

J00B01
State Highway Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$133,665	\$152,583	\$130,050	-\$3,615	\$127,581	-\$2,469
Contractual Services	47,102	69,576	45,619	-1,483	49,031	3,412
Grants	446,854	442,867	379,031	-67,823	441,726	62,695
Contingent & Back of Bill Reductions	0	0	0	0	-51,774	-51,774
Adjusted Grand Total	\$627,621	\$665,027	\$554,700	-\$72,921	\$566,564	\$11,864
Special Funds	615,751	648,460	534,713	-81,038	604,868	70,155
Contingent & Back of Bill Reductions	0	0	0	0	-51,738	-51,738
Adjusted Special Funds	\$615,751	\$648,460	\$534,713	-\$81,038	\$553,130	\$18,417
Federal Funds	11,870	16,567	19,902	8,032	13,469	-6,433
Contingent & Back of Bill Reductions	0	0	0	0	-36	-36
Adjusted Federal Funds	\$11,870	\$16,567	\$19,902	\$8,032	\$13,434	-\$6,468
Reimbursable Funds	0	0	85	85	0	-85
Adjusted Grand Total	\$627,621	\$665,027	\$554,700	-\$72,921	\$566,564	\$11,864
Annual % Change		6.0%	-16.6%		2.1%	

- The Budget Reconciliation and Financing Act (BRFA) of 2003 authorized the transfer of \$51.2 million in highway user revenue grants to the general fund in fiscal 2005. In the fiscal 2005 budget, the administration has proposed to transfer an additional \$51.2 million in highway user revenue grants to the general fund in fiscal 2005. If the proposed transfer of \$51.2 million occurs, highway user revenue grants will show an increase of \$16.2 million from fiscal 2004 to 2005.
- The fiscal 2005 operating allowance reflects the elimination of \$553,451 (\$517,808 in special funds and \$35,643 in federal funds), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

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

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PAYGO Capital Budget Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 04-05 Change</u>	<u>FY 04-05 % Change</u>
Special Funds	352,180	339,061	438,131	349,851	-\$88,280	-20.1%
Contingent & Back of Bill Reductions	0	0	0	-481	-\$481	0.0%
Adjusted Special Funds	\$352,180	\$339,061	\$438,131	\$349,370	-\$88,761	-20.3%
Federal Funds	563,822	488,989	521,828	475,558	-\$46,270	-8.9%
Contingent & Back of Bill Reductions	0	0	0	-386	-\$386	0.0%
Adjusted Federal Funds	\$563,822	\$488,989	\$521,828	\$475,172	-\$46,656	-8.9%
Adjusted Grand Total	\$916,002	\$828,050	\$959,959	\$824,543	-\$135,416	-14.1%

- The capital program decreases by \$135.4 million from fiscal 2004 to 2005 due to decreases in major projects and system preservation caused by funding constraints.
- The fiscal 2005 PAYGO capital allowance reflects the elimination of \$866,279 (\$480,750 in special funds and \$385,529 in federal funds), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.
- The numbers shown in this exhibit are taken from the Governor’s Budget Book. However, in fiscal 2004, the special fund appropriation is overstated by \$15 million, and the federal fund appropriation is understated by \$15 million.

Operating and PAYGO Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	3,500.5	3,353.0	3,282.0	-218.5	3,282.0	0.0
Contractual FTEs	12.1	7.8	24.0	11.9	22.0	-2.0
Total Personnel	3,512.6	3,360.8	3,306.0	-206.6	3,304.0	-2.0

Vacancy Data: Regular Positions

Turnover Expectancy	130.62	3.98%
Positions Vacant as of 12/31/03	170.00	5.18%

- The State Highway Administration (SHA) lost a total of 218.5 positions from fiscal 2002 to 2004. The loss of positions has required that SHA use more private sector personnel to manage and perform activities typically performed by SHA staff. In a number of instances, this has proven more costly.
- SHA experienced a reduction of two contractual positions from fiscal 2004 to 2005. These contractual positions were reduced to meet the maximum number of contractual positions throughout the Maryland Department of Transportation (MDOT).
- SHA had 170 positions vacant as of January 1, 2004. SHA advises that over half of the 170 positions vacant as of January 1, 2004, have recently been filled or are in active recruitment. The remaining positions are in some phase of the exemption process or in reclassification.

Analysis in Brief

Major Trends

Safety Is SHA's Highest Priority: SHA has stressed that safety is its highest priority. Although under considerable funding constraints, SHA has not taken cost containment measures that will affect critical mission needs. When financial constraints are necessary, SHA has reduced spending in areas such as non-critical equipment replacement and system preservation.

Issues

Congestion Pricing and High Occupancy Toll (HOT) Lanes: The concept of congestion pricing, charging a high price to use highways at peak hours and a low price at off-peak hours, has begun to receive serious consideration as a measure to battle gridlock. On October 21, 2003, SHA briefed the Transportation Task Force on potential toll financing including managed lanes. SHA recommended that MDOT continue to explore toll financing options for those projects that show good potential either as traditional toll or managed lane projects. SHA also recommended that toll financing should become an explicit component of SHA's project development process. **DLS recommends that SHA comment on the potential for HOT lanes in the Washington, DC/Baltimore region.**

Audit Reports on State Vehicle Fleet and SHA: The Office of Legislative Audits (OLA) conducted an audit of the State vehicle fleet in December 2003. The audit concluded that significant cost savings could be realized with more effective oversight of vehicle procurement and use. OLA found that SHA purchased 17 SUVs that did not appear to be adequately justified, 120 SHA employees were reimbursed for over 10,000 vehicle miles, and 10 SHA vehicles were used less than 4,000 miles in fiscal 2003 (the Department of Budget and Management (DBM) requires agencies to ensure vehicles accumulate the required 10,000 annual mile minimum). OLA also conducted an audit of SHA in June 2003. The audit raised concerns about evidence of possible criminal conduct by SHA not always referred to the Office of the Attorney General – Criminal Investigations Division, improper billings and contract monitoring, inadequate delinquent account referral to the DBM Central Collection Unit, and inadequate corporate purchasing card controls. **DLS recommends that SHA comment on OLA's findings related to SHA's vehicle fleet and measures SHA is taking to address concerns from the December 2003 SHA audit.**

Operating Budget Recommended Actions

1. Add annual budget bill language stipulating Prince George's County repayment for road improvements for Jack Kent Cooke Stadium infrastructure.

Capital Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Sale of State Assets: MDOT owns more than 2,500 properties that are not currently in active use. Many are residual properties near highways constructed by SHA over the last 40 years. Others include small strips, land-locked fragments that could be useful to adjoining property owners, and stand-alone parcels suitable for commercial or residential construction projects. 104 properties are currently being studied for possible sale. Once a property study has been completed and cleared for sale, MDOT will attempt to sell the property. MDOT anticipates that 52 properties will be sold in fiscal 2004 and 98 properties in fiscal 2005. MDOT expects approximately \$17 million in fiscal 2004 and 2005 from the sale of property.

Woodrow Wilson Bridge: On January 9, 2004, the 2003 Financial Plan Annual Update for the Woodrow Wilson Bridge Project was submitted by SHA, the Virginia Department of Transportation, and the Washington, DC Department of Transportation. The financial plan serves as the second annual update to the Woodrow Wilson Bridge Project's Initial Financial Plan, which was approved in September 2001. As of September 30, 2003, the total cost to complete the Woodrow Wilson Bridge Project as defined by the project's Record of Decision is \$2.427 billion. The current schedule calls for the completion of both river crossing superstructures by early 2008 with an interim milestone of completing the outer loop structure currently scheduled for mid-2006. Maryland is estimated to receive a total of over \$1 billion in obligated special federal funds and \$166.2 million in obligated regular federal funds. Maryland is expected to provide a total of \$116.1 million in State-matching funds over the life of the project.

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Budget Analysis

Program Description

The State Highway Administration (SHA) is responsible for over 5,200 miles of interstate, primary, and secondary roads, and over 2,500 bridges. SHA employees plan, design, build, and maintain these roads and bridges to safety and performance standards while paying attention to social, ecological, and economic concerns.

SHA employs personnel in seven engineering districts throughout the State and at the Baltimore City headquarters. Each district encompasses a number of adjacent counties, with a district office serving as its headquarters. There is at least one maintenance facility in each county. The districts are responsible for the management of highway and bridge construction contracts, and maintenance functions such as pavement repairs, bridge repairs, snow removal, roadside management, equipment maintenance, and traffic engineering operations.

SHA attempts to manage traffic and congestion through the Coordinated Highways Action Response Team (CHART) program. CHART provides information about traffic conditions and clears incidents on major roadways.

The highway safety program funds the Motor Carrier Division and the State Highway Safety Office. The Motor Carrier Division manages the State's enforcement of truck weight and age limits by inspecting drivers, trucks, and cargo, as well as auditing carriers. The State Highway Safety Office administers highway safety programs and grants to State and local agencies.

The administration has identified the following key goals:

- Safety: A safe highway system for all users.
- Mobility/Congestion relief: Enhance, maintain, and operate the highway system to improve mobility for our customers.
- System Preservation and Maintenance: To maintain a quality highway system.
- Efficiency in Government: Improve efficiencies in business processes.
- Environmental Stewardship: Develop and maintain Maryland State highways in an environmentally responsible manner.
- Customer Satisfaction: To provide services to customers that meet or exceed their expectations.

Performance Analysis: Managing for Results

SHA attempts to provide key Managing for Results (MFR) performance measures that relate to its mission and goals. SHA's mission is to "efficiently provide mobility for our customers through a safe, well-maintained, and attractive highway system that enhances Maryland's communities, economy, and environment." Two of SHA's priorities are safety and system preservation.

Safety

Goal 1 from the SHA MFR submission is "Safety: A safe highway system for all users." As more people drive on the highways, the potential for highway accidents is increased. Even as the number of vehicle miles driven continues to grow, SHA is attempting to reduce the annual number of traffic fatalities and personal injuries on all Maryland roads.

Objective 1.1 is to "Reduce the annual number of traffic fatalities on all Maryland roads from 662 in calendar 2001 to fewer than 600 by December 31, 2006, and reduce the annual number of people injured on all Maryland roads from 60,051 in calendar 01 to fewer than 55,000 by December 31, 2006." There were 661 fatalities in calendar 2002 and SHA estimates 610 fatalities in calendar 2004. There were 59,517 personal injuries in 2002, and SHA estimates 56,000 personal injuries in calendar 2004. Both of these measures are clearly difficult for SHA to predict and circumstances can often fall outside of its control. Nevertheless, SHA has shown a commitment to reducing the number of statewide traffic fatalities and injuries.

On January 12, 2004, the Maryland Department of Transportation (MDOT) launched a safety campaign, *12 Months of Safety*, in cooperation with SHA, the Motor Vehicle Administration, the Maryland Transportation Authority (MdTA), and the Maryland State Police. The goal of the campaign is to save lives and reduce injuries by decreasing the number of crashes in Maryland through various targeted safety areas. Each month highlights a specific safety topic including: occupant protection, aggressive driving, driving in work zones, pedestrian safety, motorcycle safety, and special programs for young or rookie drivers and senior drivers.

DLS recommends that SHA comment on the progress of *12 Months of Safety* and other measures it is taking to improve safety throughout the State highway system.

	<u>Actual CY 2001</u>	<u>Actual CY 2002</u>	<u>Actual CY 2003</u>	<u>Estimate CY 2004</u>
Number of vehicle miles driven (billions)	52.0	53.8	56.5	57.9
Annual number of traffic fatalities	662	661	625	610
Annual number of personal injuries on all Maryland roads	60,051	59,517	57,000	56,000

System Preservation

Goal 3 from the SHA MFR submission is “To maintain a quality highway system.” One of the objectives related to this goal deals with ride quality. Objective 3.1 is “Maintain annually at least 83% (calendar 2002 pavement conditions) of the MD SHA pavements in acceptable riding quality condition.” Ride quality is represented by the International Roughness Index (IRI) which is based on the longitudinal profile of the roadway surface. The index measures pavement roughness in terms of inches per mile that a laser, mounted in a specialized van, jumps as it is driven across interstate and expressway systems. The lower the IRI number, the smoother the ride. Interstate roadways exhibiting IRI values of less than 120 inches/mile and non-interstate roadways exhibiting IRI values of less than 170 inches/mile are considered acceptable. SHA has maintained and estimates it will continue to maintain a level of 83% of statewide pavements in acceptable riding condition. **DLS recommends that SHA comment on how this percentage compares to other states.**

Objective 3.2 is to “Maintain annually 100% of the bridges on MD SHA portion of the National Highway System (NHS) so that all legally loaded vehicles can safely traverse.” 4.0% of Maryland bridges were structurally deficient in calendar 2002, and SHA estimates that 4.0% of bridges will be deficient in calendar 2004. **DLS recommends that SHA comment on trends in this performance measure given that the percentage has been around 3.0% in the past and whether 4.0% is an acceptable percentage of structurally deficient statewide bridges.**

	<u>Actual CY 2001</u>	<u>Actual CY 2002</u>	<u>Actual CY 2003</u>	<u>Estimate CY 2004</u>
Percent of roadway with acceptable ride quality	83.0%	83.0%	83.0%	83.0%
Percent of Maryland SHA bridges on the National Highway System that are structurally deficient	3.8%	4.0%	4.0%	4.0%

Fiscal 2004 Cost Containment

SHA has stated it will take cost containment actions in fiscal 2004 totaling \$1.8 million in special funds. The cost containment actions will reduce spending for maintenance in the following areas:

- Equipment will be reduced by not replacing 1 forklift, 4 mowers and 15 message signs (\$784,500).
- Roadside maintenance will be reduced by deferring 15% of boom-axe mowing and reducing chemical control of vegetation by 15% (\$450,000).
- Contractual tractor mowing reduced by 10% (\$250,000).
- Contractual hand mowing reduced by 10% (\$140,000).

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- Contractual brush and tree trimming reduced by 5% (\$90,000).
- Mechanical road sweeping will be reduced by decreasing the number of sweeping cycles 5% (\$88,000).

Fiscal 2005 Cost Containment

The fiscal 2005 operating allowance reflects the elimination of \$553,451 (\$517,808 in special funds and \$35,643 in federal funds), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation. The fiscal 2005 PAYGO capital allowance reflects the elimination of \$866,279 (\$480,750 in special funds and \$385,529 in federal funds), also for matching employee deferred compensation contributions up to \$600.

Governor's Proposed Operating Budget

The fiscal 2005 operating allowance increases by \$11.9 million over the fiscal 2004 working appropriation. This increase reflects the proposed transfer of \$51.2 million in highway user revenues to the general fund. If the proposed transfer occurs, highway user revenues will grow by \$16.2 million due to an increase in estimated revenues. Other significant changes in the SHA operating budget include a \$4.7 million reduction in federal highway safety grants and a \$1.7 million reduction in personnel expenses. **Exhibit 1** provides additional detail regarding the changes between the fiscal 2004 working appropriation and the fiscal 2005 allowance.

Exhibit 1
Governor's Proposed Budget
State Highway Administration
(\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
Special Funds	\$648,460	\$534,713	\$604,868	\$70,155	13.1%
Contingent & Back of Bill Reductions	0	0	-51,738	-51,738	
Adjusted Special Funds	\$648,460	\$534,713	\$553,130	\$18,417	3.4%
Federal Funds	\$16,567	\$19,902	\$13,469	-\$6,433	-32.3%
Contingent & Back of Bill Reductions	0	0	-36	-36	
Adjusted Federal Funds	\$16,567	\$19,902	\$13,434	-\$6,468	-32.5%
Reimbursable Funds	\$0	\$85	\$0	-\$85	-100.0%
Adjusted Grand Total	\$665,027	\$554,700	\$566,564	\$11,864	2.1%

Where It Goes:

Personnel Expenses

Reallocation of regular earnings from operating to capital functions.....	-\$2,490
Increments and other adjustments.....	1,022
Cost containment and turnover adjustments.....	-210
Retirement.....	-135
Health insurance.....	88
Other adjustments.....	1

Other Changes

Highway user revenues based on forecasted revenue.....	16,174
Reduction in federal highway safety grants.....	-4,675
Enhancements for contract maintenance including control of invasive plants, additional lane miles added to the system, and drawbridge operations.....	2,876
Reductions in supplies and materials including paint, signs, and markers.....	-732
Miscellaneous adjustments.....	-55

Total **\$11,864**

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

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Personnel

The \$1.7 million reduction in personnel expenses is primarily due to a reallocation of regular earnings from operating to capital functions. At SHA, personnel are not assigned exclusively to a particular budgeted program. As a result, SHA must allocate salary budgets to each program using historical information in addition to taking into account any planned fluctuations. When the fiscal 2004 budget was formulated, it reflected a disproportionate share of salaries allocated to the Maintenance Program with a corresponding understatement of regular earnings in the Construction Program. Fiscal 2005 reflects a more accurate allocation of regular earnings in each program. Total operating and PAYGO positions at SHA did not change from fiscal 2004 to 2005.

Besides the reallocation of regular earnings, the \$1.7 million reduction in personnel expenses includes a \$1 million increase for increments and other adjustments, a \$210,000 decrease for cost containment and turnover adjustments, a \$135,000 decrease for retirement, and an \$88,000 increase for health insurance.

County and Municipal Funds

A portion of transportation revenues are deposited into the Gasoline and Motor Vehicle Revenue Account (GMVRA), of which 70% is provided to the Transportation Trust Fund (TTF) and 30% is for the counties and municipalities (highway user revenues). Baltimore City receives the greater of \$157.5 million, or 11.5% of the total plus 11.5% of any growth in the local share over fiscal 1998 base levels. The remaining local share is distributed among the counties and eligible municipalities based on total county road mileage and county vehicle registration.

Fiscal 2004

The Budget Reconciliation and Financing Act (BRFA) of 2003 transferred \$102.4 million in local highway user revenues to the general fund in fiscal 2004. This action reduced highway user revenue grants in fiscal 2004 from \$460.7 million to \$358.3 million and limited Baltimore City's share to \$170 million.

Fiscal 2005

The BRFA of 2003 also contained a provision transferring \$51.2 million in local highway user revenues to the general fund in fiscal 2005. The administration has proposed to transfer an additional \$51.2 million to the general fund in fiscal 2005. If the proposed transfer of \$51.2 million in highway user revenue grants is transferred to the general fund, available highway user grants will decrease from \$433.1 million to \$381.9 million.

Exhibit 2 shows apportionments of estimated highway user revenues for fiscal 2005. The totals shown include the proposed additional \$51.2 million transfer in highway user revenues to the general fund in fiscal 2005. The counties, municipalities, and Baltimore City would receive a total of \$381.9 million (net of county debt service) if the transfer occurs. If the transfer does not occur, the counties, municipalities, and Baltimore City would receive \$433.1 million (net of county debt service).

**Exhibit 2
Apportionments of Estimated Highway User Revenues
Fiscal 2005**

<u>County</u>	<u>Total</u>	<u>Less: Bond Sinking Fund Requirement</u>	<u>Available to Counties, Municipalities, and Baltimore City</u>	<u>Counties</u>	<u>To Municipalities and Baltimore City</u>
Allegany	\$4,940,258		\$4,940,258	\$3,227,976	\$1,712,282
Anne Arundel	20,657,289		20,657,289	19,364,982	1,292,307
Baltimore	28,367,400		28,367,400	28,367,400	0
Calvert	4,112,422		4,112,422	3,733,240	379,182
Caroline	3,321,569		3,321,569	2,739,970	581,599
Carroll	9,251,430		9,251,430	7,596,134	1,655,296
Cecil	5,137,838	139,137	4,998,701	4,017,420	981,281
Charles	6,316,551		6,316,551	5,905,668	410,883
Dorchester	3,712,218		3,712,218	2,872,276	839,942
Frederick	12,138,306		12,138,307	8,904,523	3,233,783
Garrett	4,216,510		4,216,510	3,576,353	640,157
Harford	10,509,440		10,509,440	9,188,468	1,320,972
Howard	10,306,152		10,306,152	10,306,152	0
Kent	1,904,575		1,904,575	1,549,735	354,840
Montgomery	29,786,921		29,786,921	25,263,647	4,523,274
Prince George's	25,418,794		25,418,794	19,228,758	6,190,036
Queen Anne's	3,722,148		3,722,148	3,436,343	285,805
St. Mary's	4,892,046		4,892,046	4,808,566	83,480
Somerset	2,221,467		2,221,467	1,929,165	292,302
Talbot	3,012,733		3,012,733	2,199,335	813,398
Washington	7,793,870	214,056	7,579,814	5,507,821	2,071,993
Wicomico	5,957,166		5,957,166	4,690,573	1,266,593
Worcester	4,558,760		4,558,760	3,397,296	1,161,464
Total Counties	\$212,255,863	\$353,193	\$211,902,670	\$181,811,801	\$30,090,869
Baltimore City	\$170,000,000		\$170,000,000		\$170,000,000
Total	\$382,255,863	\$353,193	\$381,902,670	\$181,811,801	\$200,090,869
Reduction	\$51,220,064		\$51,220,064	\$43,958,751	\$7,261,313
Total	\$433,475,927	\$353,193	\$433,122,734	\$225,770,552	\$207,352,182

Source: State Budget Books, fiscal 2005

PAYGO Capital Program

Program Description

The State System Construction program provides funds for the capital program of SHA. Financing is available from current revenues, federal aid, and bond proceeds for construction and reconstruction projects on the State highway system, program-related planning and research, acquisition of major capital equipment, and all other capital expenditures. Funding is also provided for local capital programs through the State Aid in Lieu of Federal Aid program and various federal grants, including bridge replacement and rehabilitation, and the national highway system.

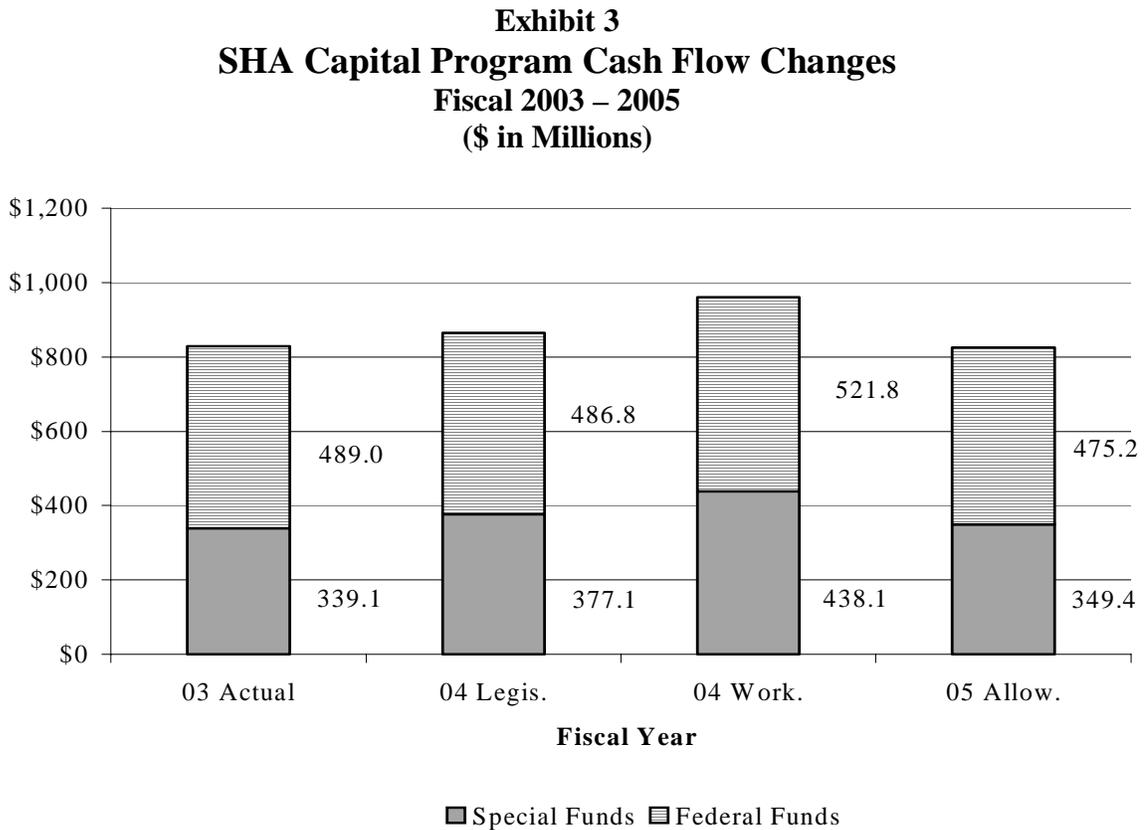
The *Consolidated Transportation Program* (CTP) includes a development and evaluation program (D&E) and a construction program. Generally, projects are first added to the D&E program. In the D&E program, projects are evaluated by planners/engineers, and rights-of-way may be purchased. MDOT also prepares final and draft Environmental Impact Statements for projects in the D&E program. These studies examine a number of alternatives, which include a no-build option and a number of different alignments. Spending on a project while in the D&E program is usually less than 15% of the total project cost. When MDOT wants to move a project forward and begin construction, it is moved into the construction program.

Fiscal 2004 to 2009 Consolidated Transportation Program

The SHA PAYGO capital program decreases by \$135.4 million from the fiscal 2004 working appropriation to the fiscal 2005 allowance. This change occurs with significant decreases for major projects and system preservation. Funding constraints have limited SHA's ability to add new construction phases to the capital program. System preservation decreases have occurred with a reduction in the Neighborhood Conservation Program and the elimination of various programs only funded through fiscal 2004. The D&E program stays fairly level from fiscal 2004 to 2005. SHA is attempting to keep projects moving forward with the hope of securing new State or federal revenues.

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Exhibit 3 provides cash flow information for the SHA capital program. Cash flow changes are attributable to a number of different factors, including new projects added to the CTP, projects deferred to later years, and project delays. The split between special and federal funds does not change substantially over the years. The level fluctuates between 41 to 46% special funds and from 54 to 59% federal funds.



Source: State Highway Administration, 2004 *Consolidated Transportation Program*

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Exhibit 4 provides a list of major CTP construction projects funded in fiscal 2005. The 13 projects listed account for around 80% of all major projects in the construction program for fiscal 2005.

Exhibit 4
SHA Major CTP Construction Projects Funded in Fiscal 2005
(\$ in Thousands)

<u>County</u>	<u>Project</u>	<u>FY 2005</u>	<u>Total \$</u>	<u>Completion of FY Cashflow</u>
Baltimore County	I-695 Baltimore Beltway – additional southbound lane from south of MD 144 to I-95	\$10,692	\$67,203	2005
Baltimore County	I-695 Baltimore Beltway – widen and reconstruct the I-695 bridges over MD 25A and Joppa Road	10,507	21,539	2006
Baltimore County	I-695 Baltimore Beltway – reconstruction of the existing MD 45 interchange	8,081	16,210	2006
Baltimore County	MD 43 Extended – construct an access controlled highway between MD 150 and U.S. 40	11,512	51,064	2007
Howard	MD 216 Relocated, Scaggsville Road – construct a 6 lane highway on new location to replace existing MD 216 from west of I-95 to U.S. 29	8,051	28,482	2006
Montgomery	U.S. 29, Columbia Pike – construct a new interchange at Randolph/Cherry Hill Roads	7,716	42,947	2006
Montgomery	U.S. 29, Columbia Pike – construct a new interchange at Briggs Chaney Road	9,949	46,655	2007
Montgomery	U.S. 29, Columbia Pike – construct a new interchange at relocated U.S. 29/MD 198	9,161	46,531	2005
Montgomery	East-West Intersection Improvements – improve intersections in northern Montgomery and western Prince George’s counties	17,391	77,697	2007
Prince George’s	I-95/I-495 Woodrow Wilson Bridge Improvement	173,845	1,290,164	2013
Prince George’s	I-295/I-495, National Harbor – construct access improvements and MD 414 Extended	15,252	53,700	2007
Prince George’s	MD 450, Annapolis Road – upgrade and widen MD 450 to a multi-lane divided highway from MD 193 to Stonybrook Drive	9,343	35,536	2005
Prince George’s	MD 450, Annapolis Road – construct a CSX Railroad grade-separated crossing and intersection improvements near the Peace Cross	9,345	56,247	2009
Total		\$300,845	\$1,833,975	

Source: State Highway Administration

Projects Added to the Construction Program

As shown by **Exhibit 5**, only one project was added to the SHA construction program. This project will replace and widen the bridges over Weems and College Creek in Anne Arundel County. Both bridges are in a deteriorated condition and in need of replacement/rehabilitation. The total cost of the project is \$22.2 million, and \$6.5 million for right-of-way and construction is included for fiscal 2005. The bids are expected February 5, 2004, and construction will begin in April 2004.

Exhibit 5
SHA CTP Projects Added to the Construction Program
Fiscal 2004 – 2005
(\$ in Thousands)

<u>Project</u>	<u>FY 04</u>	<u>FY 05</u>	<u>Change from FY 04 – 05</u>	<u>Total Project Cost</u>
MD 70, Rowe Boulevard – widening and replacement of Weems and College Creek bridges in Anne Arundel County	\$1,901	\$6,467	\$4,566	\$22,243

Source: State Highway Administration, 2004 *Consolidated Transportation Program*

Projects Added to the D&E Program

As shown by **Exhibit 6**, four projects were added to the SHA D&E program: U.S. 220, McMullen Highway (Allegany, \$0.6 million); U.S. 40, Pulaski Highway (Harford, \$0.5 million); MD 202, Largo Road (Prince George's, \$2.1 million); and the InterCounty Connector (ICC) (Montgomery, Prince George's, \$21.1 million).

The U.S. 220 project in Allegany County will study U.S. 220 from the I-68 interchange to the West Virginia state line via MD 53 (15 miles). This represents Maryland's portion of a larger study from I-68 to Corridor H in West Virginia. The U.S. 40 project in Harford County will conduct a study to construct a missing interchange movement (one side of the road has an interchange movement and the other does not) from eastbound U.S. 40 to northbound MD 715, including realignment of the ramps from MD 715 to eastbound U.S. 40. The MD 202 project in Prince George's County will improve intersections along the MD 202 corridor between Brightseat Road and Technology Way. These improvements will provide enhanced access to the Largo Town Center Metro Station. The ICC project will study a new east-west multi-modal highway in Montgomery and Prince George's counties between I-270 and I-95/U.S. 1. The \$21.1 million included for SHA in the fiscal 2004 to 2009 CTP will partially fund the project planning phase. An additional \$65.2 million for planning and \$51.1 million for right-of-way acquisition is included in the MdTA capital program.

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SHA advises that a funding plan will be refined during the upcoming year. SHA plans to conduct preliminary engineering on the proposed alternatives (known as Corridor 1 and Corridor 2) and develop detailed impact analyses pertaining to the socioeconomic, cultural, and natural environments.

Exhibit 6
SHA CTP Projects Added to the D&E Program
Fiscal 2004 – 2005
(\$ in Thousands)

Project	FY 04	FY 05	Change from FY 04 – 05	Total Project Cost
U.S. 220, McMullen Highway – Study U.S. 220 from I-68 interchange to West Virginia state line (Allegany)	\$200	\$221	\$21	\$621
U.S. 40, Pulaski Highway – Study to construct a missing interchange movement* from eastbound U.S. 40 to northbound 715 (Harford)	250	250	0	500
MD 202, Largo Road – Improve intersections along MD 202 to enhance access to Largo Town Center Metro Station (Prince George’s)	200	950	750	2,100
ICC – Study to construct a new multi-modal highway between I-270 and I-95/U.S. 1 (Montgomery, Prince George’s, \$1.4 million spent on planning in fiscal 2003)	19,724	0	-19,724	21,100
Total	\$20,374	\$1,421	-\$18,953	\$24,321

* One side of the road has an interchange movement and the other does not.

Source: State Highway Administration, 2004 *Consolidated Transportation Program*

Projects Removed from the D&E Program

One project was removed from the SHA D&E program. This project was to study the I-695, Baltimore Beltway at MD 26 in Baltimore County. The project was removed for re-evaluation of interchange needs. The interchange improvements were being developed in two phases – short- and long-term. Short-term improvements at the intersection are already under construction and include the removal of the loop ramp from southbound I-695 to eastbound MD 26, the relocation of the ramp from eastbound MD 26 to southbound I-695, the widening of MD 26 from the inner loop ramp, and a new signal on MD 26. SHA advises that these improvements are adequate to handle traffic for the next several years. The long-term improvements would have significant impacts on the residential community, requiring 15-20 displacements. The long-term improvements were removed from the D&E program due to satisfaction with the short-term improvements.

Construction Schedule Delays

As shown by **Exhibit 7**, three SHA projects were delayed. The MD 732, Guilford Road, bridge replacement over CSX Railroad (Anne Arundel, Howard) was delayed from fiscal 2003 to 2004 due to a delay in acquisition of needed right-of-way. There are no impacts on the State for the construction delay because this project is being advertised and constructed by Howard County. MD 450, Annapolis Road, construction of a CSX Railroad grade-separated crossing and intersection improvements (Prince George's) was delayed from fiscal 2004 to 2005 to resolve scope and funding issues. An additional \$10 million is needed to fully fund the construction phase. The project is scheduled to begin construction this summer provided that additional funding becomes available. The impact of this delay is continued traffic congestion that occurs at the railroad crossing location and its adjacent intersections. MD 212, construction of a multi-lane arterial along Ammendale/Virginia Manor Roads from U.S. 1 to I-95 (Prince George's) was delayed from fiscal 2003 to 2004 due to redevelopment of engineering plans. The impact of this delay is minor, as the existing MD 212 roadway remains in operation.

Exhibit 7 SHA CTP Project Delays

<u>Project</u>	<u>Reason</u>	<u>Delay</u>
MD 732, Guilford Road – bridge replacement over CSX Railroad (Anne Arundel, Howard)	Delay in acquisition of needed right-of-way	Fiscal 2003 to 2004
MD 450, Annapolis Road – construction of CSX Railroad crossing and intersection improvements (Prince George's)	Delay to resolve scope and funding issues	Fiscal 2004 to 2005
MD 212 – construction of a multi-lane arterial along Ammendale/Virginia Manor Roads from U.S. 1 to I-95 (Prince George's)	Delay due to redevelopment of engineering plans	Fiscal 2003 to 2004

Source: State Highway Administration, 2004 *Consolidated Transportation Program*

System Preservation and Minor Projects

System preservation and minor projects for SHA decreased from fiscal 2004 to 2005. The change occurs with a nearly \$6 million decrease for fiscal 2005 in the Neighborhood Conservation Program from last year's 2003 to 2008 CTP and the elimination of various other programs only funded through fiscal 2004. Additionally, because SHA has not been able to add new construction phases, there is a corresponding decrease in local and developer participation in highway projects.

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Some of the programs only funded through fiscal 2004 include Quick Response, Pilot Program, and Guardrail End Treatment. The Quick Response Program was developed to provide a funding source to quickly implement minor geometric improvements to enhance traffic operations and safety such as by-pass lanes, left-turn lanes, and pedestrian islands. Although no funding is budgeted in fiscal 2005, SHA has indicated that there is a \$5.2 million need in fiscal 2005 for the program. SHA would like to continue the program if funding becomes available. The Guardrail End Treatment Program was developed to provide a funding source to upgrade or replace guardrail end treatments. Over time, guardrail structural and replacement designs have improved to compensate for changing vehicle, highway, and traffic characteristics. Although no funding is budgeted in fiscal 2005, SHA has indicated that there is a \$3.7 million need in fiscal 2005 for the program. SHA would like to continue the program if funding becomes available. The Pilot Program was developed to evaluate the inclusion of undergrounding (the act of removing utility poles and burying wires and equipment in conduits or pipes) utilities in local towns as part of SHA's preservation improvement projects. One project in Elkton cost \$8 million for undergrounding utilities. The program was determined very expensive and SHA does not wish to continue the Pilot Program.

Issues

1. Congestion Pricing and High Occupancy Toll (HOT) Lanes

The concept of congestion pricing, charging a high price to use highways at peak hours and a low price at off-peak hours, has begun to receive serious consideration as a measure to battle gridlock. HOT lanes (also called managed lanes) are currently used in Singapore, London, Houston, and Southern California. HOT lane projects are underway in Denver and Dallas, and the concept is being studied in more than six major U.S. cities. Virginia's Commonwealth Transportation Board recently endorsed relieving traffic congestion by adding two HOT lanes in each direction to a 12-mile stretch of the Capital Beltway (I-495).

From an economic standpoint, the concept of congestion pricing for roads has been advocated for over three decades. Just as with any other desirable resource offered for free or below cost, roads experiencing high traffic volume will eventually reach a point of saturation. HOT lane tolls would bring the idea of market-based supply and demand pricing mechanisms to roads. The tolls would increase as traffic increases and decrease as traffic decreases. An electronic tolling system is used to collect the tolls.

Opponents of HOT lanes have argued that the lanes would create social equity concerns. Often dubbed "Lexus Lanes," the concern is that use of the lanes would be limited to the rich – those who could not afford to pay for the tolls during rush hour would be forced to sit in traffic. However, preliminary experience with HOT lanes in Orange County, San Diego, and Houston has indicated that drivers of all income levels choose to pay the tolls when the time savings makes it worth their while. On the I-15 express lanes in San Diego, tolls fluctuate from \$0.75 to \$4.00 between the times of 5:45 a.m. and 7:00 p.m. (tolls are highest from 7:00 a.m. to 8:00 a.m. and 4:30 p.m. to 5:30 p.m.). The tolls may be raised up to \$8.00 in the event of severe traffic congestion.

Exhibit 8 provides a chart of active HOT lanes in the United States. San Diego, Orange County, and Houston currently have active HOT lanes. Construction is underway for HOT lanes in Denver and Dallas.

Exhibit 8 Active HOT Lane Projects in the United States

<u>Metro Area</u>	<u>In Operation</u>	<u>Underway</u>	<u>Being Studied</u>
San Diego	I-15	I-15 expansion	I-5, I-805, SR-52
Orange County	SR-91		
Los Angeles			U.S. 101
Santa Clara			U.S. 101, I-880, SR 87
Alameda			I-580, I-680
Seattle			SR-167
Denver		I-25N	I-70, C-470
Dallas		I-635	network

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<u>Metro Area</u>	<u>In Operation</u>	<u>Underway</u>	<u>Being Studied</u>
Houston	I-10, U.S. 290	I-10 expansion	network
San Antonio			NE Corridor
Atlanta			GA-400, GA-316
Orlando			I-4
Miami			I-95, Turnpike Ext. Sr-836
DC/Virginia			I-495, I-95
DC/Maryland			I-495, I-270, I-95, U.S. 50

Source: Reason Foundation

MDOT undertook a statewide study of HOT lane opportunities in response to the 1999 *Joint Chairmen's Report*. MDOT conducted a one-year value pricing study that considered a full range of value pricing strategies, including HOT lanes. The study was partially funded by the Federal Highway Administration through its Value Pricing Pilot Program. A year later, MDOT provided preliminary recommendations that a public outreach and education program should begin and that the variable pricing concept should be further considered for implementation on a pilot basis. Candidate locations for consideration of implementation included U.S. 50, I-270 and/or the Chesapeake Bay Bridge. MDOT stated that, prior to the pilot project, a major public outreach effort would be carried out to educate the public on variable pricing and the proposed pilot program. However, in 2001, MDOT was directed to end the HOT lane studies in response to perceived concerns regarding equity issues.

On October 21, 2003, SHA briefed the Transportation Task Force on potential toll financing including managed lanes. SHA recommended that Maryland continue to explore toll financing options for those projects that show good potential either as traditional toll or managed lane projects. SHA also recommended that toll financing should become an explicit component of SHA's project development process. Regarding managed lanes, SHA presented several issues: (1) access would need to be limited to electronic tolling (transponders like E-ZPass or video tolling concepts); (2) in some cases a new lane and one existing lane would need to be tolled to make the project economically viable; and (3) HOT lanes would be very difficult to enforce in most Maryland projects, so all vehicles in the managed lanes would have to be tolled, except buses and vanpools.

DLS recommends that SHA comment on the potential for HOT lanes in the Washington DC/Baltimore region.

2. Audit Reports on State Vehicle Fleet and SHA

The Office of Legislative Audits (OLA) conducted an audit of the State vehicle fleet in December 2003. The audit concluded that significant cost savings could be realized with more effective oversight of vehicle procurement and use. The audit noted that although DBM has established policies that provide for the appropriate assignment and use of the 8,600 vehicles under its jurisdiction, centralized oversight procedures could be improved. For example, assigning lower mileage State vehicles to employees who were reimbursed for high personal vehicle miles could

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result in cost savings. OLA estimates that the State could have potentially saved up to \$600,000 by assigning each of the 177 employees who were reimbursed for over 10,000 business miles during fiscal 2003, to one of the 900 State vehicles that was used less than 4,000 annual miles.

OLA found that SHA purchased 17 SUVs that did not appear to be adequately justified, 120 SHA employees were reimbursed for over 10,000 vehicle miles, (of this, 29 were reimbursed for more than 30,000 miles), and 10 SHA vehicles were used less than 4,000 miles in fiscal 2003 (DBM requires agencies to ensure vehicles accumulate the required 10,000 annual mile minimum). The 120 SHA employees reimbursed for over 10,000 vehicle miles is especially significant considering that 177 employees statewide were reimbursed for over 10,000 miles.

DLS recommends that SHA comment on OLA's findings related to SHA's vehicle fleet with particular attention to the 120 SHA employees reimbursed for over 10,000 vehicle miles.

OLA released an audit report on SHA in June 2003 covering the period beginning January 1, 2000, and ending July 31, 2002. The audit disclosed several findings: (1) evidence of possible criminal conduct by SHA employees or entities doing business with SHA was not always referred to the Office of the Attorney General – Criminal Investigations Division as required; (2) SHA did not properly monitor the propriety of payments and key contract provisions relating to a bridge repair contractor – improper payments totaled \$360,000; (3) SHA failed to promptly detect fraudulent credit card purchases of \$19,524; and (4) as of June 30, 2002, SHA had not referred 338 delinquent accounts totaling \$8.4 million to the DBM Central Collection Unit as required.

In response to this audit, SHA has developed procedures for open-end time and material contracts. The procedures include contract management, force account sheets, payroll, and invoices. The procedures require increased documentation, retention of documentation, and verification of payroll and invoice accuracy.

DLS recommends that SHA brief the committees on the new procedures for open-end time and material contracts and how the procedures address the concerns of the OLA audit. SHA should also discuss any additional measures it is taking to address OLA audit concerns.

Operating Budget Recommended Actions

1. Add the following language:

, provided that \$1,000,000 of this appropriation, made for the purpose of distributing the share of revenues from the Gasoline and Motor Vehicle Revenue Account to Prince George's County (i.e., highway user revenues) shall be deducted prior to the distribution of funds to the county and be retained by the Transportation Trust Fund. The deduction would occur after the deduction of sinking fund requirements for county transportation bonds from highway user revenues.

Explanation: In 1996, an agreement was reached between the State, Prince George's County, and Jack Kent Cooke, Inc. (then owner of the Washington Redskins) concerning road and infrastructure improvements adjacent to a stadium in Prince George's County for the Redskins. The agreement included a State grant for local roadway improvements around the stadium, for which the county agreed to reimburse the State \$1.0 million annually through fiscal 2012. The agreement gives the county the option to choose a \$1.0 million deduction or quarterly payments of \$250,000. Previously, the county opted for the \$1.0 million deduction. The budget bill language adjusts the county's share of highway user revenues, consistent with the 1996 agreement.

Capital Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Sale of State Assets

MDOT owns more than 2,500 properties that are not currently in active use. Many are residual properties near highways constructed by SHA over the last 40 years. Others include small strips, land-locked fragments that could be useful to adjoining property owners, and stand-alone parcels suitable for commercial or residential construction projects. The Office of Real Estate is required by law to sell parcels from inventory that are no longer needed for a transportation purpose. The Code of Maryland State Regulations governs the sale of State owned land. In each of the transportation modes, the sale of land is guided by a different part of the code.

104 properties are currently being studied for possible sale. Properties being studied for sale involve issues such as right-of-way, transportation needs, public needs, and the State clearinghouse process. Once a property study has been completed and cleared for sale, MDOT will attempt to sell it. MDOT anticipates that 52 properties will be sold in fiscal 2004 and 98 properties in fiscal 2005.

MDOT expects approximately \$17 million in fiscal 2004 and 2005 from the sale of property. The property value is based upon the State Department of Assessments and Taxation's (SDAT) calculation for the property. SDAT values are reliably low and rarely exceed appraised value. All properties are appraised immediately prior to auction.

More information on the sale of MDOT property is available at MDOT's Office of Real Estate webpage: <http://www.mdot-realestate.org/>.

2. Woodrow Wilson Bridge

On January 9, 2004, SHA, the Virginia Department of Transportation, and the Washington, DC Department of Transportation submitted the 2003 Financial Plan Annual Update for the Woodrow Wilson Bridge Project. The financial plan serves as the second annual update to the Woodrow Wilson Bridge Project's Initial Financial Plan, which was approved in September 2001. As of September 30, 2003, the total cost to complete the Woodrow Wilson Bridge Project as defined by the project's Record of Decision is \$2.427 billion, a \$16 million decrease from the \$2.443 baseline budget presented in the project's Initial Financial Plan and a \$137 million decrease from the 2002 estimate. The principle cause of the decrease from the 2002 update was favorable bid results received for river crossing superstructure contracts.

The current schedule calls for the completion of both river crossing superstructures by early 2008 with an interim milestone of completing the outer loop structure currently scheduled for mid-2006. Through the end of September 2003, the project has expended \$672 million (28%) of the current project estimate. Under the current schedule, projected annual cash flow expenditures are expected to peak in federal fiscal 2004 at approximately \$357 million.

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Exhibit 9 provides a total revenue forecast summary for the Woodrow Wilson Bridge Project. Maryland is estimated to receive a total of over \$1 billion in obligated dedicated federal funds and \$166.2 million in obligated regular federal funds. Maryland is expected to provide a total of \$116.1 million in State-matching funds over the life of the project.

Exhibit 9
Woodrow Wilson Bridge
Total Revenue Forecast Summary
(\$ in Millions)

FFY Ending	Obligated Dedicated Federal Funds		Obligated Regular Federal Funds			State Match Cash Flow			Grand Total
	VA	MD	VA	MD	DC	VA	MD	DC	
Actuals	\$565.3	\$918.5	\$2.6	\$11.9	\$14.4	\$32.7	\$31.6	\$0.8	\$1,577.8
Sep-04	39.7	89.7	8.0	18.9		41.8	11.4	0.8	1,788.2
Sep-05				59.1		25.1	19.1		1,891.6
Sep-06			46.9	45.9		17.3	25.5		2,027.2
Sep-07			66.2			17.2	14.7		2,125.2
Sep-08			111.6			17.6	5.6		2,260.1
Sep-09						22.9	0.5		2,283.5
Sep-10			8.7	30.3		13.2			2,335.7
Sep-11			63.3			20.1	3.4		2,422.5
Sep-12							3.4		2,425.9
Dec-13							0.8		2,426.8
Totals	\$605.0	\$1,008.2	\$307.3	\$166.2	\$14.4	\$208.0	\$116.1	\$1.6	\$2,426.8

Source: 2003 Woodrow Wilson Bridge Project Financial Plan Update

Current and Prior Year Budgets

**Current and Prior Year Budgets
State Highway Administration
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$0	\$608,241	\$8,877	\$0	\$617,118
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	46,944	8,400	0	55,344
Cost Containment	0	-55	0	0	-55
Reversions and Cancellations	0	-6,670	-710	0	-7,380
Actual Expenditures	\$0	\$648,460	\$16,567	\$0	\$665,027
Fiscal 2004					
Legislative Appropriation	\$0	\$528,864	\$9,509	\$0	\$538,373
Cost Containment	0	0	0	0	0
Budget Amendments	0	5,849	10,393	85	16,327
Working Appropriation	\$0	\$534,713	\$19,902	\$85	\$554,700

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

Fiscal 2003

The fiscal 2003 operating budget for SHA increased by \$47.9 million, from \$617.1 million to \$665.0 million. The SHA's special fund appropriation increased, through budget amendments, by \$46.9 million to provide funding for severe winter weather. The expenditures were necessary to keep Maryland's transportation system operational during one of the worst winter storms on record. The total increase of \$46.9 million occurred with a \$52.0 million increase for severe winter weather, a \$1.6 million increase for reimbursable accidents, a \$300,000 increase for emergencies, and a \$7 million decrease for cost containment reductions (reductions in utilities projects, truck purchases, supplies, landscaping), CHART operations, and maintenance and highway safety programs.

Actual special fund expenditures also reflect a \$6.7 million decrease for cancellations and cost containment. This amount is the result of \$6.7 million in reversions mainly due to a decrease in contract maintenance affected by the severe winter and wet spring and a \$55,000 cost containment reduction for free transit ridership.

The SHA's federal fund appropriation increased by \$8.4 million. This increase included (1) \$7.7 million in National Highway Traffic Safety Administration special incentive grants awarded to SHA for safety programs such as seatbelt use and lowering the blood alcohol limit to 0.08 percent; (2) \$700,000 in federal funds from the Federal Congestion Mitigation Air Quality program for CHART (special funds were reduced by \$700,000 due to this federal aid); and (3) a \$710,000 reduction for cancellations mainly due to the timing of Highway Safety grants (federal funds will roll over to future years).

Fiscal 2004

The fiscal 2004 operating working appropriation increased by \$16.3 million over the fiscal 2004 legislative appropriation. This occurs with an increase of \$5.85 million in special fund amendments, an increase of \$10.39 million in federal fund amendments, and an \$85,000 increase in reimbursable fund amendments. A summary of the fiscal 2004 amendments is included in **Appendix 4**. Amendments included in the \$554.7 million working appropriation are the first, second, and fourth budget amendments listed in Appendix 4, all of which have yet to be either approved or submitted to the legislature for review.

**Object/Fund Difference Report
MDOT - State Highway Administration**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1592.00	1568.00	1568.00	0	0%
02 Contractual	2.60	6.00	9.00	3.00	50.0%
Total Positions	1594.60	1574.00	1577.00	3.00	0.2%
Objects					
01 Salaries and Wages	\$ 85,482,391	\$ 79,961,499	\$ 78,790,802	-\$ 1,170,697	-1.5%
02 Technical & Spec Fees	9,524,120	7,001,472	7,404,830	403,358	5.8%
03 Communication	2,093,581	1,526,438	1,711,902	185,464	12.2%
04 Travel	875,860	747,640	442,500	-305,140	-40.8%
06 Fuel & Utilities	7,909,729	8,175,245	8,199,100	23,855	0.3%
07 Motor Vehicles	18,083,085	15,950,781	16,222,658	271,877	1.7%
08 Contractual Services	69,576,326	45,618,874	49,030,849	3,411,975	7.5%
09 Supplies & Materials	27,065,839	14,811,270	14,162,640	-648,630	-4.4%
10 Equip - Replacement	503,016	795,193	271,815	-523,378	-65.8%
11 Equip - Additional	303,751	260,042	41,641	-218,401	-84.0%
12 Grants, Subsidies, Contr	442,867,474	379,031,323	441,725,904	62,694,581	16.5%
13 Fixed Charges	740,376	820,227	332,658	-487,569	-59.4%
14 Land & Structures	1,586	0	0	0	0.0%
Total Objects	\$ 665,027,134	\$ 554,700,004	\$ 618,337,299	\$ 63,637,295	11.5%
Funds					
03 Special Fund	\$ 648,460,348	\$ 534,713,256	\$ 604,868,135	\$ 70,154,879	13.1%
05 Federal Fund	16,566,786	19,901,748	13,469,164	-6,432,584	-32.3%
09 Reimbursable Fund	0	85,000	0	-85,000	-100.0%
Total Funds	\$ 665,027,134	\$ 554,700,004	\$ 618,337,299	\$ 63,637,295	11.5%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
MDOT - State Highway Administration**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 State System Construction and Equipment	\$ 800,602,437	\$ 833,752,513	\$ 914,391,167	14.2%	\$ 790,777,110	-13.5%
02 State System Maintenance	216,511,960	170,166,378	170,089,462	-21.4%	171,220,646	0.7%
03 County and Municipality Capital Funds	25,149,176	26,920,000	41,920,000	66.7%	32,100,000	-23.4%
04 Highway Safety Operating Program	17,065,045	9,960,707	18,860,707	10.5%	13,993,919	-25.8%
05 County and Municipality Funds	431,450,129	358,245,751	365,749,835	-15.2%	433,122,734	18.4%
08 Major IT Development Projects	2,297,483	3,178,741	3,647,833	58.8%	2,532,001	-30.6%
Total Expenditures	\$ 1,493,076,230	\$ 1,402,224,090	\$ 1,514,659,004	1.4%	\$ 1,443,746,410	-4.7%
Special Fund	\$ 987,520,893	\$ 905,916,931	\$ 972,844,256	-1.5%	\$ 954,719,246	-1.9%
Federal Fund	505,555,337	496,307,159	541,729,748	7.2%	489,027,164	-9.7%
Total Appropriations	\$ 1,493,076,230	\$ 1,402,224,090	\$ 1,514,574,004	1.4%	\$ 1,443,746,410	-4.7%
Reimbursable Fund	\$ 0	\$ 0	\$ 85,000	N/A	\$ 0	-100.0%
Total Funds	\$ 1,493,076,230	\$ 1,402,224,090	\$ 1,514,659,004	1.4%	\$ 1,443,746,410	-4.7%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

Budget Amendments for Fiscal 2004
Maryland Department of Transportation
State Highway Administration

<u>Status</u>	<u>Amount</u>	<u>Fund</u>	<u>Justification</u>
Pending (1)	\$(1,654,500) (3,247,200) <u>10,392,584</u> <u>\$5,490,884</u>	SF Oper SF Oper FF Oper	Increase federal funds by \$1,552,000 for Hurricane Floyd as a result of allowable expenditures declared as eligible for federal reimbursement and decrease the special fund appropriation by the same amount. Also, decrease special funds for cost containment (\$1,802,500), replace special funds for Hurricane Floyd (\$1,552,000), county and municipality grants (\$3,247,200), increase special funds for reimbursable accidents (\$1,500,000), State portion of the Motor Carrier Safety (\$200,000), federal funds for Motor Carrier Safety (\$700,000), Chart equipment (\$140,584) and Highway Safety grants (\$8,000,000).
Pending (2)	\$85,000	RF Oper	Federal grant via MEMA for State domestic preparedness, hazardous material protective gear, trailer mounted generators and lighting trailers.
Projected (3)	\$46,077,741 <u>35,030,005</u> <u>\$81,107,746</u>	SF Cap FF Cap	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the FY 2004 – FY 2009 Final CTP.
Projected (4)	\$10,751,284 <u>15,000,000</u> <u>\$25,751,284</u>	SF Oper FF Cap	Adjust Highway User Revenue to anticipated year end level and increased federal capital spending for county and municipality funds.
Projected (5)	\$59,183	SF Oper	The Baltimore Metropolitan Council decided to complete the Regional Protective Action Plan. These amendments transfer funding from TSO and MEMA to SHA. SHA is contributing the remaining funds of \$50,407, for a total cost of \$173,160.
Projected (6)	<u>63,570</u> <u>\$122,753</u>	RF Oper	
Projected (7)	\$1,004,000 <u>5,696,000</u> <u>\$6,700,000</u>	SF Oper FF Oper	Estimated Hurricane Isabel damages to roads and bridges (\$500,000) and debris removal (\$6.2 million). Approximately \$528,000 will be reflected as revenue
Projected (8)	\$8,000,000	SF Oper	Assuming that we will have a relatively mild winter without an abnormally high number of weather events SHA may need from \$6 to \$10 million for snow removal.

Source: Maryland Department of Transportation