

## **6.0 Funding**

This section identifies existing transportation funding sources at the Federal, State, and local levels and discusses recent trends in transportation spending in Southern Maryland. Possible new funding sources are identified, including their potential for use in Southern Maryland. Finally, the total funding needs for Southern Maryland transportation improvements are identified and compared with likely funding streams forecasted for the future.

### **6.1 EXISTING FUNDING SOURCES**

#### **Federal Aid**

Local governments can receive Federal financial assistance for transportation directly from the Federal government, but funds are generally channeled through the States in the form of “pass through” grants. All of Maryland’s counties receive funding for local capital programs (i.e., highways) through the State In Lieu of Federal Aid program. This Federal Aid for transportation is provided through Surface Transportation Grants, Federal Transit Capital Improvement Grants, Federal Transit Capital and Operating Assistance Grants, Bridge Repair and Restoration Grants, and Public Transportation for Non-urbanized Area Grants. Federal Aid generally accounts for a large percentage of local transportation funding, but a small percentage of total local government revenues. Federal Aid revenues to counties have been growing faster than other revenues in recent years. For example, between 1994 and 2004, Federal Aid to county governments has increased by an average annual rate of 7.7 percent compared to 6.0 percent for total county revenues. Similarly, Federal Aid revenues to municipalities has increased at an average annual rate of 5.8 percent compared to 5.0 percent for total revenues over the same time period. Over this 10-year time period, Federal Aid has grown 110 percent for county governments and 76 percent for municipal governments.

Table 6.1 presents total Federal Aid to counties in Southern Maryland and the share of total revenues that Federal Aid represents. Transportation-related Federal Aid to counties is primarily used for public safety and maintenance of existing infrastructure is not generally available for implementation of capacity enhancement projects.

**Table 6.1 Federal Aid to Southern Maryland County Governments**  
*Fiscal Year 2004 (Millions of Dollars)*

County	Total Federal Aid	County Share “Other Programs”	Percent of Total
Calvert	\$13.6	\$3.2	24%
Charles	\$31.4	\$5.8	18%
St. Mary’s	\$18.4	\$3.5	19%
<b>Southern Maryland</b>	<b>\$63.4</b>	<b>\$12.6</b>	<b>20%</b>
<b>Maryland</b>	<b>\$1,391.8</b>	<b>\$344.1</b>	<b>25%</b>

Source: Maryland General Assembly; *Maryland Local Government*, Legislative Handbook Series Volume VI, 2006.

Note: “Total” includes the following Federal Aid categories: Public Schools, Community Colleges, Health Boards, Community Development, And Other Programs.

“Other Programs” includes public safety and transportation.

### State Aid

In Maryland, transportation planning is centralized and largely performed by the Maryland Department of Transportation (MDOT), its Modal Administrations, and the Maryland Transportation Authority (MdTA). However, local governments are also responsible for funding and implementing local transportation projects and programs. Local governments rely on three types of revenue sources to provide public services: local-own source revenues (i.e., local taxes and service charges), State Aid; and Federal Grants. State Aid is the largest of these revenue sources and constitutes about one-third of the total revenue for the counties of Southern Maryland.

State Aid is a relatively stable revenue source for most county and municipal governments. After public schools, the largest amount of State Aid goes to counties and municipalities, where it is then used to fund transportation programs (Table 6.2). In Southern Maryland, property taxes, service charges, and other sources account for the majority of municipal revenue with State Aid accounting for a smaller share.

**Table 6.2 State Aid to Local Governments (Statewide)**  
*Millions of Dollars*

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
State Aid to Counties/ Municipalities	\$704.1	\$636.5	\$796.6	\$829.9	\$953.5	\$942.5	\$820.1
Transportation	\$440.3	\$384.7	\$462.7	\$545.4	\$562.1	\$573.9	\$555.8
Percent of County/ Municipality Aid	62.5%	60.4%	58.1%	65.7%	59.0%	60.9%	67.8%

Source: Department of Legislative Services, Office of Policy Analysis; *Overview of State Aid to Local Governments, FY 2009 Allowance*.

Total State assistance to local governments in the form of Highway User Revenues (HUR) in FY 2007 amounted to \$585 million and was generally used for local road construction and maintenance projects. In that same year, local governments received \$4.3 million in elderly and handicapped transportation program funding and \$2.8 million in paratransit funding, both of which are administered by the Maryland Transit Administration (MTA).

The FY 2007 HUR distributions in Southern Maryland, based on a formula including road mileage and vehicle registrations, are shown in Table 6.3. These revenues are typically used for developing and maintaining local street networks. Also shown are the distributions for the counties through the MTA elderly and handicapped transportation program and paratransit program. The HUR funds are pass-through State Aid to the counties whereas the MTA funds are State funds spent within Southern Maryland.

**Table 6.3 Southern Maryland Distribution of Highway User Revenues and MTA Funds**  
*Fiscal Year 2007 (Millions of Dollars)*

County	HUR Road Miles Funds	HUR Vehicle Registration Funds	Total HUR Funds (pass through State Aid)	Elderly/Disabled and Paratransit (MTA)	Total
Calvert	\$3.4	\$3.5	\$6.9	\$0.2	\$7.1
Charles	\$5.4	\$5.2	\$10.5	\$0.3	\$10.9
St. Mary's	\$4.4	\$3.7	\$8.2	\$0.3	\$8.4
Southern Maryland	\$13.2	\$12.4	\$25.6	\$0.8	\$26.3
<b>Maryland</b>	<b>\$173.0</b>	<b>\$173.0</b>	<b>\$584.9</b>	<b>\$7.1</b>	<b>\$592.0</b>

Source: Maryland General Assembly; *Maryland Local Government*, Legislative Handbook Series Volume VI, 2006.

According to Maryland Statute, 30 percent of HUR funds collected from taxes and fees are allocated to local governments for funding transportation projects. Nearly half of these are allocated to the City of Baltimore and the remainder are divided among the counties and municipalities based on the following proportions:

- Fifty percent is distributed based on the ratio of the individual county road mileage to total county road mileage statewide;
- Fifty percent is distributed based on the ratio of vehicle registrations in an individual county to total vehicle registrations statewide; and
- Municipalities receive a share of their respective county's distribution based on the above formula.

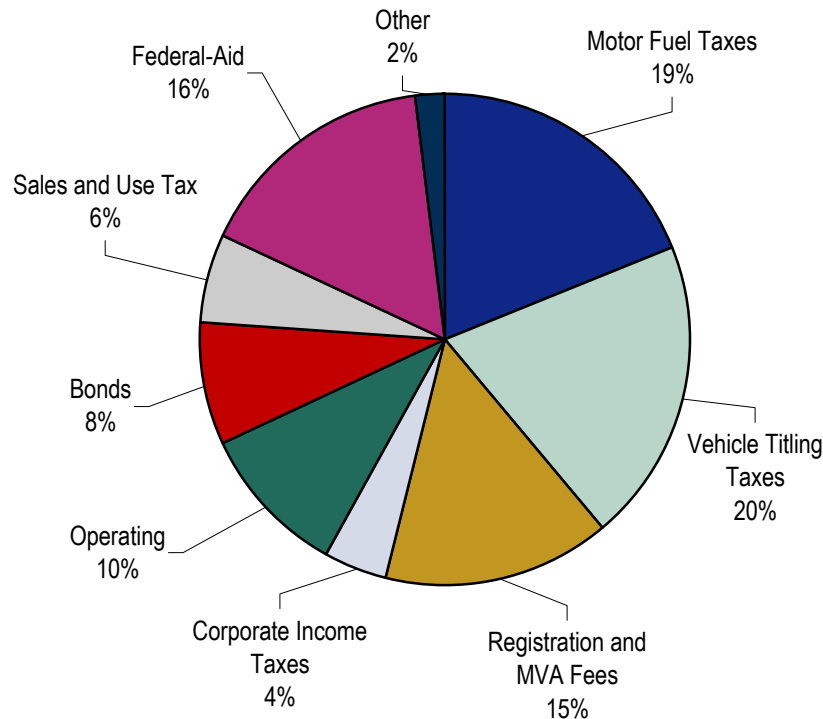
The remaining revenues – excluding administration, debt service, and transfers to the State's General Fund – are allocated to MDOT and its modal agencies for operating and maintenance costs as well as capital investments. Roughly half of

the remaining funds (39 percent overall) are used for operating expenses, leaving the other half (42 percent overall) for capital expenditures.

## 6.2 TRANSPORTATION TRUST FUND-BASED AID

Funding for new transportation projects in Maryland comes primarily from the Maryland Transportation Trust Fund (TTF), which is comprised from an assortment of sources, such as taxes on motor fuel, vehicle titling and registration fees, Federal aid, operating revenue from transit services, user fees from the Port of Baltimore (POB), and user fees from airlines and concessionaires at the Baltimore/Washington International Thurgood Marshall Airport (BWI) (see Figure 6.1). The TTF is a dedicated funding source for transportation and is separate from the State's General Fund. For FY 2008-2013, the period of the current Consolidated Transportation Program, TTF revenues total \$20.8 billion. The TTF pools revenues from many sources and makes them available for transportation investments managed by Maryland's Modal Administrations. Any unspent TTF funds are carried over to the next fiscal year and do not revert to the State General Fund.

Figure 6.1 Maryland Transportation Trust Fund Sources



Source: Maryland Department of Transportation FY 2008-2013 Consolidated Transportation Program.

Note: Includes the revenue increase passed during the December 2007 Special Session.

The Maryland Transportation Authority (MdTA) is a related agency with a separate funding source. Construction, operations, and maintenance of MdTA

facilities are primarily funded by tolls, concessions, investment income, and revenue bonds.

A 2003 Transportation Task Force Report, known as the Hellmann Commission Report, conducted an analysis of the State's transportation funding needs and recommended potential options to increase transportation revenues. The Report recognized both State and local governments' transportation funding needs and supported a revenue increase that would meet them both. The Report acknowledged that increasing revenue only for the State without also addressing local needs would be unfair. To that end, the Commission recommended that any additional TTF revenues be shared with local governments using the existing formula.

### **Historic Funding Allocations from the State**

MDOT utilizes a "first call" hierarchy to determine how TTF revenues will be allocated. Funds are allocated in the following order: 1) debt service; 2) operating expenses; 3) preservation needs; and 4) capital expansion.

MDOT's Consolidated Transportation Program (CTP) identifies capital investments for transportation projects over a six-year period. MDOT is required to consider each county's transportation priorities when developing the CTP, specifically:

"The local governing body and a majority of the local legislative delegation shall establish a list of priorities from among those secondary system projects listed in the needs inventory and the Administration shall engage in initial project planning upon the request of the local governing body and a majority of the local legislative delegation in the order established in the list of priorities."<sup>40</sup>

MDOT works with county and local elected officials to determine funding priorities. In preparation of the FY 2008-2013 CTP, MDOT visited with each county and Baltimore City in "pre" tour meetings. One of the purposes of these meetings was to emphasize the importance of submitting priority letters. Many counties had not submitted one in over 10 years.

Submitting priority letters is key to moving capital projects forward because MDOT considers these letters when programming capital expenditures. In the event of future revenue increases, priority letters will be used to determine how to program the additional funds. Once a project is programmed into the CTP, MDOT is committed to funding it. The three counties of Southern Maryland have consistently worked together to produce a joint priority letter supporting the funding of projects of regional significance. Submitting a *regional* priority

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<sup>40</sup>Maryland Code, Transportation Article, Title 8 Highways Subtitle 6. Construction and Maintenance §8-612 Project Planning Program.

letter is an excellent way to leverage the political will of the region in support of State funding for important transportation projects which, if implemented, can have significant long-term benefits for all three Southern Maryland counties.

Table 6.4 shows historical SHA expenditures in Calvert, Charles, and St. Mary's counties and statewide. Unlike the pass-through Federal and State Aid discussed above, these are funds spent by the State within Southern Maryland.

**Table 6.4 SHA-Related Capital Funding**  
*2003 to 2007 (Millions of Dollars)*

County	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Calvert	\$14.4	\$5.4	\$11.0	\$10.1	\$9.7
Charles	\$7.6	\$4.9	\$15.3	\$14.4	\$21.4
St. Mary's	\$7.9	\$9.6	\$5.3	\$3.4	\$10.8
Southern Maryland	\$30.0	\$19.8	\$31.6	\$27.9	\$41.9
<b>Maryland</b>	<b>\$846.6</b>	<b>\$922.5</b>	<b>\$1,019.1</b>	<b>\$1,061.7</b>	<b>\$986.4</b>

Source: SHA.

Table 6.5 presents historic funding assistance to Locally Operated Transit Services (LOTS) from the Maryland Transit Administration (MTA). These include funds from Federal Transit Administration Programs for urban, rural, and special needs transit systems (Section 3037, 5303, 5307, 5309, 5310, 5311, 5313), as well as funds from other Federal and State programs (Rural Transportation Assistance, Americans With Disabilities Act, Ridesharing Program, Statewide Special Transportation Assistance, Rural and Community-Based Services, Senior Rides Demonstration programs). These funds are for local transit service, not including the MTA run privately operated commuter bus routes, which are contracted and financed using MDOT operating funds, and are not listed in the CTP.

**Table 6.5 MTA Locally Operated Transportation Services Funding**  
*2003 to 2007 (Thousands of Dollars)*

County	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Five-Year Average
Calvert – Operating	\$429	\$427	\$413	\$485	\$561	\$429
Calvert – Capital	\$431	\$90	\$144	\$764	\$113	\$431
Charles – Operating	\$1,940	\$1,731	\$1,746	\$1,855	\$2,041	\$1,940
Charles – Capital	\$299	\$237	\$118	\$122	\$86	\$299
St. Mary's – Operating	\$1,031	\$982	\$1,047	\$937	\$875	\$1,031
St. Mary's – Capital	\$200	\$171	\$221	\$549	\$115	\$200
<b>Southern Maryland</b>	<b>\$4,331</b>	<b>\$3,638</b>	<b>\$3,690</b>	<b>\$4,711</b>	<b>\$3,791</b>	<b>\$4,331</b>

Source: Maryland Transit Administration, 2007.

Major challenges to funding transportation improvements in Maryland include:

- Increasing costs required to preserve the State's transportation infrastructure consume funds that could otherwise be used for transportation system expansion;
- Growth (i.e., population, multicar households, licensed drivers) necessitates the need to expand system capacity for every mode of transportation; and
- TTF revenue growth rates are smaller than growth rates for transportation operating expenses and capital needs.

### Currently Programmed Projects

Funds have been allocated to several transportation projects in Southern Maryland (Table 6.6). The majority of these funds are for construction projects, however some funds listed under the Development and Evaluation Program are for planning studies, environmental studies, preliminary design work, and right-of-way acquisition.

**Table 6.6 Southern Maryland Capital Projects Funded in the Final 2008 to 2013 Consolidated Transportation Program**

Program	Total Cost (Millions of Dollars)
<i>Calvert County</i>	
Primary Construction Program	\$22.9
Secondary Construction Program	\$6.2
Primary Development and Evaluation Program	\$8.2
Safety, Congestion Relief, Highway and Bridge Preservation Program	\$109
<i>Charles County</i>	
Primary Construction Program	\$2.6
Secondary Construction Program	–
Primary Development and Evaluation Program	\$46.6
Safety, Congestion Relief, Highway and Bridge Preservation Program	\$9.1
General Aviation Grants-in-Aid	\$35.0 State/\$35.0 Local
<i>St. Mary's County</i>	
Primary Construction Program	–
Secondary Construction Program	\$55.6
Primary Development and Evaluation Program	\$5.3
Secondary Development and Evaluation Program	\$1.32
Safety, Congestion Relief, Highway and Bridge Preservation Program	\$16.68
General Aviation Grants-in-Aid	\$9.0 State/\$9.0 Local

Source: Total excludes Federal-Aid.

## Local Transportation Budgets

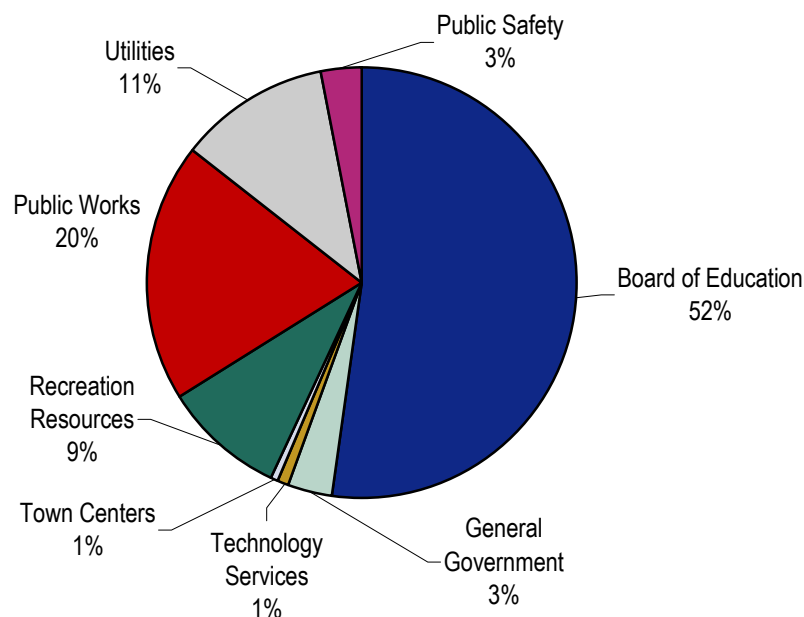
Each local government coordinates transportation efforts differently. Usually, counties and municipalities assign responsibility for these services to their public works, highways, or transportation departments. Each county in Southern Maryland has a portion of their overall capital program dedicated to transportation. Both Calvert and Charles Counties spend approximately 20 percent of their capital budgets on transportation and St. Mary's County spends about 11 percent. Southern Maryland counties principally fund capital transportation projects with bond financing. Most of St. Mary's County's transportation projects are funded using a mix of transfer tax revenues and bond financing. Highway User Revenues can be used to pay for debt service on outstanding bonds, for county road construction and maintenance, and for new transportation facilities.

### Calvert County

The Calvert County Department of Public Works maintains public infrastructure (including transportation) and is responsible for managing capital construction projects. The four primary functions performed by the Department are engineering, project management, highway maintenance, and fleet maintenance.

Calvert County's total FY 2008 budget is \$294 million, of which \$50 million (17 percent) is for capital projects. Figure 6.2 details all capital budgeted expenditures for FY 2008, of which almost 20 percent, or \$9,780,500, goes to public works, which is almost entirely for transportation.

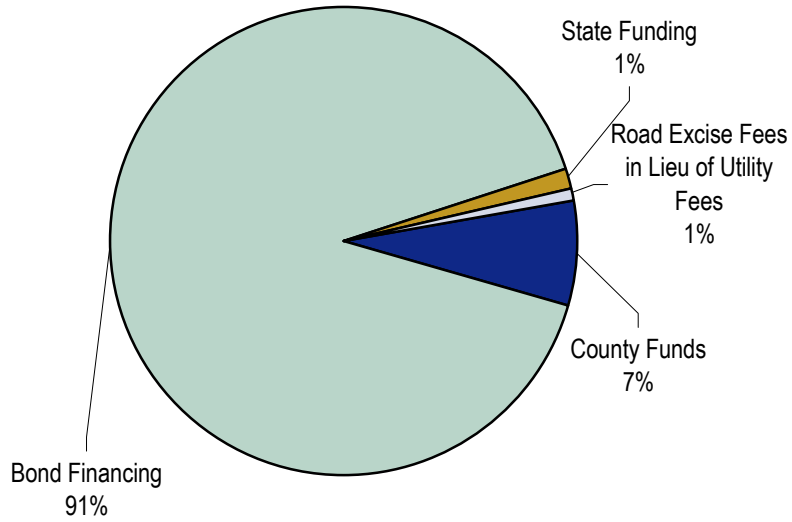
**Figure 6.2 Calvert County Capital Budget Expenditures**  
*Fiscal Year 2008*



Source: Calvert County FY 2008 Commissioners Budget, Capital Improvements Fund.

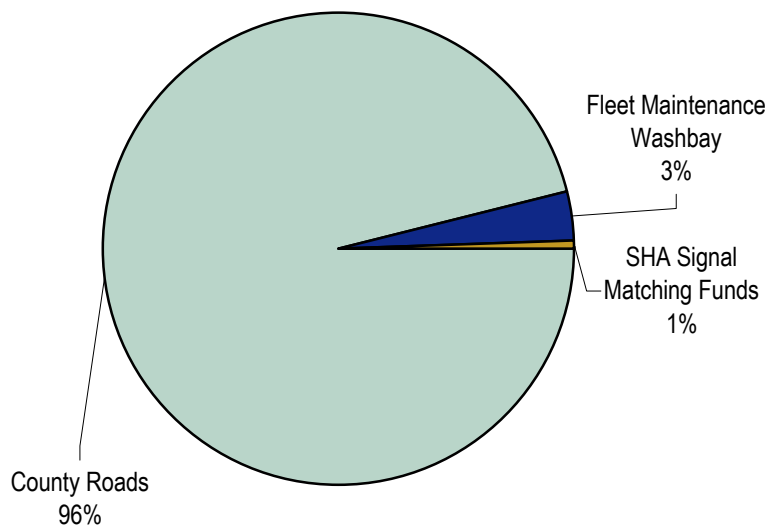
Transportation projects in Calvert County fall into two major categories; County roads and State roads with shared infrastructure. Figures 6.3 and 6.4 show the sources of the county's planned capital revenues and uses of planned expenditures for FY 2008.

**Figure 6.3 Calvert County Public Works/Transportation Capital Budget Revenues**  
*Fiscal Year 2008*



Source: Calvert County FY 2008 Commissioners Budget, Capital Improvements Fund.

**Figure 6.4 Calvert County Public Works/Transportation Capital Budget Expenditures**  
*Fiscal Year 2008*



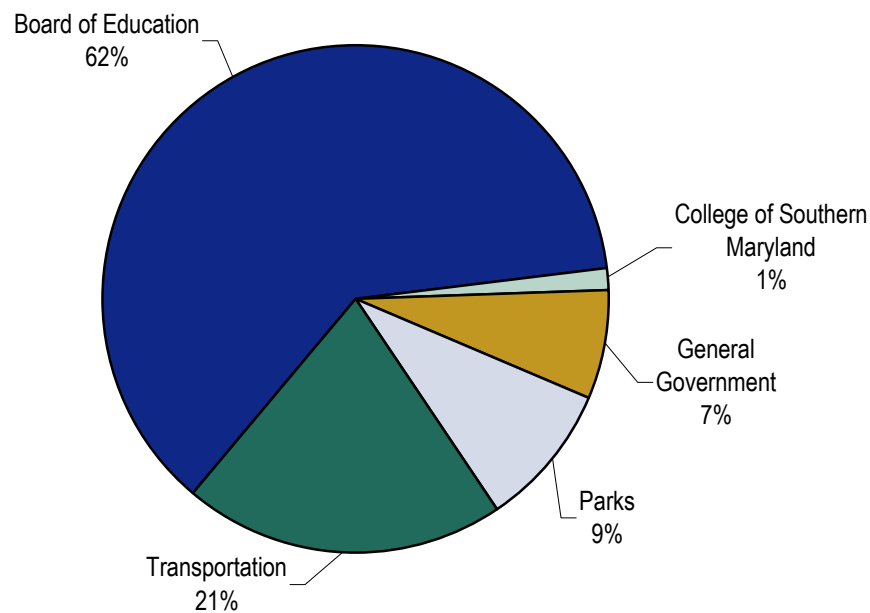
Source: Calvert County FY 2008 Commissioners Budget, Capital Improvements Fund.

### Charles County

Charles County's Road Division maintains about 1,800 lane-miles of roadway. The County receives the majority of its revenues from property and income taxes, service charges, bond proceeds and State grants. Charles County's total budget appropriation for fiscal year 2008 is \$519 million. Project categories within the capital program are shown in Figure 6.4. The Charles County Capital Project Budget is split into two categories – Governmental Projects and Enterprise Fund Projects.

Transportation in Charles County is generally funded through Governmental Projects Capital Expenditure Funds. The Governmental Projects capital budget category for fiscal year 2008 is \$89.6 million. Transportation projects fall under the Governmental Projects category, comprising \$18 million or 20.6 percent of the Governmental Projects portion of the capital budget (see Figure 6.5).

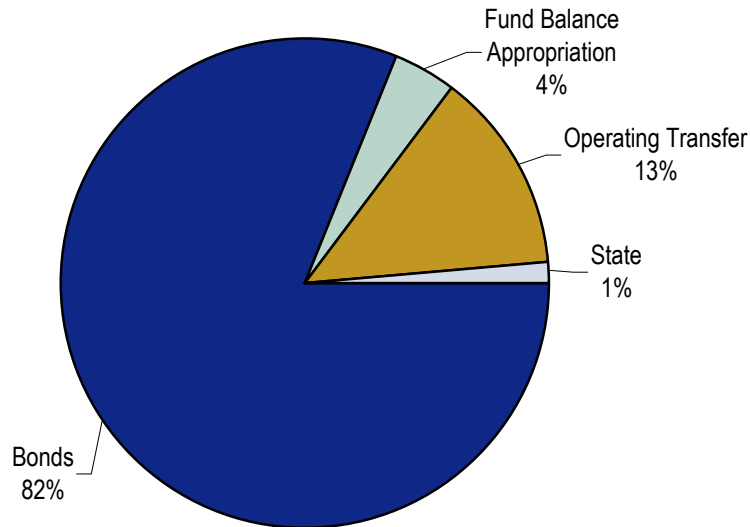
**Figure 6.5 Charles County Governmental Project Capital Expenditures**  
*Fiscal Year 2008*



Source: Charles County.

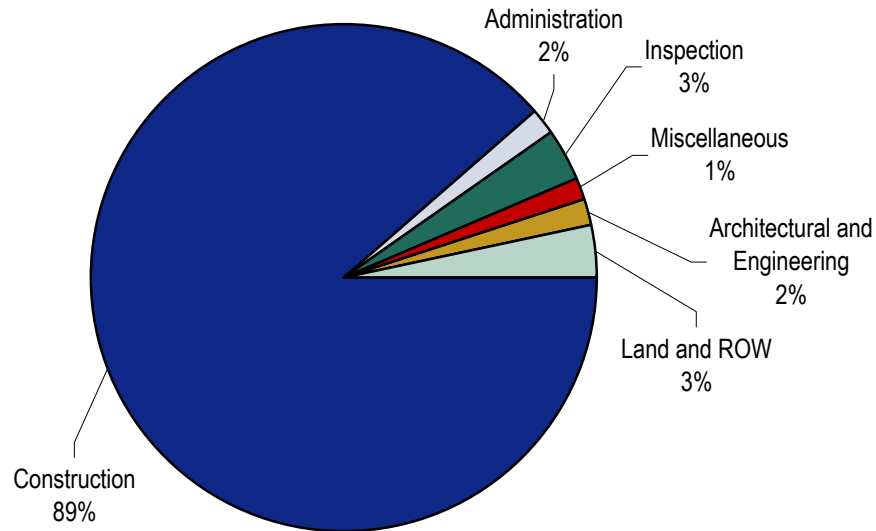
The transportation project categories funded under the Government Projects portion of the capital budget and their related fiscal year 2008 budget expenditures and revenue sources are shown in Figures 6.6 and 6.7.

**Figure 6.6 Charles County Transportation Capital Revenue Sources**  
*Fiscal Year 2008*



Source: Charles County.

**Figure 6.7 Charles County Transportation Capital Expenditures**  
*Fiscal Year 2008*



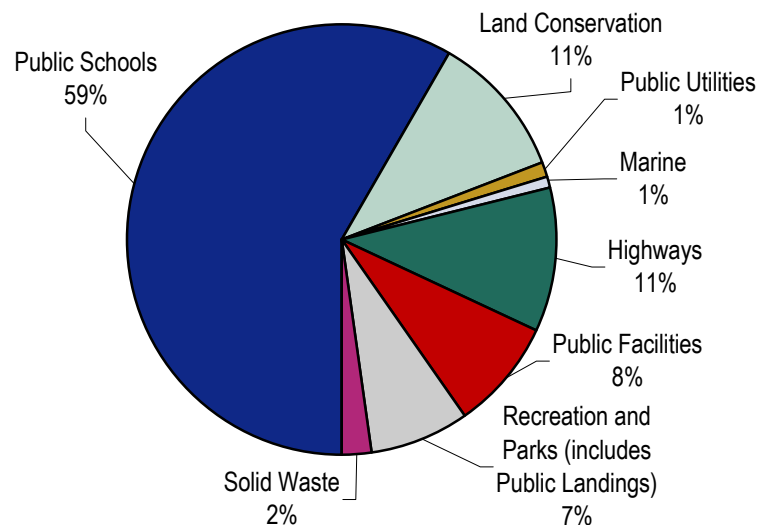
Source: Charles County.

***St. Mary's County***

St. Mary's County adopts a one-year capital budget and a separate five-year capital program each year. There are eight program categories in the capital budget; public schools, land conservation, highways, public facilities, recreation and parks, solid waste, public utilities, and marine. The budgets for these capital

program categories are shown in Figure 6.8. Approximately 11 percent of the \$51 million capital budget is programmed for highways.

**Figure 6.8 St. Mary's County Governmental Project Capital Expenditures**  
*Fiscal Year 2008*



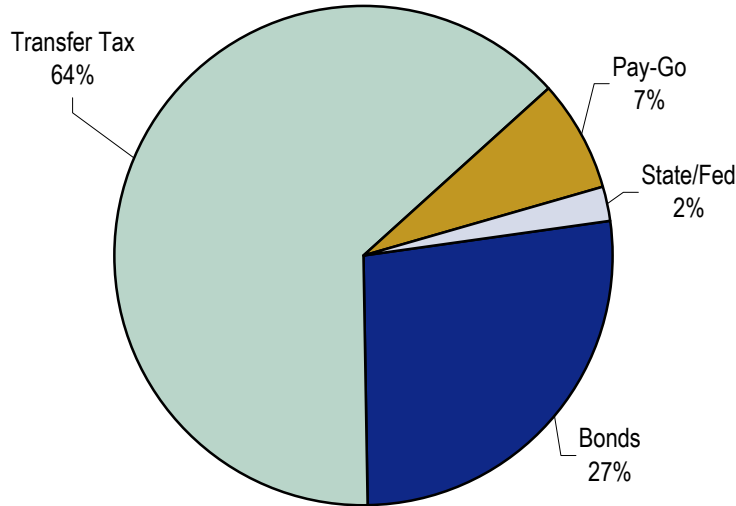
Source: Board of County Commissioners for St. Mary's County approved budget FY 2008.

Transportation programs are managed by the Department of Public Works and Transportation. Transportation functions are organized into the following divisions:

- **County Highways Division** – Maintains County highways, traffic signage, and drainage problems.
- **Construction and Inspections Division** – Provides material testing and inspects County capital projects and new subdivision roads, manages the pavement overlay and line striping programs.
- **Engineering Service and Development Review Divisions** – Conducts transportation planning, design, project management of marine and highway capital projects, county mapping, and the permitting and review of proposed development plans.
- **Transportation Division** – Manages the Nonpublic School Bus Transportation System, the mail/messenger postal services, the St. Mary's Transit System, and Vehicle/fleet management for some County departments (i.e., Office of the Sheriff).

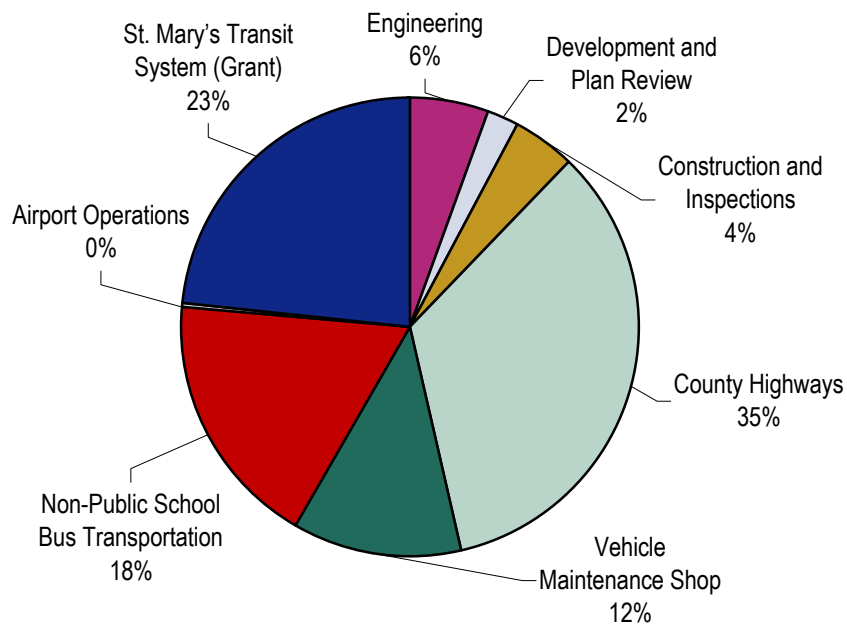
The St. Mary's County Department of Public Works and Transportation FY 2008 revenue sources and expenditures are shown in Figures 6.9 and 6.10.

**Figure 6.9 St. Mary's County Department of Public Works and Transportation Capital Revenue Sources**  
*Fiscal Year 2008*



Source: Board of County Commissioners for St. Mary's County approved budget FY 2008.

**Figure 6.10 St. Mary's County Department of Public Works and Transportation Capital Expenditures**  
*Fiscal Year 2008*



Source: Board of County Commissioners for St. Mary's County approved budget FY 2008.

## 6.3 POTENTIAL FUNDING SOURCES

The Southern Maryland Transportation Needs Assessment is focused primarily on transportation priorities of regional significance. Though most of these priorities would likely require some funding from MDOT, the success of these projects will depend at least in part on funding and political support from Southern Maryland. As last year's CTP notes, given limited funding, "now more than ever, new projects require new partnerships."

There are several potential methods that can be used to help to attain funding for transportation priorities, including:

- Pooling resources across the three counties to provide matching funds;
- Assistance in purchasing or otherwise preserving right-of-way for new transportation infrastructure; and
- Developing new funding sources to help support projects.

There are several potential funding sources that could be considered in Southern Maryland. None of these are feasible in the short term, but as Southern Maryland and the State of Maryland continue to grow and develop, some may be worthy of future consideration. Examples of potential funding sources could include:

- **Local Option Motor Fuel Taxes** – Fuel taxes are the most common source of revenue for State and Federal programs. Fifteen states permit counties or municipalities to leverage a local tax on top of the State and Federal taxes, and 10 states have actually implemented such taxes. The State of Maryland does not currently allow this option and the revenues from local option taxes tend to be relatively modest and used for maintenance and operation of the existing system, rather than new capital investment.
- **Property Taxes** – Property taxes are the most important and universal local revenue source in the United States, but are used for many purposes. At least 17 states have dedicated property taxes for street and road investments and 14 have dedicated property taxes for public transit services. Because property tax revenues already contribute to the operation and maintenance of local roads, increased property tax revenues are likely to be used for similar purposes. Dedicating a revenue stream to transportation increases the predictability of the transportation budget, but not necessarily the total revenue.
- **Realty Transfer Tax** – A realty transfer tax is a State and local tax assessed on real property when ownership of the property is exchanged between parties. The State of Maryland imposes a 0.5 percent tax on the value of the transfer and several Maryland counties also impose a transfer tax, including Prince George's County (1.40 percent) and Anne Arundel County (1.00 percent). In Southern Maryland, Calvert and Charles Counties do not impose a transfer tax; St. Mary's County's tax rate is 1.00 percent. Depending on political

feasibility, a realty transfer tax dedicated to transportation may be a revenue source for transportation investments in Southern Maryland.

- **Local Income, Payroll, and Employer Taxes.** These taxes generally fund programs aimed at facilitating peak-hour commutes into central cities, including public transit services, vanpools, rideshare programs and other projects aimed at congestion relief. All counties in Maryland impose an income tax, but the State has not adopted enabling legislation for local income or payroll taxes dedicated for transportation. Therefore, employment related tax revenues are deposited into a locality's general fund. Given Southern Maryland's largely rural character, payroll and employer taxes may not be a practical option for generating transportation revenue.
- **Local Option Sales Tax** – Although property taxes may raise more revenue overall, the sales tax has become the most commonly used local option tax in many states for funding transportation projects. However, Maryland does not currently allow local option sales tax revenues and it would take State legislation to permit them. To the extent that residents of Southern Maryland make large purchases outside of the region, such a tax may not provide significant yield.
- **Impact Fees, Value Capture, and Similar Sources** – Impact fees and excise taxes are one-time payments from property developers to municipal, county, or school district governments for off-site improvements necessitated by new development. Fees may be based upon square footage, number of bedrooms, number of bathrooms, or other housing characteristics depending upon the use of the funds. The counties of Southern Maryland already impose some residential building fees. Value capture is a revenue stream generated by tapping a portion of property value increases that result from publicly funded transportation improvements. Assessment districts are special property taxing districts where the cost of infrastructure improvements are paid for by properties that benefit from the improvements. These assessments can be applied to the full value of the property or to the incremental property value increase through the use of tax increment financing (TIF). With TIF, bonds are issued to finance infrastructure improvements and are repaid with dedicated revenues from a tax on the increase in property values resulting from the improvements. Several counties in Maryland, including Charles County, have experience with TIF for infrastructure projects.
- **Tolling and Privately Funded Infrastructure Investment** – Maryland already uses tolls as a means to finance infrastructure and manage transportation demand, including the Governor Harry W. Nice Memorial Bridge in Southern Maryland. New or expanded tolling may be considered as a means to finance new infrastructure projects. Similarly, developer funded transportation projects through 'road clubs' or other mechanisms may be considered as a means to finance or accelerate the development of transportation investments.

## Additional Funding Sources

There are several other transportation funding strategies that may be pursued in Southern Maryland, such as:

- **Transportation Enhancements Program (TEP)** – The Transportation Enhancements program is a Federal-aid reimbursable funding program for community-level transportation-related projects. SHA administers the program and conducts an annual “Call for Applications” where project sponsors (usually municipal or county governments) submit individual projects to be funded. Project sponsors are required to provide a funding match of 50 percent of the project’s total costs. Furthermore, the project sponsor’s match must include a non-Federal cash match of at least 20 percent, which only applies to the costs of reimbursable activities. Projects eligible for TEP funding must strict criteria related to 12 allowable TEP Categories and must be independent projects unrelated to planned or existing highway projects or routine highway improvements.
- **Safe Routes to School** – SHA’s Highway Safety administers the Safe Routes to School program, which utilizes Federal-aid highway funds. Eligible projects are intended to improve the safety of children who walk or bicycle to school.

Safe Routes to School grants are awarded annually to local government and nonprofit organizations on a competitive basis based on need and problem identification. FHWA apportions funds to states by formula, which is specified in the legislation. Maryland applicants received \$2.09 million in 2007 and \$2.51 million in 2008. The state is projected to receive \$3.14 million in 2009.

## 6.4 SOUTHERN MARYLAND TRANSPORTATION FUNDING NEEDS

Between \$6.0 and \$7.3 billion in total unfunded transportation system needs have been identified through the Southern Maryland Transportation Needs Assessment. Of this total, between \$2.1 and \$2.4 billion has been identified as the top regional priorities, and another \$3.3 to \$4.1 billion has been identified as county projects of regional importance.

**Table 6.7 Total Funding Needs in Southern Maryland**

Level of Need Established	Low	High
Top Regional Priorities	\$2,140	\$2,430
County Projects of Regional Importance	\$3,282	\$4,136
Other Important Projects	\$602	\$687
<b>Total</b>	<b>\$6,024</b>	<b>\$7,254</b>

The \$2.1 to \$2.4 billion does not include funding for the MD 5/U.S. 301 Corridor high capacity transit alignment currently under study, which may cost up to \$1.2 billion to develop (Table 6.8). The capital costs for the proposed high capacity transit service are likely to vary substantially, depending on the type of service developed (bus rapid transit or light rail) and the number of significant structures (bridges, overhead structures, tunnels, etc.) that are required for the proposed alternative. Some portion of the total cost may be available through the Federal New Starts program, depending on the level of benefits that are expected.

Table 6.8 presents rough ranges of costs for a typical service that requires few major structures. Bus rapid transit costs depend primarily on the extent to which the service will require an entirely separate right of way or will operate at times in mixed traffic. Costs for either system type will depend on the number of stations developed. These costs are for informational purposes only – detailed cost estimates will be developed as part of the Southern Maryland Transit Corridor Preservation Study.

**Table 6.8 Typical Cost Ranges for BRT and Light Rail Transit Projects**

Service Type	Cost per Mile (millions)		Capital Cost for 24 mile alignment (millions)		Annual Operating Costs (millions)
	Low	High	Low	High	
Bus Rapid Transit	\$5	\$15	\$120	\$360	\$27-\$29
Light Rail Transit	\$30	\$50	\$720	\$1,200	

Source: Cambridge Systematics analysis of existing new starts funded bus rapid transit and light rail projects completed within the last 5 years. Costs do not include preliminary engineering or right of way costs.

### ***Funding Gap***

The Maryland DOT has estimated that Southern Maryland can be expected to receive between \$640 and \$770 million between 2012 and 2030 in 2008 dollars (the year of project cost estimates). This amounts to roughly 30 percent of the top regional priority needs identified in the Needs Assessment and about 10 percent of the total need, again excluding the cost of the proposed high-capacity transit alignment.

Most of the top regional priority projects identified by this Needs Assessment are large projects (a new span of the Thomas Johnson Memorial Bridge and a potential bypass around the Waldorf area) that will be challenging to fund, given the current resources available to the region and the State.

