

RESOLUTION NO. 2014-59

ADOPTING THE TAX BUDGET OF THE GREATER CLEVELAND
REGIONAL TRANSIT AUTHORITY FOR THE FISCAL YEAR BEGINNING
JANUARY 1, 2015 AND SUBMITTING THE SAME TO THE CUYAHOGA
COUNTY FISCAL OFFICER

WHEREAS, a Tax Budget for the Greater Cleveland Regional Transit Authority for the fiscal year beginning January 1, 2015, 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 1, 2014 on said budget, of which public notice was given by publication in the Plain Dealer on June 19, 2014.

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, 2015, 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, 2015.

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 Cuyahoga County Fiscal Officer.

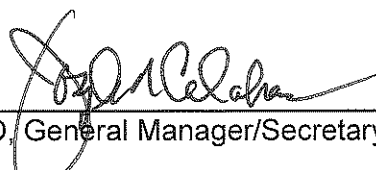
Section 3. That this resolution shall become effective immediately upon its adoption.

Attachments: 2015 Tax Budget Assumptions and Fund Statements.

Adopted: July 15, 2014



President

Attest: 

CEO, General Manager/Secretary-Treasurer

ATTACHMENT A

General Fund Balance Analysis

Assumptions:

Passenger Fare Annual Growth =	2.5%	-1.1%	1.3%	1.2%	1.2%	1.2%
Sales Tax Annual Growth =	4.6%	4.6%	2.4%	2.2%	2.2%	2.2%
Personnel & Fringe Cost Growth =	5.7%	3.3%	3.2%	5.2%	1.6%	1.6%
Non-Personnel Cost Growth =	2.2%	3.0%	12.5%	4.9%	-2.6%	0.1%
Operating Expenses Growth =	6.0%	3.6%	5.0%	4.6%	-0.4%	0.9%
Capital Contribution =	31,023,887	35,601,435	36,321,696	37,716,268	37,502,965	32,240,927
	17.1%	18.8%	18.7%	19.0%	18.5%	15.6%

	2012 Actual	2013 Actual	2014 Estimate	2015 Tax Budget	2016 Budget	2017 Budget
Beginning Balance	36,375,982	38,235,140	34,245,663	24,627,731	7,572,231	-5,222,623
Revenue						
Passenger Fares	49,237,857	48,699,580	49,314,054	49,905,823	50,504,693	51,110,749
Advertising & Concessions	1,375,671	1,400,191	1,300,000	1,200,000	1,200,000	1,200,000
Sales & Use Tax	181,219,251	189,630,645	194,233,536	198,506,674	202,873,821	207,337,045
CMAQ Reimbursement - Healthline	2,128,337	0	0	0	0	0
Operating Assistance - Paratransit Operations	3,125,000	3,889,000	4,132,736	3,125,000	0	0
CMAQ Reimbursement - Trolley	0	950,000	950,000	950,000	850,000	0
Access to Jobs Program	1,712,976	2,927,754	2,292,733	1,098,518	0	0
Investment Income	201,267	200,188	225,000	225,000	250,000	275,000
Other Revenue	971,146	1,177,962	1,300,000	1,000,000	1,000,000	1,000,000
Reimbursed Expenditures	16,955,634	15,217,046	17,756,264	20,500,000	23,000,000	23,000,000
Total Revenue	256,927,139	264,092,366	271,504,323	276,511,015	279,678,514	283,922,794
Total Resources	293,303,121	302,327,507	305,749,986	301,138,746	287,250,745	278,700,171
Operating Expenditures						
Personnel Services	163,776,230	169,101,337	174,504,516	183,653,874	186,577,691	189,559,028
Diesel Fuel	12,632,036	13,956,183	14,206,631	13,440,000	10,880,000	10,080,000
Other Expenditures	46,535,828	47,922,890	53,889,412	56,556,373	55,112,711	55,178,761
Total Operating Expenditures	222,944,094	230,980,409	242,600,559	253,650,247	252,570,402	254,817,789
Transfer to the Insurance Fund	1,000,000	1,400,000	2,100,000	2,100,000	2,300,000	2,500,000
Transfer to the Pension Fund	100,000	100,000	100,000	100,000	100,000	100,000
Transfers to Capital						
Bond Retirement Fund	19,386,892	18,324,392	20,154,392	22,900,876	23,677,085	17,820,578
Capital Improvement Fund	11,636,995	17,277,044	16,167,304	14,815,392	13,825,880	14,420,349
Total Transfers to Capital	31,023,887	35,601,435	36,321,696	37,716,268	37,502,965	32,240,927
Total Expenditures	255,067,981	268,081,844	281,122,255	293,566,515	292,473,367	289,658,716
Ending Balance	38,235,140	34,245,663	24,627,731	7,572,231	-5,222,623	-10,958,545
Brookpark Lightning Strike Reserve Funds	1,100,000	0	0	0	0	0
Rolling Stock Reserve Funds	7,000,000	0	0	0	0	0
Reserved Funds	6,840,000	6,900,000	6,900,000	6,900,000	6,900,000	6,900,000
Available Ending Balance	23,295,140	27,345,663	17,727,731	672,230	-12,122,624	-17,858,546

ATTACHMENT B

2015 Tax Budget

Financial Policy Objectives

	Description	Goal	2012 Actual	2013 Actual	2014 Estimate	2015 Tax Budget	2016 Budget	2017 Budget
Operating Efficiency	Operating Ratio <i>Ratio that shows the efficiency of management by comparing operating expenses to operating revenues. Operating Revenues divided by Operating Expenses</i>	> 25%	23.0%	22.0%	21.1%	20.4%	20.7%	20.8%
	Cost/Hour of Service <i>Measure of service efficiency. Total Operating Expenses divided by Total Service Hours</i>		\$123.4	\$129.1	\$121.0	\$125.2	\$123.5	\$123.3
	Growth per Year <i>Growth in the cost of delivering a unit of service (Cost per Hour), compared to the prior year, to be kept at or below the rate of inflation.</i>	< Rate of Inflation	-7.7%	4.6%	-6.3%	3.5%	-1.4%	-0.1%
	Operating Reserve (Months) <i>Equal or above one month's operating expenses to cover unforeseen or extraordinary fluctuations in revenues or expenses.</i>	> 1 month	2.1	1.8	1.2	0.4	-0.2	-0.5
Capital Efficiency	Debt Service Coverage <i>The measure of the Authority's ability to meet annual interest and principal payments on outstanding debts.</i>	> 1.5	2.77	2.53	2.24	1.33	0.78	0.38
	Sales Tax Contribution to Capital <i>Sales tax revenues to be allocated directly to the Capital Improvement Fund to support budgeted projects or to the Bond Retirement Fund to support debt service payments.</i>	10% - 15%	17.1%	18.8%	18.7%	19.0%	18.5%	15.6%
	Capital Maintenance to Expansion <i>The capital program requires a critical balance between maintenance of existing assets and expansion efforts.</i>	75% - 90%	97.9%	86.1%	93.5%	92.5%	94.2%	91.3%
End of Year Reserved Funds	Fuel Reserve Funds <i>A reserve designated to protect the Authority from a significant and continuing rise in fuel prices. (In Millions)</i>	Fuel Budget less Annual Expenditures	\$2.65	\$2.71	\$2.71	\$2.71	\$2.71	\$2.71
	Compensated Absences Reserve Funds <i>Ensure payment of over \$9 million in charges the Authority will need to pay to employees for vacation that has been earned. (In Millions)</i>	< 25% of Accrued Liability	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
	Hospitalization Reserve Funds <i>Protect against substantial cost increases from unfunded mandates or out of the ordinary costs for catastrophic illnesses. (In Millions)</i>	< 10% of Annual Hospitalization Costs	\$1.94	\$1.94	\$1.94	\$1.94	\$1.94	\$1.94
	Rolling Stock Reserve Funds <i>A reserve designated to protect the Authority from a significant and continuing rise in replacement of revenue vehicles. (In Millions)</i>	Savings in Operating Funds	\$7.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

ATTACHMENT C
RTA Development Fund Balance Analysis

	2012	2013	2014	2015	2016	2017
	Actual	Actual	Estimate	Tax Budget	Budget	Budget
Beginning Balance	25,947,255	44,440,121	38,924,890	26,381,217	50,602,544	36,831,371
Revenue						
Debt Service	25,000,000	0	0	40,000,000	0	20,000,000
Transfer from RTA Capital Fund	9,620,255	13,470,255	12,234,255	11,749,255	11,134,255	11,084,255
Investment Income	115,389	95,725	235,000	235,000	245,000	245,000
Federal Capital Grants	33,570,510	59,795,463	70,506,250	77,756,250	70,868,750	63,437,500
State Capital Grants	1,135,673	264,693	1,730,822	1,730,822	1,730,822	1,730,822
Other Revenue	3,424,859	0	0	0	0	0
Total Revenue	72,866,686	73,626,136	84,706,327	131,471,327	83,978,827	96,487,577
Total Resources	98,813,941	118,066,257	123,631,217	157,852,544	134,581,371	133,328,948
Expenditures						
Capital Outlay	54,373,820	79,141,367	97,250,000	107,250,000	97,750,000	87,500,000
Other Expenditures	0	0	0	0	0	0
Total Expenditures	54,373,820	79,141,367	97,250,000	107,250,000	97,750,000	87,500,000
Ending Balance	44,440,121	38,924,890	26,381,217	50,602,544	36,831,371	45,828,948

ATTACHMENT D

RTA Capital Fund Balance Analysis

	2012	2013	2014	2015	2016	2017
	Actual	Actual	Estimate	Tax Budget	Budget	Budget
Beginning Balance	2,096,600	2,286,108	3,238,677	2,972,176	2,488,763	2,030,788
Revenue						
Transfer from General Fund	11,636,995	17,277,044	16,167,304	14,815,392	13,825,880	14,420,349
Investment Income	-7	5,200	450	450	400	400
Other Revenue	0	0	0	0	0	0
Total Revenue	11,636,988	17,282,244	16,167,754	14,815,842	13,826,280	14,420,749
Total Resources	13,733,588	19,568,352	19,406,431	17,788,018	16,315,043	16,451,538
Expenditures						
Asset Maintenance	873,929	1,083,402	1,350,000	1,350,000	1,300,000	1,300,000
Routine Capital	953,296	1,776,018	2,850,000	2,200,000	1,850,000	1,750,000
Transfer to RTA Development Fund	9,620,255	13,470,255	12,234,255	11,749,255	11,134,255	11,084,255
Total Expenditures	11,447,480	16,329,675	16,434,255	15,299,255	14,284,255	14,134,255
Ending Balance	2,286,108	3,238,677	2,972,176	2,488,763	2,030,788	2,317,283

ATTACHMENT E
Bond Retirement Fund Balance Analysis

	2012	2013	2014	2015	2016	2017
	Actual	Actual	Estimate	Tax Budget	Budget	Budget
Beginning Balance	1,702,726	4,119,819	1,710,132	1,881,299	1,908,292	1,970,144
Revenue						
Transfer from General Fund	19,386,892	18,324,392	20,154,392	22,900,876	23,677,085	17,820,578
Investment Income	23,086	12,502	25,500	25,500	26,500	26,500
Bond Premium Proceeds	3,779,561	0	0	0	0	0
Other Revenue	10	27	0	0	0	0
Total Revenue	23,189,549	18,336,921	20,179,892	22,926,376	23,703,585	17,847,078
Total Resources	24,892,275	22,456,740	21,890,024	24,807,675	25,611,877	19,817,222
Expenditures						
Debt Service						
Principal	13,990,000	13,895,000	14,475,000	16,332,453	17,392,001	12,388,505
Interest	6,776,675	6,851,608	5,532,225	6,565,430	6,247,232	5,901,815
Other Expenditures	5,781	0	1,500	1,500	2,500	2,500
Total Expenditures	20,772,456	20,746,608	20,008,725	22,899,383	23,641,733	18,292,820
Ending Balance	4,119,819	1,710,132	1,881,299	1,908,292	1,970,144	1,524,402

ATTACHMENT F
Insurance Fund Balance Analysis

	2012	2013	2014	2015	2016	2017
	Actual	Actual	Estimate	Tax Budget	Budget	Budget
Beginning Balance	6,883,060	6,678,594	6,384,153	6,034,153	5,684,153	5,484,253
Revenue						
Investment Income	34,928	39,881	45,000	45,000	45,000	45,000
Transfer from General Fund	1,000,000	1,400,000	2,100,000	2,100,000	2,300,000	2,500,000
Other Revenue	0	0	0	0	0	0
Total Revenue	1,034,928	1,439,881	2,145,000	2,145,000	2,345,000	2,545,000
Total Resources	7,917,988	8,118,475	8,529,153	8,179,153	8,029,153	8,029,253
Expenditures						
Claims and Premium Outlay	1,231,929	1,734,322	2,495,000	2,495,000	2,544,900	2,595,798
Other Expenditures	7,465	0	0	0	0	0
Total Expenditures	1,239,394	1,734,322	2,495,000	2,495,000	2,544,900	2,595,798
Ending Balance	6,678,594	6,384,153	6,034,153	5,684,153	5,484,253	5,433,455

ATTACHMENT G
Supplemental Pension Fund Balance Analysis

	2012	2013	2014	2015	2016	2017
	Actual	Actual	Estimate	Tax Budget	Budget	Budget
Beginning Balance	1,161,820	1,195,091	1,228,490	1,264,490	1,300,490	1,338,240
Revenue						
Investment Income	6,183	7,752	6,500	6,500	6,750	6,750
Transfer from General Fund	100,000	100,000	100,000	100,000	100,000	100,000
Total Revenue	106,183	107,752	106,500	106,500	106,750	106,750
Total Resources	1,268,003	1,302,843	1,334,990	1,370,990	1,407,240	1,444,990
Expenditures						
Benefit Payments	72,912	74,353	70,500	70,500	69,000	67,500
Other Expenditures	0	0	0	0	0	0
Total Expenditures	72,912	74,353	70,500	70,500	69,000	67,500
Ending Balance	1,195,091	1,228,490	1,264,490	1,300,490	1,338,240	1,377,490

ATTACHMENT H
Law Enforcement Fund Balance Analysis

	2012	2013	2014	2015	2016	2017
	Actual	Actual	Estimate	Tax Budget	Budget	Budget
Beginning Balance	298,091	184,341	406,607	376,732	346,857	336,982
Revenue						
Investment Income	86	44	125	125	125	125
Other Revenue	56,000	292,445	55,000	55,000	55,000	55,000
Total Revenue	56,086	292,489	55,125	55,125	55,125	55,125
Total Resources	354,177	476,830	461,732	431,857	401,982	392,107
Expenditures						
Capital & Related Items	129,986	70,223	85,000	85,000	65,000	65,000
Total Expenditures	129,986	70,223	85,000	85,000	65,000	65,000
Reconciling Journal Entry	39,850	0	0	0	0	0
Ending Balance	184,341	406,607	376,732	346,857	336,982	327,107

ATTACHMENT I
All Funds Balance Analysis

	2012	2013	2014	2015	2016	2017
	Actual	Actual	Estimate	Tax Budget	Budget	Budget
Beginning Balance	74,465,535	97,139,215	86,138,611	63,537,797	69,903,329	42,769,155
Revenue						
Passenger Fares	49,237,857	48,699,580	49,314,054	49,905,823	50,504,693	51,110,749
Sales & Use Tax	181,219,251	189,630,645	194,233,536	198,506,674	202,873,821	207,337,045
Federal	33,570,510	59,795,463	70,506,250	77,756,250	70,868,750	63,437,500
State	6,389,010	4,153,693	5,863,558	4,855,822	1,730,822	1,730,822
Investment Income	380,932	361,292	537,575	537,575	573,775	598,775
Other Revenue	28,275,857	21,965,425	23,653,997	24,803,518	26,105,000	25,255,000
General Obligation Debt Proceeds	25,000,000	0	0	40,000,000	0	20,000,000
Total Revenue	324,073,417	324,606,098	344,108,970	396,365,662	352,656,861	369,469,891
Total Resources	398,538,952	421,745,313	430,247,581	459,903,459	422,560,190	412,239,046
Expenditures						
Personnel Services	163,776,230	169,101,337	174,504,516	183,653,874	186,577,691	189,559,028
Diesel Fuel	12,632,036	13,956,183	14,206,631	13,440,000	10,880,000	10,080,000
Other Expenditures	48,023,751	49,801,788	56,541,412	59,208,373	57,794,111	57,909,559
Capital Outlay	56,201,045	82,000,787	101,450,000	110,800,000	100,900,000	90,550,000
Debt Service	20,766,675	20,746,608	20,007,225	22,897,883	23,639,233	18,290,320
Total Expenditures	301,399,737	335,606,702	366,709,784	390,000,130	379,791,035	366,388,907
Available Ending Balance	97,139,215	86,138,611	63,537,797	69,903,329	42,769,155	45,850,139



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: ADOPTING GCRTA TAX BUDGET FOR THE 2015 FISCAL YEAR	Resolution No.: 2014- 59
	Date: July 10, 2014
	Initiator: Office of Management & Budget
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, 2015 and submit the same to the Cuyahoga County Fiscal Officer.
- 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 2015 Tax Budget as chosen by the Finance Committee.
- 8.0 RECOMMENDATION: This budget was reviewed by the Finance Committee on July 1, 2014 and recommended for approval by the Board of Trustees. It is recommended that the 2015 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