J00H01
Maryland Transit Administration
Maryland Department of Transportation

Operating Budget Data

($ in Thousands)

	FY 05 Actual	FY 06 Working	FY 07 Allowance	FY 06-07 Change	% Change Prior Year
Special Fund	$394,427	$386,811	$416,308	$29,497	7.6%
Federal Fund	51,923	53,352	53,352	0	
Total Funds	**$446,351**	**$440,163**	**$469,660**	**$29,497**	**6.7%**

- The fiscal 2007 allowance for the Maryland Transit Administration (MTA) increases by approximately $29.5 million (6.7%) over the fiscal 2006 working appropriation.
- The largest increase in the fiscal 2007 allowance is $8.2 million in Bus Operations for motor fuel due to the rising cost of oil.
- The cost of paratransit services increased approximately $7.9 million due to the renegotiation of expiring contracts and the increased usage of the Taxi Access program.

PAYGO Capital Budget Data

($ in Thousands)

	Fiscal 2005	Fiscal 2006		Fiscal 2007	
	Actual	Legislative	Working	Request	Allowance
Special	$195,777	$156,549	$200,320	$94,541	$126,166
Federal	$90,508	$144,545	$195,931	$73,846	$124,406
Total	**$286,285**	**$301,094**	**$396,251**	**$168,387**	**$250,572**

- The MTA capital program increased approximately $95.2 million from the fiscal 2006 legislative appropriation to working appropriation due largely to cash flow adjustments.
- The fiscal 2007 allowance decreases $145.7 million from the fiscal 2006 working appropriation. This is largely due to a number of large projects ending in fiscal 2006 and cash flow changes.

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

For further information contact: Jonathan D. Martin Phone: (410) 946-5530

Operating and PAYGO Personnel Data

	FY 05 Actual	FY 06 Working	FY 07 Allowance	FY 06-07 Change
Regular Positions	3,015.00	3,009.00	3,039.00	30.00
Contractual FTEs	33.00	33.00	48.00	15.00
Total Personnel	**3,048.00**	**3,042.00**	**3,087.00**	**45.00**

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	171.40	5.64%
Positions Vacant as of 1/1/06	152.00	5.05%

- MTA proposes to add 30 general bus operation positions to backfill the transfer of bus operators for the Mobility paratransit service. In addition, 15 full-time equivalent positions are proposed to staff the Mobility Service Center to improve many of the services discussed in the recently resolved lawsuit.

- As of January 1, 2006, MTA had 152 positions vacant. Turnover is budgeted at 5.64% requiring 171.4 vacant positions.

Analysis in Brief

Major Trends

Baltimore Area Transit Services Below Required Farebox Recovery Ratio: MTA is required to maintain a 40% farebox recovery ratio for Baltimore area transit services and 50% for the Maryland Rail Commuter (MARC) service. In fiscal 2005, the ratio for Baltimore area transit services was 34.2%, and for MARC it was 60%. MTA does not expect to meet the ratio in fiscal 2006 and 2007 either.

MTA Boardings Decreasing: Boardings for core bus services, light rail, and metro have decreased since fiscal 2001. Light rail is estimated to increase in fiscal 2007 with the completion of the double tracking project. Of note however is that paratransit, MARC, and commuter bus, each contracted services, have increased in ridership since fiscal 2001.

On-time Performance for MTA Has Mixed Results: On-time performance for MTA-provided rail services has historically been high. MTA estimates, however, that the on-time performance for rail service will decrease slightly due to increased security precautions. Traditionally, bus service has not performed as well; however, no data is provided for fiscal 2006 and 2007 as MTA is developing a new methodology to calculate on-time performance. While not reported as a Managing for Results measure, MTA reported in November that for the first time Mobility paratransit service achieved a 90% on-time performance level.

MTA Quadrennial Performance Report: MTA is required to provide an independent management audit of the operational costs and revenues of mass transit in the Baltimore region every four years. From the fiscal 2000 to 2004, the cost of contracted services (commuter bus, paratransit, and MARC) grew faster than services directly operated by MTA. In addition, ridership for contracted services grew, particularly for commuter bus and MARC services. When compared to other comparable transit agencies in fiscal 2003, MTA compared favorably for its directly operated services.

Issues

Paratransit Lawsuit Settled…Service Improved…and Additional Positions Are Requested: In December 2005, MTA reached a settlement agreement with the Maryland Disability Law Center on a lawsuit filed by paratransit riders. In part due to the lawsuit, MTA has worked to improve paratransit services; this resulted in MTA achieving an on-time performance rate of 90% for the first time. Due to improved service, the demand for the service has also increased, as have the costs and needs of the program. As a result, MTA transferred 30 bus operators to the paratransit program in fiscal 2005 and in the fiscal 2007 allowance is requesting 30 bus operator positions to replace the positions that were transferred out. **The Department of Legislative Services (DLS) recommends that MTA discuss the current service delivery model and its success. DLS also recommends that MTA undertake an interim study comparing the service delivery model and associated costs to peer transit cities.**

Greater Baltimore Bus Initiative: In May 2005, MTA introduced a proposal to overhaul bus routes in the greater Baltimore Metropolitan area. The initial plan was developed by MTA with consultation from the public and would have affected most of the 50 core bus routes. Due to public concern, MTA pared the original proposal down to a proposal that would affect 28 bus routes known as Phase I. Phase II of the initiative will be introduced on June 11, 2006, and represents the balance of bus route changes that were not included in Phase I. MTA indicates public hearings will not be held on the changes proposed in Phase II. **DLS recommends that MDOT comment on how the changes in Phase II will be presented to the community and implemented.**

Capital Budget Issues

Three Major Transit Projects All Competing for Funding: The 2006 – 2011 Consolidated Transportation Program includes four major transit projects (Baltimore Red Line, I-270 Corridor Cities Transitway, Bi-County Transitway and Baltimore Green Line), each of which will have a locally preferred option selected in fiscal 2007. Once the locally preferred option is selected, MTA will work with the federal government to secure federal funding. **DLS recommends that MDOT comment on the prospect of all three projects receiving federal funding as well as the availability of special funds for all three projects. DLS recommends reducing development and engineering for these projects by $5 million.**

Operating Budget Recommended Actions

		Funds	Positions
1.	Reduce funds for maintenance and building equipment.	$ 37,000	
2.	Reduce funds for office supplies.	53,726	
3.	Delete funding for 30 new positions.	1,866,000	30.0
4.	Reduce funds for employee uniforms.	70,000	
5.	Adopt committee narrative to include Managing for Results measures for Mobility paratransit services.		
6.	Adopt committee narrative requesting an interim report analyzing the delivery of paratransit services.		
	Total Reductions	**$ 2,026,726**	**30.0**

PAYGO Budget Recommended Actions

		Funds	Positions
1.	Reduce funds for the Greater Baltimore Bus Initiative.	$ 2,991,000	
2.	Reduce funds for transit development and engineering studies.	5,000,000	
	Total Reductions	**$ 7,991,000**	

Updates

Job Description List: Narrative in the 2005 *Joint Chairmen's Report* required MTA to provide job descriptions and salaries for all MTA employees. The budget committees were concerned that job descriptions were not available. MTA submitted a report on June 28, 2005, providing job descriptions and salaries for each MTA employee which satisfied the request.

Underutilized Vehicles: Budget bill language was added during the 2005 session requiring MTA to revaluate its fleet and determine which vehicles are surplus, as well as MTA's plan for identifying surplus vehicles based upon an Office of Legislative Audits (OLA) report. MTA has a fleet of 328 vehicles that are used primarily to support its transit operations and as police vehicles. The OLA report identified 75 vehicles as accruing less than 10,000 miles which are not exempt from minimum mileage requirements as designated by the Department of Budget and Management. Of these 75 vehicles, MTA identified 10 vehicles as surplus with a total value of $188,060 and approximate operating savings of $33,214. MTA indicates that it will continue to evaluate its fleet utilization practices and will work diligently to assure that its resources are used as effectively and efficiently as possible.

Light Rail at Hamburg Street: During the 2005 legislative session, the committees expressed intent that MTA change the Light Rail stop at Hamburg Street in Baltimore to a regular, full-time stop. In late spring 2005, Secretary Robert Flanagan approved an MTA plan to reconfigure the Hamburg Station as a facility serving walk-up customers only. On July 1, 2005, the Hamburg Street station was opened for full-time walk-up operation; and as of August 1, 2005, MTA's cost to reconfigure the station was approximately $195,000.

Langley Park Transit Center: During the 2005 legislative session, the General Assembly restricted $100,000 of the MTA's budget until a report was submitted to the committees on the need for a transit center at Langley Park. As part of the ongoing Alternatives Analysis/Draft Environmental Impact Statement development for the Bi-County Transitway the MTA began to assess the feasibility of a transit center for the Langley Park/Takoma Park community. Preliminary cost estimates for the transit center are estimated to be $12.31 million with operating costs for the transit center expected to be minimal. On May 19, 2005, Lieutenant Governor Michael Steele announced that the State would support $7.3 million in funding for the transit center and called for matching contributions from Prince George's and Montgomery counties.

Maryland Transit Administration

Maryland Department of Transportation

Budget Analysis

Program Description

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

- **Transit Administration** provides executive direction and support services for MTA.

- **Bus Operations** manages bus services in Baltimore City and surrounding counties. These services include the operation of fixed route and paratransit lines and contracts with commuter and paratransit service providers.

- **Rail Operations** includes the Baltimore Metro heavy rail line and the Baltimore area Light Rail lines as well as the management of the Maryland Rail Commuter (MARC) contracts with Amtrak and CSX Transportation.

- **Statewide Operations** provides technical assistance and operating grants to local jurisdictions' transit services, including Montgomery County's "Ride-On" and Prince George's County's "the Bus" services. Additionally, the program contracts with private carriers to operate commuter bus services throughout the State. Assistance is also provided to several short-line freight railroads to support the maintenance of State-owned rail lines.

MTA has identified the following goals:

- provide outstanding service;

- encourage transit ridership in Maryland;

- use MTA resources efficiently and effectively and be accountable to the public, customers, and employees, with performance measured against prior years and transit industry peers; and

- provide a safe, crime free environment for customers and employees.

Performance Analysis: Managing for Results

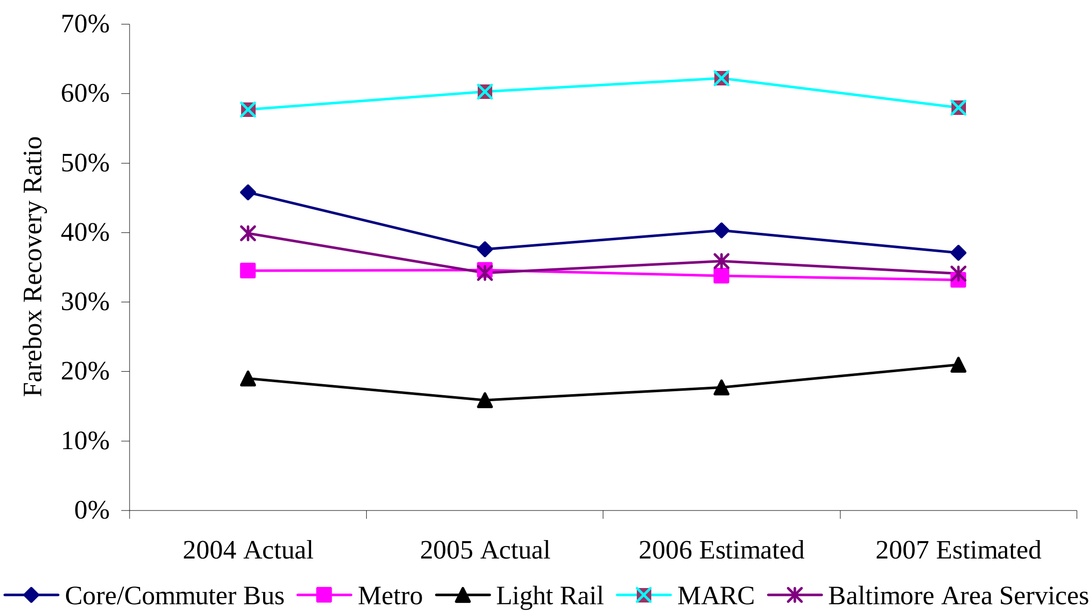
As part of its allowance submission, MTA submits a number of performance measures including detail on the farebox recovery ratio, on-time performance, and other operating measures including operating cost per passenger and passengers per revenue mile. Operating measures will be discussed in further detail in the Managing for Results (MFR) section on the quadrennial audit of MFR measures.

Farebox Recovery

Section 7-208 of the Transportation Article requires MTA to obtain a 40% minimum farebox recovery rate for Baltimore area transit services (core and commuter bus, Light Rail, and Metro). Chapter 210, Acts of 2000 lowered the required annual farebox recovery rate from 50 to 40%, with a sunset at the end of fiscal 2004. Chapter 447, Acts of 2004 extended the sunset to June 30, 2008, and held the requirement at 40%. Section 7-902 of the Transportation Article requires MTA to obtain a 50% minimum farebox recovery rate for MARC.

Exhibit 1 provides farebox recovery performance for Baltimore area services and MARC. MARC services achieved a 57.7% ratio in fiscal 2004 and 60% in fiscal 2005. MARC is estimated to achieve a 62% recovery in fiscal 2006 while the fiscal 2007 farebox recovery projection for MARC is 58%.

Exhibit 1
Farebox Recovery Ratio
Fiscal 2004 – 2007



Source: Maryland Transit Administration

In recent years, MTA has had difficulty meeting the 40% farebox recovery requirement for Baltimore area transit services. Core bus and Baltimore commuter bus services achieved a 37.6% farebox ratio in fiscal 2005, Metro achieved a 34.6% ratio, and Light Rail achieved 15.9%. Even with the 18.5% fare increase for all Baltimore area transit services at the start of fiscal 2004, performance is still under the 40% requirement at 34.2% for fiscal 2005, down from 39.9% in fiscal 2004.

MTA does not expect to achieve the 40% farebox recovery requirement in fiscal 2006 and 2007, with the farebox recovery ratio declining from 35.9% in fiscal 2006 to 34.1% in fiscal 2007. This decline occurred despite the estimate that ridership is projected to increase in both fiscal 2006 and 2007. **The Department of Legislative Services (DLS) recommends MDOT discuss why it has not met the farebox recovery requirement and what actions will be taken to comply with the 40% farebox recovery requirement.**

Boardings

Exhibit 2 provides detail on the number of boardings for services provided by MTA. The estimated fiscal 2007 decrease in core bus compared to fiscal 2006 is due to the transfer of riders from the core bus service to light rail due to the completion of the light rail double tracking project, with light rail seeing a corresponding increase. Overall, core bus boardings have decreased 9.8% between fiscal 2001 and 2005. Metro ridership is projected to decrease in fiscal 2007, largely due to gains in fiscal 2006 from rising gas prices. MARC and commuter bus both are projected to experience marginal increases in fiscal 2007, however each has experienced considerable growth compared to fiscal 2004. When comparing fiscal 2007 to 2001, core bus, metro, and light rail have each experienced boarding losses while paratransit, MARC, and Contracted Commuter Bus have all increased. **DLS recommends the agency comment on the decrease in ridership and the causes.**

Exhibit 2
MTA Boardings
(in Thousands)

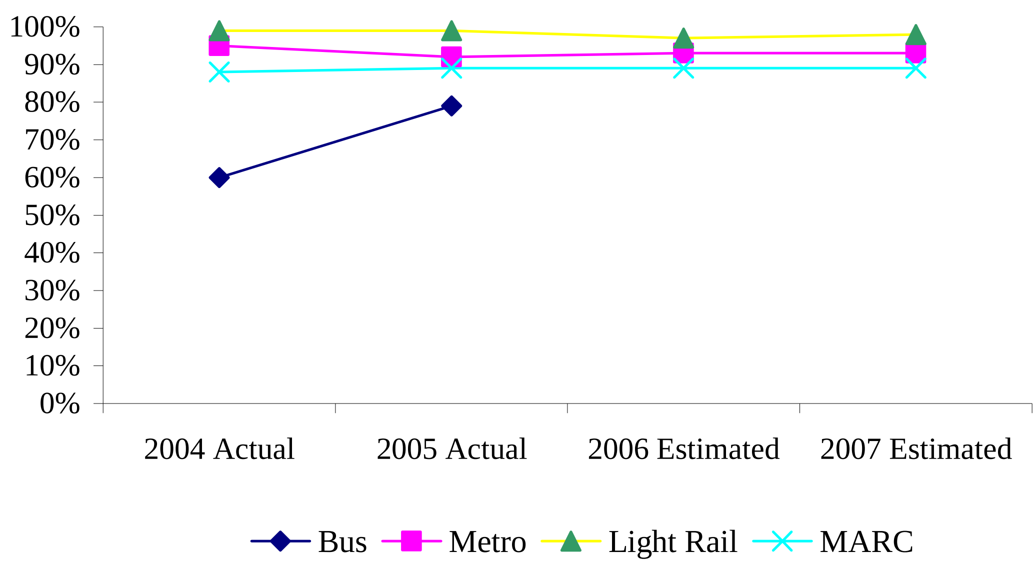
	2001 Actual	2004 Actual	2005 Actual	2006 Estimated	2007 Estimated
Core Bus	70,145	63,793	63,241	63,382	62,626
Metro	13,597	12,426	12,863	12,982	12,941
Light Rail	8,519	5,818	4,925	5,685	7,461
Paratransit	573	542	791	842	897
MARC	5,700	6,727	6,884	7,006	7,106
Contracted Commuter Bus (Baltimore and Washington)	1,826	2,703	2,929	3,024	3,039

Source: Maryland Transit Administration

On-time Performance

MTA attempts to provide high on-time performance for all of its services. **Exhibit 3** provides data on the percentage of service provided on-time for bus, Metro, Light Rail, and MARC. Rail service has typically performed well in this area, while bus service has not achieved strong results. Metro reported on-time performance of 92% in fiscal 2005, down from 95% in fiscal 2004. On-time performance is estimated to increase slightly to 93% in fiscal 2006 and 2007, meeting the performance measure. Light Rail achieved a level of 99% for on-time service in fiscal 2004 and 2005, with projections decreasing to 97% in fiscal 2006 and 98% in fiscal 2007. MARC reports between 88% and 90% on-time service from fiscal 2004 to 2007. MTA indicates that on-time performance has been affected due to increased security precautions predominantly related to unattended packages left on trains or boarding platforms.

Exhibit 3
On-time Performance
Fiscal 2004 – 2007



Source: Maryland Transit Administration

MTA did not estimate on-time service for core bus services. A footnote in the Governor's Budget Book indicates that MTA is currently revising the methodology used to calculate the on-time performance of the bus service. MTA indicates that a revised methodology can "improve the reliability and completeness of the data being collected." On-time performance data not being reported for the bus service is troubling due to MTA's ongoing effort to revise bus routes in Baltimore City to create a more efficient system.

Paratransit Improved Performance

Traditionally, Mobility paratransit on-time performance has not been high and a major customer complaint. In November 2005, MTA announced that Mobility paratransit had achieved an on-time performance rate of 90%, up from 77%, and cut customer complaints in half. There are several reasons for this improved performance:

- the purchase of 98 new Mobility vehicles with onboard global positioning system technology, allowing MTA to track a vehicle's location;
- MTA is responsible for scheduling all paratransit trips; and
- Taxi Access service was provided by MTA whereby customers could use 1 of 18 taxi companies. In October 2004, 13,248 trips were taken using Taxi Access. In October 2005, 26,430 trips were taken using Taxi Access.

DLS recommends that MDOT comment as to why on-time percentage information for buses was not presented using the old methodology while a new methodology is developed. DLS also recommends that committee narrative be adopted requiring MTA to report paratransit on-time performance as part of its MFR submission.

MTA Quadrennial MFR Audit

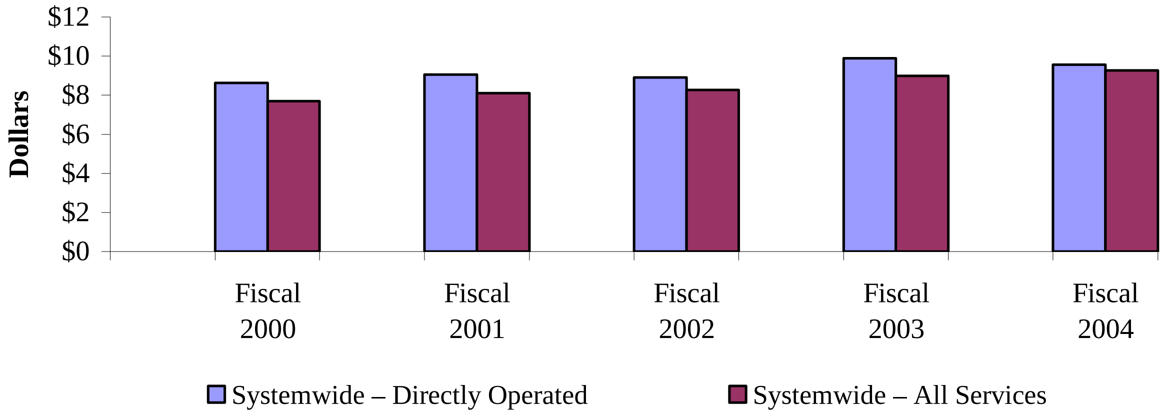
Chapter 447, Acts 2004 requires the MTA to provide an independent management audit of the operational costs and revenues of mass transit in the Baltimore region every four years. Following is a summary of an independent audit performed by Booz Allen Hamilton Inc. for the four-year period from July 1, 2000 through June 30, 2004.

MTA's Efficiency and Effectiveness

To assess the efficiency and effectiveness of MTA's performance, three agencywide indicators were used: (1) cost efficiency; (2) cost effectiveness; and (3) service effectiveness or productivity.

Exhibit 4 highlights the MTA's operating cost per revenue mile (cost of operating each mile that MTA vehicles operate in revenue service) from fiscal 2000 to 2004 for services directly provided by MTA including Bus, Light Rail, and Metro. Commuter Bus, MARC, and Mobility are defined as contract services. Costs for services directly operated by MTA grew by 10.9% from fiscal 2000 to 2004, which mirrors the growth of the consumer price index, or inflation. When looking at both contract and directly operated services, the operating cost per revenue mile for MTA grew by 20.4% over the same time period with paratransit growing 108% from $2.29 in fiscal 2000 to $4.78 in fiscal 2004.

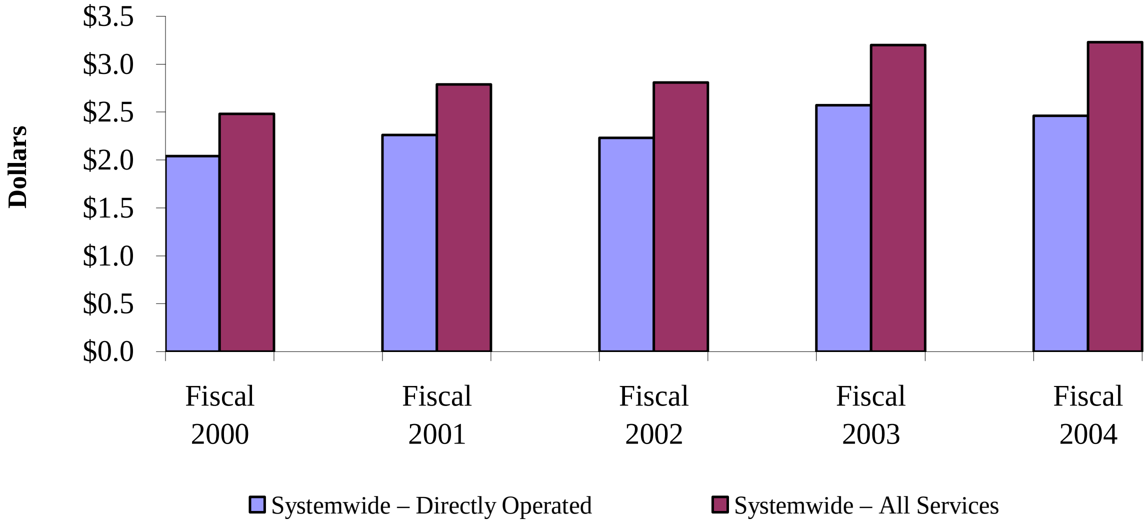
Exhibit 4
Operating Cost per Revenue Mile
Fiscal 2000 – 2004



Source: Booz, Allen & Hamilton, FY 2001 – 2004 Performance Audit, Compliance Review

Exhibit 5 highlights the MTA's operating cost per passenger (cost of operations per passenger) from fiscal 2000 to 2004. Overall, the cost per passenger for services directly operated by MTA almost doubled when compared to the rate of inflation (20.7% versus 10.9%). When looking at all services provided by MTA, the rate of growth is almost three times the rate of inflation, 30.2 versus 10.9%. The increase in operating cost per passenger is the result of a 2.1% drop in agencywide ridership, largely due to the Light Rail double tracking program, and the increased cost of contracted services, specifically paratransit.

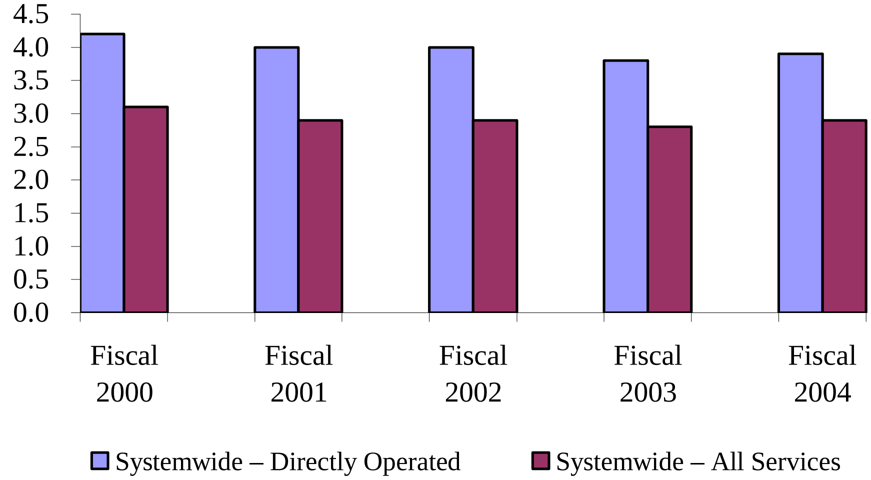
Exhibit 5
Operating Cost per Passenger
Fiscal 2000 – 2004



Source: Booz, Allen & Hamilton, FY 2001 – 2004 Performance Audit, Compliance Review

Exhibit 6 highlights the MTA's productivity by looking at the number of passengers per revenue mile (defined as the actual miles traveled where fares are collected). Over the audit period, riders per revenue mile dropped by 8.1% for directly operated services with Metro seeing the largest decline at 15%. Ridership for contracted services actually increased over this same time period with MARC seeing the largest increase at 17.8%, which resulted in an overall decrease in ridership of 7.5%.

Exhibit 6
Passengers per Revenue Mile
Fiscal 2000 – 2004



Source: Booz, Allen & Hamilton, FY 2001 – 2004 Performance Audit, Compliance Review

Ridership grew 32.5% from fiscal 2000 to 2004 for contracted services demonstrated by a 63% percent increase in commuter bus ridership and a 7% increase in MARC ridership from fiscal 2000 to 2004. As ridership grew in these contracted areas, except for Mobility, the operating costs increased as well by 67.8% with a 118% increase in commuter bus expenses, 51% growth in MARC expenses, and a 81% growth in paratransit services from fiscal 2000 to 2004. For directly operated services, ridership decreased by 4.5% while operating expenses increased by 15.3%.

When compared to four other peer agencies that operate bus and light and heavy rail services, MTA did not compare favorably for its directly operated services for fiscal 2003. First, MTA had the second highest operating expense per revenue mile. Second, MTA had the second highest expense per passenger. Finally, MTA had the second least passengers per revenue mile when compared to its peers. However for each of the measures, MTA was close to the average of all the peer transit agencies. In addition, each of the peer transit systems are larger than MTA, which may allow for greater operating efficiencies.

The audit ended with a set of conclusions and recommendations. One conclusion is that key performance indicators demonstrate the effects of recent ridership losses which impact both productivity and cost effectiveness. Other transit agencies have experienced similar trends over the past three to five years.

The audit made several recommendations as well. These include:

- continue efforts to develop a strategic business plan based on a system of integrated goals and objectives and report on performance against key indicators and provide explanation of variances from performance targets;

- develop a set of performance measures that are tied to MTA's strategic business plan, and are reported regularly and used to make resource allocations and drive agencywide accountability internally and externally;

- continue to assess service levels annually including the changes made through the implementation of the Greater Baltimore Bus Initiative and regularly adjust service to meet actual ridership demand and travel patterns;

- continue recently begun efforts to investigate opportunities to improve competition in contracted services in order to improve service flexibility and reduce costs; and

- with a significant number of MTA employees reaching retirement eligibility, 90 of a possible 240 non-union positions are eligible for retirement and 224 are eligible in the next five years, MTA should develop a workforce succession plan to support MTA's operational and strategic objectives.

MTA Accomplishments

The audit also noted several accomplishments. These included:

- the fiscal 2004 fare increases helped to improve service efficiency and farebox recovery rates;

- during fiscal 2003 and 2004, initial steps were taken for the Greater Baltimore Bus Initiative;

- workers' compensation claims decreased from 646 in fiscal 2000 to 579 in fiscal 2004;

- paratransit undertook specific actions to increase on-time performance, service quality, and customer service. These actions included providing cell phones for drivers and providing Taxi Access as a service to ambulatory eligible participants;

- technology is being used to increase productivity, efficiency, and accountability through maintenance management software and a new fare collection system; and

- MTA has begun work on a strategic business plan in coordination with MDOT.

DLS recommends that MDOT comment on:

- **the audit findings;**

- **the decline in population and MTA ridership for core services relative to the development of an East/West transit Red Line; and**

- **what actions have been taken to improve performance in the years since the audit.**

Governor's Proposed Budget

The fiscal 2007 allowance for MTA increases $29.5 million (6.7%) compared to the fiscal 2006 working appropriation. This includes a $1.1 million (2.7%) increase for Transit Administration, $16.2 million (8.5%) for Bus Operations, $11.4 million (8.6%) for Rail Operations, and $772,955 (1%) for Statewide Program Operations. **Exhibit 7** provides a summary of the major changes in the allowance by MTA program.

The agency's increase in its allowance is largely due to the renegotiation of several contracts and the rising cost of oil. For example:

- gas and oil costs for bus operations increase approximately $8.2 million;

- paratransit contracts increase by approximately $7.9 million; and

- the contract for MARC service increases $5.3 million, (9.0%).

Personnel

Personnel costs increase by approximately $4.0 million due to rate increases for health insurance and increments. Other personnel changes included a $3.4 million increase due to legislation in the 2005 session transferring MTA police into the Law Enforcement Officers' Pension System (LEOPS) system, a $3.0 decrease due to a refunding of past pension liabilities, $1.9 million due to 30 new positions being adding for Mobility services, and a $684,000 increase for the addition of 15 contract positions for Mobility services.

Exhibit 7
Governor's Proposed Budget
Maryland Transit Administration
($ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2006 Working Appropriation	$386,811	$53,352	$440,163
2007 Governor's Allowance	416,308	53,352	469,660
Amount Change	$29,497	$0	$29,497
Percent Change	7.6%		6.7%

Where It Goes:	
Personnel Expenses	
Increase due to the inclusion of MTA police in the Law Enforcement Officers' Pension System	$3,387
30 new positions for general bus operators	1,864
Increments and other compensation	1,316
Employee and retiree health insurance	682
Turnover adjustments	627
Past pension funding liability	-3,000
Union medical cost	-732
Workers' compensation premium assessment	-210
Other fringe benefit adjustments	105
Transit Administration	
Increase in systems software maintenance	401
Increase in rent paid to DGS per Department of Budget and Management Instructions	198
Decrease in insurance coverage	-205
Bus Operations	
Increase for gas and oil for buses due to rising oil costs	8,208
Increase for the Taxi Access program for paratransit services due to increased usage of service	3,999
Increase in paratransit contracts due to increased usage and incremental increases	3,876
Increase for 15 contractual positions to assist in Mobility operations	428
Increase for fuel – Oil #2	508
Increase for mobility telecommunication	306
Increase for gas and oil for vehicles due to rising oil costs	77
Decrease in natural gas and propane due to Department of Budget and Management instructions	-132
Decrease in utilities per Department of Budget and Management instructions	-129

Rail Operations	
Increase in the MARC contract	5,295
Increase due to new elevator maintenance contract following rehabilitation of elevators through the capital program	700
Increase for station cleaning due to renegotiated facilities maintenance contracts	500
Increase for grounds maintenance for new transit facilities	425
Increase in gas and oil for motor vehicles due to rising oil costs	365
Increase in rent (debt service for BWI garage)	76
Decrease in utilities per Department of Budget and Management instructions	-521
Statewide Program Operations	
Increase in contracts due to inflation and increased diesel fuel	606
Other	477
Total	**$29,497**

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

PAYGO Capital Program

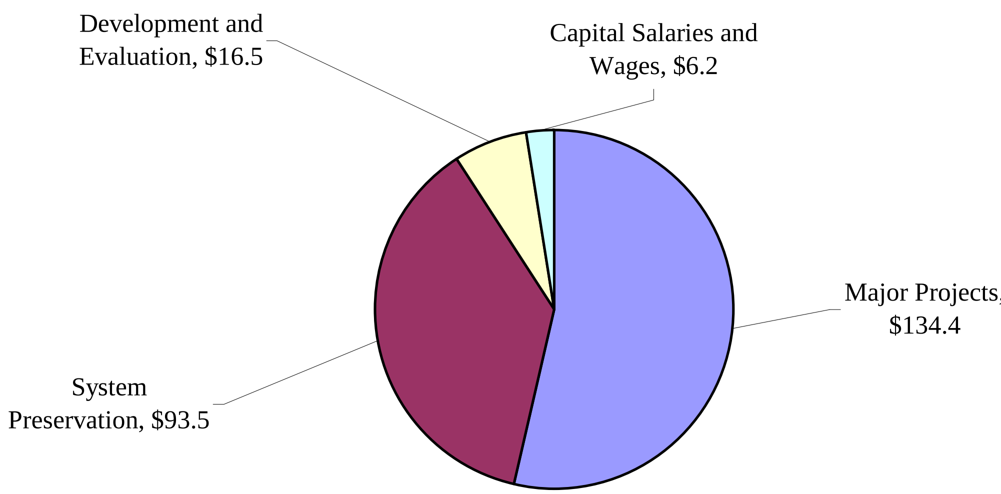
Program Description

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

Fiscal 2006 to 2011 Consolidated Transportation Program

The fiscal 2007 PAYGO program totals $250.6 million. There is also $7.0 million programmed from non-state sources with a majority being local funding for the Takoma/Langley Transit Center. As shown in **Exhibit 8**, the 2007 program includes $141.4 million for major projects, $94 million for system preservation minor projects (a $55.6 million increase over the draft *Consolidated Transportation Program* (CTP)), and $16.5 million for Development and Evaluation.

Exhibit 8
MTA Fiscal 2007 Allowance
($ in Millions)



Total $250.6 Million

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

Fiscal 2006

The fiscal 2006 working appropriation increased a net of $95.2 million from the legislative appropriation. This increase was largely due cash flow changes in fiscal 2005 resulting in a cash flow carry over from fiscal 2005 to 2006 totaling approximately $100 million.

Fiscal 2007

The MTA capital PAYGO program decreases by $145.7 million from the fiscal 2006 working appropriation to the fiscal 2007 allowance as shown in **Exhibit 9**. Most of the change results from decreases in major construction projects due to cash flow fluctuations and major projects ending. Large changes include:

- $39.7 million decrease for MARC efficiency improvements on the Camden, Brunswick, and Penn lines due to cash flow adjustments;

- $30.2 million decrease for bus procurement;

- $14.8 million decrease for replacement of fare collection equipment as Metro, MARC, and Commuter Bus will be completed in fiscal 2007;

- $9.4 million decrease for Metro Railcar mid-life overhaul expected to be completed in fiscal 2007;

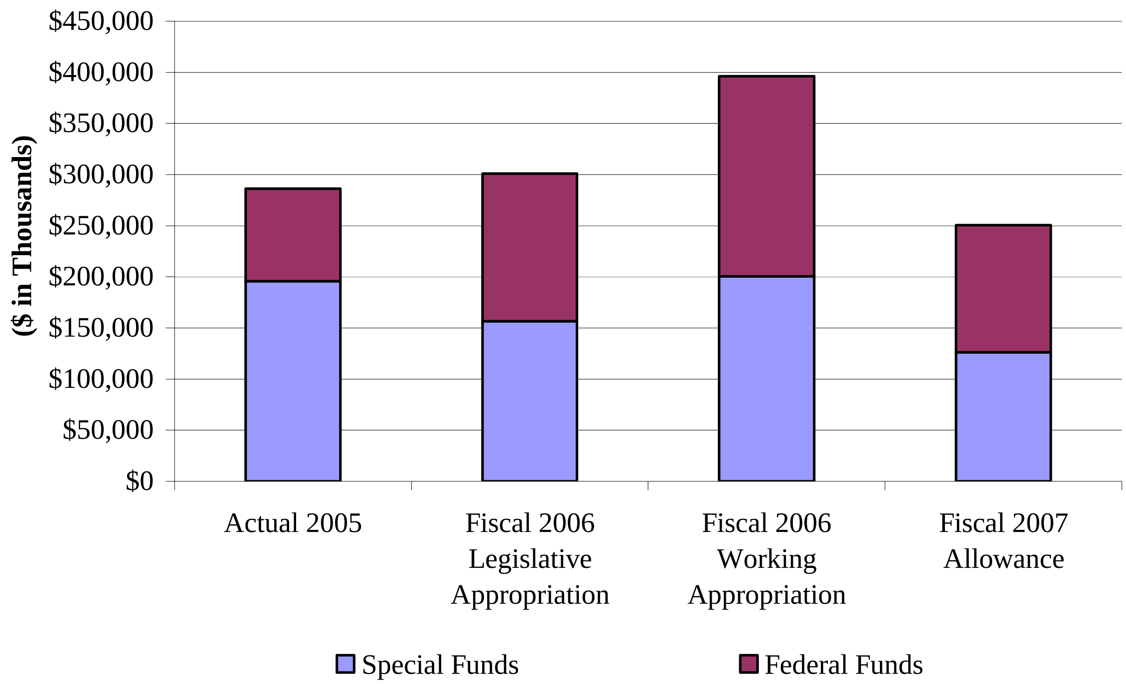
- $7.5 million decrease due to the completion of the Light Rail double tracking project ending in fiscal 2007;

- $6.5 million decrease due to the completion of the MARC Frederick extension;

- $5.8 million decrease due to cash flow adjustments for locally operated transit systems capital procurement projects; and

- $5.4 million decrease for MARC mid-life overhaul due to project savings.

Exhibit 9
Cash Flow Changes
Fiscal 2006 – 2007



Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

Exhibit 10 provides a list of MTA major CTP construction projects funded in fiscal 2007. The nine projects listed account for 79% of the funding for MTA major construction projects in fiscal 2007.

Exhibit 10
MTA Major CTP Construction Projects Funded in Fiscal 2007
($ in Thousands)

Project	FY 2007	Total $	Completion of Fiscal Year Cash Flow
MARC Efficiency Improvements on Camden, Brunswick, and Penn Lines – ongoing program of improvements on MARC lines	$10,000	$93,986	2009
MARC Mid-Life Overhaul – mid-life overhaul of 19 G 40 diesel and four AEM7 electric MARC locomotives	8,700	61,364	2010
Silver Spring Transit Center and MARC Station Relocation – two-phase project to provide a fully integrated transit center at the Silver Spring Metrorail Station	15,000	41,248	2007
Owings Mills Joint Development – develop areas adjacent to transit stations	5,361	16,426	2007
Metro Railcar Mid-Life Overhaul – structural and systems overall to 100 Metro railcars	5,621	95,918	2007
Metro Fire and Security Management Systems – replace existing equipment	10,232	68,191	2011
Bus Procurement – purchase 40-foot buses to be used in an annual replacement program of buses in service of 12 or more years	7,145	266,215	2011
Replacement of Fare Collection Equipment – replace existing fare collection equipment on core Baltimore Metro, Light Rail, MARC, Commuter Bus, and Locally Operated Transit Systems with automatic fare collection equipment with electric fare collection option	10,370	82,462	2007
Locally Operated Transit Systems Capital Procurement Projects (Local Jurisdictions) – MTA provides funding to local jurisdictions in rural and small urban areas for transit vehicles, equipment, and facilities	20,494	152,892	2011
Baltimore Corridor Transit Study (Red Line) – identify and analyze several potential alignment and mode alternatives for an east-west rapid transit system from Social Security to Fells Point	7,000	239,616	2010
Takoma/Langley Park Transit Center – joint project with SHA and local jurisdictions and will include pedestrian safety, roadway and intersection improvements, new sidewalks and crosswalks	6,688	12,310	2007
Total	**$106,611**	**$1,130,628**	

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

One major project was added to the 2006 CTP totaling $12.3 million as shown in **Exhibit 11**.

Exhibit 11
MTA Major CTP Construction Projects Funded in Fiscal 2007
($ in Thousands)

Project	FY 2007	Total $	Completion of Fiscal Year Cash Flow
Takoma/Langley Park Transit Center	$6,688	$12,310	2008

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

One project was added to the D & E program totaling $600,000 as shown in **Exhibit 12**.

Exhibit 12
MTA Projects Added to the D & E Program in Fiscal 2007
($ in Thousands)

Project	FY 2007	Total $	Completion of Fiscal Year Cash Flow
MARC Odenton Station Parking Garage	$376	$600	2008

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

One project was delayed as shown in **Exhibit 13**.

Exhibit 13
MTA CTP Project Delays

Project	Reason	Delay
Halethorpe MARC Station Improvements	Construction delayed from fiscal 2006 to 2007 due to railroads review and approval of Phase II	Fiscal 2006 to 2007

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

Issues

1. Paratransit Lawsuit Settled…

In December 2005, MTA reached a settlement agreement with the Maryland Disability Law Center on a lawsuit filed by paratransit riders. The lawsuit alleged that the MTA's paratransit service violated the American Disabilities Act due to continuing service deficiencies.

The settlement agreement provides:

- State officials will continue to make all operational decisions concerning the paratransit service;
- the State will work with a mutually agreed-upon independent consultant to review non-binding recommendations to maintain and improve service;
- through 2008, the State will not change any paratransit contract service during the winter months; and
- MTA will continue to provide paratransit service to customers for the next five years even if changes in the Greater Baltimore Bus Initiative would technically make a customer or location ineligible for paratransit services.

… and Paratransit Service Improved….

In recent years MTA has worked to provide improved paratransit service to its customers. Previous complaints of the service focused on drivers not appearing when scheduled or being late. Following is a summary of actions taken by MTA to address these concerns:

- a new service delivery model that uses two separate outside contractors, instead of one, to provide 80% of service (MTA provides the remaining 20%). This service delivery model introduced competition and enhanced MTA's ability to provide reliable service;
- all paratransit trips are now scheduled by MTA and only MTA-certified passengers may use the service;
- 98 new Mobility vehicles were purchased with vehicle locators allowing MTA to know where all vehicles are at all times;
- global positioning systems that provide drivers with accurate, real-time directions;

- implementation of state-of-the-art scheduling and communication software to better handle reservations;

- the development of a Taxi Access program where paratransit customers pay a premium $3 fare, subsidized by the MTA, to use one of the 18 taxi companies for their transportation needs; and

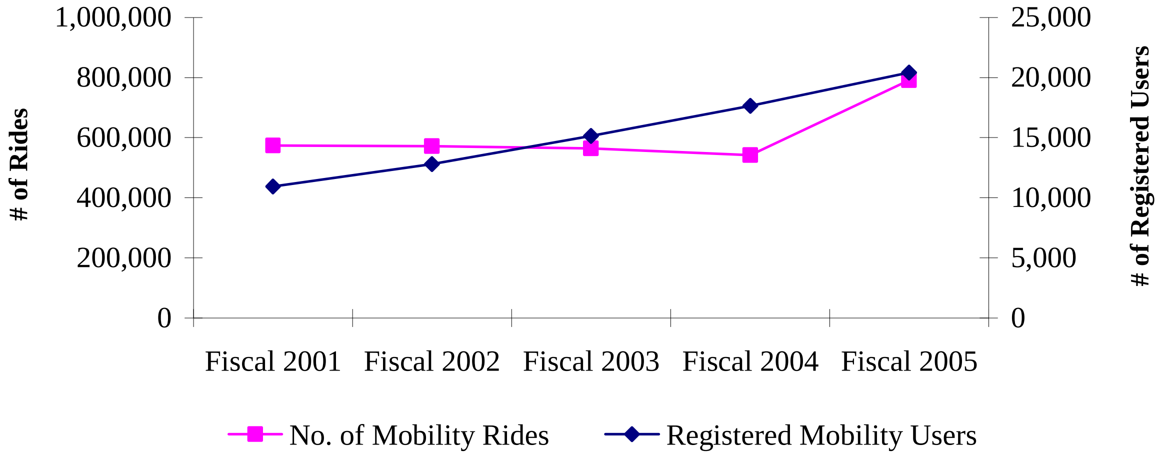
- NEXTEL phones have been distributed to some of paratransit's busiest destinations, hospitals and dialysis centers, which have a direct link between these locations, drivers, and the MTA reservation center.

In November 2005, MTA announced that an on-time performance rate of 90% had been reached, up from a 77% on-time performance rate prior to the above changes being made. In addition, from July to September 2004, MTA provided 126,000 mobility trips, while from July to September 2005, MTA provided 153,000 mobility trips, a 21% increase. While the number of trips has increased, the number of registered users of the service has remained relatively flat, reflecting existing riders using the service more frequently likely due to service enhancements.

…and Additional Personnel Are Requested

As on-time performance and service has improved in Mobility services, the demand for those services has also increased. **Exhibit 14** shows from fiscal 2001 to 2005, the number of Mobility rides was decreasing from fiscal 2001 to 2004; however, there was a dramatic increase in fiscal 2005. Over this same time period the number of registered users was steadily increasing. Due to the increase in service demands during fiscal 2005, MTA transferred 30 general bus operators to the Mobility service to meet demand. As part of the fiscal 2007 allowance, MTA is requesting 30 new positions to replace the general bus operators transferred to the Mobility service to meet increased demand.

Exhibit 14
Number of Registered Users Compared to Number of Rides
Fiscal 2001 – 2005



Source: Maryland Transit Administration

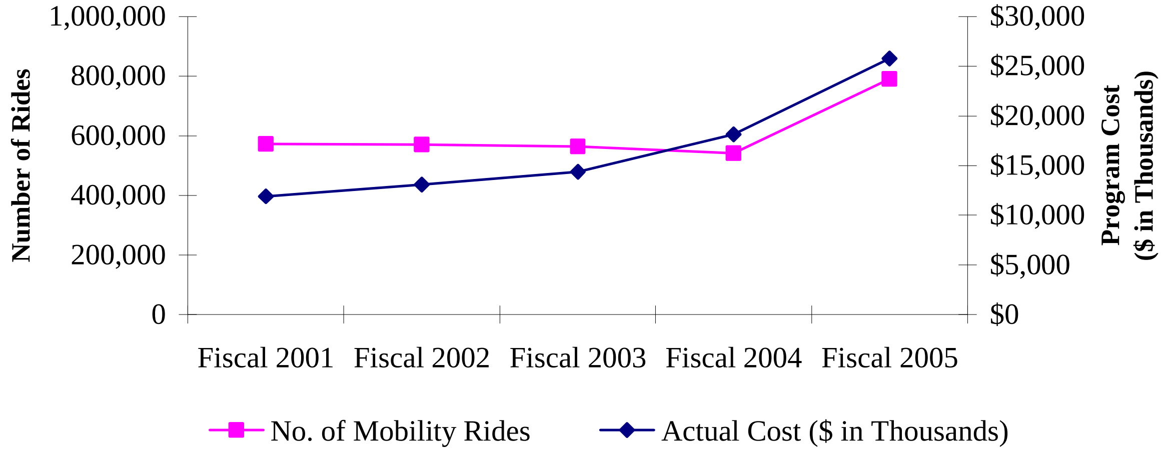
In addition, MTA is requesting 15 full-time equivalent (FTE) contractuals for the Mobility Service Center. These positions would be focused on improving many of the services being discussed as part of the lawsuit settlement and increased demand. They will answer phones in the reservation center, schedule service, and provide control over service vehicles in the field.

Exhibit 15 shows the actual cost of the Mobility program compared to the number of Mobility rides provided. The cost of the program was steadily increasing from fiscal 2001 to 2004 even as the number of rides decreased. The operating cost per boarding was $20.76 in fiscal 2000 and increased to $32.61 in fiscal 2005. However, as service levels increased and ridership increased, the cost of the program also increased as more providers were added.

The MTA has evaluated a number of service delivery models for the Mobility paratransit service. The current model is structured so that the MTA provides 12% of the service, with two contractors (MV and Yellow Transportation) providing 57%, and the Taxi Access program providing 30.4% of service. The MTA is also responsible for the purchase of the vehicles that are operated by these two companies. The fiscal 2006 – 2011 CTP includes $6.3 million for these purchases.

Paratransit riders pay a $3 fee for the Taxi Access program and $1.85 for regular paratransit service. The fiscal 2007 allowance shows that the operating costs for the Mobility paratransit program total $32.2 million while the revenue from the program totals $1.1 million. This provides for a farebox recovery ratio of 3.4%. The low farebox recover ratio for Mobility paratransit is not unique to the MTA. For example, paratransit services under WMATA have a farebox recover ratio of approximately 6%.

Exhibit 15
Number of Rides Compared to Program Costs
Fiscal 2001 – 2005



Source: Maryland Transit Administration

DLS recommends MDOT discuss why MTA provides 12% of service instead of all of the paratransit service being contracted through the two providers.

In addition, DLS recommends that MTA undertake an interim study that analyzes and evaluates a number of options for what the most cost effective approach and mix of providers is to provide paratransit service based upon the multiple service providers at the moment. This analysis should also include an option whereby MTA does not provide any direct service other than the scheduling and management functions currently performed.

Furthermore, DLS recommends that as part of the report, MTA compare the paratransit services of the peer cities identified in the quadrennial audit report to MTA's paratransit services. The report should provide an overview and comparison of how other cities provide paratransit services including detail on:

- **who provides the service and how;**
- **what operations are provided by the city and what operations are provided by any outside contractors;**
- **the cost of the program over the past three fiscal years; and**
- **what actions the service has undertaken to improve service and reduce costs.**

2. Greater Baltimore Bus Initiative

Background

In May 2005, MTA introduced a proposal to overhaul bus routes in the greater Baltimore Metropolitan area called the Greater Baltimore Bus Initiative (GBBI). The initial plan was developed by MTA with consultation from the public and would have affected most of the 50 core bus routes in Baltimore City, Baltimore County, and Anne Arundel County, as well as Commuter Bus service in Harford and Howard counties. The intent of the plan was to improve the frequency of bus stops and reflect market and demographic changes in the region. In addition, the plan attempted to improve the efficiency of the system and maximize farebox recovery. The proposal put forth by MTA represented the first comprehensive review of the bus system in over 30 years.

Phase I Implemented

The original proposal put forward by MTA created a great deal of concern in the local community. As a result, MTA introduced a second pared down plan, known as Phase I that affected 28 bus routes and approximately 100,000 riders a day. The plan went into effect on October 23, 2005. These routes were selected based upon the feedback, or the lack thereof, from the local community. Seven routes were eliminated due to a lack of ridership or because of a duplication of service with another bus line. Other lines were combined, shortened, lengthened, or rerouted. Based upon feedback from riders, MTA has made adjustments to the winter schedule to reflect more frequent rides or adjustments in bus schedules.

In January 2006, MTA announced that it would make several changes to many of the revised routes to go in effect February 5, 2006. These changes were in response to rider complaints and focus on the schedule of various bus routes. However, some bus routes that were changed have reverted to their original route.

PHASE II Proposed

In January 2006, MTA announced the second phase of the GBBI which would include changes to 22 bus lines. This round includes the more contentious changes proposed by the MTA as part of the original GBBI proposal. Based upon the feedback received in summer 2005, MTA made further refinements to these 22 lines. The changes are expected to be implemented on June 11, 2006.

As part of its public outreach efforts, MTA will meet informally with local community groups to outline the changes to the plan. Unlike when the GBBI plan was originally introduced, MTA is not planning to hold any formal hearings on the proposed changes in Phase II.

DLS recommends that MDOT comment on how (1) Phase II of the Greater Baltimore Bus Initiative will be presented to the community and implemented, (2) how much will be saved through the bus reorganization, and (3) what impact the reorganization will have on farebox recoveries.

Capital Budget Issues

3. Four Major Transit Projects All Competing for Funding

The 2006 – 2011 CTP includes four major transit projects:

- **Baltimore Red Line –** An east-west rapid transit system from the Woodlawn area to the Fells Point/Patterson Park area in Baltimore to address traffic congestion and support new and future transit oriented economic development and revitalization. Bus rapid transit, light rail, bus enhancements, and "no build" are all currently being considered.

- **I-270 Corridor Cities Transitway (CCT) –** Either a bus rapid transit system or Light Rail system to help relieve congestion from Shady Grove to I-70. Highway improvements to I-270 are also being considered.

- **Bi-County Transitway –** A transitway between New Carrollton and Bethesda Metrorail stations. Currently heavy rail, light rail, bus rapid transit, and "no build" are all options being considered.

- **Baltimore Green Line –** The study will evaluate several potential alignment and mode alternatives for a service extension from Johns Hopkins Medical campus to Morgan State or Good Samaritan Hospital.

The first three projects are projected to have a locally preferred option selected in spring 2007. Once the locally preferred option is selected, MTA will work with the Federal Transit Administration (FTA) on the Final Environmental Impact Statement for each transit project in the hope of securing federal funding. Each of the four projects will then compete with the other transit projects across the country for federal funding.

Prospect of Federal Funding

In the 2006 federal appropriation for the U.S. Department of Transportation, FTA is only allowed to match up to 60% of a transit project's cost through federal funds. Previously, the level of the federal match was 80% of a project's cost. In addition, FTA can only provide a maximum of $500 million for major transit projects. For example, bus rapid transit for the Red Line is estimated to cost between $155 million to $1.1 billion, and Light Rail is estimated to cost between $500 million to $1.7 billion. This lower level of federal matching funds will require a larger contribution of special funds from the Transportation Trust Fund; accordingly, each of the projects will need to compete with other State transportation priorities.

DLS recommends that MDOT comment on the prospect of all four projects receiving federal funding and how the State would pay for all four projects given diminishing federal funds. In addition, the department should comment on the availability of special funds from the Transportation Trust Fund for the projects.

DLS also recommends that $5 million be reduced from the MTA capital program given the likelihood MDOT will not secure federal funding for all four projects. This would defer two of the four projects. This reduction is necessary due to the reprogramming of $29.3 million in restricted funds. Should the department identify additional funding these projects may be funded.

Operating Budget Recommended Actions

		Amount Reduction		Position Reduction
1.	Reduce funds for building equipment. This provides a $37,943 increase over the fiscal 2006 working appropriation.	$ 37,000	SF	
2.	Reduce funding for office supplies equal to the fiscal 2005 actual expenditure for the entire department.	53,726	SF	
3.	Delete the 30 new positions. In its final report, the Spending Affordability Committee recommended that the Governor not include any new positions and fund any positions by reclassifying existing vacancies. The department may increase funding for overtime through budget amendment if needed.	1,866,000	SF	30.0
4.	Reduce funds for employee uniforms. This provides for a $73,419 increase over the fiscal 2005 actual expenditure for employee uniforms.	70,000	SF	

5. Adopt the following narrative:

Additional Managing for Results for Mobility Services: In order to continue to assess the performance of the Maryland Transit Administration's (MTA) Mobility paratransit services, the committees request that MTA include the following data in the Governor's 2008 allowance and any other reports issued by MTA on Managing for Results data:

- the number of registered users; and
- the percentage of service provided on time.

Actual data should be reported for fiscal 2005 and 2006, and projections shall be provided for fiscal 2007 and 2008.

Information Request	Author	Due Date
Performance Measures	MTA	With the submission of the fiscal 2008 allowance

6. Adopt the following narrative:

Comparison of Paratransit Service Delivery Models: The Maryland Transit Administration (MTA) should undertake an interim study that analyzes and evaluates a number of delivery models for paratransit service delivery for what the most cost effective approach and mix of providers is without sacrificing service delivery. This analysis should use a cost benefit approach that includes options whereby MTA does not provide any of the service or MTA provides all of the service.

In addition, the study should compare the paratransit services of peer cities identified in the quadrennial audit report. The report should provide an overview and comparison of how other cities provide paratransit services, including detail on:

- who provides the service and how;
- what operations are provided by the city and what operations are provided by any outside contractors;
- what was the cost of the program over the past three fiscal years; and
- what actions the service has undertaken to improve service and reduce costs.

Information Request	**Author**	**Due Date**
Information on paratransit service delivery models and costs	MDOT	December 1, 2006

Total Special Fund Reductions	**$ 2,026,726**	**30.0**

PAYGO Budget Recommended Actions

		Amount Reduction	
1.	Reduce funds for the Greater Baltimore Bus Initiative. This reduction will defer funding for the Initiative until cash flow is available to fund the project. This reduction is necessary due to the department reprogramming $29.3 million in restricted funds that are not available prior to the end of fiscal 2006.	$ 2,991,000	SF
2.	Reduce funding for the Development and Engineering of the Red and Green Line, the Bi-County Transitway, and the Corridor Cities Transitway. This reduction is necessary due to the department reprogramming $29.3 million in restricted funds in the fiscal 2007 budget. In addition, the likelihood of securing federal approval for all four transit lines is doubtful and will require Maryland Department of Transportation to prioritize among the options. The recommendation defers funding for two of the projects until cash flow funding is available.	5,000,000	SF
	Total Special Fund Reductions	**$ 7,991,000**	

Updates

1. Job Description List

Narrative in the 2005 *Joint Chairmen's Report* required MTA provide job descriptions and salaries for all MTA employees. The budget committees were concerned that job descriptions were not available. MTA submitted a report on June 28, 2005, providing job descriptions and salaries for each MTA employee which satisfied the request. Copies are available should any member wish to review them.

2. Underutilized Vehicles

During the 2005 session, there was significant interest in the MTA's utilization of its vehicle fleet based upon an Office of Legislative Audits (OLA) report which suggested that many vehicles were underutilized relative to State use guidelines. Budget bill language was added requiring MTA to revaluate its fleet and determine which vehicles are surplus as well as MTA's plan for identifying surplus vehicles. MTA submitted a report on June 29, 2005, which discussed the MTA's fleet of vehicles and savings.

MTA has a fleet of 328 vehicles that are used primarily to support its transit operations and as police vehicles. The OLA report identified 75 vehicles as accruing less than 10,000 miles which are not exempt from minimum mileage requirements as designated by the Department of Budget and Management. Of these 75 vehicles, MTA identified 10 vehicles as surplus with a total value of $188,060. The approximate operating cost savings associated with the forfeiture of the 10 vehicles is $33,214.

The remaining 65 vehicles that did not meet the minimum mileage requirement were determined not to be surplus by MTA. These vehicles either were vehicles that drove short distances but used by key personnel for emergency travel, or the vehicle was used for a specialized function. Examples of specialized functions included maintenance of the heating and air conditioning equipment or light rail and metro subway tracks, deliveries, or mobile maintenance shops. MTA indicates that it will continue to evaluate its fleet utilization practices and will work diligently to assure that its resources are used as effectively and efficiently as possible.

3. Light Rail at Hamburg Street

During the 2005 legislative session, the committees expressed the intent that MTA change the Light Rail stop at Hamburg Street in Baltimore to a regular, full-time stop. Upon its opening in 1997, the station was used only for special events at the M & T Bank stadium. Specifically, the station was designed to accommodate large numbers of patrons entering and exiting Baltimore Ravens football games and other special events. Since the station opened, local residents have requested that MTA open the station full-time. In addition, the Baltimore Ravens and Orioles as well as local elected officials contacted MTA to express support for opening the station.

In late spring 2005, Secretary Flanagan approved an MTA plan to reconfigure the Hamburg Station as a facility serving walk-up customers only. Phase I of the project focused on reconfiguring the station for daily use. This included the installation of new ticket machines, shelters and benches, surveillance cameras and additional lighting, and special operating rules for stadium events. Phase II of the project is still ongoing and involves the negotiation of a revenue sharing agreement between MTA and the Maryland Stadium Authority (MSA) to use existing MSA stadium parking areas for station parking.

Two issues are yet to be resolved. The first issue involves an existing agreement between MSA and the Orioles and Ravens organizations that could result in MTA customers being required to move their vehicles out of the stadium lots early on game days. Another issue is a proposal by Baltimore City to have the MSA provide shuttle buses from the stadium parking lots to Light Rail stations to reduce congestion and keep charter buses out of downtown Baltimore.

On July 1, 2005, the Hamburg Street station was opened for full-time walk-up operation. As of August 1, 2005, MTA's cost to reconfigure the station was approximately $195,000.

4. Langley Park Transit Center

During the 2005 legislative session, the General Assembly restricted $100,000 of the MTA's budget until a report was submitted to the committees on the need for a transit center at Langley Park. The report highlighted the need for such a transit center, a preferred site, and associated costs.

The Langley Park/Takoma Park area is the busiest non-Metrorail transit hub in the Washington region with the Washington Metropolitan Area Transit Authority's Metrobus, Prince George's County's The Bus, and Montgomery County's Ride-On service all converging in the area. A total of 11 bus routes currently run through the area with over 12,000 daily passengers. In addition, the high volume of traffic has resulted in many serious pedestrian accidents and fatalities.

As part of the ongoing Alternatives Analysis/Draft Environmental Impact Statement development for the Bi-County Transitway, MTA began to assess the feasibility of a Transit Center for the Langley Park/Takoma Park community. Working closely with the State Highway Administration (SHA) and local jurisdictions, four possible sites were identified and analyzed for the transit center. A consensus was reached for a preferred site, located in the southern portion of the Langley Park shopping center. This site would also be the ideal location for a transit station for this segment of a future Bi-County Transitway. The preferred site would provide 8 to 9 bus bays, handling over 60 buses per hour. It is proposed that SHA also perform roadway and safety improvements associated with the Transit Center to be funded and implemented as part of the overall project construction.

Preliminary cost estimates for the Transit Center are estimated to be $12.31 million. Operating costs for the transit center are expected to be minimal. On May 19, 2005, Lieutenant Governor Michael Steele announced that the State would support $7.3 million in funding for the transit center and called for matching contributions from Prince George's and Montgomery counties. The report does not address whether or not the local jurisdictions will appropriate money to the project or who will assume the ongoing expenditures associated with the transitway.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
Maryland Transit Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2005					
Legislative Appropriation	$0	$366,878	$53,352	$0	$420,231
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	28,285	932	0	29,217
Reversions and Cancellations	0	-736	-2,361	0	-3,097
Actual Expenditures	**$0**	**$394,427**	**$51,923**	**$0**	**$446,350**
Fiscal 2006					
Legislative Appropriation	$0	$385,458	53,352	$0	$438,810
Budget Amendments	0	**1,353**	0	0	1,353
Working Appropriation	**$0**	**$386,811**	**$53,352**	**$0**	**$440,163**

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

Fiscal 2005

The fiscal 2005 expenditures at MTA totaled $446.4 million, which is about $26.1 million more than the legislative appropriation of $420.2 million.

Special funds increased by a net of $27.5 million with $28.3 million in budget amendments and $0.7 million in cancellations. The amendments included (1) $8.7 million for bus wheel maintenance; (2) $5.3 million for new and upgraded paratransit services; (3) $10.4 million for increased utility and fuel costs: (4) $0.5 million associated with cost-of-living (COLA) increases; (5) $2.3 million for union health insurance per contract negotiations; and (6) $1 million to operate a new commuter bus route for the Waldorf area. Cancellations totaling $0.7 million resulted from Locally Operated Transit System grants that were undistributed due to actual costs being lower than anticipated or planned service may not have started in time.

Federal funds decreased by a net of almost $1.4 million with a $0.9 million budget amendment and $2.4 million in cancellations. There was one amendment for a $0.9 million operating grant to Montgomery County for preventative maintenance on buses. $2.4 million in cancellations occurred from Locally Operated Transit System grants that were undistributed either because actual costs were lower than anticipated or planned service may not have started in time.

Fiscal 2006

The fiscal 2006 special fund working appropriation has increased by a net of $1.4 million compared to the fiscal 2006 legislative appropriation. This increase is the result of the following budget amendments: $650,000 for the 1.5% COLA for State employees, $160,000 to fund the increased costs related to health insurance for active and retired State employees, a net increase of $590,000 to reallocate special funds from the Washington Metropolitan Area Transit Administration to MTA statewide operations to support the new “The Bus” in Prince George’s County and to consolidate telecommunications under the Secretary’s Office.

Appendix 2

Audit Findings

Audit Period for Last Audit:	July 26, 2001 – July 31, 2004
Issue Date:	June 2005
Number of Findings:	15
Number of Repeat Findings:	5
% of Repeat Findings:	33%
Rating: (if applicable)	n/a

Finding 1: As of April 1, 2005, MTA had not attempted to recover overpayments total approximately $325,000 identified in a July 2003 report.

Finding 2: MTA did not verify charges that total approximately $1.2 million, that were assessed by and paid for to one of the MARC contractors.

Finding 3: MTA did not request required approval from the Board of Public Works for 10 MARC contract extensions during a 3 year time period and failed to include cost information.

Finding 4: MTA could not document whether it thoroughly analyzed conditions that settled a longstanding dispute concerning $1.2 million in overpayments.

Finding 5: MTA had not assessed liquidated damages against a contractor used to rehabilitate certain escalators.

Finding 6: MTA did not properly account for control passenger fare revenues.

Finding 7: Questionable payroll payments, totaling $16,000, were made to an MTA employee who also worked for another State agency.

Finding 8: Controls over manually-issued payroll checks were not adequate.

Finding 9: **MTA did not complete physical inventories of equipment and maintain related supporting records as required.**

Finding 10: Proper internal controls were not established over the processing of certain purchasing and disbursement transactions.

Finding 11: **Access to certain payroll/benefit files were not properly restricted.**

Finding 12: **The MTA did not adequately monitor the security over certain critical systems.**

Finding 13: **Password controls for the payroll/benefit system were inadequate.**

Finding 14: MTA's materials and supplies inventories were not sufficiently controlled.

Finding 15: **MTA's motor vehicle fleet was significantly underutilized.**

Object/Fund Difference Report
Maryland Transit Administration Operating Budget

Object/Fund	FY05 Actual	FY06 Working Appropriation	FY07 Allowance	FY06 - FY07 Amount Change	Percent Change
Positions					
01 Regular	2,900.00	2,902.00	2,932.00	30.00	1.0%
02 Contractual	30.50	29.00	45.50	16.50	56.9%
Total Positions	**2,930.50**	**2,931.00**	**2,977.50**	**46.50**	**1.6%**
Objects					
01 Salaries and Wages	$ 215,325,336	$ 217,327,666	$ 221,366,788	$ 4,039,122	1.9%
02 Technical & Spec Fees	1,678,284	1,156,616	1,711,839	555,223	48.0%
03 Communication	1,568,307	1,187,464	1,493,464	306,000	25.8%
04 Travel	456,157	167,039	167,039	0	0%
06 Fuel & Utilities	9,989,263	10,964,095	10,764,095	-200,000	-1.8%
07 Motor Vehicles	46,589,558	38,525,323	47,271,843	8,746,520	22.7%
08 Contractual Services	99,920,164	101,127,603	117,042,058	15,914,455	15.7%
09 Supplies & Materials	8,770,804	4,805,661	4,702,661	-103,000	-2.1%
10 Equip - Replacement	253,619	658,791	663,051	4,260	0.6%
11 Equip - Additional	373,840	268,100	269,273	1,173	0.4%
12 Grants, Subsidies, and Contributions	53,913,277	57,280,914	57,407,266	126,352	0.2%
13 Fixed Charges	7,511,274	6,693,824	6,801,049	107,225	1.6%
14 Land & Structures	896	0	0	0	0.0%
Total Objects	**$ 446,350,779**	**$ 440,163,096**	**$ 469,660,426**	**$ 29,497,330**	**6.7%**
Funds					
03 Special Fund	$ 394,427,367	$ 386,810,865	$ 416,308,195	$ 29,497,330	7.6%
05 Federal Fund	51,923,412	53,352,231	53,352,231	0	0%
Total Funds	**$ 446,350,779**	**$ 440,163,096**	**$ 469,660,426**	**$ 29,497,330**	**6.7%**

.

Fiscal Summary
Maryland Transit Administration Operating Budget

Program/Unit	FY05 Actual	FY06 Wrk Approp	FY07 Allowance	Change	FY06 - FY07 % Change
01 Transit Administration	$ 42,370,894	$ 42,260,868	$ 43,404,643	$ 1,143,775	2.7%
02 Bus Operations	202,170,629	189,962,522	206,186,077	16,223,555	8.5%
04 Rail Operations	131,947,993	132,381,522	143,738,567	11,357,045	8.6%
05 Facilities and Capital Equipment	267,333,145	357,180,000	235,853,000	-121,327,000	-34.0%
06 Statewide Programs Operations	69,861,263	75,558,184	76,331,139	772,955	1.0%
08 Major IT Development Projects	18,951,666	39,071,000	14,719,000	-24,352,000	-62.3%
Total Expenditures	**$ 732,635,590**	**$ 836,414,096**	**$ 720,232,426**	**-$ 116,181,670**	**-13.9%**
Special Fund	$ 590,204,469	$ 587,130,865	$ 542,474,195	-$ 44,656,670	-7.6%
Federal Fund	142,431,121	249,283,231	177,758,231	-71,525,000	-28.7%
Total Appropriations	**$ 732,635,590**	**$ 836,414,096**	**$ 720,232,426**	**-$ 116,181,670**	**-13.9%**

Appendix 5

Budget Amendments for Fiscal 2006

Maryland Department of Transportation
Maryland Transit Administration – Operating

Status	Amendment	Fund	Justification
Approved	$651,304	Special	This amendment funds the 1.5% COLA granted to all eligible State employees.
Approved	$585,069	Special	Funds the increased cost to health insurance for active and retired State employees.
Approved	-$91,077	Special	Reallocates funds between MDOT modes for PIN transfers completed after the budget submission.
Approved	$386,500	Special	Annualize the cost of bus service that was adjusted during fiscal 2005 for MTA and the Washington Metropolitan Area Transit Administration.
Approved	-$179,335	Special	Consolidates all funds for State telecommunications under The Secretary's Office.
Projected	$10,515,915	Special	Based on the increased cost per gallon in diesel fuel and gasoline.
Projected	$3,166,349	Special	Police operations – transfer of MTA police to the LEOPS system.
Projected	$6,557,641	Special	In July 2005, new taxi service was added for Mobility.
Projected	$2,037,661	Special	CSX contract renewal for MARC services and Light Rail facilities contracts.

Source: Maryland Department of Transportation

Appendix 6

Budget Amendments for Fiscal 2006

Maryland Department of Transportation
Maryland Transit Administration – Capital

Status	Amendment	Fund	Justification
Approved	$124,201	Special	This amendment funds the 1.5% COLA granted to all eligible State employees.
Approved	-$421,140	Special	Funds the increased cost to health insurance for active and retired State employees.
Approved	-$93,098	Special	Reallocates funds between MDOT modes for PIN transfers completed after the budget submission.
Approved	-$39,280	Special	Consolidates all funds for State telecommunications under The Secretary's Office.
Pending	$964,277	Federal	Provides federal funds to work on the MAGLEV project's Final Environmental Impact Statement.
Projected	$44,199,871 $50,421,723 $94,621,594	Special Federal	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the fiscal 2006 – 2011 Final CTP.

Source: Maryland Department of Transportation