

**J00H01**  
**Maryland Transit Administration**  
Maryland Department of Transportation

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$623,816	\$640,973	\$653,940	\$12,968	2.0%
Contingent & Back of Bill Reductions	0	0	-609	-609	
<b>Adjusted Special Fund</b>	<b>\$623,816</b>	<b>\$640,973</b>	<b>\$653,331</b>	<b>\$12,358</b>	<b>1.9%</b>
Federal Fund	42,028	56,741	56,735	-6	
<b>Adjusted Federal Fund</b>	<b>\$42,028</b>	<b>\$56,741</b>	<b>\$56,735</b>	<b>-\$6</b>	<b>0.0%</b>
<b>Adjusted Grand Total</b>	<b>\$665,844</b>	<b>\$697,713</b>	<b>\$710,066</b>	<b>\$12,352</b>	<b>1.8%</b>

- A \$2.0 million special fund deficiency is included in the budget submission to provide a grant to Baltimore City to support operation of the Charm City Circulator, a free downtown shuttle service.
- The fiscal 2015 allowance for the Maryland Transit Administration (MTA) increases by \$12.4 million (1.8%) over the current year working appropriation.
- The fiscal 2015 allowance may be underfunded in several areas. Specifically, there are no increases for mobility services or union wages.

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

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***Paygo Capital Budget Data***

(\$ in Thousands)

	<b>Fiscal 2013</b>	<b>Fiscal 2014</b>		<b>Fiscal 2015</b>
	<b><u>Actual</u></b>	<b><u>Legislative</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>
Special	\$229,240	\$216,267	\$326,715	\$369,331
Federal	\$164,748	\$322,018	\$230,938	\$270,383
<b>Total</b>	<b>\$393,988</b>	<b>\$538,285</b>	<b>\$557,653</b>	<b>\$639,714</b>

Note: The fiscal 2015 allowance does not include the contingent and back of the bill reductions to health insurance contributions and retirement reinvestment.

- The fiscal 2014 working appropriation is \$19.4 million higher than the legislative appropriation. This does not include “other funds” which do not flow through the MTA budget but which support some of MTA’s capital projects. If other funds are included, the increase between the legislative and working appropriations increases to \$44.7 million.
- The fiscal 2015 allowance increases by \$82.1 million over the current year working appropriation, exclusive of other funds. If other funds are included, the increase between the two years drops to \$66.9 million. The largest changes in funding occur in the two new transit projects – the Red and Purple lines.

***Operating and PAYGO Personnel Data***

	<b><u>FY 13 Actual</u></b>	<b><u>FY 14 Working</u></b>	<b><u>FY 15 Allowance</u></b>	<b><u>FY 14-15 Change</u></b>
Regular Operating Budget Positions	2,995.50	3,005.50	3,201.50	196.00
Regular PAYGO Budget Positions	<u>92.00</u>	<u>92.00</u>	<u>94.00</u>	<u>2.00</u>
<b>Total Regular Positions</b>	<b>3,087.50</b>	<b>3,097.50</b>	<b>3,295.50</b>	<b>198.00</b>
Operating Budget FTEs	15.00	16.00	16.00	0.00
PAYGO Budget FTEs	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total FTEs</b>	<b>16.00</b>	<b>16.00</b>	<b>16.00</b>	<b>0.00</b>
<b>Total Personnel</b>	<b>3,103.50</b>	<b>3,113.50</b>	<b>3,311.50</b>	<b>198.00</b>

**Vacancy Data: Regular Positions**

Turnover and Necessary Vacancies, Excluding New Positions	109.41	3.53%
Positions and Percentage Vacant as of 12/31/13	149.00	4.81%

- The fiscal 2015 allowance for MTA includes 196 new regular operating budget positions and 2 new regular pay-as-you-go budget positions. Of the new operating positions, 162 represent positions created to eliminate inappropriate long-term use of temporary employees. The remaining 64 new operating budget positions are for support of current operations, primarily bus service.
- Turnover is budgeted at 3.53% requiring the equivalent of 109.41 positions to remain vacant the entire fiscal year. As of December 31, 2013, MTA had 149.00 vacant positions for a vacancy rate of 4.81%. Therefore, the capacity exists in the allowance to fill an additional 40.41 positions.

## *Analysis in Brief*

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### Major Trends

**Boardings Decrease in Fiscal 2013:** Overall ridership decreased by 4.2% in fiscal 2013 reflecting the weak economy. Ridership increases 6.3% for fiscal 2014, and 2.0% for fiscal 2015 is projected. This equates to an average annual growth rate of 0.9% between fiscal 2012 and 2015.

**On-time Performance:** On-time performance remained the same or improved in fiscal 2013 for Metro, light rail, and the Maryland Area Regional Commuter (MARC) service. For bus and mobility services, on-time performance declined by one percentage point in fiscal 2013.

**Farebox Recovery:** Farebox recovery rates for all services but MARC remained well below the 35% requirement set in statute in fiscal 2013. Rate increases scheduled to go into effect in fiscal 2015 are projected to have a small positive impact on farebox recoveries.

**Performance Goals:** Operating expenses per revenue mile are projected to increase for core bus, light rail, and Metro services between fiscal 2013 and 2015. At the same time, passengers per revenue mile are projected to remain constant or to decline. Yet, inexplicably, operating expenses per passenger trip are projected to decline in fiscal 2014 for both light rail and Metro. **MTA should explain how it calculates its efficiency measures and why expenses per passenger trip are projected to decline in fiscal 2014.**

### Issues

**New Positions Allowed to End Inappropriate Use of Temporary Employment:** Of the 196 new positions contained in MTA's fiscal 2015 allowance, 162 are requested to allow the practice of using temporary employees on an ongoing basis to perform routine tasks. **MTA should explain why temporary employees were needed and the policy and operational changes that have been made to ensure this issue does not recur.**

**MTA's Contract with Its Largest Union Expires on June 30, 2014:** Negotiations between MTA and its transit union are slated to begin soon to replace the agreement that expires at the end of fiscal 2014. As of June 30, 2013, the MTA pension plan for its union employees had a funded status of just 42.6%. The Washington Metropolitan Area Transit Authority (WMATA) and its transit union recently concluded negotiations on a new contract, which requires its employees to begin contributing to its pension system. **MTA should attempt to negotiate a similar pension system contribution requirement for its transit employees in the upcoming collective bargaining negotiations.**

**Major Transit Projects Advance in the Consolidated Transportation Program:** The Baltimore Red Line, the Purple Line, and the Corridor Cities Transitway were all moved from the development and evaluation program to the construction program in the 2014 to 2019 *Consolidated Transportation Program*. **The Maryland Department of Transportation (MDOT) should comment on the**

**progress of developing the request for proposals for the Purple Line, provide a status report on securing commitments on the regional contributions for both projects, and indicate if it has received any advanced information on federal funding.**

***Fares to Be Increased in Fiscal 2015:*** The Transportation Infrastructure Investment Act of 2013 requires MTA to increase base fares in fiscal 2015 and every two years thereafter based on increases in the Consumer Price Index. MTA advises that the implementation date and detail on the amount fares will be increased are being developed. **MTA should comment on when it expects information on the timing and magnitude of the fare increase to be made public.**

## **Operating Budget Recommended Actions**

1. Concur with Governor's allowance.

## **PAYGO Budget Recommended Actions**

1. Concur with Governor's allowance.

## **Updates**

***Utilization of Audio Recording Devices on Buses Statewide:*** During the 2013 legislative session, the budget committees adopted committee narrative requesting MTA to investigate the use of audio recording devices on buses operated by any transit agency in the State and to report on how transit services use audio recording devices and any limitations on when the devices can or cannot be used. MTA reported on how it uses audio recordings and how such recordings are used by WMATA and the six locally operated transit systems in Maryland that operate fleets with audio recording capabilities.

***MDOT Recommends against Implementation of Voucher Program for Low-income Individuals:*** A provision in the Transportation Infrastructure Investment Act of 2013 required MDOT to study implementation of a voucher program to provide free or reduced fare transit services to individuals whose household income does not exceed 125% of the federal poverty guideline. MDOT reported its findings and recommendations in December 2013. Due to the potential revenue loss and program costs of implementing a voucher program, MDOT recommends existing benefit programs be enhanced as needed to address transit needs.

***Paratransit Services for Dialysis Patients:*** Committee narrative adopted during the 2013 legislative session requested MDOT, in consultation with other groups, to conduct a study to estimate the demand for paratransit trips for dialysis patients and the funding required to meet that demand.

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MDOT engaged a consultant to conduct the study and submitted the required report in December 2013.

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## ***Budget Analysis***

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### **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 line as well as the management of the Maryland Area Regional Commuter (MARC) contracts with Amtrak and Bombardier.
- **Statewide Operations** provides technical assistance and operating grants to local jurisdictions' transit services, including Montgomery County's "Ride-On," Prince George's County's "the Bus," and Baltimore City's "Charm City Circulator" 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
- to provide a safe, crime free environment for customers and employees.

## Performance Analysis: Managing for Results

### 1. Boardings Decrease in Fiscal 2013

**Exhibit 1** provides detail on the percent change in boardings for services provided by MTA. Overall, MTA ridership experienced relatively high rates of growth in 2009. Due to high gas prices, growth was relatively high in fiscal 2009 at 4.0% even with the impact of the recession. Ridership declined in fiscal 2010 by 1.3% largely due to multiple snow events and higher growth rates in fiscal 2009. In fiscal 2011, ridership increased by 5.3%, as there was the bounce back from the prior year's winter events and overall ridership growth. Growth moderated in fiscal 2012 to 2.2%. In fiscal 2013, inclement weather from Hurricane Sandy and snowstorms impacted ridership, which declined a total of 4.2%. For fiscal 2014 and 2015, MTA is estimating small increases in ridership. The percent change in ridership in fiscal 2014 looks robust due to the decline experienced the prior year. The average annual growth between the fiscal 2012 actual and the 2014 estimate is 0.9%. **MTA should comment on the large decline in bus ridership and the correspondingly large increase in TaxiAccess ridership in fiscal 2013, whether the 18.0% of bus trips that were not on-time (see MFR discussion on On-time Performance) was a major factor in either of these changes, and the measures it is taking to improve on-time performance. MTA should also compare the average cost per TaxiAccess trip with that of the Mobility paratransit service and explain why the Mobility program is not better able to serve the customers that instead are relying on TaxiAccess.**

**Exhibit 1**  
**Percent Change in MTA Boardings**  
**Fiscal 2009-2015 Est.**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Est.</u> <u>2014</u>	<u>Est.</u> <u>2015</u>
Bus	4.7%	-0.8%	4.6%	1.5%	-7.3%	7.3%	1.6%
Metro	-2.8%	-1.5%	9.2%	5.3%	-1.0%	3.2%	1.9%
Light Rail	9.4%	-6.4%	6.1%	-1.3%	1.3%	11.0%	2.3%
Paratransit	11.6%	10.5%	11.7%	15.1%	6.2%	9.0%	8.3%
TaxiAccess	-12.1%	-22.5%	12.0%	11.7%	25.5%	-16.9%	1.4%
MARC	2.3%	0.2%	1.7%	2.7%	7.2%	0.4%	2.7%
Contracted Commuter Bus	6.9%	-2.9%	6.2%	4.7%	-2.4%	4.6%	2.7%
<b>Total</b>	<b>4.0%</b>	<b>-1.3%</b>	<b>5.3%</b>	<b>2.2%</b>	<b>-4.2%</b>	<b>6.3%</b>	<b>2.0%</b>

MARC: Maryland Area Regional Commuter

MTA: Maryland Transit Administration

Source: Maryland Transit Administration



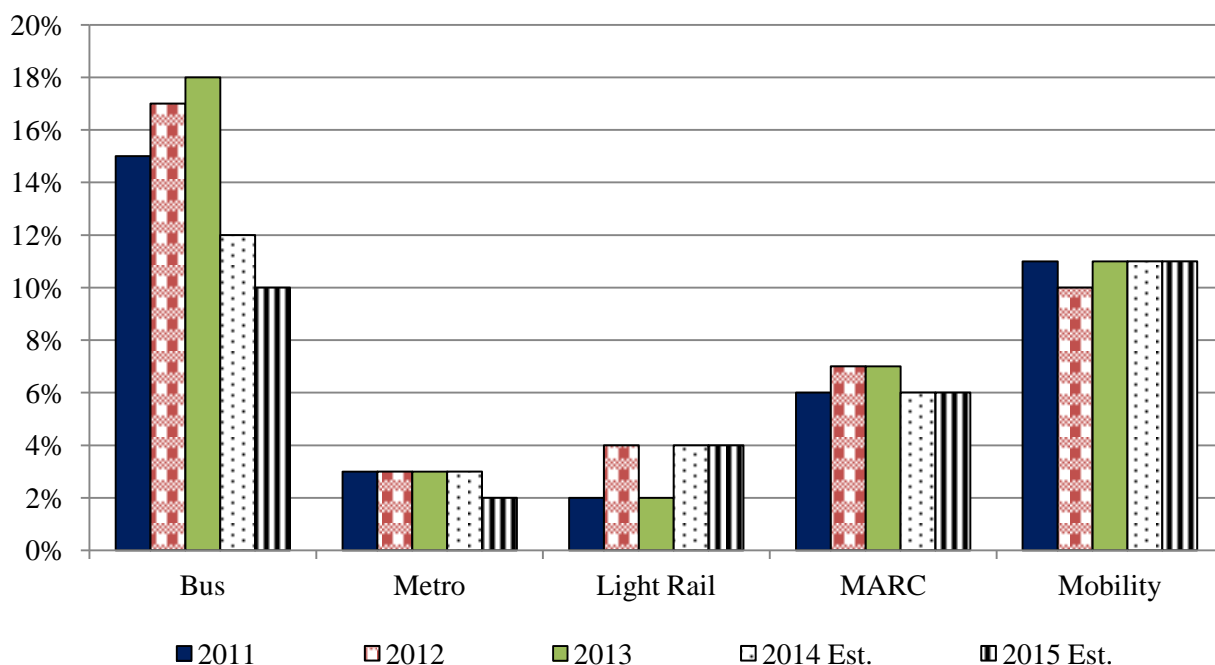
## Weekend MARC Ridership

Weekend service on the MARC Penn Line began on December 7, 2013, with nine round trips on Saturdays and six on Sundays. Funding for weekend service derives from the new revenues resulting from the passage of the Transportation Infrastructure Investment Act of 2013 (Chapter 429). Average daily ridership in December was 2,266, and in January 2014, it was 2,215. Average daily weekday ridership on all MARC lines is approximately 39,000.

## 2. On-time Performance

MTA seeks to provide high on-time performance for all of its services. **Exhibit 2** provides data on the percentage of service not provided on-time for bus, Metro, light rail, MARC, and mobility services. On-time performance remained the same or improved in fiscal 2013 for Metro, light rail, and MARC. Performance for bus and mobility services declined by one percentage point in fiscal 2013.

**Exhibit 2**  
**Trips Not On-time**  
**Fiscal 2011-2015 Est.**



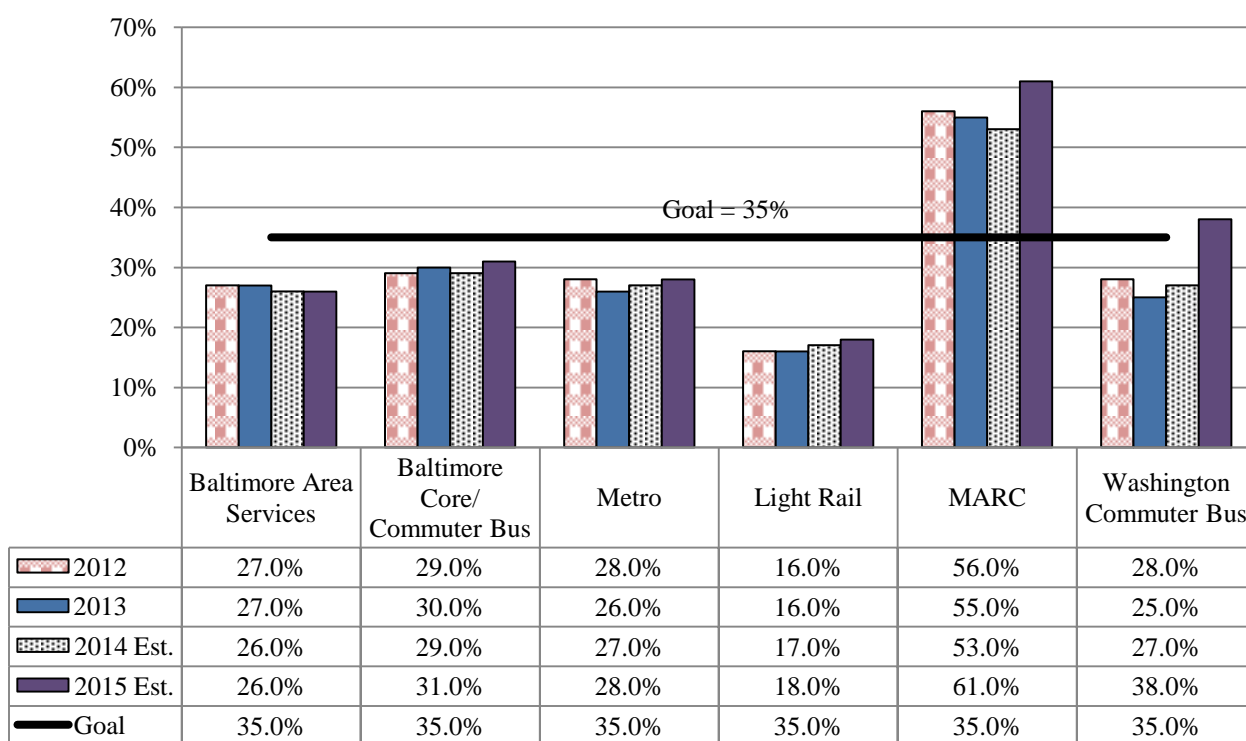
MARC: Maryland Area Regional Commuter

Source: Maryland Transit Administration

### 3. Farebox Recovery

Section 7-208 of the Transportation Article sets the statutory farebox recovery rate at 35% for Baltimore area core services and MARC service. **Exhibit 3** shows the farebox recovery by mode of transit and Baltimore core services. Baltimore area core services last had a farebox recovery rate of 35% in fiscal 2004 (when the farebox requirement was 40%). MARC farebox recovery has stabilized around 55% in recent years, well above the 35% threshold.

**Exhibit 3**  
**Farebox Recovery Rate**  
**Fiscal 2012-2015 Est.**



MARC: Maryland Area Regional Commuter

Source: Maryland Transit Administration

The farebox recovery rate for Baltimore services in fiscal 2012 and 2013 was 27%. While both Baltimore core bus/commuter bus and Metro exceeded this rate, the overall rate was pulled down by the lower rate achieved by the light rail (16%). Although fares are scheduled to increase in fiscal 2015, the Baltimore services rate is projected to be lower by one percentage point in both

fiscal 2014 and 2015, indicating that expenses are projected to increase by more than the additional revenues associated with the projected fare increase.

#### **4. Performance Goals**

Section 7-208 also requires MTA to develop performance goals for passenger trips per revenue vehicle mile, operating expenses per passenger trip, and operating expenses per revenue vehicle mile by transit mode. **Exhibit 4** shows the actual figures for fiscal 2012 and 2013 and the goal for fiscal 2014 and 2015.

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**Exhibit 4**  
**Performance Goals**  
**Fiscal 2012-2015 Est.**

	<u>2012</u>	<u>2013</u>	<u>2014 Est.</u>	<u>2015 Est.</u>
<b>Core Bus</b>				
Passengers Per Revenue Mile	3.9	3.5	3.5	3.5
Operating Expenses Per Passenger Trip	\$4.05	\$4.46	\$4.54	\$4.57
Operating Expenses Per Revenue Vehicle Mile	\$15.60	\$15.53	\$15.79	\$15.95
<b>Light Rail</b>				
Passengers Per Revenue Mile	2.8	2.7	2.5	2.3
Operating Expenses Per Passenger Trip	\$4.93	\$5.54	\$5.46	\$5.55
Operating Expenses Per Revenue Vehicle Mile	\$14.00	\$14.73	\$15.50	\$15.99
<b>Metro</b>				
Passengers Per Revenue Mile	3.3	3.0	3.0	3.0
Operating Expenses Per Passenger Trip	\$3.52	\$3.52	\$3.42	\$3.49
Operating Expenses Per Revenue Vehicle Mile	\$11.58	\$10.50	\$10.99	\$11.30

Source: Maryland Transit Administration

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From fiscal 2013 to 2015, the passengers per revenue mile are projected to remain unchanged for core bus and Metro and decline for light rail. Operating expenses per revenue mile increase for all three services. Inexplicably, with expenses increasing and passengers per mile unchanged or decreasing, operating expenses per passenger trip are projected to decline in fiscal 2014 for both light rail and Metro. **MTA should explain how it calculates its efficiency measures and why expenses per passenger trip are projected to decline in fiscal 2014.**

**Peer Performance**

Each year, MTA is required by statute to submit a report that compares MTA to other similar transit systems nationwide. **Exhibit 5** shows this comparison for operating expenses per revenue vehicle mile, operating expenses per passenger trip, and passenger trips per revenue vehicle mile based on fiscal 2012 data. MTA had the second highest operating expenses per revenue mile compared to its peers but did better than all but two of its peers on the operating expenses per passenger trip measure and had the second best performance on passenger trips per revenue mile.

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**Exhibit 5**  
**Performance Indicators for MTA and Peer Transit Systems**  
**Fiscal 2012**

	<u>Operating Expenses Per Revenue Vehicle Mile</u>	<u>Operating Expenses Per Passenger Trip</u>	<u>Passenger Trips Per Revenue Vehicle Mile</u>
Baltimore	\$15.60	\$4.04	3.86
Average	13.35	4.77	3.11
Atlanta	9.28	3.43	2.70
Dallas	8.94	6.32	1.41
Houston	8.71	4.99	1.75
New York	26.30	3.11	8.47
Pittsburgh	15.02	5.08	2.96
San Jose	14.98	6.75	2.22
Seattle	12.91	4.50	2.87
Utah	7.68	5.30	1.45
Washington, DC	14.03	4.14	3.39

MTA: Maryland Transit Administration

Source: Maryland Transit Administration; National Transit Database

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## **Fiscal 2014 Actions**

### **Proposed Deficiency**

A \$2 million grant to Baltimore City, to help fund its free downtown bus service, the Charm City Circulator (CCC), is included in the budget as a fiscal 2014 special fund deficiency. The grant is included every year in the MDOT forecast and is identified as funded by the increased revenues resulting from passage of the Transportation Infrastructure Investment Act of 2013 (Chapter 429). MDOT had included funding for this grant in a budget amendment it submitted to the budget committees for review during fall 2013. Because it was a new grant, the budget committees requested that the funds be removed from the budget amendment request and instead be included in the budget submitted for review during the 2014 session.

While the CCC operates on a much more limited basis than MTA's transit services in Baltimore City, the four CCC routes do cover much of the same territory in the downtown area that is served by MTA bus, light rail, and Metro. Since CCC is a free service to customers, it likely serves customers who might otherwise pay to use MTA's systems. Given that MTA's farebox recoveries in the Baltimore area are below the statutory requirements, this grant would appear to be counterproductive to efforts to comply with statute. **MDOT should provide an estimate of the impact CCC service has on MTA's Baltimore area farebox revenues and list the benefits the State will receive in subsidizing operation of the CCC.**

### **Proposed Budget**

As shown in **Exhibit 6**, MTA's fiscal 2015 allowance is \$12.4 million higher than the current year working appropriation. Personnel expenses increase a net \$1.9 million. Rail Operations account for \$7.0 million of the remaining increase, and Statewide Operations add \$2.7 million in spending.

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**Exhibit 6**  
**Proposed Budget**  
**MDOT – Maryland Transit Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Total</u></b>
2014 Working Appropriation	\$640,973	\$56,741	\$697,713
2015 Allowance	<u>653,331</u>	<u>56,735</u>	<u>710,066</u>
Amount Change	\$12,358	-\$6	\$12,352
Percent Change	1.9%		1.8%

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**Where It Goes:**

**Personnel Expenses**

New positions.....	\$7,629
Annualized salary increases .....	7,057
Retirement contributions .....	3,312
Workers' compensation contributions .....	1,528
Turnover adjustments.....	546
Overtime.....	155
Employee and retiree health insurance.....	-1,737
Vacant positions reset to base .....	-6,772
Eliminate use of temporary employees .....	-9,797
Other fringe benefit adjustments .....	-20

**Administration**

Upgrades/repairs to MTA headquarters at 6 St. Paul Street.....	500
Insurance – State Insurance Trust Fund .....	84
Audit services.....	72
In-state routine travel at fiscal 2013 actual level.....	52
Telephone.....	46
Rent .....	29
Office of Administrative Hearings .....	28
Equipment rentals .....	-32
Equipment repairs and maintenance .....	-34
Various contractual services .....	-38
Management studies.....	-38
Help wanted advertising.....	-64
Training.....	-461

**Bus Operations**

Equipment repairs and maintenance .....	1,561
Contractual services – training.....	1,215
Vehicles – gas and oil .....	588
Utilities – electricity.....	-1,182
Vehicles – maintenance and repair.....	-1,642

**Rail Operations**

MARC Amtrak contract.....	3,088
Vehicle gas and oil .....	2,464
Vehicle maintenance and repair .....	1,387
MARC third-party contract .....	1,269
Supplies – train control and electric traction power.....	573
Non-Department of General Services (DGS) rent .....	359
Supplies – building.....	250

**Where It Goes:**

In-state routine travel at fiscal 2013 actual level.....	174
Utilities – water/sewage .....	-70
MARC CSX access contract .....	-208
Grounds maintenance.....	-1,293
Fuel and electricity .....	-1,337

**Statewide Operations**

Southern Maryland – commuter bus service.....	660
Baltimore City – Charm City Circulator grant.....	2,000

**Where It Goes:**

Non-DGS rent .....	154
Other Changes.....	297
<b>Total</b>	<b>\$12,352</b>

MARC: Maryland Area Regional Commuter

MTA: Maryland Transit Administration

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

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## **Potential Underfunding**

Several areas of MTA appear to be underfunded. Specifically, mobility service contracts include no increase from the current year working appropriation despite fiscal 2013 actual spending for these services being \$12.3 million higher than the budget for the current year. In addition, the MTA budget does not include funds to cover any salary or benefit increases that might be agreed upon in negotiations with its labor union workforce. It has been MTA's practice not to include funds for salary and benefit increases until the amounts have been negotiated, and the MDOT forecast specifically accounts for such increases as a line item in its expenditures calculations. However, no such practice applies to MTA's major contracts. **MTA should discuss the sufficiency of the fiscal 2015 allowance with regard to major contracts such as mobility services.**

## **Cost Containment**

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management – Personnel and the State Retirement Agency. For MTA, these actions reduce the fiscal 2015 special fund allowance by \$230,564 for health insurance and by \$378,783 for retirement reinvestment for a total reduction of \$609,347.

## PAYGO Capital Program

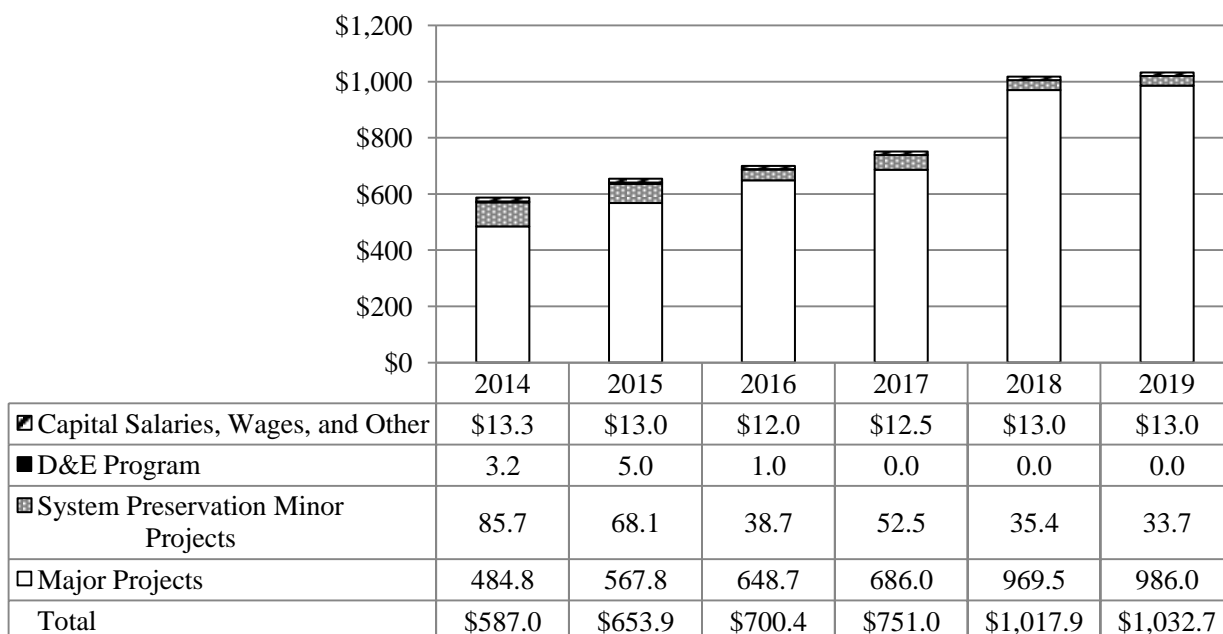
### Program Description

MTA's capital program provides funds to support the design, construction, rehabilitation, and acquisition of facilities and equipment for 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.

### Fiscal 2014 to 2019 Consolidated Transportation Program

The 2014 to 2019 six-year capital program for MTA totals \$4.7 billion (including "other funding" which does not flow through the State budget), a \$2.9 billion increase over the prior year's six-year program. Six-year funding increases for major projects (\$3.1 billion), system preservation and minor projects (\$29.0 million), and capital salary and wages (\$17.2 million), while development and evaluation projects decrease by \$222.3 million compared to the prior year program. **Exhibit 7** shows the programmed spending by category for fiscal 2014 to 2019.

**Exhibit 7**  
**Programmed Spending by Category**  
**Fiscal 2014-2019**  
**(\$ in Millions)**



D&E: development and evaluation

Source: Maryland Department of Transportation, 2014-2019 Consolidated Transportation Program



**Fiscal 2015 Capital Allowance**

The fiscal 2015 allowance for MTA's capital program totals \$653.9 million, an increase of \$66.9 million over the current year working appropriation. **Exhibit 8** shows the programmed fiscal 2015 capital spending for MTA by project and program along with estimated total project costs and six-year funding included in the *Consolidated Transportation Program* (CTP).

**Exhibit 8**  
**Maryland Transit Administration PAYGO Capital Allowance**  
**Fiscal 2015**  
**(\$ in Millions)**

<u>Project\Program Title</u>	<u>2015</u>	<u>Total Cost</u>	<u>Six-year Total</u>
<b>Projects</b>			
MARC Maintenance, Layover and Storage Facility	\$0.2	\$52.6	\$18.2
MARC Improvements on Camden, Brunswick, and Penn Lines	33.0	261.6	134.5
MARC Coaches – Overhauls and Replacement	28.9	194.8	117.4
MARC Locomotives – Overhauls and Replacement	15.5	151.6	55.8
MARC Positive Train Control	6.4	14.1	13.9
MARC West Baltimore Station Parking Expansion	0.5	10.5	6.3
MARC BWI Station Upgrades and Repairs	1.0	5.9	4.2
Homeland Security	14.3	53.9	33.8
Freight Bridge Rehabilitation	2.8	21.2	8.7
Light Rail Vehicle Overhaul	21.2	192.3	174.6
Metro Railcar Overhauls and Replacement	8.9	335.9	73.2
Metro Signal System Preservation and Replacement	3.8	335.0	112.4
Metro Interlocking Renewals	5.4	11.4	6.7
Kirk Bus Facility Replacement	33.2	139.5	127.5
Bus Communications Systems Upgrade	15.0	33.9	29.0
Bus New Main Shop	18.2	37.4	35.4
CAD/AVL Systems	1.0	17.4	2.5
Closed Circuit Television Improvements	0.8	26.7	3.4
Southern Maryland Commuter Bus Initiative	6.1	27.7	13.0
Takoma/Langley Park Transit Center (ARRA)	9.0	34.8	18.6
Central Maryland Transit Maintenance Facility	5.6	10.8	6.8
Replacement of Fare Collection Equipment and Smart Card Implementation	1.9	67.9	3.9
Agencywide Roof Replacement Program	4.3	22.4	16.9
Baltimore Red Line	90.9	2,432.1	1,550.0

*J00H01 – MDOT – Maryland Transit Administration*

<b><u>Project\Program Title</u></b>	<b><u>2015</u></b>	<b><u>Total Cost</u></b>	<b><u>Six-year Total</u></b>
Purple Line	158.9	1,627.9	1,227.7
Corridor Cities Transitway	10.0	240.8	100.2
D&E: MARC Growth and Investment Plan	2.0	15.9	4.2
D&E: Southern Maryland Mass Transportation Analysis	3.0	6.2	5.0
<b><i>Subtotal – Projects</i></b>	<b><i>\$501.9</i></b>	<b><i>\$6,382.4</i></b>	<b><i>\$3,903.8</i></b>
<b>Programs</b>			
System Preservation and Minor Projects	\$67.1	n/a	\$307.7
Bus Procurement	30.1	n/a	222.8
Mobility Vehicle Procurement	0.3	n/a	21.9
Locally Operated Transit Systems Capital Procurement Projects (ARRA)	16.9	n/a	100.5
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	7.5	n/a	25.2
Montgomery County Local Bus Program	15.2	n/a	45.4
Prince George’s County Local Bus Program	2.0	n/a	4.0
Capital Salaries	13.0	n/a	76.8
<b><i>Subtotal – Programs</i></b>	<b><i>\$152.0</i></b>	<b><i>\$0.0</i></b>	<b><i>\$804.3</i></b>
<b>Total – Projects and Program</b>	<b>\$653.9</b>	<b>\$6,382.4</b>	<b>\$4,708.1</b>

ARRA: American Recovery and Reinvestment Act of 2009  
 BWI: Baltimore-Washington International Thurgood Marshall Airport  
 CAD/AVL: Computer-aided Dispatch/Automated Vehicle Location  
 D&E: development and evaluation  
 MARC: Maryland Area Regional Commuter

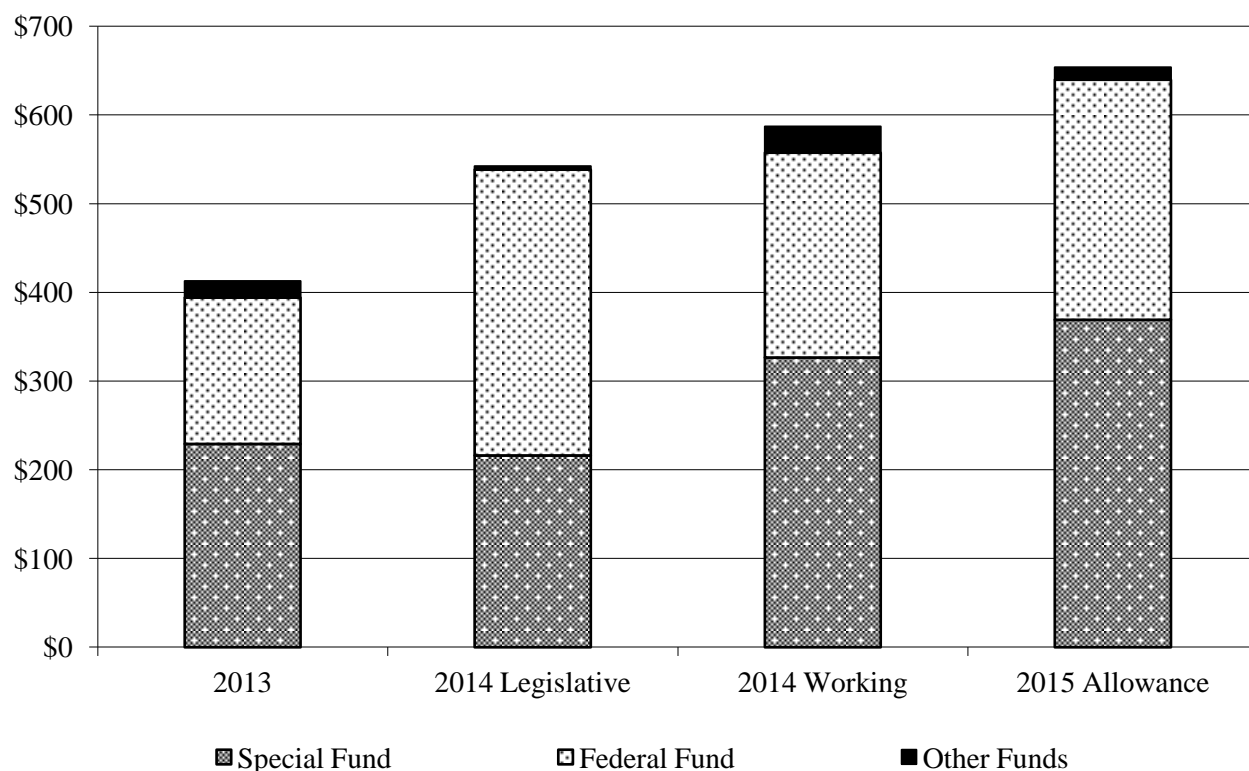
Note: Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

### **Fiscal 2014 and 2015 Cash Flow Analysis**

**Exhibit 9** shows the changes in MTA capital spending, including nonbudgeted “other funds,” for fiscal 2013 through the 2015 allowance and includes both the fiscal 2014 legislative and working appropriations. The fiscal 2014 working appropriation is \$44.7 million higher than the legislative appropriation, and the fiscal 2015 allowance increases an additional \$66.9 million over the current year working appropriation.

**Exhibit 9**  
**Cash Flow Changes**  
**Fiscal 2013-2015**



Source: *Maryland Budget Volume 1 – FY 2015; 2014-2019 Consolidated Transportation Program*

**Cash Flow Analysis – Fiscal 2014 Changes**

As seen in **Exhibit 10**, net increases between the fiscal 2014 legislative and working appropriations comprise \$16.4 million for major projects, \$3.0 million for development and evaluation projects, \$22.0 million for system preservation and minor projects, and \$3.3 million for capital salaries and wages.

**Exhibit 10**  
**Cash Flow Changes**  
**Fiscal 2014 Legislative to Working Appropriations**  
**(\$ in Thousands)**

<b>Major Projects</b>		<b>\$16,404</b>
MARC Locomotives – Overhauls and Replacements	\$25,300	
Purple Line	21,292	
Baltimore Red Line	20,899	
Light Rail Vehicle Overhaul	17,719	
Paul S. Sarbanes Transit Center	12,472	
Central Control Center	2,574	
MARC West Baltimore Station Parking Expansion	2,274	
Takoma/Langley Park Transit Center (ARRA)	1,851	
MARC Halethorpe Station Improvements	1,544	
Metro Railcar Overhauls and Replacement	1,057	
Closed Circuit Television Improvements	977	
Metro Signal System Preservation and Replacement	632	
CAD/AVL Systems	422	
MARC Edgewood Station	375	
Bus Procurement	300	
Metro Interlocking Renewals	266	
Metro Fire and Security Management Systems	155	
Metro Electrical Substation Improvements	155	
MARC BWI Station Upgrades and Repairs	-178	
Mobility Vehicle Procurement	-289	
Freight Bridge Rehabilitation	-1,420	
Agencywide Roof Replacement Program	-1,521	
Replacement of Fare Collection Equipment and Smart Card Implementation	-1,891	
Locally Operated Transit Systems Capital Procurement Projects (ARRA)	-1,986	
MARC Positive Train Control	-2,906	
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	-3,017	
MARC Improvements on Camden, Brunswick, and Penn Lines	-3,111	
Bus New Main Shop	-3,299	
Central Maryland Transit Maintenance Facility	-3,435	
Homeland Security	-3,927	
MARC Maintenance, Layover and Storage Facility	-4,101	
Bus Communications Systems Upgrade	-6,900	
Corridor Cities Transitway (CCT)	-6,943	

*J00H01 – MDOT – Maryland Transit Administration*

**Major Projects**

Montgomery County Local Bus Program	-10,477
Southern Maryland Commuter Bus Initiative	-10,492
MARC Coaches – Overhauls and Replacement	-13,021
Kirk Bus Facility Replacement	-14,946

**Development and Evaluation Projects**

**\$2,970**

MARC Growth and Investment Plan	\$2,166
Southern Maryland Mass Transportation Analysis	1,000
Assessment of Transit Needs for Maryland BRAC	-196

**System Preservation and Minor Projects**

**\$22,000**

**Capital Salaries and Wages**

**\$3,300**

**Total Change**

**\$44,674**

ARRA: American Recovery and Reinvestment Act of 2009  
BRAC: Base Realignment and Closure  
BWI: Baltimore-Washington International Thurgood Marshall Airport  
CAD/AVL: Computer-aided Dispatch/Automated Vehicle Location  
MARC: Maryland Area Regional Commuter

Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

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**Cash Flow Analysis – Fiscal 2014 to 2015 Changes**

As seen in **Exhibit 11**, the fiscal 2015 capital appropriations increase by \$66.9 million over the current year working appropriation. Increases in major projects (\$84.0 million) and development and evaluation projects (\$1.8 million) are partially offset by decreases in system preservation and minor projects (\$18.6 million) and for capital salaries and wages (\$0.3 million).

**Exhibit 11**  
**Cash Flow Changes**  
**Fiscal 2014 Working Appropriation to Fiscal 2015 Allowance**  
**(\$ in Thousands)**

<b>Major Projects</b>	<b>\$84,047</b>
Purple Line	\$95,986
Baltimore Red Line	29,403
Montgomery County Local Bus Program	14,677
Kirk Bus Facility Replacement	13,169
MARC Improvements on Camden, Brunswick, and Penn Lines	12,803
Bus Communications Systems Upgrade	12,034
Assistance to Private Non-profit Agencies for the Transportation of the Elderly and Persons with Disabilities	6,855
Metro Interlocking Renewals	4,564
Central Maryland Transit Maintenance Facility	4,354
Metro Railcar Overhauls and Replacement	3,624
Metro Signal System Preservation and Replacement	3,193
Takoma/Langley Park Transit Center (ARRA)	2,149
Agencywide Roof Replacement Program	2,069
Prince George's County Local Bus Program	2,000
Freight Bridge Rehabilitation	1,736
Bus New Main Shop	966
MARC BWI Station Upgrades and Repairs	418
Replacement of Fare Collection Equipment and Smart Card Implementation	-58
Metro Fire and Security Management Systems	-155
Metro Electrical Substation Improvements	-155
Corridor Cities Transitway	-240
MARC Positive Train Control	-332
MARC Edgewood Station	-375
CAD/AVL Systems	-499
Southern Maryland Commuter Bus Initiative	-816
Homeland Security	-1,333
MARC Halethorpe Station Improvements	-1,544
Closed Circuit Television Improvements	-1,942
Locally Operated Transit Systems Capital Procurement Projects (ARRA)	-3,282
Central Control Center	-5,111
Bus Procurement	-5,230
MARC West Baltimore Station Parking Expansion	-5,275
Mobility Vehicle Procurement	-6,323

*J00H01 – MDOT – Maryland Transit Administration*

**Major Projects**

MARC Locomotives – Overhauls and Replacements	-11,800
Paul S. Sarbanes Transit Center	-12,472
MARC Maintenance, Layover, and Storage Facility	-14,069
Light Rail Vehicle Overhaul	-14,759
MARC Coaches – Overhauls and Replacement	-40,183

**Development and Evaluation Projects**

**\$1,799**

Southern Maryland Mass Transportation Analysis	\$2,000
MARC Growth and Investment Plan	-201

**System Preservation and Minor Projects**

**-\$18,600**

**Major Projects**

**Capital Salaries and Wages**

**-\$300**

**Total Change**

**\$66,946**

ARRA: American Recovery and Reinvestment Act of 2009

BRAC: Base Realignment and Closure

BWI: Baltimore-Washington International Thurgood Marshall Airport

CAD/AVL: Computer-aided Dispatch/Automated Vehicle Location

MARC: Maryland Area Regional Commuter

Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

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**Projects Added to the Construction Program**

One project was added to the construction program, as shown in **Exhibit 12**. The project is to repair and replace Metro signaling equipment to improve reliability and safety.

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**Exhibit 12**  
**Projects Added to the Construction Program**  
**Fiscal 2014-2015**  
**(\$ in Thousands)**

<u>Project</u>	<u>2014</u>	<u>2015</u>	<u>Total Project Cost</u>
Metro Signal System Preservation and Replacement	\$632	\$3,825	\$334,970

Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

## **Projects Moved from the Development and Evaluation Program to the Construction Program**

As shown in **Exhibit 13**, Maryland's three major transit projects were moved from the development and evaluation program to the construction program. Spending on these projects is programmed at \$134.6 million in fiscal 2014 and \$259.8 million in fiscal 2015. Total project cost for these three projects sums to \$4.3 billion; however, this does not reflect the capital spending projected to be made by the public-private partnerships (P3) concessionaires but does include spending to be supported by local contributions (\$220.0 million for the Purple Line, \$250.0 million for the Red Line).

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**Exhibit 13**  
**Projects Moved from the D&E Program to the Construction Program**  
**Fiscal 2014-2015**  
**(\$ in Thousands)**

<b><u>Project</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>Total Project Cost</u></b>
Baltimore Red Line	\$61,499	\$90,902	\$2,432,103
Purple Line	62,891	158,877	1,627,943
Corridor Cities Transitway	10,240	10,000	240,811
<b>Total</b>	<b>\$134,630</b>	<b>\$259,779</b>	<b>\$4,300,857</b>

D&E: development and evaluation

Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

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## Issues

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### 1. New Positions Allowed to End Inappropriate Use of Temporary Employment

Of the 196 new positions contained in the fiscal 2015 allowance, 162 are requested to allow the practice of using temporary employees on an ongoing basis to perform routine tasks. MTA reports that the majority of these positions support current bus services. **In order to justify creation of these positions, MTA should detail for the budget committees:**

- the problem(s) for which the temporary employees were hired to address;
- the total number of temporary employees utilized and for what time period(s); and
- the policy and operational changes that have been instituted to ensure this issue does not recur.

### 2. MTA's Contract with Its Largest Union Expires on June 30, 2014

As of July 1, 2013, nearly 78% of MTA's 3,087.5 authorized positions were represented by one of three unions. The Amalgamated Transit Union – Local 1300 (ATU1300) represents the largest number of MTA employees as shown in **Exhibit 14**.

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**Exhibit 14**  
**MTA Employees Represented by a Union**  
**As of July 1, 2013**

<u>Union</u>	<u>Representing</u>	<u>Number of MTA Employees</u>	<u>% of Total</u>
Amalgamated Transit Union – Local 1300	Transit workers	2,187.0	71%
Office and Professional Employees International Union – Local 2	Office employees	85.0	3%
American Federation of State, County and Municipal Employees – Local 1859	Security personnel	132.0	4%
Non-union		683.5	22%
<b>Total</b>		<b>3,087.5</b>	<b>100%</b>

MTA: Maryland Transit Administration

Source: Maryland Department of Transportation, *Consolidated Transportation Bonds, Series 2013 (Second Issue) Official Statement*, November 20, 2013

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The current collective bargaining agreement between MTA and ATU1300 expires on June 30, 2014. MTA indicates that it expects fact-to-face meetings to negotiate the next agreement to begin in March. The collective bargaining agreements with the two smaller unions both expired in 2011. MTA advises that negotiations with Local 1859 are close to resolution with one work rule still under discussion and that a wage proposal was submitted to Local 2 at the end of January 2014.

## **General Salary Increases**

Employees represented by Local 1859 follow wage increases granted to the Department of Natural Resources' (DNR) police and are on the DNR police wage scale. Prior to the expiration of the contract in 2011, employees represented by Local 2 received wage increases in line with those granted to other State employees. Wage increases for employees represented by ATU1300 were negotiated as part of the collective bargaining contract. **Exhibit 15** shows the general salary increases received by MTA employees represented by ATU1300 since fiscal 2003, along with the increases general State employees have received.

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### **Exhibit 15 General Salary Increases Fiscal 2003-2014**

<b><u>Fiscal Year</u></b>	<b><u>ATU1300 Represented MTA Employees</u></b>	<b><u>State Employees</u></b>
2003	2.80%	None
2004	3.00%	None
2005	3.20%	\$752
2006	2.00%	1.50% or \$900
2007	2.50%	2.00% or \$1400
2008	3.00%	2.00%
2009	2.75%	2.00%
2010	2.75%	None
2011	2.75%	None
2012	2.75%	None
2013	2.50%	2.00%
2014	2.50%	3.00%

ATU: Amalgamated Transit Union

Source: Maryland Department of Transportation; Department of Legislative Services

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In the past, the budget committees have expressed intent that negotiated or arbitrated salary increases for transit workers be made in the context of broader State actions taken regarding wages and salaries to ensure equity among all State employees.

## **Employee Pensions**

MTA provides pension benefits to union employees, former union members promoted to management positions, and to management personnel who were originally employed by the Baltimore Transit Company, a predecessor to MTA. The MTA plan provides retirement and death and disability benefits and is funded in compliance with collective bargaining agreements. Employees are vested after 5 years of service. Employee retirement benefits are based on years of service times an annual benefit multiplier of 1.4 to 1.6% of final average compensation. Generally, retirement benefits are based on 30 years of service or attainment of age 65. According to MDOT's *Comprehensive Annual Financial Report*, as of June 30, 2013, the funded status (ratio of assets to liabilities) of the MTA pension plan stood at 42.6%.

Members of the MTA pension system do not contribute to the plan. Historically, this has been the case for employees of many transit systems in the country. In July 2013, however, the Washington Metropolitan Area Transit Authority (WMATA) entered into a four-year agreement with its transit union covering fiscal 2013 to 2016 that includes a requirement for employees to contribute 1% of salary to its pension plan beginning in fiscal 2015 and increasing to 3% of salary in fiscal 2016. State employees currently contribute 7% of salary to the State Employees and Teachers Pension System.

**Given the relatively poor funded status of the MTA pension plan and recognizing that employees of the WMATA transit system will begin contributing to their pension system beginning in fiscal 2015, it is recommended that MTA attempt to negotiate a similar pension system contribution requirement for its transit employees in the upcoming collective bargaining negotiations.**

### **3. Major Transit Projects Advance in the *Consolidated Transportation Program***

The Baltimore Red Line, the Purple Line, and the Corridor Cities Transitway (CCT) were all moved from the Development and Evaluation Program to the Construction Program in the 2014 to 2019 CTP. This advancement was made possible by the increased revenues resulting from passage of the Transportation Infrastructure Investment Act of 2013. **Exhibit 16** shows the programmed spending in the CTP by year for each project.

**Exhibit 16**  
**Programmed Spending for Major Transit Projects**  
**Fiscal 2014-2019**  
**(\$ in Millions)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Six-year Total</u>	<u>Balance to Complete</u>
Red Line	\$61.5	\$90.9	\$73.1	\$220.6	\$542.8	\$561.1	\$1,550.0	\$726.3
Purple Line	62.9	158.9	290.2	238.0	238.0	239.7	1,227.7	262.0
CCT	10.2	10.0	20.0	35.0	21.0	4.0	100.2	125.0
<b>Total</b>	<b>\$134.6</b>	<b>\$259.8</b>	<b>\$383.4</b>	<b>\$493.6</b>	<b>\$801.8</b>	<b>\$804.8</b>	<b>\$2,878.0</b>	<b>\$1,113.3</b>

CCT: Corridor Cities Transitway

Note: Programmed spending shown for the Red and Purple lines does not include projections of the anticipated construction funding to be made by the public-private partnership concessionaires for each project. The amount of concessionaire financing used in each project will be negotiated as part of the concessionaire agreement. For planning purposes, the programmed spending included in the *Consolidated Transportation Program* assumes concessionaire contributions of \$273.7 million for the Red Line and \$675.0 million for the Purple Line.

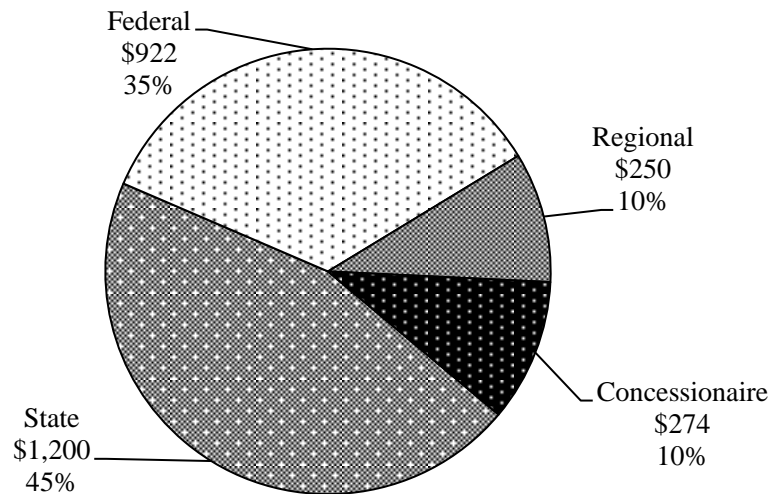
Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

Of the three projects, the CCT is the least far advanced in terms of planned sources of funding to support the project. While the estimated project cost for Phase I of the project – which entails construction of the first 9 miles of the total 16-mile project – is \$545 million, the CTP includes only \$100.2 million in State funding for planning, engineering, and right-of-way acquisition. The project information form indicates advancement to construction would depend on federal and/or regional funding to cover the balance of the costs.

The total project cost for the Red Line is currently estimated to be \$2.6 billion. For the Purple Line the estimate is \$2.2 billion. Sources of construction funding for each project comprise State, federal, and regional funds along with financing to be provided by the concessionaire (which is ultimately paid by the State) through payments to the concessionaire during the operating term of the concession. **Exhibit 17** shows the estimated share of funding for each project from these sources.

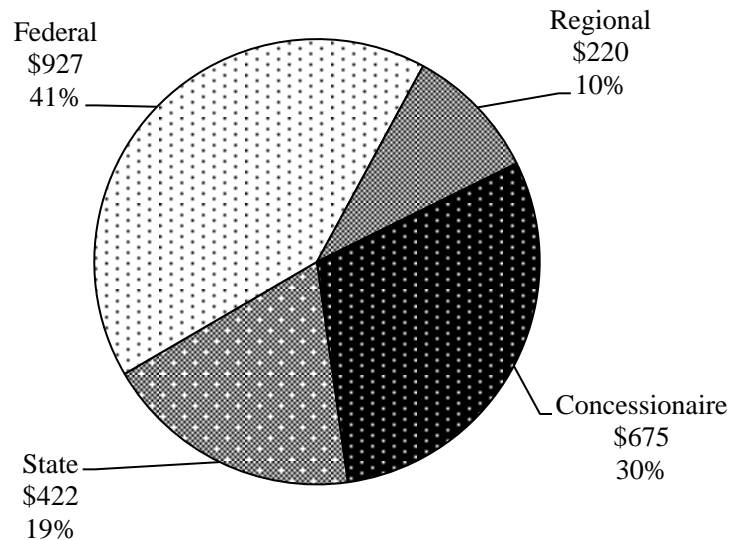
**Exhibit 17**  
**Red and Purple Line**  
**Sources of Construction Costs Funding**  
(\$ in Millions)

**Red Line**



**Total Estimated Cost: \$2,645 Million**

**Purple Line**



**Total Estimated Cost: \$2,245 Million**

Source: Maryland Department of Transportation

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Construction of the Red Line will be accomplished using a hybrid procurement approach with the majority of the work delivered through a conventional design-bid-build or design-build process. Because of this, the State share of funding during the construction phase of the project for the Red line (45%) is much higher than for the Purple Line (19%). However, because the contributions toward construction made by the concessionaires are repaid with interest by the State during the operating phases of each project, the State's share of construction will ultimately be roughly equal.

## **Project Status**

For the Red Line, the CTP shows construction beginning in fiscal 2015; however, peak cash flow occurs in fiscal 2019, and project completion is currently projected for fiscal 2023.

The Purple Line, which is being procured as a P3, was approved as a P3 project by the Board of Public Works (BPW) in November 2013. Shortly thereafter, MDOT released a request for qualifications to which six private-sector teams responded. In January 2014, MDOT shortlisted four of the teams to compete for the project. MDOT expects to issue a request for proposals (RFP) to the shortlisted teams in spring 2014 with responses due by fall 2014. Based on the responses to the RFP, MDOT will select one of the teams to be the concessionaire or private sector partner. MDOT is required to submit the final agreement to the budget committees for review prior to seeking BPW approval. Construction could begin as early as spring 2015.

## **Issues**

The major issues for these projects continue to be questions related to the federal and local funding assumptions. Federal New Starts funding of \$900 million is anticipated for both the Red and the Purple Lines, and each project includes an assumption that local governments will contribute 10% of the estimated construction costs. While MDOT has some flexibility to manage cash flows through use of short-term financing and/or its own Transportation Trust Fund special funds, a decrease in either the federal or local funding would require the use of additional State funds either during the construction phase of the projects or over the operating term of the concession agreement, if the private-sector partner provides financing to cover the decrease. The first indication of the level of federal support for these projects will likely be shown in President Barack H. Obama's budget to be released in February 2014.

**MDOT should comment on the progress of developing for the RFP for the Purple Line, provide a status report on securing commitments on the regional contributions for both projects, and indicate if it has received any advanced information on federal funding.**

## **4. Fares to Be Increased in Fiscal 2015**

Pursuant to the Transportation Infrastructure Investment Act of 2013, beginning in fiscal 2015 and every two years thereafter, MTA must increase base fare prices and the cost of multiuse passes, to the nearest 10 cents, for all transit services except commuter rail and commuter bus service, based on a specified biennial increase in the Consumer Price Index (CPI). Beginning in fiscal 2015 and

every five years thereafter, MTA must increase one-way zone fare prices and the cost of multi-use passes, to the nearest dollar, for commuter rail and commuter bus service by (1) at least the same percentage as the five-year increase in a specified CPI; and (2) by any additional amount MTA determines is necessary after considering certain factors affecting commuting costs.

MDOT is prohibited from (1) increasing transit fares, except commuter rail and commuter bus service, by more than a specified biennial increase in the CPI; and (2) increasing transit fares if there is a decline or no growth in the CPI. The amount of any increase in fares that would have occurred previously, in the absence of rounding, must be included when calculating fare increases for subsequent periods. The required MTA fare increases are not subject to specified public hearing requirements.

MTA advises that the fare changes are in development and that the date that the fare increase will go into effect has not yet been determined. Fare revenue is projected to increase \$9.2 million on an annualized basis. For fiscal 2015, the amount of additional revenue will depend on when the fare increase is implemented. MTA further advises that industry data indicates a 3.2% decline in ridership occurs in the first year after a change in fares for every 10.0% fare increase; however, where riders have limited alternatives, the ridership drop may be less.

**MTA should comment on when it expects information on the timing and magnitude of the fare increase to be made public.**

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.



## ***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Utilization of Audio Recording Devices on Buses Statewide**

#### **Background**

In fall 2012, MTA began a pilot program to activate audio recording devices on its local bus fleet that operates in Baltimore City and parts of Baltimore and Anne Arundel counties. While video recording equipment has been in place and operational on MTA buses for many years, this new use of the audio component of the equipment generated concern among some segments of the public and members of the General Assembly. During the 2013 legislative session, the budget committees adopted committee narrative requesting MTA to investigate the use of audio recording devices on buses operated by any transit agency in the State and report how transit services use audio recording devices and any limitations on when the devices can or cannot be used.

#### **Use of Audio Devices by MTA**

MTA uses audio (and video) recording equipment on its bus fleet to capture evidence that can be used to investigate and resolve three types of situations involving the safety or security of MTA vehicles, employees, or passengers. Audio recordings are used for:

- incidents which could result in a damage claim against the agency, such as a vehicle accident or personal injury occurring on a bus;
- customer service issues involving passengers and drivers to both determine the substance of complaints and to train operators in improving operational practices; and
- investigation of potential criminal incidents on board its buses.

MTA indicates that the use of audio recorded evidence is subject to the provisions of a detailed written policy that has been in effect since November 1, 2012. The policy specifies the departments within the agency that may access audio and video recordings and prohibits the dissemination of any kind of recorded evidence to any external party except pursuant to a court order. Currently, MTA has deployed audio recording equipment on 369 out of 771 buses in its fleet.

#### **Use of Audio Devices by Other Transit System in the State**

MTA surveyed the locally operated transit systems (LOTS) in Maryland on the use of audio recording devices. The LOTS exist in every county of the State, as well as in Annapolis and Ocean City. Currently, six of the LOTS use audio recording devices. MTA also queried WMATA on this issue because WMATA provides bus service on certain routes in Montgomery and Prince George's counties. The systems that use audio and summaries of how audio recordings are used are as follows:

**Cecil Transit (Cecil County)**

- The entire fleet (11 vehicles) is equipped with audio and video recording equipment.
- Audio and video recordings are used to investigate vehicle accidents or incidents involving drivers or passengers.
- Audio and video recordings may be reviewed only by the Chief of Transit services.
- A written policy for use of recorded data is in development.

**VanGo (Charles County)**

- The entire fleet (37 vehicles) is equipped with an audio and video system that records audio and video simultaneously.
- The system does not operate continuously but is activated automatically in the event of an impact, sudden turn, or sudden increase/decrease in speed. It can also be activated manually by the vehicle driver.

**Annapolis Transit (Annapolis)**

- The entire fleet (25 vehicles) is equipped with audio and video recording equipment.
- Recordings are used for accident investigations, customer service issues, and training.
- A written policy for use of recorded data is in development.

**TransIT Services of Frederick County (Frederick County)**

- Eight of 53 vehicles are equipped with audio and video recording equipment.
- Audio is recorded only in the immediate vicinity of the vehicle driver.
- Audio and video recordings are used for accident investigations, customer service issues, and training.

**TheBus (Prince George's County)**

- The entire fleet (93 vehicles) is equipped with an audio and video system that records audio and video simultaneously.

- The system does not operate continuously but is activated automatically in the event of an impact, a sudden stop, or sharp turn, or a sudden increase/decrease in speed. It can also be activated manually by the vehicle driver.
- Audio and video recordings are used primarily for training and, specifically, as a deterrent to unsafe driving practices by vehicle operators.

### **Ride On (Montgomery County)**

- 342 buses (approximately 77% of the fleet) are equipped with audio and video recording equipment.
- Audio is recorded only in the immediate vicinity of the vehicle driver.
- Audio and video recordings are used to investigate accidents or threats to the security of the bus operator or passengers.
- Any review of audio or video data is conducted under strict chain of command procedures and is limited to supervisors and safety officials.
- Audio evidence has not been used in any criminal prosecution to date.

### **WMATA (Operating in Montgomery and Prince George's Counties)**

- All buses are equipped with audio and video recording equipment.
- Audio is not continuously recorded but is activated automatically by certain movements of the vehicle such as swerving or sudden acceleration or breaking. It can also be activated manually by the vehicle driver.
- WMATA buses are also equipped with a separate Emergency Alarm (EA) system that the bus operator can activate in emergency situations that require response from police, fire, or ambulance service. When the EA is activated, audio equipment allows personnel in WMATA's Bus Operations Control Center to listen to what is happening on the bus, and this data can be recorded at the Control Center.

## **2. MDOT Recommends against Implementation of Voucher Program for Low-income Individuals**

A provision in the Transportation Infrastructure Investment Act of 2013 (Chapter 429) required MDOT to study implementation of a voucher program to provide free or reduced fare transit

services to individuals whose household incomes do not exceed 125% of the federal poverty guideline. MDOT reported its findings and recommendation in December 2013. The key findings include:

- there are numerous discounted fare programs in place statewide that offer discounts to elderly, low-income, and disabled customers;
- within the MTA transit system, 31.0% of patrons are currently using some form of discounted fare or employer sponsored transit program offered through MTA's fare program;
- the 18- to 64 year old age group:
  - is the least likely group to qualify for an existing discounted fare program;
  - comprises 59.6% of Maryland residents at or below 125.0% of the federal poverty guidelines;
  - totals just over 424,000 individuals; and
- based on the assumption that utilization of vouchers would vary based on the level of discount, revenue loss from a voucher program would range from an annual \$68.1 million based on a 25.0% fare discount, to \$336.2 million based on a 100.0% fare discount; and
- there would be a one-time implementation cost of approximately \$338,000 to establish a voucher program and an annual cost of approximately \$1.4 million to administer it.

Based on these findings, MDOT does not recommend implementation of a voucher program. It notes that transit agencies have historically demonstrated a strong sensitivity to those in need by providing deep discounts and free passes for various assistance programs. MDOT goes on to suggest that enhancing existing assistance programs that currently include eligibility verification systems would make more sense than creating new entities within MTA. Each of the county transit providers and the associated costs of providing transit pass products to clients could be built into the benefit provider agency budgets.

### **3. Paratransit Services for Dialysis Patients**

Committee narrative adopted during the 2013 legislative session requested MDOT, in consultation with the Department of Health and Mental Hygiene, the Maryland Association of Counties, and the Transportation Association of Maryland, Inc. to conduct a study to estimate the demand for paratransit trips for dialysis patients and the funding required to meet that demand. MDOT engaged a consultant to prepare the analysis and submitted the required report in December 2015.

## **Summary of Findings**

The consultant reported that:

- in 2012, there were 8,300 patients in Maryland receiving dialysis at 114 dialysis centers in the State;
- almost half the trips (49%) were made using public paratransit at a cost of \$19.3 million;
- by 2020 the number of Marylanders receiving dialysis is projected to grow to 10,600; and
- the projected cost of public paratransit trips in 2020 is \$27.5 million.

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets MDOT – Maryland Transit Administration (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2013</b>					
Legislative Appropriation	\$0	\$601,161	\$56,735	\$0	\$657,895
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	22,837	-12,116	0	10,721
Reversions and Cancellations	0	-182	-2,591	0	-2,773
<b>Actual Expenditures</b>	<b>\$0</b>	<b>\$623,816</b>	<b>\$42,028</b>	<b>\$0</b>	<b>\$665,844</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$0	\$619,873	\$56,735	\$0	\$676,608
Budget Amendments	0	21,100	6	0	21,106
<b>Working Appropriation</b>	<b>\$0</b>	<b>\$640,973</b>	<b>\$56,741</b>	<b>\$0</b>	<b>\$697,713</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

The fiscal 2013 budget for MTA closed out \$7.9 million higher than the legislative appropriation. Budget amendments added a net \$10.7 million with end-of-year cancellations totaling \$2.8 million partially offsetting this increase.

Special funds added by budget amendment totaled a net \$22.8 million. Special fund increases comprised additional spending for mobility services (\$16.2 million), replacement for federal funding deemed ineligible for rail operations (\$12.2 million), increased costs of diesel fuel and bus repair (\$7.2 million), switching bus ticket sales from vendors to MTA (\$6.7 million), additional funding for Montgomery County local bus operations (\$5.0 million), and the general salary increase (\$509,010). These special fund increases were partially offset by fewer liability claims and greater than expected recoupment from third-party insurance companies (-\$6.1 million) and a delay in the MARC third-party operations contract (\$19.0 million). Federal fund budget amendments decreased spending by a net \$12.1 million, comprising a reduction of \$12.2 million, due to grant funds being deemed ineligible for rail operations (-\$12.2 million) partially offset by funds added for the general salary increase (\$82,075).

The special fund cancellation of \$182,159 was due primarily to utility cost savings resulting from the mild winter. The federal fund cancellations comprised \$2.5 million used to cover a fiscal 2012 over accrual and a delay in receipt of operations and maintenance grant funds (\$89,900).

## **Fiscal 2014**

The fiscal 2014 working appropriation for MTA is \$21.1 million higher than the legislative appropriation. Special funds added by budget amendment comprise additional support for Montgomery and Prince George's counties local bus operations (\$11,565,000), expanded MARC and commuter bus service (\$8,640,814), funding for the general salary increase (\$695,371), and employee increments (\$198,318). Federal funds of \$6,161 were added by budget amendment for employee increments.



## ***Audit Findings***

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Audit Period for Last Audit:	November 1, 2007 – December 31, 2010
Issue Date:	February 2012
Number of Findings:	11
Number of Repeat Findings:	1
% of Repeat Findings:	9%
Rating: (if applicable)	n/a

- Finding 1:** MTA did not ensure the propriety of payments for employee and retiree healthcare costs.
- Finding 2:** MTA lacked adequate procedures and controls to ensure that amounts paid under a \$10 million engineering contract were proper.
- Finding 3:** MTA did not always use the appropriate payment method for disbursement transactions, as required.
- Finding 4:** MTA did not adequately control payroll payments and pension records for union operator employees.
- Finding 5:** The Mobility Paratransit Program (MPP) eligibility process was not sufficiently controlled.
- Finding 6:** MTA did not have a process in place to adequately monitor one MPP contract and related payments.
- Finding 7:** MTA did not attempt to obtain refunds of federal and State excise taxes paid for fuel used in State vehicles by the three MPP vendors. During fiscal 2011, MTA paid the vendors approximately \$744,000 in federal and State excise taxes.
- Finding 8:** The RFP application process for disabled individuals was not sufficiently controlled.
- Finding 9:** MTA did not maintain reliable mileage records to ensure that bus inspections were performed as required.
- Finding 10:** **Inventories of materials and supplies were not adequately controlled.**
- Finding 11:** MTA did not accurately maintain detail records and account for all its equipment.

\*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report**  
**MDOT – Maryland Transit Administration**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	2,995.50	3,005.50	3,201.50	196.00	6.5%
02 Contractual	15.00	16.00	16.00	0.00	0%
<b>Total Positions</b>	<b>3,010.50</b>	<b>3,021.50</b>	<b>3,217.50</b>	<b>196.00</b>	<b>6.5%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 274,243,572	\$ 299,624,613	\$ 302,134,546	\$ 2,509,933	0.8%
02 Technical and Spec. Fees	1,116,684	1,185,875	1,193,664	7,789	0.7%
03 Communication	1,418,255	1,177,418	1,210,718	33,300	2.8%
04 Travel	366,872	135,778	502,016	366,238	269.7%
06 Fuel and Utilities	10,757,938	13,984,242	11,199,095	-2,785,147	-19.9%
07 Motor Vehicles	59,642,721	71,238,709	74,356,737	3,118,028	4.4%
08 Contractual Services	243,399,151	222,832,610	229,700,108	6,867,498	3.1%
09 Supplies and Materials	8,904,674	6,123,840	6,400,029	276,189	4.5%
10 Equipment – Replacement	251,470	52,756	111,490	58,734	111.3%
11 Equipment – Additional	245,223	41,059	130,635	89,576	218.2%
12 Grants, Subsidies, and Contributions	58,236,907	73,564,542	75,564,542	2,000,000	2.7%
13 Fixed Charges	7,260,514	7,752,033	8,171,510	419,477	5.4%
<b>Total Objects</b>	<b>\$ 665,843,981</b>	<b>\$ 697,713,475</b>	<b>\$ 710,675,090</b>	<b>\$ 12,961,615</b>	<b>1.9%</b>
<b>Funds</b>					
03 Special Fund	\$ 623,815,770	\$ 640,972,668	\$ 653,940,444	\$ 12,967,776	2.0%
05 Federal Fund	42,028,211	56,740,807	56,734,646	-6,161	0%
<b>Total Funds</b>	<b>\$ 665,843,981</b>	<b>\$ 697,713,475</b>	<b>\$ 710,675,090</b>	<b>\$ 12,961,615</b>	<b>1.9%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary**  
**MDOT – Maryland Transit Administration**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Transit Administration	\$ 45,452,565	\$ 55,633,863	\$ 53,237,847	-\$ 2,396,016	-4.3%
02 Bus Operations	317,359,098	305,848,993	314,187,381	8,338,388	2.7%
04 Rail Operations	206,107,803	220,716,396	224,987,964	4,271,568	1.9%
05 Facilities and Capital Equipment	393,205,611	549,313,000	622,279,000	72,966,000	13.3%
06 Statewide Programs Operations	96,924,515	115,514,223	118,261,898	2,747,675	2.4%
08 Major IT Development Projects	781,914	8,340,000	17,435,000	9,095,000	109.1%
<b>Total Expenditures</b>	<b>\$ 1,059,831,506</b>	<b>\$ 1,255,366,475</b>	<b>\$ 1,350,389,090</b>	<b>\$ 95,022,615</b>	<b>7.6%</b>
Special Fund	\$ 853,055,577	\$ 967,687,668	\$ 1,023,271,444	\$ 55,583,776	5.7%
Federal Fund	206,775,929	287,678,807	327,117,646	39,438,839	13.7%
<b>Total Appropriations</b>	<b>\$ 1,059,831,506</b>	<b>\$ 1,255,366,475</b>	<b>\$ 1,350,389,090</b>	<b>\$ 95,022,615</b>	<b>7.6%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Budget Amendments for Fiscal 2014**  
**Maryland Department of Transportation**  
**Maryland Transit Administration – Operating**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$695,371	Special	General salary increase.
Approved	198,318	Special	Salary increments.
	6,161	Federal	
	<b>\$204,479</b>	<b>Total</b>	
Approved	11,565,000	Special	Additional funding for local bus service in Montgomery and Prince George's counties.
Pending	8,640,814	Special	Weekend MARC service on Penn Line; increased number of routes on MARC Camden line during the week; and expand commuter bus service in southern Maryland.

Source: Maryland Department of Transportation

**Budget Amendments for Fiscal 2014**  
**Maryland Department of Transportation**  
**Maryland Transit Administration – Capital**

<b><u>Status</u></b>	<b><u>Amendment</u></b>	<b><u>Fund</u></b>	<b><u>Justification</u></b>
Approved	\$127,315	Special	General salary increase.
Approved	38,968	Special	Salary increments.
Pending	\$110,281,449	Special	Adjust the amended appropriation to agree with the final fiscal 2014 to 2019 CTP.
	-91,080,000	Federal	
	<b>\$19,201,449</b>	<b>Total</b>	

CTP: *Consolidated Transportation Program*

Source: Maryland Department of Transportation