

J00A01
The Secretary's Office
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>	<u>% Change Prior Year</u>
Special Fund	\$63,145	\$70,221	\$70,923	\$701	1.0%
Contingent & Back of Bill Reductions	0	0	-59	-59	
Adjusted Special Fund	\$63,145	\$70,221	\$70,863	\$642	0.9%
Federal Fund	8,237	9,300	9,089	-212	-2.3%
Adjusted Federal Fund	\$8,237	\$9,300	\$9,089	-\$212	-2.3%
Adjusted Grand Total	\$71,382	\$79,522	\$79,952	\$431	0.5%

- The fiscal 2014 allowance increases by \$431,000 over the current year working appropriation, representing a 0.5% increase.

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2012 Actual</u>	<u>Legislative</u>	<u>Fiscal 2013 Working</u>	<u>Fiscal 2014 Allowance</u>
Special	\$27,074	\$48,844	\$73,043	\$76,421
Federal	\$0	\$20,000	\$14,050	\$24,000
Reimbursable	\$72	\$0	\$0	\$0
Total	\$27,147	\$68,844	\$87,093	\$100,421

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

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- The fiscal 2013 working appropriation increases \$18.3 million. Some of the larger changes include \$8.0 million increase for the Virginia Manor Road reconstruction; \$10 million decrease for development and evaluation of the new Baltimore & Potomac tunnel; and \$19 million increase in system preservation and minor project funding.
- The fiscal 2014 allowance increases \$13.3 million over the current year working appropriation. Some of the larger changes include \$15.0 million increase for the new Baltimore Rail Intermodal Facility project; \$15.4 million new transportation grants to municipalities; \$16.0 million decrease for the Virginia Manor Road reconstruction; \$10.0 million increase for development and evaluation of the new Baltimore & Potomac tunnel; and \$16.6 million decrease for system preservation and minor projects.

Operating and PAYGO Personnel Data

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>
Regular Operating Budget Positions	293.00	293.00	293.00	0.00
Regular PAYGO Budget Positions	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>0.00</u>
Total Regular Positions	309.00	309.00	309.00	0.00
Operating Budget FTEs	4.50	5.50	5.50	0.00
PAYGO Budget FTEs	<u>3.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>
Total FTEs	7.50	7.50	7.50	0.00
Total Personnel	316.50	316.50	316.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	13.60	4.40%
Positions and Percentage Vacant as of 12/31/12	20.50	6.63%

- The number of both regular and contractual positions remains unchanged from the fiscal 2012 actual budget through the fiscal 2014 allowance.

Analysis in Brief

Major Trends

Productivity and Quality – Recruit and Retain Quality Employees: The number of filled positions across all modes decreased by 56 between January 1, 2012 and January 1, 2013. The two largest decreases occurred in the State Highway Administration (27.5) and the Motor Vehicle Administration (14.0).

Preserve and Enhance the Transportation System: One of the goals of the Secretary's Office (TSO) is to ensure the operational integrity of the transportation network. As part of this effort, TSO has a goal to fund system preservation at no less than \$850 million in fiscal 2013. This level of funding was exceeded in fiscal 2010 but was not met in fiscal 2011 or 2012. The goal is expected to be exceeded in the current year and in fiscal 2014, but for the remaining forecast period of the *Consolidated Transportation Program*, system preservation funding is projected at an average annual amount of \$792.3 million, well short of the funding goal. **The Maryland Department of Transportation (MDOT) should discuss the impact that reduced system preservation funding would have on the transportation network and its users should the lower forecasted funding levels come to pass.**

Issues

Plan for Intermodal Facility Moves Forward at New Location: MDOT and CSX identified a new site in Baltimore City to build a rail intermodal facility. The estimated cost of the project is \$90 million to \$95 million – substantially less than the estimated cost at other candidate locations. The planning process is underway, and the facility is expected to be complete in May 2015. **MDOT should update the committees on the current status of this project.**

Operating Budget Recommended Actions

1. Add annual budget language capping the amount of special fund operating grants-in-aid.

PAYGO Budget Recommended Actions

Funds

1. Strike language making a contingent appropriation for transportation grants to municipal governments.
2. Add annual language limiting system preservation and minor project funding to the projects identified in the Consolidated Transportation Program.
3. Delete funding for transportation grants to municipal governments. \$ 15,379,979
4. Adopt committee narrative requesting status reports on the Baltimore Rail Intermodal Facility as the project progresses.

Total Reductions

\$ 15,379,979

Updates

Update on Transit-oriented Development Projects: The Office of Real Estate in TSO is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations and port-related development. The Department of Legislative Services and MDOT developed an administrative process for the reporting and oversight for transit-oriented development (TOD) projects. MDOT submitted a report in September 2012 that highlighted a number of TOD projects.

J00A01
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Budget Analysis

Program Description

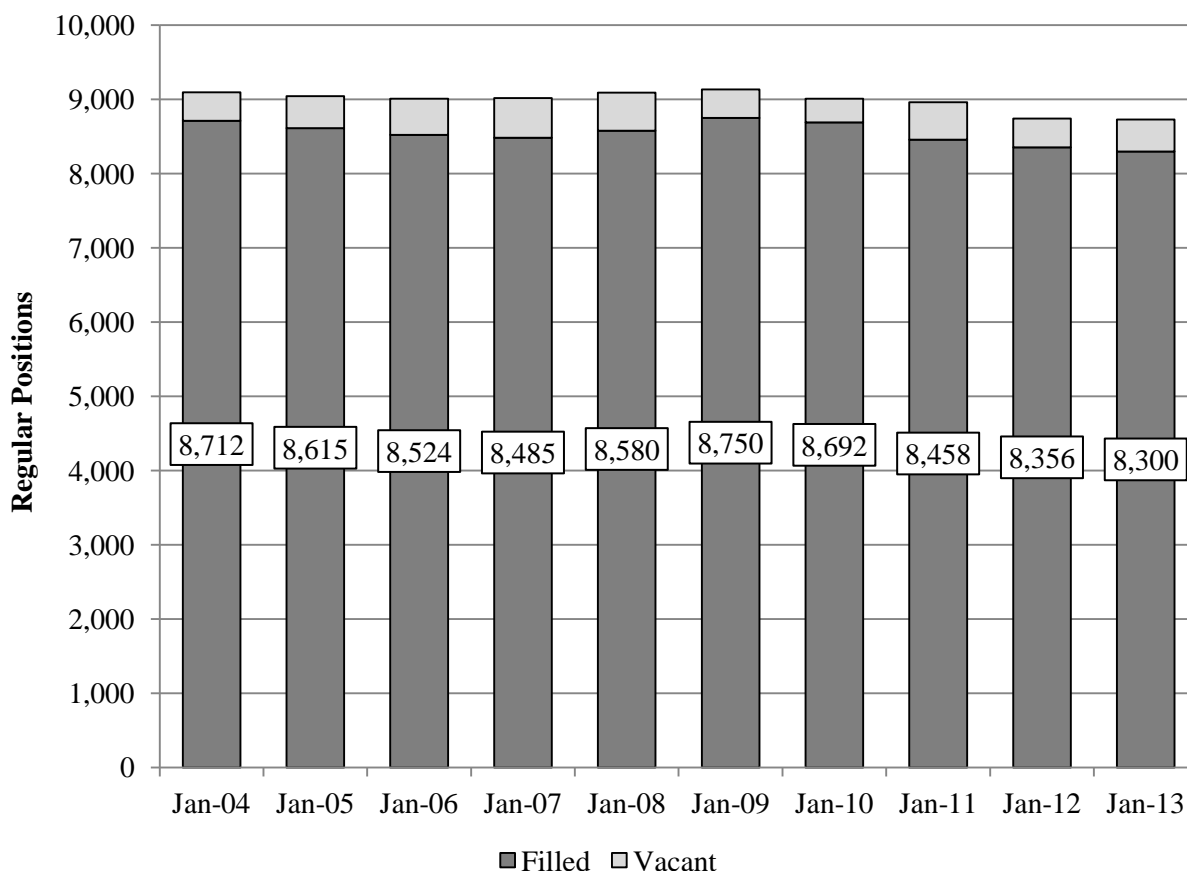
The Secretary's Office (TSO) provides overall policy direction and management to the Maryland Department of Transportation (MDOT). Units within the office provide support in the areas of finance, procurement, engineering, audits, administrative services, planning and capital programming, human resources, and Minority Business Enterprise certification. Executive staff support is also provided for management services, public affairs, the general counsel's office, and policy and governmental relations. Within TSO, the Office of Transportation Technology Services provides centralized computing, network, infrastructure, and general information technology services for MDOT. TSO also makes grants to various entities for transportation-related purposes.

Performance Analysis: Managing for Results

1. Productivity and Quality – Recruit and Retain Quality Employees

One of MDOT's departmentwide goals is to recruit and retain quality employees. **Exhibit 1** shows the number of filled and vacant positions for all modes on January 1 of each year from 2004 to 2013. Total authorized positions decreased by a net 13.5 between January 1, 2012, and January 1, 2013. The number of filled positions decreased by 56.0 during this period. Two modes account for nearly three quarters of the reduction in filled positions: the State Highway Administration (SHA) had 27.5 fewer positions and the Motor Vehicle Administration had 14 fewer.

Exhibit 1
Departmentwide Filled and Vacant Positions
On January 1, 2004-2013

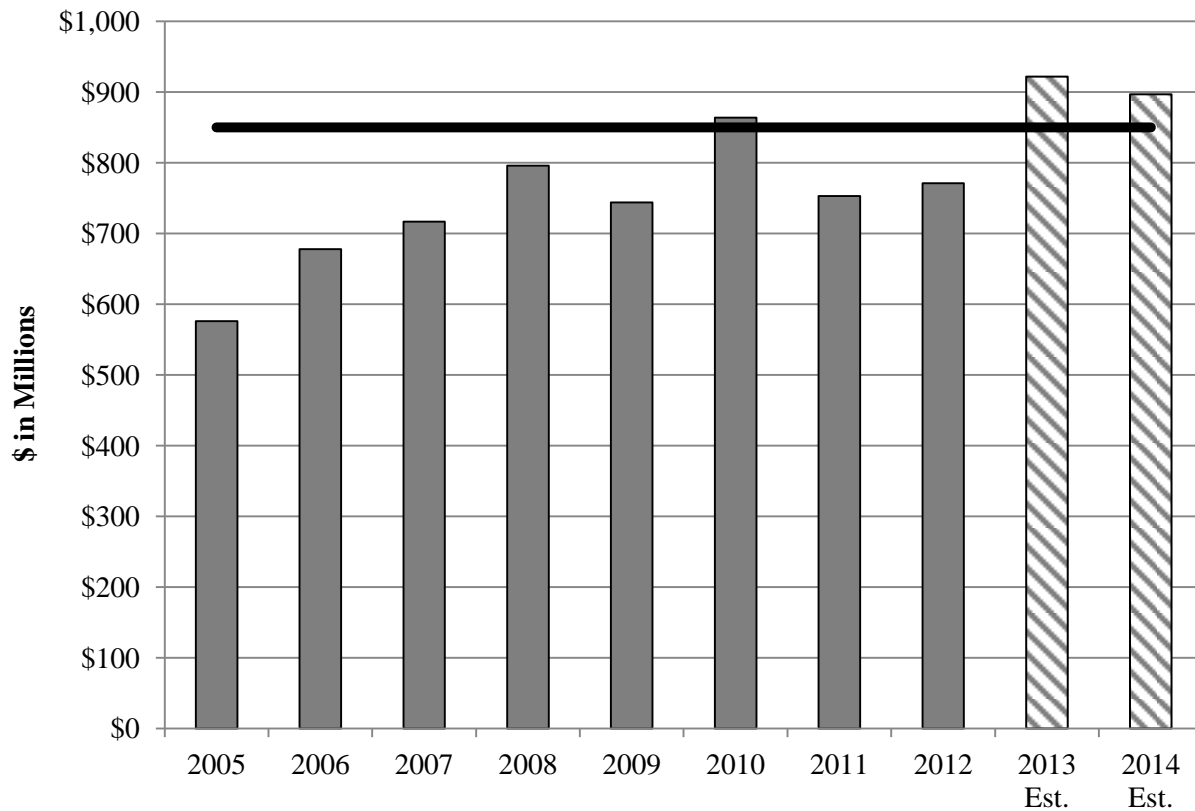


Source: Maryland Department of Transportation

2. Preserve and Enhance the Transportation System

Another TSO goal is to ensure the operational integrity of the transportation network. This goal provides that system preservation should be adequately funded at \$850.0 million in fiscal 2013. As shown in **Exhibit 2**, according to Managing for Results data, the level of system preservation funding in fiscal 2010 exceeded the goal, but the goal was not met in fiscal 2011 and 2012. In fiscal 2011, the level of system preservation funding declined due to the end of federal stimulus funding and revenue write downs. Fiscal 2012 increased slightly over the prior year, and funding for

Exhibit 2
System Preservation Funding
Fiscal 2005-2014



Source: Maryland Department of Transportation

fiscal 2013 and 2014 is projected to exceed the \$850.0 million goal. In the remaining years of the forecast period included in the *Consolidated Transportation Program* (CTP), system preservation funding is projected at an average annual amount of \$792.3 million, well short of the funding goal. **MDOT should discuss the impact that reduced system preservation funding would have on the transportation network and its users should the lower forecasted funding levels come to pass.**

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2014 allowance for TSO increases by a net \$431,000 over the current year working appropriation.

Exhibit 3
Proposed Budget
MDOT – The Secretary's Office
(\$ in Thousands)

How Much It Grows:	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2013 Working Appropriation	\$70,221	\$9,300	\$79,522
2014 Allowance	<u>70,923</u>	<u>9,089</u>	<u>80,011</u>
Amount Change	\$701	-\$212	\$490
Percent Change	1.0%	-2.3%	0.6%
Contingent Reductions	-\$59	\$0	-\$59
Adjusted Change	\$642	-\$212	\$431
Adjusted Percent Change	0.9%	-2.3%	0.5%

Where It Goes:

Personnel Expenses

Retirement contributions	\$551
Annualized general salary increase	233
Employee and retiree health insurance (net of across-the-board health savings reductions)....	101
Workers' compensation assessment.....	57
Additional assistance.....	-30
Vacant positions reset to base	-216
Turnover adjustments.....	-236
Other fringe benefit adjustments	1

Executive Department

Cost for contract litigation unit at the Office of the Attorney General (OAG)	102
Replacement of four vehicles.....	70
Consultant contract for position appraisal methodology study	50
Fuel and utilities	38
Educational internship program at fiscal 2012 level	30
Building maintenance contract.....	29
Employee tuition reimbursement at fiscal 2012 level	10
Non-Department of General Services rent	-193

Statewide Cost Allocations

Retirement administrative fee	47
OAG administrative fee	-66

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Where It Goes:

Department of Information Technology service allocation	-230
Statewide Personnel System allocation.....	-697

Office of Transportation Technology Services

Department of Budget and Management paid telecommunications	906
Software acquisitions	556
Telecommunications lines contract.....	-34
Computer maintenance contracts	-167
Contractual services for mainframe maintenance	-257

Operating Grants-in-aid

Metropolitan Planning Organizations	-238
Payments in lieu of taxes.....	20

Other.....	-6
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Total	\$431
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Note: Numbers may not sum to total due to rounding.

Personnel

Personnel-related expenditures in the fiscal 2014 allowance increase by a net \$461,000 over the current year working appropriation. The largest increases comprise retirement contributions (\$551,000). Contribution rates for regular employees, teachers, State Police, and Law Enforcement Officers pension plans increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension returns. Other changes include annualization of the general salary increase (\$233,000), and employee and retiree health insurance contributions (\$101,000). These increases are partially offset by increased turnover (-\$236,000) and the resetting of salaries of vacant positions to base (-\$216,000).

Statewide Cost Recovery

Statewide cost recovery allocations decreased by a net \$946,000 in the fiscal 2014 allowance. Other than an increase of \$47,000 in the retirement administration allocation, the remaining allocations all decreased in the allowance.

Office of Transportation Technology Services

The fiscal 2014 allowance for the Office of Transportation Technology Services increases by a net \$1 million over the current year working appropriation. Telecommunications costs, paid through the Department of Budget and Management, increase by \$906,000, and software acquisition costs increase by \$556,000. These increases are partially offset by decreases for telecommunication lines, computer maintenance, and mainframe maintenance contracts.

Operating Grants-in-aid

Operating grants-in-aid decrease by \$217,630 in fiscal 2014, largely due to decreased federal funds to metropolitan planning organizations based upon need. This decrease is partially offset by an increase of \$20,378 in payment in lieu of taxes to Baltimore City based upon updated property information and agreements. **Exhibit 4** provides a summary of the operating grants-in-aid.

Exhibit 4 Recipients of Operating Grants-in-aid Fiscal 2014

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Cumberland MPO	\$9,940	\$79,517	\$89,457
Salisbury MPO	14,722	117,777	132,499
Hagerstown MPO	24,402	195,217	219,619
Baltimore MPO	581,951	4,655,608	5,237,559
Wilmington MPO	11,717	93,733	105,450
Washington MPO	493,368	3,946,940	4,440,308
Tri-County Planning Organization	50,000	0	50,000
DBED (to support the Appalachian Regional Commission)	155,000	0	155,000
Maryland Department of Planning	258,000	0	258,000
Payments in Lieu of Taxes	1,123,928	0	1,123,928
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Total	\$4,122,968	\$9,088,792	\$13,211,760

DBED: Department of Business and Economic Development

MPO: Metropolitan Planning Organizations

Source: Maryland Department of Transportation

Budget Reconciliation and Financing Act of 2013

House Bill 102, the Budget Reconciliation and Financing Act of 2013 contains a provision transferring \$15.4 million from the local income tax reserve account to a special fund in MDOT for the purpose of providing transportation grants to municipalities.

PAYGO Capital Program

Program Description

TSO's capital program has historically consisted of projects that support the preservation of MDOT's headquarters systems and air quality initiatives in the Baltimore/Washington metropolitan areas. TSO provides capital grants to public and private entities for transportation-related purposes.

Fiscal 2013 to 2018 CTP

The fiscal 2014 allowance for TSO's capital program totals \$100.4 million, an increase of \$13.3 million over the fiscal 2013 working appropriation. Included in the allowance is a \$15.4 million appropriation to be distributed to municipal governments as transportation grants using the highway user revenue formula, contingent upon enactment of legislation authorizing the use of funds from the local income tax reserve account. **Appendix 7** shows funding by municipality.

System preservation project funding is the largest component of the TSO capital program, as shown in **Exhibit 5**. The largest system preservation projects are:

- \$5.5 million for business and capital support at Baltimore/Washington International Thurgood Marshall airport;
- \$3.9 million for network hardware and software replacements costs;
- \$3.4 million for consultant contracts; and
- \$2.9 million for transit-oriented development (TOD).

Exhibit 5
The Secretary's Office Major Projects
Fiscal 2014
(\$ in Millions)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2014</u>	<u>Total Cost</u>	<u>Six-Year Total</u>
Projects				
Baltimore City	Baltimore Rail Intermodal Facility	\$15.0	\$30.0	\$30.0
Prince George's County	Construction/reconstruction of relocated Virginia Manor Road	7.0	30.0	30.0
Statewide	D&E: Susquehanna River Bridge replacement (HSIPR and ARRA)	4.0	22.0	22.0
Statewide	D&E: New B&P Tunnel (ARRA)	20.0	60.0	60.0
Subtotal – Projects		\$46.0	\$142.0	\$142.0
Ongoing				
Statewide	Transportation Emissions Reduction Program	\$3.9	n/a	\$26.0
Statewide	System Preservation and Minor Projects	\$26.4	n/a	\$113.4
Statewide	Bikeways Network Program	\$6.9	n/a	\$10.0
Statewide	Transportation grants to municipalities	\$15.4	n/a	\$15.4
Statewide	Capital Salaries	\$1.9	n/a	\$12.4
Subtotal – Ongoing		\$54.5	--	\$177.2
Total – Projects and Ongoing		\$100.5	\$142.0	\$319.2

ARRA: American Recovery and Reinvestment Act of 2009

B&P: Baltimore and Potomac

D&E: development & evaluation

HSIPR: High Speed Intercity Passenger Rail Program

Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Cash Flow Analysis – Fiscal 2013 Changes

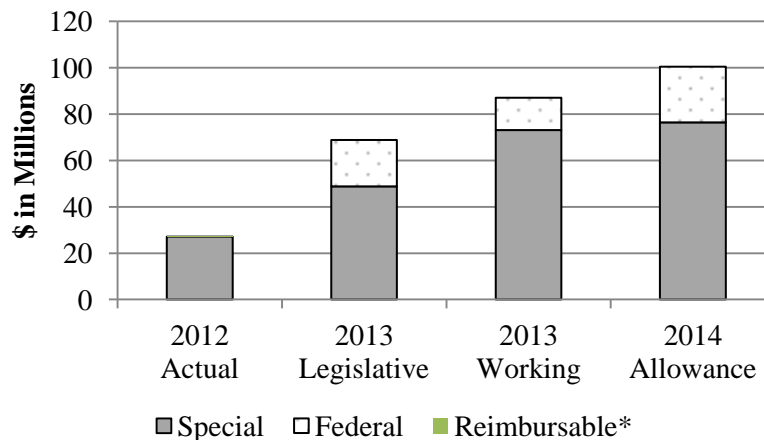
The fiscal 2013 working appropriation increases \$18.3 million compared to the legislative appropriation as shown in **Exhibit 6**. Cash flow changes reduce Development and Evaluation Program projects by a net \$9.0 million, comprising a \$1.0 million increase for the Susquehanna River Bridge replacement offset by a \$10.0 million decrease for the new Baltimore & Potomac (B&P) tunnel. Major projects increase by a net \$8.2 million, comprising increases to the Virginia Manor Road reconstruction

(\$8.0 million) and Transportation Emissions Reduction Program (\$1.1 million), partially offset by an \$875,000 decrease in the Bikeways Network Program.

System preservation and minor project funding increases by a net \$19.0 million with the largest changes comprising:

- \$4.0 million MD 695 at Broening Highway grant (new);
- \$2.5 million Baltimore Rail Intermodal Facility planning grant (new);
- \$2.0 million I-95/Forestville Road ramp improvement grant (new);
- \$1.8 million Baltimore rail study (new);
- \$1.7 million Canton Railroad grant (new);
- \$1.7 million TOD Implementation (increase);
- \$1.6 million real estate services (increase);
- \$1.6 million Towson Circle grant (new); and
- -\$3.0 million MBE disparity study (removed).

Exhibit 6
Cash Flow Changes
Fiscal 2012-2014



* Fiscal 2012 includes \$72,000 in reimbursable funds which do not show up due to the small nature of the chart.

Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Cash Flow Analysis – Fiscal 2013 to 2014 Changes

The fiscal 2014 allowance increases \$13.3 million over the current year working appropriation. New projects added \$30.4 million and comprise the Baltimore Rail Intermodal Facility (\$15.0 million) and the transportation grants to municipalities (\$15.4 million.) Major project cash flow changes result in a net decrease of \$500,000 and comprise decreases to the Virginia Manor Road reconstruction project (-\$16.0 million) and the Transportation Emissions Reduction Program (-\$1.3 million), partially offset by increases to the new B&P tunnel (\$10 million), the Bikeways Network Program (\$3.8 million), and the Susquehanna River Bridge replacement (\$3.0 million.) Funding for system preservation and minor projects decrease by a net \$16.6 million with major reductions comprising:

- \$4.0 million MD 695 at Broening Highway grant (removed);
- \$2.5 million Maryland Bike Share Program (removed);
- \$2.5 million Baltimore Rail Intermodal Facility planning grant (removed);
- \$2.0 million I-95/Forestville Road ramp improvement grant (removed);
- \$1.8 million Baltimore rail study (removed);
- \$1.7 million Canton Railroad grant (removed); and
- \$1.2 million Towson Circle grant (reduced).

Projects Added to the Construction Program

One project, the Baltimore Rail Intermodal Facility, was added to the construction program at a total cost of \$32.5 million, including a \$2.5 million grant for planning included in system preservation and minor projects.

Projects Added to the Development and Evaluation Program

One project, the Susquehanna River Bridge, was added to the construction program at a total cost of \$22.0 million.

Issues

1. Plan for Intermodal Facility Moves Forward at New Location

Background

In 2009, the State created a statewide freight plan which outlined policies and projects to promote the efficient movement of goods. Over \$30 billion in public and private projects were identified to meet the projected 75% growth in freight movement and economic growth by 2030. One project identified was the relocation and construction of a new CSX Intermodal Facility to facilitate and support intermodal freight (truck and rail) transportation. For a facility to be effective, it needs to be located near existing rail, port, airport, and highway infrastructure in the Baltimore/Washington metropolitan region.

While the State is looking at a new intermodal facility, simultaneously CSX is working on a broader capital improvement program called the National Gateway to increase capacity on its rail lines through double stacking. To accomplish this, CSX is looking at upgrading tracks, equipment and facilities, and providing clearance to allow double-stack intermodal trains. CSX has worked with other state governments to advance this project, and it has also received federal stimulus funding for the program.

Maryland Context

In May 2009, MDOT and CSX entered into a memorandum of understanding, agreeing that the State and CSX would work to construct a new intermodal facility by November 3, 2014. To help expand its market capacity and to utilize double stacking, CSX is working with MDOT to move to a site south of the Howard Street tunnel so that it can access its emerging national double-stack network. The Howard Street tunnel does not have the height necessary to accommodate double stacking, and reconstructing the Howard Street tunnel is cost prohibitive. MDOT and CSX identified certain characteristics that are needed for the intermodal facility which include 70 contiguous acres, south of the Howard Street Tunnel, on the CSX mainline, close to a highway, and of the right shape and configuration. In the 2009 agreement with CSX, the project cost was estimated to be \$150 million, and it was agreed that the State would contribute 50% of the funding, not to exceed \$75 million.

In March 2011, MDOT and CSX identified four candidate sites and began the federal process outlined in the National Environmental Policy Act (NEPA), which would make the project federal aid eligible. Cost estimates based on these sites ranged from \$140 to \$325 million, and there was community opposition to several of the sites being evaluated.

New Location and Lower Cost

In the spring of 2012, the mayor of Baltimore indicated that Baltimore City was prepared to serve as the site for the intermodal facility. CSX explored possible locations, and with the concurrence of MDOT, selected the CSX-owned Mount Clare Yard in southwest Baltimore City as

the location for the new facility. While the lift capacity at the Mount Clare Yard site would be substantially lower than at the four sites previously considered (85,000 vs. 200,000 annual lifts), the estimated project cost is also lower (\$90 million to \$95 million), and the project can be completed by spring 2015.

In September 2012, MDOT sought and was granted budget committee approval to provide CSX with a \$2.5 million grant for preliminary planning for the intermodal facility and subsequently executed an interim project agreement outlining the roles and responsibilities of each party. The State's financial commitment is \$32.5 million plus the costs of any environmental remediation on land contributed to the project by the State and by Baltimore City. Baltimore City will not contribute to the overall funding. MDOT is obligated by its agreement to work with CSX to maximize tax abatements and credits, Brownfield incentives, and utility discount opportunities.

Federal aid is no longer being sought for the project so that the lengthy NEPA process can be avoided. However, CSX is to identify priority projects in Maryland that total in excess of \$15 million for which MDOT has agreed to make a good faith effort to secure federal funding by December 31, 2013. Should the State not be able to secure federal funding for these projects, CSX may void the agreement and cancel the intermodal project. Additionally, the parties each have the option of exiting the agreement if certain milestones are not achieved or if cost estimates revised during the process are not to their liking.

Phase I – Planning is expected to be completed by April 2013 and provide the initial cost update to be used to decide whether or not to proceed with the project. Phase II – Permitting is expected to be completed by September 2013, and include a further cost update and environmental remediation cost estimate. MDOT and CSX will have 45 days for review to again decide whether or not to proceed. Phase III – Construction would begin in September 2013 and finish in May 2015.

MDOT has included \$15 million in each fiscal 2014 and 2015 in the CTP for this project. The fiscal 2014 funds would be released only after the decision to proceed is made upon completion of Phase II. The fiscal 2015 funds would then be released July 2014.

Committee narrative is included in the Recommended Actions section of this analysis requesting status reports on cost estimates as the project progresses.

MDOT should update the committees on the current status of this project.

Operating Budget Recommended Actions

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

, provided that no more than \$4,122,968 of this appropriation may be expended for operating grants-in-aid, except for:

- (1) any additional special funds necessary to match unanticipated federal fund attainments;
or
- (2) any proposed increase either to provide funds for a new grantee or to expand funds for an existing grantee; and

Further provided that no expenditures in excess of \$4,122,968 may occur unless the department provides notification to the budget committees to justify the need for additional expenditures due to either provision (1) or (2) above, and the committees provide review and comment or 45 days elapse from the date such notification is provided to the committees.

Explanation: This annual language caps the level of special funds provided for operating grants-in-aid. The cap may be increased to match unanticipated federal dollars or to provide new or expanded grant funding upon notification to the budget committees.

Information Request	Author	Due Date
Explanation of need for additional special funds for operating grants-in-aid	Maryland Department of Transportation	As needed

PAYGO Budget Recommended Actions

1. Strike the following language from the special fund appropriation:

~~, provided that \$15,379,979 of this appropriation shall be contingent on the enactment of legislation authorizing the use of funds from the local income tax reserve account to provide transportation grants to municipal governments. Further provided that \$15,379,979 of these funds shall be allocated as provided in Section 8-405 of the Transportation Article~~

Explanation: Technical amendment reflecting reduction made to the appropriation.

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

,provided that no funds may be expended by the Secretary's Office for any system preservation or minor project with a total project cost in excess of \$500,000 that is not currently included in the fiscal 2013-2018 Consolidated Transportation Program except as provided below:

- (1) the Secretary shall notify the budget committees of any proposed system preservation or minor project with a total project cost in excess of \$500,000, including the need and justification for the project, and its total cost; and
- (2) the budget committees shall have 45 days to review and comment upon the proposed system preservation or minor project.

Explanation: This language provides legislative oversight of grants exceeding \$500,000 that are not listed in the current Consolidated Transportation Program.

Information Request	Author	Due Date
Notification of the intent to fund a capital grant exceeding \$500,000 that is not listed in the current Consolidated Transportation Program	Maryland Department of Transportation	As needed

- | | <u>Amount
Reduction</u> |
|--|------------------------------------|
| 3. Delete funding for transportation grants to municipal governments. Provision of transportation grants to municipal governments should be made as part of a comprehensive transportation revenue and spending package. | \$ 15,379,979 SF |
| 4. Adopt the following narrative: | |

Baltimore Rail Intermodal Facility Milestone Status Reports: The committees request that the Maryland Department of Transportation (MDOT) submit status reports:

- at the conclusion of Phase I of the Baltimore Rail Intermodal Facility project (currently scheduled for April 2013) summarizing the updated project cost estimate and indicating whether or not the parties have agreed to proceed with the project; and
- at the conclusion of Phase II of the project (currently scheduled for September 2013) summarizing the updated project cost estimates, estimated environmental mitigation costs for each party, and whether or not the parties have agreed to proceed with the project.

Information Request	Author	Due Date
Status reports summarizing cost estimates and decisions on whether or not the project will proceed	MDOT	At the conclusion of Phase I At the conclusion of Phase II
Total Special Fund Reductions		\$ 15,379,979

Updates

1. Update on Transit-oriented Development Projects

Background

The Office of Real Estate in TSO is responsible for disposing of excess land owned by MDOT, as well as promoting development around transit stations and port-related development. TOD projects to create high density, livable, and walkable neighborhoods around transit stations. Chapter 122 of 2008 codified the department's TOD activities and allowed for the Secretary to designate a TOD with other State agencies and local governments or multi-county agencies with land use and planning responsibility for the relevant area.

Project Overview

The Department of Legislative Services (DLS) and MDOT developed an administrative process for the reporting and oversight for TOD projects. MDOT submitted a report in September 2012 that highlighted a number of TOD projects. Following is a summary of those projects.

- **Savage Maryland Area Regional Commuter (MARC) Station:** The Savage MARC station TOD project will be located on a 12.7-acre lot that is owned by MDOT. MDOT transferred 10.2 acres (valued at \$3.3 million) to the developer in return for the construction of a new MTA-owned commuter garage on the 2.5-acre portion of the site retained by the State. The remaining cost of the garage, \$14.0 million, will be supported by a local tax increment financing (TIF) issuance to be supported by the local real estate tax increment generated on the privately owned portion of the site. Howard County has approved a TIF ordinance for the project. It is estimated that a \$14.0 million bond supported by the TIF for the construction of an onsite commuter garage will be issued. Due to challenges associated with market conditions, the developer has found it necessary to delay the project and seek additional investor partners. MDOT is reviewing the proposed changes that would result to the project and associated development agreements and anticipates seeking Board of Public Works (BPW) approval of amendments to the Master Development Agreement (MDA) after submitting the proposals for review by the budget committees.
- **Owings Mills Baltimore Metro Station:** In July 2005, BPW approved a development agreement that provided for the construction of a mixed use development in several phases where surface parking lots had once been. The developer pays ground rent payments to MDOT, and the developer is also required to construct two parking garages. MDOT committed to contribute \$15.1 million, and Baltimore County committed \$13.1 million for the project. MDOT does not anticipate any additional State funding. The developer broke ground on the construction of the community college, library, and the first private development phase in 2012. Construction of the second garage is expected to begin soon.

- **State Center Complex:** The Department of General Services owns the 28-acre land that comprises the State Center complex. In 2005, a request for qualifications (RFQ) was issued, and a development team was selected. On June 3, 2009, the MDA was passed by BPW. Shortly thereafter, the General Assembly had members appointed to the State Center Executive Committee, and the Maryland Stadium Authority was added as well. On July 28, 2010, BPW approved the ground rent and office space lease payments as well as the construction of a 928-space State parking garage costing \$28.2 million. The State can terminate the developer's contract in exchange for reimbursement of the developer's unpaid costs from December 2007 to a certain point in the project. On December 16, 2011, 15 corporate entities filed suit against the State to halt the project. In a decision released January 17, 2013, the court found that the State did not follow procurement law and voided the Master Development Agreement and ground leases. The State is considering whether to appeal the ruling.
- **Odenton MARC Station:** A development team for the project was selected in September 2007 by MDOT and Anne Arundel County. The project has been in the planning phase since then, with discussions of concept and business plans to begin in the near future. MDOT hopes to seek BPW approval for an MDA during fiscal 2013. The terms of a contract have not been finalized; however, the contract will likely include a commuter parking garage, the sale or lease of land by the county and State, and a local TIF to support the construction of the public infrastructure and garage. The parties are continuing to work through the pre-development process in the expectation of reaching terms for a MDA during fiscal 2013.
- **Laurel MARC Station:** MDOT had entered into a negotiating agreement with a developer in June 2004; however, that agreement expired in June 2008 without the parties reaching an agreement. MDOT issued a request for proposals in June 2009 and is in negotiations with the Patriot Group. MDOT hopes to have a MDA approved by BPW during fiscal 2013. The agreement will likely include the sale or long-term lease of an MDOT-owned parking lot in exchange for a parking garage and a mixed use TOD.
- **Reisterstown Plaza Metro:** The United States General Services Administration (GSA) has announced that the Reisterstown Plaza location is the preferred site for a new location for the Social Security Administration (SSA). BPW approved the disposition of the land at its August 26, 2009 meeting. GSA entered an agreement with a private developer who will own the property, construct a 538,000 rentable square foot building and 1,076-space parking garage on the property, and lease it back to the federal government for SSA's use. Construction is underway.
- **Aberdeen:** The Aberdeen TOD is in the planning stage with MDOT's property holdings limited in the area. Therefore, MDOT's activities have focused on working with the city of Aberdeen to define and pursue a TOD strategy. MDOT continues to work with the city on a vision and has committed State funds totaling \$255,000 toward the project. MDOT will continue to evaluate real estate development opportunities that support the city's TOD vision.

- **Westport Light Rail Station in Baltimore City:** This is a privately financed project, and MDOT does not own any significant property in the area. MDOT is currently considering a request to provide financial support for improvements to the transit station and for a pedestrian overpass that would enable access to the TOD over the existing CSX rail tracks. In 2011, MDOT agreed, in principle, to provide a \$310,000 grant as a match to a \$516,000 federal grant received by Baltimore City. MDOT anticipates finalizing the grant in fiscal 2013.
- **White Flint Metro Station in Montgomery County:** In March 2012 the Montgomery County Executive and MDOT jointly designated the White Flint Metro Station as a TOD. The TOD area includes properties located within the Montgomery County White Flint Sector Plan that are also within 1/2 mile of the existing and planned entrances to White Flint Metro Station. The White Flint Sector Plan is a land-use plan to increase density surrounding the White Flint Metro Station and increase the transit mode share of the area. On June 6, 2012, BPW approved the sale of 3.7 acres of excess State property for \$23.5 million. MDOT received \$2.2 million in funds from the sale and dedicated \$21.3 million of the proceeds to fund TOD-supportive infrastructure in White Flint. MDOT/SHA are also working with another developer to extinguish an SHA easement which is no longer needed on the property.

MDOT's report also includes TOD projects at Washington Metropolitan Area Transit Authority (WMATA) owned stations. Following is an update of those projects in which MDOT is in a supporting role.

- **Branch Avenue Metro Station:** WMATA owns 33 acres at the WMATA Branch Avenue Metro Station, which is in the predevelopment planning phase for a TOD. WMATA has completed a station vision plan, and the site has been marketed to GSA. SHA is also designing bicycle, pedestrian and vehicular access improvements to the Branch Avenue Station, a project which pre-dates the TOD designation. Right-of-way and design funding of \$5.7 million are included in the CTP for fiscal 2013, with an additional \$3.4 million program for engineering and right-of-way in fiscal 2013-16.
- **Naylor Road Metro Station:** WMATA owns 10 acres of surface parking at the Naylor Road Metro Station, and TOD predevelopment activities are underway for the WMATA site. To achieve the type of TOD envisioned by Prince George's County, SHA has initiated planning for traffic calming and bicycle and pedestrian access improvements along MD 5. The fiscal 2013 CTP programmed \$2.5 million for planning and design of the streetscape improvements.
- **New Carrollton Metro Station:** During fiscal 2011, WMATA and MDOT approved an agreement to jointly issue a RFQ to identify a team to plan and develop a TOD project on 25 acres of WMATA property and 16 acres of adjacent MTA-owned property at the New Carrollton Station. A developer was selected in June 2011. The developer is working with WMATA, MDOT, and Prince George's County to create a development plan that is consistent with the county's vision and addresses infrastructure needs. Ultimately, the plan would be to sell or lease the transit agency property around the station to the development

team for a mixed use development. In December, WMATA approved a Joint Development Agreement for the project. MDOT and the development team will negotiate an agreement addressing the State-owned land, which is expected to be a later phase of the project. MDOT has committed \$350,000 in pre-development funding from the CTP TOD budget.

- **Wheaton Metro Station:** During fiscal 2010, Montgomery County and WMATA entered into an agreement to jointly solicit for a development team to develop a TOD on 8.2 acres of properties owned by WMATA and Montgomery County surrounding the station. A developer was selected to begin working on a development plan. However, the county is re-evaluating its approach to the project. MDOT will continue to play a supporting role.
- **Shady Grove Metro Station:** Montgomery County is considering redevelopment of 90 acres of county property next to the Shady Grove Metro Station as a TOD. A developer has been selected for the site. WMATA owns approximately 60 acres surrounding the Shady Grove Metro Station, some of which could be redeveloped as a TOD. MDOT/SHA are working to identify excess MDOT properties that may accommodate needed relocation of some Montgomery County facilities to free up the county land for redevelopment. The State clearing house process would be used to make such property available to Montgomery County.
- **Twinbrook Metro Station:** Approximately 10 years ago, WMATA initiated a TOD joint development project at Twinbrook. The first phase was completed; however, the recession and changing market conditions slowed the project. WMATA and the developer renegotiated aspects of the agreement. The developer broke ground on Phase 2 of the development in summer 2011. MDOT continues to work with WMATA and the developer to explore strategies to support completion of the project.

Current and Prior Year Budgets

Current and Prior Year Budgets MDOT - The Secretary's Office (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2012					
Legislative Appropriation	\$0	\$66,355	\$9,083	\$0	\$75,438
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	530	0	0	530
Reversions and Cancellations	0	-3,741	-846	0	-4,587
Actual Expenditures	\$0	\$63,145	\$8,237	\$0	\$71,382
Fiscal 2013					
Legislative Appropriation	\$0	\$69,992	\$9,300	\$0	\$79,292
Budget Amendments	0	230	0	0	230
Working Appropriation	\$0	\$70,221	\$9,300	\$0	\$79,522

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

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

Fiscal 2012

The fiscal 2012 budget for TSO closed out \$4.1 million lower than the legislative appropriation. Budget amendments added special funds totaling \$530,313 for the \$750 one-time employee bonuses (\$228,382) and to fund MDOT activities in support of the State Police in purchasing replacement Medevac helicopters. This increase was more than offset by special and federal fund cancellations. Vacancies and health insurance savings account for \$1.1 million of the \$3.7 million special fund cancellation, with the remaining cancellation due to lower-than-budgeted usage of contractual services. The federal fund cancellation of \$846,000 resulted from lower than anticipated spending by local metropolitan planning organizations.

Fiscal 2013

The fiscal 2013 working appropriation is \$229,673 higher than the legislative appropriation due to a budget amendment adding funds for the general salary increase.

Audit Findings

Audit Period for Last Audit:	January 9, 2009 – July 4, 2011
Issue Date:	November 2012
Number of Findings:	4
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

Finding 1: The Maryland Department of Transportation – Secretary's Office (MDOT) used various contracts, including contracts executed by State Highway Administration (SHA), to obtain services that were outside the scope of those contracts thereby circumventing State procurement regulations. The department agreed with the finding and related recommendations.

Finding 2: MDOT did not sufficiently verify the accuracy of certain data recorded in the Capital Program Management System (CPMS) by the modals. The department agreed with the finding and related recommendations.

Finding 3: MDOT did not adequately document or monitor user access to CPMS. The department agreed with the finding and related recommendations.

Finding 4: MDOT did not always require reimbursement requests for grant disbursements to be adequately supported. The department agreed with the finding and related recommendations.

**Object/Fund Difference Report
MDOT – The Secretary’s Office**

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	293.00	293.00	293.00	0.00	0%
02 Contractual	4.50	5.50	5.50	0.00	0%
Total Positions	297.50	298.50	298.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 26,572,954	\$ 27,697,911	\$ 28,219,010	\$ 521,099	1.9%
02 Technical and Spec. Fees	307,780	228,560	227,301	-1,259	-0.6%
03 Communication	1,384,978	1,909,618	2,825,890	916,272	48.0%
04 Travel	149,151	141,775	157,484	15,709	11.1%
06 Fuel and Utilities	355,256	330,767	368,375	37,608	11.4%
07 Motor Vehicles	144,609	60,813	133,526	72,713	119.6%
08 Contractual Services	26,874,219	32,280,513	31,536,033	-744,480	-2.3%
09 Supplies and Materials	220,834	241,993	214,110	-27,883	-11.5%
10 Equipment – Replacement	2,550	500	2,100	1,600	320.0%
11 Equipment – Additional	19,592	3,110	8,900	5,790	186.2%
12 Grants, Subsidies, and Contributions	12,147,012	13,476,842	13,301,760	-175,082	-1.3%
13 Fixed Charges	3,203,208	3,149,169	3,016,888	-132,281	-4.2%
Total Objects	\$ 71,382,143	\$ 79,521,571	\$ 80,011,377	\$ 489,806	0.6%
Funds					
03 Special Fund	\$ 63,144,999	\$ 70,221,216	\$ 70,922,585	\$ 701,369	1.0%
05 Federal Fund	8,237,144	9,300,355	9,088,792	-211,563	-2.3%
Total Funds	\$ 71,382,143	\$ 79,521,571	\$ 80,011,377	\$ 489,806	0.6%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
MDOT – The Secretary’s Office

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 Executive Direction	\$ 24,757,363	\$ 26,484,300	\$ 26,968,635	\$ 484,335	1.8%
02 Operating Grants-in-aid	12,058,796	13,429,390	13,211,760	-217,630	-1.6%
03 Facilities and Capital Equipment	27,146,690	86,491,328	98,412,212	11,920,884	13.8%
07 Office of Transportation Technology Services	34,565,984	39,607,881	39,830,982	223,101	0.6%
08 Major IT Development Projects	0	602,000	2,008,550	1,406,550	233.6%
Total Expenditures	\$ 98,528,833	\$ 166,614,899	\$ 180,432,139	\$ 13,817,240	8.3%
Special Fund	\$ 90,219,420	\$ 143,264,544	\$ 147,343,347	\$ 4,078,803	2.8%
Federal Fund	8,237,144	23,350,355	33,088,792	9,738,437	41.7%
Total Appropriations	\$ 98,456,564	\$ 166,614,899	\$ 180,432,139	\$ 13,817,240	8.3%
Reimbursable Fund	\$ 72,269	\$ 0	\$ 0	\$ 0	0.0%
Total Funds	\$ 98,528,833	\$ 166,614,899	\$ 180,432,139	\$ 13,817,240	8.3%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Budget Amendments for Fiscal 2013
Maryland Department of Transportation
The Secretary's Office – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$229,673	Special	General salary increase
Total	\$229,673		

Source: Maryland Department of Transportation

Budget Amendments for Fiscal 2013
Maryland Department of Transportation
The Secretary's Office – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$13,671	Special	General salary increase
Pending	\$24,186,000	Special	Adjusts the amended
	<u>-5,950,000</u>	Federal	appropriation to agree with the
	\$18,236,000		final fiscal 2013-2018
			<i>Consolidated Transportation</i>
			<i>Program</i>

Source: Maryland Department of Transportation

Municipal Transportation Grant Allocation

<u>County</u>	<u>Municipality</u>	<u>Sum of Amount</u>
Allegany	Barton	\$13,420
	Cumberland	527,466
	Frostburg	145,484
	Lonaconing	24,808
	Luke	4,120
	Midland	11,795
	Westernport	51,802
Allegany Total		\$778,893
Anne Arundel	Annapolis	663,077
	Highland Beach	5,581
Anne Arundel Total		\$668,658
Calvert	Chesapeake Beach	139,181
	North Beach	51,735
Calvert Total		\$190,916
Caroline	Denton	96,086
	Federalsburg	63,300
	Goldsboro	3,336
	Greensboro	34,947
	Henderson	1,750
	Hillsboro	3,156
	Preston	18,182
	Ridgely	54,510
	Templeville Caroline	404
Caroline Total		\$275,672
Carroll	Hampstead	99,571
	Manchester	94,617
	Mount Airy - Carroll	115,543
	New Windsor	31,387
	Sykesville	80,059
	Taneytown	120,778
	Union Bridge	29,235
	Westminster	322,558
Carroll Total		\$893,747

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<u>County</u>	<u>Municipality</u>	<u>Sum of Amount</u>
Cecil	Cecilton	9,372
	Charlestown	31,559
	Chesapeake City	15,640
	Elkton	208,745
	Northeast	45,125
	Perryville	74,846
	Port Deposit	7,020
	Rising Sun	38,716
Cecil Total		\$431,024
Charles	Indian Head	74,583
	La Plata	180,901
Charles Total		\$255,484
Dorchester	Cambridge	231,634
	East New Market	8,001
	Hurlock	48,921
	Secretary	12,019
	Vienna	11,411
Dorchester Total		\$311,986
Frederick	Frederick	1,016,760
	Brunswick	116,055
	Burkittsville	8,697
	Emmitsburg	55,896
	Middletown	91,821
	Mt. Airy	84,538
	Myersville	30,835
	New Market	22,342
	Thurmont	128,471
	Walkersville	113,438
Woodsboro		29,906
Frederick Total		\$1,698,759
Garrett	Accident	13,225
	Deer Park	12,248
	Friendsville	16,815
	Grantsville	20,118
	Kitzmiller	22,030
	Loch Lynn Heights	21,475
	Mountain Lake Park	69,520
	Oakland	81,761

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<u>County</u>	<u>Municipality</u>	<u>Sum of Amount</u>
Garrett Total		\$257,194
Harford	Aberdeen	284,244
	Bel Air	221,868
	Havre De Grace	229,215
Harford Total		\$735,327
Kent	Betterton	12,394
	Chestertown	89,976
	Galena	11,221
	Millington KC	7,459
	Rockhall	39,565
Kent Total		\$160,616
Montgomery	Somerset	20,566
	Brookeville	3,828
	Chevy Chase Section	51,251
	Chevy Chase Section III	12,057
	Chevy Chase Section V	9,723
	Chevy Chase Section View	16,773
	Chevy Chase Villiage	39,420
	Drummond	1,907
	Friendship Heights	28,581
	Gaithersburg	740,675
	Garrett Park	18,825
	Glen Echo	6,721
	Kensington	42,628
	Laytonsville	7,203
	Martins Addition	12,992
	North Chevy Chase	9,615
	Oakmont	2,093
	Poolsville	97,544
	Rockville	1,117,350
	Takoma Park MC	200,314
	Washington Grove	17,057
Montgomery Total		\$2,457,125
Prince George's	Berwyn Heights	59,689
	Bladensburg	78,754
	Bowie	1,007,708
	Brentwood	43,069

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<u>County</u>	<u>Municipality</u>	<u>Sum of Amount</u>
	Capitol Heights	64,146
	Cheverly	90,015
	College Park	252,774
	Colmar Manor	21,283
	Cottage City	20,962
	District Heights	90,725
	Eagle Harbor	7,298
	Edmonston	26,827
	Fairmount Heights	25,453
	Forest Heights	42,826
	Glenarden	72,777
	Greenbelt	214,062
	Hyattsville	216,395
	Landover Hills	25,160
	Laurel	336,868
	Morningside	24,250
	Mount Rainier	87,702
	New Carrollton	134,576
	North Brentwood	9,901
	Riverdale	85,388
	Seat Pleasant	52,841
	University Park	48,199
	Upper Marlboro	13,192
Prince George's Total		\$3,152,843
Queen Anne's	Barclay	2,837
	Centreville	72,137
	Church Hill	10,248
	Millington QA	269
	Queenstown	14,132
	Sudlersville	6,666
	Templeville Queen Anne	603
Queen Anne's Total		\$106,891
St. Mary's	Leonardtown	53,081
St. Mary's Total		\$53,081
Somerset	Crisfield	68,529
	Princess Anne	50,528
Somerset Total		\$119,057
Talbot	Easton	345,234

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<u>County</u>	<u>Municipality</u>	<u>Sum of Amount</u>
	Oxford	24,356
	St. Michaels	32,099
	Trappe	22,949
Talbot Total		\$424,637
Washington	Boonsboro	68,902
	Clear Spring	9,945
	Funkstown	18,859
	Hagerstown	722,882
	Hancock	43,804
	Keedysville	25,894
	Sharpsburg	22,680
	Smithsburg	55,167
	Williamsport	47,561
Washington Total		\$1,015,695
Wicomico	Commonwealth of Delmar	63,387
	Fruitland	111,837
	Hebron	25,260
	Mardela Springs	13,300
	Pittsville	41,948
	Salisbury	556,945
	Sharptown	27,052
	Willards	26,084
Wicomico Total		\$865,812
Worcester	Berlin	83,082
	Ocean City	298,068
	Pokomoke City	88,246
	Snow Hill	57,165
Worcester Total		\$526,562
Grand Total		\$15,379,979