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Martin I. Eisenstein
Chairman



**NORTHERN NEW ENGLAND
PASSENGER RAIL AUTHORITY**

January 30, 2013

Senator Justin Alford
President of the Maine Senate
3 State House Station
Augusta, ME 04333-0003

And

Representative Mark Eves
Speaker of the Maine House of Representatives
State House Room 300
2 State House Station
August, ME 04333-0002

RE: Statutory Citation P.L. 2011 c. 616: An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-Independent State Entities

Dear Senator Alford and Representative Eves:

Please find enclosed the Northern New England Passenger Rail Authority's annual report as required under section 12023 (1) "Adoption and implementation" of the Statutory Citation referenced above.

Sincerely,

Mr. Martin Eisenstein
Chairman

Northern New England Passenger Rail Authority Board of Directors



**Northern New England Passenger Rail Authority
Adoption and Implementation Status of Policies and Procedures
Required by Section 12022 of
P.L. 2011, c. 616: An Act to Implement the Recommendations of the Office of Program
Evaluation and Government Accountability and the Government Oversight Committee
Regarding Quasi-independent State Entities**

About the Northern New England Passenger Rail Authority:

Maine's 119th Legislature established the Northern New England Passenger Rail Authority (NNEPRA) in 1995, as a result of a citizens' initiative, to oversee the restoration and operation of passenger rail service to and within the State of Maine. Under NNEPRA's leadership, passenger rail service was restored to Maine in December 2001, following the completion of a \$60 million track rehabilitation project. Since that time, NNEPRA has managed the Amtrak Downeaster, which operates five round-trips daily between Portland and Boston, with two connecting trips to Freeport and Brunswick that began in November 2012.

The seven-member NNEPRA Board of Directors, appointed by the Governor of Maine, is supported by the collective efforts of the staff to develop the operation strategies, marketing programs, community relations, food service operations and service planning activities that have made the Downeaster one of the most successful passenger rail services in the country – and an economic engine for Northern New England.

NNEPRA provides a leadership role, working with transportation and funding partners on the state, regional and federal levels to develop a transportation network that provides mobility, stimulates the economy including tourism and business development, improves quality of life, and protects our environment.

Reporting Entity:

Northern New England Passenger Rail Authority (NNEPRA), a State of Maine Quasi-independent Entity, is the reporting entity under Title 23, chapter 621, subchapter 2.

Managing Director:

The Managing Director/Executive Director of NNEPRA is Patricia Quinn.

Governing Body:

The Governing Body of NNEPRA is its Board of Directors.

The seven-member NNEPRA Board of Directors, appointed by the Governor of the State of Maine, is supported by the collective efforts of staff to develop the operating strategies, marketing programs, community relations, food service, and service planning activities for the Downeaster.

NNEPRA's Board of Directors:

Martin Eisenstein, Chairman
Senior Partner, Brann & Isaacson, Lewiston, Maine

Dana Connors, Vice Chairman
President, Maine State Chamber of Commerce, Augusta, Maine

Brenda Garrand, Treasurer
President, Garrand and Company, Portland, Maine

David Bernhardt, Director Ex-Officio
Commissioner, Maine Department of Transportation

John Bubier, Director
City Manager, City of Biddeford, Maine

Ron McKinnon, Director Ex-Officio
Senior Program Manager, Maine Department of Economic and Community
Development

Matt Jacobson, Director
Executive Vice President of Sales, Oxford Networks

In general, for the last ten years, the Board has relied on a combination of measures to ensure that proper expenditures are made, including:

1. Annual audits by an outside accounting firm;
2. Triennial reviews by the Federal Transit Administration to ensure compliance with stringent federal guidelines, which address many of the areas covered by Section 12022, including Procurement, Legal, Financial, Technical, Satisfactory Continuing Control, Maintenance, Disadvantaged Business Enterprise, Buy America, Suspension/Debarment, Lobbying, Planning/Program of Projects, Title VI, Public Comment Process for Fare Increases and Service Reductions, Half Fare, ADA, National Transit Database, Safety and Security, Drug-Free Workplace Equal Employment Opportunity and ITS Architecture;
3. Review by the Federal Railroad Administration of each capital grant to ensure compliance with federal guidelines, including Financial, American Recovery and Reinvestment Act (ARRA), Project Controls, Scope and Schedule, Construction Management, Environmental, Grant Management, Budget/Expenditures;

4. Review by the United States Department of Transportation in compliance with the Improper Payment Elimination and Recovery Act (IPERA), including in-depth review of sample procurements and payments from the bidding process to the vendor payment;
5. Adoption of detailed budgets approved by the Board and the Commissioner of the Department of Transportation for submission to the Legislature;
6. Monthly monitoring of the budgets by the Board;
7. Annual conversations regarding the audits by the Board Chairman and the independent auditor; and
8. Countersignature by the Treasurer, a member of the Board, pursuant to voucher forms of all checks issued. In addition, approval for all contracts is provided by the Board of Directors and based upon whether they fit within budget.

While all of the foregoing has occurred, the Policies and Procedures described below have not been formally adopted by the Board, but will be ratified at the next Board meeting in February. The Board Chairman has also requested that staff implement the Policies until that Board meeting.

Financial Policies and Procedures:

Selection of Vendors:

NNEPRA's Procurement Policy includes those requirements under Section 12022, sub-section 3:

- A. Competitive procurement as the standard procurement method;
- B. Conditions under which competitive procurement, or sole source, may be waived, and;
- C. Written justification and proper approvals for all non-competitive procurements or sole source awards shall be maintained on file for at least five (5) years.

In the past staff has shared orally with NNEPRA's Board of Directors the NNEPRA Procurement Policy, including compliance with guidelines and regulations by the FRA, FTA and the Department of Transportation. The Board has required, prior to the adoption of Section 12022 of P.L. 2011, c. 616, that staff follows the foregoing guidelines and regulations. A formal vote regarding the NNEPRA Procurement Policy will take place at the next Board Meeting, February 25, 2012 and the Procurement Policies will be implemented immediately. The policies set forth in the Procurement Policy were used by NNEPRA prior to December 31, 2012.

Contributions:

NNEPRA's Contribution Policy includes those requirements under Section 12022, sub-section 4:

- A. Criteria to ensure that contributions are directly related to NNEPRA's mission and activities is established;
- B. Contributions are budgeted and accounted for separately from other NNEPRA expenditures;

- C. Documentation supporting contributions are maintained for at least seven (7) years;
- D. NNEPRA's Board of Directors approves the annual budget for contributions and will be provided quarterly reports on actual costs.

Staff has developed a Contributions Policy. A formal vote regarding this Policy will take place at the next Board Meeting, February 25, 2012, and the Contributions Policy will be implemented immediately. In the past, through review of the Budget and the required signature of the Treasurer on all checks, the Board has adopted and implemented the substance of the Contributions Policy.

Travel, Meals and Entertainment:

NNEPRA's Mileage, Travel, Meals and Entertainment Policy includes those requirements under Section 12022, sub-section 5:

- A. Mileage, travel, meal and entertainment costs are limited to those reasonable and necessary for accomplishing the entity's mission and activities;
- B. Travelers for whom mileage, travel, meals and entertainment costs and what conditions those costs will be reimbursed and whether directly or through reimbursement are described in a voucher that is submitted to the Treasurer or other officer for approval;
- C. Required supporting documentation and approvals of mileage, travel, meals and entertainment costs paid directly or through reimbursement are established, all of which are set forth on vouchers submitted with the request for signature on checks by the Treasurer or other officer;
- D. Mileage, travel, meals and entertainment costs are budgeted and accounted for separately from other expenditures;
- E. NNEPRA's Board of Directors and the Commissioner of the Department of Transportation approve the annual budget for mileage, travel, meals and entertainment costs and will be provided quarterly reports on actual costs paid directly or reimbursed.

A formal vote by NNEPRA's Board of Directors adopting the Mileage, Travel, Meals and Entertainment Policy will take place at the next Board Meeting, February 25, 2012, and the Mileage, Travel, Meals and Entertainment Policy will be implemented immediately. The policies regarding Mileage, Travel, Meals and Entertainment have been followed by staff since prior to December 31, 2012, and the Board has ensured compliance through its control over the budget as well as the signatory authority of the Treasurer.

Lobbyists:

NNEPRA will not retain any person, other than entity staff, that is required to register as a lobbyist as defined in Title 3, section 312-A, subsection 10. Nor has NNEPRA retained any lobbyist as defined in Title 3, section 312-A, subsection 10 in the last several years.

Compliance Monitoring:

This monitoring has been in effect for the last ten years.

The Treasurer of the Board of Directors reviews all payments made by NNEPRA and is a counter-signatory on all checks .

NNEPRA's Board of Directors reviews the monthly budget variance report at the Board meetings.

NNEPRA's financial statements, policies and procedures are audited annually by an outside accounting firm. This audit includes a detailed review of procurements and compliance. The final audit is presented to the Board of Directors for review and vote. There were no findings resulting from the recent FY2012 audit or in any of the other years beginning in FY 2005. The auditor annually advises the Board Chair of the auditor's determination.

NNEPRA's policies and procedures are reviewed every three years by the Federal Transit Administration. The Triennial Review, which occurred in August 2012, includes a detailed examination of all payments, procurements and compliance with federal guidelines. The final audit is presented to the Board of Directors for review. There were no findings resulting from the August 2012 Triennial Review. All findings from the 2009 review were satisfactorily resolved by September 3, 2009.

NNEPRA's capital projects are also reviewed by the Federal Railroad Administration, including all related procurements and compliance with federal guidelines. The final evaluation is presented to the Board of Directors for review. There were no findings resulting from the November 2011 review of the High Speed Intercity Passenger Rail (HSIPR) American Recovery and Reinvestment Act (ARRA) grant or the June 2012 Review of the Service Development Plan grant.

NNEPRA's capital procurements and payments are tested and reviewed by a national accounting firm appointed by the United States Department of Transportation in compliance with the Improper Payment Elimination and Recovery Act of 2010 (IPERA) (Public Law No. 111-204). NNEPRA's capital projects were tested in August 2012. No improper payments were identified during their review.