



BY THE NUMBERS

The BPW met six times during Q3 2023 and took the following actions:

526 items approved

149 new contracts

377 modifications, renewals, grants, settlements

\$1.9 billion state expenditures

\$805 million new contracts

\$1.1 billion modifications, renewals, grants, settlements

38 new prime contracts to certified small businesses

\$73 million new prime contracts to certified small businesses

*The **Small Business Reserve Program** sets a 15% annual goal for all State procurement expenditures with certified small businesses, including veteran-owned small businesses.*

22 new prime contracts to MBEs

\$32 million new prime contracts to MBEs

46 new contracts with MBE goals

19% average MBE subcontracting goal for new contracts

*The **Minority Business Enterprise Program (MBE)** sets a 29% annual goal for State procurement expenditures with certified MBEs as prime or subcontractors.*

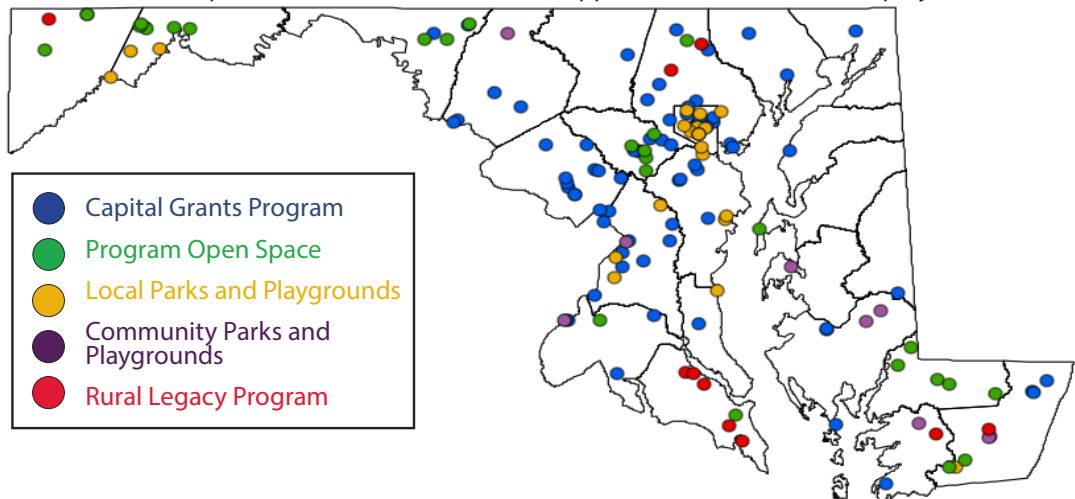
PLACE-BASED INVESTMENT PROGRAMS

The Capital Grants Program provides funding to local governments and nonprofits for projects such as community centers, health facilities, museums, and affordable housing. In Q3 2023, the BPW approved \$74.8 million for 82 projects.

Program Open Space preserves natural areas for public use and to protect watersheds and wildlife through land acquisition and conservation easements. Often, this land is used to expand existing public parks and create new parks. In Q3 2023, the BPW approved \$4.4 million for 26 projects.

Local Parks and Playgrounds Infrastructure Program restores and creates parks and green space systems. In Q2 2023, the BPW approved \$13 million for 22 projects. **Community Parks and Playgrounds** provides funding to Maryland's cities and towns to rehabilitate and build parks and playgrounds. In Q3 2023, the BPW approved \$1.2 million for 11 projects.

Rural Legacy Program preserves large, contiguous tracts of land to enhance natural resources, agricultural, forestry and environmental protection. In Q3 2023, the BPW approved \$4.2 million for 10 projects.



Brooke E. Lierman
Comptroller of Maryland

BPW AT WORK

Wetlands Licenses

The BPW is responsible for helping to protect Maryland's tidal wetlands, which are critical to supporting the health and biodiversity of the Chesapeake Bay. Any person or organization seeking to perform work in regulated wetlands, such as building a new pier, installing a boat ramp, or dredging for boat navigation must obtain a wetlands license from the BPW.

The Maryland Department of the Environment, Department of Natural Resources, and BPW's Wetlands Administrator review proposed projects for ecologic, economic, recreation, and aesthetic value. After a public comment period, recommendations on whether or not to approve a license, along with any special conditions come before the BPW for review.

A petitioner seeking to alter wetlands has the option to mitigate impact by creating new wetlands or paying into the Tidal Wetlands Compensation Fund (TWCF), which supports wetlands development and conservation. For example, in Q3 2023, the BPW approved a license for a private citizen to improve navigable access by dredging 1,400 square feet of shallow water habitat in Back Creek in Annapolis. The license was awarded on the condition that the applicant pay \$2,408 – \$1.72 per square foot – into the TWCF.

BPW takes into consideration the extent of mitigation activities in determining whether or not to approve a license. In fiscal year 2023, BPW-approved licenses resulted in the creation of 96 acres of wetlands across 20 projects.

POLICY CORNER

Transportation

The BPW plays an important role in transportation spending and policy in Maryland. In Q3 2023, the BPW approved \$747 million in spending by the Maryland Department of Transportation (MDOT), accounting for nearly 40% of all spending approved by the BPW during the quarter. That figure represents only part of State spending on transportation because capital improvement projects for state roads, bridges, and highways do not come before the BPW.

Examples of BPW-approved transportation items from Q3 include a \$148 million contract modification and extension for construction of the Purple Line rail project, a \$20 million repair contract for marine terminals at the Port of Baltimore, and \$150 million for planning, engineering, and management services on interstates 495 and 270.

Transportation projects are funded through Maryland's Transportation Trust Fund (TTF), which was established in 1971. For more than 50 years, the TTF has paid for MDOT's operational, capital, and debt service costs, including funds allocated to the Washington Metropolitan Area Transit Authority. TTF revenues come from several sources, including the state gas tax, which accounts for about 25% of the Fund. Other direct revenues include titling taxes, motor vehicles fees, and federal funds. In addition, a portion of the State's corporate income tax and sales and use tax is directed to the TTF.

With improvements in fuel efficiency and a growing shift to electric vehicles, Maryland will have decreased revenues from the gas tax in the coming years, a challenge that all states across

the country will experience. Decreased gas tax revenue will have a direct hit on the long-term financial stability of the TTF, which currently has a projected 10-year deficit of \$4 billion.

To address the transportation funding challenge, the Governor and General Assembly have established the Maryland Commission on Transportation Revenue and Infrastructure Needs. The Commission will spend the next 15 months analyzing anticipated TTF revenues compared to expected expenditures. A report due in January 2025 will quantify gaps in funding and recommend legislative solutions to increase transportation revenues and explore other financing mechanisms.

As the Commission works to project revenue shortfalls and gaps, the BPW should also understand the reason for rising costs of transportation projects. The Marron Institute of Urban Management at New York University has studied the budgets of hundreds of transportation infrastructure projects across the world, looking closely at cost drivers that are outsized in the U.S., including materials, labor, and consultants / contractors. The BPW has seen some of these cost drivers first-hand. For example, the Purple Line project budget has ballooned nearly 70%, from \$5.6 billion when the project was first approved in 2016 to its current \$9.4 billion budget, which, as referenced above, the BPW most recently approved via contract modification last quarter. As a state, we must understand why transportation projects are becoming more expensive so that we can keep costs under control for future projects that will be critical to expanding mobility and economic opportunity for all Marylanders.