

METRO

Greater Portland Transit District
114 Valley Street | Portland ME 04102

October 31, 2016

Nathan Poore
Town Manager
Town of Falmouth
271 Falmouth Road
Falmouth, ME 04105

Re: Preliminary 2017 Budget and Formula Letter

Dear Mr. Poore,

On October 26, 2016, the Greater Portland Transit District (Metro) Board of Directors approved the Fiscal Year 2017 Preliminary Budget and Formula. In accordance with 30-A-MRS §3516 and 30-A-MRS §3516 (Attachment A), Metro is submitting its Fiscal Year 2017 Preliminary Budget and Formula. Accordingly, the Town of Falmouth is required to notify Metro of refusal to accept the proposed budget within thirty (30) calendar days of this submission.

For **BUS SERVICE** in Falmouth, the Metro Board of Directors approved a 2017 local contribution of \$159,100. This is an 8.3% increase compared to 2016.

There were service improvements made in Falmouth in August 2015 that included new Sunday/Holiday service. In 2016, there was a minor reduction to Falmouth's portion of the Route 7 on Clearwater Drive, the cost savings for which was programmed into the 2016 operating budget. This reduction impacted very few riders while having the intended effect of improving the on-time performance of the Route 7. Also in 2016, there was a minor increase in revenue miles on the Route 7 related to shifting of trips from the shorter distance Oceanview route segment to the longer distance Falmouth Foreside segment. Please note that Falmouth's overall proportion of revenue miles increased slightly from 5.95% to 6.12% meaning that the town covers a slightly larger portion of Metro's fixed costs.

Falmouth residents now have access to new technology tools that provide real-time bus arrival information and new bus shelters and bus stops improvements are moving forward. Through a grant funded pilot program, Falmouth residents also have access to new express bus service (Metro BREEZ) that connects residents to jobs, shopping and recreation in Freeport and Yarmouth and also brings people to jobs, shopping and events in Falmouth and Portland.

For **ADA PARATRANSIT SERVICE**, the estimated 2017 local contribution of \$1,738 is allocated based on the estimated boardings in Falmouth. While Falmouth has not had paratransit trips designated as ADA occurring in its community during the last several years, Metro's initiative to

oversee and manage ADA paratransit service and leverage federal funding to cover 80% of the net operating cost means that Falmouth’s potential future cost exposure is significantly contained.

For your convenience, I have incorporated the major elements of the approved preliminary budget into the body of this letter. In addition, I have attached a document outlining the statutory budget procedures prepared by Metro’s legal counsel. Provided below is a discussion of Metro’s 2015 accomplishments, 2016 objectives and a detailed presentation of the 2016 budget.

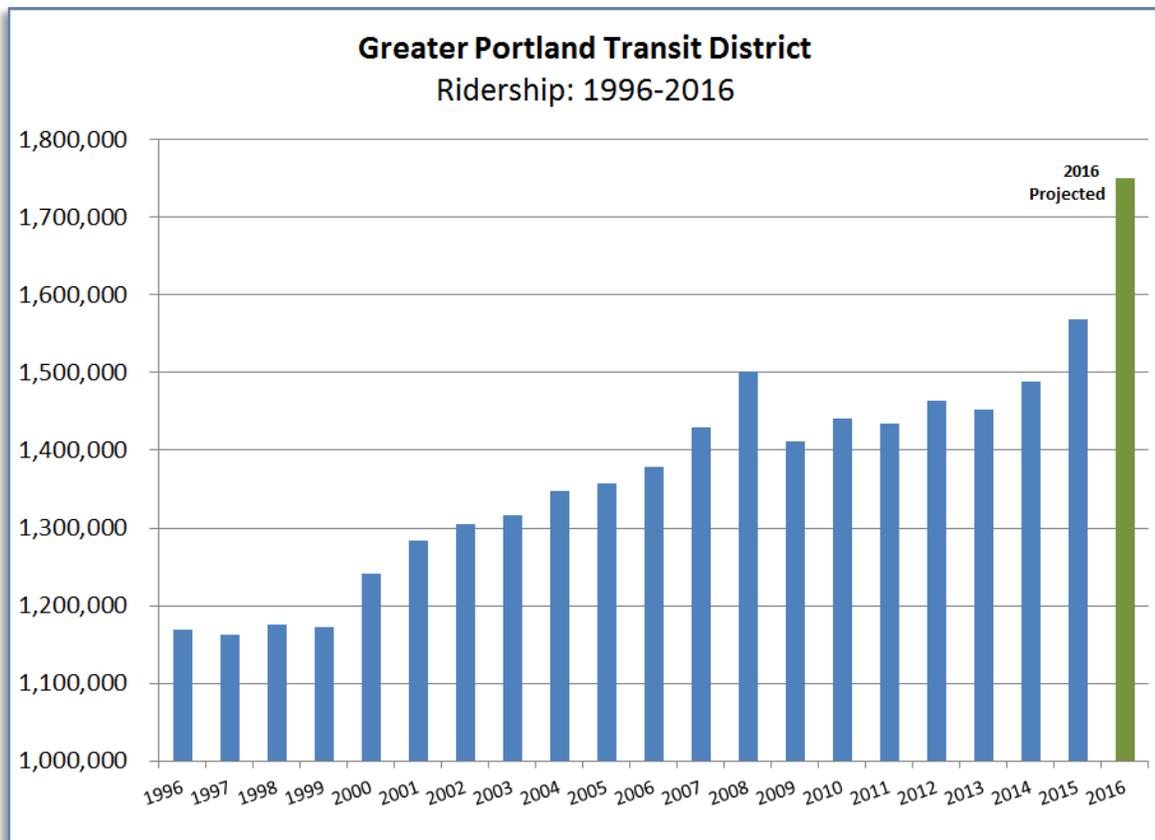
METRO OVERVIEW

Metro operates eight (8) bus routes serving the communities of Falmouth, Freeport, Portland, Westbrook Yarmouth and the Maine Mall area of South Portland. Metro’s Route 7 (Falmouth) and Route 9B (Washington/Stevens) directly serve Falmouth. Metro works with the Portland Area Comprehensive Transportation System (PACTS), the Greater Portland Council of Governments (GPCOG), multiple partner transit agencies and member communities to implement a coordinated regional transit system.

The following key performance metrics are provided for information:

- Projected 2016 Ridership: 1,750,000 (up 12% from 1,568,136 in 2015)
- Projected 2016 Fare Recovery Ratio: 25% (steady compared to 2016)
- Projected 2016 System Productivity: 2.0 boardings per mile (up from 1.9 in 2015).

Figure 1: Metro 20 Year Ridership Trends



2016 TOP ACCOMPLISHMENTS

- Strong Ridership Growth - 2016 ridership is expected to be 12% higher than 2015.
- Metro-Portland Public Schools High School Transit Pass Program – In the second year of the program, the pass program continues to be successful. During the 2015-16 academic year, there were nearly 250,000 PPS high school student boardings. The revenue Metro receives from this program has helped implement service improvements in Portland and contained increases in local contributions among all member communities.
- Breez Service Launched – The Metro Breez launched in June 2016 and provides express bus service between Freeport, Yarmouth, Falmouth and Portland. At 2,000 boardings per month, the new service is on track to meet ridership expectations during the pilot program phase.
- Baxter Academy Transit Pass Program – Much like the Portland Public Schools Transit Pass Program, Metro entered into a similar agreement with Baxter Academy for students to use the Metro Breez and Local bus routes to get to and from school.
- Southern Maine Transit Tracker Launched – In June 2016, the Southern Maine Transit Tracker (SMTT) was launched in partnership with GPCOG, the City of South Portland and Casco Bay Lines. SMTT provides real-time bus arrival information online, by text and through a mobile app.
- New Bus Shelters – Three (3) new bus shelters have been placed in Portland, Westbrook and Falmouth. An additional six (6) shelters and associated bus stop improvements are being implemented in November 2016. Phase 2 of the project will install twenty (20) additional shelter in spring-summer 2017.
- ADA Complementary Paratransit – Commencing July 2016, Metro assumed direct responsibility for funding and monitoring ADA Complementary Paratransit services required in Metro’s service area. This initiative is saving the municipalities money and ensuring transit professionals who understand paratransit and ADA requirements are managing and monitoring this critical service.
- Completed procurement for nineteen (19) replacement buses to be delivered in 2018-2020 with options for up to seven (7) expansion buses.
- Completed procurement and will commence facility renovations project at Metro 114 Valley Street headquarters.

2017 TOP OBJECTIVES

- Finalize agreement with the University of Southern Maine for the 2018 implementation of transit pass program which will generate 300,000-400,000 boardings per year.
- Pending approval of grant funding, implement a community planning process with the town of Gorham, City of Westbrook, City of Portland and USM to plan service improvements.

- Complete installation of 20 new shelters in all three Metro communities: Falmouth, Portland and Westbrook.
- Complete approved facility projects aimed at improving energy efficiency including replacing lighting systems and thirty (30) year old overhead doors.
- Work with GPCOG and regional transportation partners to develop a Regional Transit Plan.
- Extend Metro Breez to Brunswick.
- Complete procurement phase for deployment of electronic fare collection which would allow better fare payment options for customers and roll-out of more special programs for universities, schools and major employers. Implementation planned for 2018.
- Reach agreement with the City of South Portland for the consolidation of bus services.
- Implement a public involvement process to gather feedback on potential changes to Metro's fare policies, pricing and programs as a vehicle to make additional transit service improvements.

2017 OPERATING AND CAPITAL BUDGET

The 2017 preliminary operating budget totaling \$8,733,349 reflects a net overall increase of 1,079,146 (14%) compared to the 2016 budget. However, adjusting for the BREEZ and ADA contract services, which have revenue offsets, the combination of programmatic and inflationary increases is 4.2%.

Bus service supply by route and community is detailed in Table 1 below.

Table 1: Revenue Miles Route per Community

Bus Route	Portland	Westbrook	Falmouth	S. Portland	Breez	Total
Route 1	96,126	-	-	-	-	96,126
Route 2	113,804	36,600	-	-	-	150,404
Route 4	91,468	75,364	-	-	-	166,831
Route 5	99,445	-	-	34,249	-	133,694
Route 7	26,082	-	44,279	-	-	70,362
Route 8	51,271	-	-	-	-	51,271
Route 9A	108,102	-	-	-	-	108,102
Route 9B	104,766	-	8,027	-	-	112,792
Breez	-	-	-	-	120,670	120,670
Total	691,065	111,964	52,306	34,249	120,670	1,010,253
2016 Revenue Miles	683,145	114,292	50,409	34,172	-	855,334
Absolute Change	7,920	(2,329)	1,897	77	120,670	154,919
Percent Change	1%	-2%	4%	0%	n/a	18%

Please note that the miles associated with the Route 5 in South Portland are covered by the three (3) member communities (Portland, Westbrook, Falmouth) in proportion to the miles in each of those communities. The direct cost of the Breez service is covered by a combination of federal funds, fare revenue and contributions from the towns of Freeport and Yarmouth.

The major drivers of the increase in the operating budget are outlined below and indicated in the attached budget tables.

Table 2: Summary of Major Expenditure Changes

Item	\$ Change	% Change	Notes
Net Budget Increase	\$1,079,146	14.1%	
<i>System Level Changes</i>			
ADA Complimentary Paratransit	\$446,340	5.8%	Shift from municipalities to Metro.
Breez Operating Costs	\$308,971	4.0%	Funded by grants and towns.
Sub-total	\$755,311	9.9%	
<i>Programmatic Changes</i>			
Health Reimbursement Arrangement	\$54,000	0.7%	Restoration of HRA funding.
Bus Cleaning Position	\$52,372	0.7%	New position to improve fleet cleaning.
CIP Local Match	\$47,469	0.6%	Local contribution to capital projects.
Fund Balance Restoration	\$45,000	0.6%	Restoration of fund balance contribution.
Debt Service	\$38,344	0.5%	Related to Breez buses.
Other Professional Services	\$34,500	0.5%	Web site update and Arch/Eng services.
CNG Station Maintenance	\$25,000	0.3%	Contract for station maintenance.
Sub-total	\$296,685	3.9%	
Net impact of remaining items	\$27,150	0.4%	Net impact of remaining line item increases and decreases.

Table 3: 2017 Proposed Revenue Budget

2017 PROPOSED REVENUE BUDGET	2016	2016	2017			
	Budget	Est	Request	\$ +/-	% +/-	Note
Passenger Fare Revenue						
<i>Regular Fares</i>	\$ 790,265	\$ 825,000	\$ 835,000	\$ 44,735	5.7%	1
<i>Single Ride Tickets</i>	93,092	93,092	95,000	1,908	2.0%	
<i>Day Passes</i>	2,000	2,000	2,000	-	0.0%	
<i>Ten Ride Tickets</i>	294,796	330,000	330,000	35,204	11.9%	1
<i>Monthly Passes</i>	385,182	550,000	550,000	164,818	42.8%	1
<i>Portland HS Pass Program</i>	160,000	162,064	181,800	21,800	13.6%	
<i>BREEZE Fares</i>	-	15,600	28,100	28,100	100.0%	2
<i>Reduced Fare</i>	46,855	50,000	50,000	3,145	6.7%	
<i>Special Pass Programs</i>	41,743	48,965	51,540	9,797	23.5%	3
Total Passenger Fare Revenue	1,813,933	2,076,721	2,123,440	309,507	17.1%	
Other Revenue						
<i>Regional Trans. Program (Rent)</i>	2,750	28,818	38,424	35,674	1297.2%	4
<i>Outside repair/maint & CNG sales</i>	97,999	47,000	47,000	(50,999)	-52.0%	5
<i>Advertising</i>	225,000	171,500	189,000	(36,000)	-16.0%	
<i>Miscellaneous Income</i>	6,333	4,100	7,380	1,047	16.5%	
Total Other Revenue	332,082	251,418	281,804	(50,278)	-15.1%	
Federal Assistance						
<i>Operating</i>	1,682,789	1,682,789	1,716,445	33,656	2.0%	
<i>Operating - BREEZ</i>	-	121,570	216,000	216,000	100.0%	
<i>Preventive Maintenance</i>	371,000	371,000	378,420	7,420	2.0%	
<i>Falmouth Rt. 7 Grant</i>	70,001	70,000	71,400	1,399	2.0%	
<i>ADA Paratransit</i>	-	178,536	357,072	357,072	100.0%	
<i>Alternative Fuel Reimbursement</i>	63,774	80,000	-	(63,774)	-100.0%	6
Total Federal Assistance	2,187,564	2,503,895	2,739,337	551,773	25.2%	
State Assistance	170,426	170,426	170,426	-	0.0%	
Local Investment						
<i>Members - Bus Service</i>	3,150,200	3,150,200	3,263,952	113,752	3.6%	
<i>Members - ADA Paratransit</i>	-	44,634	89,268	89,268	100.0%	
<i>Non-members (Freeport/Yarmouth)</i>	-	50,758	65,122	65,122	100.0%	
Total Local Investment	3,150,200	3,245,592	3,418,342	268,142	8.5%	
Use of Fund Balance	-					
Total Revenue	7,654,205	8,248,052	8,733,349	1,079,144	14.1%	

Notes on Significant Revenue Changes

Items notated on the revenue budget worksheet are described here in numerical order.

1. Regular, Ten Ride, and Monthly Fares – the 2017 estimate is based on an analysis of two years of history and current activity.

2. BREEZ Fares – Breez fares were new in 2016 and directly offset the cost of Breez service. Fare revenue is estimated based on current activity and includes Baxter Academy student fares.
3. Special Fares – The estimated increase is related to improvement in the Bus & Buy program and Baxter Academy student fares taking on LOCAL bus routes.
4. Rental Income - Rent from RTP has increased based on the terms of the renegotiated lease agreement.
5. Outside Repair/Maintenance and CNG Sales – CNG fuel sales to Portland Public Schools (PPS) and associated bus maintenance is decreasing. PPS is migrating from CNG buses to diesel.
6. IRS Natural Gas Tax Credit – Federal reimbursement for CNG has not been appropriated for 2017. Congress may take up this issue in November and December. If appropriated for 2017, then the credit would total \$70,000-90,000.

Table 4: 2017 Proposed Expenditure Budget

2017 Expenditure Budget	2016	2016	2017	\$ +/-	% +/-	Note
	Budget	Est	Request			
Wages & Benefits:						
Regular Wages	\$ 3,873,509	\$3,795,834	4,138,947	\$ 265,438	6.9%	
Overtime	304,288	239,228	255,720	(48,568)	-16.0%	
Benefits	1,618,828	1,602,894	1,779,264	160,436	9.9%	
Total Wages & Benefits	5,796,625	5,637,956	6,173,931	377,306	6.5%	
Non-Personnel:						
Marketing & Advertising	78,599	83,000	93,649	15,050	19.1%	1
Legal Fees	28,000	28,000	25,000	(3,000)	-10.7%	
Audit Fees	12,000	11,625	20,000	8,000	66.7%	2
GPCOG Services	15,000	23,000	15,000	-	0.0%	
Travel, Training & Meetings	16,499	15,300	20,250	3,751	22.7%	3
Dues-Subscriptions	21,901	22,000	22,648	747	3.4%	
Temporary Help	-	94,875	-	-	0.0%	
Other Professional Services	-	-	34,500	34,500	100.0%	4
Technology Services	11,004	15,000	30,094	19,090	173.5%	5
Maintenance Services	32,998	39,500	43,542	10,544	32.0%	6
Miscellaneous Services	6,522	11,322	21,369	14,847	227.6%	7
Insurance (liability, auto, property)	156,201	165,859	178,139	21,938	14.0%	8
Fuel	460,000	370,000	425,000	(35,000)	-7.6%	9
ADA Paratransit Services	-	223,170	446,340	446,340	100.0%	10
Fleet Parts and Service	262,948	257,500	284,600	21,652	8.2%	11
Maintenance Supplies	85,497	71,699	80,700	(4,797)	-5.6%	
Bus Stop Maintenance	30,000	15,000	42,920	12,920	43.1%	12
CNG Fuel Station Maint.	31,400	31,400	50,000	18,600	59.2%	13
Fare Media	9,700	11,000	11,460	1,760	18.1%	
Office Supplies	20,280	18,598	20,700	420	2.1%	
Wellness Program Supplies	-	-	10,800	10,800	100.0%	14
Water/Sewer/Storm Water	16,995	17,500	21,401	4,406	25.9%	15
Phone/Internet	16,000	38,000	24,520	8,520	53.3%	16
Heating Fuel	203,899	130,000	174,000	(29,899)	-14.7%	
Electricity	123,273	114,000	119,889	(3,384)	-2.7%	
Capital	106,855	106,000	154,324	47,469	44.4%	17
Debt Service Principal	86,800	61,170	125,144	38,344	44.2%	18
Debt Service Interest	25,207	11,222	18,429	(6,778)	-26.9%	
Fund Balance Restoration	-	-	45,000	45,000	100.0%	
Total Non-Personnel Costs	1,857,578	1,985,740	2,559,418	701,840	37.8%	
Total Expenditures	7,654,203	7,623,696	8,733,349	1,079,146	14.1%	

Wages and Benefits

- Wages – 2017 includes four new positions (3 Bus Operators and 1 Fleet Care Worker). The Bus Operator positions are offset by Metro Breez fare revenue, grant funding and Yarmouth-Freeport contributions. The Fleet Care Worker is requested to improve fleet cleaning by specifically creating a bus detail cleaning shift. Current fleet care staff must balance the nightly fueling, farebox probing, minor utility work and light cleaning for 25-30 buses. There is not

currently sufficient staff time to complete the deep cleaning necessary to ensure the Metro fleet is always in top shape.

- Overtime – Based on slightly higher bus operator hours assigned to “Cover Work” and “Spareboard” and an assumption that unpaid leave trends will remain stable, staff projects a lower overtime requirement.
- Benefits – The benefits cost increase is driven primarily by health insurance which is estimated to increase by 12% in 2017. This increase may decrease to 10% with the final budget approval in January. Dental insurance will decrease due to a change in providers. Workers’ Compensation cost will also drop by about 15% in 2017.

Items notated on the 2017 Expenditure Budget are described below in numerical order, other than wages.

1. Marketing/Advertising – The additional amount includes \$3,675 for map/schedule information at bus shelter locations, \$10,400 for Metro Breez advertising (covered by federal and town support), and \$2,500 for the advertising of procurement announcements.
2. Audit Fees – Metro staff proposed to expand the scope of work required of its outside auditor to include technical assistance and support during a financial management software transition.
3. Travel, Training & Meetings – The increase includes \$2,500 for APTA conferences and \$1,200 for Finance training (GFOA).
4. Other Professional Services – The increase provides \$20,000 for an update and redesign of Metro’s website; \$7,000 for the redesign of route maps, \$5,000 for architectural/engineering for miscellaneous facility repairs, and \$2,000 for website maintenance.
5. Technology Services – The increase includes a new cost of \$12,000 to support text messaging related to the real-time bus arrival information technology, \$3,000 for MS Office 365 licenses, and \$3,000 for outside IT maintenance and services increase.
6. Maintenance Services – The \$5,000 increase in this line item is related to radio system fees primarily in support of the Metro Breez given the distances involved.
7. Miscellaneous Services – The increase includes \$3,000 for regular translation services related to Metro’s updated Title VI program, \$3,100 for credit card fees, \$4,700 for DOT required medical employment services, and \$2,100 for armored card service.
8. Insurance – The increase relates to the added auto insurance for the Metro Breez buses. Along with an estimated 5% premium increase.
9. Fuel – This category includes costs related to diesel and compressed natural gas. The diesel rate is lower in 2016 and will drop again in September 2017 due to timing of current contracts. The Breez service adds diesel fuel cost and the cost of CNG is anticipated to rise.
10. ADA Paratransit – Metro contracts with the Regional Transportation Program (RTP) for ADA Paratransit services. RTP will charge Metro a gross rate per boarding of \$33.00 in 2016-17. Fare revenue and federal funding are expected to cover approximately 82% of the cost of the

service. Local contributions are required to cover the remaining 18%. Please note that the number of actual boardings will determine the final amounts of federal and local contributions.

11. Fleet Parts and Service – The increase relates to the addition of BREEZ buses, an inflationary increase, buses exiting warranty and the average fleet age moving from 9 to 10 years. An upcoming fleet replacement cycle is being managed to ensure Metro’s average fleet age remains between 6-7 years.
12. Bus Stop Maintenance – This increase is related to the cost to clean and maintain the additional bus shelters being installed and enhanced snow removal operations.
13. CNG Fuel Station Maintenance – Metro plans to release an RFP for improved CNG fuel station inspections, maintenance and back-up fuel supply.
14. Wellness Program Supplies – Metro is proposing to introduce a new wellness program for employees which includes non-monetary incentives. The program has offsetting revenue from Anthem wellness of \$3,280.
15. Water/Sewer/Storm Water – The increase is related to actual use and Portland’s storm water fee.
16. Phone/Internet – The increase includes the cost of BREEZ Wi-Fi at \$5,100 per year along with phone system improvements estimated at \$1,200.
17. Capital Improvement Program (CIP) – The proposed 2017 CIP carries a \$47,469 increase compared to 2016.
18. Debt Service Principal – This addition relates to the cost of financing the local match on the BREEZ buses. This cost is covered by contributions from the towns of Freeport and Yarmouth.

The estimated 2017 local contribution of \$3,263,952 for **BUS SERVICE** is allocated based on the percentage of revenue miles in each community. Consistent with past practice, Federal JARC funding is applied in the base revenue budget but a portion is applied to Falmouth as a direct credit with offsets added to the contributions by Portland and Westbrook.

Table 5: Local Contributions for Bus Service

Revenue Miles Percentage Breakdown	2016	2017	Percentage Change	
Falmouth	5.95%	6.12%	0.17%	
Portland	80.57%	80.79%	0.22%	
Westbrook	13.48%	13.09%	-0.39%	
Total	100.00%	100.00%	0.00%	
Base Contributions	2016	2017	\$ +/-	% +/-
Falmouth	\$ 187,437	\$ 199,600	\$ 12,163	6.5%
Portland	\$ 2,538,116	\$ 2,637,099	\$ 98,983	3.9%
Westbrook	\$ 424,647	\$ 427,252	\$ 2,606	0.6%
Total	\$ 3,150,200	\$ 3,263,952	\$ 113,752	3.6%
Falmouth JARC Grant Credit	2016	2017	\$ +/-	% +/-
Falmouth	\$ (40,500)	\$ (40,500)	\$ -	0.0%
Portland	\$ 34,627	\$ 34,853	\$ 226	0.7%
Westbrook	\$ 5,873	\$ 5,647	\$ (226)	-3.9%
Total	\$ -	\$ -	\$ -	0.0%
Adjusted Contributions	2016	2017	\$ +/-	% +/-
Falmouth	\$ 146,937	\$ 159,100	\$ 12,163	8.3%
Portland	\$ 2,572,743	\$ 2,671,952	\$ 99,209	3.9%
Westbrook	\$ 430,520	\$ 432,899	\$ 2,379	0.6%
Total	\$ 3,150,200	\$ 3,263,952	\$ 113,752	3.6%
	2016	2017	\$ +/-	% +/-
Falmouth	\$ -	\$ 1,738	\$ 1,738	n/a
Portland	\$ -	\$ 72,380	\$ 72,380	n/a
Westbrook	\$ -	\$ 15,150	\$ 15,150	n/a
Total	\$ -	\$ 89,268	\$ 89,268	

The estimated 2017 local contribution of \$89,268 **ADA PARATRANSIT** is allocated based on the estimated boardings anticipated in each community. The Regional Transportation Program (RTP) will charge Metro a gross rate per boarding of \$33.00. Fare revenue and federal funding are expected to cover approximately 82% of the cost of the service. Local contributions are required to cover the remaining 18%. Please note that the number of actual boardings will determine the final amounts of federal and local contributions.

Table 6: Local Contributions for ADA Paratransit

	2016	2017	\$ +/-	% +/-
Falmouth	\$ -	\$ 1,738	\$ 1,738	n/a
Portland	\$ -	\$ 72,380	\$ 72,380	n/a
Westbrook	\$ -	\$ 15,150	\$ 15,150	n/a
Total	\$ -	\$ 89,268	\$ 89,268	

On behalf of Metro, I want to thank the Town of Falmouth for supporting public transportation and look forward to making further improvements that benefit the Falmouth community. If you have any questions, please do not hesitate to contact me.

Respectfully,

Gregory Jordan

Gregory Jordan
General Manager

Attachment (1) - Statutory Budget Procedures Applicable to the Greater Portland Transit District