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Maryland Transit Administration
Maryland Department of Transportation

Operating Budget Data

($ in Thousands)

	FY 07 Actual	FY 08 Working	FY 09 Allowance	FY 08-09 Change	% Change Prior Year
Special Fund	$453,839	$459,517	$535,762	$76,245	16.6%
Federal Fund	52,077	53,352	56,094	2,742	5.1%
Total Funds	**$505,916**	**$512,869**	**$591,856**	**$78,987**	**15.4%**

- The Maryland Transit Administration (MTA) has fiscal 2008 deficiencies totaling a net of $22.3 million for Mobility paratransit, union contract increases, Commuter Bus fuel expenses, and additional Maryland Rail Commuter (MARC) commuter trips.

- The fiscal 2009 allowance increases approximately $79.0 million, or 15.4%, with increases for the fiscal 2008 deficiencies being carried into fiscal 2009; ongoing contract increases for MARC, Commuter Bus, and Mobility paratransit; and additional service as a result of the revenue increase. However, when adjusting for health insurance, the fiscal 2009 allowance increases $76.4 million, or 15.0%.

- The fiscal 2009 allowance includes approximately $31.9 million in new spending for light rail, bus, and Commuter Bus service additions and grants for locally operated transit services among other items.

PAYGO Capital Budget Data

($ in Thousands)

	Fiscal 2007	Fiscal 2008		Fiscal 2009
	Actual	Legislative	Working	Allowance
Special	$80,699	$131,209	$79,847	$206,254
Federal	$70,963	$176,847	$87,979	$144,579
Total	**$151,662**	**$308,056**	**$167,826**	**$350,833**

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

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- The fiscal 2008 PAYGO working appropriation decreases $140 million compared to the fiscal 2008 legislative appropriation. The decrease is due to cash flow changes in a number of projects with the working appropriation more accurately reflecting actual capital spending in fiscal 2008.

- The fiscal 2009 allowance increases $183 million compared to the fiscal 2008 working appropriation. The increase is associated with new spending from the revenue increase, $97 million, and cash flow carry over from fiscal 2007 and 2008.

Operating and PAYGO Personnel Data

	FY 07 Actual	FY 08 Working	FY 09 Allowance	FY 08-09 Change
Regular Operating Budget Positions	2,900.50	2,950.50	3,061.50	111.00
Regular PAYGO Budget Positions	109.00	112.00	138.00	26.00
Total Regular Positions	**3,009.50**	**3,062.50**	**3,199.50**	**137.00**
Operating Budget Contractual FTEs	30.00	31.00	19.00	-12.00
PAYGO Budget Contractual FTEs	3.00	2.00	0.00	-2.00
Total FTEs	**33.00**	**33.00**	**19.00**	**-14.00**
Total Personnel	**3,042.50**	**3,095.50**	**3,218.50**	**123.00**
Vacancy Data: Regular Positions				
Turnover, Excluding New Positions		144.94	4.53%	
Positions Vacant as of 12/31/07		98.00	3.20%	

- The fiscal 2009 allowance provides for a net increase of 137 regular positions. MTA had 24 positions abolished by the Board of Public Works as part of the General Assembly's direction for 500 vacant positions to be abolished, and 1 position was transferred to the Secretary's Office. MTA added 162 positions in the allowance to assist in providing additional service in a number of transit functions.

- MTA added 132 new operating budget positions to support a number of new operating budget initiatives. In addition, 30 positions are added to the capital program to support and manage the expanded capital program.

- Fourteen long-term contractual full-time equivalents are converted to regular positions as a result of the revenue increase.

- The fiscal 2009 allowance has turnover expectancy budgeted at 4.53%, or 145 positions. As of January 2008, the vacancy rate was 98 positions, or 3.20%.

Analysis in Brief

Major Trends

Ridership Is Increasing: Total ridership increased from fiscal 2006 to 2007 and is expected to continue increasing through fiscal 2008 and 2009. This increase in ridership is largely driven by increases in light rail and contracted transit services like Commuter Bus and MARC. Core bus service is expected to experience relatively modest ridership increases in fiscal 2008 and 2009. **The Department of Legislative Services (DLS) recommends that MTA discuss with the committees what impact proposed service enhancements will have on ridership and to what extent ridership growth factored into service enhancement decisions.**

Peer Efficiency Comparison: When comparing MTA to other comparable transit systems for fiscal 2006, MTA ranked favorably for operating expenses per revenue vehicle mile. However, when looking at measures based upon passenger trips or ridership, MTA did not compare as favorably to peer transit systems. **DLS recommends that MTA discuss its unfavorable comparison to peer transit systems when considering ridership as a factor.**

On-time Performance: On-time performance for transit services is not expected to change dramatically in fiscal 2008 or 2009. Core bus service appears to have a declining trend for on-time performance. **DLS recommends that MTA discuss how to improve MARC and core bus on-time performance and what effect new service may or may not have on the on-time performance measure.**

Issues

Farebox Recovery Legislation: Legislation has been introduced that would eliminate the statutory farebox recovery requirement and instead move to annual performance benchmarks. **DLS recommends that MTA discuss with the committees the current status of the farebox recovery requirement and the need for new performance standards.**

Four Major Transit Projects All Competing for Funding: The 2008-2013 *Consolidated Transportation Program* includes funding for four major transit lines that account for a significant portion of transit capital funding by fiscal 2013. Construction of each line is dependent on federal aid which is limited and highly competitive. **DLS recommends that MTA discuss the prospect of all four projects receiving federal aid and the practical benefit of committing a large portion of the future capital program to projects that may not be completed.**

MARC Growth and Investment Plan: MTA released the MARC Growth and Investment Plan in September 2007. The plan represents a long-range plan of how to enhance and grow the MARC system at a cost of $3.9 billion over 27 years. **DLS recommends that MTA discuss with the committees the MARC Growth and Investment Plan and the priority of the plan relative to other proposed transit lines, the financing of such a plan, and the willingness of CSX and Amtrak to work with MTA to implement the plan.**

Operating Budget Recommended Actions

		Funds
1.	Add budget bill language requiring the transit benefit for State employees be budgeted in each agency's budget in fiscal 2010.	
2.	Add budget bill language requiring notification of service expansions or enhancements.	
3.	Reduce funds for additional vehicle and facility cleaning contracts.	$ 1,000,000
4.	Adopt committee narrative regarding the Maryland Transit Administration's union pension and Other Post Employment Benefits.	
5.	Add budget bill language to eliminate funding and positions for increase in Baltimore core bus services.	
6.	Add budget bill language requiring a report on the new paratransit contract.	
7.	Add budget bill language eliminating the expansion of light rail service.	
8.	Add budget bill language requiring a report on the third party contract for Maryland Rail Commuter services.	
9.	Reduce funds for Commuter Bus service increase.	1,251,525
10.	Add budget bill language to reduce funds for locally operated transit system grants.	
	Total Reductions	**$ 2,251,525**

PAYGO Budget Recommended Actions

		Funds
1.	Reduce special funds in the capital program to more accurately reflect cash flow needs.	$ 50,000,000
	Total Reductions	**$ 50,000,000**

Updates

Paratransit Cost Benefit Analysis: Fiscal 2008 budget bill language restricted funds contingent upon a cost benefit analysis of paratransit service delivery models being completed. That report was submitted, and a summary is provided.

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:

- to provide outstanding service;

- to encourage transit ridership in Maryland;

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

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

Performance Analysis: Managing for Results

As part of its allowance, 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.

Boardings

Exhibit 1 provides detail on the number of boardings for services provided by MTA. Overall, MTA ridership grew rather significantly from fiscal 2006 to 2007. MTA attributes the growth from fiscal 2006 to 2007, the largest percentage growth rate since fiscal 1995, to rising gas prices, stable fares, and the completion of the light rail double tracking project. Ridership growth is expected to continue in fiscal 2008 and 2009. Contracted transit services like MARC and Commuter Bus, on a percentage basis, are expected to experience rapid growth in fiscal 2008 and 2009 largely based upon strong employment growth in the Washington, DC region. Baltimore core bus service has seen relatively flat ridership; this is not unexpected given that the Maryland Department of Planning estimates Baltimore City population growth to be 0.3% from 2005 to 2010. **The Department of Legislative Services (DLS) recommends that MTA discuss with the committees what impact proposed service enhancements may or may not have on increasing ridership and to what extent ridership growth factored into service enhancement decisions.**

Exhibit 1
Maryland Transit Administration Boardings
Fiscal 2004-2009
(in Thousands)

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Estimated	2009 Estimated
Bus	63,793	63,241	63,526	64,272	64,433	64,594
Metro	12,426	12,863	12,919	13,226	13,327	13,394
Light Rail	5,818	4,875	5,401	7,122	7,835	8,548
Paratransit	542	550	653	728	856	941
Taxi Access	n/a	170	312	367	433	484
MARC	6,727	6,884	7,275	7,505	7,618	7,694
Contracted Commuter Bus	2,703	2,954	3,193	3,366	3,521	3,526
Total	**92,009**	**91,537**	**93,279**	**96,586**	**98,022**	**99,181**
Annual Percent Change		-0.5%	1.9%	3.5%	1.5%	1.2%

Source: Maryland Transit Administration

Peer Performance

Each year MTA is required by statute to submit a report that compares MTA to other similar transit systems nationwide. **Exhibit 2** compares MTA to other systems for operating expenses per revenue vehicle mile and passenger trip and passenger trips per revenue vehicle mile for fiscal 2006. As the exhibit shows, MTA had the second lowest operating expense per revenue mile of the peer systems shown. This is an improvement compared to last year when MTA had the second highest cost per revenue mile. Of note is that MTA was the only agency to experience a decrease in operating expense per revenue vehicle mile which indicates that expenditures increased but that revenue vehicle miles increased at a greater rate than expenditures. MTA did have the highest operating expense per passenger trip, similar to last year. Finally, MTA had the fewest number of passenger trips per revenue vehicle mile and had an actual decline from the prior year due to revenue vehicle miles increasing more rapidly than passenger trips. This is reflected in the general trend for ridership, which has been relatively flat through fiscal 2006. **DLS recommends that MTA discuss with the committees why it does not compare favorably to peer transit systems when ridership and boardings are considered and what can be done to improve this.**

Exhibit 2
Performance Indicators for MTA and Peer Transit Systems
Fiscal 2006

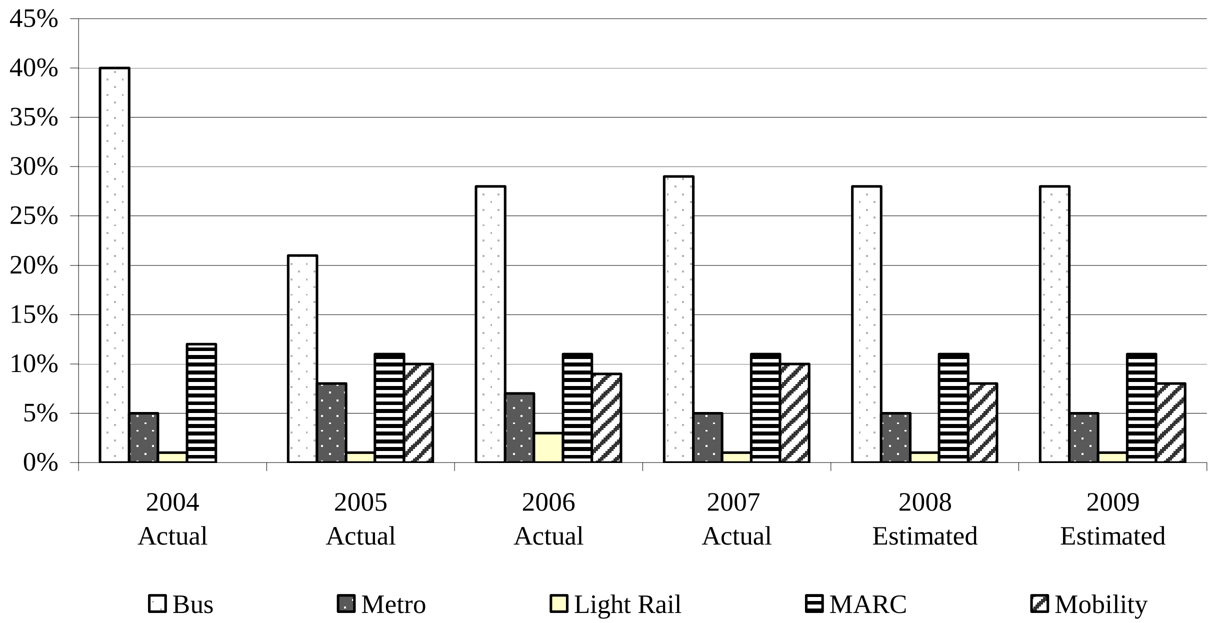
	Operating Expenses Per Revenue Vehicle Mile	Operating Expenses Per Passenger Trip	Passenger Trips Per Revenue Vehicle Mile
Baltimore	**$9.58**	**$4.00**	**2.4**
Boston	10.57	2.48	4.3
Cleveland	8.37	3.17	2.6
Los Angeles	9.84	2.18	4.5
Philadelphia	10.38	2.68	3.9
Washington, DC	10.17	2.85	3.6

Source: Maryland Transit Administration; National Transit Database

On-time Performance

MTA aims to provide high on-time performance for all of its service. **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. For example, Metro had a 93% and 95% on-time performance rating in fiscal 2006 and 2007, respectively and is estimated to maintain the 95% level in fiscal 2008 and 2009. Light rail has

Exhibit 3
Percentage of Trips Not On-time
Fiscal 2004-2009



MARC: Maryland Rail Commuter

Source: Maryland Transit Administration

consistently maintained an on-time performance level of 99%. MARC services have remained in the 89% range, and this level is not expected to increase in fiscal 2008 and 2009 largely due to Amtrak increasing intercity service and increased freight traffic which reduces track time for MARC. **DLS recommends that MTA discuss with the committees what can be done to improve MARC on-time service and what impact additional trips will have on on-time performance.**

Bus service on-time performance was at 79% in fiscal 2005; however, the level of performance has been declining since then, and was at 71% in fiscal 2007. Only moderate increases are estimated in fiscal 2008 and 2009. Bus service on-time performance is more difficult than rail to maintain due to traffic conditions. Even with that caveat, a trend has developed regarding on-time performance that may be contributing to a lack of growth in bus ridership. **DLS recommends that MTA discuss with the committees what can be done to improve the on-time performance of core bus service and MARC.**

Fiscal 2008 Actions

Proposed Deficiency

MTA has proposed six special fund deficiencies for fiscal 2008 totaling a net of $22.3 million. The deficiencies are for the following:

- $8.2 million net increase for the Mobility paratransit program due to increased ridership and the relocation of its reservation operations;

- $6.0 million for union contract increases negotiated each fall;

- $3.9 million to provide funds for the Commuter Bus program due to increased demand and higher fuel prices;

- $2.6 million net increase to provide funds for the CSX MARC contract, which includes three additional evening trips on the Penn Line and increased maintenance of MARC passenger cars;

- $1.1 million net increase to provide funds for core bus service in Baltimore due to additional security maintenance and increasing fuel costs; and

- $0.4 million net increase to support increased contract obligations and other miscellaneous operating costs.

Governor's Proposed Budget

In total, the fiscal 2009 allowance increases approximately $79 million, or 15.4%, from the fiscal 2008 working appropriation. When adjusting for health insurance, the increase is $76.4 million, or 15.0%, with the magnitude of the adjustment for health insurance not as great as in other agencies due to the union positions' health insurance being properly accounted for each fiscal year. **Exhibit 4** provides a summary of the major changes in the MTA allowance from the fiscal 2008 working appropriation to the fiscal 2009 allowance.

Exhibit 4
Governor's Proposed Budget
MDOT – Maryland Transit Administration
($ in Thousands)

How Much It Grows:	**Special Fund**	**Federal Fund**	**Total**
2008 Working Appropriation	$459,517	$53,352	$512,869
2009 Governor's Allowance	535,762	56,094	591,856
Amount Change	$76,245	$2,742	$78,987
Percent Change	16.6%	5.1%	15.4%

Where It Goes:	
Personnel Expenses	
New positions	$5,973
Abolished/transferred positions	-946
Increments and other compensation	401
Health insurance – pay-as-you-go costs	426
Health insurance – reduce long-term Other Post Employment Benefits liability	1,792
Health insurance union	2,627
Union retirement contribution	3,372
Maryland Transit Administration police retirement contribution	-453
Regular employee retirement	314
Turnover expectancy adjustments	5,312
Overtime	-1,000
Other fringe benefit adjustments	-47
Administration	
Increase in printing costs for new regional smart cards	260
Increase in maintenance and cleaning of vehicles as a result of revenue increase to be allocated across programs	1,000
Increase in consulting studies to assist in the expansion of core bus service	1,000
Increase in software maintenance for bus scheduling and interactive voice response network	984
Increase in the rebid of insurance claims adjuster contract	750
Increase in insurance coverage rates paid to State Treasurer	621
Bus Programs	
Increase in maintenance and repair costs for busses due to contract scope increase for voice annunciator and video surveillance systems	1,638

Where It Goes:	
Increase in contract costs for the Mobility paratransit service	14,776
Increase in diesel fuel costs	777
Increase in rent payments due to Mobility paratransit service moving to new location with higher lease costs	357
Increase in tire costs due to rebid contract	250
Rail Program	
Increase in MARC contract costs from additional service associated with the revenue increase as well as ongoing operating contract costs	16,470
Increase station master lease with CSX based upon contract	746
Increase in utility rates based upon fiscal 2008 appropriation as well as the additional cost for light rail and MARC service	754
Increase in rail maintenance costs due to additional service and the need for additional parts	519
Increase in contract maintenance costs for light rail based upon audit as well as increased maintenance on MARC rail cars	909
Statewide	
Increase in Commuter Bus service contracts as a result of additional trips	5,748
Increase in grants for locally operated transit systems as a result of the revenue increase	14,100
Other	-443
Total	**$78,987**

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

Exhibit 5 shows the changes in the budget from deficiencies, normal operating budget growth, and service enhancements. As shown, normal operating budget growth increases a total of $47.0 million, and spending as a result of the revenue increase totals $31.9 million. Following is a summary of the major changes by personnel and the type of transit service provided, with the additional service from the revenue increase highlighted.

Exhibit 5
Changes as a Result of Revenue Increase and Normal Budget Growth
Fiscal 2008 and 2009
($ in Millions)

	New Positions	2008	2009	Total
Operating Increases				
Maryland Rail Commuter (MARC) contract increases for station lease and revenue surcharge		$1.4	$12.5	$13.9
Mobility Taxi – increased ridership and a new contract for service		7.8	7.4	15.2
Union – pension plan payments and health benefits not fully accounted for in fiscal 2008		6.0	0.0	6.0
Department of Budget and Management Increases – increments, heath insurance, etc.		0.0	3.4	3.4
Core Bus – bus maintenance contracts and schedule changes		2.2	0.0	2.2
Farebox collection maintenance and ticket stock		0.0	1.3	1.3
Light Rail Environmental Protection Agency compliance and increased maintenance per audit		0.0	1.0	1.0
Commuter Bus – annualization of fiscal 2007 trips and contract costs		1.7	0.5	2.2
Diesel fuel – commuter bus fuel increases		1.5	0.0	1.5
Information technology enhancements		0.0	0.8	0.8
Other		1.0	0.2	1.2
Cost containment		-1.7	0.0	-1.7
Subtotal		**$19.9**	**$27.1**	**$47.0**
Revenue Increase				
Commuter Bus – 15 additional spring trips, 5% increase in Washington Commuter Service, and four new positions	4	$1.2	$3.0	$4.2
Additional grants to locally operated transit systems		0.2	13.9	14.1
Core Bus – 4.5% increase in core bus service for Baltimore City	71	0.0	4.5	4.5
Maryland Transit Administration Police – new positions with uniforms and protective equipments	12	0.0	1.0	1.0
Light Rail – new positions and additional weekend trips	9	0.0	1.3	1.3

	New Positions	2008	2009	Total
Conversion of long-time contractual positions	14	0.0	0.2	.2
Additional bus supervisors	10	0.0	0.6	.6
Improve maintenance of bus and customer facilities	6	0.0	2.3	2.3
MARC service expansion and positions	6	$1.0	2.4	3.9
Other			0.3	0.3
Subtotal		**$2.4**	**$29.5**	**$31.9**
Total	**132**	**$22.3**	**$56.6**	**$78.9**

Source: Maryland Transit Administration

Personnel

Exhibit 6 shows the position changes in the fiscal 2009 allowance which result in a net of 137 new positions. In total, personnel costs increase $17.8 million in fiscal 2009 compared to the working appropriation. The major increases are for the following purposes:

- $6.0 million increase for 132 new operating positions for a variety of service enhancements;
- $5.3 million increase for turnover expectancy due to the agency expecting a low turnover rate;
- $3.4 million increase for union pension costs;
- $2.6 million for union health insurance costs;
- $1.8 million increase to fund regular employees Other Post Employment Benefits long-term liability;
- $1.0 decrease in overtime due to cost containment; and
- $946,000 decrease for the 24 abolished positions as part of the Board of Public Works (BPW) action to eliminate 500 vacant positions as directed by the General Assembly.

Exhibit 6
Fiscal 2009 Position Changes

Positions Removed	
Positions abolished as a result of Board of Public Works action to abolish long-term vacant positions	-24
One position transferred to the Secretary's Office	-1
Subtotal Positions Removed	**-25**
Positions Added	
Commuter Bus positions for maintenance and oversight	4
Core Bus service expansion requires additional bus operators	71
Maryland Transit Administration police officers to provide additional security and safety to passengers	12
Light Rail expansion requires additional operators	9
Converting long-term contractual positions to regular positions	14
Additional bus supervisors to better respond to incidents	10
Improve maintenance of bus and customer facilities	6
Maryland Rail Commuter service requires additional managers and maintenance workers	6
Subtotal Operating Positions Added	**132**
New Capital Positions to Support Expanded Program	**30**
Total New Positions	**137**

Source: Department of Legislative Services

Core Bus Service

The fiscal 2009 allowance provides for a 4.5% increase in the level of service for core bus service in Baltimore City as a result of the revenue increase at a cost of $4.5 million and 71 positions. The service is anticipated to alleviate overcrowding, reduce headways and delays on selected routes, and improve service reliability. The additional cost is almost entirely due to additional union personnel costs and includes 50 bus operators, 2 transportation supervisors, 11 repairmen, and 8 maintenance supervisors. In addition, 10 new bus supervisors at a cost of approximately $600,000 were added to assist in the oversight of bus operations. The additional bus supervisors will be better equipped to respond to service issues in a quicker time frame, as well as ensure more reliable service.

Paratransit Mobility

In total, paratransit Mobility costs increase approximately $15.2 million. Of the increase, $14.8 million is due to increased contract costs in fiscal 2008 that were carried into fiscal 2009 as well as fiscal 2009 contract increases. Ridership continues to increase for this service and a Request for Proposals (RFP) for a new contract is expected to be released shortly. The costs in fiscal 2009 may continue to increase based upon the outcome of the contract; conversely, costs may also be reduced. In addition, there is $400,000 added for the reservation and scheduling functions moving into larger office space. **DLS recommends that MTA discuss with the committees the upcoming RFP and contract for paratransit services, the anticipated cost of the service, and the actions being taken to control the costs associated with this service.**

Light Rail and Metro

The fiscal 2009 allowance provides for increased weekend light rail service to the Baltimore/Washington International Thurgood Marshall Airport at a cost of $1.4 million and nine new positions as a result of the revenue increase. The increase in service is in response to ridership demands from weekend travelers and employees commuting to the airport on Sundays. This additional cost includes increases for personnel and electricity to provide the additional weekend trips.

In addition, there is approximately $1.0 million provided in the allowance for the purchase of replacement equipment and increased maintenance of light rail vehicles based upon an audit performed by the American Public Transportation Association.

Commuter Bus

In total, Commuter Bus service is expected to increase approximately $6.4 million. Approximately $2.8 million of the increase is associated with 15 new lines being added in fiscal 2008 as a deficiency and then annualized in fiscal 2009 for new service to Washington, DC as a result of the revenue increase. In addition, MTA is proposing to increase Washington Commuter Bus service by 5% to respond to ridership demand which is estimated to cost $1.2 million. To assist in managing the contracts associated with the additional service, MTA is adding four new positions to assist in supervising the service at a cost of $215,000.

Other contract cost increases include a deficiency of $1.0 million for the annualization of fiscal 2007 spring trips added. Finally, contract costs increase approximately $500,000 for ongoing Washington Commuter Bus contracts and $725,000 for Baltimore Commuter Bus.

MARC

MARC contract service has a number of increases. The current MARC contract increases $16.5 million in fiscal 2009. This increase is due to the following:

- $6.9 million increase in contract costs that MTA must pay to CSX as a result of CSX being the operator of MARC service for the State as stipulated in its contract;

- $5.3 million increase in ongoing contract costs with Amtrak to provide MARC service;

- $2.6 million increase for the three additional Amtrak evening trips on the Penn Line as part of the revenue increase;

- $1.0 million increase in payments to CSX as a result of a revenue surcharge. This represents a 5% surcharge on gross ticket sales done by CSX. The surcharge rate increased due to CSX performing this service on behalf of MTA;

- $500,000 increase in track access fees to CSX; and

- $200,000 increase for contract maintenance cost on MARC cars.

As part of the revenue increase, MTA has added six new positions at a cost of $344,166. These positions will assist in the oversight and management of MARC service as well as assisting in the maintenance of MARC trains and positions to assist in the operational control of the new evening trips. **DLS recommends that MTA discuss with the committees the status of the third party contract for the CSX lines, anticipated costs, and why an effort was not made earlier to identify a third party contractor to avoid the various penalty payments associated with CSX providing the service.**

Locally Operated Transit Systems

As part of the revenue increase, an additional $14.1 million is being provided to locally operated transit systems, which represents a 25% increase over the fiscal 2008 working appropriation. The additional funds will help to support and expand locally operating transit systems. MTA indicates that exact distribution of funds will not be known until February. **Exhibit 7** provides a summary of how those funds are expected to be distributed.

Other Changes

There are several other changes of note in fiscal 2009 allowance which include the following:

- $1.3 million and six positions, as part of the revenue increase, to provide for the improved maintenance of bus and customer facilities;

- $1.3 million increase for farebox collection maintenance and ticket stock as part of the effort to implement the regionwide SmartCard as well as software upgrades;

Exhibit 7
Distribution of Additional Funds to Locally Operated Transit Systems
Fiscal 2009 Estimated Allocation

Montgomery County	$5,000,000
Small Urban Area Operating Assistance	2,400,000
Job Access Reverse Commute	2,000,000
Prince George's County Local Bus	2,000,000
Statewide Special Transportation	2,000,000
Rural Area Operating Assistance	500,000
Corridor Transportation Corporation	200,000
Total	**$14,100,000**

Source: Maryland Transit Administration

- $1.0 million increase for 12 new police officers, uniforms, and equipment as part of the revenue increase; and

- $800,000 increase for the information technology software support for bus scheduling and reservation software.

Impact of Cost Containment

MTA undertook internal cost containment actions in both fiscal 2008 and 2009 which totaled $1.7 million. The majority of the cost savings came from a $1.0 million reduction to overtime. Other cost containment efforts included reducing temporary employees, delaying the filling of contractual positions, reducing the information technology budget, and several other administrative reductions.

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 nonprofit organizations to support the purchase of transit vehicles and the construction of transit facilities.

Impact of Special Session

Transportation revenues were increased during the 2007 special session. As a result of the additional revenues, the total transportation capital program from fiscal 2008 to 2013 increased $2.1 billion compared to the draft 2008 to 2013 capital program. MDOT has assumed approximately $450.0 million annually in new spending with the first $250.0 million being used for system preservation. The remaining $200.0 million was divided equally between MTA and the State Highway Administration. In total, MTA's capital budget increased $865.7 million above the fiscal 2008 to 2013 draft *Consolidated Transportation Program* (CTP) as a result of the revenue increase.

Exhibit 8 provides a summary of how the funds are allocated over the six-year period. The fiscal 2009 allowance includes $97 million in spending associated with the additional funds provided.

Exhibit 8
Projects Added as a Result of Additional Revenues
Fiscal 2008-2013
($ in Millions)

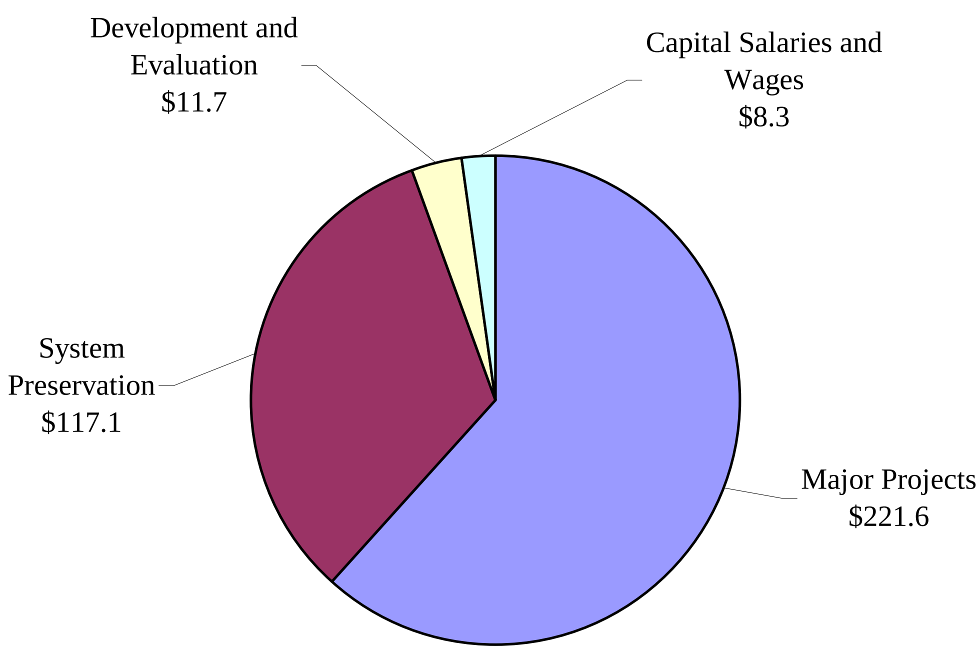
Project	**Six-year Total**
Agencywide System Preservation	$53
Environmental Compliance	39
Over the Road Coaches for Commuter Bus	20
Core Bus – Systemwide Improvements and Rehabilitation	35
Light Rail – Mid-Life Overhaul and System Preservation	86
Metro – Rail Care Overhaul and System Preservation	75
Freight System Preservation	16
Locally Operated Transit Systems	63
Maryland Rail Commuter Growth and Investment Plan	282
Green Line Study in Baltimore City	5
Corridor Cities Transitway	43
Purple Line	74
New Bus Facility – Kirk Division	65
Maryland Transit Administration Additional Staff	10
Total	**$866**

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Fiscal 2008 to 2013 CTP

The fiscal 2009 allowance for MTA totals $350.8 million, an increase of $183.0 million compared to the fiscal 2008 working appropriation. There is $7.9 million in non-State sources, largely in local funds being contributed to State projects. As shown in **Exhibit 9**, funding for major projects totals $221.6 million, or 63%, of all funding and system preservation funding totals $117.1 million, or 33%.

Exhibit 9
Summary of Fiscal 2009 Allowance
($ in Millions)

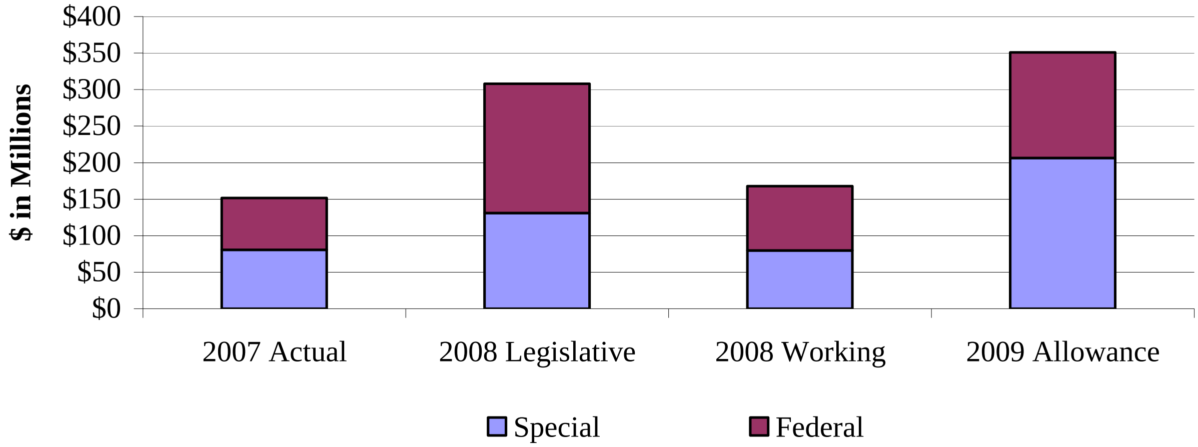


Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Fiscal 2008 and 2009 Cash Flow Analysis

As **Exhibit 10** shows, the fiscal 2008 working appropriation decreases $140 million compared to the legislative appropriation. This decrease is due to cash flow changes in projects and more accurately reflects the actually expenditures for projects. The funding for these projects will need to be reprogrammed into fiscal 2009 and beyond. Specific projects with significant cash flow changes include the following:

Exhibit 10
Cash Flow Changes
Fiscal 2008-2009



Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

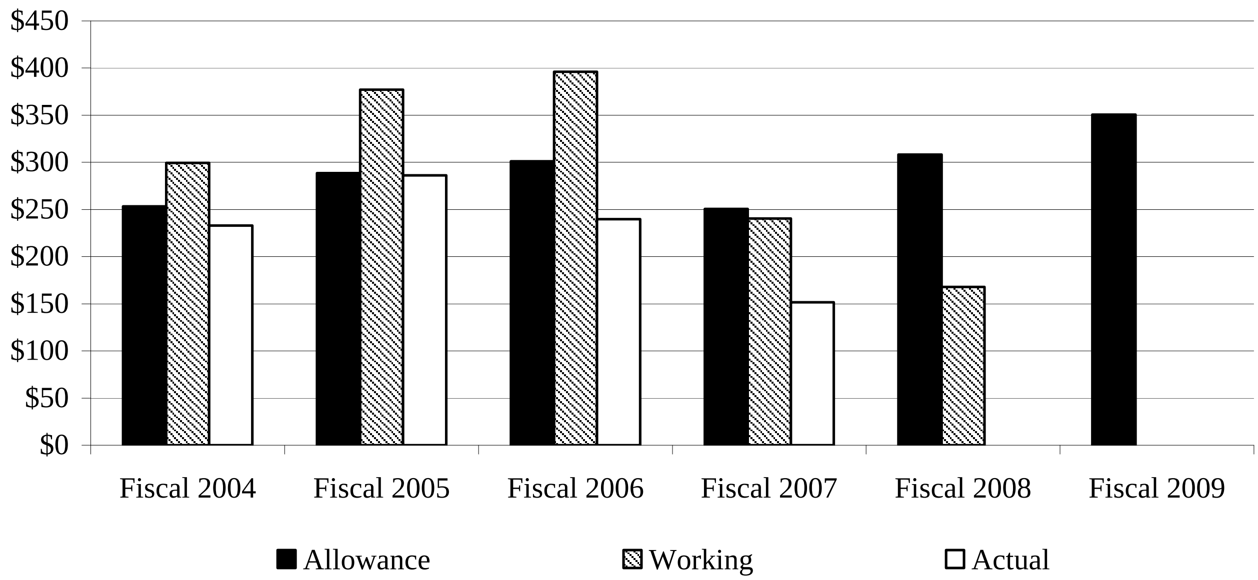
- $41 million for the Silver Spring Transit Center;
- $23 million for the Red Line in Baltimore City; and
- $18 million for bus procurement.

The fiscal 2009 allowance totals $350.8 million and increases $183.0 million compared to the fiscal 2008 working appropriation. Of this increase, $97.0 million is associated with new projects from the revenue increase, and $86.0 million is due to cash flow carry over from fiscal 2007 and 2008. The projects added as a result of the revenue increase are noted in later exhibits.

Cash flow changes in project schedules are not unexpected and can occur year to year. Changes can result from weather, change in the scope of a project, or right of way acquisition; however, MTA appears to have developed a pattern of overestimating the expenditure schedule for its projects. **Exhibit 11** highlights the cash flow changes within each fiscal year from fiscal 2004 to 2008.

For comparison, the change from the working appropriation to the actual expenditure is the most accurate portrayal of capital spending within a fiscal year. As shown, actual capital expenditures have been significantly less than the working appropriation or even the legislative appropriation. For example, in fiscal 2006, actual expenditures were $157 million less than the working appropriation and $61 million less than the legislative appropriation. Based upon historical cash flows, it is not clear that MTA will actually be able to spend all of the funds provided.

Exhibit 11
Historical Capital Spending
Fiscal 2004-2009
($ in Millions)



Source: Department of Legislative Services

The ability to manage cash flow enables the department to better manage its finances and allocate resources in a manner that corresponds to need. By not managing cash flow and projects in a more realistic and prudent manner, the finances of the entire department are affected. A more realistic portrayal of capital expenditures may obviate or reduce the need for bond sales as well as reduce the size of the fund balance being carried forward by the Transportation Trust Fund (TTF) each fiscal year**. DLS recommends that MTA discuss with the committees what steps are being taken to better manage projects and reduce the level of cash flow carry over from year to year. In addition, MTA should discuss its ability to spend the total amount of funding in fiscal 2009 given its past history of actual expenditures for projects. Finally, DLS recommends that there be a $50 million reduction in the capital program to more accurately reflect historical capital expenditures and that a corresponding reduction in the level of debt outstanding be made.**

Exhibit 12 provides a list of major CTP construction projects funded in fiscal 2009. The following projects account for 86% of total funding in the construction program.

Exhibit 12
Maryland Transit Administration Major Construction Projects
Funded in Fiscal 2009
($ in Thousands)

Project	2009	Total $	Completion of Fiscal Year Cash Flow
Maryland Rail Commuter (MARC) Efficiency Improvements on Camden, Brunswick, and Penn Lines – ongoing program of improvements on MARC lines	$6,500	$105,586	2013
MARC Mid-life Overhaul – mid-life overhaul of 28 MARC II cars	4,613	36,932	2012
MARC Locomotive Overhaul – conduct mid-life overhaul of electric locomotives	**15,679**	**116,314**	**2013**
MARC Growth and Investment Plan	**25,850**	**201,325**	**Ongoing**
Silver Spring Transit Center and MARC Station Relocation – two-phase project to provide a fully integrated transit center at the Silver Spring Metrorail Station	9,948	82,526	2011
Light Rail Vehicle Mid-life Overhaul	**11,348**	**60,014**	**2013**
Owings Mills Joint Development – develop areas adjacent to transit stations	4,731	29,524	2011
Metro Railcar Overhauls – Overhaul of structural elements and systems of 100 Metro railcars	**5,036**	**145,327**	**2012**
Metro Fire and Security Management Systems – replace existing equipment	11,537	74,596	2013
Bus Procurement – purchase 40-foot buses to be used in an annual replacement program of buses in service of 12 or more years	28,220	259,878	2013
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	**36,840**	**214,468**	**2013**
Mobility Vehicle Procurement – procure paratransit service vehicles	9,120	60,023	2013
Replacement of Fare Collection Equipment and Implement SmartCard	6,675	90,139	2010
Community Cable Television Improvements – Improvements will enhance safety and security at key MTA locations	**4,100**	**22,801**	**2012**
Montgomery County Local Bus Program – funding for annual bus replacement	**10,080**	**56,749**	**2013**
Total	**$190,277**	**$1,556,202**	

Projects in bold indicate projects added as a result of the revenue increase.

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Projects Added to the Construction Program

The fiscal 2008 to 2013 CTP includes six projects added to the construction for a cost of $43.9 million in fiscal 2009 as shown in **Exhibit 13**.

Exhibit 13
MTA CTP Projects Added to the Construction Program
Fiscal 2009
($ in Thousands)

Project	2009	Total $	Completion of Fiscal Year Cash Flow
Maryland Rail Commuter (MARC) Growth and Investment Plan	**$25,850**	**$201,325**	**Ongoing**
Light Rail Vehicle Mid-life Overhaul – design and Construction of a mid-life overhaul of the Light Rail Fleet	**11,348**	**60,014**	**2013**
Bus Kirk Division – replace existing facility with modern facility on expanded site	**3,792**	**68,597**	**2012**
CAD/AVL Systems – computer aided dispatch and automated vehicle location project provides radio data channel expansion	1,500	12,083	2010
Community Cable Television Improvements – provide system improvements to enhance safety and security	4,100	22,801	2012
Southern Maryland Commuter Bus Initiative – Construction of commuter bus park and ride lots	**2,626**	**41,710**	**2013**
Total	**$49,216**	**$406,530**	

MTA: Maryland Transit Administration
CTP: *Consolidated Transportation Program*
CAD/AVL: Computer Aided Dispatch and Automatic Vehicle Location

Projects in bold indicate projects added as a result of the revenue increase.

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Projects Added to the Development and Evaluation (D&E) Program

One project, an assessment of transit needs for the Base Realignment and Closure (BRAC), was added to the D&E program as shown in **Exhibit 14**.

Exhibit 14
Maryland Transit Administration Projects Added to the D&E Program
Fiscal 2009
($ in Thousands)

Project	2009	Total $	Completion of Fiscal Year Cash Flow
Assessment of transit needs for Maryland Base Realignment and Closure	$500	$9,000	2011

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

As shown in **Exhibit 15**, five projects were delayed for a variety of reasons.

Exhibit 15
Maryland Transit Administration CTP Project Delays

Project	Reason	Delay
MARC Maintenance, Layover, and Storage Facility	Construction delayed from fiscal 2009 to 2010 due to design changes and railroad negotiations	Fiscal 2009 to 2010
MARC Edgewood Station	Construction delayed due to redesign requirements	Fiscal 2008 to 2011
MARC Halethorpe Station Improvements	Construction delayed due to Amtrak review and approval of phase II.	Fiscal 2008 to 2009
Red Line Corridor Transit Study	Alignment options are under evaluation	Fiscal 2010 to 2013
Takoma/Langley Park Transit Center	Right-of-Way negotiations are ongoing	Fiscal 2008 to 2010

CTP: *Consolidated Transportation Program*

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Issues

1. Farebox Recovery Legislation

Introduction

Narrative in the 2007 *Joint Chairmen's Report* (JCR) requested that MTA submit a report that looked at the farebox recovery requirement, why it has not been met, what measures other transit agencies use, and options for alternative cost control measures that may better measure the operating efficiency of MTA. House Bill 1185 of 2008, a departmental bill, has been introduced to eliminate the statutory farebox recovery requirement for Baltimore core services and MARC and instead introduce three new performance measures that would be reported each fiscal year.

Current Statutory Requirements

Section 7-208 of the Transportation Article requires MTA to obtain a 50% minimum farebox recovery for Baltimore area transit services (core bus, Baltimore Commuter Bus, light rail, and Metro). Chapter 210 of 2000 lowered the required annual farebox recovery ratio from 50% to 40%, with a sunset at the end of fiscal 2004. Chapter 447 of 2004 extended the sunset to June 30, 2008, and held the requirement at 40%. Beginning July 1, 2008, the minimum farebox recovery for Baltimore area services will again be 50%, absent further statutory changes.

Section 7-902 of the Transportation Article requires MTA to maintain a separate 50% minimum farebox recovery ratio for MARC services.

Exhibit 16 provides a historical summary of what the actual farebox recovery has been as well as current estimates for fiscal 2008 and 2009, accounting for fiscal 2008 deficiencies and service enhancements in fiscal 2008 and 2009. As the exhibit shows, the farebox recovery ratio for Baltimore area services is expected to be 30.8% in fiscal 2009; well below the 50.0% requirement. In addition, MARC services for the first time since fiscal 1995 will not cover the 50.0% farebox requirement in fiscal 2009 as a result of operating cost growth and service enhancements in fiscal 2008.

What Is Farebox Recovery?

Farebox recovery is a measure of operating revenues compared to operating expenditures. To the extent expenditures are not covered by fares, the operating expense is paid from the Transportation Trust Fund. Farebox revenue is driven both by the level of the fare assessed as well as ridership. Ridership for light rail, metro and core bus increased on average 1.1% annually from fiscal 2004 to 2009; however, this also includes the light rail double tracking project where ridership dropped significantly. To the extent that ridership growth and corresponding fare revenue do not keep pace with expenditure growth, the farebox recovery rate will decline. For example from fiscal 2006 to 2009, average annual expenditure growth is 5.3% largely due to fuel and personnel expenditures while operating revenue growth is expected to be 2.9%. Expenditure growth exceeding operating revenue growth is the driving force behind the current declining farebox recovery rate.

Exhibit 16
Maryland Transit Administration – Farebox Recovery History
Baltimore Mass Transit Services and
Maryland Rail Commuter (MARC) Commuter Train

Fiscal Year	Baltimore Core Services*	MARC [a]	Baltimore Core Service Modes Included or Excluded from Farebox Recovery Calculation
1984	48.5%	Not	All Bus and Metro included [b]
1985	46.9%	Available	All Bus and Metro included
1986	47.5%	↓	All Bus and Metro included
1987	52.1%		All Bus and Metro included
1988	51.0%		All Bus and Metro included
1989	51.2%		All Bus and Metro included
1990	50.4%		All Bus and Metro included
1991	50.3%		All Bus and Metro included
1992	50.2%	50.7%	All Bus and Metro included, no Light Rail included [c]
1993	50.6%	44.3%	All Bus and Metro included, no Light Rail included
1994	50.2%	49.8%	All Bus and Metro included, no Light Rail included
1995	51.6%	49.6%	All Bus and Metro included, no Light Rail included
1996	47.4%	54.5%	Includes all Bus, Metro, and Light Rail
1997	48.3%	50.5%	Includes all Bus, Metro, and Light Rail
1998	46.0%	55.7%	Excludes Light Rail that opened December 1997 [c]
1999	46.4%	56.3%	Excludes Light Rail that opened December 1997
2000	42.3%	65.7%	Excludes Governor's Transportation Initiatives [d]
2001	40.2% [e]	58.1%	Excludes Governor's Transportation Initiatives
2002	**37.3%**	56.6%	Excludes Governor's Transportation Initiatives
2003	**32.7%**	54.7%	Excludes Governor's Transportation Initiatives for first 36 months
2004	**39.9%**	57.7%	Excludes Governor's Transportation Initiatives for first 36 months
2005	**33.7%**	59.4%	Excludes Governor's Transportation Initiatives for first 36 months
2006	**33.2%**	58.9%	Excludes Hamburg Street Station on Light Rail [f]
2007	**31.7%**	56.2%	Excludes Hamburg Street Station on Light Rail
2008	**31.7%**	50.1%	Excludes Hamburg Street Station on Light Rail
2009	30.8%	42.5%	

* Bold numbers indicate change in farebox recovery rate to 40%.

[a] The Statute governing MARC Farebox Recovery, Section 7-902, does not allow exclusion of costs and revenues for new services during a start-up period. The farebox recovery requirement is 50%.

[b] Metro – the first segment opened November 21, 1983. Additional segments were opened July 20, 1987, and May 30, 1995. All segments appear to have been included in farebox recovery calculation starting on the first day of service.

[c] Light Rail – the first segment opened May 17, 1992. Additional segments were opened August 30, 1992, April 2, 1993, May 20, 1993, and December 6, 1997.

[d] The Governor's Transportation Initiative (GTI) provided these and other new services that were excluded during their first 36 months of operations: The Hampden Shuttle Bus, Mondawmin Shuttle Bus, restoration of Sunday Metro service that had been discontinued in the early 1990s, expanded Contract Commuter Service from Harford and Howard counties to Baltimore, major service improvements on the Core Bus 8 Line, and major improvements in the Customer Information Center. For the farebox recovery calculation, the starting date was noted for each initiative, with revenues and costs excluded for the first 36 months of each initiative.

[e] The 50% farebox recovery was reduced to 40% in Chapter 210 of 2000 with a sunset in fiscal 2004 which was later extended to June 30, 2008, in Chapter 447 of 2004.

[f] A dedication ceremony opening Hamburg Street Station for full-time revenue service was held on July 1, 2005. Previously, the station was open only for Special Events such as Ravens Football Games. Estimated revenues and costs for regular revenue service are excluded for fiscal 2006 through 2008.

Source: Maryland Transit Administration; Department of Legislative Services

Exhibit 17 provides detail on each of the transit services provided that are calculated as part of the Baltimore City farebox requirement and further illustrates the impact of expenditures and ridership as discussed previously on farebox recovery on each type of transit. As the table shows, Baltimore City core and commuter bus are estimated to have a farebox recovery rate of approximately 35.0% in fiscal 2008 and 2009, down from the fiscal 2004 actual level of 45.8%. Light rail is beginning to see its farebox recovery rate increase since the double tracking project was completed and is estimated to be 22.0% in fiscal 2009. Metro decreases from 34.5% in fiscal 2004 to an estimated 26.0% in fiscal 2009 as costs have increased and ridership growth has remained relatively small.

Exhibit 17
MTA Farebox Recovery for Baltimore Area Services
Fiscal 2004-2009

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Estimated	2009 Estimated
Baltimore Area Services	**39.9%**	**33.7%**	**33.2%**	**31.7%**	**31.7%**	**30.8%**
Baltimore Core/Commuter Bus	45.8%	37.2%	37.2%	35.0%	35.0%	35.0%
Metro	34.5%	33.2%	30.6%	28.0%	27.0%	26.0%
Light Rail	19.0%	15.4%	16.0%	19.0%	20.0%	22.0%

Source: Maryland Transit Administration

To increase the farebox recovery ratio MTA could cut costs or raise fares, which was last done in fiscal 2004. MTA hired a consultant who looked at other transit agencies and found costs were reduced primarily by reducing the amount of service provided and/or the supporting maintenance for that service. To meet the 50% farebox recovery requirement an operating cost reduction of $108 million would need to be made based upon the current level of revenues, which represents a 39% reduction of total costs for Baltimore services.

To meet the farebox recovery solely through a fare increase means that based upon MTA's estimate, the fare would increase from $1.60 to approximately $2.97 which would be the second highest fare of the top 30 transit systems which translates into an additional $54 million based upon the current level of expenditures. As with any fare increase, an important consideration is what impact a fare increase could have on ridership. A significant increase in fares may only worsen ridership and thus the farebox recovery ratio.

An important note raised in the MTA report was that a number of riders currently ride for free or for a discounted rate. For example, middle school and high school students in Baltimore City, senior citizens, and disabled citizens pay a reduced fare. Another example is that State employees ride for free. MTA estimates that if the full fare was paid, the farebox recovery rate would actually be closer to 39% (this was prior to the additional spending provided for in the fiscal 2009 allowance).

Other Efficiency Measures and House Bill 1185

House Bill 1185 would eliminate the farebox recovery requirement and instead require a report each fiscal year that looks at three performance measures focused on operational efficiency for each type of transit service. MTA would manage its operations against the following three measures:

- **Passenger Trips Per Revenue Vehicle Mile:** This would measure the number of trips provided by MTA compared to the number of revenue miles such that as ridership increases the number in the measure would increase. A positive trend would be for the measure to increase as a reflection of ridership. If additional trips or vehicle miles are provided, ridership numbers should also increase otherwise the additional trip may not be a productive addition.

- **Operating Expenses Per Revenue Vehicle Mile:** This measure looks at operating expenditures in the context of the service provided, or how much does it cost to travel a mile on a trip. This number will likely increase due to personnel expenses. A lower cost per revenue vehicle mile means greater operating efficiency.

- **Operating Expenses Per Passenger Trip:** This measure is similar to the operating expenses per revenue vehicle mile; however, the measure compares ridership to operating expenses. Once again, the general idea is to measure operating efficiency in terms of how much does it cost to provide one ride.

Exhibit 18 provides a summary of each measure by mode of transit for fiscal 2006 through 2009. For core bus service, operating expenditures increased due to fuel and personnel, and as a result, expenditures increases in each fiscal year and is reflected in the two operating expenditure measures. This increase in expenditures was slightly offset by ridership growth from fiscal 2006 to 2007. For light rail, similar operating budget increases occurred; however, revenue vehicle miles increased dramatically due to the completion of the double tracking project. MARC expenditures have increased due to contract expenses, and as a result, operating cost per revenue mile and passenger trip have been increasing.

Exhibit 18
Proposed Performance Measures
Fiscal 2006-2009

	2006 Actual	2007 Estimated	2008 Estimated	2009 Estimated
Passengers Per Revenue Vehicle Mile				
Core Bus	3.9	4.0	4.0	3.9
Metro	2.8	2.8	2.5	2.5
Light Rail	2.9	2.4	2.5	2.7
Mobility and Taxi Access	0.1	0.1	0.1	0.1
MARC	1.4	1.5	1.5	1.5
Contracted Commuter Bus	0.8	0.8	0.8	0.8
Weighted Average	**2.4**	**2.3**	**2.2**	**2.1**
Operating Expenses Per Passenger Trip				
Core Bus	$2.64	$2.76	$2.80	$2.86
Metro	3.30	3.84	4.00	4.10
Light Rail	6.07	5.90	5.72	5.62
Mobility and Taxi Access	40.31	39.29	38.12	39.71
MARC	10.00	10.25	11.33	13.21
Contracted Commuter Bus	10.10	10.33	11.51	12.40
Weighted Average	**$4.00**	**$4.26**	**$4.48**	**$4.77**
Operating Expenses Per Revenue Vehicle Mile				
Core Bus	$10.31	$11.04	$11.23	$11.08
Metro	9.09	10.68	10.15	10.15
Light Rail	17.50	14.21	14.43	14.93
Mobility and Taxi Access	4.69	4.59	4.46	4.64
MARC	14.47	15.39	17.02	19.72
Contracted Commuter Bus	7.58	8.25	9.21	9.96
Weighted Average	**$9.58**	**$9.94**	**$10.00**	**$10.27**

Source: Maryland Transit Administration

Issues

There are several issues associated with farebox recovery as well as the proposed legislation for the committees to consider.

How Should Transit Services and Budgets Be Measured?: There are three questions for policymakers to decide regarding how transit services and budgets should be measured. First, should transit service be considered in the context of revenues and expenditures; service delivery and efficiency; or some combination thereof? Currently, MTA is required by statute to meet the farebox recovery requirement which means that service efficiency is not considered as a statutory performance measure. Furthermore, to what extent are service additions or enhancements not implemented because of the cost and the potential impact on the farebox requirement? The farebox recovery requirement does help in understanding how much service is self-supporting versus being subsidized.

Second, should the performance measure or benchmark be adjusted each year? The current farebox recovery measure is a static measure that is not adjusted year to year. The proposed legislation would reevaluate the measures each year to reflect service demands or enhancements. The current requirement does not allow for adjustments year to year because the measure is focused on the relationship between revenues and expenditures rather than service.

Finally, should the farebox recovery or other performance measures be defined in statute?

Accountability: With the current farebox recovery ratio, which has not been met since fiscal 2002, there is no consequence for not meeting the requirement. The proposed legislation does not have a consequence should the goals not be met. Clearly, the goals are public and known such that public officials are measured against a standard; however, that has not resulted in an improved farebox recovery rate, and it is not clear that it will result in improvement of the proposed efficiency measures. Furthermore, to what extent does the legislature have a role in determining what an appropriate level of performance or service delivery should be under the proposed legislation? Currently, the legislature does have the ability to reduce MTA's budget to meet the cost recovery requirement. However, the magnitude of the shortfall in meeting the farebox level makes this difficult.

Fare Increases: The proposed measures remove the measure of revenue from the overall evaluation of transit services. The farebox recovery provides insight as to what extent fares are covering the cost of providing a service and have value as a budgetary tool. Clearly, the farebox recovery rate for transit service will not reach 100%; however, a goal may be established and used as a measure of when and to what extent to proceed with fare increases. The Washington Metropolitan Area Transit Authority (WMATA) increased its fares in January 2008 due to expenditure growth outpacing revenue growth. As part of the fare increase, WMATA indicated that in the future fare increases would be considered on a biennial basis and linked to inflation. MTA could adopt a similar model for its fares which could help maintain a higher farebox recovery in the long run.

DLS recommends that MTA discuss the following with the committees:

- **the current status of the farebox recovery calculation and why MTA has been unable to meet the statutory requirement;**

- **the proposed legislation and proposed measures preferred instead of a farebox recovery level;**

- **how the department may be held accountable for not meeting the farebox recovery or other performance measures; and**

- **to what extent MTA is evaluating fare increases and how they may help MTA meet the farebox recovery.**

2. Four Major Transit Projects All Competing for Funding

The 2008-2013 CTP includes four major transit projects:

- **Baltimore Red Line –** An east-west rapid transit system from Social Security 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" options are all currently being considered.

- **I-270 Corridor Cities Transitway –** 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.

- **Purple Line –** 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 alignments and alternatives for a service extension from The Johns Hopkins Medical campus to Morgan State University or Good Samaritan Hospital.

Exhibit 19 provides a summary of the six-year funding total for each of the transit projects in the fiscal 2008 to 2013 CTP. As a result of the revenue increase, the Green Line received an additional $5.0 million, the Corridor Cities Transitway received $42.5 million, and the Purple Line received $74.0 million for a total of $121.5 million in additional spending. In total, the four projects are estimated to cost $373.0 million over the six-year period, which accounts for almost 16% of the six-year total for capital spending in MTA. The funding shown only represents a fraction of the funding necessary to complete each transit line. Each transit line, depending on the alignment and type of service, will cost at least $1 billion.

Exhibit 19
Project Cost of Major Transit Lines
Fiscal 2008-2013
($ in Thousands)

Project	2008	2009	2010	2011	2012	2013	Total
Red Line	$4,297	$3,500	$9,000	$44,000	$65,500	$90,914	$217,211
Purple Line	5,063	4,000	4,635	18,000	30,000	26,000	87,698
Green Line	1,000	2,200	4,011	3,340	3,397	3,000	16,948
Corridor Cities Transitway	500	1,000	2,500	15,000	17,936	14,000	50,936
Total	**$10,860**	**$10,700**	**$20,146**	**$80,340**	**$116,833**	**$133,914**	**$372,793**

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

By fiscal 2013, the total committed to these four transit lines will be $134 million and account for approximately 38% of the total MTA capital program in that fiscal year. However, in each of the project information sheets, out-year funding for the transit lines is "contingent upon successfully securing a Full Funding Grant Agreement with the Federal Transit Administration." This means that the funding for these projects may never be used or needed.

Prospect of Federal Funding

Virginia's experience with the Dulles Rail extension highlights the importance and difficulty in obtaining federal funding for large transit projects. Large transit projects are funded out of the New Starts program where projects are evaluated on their cost-effectiveness and need. Due to concerns regarding cost-effectiveness and operational concerns, it appears that federal funding for the Dulles Rail extension is in jeopardy, thus endangering the entire project. In addition, funding from the New Start program is highly competitive, meaning that the State will need to compete against other projects for federal funding. The President's federal fiscal 2009 budget request included $1.3 billion for existing funding agreements for 15 projects and 2 new projects.

MTA anticipates that a locally preferred alternative will be selected for the Red Line in winter 2008/2009 with a New Starts submission to the Federal Transit Administration in spring 2009. The Corridor Cities Transitway is anticipated to have a locally preferred alternative in late summer 2008 with a New Starts submission in early 2009. For the Purple Line, MTA indicates that the selection of a locally preferred option could occur in summer/fall 2008.

Regardless of the funding program, the demand and competition for federal funds is such that the prospect of the State receiving federal funding for four transit projects is remote. In addition, as these projects must compete for federal funding, they must compete for limited transit funding against every State. Furthermore, given that the total cost for just one line will exceed $1 billion, the State would need to find the funds to build the line. MTA will need to decide which projects to construct or not to construct or determine other methods for paying for these capital projects.

DLS recommends that MTA 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 and broader State needs. DLS also recommends that MTA should discuss the practical justification for committing over $133 million of its capital program in 2013, or 38%, of the program in that year, to projects that, by its own admission, are unlikely to move to construction without federal funding.

3. MARC Growth and Investment Plan

Currently, MARC service in Maryland is provided on three lines:

Penn Line: Owned and operated by Amtrak, which runs from Perryville to Penn Station in Baltimore and Union Station in Washington, DC. Currently, the average ridership is 19,000 daily passenger trips.

Camden Line: Owned and operated by CSX, which runs from Baltimore to Washington, DC. Currently, the average ridership is 4,500 daily passenger trips.

Brunswick Line: Owned and operated by CSX, which runs from Brunswick/Frederick to Washington, DC. Currently, the average ridership is 7,000 daily passenger trips.

Overall ridership has exceeded 30,000 daily trips with annual growth at close to 6% while current ridership capacity is approximately 27,000. Ridership for MARC service is not expected to diminish in the coming years due to the influx of jobs and population from BRAC, the cost of gasoline, and ongoing congestion problems.

Currently, the MARC system is at capacity and, as a result, future growth in the system will be constrained. Expanding the service is difficult given that the State does not own the rail lines that MARC trains traverse. MARC service operates within the freight schedules of CSX and Amtrak, meaning in some cases MARC service is preempted. Without a dedicated line in each direction for MARC service, expanding MARC service will be constrained and continue to require negotiation with CSX and Amtrak.

Proposed Investment Plan

In September 2007, MTA released the MARC Growth and Investment Plan, which is a long-term plan (through 2035) for how to enhance and grow the MARC system. The plan expands MARC service for each of the three lines: Camden, Penn, and Brunswick. The total plan is estimated to cost $3.9 billion in capital costs and $92.0 million in additional operating costs by 2035 and add 103,000 additional daily seats, as shown in **Exhibit 20**. A majority of the investments are made on the Penn Line which accounts for 76% of the capital investment and 58% of the additional daily seating capacity.

Exhibit 20
MARC Growth and Investment Plan
Cost and Ridership through 2035
($ in Millions)

	Capital Cost	Incremental Operating Cost	Total Cost	Seating Capacity
Penn Line	$2,962	$61	$3,023	60,000
Camden Line	409	13	422	17,000
Brunswick	531	18	549	26,000
Total	**$3,902**	**$92**	**$3,994**	**103,000**

Source: *MARC Growth and Investment Plan*, September 2007

By 2035, the result of the investment on each respective line will be the following:

Penn Line: By 2035, the plan would allow the Penn Line to largely have a dedicated fourth line for MARC service. MARC service would run through the District of Columbia and into Virginia as well as through Elkton and Newark. On-time performance would be at 95%, and there would be connectivity with the Baltimore region's transit system as well as expanded parking areas and increased service.

Camden Line: By 2035, there would be increased service and reliability through lengthened trains and additional runs. Service would be extended into Northern Virginia, similar to the Penn Line. On-time performance would reach 95%.

Brunswick: Service to Frederick and into Northern Virginia would be provided, and trains would be lengthened. In addition, service would increase during peak and off peak times with weekend service provided. On-time performance would reach 95%.

As a result of the revenue increase, approximately $215 million was added to the fiscal 2008 to 2013 CTP for capital improvements. Furthermore, in December 2007, BPW approved an agenda item to add one early evening and two late evening rides for MARC service on the Penn Line at an estimated operating cost of $2.4 million in fiscal 2009.

Issues

There are several issues regarding the MARC Growth and Investment Plan.

- **CSX and Amtrak Cooperation:** Currently, CSX and Amtrak own the respective rail lines and provide track time for the MARC service. MARC service is provided around the freight and intercity passenger services of CSX and Amtrak, respectively. To add more MARC service requires the cooperation of CSX and Amtrak which ultimately would reduce the rail time for their core businesses. To the extent that intercity passenger trips and freight runs are increasing, as reflected in on-time performance for MARC, the ability to add more MARC service is questionable. For example, Amtrak is increasing its intercity passenger and freight services, which could reduce available track time for MARC.

- **Broader State Plan:** Clearly, MARC service is popular, and there is a capacity issue for the service. However, it is not clear how this level of investment for MARC fits into a broader State transit or transportation plan. The proposed MARC plan appears to represent an unconstrained plan for increasing MARC service; however, does it make sense to move forward with such an ambitious plan until a broader understanding of where the State should invest its transit resources is developed?

- **Financing:** Given the cost of the MARC Growth and Investment Plan and the funds committed to the four proposed transit lines, is it feasible for the State financially to move ahead with the MARC Growth and Investment Plan. For example, the four proposed transit lines and the MARC plan account for 44% of all transit funding in fiscal 2013. It is not clear how the State will be able to afford all of the proposed transit lines in addition to the MARC plan.

- **Dedicated Line:** The current plan builds up to a largely dedicated line between Baltimore and Washington, DC over time rather than committing immediately to developing a dedicated line, at least between Baltimore and Washington, DC on the Penn Line. Given the constraints on the current rail lines due to Amtrak's travel schedule and the CSX business of moving freight, it may be more economical to begin building a third line dedicated to MARC service immediately.

- **Rail Car Storage:** Trains are stored overnight at Penn Station, and currently there is no additional room to add more trains should capacity be expanded. There is a midday storage facility in Washington, DC that already exceeds capacity. Without additional storage space for trains, there is limited capacity to increase the number of runs on the MARC system beyond what is currently provided. How MTA intends to move ahead with the capital investment to expand the system without first addressing this question is somewhat unclear.

- **Operating Expenditures:** Enhancing service through capital investments also translates into ongoing operating costs which are estimated at an addition $91 million in 2035. More positions and more contract costs will be needed to support the additional lines and maintenance from an expanded MARC service. By statute, MARC has to recover 50% of its operating costs from its revenue, which means that at a minimum as operating costs increase, the TTF will need to subsidize approximately half of the additional operating cost.

DLS recommends that MTA discuss the following:

- **how MARC investments are prioritized against the other competing transit projects currently under evaluation;**

- **what is the opinion of CSX and Amtrak regarding the plan and their willingness to provide more rail time for MARC service;**

- **why an incremental approach was adopted for building a dedicated Penn Line; and**

- **the current status of funding additional storage space, and how quickly the MARC plan can move forward without this facility.**

Operating Budget Recommended Actions

1. Add the following language:

   It is the intent of the General Assembly that beginning in fiscal 2010 the Department of Budget and Management require each State agency to provide funding in subobject 0182 for State employees to ride transit in the State for free and that those funds shall be remitted to the Transportation Trust Fund.

   Explanation: Currently, State employees may ride transit for free. There is a subobject provided for in the State listing of subobjects for agencies to budget the cost of transit rides for State employees and for those funds to be remitted to the Transportation Trust Fund (TTF). State agencies are not accounting for this cost in their budgets, and as a result, the TTF is subsidizing the cost. This action will disperse the cost across all State agencies and funds while allowing State employees to continue with the benefit. The Department of Budget and Management as part of its fiscal 2010 budget instructions shall develop a methodology for allocating the cost.

2. Add the following language:

   Provided that the Maryland Transit Administration (MTA) shall notify the budget committees of any changes in the delivery or cost of contracted transit services during fiscal 2009 that were not originally appropriated or considered as part of the allowance and result in the expansion or the enhancement of bus or rail service on new or existing lines or trips. Prior to a contract extension or enhancement being approved by the Board of Public Works (BPW), MTA shall provide the following information to the committees:

   (1) what additional service will be provided;

   (2) a justification for the need for additional service and why the service cannot be considered as part of the normal budget process; and

   (3) an estimate as to what ridership for the new service will be, the operating and any capital costs associated with the additional service, and any other budgetary impacts associated with the additional service.

   The committees shall have 45 days to review and comment upon submission.

   Explanation: In December 2007, MTA submitted contract additions to existing Maryland Rail Commuter (MARC) contracts to provide additional service. These contracts had an operating budget impact, and the budget committees were not given the opportunity to comment prior to the contracts being approved by BPW. This language would require MTA to give the committees notification of service enhancements and expansions prior to approval by BPW. This language applies to MARC, Commuter Bus, and Mobility services.

Information Request	**Author**	**Due Date**
Request on service enhancements and expansions	MTA	As needed

		Amount Reduction		**Position Reduction**
3.	Reduce funds for additional vehicle and facility cleaning contracts. This additional funding will be used across all modes of transit to clean facilities and vehicles in response to increased ridership and service. In its Managing for Results submission, the Maryland Transit Administration has indicated that customer satisfaction for cleanliness of vehicles increased from fiscal 2006 to 2007. Furthermore, ridership growth is projected to be relatively moderate in the coming fiscal year. This reduction will provide funding equal to prior fiscal years where customer satisfaction for cleanliness increased.	$ 1,000,000	SF	

4. Adopt the following narrative:

Maryland Transit Administration Union Pension and Other Post Employment Benefits: The committees request that the Maryland Transit Administration (MTA) submit a report to the committees regarding its union pension system and Other Post Employment Benefits (OPEB). The report should include the following information:

(1) background information regarding the funding and benefits provided under the union pension system including retiree health insurance;

(2) at what level the pension plan OPEB is funded in the most recent calculation;

(3) what the current OPEB obligation is;

(4) what actions or steps MTA plans to take to address this unfunded liability; and

(5) what impact the OPEB liability may have on the balance sheet of the Maryland Department of Transportation, the State, and the budget of MTA.

Information Request	**Authors**	**Due Date**
Report on MTA OPEB obligation	MTA MDOT	September 15, 2008

5. Add the following language to the special fund appropriation:

, provided that the appropriation is reduced by $5,500,000 and 71 positions for the increased funding to expand Baltimore core bus service by 4.5 percent.

Explanation: The Maryland Transit Administration has proposed to increase core bus service in Baltimore City by 4.5% which translates into $4.5 million and 71 positions. In addition, there is $1.0 million in consulting fees to assist in implementing the additional service. This language eliminates funding for the proposed expansion of core bus service. Currently, core bus service in Baltimore City is not expected to experience a significant increase in ridership in fiscal 2008 and 2009 even with the addition of this service. The Maryland Department of Planning also estimates that Baltimore City's population is estimated to have annual growth of 0.3% from 2005 to 2010. When looking at other performance measures, the passengers per revenue vehicle mile, a measure of ridership compared to service, is expected to decline from fiscal 2008 to 2009 even with this service addition.

6. Add the following language to the special fund appropriation:

Further provided that the Maryland Transit Administration (MTA) shall submit to the budget committees a report on the new contract for Mobility paratransit service. The report shall include the following information:

(1) the length of the contract and cost in each fiscal year of the contract;

(2) the terms of the contract and in particular the obligations of the contractor and the State;

(3) general information regarding the contract and major changes from the existing contract; and

(4) any impacts on service as a result of the new contract.

The report shall be due 45 days after the contract is approved by the Board of Public Works (BPW).

Explanation: MTA is expected to agree to a new third party contract for the paratransit Mobility service. This language requires that MTA submit a report to the budget committees after BPW approval regarding the nature and cost of the contract.

Information Request	**Author**	**Due Date**
Report on new Mobility paratransit contract	MTA	45 days prior to BPW consideration

7. Add the following language to the special fund appropriation:

   , provided that this appropriation is reduced by $1,347,018 and nine regular positions are abolished. It is the intent of the General Assembly that the Maryland Transit Administration shall not expand Sunday service of the Light Rail to the Baltimore/Washington International Thurgood Marshall Airport in fiscal 2009 or add nine new positions to the fiscal 2009 appropriation.

   Explanation: The Maryland Transit Administration has proposed expanding the hours of operation for Sunday service of the light rail to accommodate the employees at the Baltimore/Washington International Thurgood Marshall Airport. Ridership for the light rail service has begun to increase; however, average ridership is at 22,000, and the farebox recovery for light rail is estimated to be 22% in fiscal 2009, including the new service. It is not clear that there will be a significant increase in ridership or an improvement in the farebox recovery to justify this expanded service. This reduction totals $1,347,018 and nine new positions.

8. Add the following language to the special fund appropriation:

   , provided that the Maryland Transit Administration (MTA) shall submit a report to the budget committees regarding the third party contract for Maryland Rail Commuter (MARC) service. The report is due when the Request for Information is issued for Industry Review and 45 days after the agreement is approved by the Board of Public Works. The report shall include the following information:

   (1) a summary of the terms and length of the contract agreement;

   (2) the projected annual cost of the contract;

   (3) the projected cost increases or savings associated with the contract compared to current contract costs; and

   (4) the operating impacts associated with the third party contract.

   Explanation: MTA is moving to a third party contract to provide MARC service. It is not clear what the impacts of this new contract may be. This language would require a report to the budget committees prior to and after the consideration of the Board of Public Works (BPW) on the cost and operating impacts associated with the new agreement.

Information Request	**Author**	**Due Date**
Report on third party contract	MTA	When Request for Information issued 45 days prior to BPW consideration

	Amount Reduction	
9. Reduce funds for Commuter Bus service increase. The Maryland Transit Administration (MTA) is increasing the number of trips from Southern Maryland to Washington, DC by 5%. This would be in addition to 15 trips being added in the spring of 2008 and annualized in the fiscal 2009 allowance. While the Commuter Bus service has been growing, MTA should first implement the 15 spring trips and determine the need prior to providing an additional 5% of service.	1,251,525	SF

10. Add the following language to the special fund appropriation:

<u>, provided that the appropriation is reduced by $11,689,890 with the reduction to be allocated by the Maryland Transit Administration among the various grant programs as was proposed in the allowance.</u>

Explanation: The fiscal 2009 allowance for grants to locally operated transit systems (LOTS) increases by 25.0%, or $14.1 million, compared to the fiscal 2008 working appropriation. The agency indicates that the funds will be used to help improve local transit systems and allow for better connections between locally operated transit systems and urban transportation options. The additional funding is available as a result of the revenue increase. This reduction will allow for growth in the LOTS program to grow at 4.27%, or $2,410,110. This level of growth is equal to the level of budget growth recommended for the State budget by the Spending Affordability Committee.

Total Special Fund Reductions **$ 2,251,525**

PAYGO Budget Recommended Actions

		Amount Reduction	
1.	Reduce special funds in the capital program to more accurately reflect cash flow needs. The agency reduced the fiscal 2008 working appropriation by $140 million compared to the legislative appropriation to more accurately reflect cash flow needs for projects. The fiscal 2009 allowance increases by $183 million compared to the working appropriation. Given the large number of projects added in fiscal 2009 and the agency's past problems with estimating cash flow, this reduction provides a more accurate portrayal of capital spending. Should the agency require additional funding beyond the appropriation for the capital program, a budget amendment may be processed. The committees should also consider a corresponding reduction in the annual debt authorization level for the department.	$ 50,000,000	SF
	Total Special Fund Reductions	**$ 50,000,000**	

Updates

1. Paratransit Cost Benefit Analysis

Fiscal 2008 budget bill language restricted $100,000 contingent on the submission of a cost/benefit and qualitative analysis of the paratransit program. The report was to include information regarding the privatization of the reservation and scheduling function and to what extent MTA would continue to provide direct service or to wholly contract the service. Following is a summary of the report.

Background

The Mobility paratransit service is a federally mandated curb-to-curb shared ride service for individuals with disabilities who are not able to ride fixed-route public transportation. The service is provided within three-quarters of a mile from any fixed route service provided by MTA's light rail, Bus, or Metro service. Approximately 3,700 trips are provided each weekday with 65,000 rides each month. The service is provided by MTA and two private contractors. The average cost per rider is $58.38, which consists of a TTF subsidy of $56.53, and $1.85 fare paid by each rider.

In the late 1990s, the service model was that MTA provided approximately 15% of the service with a single contractor providing the balance. To better meet the demands for the service, MTA decided that it would take over the responsibility of trip reservations, scheduling, and dispatch. The private contractor would then take the information and revise runs to better mix with its existing planned trips. A study of the service was also commissioned in the late 1990s in response to the demand for the service, as well as to address operational and quality issues.

Current Business Model

The results of the study coupled with a lawsuit filed by the Maryland Disability Law Center in 2003 charging poor service led to the current service delivery model. Currently, there are two contracted providers and MTA which provide the service. MTA is responsible for all scheduling and reservation services. Overall, the cost of the service as measured by the cost per trip has been steadily increasing since 2005 because of increased demand for the service as well as increases in fuel prices and personnel expenses.

The effect of the new business model has been that on-time performance has increased significantly, which had been a major charge in the lawsuit. In addition, the centralization of reservation and scheduling services has provided MTA with more control and, as a result, a greater ability to improve the service. Also, the use of multiple providers allows MTA to create competition for service, which may lead to cost efficiencies.

MTA's Operating of Scheduling Services

Research literature provides a mixed review in terms of the benefits of an entirely contractor provided service. Originally, research found that privately operated service was less expensive to provide; however, recent research would seem to indicate the opposite. If scheduling services were done by a private contractor who was also a provider, a new contract would need to be bid due to potential issues of equity in terms of the number of trips. However, a private contractor may be better placed to keep pace with technological innovations, which may help reduce costs in the long-run. A final important note is that MTA is precluded from subcontracting the entire Mobility paratransit service due to contracts with the unions which prohibits MTA from subcontracting work that could be done by the union.

MTA Direct Service

As indicated above, the most significant impediment to fully contracting the service is the contract agreement between the unions and MTA. MTA feels that it is in the best interest of riders for MTA to continue operating a portion of the service to continue gaining institutional knowledge and experience to help mitigate any potential service disruptions.

Mobility Fleet

MTA owns all of the 362 vehicles currently used by both MTA and the two contractors. MTA indicates that State ownership of these vehicles is beneficial due to the fact that it provides a greater level of control over the system, ensures continuity of service, and reduces ongoing operating costs.

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 2007					
Legislative Appropriation	$0	$413,422	$53,352	$0	$466,774
Deficiency Appropriation	0	35,856	0	0	35,856
Budget Amendments	0	4,655	0	0	4,655
Reversions and Cancellations	0	-94	-1,275	0	-1,369
Actual Expenditures	**$0**	**$453,839**	**$52,077**	**$0**	**$505,916**
Fiscal 2008					
Legislative Appropriation	$0	$458,682	$53,352	$0	$512,034
Cost Containment	0	0	0	0	0
Budget Amendments	0	834	0	0	834
Working Appropriation	**$0**	**$459,516**	**$53,352**	**$0**	**$512,868**

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

Fiscal 2007

Fiscal 2007 actual expenditures for MTA totaled $506.0 million in fiscal 2007, approximately $39.1 million more than the legislative appropriation of $466.8.

Special funds increased by a net of $40.4 million, with deficiencies totaling $35.9 million and budget amendments increasing a net of $4.7 million offset by cancellations totaling $94,000 special fund deficiencies increased for the following purposes:

- $12.2 million for recently negotiated union contracts that could not have been added due to the timing of negotiations;

- $9.0 million for bus operations including funding for overtime for bus operators, additional commuter bus services, and contract increases to improve bus service in the Greater Baltimore Region;

- 8.6 million for fuel and utility expenses due to rising market rates;

- 4.2 million to support the Mobility paratransit program due to ridership increasing above estimates; and

- 1.8 million for facility maintenance including escalator and elevator repairs.

Special fund budget amendments increased a net of $4.7 million with increases for the following purposes:

- $4.8 million for the Mobility paratransit service due to increased customer demand for both contracted and MTA provided service as well as court-related costs;

- $900,000 for the MTA police which increased the numbers of hours worked for patrols and other crime prevention activities to provide greater security;

- $670,000 to fund the cost-of-living adjustment (COLA) for State employees;

- $370,000 for a new master lease contract for CSX stations; and

- $240,000 for maintenance contracts to service new features on buses.

Reductions of $2,417,217, offset the increased spending, based on overbudgeted funds for commuter bus services and diesel fuel.

Mandated Appropriations

- **Senior Rides Program:** The fiscal 2007 appropriation for the program totaled $100,000, and the actual expenditure totaled $91,208.

- **Prince George's Paratransit:** The fiscal 2007 appropriation for the paratransit grant totaled $450,000, while the actual expenditure totaled $406,561.

- **Montgomery and Prince George's Local Bus:** The fiscal 2007 appropriation for these grants totaled $29.4 million. Fiscal 2007 actual expenditures totaled $28.0 million with special fund cancellations of $94,000 due to a timing issue with the accounting of federal funds. Federal fund cancellations totaled $1.3 million due to the funds being received too late in the fiscal year to be expended.

Fiscal 2008

The special fund appropriation increased $834,000 to fund the COLA.

Object/Fund Difference Report
MDOT – Maryland Transit Administration

Object/Fund	FY07 Actual	FY08 Working Appropriation	FY09 Allowance	FY08-FY09 Amount Change	Percent Change
Positions					
01 Regular	2900.50	2950.50	3061.50	111.00	3.8%
02 Contractual	30.00	31.00	19.00	-12.00	-38.7%
Total Positions	**2930.50**	**2981.50**	**3080.50**	**99.00**	**3.3%**
Objects					
01 Salaries and Wages	$ 239,485,135	$ 237,633,181	$ 255,404,477	$ 17,771,296	7.5%
02 Technical and Spec. Fees	1,629,811	1,312,872	911,278	-401,594	-30.6%
03 Communication	1,589,155	1,398,484	1,373,484	-25,000	-1.8%
04 Travel	633,715	167,039	117,039	-50,000	-29.9%
06 Fuel and Utilities	13,569,488	13,319,032	13,563,773	244,741	1.8%
07 Motor Vehicles	46,954,968	50,106,142	53,218,604	3,112,462	6.2%
08 Contractual Services	132,626,717	139,687,255	182,339,981	42,652,726	30.5%
09 Supplies and Materials	6,692,173	4,676,867	4,750,367	73,500	1.6%
10 Equipment – Replacement	268,500	421,569	248,377	-173,192	-41.1%
11 Equipment – Additional	526,456	500,797	495,989	-4,808	-1.0%
12 Grants, Subsidies, and Contributions	54,362,731	57,413,578	71,513,578	14,100,000	24.6%
13 Fixed Charges	7,567,798	6,232,105	7,918,984	1,686,879	27.1%
14 Land and Structures	9,752	0	0	0	0.0%
Total Objects	**$ 505,916,399**	**$ 512,868,921**	**$ 591,855,931**	**$ 78,987,010**	**15.4%**
Funds					
03 Special Fund	$ 453,839,311	$ 459,516,690	$ 535,761,700	$ 76,245,010	16.6%
05 Federal Fund	52,077,088	53,352,231	56,094,231	2,742,000	5.1%
Total Funds	**$ 505,916,399**	**$ 512,868,921**	**$ 591,855,931**	**$ 78,987,010**	**15.4%**

Note: The fiscal 2008 appropriation does not include deficiencies.

Fiscal Summary
MDOT – Maryland Transit Administration

Program/Unit	FY07 Actual	FY08 Wrk Approp	FY09 Allowance	Change	FY08-FY09 % Change
01 Transit Administration	$ 43,422,832	$ 43,320,867	$ 49,723,089	$ 6,402,222	14.8%
02 Bus Operations	233,698,193	229,313,673	258,790,665	29,476,992	12.9%
04 Rail Operations	153,833,210	162,000,923	186,733,320	24,732,397	15.3%
05 Facilities and Capital Equipment	140,374,919	159,702,001	338,267,751	178,565,750	111.8%
06 Statewide Programs Operations	74,962,164	78,233,458	96,608,857	18,375,399	23.5%
08 Major IT Development Projects	11,335,682	8,124,000	12,565,000	4,441,000	54.7%
Total Expenditures	**$ 657,627,000**	**$ 680,694,922**	**$ 942,688,682**	**$ 261,993,760**	**38.5%**
Special Fund	$ 534,538,394	$ 539,363,691	$ 742,015,451	$ 202,651,760	37.6%
Federal Fund	123,040,106	141,331,231	200,673,231	59,342,000	42.0%
Total Appropriations	**$ 657,578,500**	**$ 680,694,922**	**$ 942,688,682**	**$ 261,993,760**	**38.5%**
Reimbursable Fund	$ 48,500	$ 0	$ 0	$ 0	0.0%
Total Funds	**$ 657,627,000**	**$ 680,694,922**	**$ 942,688,682**	**$ 261,993,760**	**38.5%**

Note: The fiscal 2008 appropriation does not include deficiencies.

Appendix 4

Budget Amendments for Fiscal 2008

Maryland Department of Transportation
Maryland Transit Administration – Operating

Status	Amendment	Fund	Justification
Pending	$834,239	Special	This amendment funds the cost-of-living adjustment granted to all eligible State employees.

Source: Maryland Department of Transportation

Appendix 5

Budget Amendments for Fiscal 2008

Maryland Department of Transportation

Maryland Transit Administration – Capital

Status	Amendment	Fund	Justification
Pending	$167,418	Special	This amendment funds the cost of living adjustment granted to all eligible State employees.
Projected	-$51,529,417 -88,868,000 **-$140,397,417**	Special	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the final 2008 to 2013 *Consolidated Transportation Program*.

Source: Maryland Department of Transportation