

Financial Review

Baltimore Region Transit
Funding and Governance
Study

March 23, 2021

N NELSON
NYGAARD



- 2

Study Progress..

History of MDOT MTA and the LOTS System

Review of Current Status

1. Financial Review
2. Review of Peer Agencies / Regions
3. Review of Transit Funding Measures
4. Options for Governance and Funding

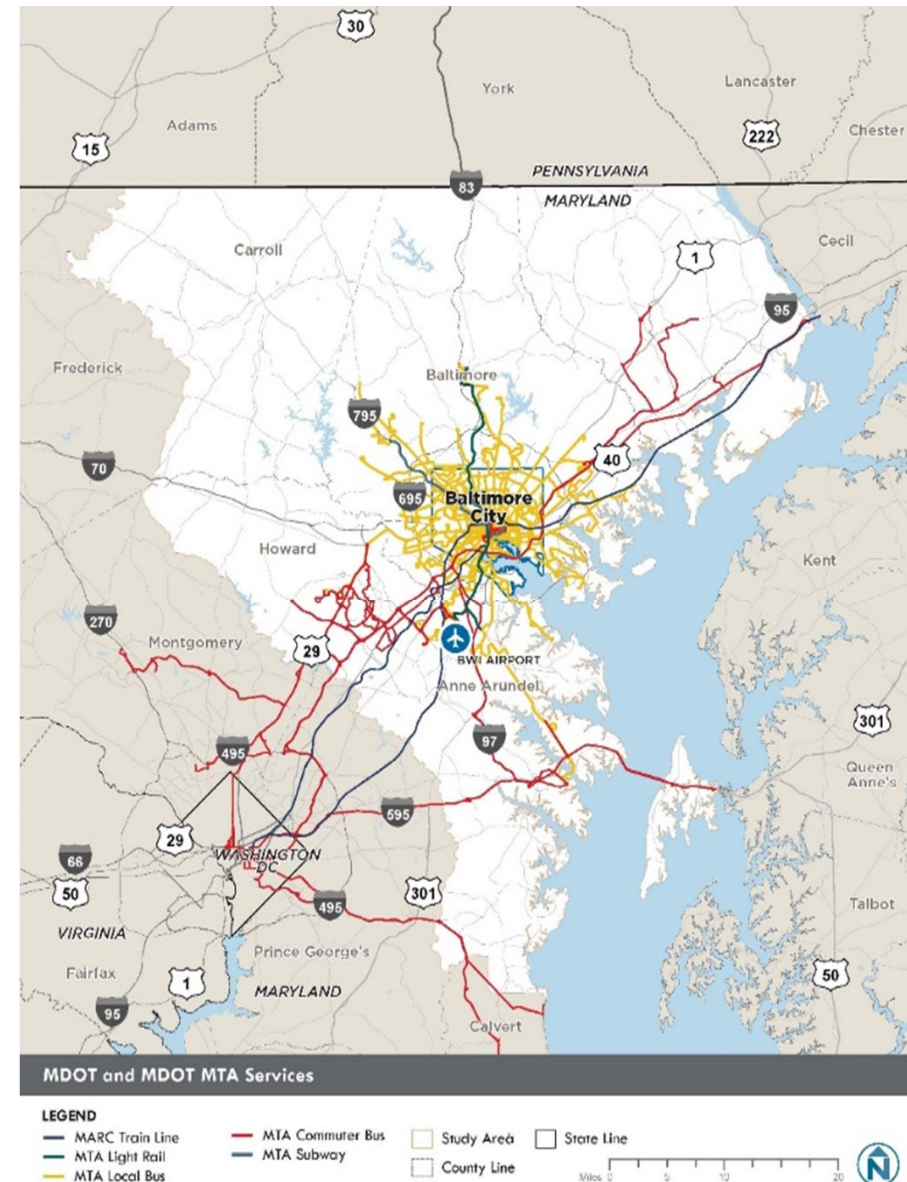
❖ Ongoing Stakeholder Engagement



Financial Review

Overview: Goals and Methods

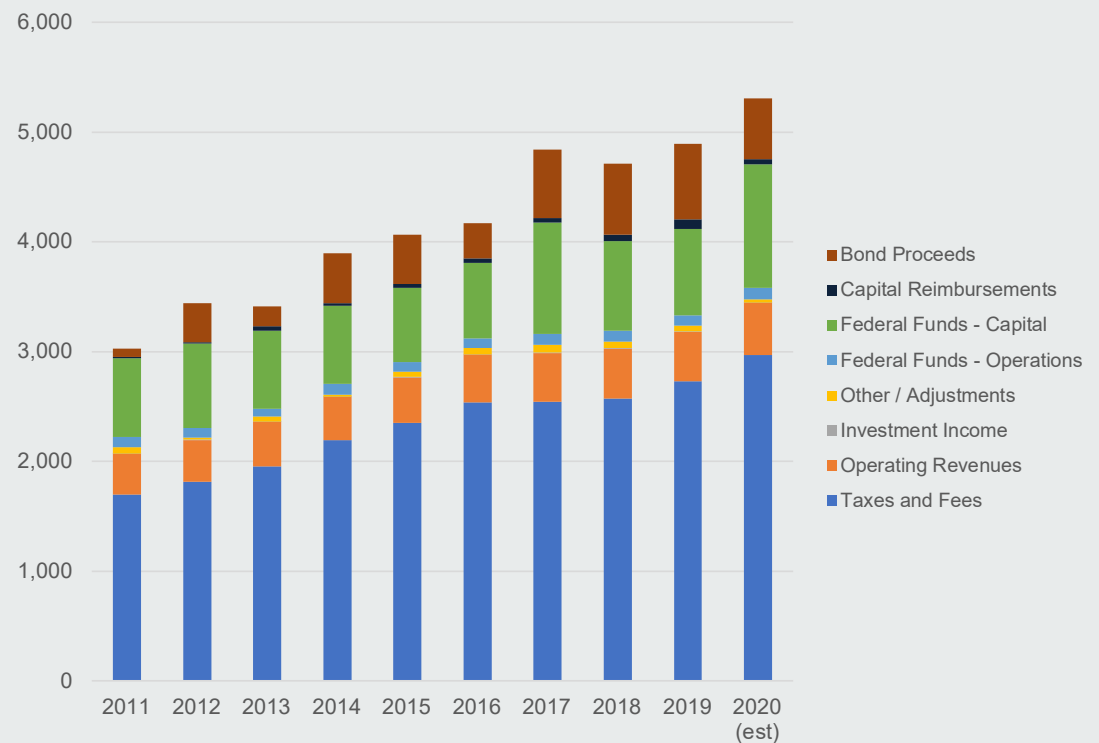
- Establish baseline understanding
 - Operating costs
 - Capital investment
 - Current funding
 - Constraints
- Transit Funding Analysis by:
 - Agency
 - Mode
 - Region, Jurisdiction
- Foundation for development of alternatives



Maryland Transportation Trust Fund

- Constrained by revenues
- Short-term vulnerability
 - COVID-19 pandemic
 - Temporarily and partially replaced by Federal \$
- Longer-term vulnerability
 - Reliance on motor fuel tax, user fees
 - Alternative delivery mechanisms have a place, no substitute for \$

Transportation Trust Fund, FY 2011 – 20 (\$ millions)



Source/notes: Maryland Department of Budget and Management
Operating Budget Detail. excludes county and municipal funds.

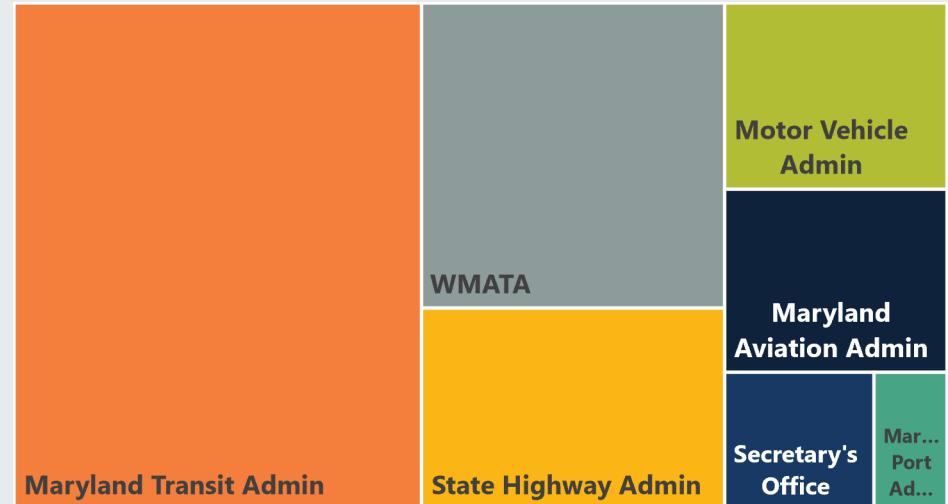
Allocating State and Federal Funds

- MDOT MTA to receive one-third overall
 - 44% Operating (\$6.3 billion total)
 - 21% Capital (\$3.1 billion total)
- Transit investments account for about half of all funding
 - WMATA (includes general fund contributions)
 - 19% Operating (\$2.8 billion)
 - 18% Capital (\$2.7 billion)

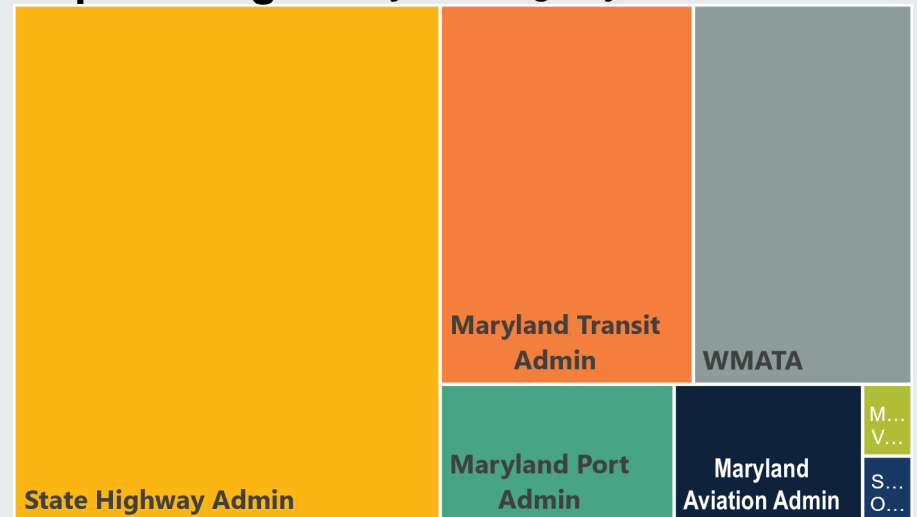
Note: Includes federal funds provided directly to WMATA and some non-TTF state funds.

Source: FY 2021 – FY 2026 Maryland Consolidated Transportation Program

Operating Cost by Modal Agency, FY 2021-26 CTP



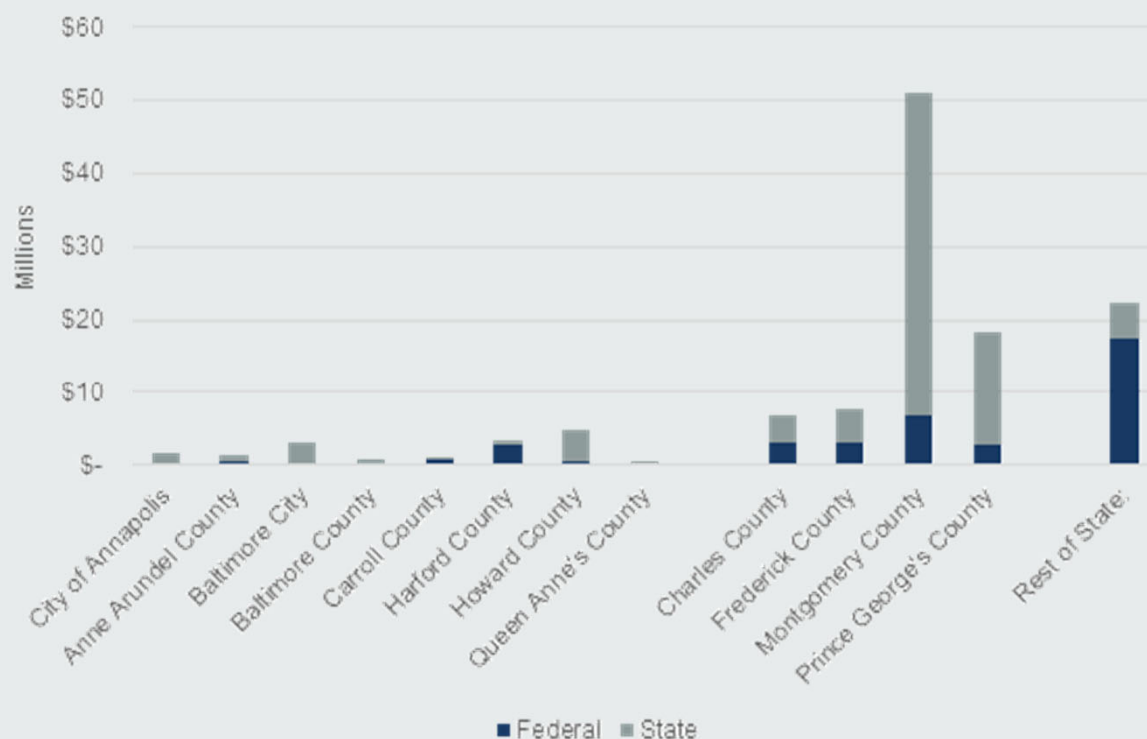
Capital Program by Modal Agency, FY 2021-26 CTP



State and Federal Funds

- In FY 2019, \$107 million distributed to LOTS statewide
- Roughly 36% associated with FTA funds, 64% state funding

MDOT MTA Distribution of State and Federal Funds to LOTS (FY 2019)

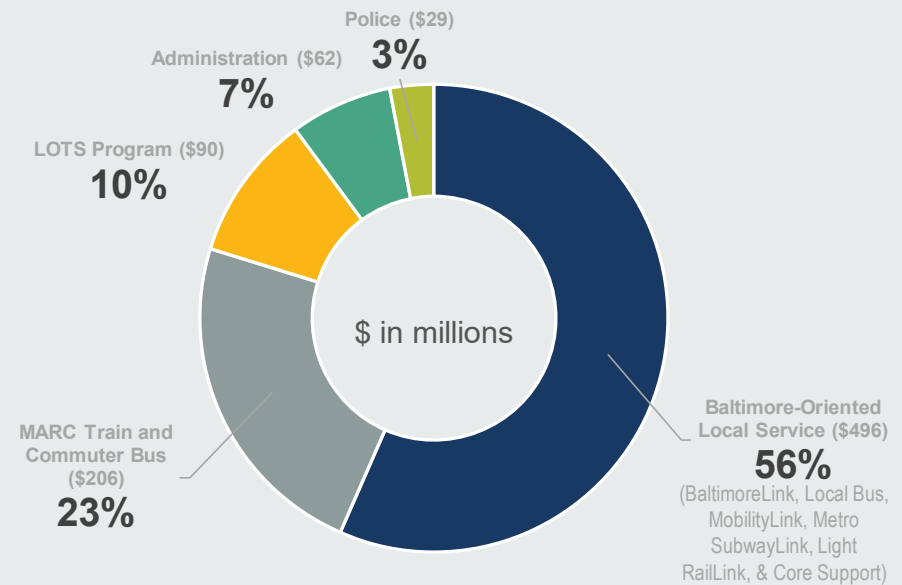


Source: MDOT MTA Transit Modernization Report, September 2019, p. 32-33, compiled by project team.

MDOT MTA Statewide Investment: Transit Operating

MDOT MTA Operating Expenditures

FY 2019 Operating Expenditures, \$882M

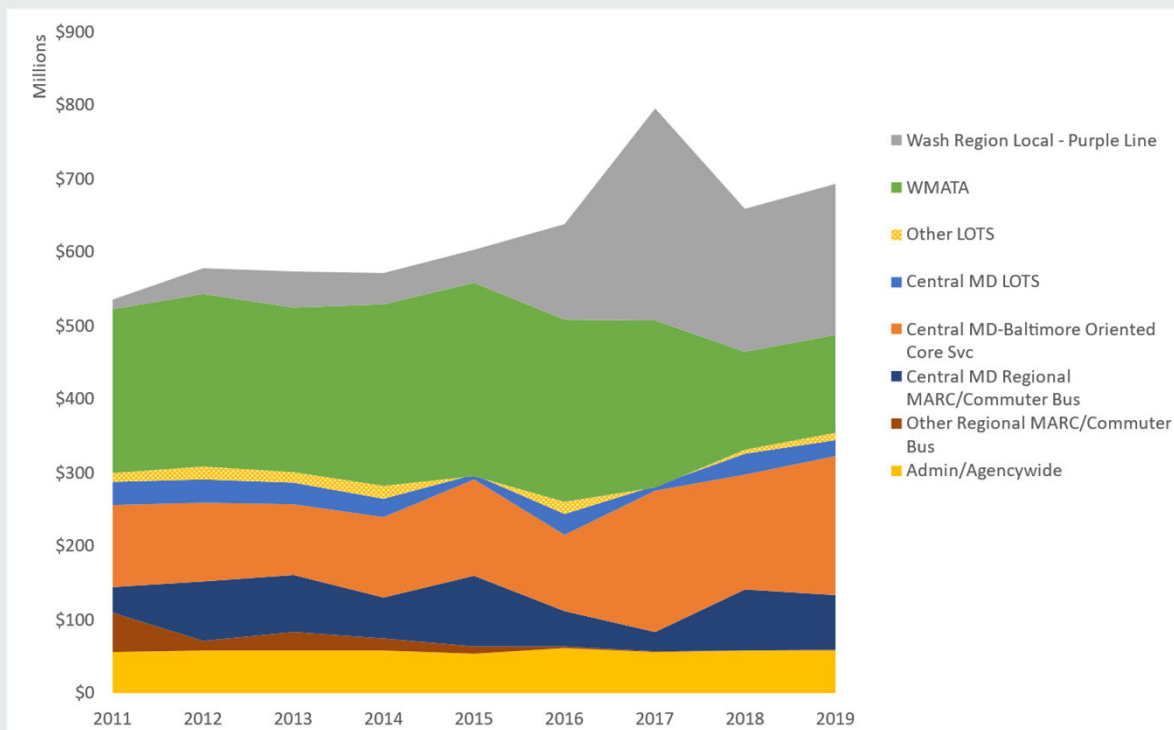


Source: Data provided by MDOT MTA

Statewide Investment: Transit Capital

- Statewide capital investment in transit varies annually:
 - Approximately \$500 - \$800 m annually for all transit
 - Baltimore-oriented core services accounted for about \$150 m/year
 - State/federal investment in LOTS averaged \$27 m/year
 - WMATA and Purple Line significant commitment last 10 years

Statewide Transit Capital Expenditures, FY 2011 – 19



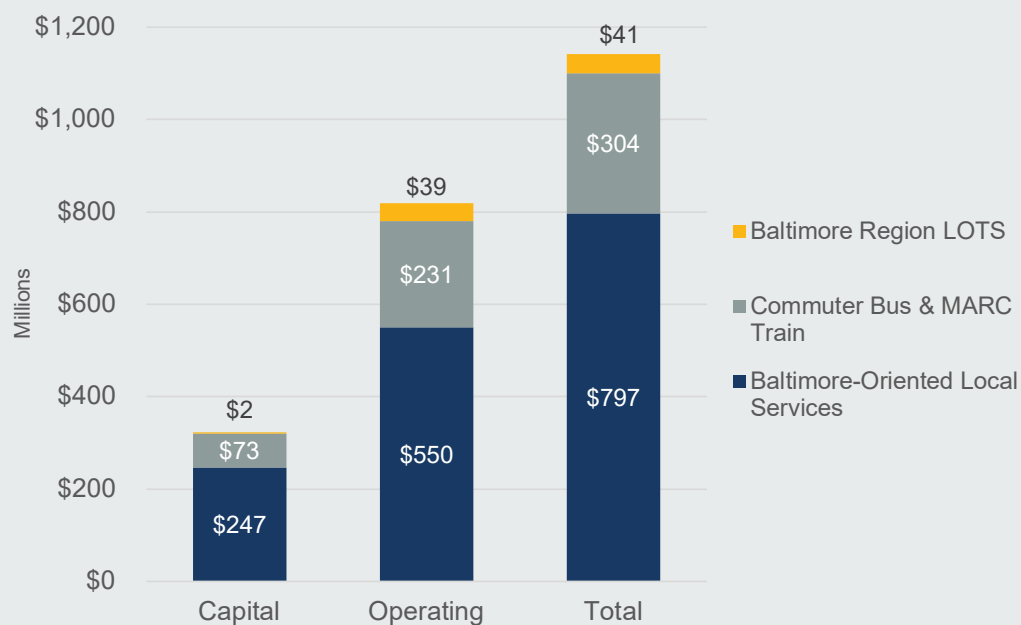
Note: Central MD-Baltimore Oriented Core Service includes Red Line investment.

Source: Data provided by MDOT MTA, developed for Regional Transit Plan for Central Maryland

Baltimore Region Transit Investment

Total MDOT MTA and LOTS Combined

FY 2019 Total Investment \$1.1 billion

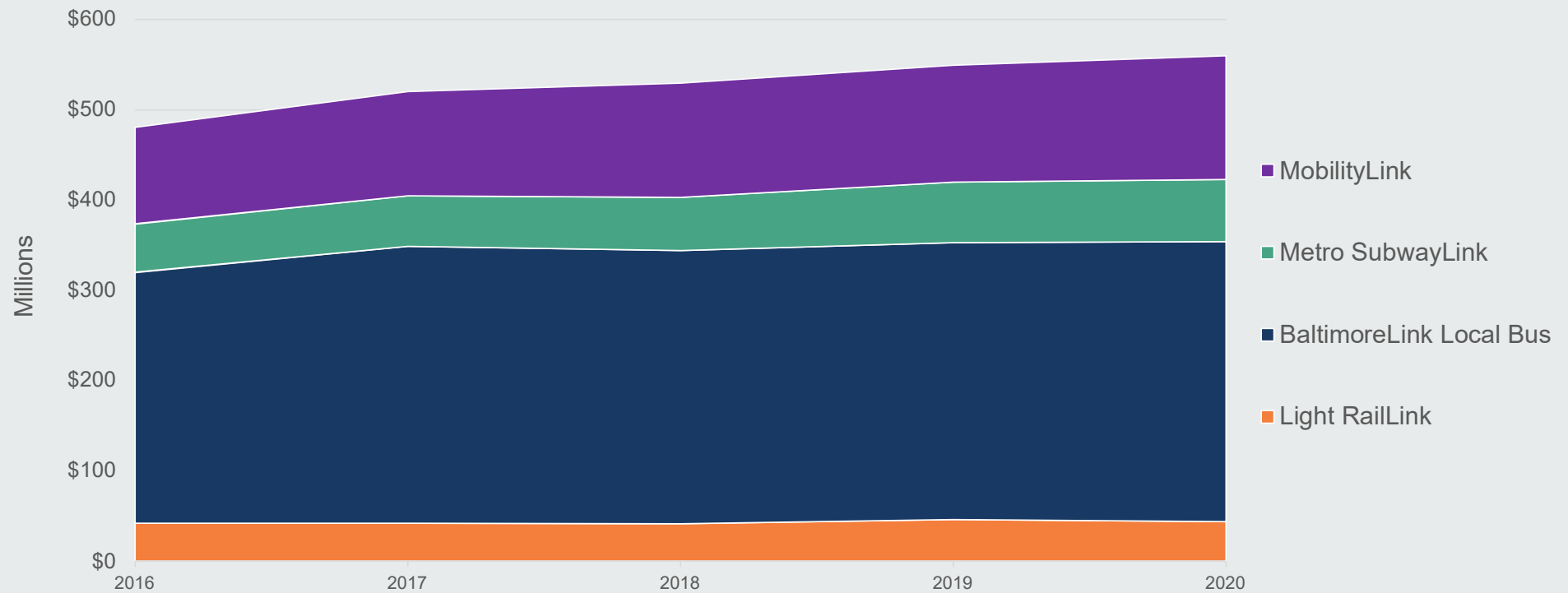


Notes: Baltimore-oriented Local Services category includes unallocated Agency-wide items; includes all Commuter Bus & MARC Train service costs (later slides allocate these costs between Baltimore region and outside jurisdictions based on share of revenue miles of service).

Source: Developed from MDOT MTA (for Agency expenditures) and NTD (for LOTS)

Baltimore Region Transit Investment

**Baltimore Oriented Local (Core) Services -
Operating Costs by Mode**
FY 2016 – 2020

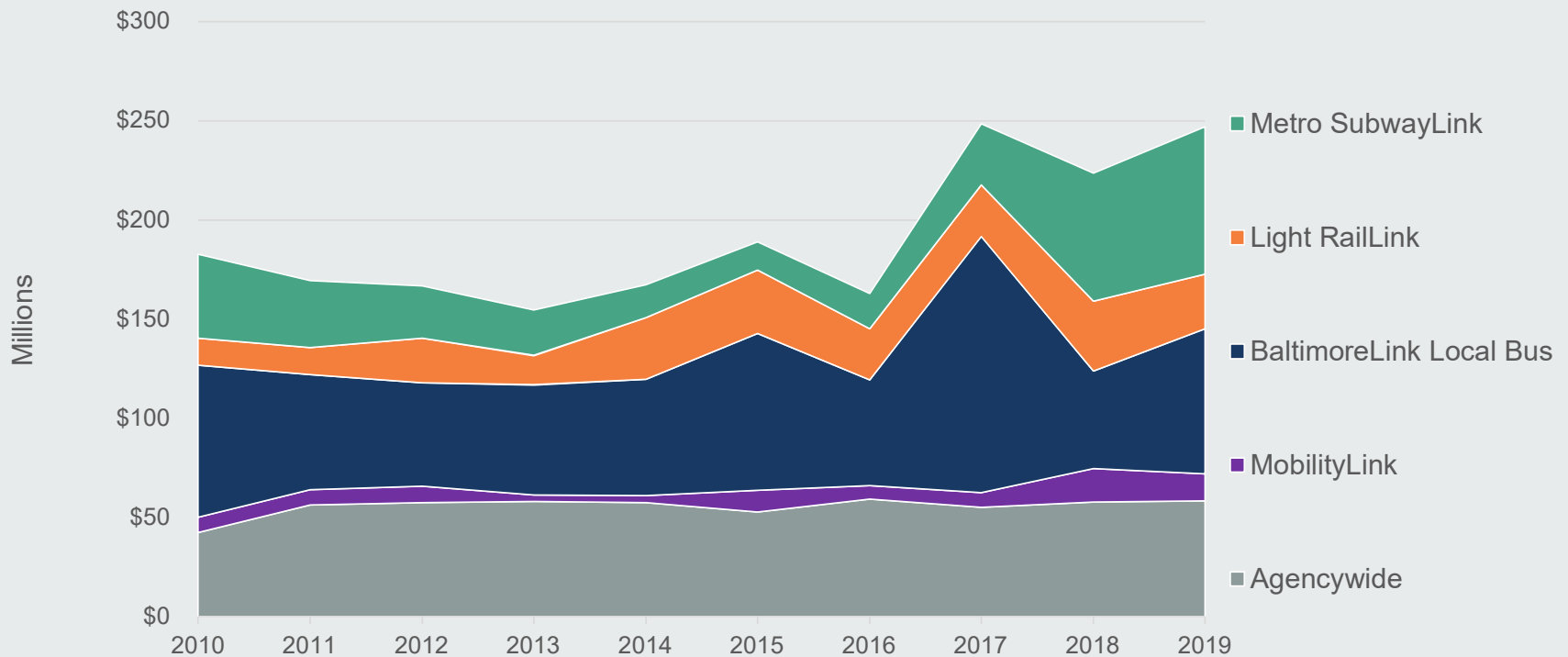


Note: Admin, Police, and Core Support Costs allocated based on Core Program budgets.

Source: Data provided by MDOT MTA

Baltimore Region Transit Investment

Baltimore Oriented Local (Core) Services Capital by Mode, FY 2010 - 2019

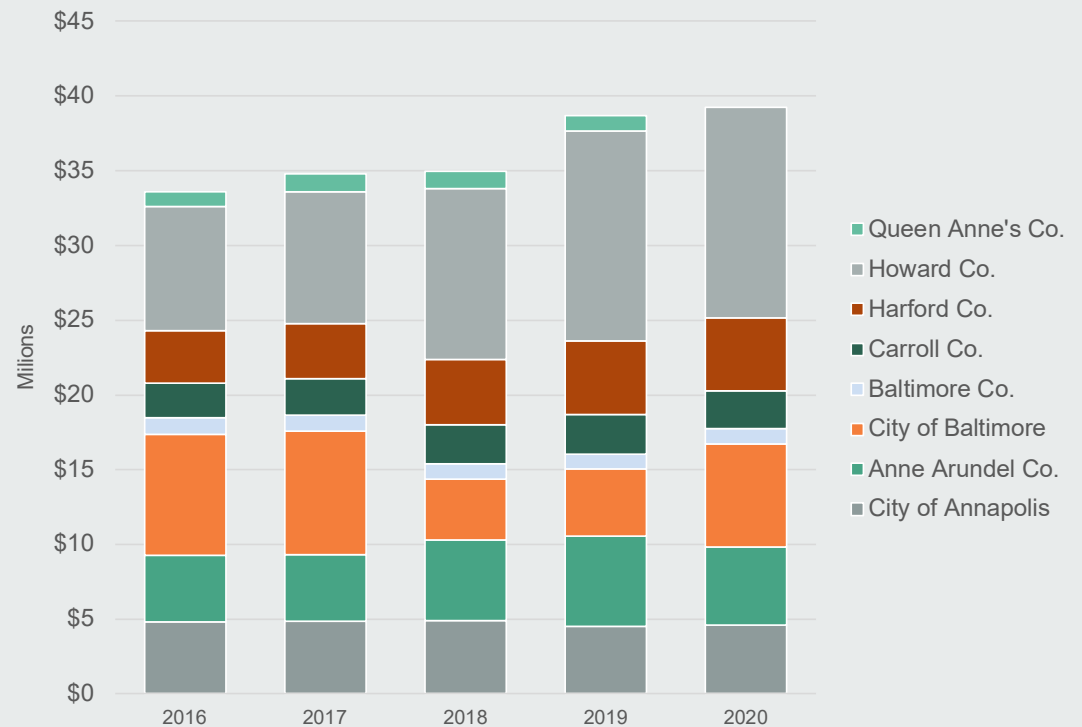


Note: Agencywide capital investments include station and facility, fare collection, signage, shared IT, other shared investments. For current analysis, these costs are unallocated.

Source: Data provided by MDOT MTA

Baltimore Region Transit Investment

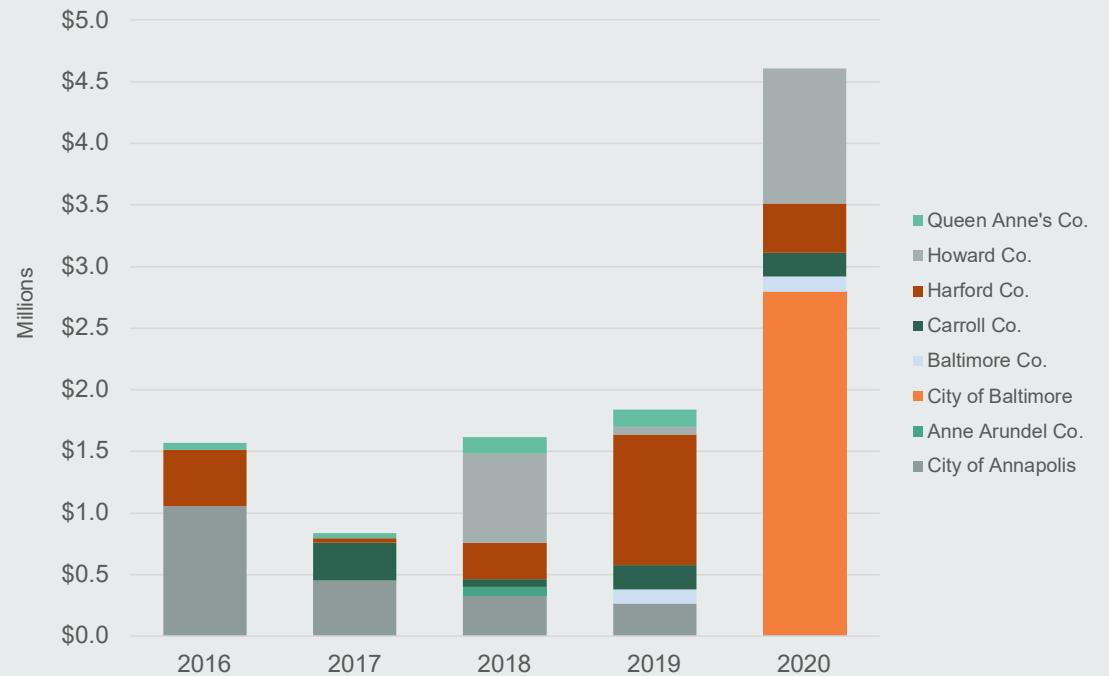
**Central Maryland LOTS –
Operating Costs, FY 2016 - 2020 (all sources)**



Source: National Transit Database

Baltimore Region Transit Investment

**Central Maryland LOTS –
Capital Expenditures, FY 2016 - 2020 (all sources)**

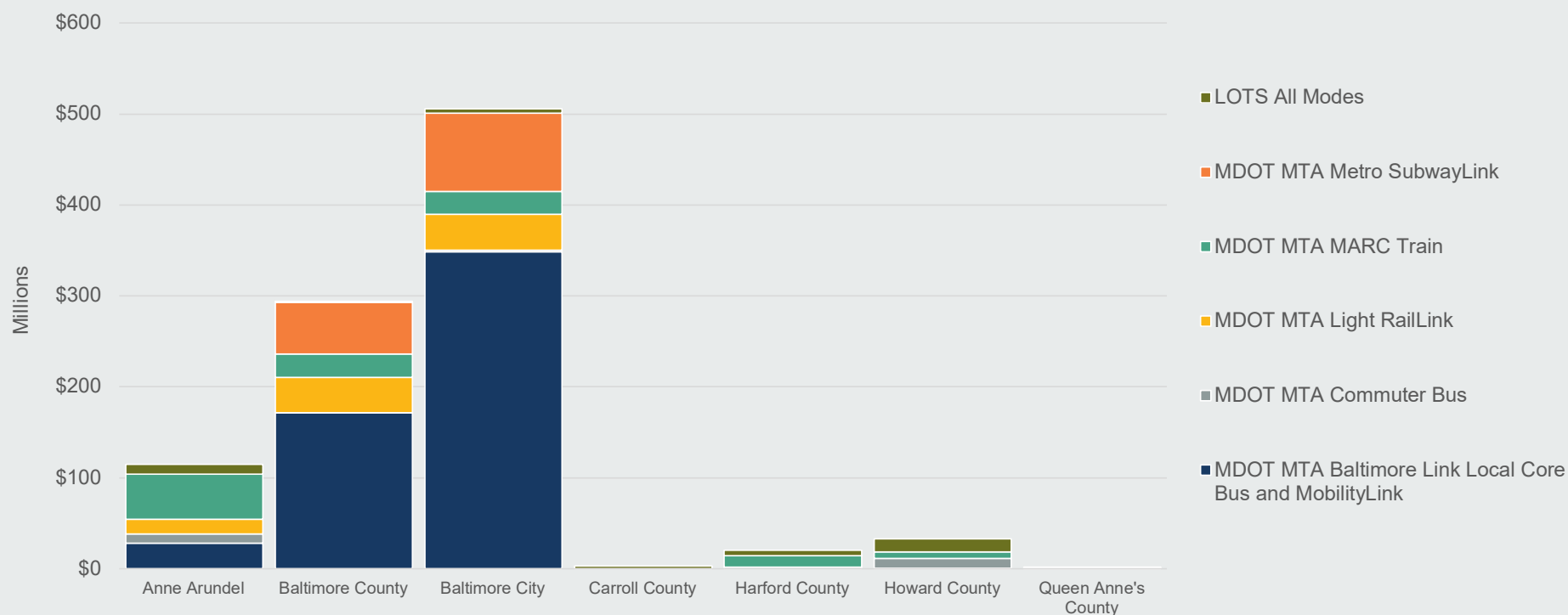


Source: National Transit Database

Baltimore Region Transit Investment

Total Combined (MDOT MTA and LOTS)

Operating and Capital by Mode and Jurisdiction, FY 2019

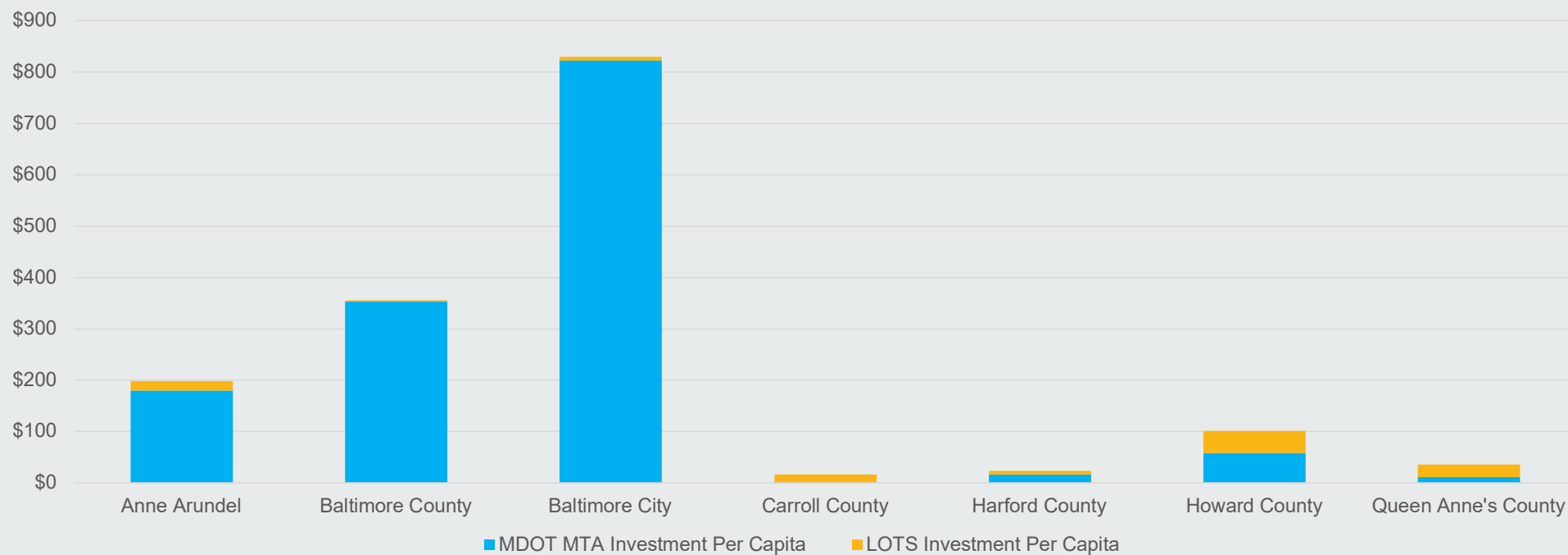


Indicative, using revenue miles as allocation proxy

Sources/Notes: Both LOTS and MDOT MTA investment from NTD data; Revenue mile data by mode provided by MDOT MTA, with minor adjustment to combine City of Annapolis and Anne Arundel County services to utilize available revenue mile data.

Baltimore Region Transit Investment

Per Capita Total Combined Operating and Capital by Jurisdiction, FY 2019



Source/notes: Both LOTS and MDOT MTA investment from NTD data; revenue mile data by mode provided by MDOT MTA; population data from US Census (for City of Baltimore, City population used).

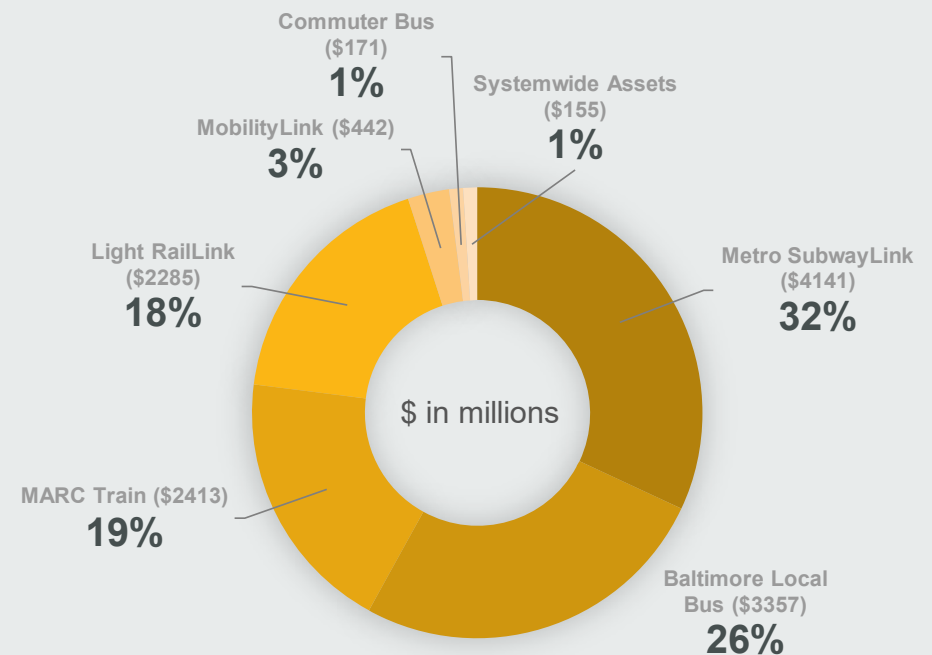
Indicative, using revenue miles as allocation proxy

Looking to the Future

- Operating costs for current systems to grow, potentially outpacing revenue growth
 - COVID 19 impacts constrain near term investment capacity
 - Longer term impacts uncertain
- MDOT MTA State of Good Repair needs > \$13 billion through 2045*
 - 10-year SGR and Enhancements > identified funding by over \$2 billion
 - 10-year Central MD LOTS SGR needs over \$100 million

*Excludes Purple Line, LOTS

Central MD 25-Year State of Good Repair Needs by Mode - \$13 billion



Note: Does not include Carroll County or Queen Anne's County.

Source: Data provided by MDOT MTA, developed for the Central Maryland Regional Transit Plan

2

Implications for Developing Alternatives

Governance and Funding Goals



Improve Coordination



Improve Service



Increase Investment



Regional Connection



Enhance Decision Making



Ensure Equitable Investment

Governance and Funding Goals



Improve Coordination



Improve Service



Increase Investment



Regional Connection



Enhance Decision Making



Ensure Equitable Investment

How it works today

- LOTS resources reflect locally identified needs
- MDOT MTA supports local planning, provides federal and state funding to the LOTS and ensures federal compliance
- MDOT MTA resources support regional services and directly operated services
- Central Maryland Regional Transit Plan (CMRTP)

Implications for alternatives

- How do MTA and LOTS services integrate?
- How well are regional transit services supported?
- How are regional investments supported?

Governance and Funding Goals



Improve Coordination



Improve Service



Increase Investment



Regional Connection



Enhance Decision Making



Ensure Equitable Investment

How it works today

- MDOT MTA constrained by limited funding
- LOTS constrained by limited funding

Implications for alternatives

- How will the Baltimore region maintain existing assets?
- How will the Region fund the implementation of the RTP?
- How might the different services in the region (LOTS, MDOT MTA, MARC, Commuter Bus) coordinate to provide better connections?

Governance and Funding Goals



Improve Coordination



Improve Service



Increase Investment



Regional Connection



Enhance Decision Making



Ensure Equitable Investment

How it works today

- State transit funding constrained by revenue available to the Transportation Trust Fund—flat, COVID declines
- MDOT-MTA operations constrained by existing contracts, labor agreements
- LOTS use of local funds vary across region and state

Implications for alternatives

- How might the state increase or shift resources?
- What additional funds might be identified to support expanded service and ongoing maintenance needs in the Baltimore region?

Governance and Funding Goals



Improve Coordination



Improve Service



Increase Investment



Regional Connection



Enhance Decision Making



Ensure Equitable Investment

How it works today

- MDOT-MTA Regional Services Link the Baltimore region, other parts of the state
- But regional connectivity hampered by
 - individual fare payment systems, structures and levels;
 - unconnected transit information
 - Lack of shared stops
 - Limited LOTS span and frequency
- BRTB plan for shared/improved stops a positive step
- CMRTP call for integrated fares a positive step

Implications for alternatives

- How easy is it to travel throughout the region?
- How well do services connect? Are there incentives for local funds to be used for regional connections?

Governance and Funding Goals



Improve Coordination



Improve Service



Increase Investment



Regional Connection



Enhance Decision Making



Ensure Equitable Investment

How it works today

- State executive has key decisions
- No state-level advisory or policy board other than the General Assembly
- MDOT-MTA decision making is staff driven within MDOT budget/program constraints
- Local decision-making by the LOTS through City/County Budget processes
- Limited decision flexibility due to funding constraints

Implications for alternatives

- How transparent are transit planning and funding decisions?
- Do locals have input into MDOT and MTA decisions?
- Are locals willing to coordinate their decision making?

Governance and Funding Goals



Improve Coordination



Improve Service



Increase Investment



Regional Connection



Enhance Decision Making



Ensure Equitable Investment

How it works today

- LOTS data shows difference in investment levels across the region
- Major differences in transit needs/need demand
 - Urban core
 - Inner suburbs
 - Outlying areas

Implications for alternatives

- How is state and local funding distributed?
- How to ensure equity in funding contributions?
- Has funding increased over time?



Peer Review Update

1 Selected peers and key attributes

Key Attribute		Peer Region (System)
	Improve Coordination	Washington, DC Area (WMATA)
	Improve Service	Salt Lake City (UTA)
	Increase Investment	Charlotte (CATS)
	Regional Connections	Southeast Michigan (SMART)
	Enhance Decision Making	Philadelphia (SEPTA)
	Ensure Equitable Investment	St. Louis (Metro Transit)

2

Interviews will help shape lessons learned and takeaways for Baltimore region



- ✓ Review publicly-available information.
- ✓ Focuses on history and overview of the agency, governance structure, funding for the agency.
- ✓ Includes strategic and long-term plans, board minutes, website content, news articles/media, etc.



- ✓ Interviews with peer agencies on key topics in governance, enablers, strategy, and funding.
- ✓ Interviews will focus on the peer's issues or successes that are relevant to the Baltimore region
- ✓ Interviews are meant to supplement the desktop research and further inform the initial findings.



**Compare and contrast
with Baltimore experience**

3 Summary of Available Data by Peer Agency

Agency	Overview	Governance Structure	Funding	Other details	Recent News	Overall Data Availability
Metro Transit (St. Louis)	High	High	High	Low	High	High
SEPTA	High	Medium	High	Medium	High	High
Charlotte Area Transit System (CATS)	Low	Medium	Low	Medium	Low	Low
Salt Lake City / Utah Transit Authority	High	Medium	High	Medium	High	High
SMART (Southeast Michigan)	High	Medium	High	Low	High	Medium



Next Steps

Next Steps

1

Technical Memo 3: Financial Review

Comments due by Friday, March 26

Updated draft posted week of April 5

2

DRAFT Technical Memo 4: Peer Review

Available in early-April

3

BMC/Elected BRTB Officials Briefing

April 16

Public Forum

April 27

Community Engagement - DRAFT

Virtual Town Hall: Transit Governance and Funding in Baltimore Region

- Tuesday, April 27th
- 6:00 pm to 7:30 pm



Overview

- History / Overview of Transit Funding and Governance
- Panel of Experts Comment on Challenges and Opportunities
- Breakout Discussion
 - Equity
 - Governance
 - Funding
 - Regional Collaboration
- Regroup and Conclude
- Meeting will be interactive and participatory

Thank You!

N NELSON
NYGAARD



TAMARHENKIN
STRATEGIC ADVISORS, LLC

Bethany Whitaker

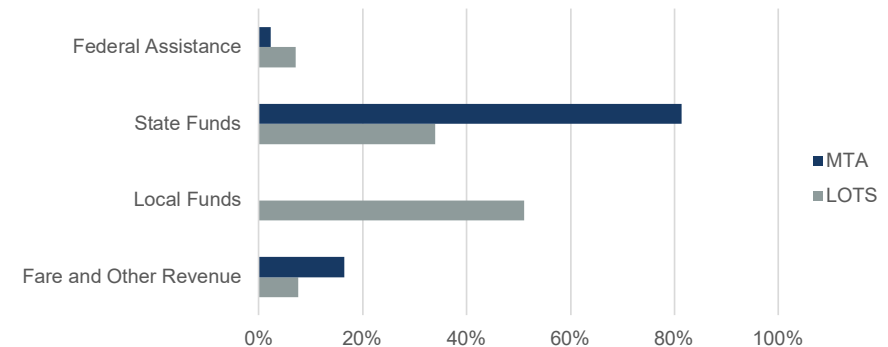
bwhitaker@nelsonnygaard.com

Regional Context

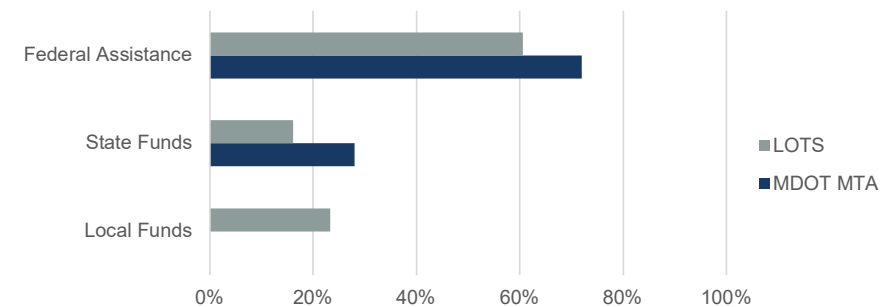
Funding by Agency

- State and local programs funded differently, unique role of local LOTS funding
- Roughly \$100 m annual state/federal funding for LOTS, about 1/3 federal
- Add something about other/rideshare programs?

Operating Funding by Source, FY 2019



Capital Funding by Source, FY 2019



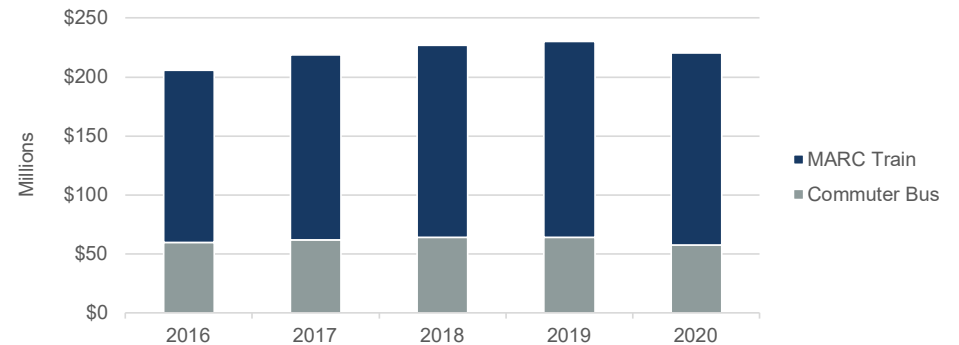
Source: National Transit Database

Baltimore Region Transit Investment

- Both services contracted with funding increases built into contracts
- Shared vehicles and service contracts within and outside Baltimore Region,
 - Costs not easily allocable
 - Revenue miles proxy utilized in later slides

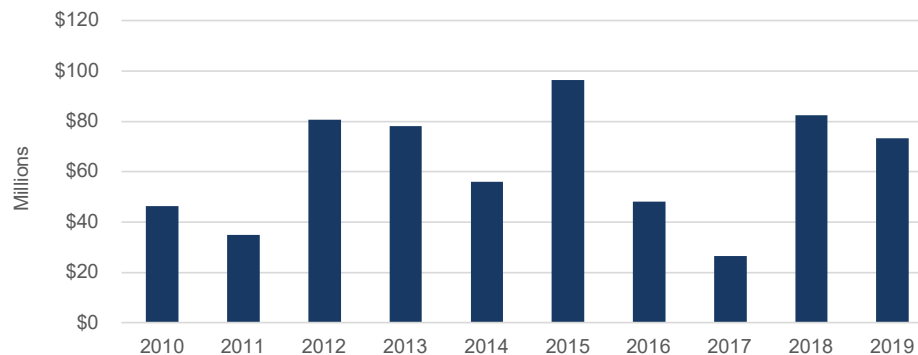
Commuter Bus & MARC Train

MARC Train & Commuter Bus Operating Cost, FY 2010 - 19



Note: Admin, Police, and Core Support costs allocated based on Core Program budgets

MARC Train Capital Investment, FY 2010 - 19

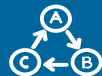


Source: Data provided by MDOT MTA

4 Summary of Access to Peers for Interviews

Key Interview Topics

Governance



Understand roles and responsibilities:

- *Ensure coordinated execution*
- *Maintain guiding principles and agency mission*

Enablers



Confirms whether the agency is providing the right underlying framework and support to deliver on the agency's mission in the short and long-terms.

Strategy



Seeks to identify the agency's strategic objectives, metrics of success, and structure to guide internal decision-making and align the agency's stakeholders.

Funding



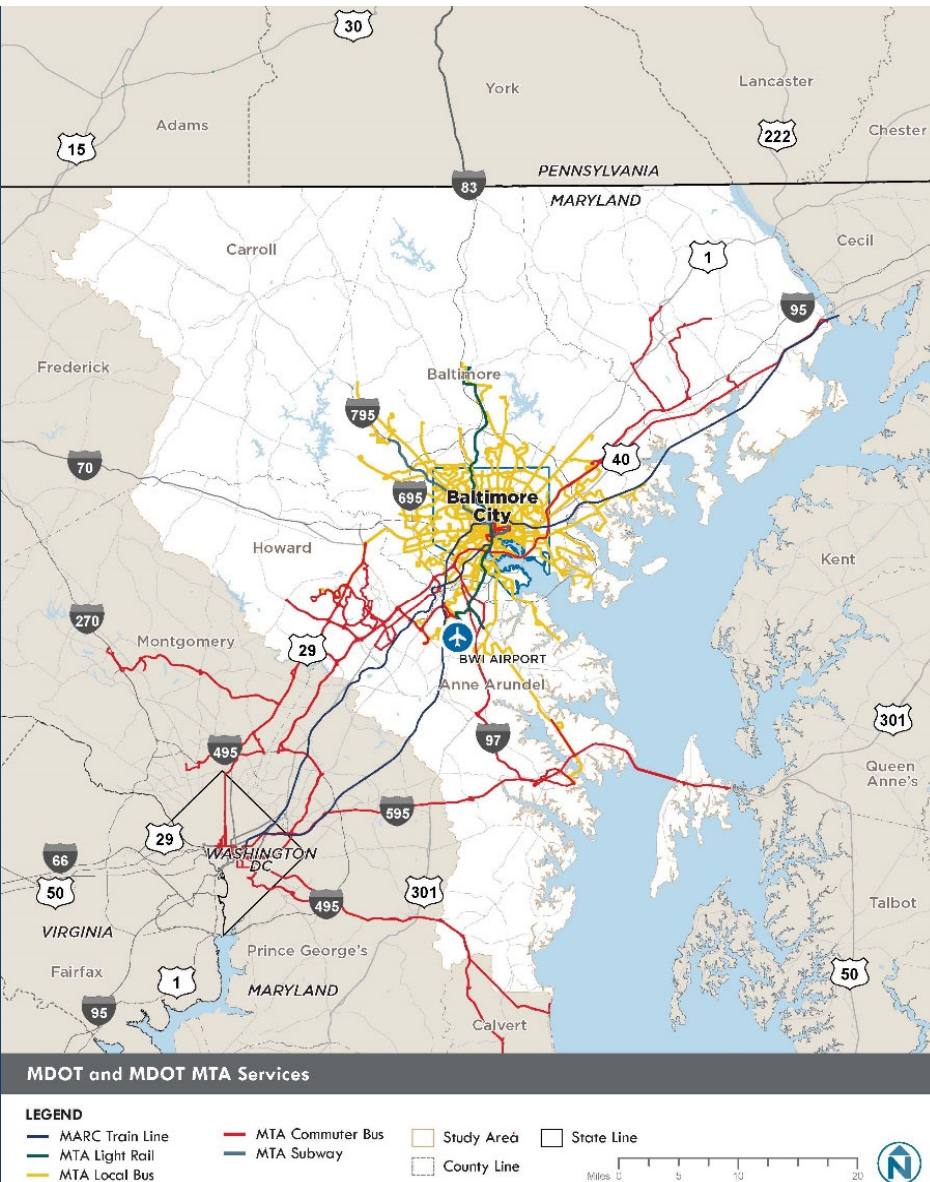
Verifies the agency's framework and processes to secure funding for its operations and capital needs.

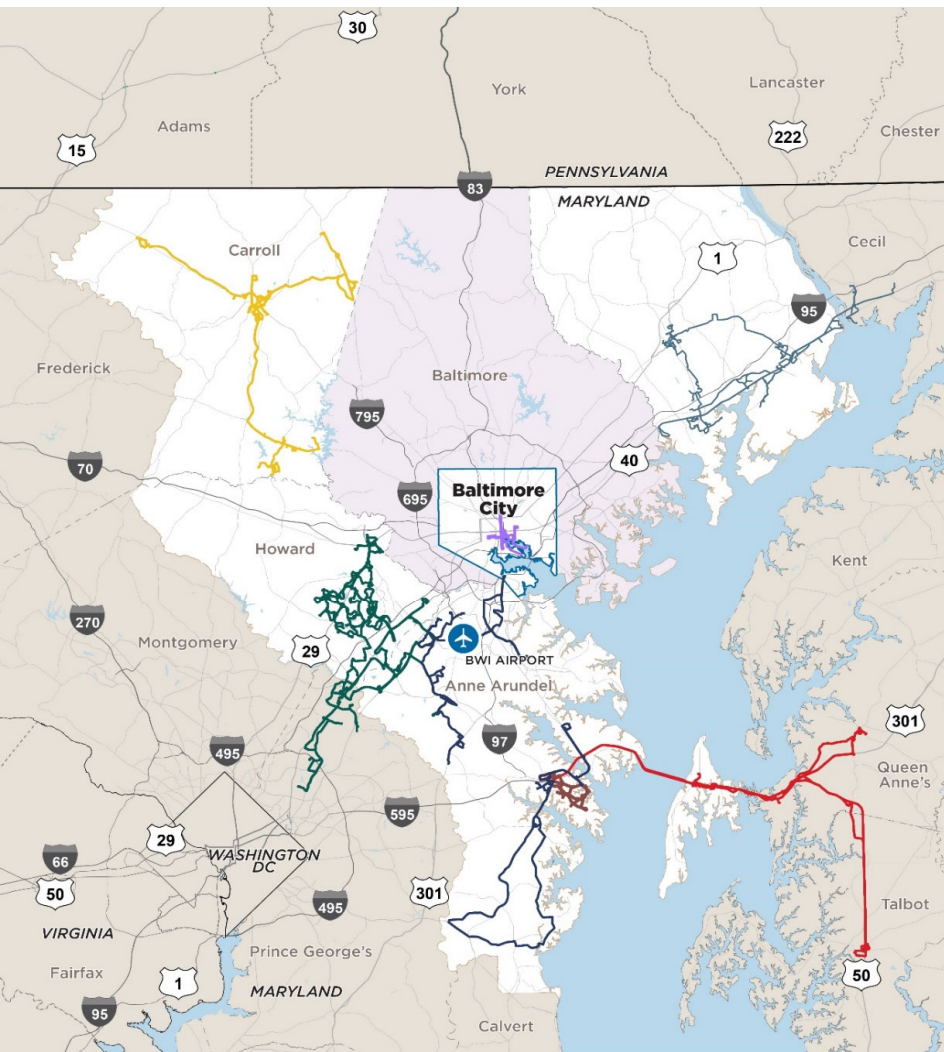


Regional Transit Services

MDOT-MTA Services

- Directly-Operated or Contracted
- Core area services:
 - BaltimoreLink Bus
 - LightrailLink
 - SubwayLink
 - MobilityLink
 - Taxi
- Core service:
 - FY 2019 Operating Cost \$605,569,142,
 - 1,216 Vehicles Operated
- Regional services:
 - MARC Commuter Rail
 - Commuter Bus
- Regional Service:
 - FY 2109 Operating Cost \$230,457,411
 - 429 Vehicles Operated

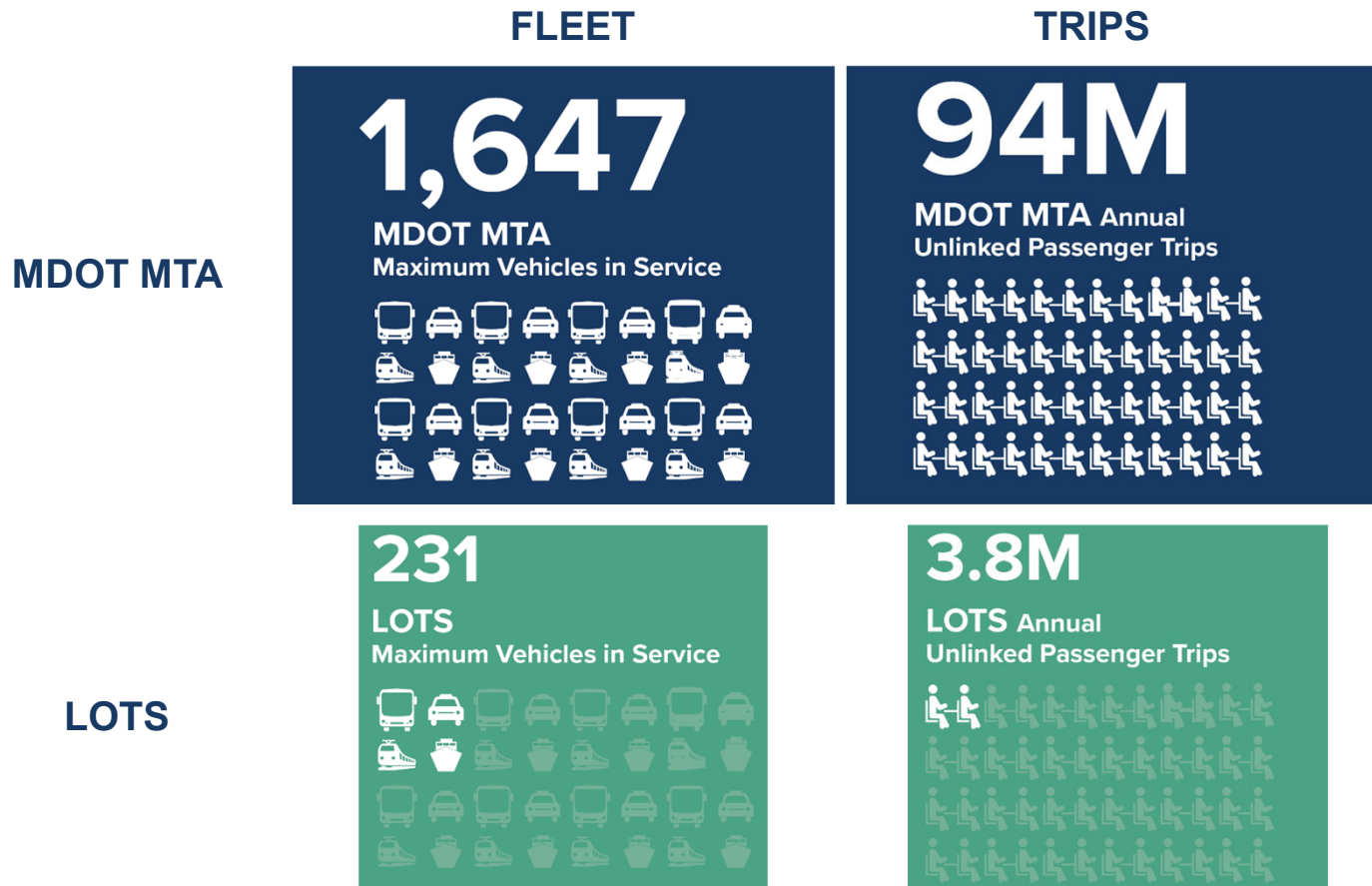




LOTS Services

- Eight separate City/County Systems
- Services operated or contracted by local governments
- City/County
- Service types/levels vary considerably
 - Fixed-route bus
 - Demand-response
 - Specialized Service
- 231 Vehicles in Peak Service

System Scale Differences



Source: FY 2019 National Transit Database (NTD)

101: Plenty of slide layouts to choose from

- Many slide layouts are available 🖱️
- Some are preloaded into this deck. Delete whatever you don't want to use.
- Horizontal box layouts are available at the end of the super secret slides. They look like this 🖱️

Subheading 1

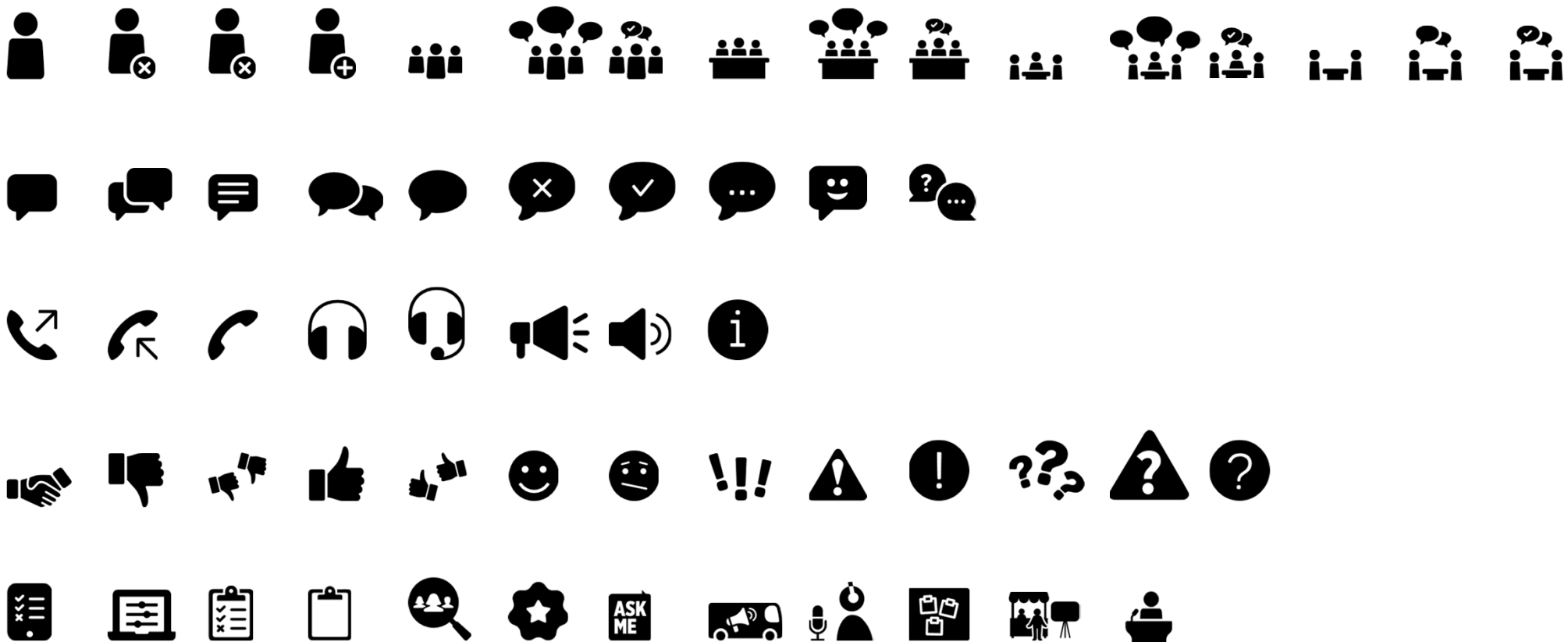
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Subheading 2

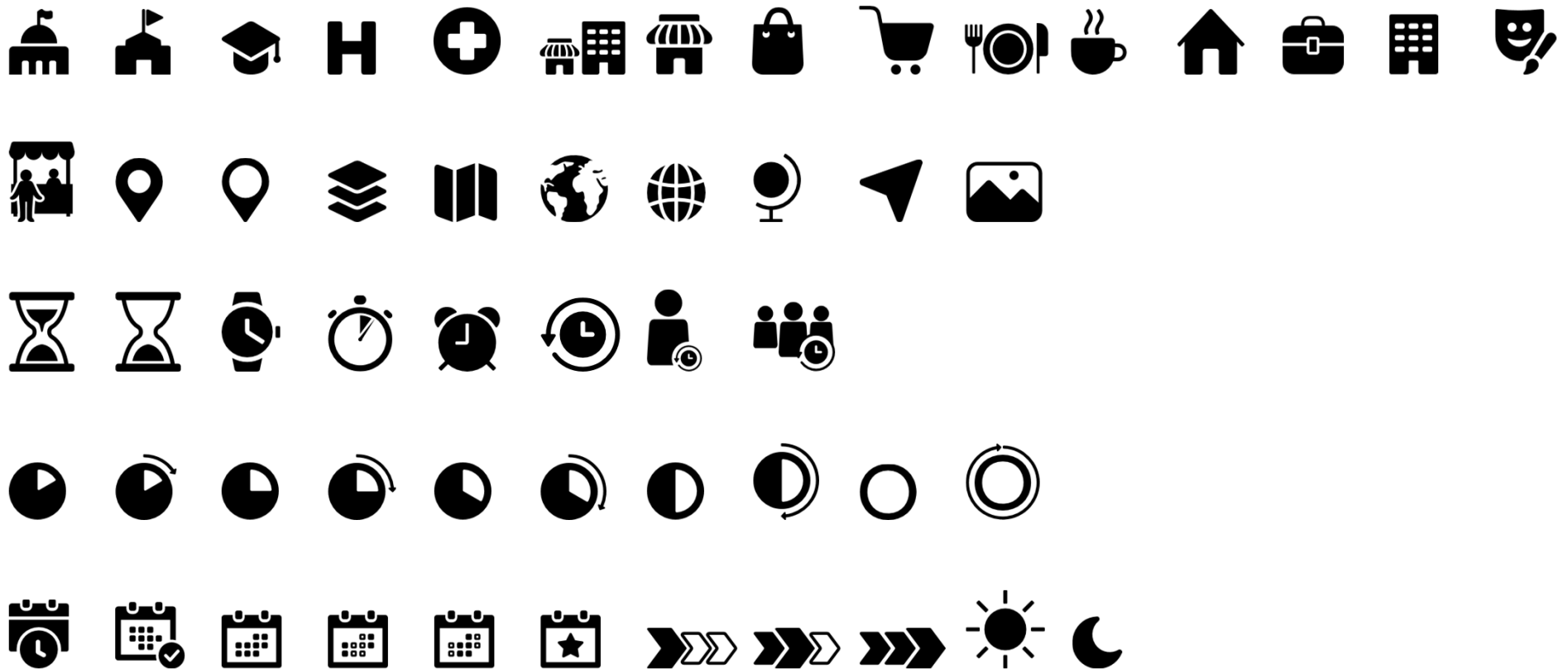
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Icons: Communication and engagement



Icons: Place and time



Icons: Office, work, and analysis



Icons: Transportation 1 of 2



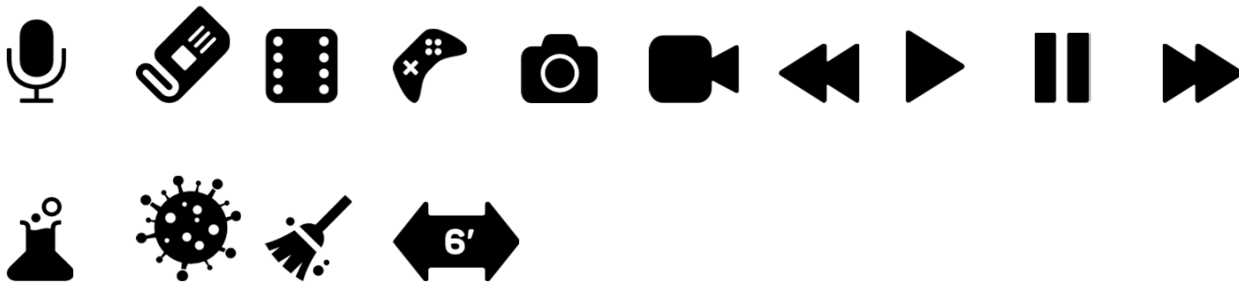
Icons: Transportation 2 of 2



Icons: Things and concepts 1 of 2



Icons: Things and concepts 2 of 2



Horizontal box layouts: 2 columns



Subheading 1

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- Bullet 3



Subheading 2

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- Bullet 3

Horizontal box layouts: 3 columns



Subheading 1

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Subheading 2

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Subheading 3

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Horizontal box layouts: 4 columns



Subheading 1

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Subheading 2

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Subheading 3

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Subheading 4

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Horizontal box layouts: 5 columns



Subheading 1

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Subheading 2

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Subheading 3

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Horizontal box layouts: Transparency box



Subheading 1

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Subheading 2

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