

RESOLUTION NO. 2009-60

ADOPTING THE TAX BUDGET OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2010 AND SUBMITTING THE SAME TO THE COUNTY AUDITOR

WHEREAS, a Tax Budget for the Greater Cleveland Regional Transit Authority for the fiscal year beginning January 1, 2010, for the purpose of said Authority during such year and of revenues to be received for such fiscal year, including all taxes, user fees, and other types of revenues, also estimates of all expenditures or outlays in or for the purposes of such fiscal year to be paid or met from the said revenue, and otherwise conforming with the requirements of law, has been prepared; and

WHEREAS, said Tax Budget has been made conveniently available for public inspection for at least ten (10) days by having at least two (2) copies thereof on file in the Office of Management and Budget of this Authority; and

WHEREAS, the Board of Trustees has held a public hearing on July 7, 2009 on said budget, of which public notice was given by publication in the Plain Dealer on June 16, 2009.

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


Section 1: That the Tax Budget of the Greater Cleveland Regional Transit Authority, for the fiscal year beginning January 1, 2010, heretofore prepared and submitted to this Board of Trustees, copies of which have been and are on file in the Office of Management and Budget with any revisions to said tentative budget which are incorporated therein and which are hereby approved, is hereby adopted as the official Tax Budget of said Authority for the fiscal year beginning January 1, 2010.

Section 2: That the Executive Director of the Office of Management and Budget is hereby authorized and directed to have certified a copy of said budget and a copy of this resolution and to transmit the same to the Auditor of Cuyahoga County, Ohio.

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

Attachments: 2010 Tax Budget Assumptions and Fund Statements.

Adopted: July 28, 2009



President

Attest: 

CEO, General Manager/Secretary-Treasurer

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**GREATER CLEVELAND
REGIONAL TRANSIT
AUTHORITY**

TAX BUDGET

July 7, 2009



Greater
Cleveland
Regional
Transit
Authority

Greater Cleveland Regional Transit Authority

2010 TAX BUDGET

Executive Summary

Over the last eight years, three factors have dominated the outcomes of our budget levels for GCRTA. The revenue generated by Sales & Use Tax, the cost and volatility of diesel fuel costs, and the amount of funding provided by the State of Ohio for public transit.

After the recession of 1990-1992 through the end of the year 2000, Cleveland's economy was strong. Although the city had suffered population losses, manufacturing, banking, and the insurance industries were operating at satisfactory levels, the economy was growing, and Sales Tax Revenue was increasing by about 5.5% annually. Since approximately 65% of GCRTA funding is generated from the Sales and Use Tax, the Authority was receiving funding levels sufficient to sustain an expansion of public transportation service. This was true, even though the region's population was beginning to decline. The events surrounding September 11th, 2001 negatively impacted the entire U.S. economy. Ohio was particularly affected and observed a significant loss of status and economic vitality. Population in the City of Cleveland and Cuyahoga County subsequently declined by approximately 8% and Cleveland became one of the nation's poorest major urban centers. Sales & Use Tax revenue has grown by only 1% annually since 9/11/2001. This decline established a new reality for Sales Tax expectations and a new baseline for growth and service levels that is well below historic levels. It has also created a significant and continuing shortfall in funding.

After personnel costs, diesel fuel has become the second largest expense for the Authority. In the last five years, diesel costs have increased by 200%, increasing by 100% in the last two years and by 60% in 2008 alone. Over this period GCRTA fuel costs have skyrocketed from \$4 million to nearly \$20 million as the cost of oil jumped from \$40 per barrel to \$140 per barrel.

In addition, from 2003 to 2005, the State of Ohio cut funding for public transportation by 60%. The level was already low at \$43 million and was then reduced to one of the lowest in the nation at \$16 million annually.

As a consequence of these factors, GCRTA has been forced to cut public transportation service levels by 17% since 2001. Service reductions were made in both 2007 and 2008. Fares were raised in 2006 and then raised twice in 2008. Facilities have been consolidated and the operations of the North Olmsted and Maple Heights Bus lines were assimilated into RTA operations to increase efficiencies and reduce costs. Budgets levels were reduced every year to maintain a reasonable fiscal status. In December 2007, the process of continuous improvement and efficiency was formalized with the establishment of TransitStat. These actions taken over the last eight years have resulted in a combined \$270 million in budget reductions.

Because of these factors the 2009 Tax Budget projected a \$20 million deficit. As a result, a 12% service cut was recommended, along with a 50-cent fuel surcharge, administrative positions were reduced by 5% and, non-bargaining employees salaries were held at 2008 pay rates. To avoid the deep service cuts and a substantial fare increase, the Governor, through state Metropolitan Planning Organizations (MPOs), provided \$9 million toward the increased fuel costs. The service cut was only partially implemented and the fare increase was reduced to 25 cents. However, the budget needed additional funding from the State. If funding did not materialized, RTA would need to implement the deferred service cuts; and the remainder of the fare increase would have to be implemented. This premise was made part of the 2009 Budget.

The economy continued to worsen during the spring and summer of 2008, and by August, the U.S. was officially in a recession. Then, in late September, a banking crisis occurred and several large and influential banks ceased operations and were either sold or closed. The market reacted, plunged, and the recession deepened quickly and dramatically. Demand for products dropped suddenly, car sales dropped by 40%, unemployment rose significantly causing further reductions in spending, in addition to lower demand for products, more layoffs, and company closings.

Sales & Use Tax collections remained at nearly budgeted levels through the end of 2008, but immediately began to drop with the start of 2009. GCRTA revised its Sales Tax Revenue projection from \$173 million to \$160 million. This 7.6% decline would be the worst single year sales tax decline for The Authority in the last 25 years. Unemployment continues to rise, now nearing 11%, Sales Tax collections continue to decline at an accelerating pace, and Chrysler and General Motors both declared bankruptcy. The decline in the Sales and Use Tax revenue could now exceed the previous dire projection of \$160 million, and no additional State funding is expected. Although economists project a mild recovery beginning in 2010, another new and lower base level has been established at least for 2010 and 2011 as we project growth of 1.4% (\$162 million) and 2.2%(\$165 million) for Sales Tax Revenue in those years. Due to the ongoing decline in Sales Tax Revenue, those projections may have to be revised to \$159 million and \$162.7 million respectively. Fuel costs have been stabilized through a firm fixed price contract for 2009 and an Energy Price Risk Management Program for 2010 that will lower projected 2010 fuel costs. Fuel positions for 2011 are currently being purchased, and the outcome should also lower budgeted costs for that year.

Consequently, the 2010 Tax Budget currently shows a \$16.3 million deficit. A service reduction must be made and implemented either in the fall of 2009 or the onset of 2010 with additional expense reductions. Some level of additional State funding will be needed or GCRTA will have to hold public hearings and reduce service levels even more dramatically than the 6% already approved. This could result in a cut of as much of 15% if the level of funding provided by current Sales Tax receipts and those projected for 2010 and 2011 simply does not allow RTA to sustain the current level of service provided.

General Fund Assumptions

Inflation

Assumption: 0.5-1.5%

Rationale:

According to economic analyses including sources such as the Federal Reserve Bank (Fed) and the Bureau of Labor Statistics, 2009 inflation measures are currently showing "deflation". January 2009 inflation rate was 0.03% and dropping through May 2009 to a negative 1.28%. Deflation fears have been a central animating force of monetary policy. The Federal Reserve Bank contends that the threat of deflation has fallen by a notable margin, with a modest recovery and price stabilization occurring in the fourth quarter of 2009.

Interest Rates

Assumption: 0.0-0.25%

Rationale:

The federal funds target rate decreased to 0.25% in December 2008 and has remained at this level. The Fed has stated that they will maintain 0.0%-0.25% as the target rate and anticipates that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period. This rate provides support to mortgage lending and housing markets and to improve overall conditions in private credit markets. Fed experts expect that the federal funds rate will remain stable for the remainder of the year.

This affects GCRTA because the federal funds rate is a tool used by the Federal Open Market Committee (FOMC) to control economic growth and inflation. Both are components of GCRTA's Sales and Use Tax Revenue and projections.

Beginning and Available Ending Balance

The beginning balance for each of the five years shown represents unrestricted cash and investments.

The 2009 projected ending balance is \$1.3 million and the 2010 available ending balance is projected to be negative \$16.3 million. It is clear that the Authority's policy of maintaining a reserve equal to one month's operating expenses in the General Fund will not be satisfied.

REVENUES

Passenger Fares

Assumption:

\$53.9 million

Rationale:

Actual Passenger Fare revenue received through the first quarter of 2009 was \$11.8 million. This amount is \$1.4 million, or 13.75%, above the same period in 2008, and \$152,322 more or 1.31% more than the 2009 budget. The gain, as compared to 2008, is mostly attributed to the \$0.25 fuel service charge implemented in November 2008. To provide a more informative indicator, RTA also analyzes core passenger fare, which tracks performance of passenger fares by excluding the variable timing receipt items: U-Pass and student tickets.

Through the first three months of 2009, the increase in core passenger fare, compared to 2008, was 9.62% in January, 1.68% in February, and 21.66% in March, equaling an increase in core passenger fare of 10.49% in the first quarter. Ridership numbers began to slide in April 2009, and we expect Ridership to continue to slide this year, until the unemployment rate begins to decrease. The 2010 Tax budget assumes a modest 2% increase (\$53,867,832) over the 2009 first quarter projection (\$52,811,600) due to the anticipated slight increase in ridership.

Advertising Revenue

Assumptions

Advertising Contract	\$825K
HealthLine (net)	\$175K
<u>Other</u>	<u>\$100K</u>
Total	\$1.1M

Rationale:

Advertising revenue is composed of three subcategories. The first subcategory is the current advertising contract. Due to recent fleet reductions, the advertising contract's annual guarantee was lowered from \$1,000,000 to \$825,000 per year. The second subcategory is the HealthLine naming rights contract that will net the Authority \$175,000 in 2010. The other subcategory includes various concession and vending arrangements and is expected to generate \$100,000 in the upcoming year.

Sales Tax

Assumption:

\$162.2 million

Rationale:

The Authority received \$42.7 million in Sales and Use Tax revenue through the first quarter of 2009. This amount was \$5.2 million, or 10.98%, less than the same period in 2008, and below budget by \$1.9 million or 4.24%. The large negative variation is due to the current decline in retail sales in Cuyahoga County, which are proportional to the sales tax level.

For the month of April 2009, GCRTA Sales Tax receipts are 2.73% above April 2008. However, Year-to-date receipts through April 2009 are 8.33% or \$5.0 million lower than April 2008 year-to-date collections and \$3.1 million or 5.5% below the 2009 budget.

Cleveland's economy continues to weaken. Commercial and industrial lending is down, unemployment continues to increase and there are continued reports of job cuts, wage cuts and hiring freezes. Consumer spending is down, home sales and home values are down, and auto sales are down which is one of the largest contributing sources for Sales Tax revenue.

The total Sales Tax Revenue collected in Cuyahoga County continues to drop sharply, with a twelve-month moving average drop of 6.1%. From March 2009 to April 2009 Sales Tax dropped by 7.3%. Regional economic growth is not expected to make any modest recovery until sometime in 2010. As a result of available economic data, the 2010 Sales Tax budget shows slight growth over the 2009 projection of 1.4% or \$162.2 million. This is \$2,240,000 more than the 2009 first quarter projection but still \$11.3 million or 6.5% lower than 2008 actual Sales Tax receipts.

State Operating Assistance

Assumption:

Elderly and Disabled

\$2.1 million

Rationale:

In 2006, the State decided to issue one Ohio Elderly and Disabled Fare Assistance payment per year rather than several payments to cover a 12-month period. GCRTA expects to receive \$2.1 million this October for 2009. The 2010 elderly fare assistance receipt is anticipated to remain at \$2.1 million.

Access to Jobs Revenue

Assumptions

Federal Funds	\$600K
<u>ODOT Funds</u>	<u>\$600K</u>
Total	\$1.2M

Rationale:

The Access to Jobs revenue helps the 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. However, recent actions by the Northeast Ohio Areawide Coordinating Agency (NOACA) has released Federal funds and allocated 2008-2009 ODOT funds. In 2010, GCRTA anticipates annual allotments of \$600,000 from Federal funds and \$600,000 from ODOT, totaling \$1.2 million in revenue.

Investment Income

Assumption: **\$400,000**

Rationale:

The 2010 General Fund balance is projected to be negative \$15.1 million, and the 2010 interest rate on investments is projected to range from 0% to 0.25%. As a result of the modest recovery expected in 2010, revenue from this source is projected at \$400,000. Through April 2009, GCRTA received \$88,954. The 2009 estimate for investment income is \$304,000, nearly 63.2% lower than the 2008 actuals of \$825,633.

Operating Assistance for Trolley Operations

Assumption: **\$783,000**

Rationale:

In 2009, GCRTA was advised by NOACA that we would receive \$783,000 in operating funding for our Trolley service from CMAQ funds for years 2009, 2010, and 2011.

Operating Assistance for Paratransit

Assumption: **\$240,000**

Rationale:

For fiscal years 2009 and 2010, NOACA made funds available through the "New Freedom" program to support the incremental cost of providing same day Paratransit services through a public/private partnership. The amount is \$480,000 over two years.

Other Revenue

Assumption:

\$1.0 million

Rationale:

This revenue category consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. Through April 2009, GCRTA has received \$409,985 and anticipates receiving \$1.2 million by the end of the year. The 2010 Tax Budget assumes a reduction to \$1.0 million in this category due to the continual reduction in the percentage of our fleet that uses Compressed Natural Gas (CNG).

Reimbursed Expenditures

Assumptions:

\$35.3 million

Capitalized Operating Assistance	\$28.7M
Fuel Tax Reimbursement	\$1.5M
ARRA Force Account Labor	\$1.9M
<u>Force Account Labor & Material</u>	<u>\$3.2M</u>
Total	\$35.3M

Rationale:

This category is composed of grant labor and materials reimbursements, capitalized operating assistance reimbursements and diesel fuel tax refunds. In 2009, GCRTA expects to be reimbursed for expenditures in the amount of \$33.4 million. The majority of these dollars are expected in the 3rd and 4th quarters in the form of capitalized operating assistance. Labor and fuel tax reimbursements occur somewhat evenly throughout the year.

For 2010, \$28.7 million is expected from Capitalized Operating Assistance. Fuel tax reimbursements are projected to be close to \$1.5 million and reimbursements for labor costs associated with capital projects are expected to be \$3.2 million. Combined reimbursed expenditures of \$35.3 million are expected for 2010. \$1.9 million in ARRA funds was authorized by the Federal Government to use for force account labor for 2009 and 2010.

EXPENDITURES

Personnel Services

Assumption: **\$179.5 million**

Rationale:

The 2010 estimate for salaries and fringe benefits shows no wage increases for non-bargaining or bargaining employees. A modest increase of 2% was applied to Health Care Benefits. GCRTA will be required to make an extra OPERS payment (13 payments instead of 12), in 2010 in the amount of \$1.4 million.

Diesel Fuel

Assumptions: **\$10.5 million**

Rationale:

In, 2008, GCRTA locked in 2009 fuel prices at \$3.17 per gallon. On January 13, 2009 the board approved a resolution to authorize the implementation of the Energy Price Risk Management Program, which includes fuel hedging. As of May 2009, GCRTA has hedged 86.6% of our 2010 fuel requirement at a considerable reduction in budgeted fuel cost. Because of this proactive measure, diesel fuel costs are estimated to be \$10.5 million in 2010, a 39% reduction of cost from the 2009 projection and 45% lower than 2008 actual.

Other Expenditures

Assumption: **\$52.1 million**

Rationale:

This category of operating costs is expected to increase by 3.6% in 2010, relative to projected 2009 expenditures. The other major drivers in this category are utilities costs, services, materials and supplies and leases and rentals. The 2009 projection includes a \$1.5 million budget reduction in "Other Expenses" category. These cuts were restored in 2010, thus explaining the majority of the increase. This does not include transfers to other funds, which are shown below.

Transfers

Assumption:	Bond Retirement.....	\$19.3 million
	Capital Improvements.....	\$11.2 million
	Insurance Fund.....	\$3.1 million
	Pension Fund.....	\$100,000

Rationale:

Transfers shown for the bond retirement "set-aside" are simply debt service less both the investment income earned in the Bond Retirement Fund and the transfer from the Capital Fund. The interest and principal payments on outstanding debt are taken from debt amortization schedules.

The transfer to the Capital Improvement Fund covers local Asset Maintenance and Routine Capital purchases, as well as required local matches for some grant-funded projects in the development fund. The \$19.3 million transfer to the Bond Retirement Fund for debt payments represents an 11.9% contribution level from projected Sales Tax revenue and 63.4% of the overall transfer to capital. The planned \$11.2 million transfer to the RTA Capital Fund in 2010 represents 6.8% of sales tax revenue and the remaining 36.6% of the overall transfer to capital. The total contribution to capital, at 18.8%, is well outside the Board policy of a minimum of 10% and a maximum of 15% of sales tax revenue. The transfer to the Insurance Fund is required to maintain the Fund Balance at the \$5 million level and to cover expected expenses for the 2010 Year. Lastly, the \$100,000 transfer to the Pension Fund is also needed to maintain the recommended balance.

FINANCIAL INDICATORS

The General Fund statement presented in this Tax Budget results in the following performance against the Authority's financial policy goals.

REVENUES

Operating Ratio: The Board policy requires a 25.0% ratio in operating revenues compared to total operating expenditures. The Tax Budget yields a 23.3% ratio, which is below the policy objective, but this represents an improvement over the last several years primarily as a result of the January 2008 fare increase and a projected increase in ridership. Though this is an improvement over recent years, this indicator continues to be a warning that self-generated revenues may be growing at a slower rate than expenditures.

Fare Subsidy (Net Cost) Per Passenger: This indicator, at \$3.17 will not meet the policy ceiling of three times the average fare of \$0.93 (\$2.79), again an indication that self-generated revenues are not growing at the same rate as expenditures.

EXPENDITURES

Operating Reserve: At negative \$16.3 million or negative 0.8 month, this budget does not meet the policy goal of a one-month operating reserve (indicator = 1.0). This level represents a decrease from the projected reserve for year-end 2009 (0.1 month reserve) and is again an indication that Sales Tax Revenues are declining and new on-going revenues have not been discovered or identified.

Overhead Cost vs. Total Cost: This indicator, at 13.1%, is well below the policy maximum of 15.0%, indicating that overhead costs are being kept low. This percentage, however is creeping up over 2008 (12.2%), and the 2009 projection (12.6%).

Cost/Hour: This policy requires that growth in the cost per hour of service from year to year be kept at or below the rate of inflation. This budget assumes no inflation in "Other Expenses" and a mere 2.0 % growth in Health Care Benefits. This indicator is \$110.93 per hour of service that is 1.3% lower than the 2009 projection. This is mainly due to the decrease in diesel fuel costs.

DEBT STRUCTURES

Debt Service Coverage: At 0.15, this indicator is below the policy minimum of 1.50. This is a result of increases in the debt service requirement stemming from higher debt levels relative to the decrease in the ending balance.

CAPITAL OUTLAY

Sales Tax Contribution to Capital: Policy requires that a minimum of 10.0% and a maximum of 15.0% of sales tax receipts be applied to capital programs. The 2010 contribution to capital funds is planned at \$30.5 million to meet both debt service needs and to locally fund projects. This amount represents an 18.8% contribution level, which does not meet the policy level.

Capital Maintenance to Expansion: At 97.5%, this ratio is outside of the policy guidelines of 33% to 67%, as a result of an increase in the number of maintenance projects relative to expansion projects in 2010.

CAPITAL IMPROVEMENT FUNDS

The majority of Capital Improvement projects are funded through Federal and State grants. Funds needed to meet the local share requirements of these grants, as well as funds for 100% locally funded capital projects, are provided through the retention of investment earnings and contributions from Sales Tax proceeds as well as debt sales.

The 2009 and 2010 estimated capital outlays are predicated on year-to-date outlays, obligations and projected commitments, as well as, the approved five-year Capital Improvement Plan. Projected grant revenues include current, as well as, expected grant awards. In 2010, the Authority's capital maintenance projects include track, bridge, and station rehabilitations. Major equipment expenditures include the overhaul of the Heavy Rail Vehicle fleet. The expansion projects in 2010 include three Intermodal Stations at the Cleveland Museum of Art, University Hospitals and the Cleveland Clinic.

BOND RETIREMENT FUND

The General and Capital Funds will be the sources of fund transfers necessary to make scheduled interest and principal payments in 2010 of \$19.9 million on the \$166.2 million in current outstanding debt remaining at the end of 2009 and for a planned debt sale of \$25 million sometime early in 2010. The last series of existing long-term debt for GCRTA will expire in 2027.

INSURANCE FUND

The Insurance Fund is structured to reflect a combination of self and purchased insurance coverage. Activity expected in 2010 includes premium outlays and claims totaling \$3.2 million. Maintaining the \$5.0 million balance is again recommended by the GCRTA Risk Management Department for 2010. This is accomplished with a \$3.1 million transfer from the General Fund.

SUPPLEMENTAL PENSION FUND

Authority employees who were employed by predecessor transit systems are covered by supplemental benefit payments. Activity expected in 2010 includes investment income and scheduled benefit payments. Investment income in 2010 is estimated at \$31,000 and benefit payments at \$81,907. A transfer of \$100,000 will be received from the General Fund to maintain the pension fund at the recommended level.

LAW ENFORCEMENT FUND

In 1988, RTA became involved with the multi-jurisdictional Caribbean/Gang Task Force. RTA's involvement was prompted by the increased gang activity found in and around the rail system and the need to obtain intelligence in this area. In addition to the benefits of intelligence gathering and improved inter-department relations, RTA derives revenue from seized and confiscated moneys and/or properties of convicted drug dealers prosecuted by the Task Force.

Revenue obtained through the Task Force can be expended for non-budgeted police items for law enforcement purposes. Furthermore, certain guidelines have been instituted by the State Attorney General's Office for the reporting of and disbursement of funds. No expenditures are assumed in 2010 at this time. The only activity that is expected in this fund in 2010 is investment earnings of \$10,000 and Law Enforcement revenue of \$5,500.

ALL FUNDS

As a result of projected financial activities in the first half of 2009, the All Funds Balance is expected to decrease by \$7.2 million for 2010, when compared to 2009. This is due a loss of Sales Tax revenue and the lack of identifying sustainable revenue sources as well as increases in the Operating, Capital and Debt Service categories that offset anticipated growth in the Authority's total revenue base. In 2009, the All Funds Balance is expected to increase by about \$7.2 million over 2008.

ATTACHMENT I
All Funds Balance Analysis

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	37,578,099	45,516,377	46,438,563	50,533,881	57,239,300
Revenue					
Passenger Fares	40,587,880	43,467,204	48,173,971	52,811,600	53,867,832
Sales & Use Tax	168,615,372	171,661,508	173,568,817	160,000,000	162,240,000
Federal	71,849,886	74,319,702	86,109,609	95,242,821	66,815,318
State	9,011,293	10,778,700	9,370,685	21,501,897	3,297,296
Investment Income	2,680,623	2,453,602	3,086,144	824,075	983,500
Other Revenue	36,300,526	40,097,355	41,797,538	42,500,500	40,402,375
General Obligation Debt Proceeds	25,003,289	0	35,472,559	0	25,000,000
Capital Lease	0	25,000,000	0	0	0
Total Revenue	354,048,869	367,778,071	397,579,323	372,880,893	352,606,321
Total Resources	391,626,968	413,294,448	444,017,886	423,414,774	409,845,621
Expenditures					
Personnel Services	168,973,550	173,796,848	173,016,961	177,829,034	179,518,253
Diesel Fuel	12,552,157	12,112,507	19,272,336	17,263,100	10,530,602
Other Expenditures	46,779,762	51,276,616	51,230,086	54,888,915	55,372,840
Capital Outlay	102,057,253	113,391,482	132,461,869	98,151,449	94,470,018
Debt Service	15,747,869	16,278,432	17,502,753	18,042,977	19,886,922
Total Expenditures	346,110,591	366,855,885	393,484,005	366,175,474	359,778,635
Available Ending Balance	45,516,377	46,438,563	50,533,881	57,239,300	50,066,986

ATTACHMENT A
General Fund Balance Analysis

Assumptions:

Passenger Fare Annual Growth =	3.3%	7.1%	10.8%	9.6%	2.0%
Sales Tax Annual Growth =	-0.2%	1.8%	1.1%	-7.8%	1.4%
Operating Expenses Growth =	3.2%	3.2%	2.7%	2.2%	-1.3%
Capital Contribution =	21,840,207	22,281,814	24,819,832	28,160,000	30,501,120
	13.0%	13.0%	14.3%	17.6%	18.8%

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	16,090,633	15,762,335	14,047,468	8,401,085	1,320,302
Revenue					
Passenger Fares	40,587,880	43,467,204	48,173,971	52,811,600	53,867,832
Advertising & Concessions	1,404,936	1,217,959	1,591,538	1,132,500	1,109,375
Sales & Use Tax	168,615,372	171,661,508	173,568,817	160,000,000	162,240,000
Operating Assistance - ARRA Federal Grants	0	0	0	3,456,599	0
Operating Assistance Paratransit	0	0	0	240,000	240,000
Ohio Elderly Fare Assistance	2,999,495	2,246,309	0	4,178,298	2,089,149
State Funding Fuel Initiative	0	0	0	8,000,000	0
Op Assistance for Trolley Operations	0	0	0	783,000	783,000
Access to Jobs Program	890,152	572,647	976,432	1,200,000	1,200,000
Investment Income	862,701	870,024	825,633	304,000	400,000
Other Revenue	2,672,865	1,193,213	1,391,890	1,200,000	1,000,000
Reimbursed Expenditures	30,636,402	34,201,180	35,597,279	37,150,000	35,300,000
Total Revenue	248,669,803	255,430,044	262,125,560	270,455,997	258,229,356
Total Resources	264,760,436	271,192,379	276,173,028	278,857,082	259,549,658
Operating Expenditures					
Personnel Services	168,973,550	173,796,848	173,016,961	177,829,034	179,518,253
Diesel Fuel	12,552,157	12,112,507	19,272,336	17,263,100	10,530,602
Other Expenditures	44,776,187	47,653,742	47,662,814	50,252,651	52,080,933
Total Operating Expenditures	226,301,894	233,563,097	239,952,111	245,344,784	242,129,788
Transfer to the Insurance Fund	750,000	1,200,000	2,900,000	3,931,996	3,075,000
Transfer to the Pension Fund	106,000	100,000	100,000	100,000	100,000
Transfers to Capital					
Bond Retirement Fund	14,700,000	15,456,127	14,718,950	17,137,062	19,313,741
Capital Improvement Fund	7,140,207	6,825,687	10,100,882	11,022,938	11,187,379
Total Transfers to Capital	21,840,207	22,281,814	24,819,832	28,160,000	30,501,120
Total Expenditures	248,998,101	257,144,911	267,771,943	277,536,780	275,805,908
Available Ending Balance	15,762,335	14,047,468	8,401,085	1,320,302	-16,256,250

Capital Improvement Fund Balance Analysis

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	12,818,403	21,684,192	24,211,812	33,793,503	48,113,088
Revenue					
Transfer from General Fund	7,140,207	6,825,687	10,100,882	11,022,938	11,187,379
Investment Income	1,278,176	940,802	1,737,653	278,275	326,500
Federal Capital Grants	71,849,886	74,319,702	86,109,609	71,720,952	45,236,244
ARRA Federal Capital Grants	0	0	0	23,521,869	21,579,074
State Capital Grants	6,011,798	8,532,391	9,370,685	5,627,000	968,147
General Obligation Debt Proceeds	25,003,289	0	35,472,559	0	25,000,000
Capital Lease	0	25,000,000	0	0	0
Other Revenue	500,000	2,810,906	1,837,731	1,000,000	1,000,000
Total Revenue	111,783,356	118,429,488	144,629,119	113,171,034	105,297,344
Total Resources	124,601,759	140,113,680	168,840,931	146,964,537	153,410,432
Expenditures					
Capital Outlay	102,057,253	113,391,482	132,461,869	98,151,449	94,470,018
Other Expenditures	0	2,000,000	472,559	0	0
Transfer to Bond Retirement Fund	860,314	510,386	2,113,000	700,000	625,000
Total Expenditures	102,917,567	115,901,868	135,047,428	98,851,449	95,095,018
Available Ending Balance	21,684,192	24,211,812	33,793,503	48,113,088	58,315,414

ATTACHMENT C
RTA Development Fund Balance Analysis

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	9,366,610	18,784,966	22,837,466	33,485,254	47,807,026
Revenue					
General Obligation Debt Proceeds	25,003,289	0	35,472,559	0	25,000,000
Transfer from RTA Capital Fund	5,000,000	5,000,000	7,600,882	7,675,400	7,825,400
Investment Income	1,112,118	844,393	1,672,096	278,000	325,000
Federal Capital Grants	71,849,886	74,319,702	86,109,609	71,720,952	45,236,244
ARRA Federal Capital Grants	0	0	0	23,521,869	21,579,074
State Capital Grants	6,011,798	8,532,391	9,370,685	5,627,000	968,147
Capital Lease	0	25,000,000	0	0	0
Other Revenue	500,000	2,810,906	1,837,731	1,000,000	1,000,000
Total Revenue	109,477,091	116,507,392	142,063,562	109,823,221	101,933,865
Total Resources	118,843,701	135,292,358	164,901,028	143,308,475	149,740,891
Expenditures					
Capital Outlay	99,198,421	109,944,506	128,830,215	94,801,449	90,995,018
Other Expenditures	0	2,000,000	472,559	0	0
Transfer to Bond Retirement Fund	860,314	510,386	2,113,000	700,000	625,000
Total Expenditures	100,058,735	112,454,892	131,415,774	95,501,449	91,620,018
Ending Balance	18,784,966	22,837,466	33,485,254	47,807,026	58,120,873

ATTACHMENT D

RTA Capital Fund Balance Analysis

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	3,451,793	2,899,226	1,374,346	308,249	306,062
Revenue					
Transfer from General Fund	7,140,207	6,825,687	10,100,882	11,022,938	11,187,379
Investment Income	166,058	96,409	65,557	275	1,500
Other Revenue	0	0	0	0	0
Total Revenue	7,306,265	6,922,096	10,166,439	11,023,213	11,188,879
Total Resources	10,758,058	9,821,322	11,540,785	11,331,462	11,494,941
Expenditures					
Asset Maintenance	1,233,421	1,394,482	1,627,517	1,925,000	1,825,000
Routine Capital	1,625,411	2,052,494	2,004,137	1,425,000	1,650,000
Other Expenditures	0	0	0	0	0
Transfer to RTA Development Fund	5,000,000	5,000,000	7,600,882	7,675,400	7,825,400
Total Expenditures	7,858,832	8,446,976	11,232,536	11,025,400	11,300,400
Ending Balance	2,899,226	1,374,346	308,249	306,062	194,541

ATTACHMENT E
Bond Retirement Fund Balance Analysis

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	1,510,792	1,764,973	1,727,210	1,698,884	1,542,613
Revenue					
Transfer from General Fund	14,700,000	15,456,127	14,718,950	17,137,062	19,313,741
Transfer from RTA Development Fund	860,314	510,386	2,113,000	700,000	625,000
Investment Income	298,954	271,752	316,200	49,644	75,000
Other Revenue	142,782	2,404	326,277	0	0
Total Revenue	16,002,050	16,240,669	17,474,427	17,886,706	20,013,741
Total Resources	17,512,842	18,005,642	19,201,637	19,585,590	21,556,354
Expenditures					
Debt Service					
Principal	8,801,619	9,358,533	10,216,526	10,288,912	11,671,440
Interest	6,946,250	6,919,899	7,286,227	7,754,065	8,215,482
Other Expenditures	0	0	0	0	10,000
Total Expenditures	15,747,869	16,278,432	17,502,753	18,042,977	19,896,922
Ending Balance	1,764,973	1,727,210	1,698,884	1,542,613	1,659,432

ATTACHMENT F

Insurance Fund Balance Analysis

	2006 Actual	2007 Actual	2008 Actual	2009 Estimate	2010 Tax Budget
Beginning Balance	6,051,880	5,167,010	5,264,655	5,432,199	5,024,195
Revenue					
Investment Income	197,782	316,340	167,544	160,000	150,000
Transfer from General Fund	750,000	1,200,000	2,900,000	3,931,996	3,075,000
Other Revenue	0	0	0	0	0
Total Revenue	947,782	1,516,340	3,067,544	4,091,996	3,225,000
Total Resources	6,999,662	6,683,350	8,332,199	9,524,195	8,249,195
Expenditures					
Claims and Premium Outlay	1,832,652	1,418,695	2,900,000	4,500,000	3,200,000
Other Expenditures	0	0	0	0	0
Total Expenditures	1,832,652	1,418,695	2,900,000	4,500,000	3,200,000
Ending Balance	5,167,010	5,264,655	5,432,199	5,024,195	5,049,195

ATTACHMENT G

Supplemental Pension Fund Balance Analysis

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	888,711	933,358	983,292	1,036,017	1,081,309
Revenue					
Investment Income	33,586	42,900	34,609	31,556	31,000
Transfer from General Fund	106,000	100,000	100,000	100,000	100,000
Total Revenue	139,586	142,900	134,609	131,556	131,000
Total Resources	1,028,297	1,076,258	1,117,901	1,167,573	1,212,309
Expenditures					
Benefit Payments	94,939	92,966	81,884	86,264	81,907
Other Expenditures	0	0	0	0	0
Total Expenditures	94,939	92,966	81,884	86,264	81,907
Ending Balance	933,358	983,292	1,036,017	1,081,309	1,130,402

ATTACHMENT H

Law Enforcement Fund Balance Analysis

	2006	2007	2008	2009	2010
	Actual	Actual	Actual	Estimate	Tax Budget
Beginning Balance	217,680	204,509	204,126	172,193	157,793
Revenue					
Law Enforcement Revenue	53,389	99,046	14,400	35,000	10,000
Investment Income	9,424	11,784	4,505	600	1,000
Other Revenue	0	0	61,991	0	0
Total Revenue	62,813	110,830	80,896	35,600	11,000
Total Resources	280,493	315,339	285,022	207,793	168,793
Expenditures					
Capital & Related Items	75,984	111,213	112,829	50,000	0
Total Expenditures	75,984	111,213	112,829	50,000	0
Ending Balance	204,509	204,126	172,193	157,793	168,793

ATTACHMENT B

2010 Proposed Budget Financial Indicators

	2006 Actual	2007 Actual	2008 Actual	2009 Estimate	2010 Tax Budget
REVENUES					
Operating Ratio	19.3%	19.9%	21.5%	22.5%	23.3%
Fare Subsidy (Net Cost) Per Passenger	\$3.18	\$3.23	\$3.23	\$3.25	\$3.17
Average Fare	\$0.71	\$0.76	\$0.83	\$0.91	\$0.93
EXPENDITURES					
Operating Reserve (Months)	0.9	0.7	0.4	0.1	-0.8
Overhead Cost vs. Total Cost	12.4%	12.1%	12.2%	12.6%	13.1%
Cost/Hour of Service	\$98.32	\$100.21	\$105.47	\$112.43	\$110.93
Growth per Year	3.3%	1.9%	5.3%	6.6%	-1.3%
DEBT STRUCTURES					
Debt Service Coverage	1.93	1.81	1.32	1.02	0.15
CAPITAL OUTLAY					
Sales Tax Contribution to Capital	13.0%	13.0%	14.3%	17.6%	18.8%
Capital Maintenance to Expansion	66.8%	84.1%	89.3%	87.5%	97.5%

Definitions:

Operating Ratio = Operating Revenue (Fares + Advertising + Interest) / Total Operating Expenditures
 Fare Subsidy (Net Cost) Per Passenger = (Total Operating Expenditures/Ridership) - (Fares/Ridership)
 Operating Reserve = Available Ending Balance / (Total Operating Expenditures/12)
 Overhead Cost vs. Total Cost = Operating Overhead Cost / Total Operating Cost
 Cost/Hour of Service = Total Operating Expenditures / Total Service Hours
 Debt Service Coverage = (Total Operating Revenues - Total Operating Expenditures) / Debt Service
 Contribution to Capital = (Capital Improvements Contribution and Capital Improvement + Bond Retirement Transfers) / Sales & Use Tax Revenue
 Capital Maintenance to Expansion = Capital Maintenance Outlay / Total Capital Outlay



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: ADOPTING THE TAX BUDGET OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2010	Resolution No.: 2009-60
	Date: July 23, 2009
	Initiator: OMB
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 PURPOSE/SCOPE: This action will allow the Authority to adopt the Tax Budget of the GCRTA for the fiscal year beginning January 1, 2010 and submit the same to the County Auditor.
- 2.0 DESCRIPTION/JUSTIFICATION: This action is taken as a matter of recommended policy for reasons cited below in part 8.0.
- 3.0 PROCUREMENT BACKGROUND: Does not apply.
- 4.0 DBE/AFFIRMATIVE ACTION BACKGROUND: Does not apply.
- 5.0 POLICY IMPACT: Although the GCRTA is not legally required to prepare a Tax Budget, it is done as a measure of sound fiscal policy. To not adopt the Tax Budget would demonstrate a lower level of financial responsibility.
- 6.0 ECONOMIC IMPACT: This establishes the estimates of revenue for the year and defines in very broad terms the limits of expenditures anticipated.
- 7.0 ALTERNATIVES: Do not adopt and file the 2010 Tax Budget as chosen by the Finance Committee.
- 8.0 RECOMMENDATION: This budget was reviewed by the Finance Committee on July 7, 2009 and recommended for approval by the Board of Trustees. It is recommended that the 2010 Tax Budget be adopted and filed for several reasons. The report demonstrates timely budgeting and appropriation procedures. It is an element of financial stability that may bolster the Authority's credit rating. It also fosters communication and is a good preliminary budget exercise.
- 9.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer