

RESOLUTION NO. 2017-16

TO AMEND RESOLUTION NO. 2016-116 TO PROVIDE FOR AN INCREASE IN THE FISCAL YEAR 2017 APPROPRIATIONS FOR THE GENERAL FUND IN THE AMOUNT OF \$8,776,432 FOR CURRENT EXPENSES AND ESTABLISH RESERVE FUND ACCOUNTS FOR CERTAIN OTHER EXPENDITURES OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

WHEREAS, it is in the best interest of the Greater Cleveland Regional Transit Authority ("Authority") to amend its Reserve Fund accounts; and

WHEREAS, amending the Reserve Fund accounts will help to protect the Authority from future economic downturns, as well as significant increases in fuel and hospitalization costs, to financially plan for payment of earned vacation hours when an employee separates or retires, to establish a method to account for future budget years with 27 pay periods, and to begin the process to accumulate sufficient funds to replace the Authority's aging rail fleet; and

WHEREAS, increasing the Fiscal Year 2017 appropriations for the General Fund in the amount of \$8,776,432, which will allow for an increase in the transfer to the Reserve Fund accounts; and

WHEREAS, on March 7, 2017, the Finance Committee of the Board of Trustees reviewed and discussed the proposed increase to the 2017 General Fund budget and recommended its approval by Board on March 21, 2017.

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

Section 1. That the appropriations for the current expenses and other expenditures of the Greater Cleveland Regional Transit Authority, during the period of January 1, 2017 through December 31, 2017 ("Fiscal Year 2017"), as set forth in Resolution No. 2016-116, adopted by the Board on December 20, 2016, is hereby amended as follows:

**AMENDED 2017 GENERAL FUND APPROPRIATIONS**

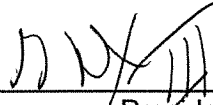
	CURRENT 2017 APPROPRIATION	AMENDED 2017 APPROPRIATION	ADDITION/ (REDUCTION)
99 FUNDS TRANSFERS			
Personnel Services	0	0	0
Other Expenditures	<u>35,462,297</u>	<u>44,238,729</u>	<u>8,776,432</u>
	35,462,297	44,238,729	8,776,432
GRAND TOTAL	\$302,957,711	\$311,734,143	\$8,776,432

Section 2. That the "Rolling Stock Reserve Fund" listed in the 2017 General Fund Budget under "Cumulated Appropriations" will be renamed "Reserve Fund".

Section 3. That all other provisions of Resolution 2016-116, not otherwise amended, shall remain in full force and effect.

Section 4. That this resolution shall become effective immediately upon its adoption.

Adopted: March 21, 2017

  
\_\_\_\_\_  
President

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

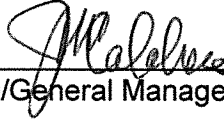


Greater Cleveland Regional Transit Authority  
**STAFF SUMMARY AND COMMENTS**

<b>TITLE/DESCRIPTION:</b> TO AMEND RESOLUTION NO. 2016-116 TO PROVIDE FOR AN INCREASE IN THE FISCAL YEAR 2017 APPROPRIATIONS FOR THE GENERAL FUND IN THE AMOUNT OF \$8,776,432 FOR CURRENT EXPENSES AND ESTABLISH RESERVE FUND ACCOUNTS FOR CERTAIN OTHER EXPENDITURES OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY	<b>Resolution No.:</b> 2017-16
	<b>Date:</b> March 16, 2017
	<b>Initiator:</b> Office of Mgt. & Budget
<b>ACTION REQUEST:</b> <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 authorize an amendment to increase the Fiscal Year 2017 General Fund Appropriations Budget by \$8,776,432, which will allow for an increase in the transfer to the Reserve Fund.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The proposed amendment to increase the 2017 General Fund Appropriations Budget is requested to initiate a transfer to the Reserve Fund that will help protect the Authority from future economic downturns, as well as significant increases in fuel and hospitalization costs, to financially plan for payment of earned vacation hours when an employee separates or retires, to establish a method to account for future budget years with 27 pay periods, and to begin the process to accumulate sufficient funds to replace the Authority's aging rail fleet. In addition, the "Rolling Stock Reserve Fund" listed in the 2017 General Fund Budget under "Cumulated Appropriations" will be renamed "Reserve Fund."
- 3.0 **PROCUREMENT BACKGROUND:** Does not apply.
- 4.0 **DBE/AFFIRMATIVE ACTION BACKGROUND:** Does not apply.
- 5.0 **POLICY IMPACT:** The proposed amendment will enable transfers to the Reserve Fund, as established by Resolution 2012-112 and amended by Resolution 2017-015, which provides for the establishment of Reserve Fund accounts for fuel costs, compensated absences, hospitalization costs, 27<sup>th</sup> payroll expenses, and for the replacement of rail car rolling stock.
- 6.0 **ECONOMIC IMPACT:** The proposed amendment will increase the total appropriation for the Fiscal Year 2017 General Fund in the amount of \$8,776,432, which will enable the Authority to be better prepared for economic downturns and cost increases as specified in the Reserve Fund.
- 7.0 **ALTERNATIVES:** Modify or not approve the budget amendment as proposed. This will prevent the Authority from setting aside funds in support of its strategic plan.
- 8.0 **RECOMMENDATION:** The proposed amendment to the Fiscal Year 2017 General Fund Appropriations Budget was presented to and reviewed by the Finance Committee on March 7, 2017 and was recommended for approval by Board on March 21, 2017. It is recommended that the Board adopt the proposed amendment to the Fiscal Year 2017 General Fund Appropriations Budget.
- 9.0 **ATTACHMENTS:**
  - A. Original Fiscal Year 2017 General Fund Balance Analysis
  - B. Amended Fiscal Year 2017 General Fund Balance Analysis

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



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CEO/General Manager/Secretary-Treasurer

**ATTACHMENT A**

**General Fund Balance Analysis**

Assumptions:  
 Passenger Fare Annual Growth = 0.8%  
 Sales & Use Tax Annual Growth = 3.9%  
 Personnel & Fringe Cost Growth = 7.2%  
 Non-Personnel Cost Growth = 7.9%  
 Operating Expenses Growth = 7.4%  
 Capital Contribution = 18.4%

Includes removal of MMHC providers from Sales & Use Tax  
 -1.4%  
 4.4%  
 2.9%  
 -2.5%  
 1.5%  
 18.5%

5.7%  
 -0.6%  
 4.2%  
 11.6%  
 6.1%  
 15.0%

3.5%  
 -3.5%  
 1.4%  
 -1.5%  
 0.6%  
 15.5%

4.2%  
 2.5%  
 2.0%  
 1.8%  
 2.0%  
 15.1%

	2014	2015	2016	2017	2018	2019
	Actual	Actual	Estimate	Budget	Plan	Plan
<b>Beginning Balance</b>	<b>38,394,322</b>	<b>27,116,140</b>	<b>17,143,130</b>	<b>21,970,199</b>	<b>8,521,488</b>	<b>-11,797,127</b>
<b>Revenue</b>						
Passenger Fares	49,085,267	48,419,211	44,346,663	46,872,000	48,500,000	50,550,000
Advertising & Concessions	1,488,870	1,442,677	1,450,000	1,552,000	1,677,000	1,727,000
Sales & Use Tax	197,118,146	205,843,321	218,360,330	217,100,000	209,500,000	214,700,000
Federal Operating Assistance - Various	7,232,534	4,579,048	0	0	0	0
Trolley Assistance	0	0	640,000	640,000	640,000	640,000
Investment Income	169,211	153,534	70,000	70,000	70,000	70,000
Other Revenue	1,470,683	1,254,771	1,640,000	1,200,000	1,200,000	1,200,000
Reimbursed Expenditures	17,570,406	19,720,588	24,864,091	22,075,000	22,075,000	22,075,000
<b>Total Revenue</b>	<b>274,135,117</b>	<b>281,413,150</b>	<b>291,371,084</b>	<b>289,509,000</b>	<b>283,662,000</b>	<b>290,962,000</b>
<b>Total Resources</b>	<b>312,529,439</b>	<b>308,529,290</b>	<b>308,514,214</b>	<b>311,479,199</b>	<b>292,183,488</b>	<b>279,164,873</b>
<b>Operating Expenditures</b>						
Salaries and Overtime	132,536,216	138,437,922	136,587,109	143,299,426	145,723,494	149,449,004
Fringe Benefits	48,769,442	48,170,869	51,975,651	53,207,855	53,469,093	53,731,630
Diesel Fuel	14,335,896	10,804,133	8,718,658	7,742,000	6,528,000	7,009,000
Natural Gas	957,626	1,119,725	1,165,167	2,245,000	2,269,000	2,501,000
Other Expenditures	51,458,576	53,128,282	53,701,937	61,001,133	61,112,137	61,676,468
<b>Total Operating Expenditures</b>	<b>248,057,756</b>	<b>251,660,931</b>	<b>252,148,522</b>	<b>267,495,414</b>	<b>269,101,724</b>	<b>274,367,102</b>
<b>Transfer to the Insurance Fund</b>	<b>900,000</b>	<b>1,500,000</b>	<b>500,000</b>	<b>2,400,000</b>	<b>2,300,000</b>	<b>2,450,000</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	19,284,420	19,026,390	18,073,085
Capital Improvement Fund	15,874,629	15,509,273	9,472,060	13,276,394	13,477,501	14,313,186
<b>Total Transfers to Capital</b>	<b>36,355,543</b>	<b>38,125,229</b>	<b>31,354,360</b>	<b>32,560,814</b>	<b>32,503,891</b>	<b>32,386,271</b>
<b>Transfers to Rolling Stock Reserve Fund</b>	<b>0</b>	<b>0</b>	<b>2,441,133</b>	<b>426,483</b>	<b>0</b>	<b>0</b>
<b>Total Expenditures</b>	<b>285,413,299</b>	<b>291,386,160</b>	<b>286,544,015</b>	<b>302,957,711</b>	<b>303,980,615</b>	<b>309,278,373</b>
Ending Balance	27,116,140	17,143,130	21,970,199	8,521,488	-11,797,127	-30,113,500
Reserved Funds	6,900,000	0	0	0	0	0
<b>Available Ending Balance</b>	<b>20,216,140</b>	<b>17,143,130</b>	<b>21,970,198</b>	<b>8,521,488</b>	<b>-11,797,128</b>	<b>-30,113,501</b>

**ATTACHMENT B**

**General Fund Balance Analysis**

Includes removal of MMHC providers from Sales & Use Tax

Assumptions:

Passenger Fare Annual Growth =	0.8%	-1.4%	-4.4%	1.3%	3.5%	4.2%
Sales & Use Tax Annual Growth =	3.9%	4.4%	6.3%	-0.8%	-3.5%	2.5%
Personnel & Fringe Cost Growth =	7.2%	2.9%	-2.2%	7.7%	1.4%	2.0%
Non-Personnel Cost Growth =	7.9%	-2.1%	-2.5%	11.4%	-1.5%	1.8%
Operating Expenses Growth =	7.4%	1.6%	-2.3%	8.7%	0.6%	2.0%
Capital Contribution =	36,355,543	38,125,229	31,359,622	32,560,814	32,503,891	32,386,271
	18.4%	18.5%	14.3%	15.0%	15.5%	15.1%

	2014	2015	2016	Amended	2018	2019
	Actual	Actual	Actual	2017 Budget	Plan	Plan
<b>Beginning Balance</b>	<b>38,394,322</b>	<b>27,116,140</b>	<b>16,822,907</b>	<b>33,046,193</b>	<b>10,821,050</b>	<b>-9,497,565</b>
Revenue						
Passenger Fares	49,085,267	48,419,211	46,279,344	46,872,000	48,500,000	50,550,000
Advertising & Concessions	1,488,870	1,442,677	2,860,267	1,552,000	1,677,000	1,727,000
Sales & Use Tax	197,118,146	205,843,321	218,749,851	217,100,000	209,500,000	214,700,000
Federal Operating Assistance - Various	7,232,534	4,579,048	0	0	0	0
Investment Income	169,211	153,534	42,156	70,000	70,000	70,000
Other Revenue	1,470,683	1,254,771	1,888,060	1,200,000	1,200,000	1,200,000
Reimbursed Expenditures	17,570,406	19,720,588	24,560,024	22,075,000	22,075,000	22,075,000
<b>Total Revenue</b>	<b>274,135,117</b>	<b>281,413,150</b>	<b>294,379,702</b>	<b>289,509,000</b>	<b>283,662,000</b>	<b>290,962,000</b>
<b>Total Resources</b>	<b>312,529,439</b>	<b>308,529,290</b>	<b>311,202,609</b>	<b>322,555,193</b>	<b>294,483,050</b>	<b>281,464,435</b>
Operating Expenditures						
Salaries and Overtime	132,536,216	134,377,598	134,370,739	143,299,426	145,723,494	149,449,004
Fringe Benefits	48,769,442	52,231,192	48,074,083	53,207,855	53,469,093	53,731,630
Diesel Fuel	14,335,896	10,804,133	8,600,211	7,742,000	6,528,000	7,009,000
Natural Gas	957,626	1,124,699	1,246,088	2,245,000	2,269,000	2,501,000
Other Expenditures	51,458,576	53,443,532	53,905,673	61,001,133	61,112,137	61,676,468
<b>Total Operating Expenditures</b>	<b>248,057,756</b>	<b>251,981,154</b>	<b>246,196,794</b>	<b>267,495,414</b>	<b>269,101,724</b>	<b>274,367,102</b>
Transfer to the Insurance Fund	900,000	1,500,000	500,000	2,400,000	2,300,000	2,450,000
Transfer to the Pension Fund	100,000	100,000	100,000	75,000	75,000	75,000
Transfers to Capital						
Bond Retirement Fund	20,480,914	22,615,956	21,887,562	19,284,420	19,026,390	18,073,085
Capital Improvement Fund	15,874,629	15,509,273	9,472,060	13,276,394	13,477,501	14,313,186
<b>Total Transfers to Capital</b>	<b>36,355,543</b>	<b>38,125,229</b>	<b>31,359,622</b>	<b>32,560,814</b>	<b>32,503,891</b>	<b>32,386,271</b>
Transfers to Reserved Fund	0	0	0	9,202,915	0	0
<b>Total Expenditures</b>	<b>285,413,299</b>	<b>291,706,383</b>	<b>278,156,416</b>	<b>311,734,143</b>	<b>303,980,615</b>	<b>309,278,373</b>
Ending Balance	27,116,140	16,822,907	33,046,193	10,821,050	-9,497,565	-27,813,938
Reserved Funds	6,900,000	0	8,776,432	0	0	0
<b>Available Ending Balance</b>	<b>20,216,140</b>	<b>16,822,907</b>	<b>24,269,760</b>	<b>10,821,050</b>	<b>-9,497,566</b>	<b>-27,813,939</b>