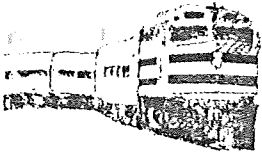


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NNEPRA

Northern New England Passenger Rail Authority

NORTHERN NEW ENGLAND
PASSENGER RAIL AUTHORITY

REPORT
TO

MAINE STATE LEGISLATIVE COUNCIL
AND
JOINT STANDING COMMITTEE ON TRANSPORTATION

REPORTING PERIOD
FISCAL YEAR 1998

NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY
DIRECTORY

AUTHORITY MEMBERS

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SHARON S. WHITE, TREASURER

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F. BRUCE SLEEPER

EXECUTIVE DIRECTOR

MICHAEL J. MURRAY, P.E.

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EXECUTIVE SUMMARY

February 1999

Dear Member of the Legislative Council

or

Member of the Joint Standing Committee on Transportation

This report has been prepared pursuant to 23 MRSA c 621, subchapters I and II which, in addition to creating the Northern New England Passenger Rail Authority ("NNEPRA") in 1995, directed "NNEPRA" to take all necessary actions to reestablish passenger rail service for Maine citizens and for the millions of business and recreational travelers that visit our state annually.

On behalf of the NNEPRA Board of Directors, I am pleased to report that significant progress towards advancing the implementation of Amtrak intercity passenger rail service between Portland and Boston was achieved in 1998. As reported in NNEPRA'S Annual Report for 1997, Amtrak and Guilford Rail Systems (GRS) failure to reach agreement on several issues relating to the terms and conditions under which the service would be provided led Amtrak to seek resolution of these issues by the U.S. Surface Transportation Board (STB). After 14 months of evidentiary submissions and/or fact finding, the STB rendered its decision on these issues on May 29, 1998. Based on this decision, an Agreement setting forth the terms, conditions, and required work program that allowed 60 mph service was executed between Amtrak, GRS, and NNEPRA on July 10, 1998.

However, as a result of additional federal funding that became available to the project pursuant to the "Taxpayers Relief Act of 1997" (see Annual Report for 1997), NNEPRA and GRS were able to reach agreement on four of five additional conditions that GRS identified as necessary to their permitting the proposed service to operate at speeds up to 79 mph. The only GRS condition not agreed to by NNEPRA relates to the minimum weight of rail (115# versus 132#). Amtrak, NNEPRA, and GRS have agreed to have the STB resolve the rail weight issue. Subject to resolution of this issue by the STB, a Supplemental Agreement establishing the terms,

conditions, and required work program that will allow the proposed service to operate at speeds up to 79 mph was executed on December 4, 1998. Simultaneous to the execution of the Supplemental Agreement, NNEPRA issued a "Notice to Proceed" to GRS for the commencement of construction activities in support of the Portland-Boston rail service. GRS has advised NNEPRA that it will require two full construction seasons to complete the required track, signal, and bridge improvements.

NNEPRA is currently focusing its attention on concluding negotiations of the required agreement(s) with the Massachusetts Bay Transportation Authority (MBTA) and with assisting the municipalities of Portland, Old Orchard Beach, Saco, and Wells in the development of intermediate and/or terminal station facilities.

The Northern New Passenger Rail Authority looks forward to working with you during the current Legislative session.

Respectfully,

Michael J. Murray, P.E.
Executive Director

PORTLAND-BOSTON INTERCITY PASSENGER RAIL SERVICE

PROJECT OVERVIEW

The proposed project entails the undertaking of rail related infrastructure (track, signal, and bridge) improvements which will permit the reestablishment of safe and reliable passenger rail service within the existing 114 mile rail corridor between Portland and Boston's North Station. Within Massachusetts the trackage (36 miles) is owned by the Massachusetts Bay Transportation Authority (MBTA); the remaining 78 miles of trackage within New Hampshire (35 miles) and Maine (43 miles) is owned by the Boston and Maine Corporation, a subsidiary of Guilford Rail Systems.

To remain competitive with the current modes of choice (air and private automobile), a Portland-Boston travel time constraint of approximately two and one half hours has been placed upon the proposed service. To satisfy this travel time constraint, scheduled intermediate station stops have been limited to five or less. Communities selected to host intermediate intermodal station facilities are: Saco and Wells in Maine, Dover and Exeter in New Hampshire, and Haverhill (Bradford) in Massachusetts. A summer seasonal stop at Old Orchard Beach and a weekend stop at the University of New Hampshire at Durham is also being proposed. Originating/terminating stations for the initial service will be Portland and Boston's North Station.

Consistent with the intent and purpose of Maine's Sensible Transportation Policy Act, as well as, the Intermodal Surface Transportation Efficiency Act of 1991, every effort is being taken to integrate operations of the proposed passenger rail service with existing intercity and intracity feeder bus services which currently operates within the Portland-Boston transportation corridor. It is hoped that the four daily round trips which will be made by the rail service would be integrated and/or supplemented with at least three additional round trips by intercity bus. Interchangeability of ticketing between the rail-bus alternatives is also under consideration.

PROJECT COST ESTIMATE
FTA SECTION 3

APPROVAL DATE :

GRANTEE: NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY
AUGUSTA, MAINE

GRANT NO.: -----APPROVED BUDGET----- -----ACTIVITY CHANGES----- -----REVISED BUDGET-----
BUDGET NO.: 2

SCOPE		FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT
131-00	RAIL - REVENUE ROLLING STOCK	\$400,000	\$500,000	\$0	\$0	\$400,000	\$500,000
	<u>ACTIVITY</u>						
	13.13.26 RAIL CARS USED (3- CAB CARS)	\$400,000	\$500,000	\$0	\$0	\$400,000	\$500,000
SUBTOTAL RAIL - REVENUE ROLLING STOCK		\$400,000	\$500,000	\$0	\$0	\$400,000	\$500,000

SCOPE		FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT
132-00	RAIL - TRANSITWAY LINES	\$28,172,273	\$35,215,341	\$2,365,600	\$2,957,000	\$30,537,873	\$38,172,341
	<u>ACTIVITY</u>						
	13.2103 ENGINEERING AND DESIGN	\$1,640,000	\$2,050,000	\$0	\$0	\$1,640,000	\$2,050,000
	13.21.03 ENGINEERING & DESIGN DURING CONSTRUCTION PHASE	\$1,080,000	\$1,350,000	\$0	\$0	\$1,080,000	\$1,350,000
	13.24.03 LINE EQUIPMENT/ STRUCTURES	\$23,845,873	\$29,807,341	\$2,365,600	\$2,957,000	\$26,211,473	\$32,764,341
	13.24.05 BRIDGE REHABILITATION	\$1,606,400	\$2,008,000	\$0	\$0	\$1,606,400	\$2,008,000
SUBTOTAL RAIL - TRANSITWAY LINES		\$28,172,273	\$35,215,341	\$2,365,600	\$2,957,000	\$30,537,873	\$38,172,341

SCOPE		FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT
133-00	RAIL - STATION STOPS - TERMINALS	\$1,550,000	\$1,937,500	\$0	\$0	\$1,550,000	\$1,937,500
	<u>ACTIVITY</u>						
	13.33.03 CONSTRUCTION - PORTLAND	\$800,000	\$1,000,000	\$0	\$0	\$800,000	\$1,000,000
	13.33.03 CONSTRUCTION - OLD ORCHARD BEACH	\$150,000	\$187,500	\$0	\$0	\$150,000	\$187,500
	13.33.03 CONSTRUCTION - SACO	\$400,000	\$500,000	\$0	\$0	\$400,000	\$500,000
	13.33.03 CONSTRUCTION - WELLS	\$200,000	\$250,000	\$0	\$0	\$200,000	\$250,000
SUBTOTAL RAIL - STATION STOPS - TERMINALS		\$1,550,000	\$1,937,500	\$0	\$0	\$1,550,000	\$1,937,500

SCOPE		FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT
134-00	RAIL - SUPPORT & EQUIPMENT FACILITIES	\$700,000	\$875,000	\$0	\$0	\$700,000	\$875,000
	<u>ACTIVITY</u>						
	13.43.05 YARDS & SHOP CONSTRUCTION (PORTLAND)	\$700,000	\$875,000	\$0	\$0	\$700,000	\$875,000
SUBTOTAL RAIL - SUPPORT & EQUIPMENT FACILITIES		\$700,000	\$875,000	\$0	\$0	\$700,000	\$875,000

APPROVAL DATE :

GRANTEE: NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY
AUGUSTA, MAINE

GRANT NO.: -----APPROVED BUDGET----- -----ACTIVITY CHANGES----- -----REVISED BUDGET-----
BUDGET NO.: 2

SCOPE	RAIL - SIGNAL & COMMUNICATIONS	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT
136-00	RAIL - SIGNAL & COMMUNICATIONS	\$1,320,000	\$1,650,000	(\$360,000)	(\$450,000)	\$960,000	\$1,200,000
	<u>ACTIVITY</u>						
	13.64.01 TRAIN CONTROL/SIGNAL SYSTEMS	\$1,320,000	\$1,650,000	(\$360,000)	(\$450,000)	\$960,000	\$1,200,000
SUBTOTAL RAIL - SIGNAL & COMMUNICATIONS		\$1,320,000	\$1,650,000	(\$360,000)	(\$450,000)	\$960,000	\$1,200,000

SCOPE	RAIL - OTHER CAPITAL PROGRAM ITEMS	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT	FEDERAL AMOUNT	TOTAL AMOUNT
137-00	RAIL - OTHER CAPITAL PROGRAM ITEMS	\$6,168,227	\$7,710,284	(\$2,005,600)	(\$2,507,000)	\$4,162,627	\$5,203,284
	<u>ACTIVITY</u>						
	13.79.00 NEW START STATE ADMINISTRATION	\$400,000	\$500,000	\$0	\$0	\$400,000	\$500,000
	13.72.08 FORCE ACCOUNT - RIGHT OF WAY IMPROVEMENTS (MBTA)	\$800,000	\$1,000,000	\$0	\$0	\$800,000	\$1,000,000
	13.73.00 * CONTINGENCY	\$4,968,227	\$6,210,284	(\$2,005,600)	(\$2,507,000)	\$2,962,627	\$3,703,284
SUBTOTAL RAIL - OTHER CAPITAL PROGRAM ITEMS		\$6,168,227	\$7,710,284	(\$2,005,600)	(\$2,507,000)	\$4,162,627	\$5,203,284

TOTAL RAIL PROGRAM		\$38,310,500	\$47,888,125	\$0	\$0	\$38,310,500	\$47,888,125
	ESTIMATED NET PROJECT COST		\$47,888,125		\$0		\$47,888,125
	FEDERAL SHARE		\$38,310,500		\$0		\$38,310,500
	LOCAL SHARE		\$9,577,625		\$0		\$9,577,625

SOURCES OF FEDERAL FINANCIAL ASSISTANCE

FUNDING UZA:			FUNDING UZA NAME:						
ACCOUNTING CLASSIFICATION	FPC	DESCRIPTION	PREVIOUSLY APPROVED	AMENDED AMOUNT	TOTAL	AMENDED AMOUNT	TOTAL	AMENDED AMOUNT	TOTAL
		FY 1993, SECTION 3	\$25,308,750	\$0	\$25,308,750	\$0	\$25,308,750	\$0	\$25,308,750
		FY 1994, SECTION 3	\$9,428,750	\$0	\$9,428,750	\$0	\$9,428,750	\$0	\$9,428,750
		FY 1995, SECTION 3	\$3,573,000	\$0	\$3,573,000	\$0	\$3,573,000	\$0	\$3,573,000
TOTAL (SOURCES OF FEDERAL FUNDS)			\$38,310,500	\$0	\$38,310,500	\$0	\$38,310,500	\$0	\$38,310,500

PROJECT FUNDING SOURCES

Total Project Funding Required: (\$47,888,125)

1. Federal Funding (80% Project Costs)

Federal Appropriation FY'93	\$25,308,500	
Federal Appropriation FY'94	9,429,000	
Federal Appropriation FY'95	<u>3,573,000</u>	
Total	\$38,310,500	\$38,310,500

2. Local Funding (20% Project Costs)

92 State Bond Issue	\$3,000,000	
97 State Bond Issue	2,500,000	
Taxpayers Relief Act of '97	3,327,625	
Station Development	500,000	
MBTA - Wildcat Crossover	<u>250,000</u>	
Total	\$9,577,625	\$9,577,625

Total (1 & 2) \$47,888,125

FINANCIAL AID FOR INTERMODAL STATION DEVELOPMENT

1. Source: Section 3 Grant - Maine Only

Portland	\$ 800,000	\$200,000	\$1,000,000
Old Orchard Beach	150,000	37,500 (DECD)	187,500
Saco	400,000	100,000	500,000
Wells	<u>200,000</u>	<u>50,000</u>	<u>250,000</u>
TOTALS	\$1,550,000	\$387,500	\$1,937,500

2. Source: Congestion Mitigation Air Quality-CMAQ

Portland	\$ 500,000	\$125,000	\$ 625,000
Saco	410,673	102,668	513,341
Wells	1,000,000	250,000 (MTA)	1,250,000
Dover, NH	160,000	40,000	200,000
Exeter, NH	<u>283,200</u>	<u>71,000</u>	<u>354,200</u>
TOTALS	\$2,353,873	\$588,668	\$2,942,541
TOTALS (1 & 2)	\$3,903,873	\$976,168	\$4,880,041

NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY
FINANCIAL REPORT
JUNE 30, 1998

NORTHERN NEW ENGLAND
PASSENGER RAIL AUTHORITY

JUNE 30, 1998

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Independent Auditors' Report

November 18, 1998

Board of Directors
Northern New England Passenger Rail Authority
Augusta, Maine

We have audited the accompanying general purpose financial statements of the Northern New England Passenger Rail Authority as of and for the year ended June 30, 1998, as listed in the contents page. These general purpose financial statements are the responsibility of the Northern New England Passenger Rail Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Northern New England Passenger Rail Authority as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Macdonald Page & Company

Certified Public Accountants

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NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY

BALANCE SHEET
JUNE 30, 1998

ASSETS	
Cash	\$ 100,469
Investments - Key Trust	1,247,613
Investments - Key Bank	775,472
Accounts receivable - Other Governments	<u>242,778</u>
TOTAL ASSETS	<u>\$2,366,332</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	<u>\$ 85,272</u>
FUND EQUITY	
Retained earnings	<u>\$2,281,060</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,366,332</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 1998

REVENUE	
U.S. Department of Transportation, Federal Transit Administration Capital improvement grant	\$ 315,280
Contributions	111,463
Interest income	104,535
Miscellaneous income	270
	<u>\$ 531,548</u>
EXPENSES	
Rail project expense	\$ 393,909
Legal	149,705
Administration	111,463
Accounting	21,060
Insurance	19,301
Board - per diem	2,329
Board - travel expense	755
Advertising	33,702
Bank fees	7,058
Miscellaneous	500
	<u>\$ 739,782</u>
NET REVENUE UNDER EXPENDITURES	<u>\$ (208,234)</u>
RETAINED EARNINGS, JUNE 30, 1997	<u>2,489,294</u>
RETAINED EARNINGS, JUNE 30, 1998	<u>\$2,281,060</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. The more significant of the Authority's accounting policies are described below.

Nature of the Entity

The Northern New England Passenger Rail Authority was enacted on June 29, 1995 by the State of Maine Legislature to initiate, establish and maintain regularly scheduled passenger rail service between points within Maine to points within and outside of Maine.

Accounts Receivable - Other Governments

Management believes that all accounts receivable as of June 30, 1998, were fully collectible. Therefore, no allowance for doubtful accounts was recorded.

NOTE 2 - CASH

The Authority's deposits consist of a checking account and a cash management sweep account at Key Bank of Maine and a money market account consisting of Federated Government obligations FD#5 held at Key Trust Company.

The Authority's deposits are categorized to give an indication of the level of risk assumed at June 30, 1998. The categories are described below:

Deposit Categories of Credit Risk

- (A) Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- (C) Uninsured and uncollateralized.

Deposits	Category			Bank Balance	Carrying Amount
	A	B	C		
Checking, cash management, and money market		\$100,469		\$100,469	\$100,469

NORTHERN NEW ENGLAND PASSENGER RAIL AUTHORITY

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE 3 - INVESTMENTS - KEY TRUST

Investments are stated at cost which approximates market value at June 30, 1998. Investments are held by Key Trust Company. Investments made by the Authority are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 - Insured or registered or securities held by the Authority or its agent in the Authority's name.
- Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Authority's name.
- Category 3 - Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

	Carrying Amount	Market Value
<u>June 30, 1998</u>		
U.S. Treasury obligations, Category 2	\$1,247,613	\$1,251,018
Repurchase agreement, Category 2	775,472	775,472
	<u>\$2,023,085</u>	<u>\$2,026,490</u>

NOTE 4 - CONTRIBUTIONS

The Authority receives donated services from the State of Maine Department of Transportation for administrative services. The fair value of services received is \$111,463, which has been included in contributions and expenditures in the statement of revenues, expenses and changes in retained earnings.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Authority, along with National Railroad Passenger Corporation ("Amtrak"), negotiated a contract with Boston and Maine Corporation, Portland Terminal Company, and Springfield Terminal Railway Company (collectively referred to as the "Railroad"), with respect to (a) the rehabilitation of the Railroad's rail line between Plaistow, New Hampshire and Portland, Maine, and (b) the terms and conditions under which Amtrak will operate passenger rail service over that rail line.

The Authority entered into a contract for cross ties in connection with the Restoration of Passenger Rail Service between Portland, Maine and Boston, Massachusetts. The total commitments outstanding on the contract dated July 24, 1998 is for the purchase of a minimum of 30,000 cross ties at a unit price to be negotiated.

NOTE 6 - YEAR 2000

Management has assessed Northern New England Passenger Rail Authority's exposure to date sensitive computer software programs that may not be operative subsequent to 1999 and has implemented a requisite course of action to minimize Year 2000 risk and ensure that neither significant costs nor disruption of normal business operations are encountered. However, because there is no guarantee that all systems of outside vendors or other entities affecting the government's operation rely will be 2000 compliant, the government remains susceptible to consequences of the Year 2000 issue.