

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 787 (Senator Rosapepe, *et al.*)
 Budget and Taxation

Transportation - Bikeways Network Program - Funding

This bill codifies and mandates funding for the Bikeways Network Program in the Maryland Department of Transportation (MDOT). Specifically, the Governor must include in the annual State budget an appropriation from the Transportation Trust Fund (TTF) for the operation of the program of at least (1) \$4.5 million for fiscal 2021; (2) \$5.3 million for fiscal 2022; (3) \$6.1 million for fiscal 2023; (4) \$6.9 million for fiscal 2024; and (5) \$7.7 million annually beginning in fiscal 2025. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: TTF expenditures increase by \$15.7 million over the four-year period from FY 2021 through 2024 due to the mandated funding for the program. The estimate accounts for existing planned funding for the program, as discussed below. Revenues are not directly affected. **This bill establishes a mandated appropriation beginning in FY 2021.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	0	2.1	4.4	6.1	6.9
Net Effect	\$0.0	(\$2.1)	(\$4.4)	(\$6.1)	(\$6.9)

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

Local Effect: Local government revenues may increase significantly as local governments receive grants under the program. Local government Expenditures increase to provide matching funds and to use the grants received.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The stated purpose of the Bikeways Network Program is to provide grant support for bicycle network development activities. MDOT must establish application and eligibility criteria for the program. At least \$100,000 of the appropriation each year must be distributed to the Maryland Association of Counties (MACo) and the Maryland Municipal League (MML) to provide technical assistance to counties and municipalities with the drafting and submission of grant proposals.

Current Law/Background: MDOT currently administers a [Bikeways Network Program](#) that provides grant support for a wide range of bicycle network development activities. According to MDOT, the program is designed to support projects that maximize bicycle access and fill missing links in the State's bicycle system, focusing on connecting bicycle-friendly trails and roads and enhancing last-mile connections to work, school, shopping, and transit.

The program makes grant awards based on three project categories. First, design grants are awarded to (1) assist with completion of design plans and feasibility assessments for proposed or potential bikeways and (2) assess potential issues with projects (such as environmental impacts). Second, minor retrofit grants are awarded for installation of low-cost treatments to enhance bicycle routes, such as bicycle route signing or pavement markings. Third, construction grants are awarded for the construction or installation of bikeways infrastructure, including cycle tracks, bicycle and pedestrian shared-use bridges, and other major projects.

Eligibility to apply for funding through the program extends to local governments, State agencies, metropolitan planning organizations, transit entities operating in the State, and federal public lands agencies. To be eligible for funding, a project must meet at least one of several criteria specified by MDOT. In addition, grantees must provide at least 20% of the total project cost as a matching contribution. MDOT advises that the application period for fiscal 2020 funding will be from April 15, 2019, through June 14, 2019.

State Expenditures: The Governor's proposed fiscal 2020 budget includes \$3.8 million in TTF funding for MDOT's existing Bikeways Network Program, and the *Consolidation Transportation Program for Fiscal 2019 through 2024* includes \$2.4 million in funding for the program in fiscal 2021 and \$934,000 in funding for the program in fiscal 2022. Therefore, as shown below in **Exhibit 1**, even though the bill mandates \$22.8 million in funding for the program from fiscal 2021 through 2024, total TTF expenditures increase by \$15.7 million over that period; costs for additional staff needed to administer the program, as expanded by the bill, are included in this estimate.

Exhibit 1
Bikeways Network Program Funding
Current Planned Funding and Mandated Funding under the Bill
(\$ in Millions)

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>5-year Total</u>
Current Funding	\$3.8	\$2.4	\$0.9	\$0	\$0	\$7.1
Mandated Funding under the Bill	0	4.5	5.3	6.1	6.9	\$22.8
Increase in Funding	\$0	\$2.1	\$4.4	\$6.1	\$6.9	\$15.7

Notes: “Current funding” includes the amount included in the Governor’s proposed fiscal 2020 budget and the *Consolidated Transportation Program*.

Source: *Consolidated Transportation Program: Fiscal 2019-2024*, Department of Legislative Services

Beginning in fiscal 2025, TTF expenditures increase by \$7.7 million annually due to the mandated appropriation.

MDOT anticipates that the additional funding available for the program under the bill is likely to lead to a significant increase in grant applications and awards made, particularly for construction projects, which tend to be the most expensive and technically complex. The program is currently administered by one program manager who is assisted by an on-call consultant (30 hours of assistance per month at \$19,000 annually). Because the bill expands the program, MDOT needs an additional program administrator and a full-time technical expert/reviewer (instead of using a consultant).

Therefore, TTF administrative expenditures increase by \$177,374 in fiscal 2021, which assumes a July 1, 2020 start date, consistent with the timing of the bill’s mandated appropriation. The estimate reflects the cost of hiring one program administrator and one technical expert to review applications, manage the award process, and oversee projects on an ongoing basis. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate also includes a one-time programming cost of \$25,000 to expand MDOT’s application system to handle additional applications for and management of grants.

Positions	2
Salaries and Fringe Benefits	\$160,344
Savings from Consultant Services	-19,000
One-time Programming Costs	25,000
Operating Expenses	<u>11,030</u>
Total FY 2021 Admin. Expenditures	\$177,374

Future year administrative expenditures reflect salaries with annual increases and employee turnover, ongoing operating expenses, and the elimination of one-time costs. As previously noted, this estimate assumes these staffing costs are covered under the bill's mandated appropriations for the program. Any amounts not used for administration are available for grant awards.

State agencies are eligible to apply for grants under the program. To the extent that any State agencies receive a grant as a result of the bill, grant revenues and expenditures increase correspondingly.

Local Fiscal Effect: Local governments are eligible to apply for grants under the program. Thus, local government revenues may increase significantly as local governments receive grants under the program. Local government expenditures increase as local governments spend the grant funding on bicycle network development activities. In addition, under the current program, grantees must provide matching funds totaling at least 20% of the total project cost.

The bill specifies that at least \$100,000 of the mandated appropriation must be distributed to MACo and MML to provide technical assistance to counties and municipalities with the drafting and submission of grant proposals. Thus, local governments benefit from any technical assistance provided. MACo advises that several counties have an interest in developing bicycle networks.

Small Business Effect: The expansion of the Bikeways Network Program may create additional opportunities for small business contractors to work on bikeway-related projects.

Additional Information

Prior Introductions: None.

Cross File: HB 1281 (Delegate Lierman) - Appropriations and Environment and Transportation.

Information Source(s): Baltimore, Charles, and Montgomery counties; Maryland Association of Counties; City of Havre de Grace; Maryland Municipal League; Department of Budget and Management; Maryland Department of Transportation; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2019
sb/lgc

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510