

## MEMO

TO: Denis D'Auteuil  
FR: Marsha Bennett  
DT: April 28, 2015  
RE: FY2016 Budget Questions - LATC

Below are responses to the follow up questions and comments I received from Auburn staff at the request of the Mayor and Council. I have numbered the questions for easier reference. The original list of questions/comments was developed after LATC's draft budget was submitted to the City. LATC reviewed and discussed the questions and corresponding answers at their February 12 meeting. At this meeting, they also approved the budget with one minor change that was in response to question 4 below. The revised budget submitted to the cities reflects the federal funds broken down by source (FTA 5307) and category (operating and/or capital).

Lewiston Auburn Transit Committee (these are noted as follow up questions to answers AVCOG staff provided previously but were scant on the real details)

Answers provided addressed the questions and/or comments that were made.

**1. Question:** What are the projected operating expenses for the Downtown Auburn Transportation Center? I see the costs doubling for janitorial, but knowing that a potential user of our facility (Concord confidentially) has said if our facility is maintained like Lewiston's they would not serve it, I think we need to revisit maintenance standards and expectations to keep our facility first class

**\_ Answer:** The operating costs in the FY16 budget for the Auburn bus station are unknown at this time and are an estimate based on the costs for the Lewiston station. At this time, it is anticipated that the bus station will open sometime during FY16 so LATC won't be looking at paying for a full year of operating expenses.

**\_ FOLLOW UP: The question about maintenance standards was not addressed. What will Auburn staff do to ensure our facility meets the absolute highest standards?**

Answer: In response to the original question, maintenance costs for the facility are unknown; however, LATC's budget does include operating expenses for the Downtown Auburn Transportation Center. The FY16 budget includes \$9,400 for janitorial, \$3,000 for repairs (it is not anticipated

that there will be any repairs because of it being new), \$1,000 for supplies, \$2,500 for gas and electricity (the final design has not been completed so the heating/AC system is unknown); \$600 for water/sewer (based on the Lewiston station), and \$650 for insurance (based on the Lewiston station). LATC is anticipating that the station will open during FY16 and approved a budget that they thought was a fair estimate.

The original "question" contained a statement about revisiting maintenance standards. The follow-up question is addressed to Auburn staff, not LATC. As the recipient of federal funds, LATC will be the owner of the facility, but will be leasing the land from the city. Now that the facility is on-track for construction, LATC and Auburn staff will begin developing a land lease agreement. Maintenance standards can be addressed in the land lease.

**2. Question:** We should not be paying for "meetings" which I presume is paying for lunch at AVCOG or wherever the meetings are held. That's 2,000 quickly saved. We don't buy meals for Council meetings we don't need to buy meals for committee meetings.

**Answer:** This is a discussion/decision for LATC.

**FOLLOW UP: What is the position of Auburn's board members on this? It is time to stop buying free lunch for boards.**

**Answer:** The follow-up question is addressed to Auburn's LATC board members. At LATC's February 12 meeting, this list of questions with corresponding answers was discussed. LATC did not make any changes to the Meeting line item in the budget. LATC approved the FY2016 budget with a vote of 4-0. Members present included Phil Nadeau, Howard Kroll, Mark Cayer and Lucy Bisson.

**3. Question:** Audit - if the federal funds for our transit system currently go through AVCOG's non profit structure, are we paying \$6,750 for just the audit of LATC activities or is this some prorated portion?

**Answer:** The \$6,750 is strictly for LATC. This is based on a 5 year award that will expire on 9/30/15. We will be going out to bid for audit services later this year which could change the estimated audit cost.

**FOLLOW UP: Is this bid with other audits at AVCOG or as a stand-alone?**

**Answer:** AVCOG prepares one RFP for audit services requesting prices for two separate audits – AVCOG's and LATC's. The audits are done by the

same firm, at the same time but are prepared separately and billed separately.

The current contract with the auditor, which expires on 9/30/15, is based on two stand-alone audits, one for LATC and one for AVCOG. Because AVCOG is now the FTA 5307 direct recipient, the new RFP will be based on one combined audit for AVCOG and LATC. However, because the amount of Federal funds will require the FTA 5307 program to be tested as a major program, we will require this cost to be broken out so that it can be charged against FTA 5307 grant. We anticipate that this will reduce the cost of the LATC audit by a significant amount.

**4. Question:** Federal funds - We should ask for a budget that breaks down the source of each federal dollar. It is important to know whether we are funding operating, planning or capital activities with our various federal sources of money.

**\_ Answer:** LATC receives Federal Transit Administration 5307 funds for operating and capital. Allowable operating expenses are paid at 50/50, capital equipment and capital preventive maintenance are covered at 80/20, and ADA operating is 80/20. LATC does not receive federal planning funds.

**\_ FOLLOW UP: AVCOG did not answer my question. The budget should reference specifically which type of federal funds and break down the use. She notes operating (specific match), capital equipment, capital PM and ADA. Each of those uses should be listed next to the total federal dollars per use.**

Answer: LATC receives funding for operating from one federal source – FTA 5307. LATC's request for FTA 5307 operating and capital funds is based on their approved budget. The final FY16 budget submitted was revised to reflect the federal funds – source, use and amount. The budget shows if the funds are used for fixed route, ADA or for the bus station/LATC operating.

**5. Question:** Federal funds - Depending on the answer to the question above, we need to see the allocation of all federal planning funds (from the UPWP) that are related to transit tasks, including their indirect charge backs.

**\_ Answer:** LATC does not receive any federal planning funds. The Androscoggin Transportation Resource Center, the Metropolitan Planning Organization for the Lewiston-Auburn urbanized area, receives FTA 5307 and 5303 planning funds to support activities in its Unified Planning Work Program (UPWP).

**\_ FOLLOW UP: Marsha Bennett and others at AVCOG are paid for LATC/Citylink related activities from the UPWP. We must see a full accounting of the time spent and the dollar allocation from the UPWP, including indirect charges. Howard, you are a member of the ATRC Policy Committee and need to help get these answers. We should ask for specific tasks, time allocations and indirect charges for 5307 and 5303 funds. We should also ask for internal documents that confirm timesheets meeting those dollar figures.**

Answer: LATC's FY2016 budget submitted is strictly for LATC/citylink operations. AVCOG staff is represented as Personnel in LATC's FY16 budget. LATC/citylink activities are not included in ATRC's UPWP (link to ATRC's FY2014-2015 UPWP <http://www.avcog.org/index.aspx?NID=1063> ).

**6. Question:** Staff - What portion of the WMTS is paying for their administration, is that broken out in the annual payment? It is clearly inefficient and a waste of taxpayer money to be paying city staff to serve on LATC, then paying AVCOG staff to staff LATC, and then paying WMTS to manage the fixed route system and attend LATC meetings.

**\_ Answer:** LATC has a fixed price contract with WMTS and is billed monthly for 1/12 of the annual contract. The WMTS administrative costs are not broken out in the contract. LATC members set policy for the local transit system.

**\_ FOLLOW UP: This is clearly a BS answer. If LATC members set policy, why are they reviewing maintenance records, making decisions on system shut downs, and planning for bus wash facilities? Those are all management tasks. If WMTS is providing the management, and LATC members are setting policy, why are we paying AVCOG for anything? Lewiston and Auburn could simply receive the federal funds directly and save taxpayers thousands of dollars by eliminating a middle man.**

Answer: If there is a change in the management of public transit in Lewiston-Auburn, and to the structure of LATC it would have to be agreed upon by both Auburn and Lewiston City Councils.

WMTS provides management for THEIR employees only.  
LATC sets policy and makes all major decisions regarding the operation of the citylink system.  
AVCOG provides staff to carry out the policies and decisions made by the LATC.

**7. Question:** Staff/AVCOG - Does LATC have a written contract with AVCOG? If so, how does it allocate costs and what performance measures are included?

Also, which federal funding accounts are paying for each of the respective staff members?

**\_ Answer:** LATC did have a contract with AVCOG until AVCOG became a direct recipient of FTA 5307 funds. Maine's Governor designated AVCOG as a direct recipient for FTA 5307 funds. FTA operating and capital funds now go directly to AVCOG (not through MaineDOT) for LATC's transit services. Direct costs are based on actual time incurred and out of pocket expenses incurred to support the LATC. Indirect costs are in accordance with a federally approved Indirect Cost Plan. These costs are funded with the FTA 5307 grant. The LATC's **major** performance measures are ridership, fare box revenues, and missed trips. These measures are reviewed monthly by the LATC.

**\_ FOLLOW UP:** If direct costs are billed, I would like to see all direct time reports by staff member for the current fiscal year. AVCOG should also provide to us a copy of the indirect cost plan so the City Council and property taxpayers can see the type of overhead charged by AVCOG versus the costs we cannot cover when our staff need to attend meetings and set direction for the same system. What is the legal basis for property tax money to go to AVCOG (we have to pay local match on the federal funds) if neither city, nor LATC have a legal agreement with AVCOG? We have created three levels of government between our riders, the federal investment and local investment in transit. (AVCOG as a non profit corporation, LATC as a corporation through interlocal agreement, and WMTS as another non profit corporation.) And we wonder why our property taxes are so high?

Answer: AVCOG's indirect rate as approved by the Federal Transit Administration is attached. AVCOG's FY2015 Budget and Workplan is posted on AVCOG's website and is attached as a separate document to this email response.



U.S. Department  
of Transportation  
Federal Transit  
Administration

REGION I  
Connecticut, Maine,  
Massachusetts,  
New Hampshire,  
Rhode Island, Vermont

Volpe Center  
55 Broadway Suite 904  
Cambridge, MA 02142-1093  
617-494-2055  
617-494-2866 (fax)

September 19, 2014

Mr. Robert J. Thompson  
Executive Director  
Androscoggin Valley Council of Governments  
125 Manley Road  
Auburn, ME 04210

RE: FY2015 Indirect Cost Plan

Dear Mr. Thompson:

The Federal Transit Administration (FTA) is in receipt of your correspondence dated September 17, 2014 regarding Androscoggin Valley Council of Governments (AVCOG) Indirect Cost Plan for the Year Ending September 30, 2015. Since the proposal is in accordance with OMB Circular A-87, FTA hereby approves AVCOG's use of the indirect cost rate of 41.05%.

This rate may be used to support a claim for Federal payment of indirect costs incurred for the performance of a Federal grant. AVCOG must maintain and keep current its Indirect Cost Rate in TEAM-Web.

AVCOG only needs to submit an indirect cost rate proposal to FTA for approval when:

1. There is a change in your accounting system, thereby affecting the previously approved cost allocation plan (CAP)/indirect cost rate proposal and its basis of application;
2. The proposed CAP/indirect cost rate proposal exceeds the amounts and rate approved for the previous year by more than 20%; or
3. There is a change to the CAP/indirect cost rate proposal methodology.

Please contact Mr. Matthew Keamy with any questions at (617) 494-3038 or via email at [matthew.keamy@dot.gov](mailto:matthew.keamy@dot.gov).

Sincerely,

Mary Beth Mello  
Regional Administrator



September 17, 2014

Matthew Keamy  
Federal Transit Administration  
Kendall Square  
55 Broadway, Suite 920  
Cambridge, MA 02142-1093

Via Email: matthew.keamy@dot.gov

Re: FY 2015 Indirect Cost Plan

Dear Matt:

Attached please find AVCOG's Indirect Cost Plan for FY2015 ending September 30th, 2015. Please note that our Leave Rate is estimated at 21.0%, our Fringe Rate is estimated at 29.3%, and the Indirect Rate is estimated at 41.05%. We will be using a Fixed Indirect Rate in accordance with OMB Circular A-87.

If you have any questions please do not hesitate to call.

We are hopeful this will fulfill your needs.

Sincerely,

Robert J. Thompson  
Executive Director

Greg E. Whitney  
Finance Director

  
Signature

  
Signature

Date 9.17.14

Date 9/17/14

cc: Ronald Radlo, FTA

## **APPLICABLE COSTS AND COST DISTRIBUTION**

Cost incurred by the Androscoggin Valley Council of Governments in the performance of the various programs are allocated to those Federal, State and Local agencies that derive benefits from and/or fund the program.

### **I. ALLOWABLE PROGRAM EXPENSES:**

- A. Salaries
- B. Employee Benefits
- C. Contract Services
- D. Consultant
- E. Travel & Subsistence
- F. Rent
- G. Seminars & Conferences
- H. Materials
- I. Publications, Memberships and subscriptions
- J. Supplies
- K. Drafting Supplies
- L. Postage
- M. Printing
- N. Accounting & Legal
- O. Furniture and Equipment Rental
- P. Equipment Repairs
- Q. Advertising
- R. Insurance
- S. Utilities
- T. Janitorial Services
- U. Educational Reimbursement
- V. Maintenance Agreements
- W. Depreciation Expense
- X. Administrative Expense
- Y. Automated Data Processing
- Z. Taxes

### **II. UNALLOWABLE EXPENSES AS DEFINED BY FEDERAL AND STATE REGULATIONS:**

- A. Interest Expense



CERTIFICATION BY A LOCAL GOVERNMENT DEPARTMENT  
OR  
STATE AGENCY OFFICIAL - INDIRECT COST PROPOSAL

I hereby certify as the responsible official of Androscoggin Valley Council of Governments that the information contained in this Indirect Cost Proposal for the Fiscal Year ending September 30, 2013 is correct and was prepared by procedures contained in O.M.B. Circular A-87. I further certify that procedures were utilized to: (a) prevent costs from being allocated to Federal programs as Indirect Costs that have already been treated as Direct Program Costs; (b) to assure that consistent treatment is accorded similar costs for all programs in the Department/Agency, regardless of source of funds; and (c) to assure that costs have not been treated as Indirect Costs of Federal Programs inconsistent with statutory restrictions governing those programs.

Robert J. Thompson  
Signature

Robert J. Thompson  
Executive Director

9.17.14  
Date

**AVCOG  
FY15 Cost Allocation Plan**

<b>Account</b>	<b>Total</b>	<b>Direct</b>	<b>Indirect</b>
Salary/wages	\$ 883,636.36	\$ 725,442.15	\$ 158,194.21
Leave wages	\$ 185,563.64	\$ 152,342.85	\$ 33,220.79
Fringe Benefits	\$ 313,261.00	\$ 257,179.00	\$ 56,082.00
Contract Services	\$ 1,864,600.00	\$ 1,863,600.00	\$ 1,000.00
Travel	\$ 33,100.00	\$ 27,600.00	\$ 5,500.00
Office Supplies	\$ 8,500.00	\$ 6,000.00	\$ 2,500.00
Drafting Supplies	\$ 1,000.00		\$ 1,000.00
Computer Supplies	\$ 500.00		\$ 500.00
Janitorial Supplies	\$ 1,200.00		\$ 1,200.00
Computer Software Maint	\$ 28,000.00	\$ 14,000.00	\$ 14,000.00
Telephone	\$ 12,500.00	\$ 3,000.00	\$ 9,500.00
Utilities	\$ 15,000.00		\$ 15,000.00
Computer & Equip Repairs	\$ 1,000.00		\$ 1,000.00
Maint Agreements	\$ 5,000.00		\$ 5,000.00
Equip Rental	\$ 8,500.00		\$ 8,500.00
Postage	\$ 4,000.00	\$ 2,500.00	\$ 1,500.00
Registrations	\$ 4,500.00	\$ 3,000.00	\$ 1,500.00
Memberships, Dues, Subscrip	\$ 13,100.00	\$ 4,100.00	\$ 9,000.00
Conf Exp	\$ 37,500.00	\$ 33,500.00	\$ 4,000.00
Liability Ins	\$ 13,000.00	\$ 1,000.00	\$ 12,000.00
Small Equip & Software	\$ 3,700.00	\$ 3,000.00	\$ 700.00
Printing & Publications	\$ 14,200.00	\$ 13,200.00	\$ 1,000.00
Building Maint	\$ 7,000.00		\$ 7,000.00
Advertising	\$ 2,500.00	\$ 2,000.00	\$ 500.00
Accounting	\$ 17,500.00	\$ 5,000.00	\$ 12,500.00
Administration	\$ 4,179.00	\$ 179.00	\$ 4,000.00
Legal Services	\$ 3,000.00	\$ 2,000.00	\$ 1,000.00
Training	\$ 1,500.00	\$ 1,000.00	\$ 500.00
Interest Exp *	\$ 60,200.00	\$ 46,000.00	\$ 14,200.00
RE Taxes	\$ 20,275.00		\$ 20,275.00
Rent	\$ 9,000.00		\$ 9,000.00
Building Repair	\$ 15,000.00		\$ 15,000.00
Depreciation Exp	\$ 40,000.00		\$ 40,000.00
<b>Total</b>	<b>\$ 3,631,515.00</b>	<b>\$ 3,165,643.00</b>	<b>\$ 465,872.00</b>

\* Note, indirect interest is for publicly owned building

**Leave Rate****21.0%**

Leave costs (explanation below)	\$	185,563.64	Note: leave rate is based on historical experience and the breakdown below.
Base (explanation below)	\$	883,636.36	

Leave Costs include:                      Vacation @ 168 hrs  
   Holiday @ 96 hrs  
   Sick @ 96 hrs  
   Total: 360 divided by 1720 productive hrs = 21%

Leave Base is total "productive" (non-leave) hours

**Fringe Rate****29.3%**

Fringe costs (explanation below)	\$	313,261.00
Base (explanation below)	\$	1,069,200.00

Fringe Costs include:	Medicaid	14,554
	Unemployment	1,877
	Workers Comp	4,063
	MainePERS	95,159
	Health & Dental	<u>197,608</u>
	Total	313,261

Fringe Base is the total of:	Total Salaries	\$	883,636.36
	Total Leave	\$	<u>185,563.64</u>
	Total	\$	1,069,200.00

**Indirect Cost Rate****41.05%**

Total Indirect Cost	\$	465,872.00
Base (explanation below)	\$	1,134,964.00

Indirect cost base is the total of:	Direct salaries	\$	725,442.15
	Direct leave	\$	152,342.85
	Direct fringe	\$	<u>257,179.00</u>
	Total	\$	1,134,964.00