



BALTIMORE REGIONAL TRANSIT GOVERNANCE AND FUNDING STUDY

FINAL REPORT

AUGUST 2021





Acknowledgements

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5017

MTA
Maryland

HUNT VALLEY

RIGHT LANE
MUST
TURN RIGHT

NO
STOPPING

AAAIIIEE!



Image from Flickr user Elvert Barnes

E Executive Summary

The Baltimore Regional Transit Governance and Funding Study developed alternatives for how the Baltimore region could structure, organize, and fund its transit services.

The Baltimore Regional Transportation Board (BRTB) initiated the study in response to interest from the Maryland State Legislature and at the request of the Central Maryland Regional Transit Plan Commission and the MDOT MTA.

The bulk of the public transportation services operating in the State of Maryland, including the Baltimore Region, are owned, operated, maintained, and improved by the State. The State of Maryland also funds transportation investment through its multi-modal Transportation Trust Fund (TTF), which is supported by a variety of transportation taxes and fees, including fuel (gas) taxes, vehicle excises taxes, and transit fares (among others). This dedicated funding stream for transportation programs, including public transit, makes Maryland a national leader in terms of its commitment to multimodal transportation.

Maryland's TTF supports transit services statewide. The State also manages and operates a regional transit system in the Baltimore area. This arrangement provides many advantages, especially financially. However, State control means decisions about service delivery and investment are made exclusively by the Maryland Department of Transportation and the Maryland Transit Administration. As a result, regional governments and stakeholders in the Baltimore Region have limited input into regional transit investments, including service, operations, or strategic direction. This structure also disincentivizes coordination and collaboration among local jurisdictions within the region and between local jurisdictions and the State of Maryland.



Study analysis was conducted with the Baltimore Regional Transit Board (BRTB) through an iterative process of research, analysis, and stakeholder input. Resulting alternatives were guided by the goals set forth in the beginning of this effort (see illustration at right). They are also grounded in local experience, respectful of history, and informed by national best practices.

Study Goals



TRANSIT FUNDING AND GOVERNANCE IN THE BALTIMORE REGION

Today there are three distinct actors with unique roles supporting transit services in the Baltimore region: the Maryland Department of Transportation (MDOT), the MDOT Maryland Transit Administration and the Locally Operated Transit Systems (LOTS):

- **MDOT oversees the management and allocation of Maryland’s TTF.** MDOT also oversees Maryland’s transit investment in the Washington, D.C. metro area.
- **MDOT MTA is one of six modal agencies within MDOT,** responsible for managing and operating most of the public transit service in the Baltimore region. The MDOT MTA also manages statewide commuter services.
- **Eight LOTS agencies in the Baltimore region provide services** that are managed and governed at the local level, using a combination of MDOT MTA administered state and federal funding and local funding to support the service.

Transit funding in Maryland operates in tandem with governance. MDOT combines funding available through the TTF with federal transportation resources and allocates these funds to the individual business units within MDOT, including the MDOT MTA. In Fiscal

Year 2019, MDOT allocated approximately \$1.1 billion to transit, including roughly \$800 million annually to support transit operations and another \$304 million for capital projects.



MDOT MTA receives its capital and funding budgets from MDOT and has limited discretion for allocating these resources among its core programs, Baltimore regional services, commuter bus and rail services (MARC Train) and the LOTS program. Indeed, MDOT MTA’s overall funding decisions are largely constrained by commitments associated with operating contracts, such as for purchased transportation service, labor agreements, and other contractual obligations.

Together, purchased transportation and labor costs account for over three-quarters of MDOT MTA’s operating expenditures.

The State of Maryland also provides \$167 million annually to WMATA’s capital fund. This is in addition to Maryland’s ongoing support of the funding compact. Maryland provides this funding from the State’s general revenues, not the TTF.

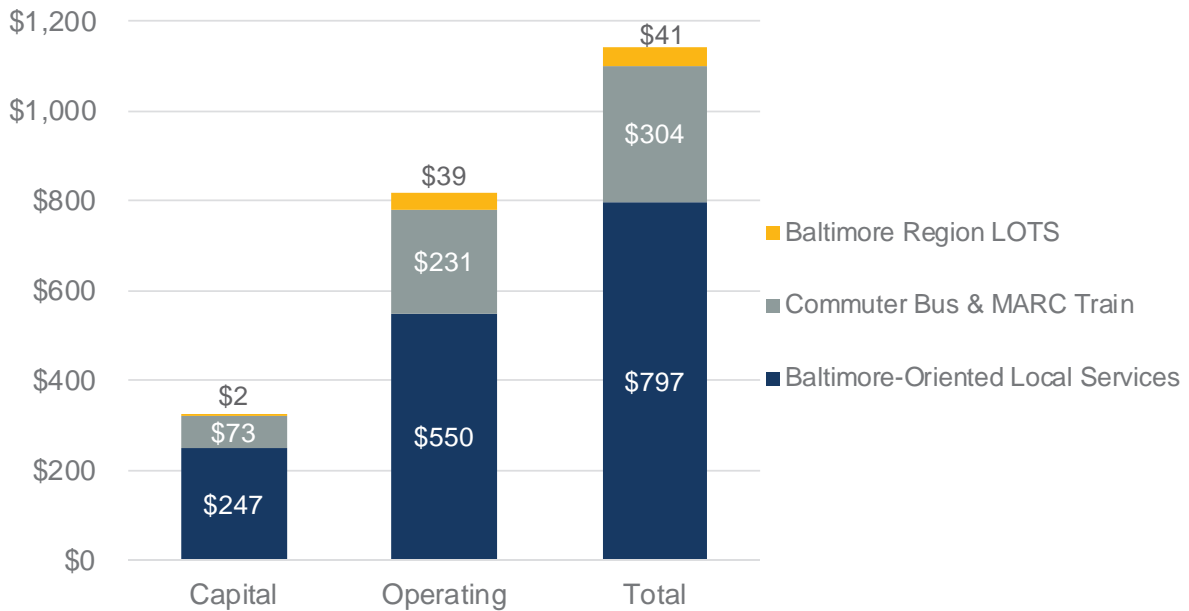
REGIONAL CONNECTIONS
How easy is it to travel throughout the Baltimore Region?
How well do services connect?

ENHANCE DECISION MAKING
How Transparent are transit planning and funding decisions?
Do locals have input into MDOT and MTA decisions?

INCREASE INVESTMENT
How well are transit capital needs addressed?
How well are transit service needs addressed?

ENSURE EQUITABLE INVESTMENT
How is state and local funding distributed?
Has funding increased over time?

Baltimore Regional Total Transit Investment, FY 2019



Notes: Baltimore-oriented Local Services category includes unallocated Agency-wide items; includes all Commuter Bus and MARC Train service costs

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

Lessons from Peers and Stakeholder Input

The Baltimore Transit Funding and Governance Study included a review of six peer agencies as well as input provided through stakeholder interviews and a public forum featuring national practitioners. The peer review and conversations led to a series of key themes for transit funding and governance:

- **It is critical to strike the right balance of representation** between the state as well as each of the counties and municipalities in the Baltimore region.
- **Funding will have the greatest impact on service improvement** – allowing for increased investment in existing assets and expansion to meet shifting demands.
- **Better coordination** between transit systems will improve regional service.
- **Strong regional connections** require a positive climate towards transit and clear commitment by the state, counties and center city to a healthy regional transit system.
- **Experience elsewhere shows a general unwillingness to cross-subsidize investment and services for other communities.** Thoughtful and thorough interlocal agreements can help codify how resources will be allocated to meet needs and have the greatest impact.
- **Transit leadership is currently aligned to political leadership and its four year election cycles.** Large scale capital improvements often have longer timelines, making it difficult to implement large scale improvements to the transit system. Staggered terms for advisory or board leadership can help sustain momentum and capacity to implement improvements.
- **Governance reforms** should consider transit workforce protections to safeguard existing transit employees. Honoring existing labor agreements and providing workforce job security and voice are essential to ensuring the buy-in and support of frontline employees.
- **A comprehensive, multimodal regional transit network can promote resilience,** encourage active transportation, and improve sustainability. This is particularly important to the Baltimore region since ridership fell less drastically during the pandemic in comparison to peers.



Transit Funding and New Opportunities

The MDOT Secretary's Office, MDOT MTA and LOTS agencies each fund transit differently. While all transit services rely on passenger fares for a portion of their operating revenues, MDOT MTA services depend on state funding for operating revenues,¹ while Central Maryland LOTS use a combination of federal, state, and local funds. MDOT MTA and the LOTS program also fund capital programs differently. MDOT MTA relies entirely on federal and state funding for its capital investments, whereas the LOTS systems use a combination of federal, state, and local funding. As discussed, the State of Maryland funds transit services in the Washington D.C. differently.

Potential Transit Funding Sources

Throughout the United States, transit is funded at the state and local level in a variety of ways, noting that all transit agencies raise revenues beyond federal grants and passenger fares. The Baltimore Region Transit Funding and Governance Study identified ways that the Baltimore Region could raise new funding to support transit. The study inventoried a long list of potential taxes and fees and broadly evaluated them for their application to the Baltimore region, including a handful of key characteristics: revenue potential, stability, and equity.

Some of the most common taxing methods could each generate tens of millions of dollars in revenue per year for the State of Maryland or the Central Maryland region. Ideally, future transit funding will increase revenues to meet near- and long-term needs and align funding with more participation in local and regional decision making. The list of funding opportunities is not included in this executive summary but is available in the final report with

more detail in the support appendices. Key findings from the analysis included:

- **Traditional transportation taxes** such as fuel tax, sales tax, income tax, property tax, real estate transfer taxes and increasing tolls offer the most revenue potential. Relatively low tax rates can raise significant revenues.
- **Most traditional transportation taxes are already used** by the State of Maryland and collected through the TTF.
- **Two funding measures stand out in terms of revenue potential, stability, and equity: Real Estate Transfer Taxes and Tolling.** Transfer are low relative to neighboring states and the tax also offers a stable source of revenue and is progressive.
- **Increasing tolls has the potential to raise significant revenue**, but important challenges to increasing toll rates is that tolls are already collected and used to support the Maryland Transportation Authority, including debt secured by existing toll revenue.
- **Smaller taxes and fees used in combination** could provide a local source of revenue to support transit investment. Among the most promising taxes and fees include taxes on ridesharing or TNCs.

¹ In most cases, FTA funding cannot be used for transit service operations in large, urbanized areas. Exceptions are made for transit agencies that operate fewer than 100 buses in peak services and some specific programs.



GOVERNANCE OPPORTUNITIES

Governance models offer elected officials, taxpayers, and funding partners options for how they participate and are represented in decision-making. In the case of public transit, governance models determine how decisions are made regarding developing, managing, and operating the shared transit network. Because transit organizations are often regional, decision making must also be shared across multiple jurisdictions and account for a diverse and broad group of stakeholders. Further, sometimes, but not always, input into decision-making is in line with financial contributions.

This study set out to identify governance models that offer alternatives to govern and fund transit investments in the Baltimore region. There are three major objectives associated with consideration of alternative governance models.

- 1. Increasing regional and local participation in decision-making**, especially regarding how transit services are planned, designed, and operated in the Baltimore region.
- 2. The potential of a new governance structure to increase investment** in public transportation, including through increased regional and local support.
- 3. Strengthening the quality of transit services**, including coordination across services and among partner jurisdictions.

Alternative governance and funding models consider different approaches to sharing decision-making and how changes in decision-making could lead to increased investment in transit with an overarching goal of strengthening and improving transit services.

The study identified five models (*not including the “no change” or status quo option, which would leave funding and governance as it is currently structured*).







**Baltimore
Core
Services**

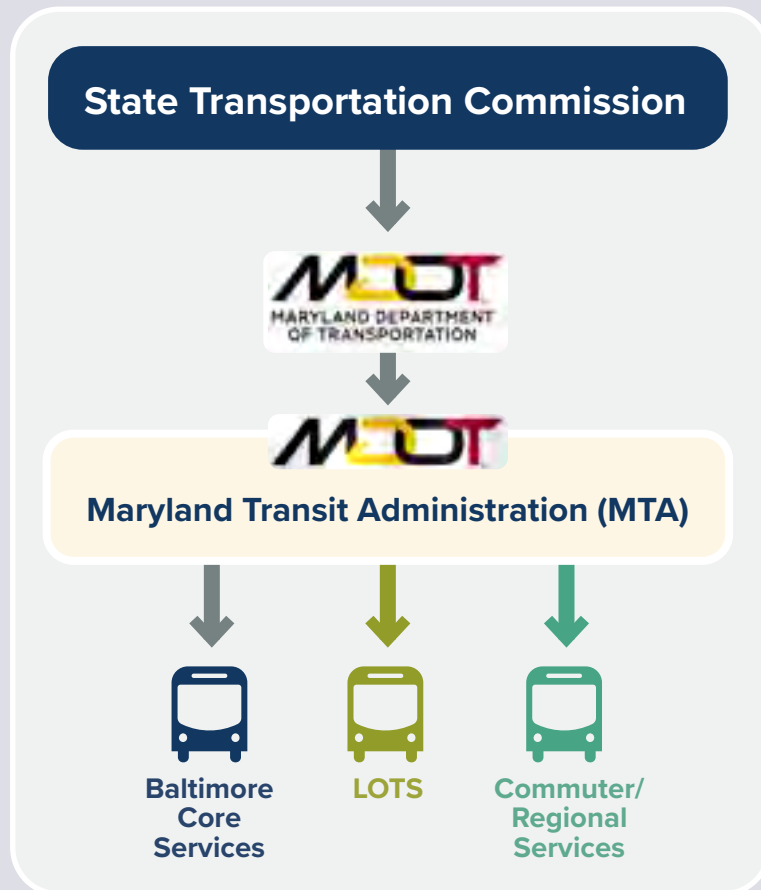
LOTS

**Commuter/
Regional
Services**

Governance Model Alternatives

MODEL #1 STATE TRANSPORTATION COMMISSION

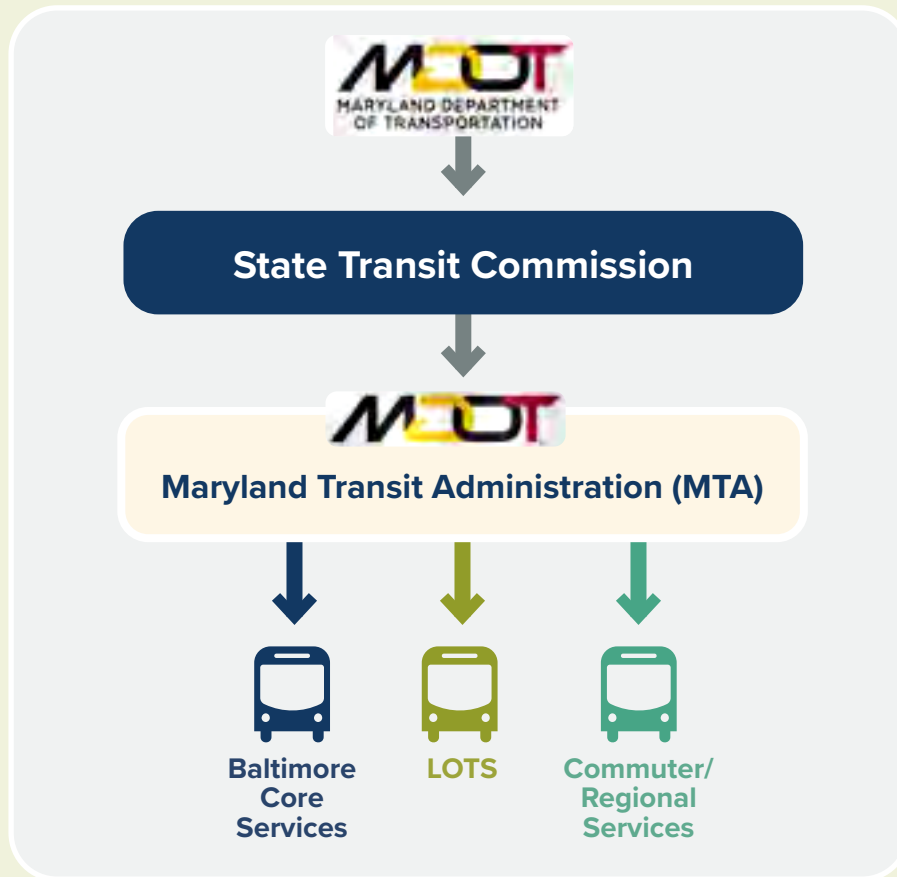
The State Transportation Commission model would modify the role of the existing Maryland Transportation Commission to manage and oversee the spending/budgeting decision-making and investments associated with Maryland's TTF.



- **Responsibilities would span across** all MDOT modal investments and business units.
- **The Secretary of Transportation** would continue to be the Chair of the State Transportation Commission and work with Commissioners to allocate TTF resources and approve major transportation investments.
- **The model assumes Commissioners would be appointed by the Governor and General Assembly** and would include representation from regional and local jurisdictions. Accordingly, the model assumes an expansion of the existing Commission.

MODEL #2 STATE TRANSIT COMMISSION

A State Transit Commission would create a new commission to oversee spending and investments decisions associated with MDOT.



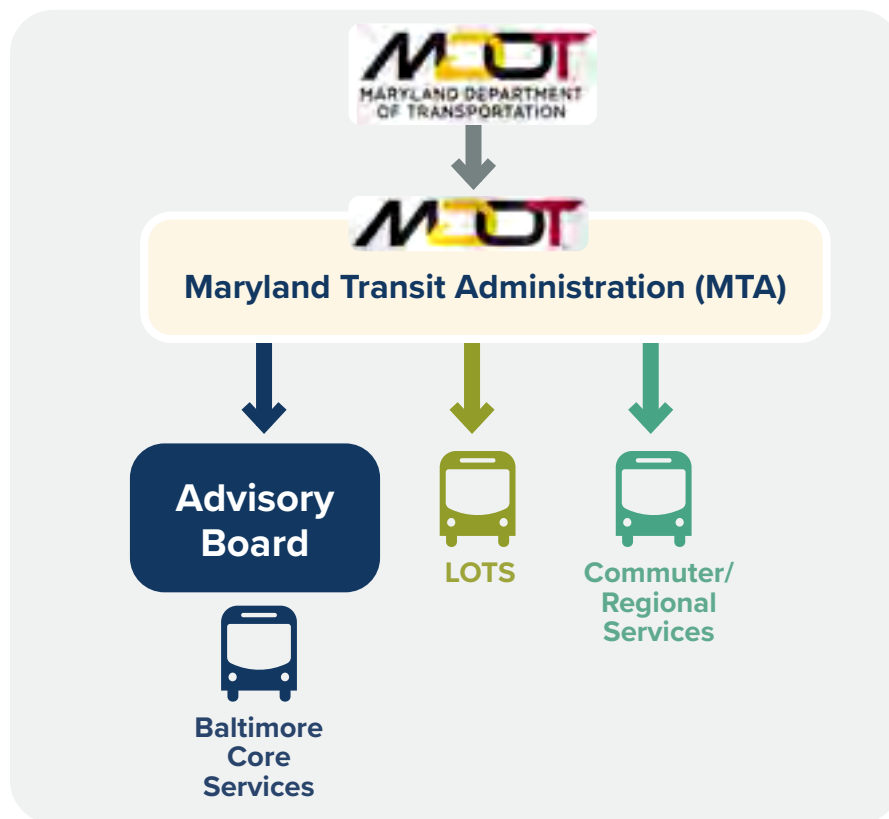
- **The governance model assumes the State Transit Commission oversees all MDOT MTA programs;** thus, responsibilities and authorities would encompass Baltimore Core Services as well as MDOT MTA's LOTS program and responsibilities for Commuter and Regional services.
- **MDOT MTA's Administrator would remain an MDOT employee but report to the State Transit Commission,** which would be responsible for hiring and overseeing MDOT MTA's Transit Administrator.
- **Given that the Transit Commissioners would oversee regional and statewide transit investment,** participation on the Commission would include representation from the Baltimore region together with a statewide perspective.
- **It would also represent multiple transit service perspectives,** including commuter travel, local services, and regional urban markets.
- **Commissioners would have some public transit experience** and would be appointed by the Governor and approved by the General Assembly.

MODEL #3 BALTIMORE ADVISORY BOARD

The Baltimore Advisory Board model would create a new body to oversee the spending and investments associated with the Baltimore Core Services, providing advice and input on budget and operations decisions associated with transit service delivery. The Advisory Board could also have a planning function.

The Baltimore Advisory Board would not have responsibilities associated with either the LOTS program or MARC passenger rail programs, however Express Bus is a commuter service operated in the Baltimore region and would be considered part of the Baltimore Core Services.

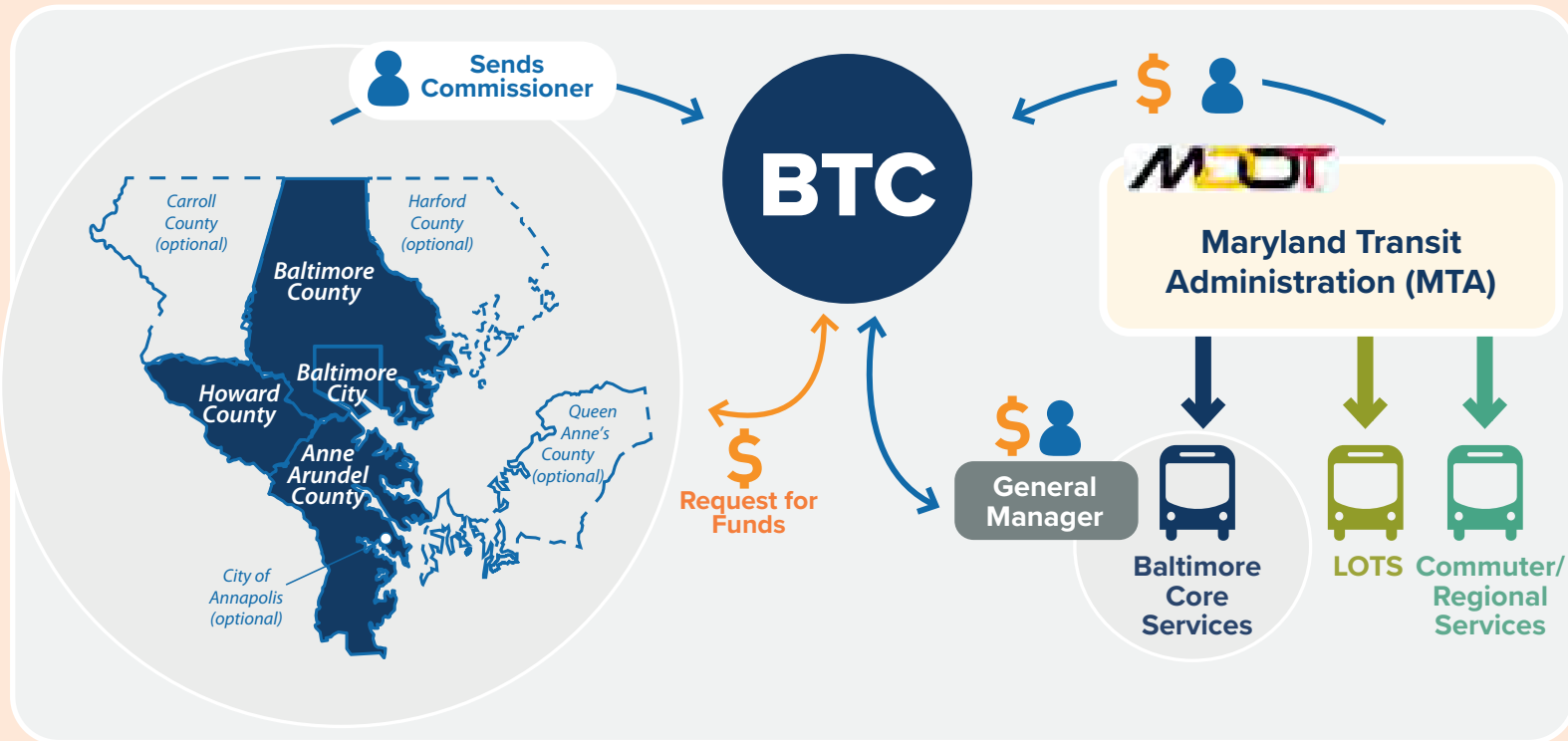
MDOT MTA would continue to operate services.



- **The Baltimore Advisory Board would be strengthened if it managed a predictable operating and capital budget to support regional transit services.** Predictability would work best if MDOT MTA implemented a transit funding formula or the Maryland State Assembly mandated investment levels.
- **Advisory Board members would have some public transit experience** or represent a key local constituency and could be appointed by the Governor and approved by the General Assembly.
- **Local government leadership** could also provide input to ensure a broad representation of local needs.

MODEL #4 BALTIMORE TRANSIT COMMISSION

The Baltimore Transit Commission (BTC) model would create a new state-regional commission to oversee and manage transit in the Baltimore region.



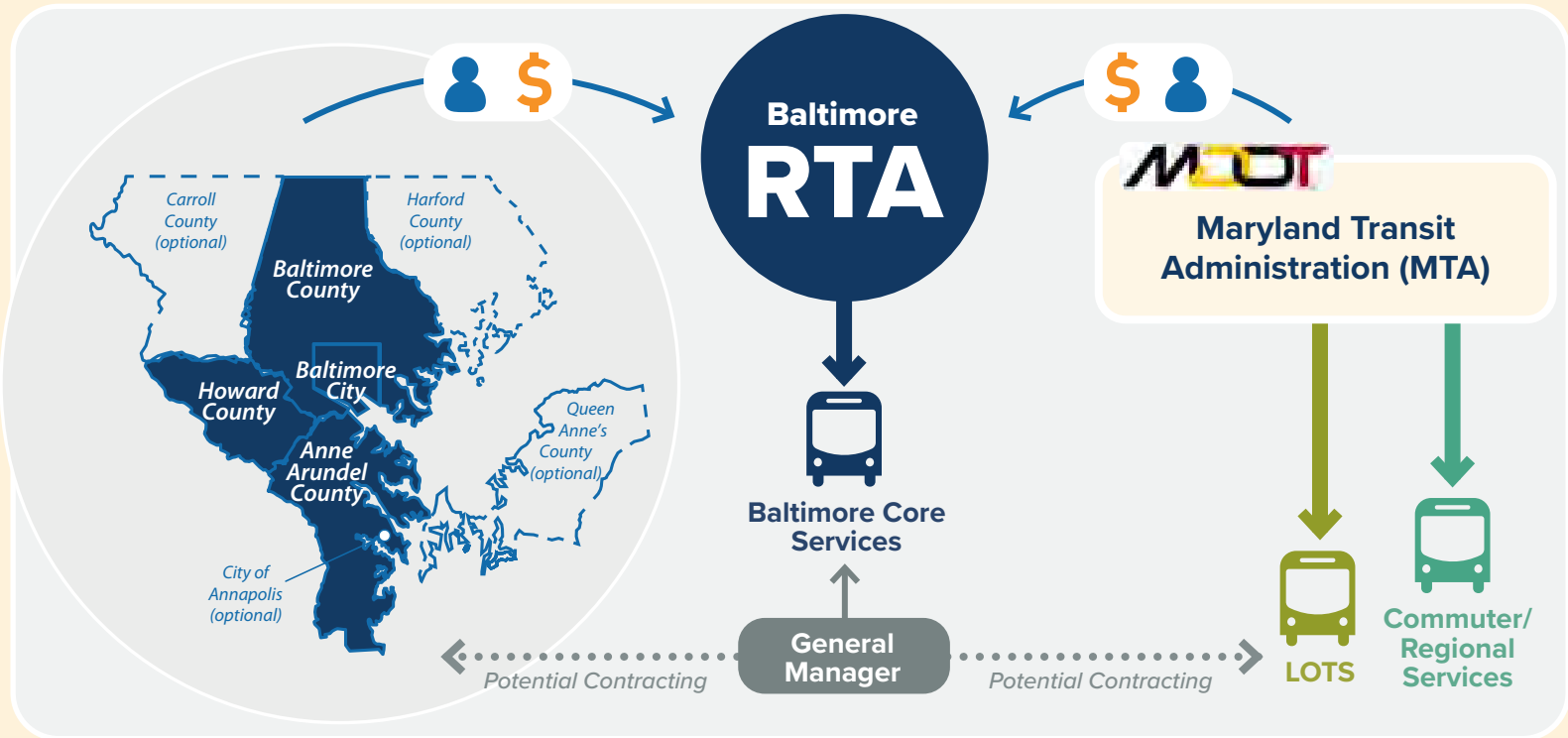
The Commission would encompass the following:

- **Include state and local representation** and be vested with authority to raise, distribute, and spend funds for transit services and capital projects in the Baltimore region.
- **Include representatives from** Anne Arundel County, Baltimore City, Baltimore County, and Howard County. Other jurisdictions (the City of Annapolis, Carroll County, Harford County and Queen Anne's County) would have the option of joining the BTC.
- **The Commission would reflect a diversity of transit perspectives and geographic interest.** The overall makeup would be determined by formula, potentially reflecting population, the amount of transit service provided, or a combination of representation.
- An important goal of the Commission membership would be to **avoid an opportunity for a single jurisdiction to possess the ability to effectively exercise a veto.**
- **The General Manager would be a MDOT MTA employee** serving at the pleasure of the BTC Board. MDOT MTA would continue to operate the Baltimore area's core bus, light rail, subway, and paratransit services under the direction of the BTC, and the locally operated services would continue to be operated by those jurisdictions.

The BTC would not have responsibilities associated with either the LOTS program or Commuter Bus and Regional Passenger Rail programs.

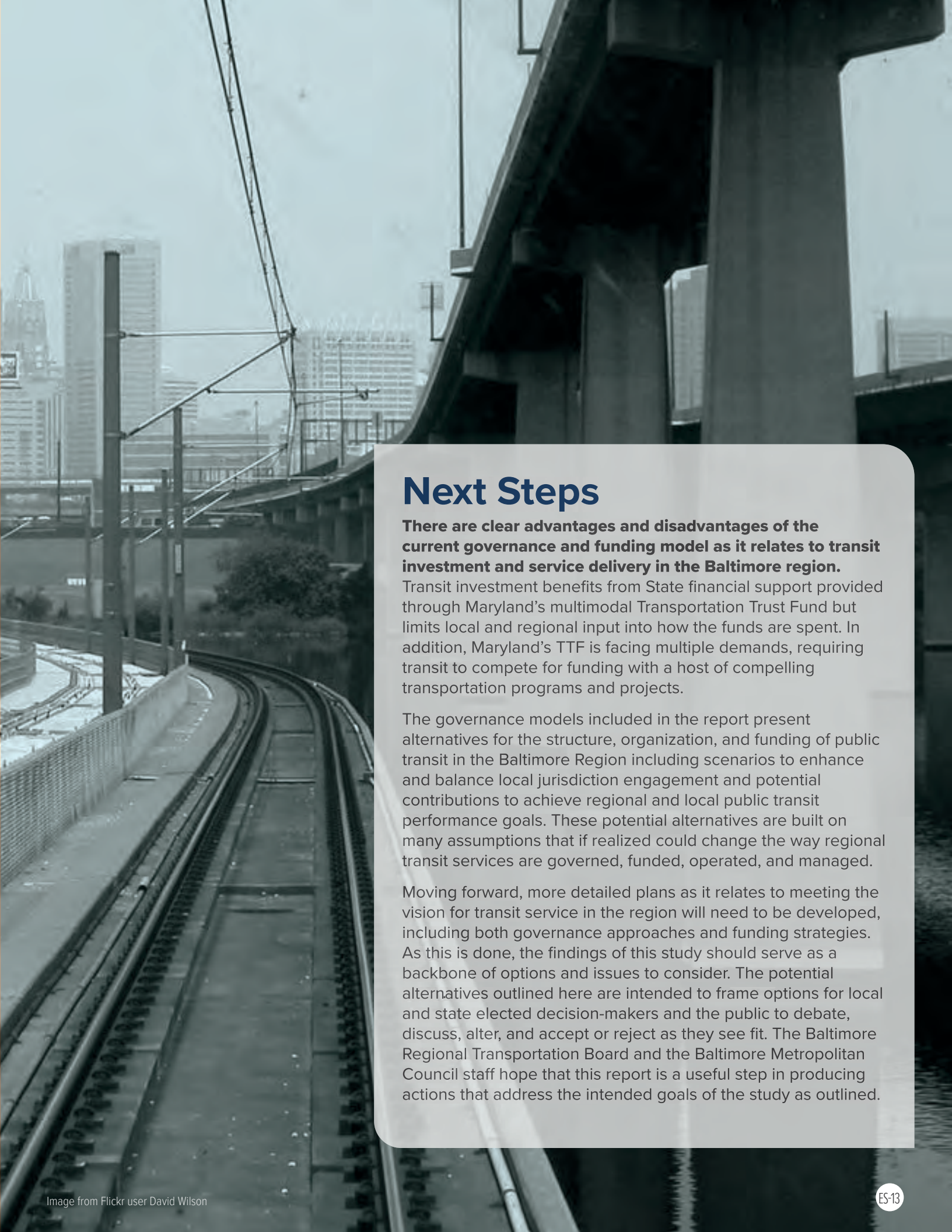
MODEL #5 BALTIMORE REGIONAL TRANSIT AUTHORITY

The Baltimore Regional Transit Authority (RTA) would merge existing public transit services in the Baltimore region into a single governance structure and model.



This new authority would encompass the following:

- **Be the direct recipient of federal transit funding** for the Baltimore urbanized area.
- **Contract for service operations** with the option of contracting with MDOT MTA or local LOTS providers.
- **Assumes the State would participate in the RTA as a commissioner** and would continue to support transit operations at levels consistent with existing spending, but that funding would be distributed through a funding formula.
- **Would include representatives from** Anne Arundel County, Baltimore City, Baltimore County, and Howard County. Other jurisdictions (the City of Annapolis, Carroll County, Harford County and Queen Anne's County) would have the option of joining the RTA.
- **The General Manager would be an RTA employee**, who serves at the pleasure of the RTA Board. The RTA would govern and manage transit services and would need to determine if MDOT MTA continues to operate the Baltimore area's core bus, light rail, subway and paratransit services and LOTS services.
- **The RTA would not have responsibilities associated with either the LOTS program or Commuter Bus and Regional Passenger Rail program.**



Next Steps

There are clear advantages and disadvantages of the current governance and funding model as it relates to transit investment and service delivery in the Baltimore region.

Transit investment benefits from State financial support provided through Maryland's multimodal Transportation Trust Fund but limits local and regional input into how the funds are spent. In addition, Maryland's TTF is facing multiple demands, requiring transit to compete for funding with a host of compelling transportation programs and projects.

The governance models included in the report present alternatives for the structure, organization, and funding of public transit in the Baltimore Region including scenarios to enhance and balance local jurisdiction engagement and potential contributions to achieve regional and local public transit performance goals. These potential alternatives are built on many assumptions that if realized could change the way regional transit services are governed, funded, operated, and managed.

Moving forward, more detailed plans as it relates to meeting the vision for transit service in the region will need to be developed, including both governance approaches and funding strategies. As this is done, the findings of this study should serve as a backbone of options and issues to consider. The potential alternatives outlined here are intended to frame options for local and state elected decision-makers and the public to debate, discuss, alter, and accept or reject as they see fit. The Baltimore Regional Transportation Board and the Baltimore Metropolitan Council staff hope that this report is a useful step in producing actions that address the intended goals of the study as outlined.



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1707





Image from Baltimore Metropolitan Council

1 Introduction

The State of Maryland funds transportation investment through its multimodal Transportation Trust Fund (TTF).

The TTF is supported by a variety of transportation taxes and fees, including fuel (gas) taxes, vehicle excises taxes, and transit fares (among others). The TTF, in turn, supports statewide transportation programs and projects, including public transportation.

The commitment of a dedicated funding stream for transportation programs, including public transportation (or transit) makes Maryland’s commitment to multimodal transportation among the strongest nationally. At the same time, the funding structure has resulted in an uncomfortable dynamic for transit service development in the Baltimore region. Because the TTF provides the largest share of funding for transit, and the State of Maryland operates and maintains a large transit system, the Baltimore region has not had to raise local funding (other than taxes and fees paid into the TTF) to support the regional transit system. While this arrangement provides some advantages, State financial support for the services has also meant decisions about service delivery and investment has stayed exclusively with the State. Consequently, the region’s control and authority over regional transit, including level

Governance is a common, but not always easily defined, term.

In the context of this study, governance refers to structures and processes surrounding how decisions are made regarding the design, management, and operation of public transportation services. Public transportation governance is inextricably linked to funding because decision-making involves the allocation of financial resources and public transportation services in the United States are subsidized with public funding. As a result, transit governance necessarily involves the management and allocation of taxpayer funds.



Photos from Creative Commons: ETLamborghini

of investment, specific projects, and strategic direction, has been limited. Further, limited regional authority over transit investment disincentivizes coordination and collaboration among local jurisdictions within the region and between local jurisdictions and the State of Maryland.

The interplay between regional decision-making authority and funding is at the heart of the Baltimore Region Transit Governance and Funding Study. Indeed, the Baltimore Regional Transit Governance and Funding Study was designed to develop alternatives for how the region could change the way the way regional transit services are governed, funded, and managed.

Study Approach, Methods and Goals

The Baltimore Region Transit Funding and Governance Study was conducted between December 2020 and July 2021 in collaboration with the Baltimore Regional Transit Board (BRTB) and regional stakeholders. The study was developed through a combination of stakeholder and community input and technical analysis into Maryland's existing transit services, with a focus on funding,

governance, and management. The effort also included significant research into transit agency governance and funding models used nationally, including a review of peer systems and best practices in transit governance as identified through national research and conversations with industry leaders.

The overarching goal of the study was to develop a series of governance and funding models that reflect an understanding of the region's historical development of transit services and balance competing needs to be both realistic about constraints and creative in providing opportunities for change. At the beginning of the study, the study team and BRTB Board members collaborated to articulate a detailed set of goals associated with transit funding and governance. These goals guided and directed development of the project's models. Goals include desired outcomes (improve service, improve coordination, and strengthen regional coordination) as well as improved processes (enhanced decision making, increased investment and equitable investment) (see illustration below).





Report Overview

After this introductory chapter, this report is organized around the following chapters:

- **Chapter 2** provides an overview of the history of transit service development in the Baltimore Region. It also includes an overview of the existing services.
- **Chapter 3** describes the way transit services are funded and governed in the Baltimore Region. It concentrates on the roles and responsibilities of the Maryland Department of Transportation (MDOT), the MDOT Maryland Transit Administration and the Locally Operated Transit Systems.
- **Chapter 4** contains key takeaways from the review of the governance and funding models of six peer agencies and potential applications to the Baltimore Region.
- **Chapter 5** explores the potential to raise additional funding for transit and how individual transit funding measures may integrate with various governance models.
- **Chapter 6** presents five alternative transit funding and governance models for consideration. Each model contains an overview of the structure, a summary of decision-making processes, key issues and benefits, and examples of other communities and regions employing each model.
- **Chapter 7** discusses next steps for transit governance and funding in the Baltimore Region.

Goals for Future Regional Governance and Funding Structure



IMPROVE SERVICE

Has transit service improved in the Baltimore region?
How much service is provided in the Baltimore region?
How does Mode Share affect service in the region?



REGIONAL CONNECTIONS

How easy is it to travel throughout the Baltimore Region?
How well do services connect?



ENHANCE DECISION MAKING

How Transparent are transit planning and funding decisions?
Do locals have input into MDOT and MTA decisions?



INCREASE INVESTMENT

How well are transit capital needs addressed?
How well are transit service needs addressed?



ENSURE EQUITABLE INVESTMENT

How is state and local funding distributed?
Has funding increased over time?

NO THRU TRUCKS
OVERLAP





Image from Baltimore Metropolitan Council

2 Transit in the Baltimore Region

Public transportation services operate throughout the Baltimore urbanized area. Regional and local connections are provided through a combination of bus, subway, light rail, and demand response services.

Longer distance connections are also available through MARC trains and regional bus service. The regional and longer distance services are governed and operated by the Maryland Department of Transportation (MDOT) Maryland Transit Administration (MTA). In addition, several communities in the Baltimore region offer local transit services, including a combination of demand response, circulator, and fixed-route bus services. These local services are governed and operated locally by county and municipal jurisdictions.

Public transportation services have been operating in the Baltimore region for nearly 200 years. Private transportation companies served a similar geography since as early as the mid-1800s when streetcars operated throughout much of the region. Over time, services evolved with land use, technology,

and ridership demand; likewise, system management and ownership evolved in response to service ownership and funding models to the current structure in which the State of Maryland's MDOT administers a statewide public transit system through the Maryland Transit Administration (MDOT MTA).

This chapter provides an overview of the history and development of transit services in the Baltimore region and the context for why some regional services are operated by MDOT MTA and others by Locally Operated Transit Systems (LOTS). The historical perspective is followed by a summary of the existing transit services in the Baltimore region, governance models, and funding structures.

MDOT MTA

Historical Perspective

The State of Maryland's role in the management and governance of transportation services is long standing. Leadership and authority over local transportation systems in Maryland began with decisions made in the early 20th century that assigned responsibilities for transportation issues to the State Roads Commission and the Public Service Commission (PSC). By creating state authorities, Maryland recognized the importance of transportation infrastructure and services as a public good; these decisions also consolidated authority for management of the systems at the state level.

The PSC is relevant to public transportation services because the State of Maryland authorized the Commission to regulate private transportation companies including taxi, bus, and rail providers. This authority included setting rates, expectations for service levels and quality, and service design (bus routes). In practical terms, the PSC's authority meant that private transportation operators (City of Baltimore, Baltimore County and Anne Arundel County) were managed by the State of Maryland and local authorities did not have direct authority over services operating in their region along with those in the rest of the state.

The transition to consolidated state ownership of public transportation services advanced when the private Baltimore Transit Company (BTC) struggled in the post-war era. Increased competition from the private automobile and declining ridership led to fare increases, service reductions and labor issues as the private operators tried to maintain profitability. At the time, Baltimore's Mayor expressed an interest in creating a public transportation authority, but the City of Baltimore lacked authority over fares and service development. Changes in this authority would have required changes in state law. When the Mayor's efforts to find a local (private) buyer for the BTC did not yield results, and the call for a local public takeover was rejected, the City turned to the state and in 1961 legislation was passed in the General Assembly creating an initial state agency to address Baltimore's transit issues, the Metropolitan Transit Authority. While it had



local representation on its Board, it did not provide any additional funding and was initially limited to regulatory actions (see timeline on opposite page).

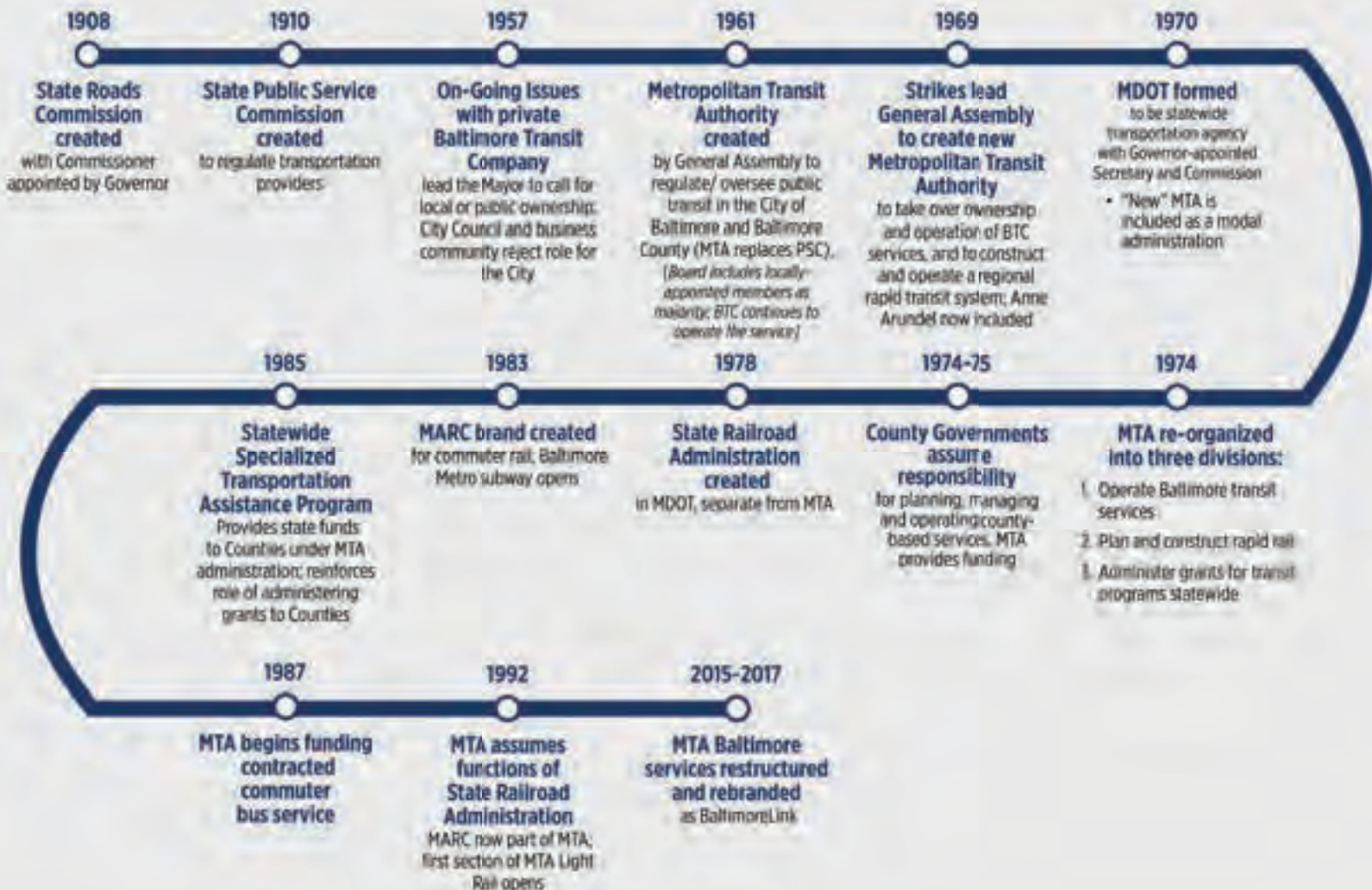
The need for a fast and reliable transit network remained an important public good, but continued ridership losses meant that transportation services would require public subsidy. The financial realities associated with public transit helped create a place for public transit in Maryland's new multimodal transportation agency, the Maryland Department of Transportation's (MDOT). The 1970 legislation also created a dedicated multimodal Transportation Trust Fund (the TTF) to support MDOT, enabling the state to provide funding to support transit in the Baltimore region. The Mass Transit Administration (MTA) was created as the transit business unit within MDOT.

When MDOT was created, state and regional stakeholders recognized the need for the new MTA to focus both on owning and operating the existing transit system and developing a regional rapid rail system in Baltimore. The state role in the development of transit services in the Maryland suburbs of Washington, D.C. was included as an MDOT function as well, though not under the MTA. Over time the MTA's role grew to include commuter rail services, and eventually commuter bus services—both of which extended well beyond the immediate Baltimore region.



Image from Baltimore Metropolitan Council

Summary Timeline: Transit Organization in Baltimore Region





LOCALLY OPERATED TRANSIT SYSTEMS (LOTS)

Locally oriented public transportation services are distinct from the transit services managed and operated by MDOT MTA.

While MDOT MTA services evolved from private transportation companies, the LOTS systems began through a combination of local needs and funding opportunities that emerged through federal transportation funding programs. Many of the early transportation services and funding programs were designed for seniors and persons with disabilities. Over time, however, the LOTS agencies began diversifying from services oriented around older adults and people with disabilities to provide general public services.

This historical perspective focuses on development of the eight LOTS systems currently operating in the Baltimore region.

Historical Perspective

When the Metropolitan Transit Authority (the first MTA) was formed in 1961, it assumed management and operations for services in Baltimore City and Baltimore County only; other transportation services remained under the control of the PSC. The only other local transit service in the region was the local bus service in the City of Annapolis, which was not transitioned to the MTA. Instead, Annapolis assumed responsibility for the operations and management its local transit services.

Beginning in the mid-1970's, Maryland counties began to become involved in providing transportation for seniors and persons with disabilities. As Maryland counties expanded transportation capacities, the federal Surface Transportation Act of 1978

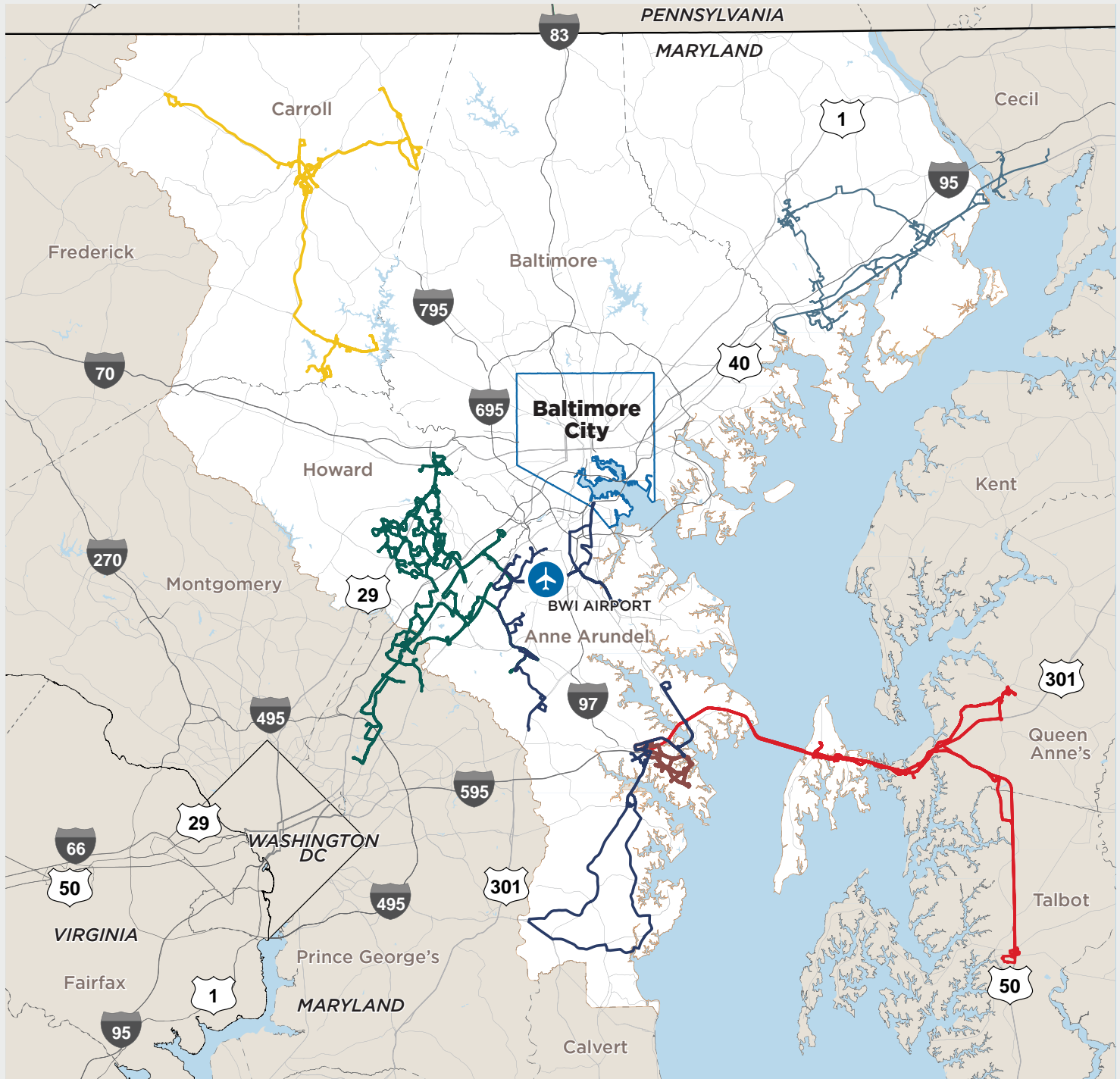
initiated new funding opportunities, including resources for public transportation in non-urban areas. Most federal funding at this time was administered by state government agencies. In Maryland, this meant the MTA started providing funding to Maryland counties, including counties and municipalities in the Baltimore region. As local services began operating in individual counties, local agencies began requesting state financial support for local transit service initiatives.

In the mid-1970s and 1980s, the Baltimore region, including Carroll, Howard, Harford, and Queen Anne's Counties were largely rural, as were large portions of Baltimore and Anne Arundel Counties. Consequently, the counties were eligible for federal rural transit funding and because they were not part of the MTA service, they developed their local transit systems, using a combination of federal, state, and local funds. Growth in the urbanized areas of Baltimore and Washington D.C. spurred growth and development in the surrounding counties, with large parts of ring counties transitioning from rural to suburban development patterns and increasing population and employment. As the counties grew, so did their need for public transportation services. In part because the ability (or willingness) of MDOT MTA to expand operations of local services was limited, local transit systems enhanced their services, including in suburban and urban areas.



LOTS Services

LOTS services are managed and governed at the local level, using a combination of MDOT MTA administered state and federal funding and local funding to support the service. In January 2021, there were eight LOTS agencies in the Baltimore region (see map below). Each system primarily operates within a single jurisdiction and has its own name and branding. Carroll and Queen Anne's systems operate limited fixed-route and rural demand response services, while Howard and Harford counties operate suburban local systems (comparable to the small city system in Annapolis). The two most populous counties, Baltimore and Anne Arundel, have the least developed local systems in part because these counties have relied on services provided by MDOT MTA and only recently began developing additional services in response to local transit needs.



Locally Operated Transit Systems (LOTS)

LEGEND

- AAOOT
- County Ride Routes
- Annapolis Routes
- Harford Routes
- Carroll Transit System
- RTA Routes
- Study Area
- County Line
- State Line

Miles 0 5 10 15 20





TRANSIT SERVICES IN THE BALTIMORE REGION

In 2021, the Baltimore region has transit services provided through three independent, but related transit programs:

- Baltimore Link (or Core) Services
- Regional Services
- The LOTS program

The Baltimore Link and Regional services are operated either directly by or through contracted services run by

MDOT MTA, while LOTS are operated locally. Each transit network is designed around a specific geography and population, but the integration of the urban and suburban areas as an integrated region means riders may use all three services. A summary of each of these services is provided in the following sections; additional information on individual transit services in the Baltimore Region is available in Appendix A.

Baltimore Link (or Core) Services

MDOT MTA manages, operates and funds the bulk of the public transit service in the Baltimore region, which operates in and around the City of Baltimore and surrounding areas. These transit services (see map, next page) account for most of the transit services available in the region and carry the most riders. They include:

- **Fixed-route bus service** that is structured and branded according to distinct service types:
 - CityLink high frequency bus service
 - LocalLink daily service
 - ExpressLink weekday peak-hour service
- **Light rail service branded as Light RailLink.** The light rail network extends from Baltimore County on the north through the City of Baltimore to Anne Arundel County (with two branches) on the south end.
- **Heavy rail service branded as MetroSubwayLink,** which operates from Owings Mills in the northwest suburbs (in Baltimore County) through downtown Baltimore City into Johns Hopkins Hospital, one mile east of downtown.
- **Demand response complementary paratransit service, MobilityLink.** This service is provided in accordance with the Americans with Disabilities Act (ADA) and is available for people with a disability that prevents them from using fixed route service. MobilityLink is available within $\frac{3}{4}$ of a mile of all MDOT MTA fixed-route transit service.

Regional Service

Regional services, also managed and funded by MDOT MTA connect major metropolitan areas and key activity centers in the State of Maryland, like the Baltimore Washington International Airport (BWI). These services are managed by MDOT MTA and contracted to private transportation providers who operate the service.

Regional services include:

- **MARC commuter rail service on three lines:** from Perryville in the northeast (Harford County) to Baltimore, the Camden line from Baltimore to Washington via the CSX line, and the Penn line from Baltimore to Washington via the Amtrak northeast corridor line, including service to BWI Marshall Airport. A fourth line, the Brunswick line from Martinsburg, West Virginia to Washington is also part of the MARC system but it does not serve the Baltimore region.
- **Regional commuter bus service.** MDOT MTA contracts with private bus operators to provide services to downtown Baltimore and elsewhere within the region as well as service from the Baltimore region into downtown Washington, D.C. The commuter bus program also includes several routes from outside the Baltimore region (from southern and western Maryland) to Washington.



BALTIMORE ST.

LINKING YOU

Walmart Department Stores





Image from Baltimore Metropolitan Council

3 Existing Regional Transit Governance and Funding

Responsibility and authority for governing and funding the three distinct transit services in the Baltimore region is shared among three players: MDOT Secretary's Office (referred to here simply as MDOT), MDOT MTA and LOTS agencies. Each agency's role in regional transit governance and funding is described below.

MDOT

MDOT oversees state all transportation modal investments and programs.

In Maryland, this cabinet level agency includes six transportation administrations (counting the Transportation Authority), which are largely organized by mode.¹ MDOT has a Secretary, appointed by the Governor, and a Transportation Commission. The Transportation Commission is composed of seventeen members: ten members appointed by the Governor, and seven ex-officio members who are the regional members of the State Roads Commission (§2-202). The Transportation Commission per State Law (Chapter 526, Acts of 1970) is intended to study the State Transportation System and advise The Secretary of Transportation and Department Administrators on policy and programs. It is not clear that the Commission exercises all their powers—in recent years, the Commission has played a largely

¹ MDOT's modal agencies include the Maryland Transit Administration together with the Maryland Aviation Administration, State Highway Administration, Maryland Port Commission, Motor Vehicle Administration. The Secretary serves as Chair of the Maryland Transportation Authority Board and appoints the Executive Director.

WMATA

MDOT also oversees Maryland's transit investment in the Washington, D.C. Metro area. MDOT's Secretary of Transportation serves as one (of two) members on the Board of Directors of the Washington Metropolitan Area Transit Authority (WMATA). The WMATA Board determines agency policy and provides oversight for the funding, operation, and expansion of transit facilities within the Washington region's Transit Zone.

The WMATA Board of Directors is composed of eight voting and eight alternate directors. Maryland, the District of Columbia, Virginia, and the federal government each appoint two voting and two alternate directors each.

The MDOT Secretary's Office staff support the Secretary in this role and provide support to Maryland's two voting and two alternate members who serve on the WMATA Board. MDOT's role in transit service delivery in the Washington area is defined in state statute in the Annotated Code of Maryland, Transportation Article, (§10-201 through 204). Title 10-204 addresses MDOT's participation in WMATA and the Compact that establishes that body.

ceremonial role of considering requests for the dedication of transportation facilities in memory or honor of individuals or groups of significance to the state of Maryland.

MDOT's role in governing transit service largely stems from its authority over the allocation of the TTF, which is shared among the business units, including MDOT MTA. MDOT's financial oversight responsibilities include developing annual operating and capital budgets for the business units of MDOT, including MDOT MTA.

MDOT MTA

As discussed, the Maryland Transit Administration (MDOT MTA) is one of MDOT's modal administrations. As a modal administration, MDOT MTA is led by a Transit Administrator, appointed by the Secretary with the approval of the Governor (COMAR § 7-202). MDOT MTA's Transit Administrator is responsible for the management and delivery of Maryland's transit investment program, including the Baltimore Core services, Regional services and the statewide LOTS program. MDOT distributes funding to MDOT MTA with direction for both operating and capital funding.

Within the annual capital and operating budgets to MDOT MTA, the agency has discretion (but not autonomy) over how funds are allocated between service types or between the capital and operating allocations established by MDOT. Changes to how funds are programmed are reported to and approved by MDOT.

The allocation of funding across programs, as well as MDOT MTA's overall funding decisions are largely constrained by commitments associated with operating contracts, such as for purchased transportation service, labor agreements, and other contractual obligations (see, for example, the breakdown of expenditures by cost category in top chart on opposite page). Together, purchased

MDOT develops MDOT MTA's funding allocation by combining state-generated TTF funds with expected federal funds and other TTF revenue streams, such as fare revenue. Local transportation priorities are shared with MDOT through local priority letters and an annual tour process. MDOT then takes these local priorities into account in preparing the Consolidated Transportation Program (CTP) each year. In the case of transit investment, however, local jurisdiction's ability to make substantial changes to the CTP is limited.

Management of Federal Transit Funds

MDOT MTA is the Direct Recipient of FTA transit funds for the Baltimore Urbanized Area.

In addition, MDOT MTA is the Governor's Designated Recipient of formula funding for the entire state (except WMATA, which is the Direct Recipient of funds for the Washington, D.C. Urbanized Area and Montgomery County, which is also a direct recipient).

As the Designated Recipient, MTA administers federal formula funds for small, urbanized areas, rural and specialized programs statewide.

transportation and labor costs account for over three-quarters of MDOT MTA's operating expenditures.

Components of MDOT MTA's operating budget include (see bottom chart, opposite page):

- **Baltimore Link (or Core) services**, including local bus, light rail, subway, and paratransit services are mostly directly operated by MDOT MTA. MDOT MTA's investment in these services account for over half of MDOT MTA's annual operating budget.²
- **Regional commuter bus and rail service (MARC Train)** are funded by MDOT MTA and contracted to private transportation providers under contract. Regional

² This category also includes costs classified as Core Support in MDOT MTA data systems. The category includes activities such as bus shelters and maintenance of core mode facilities.

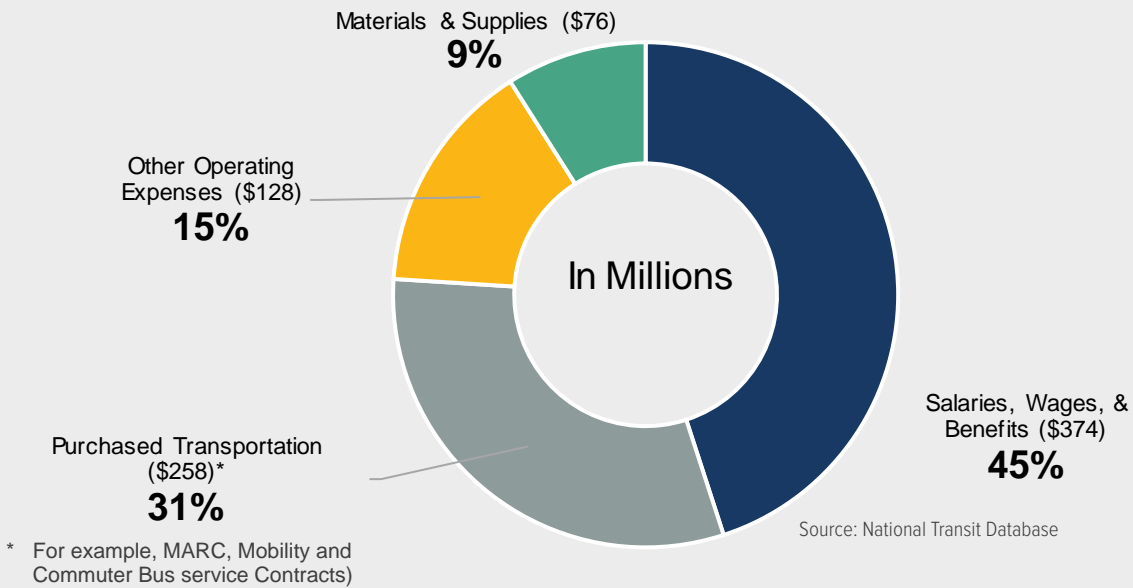
Commuter Bus and MARC Train services account for approximately 23% of the FY 2019 operating budget.

- **Funding support to Locally Operated Transit Systems (LOTS)**, is administered through MDOT MTA's Office of Local Transit Services (OLTS). OLTS provides

funding and technical assistance to the LOTS using a combination of federal and state resources. MDOT MTA spends approximately 10% of its operating budget (statewide) supporting of the LOTS Program.

MDOT MTA Operating Expenditures by Cost Type

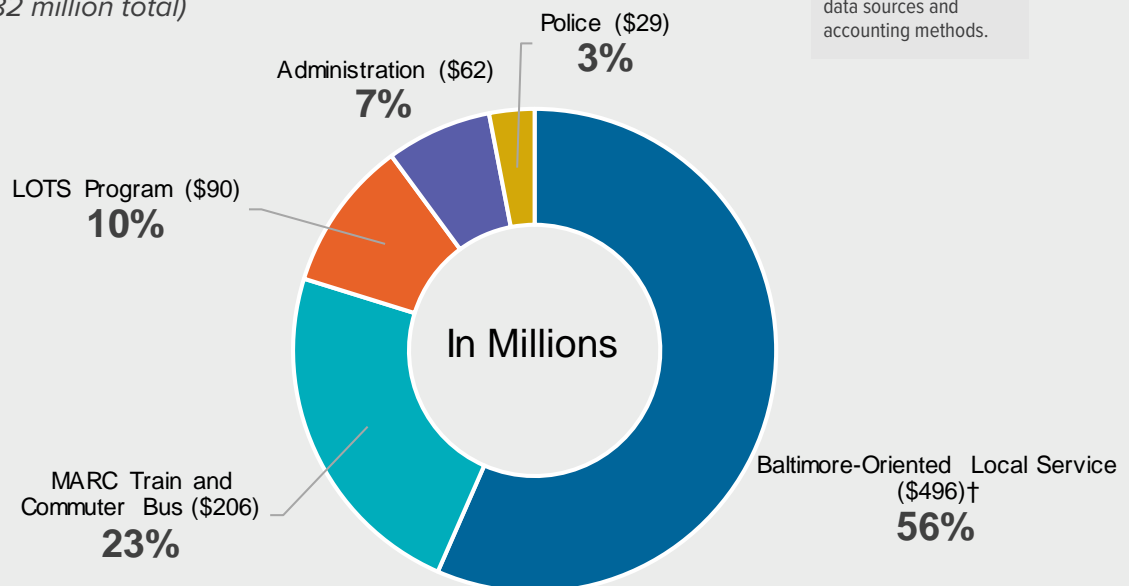
FY 2019 (\$836 million total)



Note: The difference in total expenditures between these two charts reflects differences between data sources and accounting methods.

MDOT MTA Operating Costs by Mode and Support Function

FY 2019 (\$882 million total)



† BaltimoreLink Local Bus, MobilityLink, Metro Subway Link, Light RailLink, & Core Support

Note: Baltimore region LOTS account for approximately 16% of the LOTS Program category (Washington area 63% and Other Statewide 21%). There is no set formula, and these figures vary substantially from year to year.

Source: Data provided by MDOT MTA



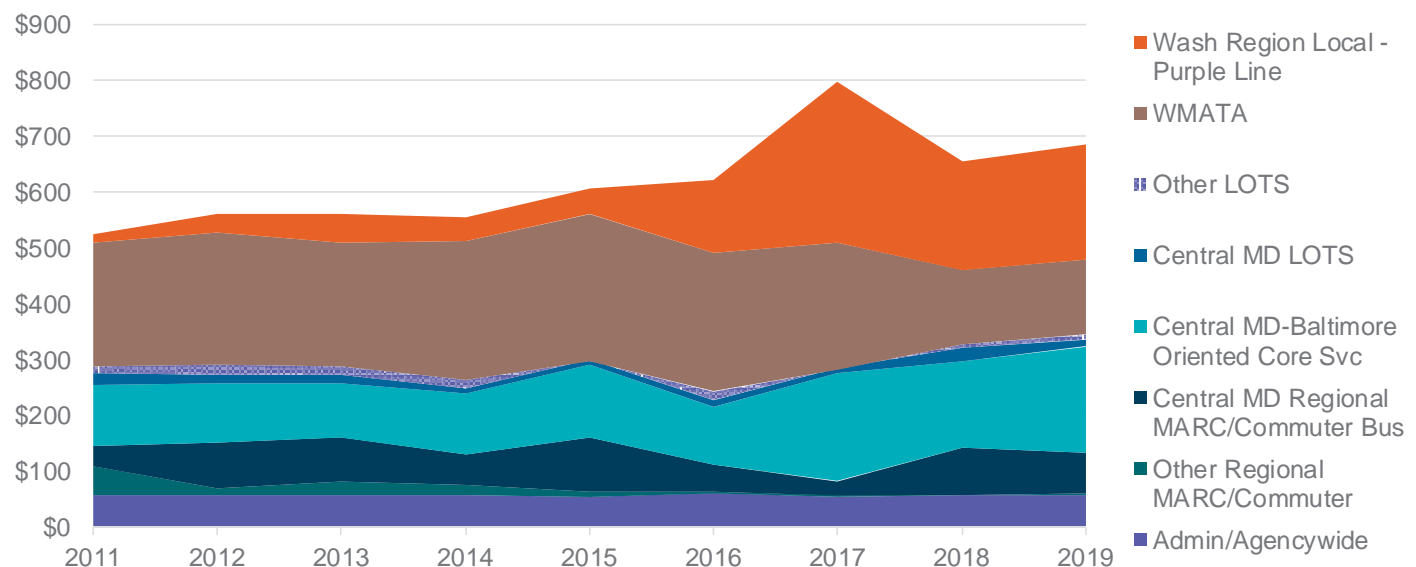
Image from Flickr user Evert Barnes

In conjunction with operating program decisions, capital spending decisions are governed by a combination of state and federal statutes as well as local conditions and commitments and contractual obligations. Within MDOT MTA, the Department of Planning and Programming develops annual capital revenue estimates based on anticipated levels of FTA and State funding and a list of projects determined through the 10-Year Capital Needs Inventory (CNI) process. The CNI is required by the Maryland/Metro Transit Funding Act (Chapters 351 and 352 of 2018) and is consistent with federal mandates (Transit Asset Management (TAM) Plans) as well as MDOT internal and external requirements associated with capital decisions. In May/June each year, the capital program is submitted to MDOT for review and

approval. MDOT MTA uses a separate but consistent TAM Plan process for the LOTS program to set allocations to individual LOTS systems.

Between 2011 and 2019, transit capital investments ranged between \$500 million and \$800 million annually (see chart, below). Funding for the Baltimore-oriented local services has varied, averaging over \$150 million in the last five years. This does not include the Central Maryland LOTS or Agencywide investment categories which are captured separately. This data also shows that as with all capital programs, expenditures are episodic or lumpy for a particular program or region.

Statewide Transit Capital Expenditures, FY 2011-19



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



Image from Flickr user Elvert Barnes

LOTS

Locally Operated Transit Systems (LOTS) are participants in MDOT MTA's statewide transit program with governance and funding decisions made locally. Statewide, there are LOTS agencies in 23 counties and three municipalities (the City of Baltimore, the City of Annapolis, and Ocean City). Within Central Maryland, there are eight LOTS agencies, all of which are managed and operated as either a county or city department (see page 2-5).

LOTS are responsible for their own operational planning, grants submission, as well as ensuring compliance with federal and state requirements. As part of its role administering FTA funding, MDOT MTA provides program guidance to the LOTS regarding federal and state requirements and policies. As part of its management of the statewide program, MDOT MTA requires the LOTS to conduct periodic five-year transportation development plans (TDPs) with funding and consultant assistance through MDOT MTA. Input for service changes include the TDP, other local plans, input from advisory groups and additional public input, all of which is considered in the development of annual budget plans.

FTA grants require that transit agencies contribute local funds, not including fares, to match federal funds. One-half of the federally required local match is provided with State funds. Localities fund the other half and also often over-match the required amount to address local needs.

LOTS budgets are developed with anticipated MDOT MTA grants (comprised of federal and state funds). Additional funds are identified locally and allocated from local funds. In all cases, these decisions are made by the local elected legislative body. Some but not all LOTS also have transit advisory groups. A summary of the LOTS funding programs and financial

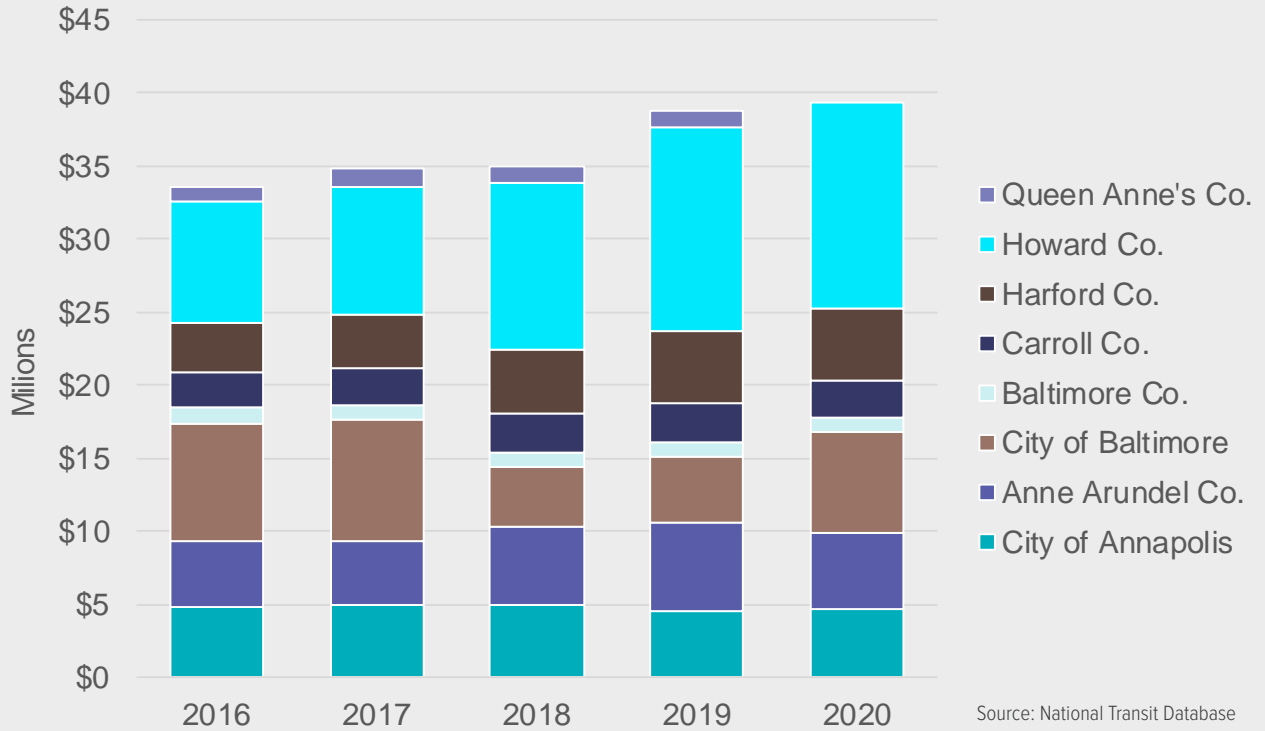
profiles of each LOTS in the Baltimore Region is provided in Appendix B.

While the focus of this study is on transit-oriented funding sources, each jurisdiction also balances funding decisions in the context of their overall budgets, including with respect to funding from other state sources such as Highway User Revenue (HUR) funding.

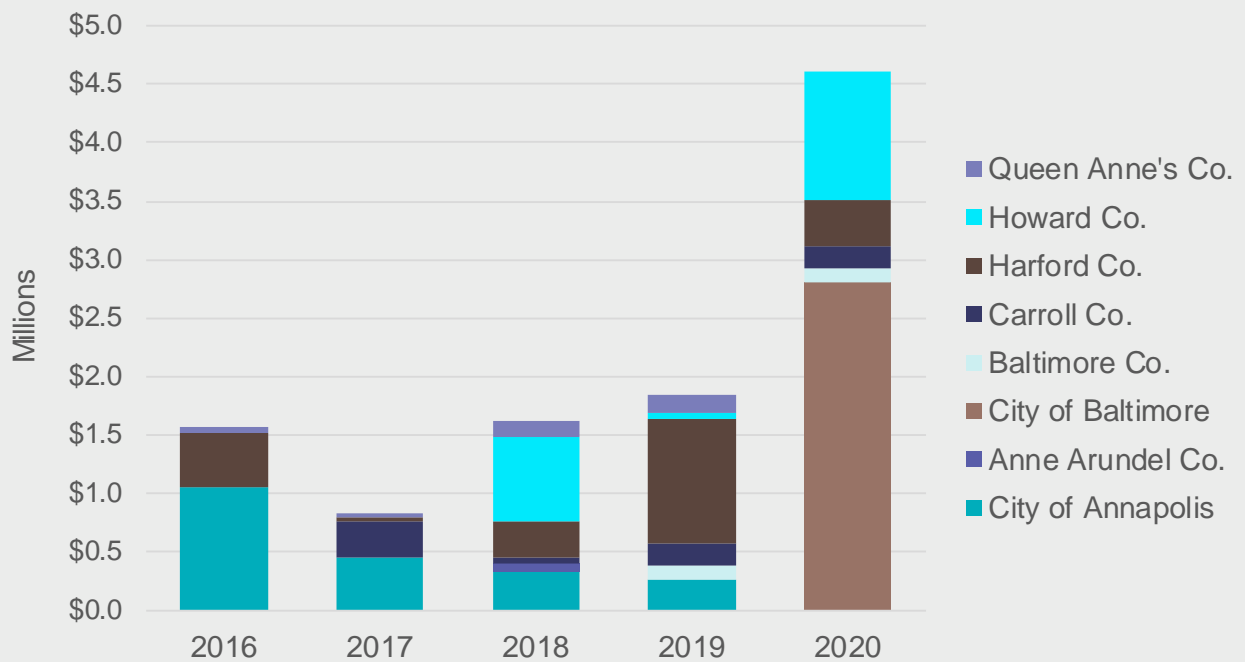
While vital to the region, the total investment by LOTS agencies in Central Maryland is significantly smaller as compared to spending on MDOT MTA delivered programs and services. LOTS agency operating costs ranged between \$34 million and \$39 million between FY2016 and FY 2020 (see chart, top of next page). Among the LOTS, Howard County has the largest program, followed by the City of Baltimore, Harford County and Anne Arundel County. LOTS capital expenditures vary considerably by year, ranging from \$1.5 million to \$4.5 million between FY 2016 to 2020 (see chart, bottom of next page).

The charts on the next page show the breakdown of funding for each LOTS system for operating and capital investment for the FY 2016 – FY 2020 period.

Central Maryland LOTS Operating Costs, FY 2016 – 2020 (\$ millions)



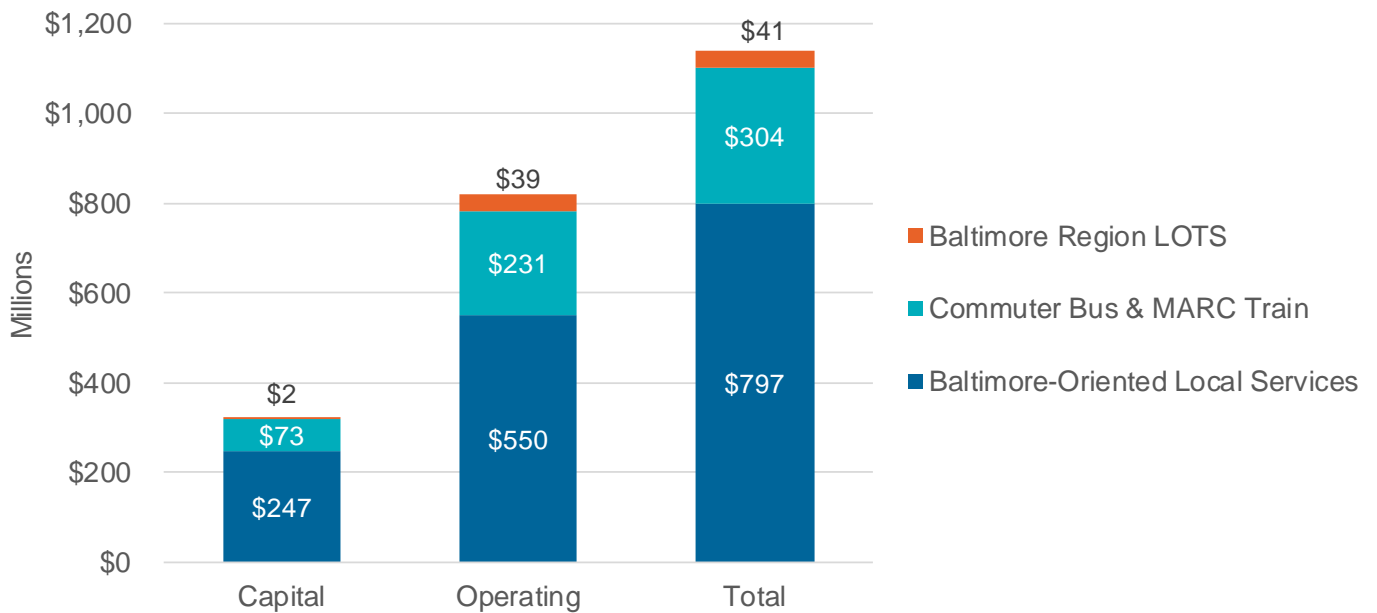
Central Maryland LOTS Capital Expenditures, FY 2016 – 2020 (\$ millions)



BALTIMORE REGION TRANSIT INVESTMENT – MDOT MTA AND LOTS COMBINED

The chart below provides a composite picture of the breakdown of transit system operating costs and capital investment in the Baltimore region for the snapshot year of FY 2019. As shown, the MDOT MTA operated Baltimore-Oriented Local Services account for approximately 70% of the region's total investment (before allocation of Commuter Bus and MARC Train services between the region and the rest of the state). Operating costs represent approximately 72% of regional expenditures for this year.

Baltimore Regional Total Transit Investment, FY 2019



Notes: Baltimore-oriented Local Services category includes unallocated Agency-wide items; includes all Commuter Bus and MARC Train service costs

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

MDOT MTA Investment in Locally Operated Transit Systems

In FY 2019, the State of Maryland distributed \$106.9 million to LOTS agencies of which roughly 36% was associated with FTA funds and the remaining 68% in state funding (see below). The distribution of funds by county is indicative only and shows LOTS programs in Central Maryland, the Washington DC region, and the rest of the state.¹ Data reflects a single year and as noted elsewhere, transit agency capital spending varies by year.²

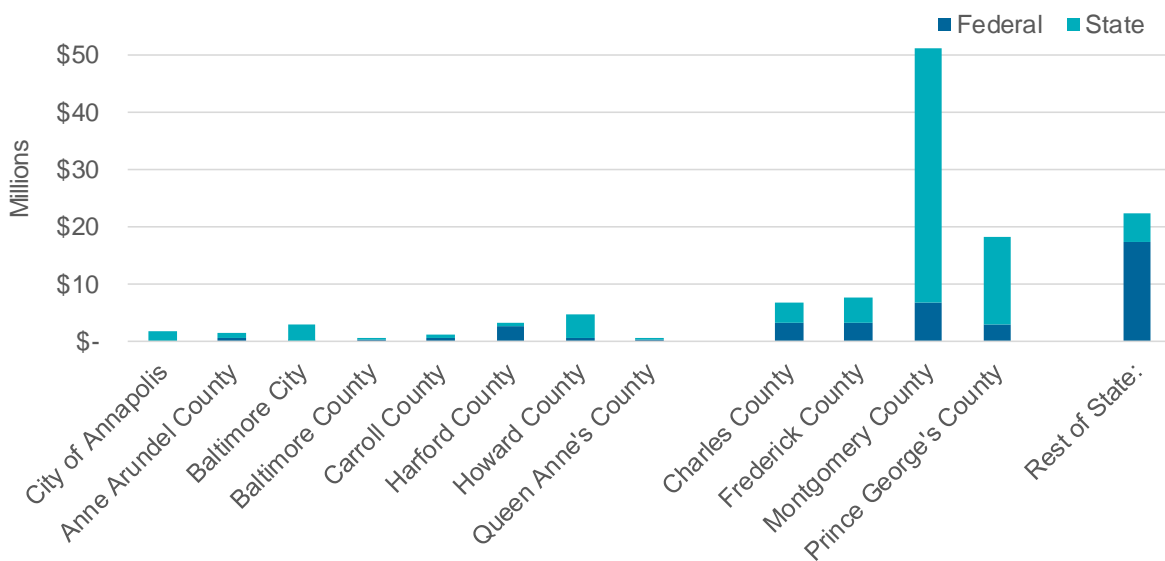
The OLTS program also administers MDOT MTA operating and capital grants to Montgomery and Prince George’s Counties. This funding source is the Washington Area Grant program and is for “eligible service” as defined in 1980 state legislation (Maryland Code, Sections 10-205 and 10-207). This legislation requires the state to assume the portion of WMATA rail and bus costs attributable to those two counties, and also provides grants to support local bus service on non-WMATA routes operated by Montgomery and Prince George’s Counties. A number of elements affect the calculation of the grant amounts and tracking of performance indicators. Although these funds are included in the graphic as part of the LOTS program because they are administered by OLTS, based on the legislation and funding source they are part of Maryland’s support for transit in the Washington area. Because of the mixture of funding sources, there is no overall formula for the allocation of federal and state funds to individual LOTS, though several of the state



programs include allocation formulas for that particular program. Operating awards depend to a large extent on historical factors (including the amount of service operated), and capital awards are based on the MDOT MTA TAM Plan, local TAM plans, and MDOT MTA’s own capital prioritization tool,³ which are constrained by the available funding. Most capital funding comes from federal sources and the majority of operating from state funds

- 1 Includes Allegany, Calvert, Caroline, Kent and Talbot, Cecil, Dorchester, Garret, Mid-Shore, Ocean City, Somerset, St. Mary’s, Tri-county Lower Eastern Shore, Tri-County Southern, Tri-County Western and Washington County.
- 2 Data shown in Figure 36 includes federal and state funding only; MDOT MTA grants require a local match, 25% for operating funds, and 10% for capital. LOTS must provide matching funds and many LOTS programs provide additional local funding beyond the required amounts. Agency budgets also include fare revenue.
- 3 MDOT MTA’s 10-Year Capital Needs Inventory and Prioritization does not address LOTS capital needs.

MDOT MTA Federal and State Funding Distribution by LOTS (FY 2019)



Note: includes Washington Area Grant program distributions in addition to LOTS program grant awards.

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





WASHINGTON D.C. TRACK 3 PENN STATION →

WARNING
For Your safety
This Area May
Be Under Video
Surveillance

MARC
Effective July 16, 2018,
passengers boarding
at this station will be
required to board the train
Please use the new
MARC Ticket
Vending Machine.

Image from Flickr user Elvert Barnes



Image from Flickr user David Wilson

4 National Perspective: Transit Governance and Funding

The Baltimore Region Transit Funding and Governance Study included formal and informal peer reviews.

The formal peer review was focused on peer agencies that operate similar transit modes (i.e., bus, subway and light rail) and/or share similar socio-economic and demographic characteristics with the Baltimore region. Selected peers also reflect a combination of legacy systems (SEPTA, SMART and St. Louis METRO) and newer systems (Utah Transit Authority and Charlotte Area Transit). The peers offer a range of strengths and weaknesses in regional transit governance and funding models.

In addition to the formal peer review, the study team reviewed national literature on best practices associated with transit governance. The team also consulted with individual experts in transit governance, including informal conversations with general managers. As part of this study, the BRTB also hosted a public forum that included national governance experts from TransitCenter and the Eno Center for Transportation.



Image from SEPTA

PEER REVIEW

The study team researched five peer agencies, which each offer different perspectives on regional transit funding and governance models. The study team also included the Washington Metropolitan Area Transit Authority (WMATA) in the research as an example of an urbanized agency that receives funding from the State of Maryland. The peer agencies included:

- Charlotte Area Transit System (CATS)
- Metro Transit St. Louis
- Salt Lake City / Utah Transit Authority (UTA)
- Suburban Mobility Authority for Regional Transportation (SMART) in southeast Michigan
- Southeastern Pennsylvania Transportation Authority (SEPTA)

Each of the peer agencies (and WMATA) are governed and funded according to unique structures (see table, opposite page). The uniqueness of each transit agency's approach

to governance and funding, like MDOT MTA, reflects a combination of history, state laws, regional growth and economic development and local circumstances. All of the peer agencies are governed regionally through a transit board or commission that oversees policy decisions, transit investment and service development. In most cases, the transit agency's general manager is hired by the board and works under their direction. Board composition varies by agency but in all cases, board members represent communities that support service through tax dollars and areas where service operates.

Transit agencies included in the peer review also receive funding through state government. In some cases, like SEPTA, individuals appointed by the State Legislature have seats on the board. In other cases, like CATS, state representation is not included on the transit agency board.

Summary of Peer Agency Governance and Funding Frameworks

Agency	Governance	Funding
MDOT MTA: Baltimore Core Services	<ul style="list-style-type: none"> Decision-making authority rests with MDOT MTA 	<ul style="list-style-type: none"> MDOT MTA is funded through combination of federal and state resources.
MDOT MTA: LOTS	<ul style="list-style-type: none"> Decision-making authority at local level 	<ul style="list-style-type: none"> LOTS funded through combination of federal, state and local resources.
CATS	<ul style="list-style-type: none"> Regional decision-making structure – tied to funding. Successful to date, largely driven by Charlotte Will need to adapt to meet the growing population that is expanding outside of Mecklenburg County 	<ul style="list-style-type: none"> Mecklenburg County sales tax is primary local funding source – additional sales tax is proposed to fund further expansion
Metro Transit St. Louis	<ul style="list-style-type: none"> Governing body (BSD) has responsibilities beyond overseeing regional transit Decision making largely with local jurisdictions 	<ul style="list-style-type: none"> State provides very little funding – leaving local jurisdictions to fund regional transit in Bi-State region
Salt Lake City (UTA)	<ul style="list-style-type: none"> Governance at regional level with full-time salaried Board of Trustees Local and state governments are committed to transit, enabling expansion of regional transit 	<ul style="list-style-type: none"> Local jurisdictions fund transit via property tax and some smaller funding sources Salt Lake City provides additional funds to increase service beyond UTA funds
SEPTA	<ul style="list-style-type: none"> Combination of state and local board representation Consistent leadership provides for steady leadership and vision 	<ul style="list-style-type: none"> State provides roughly half of SEPTA's budget, including dedicated funding for operations State capital funding will sunset in next year and resolution is unknown
SMART	<ul style="list-style-type: none"> Board comprised of officials from counties comprising the service area Board structure allows for direct access to county decision-makers – however, inter-county politics often play out in transit decisions Each county holds an effective veto; thus, decisions must be unanimous 	<ul style="list-style-type: none"> State provides funding support for operations, but largely leaves decision-making to locals Local funding provided by counties – funding must be reapproved via ballot measure every 2-4 years Need for continuous reapproval of funding makes long-term planning difficult and jeopardizes long-term viability of agency
WMATA	<ul style="list-style-type: none"> Decision-making is shared among four partners (Washington DC, federal government, Maryland and Virginia) Partners share decision-making equally 	<ul style="list-style-type: none"> Funding is shared by Washington DC, State of Maryland and Commonwealth of Virginia. Capital funds shared equally among partners with annual commitment. Operating funds (net operating deficit) assigned based on formula (population, ridership and number of rail stations or bus routes). MDOT MTA pays Maryland's share. Virginia's share is funded through a combination of state and local resources.

WASHINGTON DC REGION: TRANSIT FUNDING

The Washington, D.C. metropolitan area provides a relevant point of comparison for the Baltimore region on issues related to transit funding and governance. The D.C. region includes a regional transit operator (WMATA) that is coordinated with Washington-area LOTS agencies in Montgomery County and Prince George’s County. Both WMATA and LOTS are partially funded by MDOT.

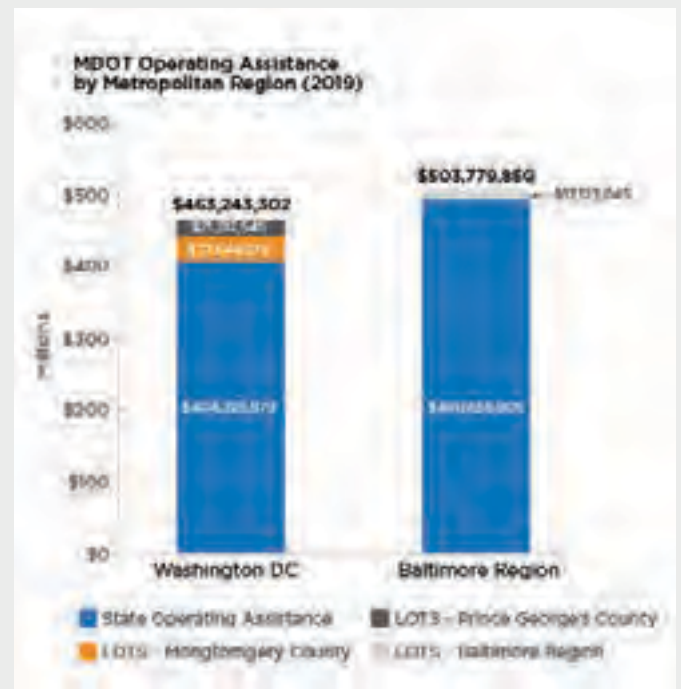
Operating Funding

WMATA raises operating funds through a combination of federal, state, and local revenues, as well as fares and revenues generated through programs like parking at rail stations and advertisements. WMATA raises just under 40% from fare revenues. The remaining 60% - the net operating subsidy - is mostly paid by WMATA’s partners, the District of Columbia (the District), and MDOT, and five jurisdictions in Virginia (the cities of Alexandria, Fairfax, and Falls Church, plus Arlington and Fairfax counties through the Northern Virginia Transportation Commission) (see chart below). The amount that each jurisdiction pays is determined by a series of formulas for each of WMATA’s primary modes: rail, bus, and ADA complementary paratransit services:

- **Metrorail costs** are distributed based on population density, weekday ridership, and the number of rail stations.
- **Metrobus routes** are classified as either regional routes or local routes. Regional routes that cross jurisdictional borders or have regional “significance”. WMATA is responsible for regional routes, with costs distributed among partners according to population density, weekday ridership and service hours and miles. Routes classified as “local” are operated by local jurisdictions and not paid by WMATA. In the case of Maryland, costs are paid by passenger fares, state and federal grants and local funding.
- **ADA paratransit** is charged back to jurisdictions based on the trip origin of riders.
- **WMATA costs assigned to Montgomery and Prince George’s counties** are paid by MDOT.
- **In FY 2019**, MDOT’s payment to WMATA was \$404.4 million.

Montgomery and Prince George’s counties each operate local service that provides connections to WMATA services and supports travel within each county. These transit services are administered by MDOT MTA as part of the LOTS program. LOTS service in Montgomery County is branded as RideOn and Prince George’s is TheBus. In FY 2019, Montgomery County received \$37.6 million from the LOTS program and Prince George’s County received \$21.2 million. Local funding is also a critical part of these two programs, with county funding accounting for 50% of RideOn’s operating funds and 41% of TheBus.

Transit funding is organized in terms of operating and capital funds. There are logical reasons for businesses to consider day-to-day expenses and longer-term capital investments differently. For transit agencies, however, creating separate funding categories reflects federal funding programs; the Federal Transit Administration (FTA) offers more money and grant programs to fund capital programs. The FTA also funds capital at a much higher rate as compared with operating funds, especially in urbanized areas.

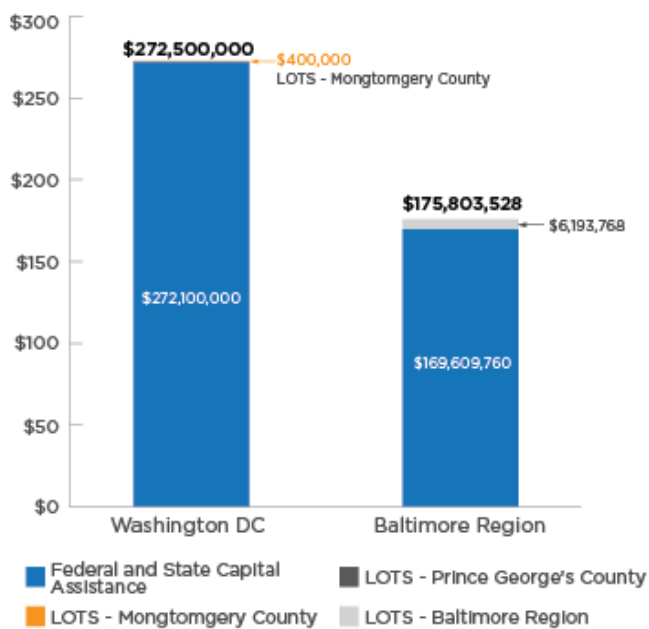


Source: National Transit Database, WMATA 2019 Budget Book



Image from Flickr user Elvert Barnes

MDOT Capital Assistance by Metropolitan Region (2019)



Source: National Transit Database, WMATA 2019 Budget Book

Capital Funding

WMATA's FY19 – FY24 Capital Improvement Program (CIP) totals \$8.5 billion. This program is funded with federal and partner contributions, plus a handful of other smaller revenue streams. Actual projects programmed in the CIP vary by year; in FY2019, WMATA planned \$1.28 billion in capital programs. Bus capital projects and debt issued for bus and rail projects is distributed among WMATA partner jurisdictions using the same formula for bus operating costs. Costs and projects that cannot be allocated to a specific mode are distributed using an average of the bus and rail formulas. In FY2019, Maryland's share of the programmed CIP investments amounted to \$272.5 million.

Montgomery and Prince George's counties have transit capital programs; like WMATA actual capital investments they vary by year. In FY2019, Montgomery County's transit capital program was funded with \$21.5 million, including \$6 million from the FTA and \$400,000 from MDOT MTA. Another \$15.1 million was raised locally. Prince George's FY 2019 capital program was funded entirely with local resources.

WMATA Dedicated Capital Funding

In 2018, WMATA's partners dedicated funding to the system's capital program with \$500 million total per year. These funds provide WMATA with flexibility to plan critical capital projects on a long-term horizon and provide a reliable revenue stream that can be used to issue bonds and take on debt. As part of its commitment to WMATA, the State of Maryland will provide \$167 million annually to WMATA's capital fund. This is in addition to Maryland's ongoing support of the funding compact. Maryland will provide this funding from the State's general revenues, not the TTF. In a similar manner, Virginia's share of this dedicated funding source for WMATA's capital needs is provided directly by the state's Department of Rail and Public Transportation, as an addition to the capital contributions made by the localities and state through NVTC



Themes Observed in Peer Agencies

A detailed analysis of each of the peers is in Appendix C. This section summarizes a handful of themes and findings most relevant to the Baltimore region:

- **Finding the right role for State government in local and regional transit governance is challenging, with roles often shaped by history and state politics.** Among the peers included in this analysis, state involvement in regional decision making was an important consideration, with four of the five peers having state representatives, appointed by the governor or state legislature, on transit governing bodies.
- **It is both important and challenging to balance representation and influence among partners,** including the State, City, inner suburbs, and outlying areas. Balancing representation and influence should strive to balance regional representation and coordination.
- **Formal committees provide additional perspective and allow for greater stakeholder representation.** Including stakeholders, such as public coalitions and partnerships with the neighboring communities and populations served, when making transit-oriented investment and policy decisions and developing the annual budget is key to ensuring buy-in throughout the decision-making process.
- **Transit boards work best when they are comprised of individuals who are capable of fulfilling the agency's mission.** Having board members who are well-connected to those in leadership positions from the appointing governments can help agencies achieve buy-in from local and/or state governing authorities. The example

of UTA paying its full-time trustees provides an interesting case study for composing a board.

- **Governance and funding cannot be totally divorced.** A county or municipality's influence on governance and resources is generally commensurate with the level of funding it provides. There is a general unwillingness to cross subsidize other jurisdictions.

Consistent themes associated with transit funding include:

- **Federal, state, and local governments are important funding partners** at each of the reviewed peers, especially local partners, which are a substantial contributors of transit funding at all other major metro area transit agencies in the U.S.
- **While State funding provides some key benefits, such as consistency and predictability, transit funding is generally a lower priority** than highway funding at the State level.
- **A dedicated local funding source,** particularly one with no sunset clause, is best for long-range planning and system viability.
- **Codifying the allocation of locally raised funds in the form of an interlocal agreement** can ensure that resources are directed in a consistent manner and not influenced by shifting politics.
- **For some peer agencies,** there exists a culture in transit agencies whereby the funding provided by a stakeholder is proportional to the expected level of influence.



Image from Flickr user David Wilson

Key Takeaways for The Baltimore Region

The peer review allowed for gathering observations and lessons from a variety of peer agencies, some of which are long-established organizations that share similar challenges. Others are relatively new organizations in fast-growing metropolitan areas who have not yet had to face the challenges facing the Baltimore region. Collectively, the peer review provides insight into best practices, lessons learned, and case studies on the impact of certain decisions.

In addition to the peer review, in May 2021, a public forum was held which included a panel discussion with transit professionals and experts who discussed their experience and insight on issues related to transit governance. These national practitioners reflected on how Baltimore can take lessons learned elsewhere to propose changes that better meet the region's goals.

Key takeaways from both the peer review and panel include:

- **It is critical to strike the right balance of representation** between the state as well as each of the counties and municipalities in the Baltimore region.
- **Funding will have the greatest impact on service improvement** – allowing for increased investment in existing assets and expansion to meet shifting demands.
- **Better coordination between transit systems** will improve regional service.
- **Strong regional connections require a positive climate towards transit** and clear commitment by the state, counties and center city to a healthy regional transit system.
- **Experience elsewhere shows a general unwillingness to cross subsidize investment and services for other communities.** Thoughtful and thorough interlocal agreements can help codify how resources will be allocated to meet needs and have the greatest impact.
- **Transit leadership is currently aligned to political leadership and its four year election cycles.** Large scale capital improvements often have longer timelines, making it difficult to implement large scale improvements to the transit system. Staggered terms for advisory or board leadership can help sustain momentum and capacity to implement improvements.
- **Governance reforms should consider transit workforce protections to safeguard existing transit employees.** Honoring existing labor agreements and providing workforce job security and voice are essential to ensuring the buy-in and support of frontline employees.
- **A comprehensive, multimodal regional transit network can promote resilience, encourage active transportation, and improve sustainability.** This is particularly important to the Baltimore region since ridership fell less drastically during the pandemic in comparison to peers.



Commuter Bus Connections

in Downtown Baltimore and/or Johns Hopkins Hospital:

- 215 310 320 416 411 470 415



Map Legend

RAIL LINES:

- M** Metro SubwayLink Line/Station
Luwings Mills to Johns Hopkins Hospital
- L** Light RailLink Line/Station
BWI Airport or Glen Burnie to Fairgrounds or Hunt Valley
- L** Light RailLink Shuttle Station
Penn Station to Camden Station
- MARC Train Lines Stations
Penn Station to Washington DC

CONNECTING BUSES:

Note that some connecting buses may require crossing the street and/or walking a short distance.

- CityLink Routes**
Frequent Daily Service - 24 Hours
- LocalLink Routes**
Daily Service
- Express BusLink Routes**
Weekend/Evening Service
- Free Charm City Circulator**
Through-Downtown Service
- Baltimore's Blue Share Link**
Bike & Ride and Amenity



See bottom left corner for bus connections at Charles Center

Charles Center is home to the MTA TRANSIT STORE at the corner of Baltimore and St. Paul Streets. You can get CharmCards here!

Bus Connections at Charles Center

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AS	47	71	76	32
183	133	150	160	111
SA	megabus			

to Washington, DC



Image from Baltimore Metropolitan Council

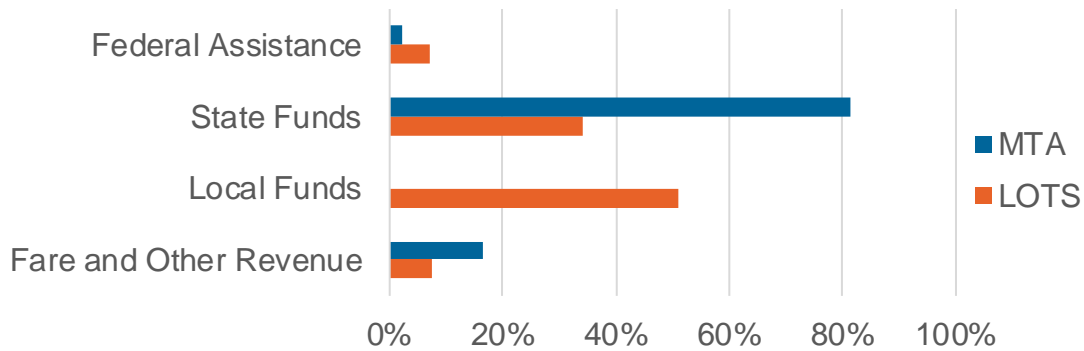
5 Transit Funding in the Baltimore Region

Funding is a critical part of regional transit governance, and it is especially important in the Baltimore region.

The Baltimore Regional Transit Governance and Funding Study considered transit funding both in terms of how specific transit funding measures may integrate with different governance models and in terms of how the Baltimore region could raise additional funding to support transit. This analysis was developed using a variety of primary data sources, including research previously conducted about transit funding and the State of Maryland:

- **Final Report to the Governor and Maryland General Assembly** by the Blue Ribbon Commission on Transportation Funding, November 2011
- **Final Report to the Governor and Maryland General Assembly** by the Local and Regional Transportation Funding Task Force, December 2013
- **Report of the Maryland Board of Revenue Estimates on Estimated Maryland Revenues**, December 2020
- **Comprehensive Annual Financial Reports (CAFRs)** from relevant Maryland counties, 2020
- **Maryland Transportation Authority FY2021 Traffic and Toll Revenue Forecast Update**, November 2020

MDOT MTA and Central Maryland LOTS Operating Funding by Source, FY 2019



Source: National Transit Database

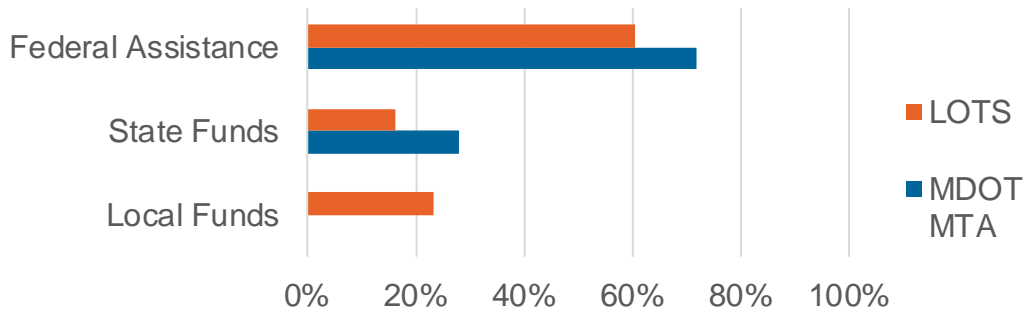
Today, MDOT MTA and LOTS agencies fund transit differently. While all transit services rely on passenger fares for a portion of their operating revenues, MDOT MTA services depend on state funding for much of their operating revenues¹. This contrasts with the Central Maryland LOTS agencies, which use a combination of federal, state, and local funds for operating revenues (see chart above). MDOT MTA relies significantly on state funding because needs exceed available federal

funding and because of some limitations on the application of federal funds.

MDOT MTA and the LOTS program also fund capital programs differently. MDOT MTA relies entirely on federal and state funding for its capital investments, whereas the LOTS systems use a combination of federal, state, and local funding (see chart below). Fare and other system-generated revenues are fully utilized in the operating program and thus not available for capital funding.

¹ In most cases, FTA funding cannot be used for transit service operations in large, urbanized areas. Exceptions are made for transit agencies that operate fewer than 100 buses in peak services and some specific programs.

MDOT MTA and LOTS Capital Funding by Source, FY 2019



Source: National Transit Database

POTENTIAL TRANSIT FUNDING SOURCES

Throughout the United States, transit is funded at the state and local level in a variety of ways. The federal government supports public transportation with an assortment of grants and funding programs, largely through the FTA and U.S. Department of Transportation (USDOT). Passenger fares are an important source of revenue for many transit agencies, especially urban systems. As a result, all transit agencies in the United States raise revenues beyond federal grants and passenger fares. In most cases, transit agencies raise revenue to support operations and capital programs by receiving funds from state governments and/or raising revenues locally.

Local revenues typically fall into one of two types – dedicated funding sources, like taxes that are specifically levied to support public transportation and assessments, or direct contributions paid by local governments or other transit agency partners. Transit agencies almost always prefer dedicated funding programs because having a dedicated funding source gives agencies resources that they can directly measure and manage without competing with other important public services for funding. Dedicated funding sources often have the added advantage of allowing agencies to raise additional funds through bonding.

Transit agencies use several traditional and non-traditional funding measures. These traditional taxes include property, income, and

sales taxes; taxes on transportation services and investments; user fees; and “sin” taxes on items like alcohol, cigarettes, and lottery revenues. For this effort, the study team inventoried each of these funding measures for their potential application in Central Maryland (see table below). The study team also estimated revenue for funding sources in the inventory that are most feasible and appropriate for the region as well as a handful of other important characteristics associated with individual taxes and fees:

- **Revenue potential** – estimates the revenue potential of the proposed measure and the likelihood of an individual funding measure to generate revenue in line with expected needs.
- **Stability** – reflects the likelihood that funding amounts are relatively certain and/or can be predicted over time.
- **Equity** – any future transit revenue strategy should be fair or equitable in terms of both who pays the tax and who receives the benefits. Transit funding measures are typically measured in terms of horizontal and vertical equity. Horizontal equity requires that people with comparable needs and abilities be treated equally. Vertical equity requires that the allocation of benefits and costs favors disadvantaged people.²

² Victoria Transportation Policy Institute, “Evaluating Transportation Equity: Guidance for Incorporating

Inventory of Potential Transit Funding Measures

Traditional Taxes	Transportation-Related Revenue Sources	Transportation User Fees	Excise Taxes and Lottery	Financing Mechanisms
<ul style="list-style-type: none"> • Property Tax • Income Tax (Corporate*, Personal) • Sales Tax 	<ul style="list-style-type: none"> • Local Assessments • Transportation Climate Initiative (Carbon Taxes) • Transportation Utility Fee • Developer Impact Fee 	<ul style="list-style-type: none"> • Tolls** • Fuel Taxes* • Rideshare Tax** • Vehicle Registration Fee* • Vehicle Miles Travel Fee • Mobility / Congestion Pricing • Parking Taxes • Micro-mobility tax (scooters, etc.) • Fares** 	<ul style="list-style-type: none"> • Alcohol Tax • Cigarette Tax • Cannabis Tax • Lottery Revenue • Lodging Tax • Real Estate Transfer Tax • Rental Car Tax** 	<ul style="list-style-type: none"> • General Revenue Funds/Bonding • Land Value Capture • Revenue Bonds

Source: Nelson\Nygaard

Notes : * Denotes funding source already used by Maryland Transportation Trust Fund

** Denotes funding already used in Central Maryland

- **Existing or new revenue source** – identifies if the tax or fee is already used in the State of Maryland.
- **Expected taxing agency** – evaluates if the tax is logically and appropriately levied at the state, regional or local level (or a combination of multiple levels).

For purposes of this analysis, funding measures were also classified as either “Major” or “Secondary” sources. Major sources represent a single tax or fee that has potential to raise sufficient funds to meet the region’s needs. Secondary funds have lower revenue potential and thus would require a combination of multiple taxes and fees to meet transit needs.

Note that the funding measures included in this chapter are not recommendations. Instead, they are designed to be examples of different ways that transit **could** be funded and include general estimates of how much money **could** be raised. A full analysis of the individual funding sources examined as part of this study is included as Appendix D. This section focuses on the revenue generating mechanisms, their relative revenue potential and their application to regional governance models.

Major Transit Funding Sources

As mentioned, major funding sources increase the potential to raise sufficient funds to support transit agency capital and operating needs. These funding sources include fees or taxes levied on:

- Motor vehicle fuel (gas) Tax
- Sales tax
- Property tax
- Income tax
- Tolls
- Vehicle miles traveled

National experience shows that toll revenues can be a major source of transit agency financial support. A transit agency’s ability to levy any of the major taxes almost always requires both receiving taxing authority from the state and voter approval. An exception is with tolls, which are typically considered a user fee rather than a tax, so while states still need to authorize tolls, they do not typically require voter approval.

Since 2015, many cities and regions around the country have had success gaining voter approval for taxes to support transit (see map on opposite page).

Secondary Transit Funding Sources

Many other funding sources are also commonly used to fund transit, which include:

- Local assessments
- Special assessment districts
- Rideshare fee
- Vehicle registration fee
- Real estate transfer tax
- Rental car tax
- Lodging tax
- Alcohol excise or sales tax
- Cigarette sales tax
- Transportation utility fee

All of these would reliably provide less revenue than the five major sources discussed above, and in most cases meeting transit needs would require one or more of these taxes.

Relevant literature includes a long list of potential funding sources for transit, but many are less feasible or relevant due to the low amount of revenue that could be earned, relative to administrative burden or political

Distributional Impacts in Transportation Planning”, April 2021, Todd Littman.

Major Transit Initiatives Since 2015 and Primary Funding Sources



feasibility, and/or their lack of domestic precedent.³ The study team reviewed the following list of other potential funding sources, but these were not studied due to limited precedent and/or administrative feasibility relative to revenue potential:

- Tire tax
- Weight-based vehicle sales tax
- Vehicle battery tax
- Weight mile truck fee
- Development impact fees
- Storm water fee
- Parking tax
- New license or title fees (regionally)

Other potential funding sources were studied in more depth because of their potential to raise significant funding for transit in the Baltimore region. These sources were Cannabis Tax, Fare Increases, Membership Dues, and City/County In-Kind Resources.

Transit Financing and Partnerships

Using financing to support public infrastructure involves borrowing money to build the project and paying it back over time, either through user fees like tolls or with a dedicated funding source, like a tax or fee. In some cases, private partners will build roadways, bridges, or tunnels in exchange for access to toll revenue for a set period. There are a handful of advantages associated with financing infrastructure projects, among the most important is that projects can occur sooner. Another important advantage is that future payments are predictable for a set period allowing for easier budgeting and beneficiaries more directly pay for the investment over the period of its use. The State of Maryland has and does use project financing and public-private partnerships to build transportation infrastructure, such as modernizing toll plazas on I-95 and for the investment in the Purple Line light rail line.

Transit project in the United States rarely attract transit system-sourced financing because passenger fares do not generate

³ Todd Littman, Victoria Transport Policy Institute. <https://www.vtpi.org/tranfund.pdf>

sufficient revenue to pay the costs of building the service. Instead, some transit agencies or cities in the United States use dedicated non-system funding streams (taxes or fees) to leverage financing to advance specific projects. Without some sort of dedicated funding, transit agencies are not able to use financing tools to raise funds.

There are also a handful of cases in the United States where transit projects have been built through partnerships with private industry and philanthropists. In some of these cases, private industries have provided funds in exchange for naming rights, such as the

Cleveland's HealthLine; the Greater Cleveland Regional Transit Authority raised \$6.25 million through a naming rights deal and is using the funds to maintain stations and service levels. Another example is the M-1 Rail Line in Detroit, which was funded through a combination of grants from private foundations, the federal government and bonds issued by the City of Detroit. Other private partners helped sponsor individual stations. In Maryland, the Purple Line is being developed under a public-private partnership that includes a private concessionaire arranging financing for a portion of project construction.



SUMMARY OF OPTIONS AND REVENUE POTENTIAL

While there are many ways to fund public transit programs, there is no best or recommended way. Ultimately, the best approach must be tailored to local circumstances, including identifying a funding package that will produce the required revenue and achieve the highest levels of public and political support. There are at least two ways to fund major transit initiatives: enact a single tax that is set high enough to fund the entire program or create a diverse funding package with multiple taxes and fees.

Individually, and at the illustrative statewide rates indicated in the table to the right, some of the most common taxing methods could each generate tens of millions of dollars in revenue per year for the State of Maryland or the Central Maryland region. With different rates, raised amounts would be proportionally higher or lower. Many funding sources could provide significant supplemental revenue, while others would provide only minor amounts.

Comparison of Transit Funding Strategies

	Statewide Revenue Potential (in millions \$)	County-Level Revenue Potential (in millions \$)	Equity	New/Existing	Legislatively Enabled (is it allowable?)
Alcohol Tax	\$3.4	None	Regressive	Existing	Statewide
Cigarette Tax	\$19.6	None	Regressive	Existing	Statewide
Corporate Income Tax	\$45.7	None	Neutral to progressive	Existing	Statewide
Fare Increase	\$5.9	None	Regressive	Existing	Yes
Fuel Tax	\$138.1	None	Neutral to progressive	Existing	Statewide
Lodging/Hotel Tax	None	\$1-3	Regressive	Existing	Countywide
Legalized Cannabis Tax	\$60.5	None	Regressive	New	No
Developer Permits and Licenses	None	\$0-2	Neutral	Existing	Countywide
Property Tax on Residential Real Estate	\$76.9	\$0.8-10	Progressive	Existing	Statewide and Countywide
Real Estate Transfer Tax	\$222.1	None	Neutral to progressive	Existing	Statewide and Countywide
Rental Car Excise	\$2.5	None	Regressive	Existing	Statewide
Sales Tax	\$373.6	None	Regressive	Existing	Statewide
Personal Income Tax	\$607.6	\$0-62.4	Varies	Existing	Statewide and Countywide
TNC Fee	\$15.1	\$0-2	Somewhat progressive	Existing in some counties	Countywide
Tolling Revenue	\$38.8	None	Somewhat progressive	Existing	Statewide
Transportation Utility Fee	\$26.0	\$0.25-4	Somewhat regressive	New	Unknown
Vehicle Miles Travelled Charge	\$2,340	N/A	Neutral to progressive	New	No
Vehicle Registration Fee	\$43.3	\$4-60	Somewhat regressive	Existing	Statewide

Source: Nelson/Nygaard Consulting Associates and "Evaluating Public Transportation Local Funding Options," Journal of Public Transportation, Vol. 17, No. 1, 2014, pp. 43-74



Image from Baltimore Metropolitan Council

CHALLENGES AND OPPORTUNITIES

Instituting new taxes and fees is challenging. Experience nationally, however, suggests that residents and businesses have been receptive to transit taxes, especially in cases where taxes are directly tied to increased investments in transit services. The study team evaluated individual taxes and fees in terms of a handful of characteristics, including revenue potential, stability, and equity together with if the tax or fee represents an existing or new revenue and if the tax/fee is most logically implemented at the local, regional, or state level (see table, bottom of page 5-3).

Traditional transportation taxes such as fuel tax, sales tax, income tax, property tax, real estate transfer taxes and increasing tolls offer the most revenue potential. In all cases, relatively low rates can raise significant revenues and meet or exceed funding requirements for some level transit improvements and/or partially address State of Good Repair gaps. In Maryland, most of the traditional transportation taxes are already in existence and most are levied statewide. They also offer challenges and opportunities in terms of equity and stability. Fuel taxes, for example, in Maryland are already high relative to neighboring states as are sales, income, and property taxes. Fuel and sales taxes are also regressive and property taxes, while generally neutral or progressive are significantly higher for residents of Baltimore City as compared with other jurisdictions in Central Maryland.

Two funding measures stand out in terms of revenue potential, stability, and equity:

Real Estate Transfer Taxes and Tolling. Real Estate Transfer Taxes offer some potential because rates imposed by the State of Maryland are low relative to neighboring states and the tax also offers a stable source of revenue and is progressive. Increasing tolls has the potential to raise significant revenue. The funding is relatively stable and equitable, depending on the exact structure, with express lane tolling being less stable. An important challenge to increasing toll rates is that tolls are already collected and used to support the Maryland Transportation Authority, including debt secured by existing toll revenue. The relationship between tolls and the Maryland Transportation Authority is set by a trust agreement; any change in this relationship would require legislation and possibly, debt restructuring.

Smaller taxes and fees used in combination could provide a local source of revenue to support transit investment. Among the most promising taxes and fees include taxes on ridesharing or TNCs. At relatively low levels, taxes on ridesharing services have the potential to raise between \$15 million (with tax at \$0.25 per trip) and \$60 million (with tax at \$1.00 per trip) annually statewide. At these levels, the fees could meet the lower end of revenue needs for Maryland or Central Maryland; slightly higher rates may meet revenue needs for modest improvements without addressing State of Good Repair. The fees vary in terms of stability; a ridesharing tax is not expected to be as stable as a transit utility fee, but ridesharing taxes are more equitable as compared with a transit utility fee.

IMPLICATIONS FOR DEVELOPING TRANSIT GOVERNANCE AND FUNDING ALTERNATIVES

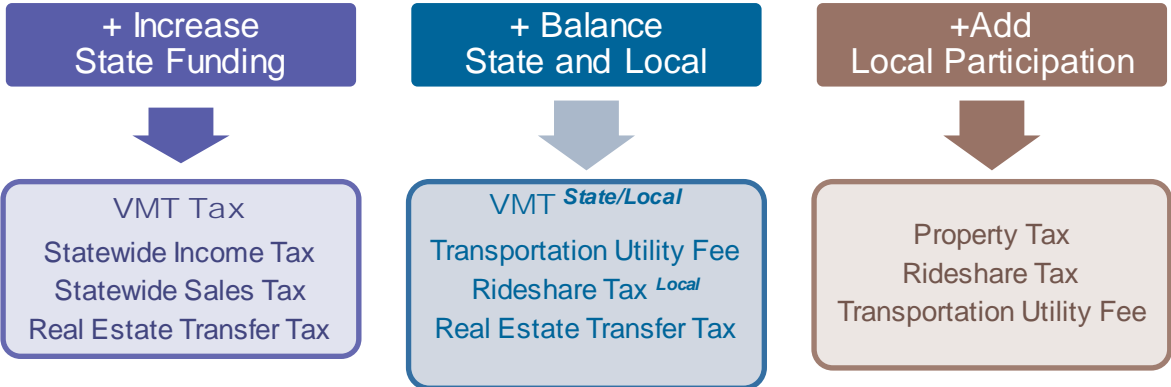
The Baltimore region requires additional funding to fulfill transit plans and address a backlog of state of good repair investment needs. It is also important to identify funding measures that allow individual cities and counties to raise additional resources and participate in the cost of funding and operating transit services. Information presented in this section is relevant to the development and consideration of alternatives for transit governance and funding in the Baltimore region. Increased transit investment, including how new funds are assessed and distributed, must be considered within the context of how transit might be governed in the future. Funding sources vary on what opportunities, or challenges, increased investment present as well as how transit decisions are made.

In the development of funding alternatives, one strategy would be to focus on alternatives that generate the highest potential revenue. While these may present the highest fiscal return, they are also often dependent on continued statewide sources of revenue. The Baltimore region would most likely need to compete or share new transit revenues with other parts of the state and/or other MDOT programs (i.e., roads and bridges, airport, and port.)

Other factors to consider when identifying new sources of transit funding are how revenues align with potential governance alternatives and who participates in decision making around transit investment and services. Options such as a new rideshare tax or utility tax, lend themselves to a regional boundary, creating a dedicated stream of funding outside of state sources. Other sources, such as VMT and state income tax, can be assessed and collected most effectively at the state level but can also be applied to individual regions. Regional sources of revenue present the opportunity for city and county participation in how those revenues are distributed to the benefit of local users of the system.

Ideally, future transit funding represents the potential for increasing revenues to meet near- and long-term needs, as well as opportunities to align funding mechanisms with more participation in decision making as to where those funds are directed (see figure below).

Potential Revenue Stream Considerations





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Image from Baltimore Regional Council

6 Baltimore Region: Funding and Governance Models

In the context of public transit, governance refers to how decisions are made with regard to developing, managing, and operating a shared public transit network.

Decisions made by public transit organizations on investments often span multiple jurisdictions and serve a diverse and broad group of individuals (riders). Funding is integrated with governance because public transportation systems are subsidized ventures; this means that taxpayers and other partner organizations, together with fare paying riders have a stake in decisions about where, when, and how transit systems are developed. Governance models offer taxpayers and funding partners options for how they participate or are represented in decision-making, in line with their financial contributions. This link between taxation and representation is fundamental to governance structures in the United States. It also means funding models influence governance and how decisions are shared across partners.

In the case of the Baltimore region, this study set out to identify governance models that offer alternatives to govern regional transit investments. There are three major objectives associated with consideration of alternative governance models. The first is increasing regional and local participation in

decision-making, especially regarding how transit services are planned, designed, and operated in the Baltimore region. A second consideration is the potential of a new governance structure to increase investment in public transportation, including through increased regional and local support. The third objective is associated with strengthening the quality of transit services, including coordination across services and among partner jurisdictions. Alternative governance and funding models, therefore, consider how decisions would be shared, how changes in decision-making could lead to increased investment in transit and how existing services could be improved. These study objectives are incorporated into an evaluation framework to compare strengths and weaknesses of individual models (see illustration on next page).



Image from Flickr user Elvert Barnes

Approach

The following section details the governance models, which include:

0. Status Quo / Do Nothing
1. State Transportation Commission
2. State Transit Commission
3. Baltimore Advisory Board
4. Baltimore Transit Commission (BTC)
5. Baltimore Regional Transit Authority (RTA)

Each model is presented according to a consistent structure that provides:

- An overview of how the model would be structured

- A summary of decision-making processes, including participants
- Relevant associated funding models, including potential new funding measures
- Key issues and benefits associated with the individual model
- References to where the governance model is used in other communities and regions

The overview of governance and funding models also includes a “scorecard” that outlines how the governance model advances each goal.

Study Goals

<p>IMPROVE COORDINATION</p>	<p>IMPROVE SERVICE</p>	<p>REGIONAL CONNECTIONS</p>	<p>ENHANCE DECISION MAKING</p>	<p>INCREASE INVESTMENT</p>	<p>ENSURE EQUITABLE INVESTMENT</p>
<p>How does MTA coordinate with local planning efforts? How well are regional transit planning needs addressed?</p>	<p>Has transit service improved in the Baltimore region? How much service is provided in the Baltimore region? How does Mode Share affect service in the region?</p>	<p>How easy is it to travel throughout the Baltimore Region? How well do services connect?</p>	<p>How Transparent are transit planning and funding decisions? Do locals have input into MDOT and MTA decisions?</p>	<p>How well are transit capital needs addressed? How well are transit service needs addressed?</p>	<p>How is state and local funding distributed? Has funding increased over time?</p>







**Baltimore
Core
Services**

LOTS

**Commuter/
Regional
Services**

Governance Model Alternatives

Overview/Description

The Status Quo (or Do Nothing) option would retain Maryland's existing governance and funding structure, which sets MDOT functions as an umbrella organization, comprised of six transportation business units, largely organized by mode.

Decision-Making and Funding

Decision-Making

The Secretary of Transportation and the modal administrators largely make all the budgeting, maintenance, operations, planning for short- and long-term decisions for MDOT. The Transportation Commission, and several modal boards/commissions exist principally serving advisory roles. The Transportation Commission is composed of seventeen members: ten members appointed by the Governor, and seven ex-officio members who are the regional members of the State Roads Commission (§2-202). The Transportation Commission per State Law (Chapter 526, Acts of 1970) is intended to study the State Transportation System and advise the Secretary of Transportation and Department Administrators on policy and programs. It is not clear that the Commission exercises all their powers--in recent years, the Commission has played a largely ceremonial role of considering requests for the dedication of transportation facilities in memory or honor of individuals or groups of significance to the state of Maryland.

Funding

MDOT is funded by a consolidated Transportation Trust Fund, which is separate from the state's General Fund. The TTF is funded by a combination of transportation user fees, such as fuel taxes, titling taxes, registration fees, operating revenues (such as fares) and corporate income taxes. MDOT is also funded by federal funds, bond proceeds, and other financial instruments available to the agency. Toll revenues are separate and are dedicated to financing of toll facilities which are operated under the

Maryland Transportation Authority (MDTA). The MDTA Board is chaired by the Secretary of Transportation. MDTA funds and bonding are separate from the TTF. MDOT's transportation program is constrained by revenues raised by the TTF, unless an exception is made to utilize General Fund to address a specific project or need, for which there is precedent.

MDOT MTA is the Direct Recipient of FTA funds for the Baltimore Urbanized Area. In addition, MDOT MTA is the Governor's Designated Recipient of formula funding for the entire state (except WMATA, which is the Direct Recipient of funds for the Washington, D.C. Urbanized Area)¹. As the Designated Recipient, MDOT MTA administers federal formula funds for the small, urbanized area, rural and specialized programs statewide. Within the Baltimore region, this includes formula funds allocated for the Westminster-Eldersburg, and the Aberdeen-Bel Air Urbanized Areas. At MDOT MTA, the Office of Local Transit Support (OLTS) is responsible for overseeing the statewide program including the administration of funds to subrecipients and ensuring their compliance with all federal and state requirements.

Within the funds allocated annually by MDOT to MDOT MTA, and with MDOT oversight, MDOT MTA makes decisions about the allocation of funds to capital and operating projects as well as the allocation across modes. Many investment decisions are determined based on existing commitments associated with operating contracts or other agreements. MDOT MTA also has internal priorities for capital planning, which reflect a combination of federal and state legislative mandates. Many of these priorities are laid out in MDOT MTA's TAM Plan and the MDOT MTA Capital Needs Inventory which is required by the Maryland/Metro Transit Funding Act (Chapters 351 and 352 of 2018) and federal mandates. MDOT MTA's draft capital program is discussed with officials in each County and Baltimore City as part of the annual CTP tour.

¹ Within the Baltimore region, the Aberdeen-Bel Air South-Bel Air North Urbanized Area also could be a Direct Recipient, as it has a population over 200,000, but MTA is the Designated Recipient for that Urbanized Area.

Issues and Benefits

Issues

Issues and challenges associated with MDOT MTA's current governance and funding model largely stem from a lack of local and regional input into transit decision-making:

- **Under the current structure**, the key decisions on overall transit funding levels for the Baltimore region are ultimately with the state's executive.
- **There is a lack of transparency into how MDOT makes decisions** and allocates funding across modal units and how MDOT MTA allocates funding across public transportation programs.
- **There is generally an inability to raise additional funds for transit services** in the Baltimore region.
- **There are at least eight transit systems operating in the Baltimore region;** services are largely planned, designed, and operated independently.
- **Regional connectivity is hampered by the fact that each of the systems has its own information systems, fare structures and payments and service levels.** Service levels can also range significantly due to varying levels of local funding.
- **There are real and perceived inequities** regarding how transit services in the Baltimore and Washington D.C. urbanized areas are funded.

Benefits

- **MDOT MTA has supported transit service funding for both capital and operating programs** for the Baltimore region with no required local match for the core regional services.
- **Maryland's Consolidated Transportation Trust Fund provides flexibility** to address needs across the transportation system and is generally more stable with its variety of revenue sources.
- **Having the Maryland Transit Administration and the State Highway Administration under consolidated leadership allows for improved coordination** for transit provision along state highways and coordination of service.
- **MDOT MTA provides the FTA oversight Functions** for the regional LOTs systems.



MODEL #1 STATE TRANSPORTATION COMMISSION

Overview/Description

The State Transportation Commission model would modify the role of the existing Maryland Transportation Commission to manage and oversee the spending/budgeting decision-making and investments associated with Maryland's TTF (see illustration at right). Responsibilities would span across all MDOT modal investments and business units.

The Secretary of Transportation would be the Chair of the State Transportation Commission and work with commissioners to allocate TTF resources and approve major transportation investments. The model assumes Commissioners would be appointed by the Governor and General Assembly and would include representation from regional and local jurisdictions. Accordingly, the model assumes an expansion of the existing Commission.

Decision-Making and Funding

Decision-Making

The State Transportation Commission would be responsible for major decisions surrounding TTF investments, including approval of major transportation investments. Representation on the revised State Transportation Commission and the number of participants would be determined based on the final responsibilities. It is assumed, however, that the new Commission would represent a diversity of transportation interests as well as statewide geography, and representation could be proportional to population or service investment. There would be a concurrent realignment of MDOT MTA that reflects three (3) principal functions/responsibilities MDOT MTA currently holds. These are operating, maintaining, and improving the Baltimore Core Services; operating, maintaining, and improving Commuter and Regional Services (Commuter Bus and MARC Train) and Contracts and managing and allocating resources to the LOTS programs statewide.

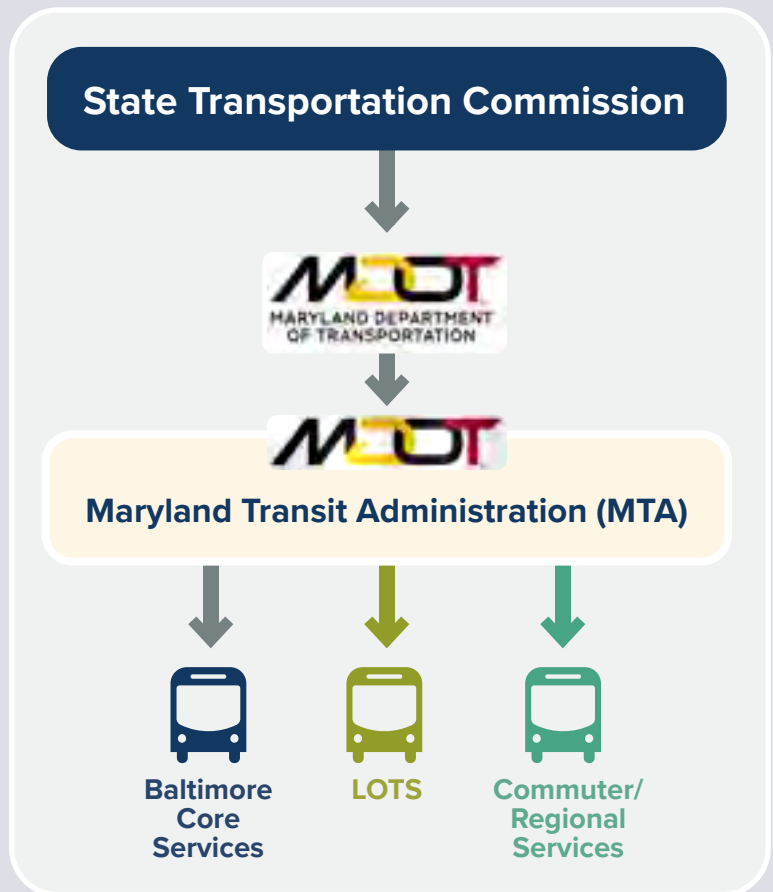




Image from Flickr user Elvert Barnes

Issues and Benefits

Issues

The State Transportation Commission addresses some of the goals associated with the existing transit governance and funding models (see Scorecard below). However, this approach does not create direct opportunities for regional and local input into decisions surrounding transit service priorities in the Baltimore region without direct appointment power by regional or local governments. As a result, the model does not address goals associated with increased service coordination or other service improvements. Finally, there is no requirement or clear direction to increase funding for transit services.

Benefits

The State Transportation Commission offers potential benefits, including:

- **Increased transparency** into MDOT decision-making
- **Movement towards a shared decision-making approach**, with increased diversity of perspective and representation
- **Potential to lead to a reallocation of MDOT priorities**, in turn increasing funding for public transportation
- **Opportunity for more continuity in public transportation policy** if Commissioners had long and/or staggered terms

Similar Models Elsewhere

Several U.S. states use transportation commissions to oversee and guide transportation decisions, including Pennsylvania, Michigan, Washington, California, Colorado, and Minnesota (among others). The State of Maryland also has a State Transportation Commission. This model is an expansion of that entity.

State Transportation Commission Goals Scorecard



MODEL #2 STATE TRANSIT COMMISSION

Overview/Description

A State Transit Commission would create a new commission to oversee spending and investments decisions associated with MDOT (see illustration at right). The governance model assumes the State Transit Commission oversees all MDOT MTA programs; thus, responsibilities and authorities would encompass Baltimore Core Services as well as MDOT MTA's LOTS program and responsibilities for Commuter and Regional services.

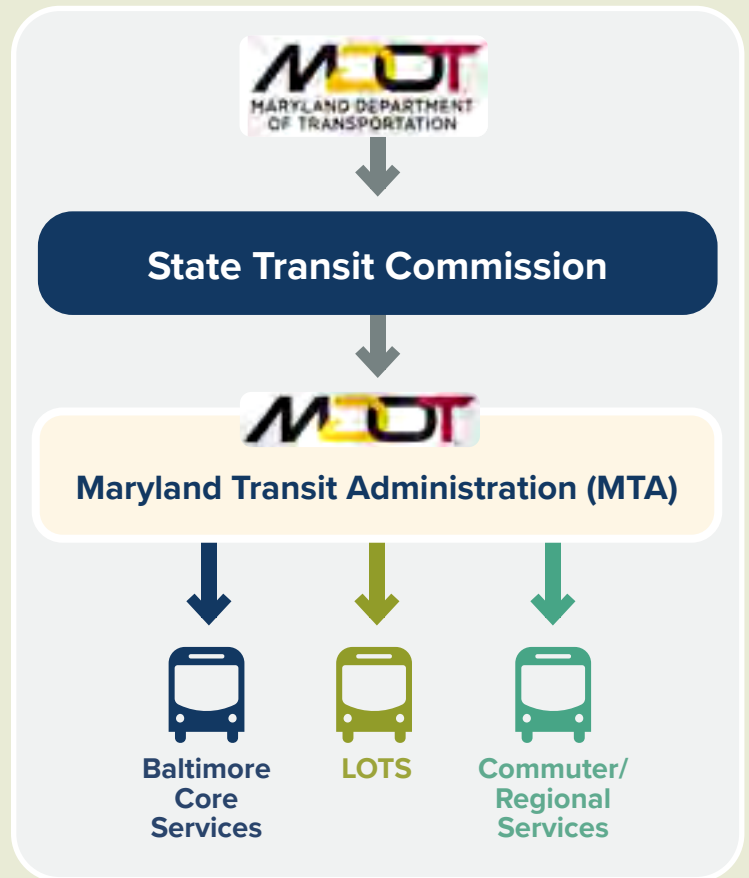
MDOT MTA's Administrator would remain an MDOT employee but report to the State Transit Commission, which would be responsible for hiring and overseeing MDOT MTA's Transit Administrator. Given that the Transit Commissioners would oversee regional and statewide transit investment, participation on the Commission would include representation from the Baltimore region together with a statewide perspective. It would also represent multiple transit service perspectives, including commuter travel, local services, and regional urban markets. Commissioners would have some public transit experience and be appointed by the Governor and approved by the General Assembly.

Decision-Making and Funding

Decision-Making

The State Transit Commission would be responsible for major decisions surrounding MDOT MTA priorities and budget. The Commission would also be tasked with hiring and managing MDOT MTA's Administrator.

The size of the Commission and representation would be determined based on the final responsibilities assigned to the body. As noted, the new Commission would represent a diversity of transit issues and span statewide geography.



Funding

This model does not change the existing funding model. MDOT MTA would continue to be a Direct Recipient of FTA funds. Other revenue sources would include state funds allocated from the TTF, passenger fares and other revenues.

While there is no specific authority for the State Transit Commission to alter funding for transit, the Commission could undertake short- and long-range plans, identify ongoing and significant transit needs and potential additional resources and necessary changes to existing assets, services, and management structures. Because the Commission represents statewide interests and acts as a significant advocate, potential new funding sources could be achieved through extensions of existing state taxes, such as the statewide income or sales taxes.



Issues and Benefits

Issues

The State Transit Commission addresses some of the goals identified as part of this study (see Scorecard at right). Challenges associated with this approach, however, reflect limited opportunities for local and regional input, especially associated with decisions surrounding transit service priorities in the Baltimore region. As a result, the model does not directly address goals associated with increased service coordination or other service improvements. In addition, this model may have issues working within the existing consolidated trust fund decision making process. Finally, while there is no requirement or clear direction to increase funding for transit services, a State Transit Commission could adjust priorities and/or consider opportunities to identify new or additional ways to raise revenues.

Benefits

The State Transit Commission offers potential benefits, including:

- **Increased transparency** into MDOT MTA decision-making
- **Diversification and shared responsibility** for decision-making
- **Creation of a forum for input into decisions** by MDOT MTA
- **Potential to lead to a reallocation of funding priorities**

Similar Models Elsewhere

Most of MDOT's business units, including the Maryland Ports Administration (MPA) and the Maryland Transportation Authority (MDTA) are relevant examples of this model. About half of MDOT's business units currently have an oversight commission or board.

The State Transit Commission model is used by a handful of states that fund transit services according to a statewide model, including New Jersey Transit. While not an exact model, the New Jersey Transit Corporation (NJ TRANSIT) is a statewide transit corporation that manages and oversees a handful of programs, including statewide bus services and rail services. Responsibilities include selecting a President and Chief Executive Officer (CEO) for NJ TRANSIT operations.¹ NJ TRANSIT also administers the FTA's Section 5311 program (federal transit funding that supports the LOTS program) and Section 5310 funding (funding for seniors and individuals with disabilities).

NJ TRANSIT is managed by a 13-member Board of Directors, appointed by the Governor. Eleven members of the Board are voting members, which includes eight members from the public and three state officials. Two non-voting members are recommended by labor organizations and represent a plurality of employees. The Governor can override board actions by vetoing board meeting minutes. Two advisory committees provide additional input, including the North Jersey Passenger Advisory Committee and the South Jersey Passenger Advisory Committee.¹

State Transportation Commission Goals Scorecard



¹ NJ TRANSIT Annual Report (<https://www.njtransit.com/about/about-us/#AnnualReport>)

MODEL #3 BALTIMORE ADVISORY BOARD

Overview/Description

The Baltimore Advisory Board model would create a new body to oversee the spending and investments associated with the Baltimore Core Services (see illustration at right), providing advice and input on budget and operations decisions associated with transit service delivery. The Board could also have a planning function. MDOT MTA would continue to operate services.

The Baltimore Advisory Board would be strengthened if it managed a predictable operating and capital budget to support regional transit services. Predictability would work best if MDOT MTA implemented a transit funding formula or the Maryland State Assembly mandated investment levels.

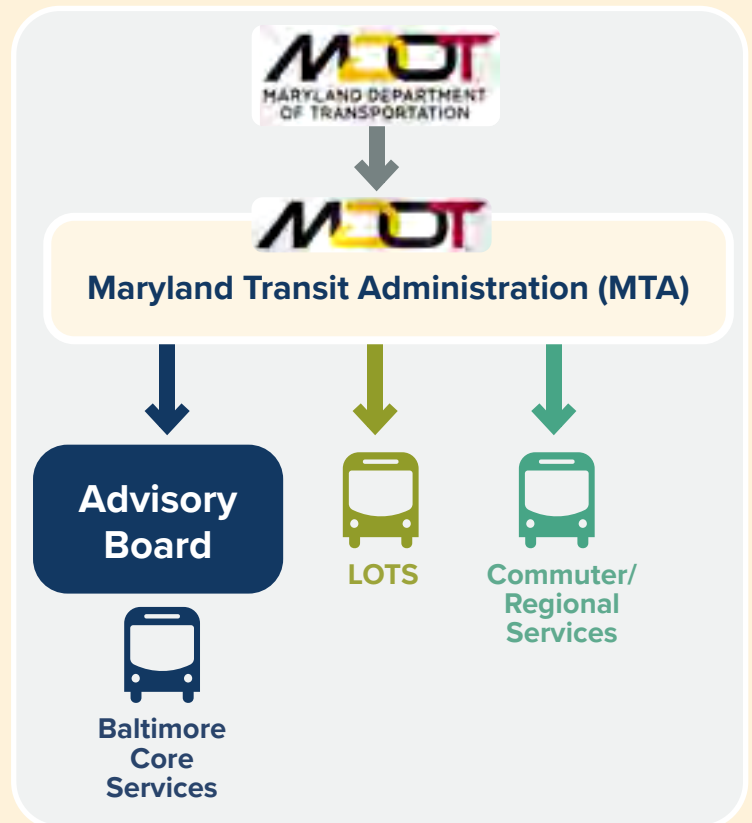
The Baltimore Advisory Board would not have responsibilities associated with either the LOTS program or MARC passenger rail programs, however Express Bus is a commuter service operated in the Baltimore region and would be considered part of the Baltimore Core Services. Advisory Board members would have some public transit experience or represent a key local constituency and be appointed by Governor and approved by the General Assembly. Local government leadership could also provide input to ensure a broad representation of local needs.

Decision-Making and Funding

Decision-Making

The Baltimore Advisory Board would provide advice and input associated with investments and decision making associated with transit service development in the Baltimore region. MDOT MTA staff associated with the Baltimore Core Services would report to the Baltimore Advisory Board.

The size and representation on the Advisory Board would be determined based on the final responsibilities assigned to the body. However, jurisdictions directly served by the Baltimore Core Services (Baltimore City, Baltimore County, Howard County and Anne Arundel County) could be represented on the Advisory Board. It is anticipated that



jurisdictions operating LOTS programs would coordinate services through the Advisory Board, potentially by assigning LOTS transit managers to the Advisory Board.

Funding

This model does not change the existing funding model. MDOT MTA would continue to be a Direct Recipient of FTA funds. Other revenue sources include state funds raised through the TTF, passenger fares and other revenues.

The Baltimore Advisory Board, however, could seek authorization to levy membership fees from participating jurisdictions. These fees would be nominal and established by formula. They would be used to support the Advisory Board's administrative and planning functions.

There is also potential for the Baltimore Advisory Board to increase funding for the Baltimore Core Services if the Advisory Board determined a need for additional resources and opts to advocate for authority to raise regional funds for transit. Given the regional nature of the Advisory Board, potential



Image from Flickr user David Wilson

new funding sources could be achieved through the development of regional funding measures, such as a regional sales tax or potentially a regional VMT tax. The Advisory Board could also play a key role in advancing new local sources of revenue to expand services.

Issues and Benefits

Issues

The Baltimore Advisory Board addresses some of the goals identified as part of this study (see Scorecard below). However, the Advisory Board would have limited authority, especially if MDOT is unable to create a clear funding formula. In addition, gaining authority to generate new or regional funding sources and executing this authority would be challenging.

Benefits

The Baltimore Advisory Board, however, does offer potential benefits, including:

- **Increased transparency** into MDOT MTA decision-making
- **Diversification and shared responsibility** for decision-making
- **Creation of a forum for input into decisions** surrounding the Baltimore Core Services
- **Increased opportunity for service integration and coordination**
- **Potential to lead to a reallocation of funding priorities**

Similar Models Elsewhere

An example of a similar governance structure is provided through the **Middle Tennessee Regional Transportation Authority (RTA)**. The Middle Tennessee RTA is led by a board of city and county mayors and community leaders that serves the greater Nashville metropolitan region. The RTA does not have an ongoing funding source, so levies membership fees to support administrative and planning functions. The RTA does manage federal grants and jurisdiction contributions to support specific projects and services. Decisions about the specific projects and services are carried out by sub-committees comprised of jurisdictions that have a direct stake in those services. Under this model, the RTA operates a small number of regional bus routes, vanpools and carpools, and a regional rail service. In all cases it works closely with the Nashville Metropolitan Transit Authority.

State Transportation Commission Goals Scorecard



MODEL #4 BALTIMORE TRANSIT COMMISSION (BTC)

Overview/Description

The Baltimore Transit Commission (BTC) model would create a new state-regional commission to oversee and manage transit in the Baltimore region. The Commission would include state and local representation and be vested with authority to raise, distribute, and spend funds for transit services and capital projects in the Baltimore region (see illustration below). The BTC would include representatives from Anne Arundel County, Baltimore City, Baltimore County, and Howard County. Other jurisdictions (the City of Annapolis, Carroll County, Harford County and Queen Anne's County) would have the option of joining the BTC. The size and representation on the Commission would be determined based on the final responsibilities assigned to the body but is anticipated to include MDOT and local/regional representatives appointed by the General Assembly. The Commission would reflect a diversity of transit perspectives and geographic interest. The overall makeup would be determined by formula, potentially reflecting population, the amount of transit service provided, or a combination of representation. An important goal of the Commission membership would be to avoid an opportunity for a single jurisdiction to possess the ability to effectively exercise a veto.

The General Manager would be a MDOT MTA employee serving at the pleasure of the BTC. MDOT MTA would continue to operate the Baltimore area's core bus, light rail, subway and paratransit services under the direction of the BTC, and the locally operated services would continue to be operated by those jurisdictions.

The BTC would not have responsibilities associated with either the LOTS program or Commuter Bus and Regional Passenger Rail programs.

Decision-Making and Funding

Decision-Making

The BTC would be responsible for decision-making associated with transit needs, investment decisions, annual budgets, funding requests, and service management. It would create a forum for joint projects and regional service coordination as well as a role in coordinating with local, regional, and state planning organizations.

Funding

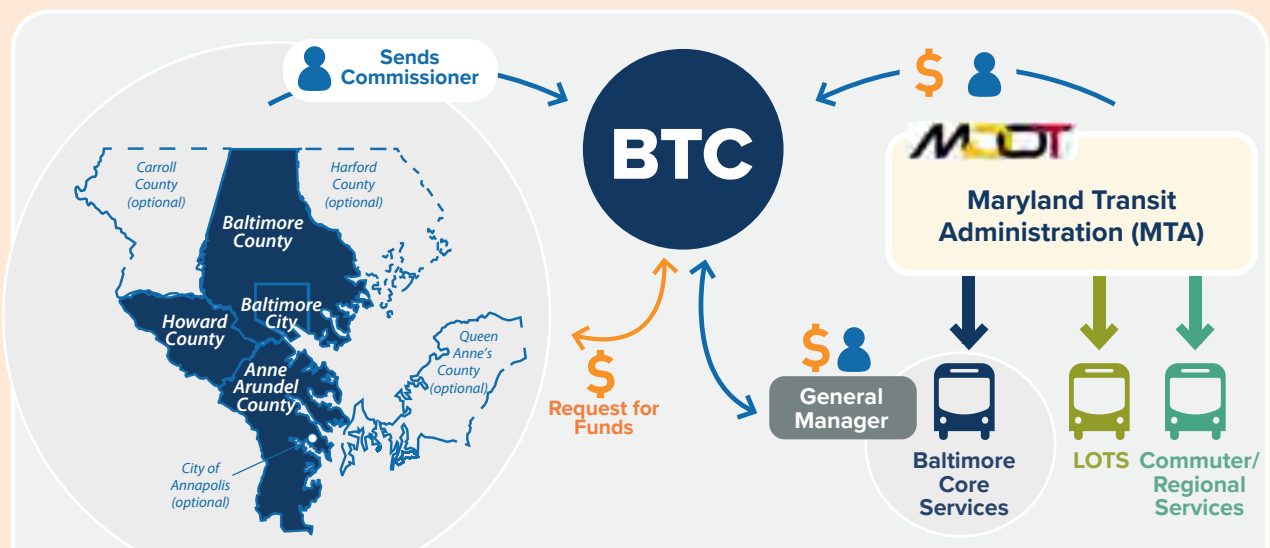
The BTC would develop a regional transportation budget that includes the capital and operating costs of the services in the region, including both MDOT MTA operated services and locally operated services. The budget would be based on funding from fares, MDOT and the FTA. MDOT MTA would continue to be the FTA Direct Recipient.

The BTC would be empowered to raise regional and local funding if authorized by the General Assembly. There are several potential local funding sources including a local property tax for transit (already authorized for several Maryland jurisdictions), an expanded tax on rideshare trips, a regional gas tax increment, a sales tax increment, a payroll tax, etc.

Issues and Benefits

Issues

The Baltimore Transit Commission addresses some of the goals identified as part of this study (see Scorecard on next page). The BTC would require state legislation to create the organization, define its membership and authorities, and provide for specified taxing authority. Depending on statutory construction there will likely



be a need for local enactment of ordinances regarding membership in the BTC.

An underlying challenge with the design of the BTC model is that it requires MDOT and MDOT MTA to cede authority for decision-making surrounding transit investments without changing funding responsibilities.

Another critical challenge is associated with both achieving authority to levy local and regional taxes and executing this authority.

Benefits

The BTC model offers potential benefits, including:

- **Creation of a centralized body** responsible for planning and organizing public transit in the Baltimore region
- **Diversification and shared responsibility** for transit decision-making
- **Increased opportunity for service integration and coordination**
- **Increased funding for transit** with new regional resources

Similar Models Elsewhere

Washington Suburban Transit Commission (WSTC)

The BTC is modeled to some extent on the 1965 legislation that created the Washington Suburban Transit Commission (Chapter 870, Acts of 1965).

This Commission administers the Washington Suburban Transit District, and its authorizing legislation provides it with powers to plan, develop, and oversee the transit system(s) serving Montgomery and Prince George's Counties. While staff is largely funded by MDOT, the WSTC has a key role in coordinating with the Washington Metropolitan Transit Authority (WMATA) as it oversees Maryland's funding for WMATA and coordinates with MDOT MTA on the Washington area grants provided to the two Maryland counties. It also coordinates the appointment of Maryland's two WMATA Board members (one of which is the MDOT Secretary and the other also is one of the Governor's appointees). It is authorized to levy a property tax for transit in each county, and it collects approximately \$25 million per year for Prince George's County's transit program under a Memorandum of Understanding with the County. The funding raised can be used to support transit services (capital and operating), but also for debt service and administrative costs. Montgomery County also has a transit tax that is levied countywide. This tax is collected by the County as part of its overall property tax schedule.¹

¹ Montgomery County's transit tax is \$0.0736 per \$100 of assessed value for real property tax and \$0.1840 per \$100 of assessed value for personal property (montgomerycountymd.gov/finance/taxes/rates.html)

The Commission consists of seven members appointed to four-year terms. Two are chosen by the Montgomery County Executive, and two by the Prince George's County Executive, one is the MDOT Secretary and two are appointed by the Governor (with the advice and consent of the Senate).

Northern Virginia Transportation Commission (NVTC)

Another example that is also a regional planning and funding entity, but not an operator, is NVTC. Like the WSTC, the NVTC acts as a conduit for funding to WMATA, including state and local funding. In that role it manages and oversees state and regional funding for six local bus systems, administers the regional Commuter Choice program, and facilitates regional transit coordination. It also appoints Virginia's WMATA Board members. It was created by state legislation (Transportation District Act of 1964 (VA Code 33.2)) and in local ordinance. It manages the operating and capital assistance provided by the State's Department of Rail and Public Transportation (DRPT), allocating these funds to the six local systems. It also receives and allocates the Regional Motor Vehicle Fuels Sales Tax revenue to the local systems. The jurisdictions instruct NVTC to make payments to WMATA on their behalf out of their funding balances.

The Commission is comprised of 21 Commissioners and five alternates. Fourteen are locally elected officials from the six member jurisdictions, six are appointed by the General Assembly (two Senators and four Delegates), and one Commissioner is appointed by the Virginia Secretary of Transportation. Of the 14 local members, five are from Fairfax County, three from Arlington County, two from Loudoun County, two from the City of Alexandria, and one each from the City of Falls Church and the City of Fairfax.

State Transportation Commission Goals Scorecard



MODEL #5 BALTIMORE REGIONAL TRANSIT AUTHORITY (RTA)

Overview/Description

The Baltimore Regional Transit Authority (RTA) would merge existing public transit services in the Baltimore region into a single governance structure and model (see illustration below). This new authority would also be the direct recipient of federal transit funding for the Baltimore urbanized area. The RTA would contract for service operations with the option of contracting with MDOT MTA or local LOTS providers.

The RTA model assumes the State would participate in the RTA as a commissioner or board member. The model also assumes the State would continue to support transit operations at levels consistent with existing spending, but that funding would be distributed through a funding formula that provides guidance for how transit funding is distributed across services (i.e., LOTS, Baltimore Core Services, Commuter Rail and Express Bus).

The RTA would include representatives from Anne Arundel County, Baltimore City, Baltimore County, and Howard County. Other jurisdictions (the City of Annapolis, Carroll County, Harford County and Queen Anne's County) would have the option of joining the RTA. The size and representation on the RTA Board would be determined based on the final responsibilities assigned to the body but is anticipated to include MDOT and representatives appointed by the General Assembly. The RTA Board would reflect a diversity of transit perspectives and geographic interest. The overall makeup would be determined by formula, potentially reflecting population, the amount of transit service provided, or a combination of representation and level of transit services. An

important goal of the RTA Board membership would be to avoid an opportunity for a single jurisdiction to possess the ability to effectively exercise a veto.

The General Manager would be an RTA employee, who serves at the pleasure of the RTA Board. The RTA would govern and manage transit services and would need to determine if MDOT MTA continues to operate the Baltimore area's core bus, light rail, subway and paratransit services and LOTS services. Current operators may remain through a contract but there could be impacts to service areas and employee status.

The RTA would not have responsibilities associated with either the LOTS program or Commuter Bus and Regional Passenger Rail programs.

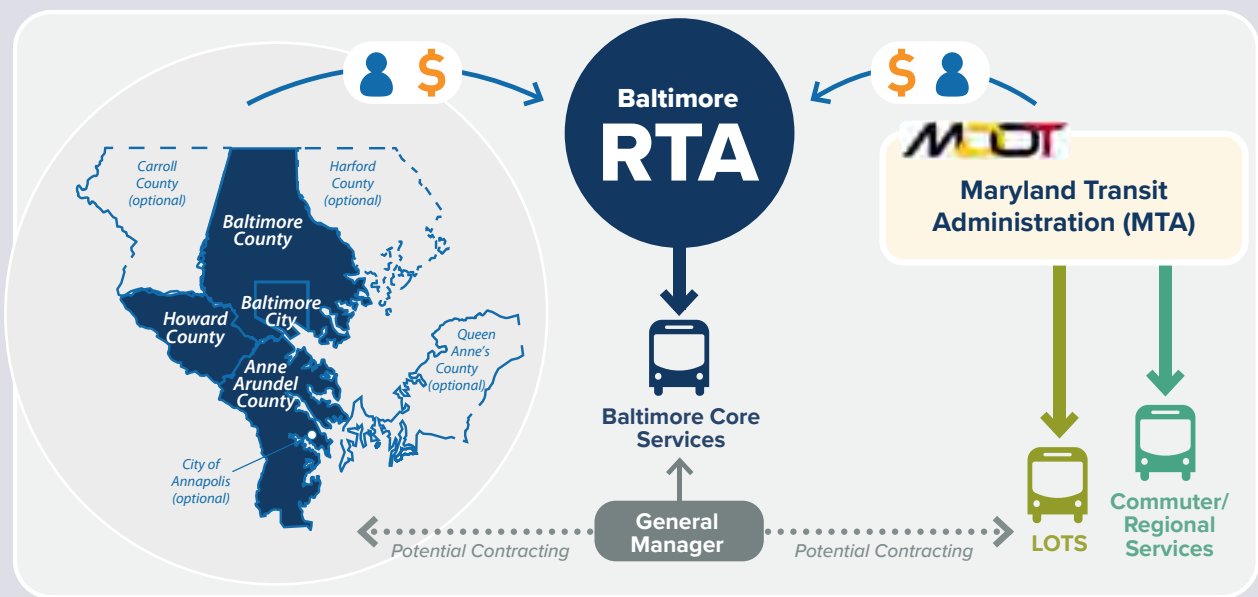
Decision-Making and Funding

Decision-Making

The RTA Board would comprise representatives from the service area. MDOT MTA would also participate with status reflective of their funding contribution. The RTA would set the vision for transit services in the region, manage operator contracts, and oversee compliance. It would also coordinate with local, regional, and state planning organizations. This model would be most aligned with local needs and present opportunities for coordinating land use and economic development through transit investment.

Funding

The RTA would be a direct recipient of FTA funds as well as state funds and passenger fares. This will require MDOT MTA to create a clear formula for how state funds will be distributed. Formula must



balance the status quo with the desire to incentivize certain behaviors, such as regionalization and cost efficiency. The RTA would also be empowered to levy and collect a new local or regional tax to increase transit funding.

Potential funding formulas could be:

- **Subsidy per passenger** (consistent with WMATA; favors urbanized areas)
- **Subsidy per passenger-mile** (favors rural and small urban)

Issues and Benefits

Issues

The RTA model addresses some of the goals identified as part of this study (see Scorecard below) but also includes potential challenges. The RTA model requires state legislation to create the organization, define its membership and authorities, and provide for specified taxing authority. Depending on statutory construction there will likely be a need for local enactment of ordinances regarding membership in the RTA.

An underlying challenge with the design of the RTA model is that it requires MDOT and MDOT MTA to cede authority for decision-making surrounding transit investments without substantially changing funding responsibilities.

Another critical challenge is associated with both achieving authority to levy local and regional taxes and executing this authority.

Additional challenges include:

- **LOTS may be reluctant to join the RTA** and cede local interests to a regional model
- **The RTA will have authority to contract for services**, which would almost certainly lead to changes in labor relations, especially for services currently operated by MDOT MTA.
- **Formulas will define and obligate commitment to LOTS.** Unclear if TTF will be solvent enough to support funding model in perpetuity.

Benefits

The RTA model offers potential benefits, including:

- **Creation of a centralized body** responsible for planning and organizing public transit
- **Increased and diversified input** to transit decision making
- **Shifts of transit investment decision** making to regional level
- **Increased transit funding** by raising additional funds
- **Coordination for services** throughout the region

- **Potential to create parity statewide** by permitting a consistent model of managing, funding, and operating transit service at either the local or regional level. The statewide model could also lead to a clear and equitable funding formula for transit investment statewide.

Similar Models Elsewhere

The Central Maryland Regional Transportation Plan (RTP) – which essentially includes MDOT MTA and Baltimore LOTS service areas - could be a useful guide for determining the RTA's vision and long-term service needs.

Another similar governance funding structure is provided through the **Southeast Pennsylvania Public Transit Authority (SEPTA)**. SEPTA provides regional transit services into and within the City of Philadelphia and surrounding counties (Bucks, Chester, Delaware, and Montgomery). The agency was created by combining independent transportation service providers into a single organization. The agency is governed by a 15-member Board of Directors with representation that includes Philadelphia and the suburban counties, as well as the majority and minority leaders of the two houses of the Pennsylvania State Legislature. The Governor also appoints one member. Day-to-day operations are handled by the General Manager who is appointed and hired by the Board of Directors.¹

SEPTA is funded through a combination of federal funds, passenger fares, state revenues and local contributions with roughly half of the agency's operating budget and nearly 60% of its capital budget supported by the state. Local subsidies account for less than 10% of operating and capital budgets.²

¹ SEPTA website (septa.org).

² Commonwealth Foundation, "Who's Paying for SEPTA"

State Transportation Commission Goals Scorecard





Image from Flickr user Elvert Barnes



Image from Baltimore Regional Council

7 Next Steps

As this study has demonstrated, there are advantages and disadvantages of the current governance and funding model as it relates to transit investment and service delivery in the Baltimore region.

Transit investment in the Baltimore region – and throughout Maryland – benefits from State financial support provided through Maryland’s multimodal Transportation Trust Fund. This resource, however, faces multiple demands, requiring transit to compete for funding with a host of compelling transportation programs and projects. In addition, the existing governance structure has constraints as it relates to local and regional input into investment decisions. The lack of local and regional input means priorities can be mismatched, undermining collaboration around investments between local jurisdictions and the MDOT MTA and limiting coordination between the LOTS programs and MDOT MTA.

As shown, additional financial resources are needed to fully meet the transit service potential, including to sustain existing service levels (see Chapter 4). The inventory of funding options (Chapter

Things to Remember

Key takeaways from both the peer review and panel include:

- It is critical to strike the right balance of representation between the state as well as each of the counties and municipalities in the Baltimore region.
- Funding will have the greatest impact on service improvement – allowing for increased investment in existing assets and expansion to meet shifting demands.
- Better coordination between transit systems will improve regional service.
- Strong regional connections require a positive climate towards transit and clear commitment by the state, counties and center city to a healthy regional transit system.
- Experience elsewhere shows a general unwillingness to cross subsidize investment and services for other communities. Thoughtful and thorough interlocal agreements can help codify how resources will be allocated to meet needs and have the greatest impact.
- Transit leadership is currently aligned to political leadership and its four year election cycles. Large scale capital improvements often have longer timelines, making it difficult to implement large scale improvements to the transit system. Staggered terms for advisory or board leadership can help sustain momentum and capacity to implement improvements.
- Governance reforms should consider transit workforce protections to safeguard existing transit employees. Honoring existing labor agreements and providing workforce job security and voice are essential to ensuring the buy-in and support of frontline employees.
- A comprehensive, multimodal regional transit network can promote resilience, encourage active transportation, and improve sustainability. This is particularly important to the Baltimore region since ridership fell less drastically during the pandemic in comparison to peers.

5) provides a menu of options that could be applied in conjunction with the governance models outlined in Chapter 6. As discussed, not every funding option aligns well with every governance model; this report highlights some of the opportunities and limitations of potential combinations.

The governance models included in the report present alternatives for the structure, organization, and funding of public transit in the Baltimore Region including scenarios to enhance and balance local jurisdiction engagement and potential contributions to achieve regional and local public transit performance goals. These potential alternatives are built on many assumptions that if realized could change the way regional transit services are governed, funded, operated, and managed (see call out box on previous page).

Moving forward, more detailed plans as it relates to meeting the vision for transit service in the region will need to be developed, including both governance approaches and funding strategies. As this is done, the findings of this study should serve as a backbone of options and issues to consider. The potential alternatives outlined here are intended to frame options for local and state elected decision-makers and the public to debate, discuss, alter and accept or reject as they see fit. The Baltimore Regional Transportation Board and the Baltimore Metropolitan Council staff hope that this report is a useful step in producing actions that address the intended goals of the study as outlined.





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