

## Minutes

### RTA Operational Planning & Infrastructure Committee

9:01 a.m. July 16, 2019

**Committee:** Welo (Chair), Lucas (Vice-Chair), Byrne, Joyce, Moss, Serrano

**Other Board members:** Bibb, Clough, McCall

**Not present:** None

**Also Present:** Anderson, Atkinson, Bartlome, Benford, Bitto, Blocai, Bozeman, Burns, Catalucci, Caver, Coleman, Cottrell, Cranford, Dangelo, Davis (C), Davis (J), Draper, Elder-Jones, Faith, Feliciano, Ferraro, Fields, Garofoli, Gautam, Gibbons, Gill, Gillan-Shafron, Haer, Harris, Hill, Hudson, Irizarry, Jaszczak, Jones, Keshtkaran, Kirkland, Lanier, Lewis, Loh, Manning, Mercado, Mills, Peganoff, Penning, Pickett, Pillow, Pinkney-Butts, Ponder, Schipper, Scott, Shaffer, Sohrabian, Solomon, Stocking, Stover, Sutula, Tarka, Tarter, Togher, Tucker, Tyznik, Vukmanic, Williams, Wilson, Winn, Young, Zanders, Zeller

Mayor Welo called the meeting to order at 9:01 a.m. The secretary called the roll and reported that six (6) committee members were present.

#### S-Curve Wall Stabilization Update (this agenda item was added the day of the meeting)

Mike Schipper, deputy general manager of engineering and project management, made the presentation. This is Item G. in the board package. It is a ratification for the committee to consider. Staff has been monitoring the walls in the S-Curve for about a year. They have measured movement along what would be the wall along RTA's inbound track. They have been looking at six sections of the wall for about 300 ft. For the safety of customers, they decided to terminate rail service May 30<sup>th</sup>. At that time, they met with the Board president and received authorization to do an emergency contract with Great Lakes Construction for \$650,000 to order materials, complete the design and actively stabilize the wall. That was ratified by the Board June 4 at a special board meeting.

They have now completed the design, re-evaluated the estimate and began ordering steel. On July 5, they discussed with the Board President to increase the contract to \$1.3 million, which is the ratification they will ask the Board to approve today. The contract will pay for work and over 400 lbs. of steel to stabilize the wall. It is a difficult place to work. It is between the West Park Station and W. 117<sup>th</sup> Street Station. It's in the trench. It's 20+ft deep and is extremely narrow. The overhead catenary, fiber optic lines, electric lines and signal lines within the trench area that hangs above the trains had to be moved. The design is a three-sided steel frame. It will go up and over all the wiring and then the wiring will be reattached. The contractor was able to locate half the steel and deliver it to the site. It's being prepped and prepared. A staging area adjacent to the site has been identified. The beams along the walls will be dolled into the concrete. They are being treated with an epoxy paint to prevent rust and deterioration. They are setting pieces on both sides of the wall with the vertical beam in between. A templating system was set up for them to drill the steel. A crane is set up to set the steel.

They have been able to complete 10 frames. They have pre-drilled four or five ahead of the production. They have vertical pieces in place that need the third piece. Once it is put in, everything is welded together. The painting will continue as they get farther down. There will be 70 frames. Once this is complete, the catenary lines, fiber optic and signal cable will be attached. They anticipate completion by late August. They will continue to monitor the progress. The steel webs are 12 inches.

That's the biggest they could get and still run trains on both tracks. Because of the 12 inch depth being small in terms of steel, the higher number of frames is needed. Mayor Clough added that this is an emergency, safety issue. This is why it's important to have a reserve fund. It was important that they move quickly. The cost can change once the work begins. Mr. Joyce asked for the distance between the web of the steel and the train. Mike said it will be inches. When the work is complete, they will run test trains to check the track geometry and see how the overhead interacts with the pantographs. They may have to go into the tampering system and change the geometry of the track. With the amount of equipment they may have to resurface the tracks. Once the frames are done, it will be a week's work of putting everything back together to ensure the geometry fits and the trains run properly.

#### RFP Procurement for On-Call Bridge Engineering Services

Joe Shaffer, director of engineering and Lou Catelusci, contract administrator, made the presentation. This contract is to perform bridge engineering, including analysis, inspection, evaluation, and design to support GCRTA Staff. The work is by task order assignment. The total task orders are not to exceed \$300,000 over a 24 month term. This would deal with both highway & railroad project assignments. Some of the anticipated projects include a study of the eastbound Rail Access Road Bridge replacement. This is the road that accesses Central Rail from the west. The Waterfront Line MSE Walls will be analyzed for additional voids behind the walls. The Catenary Structure Rehabilitation is a series of projects to bring the catenary structures up to a State of Good Repair. Lastly are projects with external agencies/ODOT and other projects as assigned.

This RFP was issued April 15, 2019. It was accessed by 28 parties. They received three proposals and all three firms were interviewed. This was a Brooks Act procurement. The evaluation panel was made up of various departments using evaluation criteria. The recommended vendor is TranSystems Corporation of Ohio, Cleveland, Ohio. The 2% DBE Goal will be met by utilizing Barr Engineering, Inc., Denise's Flagging and Construction Services and G & T Associates. Rev. Lucas asked where G & T was located. Staff will get back to him with the exact address. TranSystems Corporation of Ohio has successfully completed projects for GCRTA, the Miami County Engineer, ODOT, and the Cambia County Transit Authority, among others. They have worked with GCRTA since 1992 and have an experienced/qualified staff. Staff requests that the Operational Planning & Infrastructure Committee recommend award to TranSystems Corporation of Ohio for On-Call Bridge Engineering Services - 2019. The contract is not to exceed \$300,000.00 for 24 months.

This is Resolution 2019-73 on today's board meeting agenda. It was moved by Mr. Serrano, seconded by Mr. Joyce and approved to move to the full board meeting.

#### FY 2020 Tax Budget

Kay Sutula, director of the office of management of budget, made the presentation. This tax budget is an ORC requirement for agencies with taxing authority in the county. It is used to determine annual property tax for each taxing authority, to determine allocation for government funding for the next fiscal year and presents the need for tax levies, if needed. It focuses on the estimated revenues for the future fiscal year, it's a budgetary tool to review spending, a good fiscal practice to prepare a tax budget and sets the stage for the budget development process. Today's presentation will cover the budget schedule, economic assumptions, explain the 2020 Tax Budget and with the committee's approval, go into the public hearing.

In May, staff presented the 2020-24 CIP, which the Board approved. A public hearing was also held. Today's presentation is on the forecast of revenues. In August, they will begin the 2020 Operating Budget development, which will be presented in November with the four year forecast. There will also be a public hearing. In December, staff will present the 2020 Operating Budget. Another public

hearing will be held. Staff will then request this committee to recommend the 2020 Operating Budget to the Board for adoption. The Federal Reserve projects inflation to remain between 1.8%-2.1% over the next several years and interest rates between 2.5%-3%. The county is projecting a 2.5%-3% increase in sales and use tax. However, their estimation for the sales and use tax is to increase by 1.5% in 2020 compared to the 2019 projection. They're projection is conservative, but aligns with Standard & Poors economic review of the region. They estimate that ridership will continue to decline by 2%. There are no fare increases or service changes in the 2020 tax budget. They project wage increases across the board in 2020 and 2021 as well as the 27<sup>th</sup> pay for salaried employees in 2020.

On the revenue side, they project sales and use tax at \$210.1 million. This is a 2.8% increase from 2018 receipts. For the 2020 tax budget they estimate receipts to equal \$213.2 million, a 1.5% increase from 2019. Passenger fares continue to decline in 2019 by 3.7% and is projected to end the year at \$44.9 million. The decline is projected to continue in 2020 with year-end receipts at \$44.1 million. Reimbursed expenditures includes reimbursements from the federal or state governments. The largest sources through preventative maintenance, which will be held at \$20 million for 2019 and 2020. Advertising is estimated at the contracted amounts. Interest is based on the current interest rates and is not expected to increase in 2020. In 2019, this category is estimated to end the year at \$6.3 million as they received the December 2018 advertising receipts in January 2019. For 2020, they projects this category to total \$4.8 million. In fiscal year 2020, there is a 27<sup>th</sup> pay for salaried employees, which is budgeted in the reserve fund. A transfer from the reserve fund to the general fund for \$1.5 million will offset the cost in the Operating budget. The next 27<sup>th</sup> pay will occur in fiscal year 2025 for hourly employees. Total revenues for 2019 are estimated at \$283.3 million. With a beginning balance of \$39 million, total resources are projected at \$322.3 million. For the 2020 tax budget, total revenues are estimated at \$285.1 million. With a beginning balance estimated at \$35 million, total resources are estimated at \$320.1 million.

The three largest sources of revenue for the 2020 tax budget are sales and use tax at 74.8%, passenger fares at 15.5% and reimbursed expenditures at 7.5%. This is comparable to 2019 where sales and use tax is 74.2%, passenger fares at 15.8% and reimbursed expenditures at 7.8%. Salaries, payroll taxes and fringes are projected to end the year at \$189.2 million, a 1.7% increase from 2018. For the 2020 tax budget this category is budgeted at \$194.2 million, a 2.7% increase from 2019. Fuel and utilities are projected to end the year at \$15.3 million as the cost of diesel fuel and electricity is increasing. For the 2020 tax budget, this category is budgeted at \$15.4 million, a slight decrease from 2019. Inventory is projected to end the year at \$14 million in 2019 due to additional rail and infrastructure needs this year. It is budgeted at \$13.5 million in 2020. Services, materials and supplies is projected to end the year at \$18.4 million. Some new contracts have been signed this year and the cost of rail parts has increased as parts are obsolete and difficult to find or costly to repair or replace. Purchased transportation has three new contracts started June 2019. The year-end estimate is \$8.7 million. The budget for the 2020 tax budget is \$8.7 million based on the contracts.

Other expenses include travel, insurance, claims and other misc. expenses. For 2019 and the 2020 tax budget, this category is estimated to end each year at \$5.7 million. Total operating expenses for 2019 are \$251.4 million and \$256.1 million for the 2020 tax budget. Transfers to the reserve fund in 2019 are projected to be \$8 million, which includes \$6 million for rail cars. For the 2020 tax budget, a transfer of \$5 million is budgeted for the rail cars. Total expenditures for 2019 are projected at \$287.3 million and \$291.2 million for the 2020 tax budget.

To recap. With a beginning balance of \$39 million and projected revenues of \$283.3 million, total resources for 2019 are projected at \$322.3 million, which is slightly lower than 2018 due to receiving the \$18 million from the State, to recover from the removal of the MCOs from the sales tax base. Total operating expenses are projected at \$251.4 million, which transfers to other funds at \$35.9 million. Total expenditures for 2019 are projected at \$287.3 million. This leaves an ending balance of \$35 million, a 1.7 month reserve. For the 2020 tax budget, total revenues are budgeted at \$285.1

million. With the \$35 million beginning balance, total resources are budgeted at \$320.1 million. Total operating expenses for the 2020 tax budget are estimated at \$256.1 million and transfers to other funds are \$35.1 million. Total expenditures are budgeted at \$291.2 million leaving an available ending balance of \$28.9 million, a 1.4 month reserve. Given no fare increase or service changes, they project a positive ending balance for 2021-2024. In the reserve fund, they have budgeted a \$5 million transfer from the general fund for the rail car replacements in each year from 2020 through 2024. On the expenditure side, they will come to the Board later this year to begin using this funding for a contractor to help write an RFP for the heavy rail vehicle replacements. The contractor will help write the scope and specs for the RFP and help through the entire process through the receipt of the vehicles in 2023, where the 20% local match has been budgeted.

Mr. Bibb asked what led to the \$12 million decline in the transfer to insurance pension line item (actual versus estimate) and what the trend is for pension cost. Kay said that between insurance payments and claims paid this year, they are lowering for 2020. The trend for pension cost are steady. Dr. Caver said this is a legacy pension cost in the collective bargaining agreement. The general term of a pension would be what RTA pays into OPERS. It's on the books for the CAFR, but not for payment. Mayor Clough added that there is a formula the State has to determine pension cost even though OPERS covers most of it. He is pleased with the 1.4 monthly reserve. He asked staff to clarify the statement that the tax budget is required versus it being good practice. Kay said it's not required to be submitted, but it is an ORC requirement for other taxing agencies that pull property tax. Mayor Clough stated that this is good oversight as to the projected revenues. Dr. Caver said this kicks off the budget cycle.

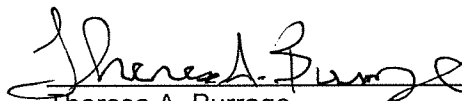
9:34 a.m. - The committee meeting was suspended to hold the Tax Budget Public Hearing.

9:55 a.m. – The committee meeting was reconvened.

It was moved by Mr. Serrano, seconded by Mayor Byrne and approved to move to the full Board for approval. Mayor Welo adjourned the meeting at 9:55 a.m.



Floun'say R. Caver, Ph.D., Interim CEO  
General Manager/Secretary/Treasurer



Theresa A. Burrage  
Executive Secretary