

J00B01
State Highway Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

| | <u>FY 16</u> <u>Actual</u> | <u>FY 17</u> <u>Working</u> | <u>FY 18</u> <u>Allowance</u> | <u>FY 17-18</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|------------------------------|---|--|--|--|--|
| Special Fund | \$464,428 | \$434,131 | \$438,602 | \$4,471 | 1.0% |
| Adjustments | 0 | 0 | -372 | -372 | |
| Adjusted Special Fund | \$464,428 | \$434,131 | \$438,230 | \$4,099 | 0.9% |
| Federal Fund | 10,066 | 15,294 | 15,222 | -72 | -0.5% |
| Adjustments | 0 | 0 | -35 | -35 | |
| Adjusted Federal Fund | \$10,066 | \$15,294 | \$15,187 | -\$107 | -0.7% |
| Adjusted Grand Total | \$474,494 | \$449,425 | \$453,417 | \$3,992 | 0.9% |

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance for the State Highway Administration (SHA), adjusted to reflect a contingent reduction in pension contributions, increases by \$4.0 million (0.9%) over the current year working appropriation. A special fund increase of \$4.1 million is slightly offset by a federal fund decrease of \$0.1 million.
- Section 19 of the fiscal 2018 budget bill reduces funding for pension contributions. For SHA, the reduction comprises \$372,087 in special funds and \$34,722 in federal funds for a combined reduction of \$406,809.

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

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PAYGO Capital Budget Data

(\$ in Thousands)

| | Fiscal 2016 | Fiscal 2017 | | Fiscal 2018 |
|--------------|--------------------|--------------------|--------------------|--------------------|
| | <u>Actual</u> | <u>Legislative</u> | <u>Working</u> | <u>Allowance</u> |
| Special | \$788,557 | \$1,012,408 | \$882,142 | \$885,856 |
| Federal | \$533,241 | \$564,634 | \$621,045 | \$643,082 |
| Total | \$1,321,799 | \$1,577,042 | \$1,503,187 | \$1,528,938 |

- The fiscal 2017 working appropriation is a net \$73.9 million lower than the legislative appropriation comprising a \$56.4 million increase in federal funds that is more than offset by a \$130.3 million decrease in special funds.
- The fiscal 2018 allowance increases by \$25.8 million over the current year working appropriation comprising a federal fund increase of \$22.0 million and a special fund increase of \$3.7 million.

Operating and PAYGO Personnel Data

| | FY 16 | FY 17 | FY 18 | FY 17-18 |
|------------------------------------|-----------------|-----------------|------------------|-----------------|
| | <u>Actual</u> | <u>Working</u> | <u>Allowance</u> | <u>Change</u> |
| Regular Operating Budget Positions | 1,529.00 | 1,491.00 | 1,484.00 | -7.00 |
| Regular PAYGO Budget Positions | <u>1,505.50</u> | <u>1,492.50</u> | <u>1,474.50</u> | <u>-18.00</u> |
| Total Regular Positions | 3,034.50 | 2,983.50 | 2,958.50 | -25.00 |
| Operating Budget FTEs | 3.00 | 5.00 | 42.00 | 37.00 |
| PAYGO Budget FTEs | <u>14.00</u> | <u>12.00</u> | <u>46.00</u> | <u>34.00</u> |
| Total FTEs | 17.00 | 17.00 | 88.00 | 71.00 |
| Total Personnel | 3,051.50 | 3,000.50 | 3,046.50 | 46.00 |

Vacancy Data: Regular Positions

| | | |
|---|--------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 176.23 | 5.97% |
| Positions and Percentage Vacant as of 12/31/16 | 269.00 | 9.09% |

- Regular positions decrease by 25.0 in the fiscal 2018 budget compared to the current year working appropriation. The reduction comprises 8.0 positions transferred to the Secretary's Office as part of a consolidation of payroll function and the abolition of 17.0 vacant positions as part of the Maryland Department of Transportation's (MDOT) long-term cost containment efforts.

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- Contractual full-time equivalents (FTE) increase by 71.0 in the allowance comprising 37.0 FTEs in the operating budget and 34.0 FTEs in the capital budget. The new FTEs are to address capital project delivery, compliance with new legislation, increased operations, and overall increased workload, primarily due to the passage of the Transportation Infrastructure Investment Act of 2013; as well as other additional responsibilities, such as the federal and State mandated Minority Business Enterprise/Disadvantaged Business Enterprise compliance.
- As of January 1, 2017, there were 269.0 vacant positions (excluding positions to be transferred or abolished in fiscal 2018) for a vacancy rate of 9.09%. Turnover in the fiscal 2018 allowance is budgeted at 5.97%, which will require that an average of 176.0 positions remain vacant the entire year.

Analysis in Brief

Major Trends

Safety and Security: Preliminary data for calendar 2015 indicates that both the number of fatalities and the fatality rate (fatalities per 100 million miles driven) were higher than the previous year.

Congestion: On arterial roads, the percent of vehicle miles traveled in congested conditions during the evening peak hour ranged from 17% in calendar 2011 to a low of 15% in calendar 2014. On freeways during this period, congestion improved in calendar 2013, falling to 22% from 33% the prior year but worsened in calendar 2014 and 2015 at 24% and 27%, respectively.

System Preservation and Maintenance – Structurally Deficient Bridges: The percent of bridges in the State Highway Network rated as structurally deficient has declined steadily from the 5.1% level in calendar 2008 to 2.7% in calendar 2015.

System Preservation and Maintenance – Highway Maintenance Condition: SHA has met its goal of improving/maintaining at least 84% of the highway network in an overall preferred maintenance condition five times since calendar 2006 but has not met this goal in the past three years.

Issues

Increasing Transportation Aid to Local Governments – Déjà vu All Over Again: The fiscal 2018 budget, as introduced, once again includes funding in the Secretary’s Office capital appropriation to provide grants to county and municipal governments to be used for the same purposes as the Highway User Revenues (HUR) funding that local governments receive through the statutory HUR formula. The fiscal 2018 capital grants, when combined with the statute-based funding, would provide local governments with total funding equivalent to 12.5% of HUR revenues. These grants are problematic, however, because the primary uses of these grant funds do not qualify as capital spending. Using the funds reserved in the Transportation Trust Fund forecast to increase aid to local governments to increase the statutory share of HUR going to local governments, however, would require MDOT to reduce its capital program by \$1.3 billion, because MDOT includes these revenues in its debt service coverage calculations. **The Secretary should brief the committees on how MDOT intends to ensure that funds distributed to local governments as capital grants are expended only for capital-eligible improvements that have a useful life of at least 15 years.**

Operating Budget Recommended Actions

1. Add language restricting \$25 million to be used only to support Maryland State Police for traffic safety operations.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Watkins Mill Interchange: In response to committee narrative in the 2016 *Joint Chairmen's Report* (JCR), SHA reported on the benefits of linking the Watkins Mill Interchange Project and the I-270 Innovative Congestion Management Project.

New Hampshire Avenue Corridor Economic Development Potential: In response to committee narrative in the 2016 JCR, SHA reported on the potential increase in tax revenues that could be realized through development of the New Hampshire Avenue Corridor.

State Highway Engineering District Staffing: In response to committee narrative in the 2016 JCR, SHA reported on how the structure for, functional responsibilities of, and staffing requirements for the SHA engineering districts were developed and how the high level of employee turnover in district offices could be addressed.

Roadwork and Utility Work Coordination: In response to committee narrative in the 2016 JCR, SHA provided a report to the budget committees detailing how it coordinates road construction/road repair activities with utility companies to reduce the incidence of newly paved roads/sidewalks being torn up by utility work and what steps could be taken to further reduce this from occurring.

Pedestrian Collision Incident Reports Provided to Counties: In response to committee narrative in the 2016 JCR, SHA provided pedestrian collision data that it collects to county governments in order to assist them in focusing pedestrian safety efforts on roads and communities impacted by pedestrian collisions.

Report on Structural Monitoring Systems: In response to committee narrative in the 2016 JCR, SHA submitted a report on the efficacy of structural monitoring systems that utilize electrochemical-based technology.

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Budget Analysis

Program Description

The State Highway Administration (SHA) is responsible for over 5,200 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 shares the key goals identified by the Maryland Department of Transportation (MDOT):

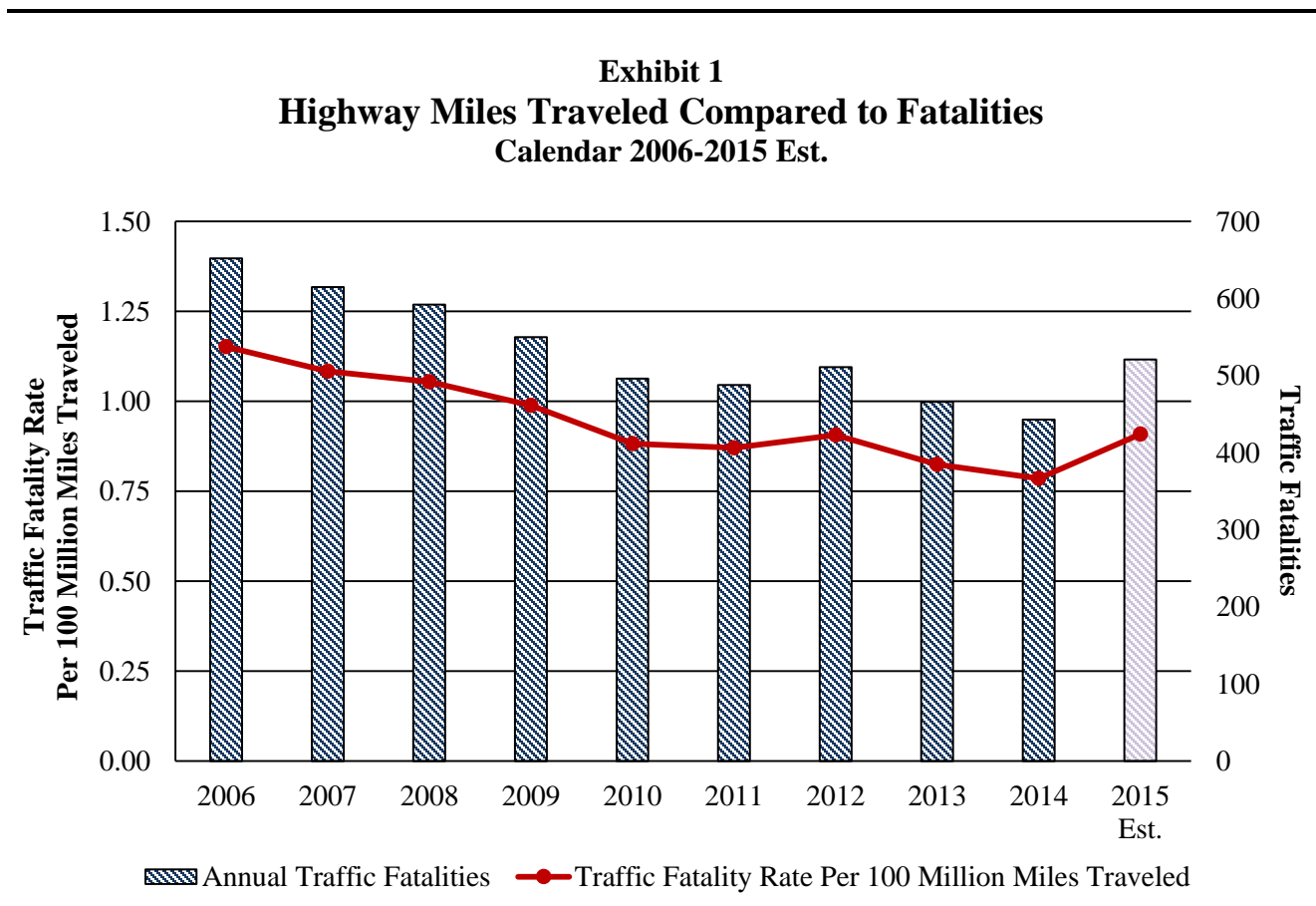
- safety and security;
- system preservation;
- quality of service;
- environmental stewardship;
- community vitality; and
- economic prosperity.

Performance Analysis: Managing for Results

SHA provides Managing for Results performance measures that relate to its mission and goals. The mission of SHA is to “provide a safe, well-maintained, reliable highway system that enables mobility choices for all customers and supports Maryland’s communities, economy, and environment.”

1. Safety and Security

One objective of the SHA safety and security goal is to reduce the annual number of traffic-related fatalities to 387 or fewer by the end of calendar 2020. **Exhibit 1** shows the number of traffic fatalities and the traffic fatality rate by calendar year for calendar 2006 through 2015 estimated. Since calendar 2006, both the annual number of fatalities and the fatality rate were trending downward, but each of these measures show a projected increase in calendar 2015. **SHA should discuss the factors contributing to the uptick in fatalities and the fatality rate.**

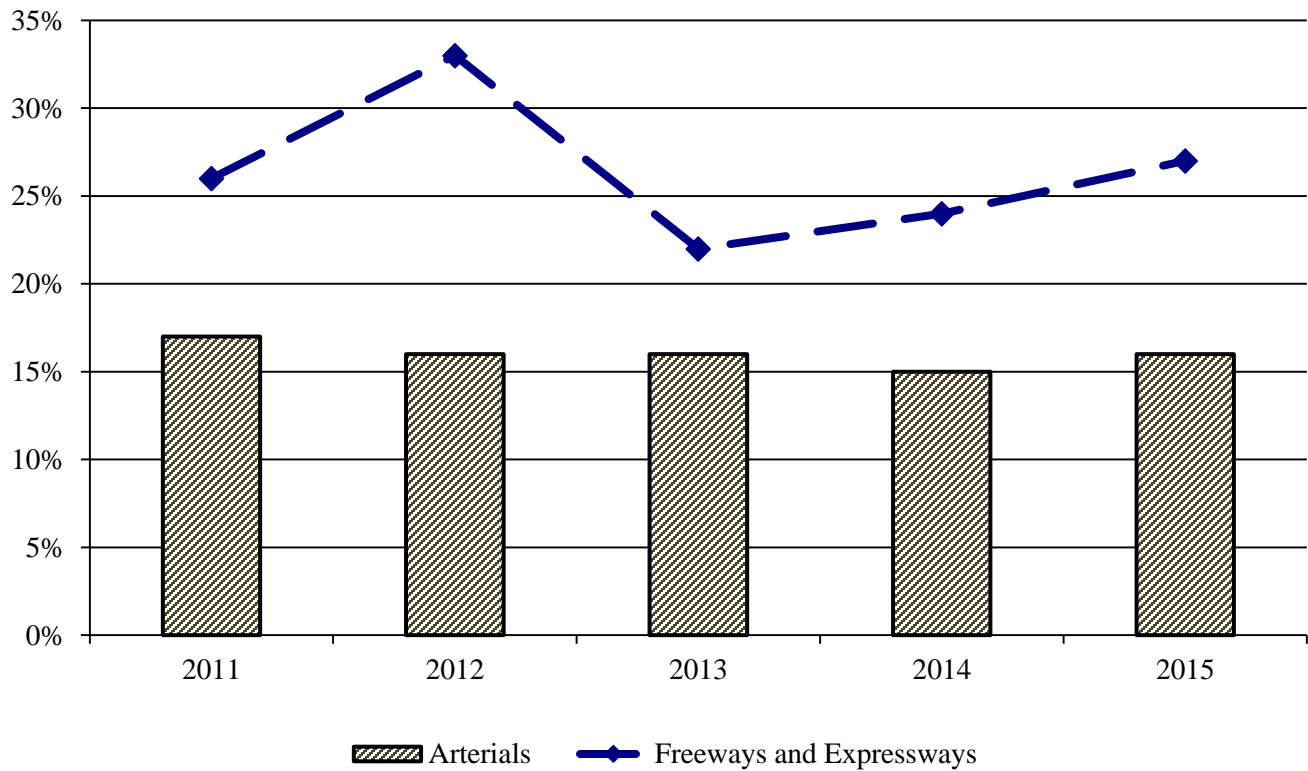


Source: Department of Budget and Management; State Highway Administration

2. Congestion

In recent years, the Washington, DC and Baltimore metropolitan regions have been rated as having some of the highest levels of roadway congestion in the country. **Exhibit 2** shows the percent of vehicle miles traveled in congested conditions during the evening peak hour on Maryland’s highways, expressways, and arterial roads. SHA began reporting this measure with the fiscal 2015 allowance. According to the limited data available, congestion on arterial roads ranged from a high of 17% in calendar 2011 to a low of 15% in calendar 2014. Freeway congestion improved in calendar 2013, falling to 22% from 33% the prior year, but worsened in calendar 2014 and 2015 at 24% and 27%, respectively.

Exhibit 2
Percent of VMT in Congested Conditions during Evening Peak Hour
Calendar 2011-2015



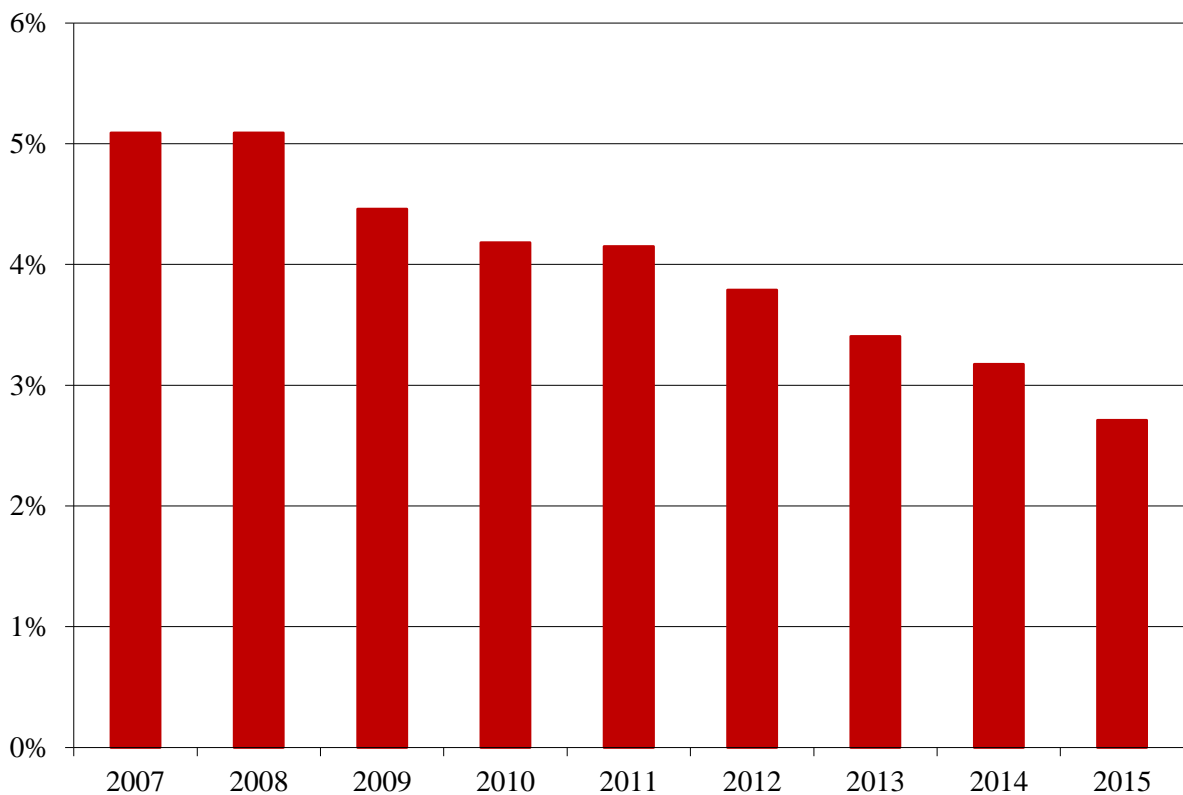
VMT: vehicle miles traveled

Source: Department of Budget and Management; State Highway Administration

3. System Preservation and Maintenance – Structurally Deficient Bridges

One objective under the SHA goal of system preservation and maintenance is to “maintain all bridges along the State Highway Network, including those identified as weight restricted and structurally deficient, so that there is no adverse effect on their safe use by emergency vehicles, school buses, and vehicles serving the economy of an area.” **Exhibit 3** shows a steady decline in the percent of structurally deficient bridges since calendar 2008.

Exhibit 3
Percent of Bridges Rated as Structurally Deficient
In the State Highway Network
Calendar 2007-2015

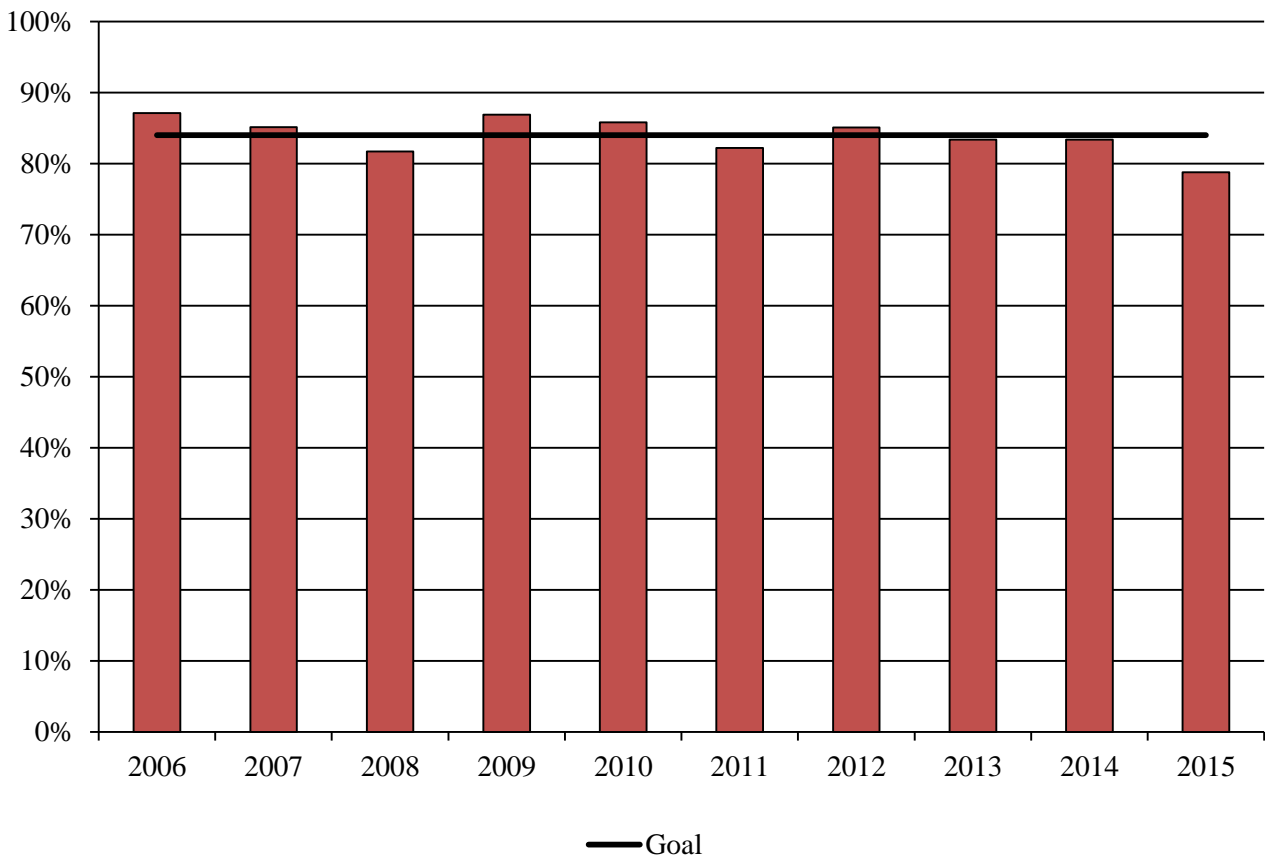


Source: U.S. Department of Transportation, Federal Highway Administration

4. System Preservation and Maintenance – Highway Maintenance Condition

Another objective of the system preservation and maintenance goal is to improve/maintain 84% of the highway network in an overall preferred maintenance condition. As shown in **Exhibit 4**, SHA met this goal five times since calendar 2006 but has not met the goal in the past three years.

Exhibit 4
Highway Network in Overall Preferred Maintenance Condition
Calendar 2006-2015



Source: Department of Budget and Management; State Highway Administration

Fiscal 2017 Actions

Section 20 Position Abolitions

Section 20 of the fiscal 2017 budget bill required the Governor to abolish 657 vacant positions. Pursuant to this section, 75 SHA positions were abolished. **Exhibit 5** lists the positions abolished by job title.

Exhibit 5 Fiscal 2017 Budget Bill Section 20 Position Reductions

| <u>Job Title</u> | <u>Reduction</u> |
|--|-------------------------|
| Accountant Supervisor II | 1 |
| Administrative Assistant III | 1 |
| Administrative Officer I | 1 |
| Administrative Officer II | 2 |
| Administrator I | 2 |
| Administrator II | 1 |
| Administrator III | 1 |
| Agency Procurement Specialist | 1 |
| Computer Operator II | 1 |
| Department of Transportation (DOT) Executive Assistant I | 1 |
| DOT Internal Auditor II | 1 |
| DOT Information Technology Functional Analyst II | 1 |
| Environmental Analyst IV | 1 |
| Facility Maintenance Technician I | 3 |
| Facility Maintenance Technician II | 4 |
| Facility Maintenance Technician III | 8 |
| Facility Maintenance Technician IV | 1 |
| Fiscal Accounts Technician Sup | 1 |
| Heavy Equip Maintenance Technician I | 1 |
| Heavy Equip Maintenance Technician III | 8 |
| Highway Operations Technician I | 1 |
| Highway Operations Technician IV | 1 |
| Internal Auditor Lead | 1 |
| Information Technology Programmer Analyst II | 1 |
| Information Technology Programmer Analyst Supervisor | 1 |

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| <u>Job Title</u> | <u>Reduction</u> |
|--|-------------------------|
| Information Technology Systems Technician Supervisor | 1 |
| Office Clerk I | 1 |
| Personnel Associate III | 1 |
| Personnel Officer III | 1 |
| Planner V | 1 |
| Real Property Supervisor | 1 |
| Trans Design Engineer III | 1 |
| Trans Engineer I | 2 |
| Trans Engineer III | 2 |
| Trans Engineer IV | 2 |
| Trans Engineering Technician I | 15 |
| Trans Engineering Technician V | 1 |
| Total | 75 |

Source: Department of Budget and Management

Proposed Budget

As shown in **Exhibit 6**, the fiscal 2018 allowance increases by \$4.0 million over the current year working appropriation. Personnel expenses decrease by a net \$4.1 million, primarily due to the abolition of 17 vacant position as part of MDOT’s long-term cost containment effort and the transfer of an additional 8 positions to the Secretary’s Office as part of a consolidation of the payroll function.

Operations increase by a net \$10.0 million with winter maintenance expenses accounting for over half the increase. Another significant increase results from the addition of 40 new full-time equivalents (FTE), which adds \$925,000. MDOT advises, however, that without the new FTEs, the budget for contractual services would be higher by a like amount.

Highway User Revenue (HUR) grants decrease by \$1.9 million in the allowance compared to the working appropriation. This reflects the lower revenue attainment projections in the current Transportation Trust Fund (TTF) forecast.

Exhibit 6
Proposed Budget
MDOT – State Highway Administration
(\$ in Thousands)

| How Much It Grows: | <u>Special</u> <u>Fund</u> | <u>Federal</u> <u>Fund</u> | <u>Total</u> |
|-----------------------------------|---------------------------------------|---------------------------------------|---------------------|
| Fiscal 2016 Actual | \$464,428 | \$10,066 | \$474,494 |
| Fiscal 2017 Working Appropriation | 434,131 | 15,294 | 449,425 |
| Fiscal 2018 Allowance | <u>438,230</u> | <u>15,187</u> | <u>453,417</u> |
| Fiscal 2017-2018 Amount Change | \$4,099 | -\$107 | \$3,992 |
| Fiscal 2017-2018 Percent Change | 0.9% | -0.7% | 0.9% |

Where It Goes:

Personnel Expenses

| | |
|--|--------|
| Overtime | \$330 |
| Workers' compensation premium assessment | -46 |
| Additional assistance | -56 |
| Section 19 pension contribution reduction..... | -407 |
| Turnover adjustments..... | -779 |
| Employee and retiree health insurance | -988 |
| Abolished/transferred positions | -2,170 |
| Other fringe benefit adjustments..... | -1 |

Operations

| | |
|--|-------|
| Winter maintenance expenses..... | 5,046 |
| Building/road repairs/maintenance based on three-year history | 1,481 |
| New contractual positions – 40 full-time equivalents..... | 925 |
| Truck weight stations repairs and maintenance | 858 |
| Tree trimming services based on two-year history | 720 |
| Wireless noncell devices – automatic vehicle locator systems and CHART devices..... | 610 |
| Utilities – electricity based on 5% over actual..... | 589 |
| Other contractual services based on three-year history..... | 420 |
| Engineering contractual services based on three-year history | 380 |
| Engineering services – Highway Safety Office based on three-year history | 368 |
| Equipment repairs/maintenance contractual services based on three-year history | 323 |
| Traffic signal parts based on three-year history..... | 300 |

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Where It Goes:

| | |
|--|--------|
| Software maintenance contracts..... | 283 |
| Miscellaneous professional and technical services based on three-year history..... | 280 |
| Miscellaneous supplies based on three-year history | 140 |
| Other technical and special services – increase related to CHART | 140 |
| Janitorial services based on three-year history | 100 |
| Parts for repairs based on three-year history..... | 88 |
| Bituminous material/concrete/cement based on three-year history | 69 |
| Winter jackets and boots based on three-year history..... | 67 |
| Additional engineering equipment..... | 52 |
| Cell phone expenditures based on current cell phone plans | 51 |
| Pipe and pipe fittings based on three-year history | 37 |
| Training contractual services | 37 |
| Materials inspection services based on three-year history | 34 |
| Administrative hearings allocation | 31 |
| Energy conservation loan repayment..... | 26 |
| Utilities – water and sewage based on three-year history | 24 |
| Office supplies based on three-year history | 20 |
| Small tools based on three-year history | 14 |
| Legal services based on three-year history | 10 |
| Motor vehicle insurance..... | 9 |
| Security contractual services..... | 6 |
| Motor vehicle usage – Highway Safety Office..... | 6 |
| Postage based on three-year history..... | -6 |
| Additional office furniture and equipment..... | -14 |
| Nonclerical temporary help..... | -21 |
| Temporary clerical/secretarial support based on three-year history | -27 |
| Office furniture and equipment..... | -33 |
| Data processing consultant contractual services | -36 |
| Paint based on three-year history | -86 |
| Engineering equipment | -104 |
| Sign making material based on three-year history..... | -124 |
| Highway association software development grant..... | -131 |
| Fuel – oil and natural gas/propane | -132 |
| Highway safety grants..... | -1,009 |
| Motor Vehicles – gas and oil based on actual plus 3% | -1,816 |

Where It Goes:

Grants

Highway User Revenues – local share..... -1,912

Other Changes..... 16

Total **\$3,992**

CHART: Coordinated Highways Action Response Team
MDOT: Maryland Department of Transportation

Note: 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 each year until the budgeted amount reflected the rolling five-year average of actual snow removal expenditures. The fiscal 2018 allowance complies with this directive. It includes \$66.0 million for snow removal efforts – a \$5.0 million increase over the \$61.0 million included in the current year budget. The five-year average of snow removal expenditures through fiscal 2016 is \$93.8 million.

Highway User Revenues

Statute-based HUR for local governments decreases by \$1.9 million in the fiscal 2018 allowance compared to the fiscal 2017 appropriation. Based on current revenue projections, however, the local share of HUR for fiscal 2017 would be \$4.3 million lower than the appropriation. The final distribution of HUR in fiscal 2017 will be based on the actual revenue collections for fiscal 2017, which could be higher or lower than the current estimate.

In addition to the statute-based HUR, local governments received an additional \$25 million in transportation aid through capital grants budgeted in the Secretary’s Office in both fiscal 2016 and 2017. The 2018 allowance includes a total of \$53 million in capital grants for local governments. **Exhibit 7** shows the allocations of both the statute-based HUR and the capital grants for fiscal 2016 through 2018. In fiscal 2018, the combined statute-based HUR and capital grants provide local governments with total transportation aid equivalent to 12.5% of estimated HUR revenues. **Exhibit 8** provides, by county, the allocations of both the statute-based HUR and capital grant funding for the counties, municipalities, and Baltimore City.

Exhibit 7
Local Transportation Aid
Statute-based Highway User Revenues and Capital Grants
Fiscal 2016-2018

| | <u>Percent Share</u> | <u>2016</u> | <u>2017¹</u> | <u>2018</u> |
|---------------------------------------|----------------------|------------------------|-------------------------|------------------------|
| Statute-based Highway User | | | | |
| MDOT | 90.4% | \$1,669,612,496 | \$1,670,639,912 | \$1,652,639,464 |
| Local Share | 9.6% | \$177,303,982 | \$177,413,088 | \$175,501,536 |
| Total | 100.0% | \$1,846,916,478 | \$1,848,053,000 | \$1,828,141,000 |
| Local Distribution | | | | |
| Baltimore City | 7.7% | \$142,212,569 | \$142,300,081 | \$140,766,857 |
| Counties | 1.5% | 27,703,747 | 27,720,795 | 27,422,115 |
| Municipalities | 0.4% | 7,387,666 | 7,392,212 | 7,312,564 |
| Subtotal | 9.6% | \$177,303,982 | \$177,413,088 | \$175,501,536 |
| Capital Grant | | | | |
| Baltimore City | | \$2,000,000 | \$2,000,000 | \$5,484,423 |
| Counties | | 4,000,000 | 4,000,000 | 27,422,115 |
| Municipalities | | 19,000,000 | 19,000,000 | 20,109,551 |
| Subtotal | | \$25,000,000 | \$25,000,000 | \$53,016,089 |
| Total Local Transportation Aid | | | | |
| Baltimore City | | \$144,212,569 | \$144,300,081 | \$146,251,280 |
| Counties | | 31,703,747 | 31,720,795 | 54,844,230 |
| Municipalities | | 26,387,666 | 26,392,212 | 27,422,115 |
| Total | | \$202,303,982 | \$202,413,088 | \$228,517,625 |

MDOT: Maryland Department of Transportation

¹ Reflects the appropriated amounts. Based on current revenue estimates, MDOT would receive \$40.6 million less, and the local share would be \$4.3 million less. The final distribution will be based on actual revenue collections for fiscal 2017.

Source: Maryland State Budget

Exhibit 8
Highway User Revenues and Capital Grants
Allocations to Local Governments
Fiscal 2018

| | Counties | | | Municipalities | | |
|-----------------|---------------------|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------|
| | <u>HUR</u> | <u>Capital Grant</u> | <u>Total</u> | <u>HUR</u> | <u>Capital Grant</u> | <u>Total</u> |
| Allegany | \$471,433 | \$471,433 | \$942,867 | \$360,654 | \$991,798 | \$1,352,452 |
| Anne Arundel | 2,911,943 | 2,911,943 | 5,823,886 | 309,555 | 851,278 | 1,160,833 |
| Baltimore | 4,127,744 | 4,127,744 | 8,255,488 | 0 | 0 | 0 |
| Calvert | 633,783 | 633,783 | 1,267,565 | 92,597 | 254,643 | 347,240 |
| Caroline | 394,302 | 394,302 | 788,604 | 133,170 | 366,216 | 499,386 |
| Carroll | 1,117,276 | 1,117,276 | 2,234,553 | 427,318 | 1,175,124 | 1,602,442 |
| Cecil | 644,934 | 644,934 | 1,289,868 | 208,987 | 574,716 | 783,703 |
| Charles | 960,663 | 960,663 | 1,921,326 | 118,763 | 326,598 | 445,361 |
| Dorchester | 444,670 | 444,670 | 889,340 | 151,072 | 415,448 | 566,520 |
| Frederick | 1,350,444 | 1,350,444 | 2,700,888 | 811,626 | 2,231,971 | 3,043,597 |
| Garrett | 527,975 | 527,975 | 1,055,950 | 119,244 | 327,922 | 447,167 |
| Harford | 1,381,615 | 1,381,615 | 2,763,230 | 371,425 | 1,021,418 | 1,392,842 |
| Howard | 1,589,922 | 1,589,922 | 3,179,845 | 0 | 0 | 0 |
| Kent | 225,251 | 225,251 | 450,502 | 78,142 | 214,892 | 293,034 |
| Montgomery | 3,702,146 | 3,702,146 | 7,404,291 | 1,171,826 | 3,222,520 | 4,394,346 |
| Prince George's | 2,989,399 | 2,989,399 | 5,978,797 | 1,495,550 | 4,112,763 | 5,608,313 |
| Queen Anne's | 525,167 | 525,167 | 1,050,333 | 54,106 | 148,792 | 202,898 |
| St. Mary's | 783,252 | 783,252 | 1,566,504 | 32,788 | 90,166 | 122,954 |
| Somerset | 280,424 | 280,424 | 560,848 | 54,784 | 150,657 | 205,442 |
| Talbot | 323,104 | 323,104 | 646,208 | 209,771 | 576,870 | 786,641 |
| Washington | 874,893 | 874,893 | 1,749,786 | 468,660 | 1,288,815 | 1,757,475 |
| Wicomico | 648,302 | 648,302 | 1,296,603 | 406,768 | 1,118,612 | 1,525,380 |
| Worcester | 513,473 | 513,473 | 1,026,947 | 235,758 | 648,334 | 884,092 |
| Total | \$27,422,115 | \$27,422,115 | \$54,844,230 | \$7,312,564 | \$20,109,551 | \$27,422,115 |
| Baltimore City | \$140,766,857 | \$5,484,423 | \$146,251,280 | | | |

HUR: Highway User Revenues

Source: Maryland State Budget; Department of Legislative Services

Across-the-board Reductions

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. SHA's share of these reductions is \$372,087 in special funds and \$34,722 in federal funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

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, at which stage they are evaluated by planners and engineers, and rights-of-way may be purchased. SHA also prepares draft and final environmental impact statements for projects in the D&E program. These studies examine alternatives that 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 2017 to 2022 CTP

The fiscal 2017 to 2022 six-year capital program for SHA totals \$7.8 billion, a decrease of \$563.6 million compared to the prior six-year program. **Exhibit 9** compares six-year programmed funding levels by category between the current and previous CTPs.

Exhibit 9
State Highway Administration Six-year Capital Program by Category
Fiscal 2016-2021 vs. Fiscal 2017-2022
(\$ in Millions)

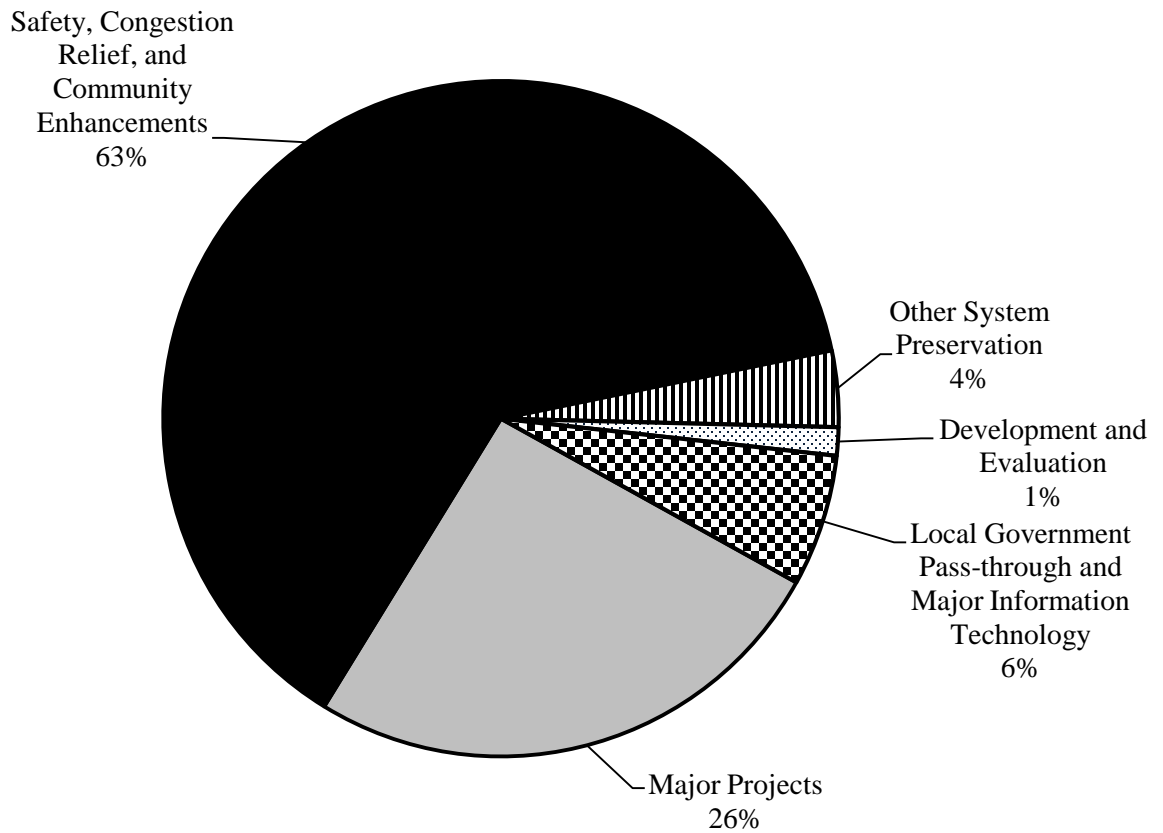
| <u>Category</u> | <u>2016-2021</u> | <u>2017-2022</u> | <u>Change</u> |
|---|------------------|------------------|-----------------|
| Major Projects | \$2,360.5 | \$2,005.4 | -\$355.1 |
| Safety, Congestion Relief, Community Enhancements | 5,099.5 | 4,913.2 | -186.3 |
| Development and Evaluation Program | 171.9 | 105.6 | -66.3 |
| Other System Preservation | 157.1 | 284.5 | 127.4 |
| Pass-through to local government and major IT | 467.6 | 491.3 | 23.7 |
| Reimbursables | 107.0 | 0.0 | -107.0 |
| Total | \$8,363.6 | \$7,800.0 | -\$563.6 |

IT: information technology

Source: Maryland Department of Transportation, 2016-2021 and 2017-2022 *Consolidated Transportation Programs*

Exhibit 10 shows programmed funding by category in the fiscal 2017 to 2022 program. Safety, congestion relief, and community enhancement projects account for the majority of the funding at 63% followed by major projects at 26%.

Exhibit 10
Funding by Category – All Funds
Fiscal 2017-2022



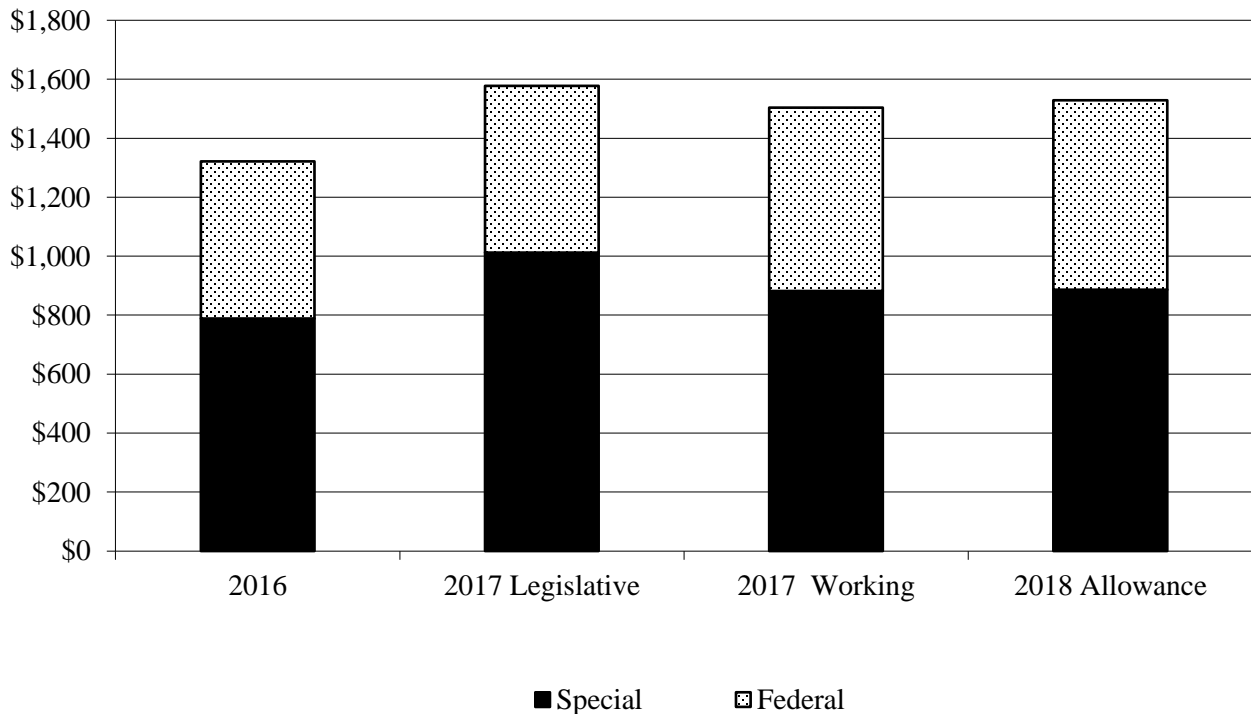
Total: \$7.8 Billion

Source: Maryland Department of Transportation, 2017-2022 *Consolidated Transportation Program*

Fiscal 2017 and 2018 Cash Flow Analysis

Exhibit 11 shows the cash flow changes in the SHA capital program from fiscal 2016 through the 2018 allowance. The fiscal 2017 working appropriation is a net \$73.9 million lower than the legislative appropriation comprising a \$56.4 million increase in federal funds that is more than offset by a \$130.3 million decrease in special funds. The majority of the reduction occurs in funding for major projects, which decreases by \$62.6 million between the legislative and working appropriations.

Exhibit 11
Cash Flow Changes
Fiscal 2016-2018 Allowance
(\$ in Millions)



Source: Maryland Department of Transportation, 2017-2022 *Consolidated Transportation Program*

The fiscal 2018 allowance increases by \$25.8 million over the current year working appropriation comprising a federal fund increase of \$22.0 million and a special fund increase of \$3.7 million. Major changes in categories of spending include an increase in funding for major projects (\$93.9 million) and decreases in funding for safety, congestion relief, and community enhancement projects (-\$49.2 million), and pass-throughs to local government and major information technology (-\$16.5 million).

Exhibit 12 provides a summary of the large construction projects in the CTP for fiscal 2018.

**Exhibit 12
Major Construction Projects
Funded in Fiscal 2018
(\$ in Thousands)**

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|---|-------------|-------------------|--------------------------|
| Allegany | MD 36, Mount Savage Road, replace bridge 01008 over Jennings Run. Bicycle and pedestrian accommodations will be provided where appropriate. | \$1,222 | \$5,273 | \$4,610 |
| Anne Arundel | US 50, John Hanson Highway, project to ease congestion on eastbound US 50 from MD 70 to MD 2 northbound (1.7 miles) by adding an auxiliary lane and by restriping lanes on the Severn River/Pearl Harbor Memorial Bridge to accommodate an additional eastbound travel lane. | 15,883 | 25,310 | 23,725 |
| Anne Arundel | MD 175, Annapolis Road, construct intersection capacity improvements at Mapes Road/Charter Oaks Boulevard and Reece Road (0.6 miles). (Base Realignment and Closure (BRAC) intersection improvement). This project includes construction of a new security fence and tree buffer along Fort Meade's property. | 3,985 | 19,424 | 10,107 |
| Anne Arundel | MD 175, Annapolis Road, widen MD 175 from National Business Parkway to McCarron Court from two lanes to six lanes and reconfigure ramps at the MD 295 interchange to create signalized left turns at MD 175. | 3,683 | 86,309 | 62,384 |
| Anne Arundel | MD 175, Annapolis Road, widen MD 175 from Disney Road to Reece Road, from the existing two-lane roadway to a six-lane roadway (1.1 miles). Bicycle and pedestrian facilities will be provided. | 4,681 | 19,299 | 17,133 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|---|-------------|-------------------|--------------------------|
| Baltimore | I-695, Baltimore Beltway, replace bridge 03125 on Crosby Road over I-695. | 3,627 | 8,974 | 8,646 |
| Baltimore | I-695, Baltimore Beltway, this project from US 40 to MD 144 will improve the mobility and safety on I-695 by widening the roadway to provide a fourth lane on the outer loop. This project will also accommodate for the ultimate configuration of this section of the beltway. | 16,410 | 105,936 | 78,033 |
| Baltimore | I-695, Baltimore Beltway, replacement of bridge 03113 on I-695 Inner Loop over Benson Avenue and bridge 03114 on I-695 Inner Loop over Leeds Avenue, US 1, Amtrak and Herbert Run. The project also includes the realignment of the access to the I-695 onramp from Leeds Avenue to US 1. | 8,916 | 49,531 | 26,374 |
| Baltimore | I-695, Baltimore Beltway, this project will provide a continuous auxiliary lane on both the Inner and Outer Loops of I-695 between MD 41 (Perring Parkway) and MD 147 (Harford Road). | 291 | 33,398 | 11,115 |
| Baltimore | MD 137, Mount Carmel Road, replace bridge 03050 over I-83. Bicycle and pedestrian improvements will be provided where appropriate. | 2,973 | 5,025 | 4,338 |
| Baltimore | MD 140, Reisterstown Road, widening northbound MD 140 from Painters Mill Road to Garrison View Road (Phase 1) to accommodate an additional third travel lane and a bicycle-compatible shoulder (0.2 miles). | 2,446 | 17,891 | 10,115 |
| Baltimore | US 1, Washington Boulevard, replace bridge 03008 over CSX. | 5,437 | 26,176 | 25,566 |
| Baltimore | US 40, Pulaski Highway, replace and widen substructure on bridges 0303403 and 0303404 over Little Gunpowder Falls and bridges 0303503 and 0303504 over Big Gunpowder Falls. | 5,038 | 16,565 | 15,122 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|--|-------------|-------------------|--------------------------|
| Calvert | MD 2/4, Solomons Island Road, upgrade and widen MD 2/4 to a six-lane divided highway from Fox Run Boulevard to Commerce Lane (0.8 miles). This project will include bicycle and pedestrian accommodations as appropriate. This is Phase 2 of a five-phase project to upgrade and widen MD 2/4. | 9,357 | 36,603 | 33,225 |
| Calvert | MD 261, Bayside Road, replace bridge 04011 over Fishing Creek. This project will accommodate bicycles and pedestrians as appropriate. | 8,793 | 27,917 | 20,141 |
| Calvert | MD 4, Patuxent Beach Road and Solomons Island Road, study to upgrade MD 4 between MD 2 and MD 235 (4.0 miles), including the Governor Thomas Johnson Memorial Bridge (bridge 04019) over the Patuxent River and the intersection at MD 235 (2.9 miles). | 3,840 | 20,035 | 15,093 |
| Caroline | MD 404, Shore Highway, update existing MD 404 from west of MD 309 to Cemetery Road (Phase 1B) (1.1 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 335 | 31,202 | 5,267 |
| Caroline | MD 404, Shore Highway, upgrade existing MD 404 to a four-lane divided highway with access controls from US 50 to MD 309 (5.8 miles) and west of Hillsboro Road to Holly Road (3.4 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 74,812 | 158,466 | 131,905 |
| Caroline | MD 331, Dover Road, replace bridge 20023 over Choptank River. The new span will be located south of the existing roadway and provide a 50-foot river clearance. Bicycle and pedestrian accommodations will be included where appropriate. | 9,715 | 62,064 | 21,322 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|--|-------------|-------------------|--------------------------|
| Carroll | MD 30 Business Main Street, improvements on roadway, drainage, and streetscape from North Woods Trail to CSX Railroad (Hampstead Streetscape). Bicycle and pedestrian facilities will be provided (1.6 miles). | 4,477 | 19,977 | 15,161 |
| Carroll | MD 86, Lineboro Road, replace bridge 06019 over South Branch of Gunpowder Falls. | 2,339 | 8,406 | 7,670 |
| Carroll | MD 496, Bachmans Valley Road, replace bridge 06038 over Big Pipe Creek. | 3,259 | 5,406 | 4,586 |
| Cecil | MD 272, Mauldin Avenue, replace bridge 7036 over Amtrak. Shoulders and sidewalks will accommodate bicycles and pedestrians. | 2,918 | 21,370 | 13,503 |
| Charles | MD 234, Budds Creek Road: Replace Bridge 08047 over Gilbert Swamp Run. This project will accommodate bicycles and pedestrians where appropriate. | 3,100 | 5,051 | 4,488 |
| Frederick | US 15, Catoctin Mountain Highway, construct a grade-separated interchange and park-and-ride lot at Monocacy Boulevard. This project will include appropriate bicycle and pedestrian facilities. | 14,836 | 60,949 | 30,843 |
| Frederick | US 15, Catoctin Mountain Highway, replace bridge 10097 over MD 26. | 2,120 | 6,425 | 5,735 |
| Frederick | US 40 ALT, Old National Pike, construct roadway improvements including upgrades to pedestrian/bicyclist facilities, resurfacing, curb and gutter, and stormwater management improvements from Ivy Hill Drive to Middletown Parkway (2.1 miles). | 7,484 | 17,934 | 14,381 |
| Frederick | MD 85, Buckeystown Pike, widen to a multilane divided highway from Crestwood Boulevard/ Shockley Drive to Spectrum Drive (0.8 miles), including MD 85 interchange reconstruction at I-270 and I-270 dual bridges replacement. This project is Phase 1 of a three-phase project to widen MD 85. | 14,777 | 106,951 | 97,760 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|---|-------------|-------------------|--------------------------|
| Frederick | MD 140, Main Street, replace bridge 10062 over Flat Run. | 2,252 | 5,929 | 4,427 |
| Frederick | MD 180, Jefferson Pike, urban reconstruction of MD 180, from north of I-70 to structure 10140 (0.7 miles), including additional structural capacity over US 15/US 340. | 2,221 | 30,999 | 30,724 |
| Frederick | MD 355, Urbana Pike, replace bridge 10086 over Bennett Creek. | 2,188 | 9,500 | 8,589 |
| Frederick | MD 355, Urbana Pike, replace bridge 10084 over CSXT railroad. | 2,552 | 8,465 | 7,028 |
| Frederick | US 15, Frederick Freeway, and US 40, Frederick Freeway, planning and preliminary engineering study to improve safety and mainline operations along US 15 and US 40 from I-270 and MD 26. | 1,250 | 5,000 | 4,509 |
| Garrett | MD 39, Hutton Road, replace bridge 11002 over the Youghiogheny River. This project will accommodate bicycles and pedestrians where appropriate. | 271 | 6,176 | 5,839 |
| Garrett | US 219, Chestnut Ridge Road, upgrade and relocate US 219, north of I-68/US 40 (1.5 miles). This project is being broken out from a larger study to upgrade and/or relocate US 219 from I-68/US 40 to the Pennsylvania state line. | 10,913 | 90,549 | 89,551 |
| Harford | MD 22, Aberdeen Thruway, intersection improvements at Beards Hill Road (BRAC intersection improvements). | 17 | 15,830 | 8,364 |
| Harford | MD 22, Aberdeen Thruway, intersection improvements at MD 462 (Paradise Road) (BRAC intersection improvements). | 3,511 | 20,069 | 9,799 |
| Harford | US 40, Pulaski Highway, construct intersection improvements on US 40 at the MD 7/MD 159 (Phase 2) to support the BRAC initiative. | 7,559 | 23,734 | 22,037 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|--|-------------|-------------------|--------------------------|
| Howard | I-95, construct a noise wall along I-95, from the Montgomery Road overpass to the I-895 interchange. | 2,935 | 12,332 | 9,411 |
| Howard | MD 32, Sykesville Road, widen MD 32 from MD 108 to Linden Church Road from two lanes to a four-lane divided roadway. | 13,811 | 39,145 | 37,938 |
| Howard | MD 32, Patuxent Freeway, construct capacity and safety improvements along MD 32 from north of Linden Church Road to I-70 (6.6 miles). | 6,000 | 120,655 | 112,580 |
| Howard | US 29, Columbia Pike, widen the northbound section of US 29 from Seneca Drive to MD 175 (Phase 1B) from two to three lanes (2.8 miles). | 294 | 35,577 | 8,333 |
| Montgomery | I-270, Eisenhower Highway, construct a new I-270 interchange at Watkins Mill Road. Bicycle and pedestrian improvements will be included where appropriate. | 31,518 | 129,742 | 111,912 |
| Montgomery | I-270, Eisenhower Highway, pilot implementation of innovative congestion management tools to reduce congestion on I-270, including the east and west spurs (31.5 miles). Final project limits and improvements to be determined. | 19,413 | 105,000 | 103,316 |
| Montgomery | I-495, Capital Beltway, resurface I-495 from I-270Y to Seminary Road (Inner Loop) (5.9 miles). | 2,131 | 10,104 | 9,402 |
| Montgomery | MD 97, Georgia Avenue, construct new MD 97 interchange at Randolph Road (1.0 miles). Sidewalks will be included where appropriate. Wide curb lanes will accommodate bicycles. | 1,908 | 80,373 | 30,942 |
| Montgomery | MD 97, Georgia Avenue, construct a two-lane highway from south of Brookeville, near Gold Mine Road, to north of Brookeville. Shoulders will accommodate bicycles (0.7 miles). | 16,515 | 44,579 | 36,578 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|-----------------|--|-------------|-------------------|--------------------------|
| Montgomery | MD 185, Connecticut Avenue, construct intersection improvements on MD 185 at Jones Bridge Road (Phase 3). Bicycle and pedestrian facilities will be provided where appropriate (BRAC intersection improvements). | 2,336 | 12,780 | 9,679 |
| Montgomery | MD 195, Carroll Avenue, replace bridge 15033 over Sligo Creek and Sligo Creek Parkway. | 3,200 | 12,409 | 7,439 |
| Montgomery | MD 355, Frederick Road, replace bridge 15053 over Little Bennett Creek. | 1,482 | 5,117 | 4,655 |
| Montgomery | MD 355, Rockville Pike, construct intersection improvements including upgrades to pedestrian/bicycle facilities, resurfacing, and geometric improvements from Woodmont Avenue/Glenbrook Parkway to Southwood Road/South Drive (BRAC intersection improvements). | 1,260 | 3,844 | 3,844 |
| Montgomery | MD 124, Woodfield Road, reconstruct MD 124 from Midcounty Highway to south of Airpark Road (Phase 2) (1.6 miles) and from north of Fieldcrest Road to Warfield Road (Phase 3) (0.4 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 800 | 10,747 | 7,738 |
| Montgomery | MD 355, Rockville Pike, construct a grade-separated crossing over CSXT railroad and an interchange at Parklawn Drive. Pedestrian and bicycle accommodations will be included where appropriate. | 2,627 | 10,860 | 5,627 |
| 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. | 1,102 | 48,154 | 11,508 |
| Prince George's | I-95/I-495, Capital Beltway, construct a full interchange along I-95/I-495 at the Greenbelt Metro Station. | 32,865 | 171,288 | 163,295 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|------------------------------|--|-------------|-------------------|--------------------------|
| Prince George's | I-95/I-495, Capital Beltway, replace bridges 1616205 and 1616206 over Suitland Road. | 9,290 | 35,746 | 33,871 |
| Prince George's | I-95/I-495, Capital Beltway, replace bridges 1616005 and 1616006 over Suitland Parkway. | 15,300 | 31,176 | 31,176 |
| Prince George's | US 50, John Hanson Highway, construct safety and resurfacing improvements on US 50 from east of Lottsford Vista Road to Anne Arundel County line (Westbound) (7.2 miles). | 3,445 | 11,401 | 11,076 |
| Prince George's ¹ | I-95, Capital Beltway, replace bridges 1615305 and 1615306 over MD 214. | 367 | 36,176 | 36,008 |
| Prince George's | MD 4, Pennsylvania Avenue, construct a new interchange at MD 4 and Suitland Parkway. Bicycles and pedestrians will be accommodated where appropriate (BRAC related). | 20,599 | 128,741 | 100,966 |
| Prince George's | MD 5, Branch Avenue, construct a new interchange at MD 5, MD 373, and Brandywine Road Relocated. This project also includes a park and ride lot. Bicycle and pedestrian accommodations will be included where appropriate. | 13,811 | 55,776 | 44,981 |
| Prince George's | MD 210, Indian Head Highway, construct a new interchange at MD 210 and Kerby Hill Road/Livingston Road. Bicycles and pedestrians will be accommodated where appropriate. | 28,624 | 115,715 | 89,252 |
| Prince George's ¹ | MD 381, Brandywine Road, replace bridge 1630500 over Timothy Branch. | 1,577 | 3,271 | 2,911 |
| 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) (0.2 miles). | 783 | 10,942 | 5,243 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|------------------------------|---|-------------|-------------------|--------------------------|
| Prince George's ¹ | MD 500, Queens Chapel Road, construct landscaped median with sidewalk and crosswalk improvements from MD 208 (Hamilton Street) to the Washington, DC line (1.2 miles). | 4,876 | 23,546 | 21,435 |
| Prince George's | US 1, Baltimore Avenue, reconstruct US 1 from College Avenue to MD 193 (Segment 1). Bicycle and pedestrian facilities will be included where appropriate (1.5 miles). | 5,823 | 49,804 | 43,475 |
| Prince George's | MD 197, Collington Road, upgrade and widen existing MD 197 to a multilane divided highway from Kenhill Drive to MD 450 Relocated (1.4 miles). Sidewalks will be included where appropriate. Wide curb lanes will accommodate bicycles. | 2,285 | 12,149 | 8,985 |
| Queen Anne's | MD 404, Shore Highway, upgrade existing MD 404 from west of MD 309 to Cemetery Road (Phase 1B) (1.1 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 335 | 31,202 | 5,267 |
| Queen Anne's | MD 404, Shore Highway, upgrade existing MD 404 to a four-lane divided highway with access controls from US 50 to MD 309 (5.8 miles) and west of Hillsboro Road to Holly Road (3.4 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 74,812 | 158,466 | 131,905 |
| Queen Anne's | US 301, Blue Star Memorial Highway, construct a new interchange at MD 304. Shoulders on MD 304 will accommodate bicycles and pedestrians. J-turns at the intersection of US 301 and MD 305 are also being constructed as a part of the project. | 638 | 44,456 | 19,175 |
| St. Mary's | MD 5, Point Lookout Road, reconstruct the MD 5 intersection at Abell Street/ Moakley Street. This project will accommodate buggies, bicycles, and pedestrians as appropriate and includes adding a left turn lane at entrance to St. Mary's Hospital. | 2,542 | 12,679 | 11,927 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|--|-------------|-------------------|--------------------------|
| St. Mary's | MD 5, Point Lookout Road, upgrade and widen MD 5 from south of Camp Brown Road to the Lake Conoy causeway (2.2 miles). This project will accommodate bicycles and pedestrians as appropriate. | 1,637 | 19,145 | 17,277 |
| St. Mary's | MD 4, Patuxent Beach Road and Solomons Island Road, study to upgrade MD 4 between MD 2 and MD 235 (4.0 miles), including the Governor Thomas Johnson Memorial Bridge (bridge 04019) over the Patuxent River and the intersection at MD 235 (2.9 miles). | 3,840 | 20,035 | 15,093 |
| Talbot | MD 404, Shore Highway, upgrade existing MD 404 to a four-lane divided highway with access controls from US 50 to MD 309 (5.8 miles) and west of Hillsboro Road to Holly Road (3.4 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 74,812 | 158,466 | 131,905 |
| Talbot | MD 331, Dover Road, replace bridge 20023 over Choptank River. The new span will be located south of the existing roadway and provide a 50-foot river clearance. Bicycle and pedestrian accommodations will be included where appropriate. | 9,715 | 62,064 | 21,322 |
| Washington | I-81, Maryland Veterans Memorial Highway, upgrade and widen I-81 from US 11 in West Virginia to north of MD 63/MD 68 (3.6 miles). West Virginia is funding improvements in West Virginia and Maryland is administering this bi-state project. This is Phase 1 of a four-phase project. | 32,784 | 105,806 | 103,712 |
| Washington | I-81, Maryland Veterans Memorial Highway, study to upgrade and widen I-81 to a six-lane divided highway between the Potomac River/ West Virginia State line and Pennsylvania State line (12.1 miles). | 1,200 | 8,529 | 5,000 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|---|-------------|-------------------|--------------------------|
| Worcester | US 113, Worcester Highway, upgrade existing US 113 as a four-lane divided highway, including access controls from north of MD 365 (Phase 4), Public Landing Road, to Five Mile Branch (4.3 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 22,258 | 82,256 | 76,257 |
| Worcester | US 113, Worcester Highway, upgrade existing US 113 as a four-lane divided highway, Massey Branch to Five Mile Branch (Phase 3) (4.6 miles). Bicycle and pedestrian accommodations will be included where appropriate. | 3,551 | 51,944 | 34,117 |
| Statewide | Coordinated Highway Action Response Team, install advanced traffic management system and advanced traffic information system technologies on interstate highways and arterials statewide. Technologies include cameras, traffic detectors, weather sensors, and dynamic message signs. | 14,100 | 123,800 | 105,600 |
| Statewide | Transportation Enhancement Program, projects may include pedestrian or bicycle facilities: provision of safety and educational activities for nondrivers; and conversion of abandoned railroad corridors to trails for pedestrians and bicyclists or other nonmotorized transportation users. | 15,300 | 107,800 | 92,500 |
| Statewide | Sidewalk Program, this program will provide matching funds for the construction of sidewalks adjacent to State highways. Fifty percent of project costs will be required from local and municipal project sponsors, except in urban revitalization areas where projects are eligible. | 4,900 | 35,500 | 29,400 |
| Statewide | Sound Barrier Program, funding to implement retrofit sound barrier projects that meet eligibility criteria. | 7,900 | 40,300 | 27,300 |

J00B01 – MDOT – State Highway Administration

| <u>County</u> | <u>Project</u> | <u>2018</u> | <u>Total Cost</u> | <u>Six-year Spending</u> |
|---------------|--|-------------|-------------------|--------------------------|
| Statewide | Total Maximum Daily Load (TMDL), plan, design, and construct stormwater controls and alternative water quality improvement strategies in Maryland Phase I and Phase II counties in order to meet the U.S. Environmental Protection Agency's Chesapeake Bay TMDL. | 113,900 | 625,800 | 571,500 |

¹Project added to the construction program in this *Consolidated Transportation Program*.

Source: Maryland Department of Transportation, 2017-2022 *Consolidated Transportation Program*

Issues

1. Increasing Transportation Aid to Local Governments – Déjà vu All Over Again

The fiscal 2018 budget as introduced once again includes funding in the Secretary’s Office capital appropriation to provide grants to county and municipal governments to be used for the same purposes as the HUR funding local governments receive through the statutory HUR formula. The fiscal 2018 capital grants, when combined with the statute-based funding, would provide local governments with total funding equivalent to 12.5% of HUR revenues. Furthermore, the TTF reserves funding in fiscal 2019 to 2022 to provide a 2.5 percentage point increase in local funding each year. In fiscal 2022, the last year of the forecast, local governments would be receiving 22.5% of HUR revenues under this plan.

Capital Grants Not Used for Capital Purposes

Providing transportation aid to local governments through capital grants is problematic in that local governments, by and large, are not using these funds for capital purposes (*e.g.*, construction of roads and bridges), but instead, use the funds to support operating expenditures. For this reason, the Department of Legislative Services has recommended that increasing transportation aid to local governments should be pursued through legislation that would increase the statutory share of HUR revenues.

The Cupboards Are Bare

The capacity in the TTF for increasing revenues going to local governments through the HUR statutory provisions, however, no longer exists. The revenues that are “reserved” in the forecast to increase aid to local governments are actually included as part of MDOT’s net income and are used as such in the debt service coverage ratio calculations. For the final three years of the current MDOT forecast (fiscal 2020 to 2022), these ratios are at the minimum acceptable level of 2.5. Using the reserved revenues to increase the statutory share of HUR going to local governments would require MDOT to reduce its capital program by \$1.3 billion. MDOT has indicated its intent to annually provide capital grants in the amounts shown in its current forecast. **MDOT should include a Project Information Form in future versions of the CTP that shows the planned grant funding for each year of the six-year program.**

Conclusion

It is clear that the TTF cannot support both the current capital program and an increase in the statutory share of HUR going to local governments. Local governments have their own tax resources, which may be accessed to increase transportation spending. Once local governments fully utilize their existing tax capacity, the General Assembly may wish to consider providing local governments with a local motor vehicle registration fee option to support their transportation spending.

J00B01 – MDOT – State Highway Administration

The Secretary should brief the committees on how MDOT intends to ensure that funds distributed to local governments as capital grants are expended only for capital-eligible improvements that have a useful life of at least 15 years.

Operating Budget Recommended Actions

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

. provided that \$25,000,000 of this appropriation made for the purpose of providing transportation aid to county governments may not be expended for that purpose but instead may be transferred by budget amendment to the Maryland State Police program W00A01.02 Field Operations Bureau to be used only for traffic enforcement activities. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.

Explanation: This language restricts \$25 million in Highway User Revenues for county governments to only be used to support traffic enforcement activities of the Maryland State Police (MSP). According to a recent report from the National Conference of State Legislatures, 25 states support highway patrol type operations with highway funds. If made ongoing through the Budget Reconciliation and Financing Act, this mechanism would provide structural budget relief. In the MSP budget, this funding replaces \$25 million in general funds. County governments are held harmless through a \$25 million grant to be provided through the Maryland Department of Transportation Secretary's Office.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Watkins Mill Interchange

The 2016 *Joint Chairmen's Report* (JCR) contained committee narrative requesting SHA to provide several reports at various times to the budget committees detailing the benefits of linking the Watkins Mill Interchange Project and the I-270 Innovative Congestion Management Project and project scope and schedule information once procurement for each project was complete.

By letter dated June 20, 2016, SHA provided the first report detailing the benefits of linking the two projects. The main benefit noted in the report was that linking the two projects, with an evaluation of a recommendation on the appropriate configuration of the Watkins Mill Interchange Project being a required element of each proposal by firms competing for the I-270 Congestion Management Project, will ensure that the Watkins Mill Interchange Project is designed in a way to minimize its impact on the overall congestion of the I-270 corridor.

Although the procurement for the I-270 Congestion Management Project is not yet complete, the Secretary of Transportation indicated in a briefing to the Montgomery County Delegation that every proposal received on the I-270 Congestion Management Project included a recommendation for a full cloverleaf interchange configuration for the Watkins Mill Interchange Project and, therefore, MDOT intended to issue an Invitation for Bids for the Watkins Mill Interchange Project by late February 2017 with construction estimated to begin in fall 2017.

The trigger events for the remaining JCR responses have not yet occurred.

2. New Hampshire Avenue Corridor Economic Development Potential

The 2016 JCR included committee narrative requesting SHA to work with the Department of Commerce and the Maryland Department of Planning to examine and report to the budget committees on:

- the potential tax revenue increases that could be realized in the New Hampshire Avenue Corridor if right-of-way improvements were made as envisioned in county and municipal sector plans for the area;
- the cost of infrastructure improvements that would be needed to facilitate the redevelopment envisioned by the plans; and
- the status of planning for bus rapid transit in the corridor and its coordination with plans for the Purple Line light rail development.

By letter dated November 1, 2016, SHA provided the requested report. Using two scenarios that differed in the mix of residential versus commercial land use, the report notes that property tax revenues could increase between \$25.7 million and \$29.8 million annually; the number of new jobs created could range from 629 to 23,490 depending on the density and mix of development; and infrastructure improvements could approximate \$276 million. With respect to bus rapid transit, the report notes that MDOT currently does not have any studies underway for such a system within the study area.

3. State Highway Engineering District Staffing

The 2016 JCR included committee narrative requesting that SHA provide a report to the budget committees explaining how the structure for, functional responsibilities of, and staffing requirements for the SHA engineering districts were developed and how the high level of employee turnover in district offices could be addressed.

By letter dated November 1, 2016, SHA provided the requested report. The report indicates that the seven-district structure was developed based on factors related to population, the highway/roadway network, average daily traffic, and the number of lane miles of State-maintained roadways. Areas of the State with lower population densities have districts comprised of three to five counties, and the more densely populated areas have two county districts.

Functional responsibilities are based on a decentralized model with districts supporting construction, maintenance, system preservation, project development, and traffic and safety needs. Staffing levels are based on workload associated with the mix of these functions within each district.

With regard to employee turnover, the report notes that SHA has experienced the highest turnover rates in the following job classifications: facility maintenance technician, heavy equipment maintenance technician, and transportation engineering technician. Furthermore, it has historically had the most difficulty recruiting and retaining employees in these job classifications in the more urban districts. A comparison of salary ranges showed that the MDOT – SHA average salary for these classifications is lower than the range of salaries offered by county governments. One method being utilized to help fill these positions is workforce development in the form of on-the-job training programs in conjunction with the Department of Labor, Licensing, and Regulation.

4. Roadwork and Utility Work Coordination

The 2016 JCR included committee narrative requesting SHA to provide a report to the budget committees detailing how it coordinates road construction/road repair activities with utility companies to reduce the incidence of newly paved roads/sidewalks being torn up by utility work and what steps could be taken to further reduce this from occurring. By letter dated November 1, 2016, SHA provided a report detailing the coordination activities that are currently in place during all phases of planning, constructing, and maintaining roads and sidewalks. SHA also noted that improving coordination is a constant and ongoing process and noted specifically that integrated mapping, utility

industry conferences/summits, and training to ensure uniform policies are followed in all districts across the State are avenues that could lead to improved coordination between road and utility work.

5. Pedestrian Collision Incident Reports Provided to Counties

The 2016 JCR included committee narrative requesting that SHA annually provide pedestrian collision data that it collects to county governments in order to assist them in focusing pedestrian safety efforts on roads and communities impacted by pedestrian collisions. By letters dated July 27, 2016, SHA provided reports to each county on pedestrian collision incidents that occurred over the prior year in that county. By letter dated August 2, 2016, MDOT provided copies of all letters to the budget committees and the legislative library.

6. Report on Structural Monitoring Systems

The 2016 JCR included committee narrative requesting SHA to provide a report that identifies and evaluates the efficacy of structural monitoring systems that utilize electrochemical-based technology. By letter dated September 28, 2016, MDOT submitted the requested report.

Appendix 1
Current and Prior Year Budgets
MDOT – State Highway Administration
(\$ in Thousands)

| | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Fund</u> | <u>Federal</u> <u>Fund</u> | <u>Reimb.</u> <u>Fund</u> | <u>Total</u> |
|----------------------------------|---|---|---|--|---------------------|
| Fiscal 2016 | | | | | |
| Legislative Appropriation | \$0 | \$415,609 | \$14,452 | \$0 | \$430,061 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 0 | 48,820 | 85 | 0 | 48,905 |
| Reversions and Cancellations | 0 | -1 | -4,471 | 0 | -4,473 |
| Actual Expenditures | \$0 | \$464,428 | \$10,066 | \$0 | \$474,494 |
| Fiscal 2017 | | | | | |
| Legislative Appropriation | \$0 | \$432,892 | \$15,294 | \$0 | \$448,186 |
| Cost Containment | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 0 | 1,239 | 0 | 0 | 1,239 |
| Working Appropriation | \$0 | \$434,131 | \$15,294 | \$0 | \$449,425 |

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The fiscal 2016 budget closed out \$44.4 million higher than the legislative appropriation. Increases by budget amendment were partially offset by year-end cancellations as follows:

- Budget amendments added a net \$48,905,475:
 - additional winter maintenance/snow removal (\$38,695,280 in special funds);
 - additional Highway User Revenue due to greater than estimated revenue attainment (\$8,000,000 in special funds);
 - restoration of the 2% salary reduction (\$1,188,844 in special funds, \$85,367 in federal funds);
 - increased funding for access permit processing due to decentralization of decision making powers and increased truck weigh station maintenance (\$952,000 in special funds); and
 - realignment of charges and expenses among the Maryland Department of Transportation units (-\$16,016 in special funds).
- Year-end special and federal fund cancellations totaled \$4,472,549:
 - Coordinated Highways Action Response Team usage that cannot be billed to the Federal Highway Administration grant (\$2,842,844 in federal funds);
 - invoices from subrecipients of Safe Routes to School Program not received in time to process during fiscal 2016 (\$1,628,436 in federal funds); and
 - miscellaneous unexpended appropriations (\$1,269 in special funds).

Fiscal 2017

The fiscal 2017 special fund working appropriation is \$1,238,932 higher than the legislative appropriation due to a budget amendment adding funds for salary increments.

**Appendix 2
Audit Findings**

| | |
|------------------------------|-------------------------------|
| Audit Period for Last Audit: | July 1, 2011 – August 6, 2014 |
| Issue Date: | April 2016 |
| Number of Findings: | 2 |
| Number of Repeat Findings: | 0 |
| % of Repeat Findings: | n/a |
| Rating: (if applicable) | n/a |

Finding 1: The State Highway Administration (SHA) did not have adequate procedures to resolve certain highway construction-related expenditures that had been suspended from the federal reimbursement process, and related efforts were not documented. The Maryland Department of Transportation (MDOT) concurred with the finding and related recommendations.

Finding 2: SHA did not consistently comply with publication requirements for maintenance and construction contract awards. MDOT concurred with the finding and related recommendations.

Appendix 3
Object/Fund Difference Report
MDOT – State Highway Administration

| <u>Object/Fund</u> | <u>FY 16</u> <u>Actual</u> | <u>FY 17</u> <u>Working</u> <u>Appropriation</u> | <u>FY 18</u> <u>Allowance</u> | <u>FY 17 - FY 18</u> <u>Amount Change</u> | <u>Percent</u> <u>Change</u> |
|---|-------------------------------|--|----------------------------------|--|---------------------------------|
| Positions | | | | | |
| 01 Regular | 1,529.00 | 1,491.00 | 1,484.00 | -7.00 | -0.5% |
| 02 Contractual | 3.00 | 5.00 | 42.00 | 37.00 | 740.0% |
| Total Positions | 1,532 | 1,496 | 1,526 | 30.00 | 2.0% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 116,159,901 | \$ 121,030,434 | \$ 117,320,133 | -\$ 3,710,301 | -3.1% |
| 02 Technical and Spec. Fees | 5,631,655 | 5,139,090 | 7,203,989 | 2,064,899 | 40.2% |
| 03 Communication | 2,888,665 | 2,672,800 | 3,325,090 | 652,290 | 24.4% |
| 04 Travel | 580,121 | 716,165 | 719,180 | 3,015 | 0.4% |
| 06 Fuel and Utilities | 11,428,441 | 11,474,951 | 11,982,834 | 507,883 | 4.4% |
| 07 Motor Vehicles | 13,671,934 | 15,697,717 | 13,896,772 | -1,800,945 | -11.5% |
| 08 Contractual Services | 115,944,480 | 82,525,342 | 91,737,978 | 9,212,636 | 11.2% |
| 09 Supplies and Materials | 28,104,982 | 27,035,750 | 27,655,295 | 619,545 | 2.3% |
| 10 Equipment – Replacement | 128,312 | 436,251 | 302,260 | -133,991 | -30.7% |
| 11 Equipment – Additional | 136,481 | 92,577 | 130,357 | 37,780 | 40.8% |
| 12 Grants, Subsidies, and Contributions | 179,436,849 | 182,065,198 | 179,006,778 | -3,058,420 | -1.7% |
| 13 Fixed Charges | 382,010 | 538,291 | 543,090 | 4,799 | 0.9% |
| Total Objects | \$ 474,493,831 | \$ 449,424,566 | \$ 453,823,756 | \$ 4,399,190 | 1.0% |
| Funds | | | | | |
| 03 Special Fund | \$ 464,427,621 | \$ 434,130,590 | \$ 438,602,011 | \$ 4,471,421 | 1.0% |
| 05 Federal Fund | 10,066,210 | 15,293,976 | 15,221,745 | -72,231 | -0.5% |
| Total Funds | \$ 474,493,831 | \$ 449,424,566 | \$ 453,823,756 | \$ 4,399,190 | 1.0% |

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

**Appendix 4
Fiscal Summary
MDOT – State Highway Administration**

| <u>Program/Unit</u> | <u>FY 16 Actual</u> | <u>FY 17 Wrk Approp</u> | <u>FY 18 Allowance</u> | <u>Change</u> | <u>FY 17 - FY 18 % Change</u> |
|--|-------------------------|-----------------------------|----------------------------|----------------------|-----------------------------------|
| 01 State System Construction and Equipment | \$ 1,270,433,726 | \$ 1,404,385,000 | \$ 1,446,664,000 | \$ 42,279,000 | 3.0% |
| 02 State System Maintenance | 287,442,622 | 261,438,732 | 267,213,034 | 5,774,302 | 2.2% |
| 03 County and Municipality Capital Funds | 44,792,699 | 92,300,000 | 77,200,000 | -15,100,000 | -16.4% |
| 04 Highway Safety Operating Program | 9,747,227 | 10,572,746 | 11,109,186 | 536,440 | 5.1% |
| 05 County and Municipality Funds | 177,303,982 | 177,413,088 | 175,501,536 | -1,911,552 | -1.1% |
| 08 Major IT Development Projects | 6,572,092 | 6,502,000 | 5,074,000 | -1,428,000 | -22.0% |
| Total Expenditures | \$ 1,796,292,348 | \$ 1,952,611,566 | \$ 1,982,761,756 | \$ 30,150,190 | 1.5% |
| Special Fund | \$ 1,252,984,849 | \$ 1,316,272,590 | \$ 1,324,458,011 | \$ 8,185,421 | 0.6% |
| Federal Fund | 543,307,499 | 636,338,976 | 658,303,745 | 21,964,769 | 3.5% |
| Total Appropriations | \$ 1,796,292,348 | \$ 1,952,611,566 | \$ 1,982,761,756 | \$ 30,150,190 | 1.5% |

IT: information technology

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

Appendix 5
Budget Amendments for Fiscal 2017
Maryland Department of Transportation
State Highway Administration – Operating

| <u>Status</u> | <u>Amendment</u> | <u>Fund</u> | <u>Justification</u> |
|---------------|------------------|-------------|-------------------------|
| Approved | \$1,238,932 | Special | Funding for increments. |

Source: Maryland Department of Transportation

Appendix 6
Budget Amendments for Fiscal 2017
Maryland Department of Transportation
State Highway Administration – Capital

| <u>Status</u> | <u>Amendment</u> | <u>Fund</u> | <u>Justification</u> |
|---------------|----------------------|--------------|--|
| Approved | \$1,854,481 | Special | Funding for increments. |
| Approved | -1,100,000 | Special | Transfer from capital appropriation to Motor Vehicle Administration Highway Safety Office. |
| Pending | -\$131,020,287 | Special | Adjusts the amended appropriation to agree with the final fiscal 2017 to 2022 <i>Consolidated Transportation Program</i> . |
| | 56,411,000 | Federal | |
| | -\$74,609,287 | Total | |

Source: Maryland Department of Transportation