

RESOLUTION NO. 1975-44

A RESOLUTION PROVIDING FOR RETAINING  
CERTAIN ACCOUNTING AND FINANCIAL SERVICES  
OF ERNST & ERNST

BE IT RESOLVED by the Board of Trustees of the Greater Cleveland  
Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the Greater Cleveland Regional Transit Authority hereby retains the services of the accounting firm of Ernst & Ernst, such services to be in connection with the properties and assets included in the transit facilities and systems being contracted with this Authority, as such services are more fully described in the proposal of Ernst & Ernst dated August 29, 1975, attached hereto and marked "Exhibit A." In rendering such services, as an independent contractor and in an accountant-client relationship, said firm shall not exercise any administrative direction on behalf of this Authority in the formulation of public policy, expenditure of public funds, enforcement of laws, rules and regulations of the State, any county, or cities or of this Authority, or the execution of public trusts.

Section 2. That said accounting firm shall be paid for its services for the purpose stated in Section 1 compensation in the amount of \$12,000, and may be reimbursed for actual out-of-pocket expenses (including, but not limited to, travel, long-distance telephone and duplicating expenses) incurred in rendering such services, from funds appropriated, or that may be appropriated, by the Authority from time to time for such purpose.

Section 3. That this resolution shall become effective immediately upon its adoption.

Adopted: September 2, 1975

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President

Attest:

*William C. ...*  
Secretary-Treasurer

## ERNST &amp; ERNST

UNION COMMERCE BUILDING

CLEVELAND, OHIO 44115

August 29, 1975

Mr. William C. Lahman  
Secretary-Treasurer  
Greater Cleveland Regional  
Transit Authority

Dear Mr. Lahman:

This will confirm our understanding of the scope of work and estimated fee for development of a system for cost reimbursement of bus companies providing transit service under contracts with the RTA. The system will specify procedures to be followed in:

- Handling and reporting fare box revenues
- Reporting total direct and indirect costs of operation
- Determining a method for allocating total costs between transit services covered by contract and those not covered
- Reimbursing transit companies for costs of providing services covered by contract

Provisions of the cost reimbursement system will be incorporated as required in contracts between RTA and the following transit companies for the provision of service:

Brecksville Road Transit, Inc.  
Euclid Municipal Transit System  
Garfield Heights Coach Lines, Inc.  
Maple Heights Transit System  
North Olmsted Municipal Coach Line

In designing the system, we will consult with operations and finance officers of these five transit companies, as well as with officials of Cleveland Transit System as appropriate. The recommended system and procedures needed to operate the system will be incorporated in a written report. We will be available to review the system with personnel in each of the transit companies.

August 29, 1975

We will provide information to the law firms which have been engaged to draft the contracts. We understand that city councils of Euclid, Maple Heights and North Olmsted must ratify their contracts, and that Brecksville and Garfield Heights companies must accept their contracts, prior to October 5, 1975. Our completion of the system design on a timely basis is dependent on upon our recommendations being accepted by the five companies.

We estimate our fee for the engagement as described will be \$12,000. Should we encounter any situation which creates the need for additional effort beyond this estimate, we will bring it to your attention before proceeding.

We appreciate the opportunity to serve the RTA.

Sincerely,

*Ernst & Ernst*