

# Technical Memorandum #6

# Transit Funding and Governance Models



**DRAFT June 2021**

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# Baltimore Region: Funding and Governance Models Measures

## INTRODUCTION

The Baltimore Regional Transit Governance and Funding Study was designed to identify alternatives for the structure, organization, and funding of public transit in the Baltimore region. The study followed a structured and iterative process developed in collaboration with the Baltimore Regional Transit Board (BRTB) and regional stakeholders. It also includes research and analysis so that the effort would result in governance options that are based on an understanding of transit's historical development in the region, realistic about constraints, and creative in providing opportunities for change.

Governance refers to the organizational structure and processes of how decisions are made. In the context of public transit, governance refers to how decisions are made with regards 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 necessarily 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 tax-payers 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, the study set out to identify governance models that offer alternatives to govern regional transit investments. There are three major objectives associated with 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 was 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 between services and between partner jurisdictions. Draft 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 Figure 1).

## Approach

This technical memorandum, the sixth in a series, presents the governance models, which include:

0. Status Quo / Do Nothing
1. State Transportation Commission
2. State Transit Commission

## Potential Transit Funding and Governance Models

Baltimore Regional Transportation Board

3. Baltimore Advisory Board
4. Baltimore Transit Commission (BTC)
5. Baltimore Regional Transit Authority (RTA)

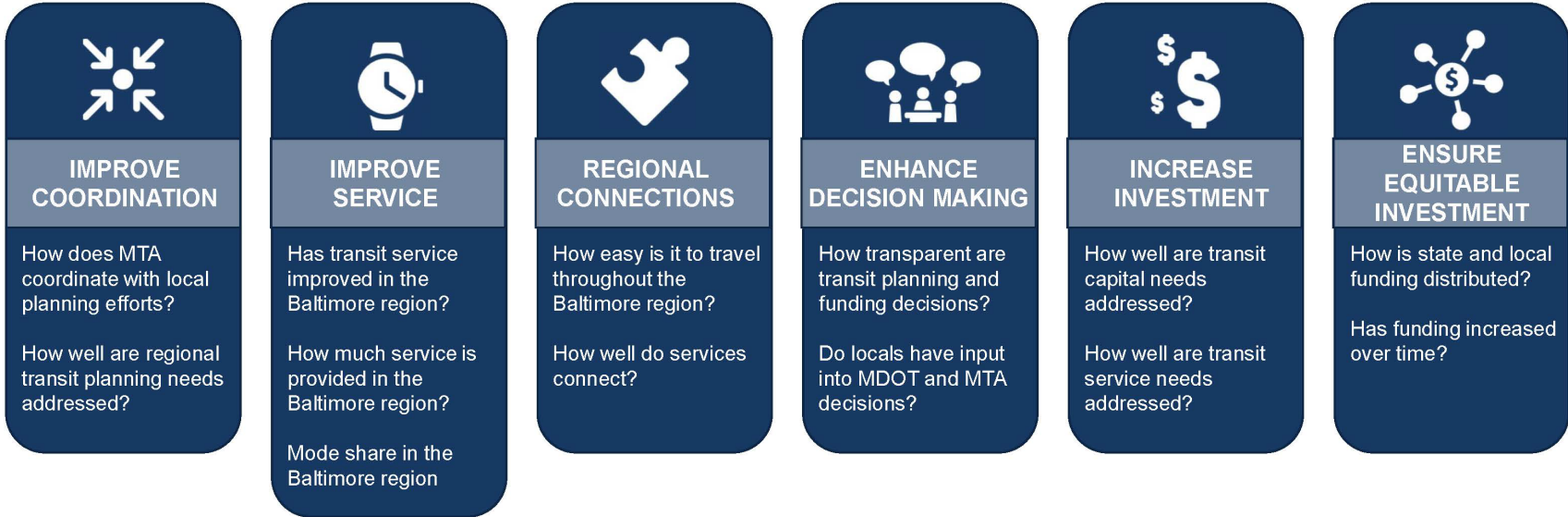
Each model is presented according to a consistent structure that provides:

- An overview of how the model would be structured
- A summary of decision-making processes, including participants.
- 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 the goal.

Potential Transit Funding and Governance Models  
Baltimore Regional Transportation Board

Figure 1 Goals for Future Regional Governance and Funding Structure



## MODEL #0: STATUS QUO / DO NOTHING

### Overview

The Status Quo (or Do Nothing) option would retain Maryland's existing governance and funding structure, which sets the Maryland Department of Transportation (MDOT) functions as an umbrella organization, comprised of six transportation administrations, largely organized by mode. MDOT has a Secretary, appointed by the Governor, and a Transportation Commission.

MDOT's Maryland Transit Administration (MDOT MTA) is an administration within MDOT. MDOT defines the role and powers of the MDOT MTA Administrator, who is appointed by the Secretary, with the approval of the Governor.

The MDOT MTA manages three distinct transit programs and plays a slightly different role in each:

- Local and regional transit service in the Baltimore Region – MTA funds, operates and manages local bus, light rail, subway, and paratransit services provided in accordance with the Americans with Disability Act (ADA).
- Regional commuter bus and train service – MTA funds and manages contracts for both regional commuter bus and the Maryland Rail Commuter (MARC) service.
- Statewide management and funding of the Locally Operate Transit Systems (LOTS) – MTA provides funding, oversight, and planning support.

### Decision-Making and Funding

#### Decision-Making

Generally speaking, the Secretary of the Maryland Department 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 (TTF), 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 under the Maryland Transportation Authority (MDTA). The MDTA Board is



## Potential Transit Funding and Governance Models

Baltimore Regional Transportation Board

chaired by the MDOT Secretary. MDTA funds and bonding are separate from MDOT. 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.

MTA is the Direct Recipient of FTA transit funds for the Baltimore Urbanized Area. In addition, 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)<sup>1</sup>. As the Designated Recipient, 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 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 MTA, the 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. 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 MTA's Transit Asset Management Plan (TAMP), required by the Maryland/Metro Transit Funding Act (Chapters 351 and 352 of 2018) and federal mandates.

## 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.
- 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.
- An inability to raise additional funds for transit services in the Baltimore Region.
- There are at least five transit agencies 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.
- Real and perceived inequities between how transit services in the Baltimore and Washington D.C. urbanized areas are funded.

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<sup>1</sup> 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.

## Potential Transit Funding and Governance Models

Baltimore Regional Transportation Board

### Benefits

- MDOT MTA has supported transit service funding for both capital and operating programs for the Baltimore Region.
- 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.
- MDOT MTA provides the FTA oversight Functions for the regional LOTs systems.



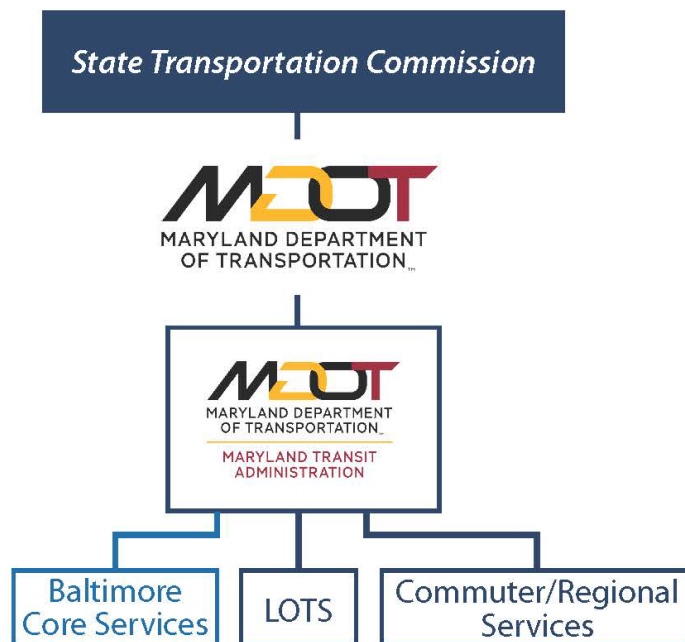
## MODEL #1: STATE TRANSPORTATION COMMISSION

### 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 Transportation Trust Fund (TTF) (see Figure 2). Responsibilities would span across all Maryland Department of Transportation (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.

**Figure 2 State Transportation 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. A concurrent

## Potential Transit Funding and Governance Models

Baltimore Regional Transportation Board

realignment of MTA that reflects three (3) principal functions/responsibilities MTA currently holds. These are operating, maintaining, and improving the Baltimore Core Services and the Commuter and Regional Services and Contracts and managing and allocating resources to the LOTS programs statewide.

### **Funding**

This model does not change MDOT's existing funding model, or how transit services are funded. There are, however, opportunities to update or alter existing TTF funding streams, potentially by adapting the existing motor vehicle fuel tax to a Vehicle Miles Traveled (VMT) tax and/or changing the way tolls are assigned across MDOT's business units.

## **Issues and Benefits**

### **Issues**

The State Transportation Commission addresses some of the goals associated with the existing transit governance and funding models (see Figure 3). 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
- Could lead to a reallocation of MDOT priorities, potentially increasing funding for public transportation.

**Figure 3 State Transportation Commission Goals Scorecard**



## Similar Governance and Funding Models

Several U.S. states use transportation commissions to oversee and guide transportation decisions, including Pennsylvania, Michigan, Washington, California, Colorado, and Minnesota (among others). Indeed, the State of Maryland also has a State Transportation Commission.

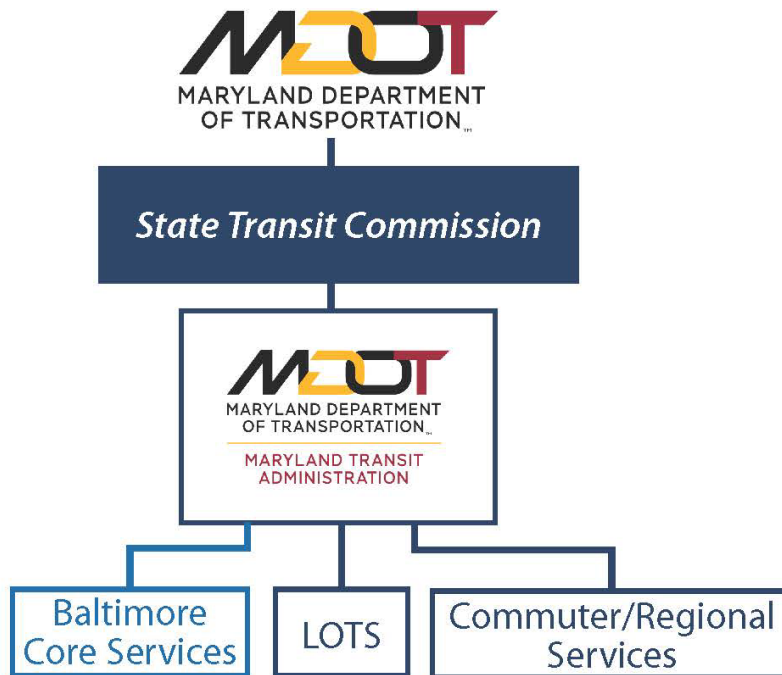
## MODEL #2: STATE TRANSIT COMMISSION

### Overview/Description

A State Transit Commission would create a new commission to oversee spending and investments decisions associated with MDOT's Maryland Transit Administration (MDOT MTA) (see Figure 4). 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 Express Bus and MARC train services.

MDOT MTA's Transit Administrator would remain an MDOT employee but report to the State Transit Commission; the Transit Commission would be responsible for hiring and management of MDOT MTA's Transit Administrator. Given 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.

**Figure 4 State Transit Commission**



## Decision-Making and Funding

### Decision-Making

The State Transit Commission would be responsible for major decisions surrounding MDOT MTA priorities and budget. The Commission could also be tasked with hiring and managing MDOT MTA's Transit 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 Federal Transit Administration (FTA) funds. Other revenue sources 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, 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 Figure 5). 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 Transportation Commission offers potential benefits, including:

- Increased transparency into MDOT MTA decision-making
- Diversifies and shares responsibility for decision-making
- Creates forum for input into MDOT MTA decisions
- Could lead to a reallocation of funding priorities

Figure 5 State Transit Commission Goal Scorecard



## Similar Examples—Peer Review

Most of MDOT's business units, including the Maryland Ports Commission (MPA) and the Maryland Transportation Authority (MDTA). Indeed, transit is one of the few business units that does have a 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<sup>2</sup>. 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<sup>3</sup>.

<sup>2</sup> NJ TRANSIT Annual Report (<https://www.njtransit.com/about/about-us#AnnualReport>)

<sup>3</sup> Ibid

## MODEL #3: BALTIMORE ADVISORY BOARD

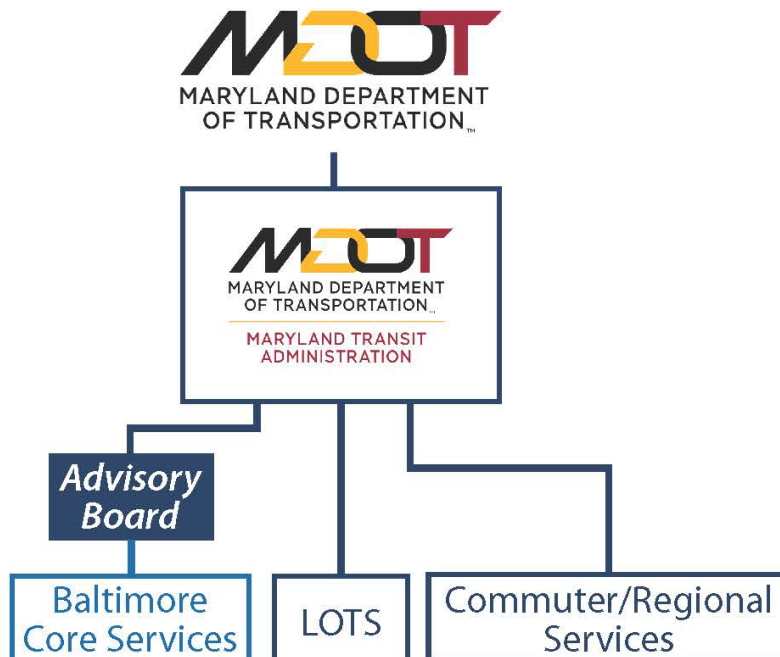
### Overview/Description

The Baltimore Advisory Board would create a new body to oversee the spending and investments associated with the Baltimore Core Services (see Figure 6), providing advice and input on budget and operations decisions associated with transit service delivery. The Board could also have a planning function. The 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 the 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, Express Bus or MARC passenger rail programs.

**Figure 6 Baltimore Advisory Board**



### 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.



## Potential Transit Funding and Governance Models

Baltimore Regional Transportation 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 Federal Transit Administration (FTA) funds. Other revenue sources include state funds raised through the TTF, passenger fares and other revenues.

The Baltimore Advisory Board, however, would 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 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.

## Issues and Benefits

### Issues

The Baltimore Advisory Board addresses some of the goals identified as part of this study (see Figure 7). 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 offers potential benefits, including:

- Increased transparency into MDOT MTA decision-making
- Diversifies and shares responsibility for decision-making
- Creates forum for input into decisions surrounding the Baltimore Core Services
- Increases opportunity for service integration and coordination
- Could lead to a reallocation of funding priorities

Figure 7 Baltimore Advisory Committee Goal Scorecard



## Similar Governance and Funding Models

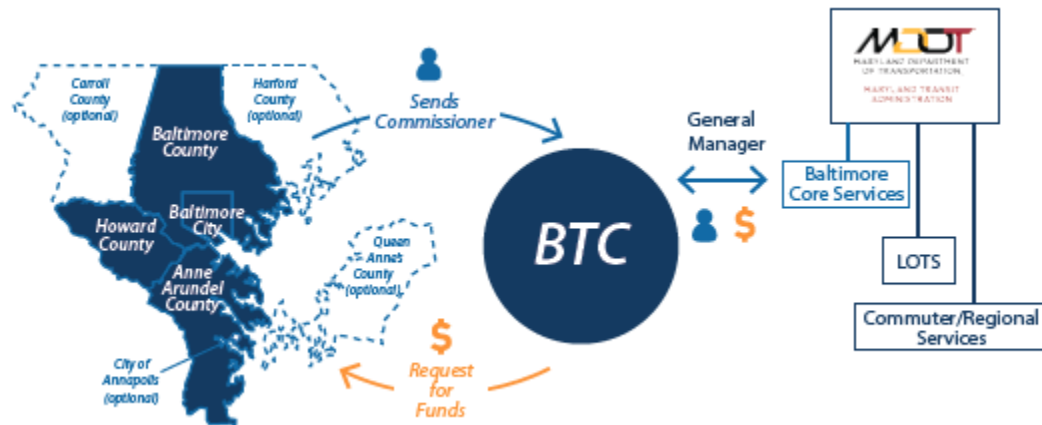
An example of a similar governance structure is provided through the **Middle Tennessee Regional Transportation Authority (RTA)**. The Middle Tennessee RTA is led by a board of city and county mayors and community leaders that serves the greater Nashville metropolitan region. The RTA does not have an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

## MODEL #4: BALTIMORE TRANSIT COMMISSION

### Overview/Description

This Baltimore Transit Commission (BTC) would create a new state-regional commission to oversee and manage transit in the Baltimore region. The Commission 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 Figure 8).

**Figure 8 Baltimore Transit Commission**



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 BTC. The size and representation on the Advisory Board 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 Board. MDOT MTA would continue to operate the Baltimore area’s core bus, light rail, subway and paratransit services, 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 Board would develop a regional transportation budget that includes the capital and operating costs of the services in the region, including both the MDOT MTA operated services and the locally-operated services. The budget would be based on funding from fares, MDOT and the Federal Transit Administration (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 Figure 9). 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:

- Creates a centralized body responsible for planning and organizing public transit in the Baltimore Region
- Diversifies and shares responsibility for transit decision-making
- Increases opportunity for service integration and coordination
- Increases funding for transit with new regional resources

Figure 9 Baltimore Transit Commission Goal Scorecard



## Similar Governance and Funding Models

### Washington Suburban Transit Commission (WSTC)

The BTC is modelled 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 funding 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 be 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<sup>4</sup> 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<sup>5</sup> that is levied countywide this tax is collected by the County as part of its overall property tax schedule.

<sup>4</sup> The WSTC tax rate for FY 2019 is at \$0.026 per \$100 of assessed value for real property and \$0.065 per \$100 of assess value for personal property.

<sup>5</sup> Montgomery County's transit tax is \$0.0736 per \$100 of assessed value for real property tax and \$0.1840 per \$100 of assess value for personal property ([montgomerycountymd.gov/finance/taxes/rates.html](http://montgomerycountymd.gov/finance/taxes/rates.html))

## Potential Transit Funding and Governance Models

Baltimore Regional Transportation Board

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 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.

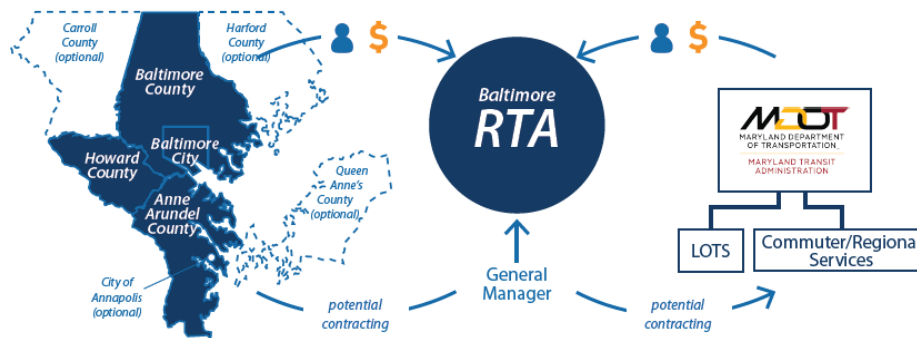
## MODEL #5: BALTIMORE REGIONAL TRANSIT AUTHORITY

### Overview

The Baltimore Regional Transit Authority (RTA) would merge existing public transit services in the Baltimore region into a single governance structure and model (see Figure 10). 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 the MDOT MTA or local LOTS providers.

The RTA model assumes the State would participate in the RTA as a commissioner. 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 all MDOT MTA modal programs (i.e., LOTS, Commuter Rail and Express Bus).

**Figure 10 Baltimore Regional Transit Authority**



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 BTC. The size and representation on the Advisory 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 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 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 be comprised of 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 create a clear formula for how state funds will be distributed. Formula must balance status quo with 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 Figure 11) 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 the 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:

- Creates a centralized body responsible for planning and organizing public transit
- Increases and diversifies input to transit decision making
- Shifts transit investment decision making to regional level
- Increases 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.

**Figure 11 Baltimore Regional Transit Authority Goals Scorecard**



## Similar Governance and Funding Models

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

## Potential Transit Funding and Governance Models

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member. Day-to-day operations are handled by the General Manager who is appointed and hired by the Board of Directors<sup>6</sup>.

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<sup>7</sup>.

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<sup>6</sup> SEPTA website (septa.org).

<sup>7</sup> Commonwealth Foundation, "Who's Paying for SEPTA"