

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 778
 Appropriations

(Delegate Solomon, *et al.*)

Finance

Transportation - Investment Program - MARC Rail Service (Maryland Regional Rail Transformation Act)

This bill requires the Maryland Transit Administration (MTA) to establish individual investment programs to advance the Maryland Area Regional Commuter (MARC) Cornerstone Plan and other MARC improvements, as specified. The bill also requires MTA to (1) advance specified rail priority projects as part of the investment programs, as specified and (2) conduct a MARC Cornerstone Plan Implementation Study. In addition, the bill establishes a Transportation Trust Fund (TTF) Workgroup to examine specified funding issues. The workgroup must be staffed by the Department of Legislative Services (DLS) and submit a report of its findings and recommendations to the Governor and the General Assembly by December 16, 2022. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: TTF operating expenditures increase by \$421,700 in FY 2023; future years reflect inflation and ongoing costs. Because the Maryland Department of Transportation’s (MDOT) capital program is fully subscribed through FY 2027, the bill’s other requirements do not increase TTF expenditures. Instead, MDOT must redirect an estimated \$13.9 million from other projects in FY 2023, as discussed below. DLS can staff the workgroup using existing resources; however, MDOT may incur costs related to the workgroup (not reflected below). Revenues are not directly affected, as discussed below.

| (in dollars) | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| SF Expenditure | 421,700 | 389,800 | 400,600 | 411,100 | 421,700 |
| Net Effect | (\$421,700) | (\$389,800) | (\$400,600) | (\$411,100) | (\$421,700) |

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

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Individual Investment Programs

MTA must establish individual investment programs to advance the MARC Cornerstone Plan and other MARC improvements by providing incremental enhancements for (1) the Brunswick Line, including a third track between Rockville and Germantown to better serve Western Maryland and existing communities served by the line; (2) the Camden Line; (3) the Penn Line; (4) new regional service between Perryville, Maryland, and Newark, Delaware; (5) new regional run-through rail service to Alexandria, Virginia; and (6) extending the Brunswick Line to better serve Western Maryland. Each investment program must:

- commence in fiscal 2023;
- include a review of existing rail operations, infrastructure, and right-of-way information to confirm existing conditions;
- include rail simulation models for each of the current corridors served by MARC and areas identified for new service;
- identify future operating scenarios that can improve service, including new midday, weekend, evening, through-running, and bidirectional service;
- develop conceptual level improvement plans to enhance MARC's service over time, as specified;
- identify a five-year priority set of capital projects and activities to implement planned improvements to be funded in the *Consolidated Transportation Program*; and
- be updated in fiscal 2028 and every fifth fiscal year thereafter.

In fiscal 2023, MTA must advance the following rail priority projects as part of the investment programs:

- in coordination with specified entities, develop a service operations plan for MARC through-running to Alexandria, Virginia;
- in coordination with specified entities, develop a service and operations plan for MARC, the Southeastern Pennsylvania Transportation Authority, or Amtrak to run competitive transit schedules between Perryville, Maryland, and Newark, Delaware;
- complete 30% of the design for a new Elkton infill MARC station on the Penn Line;

- complete 30% of the design for a new Bayview infill MARC station on the Penn Line;
- complete 30% of the design for Germantown Station improvements;
- complete 15% of the design for a fourth track on the Penn Line; and
- hire three full-time equivalent staff at a cost of approximately \$450,000 annually beginning in fiscal 2023 for its planning and capital programming to ensure it has adequate staff resources to leverage federal rail funding.

MARC Cornerstone Plan Implementation Study

MTA must also conduct a MARC Cornerstone Plan Implementation Study. The study must assess and present for public review (1) the total expected cost to implement the entire MARC Cornerstone Plan and other specified services; (2) MTA's workforce needs to efficiently implement the plan, as specified; and (3) efficient and achievable methods by which the rail capital investments and services identified and analyzed should be funded.

In developing the study, MTA must consult with regional private entities, including leading employers, labor representatives, transit rider advisory committees, and regional planning boards. MTA must (1) submit an executive summary and report of its findings and recommendations to the Governor and the General Assembly by December 1, 2022, and (2) post the executive summary and report on its website.

Transportation Trust Fund Workgroup

The TTF workgroup must examine:

- the current State funding sources and structure of TTF;
- threats and challenges to the existing funding sources;
- short- and long-term multimodal infrastructure construction and maintenance funding needs for all regions of the State;
- how to ensure that TTF and not other fund sources supports the State's infrastructure needs and options for sustainable, long-term revenue sources for transportation;
- how to position the State to benefit from the multi-year federal infrastructure bill;
- how to ensure that the State's public-private partnership law provides adequate oversight; and
- potential changes to policies and procedures, including legislation that may be needed to implement any recommendations.

Current Law: MTA operates a comprehensive transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in Baltimore and other services such as the light rail, Baltimore Metro subway, commuter buses, MARC trains, and mobility/paratransit vehicles. MTA is also responsible for hundreds of transit stations.

MARC commuter train service operates three different lines that serve several Maryland counties; Washington, DC; and Martinsburg, West Virginia: (1) the Brunswick Line; (2) the Camden Line; and (3) the Penn Line. In December 2013, MARC began to offer weekend service on the Penn Line; the other lines offer service only on weekdays and select holidays. MARC service is provided by running State-owned MARC trains on existing Amtrak railways owned by CSX. MTA and the Virginia Railway Express are currently exploring the potential for MARC to extend service to Northern Virginia.

The [MARC Cornerstone Plan](#) addresses a 30-year planning period and identifies capital improvements needed to maintain a state of good repair for the MARC system. The plan also outlines capital needs required to improve and expand service.

State Fiscal Effect: The bill requires MTA to hire three full-time staff at a cost of approximately \$450,000 annually beginning in fiscal 2023 for its planning and capital programming to ensure it has adequate staff resources to leverage federal rail funding. Based on information provided by MDOT regarding the grades and steps of the required staff, TTF expenditures increase by \$421,680 in fiscal 2023 for this purpose, which reflects the bill's July 1, 2022 effective date. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|------------------|
| Positions | 3.0 |
| Salaries and Fringe Benefits | \$398,856 |
| Operating Expenses | <u>22,824</u> |
| Total FY 2023 State Expenditures | \$421,680 |

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

In addition to the costs estimated above, MDOT may incur consultant costs in fiscal 2023 only to assist the TTF workgroup with its research and activities. Specifically, DLS may need to rely on MDOT for much of the raw data and information needed to thoroughly examine the issues required by the bill. MDOT advises that, depending on how much support is needed by the workgroup, consultant costs could total as much as \$250,000.

Implementation of the bill's other requirements do not increase total TTF expenditures because MDOT's capital program is fully subscribed through fiscal 2027; instead, MDOT

must redirect an estimated \$13.9 million from other projects in fiscal 2023. This estimate (1) assumes that costs associated with the bill's individual investment programs are incurred in fiscal 2023 and (2) includes costs for, among other things, consultant assistance, rail simulation models, concept plans, design plans, and required studies for each of the projects specified by the bill.

As stated in the bill, the purpose of requiring MTA to hire additional staff is to ensure that it has adequate staff resources to leverage federal rail funding. Although the bill does not have a direct effect on federal fund revenues, the costs identified above may be partially offset to the extent that MTA is able to obtain additional federal funds as a result of the bill. Any such impact is speculative, however, and is not reflected in this analysis.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 514 (Senator Beidle, *et al.*) - Finance.

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

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