Finance Committee

December 2, 2026 | 3:00 pm – 4:30 pm

Onsite:

Greater Portland Transit District
114 Valley Street, Conference Room A | Portland, ME 04102

Remote:

Please click the link below to join the webinar:
https://us02web.zoom.us/j/83746486913?pwd=WWplCvksYLOkbafCTmn5qlmQQIyHpP.1
Passcode: 190105 | Webinar ID: 837 4648 6913
Phone: (646) 931-3860 | Telephone participants: *9 to raise hand, *6 to unmute

MEETING AGENDA

AGENDA ITEM	PRESENTER	ACTION or INFORMATION
1. Call Meeting to Order (3:00)	Josh Reny, Committee Chair	N/A
2. Public Comment (3:00-3:05) The Finance Committee welcomes public comment. For items NOT listed on this agenda, the chair will recognize speakers at this point on the agenda. For items on the agenda, the chair will recognize public comment following the staff presentation. There is a 3-minute time limit per speaker.	Josh Reny, Committee Chair	Information
3. Approval of Meeting Minutes (3:05-3:05) The committee will be asked to approve minutes from the October 22, 2026 meeting of the Finance Committee.	Josh Reny, Committee Chair	**ACTION**
4. Financial Reserve Policy (3:05-3:30) Staff will review proposed options for achieving Financial Reserve Policy goal, and recommend Financial Reserve Policy revision.	Shelly Brooks, Chief Financial Officer	Information/ **POSSIBLE ACTION**
5. Authorization for Tax Anticipation Borrowing (3:30-3:50) Authorize issuance of a Tax Anticipation Note (TAN) of $6,600,000 to provide operating cash flow for Metro's budget year 2027 through short-term borrowing.	Shelly Brooks, Chief Financial Officer	**ACTION**
6. Future Agenda Items (3:50 – 3:55) Committee members may request future agenda items. • 2027 Final Operating and Capital Budget February 2027 • Long Range Financial Forecasting- 2027	Josh Reny, Committee Chair	Information

• Funding Strategy for CIP- 2027 • Fleet Replacement Schedule- 2027 • Advertising Revenue Phase Out- 2027		
7. Upcoming Meetings (3:55 – 4:00) • Board of Directors – December 10, 2026, at 4:00 pm • Finance Committee – T.B.D. • Market/Coms Committee – T.B.D. • Advocacy Committee – T.B.D. • Planning & Ops Committee - T.B.D. • Executive Committee – T.B.D. • Facility Planning Committee – T.B.D. • Metro Holiday Party – December 17, 2026 at 11:00 am	Josh Reny, Committee Chair	Information
8. Adjournment (4:00)	Josh Reny, Committee Chair	**ACTION**

As of November 9, 2022 Greater Portland METRO is holding meetings of the Board of Directors (and its committees) in hybrid format, both in person at METRO's offices and via webinar. The remote portions of all meetings are conducted in accordance with the requirements of METRO's Remote Participation Policy (adopted August 25, 2022) as well as LD 1772, PL 2022 Ch. 666, and 1 MRSA Chapter 13, Subchapter 1.

Greater Portland Metro Finance Committee
Thursday, October 22 at 3:30 pm
DRAFT Meeting Minutes:

Member:	Municipality:	Role:	Status:
Joshua Reny	South Portland	Chair	Present
Paul Bradbury	Portland	Vice Chair	Present
Merrill Barter	Falmouth	Member	Present
Tom Poirier	Gorham	Member	Present
Ed Suslovic	Portland	Non-voting Attendee	Present

Staff Present	Identified Members of the Public
Shelly Brooks – Chief Financial Officer	Present
Glenn Fenton – Executive Director	Present
Mike Tremblay – Director of Transit Development	Present
Megan Hannan – Director of Government Affairs	Present
Denise Beck - Marketing / EA	Present

1 This meeting was called to Order By Josh Reny at 3:32 pm.

2 Public Comment:
No public comment

3 Approval of September 9, 2026 Draft Meeting Minutes:
Paul Bradbury motioned, seconded by Merrill Barter to approve the September 9, 2026 meeting minutes of the Finance Committee. After a roll call vote, the motion passed unanimously of those present.

4. Financial Reserve Policy
Shelly Brooks updated the Finance Committee on the growth of Metro's fund balance since 2019 and on the contribution that would be needed in the FY2027 budget to meet, or to maintain, the reserve levels set in the Board-approved Financial Reserve Policy. In April 2022, the Metro Board approved a minimum reserve of two months (16.66%) of budgeted operating expenditures.

Although the dollar balance continues to grow, the ratio is trending down as the budget grows (8.2% in 2025, 7.8% projected for 2026, 6.9% in the FY2027 draft). A contribution of $483,100 is needed to maintain the target for 2027.
(Additional information about this item in meeting materials.)

Committee members discussed the role of the fund balance and the challenge to reach the target amount this year. Ed Suslovic said that the approved reserve amount is a good policy; but, it's difficult to reach the goal. Paul Bradbury agreed and asked that the Board make a decision on what is a reasonable goal going forward, noting that at a minimum, the balance should remain flat. Josh Reny, referring to the slide showing the yearly trend line agreed on the importance of not losing ground. He recommended that the Board should have a few options to review.

5. Metro Facility Expansion Funding Plan

Glenn Fenton presented an overview for funding the replacement and expansion of Metro's current Operations and Maintenance facility. He reviewed:

- Criteria for in-kind local match contributions of real property, equipment, and supplies as part of non-Federal share.
- MaineDOT support of the project, which will be added to their workplan, noting that federal and non-federal funding assistance would be available.
- The Funding Plan, for 2027 – 2031, for the facility expansion.

This Facility Planning Committee will recommend to Metro's Board of Directors that staff pursue acquisition of 151 St John Street for the purpose of expanding and redeveloping Metro's current operations and maintenance facility. The recommendation does not include the approval to purchase real estate. Any future real estate purchase would require additional action by Metro's Board of Directors.
(Additional information about this item in meeting materials.)

6. Metro's Operating Budget and Capital Improvement Program (CIP)

<u>2027 Operation Budget:</u>

Shelly Brooks presented the final draft of Metro's proposed 2027 Operating Budget. Wages and benefits account for 72% of the operating budget of $23,463,197, a 14% increase over FY2026.

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Following the Finance Committee review, in September 2026, of the first draft budget, staff had made several adjustments to balance the budget.
(Budget presentation included in meeting materials.)

Adjustments include **reductions** in budgeted expenses for wages and benefits and services and fees and **increases** in forecasted fare revenue, Federal, State, and Municipal funding.

Glenn Fenton added that staff is expecting ridership to grow with the new Scarborough service, and Metro should be in a good position for federal funding. The committee discussed various aspects of the budget, including the loss of ARPA funding and increased pricing for diesel fuel. Metro is not currently contracted for fuel and is holding out, for now, hoping that diesel pricing improves before the deadline to make a purchasing decision.

Updated Capital Improvement Program
(The 2027-2031 Capital Improvement Program (CIP) included in the meeting materials.)

After discussion, Josh Reny asked for a motion to approve the Metro FY2027 Operating Budget and CIP. Paul Bradbury made a motion, seconded by Merrill Barter and approved unanimously after a roll call vote.

7. Future Agenda Items

Committee members may request future agenda items.

- 2027 TAN Financing- November/December
- 2027 Final Operating and Capital Budget - February 2027
- Long Range Financial Forecasting- October
- Fleet Replacement Schedule- October
- Advertising Revenue Phase Out- TBD
- Fund Balance with Recommendation (added to the list at 10.22.26 meeting)

While discussing future agenda items, Paul Bradbury asked where meeting minutes were located on the website. Denise Beck said meeting minutes are currently included in draft form in meeting materials; but, will be posted after approval in a more convenient location on the website.

8. Upcoming Meetings

- Board of Directors – October 29, 2026, at 4:00 pm
- Finance Committee – rescheduled from Nov 4 to **December 2, 2026 at 3:30 pm**

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- Market/Coms Committee – November 4, 2026 at 3:30 pm
- Advocacy Committee – November 12, 2026 at 12:30 pm
- Planning & Ops Committee - Nov. 18, 2026 at 10:30 am
- Executive Committee – November 25, 2026 at 3:30 pm
- Facility Planning Committee – T.B.D.
- Board of Directors – December 10, 2026 at 4:00 pm

9. Adjournment:

Motion to adjourn by Tom Poirer, seconded by Paul Bradbury.
Meeting adjourned by Josh Reny at 4:37 pm.

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GREATER PORTLAND METRO

FINANCIAL RESERVE POLICY

Purpose and Goals of Reserve

The purpose of this policy is to establish guidelines for building and maintaining a financial reserve that supports the financial stability of Metro.

The equity of Metro, measured as Net Position, is an important indicator of economic stability. Adequate levels of financial reserve funds contribute to strong creditworthiness, and credit quality of debt issues, which leads to lower borrowing rates

The minimum financial reserve goal of 16.66% of budgeted expenses will allow Metro the ability to remain financially stable in the event of unanticipated funding delays and/or decreases, along with unexpected expenditure increases/additions. These funds will provide a contingency reserve while determining appropriate strategies for achieving long-term sustainability. In particular, the reserve is designed to protect service levels and allow time for corrective strategies to be implemented with the least possible harm to the public.

Additionally, the availability of this level of reserves will allow Metro to reduce the dependency on short term financing for operating cash flow activities. Once the reserve funding goal is met, Metro will be in the position to request less short-term borrowing, and in turn, reduce the associated interest expenses for this borrowing.

Finally, the reserve funding will allow Metro flexibility for funding local share or gaps in funding amounts for future projects. As unanticipated opportunities or needs for capital spending occur, Metro will be in the position to quickly act, with the Board of Directors approval, to implement the projects.

Authorizations for Reserve Fund Use

Usage of reserve funds for permanent expenditures will require the approval of the Metro Board of Directors. However, Metro staff is authorized to temporarily use funding for cash flow or capital expenditure purposes that will be replaced at a later date. When such funding is received, Metro staff will replenish the reserve funding for the amount borrowed in full. Any temporary funding uses shall be presented to the Board of Directors with an anticipated plan for replenishment.

Additionally, Metro staff are authorized to make short-term investments with the reserve funds, barring there are no planned uses for the funds. Any short-term investments are required to be FDIC insured, secured-low risk investments, such as Certificates of Deposits. Any interest earned on the invested funds will be added to the reserve funds in an effort to achieve the goal of 16.66%.

DEFINITIONS

Net Position – This represents net worth, defined as the difference between assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources). Net Position can be liquid, such as cash, or fixed, such as inventories and net asset value. The Governmental Accounting Standards Board requires Net Position to be reported in three components, which are described below.

Net Investment in Capital Assets - value of fixed assets net of accumulated depreciation, reduced by any outstanding debt issued in acquiring the assets.

Restricted – assets with restrictions on how they are used, or that have an associated liability which the asset would satisfy. For Metro, this amount represents the local share of matching funds for federal capital grants that has been collected but not yet expended.

Unrestricted – the remaining amount of Net Position that is not included in Net Investment of Capital Assets or in the Restricted component. This value is a combination of liquid and fixed assets. For Metro, there are two categories of Unrestricted:

- Unrestricted, reserved for Board Policy – the amount calculated by this Policy
- Unrestricted, unreserved – remaining balance of unrestricted net position

CONSIDERATIONS

Metro engages in financing activity related to annual cash flow and also occasional capital match funding. Credit worthiness is evaluated by financing institutions using audited financial statements, along with reliability of a government's revenue sources, economic conditions, cash position, debt ratios, management performance, and fiscal decisions made by the Board of Directors.

In establishing an appropriate level of financial reserve, Metro considers the following factors.

1. Reliability of operating revenue streams, such as passenger fares, and advertising revenue, and potential for notable downturns or increases.

2. Reliability of federal funding for operations and potential for impacts from congressional decisions.

3. Exposure to emergency situations that require large outlays of money and/or inability to collect revenue, such as a significant storm event or operational disaster.

4. Ability for member communities to raise assessment tax revenue.

5. Recommendation of the Government Finance Officers Association to maintain reserves of no less than two months of regular operating revenues or regular general fund operating expenditures.

6. Potential ability to consistently maintain the Policy level of reserve.

POLICY

In consideration of the above factors, it is the goal of Metro to maintain a minimum financial reserve of two months (16.66%) of budgeted operating expenditures. Any amount in excess of the minimum may be programmed for use at the Board's discretion. In the event that the Unrestricted, reserved for Board Policy fund balance drops below the minimum level, Metro staff will develop, and the Board will adopt a plan to bring the balance to the minimum.

As part of the annual budget process, the Finance Committee will consider the level of reserve and make a budget recommendation that includes any amount they may consider appropriate to add for the subsequent year.

OTHER PROVISIONS

The amount reported on the annual financial statements as the Unrestricted, Reserved for Board Policy, will be supported by the equivalent amount of restricted cash and segregated from operating cash as managed by staff.

Board Approved- April 28, 2022

PROJECT FUNDING PLAN

O&M Facility Expansion

FTA Property Acquisition Training (Sept 2026)

- Reviewed Uniform Act regulations
- Reviewed Real Estate Acquisition Management Plan
- Reviewed Relocation Plan
- Reviewed valuation process
- Reviewed FTA appraisal review
- Acquisitions and negotiations
- Administrative settlements
- Joint development, In-Kind Contributions
- Disposition of real estate assets

Federal Transit Administration

In-Kind Local Match

In-Kind Contributions. Recipients may use in-kind contributions of real property, equipment, and supplies as part of the non-Federal share, so long as the item donated is needed to carry out the Award's scope of work. In-kind contributions as non-Federal share, either owned and contributed by the recipient or by a third party to the recipient, must meet the following criteria:

(1) Are verifiable from the recipient's records;
(2) Are not included as contributions for any other award;
(3) Are necessary and reasonable for accomplishment of the objectives of the Award;
(4) Are allowable under the Federal Cost Principles;
(5) Are not paid for by the Federal Government under another Federal award; except where an applicable Federal statute specifically allows such payment;
(6) Are provided for in the award budget; and
(7) Are not considered a manufacture discount or credit.

In-Kind Local Match

- Most recent appraisal valuation $7,725,000.
- Requires additional environmental work.
- Must confirm no federal interest in property/building.
- Must confirm if building value can be included in valuation.
- Requires FTA appraisal concurrence.
- Creates a permanent federal interest in the property. If the property is ever sold

MaineDOT Funding Discussion

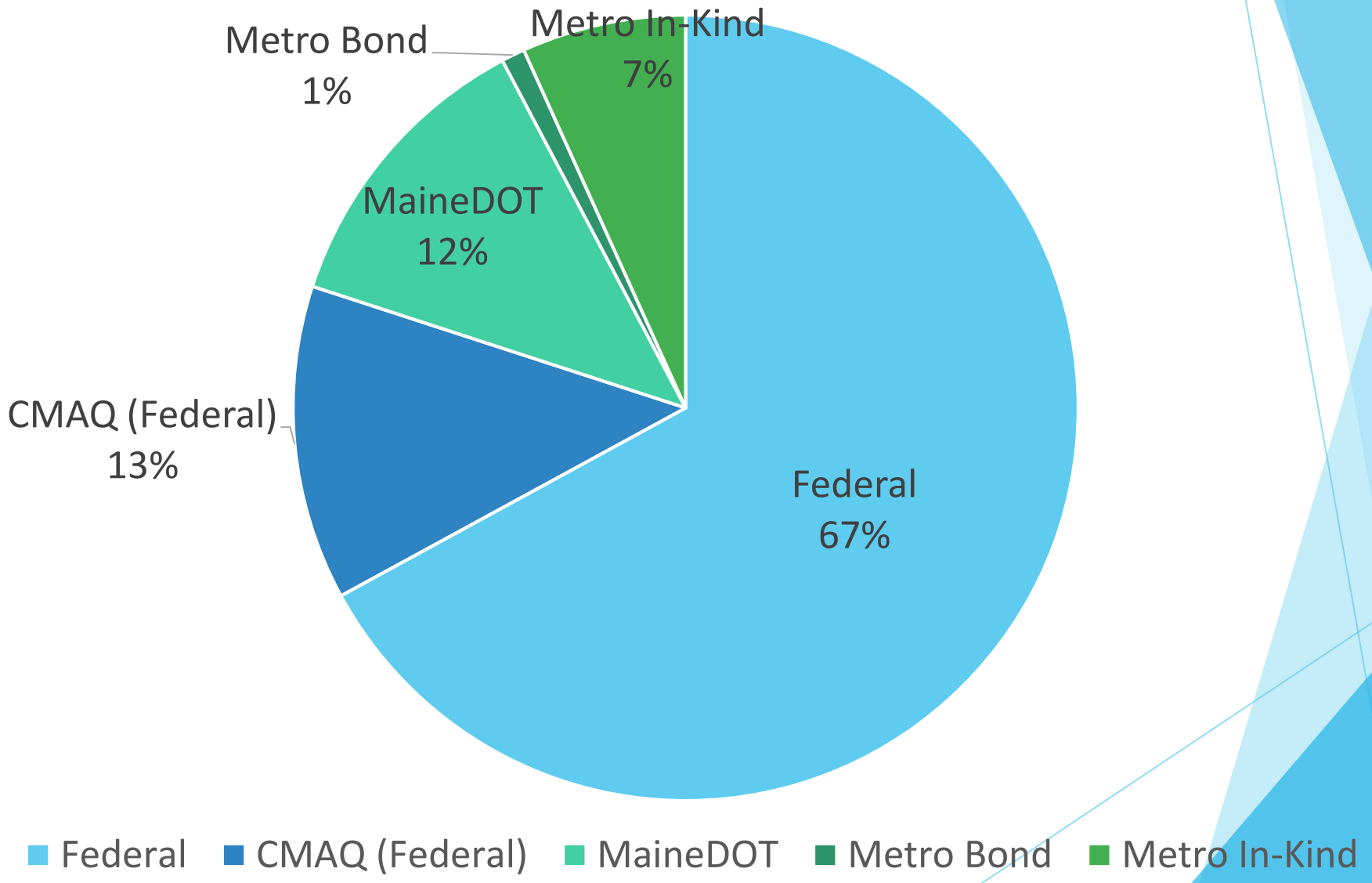
- Supportive of the project.
- Project to be added to the MaineDOT Workplan.
- Federal and non-federal funding assistance available.
- Timing challenges with funding in the near-term.
- State transportation bond likely necessary.
- Continued lease assistance to bridge to property acquisition.

MaineDOT

GP Metro Facility Expansion Funding Plan

	2027	2028	2029	2030	2031
Federal Discretionary	$18,446,000		$25,000,000	$25,000,000	
CMAQ (Federal)		$4,400,000	$3,000,000	$3,000,000	$3,000,000
State Match		$690,000	$4,000,000	$4,000,000	$4,000,000
Local Match (bond)		$400,000	$200,000	$200,000	$200,000
Local Match (in -kind)	$4,611,500		$1,194,250	$1,194,250	

Facility Expansion Funding Breakdown



DISCUSSION QUESTIONS

2027

- Environmental Analysis
- Begin Preliminary Design & Update Cost Estimate

2028

- Property Acquisition
- Complete Preliminary Design

2029

- Complete Final Design
- Bid and Begin Phased Construction

2030

- Construction Continues

2031

- Construction Completed

REVISED 10/9/2026

2026-2030 CAPITAL IMPROVEMENT PROGRAM

PROGRAM SUMMARY

	Funds Rem.	2026	2027	2028	2029	2030	2031
Total	**4,697,572**	**6,006,095**	**28,748,378**	**18,205,037**	**45,071,572**	**100,180,910**	**70,119,373**
Federal (5307)	3,105,873	2,251,996	414,000	2,204,029	2,581,858	2,384,728	1,380,098
Federal (BUILD)	-	-	-	-	25,000,000	25,000,000	-
Federal (TBD)	-	-	-	4,000,000	4,000,000	48,000,000	48,000,000
Federal (5339)	86,456	2,596,305	22,694,542	4,165,000	2,890,000	4,250,000	-
Federal (CARES)	152,135	-	-	-	-	-	-
Federal (ARPA)	465,111	177,500	-	-	-	-	-
Federal (5310)	-	-	-	-	-	-	-
State	111,000	510,250	467,871	1,907,500	5,105,000	10,375,000	10,000,000
State (Federal CMAQ)	-	-	-	4,400,000	3,000,000	3,000,000	3,000,000
Maine Turnpike Auth.	-	-	-	-	-	6,000,000	6,000,000
Local (Bond)	-	263,250	374,871	767,500	455,000	575,000	200,000
Local (Assessment)	759,497	199,089	185,593	741,007	831,464	581,932	345,025
Local (Non-Member Assessment)	10,000	10,000	-	-	-	-	-
Local Assessment (In kind)	-	-	4,611,500	-	1,194,250	-	1,194,250

Local Assess (Projects)		199,089	185,593	741,007	831,464	581,932	345,025
Local Assess (Cap Res.)		-	-	-	-	-	-
Local (Debt Service)		224,904	248,632	296,304	289,083	289,303	301,257
Total		423,993	434,225	1,037,311	1,120,548	871,235	646,281

100 PLANNING & PROGRAMS

	Funds Rem.	2026	2027	2028	2029	2030	2031
Total	**-**	**5,721**	-	**100,000**	-	-	-
Federal (5307)	-	-	-	80,000	-	-	-
Federal (5310)	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Local (Bond)	-	-	-	-	-	-	-
Local (Assessment)	-	5,721	-	20,000	-	-	-

101 Service Planning

Program of funds to support agency planning goals

2028 - Facility Site Service and Network Planning

2028 - Facility Site Service and Network Planning

Total	**106,002**	-	-	**5,000,000**	**5,000,000**	**60,000,000**	**60,000,000**
Federal (5307)	24,371	-	-	-	-	-	-
Federal (CARES)		-	-	-	-	-	-
Federal (TBD)				4,000,000	4,000,000	48,000,000	48,000,000
State				800,000	800,000	6,000,000	6,000,000
Maine Turnpike Auth.			-	-	-	6,000,000	6,000,000
Local (Bond)			-	-	-	-	-
Local (Assessment)	81,631		-	200,000	200,000	-	-

102 Planning Projects

Bus Rapid Transit Project.

Funds remaining: $53,525 ME-2016-016, $68,301 CARES ME-2020-010

So Portland (ME-2022-012) 5307 Planning funding awaiting FTA obligation $33,849*

Total	**-**	**10,000**	-	-	-	-	-
Federal (5307)	-		-	-	-	-	-
Federal (5339)			-	-	-	-	-
Federal (5310)			-	-	-	-	-
State	-	10,000	-	-	-	-	-
Local (Bond)	-		-	-	-	-	-
Local (Assessment)	-		-	-	-	-	-

103 Planning Projects

Fare analysis

200 FACILIITIES: MAINTENANCE

	Funds Rem.	2026	2027	2028	2029	2030	2031
Total	**468,568**	**275,000**	**200,000**	**600,000**	**750,000**	**750,000**	**750,000**
Federal (5307)	374,854	220,000	160,000	480,000	600,000	600,000	600,000
Federal (5310)	-		-	-	-	-	-
State	-		-	-	-	-	-
Local (Bond)	-		-	-	-	-	-
Local (Assessment)	93,714	55,000	40,000	120,000	150,000	150,000	150,000

201 Facility Renovations-Major Component Replacement

Unpsent funding for Backup Generator ($125,000), and HVAC ($64,600) CNG Rehab (278,968), Pulse Repairs

2026 - Elm Street Rehab allowing for public utilization.

2027 - Replace hot water heater and storage tanks

2028 - Repair broken exterior wall (parking lot & Valley), replace damaged exterior doors, ifre prevention upgrades

2029-2031 - Upgrades/replacements for: plumbing fixtures, storm piping & system, electrical panels and distribution

Total	**8,000**	-		**334,000**	-	-	-
Federal (5307)	-	-	-	267,200	-	-	-
Federal (ARPA)	-	-	-	-	-	-	-
Federal (5310)	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Local (Bond)	-	-	-	-	-	-	-
Local (Assessment)	8,000	-	-	58,800	-	-	-

202 Safety-Security Maintenance/Upgrades

Remaining funds ($8,000) Local collected, grant not programed.

2028 - Full facility integrated security camera system (Elm and Valley) $45k

2028 - Add cameras for interior of garage bays and operations/HR area, purchase firesafe cabinets for garage

2028 - Retrofit of full fleet for integrated wireless/real-time security system (safefleet), inc. installation

Total	**106,945**	-	**160,000**	**380,000**	**43,000**	-	-
Federal (5307)	85,556	-	66,000	304,000	34,400	-	
Federal (5310)			-	-	-	-	-
State			93,000	-	-	-	-
Local (Bond)			-	-	-	-	-
Local (Assessment)	21,389	-	1,000	76,000	8,600	-	-

203 Maintenance Equipment

Remaining Funds: $106,945 (ME-2021-016- Maintenance Equip)

2027 - Light duty tire machine (non-rev & micro)

2027 - Snow removal equipment ($93k from MaineDOT discretionary)

*2028 - Planning, design and build of a paint shop **+ fire supression**, on wheel brake lathe, gas powered post driver, hot parts washer*

2029 - rechargeable battery station and handheld tools for general use, alignment machine

2030-2031 - Outfit engine / machine room (TIG welder, plasma cutter, exhaust/ventilation, metal lathe)

Total	**-**	**-**	**210,093**	**-**	**-**	**-**	**550,000**
Federal (5307)	-	-	180,000	-	-	-	440,000
Federal (5310)	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Local (Bond)	-	-	-	-	-	-	-
Local (Assessment)	-	-	30,093	-	-	-	110,000

204 Fuel Tracking and Tank Replacement

*2027 - Upgrading existing 30-year tank and equipment to 2027 code for extension (piping, spill buckets, sump, and labor)- **Applying $14,907 of unused AVL Local Match***

2031 - Automated fleet fueling system, tank and dispenser replacement

REVISED 10/9/2026

PROGRAM SUMMARY

		Funds Rem.	2026	2027	2028	2029	2030	2031

300 VEHICLE MAINTENANCE & ACQUISITION

		Funds Rem.	2026	2027	2028	2029	2030	2031

301 Mid-Life Fleet Refurbishments

Replacement of major components (engines, transmissions) and vehicle refurbishments of any bus at mid-life or older.

2026: Local Match for Current Year and $9,868 required local match for Grant received from South Portland Merger

Funds Remaining: $96,146 (ME-2021-016), $300,000 (ME-2024-010), $49,340 (5339- ME-2024-010)

Total	**445,487**	**159,868**	-	**270,122**	**270,122**	**270,122**	**270,123**
Federal (5307)	316,917	120,000	-	216,098	216,098	216,098	216,098
Federal (5339)	39,472		-	-	-	-	-
Federal (5310)	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Local (Bond)	-	-	-	-	-	-	-
Local (Assessment)	89,098	39,868	-	54,024	54,024	54,024	54,025

302 Fleet Replacements

GP Metro adheres manages to the FTA Uesful Life Benchmark (ULB) of 14 years, but aims to replace buses at years 13 and 14 in order to allow flexibility based on individual buses' condition.

Replace two (2) 2011 diesel Gillig buses in FY 2026 with diesel New Flyers using existing contract.

Replace three (3) 2011 Gillig Diesel buses, two (2) 2014 Gillig CNG buses and two (2) 2022 Proterra Electric Buses in FY 2027 with diesel buses.

Replace three (3) 2014 CNG Gillig buses in FY 2028 with hybrid electric buses.

Replace two (2) 2016 Diesel Gillig buses in FY 2029 with hybrid electric buses, replace five (5) 2018 CNG New Flyer buses in FY 2030 with hybrid electric buses.

Total	**47,798**	**3,502,801**	**4,998,285**	**2,900,000**	**2,000,000**	**5,000,000**	-
Federal (5307)	-	379,996	-	-	-	-	-
Federal (5339)	46,984	2,596,305	**4,248,542**	**2,465,000**	**1,700,000**	**4,250,000**	-
Federal (5310)			-	-	-	-	-
State		263,250	374,871	217,500	150,000	375,000	-
Local (Bond)	-	263,250	374,871	217,500	150,000	375,000	-
Local (Assessment)	814		-	-	-	-	-

303 Support Vehicle Replacement/Acquistions

2027 - Replace 2015 Nissan Leaf with 2027 Ford Interceptor SUV (Using funds remaining)

2028 - Replace 2013 Chevy S3500, add dump body

2029 - Replace 2019 Honda Clarity with 2029 EV sedan, and 2020 F350 with 2029 F350

2030 - Replace 2022 Chevy S3500 and Nissan Leaf with 2030 F350 and Ford Interceptor

Remaining funds $7,400 (from sale of retired vehicle), $1,135 (remaining CARES funding), $2,000 in 2023 and $13,000 in 2024 local match collected but grant not programed can be applied to future needs.

ME-2023-044 grant $40,000

Total	**63,535**			**120,000**	**140,000**	**142,500**	-
Federal (5307)	32,000	-	-	96,000	112,000	114,000	-
Federal (CARES)	1,135		-	-	-	-	-
Federal (5310)			-	-	-	-	-
State		-	-	-	-	-	-
Local (Bond)		-	-	-	-	-	-
Local (Assessment)	30,400	-	-	12,000	14,000	14,250	-

304 Microtransit Fleet Expansion

2028 - 2 additional micro vans for expansion

2029 - 2 additional micro vans for expansion

2030 - 2 additional micro vans for expansion

Total	**555,000**	**555,000**	**-**	**370,000**	**377,400**	**384,948**	-
Federal (5307)	444,000	444,000	-	296,000	301,920	307,958	-
Federal (5310)	-	-	-	-	-	-	-
State	111,000	111,000	-	-	-	-	-
Local (Bond)	-	-	-	-	-	-	-
Local (Assessment)	-	-	-	74,000	75,480	76,990	-
Local (Non-Member Assessment)	-	-	-	-	-	-	-

305 Fleet Expansion

Service Expansion: South Portland Frequency Improvements, Route 5 Roux Extension, Bi-directional Route 8

FY 2028 Purchase three (3) diesel buses for service expansion

FY 2029 Purchase two (2) diesel buses for service expansion

Total	**-**	**-**	**-**	**2,000,000**	**1,400,000**	**-**	**-**
Federal (5307)	-	-	-	-	-	-	-
Federal (5339)	-	-	-	1,700,000	1,190,000	-	-
State	-	-	-	150,000	105,000	-	-
Local (Bond)	-	-	-	150,000	105,000	-	-
Local (Assessment)	-	-	-	-	-	-	-

400 BUS STOP IMPROVEMENTS

		Funds Rem.	2026	2027	2028	2029	2030	2031

401 General Bus Stop Improvements

This project is aimed at general bus stop improvements including installation of shelters, seating, signage, and access improvements where needed. GP Metro plans to use consultant assistance to perform a full bus stop inventory and recommend design and amenity standards.

2026: $50,000 for Service Expansion to Scarborough/South Portland & $100,000 for general bus stop improvements. $10,000 local match to be collected in 2027.

Total	**123,875**	**150,000**	**10,000**	**-**	**371,800**	**483,340**	-
Federal (5307)	115,100	120,000	-	-	297,440	386,672	-
Federal (5310)			-	-	-	-	-
State			-	-	-	-	-
Local (Bond)			-	-	-	-	-
Local (Assessment)	8,775	10,000	10,000	-	74,360	96,668	-
Local (Non-Member Assessment)	10,000	10,000	-	-	-	-	-

402 Transit Stop Access Project

Planning-design work completed in prior years. Amounts shown are for construction/inspection. Remaining amount includes $279,037 (ME-2023-012), $1,019,990 (ME-2023-044), $767,973 (ME-2024-010) from prior grants which covers design-engineering.

Total	**2,067,000**	**46,205**	**-**	**475,000**	**475,000**	**-**	**-**
Federal (5307)	1,430,370	-	-	340,000	340,000	-	-
Federal (ARPA)	279,037	-	-	-	-	-	-
Federal (5310)		-	-		-	-	-
State		-	-	50,000	50,000	-	-
Local (Bond)		-	-		-	-	-
Local (Assessment)	357,593	46,205	-	85,000	85,000	-	-

REVISED 10/9/2026

PROGRAM SUMMARY		Funds Rem.	2026	2027	2028	2029	2030	2031

500 TECHNOLOGY INTEGRATIONS		Funds Rem.	2026	2027	2028	2029	2030	2031
501 **Fare Collection System** *2030 - Full procurement for fare collection system and hardware with plan to install by 2031*	**Total**	-	-	-	-	-	950,000	-
	Federal (5307)	-	-	-	-	-	760,000	-
	Federal (5310)	-	-	-	-	-	-	-
	State	-	-	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local (Assessment)	-	-	-	-	-	190,000	-
502 **Transit Signal Priority** *Funds Remaining: $8,574 (ME-2023-012), $214,000 (ME-2024-010), $151,000 (ME-2020-010- CARES)*	**Total**	373,574	-	-	-	-	-	-
	Federal (5307)	171,200	-	-	-	-	-	-
	Federal (CARES)	151,000	-	-	-	-	-	-
	Federal (ARPA)	8,574	-	-	-	-	-	-
	State	-	-	-	-	-	-	-
	Local (Assessment)	42,800	-	-	-	-	-	-
503 **CAD/AVL System Replacement** *2029 - Full procurement of CAD/AVL and scheduling software, existing contract up 12/29.* *Local funding remains from prior year budgets for which local match was collected but project was not included in PACTS program of projects for federal funding, or local match collected exceeded match requirements of grant ($8,590- Electronic Signs, $50,856- AVL/AVA).*	**Total**	14,907	-	-	-	850,000	-	-
	Federal (5307)	-	-	-	-	680,000	-	-
	Federal (CARES)	-	-	-	-	-	-	-
	Federal (5310)	-	-	-	-	-	-	-
	State	-	-	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local (Assessment)	14,907	-	-	-	170,000	-	-
504 **Office Phone System** *2026 - Replace all workstations phones & acquire call monitoring software* *2028 - Automated off hours call center functionality / IVR*	**Total**	-	8,000	-	25,000	-	-	-
	Federal (5307)	-	-	-	20,000	-	-	-
	Federal (5310)	-	-	-	-	-	-	-
	State	-	8,000	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local (Assessment)	-	-	-	5,000	-	-	-
505 **Fleet Cradlepoint Networking Hardware Replacement** *2026 - Full fleet replacement* *2031 - Full fleet replacement/upgrade of R1900 series*	**Total**	-	90,000	-	-	-	-	120,000
	Federal (5307)	-	-	-	-	-	-	96,000
	Federal (5310)	-	-	-	-	-	-	-
	State	-	90,000	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local (Assessment)	-	-	-	-	-	-	24,000
506 **Office / Admin Workstation Replacements** *2026 - 13 workstations + 22 docks* *2028 - 5 workstations (laptops, docks, monitors)* *2031 - 15 workstations + 25 docks*	**Total**	-	28,000		5,915	-	-	35,000
	Federal (5307)	-	-		4,732	-	-	28,000
	Federal (5310)	-	-		-	-	-	-
	State	-	28,000		-	-	-	-
	Local (Bond)	-	-		-	-	-	-
	Local (Assessment)	-	-		1,183	-	-	7,000
507 **Maintenance / Fleet Management System Peripherals** *2027 - 6 Wireless Android tablets and Inventory Scanner. Tablets will have wireless SIM cards until new facility investment/enhanced wireless network*	**Total**		-	10,000	-	-	-	-
	Federal (5307)	-	-	8,000	-	-	-	-
	Federal (5310)	-	-	-	-	-	-	-
	State	-	-	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local (Assessment)		-	2,000	-	-	-	-
508 **Real Time Signs** *2026 - CMS Deployment, 3 years hosting and licensing fees, 15-20 LCD and e-ink signs, solar power and installation fees* *So Portland ARPA Funding*	**Total**	177,500	177,500	-	-	-	-	-
	Federal (5307)	-	-	-	-	-	-	-
	Federal (ARPA)	177,500	177,500					
	Federal (5310)	-	-	-	-	-	-	-
	Local (Assessment)		-	-	-	-	-	-
509 **On Fleet Infotainment** *2028 - On fleet display signs that provide real time info, along with advertising opportunities to offset expenses.*	**Total**		-	-	125,000	-	-	-
	Federal (5307)	-	-	-	100,000	-	-	-
	Federal (5310)	-	-	-	-	-	-	-
	State	-	-	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local (Assessment)		-	-	25,000	-	-	-
510 **Office / Admin Copier Replacement** *2026 - Replacement of office copier*	**Total**	10,000	8,000	-	-	-	-	-
	Federal (5307)	8,000	8,000	-	-	-	-	-
	Federal (5310)	-	-	-	-	-	-	-
	State	-	-	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local (Assessment)	2,000	-	-	-	-	-	-

600 FACILITY EXPANSION/REPLACEMENT		Funds Rem.	2026	2027	2028	2029	2030	2031
601 **Operations/Maintenance Facility Replacement Phase 1** *Needs assessment* *Alternatives analysis* *Conceptual Design/Cost Estimate* *NEPA Analysis* *Property Acquisition*	**Total**	129,381	990,000	102,500	5,500,000	-	-	-
	Federal (5307)	103,505	960,000	-	-	-	-	-
	Federal (5339)	-		-	-	-	-	-
	State (Federal CMAQ)			-	4,400,000	-	-	-
	State	-		-	690,000		-	-
	Local (Bond)	-	-	-	400,000	-	-	-
	Local (Assessment)	8,376	30,000	102,500	10,000		-	-
602 **Operations/Maintenance Facility Replacement Phase 2** *Preliminary Design (full site)* *Final Design (Admin/Maint Bldg)* *Construction (partial)*	**Total**		-	23,057,500	-	-	-	-
	Federal (5307)	-	-	-	-	-	-	-
	Federal (5339)	-	-	18,446,000	-	-	-	-
	State	-	-	-	-	-	-	-
	Local (Bond)	-	-	-	-	-	-	-
	Local Assessment (In kind)		-	4,611,500	-	-	-	-
603 **Operations/Maintenance Facility Replacement Phase 3** *Final Design (Bus Storage Garage)* *Construction (completion)*	**Total**			-	-	33,394,250	32,200,000	8,394,250
	Federal (5307)	-	-	-	-	-	-	-
	Federal (BUILD/5339)			-	-	25,000,000	25,000,000	-
	State (Federal CMAQ)	-	-	-	-	3,000,000	3,000,000	3,000,000
	State	-	-	-	-	4,000,000	4,000,000	4,000,000
	Local (Bond)	-	-	-	-	200,000	200,000	200,000
	Local Assessment (In kind)		-	-	-	1,194,250	-	1,194,250

FINANCE COMMITTEE MEETING

October 22, 2026

AGENDA

4 **Fund Balance Progress**

6 **FY2027 Budget Approval**

Prepared for the Finance Committee

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AGENDA ITEM 4

Fund Balance Progress

Status of Metro's fund balance relative to the Board's reserve policy target.

Prepared for the Finance Committee

Steady growth since 2019 — and what it will take to reach the Board's policy target.

Fund balance growth, 2019–2027

Unrestricted fund balance, shown both in dollars and as a share of that year's operating expenses. 2026 reflects the revised projection; 2027 reflects the draft budget.

$1.61M

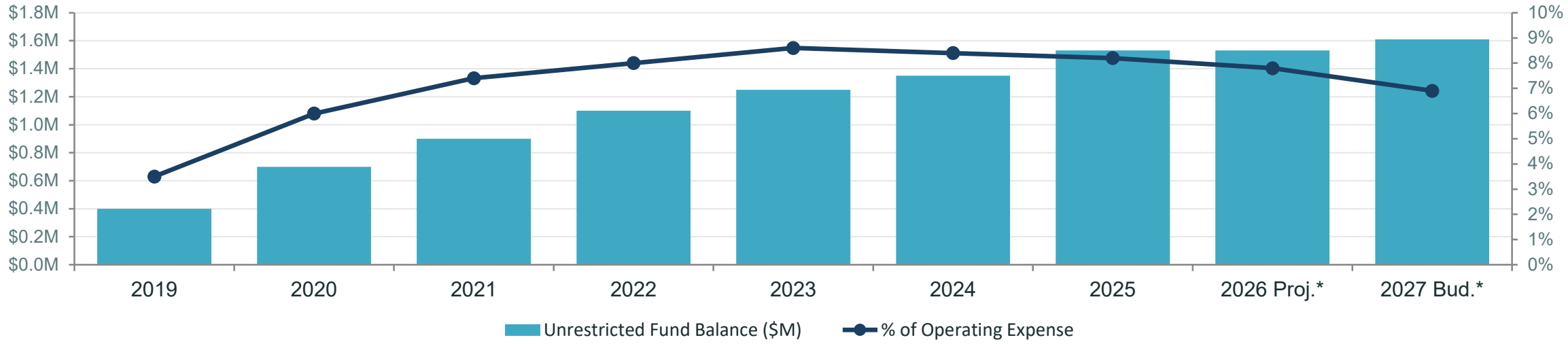
2027 budgeted fund balance

+302%

Growth since 2019 ($400,104 → $1,609,953)

6.9%

2027 balance as % of operating expense — down from 8.2% in 2025



Worth watching: the dollar balance keeps growing, but the ratio is trending down (8.2% → 7.8% → 6.9%). Holding today's 7.4% in FY27 would take ~$215,500, versus ~$81,900 in the draft.

**2026 and 2027 include an estimated ~$81,910 FY26 budget surplus added to the fund balance. This is a current-year estimate, not an actual, and may change by year-end.*

Reserve policy & the FY27 target

Board-approved April 28, 2022 — a minimum reserve of two months (16.66%) of budgeted operating expenditures.

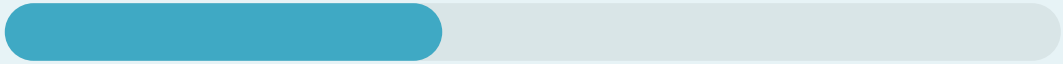
WHY A RESERVE TARGET

- **Financial stability:** protects service levels through funding delays, decreases, or unexpected cost increases.
- **Creditworthiness:** stronger reserves support better credit quality and lower borrowing rates.
- **Reduced short-term borrowing:** less reliance on financing for operating cash flow once the goal is met.
- **Capital flexibility:** funds local share or funding gaps for future projects, with Board approval.
- **GFOA guidance:** recommends reserves of no less than two months of operating revenues or expenditures.

PROGRESS TOWARD 16.66%

6.9%

2027 budgeted reserve ratio



0% **16.66% target**

FY27 budgeted expenditures:	**$23,463,197**
16.66% policy target:	**$3,908,969**
FY27 budgeted fund balance*:	**$1,609,953**

~$2,299,000 still needed to reach the FY27 target.

**Includes an estimated ~$81,910 FY26 budget surplus — a current-year estimate, not an actual, and may change by year-end.*

What it takes to maintain the target

Even at the target, the reserve must grow each year in step with the budget — 16.66% of every added dollar of expenditures.

FY26 BUDGET

$20,563,330

Budgeted expenditures

16.66% target balance: **$3,425,851**

→

FY27 BUDGET

$23,463,197

Budgeted expenditures

16.66% target balance: **$3,908,969**

~$483,100 contribution needed to maintain the target in FY27

16.66% × $2,899,867 in budget growth (+14.1%) — about 2.1% of the FY27 budget.

HOW IT FITS WITH THE GAP TO TARGET

Catch-up on existing gap

$1,815,898

FY26 target less FY27 budgeted balance

+

Maintain at FY27 budget

$483,118

Contribution shown above

=

Total needed to reach FY27 target

$2,299,016

$3,908,969 less $1,609,953*

**Includes an estimated ~$81,910 FY26 budget surplus (estimate; may change by year-end). FY26 budget reflects the revised budget of $20,563,330.*

What it takes to hold today's level

Keeping the reserve at its current 7.4% of budgeted expenditures as the FY27 budget grows.

FY26 BUDGET (REVISED)

$20,563,330

Budgeted expenditures

Current fund balance: **$1,528,043 (7.4%)**

→

FY27 BUDGET

$23,463,197

Budgeted expenditures

Balance needed at 7.4%: **$1,743,530**

~$215,500 contribution needed to hold the current 7.4% ratio in FY27

7.4% × $2,899,867 in budget growth (+14.1%) — about 0.9% of the FY27 budget.

THREE WAYS TO DEFINE "MAINTAIN"

Hold the dollar balance flat

$0

No added contribution; ratio slips to 6.5%

<

Hold today's 7.4% ratio

$215,487

$1,743,530 less $1,528,043

<

Maintain the 16.66% target

$483,118

Once at target (prior slide)

The draft FY27 balance of $1,609,953 adds only an estimated ~$81,910 FY26 surplus (estimate; may change by year-end) — about $133,600 short of holding 7.4%. Current ratio is based on the revised FY26 budget of $20,563,330.

AGENDA ITEM 4

Questions?

Discussion…

AGENDA ITEM 6

FY2027 Budget Approval

Review of the FY2027 operating budget — revenues, expenditures, staffing, municipal assessments, and open items.

Prepared for the Finance Committee

A balanced budget of $23,463,197 for Board approval.

FY2027 operating budget at a glance

Final draft of the FY2027 operating budget, compared with the FY2026 final request.

TOTAL FY2027 BUDGET

$23,463,197

Operating expenditures — balanced against an equal amount of revenue.

INCREASE OVER FY2026

+14.10%

+$2,899,867 over the FY2026 final request of $20,563,330.

WAGES & BENEFITS

72%

$16,896,483 of the budget — wages $11.73M and benefits $5.17M.

THREE BUDGET COMPONENTS

Component	Expenditures	Revenue	Surplus / (deficit)
Base bus service	$22,158,068	$22,097,882	($60,187)
ADA paratransit	$794,148	$794,148	$0
115 St. John's Street property	$510,980	$571,167	$60,187
Total	**$23,463,197**	**$23,463,197**	**$0**

The base bus service deficit of $60,187 is offset by the surplus from the 115 St. John's Street lease property, so the total budget balances.

FY2027 service plan

Baseline bus service includes Route 25, Scarborough on-demand and South Portland service improvements.

REVENUE HOURS

160,159

Total baseline bus service for 2027.

SCARBOROUGH IMPROVEMENTS

$1.6M

Route 25 and Scarborough on-demand, net of fare revenue.

SOUTH PORTLAND IMPROVEMENTS

$335K

Half-year service in 2027, net of fare revenue.

Baseline Bus Service

Metro’s base bus service includes 135,200 revenue hours of service inclusive of ARPA-funded improvements.

Route 25 + Scarborough on-demand

Launched in Fall 2026, serving Portland, South Portland and Scarborough. Adds 7 bus operators and 5 non-CDL operators. Funded by Maine DOT, the Maine Turnpike Authority, federal 5307 and Scarborough contributions. Est. 19,447 revenue hours and 40,000 boardings.

South Portland improvements

Estimated for half a year in 2027, adding 4 bus operators. Assumes additional federal 5307 funding supports half of the operating cost, with the remainder funded through the City of South Portland's local assessment.

Hours and routes are subject to change based on the results of required public processes and final approval by the South Portland City Council.

Changes since the last presentation

Previous draft (Item 5, with a $3.35M deficit) compared with the current budget.

TOTAL EXPENDITURES

−$1.16M

$24,623,292 → $23,463,197 (−4.7%)

TOTAL REVENUE

+$2.19M

$21,268,632 → $23,463,197 (+10.3%)

SURPLUS / (DEFICIT)

$0

Was a ($3,354,659) deficit — now balanced.

Expenditures	Previous	Current	Change
Wages	$12,220,879	$11,730,933	($489,946)
Benefits	$5,533,688	$5,165,550	($368,138)
Services and fees	$1,424,233	$1,206,765	($217,468)
Fuel, fluids and tires	$1,647,829	$1,692,829	+$45,000
Supplies and equipment	$752,000	$666,000	($86,000)
Utilities	$555,880	$540,880	($15,000)
Insurance	$538,324	$561,504	+$23,180
Miscellaneous	$126,698	$89,382	($37,316)
Debt service	$298,632	$298,632	—
Capital and reserves	$220,000	$205,593	($14,407)
ADA and lease property (unchanged)	$1,305,128	$1,305,128	—
Total expenditures	**$24,623,292**	**$23,463,197**	**($1,160,095)**

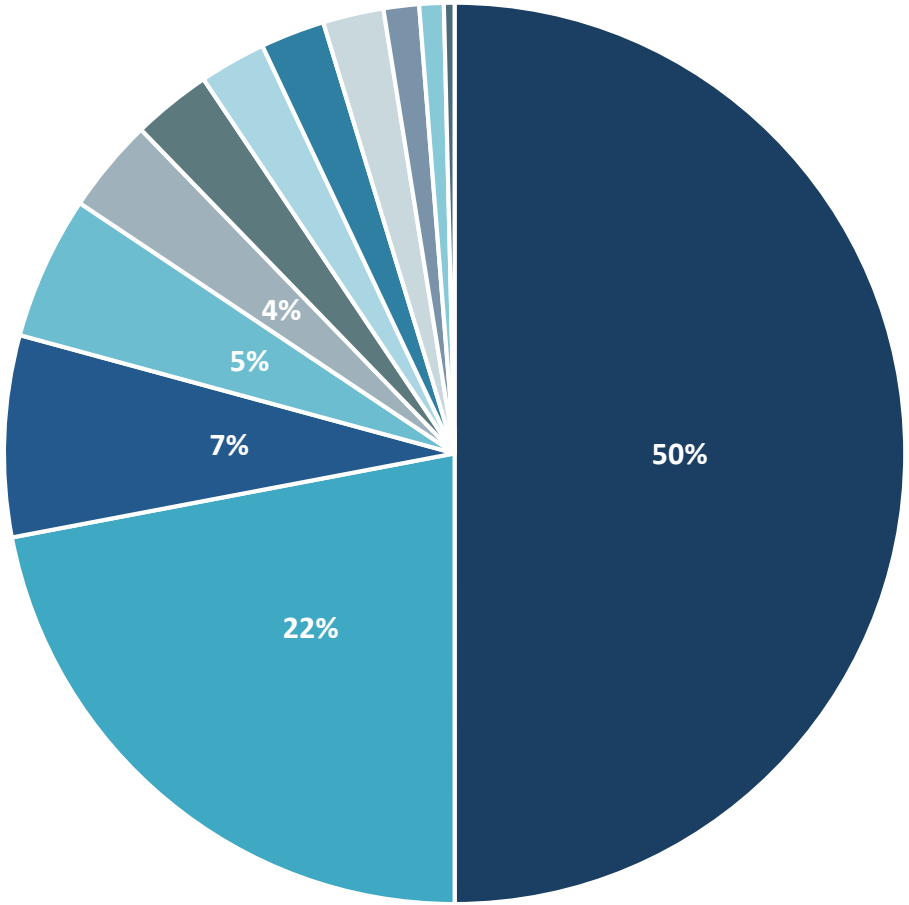
Revenue	Previous	Current	Change
Fare revenue	$3,342,375	$3,604,920	+$262,545
Miscellaneous revenue	$399,700	$400,600	+$900
Municipal funding	$6,419,333	$7,127,536	+$708,203
State funding	$1,246,324	$1,540,585	+$294,261
Federal funding	$8,495,585	$9,424,240	+$928,655
ADA and lease property (unchanged)	$1,365,316	$1,365,316	—
Total revenue	**$21,268,632**	**$23,463,197**	**+$2,194,565**
Surplus / (deficit)	**($3,354,659)**	**$0**	**+$3,354,659**

What changed

Health insurance +14% → +10%; municipal funding +7.3% → +19.1%; non-service position requests 8 → 1; state funding −$220K → essentially flat.

Expenditures by category

FY2027 request of $23,463,197 by category.

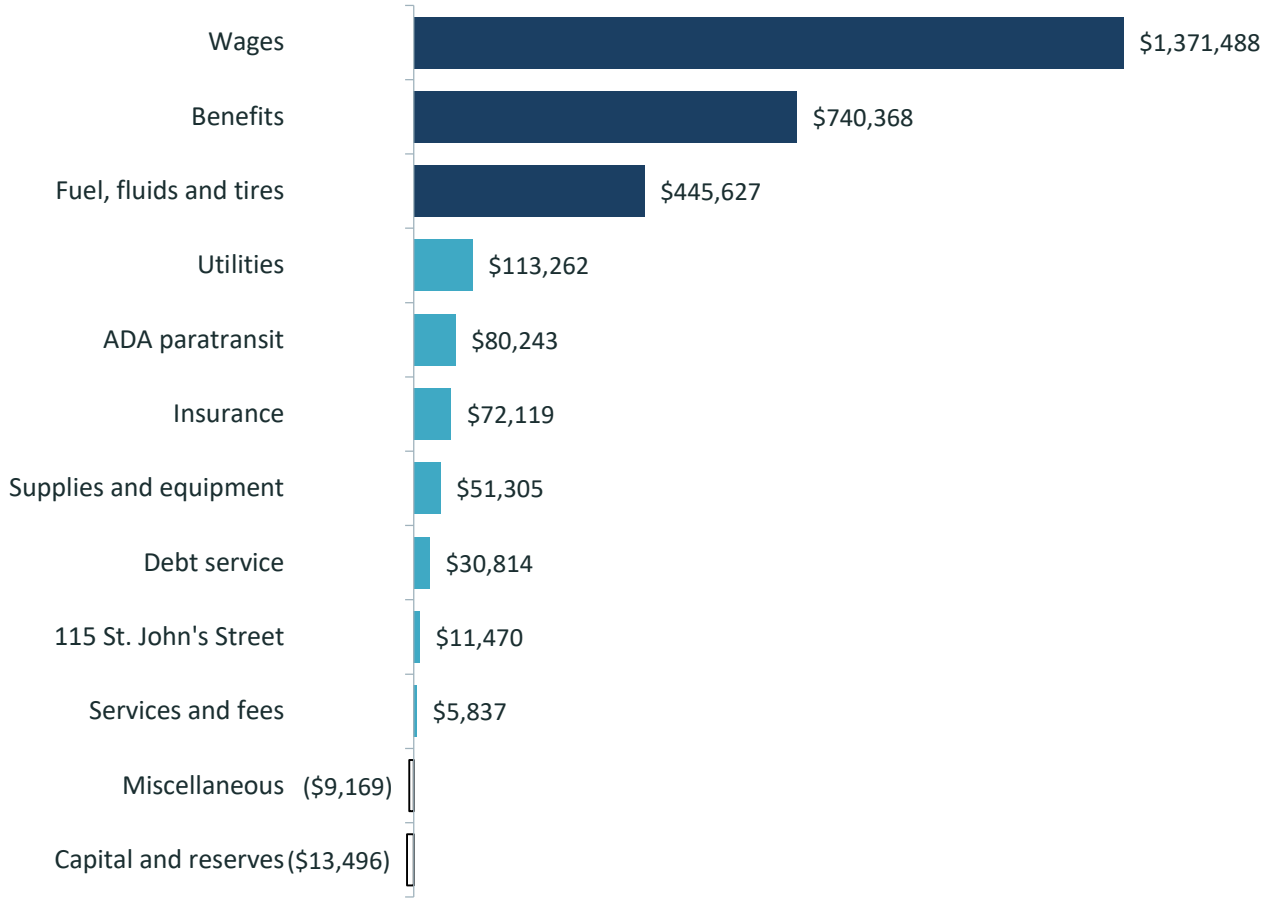


Category	FY2027	% of total
Wages	$11,730,933	50.0%
Benefits	$5,165,550	22.0%
Fuel, fluids and tires	$1,692,829	7.2%
Services and fees	$1,206,765	5.1%
ADA paratransit	$794,148	3.4%
Supplies and equipment	$666,000	2.8%
Insurance	$561,504	2.4%
Utilities	$540,880	2.3%
115 St. John's Street	$510,980	2.2%
Debt service	$298,632	1.3%
Capital and reserves	$205,593	0.9%
Miscellaneous	$89,382	0.4%
Total expenditures	**$23,463,197**	**100.0%**

Category changes from FY2026 are shown on the next slide.

What's driving the increase

Change in FY2027 expenditures by category, compared with the FY2026 final request.



Wages, benefits and fuel together are 91% of the $2,808,154 base bus increase.

Wages: +$1.37M (+13.2%)

COLA (2% Jan. 1; estimated 5% July 1 for ATU, 2% / 3% for non-union), step increases, and staffing for new service.

Benefits: +$740K (+16.7%)

Health insurance estimated +10% over the 2026 projection, HRA +10%, added positions, and workers' comp at ~3% of wages (was 2.75%).

Fuel: +$446K (+35.7%)

Diesel budgeted at $4.00/gal (contract price of $2.37 expires Oct. 2026) and a 65% CNG contract rate increase.

Budget increase without service improvements

Separating the new Route 25, Scarborough and South Portland service from the rest of the budget.

WITHOUT SERVICE IMPROVEMENTS

+4.7%

About +$965K over the FY2026 budget — cost-of-living, health insurance, fuel and other cost growth.

REPORTED INCREASE

+14.10%

+$2,899,867, including $1.935M for service improvements.

SERVICE IMPROVEMENTS

$1.94M

Scarborough $1.6M and South Portland $335K, net of fare revenue.

Bridge from FY2026 to FY2027	Amount	% of FY2026
FY2026 final request	$20,563,330	
Increase excluding service improvements	+$964,867	+4.7%
FY2027 budget excluding service improvements	**$21,528,197**	**+4.7%**
Scarborough service improvements (net of fare revenue)	+$1,600,000	+7.8%
South Portland service improvements (net of fare revenue)	+$335,000	+1.6%
FY2027 budget	**$23,463,197**	**+14.10%**

Service improvement amounts are staff estimates (rounded) and are shown net of fare revenue.

Staffing by department

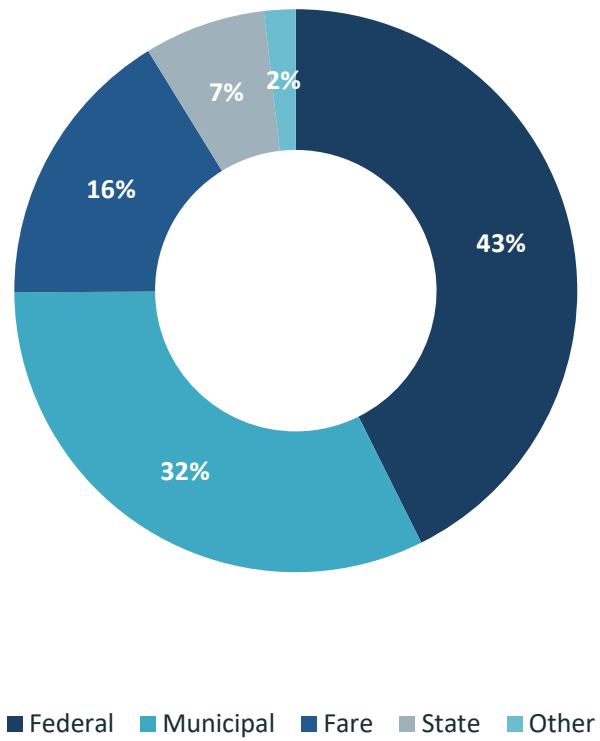
Budgeted full-time-equivalent positions; reclassifications move positions between departments.

Department	FY2026	FY2027	Change	What changed
Transit Operations	92.50	103.50	+11.00	+7 bus operators, +5 non-CDL drivers; scheduler moved to Planning
Fleet & Facilities Maintenance	17.00	17.00	—	No change
Information Technology	1.00	1.00	—	No change
Marketing & Advocacy	5.00	2.00	(3.00)	4 positions moved to Planning; Gov. Affairs director moved in
Planning & Customer Service	—	6.00	+6.00	New department; 5 reclassified + 1 new customer service rep
Administration	12.00	11.00	(1.00)	New part-time executive assistant; admin assistant eliminated; Gov. Affairs director moved out
Total	**127.50**	**140.50**	**+13.00**	

Net new positions: +12 in Transit Operations, +1 customer service representative (budgeted for ¾ of the year), +1 executive assistant, and −1 administrative assistant. Staffing counts are total position count, not amount budgeted.

Where the money comes from

Base bus revenue by source, FY2027 request compared with the FY2026 final request.



Source	FY2026	FY2027	$ change	% chg	Service impr.	Increase excl. SI
Federal funding	$8,657,529	$9,424,240	+$766,712	+8.9%	$838,400	+$106,662
Municipal funding	$5,984,171	$7,127,536	+$1,143,365	+19.1%	$270,000	+$873,365
Fare revenue	$3,279,972	$3,604,920	+$324,948	+9.9%	—	+$324,948
State funding	$931,503	$1,540,585	+$609,082	+65.4%	$806,295	($18,863)
Other revenue	$449,100	$400,600	($48,500)	-10.8%	—	($48,500)
Total base bus revenue	**$19,302,274**	**$22,097,882**	**+$2,795,607**	**+14.5%**	**$1,914,695**	**+$1,237,612**

Service improvements drive the increase

$1.56M (56%) of the $2.80M increase is service improvement revenue. Excluding it, revenue grows $1.24M (+6.4%).

Plus separate budgets

ADA paratransit ($794,148) and the 115 St. John's Street property ($571,167) are funded separately. Total revenue with base bus is $23,463,197.

Service impr. = FY2027 revenue for Route 25 and Scarborough/South Portland service (state, federal and municipal contributions). Increase excl. SI removes the change in that revenue ($1.56M): FY2027 less $356,700 of state and federal service improvement revenue already in the FY2026 budget.

What's changing in revenue

Key assumptions behind each revenue source.

Municipal: +19.1% ($7.13M)

Operating assessments +17.5%; local match for the 5-year CIP −6.8% ($185,593); plus $145,000 from the Town of Scarborough for Route 25 and microtransit.

Federal: +8.9% ($9.42M)

5307 operating $6.0M (+7.4%) and preventive maintenance $2.54M (+27%) per PACTS requests; $838,400 for service improvements. ARPA is exhausted (−$544,527); no carryforward is included.

State: +65.4% ($1.54M)

Maine Turnpike Authority $576,827 and state service-improvement funds ($132,923 + $96,545) support Route 25. State operating funding is essentially flat at $734,290 (−2.5%).

Fares: +9.9% ($3.60M)

Fare revenue reflects the fall 2026 fare increase and tap-to-ride. Organization-paid fares +21.8%; route guarantees −16.3% (BIW/BREEZ route not renewed).

Other: −10.8% ($400,600)

Advertising revenue falls to $226,200 (−7.1%) under the new advertising contract signed in late summer 2026; interest income $80,000 (−27.3%).

Balancing the budget

The base bus deficit of $60,187 is covered by the 115 St. John's property surplus of $60,187, bringing the total surplus / (deficit) to $0.

Municipal assessments

FY2027 local funding by municipality, shown with and without the local contribution to service improvements.

Municipality	FY2026	FY2027	% chg	$ chg	Service impr.	% excl. SI
Brunswick	$131,547	$153,172	+16.4%	+$21,626	—	+16.4%
Falmouth	$322,274	$420,415	+30.5%	+$98,140	—	+30.5%
Freeport	$131,547	$153,172	+16.4%	+$21,626	—	+16.4%
Gorham	$128,880	$142,593	+10.6%	+$13,713	—	+10.6%
Portland	$3,598,380	$4,137,762	+15.0%	+$539,382	—	+15.0%
Scarborough (non-member)	—	$145,000	new	+$145,000	$145,000	—
South Portland	$729,381	$932,092	+27.8%	+$202,711	$125,000	+10.7%
Westbrook	$908,665	$988,210	+8.8%	+$79,545	—	+8.8%
Yarmouth	$131,547	$153,172	+16.4%	+$21,626	—	+16.4%
Annual total	**$6,082,220**	**$7,225,588**	**+18.8%**	**+$1,143,368**	**$270,000**	**+14.4%**

Totals include funding for the 115 St. John's Street lease ($98,052). South Portland contributes $125,000 of its assessment to its service improvements; Scarborough's $145,000 is entirely for service improvements.

+18.8% (+14.4% excl. SI)

Total assessments rise $1,143,368. Excluding $270,000 for service improvements (Scarborough $145,000, South Portland $125,000), the increase is $873,368.

Three components

Operating assessments +17.5%, capital improvement program −6.8%, and lease property funding unchanged.

ADA paratransit

Not part of the assessment; municipalities are billed monthly for 20% of their trips.

Capital and reserves

Debt service and general fund capital outlay within the base bus budget.

TOTAL CAPITAL & RESERVES

$504,225

+$17,318 (+3.6%) vs. $486,907 in the FY2026 final request.

DEBT SERVICE

$298,632

+$30,814 (+11.5%) — principal and interest.

CAPITAL & RESERVES

$205,593

($13,496) (-6.2%) — capital outlay and fund balance.

Line item	FY2026	FY2027	$ change	% change
Interest expense, short term	$43,000	$50,000	+$7,000	+16.3%
Interest expense, long term	$25,668	$23,157	($2,511)	-9.8%
Debt service principal	$199,150	$225,475	+$26,325	+13.2%
Contribution to unrestricted balance	$20,000	$20,000	—	0.0%
General fund capital outlay, other capital items	$199,089	$185,593	($13,496)	-6.8%
Total	**$486,907**	**$504,225**	**+$17,318**	**+3.6%**

Capital items are based on the 2027–2031 CIP (Attachment B).

Local match reallocation in the revised CIP

Per Metro's updated Local Match Policy, local match collected for a completed project is reallocated to the revised CIP.

PROJECT 204 — FUEL TRACKING AND TANK REPLACEMENT

TOTAL LOCAL MATCH NEEDED

$45,000

For the Fuel Tracking and Tank Replacement project.

REALLOCATED FROM CAD/AVL

$14,907

Local match already collected and remaining after the CAD/AVL project was completed.

REMAINING LOCAL MATCH NEEDED

$30,093

The amount reflected in the CIP after applying the $14,907.

HOW THE $45,000 IS COVERED

$14,907
CAD/AVL local match (33%)

$30,093
Remaining local match in the CIP (67%)

Why

The AVL project has been completed, so staff are reallocating its remaining local match to the Fuel Tracking and Tank Replacement project.

Result

Only $30,093 of the $45,000 local match needs to be raised for this project, rather than the full amount.

Assumptions and open items

Estimates in the budget that could change before or during FY2027.

Labor contract (CBA)

The ATU contract expires June 2027. The budget assumes a 2% COLA Jan. 1 and an estimated 5% July 1; non-union staff are budgeted at 2% and 3%.

Health insurance

Estimated +10% over the 2026 projection, with HRA payments also up about 10%. Final 2027 rates are not yet known.

Liability, property & workers' comp

Auto / liability / property insurance is estimated +10% pending 2027 renewal discussions. Workers' comp is budgeted at ~3% of wages (2.75% historically).

Diesel fuel price

Budgeted at $4.00/gal; the $2.37 contract expires in Oct. 2026. At the implied 305,000 gallons, a $3.50 price would save about $152,500 (each $0.50/gal).

Federal & state funding

Federal 5307 amounts assume PACTS allocations and no carryforward is included. State operating funding is essentially flat (−2.5%); MDOT's 115 St. John's funding ends after 2027.

Service approvals

Hours and routes are subject to public processes. South Portland service requires City Council approval and assumes ½-year federal 5307 support.

Requested action

Approval of the FY2027 operating budget.

$23,463,197 **FY2027 operating budget for approval**

Balanced: revenues equal expenditures, up 14.10% (+$2,899,867) from the FY2026 final request.

MUNICIPAL ASSESSMENTS

+18.8%

$7,225,588 total including the lease (+$1,143,368), with $145,000 from the Town of Scarborough.

POSITIONS

+13.0

Net new positions: 127.5 to 140.5, mainly for new service.

KEY ESTIMATES

CBA · health · diesel

See the previous slide for open items that could change the budget.

Recommended action: Staff requesting that the Finance Committee approve and recommend the FY2027 Operating Budget of $23,463,197 to the Board of Directors for approval.

AGENDA ITEM 6

Questions?

Discussion…

FINANCE COMMITTEE

AGENDA ITEM 4

DATE
December 2, 2026

SUBJECT
Fund Balance Contribution Scenarios and Financial Reserve Policy Revision

PURPOSE
To present scenarios for building Metro's fund balance toward the 16.66% target in the Board-approved Financial Reserve Policy, and to seek the Committee's approval on a preferred option.

BACKGROUND/ANALYSIS
At the October 22 meeting, staff reported that the draft FY2027 budget carries a fund balance of $1,609,953 (6.9% of $23,463,197 in budgeted expenditures), compared with a 16.66% target of $3,908,969, a gap of $2,299,016.

The Financial Reserve Policy, approved by the Board in 2019, sets the 16.66% minimum but does not set a timeline or an annual contribution. It provides that when the balance is below the minimum, staff will develop and the Board will adopt a plan to reach it, and that the Finance Committee will consider the reserve level each budget cycle and recommend any amount to add.

Staff modeled three scenarios starting from the FY2027 draft balance, with contributions beginning in the FY2028 budget and budgeted expenditures growing 3% a year. In every scenario, the annual budget contribution equals maintenance (16.66% of that year's budget growth, $117,269 in FY2028 est.) plus any catch-up, less the estimated 3% interest earned on the prior-year fund balance ($48,299 in FY2028):

- Scenario A ($250,000 annual catch-up): a FY2028 budget contribution of about $318,970 (1.3% of the FY2028 budget), declining as interest earnings grow, reaches the 16.66% target in FY2037. After that, interest earnings alone cover maintenance if the budget grows 3% a year.
- Scenario B ($50,000 annual catch-up): a FY2028 budget contribution of about $118,970 (0.5% of the FY2028 budget), declining slowly, reaches 13.2% of budget by FY2045 and the 16.66% target around FY2073.
- Scenario C (maintenance only, no catch-up): a budget contribution of about $68,970 a year (0.3% of the FY2028 budget). The balance grows only as fast as the target, so the dollar gap stays at $2,299,016 and the balance reaches 10.9% of budget by FY2045 without reaching the 16.66% target.

Through FY2035, Scenario A requires $2,341,764 in budget contributions plus $701,032 of interest earnings and ends at 15.7% of budget; Scenario B requires $909,764 plus $533,032 of interest and ends at 10.3%; and Scenario C requires $551,764 plus $491,032 of interest and ends at 8.9%, leaving a gap to target of $2,299,016 in FY2035, the same as in FY2027.

	Scenario A	Scenario B	Scenario C
Annual catch-up	$250,000	$50,000	None
Target reached	FY2037	About FY2073	Not reached
FY2028 contribution	$318,970	$118,970	$68,970
% of FY2028 budget	1.3%	0.5%	0.3%
% of FY2027 assessments*	4.4%	1.6%	1.0%
FY2028 interest (3%)	$48,299	$48,299	$48,299
Contributions FY28-FY35	$2,341,764	$909,764	$551,764
FY2035 ratio	15.7%	10.3%	8.9%

**Illustrative share of FY2027 member assessments ($7,225,588, base bus municipal funding excluding ADA)*

At 2% or 4% annual budget growth, the FY2028 contributions would be $279,881/$358,060 for Scenario A, $79,881/$158,060 for B and $29,881/$108,060 for C. At 2% or 4% interest earnings (instead of 3%), they would be $335,070/$302,871 for A, $135,070/$102,871 for B and $85,070/$52,871 for C.

The model starts from $1,609,953, which includes an estimated $81,910 FY2026 surplus, and excludes the $20,000 FY2027 budgeted contribution. Scenario C, which does not reach the 16.66% minimum, would require the Board to amend the Reserve Policy rather than adopt a plan to reach it.

Staff have drafted a revised Financial Reserve Policy to incorporate the selected scenario, which requires Finance Committee action to change the reserve contribution with each budget approval.

FISCAL IMPACT

The options show potential budget impacts beginning with the FY2028 budget. Any contribution to fund balance would need to be supported by added revenue or reduced expenses in that budget.

RECOMMENDATION

Staff recommend that the Finance Committee select an annual financial reserve contribution amount to be included in Metro's annual operating budget.

ATTACHMENT

Attachment A- Financial Reserve Policy
Attachment B- Financial Reserve Policy Revision

Prior Committee Review

Fund Balance Progress, October 22, 2026 (Agenda Item 4).

CONTACT

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GREATER PORTLAND METRO

FINANCIAL RESERVE POLICY

Purpose and Goals of Reserve

The purpose of this policy is to establish guidelines for building and maintaining a financial reserve that supports the financial stability of Metro.

The equity of Metro, measured as Net Position, is an important indicator of economic stability. Adequate levels of financial reserve funds contribute to strong creditworthiness, and credit quality of debt issues, which leads to lower borrowing rates

The minimum financial reserve goal of 16.66% of budgeted expenses will allow Metro the ability to remain financially stable in the event of unanticipated funding delays and/or decreases, along with unexpected expenditure increases/additions. These funds will provide a contingency reserve while determining appropriate strategies for achieving long-term sustainability. In particular, the reserve is designed to protect service levels and allow time for corrective strategies to be implemented with the least possible harm to the public.

Additionally, the availability of this level of reserves will allow Metro to reduce the dependency on short term financing for operating cash flow activities. Once the reserve funding goal is met, Metro will be in the position to request less short-term borrowing, and in turn, reduce the associated interest expenses for this borrowing.

Finally, the reserve funding will allow Metro flexibility for funding local share or gaps in funding amounts for future projects. As unanticipated opportunities or needs for capital spending occur, Metro will be in the position to quickly act, with the Board of Directors approval, to implement the projects.

Authorizations for Reserve Fund Use

Usage of reserve funds for permanent expenditures will require the approval of the Metro Board of Directors. However, Metro staff is authorized to temporarily use funding for cash flow or capital expenditure purposes that will be replaced at a later date. When such funding is received, Metro staff will replenish the reserve funding for the amount borrowed in full. Any temporary funding uses shall be presented to the Board of Directors with an anticipated plan for replenishment.

Additionally, Metro staff are authorized to make short-term investments with the reserve funds, barring there are no planned uses for the funds. Any short-term investments are required to be FDIC insured, secured-low risk investments, such as Certificates of Deposits. Any interest earned on the invested funds will be added to the reserve funds in an effort to achieve the goal of 16.66%.

DEFINITIONS

Net Position – This represents net worth, defined as the difference between assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources). Net Position can be liquid, such as cash, or fixed, such as inventories and net asset value. The Governmental Accounting Standards Board requires Net Position to be reported in three components, which are described below.

Net Investment in Capital Assets - value of fixed assets net of accumulated depreciation, reduced by any outstanding debt issued in acquiring the assets.

Restricted – assets with restrictions on how they are used, or that have an associated liability which the asset would satisfy. For Metro, this amount represents the local share of matching funds for federal capital grants that has been collected but not yet expended.

Unrestricted – the remaining amount of Net Position that is not included in Net Investment of Capital Assets or in the Restricted component. This value is a combination of liquid and fixed assets. For Metro, there are two categories of Unrestricted:

- Unrestricted, reserved for Board Policy – the amount calculated by this Policy
- Unrestricted, unreserved – remaining balance of unrestricted net position

CONSIDERATIONS

Metro engages in financing activity related to annual cash flow and also occasional capital match funding. Credit worthiness is evaluated by financing institutions using audited financial statements, along with reliability of a government's revenue sources, economic conditions, cash position, debt ratios, management performance, and fiscal decisions made by the Board of Directors.

In establishing an appropriate level of financial reserve, Metro considers the following factors.

1. Reliability of operating revenue streams, such as passenger fares, and advertising revenue, and potential for notable downturns or increases.

2. Reliability of federal funding for operations and potential for impacts from congressional decisions.

3. Exposure to emergency situations that require large outlays of money and/or inability to collect revenue, such as a significant storm event or operational disaster.

4. Ability for member communities to raise assessment tax revenue.

5. Recommendation of the Government Finance Officers Association to maintain reserves of no less than two months of regular operating revenues or regular general fund operating expenditures.

6. Potential ability to consistently maintain the Policy level of reserve.

POLICY

In consideration of the above factors, it is the goal of Metro to maintain a minimum financial reserve of two months (16.66%) of budgeted operating expenditures. Any amount in excess of the minimum may be programmed for use at the Board's discretion. In the event that the Unrestricted, reserved for Board Policy fund balance drops below the minimum level, Metro staff will develop, and the Board will adopt a plan to bring the balance to the minimum.

As part of the annual budget process, the Finance Committee will consider the level of reserve and make a budget recommendation that includes any amount they may consider appropriate to add for the subsequent year.

OTHER PROVISIONS

The amount reported on the annual financial statements as the Unrestricted, Reserved for Board Policy, will be supported by the equivalent amount of restricted cash and segregated from operating cash as managed by staff.

Board Approved- April 28, 2022

AGENCY POLICIES AND PROCEDURES

Policy Title:			
Policy Series:	FINANCE 300	Policy #:	FIN-300-009
Creation Date:	2019		
Revision Date(s)	*BOD Approval- April 28, 2022*		
Related Document(s)			
Lead Department:	Finance		
Department Head Approval:		Date:	
Executive Director Approval:		Date:	
Board Approval (if needed)		Date:	

1. POLICY PURPOSE

The purpose of this policy is to establish guidelines for building and maintaining a financial reserve that supports the financial stability of Metro.

2. POLICY GOALS

The equity of Metro, measured as Net Position, is an important indicator of economic stability. Adequate levels of financial reserve funds contribute to strong creditworthiness, and credit quality of debt issues, which leads to lower borrowing rates

The minimum financial reserve goal of 16.66% of budgeted expenses will allow Metro the ability to remain financially stable in the event of unanticipated funding delays and/or decreases, along with unexpected expenditure increases/additions. These funds will provide a contingency reserve while determining appropriate strategies for achieving long-term sustainability. In particular, the reserve is designed to protect service levels and allow time for corrective strategies to be implemented with the least possible harm to the public.

Additionally, the availability of this level of reserves will allow Metro to reduce the dependency on short term financing for operating cash flow activities. Once the reserve funding goal is met, Metro will be in the position to request less short-term borrowing, and in turn, reduce the associated interest expenses for this borrowing.

Finally, the reserve funding will allow Metro flexibility for funding local share or gaps in funding amounts for future projects. As unanticipated opportunities or needs for capital spending occur, Metro will be in the position to quickly act, with the Board of Directors approval, to implement the projects.

3. POLICY STATEMENT(S) AND/OR STANDARD OPERATING PROCEDURES

In consideration of the above factors, it is the goal of Metro to maintain a minimum financial reserve of two months (16.66%) of budgeted operating expenditures. Any amount in excess of the minimum may be programmed for use at the Board's discretion.

A. Achieving the Target Balance

i. In order to maintain the reserve balance, an annual reserve contribution in the amount of 16.66% of that year's budget growth, and
ii. In order to build the reserve balance to the desired goal, an annual reserve "catch-up" contribution in the amount of $xxx,xxx shall be included in each year's budget, beginning with the FY2028 budget year.
iii. Annual contributions shall be net of any interest earnings on the reserve account balance from the previous budget year.
iv. Any changes to the amounts listed above shall be approved by a vote of the Finance Committee authorizing the reductions for the then current budget year only.

B. Maintaining the Target Balance

i. In order to maintain the reserve balance, an annual reserve contribution in the amount of 16.66% of that year's budget growth, and
ii. Annual contributions shall be net of any interest earnings on the reserve account balance from the previous budget year.

C. Investment of Reserve Funds

i. Metro staff are authorized to make short-term investments with the reserve funds, barring there are no planned uses for the funds
ii. Any short-term investments are required to be FDIC insured, secured-low risk investments, such as Certificates of Deposits
iii. Any interest earned on the invested funds will be added to the reserve funds in an effort to achieve the goal of 16.66%.

D. Authorizations for Reserve Fund Use

i. Usage of reserve funds for permanent expenditures will require the approval of the Metro Board of Directors
ii. Metro staff is authorized to temporarily use funding for cash flow or capital expenditure purposes that will be replaced at a later date. When such funding is received, Metro staff will replenish the reserve funding for the amount borrowed in full.
iii. Any temporary funding uses shall be presented to the Board of Directors with an anticipated plan for replenishment.

4. IMPLEMENTATION GUIDANCE

DEFINITIONS

Net Position – This represents net worth, defined as the difference between assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources). Net Position can be liquid, such as cash, or fixed, such as inventories and net asset value. The Governmental Accounting Standards

Board requires Net Position to be reported in three components, which are described below.

Net Investment in Capital Assets - value of fixed assets net of accumulated depreciation, reduced by any outstanding debt issued in acquiring the assets.

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Unrestricted – the remaining amount of Net Position that is not included in Net Investment of Capital Assets or in the Restricted component. This value is a combination of liquid and fixed assets. For Metro, there are two categories of Unrestricted:

- Unrestricted, reserved for Board Policy – the amount calculated by this Policy
- Unrestricted, unreserved – remaining balance of unrestricted net position

OTHER PROVISIONS

The amount reported on the annual financial statements as the Unrestricted, Reserved for Board Policy, will be supported by the equivalent amount of restricted cash and segregated from operating cash as managed by staff.

This section must always include the following statement under the last section:

Effective policies and procedures are designed to help employees manage the most common circumstances. They cannot provide answers to all circumstances employees may face. When facing circumstances not expressly contemplated by this policy, your decisions and actions should be based on the policy purpose, policy goals, your best judgment, and the broader public interest.

FINANCE COMMITTEE AGENDA ITEM 5

DATE
December 2, 2026

SUBJECT
Authorization for Tax Anticipation Borrowing of $6,600,000 for 2027

PURPOSE
Authorize issuance of a Tax Anticipation Note (TAN) of $6,600,000 to provide operating cash flow for 2027 through short-term borrowing.

BACKGROUND/ANALYSIS
Because of the timing of the receipt of both the FTA annual operating funds, which are received in September/October, and municipal funds which are received in July/August, Metro requires annual short-term financing to ensure the agency can maintain cash flow to meet its operational needs throughout the year. By definition, the term of a TAN is twelve months.

The principal amount of the 2026 TAN was $6.1 million, and was based on the budget increase as well as the estimated inflows of fare revenue, along with Federal, State and Local funding. The increase in carryforward Federal funding resulted in the need to draw only $3.320 million of the TAN in 2026.

The $6.6 million principal amount for 2027 is based on an increased budget. Much like in 2026, federal carryforward funding will be available to draw earlier in the year, lessening the dependence on the TAN, at least in very early 2027. The unpredictability of these revenue streams results in a conservative estimate for cash flow needs of the $6.6 million. However, as in prior years, only the amount needed will be drawn from the TAN and interest cost will be based on that amount.

Camden National Bank, who has held our TANs for the past several years and continues to be our depository bank, proposed to offer an interest rate of 5.04% for 2027, a rate that is 0.95% higher than 2026. Short-term interest rates had risen in 2018/2019, with our TAN rate being 3.15%, and then dropping to 2.18% in 2020 and 1.67% in 2022, and then climbed significantly in 2023, 2024, 2025 to 5.14%, 5.96% and 5.81%, and dropped slightly in 2026 to 4.09%.

We solicited rate quotes from several other banks, with Camden providing the only response to the RFP.

To approve the financing, Bond Counsel has provided the Motion language and item description in **Attachment A** to authorize the District to borrow funds and to authorize the Board President and Treasurer to execute the required paperwork for generating the note.

FISCAL IMPACT

Cash flow financing accrues interest as funds are drawn periodically, is based on the cumulative outstanding balance, and must be fully retired by the end of the year. The interest expense for the 2027 budget was increased in anticipation of an increased rate on the borrowing and a higher than expected interest expense in 2026. Staff will be fully analyzing the funding available early in the year to lessen the need for early 2027 TAN withdrawals, and therefore, keeping the interest expense within the budget request for 2027. However, staff may find a need to increase the request for the interest rate, which would be requested during the final budget approval process in February 2027.

The following table shows comparative principal amounts, interest rates, and total interest paid. The budget estimate for 2027 interest is $50,000.

Year	Principal	Rate	Int Paid	Operating Budget
2017	$2,000,000	1.30%	$ 7,272	Budget = $ 8.7m
2018	$2,450,000	2.12%	$23,126	Budget = $10.1m
2019	$3,000,000	3.15%	$51,485	Budget = $11.4m
2020	$4,100,000	2.18%	$32,958	Budget = $12.1m
2021	$4,600,000	1.59%	$15,408	Budget = $12.7m
2022	$5,300,000	1.67%	$23,053	Budget= $13.9m
2023	$5,600,000	5.14%	$66,570	Budget= $14.3m
2024	$5,600,000	5.96%	$76,623	Budget= $16.8m
2025	$5,600,000	5.81%	$56,296	Budget= $19.2m
2026	$6,100,000	4.09%	$66,964	Budget- $20.2m
2027	$6,600,000	5.04%	TBD	Budget- $23.4m

PRIOR COMMITTEE ACTION

N/A

RECOMMENDATION

Staff recommends approval to move to the Board of Directors for approval at the December 10, 2026 meeting.

CONTACT

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