



REPORT OF THE TRANSPORTATION WORKGROUP

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The Honorable Martin O'Malley
Governor
State House
Annapolis MD 21401

The Honorable Anthony Brown
Lt. Governor
State House
Annapolis MD 21401

Dear Governor O'Malley and Lt. Governor Brown:

We are pleased to present the Report of the Transition Workgroup on Transportation for your consideration. We were honored to co-chair this effort, and we hope it provides some insight into the transportation issues facing the State of Maryland.

To give adequate consideration to the diverse issues that comprise transportation, we divided into subcommittees that corresponded to each of the major functions of the Maryland Department of Transportation. Mr. Fry chaired the subcommittees on Governance, Aviation, and Port; Mr. Dinegar chaired the subcommittees on Transit and Motor Vehicle Administration; and Mr. Hasan chaired the subcommittees on Highways and Maryland Transportation Authority. The report is structured around the recommendations of each subcommittee with overarching departmental issues presented at the beginning.

At the conclusion of this process we agree that a single issue dominates the discussion: the inadequacy of funding to meet the transportation challenges facing the State. While the current capital program is fully funded, we found that there is an inadequate contingency in the event of a downturn in any of the major revenue sources nor is there any opportunity for the O'Malley administration to undertake any major projects or initiatives that are needed to address the State's transportation needs. This revenue situation requires immediate, aggressive action which we recommend be taken in close cooperation with the General Assembly.

This report could not have been completed without input of many people. They are acknowledged at the end of this report, but we would also take this opportunity to express our gratitude to them for sharing their time and expertise. We extend our thanks to the agency staff who worked diligently to prepare briefing materials, meet with us, and answer our questions. We were impressed by their spirit of cooperation, expertise, and commitment. Finally, we thank Acting Secretary John Porcari for his interest in our work. Mr. Porcari is an excellent choice for the position, and we wish him and the administration well.

Sincerely,

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President & CEO
Greater Baltimore Committee

James C. Dinegar, CAE
President & CEO
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Enclosure

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Executive Summary

The following report presents the major findings of the Transportation Workgroup. Maryland's transportation system is one of its most valuable assets from both an economic development and quality of life standpoint. Maryland's natural location advantage cannot be translated into good paying jobs without a high quality transportation network. Increasing demands for mobility and a rising population are placing unprecedented strains on that system. The State government will continue to have the greatest role in meeting these demands, and the O'Malley administration can ill-afford to let these needs go unaddressed.

The Maryland Department of Transportation's (MDOT) FY 2008 operating budget request is \$1.437 billion dollars, an 8% increase from FY 2007. Future operating costs are forecast to increase by 4.5% per year, while revenues are forecast to increase by 2.6% per year. Over time this will reduce the funding available for capital projects. At the present time there are sufficient revenues to meet the needs of the current operating budget, Consolidated Transportation Program, and debt service obligations. There is, however, no additional revenue available to pay for increased project budgets or new capital or operating initiatives. This circumstance will severely constrain the incoming administration's ability to meet future needs or support new initiatives. Based on this fact, we strongly recommend the O'Malley administration plan for a major revenue increase, perhaps as soon as the 2008 legislative session.

With regard to performance measurement, within the Department there is extensive data collection and analysis, but the challenge is to create more transparency and accountability without creating onerous reporting requirements. We recommend that the Secretary's Office should be responsible for establishing a framework; developing policies and guidelines to achieve a reasonable level of standardization; and producing tools to support reporting.

The report makes a number of recommendations about immediate and long-term policy issues. Included below is a single issue from each section of the report highlighted to provide a sense of the scope of the report.

Issue	Recommendation	Timeframe
Low Employee Morale at MTA. MTA has employee morale problems that could contribute to reduced performance.	Undertake an evaluation of MTA leadership. Senior managers must have strong qualifications for the jobs they fill.	30 day - ongoing
Real ID Requirements. The federal government is mandating new requirements for identification documents. This unfunded mandate will place a significant strain on MVA's current staffing, technology, and infrastructure.	Assign an "issue team" to meet immediately with the MVA Administrator and outline a course of action. Decide whether to introduce a Real ID bill.	30 days
Marketing and Air Service Development. MAA must aggressively compete for passengers. Adequate funding for marketing is critical.	Consider increasing MAA's marketing budget.	1 year
Railroad Clearance Issues. MPA's long-term competitiveness as a container port	Pursue solutions in a regional manner, working with adjoining states with the goal of	2 years

with Class I railroad access to Midwest markets is limited by clearances along the CSX and Norfolk Southern railroads.	identifying a role for federal funding prior to the next federal transportation authorization.	
Multimodal Planning. MDOT's multimodal organization structure is a unique national model, but coordination by the Secretary is needed to ensure that projects are cost effective and customer friendly.	Strengthen multimodal planning and coordination. Form an executive workgroup to meet on a regular basis for strategic planning, addressing policy issues, and evaluating the performance Maryland's transportation network.	6 months – 2 years

Introduction

The following report presents the major findings of the Transportation Workgroup. The workgroup investigated issues facing the Maryland Department of Transportation (MDOT). We accomplished the task by dividing into subcommittees, one for each of the Department's five modal administrations, one to address the Secretary's Office and cross-cutting issues, and one to address the Maryland Transportation Authority which, while legally distinct from MDOT, shares many similar governance challenges.

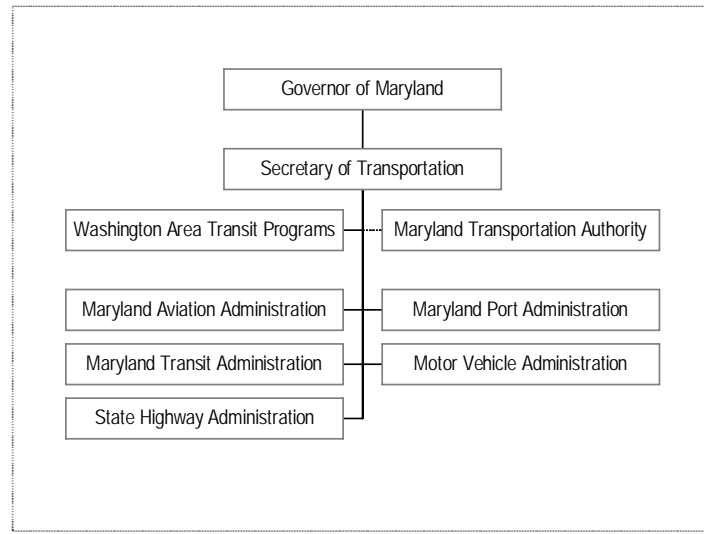


Figure 1: Structure of the Maryland Department of Transportation

In this introduction we present the single most significant challenge facing the Department which is an immediate need for additional funding as well as our observations on performance measurement and opportunities to enhance customer service.

Workgroup Process

To give adequate consideration to the diverse issues that comprise transportation, the workgroup divided into subcommittees that corresponded to each of the major functions of MDOT. Each subcommittee was chaired by one of the three workgroup co-chairs. Members included concerned citizens, business leaders, local government officials, and subject area experts. Each subcommittee reviewed transition documents prepared by the previous administration, held extensive briefings with agency staff, compiled draft issues, and then met to refine the issues and identify steps to implement solutions.

Transition Material Provided by the Previous Administration

The previous administration provided extensive briefing material to the workgroup that was useful in identifying issues for further discussion. Preparation of the document was overseen by staff from the Secretary's Office, but included detailed briefing reports on issues throughout the Department. It was divided into categories including Major Issues; First Six Months; Year 1; Year 2-4; Legislative Proposals;

Administrative Processes; and Boards and Commissions. In addition, each subcommittee was presented with additional material specific to that operating unit, including responses to written questions posed by the workgroup.

So as not to be redundant, our report does not cover issues included in the Department's material unless we felt it was appropriate to highlight a priority or otherwise offer comment. We strongly recommend that the incoming administration, particularly the Secretary of Transportation, review these documents within the next several weeks.

Most Significant Challenge is Need for Additional Revenue

Maryland's transportation system is one of its most valuable assets from both an economic development and quality of life standpoint. Maryland's natural location advantage along the Eastern Seaboard and in proximity to the nation's capital cannot be translated into good paying jobs without a high quality transportation network. Although most of this network is in place, increasing demands for mobility and a rising population are placing unprecedented strains on that system. The State government will continue to have the greatest role in meeting these demands, and the O'Malley administration can ill-afford to let these needs go unaddressed.

MDOT is, from an organizational point of view, well positioned to meet these needs but, in our view, lacks adequate funding to succeed. All activities of MDOT are funded by the Transportation Trust Fund (TTF). The TTF is legally distinct from the State's General Fund and is supported by a diverse array of revenues that, by statute, are dedicated to transportation purposes. With the exception of federal funds that are allocated for specific purposes, TTF revenues are fungible and may be used for any transportation purpose in accord with budgets prepared by the Governor and adopted by the General Assembly. One of the underlying weaknesses is that most of the TTF revenues sources are not inflation-sensitive, and therefore must occasionally be adjusted to ensure that MDOT has adequate funding to support its mission.

MDOT forecasts revenues and expenditures over a six-year period. Capital and operating expenditures are adjusted to ensure MDOT can meet its current obligations, including debt service on its bonds. From FY 2007 to FY 2012 titling and motor fuel taxes are the largest sources of revenues, each comprising 21%. These are followed by federal aid at 18%; vehicle registrations and other MVA fees at 16%, operating revenue at 10%; corporate taxes at 6%; bonds at 6%; and all other at 2%.

With regard to federal aid, Maryland's needs have long outstripped the funding it receives. Overall, approximately 50% of Maryland's capital budget for transit and highways is supported by federal funds, but despite a favorable climate in Washington funding is not likely to increase significantly in the future. MDOT advises that SAFETEA-LU authorized an increase of \$180 million per year. Maryland now receives \$579 million per year for highways and \$140 million per year in transit formula funds. 95% of highway funds are determined by formula, but since about 50% of federal transit funds are discretionary there is some potential for this to increase if the State can identify competitive projects.

MDOT's FY 2008 operating budget request is \$1.437 billion dollars, an 8% increase from FY 2007. MDOT advises that the most significant cost drivers are, in order of magnitude, the WMATA operating subsidy; electricity and natural gas; debt service; transit union contracts; cost of living increases for employees; and

highway and bridge maintenance. MDOT advises that future operating costs are forecast to increase by 4.5% per year, while revenues are forecast to increase by 2.6% per year. Over time this will reduce the funding available for capital projects.

The current six-year capital budget is approximately \$9 billion, of which \$4.8 billion is State funds; \$3.3 billion is federal aid; and \$823 million is "other" funding such as BWI Marshall Airport Passenger Facility Charges and federal funds received directly by WMATA. Of the \$9 billion total, \$4.3 billion is committed to construct projects that increase the capacity of the transportation system; \$4.2 billion is for the maintenance of capital assets ("system preservation"), and \$326 million is for project planning (the "Development and Evaluation" program). MDOT advises that the 97 projects in the Development and Evaluation program would cost more than \$50 billion to construct. No construction funding is identified for these 97 projects.

Recent work for the Transit Funding Steering Committee indicated that, assuming the historical average of 35% of TTF expenditures supporting transit, over the next 20 years operating costs and system preservation needs would exceed 35% of forecast revenues by nearly \$2 billion. When service enhancements and the four current projects under study¹ are included, this shortfall grows to \$13.5 billion.

MDOT advises that it currently forecasts sufficient revenues to meet the needs of the current operating budget, Consolidated Transportation Program, and debt service obligations. There is, however, no additional revenue available to pay for increased project budgets or new capital or operating initiatives. This circumstance will severely constrain the incoming administration's ability to meet future needs or support new initiatives. Based on this fact, we strongly recommend the O'Malley administration plan for a major revenue increase, perhaps as soon as the 2008 legislative session.

Throughout the 1970's and 1980's, the State relied on regular increases to the fuel tax to meet the Department's needs. This trend ended in the early 1990's in the face of rising concerns about competitiveness with other states. Maryland's fuel tax has not been increased since 1994. The General Assembly adopted a package of fee increases in 2004, but this was only enough to meet immediate needs. We recommend the O'Malley administration once again consider a fuel tax increase, but because the traditional increase of \$0.05 per gallon will not begin to address the need, other increases such as indexing some or all of the fuel tax to ensure revenues rise with inflation; allocating a larger share of the corporate tax to the TTF; increasing the sales tax by \$0.01 and dedicating some or all to the TTF; raising operating revenues such as long distance commuter transit fares; and examining opportunities for public-private partnerships, should be considered as additional sources.

Analysis of Performance Measurement Capability

The O'Malley administration has indicated its interest in creating "StateStat," a performance measurement system modeled on Baltimore City's CitiStat program. Given its mission and culture, MDOT is well positioned to meet this challenge, but additional guidance must be provided by the Secretary to ensure there is a systematic approach that reaches all levels of the workforce.

¹ Projects currently under formal study include the Baltimore Red Line, the Baltimore Green Line, the Purple Line, and the Corridor Cities Transitway.

MDOT's size and the diverse nature of its work create challenges in the implementation of a consolidated performance measurement program. At the Department level, two measurement initiatives are now in place: 1) Managing for Results (MFR) which is primarily oriented to the budget process, and 2) the annual Attainment Report which attempt to measure the Department's success implementing the Maryland Transportation Plan and the Consolidated Transportation Program. Both of these programs present outcome measures, (e.g., average MVA branch customer wait time), that are too general to provide program level accountability. Within the Department there is undoubtedly additional detailed data collected and analyzed, but the challenge is to create more transparency and accountability without creating onerous reporting requirements. The Secretary's Office should be responsible for establishing a framework; developing policies and guidelines to achieve a reasonable level of standardization; and producing tools to support reporting.

Comments on Performance Measurement by Modal Administrations

State Highway Administration and Maryland Transportation Authority

While performance metrics have been developed by SHA and MdTA, the current systems lack specificity and the data collection and reporting processes are cumbersome. As a result, today's systems are not adequate and fail to capture critical data, especially at the lower management tiers.

Using standardized cost comparisons and integrating existing databases, MdTA and SHA should develop metrics to measure performance and compare performance with other State agencies as well as similar agencies in states on the East Coast. Providing information on a real-time basis, the performance metrics must be developed to promote accountability at lower management levels such as sections and divisions, and be used for internal performance comparisons. The metrics should be grouped into two categories: operational and capital. Using key indicators, District evaluations for SHA should be conducted on a monthly basis.

Motor Vehicle Administration

MVA's capacity to collect and analyze data for performance measures is strong, and MVA is well positioned to use the information it currently collects to support a pilot StateStat program. If an incremental implementation is pursued, MVA should be considered for a pilot program.

Maryland Port Administration

MPA's MFR measurements are organized into four goals: 1) Maximize cargo throughput and economic benefit, 2) Ensure that revenues exceed costs, 3) Preserve infrastructure, and 4) Maintain safety and mobility. Given the nature of MPA's mission, its success is easily quantifiable and already publicly reported. We support the emphasis on cargo throughput and economic benefit because this is the basis of the justification for public support of the agency.

We recommend the MPA develop measurements of "economic benefit." We understand these are usually the product of a sophisticated analysis that is only undertaken occasionally, but we recommend the MPA

develop a simple model that uses cargo movement as an input and provides economic benefit as an output.

Maryland Aviation Administration

MAA provided its 2007-08 Business Plan which includes goals, outcomes, strategies, and targets organized into the following categories: Business; Employees; Safety and Security; and Customer Service. We also reviewed MAA's Managing for Results submission to the Department of Legislative Services which includes many of the same measures. We note that the majority of measures are focused on efficient internal operation as opposed to the agency's "product," the operation of efficient, competitive airports. For example, "annually ensure there are zero repeat audit findings," may be laudable but does not truly measure performance. Only two measures reflect the core mission: "add a minimum of one new domestic destination and one new international service per year," and "maintain the BWI annual airline cost per enplaned passenger at or below the mean of comparable airports." In cases where external controls are imposed on MAA by the Federal Aviation Administration or the Transportation Security Administration, the outcomes are more focused.

We recommend MAA revisit its performance measurements to ensure they reflect the core mission of the agency, measure efficiency relative to peer airports, and focus attention on the benefits the airports return to the State's economy. We recommend new measurements in the following areas:

- Customer satisfaction
- Passenger delay (air traffic; security screening; baggage handling)
- Market penetration
- International terminal gate utilization

Maryland Transit Administration

MTA utilizes performance measures as part of MFR as well as through a quadrennial benchmarking report that is required in the section of the Annotated Code addressing farebox recovery requirements. A lack of technological capabilities hinders the collection and use of real time information generated by on-board equipment on the core bus services. MTA should continue to develop its data collecting and reporting capabilities, through the use of on-board vehicle technologies. MTA should explore the expanded use of benchmarks.

Washington Metropolitan Area Transit Authority

WMATA has not utilized performance measures as extensively as State agencies. Customer service measures are reported to the Board of Directors, but WMATA has not adopted performance measures that are regularly reported for use by the General Manager for operating decisions, or for use by the Board of Directors and jurisdictions in budget allocation decisions. This has been an issue identified by the Department of Legislative Services. A process had been launched under the previous interim general manager, but it is unclear if momentum has continued. Given the regional nature of WMATA a strong, transparent performance measure system is particularly important to ensure stakeholder confidence and support. WMATA should be encouraged to develop performance measures throughout the agency which

are based on business and strategic plans. There is also a need to evaluate performance measures for locally operated transit systems, in collaboration with the local agencies.

Opportunities for Customer Service Enhancements

Recognizing the significant role MDOT has in the daily lives of Maryland's residents and businesses, the workgroup looked for opportunities to enhance the Department's customer service functions. Some of MDOT's responsibilities such as providing highway infrastructure do not require direct interaction with customers, but other MDOT employees such as bus operators and MVA customer service representatives greet hundreds of thousands of people each day. We understand that customer service is always a work in progress, and in that spirit we offer the following observations.

Comments on Customer Service Enhancements by Modal Administrations

Maryland Transit Administration

The MTA relies on an aging customer service system. The MTA should consider establishing one customer service/complaint number, similar to a "311" information system, which would simplify the call for the rider and track complaints in a systematic way. MTA must place a higher priority on follow up with the customer once a complaint is made.

Maryland Port Administration

Given the complex natures of its business, MPA's "customers" are diverse, and include trucking and railroad companies; terminal operators; stevedoring companies; vehicle processors; steamship agents; and U.S. Customs, Border Protection, and Coast Guard units.

We also understand the competitive nature of the cargo business, including competition with other ports, competition between the public and private terminals, and the Port's ability to effectively negotiate with its tenants. In the latter relationship, the MPA must balance its responsibility to cover its operating costs with revenue along with its role as the facilitator of cargo flow. We recommend the O'Malley administration give close consideration to this issue before concluding to its satisfaction that MPA is achieving the right balance.

Maryland Aviation Administration

MAA's customers include the passengers, airlines, shippers, and other tenants of BWI Marshall and Glenn L. Martin Airport; the residential and business communities surrounding each facility, the aviation community throughout the State, and the federal agencies that license the facilities and provide operational support such as security and air traffic control. Perhaps the most important of these are the passengers who use BWI Marshall and the airlines who service it. MAA must carefully balance its costs to provide services to passengers and airlines with what it can reasonably recover through various charges. If MAA cannot provide a high quality facility for a reasonable cost, both passengers and airlines will shift to a competing airport.

MAA advises that it conducts regular customer satisfaction surveys, and that its current target is 80% overall customer satisfaction for both BWI Marshall and Glenn L. Martin Airport. We recommend this process be continued with regular, comprehensive customer surveys. Survey questions should be sufficiently specific that MAA can separately benchmark the diverse aspects of the customer experience (e.g., cost and availability of parking; shuttle bus services; terminal environment; concessions; wait times at ticket counters and security check points, etc.).

We also recommend that MAA enhance its relationship with the business community in the Baltimore-Washington corridor. BWI Marshall and Glenn L. Martin Airport greatly enhance the business competitiveness of the region, and business organizations are in a position to help MAA justify its capital needs as well as effectively sell the airports to new airlines and new passengers.

Maryland Aviation Administration

Introduction

The Maryland Aviation Administration (MAA) owns and operates BWI Marshall Airport and Glenn L. Martin Airport; fosters general aviation within the State; and licenses, provides technical assistance, and modestly funds a network of municipal and private airfields. In FY 2006, 20.4 million passengers and 281 million pounds of cargo traveled through BWI Marshall, making it the 26th largest airport in North America and the 55th largest in the world.

In FY 2007, total operating revenues from BWI Marshall and Glenn L. Martin Airport totaled \$212 million. Total operating expenses were \$196.8 million, providing a small operating profit which was returned to the Transportation Trust Fund. Capital projects are funded by the Trust Fund except in cases where there is sufficient revenue to support bonds provided by the Maryland Transportation Authority or the Maryland Economic Development Corporation. MAA has recently completed a capital improvement program at BWI Marshall totaling \$1.8 billion, including a new terminal for Southwest Airlines, expansion of the terminal roadway, replacement of the terminal window wall, a consolidated rental car facility, and a 10,000 space parking garage.

Issues and Recommendations

Immediate

Noise Zone Update

Issue	The BWI Marshall Airport Noise Zone and Noise Compatibility Plan are being updated through a process that includes both technical evaluation of impact areas as well as public input. MAA advises that the noise contours will change, and may be slightly reduced. The process includes public participation, and MAA expects to hold a hearing in mid-2007.
Recommended Actions	The O'Malley administration should proceed cautiously so as to allow sufficient time for communities to fully participate in the process.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 year
Next Steps	1. Provide opportunities for community and elected official input in advance of public hearings.

Marketing and Air Service Development

Issue	MAA must aggressively compete for passengers, primarily against Metropolitan Washington airports and Philadelphia. Adequate funding for marketing is critical, but MDOT budget constraints have limited
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MAA's ability to enhance air service development efforts, co-operative airline marketing, and airport-related advertising. A 1995 Governance Study indicated that MAA's marketing budget fell from \$4.8 million in FY 2004 to \$2.7 million in FY 2005, and has been level funded since that time.

A separate but related issue is MAA's air service development program. MAA reports that its approach is "aggressive," and that it meets with more than 35 airlines each year to discuss new or expanded service. BWI Marshall is challenged by hub arrangements and inter-airline agreements at Dulles and Philadelphia. BWI Marshall's dominant carrier, Southwest, does not connect with international carriers which reduces MAA's ability to attract new international carriers.

Recommended Actions

The O'Malley administration should consider increasing MAA's marketing budget to allow BWI Marshall to effectively compete for passengers with a particular focus on international passengers. Given the dominance of Southwest Airlines at BWI Marshall, the O'Malley administration should explore ways to improve the connection between Southwest and potential international carriers by handling baggage, providing a waiting lounge, or offering other amenities to travelers.

Implementation Cost/Benefits

An increase of \$2 million would allow MAA to undertake new initiatives, notably the pursuit of the "swing" market that chooses between BWI Marshall and Dulles; co-operative advertising with the airlines; and revenue-targeted advertising intended to drive customers to MAA parking garages and terminal concessions that in turn produces more revenue.

Implementation Timeframe

1 year

Next Steps

1. Request detailed briefing on MAA marketing initiatives.
2. Consider an enhancement to MAA marketing funding in the FY 2008 Supplemental budget or FY 2009 operating budget.
3. Identify and implement services MAA could provide to travelers connecting between Southwest and international carriers.

Audit Finding Concerning Financial Incentives for a Airline

Issue

A recent Legislative Audit indicated that MAA did not adequately disclose to the General Assembly the payment of financial incentives to an airline.

Recommended Actions

While we appreciate the General Assembly's need to be informed about fiscal issues, MAA must also be able to protect the confidentiality of its negotiations with its private business partners. The O'Malley

administration, in consultation with the budget committee chairs, should develop a process for notifying the committee of negotiations. The O'Malley administration should provide a detailed briefing to the budget committee chairs that supports its position that it is in the interests of the State to keep the terms of negotiations with private business partners confidential.

Implementation Cost/Benefits	N/A
Implementation Timeframe	90 days
Next Steps	1. Confer with budget committee chairs.

BWI Marshall Fire/Rescue Union Negotiations; Consideration of a Second Fire Station

Issue MAA advises that its three-year contract with airport firefighters expires July 1, 2007. The major point of negotiation is the pay scale, with the union arguing that salaries must compete with adjacent city and county agencies. MAA advises that it has offered a one-grade increase, but the union is asking for a three-grade increase. MAA reports that DBM has taken the lead in the negotiations, consistent with past practice. There is some concern that the MAA has not been actively engaged in the negotiations.

A second, related issue is the on-going study of the need for a second airside fire station to reduce incident response times.

Recommended Actions The MAA should become more engaged in the contract negotiations to ensure it is satisfactorily resolved. The O'Malley administration should defer to the outcome of the study regarding the need for a second station, but we suggest the O'Malley administration carefully consider additional staffing requirements in light of the ongoing salary negotiations as a factor to consider in building a second fire station.

Implementation Cost/Benefits	N/A
Implementation Timeframe	6 months
Next Steps	1. Actively monitor union negotiations. Ensure that DBM is aware of the proposal for a second fire station.

Mid- to Long-term

Flexibility in Hiring and Procurement

Issue As a State agency, MAA is unique. It must compete with other entities, negotiate effectively with tenants, and is contractually obligated to provide certain services and security functions. MAA's flexibility is

somewhat limited by State laws and regulations. A previously suggested remedy would be to make MAA an independent authority. This was examined and rejected by two recent committees, the latest in 1995. We agree with that conclusion, but agree that MAA would benefit from additional flexibility. In 2002 MAA was granted flexibility to procure supplies and services for aeronautical related activities, and now seeks the same flexibility for airport operations purchases.

Recommended Actions

With regard to the issue of procurement, the O'Malley administration should investigate the feasibility of raising the value of contracts that are delegated to MAA. These limits could be raised from \$25,000 to \$50,000 for small procurements, from \$50,000 to \$100,000 for capital equipment, and from \$50,000 to \$100,000 for sole source procurements without negatively affecting State budget considerations and protections.

With regard to the issue of hiring, the Department of Budget and Management should exempt certain MAA position from future hiring freezes or Reductions in Force to ensure the MAA is able to meet its contractual obligations. This exemption should be carefully constructed so it only applies to those contractual functions and obligations, not the administrative functions the MAA has in common with all State agencies. MAA reports there is enough flexibility in the Transportation Service Human Resources System (TSHRS) to achieve its management hiring objectives. We recommend that MAA exhaust this approach before seeking special treatment.

Implementation Cost/Benefits

N/A

Implementation Timeframe

1 year

Next Steps

1. Review MAA proposal to raise delegated authority for procurements, including a determination of the number of procurements that would potentially be affected.
2. Conduct a study of MAA staff requirements to carefully identify "essential" positions for exemption from hiring freeze and layoff mandates.

Ground Access

Issue

Current ground access by public transit for passengers and employees is inadequate, particularly in the late evening and on weekends. BWI Marshall is potentially well served by transit, including intercity rail, commuter rail, light rail, and local bus to both Baltimore and Washington. The issue is that the airport is located outside the core transit service areas in the region, and services are primarily oriented to

	non-airport travel demand (e.g., MARC service does not operate late in the evening or on weekends; light rail service to Baltimore does not operate on Sunday mornings or late enough for third-shift employees).
Recommended Actions	The O'Malley administration should consider the initiation of weekend MARC service between BWI Marshall and Washington; continue to work with Amtrak in support of a replacement rail station; and work with the local transit providers (MTA, Howard Transit, WMATA) to ensure the airport is well connected to the surrounding region. In the short term, the MTA's 17 line service should be modified to provide express service to downtown Baltimore during hours that the MTA Light Rail is not operating and Metrobus B30 should be improved with new equipment.
Implementation Cost/Benefits	N/A. Both operating and capital costs could be significant.
Implementation Timeframe	1 year for bus service improvements; 2 – 4 years for MARC improvements.
Next Steps	<ol style="list-style-type: none"> 1. Establish a BWI Marshall Transit Access Working Group to study existing service gaps and potential demand from airport travelers and employees as well as incremental capital and operating costs. 2. Work with the Congressional delegation to explore federal funding for a replacement Amtrak station. If funding is unlikely, explore opportunities to construct a station as part of a public private partnership with local developers and Amtrak.

BWI Marshall Airport Master Plan

Issue	MAA advises is it in the process of updating the BWI Marshall Airport Master Plan which was last updated in 1987. Since that time much of the plan has been implemented and community impacts have grown as a result of land development. MAA advises that, even with modest growth projections, air traffic delays could be less-than-acceptable by 2015. Internal work on the plan has been completed and MAA is preparing to initiate the public input phase. MAA advises this process may lead to community concern and possible opposition to proposed improvements. Perhaps for this reason, there is relatively little activity in the six-year capital program, particularly on the land side.
Recommended Actions	Despite the risk of community concern, the O'Malley administration should aggressively proceed with the new master plan. The master plan is the basis for capital improvements that are needed for the airport to remain competitive.
Implementation Cost/Benefits	N/A
Implementation Timeframe	6 months

- Next Steps
1. Receive briefing from MAA staff on forecasts of future demand and possible needed improvements.
 2. Confer with elected officials to determine community sensitivities.
 3. Consider establishing a Master Plan Advisory Committee comprised of area residents and businesses.
 4. Proceed with public involvement phase of Master Plan.

Mid-field Cargo Complex

Issue In the mid-1990's MAA constructed a new cargo complex designed to support the movement of cargo through BWI Marshall. For a variety of reasons the facility has not met expectations.

Recommended Actions The O'Malley administration should investigate what improvements or contractual arrangements should be made to increase the utilization of the facility.

Implementation Cost/Benefits N/A

Implementation Timeframe 1 year

- Next Steps
1. Receive briefing from MAA staff on factors limiting use of the facility, including contracts with operators and tenants.
 2. Develop plan for addressing issues.

On-Airport Hotel

Issue The only on-airport hotel is located adjacent to the Daily Garage. The facility appears to be obsolete and lacks the meeting facilities and amenities needed to attract conference business. The hotel operator would like to renew his lease and cannot or will not make improvements without doing so. MAA reports the lease is not due to expire until 2013, and the site may be needed for other airport functions subject to the outcome of the new Master Plan.

Recommended Actions The O'Malley administration should make a determination about the value and need for an on-airport facility in light of the rapid development of off-airport hotels. If the conclusion is that one or more on-airport hotels are needed, it should weigh that need against other MAA master plan needs. If an on-site hotel is desired, it should consider packaging the current hotel site with other available MAA property to increase the attractiveness to a new bidder.

Implementation Cost/Benefits N/A

Implementation Timeframe 1 year

- Next Steps
1. Conduct an on-airport hotel market analysis in preparation for the expiration of the current lease in 2013.

Federal Priorities

Issue	<p>MAA has extensive interaction with federal agencies, principally the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA). Both agencies are a source of financial support, most significantly FAA grants in support of airside improvements. (Between FY 2007 and FY 2012, MAA's capital budget includes \$138 million in federal funds which is 20% of the total.)</p> <p>FAA grants are predominantly determined by formula and administered by a regional office. MAA seeks to match all available federal funds, but the award process makes it difficult to predict this in advance.</p> <p>TSA provides baggage and passenger screening, and the challenge is having sufficient resources available to meet the demands of BWI Marshall's peak periods.</p>
Recommended Actions	<p>The O'Malley administration should maintain its close working relationship with federal agencies, particularly TSA which has discretion as to how its resources are deployed. To ensure adequate TSA personnel to meet peak demands, MAA should regularly brief TSA officials and provide tours of BWI Marshall.</p>
Implementation Cost/Benefits	N/A
Implementation Timeframe	6 months
Next Steps	<ol style="list-style-type: none">1. Ensure that MAA management is working closely with TSA to provide adequate staffing for peak demand.2. Seek support for FAA and TSA resources from the Congressional delegation by providing regular briefings on airports trends and developments.

Opportunities

Support for Regional Airports

Issue	<p>MAA has a dual function as the owner and operator of BWI Marshall and Glenn L. Martin Airport, but also as the advocate of a network of regional airports around the State.</p>
Recommended Actions	<p>Given the important economic role of these facilities and new issues that have arisen with regard to secure airspace around Washington, D.C., the MAA should continue and, more importantly, enhance its role as the advocate of these facilities. This is particularly critical for issues that require Congressional action where a small, private airport would be not able to get the necessary attention of a federal agency.</p>

Implementation Cost/Benefits	N/A
Implementation Timeframe	2 – 4 years
Next Steps	N/A

Support of BRAC-Related Growth at Glenn L. Martin Airport

Issue	Glenn L. Martin Airport appears to be able to meet its current market, but the condition of the runway and control tower as well as the lack of available hanger space will limit its ability to service BRAC-related growth in the future. MAA advises that the federally-designated secure air space around Washington, D.C. includes part but not all of Glenn L. Martin Airport, creating administrative and security issues.
Recommended Actions	The O'Malley administration should evaluate Glenn L. Martin Airport's capital improvement needs in light of BRAC, and if necessary accelerate improvements. MAA should pursue modification of the secure air space to clarify Glenn L. Martin's status.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 – 3 years
Next Steps	<ol style="list-style-type: none"> 1. Conduct a long-range needs assessment for Glenn L. Martin Airport with special consideration given to the needs of BRAC-related economic activity. 2. Seek clarification as the status of the secure air space around Glenn L. Martin Aiport with the Department of Homeland Security.

Maryland Port Administration

Introduction

The Maryland Port Administration (MPA) is the public manager and face of the Port of Baltimore, a collection of 23 private and seven public terminals that together handled 33.6 million tons of cargo in 2006. MPA's mission is to stimulate the flow of waterborne commerce through the State in a manner than benefits that State's economy. MPA has 292 employees, and directly contracts with 8,100 additional employees to operate the terminals.

In FY 2007, MPA operating revenues are expected to be nearly \$93 million, slightly above FY 2006. All operating revenues, except repayment of Certificates of Participation and repayment to the Maryland Transportation Authority for a loan in support of the development of the Masonville Terminal, are returned to the Transportation Trust Fund. MPA's expenses in FY 2007 are expected to be \$102 million before taking repayments and capital equipment purchases into consideration. Historically, MPA's revenues have covered its operating expenses, but most capital costs are borne by the Transportation Trust Fund. MPA's capital budget totals \$630.5 million for FY 2007-2012. More than half of that amount is committed to the dredging program.

The fundamental issue facing MPA is a strategic choice between the Port of Baltimore as a railroad port with efficient, high clearance access to Midwest distribution networks or a truck-oriented port with secondary emphasis on Class I and Class II railroad access. While we are convinced it is desirable to maintain competitive Class I railroad access to the Port terminals, we recognize the State has a limited ability to control the business decisions of CSX and Norfolk Southern. The O'Malley administration should give close consideration to this issue, including an objective analysis of trends.

Issues and Recommendations

Immediate

Sale of the World Trade Center

Issue

The previous administration had adopted a policy position supporting the sale of the World Trade Center, an MPA-owned office building in the Inner Harbor. In anticipation of a sale, many leases have expired and MPA has deferred needed capital maintenance. We understand that while the current offers may be within the range of a recently completed appraisal, there are concerns that the sales price does not meet acceptable levels. Complicating the situation is the high vacancy rate and the need for a substantial State investment to address capital and leasehold concerns.

The O'Malley administration has to make a decision about selling the asset in a less than Class A condition for a price less than what is

expected by many in the legislature and the Board of Public Works, or invest significant monies to restore the building to Class A quality in the hopes of achieving increased value and marketability.

MDOT advises that if the sale does not proceed, MPA will need to make a minimum of \$11 million in improvements and increase its operating budget by \$5.7 million to cover operating losses. The State will also have to continue to own and operate the building for at least 10 years to recover its investment.

The previous administration has further complicated this issue by promising to commit any sale proceeds to capital projects in support of the Port such as construction of a 50-foot berth. We are concerned that this transaction does not establish a precedent that MDOT must sell a Port asset each time a major capital investment is needed.

Recommended Actions

The O'Malley administration should maintain the philosophy of selling assets that are not needed for the core mission of the agency, including the World Trade Center. The justification for the sale should, however, be de-coupled from the need for a 50-foot berth.

Implementation Cost/Benefits

Sale of the World Trade Center would yield revenue for the Transportation Trust Fund which would be available for needed capital projects. Failure to proceed with the sale results in a short-term liability of \$11 million in capital funds and \$5.7 million in operating funds. If the property is sold, a private owner will pay Baltimore City property taxes.

Implementation Timeframe

60 days

Next Steps

1. Review current appraisals and bids, and make a decision whether to accept a bid, re-advertise, and or cancel the sale.
2. Review estimates of needed capital improvements, and provide funding if appropriate.
3. Address FY 2007 and FY 2008 operating budget shortfall in MPA's budget.
4. Undertake minor housekeeping and maintenance tasks to ensure the World Trade Center remains a safe and pleasant working environment for the remaining tenants.

50-foot Berth

Issue

A 50-foot berth is needed to maintain the Port of Baltimore's competitive position. Without this infrastructure the Port cannot take full advantage of its deep shipping channels, and runs the risk that it will not be able to service the larger container ships.

Recommended Actions

The O'Malley administration should make this investment a top priority.

Implementation Cost/Benefits	MPA advises the cost of constructing the berth, including wharf improvements and new cranes, is approximately \$72 million.
Implementation Timeframe	1 year
Next Steps	1. Establish project as candidate for funding in FY 2008 CTP.

Mid- to Long-term

Flexibility in Utilization of Resources

Issue As a State agency, MPA is unique. It must compete with other ports in a rapidly changing environment, respond to the requests of tenants, and is contractually obligated to provide certain services and security functions. Needed flexibility is somewhat limited by State laws and regulations. A frequently suggested remedy would be to make MPA an independent authority.

Recommended Actions Given MPA's need for a continued infusion of capital and no clear alternative funding source other than the Transportation Trust Fund, we do not see the merit in separating from State government at this time.

We do believe MDOT and the State can create a more flexible environment for MPA to operate in, particularly with regard to procurement and personnel. Recommendations in this area are described in greater detail in the "Mercer Report." We note, however, that some of those recommendations call for a higher degree of privatization than currently exists and this could lead to implementation challenges involving existing union bargaining units, current contracts, etc.

As an alternative strategy, the O'Malley administration should study the need for additional positions at MPA to provide appropriate staffing for new functions such as security, environmental management, and operation of the cruise terminal.

The O'Malley administration should consider supplemental Port-specific revenue streams that could be used to offset rising operating costs associated with new functions. The O'Malley administration should work closely with the private port operators to explore whether they would support assessment of fees that would be used solely for improvements and security.

Implementation Cost/Benefits	N/A
Implementation Timeframe	12 months

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| Next Steps | <ol style="list-style-type: none"> 1. Study need for additional staffing associated with new functions and responsibilities. 2. Investigate approaches taken by other ports to raise revenues to cover cost of services. |
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Assistance to Other Ports within the State

Issue	There are current small, private port operations in Salisbury, Leonardtown, and Pocomoke City that handle specific commodities. These ports remain limited in their function because they do not have access to public financing of improvements and security.
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Recommended Actions	The O'Malley administration should work closely with the private port operators to explore synergies with the MPA for infrastructure and security improvements.
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Implementation Cost/Benefits	N/A
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Implementation Timeframe	12 months
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| Next Steps | <ol style="list-style-type: none"> 1. Convene workgroup with operators of private ports to discuss fee-for-service concepts. |
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Disposal of Dredged Material at Sparrows Point

Issue	MPA operates highly successful beneficial use dredged material disposal operations at Bay islands. These sites have limited capacity so new sites will eventually be needed. Sparrows Point has been identified as a possible disposal site. Recognizing the legal constraint known as the "5-mile rule" the Department is going to have to work with the community as well as county and legislative representatives to secure neighborhood support for such an effort.
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Recommended Actions	As land at Sparrows Point becomes available, the O'Malley administration should work with local communities and county and legislative representatives to explore the potential for disposal of clean material at Sparrows Point. MPA should adopt similar efforts used to develop the Masonville Dredged Material Containment facility as an example of a Port operations project that has enjoyed strong community and neighborhood support.
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Implementation Cost/Benefits	N/A
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Implementation Timeframe	2 - 4 years
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| Next Steps | <ol style="list-style-type: none"> 1. Continue on-going studies of feasibility of developing Sparrows Points as a dredged material disposal site. 2. Create a community task force to identify and document community impacts and concerns. |
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3. Document mitigation approaches used at Masonville.

Railroad Clearance Issues

Issue	The Port's long term competitiveness as a container port with Class I railroad access to Midwest markets is limited by clearances along the CSX and Norfolk Southern railroads. The Howard Street Tunnel through downtown Baltimore restricts northbound doublestack containers. Within the terminals, access is somewhat restricted today, particularly at Dundalk.
Recommended Actions	<p>Recognizing the fundamental nature of this issue, the O'Malley administration should update its plan for Port rail access, including high cube doublestack clearances and possibly extending Canton Railroad access to Dundalk Marine Terminal via a rail bridge from Seagirt.</p> <p>The O'Malley administration should pursue solutions in a regional manner, working with adjoining states as was done in the Midwest for the Heartland Express project (see Case Study below) with the goal of identifying a role for federal funding prior to the next federal transportation authorization. The Heartland Express will increase the attractiveness of Hampton Roads relative to Baltimore, an issue cited by MPA as a competitive threat.</p>
Implementation Cost/Benefits	N/A
Implementation Timeframe	2 years
Next Steps	1. The Governor should immediately meet with and establish a strong working relationship with officials from CSX and Norfolk Southern with the goal of enlisting the railroads as partners in Port growth.

Case Study: Heartland Corridor

One of the most significant competitiveness issues for East Coast ports is their proximity to markets in the Midwest, particularly the distribution network centered in the Chicago region. Through a multistate public-private partnership known as the "Heartland Corridor," a consortium of partners led by Norfolk Southern is investing \$251 million to cut 230 miles and one day of travel time between Hampton Roads, Virginia and Chicago. The project will improve the vertical clearance of 28 tunnels through the Appalachian Mountains, allowing doublestack trains to use a more direct route than the current options through Harrisburg, Pennsylvania or Knoxville, Tennessee. Funding is provided as follows: from Norfolk Southern, \$102.5 million; from the federal government, \$125.4 million; from the Commonwealth of Virginia, \$22.3 million; and from the State of Ohio, \$800,000. The Port of Baltimore could potentially benefit from a similar investment to raise clearances along the CSX line from Baltimore to Chicago, including the Howard Street Tunnel in downtown Baltimore.

Opportunities

Community Mitigation Fund

Issue	The Maryland Aviation Administration manages an annual grant program for communities impacted by the airport. Grants support transportation-related community amenities such as streetscaping, sidewalk repairs, and bus shelters. In FY 2006, this grant program totaled \$306,000.
Recommended Actions	MPA should consider establishing a similar program for communities impacted by Port-related traffic and noise. Projects could include landscaping, sidewalk repairs, street resurfacing, and lighting.
Implementation Cost/Benefits	\$100,000 - \$500,000 annually
Implementation Timeframe	12 months
Next Steps	<ol style="list-style-type: none">1. Investigate MAA experience with program.2. Initiate discussion with Baltimore City and Baltimore County governments to determine level of interest, possible matching funding, and ideas for projects that could be funded.

Statewide Freight Plan

Issue	The transportation of freight to, through and from Maryland is a critical emerging issue impacting the jobs and economy throughout the State. By 2030, freight traffic is projected to increase by 87% in truck tonnage (from 554 million tons to 1 billion tons) and by 74% increase in rail tonnage (from 66 million tons to 115 million tons). These increases are occurring as the average daily traffic has grown due to population increases as well as Vehicle Miles Traveled. The resultant traffic congestion and time delays will impact business and economic development throughout the State. Future employment and the State's ability to compete for new business could be at risk due to lack of access, delays and lost time. Certain freight improvements may also enhance commuter rail service.
Recommended Actions	MDOT should update its statewide freight plan to identify needs statewide by mode, as well as to quantify and prioritize the costs and benefits of such investments. MDOT should review freight development and investment initiatives already in place in other competing states and propose similar new program investment initiatives linked with accountable, return-on-investment measures.
Implementation Cost/Benefits	N/A
Implementation Timeframe	N/A

Next Steps 1. Initiate update of statewide freight plan.

Public-Private Partnerships

Issue MPA advises that there is a \$400 million backlog of landside and harbor development projects. The extensive cost associated with capital improvements at the Port coupled with the length of time needed to secure adequate funding from a cash-strapped Transportation Trust Fund threatens to add an additional competitive disadvantage to a very competitive industry.

The revenue-producing nature of Port initiatives provides ripe opportunities for public-private partnerships that could provide significant financial resources to the State for needed capital improvements to maintain the Port's competitive stance and to reduce reliance on an overburdened Transportation Trust Fund. The potential for public private partnerships will not replace and should not be seen as a replacement of State investment, but as an opportunity to supplement State financial resources and to expedite projects to keep the Port with "state of the art" equipment and assets.

Recommended Actions When considering a Port initiative, the O'Malley administration should carefully consider the costs and benefits of traditional funding through the Transportation Trust Fund as well as opportunities for public-private partnerships. Recent examples of the latter are M-Real and other improvements at Masonville.

Implementation Cost/Benefits N/A

Implementation Timeframe N/A

Next Steps N/A

Security

Issue MPA advises that homeland security initiatives are reducing funding and staff resources available for the agency's core mission. The agency has created a Director of Security, adopted plans that meet federal requirements, and coordinated security with federal and State agencies. Several security capital projects are still unfunded, and the agency needs additional personnel to provide adequate staffing.

Recommended Actions The O'Malley administration should continue the philosophy of seeking federal grants to cover new homeland security requirements. Only after this option is exhausted should State funding be sought. Capital projects identified by MPA should receive priority funding.

Implementation Cost/Benefits N/A

Implementation Timeframe	1 - 2 years
Next Steps	<ol style="list-style-type: none"> 1. In close coordination with relevant State and federal agencies, develop and prioritize a comprehensive list of capital improvement needs. 2. Review MPA's personnel needs, and allocate additional PINs if necessary. 3. Renew coordinate with Congressional delegation to maximize the opportunity for federal homeland security grants.

Documentation of Benefit to State Economy

Issue	MPA advises that 19,300 direct jobs, 23,000 indirect and induced jobs, and 86,000 "related" jobs are due to cargo movement through the Port. This produces \$278 million per year in State and local taxes, an amount that far outweighs the public investment in the Port. This benefit extends well beyond the immediate Port community, and a strong case can be made for State support of the operation. We were also concerned to hear that MPA's briefings to the Maryland Congressional delegation have been infrequent.
Recommended Actions	The O'Malley administration should renew the effort to document and publicize the economic benefits of the Port. The O'Malley administration should take steps to renew its relationship with the Congressional delegation.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 year
Next Steps	<ol style="list-style-type: none"> 1. Review the latest estimates of Port economic benefit, and update as necessary. 2. Prepare outreach materials for the Congressional delegation, State legislators, local elected officials, and communities that explain the significance of the Port operation. 3. Re-establish a schedule of regular briefings for the Congressional delegation.

Maryland Transit Administration and Washington Metropolitan Area Transit Authority

Introduction

Transit must play a more prominent role in Maryland's future, to accommodate growth, sustain our quality of life and improve mobility. All transit agencies serving Maryland face significant challenges and opportunities. The State must grapple with the need to maintain and improve our existing systems, while also coming to a consensus on ambitious expansion plans which far exceed the State's funding capabilities.

The State government influences transit services in the State in several ways; through operating, contracting and planning services at the Maryland Transit Administration (MTA), an agency of MDOT; through appointments to the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors, collaboration with regional leaders and subsidies of Metro services; through grant and technical support of locally operated transit systems throughout Maryland; and through legislative efforts on Capitol Hill to influence the fate of Amtrak.

While the MTA has talented, dedicated workers, it is an agency with significant challenges which demand great attention. This includes morale problems, perceived leadership weaknesses, pending retirements of senior staff, aging core infrastructure, and under capitalization. At the same time, it is an agency which provides a critical public service everyday of the year.

WMATA operates the system with the second largest heavy rail and the fifth largest bus ridership in the country. The Metrorail system is aging, while straining under strong ridership growth in recent years. While Metro services are operated by a regional authority, the O'Malley administration must fund growing operating and capital subsidies and provide oversight. Additionally, the O'Malley administration must help forge regional consensus on policies and business priorities in complex political and governance environments.

Great expectations exist in the public for the expansion of transit; this is both a challenge and an opportunity. While public support for transit is high, fiscal and federal approval constraints hamper the State's ability to deliver. The four major projects currently under study exceed the State's ability to realistically fund the projects in the near term. These projects would also have to compete nationally for federal approval and funding, through an extremely competitive process. Concepts for additional major projects are being suggested by communities and business constituency groups.

Issues and Recommendations

Immediate

Low Employee Morale at MTA

Issue

Senior staff at MTA acknowledged significant employee morale problems throughout the agency. This could potentially contribute to reduced performance. This is particularly troubling for an agency that

interacts with the public on a daily basis. Additionally, many MTA employees' duties include ensuring the safety of passengers.

MTA has experienced significant turnover in senior leadership over the last several years; this is a trend that could be exasperated with an estimated 50% of the workforce eligible to retire within five years.

Recommended Actions

Employees are the agency's most valuable asset. The O'Malley administration should immediately begin an evaluation of MTA leadership. Strong leadership and managerial skills are important to fostering positive morale. Senior managers must have strong qualifications for the jobs they fill. Succession planning would also cultivate future leaders of the agency, focusing employees on career development. Business and strategic planning efforts would establish a clear vision for the agency.

Implementation Timeframe

30 days - ongoing

Next Steps

1. The incoming Secretary should review MTA leadership issues
2. (Strategic, business and succession plans recommended below.)

MTA Bus Service Restructuring

Issue

The outgoing administration has undertaken major restructuring efforts of core bus service in the Baltimore region – the Greater Baltimore Bus Initiative (GBBI). A first phase has been implemented and a second phase was scheduled to be implemented in early February. Bus restructurings have merit – ensuring an efficient system allocating resources to best serve the riders in the region. However, there was concern in the execution of GBBI. In spite of previous postponements and additional public hearings required by the General Assembly, many aspects of Phase II are still controversial. The planning process used to develop the plan has not been sufficiently transparent in its goals, objectives and performance benchmarks, nor has any serious evaluation been undertaken of the changes in Phase I. The committee was also concerned that a change of this magnitude should not be made during the winter months when riders will have to figure out new routes in the dark.

Many elements of the GBBI phase II were positive, but MTA had reached a stage where it was an all or nothing decision – move forward with the entire package or delay it. The Committee recommended a delay. While more input is needed, the O'Malley administration should remain committed to restructuring the bus system when doing so makes it better serve riders and communities.

Recommended Actions	The O'Malley administration should delay implementation, but continue restructuring efforts. <i>(The Transit Subcommittee made this as an interim recommendation to the Secretary-designee. The outgoing administration agreed to delay the implementation, based on a request of the Secretary-designee.)</i>
Implementation Timeframe	3 - 6 months
Next Steps	<ol style="list-style-type: none"> 1. Seek additional input and study the impacts and benefits of the first round of changes made in October 2005. 2. Work with riders, communities, businesses, elected officials and other relevant stakeholders to make future schedule decisions in an open, transparent manner. Changes will not satisfy everyone, but the MTA must work to ensure that the restructuring has a sound basis and that a consensus about the goals, objectives, and performance criteria has been established. 3. Implement changes to coincide with an upcoming driver "pick" in June or September. 4. Continue to pursue enhanced bus service improvements in appropriate corridors (such improvements are also under consideration by WMATA).

Liability Insurance – Impact on DBEs

Issue	As outlined in the MDOT/MTA Transition Guidebook, there is a need for legislation to resolve problems resulting from the MTA's exclusion from the Maryland Tort Claims Act. To control costs and limit its exposure, the MTA requires any entity that seeks to conduct work on MTA property to hold \$5 million in Professional and General Liability Insurance. This particularly impacts small contractors and Disadvantaged Business Enterprises (DBE), which may not be able to obtain this level of coverage due to costs or because insurers will not provide a large level of insurance to a smaller company, based on their assets and value. This impact on DBEs could in turn slow major project studies such as the Red Line and Purple Line.
Recommended Actions	Pursue legislation to allow for insurance requirements consistent with the MTA's business needs and for continued DBE and small contractor participation.
Implementation time frame	90 days (the 2007 legislative session)
Next Steps	<ol style="list-style-type: none"> 1. Confer with the Governor's legislative staff on draft legislation. 2. Brief legislators. 3. Engage affected stakeholder groups to support legislative efforts.

WMATA Policy and Budget Guidance

Issue

WMATA is governed by a Board of Directors established through an Interstate Compact, with representatives from Maryland, the District of Columbia, and Northern Virginia. In Maryland, the State has assumed 100% of the capital and operating subsidies previously borne by Montgomery and Prince George's counties. The Governor appoints the two voting members representing the State. Traditionally, the Secretary of Transportation provides guidance to Maryland's board members on policy and budgetary issues. This relationship is particularly important to promote Maryland's and the administration's interests.

There is the need for immediate input from the O'Malley administration on budgetary matters and an opportunity to promote the O'Malley administration's goals. The Board of Directors is considering a proposed operating budget for FY08, including potential fare increases, service cuts and/or further subsidy increases. Also, a Maryland member will assume the chairmanship of the board (the chairmanship rotates annually among the three jurisdictions). Traditionally, the chair sets the agenda for the board and agency over the coming year, though the chair must develop regional consensus on regional goals.

Several priorities could be considered for pursuit at WMATA. The emphasis on performance measures by Governor O'Malley presents an area that needs improvement at WMATA, benefits the region and the agency and could use a push to implement. The O'Malley administration also promotes the restoration of Smart Growth principles and practices. WMATA is currently reviewing its joint development policies and procedures, to remove obstacles to Transit Oriented Development. Areas surrounding Metrorail stations – particularly in Prince George's County – present some of the most promising Smart Growth potential in the region. Another issue – which is always paramount in public agencies – is safety. WMATA has been under increasing scrutiny following several accidents.

We also recommend a prompt review of strategies to support recently introduced federal legislation (Davis) addressing Metro funding. The aim of this strategy would be to ensure the current Transportation Trust Fund is the match used to leverage any additional federal funding made available, to work collaboratively with the region to implement greater accountability measures, and to provide balance among transportation modes and areas within the State of Maryland.

Recommended Actions

Provide guidance to Maryland's WMATA Board members

Implementation time frame	30 days
Next Steps	<ol style="list-style-type: none"> 1. Advise the incoming Board chairman of O'Malley administration priorities. 2. Provide budget guidance to the Maryland Board members. 3. Establish regular meetings with the Secretary and Maryland's board members

MARC/Amtrak

Issues

In recent years the relationship between Amtrak and the states has shifted. Many states have become increasingly willing to provide a match for improvements. This comes at a time when the contract between MTA and Amtrak to provide MARC service was extended but must be renegotiated in full prior to its expiration in June 2008. With the nature of the State role in funding changing, it will be critical for the O'Malley administration to focus immediately on assembling a top-notch negotiating team.

Concurrently, the issue of establishing legal jurisdiction needs to be resolved. Amtrak has proposed to use the laws of the District of Columbia, which MDOT has been willing to support, but will require immediate legislative action on the part of either the General Assembly or Congress. Overall, the new administration will need to look at how it will address the issue of matching funds, approach towards fully allocated costs, the relationship with other rail states (especially on the Northeast Corridor) and the management of assets and structure of Amtrak as it pertains to Maryland.

This comes against a backdrop of the stresses on the MARC system. There is over crowding on several lines with a limited ability to expand, since the lines are owned by freight and passenger companies with competing needs. BRAC could put additional demands on MARC.

Recommended Actions	Develop a top-notch negotiating team and consider potential Maryland legislation. Engage the Governor as needed to protect and promote Maryland's needs.
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Implementation Time Frame	N/A
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Next Steps	N/A
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Mid- to Long-term

Strengthen Strategic, Business and Capital Planning

Issue	MTA has a dual mission – providing core transit services in the
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Baltimore region and functioning as a statewide agency. This presents challenges to the focus of the agency. MTA's strategic plan has not been updated recently, nor does it appear to guide the agency's activities.

MTA's core infrastructure is aging, while capital funds are scarce. Reinvestment needs in the system include bus facility upgrades, environmental compliance, MARC station improvements and ADA compliance, and midlife overhaul of the light rail fleet. There is currently a lack of funding, planning, and prioritization for capital rehabilitation and replacement. Further, MTA advises that 50% of its employees are eligible to retire within five years, create a need for succession planning.

Recommended Actions

Undertake renewed strategic and business planning, succession planning and training, and a review of workforce needs.

Implementation Timeframe

1 - 2 years

Next Steps

1. Update the strategic plan, including an evaluation of the agency's dual mission as Baltimore area core service provider and statewide transit agency.
2. Develop a human capital plan. Conduct a comprehensive review of staffing structure to ensure the agency is equipped with the human capital/skills to achieve its mission. Are there appropriate numbers of staff in the appropriate areas to achieve the mission? Succession planning is also a critical component, looking at needed investments in training, mentoring programs, retention strategies and contracting. Diversity in the workforce as well as management should remain a priority.
3. Develop a business plan, including a 5 or 10 year prioritized capital plan, addressing maintenance, core capacity and expansion.
4. Conduct a comprehensive review of all current and impending technology initiatives focusing specifically on the technical support staff available and prioritize initiatives given the assessment of tech support capacity. The subcommittee was particularly concerned about performance issues with the Smart Card initiative.

Rapid Paratransit Cost Increases

Issue

Paratransit services provide a life-line service to the medically disabled, under a federally mandated program. While the program has shown impressive service improvement in recent years, costs are rising dramatically. MTA's budget for paratransit, including both the federally mandated Mobility program and the Taxi Access program that MTA elected to implement as part of a court-ordered settlement agreement,

increased 194% between FY 2003 and FY 2007. This cost will likely continue to grow at a rate higher than other MTA modes as the population continues to age and as the service becomes better known. These cost increases in the service as currently structured could begin to affect the agency's ability to deliver core service unless the program is adequately funded, the growth in demand is managed, or the service delivery strategy is reviewed.

Recommended Actions	Continue to monitor the program to contain cost increases while ensuring that the MTA meets the intent of the Americans with Disabilities Act – to provide universal access to the system. Develop strategies to control costs and improve efficiencies, while meeting legal requirements.
Implementation Timeframe	N/A
Next Steps	<ol style="list-style-type: none">1. Examine programs to encourage and facilitate the disabled using fixed bus and rail services through fare incentives (e.g., free fixed route service/paratransit fares) and outreach.2. Ensure appropriate staffing levels for program oversight and management.3. Monitor the program and service delivery strategy to contain costs where appropriate; consult with stakeholders to obtain input about any significant service changes.

Opportunities

BRAC-Related Growth

Issue	<p>The State faces significant growth challenges in the coming decades, with a projected increase of 1.5 million residents in the next 25 years. With the Base Realignment and Closure (BRAC) process completed, tens of thousands of jobs are expected to be relocated to Maryland bases.</p> <p>Transit could play a significant role in addressing transportation needs created by this growth. In some transportation corridors, transit is the only feasible alternative for adding capacity. Additionally, transit service – particularly fixed guideway transit – can serve as a catalyst for revitalizing older communities and supporting efficient development patterns that create attractive, walkable communities.</p> <p>Transit expansion in Maryland could include the implementation of a number of new capital project initiatives. Project planning studies for the Baltimore Red Line, the Purple Line, and the Corridor Cities Transitway are well underway. A study of the extension of the</p>
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Baltimore Metro from Johns Hopkins Hospital to Morgan State University is beginning. Additional transit proposals, including a crossing at the Woodrow Wilson Bridge, building rail to Southern Maryland, and extending the WMATA Green Line from Greenbelt to BWI Marshall Airport, have been discussed. These projects will need serious consideration in order for transit to move forward as a viable transportation alternative for Marylanders and to expand our transportation infrastructure as a means to support economic growth.

Recommended Actions	The O'Malley administration should develop transportation plans – emphasizing transit – that will support the expected growth in the State.
Implementation Timeframe	Ongoing
Next Steps	<ol style="list-style-type: none"> 1. The Governor should encourage the coordination of transportation planning with land-use policies. 2. Develop and fund plans to support BRAC consolidations. 3. Strengthen statewide transit planning, to participate in more multi-modal planning, coordination and support of locally-operated transit systems (LOTS).

Locally Operated Transit Systems

Issue	Locally operated transit systems provide transit services that link transit-dependent populations outside the MTA and WMATA service areas to jobs and services. Funding for this program has been flat in recent years.
Recommended actions	Additional grant funding support and technical assistance could provide the opportunity for growth in transit ridership statewide, improving connectivity.
Implementation Timeframe	Ongoing

Baltimore-Washington Maglev Project

Issue	Under a special federal grant program MTA has nearly completed project planning on a 40-mile magnetic levitation transportation system from Baltimore to Washington. The Draft Environmental Impact Statement was completed in late 2003, but there has been no public reporting on progress since that time. Budget language adopted by the General Assembly allowed the expenditure of the remaining funds to complete this work.
Recommended actions	The O'Malley administration should provide direction to MTA to complete work on the study with the remaining funding as well as to work with the General Assembly to lift restrictions on receiving future discretionary federal funding.

Implementation Timeframe 90 days

Motor Vehicle Administration

Introduction

The Motor Vehicle Administration's (MVA) core responsibilities include:

- Licensing drivers, registering and titling vehicles, and administering motorcycle safety, automobile insurance and driver safety programs;
- Regulating vehicle sales through dealer, salesman, and manufacturing licensing programs; and
- Managing VEIP and School Bus Inspection Programs.

In addition, the MVA is responsible for collecting a significant amount of funding for the Transportation Trust Fund through fees and licensures. As a result, the agency plays a critical role in supporting Maryland's entire transportation network. Additionally, the MVA - like its counterparts across the country - is asked to perform functions beyond core motor vehicle administration functions, such as enforcing parking fines, collecting voter registration, suspending drivers' licenses for unpaid child support and outstanding warrants and managing and protecting information from identity theft.

Despite its successes, the agency faces a number of threats in the near to mid future that could impede customer service and security. The analysis and recommendations offered in this report are based on these impending issues.

Dominating these issues will be the actions drivers' licensing agencies across the country are being called upon to do in the post-9/11 era. The Real ID Act passed by Congress and signed by President Bush in May 2005 sets out requirements for drivers licenses to be recognized as valid IDs for federal purposes (entering federal buildings or boarding airplanes). The Real ID Act mandates will require immediate and intense attention from the O'Malley administration, the General Assembly, and stakeholders.

Issues and Recommendations

Immediate

Real ID Requirements – Significant Concern

Issue

The federal government passed security legislation in 2005 mandating the use of approved "Real IDs" to enter federal buildings and board airplanes. As a result, states are asked to comply with certain requirements (such as proof of legal presence and birth certificates) when producing drivers licenses and other IDs. While the Department of Homeland Security has yet to issue specific Real ID requirements, this unfunded mandate will place a significant strain on MVA's current staffing, technology, and infrastructure.

While all motor vehicle administrations in the nation are facing this issue, it is by far the most daunting challenge for the MVA.

Related to this issue is a set of proposed regulations dealing with out-of-country requirements. Proposed regulations, introduced by the prior administration and scheduled to become effective January 29, 2007 limit the use of foreign documents an applicant can submit to MVA to prove identity and residency. The regulatory action is connected with a pending lawsuit by CASA against the MVA.

Recommended Actions

The Committee made an interim recommendation to the incoming Secretary and transition team, to focus on these issues immediately. The following recommendation were made:

Assign an "issue team" (4-5 staff external to MVA but closely linked to the Secretary and Governor's legislative office) to meet immediately with the MVA Administrator and outline a course of action. The issues have momentum and could escalate quickly in the first 30 days of the General Assembly with the result of significant customer service issues at MVA and a legislative outcome contrary to the O'Malley administration's fiscal and policy interests. The proposed "issue team's" charge should be:

1. Decide whether to introduce a Real ID bill as departmental legislation and, if so, which parts are essential to achieve federal compliance and by what date.
2. Determine whether the MVA Document Requirements regulation is at a point in the regulatory cycle that is stoppable. If it is, determine whether the incoming administration wants to stop the proposal or leave it as is. If the proposed regulation is not stoppable, determine what action, if any, the O'Malley administration plans to take after the regulation is implemented.

Implementation Cost/Benefits

N/A

Implementation Timeframe

Immediate

Personnel/Contract Positions

Issue

There is both an immediate and mid-term issue related to personnel. A significant proportion of MVA leadership and managers will be eligible for retirement within the next five years. In addition, a move toward hiring contractual "at-will" staff in place of PINS has made attracting and retraining top quality employees increasingly difficult. Finally, the agency's compensation structure and performance appraisals are inefficient incentives for strong employees.

In the proposed FY08 budget, due to constraints in the use of PINs, the MVA plans to hire 11 contractual investigators. We are concerned that

the practice of hiring contract employees will prevent the agency from attracting and retaining top quality employees. This is particularly problematic when contract employees who work at-will are placed in positions of trust and discretion.

Recommended Actions	The O'Malley administration should review MVA's personnel system, as well as the proposed plans for contractual investigators.
Implementation Cost/Benefits	N/A
Implementation Timeframe	60 days & 1 year
Next Steps	<ol style="list-style-type: none">1. Review FY08 budget proposal--in cooperation with legislative budget committees--to explore options to PINs, including those for investigative positions. (30 days)2. Review succession planning efforts of the MVA. (6 months)3. Undertake a comprehensive review of how the MDOT personnel system can better support the unique needs of the MVA. (1 year)

Cost Recovery

Issue The MVA is mandated by State law to recover 95-100% of its capital and operating costs through fees. Review of necessary fee increases was deferred last year by MDOT. Steps will be needed soon to meet this mandate.

Recommended Actions Fee changes producing \$33 million additional revenues have been prepared to meet this mandate. The O'Malley administration must review this proposal by the end of February to ensure MVA meets its mandate.

Implementation Cost/Benefits N/A
Implementation Timeframe 30 days

Opportunities

Review VEIP to Consider Improved Customer Service and Air Quality Benefits

Issue The current Vehicle Emissions Inspection Program (VEIP) operated by the MVA and its contractor will expire August 2009. Because of changes in on-board and test lane technology, vehicle fleet composition and air quality attainment goals, a new test program will have to be in place by 2009. The Annotated Code of Maryland and supporting regulations will have to be changed to reflect the new program requirements, and the emissions testing infrastructure may have to be modified or replaced. The O'Malley administration has an opportunity to shape the new program to minimize its intrusiveness on citizens and

control operating costs (fees) while meeting required air quality attainment goals. More efficient use of agency facilities is also possible, allowing the MVA to reallocate staff resources formerly used for VEIP to its Real ID effort.

Recommended Actions

The Governor's office should head the review of VEIP to determine how a Request for Proposals (RFP) for a new contract will be structured. While a work group exists, direction should come from the Governor's office rather than a department-level dialogue.

Under Maryland law, responsibility for the emissions testing program rests jointly with the Department of the Environment (MDE) and MVA. The MDE is responsible for developing testing procedures for the State's motor vehicle fleet that meet EPA requirements for air quality, but the MVA is responsible for operating the testing program, enforcing the test requirements, and developing the test infrastructure. Though the dual responsibility for the VEIP program has worked well, there are at times conflicting priorities between the agencies that need to be resolved at a higher level. For example, MDE's mission to meet tough air quality requirements can require test procedures that are difficult or risky for MVA to deploy in the field, or might be excessively costly or intrusive.

Because of the potential cost and inconvenience of the VEIP program on Maryland's car owners and, on the other hand, the benefit to Maryland's quality of life from an effective air quality program, development of new test programs has, in the past, generated intense political interest. The tight deadlines, risky procurements, and political controversy will make it very challenging to implement the new VEIP program on time. The O'Malley administration has an opportunity to shape the new program to minimize its intrusiveness on citizens and control operating costs (fees) while meeting required attainment goals.

Implementation Cost/Benefits

N/A

Implementation Timeframe

1 year

Next Steps

1. The Governor should name a member of his staff to head the review of the VEIP. This staff member should be briefed immediately by the existing working group.
2. The team should be directed to:
 - Develop a balanced test program which meets attainment requirements in the most user friendly and cost effective manner.
 - Develop and adopt required legislation and operating budget.
 - Streamline and expedite required procurement and

construction/modification of the VEIP testing system.

- Write an RFP to re-bid the operating contract for this program.

Improved Customer Service and Security

Issue	The new demands imposed on license holders by Real ID could produce customer frustration, particularly if requirements are retroactive and require current license holders to produce additional documents. Yet the changes needed to become Real ID compliant, especially the introduction of a centralized license issuance system, could cut customer transaction times and decrease the likelihood of identity fraud.
Recommended Actions	Investigate the feasibility and benefits of a centralized license issuance system to improve customer service and address homeland security.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 year
Next Steps	1. Direct the MVA to report the Secretary about the potential benefits, costs, schedule and challenges to implementing a centralized licensing system.

Technology/Performance-Based Procurement

Issue	<p>Procurement is particularly vital to MVA services due to its demand for technology, its responsibility for maintaining the most complete database of Maryland residents, and its increasing reliance on the internet to provide customer services.</p> <ul style="list-style-type: none">• Technology will become increasingly important as REAL ID is implemented• MVA must continue the shift to provide basic services online to reserve branch manpower for REAL ID demands.• Verifying identity to grant REAL ID compliant IDs and producing them will require new/different technologies• Major equipment upgrades, such as TARIS 2 will be needed in the next four years to maintain and expand the agency's current services. <p>Current procurement systems are unnecessarily cumbersome requiring three levels of approval before acquiring technology.</p>
Recommended Actions	MVA should pilot a program for a performance-based procurement system allowing the organization to obtain technologies in an expedited manner based on its capacity to implement and support current and proposed technologies.
Implementation Cost/Benefits	N/A

Implementation Timeframe

1 year

Next Steps

1. Direct the MVA Administrator to outline a process to implement such a pilot, for review by the Secretary.

State Highway Administration and Maryland Transportation Authority

Issues and Recommendations

Immediate

Information Technology Initiatives

Issue Information Technology (IT) development is overseen by the Department of Budget and Management, and as a result IT projects require additional time to implement. In addition, SHA and MdTA have developed specialized databases to track vital information and statistics. Therefore, information gathering and the preparation of reports takes longer and at times reliability has been compromised. Outdated systems and technologies are also a problem.

Recommended Actions The O'Malley administration should explore the potential to transfer MDOT IT implementation from DBM to MDOT. MDOT should take a greater role in coordinating IT efforts to create efficiencies, reduce redundancies, and development costs. MDOT should work with SHA and MdTA to develop a budget to replace outdated equipment and technology.

SHA and MdTA should explore the potential to combine databases. The possibility of integrating the numerous existing systems into a comprehensive MDOT-wide IT system should be explored.

Implementation Cost/Benefits N/A

Implementation Timeframe Immediate

Next Steps N/A

Centralized Call Center

Issue A centralized call center is an approach to create efficiencies and increase customer service. Baltimore City's 311 system has simplified the process of requesting city services and allows comprehensive tracking of responses.

Recommended Actions MDOT should consider implementing a centralized customer call center for all transportation related questions and concerns. Calls could then be routed to the appropriate office for a response. MDOT should track the responses and the performance of all agencies in responding to inquiries and resolving customer complaints.

Implementation Cost/Benefits N/A

Implementation Timeframe Immediate

Next Steps N/A

Increase Street Lighting; Energy Cost Reductions

Issue Additional roadway lighting can reduce accidents and crime. This must be balanced against the additional cost of constructing and maintaining lighting systems as well as the cost of energy.

Recommended Actions We recommend SHA and MdTA conduct a comprehensive analysis of lighting needs as well as an audit of current energy usage. Efficient lighting fixtures could reduce the cost of additional lighting.

Implementation Cost/Benefits N/A

Implementation Timeframe Immediate

Next Steps N/A

Strategic Highway Safety Plan

Issue Both SHA and MdTA appropriately maintain safety as their top priority. A combination of clear goals supported by the actions of MDOT, law enforcement, local governments, and the legislature is required for the SHA/MdTA safety initiative to continue to succeed. Experience in Australia and other countries has shown that automated speed enforcement has the potential to significantly reduce fatalities if properly implemented. Work zone safety for highway workers continues to be of concern.

Recommended Actions The O'Malley administration should review the use of technology for speed enforcement. The Secretary of Transportation as co-chair of the SHSP Executive Committee should engage this group in overseeing the implementation of action plans to reduce fatalities and injuries on State roads. In order to reduce the number of fatalities in highway work zones, automatic electronic enforcement of speed limits should be considered. Every effort should be made to control speed through the work zones to assure the safety of the workers and public.

Implementation Cost/Benefits N/A

Implementation Timeframe 6 months

Next Steps N/A

Design of Projects Without Construction Funding

Issue Design projects which are placed on hold due to lack of construction funding result in additional cost when the design is initiated again. This practice is not cost effective.

Recommended Actions	SHA should enhance its project pipeline and tracking mechanism to ensure planning and funding timelines are coordinated in a seamless and efficient manner. SHA should discontinue the practice of proceeding with design when there is no construction funding available. Project should be placed on hold at the planning stage. Should capital funding become available, the pipeline should draw first from the system preservation projects in the pipeline to offset those projects.
Implementation Cost/Benefits	N/A
Implementation Timeframe	Immediate
Next Steps	N/A

Communications Infrastructure

Issue	SHA's communication infrastructure is in urgent need of repair and equipment replacement to avoid losing its license and right to use an FCC-allocated frequency.
Recommended Actions	We recommend the O'Malley administration develop a plan to fund the estimated \$40 million needed for improvements in SHA's communications infrastructure. This plan should include a review of the current cost estimate which seems excessive.
Implementation Cost/Benefits	N/A
Implementation Timeframe	Immediate
Next Steps	N/A

Mid- to Long-term

Multimodal Planning

Issue	MDOT's multimodal organization structure is a unique national model, but coordination by the Secretary's Office is needed to ensure that projects are cost effective and customer friendly. The planning process for multimodal projects should be enhanced with greater involvement by MdTA as well as local governments. Additionally, the State lacks a general plan to coordinate growth and transportation capacity.
Recommended Actions	The O'Malley administration should strengthen multimodal planning and coordination. An Executive Workgroup should be formed consisting of the Secretary and Deputy Secretary and each Administrator, including MdTA. This Executive Workgroup should meet on a regular basis for strategic planning, addressing policy issues, and evaluating the performance Maryland's transportation network. In addition, we recommend improving the working relationship between

MdTA and SHA by having MDOT develop a process for sharing best practices in travel modeling, land use analysis, capital project delivery, and budget controls.

The subcommittee recommends a partnership among MDOT, the Maryland Department of Planning and relevant departments representing housing, healthcare and community services to review Smart Growth regulations, improve land use, transportation planning and community development in Maryland. We further recommend the development of a long-term General Plan for the State in response to growth.

Implementation Cost/Benefits	N/A
Implementation Timeframe	6 months - 2 years
Next Steps	N/A

BRAC

Issue	MDOT will need to meet the mobility challenge needed for BRAC-related growth in Central Maryland.
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Recommended Actions	MDOT should reassess its BRAC planning and ensure that adequate short-term funding is available to maintain necessary project planning, construct interim highway improvements, and maximize transit services in support of BRAC-related growth.
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A comprehensive Intermediate and Long-Range Multimodal Plan should be developed for BRAC-related projects and services for key jurisdictions impacted by BRAC (Anne Arundel, Howard, Baltimore, Prince George's, Carroll, Harford, and Cecil Counties as well as Frederick and Baltimore Cities). This plan should include an aggressive but realistic schedule for delivery of all projects and services.

The O'Malley administration should investigate and report on the potential impact of an aggressively developed mass transit plan on highway and toll road planning, with a possible emphasis on the role of enhanced MARC service in a coordinated response to BRAC. MDOT should be in the lead for all transportation-related studies and decisions regarding BRAC.

Implementation Cost/Benefits	N/A
Implementation Timeframe	6 months
Next Steps	N/A

DBE Participation

Issue	There is a shortage of qualified DBE/MBE firms to support prime engineering and construction firms on highway capital projects. Additionally, the increase use of design-build by MDOT has created its own set of issues in regard to providing the proper share of work to DBE/MBE firms.
Recommended Actions	The Secretary's Office should work with SHA and MdTA to devise a DBE participation plan specifically for design-build projects which should incorporate MBE/WBE firms for engineering and other professional services required to execute the design-build contract. There should be a proportional distribution of the MBE/WBE goals throughout the project life cycle so that all disciplines are fairly represented among the professional and construction services needed for a design-build project.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 year
Next Steps	N/A

System Preservation and Asset Management

Issue	Aging bridges and highways must be maintained to avoid costly maintenance/replacement and traffic safety.
Recommended Actions	System preservation and asset management should be maintained at current funding levels adjusted for inflation. An appropriate balance should be maintained between system preservation and expansion. Priorities for system preservation should be governed by asset management principles. SHA and MdTA should develop and apply consistent outcome-based approaches for system preservation and asset management with common metrics for measuring performance.
Implementation Cost/Benefits	N/A
Implementation Timeframe	6 months
Next Steps	N/A

System Expansion/Congestion Management

Issue	Maryland's roads are among the most congested in the nation but there are no silver bullet solutions to solving congestion problems. System expansion, such as widening existing roads and selectively constructing new rights-of-way can help significantly in specific corridors, but it is simply unrealistic to expect that sufficient capacity can be added to Maryland's highway network to eliminate congestion.
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Recommended Actions	A variety of strategies and tools to address congestion issues, including coordination with land use and growth management, multi-modal transportation planning, improved transit services, operational measures such as managed lanes, as well as judicious capacity expansion, will be needed to address the problem. (The ICC is a prime example in applying these strategies and is an essential addition to Maryland's transportation system). Even applying the full tool kit is no guarantee that traffic congestion can or even could be eliminated. While improvements can be achieved, some degree of congestion during peak periods is an inevitable price to pay for having a vibrant community and a healthy economy.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 month - 4 years
Next Steps	N/A

Assignment of Highway Ownership to Local Governments

Issue	Local governments can better maintain certain types of roads. It is prudent to evaluate the current ownership of roadways to determine the most cost-effective and logical allocation. For business and community development purposes, certain roads might be better suited for local control. At the same time, complex, federally-funded reconstructions may be better housed with SHA.
Recommended Actions	We recommend reducing SHA's current portfolio from 17% of lane miles to within the national average of 12% to 15% lane miles. SHA should transfer control of certain portions of the road network to the counties and cities as appropriate. Additionally, highways (I-83 and MD 295) and bridges in Baltimore City should be considered for transfer to SHA in order to achieve timely maintenance and capital replacement.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 year
Next Steps	N/A

Workforce Recruitment and Retention

Issue	SHA is currently facing significant challenges in the recruitment of new employees and retention of its existing employees due to its lower salary scale compared to the private sector, counties, and neighboring states. Lack of qualified employees is having an impact on SHA's ability to meet its mission and manage its capital and system preservation/asset management programs.
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Recommended Actions	We recommend evaluating SHA's current salary structure and to compare it with federal government, neighboring states and county agencies and make adjustments as necessary to institute a competitive salary structure.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 - 6 months
Next Steps	N/A

Partnership with Local Governments; Land Development

Issue	Local land development is the most significant factor contributing to increased traffic volume on Maryland's roads.
Recommended Actions	SHA must involve local governments early in the process for strong partnership and cohesive strategies to increase safety and manage congestion on State highways. We support SHA initiatives to increase partnerships with local government in the development process.
Implementation Cost/Benefits	N/A
Implementation Timeframe	1 - 3 years
Next Steps	N/A

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