

RESOLUTION NO. 2024-81

AMENDING RESOLUTION NO. 2023-103 TO PROVIDE FOR AN INCREASE IN THE FISCAL YEAR 2024 APPROPRIATIONS FOR THE CURRENT EXPENSES AND OTHER EXPENDITURES FOR THE GENERAL FUND IN THE AMOUNT OF \$18,444,837 AND THE RESERVE FUND IN THE AMOUNT OF \$2,415,340 FOR THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY

WHEREAS, the Greater Cleveland Regional Transit Authority ("Authority") has 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 its public transportation system in the fiscal year ("FY") to be paid or met from said revenue; and

WHEREAS, in order to meet those requirements, a budget for the Authority's operations for the fiscal year beginning January 1, 2024 and ending December 31, 2024 ("FY 2024 Budget") was adopted by the Board of Trustees on December 19, 2023 through Resolution No. 2023-103; and

WHEREAS, the General Fund is the general operating fund of the Authority and accounts for all operating expenditures and transfers to other funds; and

WHEREAS, the Reserve Fund helps protect the Authority from future economic downturns, as well as significant increases in fuel, hospitalization, and compensated absence costs; and

WHEREAS, the General Fund budget has been closely monitored throughout the year and has experienced significant increases in salaries, overtime, payroll taxes and fringe benefits, and purchased transportation; and

WHEREAS, it is in the best interest of the Authority to increase the General Fund budget by \$16,800,000 for the operating budget and increase the transfer to the Capital Improvement Fund by \$1,644,837, for a total increase in the General Fund of \$18,444,837; and

WHEREAS, the Codified Rules & Regulation of the Greater Cleveland Regional Transit Authority ("Code Book") Section 460.03(b)(2) states that the reserve for compensated absences shall not exceed 25% of the prior year's ending liability, and Code Book Section 460.03(b)(3) states that the reserve for hospitalization shall not exceed 10% of the prior year's hospitalization costs; and

WHEREAS, as reported in the Annual Comprehensive Financial Report Fiscal Year 2023, 25% of the compensated absence liability totaled \$2,946,056, and 10% of the annual hospitalization costs totaled \$2,337,215; and

WHEREAS, at the end of 2023, compensated absence sub-fund had an excess of \$1,076,181, and the hospitalization sub-fund had an excess of \$568,656, both of which will be transferred back to the General Fund; and

WHEREAS, at the end of 2023, the Rolling Stock Reserve sub-fund had an excess of \$770,503 from interest earnings which will be transferred to the Capital Improvement Fund for the Rail Car Replacement Program; and

WHEREAS, the amended appropriation from the Reserve Fund is \$42,415,340, an increase of \$2,415,340; and

WHEREAS, the Operational Planning & Infrastructure Committee of the Board of Trustees discussed the FY 2024 Amended Budget on October 15, 2024.

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, 2024 through December 31, 2024 ("Fiscal Year 2024"), as set forth in Resolution 2023-103, adopted by the Board on December 19, 2023, are hereby amended as follows:

General Fund Expenditures	2024 Budget	2024 Amended Budget	Variance
Salaries & Overtime	\$ 164,283,362	\$ 172,527,000	\$ 8,243,638
Payroll Taxes & Fringes	57,564,329	63,509,960	5,945,631
Fuel & Utilities	13,647,600	12,600,000	(1,047,600)
Inventory, Services, Materials, Supplies	38,938,982	37,700,000	(1,238,982)
Purchased Transportation	11,533,644	17,400,000	5,866,356
Other Expenditures	7,669,043	6,700,000	(969,043)
Total Operating Expenditures	293,636,960	310,436,960	16,800,000
Transfers to Other Funds			
Transfers to/from Insurance Fund	2,500,000	2,500,000	-
Transfers to/from Reserve Fund	10,878,615	10,878,615	-
Transfers to/from Bond Retirement Fund	9,346,959	9,346,959	-
Transfers to/from Capital Improvement Fund	17,483,041	19,127,878	1,644,837
Total Transfers to Other Funds	40,208,615	41,853,452	1,644,837
Total General Fund Expenditures	\$ 333,845,575	\$ 352,290,412	\$ 18,444,837
Reserve Fund Expenditures	2024 Budget	2024 Amended Budget	Variance
Transfers to GF for Compensated Absences	\$ -	\$ 1,076,181	\$ 1,076,181
Transfers to GF for Fuel	-	-	-
Transfers to GF for Hospitalization	-	568,656	568,656
Transfer to RTA Development Fund for Rolling Stock Reserve	10,000,000	10,770,503	770,503
Transfers to GF for 27th Pay	-	-	-
Transfers to GF for Revenue Stabilization	30,000,000	30,000,000	-
Total Transfers	\$ 40,000,000	\$ 42,415,340	\$ 2,415,340

Section 2. That all other provisions of the appropriations for the current expenses and other expenditures of the Authority during Fiscal Year 2024, as set forth in Resolution No. 2023-103, not otherwise amended, shall remain in full force and effect.

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

Adopted: October 29, 2024



President

Attest: 

Secretary-Treasurer



TITLE/DESCRIPTION: AMENDING RESOLUTION NO. 2023-103 TO PROVIDE FOR AN INCREASE IN THE FISCAL YEAR 2024 APPROPRIATIONS FOR THE GENERAL FUND IN THE AMOUNT OF \$18,444,837 AND THE RESERVE FUND IN THE AMOUNT OF \$2,415,340 FOR THE CURRENT EXPENSES AND OTHER EXPENDITURES FOR THE GREATER CLEVELAND REGIONAL TRANSIT AUTHORITY	Resolution No.: 2024-81
	Date: October 24, 2024
	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 appropriation in the General Fund and Reserve Fund.
- 2.0 DESCRIPTION/JUSTIFICATION: The proposed amendment will authorize an increase in the General Fund appropriations budget for fiscal year (“FY”) 2024 by \$18,444,837 and the Reserve Fund for FY 2024 by \$2,415,340.
- 3.0 PROCUREMENT BACKGROUND: Does not apply.
- 4.0 DBE/AFFIRMATIVE ACTION BACKGROUND: Does not apply.
- 5.0 POLICY IMPACT: The FY 2024 Budget provides for the revenues and expenditures of the Authority. The increased appropriation in the General Fund of \$18,444,837 will enable the Authority to cover increased operating expenses for payroll (including salaries, overtime, payroll taxes, and fringe benefits) and purchased transportation, as well as an increase to the transfer to the Capital Improvement Fund.

The Reserve Fund helps to protect the Authority from future economic downturns, as well as significant increases in fuel, hospitalization, and accrued liability costs. The Codified Rules & Regulations of the Greater Cleveland Regional Transit Authority (“Code Book”) Section 460.03(b)(2) states that the reserve for compensated absences shall not exceed 25% of the prior year’s ending liability, and Code Book Section 460.03(b)(3) states that the reserve for hospitalization shall not exceed 10% of the prior year’s hospitalization costs.

At the end of 2023, the accrued liability totaled \$11,784,225. The compensated absences sub-fund’s balance totaled \$4,022,237 at the end of 2023, an excess of \$1,076,181. This funding will be transferred back to the General Fund. The total hospitalization costs for 2023 totaled \$23,372,145. The Reserve Hospitalization sub-fund’s balance totaled \$2,905,871 at the end of 2023, an excess of \$568,656. This funding will also be transferred back to the General Fund.

At the end of 2023, the Rolling Stock Reserve sub-fund had an excess of \$770,503 at the end of 2023 from allocated interest earnings. Pursuant to Code Book Section 460.03(b)(5), these funds will be transferred to the RTA Capital Fund for the Rail Car Replacement Program.

- 6.0 ECONOMIC IMPACT: This amendment will increase the General Fund budget for operating expenses by \$16,800,000 and \$1,644,837 for the transfer to the Capital Improvement Fund.

This amendment will also provide for an increase of expenditures in the Reserve Fund by \$2,415,340.

7.0 ALTERNATIVES: Modify or not approve the budget amendment as proposed. This would impact the Authority's ability to cover expenses in the General Fund and be out of compliance with the Code Book policy for the Reserve Fund.

8.0 RECOMMENDATION: The proposed FY 2024 Amended Budget was reviewed by the Operational Planning & Infrastructure Committee on October 15, 2024 and is recommended for adoption. It is recommended that the Board approve the proposed FY 2024 Amended Budget as proposed herein.

9.0 ATTACHMENTS:

- A: General Fund Balance Analysis
- B: Reserve Fund Balance Analysis

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



General Manager, Chief Executive Officer

General Fund Balance Analysis

	FY 2024 Budget	FY 2024 Amended Budget	2024 Variance
Revenues			
Operating Revenues			
Passenger Fares	\$ 27,100,000	\$ 30,656,522	\$ 3,556,522
Advertising & Concessions	2,061,751	1,579,775	(481,976)
Naming Rights	485,300	432,800	(52,500)
Investment Income	1,000,000	1,013,672	13,672
Total Operating Revenues	30,647,051	33,682,769	3,035,718
Non-Operating Revenues			
Sales & Use Tax	268,300,000	263,529,810	(4,770,190)
Reimbursed Expenditures	5,000,000	12,538,128	7,538,128
Other Non-Operating Revenue	1,500,000	1,625,336	125,336
Transfer from Reserve Fund - Other Sub-Funds	-	1,644,837	1,644,837
Transfer from Reserve Fund - Revenue Stabilization	30,000,000	30,000,000	-
Total Non-Operating Revenues	304,800,000	309,338,111	4,538,111
Total Revenues	335,447,051	343,020,880	7,573,829
Expenditures			
Operating Expenditures			
Salaries & Overtime	164,283,362	172,527,000	8,243,638
Payroll Taxes & Fringes	57,564,329	63,509,960	5,945,631
Fuel (Diesel, CNG, Propulsion Power, Propane, Gasoline)	9,683,400	9,300,000	(383,400)
Utilities	3,964,200	3,300,000	(664,200)
Inventory	13,000,000	13,900,000	900,000
Services, Materials & Supplies	25,938,982	23,800,000	(2,138,982)
Purchased Transportation	11,533,644	17,400,000	5,866,356
Other Expenditures	7,669,043	6,700,000	(969,043)
Total Operating Expenditures	293,636,960	310,436,960	16,800,000
Transfers to Other Funds			
Transfers to/from Insurance Fund	2,500,000	2,500,000	-
Transfers to/from Reserve Fund	10,878,615	10,878,615	-
Transfers to/from Capital			
Transfers to/from Bond Retirement Fund	9,346,959	9,346,959	-
Transfers to/from Capital Improvement Fund	17,483,041	19,127,878	1,644,837
Total Transfers to/from Capital	26,830,000	28,474,837	1,644,837
Total Transfers to/from Other Funds	40,208,615	41,853,452	1,644,837
Total Expenditures	333,845,575	352,290,412	18,444,837
Excess / (Deficiency) of Total Revenues over Total Expenditures	1,601,476	(9,269,532)	
Beginning Balance	36,763,593	36,763,593	
Projected Ending Balance	\$ 38,365,069	\$ 27,494,061	
# Months Reserves - Projected	1.6	1.1	

Reserve Fund Balance Analysis

	FY 2023 Actual	FY 2024 Budget	FY 2024 Amended Budget
Revenues			
Transfers			
Transfer from GF for Rolling Stock Reserve	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Transfer from GF for 27th Pay	878,615	878,615	878,615
Total Transfers	10,878,615	10,878,615	10,878,615
Other Revenue			
Investment Income	9,276,174	4,000,000	4,000,000
Total Other Revenue	9,276,174	4,000,000	4,000,000
Total Revenues	20,154,789	14,878,615	14,878,615
Expenditures			
Transfers			
Transfer to GF for Compensated Absences	-	-	1,076,181
Transfer to GF for Hospitalization	-	-	568,656
Transfer to RTA Development Fund for Rolling Stock Reserve	10,000,000	10,000,000	10,770,503
Transfer to GF for Revenue Stabilization	-	30,000,000	30,000,000
Total Transfers	10,000,000	40,000,000	42,415,340
Total Expenditures	10,000,000	40,000,000	42,415,340
Net Increase (Decrease)	10,154,789	(25,121,385)	(27,536,725)
Beginning Balance	150,884,063	161,038,852	161,038,852
Projected Ending Balance	\$ 161,038,852	\$ 135,917,467	\$ 133,502,127
Projected Rolling Balances			
Compensated Absences	\$ 4,022,237	\$ 4,122,459	\$ 3,046,277
Fuel	2,838,432	2,909,157	2,909,157
Hospitalization	2,905,871	2,978,276	2,409,620
Rolling Stock Reserve	770,503	789,702	19,199
27th Pay	6,004,729	7,009,685	7,009,685
Revenue Stabilization	144,497,079	118,108,189	118,108,189
Projected Total	\$ 161,038,852	\$ 135,917,467	\$ 133,502,127