

J00H01
Maryland Transit Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<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>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$356,390	\$370,552	\$385,974	\$15,422	4.2%
Federal Fund	51,957	53,352	53,352	0	
Reimbursable Fund	<u>30</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Funds	\$408,377	\$423,904	\$439,326	\$15,422	3.6%
Contingent & Back of Bill Reductions			-96	-96	
Adjusted Total	\$408,377	\$423,904	\$439,230	\$15,326	3.6%

- The fiscal 2006 allowance reflects increases of \$7.3 million for bus maintenance and repairs, \$3.5 million in utilities due to electricity deregulation, and \$3.6 million in personnel expenses mainly due to pension costs and the addition of 21 new positions.

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2004</u> <u>Actual</u>	<u>Fiscal 2005</u> <u>Legislative</u>	<u>Fiscal 2006</u> <u>Working</u>	<u>Fiscal 2006</u> <u>Allowance</u>
Special	\$122,947	\$156,130	\$215,013	\$156,565
Federal	\$109,957	\$132,327	\$162,215	\$144,545
Total	\$232,903	\$288,457	\$377,228	\$301,110
Other Funds¹	\$2,619	\$566	\$1,326	\$506

- The Maryland Transit Administration (MTA) PAYGO capital program decreases by \$76.1 million from the fiscal 2005 working appropriation. Most of the change includes a decrease in funds for major construction projects due to cash flow fluctuations.

¹ Other funds include private funds for elderly handicapped nonprofit services, private funds for the Light Rail Hamburg Street Station, local funds for Maglev development and evaluation, and certificates of participation (COPs) for the Maryland Rail Commuter (MARC) parking garage expansion at Baltimore/Washington International Airport.

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

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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	3,025.00	3,015.00	3,036.00	21.00
Contractual FTEs	<u>33.00</u>	<u>33.00</u>	<u>33.00</u>	<u>0.00</u>
Total Personnel	3,058.00	3,048.00	3,069.00	21.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	148.16	4.88%
Positions Vacant as of 01/01/05	139.00	4.61%

- Twenty-one positions were added from fiscal 2005 to 2006 at a total of \$1.1 million. This includes 12 positions added in Rail Operations for the Light Rail double tracking project and 9 positions added in Mobility Services for street supervision in conjunction with the new paratransit contractors.
- MTA had 139 positions vacant as of January 1, 2005. MTA advises that over 80 vacant positions are bus operators, repairmen, or cleaners. MTA has had difficulty filling the positions over the last several years. Most of the remaining vacant positions have been filled, are in recruitment, or have been impacted by the hiring freeze process.

Analysis in Brief

Major Trends

MTA Not Performing Well Relative to Peer Transit Systems: MTA and Booz Allen Hamilton have identified five transit systems as peer services of MTA on the basis of such factors as mix of service, fleet size, and property size: Boston, Cleveland, Los Angeles, Philadelphia, and Washington, DC. Compared to the five peer systems in fiscal 2003, MTA's service in the Baltimore region ranked near the bottom in cost efficiency of service, cost effectiveness of service, and number of passenger trips per revenue vehicle mile.

Baltimore Area Transit Services Slightly under Required Farebox Recovery: Baltimore area transit services (bus, Metro, Light Rail) are required to meet a minimum 40% farebox recovery ratio. In fiscal 2004, Baltimore area transit services achieved a 39.9% farebox recovery ratio. MTA does not expect to achieve the required ratio in fiscal 2005 or 2006. Although a recent fare increase has helped improve farebox recovery ratios, two problems still exist: (1) a decline of ridership due to the fare increase at the beginning of fiscal 2004 and (2) the temporary closing of Light Rail stations during the double track construction resulting in a loss of ridership.

Issues

Re-organization of MTA Personnel: MTA has 3,036 total employees budgeted in the fiscal 2006 allowance. The Washington Metropolitan Area Transit Authority (WMATA) has a total staff of nearly 10,500 employees with the proposed fiscal 2006 budget. Although WMATA has a significantly larger budget and mission, MTA has more top level managers in its organizational structure. MTA has an Administrator, a General Manager, three Deputy Administrators, an Assistant Deputy Administrator, and a Chief of the MTA Police. Several of these positions are also served by a Chief of Staff while WMATA only has one Secretary/Chief of Staff. **Using the organizational model of WMATA, the Department of Legislative Services (DLS) recommends that MTA re-organize its personnel. The re-organization would result in three Deputy Administrators reporting directly to the Administrator and provide three top level managers in the Operations Division.**

MTA Motor Vehicle Fleet Underutilized: In an Office of Legislative Audits (OLA) fiscal audit report of MTA released in May 2002, OLA found that 37 of the Administration's 127 State-owned vehicles that are subject to mileage requirements did not accumulate at least 10,000 official miles during fiscal 2001. These 37 vehicles averaged 6,167 miles and 29 of them also failed to meet the mileage requirements in the preceding year. OLA reports that similar conditions have been commented upon in four preceding audit reports dating back to May 1992. **DLS recommends that MTA comment on the findings of the OLA audit report and discuss progress toward addressing the recommendations, potential for cost savings by declaring underutilized vehicles as surplus property, and the number of MTA vehicles that currently accumulate less than 10,000 miles annually.**

Transit Security Projects: During the 2004 legislative session, MTA proposed installation of an initiative called the NEXT system on Baltimore area transit systems and on the Maryland Rail Commuter (MARC) system. The NEXT system was an integrated network that used global positioning satellite systems and other wireless technology to monitor and display information on an entire transit system. Due to cost/benefit concerns related to the NEXT system, the legislature added language that restricted funds from being spent on all components of NEXT in fiscal 2005. The MTA PAYGO capital program no longer contains projects that are referred to as part of the NEXT system. However, the fiscal 2006 capital budget does contain a number of projects in MTA's Minor Projects section of the *Consolidated Transportation Program (CTP)* that are considered transit security projects. **DLS recommends that MTA brief the committees on how the transit security projects are different from the NEXT system, the benefits that MTA hopes to achieve from the projects, and whether there are long-term plans for other transit security projects.**

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Operating Budget Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete funds for replacement vehicles in Bus Operations.	\$ 158,961	
2. Reduce funds for promotional advertising in the Transit Administration unit.	150,000	
3. Reduce funds for replacement vehicles in Rail Operations.	114,138	
4. Reduce funds for management studies and consultants in the Transit Administration unit.	100,000	
5. Delete a vacant position in the Transit Administration unit.	66,141	1.0
6. Reduce funds for radios and electronic equipment in Rail Operations.	50,000	
7. Delete a Chief of Staff position for the Maryland Transit Administration Police Chief.	43,650	1.0
8. Reduce funds for replacement vehicles in the Transit Administration unit.	13,164	
9. Delete funds for four positions in Media and Public Information and transfer four positions in Government and Community Relations to the Transportation Secretary's Office.	177,068	4.0
Total Reductions	\$ 873,122	6.0

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Maryland Rail Commuter System Security: Narrative in the 2004 *Joint Chairmen’s Report (JCR)* directed MTA to provide information on security systems and procedures currently in place on the MARC system and steps being taken to enhance security. MTA submitted a report in November 2004 that discussed MARC security measures. Since September 11, 2001, MTA has undertaken comprehensive vulnerability assessments for all of its modes, including MARC. MTA has initiated a number of practices related to MARC trains including public education, increased training, and participation in public summits on rail security. Steps currently being taken to enhance MARC security include installation of access card readers and additional fencing and cameras at stations and maintenance facilities. MTA and the Maryland Department of Transportation continue to explore options for security related federal funding should money become available in the future.

Effect of Closure of Light Rail System on Ridership: Narrative in the 2004 JCR directed MTA to provide a report identifying the effect on ridership of the Light Rail system closure south of Camden Yards. MTA submitted a report in November 2004. For the period of March through September 2004, weekday ridership decreased by an average of 89.4% from the same period in 2003; Saturday ridership decreased by an average of 84.9%; and Sunday ridership decreased by an average of 86.5%. MTA is taking several steps to help improve ridership on Light Rail including the installation of new ticket vending machines, a new system that allows passengers to use a plastic farecard storing monetary value, and an increase in marketing and customer outreach.

Efficiency of Baltimore Bus Routes: Narrative in the 2004 JCR directed MTA to provide a report on the efficiency of Baltimore bus routes. MTA submitted a report in December 2004 that provided an update on its “Scheduling Efficiency Review and Planning Study,” also known as the “Comprehensive Bus Study.” The study aims to improve service quality by adapting MTA service to changes in travel habits and residency patterns in Baltimore. Data collection was completed in September 2004, and MTA is currently in the process of compiling the data. The information will be used to make decisions regarding route and stop changes, as well as developing schedules that reflect actual travel time needs. Implementation of some of the changes could take place as early as June 2005.

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Budget Analysis

Program Description

The Maryland Department of Transportation (MDOT) supports transit in Maryland through the Maryland Transit Administration (MTA).

The MTA consists of the following operating budget programs:

- **Transit Administration** provides executive direction and support services for MTA.
- **Bus Operations** manages bus services in Baltimore City and surrounding counties. These services include the operation of fixed route and paratransit lines and contracts with commuter and paratransit service providers.
- **Rail Operations** includes the Baltimore Metro heavy rail line and the Baltimore area Light Rail lines as well as the management of the Maryland Rail Commuter (MARC) contracts with Amtrak and CSX Transportation.
- **Statewide Operations** provides technical assistance and operating grants to local jurisdictions' transit services, including Montgomery County's "Ride-On" and Prince George's County's "the Bus" services. Additionally, the program contracts with private carriers to operate commuter bus services throughout the State. Assistance is also provided to several short-line freight railroads to support the maintenance of State-owned rail lines.

MTA has identified the following goals:

- provide outstanding service;
- encourage transit ridership in Maryland;
- use MTA resources efficiently and effectively and be accountable to the public, customers, and employees, with performance measured against prior years and transit industry peers; and
- provide a safe, crime free environment for customers and employees.

Performance Analysis: Managing for Results

Systemwide Results for Peer Transit Systems

MTA and Booz Allen Hamilton have identified five transit systems as peer services of MTA on the basis of such factors as mix of service, fleet size, and property size: Boston, Cleveland, Los Angeles, Philadelphia, and Washington, DC. Compared to the five peer systems in fiscal 2003, MTA's service in the Baltimore region was near the bottom in three areas:

- **cost efficiency of service (measured as operating expenses per revenue vehicle mile)** – operating expenses increased from \$8.26 in fiscal 2002 to \$8.98 in fiscal 2003;
- **cost effectiveness of service (measured as operating expenses per passenger)** – operating expenses per passenger increased from \$2.81 in fiscal 2002 to \$3.23 in fiscal 2003; and
- **number of passenger trips per revenue vehicle mile** – passenger trips per revenue vehicle mile decreased from 2.9 in fiscal 2002 to 2.8 in fiscal 2003.

MTA did not perform well in fiscal 2003 compared to its peer transit systems. From fiscal 2002 to 2003, its performance worsened in all three areas. This trend is due to the fact that, in fiscal 2003, MTA's budget increased and ridership declined. The budget increased from fiscal 2002 to 2003 largely due to the transit initiative – a six-year commitment by the previous administration to improve transit service across the State and the bus wheel problem which increased maintenance labor and parts. Baltimore area ridership (bus, Metro, Light Rail) decreased by 10.9 million boardings from fiscal 2002 to 2004. The decrease is attributed to the decline in the local economy, which contributed to a loss of jobs in the Baltimore region. The decrease is also influenced by a loss of ridership in Light Rail due to station closings during the double tracking project. MTA expects similar ridership levels for fiscal 2005 and a slight drop in fiscal 2006 of 52,000 boardings. **Exhibit 1** compares MTA's operating performance from fiscal 2001 to 2003 with those reported by five peer transit systems.

Exhibit 1
MTA’s Service in the Baltimore Region
Comparison to Similar Transit Systems Nationwide
Fiscal 2001 – 2003

<u>Peer Transit Agency</u>	<u>Operating Expenses Per Revenue Vehicle Mile</u>			<u>Operating Expenses Per Passenger Trip</u>			<u>Passenger Trips Per Revenue Vehicle Mile</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Baltimore (MTA) Service	\$8.10	\$8.26	\$8.98	\$2.79	\$2.81	\$3.23	2.9	2.9	2.8
Boston	8.84	9.12	9.43	2.04	2.00	2.08	4.3	4.6	4.5
Cleveland ¹	8.03	8.36	n/a	3.81	3.76	n/a	2.1	2.2	n/a
Los Angeles	8.24	8.61	8.84	1.87	1.94	2.09	4.4	4.4	4.2
Philadelphia ²	9.02	9.03	n/a	2.21	2.39	n/a	4.1	3.8	n/a
Washington, DC	8.58	8.95	8.34	2.12	2.12	2.24	4.0	4.0	3.7

¹ Cleveland has not completed its filing for fiscal 2003 with the Federal Transit Administration.

² Philadelphia has not completed its filing for fiscal 2003 with the Federal Transit Administration.

Source: National Transit Database

The Department of Legislative Services (DLS) recommends that MTA comment on the trends in Baltimore region transit service including (1) the increase in operating expenses per revenue vehicle mile; (2) the increase in operating expenses per passenger trip; (3) the decrease in passenger trips per revenue vehicle mile; (4) MTA’s poor performance relative to peer transit systems; (5) the decline in Baltimore area ridership from fiscal 2002 to 2004 and expected future trends in ridership; and (6) what MTA is doing to improve system performance.

MTA should also comment on how the Comprehensive Bus Study currently in progress will help improve performance.

Farebox Recovery

Section 7-208 of the Transportation Article requires MTA to obtain a 40% minimum farebox recovery rate for Baltimore area transit services (core and commuter bus, Light Rail, and Metro). Chapter 210, Acts of 2000 lowered the required annual farebox recovery rate from 50 to 40%, with a sunset at the end of fiscal 2004. Chapter 447, Acts of 2004 extended the sunset to June 30, 2008, and held the requirement at 40%. Section 7-902 of the Transportation Article requires MTA to obtain a 50% minimum farebox recovery rate for MARC.

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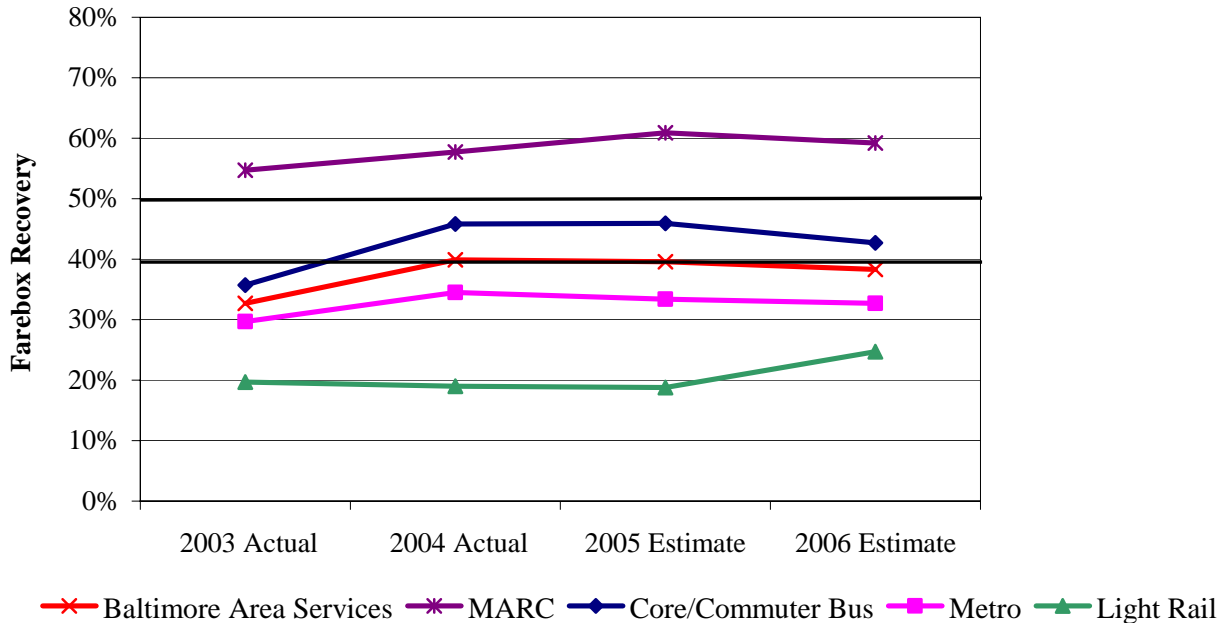
In recent years, MTA has had difficulty obtaining the 40% farebox recovery requirement for Baltimore area transit services. Core bus and Baltimore commuter bus services achieved a 45.8% ratio in fiscal 2004, but Metro and Light Rail have not done as well. In fiscal 2004, Metro achieved 34.5% and Light Rail achieved 19.0%. Even with the 18.5% fare increase for all Baltimore area transit services at the start of fiscal 2004, performance is still slightly under the 40% requirement at 39.9%. MTA does not expect to achieve the 40% farebox recovery requirement in fiscal 2005 and 2006. Although the fare increase helped improve farebox recovery ratios from fiscal 2003 to 2004 for core/commuter bus and Metro, several problems with achieving the 40% requirement still exist:

- a decline in ridership due to the 18.5% fare increase at the beginning of fiscal 2004 – from fiscal 2003 to 2004, ridership went down by 4.4% for core bus, 5.8% for Metro, and 21.2% for Light Rail; and
- the closing of Light Rail stations south of Camden Yards in February 2004 to construct a second track – this situation has reduced ridership from 7.4 million boardings in fiscal 2003 to 5.8 million boardings in fiscal 2004.

MTA has had little difficulty obtaining the 50% farebox recovery requirement for MARC services. MTA achieved a 57.7% ratio in fiscal 2004 and expects to achieve around 60% in fiscal 2005 and 2006.

Exhibit 2 provides farebox recovery performance for Baltimore area services and MARC. The data shows that Baltimore area services are slightly under the 40% requirement from fiscal 2004 to 2006, while MARC services meet the 50% requirement for all years.

**Exhibit 2
Farebox Recovery Ratios
Fiscal 2003 – 2006**



Note: Bold lines indicate farebox recovery requirements. Section 7-208 of the Transportation Article requires 40% farebox recovery for Baltimore area services and Section 7-902 of the Transportation Article requires 50% farebox recovery for MARC.

Source: Maryland Transit Administration

DLS recommends that MTA comment on Baltimore area services farebox recovery ratios including (1) not meeting the 40% requirement from fiscal 2003 through 2006; (2) impact of the Light Rail station closings; and (3) what MTA is doing to improve farebox recovery in the future.

MTA should also implement cost reductions so that it can comply with the statutory farebox requirement.

On-time Performance

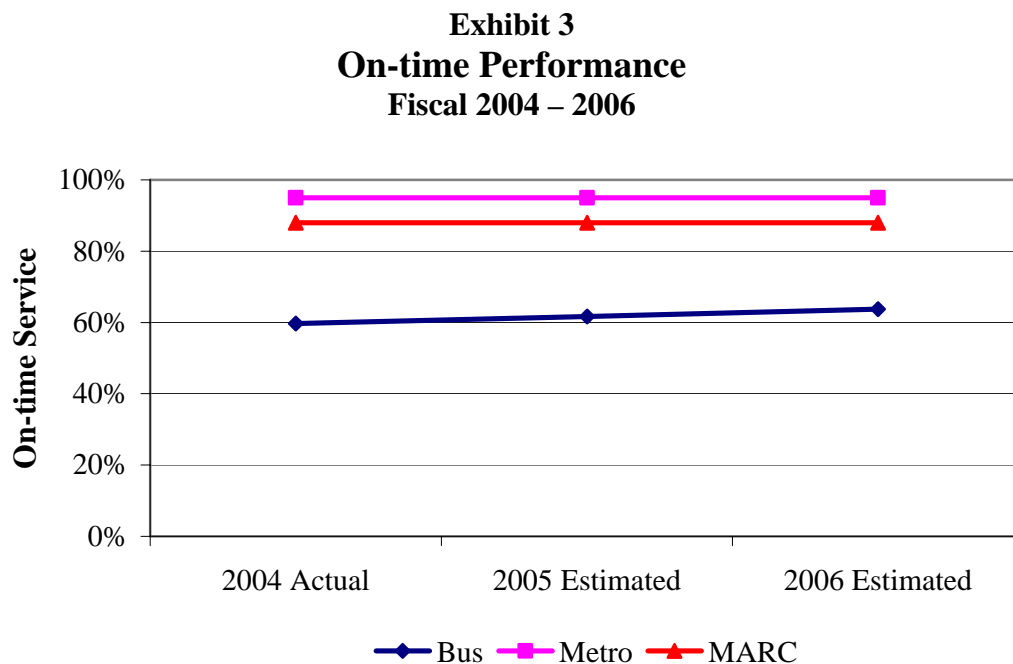
MTA attempts to provide high on-time performance for all of its services. Rail service has typically performed well in this area, while bus service has not achieved strong results. Metro reports a 95% or higher level of on-time service from fiscal 2003 to 2006. MTA expects Metro performance to improve after the current mid-life overhaul of all 100 Metro railcars is completed, the current installation of new lighting and fire suppression systems in the Metro tunnels is completed, and the new maintenance building adjacent to the Old Court station is completed. Light Rail achieved a level of higher than 99% for on-time service in fiscal 2003 and 2004, but projections are not made in fiscal 2005 and 2006 due to service disruptions during double track construction. MARC reports between

88 and 90% on-time service from fiscal 2003 to 2006. Near-term improvements are unlikely because CSX and Amtrak are struggling with capacity issues and funding shortages.

Bus service has not achieved the same results as rail service. Bus achieved 59.7% on-time results in fiscal 2004 and expects to achieve a 61.7% level in fiscal 2005 and 63.7% in fiscal 2006. MTA is taking several steps to try and improve the percent of bus service provided on time:

- MTA has improved maintenance practices to ensure vehicles are available for morning pull-out – a maintenance and inventory management system helps MTA to track and schedule maintenance labor and parts;
- MTA expects to place 125 new buses in service during fiscal 2005 and 105 in fiscal 2006. MTA will retire the oldest, least reliable, and highest maintenance buses;
- MTA is undertaking a Comprehensive Bus Study – the study will not only examine route structure, it will address ways in which the effectiveness of the schedules may be improved.

Exhibit 3 provides data on the percent of on-time service for bus, Metro, and MARC.



Note: Light Rail statistics are not provided because of the anticipated service disruptions during double track construction in fiscal 2005 and 2006.

Source: Maryland Transit Administration

DLS recommends that MTA comment on how bus on-time performance compares with WMATA and MTA’s other peer transit systems.

Governor's Proposed Budget

The fiscal 2006 operating allowance increases by \$15.3 million over the fiscal 2005 working appropriation. This change includes a \$163,000 decrease in the Transit Administration unit, an \$11.8 million increase in Bus Operations, a \$3.5 million increase in Rail Operations, and a \$310,000 increase in Statewide Operations.

Nearly half of the total change is due to an increase of \$7.3 million for bus maintenance and repairs in Bus Operations. MTA has recently changed a number of maintenance and inspection procedures to ensure safe operation of its vehicles. The changes include:

- replacing parts at manufacturer's specifications rather than at failure;
- reconfiguring the entire wheel assembly and brake replacement process; and
- increasing inspections which cause more parts replacement.

In fiscal 2003 through 2005, MTA received a budget amendment for the additional bus repair parts. Fiscal 2006 represents the first time the funds are being placed in the budget at the beginning of the year. The fiscal 2005 working appropriation does not include funds for bus repair parts. However, MTA plans to process a fiscal 2005 amendment that would increase funds for bus parts by \$10.1 million.

There is a \$3.6 million increase in personnel expenses. This includes over \$1 million for 21 additional positions and \$1.6 million in pension costs. Besides personnel, other changes include a \$3.5 million increase in Bus and Rail Operations for utilities due to electricity deregulation; a \$2.3 million increase in Rail Operations for MARC contracts with Amtrak and CSX; and a \$2.1 million decrease in Rail Operations due to the elimination of county-provided police security at Light Rail stations in local jurisdictions (Anne Arundel County Police and Baltimore County Police will no longer provide security).

Exhibit 4 provides details on the major changes occurring in the fiscal 2006 allowance. The changes are broken down by MTA's four operating programs: Transit Administration, Bus Operations, Rail Operations, and Statewide Operations.

Exhibit 4
Governor's Proposed Budget
Maryland Transit Administration
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2005 Working Appropriation	\$370,552	\$53,352	\$423,904
2006 Governor's Allowance	385,974	53,352	439,326
Contingent & Back of Bill Reductions	-96	0	-96
Adjusted Allowance	\$385,878	\$53,352	\$439,230
Amount Change	\$15,326	\$0	\$15,326
Percent Change	4.1%		3.6%

Where It Goes:

Personnel Expenses

New positions	\$1,074
Workers' compensation	2,542
Service reductions, lost pins, and miscellaneous adjustments	-2,446
Union pension increase based on actuarial study	1,537
Increments	753
State pension rate increase	162

Other Changes

Transit Administration

Increase in motor vehicle expenses	603
Change in expenses associated with the Consolidated Transportation Information Processing Plan	-480
Increase for Regional Customer Service Center used for the Transit Pass program	157
Decrease in rent	-69

Bus Operations

Bus maintenance and repairs	7,312
Increase in utilities due to electricity deregulation	759
Decrease for motor vehicle gas/oil	-322
Reduction for computer, office, and bus equipment	-243
Replacement of forklifts and tractors for Bus maintenance divisions	232
Funding for Commuter Bus fare collection maintenance	116

Rail Operations

Increase in utilities due to electricity deregulation	2,766
Increase in MARC contracts	2,286

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Elimination of county-provided police security at Light Rail stations in local jurisdictions...	-2,050
Contractual maintenance services related to fare collection equipment which accepts the new Transit Pass	857
Decrease in debt service for BWI MARC garage.....	-854
Security cameras and monitoring equipment at MARC stations.....	230
Increase in motor vehicle expenses including replacement vehicles for MTA Police	144
Radios and other electronic equipment.....	100
Decrease for office and maintenance equipment.....	-62
Statewide Operations	
Increase for commuter bus service previously provided by WMATA.....	210
Increase for the Maryland Senior Rides program.....	100
Other adjustments	-88
Total	\$15,326

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

Personnel

Twenty-one positions were added from fiscal 2005 to 2006 at a total of \$1 million.

- Twelve positions were added in Rail Operations for the Light Rail double tracking project. MTA is involved in a project that will add a second track to the existing single track sections between Warren Road Station and Cromwell Station. Approximately 9.4 miles will be upgraded to two tracks. The 12 positions include rail repairmen and maintenance supervisors.
- Nine positions were added in Mobility Services for street supervision in conjunction with the new paratransit contractors. Paratransit is a specialized service for people with disabilities who are not able to ride fixed-route public transportation. MTA has recently expanded paratransit service and needs more supervisor positions.

Contingent Actions

The fiscal 2006 allowance reflects the elimination of \$96,234, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

Fiscal 2006 Cost Containment

MTA estimates fiscal 2006 savings of over \$7 million compared to fiscal 2005. **Appendix 7** provides a complete list of the estimated cost savings.

DLS recommends that MTA comment on (1) proposed service reductions in bus and rail that MTA estimates will save \$5 million and (2) the elimination of county-provided police security at Light Rail stations that MTA estimates will save over \$2 million. MTA should comment on the impact of both cost containment actions.

PAYGO Capital Program

Program Description

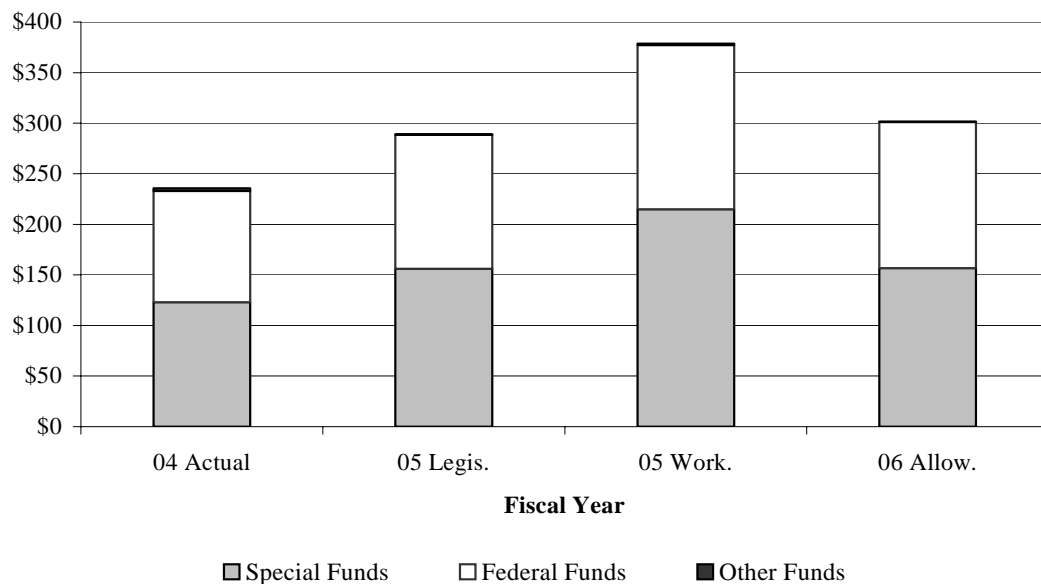
MTA’s capital program provides funds to support the design, construction, rehabilitation, and acquisition of facilities and equipment for the bus, rail, and statewide programs. The program also provides State and federal grants to local jurisdictions and non-profit organizations to support the purchase of transit vehicles and the construction of transit facilities.

Fiscal 2005 to 2010 Consolidated Transportation Program (CTP)

The MTA PAYGO capital program decreases by \$76.1 million from the fiscal 2005 working appropriation. Most of the change includes a decrease in major construction projects due to cash flow fluctuations. Large changes in cash flow include a \$23.8 million decrease for MARC efficiency improvements on Camden, Brunswick, and Penn Lines; a \$9.9 million decrease for a Metro railcar mid-life overhaul; a \$9.5 million decrease for Owings Mills parking structure and utilities improvements; and a \$7.1 million decrease for Light Rail double tracking.

Exhibit 5 provides cash flow changes for the MTA capital program from fiscal 2004 to 2006. The fiscal 2006 allowance includes \$156.6 million in special funds, \$144.5 million in federal funds, and \$506,000 in other funds. Other funds for MTA include private funds for elderly handicapped non-profit services and certificates of participation for the MARC Baltimore/Washington International Airport rail station parking garage expansion.

Exhibit 5
Fiscal 2004 to 2006 Cash Flow Changes
 (\$ in Millions)



Source: Maryland Transit Administration, January 2005 *Consolidated Construction Program*

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Exhibit 6 provides a list of MTA major CTP construction projects funded in fiscal 2006. The nine projects listed account for nearly 80% of MTA major construction projects funded in fiscal 2006.

Exhibit 6
MTA Major CTP Construction Projects Funded in Fiscal 2006
(\$ in Thousands)

<u>Project</u>	<u>FY 2006</u>	<u>Total \$</u>	<u>Completion of Fiscal Year Cash Flow</u>
MARC Efficiency Improvements on Camden, Brunswick, and Penn Lines – ongoing program of improvements on MARC lines	\$13,760	\$63,986	2006
MARC Mid-Life Overhaul – mid-life overhaul of 19 G 40 diesel and four AEM7 electric MARC locomotives	14,000	71,100	2010
Silver Spring Transit Center and MARC Station Relocation – two-phase project to provide a fully integrated transit center at the Silver Spring Metrorail Station	10,000	41,234	2007
Light Rail Double Track – add a second track to the existing single track sections between Warren Road Station and Cromwell Station	19,422	153,660	2007
Metro Railcar Mid-Life Overhaul – structural and systems overall to 100 Metro railcars	16,726	95,918	2007
Bus Procurement – purchase 40-foot buses to be used in an annual replacement program of buses in service of 12 or more years	31,492	192,927	2009
Replacement of Fare Collection Equipment – replace existing fare collection equipment on core Baltimore Metro, Light Rail, MARC, Commuter Bus, and Locally Operated Transit Systems with automatic fare collection equipment with electric fare collection option	19,463	82,462	2007
Locally Operated Transit Systems Capital Procurement Projects (Local Jurisdictions) – MTA provides funding to local jurisdictions in rural and small urban areas for transit vehicles, equipment, and facilities	19,294	135,533	2010
Baltimore Corridor Transit Study (Red Line) – identify and analyze several potential alignment and mode alternatives for an east-west rapid transit system from Social Security to Fells Point	10,214	239,616	2010
Total	\$154,371	\$1,076,436	

Source: Maryland Transit Administration, January 2005 *Consolidated Transportation Program*

Projects Added to the Construction Program

As shown in **Exhibit 7**, two projects were added to MTA’s construction program with the fiscal 2005 through 2010 CTP. The MARC II mid-life overhaul was moved from MTA’s minor projects program, and \$25 million was added to the construction program. The MARC mid-life overhaul was added to the construction program, and \$14 million is funded in fiscal 2006.

Exhibit 7
MTA CTP Projects Added to the Construction Program
(\$ in Thousands)

<u>Project</u>	<u>FY 2006</u>	<u>Total \$</u>	<u>Completion of Fiscal Year Cash Flow</u>
MARC II Vehicle Mid-Life Overhaul – 20-year mid-life overhaul of the 26 MARC II cars that were constructed by Nippon Sharyo and became part of the MARC fleet between 1985 and 1987	\$125	\$25,250	2010
MARC Mid-Life Overhaul – mid-life overhaul of 19 G 40 diesel and 4 AEM7 electric MARC locomotives	14,000	71,100	2010
Total	\$14,125	\$96,350	

Source: Maryland Transit Administration, January 2005 *Consolidated Transportation Program*

Projects Moved from Development and Evaluation to Construction

One project was moved from the Development and Evaluation program to construction with the fiscal 2005 through 2010 CTP – the Baltimore Corridor Transit Study (Red Line). The Red Line Transit Study will identify and analyze several potential alignment and mode alternatives for an east-west rapid transit system from Social Security to Fells Point. The study includes conducting preliminary engineering and mode feasibility analyses; environmental screening; identification of right-of-way issues; ridership potential; capital and annual operating costs; and social, cultural and economic development benefits and impacts. Preparation of the Draft Environmental Impact Statement will begin during fiscal 2005. This project was previously part of the Baltimore Region Transit Plan. Costs increased by \$229 million to add additional phases, including construction. The project is contingent upon a Full Funding Grant Agreement from the Federal Transit Administration. A total of \$10.2 million is budgeted for this project in fiscal 2006.

DLS recommends that MTA comment on why the Red Line project is in the construction program even though a rapid transit service has not been selected (MTA is analyzing several alignment and transit mode alternatives). Construction funds represent \$41.7 million of the \$239.6 million budgeted for the project. MTA should also comment on an estimated long-term cost for this project.

Operating Issues

1. Re-organization of MTA Personnel

MTA has 3,036 total employees budgeted in the fiscal 2006 allowance. Roughly 2,500 employees (82%) are associated with operations including MARC, Metro, Light Rail, bus, and Mobility Services (paratransit). The operations division is overseen by a Deputy Administrator and an Assistant Deputy Administrator. The Deputy Administrator (currently vacant) is responsible for bus, rail, and Mobility Services while the Assistant Deputy Administrator has primary responsibility for the rail modes, coordinates MTA's emergency operations plan, and coordinates capital projects and operational service.

The remaining MTA employees include:

- **Planning and Policy (156 Employees):** this area includes employees in engineering and construction, government relations, customer information, and media/public information. The area is overseen by a Deputy Administrator for Planning and Policy.
- **Finance and Administration (160 Employees):** this area includes employees in finance, contracts, information technology, marketing, training, human resources, and treasury. The area is overseen by a Deputy Administrator for Finance and Administration.
- **MTA Police (166 Employees):** this area includes sworn officers and civilian employees that provide law enforcement services within the transit system of Maryland.
- **Safety and Risk Management (25 Employees)**
- **MTA Legal Counsel (5 Employees)**
- **EEO Compliance/ADA Compliance/Audits (7 Employees)**
- **General Manager (2 Employees)**
- **Administrator (8 Employees)**

MTA has a total of 3,036 employees budgeted for fiscal 2006 while WMATA has a total staff of nearly 10,500 employees with the proposed fiscal 2006 budget. Like MTA, roughly 80% of WMATA's employees are associated with operations including rail and bus services. WMATA has a Chief Executive Officer supported by a Chief of Staff, General Counsel, and a Deputy General Manager for Operations. Other areas are led by Assistant General Managers or Chief Operating Officers. MTA has a somewhat similar arrangement, but with more top level managers. MTA has an Administrator, a General Manager, three Deputy Administrators, and an Assistant Deputy Administrator. Several of these positions are also served by a Chief of Staff or an aide while WMATA only has one Chief of Staff. **Appendix 8** and **Appendix 9** provide organizational charts for MTA and WMATA.

MTA has a police force of nearly 170 sworn officers and civilian employees. The MTA Chief of Police is supported by an Executive Assistant (civilian), a Staff Aide to the Chief (sworn officer), a Deputy Chief of Staff (civilian), a Homeland Security/Grant Specialist (civilian), a Special Projects Coordinator (sworn officer), a Deputy Chief of Police for Administration (sworn officer), and a Deputy Chief of Police for Operations (sworn officer). The WMATA Transit Police, an organization of over 400 sworn and civilian employees, does not have a Chief of Staff to the Police Chief.

Using the organizational model of WMATA, DLS recommends that MTA re-organize its management structure. DLS recommends:

- **re-classifying the General Manager position as a new position, Director of Bus Operations – the position would report directly to the Deputy Administrator for Operations;**
- **re-classifying the Assistant Deputy Administrator for Operations position as a new position, Director of Rail Operations – the position would report directly to the Deputy Administrator for Operations; and**
- **abolishing all Chief of Staff positions, with the exception of the Administrator’s – this could be accomplished by re-classifying positions.**

These recommendations would result in three Deputy Administrators reporting directly to the Administrator. All Deputy Administrators currently report to the General Manager who then reports to the Administrator. There is potential for cost savings depending on how the positions are re-classified and whether any Chief of Staff positions are abolished. The re-organization would also provide three top level managers (currently there are two) in the Operations Division, which contains more than 80% of employees and is the focus of MTA’s mission.

DLS also recommends deleting four positions in Media and Public Information and transferring four positions in Government and Community Relations to the Transportation Secretary’s Office.

2. MTA Motor Vehicle Fleet Underutilized

In an Office of Legislative Audits (OLA) fiscal audit report of MTA released in May 2002, one of the findings was, “the Administration’s motor vehicle fleet was significantly underutilized.” OLA found that 37 of the Administrator’s 127 State-owned vehicles that are subject to mileage requirements did not accumulate at least 10,000 official miles during fiscal 2001. These 37 vehicles averaged 6,167 miles, and 29 of them also failed to meet the mileage requirement in the preceding year. The Department of Budget and Management’s *State Vehicle Fleet Policies and Procedures* require State-owned vehicles to be used for a minimum of 10,000 official miles annually. Agencies are also required to monitor vehicle usage and to reassign or declare as surplus vehicles those that do not meet the minimum usage requirement.

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OLA reports that similar conditions have been commented upon in four preceding audit reports dating back to May 1992. In the May 2002 audit report, OLA recommended that MTA monitor the use of its vehicles and reassign or declare as surplus vehicles those that fail to meet the annual minimum official mileage requirement.

With the fiscal 2006 allowance, MTA plans to replace (1) 2 vehicles in the Transit Administration; (2) 11 vehicles in Bus Operations; and (3) 16 vehicles in Rail Operations. Given the findings of the OLA audit report, it is appropriate for MTA to replace fewer vehicles and utilize its existing fleet. Furthermore, it is possible that MTA could achieve cost savings by declaring underutilized vehicles (those that do not routinely meet 10,000 miles annually) as surplus property.

DLS recommends that MTA comment on the findings of the OLA audit report and discuss (1) progress toward addressing the recommendations of the report; (2) whether there is potential for cost savings by declaring underutilized vehicles as surplus property; and (3) how many MTA vehicles currently accumulate less than 10,000 miles annually.

Given the audit findings, DLS also recommends deleting funds for all replacement vehicles in fiscal 2006 except for seven vehicles for the MTA Police and one heavy truck in the Transit Administration unit.

Capital Issues

1. Transit Security Projects

During the 2004 legislative session, MTA proposed installation of an initiative called the NEXT system on Baltimore area transit systems and on MARC. The NEXT system was an integrated network that used global positioning satellite systems and other wireless technology to monitor and display information on an entire transit system. The implementation of all planned components of the NEXT system was projected to cost approximately \$50 million with completion in fall 2006.

Due to cost/benefit concerns related to the NEXT system, the legislature added language that restricted funds from being spent on all components of NEXT in fiscal 2005. The MTA PAYGO capital program no longer contains projects that are referred to as part of the NEXT system. However, the fiscal 2006 capital budget does contain a number of projects in MTA's Minor Projects section of the CTP that are considered transit security projects. The projects budgeted in the 2005 through 2010 CTP are:

- **Scheduling System (\$1,250,000):** this is a computerized system that will produce bus schedules for lines, routes, and stop times; this information is the foundation that will make the other four items of transit security projects function effectively – completed by fall 2006.
- **Computer Aided Dispatch/Automatic Vehicle Locator (\$10,163,000):** this is a computerized system that tracks the location of all MTA buses and measures their performance against established schedules; the system also provides a covert alarm capability on the vehicles – completed by fall 2006.
- **Public Address/Light Emitting Diode (LED) Signs (\$3,394,000):** these signs will provide the ability to make public announcements on centrally located speakers and to display variable messages at Metro stations – completed by fall 2006.
- **Closed Circuit Surveillance System (\$3,660,000):** this project will provide surveillance cameras for passenger stations and parking lots of the Metro system – completed by spring 2007.
- **Next Vehicle Arrival Signs (\$3,000,000):** this will provide variable message signs at 200 MTA bus stops to show the arrival time of each bus that serves a stop; the signs can also be used in the same manner as the Metro LED signs for emergency notifications – completed by fall 2007.

MTA has a total of \$21.4 million budgeted in the CTP for these five transit security projects. All projects are expected to be complete by fall 2007.

DLS recommends that MTA brief the committees on (1) how the proposed transit security projects are different from the NEXT system; (2) the benefits that MTA hopes to achieve from the projects; and (3) whether there are long-term plans for other transit security projects.

Operating Budget Recommended Actions

	<u>Amount Reduction</u>	<u>Position Reduction</u>
1. Delete funds for replacement vehicles in Bus Operations. The Maryland Transit Administration (MTA) plans to replace 11 vehicles in Bus Operations, including 7 SUVs, 3 pick-up trucks, and 1 mini wagon. This action deletes funds for all 11 vehicles. The Office of Legislative Audits has suggested that MTA's motor vehicle fleet is significantly underutilized. Therefore, MTA should use its existing fleet more efficiently.	\$ 158,961	SF
2. Reduce funds for promotional advertising in the Transit Administration unit. The Maryland Transit Administration (MTA) uses various vendors including the Baltimore Sun and Verizon for advertising services. This action leaves MTA with \$1 million for promotional advertising.	150,000	SF
3. Reduce funds for replacement vehicles in Rail Operations. The Maryland Transit Administration (MTA) plans to purchase 16 replacement vehicles in Rail Operations. This includes 7 vehicles for the Transit Police and 9 vehicles for Light Rail, MARC, and Metro operations. This action allows funds for the 7 Transit Police vehicles and deletes funds for the 9 Rail Operations vehicles. The Office of Legislative Audits has suggested that MTA's motor vehicle fleet is significantly underutilized. Therefore, MTA should use its existing fleet more efficiently.	114,138	SF
4. Reduce funds for management studies and consultants in the Transit Administration unit. The Maryland Transit Administration (MTA) has contracts with various companies such as Booz Allen Hamilton and ACS State & Local Solutions for management studies. This action leaves MTA with over \$500,000 for management studies in fiscal 2006.	100,000	SF

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|----|--|-----------|-----|
| 5. | Delete a vacant position in the Transit Administration unit. This position serves as the Chief of Staff to the Maryland Transit Administration (MTA) General Manager. After a review of MTA's organizational structure, DLS recommends that MTA no longer fund this position. | 66,141 SF | 1.0 |
| 6. | Reduce funds for radios and electronic equipment in Rail Operations. The Maryland Transit Administration (MTA) plans to replace radios and electronic devices associated with Metro and Light Rail maintenance. This action leaves MTA with over \$70,000 and still allow for an increase of over \$50,000 from the fiscal 2005 working appropriation. | 50,000 SF | |
| 7. | Delete a Chief of Staff position for the Maryland Transit Administration (MTA) Police Chief. In addition to an Executive Assistant and a Staff Aide, the MTA Chief of Police has a Chief of Staff. After a review of the MTA's organizational structure, the Department of Legislative Services recommends that MTA no longer fund this position. | 43,650 SF | 1.0 |
| 8. | Reduce funds for replacement vehicles in the Transit Administration unit. The Maryland Transit Administration (MTA) is planning to replace one full size van and one heavy truck in the Transit Administration unit. This action deletes funds for the full size van. The Office of Legislative Audits has suggested that MTA's motor vehicle fleet is significantly underutilized. Therefore, MTA should use its existing fleet more efficiently. | 13,164 SF | |
| 9. | Add the following language: | | |

Provided that four positions in Media and Public Information (900120, 901538, 903304, 903301) and \$177,068 in special funds associated with the positions are deleted from the budget of the Maryland Transit Administration. Further provided that no funds may be expended for four positions in Government and Community Relations (903688, 902584, 900032, 900283) unless they are transferred to the Transportation Secretary's Office (J00A01).

Explanation: The Maryland Transit Administration (MTA) budget includes 12 total positions in Media and Public Information and Government and Community Relations. The Department of Legislative Services' budget analysis for the Transportation Secretary's Office

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(TSO) contained a recommendation to consolidate liaison and public information functions into one centralized office. The recommendation included elimination of three positions in Media and Public Information (903575, 900003, 900034) and one position in Government and Community Relations (901942). Of the 8 remaining positions, this language deletes 4 positions in Media and Public Information (900120, 901538, 903304, 903301) and transfers 4 positions in Government and Community Relations (903688, 902584, 900032, 900283) to TSO.

Total Special Fund Reductions	\$ 873,122	6.0
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PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Maryland Rail Commuter System Security

Narrative in the 2004 *Joint Chairmen's Report* (JCR) directed MTA to provide information on security systems and procedures currently in place on the MARC system and steps being taken to enhance security. MTA submitted a report in November 2004 that discussed MARC security measures. The following provides highlights from the report.

- Since September 11, 2001, MTA has undertaken comprehensive vulnerability assessments for all of its modes, including MARC. Some of the practices that have been initiated related to MARC trains include:
 - train crews sweep the train before the beginning of each trip and upon arrival at the final destination;
 - a public education program was instituted to heighten passenger awareness of abandoned baggage;
 - at Washington Union Station and outlying terminals both train crews and equipment maintenance crews are directed to keep all entry doors to the trains closed except when a railroad employee is on a car or when the train crew opens the doors for boarding;
 - at Washington Union Station, trains are not opened for boarding until 15 minutes before departure;
 - equipment maintenance employees have been instructed to be alert for any unusual items attached to the exterior of locomotives and passenger cars;
 - police agencies that share responsibility for MARC system security have increased training on the characteristics of railroad cars and in one situation, conducted a terrorist simulation;
 - MARC participated in an experimental bomb-screening test for one month at the New Carrollton station;
 - MDOT's Office of Emergency Management has held two summits with MTA rail operations personnel to discuss best practices for rail security; and
 - MTA offers free monthly transportation to any armed federal, State, or local police officers traveling undercover on MARC trains (100 officers participate).
- Steps currently being taken to enhance MARC security include:

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- installation of fencing and cameras in the yard where MARC locomotives lay over each night at Brunswick;
 - installation of additional security fencing and cameras at the Frederick maintenance facility at a cost of \$85,000;
 - installation of additional fencing, lighting, and cameras at Penn Station in Baltimore;
 - installation of additional fencing, lighting, and cameras at certain high-volume stations (Odenton, Halethorpe, Bowie, and Seabrook); and
 - installation of access card readers at MARC maintenance and layover facilities to prevent unauthorized entry.
- As of October 2004, there are no additional federal rail security grant funds available. However, MTA and MDOT continue to explore options for federal funding should money become available in the future.
 - MTA has devised an action plan to address the potential threat of terrorist attacks on rail systems. Some components of the plan include MTA personnel are required to report potential security threats through a specified chain of command; MTA must ensure that information on heightened security measures is communicated to passengers; and MTA must conduct frequent inspections of key facilities including stations, maintenance facilities, and rail cars.

2. Effect of Closure of Light Rail System on Ridership

Narrative in the 2004 JCR directed MTA to provide a report identifying the effect of Light Rail system closure south of Camden Yards on ridership. MTA submitted a report in November 2004. The following provides highlights from the report.

- In February 2004, MTA closed 11 stations on the southern end of the line for double tracking construction. The southern end of the line was reopened in stages during the second half of 2004.
- For the period of March through September 2004, weekday ridership decreased by an average of 89.4% from the same period in 2003; Saturday ridership decreased by an average of 84.9%; and Sunday ridership decreased by an average of 86.5%.
- In fiscal 2004, Light Rail achieved a farebox recovery rate of 19.0%. MTA estimates that, in absence of the shutdown, fiscal 2004 farebox recovery would have been 22.5%.
- MTA is taking several steps to help improve ridership on Light Rail.
- Beginning in spring 2005, MTA will install new ticket vending machines – the current machines are not reliable and are subject to frequent failures depending upon weather conditions.

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- In fall 2004, MTA began a pilot program to use a new type of fare media for its customers – the Maryland Transit Pass allows passengers to use a plastic farecard storing monetary value.
- MTA will increase marketing and customer outreach to stress benefits of taking transit during an upcoming renovation project on Russell Street.

3. Efficiency of Baltimore Bus Routes

Narrative in the 2004 JCR directed MTA to provide a report on the efficiency of Baltimore bus routes. MTA submitted a report in December 2004 that provided an update on its “Scheduling Efficiency Review and Planning Study”, also known as the “Comprehensive Bus Study.” The study aims to improve service quality by adapting MTA service to changes in travel habits and residency patterns in Baltimore. Ridership on most MTA modes is decreasing while costs are increasing – resulting in lower farebox recovery rates. The study includes a review and analysis of the following components of all MTA bus routes:

- running time (time assigned for the movement of a vehicle over a route);
- recovery time (planned time allowance between arrival time of a just completed trip and departure time of the next trip);
- vehicle scheduling; and
- identification of routes, branches, and schedules that are not maximizing cost efficiency.

In January 2004, MTA began performing ride checks on every trip for every bus line. Data collection was completed by September 2004, and MTA is currently in the process of compiling the data. The information will be used to make decisions regarding route and stop changes, as well as developing schedules that reflect actual travel time needs. Implementation of the changes will occur as MTA undergoes its regular semi-annual schedule changes in late 2005 and early 2006. Future steps include:

- December 2004: conduct an origin/destination survey to determine current riders’ needs;
- Winter 2005: hypothetical model for restructured service routes will be developed following public open houses the first week of March and a stakeholder planning workshop the second week of March;
- Spring 2005: MTA will present a plan to the MDOT Secretary’s Office for approval;
- Spring 2005: MTA will conduct public meetings to gather input on the proposed changes;
- Fall 2005: MTA will begin to implement restructured service routes; and
- Winter (January/February) 2006: additional changes will be implemented.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Transit 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	\$348,893	\$51,606	\$0	\$400,500
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	11,372	1,795	30	13,197
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	-3,875	-1,444	0	-5,319
Actual Expenditures	\$0	\$356,390	\$51,957	\$30	\$408,377
Fiscal 2005					
Legislative Appropriation	\$0	\$366,878	\$53,352	\$0	\$420,231
Budget Amendments	0	3,673	0	0	3,673
Working Appropriation	\$0	\$370,552	\$53,352	\$0	\$423,904

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

Fiscal 2004

MTA's fiscal 2004 special fund operating appropriation increased by a net of nearly \$7.5 million. The largest increase was seen in the appropriation for Bus Operations, which increased by nearly \$9 million. This increase included nearly \$6 million to fund bus replacement parts and just over \$3 million to fund closeout cost for the expiring mobility contracts, start-up costs for the new Mobility Services contracts and start up costs for the paratransit control center. The operating appropriation for the Transit Administration unit increased by just over \$2.4 million, which funded increases in the costs of MTA's excess liability insurance policy. The operating appropriation for Rail Operations increased by just over \$2.3 million, which funded increases in the cost of the MARC service provided by Amtrak as well as increases in the costs of security service provided by the Baltimore and Anne Arundel County police departments at Light Rail stations. These increases were offset by a reduction of nearly \$1.5 million in MTA grants provided to local jurisdictions. The grants decreased by 5% as part of MTA's cost containment actions.

MTA's fiscal 2004 federal fund operating appropriation increased by a net of \$351,000. Budget amendments totaled \$1.8 million. This increase included additional funding made available by the United States Department of Transportation for locally operated systems as well as a small federal grant to fund emergency preparedness drills.

MTA received \$30,000 in reimbursable funds from the Maryland Emergency Management Administration to fund the purchase of personal protection equipment for the MTA Police.

Fiscal 2005

The fiscal 2005 operating working appropriation increased by \$3.7 million over the fiscal 2005 legislative appropriation. This includes (1) \$2.2 million for additional funds for Union Health Insurance; (2) \$994,000 for a new commuter bus route serving Waldorf; (3) \$525,046 for the cost-of-living adjustment granted to all eligible State employees; and (4) -\$61,698 for an amendment that establishes an Office of Freight Logistics in the Transportation Secretary's Office. **Appendix 6** and **7** provide a detailed description of all fiscal 2005 MTA amendments.

Audit Findings

Audit Period for Last Audit:	January 26, 1999 – July 25, 2001
Issue Date:	May 2002
Number of Findings:	14
Number of Repeat Findings:	3
% of Repeat Findings:	21%
Rating: (if applicable)	

- Finding 1:** There was no documentation that spare parts valued at \$585,000 had been received under a contract settlement agreement.
- Finding 2:** The administration did not sufficiently address significant delivery delays in an \$81.3 million agreement for the overhaul of metro rail cars.
- Finding 3:** **The administration had not taken action to resolve a longstanding dispute with a railroad company concerning approximately \$1.2 million in overpayments.**
- Finding 4:** The administration had not established adequate procedures for monitoring the performance of a janitorial and maintenance contract and for verifying the propriety of related invoices.
- Finding 5:** The administration had not established adequate controls over insurance claim payments. At the time of our review, the Administration had identified approximately \$48,000 in potentially fraudulent claim payments.
- Finding 6:** **The administration did not always comply with State regulations regarding contract bid and proposal opening requirements.**
- Finding 7:** The administration’s program change control procedures were not followed.
- Finding 8:** The administration did not adequately monitor the security over certain critical systems.
- Finding 9:** Improper and/or unnecessary access was provided to numerous users who were capable of modifying critical data.
- Finding 10:** Password controls and user account policies for several critical systems were insufficient.

Finding 11: Back-up copies of certain critical production data, program and system files were not kept at an off-site location.

Finding 12: Access to automated inventory records was not adequately controlled, and there was a lack of documentation that unused inventory was periodically evaluated for overstocked or obsolete items.

Finding 13: Physical inventories were not reconciled on a timely basis, and detail records were not properly maintained.

Finding 14: **The administration's motor vehicle fleet was significantly underutilized.**

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

**Object/Fund Difference Report
MDOT – Maryland Transit 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	2,896.00	2,891.00	2,912.00	21.00	0.7%
02 Contractual	29.00	29.00	29.00	0	0%
Total Positions	2,925.00	2,920.00	2,941.00	21.00	0.7%
Objects					
01 Salaries and Wages	\$196,585,715	\$212,514,734	\$216,232,934	\$3,718,200	1.7%
02 Technical & Spec Fees	1,106,436	1,253,531	1,138,757	-114,774	-9.2%
03 Communication	1,924,600	1,164,453	1,366,799	202,346	17.4%
04 Travel	230,748	167,039	167,039	0	0%
06 Fuel & Utilities	8,068,483	7,439,950	10,964,095	3,524,145	47.4%
07 Motor Vehicles	35,509,237	30,952,447	38,733,040	7,780,593	25.1%
08 Contractual Services	93,636,818	100,108,490	101,377,603	1,269,113	1.3%
09 Supplies & Materials	9,540,579	4,990,592	4,805,661	-184,931	-3.7%
10 Equip - Replacement	540,394	505,557	683,791	178,234	35.3%
11 Equip - Additional	297,398	390,418	268,100	-122,318	-31.3%
12 Grants, Subsidies, and Contributions	54,605,929	56,794,414	56,894,414	100,000	0.2%
13 Fixed Charges	6,328,985	7,622,145	6,693,824	-928,321	-12.2%
14 Land & Structures	1,832	0	0	0	0.0%
Total Objects	\$408,377,154	\$423,903,770	\$439,326,057	\$15,422,287	3.6%
Funds					
03 Special Fund	\$356,389,950	\$370,551,539	\$385,973,826	\$15,422,287	4.2%
05 Federal Fund	51,957,204	53,352,231	53,352,231	0	0%
09 Reimbursable Fund	30,000	0	0	0	0.0%
Total Funds	\$408,377,154	\$423,903,770	\$439,326,057	\$15,422,287	3.6%

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

Fiscal Summary
MDOT – Maryland Transit 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 Transit Administration	\$39,871,204	\$42,370,894	\$42,207,995	-\$162,899	-0.4%
02 Bus Operations	173,670,703	177,979,507	189,771,506	11,791,999	6.6%
04 Rail Operations	127,585,041	128,691,749	132,174,872	3,483,123	2.7%
05 Facilities and Capital Equipment	226,362,328	345,187,000	269,059,222	-76,127,778	-22.1%
06 Statewide Programs Operations	67,250,206	74,861,620	75,171,684	310,064	0.4%
08 Major IT Development Projects	6,541,163	32,041,000	32,051,000	10,000	0%
Total Expenditures	\$641,280,645	\$801,131,770	\$740,436,279	-\$60,695,491	-7.6%
Special Fund	\$479,336,903	\$585,564,539	\$542,539,048	-\$43,025,491	-7.3%
Federal Fund	161,913,742	215,567,231	197,897,231	-17,670,000	-8.2%
Total Appropriations	\$641,250,645	\$801,131,770	\$740,436,279	-\$60,695,491	-7.6%
Reimbursable Fund	\$30,000	\$0	\$0	\$0	0.0%
Total Funds	\$641,280,645	\$801,131,770	\$740,436,279	-\$60,695,491	-7.6%

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
Maryland Transit Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$3,209,872	Special	Provides additional funds for Union Health Insurance per contract negotiations in Bus Operations (\$1,965,662) and Rail Operations (\$250,000). Also provides funding needed to operate the new route serving the Waldorf area (\$994,210).
Pending	525,046	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.
Pending	-61,698	Special	Establishes an Office of Freight Logistics in the Secretary's Office (TSO) using personnel and associated funds transferred from MTA and the State Highway Administration (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. This includes the transfer of two positions from MTA to TSO to consolidate both real estate offices. In addition, this transfers funding for one position from MTA to TSO to use as an Equal Opportunity Officer in the Office of Fair Practices.
Projected	2,798,810	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	10,134,078	Special	Increased funds for repair parts. As a result of the bus wheel incident, MTA has changed its approach to bus maintenance, including the addition of several maintenance procedures that provide an increased margin of safety. More parts are now replaced at manufacturers' recommendations rather than at failure.
Projected	4,183,570	Special	Based on the increased cost per gallon in diesel fuel.

Budget Amendments for Fiscal 2005
Maryland Department of Transportation
Maryland Transit Administration – Operating (Continued)

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Projected	87,352	Special	MTA has been ordered by the court to provide Route and Stop Announcement training to all Bus operators. This training was provided from July through September 2004.
Projected	3,465,841	Special	MTA has experienced a significant, unanticipated increase in the demand for Mobility Services. To address this problem, MTA has added 30 new Mobility runs by using operators from the other four bus divisions (\$1,227,778). The three contractors who provide the majority of Mobility Services (including taxi Mobility Services) have also incurred additional costs due to this increase in the number of Mobility runs (\$2,238,063).

Source: Maryland Transit Administration

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

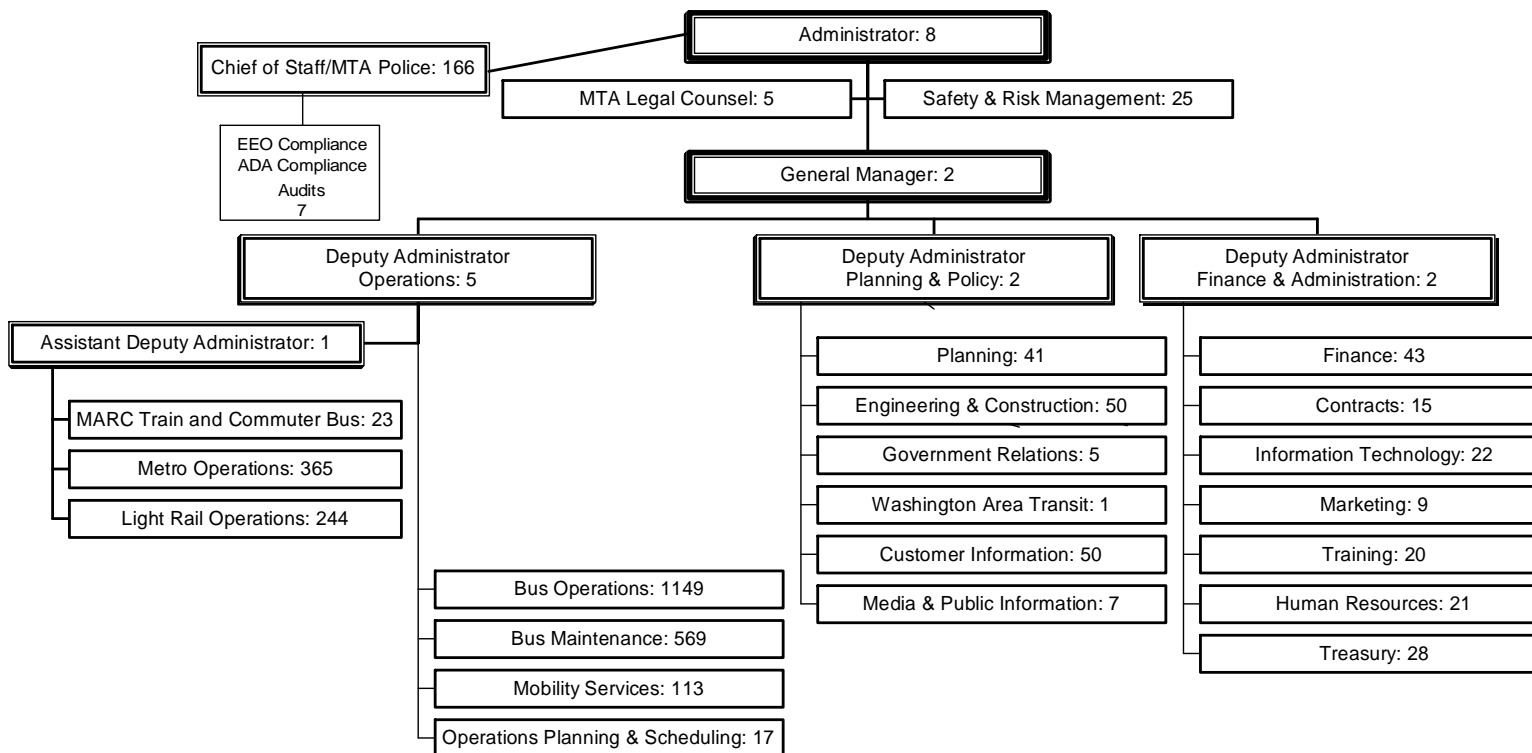
<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$95,233	Special	Fund the COLA of \$752 granted to all eligible State employees. MDOT estimates the total cost to be \$843 per employee, when benefits are included.
Pending	-514,735	Special	Establishes an Office of Freight Logistics 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. This includes the transfer of two positions from MTA to TSO to consolidate both Real Estate offices. In addition, this transfers funding for one position from MTA to TSO to use as an Equal Opportunity Officer in the Office of Fair Practices.
Pending	26,138,190	Special	Realigns the current year appropriation to agree with the expected cash flow for capital projects (other than Major Information Technology) in MDOT's CTP for fiscal 2005 through 2010.
	58,286,000	Federal	
	\$84,424,190	Total	
Pending	7,845,000	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.
	-3,079,000	Federal	
	\$4,766,000	Total	

Source: Maryland Transit Administration

Fiscal 2006 Cost Containment Actions
As Submitted by the Agency
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005

<u>Cost Saving Action/Efficiency Measure</u>	<u>Program Code</u>	<u>Sub- Program Code</u>	<u>Total Funds</u>	<u>Special Funds</u>	<u>Impact of Action</u>
Modify Low Production Bus and Rail Service	J05 H0102 J05 H0101	2020 2010	-\$4,819 -181	-\$4,819 -181	This reduction will improve the efficiency of bus and rail operations by reducing or modifying the number of excess or low performing routes and schedules. The actual routes to be modified or reduced will be determined as part of bus and rail schedule integration studies currently underway. Customers may have to make changes in their current schedules due to resulting changes in transit schedules.
Eliminate Jurisdictional Police	J05 H0104	2040	-2,050	-2,050	Eliminates county-provided police security at Light Rail stations in local jurisdictions. Security will continue to be provided by MTA police through station-drive-thrus and system ride-ons.
Self-insured Benefits	J05 H0102	2020	-198	-198	Administrative reduction – no impact on customers
Total			-\$7,248	-\$7,248	

The Maryland Transit Administration FY 2005 Authorized Positions: 3,015



Note: This organizational chart indicates authorized positions for the 2005 Appropriation. Mobility Services has 9 authorized positions added in the 2006 Allowance for On-Street Supervision and Light Rail Operations has 12 authorized positions added for Light Rail Double Tracking Maintenance Staff.

