
J00B01-MDOT-State Highway Administration
Fiscal Year 2021 Operating Budget
Response to Department of Legislative Services Budget Analysis

House Appropriations Committee
Transportation and Environment Subcommittee
Delegate Maggie McIntosh, Chair
February 26, 2020

Senate Budget & Taxation Committee
Public Safety, Transportation & Environment Subcommittee
Senator Guy Guzzone, Chair
February 28, 2020

DLS Budget Analysis

1. Winter Maintenance and Snow Removal (Page 11)

MDOT should brief the committees on how it expects to bring transportation spending into alignment with TTF revenues and the timeframe it envisions for doing so.

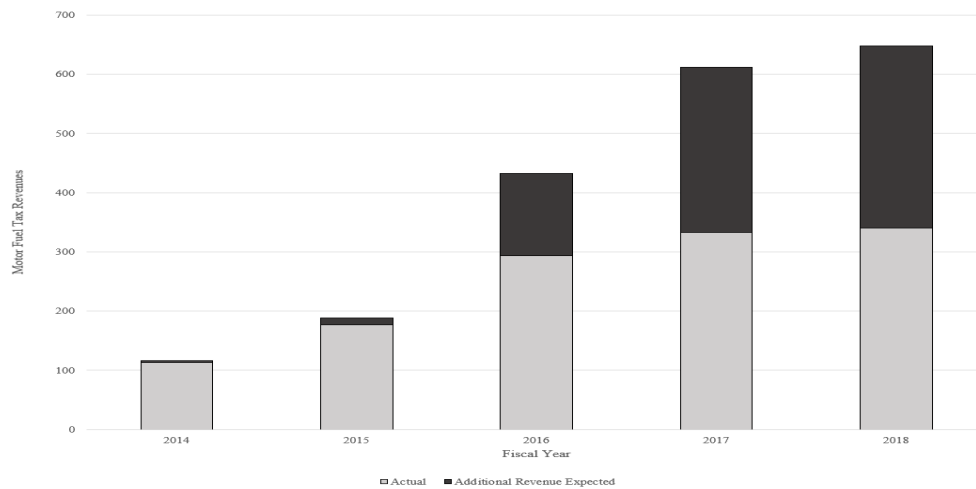
MDOT Response:

In regard to the winter maintenance budget, although MDOT did not increase the amount of funding for MDOT SHA's winter maintenance budget, MDOT believes it is still meeting the legislative intent of budgeting for the five-year average of actual expenses. Winter maintenance expenses in FY 2014-2016 were extremely high. As these years have been falling out of the five-year average, the amount required to be budgeted has come down steadily. Based on the five-year average that will be required in FY 2022, the current winter maintenance budget of \$71 million will be approximately the right amount (depending on total spending in FY 2020).

MDOT acknowledges that transportation revenues have not increased at the pace that was expected when the Transportation Infrastructure Investment Act of 2013 was enacted. With current gas prices for regular gasoline hovering around \$2.44, prices have been persistently lower than what had been expected at the time of the passage of the bill. The fiscal note estimates a motor fuel tax rate in FY 2018 of 44.6 cents per gallon; however, the actual rate was 33.8 cents per gallon. Over the period of FY 2014-2018 that is estimated under the original fiscal note, motor fuel tax revenues have been \$741 million lower than what was anticipated.

DLS Budget Analysis (continued)

The chart below shows actual motor fuel tax revenues collected by year compared to what had been projected in the fiscal note.



In addition, the federal government is not funding transportation at the levels that it has historically. Over the time period from FY 2010-2014, federal funds provided 25% of the funding for MDOT's capital program. From FY 2015-2019, the average funding fell to 19%. Uncertainty remains at the federal level regarding the long-term funding of the Highway Trust Fund and the ability of the federal government to provide multi-year transportation funding bills. Together, these factors result in MDOT estimates of federal funding in FY 2023-2025 at just under 18%.

Like the millions of Marylanders who must live within their budget, MDOT is doing the same. Mandates that restrict the use of available funds in the Transportation Trust Fund make this challenge more difficult. To build its capital program, MDOT identifies transportation needs across the State, prioritizes the input of local jurisdictions, evaluates system-wide needs, and then matches projects to available funding. MDOT is using data in new ways to better understand the condition of the transportation network and to make targeted investments where appropriate. MDOT will continue to evaluate alternative funding sources as a way to maximize available funding.

DLS Budget Analysis Issues (continued)

1. Federal FAST Act Expires September 30, 2020 (Page 28)

MDOT should comment on current federal reauthorization proposals and discuss how elimination of the TAP set-aside would impact development of the CTP.

MDOT Response:

There are three different federal reauthorization proposals currently set forth that are in different stages of development as shown below.

President's Infrastructure Proposal – February 2020

The President's FY 2021 budget request and reauthorization proposal includes a 10-year, \$810 billion reauthorization of the Surface Transportation Program. The budget provides \$51 billion in FY 2021 and \$602 billion over the 10-year reauthorization period for FHWA programs. At this time, details have not been made available regarding these programs.

Senate Environment & Public Works (EPW) Committee – “America's Transportation Infrastructure Act” (ATIA)

The Senate EPW Committee passed “America's Transportation Infrastructure Act” on July 30, 2019, by a unanimous bipartisan vote of 21-0. This bill provides \$287 billion over a 5-year timeframe from FY 2021-2025. This represents a 27% increase over current FAST Act levels. This increase is welcomed as the Highway Trust Fund is operating on the brink of bankruptcy. According to Committee Chairman John Barrasso, “90% of that money will go directly to our roads and bridges.” However, a big question remains: How to pay for these proposed investments?

This bill is the first transportation bill to acknowledge climate change. It provides \$10 billion for reducing emissions and increasing the resilience of infrastructure.

House Transportation & Infrastructure (T&I) Committee's “Moving America” Framework

There is no formal legislation proposed at this time, but the House T&I Committee has released some preliminary principles of a proposal. According to Committee Chairman Peter DeFazio, “the need for resilient infrastructure, alternative fuel corridors, serious efforts to reduce congestion, are a must before any bill goes to the White House”.

DLS Budget Analysis Issues (continued)

Once again, finding the money to fund the Highway Trust Fund is the big question. The Chairman has indicated a willingness to increase the federal gas tax until a vehicle-miles traveled revenue plan unfolds. Details are not currently available.

The impact of the President's proposal for elimination of the set aside for the TAP program does not appear to propose elimination of the associated funding levels for this program. While less impactful, this would mean that these projects would technically compete for funding with other projects in development of MDOT's Consolidated Transportation Program.

2. Smart Traffic Signals (Page 28)

MDOT should comment on why the most congested corridors in the State would not benefit from smart traffic signals or, if this technology could benefit these corridors, why they are not included in the Smart Traffic Signals initiative. MDOT should also provide clarification on how the \$50.3 million in initiative funding estimate was derived and the number of corridors that will ultimately be funded through this initiative.

MDOT Response:

"Smart Signals" is a broad umbrella term which includes solutions to improve mobility by maximizing existing infrastructure and geometric footprint such as adaptive signal control, upgraded communications, and traffic signal performance monitoring. The Mobility Report was reviewed when developing the priority corridors. Each corridor is different and presents unique traffic management challenges; some congested corridors are not suitable for full adaptive signal control. In these cases, MDOT SHA is still moving forward with updating communications for better monitoring and traffic signal management. Over 650 signals across the state have been upgraded to cellular communications. The entire traffic signal system will eventually see some benefit from the "Smart Signals" initiative.

When the most severely congested corridors are significantly over capacity and/or have high pedestrian activity, adaptive signal control is not appropriate. Once a corridor is too far overcapacity geometric improvements are needed.

DLS Budget Analysis Issues (continued)

Additionally, in high pedestrian corridors (for example several of the corridors in Montgomery County are in Context Zone A (Urban Core)), pedestrian movements limit the ability for the adaptive signal system to shift time around to different phases. In alignment with MDOT SHA's Context guidance, pedestrian phases will be timed to accommodate for safety and not shortened. In certain environments, pedestrian movements would also be given priority over vehicle traffic flows.

The initial strategy for this emerging initiative was to spend approximately \$10 million per year for 5 years. Currently we are not able to determine how many corridors will ultimately be improved, as each corridor varies widely based on the condition of the existing traffic signal infrastructure and design constraints. Phases 1 and 2 are outlined and included in the Joint Chairmen's Report. Currently, Phase 3 is under development with planning and design underway with completion of this phase scheduled by the end of the current CTP period.

Operating Budget Recommended Actions

- 1. Eliminate vacant operating positions and reduce associated funding for vacancies in excess of number needed to meet budgeted turnover (Page 37)**

MDOT Response:

The Department respectfully does not concur. This action abolishes 146 vacant positions across MDOT to provide funding for the Howard Street Tunnel. There is already a funding plan established for the Howard Street Tunnel, making this action unnecessary. This action would have a significant negative impact on MDOT. With a new Secretary just recently appointed and many major projects underway, the Department will need an all hands-on deck approach to continue the significant progress that has been made over the past five years. The Department continues to pursue an ambitious agenda that includes construction of the Purple Line, development of the Central Maryland Regional Transit Plan, the I-495 and I-270 Traffic Relief Plan, double-stack rail access at the Port of Baltimore, modernization of outdated IT systems at the MDOT Motor Vehicle Administration, getting Marylanders REAL-ID compliant, and significant improvements underway at BWI Marshall Airport.

Although these positions are currently vacant, MDOT is actively working to recruit these positions. Since 2017, MDOT has focused its attention on redeploying vacant positions to the most pressing needs across the Department. This has resulted in vacant positions being filled much more quickly. With over 9,000 budgeted positions across the Department, MDOT has zero positions that have been vacant for 12 months or more. Of all vacant positions at MDOT, 93% have been vacant for less than six months. Nearly 13% of vacant positions have only been vacant since December 31, when there was a significant increase in retirements.

Operating Budget Recommended Actions (Continued)

2. Level fund building/road repairs and maintenance due to the mild winter lessening road repair needs (Page 37)

MDOT Response:

The Department respectfully does not concur with the recommended language. Although the winter has been mild thus far, there is approximately one month remaining in meteorological winter. There is still a chance of adverse winter weather conditions throughout the State. Furthermore, less snow does not mean less potholes. Potholes are caused by changes in temperature at the freezing mark and its impact on water trapped within the roadway's base and subbase. The FY 2020 winter has been just as susceptible to the freeze/thaw cycle as recent winters. MDOT SHA expects pothole maintenance needs to be just as great during the remainder of FY 2020 and FY 2021 as it has been in recent years.

Even without pothole repairs, a mild winter does not decrease the need for routine maintenance; rather, it just changes the work that needs to be done. Mowing, brush/tree cutting, herbicide application, and drainage-related activities are the result of the growing season and weather fluctuations. Milder weather results in greater needs in these areas and therefore greater expenses even if less is spent on pothole repair. Litter, traffic barrier maintenance, and sign maintenance are the result of traffic incidents and traveling public damage. Occurrences of these events do not lessen due to an uneventful winter season.

Throughout the budget analysis documents of each of the MDOT business units, DLS has focused attention on the important system preservation needs across the department. As noted in the DLS analysis, MDOT SHA faces a funding gap for a State of Good Repair (SOGR) of \$4.3 billion over the next 10 years. A reduction of the routine maintenance budget would further exacerbate this funding gap. MDOT strives to use its resources wisely. This includes an increased focus on asset management and system preservation to make sure we are making the right investment at the right time to optimize the health of our assets. Investing dollars today in routine maintenance work helps to prevent more costly repairs down the road.

PAYGO Capital Budget Recommended Actions

- 1. Restrict State aid funding for Deer Park in Garrett County until it has submitted required audit reports and Uniform Financial Reports (Page 37)**

MDOT Response:

The Department concurs with the recommended language.