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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.

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 30<sup>th</sup> 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 30<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup>, 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 1<sup>st</sup>, 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

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 1<sup>st</sup>, 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 15<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup>.
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,

A handwritten signature in cursive script, appearing to read "Richard A. Spencer".

Richard A. Spencer

RAS/kmr