

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 965 (Delegate Walkup, *et al.*)
 Environmental Matters

Maryland Transit Administration - Commuter Bus Lines - Anne Arundel and Queen Anne's Counties

This bill requires the Maryland Transit Administration (MTA) to establish a commuter bus line between Anne Arundel County and Queen Anne's County.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) revenues would increase by \$51,600 and nonbudgeted revenues for the Maryland Transportation Authority (MdTA) by \$2,900 in FY 2007. Future revenue increases reflect full-year implementation of the bill, increases until it reaches the mature number of expected passengers in FY 2009, and 1% ridership growth after that. TTF expenditures could increase by as much as \$511,700 in FY 2007. However, the costs could be lower if the contractor MTA selects submits a lower bid. Future year expenditures reflect annualization and a 1% increase in operating costs.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
SF Revenue	\$51,600	\$92,900	\$116,100	\$134,200	\$135,600
NonBud Rev.	2,900	3,800	3,800	3,800	3,800
SF Expenditure	511,700	689,000	695,900	702,800	709,800
Net Effect	(\$457,200)	(\$592,300)	(\$576,000)	(\$564,800)	(\$570,400)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bus line must include stops in Anne Arundel County • at the Navy-Marine Corps Memorial Stadium; • at least one point within a reasonable walking distance of the State House and surrounding State government office buildings; and • the State Highway Administration (SHA) Park and Ride facility at Harry S. Truman Parkway and Riva Road.

In Queen Anne's County, the bus line must include stops at • the SHA Park and Ride facilities at U.S. 50 and State Highway 8, and U.S. 50 and Castle Marina Road, both on Kent Island; • U.S. 50 and State Highway 404 in Wye Mills; and • U.S. 301 and State Highway 304 in Centreville.

MTA must adopt a schedule in which buses stop at the transit points at least three times during peak rush hours on weekday mornings and three times during peak rush hours on weekday afternoons.

Current Law: MTA may provide transit service by: (1) operating the transit facilities it controls itself; or (2) contracting or leasing operation of the transit facilities.

Background: Queen Anne's County advises that 780 people commute from the county to Anne Arundel County daily. The Annapolis Transit Company runs a shuttle bus to Kent Island on weekdays once in the morning and once in the late afternoon. The fare is \$1.50 each way. The shuttle departs the Kent Island Park and Ride at 7:25 a.m. and arrives in Annapolis at 7:45 a.m. It departs Annapolis at 4:30 p.m. and arrives at Kent Island at 5:05 p.m. The proposed bus route will operate on a different schedule, running both more frequently and later in the day than the shuttle.

MTA operates 22 commuter bus routes between various parts of Maryland and Baltimore, the District of Columbia, Annapolis, and the New Carrollton Metrorail. These 22 routes are operated by outside contractors and are bid on a vehicle-revenue-per-mile (VRM) basis. Fares range from \$2.75 and \$6.50 per trip, depending on destination. MTA divides its operating region into zones, numbered 1 through 6. The fare depends on the zone where a passenger boards the bus.

MTA advises that buses on Routes 922 and 950 to the District of Columbia pick up in Queen Anne's County and can drop off passengers in Annapolis; however, MTA advises this is only an occasional event, and passengers do not do this on a regular basis. Also, the proposed bus route will operate on a different schedule, dropping off passengers in Annapolis later in the morning than the existing bus routes.

State Fiscal Effect: MTA would operate this bus line through an outside contract. Based on recently awarded contracts, MTA anticipates a winning bid of \$9.92 per VRM, in addition to tolls.

MTA has developed the following route for the proposed bus line:

- U.S. 301 and State Highway 304 Park and Ride in Centreville to the U.S. 50 and State Highway 404 Park and Ride in Wye Mills (a distance of 10.8 miles);
- U.S. 50 and State Highway 404 Park and Ride in Wye Mills to U.S. 50 and Castle Marine Park and Ride in Kent Island (13.4 miles);
- U.S. 50 and Castle Marine Park and Ride in Kent Island to U.S. 50 and State Highway 8 Park and Ride in Kent Island (1.9 miles);
- U.S. 50 and State Highway 8 Park and Ride in Kent Island to State Circle in Annapolis (13.8 miles);
- State Circle to Navy Stadium Park and Ride in Annapolis (1.4 miles); and
- Navy Stadium Park and Ride to Harry S. Truman and Riva Road Park and Ride in Annapolis (3.4 miles).

Total one-way mileage: 44.7 miles.

Passenger maturity refers to the concept that it takes time for commuters and passengers to adjust to the existence of a new method of transportation. Therefore, ridership on a bus line or mass transit line will take time to “mature” or reach what the operator expects will be the full utilization of a route. MTA estimates 1% annual ridership growth a year once a route has reached maturity.

Based on experience with other commuter bus lines, MTA anticipates that, at full maturity, this commuter bus line will carry approximately 25 passengers per trip; however, other estimates place the number at 40. Chesapeake Charters recently terminated its Kent Island charter bus due to low ridership. Dillon’s Bus Lines estimated approximately 40 passengers per day, but that was based on its estimated ridership for all its District of Columbia-based routes. Dillon’s carries approximately 18 passengers per trip from Kent Island into the District of Columbia.

MTA anticipates that the bus will have 50% of passenger maturity for the first full year of operation, 75% of passenger maturity for the second full year of operation, and 100% of maturity thereafter. Accordingly, ridership would reach passenger maturity in fiscal 2009, and in fiscal 2010 and 2011 ridership would be fully mature, with an estimated 1% growth annually.

MTA intends to use the same mileage travel scale that it uses on the District of Columbia and Baltimore commuter buses and divide travel on the proposed bus line into zones. Based on mileage traveled, MTA estimates that travel from Queen Anne’s County to Annapolis would be equivalent to travel from zone 2 or from zone 3. MTA assumes that approximately one-half the passengers on the proposed bus line would be “zone 2” passengers and one-half would be “zone 3” passengers.

It is assumed that zone 2 passengers would pay a fare of \$3.15, and that zone 3 passengers would pay a fare of \$3.83. This is based on the price of a 10-trip ticket for each zone, as it is assumed that commuter passengers would buy their tickets in bulk. Further, it is assumed that there would be no change in the fare for zone 2 passengers or zone 3 passengers. For estimation purposes, the number of passengers has been split unequally, with zone 2 receiving the higher number of passengers as shown below.

**Exhibit 1
Passengers per Trip**

<u>Fiscal Year</u>	<u>Number of Passengers per Trip</u>	<u>Zone 2 Tickets</u>	<u>Zone 3 Tickets</u>
2007	13 (October through June)	7	6
2008	13 (July through September)	7	6
	19 (October through June)	10	9
2009	19 (July through September)	10	9
	25 (October through June)	13	12

TTF revenues would increase by \$51,638 in fiscal 2007. Future revenue increases reflect full year implementation and 1% ridership growth in fiscal 2010 and 2011. Revenues would increase by \$92,861 in fiscal 2008, \$116,098 in fiscal 2009, \$134,209 in fiscal 2010, and \$135,551 in fiscal 2011. In fiscal 2010 and 2011, MTA would be collecting approximately 20% of its expenditures as farebox revenue. Mature MTA transit lines are required by statute to earn farebox revenues equivalent to 40% of their expenditures.

Nonbudgeted revenues for MdTA would increase by \$2,869 in fiscal 2007 and by \$3,825 in subsequent years due to toll revenues. TTF expenditures could increase by \$511,698 in fiscal 2007. This is based on the following assumptions:

- per-trip mileage of 44.7 miles;
- 6 trips per day, 255 days per year;

- a winning bid of \$9.92 per VRM; and
- tolls staying approximately the same.

Future year expenditures reflect annualization of the bill and a 1% increase in operating costs.

Alternatively, Dillon's Bus Line, a local bus company, has submitted costs of \$355,725 for a full year's operation of the line. This estimate is based on the following assumptions:

- an average cost per day per bus of \$465 for a 36-passenger bus;
- 3 buses per day; and
- 255 days per year.

Dillon's advises that this number is subject to change due to costs such as gasoline and tolls.

Additional Information

Prior Introductions: An identical bill, HB 336, was introduced in the 2005 session but was withdrawn.

Cross File: None.

Information Source(s): Queen Anne's County, Anne Arundel County, Maryland Department of Transportation, Department of Legislative Services

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nas/ljm

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