

**J00H01 MDOT Maryland Transit Administration
FY 2022 Operating Budget
Response to the Department of Legislative Services Budget Analysis**

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Senator Cory McCray
February 26, 2021

House Appropriations Committee
Transportation and the Environment Subcommittee
Delegate Marc Korman
February 26, 2021

**J00H01 MDOT – MTA
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET**

DLS Budget Analysis Issues

**1. Budget as Submitted Does Not Satisfy Operating Budget Funding Mandate
(Page 25)**

The Department of Legislative Services recommends that the BRFA be amended to reduce or eliminate the fiscal 2022 operating mandate.

The Secretary should explain to the committees why the department did not seek relief through the BRFA from the operating budget mandate established by Chapters 351 and 352.

MDOT Response:

Chapter 352 of 2018 included provisions for additional spending for MDOT MTA on both the operating and capital side. In totality, MDOT met the intent of the law by increasing transit investment to the total level required in the bill. During the 2018 legislative session, MDOT's proposed operating and capital budgets for FY 2020-2022 totaled \$4.22B. Under the provisions of Chapter 352 of 2018, total spending for MDOT MTA's capital budget was prescribed at \$4.38B. Despite the historic ridership declines associated with the COVID-19 pandemic and a revenue loss of \$1.6 billion associated with the impacts of COVID-19, MDOT's current financial plan assumes total MDOT MTA operating and capital spending in FY 2020-2022 of \$4.52B. This level of transit investment exceeds the requirements of Chapter 352 by \$132M; therefore, MDOT believes the mandate for increased transit investment was met and a BRFA change is not necessary.

This demonstrates the challenge of mandated spending levels – prescribed levels of funding required in a bill from several years ago may not match the reality of today's available funding and needs. Given the significant declines in ridership associated with COVID-19 – at its lowest point down nearly 80% from the prior year – the need for additional capital transit investment is currently of higher priority than additional operating funds. Operating expenses are lower in FY 2021 and 2022 due to reduced service levels. The reduced service levels reflect that ridership on commuter bus and MARC remain significantly down from pre-COVID levels. At these reduced service levels, additional operating funds for MDOT MTA were not needed. The more urgent need is on the capital side, which is where the funds were directed.

The passage of the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 provides additional funding for transit to offset the revenue losses associated with the COVID-19 pandemic. MDOT is still awaiting a final allocation and guidance from the Federal Transit Administration on this funding. This money will be available to supplement funding for MTA in FY 2022 and will be added to the budget by a supplemental budget in the coming weeks.

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DLS Budget Analysis Issues (continued)

2. Fare Capping Study Report Released (Page 28)

MTA should brief the committees on:

- *when the fare collection system currently under procurement will be operational; and*
- *when and how it will determine whether to pursue implementation of a fare capping policy.*

MDOT Response:

Fare Collection System Timeline

Vendor proposals for the new fare system are currently under review for selection; at this time, a detailed schedule for implementation with the future vendor has not been completed. The timeline is subject to the typical risks of similar large IT/systems projects. Our goal is to have the initial phase of the project launch in June 2023, with the full system operational by 2025. The plan has the new system implemented in three phases to minimize risk while providing the benefits of the new system as soon as possible. The first phase includes the capability for fare-capping and supports the initial deployment of the new bus and rail fare collection equipment along with the core back-office systems into the production environment. Subsequent phases will expand the collection equipment installation and further promote customer transition with an updated web site and transition to a new mobile application with enhanced features.

Potential Implementation of a Fare Capping Policy

In order to implement a fare capping policy, a project team would need to be assembled to address the implementation requirements and timing. The team would include a diverse group of stakeholders including community-based organizations and other external outreach efforts for feedback on addressing policy questions and establishing desired outcomes. The project team would then develop specific goals, costs, impacts, measurements, and fare policy changes needed to achieve those outcomes. The work of this team would begin during phase 1 development to support implementation during the phase 1 revenue service.

Below are some implementation concerns MDOT MTA identified in the October 2020 report on fare capping.

- As part of the new system in development, consideration of options to simplify the pass structure for MARC and any applicable partners with complex fare structures (e.g., Commuter Bus, LOTS, Purple Line etc.), along with the methods of electronic fare acceptance on those services, to better align with a fare capping model.

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- Establish specific financial, loyalty/ridership, and equity objectives that can be used to shape the design of the fare capping program (e.g., eligible customers and passes transitioned).
- Conduct a detailed cost of fare collection and revenue impact analysis and develop an operating cost model that enables the financial impacts of various policy alternatives to be evaluated. This is critical to determining the likely impacts of any fare capping policy under consideration and to understanding any shifts in customer behavior.

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Operating Budget Recommended Actions

1. Concur with Governor's allowance.

MDOT Response:

The Department concurs with the DLS recommendation.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance

MDOT Response:

The Department concurs with the DLS recommendation.

Budget Reconciliation and Financing Act Recommended Actions

1. Amend Transportation Article §7-205 to modify or eliminate the requirement that the fiscal 2022 operating budget of the Maryland Transit Administration increase by at least 4.4% over the fiscal 2021 appropriation.

MDOT Response:

MDOT MTA respectfully does not concur with the DLS recommendation. Please see above.

Maryland Transit Administration

FY22 Budget Hearing

Kevin Quinn, Administrator
February 26, 2021



Agenda

COVID-19: Response and Ridership Impacts

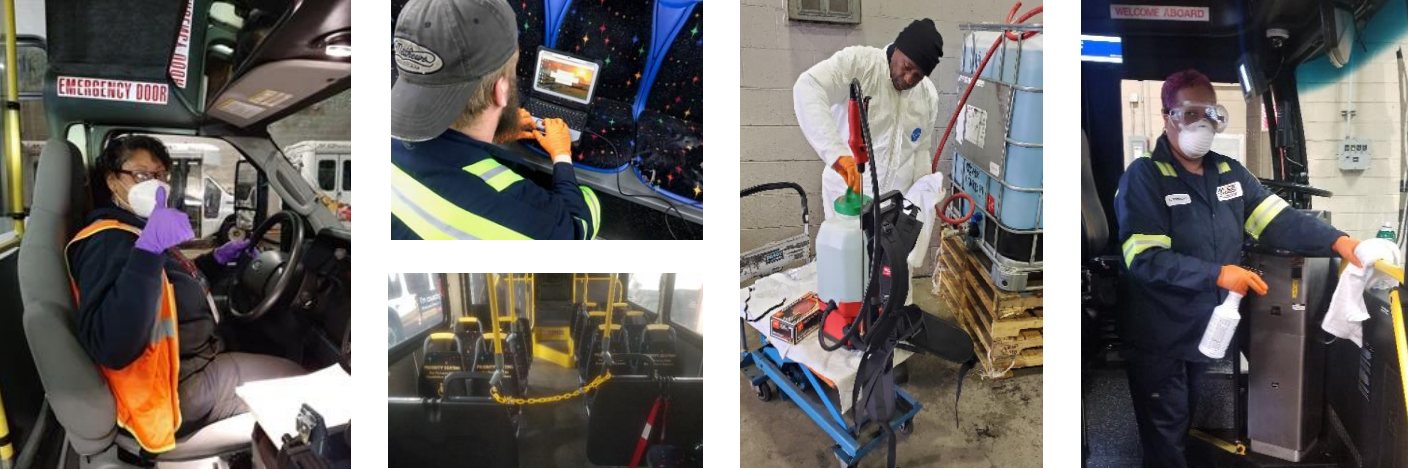
Budget Analysis

Project Updates



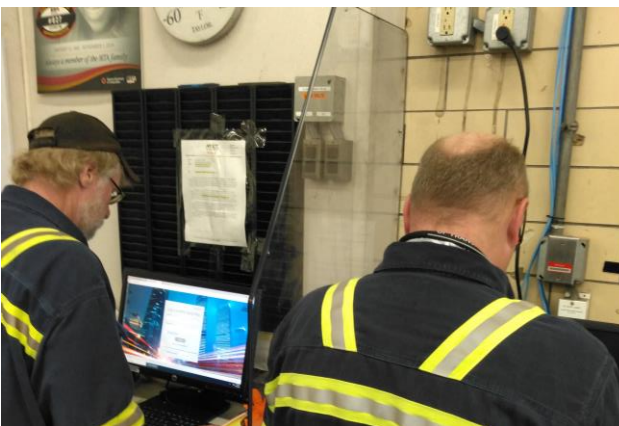


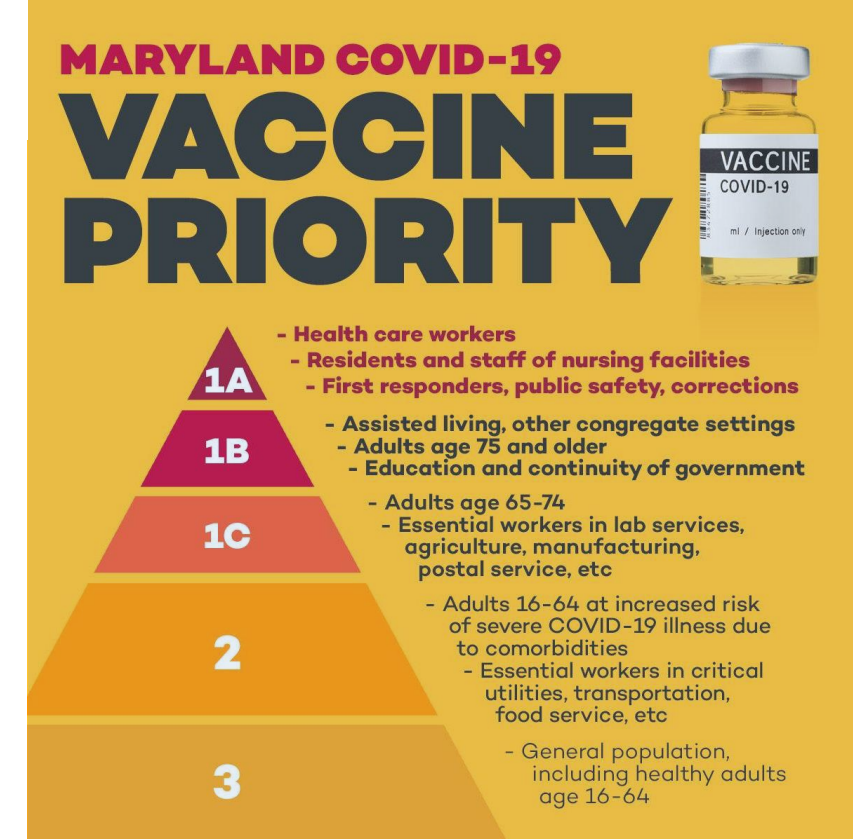
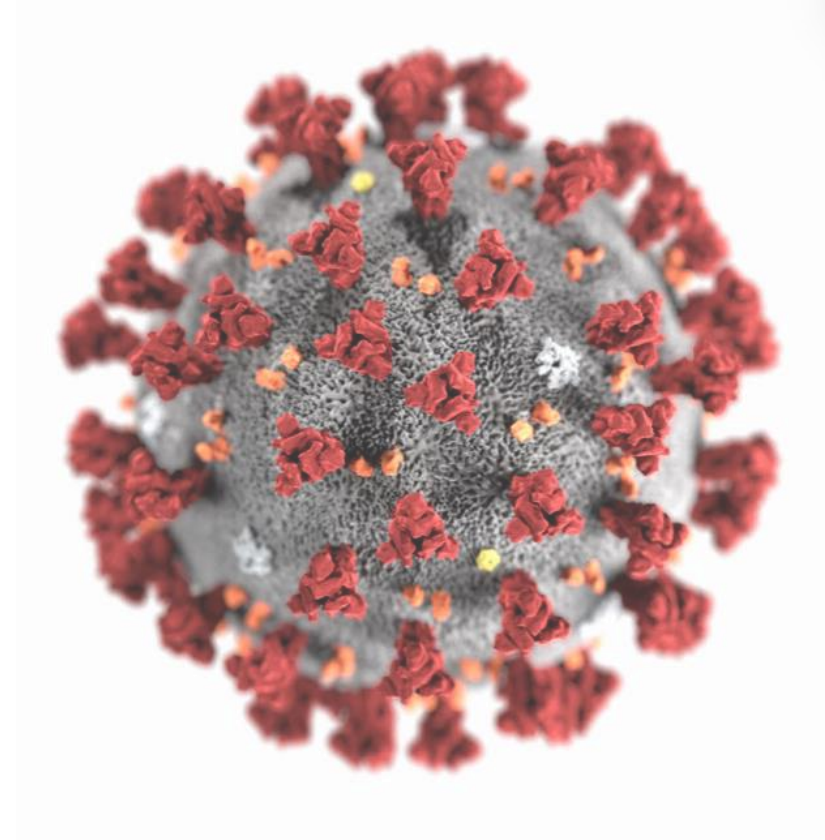
COVID-19: Response and Ridership Impacts



Protecting Riders and Employees

- Actions taken to date:
 - Disinfecting of vehicles and facilities
 - Power washing of rail stations
 - Distribution of PPE to front-line employees
 - COVID-19 screening upon entry to MTA facilities
 - Social distancing buses for operator divisions
 - Dividers between workstations at MTA facilities
 - COVID-19 bus modifications
 - Internal and external communications to ensure compliance with face covering requirement
 - Advocacy for early vaccinations for front-line transit workers





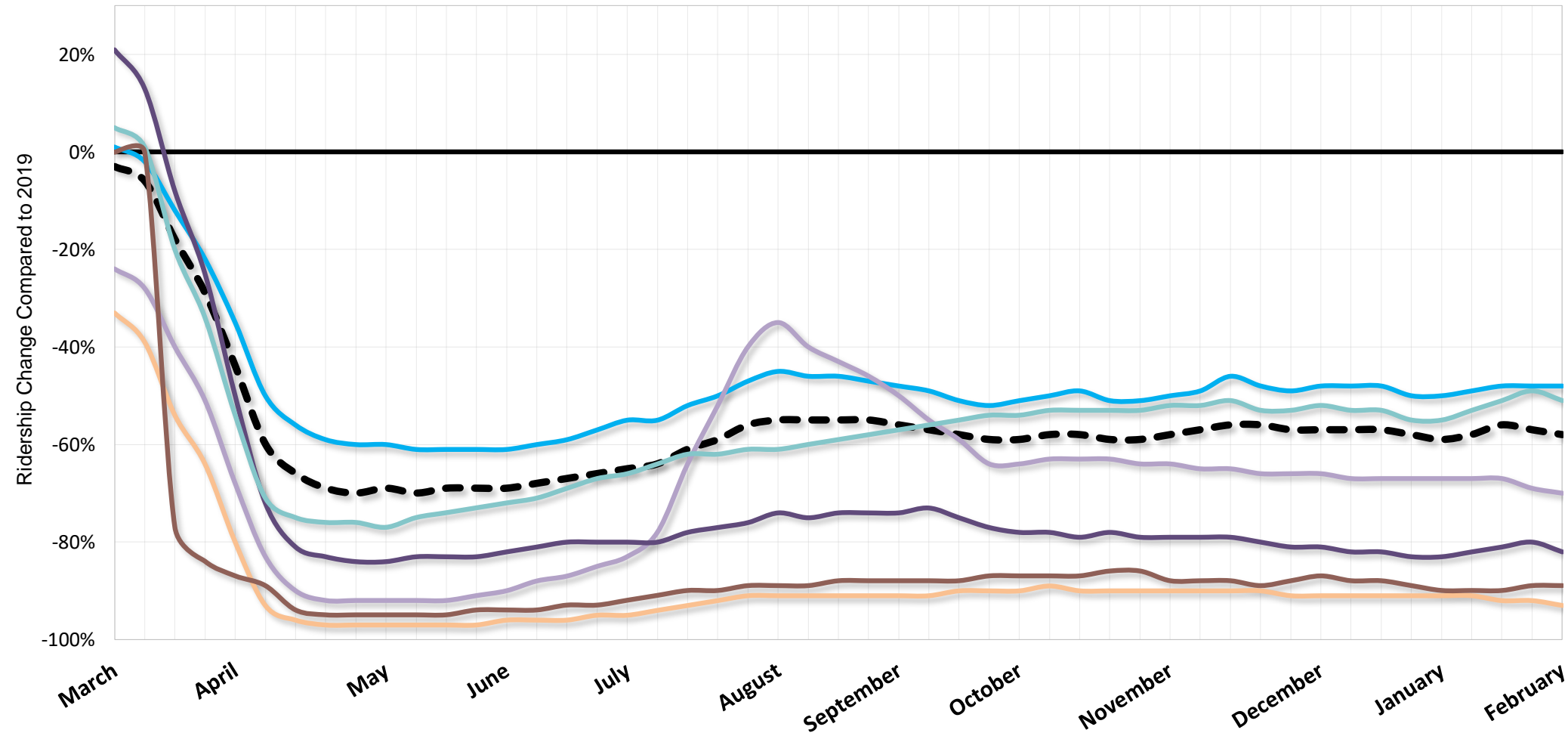
Transit Worker Vaccinations

- Front-line transit workers included in Phase 1C
- Closely coordinating with MDOT and Maryland Department of Health

Ridership Update

Ridership Compared to 2019 (Rolling 4-Week Averages)

— 2019 Level — MTA Total — Core Bus — Light Rail — Metro — Mobility — MARC — Commuter Bus



Overall ridership is down ~60% as of early February

- Core Bus down 48%
- Mobility down 51%
- Light Rail down 70%
- Metro down 82%
- Commuter Bus down 89%
- MARC down 93%



Budget Analysis

M**DOT** MARYLAND DEPARTMENT OF TRANSPORTATION
MARYLAND TRANSIT ADMINISTRATION

FY22 Allowance vs FY21 Appropriation

	Admin/Police	Bus	Rail	Statewide	Combined	% Change vs FY21
FY21 Appropriation	\$102,357	\$490,979	\$256,284	\$90,849	\$940,469	
FY21 Deficiency*	\$17,250	\$(33,850)	\$(14,355)	\$(12,045)	\$(43,000)	
FY21 Adjusted Appropriation	\$119,607	\$457,129	\$241,929	\$78,804	\$897,469	
Salaries & Benefits**	\$1,306	\$4,661	\$1,369	-	\$7,335	1.9%
Motor Vehicle Operations***	\$1,600	-	-	-	\$1,600	2.5%
Contracted Services****	\$(5)	\$4,200	\$4,201	-	\$8,397	2.5%
Grants	-	-	-	-	-	0.0%
Other	\$131	\$58	\$(187)	-	\$2	0.0%
Combined Variances	\$3,032	\$8,919	\$5,383	-	\$17,334	1.9%
FY22 Allowance*****	\$122,639	\$466,048	\$247,312	\$78,804	\$914,803	
% Change vs FY21	2.5%	2.0%	2.2%	0.0%	1.9%	

Note: numbers shown in 000s

*(\$2.3M) OT, (\$37.7M) contracted service (CB/MARC), \$9M COVID-19 cleaning/supplies, (\$12M) LOTS

**\$7.1M in pay/benefit increases, \$1.0M OT, (\$2.7M) reduction in workers' compensation, \$1.9M turnover - no hiring freeze

***Liability Insurance of \$1.6M - projected FY22 increase in premium

****Contract rate increases in FY22 - \$4.2M MARC, \$0.8M Commuter Bus, \$3.4M Mobility

*****Does not include expected \$1.26M related to TSHRS COLA impact in FY22

MTA Personnel

	FY21 Appropriation	FY22 Allowance
Union	2,657	2,657
Management	708	709
Total	3,365	3,366
Vacant Positions as of 1/1/21	156	N/A
Percent of Vacancies	4.6%	N/A
Budgeted Vacancy Percent	3.9%	3.1%





Project Updates

MDOT MARYLAND DEPARTMENT OF TRANSPORTATION
MARYLAND TRANSIT ADMINISTRATION

Rail Vehicle Updates

- Light Rail Mid-Life Overhaul
 - \$163 million overhaul program for 53-car fleet
 - Approximately halfway done
 - 28 vehicles accepted for revenue service
 - 29th vehicle scheduled for March 2021 delivery
 - Expected to be 75% complete by end of 2021
 - Project completion by end of 2022
- Metro Fleet and Train Control Replacement
 - \$400+ million project for 78 new Metro vehicles
 - Car shell manufacturer has resumed production after closing due to COVID-19
 - Train Control is continuing construction, installation, and testing
 - First carshell will arrive in Baltimore November 2021 for final testing
 - All new vehicles to be in revenue service by Spring 2024





Transit Facilities

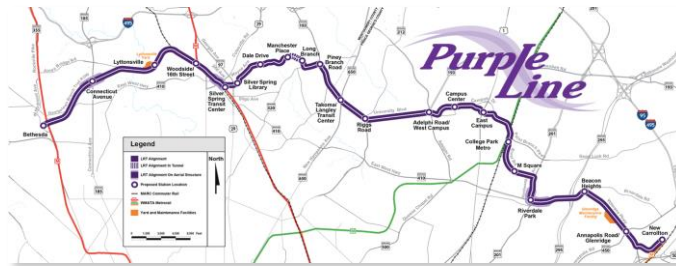
- Kirk Bus Division
 - \$80 million facility will accommodate 175 buses
 - 180,000 square feet of improved bus storage, fueling, washing, radio dispatching, administrative offices, and operator support facilities
 - Entire facility under cover
 - Addresses community concerns related to bus visibility, noise, and emissions
 - Operations to begin early summer 2021

- MARC Riverside Heavy Maintenance Facility
 - Supports major maintenance efforts for MARC
 - Project includes a 35,000 sq. ft. building with three tracks, 30 ton overhead crane, drop table, and a wheel truing machine
 - Pre-construction activities nearly complete
 - Will be fully operational by June 2023

Zero Emissions Bus Fleet

- Focused on 50% bus fleet transition to ZEV by 2030
 - Technology: Compare electric and hydrogen fuel cell costs and capabilities
 - Service: Can current technology support bus routes that exist today?
 - Charging: How could bus storage and maintenance facilities be retrofitted?
 - Workforce: Training, new agency procedures, coordination with Union
 - Phasing and financing options
- Funding for two pilots, with revenue service expected in 2022
 - \$2.6M FTA Low and No Emissions Grant – 3 60' battery electric buses and charging infrastructure
 - \$3M Volkswagen Grant – 4 40' battery electric buses and charging infrastructure





Purple Line

- Construction continuing through assumed contracts and third-party agreements
 - Progressing final design
 - Utility relocations and remaining permit work ongoing
- Soliciting replacement DB contractor
 - Issued RFQ on January 8, 2021
 - RFP to be issued in early-March 2021
 - Selection by mid-June 2021

FY22 Capital Plan

	Budget Year FY22	Six Year Total
Major Projects	\$263,954	\$1,109,980
Metro Fleet and Train Control Replacement	\$88,632	\$356,057
Bus Replacement	\$33,044	\$318,395
MARC Northeast Corridor Commission Contribution	\$19,323	\$142,455
Light Rail Vehicle Mid-Life Overhaul	\$17,086	\$62,850
MARC Riverside Heavy Maintenance Building	\$36,575	\$61,517
MARC Joint Benefits Project - CSX	\$14,116	\$50,716
Howard Street Rail Replacement	\$17,206	\$40,233
Light Rail Interlocking Renewals Fund	\$14,245	\$39,615
MARC III Coaches Overhaul	\$14,441	\$28,857
Metro Interlockings – Reisterstown Plaza East	\$9,286	\$9,286
Purple Line	\$155,562	\$371,886
All Other Capital Projects	\$200,838	\$1,650,180
Capital Projects Total	\$620,354	\$3,132,046

Note: numbers shown in 000s