

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis

**Operating Expense Forecast Does Not Conform to Budget Committee Directive
(Page 9)**

The Department of Legislative Services (DLS) recommends amending the Transportation Article to add the requirement that for years three through six of the TTF forecast, operational expenses for the department increase by at least the most recent five-year average annual rate of change in the department's operational spending. This recommendation can be accomplished by adding a provision in the Budget Reconciliation and Financing Act of 2018.

MDOT Response:

The Department respectfully does not concur. The forecast is a living document that responds to changing economic conditions. MDOT has always taken its fiscal responsibility to taxpayers very seriously and has adjusted spending as necessary to address lower than expected revenues or higher than expected expenses. Establishing an operating budget growth rate that is too high limits MDOT's ability to perform long-term capital planning by artificially reducing available capital funding and introducing greater volatility in out year spending.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues

1. Proposed Traffic Relief Plan to Be Implemented as a Public-private Partnership
(Page 23)

If the General Assembly wishes to have meaningful input on how these projects proceed, it should restrict or withhold planning funds until the Administration commits to a process that recognizes the co-equal role of the General Assembly in establishing transportation policies that serve the best interests of the citizens of Maryland.

MDOT Response:

In accordance with the public-private partnership (P3) law passed by the General Assembly in 2013, MDOT included the Traffic Relief Plan project as a P3 project under consideration in its annual submission to the General Assembly on P3 projects. In addition, MDOT is actively preparing the pre-solicitation report that the law requires prior to solicitation of any P3 projects. That report will be submitted later this year. The P3 law was drafted based on the recommendations of the bi-partisan Joint Legislative and Executive Commission on Oversight of Public-Private Partnerships.

In addition to meeting all statutory requirements for legislative notification, there are numerous opportunities for public/stakeholder input during the federally required National Environmental Policy Act (NEPA) process as well as the long range plan, transportation improvement program and air quality conformity processes at the Transportation Planning Board (the Metropolitan Planning Organizations (MPO) for the Washington Region). All concerned parties will have many opportunities to have meaningful input into these projects.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

2. Bid to Attract Amazon Includes \$2 Billion Transportation Funding (Page 25)

MDOT should brief the committees on the transportation component of the incentive package and indicate how much of the proposed spending represents improvements already programmed in the CTP and how any new spending would be accommodated.

MDOT Response:

MDOT is committed to do whatever it takes to support the second headquarters for Amazon (HQ2) coming to Maryland. MDOT staff are actively working with Montgomery County and the Maryland Department of Commerce to complete the next phase of the application to Amazon. Amazon has required that all twenty short-listed bidders maintain confidentiality throughout the remaining phases of the selection process; thus, limited details can be provided at this time.

The Governor announced a \$5 billion incentive package for Amazon, including \$2 billion in improvements to transportation infrastructure. There are already many projects in the CTP that will support the new development, such as the I-270 Innovative Congestion Management project and the Traffic Relief Plan for I-270 and I-495. Not all necessary improvements have yet been identified, as some will depend on the campus design and needs that will be further developed during the planning stages if Montgomery County is selected. Full-build-out of the project may take up to 15 years, which is outside of the scope of the current six-year capital program. Funding sources for all projects have not yet been identified, but MDOT is committed to funding these projects on the timeline necessary to meet their needs. When fully developed, the Amazon HQ2 will bring over \$5 billion in investment and 50,000 high-paying jobs.

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions

1. Add the following language: (Page 27)

Provided that 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, 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 that 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% 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.

Further provided that notification of project additions, as outlined in paragraph (1) above; changes in the scope of a project, as outlined in paragraph (2) above; or moving projects from the development and evaluation program to the construction program, shall be made to the General Assembly 45 days prior to the expenditure of funds or the submission of any contract for approval to the Board of Public Works.

MDOT Response:

The Department concurs with the recommended language.

MDOT RESPONSE TO DLS ANALYSIS

Operating Budget Recommended Actions (Continued)

2. Add the following language: (Page 28)

The Maryland Department of Transportation (MDOT) may not expend funds on any job or position of employment approved in this budget in excess of X,XXX.X positions and XXX.X contractual full-time equivalent (FTE) positions 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 2019. The level of contractual FTE positions 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 ??? imposed by the General Assembly. The establishment of new jobs or positions of employment not authorized in the fiscal 2019 budget shall be subject to Section 7-236 of the State Finance and Procurement Article and the Rule of ???.

MDOT Response:

The Department concurs with the recommended language.