

J00J00
Maryland Transportation Authority

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Nonbudgeted Fund	\$132,727	\$168,663	\$161,430	\$-7,232	-4.3%
Total Funds	\$132,727	\$168,663	\$161,430	\$-7,232	-4.3%

- The Maryland Transportation Authority (MdTA) advises that debt service payments for fiscal 2004 decrease \$8.7 million due largely to the end of payments for revenue bonds sold in fiscal 1994 backed by passenger facility charges.
- The decrease in debt service payments is offset by an increase in operating budget spending of \$1.5 million for employee salaries, credit card expenses associated with the EZPass electronic toll collection system, maintenance service contracts, and other administrative expenses.

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Nonbudgeted Fund	\$102,847	\$201,033	\$248,198
Total	\$102,847	\$201,033	\$248,198

- The fiscal 2004 budget includes a \$43 million transfer to the Maryland Department of Transportation to support capital expenses.
- Minor project spending increases by \$40.1 million due to the addition of several new large maintenance projects, including repaving portions of I-95 and upgrading signage at Baltimore area toll facilities.

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

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Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	1,499.00	1,520.50	1,531.50	11.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	1,499.00	1,520.50	1,531.50	11.00

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	52.00	3.40%
Positions Vacant as of 12/31/02	149.00	9.88%

- The MdTA fiscal 2004 budget includes 11 new sworn police officers to provide additional police support at Baltimore-Washington International Airport. These positions will be funded by the Maryland Aviation Administration.
- In addition, the agency reallocated existing positions within the agency through reorganization of agency functions resulting in no net increase in positions.

Analysis in Brief

Major Trends

Toll Facilities Keep Traffic Moving: Over the past ten years, the volume of total traffic, passenger and commercial vehicles, at MdTA facilities increased annually by 3.1%. MdTA tracks the number of vehicles assisted by courtesy patrols and the peak hour throughput of its two busiest toll facilities. These measures aid MdTA in allowing toll facility users to travel safely without undue delay.

Maintenance and Safety of Toll Facilities Is Key: Toll-paying motorists expect that toll facilities will be open, safe, and well maintained – after all, that is what their toll dollars are meant to support. To this end, MdTA tracks the percentage of bridges on its system that are functionally obsolete and works to minimize fatal and injury accidents at its facilities. By reducing these rates, even as the number of vehicle miles traveled at these facilities increases, MdTA can better provide safe passage to all toll payers.

Issues

Concerns Regarding MdTA Out-year Forecast: MdTA's anticipated fund balance, which was \$378.2 million in fiscal 2003, will drop to -\$64.5 million beginning in fiscal 2005. By fiscal 2008, without mitigating measures, the cash balance drops to -\$999.4 million. **MdTA should discuss with the committees its current financial forecast and how it will fund operations, capital improvements, and the I-95 project in the future. In addition, the Department of Legislative Services (DLS) recommends that for fiscal 2004 and in subsequent years MdTA should not proceed with the planned \$43 million transfer.**

Bay Bridge Needs a "Backup" Plan: HB 51 proposes to require that MdTA stop collecting tolls on the William Preston Lane Jr. Memorial (Chesapeake Bay Bridge) when vehicle traffic is so congested that the traffic back up extends greater than five miles from the bridge and the average speed of the vehicles in line waiting to cross the bridge is less than 30 mph. **DLS recommends that the authority discuss the potential for implementing a congestion pricing pilot program at the Bay Bridge.**

MdTA Developing Master Plan for Interstate-95 (I-95): The authority indicates that it is developing a 20-year master plan for the redevelopment of the 49-mile, I-95 corridor from Baltimore City to the Delaware state line. Within the study area, I-95 is a tolled, six- to eight-lane highway. Historically, MdTA advises traffic volumes have increased at an average annual rate greater than 5% per year. Continued traffic growth will likely result in diversion of commuter trips to local roads. **MdTA should brief the committees on the status of the I-95 Master Plan report, the potential costs of the project, and the impact this project will have on the financial status of MdTA in the short- and long-term.**

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MdTA Has Yet to Complete a Nontransportation Parking Facility Deal: MdTA has the authority to finance revenue-generating transportation facilities projects such as the authority's own bridges, highways, toll facilities, and projects at the Port of Baltimore or BWI. Chapter 569, Acts of 2001 gave MdTA the added authority to finance, construct, operate, maintain, and repair vehicle parking facilities in priority funding areas. As of February 1, 2003, only one project has applied to MdTA financial assistance for vehicle parking garages. **DLS recommends that legislation be introduced to repeal provisions in the Transportation Article establishing the MdTA vehicle parking facility financing program. The MdTA should brief the committees as to the status of the current project under review and the likelihood that the project will move forward.**

Operating Budget Recommended Actions

1. Add language requiring the Maryland Transportation Authority to study and adopt congestion pricing at its toll facilities.

Capital Budget Recommended Actions

1. Nonbudgeted.

Budget Analysis

Program Description

The Maryland Transportation Authority (MdTA), established under Title 4 of the Transportation Article, has exclusive authority relating to the financing, construction, operation, maintenance, and repair of Maryland's toll facilities and any other revenue-generating projects authorized under that title. MdTA divides its facilities into three regions and has jurisdiction over the following facilities:

- the Northern Region, including the John F. Kennedy Memorial Highway (I-95), the Millard E. Tydings Memorial Bridge, and the Thomas J. Hatem Memorial (Susquehanna River) Bridge;
- the Central Region, including the Baltimore Harbor (I-895) and Fort McHenry (I-95) Tunnels and Thruways, the Francis Scott Key Bridge (I-695), and I-395 leading to Baltimore City; and
- the Southern Region, including the Harry W. Nice Memorial Bridge (U.S. 301) and the Chesapeake Bay Bridge. In addition, the Seagirt Marine Terminal, developed by MdTA, is leased to the Maryland Port Administration (MPA).

The authority is comprised of six members appointed by the Governor and the Secretary of the Maryland Department of Transportation (MDOT), who serves as chairman. MdTA's revenues are held separately from the Transportation Trust Fund (TTF), and the agency operates off budget.

In addition, MdTA's police force is responsible for security and law enforcement services at the authority's toll facilities and for law enforcement services at Baltimore/Washington International Airport (BWI) and MDOT-operated facilities at the Port of Baltimore.

The authority has identified the following key goals:

- move people and goods conveniently;
- preserve and improve authority facilities;
- reduce the fatal and injury collision rate;
- reduce workplace accidents;
- protect people and property from unlawful activity;
- finance and build new transportation facilities with MDOT to meet Maryland's transportation needs; and

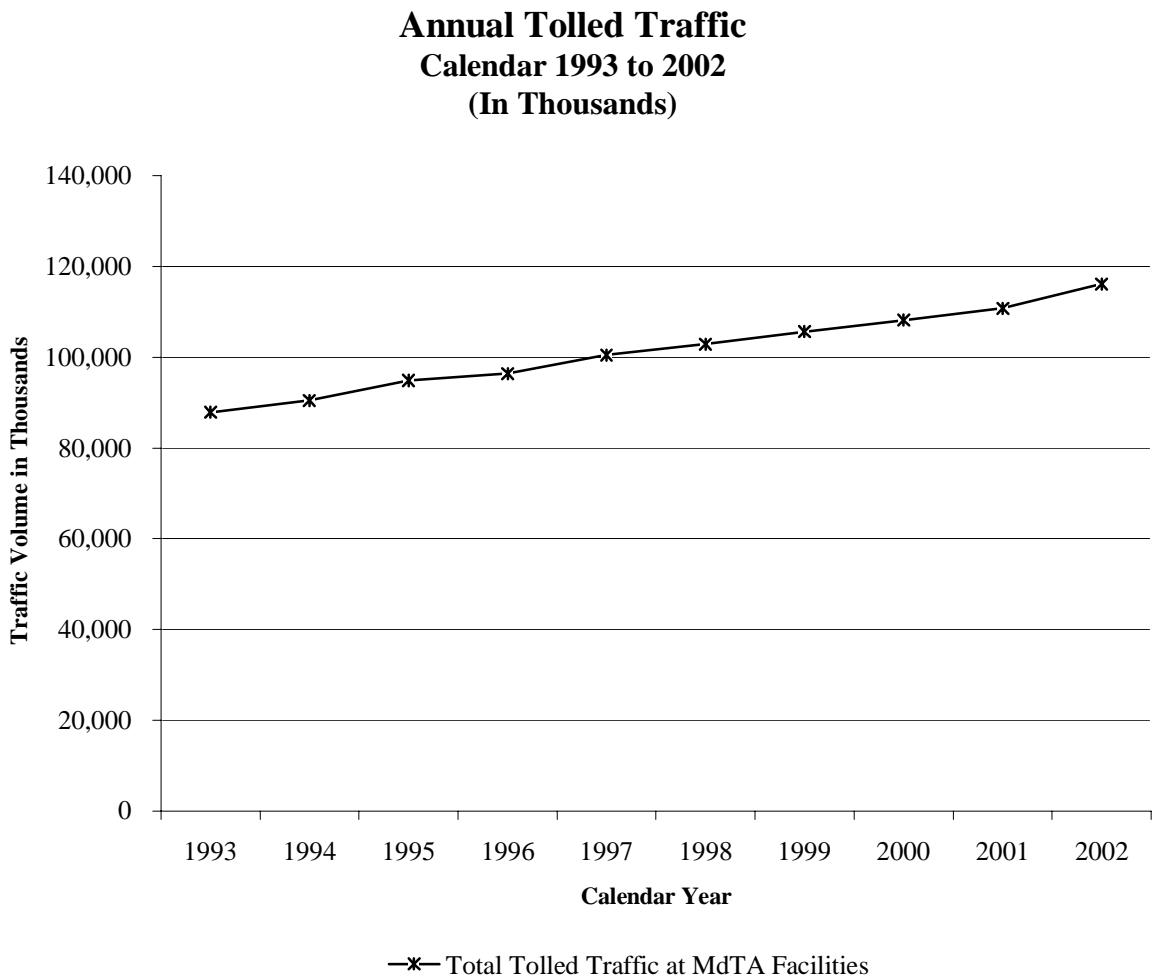
- respond professionally to customers' needs for assistance and information.

Performance Analysis: Managing for Results

Over the past ten years, the volume of total traffic, passenger and commercial vehicles, at MdTA facilities increased annually 3.1%. **Exhibit 1** shows the increase in traffic at MdTA facilities in that period.

In general, toll revenues increase concomitantly with traffic, except after toll increases when toll receipts increase more rapidly.

Exhibit 1



Source: Maryland Transportation Authority

Toll Facilities Keep Traffic Moving

- **Objective:** To move people and goods conveniently by increasing the average peak hour throughput at the Baltimore toll plazas to 14,878 by calendar 2002.
- **Objective:** To move people and goods conveniently by increasing the number of disabled vehicles assisted by the vehicle recovery program and courtesy patrols.

The average annual peak hour throughput of the Baltimore toll facilities is an appropriate measure for how effectively and efficiently MdTA can maintain safe, clear roads given the large proportion of commuter traffic using these facilities. The maximum average annual peak hour throughput at the Baltimore toll facilities is 20,000 to 24,000 vehicles. Other MdTA facilities are not located directly adjacent to an urban area like the two harbor tunnels and the Key Bridge and are less likely to experience large peak period rush hours. MdTA’s objective to maximize the use of this facility is certainly appropriate.

In addition, the use of courtesy patrols to keep traffic at all its facilities moving is also laudable. While the use of these patrols depends largely on motorists needing assistance and this cannot be predicted with any regularity, the service this program provides in ensuring a safe driving environment for all motorists and ensuring clear passage at toll facilities is a valuable one.

<u>Measure</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Estimate 2003</u>	<u>Estimate 2004</u>
Average annual peak hour throughput at the Baltimore Harbor and Fort McHenry tunnels and the Francis Scott Key Bridge toll plazas	13,443*	16,752	17,036	17,498	17,936
Number of disabled vehicles assisted by the vehicle recovery program and courtesy patrols	13,265	12,384	14,590	16,795	19,000

* Calendar 2000 only shows data for the Baltimore Harbor and the Fort McHenry Tunnels.

Maintenance and Safety of Toll Facilities Is Key

- **Objective:** During calendar 2004, reduce the annual fatal and injury vehicle collision rate to less than 15 collisions per 100 million vehicle miles traveled (VMT).
- **Objective:** Maintain the percentage of authority bridges and overpasses out of compliance with federal functional standards at 5% or less in 2001 and thereafter.

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Toll-paying motorists expect that toll facilities will be open, safe, and well maintained – after all, that is what their toll dollars are meant to support. MdTA tracks the percent of bridges on its system that are functionally obsolete (various structural parts of the bridge no longer conform to accepted standards) and structurally deficient (the bridge is restricted to light vehicular traffic, is closed, or requires immediate rehabilitation). Maintaining its bridges is key to the mission of the department. MdTA advises that no bridges are classified as structurally deficient.

In addition to maintenance objectives, MdTA works to minimize fatal and injury accidents at its facilities. By reducing these rates, even as the number of vehicle miles traveled at these facilities increases, MdTA can better provide safe passage to all toll payers.

<u>Measure</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>Estimate</u> <u>2003</u>	<u>Estimate</u> <u>2004</u>
VMT at MdTA facilities (100 million)	3,258	3,355	3,456	3,542	3,631
Annual fatal and injury vehicle collision rate at MdTA facilities (per 100 million VMT)	14.5	17.5	15.1	15.4	14.9
Percent of MdTA bridges categorized as functionally obsolete	4.8%	4.8%	4.8%	4.8%	4.4%

Governor’s Proposed Operating Budget

The fiscal 2003 budget for MdTA decreases by \$7.2 million, or -4.3%. Changes between the fiscal 2004 budget and the fiscal 2002 working budget are highlighted in **Exhibit 2**. Debt service payments are expected to decrease by \$8.7 million due largely to the end of payments for revenue bonds backed by passenger facility charges sold in fiscal 1994 for projects at BWI. Personnel changes account for an increase of approximately \$1 million. MdTA is adding 11 new police officer positions to increase police activities at BWI.

Exhibit 2

**Governor's Proposed Budget
Maryland Transportation Authority
(\$ in Thousands)**

How Much It Grows:	Nonbudgeted <u>Fund</u>	<u>Total</u>
2003 Working Budget	\$168,663	\$168,663
2004 Governor's Allowance	<u>161,430</u>	<u>161,430</u>
Amount Change	-\$7,232	-\$7,232
Percent Change	-4.3%	-4.3%

Where It Goes:

Personnel Expenses

Employee increments	\$1,096
Employee and retiree health insurance	378
Retirement contribution rate change	252
Other fringe benefit adjustments	77

Operating Budget Changes

Increased credit card service charges for electronic toll program	600
Additional maintenance expenses including equipment rental, supplies, and materials	360
Increased vehicle and medical exam expenses	130
Increased purchases of uniforms, training, office supplies, advertising, and postage	102
Additional toll tickets	50
Increased costs for Maryland State Police patrols of JFK Memorial Highway	20
Increased overtime meal expenses.....	7
Decreased snow removal costs based on historical activity.....	-503
Decrease in debt service due to defeased MdTA revenue bonds sold for BWI facilities	-8,703
Other Changes.....	1,098
Total	-\$7,232

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

MdTA Expenditure Overview

As indicated by **Exhibit 3**, overall operating expenses for MdTA facilities increase by \$1.5 million, or 1.3% for fiscal 2004. Administrative and other general expenses increase by \$1.6 million, or 11.2%. MdTA police personnel costs at BWI and at the Port of Baltimore also increase by 1.2% and 2.3% respectively, due to expanded security needs requiring additional police officers. Funds for BWI costs are reimbursed by the Maryland Aviation Administration (MAA), and the funds for the Port of Baltimore costs are reimbursed by the Maryland Port Administration (MPA). Finally the centralized traffic management division has been disbanded and its employees and functions are now represented in the appropriate toll facility budgets.

Exhibit 3

**Maryland Transportation Authority
Operating Expenses
(\$ in Thousands)**

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>Change FY 03-04</u>	<u>Percent Change</u>
Susquehanna River (Hattem) Bridge	\$3,596	\$3,523	\$4,074	\$551	15.6%
Potomac River (Nice) Bridge	3,147	3,073	3,087	14	0.5%
Chesapeake Bay (Lane) Bridge	6,692	7,311	7,660	349	4.8%
Francis Scott Key Bridge	6,986	7,016	6,948	-68	-1.0%
Baltimore Harbor Tunnel	10,953	11,053	10,058	-995	-9.0%
Fort McHenry Tunnel	13,745	15,745	17,664	1,919	12.2%
Kennedy Memorial Highway	18,356	17,889	17,912	23	0.1%
Police Headquarters and Traffic	9,785	10,549	8,310	-2,239	-21.2%
BWI Airport Police	12,098	14,464	14,637	173	1.2%
Port of Baltimore Police	3,862	4,898	5,013	115	2.3%
Administrative and General Expenses	12,469	14,550	16,180	1,630	11.2%
Subtotal	\$101,691	\$110,071	\$111,542	\$1,471	1.3%
Debt Service	31,035	58,592	49,888	-8,704	-14.9%
Total	\$132,727	\$168,663	\$161,430	-\$7,233	-4.3%

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

Source: State Budget Books, fiscal 2004

Debt Service Payments

Exhibit 4 provides the schedule of debt service payments, totaling \$49.9 million for fiscal 2004. MdTA has been able to redeem its 1994 bond series at a rate faster than originally projected due to higher-than-expected revenues derived from the passenger facility charge (PFC) at BWI. The PFC of \$3.00 is assessed on enplaning commercial air travel passengers per flight segment. PFC revenue may be applied only against debt service from the 1994 bond series, which supported various BWI projects, such as the new international terminal and the modifications to Concourse C. MdTA expects that, based on current projections, the 1994 bond series will be retired by June 2003, resulting in the deletion of debt service payments for this debt beginning in fiscal 2004. PFC bonds were originally projected to be retired in 2010.

Enactment of Public Law 106-81 in April 2000 authorized the Federal Aviation Administration (FAA) to allow U.S. airports to increase the PFC from \$3.00 to \$4.50. MAA began collecting the \$4.50 PFC in June 2002. A bond sale currently anticipated for June 2003 will be backed by the full \$4.50 PFC. PFC revenues collected between January 2002 and spring 2003, above the \$3.00 pledged to the 1994 bond series, will be used on a cash basis by MAA to fund other approved PFC projects at BWI.

In March 2002 the authority sold \$264.1 million in Airport Parking Revenue bonds to support construction of a new Elm Road garage, upgrades to the central utility plant, roadway improvements, and other associated projects at BWI. The bonds are backed by all parking fees collected at BWI parking facilities.

In June 2002 MdTA sold \$117.4 million in taxable revenue bonds to support the construction and equipment costs of a new consolidated rental car facility. The bonds are secured by a \$3.00 per transaction day customer facility charge assessed on all short-term car rentals at BWI. Contingent rent paid by the rental car companies also backs these bonds.

Exhibit 4

Maryland Transportation Authority

Debt Service Payments

Fiscal 2002 through 2004

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Payments and Interest on Bonds — 1991 Series	\$8,889	\$8,914	\$8,949
Payments and Interest on Bonds — 1992 Series	11,756	16,522	17,684
Payments and Interest on Bonds — 1994 Series (PFC)	9,427	9,543	0
Payments and Interest on Bonds — 1998 Series	963	960	941
Payments and Interest on Bonds — 2002 Series (BWI Parking Garage)	0	14,346	13,243
Payments and Interest on Bonds — 2002 Series (BWI Rental Car Facility)	0	8,307	9,072
Total	\$31,035	\$58,592	\$49,888

Source: Maryland Transportation Authority

PAYGO Capital Program

Program Description

MdTA's capital program involves the construction and maintenance of revenue-generating transportation facilities throughout the State. In addition to the seven toll facilities for which it is responsible, MdTA finances construction of certain facilities at BWI and the Port of Baltimore. Projects at BWI are repaid through a passenger facility charge assessed on airplane tickets for enplaning passengers. MdTA also constructed the Seagirt Marine Terminal on MdTA property, for which MPA provides a revenue-based lease payment for operating the terminal.

Fiscal 2003 to 2008 Consolidated Transportation Program

Exhibit 5 provides a list of the projects included in the MdTA capital program. Two projects were completed during fiscal 2003, both involved improvements to Seagirt Marine Terminal at the Port of Baltimore. This property is owned by MdTA and leased to MPA. One project was removed from the capital program to upgrade weight and inspection facilities at the Chesapeake Bay (Lane) Bridge facility, due to delays in coordinating the project with the State Highway Administration. The project will be added to the program again once decisions as to the best location for the facility are resolved.

Exhibit 5

**Maryland Transportation Authority
Capital Projects and Fund Transfers
Fiscal 2003 and 2004
(\$ in Thousands)**

	<u>FY 03</u>	<u>FY 04</u>	<u>Total Project Cost</u>
Construction in Progress or Project Phasing			
John F. Kennedy Memorial Highway – Interchange improvements at I-95 and MD 22	\$11,183	\$13,808	\$31,623
Fort McHenry Tunnel – Widen I-95 from Washington Boulevard to Caton Avenue	1,000	1,000	58,850
Francis Scott Key Bridge – Interchange improvements at I-695 and Quarantine Road	500	2,500	30,650
Westbound Bay Bridge – Rehabilitate bridge deck	12,771	13,552	61,202
Eastbound Bay Bridge – Cleaning and painting	15,454	3,025	70,168
Westbound Bay Bridge – Cleaning and painting	0	300	9,140
Eastbound Bay Bridge – Widen toll plaza approach	80	1,839	2,069

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	<u>FY 03</u>	<u>FY 04</u>	<u>Total Project Cost</u>
Projects Deleted from Program			
Westbound Bay Bridge – Upgrade weigh and inspection facility			
Project Planning Underway			
Fort McHenry Tunnel – I-95 Interchange Improvements at Russell Street and Washington Boulevard	500	1,500	2,500
Studies: Improvements for MD 24; Improvements on I-95 between Baltimore City and Delaware	1,275	1,275	13,834
Minor Projects	114,300	154,400	Ongoing
Other	967	11,999	n/a
Subtotal	\$158,033	\$205,198	n/a
Fund Transfer to Transportation Trust Fund	25,000	43,000	237,000
Fund Transfer to the General Fund	18,000	0	n/a
Total Changes	\$201,033	\$248,198	n/a

Source: Maryland Transportation Authority, 2003 *Consolidated Transportation Program*

Issues

1. Concerns Regarding MdTA Out-year Forecast

MdTA's anticipated fund balance, which was \$378.2 million in fiscal 2003, will drop to -\$64.5 million beginning in fiscal 2005. Perhaps more troubling is that by fiscal 2008, without mitigating measures, the cash balance drops to -\$933.2 million. When encumbered cash, those funds that MdTA holds on reserve to meet prior obligations such as debt service, is removed from the equation, the unencumbered cash balance drops further to -\$999.4 by fiscal 2008. The unencumbered cash balance shows the cumulative surplus or deficit over the seven-year period and assumes no increases in revenues or decreases in spending. **Exhibit 6** provides a summary of the authority's forecast. **Appendix 1** presents the forecast in its entirety.

MdTA's financial forecast assumes spending of approximately \$700 million in sum on redeveloping the I-95 corridor north of Baltimore based on a soon-to-be completed master plan. The forecast also assumes transfer of \$43 million to MDOT through fiscal 2007 to support transit capital expenses. Currently, MDOT is not required to repay MdTA for the use of its unencumbered cash. Even if the I-95 spending was removed from the forecast, the cash balance for MdTA will drop to -\$23.6 million in fiscal 2005, compared to -\$64.5 million with this spending. Regardless, MdTA will need to sell bonds to finance its capital activities or raise tolls at its toll facilities. Finally, HB 51 proposes to eliminate tolls on the Chesapeake Bay Bridge when the traffic back up is five miles long and speed limits are below 30 mph. This proposal, and other proposals to reduce toll collection revenue, will serve to further worsen the authority's financial position.

Furthermore, when comparing expected revenues and expenditures, the structural deficit begins in fiscal 2003. However, its impact is mitigated in early years due to fund balance.

Exhibit 6

MdTA Forecast							
Fiscal 2002 through 2008							
	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Opening Cash Balance	372.1	375.2	285.5	139.3	-64.5	-424.0	-727.7
Ending Cash Balance	375.2	285.5	139.3	-64.5	-424.0	-727.0	-933.2
Unencumbered Cash Balance	272.5	196.5	67.1	-126.8	-487.5	-792.5	-999.4
	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Revenues	229.3	247.8	251.1	259.2	265.7	273.5	281.7
Expenses	226.2	337.5	397.3	462.9	625.3	577.2	487.2
Difference	3.1	-89.7	-146.3	-203.7	-359.5	-303.7	-205.5

Source: Maryland Transportation Authority

MdTA should discuss with the committees its current financial forecast and how it will fund operations, capital improvements, and the I-95 project in the future. In addition, DLS recommends that for fiscal 2004 and in subsequent years, MdTA should not proceed with the planned \$43 million transfer.

2. Bay Bridge Needs a “Backup” Plan

Traffic backups on U.S. 50 eastbound are routinely experienced in the summer months during peak travel periods such as Friday evenings and Saturdays. Traffic congestion occurs not because of the existence of the toll plaza but due to the capacity of the bridge to carry traffic over the bay. MdTA advises that the Chesapeake Bay Bridge (using two eastbound lanes and one lane on the westbound span) can handle approximately 4,300 vehicles per hour. The peak capacity of the highway leading up to the bridge is 6,000 vehicles per hour, a level that is much higher than the current capacity of the bridge. During the summer peak periods, traffic back ups occur every Friday and every Saturday due to the high traffic volume and can last for several hours. Once the capacity of the road and bridge is reached, free tolls will have no impact on traffic backups and may even serve to increase traffic volumes due to the incentive it creates for motorists to travel for free. Congestion pricing typically creates incentives for drivers to travel in nonpeak periods.

Congestion Pricing May Alleviate Congestion at Toll Facilities

Congestion pricing, or variable pricing, involves a system of fees or tolls, which can be modified according to the level of congestion. Variable pricing of congested facilities can be applied to new or existing toll-free roads, toll facilities, or high occupancy vehicle (HOV) facilities. Under congestion pricing, higher tolls are charged when traffic is heaviest. The goal is to create incentives to change motorists driving behavior and ration limited road capacity by encouraging some peak period users to shift to off-peak periods.

Previous studies and examples around the country indicate that variable pricing strategies can be effective in reducing congestion. For instance, variable pricing could possibly be used on the Chesapeake Bay Bridge during the summer season. Currently, drivers pay a toll of \$2.50 regardless of the time of day they choose to travel on the bridge. If toll prices were increased for peak times such as Friday evenings or Saturdays and were lower at other less congested times, it might be possible to ease the burden on the roadway, the bridge, and people who live in the area of the bridge. This approach would require additional study and possibly legislative changes. In addition, the State may want to exempt regular commuters from paying an increased toll during peak times.

DLS recommends that the authority discuss the potential for implementing a congestion pricing pilot program at its most congested facilities. MdTA should identify congestion pricing options that would spread the levels of traffic volume to manageable amounts across a wider time period thereby reducing traffic backups in general. In addition, DLS recommends that budget bill language be added to require MdTA to implement congestion pricing at the Chesapeake Bay Bridge during 2003.

3. MdTA Developing Master Plan for Interstate-95 (I-95)

The authority is developing a 20-year master plan for the redevelopment of the 49-mile, I-95 corridor from Baltimore City to the Delaware state line. Within the study area, I-95 is a tolled, six to eight-lane highway. MdTA advises that historically, traffic volumes have increased at an average annual rate greater than 5% per year. The concern is that large portions of this highway are operating at or near capacity, resulting in road congestion during weekday and weekend peak travel periods. Continued traffic growth will likely result in diversion of commuter trips to local roads. **Exhibit 7** shows the area under study.

Alternatives under Evaluation

MdTA is working with the Federal Highway Administration, MDOT, and other federal, State, and local regulatory agencies to develop the master plan. Local communities impacted by I-95 are also participating. In preparing the master plan, MdTA is taking a more comprehensive approach to resolving the traffic conditions on I-95 rather than simply expand the roadway to permit additional lanes. Concepts under evaluation include:

- ***New General Purpose Lanes:*** Lanes open to all traffic.
- ***Collector-distributor Roads:*** Lanes separated from through traffic on I-95 that would divert vehicles merging, exiting, or entering the highway.
- ***HOV Lanes:*** Lanes dedicated to vehicles with at least two occupants.
- ***High Occupancy Toll Lanes:*** Lanes dedicated to vehicles with at least two occupants that would be physically separated from the general-purpose lanes, on which excess capacity is sold to single occupant vehicles who are willing to pay to avoid congestion in the general-purpose lanes. The price would vary depending on conditions.
- ***Variable Priced Lanes:*** Lanes that would be physically separated from the general-purpose lanes, where all drivers would be charged toll rates depending on time of day, congestion present, and distance traveled.
- ***Truck Only Lanes:*** Variable priced lanes that would only be available to trucks during off-peak travel period.
- ***Transit:*** Transit options such as links to rail lines.

I-95 Master Plan Implementation Costs

The authority advises that the total cost of implementing the master plan once it is completed could total over \$1 billion. Based on the authority's current capital spending forecast, as seen in **Exhibit 8**, it does not appear that MdTA can afford to implement such a project even over the course of 20 years without assistance from federal, State, and local entities; increases in toll rates; or delayed spending on capital improvements at other MdTA facilities. Absent any of these measures, MdTA will experience a negative cash balance approaching \$1 billion by fiscal 2008. The authority advises that final cost estimates for each of the segments of the master plan will not be available until the project planning phase is complete, as a result these figures are not final. However, they do show a concerning trend should MdTA proceed with this project.

Exhibit 8

MdTA Financial Forecast Capital Spending Fiscal 2002 through 2008 (\$ in Millions)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Total Expenses							
Including I-95 capital spending	\$226.16	\$337.52	\$397.33	\$462.91	\$625.26	\$577.16	\$487.24
Excluding I-95 capital spending	226.16	337.52	387.33	432.91	437.26	335.16	247.24
Difference	0.00	0.00	10.00	30.00	188.00	242.00	240.00

Source: Maryland Transportation Authority

MdTA should brief the committees on the status of the I-95 Master Plan report, the potential costs of the project, and the impact this project will have on the financial status of MdTA in the short- and long-term.

4. MdTA Has Yet to Complete a Nontransportation Parking Facility Deal

MdTA has the authority to finance revenue-generating transportation facilities projects such as the authority's own bridges, highways, toll facilities, and projects at the Port of Baltimore or BWI. Chapter 569, Acts of 2001 gave MdTA the added authority to finance, construct, operate, maintain, and repair vehicle parking facilities in priority funding areas. Previously, MdTA only participated in financing construction or improvements for transportation facilities projects proposed by MDOT. MdTA indicates that it intends to give priority to garages within a transit-oriented development. As of February 1, 2003,

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only one project has applied to MdTA financial assistance for vehicle parking garages.

The project is a 1,500-space parking garage in Prince George's County at the intersection of East-West Highway (MD 410) and Belcrest Road. The total cost of the project is \$16.2 million, and MdTA will finance \$10.6 million of the total project cost on behalf of a commercial real estate developer, Prince George's Metro Center (PGMC) by selling parking revenue bonds backed by future parking fees. The PGMC development adjacent to the proposed garage is a 190,000 square foot building currently under construction. In addition, the PGMC site currently contains three existing buildings, which are leased by offices of the federal government.

In addition to parking revenue bonds, Prince George's County is expected to support the project with a \$3.5 million grant from MDOT on behalf of the county. The county will repay the grant through future reductions of its highway user revenues spread over a ten-year period.

Currently, this deal is on hold, however, due to the failure of the county to execute a grant agreement with MDOT and MdTA indicating its support for the project. Should MdTA not be able to close the financing deal with PGMC, PGMC would need to look to other resources such as commercial bank loans, to construct a parking garage at its development site.

With only one application thus far, the vehicle parking facility financing program is not a resounding success. In addition, MdTA does not realize any return on its investment of MdTA funds by participating in the parking facility financing program. The program ties up MdTA resources, which it needs due to its future financial forecast position.

DLS recommends legislation be considered to repeal provisions in the Transportation Article establishing the MdTA vehicle parking facility financing program. MdTA should brief the committees as to the status of the current project under review and the likelihood that the project will move forward.

Operating Budget Recommended Actions

1. Add the following section:

SECTION XX AND BE IT FURTHER ENACTED, That the General Assembly is extremely concerned about the severe congestion experienced at the Maryland Transportation Authority's (MdTA) busiest toll facilities and its impact on citizens living near these facilities. In particular, severe congestion occurs on summer weekends at the William Preston Lane Jr. Memorial (Chesapeake Bay Bridge). Based on the implementation of congestion or variable pricing schemes at toll facilities around the nation, congestion at toll facilities owned by MdTA may be mitigated by congestion pricing strategies. MdTA should prepare a plan for implementing congestion pricing at the Chesapeake Bay Bridge in time for the upcoming summer travel period. This plan should be submitted by May 31, 2003, to the budget committees. The budget committees shall have 30-days to review and comment on the plan. The study should delineate exactly how congestion pricing will be implemented; determine the costs of implementing such a system; the possible benefits of users of the toll facility as well as the community surrounding the facility; and the effect of the congestion pricing strategy on toll revenues.

In addition, by November 15, 2003, MdTA will submit a report evaluating the implementation of congestion pricing at the Chesapeake Bay Bridge. The report will summarize and evaluate the effectiveness of changes MdTA made during 2003 at the Chesapeake Bay Bridge.

Explanation: Congestion at the Chesapeake Bay Bridge is severe during the summer months and impacts not only citizens who live near the bridge's toll facility but also residents of Maryland's Eastern Shore who use the bridge to commute from home to work. Congestion pricing could serve to reduce peak period congestion and shift some traffic to nonpeak periods thereby making more efficient use of the carrying capacity of the bridge.

Information Request	Author	Due Date
Congestion Pricing Strategy for Chesapeake Bay Bridge	MdTA	May 31, 2003
Evaluation of implementation of congestion pricing at Chesapeake Bay Bridge	MdTA	November 15, 2003

Capital Budget Recommended Actions

1. Nonbudgeted.

**MdTA Financial Forecast with I-95 Spending
Fiscal 2002 through 2008**

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Opening Cash Balance*	\$372.07	\$375.20	\$285.52	\$139.26	-\$64.46	-\$423.99	-\$727.70
Less Encumbered Cash	112.41	102.72	89.01	72.11	62.28	63.51	64.81
Unencumbered Cash	\$259.66	\$272.49	\$196.51	\$67.14	-\$126.75	-\$487.50	-\$792.50
Revenues							
Operations	196.22	216.07	222.52	228.83	235.41	242.05	249.19
Investment Income & Other	17.15	10.72	7.24	2.07	1.00	1.00	1.00
Baltimore City I-95/I-395	0.31	0.00	0.00	0.00	0.00	0.00	0.00
MDOT Reimbursement - BWI/Port	13.94	19.37	19.64	20.62	21.65	22.74	23.87
MDOT In Lieu of Federal Funds	0.00	0.00	0.00	6.00	6.00	6.00	6.00
MDOT Masonville Auto Terminal Lease	1.67	1.67	1.67	1.67	1.67	1.67	1.67
Total Revenues	\$229.29	\$247.83	\$251.07	\$259.19	\$265.73	\$273.46	\$281.73
Expenses							
Operating Account	85.73	90.71	91.90	96.50	101.32	106.39	111.71
Maintenance & Operations Reserve Account	43.62	82.67	89.35	88.45	64.45	22.93	18.34
Capital Account	35.87	74.18	125.03	181.13	354.39	361.28	315.49
General Account	1.26	1.18	0.82	5.59	12.77	3.15	0.15
Debt Service	21.62	26.41	27.59	27.62	27.68	17.68	17.68
BWI and Port Police	15.96	19.37	19.64	20.62	21.65	22.74	23.87
Transfer – MDOT Transit Initiative	22.10	43.00	43.00	43.00	43.00	43.00	0.00
Total Expenses	\$226.16	\$337.52	\$397.33	\$462.91	\$625.26	\$577.16	\$487.24
Bal. Unencumbered Cash (Gen. Acct. Bal.)	272.49	196.51	67.14	-126.75	-487.50	-792.50	-999.36
Bal. Encumbered Cash	102.72	89.01	72.11	62.28	63.51	64.81	66.16
Ending Cash Balance*	\$375.20	\$285.52	\$139.26	-\$64.46	-\$423.99	-\$727.70	-\$933.20
Total Bonds Outstanding	\$189.40	\$174.30	\$157.16	\$132.01	\$112.76	\$102.48	\$82.33
Coverage of 120% DS and M&O	1.59	1.16	1.03	1.17	1.35	3.23	3.71
I-95 Project Spending Assumed in Capital Account	0.00	0.00	10.00	30.00	188.00	242.00	240.00
Ending Cash Balances – PFC Accounts	77.35	105.27	0.00				
Total PFC Bonds O/S	79.22	74.50	0.00				
PFC Debt Service Coverage	3.30	3.43					

*Excludes funds on hand to pay debt service due first day of next fiscal year.

**Object/Fund Difference Report
Maryland Transportation Authority**

<u>Object/Fund</u>	<u>FY 02 Actual</u>	<u>FY 03 Working Appropriation</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,434.00	1,454.50	1,465.50	11.00	0.8%
Total Positions	1,434.00	1,454.50	1,465.50	11.00	0.8%
Objects					
01 Salaries and Wages	\$ 87,594,928	\$ 94,263,464	\$ 95,196,197	\$ 932,733	1.0%
02 Technical & Spec Fees	2,037,451	2,320,900	2,816,700	495,800	21.4%
03 Communication	507,729	641,500	602,800	-38,700	-6.0%
04 Travel	66,086	63,500	62,500	-1,000	-1.6%
06 Fuel & Utilities	2,320,564	2,670,000	2,537,000	-133,000	-5.0%
07 Motor Vehicles	1,487,717	1,578,300	1,629,000	50,700	3.2%
08 Contractual Services	2,852,243	2,932,050	3,410,800	478,750	16.3%
09 Supplies & Materials	4,824,579	5,601,388	5,287,136	-314,252	-5.6%
13 Fixed Charges	31,035,426	58,591,576	49,888,138	-8,703,438	-14.9%
Total Objects	\$ 132,726,723	\$ 168,662,678	\$ 161,430,271	-\$ 7,232,407	-4.3%
Funds					
07 Nonbudgeted Fund	\$ 132,726,723	\$ 168,662,678	\$ 161,430,271	-\$ 7,232,407	-4.3%
Total Funds	\$ 132,726,723	\$ 168,662,678	\$ 161,430,271	-\$ 7,232,407	-4.3%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

Fiscal Summary
Maryland Transportation Authority

<u>Unit/Program</u>	<u>FY 02 Actual</u>	<u>FY 03 Legislative Appropriation</u>	<u>FY 03 Working Appropriation</u>	<u>FY 02 - 03 % Change</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 % Change</u>
41 Operating Program	\$ 132,726,723	\$ 140,683,648	\$ 168,662,678	27.1%	\$ 161,430,271	-4.3%
42 Capital Program	102,846,725	208,400,000	201,033,000	95.5%	248,198,000	23.5%
Total Expenditures	\$ 235,573,448	\$ 349,083,648	\$ 369,695,678	56.9%	\$ 409,628,271	10.8%
Nonbudgeted Fund	\$ 235,573,448	\$ 349,083,648	\$ 369,695,678	56.9%	\$ 409,628,271	10.8%
Total Appropriations	\$ 235,573,448	\$ 349,083,648	\$ 369,695,678	56.9%	\$ 409,628,271	10.8%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.