%	-0.3%	0.0%	0.1%
Capital Contribution =	27,317,114	32,552,204	27,115,233	29,735,249	31,243,708	32,738,951	31,565,264
	12.8%	16.2%	13.3%	14.3%	14.8%	15.3%	14.6%

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	33,324,814	34,869,398	35,052,045	26,430,437	17,924,573	5,599,726	-5,311,548
Revenue							
Passenger Fares	45,436,326	45,945,755	46,497,104	46,264,619	46,033,296	45,803,129	45,574,114
Advertising & Concessions	2,389,856	2,095,000	2,162,000	2,230,000	2,297,000	2,364,000	2,364,000
Sales & Use Tax	213,718,145	201,283,110	204,302,357	207,366,892	210,477,395	213,634,556	216,839,075
State Aid from MCO Loss	10,034,083	18,271,169	0	0	0	0	0
Federal Operating Assistance - Various	0	0	0	0	0	0	0
Trolley Sponsorship	0	640,000	640,000	640,000	640,000	640,000	640,000
Investment Income	260,016	702,055	600,000	400,000	100,000	70,000	50,000
Other Revenue	1,990,027	1,630,000	1,450,000	1,400,000	1,400,000	1,400,000	1,400,000
Funding from Reserve Fund	0	0	0	1,450,000	0	0	0
Reimbursed Expenditures	22,782,104	22,685,000	22,075,000	22,075,000	22,075,000	22,075,000	22,075,000
Total Revenue	296,610,557	293,252,089	277,726,461	281,826,511	283,022,691	285,986,685	288,942,189
Total Resources	329,935,371	328,121,487	312,778,505	308,256,948	300,947,264	291,586,411	283,630,641
Operating Expenditures							
Salaries and Overtime	135,514,105	135,432,828	138,563,985	139,966,609	138,904,447	138,856,567	139,029,548
Payroll Taxes & Fringe Benefits	51,553,465	51,870,936	53,873,933	54,027,607	54,072,122	54,145,894	54,204,720
Diesel Fuel	6,535,532	4,486,129	4,550,000	4,413,500	4,281,095	4,152,662	4,028,082
Natural Gas	1,874,683	1,909,642	1,962,000	1,963,089	1,964,179	1,965,269	1,966,361
Other Expenditures	52,241,152	52,139,043	55,567,858	56,497,706	56,853,373	56,910,001	57,176,316
Total Operating Expenditures	247,718,937	245,838,577	254,517,776	256,868,511	256,075,216	256,030,393	256,405,028
Transfer to the Insurance Fund	2,400,000	7,250,000	2,700,000	2,800,000	2,100,000	2,200,000	2,200,000
Transfer to the Pension Fund	75,000	60,000	50,000	50,000	50,000	50,000	50,000
Transfers to Capital							
Bond Retirement Fund	17,045,783	17,292,285	15,228,052	16,088,991	18,321,569	15,685,774	17,563,765
Capital Improvement Fund	10,271,331	15,259,919	11,887,181	13,646,258	12,922,138	17,053,177	14,001,499
Total Transfers to Capital	27,317,114	32,552,204	27,115,233	29,735,249	31,243,708	32,738,951	31,565,264
Transfers to Reserve Fund	17,554,922	7,368,662	1,965,059	878,615	5,878,615	5,878,615	5,878,615
Total Expenditures	295,065,973	293,069,443	286,348,068	290,332,375	295,347,539	296,897,959	296,098,907
Available Ending Balance	34,869,398	35,052,045	26,430,437	17,924,573	5,599,726	-5,311,548	-12,468,266
Passenger Fare & Sales Tax % Change	-2.22%	-4.60%	1.44%	1.13%	1.14%	1.14%	1.15%
Operating Expenses % Change	0.73%	-0.76%	3.53%	0.92%	-0.31%	-0.02%	0.15%
Revenues - Expenses (millions)	\$1.54	\$0.18	(\$8.62)	(\$8.51)	(\$12.32)	(\$10.91)	(\$7.16)

a Funding from Reserve Fund for 27th pay expenses in 2020

ATTACHMENT B

Proposed FY 2019 Budget Financial Policy Goals									
		Goal	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Operating Efficiency	Operating Ratio	≥ 25%	19.5%	19.9%	19.4%	19.1%	19.0%	18.9%	18.8%
	Cost per Service Hour		\$132.4	\$131.1	\$137.5	\$140.2	\$139.7	\$139.7	\$139.9
	Growth per Year	≤ Rate of Inflation [2%]	-2.0%	-1.0%	4.9%	1.9%	-0.3%	0.0%	0.1%
	Operating Reserve (Months)	≥ 1 month	1.7	1.7	1.3	0.8	0.3	-0.2	-0.6
Capital Efficiency	Debt Service Coverage	≥ 1.5	4.11	3.53	2.75	2.11	1.63	1.02	0.62
	Sales Tax Contribution to Capital	≥ 10%	12.2%	14.8%	13.3%	14.3%	14.8%	15.3%	14.6%
	Capital Maintenance to Expansion	75% - 90%	97.3%	94.3%	100.0%	100.0%	100.0%	100.0%	100.0%
Reserved Fund (in Millions)	Fuel Reserve Fund	Fuel Budget less Actual Expenditures	\$2.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Compensated Absences Reserve Fund	≤ 25% of Accrued Liability	\$1.90	\$0.94	\$0.69	\$0.00	\$0.00	\$0.00	\$0.00
	Hospitalization Reserve Fund	≤ 10% of Annual Hospitalization Costs	\$1.80	\$0.73	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	27th Payroll Expense Reserve Fund	1/12th of Annual 27th Pay Expenses	\$1.40	\$0.69	\$1.28	\$0.88	\$0.88	\$0.88	\$0.88
	Rolling Stock Replacement Fund	≥ \$5,000,000 per year	\$10.00	\$5.00	\$0.00	\$0.00	\$5.00	\$5.00	\$5.00

ATTACHMENT C
Capital Improvement Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	33,111,619	21,435,743	23,489,701	41,631,717	39,357,265	26,322,706	21,624,838
Revenue							
Transfer from General Fund	10,271,331	15,259,919	11,887,181	13,646,258	12,922,138	17,053,177	14,001,499
Transfer from General Fund	0	2,000,000	0	0	0	0	0
Investment Income	326,189	625,029	860,000	565,000	765,000	565,000	765,000
Federal Capital Grants	48,455,538	55,274,589	42,082,188	74,117,067	64,426,827	52,937,977	50,280,376
State Capital Grants	0	3,054,730	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658
Debt Service Proceeds	0	0	30,000,000	25,000,000	0	0	25,000,000
Other Revenue	329,920	1,855	0	0	0	0	0
Total Revenue	59,382,978	76,216,122	86,214,027	114,712,983	79,498,624	71,940,811	91,431,533
Total Resources	92,494,597	97,651,864	109,703,728	156,344,700	118,855,889	98,263,518	113,056,370
Expenditures							
Capital Outlay	71,058,854	74,162,163	68,072,011	116,987,435	92,533,183	76,638,680	72,689,836
Other Expenditures	0	0	0	0	0	0	0
Total Expenditures	71,058,854	74,162,163	68,072,011	116,987,435	92,533,183	76,638,680	72,689,836
Available Ending Balance	21,435,743	23,489,701	41,631,717	39,357,265	26,322,706	21,624,838	40,366,534

Proposed FY 2019 Budget

ATTACHMENT D
RTA Development Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	30,037,486	20,136,261	20,032,763	38,542,036	38,201,759	25,140,049	19,807,810
Revenue							
Debt Service Proceeds	0	0	30,000,000	25,000,000	0	0	25,000,000
Transfer from RTA Capital Fund	6,844,255	9,434,255	8,984,255	12,684,255	10,534,255	13,884,255	12,184,255
Transfer from the Reserve Fund	0	2,000,000	0	0	0	0	0
Investment Income	284,557	582,256	800,000	500,000	700,000	500,000	700,000
Federal Capital Grants	48,455,538	55,274,589	42,082,188	74,117,067	64,426,827	52,937,977	50,280,376
State Capital Grants	0	3,054,730	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658
Other Revenue	329,920	0	0	0	0	0	0
Total Revenue	55,914,270	70,345,830	83,251,101	113,685,980	77,045,740	68,706,890	89,549,289
Total Resources	85,951,756	90,482,091	103,283,864	152,228,016	115,247,500	93,846,938	109,357,099
Expenditures							
Capital Outlay	65,815,495	70,449,328	64,741,828	114,026,257	90,107,451	74,039,128	70,322,204
Other Expenditures	0	0	0	0	0	0	0
Total Expenditures	65,815,495	70,449,328	64,741,828	114,026,257	90,107,451	74,039,128	70,322,204
Ending Balance	20,136,261	20,032,763	38,542,036	38,201,759	25,140,049	19,807,810	39,034,895

ATTACHMENT E
RTA Capital Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	3,074,133	1,299,482	3,456,938	3,089,681	1,155,506	1,182,658	1,817,027
Revenue							
Transfer from General Fund	10,271,331	15,259,919	11,887,181	13,646,258	12,922,138	17,053,177	14,001,499
Investment Income	41,632	42,773	60,000	65,000	65,000	65,000	65,000
Other Revenue	0	1,855	0	0	0	0	0
Total Revenue	10,312,963	15,304,547	11,947,181	13,711,258	12,987,138	17,118,177	14,066,499
Total Resources	13,387,096	16,604,028	15,404,119	16,800,939	14,142,645	18,300,834	15,883,526
Expenditures							
Asset Maintenance	2,322,492	1,757,952	1,405,000	1,680,672	1,386,224	1,399,664	1,383,144
Routine Capital	2,920,867	1,954,883	1,925,183	1,280,506	1,039,508	1,199,888	984,488
Other Expenditures	0	0	0	0	0	0	0
Transfer to RTA Development Fund	6,844,255	9,434,255	8,984,255	12,684,255	10,534,255	13,884,255	12,184,255
Total Expenditures	12,087,614	13,147,090	12,314,438	15,645,433	12,959,987	16,483,807	14,551,887
Ending Balance	1,299,482	3,456,938	3,089,681	1,155,506	1,182,658	1,817,027	1,331,639

ATTACHMENT F
Bond Retirement Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	2,112,464	2,299,936	2,793,241	2,267,114	1,969,557	2,163,380	2,095,708
Revenue							
Transfer from General Fund	17,045,783	17,292,285	15,228,052	16,088,991	18,321,569	15,685,774	17,563,765
Investment Income	58,691	116,759	130,000	135,000	135,000	135,000	135,000
Other Revenue	0	4,197	0	0	0	0	0
Total Revenue	17,104,474	17,413,241	15,358,052	16,223,991	18,456,569	15,820,774	17,698,765
Reconciling Journal Entry	0	0	0	0	0	0	0
Total Resources	19,216,938	19,713,177	18,151,293	18,491,105	20,426,126	17,984,154	19,794,473
Expenditures							
Debt Service							
Principal	11,615,000	11,945,000	10,405,589	10,902,562	12,317,122	10,539,207	11,878,919
Interest	5,302,002	4,974,936	5,477,090	5,617,486	5,944,124	5,347,739	5,840,821
Other Expenditures	0	0	1,500	1,500	1,500	1,500	1,500
Total Expenditures	16,917,002	16,919,936	15,884,179	16,521,548	18,262,746	15,888,446	17,721,240
Ending Balance	2,299,936	2,793,241	2,267,114	1,969,557	2,163,380	2,095,708	2,073,233

ATTACHMENT G
Insurance Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	5,263,076	6,074,641	9,289,758	5,065,758	5,096,758	5,012,758	5,041,758
Revenue							
Investment Income	59,172	94,597	90,000	35,000	35,000	35,000	35,000
Transfer from General Fund	2,400,000	7,250,000	2,700,000	2,800,000	2,100,000	2,200,000	2,200,000
Total Revenue	2,459,172	7,344,597	2,790,000	2,835,000	2,135,000	2,235,000	2,235,000
Total Resources	7,722,248	13,419,238	12,079,758	7,900,758	7,231,758	7,247,758	7,276,758
Expenditures							
Claims and Premium Outlay	1,647,607	4,129,480	7,014,000	2,804,000	2,219,000	2,206,000	2,219,000
Other Expenditures	0	0	0	0	0	0	0
Total Expenditures	1,647,607	4,129,480	7,014,000	2,804,000	2,219,000	2,206,000	2,219,000
Ending Balance	6,074,641	9,289,758	5,065,758	5,096,758	5,012,758	5,041,758	5,057,758

ATTACHMENT H
Supplemental Pension Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	1,311,956	1,333,767	1,351,071	1,355,071	1,359,071	1,365,071	1,371,071
Revenue							
Investment Income	10,588	16,169	14,000	14,000	14,000	14,000	14,000
Transfer from General Fund	75,000	60,000	50,000	50,000	50,000	50,000	50,000
Total Revenue	85,588	76,169	64,000	64,000	64,000	64,000	64,000
Total Resources	1,397,544	1,409,936	1,415,071	1,419,071	1,423,071	1,429,071	1,435,071
Expenditures							
Benefit Payments	63,777	58,865	60,000	60,000	58,000	58,000	55,000
Other Expenditures	0	0	0	0	0	0	0
Total Expenditures	63,777	58,865	60,000	60,000	58,000	58,000	55,000
Reconciling Journal Entry	0	0	0	0	0	0	0
Ending Balance	1,333,767	1,351,071	1,355,071	1,359,071	1,365,071	1,371,071	1,380,071

ATTACHMENT I
Law Enforcement Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	109,110	26,958	30,289	52,089	74,089	96,089	118,089
Revenue							
Law Enforcement Revenue	95,945	20,000	20,000	20,000	20,000	20,000	20,000
Law Enforcement Training Revenue	27,500	0	0	0	0	0	0
Investment Income	815	1,232	1,800	2,000	2,000	2,000	2,000
Other Revenue	0	60,178	0	0	0	0	0
Total Revenue	124,260	81,410	21,800	22,000	22,000	22,000	22,000
Total Resources	233,370	108,368	52,089	74,089	96,089	118,089	140,089
Expenditures							
Capital & Related Items	146,582	78,079	0	0	0	0	0
Training	59,830	0	0	0	0	0	0
Total Expenditures	206,412	78,079	0	0	0	0	0
Reconciling Journal Entry	0	0	0	0	0	0	0
Ending Balance	26,958	30,289	52,089	74,089	96,089	118,089	140,089

ATTACHMENT J
Reserve Fund Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	0	17,624,278	27,750,353	30,165,412	30,069,027	36,572,642	43,201,257
Revenue							
Investment Income	69,356	398,819	450,000	475,000	625,000	750,000	900,000
Transfer from GF for Compensated Absences	1,900,000	944,484	690,000	0	0	0	0
Transfer from GF for Fuel	2,454,922	0	0	0	0	0	0
Transfer from GF for Hospitalization	1,800,000	729,330	0	0	0	0	0
Transfer from GF for Rolling Stock Reserve	10,000,000	5,000,000	0	0	5,000,000	5,000,000	5,000,000
Transfer from GF for 27th Pay	1,400,000	694,848	1,275,059	878,615	878,615	878,615	878,615
Other Revenue	0	4,358,594	0	0	0	0	0
Total Revenue	17,624,278	12,126,075	2,415,059	1,353,615	6,503,615	6,628,615	6,778,615
Total Resources	17,624,278	29,750,353	30,165,412	31,519,027	36,572,642	43,201,257	49,979,872
Expenditures							
Transfer to General Fund (Compensated Absences)	0	0	0	0	0	0	0
Transfer to General Fund (Fuel)	0	0	0	0	0	0	0
Transfer to General Fund (Hospitalization)	0	0	0	0	0	0	0
Transfer to RTA Development Fund (Rolling Stock)	0	2,000,000	0	0	0	0	0
Transfer to General Fund (27th Pay)	0	0	0	1,450,000	0	0	0
Total Expenditures	0	2,000,000	0	1,450,000	0	0	0
Ending Balance	17,624,278	27,750,353	30,165,412	30,069,027	36,572,642	43,201,257	49,979,872
Rolling Balances							
Compensated Absences	1,900,000	2,844,484	3,534,484	3,534,484	3,534,484	3,534,484	3,534,484
Fuel	2,454,922	2,454,922	2,454,922	2,454,922	2,454,922	2,454,922	2,454,922
Hospitalization	1,800,000	2,529,330	2,529,330	2,529,330	2,529,330	2,529,330	2,529,330
Rolling Stock	10,000,000	17,358,594	17,358,594	17,358,594	22,358,594	27,358,594	32,358,594
27th Pay: Salary: 2020 / Hourly 2025	1,400,000	2,094,848	3,369,907	2,798,522	3,677,137	4,555,752	5,434,367

Proposed FY 2019 Budget

ATTACHMENT L
All Funds Balance Analysis

	2017 Actual	2018 Estimate	2019 Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	75,233,039	83,664,721	99,756,458	106,967,598	95,850,340	77,132,372	68,141,173
Revenue							
Passenger Fares	45,436,326	45,945,755	46,497,104	46,264,619	46,033,296	45,803,129	45,574,114
Sales & Use Tax	213,718,145	201,283,110	204,302,357	207,366,892	210,477,395	213,634,556	216,839,075
Federal	48,455,538	55,274,589	42,082,188	74,117,067	64,426,827	52,937,977	50,280,376
State	10,034,083	21,965,899	2,024,658	2,024,658	2,024,658	2,024,658	2,024,658
Investment Income	784,827	1,954,660	2,145,800	1,626,000	1,676,000	1,571,000	1,901,000
Other Revenue	27,615,352	30,854,824	25,707,000	25,725,000	25,792,000	25,859,000	25,859,000
Debt Service Proceeds	0	0	30,000,000	25,000,000	0	0	25,000,000
Total Revenue	346,044,271	357,278,837	352,759,107	382,124,236	350,430,177	341,830,320	367,478,223
Total Resources	421,277,310	440,943,558	452,515,565	489,091,834	446,280,517	418,962,692	435,619,395
Expenditures							
Personnel Services	187,067,570	187,303,763	192,437,918	193,994,216	192,976,569	193,002,461	193,234,268
Diesel Fuel	6,535,532	4,486,129	4,550,000	4,413,500	4,281,095	4,152,662	4,028,082
Natural Gas	1,874,683	1,909,642	1,962,000	1,963,089	1,964,179	1,965,269	1,966,361
Other Expenditures	54,158,948	56,405,467	62,643,358	59,363,206	59,131,873	59,175,501	59,451,816
Capital Outlay	71,058,854	74,162,163	68,072,011	116,987,435	92,533,183	76,638,680	72,689,836
Debt Service	16,917,002	16,919,936	15,882,679	16,520,048	18,261,246	15,886,946	17,719,740
Total Expenditures	337,612,589	341,187,100	345,547,966	393,241,494	369,148,145	350,821,519	349,090,104
Available Ending Balance	83,664,721	99,756,458	106,967,598	95,850,340	77,132,372	68,141,173	86,529,291

