HB 1132

Department of Legislative Services

Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 1132 (Delegate Fisher, *et al.*)
Health and Government Operations

State Highways - Telematics Technology - Request for Proposals

This bill requires the State Highway Administration (SHA), in collaboration with the Maryland Transportation Authority (MDTA), to initiate the process to issue a request for proposals (RFP) to install "telematics technology" along or near State highways by December 31, 2012. The RFP must be issued in accordance with requirements of the State Finance and Procurement Article. Funding to pay the costs of issuing the RFP must be as provided in the State budget. "Telematics technology" (1) integrates information, wireless telecommunications, and global positioning system (GPS) technology to exchange information among mobile or stationary devices; and (2) may enable an exchange of information between a motor vehicle and a sign or other structure along or near a roadway.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by *at least* $400,000, and potentially significantly more, in FY 2013 for contractual costs associated with developing an RFP for telematics technology. TTF expenditures are significantly affected in FY 2014 and future years to the extent telematics technology is implemented on State highways; however, any impact cannot be reliably estimated at this time. Revenues are not affected.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenues	$0	$0	$0	$0	$0
SF Expenditure	400,000	-	-	-	-
Net Effect	($400,000)	$0	$0	$0	$0

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: SHA is responsible for more than 5,200 miles or approximately 16,800 lane miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 80 miles of sound barriers. It also has responsibility for planning, designing, constructing, and maintaining these roads and bridges to safety and performance standards while considering sociological, ecological, and economic concerns.

Established in 1971 as an independent, nonbudgeted State agency, MDTA manages, operates, and maintains the State's eight toll facilities (four bridges, two tunnels, and two highways) and provides law enforcement for these facilities, as well as Baltimore/Washington International Thurgood Marshall Airport and the Port of Baltimore. Toll revenues and bonds are used to finance these projects.

Telematics technology is being increasingly integrated into motor vehicles. Automotive telematics was first popularized with the "OnStar" system, which provides an audio interface allowing drivers to contact OnStar representatives for emergency services, vehicle diagnostics, and directions. Many automakers are equipping vehicles with GPS tracking and other wireless-based services controlled by voice commands. This kind of telematics may enable motorists to perform a variety of wireless functions, such as accessing the Internet, receiving and sending email, or obtaining transportation-related information.

The Maryland Department of Transportation advises that telematics technology is not yet mature enough to warrant deployment of significant infrastructure devices along or near State highways. National standards do not exist for vehicle on-board units. In addition, since cellular connections are being used increasingly for the wireless link, the need to develop a State telematics technology infrastructure is not clear.

State Expenditures: Because an RFP for telematics technology would be highly technical and potentially significant in scope, the cost may vary considerably depending on the approach taken. MDOT notes that statewide deployment of telematics technology devices and communications infrastructure may cost up to $50 million. Assuming a design-build approach is taken, and moderate preliminary engineering is required, MDOT advises an RFP could be developed for between $400,000 and $500,000, excluding design costs. However, if a more traditional approach is taken that defines engineering requirements in the RFP, the engineering may cost $5 million (10% of the total project cost).

TTF expenditures increase by *at least* $400,000 in fiscal 2013 to hire a contractor to develop a statewide RFP for telematics technology along or near State highways. This analysis assumes preparing an RFP requires at least one year and any decision on implementation occurs no sooner than fiscal 2014. Therefore, to the extent the RFP process results in telematics technology being implemented on State highways, TTF expenditures increase in fiscal 2014 and future years. However, any impact cannot be reliably estimated and would depend on the terms of the contract.

If SHA is required to deploy telematics technology, SHA advises that significant additional funding may be required to (1) purchase, install, and maintain telematics hardware and software; and (2) hire additional staff to collect, process, secure, transmit, and archive data.

Small Business Effect: Small technology businesses benefit to the extent the bill results in opportunities to sell telematics-related software, hardware, and related technology services to the State.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation, Maryland Transportation Authority, Department of Legislative Services

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mlm/lgc

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