

Minutes

RTA Tax Budget Public Hearing

9:34 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

FY 2020 Tax Budget

Kay Sutula, director of the Office of Management and Budget, read the public hearing statement:

This is the official public hearing for the 2020 Tax Budget for the Greater Cleveland Regional Transit Authority.

The Tax Budget has been made available for public inspection for at least 10 days in the Office of Management & Budget of this Authority. Public notice of this hearing was made by the publication of a legal advertisement in the Cleveland Plain Dealer on July 2, 2019. In addition, the notice was posted in the first floor lobby of the Authority's Main Office Building.

The Operational Planning and Infrastructure Committee of the RTA Board of Trustees reviewed the Tax Budget today and will vote on adopting the Tax Budget resolution the same day. Upon adoption, the Tax Budget will be submitted to the County Fiscal Officer, subject to any modifications resulting from this hearing or discussions by the Board of Trustees.

In developing the 2020 Tax Budget we analyzed economic financial trends, revenue and expenditure forecasts. It establishes an estimate of revenues for the upcoming fiscal year and defines in very broad terms the anticipated expenditures for the Authority. Our financial status and end-of-year fund balances have been maintained over the last several years and we will continue to work towards achieving a long-term sustainable financial position.

Some highlights of the 2020 Tax Budget are as follows:

- The General Fund budget identifies \$285.1 million of estimated revenues against \$291.2 million of estimated expenditures resulting in a budget deficit of \$6.1 million;
- The 2020 Tax Budget estimates Sales & Use Tax revenue at \$213.2 million. This is a 1.5% increase from 2019 projected receipts;
- Reimbursed Expenditures are estimated at \$21.5 million, which includes \$20.0 million of preventive maintenance reimbursements;
- Operating Expenditures are estimated at \$256.1 million, an increase of 1.9 percent from the 2019 projection;

- The 2020 Tax Budget assumes current staffing and service levels;
- The Tax Budget transfer to the Reserve Fund is \$5.9 million, which includes funding for Rail Cars, Compensated Absences and the 27th Pay;
- The ending balance for 2020 is estimated at \$28.9 million, which is a 1.4-month reserve.

Transfers to the Reserve Fund for the Rail Cars will continue over the next 5 years from 2020-2024. Expenditures in the Reserve Fund will begin in late 2019 for a contractor to help write an RFP for the Heavy Rail Vehicle Replacement RFP. The contractor will assist the Authority through the entire process through the receipt of the Heavy Rail Vehicles in 2023, where the 20% local match is budgeted.

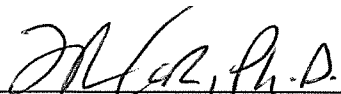
Public Comment

1. Rev. Pam Pinkney-Butts – Cleveland, OH – She provided a list of all the organizations she is involved in one being the chaplain for the East Cleveland chapter of the League of Woman Voters. She is in opposition to the tax budget because it doesn't address the divisiveness and discrimination within the RTA. She'd like Mayor Jackson to know that there is a serious racial and economic divide. The west side has better shelters, but the eastside is dirty. This budget does not address true concerns. George Dixon was doing an investigation regarding discrimination and then he was investigated and lost his job and character. Dr. Caver doesn't desire the position of CEO because of these challenges. The consultants said they were not going to increase ridership.
2. George Zeller – Cleveland, OH – He is in favor of the tax budget. It's been over two years that the sales tax has declined. Ridership is down more because of the S-Curve project. It took him two hours to get from the Triskett Rapid Station to Tower City. Ridership is getting worse over time so people have stopped riding. He agrees with the declining ridership forecast, but believes it's too optimistic.
3. Chris Stocking – Cleveland, OH – He asked what the percentage goal is for passenger fares. In the past it's been 20%. The past year it was 16%. Ridership has dropped due to the fare increase compared to ridership before the fare increase. Revenue is a wash. This is destroying the voting base. Riders are not taking the service. He doesn't agree that passenger fares is decreasing due to national trends. He urged the Authority to look at Columbus, Pittsburgh, Indianapolis and Richmond, VA who have increased ridership through system redesign and innovation. The fare collection system change on the HealthLine is a disaster. They have yet to hear a plan from RTA to reverse the trend. The lawsuit should be dropped and there should be a pilot for civilian transit ambassadors to bring back Proof of Payment and ridership on the HealthLine.
4. William Tarter – Broadview Hts, OH – He asked if the increased State budget transportation funds is reflected in the tax budget. The 2019 Levy schedule was released. He said he would send it to staff. There are opportunities to collaborate with organizations that may get funding in other capacities that could supplement items in the tax budget. Dr. Caver said the increased State funds will be in two ways. There will be an incremental increase in formula based funds and the larger component is in competitive grants, which is not shown because RTA has to compete for them. It will be on Attachment D in the RTA Development Fund. But on the expense side, there will be larger blocks of capital projects. The revenue won't show until the grant is secured. He asked if there is a timeline for the rail replacement. It's listed in Attachment J in 2023 for \$20.6 million. The CIP has incremental outlays. There is \$50 million identified for rail cars. By the end of next year there will be \$56 million to start purchasing

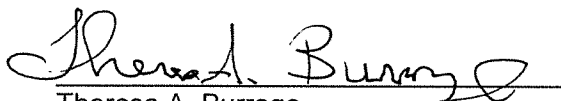
heavy rail cars. Mayor Clough said the tax budget reflects the expected revenues to prepare for next year's budget.

5. Loh – Cleveland, OH – The public cannot be put on hold to wait for the system to improve. Raising fares and cutting service will not work. She asked if the Board could consider other suggestions. They want reasonable improvements. If not, it will result in more population loss and even less ridership.

The hearing was adjourned at 9:55 a.m.



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



Theresa A. Burrage
Executive Secretary