

J00B01
State Highway Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$701,452	\$768,803	\$762,972	-\$5,830	-0.8%
Federal Fund	<u>14,908</u>	<u>13,719</u>	<u>14,554</u>	<u>835</u>	<u>6.1%</u>
Total Funds	\$716,359	\$782,521	\$777,527	-\$4,995	-0.6%

- Fiscal 2007 special fund deficiencies total \$6.9 million for fuel and utility expenses due to increases in the market rate for each.
- The fiscal 2008 operating allowance, net of Highway User Revenues (HUR), for the State Highway Administration (SHA) increases \$13.1 million, or 6.7%. However, when adjusting for one-time health insurance savings, the underlying increase in fiscal 2008 allowance is \$17.1 million, or 8.8%.
- HUR decreases \$18.1 million, or 3.1% in fiscal 2008 compared to the fiscal 2007 working appropriation. However, the fiscal 2007 working appropriation does not reflect the downward revisions in revenue growth for fiscal 2007 so that when making this adjustment, the fiscal 2008 allowance increases approximately \$11.0 million, or 2.0% compared to the revised fiscal 2007 working appropriation.

Paygo Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>		<u>Fiscal 2008</u>	
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Request</u>	<u>Allowance</u>
Special	\$407,917	\$476,740	\$478,139	\$457,162	\$538,010
Federal	\$692,699	\$601,605	\$562,900	\$585,468	\$568,268
Total	\$1,100,616	\$1,078,345	\$1,041,039	\$1,042,630	\$1,106,278

- The fiscal 2007 working appropriation decreased \$37.3 million, or 3.5% compared to the fiscal 2007 legislative appropriation due to cash flow changes in the development and evaluation program.

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

For further information contact: Jonathan D. Martin

Phone: (410) 946-5530

J00B01 – MDOT – State Highway Administration

- The fiscal 2008 allowance increases \$65.2 million, or 6.3% compared to the fiscal 2007 working appropriation due to increased funding in the development and evaluation program largely due to cash flow carry over from fiscal 2006 and 2007.

Operating and PAYGO Personnel Data

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>
Regular Operating Budget Positions	1,553.00	1,558.00	1,563.00	5.00
Regular PAYGO Budget Positions	<u>1,669.00</u>	<u>1,674.00</u>	<u>1,678.00</u>	<u>4.00</u>
Total Regular Positions	3,222.00	3,232.00	3,241.00	9.00
Operating Budget Contractual FTEs	4.39	8.00	6.40	-1.60
PAYGO Budget Contractual FTEs	<u>4.98</u>	<u>14.00</u>	<u>15.60</u>	<u>1.60</u>
Total FTEs	9.37	22.00	22.00	-0.00
Total Personnel	3,231.37	3,254.00	3,263.00	9.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	178.58	5.51%
Positions Vacant as of 12/31/06	229.0	7.09%

- The fiscal 2008 allowance includes the addition of nine new regular positions with five positions for the Coordinated Highway Action Response Team to increase patrol coverage in the Washington and Baltimore regions. The remaining four positions will be added to the capital program to staff the newly created Environmental Compliance Division similar to other transportation modes.
- The turnover rate in the fiscal 2008 allowance is 5.5%, or 179 positions. As of December 31, 2006, the department had 229 vacant positions for a vacancy rate of 7.09%.

Analysis in Brief

Major Trends

Safety: One goal of SHA is to improve highway safety in the State. One measure of this is the number of highway fatalities. Traffic fatalities decreased in calendar 2005; however, the number is estimated to increase in calendar 2006 as the number of highway miles traveled continues to increase.

System Preservation: Another goal of SHA is to maintain a high quality highway system in the State. This is measured by maintaining 82% of SHA paved roads in acceptable riding quality condition. This number has not changed in recent years.

Congestion: In a recent Census Bureau survey, Maryland ranked second for the longest average commute time in the country. Based upon information submitted by SHA in fiscal 2006, the level of congestion has moderated in recent years; however, this information was not updated for calendar 2006. **DLS recommends that SHA comment on the level of congestion in the State and what steps may be taken to alleviate the level of congestion. DLS recommends committee narrative be adopted that would require the submission of congestion measures.**

Issues

Operating

Disposing Land Is Confusing: Currently there exist two different statutory procedures for how the SHA disposes of surplus land, which has created some confusion. This issue reviews the two processes. **DLS recommends that legislation be introduced to simplify the process for SHA to dispose of land by exempting SHA from the Board of Public Works process while requiring SHA to go through the clearinghouse process.**

Performance Contracting and Oversight: This issue will look at the opportunity for SHA to utilize performance contracting to link contracts to performance. The issue looks at both operating and capital contracts. **DLS recommends that SHA comment on the potential of performance contracting and how performance contracting is used for capital projects.**

Capital

The Rising Cost of Raw Materials: In recent years the cost of supplies for highway projects has risen dramatically, affecting the purchasing power of the capital program. **DLS recommends that SHA discuss what impact inflation has had on the capital program.**

Community Safety Enhancement Program Funding Increases: Funding for the Community Safety and Enhancement Program, a neighborhood improvement program, totals \$42 million in fiscal 2008. **DLS recommends that the General Assembly consider capping the level of spending for this program to ensure resources are used for needed infrastructure improvements.**

Operating Budget Recommended Actions

	<u>Funds</u>
1. Reduce funds for printing/reproduction.	\$ 20,000
2. Reduce funds for contractual equipment repairs and maintenance.	40,000
3. Reduce funds for education and training contracts.	75,000
4. Adopt committee narrative requiring submission of congestion measures with Managing for Results.	
Total Reductions	\$ 135,000

PAYGO Budget Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add budget bill language that caps spending for the Community Safety and Enhancement Program at \$41,800,000 in fiscal 2008 and expresses legislative intent regarding future spending.		
2. Delete four new positions.	\$ 195,924	4.0
Total Reductions	\$ 195,924	4.0

Updates

Dolfield Boulevard Feasibility Study: During the 2006 session, the committees requested that SHA submit the final feasibility study for the Dolfield Boulevard Feasibility Study. The report is summarized here.

Sound Barrier Program Operating and Funding Processes: The budget committees requested a report from SHA regarding the operating and funding processes for the sound barrier program.

Woodrow Wilson Bridge: A status update of the Woodrow Wilson Bridge is provided.

J00B01
State Highway Administration
Maryland Department of Transportation

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:** Improve highway safety in Maryland.
- **Mobility/Congestion Relief:** Improve mobility for customers.
- **System Preservation and Maintenance:** Maintain a quality highway system.
- **Efficiency in Government:** Improve efficiencies in business processes in a fiscally responsible manner.
- **Environmental Stewardship:** Develop and maintain Maryland State highways in an environmentally responsible manner.
- **Customer Satisfaction:** Provide services and products to customers that meet or exceed their expectations.

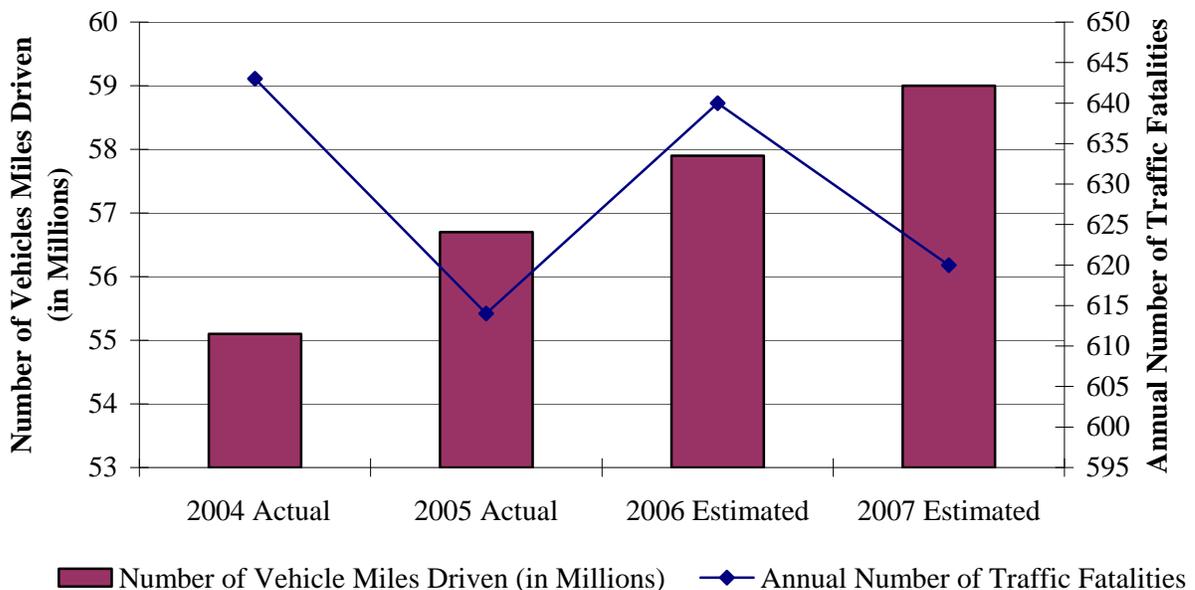
Performance Analysis: Managing for Results

SHA attempts to provide 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 goals are safety and system preservation.

Safety

Goal 1 of SHA’s MFR submission is to improve highway safety in Maryland with the objectives of reducing the annual number of traffic and pedestrian fatalities. There are many behavioral factors beyond SHA’s control that impact this measure. In addition the number of miles driven in Maryland continues to increase each year which theoretically increases the probability of a tragic event. **Exhibit 1** shows that as the number of highway miles driven increases each year, the annual number of traffic fatalities fluctuates, decreasing from 643 fatalities in calendar 2004 to 615 in calendar 2005. The number of fatalities is, however, expected to increase to 640 in calendar 2006.

Exhibit 1
Highway Miles Driven Compared to Fatalities
Calendar Years

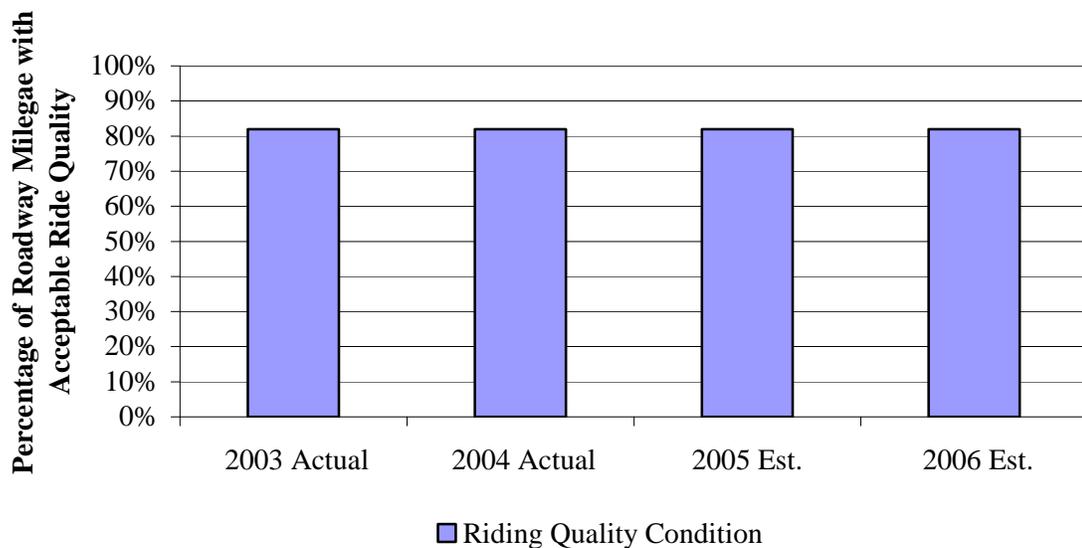


Source: State Highway Administration

System Preservation

Goal 3 from SHA’s MFR submission is “System Preservation and Maintenance: Maintain a quality highway system.” Objective 3.1 is to “Maintain annually at least 83% (calendar 2002 pavement conditions) of the Maryland SHA pavements in acceptable riding quality condition.”¹ As highlighted in **Exhibit 2**, SHA achieved an 82% rate in calendar 2004 and expects to achieve the same rate through calendar 2007. As the chart shows, this rate has not changed in recent years.

Exhibit 2
Percentage of Maryland Roads in Acceptable Riding Quality
Calendar Years



Source: State Highway Administration

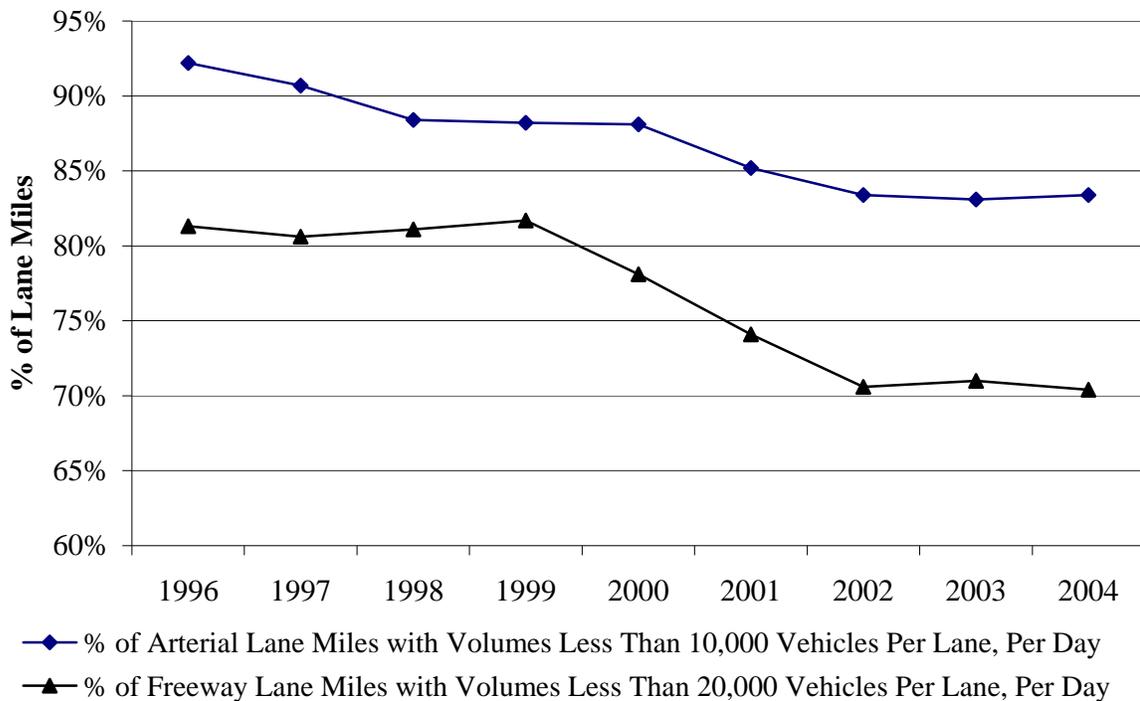
¹ Ride quality is represented by the International Roughness Index (IRI) which is based on the longitudinal profile of the roadway surface. The index measures pavement roughness in terms of inches per mile that a laser, mounted in a specialized van, jumps as it is driven across interstate and expressway 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.

Congestion

The Census Bureau recently released a report that showed Maryland residents have the second longest average commuter time; with only New York state being longer. In the 2006 Maryland Department of Transportation Annual Attainment report, SHA reported the volume on arterial roads and freeways. The measure looks at the percent of roadways with vehicle volume less than 10,000 per day for arterial roads and 20,000 for highways. As shown in **Exhibit 3**, from fiscal 2002 to 2004, the level of congestion on State highways has not improved nor has it worsened. However, prior to fiscal 2002, the level of congestion in the State had steadily worsened. This general trend is reflected in Exhibit 1 where there has been a steady increase in the number of vehicle miles traveled in the State.

The Department of Legislative Services (DLS) recommends that SHA comment on congestion in the State and what may be done to address this problem. In addition, DLS recommends that committee narrative be adopted that would require SHA to submit as part of its MFR submission information regarding the volume of traffic on arterial roads and freeways as provided for in the Annual Attainment report. As part of that submission, SHA may also submit additional MFR measures related to congestion.

Exhibit 3
Percent of Roadways without Congestion
Calendar Years



Source: State Highway Administration

Fiscal 2007 Actions

Proposed Deficiency

A fiscal 2007 \$6.9 million special fund deficiency appropriation is for fuel and electricity expenses due to significant increases in market rates.

Governor's Proposed Budget

The total fiscal 2008 allowance for SHA decreases \$5.0 million, or 0.6%. The one-time health insurance savings and the unadjusted fiscal 2007 working appropriation for the Highway User Revenues (HUR) make looking at the SHA budget in the aggregate difficult. For just the SHA operating budget, System Maintenance and CHART, the fiscal 2008 allowance increases \$13.1 million, or 6.7%. When adjusting for one-time savings from health insurance actions, the fiscal 2008 allowance increases \$17.1 million, or 8.8%. The major increases, as shown in **Exhibit 5**, are for the following:

- \$6.4 million increase in contracted services for the ongoing State highway funding system maintenance due to rising contract prices and the need to address a backlog of projects;
- \$5.6 million increase in electricity due to rising rates;
- \$1.3 million increase in motor fuel expenses due to higher gas prices; and
- \$1.3 million increase in specialized contractors for remedial bridge repairs due to a backlog of projects.

Exhibit 5
Governor’s Proposed Budget
MDOT – State Highway Administration
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2007 Working Appropriation	\$768,803	\$13,719	\$782,521
2008 Governor’s Allowance	<u>762,972</u>	<u>14,554</u>	<u>777,527</u>
Amount Change	-\$5,830	\$835	-\$4,995
Percent Change	-0.8%	6.1%	-0.6%

Where It Goes:

Personnel Expenses

New positions	\$158
Increments and other compensation	1,299
Retirement payments increase due to pension enhancement.....	1,417
Workers’ compensation premium assessment.....	410
Overtime.....	307
One-time health insurance actions.....	-3,220
Turnover adjustments	-1,280
Other fringe benefit adjustments	116

Other Changes

Increase in contract costs for ongoing system maintenance for State highways and bridges	6,444
Increase in electricity due to rate increases	5,590
Increase in motor fuel per the Department of Budget and Management instructions	1,325
Increase in specialized contractors for remedial bridge repairs due to a backlog of projects	1,278
Increase in equipment repairs based upon replacement schedule	498
Increase in computer consultants based upon the Maryland Department of Transportation information technology plan.....	479
Decrease in total net cost of supplies for maintenance, safety, and snow removal.....	-259
Decrease in local highway user revenue due to flattening revenue growth	-18,129
Decrease in the cost of maintenance and repair of vehicles due to prior fleet replacement purchases	-1,050
Decrease in contractual positions for maintenance program.....	-101
Decrease in janitorial services based upon three-year average	-284
Other.....	7

Total **-\$4,995**

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

Highway User Revenues

Currently, local jurisdictions receive 30% of HUR credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). Baltimore City's share is equal to 11.5% of total HUR plus 11.5% of the growth in the counties' share over fiscal 1998 and is capped at 12.25% of total HUR. The remaining local share of HUR is allocated to the 23 counties based upon a two-part formula.

- the percentage of road miles a county has as a percentage of total county road miles; and
- the percentage of registered motor vehicles as a percentage of total county registered vehicles.

The allocation to a county is shared among the county and municipalities within the county on this same basis.

In fiscal 2007, total revenues to the GMVRA were revised downward from the original fiscal 2007 estimate (see Maryland Department of Transportation Overview). The fiscal 2007 working appropriation does not reflect this downward revision in revenues. Based upon the current revised revenue estimate, HUR in fiscal 2007 is estimated to total \$556 million, approximately \$29 million less than the original estimate and the fiscal 2007 working appropriation.

The fiscal 2008 allowance totals \$566.8 million, a \$10.8 million increase from the revised fiscal 2007 estimate. **Exhibit 6** displays each jurisdictions' share of the highway user revenue in fiscal 2008.

Baltimore City Cap Ends

Baltimore City had traditionally received one-half (15%) of the 30% of the local share of highway user revenues. Legislation passed during the 1996 session modified the distribution formula for HUR for Baltimore City and localities, whereby Baltimore City received either the greater of 11.5% of HUR in the current fiscal year or \$157.5 million as well as 11.5% of the growth in the counties' share of HUR from fiscal 1998 to the current year. The legislation provided that should Baltimore City's share drop below 12.25% of HUR in any fiscal year through fiscal 2007, it could not receive more than 12.25%. To partially compensate Baltimore City for its reduction in HUR, the city receives \$410,000 from the Maryland Port Administration for payments in lieu of taxes for four port facilities in the City. In addition, \$5 of each security interest filing fee collected by the Motor Vehicle Administration is transferred to the city.

Beginning in fiscal 2008, Baltimore City will no longer be capped at 12.25% of total HUR. Based upon projections by DLS, the Baltimore City share will increase slightly each year at progressively smaller annual growth rates but will not exceed 13.63% of total HUR. Baltimore City received an additional \$1.6 million in fiscal 2008 due to the cap ending. **DLS recommends that the General Assembly consider simplifying the HUR formula for distribution to allocate set percentages to Baltimore City and the 23 local jurisdictions.**

Exhibit 6
Apportionments of Estimated Highway User Revenue
Fiscal 2008

<u>County</u>	<u>Counties</u>	<u>Municipalities and Baltimore City</u>	<u>Total</u>
Allegany	\$4,909,298	\$2,652,809	\$7,562,107
Anne Arundel	30,477,472	1,973,323	32,450,795
Baltimore	43,960,785	0	43,960,785
Calvert	6,051,261	594,879	6,646,140
Caroline	4,221,807	961,143	5,182,950
Carroll	12,030,907	2,672,920	14,703,827
Cecil	6,828,154	1,317,527	8,145,681
Charles	9,651,051	725,511	10,376,562
Dorchester	4,375,686	1,394,036	5,769,722
Frederick	14,165,417	5,112,395	19,277,812
Garrett	5,513,426	1,015,668	6,529,094
Harford	14,777,391	2,070,393	16,847,784
Howard	16,222,496	0	16,222,496
Kent	2,323,381	619,315	2,942,696
Montgomery	38,749,054	7,282,160	46,031,214
Prince George's	30,361,653	9,798,130	40,159,783
Queen Anne's	5,580,859	380,110	5,960,969
St. Mary's	7,784,333	136,214	7,920,547
Somerset	2,994,669	461,304	3,455,973
Talbot	3,323,262	1,429,743	4,753,005
Washington	9,209,165	3,168,202	12,377,367
Wicomico	7,413,559	2,037,456	9,451,015
Worcester	5,320,817	1,735,100	7,055,917
Total Counties	\$286,245,903	\$47,538,338	\$333,784,241
Baltimore City		\$232,998,000	\$232,998,000
Total	\$286,245,903	\$280,536,338	\$566,782,241

Source: Governor's Budget Books, Fiscal 2008

PAYGO Capital Program

Program Description

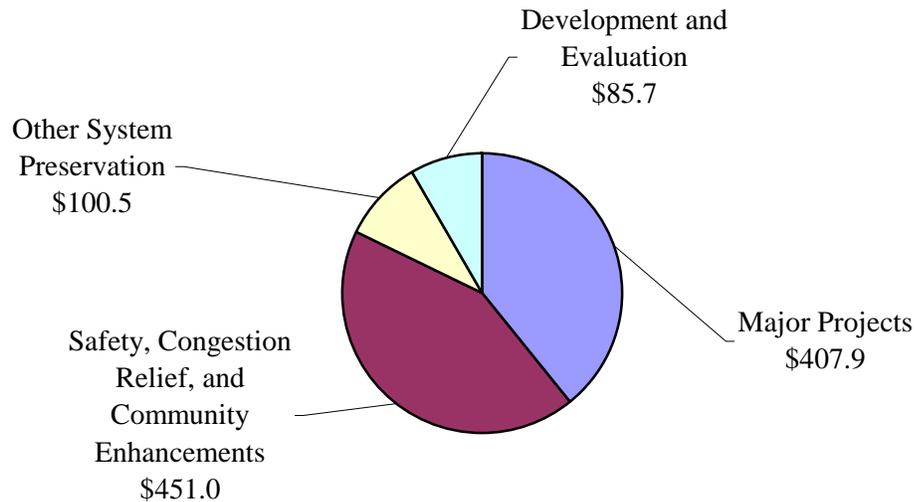
The State System Construction program provides funds for the capital program of SHA. Financing is available from current revenues, federal aid, and bond proceeds for construction and reconstruction projects on the State highway system, program-related planning and research, acquisition of major capital 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. The Maryland Department of Transportation (MDOT) also prepares final and draft Environmental Impact Statements for projects in the D&E program. These studies examine 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 2007 to 2012 Consolidated Transportation Program

The fiscal 2008 allowance totals \$1.1 billion, an increase of approximately \$65 million over the fiscal 2007 working appropriation. **Exhibit 7** provides highlights of the funding of the fiscal 2008 program by area. As seen in the chart, a majority of the funds are to be used for major construction and safety, congestion relief, and community enhancement projects.

Exhibit 7
SHA Capital Program by Area
\$1.05 Billion Total Capital Program
Fiscal 2008 Allowance
(\$ in Millions)



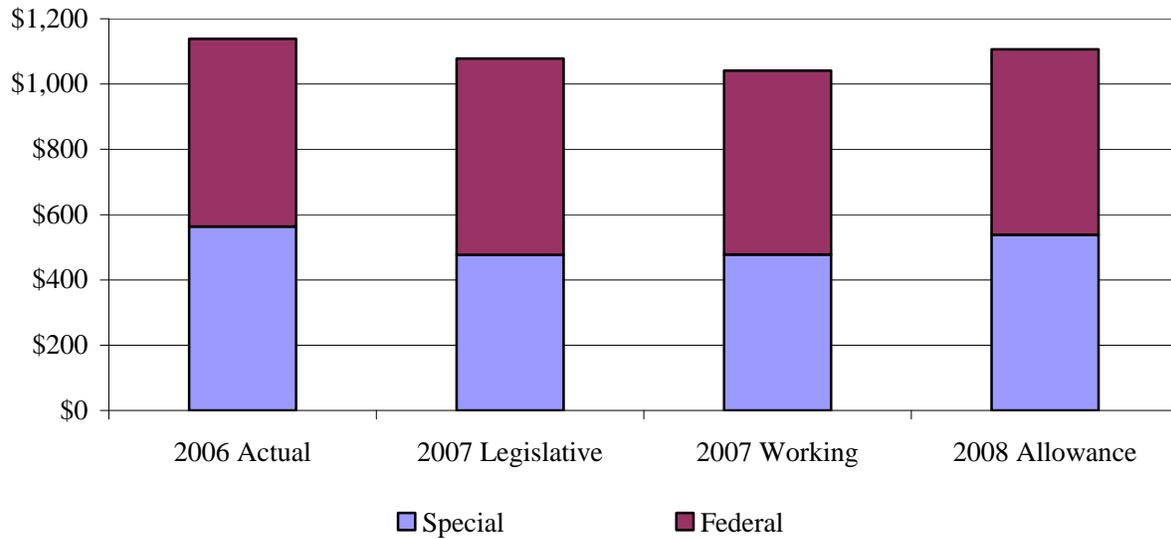
Source: Maryland Department of Transportation, 2007-2012 *Consolidated Transportation Program*

Fiscal 2007 and 2008 Cash Flow Analysis

The fiscal 2007 working appropriation decreases \$37.3 million from the legislative appropriation due to cash flow changes in the development and evaluation program as shown in **Exhibit 8**.

The fiscal 2008 allowance increases \$65.2 million compared to the working appropriation due to cash flow changes in the development and evaluation program.

Exhibit 8
Cash Flow Changes
Fiscal 2007-2008



Source: Maryland Department of Transportation, 2007-2012 *Consolidated Construction Program*

Exhibit 9 provides a list of the major projects funded in the SHA budget. These 18 projects represent 83% of funding for all major projects.

Exhibit 9
Selected SHA Major CTP Construction Projects
Funded in Fiscal 2008
(\$ in Thousands)

<u>County</u>	<u>Project</u>	<u>Fiscal 2008</u>	<u>Total \$</u>	<u>Completion of Fiscal Cash Flow</u>
Anne Arundel	MD 295, Baltimore/Washington Parkway – widen 295 from four to six lanes	\$5,232	\$19,121	2010
Calvert	MD 2/4 Solomon’s Island Road – reconstruct intersection at MD 231.	7,205	25,710	2009
Calvert	Lusby Connector	5,191	10,950	2009
Caroline	MD 404 Shore Highway – upgrade to four lane divided highway	3,303	16,042	2008
Carroll	MD 30, Hampstead Bypass – construct a new two-lane limited access highway	23,917	83,055	2012
Charles	MD 5, at Hughesville – construct a new two-lane limited access highway	6,816	54,242	2008
Frederick	I-70, Baltimore National Pike – construct an extension of MD 475	17,131	94,360	2009
Garrett	US 219 Relocated – Oakland Bypass	4,230	42,565	2012
Harford	MD 24, Vietnam Veterans Memorial Highway – Construct improvements to MD 24/MD 924 intersection	16,555	45,447	2010
Howard	MD 32, Patuxent Freeway – construct a new interchange at Burntwoods Road	13,571	34,045	2009
Montgomery/ Prince George’s	InterCounty Connector (federal earmark)	18,670	19,270	2008
Montgomery	MD 124, Woodfield Road – Construct six lane divided highway	14,060	53,054	2010
Prince George’s	I-95/I-495 Woodrow Wilson Bridge Improvement	133,313	1,318,292	2010
Prince George’s	I-95/I-495 Capital Beltway – reconstruct the interchange of MD 5 and I-95/I-495	10,914	50,708	2010
Prince George’s	I-95/I-495 Capital Beltway – construct interchange at Arena Drive	11,709	27,942	2009
Prince George’s	MD 4, Pennsylvania Avenue – construct a new interchange at MD 4 and Suitland Parkway	20,710	92,602	2010
Prince George’s	MD 201, Kenilworth Avenue – replace bridge over Amtrak	11,153	24,486	2009
St. Mary’s	MD 237, Chancellor’s Run Road	13,221	56,594	2011
Total		\$336,901	\$2,068,485	

Source: Maryland Department of Transportation, 2007-2012 *Consolidated Transportation Program*

Projects Added to the Construction Program

As shown in **Exhibit 10**, nine projects, totaling \$79.8 million, were added to the construction program.

Exhibit 10
SHA CTP Projects Added to the Construction Program
Fiscal 2007-2008
(\$ in Thousands)

<u>Project</u>	<u>2007</u>	<u>2008</u>	<u>Total Project Cost</u>
I-83 Harrisburg Expressway; Replace Bridge on Freeland Road over I-83 (Baltimore)	\$1,834	\$1,190	\$3,187
MD 404, Shore Highway; Upgrade MD 404 from Cemetery Road to MD 480 (Caroline)	156	1,355	25,880
MD 313, Greensboro Road; Replace bridge over Longmarsh Creek (Caroline, Queen Anne's)	1,427	1,808	3,755
MD 28, Tuscarora Road; Replace bridge over Tuscarora Creek (Frederick)	1,237	2,396	3,929
MD 136, Calvary Road; Replace bridge over James Run (Harford)	2,132	30	3,266
MD 32, Patuxent Freeway; Interchange at Linden Church Road (Howard)	77	1,000	12,134
MD 32, Patuxent Freeway; Wellworth Way access improvements (Howard)	100	617	7,976
US 40, Dual Highway; Interchange at Edgewood Drive (Washington)	50	2,650	6,113
US 113, Worcester Highway; Hayes Landing Road to Goody Hill Road (Worcester)	0	1,619	13,601
Total	\$7,013	\$12,665	\$79,841

Source: Maryland Department of Transportation, 2007-2012 *Consolidated Transportation Program*

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

As shown in **Exhibit 11**, two projects were moved from the D&E program to the Construction Program.

Exhibit 11
SHA CTP Projects Moved from the D&E Program to the Construction Program
Fiscal 2007-2008
(\$ in Thousands)

<u>Project</u>	<u>2007</u>	<u>2008</u>	<u>Total Project Cost</u>
US 220, McMullen Highway; Replace Bridge 1060 over the Potomac River (Allegany)	\$125	\$1,000	\$13,846
MD 24, Vietnam Veterans Memorial Highway; Improvements to the I-95/MD 24 interchange (Harford)	5,329	16,555	45,447
Total	\$5,454	\$17,555	\$59,293

Source: Maryland Department of Transportation; 2007-2012 *Consolidated Transportation Program*

Projects Added to the D&E Program

As seen in **Exhibit 12**, 12 projects totaling \$21.4 million were added to the D&E program.

Exhibit 12
SHA CTP Projects Added to the D&E Program
Fiscal 2007-2008
(\$ in Thousands)

<u>Project</u>	<u>2007</u>	<u>2008</u>	<u>Total Phase Cost</u>
MD 198, Laurel Fort Meade Road; Reconstruct from MD 295 to MD 32 (Anne Arundel) (County contributing funding)	\$0	\$0	\$0
US 50, John Hanson Highway; Reconstruct from MD 70 to MD 2 (Anne Arundel)	100	500	1,000
I-695, Baltimore Beltway; Replace bridge at MD 139 (Baltimore)	800	800	6,882
I-795, Northwest Expressway; Construct interchange at Dolfield Road (Baltimore) (Funding from private developers)	0	0	0
MD 4, Solomon’s Island Road; MD 2 to MD 235 (St. Mary’s, Calvert)	200	600	1,500
I-70, Baltimore National Pike; Interchange at Meadow Road (Frederick)	75	300	500
MD 180/351, Jefferson Pike/Ballenger Creek Pike; Study the reconstruction of the I-70 interchange and capacity improvements to MD 180/MD 351 (Frederick)	68	450	1,000
US 15, Catocin Mountain Highway; Study a new interchange at Monocacy Boulevard (Frederick)	300	500	2,700
I-70, Baltimore National Pike: US 40 to US 29 (Howard)	200	700	3,000
MD 223, Piscataway Road; Reconstruct MD 223 from Temple Hill Road to MD 5 (Prince George’s)	200	600	3,100
MD 5, Point Lookout Road; MD 234 to MD 245 (St. Mary’s)	150	600	750
MD 589, Racetrack Road; US 50 to US 113 (Worcester)	150	600	1,000
Total	\$2,243	\$5,650	\$21,432

Source: Maryland Department of Transportation; 2007-2012 *Consolidated Transportation Program*

Projects Removed from the D&E program

One project was removed from the D&E program as shown in **Exhibit 13**.

Exhibit 13
Projects Removed from the D&E Program

Project

Justification

US 301, Blue Star Memorial Highway;
Interchange at MD 313 (Kent)

Interim Improvements improved
safety conditions

Source: Maryland Department of Transportation; 2007-2012 *Consolidated Transportation Program*

Construction Schedule Delays

As shown in **Exhibit 14**, one project was delayed from the fiscal 2006-2011 CTP.

Exhibit 14
SHA CTP Project Delays

Project

Reason

Delay

MD 732, Guilford Road; Replace Bridge 13029
over CSX Railroad (Anne Arundel, Howard)

Delay in acquisition of needed
right-of-way

Fiscal 2006 to 2007

Source: Maryland Department of Transportation; 2007-2012 *Consolidated Transportation Program*

Construction Schedule Advancements

As shown in **Exhibit 15**, two projects construction schedules were advanced.

Exhibit 15
SHA CTP Project Advancements

Project

Reason

Change

MD 2/4 Solomon's Island Road; MD 2/4
intersection at MD 231 (Calvert)

Increased safety concerns

Fiscal 2008 to 2007

MD 355, Rockville Pike; MD 355 from Old
Georgetown Road to Maple/Chapman Road
(Phase I) (Montgomery)

County providing funds to
advance constructions

Fiscal 2010 to 2008

Source: Maryland Department of Transportation; 2007-2012 *Consolidated Transportation Program*

Issues

1. Disposing of Land Is Confusing

Chapter 473 of 2005 established new requirements for State-owned land that is determined as excess. Specifically the legislation focused on land that is deemed excess, and clarified the process through which that parcel of land must be cleared before going to the Board of Public Works (BPW) for approval of sale. The legislation required that specific committees be notified of the land being determined excess and that the General Assembly must approve any proposed disposition of land. The process for declaring a property excess and depositing of it was further clarified.

The Transportation Article also provides a process for how SHA must dispose of land. However, the legislation adopted during the 2005 session did not exempt SHA from the additional requirements imposed under Chapter 473. Regulations were adopted, however, that preclude SHA property under three acres or property that has been abandoned, from the BPW approval process. As such, there currently exists the SHA process for land disposition as spelled out in the Transportation Article and the process for all State-owned land in State Finance and Procurement Article.

Exhibit 16 provides a summary of the difference between the legislation from the 2005 session for land that is not environmentally protected and the SHA process for land that is abandoned or completed project land. (Note: There are different processes spelled out for SHA depending on the type of land transfer; however, the abandoned or completed land project is the most prevalent.)

The clearinghouse process is defined in the Code of Maryland Regulations. SHA has indicated that it goes through the clearinghouse process and complies with the legislative notice provisions not included in the Transportation Article when provisions from the 2005 do not conflict with the Transportation Article provisions. Specifically the clearinghouse provision is used to determine if there exists a public use for the land. In addition, SHA has complied with a request from the Comptroller's office to obtain two appraisals for property despite this not being required by the Transportation Article.

The major difference between the BPW process and the Transportation Article is first that the Transportation Article does not provide for legislative approval and also that excess land must not be declared surplus before disposal. Consequently, there is some confusion regarding:

- the provision of declaring property surplus and the 45-day waiting period that is provided for under the BPW process, which is not part of the Transportation Article; and
- BPW approval for a land sale is only required once under the Transportation Article as opposed to twice under the BPW process.

Exhibit 16
Comparison of Land Disposition

	<u>MDOT Process</u>	<u>BPW Process</u>
Determining surplus status	Secretary of Transportation determines the land is no longer needed. Counties and municipalities are provided the first right of refusal and then the original owner has the right to refuse with payment equal to the appraised value or the original value of the land plus simple interest. If property is not wanted by a local jurisdiction or original owner, then the property shall go to public auction.	Land declared surplus must go through a “clearinghouse” process with the Department of Planning to determine if a local government or other State agency is interested in the property and make an appraisal recommendation to the Board of Public Works (BPW). MDOT properties that are less than three acres or have been abandoned are exempt.
Appraisal	Administration shall appraise the land (if more than \$25,000 then one independent appraisal).	Department of General Services has submitted two independent appraisals and a fact sheet has been sent to the Senate Budget and Taxation Committee and House Appropriations Committee and 45 days have elapsed.
Bid Price	The bid price of the land must be equal to the appraised value of the land; if not, then auction is cancelled and the land is put up for sale again. If no appropriate bid price is accepted, the Administration may enter into a negotiated sale.	
BPW Approval	The Board of Public Works must approve the negotiated sale and deed.	45 days must have also elapsed from the date that BPW declared the land surplus, before BPW may approve a contract for sale.

Source: Department of Legislative Services

Furthermore, the Transportation Article is not consistent in terms of who has the first right of refusal on land owned by SHA. For example if land was purchased for a project that was not undertaken, local governments have the right of first refusal to use that land; however, if a project was completed and there is land left over that can be disposed of, the original owner of that property has the right of first refusal.

DLS recommends that SHA comment on its view of the current land disposition process.

To clarify the SHA process for moving excess property, DLS recommends that legislation be introduced that would exempt SHA from the BPW land sale process. However, DLS also recommends that the legislation require SHA to go through the clearinghouse process prior to selling land. In addition, DLS recommends that the committees may want to consider

legislation that would make the disposition of land and the right of first refusal consistent within the Transportation Article for SHA.

2. Performance Contracting and Oversight

Over the last few years, the State has taken steps to better evaluate the outcomes produced by its programs. The Department of Budget and Management (DBM) is spearheading this effort through its MFR initiative which attempts to link State spending to outcomes. DBM has required every agency to develop a mission, vision, key goals, objectives, and performance measures for each budgetary program. For the State's emphasis on results and accountability to be effective, it must permeate throughout the agency, as well as throughout vendors doing business on the State's behalf. Managers in public agencies and vendors delivering services on the State's behalf must be equally aware of the relevant goals and objectives and share responsibility for producing the desired outcomes. The best way to ensure that vendors focus on the State's objectives is to link payments or continuation of the contract to specific performance measures.

SHA and Contracting

The fiscal 2007 budget for SHA included funds for the creation of the Office of Procurement and Contracts. The funds provided for a central office in light of an audit report which highlighted several issues regarding the financial controls of contracts. The office was created to do the following:

- provide oversight for internal controls agencywide;
- provide agency oversight for professional service contracts and commodity purchases;
- oversee development of procurement training and certification;
- provide expertise in the procurement process;
- develop policies and procedures related to agency procurement processes; and
- act as principal contact office for the Board of Public Works, the Department of General Services, and the Department of Budget and Management.

Each of the district offices has a procurement/contracts point person that is responsible for the following:

- strengthening the financial internal control environment within the district office where the highest level of purchasing activity takes place;

J00B01 – MDOT – State Highway Administration

- enhancing the budget development and monitoring process and ensuring that fiscal policies are followed;
- providing professional expertise in procurement and fiscal management as well as training to the district offices;
- providing oversight for the materials and supplies inventory process as well as capital program projects; and
- providing “audit” assurance that procurement transactions, particularly credit card transactions, are within State and SHA guidelines.

As important as the financial control of contracts is, equally as important is for professional service contracts to deliver the services expected in a timely manner. Performance contracting may encourage the timely delivery of high quality services through performance contracting where identifying clear performance measures and incorporating financial incentives to encourage a higher level of performance.

DLS requested copies of SHA operating contracts over \$1 million to see if performance measures are included in the contract and if financial incentives are attached to specific performance measures. Based upon the review, a majority of SHA’s operating contracts are for winter activities (*e.g.*, snow removal) and summer activities (*e.g.*, mowing and tree trimming) and do not directly correspond to a MFR measure. These contracts are done at the district office level such that individually they are less than a \$1 million but in the aggregate total more.

In looking at mowing contracts, each contractor is responsible for mowing and reporting when mowing activity occurs. The district engineer is then responsible for making sure the work occurred and then grading the work based upon a rating scale from A to D. Should the work fall below a C level two months in a row, the agency may drop the contract.

The activities contained in these contracts do not correspond to critical MFR measures for the agency. In addition, the contracts do not necessarily lend themselves to performance contracting where performance and financial measures may be attached. However, the management structure of the Office of Procurement and Contracts does appear to have the potential for increased financial and performance control of the agency’s numerous contracts. **DLS recommends that SHA comment on the potential of performance contracting for its contracts. In addition, SHA should update the committee regarding the status of the Office of Procurement and Contracts and what impact this management structure has had on contract oversight for the agency.**

Capital Contracts

SHA does utilize performance contract or financial incentives in its capital projects. All capital projects have a certain date by which they must be completed. If the project is not completed by that date, SHA will assess liquated damages for each day that the project is past due. In addition,

there are instances where a financial incentive is built into a contract for a portion of a project to be completed quicker due to traffic or other concerns. **DLS recommends that SHA discuss the use of performance contracting for capital projects and how many projects typically come in on time.**

3. The Rising Cost of Raw Materials

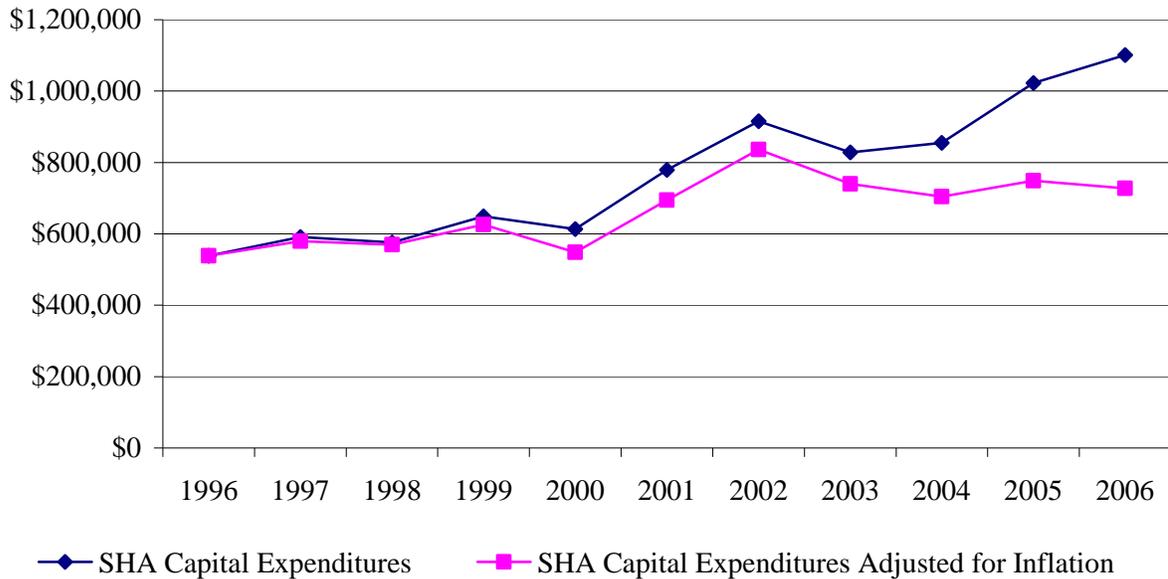
Just as the rising cost of oil has impacted the spending of household budgets, the rising cost of raw materials also impacts the transportation capital program. Several factors are influencing the rising cost of raw materials. These factors include:

- ***International Demand for Building Materials:*** Demand for construction materials, particularly in Asia, has contributed to the rising price of construction materials;
- ***Impact of Hurricanes Katrina and Rita:*** The extensive rebuilding efforts associated with these two disasters require large reconstruction efforts. As a result, there is concern regarding the availability and cost of construction materials; and
- ***Oil Prices:*** Domestic and international demand for oil has resulted in higher prices.

Exhibit 17 shows the actual expenditures of the highway capital program (this includes capital salaries and development and evaluation which are not as sensitive to inflation) and indexes those expenditures to inflation based upon the street and highway construction index from the Producer Price Index. The index is not perfect as it is a national measure of a variety of materials that do not necessarily reflect regional differences for various supplies. Nonetheless, the exhibit is illustrative of the fact that while highway expenditures have increased by roughly \$300 million from fiscal 2003 to 2006, the cost of those supplies has risen such that fiscal 2006 expenditures are roughly equal to expenditures from fiscal 2003 when adjusting for inflation. Expenditures increased partly due to the increase in registration fees during the 2004 session; however, those additional revenues appear to have been used to maintain purchasing power rather than adding projects to the capital program.

DLS recommends that MDOT discuss what impact the rising cost of materials has had on the purchasing power of the SHA PAYGO capital program.

Exhibit 17
Rising Cost of Raw Materials
 (\$ in Thousands)



Source: Bureau of Labor Statistics, Producer Price Index; Maryland Department of Transportation

4. Community Safety and Enhancement Program Funding Increases

The Community Safety and Enhancement Program is a SHA funded program that works with local jurisdictions to provide funding for highway transportation projects in designated revitalization areas throughout the State. Projects are identified in each jurisdiction's SHA capital program. Project improvements include roadway reconstruction, lighting and drainage improvements, streetscaping and other roadway improvements. In fiscal 2007 funding for this program totals \$25 million. In fiscal 2008, funding for the program jumps to \$41.8 million. Funding in the planning years is expected to be between \$20 million and \$25 million per fiscal year, totaling over \$160 million over the six year capital program as shown in **Exhibit 18**. The significant increase in fiscal 2008 is necessary to fund current project commitments. In fact, based upon the cash flow projections provided by SHA, no new projects can be accommodated until fiscal 2011. In the near term, therefore, adding new CSEP projects would require an additional allocation of limited trust fund resources to the program.

Given the revenue issues the Transportation Trust Fund is facing coupled with the demands for major transportation projects across the State, to the extent possible TTF resources should be preserved for major construction and system preservation projects. Expanding the number and scope of CSEP projects siphons resources from these more fundamental transportation needs. One way of focusing limited resources is to adopt a ceiling on annual expenses. For example, the Sidewalk Program was limited in statute to \$2 million per year. A similar ceiling should be considered for the CSEP Program, in the range of \$10-15 million annually. **DLS recommends that budget bill language be added that caps the appropriation for CSEP at \$41.8 million and expresses the intent of the General Assembly that future years spending does not exceed current commitments. In addition DLS recommends that SHA discuss the possibility that there will be interest in augmenting the planned CSEP spending given that the program appears to be fully committed through fiscal 2010.**

Exhibit 18
Total CSEP Funding
Fiscal 2007-2012
(\$ in Thousands)

Allegany (2 projects)	\$9,222
Anne Arundel (4 projects)	8,266
Baltimore County (8 projects)	25,397
Calvert (3 projects)	4,137
Carroll (4 projects)	16,605
Cecil (2 projects)	143
Dorchester (2 projects)	9,165
Frederick (2 projects)	5,529
Garrett (2 projects)	1,147
Harford (2 projects)	11,135
Montgomery (4 projects)	6,459
Prince George's (3 projects)	2,476
Queen Anne's (1 project)	2,602
Saint Mary's (2 projects)	5,081
Talbot (1 project)	4,888
Washington (1 project)	365
Worcester (1 project)	44
Total	\$112,660
CTP CSEP Funding	\$161,200

CSEP: Community Safety Enhancement Program
CTP: Consolidated Transportation Program

Source: State Highway Administration

Operating Budget Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce funds for printing/reproduction. This action provides funding equal to fiscal 2006 actual expenditures.	\$ 20,000	SF
2. Reduce funds for contractual equipment repairs and maintenance. This reduction provides funding equal to fiscal 2006 actual expenditures and a \$460,000 increase from the fiscal 2007 working appropriation.	40,000	SF
3. Reduce funds for education and training contracts. This reduction provides funding equal to the fiscal 2006 actual expenditure and provides for a \$34,000 increase from the fiscal 2007 working appropriation.	75,000	SF
4. Adopt the following narrative:		

The budget committees request that the State Highway Administration (SHA) submit as part of its fiscal 2009 allowance the SHA information for Managing for Results (MFR) regarding the volume of traffic on arterial roads and freeways similar to the information included in the 2005 Attainment Report. SHA may also submit additional MFR measures for congestion with its allowance submission.

Information Request	Author	Due Date
Congestion Measure	SHA	Fiscal 2009 Allowance
Total Special Fund Reductions		\$ 135,000

PAYGO Budget Recommended Actions

1. Add the following language:

It is the policy intent of the General Assembly that spending for the Community Safety and Enhancement Program be reduced and capped in future years. Due to the demands and needs for transportation projects across the State coupled with potential funding shortfalls, Transportation Trust Funds should be more efficiently allocated to meet the transportation

J00B01 – MDOT – State Highway Administration

demands of the State. As such, the appropriation for the Community Safety and Enhancement Program may not exceed \$41,800,000 in fiscal 2008. Furthermore, it is the intent of the General Assembly that spending for the Community Safety and Enhancement program in fiscal 2009 and 2010 be equal to, and not exceed, the commitments provided for in the 2007 – 2012 Consolidated Transportation Program. In addition, it is the intent of the General Assembly that the appropriation for the Community Safety and Enhancement Program be capped in fiscal 2011 to limit spending for this program to insure that the needs of the State’s transportation network are met.

Explanation: The budget committees are concerned that the level of spending for the Community Safety and Enhancement program has increased in recent years. The intent of this program is to provide funding for minor enhancements to communities. Given the needs and demands for transportation projects in the State coupled with potential revenue shortfalls, the committees want to insure that Transportation Trust Fund monies are allocated effectively to meet these demands. As such, the committees recommend capping the level of spending in fiscal 2008 equal to the amount provided for in the fiscal 2007-2012 Consolidated Transportation Program. In addition it is the intent of the committees that no new projects be added in fiscal 2009 and 2010 and that consideration be given to setting a cap on the amount of funding provided for in the Community Safety and Enhancement Program.

	<u>Amount Reduction</u>	<u>Position Reduction</u>
2. Delete four new positions. This reduction eliminates four new positions for the environmental management program. The agency’s current vacancy rate is 7.4%. Given this high vacancy rate, the agency may reclassify existing vacant positions to fill these positions.	\$ 195,924 SF	4.0
Total Special Fund Reductions	\$ 195,924	4.0

Updates

1. Dolfield Boulevard Feasibility Study

Background

Committee narrative adopted during the 2006 session requested SHA to submit the final feasibility study for the Dolfield Boulevard Feasibility Study. The feasibility study was prepared for SHA and the Baltimore County Department of Public Works due to the extension being included in the County’s “2010 Master Plan.” The purpose of the feasibility study was to investigate the need and viability of a new interchange on I-795 at Pleasant Hill Road (future Dolfield Boulevard), and any associated local road improvements, and/or auxiliary lanes on I-795.

Due to growth in Owings Mills, Baltimore County included a new interchange at I-795 and the proposed extension of Dolfield Boulevard was included in its Master Plan. SHA has also included a I-795 interchange in its Highway Needs Inventory; the long-range assessment for potential future highway improvements. Based upon SHA’s level of service measurement, approximately half of all freeway segments that enter and exit along I-795 within the project limits experience a stop-and-go or congested traffic flow condition.

Study Overview

The study undertook a range of both partial and full interchanges, and alternatives were developed to address forecasted traffic levels. In addition, a traffic analysis was done looking at existing and projected traffic and levels of service with and without an interchange. Among the alternatives considered in the study were the “No-Build” option. Under the no-build scenario, the analysis concluded that by 2030 all merge, diverge, and freeway segments are projected to experience congested traffic flow. A Transportation Systems Management (TSM) approach was also evaluated which would not provide an interchange but would add an additional lane on I-795 from Franklin Boulevard to south of Owings Mill. Several interchange options were also developed including both partial and full interchanges. Partial and full interchanges would decrease traffic only slightly. Preliminary cost estimates for the TSM and interchange options range from \$140 million to \$220 million. The addition of an interchange would require improvements to several intersections within the local road system, which is estimated to cost between \$22.2 million and \$23.2 million.

Funding Issues and Options

The report submitted to the committees discusses the funding issues associated with the project. The department noted that it is looking at a number of other significant projects throughout the State, thus funding is not available for a project of the size of Dolfield Boulevard. Furthermore, the report states that traditional sources of revenues to the Transportation Trust Fund no longer meet the needs across the State.

A number of options are put forth in the report. The report focuses on other funding sources such as on county and/or developer funding. Local funding options would include revenue options such as adequate public facilities ordinances, tax-increment/excise/special tax districts, and value capture arrangements. Examples were cited from Howard, Baltimore, and Anne Arundel counties where local funding was provided to move projects along on a quicker timeline. Value-capture taxes, which in some cases would require action from the General Assembly to enable use for local collection, include impact fees, dedicated sales taxes, and special district assessments. Based upon the analysis, a number of commercial and industrial properties would benefit from the project.

Conclusion

The report itself concluded that there was demand for the Dolfield Boulevard project. An initial environmental analysis did not find any environmental issues that would make the project not feasible. As part of the study, preliminary discussions with the Federal Highway Administration indicated that an interchange may be acceptable at this location. A complete Interstate Access Approval Package and planning process will need to be completed. In its summary, SHA also stated that before proceeding “initiating and preparing for the use of non-traditional funding resources” would need to be done.

2. Sound Barrier Program Operating and Funding Processes

The budget committees requested a report from SHA regarding the operating and funding processes of its sound barrier program. Following is a summary of the report submitted by SHA.

The sound barrier was first initiated in Maryland more than 30 years ago. There are two types of sound barriers. Type I barriers are new barriers for noise abatement purposes adjacent to proposed highway improvements. As part of the overall environmental impact analysis required for any project involving federal highway funding, SHA determines what impact noise will have on the surrounding environment and if mitigation needs to occur. SHA specifically determines whether future highway noise levels will equal or exceed the impact threshold of 66 decibels. The funding for Type I projects is mostly federal aid (80%) and State funds (20%).

Type II barriers are used where a highway already exists and is not being expanded and where the highway was constructed prior to the environmental impact analysis requirement. The intent of the Type II program is to address areas of noise impact along highways that were built before environmental analyses became a part of the highway development process. For a Type II barrier to be approved, the local jurisdiction must have passed an ordinance that addresses the impact of highway traffic noise on new residential development adjacent to a State highway and the highway must be a fully controlled access highway. If the above two criteria are met, then local jurisdiction must agree to fund 20% of the cost of the project and the right-of-way needed must be donated to the State. Type II projects are funded through federal aid (80%) and local contributions (20%). Projects are funded on a first come first served basis, with the oldest communities given the highest priority.

3. Woodrow Wilson Bridge

MDOT, the Virginia Department of Transportation, the Washington, DC Department of Transportation, and the Federal Highway Administration are in the process of constructing a \$2.4 billion project to replace the Woodrow Wilson Bridge (WWB). The old bridge offered six total lanes while the new facility will offer 12 lanes. Eight lanes will match the capacity of I-495; two lanes will be for merging/exiting; and two lanes will be for future rail transit, bus service, or HOV. The project also includes contracts to improve interchanges at I-295 (Maryland), MD 210 (Maryland), Route 1 (Virginia), and Telegraph Road (Virginia).

The Maryland portion of the Woodrow Wilson Bridge contract is on budget. SHA advises that 78% of the Maryland construction is complete, and 100% percent of the Maryland construction is under contract. I-95/I-495 traffic was switched to the new outer loop bridge in mid-2006. Much of the old bridge has been demolished, though a portion of it has been preserved as a work platform for the work in the river. It will also be demolished at the end of construction. The inner loop is scheduled for completion in 2008.

Exhibit 19 provides a revenue forecast for Maryland’s share of the project. Final amounts and amounts for Virginia will not be available until an approved WWB Financial Plan and revised Project Cost Estimate worksheet are issued. Maryland is projected to provide \$121 million in State funds for the project.

Exhibit 19
Woodrow Wilson Bridge
Maryland Revenue Forecast Summary
(\$ in Millions)

<u>FFY Ending</u>	<u>Obligated Dedicated Federal Funds</u>	<u>Obligated Regular Federal Funds</u>	<u>State Match Cash Flow Maryland</u>
Prior Years	\$975.4	\$71.0	\$73.6
2007	9.6	92.0	18.3
2008	-	5.1	13.8
2009	-	0	4.8
2010	-	0	.1
2011	-	0	0
2012	-	40.7	3.4
2013	-	0	6.7
Total	\$985.0	\$208.8	\$120.8

Source: State Highway Administration

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 2006					
Legislative Appropriation	\$0	\$675,079	\$13,775	\$0	\$688,854
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	32,495	1,225	0	33,720
Reversions and Cancellations	0	-6,122	-93	0	-6,215
Actual Expenditures	\$0	\$701,452	\$14,908	\$0	\$716,359
Fiscal 2007					
Legislative Appropriation	\$0	\$767,196	\$13,719	\$0	\$780,915
Budget Amendments	0	1,607	0	0	1,607
Working Appropriation	\$0	\$768,803	\$13,719	\$0	\$782,521

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

Fiscal 2006

Fiscal 2006 actual expenditures totaled \$716,359,489, a \$27,505,522 increase from the legislative appropriation.

Special funds increased by a net \$26,373,282, with \$32,495,215 in budget amendments and \$6,121,933 in cancellations. Budget amendments were for the following purposes:

- \$14,650,000 for snow removal costs;
- \$11,000,000 increase in highway user revenue due to revised revenue estimates;
- \$2,700,000 to cover the cost of damage to SHA property due to accidents and vandalism;
- \$2,380,000 for increased fuel and utility costs;
- \$1,042,309 to fund the 1.5% cost-of-living adjustment for State employees in the fiscal 2006 budget;
- \$788,880 for the increased cost of health insurance;
- \$36,869 decrease to reallocate funds due to PIN transfers; and
- \$29,105 decrease to transfer telecommunication costs to the Secretary's Office.

Cancellations totaled \$6,121,933 for the following purposes:

- \$3,396,925 from highway user revenues were cancelled due to estimates for revenues exceeding actual revenues;
- \$815,566 in CHART operations due to the delayed opening of the Traffic Operations Center in District 7 and CHART equipment that will be deferred until fiscal 2007;
- \$600,000 in contract work was deferred until fiscal 2007 due to storm damage that occurred in the last week of the fiscal year;
- \$446,453 in Information Technology contracts that were deferred until fiscal 2007;
- \$232,990 in the Motor Carrier Program due to services being deferred until fiscal 2007;
- \$230,000 being deferred for new jackets and uniforms due to a contractor's inability to get lime green material in time;

J00B01 – MDOT – State Highway Administration

- \$200,000 due to estimates for repairs due to accidents being higher than actual costs; and
- \$200,000 due to a planned Stormwater Pollution Prevention Plans being determined unnecessary based upon field assessments.

Federal funds increased by a net of \$1,132,241. Budget amendments increased \$1,225,000 due to cash flow for the Highway Safety Grant Program. Cancellations totaled \$92,759; \$83,434 was due to the delayed opening of the Traffic Operations Center in District 7 and CHART equipment that will be deferred until fiscal 2007 and \$9,325 in the Motor Carrier Program due to services being deferred until fiscal 2007.

Fiscal 2007

The fiscal 2007 special fund appropriation increased by \$1,607,052 to fund the cost-of-living adjustment provided for in the fiscal 2007 budget.

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

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1553.00	1558.00	1563.00	5.00	0.3%
02 Contractual	4.39	8.00	6.40	-1.60	-20.0%
Total Positions	1557.39	1566.00	1569.40	3.40	0.2%
Objects					
01 Salaries and Wages	\$ 83,076,499	\$ 88,268,493	\$ 87,475,070	-\$ 793,423	-0.9%
02 Technical and Spec. Fees	9,579,353	8,055,842	9,193,866	1,138,024	14.1%
03 Communication	1,727,284	1,805,000	1,770,240	-34,760	-1.9%
04 Travel	502,248	443,200	425,950	-17,250	-3.9%
06 Fuel and Utilities	10,770,220	10,343,796	15,942,153	5,598,357	54.1%
07 Motor Vehicles	11,370,507	12,441,353	12,792,927	351,574	2.8%
08 Contractual Services	58,009,147	50,829,007	58,067,089	7,238,082	14.2%
09 Supplies and Materials	17,900,256	16,028,800	15,598,955	-429,845	-2.7%
10 Equip – Replacement	668,438	240,110	395,549	155,439	64.7%
11 Equip – Additional	131,057	394,684	262,950	-131,734	-33.4%
12 Grants, Subsidies, and Contributions	522,264,784	593,244,278	575,227,567	-18,016,711	-3.0%
13 Fixed Charges	346,953	426,930	374,364	-52,566	-12.3%
14 Land and Structures	12,743	0	0	0	0.0%
Total Objects	\$ 716,359,489	\$ 782,521,493	\$ 777,526,680	-\$ 4,994,813	-0.6%
Funds					
03 Special Fund	\$ 701,451,875	\$ 768,802,665	\$ 762,972,390	-\$ 5,830,275	-0.8%
05 Federal Fund	14,907,614	13,718,828	14,554,290	835,462	6.1%
Total Funds	\$ 716,359,489	\$ 782,521,493	\$ 777,526,680	-\$ 4,994,813	-0.6%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary
MDOT State Highway Administration**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07 - FY08 % Change</u>
01 State System Construction and Equipment	\$ 1,026,481,186	\$ 977,700,000	\$ 1,029,700,000	\$ 52,000,000	5.3%
02 State System Maintenance	188,571,865	183,128,373	196,289,144	13,160,771	7.2%
03 County and Municipality Capital Funds	73,689,294	59,100,000	65,710,270	6,610,270	11.2%
04 Highway Safety Operating Program	15,156,222	14,481,962	14,455,295	-26,667	-0.2%
05 County and Municipality Funds	512,631,402	584,911,158	566,782,241	-18,128,917	-3.1%
08 Major IT Development Projects	445,378	4,238,718	10,867,815	6,629,097	156.4%
Total Expenditures	\$ 1,816,975,347	\$ 1,823,560,211	\$ 1,883,804,765	\$ 60,244,554	3.3%
Special Fund	\$ 1,109,369,144	\$ 1,246,941,383	\$ 1,300,982,275	\$ 54,040,892	4.3%
Federal Fund	707,606,203	576,618,828	582,822,490	6,203,662	1.1%
Total Appropriations	\$ 1,816,975,347	\$ 1,823,560,211	\$ 1,883,804,765	\$ 60,244,554	3.3%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Budget Amendments for Fiscal 2007
Maryland Department of Transportation
State Highway Administration – Operating**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$1,607,052	Special	This amendment funds the cost-of-living adjustment granted to all eligible State employees.

Source: Maryland Department of Transportation

**Budget Amendments for Fiscal 2007
Maryland Department of Transportation
State Highway Administration – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$2,429,565	Special	This amendment funds the cost-of-living adjustment granted to all eligible State employees.
Projected	-\$1,030,507	Special	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the fiscal 2007-2012 Final CTP.
	<u>-38,705,152</u>	Federal	
	-\$39,735,659		

Source: Maryland Department of Transportation