

RESOLUTION NO. 2016-55

ADOPTING THE TAX BUDGET OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2017 AND SUBMITTING THE SAME TO THE CUYAHOGA COUNTY FISCAL OFFICER

WHEREAS, a Tax Budget for the Greater Cleveland Regional Transit Authority (Authority) for the fiscal year beginning January 1, 2017, has been prepared for the purpose of providing an estimate of revenues to be received for such fiscal year, including all taxes, user fees, and other types of revenues, as well as, estimates of all expenditures and outlays for such fiscal year to be paid or met from the said revenue, all in conformance with sound financial practices; and

WHEREAS, since September 2009, the Sales & Use Tax base included Medicaid Managed Care, however, as of June 30, 2017, the State of Ohio must comply with Federal regulations regarding removal of subsets of all health care providers from the State Sales Tax, which will have a negative impact on the 2017 Tax Budget and future fiscal years budgets for the Authority; 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 Authority's Office of Management and Budget; and

WHEREAS, the Board of Trustees has held a public hearing on July 5, 2016 on said budget, of which public notice was given by publication in the Plain Dealer on June 25, 2016.

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, 2017, heretofore prepared and submitted to this Board of Trustees, copies of which are on file in the Office of Management and Budget, with any revisions to said tentative budget incorporated therein, is hereby adopted as the official Tax Budget of said Authority for the fiscal year beginning January 1, 2017.

Section 2. That the Executive Director of the Office of Management and Budget is hereby authorized and directed to transmit to the Cuyahoga County Fiscal Officer a certified copy of said budget and a copy of this resolution.

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

Attachments: 2017 Tax Budget Assumptions and Fund Statements.

Adopted: July 26, 2016



\_\_\_\_\_  
President

Attest:

  
\_\_\_\_\_  
CEO, General Manager/Secretary-Treasurer

ATTACHMENT A

General Fund Balance Analysis

Assumptions:

Passenger Fare Annual Growth =	0.8%	-1.4%	1.9%	7.8%	2.6%	3.5%
Sales & Use Tax Annual Growth =	3.9%	4.4%	4.8%	-0.9%	-4.1%	2.4%
Personnel & Fringe Cost Growth =	7.2%	2.9%	1.7%	3.0%	2.1%	1.7%
Non-Personnel Cost Growth =	7.9%	-2.5%	5.6%	3.9%	0.7%	1.1%
Operating Expenses Growth =	7.4%	1.5%	2.7%	3.3%	1.7%	1.6%
Capital Contribution =	36,355,659	38,125,229	34,165,106	33,605,488	34,568,438	33,087,023
	18.4%	18.5%	15.8%	15.7%	16.9%	15.8%

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Estimate	Tax Budget	Plan	Plan
<b>Beginning Balance</b>	<b>38,394,322</b>	<b>26,870,717</b>	<b>16,897,707</b>	<b>17,057,459</b>	<b>6,829,227</b>	<b>-16,349,621</b>
<b>Revenue</b>						
Passenger Fares	49,085,267	48,419,211	49,315,155	53,137,080	54,532,699	56,465,853
Advertising & Concessions	1,488,870	1,442,677	1,420,000	1,420,000	1,440,000	1,440,000
Sales & Use Tax	197,118,776	205,843,321	215,688,800	213,823,623	205,131,390	210,054,543
Fed. Operating Assistance - Paratransit	4,057,815	3,125,000	0	0	0	0
Trolley Assistance	0	0	640,000	640,000	640,000	640,000
CMAQ Operating Assistance - Trolley	704,063	533,478	0	0	0	0
Access to Jobs Program	2,470,656	920,570	0	0	0	0
Investment Income	169,211	153,534	100,000	100,000	100,000	100,000
Other Revenue	1,470,683	1,254,771	1,250,000	1,200,000	1,200,000	1,200,000
Reimbursed Expenditures	17,324,469	19,720,588	24,938,861	22,075,000	22,075,000	22,075,000
<b>Total Revenue</b>	<b>273,889,810</b>	<b>281,413,150</b>	<b>293,352,816</b>	<b>292,395,703</b>	<b>285,119,089</b>	<b>291,975,396</b>
<b>Total Resources</b>	<b>312,284,132</b>	<b>308,283,867</b>	<b>310,250,523</b>	<b>309,453,162</b>	<b>291,948,316</b>	<b>275,625,775</b>
<b>Operating Expenditures</b>						
Personnel Services	181,305,658	186,608,791	189,700,752	195,414,650	199,519,769	203,006,268
Diesel Fuel	14,335,896	10,804,133	9,407,264	7,968,841	7,233,370	7,050,000
Natural Gas	957,626	1,119,725	1,560,500	1,669,436	1,602,400	1,715,000
Other Expenditures	51,458,576	53,128,282	57,759,442	61,790,520	63,098,960	63,938,191
<b>Total Operating Expenditures</b>	<b>248,057,756</b>	<b>251,660,931</b>	<b>258,427,958</b>	<b>266,843,447</b>	<b>271,454,499</b>	<b>275,709,459</b>
<b>Transfer to the Insurance Fund</b>	<b>900,000</b>	<b>1,500,000</b>	<b>500,000</b>	<b>2,100,000</b>	<b>2,200,000</b>	<b>2,300,000</b>
<b>Transfer to the Pension Fund</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Transfers to Capital</b>						
Bond Retirement Fund	20,480,914	22,615,956	21,882,300	18,592,500	19,085,000	17,550,000
Capital Improvement Fund	15,874,745	15,509,273	12,282,806	15,012,988	15,483,438	15,537,023
<b>Total Transfers to Capital</b>	<b>36,355,659</b>	<b>38,125,229</b>	<b>34,165,106</b>	<b>33,605,488</b>	<b>34,568,438</b>	<b>33,087,023</b>
<b>Total Expenditures</b>	<b>285,413,415</b>	<b>291,386,160</b>	<b>293,193,064</b>	<b>302,623,935</b>	<b>308,297,937</b>	<b>311,171,482</b>
Ending Balance	26,870,717	16,897,707	17,057,459	6,829,227	-16,349,621	-35,545,706
Reserved Funds	6,900,000	0	0	0	0	0
<b>Available Ending Balance</b>	<b>19,970,717</b>	<b>16,897,707</b>	<b>17,057,458</b>	<b>6,829,226</b>	<b>-16,349,622</b>	<b>-35,545,707</b>

**ATTACHMENT B**

**2017 Tax Budget**

**Financial Policy Objectives**

	<b>Goal</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Estimate</b>	<b>2017 Tax Budget</b>	<b>2018 Plan</b>	<b>2019 Plan</b>
<b>Operating Efficiency</b>	<b>Operating Ratio</b>	20.6%	19.9%	19.7%	20.5%	20.7%	21.1%
	<b>Cost/Hour of Service</b>	\$123.6	\$125.7	\$130.1	\$134.6	\$138.0	\$140.5
	<b>Growth per Year</b>	-4.2%	1.6%	3.5%	3.5%	2.5%	1.8%
	<b>Operating Reserve (Months)</b>	1.3	0.8	0.8	0.3	-0.7	-1.6
<b>Capital Efficiency</b>	<b>Debt Service Coverage</b>	2.37	1.79	1.76	1.37	0.14	-1.01
	<b>Sales Tax Contribution to Capital</b>	18.4%	18.5%	15.8%	15.7%	16.9%	15.8%
	<b>Capital Maintenance to Expansion</b>	95.7%	96.9%	94.2%	94.1%	92.5%	92.5%

ATTACHMENT C

RTA Development Fund Balance Analysis

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Estimate	Tax Budget	Plan	Plan
<b>Beginning Balance</b>	<b>38,924,890</b>	<b>23,911,529</b>	<b>42,499,967</b>	<b>26,021,880</b>	<b>35,118,793</b>	<b>15,368,206</b>
<b>Revenue</b>						
Debt Service Proceeds	0	30,000,000	0	30,000,000	0	25,000,000
Transfer from RTA Capital Fund	11,734,255	11,649,255	8,334,255	11,084,255	11,284,255	11,259,255
Investment Income	54,038	185,574	53,000	53,000	43,000	52,000
Federal Capital Grants	58,199,720	75,819,587	61,250,000	62,075,000	60,287,500	62,562,500
State Capital Grants	2,046,063	534,487	1,384,658	1,384,658	1,384,658	1,384,658
Other Revenue	0	9,000	0	0	0	0
<b>Total Revenue</b>	<b>72,034,076</b>	<b>118,197,903</b>	<b>71,021,913</b>	<b>104,596,913</b>	<b>72,999,413</b>	<b>100,258,413</b>
<b>Total Resources</b>	<b>110,958,966</b>	<b>142,109,432</b>	<b>113,521,880</b>	<b>130,618,793</b>	<b>108,118,206</b>	<b>115,626,619</b>
<b>Expenditures</b>						
Capital Outlay	87,047,437	99,609,466	87,500,000	95,500,000	92,750,000	87,500,000
Other Expenditures	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>87,047,437</b>	<b>99,609,466</b>	<b>87,500,000</b>	<b>95,500,000</b>	<b>92,750,000</b>	<b>87,500,000</b>
<b>Ending Balance</b>	<b>23,911,529</b>	<b>42,499,967</b>	<b>26,021,880</b>	<b>35,118,793</b>	<b>15,368,206</b>	<b>28,126,619</b>

ATTACHMENT D

RTA Capital Fund Balance Analysis

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Estimate	Tax Budget	Plan	Plan
<b>Beginning Balance</b>	<b>1,731,677</b>	<b>1,523,035</b>	<b>2,114,126</b>	<b>2,182,677</b>	<b>2,106,410</b>	<b>2,150,592</b>
<b>Revenue</b>						
Transfer from General Fund	15,874,745	15,509,273	12,282,806	15,012,988	15,483,438	15,537,023
Investment Income	13,200	21,847	20,000	20,000	20,000	20,000
Other Revenue	72,916	0	0	0	0	0
<b>Total Revenue</b>	<b>15,960,860</b>	<b>15,531,120</b>	<b>12,302,806</b>	<b>15,032,988</b>	<b>15,503,438</b>	<b>15,557,023</b>
<b>Total Resources</b>	<b>17,692,537</b>	<b>17,054,155</b>	<b>14,416,932</b>	<b>17,215,665</b>	<b>17,609,847</b>	<b>17,707,615</b>
<b>Expenditures</b>						
Asset Maintenance	1,627,995	1,415,840	1,650,000	1,750,000	1,825,000	1,850,000
Routine Capital	2,807,251	1,874,934	2,250,000	2,275,000	2,350,000	2,450,000
Transfer to RTA Development Fund	11,734,255	11,649,255	8,334,255	11,084,255	11,284,255	11,259,255
<b>Total Expenditures</b>	<b>16,169,502</b>	<b>14,940,029</b>	<b>12,234,255</b>	<b>15,109,255</b>	<b>15,459,255</b>	<b>15,559,255</b>
<b>Ending Balance</b>	<b>1,523,035</b>	<b>2,114,126</b>	<b>2,182,677</b>	<b>2,106,410</b>	<b>2,150,592</b>	<b>2,148,360</b>

ATTACHMENT E

## Bond Retirement Fund Balance Analysis

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Estimate	Tax Budget	Plan	Plan
<b>Beginning Balance</b>	<b>1,710,131</b>	<b>1,775,685</b>	<b>2,273,404</b>	<b>2,089,034</b>	<b>2,109,943</b>	<b>2,068,554</b>
<b>Revenue</b>						
Transfer from General Fund	20,480,914	22,615,956	21,882,300	18,592,500	19,085,000	17,550,000
Investment Income	263	1,419	2,500	2,500	2,500	2,500
Other Revenue	-445,748	0	0	0	0	0
<b>Total Revenue</b>	<b>20,035,429</b>	<b>22,617,375</b>	<b>21,884,800</b>	<b>18,595,000</b>	<b>19,087,500</b>	<b>17,552,500</b>
Reconciling Journal Entry	37,349	0	0	0	0	0
<b>Total Resources</b>	<b>21,782,909</b>	<b>24,393,060</b>	<b>24,158,204</b>	<b>20,684,034</b>	<b>21,197,443</b>	<b>19,621,054</b>
<b>Expenditures</b>						
Debt Service						
Principal	14,475,000	16,320,000	16,430,000	12,370,589	12,992,751	11,369,318
Interest	5,532,225	5,799,656	5,637,670	6,202,002	6,134,638	6,444,882
Other Expenditures	0	0	1,500	1,500	1,500	1,500
<b>Total Expenditures</b>	<b>20,007,225</b>	<b>22,119,656</b>	<b>22,069,170</b>	<b>18,574,091</b>	<b>19,128,889</b>	<b>17,815,700</b>
<b>Ending Balance</b>	<b>1,775,685</b>	<b>2,273,404</b>	<b>2,089,034</b>	<b>2,109,943</b>	<b>2,068,554</b>	<b>1,805,354</b>

ATTACHMENT F

**Insurance Fund Balance Analysis**

	2014 Actual	2015 Actual	2016 Estimate	2017 Tax Budget	2018 Plan	2019 Plan
<b>Beginning Balance</b>	6,384,153	6,162,818	6,588,693	5,233,493	5,073,793	5,029,293
<b>Revenue</b>						
Investment Income	28,978	10,400	7,000	10,000	10,000	10,000
Transfer from General Fund	900,000	1,500,000	500,000	2,100,000	2,200,000	2,300,000
<b>Total Revenue</b>	<b>928,978</b>	<b>1,510,400</b>	<b>507,000</b>	<b>2,110,000</b>	<b>2,210,000</b>	<b>2,310,000</b>
<b>Total Resources</b>	<b>7,313,131</b>	<b>7,673,218</b>	<b>7,095,693</b>	<b>7,343,493</b>	<b>7,283,793</b>	<b>7,339,293</b>
<b>Expenditures</b>						
Claims and Premium Outlay	1,150,313	1,084,525	1,862,200	2,269,700	2,254,500	2,269,700
Other Expenditures	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>1,150,313</b>	<b>1,084,525</b>	<b>1,862,200</b>	<b>2,269,700</b>	<b>2,254,500</b>	<b>2,269,700</b>
<b>Ending Balance</b>	<b>6,162,818</b>	<b>6,588,693</b>	<b>5,233,493</b>	<b>5,073,793</b>	<b>5,029,293</b>	<b>5,069,593</b>

ATTACHMENT G

Supplemental Pension Fund Balance Analysis

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Estimate	Tax Budget	Plan	Plan
<b>Beginning Balance</b>	1,228,490	1,227,680	1,268,518	1,304,518	1,322,018	1,341,018
<b>Revenue</b>						
Investment Income	3,859	8,875	6,500	13,000	13,000	13,000
Transfer from General Fund	100,000	100,000	100,000	75,000	75,000	75,000
<b>Total Revenue</b>	<b>103,859</b>	<b>108,875</b>	<b>106,500</b>	<b>88,000</b>	<b>88,000</b>	<b>88,000</b>
<b>Total Resources</b>	<b>1,332,349</b>	<b>1,336,555</b>	<b>1,375,018</b>	<b>1,392,518</b>	<b>1,410,018</b>	<b>1,429,018</b>
<b>Expenditures</b>						
Benefit Payments	74,676	68,037	70,500	70,500	69,000	67,500
Other Expenditures	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>74,676</b>	<b>68,037</b>	<b>70,500</b>	<b>70,500</b>	<b>69,000</b>	<b>67,500</b>
Reconciling Journal Entry	29,993	0	0	0	0	0
<b>Ending Balance</b>	<b>1,227,680</b>	<b>1,268,518</b>	<b>1,304,518</b>	<b>1,322,018</b>	<b>1,341,018</b>	<b>1,361,518</b>



ATTACHMENT H

**Law Enforcement Fund Balance Analysis**

	2014 Actual	2015 Actual	2016 Estimate	2017 Tax Budget	2018 Plan	2019 Plan
<b>Beginning Balance</b>	<b>406,607</b>	<b>296,216</b>	<b>257,133</b>	<b>262,193</b>	<b>317,253</b>	<b>372,313</b>
<b>Revenue</b>						
Law Enforcement Revenue	0	9,040	0	0	0	0
Investment Income	60	60	60	60	60	60
Other Revenue	81,335	0	55,000	55,000	55,000	55,000
<b>Total Revenue</b>	<b>81,395</b>	<b>9,100</b>	<b>55,060</b>	<b>55,060</b>	<b>55,060</b>	<b>55,060</b>
<b>Total Resources</b>	<b>488,002</b>	<b>305,316</b>	<b>312,193</b>	<b>317,253</b>	<b>372,313</b>	<b>427,373</b>
<b>Expenditures</b>						
Capital & Related Items	191,786	48,183	50,000	0	0	0
<b>Total Expenditures</b>	<b>191,786</b>	<b>48,183</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Reconciling Journal Entry	0	0	0	0	0	0
<b>Ending Balance</b>	<b>296,216</b>	<b>257,133</b>	<b>262,193</b>	<b>317,253</b>	<b>372,313</b>	<b>427,373</b>

ATTACHMENT I

**All Funds Balance Analysis**

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Estimate	Tax Budget	Plan	Plan
<b>Beginning Balance</b>	<b>88,780,269</b>	<b>61,767,680</b>	<b>71,899,548</b>	<b>54,151,254</b>	<b>52,877,436</b>	<b>9,980,355</b>
<b>Revenue</b>						
Passenger Fares	49,085,267	48,419,211	49,315,155	53,137,080	54,532,699	56,465,853
Sales & Use Tax	197,118,776	205,843,321	215,688,800	213,823,623	205,131,390	210,054,543
Federal	58,199,720	75,819,587	61,250,000	62,075,000	60,287,500	62,562,500
State	6,103,878	3,659,487	2,024,658	2,024,658	2,024,658	2,024,658
Investment Income	269,609	381,709	189,060	198,560	188,560	197,560
Other Revenue	23,204,593	23,890,124	27,663,861	24,750,000	24,770,000	24,770,000
Debt Service Proceeds	0	30,000,000	0	30,000,000	0	25,000,000
<b>Total Revenue</b>	<b>333,981,843</b>	<b>388,013,439</b>	<b>356,131,534</b>	<b>386,008,921</b>	<b>346,934,807</b>	<b>381,075,114</b>
<b>Total Resources</b>	<b>422,762,112</b>	<b>449,781,119</b>	<b>428,031,082</b>	<b>440,160,174</b>	<b>399,812,243</b>	<b>391,055,469</b>
<b>Expenditures</b>						
Personnel Services	181,305,658	186,608,791	189,700,752	195,414,650	199,519,769	203,006,268
Diesel Fuel	14,335,896	10,804,133	9,407,264	7,968,841	7,233,370	7,050,000
Natural Gas	957,626	1,119,725	1,560,500	1,669,436	1,602,400	1,715,000
Other Expenditures	52,905,344	54,329,027	59,743,642	64,132,220	65,423,960	66,276,891
Capital Outlay	91,482,683	102,900,240	91,400,000	99,525,000	96,925,000	91,800,000
Debt Service	20,007,225	22,119,656	22,067,670	18,572,591	19,127,389	17,814,200
<b>Total Expenditures</b>	<b>360,994,432</b>	<b>377,881,571</b>	<b>373,879,828</b>	<b>387,282,738</b>	<b>389,831,888</b>	<b>387,662,359</b>
<b>Available Ending Balance</b>	<b>61,767,680</b>	<b>71,899,548</b>	<b>54,151,254</b>	<b>52,877,436</b>	<b>9,980,355</b>	<b>3,393,110</b>

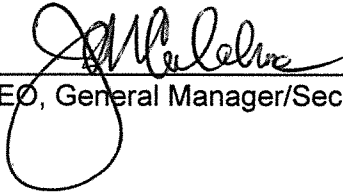


Greater Cleveland Regional Transit Authority  
**STAFF SUMMARY AND COMMENTS**

TITLE/DESCRIPTION:  ADOPTING GCRTA TAX BUDGET FOR THE 2017 FISCAL YEAR	Resolution No.: 2016-55
	Date: July 25, 2016
	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, 2017 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. In 2005 through 2009, the State of Ohio collected a 5.5% Medicaid Managed Care Organization (MCO) tax. In September 2009, the Governor repealed this tax and applied the Medicaid MCO purchased services to the State Sales & Use Tax Base. In July 2014, the Centers for Medicare & Medicaid Services (CMS) advised state Medicaid directors that "taxing a subset of health care providers at the same rate as a statewide sales tax" is not permissible. The CMS gave states "until the end of the next regular legislative session" to comply, which for Ohio is June 30, 2017. The net impact of removing the MCO from the Sales & Use Tax base for the Greater Cleveland Regional Transit Authority is an annual reduction of 8.2% of the Sales & Use Tax, which is approximately \$4.5 million in 2017 and \$18 million for 2018 and beyond.
- 7.0 ALTERNATIVES: Do not adopt and file the 2017 Tax Budget as chosen by the Finance Committee.
- 8.0 RECOMMENDATION: This budget was reviewed by the Finance Committee on July 5, 2016 and recommended for approval by the Board of Trustees. It is recommended that the 2017 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