

**J00B01**  
**State Highway Administration**  
**Maryland Department of Transportation**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$399,254	\$384,117	\$405,569	\$21,452	5.6%
Contingent & Back of Bill Reductions	0	0	-1,222	-1,222	
<b>Adjusted Special Fund</b>	<b>\$399,254</b>	<b>\$384,117</b>	<b>\$404,347</b>	<b>\$20,230</b>	<b>5.3%</b>
Federal Fund	13,338	12,539	13,292	753	6.0%
Contingent & Back of Bill Reductions	0	0	-63	-63	
<b>Adjusted Federal Fund</b>	<b>\$13,338</b>	<b>\$12,539</b>	<b>\$13,229</b>	<b>\$690</b>	<b>5.5%</b>
<b>Adjusted Grand Total</b>	<b>\$412,591</b>	<b>\$396,657</b>	<b>\$417,577</b>	<b>\$20,920</b>	<b>5.3%</b>

- The fiscal 2015 allowance increases by \$20.9 million (5.3%) over the fiscal 2014 working appropriation. The allowance includes the Highway User Revenues (HUR) distribution which totals \$169.7 million. When looking at the non-HUR budget, the allowance increases \$18.8 million (8.2%). Roadway maintenance deferred in prior years as cost containment measures accounts for over half the increase.
- The HUR allowance of \$169.7 million represents an increase of \$2.2 million over the fiscal 2014 working appropriation. The working appropriation, however, does not reflect a downward revision in revenues which will reduce the current year distribution by \$3.6 million. Adjusting for the revised distribution for fiscal 2014, the allowance represents an increase of \$5.8 million.

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

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## ***PAYGO Capital Budget Data***

(\$ in Thousands)

	Fiscal 2013	Fiscal 2014		Fiscal 2015
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$324,889	\$445,046	\$585,033	\$722,688
Federal	\$591,046	\$542,225	\$501,359	\$506,315
<b>Total</b>	<b>\$915,935</b>	<b>\$987,271</b>	<b>\$1,086,392</b>	<b>\$1,229,003</b>

- The fiscal 2014 working appropriation is \$99.1 million higher than the legislative appropriation and represents the additional revenue available due to the passage of the Transportation Infrastructure Act of 2013 (Chapter 429).
- The fiscal 2015 allowance increases by \$142.6 million over the current year working appropriation as the phase-in of revenue increases authorized by Chapter 429 of 2013 continues.

## ***Operating and PAYGO Personnel Data***

	<u>FY 13 Actual</u>	<u>FY 14 Working</u>	<u>FY 15 Allowance</u>	<u>FY 14-15 Change</u>
Regular Operating Budget Positions	1,544.00	1,544.00	1,545.00	1.00
Regular PAYGO Budget Positions	<u>1,526.50</u>	<u>1,526.50</u>	<u>1,545.50</u>	<u>19.00</u>
<b>Total Regular Positions</b>	<b>3,070.50</b>	<b>3,070.50</b>	<b>3,090.50</b>	<b>20.00</b>
Operating Budget FTEs	10.00	6.80	5.50	-1.30
PAYGO Budget FTEs	<u>12.00</u>	<u>15.20</u>	<u>11.50</u>	<u>-3.70</u>
<b>Total FTEs</b>	<b>22.00</b>	<b>22.00</b>	<b>17.00</b>	<b>-5.00</b>
<b>Total Personnel</b>	<b>3,092.50</b>	<b>3,092.50</b>	<b>3,107.50</b>	<b>15.00</b>

### **Vacancy Data: Regular Positions**

Turnover and Necessary Vacancies, Excluding New Positions	123.00	3.98%
Positions and Percentage Vacant as of 12/31/13	253.00	8.24%

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- The fiscal 2015 allowance includes 20 new regular positions comprising 1 operating budget position and 19 capital budget positions. Five of these new positions represent contractual conversions. The remaining 15 positions are to support the increased capital program resulting from Chapter 429 of 2013.
- Contractual full-time equivalents decrease by 5 due to being converted in the allowance to regular positions.
- Budgeted turnover in the fiscal 2015 allowance is 3.98%, which will require the State Highway Administration (SHA) to maintain the equivalent of 123 positions vacant for the entire fiscal year. As of December 31, 2013, SHA had 253 vacant positions for a vacancy rate of 8.24%.

## *Analysis in Brief*

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### **Major Trends**

**Safety:** In calendar 2012, the number of traffic-related fatalities increased by 23, and the traffic fatality rate, which measures the number of fatalities per 100 million miles travelled, also increased by nearly 4.6%. **SHA should comment on the factors that led to the increase in traffic fatalities and the fatality rate in 2012.**

**Congestion:** Several national entities indicate that Maryland and the Washington and Baltimore metropolitan regions have some of the highest levels of roadway congestion in the country. SHA is reporting data on a new measure of congestion – the percent of vehicle miles travelled in congested conditions during the evening peak hour on Maryland’s highways and expressways and arterial roads. **SHA should explain why the new Managing for Results measure is a better metric for congestion than the one it used in prior years, the long-term trends it expects the new measure to display, and the primary strategies it is pursuing to reduce congestion.**

**Structurally Deficient Bridges:** The number of structurally deficient bridges steadily decreased from 143 in calendar 2006 to 87 in 2012. In 2014, SHA is projecting the number to increase by 13 to 100. **SHA should comment on why the number of structurally deficient bridges is projected to increase.**

**System Preservation:** One objective of the system preservation goal is to maintain 84% of the highway network in an overall preferred maintenance condition. SHA met this goal in calendar 2012 and, while it expects to fall just short of this goal in 2013, it estimates it will meet the goal in 2014.

### **Operating Budget Recommended Actions**

1. Concur with Governor’s allowance.

### **PAYGO Budget Recommended Actions**

1. Concur with Governor’s allowance.

## **Updates**

***The Maryland Department of Transportation Reports on Local Funding Policies:*** Committee narrative adopted during the 2013 legislative session requested the Maryland Department of Transportation (MDOT) to report to the budget committees on its policies regarding local funding support for State capital transportation projects. MDOT submitted its report in November 2013.

***Sound Barrier Policy Explained:*** In response to questions about the criteria used to determine when sound barriers are constructed and local funding match requirements, committee narrative was adopted during the 2013 session requesting SHA to reexamine its policies on these issues and report the results of its reexamination. In December 2013, SHA submitted the requested report.

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## ***Budget Analysis***

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### **Program Description**

The State Highway Administration (SHA) is responsible for over 5,100 miles of interstate, primary and secondary roads, and over 2,500 bridges. SHA employees plan, design, build, and maintain these roads and bridges to safety and performance standards, while paying attention to social, ecological, and economic concerns.

SHA employs personnel in seven engineering districts throughout the State and at its Baltimore City headquarters. Each district encompasses a number of adjacent counties, with a district office serving as its headquarters. There is at least one maintenance facility in each county. The districts are responsible for the management of highway and bridge construction contracts and maintenance functions such as pavement repairs, bridge repairs, snow removal, roadside management, equipment maintenance, and traffic engineering operations.

SHA attempts to manage traffic and congestion through the Coordinated Highways Action Response Team (CHART) program. CHART provides information about traffic conditions and clears incidents on major roadways.

The highway safety program funds the Motor Carrier Division. The Motor Carrier Division manages the State's enforcement of truck weight and age limits by inspecting drivers, trucks, and cargo, as well as auditing carriers.

The administration has identified the following key goals:

- **Safety:** Improve highway safety in Maryland;
- **Mobility/Congestion Relief:** Improve mobility for customers;
- **System Preservation and Maintenance:** Maintain a quality highway system;
- **Efficiency in Government:** Improve efficiency in business processes in a fiscally responsible manner;
- **Environmental Stewardship:** Develop and maintain Maryland State highways in an environmentally responsible manner; and
- **Customer Satisfaction:** Provide services and products to customers that meet or exceed their expectations.

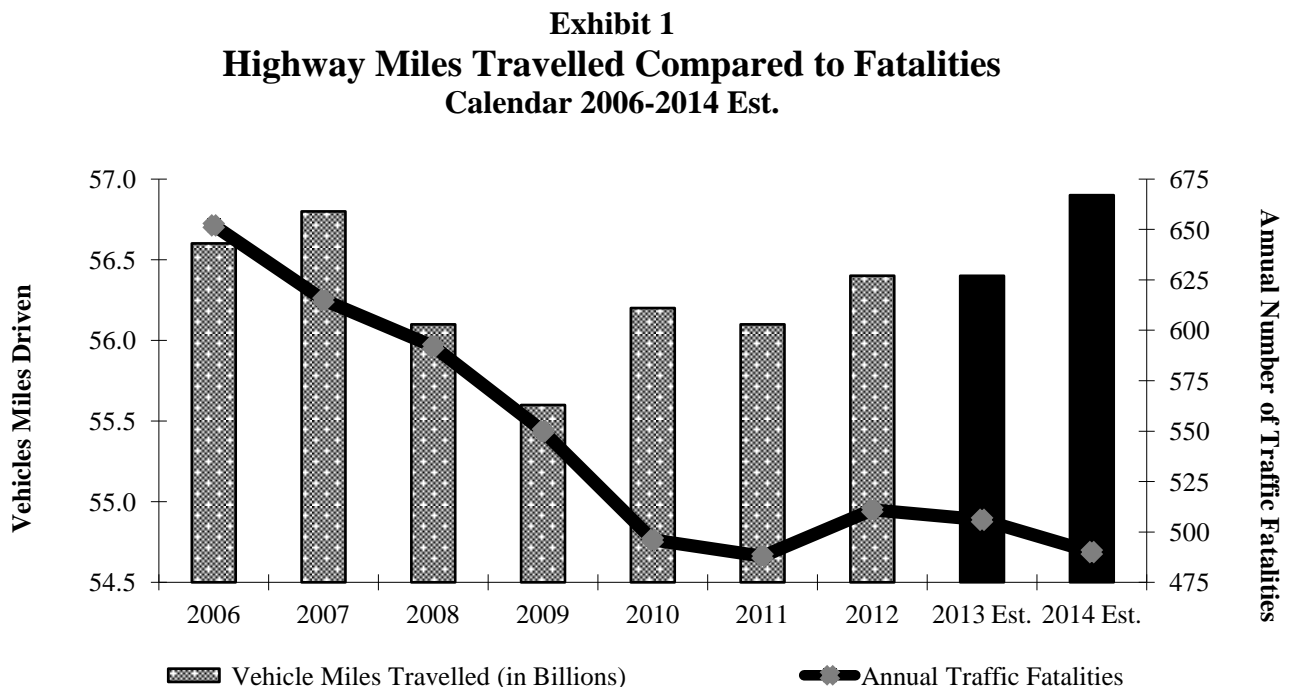
## Performance Analysis: Managing for Results

SHA provides Managing for Results (MFR) performance measures that relate to its mission and goals. SHA’s mission is to “efficiently provide mobility for our customers through a safe, well maintained, and attractive highway system that enhances Maryland’s communities, economy, and environment.”

### 1. Safety

Goal 1 of the SHA MFR submission is to improve highway safety in Maryland with the objective of reducing the annual number of traffic-related fatalities to 475 by the end of calendar 2015. **Exhibit 1** shows that in calendar 2012, the number of traffic fatalities increased by 23 to 511. The traffic fatality rate also increased by nearly 4.6% in calendar 2012, increasing from 0.87 per 100 million miles traveled in calendar 2011 to 0.91 in calendar 2012. **SHA should comment on the factors that led to the increase in traffic fatalities and the fatality rate in 2012.**

Vehicle miles travelled (VMT) in the State are projected to increase by 500 million between calendar 2013 and 2014; however, the number of fatalities is projected to decrease from an estimated 506 in calendar 2013 to 490 in calendar 2014.



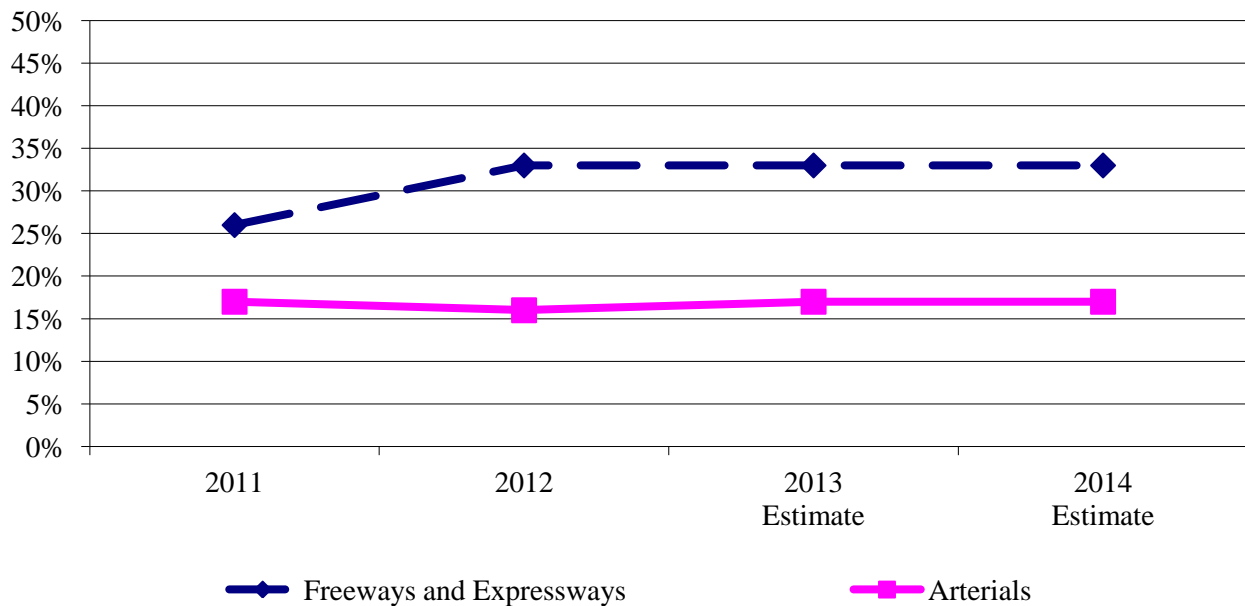
Source: State Highway Administration



## 2. Congestion

Several national entities (*e.g.*, the Census Bureau, the Reason Foundation, and the Texas Transportation Institute) indicate that Maryland and the Washington and Baltimore metropolitan regions have some of the highest levels of roadway congestion in the country. **Exhibit 2** shows the percent of VMT in congested conditions during the evening peak hour on Maryland’s highways and expressways and arterial roads. This is a new measure that SHA believes is a better indicator of congestion than the level of congested lane miles, with average annual volumes at or above congested levels that it reported in the past. According to the limited data available, congestion on arterial roads improved slightly in calendar 2012 (from 17 to 16%) but is expected to return to the 2011 level for 2013 and 2014. Freeway congestion worsened in calendar 2012, increasing from 26 to 33%, and is projected to remain at the 33% level through 2014. **SHA should explain why the new MFR measure is a better metric for congestion than the one it used in prior years, the long-term trends it expects the new measure to display, and the primary strategies it is pursuing to reduce congestion.**

**Exhibit 2**  
**Percent of VMT in Congested Conditions during Evening Peak Hour**  
**Calendar 2011-2014 Est.**



VMT: Vehicle Miles Travelled

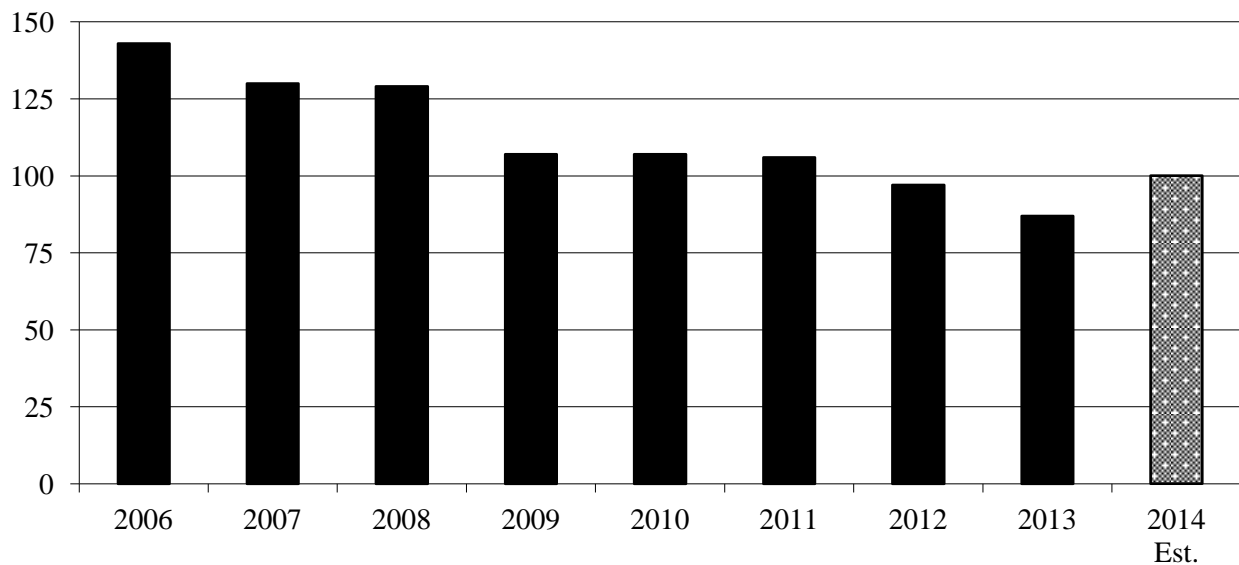
Source: State Highway Administration

### 3. Structurally Deficient Bridges

**Exhibit 3** shows that the number of structurally deficient bridges steadily decreased, from 143 in calendar 2006 to 87 in 2013. In 2014, SHA is projecting the number to increase by 13 to 100. **SHA should comment on why the number of structurally deficient bridges is projected to increase.**

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**Exhibit 3**  
**Structurally Deficient Bridges in the State Highway Network**  
**Calendar 2006-2014 Est.**



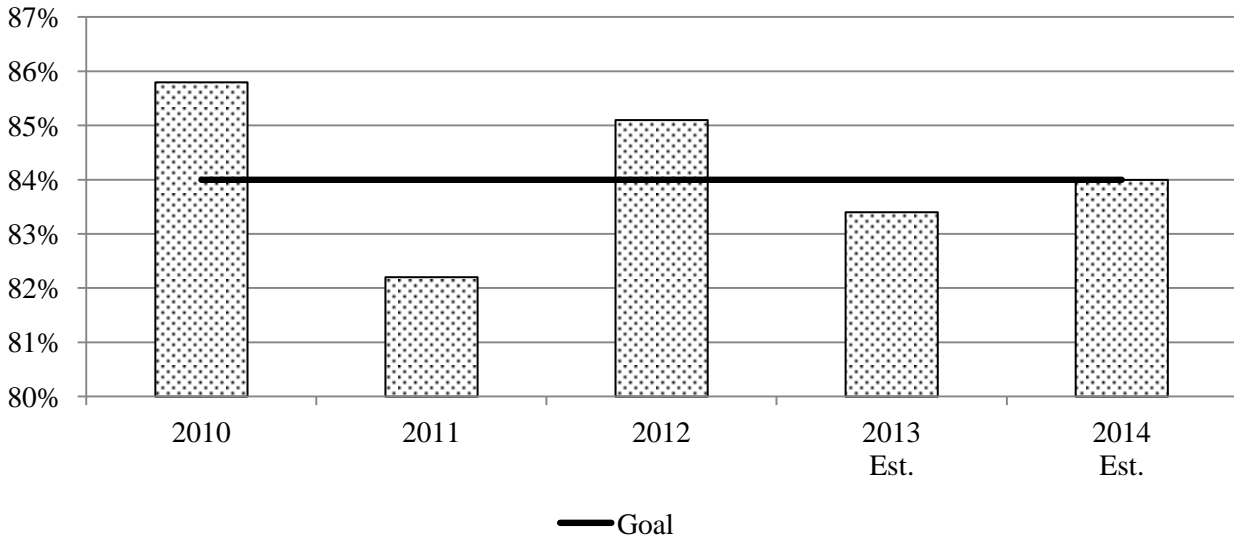
Source: State Highway Administration

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### 4. System Preservation

One objective of the system preservation goal is to maintain 84% of the highway network in an overall preferred maintenance condition. As shown in **Exhibit 4**, SHA met this goal in calendar 2012, and while it expects to fall just short of this goal in 2013, it estimates it will meet the goal in 2014. Maintenance activity expenditures fell by \$1.3 million between fiscal 2012 and 2013 but are expected to increase by \$5.0 million in fiscal 2014 and by nearly \$6.0 million in fiscal 2015.

**Exhibit 4**  
**Highway Network in Overall Preferred Maintenance Condition**  
**Calendar 2010-2014 Est.**



Source: State Highway Administration

**Proposed Budget**

As shown in **Exhibit 5**, the fiscal 2015 allowance increases by \$20.9 million over the current year working appropriation. Personnel expenses increase a net \$2.4 million, driven primarily by the annualization of the general salary increase. Operations increase by \$16.4 million, with roadway maintenance accounting for more than 60% of the increase (\$10.0 million) and winter maintenance adding another \$4.3 million. The Highway User Revenues (HUR) distribution increases by \$2.2 million.

**Exhibit 5**  
**Proposed Budget**  
**MDOT – State Highway Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
2014 Working Appropriation	\$384,117	\$12,539	\$396,657
2015 Allowance	<u>404,347</u>	<u>13,229</u>	<u>417,577</u>
Amount Change	\$20,230	\$690	\$20,920
Percent Change	5.3%	5.5%	5.3%
 <b>Where It Goes:</b>			
<b>Personnel Expenses</b>			
Annualized salary increase.....			\$2,722
Increments and other compensation.....			800
Pension contributions.....			746
Overtime.....			695
Workers’ compensation premium assessment.....			31
Turnover adjustments.....			-932
Employee and retiree health insurance.....			-1,708
Other fringe benefit adjustments.....			10
<b>Operations</b>			
Roadway maintenance – deferred in prior years due to cost containment efforts.....			10,005
Winter maintenance.....			4,336
Vehicles – gas, oil, and maintenance.....			978
Telephone usage – three-year average.....			593
Replacement and additional equipment.....			250
Sign production and traffic signal construction supplies.....			192
Other Changes.....			49
<b>Grants</b>			
Highway User Revenue Distribution.....			2,153
<b>Total</b>			<b>\$20,920</b>

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Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

## Winter Maintenance\Snow Removal

Budget bill language added to SHA’s fiscal 2010 budget indicated the intent of the General Assembly that SHA increase the amount budgeted for snow removal by \$5.0 million until the budgeted amount reflected the rolling five-year average of actual snow removal expenditures. The fiscal 2015 allowance complies with this directive. It includes \$51.0 million for snow removal efforts – a \$5.0 million increase over the \$46.0 million included in the current year budget. The five-year average of actual snow removal expenditures through fiscal 2013 is \$70.2 million. As of February 18, 2014, SHA had spent \$111.0 million on snow removal efforts.

## Highway User Revenue

HUR is estimated to be \$169.7 million in fiscal 2015. **Exhibit 6** provides a summary of HUR distribution.

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### Exhibit 6 Highway User Revenue Distribution Fiscal 2015

<u>County</u>	<u>County Share</u>	<u>Municipal Share</u>	<u>Total</u>
Allegany	\$462,965	\$357,857	\$820,822
Anne Arundel	2,839,518	308,510	3,148,028
Baltimore	4,004,521	0	4,004,521
Calvert	613,429	87,862	701,291
Caroline	384,597	126,429	511,026
Carroll	1,087,632	408,813	1,496,445
Cecil	628,661	204,727	833,388
Charles	917,522	116,717	1,034,239
Dorchester	429,522	145,476	574,998
Frederick	1,307,861	779,751	2,087,612
Garrett	513,758	115,965	629,723
Harford	1,347,764	342,865	1,690,629
Howard	1,531,557	0	1,531,557
Kent	220,565	75,129	295,694
Montgomery	3,587,366	1,125,340	4,712,706
Prince George’s	2,810,074	1,447,768	4,257,842
Queen Anne’s	512,283	48,530	560,814
St. Mary’s	753,712	31,306	785,018
Somerset	274,002	53,967	327,969
Talbot	317,675	193,464	511,139
Washington	850,078	464,859	1,314,937

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<u>County</u>	<u>County Share</u>	<u>Municipal Share</u>	<u>Total</u>
Wicomico	626,862	394,296	1,021,159
Worcester	491,535	240,626	732,161
<b>Subtotal</b>	<b>\$26,513,460</b>	<b>\$7,070,256</b>	<b>\$33,583,716</b>
Baltimore City	\$136,102,428		\$136,102,428
<b>Total</b>	<b>\$162,615,888</b>	<b>\$7,070,256</b>	<b>\$169,686,144</b>

Source: Maryland State Budget, Volume I, page 626

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### **Cost Containment**

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management – Personnel and the State Retirement Agency. For SHA, these actions reduce the fiscal 2015 allowance for health insurance by \$580,449 (\$580,385 special, \$64 federal) and by \$704,741 for retirement reinvestment (\$641,760 special, \$62,981 federal) for a total reduction of \$1,285,190.

## **PAYGO Capital Program**

### **Program Description**

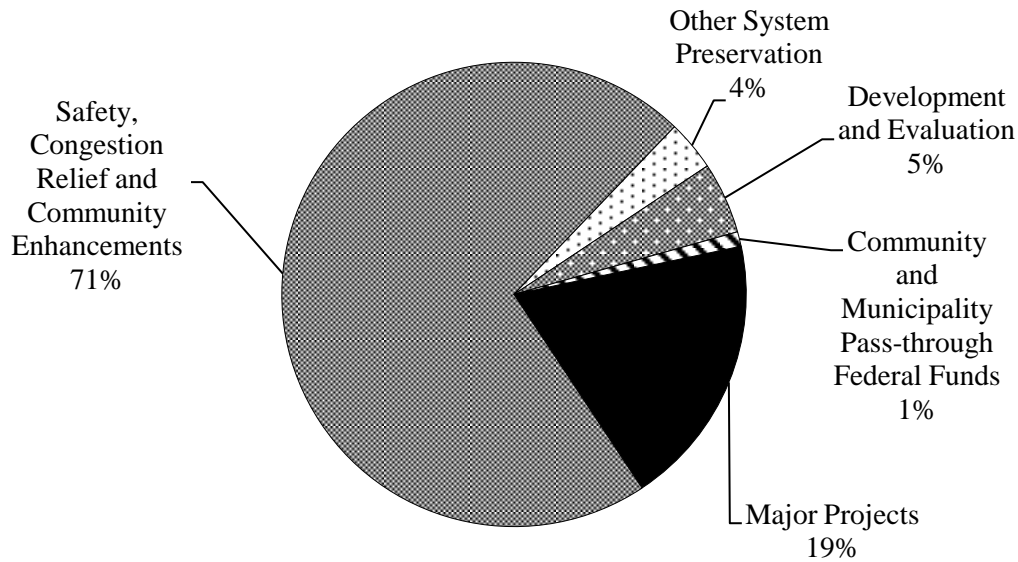
The State System Construction program provides funds for the capital program of SHA. Financing is available from current revenues, federal aid, and bond proceeds for construction and reconstruction projects on the State highway system, program-related planning and research, acquisition of major capital equipment, and all other capital expenditures. Funding is also provided for local capital programs through the State Aid in Lieu of Federal Aid program and various federal grants, including bridge replacement and rehabilitation and the national highway system.

The *Consolidated Transportation Program* (CTP) includes a development and evaluation program (D&E) and a construction program. Generally, projects are first added to the D&E program, where they are evaluated by planners and engineers, and rights-of-way may be purchased. The State Highway Administration (SHA) also prepares final and draft environmental impact statements for projects in the D&E program. These studies examine alternatives which include a no-build option and a number of different alignments. Spending on a project while in the D&E program is usually less than 15% of the total project cost. When SHA wants to move a project forward, it is moved into the construction program.

### **Fiscal 2014 to 2019 Consolidated Transportation Program**

The fiscal 2014 to 2019 six-year capital program for SHA totals \$7.2 billion, which is a \$2.2 billion increase over the prior six-year program. Six-year funding for major projects (\$1.0 billion) and safety, congestion relief, and community enhancement projects (\$1.1 billion) account for the majority of the increase. Special funds over the six years total \$5.0 billion, and federal funds total \$2.2 billion. **Exhibit 7** shows programmed spending by category for the six-year program.

**Exhibit 7**  
**Spending by Category – All Funds**  
**Fiscal 2014-2019**  
**Total: \$7.2 Billion**



Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

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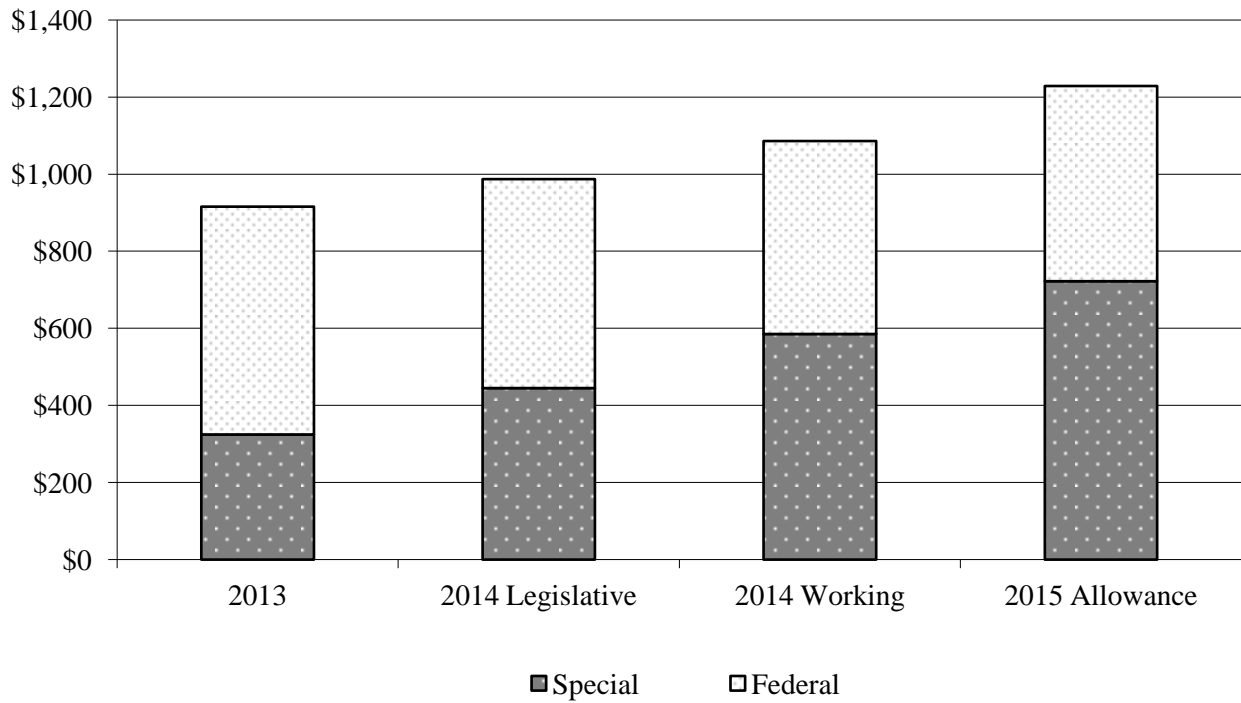
### **Fiscal 2014 and 2015 Cash Flow Analysis**

**Exhibit 8** shows the cash flow changes in SHA’s capital program. The fiscal 2014 working appropriation increases by \$99.1 million over the legislative appropriation, with increases in funding for safety, congestion relief, and community enhancement projects (\$109.8 million) and other system preservation projects (\$19.5 million) partially offset by decreases in the development and evaluation program (\$25.1 million), major projects (\$3.6 million), and major information technology development projects (\$1.5 million).

The fiscal 2015 allowance increases by \$142.6 million comprising increases in funding for major projects (\$100.6 million), safety, congestion relief, community enhancement projects (\$29.9 million), and D&E projects (\$29.4 million), partially offset by decreases in other system preservation projects (\$1.7 million).



**Exhibit 8**  
**Cash Flow Changes**  
**Fiscal 2013-2015**  
**(\$ in Millions)**



Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

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**Exhibit 9** provides a summary of the large construction projects in the CTP for fiscal 2015.

**Exhibit 9**  
**Large Construction Projects**  
**Funded in Fiscal 2015**  
**(\$ in Thousands)**

<u>County</u>	<u>Project</u>	<u>2015</u>	<u>Total Cost</u>	<u>Six-year Spending</u>	<u>Notes</u>
Statewide	Coordinated Highway Action Response Team	\$23,300	n/a	\$115,300	1
Statewide	Community Safety and Enhancement Program	44,800	n/a	317,500	1
Statewide	Sound Barrier Program	7,300	n/a	45,200	1
Statewide	Total Maximum Daily Load – plan, design, and construct stormwater controls and alternative water quality improvement strategies in Maryland Phase I and Phase II counties to meet requirements by 2025	80,200	\$582,500	546,200	1
Anne Arundel	MD 175, Annapolis Road – construct intersection improvements at Mapes Road/Charter Oaks Boulevard and Reece Road	12,166	27,925	26,978	
Baltimore	I-83 Harrisburg Expressway – construct safety and resurfacing improvements on I-83 from I-695 to Shawan Road	7,133	11,712	11,672	1
Baltimore	I-695, Baltimore Beltway – replace bridge over Milford Mill Road	11,290	27,377	26,131	
Baltimore	I-695, Baltimore Beltway – widen roadway to provide a fourth lane on outer loop from US 40 to MD 144	1,000	97,204	87,618	1,3
Baltimore	I-695, Baltimore Beltway – provide continuous auxiliary lane on both the inner and outer loops between MD 41 and MD 147; widen median shoulders and replace Old Harford Road Bridge over I-695	7,812	35,893	32,613	1

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<u>County</u>	<u>Project</u>	<u>2015</u>	<u>Total Cost</u>	<u>Six-year Spending</u>	<u>Notes</u>
Calvert	MD 261, Willows Road – replace bridge over Fishing Creek	15,281	29,778	28,266	
Caroline/ Queen Anne’s	MD 404, Shore Highway – construct upgrades from west of MD 309 to Cemetery Road (Phase 1B)	8,699	38,794	36,092	1
Cecil	MD 272, Mauldin Avenue – replace bridge over Amtrak	6,366	17,140	15,037	
Frederick	US 15, Catoctin Mountain Highway – construct a grade-separated interchange at Monocacy Boulevard including a Park-and-Ride lot	12,604	72,426	61,663	1,3
Howard	US 29, Columbia Pike – add third northbound lane from Seneca Drive to MD 175 (Phase 1B)	15,704	52,135	48,561	1,3
Montgomery	I-270/Watkins Mill Road Extended – construct new interchange	1,310	165,270	163,536	1,3
Montgomery	MD 97, Georgia Avenue – construct interchange improvements at Randolph Road	16,684	61,075	50,559	
Montgomery	MD 97, Georgia Avenue – construct a two-lane highway from south of Brookeville to north of Brookeville	0	27,196	25,132	1,3
Prince George’s	I-95/I-495, Capital Beltway – Phase 2 access improvements from MD 5 (Branch Avenue) and I-95/I-495 to the Branch Avenue Metro Station including improvements to the access road, pedestrian bridge and the county roads	15,330	61,068	56,410	1,3
Prince George’s	US 50, John Hanson Highway – construct safety and resurfacing improvements on I-595 from south of Lottsford Vista Road to the Anne Arundel County line	5,731	13,533	13,400	2

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<u>County</u>	<u>Project</u>	<u>2015</u>	<u>Total Cost</u>	<u>Six-year Spending</u>	<u>Notes</u>
Prince George's	MD 4, Pennsylvania Avenue – replace bridges over MD 223	6,187	22,378	17,575	
Prince George's	MD 4, Pennsylvania Avenue – construct raised curb along the outside edge of roadway, sidewalk along southbound MD 4, a 10-foot hiker/biker trail along northbound MD 4, on-road bicycle accommodations and other traffic calming measures from Forestville Road to MD 458 (Silver Hill Road)	3,915	32,172	31,241	2
Prince George's	MD 4, Pennsylvania Avenue – construct a new interchange at MD 4 and Suitland Parkway	15,083	160,425	151,375	1,3
Prince George's	MD 5, Branch Avenue – construct safety and resurfacing improvements from MD 223 to south of I-95	8,673	11,021	10,874	2
Prince George's	MD 210, Indian Head Highway – construct a new interchange at MD 210 and Kerby Hill Road/Livingston Road	10,720	92,235	90,935	1,3
Prince George's	MD 500, Queens Chapel Road – construct landscaped median with sidewalk and crosswalk improvements from MD 208 (Hamilton Street) to MD 410 (East-West Highway/Adelphi Road)	6,516	13,771	12,321	1,2
Queen Anne's	US 301, Blue Star Memorial Highway – construct a new interchange at MD 304	9,628	61,103	58,996	1,3
Somerset/ Worcester	US 13, Ocean Highway – rehabilitate bridges over Pocomoke River	6,883	17,235	16,750	2
Talbot	MD 331, Dover Road – replace bridge over Choptank River	14,369	63,976	61,715	1,3

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<u>County</u>	<u>Project</u>	<u>2015</u>	<u>Total Cost</u>	<u>Six-year Spending</u>	<u>Notes</u>
Washington	I-70, Eisenhower Memorial Highway – replace bridges over MD 63	3,375	15,937	11,417	
Washington	I-81, Maryland Veterans Memorial Highway – widen and rehabilitate I-81 bridge over the Potomac River	1,600	48,212	39,369	1,2
<b>Total</b>		<b>\$379,659</b>	<b>\$1,859,491</b>	<b>\$2,210,436</b>	

Note 1: Funding available due to passage of the Transportation Infrastructure Investment Act of 2013 (Chapter 429).

Note 2: Project added to the construction program in this *Consolidated Transportation Program*.

Note 3: Project moved from the development and evaluation program to the construction program in this *Consolidated Transportation Program*.

Source: Maryland Department of Transportation, 2014-2019 *Consolidated Transportation Program*

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## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. The Maryland Department of Transportation Reports on Local Funding Policies**

Committee narrative adopted during the 2013 legislative session requested MDOT to report to the budget committees on its policies regarding local funding support for State capital transportation projects. The report, submitted in November 2013, notes the following:

- MDOT would like to work with local agencies to partner on projects that mutually benefit the locality and the State. MDOT could offer incentives for local contributions for traditionally State-funded projects where both the State and the local jurisdiction benefit from the project. MDOT could require local contributions in State-sponsored projects that are deemed to have concentrated local benefits, such as transit stations or highway interchanges;
- MDOT will also approach local jurisdictions seeking potential local contributions when:
  - the project is of significant scale or complexity and provides benefits in terms of congestion relief, mobility enhancements, passenger safety, or other factors that accrue disproportionately to a specific jurisdiction or to multiple jurisdictions along a project corridor;
  - the project consists of a local project combined with a State project that together bring significant improvements to the statewide transportation network; and
  - the project serves one of the following State transportation interests;
    - development and improvement of a unified and coordinated public transit system in a specific region or throughout the State;
    - establishment and realization of transit-oriented development; or
    - creation of a regional transportation system that is compatible with other contiguous or neighboring systems.

MDOT indicates that it intends to be selective in exercising its existing authority to enter into agreements with local jurisdictions to have the local jurisdiction manage projects on a State roadway or on the State's behalf. MDOT further notes that in all cases where local contributions are made toward a State transportation project, it will exercise oversight of the State portion of the project and provide technical assistance when needed for any local portion in order to maintain the integrity of the State system.



MDOT concludes by stating that in all circumstances, it is looking to partner on transportation projects that are of importance to the State and local jurisdictions, where the project meets all the requirements for eligibility, and where the project enables the State to maximize State revenues and return on investment.

## **2. Sound Barrier Policy Explained**

In response to questions about the criteria used to determine when sound barriers are constructed and local funding match requirements, committee narrative was adopted during the 2013 session requesting SHA to reexamine its policies on these issues and report the results of its reexamination. In December 2013, SHA submitted the requested report.

### **Background**

Under certain circumstances, sound barriers are constructed to reduce noise impacts of vehicles traveling along Maryland’s highways. Sound barriers constructed when a new roadway is constructed or when an existing roadway is expanded or significantly changed to allow more traffic throughput are known as Type I barriers. Type I barriers are required by the federal National Environmental Policy Act and are fully funded by SHA. Optional barriers constructed where a majority of the impacted community was built prior to the original roadway being constructed are known as Type II barriers. Type II barriers require local cost sharing under SHA policies, and construction is contingent on funding availability. While Type I barriers are required under federal law, Type II barriers are voluntary. However, eligibility and criteria for both types adhere to federal standards and criteria for design.

### **Sound Barrier Policy Review**

SHA periodically revises its Highway Noise Policy to incorporate changes to federal regulations. It completed its last revisions in 2011. Changes at that time were:

- calculation of cost effectiveness – switched from a cost of construction per benefited residence to square footage of the proposed wall per benefited residence;
- noise abatement criteria – revised to remove requirement of 3 decibel increase in build versus non-build noise projections and redefined “substantial change” from at least 10 decibels (if under 66 decibels overall) with a 57 decibel minimum to a sliding scale with no minimum noise level; and
- trigger for analysis – requires a complete noise analysis for any physical alteration (horizontal or vertical shift) or the addition of a through lane or auxiliary lane with no minimum distance requirement.

As part of its policy review, SHA compared its Highway Noise Policy to that of seven other states. SHA's updated policy sets the noise impact criterion at the same level as these other states and sets the reasonableness criterion (size or cost) at similar or more generous levels (*e.g.*, SHA uses 2,700 square feet per benefited residence as its criterion whereas the other states use either a cost of construction calculation or lower square footage allowance – as low as 1,400 square feet per benefited residence, which is nearly half as generous as the SHA allowance).

SHA indicates the policy changes affects its budget mostly in terms of the number of projects that need to be analyzed for noise impacts or reanalyzed due to the policy changes. No changes were made to the funding requirements – Type I barriers continue to be funded through new construction projects, and Type II barriers continue to require local contributions of 20% and are dependent on SHA's ability to program the remaining 80%.

### **Conclusion**

SHA indicates that it is committed to addressing noise conditions along Maryland's highways in a fair and consistent manner. Further, it believes the 2011 review and update of its Highway Noise Policy made improvements to the calculations of cost effectiveness, criteria for abatement, and triggers for analysis. Finally, it will continue to monitor the effects of the changes implemented pursuant to its review in 2011 and intends to develop a process for future changes that will involve stakeholders, including residents of communities located adjacent to highway facilities.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets State Highway Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2013</b>					
Legislative Appropriation	\$0	\$366,222	\$11,139	\$0	\$377,361
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	35,496	2,239	0	37,734
Reversions and Cancellations	0	-2,464	-40	0	-2,504
<b>Actual Expenditures</b>	<b>\$0</b>	<b>\$399,254</b>	<b>\$13,338</b>	<b>\$0</b>	<b>\$412,591</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$0	\$382,545	\$12,443	\$0	\$394,988
Budget Amendments	0	1,572	96	0	1,668
<b>Working Appropriation</b>	<b>\$0</b>	<b>\$384,117</b>	<b>\$12,539</b>	<b>\$0</b>	<b>\$396,657</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

The fiscal 2013 budget for SHA closed out \$35.2 million higher than the legislative appropriation. Increases by budget amendment totaling \$37.7 million were partially offset by end-of-year cancellations totaling \$2.5 million. Special funds were increased by budget amendment for winter maintenance and storm-related emergency expenditures (\$33.9 million), third-party insurance reimbursements for accidents (\$1.7 million), and the general salary increase (\$695,522). Special funds were reduced by budget amendment by \$800,000 for CHART due to the availability of federal funds. Federal funds were added by budget amendment for CHART (\$1,100,000), highway safety grants (\$1,100,000), and the general salary increase (\$38,784).

Cancellations totaled \$2.5 million, with the majority (\$2.4 million) comprising HURs for local jurisdictions due to revenues being lower than originally projected. Remaining special and federal fund cancellations represent miscellaneous administrative savings.

## **Fiscal 2014**

The fiscal 2014 working appropriation for SHA is \$1.7 million higher than the legislative appropriation and represents increases by budget amendments for the employee general salary increase and increments.

**Object/Fund Difference Report  
MDOT – State Highway Administration**

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,544.00	1,544.00	1,545.00	1.00	0.1%
02 Contractual	10.00	6.80	5.50	-1.30	-19.1%
<b>Total Positions</b>	<b>1,554.00</b>	<b>1,550.80</b>	<b>1,550.50</b>	<b>-0.30</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 106,176,237	\$ 109,504,057	\$ 113,153,276	\$ 3,649,219	3.3%
02 Technical and Spec. Fees	5,510,248	3,503,982	3,717,000	213,018	6.1%
03 Communication	1,661,256	1,948,500	2,586,300	637,800	32.7%
04 Travel	618,196	436,140	526,470	90,330	20.7%
06 Fuel and Utilities	12,013,251	12,486,380	12,489,144	2,764	0%
07 Motor Vehicles	17,719,688	14,631,921	16,165,097	1,533,176	10.5%
08 Contractual Services	78,301,375	58,921,245	71,289,268	12,368,023	21.0%
09 Supplies and Materials	24,288,850	22,191,404	23,380,101	1,188,697	5.4%
10 Equipment – Replacement	438,140	658,179	715,777	57,598	8.8%
11 Equipment – Additional	140,135	23,606	61,605	37,999	161.0%
12 Grants, Subsidies, and Contributions	165,422,599	171,963,908	174,375,099	2,411,191	1.4%
13 Fixed Charges	287,256	387,376	391,343	3,967	1.0%
14 Land and Structures	14,123	0	11,400	11,400	N/A
<b>Total Objects</b>	<b>\$ 412,591,354</b>	<b>\$ 396,656,698</b>	<b>\$ 418,861,880</b>	<b>\$ 22,205,182</b>	<b>5.6%</b>
<b>Funds</b>					
03 Special Fund	\$ 399,253,665	\$ 384,117,349	\$ 405,569,433	\$ 21,452,084	5.6%
05 Federal Fund	13,337,689	12,539,349	13,292,447	753,098	6.0%
<b>Total Funds</b>	<b>\$ 412,591,354</b>	<b>\$ 396,656,698</b>	<b>\$ 418,861,880</b>	<b>\$ 22,205,182</b>	<b>5.6%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Fiscal Summary**  
**MDOT – State Highway Administration**

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 State System Construction and Equipment	\$ 829,967,709	\$ 1,015,172,000	\$ 1,159,527,000	\$ 144,355,000	14.2%
02 State System Maintenance	241,243,735	219,057,264	238,984,318	19,927,054	9.1%
03 County and Municipality Capital Funds	80,021,364	64,155,000	60,200,000	-3,955,000	-6.2%
04 Highway Safety Operating Program	10,749,839	10,065,802	10,191,418	125,616	1.2%
05 County and Municipality Funds	160,597,780	167,533,632	169,686,144	2,152,512	1.3%
08 Major Information Technology Development Projects	5,945,912	7,065,000	9,276,000	2,211,000	31.3%
<b>Total Expenditures</b>	<b>\$ 1,328,526,339</b>	<b>\$ 1,483,048,698</b>	<b>\$ 1,647,864,880</b>	<b>\$ 164,816,182</b>	<b>11.1%</b>
Special Fund	\$ 724,143,024	\$ 969,150,349	\$ 1,128,257,433	\$ 159,107,084	16.4%
Federal Fund	604,383,315	513,898,349	519,607,447	5,709,098	1.1%
<b>Total Appropriations</b>	<b>\$ 1,328,526,339</b>	<b>\$ 1,483,048,698</b>	<b>\$ 1,647,864,880</b>	<b>\$ 164,816,182</b>	<b>11.1%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

**Budget Amendments for Fiscal 2014**  
**Maryland Department of Transportation**  
**State Highway Administration – Operating**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$1,102,911	Special	General salary increase.
	<u>70,560</u>	Federal	
	<b>\$1,173,471</b>	<b>Total</b>	
Approved	\$469,411	Special	Salary increments.
	<u>25,419</u>	Federal	
	<b>\$494,830</b>	<b>Total</b>	

Source: Maryland Department of Transportation

**Budget Amendments for Fiscal 2014  
Maryland Department of Transportation  
State Highway Administration – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$1,155,090	Special	General salary increase.
	<u>560,977</u>	Federal	
	<b>\$1,716,067</b>	<b>Total</b>	
Approved	\$278,894	Special	Salary increments.
	<u>213,764</u>	Federal	
	<b>\$492,658</b>	<b>Total</b>	
Pending	\$138,553,707	Special	Adjusts the amended appropriation to agree with the final fiscal 2014-2019 Consolidated Transportation Program.
	<u>-41,641,741</u>	Federal	
	<b>\$96,911,966</b>	<b>Total</b>	

Source: Maryland Department of Transportation