

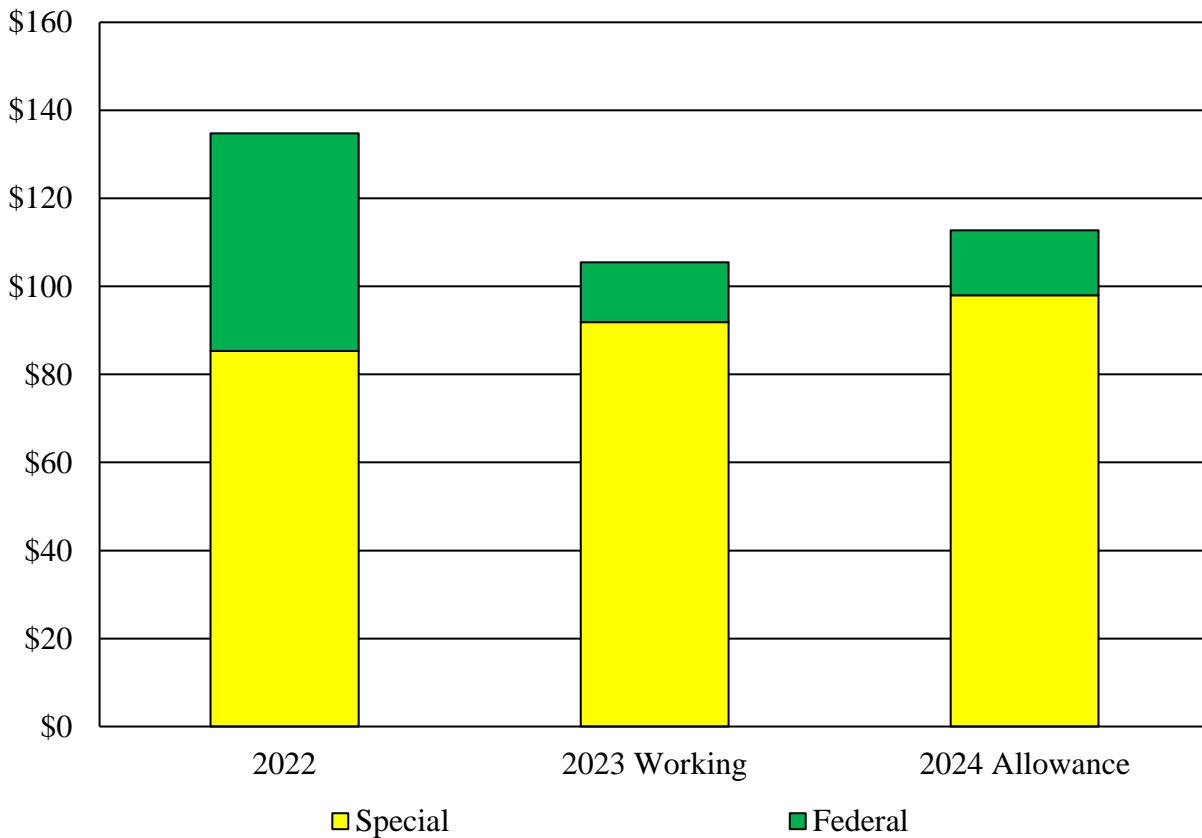
J00A01
The Secretary's Office
Maryland Department of Transportation

Executive Summary

The Secretary's Office (TSO) provides overall policy direction, management, and administrative support to the Maryland Department of Transportation (MDOT). The budget for TSO includes grants to various entities for transportation-related purposes.

Operating Budget Summary

Fiscal 2024 Budget Increases \$7.3 Million, or 6.9%, to \$112.7 Million
(\$ in Millions)



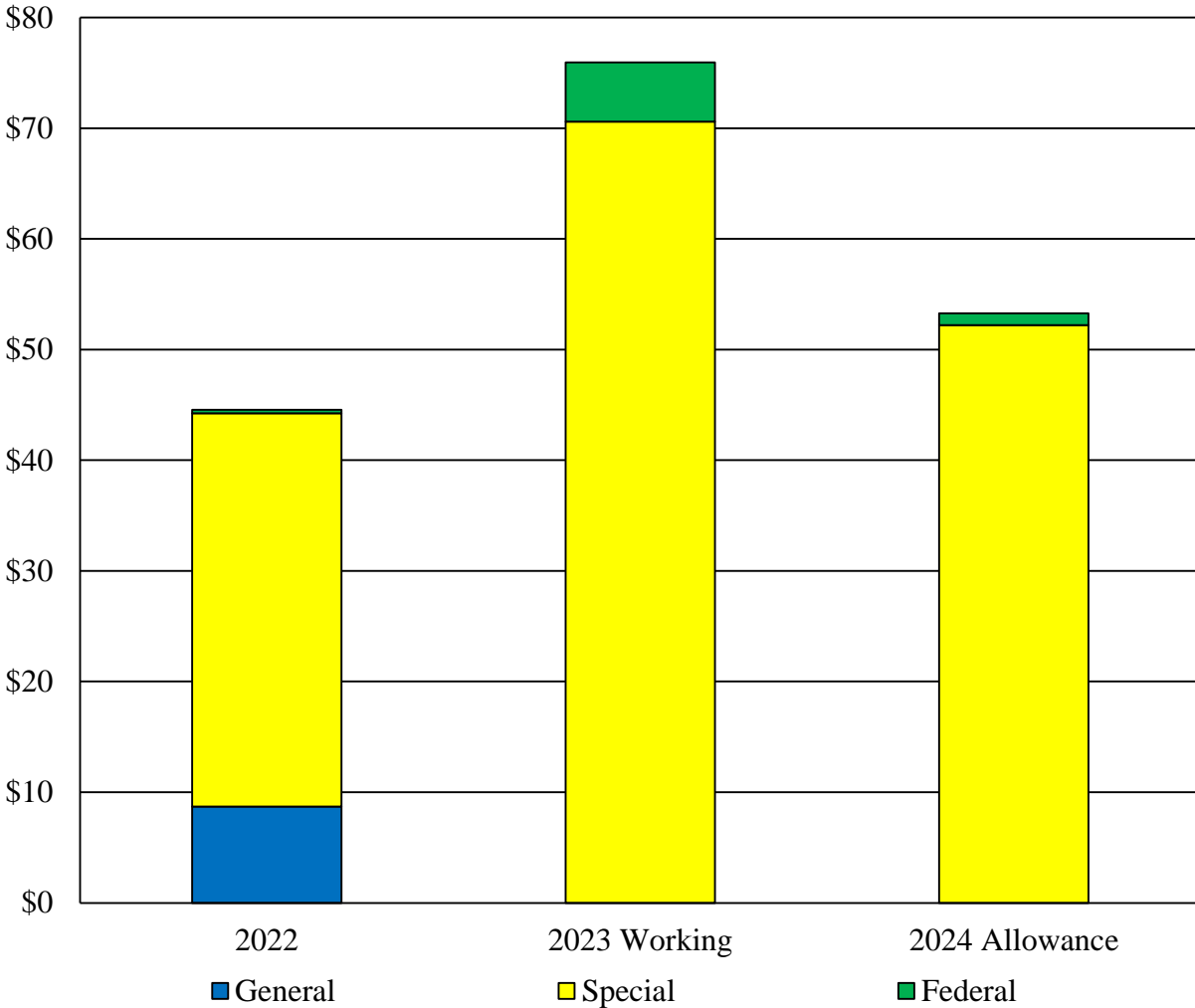
Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). The fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

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PAYGO Capital Budget Summary

**Fiscal 2024 Budget Decreases \$22.7 Million, or -29.9%, to \$53.3 Million
(\$ in Millions)**



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). The fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

Key Observations

- ***The Number of Filled Positions Declines for Third Year Running:*** On January 1, 2023, there were 42 fewer filled positions across the department than a year prior. This marked the third year in a row that the number of filled positions declined, mirroring a trend common across State agencies.

Operating Budget Recommended Actions

1. Add annual language restricting operating grants-in-aid funding.

PAYGO Budget Recommended Actions

1. Add annual language limiting capital project and grant funding to the projects and grants identified in the Consolidated Transportation Program.

Updates

- Transit-oriented development (TOD) project updates are provided.

J00A01
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Budget Analysis

Program Description

TSO provides overall policy direction, management, and administrative support to MDOT. Units within the office provide support in the areas of finance, procurement, engineering, audits, administrative services, planning and capital programming, human resources, and Minority Business Enterprise certification. Executive staff support is also provided for management services, public affairs, the general counsel's office, and policy and governmental relations. Within TSO, the Office of Transportation Technology Services provides centralized computing, network, cybersecurity, infrastructure, and general information technology (IT) services for MDOT. TSO also makes grants to various entities for transportation-related purposes.

Key goals of the department are:

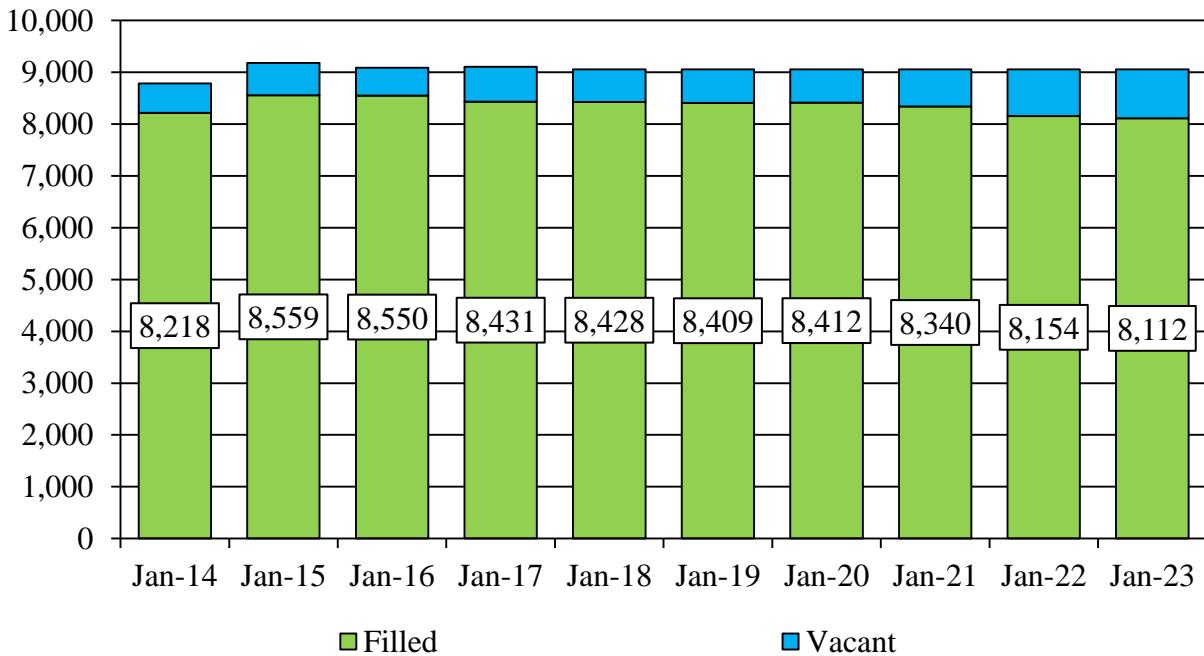
- ensuring a safe, secure, and resilient transportation system;
- maintaining a high standard and modernizing Maryland's multimodal transportation system;
- improving the quality and efficiency of the transportation system to enhance customer experience;
- providing better transportation choices and connections;
- facilitating economic opportunity and reducing congestion in Maryland through strategic system expansion;
- ensuring environmental protection and sensitivity; and
- promoting fiscal responsibility.

Performance Analysis: Managing for Results

1. Productivity and Quality – Recruit and Retain Quality Employees

One of the key factors that affects an agency’s ability to carry out its mission and achieve its goals is having an adequate number of filled positions to do the work. **Exhibit 1** shows the department total for the number of filled and vacant positions on January 1 of each year from 2014 to 2023. There were 42 fewer filled MDOT positions on January 1, 2023, than a year earlier. January 2023 also marked the third-straight year of decline in the number of filled positions.

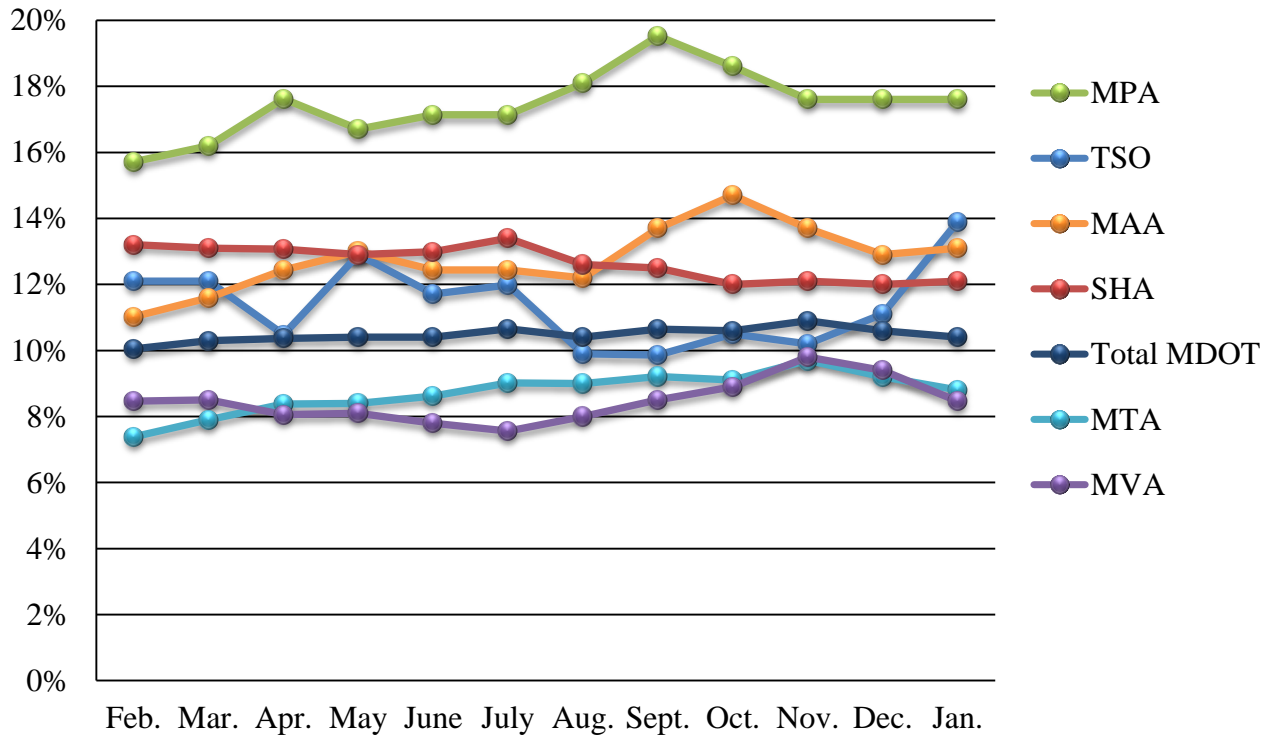
Exhibit 1
Departmentwide Filled and Vacant Positions
On January 1, 2014, to January 1, 2023



Source: Maryland Department of Transportation; Department of Legislative Services

Exhibit 2 shows the vacancy rate by month for each transportation business unit (TBU) for calendar 2022. The average vacancy rate for the department, as a whole, for the year was 10.5%. Every TBU ended the year with a higher vacancy rate than it had at the beginning of the year except for the State Highway Administration (SHA), which dropped from 13.2% to 12.1%, and the Motor Vehicle Administration, which ended the year at the same level at which it began at 8.5%.

Exhibit 2
Monthly Vacancy Rates by Business Unit
Calendar 2022



MAA: Maryland Aviation Administration
 MDOT: Maryland Department of Transportation
 MPA: Maryland Port Administration
 MTA: Maryland Transit Administration
 MVA: Motor Vehicle Administration
 SHA: State Highway Administration
 TSO: The Secretary’s Office

Source: Maryland Department of Transportation; Department of Legislative Services

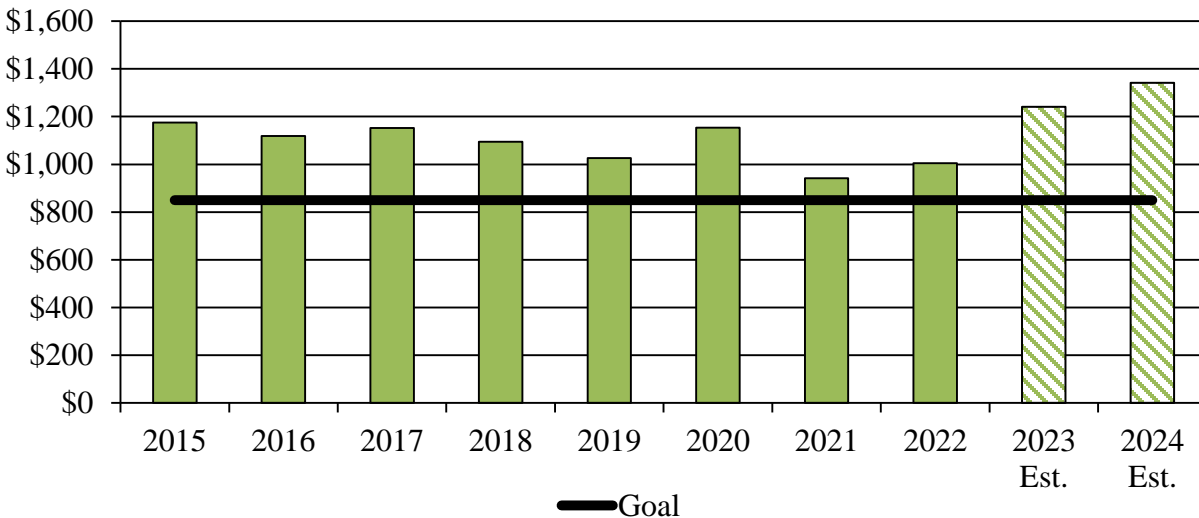
The Maryland Port Administration (MPA) had the highest vacancy rate among TBUs, ending the year with 37 vacancies. MPA cited higher compensation, more rapid career advancement, and greater flexibility for hybrid work by the private sector as some of the factors contributing to the high vacancy rate. It has sought to mitigate the impacts of the high vacancy rate by using overtime and contractual and consultant support but notes that increased overtime can lead to deteriorating employee morale, which could exacerbate the problem if more employees quit or retire, and contractual and consultant support generally cost more than providing services in-house. A high portion of MPA’s vacancies are in operations and maintenance functions, and MPA is evaluating how apprenticeship programs for skilled trades may help fill positions. MPA

also notes that recent salary increases for all State employees have helped narrow the salary gap between the State and private sector. **The Secretary should comment on efforts being made to address the high vacancy rates across the department.**

2. Promote Fiscal Responsibility – System Preservation

Part of TSO’s goal to promote fiscal responsibility is to maintain Maryland’s transportation network in a state of good repair. One long-standing objective for meeting this goal was that system preservation should be adequately funded at no less than \$850 million annually. As shown in **Exhibit 3**, this level of funding has been exceeded every year since fiscal 2015 and is projected to be met in the current year and the allowance year. This goal is no longer stated in the Managing for Results submission, although the funding by year is still reported, nor is it stated in the department’s *2023 Annual Attainment Report on Transportation System Performance*. With funding having exceeded \$850 million for the past eight years and projected to continue to exceed this level in the future, MDOT should adopt a goal that is more informative as to its performance in maintaining facilities in a state of good repair. For example, the goal could be to fund asset renewal activities at a level sufficient to prevent the state of good repair backlog from increasing and to eliminate one-tenth of the existing state of good repair backlog. If this goal were met each year, the backlog would be eliminated within 10 years. **The Secretary should comment on how the system preservation objective should be updated or changed to better guide system preservation funding and performance.**

Exhibit 3
System Preservation Funding
Fiscal 2015-2024 Est.
(\$ in Millions)



Source: Maryland Department of Transportation; Department of Legislative Services

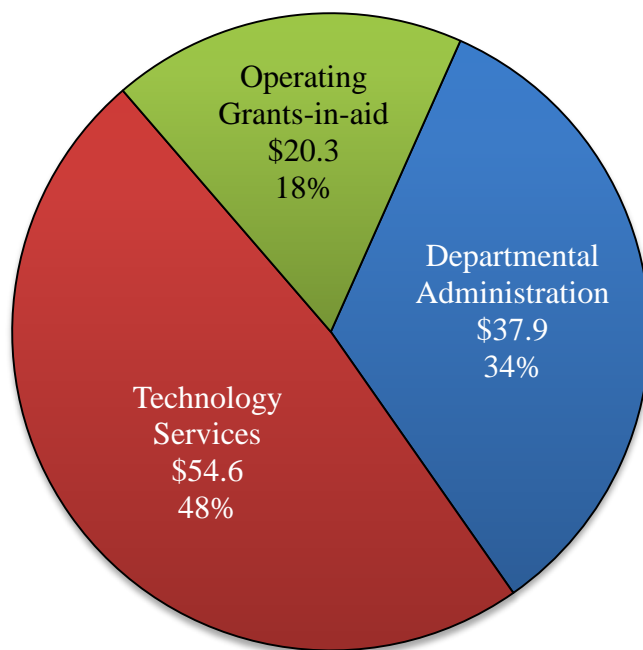
Fiscal 2022

TSO received a \$40 million allocation of the State’s allotment of COVID-19 relief funds available through the American Rescue Plan Act of 2021. This freed up an equal amount of Transportation Trust Fund (TTF) special funds which it used to provide a grant to the Maryland Transportation Authority to help offset toll revenue loss due to the pandemic.

Fiscal 2024 Overview of Agency Spending

As shown in **Exhibit 4**, nearly half of TSO’s fiscal 2024 operating allowance (48%) is devoted to providing IT support to the department. An additional 18% is used to provide transportation-related grants, and the remaining 33% supports departmental administration operations.

Exhibit 4
Overview of Agency Spending
Fiscal 2024 Allowance
(\$ in Millions)



Total: \$112.7 Million

Source: Maryland Department of Transportation; Department of Legislative Services

Proposed Budget Change

The fiscal 2024 operating allowance for TSO increases by a net \$7.3 million over the current year working appropriation. **Exhibit 5** shows the fiscal 2022 to 2024 budgets by fund and detail on the items comprising the change between the working appropriation and the allowance. Personnel expenses account for over a quarter of the increase (\$2.0 million) with employee and retiree health insurance contributions and annualization of the November 2022 4.5% general salary increase the biggest contributors.

Exhibit 5
Proposed Budget
Maryland Department of Transportation – The Secretary’s Office
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
Fiscal 2022 Actual	\$85,298	\$49,493	\$134,790
Fiscal 2023 Working Appropriation	91,898	13,553	105,451
Fiscal 2024 Allowance	<u>98,017</u>	<u>14,726</u>	<u>112,742</u>
Fiscal 2023-2024 Amount Change	\$6,118	\$1,172	\$7,291
Fiscal 2023-2024 Percent Change	6.7%	8.7%	6.9%

Where It Goes: **Change**

Personnel Expenses

Employee and retiree health insurance	\$1,027
Annualization of November 2022 4.5% general salary increase	499
Interagency position transfers (3 positions)	399
Employee retirement contributions	293
Vacant position salaries funded at base level	27
Turnover adjustments	-66
Reduced use of additional assistance	-195
Other fringe benefits	13

Departmental Administration

Cybersecurity	2,324
Software acquisition and maintenance contracts	845
Software licenses	295
Fiscal and audit services contracts	261
Training and staff development	198

J00A01 – MDOT – The Secretary’s Office

Where It Goes:	<u>Change</u>
Move temporary employees into contractual FTEs – increase of 7 FTEs.....	187
Office assistance contracts.....	187
Legal services support	84
Subscriptions and association dues.....	39
In-state conferences and training	33
Public marketing campaigns (<i>e.g.</i> , distracted drivers, pedestrian safety).....	27
In-state computer usage – Annapolis Data Center.....	24
Employee tuition reimbursement.....	15
Fuel and utilities budgeted at level of expenditures in fiscal 2022.....	-18
One-time airport noise study removed.....	-100
Rent – property transfer expenses – retirement of debt on headquarters building	-946
Operating Grants-in-aid	
Grants to metropolitan planning organizations.....	1,526
Payments in lieu of taxes	142
Mandated appropriation for Pride of Baltimore ended in fiscal 2023	-800
Cost Allocations	
Department of Information Technology services allocation	659
Retirement administrative fee	151
DBM-paid telecommunications	64
Statewide personnel system allocation	40
Insurance paid to the State Treasurer’s Office.....	26
Enterprise budget system allocation	13
Other	18
Total	\$7,291

DBM: Department of Budget and Management

FTE: full-time equivalent

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within DBM. The fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

Operating Grants-in-aid

Operating grants-in-aid funding increases by a net \$867,274 with increased funding for grants to metropolitan planning organizations (\$1,525,622) and payments in lieu of taxes (\$141,652) partially offset by the end of a statutorily mandated grant for the Pride of Baltimore (-\$500,000) and removal of a one-time fiscal 2023 grant, also for the Pride of Baltimore (-\$300,000). **Exhibit 6** provides a listing of grants by fund for fiscal 2024.

Exhibit 6
Operating Grants-in-aid Funding
Fiscal 2024

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Baltimore MPO	\$863,000	\$7,288,000	\$8,151,000
Cumberland MPO	16,345	130,760	147,105
Hagerstown MPO	40,646	325,164	365,810
Lexington Park MPO	22,299	178,396	200,695
Salisbury MPO	20,498	163,981	184,479
Tri-county Planning Organization	0	0	0
Washington MPO	810,671	6,485,378	7,296,049
Wilmington MPO	19,243	153,946	173,189
Department of Commerce (to support the Appalachian Regional Commission)	155,000	0	155,000
Maryland Department of Planning	400,000	0	400,000
Payments in Lieu of Taxes	1,809,044	0	1,809,044
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Pride of Baltimore	0	0	0
Total	\$5,556,686	\$14,725,625	\$20,282,311

MPO: metropolitan planning organization

Source: Governor’s Fiscal 2024 Budget Books; Department of Legislative Services

Operating and PAYGO Personnel Data

	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Working</u>	<u>FY 24</u> <u>Allowance</u>	<u>FY 23-24</u> <u>Change</u>
Regular Operating Budget	311.50	307.50	311.50	4.00
Regular PAYGO Budget	14.00	<u>15.00</u>	<u>14.00</u>	<u>-1.00</u>
Total Regular Positions	325.50	322.50	325.50	3.00
Operating Budget FTEs	6.00	10.00	17.00	7.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	6.00	10.00	17.00	7.00
Total Personnel	331.50	332.50	342.50	10.00

Vacancy Data: Regular

Turnover and Necessary Vacancies, Excluding New Positions	19.29	6.00%
Positions and Percentage Vacant as of 12/31/22	45.00	13.9%

Vacancies Above Turnover 25.71

- Interagency transfers increase TSO operating positions by 3 in the allowance. Three filled positions were transferred from SHA and will provide support departmentwide for archeological studies and communications and public engagement.
- With a vacancy rate over double the budgeted turnover, TSO has the ability to fill 25 positions before the beginning of fiscal 2024 and still achieve the budgeted turnover for fiscal 2024 even if no vacancies were to occur during the year.

PAYGO Capital Program

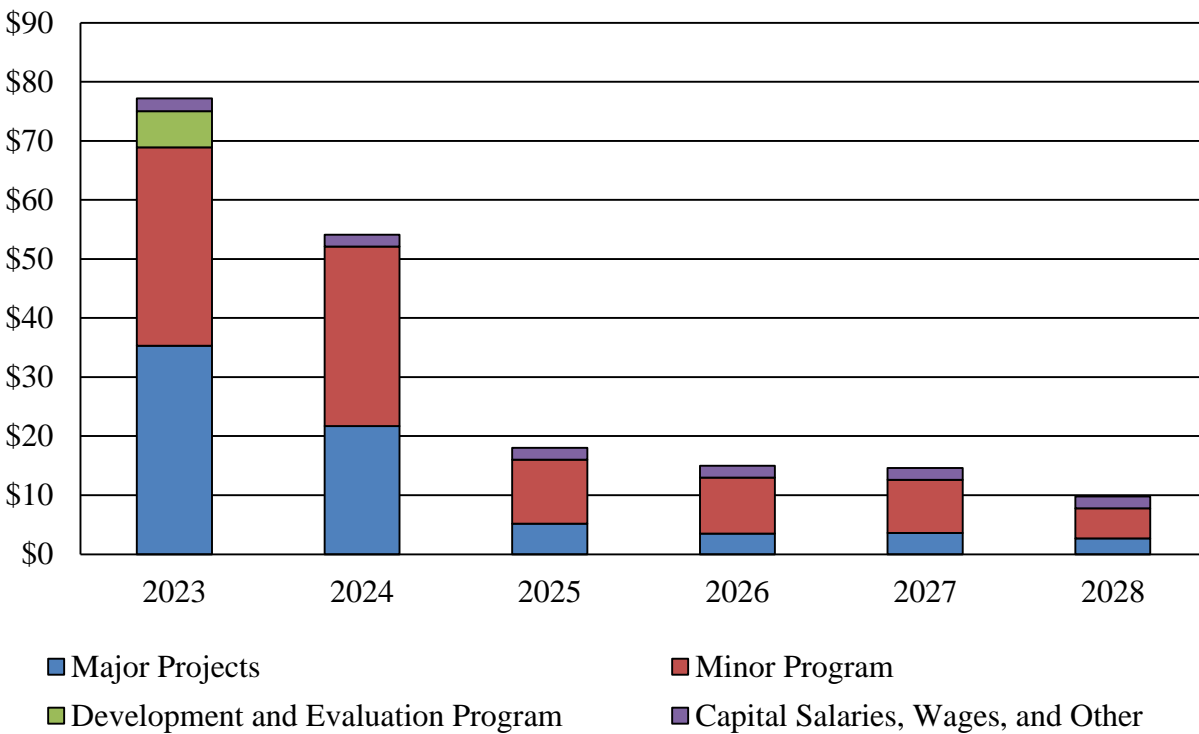
Program Description

The TSO capital program has historically consisted of projects that support the preservation of the MDOT headquarters systems and air quality initiatives in the Baltimore/Washington metropolitan areas. TSO provides capital grants to public and private entities for transportation-related purposes.

Fiscal 2023 to 2028 Consolidated Transportation Program

The fiscal 2023 to 2028 capital program for TSO totals \$188.7 million, an increase of \$21.8 million over the prior year six-year program. **Exhibit 7** shows funding by year and by category.

Exhibit 7
Programmed Capital Spending by Category
Fiscal 2023-2028
(\$ in Millions)



Source: 2023 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Fiscal 2024 Capital Allowance

The fiscal 2024 allowance for the TSO capital program, including other funds that do not flow through the TSO budget, totals \$53.9 million. **Exhibit 8** shows the fiscal 2024 capital program for TSO by project and program along with the total estimated project costs and six-year funding included in the *Consolidated Transportation Program* (CTP).

Exhibit 8
The Secretary’s Office PAYGO Capital Program
Fiscal 2024
(\$ in Millions)

<u>Description</u>	<u>2024</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects			
MDOT RSTARS (FMIS) Refactoring Project	\$6.8	\$17.5	\$17.3
Programs			
Minor Program	\$31.8	n/a	\$98.6
Bikeways Network Program	9.2	n/a	16.3
Transportation Emission Reduction Program	4.1	n/a	18.5
Capital Salaries and Wages	2.0	n/a	12.2
Subtotal – Programs	\$47.1		\$145.5
Total – Projects and Programs	\$53.9	\$17.5	\$162.8

FMIS: Financial Management Information Systems
MDOT: Maryland Department of Transportation
PAYGO: pay-as-you-go
RSTARS: Relational Standard Accounting and Reporting System

Note: Numbers may not sum to totals due to rounding.

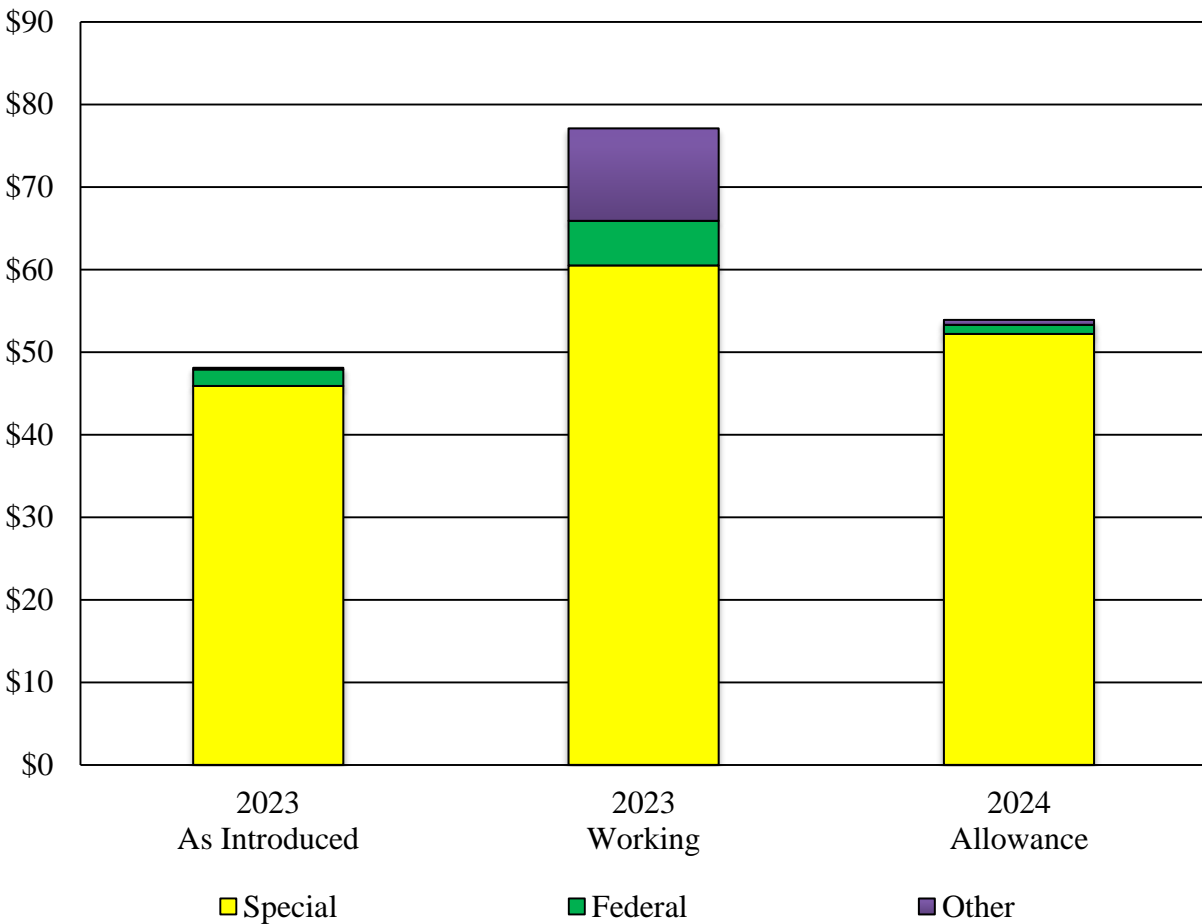
Source: 2023 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

The Systems Preservation and Minor Projects program comprises numerous smaller cost projects and grants. The fiscal 2024 funding of \$31.8 million supports 7 grants, 15 IT projects, and 35 projects addressing maintenance of the department’s headquarters building and providing for various studies and capital services contracts.

Fiscal 2023 and 2024 Cash Flow Analysis

Exhibit 9 shows the changes in TSO capital funding, including other funds that do not flow through the TSO budget, between the fiscal 2023 budget as introduced, the fiscal 2023 working appropriation, and the fiscal 2024 allowance.

Exhibit 9
Cash Flow Changes
Fiscal 2023-2024
(\$ in Millions)



Source: 2022 and 2023 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2023 Changes

The fiscal 2023 working appropriation is \$29.1 million higher than the budget as introduced during the 2022 session. **Exhibit 10** shows the components of this increase.

Exhibit 10
Cash Flow Changes
Fiscal 2023 as Introduced to Fiscal 2023 Working Appropriation
(\$ in Millions)

	<u>Cost</u>	<u>Change</u>
Major Projects		\$14.0
Baltimore City Sidewalk ADA Retrofit	\$10.0	
Transportation Emission Reduction Program	1.9	
Accounting and Reporting System (FMIS) Modernization	1.4	
Procurement System (FMIS) Modernization	0.4	
Bikeways Network Program	0.3	
Development and Evaluation Program		5.2
Baltimore-Washington Superconducting Maglev D&E	5.2	
Minor Program		9.7
Capital Salaries and Wages		0.2
Total Change		\$29.1

ADA: Americans with Disabilities Act
D&E: development and evaluation
FMIS: Financial Management Information Systems

Source: 2022 and 2023 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2023 to 2024 Changes

Exhibit 11 shows the changes between the fiscal 2023 working appropriation and the fiscal 2024 allowance, including other funds that do not flow through the TSO budget.

Exhibit 11
Cash Flow Changes
Fiscal 2023 Working Appropriation to Fiscal 2024 Allowance
(\$ in Millions)

	<u>Cost</u>	<u>Change</u>
Major Projects		-12.1
Bikeways Network Program	\$4.1	
Transportation Emission Reduction Program	-0.1	
Procurement System (FMIS) Modernization	-2.4	
Accounting and Reporting System (FMIS) Modernization	-3.7	
Baltimore City Sidewalk ADA Retrofit	-10.0	
Development and Evaluation Program		-6.1
Baltimore-Washington Superconducting Maglev D&E	-6.1	
Minor Program		-4.9
Capital Salaries and Wages		-0.2
Total Change		-\$23.2

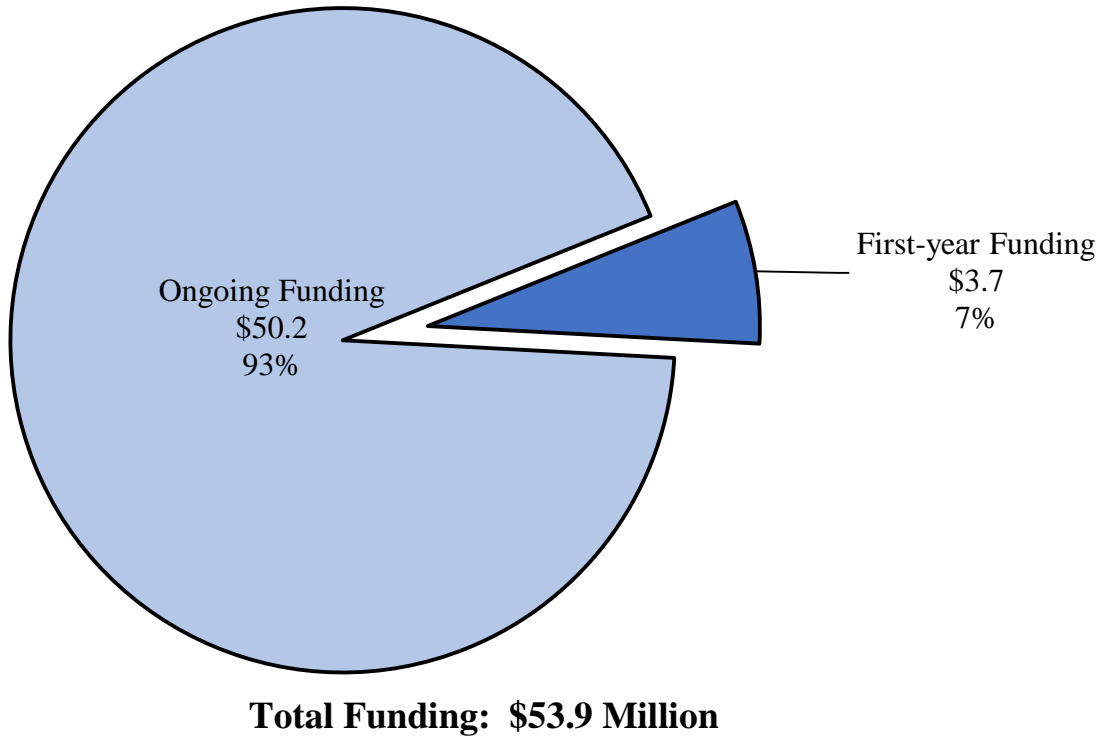
ADA: Americans with Disabilities Act
D&E: development and evaluation
FMIS: Financial Management Information Systems

Source: 2023 *Consolidated Transportation Program*, Maryland Department of Transportation; Department of Legislative Services

First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the CTP, beginning with the January 2023 CTP, to include tables listing projects receiving first-year funding for design or construction either in the budget year or the current year (if the funding was not shown in the budget year in the prior year CTP). As shown in **Exhibit 12**, \$3.7 million, or 7%, of TSO’s fiscal 2024 capital funding, which totals \$53.9 million, is first-year funding. The TSO capital projects receiving first-year funding in fiscal 2023 and 2024 are listed in **Exhibit 13**.

Exhibit 12
First-year and Ongoing Programmed Spending – All Funds
Fiscal 2024
(\$ in Millions)



Source: 2023 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Exhibit 13
Projects Receiving First-year Design and Construction Funding
Fiscal 2023-2024
(\$ in Thousands)

	<u>2023</u>	<u>2024</u>	<u>Total</u> <u>2023-2024</u>
Construction			
ADA Street and Sidewalk Improvements Baltimore City	\$10,000	\$0	\$10,000
Kim Lamphier Bikeways Network Program	135	1,028	1,163
Transportation Emission Reduction Program	173	0	173
Design			
Kim Lamphier Bikeways Network Program	1,213	2,721	3,934
Total	\$11,521	\$3,749	\$15,270
State (Special)			\$5,270
Federal			0
Other			10,000
Total			\$15,270

ADA: Americans with Disabilities Act

Source: 2023 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Issues

1. MDOT Explains Methodology for Decisions on Use of Federal Funds for Projects Identified in County Priority Letters

Language added to the fiscal 2023 appropriation for TSO restricted \$500,000 pending submission of a report explaining the methodology used in determining whether to fund projects from county priority letters entirely from State funds or from a combination of State and federal funds and, when using federal funds, how the department determines whether to use federal formula funding or to seek a discretionary grant. MDOT submitted an initial report in September 2022. The budget committees found the report did not address the questions with sufficient specificity and requested additional information. MDOT submitted a supplemental response in January 2023.

On the question of determining whether to fund projects entirely from State funds or from a combination of State and federal funds, MDOT indicated that it seeks to maximize the use of non-TTF dollars for its capital program so TTF dollars can be used for:

- projects ineligible for federal funds;
- required matching funds for federal grants; and
- smaller projects where the pursuit of federal funds may not be cost effective.

With respect to the choice between using federal formula funds versus seeking discretionary grant funds for projects for which the decision to use federal funds has been made, MDOT indicated that funding a project through a discretionary grant is preferred since discretionary grants increase the total amount of federal funds received by Maryland, while using formula funds just commits existing available funds.

MDOT also noted that accessing federal funds is a complex process due to the more than 100 different federal grant programs dedicated to transportation, each with its own requirements for project eligibility. Additional factors that are considered in deciding whether to pursue federal grant funding for a project are the significant amount of time required in preparing grant applications and the grant management workload generated to meet the many requirements of grant programs.

MDOT concluded its supplemental report by indicating that it seeks to be ready to pursue grant opportunities by moving forward on planning activities even before construction funding is identified, thereby building a pipeline of projects that will be ready to move forward when funding is available, and by remaining in close contact with its federal partners and closely monitoring schedules of current and upcoming grant opportunities.

The supplemental report was responsive to the restrictive language and, unless the committees raise an objection, a letter instructing that the funds be released will be processed following the budget hearings.

Operating Budget Recommended Actions

1. Add the following language to the special fund appropriation:

, provided that no more than \$5,556,686 of this appropriation may be expended for operating grants-in-aid, except for:

- (1) any additional special funds necessary to match unanticipated federal fund attainments; or
- (2) any proposed increase either to provide funds for a new grantee or to increase funds for an existing grantee.

Further provided that no expenditures in excess of \$5,556,686 may occur unless the department provides notification to the budget committees to justify the need for additional expenditures due to either item (1) or (2) above, and the committees provide review and comment or 45 days elapse from the date such notification is provided to the committees.

Explanation: This annual language caps the level of special funds provided for operating grants-in-aid. The cap may be increased to match unanticipated federal dollars or to provide new or expanded grant funding upon notification to the budget committees.

Information Request	Author	Due Date
Explanation of need for additional special funds for operating grants-in-aid	Maryland Department of Transportation	45 days prior to expenditure

PAYGO Budget Recommended Actions

1. Add the following language to the special fund appropriation:

, provided that no funds may be expended by the Secretary’s Office for any capital project or grant with a total project cost in excess of \$500,000 that is not currently included in the fiscal 2023 to 2028 Consolidated Transportation Program, except as outlined below:

- (1) the Secretary shall notify the budget committees of any proposed capital project or grant with a total cost in excess of \$500,000, including the need and justification for the project and its total cost; and

(2) the budget committees shall have 45 days to review and comment on the proposed capital project or grant.

Explanation: This language provides legislative oversight of capital projects and grants exceeding \$500,000 that are not listed in the current Consolidated Transportation Program (CTP).

Information Request	Author	Due Date
Notification of the intent to fund a capital project or grant exceeding \$500,000 that is not listed in the current CTP	Maryland Department of Transportation	45 days prior to expenditure

Updates

1. Transit-oriented Developments – Project Updates

Background

The Office of Real Estate and Economic Development in TSO is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations. TOD projects are intended to create high density, livable, and walkable neighborhoods around transit stations. Chapters 122 and 123 of 2008 codified the department’s TOD activities and allowed the Secretary to designate a TOD with other State agencies and local governments or multicounty agencies with land use and planning responsibility for the relevant area. The 2023 CTP includes \$50,000 in fiscal 2024 for TOD implementation projects.

Project Overview

An administrative agreement between MDOT and the Department of Legislative Services (DLS) provides for the reporting and oversight of TOD projects. Pursuant to this process, MDOT submits an annual report providing an update on active TOD projects. The 2022 MDOT report highlighted a number of TOD projects at MDOT-owned stations, as summarized below.

- **Savage MARC Station:** MDOT sold a 9.2-acre portion of a 12.7-acre MDOT surface parking lot to the developer for mixed-use development. MDOT received \$3.3 million for the land, and the developer has constructed a 704-space MARC commuter parking garage on the MDOT-retained property. Under the master development agreement (MDA), private development was to include 416 residential units, 17,000 square feet (SF) of retail space, 100,000 SF of office space, structured parking garages, and a 150-room hotel. In 2017, the residential units were completed along with 5,420 SF of retail space, 101,200 SF of office space, an adjacent 500-space parking garage, and 150 surface parking spaces. In August 2021, a second amendment to the MDA was executed in response to changing market conditions that (1) consolidates three parking lots into a single lot; (2) replaces 14,000 SF of retail and 250 SF of kiosk space with a 16-story, 280+ unit residential building; (3) reduces hotel rooms from 150 rooms to 110+/- rooms; and (4) expands parking by 100+/- spaces onto the existing privately owned structured parking garage and attaches an additional structured garage with 300+/- parking spaces. During 2022, development was paused due to issues related to Howard County’s Adequate Public Facilities Ordinance (APFO).
- **Expected Actions in Fiscal 2023:** Because of the APFO, it is uncertain when construction on the hotel, additional residential units, and private parking will begin.

- ***Owings Mills Baltimore Metro Station:*** In July 2005, the Board of Public Works (BPW) approved a development agreement that provided for the construction of a mixed-use development in several phases on 43 acres of MDOT-owned noncontiguous land (North and South parcels) adjacent to the metro station that had been used as surface parking. Under the agreement, the developer pays ground rent payments to MDOT, and the developer was also required to construct two parking garages, both of which have been completed and are in operation. MDOT contributed \$15.1 million, and Baltimore County committed \$13.1 million for the project. MDOT does not anticipate any additional State funding. The county completed the construction of a new community college facility and county library in calendar 2013. In calendar 2013, the developer also completed construction of Phase 1 residential and retail buildings. The first office building was completed comprising a 150,000 SF building with 50,000 SF of retail/restaurant space. In calendar 2019, an additional residential building comprising 114 residential units and 4,500 SF of retail space was completed and opened for occupancy. In calendar 2022, construction was completed on an additional residential building comprising 230 units and additional structured parking.
 - ***Expected Actions in Fiscal 2023:*** Discussions on development of the North Lot.
- ***Odenton MARC Station:*** For more than 10 years, a mixed-use project was envisioned on approximately 33 acres of MDOT parking lots and adjacent county-owned land. A development team for the project was selected in September 2007 by MDOT and Anne Arundel County and given an exclusive negotiating privilege to pursue a MDA for a mixed-use TOD. The developer was unable to formulate a budget that resulted in an economically feasible project, and the memorandum of understanding (MOU) between the developer and MDOT terminated on September 30, 2018. Subsequently, the Maryland Transit Administration (MTA) acquired a key property at the intersection of MD 175 and Town Center Boulevard adjacent to the west lot, which, when improved, is anticipated to provide approximately 249 additional commuter parking spaces as well as provide land for any future TOD. The county has engaged the Maryland Economic Development Corporation to construct a commuter parking garage near the station as a precursor to a possible TOD. MDOT is leasing the land on which the garage will be constructed to the county. MDOT is in the process of drafting a request for proposals (RFP) for efforts associated with the development of the remaining pieces of the TOD.
 - ***Expected Actions in Fiscal 2023:*** MDOT will continue collaborating with the county on activities associated with the commuter parking garage and TOD.
- ***Laurel Park MARC Station:*** The Laurel Park Station property consists of 63.84 acres located adjacent to U.S. Route 1, immediately north of the city of Laurel. The development potential of the property is enhanced by direct access to the MARC rail stop for the Camden Line, entrances off of U.S. Route 1, and its location in the middle of the Baltimore/Washington corridor. The property was rezoned in 2004 as a Howard County high-density TOD district. The project will include up to 1,000 multifamily residential

units, 127,000 SF of retail, and 650,000 SF of office space. MTA estimates that the new train station will require between 300 and 400 parking spaces for commuters. In early 2017, MTA and CSX Transportation executed an MOU providing for three morning stops and three evening stops. To accommodate the additional stops, a morning flag stop at the St. Denis Station will be eliminated, and the Jessup Station, which had one flag stop in the morning and one in the evening, will be closed upon completion of the Laurel Park State improvements. The developer submitted 30% engineering plans for the new transit station to CSX for approval, but the conditions that CSX required before it would grant approval proved too costly, and modifications proposed by the developer were rejected by CSX. With negotiations stalled on the station improvements, CSX has closed out the project for lack of activity.

- ***Expected Actions in Fiscal 2023:*** The mixed-use developments are progressing without plans for station improvements; however, the developer has indicated a desire to discuss how to move forward with station improvements, although it is unclear what activity with relation to the station may occur.
- ***Reisterstown Plaza Metro:*** The TOD site consisted of 35.0 acres of MDOT-owned surface parking lots and open space. MDOT negotiated an agreement with the federal General Services Administration (GSA) to dispose of an 11.3-acre portion of the site for the construction of a new Social Security Administration (SSA) office building. BPW approved the disposition of the land at its August 26, 2009 meeting. GSA entered into an agreement with a private developer who owns the property, constructed a 538,000-SF rentable building and a 1,076-space parking garage on the property, and leased it back to the federal government for the use of SSA. Construction was completed in early 2014. An RFP for the construction of a TOD on the remaining 25.6 acres was issued in 2021, and a developer was selected to enter into exclusive negotiations on terms for an MDA. Currently, the site includes two surface parking lots but once developed will offer a mix of housing, retail, parking, and recreational amenities. MDOT submitted the station area to the Smart Growth Subcabinet for recommendation for a TOD designation and received a favorable response.
- ***Expected Actions in Fiscal 2023:*** All proposals received in response to the RFP will be evaluated, and MDOT expects to enter into an exclusive negotiating period with the selected developer.
- ***Bowie State University (BSU) MARC Station:*** Prince George’s County and BSU have coordinated efforts to pursue a TOD in the area of the BSU MARC Station that will allow for retail, student housing, and other amenities to create a vibrant walkable community and assist in connecting BSU to the surrounding community. The BSU MARC station area includes 560 acres, including 307 that are publicly owned. MDOT and the county executed a TOD designation agreement in June 2021. The Revenue Authority of Prince George’s County is finalizing the review of RFP responses for the county-owned property adjacent to the BSU MARC Station. Next steps include meeting with the selection committee for

final decision on a development partner. BSU received three responses to its solicitation for the Gateway Parcel, and the BSU selection committee is engaged in the evaluation process. BSU anticipates entering into negotiations with a selected developer partner prior to year-end. To accommodate commuter parking needs, BSU is proposing that it build a structured parking garage on MDOT MTA-owned property in exchange for MDOT MTA agreeing to release the perpetual easement that MDOT MTA holds on a parking area.

- ***Expected Actions in Fiscal 2023:*** MDOT will continue collaboration with stakeholders to advance the project.
- ***Baltimore Penn Station MARC Station:*** Penn Station Partners is proposing a multi-phased, mixed-use development that could bring as much as 1.6 million SF of development to the area. Preliminary concepts include a hotel in the historic station head house, as well as office and residential space to the north along Lanvale Street, connected by an expanded concourse with new retail opportunities. Baltimore City has requested via a transportation priority letter for the station area to be State designated as a TOD. The designation would allow for the project to qualify for additional sources of funding. MDOT is in the process of review for a possible TOD designation.
- ***Expected Actions in Fiscal 2023:*** MDOT will provide support to advance the project.

Appendix 1
2022 Joint Chairmen’s Report Responses from Agency

The 2022 *Joint Chairmen’s Report* (JCR) requested that TSO prepare two reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Methodology for Determining Funding Sources for Projects on County Priority Letters:*** Language added to the appropriation for TSO restricted \$500,000 pending submission of a report explaining the methodology used in determining whether to fund projects entirely from State funds or from a combination of State and federal funds. TSO submitted a report in September 2022 providing information on the types of projects requested in county priority letters and broad requirements needing to be met for projects to receive federal funding. The budget committees requested more specific information on the decision process; and, in January 2023, TSO submitted a supplemental letter discussing the funding decision process. Further discussion of this topic can be found in Issue 1 of this analysis.
- ***Cost Analysis for Constructing a Sidewalk:*** Language added to the appropriation for TSO restricted \$100,000 pending submission of a report on a cost analysis of constructing a sidewalk along a portion of MD 198 (Sandy Spring Road). The report was submitted in October 2022 providing the cost analysis, and the funds were authorized by the budget committees for release in November 2022.

Appendix 2
Budget Amendments for Fiscal 2023
Maryland Department of Transportation – The Secretary’s Office

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Operating			
Approved	\$300,000	Special	Transfer from Dedicated Purpose Account (DPA) for grant for the Pride of Baltimore
Approved	\$1,291,578	Special	July 2023 cost-of-living adjustment (COLA) for eligible State employees
Approved	\$589,755	Special	Annualization of the January 2022 salary increment for eligible State employees
Approved	\$499,613	Special	Salary increment for eligible State employees that was effective either July 2022 or January 2023, depending on employees’ date of hire
Capital			
Approved	\$10,000,000	Special	Transfer from the DPA for grant to support Baltimore City sidewalk compliance with requirements of the Americans with Disabilities Act
Approved	\$66,328	Special	July 2023 COLA for eligible State employees
Approved	\$30,332	Special	Annualization of the January 2022 salary increment for eligible State employees
Approved	\$23,405	Special	Salary increment for eligible State employees that was effective either July 2022 or January 2023, depending on employees’ date of hire
Projected	\$14,484,826	Special	Adjusts the appropriation for the current year to conform to the 2023 CTP
	3,378,962	Federal	
	\$17,863,788	Total	

Appendix 3
Object/Fund Difference Report
Maryland Department of Transportation – The Secretary’s Office

<u>Object/Fund</u>	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Working</u> <u>Appropriation</u>	<u>FY 24</u> <u>Allowance</u>	<u>FY 23 - FY 24</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	311.50	307.50	311.50	4.00	1.3%
02 Contractual	6.00	10.00	17.00	7.00	70.0%
Total Positions	317.50	317.50	328.50	11.00	3.5%
Objects					
01 Salaries and Wages	\$ 36,452,845	\$ 39,284,022	\$ 42,279,345	\$ 2,995,323	7.6%
02 Technical and Special Fees	769,191	786,321	1,206,768	420,447	53.5%
03 Communication	4,328,456	4,997,550	5,061,399	63,849	1.3%
04 Travel	74,978	128,912	160,377	31,465	24.4%
06 Fuel and Utilities	165,058	200,682	183,053	-17,629	-8.8%
07 Motor Vehicles	53,059	49,787	48,487	-1,300	-2.6%
08 Contractual Services	35,104,084	38,076,315	42,811,545	4,735,230	12.4%
09 Supplies and Materials	132,039	174,467	226,296	51,829	29.7%
10 Equipment – Replacement	21,912	16,018	16,018	0	0%
11 Equipment – Additional	33,093	51,332	59,465	8,133	15.8%
12 Grants, Subsidies, and Contributions	54,674,616	19,520,239	20,402,608	882,369	4.5%
13 Fixed Charges	2,981,158	1,167,663	286,863	-880,800	-75.4%
Total Objects	\$ 134,790,489	\$ 104,453,308	\$ 112,742,224	\$ 8,288,916	7.9%
Funds					
03 Special Fund	\$ 85,297,700	\$ 90,900,177	\$ 98,016,599	\$ 7,116,422	7.8%
05 Federal Fund	49,492,789	13,553,131	14,725,625	1,172,494	8.7%
Total Funds	\$ 134,790,489	\$ 104,453,308	\$ 112,742,224	\$ 8,288,916	7.9%

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 4
Fiscal Summary
Maryland Department of Transportation – The Secretary’s Office

<u>Program/Unit</u>	<u>FY 22 Actual</u>	<u>FY 23 Wrk Approp</u>	<u>FY 24 Allowance</u>	<u>Change</u>	<u>FY 23 - FY 24 % Change</u>
01 Executive Direction	\$ 73,886,889	\$ 35,126,749	\$ 37,906,967	\$ 2,780,218	7.9%
02 Operating Grants-in-aid	14,496,884	19,415,037	20,282,311	867,274	4.5%
03 Facilities and Capital Equipment	44,061,881	64,962,814	46,034,985	-18,927,829	-29.1%
07 Office of Transportation Technology Services	46,406,716	49,911,522	54,552,946	4,641,424	9.3%
08 Major IT Development Projects	494,307	10,936,073	7,250,911	-3,685,162	-33.7%
Total Expenditures	\$ 179,346,677	\$ 180,352,195	\$ 166,028,120	-\$ 14,324,075	-7.9%
General Fund	\$ 8,700,000	\$ 0	\$ 0	\$ 0	0.0%
Special Fund	120,854,212	161,444,991	150,242,495	-11,202,496	-6.9%
Federal Fund	49,792,465	18,907,204	15,785,625	-3,121,579	-16.5%
Total Appropriations	\$ 179,346,677	\$ 180,352,195	\$ 166,028,120	-\$ 14,324,075	-7.9%

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.