

RESOLUTION NO. 2019-34

TO AMEND THE FISCAL YEAR 2019 REVENUES AND APPROPRIATIONS FOR THE GENERAL FUND, AS ADOPTED IN RESOLUTION NO. 2018-119, AND TO PROVIDE FOR AN INCREASE IN THE AMOUNT OF \$6,000,000 IN THE TRANSFER TO THE RESERVE FUND FOR RAIL CAR REPLACEMENT

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, 2019 and ending December 31, 2019 ("FY 2019 General Fund Budget") was prepared; and

WHEREAS, it is in the best interest of the Greater Cleveland Regional Transit Authority ("Authority") to amend the Fiscal Year 2019 ("FY 2019") Sales & Use Tax revenue budget for the General Fund in the amount of \$3,094,326, which is a 1.5 percent increase from FY 2018 actual receipts; and

WHEREAS, the S&P Global Ratings Direct summary from February 15, 2019 confirms that a 1.5 percent increase in sales tax revenues for FY 2019 is reasonable as credit forecasts project retail sales to grow by 1.59 percent for the same time period; 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, it is in the best interest of the Authority to increase the transfer to the Reserve Fund by \$6.0 million for the replacement of rail vehicles; and

WHEREAS, the FY 2018 General Fund ending balance totaled \$39.0 million, an increase of \$3.8 million compared to FY 2018 3rd Quarter estimates; and

WHEREAS, the Board of Trustees adopted the FY 2019 General Fund Budget on December 18, 2018 through Resolution No. 2018-119; and

WHEREAS, the Operational Planning & Infrastructure Committee of the Board of Trustees reviewed and discussed the proposed increase to the FY 2019 General Fund Budget on March 5, 2019 and recommended its approval by the Board on March 26, 2019.

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, 2019 through December 31, 2019 ("Fiscal Year 2019"), as set forth in Resolution No. 2018-119, adopted by the Board on December 18, 2018 are hereby amended as follows:

General Fund

	2019 Appropriation	2019 Amended Appropriation	Variance
Operations Division			
31 PARATRANSIT DISTRICT			
Personnel Services	\$ 15,171,023	\$ 15,171,023	\$ -
Other Expenditures	9,304,285	9,304,285	-
	<u>24,475,308</u>	<u>24,475,308</u>	-
32 RAIL DISTRICT			
Personnel Services	31,234,430	31,234,430	-
Other Expenditures	7,555,492	7,555,492	-
	<u>38,789,922</u>	<u>38,789,922</u>	-
33 ASSET & CONFIG MGMT			
Personnel Services	994,454	994,454	-
Other Expenditures	953,250	953,250	-
	<u>1,947,704</u>	<u>1,947,704</u>	-
34 TRANSIT POLICE			
Personnel Services	13,920,079	13,920,079	-
Other Expenditures	406,771	406,771	-
	<u>14,326,850</u>	<u>14,326,850</u>	-
35 SERVICE MANAGEMENT			
Personnel Services	4,305,344	4,305,344	-
Other Expenditures	1,159,583	1,159,583	-
	<u>5,464,927</u>	<u>5,464,927</u>	-
38 SERVICE QUALITY MGMT			
Personnel Services	7,420,065	7,420,065	-
Other Expenditures	4,300	4,300	-
	<u>7,424,365</u>	<u>7,424,365</u>	-
39 FLEET MANAGEMENT			
Personnel Services	15,890,873	15,890,873	-
Other Expenditures	21,935,406	21,935,406	-
	<u>37,826,279</u>	<u>37,826,279</u>	-
43 PASS THRU			
Personnel Services	-	-	-
Other Expenditures	-	-	-
	<u>-</u>	<u>-</u>	-
46 HAYDEN DISTRICT			
Personnel Services	43,825,636	43,825,636	-
Other Expenditures	475,670	475,670	-
	<u>44,301,306</u>	<u>44,301,306</u>	-
49 TRISKETT DISTRICT			
Personnel Services	33,196,095	33,196,095	-
Other Expenditures	153,400	153,400	-
	<u>33,349,495</u>	<u>33,349,495</u>	-
58 INTELLIGENT TRANSP. SYSTEMS			
Personnel Services	776,780	776,780	-
Other Expenditures	502,800	502,800	-
	<u>1,279,580</u>	<u>1,279,580</u>	-
DIVISION TOTAL	\$ 209,185,736	\$ 209,185,736	\$ -


	2019 Appropriation	2019 Amended Appropriation	Variance
FINANCE & ADMINISTRATION DIVISION			
10 OFFICE OF BUSINESS DEVELOPMENT			
Personnel Services	\$ 391,358	\$ 391,358	\$ -
Other Expenditures	3,065	3,065	-
	<u>394,423</u>	<u>394,423</u>	-
60 ACCOUNTING			
Personnel Services	2,486,333	2,486,333	-
Other Expenditures	503,279	503,279	-
	<u>2,989,612</u>	<u>2,989,612</u>	-
62 SUPPORT SERVICES			
Personnel Services	592,759	592,759	-
Other Expenditures	389,101	389,101	-
	<u>981,860</u>	<u>981,860</u>	-
64 PROCUREMENT			
Personnel Services	1,568,624	1,568,624	-
Other Expenditures	28,150	28,150	-
	<u>1,596,774</u>	<u>1,596,774</u>	-
65 REVENUE			
Personnel Services	1,485,994	1,485,994	-
Other Expenditures	637,755	637,755	-
	<u>2,123,749</u>	<u>2,123,749</u>	-
67 OFFICE OF MANAGEMENT & BUDGET			
Personnel Services	814,193	814,193	-
Other Expenditures	4,703,400	4,703,400	-
	<u>5,517,593</u>	<u>5,517,593</u>	-
DIVISION TOTAL	\$ 13,604,011	\$ 13,604,011	\$ -
ENGINEERING & PROJECT MANAGEMENT DIVISION			
55 PROJECT SUPPORT			
Personnel Services	\$ 534,454	\$ 534,454	\$ -
Other Expenditures	3,200	3,200	-
	<u>537,654</u>	<u>537,654</u>	-
57 PROGRAMMING & PLANNING			
Personnel Services	440,781	440,781	-
Other Expenditures	413,353	413,353	-
	<u>854,134</u>	<u>854,134</u>	-
80 ENGINEERING & PROJECT DEVELOPMENT			
Personnel Services	1,928,949	1,928,949	-
Other Expenditures	154,025	154,025	-
	<u>2,082,974</u>	<u>2,082,974</u>	-
DIVISION TOTAL	\$ 3,474,762	\$ 3,474,762	\$ -
LEGAL AFFAIRS DIVISION			
15 SAFETY			
Personnel Services	\$ 665,523	\$ 665,523	\$ -
Other Expenditures	377,600	377,600	-
	<u>1,043,123</u>	<u>1,043,123</u>	-
21 LEGAL			
Personnel Services	2,603,385	2,603,385	-
Other Expenditures	1,673,410	1,673,410	-
	<u>4,276,795</u>	<u>4,276,795</u>	-

	2019 Appropriation	2019 Amended Appropriation	Variance
22 RISK MANAGEMENT			
Personnel Services	670,115	670,115	-
Other Expenditures	3,658,694	3,658,694	-
	4,328,809	4,328,809	-
DIVISION TOTAL	\$ 9,648,727	\$ 9,648,727	\$ -
HUMAN RESOURCES DIVISION			
14 HUMAN RESOURCES			
Personnel Services	\$ 1,773,297	\$ 1,773,297	\$ -
Other Expenditures	416,675	416,675	-
	2,189,972	2,189,972	-
18 LABOR & EMPLOYEE RELATIONS			
Personnel Services	762,535	762,535	-
Other Expenditures	406,575	406,575	-
	1,169,110	1,169,110	-
30 TRAINING & EMPLOYEE DEVELOPMENT			
Personnel Services	2,621,343	2,621,343	-
Other Expenditures	711,836	711,836	-
	3,333,179	3,333,179	-
DIVISION TOTAL	\$ 6,692,261	\$ 6,692,261	\$ -
EXECUTIVE DIVISION			
12 EXECUTIVE			
Personnel Services	\$ 1,143,916	\$ 1,143,916	\$ -
Other Expenditures	323,477	323,477	-
	1,467,393	1,467,393	-
16 SECRETARY/TREASURER - BOARD OF TRUSTEES			
Personnel Services	121,229	121,229	-
Other Expenditures	123,700	123,700	-
	244,929	244,929	-
19 INTERNAL AUDIT			
Personnel Services	821,693	821,693	-
Other Expenditures	100,775	100,775	-
	922,468	922,468	-
53 MARKETING & COMMUNICATIONS			
Personnel Services	1,181,518	1,181,518	-
Other Expenditures	1,004,278	1,004,278	-
	2,185,796	2,185,796	-
61 INFORMATION TECHNOLOGY			
Personnel Services	3,095,139	3,095,139	-
Other Expenditures	3,996,554	3,996,554	-
	7,091,693	7,091,693	-
99 FUND TRANSFERS			
Personnel Services	-	-	-
Other Expenditures	31,830,292	37,830,292	6,000,000
	31,830,292	37,830,292	6,000,000
DIVISION TOTAL	\$ 43,742,571	\$ 49,742,571	\$ 6,000,000
GRAND TOTAL	\$ 286,348,068	\$ 292,348,068	\$ 6,000,000

Section 2. That all other provisions of Resolution No. 2018-119, not otherwise amended, shall remain in full force and effect.

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

Adopted: March 26, 2019



President

Attest: 

Interim CEO, General Manager/Secretary-Treasurer



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

TITLE/DESCRIPTION: TO AMEND THE FISCAL YEAR 2019 REVENUES AND APPROPRIATIONS FOR THE GENERAL FUND, AS ADOPTED IN RESOLUTION NO. 2018-119, AND TO PROVIDE FOR AN INCREASE IN THE AMOUNT OF \$6,000,000 IN THE TRANSFER TO THE RESERVE FUND FOR RAIL CAR REPLACEMENT	Resolution No.: 2019-34
	Date: March 21, 2019
	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 Sales & Use Tax revenue budget by 1.5 percent compared to FY 2018 actual receipts and increase the transfer to the Reserve Fund by \$6,000,000 for rail car replacement.

2.0 **DESCRIPTION/JUSTIFICATION:** The FY 2019 Sales & Use Tax revenue budget of \$204,302,357 was based upon a 1.5 percent increase from the FY 2018 3rd Quarter projection. Sales & Use Tax for FY 2018 totaled \$204,331,707, a \$3.0 million increase, or 1.5 percent increase, from FY 2018 3rd Quarter projection. The S&P Global Ratings Direct Summary of February 15, 2019, confirms that a 1.5 percent increase in the sales tax receipts for FY 2019 is reasonable. Local government credit forecasting projects that retail sales will grow by 1.59 percent in 2019.

The increase in appropriations for the 2019 General Fund Budget is to help the Authority to financially plan for the replacement of the Authority's aging rail fleet. The amended budget and fund transfers proposed for adoption represent the Authority's spending plans for operation of the transit system in FY 2019. The 2019 Amended General Fund Budget for FY 2019 provides for an increase of \$6,000,000 from the previously amended 2019 General Fund Budget approved in Resolution No. 2018-119 on December 18, 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 the Sales & Use Tax budget and increase the transfer to the Reserve Fund that was established by Resolution No. 2018-119.

6.0 **ECONOMIC IMPACT:** The proposed amendment will increase the Sales & Use Tax budget to \$207,396,683 and increase the transfer to the Reserve Fund by \$6,000,000 from the original Fiscal Year 2019 General Fund 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 replacement of the aging rail fleet in the Reserve Fund.

8.0 **RECOMMENDATION:** The proposed 2019 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 2019 Amended General Fund Budget and Fund Transfers as proposed herein.

9.0 **ATTACHMENTS:**

Attachment A: 2019 Amended General Fund Balance Analysis
Attachment B: 2019 Financial Policy Goals
Attachment C: 2019 Reserve Fund 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

Assumptions:

Passenger Fare Annual Growth =	2.6%	-0.2%	-0.5%	-0.5%	-0.5%	-0.5%
Sales & Use Tax Annual Growth =	-4.4%	1.5%	1.5%	1.5%	1.5%	1.5%
Personnel Cost Growth =	-0.8%	3.0%	1.0%	-0.8%	0.0%	0.1%
Fringe Benefits Cost Growth =	7.2%	4.7%	0.3%	0.1%	0.1%	0.1%
Non-Personnel Cost Growth =	-1.2%	-0.2%	1.7%	0.5%	0.1%	0.5%
Operating Expenses Growth =	0.7%	4.2%	0.9%	-0.3%	0.0%	0.1%
Capital Contribution =	12.8%	13.1%	14.1%	14.6%	15.1%	14.3%
	27,317,114	27,115,233	29,735,250	31,243,707	32,738,951	31,565,264
	34,869,326	34,869,326	34,869,326	34,869,326	34,869,326	34,869,326

	2017		2018		2019		2020		2021		2022		2023	
	Actual	% Change	Actual	% Change	Amended Budget	% Change	Plan	% Change	Plan	% Change	Plan	% Change	Plan	% Change
Beginning Balance	33,324,814		34,869,398		38,959,986		27,432,715		22,067,591		12,930,596		5,254,992	
Revenue														
Passenger Fares	45,436,326		46,611,350		46,497,104		46,264,619		46,033,296		45,803,129		45,574,114	
Advertising & Concessions	2,389,856		786,836		2,162,000		2,230,000		2,297,000		2,364,000		2,364,000	
Sales & Use Tax	213,718,145		204,331,707		207,396,683		210,507,633		213,665,247		216,870,226		220,123,279	
State Aid from MCO Loss	10,034,083		18,271,169		0		0		0		0		0	
Federal Operating Assistance - Various	0		0		0		0		0		0		0	
Trolley Sponsorship	0		0		640,000		640,000		640,000		640,000		640,000	
Investment Income	260,016		733,668		600,000		400,000		100,000		70,000		50,000	
Other Revenue	1,990,027		2,217,242		1,450,000		1,400,000		1,400,000		1,400,000		1,400,000	
Funding from Reserve Fund	0		0		0		1,450,000		0		0		0	
Reimbursed Expenditures	22,782,104		22,667,293		22,075,000		22,075,000		22,075,000		22,075,000		22,075,000	
Total Revenue	296,610,557		295,619,265		280,820,787		284,967,252		286,210,543		289,222,355		292,226,393	
Total Resources	329,935,371		330,488,663		319,780,783		312,399,967		308,278,134		302,152,951		297,481,385	
Operating Expenditures														
Salaries and Overtime	135,514,105		134,480,231		138,563,985		139,966,609		138,904,447		138,856,567		139,029,548	
Payroll Taxes & Fringe Benefits	51,553,465		51,457,495		53,873,933		54,027,607		54,072,122		54,145,894		54,204,720	
Diesel Fuel	6,535,532		4,397,371		4,550,000		4,413,500		4,281,095		4,152,662		4,028,082	
Natural Gas	1,874,683		1,858,042		1,962,000		1,963,089		1,964,179		1,965,269		1,966,361	
Other Expenditures	52,241,152		52,160,539		55,567,858		56,497,706		56,853,373		56,910,001		57,176,316	
Total Operating Expenditures	247,718,937		244,353,679		254,517,776		256,868,511		256,075,216		256,030,393		256,405,028	
Transfer to the Insurance Fund	2,400,000		7,250,000		2,700,000		2,800,000		2,100,000		2,200,000		2,200,000	
Transfer to the Pension Fund	75,000		60,000		50,000		50,000		50,000		50,000		50,000	
Transfers to Capital														
Bond Retirement Fund	17,045,783		17,236,407		15,228,052		16,088,991		18,321,569		15,685,774		17,563,765	
Capital Improvement Fund	10,271,331		15,259,919		11,887,181		13,646,258		12,922,138		17,053,177		14,001,499	
Total Transfers to Capital	27,317,114		32,496,326		27,115,233		29,735,250		31,243,707		32,738,951		31,565,264	
Transfers to Reserve Fund	17,554,922		7,368,662		7,965,059		878,615		5,878,615		5,878,615		5,878,615	
Total Expenditures	295,065,973		291,528,667		292,348,068		290,332,376		295,347,538		296,897,959		296,098,907	
Available Ending Balance	34,869,398		38,959,996		27,432,715		22,067,591		12,930,596		5,254,992		1,382,478	
Passenger Fare & Sales Tax % Change	-2.22%		-3.17%		1.18%		1.13%		1.14%		1.15%		1.15%	
Operating Expenses % Change	0.73%		-1.36%		4.16%		0.92%		-0.31%		-0.02%		0.15%	
Revenues - Expenses (millions)	\$1.54		\$4.09		(\$11.53)		(\$5.37)		(\$9.14)		(\$7.68)		(\$3.87)	

^a Funding from Reserve Fund for 27th pay expenses in 2020

ATTACHMENT B

**Proposed Amended FY 2019 Budget
Financial Policy Goals**

	Goal	2017 Actual	2018 Actual	2019 Amended Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Operating Efficiency	Operating Ratio	≥ 25%	19.5%	19.4%	19.1%	19.0%	18.9%	18.8%
	Cost per Service Hour		\$132.4	\$137.5	\$140.2	\$139.7	\$139.7	\$139.9
	Growth per Year	≤ Rate of Inflation [2%]	-2.0%	1.4%	2.4%	1.9%	-0.3%	0.0%
	Operating Reserve (Months)	≥ 1 month	1.7	1.9	1.3	1.0	0.6	0.2
Capital Efficiency	Debt Service Coverage	≥ 1.5	4.11	3.19	2.36	2.03	1.69	1.40
	Sales Tax Contribution to Capital	≥ 10%	12.2%	14.6%	14.1%	14.6%	15.1%	14.3%
	Capital Maintenance to Expansion	75% - 90%	97.3%	100.0%	100.0%	100.0%	100.0%	100.0%
Transfers to Reserved Fund (in Millions)	Fuel Reserve Fund	Fuel Budget less Actual Expenditures	\$2.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Compensated Absences Reserve Fund	≤ 25% of Accrued Liability	\$1.90	\$0.94	\$0.69	\$0.00	\$0.00	\$0.00
	Hospitalization Reserve Fund	≤ 10% of Annual Hospitalization Costs	\$1.80	\$0.73	\$0.00	\$0.00	\$0.00	\$0.00
	27th Payroll Expense Reserve Fund	1/12th of Annual 27th Pay Expenses	\$1.40	\$0.69	\$1.28	\$0.88	\$0.88	\$0.88
	Rolling Stock Replacement Fund	≥ \$5,000,000 per year	\$10.00	\$5.00	\$6.00	\$0.00	\$5.00	\$5.00

**ATTACHMENT C
Reserve Fund Balance Analysis**

	2017	2018	2019	2020	2021	2022	2023
	Actual	Actual	Amended Budget	Plan	Plan	Plan	Plan
Beginning Balance	0	17,624,278	27,677,990	36,093,049	35,996,664	42,500,279	49,128,894
Revenue							
Investment Income	69,356	326,456	450,000	475,000	625,000	750,000	900,000
Transfer from GF for Compensated Absences	1,900,000	944,484	690,000	0	0	0	0
Transfer from GF for Fuel	2,454,922	0	0	0	0	0	0
Transfer from GF for Hospitalization	1,800,000	729,330	0	0	0	0	0
Transfer from GF for Rolling Stock Reserve	10,000,000	5,000,000	6,000,000	0	5,000,000	5,000,000	5,000,000
Transfer from GF for 27th Pay	1,400,000	694,848	1,275,059	878,615	878,615	878,615	878,615
Other Revenue	0	4,358,594	0	0	0	0	0
Total Revenue	17,624,278	12,053,712	8,415,059	1,353,615	6,503,615	6,628,615	6,778,615
Total Resources	17,624,278	29,677,990	36,093,049	37,446,664	42,500,279	49,128,894	55,907,509
Expenditures							
Transfer to General Fund (Compensated Absences)	0	0	0	0	0	0	0
Transfer to General Fund (Fuel)	0	0	0	0	0	0	0
Transfer to General Fund (Hospitalization)	0	0	0	0	0	0	0
Transfer to RTA Development Fund (Rolling Stock)	0	2,000,000	0	0	0	0	0
Transfer to General Fund (27th Pay)	0	0	0	1,450,000	0	0	0
Total Expenditures	0	2,000,000	0	1,450,000	0	0	0
Ending Balance	17,624,278	27,677,990	36,093,049	35,996,664	42,500,279	49,128,894	55,907,509
Rolling Balances							
Compensated Absences	1,900,000	2,844,484	3,534,484	3,534,484	3,534,484	3,534,484	3,534,484
Fuel	2,454,922	2,454,922	2,454,922	2,454,922	2,454,922	2,454,922	2,454,922
Hospitalization	1,800,000	2,529,330	2,529,330	2,529,330	2,529,330	2,529,330	2,529,330
Rolling Stock	10,000,000	17,358,594	23,358,594	23,358,594	28,358,594	33,358,594	38,358,594
27th Pay: Salary: 2020 / Hourly 2025	1,400,000	2,094,848	3,369,907	2,798,522	3,677,137	4,555,752	5,434,367
Total	17,554,922	27,282,178	35,247,237	34,676,852	40,554,467	46,433,082	52,311,697