2009 TRANSMITTAL LETTER

To: George F. Dixon III, President, and Members, Board of Trustees

Date: November 11, 2008

From: Joseph A. Calabrese, CEO General Manager / Secretary-Treasurer

Subject: 2009 Transmittal Letter

EXECUTIVE SUMMARY

On a macro level, 2008 highlighted the significant economic impact RTA has on the Northeast Ohio region, and on a micro level, RTA's impact on the quality of life of its many customers. The event of the year, if not the decade, was the October 24th on-time and on-budget opening of the Euclid Corridor HealthLine. This project, which was a high community priority for years, will not only improve service for many RTA customers, but will also serve as a catalyst of economic renewal for the region. Prior to opening, The Cleveland Plain Dealer has reported that this $200 million project has already resulted in $4.3 billion of related development.

Along with the industry as a whole, RTA found itself in a "Perfect Storm" between higher costs for diesel fuel negatively impacting the quantity of services that we could provide, and at the same time, a record demand for services fueled by the same increase in fuel prices. Being financially responsible, RTA held public hearings over the summer to discuss significant service cuts, and a possible 50-cent fuel surcharge. The public reaction was momentous, with thousands communicating to us and to elected officials, the critical importance of what RTA does every day. As a result, Governor Strickland used his influence to re-allocate over $20 million of statewide funds to help each of the 59 transit systems to, at least on a short-term basis, weather this storm.

RTA was again highly recognized on a local, national, and international level. Locally, RTA was presented with the Ruth Ratner Economic Development Award; on a National level, RTA was honored by the Transportation Security Administration (TSA) as their Carrier Of The Year; and Internationally, Joe Calabrese was recognized by APTA as the Outstanding Transit Manager in North America.

Although these accomplishments allow us to approach 2009 with a great deal of confidence in our ability to provide first-class services to our customers, economic realities beyond our control once again cause us serious concern. A financial mismatch between revenues and expenses, which began impacting RTA in 2001, has not only continued, but has widened. This imbalance, caused primarily by sales and use tax receipts not keeping pace with inflation, is projected to continue for some length of time.

However, there may be some light at the end of the tunnel with respect to funding from the State of Ohio. After several years of continuous decline in funding under the previous administration, Governor Strickland not only provided emergency funding for transit in 2008, albeit on a one-time basis, but he also established a statewide taskforce to study the need to re-focus statewide transportation priorities and funding, with a much higher priority being given to public transportation. It is critical to our continued ability to provide needed services to our growing base of customers, that transit friendly policies, along with a dedicated funding plan, are contained in the upcoming State budget.

RTA has been able to mitigate a portion of this mismatch through overhead reductions and operational efficiencies. In 2009, the continued increases in fuel prices and weak sales tax performance will create real exposure and challenges. These financial realities will impact the amount of service RTA can provide to the public.

This budget is very unusual for RTA. It anticipates the further reduction in overhead positions, the enactment of the additional 25-cent fuel surcharge, already approved by the Board of Trustees, and a significant reduction in service in September 2009 if additional funding, from a yet to be identified source, is not realized. What is certain is that these service cuts, as well as an increase in fares, will be devastating to many of our customers and to the region.

In recent years, RTA has been the most recognized transit system in the nation. One factor is our demonstrated strategy of sound financial management. We feel that this budget, which is far from ideal, matches our service and fare levels with current revenue realities and continues that strategy.

The Board of Trustees' first review of the 2009 Operating and Capital Budget takes place at the Finance Committee meeting on November 11, 2008. The committee will deliberate issues in the operating and capital budget requests at subsequent meetings on November 18 and December 2, 2008. At the Board meeting on December 16, 2008, the Finance Committee will present its recommendations to the full Board of Trustees for adoption of the final 2009 Operating and Capital Budgets. The 2009 Budget is expected to be approved on this date.

Resources are included to fund rail, bus, and paratransit services and continue rehabilitation and maintenance of equipment and facilities. In preparing the 2009 request, staff developed Fund Balance Analysis statements for each major fund group, which summarize financial activity and the resulting ending balances. The Finance Committee will review major revenue & expenditure assumptions and trends, financial policy indicators, service & employment levels, strategic and other program initiatives, and capital projects included in the 2009 – 2013 Capital Improvement Plan (CIP).

The 2009 appropriation for Operating Expenditures totals $246,514,436. This is a 1.9% increase over the current estimate of 2008 expenditures. It includes $179,181,633 for Personnel Services, providing salary, overtime, and fringe benefit resources needed to fund 2,577 positions. The authorized employment level for 2009 represents a decrease of 116 positions from the 2,693 in the original 2008 budget.

For 2009, the Capital Budget totals $64,433,050 for equipment and projects improving, replacing, or upgrading facilities and services. This amount consists of includes grant-supported and locally funded projects of which $3,055,100, or 4.7%, is for RTA Capital and $61,377,950, or 95.3%, is for RTA Development projects. The amount dedicated to capital projects for 2009 is slightly less than the 2008 budget. A few new projects were added to the five-year capital plan this year while other projects were again deferred and pushed back to future years. The five-year capital plan was reduced from $433,706,312 for 2008-2012 to $420,858,270 for 2009-2013.

Capital financing and the balance between the capital program and operating costs continue to be a major challenge for the Authority. Recent Capital Budgets addressed this issue through the deferral and reduction of some projects. The 2008 Budget reduced planned expenditures for that year by 45% and reduced the overall five-year plan by nearly 12%. The 2009 Capital budget, at a slightly lower amount than in 2008, represents a stabilization in the growth of the capital program at a level that is compatible with anticipated funding levels. Debt financing has played a significant role in funding capital projects in the last several years, but no addition al debt will be issued for capital projects for 2009 as the overall requirement for debt is lowered.

The revenue required to support both operating and capital budgets continues to pose difficult fiscal challenges. The shortfall from our largest revenue source, the Sales & Use Tax, has truly highlighted our dependence on this income and its underperformance affects every aspect of our operation. That shortfall limits our ability to provide service, maintain and upgrade our capital plant, and finance these needs.

It is again our diligence in the expenditure area that has resulted in a budget that provides a positive ending balance for 2009. Without the significant efforts toward reducing costs that began in 2000, the budgets for the last several years would have resulted in totally unacceptable negative ending balances. Further, without the fuel surcharge and the service realignment being executed at the end of 2008 and then carried forward in this Budget, 2009 would be negative. Increased funding for transit for the Greater Cleveland area must be received to avoid another service reduction in 2009. If not, this will mark the third consecutive year with service reductions.

Thus, the 2009 Budget is not what we had hoped for, but given the service demands and economic realities, it represents a solid budget; one that allows us to continue to provide high quality and cost-effective public transportation to the Greater Cleveland region.

A STRATEGIC APPROACH TO THE BUDGET

In developing the budget as well as developing our 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.

GCRTA MISSION

RTA enhances the quality of life in Greater Cleveland by providing outstanding, cost-effective public transportation services.

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.

Again, for 2009, our business planning efforts continue to highlight two of the five policy goals as most critical. These are **Customer Focus** and **Improve Financial Health**. In an effort to more effectively transition the strategic planning focus into the 2009 budgeting process, the evaluation of requests and the allocation of funding for 2009 initiatives were linked to the business plan and these two policy goals.

PROGRAM AND PROJECT INITIATIVES

There are two major initiatives for RTA in 2009. The first of is to ensure the efficient operation of all aspects of the Euclid Corridor Transportation Project (ECTP). Construction was completed in the fall of 2008 and the new HealthLine was opened on October 24, 2008. The project was completed two months ahead of schedule and on budget. Operations were smoothly and efficiently implemented. We know there will be challenges over the next six months to ensure our customers receive the full benefit of this new line. We must ensure all of challenges are met. The ECTP was a major project for RTA and will be a tremendous improvement to the fabric of the City of Cleveland and the Region.

The second major point of emphasis is continuing actions to close the ever-widening gap between revenue and expenditures that the authority has prudently managed for the last eight years. TransitStat, a data driven performance management initiative, was implemented early in 2008 with the goal of continuing and further promoting the cultural change of constant improvement and its natural outcome, reductions in expenditures. The first initiative for TransitStat dramatically reduced overtime and produced savings of over $3 million. Other initiatives such as inventory management, attendance, reliability, and operational scorecards are also significantly improving operations and costs. We can continue to manage our resources, as effectively as possible, but without sufficient revenue to sustain operations at a level in line with the needs of the working public in Greater Cleveland, additional service reductions cannot be avoided. The Authority has participated in a nine-month study by the Ohio Transportation Task Force initiated by Governor Strickland. We hope the outcome derived from its report is improved funding for transportation authorities throughout the State of Ohio.

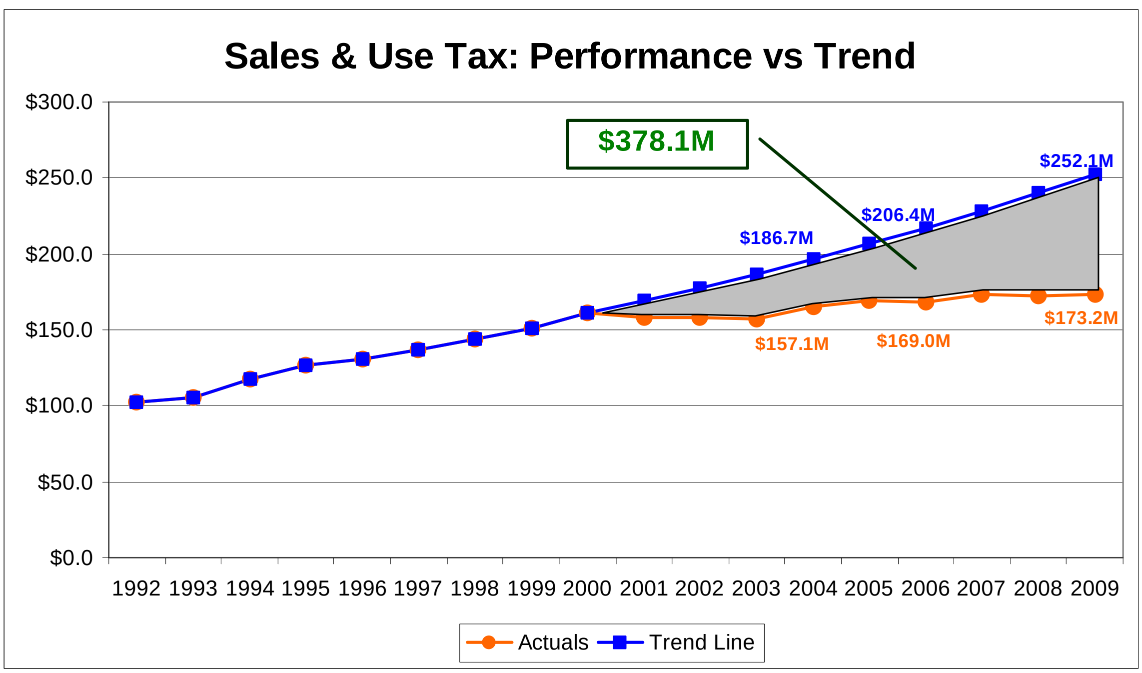
Fare Structure

Diesel fuel prices increased dramatically during the first half of 2008, rising from $2.55/gallon to $4.18/gallon. The Authority purchases 5.5 million gallons of diesel fuel annually. An increase of that magnitude raises costs by $8.1 million annually and significantly stresses the budget. To control the outcome of this volatility, RTA put together a fuel surcharge plan. Public hearings were held on the need for a $0.50 fuel surcharge to be implemented in the fall of 2008 and service cuts that also would be needed to maintain the financial position of the Authority. Over 2,000 Clevelanders attended hearings. The majority stated that maintaining service was critical and they could understand the need for a fuel surcharge but that a $0.25 surcharge would be preferable. Governor Strickland pushed for temporary funding from balances held at Metropolitan Planning Organizations (MPO's). NOACA provided $9.0 million to The Authority to lessen the impact of fuel cost increases from 2008-2009. The Board passed a $0.25 fuel surcharge on October 14, 2008 effective October 27. The Authority minimized the reduction in service required and implemented it on November 9. The funding provided is only temporary. Additional funding will be needed on a long-term basis. If sufficient funding is not provided in the State of Ohio's 2010-2011 Biennial Budget, GCRTA must implement the additional $0.25 fuel surcharge and the remainder of the service cuts that were deferred due to Governor Strickland's actions.

GENERAL FUND

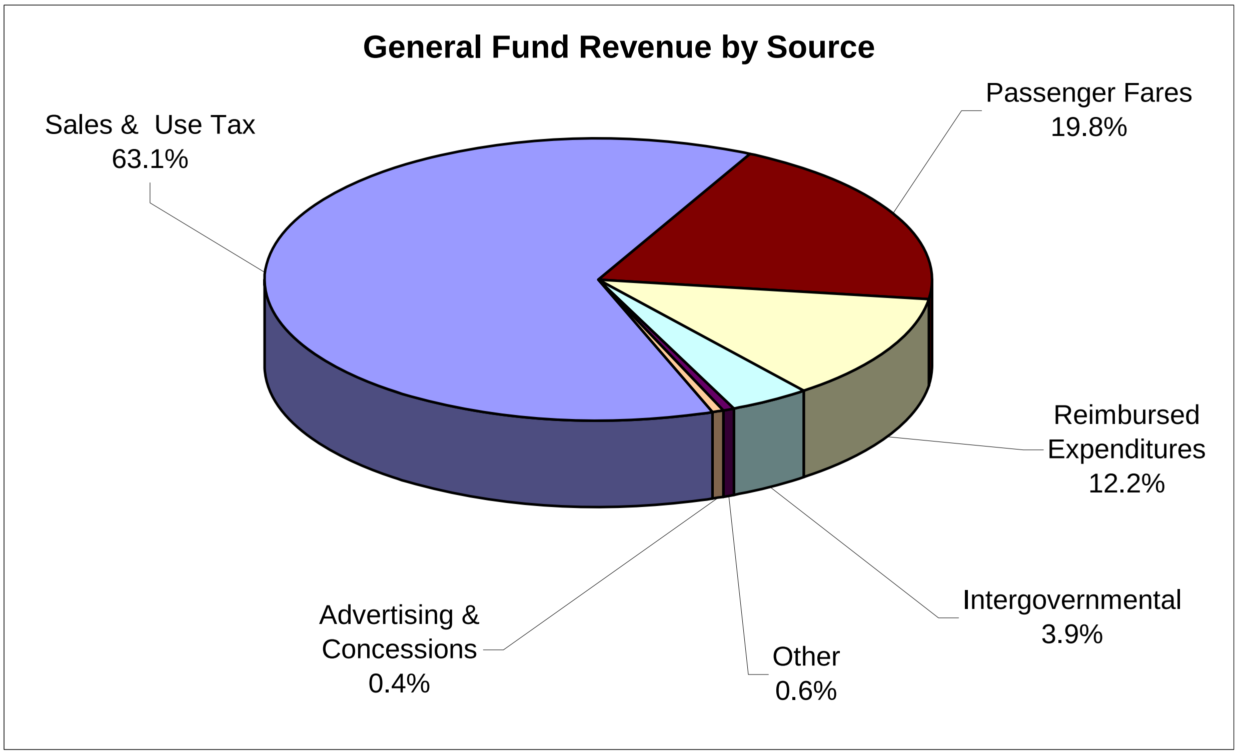
Underperforming Sales & Use Tax

The chart below presents the major issue affecting the Authority and the region. Sales tax growth, from 1992 to 2000, averaged about 5.9% per year, yielding an average increase of nearly $7.4 million. Beginning in 2001, local economic activity and sales tax growth flattened. The average annual growth declined to 0.9%, netting only $2.2 million per year. Consequently, the cumulative loss in potential revenue is estimated at $378.1 million. On the heels of the 2008 financial and economic crisis, sales tax revenue is projected to remain stagnant for the foreseeable future. Moreover, recent economic reports suggest that the 2008 third and fourth quarter (holiday season), will show depressed consumer activity in all major categories. For the Authority, this crystallizes our commitment to remain diligent in our cost reduction activities, as it is highly likely that we will need to prepare for a 1% reduction in sales tax.



The General Fund Balance Analysis, included as Attachment A, presents the 2009 Operating Budget in summary. The highlights are as follows:

Revenue



The current 2008 estimate projects $263.0 million in General Fund revenue and total resources of $277.0 million. The 2009 Budget projects total resources at $282.1 million. As a result of unprecedented fuel cost increases, The Authority will utilize the 2008 fund balance to cover expenditures that have outpaced revenue. This will result in a 2009 beginning budget balance that is $6.6M lower than 2008.

<u>Passenger Fares</u> **$54.4 Million**

Rationale:

The 2009 Tax Budget established the need for a $0.50 base fare fuel surcharge, which the Authority implemented on October 27th. The State of Ohio approved a one-time funding relief package that allowed the Authority to only implement half ($0.25) now and defer the other half. If future State funding is not forthcoming, the Authority will need to implement the second half of the fuel surcharge in September 2009, which is included in this projection.

Passenger fare revenue is expected to increase by $5.6 million. The fuel surcharge implemented in October 2008 is projected to result in an additional $4.8 million and the increased revenue from the September implementation is expected to generate $0.8 million. The core passenger fare revenue (passenger fares less student ticket and U-PASS revenue) is expected to increase 10% with each $0.25 base fare increase. This result has proven consistent with actual experience from the last two $0.25 base fare increases. The year-to-date (through September 2008) core passenger fare increase is nearly 9.0%.

Ridership through September 2008 is 1.1% above the same period in 2007. This increase was aided by record gasoline prices, which compelled individuals to use public transportation. The current estimate suggests that the Authority will hold the current 1.1% increase in ridership; thus, ending the year with approximately 57.9 million riders.

As is the case with most goods and services, public transportation has an elasticity of demand function. Therefore, price increases will result in decreased demand. With the implementation of the October fuel surcharge and the November service modifications, staff is projecting a two percent ridership reduction over the 2008 estimate. This will bring 2009 projected ridership to 56.8 million.

Sales Tax Revenue **$173.2 Million**

Rationale:

Increasing unemployment in the region, the national economic crisis, and credit crunch further exacerbates economic constraints. These negative trends are acute in the Northeast Ohio Region, as the region is a leader in property foreclosure and poverty rates. Moreover, the region continues to shrink in population and unemployment rates continue to increase. In addition, National City Bank, a major employer in Cleveland, has been sold and cutbacks in personnel are likely. Because of these facts, another year of limited growth is expected.

The current 2008 RTA projection anticipates a gradual erosion of the sales tax gains during the third quarter of the year. Retail sales reports from the first six months suggest that consumer spending was lower than previous expectations. Auto dealers also report sluggish sales. Moreover, requests for home equity loans are on the decline and the residential mortgage market is extremely depressed.

In the 2009 Tax Budget, we projected a minimal increase of 0.7% above the 2008 estimate to $173.2 million. The Northeast Ohio economic fundamentals indicate minimal growth in sales tax receipts for the near future. Because of these ongoing factors, projections may need to be revised downward as were done in 2008. We will continuously monitor this situation and prepare for a possible decline in Sales

Tax revenue of 1%, which would be a $1.7 million decline from 2008.

Advertising and Concessions **$1.2 Million**

Advertising Contract	**$925K**
HealthLine (net)	**$175K**
Other	**$125K**
Total	**$1.2M**

Rationale:

The 2009 Budget Advertising and Concessions Category consists of three subcategories. The first is the current advertising contract. Due to 2008 fleet reductions, the advertising contract's annual guarantee was lowered from $1,000,000 to $925,000 per year. The second is the HealthLine naming rights contract that will net the Authority $175,000 in 2009. The other subcategory is composed of various concession and vending arrangements and is expected to generate $125,000 in the upcoming year.

Intergovernmental **$10.7 Million**

Temporary State Funding	**$7.2M**
Elderly and Disabled Fare Assistance	**$2.1 M**
Access to Jobs Revenue (JARC)	**$1.2 M**
Federal Operating Asst-Paratransit Same Day	**$240K**
Total	**$10.7 M**

Rationale:

Governor Strickland led the way for temporary emergency funding for Ohio Transit Agencies with balances held in MPO's. As a result, NOACA (our regional MPO), made $9.0 million available to GCRTA to lessen the impact of fuel cost increases from 2008-2009. We currently estimate $7.2 million, or 80%, of this amount can be used to mitigate operating expenses. We are working with ODOT to make this 100% and generate an additional $1.8 million in revenue.

In 2008, the Authority received $2.1 million from the State of Ohio for elderly and disabled fare assistance. GCRTA expects to receive $2.1 million in 2009 and future years.

Job Access and Reverse Commute (JARC) helps GCRTA provide vanpool and reverse commute services consistent with Welfare to Work initiatives. The funds from this source have been severely sporadic over the past few years. Recent actions by the Northeast Ohio Area Coordinating Agency (NOACA) have released Federal funds. Originally, $2.0 million of Federal funds were to be used for back-billing from 2006-2007. Due to the constraints in the type of Federal funding that was made available, these funds will not be able to be used for the back-billing. We will spend $500,000 of these funds in 2008, with the remaining balances to be uses in 2009 and 2010, at approximately $1.2 million-$1.4 million per year. An additional $700,000 from Federal funds and $700,000 from ODOT will be received in 2009 and 2010, respectively, totaling $1.4 million in revenue over that time period.

The Federal Operating Assistance-Paratransit Same Day Grant (New Freedom Program) is for the support of Operating funds for same-day Paratransit services for individuals with disabilities who cannot use GCRTA services. This supplemental service would be provided through an accessible taxi service or other contractor, and is anticipated to reimburse the operating fund in 2009 by $240,000.

Other Revenue **$1.2 Million**

This revenue category consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. These varied sources historically generate approximately $1.0 million. The 2008 projection and 2009 budget include Compressed Natural Gas (CNG) rebates.

Interest Income **$391K**

The 2009 General Fund Cash balance available is projected to average nearly $13.1 million. The 2009 interest rate on investments is projected to range from 1% to 2.25%. As a result of lower fund balances and lower investment rates, the 2009 revenue from this source is projected at $390,655. This is a decrease of slightly more than $260,000 when compared to the 2008 estimate.

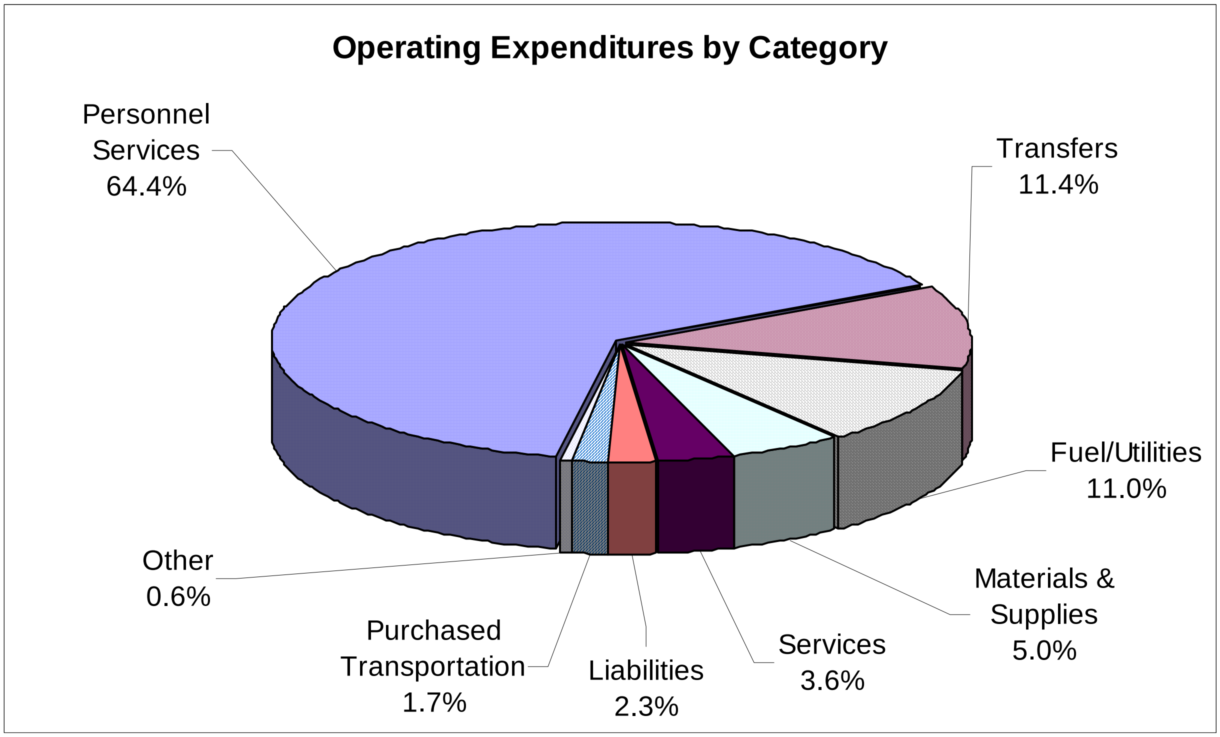
Reimbursed Expenditures **$33.4 Million**

Rationale:

Capitalized Operating Assistance	**$28.7M**
Fuel Tax Reimbursement	**$1.0M**
Force Account Labor & Material	**$3.7M**
Total	**$33.4M**

This category primarily is composed of capitalized operating assistance, fuel tax reimbursements, grant labor, and material reimbursements. In 2008, this category will amount to $36.0 million in revenue. The 2009 estimate for this source is $2.6 million lower than 2008 due to the completion of the Euclid Corridor Transportation Project, which had been the largest grant labor reimbursement project. The Fuel Tax Reimbursement is estimated to be $0.5 million less than 2008, as fuel use will reduce due to the service reductions.

Expenditures



The Operating Expenditures for 2009 include the appropriation and changes described below. As with revenue, costs are estimated not only for the 2009 Budget Year, but also for the subsequent two years. The Fund Balance Analysis projections include those out-years to demonstrate the longer-term impacts of various items contained in the 2009 Budget (collective bargaining agreements, service changes, requirements of the Capital Improvement Plan, etc.).

The chart on page TL – 14 summarizes the budgeted increases/reductions in expenditures for 2009. The chart highlights the ardent effort by management to align the Authority's expenditures with the projected revenue. As a result, it was necessary for the Authority to implement a service reduction in November 2008, which is annualized in 2009 resulting in $5.0 million of cost reductions. Moreover, the 2009 budget includes the deferred service cut, which will be implemented should the State of Ohio not increase funding. This cut is scheduled for September 2009 and will reduce 2009 expenditures by $2.0 million.

Compensation Issues include the wage and fringe increases consistent with the collective bargaining agreements with the ATU and FOP, vacancy replenishments, as well as expected cost increases associated with health care and the Ohio Public Employee Retirement System (OPERS). Savings captured in the service reduction and cost reduction sections below reduces the amounts in the wage and salary and fringe benefits subsections. Wage and salary increases are expected to cost an additional $6.2 million; $2.5 million is attributable to negotiated union increases. Fringe benefits, led by projected healthcare increases are expected to increase by $4.3 million. Two non-routine items stress the 2009 Budget. First, this budget includes a thirteenth OPERS payment. Second, the budget includes a twenty-seventh payroll for all salaried employees, which is due to the fact that the first payroll of 2010 falls on a holiday. This requires RTA to capture that payroll cost in the previous year, 2009. The thirteenth OPERS payment will cost $1.4 million and the twenty-seventh payroll will cost $1.3 million. In total, compensation issues increase the budget by $13.7 million. Again, note that this base increase is reduced by cost reduction efforts below.

Fuel/Utilities result in a decrease of $2.2 million. The market volatility and strain that has been experienced by transportation companies throughout the country have equally affected this Authority. The unprecedented increases in fuel costs for 2008 are well documented. At RTA, the effects were nearly crippling. Since January 2008, the daily purchase price for diesel fuel has ranged from a low of $2.55 per gallon to a high of $4.18 per gallon. The price per gallon in May and June averaged $3.86 and $3.88, respectively, and ranged from $3.46 per gallon on May 1st to a peak of $4.18 per gallon on May 23rd. To mitigate the financial risk associated with the market, the Authority awarded firm-fixed-price contracts of $4.16 per gallon for the third quarter and $3.28 for the fourth quarter. The resulting 2008 average diesel price per gallon will be $3.54, which is $0.84 or 31.1% more than budget.

In recent months, the prices of oil and home heating oil futures (diesel fuel correlate) have declined precipitously. In order to protect the Authority from the market's volatility and the resulting uncertainty, management again sought competitive bids for 2009 firm fixed priced diesel fuel delivery. The successful bidder will deliver 2009 diesel fuel for $3.17, which is $0.37 or 10.0% lower than 2008. The net adjustment for other fuel and utilities categories is expected to decrease by $83,521.

Service Support results in a $1.1 million increase. The category is led by the cost associated with the annualizing of the fare enforcement activities to support proof-of-payment on the HealthLine and Redline. In addition, $91,477 is added to the 2009 budget to provide two additional station cleaners and one additional service monitor.

Service Opportunities result in a projected increase of $615,799. The current financial environment does not allow for broad service increases. However, the commitment to our Paratransit ADA program is illustrated by this increase in service. The Paratransit service expansion will be provided through a contractual service.

Other Operating Cost Adjustments include various contract, service, material, and liabilities and claim increases.

Cost Reduction Measures result in a decrease of $3.0 million. The 2009 Tax Budget identified a $20.2 million budget shortfall. Recognizing the 2009 revenue and expense challenges, management created plans for an administrative Reduction In Force (RIF). The RIF process identified 29 positions to be eliminated from the 2009 Budget, resulting in a savings of $1.7 million. Second, the adoption of proof-of-payment on the Red Line will create a reduction of 24 Station Attendants, saving $1.0 million. Lastly, management instituted a salaried employee pay freeze, which will save $280,000.

Service Reductions resulting in $7.1 million in savings for 2009 were also needed. Presented below are annualized savings from the November 2008 service reduction, as well as, savings projected for the September 2009 reduction, which was deferred due to temporary funding relief from the State of Ohio. The September service reduction will need to be implemented if the State of Ohio does not allocate recurring public transit funding. The service reductions include savings in operator labor, vehicle maintenance labor, compressed natural gas (CNG), diesel fuel, and inventory parts.

AREAS OF EXPENDITURE GROWTH
2009 BUDGET

2008 Projected Operating Expenditures		**$241,856,344**	
Compensation Issues		**$13,710,901**	**5.7%**
Wage & Salary Increases	$6,212,589		
Fringe Benefits	$4,365,141		
OPERS 13th Payment	$1,377,295		
27th Salaried Pay	$1,258,974		
Other Adjustments (net)	$496,902		
Fuel / Utilities		**($2,239,363)**	**-0.9%**
Diesel Fuel	($2,155,842)		
Other Fuel / Utilities Adjustments (net)	($83,521)		
Service Support		**$1,053,166**	**0.4%**
Fare Enforcement (Annualization)	$961,689		
Healthline Related	$91,477		
Service Opportunities		**$615,799**	**0.3%**
ADA Purchased Transportation	$615,799		
Other Operating Cost Adjustments		**$1,562,231**	**0.6%**
Operating Services and Contracts	$900,864		
Operating Material and Supplies	$412,239		
Liabilities and Damages	$224,131		
Other Adjustments (net)	$24,997		
Cost Reduction Measures		**($2,993,915)**	**-1.2%**
Administrative Reduction in Forces Salary	($1,704,783)		
Elimination of 24 Booth Attendants Jan. 2008	($1,009,132)		
Salaried Employees Pay Freeze	($280,000)		
Service Reduction		**($7,050,727)**	**-2.9%**
Operator Labor / Service Efficiencies	($2,494,434)		
Vechicle Maintenance Labor	($1,453,978)		
Compressed Natural Gas (Buses)	($482,012)		
Diesel Fuel	($317,150)		
Inventory Parts	($300,000)		
September 2009 Service Reduction	($2,003,153)		
Expenditure Growth		**$4,658,092**	**1.9%**
2009 Budgeted Operating Expenditures		**$246,514,436**	

Transfer to the Insurance Fund

A transfer from the General Fund of $2.8 million will be needed in 2009 to maintain the Insurance Fund at the established balance of $5.0 million. The 2009 transfer will cover the Insurance Fund's insurance premium and projected claims payouts. Consistent with the recommendation from our Risk Manager, the Insurance Fund will remain at that the $5.0 million level through the two out years, necessitating transfers of $2.3 million from the General Fund in both 2010 and 2011.

Transfer to the Supplemental Pension Fund

The 2009 budget estimates that the Supplemental Pension Fund will need transfers of $100,000 for 2009, 2010, and 2011 in order to accommodate the increase in retirees affecting the Authority's pension liabilities. An updated actuarial study will be completed in the first quarter of 2009, establishing new minimum fund balance, which may affect the two out-years. At this time, the transfer amounts sustain the current fund balance objectives.

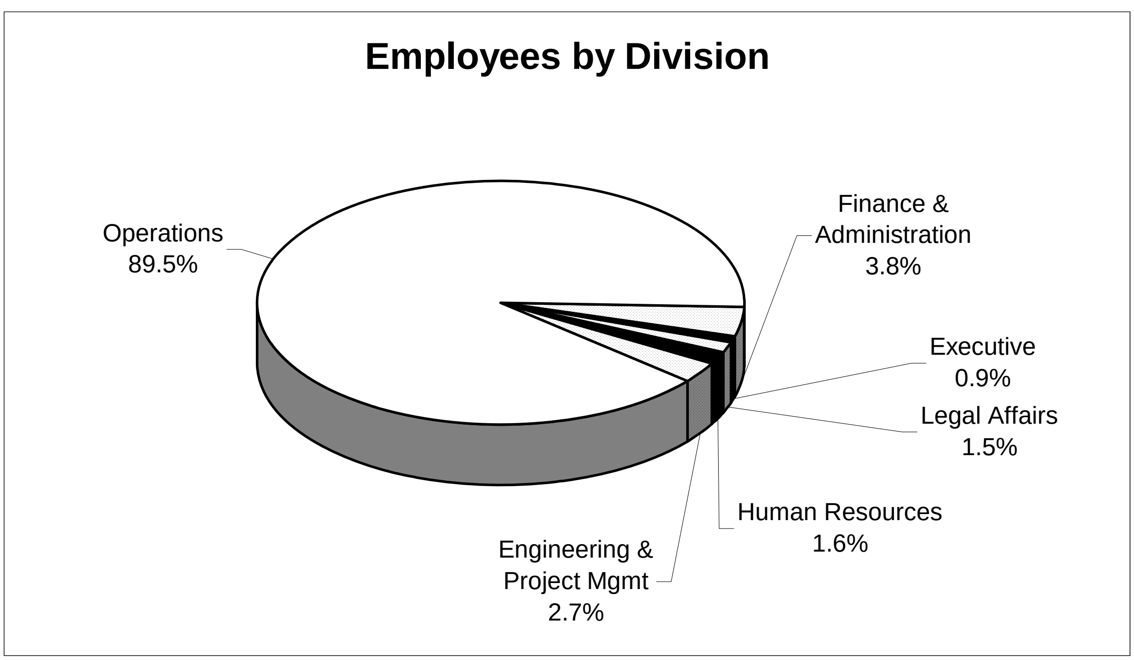
Transfers to Capital

In 2009, Transfers to Capital will total $28.7 million and equal 16.6% of the Sales Tax revenue. This amount includes nearly $17.3 million to be transferred to the Bond Retirement Fund for debt service payments associated with existing debt. An additional $11.3 million will be transferred to the Capital Improvement Fund for payment of 100% locally funded projects and for the match portion of grant-funded projects. With increases in capitalized operating expense reimbursements and dwindling local match fund balance, this transfer has increased sharply over the past two years. In the two out-years, 17.8% and 17.3% of the sales tax needs to be sent to the Capital Fund as the demands of the Capital program increase. This highlights the increasing difficulty created by increased capital needs in a time of constrained revenue.

Employment Level Analysis

In 2009, the mismatch between revenue and expenditure growth necessitated a net reduction of 116 positions. In 2008, the acceleration of increasing fuel prices created a fiscal challenge for GCRTA. The fuel issue has directly impacted our financial realities and employment level.

The chart on the following page summarizes changes in staffing from the 2008 Budget to the level included in the 2009 Budget. The 2009 Budget reflects staffing of 2,577, an overall decrease of 116 positions. Due to the November 2008 service reductions, 39 operator positions have been eliminated. In addition, 22 mechanic positions have been eliminated due to the reduction in service miles and need for service. It should be noted that a 5% administrative reduction, or 29 positions, have been executed to adjust and right-size administrative support to existing budget limitations, and abate upcoming fiscal hardships. The Euclid Corridor Transportation Project reduced staffing level by 9 positions and 24 Station Attendants were eliminated as planned. These reductions must be taken to align with service levels and maintain our fiscal position. A minimal increase had to be added to maintain the new Euclid Corridor project and the new fare collection duties related to the proof-of-payment policy, which will be used on the Red Line and Healthline. Therefore, there will be 2 additional Healthline cleaning/maintenance positions, a Healthline Service Monitor position, and 3 new positions added to lengthen fare enforcement hours for the new fare collection process. In addition, a new position will be created to support the ADA travel training initiative through a federal mobility management grant. The pie chart below demonstrates relative employment levels within each division.



EMPLOYMENT LEVEL CHANGES
2009 BUDGET

2008 Current Budget		**2,693**
Operators		**(39)**
Bus	(15)	
Circulator	(24)	
Euclid Corridor Transportation Project		**(6)**
ECTP Staff	(9)	
HealthLine Cleaning/Maintenance	2	
HealthLine Service Monitor	1	
Service Support		**(42)**
Station Attendants	(24)	
Vehicle Maintenance	(22)	
Fare Enforcement	3	
Travel Trainer	1	
Administrative Reduction in Forces (RIF)		**(29)**
2009 Budgeted Positions		**2,577**
Net Change in Employment Level		**(116)**

SERVICE LEVELS

In these difficult economic times, the Authority is faced with dwindling revenue, particularly from our largest revenue source, the Sales and Use Tax. That shortfall, combined with increasing operating costs, limits our ability to provide service at levels we would like to provide for our customers.

Service Levels	2008	2009	% Change 2008-2009
Service Hours	2,240,081	2,084,147	-7.0%
Service Miles	29,739,235	27,817,100	-6.5%

In recent years, service levels were adjusted to more accurately reflect customer demand. In some cases, this involved service reductions. The budgeted miles and hours include the annualized effect of service changes that were made in November 2008. The changes include route changes for lower utilized bus routes traveling from suburban areas into downtown. These routes will interline with other RTA services at Transit Centers or Rail Stations where customers will transfer to other RTA services to complete their trip. While all circulator routes will be operational in 2009, some of the routes will experience moderate changes. Minor changes will be made on other routes. The frequencies of those routes will be adjusted in off-peak hours. Headway adjustments on select routes are scheduled mostly in off-peak periods when ridership is low. This involves changing the time interval between vehicles moving in the same direction.

The chart on the next page summarizes the change in service levels by mode. The 2009 service levels reflect the temporary funding Governor Strickland and the Northeast Ohio Area-wide Coordinating Agency (NOACA) promised to provide in the latter portion of 2008. However, additional future funding is needed to maintain current service levels. Service for bus and rail are reduced. The reduction in rail reflects a decrease in the number of station attendants due to the implementation of the proof of payment system. Paratransit services are increased to ensure action on our continuing commitment to ADA service and requirements. In 2009, the Authority will continue to benefit from the operating efficiencies resulting from the merging of Maple Heights Transit System and the North Olmsted Municipal Bus Line. Moreover, staff will continue to evaluate the overall transit service to better align customer demand with the service provided.

2009 Budgeted Service Levels By Mode
Compared to 2008 Budgeted Service Levels by Mode

Service Mode	Service Hours 2008 Budget	Service Hours 2009 Budget	Service Hours Variance	Service Hours Percent Variance	Service Miles 2008 Budget	Service Miles 2009 Budget	Service Miles Variance	Service Miles Percent Variance
Rail								
Heavy Rail(Red)*	120,556	77,820	(42,736)	-35.4%	1,706,332	1,691,616	(14,716)	-0.9%
Light Rail(Blue/Green)*	87,480	66,180	(21,300)	-24.3%	808,355	801,384	(6,971)	-0.9%
Total Rail	**208,036**	**144,000**	**(64,036)**	**-30.8%**	**2,514,687**	**2,493,000**	**(21,687)**	**-0.9%**
Bus								
RTA	1,730,368	1,609,233	(121,135)	-7.0%	22,607,393	20,388,534	(2,218,859)	-9.8%
Van Pool	31,000	28,000	(3,000)	-9.7%	640,000	520,000	(120,000)	-18.8%
Total Bus	**1,761,368**	**1,637,233**	**(124,135)**	**-7.0%**	**23,247,393**	**20,908,534**	**(2,338,859)**	**-10.1%**
Paratransit								
In-House	196,608	227,791	31,183	15.9%	2,850,456	3,320,506	470,050	16.5%
Contract	74,069	75,123	1,054	1.4%	1,126,699	1,095,060	(31,639)	-2.8%
Total Paratransit	**270,677**	**302,914**	**32,237**	**11.9%**	**3,977,155**	**4,415,566**	**438,411**	**11.0%**
Grand Totals	**2,240,081**	**2,084,147**	**(155,934)**	**-7.0%**	**29,739,235**	**27,817,100**	**(1,922,135)**	**-6.5%**

* 2009 reflects a reduction in the number of Station Attendants due to proof of payment.

POLICY COMPLIANCE

The discussion in this section focuses on the financial status of GCRTA as it relates to the Authority's basic adopted financial policies. These policies represent trends or indicators that should be analyzed as they relate to long-range financial implications for the organization.

The financial policies or trends, as outlined in Attachment B, are applied to the following areas:

For 2009, Operating Revenues will account for 23.1% of total operating expenses. Though less than the **Operating Ratio** policy goal of 25%, it continues an upward trend in this measure over the last two years. The improvement in this measure is partly due to the fare increase from 2006 and 2008. The remainder is the fuel surcharge put into effect in October 2008 and the additional amount that could go into effect in September 2009 if adequate additional funding is not forthcoming.

Its companion indicator**, Fare Subsidy (Net Cost) Per Passenger** at $3.32, will also fall short of the policy goal. These two indicators continue to demonstrate that fare revenue is not covering a sufficient portion of the actual service costs. Though improvement is noted in these measures, they still do not meet policy goals.

Expenditures

This budget includes less than a **One-Month Operating Reserve**, or available ending balance, falling well short of the financial goal. The 2009 Operating Reserve will be equivalent to two-tenths of one month's operating reserve in comparison to the five-tenths of one month's reserve projected for the end of 2008. The 2008 operating reserve was also two-tenths at the beginning of the year. By managing to an internal target, we again plan to improve this number during the execution of the budget.

The organization will meet its operational needs in the 2009 budget by managing efficiently and effectively and again utilizing reserves if necessary. A reserve is maintained as a safeguard to protect the organization in times of cyclical economic downturns and will be replenished as the economy improves. The cyclic downturn in sales tax has lasted eight years. It is no longer a cycle. It is a new reality. Without the increase in revenues already discussed in this document in 2009 and 2010, growth in transfers to the Insurance Fund and to Capital, when combined with projected increases in operating expenditures, is expected to completely drawdown the reserve and lead to negative fund balances.

The percent of **Overhead Cost to Total Cost** is projected to be 12.7%, well below the maximum of 15%. The **Cost per Hour of Service** at $116.51 increases by more than 10.0%, greater than the expected rate of inflation of 3.0% in 2009, primarily due to higher personnel and fuel costs and a reduction in service. Fuel has increased to 11% of our operating budget and rail utility costs have also increased dramatically.

Debt Structures

The **Debt Service Coverage** ratio, at 1.18 in 2009, will again fall below the minimum goal of 1.50 as a result of increasing debt service requirements in support of the capital program, as well as, a lower fund balance in the General Fund. Unfortunately, this ratio is expected to continue to worsen in 2010 and 2011 due to projected increases in debt service requirements and decreases to the ending balance as it falls to 0.46 and 0.67 respectively.

Capital Outlay

Our goal is also to contribute a minimum of 10% and a maximum of 15% 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. A 16.6% **Contribution to Capital** in 2009, which amounts to $28.7 million, will exceed this goal due to increasing capital and debt service needs. This amount will support RTA Capital projects, provide local match for projects funded by grants, and fund debt service requirements. This contribution to capital is expected to grow to 17.8% in 2010 and then decrease slightly to 17.3%, both above the maximum range for this measure due, as mentioned before, to meeting the growing capital and debt service needs of the Authority.

The ratio of **Capital Maintenance Outlay to Capital Expansion Outlay,** at 88.1%, is outside of the Board Policy goal of between 33% and 67% for 2009. It increases from the expected level of 80.8% in 2008 due to the completion of Euclid Corridor Transportation Project (ECTP) and as work continues on an increasing number of maintenance projects. This measure is again expected to exceed the goal during 2010 with a ratio of 97.5% and in 2011 with 92.1% as more maintenance projects are prioritized in the upcoming years.

CAPITAL PROGRAM

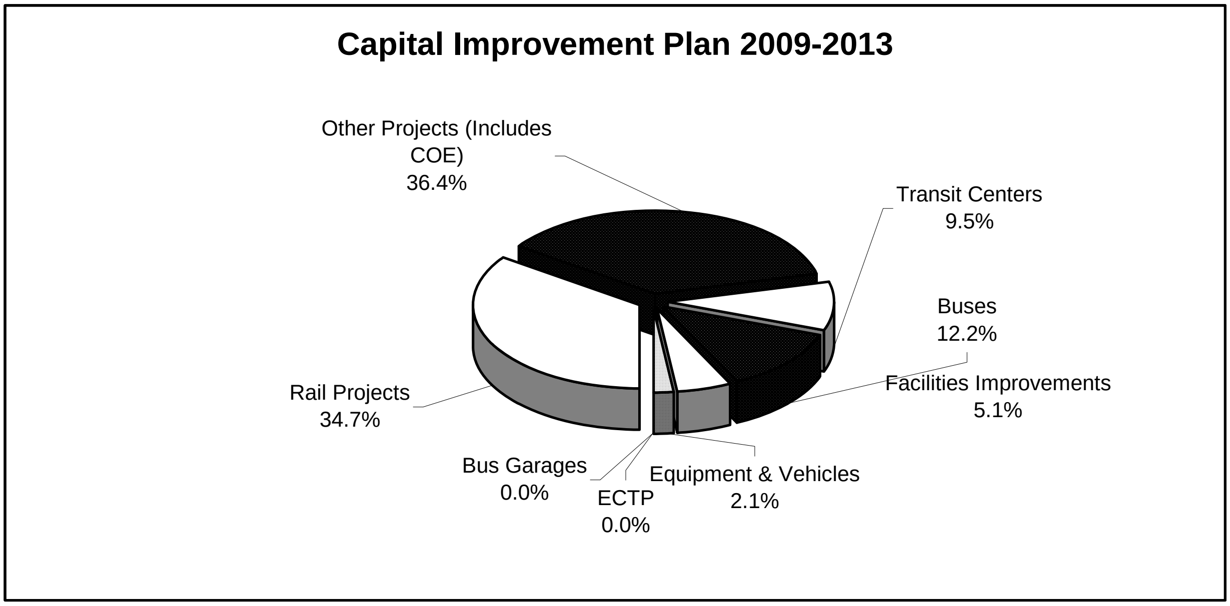
The Capital Improvement Plan (CIP) provides for the purchase, maintenance, and improvement of the Authority's capital assets and covers a period of five years, from 2009 through 2013. Capital assets are properties such as buses, rail cars, facilities, equipment, etc., and the life of these properties extends over a period of years. Capital improvement planning provides a framework for scheduling improvements based on the availability of resources, the condition of assets, and the priorities among projects. The capital-intensive nature of public transportation makes long-term financial planning indispensable.

The first year of the CIP reflects the 2009 Capital Improvement Budget. In 2009, the focus will be on is the rehabilitation of rail stations and the maintenance of existing assets, primarily in rail. In the following four years, the longer-term plans of the organization are outlined. The projected cost of the five-year CIP is $420.9 million. This is a reduction of $12.8 million, or nearly 3.0%, from last year's CIP as the plan continues to be refined to reflect existing financial & operational constraints.

2009-2013 CAPITAL IMPROVEMENT PLAN

PROJECT CATEGORY	2009	2010	2011	2012	2013	TOTAL
Bus Garages	$0	$0	$0	$0	$0	$0
Buses	$2,320,000	$12,676,000	$13,000,000	$13,000,000	$9,640,000	$50,636,000
Bus Rapid Transit	$0	$0	$0	$0	$0	$0
Equipment & Vehicles	$1,897,100	$2,516,000	$1,398,500	$1,464,700	$1,291,000	$8,567,300
Facilities Improvements	$1,990,000	$8,096,500	$4,557,000	$3,309,250	$3,209,250	$21,162,000
Other Projects	$32,200,000	$31,204,850	$30,210,200	$29,215,700	$28,230,250	$151,061,000
Rail Projects	$18,007,250	$38,824,100	$33,366,620	$27,853,300	$32,060,000	$150,111,270
Transit Centers	$8,018,700	$2,627,000	$7,315,000	$4,880,000	$16,480,000	$39,320,700
TOTALS	$64,433,050	$95,944,450	$89,847,320	$79,722,950	$90,910,500	$420,858,270

Capital projects supported by this allocation are categorized into eight areas as shown in the chart displayed below. The larger programs/projects included in the five-year plan are shown below.



Highlights of the larger subcategory items included during 2009-2013 are as follows:

- Capitalized Operating Expenses $133.5 million
- Rail Station Rehabilitation Program $56.6 million
- Bus, Circulator & Paratransit Bus Programs $50.6 million
- Transit Centers & Intermodal Stations $39.3 million
- Rail Power System $31.8 million
- Track Rehabilitation $26.0 million

The total 2009 Capital Improvement Budget is $64.4 million, of which $3.0 million, or 4.7%, is for RTA Capital Fund projects and $61.4 million, or 95.3%, is for RTA Development Fund projects. The two largest projects included in the 2009 Capital Improvement Budget are Capitalized Operating Expenses, at $28.7 million, or 44.6% of the total budgeted for the year, and the Rehabilitation of Rail Stations, at $7.3 million, or 11.3% of the total.

In addition, budget authority is also provided for the following projects scheduled in 2009 and future years:

- The Track Rehabilitation Program at $5.3 million
- Three Intermodal Stations at the Cleveland Museum of Art, University Hospitals and Cleveland Clinic at $5.2 million
- The Heavy Rail Vehicle Overhaul project at $5.2 million
- The Paratransit Improvement Program at $2.3 million will, combined with 2008 Capital Funds, provide fifty-seven Paratransit buses

The 2009 through 2013 Capital Improvement Plan of $420.9 million continues to slow the aggressive infrastructure plan that began nearly a decade ago and focuses on a return to the basics with the rehabilitation and maintenance of existing assets. RTA is demonstrating its commitment to both policy goals of Customer Service and Improving Financial Health by continuing to develop and to refine a more realistic capital program that both meets the Authority's needs as well as its ability to finance it.

CONCLUSION

The 2009 Operating and Capital Budgets represent another difficult year for the Authority. We have constructed a tight budget and will have to manage it well. The second and third quarters were economically troubling for the nation. The failure of money markets requiring the drastic bailout action taken was even more troubling. Unemployment is rising nationally. For Northeast Ohio, the impact has been even greater. This area has never truly recovered from the recession in 2000-2001. Manufacturing has declined, now the banking and insurance industries are also declining. In reaction to these negative forces, the Authority has fashioned a budget to maintain its financial strength. We will do all that is in our power to ensure that our mission of cost effective service delivery is realized.

The concern for our mission is relevant not only for today, but for tomorrow. Additional dedicated sources of revenue must be identified through a newly forged relationship with the State of Ohio. Additional long-term funding is needed to sustain current service levels. If they are not forthcoming by July, the Authority will have no choice but to implement fare increases and service reductions currently in deferral. At the same time, we must thoroughly investigate and implement creative methods to increase our productivity and efficiency to maintain both the quality and level of our service.

The 2009 Budget has been shaped in response to significant economic challenges. Although far from ideal, it has been developed to allow continued service delivery and at the same time position the Authority to meet future challenges.

ATTACHMENT A

General Fund Balance Analysis

Assumptions:							
Passenger Fare Annual Growth =	5.4%	3.3%	7.1%	12.3%	11.5%	2.0%	2.0%
Sales Tax Annual Growth =	2.2%	-0.2%	1.8%	0.2%	0.7%	0.7%	0.7%
Operating Expenses Growth =	1.5%	3.2%	3.2%	3.6%	1.9%	1.6%	4.5%
Capital Contribution =	20,699,560	21,840,207	22,281,814	24,668,950	28,667,898	30,976,358	30,385,266
	12.2%	13.0%	13.0%	14.3%	16.6%	17.8%	17.3%

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**9,649,815**	**16,090,633**	**15,762,335**	**14,047,468**	**7,472,256**	**3,950,327**	**-10,028,450**
Revenue							
Passenger Fares	39,300,036	40,587,880	43,467,204	48,810,546	54,411,601	55,499,833	56,609,830
Advertising & Concessions	1,705,176	1,404,936	1,217,959	1,198,387	1,225,000	1,225,000	1,225,000
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000	174,416,428	175,637,343
Ohio Elderly Fare Assistance	1,750,852	2,999,495	2,246,309	2,089,149	2,089,149	2,089,149	2,089,149
State Funding	0	0	0	0	7,200,000	0	0
Federal Op. Assistance - Paratransit	0	0	0	0	240,000	240,000	0
Access to Jobs Program	1,927,187	890,152	572,647	1,000,000	1,200,000	1,400,000	1,400,000
Investment Income	443,225	862,701	870,024	652,000	390,655	400,000	400,000
Other Revenue	1,067,306	2,672,865	1,193,213	1,200,000	1,200,000	1,200,000	1,200,000
Reimbursed Expenditures	31,398,915	30,636,402	34,201,180	36,000,000	33,400,000	33,400,000	33,400,000
Total Revenue	**246,590,058**	**248,669,803**	**255,430,044**	**262,950,082**	**274,560,405**	**269,870,410**	**271,961,322**
Total Resources	**256,239,873**	**264,760,436**	**271,192,379**	**276,997,550**	**282,032,661**	**273,820,737**	**261,932,872**
Operating Expenditures							
Personnel Services	163,934,412	168,973,550	173,796,848	173,363,045	179,181,633	178,917,082	185,664,594
Diesel Fuel	11,466,037	12,552,157	12,112,507	19,599,092	17,126,100	18,838,710	20,722,581
Other Expenditures	43,949,231	44,776,187	47,653,742	48,894,207	50,206,703	52,717,038	55,352,890
Total Operating Expenditures	219,349,680	226,301,894	233,563,097	241,856,344	246,514,436	250,472,830	261,740,065
Transfer to the Insurance Fund	0	750,000	1,200,000	2,900,000	2,800,000	2,300,000	2,300,000
Transfer to the Pension Fund	100,000	106,000	100,000	100,000	100,000	100,000	100,000
Transfers to Capital							
Bond Retirement Fund	14,073,000	14,700,000	15,456,127	14,718,950	17,327,062	19,258,558	19,142,911
Capital Improvement Fund	6,626,560	6,811,909	5,110,820	3,374,788	7,818,907	0	0
Total Transfers to Capital	20,699,560	21,511,909	20,566,947	18,093,738	25,145,969	19,258,558	19,142,911
Total Expenditures	**240,149,240**	**248,669,803**	**255,430,044**	**262,950,082**	**274,560,405**	**272,131,388**	**283,282,976**
Ending Balance	16,090,633	16,090,633	15,762,335	14,047,468	7,472,256	1,689,349	-21,350,104
Supplemental Transfer to Bond Retirement	0	0	0	0	0	0	0
Supplemental Transfer to Capital Imp.	0	328,298	1,714,867	6,575,212	3,521,929	11,717,800	11,242,355
Available Ending Balance	**16,090,633**	**15,762,335**	**14,047,468**	**7,472,256**	**3,950,327**	**-10,028,450**	**-32,592,459**

Capital Improvement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**38,309,907**	**12,818,403**	**21,432,388**	**23,960,008**	**34,291,248**	**22,913,830**	**39,790,222**
Revenue							
Transfer from General Fund	6,626,560	7,140,207	6,825,687	9,950,000	11,340,836	11,717,800	11,242,355
Investment Income	707,924	1,278,176	940,802	1,842,063	775,000	675,000	675,000
Federal Capital Grants	55,888,368	71,849,886	74,319,702	85,431,813	71,720,952	45,236,244	47,726,409
State Capital Grants	3,177,747	6,011,798	8,532,391	12,789,925	2,637,243	968,147	960,000
Debt Proceeds	0	25,003,289	0	35,472,559	0	25,000,000	0
Capital Lease	0	0	25,000,000	0	0	0	0
Other Revenue	3,000,000	500,000	2,810,906	1,837,731	1,000,000	1,000,000	1,000,000
Total Revenue	**69,400,599**	**111,783,356**	**118,429,488**	**147,324,091**	**87,474,031**	**84,597,191**	**61,603,764**
Total Resources	**107,710,506**	**124,601,759**	**139,861,876**	**171,284,099**	**121,765,279**	**107,511,021**	**101,393,986**
Expenditures							
Capital Outlay	94,521,768	102,057,253	113,391,482	134,879,851	98,151,449	67,020,799	67,868,012
Other Expenditures	335	0	2,000,000	0	0	0	0
Transfer to Bond Retirement Fund	370,000	1,112,118	510,386	2,113,000	700,000	700,000	700,000
Transfer to Insurance Fund	0	0	0	0	0	0	0
Total Expenditures	**94,892,103**	**103,169,371**	**115,901,868**	**136,992,851**	**98,851,449**	**67,720,799**	**68,568,012**
Available Ending Balance	**12,818,403**	**21,432,388**	**23,960,008**	**34,291,248**	**22,913,830**	**39,790,222**	**32,825,974**

ATTACHMENT C

RTA Development Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**34,291,132**	**9,366,610**	**18,533,162**	**22,585,662**	**33,928,361**	**22,760,507**	**39,419,499**
Revenue							
General Obligation Debt Proceeds	0	25,003,289	0	35,472,559	0	25,000,000	0
Transfer from RTA Capital Fund	5,000,000	5,000,000	5,000,000	7,450,000	8,275,400	8,075,400	7,875,400
Investment Income	607,626	1,112,118	844,393	1,777,056	700,000	625,000	625,000
Federal Capital Grants	55,888,368	71,849,886	74,319,702	85,431,813	71,720,952	45,236,244	47,726,409
State Capital Grants	3,177,747	6,011,798	8,532,391	12,789,925	2,637,243	968,147	960,000
Capital Lease	0	0	25,000,000	0	0	0	0
Other Revenue	3,000,000	500,000	2,810,906	1,837,731	1,000,000	1,000,000	1,000,000
Total Revenue	**67,673,741**	**109,477,091**	**116,507,392**	**144,759,084**	**84,333,595**	**80,904,791**	**58,186,809**
Total Resources	**101,964,873**	**118,843,701**	**135,040,554**	**167,344,746**	**118,261,956**	**103,665,298**	**97,606,308**
Expenditures							
Capital Outlay	92,227,928	99,198,421	109,944,506	131,303,385	94,801,449	63,545,799	64,443,012
Other Expenditures	335	0	2,000,000	0	0	0	0
Transfer to Bond Retirement Fund	370,000	1,112,118	510,386	2,113,000	700,000	700,000	700,000
Total Expenditures	**92,598,263**	**100,310,539**	**112,454,892**	**133,416,385**	**95,501,449**	**64,245,799**	**65,143,012**
Ending Balance	**9,366,610**	**18,533,162**	**22,585,662**	**33,928,361**	**22,760,507**	**39,419,499**	**32,463,296**

ATTACHMENT D

RTA Capital Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**4,018,775**	**3,451,793**	**2,899,226**	**1,374,346**	**362,887**	**153,323**	**370,723**
Revenue							
Transfer from General Fund	6,626,560	7,140,207	6,825,687	9,950,000	11,340,836	11,717,800	11,242,355
Investment Income	100,298	166,058	96,409	65,007	75,000	50,000	50,000
Other Revenue	0	0	0	0	0	0	0
Total Revenue	**6,726,858**	**7,306,265**	**6,922,096**	**10,015,007**	**11,415,836**	**11,767,800**	**11,292,355**
Total Resources	**10,745,633**	**10,758,058**	**9,821,322**	**11,389,353**	**11,778,723**	**11,921,123**	**11,663,078**
Expenditures							
Asset Maintenance	1,211,997	1,233,421	1,394,482	1,797,706	1,925,000	1,825,000	1,875,000
Routine Capital	1,081,843	1,625,411	2,052,494	1,778,760	1,425,000	1,650,000	1,550,000
Other Expenditures	0	0	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	5,000,000	5,000,000	7,450,000	8,275,400	8,075,400	7,875,400
Total Expenditures	**7,293,840**	**7,858,832**	**8,446,976**	**11,026,466**	**11,625,400**	**11,550,400**	**11,300,400**
Ending Balance	**3,451,793**	**2,899,226**	**1,374,346**	**362,887**	**153,323**	**370,723**	**362,678**

ATTACHMENT E

Bond Retirement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**1,430,880**	**1,510,792**	**1,764,973**	**1,724,210**	**1,541,456**	**1,582,320**	**1,697,327**
Revenue							
Transfer from General Fund	14,073,000	14,700,000	15,456,127	14,718,950	17,327,062	19,258,558	19,142,911
Transfer from RTA Development Fund	370,000	860,314	510,386	2,113,000	700,000	700,000	700,000
Investment Income	176,606	298,954	271,752	88,263	97,456	125,000	125,000
Other Revenue	0	142,782	2,404	402,785		0	0
Total Revenue	**14,619,606**	**16,002,050**	**16,240,669**	**17,322,998**	**18,124,518**	**20,083,558**	**19,967,911**
Total Resources	**16,050,486**	**17,512,842**	**18,005,642**	**19,047,208**	**19,665,974**	**21,665,878**	**21,665,238**
Expenditures							
Debt Service							
Principal	7,687,196	8,801,619	9,361,533	10,219,525	10,275,037	11,641,013	12,114,746
Interest	6,819,538	6,946,250	6,919,899	7,286,227	7,788,617	8,307,538	7,833,215
Other Expenditures	32,960	0	0	0	20,000	20,000	20,000
Total Expenditures	**14,539,694**	**15,747,869**	**16,281,432**	**17,505,752**	**18,083,654**	**19,968,551**	**19,967,961**
Ending Balance	**1,510,792**	**1,764,973**	**1,724,210**	**1,541,456**	**1,582,320**	**1,697,327**	**1,697,277**

ATTACHMENT F

Insurance Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**5,998,905**	**6,051,880**	**5,167,010**	**5,264,655**	**5,398,268**	**5,133,225**	**5,189,915**
Revenue							
Investment Income	141,210	197,782	316,340	180,115	134,957	135,240	175,320
Transfer from General Fund	0	750,000	1,200,000	2,900,000	2,800,000	2,300,000	2,300,000
Other Revenue	1,740,737	0	0	0	0	0	0
Total Revenue	**1,881,947**	**947,782**	**1,516,340**	**3,080,115**	**2,934,957**	**2,435,240**	**2,475,320**
Total Resources	**7,880,852**	**6,999,662**	**6,683,350**	**8,344,770**	**8,333,225**	**7,568,465**	**7,665,235**
Expenditures							
Claims and Premium Outlay	1,828,972	1,832,652	1,418,695	2,946,502	3,200,000	2,378,550	2,402,336
Total Expenditures	**1,828,972**	**1,832,652**	**1,418,695**	**2,946,502**	**3,200,000**	**2,378,550**	**2,402,336**
Ending Balance	**6,051,880**	**5,167,010**	**5,264,655**	**5,398,268**	**5,133,225**	**5,189,915**	**5,262,899**

ATTACHMENT G

Supplemental Pension Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**831,425**	**888,711**	**933,358**	**983,292**	**1,011,113**	**1,032,613**	**1,051,113**
Revenue							
Investment Income	44,996	33,586	42,900	19,416	21,500	23,500	23,500
Transfer from General Fund	100,000	106,000	100,000	100,000	100,000	100,000	100,000
Total Revenue	**144,996**	**139,586**	**142,900**	**119,416**	**121,500**	**123,500**	**123,500**
Total Resources	**976,421**	**1,028,297**	**1,076,258**	**1,102,708**	**1,132,613**	**1,156,113**	**1,174,613**
Expenditures							
Benefit Payments	87,670	94,939	92,966	91,595	100,000	105,000	110,000
Other Expenditures	40	0	0	0	0	0	0
Total Expenditures	**87,710**	**94,939**	**92,966**	**91,595**	**100,000**	**105,000**	**110,000**
Ending Balance	**888,711**	**933,358**	**983,292**	**1,011,113**	**1,032,613**	**1,051,113**	**1,064,613**

ATTACHMENT H

Law Enforcement Fund Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**292,653**	**217,680**	**204,509**	**204,126**	**189,599**	**205,099**	**222,599**
Revenue							
Law Enforcement Revenue	400	53,389	99,046	14,400	10,000	11,000	12,000
Investment Income	8,087	9,424	11,784	4,962	5,500	6,500	6,500
Other Revenue	0	0	0	61,991			
Total Revenue	**8,487**	**62,813**	**110,830**	**81,353**	**15,500**	**17,500**	**18,500**
Total Resources	**301,140**	**280,493**	**315,339**	**285,479**	**205,099**	**222,599**	**241,099**
Expenditures							
Capital & Related Items	83,460	75,984	111,213	95,880	0	0	0
Total Expenditures	**83,460**	**75,984**	**111,213**	**95,880**	**0**	**0**	**0**
Ending Balance	**217,680**	**204,509**	**204,126**	**189,599**	**205,099**	**222,599**	**241,099**

ATTACHMENT I

All Funds Balance Analysis

	2005 Actual	2006 Actual	2007 Actual	2008 Estimate	2009 Budget	2010 Budget	2011 Budget
Beginning Balance	**56,513,585**	**37,578,099**	**45,516,377**	**46,435,563**	**50,155,744**	**35,069,217**	**38,174,528**
Revenue							
Passenger Fares	39,300,036	40,587,880	43,467,204	48,810,546	54,411,601	55,499,833	56,609,830
Sales & Use Tax	168,997,361	168,615,372	171,661,508	172,000,000	173,204,000	174,416,428	175,637,343
Federal	55,888,368	71,849,886	74,319,702	85,431,813	71,720,952	45,236,244	47,726,409
State	4,928,599	9,011,293	10,778,700	14,879,074	11,926,392	3,057,296	3,049,149
Investment Income	1,522,048	2,680,623	2,453,602	2,786,819	1,425,068	1,365,240	1,405,320
Other Revenue	40,839,721	36,300,526	40,097,355	41,715,294	38,275,000	38,476,000	38,237,000
Bond Proceeds	0	25,003,289	0	35,472,559	0	25,000,000	0
Capital Lease	0	0	25,000,000	0	0	0	0
Total Revenue	**311,476,133**	**354,048,869**	**367,778,071**	**401,096,105**	**350,963,013**	**343,051,041**	**322,665,051**
Total Resources	**367,989,718**	**391,626,968**	**413,294,448**	**447,531,668**	**401,118,756**	**378,120,258**	**360,839,579**
Expenditures							
Personnel Services	163,934,412	168,973,550	173,796,848	173,363,045	179,181,633	178,917,082	185,664,594
Diesel Fuel	11,466,037	12,552,157	12,112,507	19,599,092	17,126,100	18,838,710	20,722,581
Other Expenditures	45,982,668	46,779,762	51,276,616	52,028,184	53,526,703	55,220,588	57,885,226
Capital Outlay	94,521,768	102,057,253	113,391,482	134,879,851	98,151,449	67,020,799	67,868,012
Debt Service	14,506,734	15,747,869	16,281,432	17,505,752	18,063,654	19,948,551	19,947,961
Total Expenditures	**330,411,619**	**346,110,591**	**366,858,885**	**397,375,924**	**366,049,539**	**339,945,730**	**352,088,374**
Available Ending Balance	**37,578,099**	**45,516,377**	**46,435,563**	**50,155,744**	**35,069,217**	**38,174,528**	**8,751,206**