

J00A01
The Secretary's Office
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$67,053	\$75,164	\$74,770	-\$395	-0.5%
Deficiencies and Reductions	0	0	-661	-661	
Adjusted Special Fund	\$67,053	\$75,164	\$74,108	-\$1,056	-1.4%
 Federal Fund	 9,089	 8,906	 8,906	 0	
Deficiencies and Reductions	0	0	0	0	
Adjusted Federal Fund	\$9,089	\$8,906	\$8,906	\$0	0.0%
 Adjusted Grand Total	 \$76,142	 \$84,071	 \$83,015	 -\$1,056	 -1.3%

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- Including back of the bill reductions, the fiscal 2016 allowance decreases by \$1,056,000 (-1.3%) from the current year.
- Back of the bill sections reduce the fiscal 2016 allowance by \$661,402 to remove the 2% general salary increase that State employees began receiving on January 1, 2015, and the salary merit and increments that would have been awarded in fiscal 2016.

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

For further information contact: Steven D. McCulloch

Phone: (410) 946-5530

PAYGO Capital Budget Data

(\$ in Thousands)

	Fiscal 2014	Fiscal 2015		Fiscal 2016
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$56,971	\$79,683	\$68,364	\$48,522
Federal	3,861	43,278	14,251	38,807
Total	\$60,832	\$122,961	\$82,615	\$87,329

- The fiscal 2015 working appropriation is \$40.3 million lower than the legislative appropriation. Some of the larger changes include a reduction of \$20.0 million due to the cancellation of the Baltimore Rail Intermodal Facility project, a \$29.5 million reduction for development and evaluation of the Baltimore and Potomac Tunnel, and a \$9.1 million increase in system preservation and minor project funding.
- The fiscal 2016 allowance increases \$4.7 million over the current year working appropriation. Some of the larger changes include a \$20.8 million increase in the development and evaluation of the Baltimore and Potomac Tunnel, a \$3.1 million increase in the development and evaluation of the Susquehanna River Bridge, and a \$21.3 million reduction in system preservation and minor projects.

Operating and PAYGO Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Operating Budget Positions	292.00	291.50	291.50	0.00
Regular PAYGO Budget Positions	<u>16.00</u>	<u>17.00</u>	<u>17.00</u>	<u>0.00</u>
Total Regular Positions	308.00	308.50	308.50	0.00
Operating Budget FTEs	5.50	5.00	5.00	0.00
PAYGO Budget FTEs	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total FTEs	7.50	6.00	6.00	0.00
Total Personnel	315.50	314.50	314.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	15.70	5.09%
Positions and Percentage Vacant as of 12/31/14	31.00	10.05%

- The number of regular positions and contractual full-time equivalents does not change between the fiscal 2015 working appropriation and the fiscal 2016 allowance.
- As of January 1, 2015, there were 31 vacant positions for a vacancy rate of 10.05%. Budgeted turnover in the fiscal 2016 allowance is 5.09%, which will require that an average of 16 positions remain vacant the entire year.

Analysis in Brief

Major Trends

Productivity and Quality – Recruit and Retain Quality Employees: The departmentwide vacancy rate increased from 6.4% in January 2014 to 6.8% in January 2015 despite most modes seeing a decrease. The increased rate is largely due to the increased vacancy rate in the Maryland Transit Administration (MTA). **The Maryland Department of Transportation (MDOT) should comment on the factors leading to the increase in MTA's vacancy rate and the steps being taken to remedy the situation.**

Preserve and Enhance the Transportation System: One of the goals of the Secretary's Office (TSO) is to ensure the operational integrity of the transportation network. As part of this effort, TSO has a goal to fund system preservation at no less than \$850 million. This goal was met twice in the fiscal 2007-2014 period with projections that the goal will be met in both fiscal 2015 and 2016. Average system preservation funding for the remaining years of the forecast (ending in fiscal 2020) is projected to achieve this goal.

Issues

Paratransit Pilot Program to Wrap-up in Fiscal 2015 with Permanent Service Model Dependent on Evaluation of Results: MDOT has implemented a pilot program called Coordinated Alternative to Paratransit Services to determine if improved paratransit services can be provided at reduced costs. Additional pilots under the program are set to begin soon with fiscal 2015 being the last year for which funding of the pilots is anticipated. **MDOT should update the committees on the status of the memorandum of understanding renegotiations, when it expects the pilots to begin operations, and the expected ending date(s) for the pilots. Committee narrative is included in the Recommended Actions section of this analysis, requesting MDOT to report on the outcomes of the pilots and any plans to implement the new service delivery model(s) for paratransit services.**

Operating Budget Recommended Actions

1. Add annual language restricting operating grants-in-aid funding.
2. Adopt committee narrative requesting a report on the evaluation of paratransit pilot projects.

PAYGO Budget Recommended Actions

1. Add annual language limiting system preservation and minor project funding to the projects identified in the Consolidated Transportation Program.

Updates

Transit-oriented Development – Project Updates: The Office of Real Estate in TSO is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations and port-related development. The Department of Legislative Services and MDOT developed an administrative process to provide for the reporting and oversight of transit-oriented development (TOD) projects. MDOT submitted a report in September 2014 that highlights a number of TOD projects.

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Budget Analysis

Program Description

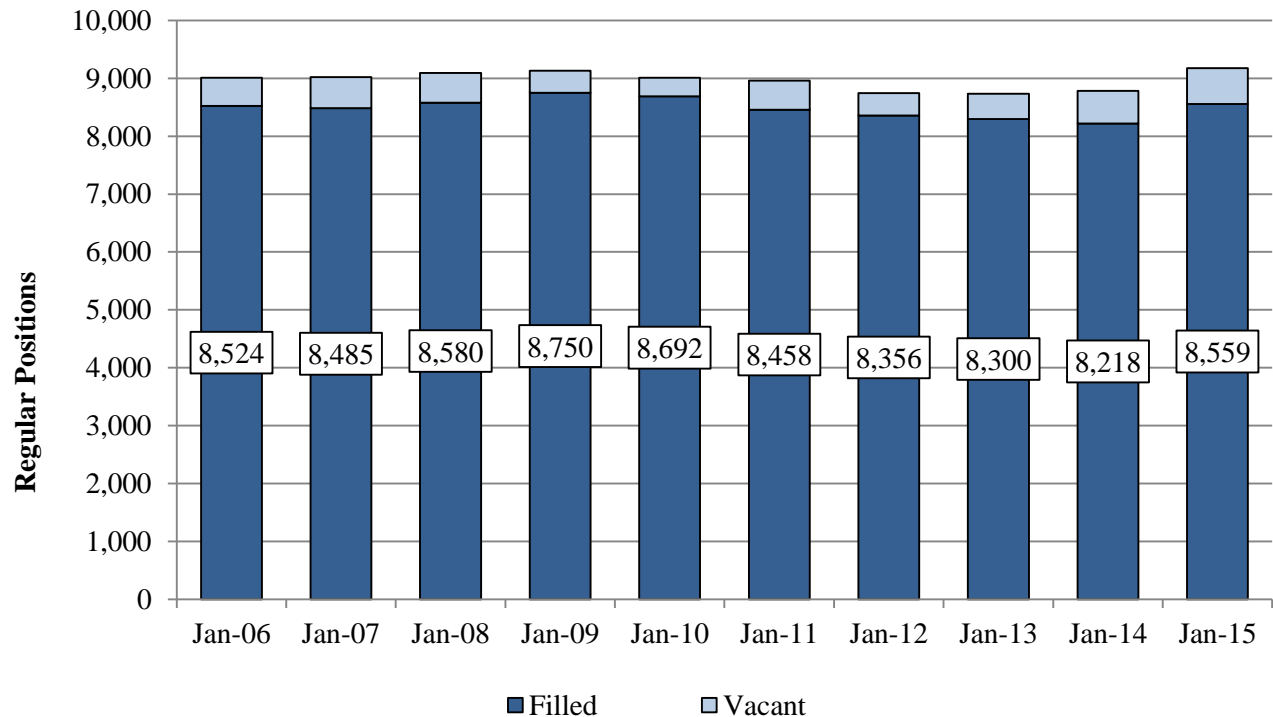
The Secretary's Office (TSO) provides overall policy direction and management to the Maryland Department of Transportation (MDOT). Units within the office provide support in the areas of finance, procurement, engineering, audits, administrative services, planning and capital programming, human resources, and Minority Business Enterprise 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, infrastructure, and general information technology services for MDOT. TSO also makes grants to various entities for transportation-related purposes.

Performance Analysis: Managing for Results

1. Productivity and Quality – Recruit and Retain Quality Employees

One of MDOT's departmentwide goals is to recruit and retain quality employees. **Exhibit 1** shows the number of filled and vacant positions for all modes on January 1 of each year from 2006 to 2015. The vacancy rate increased from 6.4% in January 2014 to 6.8% in January 2015. The vacancy rates by mode decreased or stayed the same between these two years except for TSO, which increased from 8.4% to 10.0% and the Maryland Transit Administration (MTA), which increased from 4.8% to 7.0%. While the addition of 230 new positions in MTA might normally explain the increase in its vacancy rate – due to the time it can take to hire personnel – the new positions added in fiscal 2015 were in large part conversions from the inappropriate long-term use of personnel hired as temporary employees. Therefore, most of the new positions would have been filled on the first day of the fiscal year. **MDOT should comment on the factors leading to the increase in MTA's vacancy rate and the steps being taken to remedy the situation.**

Exhibit 1
Departmentwide Filled and Vacant Positions
On January 1, 2006-2015

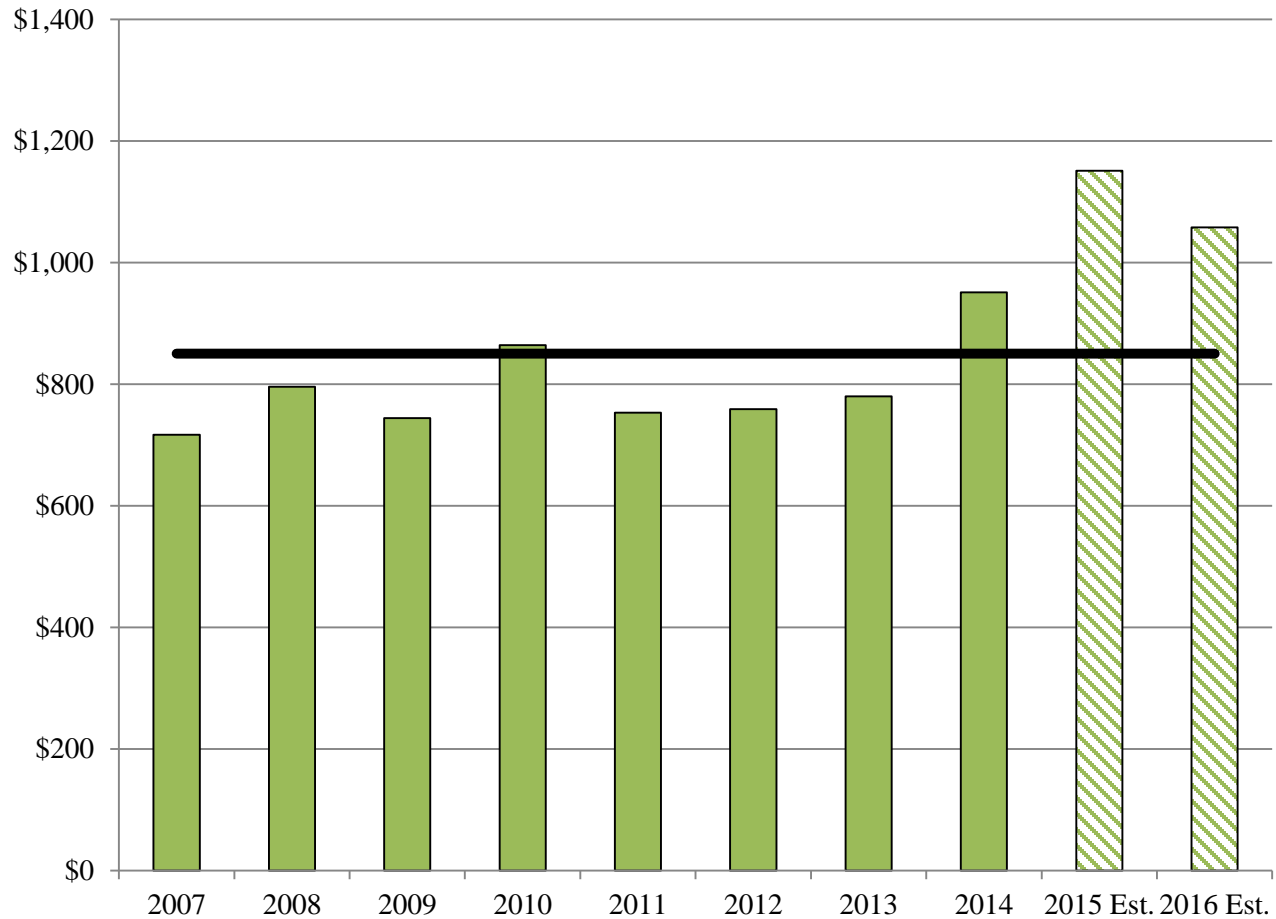


Source: Maryland Department of Transportation

2. Preserve and Enhance the Transportation System

Another TSO goal is to ensure the operational integrity of the transportation network. This goal provides that system preservation should be adequately funded at no less than \$850 million. As shown in **Exhibit 2**, this goal was met twice in the fiscal 2007-2014 period with projections that the goal will be met in both fiscal 2015 and 2016.

Exhibit 2
System Preservation Funding
Fiscal 2007-2016 Est.
(\$ in Millions)



Source: Maryland Department of Transportation

In the remaining years of the forecast period of the *Consolidated Transportation Program* (CTP), system preservation funding is projected at an average annual amount of \$860.6 million, which is sufficient to meet the goal.

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2016 operating allowance for TSO decreases by a net \$1,056,000 from the current year working appropriation. Increases in personnel expenses and departmental administration costs are more than offset by decreases in the operating grants-in-aid program.

Exhibit 3
Proposed Budget
MDOT – The Secretary's Office
(\$ in Thousands)

How Much It Grows:	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
Fiscal 2014 Actual	\$67,053	\$9,089	\$76,142
Fiscal 2015 Working Appropriation	75,164	8,906	84,071
Fiscal 2016 Allowance	<u>74,108</u>	<u>8,906</u>	<u>83,015</u>
Fiscal 2015-2016 Amt. Change	-\$1,056	\$0	-\$1,056
Fiscal 2015-2016 Percent Change	-1.4%		-1.3%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	\$755
Increments and other compensation	441
Employees' retirement.....	377
Fiscal 2016 salary increments.....	-291
Fiscal 2015 2% general salary increase	-371
Turnover adjustments	-384
Other fringe benefit adjustments	-2

Departmental Administration

Department of Budget and Management paid telecommunications	536
Contract and civil litigation services – Office of the Attorney General	110
Data Processing contractual services and mainframe support.....	103
Contractual assistance – helicopter procurement administrative duties	39
State share of Washington Suburban Transit Commission office and staff costs	23
Travel.....	26
Utilities – natural gas and electricity	11

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Where It Goes:

Non-Department of General Services rent.....	4
Vehicle replacements.....	-71
Operating Grants-in-aid	
Payments in lieu of taxes	-5
Paratransit pilot program ends	-2,400
Other	43
Total	-\$1,056

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

Cost Containment

Sections 20 and 21 of the budget bill eliminate the 2% general salary increase that took effect January 1, 2015, and eliminate funding for salary merit increases in fiscal 2016. For TSO, special funds are reduced by \$370,895 to reflect elimination of the general salary increase and by \$290,507 to reflect elimination of merit increases for a total operating budget reduction of \$661,402. The TSO capital appropriation is reduced by an additional \$46,418 for these items.

Operating Grants-in-aid

Operating grants-in-aid decrease by \$2,405,233 from the fiscal 2015 level. Reductions comprise elimination of funding for a paratransit pilot program (-\$2.4 million) and a reduction in payments in lieu of taxes (-\$5,233). **Exhibit 4** provides a summary of the operating grants-in-aid.

Exhibit 4
Recipients of Operating Grants-in-aid
Fiscal 2016

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Cumberland MPO	\$9,584	\$76,675	\$86,259
Lexington Park MPO	11,373	90,978	102,351
Salisbury MPO	14,196	113,567	127,763
Hagerstown MPO	23,608	188,866	212,474
Baltimore MPO	565,887	4,527,095	5,092,982
Wilmington MPO	11,336	90,684	102,020
Washington MPO	477,318	3,818,544	4,295,862
Tri-county Planning Organization	50,000	0	50,000
DBED (to support the Appalachian Regional Commission)	155,000	0	155,000
Maryland Department of Planning	258,000	0	258,000
Payments in Lieu of Taxes	1,118,705	0	1,118,705
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Total	\$4,094,947	\$8,906,409	\$13,001,356

DBED: Department of Business and Economic Development

MPO: Metropolitan Planning Organizations

Source: Maryland Department of Transportation

PAYGO Capital Program

Program Description

TSO's capital program has historically consisted of projects that support the preservation of MDOT's 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 2015 to 2020 CTP

The fiscal 2015 to 2020 six-year capital program for TSO totals \$280.7 million, a \$50.2 million decrease from the prior year's six-year capital program. The decrease comprises major projects (-\$37.1 million), system preservation and minor projects (-\$9.7 million), and the development and evaluation program (-\$3.8 million). The decrease is slightly offset by a \$400,000 increase in capital salaries and wages over the six-year period.

Fiscal 2016 Capital Allowance

The fiscal 2016 allowance for TSO's capital program totals \$88.1 million, an increase of \$5.3 million over the current year working appropriation. **Exhibit 5** shows the fiscal 2016 capital for TSO by project and program along with estimated total project costs and six-year funding included in the CTP.

Exhibit 5
The Secretary's Office PAYGO Capital Allowance
Fiscal 2016
(\$ in Millions)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2016</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects				
Prince George's	Virginia Manor Road Relocated, Old Gunpowder Road to the InterCounty Connector	\$6.0	\$30.0	\$16.9
Statewide	D&E: New B&P Tunnel (HSIPR)	26.4	60.0	58.4
Statewide	D&E: Susquehanna River Bridge Replacement (HSIPR)	10.0	22.0	19.0
Subtotal – Projects		\$42.4	\$112.0	\$94.3
Programs				
Statewide	System Preservation and Minor Projects	\$34.8	n/a	\$131.8
Statewide	Transportation Emissions Reduction Program	4.3	n/a	26.2
Statewide	Bikeways Network Program	4.5	n/a	15.4
Statewide	Capital Salaries	2.1	n/a	13.0
Subtotal – Programs		\$45.7		\$186.4
Total – Projects and Programs		\$88.1	\$112.0	\$280.7

B&P: Baltimore and Potomac
D&E: development and evaluation

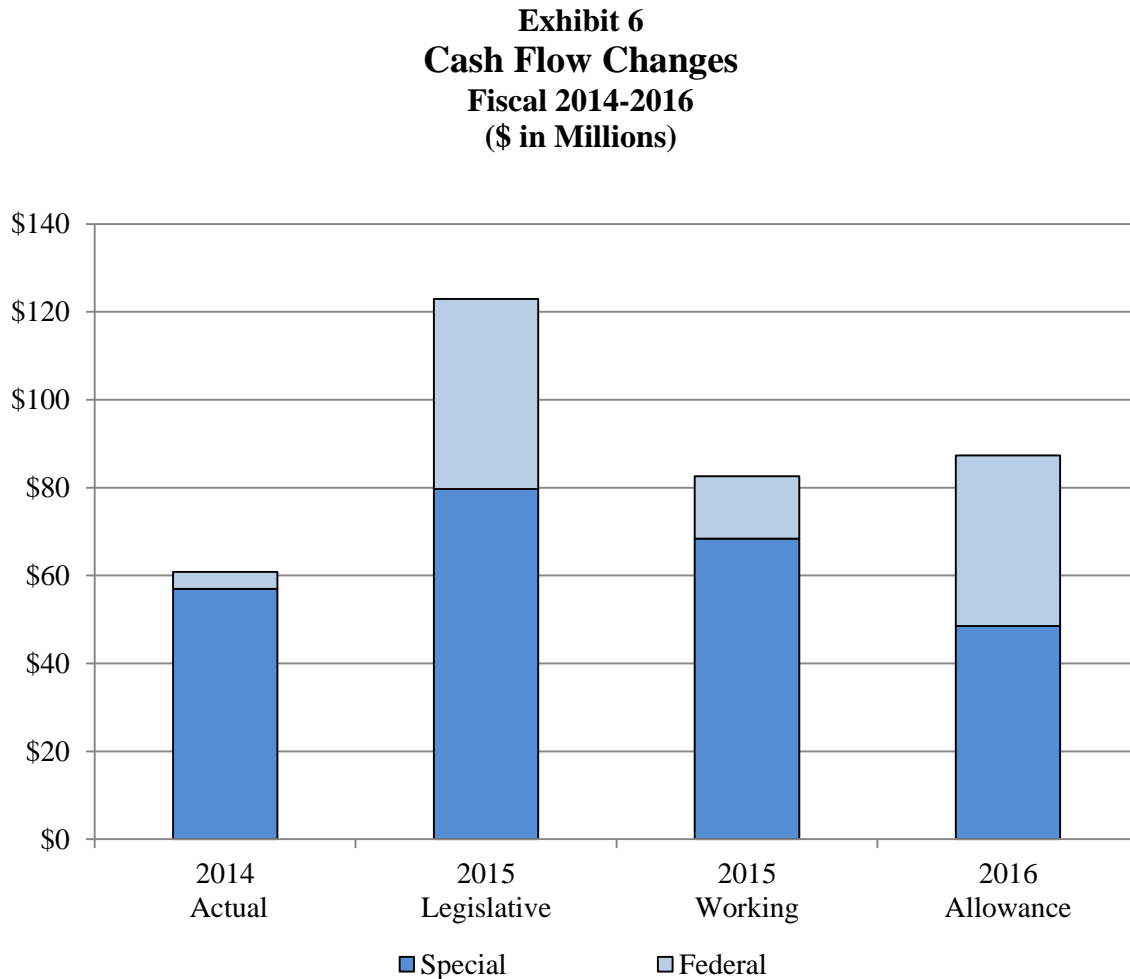
HSIPR: High Speed Intercity Passenger Rail Program
PAYGO: pay-as-you-go

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

Source: Maryland Department of Transportation, 2015-2020 *Consolidated Transportation Program*

Fiscal 2015 and 2016 Cash Flow Analysis

Exhibit 6 shows the changes in TSO capital appropriations for fiscal 2014 through the 2016 allowance and includes both the fiscal 2015 legislative and working appropriations. Capital spending is expected to be higher in fiscal 2015 than it was in 2014; however, the current estimated level of spending in fiscal 2015 is \$40.3 million lower than the legislative appropriation. The fiscal 2016 allowance anticipates a \$4.7 million increase over the current year working appropriation.



Source: Maryland Department of Transportation, 2015-2020 *Consolidated Transportation Program*

Cash Flow Analysis – Fiscal 2015 Changes

As seen in **Exhibit 7**, reductions in funding for major projects (-\$19.8 million) and development and evaluation projects (-\$28.1 million) are partially offset by increases in system preservation and minor projects (\$9.1 million). The largest changes in system preservation and minor projects between the legislative and working appropriations comprise:

- \$5.0 million MD 695/Broening Highway Grant (continued from fiscal 2014);
- \$3.0 million Minority Business Enterprise Disparity Study (increase);
- \$2.5 million Transit-oriented Development – State Center Grant (new);
- \$2.5 million Maryland Bike Share (continued from fiscal 2014);

Exhibit 7
Cash Flow Changes
Fiscal 2015 Legislative to Working Appropriations
(\$ in Thousands)

Major Projects	-\$19,767
Transportation Emission Reduction Program	\$261
Bikeways Network Program	-360
Virginia Manor Road Relocated, Old Gunpowder Road to the InterCounty Connector	332
Baltimore Rail Intermodal Facility	-20,000
Development and Evaluation Projects	-\$28,102
Susquehanna River Bridge (HSIPR)	\$1,378
Baltimore and Potomac Tunnel (HSIPR)	-29,480
System Preservation and Minor Projects	\$9,100
Total Change	-\$38,769

HSIPR: High Speed Intercity Passenger Rail

Source: Maryland Department of Transportation, 2015-2020 *Consolidated Transportation Program*

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- \$1.5 million I-95/Forestville Road Improvement Grant (increase);
- \$1.4 million 700Hz Radios (increase);
- \$1.2 million Baltimore Rail Study – State Share (increase);
- \$1.1 million Washington County Grant (new);
- \$1.0 million Canton Railroad Grant (delayed from fiscal 2013);
- \$1.0 million City of Cambridge Grant (new); and
- -\$1.3 million Transit-oriented Development (TOD) Implementation Projects (reduced).

Cash Flow Analysis – Fiscal 2015 to 2016 Changes

As seen in **Exhibit 8**, increases in funding for major projects (\$2.5 million), development and evaluation projects (\$24.0 million), and capital salaries and wages (\$0.1 million) are partially offset by a decrease in system preservation and minor projects (-\$21.3 million). The largest changes in system preservation and minor projects between the fiscal 2015 working appropriation and the fiscal 2016 allowance comprise:

- \$3.0 million Intermodal Rail Incentive Program (new);
- \$2.2 million Piscataway Drive Grant (new);
- \$1.5 million Mainframe RAID Disk Replacement (new);
- \$1.4 million Gmail-Google Docs (continued from fiscal 2014);
- \$1.2 million Enterprise Budget System (new);
- \$1.1 million TOD Implementation Projects (increased);
- -\$1.0 million Environmental Compliance Oversight (reduced);
- -\$1.0 million CSX Intermodal Container Transfer Facility Planning Grant (project cancelled);
- -\$1.1 million Employee Scheduling System Leave Request Module (removed);

Exhibit 8
Cash Flow Changes
Fiscal 2015 Working Appropriation to Fiscal 2016 Allowance
(\$ in Thousands)

Major Projects	\$2,485
Transportation Emission Reduction Program	\$25
Bikeways Network Program	1,234
Virginia Manor Road Relocated, Old Gunpowder Road to the InterCounty Connector	1,226
Development and Evaluation Projects	\$23,976
Susquehanna River Bridge (HSIPR)	\$3,122
Baltimore & Potomac Tunnel (HSIPR)	20,854
System Preservation and Minor Projects	-\$21,300
Capital Salaries and Wages	\$100
Total Change	\$5,261

HSIPR: High Speed Intercity Passenger Rail

Source: Maryland Department of Transportation, 2015-2020 *Consolidated Transportation Program*

- -\$2.0 million Towson Circle Grant (removed);
- -\$2.5 million Maryland Bike Share Program (removed);
- -\$2.8 million 700Hz Radios (removed);
- -\$3.3 million Minority Business Enterprise Disparity Study (complete);
- -\$3.7 million Mainframe Upgrade (removed);
- -\$3.7 million Canton Railroad Grant (removed);
- -\$5.0 million MD 695/Broening Highway Grant (removed); and
- -\$16.0 million Grants to Municipalities (removed).

Exhibit 9 shows changes to the Construction and Development and Evaluation Programs between the 2014 to 2019 CTP and the current 2015 to 2020 CTP for TSO.

Exhibit 9
Changes to the Construction and Development and Evaluation Programs
Between 2014-2019 CTP and 2015-2020 CTP

Project Removed from the Construction Program

Baltimore Rail Intermodal Facility

Source: Maryland Department of Transportation, 2015-2020 *Consolidated Transportation Program*

Issues

1. Paratransit Pilot Program to Wrap-up in Fiscal 2015 with Permanent Service Model Dependent on Evaluation of Results

Just prior to the beginning of fiscal 2014, MDOT and the Washington Metropolitan Area Transit Authority (WMATA) began work to establish a pilot project to explore whether improved transportation services could be provided at a lower cost to Maryland clients of WMATA's MetroAccess service. The pilot was initially funded by a fiscal 2014 budget amendment, which transferred \$600,000 from the operating grant that Maryland provides to WMATA to the TSO budget. During the 2014 legislative session, an additional \$300,000 in fiscal 2014 funding was provided through a supplemental deficiency appropriation. A supplemental budget item also provided \$2.4 million for the pilot in the fiscal 2015 budget. The fiscal 2016 budget does not contain funding through the TSO budget to continue the pilot because MDOT intends to evaluate the results of the pilot and if it's judged to be successful, the new service delivery model could be rolled out permanently using funds allocated to pay for MetroAccess service. The name of the pilot program is the Coordinated Alternatives to Paratransit Service (CAPS).

Background

MetroAccess is required by law to provide transit services to people that are eligible for paratransit under the Americans with Disabilities Act (ADA). However, it is not well suited to serve every individual with disabilities in the Washington, DC metro area. Because of strict ADA regulations, MetroAccess must meet broad service requirements that create inefficiencies, limit the quality of service, and make operations extremely expensive. Maryland pays for MetroAccess services for its residents as part of the operating grant provided to WMATA each year. In fiscal 2016, MDOT will provide paratransit subsidies to WMATA of almost \$70 million.

CAPS Pilot Program

Under the CAPS pilot program, human service agencies (HSA) receive funding to provide transportation services, either directly or through a contractor, to a group of clients who otherwise would use MetroAccess. MDOT and WMATA created performance standards to ensure that service expectations are met regardless of the service delivery option selected. MDOT believes that transportation services through the CAPS pilot program could be provided at savings of up to half the cost of services provided through MetroAccess.

CAPS Implementation

The first pilot, consisting of 45 participants in Montgomery County, began in October 2013 with a six-month agreement with the selected HSA. That initial pilot was extended for an additional eight months with additional participants and a second extension to June 30, 2015, was approved by MDOT pending the successful renegotiation of the memorandum of understanding (MOU) with WMATA. These negotiations are currently ongoing.

In December 2014, MDOT approved two pilots for Prince George's County, one to replicate the Montgomery County pilot so that results can be compared and the other to test a different service provider model. Commencement of these pilots are also pending the successful renegotiation of the MOU with WMATA.

MDOT should update the committees on the status of the MOU renegotiations, when it expects the pilots to begin operations, and the expected ending date(s) for the pilots. Committee narrative is included in the Recommended Actions section of this analysis requesting MDOT to report on the outcomes of the pilots and any plans to implement the new service delivery model(s) for paratransit services.

Operating Budget Recommended Actions

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

. provided that no more than \$4,094,947 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 expand funds for an existing grantee.

Further provided that no expenditures in excess of \$4,094,947 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	As needed

2. Adopt the following narrative:

Coordinated Alternative to Paratransit Service Pilot Project Evaluation: The Maryland Department of Transportation (MDOT), in coordination with the Washington Metropolitan Area Transit Authority (WMATA) and various human service providers, has implemented a pilot project to test alternative service delivery models for customers of WMATA's MetroAccess paratransit services. The hope is that alternative transportation services can be provided at a lower cost for certain MetroAccess subset populations. The budget committees request that MDOT report the results of its evaluation of the pilot program including the service improvements realized and potential cost savings achieved. The report should also include a discussion of the broader paratransit policy challenges and what role, if any, a future alternative service could play in addressing the growth projections for MetroAccess services.

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Information Request	Author	Due Date
Report on the evaluation of paratransit pilot projects	MDOT	December 1, 2015

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 system preservation or minor project with a total project cost in excess of \$500,000 that is not currently included in the fiscal 2015-2020 Consolidated Transportation Program except as outlined below:

- (1) the Secretary shall notify the budget committees of any proposed system preservation or minor project with a total project 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 system preservation or minor project.

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

Information Request	Author	Due Date
Notification of the intent to fund a capital grant exceeding \$500,000 that is not listed in the current Consolidated Transportation Plan	Maryland Department of Transportation	As needed

Updates

1. Transit-oriented Development – Project Updates

Background

The Office of Real Estate 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. Chapter 122 of 2008 codified the department's TOD activities and allowed the Secretary to designate a TOD with other State agencies and local governments or multi-county agencies with land use and planning responsibility for the relevant area. The final 2015-2020 CTP includes \$865,000 in funding in the current year and \$2.0 million in fiscal 2016 for TOD implementation.

Project Overview

The Department of Legislative Services and MDOT developed an administrative process to provide for the reporting and oversight of TOD projects. Pursuant to the agreed upon process, MDOT submits an annual report providing an update on active TOD projects. The September 2014 MDOT report highlighted a number of TOD projects. Following is a summary of those projects.

Projects at MDOT-owned Stations

- **Savage Maryland Area Regional Commuter (MARC) Station:** MDOT sold a 9.2-acre portion of a 12.7-acre MDOT surface parking lot for mixed-use development. MDOT received \$3.3 million for the land, and the developer is constructing a 704-space MARC commuter parking garage on the MDOT-retained property.

Expected Actions in Fiscal 2015: The garage is expected to be completed, to be followed by the beginning of construction of the first phase of private development.

- **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 where surface parking lots had once been. The developer pays ground rent payments to MDOT, and the developer is also required to construct two parking garages, both of which are completed. 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 2013, and the developer recently completed construction of residential and retail buildings.

Expected Actions in Fiscal 2015: Ongoing construction for the private component of the project.

- **State Center Complex:** State Center is a Planned Urban Development/TOD on 21.8 acres of land owned by the State in Baltimore City. A Master Development Agreement (MDA) provides the framework for the development of the entire campus in phases, to include a mix of residential, office, and retail uses. Phase 1 of the project as approved by BPW was to contain 630,000 square feet of office space located in three buildings; 150 residential units; 95,000 square feet of retail including a grocery anchor; and a 928-space underground parking garage. State tenant agencies were proposed to be the Department of Health and Mental Hygiene, the Department of Information Technology, the Maryland Department of Planning, and the Maryland Transit Administration.

The project was placed on hold in 2011 following a lawsuit filed by downtown business owners claiming, among other issues, that the project did not follow proper State procurement procedures. Following resolution of the lawsuit in early 2014 in favor of the State, the developer has attempted to restart the project.

In 2014, the developer sought approvals for changes to the Phase 1 program, which included eliminating 60,000 square feet of retail space including the grocery anchor, eliminating 130 residential units, reducing the size of the garage to 580 spaces, and potentially adding a private school. The Department of General Services (DGS) and MDOT then began the process to consider these changes. In October 2014, MDOT provided notice of a change of scope of the garage project, as well as notice of the intent of DGS to present amendments to MDA to BPW. The MDA amendment was not presented to BPW, and the developer has apparently reconsidered its desire to resize the garage. In January 2015, MDOT asked for written confirmation of what the developer is proposing for Phase 1, along with information to evaluate the changed economics of the project.

- **Expected Actions in Fiscal 2015:** Additional updates will be provided to the General Assembly on the project status and expected actions.
- **Odenton MARC Station:** A mixed-use project on 33 acres of MDOT parking lots and adjacent county-owned land is envisioned. 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. Since then, the project has been in the pre-development phase with the parties exploring development concepts and project feasibility. MDOT has been working with the county on a plan to fund the design of public infrastructure necessary to support the TOD. The department, county, and developer applied for a Transportation Investment Generating Economic Recovery Planning Grant but did not receive an award.

Expected Actions in Fiscal 2015: Continued negotiations. The parties expect to execute an MDA in calendar 2015.

- **Laurel MARC Station:** The TOD site consists of 4.9 acres of MDOT-owned surface parking lots. MDOT entered into a negotiating agreement with a developer in June 2004; however, that agreement expired in June 2008 without the parties reaching an agreement. MDOT issued a request for proposals (RFP) in June 2009 and is in negotiations with the Patriot Group.

Expected Actions in Fiscal 2015: Continued negotiations on MDA.

- **Reisterstown Plaza Metro:** The TOD site consisted of 35 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 will own the property, construct a 538,000-square-foot rentable building and a 1,076-space parking garage on the property, and lease it back to the federal government for SSA's use. Construction was completed in early 2014.

Expected Actions in Fiscal 2015: MDOT is considering the issuance of a RFP for development of remaining portions of the site in early 2015. It is also evaluating the nearby Rodgers Avenue Metro Station for possible issuance of an RFP for that site.

- **Aberdeen:** The Aberdeen TOD area includes properties identified in the Aberdeen TOD Master Plan adopted by Aberdeen in 2012. MDOT's property holdings are limited in the area. Therefore, MDOT's focus has been on providing technical assistance. MDOT does not anticipate entering into a development agreement at Aberdeen.

Expected Actions in Fiscal 2015: MDOT will continue to provide technical assistance.

- **Westport Light Rail Station in Baltimore City:** This is a privately financed project, and MDOT does not own any significant property in the area. MDOT approved a \$310,000 grant as a match to a \$516,000 federal grant received by Baltimore City to provide support for pedestrian access improvements to the station.

Expected Actions in Fiscal 2015: No action is anticipated on the private development; the developer has filed for bankruptcy protection, and the proceedings are being reviewed by the courts.

- **White Flint Metro Station in Montgomery County:** In March 2012, the Montgomery County Executive and MDOT jointly designated the White Flint Metro Station as a TOD. The TOD area includes properties located within the Montgomery County White Flint Sector Plan that are also within one-half mile of the existing and planned entrances to White Flint Metro Station. The White Flint Sector Plan is a land-use plan to increase density surrounding the White Flint Metro Station and increase the transit mode share of the area. On June 6, 2012, BPW approved the sale of 3.7 acres of excess State property for \$23.5 million. MDOT received \$2.2 million

in funds from the sale and dedicated \$21.3 million of the proceeds to fund construction of a parking garage at the North Bethesda Conference Center.

Expected Actions in Fiscal 2015: On January 7, 2014, BPW approved the sale of approximately three acres of excess property owned by the State Highway Administration (SHA) in the TOD area to Montgomery County for a police/fire station and senior housing. Additionally, SHA is developing a traffic management plan for the White Flint Bicycle Pedestrian Priority Area that will identify improvements to bicycle and pedestrian safety access.

- **New Carrollton Metro Station:** During fiscal 2011, WMATA and MDOT approved an agreement to jointly issue a RFQ to identify a team to plan and develop a TOD project on 23 acres of WMATA property and 16 acres of adjacent MTA-owned property at the New Carrollton Metro/MARC Station. A developer was selected in February 2011. WMATA executed a Joint Development Agreement (JDA) with the development team in December 2012 addressing the WMATA property. MDOT and the developer have suspended discussions on the terms and conditions of a MDA for the State-owned land because the developer has determined that Phase I of the project will be located entirely on WMATA-owned property.

Expected Actions in Fiscal 2015: MDOT and the developer will be discussing a form of agreement that will enable the developer to exhibit control of the State-owned property for potential Phase II development.

Projects at WMATA-owned Stations

MDOT's report also includes TOD projects at WMATA-owned stations. The following is an update of those projects in which MDOT is in a supporting role.

- **Greenbelt Metro Station:** TOD has been contemplated at the Greenbelt Metro Station for many years. In 2014, GSA announced that the site was one of three under consideration for a new 21 million square foot Federal Bureau of Investigation (FBI) headquarters. The site currently has a partial interchange from I-95/I-495. A full movement interchange has been identified as a need. This project has undergone SHA project planning in the past. The final 2015 to 2020 CTP includes \$7.0 million for the design of the full interchange.

Expected Actions in Fiscal 2015: MDOT will continue to advance infrastructure planning and funding strategies for the proposed FBI relocation, working with Prince George's County and State agencies. GSA intends to issue a request for proposals in May 2015 and select a site in May 2016.

- **Branch Avenue Metro Station:** WMATA owns 33 acres at the WMATA Branch Avenue Metro Station. Recently, MDOT has been working with WMATA and Prince George's County to attract a federal office as an anchor tenant. WMATA's board of directors approved an addendum to a 2012 MOU between WMATA and GSA to encourage GSA to locate federal agencies on WMATA-owned properties adjacent to Metro stations. This could result in the

relocation of a large federal agency to this site. In May 2014, WMATA authorized a no-cost transfer of 3 acres of WMATA property at the station to SHA in order to enhance station access. That same month, SHA broke ground on a \$57.0 million set of access improvements to the station. On September 25, 2014, the Maryland Economic Development Corporation, in cooperation with MDOT, WMATA, and Prince George's County, submitted a response to a request for expressions of interest by GSA to provide development services for a 535,000 square foot federal office building on the site.

Expected Actions in Fiscal 2015: MDOT anticipates that WMATA and the county will continue with predevelopment planning to support planned development.

- **Naylor Road Metro Station:** WMATA owns 10 acres of surface parking at the Naylor Road Metro Station, and TOD predevelopment activities are underway for the WMATA site. A solicitation is not expected in the near-term. SHA initiated a Community Safety and Enhancement Program (CSEP) project on MD 5 in the station area to improve pedestrian and bicycle access and to support future growth. The final 2015 to 2020 CTP includes \$9.9 million for this project.

Expected Actions in Fiscal 2015: SHA construction of the CSEP project has begun with completion anticipated in fall 2016.

- **Wheaton Metro Station:** During fiscal 2010, Montgomery County and WMATA entered into an agreement to jointly solicit for a development team to develop a TOD on 8.2 acres of properties owned by WMATA and Montgomery County surrounding the station. A developer was selected. However, a feasible plan was not developed, and the process was terminated. In June 2013, Montgomery County issued a new RFP seeking proposals for plans to redevelop Wheaton that include a new headquarters for the Montgomery County Planning Department, public parking, a town square, and residential and/or retail space. The county is working with its selected developer to create a mixed-use project. The WMATA property is not included in the project.

Expected Actions in Fiscal 2015: MDOT's participation is uncertain due to the project scope.

- **Shady Grove Metro Station:** Montgomery County is considering redevelopment of 90 acres of county property next to the Shady Grove Metro Station as a TOD. A master plan developer has been selected for the site, and in September 2011, the county and the developer presented the preliminary plan for the county site. The county is also considering a proposal to locate a 6,500-seat arena for entertainment and sporting events.

Expected Actions in Fiscal 2015: MDOT expects to continue coordination with Montgomery County and WMATA on the arena project and adjacent county development.

- **Twinbrook Metro Station:** In 2002, WMATA initiated a TOD joint development project for its 26.3-acre site at the Twinbrook Metro Station. It entered into a JDA with a developer to

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build a TOD project on the site in six stages. WMATA signed a ground lease in 2008 for the first phase consisting of 279 apartment units and 15,500 square feet of retail shops. This is now completed.

Expected Actions in Fiscal 2015: WMATA and the developer continue to explore strategies to support completion of the project. The developer is expected to complete the replacement parking facility and commence the second phase.

Current and Prior Year Budgets

Current and Prior Year Budgets MDOT – The Secretary's Office (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2014					
Legislative Appropriation	\$0	\$70,883	\$9,089	\$0	\$79,972
Deficiency Appropriation	0	-277	0	0	-277
Budget Amendments	0	1,069	0	0	1,069
Reversions and Cancellations	0	-4,623	0	0	-4,623
Actual Expenditures	\$0	\$67,053	\$9,089	\$0	\$76,142
Fiscal 2015					
Legislative Appropriation	\$0	\$74,913	\$8,906	\$0	\$83,819
Cost Containment	0	0	0	0	0
Budget Amendments	0	252	0	0	252
Working Appropriation	\$0	\$75,164	\$8,906	\$0	\$84,071

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

The fiscal 2014 budget for TSO closed out \$3.8 million lower than the legislative appropriation. Increases by budget amendment were more than offset by decreases through deficiency appropriations and year-end cancellations as follows:

- Special fund budget amendments added \$1,068,988:
 - general salary increase (\$352,928);
 - salary increments (\$116,060); and
 - CAPS pilot program (\$600,000).
- Deficiency appropriations subtracted a net \$276,527:
 - increase for CAPS pilot program (\$300,000);
 - statewide reduction for health savings (\$177,231); and
 - statewide reduction for retirement – reduction to reinvestment (\$399,296).
- Year-end special fund cancellations totaled \$4,622,769:
 - salary and health and pension benefits (\$1,663,000);
 - CAPS pilot project (\$638,910);
 - operating grants to metropolitan planning organizations (\$85,698);
 - restricted contribution to Statewide Personnel System and Department of Information Technology services (\$1,810,000); and
 - various miscellaneous administrative savings (\$425,161).

Fiscal 2015

The fiscal 2015 working appropriation is \$251,906 higher than the legislative appropriation due to a budget amendment adding funds for the general salary increase.

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

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	292.00	291.50	291.50	0.00	0%
02 Contractual	5.50	5.00	5.00	0.00	0%
Total Positions	297.50	296.50	296.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 26,416,732	\$ 29,244,909	\$ 30,431,214	\$ 1,186,305	4.1%
02 Technical and Spec. Fees	206,564	213,034	262,136	49,102	23.0%
03 Communication	2,844,549	3,468,168	4,004,240	536,072	15.5%
04 Travel	177,452	167,564	193,906	26,342	15.7%
06 Fuel and Utilities	358,791	361,945	372,643	10,698	3.0%
07 Motor Vehicles	131,936	146,066	72,902	-73,164	-50.1%
08 Contractual Services	29,343,062	31,716,722	31,987,002	270,280	0.9%
09 Supplies and Materials	188,080	225,770	225,770	0	0%
10 Equipment – Replacement	5,242	2,100	2,100	0	0%
11 Equipment – Additional	9,572	8,900	8,900	0	0%
12 Grants, Subsidies, and Contributions	13,473,413	15,509,579	13,104,356	-2,405,223	-15.5%
13 Fixed Charges	2,986,172	3,006,126	3,010,850	4,724	0.2%
Total Objects	\$ 76,141,565	\$ 84,070,883	\$ 83,676,019	-\$ 394,864	-0.5%
Funds					
03 Special Fund	\$ 67,052,773	\$ 75,164,474	\$ 74,769,610	-\$ 394,864	-0.5%
05 Federal Fund	9,088,792	8,906,409	8,906,409	0	0%
Total Funds	\$ 76,141,565	\$ 84,070,883	\$ 83,676,019	-\$ 394,864	-0.5%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

Fiscal Summary
MDOT – The Secretary’s Office

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
01 Executive Direction	\$ 25,226,653	\$ 27,762,209	\$ 28,604,689	\$ 842,480	3.0%
02 Operating Grants-in-aid	13,387,152	15,406,579	13,001,356	-2,405,223	-15.6%
03 Facilities and Capital Equipment	60,531,604	79,393,144	87,070,047	7,676,903	9.7%
07 Office of Transportation Technology Services	37,527,760	40,902,095	42,069,974	1,167,879	2.9%
08 Major Information Technology Development Projects	300,521	3,221,856	258,953	-2,962,903	-92.0%
Total Expenditures	\$ 136,973,690	\$ 166,685,883	\$ 171,005,019	\$ 4,319,136	2.6%
Special Fund	\$ 124,024,182	\$ 143,528,474	\$ 123,291,610	-\$ 20,236,864	-14.1%
Federal Fund	12,949,508	23,157,409	47,713,409	24,556,000	106.0%
Total Appropriations	\$ 136,973,690	\$ 166,685,883	\$ 171,005,019	\$ 4,319,136	2.6%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

Budget Amendments for Fiscal 2015
Maryland Department of Transportation
The Secretary's Office – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$251,906	Special	General salary increase.

Source: Maryland Department of Transportation

Budget Amendments for Fiscal 2015
Maryland Department of Transportation
The Secretary's Office – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$17,174	Special	General salary increase.
Pending	-11,336,180	Special	Adjusts the amended appropriation to agree with the final fiscal 2015 to 2020 <i>Consolidated Transportation Program</i> .
	-29,027,000	Federal	
	-\$40,363,180	Total	

Source: Maryland Department of Transportation