

RESOLUTION NO. 2018-30

TO AMEND RESOLUTION NO. 2017-117 TO PROVIDE FOR A DECREASE IN THE FISCAL YEAR 2018 APPROPRIATIONS FOR THE GENERAL FUND IN THE AMOUNT OF \$12,693,721 FOR CURRENT EXPENSES AND TRANSFERS OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

WHEREAS, there is both a legal and managerial requirement to establish the revenues to be received for the upcoming fiscal year, including all taxes, user fees, and other types of revenues, as well as estimates of all expenditures or outlays for the operation of this public transportation system in the fiscal year to be paid or met from the said revenue; and

WHEREAS, in order to meet those requirements, a budget for the Greater Cleveland Regional Transit Authority ("Authority") for the fiscal year beginning January 1, 2018 and ending December 31, 2018 ("2018 General Fund Budget") was prepared and adopted by the Board of Trustees on December 19, 2017 with the understanding that the 2018 General Fund Budget may need to be amended in the first quarter of 2018; and

WHEREAS, the State of Ohio complied with federal regulations regarding removal of subsets of all Medicaid managed health care providers from the state sales tax base, which has had a negative impact on the 2018 General Fund Budget and future fiscal years' budgets for the Authority. As of March 2018, the sales and use tax receipts were 2.6% lower than budget and 11.8% lower than the same period in 2017; and

WHEREAS, the 2018 General Fund Budget appropriations and transfers to the Capital Fund and Reserve Fund must be reduced to 2017 levels due to loss of revenues; and

WHEREAS, the Operational Planning & Infrastructure Committee of the Board of Trustees discussed the 2018 Amended General Fund Budget on March 6, 2018, which included a retroactive pay for union positions for 2017 services, service modification for 15 routes, a \$5 million reduction in other expenses, a \$5 million reduction in the transfer to the Reserve Fund and a \$2 million reduction in the transfer to the capital funds with no impact to the capital improvement program; and

WHEREAS, the 2018 General Fund Budget has been reduced by \$12,693,721, as reflected in the 2018 Amended General Fund Budget.

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 Authority, during the period of January 1, 2018 through December 31, 2018 ("Fiscal Year 2018"), as set forth in Resolution No. 2017-117, adopted by the Board on December 19, 2017, are hereby amended as follows:

General Fund				2018 Budget Amended vs. Current Addition / (Reduction)
	2017 Year-End Expenses	Current 2018 Appropriation	Amended 2018 Appropriation	
Operations Division				
31 PARATRANSIT DISTRICT				
Personnel Services	13,980,856	13,039,464	13,270,466	231,002
Other Expenditures	9,440,473	10,587,510	9,821,285	(766,225)
	<u>23,421,329</u>	<u>23,626,974</u>	<u>23,091,751</u>	<u>(535,223)</u>
32 RAIL DISTRICT				
Personnel Services	30,296,488	31,601,245	31,558,269	(42,976)
Other Expenditures	7,060,690	7,678,400	7,201,565	(476,835)
	<u>37,357,178</u>	<u>39,279,645</u>	<u>38,759,834</u>	<u>(519,811)</u>
33 ASSET & CONFIG MGMT				
Personnel Services	952,540	1,085,517	1,085,517	-
Other Expenditures	926,484	989,025	963,250	(25,775)
	<u>1,879,024</u>	<u>2,074,542</u>	<u>2,048,767</u>	<u>(25,775)</u>
34 TRANSIT POLICE				
Personnel Services	12,611,985	13,526,521	13,520,246	(6,275)
Other Expenditures	342,370	434,021	406,771	(27,250)
	<u>12,954,355</u>	<u>13,960,542</u>	<u>13,927,017</u>	<u>(33,525)</u>
35 SERVICE MANAGEMENT				
Personnel Services	4,836,215	5,028,787	5,077,475	48,688
Other Expenditures	957,839	1,272,245	1,159,582	(112,663)
	<u>5,794,054</u>	<u>6,301,032</u>	<u>6,237,057</u>	<u>(63,975)</u>
38 SERVICE QUALITY MGMT				
Personnel Services	6,736,909	6,868,281	6,998,446	130,165
Other Expenditures	14,388	2,300	2,100	(200)
	<u>6,751,297</u>	<u>6,870,581</u>	<u>7,000,546</u>	<u>129,965</u>
39 FLEET MANAGEMENT				
Personnel Services	15,207,872	15,853,865	15,991,414	137,549
Other Expenditures	24,206,802	24,797,603	22,125,960	(2,671,643)
	<u>39,414,674</u>	<u>40,651,468</u>	<u>38,117,374</u>	<u>(2,534,094)</u>
43 PASS THRU				
Personnel Services	-	-	-	-
Other Expenditures	257,108	324,503	934,503	610,000
	<u>257,108</u>	<u>324,503</u>	<u>934,503</u>	<u>610,000</u>

46 HAYDEN DISTRICT				
Personnel Services	43,203,450	44,114,379	43,427,677	(686,702)
Other Expenditures	420,038	521,340	463,670	(57,670)
	<u>43,623,488</u>	<u>44,635,719</u>	<u>43,891,347</u>	<u>(744,372)</u>
49 TRISKETT DISTRICT				
Personnel Services	32,757,080	33,685,132	33,193,433	(491,699)
Other Expenditures	148,537	160,800	153,900	(6,900)
	<u>32,905,617</u>	<u>33,845,932</u>	<u>33,347,333</u>	<u>(498,599)</u>
58 INTELLIGENT TRANSP. SYSTEMS				
Personnel Services	577,900	604,957	604,957	-
Other Expenditures	427,371	369,900	334,800	(35,100)
	<u>1,005,271</u>	<u>974,857</u>	<u>939,757</u>	<u>(35,100)</u>
DIVISION TOTAL	205,363,395	212,545,795	208,295,286	(4,250,509)

FINANCE & ADMINISTRATION DIVISION

10 OFFICE OF BUSINESS DEVELOPMENT				
Personnel Services	391,113	346,328	346,328	-
Other Expenditures	127,517	5,040	3,065	(1,975)
	<u>518,630</u>	<u>351,368</u>	<u>349,393</u>	<u>(1,975)</u>
60 ACCOUNTING				
Personnel Services	2,371,062	2,489,623	2,479,142	(10,481)
Other Expenditures	64,421	442,187	440,275	(1,912)
	<u>2,435,483</u>	<u>2,931,810</u>	<u>2,919,417</u>	<u>(12,393)</u>
62 SUPPORT SERVICES				
Personnel Services	525,697	557,631	563,629	5,998
Other Expenditures	456,251	420,101	393,776	(26,325)
	<u>981,948</u>	<u>977,732</u>	<u>957,405</u>	<u>(20,327)</u>
64 PROCUREMENT				
Personnel Services	1,614,731	1,578,270	1,601,122	22,852
Other Expenditures	29,505	34,583	31,695	(2,888)
	<u>1,644,236</u>	<u>1,612,853</u>	<u>1,632,817</u>	<u>19,964</u>
65 REVENUE				
Personnel Services	1,513,870	1,558,393	1,573,902	15,509
Other Expenditures	584,316	674,168	637,755	(36,413)
	<u>2,098,186</u>	<u>2,232,561</u>	<u>2,211,657</u>	<u>(20,904)</u>
DIVISION TOTAL	7,678,483	8,106,324	8,070,689	(35,635)

ENGINEERING & PROJECT MANAGEMENT DIVISION

55 PROJECT SUPPORT

Personnel Services	355,350	365,412	366,702	1,290
Other Expenditures	400	5,350	2,025	(3,325)
	<u>355,750</u>	<u>370,762</u>	<u>368,727</u>	<u>(2,035)</u>

57 PROGRAMMING & PLANNING

Personnel Services	401,854	434,361	434,361	-
Other Expenditures	350,153	519,253	510,353	(8,900)
	<u>752,007</u>	<u>953,614</u>	<u>944,714</u>	<u>(8,900)</u>

80 ENGINEERING & PROJECT DEVELOPMENT

Personnel Services	2,083,331	2,122,356	2,122,356	-
Other Expenditures	113,163	88,750	71,250	(17,500)
	<u>2,196,494</u>	<u>2,211,106</u>	<u>2,193,606</u>	<u>(17,500)</u>

DIVISION TOTAL	3,304,251	3,535,482	3,507,047	(28,435)
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LEGAL AFFAIRS DIVISION

15 SAFETY

Personnel Services	681,724	672,887	672,887	-
Other Expenditures	239,644	333,900	326,250	(7,650)
	<u>921,368</u>	<u>1,006,787</u>	<u>999,137</u>	<u>(7,650)</u>

21 LEGAL

Personnel Services	2,444,950	2,357,050	2,550,878	193,828
Other Expenditures	1,662,162	1,907,760	1,623,410	(284,350)
	<u>4,107,112</u>	<u>4,264,810</u>	<u>4,174,288</u>	<u>(90,522)</u>

22 RISK MANAGEMENT

Personnel Services	679,330	654,392	944,484	290,092
Other Expenditures	2,949,184	3,843,218	3,434,968	(408,250)
	<u>3,628,514</u>	<u>4,497,610</u>	<u>4,379,452</u>	<u>(118,158)</u>

DIVISION TOTAL	8,656,994	9,769,207	9,552,877	(216,330)
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HUMAN RESOURCES DIVISION

14 HUMAN RESOURCES

Personnel Services	1,673,741	1,885,095	1,885,095	-
Other Expenditures	107,798	316,600	230,875	(85,725)
	<u>1,781,539</u>	<u>2,201,695</u>	<u>2,115,970</u>	<u>(85,725)</u>

18 LABOR & EMPLOYEE RELATIONS


Personnel Services	624,633	824,267	824,267	-
Other Expenditures	405,854	499,439	397,575	(101,864)
	<u>1,030,487</u>	<u>1,323,706</u>	<u>1,221,842</u>	<u>(101,864)</u>

30 TRAINING & EMPLOYEE DEVELOPMENT				
Personnel Services	2,677,136	2,633,761	2,657,781	24,020
Other Expenditures	628,369	970,125	726,836	(243,289)
	<u>3,305,505</u>	<u>3,603,886</u>	<u>3,384,617</u>	<u>(219,269)</u>
DIVISION TOTAL	6,117,531	7,129,287	6,722,429	(406,858)
EXECUTIVE DIVISION				
12 EXECUTIVE				
Personnel Services	786,186	825,113	825,113	-
Other Expenditures	161,381	294,900	294,900	-
	<u>947,567</u>	<u>1,120,013</u>	<u>1,120,013</u>	<u>-</u>
16 SECRETARY/TREASURER - BOARD OF TRUSTEES				
Personnel Services	142,718	141,043	141,043	-
Other Expenditures	129,911	134,200	133,700	(500)
	<u>272,629</u>	<u>275,243</u>	<u>274,743</u>	<u>(500)</u>
19 INTERNAL AUDIT				
Personnel Services	714,213	797,843	797,843	-
Other Expenditures	193,166	130,775	100,775	(30,000)
	<u>907,379</u>	<u>928,618</u>	<u>898,618</u>	<u>(30,000)</u>
53 MARKETING & COMMUNICATIONS				
Personnel Services	2,256,389	2,136,903	2,148,137	11,234
Other Expenditures	960,547	1,149,253	1,137,278	(11,975)
	<u>3,216,936</u>	<u>3,286,156</u>	<u>3,285,415</u>	<u>(741)</u>
61 INFORMATION TECHNOLOGY				
Personnel Services	2,926,515	2,957,130	2,977,275	20,145
Other Expenditures	3,197,745	4,413,894	3,628,921	(784,973)
	<u>6,124,260</u>	<u>7,371,024</u>	<u>6,606,196</u>	<u>(764,828)</u>
67 OFFICE OF MANAGEMENT & BUDGET				
Personnel Services	1,041,730	944,150	969,015	24,865
Other Expenditures	4,087,782	4,648,429	4,663,679	15,250
	<u>5,129,512</u>	<u>5,592,579</u>	<u>5,632,694</u>	<u>40,115</u>
99 FUND TRANSFERS				
Personnel Services	-	-	-	-
Other Expenditures	47,347,036	40,477,479	33,477,479	(7,000,000)
	<u>47,347,036</u>	<u>40,477,479</u>	<u>33,477,479</u>	<u>(7,000,000)</u>
DIVISION TOTAL	63,945,319	59,051,112	51,295,158	(7,755,954)
GRAND TOTAL	295,065,973	300,137,207	287,443,486	(12,693,721)

Section 2. That all other provisions of Resolution No. 2017-117, not otherwise amended, shall remain in full force and effect.

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

Adopted: March 27, 2018



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: TO AMEND RESOLUTION NO. 2017-117 TO PROVIDE FOR A DECREASE IN THE FISCAL YEAR 2018 APPROPRIATIONS FOR THE GENERAL FUND IN THE AMOUNT OF \$12,693,721 FOR CURRENT EXPENSES AND TRANSFERS OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY	Resolution No.: 2018-30
	Date: March 22, 2018
	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 authorize an amendment to decrease the appropriations for the 2018 General Fund Budget by \$12,693,721.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The proposed amendment to decrease the appropriations for the 2018 General Fund Budget is requested to help protect the Authority and create a sustainable budget.

The process for developing the 2018 Amended General Fund Budget began in December 2017, when the Board approved the FY 2018 General Fund Budget with the understanding that a reduced budget may need to be submitted within the first quarter of 2018. The development of the 2018 Amended General Fund Budget involved extensive staff analysis and preparation, as well as a meeting of the Board's Operational Planning & Infrastructure Committee on March 6, 2018.

The 2018 Amended General Fund Budget reduces appropriations to 2017 levels and includes: (1) retroactive pay for union positions for 2017 services; (2) a \$5 million reduction in other expenses; (3) service modification for 15 routes; (4) a \$5 million reduction in the transfer to the Reserve Fund; and (5) a \$2 million reduction in the transfer to the capital funds with no impact to the capital improvement program.

The amended budget and fund transfers proposed for adoption represent the Authority's spending plans for operation of the transit system in FY 2018. The 2018 Amended General Fund Budget for FY 2018 provides for a reduction of \$12,693,721 from the original 2018 General Fund Budget approved in Resolution No. 2017-117 on December 19, 2017.

- 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 the Authority to create a more realistic and sustainable operating budget.
- 6.0 **ECONOMIC IMPACT:** The proposed 2018 Amended General Fund Budget and Fund Transfers provide for spending \$287,443,486 on estimated resources of \$317,732,812 leaving a year-end balance of \$30,289,327 as an operating reserve.
- 7.0 **ALTERNATIVES:** Modify the proposed 2018 Amended General Fund Budget by adding or subtracting expenditures or revenues for specific activities, positions or programs.
- 8.0 **RECOMMENDATION:** The proposed 2018 Amended General Fund Budget has been reviewed by the Operational Planning & Infrastructure Committee and is recommended for

adoption. It is recommended that the Board approve the proposed FY 2018 Amended General Fund Budget and Fund Transfers as proposed herein.

9.0 ATTACHMENTS:

Attachment A: 2018 Amended General Fund Balance Analysis
Attachment B: Financial Policy Goals

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



For - CEO, General Manager/Secretary-Treasurer

**ATTACHMENT A
General Fund Balance Analysis**

	2015	2016	2017	2018	2019	2020	2021	2022
	Actual	Actual	Actual	Amended Budget	Plan	Plan	Plan	Plan
Beginning Balance	27,116,140	16,822,906	33,324,814	34,869,398	30,289,327	18,181,218	-3,426,022	-32,311,159
Revenue								
Passenger Fares	48,419,211	46,279,344	45,436,326	42,855,419	41,007,478	40,597,835	39,541,391	38,738,563
Advertising & Concessions	1,442,677	2,860,267	2,389,856	2,095,000	2,162,000	2,230,000	2,297,000	2,364,000
Sales & Use Tax	205,843,321	218,749,851	213,718,145	197,793,912	198,782,882	199,776,796	200,775,680	201,779,558
State Aid from MCO Loss	0	0	10,034,083	15,134,083	3,100,000	0	0	0
Federal Operating Assistance - Various	4,579,048	0	0	0	0	0	0	0
Trolley Sponsorship	0	0	0	640,000	640,000	640,000	640,000	640,000
Investment Income	153,534	42,156	260,016	110,000	90,000	90,000	70,000	70,000
Other Revenue	1,254,771	1,888,060	1,990,027	1,550,000	1,450,000	1,400,000	1,400,000	1,400,000
Reimbursed Expenditures	19,720,588	24,560,024	22,782,104	22,685,000	27,075,000	22,075,000	22,075,000	22,075,000
Total Revenue	281,413,150	294,379,702	296,610,557	282,863,414	274,307,360	266,809,631	266,799,071	267,067,121
Total Resources	308,529,290	311,202,608	329,935,371	317,732,812	304,596,686	284,990,849	263,373,049	234,755,963
Operating Expenditures								
Salaries and Overtime	134,377,598	134,370,739	135,514,105	138,142,240	136,558,184	138,284,256	136,873,373	137,038,173
Fringe Benefits	52,231,192	48,073,828	51,553,465	53,467,018	54,097,735	54,923,727	55,412,376	56,094,836
Diesel Fuel	10,804,133	8,627,383	6,535,532	4,966,000	4,817,020	4,672,509	4,532,334	4,396,364
Natural Gas	1,506,113	1,944,917	1,874,683	1,871,000	1,873,675	1,876,359	1,879,051	1,881,753
Other Expenditures	53,062,118	52,901,306	52,241,152	55,519,748	55,999,087	56,682,463	57,006,184	57,473,406
Total Operating Expenditures	251,981,154	245,918,173	247,718,937	253,966,007	253,345,701	256,439,313	255,703,318	256,884,533
Transfer to the Insurance Fund	1,500,000	500,000	2,400,000	2,250,000	2,200,000	2,200,000	2,200,000	2,100,000
Transfer to the Pension Fund	100,000	100,000	75,000	60,000	60,000	55,000	55,000	50,000
Transfers to Capital								
Bond Retirement Fund	22,615,956	21,887,562	17,045,783	18,865,474	16,603,865	17,891,282	18,249,054	17,621,881
Capital Improvement Fund	15,509,273	9,472,060	10,271,331	9,933,343	12,086,877	10,809,855	13,598,221	14,426,089
Total Transfers to Capital	38,125,229	31,359,622	27,317,114	28,798,817	28,690,742	28,701,137	31,847,275	32,047,970
Transfers to Reserve Fund	0	0	17,554,922	2,368,662	2,119,025	1,021,421	5,878,615	5,878,615
Total Expenditures	291,706,383	277,877,794	295,065,973	287,443,486	286,415,468	288,416,871	295,684,208	296,961,118
Ending Balance	16,822,906	33,324,814	34,869,398	30,289,327	18,181,218	-3,426,022	-32,311,159	-62,205,155
Reserved Funds	0	8,776,432	0	0	0	0	0	0
Available Ending Balance	16,822,906	24,548,382	34,869,398	30,289,327	18,181,217	-3,426,023	-32,311,160	-62,205,156
Passenger Fare & Sales Tax % Change	3.27%	4.23%	-2.22%	-7.14%	-0.36%	0.24%	-0.02%	0.08%
Operating Expenses % Change	1.58%	-2.41%	0.73%	2.52%	-0.24%	1.22%	-0.29%	0.46%
Revenues - Expenses (millions)	(\$10.29)	\$16.50	\$19.10	(\$2.21)	(\$9.99)	(\$20.59)	(\$23.01)	(\$24.02)

ATTACHMENT B

2018 Budget
Financial Policy Goals

	Goal	2015 Actual	2016 Actual	2017 Actual	2018 Amended Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Operating Efficiency	Operating Ratio	19.9%	20.1%	19.5%	17.8%	17.1%	16.8%	16.4%	16.1%
	Cost/Hour of Service	\$140.0	\$135.1	\$132.4	\$139.3	\$142.5	\$148.0	\$151.3	\$155.9
	Growth per Year	13.1%	-3.5%	-2.0%	5.2%	2.3%	3.8%	2.3%	3.0%
	Operating Reserve (Months)	0.8	1.6	1.7	1.4	0.9	-0.2	-1.5	-2.9
Capital Efficiency	Debt Service Coverage	1.78	2.50	4.11	2.69	2.25	0.87	-0.45	-2.18
	Sales Tax Contribution to Capital	18.5%	14.3%	12.2%	13.5%	14.2%	14.4%	15.9%	15.9%
	Capital Maintenance to Expansion	98.9%	96.3%	97.3%	94.3%	94.5%	94.5%	94.5%	94.5%
Reserved Funds	Fuel Reserve Funds	\$0.00	\$0.00	\$2.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Compensated Absences Reserve Funds	\$0.00	\$0.00	\$1.90	\$0.94	\$0.69	\$0.00	\$0.00	\$0.00
	Hospitalization Reserve Funds	\$0.00	\$0.00	\$1.80	\$0.73	\$0.73	\$0.14	\$0.00	\$0.00
	27th Pay	\$0.00	\$0.00	\$1.40	\$0.69	\$0.69	\$0.88	\$0.88	\$0.88
	Rolling Stock Replacement Funds	\$0.00	\$0.00	\$10.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.00