

J00H01
Maryland Transit Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$780,225	\$768,592	\$789,809	\$21,217	2.8%
Adjustments	0	-714	1,676	2,390	
Adjusted Special Fund	\$780,225	\$767,878	\$791,485	\$23,607	3.1%
Federal Fund	60,221	59,501	59,501	0	
Adjustments	0	0	101	101	
Adjusted Federal Fund	\$60,221	\$59,501	\$59,601	\$101	0.2%
Adjusted Grand Total	\$840,446	\$827,379	\$851,087	\$23,708	2.9%

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 for the Maryland Transit Administration (MTA) increases by \$23.7 million (2.9%) over the fiscal 2018 working appropriation. Special funds increase by \$23.6 million (3.1%) and federal funds increase by \$101,000 (0.2%).
- The fiscal 2018 working appropriation is adjusted to reflect the across-the-board health insurance subsidy savings (-\$714,000 in special funds), and the fiscal 2019 allowance has been adjusted to reflect funding for the general salary increase (\$2.4 million in special funds and \$101,000 in federal funds).

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

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PAYGO Capital Budget Data

(\$ in Thousands)

	Fiscal 2017	Fiscal 2018		Fiscal 2019
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$277,417	\$278,191	\$172,039	\$334,505
Federal	299,053	356,051	432,487	412,291
Total	\$576,470	\$634,242	\$604,526	\$746,796

- The fiscal 2018 working appropriation is a net \$29.7 million lower than the legislative appropriation. This does not include “other funds” that do not flow through MTA’s budget but that support some of MTA’s capital projects. A special fund decrease of \$106.2 million is partially offset by an increase in federal funds of \$76.4 million. Some of the larger changes include:
 - \$23.5 million – System Preservation and Minor Projects;
 - \$16.1 million – Kirk Bus Facility Replacement;
 - \$13.5 million – Maryland Area Regional Commuter (MARC) Positive Train Control;
 - \$12.9 million – Purple Line – Montgomery County Funded Projects;
 - \$10.2 million – MARC Locomotives – Overhauls and Replacements;
 - -\$12.3 million – Purple Line;
 - -\$27.6 million – Light Rail Vehicle Overhaul; and
 - -\$42.5 million – Bus Procurement.
- The fiscal 2019 allowance increases by a net \$142.3 million over the current year working appropriation, exclusive of other funds. An increase in special funds of \$162.5 million is partially offset by a decrease in federal funds of \$20.2 million. Some of the larger changes include:
 - \$60.7 million – Purple Line;
 - \$48.1 million – Bus Procurement;
 - \$17.8 million – Kirk Bus Facility Replacement;
 - \$17.5 million – Bus Communications Systems Upgrade;

J00H01 – MDOT – Maryland Transit Administration

- -\$10.1 million – MARC Locomotives – Overhauls and Replacements;
- -\$13.5 million – MARC Improvements on Camden, Brunswick, and Penn Lines; and
- -\$16.4 million – MARC Positive Train Control.

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	3,293.50	3,273.50	3,273.50	0.00
Regular PAYGO Budget Positions	<u>96.00</u>	<u>94.00</u>	<u>94.00</u>	<u>0.00</u>
Total Regular Positions	3,389.50	3,367.50	3,367.50	0.00
Operating Budget FTEs	16.00	16.00	16.00	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	16.00	16.00	16.00	0.00
Total Personnel	3,405.50	3,383.50	3,383.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	98.30	2.92%
Positions and Percentage Vacant as of 1/1/18	193.00	5.70%

- The number of both regular positions and contractual full-time equivalents remain unchanged between the current year working appropriation and the fiscal 2019 allowance.
- As of January 1, 2018, there were 193 vacant positions for a vacancy rate of 5.7%. Turnover in the fiscal 2019 allowance is budgeted at 2.92% that will require that an average of 98.3 positions remain vacant the entire year.

Analysis in Brief

Major Trends

Fiscal 2017 Marks Second Consecutive Year with Decrease in Boardings: For all modes of MTA service, there were 103.8 million boardings in fiscal 2017 representing a 6.3% decrease from the prior year and following a 4.6% decrease in fiscal 2016 compared to the prior year. **MTA should brief the committees on the factors that contributed to the decreased boardings in fiscal 2017 and the significant increase in TaxiAccess utilization.**

On-time Performance: Metro, Light Rail, and Mobility services all exceeded their goals in fiscal 2017 while core bus service and MARC service fell short of their goals. For bus service, fiscal 2017 was the worst performance in eight years. **MTA should brief the committees on the factors contributing to the poor on-time performance for bus and MARC service and the steps being taken to make improvements.**

Farebox Recovery: Farebox recovery rates declined in fiscal 2017 compared to the year prior for all modes except MARC and Washington Commuter Bus service that improved compared to a year prior. Only Light Rail and Washington Commuter Bus service exceeded their five-year rate.

Transit Performance Measures Not Updated: Measures such as the number of passengers per vehicle revenue mile, operating expenses per passenger trip, and operating expenses per vehicle revenue mile are used to evaluate how a transit service is performing. The fiscal 2017 values reported in the Managing for Results submission for these measures for core bus, light rail, and Metro are exactly the same as the estimated values reported last year. This suggests that actual values for these measures have not been reported. **MTA should provide actual data on the performance of its transit services for fiscal 2017 and indicate how it will ensure that reported data is accurate going forward.**

Peer Performance: MTA's performance on operating expenses per vehicle revenue mile, operating expenses per passenger trip, and passenger trips per vehicle revenue mile for local bus service compared favorably to its nationwide peers based on fiscal 2016 data.

Issues

A Review of the MTA Pension Plan Finds That Additional Resources Are Required to Improve the Funded Status of the Plan: At the end of fiscal 2017, the MTA pension's funded ratio was 40.9%. Unlike the pensions administered by the State Retirement Agency, the MTA pension plan has not received a great deal of scrutiny, nor have major changes been made to improve its affordability and sustainability. **To improve the funded status of its pension plan, MTA should annually fund the full actuarially determined contribution based on a closed 25-year amortization period.**

Baltimore Metro System Shut Down for Emergency Track Repair: MTA began an emergency shutdown of the Baltimore Metro system beginning on Friday, February 9, 2018, in order to perform

emergency repairs on the above-ground portions of the tracks near Owings Mills and to conduct an inspection of the underground portions of the tracks to ensure that the system could be operated safely. The original shutdown was expected to last through the weekend, but problems identified with the track gauge, particularly on 11 curves throughout the system, led MTA to decide to keep the system closed for an extended period to allow the tracks along the whole system to be repaired. The shutdown is expected to last for approximately one month. **MTA and the Secretary's Office, which is the State Safety Oversight Authority for both the Light Rail and Metro systems, should brief the committees on:**

- **changes to the MTA inspection and maintenance program that are needed to ensure that emergency shutdowns will not be required in the future;**
- **the timeframe for making the needed changes; and**
- **whether additional resources will be required to ensure the safe operation of MTA's transit systems.**

Board of Public Works Agenda Submissions Highlight Procurement Issues: In fall 2017, MTA sought Board of Public Works approval for at least 27 agenda items that detailed more than \$5.4 million in spending for which no valid contract had existed and almost \$6.8 million in spending for which retroactive approval of contracts or contract modifications was being sought. These items covered periods as far back as May 2006 and as recently as March 2017 and for durations in spending of up to 136 months. **MTA should brief the committees on the status of its procurement oversight efforts and what changes have been made to ensure that these problems do not reoccur.**

BaltimoreLink Implementation Report Pending: Committee narrative in the 2017 *Joint Chairmen's Report* (JCR) asked MTA to submit a report evaluating the first six months of bus operations under the BaltimoreLink transit initiative. The sixth month of operation was December 2017, but MTA submitted an extension request to allow it time to analyze the data that it collected during the first six months of operations. MTA has not yet submitted the requested report. **MTA should brief the committees on its findings regarding the first six months of operation of the BaltimoreLink.**

Operating Budget Recommended Actions

1. Adopt committee narrative stating intent related to funding and amortization periods for the Maryland Transit Administration pension plan.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Purple Line Slated for Revenue Service by the End of Calendar 2022: After a delay of over a year due to litigation, construction on the Purple Line began on August 28, 2017. This followed the August 22, 2017 award by the Federal Transit Administration (FTA) of a Full Funding Grant Agreement (FFGA) based on a FFGA project cost of \$2.4 billion. According to the December 2017 *Purple Line Profile* report posted on the FTA website, the Revenue Service Date for the Purple Line is December 31, 2022.

Transit Growth and Development Plans: Committee narrative in the 2017 JCR asked MTA to submit a report on the status of its efforts to create growth and development plans for its modes of service other than commuter rail (for which a plan already exists). MTA reported on the expected completion dates for these plans.

J00H01
Maryland Transit Administration
Maryland Department of Transportation

Budget Analysis

Program Description

The Maryland Department of Transportation supports transit in Maryland through the Maryland Transit Administration (MTA). MTA consists of the following operating budget programs:

- **Transit Administration** provides executive direction and support services for MTA.
- **Bus Operations** manages bus services in Baltimore City and surrounding counties. These services include the operation of fixed route and paratransit lines and contracts with commuter and paratransit service providers.
- **Rail Operations** includes the Baltimore Metro heavy rail line and the Baltimore area light rail line as well as the management of the Maryland Area Regional Commuter (MARC) contracts with Amtrak and Bombardier.
- **Statewide Operations** provides technical assistance and operating grants to local jurisdictions' transit services, including Montgomery County's "Ride-On," Prince George's County's "the Bus," and Baltimore City's "Charm City Circulator" services. Additionally, the program contracts with private carriers to operate Commuter Bus services throughout the State. Assistance is also provided to several short-line freight railroads to support the maintenance of State-owned rail lines.

MTA has identified the following goals:

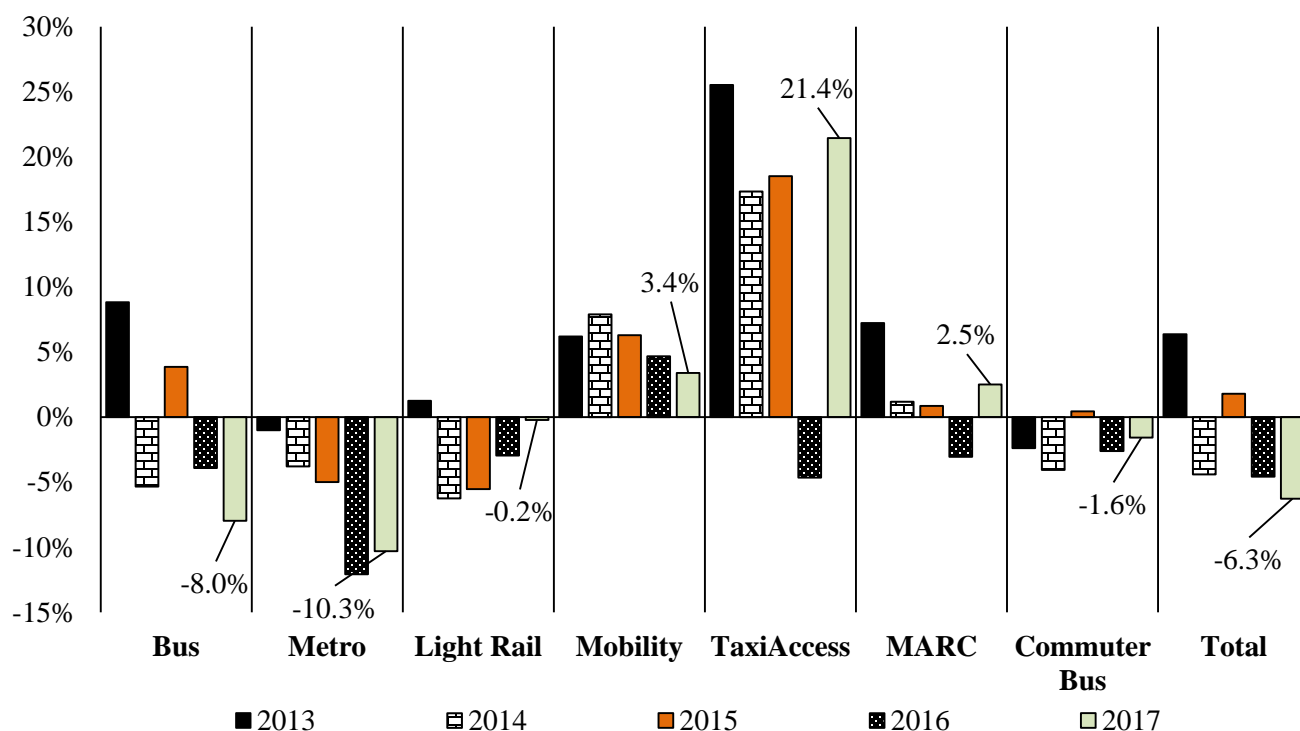
- to provide outstanding service;
- to encourage transit ridership in Maryland;
- to use MTA resources efficiently and effectively and be accountable to the public, customers, and employees with performance measured against prior years; and
- to provide a safe environment for customers and employees.

Performance Analysis: Managing for Results

1. Fiscal 2017 Marks Second Consecutive Year with Decrease in Boardings

MTA has a goal to encourage transit ridership. One method of measuring transit ridership is the number of boardings that occur during a specified period. For all modes of MTA service, there were 103.8 million boardings in fiscal 2017 representing a 6.3% decrease from the prior year and following a 4.6% decrease in fiscal 2016 compared to the prior year. **Exhibit 1** shows the percent change in boardings from the prior year for fiscal 2013 through 2017. Core bus services, which accounted for 67.1% of all boardings in fiscal 2017, decreased by 8.0% from the prior year. Boardings were down in fiscal 2017 for services other than Mobility, which increased by 3.4%, TaxiAccess (21.4% increase), and MARC (2.5% increase). **MTA should brief the committees on the factors that contributed to the decreased boardings in fiscal 2017 and the significant increase in TaxiAccess utilization.**

Exhibit 1
Percent Change in MTA Boardings
Fiscal 2013-2017



MARC: Maryland Area Regional Commuter

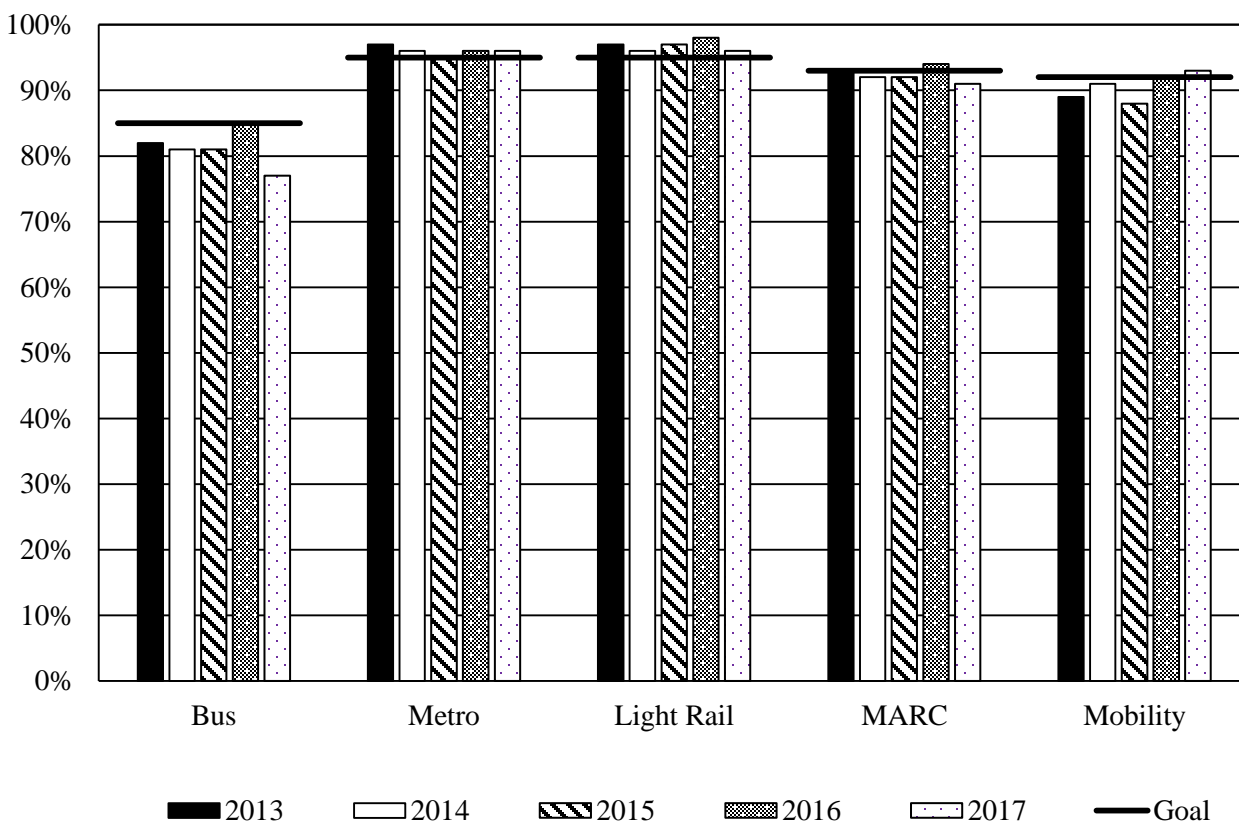
MTA: Maryland Transit Administration

Source: Maryland State Budget, Volume I

2. On-time Performance

As part of its goal to provide outstanding service to customers, MTA attempts to provide high on-time performance with goals of 85% on-time performance for core bus service, 95% for Metro and light rail service, 93% for MARC service, and 92% for Mobility services. **Exhibit 2** shows the percent of on-time service by mode for fiscal 2013 through 2017. Metro, Light Rail, and Mobility services all exceeded their goals in fiscal 2017 while core bus service and MARC service fell short of their goals. For bus service, fiscal 2017 was the worst performance in eight years. **MTA should brief the committees on the factors contributing to the poor on-time performance for bus and MARC service and the steps being taken to make improvements.**

Exhibit 2
On-time Performance
Fiscal 2013-2017



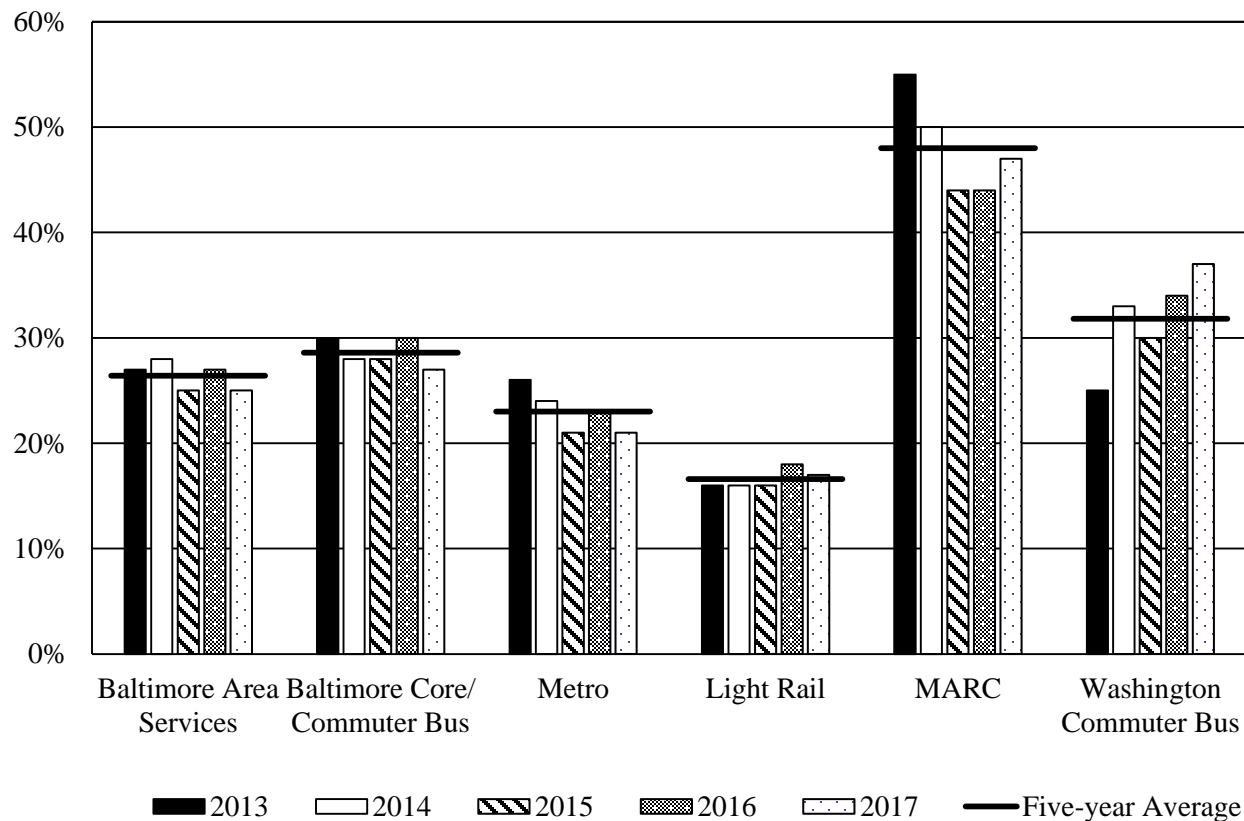
MARC: Maryland Area Regional Commuter

Source: Maryland State Budget, Volume I

3. Farebox Recovery

Although there is no longer a farebox recovery goal set in statute, one of MTA's objectives is to optimize farebox recovery for Baltimore area core services and MARC service. **Exhibit 3** compares the farebox recovery rates by mode of transit and for the Baltimore area services as a whole for fiscal 2013 through 2017 to their five-year average rates. The farebox recovery rates declined in fiscal 2017 compared to the year prior for all modes except MARC and Washington Commuter Bus service that improved compared to a year prior. Only Light Rail and Washington Commuter Bus service exceeded their five-year rate.

Exhibit 3
Farebox Recovery Rates and Five-year Average
Fiscal 2013-2017



MARC: Maryland Area Regional Commuter

Source: Maryland State Budget, Volume I

4. Transit Performance Measures Not Updated

Section 7-208 of the Transportation Article also requires MTA to develop performance goals for passenger trips per vehicle revenue mile, operating expenses per passenger trip, and operating expenses per vehicle revenue mile by transit mode. The fiscal 2017 values reported in the Managing for Results submission for these measures, shown in **Exhibit 4**, are exactly the same as the estimated values reported last year. This suggests that actual values for these measures have not been reported. **MTA should provide actual data on the performance of its transit services for fiscal 2017 and indicate how it will ensure that the reported data is accurate going forward.**

Exhibit 4 Transit Performance Goals Fiscal 2016-2019 Est.

	<u>2016</u>	<u>2017 Est.</u>	<u>2017</u>	<u>2018 Est.</u>	<u>2019 Est.</u>
Core Bus					
Passengers Per Vehicle Revenue Mile	3.80	3.73	3.73	3.65	3.80
Operating Expenses Per Passenger Trip	\$3.61	\$3.67	\$3.67	\$3.78	\$3.82
Operating Expenses Per Vehicle Revenue Mile	\$13.55	\$13.68	\$13.68	\$13.82	\$13.96
Light Rail					
Passengers Per Vehicle Revenue Mile	2.37	2.25	2.25	2.12	2.30
Operating Expenses Per Passenger Trip	\$5.86	\$6.20	\$6.20	\$6.66	\$6.73
Operating Expenses Per Vehicle Revenue Mile	\$13.82	\$13.96	\$13.96	\$14.10	\$14.24
Metro					
Passengers Per Vehicle Revenue Mile	2.44	2.34	2.34	2.17	2.40
Operating Expenses Per Passenger Trip	\$4.33	\$4.56	\$4.56	\$4.97	\$5.02
Operating Expenses Per Vehicle Revenue Mile	\$10.56	\$10.67	\$10.67	\$10.78	\$10.89

Source: Maryland State Budget, Volume I

5. Peer Performance

MTA is required by statute to submit an annual report that compares MTA to other similar transit systems nationwide. **Exhibit 5** shows this comparison for local bus systems for operating expenses per vehicle revenue mile, operating expenses per passenger trip, and passenger trips per vehicle revenue mile based on fiscal 2016 data. MTA's performance on these measures compares favorably to its peers with its operating expenses – both per vehicle revenue mile and per passenger trip are lower than the average for the group, and its passenger trips per vehicle revenue mile are higher than the group average.

Exhibit 5
Performance Indicators for MTA and Peer Local Bus Service
Fiscal 2016

	<u>Operating Expenses Per Vehicle Revenue Mile</u>	<u>Operating Expenses Per Passenger Trip</u>	<u>Passenger Trips Per Vehicle Revenue Mile</u>
Baltimore	\$13.51	\$3.60	3.8
Average	14.05	5.30	3.0
Atlanta	9.29	3.85	2.4
Dallas	8.86	7.27	1.2
Houston	9.33	5.50	1.7
New York	32.00	3.74	8.6
Pittsburgh	14.46	5.62	2.6
San Jose	15.57	7.50	2.1
Seattle	14.22	4.69	3.0
Utah	8.21	6.61	1.2
Washington, DC	15.00	4.63	3.2

MTA: Maryland Transit Administration

Source: Maryland Transit Administration; National Transit Database

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. MTA's share of this reduction is \$714,050 in special funds.

Proposed Budget

As shown in **Exhibit 6**, MTA's fiscal 2019 allowance is \$23.7 million higher than the current year working appropriation. Personnel expenses increase by a net \$9.5 million driven by employee and retiree health insurance subsidy expenses and unexplained salary increases resulting from the transition to a position identification number-based personnel expenses budgeting system required to better interface with the State's new Budget and Reporting System. Nonpersonnel increases comprise transit administration (\$1.4 million), bus operations (\$7.8 million), rail operations (\$4.0 million), and statewide operations (\$1.0 million).

Exhibit 6
Proposed Budget
MDOT – Maryland Transit Administration
(\$ in Thousands)

How Much It Grows:	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Total</u>
Fiscal 2017 Actual	\$780,225	\$60,221	\$840,446
Fiscal 2018 Working Appropriation	767,878	59,501	827,379
Fiscal 2019 Allowance	<u>791,485</u>	<u>59,601</u>	<u>851,087</u>
Fiscal 2018-2019 Amount Change	\$23,607	\$101	\$23,708
Fiscal 2018-2019 Percent Change	3.1%	0.2%	2.9%

Where It Goes:**Personnel Expenses**

Employee and retiree health insurance.....	\$2,944
Unexplained increase from effort to transition to position identification number-based personnel budgeting to better interface with new State Budget and Reporting System ..	1,796
General salary increase.....	1,777
Overtime increase attributable to new policy to include Social Security tax.....	1,774
Retirement and union pension contributions.....	1,758

J00H01 – MDOT – Maryland Transit Administration

Where It Goes:

BaltimoreLink positions filled above base	720
Union negotiated salary increase – office and professional employees	700
Workers’ compensation premium assessment.....	398
Overtime.....	29
Overtime charged to capital program.....	-283
Turnover adjustments.....	-314
Social Security tax moved to overtime.....	-1,774
Other fringe benefit adjustments	10

Transit Administration

Automated Fare Collection System contractual services	1,300
Insurance allocated cost	55
Rent paid to the Department of General Services (DGS).....	45
Automobile insurance paid through the State Treasurer’s Office	21
Utilities – electricity	4
Office of Administrative Hearings usage	1
Office of the Attorney General allocated costs	-2

Bus Operations

Paratransit contracts	4,530
Washington Commuter Bus contracts.....	1,445
TaxiAccess management contract	770
E-ZPass usage	600
Fuel – natural gas/propane	214
Baltimore Commuter Bus contracts	143
InterCounty Connector Commuter Bus contracts	112
Rent paid to DGS	1
Utilities – electricity	-64

Rail Operations

Maryland Area Regional Commuter (MARC) line access contracts	2,768
MARC third-party operator contract.....	2,632
Fuel – natural gas/propane	93
Utilities – electricity	-1,534

Where It Goes:

Statewide Operations

Montgomery County local bus grant.....	1,000
Prince George’s County local bus grant.....	440
One-time operations and maintenance support for Takoma/Langley transit center.....	-400
Other	-1
Total	\$23,708

MDOT: Maryland Department of Transportation

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

Potential Underfunding

Two areas of the MTA budget have historically experienced significant underfunding. The first area is salary and benefit funding for its union workforce during periods in which Collective Bargaining Agreements (CBA) are not in effect. The second area of historic underfunding has occurred in Mobility services, where funding in the allowance is less than the amount actually spent in the most recently ended fiscal year. For Mobility services, fiscal 2019 funding is \$5.2 million higher than the amount spent in fiscal 2017. With respect to union workforce salary and benefits, however, the CBA with Amalgamated Transit Union (ATU) Local 1300, MTA’s largest union, expires at the end of fiscal 2018. Funding for any salary increases negotiated in the next CBA will need to be added once those amounts have been negotiated. Additionally, salary increases for security employees represented by American Federation of Labor and Congress of Industrial Organizations Local 1859 were agreed to after the budget was put together. Retroactive payments to fiscal 2016 and the 2019 increase will require an additional \$2.7 million in funding, which will be added either through a supplemental budget item or by budget amendment.

MTA Fiscal 2019 Budget Constrained More Than Other Maryland Department of Transportation Units

A review of the MTA fiscal 2019 budget shows a pattern of flat funding that is both unusual compared with past years and more pronounced than in any of the other Maryland Department of Transportation (MDOT) units. Beyond the salary accounts (Object 01), the MTA budget shows relatively few increases between the fiscal 2018 working appropriation and the fiscal 2019 allowance. Exceptions appear limited to contracted services for Commuter Bus, Mobility services, and MARC operations (both line access payments and the third-party operator contract.) **Exhibit 7** compares MTA with other MDOT units by showing the number and percent of nonsalary subobjects that have increased funding in fiscal 2019. Only 15.7% of nonsalary MTA subobjects have increased funding in fiscal 2019, the lowest percent of any MDOT unit. **The Secretary should brief the committees on the reasons for the disparity in funding increases for MTA in fiscal 2019 compared**

with other MDOT units and whether this disparity will negatively impact MTA's ability to carry out its mission.

Exhibit 7
Subobjects with Increased Funding in Fiscal 2019

<u>Unit</u>	<u>Number of Subobjects Funded in Fiscal 2018 and/or 2019</u>	<u>Number of Subobjects with Increased Funding in Fiscal 2019</u>	<u>Percent of Subobjects with Increased Funding in Fiscal 2019</u>
State Highway Administration	61	34	55.7%
Secretary's Office	68	29	42.6%
Motor Vehicle Administration	74	30	40.5%
Maryland Port Administration	83	24	28.9%
Maryland Aviation Administration	88	20	22.7%
Maryland Transit Administration	70	11	15.7%

Source: Maryland State Budget, Fiscal 2019

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. MTA's share of the general salary increase is \$1,675,923 in special funds and \$100,599 in federal 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.

Pay-as-you-go Capital Program

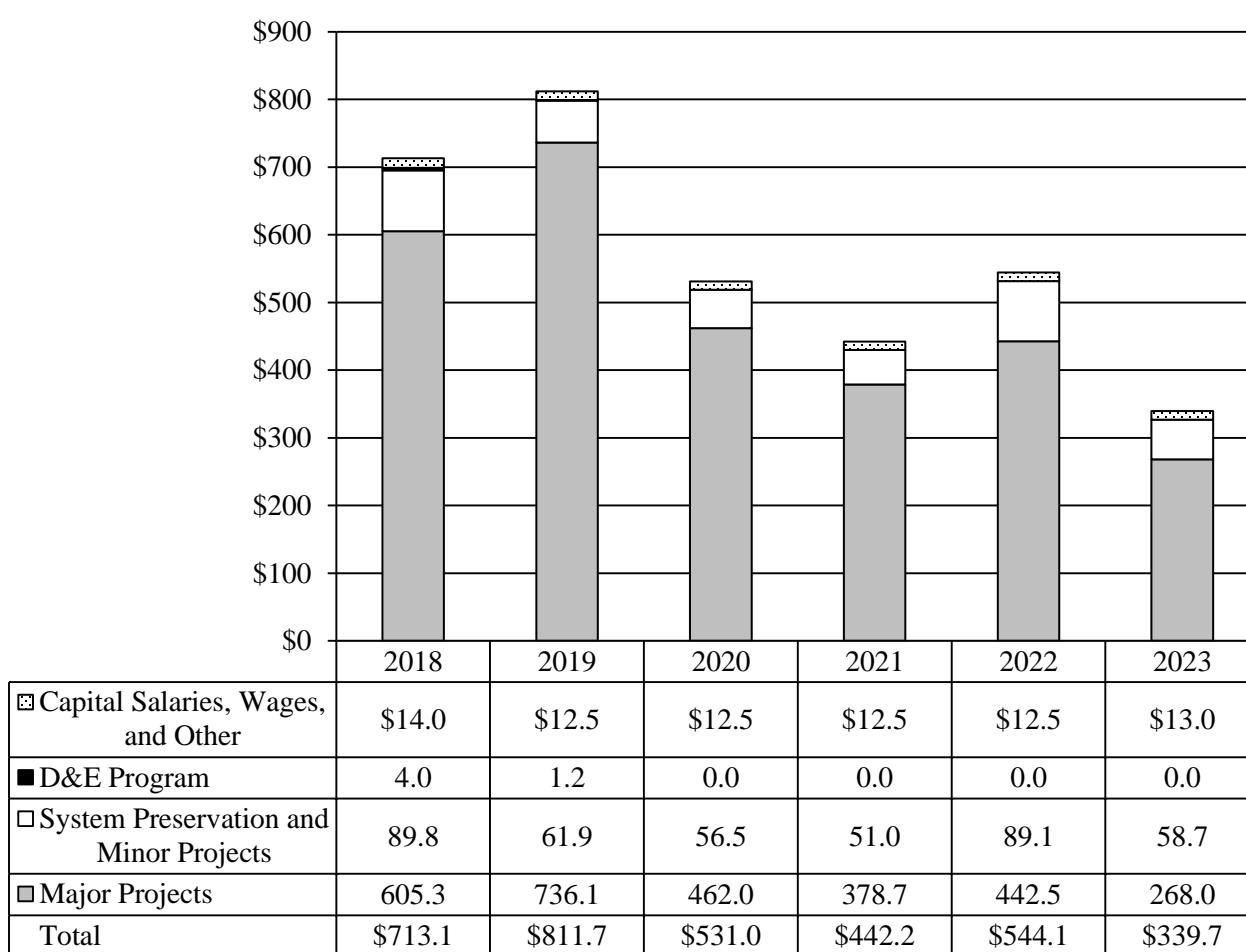
Program Description

MTA's capital program provides funds to support the design, construction, rehabilitation, and acquisition of facilities and equipment for bus, rail, and statewide programs. The program also provides State and federal grants to local jurisdictions and nonprofit organizations to support the purchase of transit vehicles and the construction of transit facilities.

Fiscal 2018 to 2023 Consolidated Transportation Program

The fiscal 2018 to 2023 six-year capital program for MTA totals \$3.4 billion (including “other funding” that does not flow through the MTA budget), a decrease of \$276.2 million from the prior year six-year program. **Exhibit 8** shows the programmed spending by category for fiscal 2018 to 2023.

Exhibit 8
Programmed Spending by Category
Fiscal 2018-2023
(\$ in Millions)



D&E: development and evaluation

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

Fiscal 2019 Pay-as-you-go Capital Allowance

MTA's capital program for fiscal 2019, including other funds that do not flow through MTA's budget, totals \$811.7 million, an increase of \$98.7 million over the current year working appropriation. **Exhibit 9** shows the programmed fiscal 2019 capital spending by project and program along with the estimated total project cost and six-year funding included in the *Consolidated Transportation Program* (CTP).

Exhibit 9
Maryland Transit Administration PAYGO Capital
Fiscal 2019
(\$ in Millions)

<u>Project/Program Title</u>	<u>2019</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects			
MARC Maintenance, Layover, and Storage Facility	\$8.5	\$43.9	\$41.8
MARC Improvements on Camden, Brunswick, and Penn Lines	15.3	331.7	148.1
MARC Coaches – Overhauls and Replacement	18.0	235.8	62.8
MARC Locomotives – Overhauls and Replacements	20.2	95.1	75.1
MARC Positive Train Control	2.9	31.8	22.2
MARC BWI Station Upgrades and Repairs	5.3	13.9	8.6
MARC Camden Station Improvements	4.9	7.2	7.2
Homeland Security	1.1	7.3	5.6
Freight Bridge Rehabilitation	4.7	65.3	26.3
Light Rail Vehicle Overhaul	28.8	197.1	111.7
Light Rail Safety Improvements	9.0	26.4	19.9
Howard Street Rail and Interlocking Replacement	0.1	42.0	42.0
Metro Railcar and Signal System Overhauls and Replacement	61.5	524.1	444.0
Metro Safety Improvements	3.2	31.2	22.4
Metro Interlocking Renewals	3.0	58.2	35.5
Kirk Bus Facility Replacement	38.3	174.0	94.6
Bus Communications Systems Upgrade	22.8	45.1	37.8
Bus Network Improvements	3.7	36.3	15.4
North Avenue Rising	2.5	27.3	27.3
Fare Collection System Enhancements and Equipment Preservation	4.1	64.2	16.7
Agencywide Roof Replacement Program	2.5	30.7	17.8
Agencywide Radio and Telecommunications Upgrade	9.2	30.2	29.5

J00H01 – MDOT – Maryland Transit Administration

<u>Project/Program Title</u>	<u>2019</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Purple Line	334.9	1,480.4	856.5
Purple Line – Montgomery County Funded Projects	37.7	145.0	124.2
Transit Innovation Grant	0.5	2.0	2.0
Punch List Spending on Projects in Service	2.0	0.0	6.5
D&E: Corridor Cities Transitway	1.2	260.8	5.2
<i>Subtotal – Projects</i>	<i>\$645.9</i>	<i>\$4,006.7</i>	<i>\$2,306.5</i>
Programs			
System Preservation and Minor Projects	\$61.9	\$0.0	\$406.9
Bus Procurement	50.7	0.0	256.0
Mobility Vehicle Procurement	9.9	0.0	59.5
Locally Operated Transit Systems Capital Procurement Projects	21.1	0.0	130.5
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	5.6	0.0	32.7
Montgomery County Local Bus Program	3.3	0.0	18.1
Prince George’s County Local Bus Program	0.8	0.0	4.7
Capital Salaries and Wages	12.5	0.0	77.0
<i>Subtotal – Programs</i>	<i>\$165.8</i>	<i>\$0.0</i>	<i>\$985.4</i>
Total – Projects and Programs	\$811.7	\$4,006.7	\$3,291.9

BWI: Baltimore-Washington International Thurgood Marshall Airport

D&E: development and evaluation

MARC: Maryland Area Regional Commuter

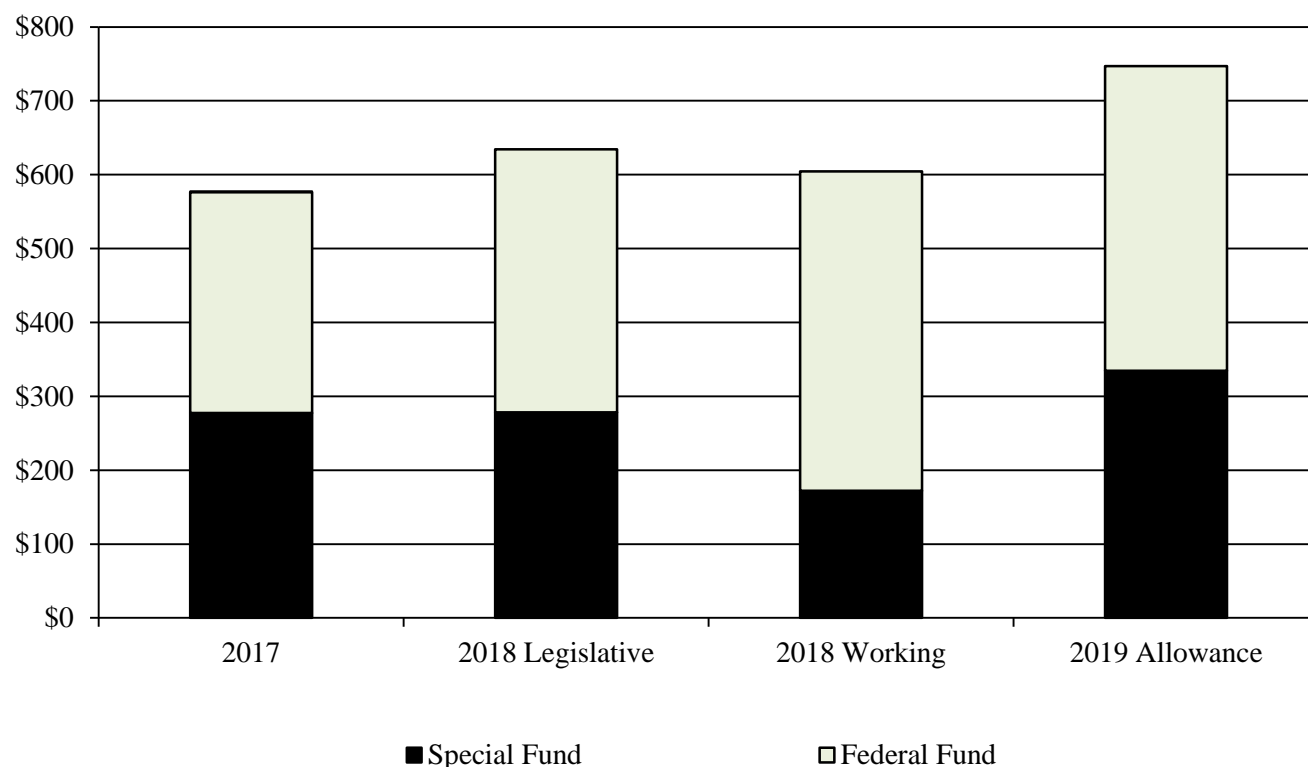
PAYGO: pay-as-you-go

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

Fiscal 2018 and 2019 Cash Flow Analysis

Exhibit 10 shows the changes in MTA capital spending (exclusive of “other funds”) for fiscal 2017 through the 2019 allowance and includes both the 2018 legislative and working appropriations. The fiscal 2018 working appropriation is \$29.7 million lower than the legislative appropriation, and the fiscal 2019 allowance is \$142.3 million higher than the fiscal 2018 working appropriation. If other funds are included, the fiscal 2018 working appropriation increases by \$19.1 million over the legislative appropriation, and the fiscal 2019 allowance increases by a further \$98.7 million.

Exhibit 10
Cash Flow Changes
Fiscal 2017-2019
(\$ in Millions)



Source: Maryland State Budget, Volume I

Cash Flow Analysis – Fiscal 2018 Changes

As shown in **Exhibit 11**, the net increase of \$19.1 million (including other funds) between the fiscal 2018 legislative and working appropriations comprises reductions in funding for major projects (-\$4.3 million) and development and evaluation (D&E) projects (-\$1.1 million) more than offset by increases in funding for system preservation and minor projects (\$23.5 million) and capital salaries and wages (\$1 million).

Exhibit 11
Cash Flow Changes
Fiscal 2018 Legislative to Working Appropriations
(\$ in Thousands)

<u>Project</u>	<u>Change</u>
Major Projects	-\$4,329
Kirk Bus Facility Replacement	\$16,094
MARC Positive Train Control	13,537
Purple Line – Montgomery County Funded Projects	12,855
MARC Locomotives – Overhauls and Replacements	10,206
Freight Bridge Rehabilitation	9,086
MARC Improvements on Camden, Brunswick, and Penn Lines	8,527
Light Rail Safety Improvements	6,034
Locally Operated Transit Systems Capital Procurement Projects	5,021
Punch List Spending on Projects in Service	4,539
Metro Railcar and Signal System Overhauls and Replacement	3,900
Metro Safety Improvements	3,396
Bus New Main Shop	3,283
Homeland Security	3,012
Metro Interlocking Renewals	2,712
Howard Street Rail and Interlocking Replacement	1,742
Montgomery County Local Bus Program	1,595
Agencywide Elevator and Escalator Rehabilitation	1,566
Fare Collection System Enhancements and Equipment Preservation	1,306
MARC Camden Station Improvements	1,105
MARC BWI Station Upgrades and Repairs	476
Prince George’s County Local Bus Program	-229
MARC Maintenance, Layover, and Storage Facility	-780
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	-931
Agencywide Radio and Telecommunications Upgrade	-1,734
Agencywide Roof Replacement Program	-1,819
MARC Coaches – Overhauls and Replacement	-1,859
Bus Network Improvements	-2,074

J00H01 – MDOT – Maryland Transit Administration

<u>Project</u>		<u>Change</u>
Mobility Vehicle Procurement	-2,835	
North Avenue Rising	-5,020	
Bus Communications Systems Upgrade	-5,680	
Montgomery County Bus Rapid Transit	-9,000	
Purple Line	-12,316	
Light Rail Vehicle Overhaul	-27,568	
Bus Procurement	-42,476	
Development and Evaluation Projects		-\$1,116
Southern Maryland Mass Transportation Analysis	\$35	
MARC Growth and Investment Plan	-66	
Corridor Cities Transitway	-\$1,085	
System Preservation and Minor Projects		\$23,500
Capital Salaries and Wages		\$1,000
Total Change		\$19,055

BWI: Baltimore-Washington International Thurgood Marshall Airport

MARC: Maryland Area Regional Commuter

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

Cash Flow Analysis – Fiscal 2018 to 2019 Changes

As shown in **Exhibit 12**, the fiscal 2019 capital appropriation (including other funds) increases by a net \$98.7 million over the current year working appropriation. Increased funding for major projects (\$130.8 million) is partially offset by decreased funding for D&E projects (-\$2.7 million), system preservation and minor projects (-\$27.9 million), and capital salaries and wages (-\$1.5 million).

Exhibit 12
Cash Flow Changes
Fiscal 2018 Working Appropriation to Fiscal 2019 Allowance
(\$ in Thousands)

<u>Projects</u>	<u>Change</u>
Major Projects	\$130,841
Purple Line	\$60,702
Bus Procurement	48,144
Metro Railcar and Signal System Overhauls and Replacement	25,262
Kirk Bus Facility Replacement	17,813
Bus Communications Systems Upgrade	17,525
MARC Coaches – Overhauls and Replacement	9,853
MARC Maintenance, Layover, and Storage Facility	7,820
Light Rail Vehicle Overhaul	7,410
Agencywide Radio and Telecommunications Upgrade	4,436
Mobility Vehicle Procurement	4,141
MARC Camden Station Improvements	3,815
MARC BWI Station Upgrades and Repairs	2,201
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	1,755
Agencywide Roof Replacement Program	871
Transit Innovation Grant	500
Metro Interlocking Renewals	289
Prince George’s County Local Bus Program	47
North Avenue Rising	-350
Purple Line – Montgomery County Funded Projects	-389
Fare Collection System Enhancements and Equipment Preservation	-1,265
Howard Street Rail and Interlocking Replacement	-1,637
Light Rail Safety Improvements	-1,650
Agencywide Elevator and Escalator Rehabilitation	-1,844
Punch List Spending on Projects in Service	-2,539
Montgomery County Local Bus Program	-2,600
Bus New Main Shop	-3,283
Homeland Security	-3,369

J00H01 – MDOT – Maryland Transit Administration

<u>Projects</u>		<u>Change</u>
Metro Safety Improvements	-4,290	
Locally Operated Transit Systems Capital Procurement Projects	-4,631	
Freight Bridge Rehabilitation	-5,980	
Bus Network Improvements	-7,975	
MARC Locomotives – Overhauls and Replacements	-10,056	
MARC Improvements on Camden, Brunswick, and Penn Lines	-13,460	
MARC Positive Train Control	-16,425	
Development and Evaluation Projects		-\$2,708
Southern Maryland Mass Transportation Analysis	-\$35	
Corridor Cities Transitway	-2,673	
System Preservation and Minor Projects		-\$27,900
Capital Salaries and Wages		-\$1,500
Total Change		\$98,733

BWI: Baltimore-Washington International Thurgood Marshall Airport

MARC: Maryland Area Regional Commuter

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

Significant Changes to the Fiscal 2018 to 2023 CTP

Exhibit 13 shows changes to the fiscal 2018 to 2023 CTP and lists projects added to and removed from the construction program as well as projects moved from the D&E program to the construction program.

Exhibit 13
Projects Added to the Construction Program
Fiscal 2019
(\$ in Millions)

Projects Added to the Construction Program

MARC Camden Station Improvements	\$7.2
Howard Street Rail and Interlocking Replacement	42.0
Metro Interlocking Renewals	58.2
Transit Innovation Grant	2.0
Total – Projects Added to the Construction Program	\$109.4

Projects Moved from the D&E Program to the Construction Program

MARC Growth and Investment Program	\$27.2
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Projects Removed from the Construction Program

Union Payroll System ⁽¹⁾
Montgomery County Bus Rapid Transit ⁽²⁾

D&E: development and evaluation

MARC: Maryland Area Regional Commuter

⁽¹⁾ Project moved to the Secretary's Office Information Technology Program.

⁽²⁾ Project transferred to Montgomery County.

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

Issues

1. A Review of the MTA Pension Plan Finds That Additional Resources Are Required to Improve the Funded Status of the Plan

This decade has been one in which employee pension policies have consistently been scrutinized and substantial changes have been made to most State pensions. In 2010, the General Assembly formed a commission to review the State's pension policies. The goal was to improve the affordability and sustainability of pensions administered by the State Retirement Agency (SRA). SRA-administered pensions have remained under considerable scrutiny since the commission made its recommendations.

Most of the commission's recommendations were enacted into law. In 2011, the General Assembly enacted major pension reform that reduced pension multipliers, reduced cost-of-living adjustments, increased vesting periods, and increased employee contributions. In 2015, the State modified its funding methodology to implement an actuarially approved methodology. The MTA pension plan has not received the same level of scrutiny as the SRA-administered plans in recent years. This issue examines the MTA pension plan.

MTA Pension Plan's Benefits

MDOT employees are required to participate in a pension plan administered by SRA or MTA. Most participate in a pension plan for regular employees. For sworn law enforcement officers, there is the Law Enforcement Officers Pension System. MTA administers its own pension plan for employees that are members of the ATU, Local 1300 or Office and Professional Employees International Union, Local 2 and who are not participating in the standard State employees' pension plans. Union employees are required to join the MTA plan, and nonunion employees are required to join the SRA plan. All of these plans are defined benefit plans.¹

Members of defined benefit pension plans who qualify for a normal service retirement benefit receive a lifetime annuity based on their length of service and salary. Specifically, the annual benefit that a retiree receives is the product of the:

- multiplier, which is 1.7% for the MTA pension;

¹ A detailed discussion of plan benefits can be found in the Department of Legislative Services' *Review of the Pension Plan Administered by the Maryland Transit Administration* report posted at <http://dls.maryland.gov/pubs/prod/TaxFiscalPlan/Review-of-Pensions-Administered-by-the-Maryland-Transit-Administration.pdf>.

- the average annual compensation, which is the average of the highest 3 years of the last 10 years that an eligible MTA employee has worked. This amount includes overtime earnings up to 2,392 hours in any year²; and
- the number of years of employment in the plan.

Plan members earn a portion of their final benefit each year that they work. The cost of this incremental annual benefit is referred to as the normal cost. If the value of a plan's assets are sufficient to support all accrued benefits, a plan is considered to be 100% funded. If the value of these assets is less than the benefits that have been earned, there is an unfunded liability. If there is an unfunded liability, the actuary calculates the additional contributions required to bring a plan to 100% funding over a particular period. This period is referred to as the amortization period, and the payment is the amortization payment.

Beginning in fiscal 2017, members of the MTA pension plan contribute 2% of their salary into the pension fund to reduce the unfunded liability. Members of most SRA-administered plans began paying 2% in fiscal 1999. To reduce the State's unfunded liability, member contributions increased to 3% in fiscal 2007, 4% in fiscal 2008, 5% in fiscal 2009, and 7% in fiscal 2012. Since fiscal 2012, judges have been contributing 8%. In fiscal 2017, the average MTA salary and overtime totaled approximately \$67,000. At that salary, the annual member contribution was \$1,340. For a State employee earning \$67,000, the contribution is \$4,690, which is \$3,350 more than the MTA employee.

Actual MTA Pension Contributions Have Been Less Than the Actuarially Determined Contribution in Recent Years

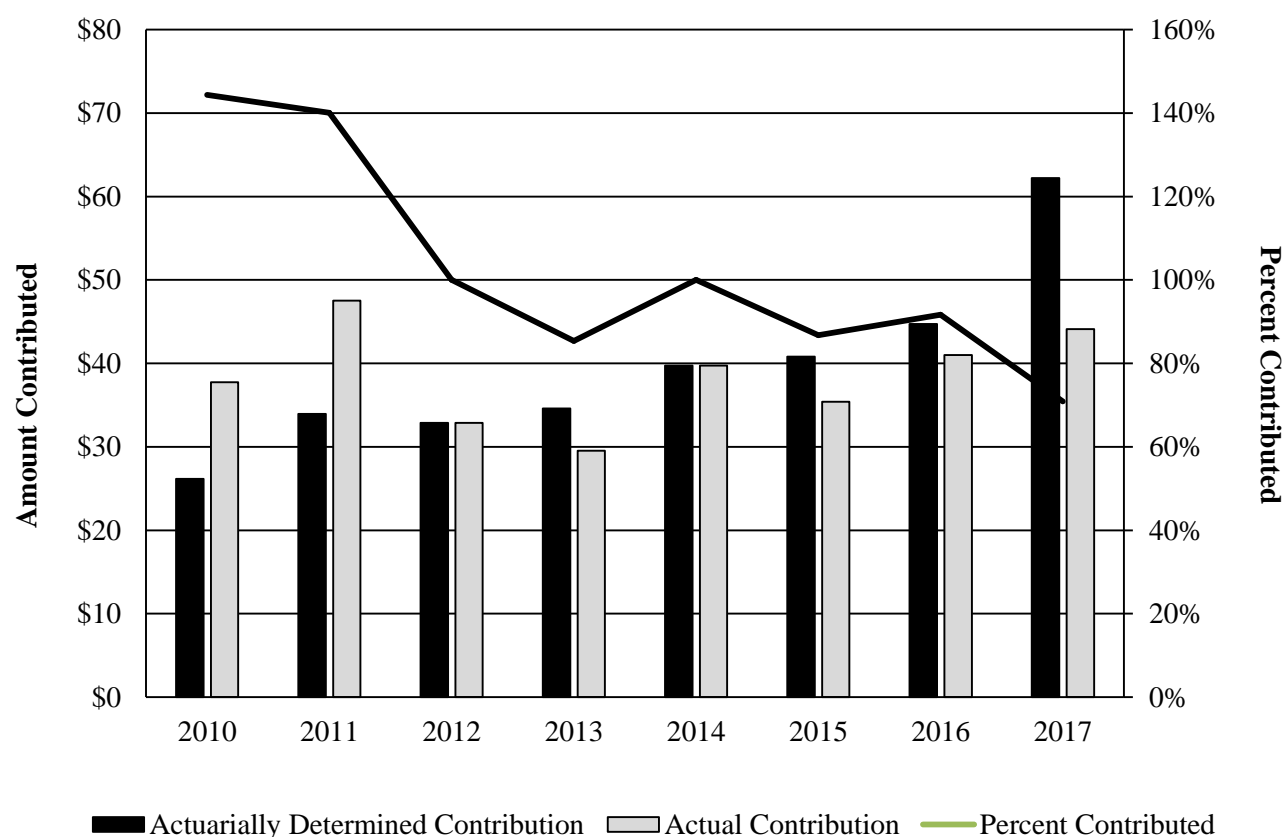
Every fall, the MTA actuary provides an annual valuation of the pension plan. This valuation calculates the effect of economic and demographic experience from the most recent fiscal year on the pension plan. The valuation provides a status report on the pension plan that examines contributions, investment earnings, benefit payments, inflation, retirement and disability rates, and other factors affecting the accrued actuarial liability. These reports provide a thorough review of the MTA plan, and almost all of the data used in this issue is derived from these actuarial valuations.

The valuation also estimates the actuarially determined contribution (ADC) and calculates the plan's funded ratio. The ADC is the annual employer contribution recommended by the actuary to achieve or maintain the pension's full funding over a prescribed amortization period. With respect to SRA-administered pensions, the budget is prepared so that it includes appropriations sufficient to fund the ADC. The funded ratio is the ratio of the actuarial value of the fund's assets expressed to the fund's actuarially accrued liabilities. The actuary advises that the MTA pension's funded ratio was 40.9% at the end of fiscal 2017. Since the MTA plan is not fully (100%) funded, the ADC includes amortization payments to reduce the unfunded liability.

² This is a key difference between SRA and MTA pension plans. According to data provided by MTA, overtime adds approximately \$7,000 to the average salary of an MTA pension plan participant, with a maximum of \$12,000. Additionally, SRA Pension Plan employees pay 7% of salary to the pension fund while MTA employees pay 2%.

In recent years, the trend has been to underfund the MTA pension plan. **Exhibit 14** shows that from fiscal 2010 to 2017, the ADC was overfunded twice (fiscal 2010 and 2011), 100% funded twice (in fiscal 2012 and 2014), and underfunded four times (including every year since fiscal 2015). Unless there is a substantial deficiency appropriation or budget amendment, fiscal 2018 will be underfunded by about \$20 million.

Exhibit 14
Comparison of Actuarially Determined Contributions
And Actual Contributions to the MTA Plan
Fiscal 2010-2017
(\$ in Millions)



MTA: Maryland Transit Administration

Source: Bolton Partners' *Maryland Transit Administration Pension Plan Actuarial Valuation*

When a plan is underfunded, the amount by which it is underfunded is treated as a loss. This loss is then amortized over 25 years, which increases the out-year ADC. In the fiscal 2017 valuation, the actuary recognizes a \$41 million loss, which adds \$3.5 million to the fiscal 2018 ADC. Almost half of this loss in the fiscal 2018 ADC is attributable to underfunding in fiscal 2017.

The State's pension plan is in better financial health than the MTA plan. **Exhibit 15** shows that the State's funded ratio is 71%, compared to 41% for the MTA plan. The State is also overfunding the SRA-administered pensions. The State appropriates the ADC and an additional supplemental payment, sweeper, and contribution by the Governor, which totaled \$150 million in fiscal 2017. The MTA plan's contribution is 46% of payroll, compared to 18% for SRA plans. The amortization payment for the MTA pension is 88% of the ADC. Bringing the MTA plan to full funding will require a substantial increase in funding.

Exhibit 15
Comparing the MTA Pension Plan's Financial Health to the
State Pension System
Fiscal 2017

<u>Indicator</u>	<u>MTA Pension</u>	<u>State Pension System¹</u>
Funded Ratio	40.9%	70.9%
Percent of Actuarial Determined Contribution Budgeted	70.9%	108.2%
Actuarial Determined Contribution Percent of Payroll	45.7%	17.6% ²

MTA: Maryland Transit Administration

¹ State Pension System includes the Employees' Combined System, Teachers' Combined System, State Police, Judges, and Law Enforcement Officers' Pension System. Data is State-only and excludes participating governmental units.

² The contribution rate is used for the State pension system.

Source: Bolton Partners' *Maryland Transit Administration Pension Plan Actuarial Valuation*; State Retirement Agency

Issues and Recommendations

After reviewing the MTA pension plan and comparing it to the SRA-administered pension plans, the Department of Legislative Services (DLS) raises the following issues and makes several recommendations.

Annual Appropriations Are Less Than the ADC

One reason that the MTA pension plan has such a low-funded ratio is that its budget does not fully fund the ADC. Since fiscal 2015, MTA has consistently underfunded its pension plan. This is

treated as a loss and increases the ADC in the out-years. By contrast, the State pension system has begun to overfund pensions administered by SRA. The State pension system's actuary also prepares an estimate of the ADC for each year's budget. For example, in fall 2017, the actuary estimated the ADC for fiscal 2019. This rate, including the supplemental payment, was used to prepare the fiscal 2019 budget that the Governor submitted to the General Assembly. **DLS recommends that the MTA actuary estimate the ADC each fall for the budget year and that MTA fully fund that amount when preparing the budget.**

Open and Closed Amortization Periods

When there is a pension loss or gain, an increase or diminution in benefits, or a change attributable to demographic or economic assumptions, the actuary amortizes the increase or decrease over a specified period. In both the SRA and MTA pension plans, this period is 25 years.

While the amortization period is the same length, it is applied differently between the SRA and MTA plans. SRA has adopted a closed period. This means that all increases and decreases are amortized to the same fixed year. For State pensions, this is fiscal 2039. The result is that the number of years over which losses are amortized is reduced each year, resulting in higher payments, which gets the State to full funding sooner.

By contrast, the MTA pension has an open amortization period. Under this approach, every gain or loss is amortized over 25 years. For example, the fiscal 2017 contribution was \$17 million less than the ADC. This loss is amortized over 25 years in the MTA plan. In the State plan, this would be amortized from fiscal 2019 to 2039, which is 21 fiscal years. Since the amortization period is shorter, the State approach results in higher payments and reduces the unfunded liability more quickly.

The key question is which approach, open or closed, is better. The SRA actuary, among many others, recommends the closed approach. The problem with the open approach is that the plan never achieves 100% funding by a specific date; in fact, the MTA plan never gets to 100% since every loss is amortized over 25 years. The losses from fiscal 2016 will be fully amortized by fiscal 2041, but over the next quarter century, there will be additional losses that will still be amortized, so that by fiscal 2041, the plan still will not be 100% funded. Unless the plan experiences a quarter century without any losses, it cannot achieve full funding in an open system.

One concern about the closed approach is that gains and losses are magnified as the State gets closer to the closing fiscal year. This can result in substantial swings in the ADC that complicates budgeting. In spite of this concern, SRA has adopted a closed system so that the unfunded liability is reduced more quickly. **DLS recommends that the MTA pension plan adopt a closed amortization period.**

Annual Review of the MTA Pension Plan

Pension issues are reviewed by the General Assembly's Joint Committee on Pensions. This committee is comprised of eight members of the Maryland Senate and eight members of the Maryland House of Delegates. This committee actively examines pension issues, but it has not reviewed the

MTA pension plan. **To provide transparency, DLS recommends that the Joint Committee on Pensions review MTA pension issues annually.**

Enhancements Have Been Made to the MTA Pension Plan While Other Pension Plans' Benefits Were Reduced

Another reason for the MTA plan's low-funded rate is that collectively bargained benefits have increased liabilities in recent years at a time when other pension plans are reducing benefits. For example, removing a monthly limit on pension payments added \$91 million to the pension liability. The plan also includes overtime earnings in the salary calculations, which can add as much as \$12,000 to the average employee's annual average compensation. The employee contribution is also less than one-third of the contribution paid by State employees on the State plans. In recent years, the State has implemented reforms to reduce the multiplier, increase the vesting period, increase employee contributions, and increase State contributions. Slowly, these reforms are improving the funded status of SRA-administered pensions while maintaining viable retirement benefits for State employees. The reforms did not affect the MTA plans. **DLS recommends that the State seek similar concessions through collective bargaining with MTA unions. The State should avoid making concessions that add to the unfunded liability.**

2. Baltimore Metro System Shut Down for Emergency Track Repair

MTA began an emergency shutdown of the Baltimore Metro system beginning on Friday, February 9, 2018, in order to perform emergency repairs on the above-ground portions of the tracks near Owings Mills and to conduct an inspection of the underground portions of the tracks to ensure that the system could be operated safely. The original shutdown was expected to last through the weekend, but problems identified with the track gauge, particularly on 11 curves throughout the system, led MTA to decide to keep the system closed for an extended period to allow tracks along the whole system to be repaired. The shutdown is expected to last for approximately one month.

Planned track maintenance was scheduled for summer 2018 but MTA decided that safe operation of the system could not be assured without immediate fixes. While an emergency shutdown is absolutely preferable to any kind of train derailment or other accidents that can occur if the tracks are not adequately maintained, an unplanned shutdown of this duration points to deficiencies in the MTA inspection and maintenance program that need to be rectified. **MTA and the Secretary's Office, which is the State Safety Oversight Authority for both the Light Rail and Metro systems, should brief the committees on:**

- **changes to the MTA inspection and maintenance program that are needed to ensure that emergency shutdowns will not be required in the future;**
- **the timeframe for making the needed changes; and**

- **whether additional resources will be required to ensure the safe operation of MTA's transit systems.**

3. Board of Public Works Agenda Submissions Highlight Procurement Issues

In fall 2017, MTA sought Board of Public Works approval for at least 27 agenda items that detailed more than \$5.4 million in spending for which no valid contract had existed and almost \$6.8 million in spending for which retroactive approval of contracts or contract modifications was being sought. These items covered periods as far back as May 2006 and as recently as March 2017 and for durations in spending of up to 136 months. **MTA should brief the committees on the status of its procurement oversight efforts and what changes have been made to ensure these problems do not reoccur.**

4. BaltimoreLink Implementation Report Pending

Committee narrative in the 2017 *Joint Chairmen's Report* (JCR) asked MTA to submit a report evaluating the first six months of bus operations under the BaltimoreLink transit initiative. The sixth month of operation was December 2017, but MTA submitted an extension request to allow it time to analyze the data that it had collected during the first six months of operations. MTA has not yet submitted the requested report. **MTA should brief the committees on its findings regarding the first six months of operation of BaltimoreLink.**

Operating Budget Recommended Actions

1. Adopt the following narrative:

Maryland Transit Administration Pension Plan: It is the intent of the budget committees that an actuarially determined contribution for the Maryland Transit Administration (MTA) pension plan for the subsequent fiscal year be calculated each fall and that MTA fully fund that amount when preparing its budget. In determining contribution amounts, the actuary should use a closed amortization period ending no later than 2045.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Purple Line Slated for Revenue Service by the End of Calendar 2022

After a delay of over a year due to litigation, construction on the Purple Line began on August 28, 2017. This followed the August 22, 2017 award by the Federal Transit Administration (FTA) of a Full Funding Grant Agreement (FFGA) based on a FFGA project cost of \$2.4 billion. Pursuant to the FFGA, FTA is providing \$900 million in Section 5039 Capital Investment Grants Program New Starts funds. The remainder of the FFGA eligible project costs are to be provided from the following sources:

- \$36 million – FTA Section 5307 Urbanized Area Formula Grant funds;
- \$440.3 million – Transportation Trust Fund funds; and
- \$1 billion – private equity and funds borrowed by the public-private partnership concessionaire.

According to the December 2017 Purple Line Profile report posted on the FTA website, the Revenue Service Date for the Purple Line is December 31, 2022.

2. Transit Growth and Development Plans

Committee narrative in the 2017 JCR asked MTA to submit a report on the status of its efforts to create growth and development plans for its modes of service other than commuter rail (for which a plan already exists). MTA reported on the expected completion dates for these plans.

In 2013, MTA developed a growth and investment plan for the MARC train service for 2013 to 2050 to inform the public of its operating and capital planning. In fiscal 2017, MTA began the process of developing similar plans, known as Long Range Plans (LRP), for its other modes of service. These include Metro SubwayLink, Light RailLink, CityLink, LocalLink, Express BusLink Service, MobilityLink (Paratransit), and Commuter Bus. MTA is also updating its current LRP for MARC train service.

The status of each LRP is as follows:

- ***Commuter Bus:*** This plan will be completed and available to the public in spring 2018.
- ***Light RailLink:*** This plan will be completed and available to the public in spring 2018.
- ***CityLink, LocalLink, and Express BusLink Service:*** This plan will begin development in spring 2018.

J00H01 – MDOT – Maryland Transit Administration

- ***MARC Train:*** This plan will be completed and available to the public in spring 2018.
- ***Metro SubwayLink:*** This plan will be completed and available to the public in spring 2018.
- ***MobilityLink (Paratransit):*** This plan will begin development in spring 2018.

Appendix 1
Current and Prior Year Budgets
MDOT – Maryland Transit Administration
(\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2017					
Legislative Appropriation	\$0	\$727,431	\$59,501	\$0	\$786,932
Deficiency Appropriation	0	24,515	1,468	0	25,982
Cost Containment	0	0	0	0	0
Budget Amendments	0	28,280	0	0	28,280
Reversions and Cancellations	0	-1	-748	0	-748
Actual					
Expenditures	\$0	\$780,225	\$60,221	\$0	\$840,446
Fiscal 2018					
Legislative Appropriation	\$0	\$768,592	\$59,501	\$0	\$828,093
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Working					
Appropriation	\$0	\$768,592	\$59,501	\$0	\$828,093

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 Maryland Transit Administration (MTA) closed out \$53.5 million higher than the legislative appropriation. Deficiency appropriations added special funds totaling \$24.5 million and federal funds totaling \$1.5 million. The majority of the special fund deficiencies (\$20.9 million) implemented the salary increases agreed to in MTA's collective bargaining agreement and provide funding for additional temporary help. The federal fund deficiency and \$3.6 million of the special fund deficiency provided funding for the new Takoma Park/Langley transit center and for expanded Commuter Bus service. Special fund budget amendments added a net \$28.3 million. These additions were slightly offset by year-end cancellations totaling \$747,540 due primarily to lower than anticipated spending for the Takoma Park/Langley transit center.

The special funds added by budget amendment were for the following purposes:

Bus operations – maintenance	\$10,162,135
Bus operations – turnover not achieved	6,354,873
Maryland Area Regional Commuter contractual services and ground maintenance	5,785,643
Bus operations – overtime	3,260,319
Bus operations – supplies	1,635,488
Transit administration – advertising	1,455,129
Transit administration – insurance	353,074
Transit administration – medical services	286,418
Bus operations – diesel	62,987
Lower than anticipated spending on contractual services in the Locally Operated Transit Systems program	-1,836,079
Total	\$27,519,987

Fiscal 2018

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

Appendix 2
Object/Fund Difference Report
MDOT – Maryland Transit Administration

<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	3,293.50	3,273.50	3,273.50	0.00	0%
02 Contractual	16.00	16.00	16.00	0.00	0%
Total Positions	3,309.50	3,289.50	3,289.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 344,022,103	\$ 340,074,089	\$ 347,118,084	\$ 7,043,995	2.1%
02 Technical and Spec. Fees	1,110,267	1,136,586	1,136,586	0	0%
03 Communication	1,955,358	1,210,718	1,210,718	0	0%
04 Travel	720,565	434,855	434,855	0	0%
06 Fuel and Utilities	12,616,873	14,254,374	12,965,706	-1,288,668	-9.0%
07 Motor Vehicles	69,721,568	60,150,201	60,771,441	621,240	1.0%
08 Contractual Services	305,348,189	310,378,234	323,677,019	13,298,785	4.3%
09 Supplies and Materials	8,137,334	5,643,653	5,643,653	0	0%
10 Equipment – Replacement	104,952	111,490	111,490	0	0%
11 Equipment – Additional	5,416	130,635	130,635	0	0%
12 Grants, Subsidies, and Contributions	87,971,725	86,659,042	88,099,042	1,440,000	1.7%
13 Fixed Charges	8,731,819	7,909,238	8,010,882	101,644	1.3%
Total Objects	\$ 840,446,169	\$ 828,093,115	\$ 849,310,111	\$ 21,216,996	2.6%
Funds					
03 Special Fund	\$ 780,225,474	\$ 768,592,451	\$ 789,809,447	\$ 21,216,996	2.8%
05 Federal Fund	60,220,695	59,500,664	59,500,664	0	0%
Total Funds	\$ 840,446,169	\$ 828,093,115	\$ 849,310,111	\$ 21,216,996	2.6%

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 – Maryland Transit Administration

<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 Transit Administration	\$ 58,961,098	\$ 87,513,352	\$ 91,689,329	\$ 4,175,977	4.8%
02 Bus Operations	384,008,498	429,277,794	441,203,391	11,925,597	2.8%
04 Rail Operations	257,223,055	222,570,000	226,645,422	4,075,422	1.8%
05 Facilities and Capital Equipment	571,279,717	597,946,000	743,296,000	145,350,000	24.3%
06 Statewide Programs Operations	140,253,518	88,731,969	89,771,969	1,040,000	1.2%
08 Major Information Technology Development Projects	5,190,456	6,580,000	3,500,000	-3,080,000	-46.8%
Total Expenditures	\$ 1,416,916,342	\$ 1,432,619,115	\$ 1,596,106,111	\$ 163,486,996	11.4%
Special Fund	\$ 1,057,642,361	\$ 940,631,451	\$ 1,124,314,447	\$ 183,682,996	19.5%
Federal Fund	359,273,981	491,987,664	471,791,664	-20,196,000	-4.1%
Total Appropriations	\$ 1,416,916,342	\$ 1,432,619,115	\$ 1,596,106,111	\$ 163,486,996	11.4%

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
Maryland Transit Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Projected	\$3,600,000	Special	Provide funds for the settlement of fuel costs to TransDev Services, Inc., approved by the Maryland State Board of Contract Appeals on October 18, 2017.

Source: Maryland Department of Transportation

Appendix 5
Budget Amendments for Fiscal 2018
Maryland Department of Transportation
Maryland Transit Administration – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	-\$106,151,806	Special	Adjusts the amended appropriation to agree with the final fiscal 2018 to 2023 <i>Consolidated Transportation Program</i> .
	76,436,000	Federal	
	-\$29,715,806	Total	

Source: Maryland Department of Transportation