

**J00 – MDOT – Fiscal 2021 Budget Overview  
MDOT RESPONSE TO DLS ANALYSIS**

***DLS Budget Analysis Issues***

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**1. I-495/I-270 Managed Tolls Lanes Project Moving Forward as a P3 (Page 24)**

*The 2020 legislative session may be the last opportunity that the General Assembly has to enact legislation modifying the P3 statute before an agreement with a developer for Phase 1 of the I-495/I-270 P3 Program is executed. The General Assembly may wish to add specific requirements that must be included in a P3 agreement related to transit bus use of toll lanes constructed through a P3 agreement to ensure that transit service utilizing toll lanes is not unduly limited.*

**MDOT Response:**

MDOT is committed to delivering a transit component to the I-495 & I-270 Public-Private Partnership (P3) Program. Work to develop potential regional transit service improvements as part of the P3 program has been ongoing since May 2019 when MDOT established the Managed Lanes Transit Working Group. This group, which consists of the major public transit providers in the National Capital Region, has been identifying potential new transit line ideas, identifying existing constraints to service, developing recommendations for new or modified managed lane access to transit stations, and identifying park and ride needs. Additional analysis on these potential transit service improvements is ongoing, but will provide a framework for continued collaboration with the affected jurisdictions. This result of this collaboration will be a connected regional transit network in the National Capital Region supported by reliable, free flow managed lanes to ensure new travel options and opportunities for Marylanders that would not exist without a regional managed lane network. To further this benefit, MDOT will require that public transit will be able to use the managed lanes for free, resulting in travel time savings and more travel options for customers.

In addition, the P3 program will provide a dedicated investment in regional transit services for affected counties. These regional transit service improvements will be provided for as part of the P3 agreements, ensuring that transit improvements are provided at defined and predictable times. This will make transit a much stronger element of the program and provide new opportunities to move more people on the managed lanes through a system of express commuter bus to underserved suburban activity centers.

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***DLS Budget Analysis Issues (Continued)***

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**2. Greenhouse Gas Emissions Act Plan Includes Significant Transportation Sector Components (Page 25)**

***MDOT should brief the committees on its efforts to help ensure that the 40% GHG reduction goal will be met and the likelihood that Maryland will become a participating jurisdiction in the proposed TCI cap and invest program.***

**MDOT Response:**

MDOT has been collaborating with the Maryland Department of the Environment (MDE), as well as other State agencies, local governments, the public, and environmental advocacy groups on greenhouse gas (GHG) mitigation since 2007, when Commission on Climate Change first began. During that time, MDOT has developed diverse working groups to identify strategies for reducing GHG emissions from the transportation sector, as well as strategies for addressing the impacts that climate change will have on Maryland's infrastructure. MDOT has issued approximately six Greenhouse Gas Emissions Reduction Act – Reauthorization (GGRA) reports which summarize base year emissions in the transportation sector and identify plans, programs, and policies that will help the State meet the GGRA goals of 25% reduction of emissions in 2020 and 40% reduction in 2030 from 2006 baseline levels. MDOT also continues to monitor our progress toward GHG emissions reductions annually through our MDOT Annual Attainment Report as well as our MDOT State Agency Report on Climate Change, which is submitted to the Governor, General Assembly, and the Maryland Commission on Climate Change.

While transportation is an increasing piece of the GHG emission's pie, the overall pie is getting smaller including the amount of emissions from transportation. Maryland is on target to meet the Statewide goal of 25% reduction from 2006 levels by 2020 and have a plan in place that can get Maryland to 40% by 2030. It is important to remember that a key provision of the GGRA is to ensure that any actions taken will not have a negative impact on Maryland's economy. MDOT's analysis is unique and important because our models enable us to understand the emissions impacts of projects, plans, and programs and help illuminate the most cost-effective emissions reduction strategies in the long and short terms. MDOT's draft GGRA Plan report estimates that approximately \$8 billion of our 2018-2023 CTP would be utilized in implementing projects that have GHG benefits. This figure will be updated in the final version of MDOT's GGRA Plan.

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Both MDOT and MDE modeling indicate that the most effective strategy for reducing GHG emissions in the transportation sector is to ensure that we have the cleanest fleet possible. In fact, fleet turnover under the CAFE standards and the Maryland Clean Cars Act will result in 64% of the total, estimated, 2030 emissions reductions on the books from the transportation sector. This is largely controlled by the federal government, but State agencies have been working hard on zero emission vehicle deployment through several avenues, including the MDOT-led Zero Emission and Electric Vehicle Infrastructure Council (ZEEVIC). We have made progress by addressing low hanging fruit statewide, and enacting strategic implementation of emissions reductions strategies within all sectors.

MDOT has been actively participating in the TCI cap and invest program development process along with the Maryland Department of Environment (MDE), and members of other state departments of environment and transportation from the Mid-Atlantic and New England regions. The TCI process is innovative and complicated. States from Maine to Virginia are diligently working to design a program and understand the potential effects of the program in terms of CO<sub>2</sub> emissions reductions and economic impacts. It is difficult to speculate about whether Maryland will, or should, sign on to the program before the end of the current public comment period, February 28, 2020, and the review of the results of pending analyses.

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***DLS Budget Analysis Issues (Continued)***

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**3. Capital Needs Inventory for the MTA Indicates \$2 Billion Gap Between Needs and Funding Over 10 Years (Page 27)**

*The Secretary should discuss with the committees the actions the department is taking to address the funding gaps identified in the MTA report.*

**MDOT Response:**

In July of 2019, MDOT MTA completed a 10-Year Capital Needs Inventory and Prioritization report as required by the legislature. MDOT will continue to explore innovative ways to address capital needs across the Department. For MDOT MTA these include:

- leveraging all available federal funding and discretionary grant opportunities (over \$66 million in federal discretionary grant awards over the last five years for numerous system safety enhancements);
- shared mobility strategies and partnerships (exploring the use of microtransit and other shared mobility solutions to increase system performance while reducing operating costs); and
- alternative delivery methods (exploring CMAR and design-build).

MDOT MTA is the 13<sup>th</sup> largest multi-modal transit system in the United States, operating and maintaining \$9.5 billion in physical assets. MDOT MTA's State of Good Repair backlog is comparable with other agencies of similar size and age. There are system preservation needs across the State and across MDOT. Similar analysis shows a \$4.1 billion funding gap for system preservation needs at the MDOT State Highway Administration and \$750 million funding gap at the MDOT Maryland Port Administration.

MDOT transportation business units have been progressively and proactively investing in better methods of prioritizing their capital needs and exploring innovative approaches to address these needs and narrow existing funding gaps. These prioritization methodologies help ensure that all available funding is prioritized for safety-critical needs above all else. Through these efforts, MDOT will continue to support all of the transportation business units, including MDOT MTA's efforts to provide safe transit service to communities across Maryland. Balanced investment across the Department over the next ten years is needed to meet MDOT's mission and achieve system performance goals laid out in the Maryland Transportation Plan.

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***Operating Budget Recommended Actions***

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- 1. Add annual budget bill language requiring notification of capital budget changes. (Page 33)**

**MDOT Response:**

MDOT concurs with the recommended language.

- 2. Add annual budget bill language establishing a position cap. (Page 34)**

**MDOT Response:**

MDOT concurs with the recommended language.