

METRO

Greater Portland Transit District
114 Valley Street | Portland ME 04102

November 1, 2017

[SUBMITTED BY E-MAIL]

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

Re: Preliminary 2018 Budget and Formula

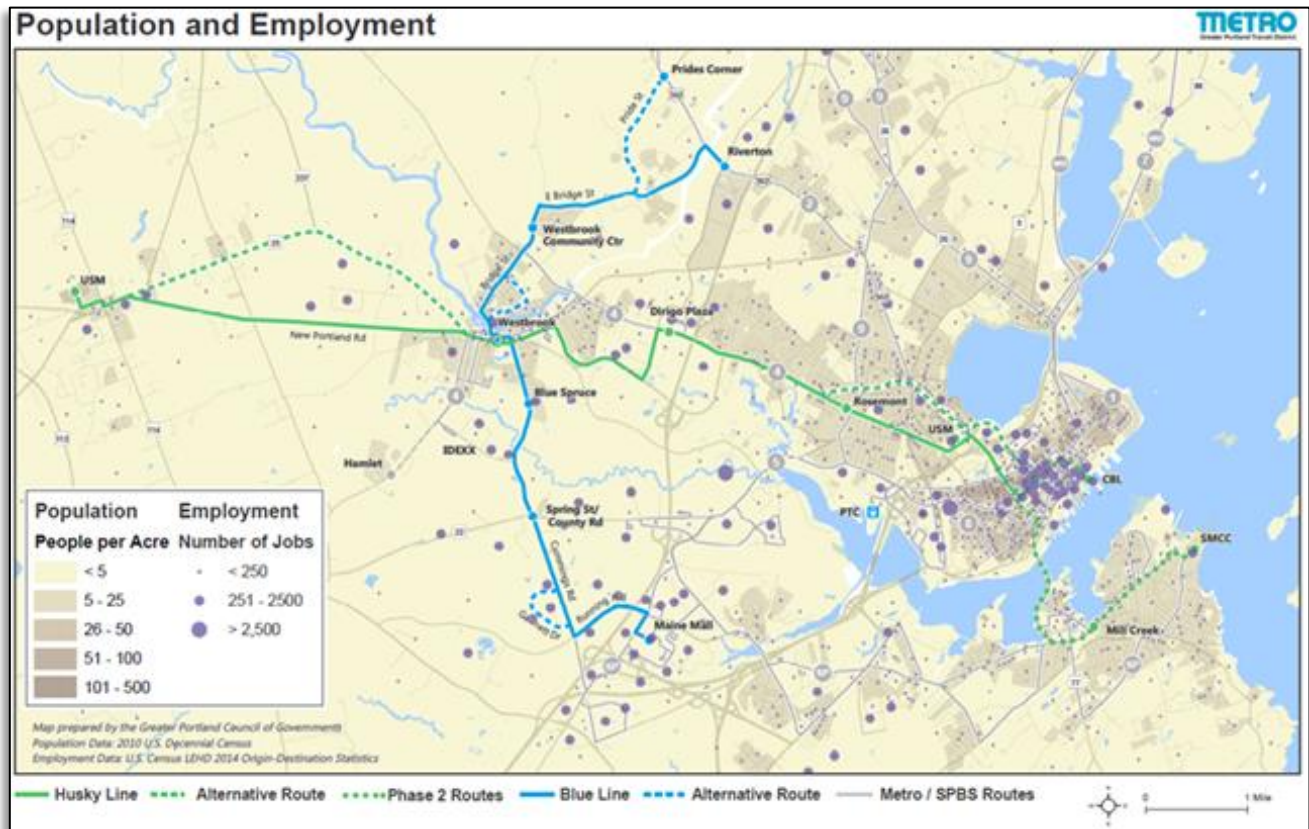
Dear Mr. Poore,

On October 25, 2017, the Greater Portland Transit District (METRO) Board of Directors unanimously approved the Fiscal Year 2018 Preliminary Budget and Formula. In accordance with 30-A-MRS §3516 and 30-A-MRS §3516 (Attachment A), METRO is submitting its Fiscal Year 2018 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 your convenience, I have incorporated the major elements of the approved preliminary budget within this letter and provided the detailed line item budget as an attachment. In addition, I have attached a document outlining the statutory budget procedures prepared by METRO's legal counsel.

For **ADA PARATRANSIT SERVICE** in Falmouth, the estimated 2018 local contribution of \$1,046 is allocated based on the estimated boardings in Falmouth. ADA paratransit boardings increased overall in 2017, but have not increased in Falmouth. METRO staff is actively working with its contractor, the Regional Transportation Program, to control costs and ridership volume as well as increase revenue.

For **BUS SERVICE** in Falmouth, the Metro Board of Directors approved a 2018 local contribution of \$159,290. This is a 1.7% increase compared to 2017. There are no significant service changes planned for Falmouth in 2018. However, Falmouth residents who use the Metro transit system will benefit from an expansion of METRO transit service in mid-2018. The Transit West Project will add the Husky Line, the Blue Line and restructure the Route 4 (Main/Brighton) and Route 2 (Forest). In addition, an unlimited access transit pass program purchased by the University of Southern Maine will allow USM students living in Falmouth to more easily use public transit. The map below illustrates the two planned new bus routes.



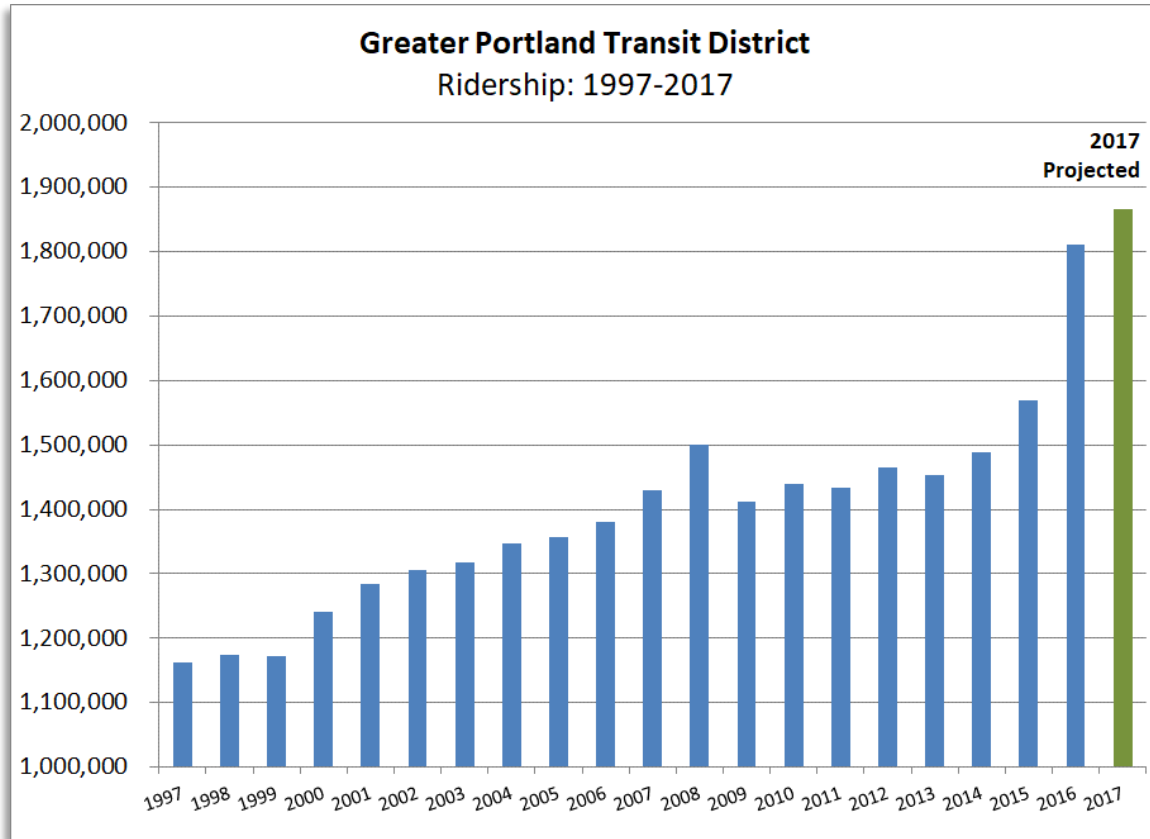
METRO OVERVIEW

METRO operates eight (8) bus routes serving the communities of Falmouth, Freeport, Portland, Westbrook, Yarmouth and the Maine Mall area of South Portland. METRO 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 2017 Ridership: 1,865,000 (up 3% from 1,810,825 in 2016)
- Projected 2017 Fare Recovery Ratio: 24% (down from 25-26% in 2016)
- Projected 2017 LOCAL System Productivity: 2.1 boardings per mile (up from 2.0 in 2016).

Figure 1: METRO 20 Year Ridership Trends



2017 TOP ACCOMPLISHMENTS

- Ridership Growth - 2017 ridership is expected to be 3% higher than 2016.
- METRO Breez Service Expanded – In August 2017, the METRO Breez added trips, expanded hours, eliminated the Falmouth segment and extended service to the town of Brunswick. The Breez now provides express bus service between Brunswick, Freeport, Yarmouth, and Portland. In the first few months of the expanded system, ridership is exceeding expectations.
- METRO-Portland Public Schools High School Transit Pass Program – Now in the third year of the program, the pass program continues to be successful. For 2017, METRO estimates approximately 255,000 high school student boardings attributable to school days, including summer sessions. The revenue METRO receives from this program has helped implement service improvements in Portland and contained increases in local contributions.
- Transit West Project – During 2017, funding was secured and the planning process begun to expand local transit services in Portland, Westbrook, South Portland and Gorham in 2018 while simultaneously connecting the two USM campuses with public transit.
- University of Southern Maine (USM) Unlimited Access Transit Pass Program – finalized an agreement with USM to offer students, staff and faculty an unlimited access transit pass program. USM transit pass program commencing in August 2018.

- Completed facility renovations project at METRO 114 Valley Street headquarters.
- Completing Phase 1 of the Regional Transit Development Plan – With support from the Greater Portland Council of Governments, the Transit Committee of the Portland Area Comprehensive Transportation System (PACTS) will complete phase 1 of a 2 phased Regional Transit Development Plan. Phase 1 is focused on developing near term recommendations to improve the efficiency and effectiveness of the existing regional transit network within existing financial constraints.
- Completed Evaluation of METRO-South Portland Transit Service Consolidation – by December 2017, METRO and the City of South Portland will have completed the staff level evaluation and financial forecasting related to merging South Portland’s directly operated bus service with METRO’s. This evaluation will form the basis of a METRO Board and South Portland City Council discussion in 2018.

2018 TOP OBJECTIVES

- Implement transit service improvements associated with the Transit West project.
- Complete installation of up to 30 new shelters and/or bus stop improvements in all three METRO communities: Falmouth, Portland and Westbrook.
- Work with 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 for the region.
- 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 is planned for late 2018 or 2019.
- Update METRO’s Fare Policy Analysis to develop recommendations to increase fares, adjust pricing for various pass products and optimize timing of fare changes.
- Reach agreement with the City of South Portland for the consolidation of bus services.
- Implement the USM unlimited access transit pass program.
- Develop and release competitive procurement for ADA Paratransit services which could include utilization of app based ride sharing services.

2017 OPERATING AND CAPITAL BUDGET

The 2018 preliminary operating budget totaling \$10,095,931 reflects a net increase of 1,402,582 (16.1%) compared to the 2017 budget. This includes the local match requirement of \$124,600 for the 2018 Capital Improvement Program. The principal driver of the increase in expenditures are costs related to the Transit West expansion which increases bus service in Portland, Westbrook and South Portland and expands service to Gorham.

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	Gorham	Breez	Total
Route 1	95,432						95,432
Route 2	112,383	29,367					141,750
Route 3 (New Service)	2,204	34,102		1,635			37,941
Route 4	90,883	75,991					166,874
Route 5	103,472			33,988			137,460
Route 7	25,948		44,049				69,997
Route 8	50,786						50,786
Route 9A	104,998						104,998
Route 9B	104,631		8,029				112,661
Husky Line (New Service)	27,046	23,748			25,067	-	75,861
Breez (Expanded mid 2017)	-	-	-	-	-	254,977	254,977
Total	717,783	163,208	52,079	35,623	25,067	254,977	1,248,737
<i>Mileage Percentages</i>	<i>57%</i>	<i>13%</i>	<i>4%</i>	<i>3%</i>	<i>2%</i>	<i>20%</i>	<i>100%</i>
2017 Revenue Miles	691,065	111,964	52,306	34,249	-	120,670	1,010,254
<i>Absolute Change</i>	<i>26,718</i>	<i>51,244</i>	<i>(227)</i>	<i>1,374</i>	<i>25,067</i>	<i>134,307</i>	<i>238,483</i>
<i>% Change</i>	<i>4%</i>	<i>46%</i>	<i>0%</i>	<i>4%</i>	<i>n/a</i>	<i>111%</i>	

Please note that the miles associated with the Route 5 in South Portland and a portion of the estimated miles in Gorham 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 Brunswick, 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	1,402,582	16.1%	
2018 Revenue Supported Increases:			
Transit West Est. Expenditures	\$ 565,468	6.5%	Direct costs to provide expanded service; offset by grants-municipalities.
Benefits (w/o expansion impact)	\$ 196,306	2.3%	Insurance premium increases.
Employee COLA/Step Increases	\$ 192,302	2.2%	Annual increases per contract.
BREEZ Est. Expenditures	\$ 134,681	1.5%	Direct costs related to Breez expansion; offset by grants-towns during pilot stage.
ADA Paratransit	\$ 76,860	0.9%	Increases in ADA paratransit ridership.
Bus Parts (not related to expansion)	\$ 72,000	0.8%	Increase in fleet parts costs due to aging buses and end of warranties.
1 New Accounting/clerical staff	\$ 46,597	0.5%	Needed administrative support.
Miscellaneous	\$ 35,746	0.4%	Net increase of remaining items.
Fuel (Price, not related to expansion)	\$ 35,044	0.4%	Estimated price increase in fuel.
Insurance (Cost +Transit West expansion)	\$ 22,001	0.3%	Premium increases plus added buses.
Health Reimbursement Arrangement	\$ 15,301	0.2%	Increase based on history and new employees.
Capital Program	\$ 10,276	0.1%	Increase in local match related to CIP.
Total	\$ 1,402,582	16.1%	

The estimated 2017 local contribution of \$3,489,964 for **BUS SERVICE** is allocated based on the percentage of revenue miles in each community. There is a reduction in the federal Job Access and Reverse Commute (JARC) grant program utilized to support the Route 7 in Falmouth. The amount credited to Falmouth is reduced by \$5,000 from \$40,500 to \$35,500.

Table 5: Local Contributions for Bus Service

Revenue Miles Percentage Breakdown	2017	2018	Change in Percentage	
Falmouth	6%	6%	-1%	
Portland	81%	77%	-4%	
Westbrook	13%	17%	4%	
Total	100%	100%	0%	
Base Contributions	2017	2018	\$ +/-	% +/-
Falmouth	\$ 197,154	\$ 194,790	\$ (2,364)	-1%
Portland	\$ 2,604,782	\$ 2,684,728	\$ 79,946	3%
Westbrook	\$ 422,016	\$ 610,446	\$ 188,430	45%
Total	\$ 3,223,952	\$ 3,489,964	\$ 266,012	8%
JARC Grant Program	2017	2018	\$ +/-	% +/-
Falmouth	\$ (40,500)	\$ (35,500)	\$ 5,000	-12%
Portland	\$ 34,627	\$ 28,922	\$ (5,705)	-16%
Westbrook	\$ 5,873	\$ 6,578	\$ 705	12%
Total	\$ -	\$ -	\$ (0)	0%
Adjusted Contributions	2017	2018	\$ +/-	% +/-
Falmouth	\$ 156,654	\$ 159,290	\$ 2,636	1.7%
Portland	\$ 2,639,409	\$ 2,713,649	\$ 74,241	2.8%
Westbrook	\$ 427,889	\$ 617,024	\$ 189,135	44.2%
Total	\$ 3,223,952	\$ 3,489,964	\$ 266,012	8.3%

The estimated 2018 local contribution of \$104,640 **ADA PARATRANSIT** is allocated based on the estimated boardings anticipated in each community. RTP has been the legacy provider of this service for several decades and previously entered into separate contracts with each of the participating municipalities.

Table 6: Local Contributions for ADA Paratransit

Category	2015-16	2017	2018	% Change	Notes
Gross Cost	\$ -	\$ 495,933	\$ 595,997	20%	Gross cost increases due to higher boardings
Fare Revenue	\$ -	\$ 49,593	\$ 72,797	47%	Fare Recovery
Net Cost	\$ 179,800	\$ 446,340	\$ 523,200	17%	
Federal Funding	\$ -	\$ 357,072	\$ 418,560	17%	Max is 80% of net cost.
Local Funding	\$ 179,800	\$ 89,268	\$ 104,640	17%	Must be at least 20% of net cost.
Portland	\$ 130,459	\$ 72,380	\$ 78,480	8%	Allocation based on anticipated ridership.
Westbrook	\$ 49,341	\$ 15,150	\$ 25,048	65%	Allocation based on anticipated ridership.
Falmouth	\$ -	\$ 1,738	\$ 1,046	-40%	Allocation based on anticipated ridership.

In 2016, METRO took over as the managing authority to leverage federal funding and ensure proper federal compliance and professional oversight. During this transition, Maine’s Department of Health and Human Services’ MaineCare transportation broker (Logisticare) began shifting its clients to the ADA Paratransit category to take advantage of lower fares. As a result, total ADA Paratransit boardings increased from approximately 6,000 boardings per year to 18,000.

METRO staff are in the process of renegotiating the ADA Paratransit contract with RTP. Key terms such as gross rate per passenger and fares charged to third party social service agencies (e.g., Logisticare) may change. In addition, METRO staff is pursuing strategies to contain ridership growth and plan to competitively procure this contract in late 2018.

On behalf of METRO, I want to thank the Town of Falmouth for supporting public transportation. We look forward to a focused effort in 2018-19 to consider possible service improvements in Falmouth that will benefit Falmouth residents, workers and businesses. If you have any questions, please do not hesitate to contact me.

Respectfully,

Gregory Jordan

Gregory Jordan
General Manager

Attachment (1) – Preliminary 2018 Budget: Expenditures and Revenues

Attachment (2) – Statutory Budget Procedures Applicable to the Greater Portland Transit District

**Greater Portland Transit District | METRO
2018 Revenue Budget**

Title	2016 Actual	2017 Budget	2017 Est	2018 Request	\$ +/-(-)	% +/-(-)
Fare Revenue						
Cash Fares	758,225	\$ 835,000	\$ 760,000	914,000	79,000	9.5%
Monthly Passes [all]	465,883	550,000	521,895	564,125	14,125	2.6%
10 Ride Tickets [all]	311,667	330,000	310,000	338,500	8,500	2.6%
Single Ride Tickets [all]	71,169	95,000	68,579	77,375	(17,625)	-18.6%
BREEZ Fares	10,997	18,000	22,665	28,000	10,000	55.6%
Reduced Fares	52,993	50,000	58,431	60,000	10,000	20.0%
BREEZ Reduced Fares	1,902	4,500	1,584	3,100	(1,400)	-31.1%
Student Fares	1,240	1,400	14,906	15,000	13,600	971.4%
Day Pass Sales	1,369	2,000	986	1,100	(900)	-45.0%
Fare Discount Coupons	(888)	(1,000)	(900)	(1,000)	-	0.0%
BREEZ Day Pass	46	200	20	-	(200)	-100.0%
SMCC Fares	29,679	27,765	27,765	27,765	-	0.0%
Portland Student Fares	167,672	181,800	187,500	187,500	5,700	3.1%
Baxter Academy Fares	1,196	3,375	2,456	2,438	(938)	-27.8%
USM Fares	-	-	-	125,000	125,000	100.0%
Baxter Academy Fares - BREEZ	2,103	5,400	4,790	4,975	(425)	-7.9%
Bus & Buy	27,959	20,000	24,686	25,000	5,000	25.0%
Total Fare Revenue	1,903,212	2,123,440	2,005,363	2,372,878	249,438	11.7%
Other Revenue						
Advertising Revenue	186,460	189,000	189,000	232,300	43,300	22.9%
Fleet Maintenance Services	13,536	20,000	21,300	21,000	1,000	5.0%
Rental Income	28,815	38,424	38,424	38,424	-	0.0%
Interest Income	2,131	1,100	5,000	5,000	3,900	354.5%
Miscellaneous Income*	14,378	6,280	4,776	27,300	21,020	334.7%
CNG Sales	23,344	27,000	34,500	37,000	10,000	37.0%
Total Other Revenue	268,664	281,804	293,000	361,024	79,220	28.1%
Contributions/Reimbursements						
Municipal Reimb - Operating	3,043,346	3,109,628	3,109,628	3,365,364	255,736	8.2%
Municipal Reimb - Operating - BREEZ/TW	8,770	23,134	23,134	103,846	80,712	348.9%
Municipal Reimb - Capital	106,855	114,324	114,324	124,600	10,276	9.0%
Municipal Reimb - Capital - BREEZ	41,988	41,988	41,988	44,488	2,500	6.0%
ADA Paratransit Revenue - Municipal	49,361	89,268	105,452	104,640	15,372	17.2%
State Operating	170,426	170,426	170,426	170,426	-	0.0%
State - Other (MEMA)	-	-	1,212	-	-	0.0%
Federal Reimb - Operating	1,682,789	1,716,445	1,716,445	1,822,174	105,729	6.2%
Federal Reimb - Operating - BREEZ	112,081	216,000	233,127	303,464	87,464	40.5%
Federal JARC Reimbursement	70,000	71,400	71,400	-	(71,400)	-100.0%
Federal Reimb - ADA Paratransit	98,653	357,072	312,000	418,560	61,488	17.2%
Federal Reimb - West Expansion	-	-	-	296,667	296,667	100.0%
Federal Reimb - Preventative Maint	371,000	378,420	378,420	607,801	229,381	60.6%
Federal Reimb - Capital Maint	25,818	-	135,231	-	-	0.0%
Federal GGE Alternative Fuel Reimb	102,511	-	-	-	-	0.0%
Discounts	-	-	47	-	-	0.0%
	5,883,598	6,288,105	6,412,834	7,362,030	1,073,925	17.1%
Total Revenue	\$ 8,055,474	\$ 8,693,349	\$ 8,711,197	\$ 10,095,931	\$ 1,402,582	16.1%

**Greater Portland Transit District | METRO
2018 Budget**

Title	2016 Actual	2017 Budget	2017 Est	2018 Request	\$ +/-	% +/-
Wages						
Wages - Operators	2,843,629	2,761,555	2,801,160	3,322,710	561,155	20.3%
Wages - Maintenance	650,607	685,261	686,625	720,993	35,732	5.2%
Wages - Administration	440,356	692,131	682,933	648,414	(43,717)	-6.3%
Overtime	268,715	255,720	273,514	298,920	43,200	16.9%
Total Wages	4,203,307	4,394,667	4,444,232	4,991,037	596,370	13.6%
Benefits						
Health Insurance	828,170	948,616	971,559	1,219,773	271,157	28.6%
Pension	195,202	246,992	222,913	260,986	13,994	5.7%
FICA/SoSec	307,143	336,192	320,995	368,940	32,748	9.7%
HRA	90,233	54,699	62,616	70,000	15,301	28.0%
Dental	48,925	46,056	46,231	55,840	9,784	21.2%
Disability	37,726	29,027	32,123	32,585	3,558	12.3%
Workers Comp	67,014	82,430	85,000	77,741	(4,689)	-5.7%
Unemployment	7,630	9,545	8,790	9,000	(545)	-5.7%
Uniforms	14,670	15,100	18,425	20,150	5,050	33.4%
Contract Reimbursements	5,736	7,150	6,911	7,900	750	10.5%
Total Benefits	1,602,449	1,775,807	1,775,563	2,122,916	347,109	19.5%
Total Wages & Benefits	5,805,756	6,170,474	6,219,795	7,113,952	943,478	15.3%
Non-Personnel Expenditures						
Marketing Fees	46,003	31,109	31,109	55,750	24,641	79.2%
Technology Services	28,909	30,094	36,779	40,914	10,820	36.0%
Legal Fees	35,962	25,000	23,343	30,000	5,000	20.0%
Audit Fees	11,625	20,000	21,000	20,000	-	0.0%
Bank and Credit Card fees	5,004	5,000	7,490	7,800	2,800	56.0%
Other Professional Services (incl COG)	33,396	47,186	30,586	99,000	51,814	109.8%
Temporary Help	122,594	-	85,958	-	-	0.0%
Copier Maintenance	-	-	2,988	3,047	3,047	100.0%
Maintenance Services	34,892	43,542	52,708	59,277	15,735	36.1%
Compressor service (contract)	-	45,000	-	25,000	(20,000)	-44.4%
Snow Plowing and Removal	-	10,000	7,692	8,000	(2,000)	-20.0%
Medical Employment Services	6,157	11,269	6,452	6,538	(4,731)	-42.0%
Contract Services - ADA Paratransit	246,806	446,340	527,262	523,200	76,860	17.2%
Contract Services - Fleet Maintenance	10,584	11,000	17,524	20,500	9,500	86.4%
Miscellaneous Services	8,996	5,100	2,144	2,920	(2,180)	-42.7%
CNG Fuel	195,365	200,000	222,065	278,000	78,000	39.0%
Diesel Fuel	212,936	225,000	205,784	259,794	34,794	15.5%
Grease & Fluids - Buses	36,958	38,000	38,000	42,239	4,239	11.2%
Grease & Fluids Other Than Buses	1,239	2,600	2,907	2,900	300	11.5%
Bus Tires	106,503	30,000	30,000	40,000	10,000	33.3%
Other Tires	3,821	-	500	1,000	1,000	100.0%
Supplies & Equip - Custodial	7,077	10,700	13,000	13,000	2,300	21.5%
Supplies & Equip - Property and Plant	80,660	50,000	35,000	31,500	(18,500)	-37.0%
Supplies & Equip - Shop	6,925	20,000	26,000	28,000	8,000	40.0%
Bus Parts and Supplies	291,586	203,000	304,079	300,000	97,000	47.8%
Other Vehicle Parts and Supplies	5,240	-	1,500	1,500	1,500	100.0%
Supplies & Equip - Compressor Facility	37,144	5,000	15,000	15,000	10,000	200.0%

**Greater Portland Transit District | METRO
2018 Budget**

Title	2016 Actual	2017 Budget	2017 Est	2018 Request	\$ +/-	% +/-
Supplies & Equip - Bus Stops	246	22,920	22,920	10,000	(12,920)	-56.4%
Fare Media	10,178	11,460	10,556	11,150	(310)	-2.7%
Supplies & Materials - Marketing	26,332	23,515	23,515	19,800	(3,715)	-15.8%
Office Supplies	16,273	18,000	17,000	18,000	-	0.0%
Postage	2,002	2,700	3,120	3,886	1,186	43.9%
Heating Fuel	119,212	174,000	149,718	157,008	(16,992)	-9.8%
Electricity	113,253	109,889	112,500	116,942	7,053	6.4%
Water/Sewer/Stormwater	18,017	21,401	23,120	23,728	2,327	10.9%
Phone Services	18,084	24,520	24,369	47,748	23,228	94.7%
Insurance - Physical Damage	125,187	44,423	-	-	(44,423)	-100.0%
Recover of phys damage losses	(9,089)	-	(20,149)	-	-	0.0%
Insurance - Public Liab/Property Damage	41,901	150,699	190,894	218,704	68,005	45.1%
Insurance - Public Officials	6,552	8,788	6,552	7,207	(1,581)	-18.0%
Dues & Subscriptions	26,442	17,320	20,280	22,108	4,788	27.6%
HRA Annual Fee		5,328	4,691	6,600	1,272	23.9%
Travel, Conference and Meetings	9,972	9,000	6,733	14,820	5,820	64.7%
Employee Training	4,345	6,750	1,208	3,495	(3,255)	-48.2%
Goodwill Fund	6,538	-	-	-	-	0.0%
Meals & Hosting	99	4,500	3,892	5,832	1,332	29.6%
BREEZ advertising		10,400	20,000	-	(10,400)	-100.0%
Advertising Costs	36,937	28,625	28,625	40,500	11,875	41.5%
Wellness Program Costs		10,800	8,900	12,000	1,200	11.1%
Licenses & Permits	467	-	353	390	390	100.0%
Principal Payments		125,144	125,144	137,448	12,304	9.8%
Interest on Long Term Debt	16,528	13,429	13,429	13,634	205	1.5%
Interest on Short Term Debt	2,939	5,000	7,200	6,500	1,500	30.0%
Capital		114,324	114,324	124,600	10,276	9.0%
Fund Balance Restoration		45,000	-	45,000	-	0.0%
Total Non-Personnel	2,168,797	2,522,875	2,665,764	2,981,979	459,104	18.2%
Total Expenditures	\$ 7,974,553	\$ 8,693,349	\$ 8,885,558	\$ 10,095,931	\$ 1,402,582	16.1%

Richard A. Spencer

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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