

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 1099

(Senator Feldman, *et al.*)

Finance

Environment and Transportation

State Highway Administration - Watkins Mill Road Interchange Project

This emergency bill expresses the intent of the General Assembly that the State Highway Administration (SHA) promptly undertake all steps necessary to complete the Watkins Mill Road Interchange Project in accordance with the *Consolidated Transportation Program (CTP) for Fiscal 2015 through 2020*. The bill also requires the Governor to appropriate the funds necessary in fiscal 2017 through 2019 to complete the project. The appropriations must be made in accordance with the CTP for fiscal 2015 through 2020, and the project must be constructed and commence operations by June 30, 2019. By December 1 of each year until the completion of the project, SHA must submit a status report to specified committees of the General Assembly.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase by at least \$29.9 million from FY 2016 through 2019 to complete the Watkins Mill Road Interchange Project in the manner specified by the bill. The estimate does not reflect any additional costs resulting from expediting the project, which are anticipated to be significant. Revenues are not directly affected; however, the State may indirectly benefit to the extent that the bill results in additional economic development. **This bill establishes a mandated appropriation beginning in FY 2018.**

Local Effect: The bill does not directly affect local governmental operations or finances. However, local governments in the affected area may indirectly benefit to the extent that the bill results in additional economic development.

Small Business Effect: Potential meaningful. Completion of the project in the manner specified by the bill may benefit small businesses near the planned interchange.

Analysis

Bill Summary: The report submitted by SHA each year must include (1) an update on the progress of the project; (2) any revised fiscal estimate that describes the reasons for any cost savings or increases; (3) a description of any changes to the project; (4) planned expenditures by year, categorized in a specified manner; (5) funding sources by year, categorized in a specified manner; and (6) any other relevant information.

Current Law/Background: SHA is responsible for more than 5,200 miles or approximately 16,800 lane miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 80 miles of sound barriers in the State. It also has responsibility for planning, designing, constructing, and maintaining these roads and bridges to safety and performance standards while considering sociological, ecological, and economic concerns.

The CTP is the Maryland Department of Transportation's (MDOT) six-year budget for the construction, development, and evaluation of transportation capital projects; the CTP must be revised annually to reflect updated information and changing priorities. It contains a list of current and anticipated major and minor capital projects for the fiscal year it is issued and for the next five fiscal years, including (1) an expanded description of major capital projects; (2) a detailed breakdown of the costs of a project with project expenditures to date, expected expenditures for the current fiscal year, projected annual expenditures for the next five years, and total project costs; and (3) MDOT's estimates of the source (*i.e.*, federal funds, special funds, etc.) and amount of revenues required to fund the project. MDOT advises that there are currently 80 major projects in the CTP and a list of more than 500 proposed projects (both major and minor) from local jurisdictions.

The CTP for fiscal 2015 through 2020 included funding for a full interchange at Watkins Mill Road at I-270 in Montgomery County. In the CTP for fiscal 2016 through 2021, the scope of the project was reduced to a partial interchange and the start of construction was delayed by one year. In the CTP for fiscal 2016 through 2021, MDOT advises that the interchange at Watkins Mill Road is expected to provide new access points to I-270 and additional east-west access for all roadway users while reducing congestion on existing nearby interchange ramps and parallel roadways.

State Expenditures: As shown in **Exhibit 1**, the total estimated cost of the Watkins Mill Road Interchange Project was \$159.4 million in the CTP for fiscal 2015 through 2020 (including amounts spent in fiscal 2014). As noted above, at that time, the project was planned to be a full interchange with on- and off-ramps in both directions. In the CTP for fiscal 2016 through 2021, the total estimated cost of the project was reduced to \$129.5 million, largely due to the fact that the scope of the project was reduced to a partial interchange. Thus, requiring the project to be completed in the manner specified by the CTP for fiscal 2015 through 2020 increases TTF expenditures by at least \$29.9 million.

Exhibit 1
Watkins Mill Road Interchange Project
Consolidated Transportation Program 2015-2020
(\$ in Millions)

	Spent Through <u>FY 2014</u>	Current Year <u>FY 2015</u>	Budget Year <u>FY 2016</u>	Planned for <u>FY 2017</u>
Planning	\$1.2	\$0	\$0	\$0
Engineering	2.7	1.0	1.6	0
Right-of-way	0.0	0.3	17.0	15.7
Construction	0	0	9.0	28.1
Total	\$3.9	\$1.3	\$27.6	\$43.8

	Planned for <u>FY 2018</u>	Planned for <u>FY 2019</u>	Planned for <u>FY 2020</u>	Total Estimated <u>Project Cost</u>
Planning	\$0	\$0	\$0	\$1.2
Engineering	0	7.6	0	5.3
Right-of-way	6.8	2.0	0	39.8
Construction	34.4	41.7	0	113.2
Total	\$41.2	\$41.7	\$0	\$159.4

Note: Totals may not sum due to rounding.
Source: Maryland Department of Transportation

The bill requires that the project be completed and operational by June 30, 2019. Because construction on the interchange has not yet started, in order to meet that deadline, SHA must expedite the construction process, which is expected to significantly increase the total cost of the project. A reliable estimate of any additional increase in TTF expenditures cannot be made at this time, however.

Although an appropriation may not be mandated until fiscal 2018, for purposes of this analysis, it is assumed that funding for the project is appropriated in fiscal 2017. This is consistent with the bill's intent and necessary for SHA to meet the June 30, 2019 deadline established by the bill. This analysis also assumes that SHA begins construction as soon as possible in fiscal 2016 in order to meet the deadline.

SHA can complete the required annual report using existing resources.

Additional Information

Prior Introductions: None.

Cross File: HB 1562 (Delegate Reznik, *et al.*) - Rules and Executive Nominations.

Information Source(s): Maryland Department of Transportation, Montgomery County,
Department of Legislative Services

Fiscal Note History: First Reader - March 17, 2016
md/lgc

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510