

Department of Legislative Services  
 Maryland General Assembly  
 2016 Session

FISCAL AND POLICY NOTE  
 First Reader

Senate Bill 908 (Senator DeGrange, *et al.*)  
 Budget and Taxation

Maryland Open Transportation Investment Decision Act of 2016

This bill establishes (1) State transportation goals that must be taken into consideration by the Maryland Department of Transportation (MDOT) when it revises the *Consolidated Transportation Program* (CTP) each year and (2) measurements that must be used to evaluate whether and to what extent a major capital project meets the State transportation goals. The goals and measures must be the *sole* basis used to develop scores for each major project, and MDOT must generally prioritize projects with higher scores in the CTP over projects with lower scores. MDOT may include a major project with a lower score in the CTP over a major project with a higher score, but only if it provides in writing a rational basis for the decision. The bill also requires the *Maryland Transportation Plan* (MTP) to be expressed in terms of the goals and measures established under the bill. MDOT must update the 2014 MTP to reflect the goals and measures.

Fiscal Summary

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by \$2.3 million in FY 2017 for staff, contractual resources, and software system developments needed to evaluate major transportation projects under the process established by the bill. Future year expenditures reflect ongoing costs. Revenues are not affected.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	2,342,900	1,119,700	1,138,100	1,157,400	1,177,400
Net Effect	(\$2,342,900)	(\$1,119,700)	(\$1,138,100)	(\$1,157,400)	(\$1,177,400)

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

**Local Effect:** Local government expenditures may increase to evaluate any projects the local government plans to propose to MDOT for inclusion in the CTP to ensure that they

align with the transportation goals and measures established by the bill. Local revenues are not affected.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** The bill requires numerous specified reports and activities related to transportation planning throughout the State to incorporate the transportation goals and measures established by the bill. Among other things, when MDOT submits copies of the draft and final CTP to the General Assembly, it must include the manner in which each major project was evaluated and ranked pursuant to the bill's requirements.

The eight State transportation goals established by the bill are:

- safety and security;
- system preservation;
- quality of service;
- environmental stewardship;
- community vitality;
- economic prosperity;
- equitable access to transportation; and
- cost effectiveness and return on investment.

When evaluating whether and to what extent a major capital project meets the State transportation goals, MDOT must rank how a project meets each transportation goal using a 20-year forecast and by assigning scores that range from 1 to 100. For each transportation goal, the bill specifies the criteria that must be taken into consideration when assigning scores. To calculate each major capital project's final score, MDOT must multiply the total combined score of each major project by a weighting factor equal to one plus the results of dividing the population in the project area by the population of Maryland.

The scoring system established by the bill must be used to prioritize *major* capital projects and is not required to be used to prioritize *minor* capital projects. In addition, the bill applies prospectively and does not affect any major capital project moved to the construction phase prior to the bill's October 1, 2016 effective date.

**Current Law/Background:** "Major capital project" means any new, expanded, or significantly improved facility or service that involves planning, environmental studies, design, right-of-way, construction, or purchase of essential equipment related to the facility

or service. “Minor capital project” means any project for the preservation or rehabilitation of an existing facility or service, including the planning, design, right-of-way, construction, or purchase of equipment essential to the facility or service, and generally not requiring the preparation of an environmental impact assessment.

Long-term transportation planning in the State is a collaborative process designed to consider input from the public, local jurisdictions, metropolitan planning organizations, and elected officials. Among the numerous reports, meetings, and discussions that take place, two important documents are developed to guide transportation planning in the State: the CTP and the MTP.

### *Consolidated Transportation Program*

The CTP is MDOT’s six-year budget for the construction, development, and evaluation of transportation capital projects; the CTP must be revised annually to reflect updated information and changing priorities. It contains a list of current and anticipated major and minor capital projects for the fiscal year it is issued and for the next five fiscal years, including (1) an expanded description of major capital projects; (2) a detailed breakdown of the costs of a project with project expenditures to date, expected expenditures for the current fiscal year, projected annual expenditures for the next five years, and total project costs; and (3) MDOT’s estimates of the source (*i.e.*, federal funds, special funds, etc.) and amount of revenues required to fund the project. MDOT advises that there are currently 80 major projects in the CTP and a list of over 500 proposed projects (both major and minor) from local jurisdictions.

The Secretary of Transportation is required to present the draft CTP to elected officials by September 1 of each year and discuss it with them, while the final draft of the CTP must be submitted with the Governor’s budget. The CTP must also include a report that, among other things, summarizes how each project meets the selection criteria for inclusion in the CTP. The selection criteria for projects must be determined by MDOT and are generally based on the transportation goals specified in the MTP.

For a major capital project to be considered for inclusion in the CTP, a request must be submitted to the Secretary by the proposing entity along with a purpose and need summary statement justifying the project and including specified information. MDOT must then evaluate the requests based on the State’s goals, the availability of funding, and other criteria. In its evaluation, MDOT must acknowledge the difference between urban and rural transportation needs.

### *Maryland Transportation Plan*

The MTP is a 20-year forecast of State transportation needs based on MDOT's anticipated financial resources during that 20-year period. It must be revised every 5 years through an inclusive public participation process. Furthermore, it must be expressed in terms of goals and objectives and include a summary of the types of projects and programs that are proposed to accomplish the goals and objectives, using a multimodal approach when feasible. The MTP was last updated in 2014.

The transportation goals established by the bill are similar to those currently contained in the MTP; the six MTP transportation goals are (1) safety and security; (2) system preservation; (3) quality of service; (4) environmental stewardship; (5) community vitality; and (6) economic prosperity.

### *Spending Affordability Committee Recommendations*

In its recommendations to the General Assembly in December 2015, the Spending Affordability Committee (SAC) noted that the draft CTP for fiscal 2016 through 2021 reflected a major shift in priorities from those embraced by the General Assembly through enactment of the Transportation Infrastructure Investment Act of 2013; specifically, the committee noted a substantial decrease in mass transit capital funding. SAC recommended that MDOT provide a more detailed explanation of how projects are incorporated into the CTP and that MDOT consider economic impact and the reduction of traffic congestion when developing the final draft of the CTP.

### *Transportation Project Goals and Measurements in Other States*

Other states have recently enacted laws that alter the transportation project proposal and prioritization process for the purposes of improving transparency and making the evaluation and selection of projects more performance based. For example, recent Virginia legislation requires its Commonwealth Transportation Board (CTB) to develop and implement a transparent prioritization process for making funding decisions for projects within Virginia's six-year transportation plan. The factors that must be taken into consideration by CTB when making project decisions are (1) congestion mitigation; (2) safety; (3) accessibility; (4) economic development; (5) environmental quality; and (6) land use. CTB is not required to fund the highest scoring projects, but is expected to be able to provide a rational basis for funding a project with a lower score over a project with a higher score. Virginia's legislation took effect in July 2015.

North Carolina has a similar scoring system that uses quantitative measures combined with local project rankings, where bonus points are given for multimodal connections. For projects of regional significance, the quantitative measures weigh more for the final tally,

while for small-scale projects, local rankings weigh more for the final tally. North Carolina's system took effect in 2009 through executive order and was adopted by its Strategic Transportation Investments Law of 2013.

**State Expenditures:** MDOT requires additional staff and consultants to evaluate existing and future proposed major capital projects for inclusion in the CTP using the process established by the bill. While MDOT already evaluates projects for inclusion in the CTP, the process established by the bill is more complex and involves more evaluation and data collection than the process MDOT currently uses. Therefore, TTF expenditures increase by \$2.3 million in fiscal 2017, which assumes that MDOT hires staff on July 1, 2016, despite the bill's October 1, 2016 effective date, to ensure that the draft CTP for 2017 through 2022, which is due September 1, 2016, meets the bill's requirements. This estimate reflects the cost of hiring three prioritization coordinators, two economic modelers, and one geographic information systems specialist. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate includes \$1.2 million for contractual services to assist in the initial evaluation of major projects in and proposed for the CTP. It also includes \$650,000 for MDOT to develop two new software systems (a statewide multimodal accessibility analytic tool and a data collection system to organize the information needed for the evaluation of projects) and to upgrade existing software to be compatible with the new systems.

Positions	6
Salaries and Fringe Benefits	\$463,115
Contractual Services	1,200,000
Technology and Programming Costs	650,000
Other Operating Expenses	<u>29,790</u>
<b>Total FY 2017 State Expenditures</b>	<b>\$2,342,905</b>

Future year expenditures reflect salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. Also, while contractual services are still needed in future years to assist in the evaluation of projects, the need for such services is reduced after MDOT's initial evaluation of projects. Similarly, technology and programming costs in future years are reduced and only reflect maintenance and future upgrades.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** HB 1013 (Delegate Beidle, *et al.*) - Appropriations and Environment and Transportation.

**Information Source(s):** Maryland Department of Transportation, Virginia Commonwealth Transportation Board, North Carolina Department of Transportation, Department of Legislative Services

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