

J00A01
The Secretary's Office
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 17 Actual</u>	<u>FY 18 Working</u>	<u>FY 19 Allowance</u>	<u>FY 18-19 Change</u>	<u>% Change Prior Year</u>
Special Fund	\$77,565	\$79,662	\$83,575	\$3,913	4.9%
Adjustments	0	-402	163	565	
Adjusted Special Fund	\$77,565	\$79,260	\$83,738	\$4,478	5.7%
Federal Fund	8,445	8,887	9,418	531	6.0%
Adjusted Federal Fund	\$8,445	\$8,887	\$9,418	\$531	6.0%
Adjusted Grand Total	\$86,010	\$88,147	\$93,156	\$5,009	5.7%

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The fiscal 2019 allowance is \$5 million (5.7%) higher than the current year working appropriation.
- Special funds, adjusted to reflect reductions to health insurance subsidies in fiscal 2018 and the general salary increase in fiscal 2019, increase by \$4.5 million (5.7%) and federal funds increase by \$531,000 (6.0%).

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2017 Actual</u>	<u>Fiscal 2018</u>		<u>Fiscal 2019 Allowance</u>
		<u>Legislative</u>	<u>Working</u>	
Special	\$63,277	\$75,308	\$78,030	\$91,170
Federal	29,337	13,871	6,144	13,000
Total	\$92,614	\$89,179	\$84,174	\$104,170

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

For further information contact: Steven D. McCulloch

Phone: (410) 946-5530

J00A01 – MDOT – The Secretary’s Office

- The fiscal 2018 working appropriation is \$5.0 million lower than the legislative appropriation. Some of the larger changes include:
 - reduced funding for the Baltimore-Washington Superconducting Maglev (\$9.1 million); and
 - increased funding for system preservation and minor projects (\$4.3 million).
- The fiscal 2019 allowance increases by \$20.0 million over the current year working appropriation. Some of the larger changes include:
 - increased funding for the Baltimore-Washington Superconducting Maglev (\$10.0 million); and
 - increased funding for system preservation and minor projects (\$9.1 million).

Operating and PAYGO Personnel Data

	<u>FY 17 Actual</u>	<u>FY 18 Working</u>	<u>FY 19 Allowance</u>	<u>FY 18-19 Change</u>
Regular Operating Budget Positions	301.50	300.50	304.50	4.00
Regular PAYGO Budget Positions	<u>16.00</u>	<u>15.00</u>	<u>15.00</u>	<u>0.00</u>
Total Regular Positions	317.50	315.50	319.50	4.00
Operating Budget FTEs	6.00	10.00	10.00	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	6.00	10.00	10.00	0.00
Total Personnel	323.50	325.50	329.50	4.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	21.95	6.98%
Positions and Percentage Vacant as of 1/1/18	26.50	8.40%

- The fiscal 2019 allowance contains 4 more regular positions than the fiscal 2018 working appropriation, reflecting the transfer of human resource functions from the Maryland Port Administration to the Secretary’s Office (TSO).
- The number of contractual full-time equivalents remains unchanged between the working appropriation and the allowance.

- As of January 1, 2018, there were 26.5 vacant positions equating to a vacancy rate of 8.40%. Budgeted turnover in the fiscal 2019 allowance is 6.98%, which will require that an average of 21.95 positions remain vacant the entire year.

Analysis in Brief

Major Trends

Productivity and Quality – Recruit and Retain Quality Employees: There were 2.5 fewer filled Maryland Department of Transportation (MDOT) positions on January 1, 2018, than a year earlier. The vacancy rate for the department as a whole was 7% on January 1, 2018, compared with a vacancy rate of 7.4% a year earlier. One factor that contributed to the reduction in the vacancy rate was the abolition of 50 vacant positions in the fiscal 2018 budget, as part of MDOT’s long-range cost containment effort.

Preserve and Enhance the Transportation System: One of the goals of TSO is to maintain Maryland’s transportation network in a state of good repair. As part of this effort, one objective for this goal is that system preservation should be adequately funded at no less than \$850 million. This goal has been achieved five times in the fiscal 2010 to 2017 period, with projections that the goal will be met in both fiscal 2018 and 2019.

Operating Budget Recommended Actions

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

PAYGO Budget Recommended Actions

1. Add annual budget bill 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 and Economic Development in TSO is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations. The Department of Legislative Services and MDOT developed an administrative process to provide for the reporting and oversight of transit-oriented development (TOD) projects. The status of TOD projects, based on the most recent MDOT report, is provided.

J00A01 – MDOT – The Secretary’s Office

J00A01
The Secretary's Office
Maryland Department of Transportation

Budget Analysis

Program Description

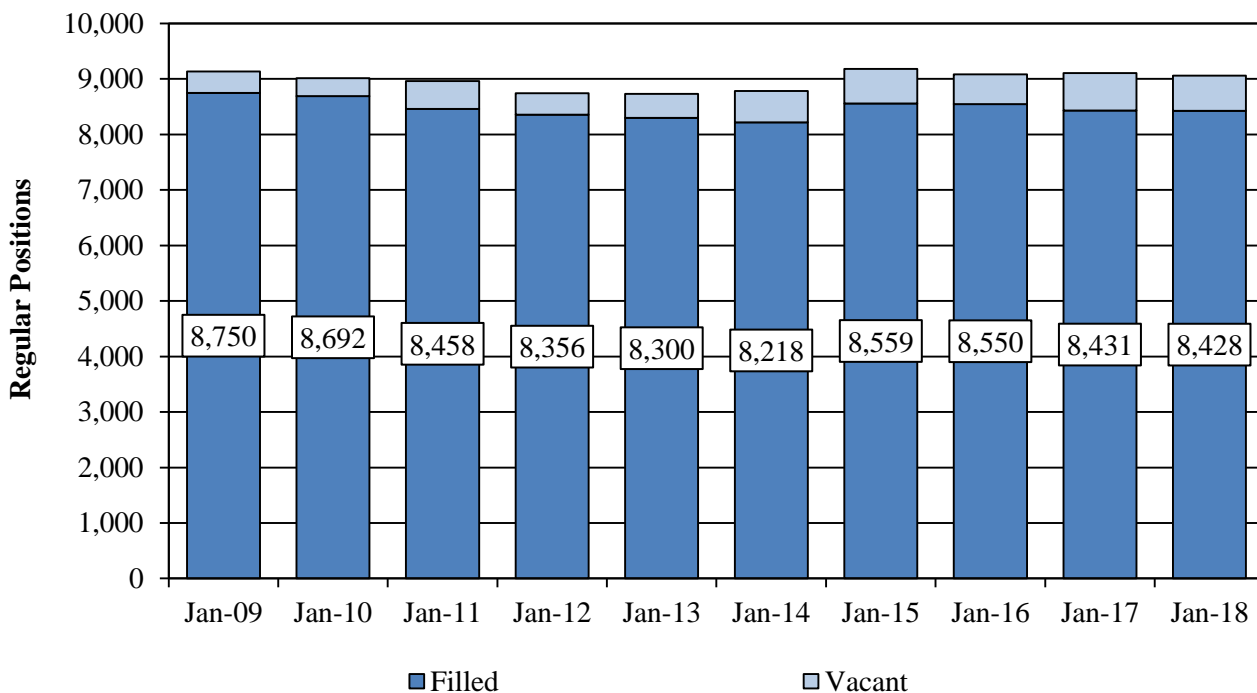
The Secretary's Office (TSO) provides overall policy direction, management, and administrative support to the Maryland Department of Transportation (MDOT). Units within the office provide support in the areas of finance, procurement, engineering, audits, administrative services, planning and capital 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 (IT) 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 the MDOT departmentwide goals has been 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 2009 to 2018. There were 2.5 fewer filled MDOT positions on January 1, 2018, than a year earlier. The vacancy rate for the department as a whole was 7% on January 1, 2018, compared with the vacancy rate of 7.4% a year earlier. One factor that contributed to the reduction in the vacancy rate was the abolition of 50 vacant positions in the fiscal 2018 budget, as part of MDOT's long-range cost containment effort. Among the MDOT business units, the Maryland Port Administration (MPA) had the highest vacancy rate at 10% while the Motor Vehicle Administration had the lowest at 4.5%.

**Exhibit 1
Departmentwide Filled and Vacant Positions
On January 1, 2009-2018**



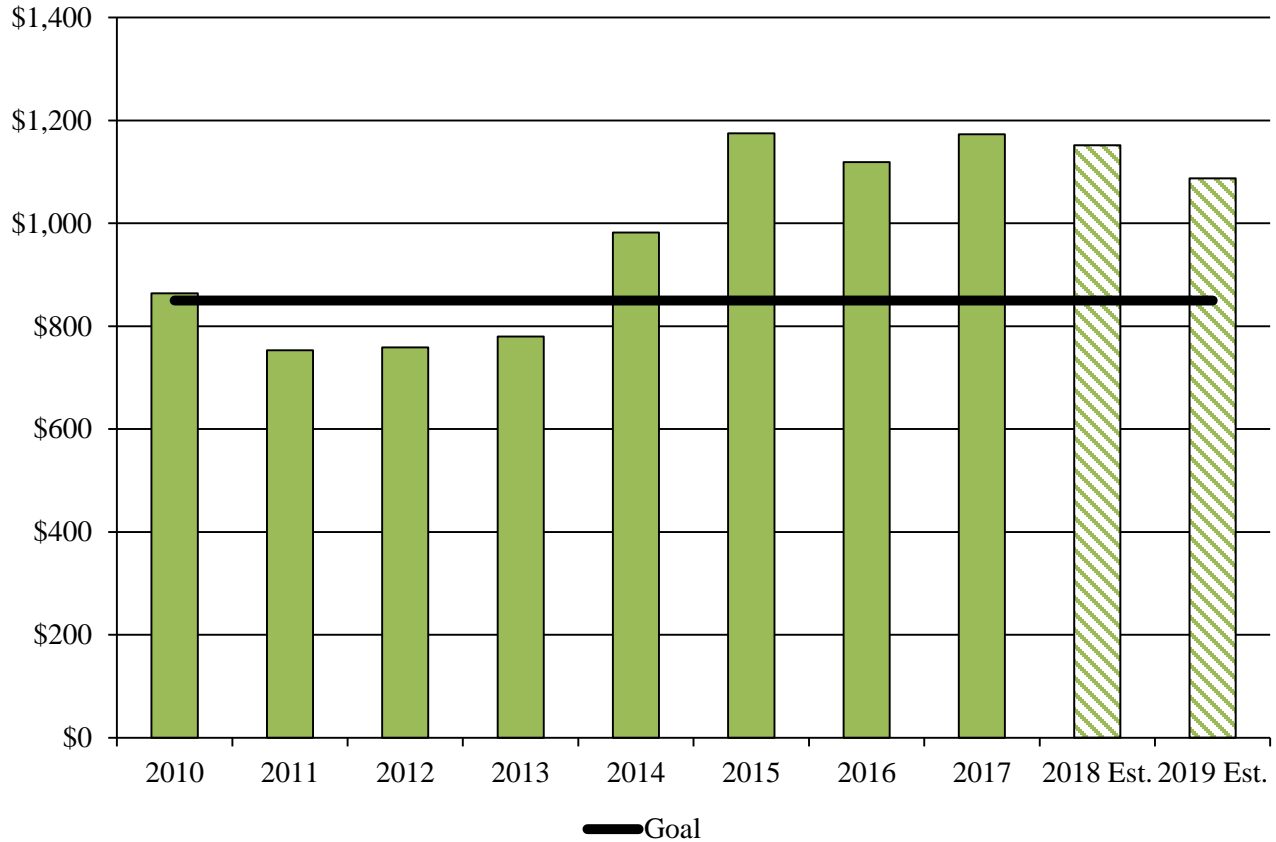
Source: Maryland Department of Transportation

2. Preserve and Enhance the Transportation System

Another TSO goal is to maintain Maryland’s transportation network in a state of good repair. One objective for this goal is that system preservation should be adequately funded at no less than \$850 million. As shown in **Exhibit 2**, this goal was achieved five times in the fiscal 2010 to 2017 period, with projections that the goal will be met in both fiscal 2018 and 2019.

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 \$1,054 million, well in excess of the goal.

Exhibit 2
System Preservation Funding
Fiscal 2010-2019 Est.
(\$ in Millions)



Source: Department of Budget and Management

Fiscal 2018 Actions

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency’s share of this reduction is \$401,860 in special funds.

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2019 operating allowance for TSO increases by a net \$5 million from the current year working appropriation. Personnel expenses increase by \$1.3 million reflecting (1) consolidation of human resource functions in TSO, which entails the transfer of 4 positions from MPA; (2) the change in health insurance subsidy contributions driven by the reduction made in fiscal 2018, which does not carry forward into fiscal 2019; and (3) the general salary increase in fiscal 2019.

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

How Much It Grows:	<u>Special</u>	<u>Federal</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Fiscal 2017 Actual	\$77,565	\$8,445	\$86,010
Fiscal 2018 Working Appropriation	79,260	8,887	88,147
Fiscal 2019 Allowance	<u>83,738</u>	<u>9,418</u>	<u>93,156</u>
Fiscal 2018-2019 Amount Change	\$4,478	\$531	\$5,009
Fiscal 2018-2019 Percent Change	5.7%	6.0%	5.7%

Where It Goes:

Personnel Expenses

Position transfers to consolidate human resource functions	\$695
Employee and retiree health insurance.....	401
General salary increase	163
Employee retirement contribution.....	33
Additional assistance.....	32
Turnover adjustments.....	7
Other fringe benefit adjustments	5

Departmental Administration

Software maintenance	2,385
Retirement administrative fee	445
Consulting services for records management.....	125
Tuition reimbursement	40
Special payments payroll and decreased contractual turnover.....	36
Equal Employment Opportunity and senior executive training	29

J00A01 – MDOT – The Secretary’s Office

Where It Goes:

In-state travel.....	26
Telephone (\$5,000) and cell phone (\$11,000) expenses	16
Subscriptions and association dues	-5
Rent	-21
Utilities – electricity (-\$94,000) and natural gas/propane (-\$3,000).....	-97
Contractual support for mainframe and departmental financial management systems.....	-724
Software acquisition and licenses	-1,302
Cost Allocations	
Department of Budget and Management paid telecommunications.....	913
Department of Information Technology services allocation	85
Operating Grants-in-aid	
Payments in lieu of taxes.....	1,125
Grants to Metropolitan Planning Organizations.....	600
Other	-3
Total	\$5,009

MDOT: Maryland Department of Transportation

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

Departmental operations expenses increase by a net \$953,000 with increases for software maintenance and retirement administrative fee expenses partially offset by reductions in software acquisition and license costs and contractual services for mainframe and financial management systems support. Cost allocations for services managed by other State agencies add nearly \$1 million, and operating grants-in-aid increase by \$1.7 million between the current year and the allowance. Payments in lieu of taxes increase by \$1.125 million as a result of the acquisition of the Point Breeze property by MPA.

General Salary Increase

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management’s statewide program and will be distributed to agencies during the fiscal year. This agency’s share of the general salary increase is \$163,368 in special funds. In addition, employees will receive another 0.5% increase and a \$500 bonus effective April 1, 2019, if actual fiscal 2018 general fund revenues exceed the December 2017 estimate by \$75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are \$75 million more than projected.

Operating Grants-in-aid

Operating grants-in-aid increase by \$1.725 million from the fiscal 2018 level. Payments in lieu of taxes increase by \$1.125 million as a result of the acquisition of the Point Breeze property by MPA. Payments to the Metropolitan Planning Organizations increase by \$600,000. **Exhibit 4** provides a listing of the operating grants-in-aid for fiscal 2019.

Exhibit 4 Operating Grants-in-aid Funding Fiscal 2019

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Baltimore MPO	\$680,500	\$4,740,478	\$5,420,978
Cumberland MPO	15,700	123,200	138,900
Hagerstown MPO	25,153	201,228	226,381
Lexington Park MPO	29,500	96,765	126,265
Salisbury MPO	15,121	120,968	136,089
Tri-county Planning Organization	50,000	0	50,000
Washington MPO	406,680	4,066,808	4,473,488
Wilmington MPO	6,956	68,655	75,611
Department of Commerce (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	2,195,492	0	2,195,492
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Total	\$5,238,042	\$9,418,102	\$14,656,144

MPO: Metropolitan Planning Organization

Source: Maryland Department of Transportation

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 2018-2023 CTP

The fiscal 2018 to 2023 capital program for TSO totals \$281.0 million, a decrease of \$39 million compared to the prior year’s six-year capital program. Decreases in funding for major projects (\$35.8 million), the development and evaluation program (\$19.7 million), and capital salaries and wages (\$0.7 million) are only partially offset by an increase in funding for system preservation and minor projects (\$17.2 million).

Fiscal 2019 Capital Allowance

The fiscal 2019 allowance for the TSO capital program, including other funds that do not flow through the TSO budget, totals \$107.4 million, an increase of \$19.5 million over the current year working appropriation. **Exhibit 5** shows the fiscal 2019 capital program for TSO by project and program along with the estimated total project costs and six-year funding included in the CTP.

Exhibit 5
The Secretary’s Office PAYGO Capital Allowance
Fiscal 2019
(\$ in Millions)

<u>Project Description</u>	<u>2019</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects			
Baltimore-Washington Superconducting Maglev D&E	\$16.0	\$34.7	\$34.7
Programs			
System Preservation and Minor Projects	\$81.6	\$0.0	\$192.7
Transportation Emission Reduction Program	4.2	0.0	25.6
Bikeways Network Program	3.7	0.0	12.0
Capital Salaries and Wages	1.9	0.0	11.9
Subtotal – Programs	\$91.4	\$0.0	\$242.2
Total – Projects and Programs	\$107.4	\$34.7	\$277.0

D&E: development and evaluation

PAYGO: pay-as-you-go

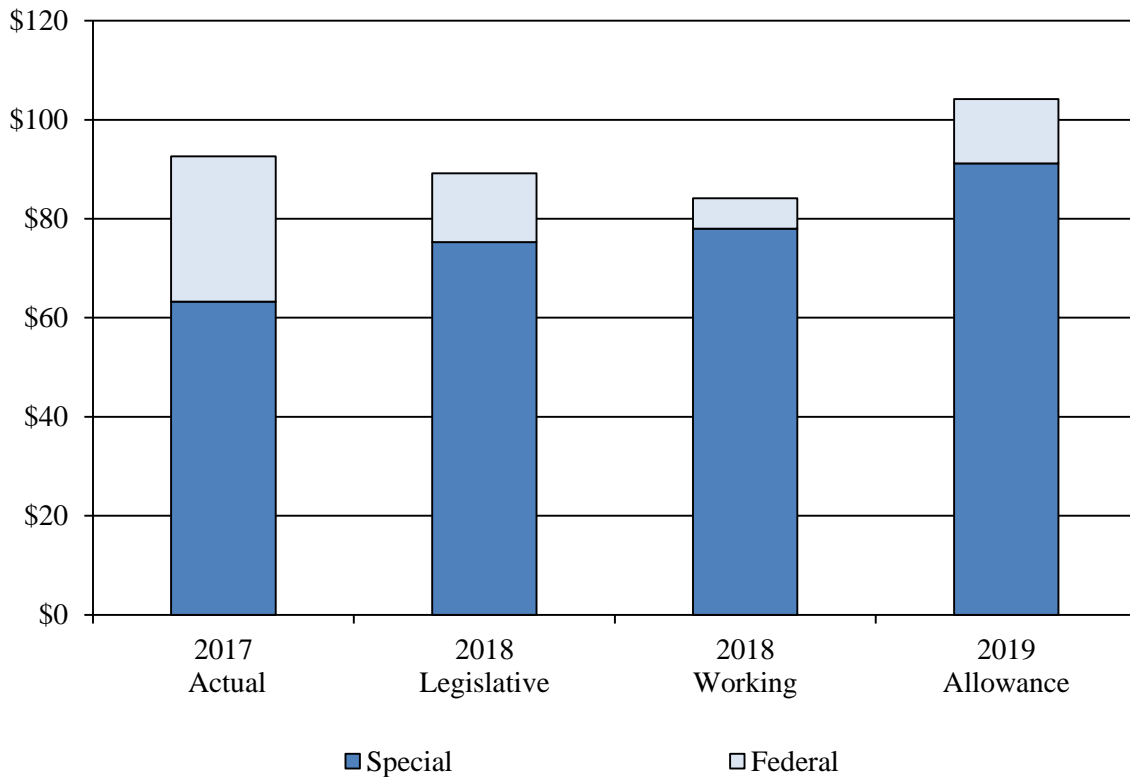
Note: Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation, 2018-2023 *Consolidated Transportation Program*

Fiscal 2018 and 2019 Cash Flow Analysis

Exhibit 6 shows the changes in TSO capital appropriations for fiscal 2017 through the fiscal 2019 allowance and includes both the fiscal 2018 legislative and working appropriations. The fiscal 2018 working appropriation of \$84.2 million is \$5 million lower than the legislative appropriation. The fiscal 2019 allowance is \$20 million higher than the current year working appropriation.

**Exhibit 6
Cash Flow Changes
Fiscal 2017-2019
(\$ in Millions)**



Source: Maryland State Budget, Fiscal 2019

Cash Flow Analysis – Fiscal 2018 Changes

Exhibit 7 shows the changes between the fiscal 2018 legislative and working appropriations, including other funds that do not flow through the TSO budget.

Exhibit 7
Cash Flow Changes
Fiscal 2018 Legislative to Working Appropriations
(\$ in Thousands)

Major Projects	-\$9,028
Transportation Emission Reduction Program	\$172
Bikeways Network Program	-150
Baltimore-Washington Superconducting Maglev	-9,050
System Preservation and Minor Projects	\$4,325
Total Change	-\$4,703

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

Source: Maryland Department of Transportation, 2017-2022 and 2018-2023 *Consolidated Transportation Programs*

Some of the larger changes in system preservation and minor projects between the legislative and working appropriations comprise:

- \$4.9 million for department IT improvement projects;
- \$2.5 million for the Maryland Consolidated Capital Bond Loan (MCCBL) pass-through grant to the city of Cambridge (new);
- \$1.8 million for the I-95/Forestville Road Improvement Grant (new);
- -\$2.3 million from the Canton Railroad Grant;
- -\$2.4 million from the Port of Baltimore Incentive Pilot Program;
- -\$3.1 million from the Capital Management and Programming System; and
- -\$14.6 million from grants to local jurisdictions (2017 session legislative reduction).

Cash Flow Analysis – Fiscal 2018 to 2019 Changes

Exhibit 8 shows the changes between the fiscal 2018 working appropriation and the fiscal 2019 allowance, including other funds that do not flow through the TSO budget.

Exhibit 8
Cash Flow Changes
Fiscal 2018 Working Appropriation to Fiscal 2019 Allowance
(\$ in Thousands)

Major Projects		\$10,628
Baltimore-Washington Superconducting Maglev D&E	\$10,000	
Bikeways Network Program	538	
Transportation Emission Reduction Program	90	
D&E Projects		-\$5
Susquehanna River Bridge (HSIPR)	-\$5	
System Preservation and Minor Projects		\$9,100
Capital Salaries and Wages		-\$200
Total Change		\$19,523

D&E: development and evaluation
HSIPR: High Speed Intercity Passenger Rail

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

Source: Maryland Department of Transportation, 2018-2023 *Consolidated Transportation Program*

Some of the larger changes in system preservation and minor projects between the legislative and working appropriations comprise:

- \$15.3 million for grants to local jurisdictions;
- \$5 million for the Odenton Transit Oriented Development Grant (new);
- \$2 million for department IT improvement projects;
- -\$1.7 million from the Capital Management and Programming System;
- -\$1.8 million from the I-95/Forestville Road Improvement Grant;

J00A01 – MDOT – The Secretary’s Office

- -\$2.5 million from the MCCBL pass-through grant to the city of Cambridge; and
- -\$5.9 million for Business and Capital Support at Baltimore-Washington International Thurgood Marshall Airport.

Significant Changes from the Fiscal 2017-2022 CTP

No additions to, or deletions from, the Construction Program or the Development and Evaluation Program are made in the fiscal 2018-2023 CTP for TSO.

Operating Budget Recommended Actions

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

, provided that no more than \$5,238,042 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 \$5,238,042 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:

Further 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 2018-2023 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 Program	Maryland Department of Transportation	45 days prior to expenditure

Updates

1. Transit-oriented Development – 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. Transit-oriented development (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 multi-county agencies with land-use and planning responsibility for the relevant area. The 2018-2023 CTP includes \$200,000 in fiscal 2018 and \$200,000 in fiscal 2019 for TOD implementation projects and \$5.0 million in fiscal 2019 for the Odenton TOD project (discussed in the following section).

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 2017 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 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 has constructed a 696-space Maryland Area Regional Commuter (MARC) commuter parking garage on the MDOT-retained property. Private development will include 416 residential units, 17,000 square feet (sq. ft.) of retail space, 100,000 sq. ft. of office space, structured parking garages, and a 150-room hotel. In August 2017, residents began moving into the apartments constructed as part of this project.
- ***Expected Actions in Fiscal 2018:*** Continuation of construction of the private component of the project.
- ***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 land adjacent to the metro station that had been in use 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 shell is complete and streetscape and space leasing efforts are ongoing.

- ***Expected Actions in Fiscal 2018:*** Ongoing construction for the private component of the project. Construction for 4,500 sq. ft. of retail space and 114 residential units is expected to start in fiscal 2018.
- ***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) approved by BPW in 2009 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 approved by BPW was to contain 630,000 sq. ft. of office space located in three buildings; 150 residential units; 95,000 sq. ft. of retail space, including a grocery anchor; and a 928-space underground parking garage. State tenant agencies were proposed to be the Maryland Department of Health, the Department of Information Technology, the Maryland Department of Planning, and the Maryland Transit Administration (MTA).

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, planning resumed on the project.

In 2014, the developer sought approvals for changes to the Phase 1 program, which included eliminating 60,000 sq. ft. 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 the MDA to BPW. The MDA amendment was not presented to BPW. DGS is now the lead agency on the project, and MDOT is no longer an active participant.

In December 2016, BPW voided the leases associated with the State Center Project.

- ***Expected Actions in Fiscal 2018:*** Continuing litigation.
- ***Odenton MARC Station:*** A mixed-use project on approximately 33 acres of MDOT parking lots and adjacent county-owned land is envisioned. The west lot, an 11.8-acre parcel, will be the first phase of the project. 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 an MDA for a mixed-use TOD. The developer has developed *pro forma* proposals for both conventional financing and financing through the new federal program for TOD, known as the Railroad Rehabilitation and Improvement Financing Program (RRIF). In January 2017, the developer and the Maryland Economic Development Corporation (MEDCO)

submitted a preliminary RRIF application to the U.S. Department of Transportation and are awaiting a response. The county council has approved \$9.55 million in Tax-increment Financing (TIF), created an Area TIF District, and designated the TOD district as the area within one-half mile of the Odenton MARC station. The county economic development office is proposing an increase in the TIF to \$11.4 million net proceeds to be used only for the public facilities portion of the project. MDOT has also committed \$5 million to fund the shared commuter garage and related infrastructure. In August 2017, the county, MDOT, and MEDCO executed an Interagency Agreement for the issuance of TIF bonds and construction and operations of the shared parking garage.

- ***Expected Actions in Fiscal 2018:*** The MDA and Master Ground Lease are under development.

- ***Laurel MARC Station:*** The TOD site consists of 4.9 acres of MDOT-owned surface parking lots. In 2009, MDOT issued a Request for Proposals (RFP) and selected a developer for an Exclusive Negotiating Privilege that expired on December 31, 2015.
 - ***Expected Actions in Fiscal 2018:*** This project was canceled because the developer was unable to secure the necessary financing. MDOT has no plans to re-offer the property for development. Possible hazardous substances contamination of the site is being addressed by MTA by development of a Response Action Plan through the Maryland Department of the Environment’s Voluntary Cleanup Program. This project will be removed from future TOD reports.

- ***Laurel Park MARC Station:*** The Laurel Park Station property consists of 63.84 acres located adjacent to U.S. Route 1, immediately north of Laurel, Maryland. 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 Washington/Baltimore corridor. The property was rezoned in 2004 as a Howard County high-density TOD district. The project will include up to 1,000 multifamily residential units, 127,000 sq. ft. of retail, and 650,000 sq. ft. of office space. In early 2017, MTA and CSX executed a Memorandum of Understanding providing for three morning stops and three evening stops. The county and the developer are in discussions regarding TIF financing. A TIF approval would potentially include station upgrades/improvements, public infrastructure, and parking facility improvements for the new MARC station. The project will have six parking garages with only two 350-space garages included in the TIF proposal.
 - ***Expected Actions in Fiscal 2018:*** The developer is working with the State and Howard County to obtain permits to begin construction on Phases 1 and 2.

- ***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 sq. ft. 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 2014.

- ***Expected Actions in Fiscal 2018:*** A Station Area Needs Assessment Report was completed by MTA in September 2017. MDOT is considering the issuance of an RFP for development of remaining portions of the site in coordination with the local jurisdiction. MDOT will continue predevelopment work for this site.

- ***White Flint Metro Station:*** In March 2012, the Montgomery County Executive and MDOT jointly designated the White Flint Metro Station for 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 the 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 that was constructed in 2016. On January 7, 2014, BPW approved the sale of approximately 3 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. After the Washington Metropolitan Area Transportation Authority (WMATA) failed to secure a large office tenant for this site, it terminated its Joint Development Agreement (JDA) with the developer.
 - ***Expected Actions in Fiscal 2018:*** No further action is anticipated. Since MDOT has no interest in property located at White Flint, this project will be removed from future TOD reports.

- ***New Carrollton Metro Station:*** During fiscal 2011, WMATA and MDOT approved an agreement to jointly issue a Request for Qualifications 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 JDA with the development team in December 2012 addressing the WMATA property. MDOT and the developer have suspended discussions of terms and conditions of an MDA for the State-owned land because the developer determined that Phase I of the project will be located entirely on WMATA-owned property. In September 2015, WMATA and the developer executed a JDA covering a mixed-use development with ground floor commercial space and residential space above, along with an attached parking garage.
 - ***Expected Actions in Fiscal 2018:*** MDOT and WMATA have agreed on a transfer of the MTA-owned property in exchange for easements from WMATA at New Carrollton, College Park, and Silver Spring needed for the construction of the Purple Line Light Rail project. MDOT will be submitting the agreement to BPW for approval. As MDOT

will no longer have property at this location, this project will be removed from future TOD reports.

Projects at WMATA-owned Stations

The MDOT report also includes TOD projects at WMATA-owned stations. The following is an update of those projects for which MDOT has 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 21,000,000 sq. ft. 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. This project was moved from the development and evaluation program to the construction program in the fiscal 2016-2021 CTP. GSA released the RFP on January 22, 2016, to four preselected development teams that will be bidding on developing the FBI consolidated headquarters at one of the short-listed sites – the Greenbelt Metro, the former Landover Mall, and/or the GSA site near the Springfield Metro. On July 28, 2016, following a public hearing process, the WMATA board approved reconfiguring WMATA-owned facilities at Greenbelt to accommodate the FBI should GSA select the Greenbelt location. In July 2017, GSA canceled the procurement, although it maintains an assignable purchase option to acquire the Greenbelt Metro site. Efforts to revive the process are ongoing by Maryland officials on the federal, State, and local level.
 - ***Expected Actions in Fiscal 2018:*** MDOT will continue to advance infrastructure planning and funding strategies for the proposed FBI relocation. MDOT will monitor the GSA process.
- ***Branch Avenue Metro Station:*** The Branch Avenue Metro Station is designated as a Metropolitan Center under the Prince George’s County General Plan, which makes it a focus in the county’s land-use plans for dense, mixed-use development. GSA selected a site adjacent to the metro station for a new 575,000 sq. ft. federal building to serve as the Department of Homeland Security Citizenship and Immigration Services headquarters. Multifamily, private residential development is also occurring in the station area.
 - ***Expected Actions in Fiscal 2018:*** WMATA anticipates revising predevelopment plans for its 33-acre station property to better capitalize on the location of the federal office as an anchor for 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. A notice to proceed on the CSEP project was issued on June 30, 2014.

J00A01 – MDOT – The Secretary’s Office

- ***Expected Actions in Fiscal 2018:*** Completion of SHA construction on the CSEP project.
- ***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 2018:*** No MDOT action is anticipated.
- ***Shady Grove Metro Station:*** Montgomery County is currently working on an initiative to redevelop 90 acres of county property next to the Shady Grove Metro Station as a TOD. The site currently includes several county agency maintenance, training, and storage facilities.
- ***Expected Actions in Fiscal 2018:*** MDOT expects to continue coordination with Montgomery County and WMATA on 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 build a TOD project on the site in six stages. Two ground leases have been executed. The developer has completed two phases. Phase 1A included the Alaire apartment complex comprising 279 apartment units and 15,500 sq. ft. of retail. The developer held a ribbon-cutting (opening) for Phase 1B, which included the Terano apartment complex with 214 apartments and 18,000 sq. ft. of retail and construction of a 426-space commuter parking garage to replace surface parking displaced by the development. Soft market demand has triggered a re-evaluation of subsequent development phases.
- ***Expected Actions in Fiscal 2018:*** WMATA and the developer are assessing the potential next steps for the project given that market conditions do not support the current plan.

**Appendix 1
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 2017					
Legislative Appropriation	\$0	\$73,926	\$8,906	\$0	\$82,833
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	0	4,145	0	0	4,145
Reversions and Cancellations	0	-506	-462	0	-968
Actual Expenditures	\$0	\$77,565	\$8,445	\$0	\$86,010
Fiscal 2018					
Legislative Appropriation	\$0	\$79,662	\$8,887	\$0	\$88,549
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Working Appropriation	\$0	\$79,662	\$8,887	\$0	\$88,549

MDOT: Maryland Department of Transportation

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

The fiscal 2017 budget for the Secretary’s Office closed out \$3.2 million higher than the legislative appropriation. Increases in special funds were added by budget amendment to realign expenses for supplies and information technology services between programs (\$2,860,289), to cover fiscal 2016 communication expenses for which encumbrances were inadvertently not made when fiscal 2016 was closed out (\$925,765), and to provide for salary increments (\$358,701). These increases were partially offset by year-end cancellations totaling \$967,597, with cancellations as follows:

- unexpended operating grants-in-aid to Metropolitan Planning Organizations (\$213,784 in special funds and \$461,908 in federal funds);
- unspent special funds budgeted for health insurance and retiree health insurance (\$291,704); and
- miscellaneous special fund cancellations (\$201).

Fiscal 2018

The fiscal 2018 working appropriation remains unchanged from the legislative appropriation.

**Appendix 2
Object/Fund Difference Report
MDOT – The Secretary’s Office**

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	301.50	300.50	304.50	4.00	1.3%
02 Contractual	6.00	10.00	10.00	0.00	0%
Total Positions	307.50	310.50	314.50	4.00	1.3%
Objects					
01 Salaries and Wages	\$ 30,309,588	\$ 30,931,886	\$ 31,703,075	\$ 771,189	2.5%
02 Technical and Spec. Fees	280,720	486,906	523,265	36,359	7.5%
03 Communication	4,781,483	4,751,977	5,684,641	932,664	19.6%
04 Travel	131,420	183,720	209,572	25,852	14.1%
06 Fuel and Utilities	261,161	403,868	306,655	-97,213	-24.1%
07 Motor Vehicles	50,510	64,636	64,284	-352	-0.5%
08 Contractual Services	34,595,109	35,360,423	36,391,784	1,031,361	2.9%
09 Supplies and Materials	223,339	226,626	233,740	7,114	3.1%
10 Equipment – Replacement	44,064	2,100	2,100	0	0%
11 Equipment – Additional	31,588	96,221	96,221	0	0%
12 Grants, Subsidies, and Contributions	12,301,296	13,043,549	14,807,894	1,764,345	13.5%
13 Fixed Charges	2,999,537	2,997,241	2,969,859	-27,382	-0.9%
Total Objects	\$ 86,009,815	\$ 88,549,153	\$ 92,993,090	\$ 4,443,937	5.0%
Funds					
03 Special Fund	\$ 77,565,314	\$ 79,661,938	\$ 83,574,988	\$ 3,913,050	4.9%
05 Federal Fund	8,444,501	8,887,215	9,418,102	530,887	6.0%
Total Funds	\$ 86,009,815	\$ 88,549,153	\$ 92,993,090	\$ 4,443,937	5.0%

MDOT: Maryland Department of Transportation

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 3
Fiscal Summary
MDOT – The Secretary’s Office

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
01 Executive Direction	\$ 28,037,605	\$ 29,864,593	\$ 31,276,902	\$ 1,412,309	4.7%
02 Operating Grants-in-aid	12,220,112	12,931,549	14,656,144	1,724,595	13.3%
03 Facilities and Capital Equipment	92,307,635	80,791,763	102,514,460	21,722,697	26.9%
07 Office of Transportation Technology Services	45,752,098	45,753,011	47,060,044	1,307,033	2.9%
08 Major IT Development Projects	306,318	3,382,237	1,655,540	-1,726,697	-51.1%
Total Expenditures	\$ 178,623,768	\$ 172,723,153	\$ 197,163,090	\$ 24,439,937	14.1%
Special Fund	\$ 140,842,003	\$ 157,691,938	\$ 174,744,988	\$ 17,053,050	10.8%
Federal Fund	37,781,765	15,031,215	22,418,102	7,386,887	49.1%
Total Appropriations	\$ 178,623,768	\$ 172,723,153	\$ 197,163,090	\$ 24,439,937	14.1%

MDOT: Maryland Department of Transportation

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 4
Budget Amendments for Fiscal 2018
Maryland Department of Transportation
The Secretary’s Office – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$754,670	Special	Transfer and align the Human Resources Office consolidation services from the Maryland Port Administration to The Secretary’s Office.

Source: Maryland Department of Transportation

Appendix 5
Budget Amendments for Fiscal 2018
Maryland Department of Transportation
The Secretary’s Office – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$2,721,647	Special	Adjusts the amended appropriation to agree with the final fiscal 2018-2023 <i>Consolidated Transportation Program</i> .
	-7,727,000	Federal	
	-\$5,005,353	Total	

Source: Maryland Department of Transportation