

J00B01
State Highway Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	FY 04	FY 05	FY 06	FY 05-06	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
Special Fund	\$582,289	\$623,441	\$725,085	\$101,644	16.3%
Federal Fund	16,467	13,425	13,897	472	3.5%
Reimbursable Fund	<u>85</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Funds	\$598,841	\$636,866	\$738,982	\$102,116	16.0%
Contingent & Back of Bill Reductions			-1,089	-1,089	
Adjusted Total	\$598,841	\$636,866	\$737,893	\$101,027	15.9%

- The fiscal 2006 operating allowance reflects the restoration of \$102.4 million in special funds for highway user revenue grants. Budget reconciliation language authorized the transfer of \$102.4 million in highway user revenues to the general fund in fiscal 2004 and 2005.
- The \$472,000 increase in federal funds is due to the enhancement of Coordinated Highways Action Response Team (CHART) to add patrols to the Frederick area.

PAYGO Capital Budget Data

(\$ in Thousands)

	Fiscal 2004	Fiscal 2005		Fiscal 2006
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$357,774	\$348,859	\$494,402	\$548,263
Federal	\$497,578	\$475,116	\$551,500	\$575,472
Reimbursable	\$0	\$0	\$814	\$0
Total	\$855,352	\$823,975	\$1,046,715	\$1,123,735

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

For further information contact: Gregory W. Potts

Phone: (410) 946-5530

J00B01 – MDOT – State Highway Administration

- The State Highway Administration's (SHA) capital program increases by \$77.0 million from the fiscal 2005 working appropriation to the fiscal 2006 allowance. This change is primarily due to the revenue enhancement that occurred with an increase in vehicle registration fees passed during the 2004 session (Chapter 9, Acts of 2004).

Operating and PAYGO Personnel Data

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>
Regular Positions	3,280.00	3,248.00	3,255.00	7.00
Contractual FTEs	<u>6.10</u>	<u>22.00</u>	<u>22.00</u>	<u>0.00</u>
Total Personnel	3,286.10	3,270.00	3,277.00	7.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	130.53	4.01%
Positions Vacant as of 01/01/05	173.50	5.34%

- SHA added seven positions from fiscal 2005 to 2006. The seven positions are associated with additional CHART patrols in the Frederick region. This includes four operations technicians that will handle such areas as traffic systems control, incident/congestion management, and roadway incident response. The increase also includes three senior technicians that will handle emergency response/highway operations work.
- SHA had 173.5 positions vacant as of January 1, 2005. SHA advises that the majority of vacant PINs are in active recruitment. The PINs currently not in active recruitment are due to reclassification, hiring freeze exemption issues, or difficulty in recruitment.

Analysis in Brief

Major Trends

Maryland Road Quality Falls Slightly below National Average: The Federal Highway Administration (FHWA) collects national data on pavement conditions. The data is based on a subset of roadways from each state, not on all roadways. FHWA reports that Maryland has an 87.5% rate for roadway mileage with acceptable ride quality. The United States average, as reported by FHWA, is 91.3%.

Issues

Specific Services Signing Program: SHA administers a Specific Services Signing Program (SSSP). The program permits eligible businesses providing key services to motorists to place logos on signs along certain designated expressways. SHA advises that the way the current program is set up, rates are only authorized to cover expenses. **The Department of Legislative Services (DLS) recommends that SHA re-examine its pricing strategy for SSSP.**

Congestion Pricing in Maryland: The concept of congestion pricing, any pricing structure in which motorists pay a user fee in exchange for driving on a roadway or into a particular region, has begun to receive serious consideration in the United States as a measure to battle gridlock. Three roads in the U.S. currently use the pricing structure, and a number of other states have projects underway or are studying the idea. Maryland is studying congestion pricing at six locations statewide. **DLS recommends that SHA comment on a number of items related to congestion pricing including potential use on Maryland roads, education on the concept, joint work with other states, the potential for public/private partnerships, and equity concerns.**

Operating Budget Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce funds for highway user revenues.	\$ 71,579,045	
2. Delete 15 vacant PINs.	843,574	15
3. Reduce funds for supplies and materials.	200,000	
4. Reduce funds for engineering and office equipment.	100,000	
5. Add annual budget bill language stipulating Prince George's County repayment for 1996 road and infrastructure improvements adjacent to what is now FedEx Field.		
Total Reductions	\$ 72,722,619	15

PAYGO Budget Recommended Actions

	<u>Funds</u>
1. Add budget language directing the State Highway Administration to reflect the Intercounty Connector transfers in the capital program.	
2. Eliminate funds for community safety and enhancements.	\$ 31,300,000
Total Reductions	\$ 31,300,000

Updates

University of Maryland Connector Road Study: During the 2004 legislative session, there was significant interest in the University of Maryland Connector Road, a proposed road between the I-95 and I-495 interchange and the University of Maryland, College Park in Prince George’s County. Language in the fiscal 2005 budget bill restricted funds for this project until SHA submitted a report to the budget committees. SHA submitted an interim report to the budget committees on July 30, 2004, and a final report on January 14, 2005.

Woodrow Wilson Bridge: The Maryland Department of Transportation, the Virginia Department of Transportation, the Washington, DC Department of Transportation, and the Federal Highway Administration are involved with the \$2.4 billion project to replace the Woodrow Wilson Bridge. The current bridge offers six total lanes while the new facility will offer 12 lanes. The outer loop is scheduled for completion by 2006. At that time, all traffic will switch to the new outer loop bridge. The inner loop is scheduled for completion in 2008. At that time, traffic will open to both new bridge spans, with a total of 12 lanes.

J00B01
State Highway Administration
Maryland Department of Transportation

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 the 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 and the State Highway Safety Office. 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 State Highway Safety Office administers highway safety programs and grants to State and local agencies.

The administration has identified the following key goals:

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

Performance Analysis: Managing for Results

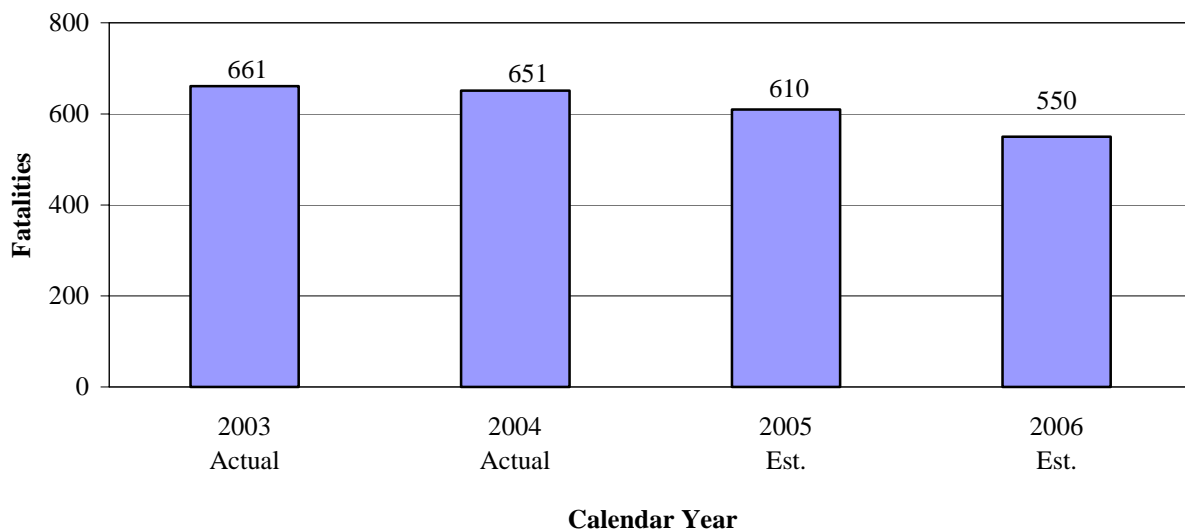
SHA attempts to provide key Managing for Results (MFR) performance measures that relate to its mission and goals. SHA’s mission is to “efficiently provide mobility for our customers through a safe, well-maintained, and attractive highway system that enhances Maryland’s communities, economy, and environment.”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

Safety

Goal 1 from the SHA MFR submission is “Safety: Improve highway safety in Maryland.” As more and more people drive on the highways, the potential for highway accidents is increased. Even as the number of vehicle miles driven continues to grow, SHA is attempting to reduce the annual number of traffic fatalities and personal injuries on all Maryland roads.

One of SHA’s objectives is to “Reduce the annual number of traffic fatalities on all roads in Maryland from 662 in calendar 2001 to fewer than 550 by December 31, 2006.” There were 661 fatalities in calendar 2003, and SHA estimates 550 by calendar 2006. This measure is clearly difficult for SHA to predict and circumstances can often fall outside of its control. Nevertheless, SHA has stayed committed to reducing the number of statewide traffic fatalities. **Exhibit 1** displays a graph showing annual traffic fatalities.

Exhibit 1
Annual Traffic Fatalities on Maryland Roads
Calendar 2003 – 2006



Source: State Highway Administration

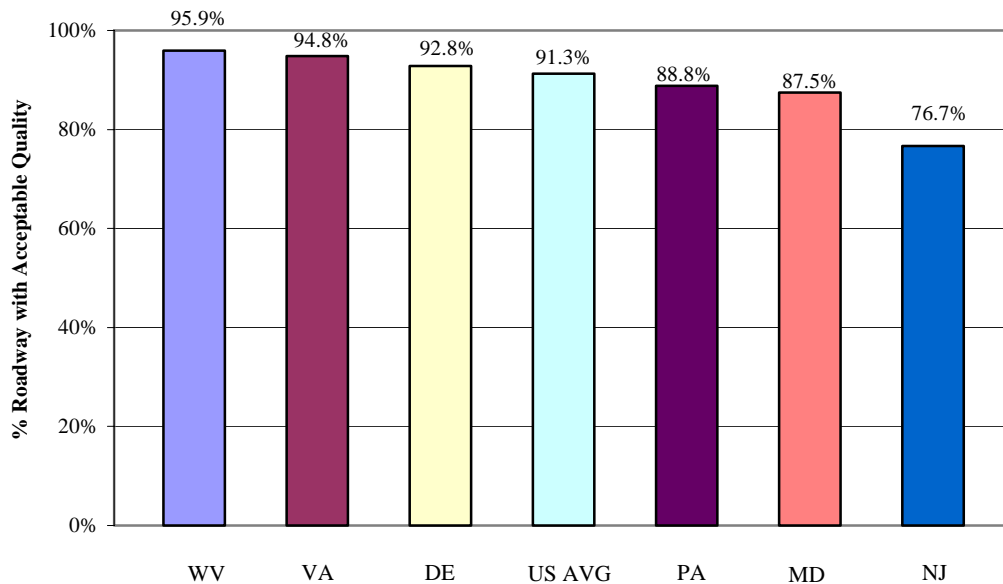
System Maintenance

Goal 3 from the SHA MFR submission is “System Preservation and Maintenance: Maintain a quality highway system.” Objective 3.1 is “Maintain annually at least 83% (calendar 2002 pavement conditions) of the Maryland SHA pavements in acceptable riding quality condition.”¹ SHA achieved an 82% rate in calendar 2004 and expects to achieve the same rate through calendar 2006.

The Federal Highway Administration (FHWA) collects national data on pavement conditions. The data is based on a subset of roadways from each state, not on all roadways. FHWA mainly looks at portions of a state system that include principle arterial roadways. FHWA also has lower ride quality threshold criteria for interstates than Maryland. For these reasons, FHWA reports that Maryland had an 87.5% rate for percent of roadway mileage with acceptable ride quality in calendar 2003. This differs from the 83% that Maryland reported for the entire Maryland SHA network in calendar 2003. The United States average, as reported by FHWA, is 91.3%.

Exhibit 2 displays a graph comparing Maryland roadway conditions to other regional states.

Exhibit 2
Roadway Mileage with Acceptable Ride Quality
FHWA Data
Calendar 2003



Source: State Highway Administration

¹ Ride quality is represented by the International Roughness Index (IRI) which is based on the longitudinal profile of the roadway surface. The index measures pavement roughness in terms of inches per mile that a laser, mounted in a specialized van, jumps as it is driven across interstate and expressway systems. The lower the IRI number, the smoother the ride. Interstate roadways exhibiting IRI values of less than 120 inches/mile and non-interstate roadways exhibiting IRI values of less than 170 inches/mile are considered acceptable.

The Department of Legislative Services (DLS) recommends that SHA move toward data collection on a fiscal year basis whenever possible.

Governor's Proposed Budget

The fiscal 2006 operating allowance increases by \$101 million over the 2005 working appropriation. This increase is almost entirely due to the restoration of \$102.4 million in highway user revenue grants. Budget reconciliation language authorized the transfer of \$102.4 million in highway user revenue grants to the general fund in both fiscal 2004 and 2005. There is a \$2.0 million increase in special funds for personnel expenses. The major personnel changes include a \$1.6 million increase for increments, a \$691,000 decrease for turnover, and a \$682,000 increase for retirement. Besides personnel, other changes include a \$3.3 million reduction in motor vehicle expenses; a \$3.1 million decrease in contractual services for mowing and brush/tree cutting; a \$2.0 million increase in utilities as instructed by DBM; and an \$800,000 special fund decrease in tractor mowing. **Exhibit 3** provides additional detail regarding the changes between the fiscal 2005 working appropriation and the fiscal 2006 allowance.

Exhibit 3
Governor's Proposed Budget
State Highway Administration
 (\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2005 Working Appropriation	\$623,441	\$13,425	\$636,866
2006 Governor's Allowance	725,085	13,897	738,982
Contingent & Back of Bill Reductions	<u>-1,067</u>	<u>-21</u>	<u>-1,089</u>
Adjusted Allowance	\$724,018	\$13,876	\$737,893
Amount Change	\$100,576	\$451	\$101,027
Percent Change	16.1%	3.4%	15.9%

Where It Goes:

Personnel Expenses

Increments	\$1,600
Turnover	-691
Retirement	682
Overtime and other compensation	367
Health insurance	-360
New positions	233
Other fringe benefit adjustments	173

J00B01 – MDOT – State Highway Administration

Where It Goes:

Other Changes

Restoration of highway user revenue grants—\$102.4 million was transferred to the general fund in fiscal 2005	102,400
Increase in utilities as instructed by the Department of Budget and Management (DBM)	2,082
Enhancement for communications and other equipment.....	690
Increase in supplies related to CHART enhancement, signs/markers, and miscellaneous equipment.....	440
Increase due to inspection of bridges and other contractual services	209
Increase for engineering equipment.....	194
Reduction in motor vehicle expenses including maintenance and replacement vehicles..	-3,376
Decrease in contractual services for activities such as mowing and brush/tree cutting	-3,098
Decrease for Transportation Safety Grants and Motor Carrier Safety Program.....	-294
Other adjustments	-224
Total	\$101,027

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

Personnel

SHA added seven positions with the fiscal 2006 allowance at a total increase of \$233,000. All positions are for additional CHART patrols to be deployed in the Frederick region. The positions include:

- two positions that will handle the inside technical operations work involving traffic systems control, incident/congestion management, and communications in the Frederick Region;
- two positions that will supervise the inside and outside operations at a traffic operations center. The positions will be responsible for shift coverage, leave requests, responding to roadway incidents, and managing the day to day operations of the Frederick Region; and
- three positions that will serve as emergency response technicians handling outside emergency response/highway operations work. They will perform traffic control at incident scenes and an operating motorist information system in the Frederick region.

Contingent Actions

The fiscal 2006 operating allowance reflects the elimination of \$506,230, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

The fiscal 2006 operating allowance also reflects contingent reductions to exempt all State agencies from paying the gasoline tax. The four contingent reductions include:

- \$900,000 in special funds statewide;
- \$875,000 in general funds statewide;
- \$582,600 in special funds (highway user revenues); and
- \$167,000 in federal funds statewide.
- **\$1,942,000 Total**

This action would reduce the amount of revenue available to the local jurisdictions as well as the Transportation Trust Fund (TTF). Gasoline tax revenue is deposited into the Gasoline and Motor Vehicle Revenue Account (GMVRA), of which 70% is provided to the TTF and 30% is provided for the counties and municipalities. Therefore, this action would cause the TTF to lose \$1,359,400 in revenue (70% of total) and highway user revenues to lose \$582,600 (30% of total).

County and Municipality Funds

During the 2004 legislative session, budget reconciliation language authorized the transfer of \$102.4 million in highway user revenues to the general fund. The fiscal 2005 legislative appropriation for highway user revenues was \$380.9 million. However, as a result of the transportation revenue enhancement, the fiscal 2005 working appropriation is now \$451.7 million.

The fiscal 2006 allowance restores the \$102.4 million and fully funds highway user revenues as specified by law. Consequently, the \$554.1 million fiscal 2006 allowance represents a 22.7% increase over the working appropriation. **To contain the growth in State spending, DLS recommends that the restoration of highway user funds be phased in over several years and that the increase in fiscal 2006 be 6.7%, which is consistent with the growth in spending recommended by the Spending Affordability Committee. This recommendation would result in a \$30.3 million increase over fiscal 2005.**

J00B01 – MDOT – State Highway Administration

Exhibit 4 provides a breakdown of highway user revenues as allocated in the fiscal 2006 allowance.²

**Exhibit 4
Apportionments of Estimated Highway User Revenues
Fiscal 2006**

<u>County</u>	<u>Total</u>	<u>Less: Bond Sinking Fund Requirement</u>	<u>Available to Counties, Municipalities, and Baltimore City</u>	<u>Counties</u>	<u>Municipalities and Baltimore City</u>
Allegany	\$7,580,328		\$7,580,328	\$4,948,853	\$2,631,475
Anne Arundel	32,145,002		32,145,002	30,144,889	2,000,113
Baltimore	43,488,608		43,488,608	43,488,608	0
Calvert	6,452,931		6,452,931	5,863,572	589,359
Caroline	5,107,758		5,107,758	4,199,761	907,997
Carroll	14,445,463		14,445,463	11,922,198	2,523,265
Cecil	7,954,183	139,682	7,814,501	6,296,265	1,518,236
Charles	9,854,273		9,854,273	9,197,978	656,295
Dorchester	5,710,785		5,710,785	4,392,398	1,318,387
Frederick	18,830,147		18,830,147	13,736,748	5,093,399
Garrett	6,489,427		6,489,427	5,505,451	983,976
Harford	16,400,306		16,400,306	14,361,416	2,038,890
Howard	15,832,067		15,832,067	15,832,067	0
Kent	2,935,884		2,935,884	2,330,411	605,473
Montgomery	45,673,079		45,673,079	38,566,658	7,106,421
Prince George's	39,016,598		39,016,598	29,472,269	9,544,329
Queen Anne's	5,772,969		5,772,969	5,301,884	471,085
St. Mary's	7,651,612		7,651,612	7,521,015	130,597
Somerset	3,411,274		3,411,274	2,960,276	450,998
Talbot	4,646,020		4,646,020	3,377,006	1,269,014
Washington	12,059,827	214,895	11,844,932	8,647,239	3,197,693
Wicomico	9,217,554		9,217,554	7,256,872	1,960,682
Worcester	7,037,956		7,037,956	5,337,978	1,699,978
Total Counties	\$327,714,051	\$354,577	\$327,359,474	\$280,661,812	\$46,697,662
Baltimore City	\$226,168,853		\$226,168,853		\$226,168,853
Total	\$553,882,904	\$354,577	\$553,528,327	\$280,661,812	\$272,866,515
Contingent Reduction	\$582,600		\$582,600	\$295,584	\$287,016
Total	\$554,465,504	\$354,577	\$554,110,927	\$280,957,396	\$273,153,531

Source: State Budget Books, Fiscal 2006

² Baltimore City receives the greater of \$157.5 million, or 11.5% of the total GMVRA plus 11.5% of any growth in the local share over fiscal 1998 base levels. This amount cannot exceed 12.25% of the total GMVRA through fiscal 2007. The remaining local share is distributed among the counties and eligible municipalities based on total county road mileage and county vehicle registration.

J00B01 – MDOT – State Highway Administration

Exhibit 5 provides a breakdown of highway user revenues if all counties, municipalities, and Baltimore City receive a 6.7% increase over fiscal 2005 working appropriation levels.

**Exhibit 5
Highway User Revenues Proposal – Fiscal 2006
6.7% Increase over Prior Year Funding Amount**

<u>County</u>	<u>FY 2006 Allowance</u>	<u>Proposed Allocation</u>	<u>Proposed Reduction</u>	<u>FY 2005 Appropriation</u>	<u>Increase Over FY 2005</u>	<u>Percent Increase</u>
Allegany	\$7,580,328	\$6,257,349	-\$1,322,979	\$5,864,432	\$392,917	6.7%
Anne Arundel	32,145,002	26,534,803	-5,610,199	24,868,606	1,666,197	6.7%
Baltimore City	226,168,853	211,785,047	-14,383,806	198,486,455	13,298,592	6.7%
Baltimore	43,488,608	35,898,633	-7,589,975	33,644,454	2,254,179	6.7%
Calvert	6,452,931	5,326,714	-1,126,217	4,992,235	334,479	6.7%
Caroline	5,107,758	4,216,312	-891,446	3,951,557	264,755	6.7%
Carroll	14,445,463	11,924,327	-2,521,136	11,175,564	748,763	6.7%
Cecil	7,954,183	6,565,956	-1,388,227	6,153,661	412,295	6.7%
Charles	9,854,273	8,134,428	-1,719,845	7,623,644	510,784	6.7%
Dorchester	5,710,785	4,714,094	-996,691	4,418,082	296,012	6.7%
Frederick	18,830,147	15,543,762	-3,286,385	14,567,724	976,038	6.7%
Garrett	6,489,427	5,356,841	-1,132,586	5,020,469	336,372	6.7%
Harford	16,400,306	13,537,996	-2,862,310	12,687,906	850,090	6.7%
Howard	15,832,067	13,068,930	-2,763,137	12,248,294	820,636	6.7%
Kent	2,935,884	2,423,490	-512,394	2,271,312	152,178	6.7%
Montgomery	45,673,079	37,701,853	-7,971,226	35,334,445	2,367,408	6.7%
Prince George's	39,016,598	32,207,113	-6,809,485	30,184,736	2,022,377	6.7%
Queen Anne's	5,772,969	4,765,425	-1,007,544	4,466,190	299,235	6.7%
St. Mary's	7,651,612	6,316,192	-1,335,420	5,919,580	396,612	6.7%
Somerset	3,411,274	2,815,912	-595,362	2,639,092	176,820	6.7%
Talbot	4,646,020	3,835,160	-810,860	3,594,339	240,821	6.7%
Washington	12,059,827	9,955,051	-2,104,776	9,329,945	625,106	6.7%
Wicomico	9,217,554	7,608,834	-1,608,720	7,131,053	477,781	6.7%
Worcester	7,037,956	5,809,637	-1,228,319	5,444,833	364,804	6.7%
Total	\$553,882,904	\$482,303,859	-\$71,579,045	\$452,018,608	\$30,285,251	6.7%
Contingent Reductions	582,600	0	-582,600	0	0	
Grand Total	\$554,465,504	\$482,303,859	-\$72,161,645	\$452,018,608	\$30,285,251	6.7%

Source: Department of Legislative Services

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.

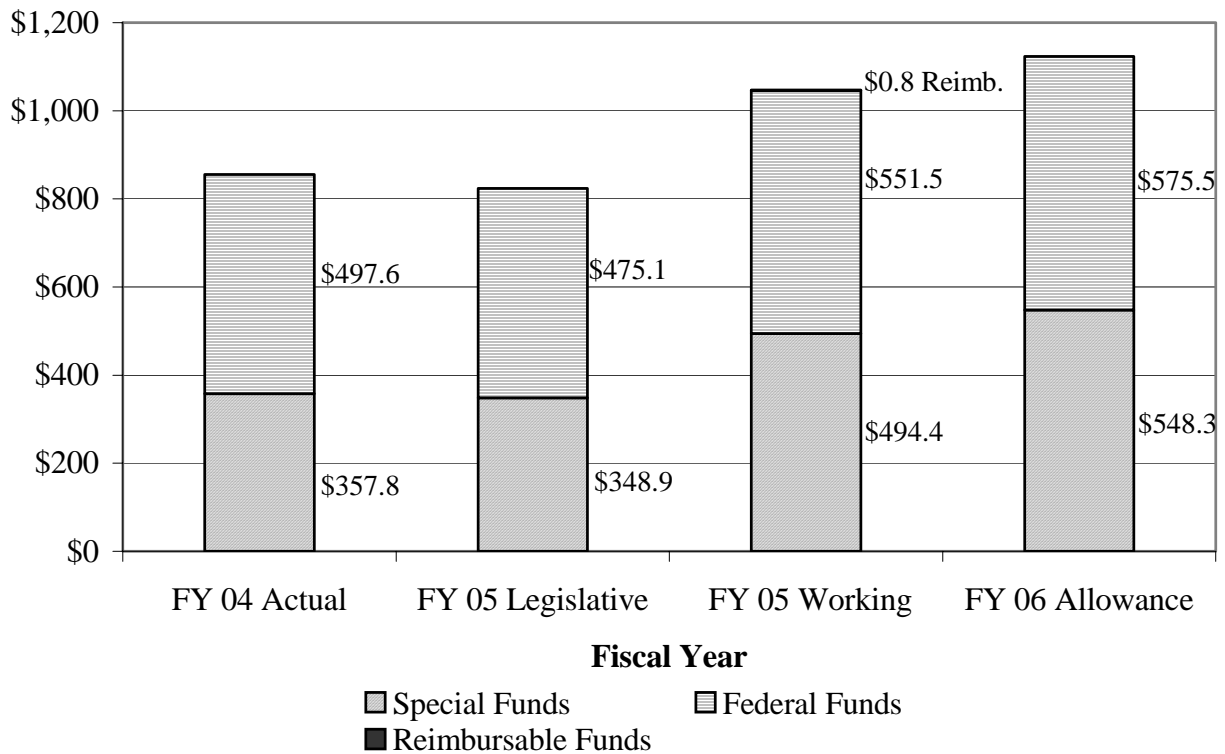
The *Consolidated Transportation Program* (CTP) includes a development and evaluation program (D&E) and a construction program. Generally, projects are first added to the D&E program. In the D&E program, projects are evaluated by planners/engineers, and rights-of-way may be purchased. The Maryland Department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

Fiscal 2005 to 2010 CTP

The SHA PAYGO capital program increases by \$77.0 million from the fiscal 2005 working appropriation to the fiscal 2006 allowance. This change is primarily due to the revenue enhancement that occurred with an increase in vehicle registration fees passed during the 2004 session (Chapter 9, Acts of 2004). This revenue enhancement allowed MDOT to move many capital projects forward that were previously unfunded. MDOT's capital program has not only expanded with the fiscal 2006 budget but also with the current fiscal 2005 budget. The total change from fiscal 2005 to 2006 reflects increases in the construction program, including community enhancements and system preservation, and the D&E program.

Exhibit 6 provides cash flow information for the SHA capital program. Cash flow changes are attributable to a number of different factors, including new projects added to the CTP, projects deferred to later years, and project delays. The impact of the recent transportation revenue enhancement is very evident when comparing the fiscal 2005 legislative appropriation to the fiscal 2005 working appropriation and fiscal 2006 allowance. SHA's capital program increased by \$222.7 million from the fiscal 2005 legislative appropriation to the fiscal 2005 working appropriation. The capital program then increased another \$77.0 million from the fiscal 2005 working appropriation to the fiscal 2006 allowance.

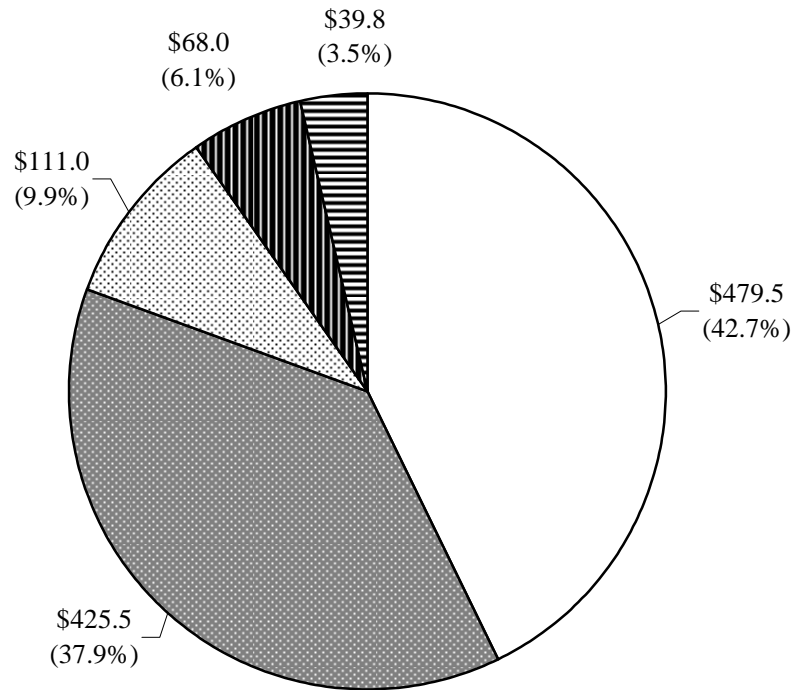
Exhibit 6
SHA Capital Program Cash Flow Changes
Fiscal 2004 – 2006
(\$ in Millions)



Source: Maryland Department of Transportation, January 2005 *Consolidated Transportation Program*

Exhibit 7 provides a graph showing the fiscal 2006 SHA capital program by area.

Exhibit 7
SHA Capital Program by Area
Fiscal 2006
\$1.1 Billion Total Capital Program
(\$ in Millions)



- Major Projects
- Safety, Congestion Relief, and Community Enhancement
- ▨ Other System Preservation
- ▩ Development and Evaluation Program
- ▧ County and Municipality Pass through Federal Funds

Source: Maryland Department of Transportation, January 2005 *Consolidated Transportation Program*

J00B01 – MDOT – State Highway Administration

Exhibit 8 provides a list of major CTP construction projects funded in fiscal 2006. The 13 projects listed account for over 75% of all major projects in the construction program for fiscal 2006.

Exhibit 8
SHA Major CTP Construction Projects Funded in Fiscal 2006
(\$ in Thousands)

<u>County</u>	<u>Project</u>	<u>FY 2006</u>	<u>Total \$</u>	<u>Completion of FY Cashflow</u>
Anne Arundel	MD 70, Rowe Boulevard – replace bridge over Weems Creek and rehabilitate bridge over College Creek	\$13,467	\$35,506	2007
Baltimore County	MD 43 Extended – construct an access controlled highway between MD 150 and U.S. 40	11,174	53,647	2007
Carroll	MD 30, Hampstead Bypass – construct a new two-lane limited access highway	9,573	75,969	2008
Charles	MD 5 at Hughesville – construct a new divided highway	11,641	52,065	2008
Frederick	I-70, Baltimore National Pike – construct an extension of MD 475	17,029	103,532	2009
Montgomery	U.S. 29, Columbia Pike – construct a new interchange at Briggs Chaney Road	11,371	48,518	2007
Montgomery	MD 355, Rockville Pike – construct an interchange at Randolph Road/Montrose Parkway	5,914	49,084	2011
Montgomery	East-West Intersection Improvements – improve intersections in northern Montgomery and western Prince George’s counties	5,507	70,543	2007
Prince George’s	I-95/I-495 Woodrow Wilson Bridge Improvement	222,229	1,291,202	2013
Prince George’s	I-95/I-495 Capital Beltway – reconstruct the interchange of MD 5 and I-95/I-495	11,413	51,520	2009
Prince George’s	I-295/I-495 National Harbor – construct access improvements	21,700	53,350	2008
Prince George’s	MD 4, Pennsylvania Avenue – construct a new interchange at MD 4 and Suitland Parkway	7,919	83,711	2010
Prince George’s	MD 450, Annapolis Road – construct a CSX Railroad grade-separated crossing	16,374	68,532	2009
Total		\$365,311	\$2,037,179	

Source: State Highway Administration, January 2005 *Consolidated Transportation Program*

J00B01 – MDOT – State Highway Administration

Projects Added to the Construction Program

As shown by **Exhibit 9**, 14 projects were added to the SHA construction program at a total of \$11.7 million for fiscal 2005 and \$30.8 million for fiscal 2006. All projects were added primarily as a result of the transportation revenue enhancement.

Exhibit 9
SHA CTP Projects Added to the Construction Program
Fiscal 2005 – 2006
(\$ in Thousands)

<u>Project</u>	<u>FY 05</u>	<u>FY 06</u>	<u>Total FY 05 – 06</u>	<u>Total Project Cost</u>
MD 47, Barrellville Road – replace bridge over North Branch (Allegany)	\$1,118	\$1,056	\$2,174	\$2,449
MD 295, Baltimore Washington Parkway – widen from I-695 to I-195 (Anne Arundel)	600	1,739	2,339	23,688
I-83, Harrisburg Expressway – replace bridges over NCR Trail and Little Falls (Baltimore County)	3,548	5,427	8,975	11,267
MD 45, York Road – widen from Cavan Drive to Ridgely Road (Baltimore County)	650	755	1,405	12,298
MD 260, Chesapeake Beach Road – replace bridge over MD 260 (Calvert)	52	936	988	1,752
MD 194, Francis Scott Key Highway – replace bridge over Big Pipe Creek (Carroll)	1,468	1,199	2,667	2,990
MD 7B, Philadelphia Road – replace bridge over Mill Creek (Cecil)	41	922	963	3,349
MD 874C, Old New London Road – replace bridge over Ben’s Branch (Frederick)	675	566	1,241	1,469
US 40, Pulaski Highway – improvements from MD 152 to MD 24 overpass (Harford)	900	5,234	6,134	8,238
MD 450, Annapolis Road – replace bridge over CSX Railroad (Prince George’s)	210	2,375	2,585	4,564
I-95/I-495, Capital Beltway – interchange improvements at Arena Drive (Prince George’s)	400	2,420	2,820	29,651

J00B01 – MDOT – State Highway Administration

<u>Project</u>	<u>FY 05</u>	<u>FY 06</u>	<u>Total FY 05 – 06</u>	<u>Total Project Cost</u>
MD 19, Robert Station Road/MD 405 – replace bridges over Beverdam Ditch and German Branch (Queen Anne’s)	90	1,945	2,035	2,157
MD 331, Dover Road – replace bridge over Choptank River (Talbot)	300	825	1,125	48,437
MD 90, Ocean City Expressway – rehabilitate bridges over Assawoman Bay and St. Martin River (Worcester)	1,626	5,437	7,063	7,063
Total	\$11,678	\$30,836	\$42,514	\$159,372

Source: State Highway Administration, January 2005 *Consolidated Transportation Program*

Projects Moved from the D&E Program to the Construction Program

As shown by **Exhibit 10**, 13 projects were moved from the D&E program to the construction program at a total of \$46.8 million for fiscal 2005 and \$84.3 million for fiscal 2006. All projects were added primarily as a result of the transportation revenue enhancement.

Exhibit 10
SHA CTP Projects Moved from the D&E Program to the Construction Program
Fiscal 2005 – 2006
(\$ in Thousands)

<u>Project</u>	<u>FY 05</u>	<u>FY 06</u>	<u>Total FY 05 – 06</u>	<u>Total Project Cost</u>
I-695, Baltimore Beltway – remove and replace interchange ramps at U.S. 40 (Baltimore County)	\$1,332	\$3,702	\$5,034	\$5,500
MD 2/4, Solomons Island Road – construct intersection improvements at MD 231 (Calvert)	2,420	3,030	5,450	21,262
MD 404, Shore Highway – study to upgrade MD 404 from Double Hills Road to MD 16 (Caroline)	1,733	4,782	6,515	17,288
MD 30, Hampstead Bypass – construct a new two-lane highway from Wolf Hill Drive to Brodbeck Road (Carroll)	11,768	9,573	21,341	75,969
MD 5 at Hughsville – construct a new divided highway (Charles)	7,890	11,641	19,531	52,065

J00B01 – MDOT – State Highway Administration

<u>Project</u>	<u>FY 05</u>	<u>FY 06</u>	<u>Total FY 05 – 06</u>	<u>Total Project Cost</u>
I-70, Baltimore National Pike – construct an extension of MD 475, construct a new interchange at MD 85, and build a new bridge over I-70 (Frederick)	2,750	17,029	19,779	103,532
U.S. 15, Catoctin Mountain Highway – reconstruct the existing interchange at MD 26 (Frederick)	200	452	652	1,903
U.S. 219 Relocated, Oakland Bypass – relocate U.S. 219 from north of Oakland to MD 135 (Garrett)	800	1,780	2,580	39,972
MD 32, Patuxent Freeway – construct a new interchange at Burntwoods Road (Howard)	510	2,990	3,500	27,492
MD 355, Rockville Pike – construct an interchange at Randolph Rd./Montrose Parkway (Montgomery)	5,309	5,914	11,223	49,084
MD 124, Woodfield Road – construct a divided highway from Airpark Parkway to Fieldcrest Road (Montgomery)	796	4,031	4,827	38,043
MD 4, Pennsylvania Avenue – construct a new interchange at Suitland Parkway (Prince George’s)	1,600	7,919	9,519	83,711
I-95/I-495, Capital Beltway – interchange improvements at Branch Avenue Metro Station (Prince George’s)	9,681	11,413	21,094	51,520
MD 237, Chancellors Run Road – upgrade and widen MD 237 to a multi-lane highway from Pegg Road to MD 235 (St. Mary’s)	494	6,720	7,214	51,190
U.S. 113, Worcester Highway – upgrade existing U.S. 113 to a four-lane divided highway with access controls from U.S. 113 to north of MD 365 (Worcester)	1,872	6,753	8,625	19,551
Total	\$49,155	\$97,729	\$146,884	\$638,082

Source: State Highway Administration, January 2005 *Consolidated Transportation Program*

Projects Added to the D&E Program

As shown by **Exhibit 11**, nine projects were added to the SHA D&E program at a total of \$3.0 million for fiscal 2005 and \$8.4 million for fiscal 2006. All projects were added primarily as a result of the transportation revenue enhancement.

Exhibit 11
SHA CTP Projects Added to the D&E Program
Fiscal 2005 – 2006
(\$ in Thousands)

<u>Project</u>	<u>FY 05</u>	<u>FY 06</u>	<u>Total FY 05 – 06</u>	<u>Total D&E Cost</u>
MD 295, Baltimore Washington Parkway – widen from MD 100 to I-195 (Anne Arundel)	\$500	\$1,000	\$1,500	\$2,200
MD 2/4 at Lusby Connector – develop a new east-west roadway connection from MD 765 to MD 2/4 (Calvert)	400	600	1,000	1,000
MD 26, Liberty Road – improvements from Liberty Reservoir to MD 32 (Carroll)	20	350	370	878
U.S. 29, Columbia Pike – widen from Middle Patuxent River to Broken Land Parkway (Howard)	340	680	1,020	\$1,700
U.S. 1, Washington Boulevard – U.S. 1 Corridor Study (Howard)	450	800	1,250	\$1,250
MD 450, Annapolis Road – upgrade and widen from Stonybrook Drive to MD 3 (Prince George’s)	530	1,210	1,740	\$4,990
U.S. 301, Blue Star Memorial Highway – new interchange at MD 304 (Queen Anne’s)	250	500	750	\$1,500
MD 404, Shore Highway – upgrade existing MD 404 to a 4 lane divided highway with access controls from U.S. 50 to the Denton Bypass (Talbot)	57	2,300	2,357	\$4,222
U.S. 50, Ocean Gateway – replace bridge over Sinepuxent Bay (Worcester)	500	1,000	1,500	\$2,500
Total	\$3,047	\$8,440	\$11,487	\$20,240

Source: State Highway Administration, January 2005 *Consolidated Transportation Program*

Construction Schedule Delays

As shown by **Exhibit 12** two SHA projects were delayed.

Exhibit 12 SHA CTP Project Delays

<u>Project</u>	<u>Reason</u>	<u>Delay</u>
MD 732, Guilford Road – bridge replacement over CSX Railroad (Anne Arundel, Howard)	Delay in acquisition of needed right-of-way	Fiscal 2004 to 2005
I-270/Watkins Mill Road Extended – I-270 at Watkins Mill Road extended (Montgomery)	Delay due to approval of consultant design contract	Fiscal 2004 to 2005

Source: State Highway Administration, January 2005 *Consolidated Transportation Program*

System Preservation, Community Enhancements, and Safety

System preservation, community enhancements, and safety projects increased by over \$50 million from fiscal 2005 to 2006. This includes a number of minor projects across all Maryland counties. Community enhancement projects include the Community Safety and Enhancement Program, the Sidewalk Program, and the Sound Barrier Program. The transportation revenue enhancement allowed the Community Safety and Enhancement Program and the Sidewalk Program to add nearly \$120 million over the six-year capital program. Both programs combine for a total of \$167.1 million over the six-year period. The Sound Barrier Program did not receive a significant enhancement. **SHA should comment on its plan to add over \$100 million over the six-year capital program for the Community Safety and Enhancement Program. No funds were budgeted for this program in last year's CTP.**

SHA also invests in capital projects related to safety and congestion relief. This includes the CHART program, which works to install advanced traffic management systems on highways statewide. Some of the technologies CHART attempts to use are cameras, traffic detectors, weather sensors, dynamic message signs, highway advisory radios, web sites, and telecommunications networks. The new six-year capital program includes an additional \$29.4 million for CHART.

Issues

1. Specific Services Signing Program

SHA administers a Specific Services Signing Program (SSSP). The program permits eligible businesses providing key services to motorists to place their logos on signs along certain designated expressways. The program is administered by SHA, Office of Traffic and Safety.

The highways included in the program are:

- U.S. 13 in Wicomico County (Salisbury Bypass);
- I-68 in Washington, Garrett and Allegany counties;
- I-70 in Washington, Garrett, and Allegany counties;
- I-81 in Washington County;
- I-83 in Baltimore County;
- I-95 in Prince George’s, Howard, Baltimore, Harford, and Cecil counties;
- I-97 in Anne Arundel County;
- I-270 in Frederick and Montgomery counties;
- U.S. 50 in Anne Arundel County; and
- U.S. 340 in Frederick County.

The services provided on the logo signs are:

- gasoline (including diesel);
- food;
- lodging; and
- camping.

J00B01 – MDOT – State Highway Administration

Businesses participating in SSSP must meet specific conditions including a maximum distance from exit sign, minimum period of operation, and required services. Signs are considered strictly informational and advertising slogans are not permitted. SHA charges \$716 annually per customer for logo signing. SHA advises that the way the current program is set up, rates are only authorized to cover expenses. Many other states using a travel service signing program charge annual fees much higher than Maryland. Virginia has a privatized program that charges \$1,500 annually; Pennsylvania has a state-run program that charges a \$574 annual fee, but a \$4,875 application fee; and Delaware has a privatized program that charges a \$2,400 annual fee. **Appendix 8** provides a comprehensive list of logo signing fees across the nation.

In addition to travel service signing, other states have tourist oriented direction signing (TODS). TODS provide information for tourists on attractions such as recreational activities, arenas, cultural centers, historical sites, libraries, shopping centers, or parks. For example, New Jersey has a privatized program that charges \$800 annually for each attraction. Maryland does not have a TODS program.

DLS recommends that SHA re-examine its pricing strategy for SSSP. An increased annual fee and the addition of installation and application fees have the potential to raise a significant amount of revenue. SHA should also examine the possibility of recommending a change in regulations to allow the program to gain a profit. Finally, SHA should look at whether introducing a TODS program would provide benefits to Maryland attractions, create convenience for travelers, and create a potential new revenue stream.

2. Congestion Pricing in Maryland

The Washington, DC metropolitan area ranked as home to the nation's third worst traffic congestion in 2004; Baltimore ranked twenty-fifth. Congestion in these areas has increased substantially over the past few decades as a result of significant increases in vehicle miles traveled. The costs of congestion are high. Not only does congestion reduce quality of life for those sitting in traffic, but it also increases fuel consumption; reduces road safety; diminishes competitiveness of businesses; and increases air, water, and noise pollution.

Numerous strategies have been attempted to alleviate congestion, such as building more roads, encouraging a change in land use patterns, and public transport – each has resulted in limited success. One strategy that has shown promise in Europe, and more recently in some U.S. cities, is the concept of congestion pricing. Congestion pricing, which is a market-based approach to transportation management, is defined as any pricing structure in which motorists pay a user fee in exchange for driving on a roadway or into a particular region. Congestion pricing aims to increase the efficient use of roadways by modifying the behavior of drivers.

Although other forms of congestion pricing are used around the world, including area schemes (charging a fee to drive into a particular region), the most common type of congestion pricing uses high occupancy toll (HOT) lanes. HOT lanes are limited-access, normally barrier-separated highway lanes that provide free or reduced cost access to high occupancy vehicles (HOVs), and also provide

access to other paying vehicles not meeting passenger occupancy requirements. Most HOT lanes are created within existing general-purpose highway facilities and offer potential users the option of using the general-purpose lanes or paying for premium conditions on the HOT lanes. Express Toll Lanes (ETLs) are another form of congestion pricing. ETLs are very similar to HOT lanes except for the fact that they do not offer free or reduced cost access to HOVs. One concern with HOT lanes is that enforcement for HOVs is often very difficult—ETLs are not required to deal with this issue.

There are three active examples of congestion pricing in the United States: Orange County, California; San Diego, California; and Houston, Texas. All three locations use the concept of HOT lanes and vary prices to manage congestion. Besides HOT lanes, congestion pricing is also applied to tunnels and bridges. There are two examples of congestion pricing at tunnels and bridges in the United States. The Port Authority of New York and New Jersey varies toll rates at five locations near New York City. Lee County, Florida varies tolls at two bridges connecting Cape Coral and Fort Meyers.

Exhibit 13 provides a chart of HOT lane projects in the United States. Only three locations have active HOT lanes, but a number of construction projects and studies are underway.

Exhibit 13
HOT Lane Projects in the United States

<u>Metro Area</u>	<u>In Operation</u>	<u>Underway</u>	<u>Being Studied</u>
California			
Alameda County			I-680
Los Angeles			U.S. 101
Marin County			U.S. 101
Orange County	SR-91		
San Diego	I-15	I-15 expansion	I-5, I-805, SR-52
Santa Clara County			U.S. 101, I-880, SR-87
Sonoma County			U.S. 101
Colorado			
Denver		I-25N	I-70, C-470
Florida			
Miami			I-95, SR-821, SR-836
Orlando			I-4
Tampa		SR-618	
Georgia			
Atlanta			GA-316
Maryland¹			
Baltimore			I-95, I-695
DC suburbs			I-495, I-270, MD 5, Intercounty Connector

J00B01 – MDOT – State Highway Administration

<u>Metro Area</u>	<u>In Operation</u>	<u>Underway</u>	<u>Being Studied</u>
Minnesota			
Minneapolis/ St. Paul		I-394	
North Carolina			
Piedmont Triad ²			I-40
Research Triangle ³			I-40
Oregon			
Portland			Highway 217
Texas			
Dallas		I-635	network of HOT lanes
Houston	I-10, U.S. 290	I-10	network of HOT lanes
San Antonio			I-35, I-10, TX160
Virginia			
Hampton Roads			Congestion pricing study
DC suburbs			I-495, I-95
Washington			
Seattle			SR-167

¹ Maryland is studying ETLs for all noted projects.

² The Piedmont Triad consists of Greensboro, Winston Salem, and High Point.

³ The Research Triangle consists of Raleigh, Durham, and Chapel Hill.

Source: Reason Foundation

With the announcement from the Virginia Department of Transportation of plans to build HOT lanes on a 14-mile stretch of I-495, congestion pricing is likely to increase in visibility. SHA and the Maryland Transportation Authority (MdTA) are currently studying several congestion pricing options for Maryland with a focus on the concept of ETLs. The agencies are attempting to identify alternatives that address capacity, congestion, and safety needs of the highways. According to SHA, Maryland is studying several potential locations for congestion pricing on existing roads:

- ***I-270 Eisenhower Highway:*** SHA and MTA are studying a number of alternatives that would provide light rail or rapid bus transit, additional general-purpose lanes, or ETLs. Project planning activities are currently underway with location/design approval of a selected alternative expected during summer 2006.
- ***I-495 Capital Beltway:*** SHA has narrowed its focus to the following three alternatives: no build; use transportation system management demand techniques; or build one additional lane in each direction and provide six general-purpose lanes and four ETLs. SHA expects to complete environmental impact studies by winter 2006.
- ***I-95 John F. Kennedy Memorial Highway:*** MdTA has narrowed its focus to the following three alternatives: no build; build additional general-purpose lanes; or build managed lanes. MdTA expects to complete project planning by early 2005 and begin construction in 2006.

J00B01 – MDOT – State Highway Administration

- ***I-695 Baltimore Beltway:*** SHA is investigating the creation of a section that would include three general purpose lanes and two ETLs. This would require taking away a general-purpose lane. A study is underway to determine the feasibility of ETLs and is expected to be completed by fall 2005.
- ***MD 5 Branch Avenue:*** SHA is looking at the possibility of providing two ETLs and two general-purpose lanes in each direction.
- ***Intercounty Connector (ICC):*** SHA and MdTA are studying the ICC as a tolled roadway using congestion pricing to manage demand for the roadway. SHA and MdTA expect to complete project planning by summer 2005 and begin construction in fall 2006.

Although congestion pricing could serve as a valuable tool to mitigate congestion in Maryland, there are many important issues to consider as transportation officials, legislators, interest groups, and the public examine the topic.

- ***Equity:*** Some critics of congestion pricing have asserted that the concept favors higher income individuals. Despite this criticism, usage data shows that drivers in all income brackets use and support the facilities. To address equity concerns more directly, congestion pricing proposals might consider using toll revenues for public transit, road infrastructure, or tax rebates tilted toward lower-income households.
- ***Education/Outreach:*** The concept of congestion pricing is still relatively new; public outreach will require a larger educational component than traditional transportation projects. Education is needed to distinguish HOT or ETL facilities from normal tolls, communicate how and by whom tolls will be collected, and explain how toll revenues will be spent.
- ***Project Cost:*** Once implemented, HOT or ETL lanes have the unique opportunity to create a self-supporting transportation corridor without relying on state funds. State funds for road projects around the nation primarily involve gasoline taxes, motor vehicle registration and titling fees, and special sales taxes. Identifying start-up funds for congestion pricing projects, such as the use of private investment, will be critical.
- ***Technology:*** Electronic toll collection is vital to the success of a HOT or ETL lane network. MdTA has continued to market E-ZPass as a convenient and efficient way to pay tolls on Maryland roads. For any congestion pricing scheme to succeed in Maryland, increased promotion of electronic transponders must occur.
- ***Environmental Benefits:*** Although it is often difficult to collect reliable data on the topic, studies have shown that HOT lanes are likely to provide environmental benefits by reducing greenhouse gases and other emissions caused by stop-and-go traffic and by encouraging commuters to use mass transit and carpools.

J00B01 – MDOT – State Highway Administration

DLS recommends that SHA discuss its efforts to implement congestion pricing in Maryland including (1) which Maryland roads show the most immediate promise for a congestion pricing scheme; (2) what SHA is doing to educate the public on the concept of congestion pricing; (3) what SHA is doing to work with Virginia on a compatible managed lane solution on I-495; (4) what SHA will do to address equity concerns; and (5) whether there is potential in Maryland for public/private partnerships involving roads.

Operating Budget Recommended Actions

	<u>Amount Reduction</u>	<u>Position Reduction</u>
1. Reduce funds for highway user revenues. This action allows for a 6.7%, or \$30.3 million, increase over fiscal 2005 working appropriation levels, consistent with growth recommended by the Spending Affordability Committee.	\$ 71,579,045	SF
2. Delete funds for 15 vacant PINs. As of January 1, 2005, the State Highway Administration had a total of 173.5 vacant PINs, 34 of which had been vacant for more than 12 months. This action eliminates 15 of those 34 PINs.	843,574	SF 15
3. Reduce funds for supplies and materials such as gasoline, cement, paint, wire, fuel oil, cable, chains, and signs. This action results in a net increase of over \$200,000 from fiscal 2005 to 2006, funding supplies in connection with the State Highway Administration's coordinated Highways Action Response Team enhancement in Frederick.	200,000	SF
4. Reduce funds for engineering and office equipment. This action allows for a net increase of nearly \$600,000 from fiscal 2005 to 2006 for the enhancement of communications equipment.	100,000	SF
5. Add the following language:		

, further provided that \$1,000,000 of this appropriation, made for the purpose of distributing the share of revenues from the Gasoline and Motor Vehicle Revenue Account to Prince George's County (i.e., highway user revenues) shall be deducted prior to the distribution of funds to the county and be retained by the Transportation Trust Fund. The deduction would occur after the deduction of sinking fund requirements for county transportation bonds from highway user revenues.

Explanation: In 1996, an agreement was reached between the State, Prince George's County, and Jack Kent Cooke, Inc. (then owner of the Washington Redskins) concerning road and infrastructure improvement adjacent to a stadium in Prince George's County for the Redskins (now FedEx Field). The agreement included a State grant for local roadway improvements around the stadium, for which the county agreed to reimburse the State \$1.0 million annually through

J00B01 – MDOT – State Highway Administration

fiscal 2012. The agreement gives the county the option to choose a \$1.0 million deduction or quarterly payments of \$250,000. Previously, the county has opted for the \$1.0 million deduction. The budget bill language adjusts the county's share of highway user revenues, consistent with the 1996 agreement.

Total Special Fund Reductions	\$ 73,722,619	15
--------------------------------------	----------------------	-----------

PAYGO Budget Recommended Actions

1. Add the following language:

, provided that the State Highway Administration (SHA) shall reflect an annual transfer of \$30 million in special funds for the Intercounty Connector (ICC) from the Maryland Department of Transportation to the Maryland Transportation Authority from fiscal 2006 to 2010 in the SHA portion of the ICC project in the *Consolidated Transportation Program* (CTP). SHA shall also reflect an annual transfer of \$10 million in federal funds from fiscal 2006 to 2010 in the SHA portion of the CTP for the same purpose.

Explanation: The SHA capital budget does not currently include detail on the proposed transfer of \$150 million in special funds (\$30 million annually from fiscal 2006 to 2010) and \$50 million in federal funds (\$10 million annually from fiscal 2006 to 2010) for the ICC. This language would require SHA to reflect the proposed transfers in the SHA portion of the ICC project in the CTP.

	<u>Amount Reduction</u>
2. Eliminate funds for the Community Safety and Enhancement program. The State Highway Administration (SHA) provides capital funds for the Statewide Neighborhood Conservation Program. This action would eliminate the SHA portion for this program in fiscal 2006. Funding for this program was not included in last year's <i>Consolidated Transportation Program</i> and these monies could be used for higher priority purposes.	\$ 31,300,000 SF
Total Special Fund Reductions	\$ 31,300,000

Updates

1. University of Maryland Connector Road Study

During the 2004 legislative session there was significant interest raised in the University of Maryland Connector Road, a proposed road between the I-95 and I-495 interchange and the University of Maryland, College Park in Prince George's County. Fiscal 2005 budget bill language restricted funds for this project until SHA submitted a report to the budget committees that detailed all actions taken by SHA to address the concerns of all stakeholders in the project, including but not limited to businesses, local and/or municipal governments, residents, students, and the University of Maryland, College Park.

SHA submitted an interim report to the budget committees on July 30, 2004. The interim report discussed efforts taken by SHA to assess the technical feasibility of a University of Maryland Connector Road as well as plans to undertake a comprehensive survey of stakeholders. On January 14, 2005, SHA submitted its final report to the budget committees. This report provides detailed actions taken to address stakeholder concerns.

In the spring of 2004, SHA contracted with RESOLVE Inc., a firm specializing in facilitation and mediation services, to undertake a stakeholder assessment. RESOLVE conducted stakeholder interviews in July and August and submitted a report on behalf of SHA dated December 23, 2004. The report summarizes feedback received through the interview process and offers recommendations for addressing the issues raised. Significant findings and conclusions from the report include:

- Generally, proponents of the road viewed its purpose in regional terms. These individuals believe a connector road would relieve congestion and improve safety on U.S. 1 as well as ensure that the University of Maryland remains accessible.
- Opponents of the road are more locally-focused. These individuals are concerned with quality-of-life issues such as safety, accessibility to schools and parks, noise, and air and water pollution impacts. They would prefer to upgrade existing roadways and provide safer and more convenient public transit.
- All interviewees agreed that a comprehensive assessment of transportation deficiencies and potential remedies must be conducted because past studies are not sufficient.
- RESOLVE recommended that SHA conduct a transportation study that incorporates information from past and ongoing transportation studies; examine existing and future transportation deficiencies; ensure that there are opportunities for public review and comment; title the study in a way that would avoid perceptions that SHA will only consider a connector road; and clarify stakeholder concerns about the connector road at a stakeholder meeting.

SHA intends to move forward with the proposed project planning study and will attempt to satisfy many of the recommendations in RESOLVE's report.

2. Woodrow Wilson Bridge

MDOT, the Virginia Department of Transportation, the Washington, DC Department of Transportation, and FHWA are involved with the \$2.4 billion project to replace the Woodrow Wilson Bridge. The current bridge offers 6 total lanes while the new facility will offer 12 lanes. Eight lanes will match the capacity of I-495; 2 lanes will be for merging/exiting; and 2 lanes will be for future rail transit, bus service, or HOV. The project also includes contracts to improve interchanges at I-295 (Maryland), MD 210 (Maryland), Route 1 (Virginia), and Telegraph Road (Virginia).

The Maryland portion of the Woodrow Wilson Bridge contract is on budget. SHA advises that over 30% of the Maryland construction is complete, and over 80% of the Maryland construction is under contract. The outer loop is scheduled for completion by 2006. At that time, all traffic will switch to the new outer loop bridge. The inner loop is scheduled for completion in 2008. At that time, traffic will open to both new bridge spans, with a total of 12 lanes.

Exhibit 14 provides a total revenue forecast summary for the Woodrow Wilson Bridge. Maryland is estimated to receive over \$1 billion in obligated federal funds and \$182 million in obligated regular federal funds. Maryland is expected to provide \$122.8 million in State-matching funds over the life of project.

**Exhibit 14
Woodrow Wilson Bridge
Total Revenue Forecast Summary
(\$ in Millions)**

FFY Ending	Obligated Dedicated Federal Funds		Obligated Regular Federal Funds			State Match Cash Flow			Grand Total
	VA	MD	VA	MD	DC	VA	MD	DC	
Actuals	\$565.3	\$968.6	\$10.6	\$19.4	\$14.4	\$59.2	\$41.9	\$1.4	\$1,680.8
Sep-05	38.2	39.6		114.9		38.1	16.4	0.2	1,928.2
Sep-06	1.5		44.3			21.1	20.4		2,015.6
Sep-07			67.8			19.1	17.4		2,119.9
Sep-08			108.6			21.6	11.6		2,261.7
Sep-09			34.0			25.9	3.2		2,324.9
Sep-10			29.7	30.7		14.2			2,399.6
Sep-11			13.2	16.9		7.7	4.5		2,441.9
Sep-12							6.6		2,448.4
Dec-12							0.9		2,449.3
Totals	\$605.0	\$1,008.2	\$308.3	\$182.0	\$14.4	\$207.0	\$122.8	\$1.6	\$2,449.3

Source: State Highway Administration

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$0	\$528,864	\$9,509	\$0	\$538,373
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	54,086	10,393	85	64,564
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	-660	-3,435	0	-4,095
Actual Expenditures	\$0	\$582,289	\$16,467	\$85	\$598,841
Fiscal 2005					
Legislative Appropriation	\$0	\$552,716	\$13,425	\$0	\$566,141
Budget Amendments	0	70,725	0	0	70,725
Working Appropriation	\$0	\$623,441	\$13,425	\$0	\$636,866

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

Fiscal 2004

Fiscal 2004 expenditures at SHA totaled \$598.8 million, which is \$60.5 million more than the legislative appropriation. The \$60.4 million increase occurred with a \$53.4 million net increase in special funds, a \$7.0 million net increase in federal funds, and an \$85,000 increase in reimbursable funds.

Special funds increased by a net of \$53.4 million with \$54.1 million in budget amendments and \$660,000 in cancellations. The amendments were (1) \$29.3 million to keep the transportation system operational during severe winter weather conditions; (2) two amendments of \$11.5 million and \$10.8 million to adjust highway user revenues to actual amounts; (3) \$7.4 million for Hurricane Isabel; and (4) a \$4.9 million net decrease for cost containment, adjustment of county and municipality grants, and accident repairs. The \$660,000 in cancellations occurred with (1) \$330,000 due to the hiring freeze; and (2) \$330,000 in health insurance adjustments due to fiscal 2004 budget bill language and adjustments based on actual expenditures.

Federal funds increased by a net of \$7 million with \$10.4 million in budget amendments and \$3.4 million in cancellations. The \$10.4 million amendment was for Hurricane Floyd, highway safety grants, Motor Carrier Safety, and CHART equipment. The \$3.4 million in cancellations occurred with (1) \$3.1 million due to the timing of invoices received from recipients of highway safety grants; and (2) \$335,000 due to an increase in vacancies in CHART positions and the fact that maintenance program equipment ordered in fiscal 2004 was not received.

Reimbursable funds increased by \$85,000 due to an amendment for the State domestic preparedness program.

Fiscal 2005

The fiscal 2005 operating working appropriation increases by \$70.7 million over the fiscal 2005 legislative appropriation. Most of this increase is due to a \$69.7 million amendment adjusting highway user revenues to anticipated year end spending. A summary of the fiscal 2005 amendments is included in **Appendix 5** and **Appendix 6**.

Audit Findings

Audit Period for Last Audit:	January 1, 2000 – July 31, 2002
Issue Date:	June, 2003
Number of Findings:	11
Number of Repeat Findings:	3
% of Repeat Findings:	27.3%
Rating: (if applicable)	

- Finding 1:** Evidence of possible criminal conduct by SHA employees or entities doing business with SHA was not always referred to the Office of the Attorney General – Criminal Investigations Division as required.
- Finding 2:** SHA had not taken timely action to fully resolve \$667,851 in questioned contractor costs reported in a July 2002 audit.
- Finding 3:** SHA had not established adequate procedures for monitoring the propriety of payments and other key contract provisions for a bridge repair contract totaling \$3.9 million.
- Finding 4:** SHA did not refer delinquent accounts receivable to DBM – Central Collection Unit as required.
- Finding 5:** Corporate purchasing card controls were inadequate, and fraudulent purchases were not promptly detected.
- Finding 6:** **Certain collections totaling approximately \$11.1 million were not adequately controlled.**
- Finding 7:** **Proper internal controls were not established over purchasing and disbursement activity.**
- Finding 8:** Controls over inventory withdrawals were inadequate.
- Finding 9:** Access rules over critical production data files were not adequate.
- Finding 10:** SHA did not have a complete and current formal disaster recovery plan.
- Finding 11:** **Physical inventories of sensitive equipment items were not conducted annually as required.**

*Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1568.00	1557.00	1564.00	7.00	0.4%
02 Contractual	2.60	9.00	9.00	0	0%
Total Positions	1570.60	1566.00	1573.00	7.00	0.4%
Objects					
01 Salaries and Wages	\$ 81,751,422	\$ 78,825,359	\$ 81,335,860	\$ 2,510,501	3.2%
02 Technical & Spec Fees	10,651,514	7,412,415	7,812,378	399,963	5.4%
03 Communication	1,864,277	1,655,955	1,653,736	-2,219	-0.1%
04 Travel	764,431	442,500	463,600	21,100	4.8%
06 Fuel & Utilities	8,279,466	8,199,100	10,280,620	2,081,520	25.4%
07 Motor Vehicles	18,037,477	16,222,658	12,856,920	-3,365,738	-20.7%
08 Contractual Services	64,768,775	49,030,849	46,023,440	-3,007,409	-6.1%
09 Supplies & Materials	24,604,907	14,162,640	14,598,490	435,850	3.1%
10 Equip - Replacement	818,569	271,815	965,308	693,493	255.1%
11 Equip - Additional	142,827	41,641	242,463	200,822	482.3%
12 Grants, Subsidies, and Contributions	386,577,824	460,268,586	562,395,889	102,127,303	22.2%
13 Fixed Charges	495,026	332,658	353,227	20,569	6.2%
14 Land & Structures	84,145	0	0	0	0.0%
Total Objects	\$ 598,840,660	\$ 636,866,176	\$ 738,981,931	\$ 102,115,755	16.0%
Funds					
03 Special Fund	\$ 582,289,024	\$ 623,441,207	\$ 725,084,983	\$ 101,643,776	16.3%
05 Federal Fund	16,466,955	13,424,969	13,896,948	471,979	3.5%
09 Reimbursable Fund	84,681	0	0	0	0.0%
Total Funds	\$ 598,840,660	\$ 636,866,176	\$ 738,981,931	\$ 102,115,755	16.0%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Fiscal Summary
MDOT – State Highway Administration
Operating and Capital Budget

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 State System Construction and Equipment	\$ 813,256,412	\$ 1,012,300,000	\$ 1,074,000,000	\$ 61,700,000	6.1%
02 State System Maintenance	206,090,513	171,198,362	170,778,499	-419,863	-0.2%
03 County and Municipality Capital Funds	41,072,093	32,100,000	44,272,000	12,172,000	37.9%
04 Highway Safety Operating Program	15,454,227	14,002,398	14,092,505	90,107	0.6%
05 County and Municipality Funds	377,295,920	451,665,416	554,110,927	102,445,511	22.7%
08 Major IT Development Projects	1,023,400	2,315,349	5,462,783	3,147,434	135.9%
Total Expenditures	\$ 1,454,192,565	\$ 1,683,581,525	\$ 1,862,716,714	\$ 179,135,189	10.6%
Special Fund	\$ 940,063,185	\$ 1,117,842,986	\$ 1,273,347,766	\$ 155,504,780	13.9%
Federal Fund	514,044,699	564,924,969	589,368,948	24,443,979	4.3%
Total Appropriations	\$ 1,454,107,884	\$ 1,682,767,955	\$ 1,862,716,714	\$ 179,948,759	10.7%
Reimbursable Fund	\$ 84,681	\$ 813,570	\$ 0	-\$ 813,570	-100.0%
Total Funds	\$ 1,454,192,565	\$ 1,683,581,525	\$ 1,862,716,714	\$ 179,135,189	10.6%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Budget Amendments for Fiscal 2005
Maryland Department of Transportation
State Highway Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$981,827	Special	Fund the cost-of-living adjustment (COLA) of \$752 granted to all eligible State employees. MDOT estimates the total cost to be \$843 per employee, when benefits are included.
Approved	-19,390	Special	Establishes an Office of Freight Logistics in The Secretary’s Office (TSO) using personnel and associated funds transferred from the Maryland Transit Administration (MTA) and SHA – the Office of Freight Logistics will serve as a central location to facilitate interaction between Maryland’s various transportation agencies and the private sector freight community.
Projected	69,762,746	Special	Adjust highway user revenues to anticipated year end spending for county and municipality funds.
Projected	2,098,568	Special	Due to utility deregulation, the statewide contract for fuel and utilities will increase significantly. Electricity is expected to increase 26%, and the fuel increase is projected at 10%.
Projected	1,500,000	Special	Reimbursable accidents – Increase appropriation to cover damage to equipment including guardrails and traffic control devices. Reimbursed to the trust fund.
Projected	3,500,000	Federal	Cash flow adjustment increasing Highway Safety grants in current fiscal year.
Projected	0	Special	Weather amendment to be determined at fiscal year end. To date expenditures for hurricane damage is estimated at \$1.8 million.

Source: State Highway Administration

**Budget Amendments for Fiscal 2005
Maryland Department of Transportation
State Highway Administration – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$1,820,383	Special	Fund the COLA of \$752 granted to all eligible State employees. MDOT estimates the total cost to be \$843 per employee, when benefits are included.
Approved	-36,009	Special	Establishes an Office of Freight Logistics in TSO using personnel and associated funds transferred from MTA and SHA – the Office of Freight Logistics will serve as a central location to facilitate interaction between Maryland’s various transportation agencies and the private sector freight community.
Approved	63,570	Reimbursable	Federal grant via the Maryland Emergency Management Agency (MEMA) to prepare the Regional Protective Action Plan for the Transportation Emergency Preparedness Task Force of the Baltimore Metropolitan Council.
Approved	500,000	Reimbursable	Federal grant via MEMA to support expanding MDOT's CHART video traffic surveillance system in Harford County.
Approved	250,000	Reimbursable	MEMA transfer of federal funds to design and install a new tower on the roof of MPA's World Trade Center.
Pending	142,736,398	Special	Realigns the current year appropriation to agree with the expected cash flow for capital projects (other than Major Information Technology (IT)) in MDOT's CTP for fiscal 2005 through 2010.
	77,622,722	Federal	
	\$220,359,120	Total	
Pending	1,022,348	Special	Realigns the current year appropriation to agree with the expected cash flow for Major IT projects in MDOT's CTP for fiscal 2005 through 2010.
	-1,239,000	Federal	
	-\$216,652	Total	
Projected	8,000,000	Federal	Federal aid pass through to counties and Baltimore City.
Pending	24,208	Special	CHART equipment that was budgeted in fiscal 2004 and subsequently reverted.
	96,828	Federal	
	\$121,036	Total	

Source: State Highway Administration

Fiscal 2006 Cost Containment Actions
As Submitted by MDOT – State Highway Administration
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005
(\$ in Thousands)

<u>Cost Saving Action/ Efficiency Measure</u>	<u>Program Code</u>	<u>Sub- Program Code</u>	<u>Total Funds</u>	<u>General Funds</u>	<u>Special Funds</u>	<u>Positions Reduced</u>	<u>Impact of Action</u>
Reduce Tractor Mowing	J02 B0102	n/a	-\$800		-\$800		See below
Total			-\$800		-\$800		

- (1) Promotes heavy vegetation growth; increasing litter and impeding proper drainage.
- (2) Limits other initiatives, e.g., noxious weed control (mandate) and small business contracts.
- (3) Increase in complaints by citizens and elected officials.

Logo Signing Fees across the States

State	Operation	Application Fee	Installation Fee	Annual Fee*	Trailblazer Fee	Logo Change Fee	Other Information
Alabama	State-run			\$1,200	\$75	\$300	
Alaska	No program						
Arizona	No info						
Arkansas	State-run	\$25	\$200	500	125		
California	State-run			700			
Colorado	Privatized			1,500	120	200	First Trailblazer is free.
Connecticut	State-run	1,500					\$1,500 is one-time fee – initial business pays for fabrication and construction of the sign structures.
Delaware	Privatized			2,400			
Florida	Privatized			1,000			
Georgia	Privatized		200	900	100	200	
Hawaii	No Program						
Idaho	State-run	75		550	25		
Illinois	State-run	100		620	25		
Indiana	Privatized			3,456	240		
Iowa	State-run			920	50	200	Trailblazer fee is a one-time fee.
Kansas	Privatized			1,550	150	300	
Kentucky	Privatized			1,200		200	
Louisiana	State-run			600	50		
Maine	Privatized	200		2,400		200	
Maryland	State-run			716			

*Annual fee is for two mainline signs and two ramp signs.

State	Operation	Application Fee	Installation Fee	Annual Fee*	Trailblazer Fee	Logo Change Fee	Other Information
Massachusetts	State-run		\$250	\$1,200			Initial customer pays for the fabrication and construction of the sign structures.
Michigan	Privatized			1,700	\$120	\$200	
Minnesota	Privatized			1,320	120	200	
Mississippi	Privatized			1,200	50	200	
Missouri	Privatized			1,700	200	140	Trailblazer fee is a one-time fee
Montana	Privatized			1,032/ 2,928			1,032 fee includes mainlines only on secondary highways
Nebraska	Privatized			2,400	120	150	
Nevada				950/2,420/ 4,800	160/170/ 200	250	Fees based on area of state
New Hampshire	State-run	\$350					Logos on ramps only – fee is one time fee per logo
New Jersey	Privatized			3,000/ 3,900			Fees based on area of state
New Mexico	State-run			1,400	120	200	
New York	State-run			200	50		Initial customer pays for the fabrication and construction of the sign structures
North Carolina	State-run			1,200			Initial customer pays for the fabrication and construction of the sign structures

*Annual fee is for two mainline signs and two ramp signs.

State	Operation	Application Fee	Installation Fee	Annual Fee*	Trailblazer Fee	Logo Change Fee	Other Information
North Dakota	No program						
Ohio	Privatized			1,600/ 1,500	120	210	Fees based on area of the state
Oklahoma	Privatized			2,508	198	150	
Oregon	State-run			200-400	50		Annual fee on sliding scale depending on traffic flow
Pennsylvania	State-run	4875/mainline; 150/Ramp; 200/Trailblazer		575	128		Annual fee is adjusted on CPI
Rhode Island	State-run						Initial customer pays for the fabrication and construction of the sign structures, there are no other fees involved
South Carolina	State-run		200	4,614/ 1,200	200	200	Fees based on area of state
South Dakota	State-run			620			
Tennessee	Privatized			657			
Texas	Privatized		100	1,580		200	
Utah	Privatized			2,040	180	250	
Vermont	No program						
Virginia	Privatized			1,500			

*Annual fee is for two mainline signs and two ramp signs.

State	Operation	Application Fee	Installation Fee	Annual Fee*	Trailblazer Fee	Logo Change Fee	Other Information
Washington	State-run			364/680/ 910			Annual fee is based on traffic
West Virginia	State-run		200	450			
Wisconsin	Privatized			4,50/1,320	240		Fees based on non-conventional and interstate
Wyoming	State-run			100	50	200	Trailblazer fee is one-time fee

*Annual fee is for two mainline signs and two ramp signs.