
Transit Reform for MARYLAND

*New Models for
Accountability,
Stability, and Equity*



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Executive Summary

The Central Maryland area of Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Harford County, Howard County, and Queen Anne's County is an important, vibrant region. It is the 21st largest metropolitan area in the country by population, home to nearly 2.8 million people and responsible for nearly half of Maryland's economy.¹ Like any major metropolitan area in the United States, it needs a robust and multimodal transportation system to keep its economy moving, connect people to jobs and opportunity, and shape how it grows and develops over time.

However, the governance of public transit in Greater Baltimore limits its ability to address those regional transportation needs. Of the 50 largest transit agencies in the country, Baltimore's is the only one that is governed and operated by a state agency without a board of directors. The Maryland Department of Transportation is responsible for most transportation functions in the state—highways, seaports, airports, motor vehicles, toll roads, and mass transit—housed under one combined governor-controlled agency. The Maryland Transit Administration (MTA) is part of this executive branch agency and reports to the governor, with no direct local oversight. Its primary source of funding is the state Transportation Trust Fund and, also uniquely, the local governments in the Baltimore region do not directly contribute funding to the transit services the state provides.

Unfortunately, under this governance structure, metropolitan Baltimore's public transportation system has not kept pace with repair and service needs nor has seen a new rapid transit line in more than two decades. The MTA recently released a Central Maryland Regional Transit Plan that defines the future goals for the agency and for transit in the region. However, the plan does not boldly state priorities for investment to achieve its goals and as a result, does not create as cohesive a regional vision for transit as it could.

In 2015, the state suddenly and unexpectedly cancelled planning for a major east-west transit light rail line in Baltimore County and Baltimore City that local civic, corporate, and philanthropic leaders promoted for years as critical to the region's economic, social, and environmental health. That decision once again amplified calls for a different governance regime for transit in Central Maryland.

This report is intended to inform that important discussion. It examines the framework for transit governance and funding in Maryland today, and how it evolved in recent years. It reflects lessons learned from detailed peer reviews conducted of similarly-sized regions across the country, and the role of the state and local governments in each. It then lays out several options based on these reviews that are appropriate for Central Maryland.

In the end, we echo what others have understood for years: that Greater Baltimore suffers from a lack of a coherent regional vision. This not only hinders its ability to address pervasive issues of race, poverty, and economic inequality, but also undermines efforts to make transit more effective. However, we also find that the state role in transit is beneficial in many ways, particularly the large presence it has with state leaders in the legislature and the administration, as well as the relatively predictable flow of funding it provides Greater Baltimore's MTA operations. Yet this disconnect between regional transit needs and total state authority makes it difficult to conduct and implement long term plans that are responsive to the changing local and regional needs, due to political election cycles and other statewide factors.

These challenges suggest reform is needed with the way public transit is governed and financed in Central Maryland.

The most dramatic option—commonly used in peer regions throughout the United States—would be the creation of a Greater Baltimore Transit Authority as a new special purpose regional transit agency. It would require state legislation to stand up a new institution, approval of significant new local funding, and a board mixed with both state and local appointees. This option would need significant refinement and study, particularly in the mechanics of creating a new organization and the transition between the MTA and the new entity such as agreements with its workforce. Such a change would add significantly more accountability and buy-in from the region, including new responsibilities.

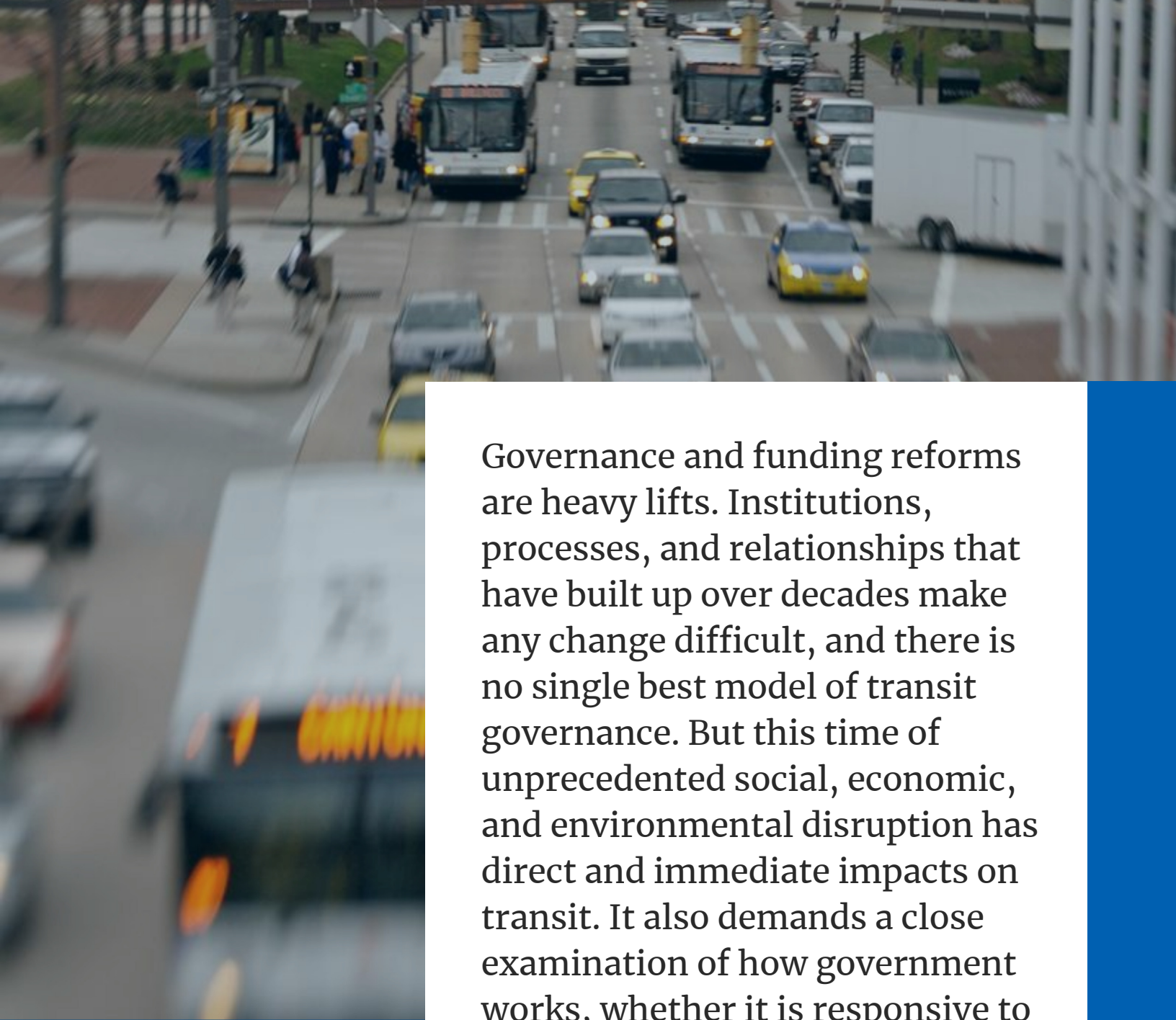
Other options include the authorization of transit oversight boards made up of local representatives. While their power to oversee MTA decision-making by the state would be limited, they could be key catalysts for positive state and local reforms and improve coordination of various entities. For example, one board could advise on the MTA's local and regional services in and around Baltimore where core services are delivered. Another could focus on statewide and interregional services like commuter bus and rail.

The state could also create a new board of directors with the authority to govern the MTA. It would provide budgetary authority and general oversight over the entire agency as is done in nearly every other major metropolitan area in the United States. The MTA would continue to exist as a subsidiary of the state department of transportation. A state-level board of directors could give stability and accountability during changes between administrations.

Funding is probably the weightiest concern with respect to these options. Irrespective of the model chosen, the state must continue to have a key role in public transit funding and oversight. Replacing the hundreds of millions of dollars the state provides annually to support transit in Greater Baltimore entirely through

local sources is impractical. Plus, given the critical role transit plays in the region for the state's economy, some level of state funding is justified. However, the local governments in the region will eventually need to increase and coordinate their direct involvement in the MTA through some level of financial commitment. There are no examples of other large regions in the U.S. where the localities do not financially support transit.

Governance and funding reforms are heavy lifts. Institutions, processes, and relationships that have built up over decades make any change difficult, and there is no single best model of transit governance. But this time of unprecedented social, economic, and environmental disruption has direct and immediate impacts on transit. It also demands a close examination of how government works, whether it is responsive to the needs of transit users and workers, and how well it is preparing the region for the future. The time is right to commit to a different model for Greater Baltimore.



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1.0 Introduction

Concerns about how transit is governed in the Baltimore region are not new. No major transit capital projects have been delivered in over 25 years and the region has little input to leverage transit as a way to address persistent economic, racial, and geographic problems. Advocates have called for governance reform for years, though without success.

At the same time, political leadership at the state level has failed to provide investments aimed at providing high quality transit connections throughout the region. This is a missed opportunity. The Baltimore region's population in 2019 totaled 2.8 million, which is 46 percent of the state.² Similarly, the region's gross domestic product makes up about half of the state's economy.³ Given its size in relation to the state, economic growth that occurs in the Baltimore region ultimately benefits the state as a whole.⁴ Conversely, social and economic polarization between the inner city and the surrounding jurisdictions lead to poor outcomes for everyone.⁵

Throughout the United States, no other region's transit governance and funding structure is comparable to Greater Baltimore's, in which transit is funded and operated by the state. This particular arrangement makes it difficult to execute long-term plans and to respond to regional needs. Changes to governance and funding for the Baltimore region are needed in order to provide better transit services.

Today, there is a new sense of urgency because there is widespread understanding that transit does not function optimally. Service is inequitable both in terms of the quality and amount that is provided in disadvantaged communities and in terms of the geographic reach of services. This report presents several options for improving governance and funding of transit in Central Maryland to address these concerns.

Our research and findings draw on existing work by the Eno Center for Transportation and other experts evaluating transit governance and funding in the United States and abroad. Specifically, research for this scan was informed by an assessment of budgets, planning documents, and public information available on the various transportation systems in Central Maryland. This information was complemented by interviews with transportation stakeholders familiar with issues of governance and funding in the state: former and current transportation Administrators, members of the business and advocacy communities, officials from several local transportation departments, and labor representatives.

The report also examines peer regions with comparable size and scope to review their governance and funding structures for comparisons of best practices. The lessons from previous research and peer regions identified critical elements needed

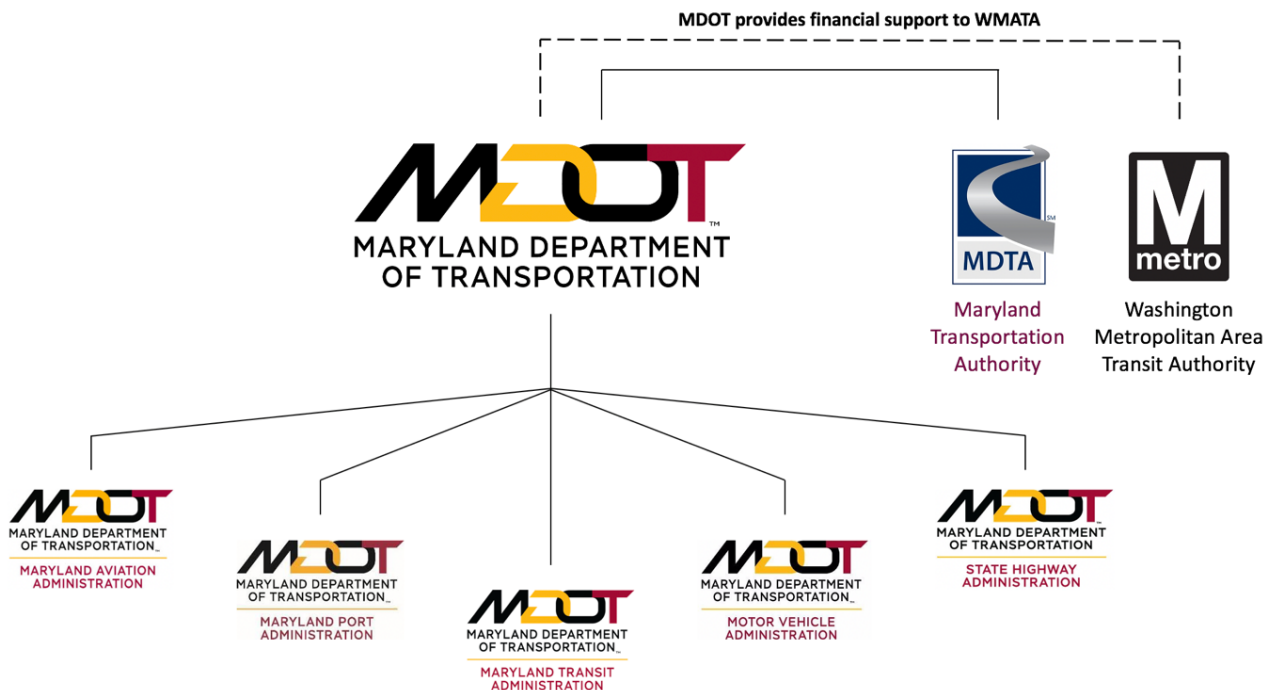
for effective transit governance and the need to assess whether the Baltimore region's current arrangement contains those elements.

2.0 Transit Governance and Regional Dynamics in Central Maryland

2.1 Maryland DOT (MDOT)

Transportation governance in Maryland is consolidated within the Maryland Department of Transportation. Established in 1971, MDOT is responsible for transportation investments across all modes statewide. Designed in the same model as the U.S. Department of Transportation (USDOT), it has five modal administrations and one toll authority (See Figure 1), each with broad power over decision-making within their siloes. As the department has evolved over time it operates more intermodally, such that there is more coordination between the various administrations on planning decisions. The governor directly appoints the executives of MDOT, including the Secretary, a Chief of Staff, a Deputy Secretary of Administration and Operations, and a Deputy Secretary for Policy, Planning and Enterprise Services. The Transportation Secretary oversees all of the state's modal administrations.

Figure 1: Maryland Department of Transportation Organizational Structure



Source: MDOT

Transit falls under the Maryland Transit Administration and is governed by an administrator that reports to the secretary. MDOT and the MTA do not have

governing boards, which means that the administrator only needs approval from the secretary who operates in close coordination with the governor when making agency-wide operating and capital decisions. This streamlined reporting means major decisions can therefore happen relatively quickly.

Some governing boards do exist within the MDOT structure, but they are controlled by the Secretary, and thus the governor. There is no governing board to guide policy and financial decision-making for the agency, though a 2016 bill in the state House would have created an MTA Oversight and Planning Board, codified existing advisory councils, and required the MTA to begin engaging in comprehensive planning for transit systems in the Baltimore region.⁶ This bill passed in both chambers of the General Assembly but was ultimately vetoed by the governor.

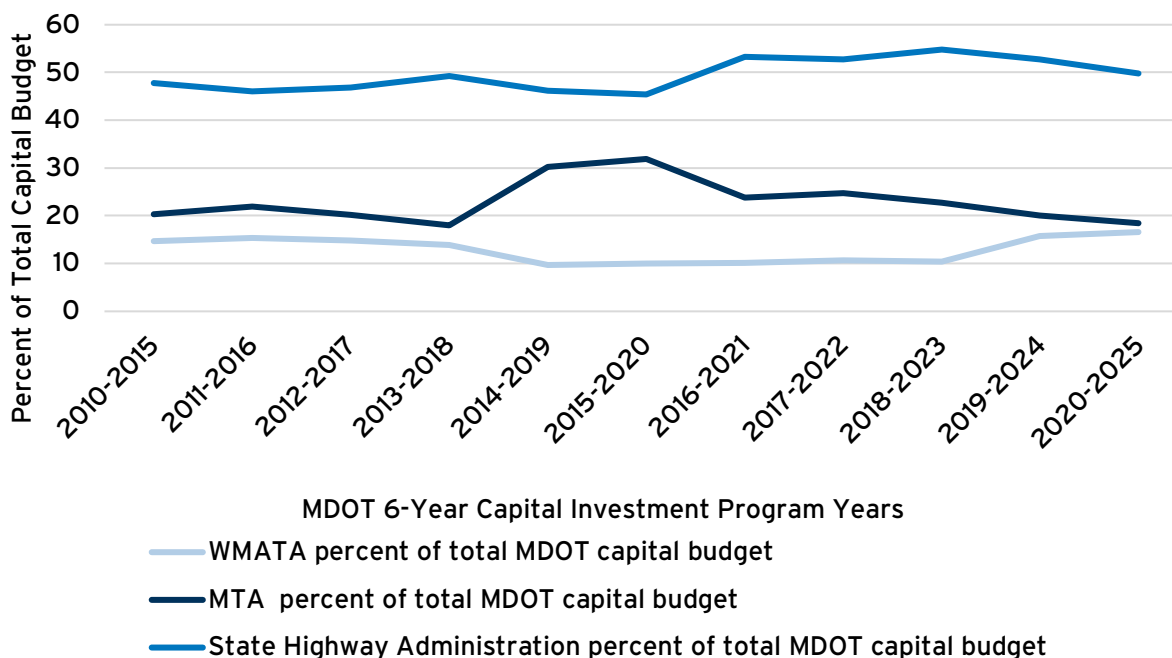
The Maryland Transportation Authority (MDTA), Maryland Port Administration (MPA), and Maryland Aviation Administration (MAA) are governed by advisory boards or commissions chaired by the transportation secretary. These bodies are comprised of six to nine governor-appointed citizens that must be approved by the Maryland Senate.⁷ A majority vote is needed for formal actions by all the boards.

While a single point of authority comes with benefits and efficiencies, this arrangement renders projects subject to the priorities of the administration in office and election cycles. Transit projects in Central Maryland—the principal service area for the MTA—must compete with other capital investments in the state, which can mean less money is allocated to transit in an administration that prioritizes road and highway projects, and vice versa.⁸ For example, in MDOT's FY 2020 Consolidated Transportation Program (CTP) report, the State Highway Administration (SHA) received almost 50 percent of funds for capital expenditures compared to 18 percent for the MTA.⁹ Starting in 2016, capital expenditures for the SHA grew while they have consistently decreased for the MTA, as shown in Figure 2. The amount of funding allocated to the Washington Metropolitan Area Transit Authority (WMATA) as a percentage of total MDOT funds has fluctuated over time but has increased in recent years due to the passage of legislation in the Maryland General Assembly in 2018 to dedicate \$167 million per year to WMATA.

MDOT Budget and Revenues

The total budget for MDOT in FY 2020 was \$5.5 billion, with \$3.4 billion allocated to the capital program and \$2.2 billion allocated to the operating program. Funding for MDOT's investments is supported by the state's Transportation Trust Fund (TTF). The TTF is a dedicated account separate from the state's General Fund. It was created in 1971 to establish dedicated funding for MDOT and is used to address capital and operating needs.

Figure 2: MDOT Planned Capital Expenditures from Consolidated Transportation Plans, FYs 2010-2025

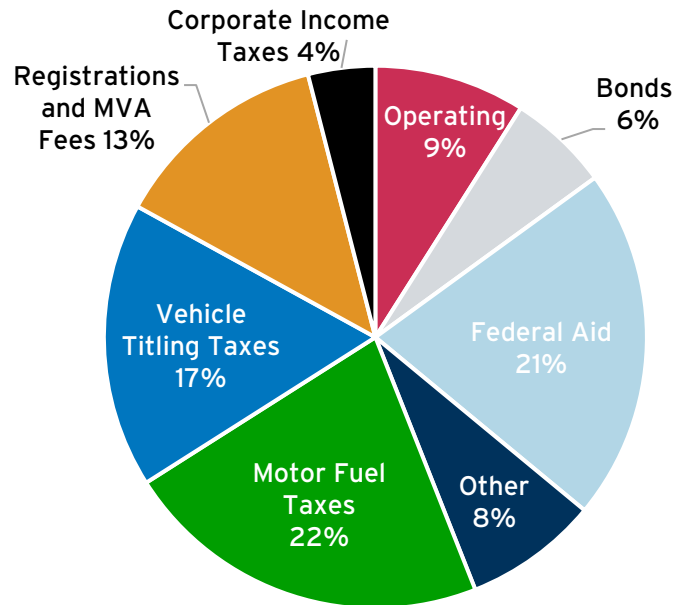


Source: Original analysis of MDOT Consolidated Transportation Plans

TTF expenditures are split among the various modal administrations that fall under the purview of MDOT, which allows the state to be flexible in how it allocates funding to transportation projects.¹⁰ Allocation decisions are made in conjunction with local and state elected officials but are ultimately approved by the secretary.¹¹ In general, transportation stakeholders view this flexibility as a benefit of the TTF, because there is no prescribed allocation of funds based on mode or project, and transportation expenditures are not subject to direct voter approval. Rather, state funds can be flexed to leverage the ability to receive federal funds regardless of transportation mode, depending on project need. This flexibility is wholly under the governor’s control.

Revenue for the TTF comes from a mix of dedicated taxes and fees (motor fuel taxes, vehicle titling taxes, registration fees, and corporate income taxes), federal aid, and modal operating revenues (transit fares and usage fees generated at the Port of Baltimore and BWI Marshall Airport). MDOT also finances its transportation system with bonds, discretionary grants, and public-private partnerships.¹² The relative breakdown of transportation funding sources in Maryland is shown in Figure 3.

Figure 3: Transportation Funding Sources in Maryland, FY 2020



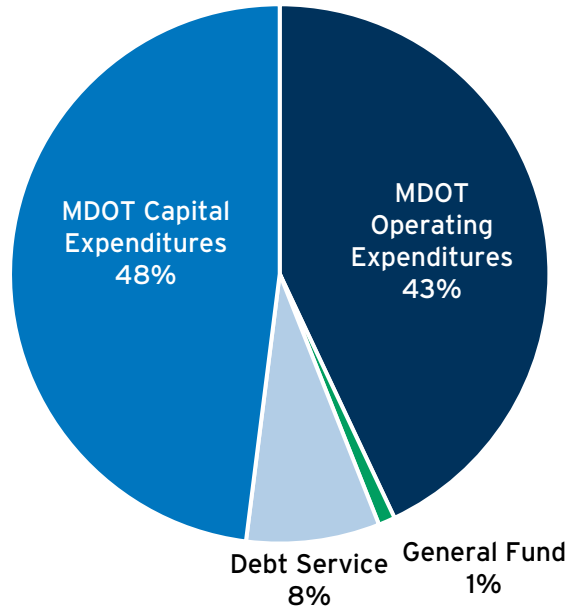
Source: MDOT Consolidated Transportation Program FY 2020-FY 2025

State revenue increased in FY 2014 with the passing of the Transportation Infrastructure Investment Act of 2013. That law indexed the excise tax on gasoline and transit fares to the Consumer Price Index and raised the state sales tax on gasoline, generating \$4.4 billion in new transportation funding for the state between fiscal years 2014 and 2019.¹³

MDOT's spending is fiscally constrained and tied to estimates of future revenue. These expenditures are split between capital, operating, debt service, and the general fund, as shown in Figure 4. Additionally, Maryland's governors have the ability to authorize expenditures from the General Fund for transportation purposes. General Fund expenditures include funding for environmental expenses, fuel tax collection, the state police program, and WMATA funding.¹⁴

Capital and operating expenditures from the TTF are split between MDOT's modal agencies, as demonstrated in Table 1. For FY 2020-2025, the MTA accounts for 18.4 percent of MDOT's capital expenditures, a number that has fluctuated over time but has generally ranged between 18 to 32 percent (Figure 5).¹⁵ MDOT SHA accounts for 49.8 percent of MDOT's capital expenditures for the same period.

Figure 4: Transportation Expenditures in Maryland, FY 2020



Source: MDOT Consolidated Transportation Program FY 2020-FY 2025

Table 1: MDOT Expenditures, FY 2020-2025

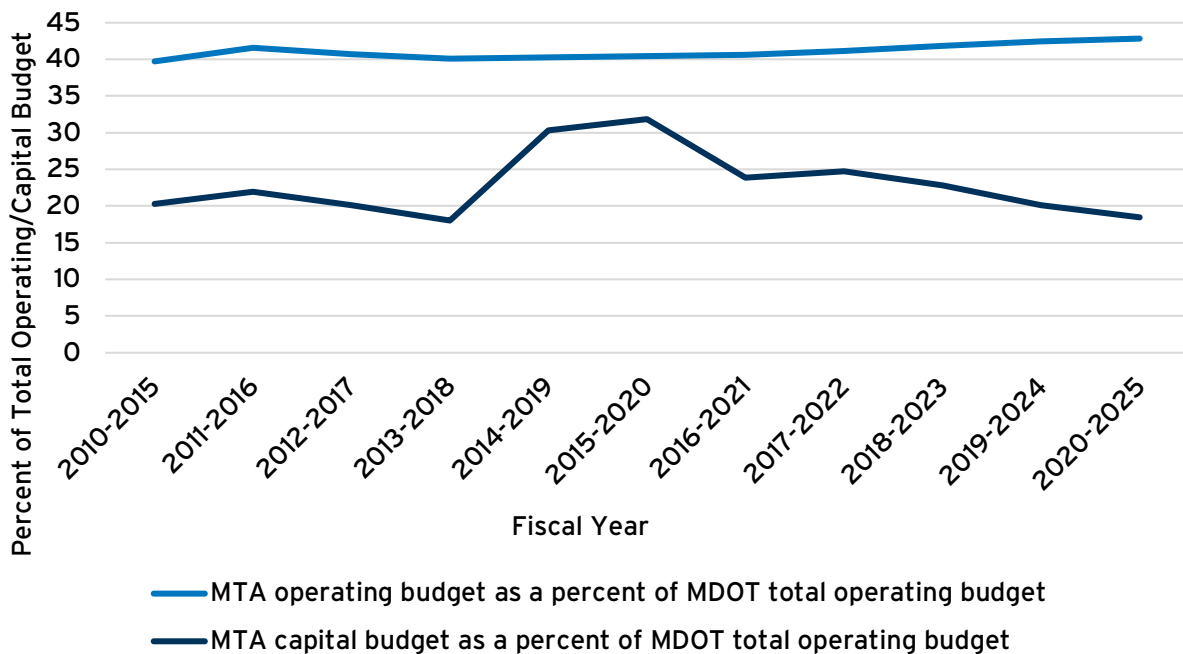
	Capital Program		Operating Program	
	Total	% of Total	Total	% of Total
Transportation Secretary's Office	146.5	0.9	663.2	4.5
Motor Vehicle Administration	147.0	0.9	1,333.0	9.0
Maryland Aviation Administration*	1,034.0	6.3	1,371.6	9.3
Maryland Port Administration	1,159.8	7.1	328.1	2.2
Maryland Transit Administration	3,007.0	18.4	6,313.9	42.8
Washington Metropolitan Area Transit Authority	2,705.3	16.6	2,750.2	18.7
State Highway Administration	8,126.0	49.8	1,979.2	13.4
Total	16,325.7	100.0	14,739.2	100.0

Source: MDOT Consolidated Transportation Program FY 2020-2025

Note: Figures may not add perfectly due to rounding.

*Projects using non-trust fund financing sources are included in the total.

Figure 5: MTA Capital and Operating Budgets as a Percent of the MDOT Total Capital and Operating Budgets, FYs 2010 - 2025



Source: Original analysis of MDOT Consolidated Transportation Plans

MDOT’s budget for transit must be split between statewide transit investments for commuter rail and bus, MTA services in the Baltimore metro area and WMATA in the Washington, DC region, as well as local bus services (e.g. Central Maryland Regional Transportation Agency). State legislation passed in 2018 allocates permanent, dedicated capital funding of no less than \$167 million annually to WMATA.¹⁶ The legislation also included an additional \$60 million per year of capital and operating funding for the MTA for three years, to respond to issues facing the Baltimore Metro SubwayLink.¹⁷ However, while WMATA receives guaranteed funding from the state, the MTA does not. The regional disparities of this legal arrangement became apparent in 2020 when MDOT made COVID-19-related cuts to its support for the MTA that are much deeper than cuts to its support for WMATA, despite WMATA’s proposal to cut service to reflect revenue losses.¹⁸

Each year, MDOT publishes a CTP to describe transportation investments for all modes over a six-year period. The draft CTP guides development of Transportation Improvement Programs, annual planning documents composed by the regions’ metropolitan planning organizations (MPOs) that anticipate timing and costs for specific projects. The Baltimore Regional Transportation Board (BRTB) is the MPO for Central Maryland. Each year, the transportation secretary is required by state law to complete an Annual Capital Program Tour during which the draft CTP and, accordingly, state and federal financial forecasts are presented to elected officials from each county and Baltimore City. These forecasts are used by local officials to

designate intent to implement specific facilities and projects from the region's long-range transportation plan.¹⁹

Of the roughly half of MDOT's expenditures that are allocated to capital projects, a portion includes aid to local governments.²⁰ For FY 2020, local government aid totaled \$330.8 million, or roughly 5.6 percent of MDOT's total capital and operating expenditures across all departments.²¹

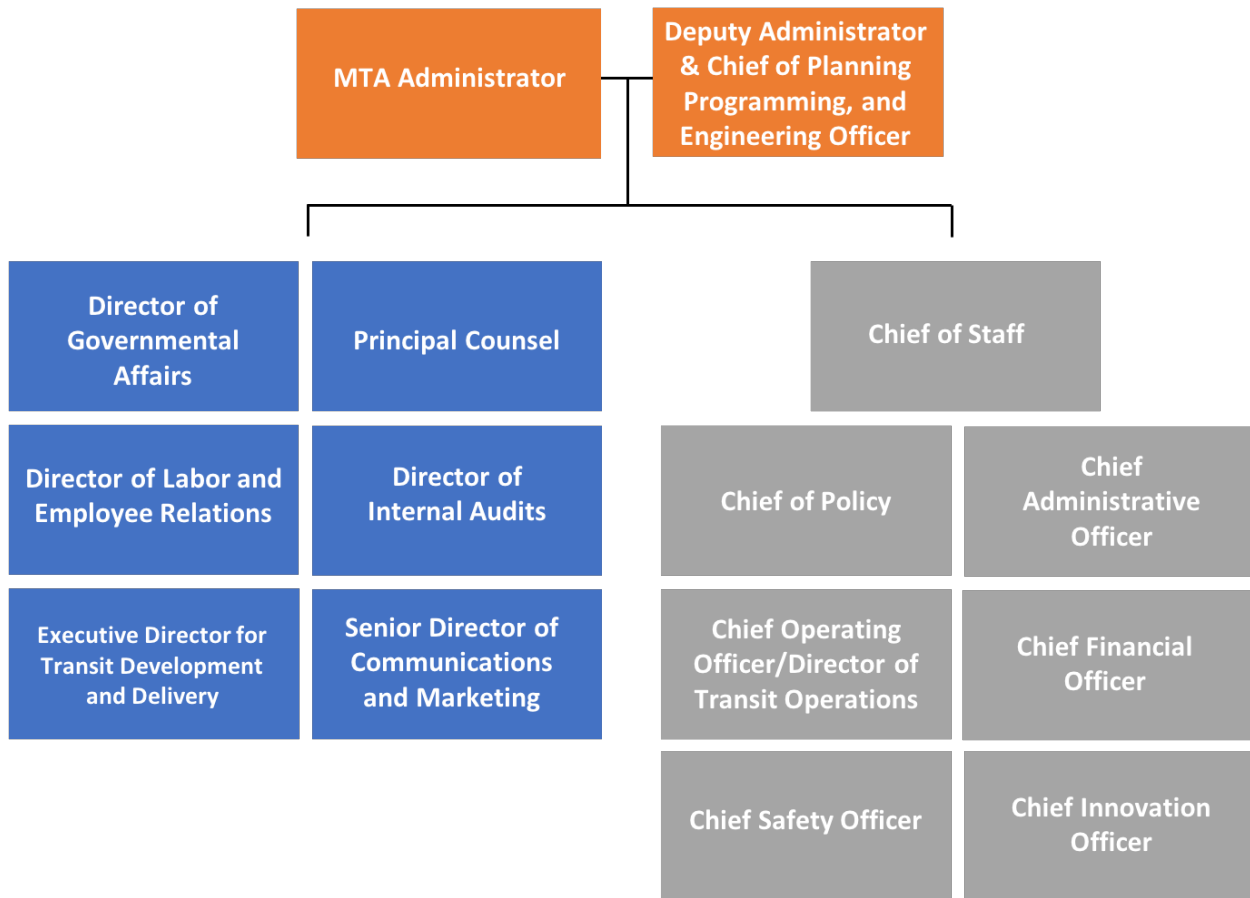
2.2 Maryland Transit Administration

Originally established in 1969 as the Metropolitan Transit Authority, the MTA is the 16th largest transit system in the United States in terms of overall ridership, 14th largest in terms of bus ridership, and 5th largest in terms of commuter bus ridership.²² The agency's service area covers 2,560 square miles and serves over 2.2 million people in the state, including 250,000 daily riders. While 28 percent of its geographic coverage is metropolitan Baltimore, the services that are wholly within that region constitute 78 percent of its total budget and 87 percent of its riders.²³ The organizational structure of the MTA Executive team is illustrated in Figure 6.

Rider Demographics on Maryland Transit Administration Services

For the local services (i.e. light rail, subway, and core bus), the MTA's ridership is majority Black/African American (69 percent for subway, 67 percent for core bus services). Maryland Area Regional Commuter train service (MARC) serves a larger expanse of the state, its schedule is geared towards weekly commuters, and its ridership is majority White (55 percent). The MTA's commuter buses serve roughly comparable percentages of White and Black riders (40 and 39 percent, respectively), as well as a higher percentage of Asian riders than other modes (13 percent).²⁴ In comparison, the overall population for the Baltimore metropolitan area is 56 percent White, 29 percent Black, six percent Hispanic/Latino, five percent Asian, three percent multiracial, and less than one percent each of American Indian/Alaskan Native and other races or ethnicities.²⁵

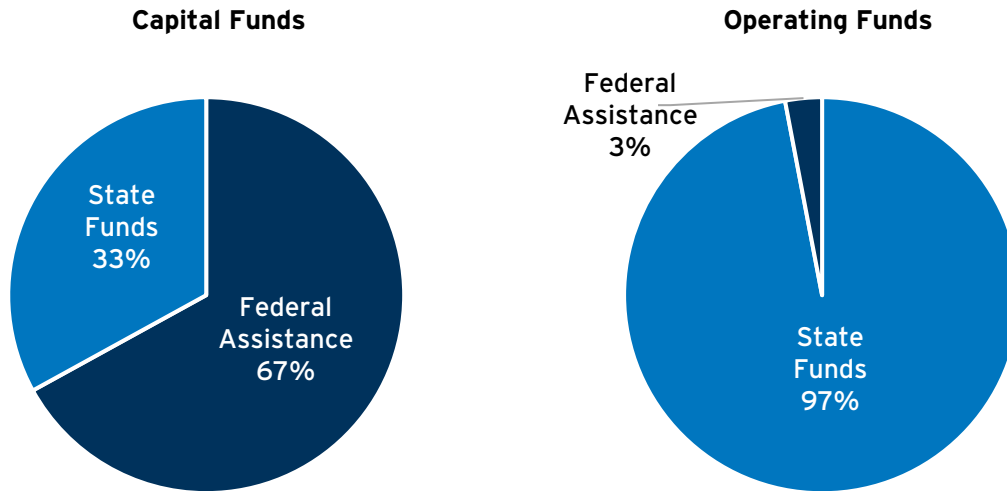
Figure 6: Maryland Transit Administration Executive Team



Source: Created based on positions listed on the MTA website as of November 2020

The agency has an annual operating budget of \$888 million in 2020 and a six-year capital budget of over \$3 billion.²⁶ The 10-year Capital Needs Inventory and Prioritization Report indicated that the MTA’s physical assets totaled \$9.5 billion in 2018. Between 2019 and 2028, the agency’s capital needs total \$5.7 billion in year of expenditure dollars, with the majority (81 percent) representing state-of-good repair needs and the remainder representing enhancement needs.²⁷ The six-year capital budget beginning in fiscal year 2019 represented a 10 percent decrease over the previous six-year period, while the operating budget increased about seven percent.²⁸ The MTA’s capital and operating funds by origin are depicted in Figure 7.

Figure 7: Maryland Transit Administration Capital and Operating Funds by Origin



Source: MDOT Consolidated Transportation Program FY 2020-FY 2025

The MTA manages funding programs available to the state’s locally-operated transit systems (LOTS) in support of both public and specialized transportation services. As of FY 2018, there were nine grant programs available to LOTS for planning, capital, and operating assistance.²⁹ To comply with grant funding, LOTS are required to submit Annual Transportation Plans to the MTA and various other compliance reviews led by the MTA. Advisory committees for service planning and policy changes are not required for LOTS funding but are strongly recommended by the MTA.³⁰

Unlike peer agencies throughout the country where jurisdictions associated with a regional transit authority are generally required to contribute financially to that authority, the city and counties in the Baltimore metro do not directly fund MTA’s services. However, they do provide funding for other local bus services such as Annapolis Transit, Carroll County’s TrailBlazers, and the Charm City Circulator. The size and scope of the transit services offered in the Baltimore Region are shown in Table 2.

Table 2: MTA and Local Transit Services in the Baltimore Region, 2018

	Service	Ridership	Annual Operating Budget
MDOT MTA Services	Local Bus	63,797,000	\$305,038,000
	MARC Commuter Rail	9,327,000	\$161,021,000
	Metro Subway	8,917,000	\$63,833,000
	Light Rail	7,417,000	\$43,950,000
	Commuter Bus	3,820,000	\$64,883,000
	MobilityLink (paratransit)	2,954,000	\$117,503,000
City-and-County-Run Services	Charm City Circulator (Baltimore City)	2,635,000	\$3,259,000
	Harbor Connector (Baltimore City)	326,000	\$834,000
	Howard County (Central Maryland RTA)	668,000	\$10,780,000
	Anne Arundel Transit	279,000	\$5,397,000

Source: National Transit Database (NTD)

*Note: Queen Anne’s County, Annapolis Transit, Carroll County, and Harford County operate limited bus and/or paratransit service that is not reported in NTD
Ridership is reported as Unlinked Passenger Trips*

2.3 Regional and Local Governments

Most of the MTA’s coordination with local jurisdictions in its core service area of Central Maryland is through the BRTB, the region’s MPO that coordinates surface transportation planning and investments to comply with federal laws. BRTB is housed in and staffed by the Baltimore Metropolitan Council (BMC), the region’s council of governments (COG). BMC’s Board of Directors includes representatives from six counties (Baltimore, Carroll, Harford, Howard, Queen Anne’s, and Anne Arundel), as well as the Baltimore mayor, the President of the State Senate, a state delegate, and a private sector governor appointee. The jurisdictions represented by the BMC are shown in Figure 8.

The 13-member BRTB is comprised of elected officials from each of the counties represented in the BMC, elected officials from the cities of Annapolis and Baltimore, secretaries of the Maryland Departments of Transportation, Environment, and Planning, the Administrator of the MTA, and the administrator of Harford Transit. All BRTB board members have voting rights, except for the representatives from the Maryland Department of the Environment, the Maryland Department of Planning, and the MTA, who serve as advisors.³¹ Baltimore City and Baltimore County comprise just over 50 percent of the population represented by BRTB, and those two jurisdictions each receive one vote of the 10 total voting positions on the BRTB.³²

Figure 8. Jurisdictions Represented by the Baltimore Metropolitan Council



Source: Baltimore Metropolitan Council

The BRTB manages the Unified Planning Work Program (UPWP) tasks and budgets, which outlines how the region will use federal transportation planning funds. BRTB also provides policy guidance and oversight of long-range transportation plans, the Transportation Improvement Program (TIP), and the transportation element of the state Air Quality Implementation Plan.³³ Each MPO's TIP is consolidated into a Statewide Transportation Improvement Program (STIP), and MDOT ultimately has final say in what projects receive federal funding.³⁴

Within MTA, the Office of Local Transit Support provides technical assistance including federal and state regulatory compliance, operations, management, planning, and training assistance to LOTS operating throughout the state. The transit systems designated as LOTS in Central Maryland are Annapolis Transit, the Anne Arundel County Office of Transportation, Baltimore CountyRide, Charm City Circulator, Harford Transit LINK, and the Central Maryland Regional Transportation Agency (RTA).³⁵

In October 2020, MTA completed the development of a Regional Transit Plan for Central Maryland, which outlines public transportation goals and planned expansion of service for Anne Arundel, Baltimore, Harford, and Howard Counties, and Baltimore City. The agency collaborated with local governments, transit providers, residents, the BMC, and the Central Maryland Regional Transit Plan commission—which consists of 11 regional representatives that develop goals for the Plan—to develop this long-term transit vision. The plan was required by the

Maryland Metro/Transit Funding Act of 2018 and must be updated every five years.³⁶

In addition to the MTA, the region is served by the Central Maryland RTA. RTA's management and operation are provided by First Transit, a private transportation provider, whose service contract is managed and overseen by the Howard County Office of Transportation. The system provides 16 fixed routes, and ADA complementary paratransit services and was founded in 2014 when Howard, Anne Arundel, and northern Prince George's Counties and the city of Laurel joined together to create the Central Maryland Transportation and Mobility Consortium (CMTMC) to provide coordinated regional bus service. These jurisdictions share funding for RTA services and there is also federal and state support. Two representatives from each jurisdiction serve as commissioners on the CMTMC, and the entity meets quarterly. Among the commissioners' responsibilities are to make recommendations on the performance of the RTA and the service contractor, to solicit public input, and to make recommendations to the entire CMTMC on service policies, annual operating budgets, proposed fare changes, and jurisdictional Transit Development Plans. Commissioners are required to ride RTA service at least once each year.³⁷

2.4 Civic and Business Stakeholder Groups

Throughout the Baltimore region, a number of civic groups representing business interests and various advocacy constituencies work to improve transit for commuters, residents, and employees. These stakeholders engage in a range of activities, including directly lobbying state and local elected officials, engaging with community members, and advising decision-makers on planning and programming.

In the city of Baltimore, Johns Hopkins University and the University of Maryland System and their associated health institutions are the largest employers, with the former university employing 25,000 (and an additional 19,340 in the health system) and the latter employing 9,830 (and an additional 9,100 in the health system). Other institutions employing more than 2,000 people located within the city include Exelon Corporation, the Kennedy Krieger Institute (health services for children with disabilities), the Maryland Institute College of Art, Horseshoe Casino, and the Veterans Health Administration.³⁸

The Greater Baltimore Committee (GBC) is the leading voice for the region's business community and in addition to promoting general economic growth, GBC advocates for public policy issues, including transportation. Recently, the GBC has specifically engaged in advocacy for regional cooperation on transportation planning and delivery, as well as balanced statewide transportation spending.³⁹

A number of advisory bodies are embedded within transportation agencies to offer input on decision-making. At the state level, the MTA is advised by an unpaid

volunteer Citizens Advisory Committee (CAC). The CAC does not set regulations or policy, but rather makes recommendations for solutions to identified problems.⁴⁰ The BRTB receives input from a Public Advisory Committee (PAC) of 30 individuals, community organizations, and industry professionals representing all geographic areas of the region. The PAC offers input on BRTB's plans, programs, annual work program, budget, public involvement process, and other regional transportation issues. PAC members also promote equity and public participation in regional transportation planning.⁴¹

Various multisector coalitions also work to improve transportation in the region. The Central Maryland Transportation Alliance is comprised of corporate and civic leaders from the business, philanthropic, and institutional sectors, and works to improve transportation in Central Maryland. The Greater Washington Partnership is a civic alliance of CEOs from Baltimore to Richmond, Virginia that works to advance a variety of public policies in the public interest, including transportation.

A number of advocacy coalitions unite businesses, educational and cultural institutions, environmental groups, and other community groups to further the public transportation agenda in the region. The Baltimore Transit Equity Coalition (BTEC) was formed from the Baltimore Red Line Title VI Initiative, a group of community economic development advocates in West Baltimore that joined together in reaction to the cancellation of the Red Line light rail to submit a civil rights complaint to the USDOT. The complaint alleged that the governor, MTA, and MDOT had an obligation to ensure that this cancellation did not adversely affect minority and low-income groups on the basis of race, color, or national origin.⁴² The complaint was dismissed by the federal government in 2017 without explanation.⁴³ Today, the BTEC advocates for plans for the Red Line to be reinstated and for the light rail line to be constructed.

The Maryland Transit Opportunities Coalition unites transit riders, organized labor groups, and advocates (including the BTEC) to expand the statewide transit network. Transit Choices is a coalition of businesses, universities, cultural institutions, developers, environmental groups, community groups, transportation planners, young entrepreneurs, and concerned individuals joined by a vision of creating a comprehensive, multimodal, integrated, sustainable, and user-friendly transit system in the Baltimore region. Bikemore works to increase and improve bicycle infrastructure, policies, and awareness to create a safer, healthier, and more livable bicycling city, and advocates for improved mobility options including better public transportation.

3.0 Peer Case Studies

To draw comparisons to the context of transit operations and capital decision-making in Central Maryland, we conducted three case studies of peer transit agencies that represent best practices in governance and funding. The agencies assessed were Metro Transit (Minneapolis-St. Paul region), the Massachusetts Bay Transportation Authority (Boston region), and the Port Authority of Allegheny County (Pittsburgh region). The full case studies are included in the report appendix, but Table 3 provides key points of comparison for the three regions and Baltimore.

These regions were selected for their mid-range size roughly comparable to Central Maryland and the fact that all have substantial, but varied, forms of state involvement in governance and funding of transit. The selected agencies also range in dynamics between the central city and surrounding counties and, in some cases, across state boundaries, which can demonstrate the complexity of delivering service to areas with varied needs. These peer agencies, like all transit providers across the United States, have grappled with budget and service delivery challenges as a result of the 2020 coronavirus pandemic. The full effects of the pandemic on public transportation service delivery are still unfolding, so the information presented in these case studies does not account for current and future budget or service changes.

These three peer regions have strong state involvement, but no single point of control like at the Maryland Transit Administration. Instead, they have boards of directors, with members appointed by leaders in state government, who meet regularly and vote on key decisions for the region. There are varying levels of local involvement in each region's respective transit governing boards. Unlike the Baltimore region, each of the reviewed regions contribute funds to the operations or capital programs in their regions. Local jurisdictions in the Boston region are assessed proportional shares of 10 percent of the operating costs of the MBTA, despite the fact they have no board representation. Jurisdictions in the Minneapolis-St. Paul region levied a regional sales tax to fund the majority of their capital expansion and part of transit operations. The Minnesota governor still controls who is on the board, but members must come from local jurisdictions. Allegheny County also contributes financially to the system in that region, and shares board seats with those appointed by state officials.

Table 3: Governance Comparison of Peer Transportation Authorities

REGION	Baltimore	Boston	Pittsburgh	Minneapolis-St. Paul
Urbanized Area Population*	2,203,663	4,181,019	1,733,853	2,650,890
Annual Unlinked Passenger Trips*	96,231,787	372,398,838	63,463,854	80,653,405
Service Area Square Miles	2,560	3,244	775	653
Total Operating Funds Expended*	\$767 million	\$1.98 billion	\$420 million	\$404 million
Total Capital Funds Expended*	\$303 million	\$591 million	\$123 million	\$237 million
Operating Agency	Maryland Transit Administration (state-operated division within MDOT)	Massachusetts Bay Transportation Authority (state-operated division within MassDOT)	Port Authority of Allegheny County (County-operated regional authority)	Metro Transit (regional transit operator, a service of the region's MPO)
Board Structure**, ^^	No governing board	<ul style="list-style-type: none"> • 11-member MassDOT board chaired by Sec of Transp. • 5-member Fiscal and Management Control Board 	11-member board	17-member board (16 represent specific geographic areas, 1 is at-large)
Appointment of Board Members**, ***, ^^	N/A	Both boards appointed by governor	<ul style="list-style-type: none"> • 5 by state (1 by governor; 1 each by Senate and House majority and minority leaders) • 4 by Allegheny County Executive • 2 drawn from a list compiled by 4 community-based organizations and confirmed by County Council 	Appointed by governor and approved by State Senate
Meeting Frequency**, ^, ~	N/A	<ul style="list-style-type: none"> • Once/month except Aug. and Jan. for MassDOT board • Near-weekly basis for FMCB • Monthly joint meetings between the two boards 	Once a month except August and December	Twice monthly
Term**, ^^	N/A	4-year terms for the MassDOT board	4-year terms	4-year terms
Stagger**, ^^	N/A	Staggered	Staggered	Terms coincide with gubernatorial term

Sources: See Endnote 44

4.0 Governance Themes in Baltimore and Peer Regions

The following are broad themes about transit governance in Central Maryland, derived from conversations with stakeholders and review of governance literature.

4.1 Central Maryland suffers from a lack of regional vision-setting, which is a prerequisite for effective transit

A clear theme that consistently arose in interviews with Baltimore regional stakeholders is that Central Maryland is hampered by its inability to think and act regionally. Traditional divides between the central city and counties, between rural and urban areas, between Black and white communities, and between poor and wealthy neighborhoods are prevalent. This greatly impedes the ability for regional planning entities to function effectively and for business and civic leaders to be an effective voice for cross-border functions like transportation.⁴⁵ The MTA, which has a statewide, not regional, mandate for transit services and a singular point of authority with the governor's administration has historically been unable to fulfill that role, regardless of the party from which the governor is elected.

While the advocacy landscape for transit has become more vocal in recent years, these voices are often fragmented, largely focused on issues within the city, and have not been effective at advancing meaningful improvements to transit for the Baltimore region. The focus is often on specific projects or discrete issues and the region's strong voices for social justice and the environment have recently begun to connect those issues to transit. Interviewees suggested that many of the advocacy and civic groups have overlapping missions and goals, but do not coordinate effectively and thus their influence is diffused.

The lack of regional thinking and coordination presents challenges for business leaders like the GBC that believe "synergy among central cities and the jurisdictions around them is critical to a region's success."⁴⁶ Some assert that with a stagnant regional economy and with many local business leaders living outside of the region, the business community's voice is not as strong as it once was. This is exacerbated by a business base that is somewhat skewed toward smaller businesses relative to peer regions. By contrast, when the leaders of a region's largest employers are part of the fabric of the community, their influence on civic affairs is much more broadly felt, for example by building consensus on major policy issues.

Elected officials play an increasingly important role in calling for more and better transit service, though as one interviewee indicated, the momentum created by elected officials can be sporadic. Still, there is hope that a number of current leaders in the General Assembly and the incoming Baltimore mayoral administration are and will be beneficial to transit.

A shared planning philosophy or vision for the broader agenda of transit in a region, among those with decision-making capacity, is vital to a healthy transit network.

Determining the long-term vision and goals for what a transit system should accomplish is a necessary first step to enable better decision-making for specific capital and operations details, such as budgets and service planning.⁴⁷ For most agencies, regionalism comes from their board representation, with representation often influenced by population size or monetary contributions. Boards often represent certain jurisdictions, and in some cases rider groups, labor, and other stakeholders. In most regions, the MPO plays the key role in regional coordination. In places where the state has granted MPOs expanded authority, such as in the Minneapolis or San Francisco regions, they have assisted with aligning federal capital funds to regional priorities and coordinated transit service across multiple agencies.⁴⁸

The BRTB is the primary driver of coordinated regional planning in Central Maryland. But without a strong regional ethos fostered by its voting members (local elected officials), interviewees noted that it does not play a major role coordinating between the state and jurisdictions, apart from adhering to requisite federal and state regulations.

4.2 State involvement in Maryland transit is beneficial, but power is too consolidated

Several advantages exist to having state involvement in funding and financing a regional transit system. The fact that transportation investments for all modes in Maryland stem from the TTF creates a fairly streamlined system for transportation decision-making in the state. The TTF is viewed as providing flexible, stable funds that can be allocated to different modes, projects, and jurisdictions year over year. This arrangement also allows the state to better leverage federal dollars where possible. State control and the absence of an oversight board means that approval for capital and operations plans only requires agreement by the governor rather than a complex web of stakeholders, as in peer regions. Stakeholder groups like organized labor are accustomed to dealing directly with the state and have built important protections, wage agreements, and relationships.

But such control also means that the long-term planning for transit investments can be interrupted by a new gubernatorial administration, regardless of political party. The TTF arrangement also means that transit must compete with other modes for state dollars. Most notably, it must contend with highway investments, which on average receive about half of all state TTF funds. In recent years, transit dollars also compete with the dedicated funding reserved for WMATA.

While the three peer regions reviewed in this report have strong state involvement, none has a single point of authority like the MTA. Instead, the peer regions have varying forms of boards of directors, with members appointed by leaders in state or local government, who meet regularly and vote on key decisions for the region. The MTA has no governing board.

4.3 The lack of a governing board makes it potentially challenging for the MTA to implement long term plans

Many transit investments are long-range decisions. Therefore, the presence of sustained and committed executive and board leadership is critical in order to bring consistency to the decision-making process and enable champions for necessary reforms.⁴⁹ In one national survey of transit CEOs and board chairs, respondents indicated that CEO/General Manager leadership was a very strong factor in influencing board effectiveness, irrespective of whether the CEO/General Manager also chairs the board.⁵⁰ Board leadership and commitment is also an important factor. Staggering board position terms facilitates both continuity and the introduction of fresh ideas when there is a change in CEO leadership.⁵¹

For both executive and board leadership, consistency helps buffer against changes in political administrations at the state and local levels. Leaders that have been stable over time are often better able to leverage relationships and obtain support for their vision and goals.⁵² This kind of consistency is missing from governance of transit in Central Maryland.

Boston has a governance structure most similar to the MTA where the governor controls most governance and funding decisions. However, in Boston the governor appoints an 11-member board to make decisions for MassDOT of which the MBTA is a part. The board members' terms are staggered to allow for continuity of personnel and to insulate from sudden policy changes during gubernatorial transitions. Allegheny County (Pittsburgh) and the Met Council in Minnesota also have boards that help bring consistency to the decision-making process with a shared leadership constructed of state and local appointed representatives.

4.4 The current governance of the MTA can be unaligned with local and regional transit needs

A weakness of the current governance arrangement for transit in the Baltimore region is a lack of direct local input into transit decision-making. Regional decisions for transit coincide with gubernatorial terms, which can cater to different statewide constituencies. This divergence in priorities often manifests as hostility between the Baltimore City, neighboring counties, and the rest of the state. Surrounding jurisdictions sometimes argue that most of the state transit funds go to transit in Baltimore City at their expense. In turn, those outer jurisdictions resist targeting tax revenues for transit services that do not directly serve their residents. In contrast, Baltimore City views the counties as resistant to improving transit. County-run LOTS transit systems typically do not coordinate plans and investments, or even interface with MTA services.

The cancellation of the Red Line is one example in a long history of decisions widely viewed as a racially-motivated to inhibit connections between east and west Baltimore or between the city and surrounding counties.⁵³ It was anticipated that

the Red Line project would receive \$900 million in federal aid and the project had gone through a multi-year environmental review and public engagement process. However, some regional stakeholders felt the project was too expensive and that the existing governance structure—which would have prevented similar megaprojects in the near term—put too much weight into the success of its delivery.

While the Red Line project was canceled, the Purple Line light rail in Maryland's Washington metro suburbs was allowed to continue, albeit at a 76 percent reduction in state funding for construction. This allowed the state to divert funds to highway projects and reduce toll rates throughout Maryland.⁵⁴ Many see the failure of the Red Line as a turning point in mobilizing the push for better transit in the Baltimore metro.

Local goals may differ, which is often demonstrated in variability between the modal share for projects listed in counties' Priority Letters that represent each jurisdiction's annual prioritized ranking of projects, developed as part of the STIP process.⁵⁵ Many jurisdictions, due to a history of highway-focused projects and corresponding greenfield development patterns, do not have the personnel or experience to plan for transit, as captured in a statement by one interviewee, "Even if their hearts are there, it really isn't anyone's job at the local level to do transit." This is reflected in a growth in statewide vehicle miles traveled (VMT): between 2000 and 2018, VMT increased 18 percent in Maryland (the United States average was the same during the same period) and the state recently ranked second in the nation for highway congestion during peak periods, after California.⁵⁶ Differing modal priorities have prevented the region from developing a broader coordinated transportation vision.

Population change impacts the demand for transportation connectivity and frequency. The population of the Greater Baltimore region grew 13 percent from 1998 to 2018 to a total of 2.8 million. But Baltimore City itself lost nearly 10 percent of its population in the same timeframe. Real estate development has grown in Baltimore City, but also in surrounding places like Towson and Columbia. This has been accompanied by a growth in the office vacancy rate since 2008; the downtown office vacancy rate has grown 9.7 percent since then, compared to only a 2.5 percent growth in office vacancy rate for the larger metropolitan area.⁵⁷

With little local input on transit governance, the region has no opportunity to work together to plan and invest to improve outcomes on key goals like racial equity, connectivity, and economic development. But part of the lack of local participation mirrors the fact that the MTA uses no local funds in its operating or capital budget. Unlike Central Maryland, the local jurisdictions in each of the regions reviewed in the appendix of this report do contribute funds to the operations or capital programs for the primary transit agency operating in their regions.

5.0 Best Practices for Governance Reform Based on Existing Transit Governance Models

Given the complex regional histories and institutions that have resulted in varying models of transit governance, it is difficult to precisely transfer or replicate lessons in other regions.⁵⁸ Attempts at using performance data to measure the relative success of governance models have been unsuccessful, mostly because there are so many factors aside from governance that contribute to them. For example, quantifiable outcomes, like transit accessibility (jobs reached by transit within a certain time), operational efficiency (expense per vehicle revenue hour), or regional investment (capital investment per capita) are often determined by the economic and social history of a region and its urban form.

In fact, there is no single best model for transit governance. Instead, the success or failure of a transit organization is determined more by its ability to meet several elements associated with "good governance."⁵⁹ A 2014 review listed five principles of good governance:

- *Coordination*: facilitates an integrated regional transportation system and allows costs and benefits to be shared fairly
- *Efficiency*: strategic directions and priorities are set, and services are delivered cost-effectively
- *Accountability*: decision-makers are held responsible and there is transparency about the decision-making process
- *Responsiveness*: the community's needs are addressed
- *Sufficient and sustainable revenue*: the fiscal framework allows the board or agency to deliver on its mandate.⁶⁰

Governance for public transit in the United States varies widely between regions, but can be parsed according to three primary, interrelated characteristics: the institutional model, the funding mechanisms, and the board structure when applicable. Table 4 and the corresponding text depicts five different institutional models for transit agencies.

5.1 Institutional Models

State authorization is usually required to make a change to the governance of a regional transit network. Regardless of whether a local transit network uses state funding, state legislation is often required to grant the agency or authority power to plan, acquire, construct, maintain, and operate facilities and projects.⁶¹ While municipal agencies and joint powers authorities (JPAs) do not necessarily require state authorization, the states can be indirectly involved. Virginia Railway Express (VRE), for example, is owned by two separate entities, the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission, both of which were themselves created by the Commonwealth of Virginia. The Code of Virginia mandates the size and representation for both of the

Commissions that oversee the VRE, and those Commissions determine the size and representation for the VRE Operations Board.⁶²

Table 4: Transit Governance Models

Institutional Model	Authority for Creation	Examples
State Transit Agency	General state law or enabling statutes	<ul style="list-style-type: none"> • Maryland Transit Administration • Massachusetts Bay Transportation Authority • New Jersey Transit • Rhode Island Public Transit Authority
General Purpose Transit Authority or District	General state law or enabling statutes, coupled with local initiative	<ul style="list-style-type: none"> • Port Authority of Allegheny County (Pittsburgh) • Washington State public transit benefit areas • Ohio transit authorities (Cleveland, Akron, Cincinnati, Toledo, Columbus) • Florida County Transit Districts • New Mexico RTAs (e.g. North Central New Mexico Regional Transit District)
Special Purpose Regional Transit Authority or District	Special statutes (i.e. special act of state legislature)	<ul style="list-style-type: none"> • WMATA • Metro Transit (Minneapolis-St. Paul) • San Francisco Bay Area Rapid Transit (BART) • Utah Transit Authority • Denver Regional Transportation District (RTD) • Chicago Transit Authority, Pace, Metra
Municipal Transit Agency	Existing local government (city, county) powers	<ul style="list-style-type: none"> • Charm City Circulator (Baltimore Department of Transportation) • City of Honolulu Transit • Charlotte Area Transit System (CATS) • San Francisco Muni
Joint Exercise of Powers or Joint Powers Authority	Existing local government (city, county) powers	<ul style="list-style-type: none"> • Virginia Railway Express (Northern Virginia and Potomac and Rappahannock Transportation Commissions) • JPB/Caltrain (Santa Clara, San Mateo, San Francisco Counties) • Trinity Railway Express (Dallas Area Rapid Transit and Fort Worth Transit)

Adapted from: Yonel Grant, Cyndy Pollan, and Tagan Blake, "Regional Organizational Models for Public Transportation," American Public Transportation Association, 2011.

State transit agencies, like the MTA or New Jersey Transit (NJT), are created by state legislation and operations are owned, funded, and managed by the state. In the case of NJT, the Transportation Act of 1979 was passed by the state legislature and signed by the governor in an effort to consolidate the numerous private bus services and improve poor quality rail service in the state.⁶³ Most state transit agencies have boards: for example, NJT and MBTA are both governed by a board of

directors appointed by their respective governors.⁶⁴ As noted, the MTA is the only large state transit authority that does not have a governing board.

General purpose transit authorities or districts are created through joint approval of leaders and voters across multiple regional jurisdictions. In some cases, state law allows for a general-purpose authority separate from local government to be created anywhere in a state through local elections. The Greater Cleveland Regional Transit Authority is an example. Ohio legislation in 1970 allowed communities to set up regional transit authorities (RTAs). This was followed by legislation in 1974 that specifically allowed RTAs to raise their own dedicated taxes. Cleveland's RTA was created in late 1974 following the adoption of legislation by the Cuyahoga County Commissioners and the Cleveland City Council.⁶⁵ Most general-purpose RTAs are governed by boards of directors.

Special purpose regional transit authorities or districts are created by special acts of state legislatures and apply to specific regions within a state. This is the most common transit governance model in large urban areas. For example, the Denver Regional Transit District (RTD) was created in 1969 by the Colorado General Assembly to serve five counties in the region, supplementing existing services from the Denver Tramway Company. In 1973, voters approved a 0.5 percent sales tax to finance a multi-modal transit system, at which point RTD acquired private bus companies and expanded service to additional counties in the region.⁶⁶ Most special purpose RTAs are governed by boards of directors. Metro Transit in Minneapolis is a unique case of a transit agency that is embedded within an MPO and thus, has several additional layers of advisory and decision-making governance.

Municipal transit agencies are operated by local governments as one part of their municipal functions. They do not require state legislation for creation but in some cases, legislation by the city council or an amendment to the city charter is needed to establish a department of transportation. Municipal transit agencies are a common governance model, especially in small and mid-sized urban areas. They deliver services like the circulator-type bus systems in Washington, DC and Baltimore City, and in some cases more extensive services like San Francisco Muni. Some municipal agencies have governing boards, like Muni, and others do not, like the circulator services in Washington and Baltimore, since those are run out of the local transportation departments.

The Charlotte Area Transit System (CATS) is an example of a municipal agency that is governed by a board. When it expanded transit service beyond the city limits in Charlotte, the city council created a separate transit board, the Metropolitan Transit Commission (MTC), represented by all of the jurisdictions that provide funding. While the city of Charlotte is the major jurisdiction represented in terms of transit service provided, it has one board vote like all other jurisdictions.⁶⁷ Whereas the MTC sets policies, approves service changes, sets fares, and approves expansion

plans, the Charlotte City Council maintains a separate procurement and contracting function.⁶⁸

Joint exercise of powers or joint powers authorities (JPAs) are agreements between two or more local governments to create a new transit agency to fund, build, and operate transit. Caltrain is an example of a joint powers agreement between the Santa Clara County Transit District, the City and County of San Francisco, and the San Mateo County Transit District. The Peninsula Corridor Joint Powers Board was established in 1988 to manage commuter rail service on the pre-existing Peninsula Commute. The Peninsula Corridor Joint Powers Board is governed by a nine-member board comprised of three representatives appointed by each member agency.⁶⁹

5.2 Funding Mechanisms

Understanding transit funding is crucial to understanding transit governance.⁷⁰ Revenue sources for transit can vary, and an understanding of who has authority to make allocation decisions thus heavily implicates how funds are allocated.⁷¹ Existing statutes, compacts, and tax caps may restrict a region's ability to raise funds for transit, even if there is regional support. For example, the counties outside of the service area for the Austin, Texas region's Capital Metro are not able to collect additional taxes, and thus cannot extend transit despite population growth in those areas.⁷²

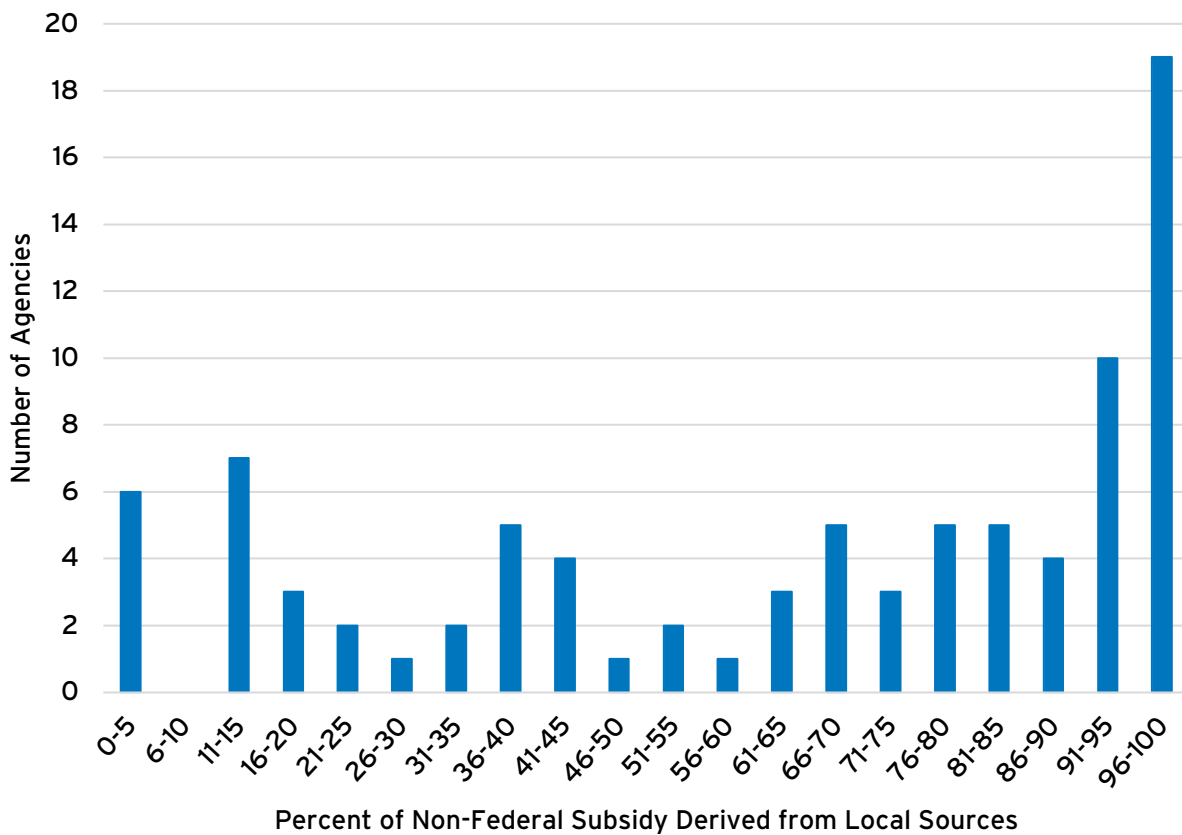
Figure 9 shows how much of the non-federal contribution in the largest 88 agencies in the United States come from local sources. Since boards are typically made up of local and state appointees, this analysis excludes federal grants that also support agencies. The graphic shows that most large agencies rely heavily on local contributions. Five of the six agencies that receive less than five percent of their funding from local sources are for statewide services: the Alaska Railroad, the Washington State Ferries, Connecticut DOT, Delaware DOT, and New Jersey Transit. MTA, which receives none of its revenues from local sources, is the only agency that is also focused on a single metro area.

Dedicated sources of funding for transit that are removed from political interference and do not directly compete for limited resources with other priorities (e.g., education) at the federal, state, or local level provide steady support and better fiscal certainty for transit investments.⁷³ Transit agencies in the New York City, San Francisco, and Boston regions all use excess toll revenues to augment their local transit networks.⁷⁴ Northern Virginia applies congestion charges with its Commuter Choice program for I-66 and I-395, which uses toll revenues from regional expressways to provide funding for multimodal projects.⁷⁵ The risk in some sources of dedicated funding is that revenues may fluctuate due to external economic factors. For example, toll lanes in Northern Virginia experienced a 90

percent decrease in revenue in the initial months of the 2020 coronavirus pandemic.⁷⁶

The Washington, DC region recently demonstrated important political will to raise dedicated regional funding for WMATA. The three jurisdictions that are party to this agreement—Maryland, Virginia, and the District of Columbia—all contribute funds raised in different ways: Maryland’s comes from the state transportation trust fund, which reduces allocations for other modal projects; Virginia uses a combination of state funds, an increase in regional gas taxes, and diversion from other road and transit projects in Northern Virginia; and the District of Columbia raised the sales tax, commercial property taxes, and levied taxes on ridehailing services.⁷⁷

Figure 9: Non-Federal Share of Local Subsidy, For all Transit Agencies with Budgets over \$100 Million Annually



Source: Eno Analysis of National Transit Database, 2018

Governing bodies are often in charge of making decisions related to investments that cost billions of dollars and take years to complete. Tying transparent and understandable performance measures to funding decisions facilitates better decision-making. Performance measures that are designed to help an agency meet regional transportation goals can buffer a region from decision-making that is

overly political. The Metropolitan Transportation Commission (MTC) in San Francisco questioned funding a commuter rail line that did not meet a pre-determined benefit-cost ratio limit, requiring major improvements to the plans despite political pushback.⁷⁸

In addition to federal performance measurement requirements, agencies may partner with academic institutions to gather information about transit performance.⁷⁹ The Capital Area Transportation Authority in Lansing, Michigan added a non-voting board member from Michigan State University, which increased the emphasis on data acquisition and performance analysis of the system, leading to efforts to upgrade technology and management.⁸⁰

Performance measures work best if they are transparent to the public and easy to understand. While this opens scrutiny, it limits the ability of governing bodies to abruptly change course or make overtly political decisions.

5.3 Board Structure

The composition of the board of directors can also play a strong role in transit decision-making. There are infinite ways to structure a board, and each agency that has one takes a slightly different approach. Boards are typically appointed by elected officials (e.g. the MBTA's MassDOT and Fiscal Management and Control Boards, which are appointed by the governor) or comprised entirely of elected officials, such as city councils (e.g. Sound Transit). Boards can also be directly elected (e.g. BART), or comprised of a combination of elected officials and citizen representatives (e.g. Port Authority of Allegheny County).⁸¹ Appointment by elected officials has been the most common form of board selection, and in many cases board members are required to have technical knowledge of transit systems.⁸² Often, the entity that appoints transit boards and the jurisdictions represented by board members relate directly to the source of subsidy funding. Boards that are diverse in terms of gender, disability status, minority representation, and geography—and that represent the region's demographics proportionally—provide representative decision-making.⁸³

Voting board members generally reflect financial contributions to the system, as is the case with the MBTA or the Twin Cities' Met Council, which is comprised of governor-appointed board members since the majority of operating funding comes from the state.⁸⁴ Board representatives for agencies that are funded primarily through local taxes are selected locally.

The board structure should appropriately represent the ridership, both in terms of demographics as well as geography. Board composition can change over time to reflect shifting regional dynamics.⁸⁵ In some cases, temporary boards may be stood up to address specific issues, as was the case with the MBTA's Fiscal and

Management Control Board, which has largely been viewed as successful in addressing long-term financial challenges at that agency.⁸⁶

6.0 Elements and options for transit governance reform in Central Maryland

6.1 Key governance elements in Maryland and the Baltimore metro

The preceding sections clearly illustrate the challenges with the way public transit is governed and financed in Central Maryland. The state-controlled structure is unique and the fact that the region's local governments do not contribute direct financial resources (local taxes) to the capital or operating expenses of the system sets the region apart from its peers. No other region's transit governance and funding structure is comparable to Greater Baltimore's.

Solving challenges of delivering equitable mobility options is not the sole responsibility of the public transit system, but it does require a regional approach, of which transit is a key part. Therefore, below is a set of elements for Maryland and the Baltimore metro to consider in any effort to reform transit governance and financing. They are based on the analysis in this report of the challenges facing the Baltimore region, as well as the comparative examples in peer regions and a review of best practices in the literature.

The state must continue to have a key role in public transit funding and oversight.

Today, the state distributes over \$800 million annually to MTA's capital and operating needs statewide.⁸⁷ Replacing the revenue that supports transit in Central Maryland entirely through local sources is impractical and given the critical role transit plays for the state's economy, some level of state funding is justified. State involvement in transit also provides important perspective, as it can help coordinate with other modes and is inherently multi-jurisdictional. Previous Eno research shows that states (along with MPOs) play a critical role in transit oversight and that, on balance, state involvement in governance and funding is an important element of good governance.⁸⁸

The local elected leaders in Greater Baltimore need to increase and coordinate their direct involvement in the MTA to become invested in the transit decision-making process.

Long range capital planning and transit service decisions are made at MDOT and although coordinated by the regional MPO, local officials need to be responsible for greater oversight and decision-making. In order to change outcomes, it is unlikely that an enhanced role could be decoupled from some kind of funding responsibility. This involvement must come with a financial commitment to the MTA and localities need to be prepared to contribute resources to supplement state funding and ensure a seat at the table. No other large metropolitan transit network in the United States is completely funded by revenues that flow to state coffers, so contributing funding collected at the local level is consistent with peer regions and ensures that the region shares some of the risks and benefits.

There needs to be more consistency in planning and decision-making. Because Maryland's transit governance experiences wholesale changes in political leadership with state election cycles, there is little consistent management at MTA and MDOT. Due to term limits, a leadership change is guaranteed at least every eight years, and often happens every four. Since 2004, the MTA has had six different administrators. However, large scale capital improvements, major service changes, and other investments often take far longer than a four-year election cycle. Governance reforms should include a board with staggered terms, for example, so there is consistency to outlast those who appoint board members.⁸⁹

Transit workforce protections must be put in place as part of any kind of governance transition. Governance reforms inherently affect the existing workforce, many of whom are unionized drivers, mechanics, and other professionals. The MTA employs approximately 2,500 unionized staff.⁹⁰ If governance changes require the transfer of some of those staff to a new agency at a different level of government, the protocols need to be established to make sure the workforce, at minimum, is not negatively impacted, such as honoring any existing collective bargaining agreements, negotiating with the union on any major operational and governance reforms that impact the workforce, preserving the existing workforce, and allowing workers to maintain their union representation. It is vital to safeguard job security and worker voice in order to ensure the support of the frontline employees, a key constituency.⁹¹

Delineate between local/intraregional and statewide/interregional transit services. Today, the MTA as a single statewide agency has a broad range of responsibilities. It not only operates an expansive, statewide commuter rail and commuter bus network that crosses state lines, but it is also responsible for constructing a multi-billion-dollar light rail project in the Washington suburbs. This is in addition to operating and planning the regional bus, rail, and paratransit services in and around Baltimore. Those regional services may be better managed by a separate governing unit that includes local leaders, while services that extend outside metropolitan Baltimore and over state lines should continue to be the responsibility of the state. Along with oversight of the regional services mentioned above, the state role should also be to ensure that all transit projects and services are well coordinated.

6.2 Transit Governance and Finance Options for Central Maryland

Given these elements, there are three potential options for transit governance and finance reform for Central Maryland:

- Option 1: authorize transit oversight boards with limited powers to oversee state decision-making
- Option 2: install a state-appointed board of directors for the MTA

- Option 3: form a new regional transit authority with local and state funding and board representation.

Each of these options are described in further detail below. However, it is important to note that any meaningful reform, small or large, will require state legislation and even small changes can bring large hurdles. Understanding the political ramifications of these options is critical and the options below are meant to be exemplary of what reform could look like in broad strokes. Exact details need to be worked out through compromise and additional refinement. As written these options are mutually exclusive, though elements of Option 1 could serve as a foundation for the other two options.

Option 1: Authorize transit oversight boards with limited powers to oversee and inform state decision-making

Even with limited powers, oversight boards with local representation would be key catalysts for positive state and local reforms and would improve coordination of various entities if structured and implemented properly. The current structure of the MTA and the LOTS would remain the same, but three new boards would be added that meet regularly and provide guidance, transparency, and input on major decisions. Three separate boards are necessary to address the MTA's three primary functions, and to ensure that riders and jurisdictions are represented and can advise on their relevant matters. More formal than the existing Citizens Advisory Committee, which would still exist to ensure that riders inform planning and investments, each board would include the MTA administrator as the chair, and the MTA would staff and conduct the meetings.

1. A **Central Maryland Regional Transit Advisory Board (CMRTAB)** to advise on the MTA's local and regional services in and around Baltimore where core services are delivered. Board members would be appointed by local jurisdictions (i.e. mayor, county executive) in the service area, weighted by ridership to ensure that those who use the service most have the most input. The BRTB, which distributes voting power equally by geographic jurisdiction, would also have a seat on the board in order to provide perspective from the whole region.
2. A **Maryland Commuter Services Board (MCSB)** to advise on the commuter bus and rail services across Maryland. Board members would represent jurisdictions throughout the state, perhaps on a rotating basis to include both urban, suburban, and rural ridership, appointed by the governor.
3. A **Large Capital Project Construction Board (LCPCB)** could be considered to oversee the construction and operations of state-owned transit facilities and operations outside the CMRTAB's geographic footprint, such as the Purple Line and any future project, as necessary. Board members would be appointed by local jurisdictions served by the new transit facility, with

representation weighted on local funding contributions. For example, Purple Line LCPCB board members would include Montgomery and Prince George's counties, who provide technical experience and land use authority.

These boards would meet monthly using open records requirements, providing members an opportunity to comment and make recommendations on policies and plans related to capital and operations decision-making. Each board would also participate in the following existing transportation planning processes and provide oversight over each corresponding external entity's implementation of the following documents:

- The BRTB's long-range transportation plan (LRTP) and Transportation Improvement Program (TIP);
- MDOT's State Report on Transportation (including the Maryland Transportation Plan, the Consolidated Transportation Program, and the Attainment Report on Transportation System Performance);
- MDOT's project-based scoring system established under the Maryland Open Transportation Investment Decision Act.

As it relates to the elements above, this governance change would maintain current **state involvement**, authority, and funding. It would add in new **local perspectives**, albeit limited, to the decision-making process. The boards could add some **consistency** in planning, particularly if members' terms are staggered and if the board is made up of people invested in the process. Such a move would not require any change to the **workforce**. By creating three separate functional boards, they could **independently** focus on issues related to those respective services. Because the MTA administrator chairs each board, there would be **coordination** among the decisions.

Of all the options, this is the most politically feasible since it does not require the creation of a new institution. By tying oversight to committees with representation from the jurisdictions served, this would address criticism of the 2016 bill in the state House (HB 1010) that would have created an MTA Oversight and Planning Board, codified existing advisory councils, and required the MTA to begin engaging in comprehensive planning for transit systems in the Baltimore region, while still achieving the bill's main oversight and transparency objectives. This option also does not require substantial funding changes.

Option 2: Install a state-level board of directors for the MTA

Another approach would be the creation of a new board of directors to provide budgetary authority and general oversight over the MTA. Under this arrangement, the current institutional structure of the MTA and the LOTS remains the same; the MTA would continue to exist as a subsidiary of MDOT.

A board of directors would be the primary policy-making entity for the three major functions of the MTA: statewide commuter services, Baltimore metro bus and rail operations, and capital construction. The board would provide strategic guidance on policy and planning decisions, such as service policies and standards and capital planning. Such a board would also provide legal and fiduciary oversight, budget approval, and would set organizational priorities for future planning. It would require state legislation to proceed.

This model could be based on the MassDOT Board, which oversees all modal administrations that fall under the department, including the MBTA. It could also draw from the Met Council board, which governs transit in the Twin Cities region. In that case, members are appointed by the governor, but appointees must represent local jurisdictions.

An MTA board could be comprised of seven to 13 members.⁹² Board appointees would serve staggered four to six-year terms and be required to have specific transportation or finance expertise. The governor would appoint board members, who would need to come from jurisdictions that represent the agency's ridership and have technical expertise related to public transportation. Given its place as part of MDOT, the secretary would serve as the board chair. The MTA could also create the oversight boards as discussed in Option 1 to help oversee the different functions within MTA and provide guidance to the MTA board.

The governance change would retain complete **state control** and funding through the newly created board of directors, but that power would be spread over multiple board members. By requiring the governor to appoint **representatives from the local jurisdictions**, it would bring regional voices to the decision-making table. Staggered terms, coupled with the board's authority, could also bring significant stability and **consistency** to decision-making and planning. By retaining the organizational structure of the MTA, workforce and staff would be unaffected directly by the change. The use of oversight boards could help advise the different MTA functions, but ultimately the single governing board would be responsible for **coordination**.

This option is significantly more challenging to implement than Option 1, with the biggest hurdle being a governor of any political party's expected unwillingness to cede some control over the agency. Such a board would not be unprecedented within MDOT: the Maryland Transportation Authority (MDTA, toll roads), Maryland Port Administration (MPA), and Maryland Aviation Administration (MAA) are governed by advisory boards or commissions chaired by the transportation secretary. The bodies are comprised of six to nine governor-appointed citizens that must be approved by the Maryland Senate.⁹³ A majority vote is needed for formal actions for all boards. Staggering terms and requiring local representation of governor-appointed members would help to ensure the independence of a board for MTA.

Governance changes where the legislature appoints some of the board members, as is the case at Pittsburgh's transit agency, might help win legislative approval over a governor's potential veto.

This option does not require any significant changes to funding or additional jurisdiction contributions for MTA transit services.

Option 3: Form a new Baltimore metro transit authority with local and state funding and board representation

The most dramatic option—though commonly used in peer regions throughout the United States—would be the creation of a new special purpose regional transit authority with jurisdiction over the transit services in and around Baltimore. Such a change would require state legislation to stand up a new institution, likely approval of significant new local funding, and a board mixed with both state and local appointees. This option would need significant refinement and study, particularly in the mechanics of creating a new organization and the transition between the MTA and the new entity (e.g., labor agreements).

This new entity—herein dubbed the Greater Baltimore Transit Authority (GBTA)—would become its own institution, separate from state government. The MTA would continue to reside within MDOT and retain responsibility for state-level priorities such as commuter bus, commuter rail, and Purple Line construction authority.

The jurisdictions involved in the GBTA would certainly include the Baltimore City and Baltimore County. Those two jurisdictions constitute the majority of existing services and have the most connected transportation networks. Nearby Anne Arundel, Howard, and Harford counties would likely also participate, but counties or perhaps other jurisdictions could be allowed to "opt-in" similar to the Twin Cities' Metro Transit. The Sound Transit district in Washington State includes the most congested urban areas of King, Pierce, and Snohomish counties. The boundary lines generally follow the urban growth boundaries created by each county in accordance with the state Growth Management Act.⁹⁴ In Maryland the priority funding areas could be used similarly to establish boundaries for the GBTA.

The GBTA board should include a mix of both local and state officials, appointed by the jurisdictions it serves as well as those that fund the services. Creating the right balance of board representation would be challenging and requires extensive study and compromise, but best practice suggests that board representation should be closely linked to ridership, funding contributions, and members should bring technical expertise on transit. Other potential board members could include representation from labor and from the BRTB.

The state would retain the role of providing the majority of funding to support capital and operational expenses. The MTA's combined capital and operating

budget was approximately \$1.12 billion in 2017.⁹⁵ Of that total, 68 percent of the funds were provided by state resources (\$763 million), 13 percent from passenger fares (\$149 million), and the remaining 19 percent from federal sources (\$210 million).⁹⁶ A further breakdown in Table 5 shows the state resources allocated to the different parts of MTA, including statewide commuter rail (i.e. MARC) and commuter bus services, and subway, light rail and bus services specific to Baltimore City and the surrounding counties.

Table 5: MTA Operational and Capital Expenses, 2017

	MTA Operational and Capital Expenses (\$, millions)			
	Fare Revenues	State Grants	Federal Grants	Total
Statewide Commuter Rail and Commuter Bus	\$73	\$180	\$11	\$264
Baltimore Regional and Local Service	\$76	\$583	\$199	\$858
Total	\$149	\$763	\$210	\$1,122

Source: National Transit Database Agency Profile, 2017
Note: These numbers are for illustration purposes only.

The precise level of local and regional funding contributions in such a scenario would be subject to negotiation, and the following analysis is intentionally high level. For perspective, the MBTA receives matching funds from localities assessed annually at 10 percent of the operating budget. The agencies in Pittsburgh and Minneapolis receive approximately 10 and 30 percent of their total funding from local sources, respectively.⁹⁷ Regardless of the contribution level, localities should be required to commit to a predetermined duration of funding to avoid lapses in funding based on the whims of each participating jurisdiction.

How might localities contribute to a regional transit system?

Based on peer analysis, Baltimore and its surrounding jurisdictions could be expected to contribute about 20 percent of the GBTA's operating budget.⁹⁸ Of the total \$858 million spent on capital and operations in 2017, about \$700 million was for operations. Twenty percent of that would give a revenue target around \$140 million. That and other numbers are used in this analysis for illustrative purposes only to demonstrate the scale and scope of what local contributions might look like.

When considering local contributions, these would be intended to add to existing resources and not displace existing state funds. The state of Maryland would make a legal commitment to provide annual dedicated funding to the GBTA, similar to the law that guarantees funding to WMATA, at or above the existing \$583 million annually (which would grow with inflation like other transportation budgets).

Local funds could be raised in several different ways:

One could be an assessment, like in Massachusetts, for each jurisdiction in the service area. There, each jurisdiction that receives MBTA services contributes to a Local Assistance Fund that comprises about 10 percent of the MBTA operating budget. The GBTA's board could assess the cities or counties based on population or ridership for a percentage share of the operating budget as determined by authorizing legislation. This would allow for those localities to use existing revenue streams, such as existing property taxes, to contribute. Their share of the \$140 million could be determined by population within the service area, for example.

Or the state could allow jurisdictions to raise dedicated sales or corporate income taxes, for example, to meet a \$140 million target (or whatever target is set). If for sales taxes, it would need special authorization to approve it above the existing statewide sales tax rate of six percent. Using examples from Baltimore City and Baltimore County, Table 6 shows rough estimates as to what different tax rates might raise if added in those jurisdictions. If Baltimore City and Baltimore County alone were to raise the required \$140 million for a hypothetical 20 percent contribution, a sales tax rate between 0.5 percent and one percent on top of the existing six percent would be needed. Of course, adding in other jurisdictions will lighten the load to meet the same revenue target.

Table 6: Baltimore City and County Sales Tax Revenues

	Total Sales Tax Collections, 6% Sales Tax	1% tax rate revenue	0.5% tax rate revenue
Baltimore City	\$358,774,911	\$59,795,819	\$29,897,909
Baltimore County	\$597,321,638	\$99,553,606	\$49,776,803

Source: Comptroller of Maryland, "Sales and Use Tax: Summary by Subdivision and Business Activity, Fiscal Year 2019, 2020.

Raising taxes also raises equity issues, so the region would need to study the most appropriate way to do so, and what might be exempted. For example, groceries account for about five percent of total sales tax revenues, and might be exempted.⁹⁹

Option 3 is certainly the most challenging given the reorientation of authority, the need for statewide legislation, and financial contributions from the local jurisdictions. However, it has the potential to address many of the elements of better governance. It retains significant **state involvement and funding**. **Local representation** is increased considerably as well as local resources to fund the new agency. As an independent agency with its own board, GBTA would be better insulated from state politics, providing the agency and region the **leadership consistency** to plan for the long term. At the same time, existing transit worker protections inherent in such a transition need deliberate attention. While the potential for increased funding and additional or improved transit service would be appealing to organized labor, job and compensation retention are paramount.

7.0 Conclusion

The Maryland Transit Administration serves an important role in delivering a critical public service to the greater Baltimore community and to the state of Maryland. Most recently, the agency's significance to the region has been evident in the context of the pandemic, with ridership falling less drastically than in comparison to peer regions throughout the country.¹⁰⁰

But the current governance and funding models of the MTA limit the agency's ability to serve the region as optimally as it otherwise could. State involvement in transit service delivery can be beneficial in that it allows for a single stream of funding and expedient decision-making, though this comes at the cost of allowing for local input. The absence of a governing board makes it challenging for the MTA to implement long term plans. Peer regions demonstrate that there are a number of forms that governance can take, but it is possible to achieve a balance of state and local input on decisions.

While there is no one-size-fits-all approach to transit governance, in this report we outline three viable options that take into consideration Baltimore's unique context. No change, however, can occur without legislation passed by the General Assembly and signed by the governor. This will likely require strong coordination and regional consensus on the preferred approach and path forward.

Initiating reforms will likely have to start at the local level. The Baltimore City Mayor and Baltimore County Executive—the jurisdictions receiving a large majority of MTA's existing core transit service in Greater Baltimore—should identify the preferred path forward through collaboration with the Executives of Anne Arundel, Harford and Howard counties, and business leaders, labor unions, advocates, faith leaders, and riders. The process used to answer this question can build the base needed to not only pass a piece of legislation but also to ensure that the governance and funding structures for Baltimore's transit system are supported with a strong foundation of community support that can provide for a successful path forward.

Appendix

To draw comparisons to the context of transit operations and capital decision-making in Central Maryland, we conducted three case studies for peer transit agency examples that represent best practices in transit governance and funding. The agencies assessed were Metro Transit (Minneapolis-St. Paul region), the Massachusetts Bay Transportation Authority (Boston region), and the Port Authority of Allegheny County (Pittsburgh region).

1.0 Massachusetts Bay Transportation Authority (Boston)

1.1 System Overview

Figure 10: MBTA System Map of Rapid Transit and Key Bus Routes



The Massachusetts Bay Transportation Authority (MBTA) is one of only two agencies in the country to operate all five types of major mass transit service: light rail (Green Line); heavy rail (3 lines—Red, Orange, and Blue); commuter rail (13 lines); trolley (one line); and motor bus, including bus rapid transit (170 routes).¹⁰¹ The agency also provides paratransit and ferry services. The agency has been a

division within the Massachusetts Department of Transportation (MassDOT) since 2009. The MBTA was previously known as the Metropolitan Transit Authority, which was a combined agency that formed when formerly private companies folded. MBTA governs, funds, and operates nearly all transit service in the Boston region, providing service to 176 cities and towns and to jurisdictions in the neighboring state of Rhode Island.¹⁰² Some smaller towns on the outskirts of the MBTA service area operate weekday bus service, but the vast majority of the region's transit is provided by the MBTA.

Ridership increased steadily from 2000 to 2016 alongside increased service.¹⁰³ However, as revenue hours continued to increase, ridership experienced slight decreases across all modes from 2016 to 2019.¹⁰⁴ Rail constitutes more than half of the MBTA's ridership, followed by bus, commuter rail, ferries, and paratransit. In February 2020, average service reliability was 91 percent across all subway lines (80 percent target), 74 percent across all bus lines (70 percent target), 93 percent across all commuter rail lines (90 percent target), and 94 percent for paratransit services (90 percent target).¹⁰⁵ While bus service reliability (MBTA defines as buses leaving within a three-minute buffer from when they are scheduled to arrive) has improved in recent years, several routes still suffer from poor on-time performance.¹⁰⁶ Overall, the system is consistently rated at just above three out of five stars among customers, and recently rebounded after a fall in ratings in early 2019.¹⁰⁷

The MBTA's ridership is 67 percent White, 13 percent Black/African American, eight percent Asian, and 1 percent Hawaiian or Pacific Islander, which mirrors the metropolitan region's racial composition. Twenty-nine percent of all systemwide riders are classified as low income, though this share is higher for bus ridership (42 percent) than it is for rail ridership (26 percent).¹⁰⁸

In 2017, the MBTA completed an extension to one commuter rail line and is in the midst of delivering an extension of its Green light rail line, which broke ground in 2014 and is expected to be completed in 2021.

One of the few formal lines of representation for riders and the public is through the MBTA Advisory Board. It consists of one voting member from each of the 176 cities and towns in the MBTA system and was created in 1964 to provide technical assistance and oversight over the MBTA's expenditures.¹⁰⁹ Voting members are typically the chief elected official or city manager of each city or town, or their designee (who must be a rider). Each municipality is granted one vote in addition to a fraction of votes equivalent to their weighted proportion of the MBTA's deficit.

Prior to 2009, the Advisory Board held veto power over the agency's budget and capital plan.¹¹⁰ The council was stripped of its veto power in 2009, though it still provides riders and local activists with an organized, direct line to the MassDOT

board.¹¹¹ The Advisory Board also continues to provide public oversight of MBTA's expenditures and technical assistance on behalf of member cities and towns, and operates on a majority-vote basis. Meetings are held at least once each calendar quarter.¹¹²

1.2 Governance Detail

Like the MTA, the MBTA is unique in that it is a state agency directly controlled by MassDOT and not an independent authority. The Commonwealth of Massachusetts's involvement in transit began in 1918, when it took control over the Boston Elevated Railway Company to provide fixed fares through the Public Control Act. After World War II, the state legislature created the Metropolitan Transit Authority to absorb much of Boston's remaining transit system.¹¹³

After decades of growing debt and a study of transit needs that acknowledged that the authority did not have the capacity to meet growing demand for rail service, the MBTA was formally created as a state agency.¹¹⁴ The new agency expanded service to 78 municipalities, and later to the 176 cities and towns it serves today. Interagency conflicts and recurring financial shortfalls at the MBTA and Massachusetts Turnpike Authority led the legislature to create MassDOT in 2009 by merging the Massachusetts Turnpike Authority, Executive Office of Transportation (which carried out roles similar to a traditional DOT), Massachusetts Highway Department, MBTA, and Registry of Motor Vehicles.¹¹⁵ The new structure was intended to provide more coordination between various modes and financial stability to the individual organizations.

The impetus for the 2009 change in governance structure was twofold. First, when Governor Deval Patrick entered office in 2007, one of his key priorities was to reform the various transportation entities into a *system* instead of mutually exclusive modal administrations. Creating a single MassDOT that controlled the state's modal entities was part of that goal. But more pressing was to respond to increasing financial pressure on the Massachusetts Turnpike Authority. Difficulties maintaining the Central Artery Tunnel system—for which only part of the system was tolled and thus unable to generate sufficient toll revenue—added urgency to the need for structural reforms to the governance and finance of the entire transportation system in the Commonwealth.¹¹⁶

The reform was not specifically targeted at MBTA, though it did affect its overall governance. The MBTA board was merged with a newly-created MassDOT board, which oversaw the entire agency. The MBTA's General Manager now also served as the Rail and Transit Administrator. Some of the largest challenges associated with the merger include aligning culture and employee compensation structures between the various agencies. Some of these challenges still remain.

Today, the MBTA is governed by the MassDOT board, which consists of 11 members directly appointed by the governor. Members serve staggered four-year terms and are required to fulfill specific criteria with expertise in transportation, finance, and/or engineering.¹¹⁷ The secretary of MassDOT serves as chair. The MBTA's planning staff implement decisions primarily made at the state level.¹¹⁸ MassDOT is responsible for transit expansions and planning decisions affecting capital development and transit operations. The board also oversees MassDOT's other divisions, including highways, aeronautics, and the Registry of Motor Vehicles.¹¹⁹ The secretary of MassDOT also serves as chair of the Boston Region MPO, of which MassDOT holds five of 22 total voting seats.¹²⁰

Historic levels of snowfall in the winter of 2014-15 led to severe delays and service disruptions for the MBTA, with nearly 56 consecutive days without full subway service.¹²¹ The snowstorms and disruptions brought increasing scrutiny to the MBTA's maintenance backlog and operational issues.¹²² Up until 2015, the MBTA lacked a governing entity directly responsible for overseeing budgeting, capital planning, or contracting.¹²³ In February 2015, Governor Charlie Baker convened a special advisory panel of transportation and municipal finance experts to conduct a diagnostic review of the MBTA's operations. In April 2015, the panel released a report outlining several issues within the agency, including an unsustainable operating budget, capital underinvestment, slow project delivery process, and poor accountability, among many others. Among the panel's recommendations was the creation of a five member Fiscal and Management Control Board (FMCB) in addition to reconstituting the MassDOT Board to make it more representative and effective by increasing the number of members, changing terms to align with the governor's term, and appointing the secretary of transportation as chair.¹²⁴

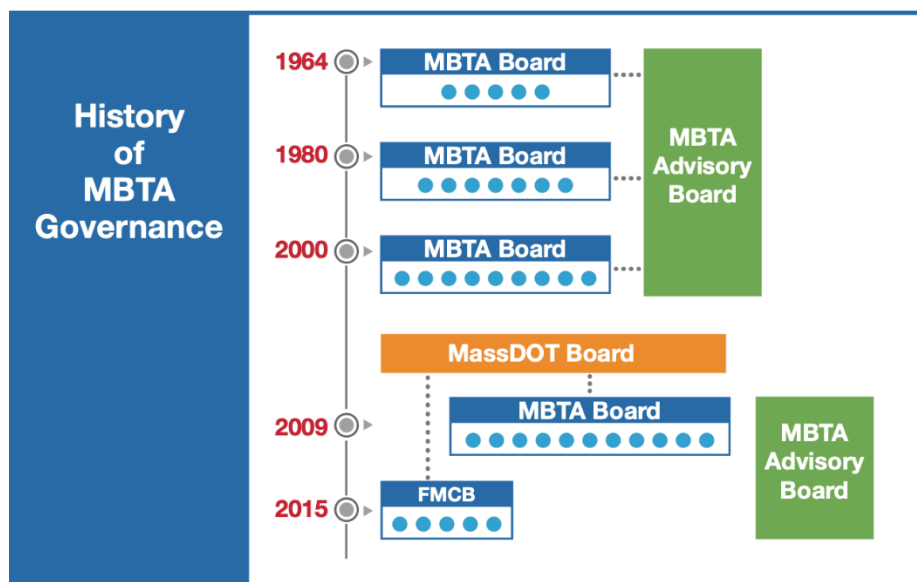
In July 2015, Governor Baker established the FMCB to drive organizational change and monitor MBTA's finances, management, and operations for a three-to-five year period. The FMCB consists of five members appointed by the governor: one member must have experience in transportation finance, and another in mass transit operation, while the other three must serve on the MassDOT board.¹²⁵ Members are not compensated, but can be reimbursed up to \$6,000 by MassDOT for time and expenses.¹²⁶ The FMCB has met on a near-weekly basis from 2015 to 2020, and effectively served as the agency's governing body during that period. However, the FMCB is still subordinate to the MassDOT board, as it must report its activities to the board each month and receive board approval for any borrowing or changes to the MBTA's organizational structure.¹²⁷

The board has several legislative mandates, including to: "establish 1- and 5-year operating budgets and 5- and 20-year capital plans for the MBTA, including restoration of the MBTA's vehicles and facilities; establish rigorous performance management systems and performance metrics; restructure the organization of the MBTA; establish, increase or decrease any fee, rate, or charge; review and reopen

service contracts in accordance with their terms; and employ managerial, professional and clerical staff."¹²⁸ The legislation creating the FMCB also loosened restrictions on the agency by removing a pre-existing cap on fare increases and allowing the MBTA to use alternative procurement methods.¹²⁹

The FMCB was intended to be dissolved per statute on June 30, 2020. The governor and legislature sought to replace the FMCB with a new board but were unable to agree on a format and structure.¹³⁰ The Massachusetts House of Representatives sought to keep the FMCB largely intact and add two new dedicated seats for the municipal government (one from Boston and another from a second jurisdiction in the MBTA), while the Senate proposed a new board structure with greater independence from the governor, also with dedicated seats for local government.¹³¹ Governor Baker also proposed a new board structure that includes seven members—the MassDOT secretary, three members, one each with expertise in transportation finance, safety, and operations, one seat for a municipal government representative from the MBTA service area, and another for a system rider.¹³² As a result of the disagreement, the FMCB has been extended for another year, largely in its current form, by the legislature.¹³³

Figure 11: History of MBTA Governance



Source: MBTA Governance and Transformation Report¹³⁴

1.3 Funding Detail

As Figure 12 illustrates, the MBTA receives a significant share of its operational and capital funding from state sources, and Federal assistance comprises over half of its capital expenditures. This stands in contrast to many transit agencies that typically receive a significant amount of local funding. The agency's primary funding sources include a dedicated state sales tax, contributions from local

governments (a relatively small share of revenue), farebox revenue, and appropriations from the state government.¹³⁵

The 175 cities and towns that receive MBTA service contribute to a Local Assistance Fund, which comprises about 10 percent of MBTA's operating budget. The contributions are based on each municipality's weighted percentage of the total population in MBTA's service area and indexed to inflation annually.¹³⁶ Each jurisdiction can pull their portion of contributions from their budgets as they see fit.

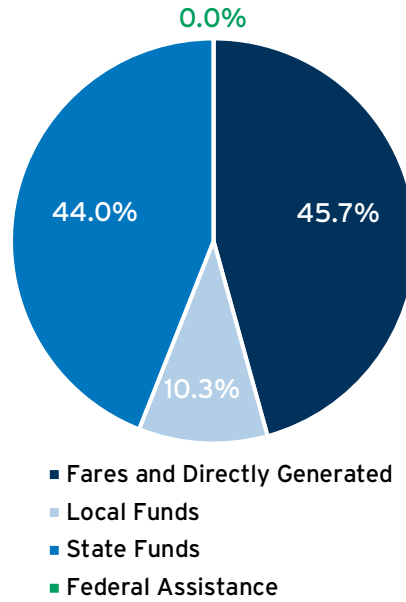
An ongoing financial concern for the MBTA is the agency's annual operating deficit and capital maintenance backlog. Prior to 2001, the agency's annual deficit was covered by the state through the annual appropriations process. However, this model was unsustainable and there was no certainty or guarantee that the agency would have enough funding to cover its shortfall. In 2001, the legislature passed a "Forward Funding" bill that dedicates 20 percent of all sales tax collected in Massachusetts to the MBTA, aiming to provide more certainty and stability to the agency's finances.¹³⁷ However, this revenue did not grow as expected and led the agency to instead use its borrowing capacity to cover operating deficits.¹³⁸ After the creation of MassDOT in 2009, the MBTA received an additional \$160 million from the state each year to help cover gaps in the budget (the additional appropriation has since grown to \$187 million).¹³⁹

Many of these issues were addressed in the 2015 diagnostic report that led to the creation of the FMCB. These recommendations included building a firewall between the operating and capital budgets, increasing the agency's self-generated revenue (fares, real estate, advertising, and grants), and creating a dedicated state-funded capital program to modernize vehicles and infrastructure.¹⁴⁰ According to the MBTA, the FMCB has helped to reduce the agency's forecasted operating deficit by \$300 million, reset the Green Line Extension and installed a new project management team, increased state-of-good-repair funding by roughly 50 percent, and invested \$100 million in winter resiliency upgrades.¹⁴¹

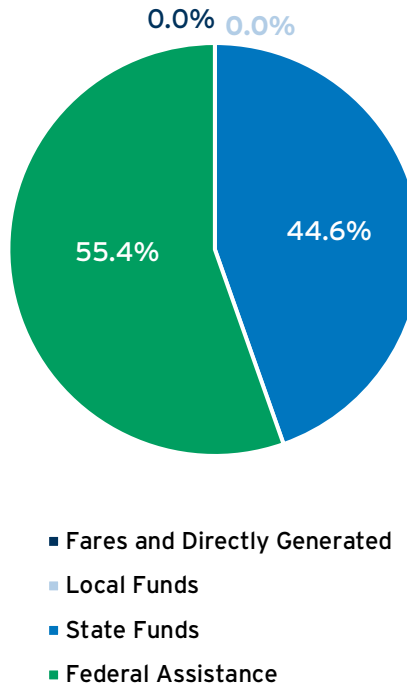
Given the outsize influence of the Boston region on the Commonwealth both economically and as a share of total population, there is relatively little conflict between the rural and urban parts of Massachusetts over funding allocation relative to other states.¹⁴² Nearly 75 percent of the state's population lives in the Boston region, which is also the site of the state's capital. As a result, state policymakers interface regularly with the local transportation system, and localities in Western Massachusetts are not a major obstacle to state funding for the MBTA.¹⁴³

Figure 12: MBTA Operating and Capital Funding Sources

Operating Funding Sources
Total Funds Expended:
\$1.98 billion



Capital Funding Sources
Total Funds Expended:
\$591 million

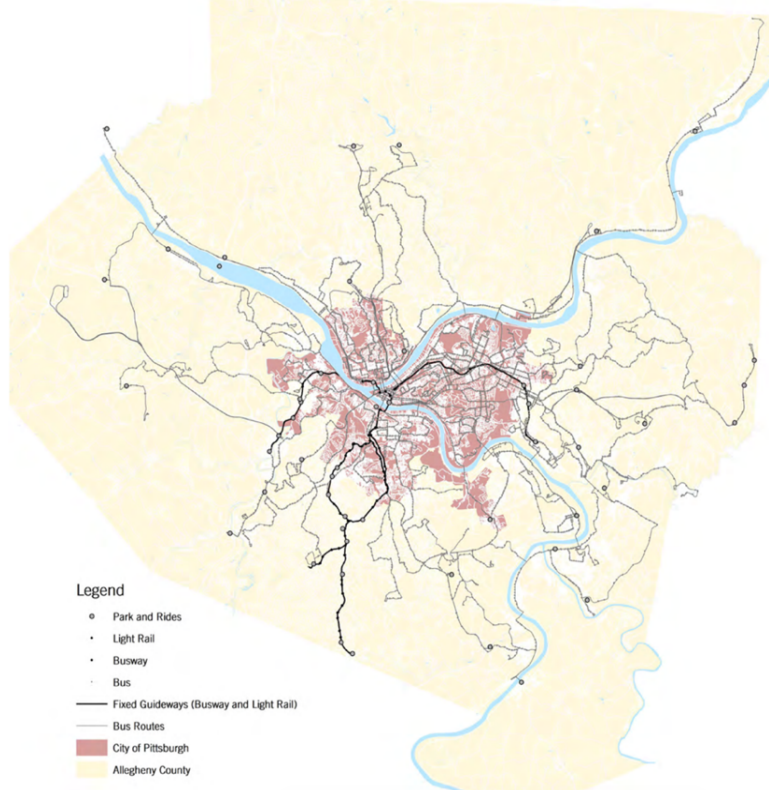


Source: 2018 NTD Agency Profile

2.0 Port Authority of Allegheny County (Pittsburgh)

2.1 System Overview

Figure 13: Port Authority System Map



Source: Port Authority of Allegheny County, Annual Service Report 2018

The Port Authority of Allegheny County was established in 1964 as Pittsburgh's first unified transit system. The Port Authority provides fixed-route bus, bus rapid transit, light rail, paratransit, and funicular services throughout Allegheny County, with some service extending into neighboring counties. It owns over 18 miles of busways (over 700 buses), 52 park and ride locations, a 26.2-mile light rail system (80 light rail vehicles), one tunnel, two inclines, and more than 80 bridges.¹⁴⁴

Ridership across modes has remained consistent since 2014, around which time the Authority began to provide more revenue vehicle hours after several service cuts between the early 2000s and 2011.¹⁴⁵ On a list of 10 peer agencies, Pittsburgh and Baltimore were the two highest in terms of service cost per passenger across all modes (\$5.87 and \$6.07, respectively).¹⁴⁶ Despite providing more service hours, the Port Authority has carried fewer passengers per service hour each year since 2014.¹⁴⁷ 81 percent of the agency's riders are White, nine percent are Black/African-American, and two percent each are Asian and Hispanic/Latino, roughly mirroring the region's demographics.¹⁴⁸

The Port Authority constructed a downtown station for its light rail in 2001 and delivered a 1.1-mile extension to the North Shore Connector light rail in 2012. In 2020, the agency received nearly \$100 million in Federal funding for an electric bus rapid transit project.¹⁴⁹

The grassroots organization Pittsburghers for Public Transit has received support from some of the area's major philanthropic foundations like the Heinz Endowment and the Hillman Foundation to improve the region's transit by engaging directly with riders and operators.¹⁵⁰ The region's business community has advocated for transit, including through the support of a statewide transportation funding bill in 2013 by the Allegheny Conference on Community Development.¹⁵¹ In 2017, a committee of public and private partners from the 10 counties in southwestern Pennsylvania and the city of Pittsburgh known as the Regional Transportation Alliance developed a vision for improved multimodal transportation. Titled Imagine Transportation 2.0, this vision provided 50 recommended priorities for transportation, one of which was coordinating operations between the Port Authority and the nine smaller suburban agencies in the region.¹⁵²

2.2 Governance Detail

Prior to 2013, the Port Authority's board consisted of nine members serving staggered five-year terms and appointed solely by the Allegheny County Chief Executive. In response to recurring financial problems at the agency and given the Commonwealth's significant role in contributing to the agency's budget, state legislation (Act 72 of 2013) changed the makeup of the board of directors that governs the Port Authority to incorporate state-level appointees. The new structure provides representation from the funding stakeholders.¹⁵³

The Port Authority is currently overseen by an eleven-member board of directors serving staggered four-year terms.¹⁵⁴ Board members must have a background in finance, transportation, or economic development. One each is appointed by the governor, Senate Pro Tempore, Senate Minority Leader, House Speaker, and House Minority Leader, four are appointed by the Allegheny County Executive, and two are drawn from a list compiled by four community-based organizations and confirmed by County Council. The governor's appointee is the only one that does not have to be a resident of Allegheny County.¹⁵⁵

The Port Authority Board directs and manages the agency's business and properties. The board meets once a month except for the months of August and December and meetings are open to the public. Six members constitutes a quorum, and the consent vote of at least seven members is necessary to take action on behalf of the Authority.¹⁵⁶

In 2020, the Port Authority Board was criticized by advocates in the region for failing to take a greater role in supporting transit. Advocates accused one board

member, State Representative Lori Mizgorski, appointed by the Speaker of the House, of acting against the agency by sponsoring a bill to remove the Pennsylvania Turnpike's obligation to pay \$450 million per year to support transit in the state.¹⁵⁷

Another requirement of Act 72 was that the Pennsylvania Department of Transportation (PennDOT) conduct a study on whether consolidation of the Port Authority with other transit providers in the region would result in cost savings. The report indicated that among the challenges of consolidation would be ensuring that none of the Port Authority's financial losses or legacy costs would be subsidized by surrounding counties, and that varying labor costs and work rules between agencies would need to be reconciled.¹⁵⁸

There are nine suburban transit authorities in the greater Pittsburgh region. These agencies provide fixed route bus service, demand response, and in some cases commuter bus service. For each of the nine suburban agencies, annual passenger trips are about one percent or less than the trips provided by the Port Authority. Their annual operating budgets are also no more than three percent of the Port Authority's annual operating budget.¹⁵⁹

Transit consolidation and the creation of a regional transit authority for Allegheny County have been discussed by policy professionals since at least 2005.¹⁶⁰ In 2011, future Allegheny County Executive Rich Fitzgerald proposed the creation of a regional transit authority during his campaign. The idea received broad support from officials in the neighboring counties, under the condition that those jurisdictions should not have to absorb the Port Authority's legacy costs, including pension liabilities. This proposal never came to fruition.¹⁶¹

2.3 Funding Detail

Operating assistance from the Commonwealth represents just over half of the Port Authority's revenue (Figure 14). Per Act 44 of 2007, state operating funding requires a 15 percent local match (excluding fare revenues), to which Allegheny County contributed the majority of funds (\$32.9 million) in FY 2020 with the remaining \$3 million matched by the Allegheny Regional Asset District, a special purpose county-wide district that administers grants to "regional assets" like transportation facilities, museums, and parks.¹⁶² These grants are paid for by a portion of a one percent County Sales and Use Tax. Act 44 established a Public Transportation Trust Fund for the Commonwealth. It is funded by the following predictable, dedicated, and inflation-sensitive funds:

- \$396 million from the state sales tax
- \$80 million from the Lottery for Free Transit for Seniors fund
- \$450 million from the Pennsylvania Turnpike Commission
- \$180 million from the Public Transportation Assistance Fund (which includes the Tire Fee, Motor Vehicle Rental Fee, and Motor Vehicle Lease Tax)¹⁶³

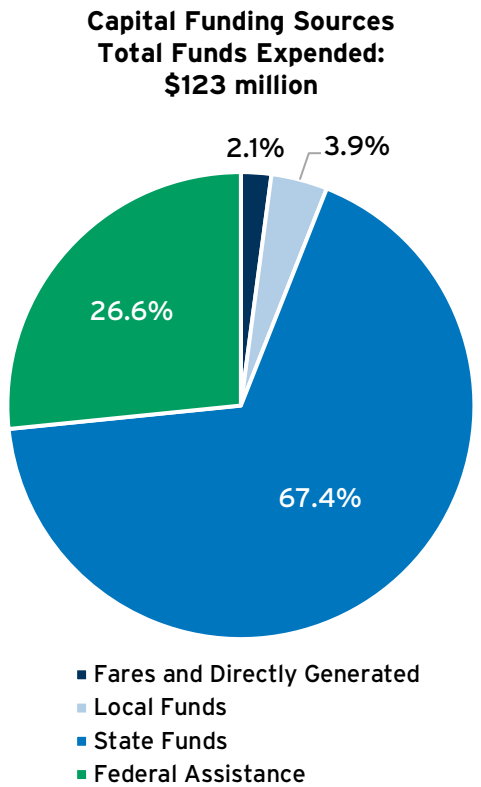
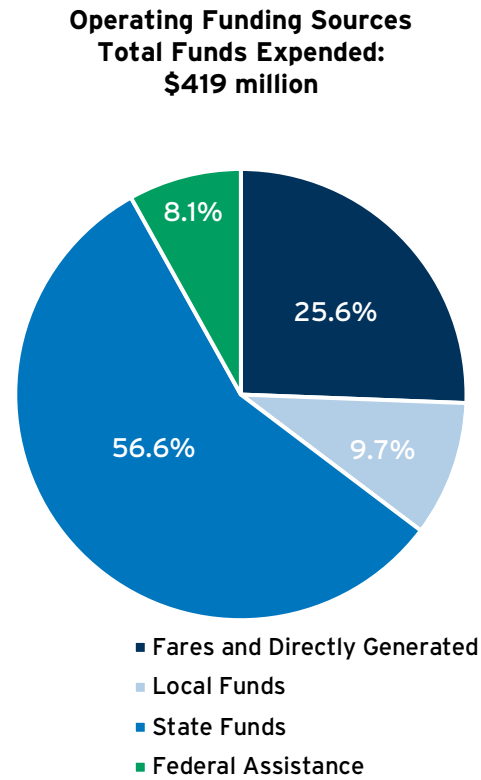
The Port Authority's capital budget is primarily funded by the Commonwealth, and the largest sources of funding come from the Motor License Fund that is comprised of the state gas tax in addition to licenses and other fees (Pennsylvania has the second highest state gas tax¹⁶⁴) and the Act 44 Public Transportation Trust Fund, which is sourced by the statewide sales tax, lottery taxes, the Pennsylvania Turnpike Commission, and motor vehicle rental, lease, and tire fees.¹⁶⁵

The Trust Fund allocates resources to transit operating assistance, programs of statewide assistance (e.g. intercity rail and bus), and transit capital assistance. Act 44 established a new dedicated stream of \$250 million to transit agencies for operating assistance, allocated by a formula: 25 percent based on passengers, 10 percent based on a senior passenger premium, 35 percent based on revenue vehicle hours, and 30 percent based on revenue vehicle miles.¹⁶⁶

In Fiscal Year 2019, the Port Authority was faced with a lawsuit against the Pennsylvania Turnpike Commission by plaintiffs including the Owner-Operator Independent Drivers Association and the National Motorists Association, which claimed billions of dollars in tolls had been illegally collected since 2007. The lawsuit challenged the constitutionality of Act 44 from 2007, which established annual payments of \$450 million from the Turnpike Commission to PennDOT to support a variety of transportation needs in the Commonwealth, including public transportation. Throughout the litigation, Port Authority delayed projects, but a dismissal of the lawsuit in the U.S. District Court allowed PennDOT to resume normal capital and operating funding levels to the Port Authority for FY 2020.¹⁶⁷

A notable challenge that faces the Port Authority is the sunset of Act 89 in Fiscal Year 2021. The legislation was signed into law in 2013 and provided \$2.3 billion annually for capital and operating expenses across all modes of transportation. In 2021, Pennsylvania Turnpike funding will sunset as a revenue source for public transportation and will be replaced with motor vehicle sales taxes from the state General Fund.¹⁶⁸

Figure 14: Port Authority of Allegheny County Operating and Capital Funding Sources



Source: Source: National Transit Database (NTD) 2018 Agency Profile

3.0 Metro Transit (Minneapolis-St. Paul)

3.1 System Overview

Figure 15: Metro Transit Rail and Bus Rapid Transit Map



The seven-county Minneapolis-St. Paul region, often referred to as the Twin Cities, is the largest metropolitan region in Minnesota. Home to just over three million residents as of April 2019, the region accounts for 55 percent of the state’s total population.¹⁶⁹ The Metropolitan Council (Met Council) is both the Twin Cities’ federally designated regional MPO and the region’s primary transit operator. The Met Council was established by the Minnesota Legislature in 1967 to form policies, conduct planning, and provide essential services for regional issues that would benefit from multijurisdictional coordination, including transportation, water treatment, and housing.

Metro Transit was originally established as the Metropolitan Transit Commission by the Minnesota State Legislature in 1967. The Metropolitan Reorganization Act of 1994 later merged the functions of the agency into the Met Council.¹⁷⁰ Today, the Met Council’s Transportation Division comprises both Metro Transit and Metropolitan Transportation Services, which work together to provide transit services to the Twin Cities region.

As one of the country's largest transit systems, Metro Transit operates 122 bus routes, two light rail lines, and the Northstar commuter rail line. In 2019, rail trips accounted for one-third of all trips on Metro Transit and bus trips accounted for the other two-thirds.¹⁷¹ Metro Transit's bus fleet comprises 904 vehicles, and it operates 24 transit centers, 950 bus shelters, and more than 11,000 bus stops. The agency also operates 37 light rail stations and 91 light rail vehicles as part of its Blue and Green Line services. Metro Transit completed two light rail capital projects, the Blue Line and the Northstar Corridor, in 2004 and 2009, respectively. The agency's most recent rail capital project was the 11.1-mile Green Line, which was completed in 2014 after four years of construction.

In 2019, all bus and light rail services averaged more than 80 percent on-time performance (defined as less than one minute early to five minutes late).¹⁷² Metro Transit was honored as Transit System of the Year in 2016 by the American Public Transportation Association for accomplishments including increased ridership and access as well as improved system safety and advancements in sustainability.¹⁷³

The agency's ridership is 53 percent White, 26 percent Black/African American, two percent American Indian/Alaskan Native, five percent Hispanic/Latino, and six percent Asian.¹⁷⁴ In comparison, the population is 75 percent White and nine percent Black in the greater Twin Cities.¹⁷⁵

Metro Transit serves an area of 907 square miles across the Twin Cities, including seven counties and 90 cities.¹⁷⁶ Per replacement service legislation passed in 1982, municipalities do have the option to "opt out" of Metro Transit service and provide their own transit.¹⁷⁷ In 1995, suburban transit providers Maple Grove Transit, Minnesota Valley Transit Authority, Plymouth Metrolink and SouthWest Transit formed the Suburban Transit Association, which collaborates with Met Council's transit operations to provide integrated regional service and to advocate for regional suburban transit needs.¹⁷⁸

Metropolitan Transportation Services, a separate entity within the Met Council that works closely with Metro Transit, develops the regional transportation plan, oversees the short-range capital improvement program for projects receiving federal transportation funding, and coordinates regional aviation system planning. It also operates Metro Mobility paratransit service, Transit Link dial-a-ride curb-to-curb mobility service, and regular routes operated by private entities who contract with the Met Council.¹⁷⁹

3.2 Governance Detail

As a subsidiary of the Met Council, Metro Transit operates subject to decisions made by the Met Council Board, which comprises 16 members representing geographic Council Districts of roughly equal population across the region and one chair who serves at-large.¹⁸⁰ Board members are appointed by the governor and

approved by the State Senate to serve four-year terms that coincide with the four-year gubernatorial terms.¹⁸¹ Met Council also has several committees and advisory boards, which assist the board with planning and operations.¹⁸²

Regular Met Council Board meetings occur twice monthly and are open to the public in accordance with Minnesota Open Meeting Law, which presumes openness of Council and committee meetings.¹⁸³ Meetings have no predetermined length and typically involve discussion of business items advanced from committees. The public is encouraged to comment on business items at the committee level.¹⁸⁴ Special meetings are sometimes scheduled outside of the adopted regular meeting schedule to discuss special topics.

Each Met Council member serves on at least one of four standing committees - Management, Community Development, Transportation, and Environment – that meet regularly and make recommendations to the full Council. Those Council members who do not serve on a specific committee can attend and participate in discussion but are not able to vote on committee actions.

The Transportation Advisory Board (TAB) provides a forum for state, regional and local officials, transportation providers, and community members to participate in regional transportation planning. The TAB oversees the adoption of the regional Transportation Improvement Program, and it solicits, evaluates, and recommends transportation projects to the Met Council for receipt of federal funding as part of the Regional Solicitation process.¹⁸⁵ The TAB is an advisory group that performs the functions of an MPO by making recommendations to the full Met Council. Whereas the Met Council formally votes on decisions, they cannot perform line item amendments, only yes or no votes. If items are vetoed, they return to TAB, which has independent and local input.

A majority of the TAB's 34 board members are required by Minnesota state statute to be elected officials, and eight positions are filled by citizen members.¹⁸⁶ The board chair, who is nominated by the advisory body and appointed by the Met Council, serves a two-year term as the liaison between the board and the council. Municipal elected officials, citizen representatives, and representatives of transit, the freight movement industry, and non-motorized modes all serve two-year terms with staggered start dates. County commissioners serve at the pleasure of their county boards, and representatives of the Metropolitan Council, Minnesota Department of Transportation, the Metropolitan Airports Commission, the Minnesota Pollution Control Agency, and the Suburban Transit Association serve at the pleasure of their respective agencies.¹⁸⁷ The TAB meets once a month, and its meetings are open to the public.

The TAB's Technical Advisory Committee (TAC) provides technical expertise to the TAB, makes recommendations for action to TAB committees, and provides a public

forum for discussion of technical issues relevant to the work of the TAB. TAC membership consists of 32 professionals who work for city and county governments as well as transportation-related agencies in the Twin Cities region.¹⁸⁸ The TAC meets monthly and has two standing committees: the Funding and Program Committee and the Planning Committee, however neither committee nor the TAC as a whole performs oversight of Metro Transit funding. Meetings of the TAC and its committees are open to the public with non-committee member participation allowed at the discretion of the Chair.¹⁸⁹

The boards and regional railroad authorities of the seven Twin Cities metropolitan counties (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington) help to identify and develop potential transit corridors, including feasibility and alternative analyses.¹⁹⁰ The rail authorities are authorized to levy property taxes and have contributed to a portion of the capital costs for various rail and bus rapid transit projects across the region. Each county's board of commissioners serves as the board of its rail authority.¹⁹¹

Funds for capital improvements come directly from the counties and are managed by Metro Transit. From 2008 to 2017, the counties formed an independent governing body, the Counties Transit Improvement Board (CTIB), to guide investment in projects of regional significance, including light rail, bus rapid transit, and commuter rail.¹⁹² Specifically, it was created through the passage of state legislation that allowed the seven counties in the Minneapolis-St. Paul urbanized area to levy taxes for transit investment and join a Joint Powers Board with the other counties that passed the tax, thus giving the region power to counteract decisions made by the governor-appointed Met Council.¹⁹³ Each county now has the option to keep the tax revenue for local projects, which it passes on to Metro Transit for transit expansion, so the taxes are no longer necessarily used for projects that are regional in scope.¹⁹⁴

3.3 Funding Detail

Because the Met Council operates a range of regional services including transit, wastewater treatment, coordination of regional parks, and affordable housing, its operating budget – \$809 million for 2020 – makes it a powerful force in the region.^{195,196}

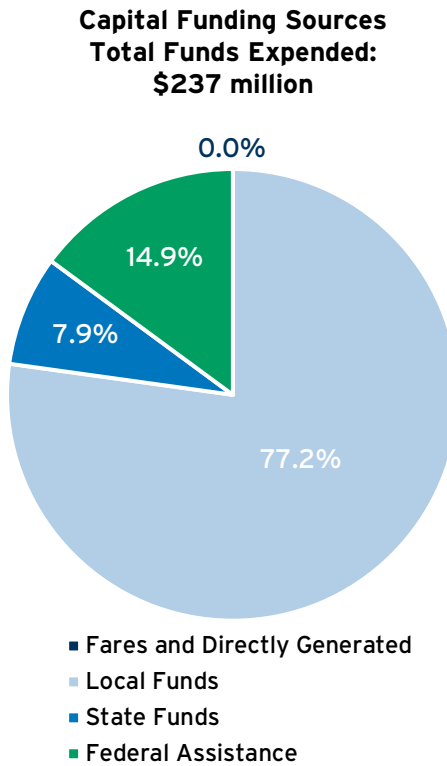
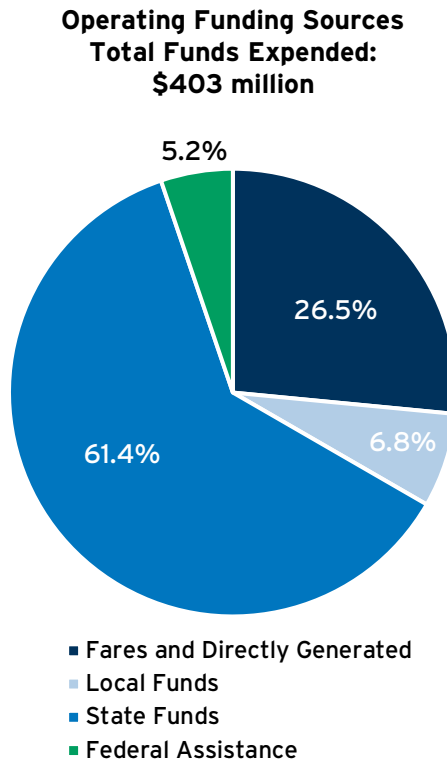
Funding for Met Council Transportation Division operations (including both Metro Transit and Metropolitan Transportation Services) comes from various sources, including a state Motor Vehicle Sales Tax, state appropriations, federal and local funding, investment earnings, passenger fares and other revenues such as advertising.¹⁹⁷ Counties provide operating funding for light rail and commuter rail services, and both Sherburne County (which is outside of the Metropolitan Council jurisdiction) and the Minnesota Department of Transportation provide operating funds for commuter rail services.¹⁹⁸

Bus service accounts for just over half of the Transportation Division's \$711 million operating budget, while Metro Mobility and rail service account for 13 percent and 12 percent, respectively. The remainder of operations expenditures include debt service, interdivisional charges, the suburban transit program, bus and rail capital, and transportation planning.¹⁹⁹

Capital investments for 2020 include the preservation of the vehicle fleet, customer facilities, support facilities, and technological improvements as well as transitway development through the completion of regional light rail and BRT projects.²⁰⁰

More than half (61.4 percent) of Metro Transit's operating funds come from the state, while more than three quarters (77.2 percent) of capital funds come from local jurisdictions (Figure 16).²⁰¹

Figure 16: Metro Transit Operating and Capital Funding Sources



Source: National Transit Database (NTD) 2018 Agency Profile

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