

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE
Revised

House Bill 172

(Delegate Mitchell, *et al.*)

Environmental Matters

Finance

**Economic Development - Baltimore Region - Baltimore Metropolitan Council and
 Advisory Board and Baltimore Region Transportation Board**

This bill increases the membership of the Baltimore Metropolitan Council (BMC) by adding one member from each of the House of Delegates and the Senate of Maryland to be appointed by the Speaker and the President, respectively, and one representative of the private sector appointed by the Governor. The purposes of BMC are expanded to include facilitating coordination and collaboration among local jurisdictions and organizations in the Baltimore region to foster regional economic growth and development in areas that include regional transportation, housing, workforce development, and renewable energy projects and usage. The law establishing the existing BMC Advisory Board is repealed. The bill also establishes in statute the Baltimore Region Transportation Board (BRTB), which currently exists to comply with federal requirements.

Fiscal Summary

State Effect: General fund expenditures increase by up to \$154,000 beginning in FY 2015 for BMC to hire additional staff to meet the expanded purposes of BMC. These costs may be reduced if local jurisdictions contribute to BMC for these staff. Out-years reflect annualization and inflation. Any expense reimbursements for additional State BMC members are assumed to be minimal and absorbable within existing budgeted resources. No effect on revenues.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	154,000	199,000	208,200	217,800	227,900
Net Effect	(\$154,000)	(\$199,000)	(\$208,200)	(\$217,800)	(\$227,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local contributions from jurisdictions in the BMC region may increase to support its expanded purposes.

Small Business Effect: None.

Analysis

Bill Summary: BMC must report annually to the General Assembly on the status of the council's efforts and recommend policy goals, strategies, and statutory changes to improve regional cooperation and the long-term health of the region.

Current Law: BMC is a regional council of governments. The "region" for BMC's purposes means the area that includes all of Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, and Howard counties.

The purposes of BMC are to:

- serve as a forum for local officials and their representatives to identify and address problems in the region;
- provide a central source of information and coordination for fashioning responses to needs in the region; and
- assist local jurisdictions in developing regional policies, prioritizing regional infrastructure needs, and developing regional strategies.

BMC is composed of one member each appointed by the Mayor of Baltimore City; the county executives of Anne Arundel, Baltimore, Harford, and Howard counties; and the Carroll County Commissioners, in addition to other members as the council charter provides. The BMC Advisory Board consists of the Mayor of Baltimore City and the President of the Baltimore City Council (or the president's designee); the county executive and the chair or president of the county council (or the chair's or president's designee) for Anne Arundel, Baltimore, Harford, and Howard counties; and two members of the Carroll County Board of Commissioners.

Federal regulations require that each urbanized area, as a condition to the receipt of federal capital or operating transportation assistance, have a continuing, cooperative, and comprehensive transportation planning process carried out by a Metropolitan Planning Organization (MPO) in cooperation with the state that results in plans and programs consistent with the development of the urbanized area. The regulations further specify that each MPO must consist of (1) local elected officials; (2) officials of public agencies that administer or operate major modes of transportation in the metropolitan area; and (3) appropriate state officials. An MPO designation remains in effect until otherwise redesignated. An MPO may be redesignated by an agreement between the governor and units of local government that together represent 75% of the existing planning area population.

BRTB is the federally recognized MPO for the Baltimore metropolitan region. BRTB is an 11-member board representing the cities of Annapolis and Baltimore; Anne Arundel, Baltimore, Carroll, Harford, and Howard counties; the Maryland Department of Transportation (MDOT); the Maryland Department of the Environment; the Maryland Department of Planning; and the Maryland Transit Administration. State agencies except for MDOT are nonvoting members. BRTB comprises the elected executive officials from each jurisdiction as well as the Secretaries of each State agency. Each BRTB member designates an employee from its jurisdiction or agency as its “empowered representative” to act and vote on his or her behalf at meetings.

Background: BMC employs 33 full-time and 5 part-time staff, largely consisting of planners who work on transportation, demographics, air and water quality, and procurement issues. BMC’s fiscal 2014 budget includes \$8.9 million in total operating expenses. In 2011 BMC received a \$3.5 million U.S. Department of Housing and Urban Development (HUD) Sustainable Communities Regional Planning Grant. BMC is using the grant to coordinate a consortium called the Opportunity Collaborative to develop regional policies in housing, workforce development, and sustainable development. BMC is required to expend all of the funds by February 2015.

BMC also hosts and staffs BRTB. BRTB (formerly the Transportation Steering Committee) was designated in 1992 as the MPO for the Baltimore metropolitan area in a memorandum of understanding between BMC, the affected cities and counties, and the relevant State agencies. BRTB is one of several MPOs responsible for regional transportation planning in parts of Maryland; however, BRTB is the only MPO responsible solely for regions in Maryland. Although BMC employees staff BRTB, the board is an independent decisionmaking public body with its own mission and function. Similarly, although all six BMC members serve on BRTB, BMC votes and decisions are separate from those of BRTB.

The mission of BRTB is to provide regional transportation planning and policymaking for the Baltimore metropolitan region. Specifically, BRTB provides overall program management of an annual work program – the Unified Planning Work Program (UPWP). UPWP is funded through an 80% planning grant provided by the Federal Highway Administration and the Federal Transit Administration and a 20% match provided by MDOT and the local governments of the Baltimore metropolitan planning area.

As shown below, in **Exhibit 1**, fiscal 2014 expenditures under UPWP total \$6.6 million, which comprises federal, State, and local funds. Of that total, \$4.25 million is for BMC, \$745,000 is for consultants, and \$1.6 million is for local uses.

Exhibit 1
Unified Planning Work Program Expenditures by Funding Source
Fiscal 2014

<u>Funding Source</u>	<u>Amount</u>
Federal Highway Administration	\$3,963,648
Federal Transit Administration	1,321,216
Maryland Department of Transportation	499,500
Local Governments*	<u>821,716</u>
Total	\$6,606,080

Note: Local contributions are from the cities of Annapolis and Baltimore and Anne Arundel, Baltimore, Carroll, Harford, and Howard counties.

Source: Baltimore Metropolitan Council

MPO Structure

MPO structures vary throughout the country. Some MPOs are housed entirely within a unit of government, generally in a region's largest jurisdiction. Other MPOs operate independently from individual jurisdictions with a regionally elected board that makes regional transportation planning decisions that directly impact the workings of local government. The Baltimore metropolitan region employs a common approach to MPO structure where BRTB members are a mix of elected and appointed officials, including all six members of the BMC board, and the MPO is hosted and staffed by employees of a regional council of governments – BMC.

Metropolitan Washington Council of Governments

A similar structure to BMC/BRTB exists for the Washington metropolitan area. The Metropolitan Washington Council of Governments (COG) is an independent, nonprofit association that brings area leaders together to address major regional issues in the District of Columbia, suburban Maryland, and Northern Virginia. COG's membership comprises 300 elected officials from 22 local governments, the Maryland and Virginia state legislatures, and U.S. Congress. The Maryland General Assembly is represented on COG.

As part of COG, the National Capital Region Transportation Planning Board (TPB) is the federally designated MPO for the region, and it plays an important role as the regional forum for transportation planning. TPB prepares plans and programs that the federal government must approve in order for federal transportation funds to flow to the Washington region. The Maryland General Assembly is also represented on TPB.

COG has a number of other programs outside the current scope of BMC. For example, COG's Housing program covers a broad array of issues important to area local governments and their housing partners. These include the region's housing stock, homelessness, housing affordability, concentration of affordable housing, fair housing, and neighborhood redevelopment.

In addition, COG's Regional Planning and Analysis program works collaboratively to support local, state, and federal community planning activities to achieve more efficient and sustainable development outcomes in the region. The regional planning and analysis program is responsible for developing long-range regional planning goals and integrating planning policies around land use, transportation, housing, and the environment.

COG is a significantly larger organization than BMC. The proposed fiscal 2015 budget for COG includes 134 full-time equivalent positions. COG's proposed fiscal 2015 budget totals \$27.1 million: \$17.6 million for transportation, \$1.1 million for community planning, \$2.8 million for public safety/homeland security, \$5.0 million for the environment, and \$0.7 million for support services. Similar to BMC, COG is supported by a variety of funding sources, including federal and state revenues, fees for services, and membership dues.

State Expenditures: The bill alters the purposes of BMC to include facilitating coordination and collaboration among local jurisdictions and organizations in the Baltimore region to foster regional economic growth and development in areas that include regional transportation, housing, workforce development, and renewable energy projects and usage. BMC is largely funded for transportation planning purposes through BRTB. MDOT advises that the duties assigned in the bill do not fall under the purview of MPO transportation planning activities and, therefore, are not eligible for the federal and State funds that support BMC and BRTB. Therefore, general fund expenditures increase to the extent that BMC requires additional staff resources to meet the expanded purposes of BMC specified in the bill that are otherwise not met with local contributions.

As discussed above, BMC received a HUD Sustainable Communities Regional Planning Grant in 2011 that expires in February 2015. BMC advises that work funded by the grant supports approximately 2.5 positions with an annual expenditure of \$150,000 on salary. The funding supports work similar to the expanded purposes of BMC in the bill.

Using this HUD grant staffing as a proxy, two positions at BMC are necessary to support the expanded purposes of BMC under the bill. The average starting salary for an analyst at BMC is approximately \$65,000. Thus, general fund expenditures increase by up to \$154,010 in fiscal 2015, which accounts for the bill's October 1, 2014 effective date. The estimate reflects the cost of hiring two policy analysts to meet the expanded purposes

of BMC and prepare the annual report. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2
Salaries and Fringe Benefits	\$144,400
Operating Expenses	<u>9,610</u>
Total FY 2015 State Expenditures	\$154,010

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. General fund expenditures are reduced in any year in which local governments contribute to BMC for the staff required under the bill.

The Department of Legislative Services (DLS) notes that BMC applies a significantly higher fringe and indirect cost rate than those used above, which are the standard rates used by DLS for State positions. BMC's estimate of the total cost of two policy analysts is approximately \$200,000 annually.

There is no savings associated with repealing the BMC Advisory Board, as it has never met.

Additional Comments: The bill does not specify when the annual report must be submitted by BMC to the General Assembly; however, DLS assumes that the first annual report is submitted by BMC within one year of the effective date of the bill.

Additional Information

Prior Introductions: HB 1533, a similar bill, received a hearing in the House Environmental Matters Committee, but no further action was taken.

Cross File: SB 547 (Senator Ferguson, *et al.*) – Finance.

Information Source(s): Baltimore Metropolitan Council, Maryland Department of Transportation, Maryland Department of Planning, Department of Business and Economic Development, Carroll and Howard counties, Baltimore City, Metropolitan Washington Council of Governments, Department of Legislative Services

Fiscal Note History: First Reader - January 26, 2014
ncs/rhh Revised - House Third Reader - March 19, 2014

Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510