

JH.01
Transit Overview
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	FY 01	FY 02	FY 03		% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
Special Fund	\$433,923	\$458,783	\$471,138	\$12,356	2.7%
Federal Fund	<u>13,472</u>	<u>29,910</u>	<u>45,027</u>	<u>15,117</u>	<u>50.5%</u>
Total Funds	\$447,395	\$488,692	\$516,165	\$27,473	5.6%

- A \$1.1 million special fund deficiency is provided to support increased security activity in response to the September 11, 2001, terrorist attacks.
- The \$15.1 million, or 50.5% federal fund increase is due to MTA transferring federal funds from the capital budget to support operational preventative maintenance, as allowed by the Transportation Equity Act for the 21st Century.

Paygo Capital Budget Data

(\$ in Thousands)

	Fiscal 2001	Fiscal 2002		Fiscal 2003	
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Request</u>	<u>Allowance</u>
Special Fund	\$126,481	\$119,357	\$172,239	\$240,365	\$211,852
Federal Fund	\$118,014	\$207,583	\$154,833	\$213,108	\$204,574
Other Funds	\$11,500	\$61,700	\$21,100	\$3,000	\$1,300
Total	\$255,995	\$388,640	\$348,172	\$456,473	\$417,726

Note: Does not include \$62.7 million in federal funds directly received by WMATA for Maryland's share.

- The fiscal 2003 allowance increases by \$69.5 million, or 20.3% over the fiscal 2002 working appropriation; the Transit Initiative contributes \$13.8 million, or 3.8% to this rise in cost.
- Washington Metropolitan Area Transit Authority (WMATA) capital subsidy, exclusive of the Transit Initiative, increases by \$24 million, or 6.8% due to acceleration of the Addison Road Extension project and changes in federal funding.
- Seven new projects totaling \$62.7 million were added to the 2002 *Consolidated Transportation Program*.

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

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Personnel Data

	<u>FY 01 Actual</u>	<u>FY 02 Working</u>	<u>FY 03 Allowance</u>	<u>Change</u>
Regular Positions	2,919.00	3,133.00	3,182.00	49.00
Contractual FTEs	<u>38.00</u>	<u>38.00</u>	<u>38.00</u>	<u>0.00</u>
Total Personnel	2,957.00	3,171.00	3,220.00	49.00

Vacancy Data: Regular Positions

Budgeted Turnover: FY 03	277.47	8.72%
Positions Vacant as of 1/14/02	251.00	8.01%

Note: Reflects personnel data for all operating and PAYGO capital positions.

- The fiscal 2003 allowance includes four new MTA police positions to relieve officers of communications and administrative duty.
- The allowance also includes 42 new positions to carry out Federal Railroad Administration mandates and three new positions for MTA's Safety Initiative.

Analysis in Brief

Issues

MTA Will Not Be Able to Meet Farebox Recovery Requirements: Farebox recovery rates will remain at 40% between fiscal 2001 and 2004, after which time it will begin to decline below the legislatively mandated minimum limit at a rate of 5.6% annually. **The Department of Legislative Services (DLS) recommends that MTA brief the committees on why currently provided services are unable to recover at least 40% of their operating costs, and what MTA is doing to improve farebox recovery rates.**

Parity Analysis: Starting in fiscal 2001, the Washington region receives a 21.5% annual increase in its total State subsidy, compared to the Baltimore region's 12.2% annual increase. **MTA should discuss the differences in funding to these areas, given that it defines parity as providing both regions with an equal amount of State subsidy.**

Status of Metro Rail Car Mid-life Overhaul: Delivery of the first pair of rehabilitated rail cars is 17 weeks late, and the second pair of rail cars is expected to be 13 weeks behind schedule. **MTA should brief the committees on what actions it is taking to ensure that delivery of the rail cars to be rehabilitated will be accomplished by the required January 2004 deadline.**

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Bus Rapid Transit Should Be Considered as an Alternative to Metro Expansion: MTA proposed a plan to expand the current infrastructure of the Baltimore Metro to bring services to the areas that surround Baltimore City. **DLS, concerned that MTA did not fully exhaust alternative transit systems options prior to endorsing the plan, recommends budget bill language prohibiting MTA from expending funds for the Metro expansion, and requests that MTA submit a comparative cost/benefit analysis of the proposed expansion and alternative transit systems.**

Total Maglev Costs Are Unknown: Costs and local jurisdictions concerns are unresolved issues pertaining to development of a Maglev system. **DLS recommends that the committees adopt language prohibiting MTA from expending funds for the Maglev study until it can provide information to the committees regarding funding sources for its construction, the costs and benefits to the State and affected local jurisdictions, and what actions it has taken to address local jurisdictions' concerns.**

Operating Budget Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add language requiring the Maryland Department of Transportation to provide Transit Initiative cash flow statements with its annual budget submission.		
2. Reduce funds for travel to the fiscal 2002 working appropriation level.	\$ 16,135	
3. Reduce funds for telephone expenses across the entire Maryland Transit Administration to the three-year actual average.	\$ 141,203	
4. Reduce funds for contractual services in the administration budget to the three-year actual average.	\$ 97,313	
5. Reduce funds in bus operations for equipment purchases.	\$ 76,574	
6. Reduce funds for supplies and materials in bus operations to the fiscal 2002 working appropriation level.	\$ 301,671	
7. Reduce funds for motor vehicle maintenance and repairs for the bus operations to the three-year actual average.	\$ 602,250	
8. Reduce funds for equipment purchases for rail operations to the fiscal 2002 working appropriation.	\$ 131,529	
Total Reductions	\$ 1,366,675	

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Capital Budget Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add budget language prohibiting the Maryland Transit Administration from expending funds to expand the Baltimore Metro system.		
2. Add budget language directing the Maryland Transit Administration to study the proposed Maglev line until it can determine funding sources for its construction, the costs and benefits to the State, and local jurisdictions' concerns.		
3. Delete funds for the Neighborhood Conservation program.	\$ 1,275,000	
4. Reduce funds for advertising and office assistance to the three-year average of actual spending.	\$ 87,454	
Total Reductions	\$ 1,362,454	

Updates

Status of Rail Construction Projects: MTA is considering eight new rail construction projects, four of which are in the Washington DC area, while the other four projects are based in Baltimore. Two of the proposed projects are discussed under the *Issues* section.

Free Transit Performance Measures: The status of the pilot project offering free transit for State employees in the Baltimore region is discussed.

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Budget Analysis

Program Description

The Maryland Department of Transportation (MDOT) supports transit in Maryland through the Maryland Transit Administration (MTA) and the Washington Metropolitan Area Transit Authority (WMATA). The MTA consists of the following operating budget programs:

- **Transit Administration** provides executive direction and support services for the MTA.
- **Bus Operations** manages bus service in Baltimore City and surrounding counties. These services include the operation of fixed route and paratransit lines and contracting with commuter and paratransit service providers.
- **Rail Operations** includes the Baltimore Metro heavy rail line and Baltimore area light rail lines, and the management of the Maryland Rail Commuter (MARC) contracts with Amtrak and CSX Transportation.
- **Statewide Operations** provide technical assistance and operating grants to local jurisdictions' transit services, including Montgomery County's *Ride On* and Prince George's County's *The Bus*. Additionally, the program contracts with private carriers to operate commuter bus services throughout the state into Washington, DC. Assistance is also provided to the Maryland and Delaware Railroad to maintain State-owned rail lines.

The State provides an annual operating grant to the Washington Suburban Transit Commission (WSTC) in the Secretary's Office budget. WSTC provides funding to WMATA for the operation of the Metrorail and Metrobus systems. These operating grants are based on numerous factors, including hours, miles, passengers, and population in each jurisdiction, and are offset by fare revenues generated by each service.

Proposed Deficiency

MTA requests \$1,140,017 to supplement its fiscal 2002 working appropriation. These special funds would support increased security activity in response to the September 11, 2001, terrorist attacks. Specifically, \$102,927 would provide for an increase in contractual security services, including items such as keyless entries and security gates, while \$1,037,090 would supplement increased overtime costs for MTA Police responsible for ensuring the safety at all MTA facilities.

Cost Containment

The total effect of the fiscal 2002 cost containment savings is a \$4,849,519. Reductions in nonpersonnel items for all MTA operations total \$2,728,763, of which \$938,000 are reductions to Transit Initiative operations. Reductions to the WMATA operating grant totaled \$1,595,352. Savings due to the hiring freeze, which applies to all positions except MTA Police units, account for \$225,404 of this amount.

Governor's Proposed Operating Budget

MTA's fiscal 2003 allowance is \$516.2 million, which represents an increase of \$27.5 million, or 5.6% over the fiscal 2002 working appropriation. **Exhibit 1** shows that this increase is attributable to WMATA operating services (\$8.2 million), continuation of the Transit Initiative (\$11.1 million), a new safety program to fulfill a Federal Railroad Administration (FRA) mandate (\$2.4 million), MTA personnel costs (\$1.5 million), and other MTA costs (\$2.4 million).

MTA Transit Administration

The transit administration's fiscal 2003 allowance is \$35.1 million, which is an increase of \$2.9 million, or 9% over the fiscal 2002 working appropriation. Significant changes occur in personnel (\$1.2 million) and contractual service costs (\$1.3 million) and can be attributable to MTA's Safety Initiative and the Consolidated Transportation Information Processing Plan (CTIPP).

MTA is providing \$709,612 to upgrade its Safety Department to comply with Federal Transportation Administration guidelines and recent National Transit Safety Board (NTSB) and American Public transportation Association (APTA) reports. These funds will allow MTA to:

- hire three additional safety officers;
- write standard operating procedures; and
- contract for third-party safety compliance audits of safety standards.

CTIPP is MTA's portion of MDOT's six-year computer plan. It provides the technologic architecture for SmartCard fareboxes and geographic positioning systems (GPS) for better scheduling and routing of buses and trains. The fiscal 2003 allowance includes funding for the following expenses:

- **Hardware Maintenance** – desktop computers and systems throughout the MTA;
- **Software Maintenance** – MTA systems including train control and communications;
- **Office Automation** – replacement of desktop computers;
- **Scheduling Support** – ongoing support for the use of up-to-date technology for route scheduling; and
- **Web Design and Maintenance** – development and support for the MTA web site.

Exhibit 1

**Governor's Proposed Budget
Transit Operations
(\$ in Thousands)**

How Much It Grows:	Special Fund	Federal Funds	Total
2002 Working Appropriation	\$458,783	\$29,910	\$488,692
2003 Governor's Allowance	471,138	45,027	516,165
Amount Change	\$12,356	\$15,117	\$27,473
Percent Change	2.7%	50.5%	5.6%

Where It Goes:

MTA Personnel Expenses (Excluding New Positions)

Annual salary review and information technology (IT) bonuses	\$1,314
Workers' compensation premium assessment increase	1,173
Annualized fiscal 2002 general salary increase and fiscal 2003 increments	727
Employee and retiree health insurance costs decrease	(124)
Decreases to deferred compensation match and other fringe benefits	(356)
Turnover adjustments and \$150,269 in hiring freeze savings	(1,228)
Subtotal Personnel Increase	\$1,506

WMATA Grant Increase

WMATA operating cost increase, not including Transit Initiative costs	6,824
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Major Programmatic Changes and New Initiatives

Transit Initiative	11,140
42 new positions and operating costs to meet FRA mandates for enhanced light rail safety measures and increased MARC inspections	2,423
Increase in lease payments for the Baltimore/Washington International (BWI) Airport MARC garage expansion	1,355
Safety Initiative – includes three new positions and operating costs to implement NTSB and APTA safety recommendations (Transit Administration)	710
MARC line to Frederick extension opened December 2001	433
Continued implementation of CTIPP (Transit Administration)	363

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Where It Goes:

Four new positions and operating costs for MTA Police Department communications and administration to free police officers for street duty and patrols 129

Other Nonpersonnel Changes

Replacement of 17 sedans and 29 light trucks and vans (LTVs); increased motor vehicle fuel costs and maintenance costs; net motor vehicle costs for Safety Initiative 1,323

Increase in fuel and utilities costs 1,036

Inflationary increase in the costs of supplies and material 262

Increase in janitorial contract with Baltimore Association of Retarded Citizens (BARC) to add safety flagmen to light rail and metro cleaning crews 76

Continuation of nonpersonnel cost containment actions (416)

Miscellaneous changes 309

Total **\$27,473**

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

MTA Bus Operations

The fiscal 2003 allowance for bus operations is \$159.1 million, which includes a \$5 million, or 3.3% increase over the fiscal 2002 working appropriation. The primary contributor to this increase occurs in personnel expenses and totals \$3.3 million. While the number of positions remains unchanged, regular earnings increase by \$1.3 million, or 1.7%. Part-time employees also receive an increase of \$1.7 million, which is nearly twice what expenses are in fiscal 2002. The rise in part-time employee payments is mitigated by a \$1.7 million decline in overtime expenses. Other significant changes include an increase of \$656,756 in fuel and utility costs and the purchase of 16 replacement motor vehicles and related maintenance and gasoline costs, which add \$675,232 to MTA’s base budget. The majority of other nonpersonnel costs are budgeted at fiscal 2001 actual spending levels with a 2.5% inflationary adjustment.

MTA Rail Operations

The fiscal 2003 allowance for rail operations is \$120.9 million, which includes a \$4 million increase over the fiscal 2002 working appropriation. Rail operations implement or annualize three new initiatives in fiscal 2003:

- the new MARC service to Frederick;

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- enhanced security and policing efforts; and
- creation of a new program to fulfill FRA safety regulations.

The Frederick service will cost approximately \$2.1 million annually. Significant annual costs include \$759,134 for access to the train tracks, \$295,000 for contracted overnight car and locomotive maintenance, and \$528,763 for train crew personnel costs. As this service was finalized and operating in fiscal 2002, the annualized cost increase between the fiscal 2002 working appropriation and the fiscal 2003 allowance is \$433,000.

MTA rail operations request an additional \$129,167 for more communications and administrative support for the MTA Police force. These four new positions would alleviate officers from office duty and allow more security coverage at MARC, light rail, and Metro lines and stations. Additionally, MTA partners with police departments in local jurisdictions to provide security services. These contracted costs rise \$244,141 in fiscal 2003 over the base budget, due to the expanded Frederick service and in response to the September 11, 2001, terrorist attacks.

In response to recent accidents concerning the light rail station at BWI, and also to federal mandates to improve safety on rail tracks shared with freight lines, MTA is initiating a new program to allow rail services to meet FRA guidelines. This program is expected to cost \$2.4 million in fiscal 2003 and includes the addition of 42 new repairmen, an operator, and administrative and systems maintenance supervisor positions. The personnel component of this program is expected to cost \$1.7 million, while other costs for contractual services, training, uniforms, and tools are estimated to be \$718,134.

Finally, lease payments for the MARC garage at BWI increase by \$1.3 million over the fiscal 2002 working appropriation amount of \$1.7 million. This increase reflects the repayment of Certificates of Participation that partially funded the garage's expansion, which will be completed in fiscal 2002.

MTA Statewide Operations

MTA's statewide program's spending is budgeted in fiscal 2003 to be \$68.4 million, which is \$7.3 million, or 12% more than the fiscal 2002 working appropriation. This program provides a variety of operating assistance to locally operated transit systems (LOTS) through a mixture of state and federal grants. Additionally, the State's contribution to Montgomery County and Prince George's County's bus programs has been moved from the WMATA operating grant into the statewide program. However, the significant rise in the statewide operation budget over the fiscal 2002 working appropriation can be attributed to the continuation of the Transit Initiative in fiscal 2003, which is expected to increase approximately \$6.7 million.

WMATA Operating Grant

The Transportation Secretary's Office will provide \$124.5 million for the State's share of operating costs for the WMATA Metrorail and Metrobus system. The allowance is \$8.2 million, or 6.6% greater than the fiscal 2002 working appropriation. **Exhibit 2** provides a summary of the causes for the subsidy increase.

Exhibit 2

**Fiscal 2003 Proposed WMATA Subsidy Increase
(\$ in Thousands)**

<u>Justification</u>	<u>Amount</u>
Rise in diesel fuel costs	1,200
Inflationary increase for nonpersonnel expenses	1,000
Annualization of new bus services as part of the Transit Initiative	1,380
An approximate 10% increase in the cost of health care	4,000
MetroBus service adjustments to relieve overcrowded lines	724
Effect of revenue growth and audit adjustments	(6,000)
Salary increases for Amalgamated Transit Union Local 689 union members	5,900
Total	\$ 8,204

Source: Maryland Department of Transportation

The most significant cost increase is due to anticipated salary increases resulting from the Local 689 labor contract negotiations, which will commence in spring of 2002. Additionally, nonrepresented employees are expected to receive a four percent increase (combined step increase and the general salary increase). As in the MTA budgets for bus and rail operations, WMATA's operating budget reflects an increase in the allowance for diesel fuel in expectation of fuel costs rising in fiscal 2003. Finally, an increase of \$1.4 million represents the annualization of services for the Transit Initiative. These services include:

- Route B30 (*The BWI Express*);
- Route C18, Waldorf to Branch Avenue service (*Green Lightning*);
- Route Z9/Z29, Laurel to Silver Spring;
- Route B11, Rosslyn to Bethesda (*Bethesda Breeze*); and
- Route J4, College Park to Bethesda (*International Express*).

Performance Analysis: Managing for Results

The administration's Managing for Results (MFR) initiative attempts to provide agencies with a planning framework which identifies appropriate results and concentrates resources on achieving them. MFR provides a context for evaluating an agency's performance or outcomes, instead of evaluating the agency's resources or inputs. **Exhibit 3** shows MTA's performance indicators. The indicators focus on such areas as passengers, on-time performance, and costs.

MTA should address the following concerns:

- Bus ridership trends are declining, while Metro ridership is growing at an annual increase of 1.5%. Despite the implementation of the Transit Initiative, bus ridership levels anticipated in fiscal 2003 are less than actual ridership levels in fiscal 1999. MTA projects ridership gains for both bus (1.7%) and Metro (4.7%) in fiscal 2002 and 2003. However, fiscal 2001 bus ridership was almost 2 million less than expected. **The department should brief the committees on why bus ridership levels are not improving more significantly.**
- The percent of buses that arrive on-time is 72%, which is a rate that is, on average, 26% less timely than other transit modes. Furthermore, MTA projects no growth for timely bus service in fiscal 2002 and 2003. The Department of Legislative Services (DLS) is concerned that ridership will continue to decline in future years if bus service does not improve. **MTA should brief the committees on the reason for this lack of improvement in timely bus service and what efforts it is making to improve bus timeliness, especially given the rise in operating expenses due to additional bus services offered through the Transit Initiative.**
- Metro operating costs per passenger were declining in fiscal 1999 through 2001; however, MTA is projecting a cost increase for passengers in fiscal 2002 and 2003. Conversely, light rail costs have been increasing annually by 8.3%, yet MTA expects costs per passenger to grow at the slower rate of 3.3%. **MTA should brief the committees on the reasons why light rail costs for passengers will grow at a slower rate in future years, despite more accelerated cost growth in the past.**
- Paratransit costs for passengers have increased by 10.5% annually in fiscal 1999 through 2001, and would appear to continue rising in future years, except for an anomalous decline of 12% from fiscal 2001 to 2002. The fluctuation in cost per commuter bus passengers is even more erratic. **MTA should discuss the causes for these variances and what specific actions it is taking to manage costs for these modes.**
- Customers' feeling of safety at transit stops and stations and at MTA parking lots are declining by 9.5% and 4.8%, respectively. However, MTA is projecting increases of 13.4% and 8.3% for these items. Additionally, customers who feel safe while riding the bus, light rail, or Metro has grown 9.8%, yet, MTA expects customers' feeling of safety while riding these modes to decline by 6.3%. **MTA should brief the committees on the actions it is taking to improve customer safety at stops, stations, and parking lots. Also, MTA should provide its reason for expecting a decline in riders' feeling of safety despite growth in this area.**

Exhibit 3

**Program Measurement Data
Maryland Transit Administration
Fiscal 1999 through 2003**

	<u>Actual 1999</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Actual 2001</u>	<u>Est. 2002</u>	<u>Est. 2003</u>	<u>Ann. Chg. 99-01</u>	<u>Ann. Chg. 01-03</u>
Growth in Ridership (Thousands)								
Bus	72.6	71.5	72.0	70.1	72.8	72.5	-1.7%	1.7%
Metro	13.2	13.6	13.9	13.6	14.2	14.9	1.5%	4.7%
Light Rail ⁽¹⁾	8.6	8.7	8.7	8.5	8.7	8.5	-0.6%	0.0%
Paratransit	0.5	0.5	0.5	0.5	0.5	0.6	0.0%	9.5%
MARC	5.0	5.3	5.5	5.7	5.7	6.0	6.8%	2.6%
Contracted Commuter Bus	1.4	1.6	1.7	1.8	1.9	2.0	13.4%	5.4%
Total System	101.4	101.2	102.4	100.4	103.8	104.6	-0.5%	2.1%
Percent of On-time Service								
Bus	70.0%	71.0%	72.0%	72.0%	72.0%	72.0%	1.4%	0.0%
Metro	99.8%	99.8%	99.8%	99.2%	99.8%	99.8%	-0.3%	0.3%
Light Rail ⁽¹⁾	98.0%	98.0%	98.0%	99.7%	94.0%	94.0%	0.9%	-2.9%
MARC	94.0%	94.0%	94.0%	93.0%	94.0%	94.0%	-0.5%	0.5%
Operating Cost Per Passenger⁽²⁾								
Bus	\$1.88	\$1.80	\$1.97	\$2.01	\$2.02	\$2.15	3.4%	3.4%
Metro	2.70	2.70	2.83	2.67	2.90	2.85	-0.6%	3.3%
Light Rail	3.54	3.38	3.71	4.15	3.80	4.43	8.3%	3.3%
Paratransit	16.55	16.99	17.35	20.19	17.77	20.55	10.5%	0.9%
MARC	8.74	8.22	9.16	8.45	9.38	9.02	-1.7%	3.3%
Contracted Commuter Bus	6.64	7.28	6.96	8.06	7.13	8.60	10.2%	3.3%
Total System	\$2.58	\$2.48	\$2.70	\$2.79	\$2.77	\$2.98	4.0%	3.3%
Customer Safety and Security⁽³⁾								
Feeling safe while riding	n/a	3.4	3.4	4.1	3.4	3.6	9.8%	-6.3%
Feeling safe at stops/stations	n/a	3.3	3.3	2.7	3.3	3.5	-9.5%	13.9%
Vehicle safety at MTA parking lots	n/a	3.2	3.2	2.9	3.2	3.4	-4.8%	8.3%

Notes: ⁽¹⁾ Light Rail fiscal 2002 and 2003 goal reduced due to double track construction delays.

⁽²⁾ 2001 Actuals are estimates.

⁽³⁾ Based on results of Customer Service Satisfaction surveys; (Scale 5 = excellent, 1 = poor).

n/a denotes that fiscal 1999 data was not available; therefore, annual change for these items was computed using only 2000 and 2001 data.

Source: Maryland Transit Administration

WMATA Performance Measurements

During the 2001 session the committees adopted narrative requiring MTA to begin providing with its budget allowance WMATA performance data. The requested information is provided in **Exhibit 4**.

WMATA is expected to have 338 million riders in fiscal 2003, which is a 1.1% increase over expected ridership in fiscal 2002. An estimated 113 million of those riders are expected to travel in Maryland. WMATA anticipates total operating costs for Metrorail and Metrobus to grow by \$17 million, or 2.1% between fiscal 2002 and 2003. However, when the annualizations for WMATA-specific Transit Initiative programs are excluded, the State's subsidy for its share of WMATA's operating costs will rise by 5.5% for the same years. **DLS recommends that MDOT explain why Maryland's subsidy is growing at a faster rate than the total cost to operate the WMATA system.**

Total revenue miles are anticipated to increase modestly at an annual growth rate of 3.0%; however, past actual annual growth in revenue miles was a more aggressive 5.4%. Of particular concern is the decline in growth rate for Metrobus from 4.5% annually for fiscal 1999 through 2001, to a 3.0% growth in revenue miles that is expected in fiscal 2002 and 2003. **Given that the State will invest \$2.7 million for WMATA-specific Transit Initiative programs in fiscal 2003, MDOT should discuss why it does not anticipate future revenue mileage to grow as fast as or faster than in past years.**

Metrorail passengers per revenue mile is anticipated to decrease annually by 4% between fiscal 2002 and 2003. This decline can partially be explained by customers' reluctance to use Metrorail following the September 11, 2001, terrorist attacks. However, Metrorail passengers per revenue mile declined by 2.4% annually in fiscal 1999 through 2001. **Therefore, MDOT should brief the committees of other factors that it believes will cause fewer passengers to ride the Metrorail in future years.**

Exhibit 4

**Program Measurement Data
Washington Metropolitan Area Transit
Fiscal 1998 through 2003
Millions of Unlinked Passenger Trips**

	<u>Actual</u> <u>1999</u>	<u>Actual</u> <u>2000</u>	<u>Actual</u> <u>2001</u>	<u>Est.</u> <u>2002</u>	<u>Est.</u> <u>2003</u>	<u>Ann.</u> <u>Chg.</u> <u>99-01</u>	<u>Ann.</u> <u>Chg.</u> <u>02-03</u>
Annual Ridership							
Total Metrorail	\$155,103	\$163,274	\$166,002	\$186,211	\$184,413	3.5%	-1.0%
Total Metrobus	124,534	138,544	141,142	148,037	153,638	6.5%	3.8%
ADA	349	454	557	627	689	26.3%	9.9%
Total Annual Ridership	\$279,986	\$302,272	\$307,701	\$334,875	\$338,740	4.8%	1.1%
Maryland Annual Ridership							
Maryland Metrorail	52,751	55,203	57,038	65,677	65,042	4.0%	-1.0%
Maryland Metrobus	36,214	41,535	44,403	46,424	48,181	10.7%	3.8%
Total Maryland Annual Ridership	88,965	96,738	101,441	112,101	113,223	6.8%	1.0%
Modal Costs (in Thousands)							
Metrorail ⁽¹⁾	\$367,470	\$392,056	\$415,712	\$457,294	\$468,486	6.4%	2.4%
Metrobus	272,576	274,521	297,589	313,959	317,881	4.5%	1.2%
ADA	12,998	17,596	20,591	24,600	26,572	25.9%	8.0%
Total	\$653,044	\$684,173	\$733,892	\$795,853	\$812,939	6.0%	2.1%
Maryland's Appropriation Grant	\$115,948	\$122,164	\$113,889	\$124,461	\$132,665	-0.9%	6.6%
Revenue Miles (in Thousands)							
Metrorail	48,794	49,700	54,799	61,435	63,278	6.0%	3.0%
Metrobus	32,726	33,965	35,730	39,232	40,409	4.5%	3.0%
Total	81,520	83,665	90,529	100,667	103,687	5.4%	3.0%
Passengers Per Revenue Mile							
Metrorail	3.18	3.29	3.03	3.03	2.91	-2.4%	-4.0%
Metrobus	3.81	4.08	3.95	3.77	3.80	1.8%	0.8%
Cost Per Revenue Mile							
Metrorail	\$7.53	\$7.89	\$7.59	\$7.44	\$7.40	0.4%	-0.5%
Metrobus	8.33	8.08	8.33	8.00	7.87	0.0%	-1.6%
Cost Per Trip							
Metrorail	\$2.37	\$2.40	\$2.50	\$2.46	\$2.54	2.7%	3.3%
Metrobus	2.19	1.98	2.11	2.12	2.07	-1.8%	-2.4%
ADA	37.24	38.76	36.97	39.23	38.57	-0.4%	-1.7%
Other Washington Area Bus Programs⁽²⁾							
Montgomery County – "Ride On"	19,855	20,568	21,100	22,100	23,500	3.1%	6.3%
Prince George's County – "The Bus"	1,048	1,281	1,550	1,800	1,950	21.6%	8.3%
Laurel – Corridor Transportation Corporation (CTC)	270	275	275	290	310	0.9%	6.9%
Total Other Bus Ridership	21,173	22,124	22,925	24,190	25,760	4.1%	6.5%

Notes: ⁽¹⁾ Excluded annual debt service of \$27 million.

⁽²⁾ These programs are now funded separately from WMATA in MTA's statewide Programs budget.

Source: Maryland Department of Transportation; Washington Area Metropolitan Transit Authority

Paygo Capital Program

Program Description

The Maryland Transportation Administration (MTA) and the Washington Metropolitan Area Transit Authority (WMATA) also have substantial capital programs. The Secretary's Office provides a grant for the WMATA capital program to design, construct, and rehabilitate its Metrorail and Metrobus systems. The State pays 100% of Maryland's share of Metrorail construction, maintenance, debt service, and paratransit retrofitting.

MTA's capital program provides funds to design, construct, rehabilitate, and acquire facilities and equipment for the bus, rail, and statewide programs. Funded items include the purchase of transit buses and rail cars; grade-crossing rehabilitation; and maintenance projects on State-owned light density lines. Additionally, the program provides State and federal grants to local jurisdictions and nonprofit organizations to purchase transit vehicles and equipment and to construct transit facilities.

The *Consolidated Transportation Program* (CTP) includes a Development and Evaluation program (D&E) and a Construction program. Generally, projects are first added to the D&E program to undergo evaluation by planners and engineers. The project may include right-of-way purchases and require Environmental Impact Statements. Spending on a project during the D&E phase usually totals less than 15% of the project cost. Projects are moved into the Construction program after necessary approvals have been received and adequate funding has been identified.

Fiscal 2002 to 2007 Consolidated Transportation Program

The net total decrease in the fiscal 2002 CTP over the 2001 CTP due to programmatic changes, new projects, and completed projects is \$231.1 million. Seven new projects totaling \$62.7 million were added to the 2002 CTP, compared to the 18 new projects totaling \$215.2 million that were added in the 2001 CTP. MDOT also adds \$262.1 million due to scope changes and revised scheduling of ongoing major construction and D&E projects. However, due to changes in project planning, MDOT reduced funding in the 2002 CTP by \$165.8 million. Finally, seven capital projects have been or will have been completed by fiscal 2003, providing a further total decrease in the 2002 CTP of \$390.1 million.

The seven new projects and their corresponding total project costs are described below:

- ***Phase Two of the Maryland-Delaware Railroad Rehabilitation and Improvements:*** The purpose of this project, which totals \$7.2 million, is to restore the integrity of the track bed and ensure the safe passage of trains with heavier freight cars by improving drainage, installing ties, and replacing ballasts.
- ***Light Rail Safety Upgrades:*** Improvements include upgrades to safety walks, railings, guardrails on bridges, electrical substations, various optic fiber work, and system status information. The total project amount is \$5.6 million.

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- ***Baltimore Metro Facilities Maintenance Building:*** This project, which totals \$13 million and is part of the Transit Initiative, provides for the construction of a new facilities maintenance and maintenance-of-way buildings near the Old Court Metro Station. Presently, Metro facilities consist of a number of trailers and leased space along Metro rail lines.
- ***Procurement of Lift-equipped Over-the-road Bus Coaches:*** The purpose of this project, which totals \$13 million, is to procure 33 commuter bus coaches that are equipped with wheel-chair lifts to service the Baltimore and Washington regions. These purchases will allow MTA to meet a federal Americans with Disabilities Act (ADA) mandate to provide equal transportation access to disabled citizens and is part of the Transit Initiative. Significant expenditures are anticipated to occur in fiscal 2003 and 2004.
- ***Largo Garage:*** This project, which totals \$4 million and is part of the Transit Initiative, provides for the construction of a 1,200-space parking structure at the Largo Metrorail Station and will include bus bays and a "Kiss and Ride" passenger drop-off area.
- ***Metrorail Purple Line Study:*** This study proposes an 18.4 mile extension to the WMATA Metrorail system between the New Carrollton and Bethesda Metrorail stations and totals \$18.9 million. The Purple Line study also incorporates \$8.3 million for the Georgetown Branch Transitway study, which proposes a 4.4 mile light rail line between the Bethesda and Silver Spring Metrorail stations.
- ***Parole Town Center Study:*** MTA will prepare a feasibility study and conceptual engineering designs for a transit center that would ease the transfer of transit services provided to the Parole area. The total cost of the study is \$1 million and will be expended in fiscal 2004 and 2005.

Nearly 70% of the increase in funds due to project scope changes is attributable to the Metrorail Equipment Rehabilitation and Replacement program, which had funds added for fiscal 2007 and new rehabilitation projects. Three 2001 Transit Initiative projects also experienced scope change increases. These projects are shown below with their corresponding total project amount increases:

- ***WMATA System Access Plan (\$19.4 Million):*** Various enhancements that comprise the WMATA System Access Plan (SAP) include 50 new Metrorail cars, 300 new Metrobuses, accelerated escalator overhaul and elevator maintenance, and expansion of train-car lengths, platforms, farebox equipment, and parking;
- ***SmartCard (\$4.9 Million):*** Statewide installation and implementation of new fareboxes that are able to utilize SmartCard technology. An additional \$3 million is provided for expansion of SmartCard fareboxes for use in the WMATA system; and
- ***Neighborhood Conservation (\$2.5 Million):*** Funds were added to the Neighborhood Conservation program for fiscal 2007.

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Of the projects that had funds reduced from their total costs due to project scope changes, two projects were significantly impacted:

- bus procurement, which experienced a decrease of \$75.3 million due to the procurement of 89 fewer buses from the previous year; changes in unit costs per bus; and one bus buy project being deleted from the six-year program; and
- the MARC maintenance facility program, which experienced a reduction in construction funds to allow for revised planning.

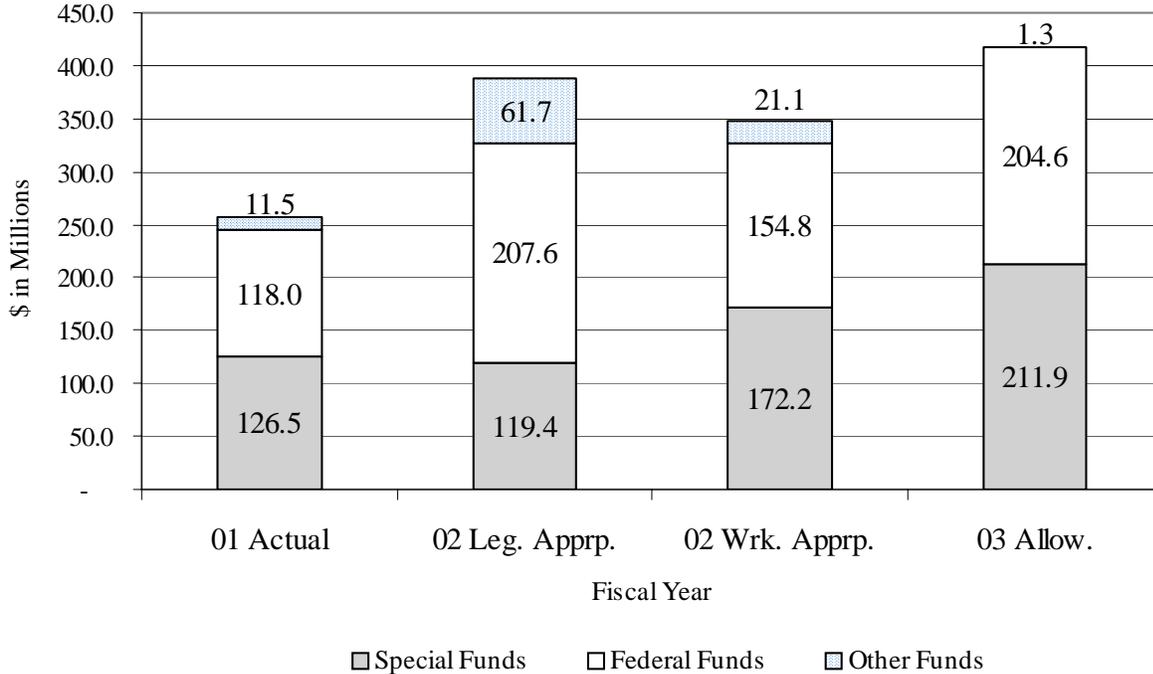
Total reductions to 2001 Transit Initiative projects equal \$8.8 million of all project funding decreases. Projects affected include Neighborhood Shuttle bus procurement (\$3.0 million), and grants to locally operated transit systems, or LOTS (\$5.8 million). These reductions occur, however, not so much as a response to the economic slow down, but rather revised shuttle bus contract estimates and project completions. In the 2001 CTP, \$4 million for the Largo garage construction was included in the LOTS funding. This project was moved out of the LOTS program into its own program in the 2002 CTP. However, no local jurisdictions' LOTS funding were affected by this transfer.

Fiscal 2002 and 2003 Cash Flow Analysis

Although the 2002 CTP indicates that the number and amount of funding for MTA and WMATA capital projects declined from the fiscal 2001 CTP, the majority of total project changes occur in future years. **Exhibit 5** presents the changes in cash flow between fiscal 2001 actual expenditures and the 2003 allowance. The fiscal 2003 allowance is \$417.8 million, which represents a \$69.7 million, or 20% increase over the fiscal 2002 working appropriation. More dramatically, the fiscal 2003 allowance increases \$161.8 million, or 63.2% over fiscal 2001 actual spending. This rise in anticipated spending assumes a \$39.7 million, or 23.1% increase in special funds, and a \$49.8 million, or 32.2% increase in federal funds. Other funding decreases by \$19.8 million, or 94% from the fiscal 2002 working appropriation. The cause of this reduction is the absence of Certificates of Participation revenue for the MARC Station Garage at BWI. The \$1.3 million in other funding expected in 2003 is local support for transit-related elderly and disabled persons services (\$100,000) and the Maglev study (\$1.2 million).

Exhibit 5

Fiscal 2002 to 2003 Cash Flow Changes



Notes: Includes \$1.3 million in local funding in support of Elderly and Disabled Persons Services (\$100,000) and the Maglev study (\$1.2 million).
Excludes WMATA federal funds not appropriated by the General Assembly.

Source: Maryland Department of Transportation; 2002 *Consolidated Transportation Program*

Exhibit 6 displays highlights of project cash flow changes between the fiscal 2002 legislative appropriation and the 2003 allowance. The majority of the increase seen in the fiscal 2003 allowance is attributable to projects that have changed in scope or are delayed. Fiscal 2003 capital funding for MDOT’s transit initiative accounts for only \$14.1 million of the increase over the fiscal 2002 working appropriation. New projects added to the 2002 CTP and budgeted in the fiscal 2003 allowance contribute \$12.1 million to the increase to the base budget.

Exhibit 6

Fiscal 2002 and 2003 Project Cash Flow Changes
 (\$ in Thousands)

	FY 02 Leg. Appr.	Change Leg. Appr. to Work. Appr.	Change Work. Appr. to Allow.	FY 03 Allow.
Projects and Phases Added to Capital Programs				
Maryland-Delaware Railroad Rehabilitation and Improvements – Part II	\$0	\$1,818	\$174	\$1,992
Purple Line Study ⁽²⁾	0	850	3,350	4,200
Light Rail Safety Upgrades	0	450	0	450
Metro Facilities Maintenance Building ⁽¹⁾	0	630	870	1,500
Procure Lift-equipped Over-the-road Coaches ⁽¹⁾	0	0	948	948
Largo Garage ⁽¹⁾	0	1,000	2,000	3,000
Changes in Scope				
Metro Rail Car Mid-life Overhaul	\$5,915	(\$815)	\$4,900	\$10,000
Bus Procurement for Neighborhood Shuttles ⁽¹⁾	3,000	300	(2,450)	850
Implementation of SmartCard and Bus Farebox Equipment ^{(1), (5)}	1,826	3,357	5,333	10,516
Bus Procurement	15,146	(10,509)	957	5,594
LOTS Capital Procurement Projects – Local Jurisdictions ^{(3), (4)}	25,096	(12,934)	1,283	13,445
Montgomery County Local Bus Program ^{(1), (6)}	0	4,175	1,105	5,280
Prince George's County Local Bus Program ^{(1), (6)}	0	4,800	(3,294)	1,506
Addison Road to Largo Town Center Metrorail Extension	120,000	(5,000)	47,100	162,100
WMATA Metrobus Capital	25,530	(700)	(1,800)	23,030
WMATA Metrorail Construction	45,711	155	(32,533)	13,333
WMATA System Access Plan ⁽¹⁾	7,583	(6,583)	16,166	17,166
Metrorail Equipment Rehabilitation and Replacement	44,800	(100)	11,090	55,790
Major Project Delays				
MARC Maintenance, Layover, and Storage Facilities	\$6,160	\$1,673	(\$5,342)	\$2,491
Silver Spring Transit Center and MARC Station Relocation	3,711	(711)	1,000	4,000

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	FY 02	Change Leg. Appr. to Work. Appr.	Change Work. Appr. to Allow.	FY 03 Allow.
Metro Owings Mills Joint Development	2,609	(2,359)	7,250	7,500
Light Rail Double Track	20,960	(15,773)	27,043	32,230
Minor Projects/System Preservation	\$50,300	\$5,900	(\$13,800)	\$42,400
Capital Salaries, Wages, and Other Costs	\$5,200	\$100	\$0	\$5,300
Other Ongoing Projects	\$5,093	(\$10,192)	(\$1,796)	(\$6,895)
Total	\$388,640	(\$40,468)	\$69,554	\$417,726

- Notes: ⁽¹⁾ Part of the Transit Initiative.
⁽²⁾ The Georgetown Branch Transitway study has been incorporated into the Purple Line study.
⁽³⁾ The fiscal 2002 legislative appropriation and the fiscal 2003 allowance include \$6.8 million and \$100,000, respectively, from local jurisdictions for elderly and handicap services.
⁽⁴⁾ The fiscal 2002 legislative appropriation also contains \$2.1 million in State funds as part of the Transit Initiative.
⁽⁵⁾ This project was two separate major projects in the fiscal 2002 legislative appropriation. Funding of the bus fare collection equipment is shown here for comparison purposes. The statewide SmartCard Implementation project did not have a fiscal 2002 legislative appropriation.
⁽⁶⁾ Previously included in WMATA Metrobus funding.
 WMATA amounts listed include federal funds received directly by WMATA on behalf of Maryland.

Source: Maryland Department of Transportation; 2002 *Consolidated Transportation Program*

Additionally, 12 projects will be completed prior to or during fiscal 2003. Costs associated with project finalization are \$22.9 million but represent a decrease of \$53.7 million over the fiscal 2002 working appropriation. Significant accomplishments include:

- Construction of the original 103 mile WMATA Metrorail system;
- MARC Frederick Extension;
- BWI MARC Station Garage – Phase II at BWI Airport;
- Baltimore Metro Subway – Section C (Northeast Extension);
- Mobility SmartCard Implementation;
- Greyhound Terminal at Penn Station;
- Redevelopment of 901 N. Howard Street; and
- Greenbelt Transit Oriented Development Right-of-Way Acquisition.

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Finally, a significant change occurs in the funding sources for the extension of the Metrorail Blue Line from Addison Road to Largo Town Center. Originally, funding for this project was to be provided by the Transportation Trust Fund (TTF) and Dedicated Purpose general funds. The State's share of this project is funded entirely in fiscal 2003 through the TTF.

WMATA Capital Grant

Fiscal 2003 funding for the WMATA capital program is \$284 million, which is \$40 million, or 16.4% greater than the fiscal 2002 working appropriation. MDOT expects to contribute \$221.2 million to WMATA in the budgeted fiscal year, which is \$54.8 million more than its fiscal 2002 working contribution. **Exhibit 7** provides details for this increase. Due to an accelerated schedule and the availability of more federal funding, the State expects to spend \$162.1 million in fiscal 2003 on the Addison Road to Largo Town Center Blue Line extension. Originally, the fiscal 2003 allowance for this project was to include \$89.9 million in Dedicated Purpose general funds. However, these funds were removed from this project in order to close the gap in the fiscal 2002 and 2003 general fund budgets. The TTF supports 100% of the State's share for the Blue Line Extension in fiscal 2003; however, MDOT assumes that Dedicated Purpose general funds will be available in fiscal 2004.

Transit Initiative Capital Expenditures

Exhibit 8 presents the cash flow changes between the fiscal 2002 and 2003 Transit Initiative spending plans. The fiscal 2003 allowance for capital programs in MDOT's Transit Initiative increases by \$3.6 million net over the fiscal 2002 legislative appropriation. A reduction of \$10.2 million occurs in fiscal 2002 primarily due to cost containment savings. However, total capital spending through fiscal 2007 decreases only by \$16.2 million, or 6.4% below the fiscal 2002 plan, which implies that funding originally targeted for fiscal 2002 and 2003 is moved into the future years of the Transit Initiative. The overall changes are partially due to the slowing pace of the economy. However, the largest reduction of \$32.7 million occurs in bus procurement spending, which is due largely to the fulfillment of two contracts for buses purchased in fiscal 1998 and 1999. Total funding for the Prince George's County Bus Program exhibits a decrease of \$4 million. Funds were transferred from this program to construct the Largo Metro Station Parking Garage. Programs with the largest gains in anticipated funding are the Statewide SmartCard and farebox implementation, which increases \$7.2 million over the fiscal 2002 working appropriation, and a \$4.3 million increase due to funds added to the fiscal 2007 Neighborhood Conservation program.

Exhibit 7

Fiscal 2003 Proposed WMATA Capital Grant Increase
Fiscal 2002 and 2003
(\$ in Thousands)

<u>Justification</u>	FY 02 Work. Appr.	FY 03 Allow.	Variance
Finalizing costs of completing the original 103-mile Metrorail System	\$45,866	\$13,333	(\$32,533)
Acceleration of Addison Road/Largo Blue Line extension schedule and an increase of \$15 million in federal funds	115,000	162,100	47,100
Debt service	9,741	9,741	0
Overhaul and replacement of 364 rail cars, renovation of station structures, purchase of rail support equipment and right-of-way maintenance ⁽¹⁾	44,700	55,790	11,090
Decrease of \$1.8 million in federal funds for Metrobus capital expenditures ⁽²⁾	24,830	23,030	(1,800)
Metrorail and Metrobus repairable parts program	1,770	1,770	0
Funding to support the WMATA SAP, which is part of the Transit Initiative	1,000	17,166	16,166
Miscellaneous changes	1,074	1,007	(67)
Total Changes	\$243,981	\$283,937	\$39,956
Net federal funds received directly by WMATA for Maryland's share	(\$77,500)	(\$62,700)	\$14,800
Total Maryland Contribution	\$166,481	\$221,237	\$54,756

Notes: ⁽¹⁾ The State receives \$60.1 million in Federal Congestion Mitigation and Air Quality Improvement (CMAQ) funds for this project.

⁽²⁾ The State receives \$16.3 million in CMAQ funds for the project.

Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation; Washington Metropolitan Area Transit Authority

Exhibit 8

Updated Capital Budget Transit Initiative Projects
Fiscal 2002 through 2007
(\$ in Thousands)

	FY 02 Leg. Appr.	FY 02 Work. Appr.	FY 03 Allow.	FY 04 - 07	Total Project Costs
WMATA Capital improvements	\$7,600	\$5,000	\$22,166	\$62,132	\$89,298
MTA statewide SmartCard implementation	-	4,591	6,547	46,835	57,973
MTA bus procurement	-	-	948	6,208	7,156
MTA Baltimore Metro System preservation	2,000	470	2,859	25,163	28,492
LOTS for local jurisdictions	6,800	5,390	1,702	12,750	19,842
Prince George's County service expansion	8,800	4,800	-	-	4,800
MTA neighborhood shuttle buses	3,000	3,300	850	850	5,000
Montgomery County Ride-on bus procurement	5,100	1,600	-	2,600	4,200
Automated stop announcement	1,000	100	2,000	2,300	4,400
Additional paratransit buses	1,000	-	-	2,140	2,140
MTA statewide bus corridor and smart growth studies	1,500	300	300	6,920	7,520
Largo parking garage	n/a	1,000	3,000	-	4,000
Light rail system preservation fund (State share only)	n/a	-	15	2,282	2,297
Total	36,800	26,551	40,387	170,180	237,118

Source: Maryland Department of Transportation

Issues

1. MTA Will Not Be Able to Meet Farebox Recovery Requirements

MTA is required to recover at least 40% of eligible net operating expenses for the bus and rail lines (Metro subway and light rail) under its jurisdiction through fares and other operating revenues. The law also mandates a separate 50% farebox requirement for MARC train service. The recovery rate was reduced from 50% to 40% in 2000 (Chapters 210 and 211, Acts of 2000). Since the enactment of the lower farebox recovery requirements, MTA's recovery rate continued to decline to the minimally established limit, as indicated in **Exhibit 9**.

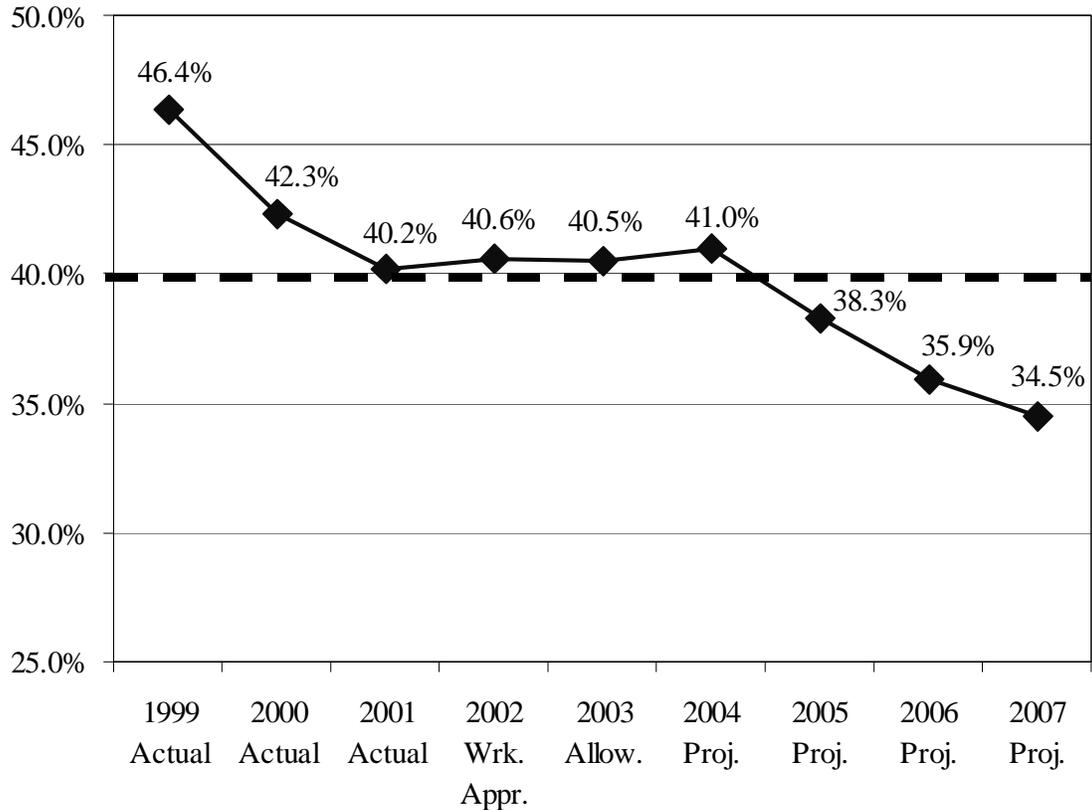
Chapter 568, Acts of 2001 (Transit Initiative) allowed MTA to reduce fares for weekly and monthly pass holders to encourage increased ridership. This act also exempted these fare reductions from the cost recovery requirement calculations from fiscal 2002 through 2005. New services initiated in fiscal 2002 also are exempt from the farebox recovery requirement. Therefore, the trend shown in Exhibit 9 between fiscal 2002 through 2005 represents a 2% annual decline in farebox recovery rates from services MTA is already providing at nonreduced fares. When fare reduction and new service exclusions expire, farebox recovery rates will continue declining at a 5.1% annual rate.

The Transit Initiative further provides that MTA hold fares for all current services at fiscal 2002 rates through fiscal 2005. This freeze on fares implies that transit revenues would not be keeping pace with inflation, which could help explain the modest decline in current service recovery rates for fiscal 2002 through 2005. However, this smaller anticipated decline is inconsistent with the actual declining cost recovery rates in prior years.

DLS recommends that MTA explain how it will maintain recovery rates for current services in fiscal 2002 through 2004 at 40% given that past actual trends would not predict such estimates. The administration should also compare farebox recovery rates for its base services for fiscal 2004 through 2007 excluding the effects of new Transit Initiative services and the fare reduction.

Exhibit 9

**Fairbox Recover Rates for MTA Bus, Light Rail, and Baltimore Metro
Fiscal 1999 through 2007**



Source: Maryland Transit Administration

2. Parity Analysis

In 1969 MTA was created by legislation to develop mass transit in Baltimore City. Chapter 160, Acts of 1969 required a parity allocation for the benefit of taxpayers supporting transit facilities in the political subdivisions of the Washington Suburban Transit District.

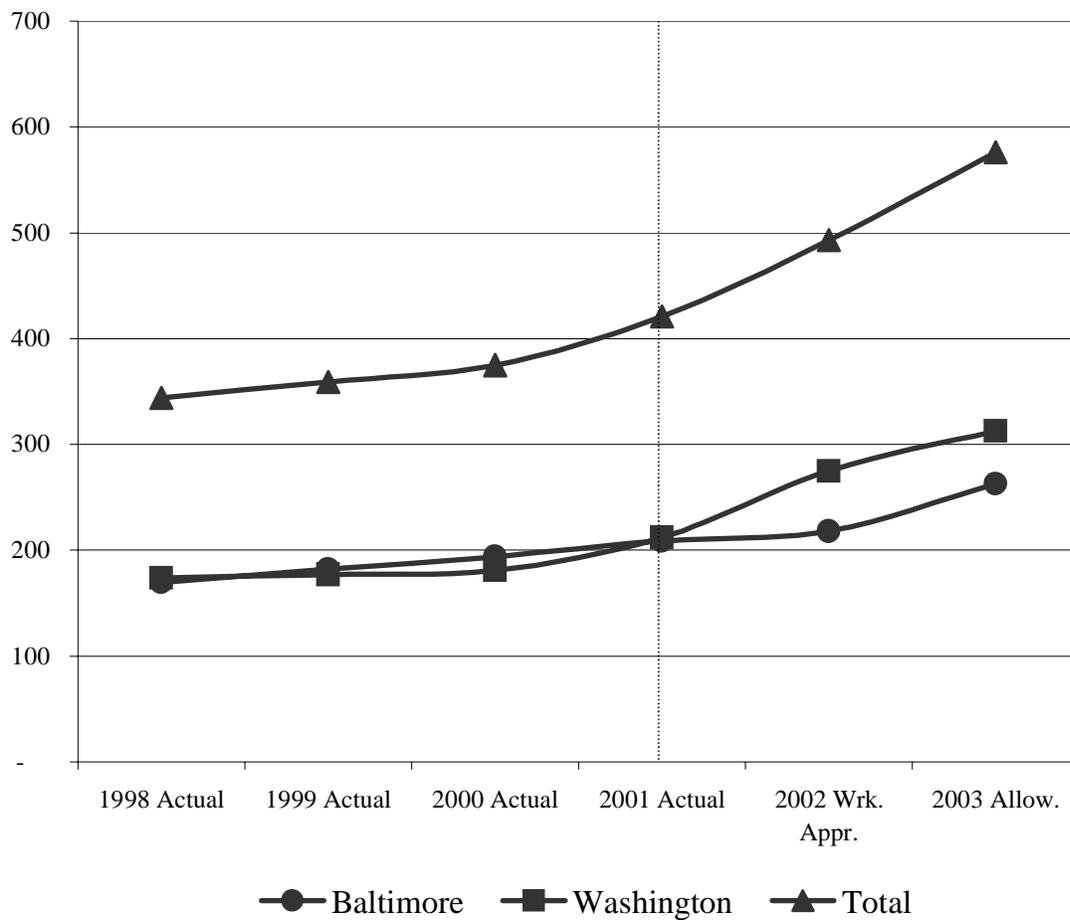
Although the law requires a parity allocation, it does not define what a parity allocation is. It appears as though many different and reasonable interpretations of financial parity are possible. MDOT defines parity as the relative special fund subsidy to transit in the Baltimore and Washington, DC regions. These subsidies have been computed as net operating and capital expenses not covered by operating revenues or federal funds. Also, since the analysis focuses on Baltimore and Washington, statewide services such as

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MARC and locally operated transit (other than Montgomery County and Prince George's County services) are excluded. **Exhibit 10** displays the difference in funding between the two regions for fiscal 1998 through 2003.

Exhibit 10

Total Operating and Capital State Subsidy by Region
Fiscal 1998 through 2003
(\$ in Millions)



Source: Maryland Transit Administration

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Prior to fiscal 2001, Baltimore and Washington, DC received equal support from the State. Washington, DC's subsidy is expected to grow at an annual rate of 21.5% from fiscal 2001 through 2003. However, Baltimore's subsidy grows annually at 12.2%, or nearly half that of Washington, DC.

MDOT should brief the committees on why this funding disparity occurs and what actions the department will take to ensure that funding levels remain equitable between the two regions. Furthermore, DLS recommends that the General Assembly clarify the definition of "parity" for the purpose of providing equitable transit services to the Baltimore and Washington, DC regions.

3. Status of Metro Rail Car Mid-life Overhaul

The Metro rail car mid-life overhaul provides for the rehabilitation of MTA's fleet of subway cars, which were originally built between 1982 and 1987. This project provides for the upgrade of the vehicle propulsion mechanism, electrical converter, passenger seating, flooring, destination signage, the inclusion of audio-visual announcement systems, and installation of a new video surveillance system. The subway cars are configured in semi-permanent married pairs (MP). Accomplishments to date include:

- delivery, inspection, and post-delivery testing of the first rehabilitated MP in November 2001;
- rehabilitation of the second MP is nearing completion, with an anticipated delivery date in February 2002; and
- five MPs in various stages of rehabilitation.

Delivery of the first MP was 17 weeks behind the approved baseline schedule, and the delivery of the second MP is expected to be 13 weeks behind schedule. Additionally, MTA considers the delivery of the third and fourth MP according to schedule to be unachievable but does expect their rehabilitation and acceptance to occur in fiscal 2002. In fiscal 2003, two MPs will be delivered every two months until project completion in January 2004.

MTA should brief the committees on actions it is taking to ensure that delivery of the remaining MPs will be accomplished by the required January 2004 deadline.

4. Bus Rapid Transit Should Be Considered as an Alternative to Metro Expansion

In January 2002, MTA announced a plan to add 52 miles of new tracks to the Baltimore Metro system. The proposed expansion would create more lines radiating from downtown Baltimore to such regional areas as the Arundel Mills Mall, Dundalk, White Marsh, Towson, and Woodlawn. Additionally, the new lines would link within Baltimore to multi-transit modal sites at Penn Station, Charles Center, and Camden Yards. MTA estimates that the proposal also would increase the number of stations from 55 to 112, which would raise the number of residents living within walking distance of a Metro station from 79,500 to 203,500. Major extensions or additions to the current system may include:

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- **Green Line:** A 16-mile extension to the current system would run northeast to Baltimore, connecting The Johns Hopkins Hospital to Morgan State University and White Marsh;
- **Red Line:** A new 18-mile line would connect points west near the Social Security Administration and I-70 through downtown, to points east such as Inner Harbor East, Fells Point, and Dundalk;
- **Yellow Line:** This new line would run north and south for 17 miles, connecting Towson and Arundel Mills Mall to downtown Baltimore; and
- **Blue Line:** A proposed loop to connect Penn Station with downtown Baltimore through the Charles and St. Paul Streets corridor.

Additionally, the MARC heavy-rail line also would undergo significant changes as part of this comprehensive plan to connect transit systems throughout the Baltimore region. These proposed changes would increase the frequency of trains and add more train stops. While the plan provides Baltimore City residents with more transit options, it is unclear what added benefit the plan would give to those who work in Baltimore City but live elsewhere. For instance, the proposed Green Line would allow a person to travel between downtown Baltimore and White Marsh in 26 minutes; however, express bus services currently make this trip in 24 minutes. Similarly, one could drive from downtown Baltimore to the Arundel Mills Mall in half the time it would take the proposed Yellow Line to make the trip. The Metro expansion would have to offer a benefit, such as decreased travel time, not provided by other transportation modes to provide an incentive for residents to use it. It is not apparent that the proposed Metro expansion does this.

If the goal of MTA is to encourage people to use transit instead of cars, then MTA also should consider the time it takes for one to drive. DLS is concerned that MTA will proceed with this plan without fully studying alternative transit systems. In September 2001, the United States General Accounting Office (GAO) issued a report comparing and contrasting Bus Rapid Transit (BRT) and Light Rail systems. A BRT system includes the use of buses on exclusive bus highways and high-occupancy vehicle (HOV) lanes. BRT systems using arterial streets may include lanes reserved for the exclusive use of buses and street enhancements that allow buses to reduce route times and improve services. Other features of BRT systems are outlined below:

- **Traffic Signal Priority:** Buses receive an early or extended green light at intersections, allowing for as much as a 10% reduction in travel time;
- **Boarding and Fare Collection Improvement:** Time savings may also result through the use of prepaid or electronic passes, and low-floor and/or wide-door boarding;
- **Limited Stops:** Operating speeds may improve by increasing the distances between the stations or bus shelters; and
- **Intelligent Transportation System Technologies:** Advanced scheduling and routing technologies would improve operating service by maintaining more consistent distances between buses and informing passengers of the next bus's arrival time.

In addition to more efficient and timely operations, another benefit of BRT's is the variety of federal funding, though not specifically designated to support BRT systems, that can be applied toward their

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development. Additionally, the capital investment into a BRT system is significantly less than that for Light Rail lines, as seen in **Exhibit 11**.

MTA states that the proposed Metro expansion could exceed \$5 billion. Based on mileage alone, a BRT system would cost the State approximately \$702 million, or one-fifth the projected Metro expansion costs, excluding funding for new bus stations, bus procurement, or operating costs. A third benefit that BRT systems have over light or heavy rail systems is their flexibility. While a light or heavy rail line once in place is permanently dedicated to its path, bus routes, excluding busways, may be changed to accommodate shifts in population movement.

MTA already is making significant investments in SmartCard technology and farebox improvements. Additionally, as part of its Transit Initiative, MTA is providing funding to LOTS to upgrade their routing and scheduling software and procuring neighborhood shuttles to connect Baltimore citizens with more transit options. Therefore, the foundation for a BRT system in Baltimore will exist. MTA also is considering either a Light Rail or BRT system that would serve I-270 "Corridor Cities" of Gaithersburg, Rockville, Germantown, and Clarksburg. MTA projects the cost of building an elevated busway to be \$500 million, excluding costs to cover operations and bus procurement, with anticipated ridership of 38,000 by 2020. Alternatively, the proposed Corridor Cities Light Rail system would cost \$700 million, excluding costs for operations, rail car purchases, and stations, and is projected to serve 34,000 riders by 2020.

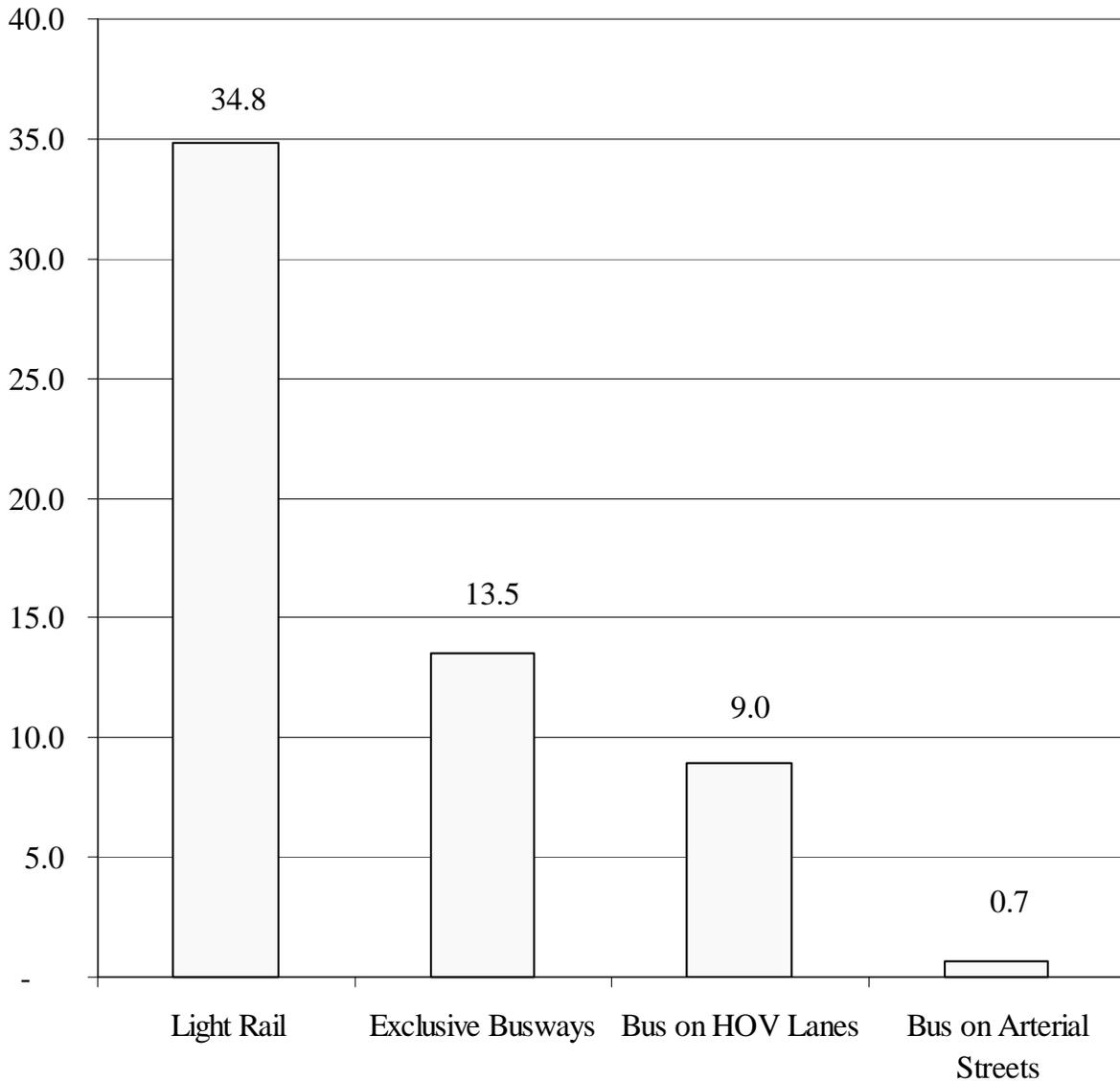
Estimates for how the Metro expansion would be funded is lacking. A basic assumption can be made that the State would pay a proportion of the costs with the balance to be funded by the federal government. The Transportation Equity Act for the 21 Century (TEA-21) will sunset in federal fiscal 2003. Competition for other federal discretionary funds has become greater over time, effectively ending the days when the federal government funded 80% of any given transportation project. To provide a concrete example, the State is responsible for 40% of the costs associated with constructing the Addison Road to Largo Town Center Metrorail extension.

Given that the benefits of the proposed Metro expansion are questionable, and funding amounts and sources uncertain, DLS recommends that the following proposed language be adopted:

Further provided that no funds be expended for the purpose of expanding the current Baltimore Metro System until the Maryland Transit Administration (MTA) submits to the budget committees a cost/benefit analysis of the proposed Metro expansion. The report, which is due November 1, 2002, shall include the following information: (1) a comprehensive accounting of costs and benefits, including but not limited to financial measurements of the expansion; (2) amount and sources of funding; (3) a discussion of who the intended beneficiaries of the system are and how the expansion will serve their transit needs; and (4) a comparative analysis of the costs and benefits that would result from implementing a Bus Rapid Transit (BRT) system. The budget committees shall have 45 days to review and comment on the report from the date of its receipt.

Exhibit 11

Capital Cost Per Mile for Light Rail and Bus Rapid Transit Systems
Federal Fiscal 1980 through 2000
(\$ in Millions)



Note: Costs are expressed in federal fiscal 2000 dollars.

Source: U.S. General Accounting Office

5. Total Maglev Costs Are Unknown

The purpose of the Maglev study is to assess the feasibility of using magnetic fields to levitate trains over guided rails. Maglev's primary benefit is the potential for vehicles to reach a top speed of 240 miles per hour. MTA is considering one of four lines that would span 40 miles between Baltimore and Washington, DC, via the BWI Airport. Therefore, a person traveling from Union Station in Washington, could reach Camden Yards in Baltimore within 20 minutes. MTA estimates the construction phase of this project to be between \$3.5 billion and \$4 billion of which approximately \$500 million would be the State's share. However, recent trends in federally funded projects indicate that the federal government pays for 60% of a project's cost, while the remaining 40% is supported by state and, if applicable, local sources. Based upon this cost split formula, the State and local governments could expect to contribute \$1.4 billion to \$1.6 billion. Additionally, the fact that the project would utilize new technology and is early in the planning phase could result in substantial changes in estimates.

Local jurisdictions through which Maglev could travel have grown increasingly concerned about the effects it could have on their quality of life and continuing economic viability. Jurisdictions where light rail was recently built could be especially constrained. Furthermore, based upon current design specifications, the additional benefits to these local jurisdictions are not apparent. Maglev would have three stations, downtown Baltimore, BWI Airport, and downtown Washington, DC, along its entire span, with a possible fourth station near the Capital Beltway, also in Washington, DC area. Therefore, the primary beneficiaries are the subset of residents who live in either Baltimore or Washington, DC and commute to the other city or the airport; those residents who live near the BWI Airport and commute to Baltimore or Washington, DC; and non-residents traveling to and from Baltimore or Washington, DC.

The fiscal 2003 allowance provides \$2.8 million to continue developing the engineering plans for the Maglev system and evaluating its environmental impact. **Because of uncertainty in cost, economic viability, and resident concerns, DLS recommends the following budget language:**

Further provided that the Maryland Transit Administration (MTA) shall provide a report to the budget committees by October 1, 2002, which includes: (1) a determination of what the State's share of the construction costs could be, including funds that would be provided to local jurisdictions that would go towards funding Maglev; (2) the financial and non-financial costs and benefits to the State in general, and the local jurisdictions through which Maglev could travel in particular; and (3) what actions MTA has taken to address concerns of local jurisdictions that would be affected by Maglev's path. The budget committees shall have 45 days to review and comment on the report from the date of its receipt.

Operating Budget Recommended Actions

1. Add the following language:

Provided that the Maryland Department of Transportation (MDOT) shall provide with its annual transit budget request submission a detailed cash flow statement of Transit Initiative costs that includes by line item: (1) previous fiscal years' actual spending; (2) the currently budgeted year's appropriation; (3) the proposed budgeted year's request; and (4) future years' cash flow estimates. Further provided that MDOT shall update the cash flow statement to reflect the transit allowance when it is submitted to the General Assembly each January.

Explanation: Future funding for Transit Initiative programs does not appear certain. Therefore, MDOT should provide with its annual transit budget submission a detailed cash flow statement so that the budget committees may be kept apprised of the Transit Initiative's funding needs. Additionally, if changes occur in the Transit Initiative cash flow statement after it has been submitted with MDOT's transit budget request, the language also directs MDOT to provide an updated cash flow statement with its annual transit budget allowance submission.

Information Request	Author	Due Date
Transit Initiative Cash Flow Statement	MDOT	With annual transit budget request submission and, if applicable, annual transit budget allowance submission

	<u>Amount Reduction</u>	<u>Position Reduction</u>
2. Reduce funds for travel to the fiscal 2002 working appropriation level. The allowance includes \$149,747 for in-state and out-of-state travel expenses. The reduction includes a 2.2% inflationary increase, but constrains growth in this funding area.	\$ 16,135	SF
3. Reduce funds for telephone expenses across the entire Maryland Transit Administration to the three-year actual average. Telephone expenses exhibit variance year-to-year as they are based upon actual spending two years prior. The three-year actual average for telephone expenses is \$503,234, while the allowance is \$791,162. The reduction includes inflationary increases of 1.8% and 2.2% for fiscal 2001 and 2002, respectively. Also, the reduced allowance includes the full telephone expense funding for the Safety Initiative.	\$ 141,203	SF

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4.	Reduce funds for contractual services in the administration budget to the three-year actual average. Working appropriations for contractual services exceeded actual expenditures by an average of \$342,084 in fiscal 1999 through 2001. The reduction includes inflationary increases of 1.8% and 2.2% for fiscal 2002 and 2003, respectively. Additionally, the reduced allowance includes full funding for the Consolidated Transportation Information Processing Plan (CTIPP).	\$ 97,313	SF
5.	Reduce funds in bus operations for equipment purchases to the three-year actual average. Working appropriation for replacement and additional equipment exceeded actual expenditures by \$112,195 in fiscal 2001 and \$95,595 in fiscal 2000. The reduction includes adjustments of 1.8% and 2.2% to account for inflationary growth between fiscal 2001 and 2003.	\$ 76,574	SF
6.	Reduce funds for supplies and materials in bus operations to the fiscal 2002 working appropriation level. The allowance includes excessive increases of \$254,200 and \$60,961 for building and household supplies and housekeeping, respectively. This reduction includes a 5% inflationary adjustment, but constrains growth for these items in the budget.	\$ 301,671	SF
7.	Reduce funds for motor vehicle maintenance and repairs for bus operations to the three-year actual average. Working appropriations for motor vehicle maintenance exceed actual expenditures by an average of \$781,959 for the last three fiscal years. The reduction includes a 2.2% inflationary increase but constrains growth in this funding area.	\$ 602,250	SF
8.	Reduce funds for equipment purchases for rail operations to the fiscal 2002 working appropriation. Working appropriations for equipment exceeded expenditures by \$233,185 in fiscal 2001 and \$279,235 in fiscal 2000. The reduction includes a 2.2% inflationary increase.	\$ 131,529	SF
Total Special Fund Reductions		\$ 1,366,675	

Capital Budget Recommended Actions

1. Add the following language:

Further provided that no funds be expended for the purpose of expanding the current Baltimore Metro System until the Maryland Transit Administration (MTA) submits to the budget committees a cost/benefit analysis of the proposed Metro expansion. The report, which is due November 1, 2002, shall include the following information: (1) a comprehensive accounting of costs and benefits, including but not limited to financial measurements of the expansion; (2) amount and sources of funding; (3) a discussion of who the intended beneficiaries of the system are and how the expansion will serve their transit needs; and (4) a comparative analysis of the costs and benefits that would result from implementing a Bus Rapid Transit (BRT) system. The budget committees shall have 45 days to review and comment on the report from the date of its receipt.

Explanation: In January 2002, MTA proposed a plan to expand the Baltimore Metro system with the addition of 52 miles of new track, 57 new Metro stations, and additional enhancements for the Maryland Rail Commuter (MARC) train system that would allow MARC to become more integrated with the Baltimore Metro system. Construction costs for the proposed plan could exceed \$5 billion. It is unclear whether MTA has considered to the fullest extent possible whom the expansion would serve, what benefits those persons would derive from the expansion, and whether other alternative transit systems, such as the Bus Rapid Transit that could serve the Baltimore region, were given consideration before the decision to propose an expansion to the current Metro infrastructure was made.

Information Request	Author	Due Date
Cost/Benefit Analysis of the proposed Metro expansion and comparison of the expansion to a Bus Rapid Transit system plan for Baltimore	MTA	November 1, 2002

2. Add the following language to the federal fund appropriation:

Further provided that the Maryland Transit Administration (MTA) shall provide a report to the budget committees by October 1, 2002, which includes: (1) a determination of what the State's share of the construction costs could be, including funds that would be provided to local jurisdictions that would go toward funding Maglev; (2) the financial and non-financial costs and benefits to the State in general, and the local jurisdictions through which Maglev could travel in particular; and (3) what actions MTA has taken to address concerns of local jurisdictions that would be affected by Maglev's path. The budget committees shall have 45 days to review and comment on the report from the date of its receipt.

Explanation: Construction of Maglev represents an enormous commitment by the State; however, it is not apparent what the State's share would be. Nor is it certain what benefits can be gained from

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constructing Maglev, to whom those benefits would go, and whether the costs involved with building Maglev would outweigh any such benefits. Additionally, residents of those jurisdictions that would be impacted by the construction of Maglev are expressing concern over what impact Maglev would have to the viability of and quality of life within their communities. This language requires MTA to address these uncertainties and residents' concerns. MTA is directed to submit a written report by October 1, 2002.

Information Request	Author	Due Date
Report addressing the costs, benefits, funding sources, and impact to local jurisdictions of the Maglev project	MTA	October 1, 2002

	<u>Amount Reduction</u>	<u>Position Reduction</u>
3. Delete funds for the Neighborhood Conservation program as this program represents non-core spending by the department. Given that the Maryland Transit Administration did not receive Dedicated Purpose Funds for the Addison Road to Largo Town Center Extension and must fund 100% of that project from the Transportation Trust Fund, it is inappropriate to direct \$1,275,000 away from core transportation infrastructure or preservation projects.	\$ 1,275,000	SF
4. Reduce funds for advertising and office assistance to the actual three-year average. The fiscal 2003 allowance provides \$67,326 and \$100,034 for advertising and office assistance contract services, respectively. The three-year actual spending amount is \$36,142 for advertising and \$51,312 for office assistance. The reduction provides for inflationary adjustments of 1.8% for fiscal 2002 and 2.2% for fiscal 2003.	\$ 87,454	SF
Total Special Fund Reductions	\$ 1,362,454	

Updates

1. Status of Rail Construction Projects

Presently, MTA is considering eight rail construction projects in future years. Four of these projects would take place in the Baltimore region, while the remaining four projects would affect areas near Washington, DC. Three of the Baltimore Metro projects and the Corridor Cities Transitway were discussed as an issue. Below are the other four rail projects under MTA consideration.

- **Purple Metrorail Line:** The purpose of this project is to study the six distinct rail corridors that follow the Capital Beltway from the American Legion Bridge in Montgomery County to the Woodrow Wilson Bridge in Prince George's County. In October 2001, MDOT announced its endorsement of a 14.1-mile light rail line that would connect Metrorail stations between New Carrollton and Bethesda, by way of College Park and Silver Spring. MTA estimates that construction costs would be \$1.2 billion, or \$85 million per mile. Additionally, MTA anticipates 71,200 daily riders. Detailed analysis of the environmental and community impacts has not been completed.
- **Georgetown Branch Transitway:** This light rail corridor is a 4.4-mile alignment between the Bethesda and Silver Spring Metrorail stations in Montgomery County on existing railroad rights of way. MTA previously estimated that capital costs could range between \$236 million to \$258 million (or \$53.6 million to \$58.6 million per mile), and operating costs could be \$4.7 million per year. This project was absorbed into the Purple Line study and could contribute 19,500 daily riders. Because the Transitway alignment would operate on existing railroad lines, MTA expects a minimal impact to the environment and community.
- **Branch Avenue – Waldorf Light Rail Line:** This 19.5-mile alignment would follow MD 5 and US 301 from the Branch Avenue Metrorail station in Prince George's County to the Waldorf area in Charles County. MTA estimates construction costs to be \$473 million (or \$24.9 million per mile). It would require \$24 million annually to operate and would serve 13,900 passengers daily. Topographical and natural resources along MD 5 could be significantly impacted. MTA states that the line would travel through commercial and residential development at suburban density areas to assure operational cost effectiveness.
- **Baltimore Region Rail Transit Corridor Study:** An Advisory Committee has been selected to study new transit corridors for the Baltimore region and has begun work on a plan to guide and prioritize future investments in new transit corridors.

None of the projects under MTA consideration is currently authorized with federal funding. While projects currently in operation receive from 67% to 80% in discretionary federal funding, with the exception of Phase I of the Baltimore Central Light Rail Line, new projects, in general, are receiving federal subsidies of less than 60% of construction costs.

2. Free Transit Performance Measures

During the 2001 session, the General Assembly authorized MTA to begin offering free transit as a new fringe benefit to State employees in the Baltimore region. The Department of Budget and Management (DBM) was instructed to develop an accounting system that would recognize free transit as a fringe benefit. Additionally, State agencies taking advantage of free transit were to be charged and the funds credited to TTF. MTA and DBM finalized accounting and operating procedures that recognize the free transit benefit and have allocated the estimated annual cost of \$2.6 million to \$4 million to agencies based upon the number of eligible permanent employees, which is presently 60,000. MTA has begun tracking State employee ridership through bus fare collection equipment and samples of Metro and Light Rail trips. Based upon available data, MTA estimates that approximately 1,000 State employees take round trips on MTA services in the Baltimore region each weekday. Future growth in this program is anticipated as a result of comprehensive marketing efforts.

Current and Prior Year Operating Budgets

**Current and Prior Year Operating Budgets
Maryland Transit Administration (including WMATA)
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2001					
Legislative Appropriation	\$0	\$407,954	\$10,200	\$0	\$418,153
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	26,309	3,402	0	29,711
Reversions and Cancellations	0	(339)	(129)	0	(468)
Actual Expenditures	\$0	\$433,924	\$13,473	\$0	\$447,397
Fiscal 2002					
Legislative Appropriation	\$0	\$469,639	\$13,910	\$0	\$483,549
Budget Amendments	0	(10,856)	16,000	0	5,144
Working Appropriation	\$0	\$458,783	\$29,910	\$0	\$488,692

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

MTA and WMATA operating expenditures totaled \$447.4 million in fiscal 2001, which is \$29.2 million greater than the legislative appropriation. Special fund expenditures accounted for \$433.9 million of the total. Special fund budget amendments added \$26.0 million to the special fund appropriation, which are detailed below.

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- \$7,650,000 Union salary and medical cost increases
- 4,610,000 Increased diesel fuel costs
- 4,178,000 Increased costs of paratransit mobility services
- 3,900,000 Funds covered increased contractual costs in operating agreements with CSX and Amtrak, and understated service payments to CSX due to a billing system error in calendar 2000
- 3,554,400 Service expansions and the purchase of repair parts
- 1,843,000 Reinstated funds for grants to Montgomery and Prince Georges counties' local transit initiatives
- 500,000 Purchase of repair parts for buses and rail cars
- 73,200 Various salary and wage increases, including annual salary review and cost-of-living adjustment increases, administrative assistant reclassifications, and calendar 2000 Sick Leave Incentive Program, totaling \$573,200. Funding was offset by a reduction of \$500,000 in the WMATA operating subsidy due to greater than projected revenues
- (15,000) Additionally \$15,000 was reverted to the TTF due to less than anticipated spending on new equipment and replacement equipment in Programs.

These funds were offset by approximately \$339,000 due primarily to funds being cancelled because WMATA operating expenditures were less than anticipated.

MTA also received additional federal funds which are detailed below:

- \$2,500,000 Funds from the Federal Transit Capital and Operating Assistance grant program for rail maintenance
- 860,100 Matching grant to increase accessibility to employment centers
- 41,800 Funds provided administrative support to rail operations and LOTS

Finally, MTA cancelled \$129,000 in federal funds due to less than anticipated rider utilization of the Federal Job Access Reverse Commute Program.

Changes between the fiscal 2002 legislative and working appropriations for MDOT's transit operating budgets are detailed in **Appendix 4**. Special fund amendments show a net decline of \$10.9 million. The most significant increase was \$10 million for the Transit Initiative, as well as increased expenses for union salaries and health benefits. The hiring freeze and nonpersonnel cost containment actions reduced the fiscal 2002 legislative appropriation by \$4.8 million. Special funds also were reduced by \$16 million but offset by a \$16 million increase in federal funds. This transfer was done to take advantage of federal authorization that allows MTA to use federal funds for bus maintenance.

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**Object/Fund Difference Report
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<u>Object/Fund</u>	<u>FY02</u>		<u>FY03</u> <u>Allowance</u>	<u>FY02 - FY03</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
	<u>FY01</u> <u>Actual</u>	<u>Working</u> <u>Appropriation</u>			
Positions					
01 Regular	2792.00	2997.00	3046.00	49.00	1.6%
02 Contractual	34.00	34.00	34.00	0	0%
Total Positions	2826.00	3031.00	3080.00	49.00	1.6%
Objects					
01 Salaries and Wages	\$ 178,704,704	\$ 193,950,502	\$ 197,399,443	\$ 3,448,941	1.8%
02 Technical and Spec Fees	857,695	1,147,169	1,330,256	183,087	16.0%
03 Communication	1,516,536	1,120,339	1,356,593	236,254	21.1%
04 Travel	329,299	130,469	149,474	19,005	14.6%
06 Fuel and Utilities	7,751,497	6,895,555	7,946,223	1,050,668	15.2%
07 Motor Vehicles	23,421,729	22,929,037	24,308,566	1,379,529	6.0%
08 Contractual Services	72,569,552	79,808,594	85,290,996	5,482,402	6.9%
09 Supplies and Materials	5,984,798	5,073,510	5,335,421	261,911	5.2%
10 Equip - Replacement	421,330	329,547	706,406	376,859	114.4%
11 Equip - Additional	589,510	505,872	619,321	113,449	22.4%
12 Grants, Subsidies, Contr	152,961,988	173,050,776	186,548,343	13,497,567	7.8%
13 Fixed Charges	2,339,792	3,750,877	5,174,059	1,423,182	37.9%
14 Land and Structures	(53,326)	0	0	0	0.0%
Total Objects	\$ 447,395,104	\$ 488,692,247	\$ 516,165,101	\$ 27,472,854	5.6%
Funds					
03 Special Fund	\$ 433,922,687	\$ 458,782,631	\$ 471,138,189	\$ 12,355,558	2.7%
05 Federal Fund	13,472,417	29,909,616	45,026,912	15,117,296	50.5%
Total Funds	\$ 447,395,104	\$ 488,692,247	\$ 516,165,101	\$ 27,472,854	5.6%

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

Fiscal Summary
MDOT - Transit Overview

<u>Unit/Program</u>	<u>FY01</u>	<u>FY02</u>	<u>FY02</u>	<u>FY01 - FY02</u>	<u>FY03</u>	<u>FY02 - FY03</u>
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>
04 Washington Metropolitan Area Transit-Operating	\$ 113,889,011	\$ 126,356,785	\$ 124,461,433	9.3%	\$ 132,665,000	6.6%
05 Washington Metropolitan Area Transit-Capital	77,057,754	123,213,000	166,481,000	116.0%	221,237,000	32.9%
0A-MTA Transit Administration	31,094,808	33,154,492	32,236,232	3.7%	35,127,820	9.0%
0A-MTA Bus Operations	145,672,706	150,586,195	154,049,761	5.8%	159,075,816	3.3%
0A-MTA Rail Operations	109,432,769	114,435,547	116,867,051	6.8%	120,896,084	3.4%
0A-MTA Facilities and Capital Equipment	167,437,314	203,727,000	160,591,168	(4.1%)	195,189,032	21.5%
0A-MTA Statewide Programs Operations	47,305,810	59,015,770	61,077,770	29.1%	68,400,381	12.0%
Total Expenditures	\$ 691,890,172	\$ 810,488,789	\$ 815,764,415	17.9%	\$ 932,591,133	14.3%
Special Fund	\$ 560,403,896	\$ 588,996,173	\$ 622,046,799	11.0%	\$ 682,990,221	9.8%
Federal Fund	131,486,276	221,492,616	193,717,616	47.3%	249,600,912	28.8%
Total Appropriations	\$ 691,890,172	\$ 810,488,789	\$ 815,764,415	17.9%	\$ 932,591,133	14.3%

Budget Amendments for Fiscal 2002
Maryland Department of Transportation
Maryland Transit Administration

<u>Status</u>	<u>Amount</u>	<u>Fund</u>	<u>Description</u>
Approved (1)	(28,855)	SF Oper	Distribution of the department-wide reduction in sport utility vehicles.
Pending (2)	\$9,964,000	SF Oper	Provides funding for the Governor's Transit Initiative consistent with language in the April 2001 legislative <i>Joint Chairmen's Report</i> . Funding for the increased cost of motor vehicle fuel, increased cost of the CSX and AMTRAK services due to increased fuel costs, cost of Union Local 67 currently being negotiated, increased cost of union health benefits, and rail safety enhancements including enhancements recommended by the NTSB.
Approved (3)	(2,728,763)	SF Oper	Cost containment.
Approved (4)	(\$225,404) <u>(57,832)</u> (\$283,236)	SF Oper SF Cap	Hiring freeze.
Projected (5)	\$6,392,000 <u>(49,470,000)</u> (43,078,000)	SF Cap FF Cap	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the fiscal 2002 through 2007 Final CTP.
Projected (6)	(\$16,000,000) <u>16,000,000</u> \$0	SF Oper FF Oper	Recognizes eligibility of certain bus maintenance costs for federal funds. This change in the MTA operating budget will allow MTA to use federal funding sooner.
Projected (7)	295,000	SF Oper	Operating cost of Baltimore City MARC tunnel fire.
Deficiency (8)	1,140,017	SF Oper	Provides funding for security activities in response to the September 11, 2001, terrorist attacks.

Source: Maryland Department of Transportation

Budget Amendments for Fiscal 2002
Maryland Department of Transportation
Washington Metropolitan Area Transit

<u>Status</u>	<u>Amount</u>	<u>Fund</u>	<u>Description</u>
Withdrawn (1)		SF Cap	Was to provide \$28 million in funding for the Largo Metrorail Extension Project which will be managed by WMATA. This was to be a transfer of partial funding that is appropriated in the Dedicated Purpose Fund (Y01A0201) to TTF.
Approved (2)	(\$1,895,352)	SF Oper	Cost containment.
Projected (3)	\$50,000,000 <u>(5,000,000)</u> \$45,000,000	SF Cap FF Cap	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year for the Addison Road to Largo Metrorail Extension Project as reflected in the fiscal 2002 through 2007 the Final CTP.
Projected (4)	(\$3,452,000) <u>1,720,000</u> (\$1,732,000)	SF Cap FF Cap	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the fiscal 2002 through 2007 the Final CTP.

Source: Maryland Department of Transportation

MDOT Transit Capital Construction Program

**Major Projects Program
(\$ in Thousands)**

<u>Project Title</u>	<u>FY03 Allow</u>	<u>Tot. Proj. Cost</u>
MARC Frederick Extension	\$6,548	\$56,082
MARC Bi-level Coach Purchase	2,000	92,422
MARC Electric Locomotive Purchase	2,000	44,976
MARC Maintenance, Layover and Storage Facilities	2,491	52,423
MARC Coach Modification	555	6,549
Silver Spring Transit Center and MARC Station Relocation	4,000	41,793
Halethorpe MARC Station Parking Improvements	1,501	7,798
BWI MARC Station Garage Phase II ⁽²⁾	-	34,072
Laurel MARC Station Improvements	949	6,395
Hyattsville MARC Station - New Station Site	52	2,085
MARC Edgewood Station Improvements	-	578
Point of Rocks MARC Station Parking Expansion	860	3,018
Maryland-Delaware Railroad Rehabilitation and Improvements – Part I	-	2,222
Maryland-Delaware Railroad Rehabilitation and Improvements – Part II	1,992	7,220
Freight Bridge Rehabilitation	500	5,097
Freight Line Grade Crossing Rehabilitation	450	3,178
Baltimore Central Light Rail Line	753	469,489
Cold Spring Light Rail Station Park and Ride	1,199	7,150
Light Rail Double Track	32,230	153,690
Light Rail Cab Code Signaling for Phase II Extensions	500	10,100
Light Rail Cromwell Maintenance and Layover Facility, Phase II	6,000	29,838
Light Rail Safety Upgrades	450	5,600
Light Rail Control	500	8,957
Metro Subway – Section 'C' (Northeast Extension)	-	331,230
Metro Owings Mills Joint Development ⁽⁴⁾	7,500	15,426
Metro Escalator Rehabilitation	6,499	55,181
Agencywide Elevator Rehabilitation	750	8,250
Metro Facilities Maintenance Building ⁽¹⁾	1,500	13,018
Metro Rail Car Mid-life Overhaul	10,000	95,918
Bus Procurement	5,594	196,669
Transit Vehicle Stop Announcement ⁽¹⁾	2,000	4,400
Bus Procurement for Neighborhood Shuttles ⁽¹⁾	850	5,000
Mobility Bus Procurement ⁽¹⁾	300	4,071
Implementation of SmartCard and Bus Farebox Equipment ⁽¹⁾	10,516	72,376
Mobility SmartCard Implementation	1,060	2,587

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<u>Project Title</u>	<u>FY03 Allow</u>	<u>Tot. Proj. Cost</u>
Upgrade Transit Information Center	-	3,701
Radio Communication Trunking	875	11,568
Greyhound Terminal at Penn Station	-	1,200
Redevelopment of 901 N. Howard Street	-	8,400
Neighborhood Conservation ⁽¹⁾	1,275	22,093
LOTS Capital Procurement Projects – Local Jurisdictions ^{(1), (3)}	13,445	120,580
LOTS Capital Procurement Projects – (Private nonprofit agencies)	800	15,950
Montgomery County Local Bus Program ⁽¹⁾	5,280	30,706
Prince George's County Local Bus Program ⁽¹⁾	1,506	9,701
Procure Lift-equipped Over-the-road Coaches ⁽¹⁾	948	13,000
Largo Garage ⁽¹⁾	3,000	4,000
Total	\$139,228	\$2,095,757

Notes: ⁽¹⁾ Part of the Transit Initiative.

⁽²⁾ Contains \$20.8 million in Certificates of Participation bonds.

⁽³⁾ Contains \$100,000 from local jurisdictions.

⁽⁴⁾ In addition to State funding for this project, Baltimore County is contributing \$13.1 million for the parking structure and infrastructure. The amount shown does not include Baltimore County's share.

LOTS - Locally Operated Transit Systems.

MARC - Maryland Rail Commuter

Source: Maryland Department of Transportation; *Consolidated Transportation Program*

**Development and Evaluation/Minor Projects Program
(\$ in Thousands)**

<u>Project Title</u>	<u>FY 03 Allowance</u>	<u>Total Project Cost</u>
Purple Line Study	\$4,200	\$18,915
Baltimore Region New Transit Corridor Study	600	3,700
New Light Rail Station at Texas	-	-
Maglev Study ⁽¹⁾	4,000	15,500
Greenbelt Transit Oriented Development	-	10,027
Southern Maryland Mass Transportation Analysis	638	2,671
I-270, Eisenhower Memorial Highway and US 15, Frederick Freeway	1,400	10,301
Parole Town Center	-	1,000
Minor Projects/System Preservation	42,400	ongoing
Capital Salaries, Wages, and Other Costs	5,300	ongoing
Total	\$58,538	\$60,947

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<u>Project Title</u>	<u>FY 03 Allowance</u>	<u>Total Project Cost</u>
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Notes: ⁽¹⁾ Contains \$1.2 million from local jurisdictions.

Source: Maryland Department of Transportation; 2002 *Consolidated Transportation Program*

Appendix 6 (Cont.)

**Washington Metropolitan Area Transit Authority⁽²⁾
Capital Construction Program
(\$ in Thousands)**

<u>Project Title</u>	<u>FY 03 Allowance</u>	<u>Total Project Cost</u>
Metrorail Construction	\$13,333	\$2,460,178
Addison Road to Largo Town Center Metrorail Extension	162,100	433,870
Metrorail Debt Service	9,741	641,887
Metrorail Equipment Rehabilitation and Replacement	55,790	691,150
Metrobus Capital	23,030	272,205
Metrobus/Rail Repairable Parts	1,770	12,312
WMATA System Access Plan ⁽¹⁾	17,166	89,298
Total	\$282,930	\$4,600,900

Notes: ⁽¹⁾ Part of the administration's Transit Initiative.

⁽²⁾ Excludes \$62.7 million of federal funds received directly by WMATA for Maryland's share.

Source: Maryland Department of Transportation; 2002 *Consolidated Transportation Program*

Fiscal 2003 Transit Initiative Spending Plan – Operating Budget
 (\$ in Thousands)

	<u>FY02 WA</u>	<u>FY03 All</u>	<u>Total</u>
Baltimore Region			
MTA Metro Sunday and holiday service	\$2,100	\$2,800	\$16,966
Mondawmin – Coppin State Shuttle	500	1,000	5,809
Improve existing service and alleviate overcrowding	500	900	8,000
Paratransit service improvements	600	910	5,431
Continued implementation of Six-year Bus Plan	1,200	1,700	12,700
Improve fleet/bus shelter appearance and reliability	1,400	1,442	9,056
Customer service enhancement	700	721	4,528
Additional Bel Air – Baltimore Commuter bus trips	600	618	3,881
Digital Harbor Shuttle (Ft. McHenry to Canton)	-	400	3,747
Total Baltimore	\$7,600	\$10,491	\$70,118
Washington Region			
<i>WMATA</i>			
Greenbelt Metro Station to BWI Airport service	\$400	\$824	\$4,774
Waldorf Midday service	375	750	4,357
Laurel to Silver Spring service	100	206	1,194
Bethesda reverse commute service	250	500	2,905
Greenbelt to Montgomery Mall service	225	450	2,614
WMATA Subtotal	\$1,350	\$2,730	\$15,844
<i>Montgomery County</i>			
Neighborhood shuttles	\$393	\$864	\$4,985
Montgomery County Service expansion ⁽²⁾	-	927	5,372
Expansion of Bethesda 8 service	150	155	973
Twinbrook Metro shuttle	50	52	326
Off-peak services	395	542	3,273
Routes 43 and 75	163	217	1,315
Two Metrorail parking lot shuttles	300	309	1,941
Montgomery County Subtotal	\$1,451	\$3,066	\$16,244

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Appendix 7 (Cont.)

Prince George's County

Two Metrorail parking lot shuttles	\$450	\$464	\$2,913
"The Bus" service expansion	600	1,200	6,971
"The Bus" Route 33	112	117	733
Whitehall shuttle	169	174	1,093
<i>Prince George's County Subtotal</i>	<i>\$1,331</i>	<i>\$1,955</i>	<i>\$11,710</i>

Corridor Transportation Corporation

CTC service package	\$300	\$600	\$3,485
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MTA^{(1), (2)}

Annualize additional Southern MD commuter bus trips	\$810	\$927	\$5,822
Add Columbia to DC commuter bus trips	540	646	4,847
Add Waldorf to DC commuter bus trips	270	404	2,955
Add Charlotte Hall to DC commuter bus trips	540	646	4,847
Add Prince Frederick to DC commuter bus trips	270	404	2,955
Add North Beach to DC commuter bus trips	315	444	3,713
"Beat the Beltway Blues" commuter bus service ⁽³⁾	-	-	4,812
Carroll County to Shady Grove commuter bus service	-	485	3,185
Frederick to Rock Spring Park commuter bus service	68	121	1,166
Addition of Annapolis to DC commuter bus trips	225	303	2,241
<i>MTA Subtotal</i>	<i>\$3,037</i>	<i>\$4,380</i>	<i>\$36,543</i>

Total Washington	\$7,469	\$12,731	\$83,826
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Statewide

Job Access ^{(1), (2)}	\$600	\$1,350	\$15,750
Improve paratransit services	500	1,250	14,250
Additional senior transportation funding	1,000	1,500	13,500
Rural Based Community Service ⁽¹⁾	2,800	3,500	40,300
Statewide marketing initiatives	500	515	3,234
Total Statewide	\$5,400	\$8,115	\$87,034

Total Operating Budget for Transit Initiative	\$20,469	\$31,337	\$240,978
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Notes: ⁽¹⁾ Funds reductions due to fiscal 2003 cost containment actions.

⁽²⁾ Funds reductions due to fiscal 2002 cost containment actions.

⁽³⁾ Program was deleted from Transit Initiative.

Source: Maryland Transit Administration

Fiscal 2003 Transit Initiative Spending Plan – Capital Budget
 (\$ in Thousands)

	<u>FY02 WA</u>	<u>FY03 All</u>	<u>Total</u>
Baltimore Region			
Baltimore Neighborhood Shuttle Buses	\$3,300	\$850	\$5,000
Additional Mobility Buses	-	-	2,140
Automatic Stop Announcement – "Talking Buses"	100	2,000	4,400
Increase for Metro Facilities Maintenance Building	92	500	11,000
Old Court Station Parking Expansion Study	30	1,970	2,000
Metro System Preservation Fund (Balto)	-	-	4,281
Light Rail System Preservation Fund	-	15	2,297
Metro Miscellaneous Improvements	348	389	11,211
Subtotal Baltimore Region	\$3,870	\$5,724	\$42,329
Washington Region			
Montgomery County Neighborhood Shuttles	\$1,350	-	\$1,350
Montgomery County Bethesda 8 Service	250	-	250
Montgomery County Bus Annunciators	-	-	1,700
Metrorail Parking Lot Shuttles (LOTS)	280	-	280
Prince George's County "The Bus" Service Expansion	4,800	-	4,800
Silver Spring Transit Center Information Kiosks (LOTS)	-	-	900
Largo Parking Garage	1,000	3,000	4,000
WMATA Capital Improvements (including SmartCard implementation)	5,000	22,166	89,298
Subtotal Washington Region	\$12,680	\$25,166	\$102,578
Statewide			
SmartCard – Statewide (including LOTS)	\$227	\$4,834	\$47,181
Farebox Upgrades to accommodate SmartCard technology	4,364	1,713	10,792
Lift-Equipped Over-the-road Commuter Bus Coaches	-	948	4,200
Rural Community Based Services (LOTS)	2,400	1,000	16,150
Increase for West Ocean City Park and Ride Lot (LOTS)	2,500	-	2,500
North Ocean City Transit Facility (LOTS)	210	702	912
Bus System Preservation Fund	-	-	2,956

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Appendix 8 (Cont.)

Maryland Comprehensive Transportation Plan Implementation	300	300	1,700
Transit Station Improvements	-	-	1,000
Neighborhood Conservation	-	-	4,820
Subtotal Statewide	\$10,001	\$9,497	\$92,211
Total	\$ 26,551	\$ 40,387	\$ 237,118

LOTS = Locally Operated Transit Systems

Source: Maryland Transit Administration