

November 1, 2018

[SUBMITTED VIA E-MAIL]

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

Re: Preliminary 2019 Budget and Formula

Dear Mr. Poore,

On October 25, 2018, the Greater Portland Transit District (Metro) Board of Directors unanimously approved the Fiscal Year 2019 Preliminary Budget and Formula. In accordance with 30-A-MRS §3516 and 30-A-MRS §3516 (Attachment B), Metro is submitting its Fiscal Year 2019 Preliminary Budget and Formula. Accordingly, the Town of Falmouth is required to notify Metro of a refusal to accept the method (i.e., formula) by which local contributions are distributed within thirty (30) calendar days of this submission.

For **BUS SERVICE** in Falmouth, the Metro Board of Directors approved a 2019 local contribution of **\$179,941**. This is a 8.9% increase compared to 2018. Falmouth transit service levels are unchanged for 2019, though Metro anticipates working with the town of Falmouth in 2019 on options to improve transit service within the town.

The increase is principally related to the phase down of the Job Access and Reverse Commute federal grant program which has supported Falmouth's portion of the Route 7 since the mid-2000s. This federal funding was secured to help support the Route 7 in its early years, but with the route mature and in place for over 10 years, the Board of Directors reached consensus to phase out the funding over a three-year period beginning in 2018.

The table below outlines service levels in terms of revenue miles.



Table 1: Service Levels in Revenue Miles

Bus Route	Mode	Municipalities	Portland	Westbrook	Falmouth	S. Portland	Gorham	Breez	Total
Route 1	Local	Portland	95,554	-	-	-	-	-	95,554
Route 2	Local	Portland-Westbrook	111,768	18,506	-	-	-	-	130,274
Route 3	Local	Portland-Westbrook-South Portland	10,456	106,097	-	43,006	-	-	159,559
Route 4	Local	Portland-Westbrook	87,849	79,700	-	-	-	-	167,549
Route 5	Local	Portland-South Portland	106,731	-	-	37,731	-	-	144,462
Route 7	Local	Portland-Falmouth	25,948	-	44,049	-	-	-	69,997
Route 8	Circulator	Portland	50,786	-	-	-	-	-	50,786
Route 9A	Local	Portland	105,310	-	-	-	-	-	105,310
Route 9B	Local	Portland-Falmouth	104,631	-	8,029	-	-	-	112,661
Husky Line	Arterial BRT	Portland-Westbrook-Gorham	93,672	62,775	-	-	74,702	-	231,149
Breez	Express	Brunswick-Freeport-Yarmouth-Portland	-	-	-	-	-	255,534	255,534
Total			792,704	267,078	52,079	80,737	74,702	255,534	1,522,834
<i>Mileage Percentages</i>			52%	18%	3%	5%	5%	17%	100%
2018 Revenue Miles			717,783	163,208	52,079	35,623	25,067	254,977	1,248,737
2019 Absolute Change			74,921	103,870	-	45,114	49,635	557	274,097
2019 % Change			10%	64%	0%	127%	198%	0%	22%
2017 Revenue Miles			691,065	111,964	52,306	34,249	-	120,670	1,010,254
2019 Absolute Change			101,639	155,114	(227)	46,488	74,702	134,864	512,580
2019 % Change			15%	139%	0%	136%	n/a	112%	51%

For **ADA PARATRANSIT SERVICE** in Falmouth, the 2019 local contribution is projected to not exceed **\$1,046** which was the budget amount for 2018. ADA Paratransit costs are determined based on projected ridership and the cost-per-trip charged by Metro’s provider, the Regional Transportation Program (RTP). ADA paratransit boardings increased substantially in 2017 due to changes in how the state’s non-emergency medical transportation broker (Logisticare) assigns trips for passengers who are eligible for ADA Paratransit Service. Ridership in Falmouth has leveled off in 2018 and is expected to total 250-350 boardings. Similar use is expected in 2019. In 2018, METRO staff renegotiated its contract with RTP substantially lowering the cost per boarding.

For your convenience, I have incorporated the major elements of the approved preliminary budget in 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 2018 accomplishments, 2019 objectives, and additional information on the 2019 budget.

METRO OVERVIEW

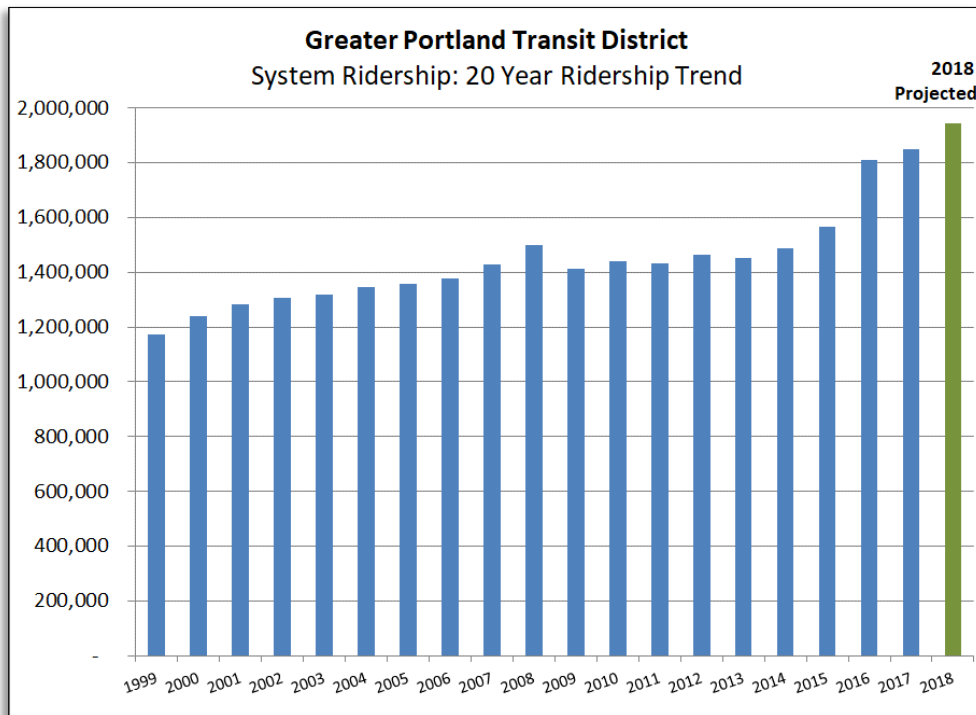
Metro operates ten (10) bus routes serving the communities of Brunswick, Falmouth, Freeport, Gorham, Portland, South Portland, Westbrook, and Yarmouth. Metro works with the Portland Area Comprehensive Transportation System (PACTS), the Greater Portland Council of Governments (GPCOG), multiple partner transit agencies, and member communities to implement a coordinated regional transit system.



The following key performance metrics are provided for information:

- Projected 2018 Ridership: 1,940,000 (up 5% from 1,850,000 in 2017)
- Projected 2018 Fare Recovery Ratio: 23% (down from 24% in 2017)
- Projected 2018 LOCAL System Productivity: 2.0 boardings per mile (matching 2017).

Figure 1: Metro 20 Year Ridership Trends



2018 TOP ACCOMPLISHMENTS

- **Ridership Growth** – 2018 ridership is expected to be 5% higher than 2017 due to mid-year service expansions.
- **Transit West Project** – In August 2018, Metro implemented as scheduled two new bus routes (the Husky Line and Route 3) along with supporting bus stop improvements, restructured three (3) existing routes to be more direct and efficient, and introduced the USM Transit Pass Program.
- **New and Replacement Bus Fleet** – Based on a 2016 competitive procurement, Metro took delivery of eight 40-foot expansion buses in 2018 along with three 40-foot replacement buses. The new buses are larger and include modern amenities such as: three position bike



racks, in-seat USB ports, improved seating, modern styling, and brighter interiors. An additional 13 buses of the same model will be delivered over the course of 2019 and 2020 which will replace buses that will have surpassed their 12-year useful life.

- **Fleet Wide Wi-Fi** – Along with the new bus fleet, Wi-Fi was installed on ALL Metro buses to improve the passenger experience.
- **Metro Brand Update** – With the incoming expansion and replacement buses during 2018-2020, 2018 was the right year to update Metro’s brand, logo, and vehicle paint scheme. The updated brand and paint scheme reflect Metro’s work toward modernizing public transit in Maine and establishing a stronger identity in the region.
- **Bus Shelters** – In addition to the bus stop improvements supporting the new bus routes, eight bus shelters were installed.
- **Rebooted Website** – Metro introduced a new web site with the goals of improving easy access to transit information and aligning with the agency’s new look.

2019 TOP OBJECTIVES

- **Automated Fare Payment** – complete procurement phase for deployment of automated fare payment, which will allow better fare payment options for customers (e.g., payments by mobile app and smart cards) and roll-out of more special programs for universities, schools, and major employers. Implementation is planned for mid-to-late 2019.
- **Fare Pricing Changes** – alongside improvements in fare payment options, Metro plans to modify, and most likely increase, pricing of the single one-way cash fare along with the various pass products. However, new fare payment technology and “fare capping” will allow a major improvement in the cost equity of fare payment. Fare capping is a method whereby passengers using smart cards or smart phone apps will receive price discounts based on trips taken. This stands in contrast to the current system which provides discounts based on up-front costs.
- **Portland Peninsula Transit Restructure** – In 2019, Metro will commence a community planning process to re-imagine and restructure how public transit on the peninsula can be improved. This process must be strongly integrated with city goals and activities to improve mobility and reduce parking demand and traffic congestion. Metro anticipates working in partnership with the City of Portland, stakeholders and the public and advancing a slate of service changes and improvements that can be implemented in mid-2020. These service improvements will be focused on improving mobility options for getting onto and around the peninsula and be implemented in connection with the introduction of battery electric buses.



- **Falmouth Transit Service** – Metro anticipates working with the town of Falmouth in 2019 on options to improve transit service within the town.
- **Metro BREEZ Permanence** – during the course of early 2019, Metro will be working with the communities of Brunswick, Freeport and Yarmouth to move the project from its pilot phase to permanence. This also entails bringing these communities onto the Metro Board of Directors as full members who also share in covering their fair portion of the agency’s fixed and overhead costs.
- **PACTS Regional Transit Development Plan Phase 2** – Work with PACTS/GPCOG and regional transportation partners to complete Phase 2 of the Regional Transit Development Plan. Phase 2 will have a longer-term focus aimed at recommending the strongest possible transit system and investment priorities for the region.
- **Replacement Facility Preliminary Study** – Metro plans to complete a preliminary study of the options, locations, cost, funding strategies and overall feasibility of constructing a replacement facility within 5-7 years. This study would be based on a reasonable long-range forecast of service expansion needs and projected fleet size.

2019 OPERATING AND CAPITAL BUDGET

The current draft of the 2019 operating budget totals \$11,402,767. This budget represents a 13% increase over the 2018 total budget of \$10,102,931. The major reason for the increase includes the annualization of costs related to the Transit West expansion but for which Metro also receives offsetting revenue from a variety of sources including federal funding and fare revenue. The remainder of the cost increase is related debt service related to the expansion and replacement fleet; programmatic improvements including software maintenance fees for a replacement financial management system, additional positions and customer amenities; and cost and price increases related to labor, fuel, and commodities. Amounts related to these items are provided below.

The body of this memo reports on the proposed 2019 expenditures, anticipated revenues, proposed new cost allocation method for determining local contributions, and the proposed 2019-2023 Capital Improvement Program.



Table 2: Summary of Proposed 2019 Operating Budget

Budget Category	2018 Budget	2019 Budget	Expansion	Program Imp	Cost/Price Increase	Reduct/ Efficiencies	Total Change
Personnel	\$ 7,113,952	\$ 7,920,996	\$ 346,590	\$ 66,305	\$ 415,979	\$ (21,830)	\$ 807,044
Non-personnel	\$ 2,131,597	\$ 2,593,129	\$ 156,870	\$ 187,720	\$ 157,417	\$ (40,475)	\$ 461,532
Debt Service	\$ 157,582	\$ 270,642	\$ 31,309	\$ 58,491	\$ 23,260	\$ -	\$ 113,060
Capital Program	\$ 131,600	\$ 166,000	\$ -	\$ 29,400	\$ -	\$ -	\$ 29,400
Fund Balance	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -
ADA Paratransit	\$ 523,200	\$ 450,000	\$ -	\$ -	\$ -	\$ (73,200)	\$ (73,200)
Additional Budget Reduction	\$ -	\$ (43,000)	\$ -	\$ -	\$ -	\$ (43,000)	\$ (43,000)
Total	\$ 10,102,931	\$ 11,402,767	\$ 534,769	\$ 341,916	\$ 596,656	\$ (178,505)	\$ 1,294,836
			5%	3%	6%	-2%	13%

Table 3: Draft 2019 Line Item Operating Budget

	2017 ACTUAL	2018 ORIG BUD	2019 Request	2019 \$ +/-	2019 % +/-	Note #
Wages & Benefit Expenditures						
Wages						
Regular Wages	\$ 4,010,640	\$ 4,692,117	\$ 5,259,226	\$ 567,109	12.1%	1
Overtime - Operations	271,720	253,880	332,321	78,441	30.9%	2
Overtime - Maintenance	32,263	40,040	42,600	2,560	6.4%	
Overtime - Administration	3,895	5,000	2,900	(2,100)	-42.0%	
Total Wages	4,318,518	4,991,037	5,637,047	646,010	12.9%	
Benefits						
FICA	321,793	368,942	408,974	40,032	10.9%	3
Health Ins	955,278	1,219,774	1,310,041	90,267	7.4%	4
HRA Payments	51,952	70,000	59,668	(10,332)	-14.8%	5
Dental Insurance	47,497	55,839	64,285	8,446	15.1%	6
Disability Insurance	31,758	32,584	48,108	15,524	47.6%	7
Workers Comp	64,550	77,741	92,166	14,425	18.6%	
Unemployment	10,660	9,000	2,000	(7,000)	-77.8%	8
Pension	228,927	260,985	258,587	(2,398)	-0.9%	9
Uniforms	16,172	20,150	28,820	8,670	43.0%	10
Contract Reimb	9,254	7,900	11,300	3,400	43.0%	11
Total Benefits	1,737,841	2,122,915	2,283,949	161,034	7.6%	



Table 3: Draft 2019 Line Item Operating Budget Continued

	2017	2018	2019	2019	2019	
	ACTUAL	ORIG BUD	Request	\$ +/-	% +/-	Note #
Non-Personnel Expenditures						
Tuition Reimbursement	1,508	3,000	-	(3,000)	-100.0%	
Wellnes Program	3,279	12,000	6,516	(5,484)	-45.7%	
Legal Fees	32,527	30,000	30,000	-	0.0%	
Audit Fees	21,000	20,000	19,500	(500)	-2.5%	
Arch & Engineering Fees	-	5,000	-	(5,000)	-100.0%	
Temporary Help	88,511	-	26,000	26,000	100.0%	12
Employment Services	8,787	6,538	6,538	-	0.0%	
HRA Fees	5,140	6,600	6,864	264	4.0%	
Technology Services	36,432	45,074	113,698	68,624	152.2%	13
Bank and CC Fees	8,220	7,800	9,840	2,040	26.2%	
Advertising	21,739	40,500	34,550	(5,950)	-14.7%	14
Postage	3,255	3,886	3,536	(350)	-9.0%	
Other Contracted Services	57,444	110,990	106,310	(4,680)	-4.2%	15
Office Machine Maintenance	3,327	3,047	5,090	2,043	67.0%	
Maintenance Services	82,637	139,377	140,677	1,300	0.9%	
Snow Plowing and Removal Svc	7,192	8,000	9,000	1,000	12.5%	
Custodial Services	-	-	20,000	20,000	-100.0%	16
Miscellaneous Services	2,049	2,920	2,420	(500)	-17.1%	
CNG Fuel	202,055	278,000	371,882	93,882	33.8%	17
Diesel Fuel	208,296	259,794	407,338	147,544	56.8%	18
Greases and Fluids	46,974	45,139	59,500	14,361	31.8%	
Tires and Tubes	47,657	41,000	61,000	20,000	48.8%	19
Shop Supplies	22,466	28,000	31,000	3,000	10.7%	
Shelter Supplies	6,335	10,000	10,000	-	0.0%	
Building Supplies	36,722	58,500	53,000	(5,500)	-9.4%	
Supplies Cust Rel & Promo	20,006	19,800	34,850	15,050	76.0%	20
Office Supplies	16,199	18,000	23,000	5,000	27.8%	
Fare Media	10,493	11,150	7,500	(3,650)	-32.7%	
Parts	364,771	301,500	295,764	(5,736)	-1.9%	21
Minor Equipment- Buildings	-	1,000	7,720	6,720	-100.0%	
Heating Fuel	129,121	157,008	163,523	6,515	4.1%	
Electricity	110,129	116,942	131,241	14,299	12.2%	
Water/Sewer/Stormwater	22,161	23,728	27,803	4,075	17.2%	
Phone/Cell/Internet	25,424	47,748	61,988	14,240	29.8%	22
Auto/Liability Insurance	180,832	225,911	257,026	31,115	13.8%	23
Dues and Subscriptions	19,392	22,603	21,978	(625)	-2.8%	
Conferences and Travel	8,382	14,820	19,920	5,100	34.4%	24
Meals and Hosting	7,569	5,832	5,932	100	1.7%	
Liscenses and Permits	386	390	625	235	60.3%	
ADA Paratransit Services	535,646	523,200	450,000	(73,200)	-14.0%	25
Interest Expense	23,417	20,134	62,068	41,934	208.3%	26
Debt Service Principal	122,971	137,448	208,574	71,126	51.7%	27
Contribution to Unrest Balance	45,000	45,000	45,000	-	0.0%	
GF Cap Outlay for Oth Cap Itms	124,600	131,600	166,000	34,400	26.1%	28
<i>Additional Budget Reductions</i>	-	-	<i>(43,000)</i>	<i>(43,000)</i>	<i>n/a</i>	<i>29</i>
Total Non-personnel	2,720,051	2,988,979	3,481,771	492,792	16.5%	
Total Expenditures	\$ 8,776,410	\$ 10,102,931	\$ 11,402,767	\$ 1,299,836	12.9%	



Table 4: Notes on Draft 2019 Line Item Operating Budget

Note #	Line Item	Explanation
1	Regular Wages	Increase related to annualization of 11 bus operator positions added in 2018 to support the Transit West expansion. Also, 2.5 new positions are proposed in 2019 and include a Fleet Care Worker, an additional Bus Operator and a Technology Manager scheduled to be hired mid-year. Finally, labor costs are increasing due to 2.75% COLA increase based on the Collective Bargaining Agreement (CBA) as well as programmed step increases which are also mandated by the CBA.
2	Overtime Wages	Overtime wages is increasing in the operations category due to higher service levels and numbers of employees. As a percentage of Regular Wages, Overtime Wages is expected to be consistent at about 7-8%. The current year (2018) is seeing very high overtime wages due to health related employee absences and position vacancies. Staff is preparing additional information for the Board on how the overtime budget is developed and optimized.
3	FICA	This increase is driven by wages.
4	Health Insurance	Additional employees as well as Medical insurance costs estimated to increase by 5%. Past increases were 8% in 2018 and 13% in 2017.
5	HRA Payments	Cost is determined in relation to actual history of payments and numbers of employees.
6	Dental Insurance	Dental insurance costs are estimated to increase by 5% along with additional employees.
7	Disability Insurance	This amount is based on on wages (updated 2018 and 2019 wage base).
8	Unemployment	Increase related to Modification Rate increase and increase in overall wages.
9	Pension	Despite the increase in staff, the retirement program is now voluntary, so the participation rate assumption is slightly lower.
10	Uniforms	An increase in the allowance for uniforms was included as part of the current CBA.
11	Contract Reimb	An increase in the allowance for uniforms was included as part of the current CBA.
12	Temporary Help	This cost is related to sourcing temporary assistance to cover a planned leave in the Finance Dept.
13	Technology Services	Cost increase is related to the software hosting/maintenance fees for the Financial Management System (Finance, Payroll, HR) as well as the annual maintenance fee for the new web site.
14	Advertising	Net reduction related to reduced advertising need in relation to the 2018 expansion year (-\$15,000). There are programmed increases for recruiting (\$5,000) and BREEZ outreach (\$7,500).
15	Other Contracted Services	Net reduction related to removal of one-time expenses (-\$35,000) related to the 2018 Transit West launch. Programmed increases include a Security Program (\$38,000), marketing design and creative services (\$22,000) and design/production of new regional map (\$15,000).
16	Custodial Services	With building/grounds staff taking on additional duties related to bus stop/and shelter maintenance, there is a need to outsource custodial services at the main office and passenger facility at Elm/Congress.
17	CNG Fuel	Cost increae related to expansion service and anticipated higher natural gas pricing.
18	Diesel Fuel	Cost increae related to expansion service and anticipated higher diesel pricing as of September 2019.
19	Tires and Tubes	Cost increase related to fleet expansion from 36 to 44.
20	Supplies Cust Rel & Promo	Increase related to higher quantity needs for transit schedules and informational brochures.
21	Parts	Although fleet size is increasing, new buses incorporated in 2018 and planned to be phased in in 2019 will contain growth in this line item.
22	Phone/Cell/Internet	Added cost related to extending Wi-Fi to entire fleet and annual maintenance fees related to extending the AVL system to additional buses.
23	Auto/Liability Insurance	Increase related to fleet size increasing as well as higher cost to ensure newer buses compared to older ones.
24	Conferences and Travel	Conferences and training opportunities programmed for all departments.
25	ADA Paratransit Services	Reduction related to new agreement with RTP which reduced rate per boarding.
26	Interest Expense	Short and long term interest increasing due to greater utilization of short-term debt due to cash flow and long-term interest on bonded debt for buses.
27	Debt Service Principal	Increase related to bonded debt to cover local match on 8 expansion buses and 3 replacement buses.
28	Capital Program	Refer to proposed Capital Improvement Program - Attachment A
29	<i>Additional Budget Reductions</i>	<i>An additional \$43,000 in budget reduction measures is needed to ensure municipal contributions are sustainable in 2019. Staff are continuing to identify and advance additional measures.</i>



Table 5: Draft 2019 Line Item Revenue Budget

Revenue Category	2018 Budget	% of Total	2019 Budget	% of Total	# Change	% Change	Note #
Fare Revenue	\$ 2,280,878	22.6%	\$ 2,634,201	23.1%	\$ 353,323	15.5%	1
Miscellaneous Revenue	\$ 361,024	3.6%	\$ 420,000	3.7%	\$ 58,976	16.3%	2
State	\$ 170,426	1.7%	\$ 170,426	1.5%	\$ -	0.0%	3
Federal 5307 (Operations)	\$ 1,822,174	18.0%	\$ 2,013,698	17.7%	\$ 191,524	10.5%	4
Federal 5307 (Prev. Maint.)	\$ 706,801	7.0%	\$ 845,000	7.4%	\$ 138,199	19.6%	5
Federal 5307 (JARC)	\$ -	0.0%	\$ 15,459	0.1%	\$ 15,459	0.0%	6
Federal 5307 (ADA)	\$ 418,560	4.1%	\$ 360,000	3.2%	\$ (58,560)	-14.0%	7
Federal CMAQ (Breez)	\$ 303,464	3.0%	\$ 329,800	2.9%	\$ 26,336	8.7%	8
Federal CMAQ (Transit West)	\$ 296,667	2.9%	\$ 623,822	5.5%	\$ 327,155	110.3%	9
Federal (Alt Fuel Tax Credit)	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	
Municipal (Non-Members)	\$ 148,334	1.5%	\$ 158,200	1.4%	\$ 9,866	6.7%	10
Municipal (Members - ADA)	\$ 104,640	1.0%	\$ 90,000	0.8%	\$ (14,640)	-14.0%	11
Municipal (Members - BUS)	\$ 3,489,964	34.5%	\$ 3,742,162	32.8%	\$ 252,198	7.2%	12
Total	\$ 10,102,931	100%	\$ 11,402,767	100%	\$ 1,299,836	13%	

Revenues

1. **Fare Revenue** – Fare revenue is budgeted to total \$2,634,201. The 2018 fare revenue budget is \$2,280,878 while actual fare revenue is expected to total \$2,175,000-\$2,200,000. The increase in 2019 is related to the anticipated ridership increase stemming from the Transit West expansion as well as a fare increase in the second half of the fiscal year. Budgeted Fare Recovery (ratio of fare revenue to operating expenses) is anticipated to be 25% in 2019. Actual fare recovery in 2018 is projected to be 22-23%. Fare recovery in 2020 should exceed 25% given this will be the first full year of the fare increase, but also depends on 2020 cost factors.
2. **Miscellaneous Revenue** – includes revenue from advertising, lease revenue, and fuel/maintenance services provided to other agencies. This revenue is allocated by revenue hour to the LOCAL system only. While under the pilot phase, the BREEZ system does not draw from these revenue sources.
 - a. *Advertising Revenue* – is expected to increase from \$232,300 to \$270,000 due to increasing base advertising sales in 2018 and anticipated revenue from advertising on new bus shelters including on Congress Street in Portland.
 - b. *Lease Revenue* – is expected to increase from \$38,424 to \$40,732 based on lease terms with RTP.
 - c. *Outside Repair/CNG Sales* – is expected to decrease from \$58,000 to \$52,000 based on history.



- d. *Miscellaneous Income* – is expected to increase from \$32,000 to \$58,100 due to higher interest income, sale of surplus buses and revenue from USM through advertising.

3. **State Funding** – includes annual funding from the state of Maine. This funding source is static at \$170,426 and is not expected to increase for several more years. This revenue is allocated by revenue hour to the LOCAL system only. While under the pilot phase, the BREEZ system does not draw from this revenue source.

4. **Federal Funding (Operations)** – set at **\$2,013,698** this includes Federal Transit Administration (FTA) Section 5307 funding for Operations activities. This revenue is allocated by revenue hour to the LOCAL system only. While under the pilot phase, the BREEZ system does not draw from this funding source.
 - a. Based on current PACTS programming, Metro is scheduled to receive **\$1,958,990** in federal funding to support operations. This is an increase of \$135,388 (7.4%).
 - i. Of this amount, \$98,916 reflects the first year of permanent federal operating support for the Metro BREEZ. As the start-up CMAQ funding is drawn down, this amount will assist with the transition of the BREEZ from its pilot phase to permanence.
 - ii. The remaining \$36,472 reflects the annual 2% increase programmed in the PACTS' Six Year Operating and Capital Program (SYCOP) to support cost increases of ongoing operations.
 - b. Metro staff will be submitting a request to PACTS to increase the inflation factor to 5-7% in 2019. At 5%, this could add an additional **\$54,708**. The annual escalation rate currently programmed in the SYCOP is 2%. From 2016-2019, the cost of labor and external price increases have averaged 3.8% annually. In addition, Metro will request that the SYCOP assume 3% annual increases prospectively to adequately cover the price increases related to labor costs, health insurance, and fuel.

5. **Federal Funding (Preventive Maintenance)** – includes FTA Section 5307 funding for Preventive Maintenance activities. This revenue is allocated by revenue hour to the LOCAL system only. While under the pilot phase, the BREEZ system does not draw from this funding source. Based on current PACTS programming, Metro is scheduled to receive \$720,937 in federal funding to support Preventive Maintenance activities. This funding



can cover the cost of fleet and facilities maintenance including labor, parts, and external repair contracted services. This is an increase of \$14,136 (2.0%).

- a. Metro staff will be submitting a request to PACTS to increase this to at least 5% in 2019 to correct under-funding the previous three years. The annual escalation rate programmed in the PACTS Six Year Operating and Capital Program (SYCOP) is 2%. From 2016-2019, the cost of labor and external price increases have averaged 3.8% annually. In addition, Metro will request that the SYCOP assume 3% annual increases prospectively.
 - b. Metro is proposing to utilize \$100,000 from a Preventive Maintenance reserve grant in 2019 as a bridge to offset the impact of a half-year fare increase in 2019. The other half of the fare increase will be realized in 2020 and ensure this use of one-time funding is backed by a recurring funding solution.
6. **Federal Funding (JARC)** – Since the mid-2000s through 2017, Metro allocated a \$40,500 credit to Falmouth with corresponding proportional debits to Portland and Westbrook. In 2018, the Board approved a reduction to \$30,917 as part of a 3-year phase out of the program. Based on Finance Committee direction on August 6, 2018, the amount is reduced by 50% to \$15,917. Along with this change, staff recommend an additional change:
- a. Secure an additional \$15,917 in FTA Section 5307 funding for 2019 only and allocate to Falmouth’s portion of the Route 7 as a direct source of funding rather than a credit which impacts Portland and Westbrook. This tactic is subject to PACTS approval in early 2019. *Using supplemental funding and this approach, Portland and Westbrook are no longer subsidizing Falmouth’s portion of the Route 7.*
7. **Federal Funding (ADA)** – includes FTA Section 5307 funding that supports the required ADA Complementary Paratransit services for Metro’s bus service area. The amount of federal funding is expected to decrease from \$418,560 in 2018 to \$360,000 in 2019 due to a new agreement with Metro’s service provider, RTP. In the new agreement, the cost per trip was reduced. However, Metro’s 2019 funding programmed at PACTS is only \$272,000. Metro staff will be requesting an increase through the regular PACTS process in early 2019.



8. **Federal Funding (CMAQ BREEZ)** – includes Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality (CMAQ) funding to support three years of operations activities for the BREEZ. This revenue is allocated by revenue hour to the BREEZ Route only, but evenly split among the communities served. Revenue hours are evenly split because this is limited stop, express bus service with significant segments operated on highway.
 - a. Budgeted Funding - 2019 funding is budgeted to be \$329,800 up slightly from 328,821 in 2018. This final allocation of the CMAQ start-up grant will fund the BREEZ through the end of the pilot period in 2019.

9. **Federal Funding (CMAQ Transit West)** – includes Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality (CMAQ) funding to support 3 years of operations activities for the Transit West Routes. This revenue is allocated by revenue hour to the Transit West Routes only (Husky Line and Route 3).
 - a. Budgeted Funding - 2019 funding is budgeted to be \$623,822 up from 296,667 in 2018. This is the first year of full funding and second year overall.

10. **Municipal (Non-Members)** – the budgeted amount of \$158,200 represents that anticipated local funding from the towns of Brunswick, Freeport, and Yarmouth (each at \$41,067) for the continuation of service through December 31, 2019 and a transition to bearing the appropriate share of maintenance and overhead costs. This amount also includes the town of Gorham’s \$35,000 contribution to the Husky Line.

11. **Municipal (Members-ADA)** – the budgeted amount of \$90,000 represents anticipated local funding needed to support ADA Complementary Paratransit services for Metro’s bus service area. The amount of funding is expected to decrease from \$104,640 in 2018 to \$90,000 in 2019 due to a new agreement with Metro’s service provider, RTP. In the new agreement, the cost per trip was reduced. Please note that a portion of Gorham’s contribution to the Husky Line includes a small dollar amount for any ADA paratransit trips in Gorham.

12. **Municipal (Members)** – Historically, Metro has allocated the net cost of service to municipalities based on Revenue Miles. For a small transit system with uniform service levels and characteristics, this was a simple and generally equitable method.



However, because Fixed and Variable costs are not separated, the principal weakness of the method is that mileage changes in one municipality can have large impacts on costs in other municipalities. Additionally, as Metro grows and has introduced higher speed/limited stop services, the Revenue Miles metric is less accurate at equitably representing the service supplied to a community, and by extension, the costs to provide it. Finally, while Revenue Miles is a fair measure of service supply, the metric is detached from any productive incentives at the municipal level to take steps toward improving the conditions in which transit operates.

Accordingly, staff recommended and the Metro Board approved allocating costs based on the following methods:

- a) **Revenue Hours** – In order to standardize the cost to operate service across routes with varying speeds and because personnel expense is Metro’s largest cost category, staff recommend using Revenue Hours as the primary cost allocation factor. Revenue Hours levels the playing field as it relates to allocating costs across routes. In general, using Revenue Hours as the primary cost allocation method will mean that faster routes have lower costs and slower routes have higher costs.
 - Importantly, this method creates a productive incentive for municipalities to work with Metro on strategies to shorten running times (e.g., transit signal priority systems, intersection treatments that allow buses to leap-frog long traffic cues, in-line stops, and dedicated lanes or lane segments).
- b) **Costs per Hour** – use separate costs per hour (CPH) for the LOCAL system and the BREEZ system. This is related to the structural differences in the cost to operate the BREEZ, including lower fleet maintenance, insurance and fuel costs; segmented local funding for capital projects; and the BREEZ’s status as a pilot project which temporarily exempts it from Metro’s overhead costs. The CPH for both the LOCAL and BREEZ systems are generated by dividing the total cost to operate each system by each system’s revenue hours.
- c) **Fare Revenue** – allocate fare revenue by route and jurisdiction based on ridership and average fare. This is a standard method for allocating fare revenue in multi-jurisdictional transit agencies. The benefits of this method are that communities delivering higher ridership receive the appropriate fare revenue. Moreover, the method avoids questions over whether and to what extent higher ridership communities are subsidizing lower ridership communities.



- Similar to Revenue Miles, allocating fare revenue to municipalities according to ridership creates a productive incentive to build ridership as well as critically examine and take corrective action on under-performing routes.

d) **Non-Member Communities** – continue the policy of allocating the cost of service in a non-member community’s jurisdiction based on the member communities’ allocation percentages. This practice is undertaken when Metro determines that the value of providing service in a non-member community’s jurisdiction outweighs the absence of local funding coming from that community. The main example and precedent for this policy is Metro’s operation of the Route 5 to the Maine Mall. In 2019, this policy extends to the Route 3 segment in South Portland and the Husky Line segment in Gorham less the amount contributed by Gorham under the pilot program.

Based on the anticipated expenditures and revenue and proposed improvements in cost/revenue allocation, Table 5 presents the anticipated assessments for 2019.

Table 6: Member Community Assessments

<i>Member Communities</i>	<i>2018 Allocations</i>	<i>Rev. Member Allocations</i>	<i>\$ Change</i>	<i>% Change</i>	<i>Service Increase %</i>
Falmouth	\$ 163,873	\$ 179,941	\$ 16,068	8.9%	0%
Portland	\$ 2,709,916	\$ 2,787,772	\$ 77,856	2.8%	10%
Westbrook	\$ 616,175	\$ 774,449	\$ 158,274	20.4%	64%
Total	\$ 3,489,964	\$ 3,742,162	\$ 252,198	6.7%	22%

Notes on major factors impacting each community:

Portland

- The factors affecting Portland’s anticipated assessment are the Transit West improvements, program/cost increases, planned fare increase, and Westbrook’s proportional service increase, which means Portland’s relative share of fixed and overhead costs reduces.
- The proposed changes to cost and revenue allocation generally offset each other in 2019, but set the stage for relatively stronger cost containment in the future than would be possible under the status quo.
 - Portland has the highest ridership performance and the greatest potential for future ridership development. All things being equal, activities that help create ridership in Portland will mean Portland receives 100% of the associated fares compared to only about 70% under the existing method.



- Metro and Portland can and should work together to improve route speeds through efforts to prioritize and further streamline transit, which can also positively impact future assessments.
- The proposal to fund the final year of the Falmouth JARC program with new funding means Portland will no longer bear any share of maintaining this program.

Falmouth

- The major contributing factors to Falmouth's anticipated assessment are the overall program and cost increases, planned fare increase, and the planned reduction of the JARC grant program.
- The proposed change to cost allocation generally favors Falmouth due to the faster speeds of routes in the town. The proposed change to fare revenue allocation modestly reduces fare revenue to Falmouth due to its current lower relative ridership. However, Metro and the town of Falmouth can work together to positively impact this in future years.

Westbrook

- The major contributing factors to Westbrook's anticipated assessment are the Transit West improvements, program/cost increases, planned fare increase, and Westbrook's proportional service increase, which means it absorbs more of Metro's fixed and overhead costs. The \$774k assessment amount is within expectations previously provided to Westbrook City Administration and City Council in 2017.
- The proposed changes to cost and revenue allocation generally offset each other in 2019 but set the stage for relatively stronger cost containment in the future than would be possible under the status quo. Especially due to the Husky Line and Route 3, route speeds are generally faster, whereas ridership and fare revenue are below the system average. However, ridership and revenue are expected to increase as the new routes mature. The addition of a stop at the Rock Row development is expected to increase ridership on the Husky Line in Westbrook.
- Looking ahead, Metro and Westbrook should continue to work together to improve route speeds through efforts to prioritize and further streamline transit.



- The proposal to fund the final year of the Falmouth JARC program with new funding means Westbrook will no longer bear any share of maintaining this program.

On behalf of the Metro Board of Directors, please accept our thanks for supporting public transportation. We look forward to continuing our efforts and record of results in advancing transit in the region. If you have any questions, please do not hesitate to contact me.

Respectfully,

Greg Jordan

Greg Jordan
General Manager/CEO

Attachment A – 2019-2023 Capital Improvement Program

Attachment B – Statutory Budget Procedures Applicable to the Greater Portland Transit District



#	PROJECT NAME-DESCRIPTION	FUNDING SOURCES						5-Five Year	
			2018	2019	2020	2021	2022	2023	Program
4	Safety-Security <i>The proposed 2018 project utilizes previously awarded federal funding for facility and bus system security. Metro plans to hire third party support to complete required security plans develop recommendations for high priority facility improvements. Funding proposed in 2020-2021 would complete facility security improvements.</i>	Local Share	10,600	-	10,000	-	-	-	10,000
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	-	-	40,000	-	-	-	40,000
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	10,600	-	50,000	-	-	-	50,000
5	Bus Purchases (Replacement) <i>Purchase new buses to replace existing buses that have exceeded their useful life. This project includes the replacement of the thirteen (13) 35 foot 2005 Gillig CNG buses over the course of 2019-2020 with. Six (6) buses will be replaced in 2019 and seven (7) will be replaced in 2020. All replacement buses will be 40' diesel New Flyers using Metro's existing contract with New Flyer. Two (2) of the four (4) 2004 Gillig Diesel buses will be replaced in 2020 with with New Flyers.</i>	Local Share	-	-	-	-	-	-	-
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	4,873,961	2,851,688	3,343,871	-	-	-	6,195,559
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	860,111	468,105	693,958	-	-	-	1,162,063
		Project Total	5,734,072	3,319,793	4,037,829	-	-	-	7,357,622
6	Battery Electric Buses Project <i>Metro secured \$1,145,000 from FTA's Low-No Emission Grant Program to purchase two (2) electric buses with supporting charging infrastructure. These two (2) buses will replace two (2) of the four (4) 2004 Gillig Diesel buses in 2020. The state of Maine has committed up to \$1.5 million to support Metro's share of this multi-agency project.</i>	Local Share	-	-	84,225	-	-	-	84,225
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	-	-	-	-	-	-	-
		Federal Grant (5339)	-	1,145,000	-	-	-	-	1,145,000
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	1,500,000	-	-	-	1,500,000
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	-	1,145,000	1,584,225	-	-	-	2,729,225
7	Bus Purchases (Expansion) <i>Purchase expansion buses necessary to provide expanded service.</i>	Local Share	-	-	-	-	-	-	-
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	-	-	-	-	-	-	-
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	-	-	-	-	-	-	-
8	Regional Sign-Shelter Project <i>This is the Regional Sign and Shelter Project that is provided funding for procurement and installation of 29 bus shelters and various bus stop improvements. An additional \$108k in federal funding was acquired in 2016-17 which requires \$27k in local match. In 2017, South Portland pulled out of the project freeing up \$191,200 in federal funding. Subject to a PACTS allocation process, Metro proposes to utilize this funding to support system-wide bus stop improvements including in support of the Transit West project.</i>	Local Share	32,000	-	-	-	-	-	-
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	128,000	-	-	-	-	-	-
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	160,000	-	-	-	-	-	-

#	PROJECT NAME-DESCRIPTION	FUNDING SOURCES						5-Five Year	
			2018	2019	2020	2021	2022	2023	Program
9	<u>Bus Stop Improvement Project</u> <i>Proposed 2019-2022 funding advances a new project focused on improving overall conditions at bus stops system wide. This includes develop a comprehensive set of standards governing bus stop facilities, equipment and amenities at all Metro's 500-600 bus stops. Funding proposed in 2019 would be used to complete a study and develop standards and approaches. Subsequent funding would move into design-engineering and installations.</i>	Local Share (Metro)	32,000	10,000	40,000	40,000	40,000	40,000	170,000
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	128,000	50,000	160,000	160,000	160,000	160,000	690,000
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	160,000	60,000	200,000	200,000	200,000	200,000	860,000
10	<u>Transit Stop Access Project</u> <i>This is a regional project that will make targeted ADA, pedestrian and bicycle improvements at/near Metro's bus stops and potentially build 1-3 min-hubs. The project will be coordinated with applicable cities/towns as necessary.</i>	Local Share (Metro)	21,000	21,000	100,000	100,000	100,000	-	321,000
		Local Share (Other)	9,000	9,000	-	-	-	-	9,000
		Federal Grant (5307)	120,000	120,000	400,000	400,000	400,000	-	1,320,000
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	150,000	150,000	500,000	500,000	500,000	-	1,650,000
11	<u>Electronic Messaging Signs</u> <i>Following the deployment of the AVL system, this project will install electronic messaging signs that provide real-time bus arrival information at high volume transit centers/bus shelters. This is a regional project with Metro as lead agency.</i>	Local Share	-	-	-	-	-	-	-
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	-	-	-	-	-	-	-
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	-	-	-	-	-	-	-
12	<u>Electronic Fare Collection System</u> <i>This project will replace Metro's aging fare collection system with an electronic fare collection system. The new system will support payments using smart cards and mobile apps while maintaining options for paying cash. The anticipated strategy involves layering smart fare payment system onto traditional cash based fareboxes.</i>	Local Share	-	120,000	-	-	-	-	120,000
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	-	480,000	-	-	-	-	480,000
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	-	600,000	-	-	-	-	600,000
13	<u>Support Fleet</u> <i>This project will purchase one (1) replacement service truck at an estimated cost of \$80,000 as well as two (2) support cars (\$60,000) to be used for bus operator transport between Metro HQ and driver shift change points and administrative use.</i>	Local Share	28,000	-	-	-	-	-	-
		Local Share (Other)	-	-	-	-	-	-	-
		Federal Grant (5307)	112,000	-	-	-	-	-	-
		Federal Grant (5339)	-	-	-	-	-	-	-
		Federal Grant (STP)	-	-	-	-	-	-	-
		State	-	-	-	-	-	-	-
		Locally Issued Bond	-	-	-	-	-	-	-
		Project Total	140,000	-	-	-	-	-	-

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August 20, 2010

David C. Redlefsen
General Manager
Greater Portland Transit District
114 Valley Street
Portland, ME 04102

RE: Statutory Budget Procedures Applicable to Greater
Portland Transit District

Dear Dave:

I am writing as you requested to outline the statutory procedures for the preparation and adoption of the annual budget and for the assessment and collection of taxes by the Greater Portland Transit District (the "District"). The statutory procedures for the preparation and adoption of the annual budget are governed by 30-A MRS §3516 and the procedures for assessment and collection of taxes are governed by 30-A MRS §3517. In the balance of this letter, I will outline these statutory procedures.

Preparation and Adoption of Annual Budget.

Under 30-A MRS §3516, the procedure for preparation and adoption of the annual budget of the District is as follows:

1. Formula for municipal contributions. On or before October 31, and before submitting the budget estimates required by paragraph 2 below to the municipal officers of the member towns, the board of directors of the District, by a 2/3 vote of its entire membership (i.e., 7 in favor), must approve a formula for calculating the contribution to be made by each member municipality to defray any projected deficit of the District. Under 30-A MRS §3516(2)(A) this formula must be based on such items as route mileage, profit or loss resulting from service to each municipality, population and any other factors that the board of directors considers relevant.

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2. Estimate of expenditures and revenues. After establishing the formula for municipal contributions under paragraph 1, the board of directors of the District must adopt a vote on or before October 31 at a duly called meeting approving an estimate of expenditures and revenues for the ensuing year and directing that it be submitted by the District to the municipal officers of each of the member towns. Under 30-A MRS §3504(2) a majority of the board of directors of the District constitutes a quorum and action taken by two-thirds of the directors is considered to be the action of the full board. The "municipal officers" in Portland, Westbrook and Falmouth are the members of the Portland City Council, Westbrook City Council and Falmouth Town Council respectively. Under 30-A MRS §3516(1)(A)-(E) the required estimate must include:
 - A. An itemized estimate of anticipated revenues during the ensuing fiscal year from each source;
 - B. An itemized estimate of expenditures for each classification for the ensuing fiscal year, including payments of principal and interest on bonds or notes issued or to be issued by the District;
 - C. An itemized statement of all actual receipts from all sources to, and including September 30th of each previous fiscal year, with estimated receipts from those sources shown for the balance of the year;
 - D. An itemized statement of all actual expenditures, up to and including September 30th of each previous fiscal year, with estimated expenditures shown for the balance of the year; and
 - E. An estimate of revenue surplus or deficit of the District for the fiscal year for which estimates are being prepared.

The formula for municipal contributions adopted under paragraph 1 above and the amount of the contribution required from each member municipality must be shown in the estimates submitted to the municipal officers of each town.

3. Failure of Board of Directors to approve formula for municipal contributions by November 1st and petition to Public Utilities Commission. If the Board of Directors is unable to establish a formula for municipal contributions by a two-thirds vote of the entire membership (i.e., 7 favorable votes) then, also by November 1st, the Board must petition the Public Utilities Commission to adopt a formula. A vote of the directors approving the petition and directing its submission to the PUC should be approved by two-thirds of the members of the Board present and voting at a meeting at which a quorum of the Board is present. This vote must be adopted, and the petition must be submitted, to the PUC prior to November 1st, and prior to filing the estimates required under paragraph 1. In addition, if the board has failed to approve a formula, the estimates filed under

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paragraph 2 must include a statement “that a formula has not been established but that a petition has been made to the PUC for findings and a decision with respect to a formula.” Under 30-A MRS §3516(2)(c), if a petition is filed with the PUC, the PUC must give notice to the member municipalities, hold a hearing, make findings and establish a formula within sixty (60) days from the filing of the District’s petition. The findings and decision of the PUC are binding on the District and the member towns, provided that the District or any member town may appeal the PUC’s decision to the Law Court in accordance with 35-A MRS §1320.

4. Refusal of municipal officers to accept the formula established by the District’s Board of Directors. If the District’s board of directors establishes a formula for municipal contributions by a two-thirds vote of its full membership and submits that formula to the municipal officers of the member towns by November 1st, but the municipal officers of a member town refuse to accept the formula, then the municipal officers are required, within thirty (30) days after the District’s submission of the formula, to notify the District’s board of directors of their refusal. If the District receives notice of such a refusal to accept the formula by the municipal officers of a member town, the District’s board of directors is then required to petition the PUC by December 15th to establish a formula. In that situation, two-thirds of the board of directors present and voting at a meeting at which a quorum is present should adopt a vote approving the petition to the PUC and directing its submission to the PUC prior to December 15. The PUC must then give notice to the member municipalities, conduct a hearing, make findings and a decision with respect to the formula within sixty (60) days of the filing of the District’s petition. The district or any member municipality may appeal the PUC’s decision to the Law Court under 35-A MRS §1320.
5. Adoption of final District budget. By March 1st of each year, the board of directors of the District is required to adopt a final budget for the District for that year which is itemized in the same manner as required for the estimates required under paragraph 2. The final budget must be approved by two-thirds of the members of the district in accordance at a meeting at which a quorum is present. The final budget is then required to be submitted immediately to the municipal officers of the member municipalities. The amounts required to defray any projected deficit must be included in a warrant issued to the assessors of each member municipality as provided in 30-A MRS §3517. 30-A MRS §3516(3)(A) establishes the procedures to be followed if an appeal has been taken from a decision of the PUC and that appeal is still pending on March 1st.
6. The District’s Warrant for Taxes. Pursuant to 30-A MRS §3517, the directors of the District are required to issue their warrant for the collection of taxes to the

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assessors of the member municipalities. The form of warrant should be based on the form of the warrant which has been used by the Treasurer of State for State taxes, with proper changes to adapt it to the District's situation. The warrants should be approved by two-thirds of the members of the District board of directors in attendance at a meeting at which a quorum is present. The warrants should be signed by the District's board of directors. The warrants direct the assessors of the member municipalities to assess the sums allocated to each municipality on their taxable property and to commit that assessment to the tax collector of each member municipality. Within thirty (30) days after the date that taxes are due within each member municipality, the treasurer of that municipality is required to pay the amounts due to the District.

If you have any questions about these procedures, or if I can be of assistance in preparing the necessary votes, notices or warrants, please do not hesitate to give me a call.

Very truly yours,



Richard A. Spencer

RAS/kmr