

RESOLUTION NO. 2018-118

TO AMEND THE FISCAL YEAR 2018 APPROPRIATIONS FOR THE GENERAL FUND, AS ADOPTED IN RESOLUTION NO. 2018-082, TO PROVIDE FOR AN INCREASE IN THE AMOUNT OF \$15,000,000 FOR CURRENT EXPENSES AND 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 the Fiscal Year 2018 appropriations for the General Fund in the amount of \$15,000,000, which will allow for an increase in the transfers to the Insurance Fund, Capital Improvement Fund, and Reserve Fund; and

WHEREAS, the Authority has an Insurance Fund that includes both self-insurance and purchased insurance, as well as payment of claim settlements, and must maintain an ending balance based on the recommendation of the Director of Risk Management; and

WHEREAS, a transfer of \$5 million must be made to pay claim settlements from the Insurance Fund and maintain the recommended ending balance; and

WHEREAS, the Authority has a Capital Improvement Program ("CIP") that identifies all of the expenditures or outlays for the capital projects for the Authority, including the Radio Replacement Project; and

WHEREAS, the Authority has received grant funds from the Federal Highway Administration for the Radio Replacement Project, which is a competitive grant that requires a 50/50 match; and

WHEREAS, a transfer of \$5 million to the Capital Improvement Fund is needed for the local match; and

WHEREAS, the Reserve Fund helps 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 revenue vehicles; and

WHEREAS, on March 27, 2018, the transfer to the Reserve Fund was reduced by \$5 million through Resolution No. 2018-30; and

WHEREAS, it is in the best interest of the Authority to increase the transfer to the Reserve Fund by \$5 million for the replacement of rail vehicles; and

WHEREAS, the Board of Trustees adopted the 2018 General Fund Budget on December 19, 2017 through Resolution No. 2017-117, and amended the 2018 General Fund Budget on March 27, 2018 through Resolution No. 2018-030, and again on August 21, 2018 through Resolution No. 2018-082; and

WHEREAS, the Operational Planning & Infrastructure Committee of the Board of Trustees reviewed and discussed the proposed increase to the 2018 General Fund Budget on November 13, 2018 and again on December 4, 2018 and recommended its approval by the Board on December 18, 2018.

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, Resolution No. 2018-030, adopted by the Board on March 27, 2018, and Resolution No. 2018-082, adopted by the Board on August 21, 2018, are hereby amended as follows:

General Fund	Resolution No. 2018-082 Amended 2018 Appropriation	Amended 2018 Appropriation	2018 Budget Amended vs. Current Addition / (Reduction)
Operations Division			
DIVISION TOTAL	\$ 208,295,286	\$ 208,295,286	\$ -
FINANCE & ADMINISTRATION DIVISION			
DIVISION TOTAL	8,070,689	8,070,689	\$ -
ENGINEERING & PROJECT MANAGEMENT DIVISION			
DIVISION TOTAL	3,507,047	3,507,047	\$ -
LEGAL AFFAIRS DIVISION			
DIVISION TOTAL	9,552,877	9,552,877	\$ -
HUMAN RESOURCES DIVISION			
DIVISION TOTAL	6,722,429	6,722,429	\$ -
EXECUTIVE DIVISION			
12 EXECUTIVE	1,236,613	1,236,613	\$ -
16 SECRETARY/TREASURER - BOARD OF TRUSTEES	274,743	274,743	\$ -
19 INTERNAL AUDIT	898,618	898,618	\$ -
53 MARKETING & COMMUNICATIONS	3,285,415	3,285,415	\$ -
61 INFORMATION TECHNOLOGY	6,606,196	6,606,196	\$ -
67 OFFICE OF MANAGEMENT & BUDGET	5,632,694	5,632,694	\$ -
99 FUND TRANSFERS			
Personnel Services	-	-	\$ -
Other Expenditures	33,477,479	48,477,479	\$ 15,000,000
	33,477,479	48,477,479	\$ 15,000,000
DIVISION TOTAL	51,411,758	66,411,758	\$ 15,000,000
GRAND TOTAL	\$ 287,560,086	\$ 302,560,086	\$ 15,000,000

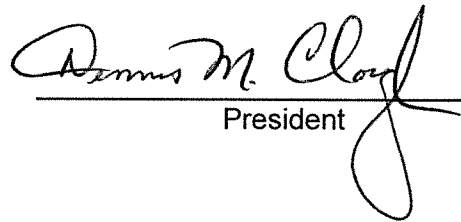
INSURANCE FUND

Claims & Premium Outlay	\$2,329,480	\$4,129,480	\$1,800,000
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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: December 18, 2018



President

Attest: 

Interim CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION: TO PROVIDE FOR AN INCREASE IN THE FISCAL YEAR 2018 APPROPRIATIONS FOR THE GENERAL FUND IN THE AMOUNT OF \$15,000,000 FOR CURRENT EXPENSES AND TRANSFERS OF THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY	Resolution No.: 2018-118
	Date: December 13, 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 increase the appropriations for the 2018 General Fund Budget by \$15,000,000 for transfers to the Insurance Fund, Capital Improvement Fund, and Reserve Fund.

2.0 **DESCRIPTION/JUSTIFICATION:** The proposed amendment to increase the appropriations for the 2018 General Fund Budget is to help protect the Authority and provide local match funding for the Radio Replacement project.

The proposed amendment to increase the 2018 transfer to the Insurance Fund by \$5 million is to pay for claim settlements and maintain the recommended ending balance. The \$5 million increase in the 2018 transfer to the Reserve Fund is to help the Authority financially plan for the replacement of the Authority's aging rail fleet. The increase to the transfer to the Capital Improvement Fund by \$5 million is to fund the local match requirement for the Federal Highway Administration grant received for the Radio Replacement Project.

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 an increase of \$15,000,000 from the previous amended 2018 General Fund Budget approved in Resolution No. 2018-082 on August 21, 2018.

3.0 **PROCUREMENT BACKGROUND:** Does not apply.

4.0 **DBE/AFFIRMATIVE ACTION BACKGROUND:** Does not apply.

5.0 **POLICY IMPACT:** The proposed amendment will increase transfers to the Insurance Fund, Capital Improvement Fund, and Reserve Fund, as established by Resolution No. 2017-117 and amended by Resolution No. 2018-030, and as amended by Resolution No. 2018-082.

6.0 **ECONOMIC IMPACT:** The proposed amendment will increase the total transfers to the Insurance, Capital Improvement, and Reserve Funds by \$15,000,000 from the previous Fiscal Year 2018 Amended Budget.

7.0 **ALTERNATIVES:** Modify or not approve the budget amendment as proposed. This will prevent the Authority from setting aside funds in support of Insurance claims and premiums, Capital projects, and Reserve Funds.

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: 2018 Financial Policy Goals
Attachment C: 2018 Capital Improvement Fund Balance Analysis
Attachment D: 2018 Bond Retirement Fund Balance Analysis
Attachment E: 2018 Insurance Fund Balance Analysis
Attachment F: 2018 Supplemental Pension Fund Balance Analysis
Attachment G: 2018 Law Enforcement Fund Balance Analysis
Attachment H: 2018 Reserve Fund Balance Analysis
Attachment I: 2018 Medicaid Sales & Use Tax Transition Account
Attachment J: 2018 All Funds Balance Analysis

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



Interim CEO, General Manager/Secretary-Treasurer

Attachment A General Fund Balance Analysis

	2015 Actual	2016 Actual	2017 Actual	Amended 2018 Budget	2018 3rd Q Estimate	Variance
Beginning Balance	27,116,140	16,822,906	33,324,814	34,869,398	34,869,398	0
Revenue						
Passenger Fares	48,419,211	46,279,344	45,436,326	42,855,419	45,945,755	3,090,336
Advertising & Concessions	1,442,677	2,860,267	2,389,856	2,095,000	2,095,000	0
Sales & Use Tax	205,843,321	218,749,851	213,718,145	197,793,912	201,283,110	3,489,198
State Aid for MCO Loss	0	0	10,034,083	15,134,083	18,271,169	3,137,086
CMAQ Reimbursement for 2012 Trolleys	533,478	0	0	0	0	0
Operating Assistance - Paratransit Operations	3,125,000	0	0	0	0	0
Trolley Sponsorship	0	0	0	640,000	640,000	0
Access to Jobs Program	920,570	0	0	0	0	0
Investment Income	153,534	42,156	260,016	110,000	702,055	592,055
Other Revenue	1,254,771	1,888,060	1,990,027	1,550,000	1,630,000	80,000
Reimbursed Expenditures	19,720,588	24,560,024	22,782,104	22,685,000	22,685,000	0
Total Revenue	281,413,150	294,379,702	296,610,557	282,863,414	293,252,090	10,388,676
Total Resources	308,529,289	311,202,608	329,935,371	317,732,812	328,121,488	10,388,676
Operating Expenditures						
Salaries and Overtime	134,377,598	134,370,484	135,514,105	138,176,196	135,432,828	(2,743,368)
Payroll Taxes and Fringes	52,231,192	48,074,083	51,553,465	53,549,663	51,870,936	(1,678,727)
Diesel Fuel	10,804,133	8,627,383	6,535,532	4,966,000	4,486,129	(479,871)
Natural Gas	1,124,699	1,246,088	1,874,683	1,871,000	1,909,642	38,642
Other Expenditures	53,443,532	53,600,135	52,241,152	55,519,748	52,139,043	(3,380,705)
Total Operating Expenditures	251,981,154	245,918,172	247,718,937	254,082,607	245,838,577	(8,244,030)
Transfer to the Insurance Fund	1,500,000	500,000	2,400,000	7,250,000	7,250,000	0
Transfer to the Pension Fund	100,000	100,000	75,000	60,000	60,000	0
Transfers to Capital						
Bond Retirement Fund	22,615,956	21,887,562	17,045,783	18,538,897	17,292,285	(1,246,612)
Capital Improvement Fund	15,509,273	9,472,060	10,271,331	15,259,919	15,259,919	0
Total Transfers to Capital	38,125,229	31,359,622	27,317,114	33,798,816	32,552,204	(1,246,612)
Transfer to Reserve Fund	0	0	17,554,922	7,368,662	7,368,662	0
Total Expenditures	291,706,383	277,877,794	295,065,973	302,560,085	293,069,443	(9,490,642)
Ending Balance	16,822,906	33,324,814	34,869,398	15,172,727	35,052,045	19,879,317
Reserved Funding	0	8,776,432	0	0	0	0
Available Ending Balance	16,822,906	24,548,382	34,869,398	15,172,727	35,052,045	19,879,317

2018 3rd Quarter

Financial Policy Goals

	Goal	2015 Actual	2016 Actual	2017 Actual	2018 Amended Budget	2018 Estimate
Operating Efficiency	Operating Ratio	≥ 25%	20.1%	19.5%	17.8%	19.9%
	Cost/Hour of Service		\$135.1	\$132.4	\$139.3	\$131.4
	Growth per Year	≤ Rate of Inflation [2%]	-3.5%	-2.0%	5.2%	-0.8%
	Operating Reserve (Months)	≥ 1 month	0.8	1.6	1.7	1.4
Capital Efficiency	Debt Service Coverage	≥ 1.5	2.50	4.11	2.69	3.53
	Sales Tax Contribution to Capital	≥ 10%	18.5%	14.3%	13.5%	14.8%
	Capital Maintenance to Expansion	75% - 90%	98.9%	96.3%	97.3%	94.3%
Reserve Fund	Fuel Reserve Fund	Fuel Budget less Actual Expenditures	\$0	\$2,454,922	\$0	\$0
	Compensated Absences Reserve Fund	≤ 25% of Accrued Liability	\$0	\$1,900,000	\$944,484	\$944,484
	Hospitalization Reserve Fund	≤ 10% of Annual Hospitalization Costs	\$0	\$1,800,000	\$729,330	\$729,330
	27th Payroll Expense Reserve Fund	Equal to about 1/12 of 27th Pay Period	\$0	\$1,400,000	\$694,848	\$694,848
	Rolling Stock Replacement Fund	≥ \$5,000,000 / yr	\$0	\$0	\$10,000,000	\$0

Attachment C
Capital Improvement Fund Balance Analysis

	2015	2016	2017	Amended	2018 3rd Q	Variance
	Actual	Actual	Actual	2018 Budget	Estimate	
Beginning Balance	25,434,449	44,613,977	33,111,619	21,435,742	21,435,742	0
Revenue						
Transfer from General Fund	15,509,273	9,472,060	10,271,331	15,259,919	15,259,919	0
Investment Income	207,421	286,670	326,189	270,000	625,029	355,029
Federal Capital Grants	75,819,587	47,732,909	48,455,538	48,766,900	55,274,589	6,507,689
State Capital Grants	534,487	110,699	0	1,384,658	3,054,730	1,670,072
General Oblig./Sales Tax Revenue Debt Proceeds	30,000,000	0	0	30,000,000	0	(30,000,000)
Other Revenue	9,000	0	329,920	0	1,855	1,855
Total Revenue	122,079,768	57,602,338	59,382,978	95,681,477	74,216,122	(21,465,355)
Total Resources	147,514,217	102,216,315	92,494,596	117,117,219	95,651,864	(21,465,355)
Expenditures						
Capital Outlay	102,900,240	69,104,696	71,058,854	78,246,000	74,162,163	(4,083,837)
Other Expenditures	0	0	0	0	0	0
Total Expenditures	102,900,240	69,104,696	71,058,854	78,246,000	74,162,163	(4,083,837)
Available Ending Balance	44,613,977	33,111,619	21,435,742	38,871,219	21,489,701	(17,381,518)

Attachment D
Bond Retirement Fund Balance Analysis

	2015	2016	2017	Amended	2018 3rd Q	Variance
	Actual	Actual	Actual	2018 Budget	Estimate	
Beginning Balance	1,775,685	2,273,404	2,112,464	2,299,936	2,299,936	0
Revenue						
Transfer from General Fund	22,615,956	21,887,562	17,045,783	18,538,897	17,292,285	(1,246,612)
Investment Income	1,419	13,906	58,691	2,500	116,759	114,259
Other Revenue	0	5,262	0	0	4,197	4,197
Total Revenue	22,617,375	21,906,730	17,104,474	18,541,397	17,413,241	(1,128,156)
Reconciling Journal Entry	0	0	0	0	0	0
Total Resources	24,393,060	24,180,134	19,216,938	20,841,333	19,713,177	(1,128,156)
Expenditures						
Debt Service						
Principal	16,320,000	16,430,000	11,615,000	12,952,453	11,945,000	(1,007,453)
Interest	5,799,656	5,637,670	5,302,002	6,174,937	4,974,936	(1,200,001)
Other Expenditures	0	0	0	1,500	0	(1,500)
Total Expenditures	22,119,656	22,067,670	16,917,002	19,128,890	16,919,936	(2,208,954)
Ending Balance	2,273,404	2,112,464	2,299,936	1,712,443	2,793,241	1,080,798

Attachment E
Insurance Fund Balance Analysis

	2015	2016	2017	Amended	2018 3rd Q	Variance
	Actual	Actual	Actual	2018 Budget	Estimate	
Beginning Balance	6,274,522	6,734,850	5,263,076	6,074,641	6,074,641	0
Revenue						
Investment Income	44,853	62,584	59,172	35,000	94,597	59,597
Transfer from General Fund	1,500,000	500,000	2,400,000	7,250,000	7,250,000	0
Total Revenue	1,544,853	562,584	2,459,172	7,285,000	7,344,597	59,597
Adjusting Entry						
Total Resources	7,819,375	7,297,434	7,722,248	13,359,641	13,419,238	59,597
Expenditures						
Claims and Premium Outlay	1,084,525	2,034,359	1,647,607	4,129,480	4,129,480	0
Other Expenditures	0	0	0	0	0	0
Total Expenditures	1,084,525	2,034,359	1,647,607	4,129,480	4,129,480	0
	0	0	0	0	0	
Ending Balance	6,734,850	5,263,076	6,074,641	9,230,161	9,289,758	59,597

**Attachment F
Supplemental Pension Fund Balance Analysis**

	2015 Actual	2016 Actual	2017 Actual	Amended 2018 Budget	2018 3rd Q Estimate	Variance
Beginning Balance	1,227,680	1,268,518	1,311,956	1,333,767	1,333,767	0
Revenue						
Investment Income	8,875	12,508	10,588	9,900	16,169	6,269
Transfer from General Fund	100,000	100,000	75,000	60,000	60,000	0
Total Revenue	108,875	112,508	85,588	69,900	76,169	6,269
Total Resources	1,336,555	1,381,026	1,397,544	1,403,667	1,409,936	6,269
Expenditures						
Benefit Payments	68,037	69,070	63,777	65,000	58,865	(6,135)
Other Expenditures	0	0	0	0	0	0
Total Expenditures	68,037	69,070	63,777	65,000	58,865	(6,135)
Reconciling Journal Entry	0	0	0	0	0	0
Ending Balance	1,268,518	1,311,956	1,333,767	1,338,667	1,351,071	12,404

Attachment G
Law Enforcement Fund Balance Analysis

	2015 Actual	2016 Actual	2017 Actual	Amended 2018 Budget	2018 3rd Q Estimate	Variance
Beginning Balance	296,216	257,133	109,110	26,958	26,958	0
Revenue						
Law Enforcement Revenue	9,040	0	95,945	20,000	20,000	0
Law Enforcement Training Revenue	0	22,180	27,500	0	0	0
Investment Income	60	37	815	30	1,232	1,202
Other Revenue	0	50,694	0	55,000	60,178	5,178
Total Revenue	9,100	72,911	124,260	75,030	81,410	6,380
Total Resources	305,316	330,044	233,370	101,988	108,368	6,380
Expenditures						
Capital & Related Items	48,183	198,754	146,582	8,000	78,079	70,079
Training	0	22,180	59,830	0	0	0
Total Expenditures	48,183	220,934	206,412	8,000	78,079	70,079
Reconciling Journal Entry	0	0	0	0	0	0
Ending Balance	257,133	109,110	26,958	93,988	30,289	(63,699)

Attachment H
Reserve Fund Balance Analysis

	2015	2016	2017	Amended	2018 3rd Q	Variance
	Actual	Actual	Actual	2018 Budget	Estimate	
Beginning Balance	0	0	0	17,624,278	17,624,278	0
Revenue						
Investment Income	0	0	69,356	50,000	398,819	348,819
Transfer from General Fund	0	0	17,554,922	7,368,662	7,368,662	0
Other Revenue	0	0	0	0	4,358,594	0
Total Revenue	0	0	17,624,278	7,418,662	12,126,075	348,819
Total Resources	0	0	17,624,278	25,042,940	29,750,353	348,819
Expenditures						
Transfer to Comp. Absences (General Fund)	0	0	0	0	0	0
Transfer to Fuel (General Fund)	0	0	0	0	0	0
Transfer to Hospitalization (General Fund)	0	0	0	0	0	0
Transfer to Rolling Stock (Capital Imp. Fund)	0	0	0	2,000,000	2,000,000	0
Transfer to 27th Pay Period (2024)	0	0	0	0	0	0
Total Expenditures	0	0	0	2,000,000	2,000,000	0
Reconciling Journal Entry				0	0	0
Ending Balance	0	0	17,624,278	23,042,940	27,750,353	4,707,413

**Attachment I
Medicaid Sales & Use Tax Transition Account**

	2015 Actual	2016 Actual	2017 Actual	Amended 2018 Budget	2018 3rd Q Estimate	Variance
Beginning Balance	0	0	0	0	0	0
Revenue						
Investment Income	0	0	0	0	0	0
State	0	0	10,034,083	15,182,262	18,282,262	3,100,000
Total Revenue	0	0	10,034,083	15,182,262	18,282,262	3,100,000
Total Resources	0	0	10,034,083	15,182,262	18,282,262	3,100,000
Expenditures						
Transfer to General Fund (Revenue)	0	0	10,034,083	15,182,262	18,282,262	3,100,000
Total Expenditures	0	0	10,034,083	15,182,262	18,282,262	3,100,000
Reconciling Journal Entry	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0

Attachment J
All Funds Balance Analysis

	2015		2016		2017		Amended 2018 3rd Q		Variance
	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate		
Beginning Balance	62,124,692	71,970,788	75,233,038	83,664,720	83,664,720	83,664,720	83,664,720	0	
Revenue									
Passenger Fares	48,419,211	46,279,344	45,436,326	45,436,326	45,436,326	45,945,755	45,945,755	3,090,336	
Sales & Use Tax	205,843,321	218,749,851	213,718,145	213,718,145	213,718,145	201,283,110	201,283,110	3,489,198	
Federal	76,353,065	47,732,909	48,455,538	48,455,538	48,455,538	55,274,589	55,274,589	6,507,689	
State	3,659,487	110,699	10,034,083	10,034,083	10,034,083	21,325,899	21,325,899	4,807,158	
Investment Income	416,162	417,861	784,827	784,827	784,827	1,954,660	1,954,660	1,477,230	
Other Revenue	23,356,646	29,386,487	27,615,352	27,615,352	27,615,352	33,494,824	33,494,824	4,449,824	
General Oblig./Sales Tax Revenue Debt Proceeds	30,000,000	0	0	0	0	0	0	4,449,824	
Capital Lease	0	0	0	0	0	0	0	(30,000,000)	
Total Revenue	388,047,892	342,677,151	346,044,271	346,044,271	346,044,271	359,278,838	359,278,838	(6,178,564)	
Total Resources	450,172,583	414,647,939	421,277,309	421,277,309	421,277,309	442,943,558	442,943,558	(6,178,564)	
Expenditures									
Personnel Services	186,608,790	182,444,567	187,067,570	187,067,570	187,067,570	187,303,763	187,303,763	(4,422,096)	
Diesel Fuel	10,804,133	8,627,383	6,535,532	6,535,532	6,535,532	4,486,129	4,486,129	(479,871)	
Natural Gas	1,124,699	1,246,088	1,874,683	1,874,683	1,874,683	1,909,642	1,909,642	38,642	
Other Expenditures	54,644,277	55,924,498	54,158,948	54,158,948	54,158,948	58,405,467	58,405,467	(3,318,261)	
Capital Outlay	102,900,240	69,104,696	71,058,854	71,058,854	71,058,854	74,162,163	74,162,163	(4,083,837)	
Debt Service	22,119,656	22,067,670	16,917,002	16,917,002	16,917,002	16,919,936	16,919,936	(2,207,454)	
Total Expenditures	378,201,795	339,414,901	337,612,589	337,612,589	337,612,589	343,187,100	343,187,100	(14,472,877)	
Available Ending Balance	71,970,788	75,233,038	83,664,720	83,664,720	83,664,720	99,756,458	99,756,458	8,294,313	