
Maryland Department of Transportation Fiscal 2009 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

February 2008

For further information contact: Jonathan D. Martin/Jaclyn D. Dixon

Phone: (410) 946-5530

Analysis of the FY 2009 Maryland Executive Budget, 2008

J00 – MDOT – Fiscal 2009 Budget Overview

Budget Overview

The Maryland Department of Transportation (MDOT) is responsible for statewide transportation planning and the development, operation, and maintenance of key elements of the transportation system. It is involved in all modes of transportation within the State, including the construction and maintenance of State roads, regulation and licensing of drivers and vehicles, and operation of bus and rail transit services. In addition, MDOT owns and operates Martin State Airport, Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport), and terminals in the Helen Delich Bentley Port of Baltimore.

Transportation in Maryland is funded through the Transportation Trust Fund (TTF), a nonlapsing special fund revenue account whose revenue sources include motor fuel tax receipts, titling tax receipts, vehicle registration fees, a portion of the corporate income and sales taxes, revenues generated by the individual modes, proceeds from the sale of bonds, and federal highway and transit aid.

Analysis in Brief

Issues

Minneapolis Bridge Collapse Focuses Attention on Maryland Bridges: In August 2007, the Interstate 35W bridge in Minneapolis collapsed, killing 13 people and injuring 145. In January 2008, investigators from the National Transportation Safety Board announced that preliminary results found a key design flaw that led to the collapse. The design flaw revolved around the thickness of the gusset plates used to hold the steel girders of the bridge together. Transportation departments nationwide are urged to consider the strength of its gusset plates before doing major work or making operational changes on bridges. **The Department of Legislative Services (DLS) recommends that the Secretary discuss the additional bridge inspections that are taking place in Maryland, the verification of gusset plate strength that is taking place as a result of the finding of the design flaw, and how the additional money included in the bridge replacement and rehabilitation capital program will be used.**

Funding of the InterCounty Connector (ICC): Construction of the ICC began in November 2007. The finance plan established in Chapters 471 and 472 of 2005 relied on a number of different funding sources, including the Maryland Transportation Authority (MdTA), the TTF, Grant Anticipation Revenue Vehicle (GARVEE) bonds, federal funds, and general funds. General fund support is included to repay \$314.9 million borrowed from the TTF in fiscal 2003 and 2004. The current balance for repayment is \$211.9 million, and the Governor's fiscal 2009 allowance includes \$85.0 million for this purpose. However, given the current budgetary pressures on the general fund, and the fact that forecasted cash flow expenditures for the project extend well beyond fiscal 2010 (the due date of the final general fund payment), **DLS recommends that \$32 million be reduced from the Reserve Fund allowance in addition to action through SB 91, the Budget Reconciliation and Financing Act of 2008, to extend the general fund's support of the ICC through fiscal 2012.**

J00 – MDOT – Fiscal 2009 Budget Overview

Future Federal Funding Uncertainty: The State receives federal transportation aid from the Federal Highway Trust Fund, which is largely funded by a federal gas tax of 18.4 cents per gallon. In recent years, authorized spending has exceeded revenue attainment due to a substantial fund balance; as a result, the Highway Trust Fund is now projected to deplete available funds at some point in federal fiscal 2009. To solve the problem, either federal aid will need to be reduced or a revenue increase would need to occur. A recent federal commission recommended increasing the federal gas tax by up to 40 cents. **DLS recommends that MDOT discuss its views on the future for federal aid for the capital program and what a reduction in federal aid could mean to the current capital program.**

Update on I-270 Request for Expressions of Interest: In the fall of 2006, MdTA released a Request for Expressions of Interest to gauge the interest of the private sector in a project that would involve the I-270 corridor and the Corridor Cities Transitway. MDOT has indicated that further due diligence and analysis is required; however, a decision could be reached within the next year regarding how to proceed with a potential public-private partnership. **DLS recommends that MDOT discuss in further detail the need for a public-private partnership for this particular project. DLS also recommends budget bill language be added that withholds \$1,000,000 from The Secretary's Office (TSO) contingent upon the submission of a report regarding the status of the decision making process for the I-270 project.**

Recommended Actions

1. Add annual budget language pertaining to capital budget changes.
2. Add budget bill language to establish an annual position ceiling.
3. Add annual budget language on non-transportation expenditures.
4. Add budget bill language restricting \$1,000,000 in the Secretary's office pending submission of a report on the I-270/Corridor Cities Transitway project.

Special Session Review

Transportation revenues were increased as part of the actions taken by the General Assembly during the 2007 special session and enacted in Chapter 6 of the 2007 special session. Following is a summary of the revenue actions taken:

- **Titling Tax:** The titling tax increased from 5% to 6% with all of the revenue from the 1% increase, approximately \$141 million in fiscal 2009, dedicated to the TTF. In addition, a trade-in allowance was provided for, which allows individuals to deduct the value of a trade-in vehicle from the purchase price of a vehicle, thus reducing the amount of tax applied to the purchase.
- **Dedication of Sales Tax:** Beginning in fiscal 2009, the TTF will receive 6.5% of the total sales tax receipts in that year with all of the revenue directed to the department. This is expected to total approximately \$296 million in fiscal 2009.
- **Increase in Titling Certificate Fee:** The certificate of title fee, which is paid when a vehicle is purchased, was increased from \$23 to \$50. This is expected to raise approximately \$33 million in fiscal 2009. Revenues from the titling certificate fee may only be used to support the statutory cost recovery requirement for the Motor Vehicle Administration (MVA).
- **Ending Certain General Fund Transfers:** Transfers from the motor fuel tax to the Waterway Improvement Fund and Fisheries Research Development Fund were replaced with mandated general fund appropriations in fiscal 2009. Transfers of revenue from the security interest filing fee to the general fund were eliminated beginning in fiscal 2009 and will be retained by the TTF for the MVA cost recovery requirement. Finally, vanity tag revenue, previously transferred to the general fund, will now be retained by the TTF for the MVA cost recovery requirement.

In total, TTF revenues increase approximately \$400 million beginning in fiscal 2009. The State share of the revenue increase is estimated at approximately \$418 million in fiscal 2009 and the local jurisdictions are estimated to lose \$16 million due to a decrease in titling tax revenue as a result of the trade-in allowance. **Exhibit 1** provides a summary of revenue impacts through fiscal 2013 as indicated in the fiscal note.

Exhibit 1
2007 Special Session Revenue Impacts
Transportation Trust Fund
Fiscal 2008-2013
(\$ in Millions)

<u>Additional Revenue</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Increase in Titling Tax from 5% to 6% – Dedicated to TTF	\$73	\$141	\$149	\$156	\$163	\$169
Increase in Titling Certificate Fee (\$23 to \$50)	16	33	34	34	35	36
Allowance for Full Trade-in Value – Titling Tax Revenue Reduction	-43	-83	-88	-93	-96	-98
Sales Tax Dedication – 6.5% of Total Revenues	0	296	311	325	341	359
Ending Certain General Fund Transfers	0	15	15	16	16	17
Total TTF Revenues	\$46	\$402	\$421	\$438	\$459	\$483
State Share	\$38	\$418	\$438	\$456	\$477	\$502
Local Share	\$8	-\$16	-\$17	-\$18	-\$18	-\$19

TTF: Transportation Trust Fund

Source: Department of Legislative Services (DLS) Fiscal Note for Chapter 6 of the 2007 special session; Board of Revenue Estimates of Revenues, December 2007 report; DLS TTF Revenue Estimate

There were also three non-revenue actions taken by the General Assembly during the 2007 special session. These were:

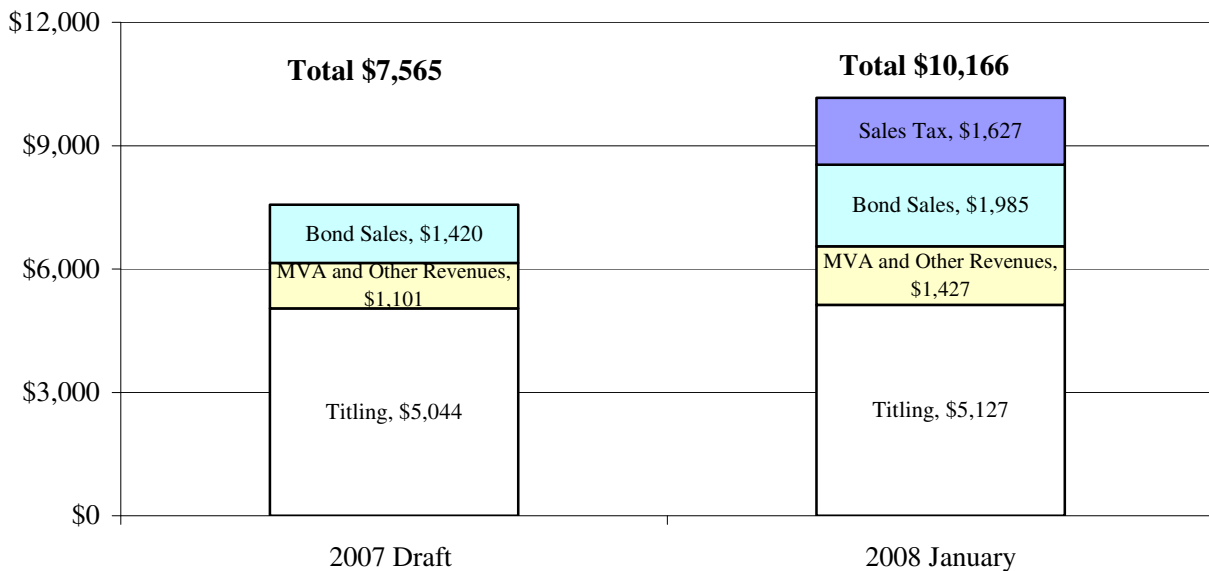
- **Redirection of Revenues to Chesapeake Bay 2010 Trust Fund:** Previously, motor fuel tax revenues were transferred to the general fund to support Chesapeake Bay-related programs. After changes enacted in Chapter 6 of the 2007 special session, the motor fuel tax revenue transfer is now made to the Chesapeake Bay 2010 Trust Fund.
- **Debt Outstanding Limit Increased:** In recognition of the additional revenues provided to the TTF, the debt outstanding limit was increased from \$2.0 billion to \$2.6 billion.

- Codifying Revenue Estimating Process:** Chapter 2 of the 2007 special session codified the revenue estimating process for TTF revenues. Specifically, the provision required that MDOT use the Board of Revenue Estimates (BRE) for the TTF’s share of sales and corporate income tax revenues throughout the financial forecast.

Impact of Special Session on Revenues

When comparing the fall 2007 financial forecast, before special session, to the January 2008 forecast, revenues increase a total of \$2.6 billion. **Exhibit 2** provides a summary of the major increases in revenue.

**Exhibit 2
Revenue Comparison
(\$ in Millions)**



MVA: Motor Vehicle Administration

Source: Maryland Department of Transportation Financial Forecast, September 2007 and January 2008

The changes are due to the following items:

- \$1.6 Billion in Sales Tax:** The addition of sales tax revenues to the TTF beginning in fiscal 2009 adds \$1.6 billion over the forecast period.
- \$565 Million for Increased Debt Issuances:** To recognize the additional bonding capacity associated with a revenue increase, the statutory debt outstanding limit was increased from \$2.0 billion to \$2.6 billion, which results in an additional \$565 million in bond sales over the six-year period.

J00 – MDOT – Fiscal 2009 Budget Overview

- **\$325 Million in MVA Fees and Other Adjustments:** The increase in the certificate of title fee coupled with the elimination of certain general fund transfers results in an additional \$125 million for MVA's statutory cost recovery requirement. In addition, \$200 million in other adjustments to the forecast were made.
- **\$83 Million for Titling Tax:** The titling tax was increased from 5% to 6% in the 2007 special session; however, the trade-in deduction, coupled with downward revisions in revenue estimates due to the softening economy, have resulted in minimal increases.

Impact of Special Session on Budget

Generally, the additional revenue was allocated amongst the following expenditures compared to the fall 2007 financial forecast:

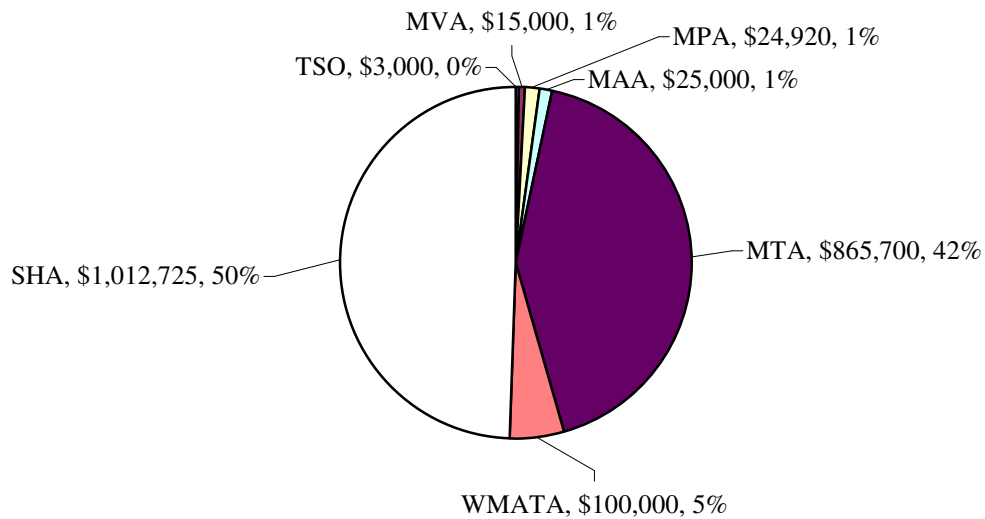
- \$2.1 billion in additional spending for the capital budget;
- \$450 million added to the operating budget; and
- \$50 million in additional debt service payments to reflect the cost associated with issuing more debt.

Following is a broad overview of changes in the capital and operating budget as a result of the revenue increase.

Capital Budget

Overall, the revenue increase and additional bonding capacity increases special funds to the six-year capital program by \$2.1 billion. Special funds for the six-year capital program total \$6.8 billion, an increase of 45% compared to the draft 2008-2013 *Consolidated Transportation Program* (CTP). **Exhibit 3** provides a summary of how the additional spending is allocated to the modes over the six-year period. MDOT reports that the first \$250 million associated with the revenue increase is used for various system preservation projects. There is \$200 million used for system expansion, which is divided equally between the State Highway Administration (SHA) and the Maryland Transit Administration (MTA). As highlighted, 92% of the funding is spent at MTA and SHA.

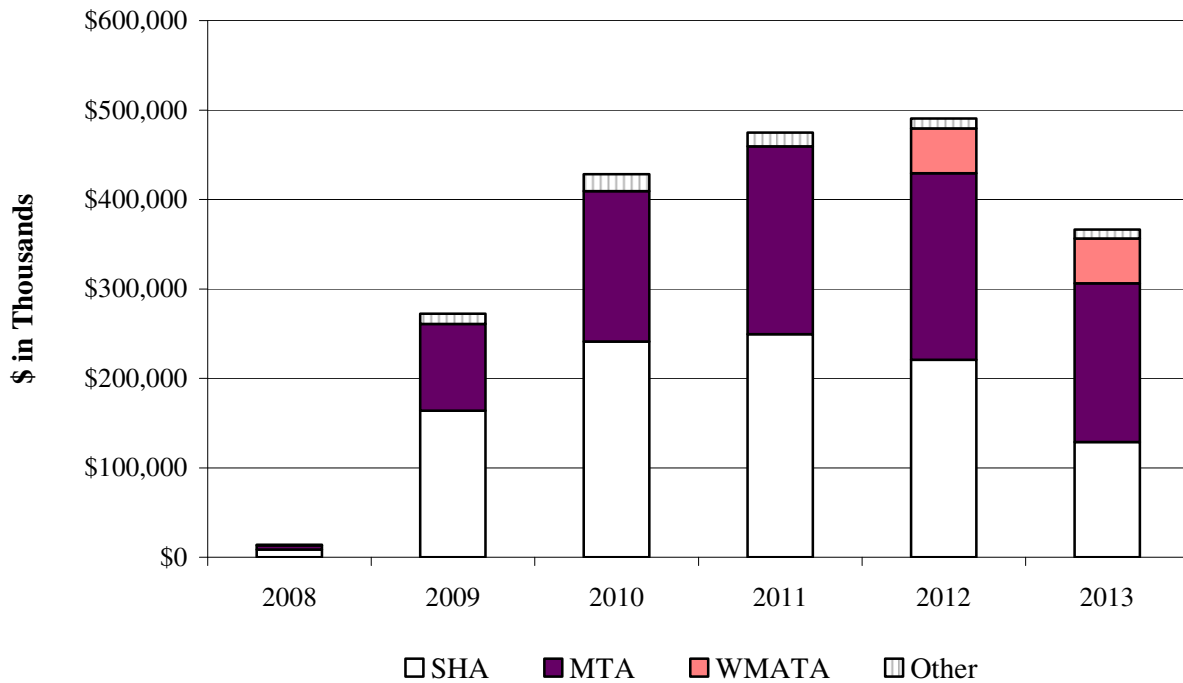
Exhibit 3
Summary of Additional \$2.1 Billion in Funding by Mode
Special Session of 2007
(\$ in Thousands)



Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Exhibit 4 provides a summary of the additional spending for each fiscal year. As the exhibit shows, MDOT’s ability to spend all the additional revenue immediately is limited. As a result, in fiscal 2009, new spending totals \$272.4 million and then increases to \$428.3 million in fiscal 2010. Large construction projects have a planning period before construction begins, and as a result, it usually takes a few years for capital spending to increase. The time lag associated with fully spending the funds provided for in the special session is reflected in the level of spending for fiscal 2009 and the growth in fiscal 2010 through 2012.

Exhibit 4
Additional \$2.1 Billion Spending by Fiscal Year
Special Session of 2007
Fiscal 2008-2013



Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

A more detailed listing of projects added as a result of the 2007 special session will be provided in each individual mode's analysis. **Exhibit 5** provides a summary table of the major projects added as a result of the revenue increase by mode. The projects listed account for 85% of the additional spending.

Exhibit 5
Summary \$2.1 Billion Additional Funding
of Major Projects Added
Special Session of 2007
(\$ in Millions)

<u>Project Summary</u>	<u>Six-year Total</u>
State Highway Administration	
System Preservation – includes projects across the State, such as environmental compliance, traffic management, pavement resurfacing, and bridge replacement and rehabilitation	\$467
Major Construction Projects – includes major construction projects across the State	387
Base Realignment and Closure-related Projects – intersection improvements around Fort Meade, Bethesda Naval Medical Center, and Aberdeen Proving Ground	136
Maryland Transit Administration	
Maryland Rail Commuter (MARC) Growth and Investment Plan – implement the first elements of the Growth and Investment Plan for MARC, which includes new railcars, new stations, construction of new storage yards, additional parking, a project management contract, and other associated improvements	214
Purple Line – additional funding for project engineering in the planning years	74
Metro System Preservation – funding for mid-life overhaul of railcars and numerous system preservation projects	75
Light Rail System Preservation – funding to support mid-life overhaul of light rail fleet and numerous system preservation projects	85
New Bus Facility Kirk Division – new bus facility, constructed partly to address neighborhood concerns regarding noise and pollution	65
Corridor Cities Transitway – additional funding for project engineering in the planning years	43
Agencywide System Preservation – includes parking lot resurfacing, roof rehabilitation, and signage upgrades	53
Environmental Compliance – to address environmental protection clean-up	40
Washington Area Metropolitan Area Transit Authority (WMATA)	
Matching Funds – provides matching State funding for proposed federal legislation that would provide federal funding for WMATA contingent on Maryland and Virginia matching funds	100
Total	\$1,739

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Operating Budget

In total, operating budget expenditures from the January 2008 financial forecast are approximately \$450 million higher over the six-year period compared to the fall 2007 forecast. MDOT indicates that this spending is associated with the additional operating costs that come with implementing and managing an expanded capital program as well as operating budget initiatives.

There is approximately \$34 million in new spending in the fiscal 2009 operating budget as a result of the additional revenue from the 2007 special session. MTA's fiscal 2009 operating budget allowance increases by approximately \$29 million and 132 positions for the following operating initiatives:

- \$13.9 million in additional funding for locally operated transit systems to provide additional and enhanced service;
- \$4.5 million and 71 new positions for the expansion of core bus service in Baltimore City;
- \$3.1 million and 10 new positions to provide additional commuter bus runs and expand Maryland Rail Commuter (MARC) service;
- \$2.3 million and 6 new positions for general operating expenditures associated with the additional spending from the revenue increase;
- \$1.6 million for annualization of the additional fiscal 2008 spring commuter bus trips;
- \$1.3 million and 9 positions to provide additional light rail trips to Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport);
- \$961,000 for 12 new MTA police officers;
- \$585,000 and 10 new positions for bus supervisors to provide a greater degree of management of bus operators and incidents;
- \$269,000 for Department of Budget and Management adjustments such as insurance rates and rent; and
- \$188,000 for the conversion of 14 long-term contractual positions to regular positions.

SHA has included approximately \$5.0 million in new spending associated with the revenue increase. This new spending includes:

J00 – MDOT – Fiscal 2009 Budget Overview

- \$1.7 million for lighting initiatives including the installation of LED signal lights and upgrades to highway lighting;
- \$1.1 million for line striping;
- \$1.0 million for brush and tree cutting to address sight distance and other safety issues;
- \$0.7 million to increase efforts to replace pavement markings and raised or recessed pavement markers; and
- \$0.5 million to address drop-off or build-up and drainage maintenance, which affects the safety of the traveling public by not allowing water to runoff and reduces long-term capital replacement expenditures.

Transportation Trust Fund Overview

The Transportation Trust Fund is a non-lapsing special fund that provides funding for transportation. It consists of tax and fee revenues, operating revenues, bond proceeds, and fund transfers. MDOT issues bonds backed by TTF revenues and invests the TTF fund balance to generate investment income. MTA, MVA, the Maryland Port Administration (MPA), and the Maryland Aviation Administration (MAA) generate operating revenues that cover a portion of their operating expenditures.

The tax and fee revenues include motor fuel taxes, rental car sales taxes, titling taxes, vehicle registration fees, a portion of the corporate income and sales taxes, and other miscellaneous motor vehicle fees. A portion of these revenues are credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). Thirty percent of the GMVRA revenues are distributed to local jurisdictions, and the remainder is retained by the TTF. The funds retained by the TTF support the capital program, debt service, and operating costs.

Fiscal 2007 Transportation Trust Fund Revenue Closeout

The TTF generated \$2.2 billion in State-sourced funds in fiscal 2007. **Exhibit 6** shows that the TTF's fiscal 2007 end of the year fund balance totaled \$190 million, which exceeded estimates by \$84 million. Lower than expected expenditures, largely from the capital program, resulted in the higher than expected closing fund balance. Capital expenditures were \$134 million less than projected due to the acceleration in the schedule of highway projects eligible for federal funding as well as changes in ongoing projects. Lower than expected expenditures were somewhat offset by lower than expected revenue attainment. Titling tax revenues came in \$11 million less than expected due to the impact of the housing market slowdown, higher gas prices, and fewer rebate offers.

Exhibit 6
Transportation Trust Fund
Estimated Revenues Compared to Actual Revenues Received
Fiscal 2007
(\$ in Millions)

	<u>Projected</u> <u>2007</u>	<u>Actual</u> <u>2007</u>	<u>Variance</u>
Starting Fund Balance	\$235	\$235	\$0
Revenues			
Titling Taxes	\$715	\$704	-\$11
Motor Fuel Taxes	765	756	-9
Corporate Income, Registrations, and Misc. MVA Fees	753	761	8
Other Receipts and Adjustments	524	537	13
Bond Proceeds and Premiums	155	103	-52
Total Revenues	\$2,912	\$2,861	-\$51
Uses of Funds			
MDOT Operating Expenditures	\$1,392	\$1,396	\$4
MDOT Capital Expenditures	886	752	-134
MDOT Debt Service	115	115	0
Highway User Revenues	556	554	-2
Other Expenditures	92	89	-3
Total Expenditures	\$3,041	\$2,906	-\$135
Ending Fund Balance	\$106	\$190	\$84

MDOT: Maryland Department of Transportation

MVA: Motor Vehicle Administration

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

Source: Maryland Department of Transportation, January 2008

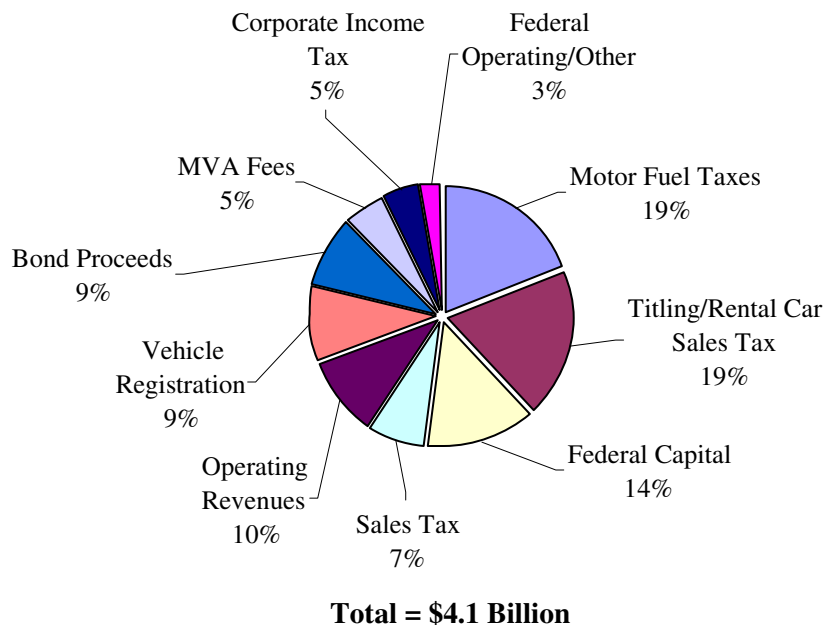
Fiscal 2008 Year-to-date Revenue Receipts

The most significant tax and fee revenues in the TTF are motor fuel taxes, titling taxes, and registration fees. In fiscal 2008, attainments from these sources are expected to total \$1.85 billion and represent almost 86% of GMVRA revenues. Collections through December 2007 are slightly below estimated levels for the titling tax while revenues for the motor fuel tax and registration fee are slightly above the estimated attainment. Titling tax revenues have been revised downward in fiscal 2008 by approximately \$40 million, based on a softening economy, higher interest rates and gas prices, other consumer spending pressures, and the financial condition of domestic automakers.

Fiscal 2008 through 2013 Revenue Projections

Exhibit 7 shows that the TTF's largest revenue sources in fiscal 2009 are the motor fuel and titling taxes and federal aid for the capital program, which represent almost \$2.1 billion, or 52%, of all fund sources. MDOT is projecting that \$370 million in bonds will be sold to supplement the transportation capital program in fiscal 2009.

Exhibit 7
Transportation Trust Fund
State-sourced Revenues and Federal Funds
Fiscal 2009



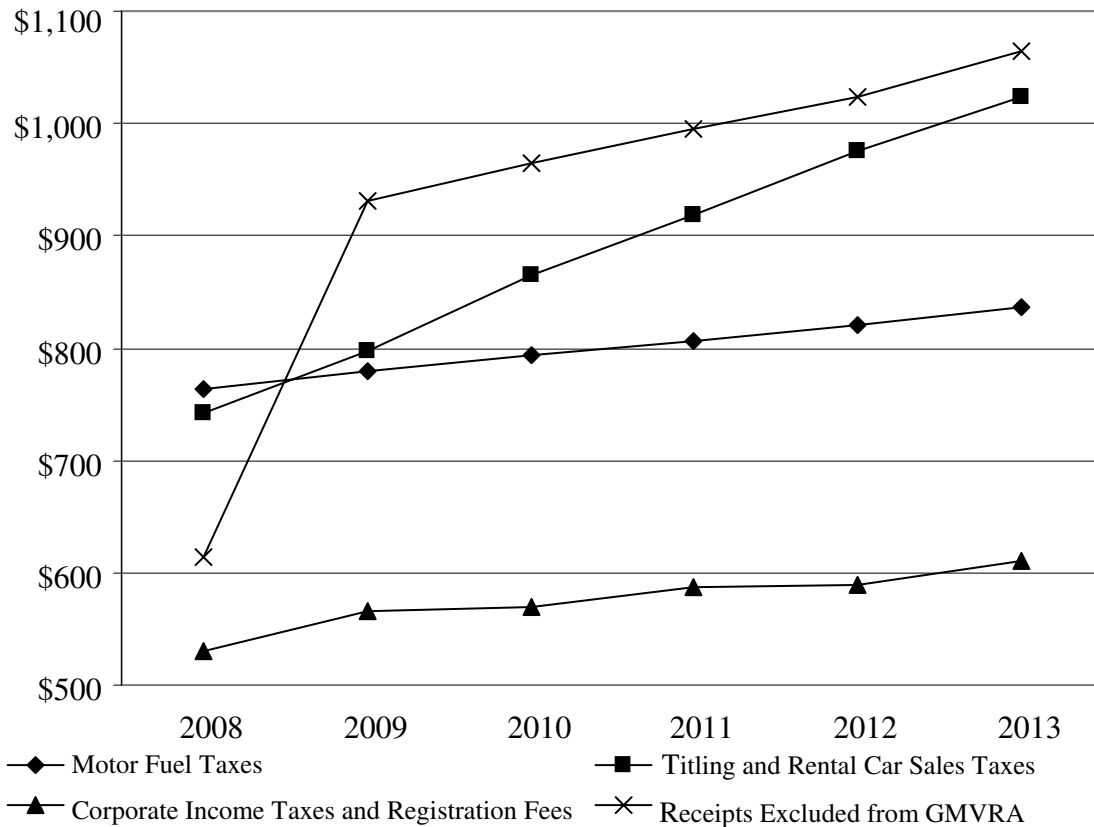
Source: Governor's Budget Books, Fiscal 2009, Volume I, pages 624-628

J00 – MDOT – Fiscal 2009 Budget Overview

Exhibit 8 shows that MDOT’s State-sourced revenues are expected to grow throughout the financial forecast period. Over the six-year period, GMVRA revenues are expected to increase from a total of \$1.835 billion in fiscal 2008 to \$2.076 billion in fiscal 2013, for an average annual growth rate of 2.5%. The spike in receipts excluded from the GMVRA is due to the transfer of 6.5% of total sales tax revenue directly to the TTF. Revenues were expected to grow throughout the forecast period under the assumption of moderate economic growth. Registration fees and motor fuel tax receipts are expected to grow at historically more modest annual rates of 1.9% and 1.8%, respectively, with titling growing at 6.7%.

A summary of the total financial forecast can be found in **Appendix 1**.

**Exhibit 8
Transportation Trust Fund
Forecasted State-sourced Revenues
Fiscal 2008-2013
(\$ in Millions)**



GMVRA: Gasoline and Motor Vehicle Revenue Account

Source: Maryland Department of Transportation, Transportation Trust Fund Forecast, January 2008

MDOT’s Forecast Includes Optimistic Assumptions

Traditionally, the department is conservative in its revenue estimates and utilizes a number of hedges within the forecast to protect against any potential revenue downturns or unforeseen expenditures. Due to the conservative nature of the forecast, the department typically has had ample revenues and cash on hand to support the capital program leading to either reduced or eliminated bond sales in a fiscal year. In recent years, however, the department has assumed rather aggressive revenue estimates and curtailed the use of certain hedges to offset write downs in revenues. With the

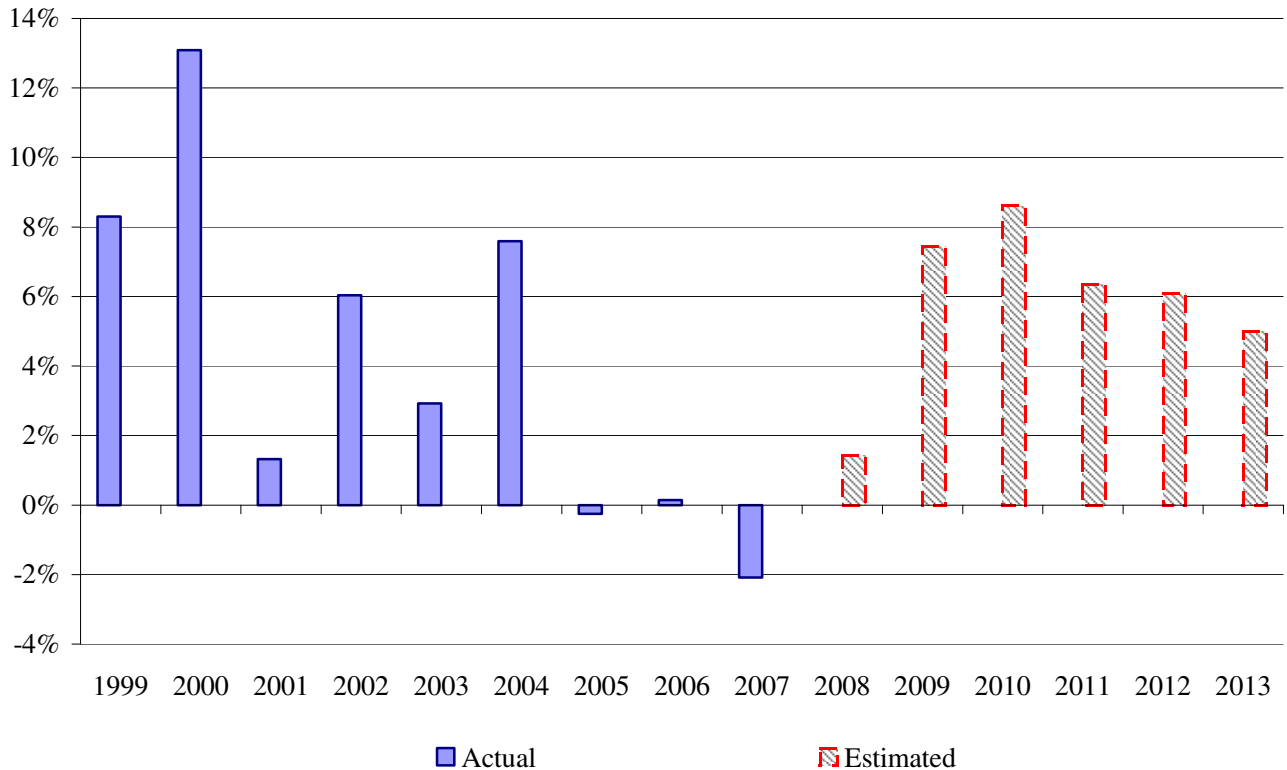
additional revenues provided for in the 2007 special session, the conservative hedges reappear; however, aggressive revenue growth estimates for the titling tax continue. In doing so, the concern is that MDOT's revenue estimates introduce a degree of downside revenue risk that is unwarranted and may result in the capital program being overcommitted. Furthermore, estimated bond issuances may be overstated absent a change in State debt affordability criteria.

Ambitious Titling Tax Revenue Growth

Historically, titling tax revenues and vehicle purchases have tracked overall economic growth. Of note is that titling tax revenues continued to grow through the recession of the early 2000s due to unprecedented dealer incentives such as 0% financing, following the September 11, 2001 terrorist attacks. Vehicle sales have been relatively flat in recent years while economic activity has been more robust. In its outlook of the Maryland economy for 2008 and the future, BRE noted the contraction of the housing market bubble, consumer inability to utilize private equity for purchases, higher gas prices, and other consumer pressures as a reason for the decline in vehicle purchases. Overall, the Maryland economy is expected to be soft through the better part of 2008, with modest economic growth thereafter for the foreseeable future. MDOT notes that its financial forecast assumes that vehicle sales will follow a normal business cycle with an underlying upward trend.

Similar to its estimates of titling tax revenues last January, MDOT has estimated ambitious revenue growth in the first two years after the current budget year, fiscal 2010 and 2011, with titling tax growth rates of 8.6% and 6.4%, respectively. For a point of comparison, the first two years after the budget year in the January 2007 forecast assumed revenue growth rates of 8.6% and 6.4%, respectively. **Exhibit 9** shows the historical growth rate of the titling tax from fiscal 1999 to 2007 and estimates for 2008 through 2013, with a high of 13% in fiscal 2000 when the economy was rapidly expanding. The average annual growth from fiscal 1999 to 2006 totals 3.5%, which compares with the 6.5% assumed from fiscal 2009 through 2013. This estimate of growth in titling tax seems high relative to economic projections of modest economic growth in the future.

Exhibit 9
Titling Tax Growth Rate
Fiscal 1999-2007 Actual, Fiscal 2008-2013 Estimated



Source: Maryland Department of Transportation

MDOT indicates that the estimate is based upon what the trend in revenue receipt growth has been, and what can be expected based upon that trend. The estimates of revenue growth provide for revenues to return to the trend.

Estimated Debt Issuances Exceed Current State Debt Affordability Criteria

In its financial forecast, MDOT estimates that bonds will be issued roughly up to its new statutory \$2.6 billion debt outstanding limit. The current Capital Debt Affordability Committee recommendation for debt was based on MDOT's previous debt outstanding limit of \$2.0 billion. The Department of Legislative Services (DLS) did an analysis of the impact of MDOT's increased debt outstanding limit on State debt affordability measures. The analysis found that State debt outstanding relative to 3.2% of personal income will be exceeded in fiscal 2011. Absent a change in the current debt affordability measures, the current capital program as shown in the fiscal 2008 through 2013 CTP will be overcommitted.

DLS recommends that MDOT discuss the following:

- **the assumption used for its titling tax revenue estimates and why a more conservative approach was not assumed to reduce the downside risk of the economy entering a recession; and**
- **the effect of State debt affordability measures on MDOT’s capital program.**

Fund Transfers Between the TTF and Other Funds

Exhibit 10 shows the fund transfers between the TTF, MdTA, and the general fund. Fiscal 2007 concluded the MdTA fund transfers for the transit initiative. Over the forecast period, the TTF will transfer \$120 million to MdTA for the InterCounty Connector (ICC). This is required by Chapters 471 and 472 of 2005, which established a finance plan for the ICC. Beginning in fiscal 2007, MdTA will transfer \$40 million to SHA to construct an interchange at I-95 and MD 24, which MdTA may not legally do since MD 24 is under the jurisdiction of SHA.

Exhibit 10
TTF Fund Transfers
Fiscal 2007-2010
(\$ in Millions)

<u>Transfer</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
From MdTA for Transit Initiative	\$43	\$0	\$0	\$0
From MdTA for I-95/MD 24 Project	0	13	20	7
To MdTA for InterCounty Connector	-30	-30	-30	-30
Total	\$13	\$-17	-\$10	-\$23

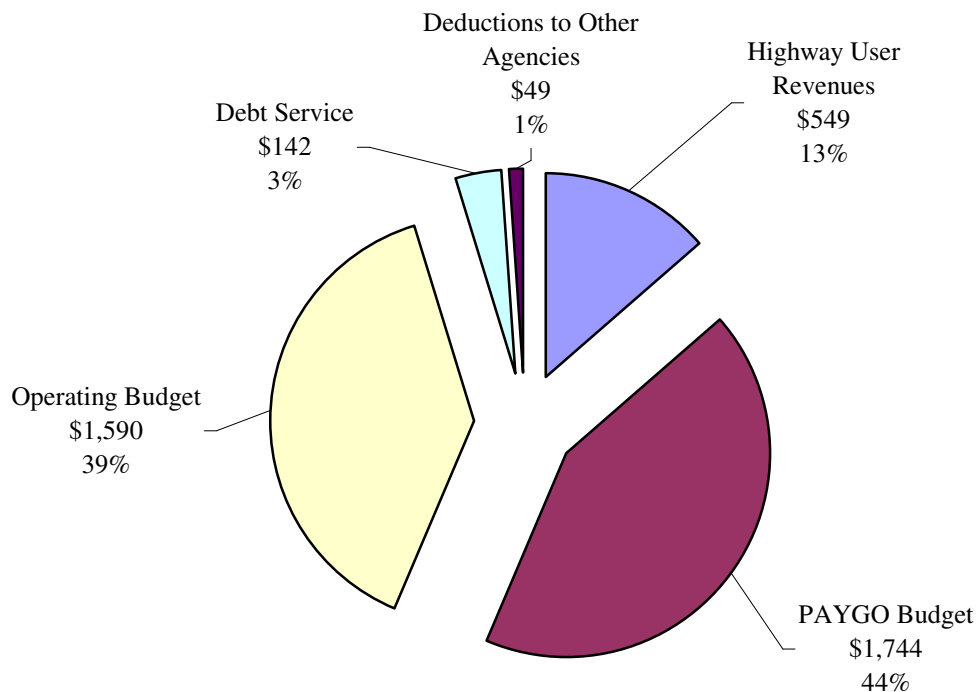
MdTA: Maryland Transportation Authority
TTF: Transportation Trust Fund

Source: Maryland Department of Transportation, January 2008

Budget Overview

Exhibit 11 illustrates fiscal 2009 spending for MDOT. The pay-as-you-go (PAYGO) capital program, at \$1.7 billion, represents nearly one-half of the MDOT budget. Over one-third of the budget is allocated for the operations of the various modal administrations. Highway user revenues, representing a portion of tax and fee revenue that is divided amongst local jurisdictions, comprise 13% of the budget. The remainder of revenue is allocated for debt service on Consolidated Transportation Bonds (CTB).

Exhibit 11
Fiscal 2009 Transportation Trust Fund Uses
Total Spending: \$4.1 Billion
(\$ in Millions)



Source: Maryland Department of Transportation

Governor’s Proposed Budget

Exhibit 12 categorizes the fiscal 2009 Governor’s budget by operating and PAYGO capital budgets for each modal administration, debt service, and local highway user grants. The fiscal 2009 allowance increases \$327.5 million (8.8%) over the fiscal 2008 working appropriation. The increase in the budget can be attributed to the additional special fund revenues provided for in the 2007 special session that fully takes effect in fiscal 2009. Special funds increase a total of \$417.7 million (14.2%) over the fiscal 2008 working appropriation. Special funds for the operating budget increase \$131.6 million (9.7%), and special funds for the capital program increase \$290.5 million (32.5%). Federal funds decrease a total of \$90.3 million (11.6%). Almost all of the federal fund decrease is in the capital budget and is caused by cash flow changes.

**Exhibit 12
Transportation Budget Overview
Fiscal 2007-2009**

	<u>2007 Actual</u>	<u>2008 Working</u>	<u>2009 Allowance</u>	<u>2008-09 Change</u>	<u>2008-09 % Change</u>
Operating Programs					
Secretary's Office	\$66,438,873	\$75,453,370	\$76,485,215	\$1,031,845	1.4%
WMATA	170,960,970	193,029,374	218,300,000	25,270,626	13.1%
State Highway Administration	235,358,787	212,178,716	223,688,155	11,509,439	5.4%
Port Administration	98,716,408	110,053,984	112,627,689	2,573,705	2.3%
Motor Vehicle Administration	140,436,589	147,489,842	157,665,110	10,175,268	6.9%
Transit Administration	505,916,399	512,868,921	591,855,931	78,987,010	15.4%
Aviation Administration	178,157,089	183,541,224	187,437,543	3,896,319	2.1%
Subtotal	\$1,395,985,115	\$1,434,615,431	\$1,568,059,643	\$133,444,212	9.3%
Debt Service	\$114,608,917	\$128,318,800	\$141,933,925	\$13,615,125	10.6%
Local Highway User Grants	\$554,060,785	\$566,782,241	\$548,674,120	-\$18,108,121	-3.2%
Capital					
Secretary's Office	\$35,930,807	\$39,175,872	\$24,663,851	-\$14,512,021	-37.0%
WMATA	65,196,979	84,661,000	80,741,000	-\$3,920,000	-4.6%
State Highway Administration	1,046,705,186	1,073,427,270	1,103,437,000	\$30,009,730	2.8%
Port Administration	75,240,149	131,211,000	128,635,000	-\$2,576,000	-2.0%
Motor Vehicle Administration	20,236,175	30,837,031	40,654,681	\$9,817,650	31.8%
Transit Administration	151,710,601	167,826,001	350,832,751	\$183,006,750	109.0%
Aviation Administration	67,848,567	65,752,000	62,425,000	-\$3,327,000	-5.1%
Subtotal	\$1,462,868,464	\$1,592,890,174	\$1,791,389,283	\$198,499,109	12.5%
Total of All Funds					
Special Fund	\$2,744,533,892	\$2,946,918,720	\$3,364,602,323	\$417,683,603	14.2%
Federal Fund	782,759,731	775,687,926	685,416,483	-90,271,443	-11.6%
Reimbursable Fund	229,658	0	38,165	38,165	N/A
Grand Total	\$3,527,523,281	\$3,722,606,646	\$4,050,056,971	\$327,450,325	8.8%

WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland State Budget

Operating Budget Analysis

MDOT's operating allowance includes operating expenditures for each of the modes, debt service, and local highway user revenues (HUR). The fiscal 2009 operating allowance totals \$2.3 billion, a 6.1% increase over the fiscal 2008 working appropriation. Over two-thirds of the operating allowance is used for the operating budgets of each of the modes.

Fiscal 2008 Actions

Proposed Deficiencies

MTA has six proposed special fund deficiencies for fiscal 2008 totaling a net of \$22.3 million. The deficiencies are for the following:

- \$8.2 million net increase for the Mobility paratransit program due to increased ridership and the relocation of its reservation operations;
- \$6.0 million for union contract increases negotiated each fall;
- \$3.9 million to provide funds for the commuter bus program due to increased demand and higher fuel prices;
- \$2.6 million net increase to provide funds for the CSX MARC contract, which includes three additional evening trips on the Penn Line and increased maintenance of MARC passenger cars;
- \$1.1 million net increase to provide funds for core bus service in Baltimore due to additional security maintenance and increasing fuel costs; and
- \$0.4 million net increase to support increased contract obligations and other miscellaneous operating costs.

Cost Containment

MDOT has taken a number of actions to curtail spending in fiscal 2008 and 2009. In total, these cost containment actions reduce MDOT's budget by \$17.9 million in fiscal 2008. By continuing many of these actions into fiscal 2009, MDOT's cost containment actions in fiscal 2009 total \$15.8 million. **Exhibit 13** provides a breakdown by mode of the total cost containment actions in fiscal 2008 and 2009. Categorizations of cost containment include contractual services, utilities, general operations, and vehicle and equipment purchases.

Exhibit 13
Cost Containment Actions
Fiscal 2008 and 2009

	<u>2008</u>	<u>2009</u>
Secretary’s Office	\$0	\$287,249
State Highway Administration	6,206,625	5,000,000
Port Administration	1,020,000	1,020,000
Motor Vehicle Administration	3,406,706	2,207,836
Transit Administration	1,719,753	1,719,753
Aviation Administration	5,584,380	5,584,380
Total	\$17,937,464	\$15,819,218

Source: Maryland Department of Transportation

Operating Programs

The fiscal 2009 operating program increases by \$133.4 million (9.3%) over the fiscal 2008 working appropriation. Over half of the increase is associated with MTA, which increases by \$79.0 million (15.4%). Other large percentage changes are observed for the Washington Metropolitan Area Transit Authority (WMATA) operating subsidy which increases \$25.3 million (13.1%) and MVA, which climbs \$10.2 million (6.9%).

The increase for MTA is attributed to three large categories of spending:

- \$29 million in spending associated with the revenue increase which largely provides for service enhancements and personnel to each of the transit services;
- \$28 million to support the current services provided by MTA with major increases for MARC contract increases, Mobility paratransit services, and union personnel expenditures; and
- \$22 million in fiscal 2008 deficiencies that were built into the fiscal 2009 allowance for Mobility paratransit, union personnel costs, and increases in contracted transit services due to increases in usage.

The operating subsidy for WMATA increased due to operating expenditures, such as personnel and fuel expenses, rising faster than the growth of operating revenues. The increase at MVA is primarily the result of increases in personnel expenditures and information technology initiatives.

Personnel

As **Exhibit 14** shows, the fiscal 2009 allowance contains 9,203.5 regular positions, a net increase of 113 positions (1.2%) over the fiscal 2008 working appropriation. Contractual full-time equivalents (FTE) decrease in the fiscal 2009 allowance by 15.0 (-8.9%), for a total of 167.9 FTEs.

Exhibit 14
MDOT Regular and Contractual Full-time Equivalents
Fiscal 2007-2009

	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Working</u>	<u>2009</u> <u>Allowance</u>	<u>2008-09</u> <u>Change</u>	<u>2008-09</u> <u>% Change</u>
Regular Positions					
Secretary's Office	330.0	331.0	337.0	6.0	1.8%
State Highway Administration	3,230.5	3,236.5	3,229.5	-7.0	-0.2%
Maryland Port Administration	293.0	294.0	291.0	-3.0	-1.0%
Motor Vehicle Administration	1,613.5	1,622.5	1,611.5	-11.0	-0.7%
Maryland Transit Administration	3,009.5	3,062.5	3,199.5	137.0	4.5%
Maryland Aviation Administration	544.0	544.0	535.0	-9.0	-1.7%
Grand Total	9,020.5	9,090.5	9,203.5	113.0	1.2%
Contractual FTEs					
Secretary's Office	3.7	6.0	6.0	0.0	0.0%
State Highway Administration	12.8	22.0	22.0	0.0	0.0%
Maryland Port Administration	1.0	1.5	1.5	0.0	0.0%
Motor Vehicle Administration	96.8	118.4	118.4	0.0	0.0%
Maryland Transit Administration	33.0	33.0	19.0	-14.0	-42.4%
Maryland Aviation Administration	2.0	2.0	1.0	-1.0	-50.0%
Grand Total	149.3	182.9	167.9	-15.0	-8.2%

Source: Maryland State Budget

As shown in **Exhibit 15**, the net increase in regular positions was the result of several position abolitions that were offset by new positions. MDOT abolished a total of 96.5 positions as a result of the legislative mandate from the 2007 special session for the Governor to abolish 500 positions statewide. The positions abolished at MDOT were all vacant positions or positions where the current employee was scheduled for retirement at the end of the year. The modes with the largest amount of position abolitions were SHA, with 40.0 abolitions; MTA, with 24.0 abolitions and one position transfer and; MVA, with 18.0 abolitions.

**Exhibit 15
Position Changes
Fiscal 2008-2009**

	<u>2008 Working</u>	<u>Abolished Positions</u>	<u>New Positions</u>	<u>2009 Allowance</u>
Secretary's Office	331.0	-2.0	8.0*	337.0
State Highway Administration	3,236.5	-40.0	33.0	3,229.5
Port Administration	294.0	-4.0	1.0	291.0
Motor Vehicle Administration	1,622.5	-18.0	7.0	1,611.5
Transit Administration	3,062.5	-25.0*	162.0	3,199.5
Aviation Administration	544.0	-9.0	0.0	535.0
Grand Total	9,090.5	-98.0	211.0	9,203.5

*One position was transferred from the Transit Administration to the Secretary's Office

Source: Maryland Department of Transportation

These position abolitions were offset by a total of 210 new positions departmentwide. The new positions include 177 operating positions and 33 capital positions. The overwhelming majority of these new positions are at MTA (162), followed by a much smaller share at SHA (33). Some of the new positions at MTA include:

- 96 positions for the expansion of services for core bus, light rail, MARC, commuter bus, and facilities maintenance;
- 30 positions for capital project management to assist in programming and overseeing the expanded capital program;
- 22 positions for safety and security, including 12 police officers and 10 bus supervisors; and
- 14 contractual conversions for individuals who had been long-term contractual FTEs.

For SHA, 30 of the new positions are facility maintenance positions that are considered budget neutral, since a corresponding reduction has been made in maintenance contracts. There are also 2 new information technology positions that replace contractual expenditures and 1 new position for oversight of the Woodrow Wilson Bridge maintenance contract.

J00 – MDOT – Fiscal 2009 Budget Overview

In addition, MVA added seven new positions for information technology technical support and management. TSO also added seven new positions, three for environmental compliance activities and four for Minority Business Enterprise outreach and certification.

Debt Service

The budgeted fiscal 2009 debt service payment is \$141.9 million, an increase of \$13.6 million over the fiscal 2008 working appropriation. The increase in debt service is largely due to the planned issuance of \$285.0 million in debt in fiscal 2008 and an initial \$200.0 million issuance in the fall of fiscal 2009.

At the end of fiscal 2009, total CTB debt outstanding is expected to total \$1.62 billion, which remains below the statutory cap of \$2.6 billion. Additional discussion of debt service trends and issues can be found in the MDOT Debt Service Requirements analysis, budget code J00A04.

Local Highway User Revenues

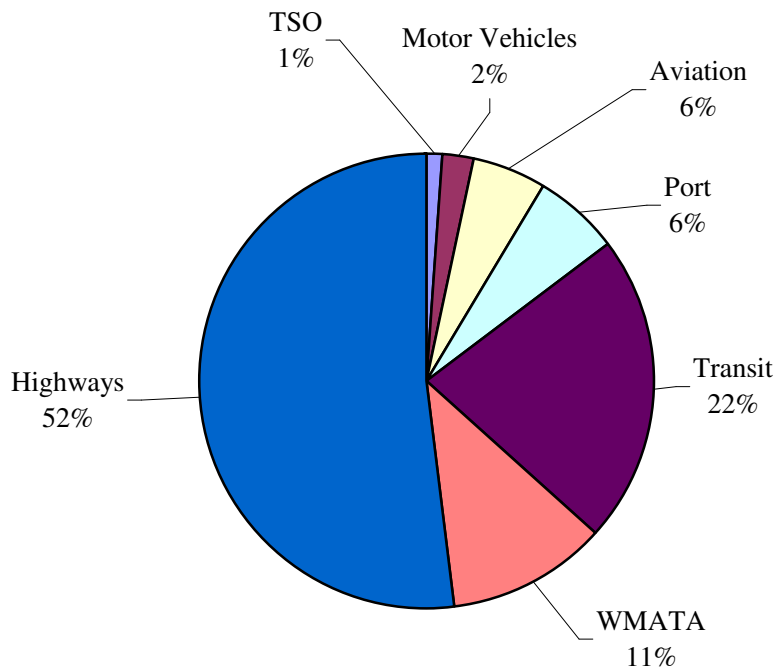
HUR are derived from a portion of tax and fee revenues that are deposited in GMVRA and subsequently distributed among the TTF, Baltimore City, counties, and municipalities. Local distributions are based on vehicle registrations and road mileage. The fiscal 2009 allowance for HUR shows a decrease of \$18.1 million from the fiscal 2008 working appropriation. This decrease is largely attributed to the effect of the trade-in allowance created in the 2007 special session, which was estimated at \$16.0 million. The underlying growth of titling tax revenues has been revised downward for fiscal 2008 and 2009 which also contributes to the decrease in the local share.

PAYGO Capital Budget Analysis

The CTP is issued annually to the General Assembly, local elected officials, and interested citizens. The CTP provides a description of projects proposed by MDOT for development and evaluation or construction over the next six-year period. For the period fiscal 2008 to 2013, the CTP totals approximately \$10.6 billion for projects supported by State, federal, and “other” funds. Other funds include MdTA financing, Certificates of Participation, and debt backed by Passenger Facility Charges (PFC), and Customer Facility Charges (CFC). To date, other funding has primarily been used by MAA for its capital expansion program at BWI Marshall Airport. This type of funding has also been utilized for projects by MPA and MTA.

Exhibit 16 shows the funding level for each mode over the six-year period. Funding for SHA accounts for the largest portion of funding for the capital program at 52%; while transit funding, including MTA and WMATA, accounts for 33% of funding compared to 29% in the fiscal 2007 to 2012 CTP.

Exhibit 16
MDOT Proposed Capital Funding by Mode
2008-2013 Consolidated Transportation Program
Total Program – \$10.6 Billion



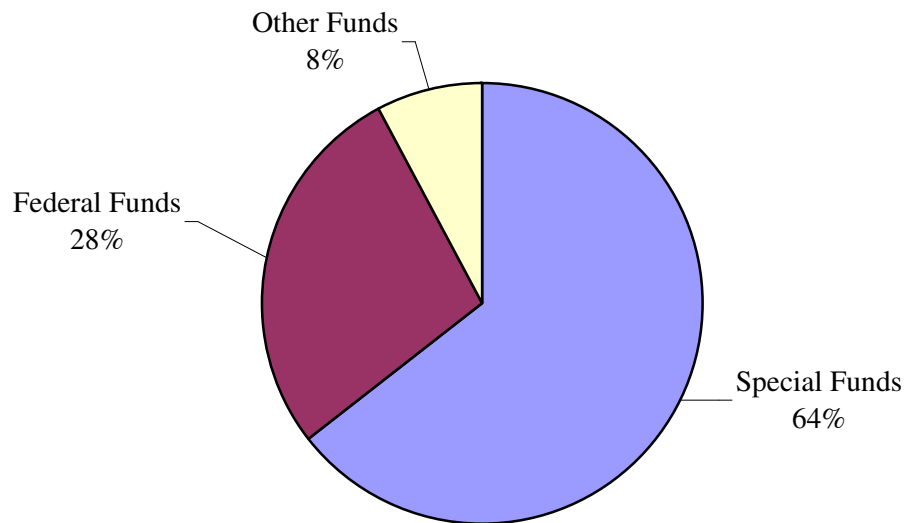
TSO: The Secretary’s Office

WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland Department of Transportation, January 2008 *Consolidated Transportation Program*

Exhibit 17 shows that special funds support 64% of the six-year capital program compared to 54% in the 2007 to 2012 CTP. The reason for the increase in special fund support is due to the revenue increase.

Exhibit 17
MDOT Proposed Capital Funding by Source
2008-2013 Consolidated Transportation Program
Total Program – \$10.6 Billion

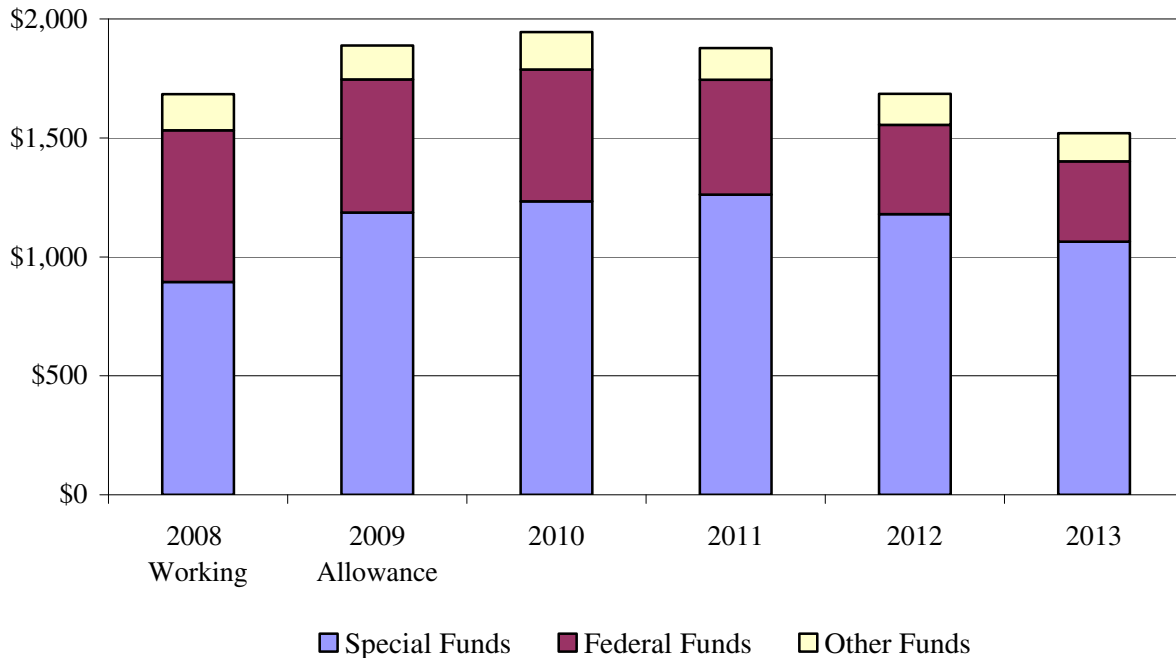


Source: Maryland Department of Transportation, January 2008 *Consolidated Transportation Program*

Exhibit 18 shows the level of special, federal, and other funds for each year. Special fund capital spending in fiscal 2009 increases approximately \$335 million compared to the fiscal 2008 working appropriation. Approximately \$272 million of this change is accounted for with new spending associated with the revenue increase with the remaining balance; \$63 million coming from cash flow carry over from fiscal 2007.

Capital spending is expected to grow through fiscal 2010 and then begin to moderate. Capital projects typically have a planning period before construction begins, meaning that it usually takes several years to ramp up the capital program. MDOT has indicated that the first \$250 million of the revenue increase will be used for system preservation, which often does not require as much planning. As a result, MDOT has programmed its capital program assuming it will be able to spend almost all of the additional revenue beginning in fiscal 2010; however, that may be an ambitious effort from a programming and management standpoint.

Exhibit 18
MDOT Proposed Capital Funding by Year
2008-2013 Consolidated Transportation Program
Total Program – \$10.6 Billion
(\$ in Millions)

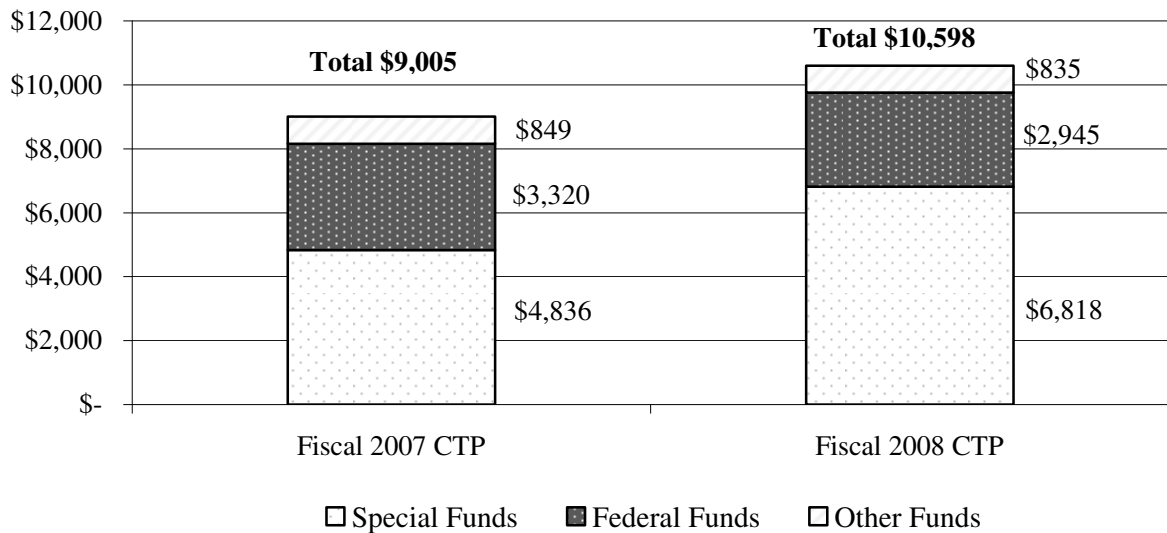


Source: Maryland Department of Transportation, January 2008 *Consolidated Transportation Program*

The 2008 to 2013 CTP increases by \$1.6 billion, or 18%, compared to the 2007 to 2012 CTP. **Exhibit 19** compares the funding of the 2007 to 2012 CTP to that of the 2008 to 2013 CTP by type of funding source. In comparing the two programs, special funds increase approximately \$2.0 billion due to the revenue increase. Federal funds decrease \$375 million due to the completion of the Woodrow Wilson Bridge and related projects in fiscal 2010. In addition, future year federal funds have been estimated at lower levels due to potential reductions in federal funding in later years.

Of note is that the 2008 to 2013 CTP includes a conservative assumption regarding future federal aid attainment due to potential funding shortfalls in the federal Highway Trust Fund and the upcoming reauthorization. Should federal aid come in at levels higher than currently estimated, this will provide additional funding for the capital program and may assist in offsetting any softening in titling tax revenues or reduce MDOT’s need to issue debt.

Exhibit 19
Comparison of 2007-2012 CTP and 2008-2013 CTP
 (\$ in Millions)



CTP: Consolidated Transportation Program

Source: Maryland Department of Transportation, January 2007 and 2008 Consolidated Transportation Programs

Fiscal 2007 and 2008 Cash Flow Changes

Fiscal 2007 ended with special fund expenditures for the capital program being \$134 million less than the working appropriation. These funds were not spent, primarily due to the reprogramming of cash flow and schedule adjustments on a number of projects. The cash flow carry over from fiscal 2007 is needed for capital expenditures in the future and has been redistributed in the capital program in fiscal 2008 and future years. The modes that experienced the largest changes are:

- MPA decreased \$53 million in special funds due to cash flow changes primarily in the dredging program (Seagirt Marine Terminal and Masonville Dredge Placement Facility) and minor project expenditures being pushed out to later years;
- MTA decreased \$34 million in special funds. This decrease is due to cash flow changes in the system preservation program and in projects like the Light Rail Double Track (which is now in closeout) and the New Bus Replacement Contract; and
- SHA decreased \$33 million in special funds due to cash flow changes.

J00 – MDOT – Fiscal 2009 Budget Overview

The fiscal 2008 working appropriation decreases approximately \$160 million from the legislative appropriation. Special funds decrease \$67 million, and federal funds decrease \$93 million. Almost all of the changes, from the legislative to working appropriation may be attributed to MTA, where the change from the fiscal 2008 legislative to working appropriation was a decline of \$140 million. This decline in funding does not represent savings, rather this decline represents a more accurate reflection of actual expenditures for a project in a given year and expenditures in later years have increased as a result.

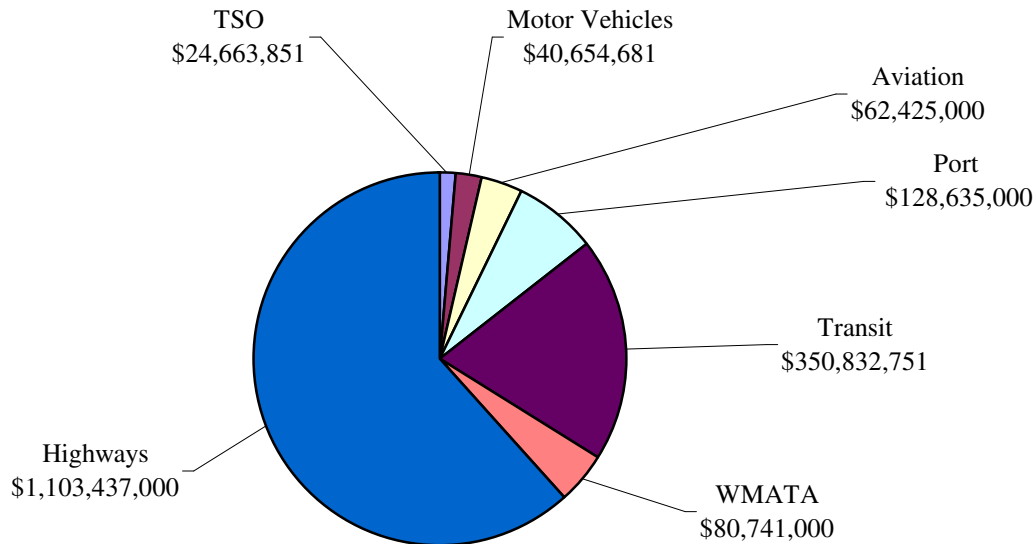
Specific projects include the Silver Spring Transit Center which decreased \$41 million, \$23 million for the Red Line, and bus procurement decreased \$18 million due to cash flow changes. The SHA working appropriation also decreased \$33 million and this can also be attributed to cash flow changes in a number of projects.

Fiscal 2009 Allowance

Excluding other funding, the fiscal 2009 allowance totals nearly \$1.8 billion, an increase of \$198 million (12.5%) when compared to the fiscal 2008 working appropriation with \$1.2 billion in special funds and \$605 million in federal funds. The increase in the allowance is largely due to additional projects associated with the additional revenue provided for in the 2007 special session which totals \$280 million in fiscal 2009 and cash flow rollout from fiscal 2007 and adjustments in the cash flow of other projects.

The increase in special funds is offset by a decrease in federal funds totaling \$92 million. The SHA decreases approximately \$136 million. This decline is largely due to special federal funds for the Woodrow Wilson Bridge which is nearing completion, increased Grant Anticipation Revenue Vehicle (GARVEE) debt service payments in fiscal 2009, and conservative federal aid assumptions. Due to cash flow changes in its projects, however, the MTA's federal funds actually increase by \$57 million in fiscal 2009. **Exhibit 20** displays the level of funding for each mode in the fiscal 2009 allowance.

Exhibit 20
MDOT's PAYGO Capital Budget Fiscal 2009 Allowance*
\$1.8 Billion



* Excludes other funding

MDOT: Maryland Department of Transportation
PAYGO: Pay-as-you-go
WMATA: Washington Metropolitan Transit Authority

Source: State Budget Book

The largest increase in fiscal 2009 is for MTA, which rises \$183 million (109%). The increase associated with new projects is expected to total \$97 million, with \$86 million due to cash flow carry over from fiscal 2007 and 2008, and cash flow changes in projects. The largest project increases are for the following projects:

- \$26 million for ongoing bus procurement;
- \$25 million for the MARC Growth and Investment Plan;
- \$21 million for locally operated transit systems capital procurement (buses and facilities); and
- \$8 million for the Montgomery County local bus program.

SHA's fiscal 2009 allowance increases \$30 million (2.8%). Of note is that \$164 million in projects were added to the allowance due to the revenue increase; however, this increase was offset by a decrease in federal funds totaling \$192 million. Also affecting the allowance are cash flow changes from fiscal 2007 and 2008 that result in project expenditures increasing in fiscal 2009 and beyond.

J00 – MDOT – Fiscal 2009 Budget Overview

TSO decreases \$15 million (37%) due to a number of system preservation projects ending in fiscal 2008.

MVA increases \$10 million (32%) largely due to cash flow changes for system preservation projects and project additions.

Other Funds

The fiscal 2008 to 2013 CTP also includes \$142 million in “other” funding as shown in **Exhibit 21**. The other funding is comprised of pass-through federal money for WMATA, debt backed with local county participation, and debt backed by PFCs and CFCs.

Exhibit 21
MDOT Fiscal 2009 Other Funds
(\$ in Thousands)

<u>Project</u>	<u>Other Source</u>	<u>2009</u>
Maryland Transit Administration (MTA)		
City of Rockville Transit Improvements	Local	\$93
Elderly Handicapped Nonprofit Services	Local	872
Takoma/Langley Park Transit Center	Local/Federal	4,129
MARC Silver Spring Transit Center	Local	1,990
Greyhound Station Improvements	Local	550
Central Maryland Transit Facility	Local	217
Total MTA		\$7,851
WMATA		
Metro Matters	WMATA Federal	92,499
Total WMATA		\$92,499
Maryland Aviation Administration (MAA)		
External information technology Infrastructure Upgrades	PFCs	953
Hagerstown Airport	Direct Federal	6,000
Concourses D and E Baggage System and Claim	PFCs	16,012
Runway Safety Area Improvements	PFCs	1,171
Airside Taxiway Paving Rehab	PFCs	2,866
Minor Projects (10 Projects)	PFCs/CFCs	14,631
Total MAA		\$41,633
Grand Total		\$141,983

CFCs: Customer Facility Charges

MDOT: Maryland Department of Transportation

PFCs: Passenger Facility Charges

WMATA: Transportation Washington Metropolitan Area Transit Authority

Source: Maryland Department of Transportation

Issues

1. Minneapolis Bridge Collapse Focuses Attention on Maryland Bridges

On August 1, 2007, the Interstate 35W bridge in Minneapolis collapsed, killing 13 people and injuring 145. In the days following the collapse, investigators from the National Transportation Safety Board (NTSB) announced that it had discovered a potential design flaw in the bridge that could have caused the collapse. Investigators suspected that the design flaw was related to the gusset plates, which are steel parts that connect the steel girders of the bridge.

After months of investigation, NTSB announced in January 2008, the findings of its initial investigation that the gusset plates were in fact the problem. The gusset plates, which are typically one of the strongest parts of the bridge, were only one-half inch thick though they should have been an inch thick. This design flaw, coupled with the tons of steel and concrete that had been added to the bridge over its 40-year life and the approximately 300 tons of construction materials and equipment that were on the bridge at the time of the collapse, likely led to the buckling and subsequent collapse of the bridge. NTSB investigators continue to attempt to pinpoint other factors that may be involved and find out exactly why the bridge collapsed when it did. The Federal Highway Administration (FHWA) has alerted all state transportation departments to the design flaw and asked them to verify the stress levels of gusset plates prior to any bridge modifications.

Following the bridge collapse, DLS collected information from SHA and MdTA regarding the bridge inspection process in Maryland, funding for bridge inspection and repair, and the safety of State-owned bridges. The following is a summary of that information.

Maryland Bridge Inspection Process

The bridge inspection process is regulated by FHWA and guided by National Bridge Inspection Standards (NBIS). NBIS regulations apply to all publicly owned highway bridges longer than 20 feet located on public roads. Tunnels and railroad and pedestrian structures that do not carry vehicles are not covered by NBIS regulations. **Exhibit 22** provides information on federal requirements for inspections, as well as standards used by SHA and MdTA.

Exhibit 22
Bridge Inspection Standards

	<u>Inspection</u>	<u>Underwater Inspection</u>	<u>Who Conducts Inspections?</u>
Federal Requirements	At least every two years.	At least every five years.	Consultants or in-house inspectors are acceptable. Statewide program managers are required and must complete the Federal Highway Administration bridge inspection training.
State Highway Administration (SHA)	Every two years; certain bridges are designated for annual inspection.	Every four years.	Primarily SHA inspectors, supplemented by consultants.
Maryland Transportation Authority	Annually (per trust agreement).	Every five years.	Independent consultants.

Source: Federal Highway Administration web site, State Highway Administration, Maryland Transportation Authority

FHWA Classifications

Bridges are inspected in three main areas: the deck (riding surface); superstructure (main portion of the bridge, which includes beams and girders); and substructure (supports to hold up the bridge). Inspectors use a rating scale from zero (closed to traffic) to nine (relatively new). If any portion of a bridge is rated at four or below, it is deemed structurally deficient. A structurally deficient rating does not mean a bridge is near collapse; rather, it is an early warning sign that the bridge is in need of repair or replacement. If a bridge were deemed unsafe, it would be closed to all traffic.

Bridges may also be classified as functionally obsolete, which means that a bridge's design no longer meets the criteria for the area transportation system. Reasons for this categorization include not being wide enough to carry the same amount of traffic as adjoining roads, being prone to flooding, or having height restrictions. Being classified as functionally obsolete is not related to the safety of the bridge.

Inventory of Bridges in Maryland

There are a total of 5,114 bridges in the State. Although the State is ultimately responsible for bridge inspections of all publicly owned bridges, it allows the counties or municipalities that owns bridges to perform inspections on them. Based on that, SHA is responsible for 2,584 bridges and MdTA is responsible for 253 bridges.

Since much of the transportation infrastructure was built 50 years ago in conjunction with construction of the Eisenhower Interstate Highway System, many of these bridges are approaching 50 years old. Furthermore, two of MdTA's bridges, the Governor Harry W. Nice Memorial Bridge in Southern Maryland and the Thomas J. Hatem Memorial Bridge in northeastern Maryland, are approaching 70 years old.

Exhibit 23 provides information on the number of State-maintained bridges that are classified as structurally deficient or functionally obsolete.

Exhibit 23
Inventory of State-maintained Bridges

	<u>Number of Bridges</u>	<u>Structurally Deficient</u>	<u>Percent</u>	<u>Functionally Obsolete</u>	<u>Percent</u>
SHA-maintained	2,584	130	5.0%	411	15.9%
MdTA-maintained	253	2	0.8%	67	26.5%
Total State-maintained	2,837	132	4.7%	478	16.8%

MdTA: Maryland Transportation Authority

SHA: State Highway Administration

Source: Annual submission to the Federal Highway Administration made by the State Highway Administration and the Maryland Transportation Authority in April 2007

Structurally Deficient Bridges

In its April 2007 report to FHWA, MdTA and SHA noted 132 structurally deficient State-maintained bridges, or 4.7% of all State-maintained bridges. Two of these bridges are maintained by MdTA, and the remaining 130 are maintained by SHA. Of the 132 State-maintained bridges classified as structurally deficient in the April 2007 report to FHWA, 19 bridges have already had their structural deficiency addressed.

Functionally Obsolete Bridges

There are 478 functionally obsolete State-maintained bridges, or 16.8% of all State-maintained bridges. Sixty-seven of these bridges are maintained by MdTA, and the remaining 411 are maintained by SHA. Bridges that are both structurally deficient and functionally obsolete are included in the structurally deficient category, meaning that there may be additional functionally obsolete bridges which are not included in this count.

Several of MdTA’s toll facilities are functionally obsolete. These include the William Preston Lane, Jr., Memorial Bridge (Bay Bridge) crossing the Chesapeake Bay; the Governor Harry W. Nice Memorial Bridge in Southern Maryland; and the Thomas J. Hatem Memorial Bridge, which carries US 40 across the Susquehanna River. The primary reasons that these bridges are categorized as functionally obsolete are insufficient capacity to handle average daily traffic and a lack of shoulders.

Bridge Maintenance Expenditures

Exhibit 24 shows funding for bridges over the past five fiscal years. These funding totals include routine maintenance work and bridge inspections.

Exhibit 24
Historical Spending on Bridge Maintenance
(\$ in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>5-year Total</u>
SHA	\$68,617	\$68,838	\$91,564	\$102,684	\$100,424	\$432,127
MdTA	47,144	36,836	34,028	30,042	61,184	\$209,234

SHA: State Highway Administration

MdTA: Maryland Transportation Authority

Source: State Highway Administration, Maryland Transportation Authority

In addition, SHA has added a significant amount of money to its bridge replacement and rehabilitation program following the revenue increase generated in the 2007 special session. The 2008 to 2013 CTP shows additional spending of \$120 million over the six-year period for this purpose.

DLS recommends that the Secretary discuss the additional inspections that have taken place as a result of the Minneapolis bridge collapse. Additionally, the Secretary should address what verification of gusset plate strength is taking place as a result of the FHWA’s identification of the design flaw, and how the additional \$120 million in SHA for bridge replacement and rehabilitation will be used.

2. Funding of the InterCounty Connector

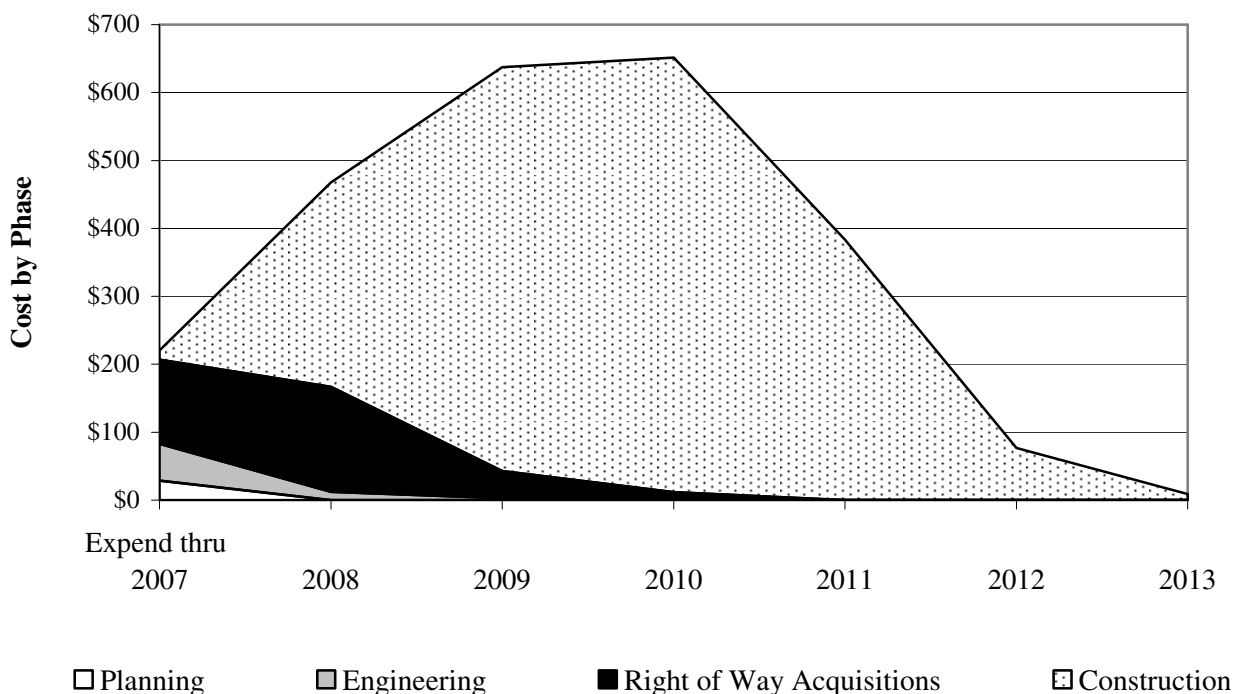
The ICC is a planned 18.8 mile tolled highway extending from the I-270/I-370 corridor in Montgomery County to the I-95/US 1 corridor in Prince George’s County. The ICC will be owned and operated by MdTA. The SHA, acting on behalf of MdTA, is managing the planning, environmental approvals, design, and construction administration. The six-lane (three each way) highway will be one of the State’s first facilities to be fully electronic. All users will pay tolls electronically, either through the use of an E-ZPass transponder or video tolling, in which an image of the vehicle’s license plate is captured and the owner of the vehicle is mailed a bill. Since there will be no toll booths, cash payments will not be possible. Toll rates for the facility have not been established; however, the ICC will be one of the first facilities in Maryland to utilize congestion pricing, where toll rates vary based on current congestion levels.

Project Schedule

Construction of the ICC includes five distinct design-build contracts, to allow for more competitive bidding and simultaneous construction on multiple parts of the highway. In March 2007, Contract A, from I-370 to Georgia Avenue (MD 97), was awarded and major construction of the \$478.7 million contract began in November 2007. This portion of the highway will be completed and open to traffic in late 2010. In November 2007, the second major contract was awarded. The \$513.9 million Contract C runs from US 29 to I-95, and construction on that portion of the highway is expected to begin in early 2008. The remaining three contracts are in various stages of the procurement process. The entire length of the ICC is expected to open to traffic in calendar 2012.

Exhibit 25 shows expenditures by year for each phase of the ICC project. The largest expenditure of funds, \$2.0 billion, is committed to construction. The largest outlay of cash for the project, over \$651 million, occurs in fiscal 2010.

Exhibit 25
InterCounty Connector Expenditures by Year and Project Phase
Fiscal 2007-2013
(\$ in Millions)



Source: Maryland Transportation Authority

Lawsuits Affecting the Project

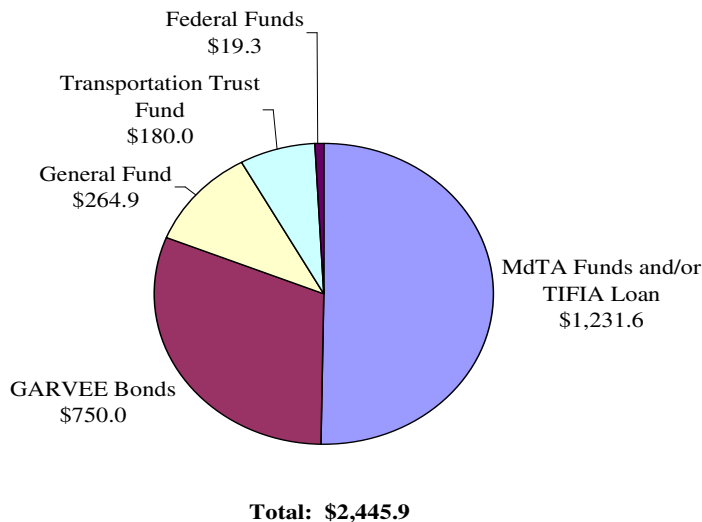
In December 2006, separate actions were filed in two different U.S. District Courts challenging certain federal agency and metropolitan planning organization environmental analyses and decisions relating to the ICC. Maryland was not named as a defendant in either case, but successfully filed motions to intervene and consolidate the cases. In November 2007, a federal judge dismissed both lawsuits, finding that Maryland had adequately addressed all environmental concerns. These decisions were appealed on January 7, 2008. The Audubon Naturalist Society, a plaintiff in one of the original lawsuits, declined to join the appeal but sent a letter supporting the remaining plaintiffs. An appeal schedule has not yet been established.

There is also a pending lawsuit filed in Maryland that alleges a violation of State law requiring that other alternatives be adequately considered. The State filed a motion to dismiss, to be heard in early 2008.

Funding

Chapters 471 and 472 of 2005 provide a financing plan for the ICC, which includes the general fund, the TTF, GARVEE bonds, federal funds, and MdTA toll revenue bonds, and/or a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. As shown in **Exhibit 26**, in the first annual update to the financial plan submitted to the FHWA, MdTA reports that the cost of the project remains at \$2.4 billion and the funding sources remain the same. While construction cost estimates increased by nearly \$105.0 million relative to the initial finance plan, offsetting savings in right-of-way purchases maintained the total spending estimates. The funding plan has seen a slight increase in federal funds and a corresponding decrease in MdTA bonds.

Exhibit 26
ICC Finance Plan
(\$ in Millions)



GARVEE: Grant Anticipation Revenue Vehicle
ICC: InterCounty Connector
MdTA: Maryland Transportation Authority
TIFIA: Transportation Infrastructure Finance and Innovation Act
TTF: Transportation Trust Fund

Source: Maryland Transportation Authority

In June 2007, MdTA issued the first of two series of GARVEE bonds. The issuance received favorable investment grade ratings (AAA from Standard & Poor's; AA from Fitch Ratings; and Aa2 from Moody's Investment Services). A total of \$341.9 million was deposited into the project fund (bond issuance of \$325.0 million plus a net premium of \$16.9 million). The second issuance of GARVEE bonds for \$408.1 million is expected in the fall of 2008.

In March 2008, MdTA plans to issue \$712 million in revenue bonds, about \$200 million of which is to support the ICC. This is the first of several planned MdTA revenue bond issuances which will provide money for the ICC.

The financing plan also includes \$264.9 million in general funds, discussed in greater detail below.

General Fund Support of the ICC

In order to support ongoing State spending, the Budget Reconciliation and Financing Act of 2003 transferred \$314.9 million from the TTF to the general fund, with the requirement that the money be repaid to the TTF. During the 2004 session, the Rainy Day Fund statute was amended to require that if there is a surplus of unappropriated funds in the general fund at the close of a fiscal year, the first \$10 million would be retained by the general fund, and the next \$50 million would be repaid to the TTF. In fiscal 2006, \$50 million was repaid to the TTF under this provision.

Chapters 471 and 472 of 2005 deleted the provision that provided for repayment of the TTF from surpluses in the general fund. In its place, repayment was provided through annual payments to MdTA to fund construction of the ICC until the balance was paid in full. Statute requires that at least \$50 million be repaid per year between fiscal 2007 and 2010 and that the remaining balance of \$264.9 million be repaid in fiscal 2010.

The first payment of \$53.0 million was made in fiscal 2007. MdTA reported that then-current cash flow forecasts made a general fund payment unnecessary in fiscal 2008, so general fund support was not provided in that year. The Governor's fiscal 2009 budget includes a transfer of \$85.0 million to MdTA for the project. It is assumed that per statute, the Governor plans to repay the remaining funds of \$126.9 million in fiscal 2010.

Given the current budgetary pressures on the general fund, and the fact that forecasted cash flow expenditures for the project extend well beyond fiscal 2010 (the due date of final general fund payments), **DLS recommends that \$32 million be reduced from the Reserve Fund fiscal 2009 allowance and that action be taken through SB 91, the Budget Reconciliation and Financing Act of 2008, or separate legislation in the 2008 or 2009 sessions to extend the general fund's support of the ICC through fiscal 2012.**

Extending repayment through fiscal 2012 will allow for a more level repayment plan (\$53 million in fiscal 2009 through 2011 and \$52.9 million in fiscal 2012) to help relieve pressures on the general fund. **Exhibit 27** provides a comparison of repayment as currently in statute versus the proposed funding.

Exhibit 27
General Fund Repayment of Money Borrowed
from the Transportation Trust Fund
(\$ in Millions)

	<u>Repayment Plan</u> <u>Currently in Statute</u>	<u>Proposed</u> <u>Repayment Plan*</u>
Total Amount Borrowed	\$314.9	\$314.9
Fiscal 2006 Repayment to the Transportation Trust Fund	-50.0	-50.0
Fiscal 2007 Payment to MdTA for the ICC	-53.0	-53.0
Fiscal 2008 Payment to MdTA for the ICC	0	0
Fiscal 2009 Payment to MdTA for the ICC	-85.0	-53.0
Fiscal 2010 Payment to MdTA for the ICC	-126.9	-53.0
Fiscal 2011 Payment to MdTA for the ICC		-53.0
Fiscal 2012 Payment to MdTA for the ICC		-52.9

ICC: InterCounty Connector

MdTA: Maryland Transportation Authority

* Proposed repayment plan based on statutory changes to extend general fund support of the project through fiscal 2012.

Source: Department of Legislative Services

3. Future Federal Funding Uncertainty

MDOT receives federal funding to support the highway and transit PAYGO capital budget. Federal aid for highways and transit is predominantly derived from the federal motor fuel tax (18.4 cents per gallon) which flows through the Federal Highway Trust Fund (HTF). The HTF has a Highway account which receives approximately 88% of all revenues and a Mass Transit account which receives the remaining funds. Funds are typically distributed to states from the highway and transit account through formulas; however, some funding is discretionary.

Federal highway and transit aid for states is typically authorized for a six-year period. Through this process, a level of funding is authorized each year for six years, but the amount of funding states actually receive is less due to the appropriation process and federal budgeting procedures. The current authorization, Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), became law on August 10, 2005, and expires on September 30, 2009. Under SAFETEA-LU, Maryland is expected to receive average annual funding of \$720 million, which includes \$580 million for highways and \$140 million for transit.

Current Status of the HTF

Under current federal law, the HTF is required to maintain a positive fund balance to insure that all prior obligations of funds can be met. Between fiscal 1996 and 2000, receipts to the HTF substantially exceeded outlays which resulted in a rather significant fund balance. As a result, the past two authorizations have significantly increased spending, with outlays exceeding revenues, to draw down the fund balance in the HTF. However, the Congressional Budget Office (CBO) estimates that if current revenue and spending patterns continue, the Highway account will have a negative balance of approximately \$4 to 5 billion in federal fiscal 2009, and the Mass Transit account will have a negative balance in federal fiscal 2011.

In an October 25, 2007 report to United States House of Representatives Budget Committee, the CBO estimated that a 20% reduction in spending from fiscal 2009 to 2017 would be required to equalize spending and revenues. To provide some context, based upon the annual average attainment in SAFETEA-LU, this would translate into an annual loss of \$145 million in federal aid for Maryland.

Further complicating the long-term funding prospects of the HTF is a more immediate issue. SAFETEA-LU includes a provision in federal fiscal 2009 to cancel a portion of available federal funding in that fiscal year. The amount of the cancellation, based upon estimates from the American Association of State Highway and Transportation Officials (AASHTO), could total \$145 million for Maryland, or a 24% decrease. MDOT did account for this in its financial forecast.

Potential Solutions

The problem facing the HTF is that expenditures are exceeding revenues. Similar to any other budget situation, the solution is to increase revenues, reduce expenditures, or some combination of the two. In terms of increasing revenues, there has been concern expressed regarding the purchasing power of motor fuel taxes and their ability to keep pace with inflation. For example, AASHTO has presented one option that would call for a 10-cent increase in the federal gas tax by fiscal 2010 with indexing to the Consumer Price Index (CPI) thereafter. Additionally, as noted below, a recent national commission on transportation financing recommended an increase in the federal gas tax of up to 40 cents per gallon.

The current presidential Administration has expressed reservations about increasing domestic spending, including transportation. As a result, the U.S. Department of Transportation has been encouraging states to look at tolling and public-private partnerships to advance construction projects as a means of moving beyond traditional funding for transportation. This effort has been met with resistance in Congress.

A national commission on transportation financing was created as part of the last transportation reauthorization to look at transportation finance. The commission released its report on January 15, 2008. The report included a number of recommendations regarding how additional funds should be allocated and the level of need for those funds. To address the short- to mid-term funding problems of the HTF, the commission recommended increasing the federal gas tax 5 to 8 cents per gallon per year for the next five years with future increases indexed to inflation to reach a level of “high capital” investment. Long term, the commission encouraged a national study be

conducted to evaluate the viability of moving to a mileage fee or vehicle miles traveled tax. Three members of the commission, including the Secretary of Transportation, issued a dissenting opinion rejecting the gas tax increase proposal and instead called for additional private sector investment and tolling.

DLS recommends that MDOT discuss its views on the future for federal aid for transportation and what a reduction in federal aid could mean to the current capital program.

4. Update on I-270 Request for Expressions of Interest

What Is a Public-private Partnership?

In recent years, there has been a growing trend in transportation finance to look to the private sector to assist in the development of infrastructure projects. The private sector, through public-private partnerships (P3), can assist a public entity by either constructing and maintaining a new facility or leasing the rights to operate an existing facility. In Maryland, MdTA has the ability to enter into P3 agreements for toll roadways on behalf of the State.

Update on Solicitation for P3 Expressions of Interest for I-270/Corridor Cities Transitway

In the fall of 2006, MdTA released a Request for Expressions of Interest (RFEI) for a project that involved the Corridor Cities Transitway and I-270. The RFEI did not represent a solicitation but was an effort to gauge and generate interest and information for the possibility of moving ahead with solicitation. During the 2007 session, MDOT indicated that the responses to the RFEI were still being evaluated, and it was the intent of MDOT to brief the General Assembly of the results. Following is an update of the status of the project.

Findings of the RFEI Responses

A total of 16 responses were received with 13 providing specific answers to questions posed in the RFEI. Twelve of the parties who responded participated in follow-up informational interviews with representatives from the project team in March and April 2007. In the fall of 2007, the responses were reviewed and discussed with MDOT leadership.

Based upon the responses, MDOT indicates that a P3 option should be considered. Most of the respondents indicated that Maryland needed to do more due diligence regarding what the State wants for outcomes from this type of project arrangement. In addition, further consideration should be given regarding the types of projects that should be considered along the I-270 corridor to assist potential partners and the State to better gauge the opportunities for this type of arrangement. Overall, the feedback indicated that for the I-270 corridor project, the alternatives analysis needed to have a tighter framework to assist in evaluating potential project options and further analysis was needed on cost and toll revenue projections.

Next Steps

In the coming year, MDOT will perform additional analysis of the project to determine what the priority needs are for the corridor and the potential of a P3 approach. The additional analysis will include:

- a more refined toll revenue analysis;
- locally preferred options (available in the spring of 2008);
- briefings of the analysis of the Capital Beltway Westside Mobility Study are scheduled;
- detailed cost and revenue estimates for various P3 options to compare the financial feasibility of each; and
- further discussions with the General Assembly and the counties will occur to determine their respective interest, how best to engage the private sector, and the role of local government in these projects.

MDOT indicates that based upon the information and results of additional planning and study, decisions can be made over the next year regarding how to proceed with a potential P3 arrangement and what that project and arrangement would look like.

DLS recommends that MDOT discuss in further detail the need for a potential P3 arrangement for this project as opposed to other projects, if other highway or construction projects are under consideration for a P3 agreement, and a potential timeline for when a decision regarding a P3 arrangement could be made.

DLS also recommends that budget bill language be added that withholds \$1,000,000 from TSO contingent upon the submission of a report regarding the status of the decision making process for the I-270 project.

Recommended Actions

1. Add the following language:

It is the intent of the General Assembly that projects and funding levels appropriated for capital projects, as well as total estimated project costs within the Consolidated Transportation Program (CTP), shall be expended in accordance with the plan approved during the legislative session. The department shall prepare a report to notify the budget committees of the proposed changes in the event the department modifies the program to:

- (1) add a new project to the construction program or development and evaluation program meeting the definition of a “major project” under Section 2-103.1 of the Transportation Article that was not previously contained within a plan reviewed in a prior year by the General Assembly and will result in the need to expend funds in the current budget year; or
- (2) change the scope of a project in the construction program or development and evaluation program meeting the definition of a “major project” under Section 2-103.1 of the Transportation Article that will result in an increase of more than 10 percent, or \$1,000,000, whichever is greater, in the total project costs as reviewed by the General Assembly during a prior session.

For each change, the report shall identify the project title, justification for adding the new project or modifying the scope of the existing project, current year funding levels, and the total project cost as approved by the General Assembly during the prior session compared with the proposed current year funding and total project cost estimate resulting from the project addition or change in scope.

Notification of changes in scope shall be made to the General Assembly concurrent with the submission of the draft and final CTP. Notification of new construction project additions, as outlined in paragraph (1) above, shall be made to the General Assembly prior to the expenditure of funds or the submission of any contract for approval to the Board of Public Works.

Explanation: This annual budget bill language requires the department to notify the budget committees of proposed changes to the transportation capital program that will add a new project that was not in the 2008 CTP or will increase a total project’s cost by more than 10%, or \$1.0 million, due to a change in scope. Reports are to be submitted with the draft and final versions of the CTP, with each using the 2008 session CTP as the basis for comparison.

Information Request	Author	Due Date
Capital budget changes	Maryland Department of Transportation	With draft CTP With final CTP

J00 – MDOT – Fiscal 2009 Budget Overview

2. Add the following language:

The Maryland Department of Transportation (MDOT) shall not expend funds on any job or position of employment approved in this budget in excess of xxx positions and xxx contractual full-time equivalents paid through special payments payroll (defined as the quotient of the sum of the hours worked by all such employees in the fiscal year divided by 2,080 hours) of the total authorized amount established in the budget for MDOT at any one time during fiscal 2009. The level of contractual full-time equivalents may be exceeded only if MDOT notifies the budget committees of the need and justification for additional contractual personnel due to:

(1) business growth at the Helen Delich Bentley Port of Baltimore or Baltimore/Washington International Thurgood Marshall Airport which demands additional personnel; or

(2) emergency needs that must be met (such as transit security or highway maintenance).

The Secretary shall use the authority under Sections 2-101 and 2-102 of the Transportation Article to implement this provision. However, any authorized job or position to be filled above the regular position ceiling approved by the Board of Public Works shall count against the Rule of 50 imposed by the General Assembly. The establishment of new jobs or positions of employment not authorized in the fiscal 2009 budget shall be subject to Section 7-236 of the State Finance and Procurement Article and the Rule of 50.

Explanation: The General Assembly has established a position ceiling for MDOT each year to limit growth in regular positions and contractual full-time equivalents.

Information Request	Author	Due Date
Additional regular positions and contractual full-time equivalents	MDOT	As needed

3. Add the following language:

It is the intent of the General Assembly that funds dedicated to the Transportation Trust Fund shall be applied to purposes bearing direct relation to the State transportation program, unless directed otherwise by legislation. To implement this intent for the Maryland Department of Transportation (MDOT) in fiscal 2009, no commitment of funds in excess of \$250,000 may be made nor such an amount may be transferred, by budget amendment or otherwise, for any project or purpose not normally arising in connection with the ordinary ongoing operation of MDOT and not contemplated in the approved budget or the last published Consolidated Transportation Program without 45 days of review and comment by the budget committees.

Explanation: This annual language prohibits MDOT from using transportation funds for uses other than for transportation-related purposes without review and comment by the budget committees.

J00 – MDOT – Fiscal 2009 Budget Overview

Information Request	Author	Due Date
Information on non-transportation expenditures exceeding \$250,000	MDOT	As needed

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

, provided that \$1,000,000 of this appropriation may not be expended until the Maryland Department of Transportation (MDOT) submits a report to the budget committees that shall include the following information pertaining to the I-270/Corridor Cities Transitway project:

- (1) what actions have been taking during calendar 2008 regarding toll revenue and cost estimates and what those estimates are for each option;
- (2) what are the locally preferred options that may have been identified;
- (3) what are the potential segmentations available for the project as well as tolling options;
- (4) what is the interest of the counties in the project and its potential level of support;
- (5) whether a public-private partnership agreement is still an option, and if so, what that agreement may involve; and
- (6) whether or not a solicitation will be made to the public sector for assistance in the development and financing of this project, and if so, when.

The report is due November 1, 2008, and the budget committees shall have 45 days from the date of submission for review and comment.

Further provided that no funds may be expended and no contracts may be awarded through the Board of Public Works or otherwise for any portion of the I-270/Corridor Cities Transitway project until the budget committees have received and commented on the above mentioned report.

Explanation: This language would restrict \$1.0 million from the Secretary’s Office allowance contingent upon a report that provides additional information regarding the I-270/Corridor Cities Transitway project by November 1, 2008.

Information Request	Author	Due Date
Request for additional information on the I-270/Corridor Cities Transitway project	MDOT	November 1, 2008

Transportation Trust Fund Forecast
Fiscal 2007-2013
 (\$ in Millions)

	<u>Actual</u> <u>2007</u>	<u>Current</u> <u>2008</u>	<u>Estimate</u> <u>2009</u>	<u>Estimate</u> <u>2010</u>	<u>Estimate</u> <u>2011</u>	<u>Estimate</u> <u>2012</u>	<u>Estimate</u> <u>2013</u>
Opening Fund Balance	\$235	\$190	\$100	\$100	\$100	\$100	\$100
Closing Fund Balance	\$190	\$100	\$100	\$100	\$100	\$100	\$100
Net Revenues							
Taxes and Fees	\$1,608	\$1,615	\$2,050	\$2,137	\$2,218	\$2,289	\$2,377
Operating and Misc.	490	504	506	518	532	544	558
Transfers btw. TTF and GF	0	0	0	0	0	0	0
MdTA Transfer	13	-17	-10	-23	0	0	0
Net Revenues Subtotal	2,111	2,102	2,546	2,632	2,750	2,833	2,935
Bonds Sold	100	285	370	415	405	325	185
Bond Premiums	3	0	0	0	0	0	0
Total Revenues	\$2,214	\$2,387	\$2,916	\$3,047	\$3,154	\$3,158	\$3,121
Expenditures							
Debt Service	\$115	\$121	\$142	\$162	\$186	\$219	\$240
Operating Budget	1,396	1,461	1,590	1,653	1,707	1,760	1,814
State Capital	752	896	1,184	1,232	1,261	1,179	1,066
Total Expenditures	\$2,263	\$2,478	\$2,916	\$3,047	\$3,154	\$3,158	\$3,121
Debt							
Debt Outstanding	\$1,111	\$1,327	\$1,621	\$1,958	\$2,279	\$2,500	\$2,567
Debt Coverage – Net Income	6.1	4.2	3.0	3.8	3.3	3.1	3.1
Local HUR	\$555	\$551	\$549	\$567	\$587	\$604	\$623
Transferred to General Fund	0	0	0	0	0	0	0
Net HUR to Counties	\$555	\$551	\$549	\$567	\$587	\$604	\$623
Capital Summary							
State Capital	\$752	\$896	\$1,184	\$1,232	\$1,261	\$1,179	\$1,066
Net Federal Capital (Cash Flow)	673	637	560	553	482	376	337
Subtotal Capital Expenditures	\$1,425	\$1,533	\$1,744	\$1,785	\$1,743	\$1,555	\$1,403
GARVEE Debt Service	0	36	74	84	84	84	84

GARVEE: Grant Anticipation Revenue Vehicle

GF: General Fund

HUR: Highway User Revenues

MdTA: Maryland Transportation Authority

TTF: Transportation Trust Fund

Source: Maryland Department of Transportation, January 2008

J00 – MDOT – Fiscal 2009 Budget Overview