
February 4, 2020

The Honorable Maggie McIntosh
Chair, House Appropriations Committee
121 House Office Building
Annapolis MD 21401

**Re: Letter of Opposition – House Bill 368 – Maryland Transit Administration – Funding
(Transit Safety and Investment Act)**

Dear Chair McIntosh and Committee Members:

The Maryland Department of Transportation (MDOT) respectfully opposes House Bill 368 due to its significant fiscal impact to the Transportation Trust Fund (TTF).

House Bill 368 requires a 4.4% increase in MDOT Maryland Transit Administration's (MDOT MTA) FY 2022 operating budget and establishes a minimum operating budget level for MDOT MTA from FY 2023 through FY 2027. MDOT has spent the last five years carefully assessing operating budget needs and controlling growth in the operating budget. Establishing minimum budget levels undermines this effort and reduces MDOT's ability to respond to changing market conditions. The increase in operating budget growth, combined with the associated impact on bonding capacity, requires a reduction in the six-year capital program of \$120 million.

House Bill 368 also requires an increase to the capital funding for MDOT MTA from FY 2022 through FY 2027. The bill requires minimum spending of \$529.1 million in FY 2022 and \$500 million for FY 2023 through FY 2027, exclusive of spending on the Purple Line. While MDOT recognizes the long-term needs at MDOT MTA, this requirement results in a reduction between \$525 and \$560 million for the other MDOT transportation business units (TBUs), which face similar backlogs.

MDOT gathers prioritized needs from performance data and asset management assessments, federal and State requirements (i.e. Bridge Program, Rail Safety, etc.), priorities developed by the counties, and customer needs, and scores projects against the scoring model established by Chapter 30 of 2017. MDOT then matches these projects with available funding to produce a multi-modal transportation capital program for the entire State. Nearly all projects are funded through the Transportation Trust Fund, a non-lapsing special fund that is first pledged to pay debt service on bonds, and then pays all operating expenses for MDOT and its five business units. Legislative mandates that increase funding for one mode of transportation come at the expense of all other modes of transportation. While MDOT MTA has a sufficient list of unfunded needs, transferring such a large amount to serve only the needs of one mode of transportation will result in a greater backlog of needs at the other TBUs.

There are currently unfunded capital needs throughout MDOT's statewide network. Shifting this large amount of funding from the other MDOT TBUs to MDOT MTA would have a substantial impact on the MDOT capital program and could result in significant reductions to system preservation and an ability to address serious safety deficiencies. According to U.S. Department of Transportation data, nationwide backlogs total \$836 billion in unmet capital investment needs for highways and bridges alongside a \$90 billion backlog for transit capital investment needs.

MDOT's system preservation program includes critical projects across the State to maintain the transportation network, including maintaining the runways at BWI Marshall Airport, dredging the shipping channels to keep goods traveling to and from the Port of Baltimore, maintaining a secure IT infrastructure for millions of driver and vehicle records, safeguarding the State's environmental assets, performing mid-life overhauls of transit vehicles, and ensuring that the State's bridges can safely operate without load or speed restrictions. It is also essential that MDOT have the resources to strengthen its Development and Evaluation program, which will help to develop projects in the out-years and deliver on MDOT's commitment to a statewide, multimodal, and integrated transportation network for the next generation.

For example, at MDOT SHA, decreasing the preventative maintenance activities for bridge rehabilitation and resurfacing programs will lead to higher future costs as more substantial repairs will be required. MDOT MPA has critical berth infrastructure that, in certain places, is approaching 100 years. Delays to repairs of this infrastructure could limit available space to process cargo, which would result in the loss of business at the Port. It is also likely that design, right-of-way, and construction on non-advertised major projects (e.g. MD 97 Montgomery Hills, MD 197 in Prince George's County, I-695 Transportation Systems Management and Operations and Triple Bridges in Baltimore County, and MD 295/MD175 interchange in Anne Arundel County) would be deferred.

The operating expense mandates in House Bill 368 will also have a significant impact on both the operating and capital program. Historically, the largest portion of the Department's operating expenses have gone to transit. Transit systems are much more costly to run, given the labor requirements and fuel needs especially as most maintenance is captured in the operating budget. MDOT MTA peer systems throughout the country, including the neighboring Washington Metropolitan Area Transit Authority (WMATA), have seen unmanageable operating increases. These increases limit the ability to fund important capital projects, including capital investments tied to maintaining critical state of good repair needs.

The current capital program funds highways at 46% of total spending, transit at 42%, and all other TBUs split the remaining 12%. Under House Bill 368, transit spending will consume nearly 50% of total capital dollars, highways drop to 38%, and all other TBUs make up the difference. Under the Fixing America's Surface Transportation (FAST) Act, federal surface

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transportation regulations require the implementation of performance management requirements ties the funding of projects and programs to improving measured performance and achieving targets set for future performance. This significant reduction will impede MDOT SHA's ability to maintain roads in a state of good repair and would jeopardize certain federal funding if safety standards are not met.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant House Bill 368 an unfavorable report.

Respectfully submitted,

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