

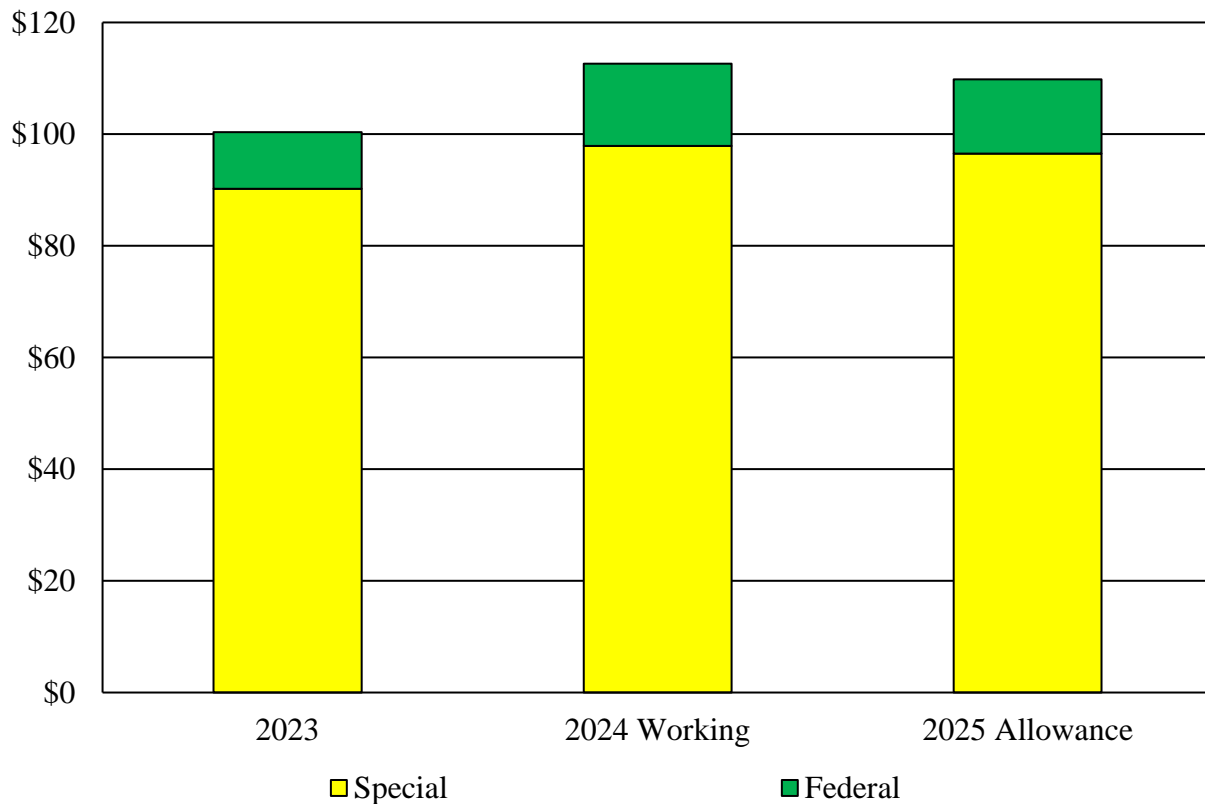
J00A01
The Secretary's Office
Maryland Department of Transportation

Executive Summary

The Secretary's Office (TSO) provides overall policy direction, management, and administrative support to the Maryland Department of Transportation (MDOT). The budget for TSO includes grants to various entities for transportation-related purposes.

Operating Budget Summary

Fiscal 2025 Budget Decreases \$2.8 Million, or 2.5%, to \$109.8 Million
(\$ in Millions)



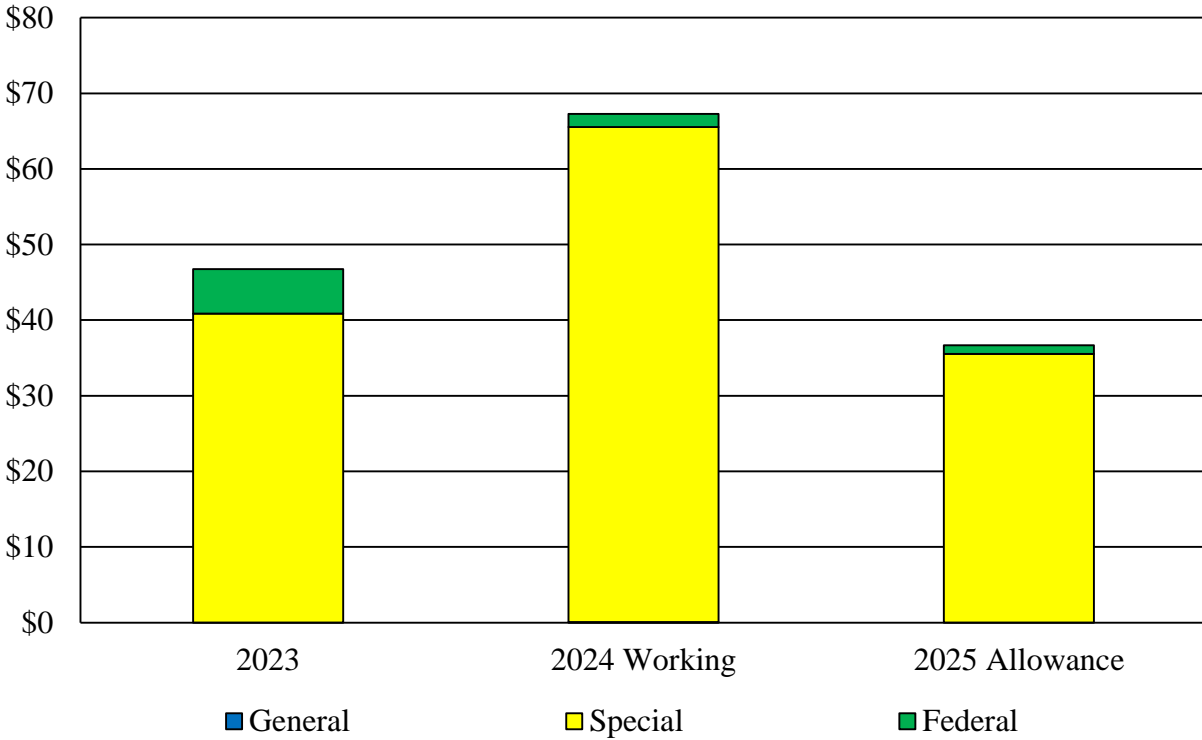
Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

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PAYGO Capital Budget Summary

**Fiscal 2025 Budget Decreases \$30.6 Million, or 45.5%, to \$36.7 Million
(\$ in Millions)**



Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Key Observations

- ***Cost Containment to Help Balance the Consolidated Transportation Program:*** Reductions of \$9.7 million were made in the allowance for TSO to help balance the *Consolidated Transportation Program (CTP)*. A portion of the reductions are planned for restoration made possible by a \$150 million general fund appropriation to the Dedicated Purpose Account (DPA) to help relieve pressure on the Transportation Trust Fund (TTF).

Operating Budget Recommended Actions

1. Add annual language restricting operating grants-in-aid funding.

PAYGO Budget Recommended Actions

1. Add annual language limiting capital project and grant funding to the projects and grants identified in the Consolidated Transportation Program.

Updates

- Transit-oriented development (TOD) project updates are provided.

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Budget Analysis

Program Description

TSO provides overall policy direction, management, and administrative support to MDOT. Units within the office provide support in the areas of finance, procurement, engineering, audits, administrative services, planning and capital programming, human resources, and Minority Business Enterprise (MBE) certification. Executive staff support is also provided for management services, public affairs, the general counsel's office, and policy and governmental relations. Within TSO, the Office of Transportation Technology Services provides centralized computing, network, cybersecurity, infrastructure, and general information technology (IT) services for MDOT. TSO also makes grants to various entities for transportation-related purposes.

Key goals of the department are:

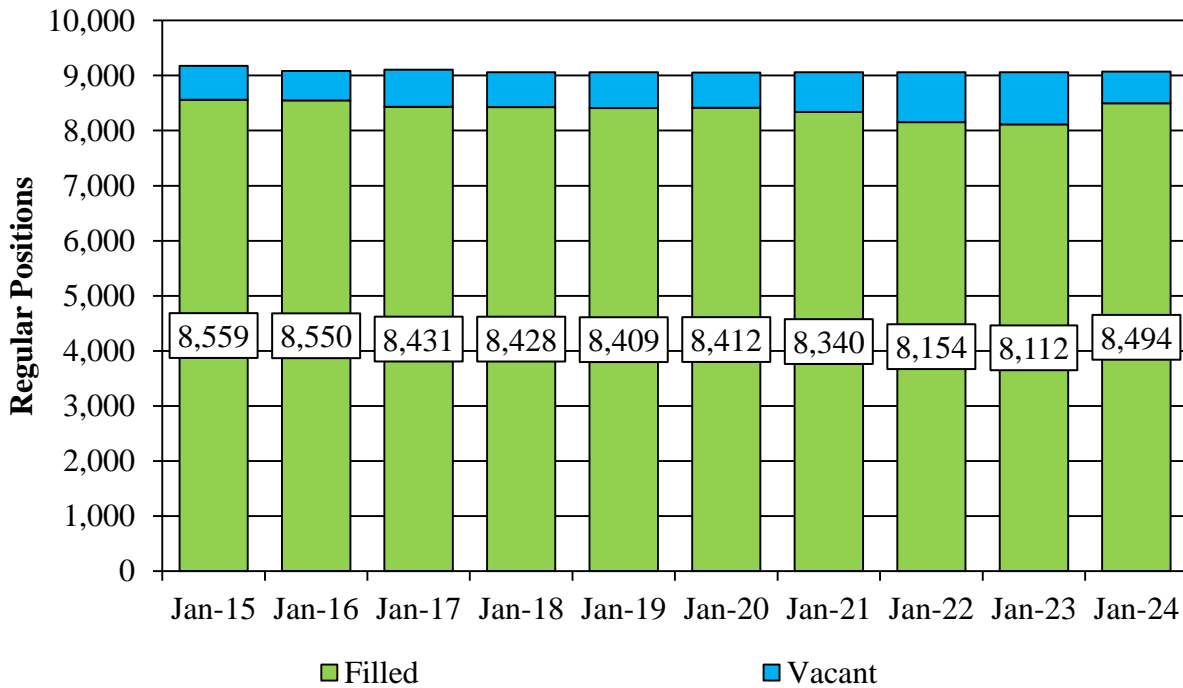
- ensuring a safe, secure, and resilient transportation system;
- maintaining a high standard and modernizing Maryland's multimodal transportation system;
- improving the quality and efficiency of the transportation system to enhance customer experience;
- providing better transportation choices and connections;
- facilitating economic opportunity and reducing congestion in Maryland through strategic system expansion;
- ensuring environmental protection and sensitivity; and
- promoting fiscal responsibility.

Performance Analysis: Managing for Results

1. Productivity and Quality – Recruit and Retain Quality Employees

One of the key factors that affects an agency’s ability to carry out its mission and achieve its goals is having an adequate number of filled positions to do the work. **Exhibit 1** shows the department total for the number of filled and vacant positions on January 1 of each year from 2015 to 2024. There were 382 more filled MDOT positions on January 1, 2024, marking the highest number of filled positions since 2016.

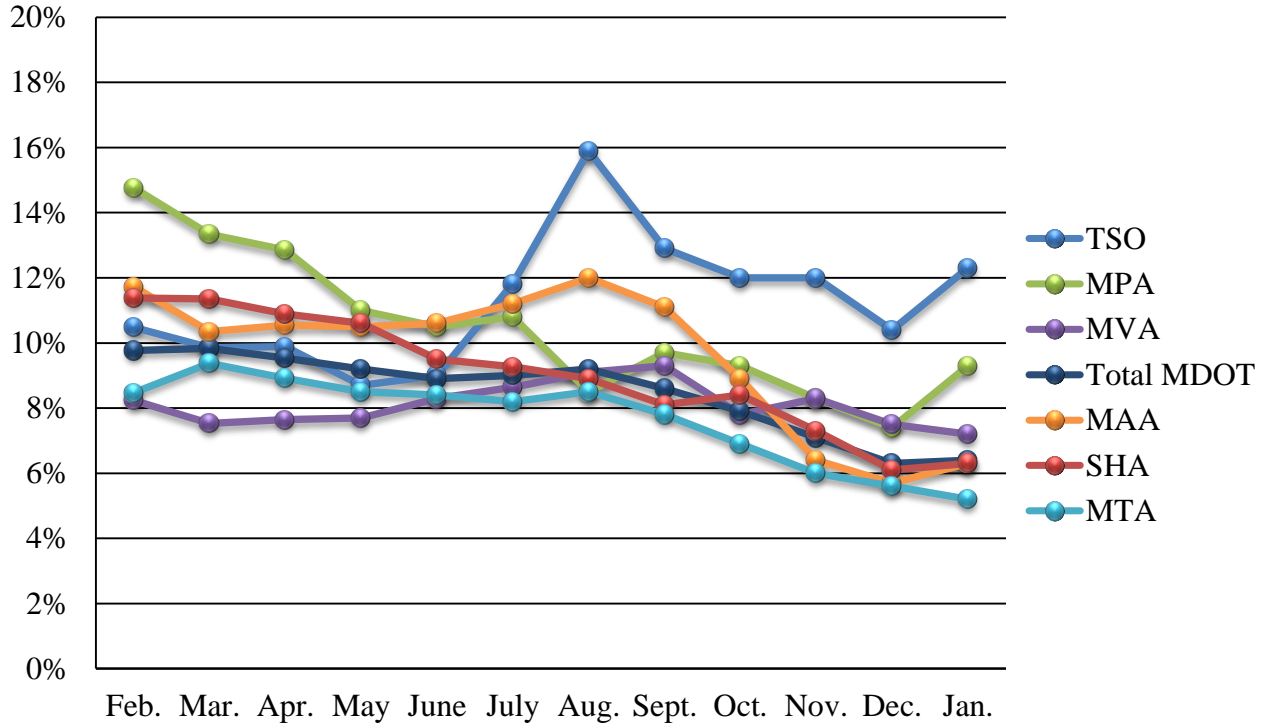
Exhibit 1
Departmentwide Filled and Vacant Positions
On January 1, 2015, to January 1, 2024



Source: Maryland Department of Transportation; Department of Legislative Services

Exhibit 2 shows the vacancy rate by month for each mode for calendar 2023. The average vacancy rate for the department, as a whole, for the year was 8.5%. Every mode ended the year with a lower vacancy rate than it had at the beginning of the year except for TSO, which increased from 10.5% to 12.3%.

Exhibit 2
Monthly Vacancy Rates by Mode
Calendar 2023



MAA: Maryland Aviation Administration
MDOT: Maryland Department of Transportation
MPA: Maryland Port Administration
MTA: Maryland Transit Administration
MVA: Motor Vehicle Administration
SHA: State Highway Administration
TSO: The Secretary’s Office

Source: Maryland Department of Transportation; Department of Legislative Services

MDOT’s success in lowering its vacancy rate over the past year is the result of a multi-pronged effort by the department to both fill positions and retain current employees. New recruitment initiatives included:

- a four-month media campaign using employee testimonials to promote MDOT as a preferred place to work;

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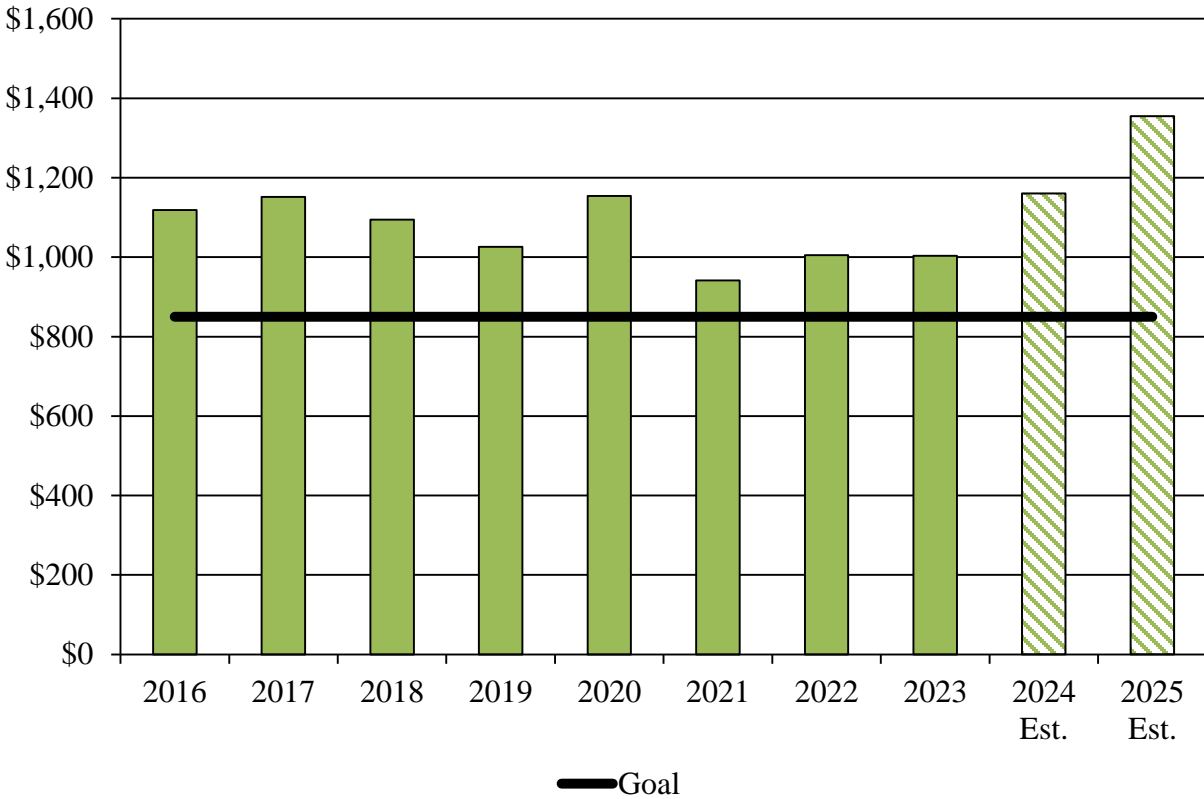
- hosting an open house to give candidates an opportunity to talk to current staff in their fields of interest;
- launch of a veterans/military resource hiring event to promote MDOT career opportunities for military personnel and spouses transitioning into civilian life; and
- moving to a more decentralized full cycle recruitment process by allowing modal administrations to fill their vacancies.

To help eliminate a shortfall in its capital program, MDOT announced in December 2023 that the fiscal 2025 budget for each mode would be reduced by 8%. **The Secretary should comment on whether these reductions are expected to impact the department’s employee recruitment and retention efforts.**

2. Promote Fiscal Responsibility – System Preservation

One objective of TSO’s goal to deliver a reliable, high-quality, integrated transportation system is to increase the percentage of State-owned or funded facilities and assets in a state of good repair. For many years, MDOT’s Managing for Results (MFR) performance indicators included an objective that system preservation should be adequately funded at no less than \$850 million annually. This minimum funding level is no longer stated in MDOT’s MFR submission as an objective, although system preservation funding by year is still reported. As shown in **Exhibit 3**, the \$850 million level of funding was exceeded each of the past 8 years and is projected to be exceeded in the current year and the allowance year. Despite exceeding the former objective for minimum system preservation funding, MDOT has reported that the funding gap between state of good repair funding requirements and programmed spending is growing and that the 10-year funding gap is over \$11 billion. The Spending Affordability Committee (SAC), in its 2023 interim report, recommended that MDOT fund system preservation in fiscal 2025 at no less than \$1.1 billion (the average annual amount spent over the previous 10 years), and that it develop a plan for spending beyond fiscal 2025 that reduces the state of good repair funding gap by half by the end of fiscal 2040. The budget as introduced complies with the SAC recommendation for fiscal 2025. **The Secretary should comment on how the long-term system preservation objective recommended by SAC can be met.**

Exhibit 3
System Preservation Funding
Fiscal 2016-2025 Est.
(\$ in Millions)



Source: Maryland Department of Transportation; Department of Legislative Services

Fiscal 2024

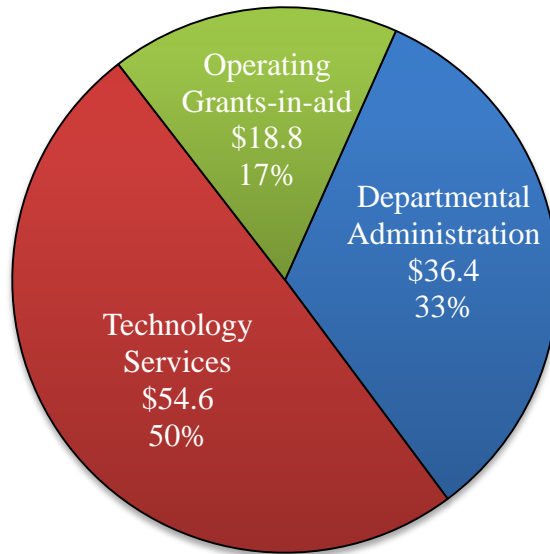
Implementation of Legislative Priorities

A \$50,000 general fund appropriation was added to TSO’s fiscal 2024 appropriation for the purpose of increasing funding for the Kim Lamphier Bikeways Program. It is included in the \$6.6 million in programmed spending for the program for fiscal 2024 and is expected to be expended by the end of the fiscal year.

Fiscal 2025 Overview of Agency Spending

As shown in **Exhibit 4**, half of TSO’s fiscal 2025 operating allowance is devoted to providing IT support to the department. An additional 17% is used to provide transportation-related grants, and the remaining 33% supports departmental administration operations.

Exhibit 4
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



Total: \$109.8 Million

Source: Maryland Department of Transportation; Department of Legislative Services

Proposed Budget Change

The fiscal 2025 operating allowance for TSO decreases by \$2.8 million from the current year working appropriation. **Exhibit 5** shows the fiscal 2023 to 2025 budgets by fund and detail on the items comprising the change between the working appropriation and the allowance. Reductions in the allowance to help balance the CTP total \$9.7 million for TSO, with \$2.1 million

of this reduction made to personnel expenses in the form of increased turnover for vacant positions. Of the \$9.7 million reduced, \$3.35 million is slated to be restored due to the inclusion of \$150 million in the DPA to help relieve the pressure on the TTF. These items are italicized in Exhibit 5 along with the amounts to be restored. **The Secretary should comment on the impacts the ongoing reductions of \$6.4 million will have on the office’s operations.**

Exhibit 5
Proposed Budget
MDOT – The Secretary’s Office
(\$ in Thousands)

How Much It Grows:	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$90,226	\$10,148	\$100,374
Fiscal 2024 Working Appropriation	97,889	14,726	112,615
Fiscal 2025 Allowance	<u>96,527</u>	<u>13,310</u>	<u>109,837</u>
Fiscal 2024-2025 Amount Change	-\$1,362	-\$1,415	-\$2,778
Fiscal 2024-2025 Percent Change	-1.4%	-9.6%	-2.5%
Where It Goes:			<u>Change</u>
Personnel Expenses			
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments			\$3,377
Additional assistance.....			31
Workers’ compensation contributions			-37
Interagency position transfers (8 positions)			-996
Cost containment reductions to help balance the CTP – increased turnover on vacant positions.....			-2,139
Other fringe benefits.....			7
Departmental Administration			
Computer and software maintenance and licenses.....			2,213
Management studies and consultants			1,101
Software acquisitions and licenses			770
Legal and fiscal services contracts			290
Archeological services supplies and equipment.....			206
Association dues and subscriptions.....			17
Natural gas and electricity cost increases.....			5
Legal service support			-50

Where It Goes:	<u>Change</u>
Cost Containment Reductions to Help Balance the CTP	
Reduced funding for contractual positions.....	-61
Reduce funding for various supplies – office, building, plumbing, electrical, etc....	-150
Reduced travel and training.....	-200
Eliminate operating grant to Department of Planning	-400
<i>Reduce funds for various contractual services, including marketing; planning; real estate; building maintenance; and IT software, licenses and subscriptions, and hardware. (\$1.35 million restoration planned).....</i>	<i>-2,450</i>
<i>Reduce funding for IT software, licenses and subscriptions, hardware, and contractual services (\$2.0 million restoration planned)</i>	<i>-4,300</i>
Operating Grants-in-aid	
Pride of Baltimore mandated grant	500
Payments in Lieu of Taxes	-35
Grants to metropolitan planning organizations	-1,528
Cost Allocations	
DBM paid telecommunications.....	1,205
Insurance paid to the STO.....	61
Statewide personnel system allocation.....	36
Retirement administrative fee	0
Enterprise budget system allocation.....	-19
DoIT services allocation.....	-242
Other.....	10
Total	-\$2,778

COLA: cost-of-living adjustment
 CTP: *Consolidated Transportation Program*
 DBM: Department of Budget and Management
 DoIT: Department of Information Technology
 IT: information technology
 MDOT: Maryland Department of Transportation
 STO: State Treasurer’s Office

Note: Numbers may not sum to total due to rounding.

Operating Grants-in-aid

As shown in Exhibit 5, operating grants-in-aid funding decreases by a net \$1.5 million with decreased funding for grants to metropolitan planning organizations, payments in lieu of taxes, and a grant to the Maryland Department of Planning as part of the department’s cost containment efforts partially offset by the reestablishment of a \$500,000 grant to support the Pride of Baltimore.

The reduction in grants to metropolitan planning organizations is primarily federal funds. **Exhibit 6** provides a listing of grants by fund for fiscal 2025.

Exhibit 6
Operating Grants-in-aid Funding
Fiscal 2025

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Baltimore MPO	\$829,889	\$6,508,353	\$7,338,242
Hagerstown MPO	34,791	278,332	313,123
Lexington Park MPO	20,903	167,228	188,131
Salisbury MPO	25,396	203,172	228,568
Tri-county Planning Organization	0	0	0
Washington MPO	755,456	6,043,652	6,799,108
Wilmington MPO	13,676	109,407	123,083
Department of Commerce (to support the Appalachian Regional Commission)	155,000	0	155,000
Maryland Department of Planning	0	0	0
Payments in Lieu of Taxes	1,774,074	0	1,774,074
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Pride of Baltimore	500,000	0	500,000
Total	\$5,509,125	\$13,310,144	\$18,819,269

MPO: metropolitan planning organization

Source: Governor’s Fiscal 2025 Budget Books; Department of Legislative Services

Operating and PAYGO Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Operating Budget Positions	308.50	311.50	304.50	-7.00
Regular PAYGO Budget Positions	13.00	<u>14.00</u>	<u>13.00</u>	<u>-1.00</u>
Total Regular Positions	321.50	325.50	317.50	-8.00
Operating Budget FTEs	10.05	17.00	17.00	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	10.05	17.00	17.00	0.00
Total Personnel	331.55	342.50	334.50	-8.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	15.88	10.41%
Positions and Percentage Vacant as of 12/31/23	39.00	33.06
Vacancies Above Turnover	5.94	

- Interagency transfers decrease TSO’s authorized positions by 8 in the allowance.
- The increased turnover for vacant positions made as part of the department’s cost containment efforts to help balance the CTP more than doubles the budgeted turnover from 5.00% to 10.41%, which limits the number of vacant positions that may be filled to just 6 positions.

PAYGO Capital Program

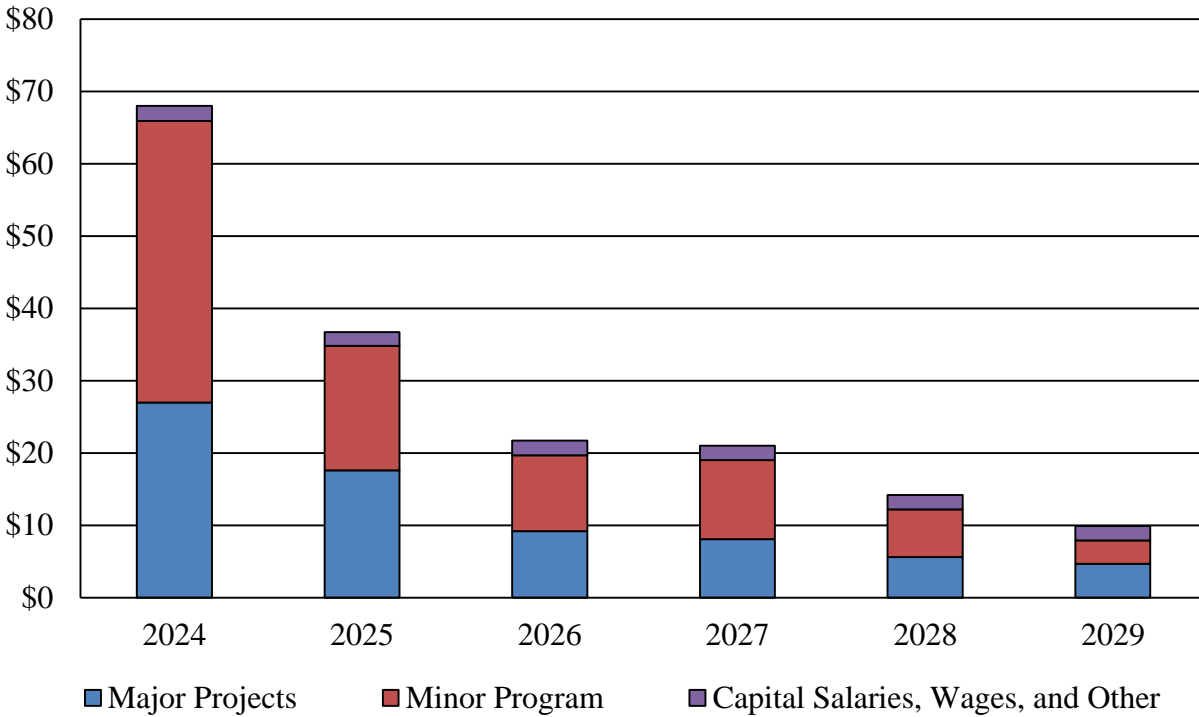
Program Description

The TSO capital program has historically consisted of projects that support the preservation of the MDOT headquarters systems and air quality initiatives in the Baltimore/Washington metropolitan areas. TSO provides capital grants to public and private entities for transportation-related purposes.

Fiscal 2024 to 2029 Consolidated Transportation Program

The fiscal 2024 to 2029 capital program for TSO totals \$171.5 million, a decrease of \$17.2 million from the prior year six-year program. **Exhibit 7** shows funding by year and by category.

Exhibit 7
Programmed Capital Spending by Category
Fiscal 2024-2029
(\$ in Millions)



Source: 2024 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Fiscal 2025 Capital Allowance

The fiscal 2025 allowance for the TSO capital program, including other funds that do not flow through the TSO budget, totals \$36.7 million. **Exhibit 8** shows the fiscal 2025 capital program by project and program along with the total estimated costs for projects and the six-year funding included in the CTP for both projects and programs.

Exhibit 8
The Secretary’s Office PAYGO Capital Program
Fiscal 2025
(\$ in Millions)

<u>Description</u>	<u>2025</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects			
Baltimore City Sidewalk ADA Retrofit	\$2.5	\$10.0	\$10.0
Programs			
Minor Program	\$18.6	\$0.0	\$87.3
Bikeways Network Program	6.1	0.0	22.0
Transit Oriented Development Grant Program	5.0	0.0	5.0
Transportation Emission Reduction Program	2.2	0.0	17.5
Capital Salaries and Wages	1.9	0.0	11.9
MDOT Asset Management Program	0.2	0.0	1.4
Transit Oriented Development Planning and Implementation	0.2	0	2.1
Subtotal – Programs	\$34.2	\$0.0	\$147.1
Total – Projects and Programs	\$36.7	\$10.0	\$157.1

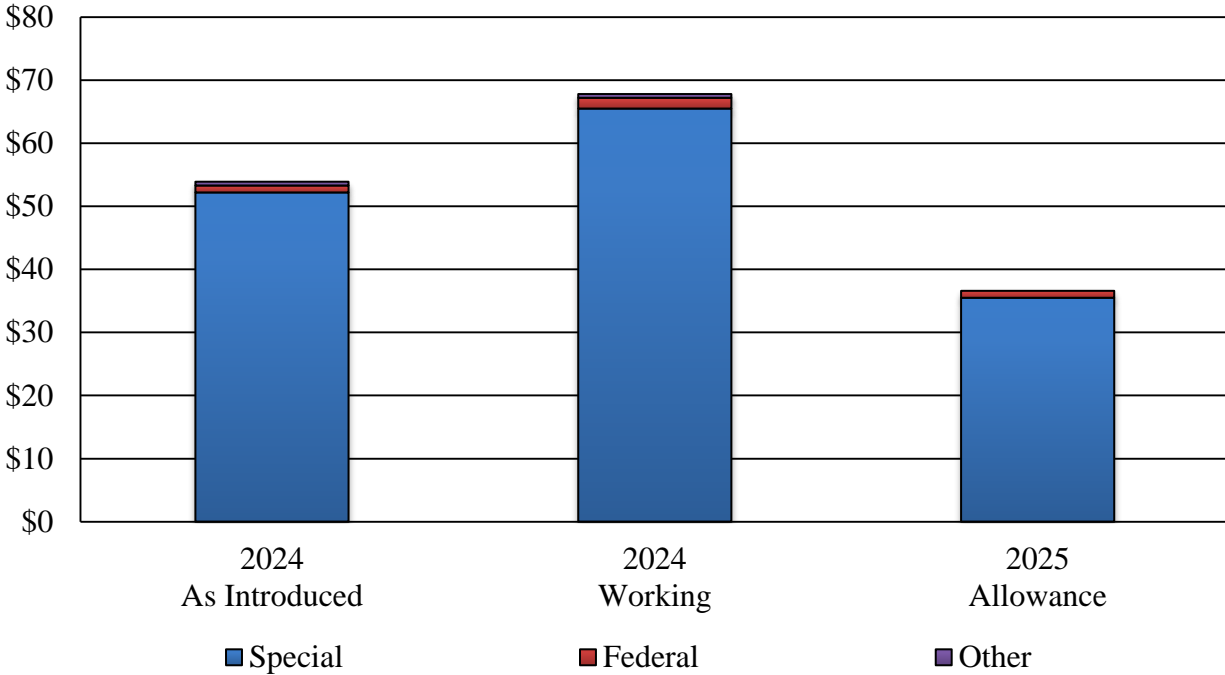
ADA: Americans with Disabilities Act
MDOT: Maryland Department of Transportation
PAYGO: pay-as-you-go

Source: 2024 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Fiscal 2024 and 2025 Cash Flow Analysis

Exhibit 9 shows the changes in TSO capital funding, including other funds that do not flow through the TSO budget, between the fiscal 2024 budget as introduced, the fiscal 2024 working appropriation, and the fiscal 2025 allowance.

Exhibit 9
Capital Program Cash Flow Changes
Fiscal 2024-2025
(\$ in Millions)



Source: 2023 and 2024 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2024 Changes

The fiscal 2024 working appropriation is \$14 million higher than the budget as introduced during the 2023 session. **Exhibit 10** shows the components of this increase.

Exhibit 10
Cash Flow Changes by Project and Program
Fiscal 2024 as Introduced to Fiscal 2024 Working Appropriation
(\$ in Millions)

	<u>Project Change</u>	<u>Category Change</u>
Major Projects		\$5.5
MDOT RSTARS (FMIS) Refactoring Project	\$2.6	
Baltimore City Sidewalk ADA Retrofit	2.5	
Transit Oriented Development Planning and Implementation	1.3	
MDOT Asset Management Program	1.1	
Transportation Emission Reduction Program	0.5	
Bikeways Network Program	-2.5	
Minor Program		\$8.4
Capital Salaries and Wages		\$0.1
Total Change		\$14.0

ADA: Americans with Disabilities Act
 FMIS: Financial Management Information System
 MDOT: Maryland Department of Transportation
 RSTARS: Relational Standard Accounting and Reporting System

Source: 2023 and 2024 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2024 to 2025 Changes

Exhibit 11 shows the changes between the fiscal 2024 working appropriation and the fiscal 2025 allowance, including other funds that do not flow through the TSO budget.

Exhibit 11
Cash Flow Changes by Project and Program
Fiscal 2024 Working Appropriation to Fiscal 2025 Allowance
(\$ in Millions)

	<u>Project Change</u>	<u>Category Change</u>
Major Projects		-\$9.4
Transit Oriented Development Grant Program	\$5.0	
Baltimore City Sidewalk ADA Retrofit	0.0	
Bikeways Network Program	-0.5	
MDOT Asset Management Program	-0.9	
Transit Oriented Development Planning and Implementation	-1.2	
Transportation Emission Reduction Program	-2.5	
MDOT RSTARS (FMIS) Refactoring Project	-9.4	
 Minor Program		 -\$21.6
 Capital Salaries and Wages		 -\$0.2
 Total Change		 -\$31.2

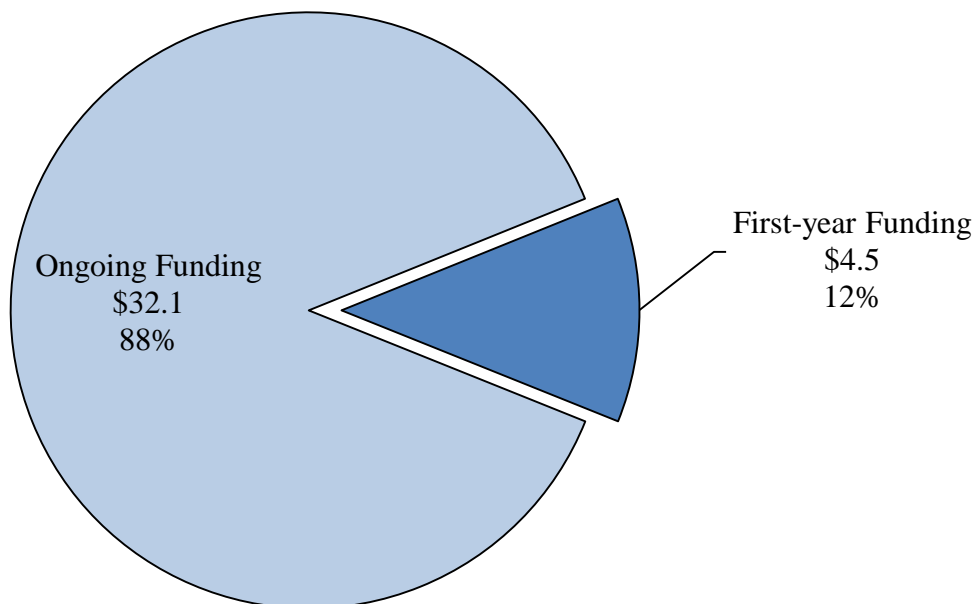
ADA: Americans with Disabilities Act
 FMIS: Financial Management Information System
 MDOT: Maryland Department of Transportation

Source: 2024 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the CTP, beginning with the January 2023 CTP, to include tables listing projects receiving first-year funding for design or construction either in the budget year or the current year (if the funding was not shown in the budget year in the prior year CTP). As shown in **Exhibit 12**, \$4.5 million, or 12%, of TSO’s fiscal 2025 capital funding, which totals \$36.6 million, is first-year funding. The TSO capital projects receiving first-year funding in fiscal 2024 and 2025 are listed in **Exhibit 13**.

Exhibit 12
First-year and Ongoing Programmed Spending – All Funds
Fiscal 2025
(\$ in Millions)



Source: 2024 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Exhibit 13
Projects Receiving First-year Construction and Design Funding
Fiscal 2024-2025
(\$ in Thousands)

	<u>2024</u>	<u>2025</u>	<u>Total</u> <u>2024-2025</u>
Construction			
ADA Street and Sidewalk Improvements in Baltimore City	\$2,500	\$2,500	\$5,000
Kim Lamphier Bikeways Network Program	54	1,370	1,424
MDOT Asset Management Program	281	0	281
Transit Oriented Development Grant Program	0	5,000	5,000
Transit Oriented Development Planning and Implementation	1,200	0	1,200
Transportation Emission Reduction Program	173	0	173
Design			
Kim Lamphier Bikeways Network Program	252	1,502	1,754
Total	\$4,460	\$10,372	\$14,832
State (Special)			\$14,832
Federal			0
Other			0
Total			\$14,832

ADA: Americans with Disabilities Act
MDOT: Maryland Department of Transportation

Source: 2024 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Significant Changes from the Previous Consolidated Transportation Program

Exhibit 14 shows the significant changes to major projects from the 2024 CTP.

Exhibit 14
Major Project Significant Changes from the 2023 CTP
(\$ in Millions)

<u>Projects Added to the Construction Program</u>	<u>Project Cost</u>
Transit Oriented Development Implementation Program	\$5.5
Asset Management Program	\$4.0
Transit Oriented Development Grant Program	\$5.0

CTP: *Consolidated Transportation Program*

Source: 2024 *Consolidated Transportation Program*, Maryland Department of Transportation; Department of Legislative Services

Issues

1. Flexing Federal Dollars from Highways to Transit

In the 2023 *Joint Chairmen’s Report* (JCR), the committees adopted committee narrative requesting that MDOT submit a report on the department’s ability to flex or transfer federal funding between highway and transit uses, with specific data requested on three federal aid programs – Congestion Mitigation and Air Quality, National Highway Performance Program (NHPP), and Surface Transportation Block Grant (STBG) – for fiscal 2022 to 2024. The requested information included the amount received by the State from each program, the percentage flexed or transferred from these or any other programs, and the maximum amount of allowable transfers under federal regulation, by program. **Exhibit 15** shows the amounts received and percentages transferred.

Exhibit 15
Amounts Received and Percentages Transferred from Select Federal
Transportation Aid Programs
Federal Fiscal 2022-2024 Est.
(\$ in Millions)

	<u>2022</u>	<u>2023</u>	<u>2024 Est.</u>
Amounts Received			
Congestion Mitigation and Air Quality	\$59	\$60	\$61
National Highway Performance Program	418	426	435
Surface Transportation Block Grant	203	207	212
Total	\$680	\$694	\$707
	<u>2022</u>	<u>2023</u>	<u>2024 Est.*</u>
Percentages Transferred**			
Congestion Mitigation and Air Quality	81.7%	86.5%	73.6%
National Highway Performance Program	47.5%	46.9%	54.6%
Surface Transportation Block Grant	58.6%	7.1%	27.2%

*Between federal fiscal 2024 and 2025, \$150 million of Surface Transportation Block Grant and/or National Highway Performance Program will be transferred to the Federal Transit Administration for the Maryland Transit Administration's use.

**Transfers of 13.3%, 14.8%, and 14.2% were also made or are planned from the Transportation Alternatives Program in federal fiscal 2022, 2023, and 2024, respectively.

Source: Maryland Department of Transportation; Department of Legislative Services

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With regard to the maximum allowable transfers under federal regulations, the report noted federal guidance indicates that 50% of STBG and NHPP funds can be transferred to other federal highway funding categories. It also indicated that there is no maximum for transfers to the Federal Transit Administration or another U.S. Department of Transportation (USDOT) entity for projects at another mode; however, all transfers must be approved by the Federal Highway Administration Division and Headquarters Offices before these types of transfers can occur.

This ability to transfer funds between federal aid programs gives MDOT some ability to balance funding resources between roads and transit. **The Secretary should discuss with the committees how the department decides how much should be flexed or transferred from highway aid programs to support transit.**

Operating Budget Recommended Actions

1. Add the following language to the special fund appropriation:

, provided that no more than \$5,509,125 of this appropriation may be expended for operating grants-in-aid, except for:

- (1) any additional special funds necessary to match unanticipated federal fund attainments; or
- (2) any proposed increase either to provide funds for a new grantee or to increase funds for an existing grantee.

Further provided that no expenditures in excess of \$5,509,125 may occur unless the department provides notification to the budget committees to justify the need for additional expenditures due to either item (1) or (2) above, and the committees provide review and comment or 45 days elapse from the date such notification is provided to the committees.

Explanation: This annual language caps the level of special funds provided for operating grants-in-aid. The cap may be increased to match unanticipated federal dollars or to provide new or expanded grant funding upon notification to the budget committees.

Information Request	Author	Due Date
Explanation of need for additional special funds for operating grants-in-aid	Maryland Department of Transportation	45 days prior to expenditure

PAYGO Budget Recommended Actions

1. Add the following language to the special fund appropriation:

, provided that no funds may be expended by the Secretary’s Office for any capital project or grant with a total project cost in excess of \$500,000 that is not currently included in the fiscal 2024 to 2029 Consolidated Transportation Program, except as outlined below:

- (1) the Secretary shall notify the budget committees of any proposed capital project or grant with a total cost in excess of \$500,000, including the need and justification for the project and its total cost; and

(2) the budget committees shall have 45 days to review and comment on the proposed capital project or grant.

Explanation: This language provides legislative oversight of capital projects and grants exceeding \$500,000 that are not listed in the current Consolidated Transportation Program (CTP).

Information Request	Author	Due Date
Notification of the intent to fund a capital project or grant exceeding \$500,000 that is not listed in the current CTP	Maryland Department of Transportation	45 days prior to expenditure

Updates

1. Transit-oriented Developments – Project Updates

Background

The Office of Real Estate and Economic Development in TSO is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations. TOD projects are intended to create high-density, livable, and walkable neighborhoods around transit stations. Chapters 122 and 123 of 2008 codified the department’s TOD activities and allowed the Secretary to designate a TOD with other State agencies and local governments or multicounty agencies with land use and planning responsibility for the relevant area. The 2024 CTP includes \$1.3 million in fiscal 2024 and \$150,000 in fiscal 2025 for TOD implementation projects.

Project Overview

An administrative agreement between MDOT and the Department of Legislative Services (DLS) provides for the reporting and oversight of TOD projects. Pursuant to this process, MDOT submits an annual report providing an update on active TOD projects. The 2023 MDOT report highlighted a number of TOD projects at MDOT-owned stations, summarized as follows.

- **Savage MARC Station:** MDOT sold a 9.2-acre portion of a 12.7-acre MDOT surface parking lot to the developer for mixed-use development. MDOT received \$3.3 million for the land, and the developer has constructed a 704-space MARC commuter parking garage on the MDOT-retained property. Under the master development agreement (MDA), private development was to include 416 residential units, 17,000 square feet (SF) of retail space, 100,000 SF of office space, structured parking garages, and a 150-room hotel. In calendar 2017, the residential units were completed along with 5,420 SF of retail space, 101,200 SF of office space, an adjacent 500-space parking garage, and 150 surface parking spaces. In August 2021, a second amendment to the MDA was executed in response to changing market conditions that (1) consolidates three parking lots into a single lot; (2) replaces 14,000 SF of retail and 250 SF of kiosk space with a 16-story, 280+ unit residential building; (3) reduces hotel rooms from 150 rooms to 110+/- rooms; and (4) expands parking by 100+/- spaces onto the existing privately owned structured parking garage and attaches an additional structured garage with 300+/- parking spaces.
- **Expected Actions in Fiscal 2024:** Construction on the private components of the project, which will include a parking garage followed by the additional residential units and hotel, are planned to begin in calendar 2024.
- **Owings Mills Baltimore Metro Station:** In July 2005, the Board of Public Works (BPW) approved a development agreement that provided for the construction of a mixed-use development in several phases on 43 acres of MDOT-owned noncontiguous land (North

and South parcels) adjacent to the metro station that had been used as surface parking. Under the agreement, the developer pays ground rent payments to MDOT, and the developer was also required to construct two parking garages, both of which have been completed and are in operation. MDOT contributed \$15.1 million, and Baltimore County committed \$13.1 million for the project. MDOT does not anticipate any additional State funding. The county completed the construction of a new community college facility and county library in calendar 2013. In calendar 2013, the developer also completed construction of Phase 1 residential and retail buildings. The first office building was completed comprising a 150,000 SF building, with 50,000 SF of retail/restaurant space. In calendar 2019, an additional residential building comprising 114 residential units and 4,500 SF of retail space was completed and opened for occupancy. In calendar 2022, construction was completed on an additional residential building comprising 230 units and additional structured parking.

- ***Expected Actions in Fiscal 2024:*** Discussions on development of the North Lot.

- ***Odenton MARC Station:*** For more than 10 years, a mixed-use project was envisioned on approximately 33 acres of MDOT parking lots and adjacent county-owned land. A development team for the project was selected in September 2007 by MDOT and Anne Arundel County and given an exclusive negotiating privilege to pursue a MDA for a mixed-use TOD. The developer was unable to formulate a budget that resulted in an economically feasible project, and the memorandum of understanding (MOU) between the developer and MDOT terminated on September 30, 2018. Subsequently, the Maryland Transit Administration (MTA) acquired a key property at the intersection of MD 175 and Town Center Boulevard adjacent to the west lot, which, when improved, is anticipated to provide approximately 249 additional commuter parking spaces as well as provide land for any future TOD. The county has engaged the Maryland Economic Development Corporation (MEDCO) to construct a commuter parking garage near the station as a precursor to a possible TOD. MDOT is leasing the land on which the garage will be constructed to the county. MDOT is in the process of drafting a request for proposals (RFP) for efforts associated with the development of the remaining pieces of the TOD. MDOT has partnered with MEDCO to procure a Penn Line TOD strategy effort, which will develop holistic TOD strategies for MDOT stations on the Penn Line including Odenton. This effort has been initiated with results expected in spring 2024.

- ***Expected Actions in Fiscal 2024:*** MDOT will collaborate with Anne Arundel County in developing a TOD Strategy for this station.

- ***Laurel Park MARC Station:*** The Laurel Park Station property consists of 63.84 acres located adjacent to U.S. Route 1, immediately north of the city of Laurel. The development potential of the property is enhanced by direct access to the MARC rail stop for the Camden Line, entrances off of U.S. Route 1, and its location in the middle of the Baltimore/Washington corridor. The property was rezoned in calendar 2004 as a Howard County high-density TOD district. The project will include up to

1,000 multifamily residential units, 127,000 SF of retail, and 650,000 SF of office space. MTA estimated that adding a new train station would require between 300 and 400 parking spaces for commuters. In early 2017, MTA and CSX Transportation executed an MOU providing for three morning stops and three evening stops. To accommodate the additional stops, a morning flag stop at the St. Denis Station will be eliminated, and the Jessup Station, which had one flag stop in the morning and one in the evening, will be closed upon completion of the Laurel Park State improvements. In calendar 2019, the developer submitted 30% engineering plans for the new transit station to CSX for approval, but the conditions that CSX required before it would grant approval proved too costly, and modifications proposed by the developer were rejected by CSX. With negotiations stalled on the station improvements, CSX has closed out the project for lack of activity. The mixed-use development continues without plans for station improvements.

- ***Expected Actions in Fiscal 2024:*** Beyond the developer’s work on the mixed-use components, there are currently no additional activities planned at this time. Without further advancement, this project will be removed from future reporting.

- ***Reisterstown Plaza Metro:*** The TOD site consisted of 35.0 acres of MDOT-owned surface parking lots and open space. MDOT negotiated an agreement with the federal General Services Administration (GSA) to dispose of an 11.3-acre portion of the site for the construction of a new Social Security Administration (SSA) office building. BPW approved the disposition of the land at its August 26, 2009 meeting. GSA entered into an agreement with a private developer who owns the property, constructed a 538,000-SF rentable building and a 1,076-space parking garage on the property, and leased it back to the federal government for the use of SSA. Construction was completed in early calendar 2014. An RFP for the construction of a TOD on the remaining 25.6 acres was issued in calendar 2021, and a developer was selected to enter into exclusive negotiations on terms for an MDA. Currently, the site includes two surface parking lots but once developed will offer a mix of housing, retail, parking, and recreational amenities. After receiving a favorable recommendation from the Smart Growth Subcabinet, MDOT certified the project as a TOD.
 - ***Expected Actions in Fiscal 2024:*** MDOT is continuing to work toward an MDA with the developer.

- ***Bowie State University (BSU) MARC Station:*** Prince George’s County and BSU have coordinated efforts to pursue a TOD in the area of the BSU MARC Station that will allow for retail, student housing, and other amenities to create a vibrant walkable community and assist in connecting BSU to the surrounding community. The BSU MARC station area includes 560 acres, including 307 that are publicly owned. MDOT and the county executed a TOD designation agreement in June 2021. In calendar 2023, a developer was selected for the Gateway Parcel and design of a student housing facility is ongoing. The developer is conducting market studies for the 1.5 acres of BSU-owned land at the campus entrance. MDOT has partnered with MEDCO to procure a Penn Line TOD Strategy effort, which

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will develop holistic TOD strategies for MDOT stations on the Penn Line including BSU. This effort has been initiated with results expected in spring 2024.

- ***Expected Actions in Fiscal 2024:*** MDOT will collaborate with BSU, Prince George’s County, and other stakeholders in developing a TOD strategy for this station.
- ***Baltimore Penn Station MARC Station:*** Penn Station Partners is proposing a multi-phased, mixed-use development that could bring as much as 1.6 million SF of development to the area. Preliminary concepts include a hotel in the historic station head house as well as office and residential space to the north along Lanvale Street, connected by an expanded concourse with new retail opportunities. In calendar 2023, MDOT provided a TOD designation for the station area.
 - ***Expected Actions in Fiscal 2024:*** MDOT will provide support to advance the project. The developer anticipates construction activity on the E. Lanvale lot in calendar 2024.
- ***Westport Light Rail Station:*** Baltimore City is looking for State support to help formalize a TOD designation for the Westport MARC Station area. One developer is looking to build affordable housing on one parcel and to develop a second parcel on which 40,000 SF retail and 350 market rate apartments will be constructed. Another developer has plans to build 275 townhomes near the station. MDOT has been monitoring actions from the lawsuit between Baltimore Washington Rapid Rail and one of the developers. In November 2023, a settlement was reached to allow both the mixed-use development and the Maglev train project.
 - ***Expected Actions in Fiscal 2024:*** MDOT will continue conversations with Baltimore City to pursue a TOD designation and further support development efforts.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that TSO prepare four reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Fees for Zero- and Low-emission Vehicles:*** The 2023 JCR requested that TSO submit a report on the fees that other states impose on zero- and low-emission (*e.g.*, hybrid-electric) vehicles and the revenue raised by each fee, along with an identification of any studies that have been done on the impact such fees have had on zero- and low-emission vehicle purchases. TSO submitted the report with the requested data and listing of studies.
- ***Bicycle and Pedestrian Safety Coordination:*** The 2023 JCR requested that TSO submit a report on bicycle and pedestrian safety in coordination with Motor Vehicle Administration (MVA). The report summarized initiatives that address these issues and included data on pedestrian and bicycle incidents by jurisdiction, noting those that resulted in serious injuries or fatalities. As required, the response also assessed funding levels for the Kim Lamphier Bikeways Program and the placement of the Vision Zero coordinator and Maryland Highway Safety Office within MVA.
- ***Expanding Use of Disadvantaged Business Enterprise Certification beyond Transportation:*** The 2023 JCR requested that TSO submit a report providing (1) a summary of the federal Disadvantaged Business Enterprise (DBE) program and the State’s MBE and how they differ; (2) a discussion on legal barriers that would prevent extending the use of the DBE program for procurements for projects receiving funds through non-USDOT agencies; and (3) an opinion on whether the MBE program could be improved by adding requirements from the DBE program. The report submitted provided the summaries of the two programs, noted federal laws and regulations would need to be changed to extend the DBE requirements to procurements with funding from federal agencies other than USDOT agencies, and that the MBE had eligibility requirements less restrictive than those of the DBE program, which would hurt MBE businesses if DBE requirements were imposed.
- ***Flexing of Federal Dollars from Highways to Transit:*** The 2023 JCR requested that MDOT submit a report on the department’s ability to flex or transfer federal funding between highway and transit uses. MDOT submitted the report. Further discussion of this data can be found in Issue 1 of this analysis.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	May 7, 2018 – September 15, 2022
Issue Date:	November 2023
Number of Findings:	3
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

Finding 1: MDOT did not always publish contract awards on *eMaryland Marketplace Advantage* as required by State procurement laws and regulations.

Finding 2: MDOT should consider establishing a formal documented process to ensure appropriate corrective actions were implemented to address findings from Office of Legislative Audits fiscal compliance audit reports of MDOT units.

Finding 3: Redacted cybersecurity-related finding.

*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 3
Budget Amendments for Fiscal 2024
Maryland Department of Transportation
The Secretary’s Office**

Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Projected	\$13,283,040	Special	Adjusts the appropriation for the current year to conform to the 2024 CTP
	674,158	Federal	
	\$13,957,198	Total	

**Appendix 4
Object/Fund Difference Report
MDOT – The Secretary’s Office**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	308.50	311.50	304.50	-7.00	-2.2%
02 Contractual	10.05	17.00	17.00	0.00	0%
Total Positions	318.55	328.50	321.50	-7.00	-2.1%
Objects					
01 Salaries and Wages	\$ 40,236,193	\$ 42,152,193	\$ 42,395,483	\$ 243,290	0.6%
02 Technical and Special Fees	555,921	1,206,768	1,100,976	-105,792	-8.8%
03 Communication	5,041,240	5,061,399	6,266,805	1,205,406	23.8%
04 Travel	125,522	160,377	18,627	-141,750	-88.4%
06 Fuel and Utilities	171,685	183,053	188,494	5,441	3.0%
07 Motor Vehicles	81,607	48,487	48,325	-162	-0.3%
08 Contractual Services	38,304,222	42,811,545	40,042,437	-2,769,108	-6.5%
09 Supplies and Materials	147,136	226,296	346,797	120,501	53.2%
10 Equipment – Replacement	30,114	16,018	16,018	0	0%
11 Equipment – Additional	35,953	59,465	114,832	55,367	93.1%
12 Grants, Subsidies, and Contributions	15,302,805	20,402,608	18,933,566	-1,469,042	-7.2%
13 Fixed Charges	341,523	286,863	365,130	78,267	27.3%
Total Objects	\$ 100,373,921	\$ 112,615,072	\$ 109,837,490	-\$ 2,777,582	-2.5%
Funds					
03 Special Fund	\$ 90,225,502	\$ 97,889,447	\$ 96,527,346	-\$ 1,362,101	-1.4%
05 Federal Fund	10,148,419	14,725,625	13,310,144	-1,415,481	-9.6%
Total Funds	\$ 100,373,921	\$ 112,615,072	\$ 109,837,490	-\$ 2,777,582	-2.5%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 5
Fiscal Summary
MDOT – The Secretary’s Office**

<u>Program/Unit</u>	<u>FY 23 Actual</u>	<u>FY 24 Wrk Approp</u>	<u>FY 25 Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25 % Change</u>
01 Executive Direction	\$ 35,261,110	\$ 37,816,736	\$ 36,422,280	-\$ 1,394,456	-3.7%
02 Operating Grants-in-aid	15,196,224	20,282,311	18,819,269	-1,463,042	-7.2%
03 Facilities and Capital Equipment	37,168,091	56,749,335	34,456,301	-22,293,034	-39.3%
07 Office of Transportation Technology Services	49,916,587	54,516,025	54,595,941	79,916	0.1%
08 Major IT Development Projects	9,579,878	10,537,372	2,207,747	-8,329,625	-79.0%
Total Expenditures	\$ 147,121,890	\$ 179,901,779	\$ 146,501,538	-\$ 33,400,241	-18.6%
General Fund	\$ 0	\$ 50,000	\$ 0	-\$ 50,000	-100.0%
Special Fund	131,083,571	163,391,996	132,060,848	-31,331,148	-19.2%
Federal Fund	16,038,319	16,459,783	14,440,690	-2,019,093	-12.3%
Total Appropriations	\$ 147,121,890	\$ 179,901,779	\$ 146,501,538	-\$ 33,400,241	-18.6%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.