

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

House Bill 535 (Delegate Lierman, *et al.*)
 Environment and Transportation

Finance

Transportation - Complete Streets Program - Establishment

This bill establishes the Complete Streets Program as a competitive matching grant program within the Maryland Department of Transportation (MDOT). Funds for the program must be as provided by the Governor in the State budget. Local governments that develop complete streets policies and are certified by MDOT may apply for matching grants from the program to finance the design and planning of eligible projects. MDOT must adopt regulations to implement the program; the bill establishes a workgroup to assist MDOT in developing and reviewing the required regulations. By December 1, 2020, MDOT must issue a report to specified legislative committees on how the required local funding match is implemented and the effectiveness of the local match requirement. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by \$362,500 in FY 2019; future years reflect ongoing costs and assume that \$1.0 million is provided for the program for grants each year beginning in FY 2020. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	362,500	1,143,400	1,148,200	1,153,200	1,158,400
Net Effect	(\$362,500)	(\$1,143,400)	(\$1,148,200)	(\$1,153,200)	(\$1,158,400)

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

Local Effect: Local grant revenues increase beginning in FY 2020; local expenditures increase as local governments provide matching funds and use the matching grants for authorized purposes. Local expenditures may also increase to develop policies and become certified by MDOT.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Complete Streets Program

The stated purpose of the program is to provide matching grants to certified jurisdictions to encourage (1) the regular and routine inclusion of complete streets design elements and infrastructure during the planning, design, construction, and reconstruction of new or existing locally funded roads; (2) the adoption of urban retrofit street ordinances designed to provide safe access to users of multiple modes of transportation; and (3) the development of ranking systems for complete streets projects that consider the needs of underinvested and underserved communities in specific geographic regions of the State.

The stated goals of the program include (1) promoting healthy communities by encouraging the use of multiple modes of transportation other than single-occupancy motor vehicle transportation; (2) improving safety by designing streets to include specified features; (3) protecting the environment and improving water quality by using green stormwater infrastructure to reduce stormwater runoff, as specified; (4) reducing congestion, as specified; (5) preserving community character by involving local and diverse communities and stakeholders in planning, prioritization, and design decisions; and (6) providing for the equitable distribution of complete streets funds that takes into consideration the needs of underinvested and underserved communities in specific geographic regions of the State.

Local Government Eligibility for Grants

A local government that has adopted a complete streets policy may apply to MDOT for designation as a certified jurisdiction. A complete streets policy must include several specified components. A local government must hold at least one public hearing before adopting a complete streets policy.

Once certified by MDOT, a local government may apply for matching grants from the program. Grant funds may only be used for costs associated with the implementation of the complete streets policy, as specified, and the design and planning of eligible projects, which are specified projects that include the addition of or significant repair to facilities that provide access for users of multiple modes of transportation.

Among other requirements, a local government that receives a matching grant must (1) maintain and update its complete streets policy; (2) submit an annual progress report to MDOT; and (3) comply with any other requirements that MDOT considers necessary.

Annual MDOT Report on the Program

By December 31 of each year, MDOT must submit a report to specified committees of the General Assembly. The report must include (1) the status of any grant projects being funded by the program and (2) a discussion of whether there is a need to reevaluate the program to ensure that it is meeting its goals. The report must be made available on MDOT's website.

Workgroup

The bill establishes a workgroup to assist MDOT in developing and reviewing the regulations required under the bill, and MDOT must consult with the workgroup to develop the regulations. In addition, at least 30 days before MDOT submits the regulations to the Joint Committee on Administrative, Executive, and Legislative Review, it must transmit the regulations to the workgroup for review and comment. Workgroup members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations.

Limitations

The bill may not be construed to require MDOT to provide staff or operating expenses for the administration of the program until money is appropriated in the State budget for the program.

Current Law/Background:

Existing Complete Streets Policy

In July 2012, the State Highway Administration (SHA) released a memo that outlines its [complete streets policy](#). The policy generally requires SHA to consider and incorporate complete streets principles and design elements that focus on multiple modes of transportation into planning, design, and construction projects. Although the policy has not been officially updated since 2012, SHA advises that the goals and vision set by the policy are still taken into consideration when it evaluates projects. SHA allows exceptions to the policy when circumstances or laws exist that prohibit or limit the ability to provide favorable conditions for all modes of transportation.

Consolidated Transportation Program and Maryland Transportation Plan

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 *Consolidated Transportation Program* (CTP) and the Maryland Transportation Plan (MTP). In addition, Chapter 36 of 2016, as amended by Chapter 30 of 2017, includes additional requirements for including projects in the CTP.

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. 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 the scoring system established by Chapter 36 of 2016 and Chapter 30 of 2017.

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. The MTP was last updated in 2014.

State Expenditures: TTF expenditures increase by \$362,488 in fiscal 2019; future years reflect ongoing costs and assume that \$1.0 million in TTF funds are provided for the program for matching grants each year beginning in fiscal 2020.

Funding for Matching Grants

Although the bill does not require a specific amount of funding to be appropriated for the program in any given year (or specify a funding source for the program), this estimate assumes that TTF funds are used to provide matching grants to local governments through the program and that the program awards \$1.0 million in grant funding annually beginning in fiscal 2020. While funding is not mandated, counties and municipalities may apply for grant funding through the program and, therefore, a significant amount of funding is needed to ensure that grant amounts are meaningful. Accordingly, although the specific level of funding that will be provided in the State budget for the program is unknown, it is assumed that a minimum of \$1.0 million annually is needed for a viable matching grant program.

Development and Administration of the Program

In addition, MDOT needs to hire additional staff to develop and administer the program and to develop the certification process for local governments. While MDOT already works with local governments and evaluates specific projects for inclusion in the CTP, the matching grant program established by the bill is in addition to the CTP. As such, even though the bill may not be construed to require MDOT to provide staff or operating expenses for the administration of the program until money is appropriated for the program,

this estimate assumes that administrative costs begin in fiscal 2019 in order to ensure that grants can begin to be awarded in fiscal 2020.

Therefore, TTF expenditures increase by \$362,488 in fiscal 2019, which accounts for the bill's July 1, 2018 effective date. This estimate reflects the cost of hiring two contractual urban planning specialists to develop the program and certification process and to begin administering the program once it is operational. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate also includes \$100,000 in one-time costs for consultant services to assist in the initial development of the program and \$100,000 in one-time costs for the development of an online application and grant management program.

Contractual Positions	2
Salaries and Fringe Benefits	\$151,458
Consultant Services	100,000
Technology/Programming Costs	100,000
Other Operating Expenses	<u>11,030</u>
Total FY 2019 State Expenditures	\$362,488

Future year administrative expenditures reflect salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Workgroup

State agencies represented on the workgroup can participate in the workgroup using existing budgeted resources. Any expense reimbursements for workgroup members are assumed to be minimal and absorbable within existing budgeted resources.

Local Fiscal Effect: Local government revenues increase to the extent that local governments are awarded matching grants through the program. Local government expenditures increase as local governments provide local matching funds and use the matching grant funding for authorized purposes. As previously discussed, this estimate assumes that matching grants to local governments total \$1.0 million annually beginning in fiscal 2020.

Any expenses incurred by local governments to develop complete streets policies and to become certified by MDOT cannot be estimated and are not reflected in this analysis. It is assumed that local governments who receive matching grants pursuant to the bill can meet the bill's requirements for grantees using existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 407 (Senator Guzzone, *et al.*) - Finance.

Information Source(s): Anne Arundel, Baltimore, Charles, Frederick, and Montgomery counties; cities of Frederick and Havre de Grace; Department of Budget and Management; Maryland Department of Transportation; Department of Legislative Services

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