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Tax Budget

July 17, 2018



Greater Cleveland Regional Transit Authority

2019 TAX BUDGET

To: Hon. Dennis M. Clough, President, and Members
Board of Trustees

Date: July 17, 2018

From: Joseph A. Calabrese, CEO
General Manager / Secretary-Treasurer



Subject: 2019 Tax Budget Transmittal Letter

EXECUTIVE SUMMARY

The 2019 Tax Budget is an initial analysis of the economic financial trends, revenue and expenditure forecasts, and service levels of the Authority. It is a reflection of actions taken in the current and in previous budget years and is a valuable tool in the budget development process as it helps to identify upcoming issues and opportunities that may impact the Authority.

As it currently stands, due to Federal requirements Medicaid managed care organizations (MCOs) were removed from the Sales & Use Tax base effective July 1, 2017. The State moved all managed care organizations to the insurance tax, which will supplant the State's revenue for each year going forward, but provided no solution for the 88 counties and 8 transit authorities that levy sales tax. After much deliberation, the State budgeted assistance, however did not provide a re-occurring revenue source to replace this loss going forward. This results in an annual revenue loss of \$20 million per year.

It is important to note that this ruling was also felt by approximately eight other states which have successfully addressed this loss by applying their sales tax to all MHC providers, and not just the portion that was traditional paid for by Medicaid.

The previously scheduled passenger and paratransit fare increases were postponed until a fare study is completed to assess our short and long term strategy. Passenger fares are expected to decline in 2019 and going forward. Reimbursed Expenditures, the third largest source of revenue is budgeted at \$27.1 million in 2019 and \$22.1 million from 2020 through 2023.

A continued focus on data driven performance initiatives, such as TransitStat, The Partnership for Excellence, and ISO14001, will continue to improve processes, enhance operational capabilities, and reduce costs for the Authority. TransitStat projects for were again aligned with the new Strategic Plan. In a continuing drive to excellence, GCRTA made its first full application under The Partnership for Excellence and the Baldrige Criteria. GCRTA received the Gold Award recognition level. RTA is the first transit agency to receive this award. In 2016, RTA received the Three-Star Ohio Green Fleet Award from Clean Fuels Ohio for work to improve air quality and health, reduce pollution, and strengthen Ohio's economy.

The 2019 Tax Budget shows a year-end balance in compliance with our goal of maintaining a one-month reserve balance. However, substantial drawdowns on the balance is estimated starting in 2020 due to the annual MCO revenue loss of \$20 million. RTA must continue to work with the Counties, Transit Authorities, and activist groups to communicate the importance of public transit to the communities.

General Fund Assumptions

Inflation

Assumption:

2.0% to 2.5%

Rationale:

The Federal Reserve recently released their projections for the remainder of 2018 through the next 30 years. The Cleveland Fed observed that the 4th District expanded at a moderate rate. They stated that labor markets have strengthened, but companies reported difficulty finding qualified candidates across a broad array of occupations. Employers are raising wages to remain competitive. The Federal Reserve Bank is expecting the economy to expand slowly - between 2.0 percent and 2.5 percent. The Federal Reserve Bank of Cleveland projects the inflation rate to remain under 2.5 percent over the next 10 years.

Interest Rates

Assumption:

2.5% to 3.0%

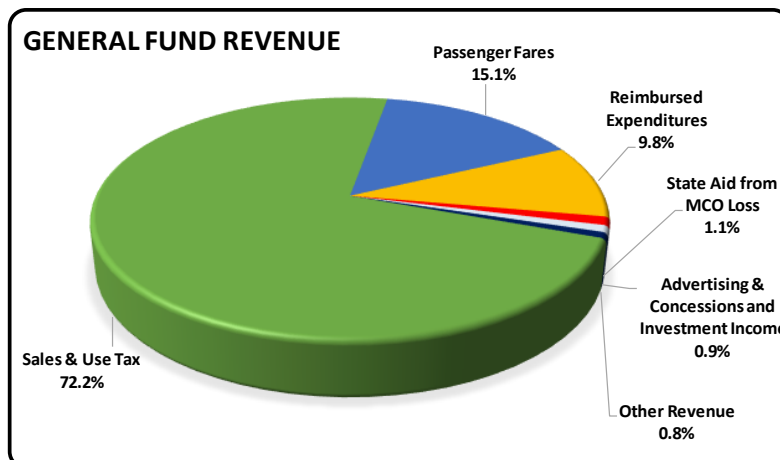
Rationale:

The Federal Reserve Bank raised interest rates again in June 2018, from 1.7 percent to 2.0 percent, the second increase in 2018. June 2018 economic projections report on the current economic conditions of the U.S. project an increase in the interest rate to 2.5 percent by year end and three additional increases in 2019 to a projected high 3.0 percent. The economic activity in the U.S. continues to strengthen, inflation rates remain low, and unemployment rate has been decreasing. The Fed hinted that additional increases were expected in the federal funds rate. Bloomberg economists are expecting the Fed to increase interest rates 0.25 percent every quarter for 2018. The Fed economic projections of Federal Reserve Board Members and Federal Reserve Bank projects the Federal Funds rate from 2.5 percent to a high of 3.0 percent in 2019 and a projected high of 3.3 percent in 2020.

Beginning and Available Ending Balance

For 2018, revenues are currently estimated at \$284.3 million, \$1.4 million above budget, and total resources are estimated at \$319.2 million. The ending balance for 2018 is estimated at \$38.8 million, or \$8.5 million better than budget. The major challenge for 2018 is maintaining operating expenses at the Amended Budget level. The annual loss of \$20 million in 2019 Sales Tax revenues, with the projected increases in expenditures, will severely impact the ending balance in 2019 and beyond. Although budget execution is key, even the best budget execution will not solve the looming Sales & Use Tax problem. For 2019, the Tax Budget revenues total \$275.3 million with total resources of \$314.1 million. Total Operating Expenditures for the 2019 Tax Budget are \$253.5 million. Transfers to other funds total \$31.6 million. The Authority is planning for a \$30 million debt issuance in early 2019, which was deferred from 2017. Total expenses for the 2019 Tax Budget are budgeted at \$285.1 million and the ending balance is \$28.9 million.

REVENUES



Passenger Fares

Assumption:

\$41.7M

Rationale:

Passenger Fares for 2019 are estimated at \$41.7 million, a conservative 4.0 percent decrease from 2018 projections, due to continual ridership decreases over the past several years. The Fare increase scheduled for August 2018 has been postponed until further review, and the current base fare remains at 2.50

Actual Passenger Fare revenue received through May of 2018 was \$16.9 million. This amount is 1.2 percent below 2017 actuals through May, and nearly \$900,000 above budget. No fare increases are planned for the remainder of 2018 or the out-years (2019 through 2022).

Advertising & Concessions

Assumptions:

Advertising Contract and Concessions

\$ 1.7M

Naming Rights: HealthLine, CSU Line, and MetroHealth Line

\$466K

Total

\$ 2.2M

Rationale:

Advertising revenue is composed of three subcategories. The first subcategory is the current advertising contract and concessions. The second subcategory is a new contract for advertising on the bus shelters. The third category is the Naming Rights for the HealthLine, CSU Line, and the new MetroHealth Line. The Advertising & Concessions category is projected to total \$2.2 million in 2019 and is projected to increase \$50,000 each year from 2020 through 2022 due to the Advertising Contract guarantees.

Sales & Use Tax Revenue

Assumptions:

Sales & Use Tax

\$198.9M

State Assistance for MCO Loss

\$ 3.1M

Rationale:

The Authority receives 1 percent of Sales & Use Tax Revenue collected in Cuyahoga County. The estimate for the 2019 Tax Budget is provided with assistance from the State of Ohio. The \$3.1 million of assistance is contingent upon the state having a revenue surplus at the end of FY 2018. Sales & Use Tax receipts are projected to increase only by 0.5 percent in 2019 and increase minimally from 2020 through 2023.

Investment Income

Assumption:

\$300K

Rationale:

The estimate for Investment Income for 2019 is \$300,000. The Federal Reserve Bank has increased interest rates 0.25 percent for the last five quarters and are projected to end 2018 at 2.5 percent. An additional three 0.25 percent increases are projected in 2019. The Investment Income estimate for the 2019 Tax Budget is \$300,000. The Investment Income for the future years slowly decrease as the ending balances decrease.

Trolley Assistance

Assumption:

\$640K

Rationale:

The B-Line, E-Line, C-Line, and Nine-Twelve-Line are partially subsidized by the Downtown Cleveland Alliance, through area businesses, and the RTA. The B-Line, E-Line, and Nine-Twelve-Line provide service for downtown customers during the week days. The C-Line provides service around downtown during the evenings and weekends. Receipts for this revenue stream are projected at \$640,000 for 2019 and each of the out-years.

Other Revenue

Assumption:

\$ 1.5M

Rationale:

This revenue category is difficult to project as it consists of various claim reimbursements, rental income, salvage sales, and identification card proceeds. For the 2019 Tax Budget, receipts are projected at \$1.5 million. For 2018,

the Authority has received just under \$1 million through May and is projected at \$1.5 million by year-end. The out-years, 2019 through 2022, are projected at \$1.4 million each year.

Reimbursed Expenditures

Assumptions:

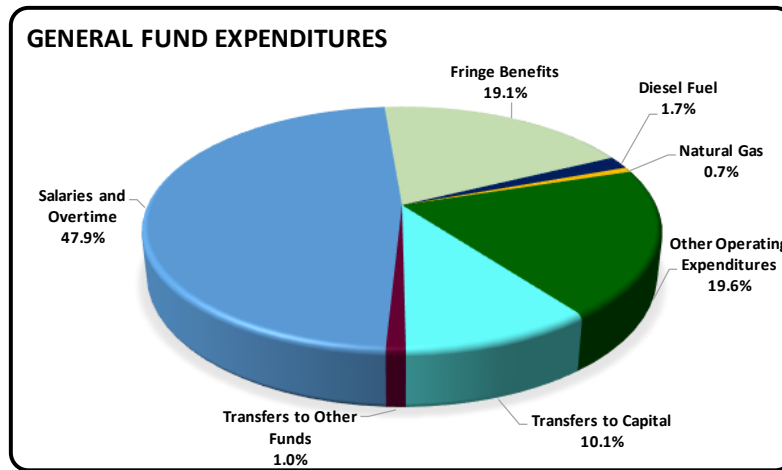
<i>Preventive Maintenance Activities</i>	<i>\$25.0M</i>
<i>Fuel Tax Reimbursements</i>	<i>\$ 1.1M</i>
<i>Reimbursed Labor</i>	<i>\$ 0.8M</i>
<i>Other Reimbursements</i>	<i>\$ 0.2M</i>
<i>Total:</i>	<i>\$27.1M</i>

Rationale:

This category is composed of the reimbursement of labor costs for capital projects, preventive maintenance activities within the Operating Budget, and diesel fuel tax refunds. For the 2019 Tax Budget, revenues from Reimbursed Expenditures are budgeted at \$27.1 million.

Formula grant funded reimbursement of preventive maintenance activities is the largest item included within Reimbursed Expenditures and represents a trade-off between providing funding for needed State of Good Repair projects or to support daily operations of the Authority. A long-term goal is to keep preventive maintenance reimbursements under \$20 million and grant funding steered toward capital projects. The Authority made a decision to increase preventive maintenance reimbursement by \$5 million. Other reimbursements include Fuel tax reimbursement, Force Account Labor, and Paratransit SNAPS reimbursement, which are projected at \$1.1 million, \$0.8 million, and \$0.2 million, respectively. For the out years (2020 through 2023), Preventive Maintenance Reimbursement is reduced to \$20.0 million for a total plan of \$22.1 million each year.

EXPENDITURES



Salaries and Overtime

Assumption:

\$136.5M

Rationale:

Total salaries and overtime for the 2019 Tax Budget are \$136.5 million and account for 47.9 percent of RTA's General Fund expenses and 53.8 percent of the Operating expenses. ATU employees received a 1 percent wage increase in the First Quarter of 2018, retroactive to February 2017, which was in addition to the 2 percent received in 2017. The ATU is still in negotiations and a wage increase has not been received for 2018. The FOP received a 3 percent wage increase in March 2018 for 2017 services. Future increases for the FOP will be contingent upon sales tax and passenger fare revenue, based upon the negotiated contract. Non-Bargaining personnel, grades 28 and above, were requested to take 5 furlough days between April 2018 and March 2019. Non-Bargaining personnel wage increases were not budgeted for 2018, 2019 or the out-years. Total Salaries and Overtime are projected to increase under 1 percent in 2020 through 2023. A 27th Pay is budgeted for salaried employees in 2020.

Fringe Benefits

Assumption:

\$54.3M

Rationale:

Fringe Benefits are budgeted at \$54.3 million for the 2019 Tax Budget and account for about 19.1 percent of General Fund expenses and 21.4 percent of operating expenses. The main categories in Fringe Benefits include health care, prescription, vision, dental, uniform allowances, Medicare and PERS (pension) expenses. For the out-years, Fringe Benefits are projected to increase by 0.8 percent each year from 2020 through 2023.

Fuel and Natural Gas

Assumptions:

Diesel Fuel

\$ 4.8M

Natural

\$ 1.9M

Total

\$ 6.7M

Rationale:

Utilities are the second largest expense, after personnel costs, for the Authority. The Energy Price Risk Management Program has helped to stabilize one of GCRTA's most volatile expenses, diesel fuel. Through this program, the cost of diesel fuel has remained steady and the U.S. has increased production of crude oil markedly in the last few years and is now less dependent on foreign sources. Between 2015 and 2018, RTA placed 106 new CNG buses into operation and the older diesel buses were retired, reducing the total cost of fuel by nearly \$883,000 in 2017 and an additional \$167,000 in 2018. For 2020, 27 new CNG buses are planned to be placed in operation and diesel fuel costs will continue to decrease as these newer buses are introduced. For the 2019 Tax Budget, the total for Diesel and CNG is \$6.7 million, a 1.1 percent reduction from 2018 projections.

Other Expenditures

Assumption:

\$56.0M

Rationale:

Other expenditures for the 2019 Tax Budget are estimated to increase by 0.9 percent from the 2018 Amended Budget. The major drivers for this increase are service and maintenance contracts, inventory, and ADA purchased transportation. This does not include transfers to other funds, which are shown below.

Electricity and natural gas are also closely managed now. RTA has reduced electricity costs by nearly \$21.5 million over the last eight years. In December 2017, a new contract for electricity was awarded, which fixed costs through mid-2021 at a very favorable price for the Authority. Natural gas commodity costs are locked in through mid-2022.

Transfers

Assumption:

Bond Retirement

\$16.6M

Capital Improvements

\$12.1M

Insurance Fund

\$ 1.5M

Reserve Fund

\$ 1.4M

Pension Fund

\$ 60K

Total

\$31.6M

Rationale:

Transfers shown for the bond retirement "set-aside" is simply debt service less the investment income earned in the Bond Retirement Fund. The interest and principal payments on outstanding debt are taken from debt amortization schedules. A \$30 million debt service was planned for 2017 but was deferred to early 2019.

The transfer to the Capital Improvement Fund covers 100 percent locally funded capital projects in the RTA Capital Fund, as well as required local matches for most grant-funded projects in the RTA Development Fund. The \$16.6 million transfer to the Bond Retirement Fund for debt payments represents a transfer of 8.3 percent of sales tax revenue. The total contribution to capital, at 14.4 percent, remains within the Board policy of a minimum of 10 percent of Sales & Use Tax revenue and continues to reflect the significant financial requirements of the Authority's capital program.

The \$1.5 million transfer to the Insurance Fund is required to maintain the Fund Balance at the current \$5 million level and to cover expected expenses for the 2019 Fiscal Year. A transfer of \$1.4 million to the Reserve Fund will

cover compensated absences and 1/12 of 27th pay expenses. Lastly, the \$60,000 transfer to the Supplemental Pension Fund is also needed to maintain the recommended balance.

FINANCIAL INDICATORS

The General Fund statement presented in this Tax Budget results in the following performance against the Authority's financial policy goals.

OPERATING EFFICIENCY

Operating Ratio: The Board policy requires a 25.0 percent ratio in operating revenues compared to total operating expenditures. The 2019 Tax Budget yields a 17.5 percent ratio, which is below the policy objective. The Operating Ratio for 2018 is estimated at 18.7 percent. This ratio will not be met for the 2019 Tax Budget or the out years as ridership continues to decline.

Operating Reserve: At an estimated ending balance of \$28.9 million is a 1.4-month operating revenue for the 2019 Tax Budget. The reserves for 2020 is estimated at 0.4-month and is a further indication of an imbalance between revenues, specifically the reliance upon sales tax receipts, relative to the growth in expenditures. This highlights the need to identify new revenue sources and to effectively monitor and control expenditures to achieve a sustainable Operating Budget.

Growth per Year: This policy requires that growth in the cost per hour of service from year to year be kept at or below the rate of inflation. The Federal Reserve estimates inflation to remain under 2.5 percent in 2019 and does not foresee any major change over the next 30 years. The 2019 Tax Budget assumes no inflation in "Other Expenses". This indicator is \$142.6 per hour of service and is 4.6 percent higher than the 2018 projection and higher than the estimated 2.0 percent to 2.5 percent inflation rate. The 2018 Amended Budget has total Operating Expenditures of \$253.1 million, transfers of \$33.5 million and an Available Ending Balance of \$30.3 million. When comparing the 2019 Tax Budget to the 2018 Amended Budget, the growth rate is 2.4 percent. The 2018 Operating Expense estimate is \$5.5 million below budgeted levels. Operating costs must continue to be monitored and controlled.

CAPITAL EFFICIENCY

Debt Service Coverage: The 2019 Tax Budget estimates the debt service coverage to be 2.85 and is expected to meet the Board policy minimum of 1.50. The trend for 2020 through 2023 will decline and is estimated at 1.50 in 2020 to a low of -3.14 in 2023. Effective budget execution must maintain reasonable fund balances above the \$15 million level if this objective is to be met for the long term.

Sales & Use Tax Contribution to Capital: Current Board policy requires that a minimum of 10.0 percent of Sales & Use Tax receipts be applied to the capital needs of the Authority. These funds are used to meet the Authority's annual debt service payments, to provide the local match for grant funded capital projects, and to fund Routine Capital and Asset Maintenance projects included within the RTA Capital Fund. At 14.2 percent, this indicator is expected exceed the minimum of 10 percent, which will continue through 2023. As sales tax receipts increase at a minimal rate and without state assistance, the balance between operating expenses and capital expenses becomes a delicate calibration.

Capital Maintenance to Expansion: Several years ago, the Board recognized that our emphasis must be to maintain the Authority's existing capital assets and revised this objective to a policy guideline of 75 percent to 90 percent of the Authority's capital projects. The Authority's emphasis continues to be the maintenance of existing assets as opposed to expansion projects and as such, this measure is projected to end the current year at 94.3 percent again finishing above the maximum guideline. At 100 percent in 2019, this ratio will remain above the policy guideline as the focus of the Authority's capital program is on achieving a state of good repair (SOGR) in its capital infrastructure that requires significant investments in upgrading and improving existing assets as opposed to expansion projects.

CAPITAL IMPROVEMENT FUNDS

The majority of the Authority's capital projects are funded with Federal and State grants that, in most cases, require a 20 percent local share. The funds needed to meet the local requirements of these grants, as well as for 100 percent locally funded capital projects, are provided through the retention of investment earnings, contributions from Sales Tax & Use proceeds as well as debt sales.

Transportation is a capital-intensive business and the Authority's focus has been on addressing various State of Good Repair (SOGR) projects. In recent years, improvements in the Authority's financial position led to a reduction in the use of formula grant funds to support the Operating Budget through the use of preventive maintenance reimbursements and, in turn, to the re-prioritization of these funds for capital improvements to address many deferred SOGR projects throughout the Authority.

Financial resources are allocated through a capital review process which prioritized both budget and funding of requested capital projects. It continues to maintain the focus of the Authority's long-term capital plan as well as it continues to reflect on existing and future financial and operational constraints facing the Authority.

Some SOGR projects, either completed or currently underway, include the rehabilitation of track bridges at East 116th, Demolition of West Bound Access Road, concrete repairs at Tower City East Portal, three substation replacement projects at W. 65th Station, Puritas and Warrensville Van Aken Station. Various track rehabilitation projects to include CRMF Track 3, Red Line West at W. 30th –W98th, W117-Westpark Station, reconstruction of ADA Key Station at 34th Street, E. 116th and Farnsleigh Station, an upcoming facility improvements at Triskett Station to modify and upgrade the facility for CNG fueling and compliance, and new upgrades of the communication system CAD/AVL, construction of the SCADA and Fiber Optic System software/hardware upgrades throughout the rail system.

The goal is to keep reimbursed preventive maintenance as low as possible to allow badly needed projects to move forward and upgrade infrastructure and facilities in a sustainable way. Unlike recent capital programs which relied upon continually changing funding levels established by temporary Congressional extensions to transportations bill, the new transportation bill Fixing America's Surface Transportation (FAST Act) provides a level of certainty over the next several years for the Authority's formula grant awards. The FAST Act provides close to \$2.5 million more formula funds to the Authority for use in its capital program, though the Act did not renew funding for the Work Access program and other grant programs to reimburse operating expenses.

The 2019 through 2023 estimated capital expenditures are predicated on year-to-date outlays, obligations and projected commitments, as well as, the approved five-year Capital Improvement Plan. Projected grant revenues include current, as well as, expected traditional and non-traditional grant awards and are based on a continuation of current FAST Act funding levels.

Over the next ten years the Authority's capital program will continue to focus on various State of Good Repair (SGR) projects throughout the system. These include the on-going bus replacement program to replace buses throughout the district, on-going station rehabilitation to meet FTA ADA key station deadlines, the replacement and upgrading of equipment, the last of the planned light rail crossing improvements, rehabilitation work at various Authority facilities, and a continuation of an aggressive track reconstruction program to address slow orders and upgrade the track conditions throughout the Authority.

BOND RETIREMENT FUND

The General Fund is the source of fund transfers necessary to make the principal and interest payments for the Authority's outstanding debt service. The Bond Retirement Fund transfer is the debt service less the investment income earned in the Bond Retirement Fund. The interest and principal payments on outstanding debt are taken from the debt amortization schedule.

A \$30 million sale of additional debt was deferred from 2017 to early 2019. Total expenditures of \$16.4 million are expected in 2019. At the end of 2018, one current debt series will be retired - the 2008A Bonds. It is anticipated that a new debt sale of \$25 million will be issued in mid-2021 to support the capital program with a second debt issue of \$25.0 million planned for mid to late 2023. Several years ago debt levels were of concern. The Authority restructured, reduced costs, and increased fund balances and is in a much stronger position financially. Rating agencies have recognized that strength and the Authority received ratings of AAA from Standards & Poor and Aa1 from Moody's.

INSURANCE FUND

The Insurance Fund is structured to reflect a combination of self- and purchased insurance coverage. Projected activities in 2019 include a combined \$2.2 million for premium outlays and claims payments. This will require a \$1.5 million transfer from the General Fund to maintain the current Fund balance above a minimum of \$5.0 million as recommended by GCRTA Risk Management Department.

SUPPLEMENTAL PENSION FUND

Authority employees who were employed by predecessor transit systems are covered by supplemental benefit payments. Activities expected within this fund in 2019 include \$14,000 of revenue from investment income, a \$60,000 transfer from the General Fund to maintain the Pension Fund at the recommended balance, and projected benefit payments of \$60,000. An actuarial is performed every two years to assess the adequacy of these funds. The budget transfers maintain the fund balance at the levels recommended in the last actuarial evaluation.

LAW ENFORCEMENT FUND

In 1988, RTA became involved with the Northern Ohio Law Enforcement Task Force (NOLETF), a multi-jurisdictional force (formerly known as the Caribbean/Gang Task Force). RTA's involvement was prompted by the increased gang activity found in and around the rail system and the need to obtain intelligence in this area. In addition to the benefits of intelligence gathering and improved inter-department relations, RTA derives revenue from seized and confiscated monies and/or properties of convicted drug dealers prosecuted by the Task Force.

Revenue obtained through the NOLETF may be expended for non-budgeted items for law enforcement purposes. Furthermore, certain guidelines have been instituted by the State Attorney General's Office for the reporting and disbursement of funds. At this point in time, the expenditures projected in 2019 through 2023 are funds currently encumbered for protective equipment, and various supplies and materials to support law enforcement activities.

RESERVE FUND

In 2017, the Authority established the Reserve Fund to help protect the Authority from future economic downturns and cost increases. The Reserve Fund retains funding for five accounts: Compensated Absences, Fuel, Hospitalization, Rolling Stock, and budget years with 27 pay periods. A transfer of \$1.4 million is budgeted in the 2019 Tax Budget for compensated absences and 27th pay period expenses. A \$5 million transfer for rolling stock was deferred until 2021.

ALL FUNDS

As a result of projected financial activities, the All Funds Balance is expected to increase by \$11.5 million, or 14.4 percent. If State assistance or a change in the sales tax base or percentage received is not made or if other revenue sources are not found, the Authority will need to take effective measures to be annualized in 2020, in order to meet the operating needs going forward.

ATTACHMENT A
General Fund Balance Analysis

	2016	2017	2018	2019	2020	2021	2022	2023
	Actual	Actual	Estimate	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	16,822,906	33,324,814	34,869,398	38,769,350	28,914,871	8,011,478	-20,026,489	-48,831,563
Revenue								
Passenger Fares	46,279,344	45,436,326	43,416,080	41,679,437	41,054,245	40,438,432	39,831,855	39,234,377
Advertising & Concessions	2,860,267	2,389,856	2,095,000	2,162,000	2,230,000	2,297,000	2,364,000	2,364,000
Sales & Use Tax	218,749,851	213,718,145	197,892,554	198,882,017	199,876,427	200,875,809	201,880,188	202,889,589
State Aid from MCO Loss	0	10,034,083	15,182,262	3,100,000	0	0	0	0
Federal Operating Assistance - Various	0	0	0	0	0	0	0	0
Trolley Sponsorship	0	0	640,000	640,000	640,000	640,000	640,000	640,000
Investment Income	42,156	260,016	829,566	300,000	100,000	70,000	70,000	50,000
Other Revenue	1,888,060	1,990,027	1,550,000	1,450,000	1,400,000	1,400,000	1,400,000	1,400,000
Reimbursed Expenditures	24,560,024	22,782,104	22,685,000	27,075,000	22,075,000	22,075,000	22,075,000	22,075,000
Total Revenue	294,379,702	296,610,557	284,290,462	275,288,454	267,375,672	267,796,241	268,261,043	268,652,966
Total Resources	311,202,608	329,935,371	319,159,860	314,057,804	296,290,543	275,807,718	248,234,554	219,821,403
Operating Expenditures								
Salaries and Overtime	134,370,739	135,514,105	137,343,320	136,475,479	138,284,256	136,873,373	137,038,173	138,408,555
Fringe Benefits	48,073,828	51,553,465	53,899,354	54,342,082	54,923,727	55,412,376	56,094,836	56,655,784
Diesel Fuel	8,627,383	6,535,532	4,891,857	4,817,020	4,672,509	4,532,334	4,396,364	4,396,364
Natural Gas	1,944,917	1,874,683	1,871,000	1,873,675	1,876,359	1,879,051	1,881,753	1,900,570
Other Expenditures	52,901,306	52,241,152	50,480,689	55,999,087	56,682,463	57,006,184	57,473,406	57,473,406
Total Operating Expenditures	245,918,173	247,718,937	248,486,220	253,507,343	256,439,313	255,703,318	256,884,533	258,834,680
Transfer to the Insurance Fund	500,000	2,400,000	2,250,000	1,500,000	2,200,000	2,350,000	2,200,000	2,450,000
Transfer to the Pension Fund	100,000	75,000	60,000	60,000	60,000	55,000	55,000	50,000
Transfers to Capital								
Bond Retirement Fund	21,887,562	17,045,783	17,292,285	16,603,865	17,891,282	18,249,054	17,621,881	17,661,606
Capital Improvement Fund	9,472,060	10,271,331	9,933,343	12,086,877	10,809,855	13,598,221	14,426,089	14,104,817
Total Transfers to Capital	31,359,622	27,317,114	27,225,628	28,690,742	28,701,137	31,847,275	32,047,970	31,766,423
Transfers to Reserve Fund	0	17,554,922	2,368,662	1,384,849	878,615	5,878,615	5,878,615	5,878,615
Total Expenditures	277,877,794	295,065,973	280,390,510	285,142,933	288,279,065	295,834,207	297,066,118	298,979,718
Ending Balance	33,324,814	34,869,398	38,769,350	28,914,871	8,011,478	-20,026,489	-48,831,563	-79,158,315
Reserved Funds	8,776,432	0	0	0	0	0	0	0
Available Ending Balance	24,548,382	34,869,398	38,769,350	28,914,871	8,011,477	-20,026,490	-48,831,564	-79,158,316
Passenger Fare & Sales Tax % Change	4.23%	-2.22%	-6.89%	-0.31%	-0.16%	0.16%	0.16%	0.17%
Operating Expenses % Change	-2.41%	0.73%	0.31%	2.02%	3.20%	-0.29%	0.46%	0.76%
Revenues - Expenses (millions)	\$16.50	\$19.10	\$6.27	(\$8.47)	(\$20.02)	(\$22.16)	(\$22.93)	(\$24.45)

ATTACHMENT B

**2019 Tax Budget
Financial Policy Goals**

		Goal	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Operating Efficiency	Operating Ratio	> 25%	20.1%	19.5%	18.7%	17.5%	17.0%	16.8%	16.5%	16.1%
	Cost/Hour of Service		\$135.1	\$132.4	\$136.3	\$142.6	\$148.0	\$151.3	\$155.9	\$161.1
	Growth per Year	< Rate of Inflation	-3.5%	-2.0%	2.9%	4.6%	3.8%	2.3%	3.0%	3.3%
	Operating Reserve (Months)	> 1 month	1.6	1.7	1.9	1.4	0.4	-0.9	-2.3	-3.7
Capital Efficiency	Debt Service Coverage	> 1.5	2.50	4.11	3.29	2.85	1.50	0.22	-1.43	-3.14
	Sales Tax Contribution to Capital	> 10%	14.3%	12.2%	12.8%	14.2%	14.4%	15.9%	15.9%	15.7%
	Capital Maintenance to Expansion	75% - 90%	96.3%	97.3%	94.3%	100.0%	100.0%	100.0%	100.0%	100.0%
Reserved Funds	Fuel Reserve Funds	Fuel Budget less Annual Expenditures	\$0.00	\$2.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Compensated Absences Reserve Funds	< 25% of Accrued Liability	\$0.00	\$1.90	\$0.94	\$0.69	\$0.00	\$0.00	\$0.00	\$0.00
	Hospitalization Reserve Funds	< 10% of Annual Hospitalization Costs	\$0.00	\$1.80	\$0.73	\$0.00	\$0.14	\$0.00	\$0.00	\$0.00
	27th Pay	1/12th of Annual 27th Pay Costs	\$0.00	\$1.40	\$0.69	\$0.69	\$0.88	\$0.88	\$0.88	\$0.88
	Rolling Stock Replacement Funds	≥ \$5,000,000 per year	\$0.00	\$10.00	\$0.00	\$0.00	\$0.00	\$5.00	\$5.00	\$5.00

ATTACHMENT C

Capital Improvement Fund Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	44,613,977	33,111,619	21,435,743	9,563,386	29,395,181	12,521,241	29,407,261	21,189,626
Revenue								
Transfer from General Fund	9,472,060	10,271,331	9,933,343	12,086,877	10,809,855	13,598,221	14,426,089	14,104,817
Transfer from General Fund	0	0	2,000,000	0	0	0	0	0
Investment Income	286,670	326,189	393,504	860,000	565,000	765,000	565,000	765,000
Federal Capital Grants	47,732,909	48,455,538	52,519,432	39,668,088	49,164,983	51,869,759	52,416,732	48,606,990
State Capital Grants	110,699	0	1,527,365	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658
Debt Service Proceeds	0	0	0	30,000,000	0	25,000,000	0	25,000,000
Other Revenue	0	329,920	0	0	0	0	0	0
Total Revenue	57,602,338	59,382,978	66,373,644	83,999,623	61,924,496	92,617,638	68,792,479	89,861,465
Total Resources	102,216,315	92,494,597	87,809,386	93,563,009	91,319,677	105,138,879	98,199,741	111,051,090
Expenditures								
Capital Outlay	69,104,696	71,058,854	78,246,000	64,167,828	78,798,436	75,731,618	77,010,115	71,431,804
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	69,104,696	71,058,854	78,246,000	64,167,828	78,798,436	75,731,618	77,010,115	71,431,804
Available Ending Balance	33,111,619	21,435,743	9,563,386	29,395,181	12,521,241	29,407,261	21,189,626	39,619,286

ATTACHMENT D
RTA Development Fund Balance Analysis

	2016	2017	2018	2019	2020	2021	2022	2023
	Actual	Actual	Estimate	Tax Budget	Plan	Plan	Plan	Plan
Beginning Balance	42,499,967	30,037,486	20,136,261	8,426,313	28,235,486	11,330,947	28,174,501	19,850,031
Revenue								
Debt Service Proceeds	0	0	0	30,000,000	0	25,000,000	0	25,000,000
Transfer from RTA Capital Fund	5,334,255	6,844,255	6,934,255	8,984,255	7,684,255	10,434,255	10,684,255	10,684,255
Transfer from the Reserve Fund	0	0	2,000,000	0	0	0	0	0
Investment Income	260,886	284,557	335,000	800,000	500,000	700,000	500,000	700,000
Federal Capital Grants	47,732,909	48,455,538	52,519,432	39,668,088	49,164,983	51,869,759	52,416,732	48,606,990
State Capital Grants	110,699	0	1,527,365	1,384,658	1,384,658	1,384,658	1,384,658	1,384,658
Other Revenue	0	329,920	0	0	0	0	0	0
Total Revenue	53,438,749	55,914,270	63,316,052	80,837,001	58,733,896	89,388,672	64,985,645	86,375,903
Total Resources	95,938,716	85,951,756	83,452,313	89,263,314	86,969,383	100,719,619	93,160,146	106,225,934
Expenditures								
Capital Outlay	65,901,230	65,815,495	75,026,000	61,027,828	75,638,436	72,545,118	73,310,115	67,981,804
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	65,901,230	65,815,495	75,026,000	61,027,828	75,638,436	72,545,118	73,310,115	67,981,804
Ending Balance	30,037,486	20,136,261	8,426,313	28,235,486	11,330,947	28,174,501	19,850,031	38,244,130

ATTACHMENT E
RTA Capital Fund Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	2,114,010	3,074,133	1,299,482	1,137,073	1,159,695	1,190,295	1,232,760	1,339,594
Revenue								
Transfer from General Fund	9,472,060	10,271,331	9,933,343	12,086,877	10,809,855	13,598,221	14,426,089	14,104,817
Investment Income	25,784	41,632	58,504	60,000	65,000	65,000	65,000	65,000
Other Revenue	0	0	0	0	0	0	0	0
Total Revenue	9,497,844	10,312,963	9,991,847	12,146,877	10,874,855	13,663,221	14,491,089	14,169,817
Total Resources	11,611,854	13,387,096	11,291,328	13,283,950	12,034,550	14,853,515	15,723,849	15,509,411
Expenditures								
Asset Maintenance	1,020,521	2,322,492	1,600,000	1,510,000	1,550,000	1,471,500	1,900,000	1,900,000
Routine Capital	2,182,945	2,920,867	1,620,000	1,630,000	1,610,000	1,715,000	1,800,000	1,550,000
Other Expenditures	0	0	0	0	0	0	0	0
Transfer to RTA Development Fund	5,334,255	6,844,255	6,934,255	8,984,255	7,684,255	10,434,255	10,684,255	10,684,255
Total Expenditures	8,537,721	12,087,614	10,154,255	12,124,255	10,844,255	13,620,755	14,384,255	14,134,255
Ending Balance	3,074,133	1,299,482	1,137,073	1,159,695	1,190,295	1,232,760	1,339,594	1,375,156

ATTACHMENT F

Bond Retirement Fund Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	2,273,404	2,112,464	2,299,936	1,945,421	2,243,244	2,368,320	2,489,627	2,518,518
Revenue								
Transfer from General Fund	21,887,562	17,045,783	17,292,285	16,603,865	17,891,282	18,249,054	17,621,881	17,661,606
Investment Income	13,906	58,691	125,000	130,000	135,000	135,000	135,000	135,000
Other Revenue	5,262	0	0	0	0	0	0	0
Total Revenue	21,906,730	17,104,474	17,417,285	16,733,865	18,026,282	18,384,054	17,756,881	17,796,606
Reconciling Journal Entry	0	0	0	0	0	0	0	0
Total Resources	24,180,134	19,216,938	19,717,221	18,679,286	20,269,526	20,752,374	20,246,508	20,315,124
Expenditures								
Debt Service								
Principal	16,430,000	11,615,000	12,196,863	10,697,751	11,584,204	12,396,373	11,461,171	11,461,171
Interest	5,637,670	5,302,002	5,574,937	5,736,791	6,315,502	5,864,874	6,265,319	6,265,319
Other Expenditures	0	0	0	1,500	1,500	1,500	1,500	1,500
Total Expenditures	22,067,670	16,917,002	17,771,800	16,436,042	17,901,206	18,262,747	17,727,990	17,727,990
Ending Balance	2,112,464	2,299,936	1,945,421	2,243,244	2,368,320	2,489,627	2,518,518	2,587,134

ATTACHMENT G

Insurance Fund Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	6,734,850	5,263,076	6,074,641	5,843,142	5,219,142	5,240,142	5,101,054	5,122,054
Revenue								
Investment Income	62,584	59,172	85,000	90,000	35,000	35,000	35,000	35,000
Transfer from General Fund	500,000	2,400,000	2,250,000	1,500,000	2,200,000	2,350,000	2,200,000	2,450,000
Total Revenue	562,584	2,459,172	2,335,000	1,590,000	2,235,000	2,385,000	2,235,000	2,485,000
Total Resources	7,297,434	7,722,248	8,409,641	7,433,142	7,454,142	7,625,142	7,336,054	7,607,054
Expenditures								
Claims and Premium Outlay	2,034,358	1,647,607	2,566,499	2,214,000	2,214,000	2,524,088	2,214,000	2,524,088
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	2,034,358	1,647,607	2,566,499	2,214,000	2,214,000	2,524,088	2,214,000	2,524,088
Ending Balance	5,263,076	6,074,641	5,843,142	5,219,142	5,240,142	5,101,054	5,122,054	5,082,966

ATTACHMENT H
Supplemental Pension Fund Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	1,268,518	1,311,956	1,333,767	1,349,394	1,363,394	1,377,394	1,388,394	1,399,394
Revenue								
Investment Income	12,508	10,588	13,704	14,000	14,000	14,000	14,000	14,000
Transfer from General Fund	100,000	75,000	60,000	60,000	60,000	55,000	55,000	50,000
Total Revenue	112,508	85,588	73,704	74,000	74,000	69,000	69,000	64,000
Total Resources	1,381,026	1,397,544	1,407,471	1,423,394	1,437,394	1,446,394	1,457,394	1,463,394
Expenditures								
Benefit Payments	69,070	63,777	58,077	60,000	60,000	58,000	58,000	55,000
Other Expenditures	0	0	0	0	0	0	0	0
Total Expenditures	69,070	63,777	58,077	60,000	60,000	58,000	58,000	55,000
Reconciling Journal Entry	0	0	0	0	0	0	0	0
Ending Balance	1,311,956	1,333,767	1,349,394	1,363,394	1,377,394	1,388,394	1,399,394	1,408,394

ATTACHMENT I

Law Enforcement Fund Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	257,133	109,110	26,958	45,685	67,485	89,485	111,485	133,485
Revenue								
Law Enforcement Revenue	0	95,945	20,000	20,000	20,000	20,000	20,000	20,000
Law Enforcement Training Revenue	22,180	27,500	0	0	0	0	0	0
Investment Income	37	815	1,727	1,800	2,000	2,000	2,000	2,000
Other Revenue	50,694	0	55,000	0	0	0	0	0
Total Revenue	72,911	124,260	76,727	21,800	22,000	22,000	22,000	22,000
Total Resources	330,044	233,370	103,685	67,485	89,485	111,485	133,485	155,485
Expenditures								
Capital & Related Items	198,754	146,582	58,000	0	0	0	0	0
Training	22,180	59,830	0	0	0	0	0	0
Total Expenditures	220,934	206,412	58,000	0	0	0	0	0
Reconciling Journal Entry	0	0	0	0	0	0	0	0
Ending Balance	109,110	26,958	45,685	67,485	89,485	111,485	133,485	155,485

ATTACHMENT J
Reserve Fund Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	0	0	17,624,278	22,772,534	24,607,383	25,960,998	32,464,613	39,093,228
Revenue								
Investment Income	0	69,356	421,000	450,000	475,000	625,000	750,000	900,000
Transfer from General Fund	0	17,554,922	2,368,662	1,384,849	878,615	5,878,615	5,878,615	5,878,615
Other Revenue	0	0	4,358,594	0	0	0	0	0
Total Revenue	0	17,624,278	7,148,256	1,834,849	1,353,615	6,503,615	6,628,615	6,778,615
Total Resources	0	17,624,278	24,772,534	24,607,383	25,960,998	32,464,613	39,093,228	45,871,843
Expenditures								
Transfer to General Fund (Compensated Absen	0	0	0	0	0	0	0	0
Transfer to General Fund (Fuel)	0	0	0	0	0	0	0	0
Transfer to General Fund (Hospitalization)	0	0	0	0	0	0	0	0
Transfer to RTA Development Fund (Rolling Stc	0	0	2,000,000	0	0	0	0	0
Transfer to General Fund (27th Pay - 2024)	0	0	0	0	0	0	0	0
Total Expenditures	0	0	2,000,000	0	0	0	0	0
Ending Balance	0	17,624,278	22,772,534	24,607,383	25,960,998	32,464,613	39,093,228	45,871,843

ATTACHMENT L
All Funds Balance Analysis

	2016 Actual	2017 Actual	2018 Estimate	2019 Tax Budget	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Beginning Balance	71,970,788	75,233,039	83,664,721	80,288,913	91,810,699	55,569,058	50,935,945	20,624,741
Revenue								
Passenger Fares	46,279,344	45,436,326	43,416,080	41,679,437	41,054,245	40,438,432	39,831,855	39,234,377
Sales & Use Tax	218,749,851	213,718,145	197,892,554	198,882,017	199,876,427	200,875,809	201,880,188	202,889,589
Federal	47,732,909	48,455,538	52,519,432	39,668,088	49,164,983	51,869,759	52,416,732	48,606,990
State	110,699	10,034,083	17,349,627	5,124,658	2,024,658	2,024,658	2,024,658	2,024,658
Investment Income	417,861	784,827	1,869,501	1,845,800	1,326,000	1,646,000	1,571,000	1,901,000
Other Revenue	29,386,487	27,615,352	30,763,594	30,707,000	25,725,000	25,792,000	25,859,000	25,859,000
Debt Service Proceeds	0	0	0	30,000,000	0	25,000,000	0	25,000,000
Total Revenue	342,677,151	346,044,271	343,810,788	347,907,000	319,171,314	347,646,658	323,583,433	345,515,614
Total Resources	414,647,939	421,277,310	427,475,509	428,195,912	410,982,013	403,215,715	374,519,378	366,140,355
Expenditures								
Personnel Services	182,444,567	187,067,570	191,242,674	190,817,561	193,207,983	192,285,749	193,133,009	195,064,339
Diesel Fuel	8,627,383	6,535,532	4,891,857	4,817,020	4,672,509	4,532,334	4,396,364	4,396,364
Natural Gas	1,944,917	1,874,683	1,871,000	1,873,675	1,876,359	1,879,051	1,881,753	1,900,570
Other Expenditures	55,225,668	54,158,948	53,163,265	58,274,587	58,957,963	59,589,772	59,746,906	60,053,994
Capital Outlay	69,104,696	71,058,854	78,246,000	64,167,828	78,798,436	75,731,618	77,010,115	71,431,804
Debt Service	22,067,670	16,917,002	17,771,800	16,434,542	17,899,706	18,261,247	17,726,490	17,726,490
Total Expenditures	339,414,901	337,612,589	347,186,596	336,385,213	355,412,955	352,279,771	353,894,638	350,573,562
Available Ending Balance	75,233,039	83,664,721	80,288,913	91,810,699	55,569,058	50,935,945	20,624,741	15,566,793