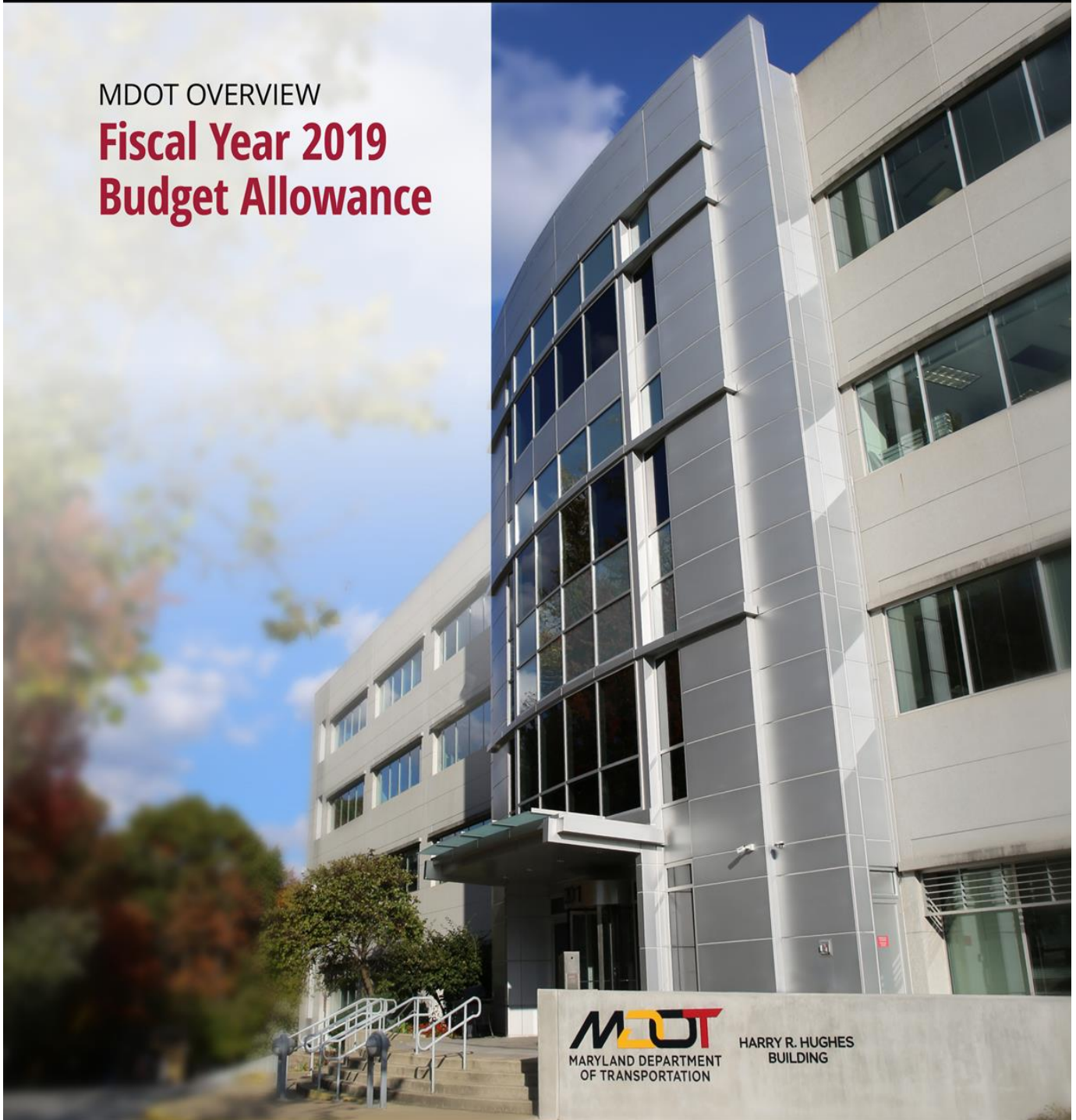


MDOT OVERVIEW

Fiscal Year 2019 Budget Allowance



Transportation System Performance Highlights for 2018

MDOT's performance is summarized below by the goals set in the current Maryland Transportation Plan – Economic Prosperity, Safety & Security, System Preservation, Quality of Service, Environmental Stewardship and Community Vitality.

ECONOMIC PROSPERITY

- MPA's general cargo tonnage in 2017 set a new fiscal year record high for the 7th consecutive year, at 10.3 million tons - a 5.7% increase over FY 2016. Containers set record volumes.
- BWI Marshall Airport continued to break monthly passenger records for each of the months in FY 2017. Total passengers increased 4.1% to nearly 25.9 million, an all-time fiscal year record for BWI Marshall Airport.
- MDOT completed 21 major projects across the state in FY 2017, at a total cost of \$764.7 million, to improve travel by air, road and transit.
- SHA's Coordinated Highways Action Response Team (CHART) incident management program saved drivers \$1.5 billion in user costs and helped reduce delay by 43.6 million vehicle hours in CY 2016.
- As part of the "One Stop Shop" for Marylanders, MDOT MVA implemented the ability for Maryland residents to obtain a TSA Pre-Check and Transportation Worker Identification Card (TWIC) at six MDOT MVA Branch Offices. Through September 30, 2017, just under 2,300 TSA Pre-Checks and more than 820 TWIC cards were issued.

SAFETY & SECURITY

- MTA was named America's safest transit system in terms of Part I crimes in 2016 from among 12 of the largest transit agencies.
- MPA has received perfect U.S. Coast Guard annual security inspections for seven consecutive years.
- MVA piloted a digital driver's license, which offers a secure and convenient way to display identification documents.

Transportation System Performance Highlights for 2018

SYSTEM PRESERVATION

- In CY 2016, MDOT SHA and MDTA roadway mileage exceeded their performance targets of 87% by achieving an acceptable ride quality of 88% on the state's roadway network.
- SHA treated or re-paved nearly half of the entire roadway system between 2015 and 2017.
- MPA plans to increase capacity by expanding the existing Cox Creek dredged material containment facility and by removing and innovatively reusing the dredged material.
- SHA recorded 67 structurally deficient bridges in April 2017, less than 3% of the total number of MDOT SHA's 2,567 bridges and the lowest number reported since tracking began.

QUALITY OF SERVICE

- Additional travelers took advantage of electronically paying for tolls as MDTA's percent of electronic toll transactions increased by three percentage points over a two year period, from 79% in 2015 to 82% in 2017.
- MTA launched a new customer satisfaction survey in 2016.
- MVA customer satisfaction continues to exceed over 90% for the second year in a row due to strategic process enhancements to reduce wait time.
- SHA achieved an 85.7% rating for the overall maintenance condition of its highway network, including elements such as sign maintenance, guardrail repair, drainage work, and brush and tree cutting.
- MVA enhanced customer convenience by expanding the MDOT MVA website and kiosks to add other services, such as E-ZPass®.
- As of October 10, 2017, 638 E-ZPass transponders were sold through the MDOT MVA online shop.

Transportation System Performance Highlights for 2018

- MVA mobile driving test app has been recognized as a Gold Winner by the Horizon Interactive Awards, a prestigious international competition recognizing outstanding achievement among interactive media producers.

ENVIRONMENTAL STEWARDSHIP

- SHA performed over 3,800 Erosion and Sediment Control (ESC) inspections with only 23 non-compliance findings for a compliance rate of 99.4%.
- MPA continued expansion of the Poplar Island Environmental Restoration project in 2017; eventually this will increase the island by 575 acres.
- MVA streamlined the Vehicle Emissions Inspection Program (VEIP) system which will save customers \$2.3 million.
- MDTA instituted a 3rd-Party Environmental Auditing program to ensure compliance with appropriate federal and state environmental regulations.

COMMUNITY VITALITY

- MTA launched BaltimoreLink in 2017, a complete overhaul of the Baltimore bus system that improves service quality and reliability, better connects bus and rail, and aligns the network with existing and emerging job centers.
- SHA added 93.9 directional miles of improved bicycle access along the state roadway network in FY 2017.
- MDOT invested \$3.1 million in FY 2017 to design and construct dedicated bicycle retrofit projects including the development of a statewide multi-jurisdictional bicycle spine network to connect regionally significant destinations.
- The number of nonstop markets served by BWI Marshall Airport increased to 83 markets in FY 2017.

*Source: Annual Attainment Report – For a full report see
<http://www.mdot.maryland.gov/>
Hot Topics · 2018 Annual Attainment Report*

Transportation Financial Synopsis

MDOT's Transportation Trust Fund Outlook, Fiscal Year 2019 Budget Allowance, and the Capital program is summarized is in this section.

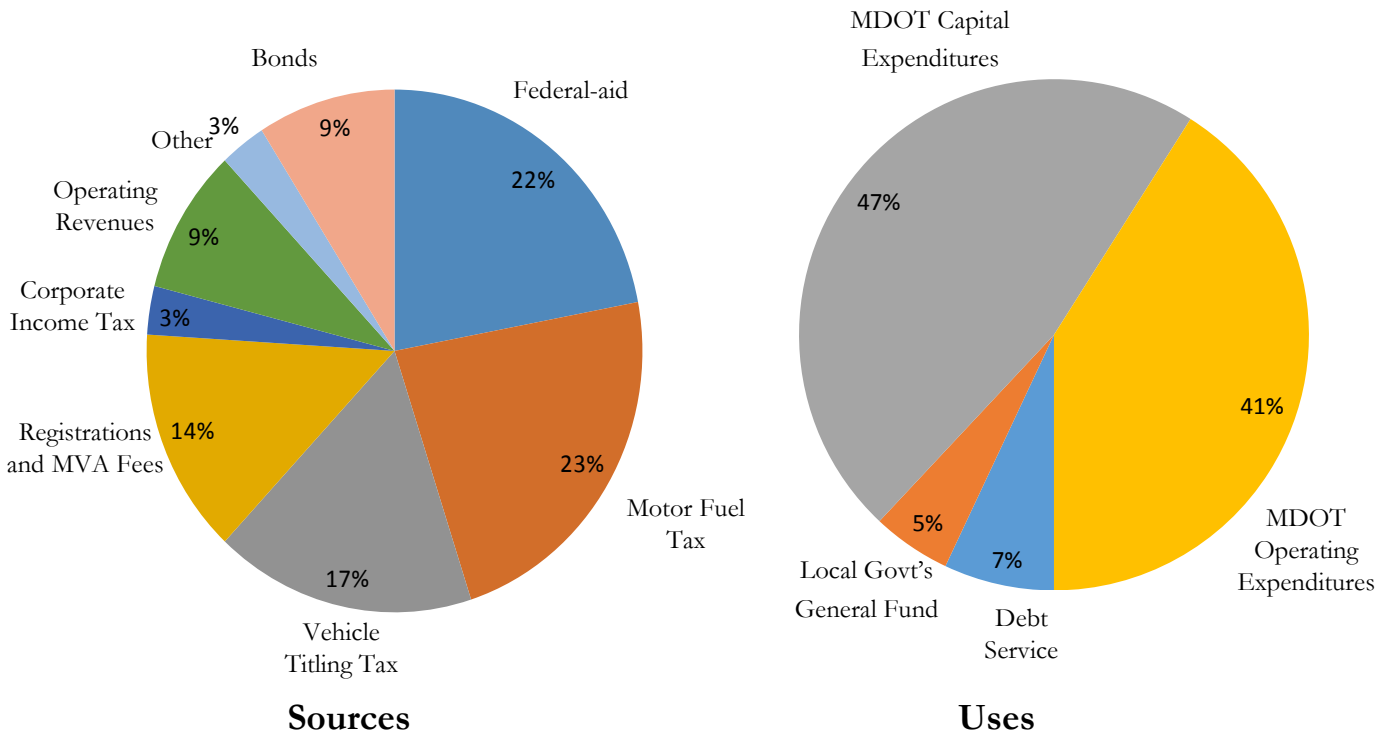
Maryland Department of Transportation

Trust Fund Outlook FY 2018 – 2023

Transportation Trust Fund

FY 2018 – 2023

(Percent of Federal and State \$)



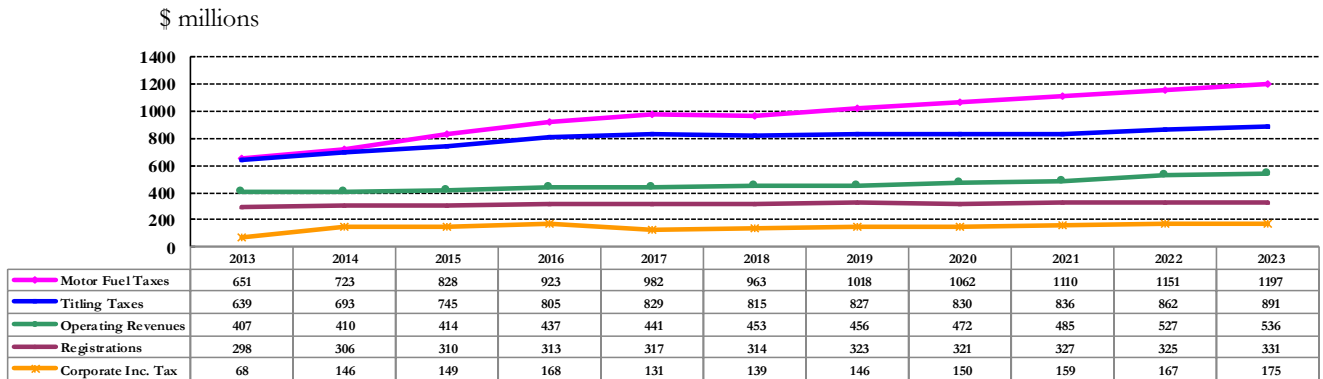
NOTE: Includes non-budgeted federal assistance to WMATA.

- ☐ The Transportation Trust Fund is dedicated to the support of transportation in Maryland. Revenues and expenditures each total approximately \$5 billion annually.
- ☐ The motor fuel tax and vehicle titling tax are the two largest sources of state revenue. Federal-aid covers a significant portion of the State's transportation capital program.
- ☐ Revenues are not earmarked for specific programs. About 95 percent of the total revenues remain with the Department of Transportation.
 - Five percent is allocated through the Highway User Revenue Account and current statutory deductions to local governments and the State General Fund.

Maryland Department of Transportation

Major Revenues

FY 2013- 2023



NOTE: Amounts shown are Net Receipts

- ❑ Transportation user revenues are projected to increase moderately through the six-year planning period (FY 2018-2023).
- ❑ Transportation revenues have historically not been inflation-sensitive, and significant growth has resulted only from statutory rate increases. However, titling tax revenues and motor fuel tax revenues contain an inflation component. The indexing and sales and use tax equivalent components of motor fuel tax will vary with inflation.
- ❑ Motor fuel tax receipts are forecasted to increase on average 0.8% a year. Titling tax receipts, while increasing over the long term, are projected to follow the business cycle in vehicle sales throughout the forecast period.
- ❑ Operating revenues have increased steadily and should continue to rise due to growth at the Port of Baltimore and BWI Airport.
- ❑ Registration Fees were last increased in FY 2005. Corporate Income Tax receipts reflect the changes to the portion allocated to MDOT based on legislation passed in the 2011 legislative session.
- ❑ Based on legislation passed during the 2013 session of the Maryland General Assembly, indexing and sales and use tax equivalent components were added to the motor fuel tax. Effective July 1, 2013, there is an annual adjustment to the motor fuel tax based on the annual increase in the Consumer Price Index. The sales and use tax equivalent rate is calculated by multiplying the prior year's average retail price for regular unleaded motor fuel (less federal and state excise taxes) by percentage rates specified in statute. The percentage rate was phased in over four fiscal years, beginning with 1% effective July 1, 2013 and increasing to 5% effective July 1, 2016.

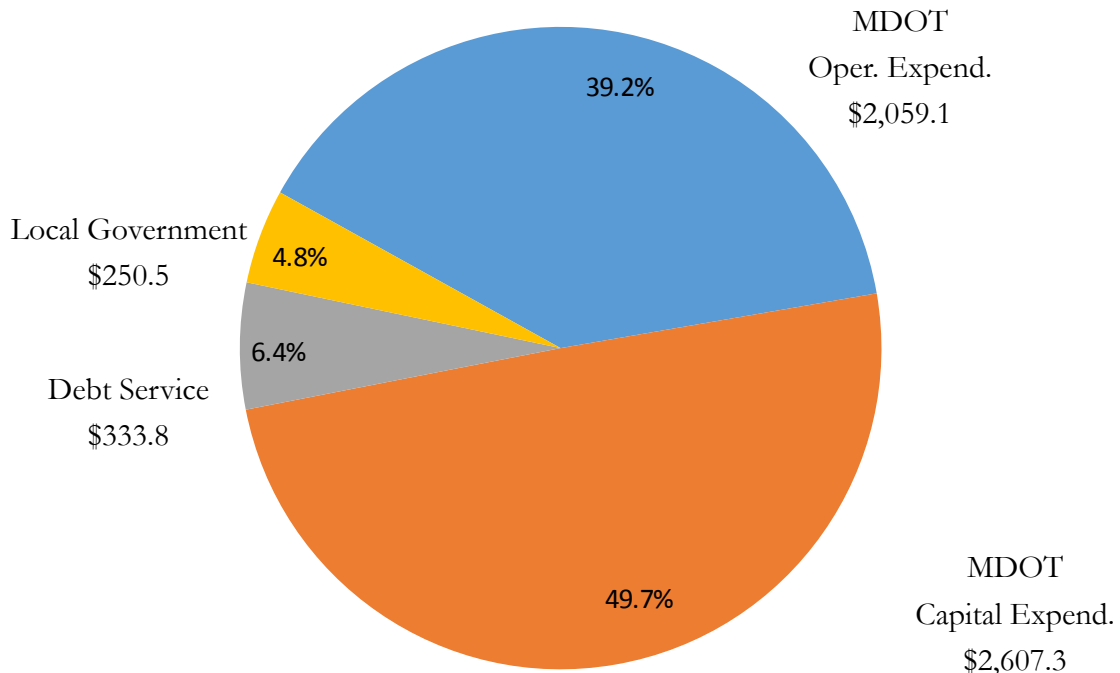
Maryland Department of Transportation

FY 2019 Budget Allowance Summary

Maryland Department of Transportation

Total FY 2019 Allowance

(Millions of Federal and State \$)



Total = \$5,250.7

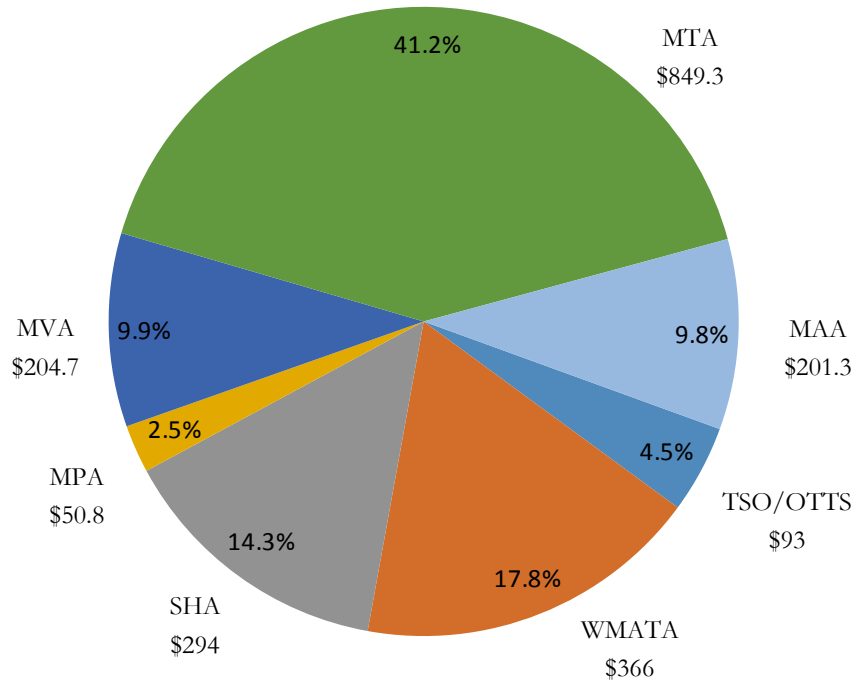
NOTE: Does not include BRFA Reductions
Numbers may not add due to rounding.

- ☐ The Counties and Municipalities (including Baltimore City) receive revenues from the gasoline and motor vehicle revenue account. The Local government distribution is defined by statute.
- ☐ MDOT's FY 2019 capital expenditures are supported by \$1,063.1 million in federal funds (excludes local capital of \$65.9 million).
- ☐ Operating expenditures include all transportation business unit activities and are supported by \$456.5 million in operating revenues and \$98.4 million in federal funds.

Maryland Department of Transportation

FY 2019 Operating Allowance

(Millions of Federal and State \$)



Total = \$2,059.1

NOTE: Does not include BRFA Reductions

- ❑ Operating revenues (\$456.5 million), MVA cost recovery fees (\$217 million) and federal operating revenues (\$98.4 million) offset 38 percent of the gross budgeted expenditures listed above.
- ❑ Maryland Port Administration and Maryland Aviation Administration recover operating expenditures through user fees from shipping lines, airlines and concessionaires.
- ❑ Maryland Transit Administration budget reflects total expenditures. Washington Metropolitan Area Transit portion includes only Maryland's share of subsidy and rail safety oversight.
- ❑ Motor Vehicle Administration recovers its operating costs from miscellaneous motor vehicle related fees (i.e. fees other than titling tax and vehicle registrations).

Maryland Department of Transportation

Operating and Capital Budget Summary

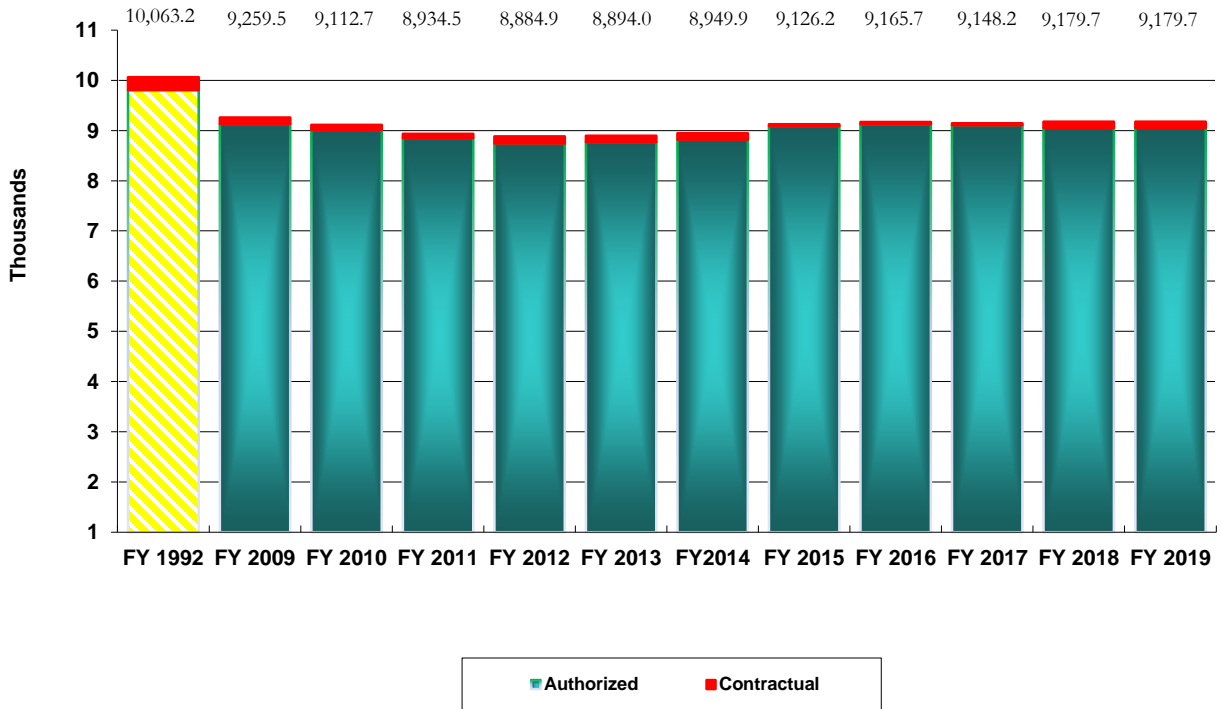
By Fiscal Year

(\$ millions)

	Fiscal Year <u>2018</u>	Fiscal Year <u>2019</u>	<u>Change</u>
<u>Operating Program</u>			
The Secretary's Office	88.5	93.0	5.1%
Washington Metropolitan Area Transit	365.3	366.0	.19%
Motor Vehicle Administration	206.5	204.7	-0.9%
Maryland Aviation Administration	194.3	201.3	3.6%
Maryland Port Administration	51.6	50.8	-1.6%
Maryland Transit Administration	828.1	849.3	2.6%
State Highway Administration	277.9	294.0	5.8%
Total Operating	<u>2012.2</u>	<u>2,059.1</u>	<u>2.3%</u>
Special Funds	1,914.7	1,960.8	2.4%
Federal Funds	97.5	98.4	0.9%
<u>Capital Program</u>			
The Secretary's Office	84.2	104.2	23.8%
Washington Metropolitan Area Transit	155.9	155.9	0.0%
Motor Vehicle Administration	21.4	37.6	75.7%
Maryland Aviation Administration	123.7	60.8	-50.9%
Maryland Port Administration	101.5	127.0	25.1%
Maryland Transit Administration	604.5	746.8	23.5%
State Highway Administration	1,434.1	1,374.9	-4.1%
Total Capital	<u>2,525.3</u>	<u>2,607.2</u>	<u>3.2%</u>
Special Funds	1,519.1	1,544.1	1.6%
Federal Funds	1,006.1	1,063.1	5.7%
<u>Distribution of Shared Revenues</u>			
County and Municipality Funds	175.5	178.1	1.5%
County and Municipality Capital Program	78.9	72.4	-8.2%
Total	<u>254.4</u>	<u>250.5</u>	<u>-1.5%</u>
Special Funds	182.1	184.7	1.4%
Federal Funds	72.4	65.9	-9.0%
Debt Service Requirements (Special Funds)	328.8	333.8	1.5%
Department Total	<u>5,120.7</u>	<u>5,250.7</u>	<u>2.5%</u>
Special Funds	3,944.7	4,023.4	2.0%
Federal Funds	1,176.0	1,227.3	4.4%

Note: 1/ Does not include BRFA Reductions.
2/ Numbers may not add due to rounding.

Maryland Department of Transportation Position History



- ❑ MDOT authorized positions and contractual positions remain flat in FY 2019.

Maryland Department of Transportation

Total Operating Expenditures

FY 2016 – FY 2019

(\$ thousands)

	<u>Actual FY16</u>	<u>Actual FY17</u>	<u>Amd App FY18</u>	<u>Allowance FY19</u>	<u>FY 16-19 Average Increase</u>
Wages & Benefits	644,433	673,834	672,926	681,650	1.9%
Other Operating Costs	<u>1,272,800</u>	<u>1,274,362</u>	<u>1,339,328</u>	<u>1,377,500</u>	2.7%
Operating Program Cost	1,917,233	1,948,196	2,012,254	2,059,150	2.4%
Annual Change		1.6%	3.3%	2.3%	
Special Funds	1,829,006	1,853,698	1,914,742	1,960,793	2.3%
Federal Funds	87,325	94,498	97,512	98,357	4.1%
Reimbursed Funds	902				

Note: Does Not Include “BRFA”.

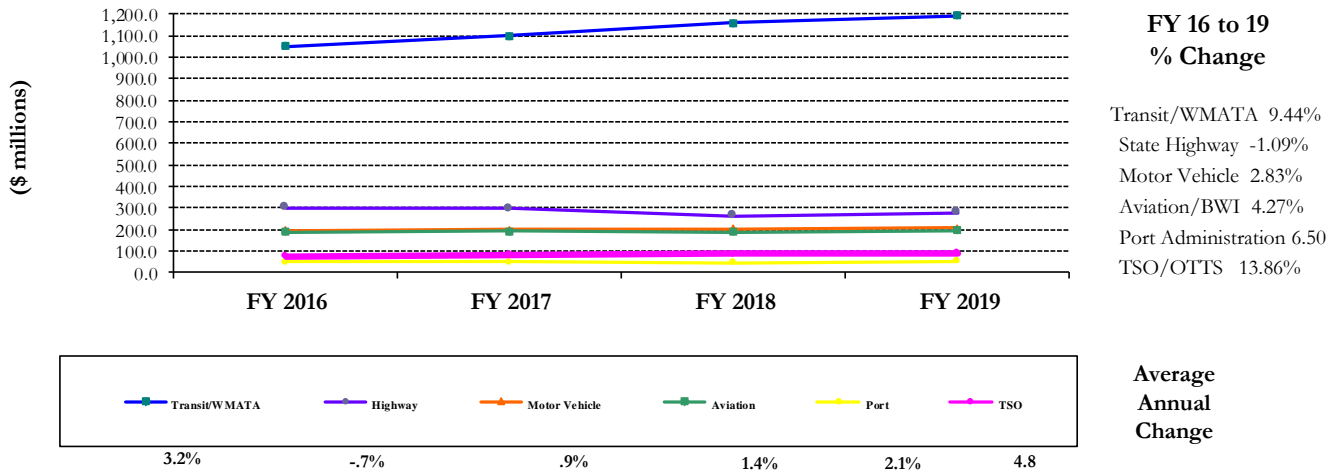
Operating Budget Challenges

- ☐ MDOT continues to maintain and enhance the quality of service experienced by users of Maryland’s transportation system.
- ☐ MDOT enterprise agencies (MVA, MPA & MAA) continue to improve customer service.
- ☐ Increases in the costs of labor and materials add to the cost of on-going MDOT operations and maintenance activities.

Maryland Department of Transportation

Operating Expenditures By Administration

FY 2016 - 2019



- ☐ MDOT operating expenditures have grown an average of 2.4% annually between 2016 – 2019.
- ☐ WMATA and the MTA operating costs have increased largely as a result of service improvements and commuter and paratransit services.
- ☐ SHA expenditures are increasing due to access permits, Inlet cleaning and winter maintenance increase of \$5 million a year until the budgeted level reflects the rolling five year average of actual expenditures.
- ☐ MVA's operating budget reflect decreases in salaries due primarily to turnover of retirees.
- ☐ MAA increases are due to security, fire rescue and service operations contracts.
- ☐ TSO's expenditures are increasing due to additional payment in lieu of taxes and Metropolitan Planning Organization costs, and the human resources office personnel shift from MPA.

Maryland Department of Transportation

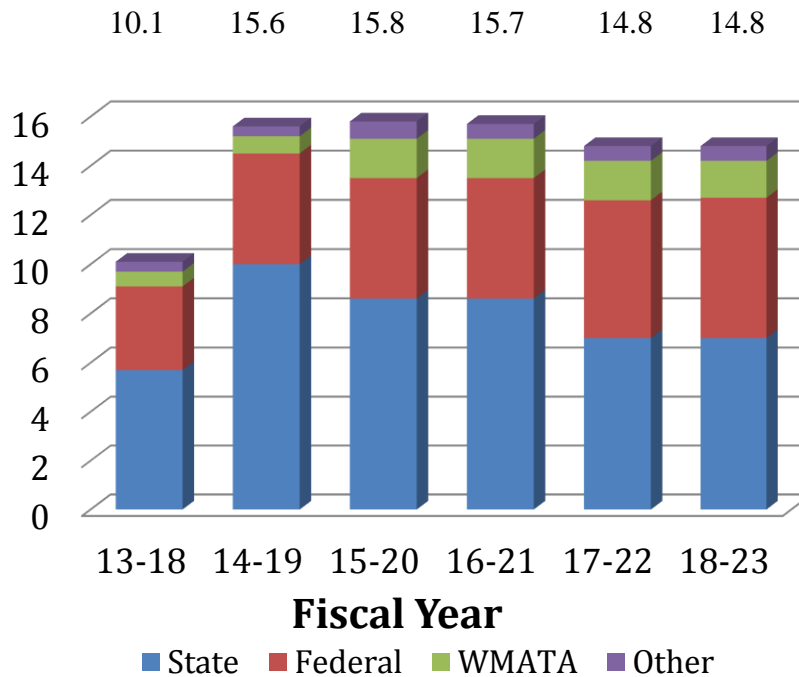
Capital Program

Maryland Department of Transportation

FY 2018-FY 2023 Capital Program

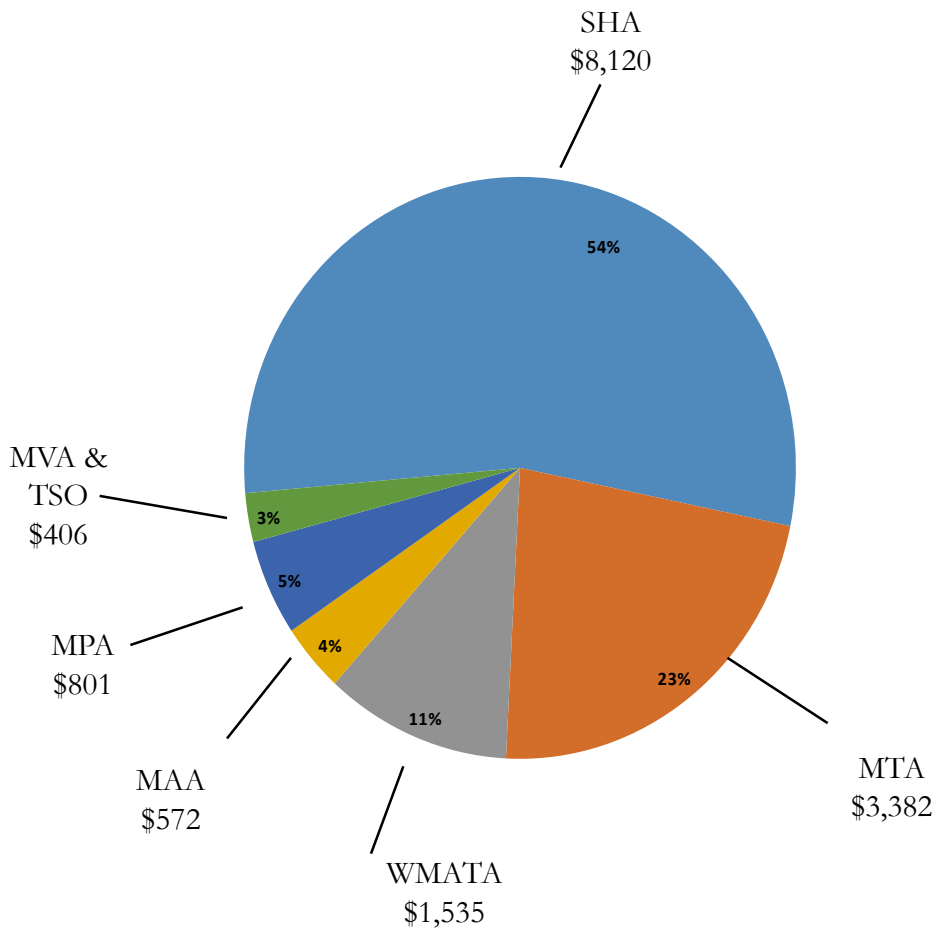
(Comparison to Five Previous CTP's)

\$ billions



- ❑ The total capital program for FY 2018 - 2023 is \$14.8 billion. This includes funding from State and federal sources as well as other funding sources. The other funding comes mostly from passenger facility charges at BWI Marshall Airport but also comes from local contributions, customer facility charges, Maryland Economic Development Corporation and other miscellaneous sources.
- ❑ Approximately 38% of the capital program funding is federal funds, including federal funds received directly by WMATA (\$99.9 million per year).

Maryland Department of Transportation FY 2018-FY 2023 Capital Program (\$ millions)



- Includes other non-budgeted funds from Funds not received through the Trust Fund. Includes funds from Passenger Facility Charges (PFC), Maryland Transportation Authority (MdTA) funds, Certificates of Participation (COPs), County participation and federal funds received by WMATA directly.