



Maryland Transportation Authority

FINANCE COMMITTEE

THURSDAY, JUNE 8, 2023

MARYLAND TRANSPORTATION AUTHORITY
2310 BROENING HWY
BALTIMORE, MD 21224

**FINANCE COMMITTEE MEETING AGENDA
JUNE 8, 2023 – 9:00 a.m.**

This meeting will be livestreamed on the [MDTA Finance Committee Page](#)

NOTE: This is an Open Meeting being conducted via livestreaming. The public is welcomed to watch the meeting at the link listed above. *If you wish to comment on an agenda item please email your name, affiliation, and agenda item to cdickinson@mdta.state.md.us no later than noon on Wednesday, June 7, 2023. You **MUST** pre-register in order to comment.* Once you have pre-registered you will receive an email with all pertinent information.

AGENDA

OPEN SESSION

Call to Order

- | | | | |
|----|--|--------------------|---------|
| 1. | <u>Approval</u> – May 11, 2023 - Open Meeting Minutes | Chairman von Paris | 5 min. |
| 2. | <u>Approval</u> – Contract MA-2868-0000 – Electronic Toll System (ETC 3G) Customer Service Center Services – Collection Contract Modification No. 2 | Joseph Quattrone | 5 min. |
| 3. | <u>Approval</u> – FY 2024 Final Operating Budget – Approval of the final operating budget for FY 2024 | Jeffrey Brown | 10 min. |
| 4. | <u>Approval</u> – Draft FY 2024–2029 Consolidated Transportation Program – Includes project additions and changes | Jeanne Marriott | 10 min. |
| 5. | <u>Approval</u> – Financial Forecast – approval of the financial forecast | Chantelle Green | 10 min. |
| 6. | <u>Update</u> – Bi-annual Review of Revenue Sufficiency – review of revenues as required by the MDTA Board Operating Policy | Chantelle Green | 5 min. |

Vote to Adjourn

ITEM

1

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, MAY 11, 2023
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

MEMBERS ATTENDING: Cynthia Penny-Ardinger
Dontae Carroll
Jeffrey Rosen
John von Paris

STAFF ATTENDING: Erika Brantley
Jeffrey Brown
Donna DiCerbo
Cheryl Dickinson
Meryle Dunlap, Esq.
Allen Garman
Natalie Henson
Ibrahim Koroma
Cheryl Lewis-Orr
Jeanne Marriott
Kenneth Montgomery
Simon Najar
Mary O'Keefe
Will Pines
Deb Sharpless
Tim Sheets
Jennifer Stump
Clayton Viehweg
Eric Willison

At 9:04 a.m., Member John von Paris, Chair of the Finance Committee, called the Finance Committee Meeting to order.

APPROVAL – OPEN MEETING MINUTES FROM MARCH 9, 2023 MEETING

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on March 9, 2023. Member Jeffrey Rosen made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

APPROVAL – MDTA BOARD RESOLUTION 23-01, PFC BONDS REFINANCING

Mr. Allen Garman requested a recommendation of approval from the Finance Committee to present the MDTA Board Resolution 23-01, Passenger Facility Charge (PFC) Bonds Refinancing to the full MDTA Board at its next scheduled meeting.

Mr. Garman explained that the resolution authorizes the issuance of BWI Passenger Facility Charge (PFC) revenue bonds or alternative financing options (bank loan) to refinance portions of the Series 2012 and 2014 bonds for economic savings, apply cash from the PFC Facility Improvement Fund to reduce principal outstanding, and introduce a springing amendment to the PFC Trust that will change the issuer to MDOT from the MDTA.

Member von Paris called for a motion to recommend approval of this item to the full MDTA Board at its next scheduled meeting. Member Carroll made the motion, and Member Rosen seconded the motion, which was unanimously approved.

APPROVAL – INVESTMENT COMMITTEE REPORT

Mr. Allen Garman and Mr. Clayton Viehweg provided an update to the Finance Committee on the activities of the Investment Committee for the period ended March 31, 2023. The update included a review of market conditions, portfolio strategies, total return performance, and dealer trade allocations. Market drivers that may influence portfolio performance in the coming months were also discussed, including the economy, fiscal policy, and the Federal Reserve monetary policy. Mr. Garman noted that the Investment Committee is not recommending any changes to the investment strategy at this time.

Member von Paris called for a motion to recommend approval of this item to the full MDTA Board at its next scheduled meeting. Member Rosen made the motion, and Member Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE – THIRD QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Mr. Jeffrey Brown updated the Finance Committee on actual versus projected year-to-date spending for the second quarter of FY 2023. As of March 31, 2023, 64% of the operating budget was spent compared to the target of 72%. Object 06 (Fuel & Utilities) was above budget at an 82% spend rate due to the delayed receipt and payment of utility invoices. Object 13 (Fixed Charges) was above budget at a 134% spend rate due to the payment of an annual insurance fee plus bad debt expenses associated with facility damage. The primary drivers for the overall underspending, when compared to the target, are personnel vacancies, reduced vehicle purchases (shifting to FY 2024), and other reduced line-item spending.

UPDATE – THIRD QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jennifer Stump updated the Finance Committee on actual year-to-date spending for the second quarter compared to projected spending as shown in the FY 2023-2028 Draft CTP. As of March 31, 2023, 54.6% of the FY 2023 capital budget was spent as compared to the target of 75%. The total budget for FY 2023 is \$556.0 million. Actual spending through the third quarter of FY 2023 was \$303.4 million.

UPDATE – THIRD QUARTER TRAFFIC AND REVENUE

Ms. Cheryl Lewis-Orr provided the Finance Committee with a quarterly and year-to-date update regarding traffic and toll revenue trends compared to the previous year and the forecast. The key takeaways regarding year-to-date traffic and revenue performance are that (1) passenger vehicle traffic levels continue to track closely to pre-pandemic levels; (2) commercial vehicle traffic levels continue to outperform pre-pandemic levels; and (3) after adjusting for timing differences, systemwide revenue exceeds the forecast by 6.9%.

Due to other commitments, Member Dontae Carroll left the meeting at 10 am.

UPDATE –TRAVEL PLAZAS

Mr. Simon Najar updated the Finance Committee on the progress of operations at the Maryland House and Chesapeake House Travel Plazas. The update included a brief overview of the contract award and agreement, Areas USA’s history and expertise, current operations at the Travel Plazas including the fiscal rebound from the COVID-19 pandemic, recent challenges, and the future outlook.

There being no further business, the meeting of the Finance Committee adjourned at 10:26 a.m., following a motion by Member Rosen, and seconded by Member Penny-Ardinger.

John von Paris, Chairman

ITEM

2



MEMORANDUM

TO: Finance Committee
FROM: Joseph Quattrone
SUBJECT: Contract No. MA 2868-0000 – ETC Customer Service Center Services –
Collection Contract Modification No. 2
DATE: June 8, 2023

PURPOSE OF MEMORANDUM

This request seeks a recommended approval from the Finance Committee to present one Modification (No.2) for Contract No. MA 2868-0000 with Transcore LP, for the 3G Electronic Toll System Operation to the full MDTA Board for award at its next scheduled meeting. Approval of this Modification is contingent upon the Board of Public Works (BPW) approval.

SUMMARY

Contract MA 2868-000 was competitively solicited and awarded to Transcore Limited Partnership (aka Transcore, LP) in the amount of \$200,428,772.81 on February 21, 2018, to furnish and provide Operator Electronic Toll Collection Technology and Associated Subsystem Components and Services for the operation of the Electronic Toll Collection System.

In March 2020, during the COVID-19 pandemic, the MDTA implemented statewide cashless tolling (i.e., AET) to protect customers and employees from face-to-face cash transactions. Between March and October 2020, to help provide some financial relief, the MDTA also paused mailing NOTDs and assessing civil penalties on unpaid NOTDs for drivers who used our toll facilities without *E-ZPass*. NOTD and civil penalty processing have since resumed under MA-2868-0000.

Therefore, in 2022, Modification No. 1 to the Contract was necessary, for the Contractor to process AET transactions in real-time, to recover the backlog of transactions paused during the pandemic, and to provide services for the Customer Assistance Plan. Contract Modification No. 1 was approved by the BPW on July 27, 2022, and provided a non-compensable time extension for Phases I, II, and III; and added both time and an additional \$63,106,810.98 to Years 1 and 2 of the Operations and Maintenance of Phase IV, raising the total Contract amount to \$263,535,583.79.

The MDTA now seeks approval for this the second contract modification to extend the end date of the contract and add additional time to the Contract phases which combined pushes the original term out 214 days due to transition delays as well as additional work added to the project, including but not limited to; performing activities for multiple legislatively mandated activities, performing various externally requested data queries, extending the Customer Assistance Plan, and addressing MDTA assigned work orders. This modification is also requesting an additional \$44,317,717.58 in new funding to adjust the operations and maintenance line items associated with the additional time and due to the deletion of cash operations and the move to All Electronic Tolling (AET). The addition of funds results in a new total contract amount of \$307,853,301.37.

ANALYSIS

This Contract Modification No. 2 is necessary to extend time and the completion dates for Phases I, II and III and the respective punch list items. This time extension modification is necessary due to additional work being added to the project and to align the two Electronic Tolling contracts, MA-2257 Kapsch and MA-2868 TransCore L.P., so that they both have the same contract end date of February 28, 2028. Moreover, additional funding is needed to complete Phase IV, Years 1 and 2 of the Contract. O&M years three through six are excluded from this modification. Future modifications for these O&M years will be required when the quantities in the AET environment can be estimated using the actual future E-ZPass penetration rates.

A 15.5% Minority Business Enterprise (MBE) overall goal was established for this contract, and the Contractor is currently achieving 10.11% in MBE participation based on the expenditures to date. As the work under this contract is being handled in “phases”, the VSBE goals cannot yet be met as the portion of the work that the subcontractors would be utilized has not yet occurred or is incomplete.

RECOMMENDATION

To present the Modification No.2 to Contract MA-2868 with Transcore, LP for the 3G Electronic Toll System Operation to the full MDTA Board for execution at its next scheduled meeting.

ATTACHMENT

- Modification #2 Exhibit 3

Modification #2 Exhibit 3

	Description	Unit	Quantity	Rate	Amount
201	Operations Manager	Daily	214	\$ 526.87	\$ 112,750.18
202	CSC System	Daily	214	\$ 3,719.78	\$ 796,032.92
203	MDTA Stop In Centers	Daily	214	\$ 49.32	\$ 10,554.48
204	Pre Registered Account Management (Base)	EA	7,000,000	\$ 0.8703	\$ 6,092,100.00
205	Pre Registered Account Management (Additional)	EA	23,000,000	\$ 0.8700	\$ 20,010,000.00
206	Unregistered Video Account Opened	EA	3,200,000	\$ 0.9062	\$ 2,899,840.00
207	DMV Look-up	AL			\$ 620,000.00
212	Mail account related	EA	2,000,000	\$ 0.1477	\$ 295,400.00
214	Notice of Toll Due Mail	EA	10,000,000	\$ 0.3383	\$ 3,383,000.00
215	Citation Services	EA	4,000,000	\$ 0.3151	\$ 1,260,400.00
216	Mail - Miscellaneous	EA	600,000	\$ 0.1294	\$ 77,640.00
218	Postage	AL			\$ 8,500,000.00
239	Card Connect Fees	AL			\$ 260,000.00

\$ 44,317,717.58 Total

ITEM

3



MEMORANDUM

TO: Finance Committee
FROM: Jeffrey Brown, Director of Budget
SUBJECT: Fiscal Year 2024 Final Operating Budget
DATE: June 8, 2023

PURPOSE

The purpose of this memorandum is to request a recommendation of approval to the Maryland Transportation Authority (MDTA) Board for the FY 2024 Final Operating Budget.

SUMMARY

FY 2024 Final Operating Budget Request

Summary of Major Changes (\$ millions)

FY 2024 Final Operating Budget Request	\$400.1
FY 2024 Preliminary Operating Budget	391.4
\$ Change FY 2024 Final vs Prelim	8.7
% Change FY 2024Final vs Prelim	2.2%

The proposed FY 2024 Operating Budget for the MDTA reflects a return to normal operations with minimal COVID -19 impacts. The proposed operating budget of \$400.1 million, represents a \$8.7 million, or a 2.2%, increase versus the FY 2024 Preliminary Operating Budget. The key drivers are increased personnel costs for civilian and sworn employees, a cost shift from FY 2023 to FY 2024 for motor vehicle purchases, and increased *E-ZPass*[®] Service Center costs.

ANALYSIS

To better understand the budgetary changes and their associated drivers, the changes have been analyzed by mandated and discretionary expenses:

FY 2024 Prelim Operating Budget	\$391.4
Mandated Increases	9.2
Additions	3.1
Reductions	(3.6)
FY 2024 Final Budget	\$400.1

Attachment 1 – identifies the mandated and discretionary spending.

The mandated changes increased the budget by \$9.2 million and are as follows:

- Salary adjustment increases (0101) total \$5.2 million. This includes the following:
 - A longevity step totaling \$2.1 million.
 - A 2% cost-of-living adjustment (COLA) for civilian and contractual employees totaling \$1.7 million.
 - Employee reclassification adjustments totaling \$1.4 million.
- Employee and Retiree’s Health Insurance (0152, 0154) costs account for a \$1.5 million increase.
- Employees’ Retirement System (0161) costs accounts for a \$1.3 million increase.
- The Law Enforcement Officers’ Pension System (LEOPS) (0169) accounts for a \$0.7 million increase.
- On time step increase accounts for a \$0.7 million increase.
- The Maryland State Police accounts for a \$0.2 million decrease.

The operating budget includes a net \$0.5 million reduction in discretionary spending. The key variances are as follows:

- Supply chain delays for vehicle purchases (0701) in FY 2023 accounts for a \$1.3 million increase (cost shift from FY 2023 to FY 2024).
- *E-ZPass* Service Center service center costs (0873) increase by \$1.0 million due to an increase in the forecasted volume of unregistered video toll accounts.

FY 2024 Final Operating Budget

Page Three

- Management Studies & Consultants (0821) increased \$0.3 million due to expected consultant work related to improving the customer experience.
- Additional Building Equipment & Maintenance (1113) increased \$0.2 million due to the rollover of the auto-shop renovation at the Nice/Middleton Bridge from FY 2023 to FY 2024.
- Medical Care (0820) increased \$0.1 million due to the rollover from FY 2023 to FY 2024 of funding for sworn officer mental health screenings and employee medical services.
- *E-ZPass* Transponders (951) increased \$0.1 million due to a slight increase in expected demand.
- Contractual employee step increases (0220) total \$0.1 million.
- Engineers (0807) decreased \$0.2 million due less required services.
- *E-ZPass Retail Fees* (0829) decreased \$1.0 million based on current year spending and future estimated transaction volumes.
- Turnover (0189) decreased \$2.3 million (bigger credit) due to personnel cost changes (turnover rate is a percentage of salaries) and an updated salary forecast.
- All other changes amount to a net decrease of \$0.1 million.

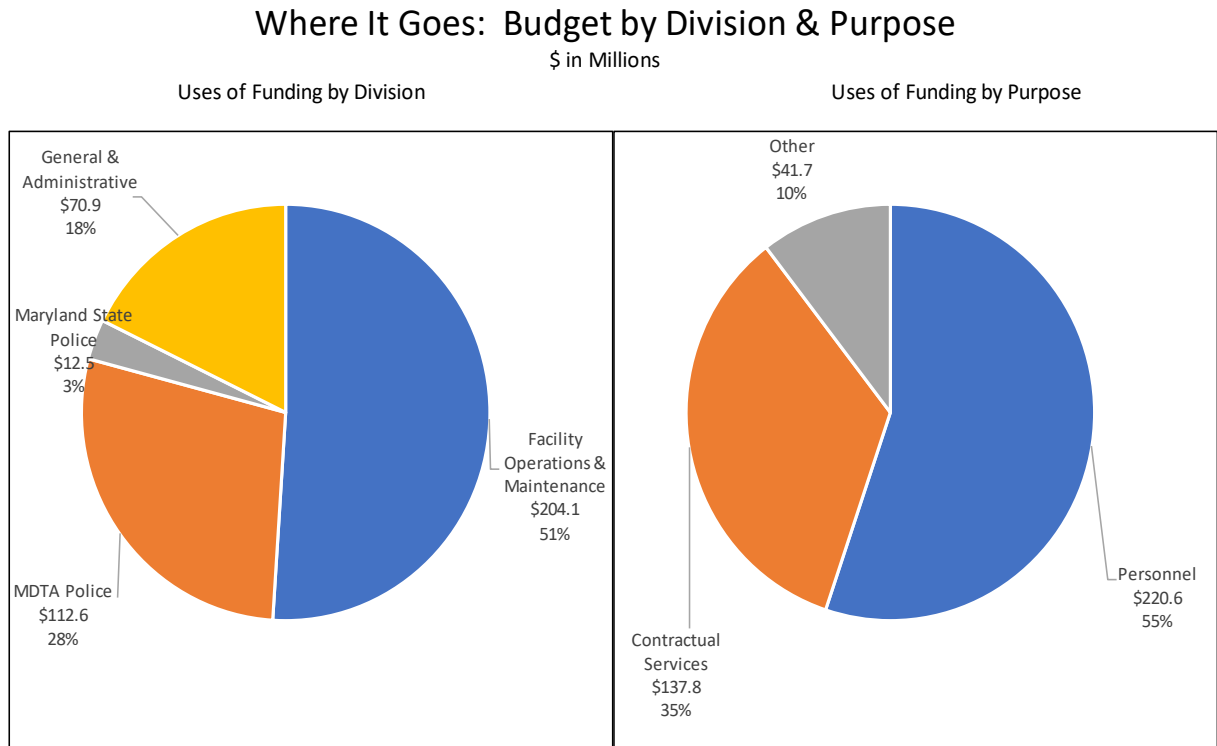
Figure 1

The MDTA’s position complement remains the same in FY 2024.

Personnel Data			
FY 2023 <u>Approved Budget</u>	FY 2024 <u>Preliminary Budget</u>	FY 2024 <u>Proposed Final Budget</u>	FY 2023-2024 <u>Change</u>
1697.0	1697.0	1697.0	0.0

Figure 2 graphically displays the FY 2024 budget by division and purpose.

Figure 2



ATTACHMENTS

Attachment 1 - Summary of Major Changes FY 2024

Attachment 2 - FY 2024 SummaryByObject

Summary of Major Changes

	FY24 Prelim VS <u>FY24 Final</u>
FY 2024 Final Operating Budget	\$400.1
FY 2024 Prelim Operating Budget	391.4
\$ Increase FY 2024 over FY 2023	<u>\$8.7</u>
% Increase FY 2024 over FY 2023	2.2%
FY 2024 Prelim Operating Budget	\$391.4
Mandated Increases	9.2
Additions	3.1
Reductions	(3.6)
FY 2024 Final Operation Budget Request	<u><u>\$400.1</u></u>
<u>Mandated</u>	
Longevity Step Increase	\$2.1
2 % COLA	1.7
Reclasses	1.4
Health & Retiree Health Insurance	1.5
Pension	1.3
LEOPS	0.7
On time step increase	0.7
Maryland State Police	(0.2)
Total Mandated	<u><u>\$9.2</u></u>
<u>Additions</u>	
Vehicle Purchases	\$1.3
<i>E-ZPass</i> ® Service Center	1.0
Management Studies	0.3
Additional Maintenance & Building Equipment	0.2
Medical Care	0.1
<i>E-ZPass</i> Transponders	0.1
Step Increase - Contractual Employees	0.1
Total Additions	<u><u>\$3.1</u></u>
<u>Reductions</u>	
Turnover	(\$2.3)
<i>E-ZPass</i> Retail Fees	(1.0)
Engineers	(0.2)
Other	(0.1)
Total Reductions	<u><u>(\$3.6)</u></u>
Total Change	\$8.7

ATTACHMENT 2

Object	Description	Prelim FY 2024 Budget	Final FY 2024 Budget	FY24 Final- FY24 Prelim \$ Inc/Dec	FY24 Final- FY24 Prelim % Inc/Dec
OBJECT 01 Salaries and Wages					
101	REGULAR EARNINGS	129,965,259	135,139,680	5,174,422	4.0%
102	ADDITIONAL ASSISTANCE	194,092	194,092	0	0.0%
104	OVERTIME EARNINGS	4,977,896	4,998,396	20,500	0.4%
104	OVERTIME EARNINGS - SNOW	1,338,168	1,338,168	0	0.0%
105	SHIFT DIFFERENTIAL	978,410	978,410	0	0.0%
110	MISCELLANEOUS P/R ADJUSTMENTS	94,068	198,768	104,700	111.3%
111	ANNUAL LEAVE PAYOUTS	196,471	196,471	0	0.0%
112	RECLASSIFICATIONS	410,058	410,058	0	0.0%
151	SOCIAL SECURITY CONTRIBUTIONS	9,594,423	9,645,927	51,505	0.5%
152	HEALTH INSURANCE	19,129,208	19,174,953	45,745	0.2%
154	RETIREE'S HLTH INSURANCE PREM	10,234,118	11,735,068	1,500,950	14.7%
161	EMPLOYEES RETIREMENT SYSTEM	15,221,130	16,575,238	1,354,108	8.9%
165	STATE POLICE RETIREMENT SYSTEM	3,538,864	3,463,737	(75,127)	-2.1%
169	LAW ENFORCEMNT OFF PENSION SYS	22,270,383	22,964,855	694,472	3.1%
171	BURDEN EXPENSE	0	0	0	
174	UNEMPLOYMENT COMPENSATION	352,393	378,386	25,993	7.4%
175	WORKERS COMPENSATION	3,923,031	4,196,741	273,710	7.0%
189	TURNOVER	(10,397,964)	(12,655,817)	(2,257,853)	21.7%
199	OTHER FRINGE BENE - CLOTH ALLOW	856,750	856,750	0	0.0%
		212,876,757	219,789,882	6,913,124	3.2%
Object 02 Technical and Special Fees					
202	PER DIEM PAYMENTS	150,000	150,000	0	0.0%
211	EMPLOYEE AWARDS	1,000	1,000	0	
220	SPECIAL PAYMENTS PAYROLL	702,189	625,409	(76,780)	-10.9%
		853,189	776,409	(76,780)	-9.0%
Object 03 Communications					
301	POSTAGE	81,151	72,584	(8,567)	-10.6%
302	TELEPHONE	251,569	253,569	2,000	0.8%
303	TELECOMMUNICATIONS	810,982	821,482	10,500	1.3%
305	STATE PAID TELECOMMUNICATIONS	1,725,000	1,604,611	(120,389)	-7.0%
306	CELL PHONE EXPENDITURES	410,657	425,657	15,000	3.7%
		3,279,359	3,177,903	(101,456)	-3.1%
Object 04 Travel					
401	IN STATE/ROUTINE OPERTN TRAVEL	37,820	43,120	5,300	14.0%
402	INSTATE/CONF/SEMNR/TRNG TRAVEL	87,579	101,704	14,125	16.1%
403	OUTSTATE/ROUTINE OPERTN TRAVEL	67,393	55,064	(12,329)	-18.3%
404	OUTSTATE/CONF/SEMNR/TRNG TRAVL	297,737	313,680	15,943	5.4%
		490,529	513,568	23,039	4.7%
Object 06 Fuel and Utilities					
603	FUEL-OIL #2	130,200	135,200	5,000	3.8%
606	FUEL-NATURAL GAS/PROPANE	271,113	355,613	84,500	31.2%
620	UTILITIES-ELECTRICITY	3,440,116	3,514,116	74,000	2.2%
621	UTILITIES-WATER/SEWAGE	327,206	331,206	4,000	1.2%
		4,168,635	4,336,135	167,500	4.0%
Object 07 Motor Vehicle Operations and Maintenance					
701	PURCH VEH-CAR,LIGHT TRUCK	3,416,900	4,746,900	1,330,000	38.9%
702	VEHICLE GAS & OIL	3,765,454	3,765,454	0	0.0%
703	VEHICLE MAINTENANCE & REPAIR	1,794,664	1,794,664	0	0.0%
704	INSURANCE	407,863	407,863	0	0.0%
721	VEHICLE GAS & OIL-WATERCRAFT	44,347	44,347	0	0.0%
722	VEHICLE MAINTENANCE & REPAIR-WATERCRAFT	61,431	61,431	0	0.0%
724	BOAT SLIP RENTAL/LAUNCHING FEES	4,200	4,200	0	0.0%
731	LG VEHICLE GAS & OIL	1,100,000	1,100,000	0	0.0%
732	LG VEHICLE MAINT & REPAIR	2,000,000	2,000,000	0	0.0%
789	COMMUTE CHARGES	(5,000)	(5,000)	0	0.0%
799	OTHER MOTOR VEHICLE CHARGES	50,000	50,000	0	0.0%
		12,639,859	13,969,859	1,330,000	10.5%
Object 08 Contractual Services					
801	ADVERTISING/LEGAL PUBLICATION	3,050,353	3,064,353	14,000	0.5%
802	APPLICATIONS SOFTWARE MAINTENANCE	100,000	100,000	0	0.0%
804	PRINTING/REPRODUCTION SERVICE	32,000	43,200	11,200	35.0%

ATTACHMENT 2

Object	Description	Prelim	Final	FY24 Final-	FY24 Final-
		FY 2024	FY 2024	FY24 Prelim	FY24 Prelim
		Budget	Budget	\$	%
				Inc/Dec	Inc/Dec
807	ENGINEERS	31,900,000	31,700,000	(200,000)	-0.6%
808	EQUIPMENT RENTAL	493,631	490,131	(3,500)	-0.7%
809	EQUIPMENT REPAIRS & MAINT	1,655,264	1,654,264	(1,000)	-0.1%
810	EXTERMINATION SERVICE	16,771	16,771	0	0.0%
812	BUILDING/ROAD REPAIRS & MAINT	16,829,158	16,882,158	53,000	0.3%
813	JANITORIAL SERVICES	1,458,540	1,473,540	15,000	1.0%
814	GROUNDS MAINTENANCE	45,482	45,482	0	0.0%
815	LAUNDRY SERVICE	3,199	3,199	0	0.0%
817	LEGAL SERVICES	203,300	203,300	0	0.0%
819	EDUCATION/TRAINING CONTRACTS	1,363,988	1,375,988	12,000	0.9%
820	MEDICAL CARE	271,720	395,720	124,000	45.6%
821	MGMT STUDIES AND CONSULTANTS	4,098,658	4,398,658	300,000	7.3%
823	SECURITY SERVICES	890,773	889,560	(1,213)	-0.1%
824	LABORATORY SERVICES	45,736	45,578	(158)	-0.3%
825	VETERINARY SERVICES	31,565	31,565	0	0.0%
826	FREIGHT AND DELIVERY	14,987	14,497	(490)	-3.3%
827	TRASH AND GARBAGE REMOVAL	449,894	453,394	3,500	0.8%
828	OFFICE ASSISTANCE	61,244	61,244	0	0.0%
829	FISCAL SERVICES	410,250	410,250	0	0.0%
829	E-ZPASS RETAIL FEES	18,550,000	17,550,000	(1,000,000)	-5.4%
841	DP CENTRAL PROCESS SVC	1,150,000	1,150,000	0	0.0%
843	DP COMMUNICATIONS CONTROLLERS SVC	480,000	480,000	0	0.0%
849	TELECOMM LINES, MODEMS & CONTRLLR	95,704	95,704	0	0.0%
854	COMPUTER MAINTENANCE CONTRACTS	185,000	185,000	0	0.0%
858	SOFTWARE LICENSES	146,402	148,402	2,000	1.4%
862	APPL SOFTWARE MAINTENANCE	1,901,200	1,901,200	0	0.0%
864	SYSTEMS SOFTWARE MAINTENANCE	500,000	500,000	0	0.0%
865	OUTSIDE SVCS-SYS ANALYSIS&DSGN	7,465,000	7,465,000	0	0.0%
866	OUTSIDE SVCS-PROGRAMMING	415,000	415,000	0	0.0%
869	OUTSIDE SVCS-COMPUTER USAGE	775,000	775,000	0	0.0%
873	OUTSIDE SVC - E-Z PASS SVC CENTER	39,000,000	40,000,000	1,000,000	2.6%
874	OFFICE OF ATTORNEY GENERAL FEE	44,265	43,526	(739)	-1.7%
875	RETIREMENT AGENCY ADMIN FEE	204,542	251,556	47,014	23.0%
876	STATEWIDE DOIT SERVICES	85,000	52,080	(32,920)	-38.7%
894	STATEWIDE PERSONNEL SYS ALLOC	55,590	55,667	77	0.1%
897	STATEWIDE ENTERPRISE BUDGET SYSTEM	27,574	27,646	72	0.3%
899	OTHER CONTRACTUAL SVC-NON DP	2,986,244	2,969,244	(17,000)	-0.6%
		137,493,034	137,817,877	324,843	0.2%
Object 09 Supplies and Materials					
901	AGRICULTURE	34,379	33,879	(500)	-1.5%
902	OFFICE SUPPLIES	399,783	394,383	(5,400)	-1.4%
903	ELECTRICAL MATERIALS	390,509	390,418	(91)	0.0%
904	BUILDING & HOUSEHOLD SUPPLIES	388,011	386,011	(2,000)	-0.5%
905	ROADWAY MAINT MATERIALS	619,613	619,613	0	0.0%
906	SALT/SNOW MELTING MATERIALS	1,884,363	1,880,363	(4,000)	-0.2%
908	HOUSEKEEPING SUPPLIES	74,537	74,537	0	0.0%
909	MEDICAL SUPPLIES	40,314	39,162	(1,152)	-2.9%
912	WEARING APPAREL-UNIFORMS EMPL	1,136,880	1,144,880	8,000	0.7%
915	LIBRARY SUPPLIES	23,675	23,675	0	0.0%
917	SMALL TOOLS	372,809	372,809	0	0.0%
918	VETERINARY SUPPLIES	28,500	28,500	0	0.0%
920	FOOD	176,776	188,276	11,500	6.5%
926	DATA PROCESSING SUPPLIES	42,522	42,522	0	0.0%
934	AMMO GUNS FIRING RNGE SUPPLIES	575,549	575,549	0	0.0%
951	E-ZPASS TRANSPONDERS	4,365,000	4,450,000	85,000	1.9%
999	OTHER SUPPLIES AND MATERIALS	254,413	315,913	61,500	24.2%
		10,807,633	10,960,490	152,857	1.4%
Object 10 Replacement Equipment					
1013	REPL MAINTENANCE & BUILDING EQUIP	605,500	505,500	(100,000)	-16.5%
1015	REPL OFFICE EQUIPMENT	45,050	48,000	2,950	6.5%
1019	REPL RADIOS & ELECTRONIC EQUIPMENT	226,000	226,000	0	0.0%
1031	REPL DP EQUIP-MAINFRAME	80,000	80,000	0	0.0%

ATTACHMENT 2

Object	Description	Prelim	Final	FY24 Final-	FY24 Final-
		FY 2024	FY 2024	FY24 Prelim	FY24 Prelim
		Budget	Budget	\$	%
				Inc/Dec	Inc/Dec
1033	REPL DP EQUIP-MICROCOMPUTER	1,250,000	1,250,000	0	0.0%
1099	OTHER REPLACEMENT EQUIPMENT	334,900	334,900	0	0.0%
		2,541,450	2,444,400	(97,050)	-3.8%
Object 11 Additional Equipment					
1102	ADDT'L AUDIO-VISUAL EQUIP	14,500	9,500	(5,000)	-34.5%
1103	ADDT'L CLEANING EQUIPMENT	10,000	10,000	0	
1109	ADDT'L HUMAN ENVIRONMENTAL EQUIPMENT	1,000	1,000	0	0.0%
1113	ADDT'L MAINTENANCE & BUILDING EQUIP	92,000	242,000	150,000	163.0%
1115	ADDT'L OFFICE EQUIPMENT	27,500	27,500	0	0.0%
1133	ADDT'L DP EQUIP-MICROCOMPUTER	100,000	20,000	(80,000)	
1199	OTHER ADDITIONAL EQUIPMENT	459,835	459,834	(1)	0.0%
		704,835	769,834	64,999	9.2%
Object 13 Fixed Charges					
1302	INSURANCE COVERAGE PAID TO STO	488,333	490,658	2,325	0.5%
1303	RENT PAID TO DGS	1,100	1,100	0	
1304	SUBSCRIPTIONS	26,938	26,938	0	0.0%
1305	ASSOCIATION DUES	380,945	350,445	(30,500)	-8.0%
1308	LICENSES	7,270	7,270	0	0.0%
1309	INSURANCE (NON STO PAYMENTS)	4,667,231	4,667,231	0	0.0%
		5,571,817	5,543,642	(28,175)	-0.5%
Total		391,427,098	400,100,000	8,672,901	2.2%

ITEM

4



MEMORANDUM

TO: MDTA Finance Committee
FROM: Jeanne Marriott, Capital Program Manager
SUBJECT: Draft FY 2024-2029 Consolidated Transportation Program (CTP)
DATE: June 8, 2023

PURPOSE OF MEMORANDUM

The purpose of this presentation is to seek your recommendation for approval of the proposed Draft FY 2024-2029 CTP. The Draft CTP was presented to the Capital Committee for recommendation for approval on June 1, 2023, and will be presented to the full MDTA Board for final approval on June 29, 2023.

SUMMARY

The six-year FY 2024-2029 budget in the proposed CTP is \$2.7 billion. The proposed CTP reflects a net increase in the six-year FY 2024-2029 budget of \$169.7 million (Attachment #1 – Line 6). The net FY 2024-2029 increase is the result of the following:

- Decrease in the six-year CTP budget by \$19.1 million for the Nice/Middleton Bridge (Attachment #1 – Line 1).
- Decrease in the six-year CTP budget by \$7.0 million for the I-95 ETL Northern Extension (Attachment #1 – Line 2).
- Increase in the six-year CTP budget by \$178.0 million for all projects except Nice/Middleton Bridge, I-95 ETL Northern Extension, and reserves (Attachment #1 – Line 3).
- Increase in the Allocated and Unallocated Reserves by \$17.9 million (Attachment #1 – Line 4).

FY 2023 expenditures are projected to be \$484.8 million vs. \$534.4 million in the Final FY 2023-2028 CTP (Attachment #1 – Line 6). FY 2023 underspending is projected to be \$49.7 million and has been rolled over into the Draft FY 2024-2029 CTP.

Highlights of project and reserve changes incorporated in the proposed Draft FY 2024-2029 CTP are shown in Attachment #2.

Added New Projects

Added nine system preservation projects for an increase of \$6.6 million in the FY 2024-2029 period.

Modified Budgets to Reflect Bids Received

Adjusted one project to reflect bids received that were lower than Engineer's Estimates for a net decrease of \$7.0 million.

Added Construction Phase

The construction phase of four projects was funded for a total of \$114.9 million transferred from the reserves as design reached 60% level and cost estimates were developed on fully developed scopes.

Modified Budgets to Reflect Completed Projects

Twenty-five projects were completed and one deleted with no budget change in the FY 2024-2029 period.

Modified Active Projects Due to Cost Changes and Cash Flow Adjustments

Adjusted cash flows and funded changes in engineering and/or construction budgets for fifty projects for a net budget increase of \$37.3 million.

Reserve Changes

The allocated reserves increased by \$13.9 million, and the unallocated reserves increased by \$4.0 million.

ATTACHMENTS

- Attachment #1 – CTP Comparison Tables - Draft FY 2024-2029 CTP v Final FY 2023-2028 CTP
- Attachment #2 – Changes from Final FY 2023-2028 CTP to Draft FY 2024-2029 CTP
- Attachment #3 – Where are the Projects?
- Attachment #4 – What are the Categories of Projects?

Changes from Final FY 2023-2028 CTP to Draft FY 2024-2029 CTP

New Projects Added (\$000)					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	
KB	2619 - Rehabilitation of Curtis Creek Drawbridge	2,700	2,700	2,700	
MA	2590 - Replace Electronic Toll Collection and Operating System - 4th Generation (Planning only)	1,800	1,500	1,800	
MA	2589 - License Plate Recognition (LPR) System Upgrade	1,118	1,118	1,118	
KH	2631 - Maryland House Water Tower Emergency Pipe Replacement	775	775	0	
KB	2621 - Drainage Improvements of I-695 at MM 50.2 Quarantine Road	500	500	500	
MA	2594 - Mill and Overlay Fort McHenry Tunnel and Baltimore Harbor Tunnel Bridges (Engineering only)	400	400	300	
HT	2591 - Rehabilitate Upper Plenum Liner and Ceiling (Engineering only)	100	100	25	
BB	2593 - Bay Bridge On-Call Structural Repairs and Modification (Engineering only)	100	100	100	
KB	2632 - Clean and Paint I-695 Bridge over Bear Creek	100	100	100	
Total - New Projects Added (9)		7,593	7,293	6,643	

Projects Modified to Reflect Bids Received (\$000)					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	
KH	Various - I-95 Express Toll Lanes Northbound Extension	(20,000)	(11,197)	(7,026)	The ETL Program has received favorable bids for several contracts that have been below planned cost estimates. These included two of the largest contracts in the program. Therefore, the decision was made to reduce the overall program budget to reflect these cost savings.
Total - Project Modified to Reflect Bids Received (1)		(20,000)	(11,197)	(7,026)	

Projects Modified to Add Construction Phase (\$000)					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	
HB	2512 - Cleaning and Painting of the Hatem Bridge	65,175	65,175	65,076	
KH	2500 - Kennedy Highway Maintenance Facility Complex	42,512	42,512	40,512	
HT	2560 - Baltimore Harbor Tunnel Maintenance/Auto Building HVAC and Roof Replacement	6,388	6,388	6,338	
MA	2497 - Radio Rebroadcast and Radiax in Baltimore Harbor Tunnel & Fort McHenry Tunnel	3,000	3,000	2,950	
Total - Projects Modified to Add Construction Phase (4)		117,076	117,075	114,876	

Projects Completed or Deleted (\$000)					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	Notes
KH	2484 - Kennedy Highway Substation and Electrical Equipment Replacement	102	102	0	Completed.
MA	2485 - On-Call Miscellaneous Paving Repairs	60	60	0	Completed.
KH	2440 - Kennedy Highway Maintenance Facility 2 Building Renovations	(2)	(2)	0	Completed.
FT	2269 - Replace Fort McHenry Tunnel Lighting Systems	(9)	(9)	0	Completed.
<i>Projects Completed or Deleted - continued on Page 2</i>					

Changes from Final FY 2023-2028 CTP to Draft FY 2024-2029 CTP

Projects Completed or Deleted (\$000) - continued					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	Notes
HT	2380 - Repair Slopes and Drainage	(9)	(9)	0	Completed.
BB	2228 - Bay Bridge Cable Rewrapping & Dehumidification of Cables and Anchorages	(11)	(11)	0	Completed.
BB	2481 - Police and Automotive Maintenance Building Generator Replacement	(12)	(12)	0	Completed.
FT	2414 - I-95 Moravia Road to Tunnel - Phases 1 & 2 NB/Phase 2 SB	(12)	(12)	0	Completed.
PB	2400 - On-Call Facility and Building Repairs	(20)	(20)	0	Completed.
KH	2289 - Remove, Replace and Upgrade Sign Structures	(21)	(21)	0	Completed.
HT	2439 - Administration Building Roof Replacement and Envelope Rehabilitation	(24)	(24)	0	Completed.
MA	2411 - On-Call Facility/Building Repairs	(25)	(25)	0	Completed.
MA	2418 - On-Call Electrical and ITS - #3	(27)	(27)	0	Completed.
HT	2454 - I-895 Baltimore Harbor Tunnel TMDL Stream Restoration Upstream of BY052X01	(29)	(29)	0	Completed.
BB	2342 - Rehabilitate Suspension Spans on Westbound Span	(32)	(32)	0	Completed.
HT	2292 - Replace Deck and Superstructure of Bridge over Patapsco Flats	(35)	(35)	0	Completed.
BB	2260 - Clean and Paint Structural Steel Westbound Span - Phase IV	(41)	(41)	0	Completed.
IC	2482 - ICC Fiber Optic Utility Tracer Wire	(76)	(76)	0	Completed.
MA	2444 - Bay TMDL Stormwater Retrofits - Phase VI	(78)	(78)	0	Completed.
MA	2466 - Clean and Paint Bridges on Baltimore Harbor Tunnel Thruway and Kennedy Highway	(88)	(88)	0	Completed.
KB	2514 - Protection of Concrete Substructure of Key Bridge	(101)	(101)	0	Deleted, work will be done as part of another project.
KH	2394 - Resurface Southbound I-95 from the Maryland/Delaware State Line to the Tydings Bridge	(109)	(109)	0	Completed.
MA	2421 - Mainline Small Drainage System Preservation	(160)	(160)	0	Completed.
MA	2083 - Evaluate Condition of Deck, Superstructure, and Substructure	(357)	(357)	0	Completed.
BB	2469 - Miscellaneous Rehabilitation of the Bay Bridge Suspension Spans	(376)	(376)	0	Completed.
KB	2304 - Convert Key Bridge to All Electronic Tolling (AET)	(413)	(413)	0	Completed.
Total - Projects Completed or Deleted (26)		(1,905)	(1,905)	0	

Active Projects Modified Due to Cost Changes and Cash Flow Adjustments (\$000)					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	Notes
MA	2471 - 10-Year Equipment Budget - FY 2018 through FY 2027	10,701	10,701	16,160	Increased CO for market volatility and price increases, production and delivery delays, and scope change to include five additional vehicles.
BB	2501 - On-Call Structural Repairs & Miscellaneous Modifications for Bay Bridge	6,422	6,422	(1,111)	Increased CO for Extra Work Authorization #1 and corresponding CMI expenditures.
MA	2537 - On-Call Structural Repairs & Miscellaneous Modifications	2,900	2,900	366	Increased PE and CO for revised capital/operating split.
KB	0219 - Key Bridge Deck Replacement (Engineering only)	2,700	2,500	2,390	Increased PE to reflect project delay and anticipated costs for permitting and coordination with other projects in the Key Bridge facility and to add dock construction.
FT	0237 - Rehabilitate Substructure of I-95 Bridges over Race Street (Engineering only)	2,124	2,124	2,949	Increased PE to further geotechnical investigation and design.
BB	2516 - William Preston Lane Jr. Memorial Bridge AET Conversion	1,843	1,843	0	Increased CO for Redline Revisions 5 and 6, Extra Work Authorizations, and additional CMI.
<i>Active Projects Modified Due to Cost Changes and Cash Flow Adjustments - continued on Page 3</i>					

Changes from Final FY 2023-2028 CTP to Draft FY 2024-2029 CTP

Active Projects Modified Due to Cost Changes and Cash Flow Adjustments (\$000) - continued					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	Notes
IC	1982 - Intercounty Connector (ICC)/MD 200	1,321	1,321	3,552	Increased CO and RW to reflect close-out cost estimates provided by SHA.
MA	2496 - On-Call Drainage and Stormwater BMP Remediation III	1,300	1,300	1,408	Increased CO for scope change to include high priority work.
BB	2476 - Bay Bridge Crossover Automated Lane Closure System	1,116	1,116	0	Increased CO for extra work and CMI.
BB	2369 - Deck Rehabilitation and Miscellaneous Modifications to Bay Bridge WB Span	1,081	1,081	0	Increased CO for Redline Revisions and additional CMI.
KH	2509 - Structural Rehabilitation of the Millard E. Tydings Memorial Bridge	1,065	1,065	0	Increased CO for extra work added due to yearly conditional inspections.
MA	2489 - Drainage Rehabilitation - Phase III - Outfalls	924	924	1,965	Increased PE and CO due to additional work added and MOT changes.
FT	2508 - Bridge Deck Rehabilitation and Miscellaneous Repairs to Fort McHenry Tunnel South	821	821	(100)	Increased CO for Phase V services and additional police and maintenance costs.
FT	2571 - Fort McHenry Tunnel Campus Fuel Oil Conversion	800	800	250	Increased PE for expanded scope and added construction funding.
MA	2479 - On-Call Structural Repairs & Miscellaneous Modifications	625	625	0	Increased PE for extended duration and increased CO for supplemental agreement.
BB	2329 - Replace 5KV Feeder and Add Redundant Cable to Eastbound and Westbound Spans	582	582	(1,043)	Increased CO for additional work and CMI.
HT	2447 - Replace Baltimore Harbor Tunnel 15KV Feeders	500	500	0	Increased CO for supplemental agreement, extended contract, and CMI.
BB	2317 - Rehabilitate Decks of Eastbound Span - Phase I Deck Widening & Replacement of Deck Truss Spans	498	498	(1,995)	Increased CO for Extra Work Authorization and CMI.
BB	2504 - Bay Bridge Queue Detection System	384	384	0	Increased PE for review and software development.
FT	2580 - Fort McHenry Tunnel Box Girder Preservation (Engineering only)	350	350	0	Increased PE for additional deck studies.
BB	2412 - Bay Bridge Priority Structural Repairs and Misc. Modifications	304	304	0	Increased CO for additional CMI.
FT	2449 - Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel	300	300	0	Increased CO for additional work, Phase V services, and CMI.
HT	2263 - Replace Baltimore Harbor Tunnel Vent Fans	300	300	0	Increased CO for Phase V services.
KH	2544 - Tydings Bridge Interim High Speed AET Conversion	250	250	0	Increased CO for Phase V services.
KH	2477 - I-95/Belvidere Road Interchange	213	213	11,441	Increased PE to complete design work.
KB	2521 - MDTA Police Training Academy	200	200	0	Increased CO funding to cover contract closeout and Phase V services.
MA	2483 - Small Drainage Rehabilitation	113	113	0	Increased CO for Phase V services.
KH	2582 - MD 695 Ramps to I-95 Northbound Express Toll Lanes (Engineering only)	100	100	100	Increased project to add Utility Phase work.
HT	0240 - Resurfacing North and South of Baltimore Harbor Tunnel	30	30	0	Increased PE for remaining engineering activities.
MA	2559 - On-Call Civil Repairs	(150)	(150)	(50)	Decreased PE because design expenditures were 100% operating.
HT	2423 - Replacement of Concrete Median Barrier along I-895	(300)	(300)	0	Decreased CO for revised cost estimate.
KH	1116 - Kennedy Highway I-95 Improvements with Express Toll Lanes	(332)	(332)	0	Decreased CO based on remaining work.
FT	2505 - Install Fire Suppression System (Engineering only)	(508)	(508)	0	Decreased PE as this project is deferred until fan rehabilitation is complete.
MA	2498 - On-Call Electrical/ITS	(1,654)	(1,654)	1,237	Decreased PE based on prior year expenditures.
HT	0280 - Baltimore Harbor Tunnel I-895 Bridge Replacement	(1,743)	(1,743)	839	Decreased CO based on revised projections as project is completed.
KB	2450 - I-695 Subgrade Improvements at Bear Creek	(12,811)	(12,811)	(3,173)	Decreased CO for scope change.
NB	1024 - Replace Nice/Middleton Bridge	(25,000)	(25,000)	(19,130)	Decreased CO due to favorable weather and reduced CMI.
FT	2458 - Rehabilitate Tunnel 13 KV Cable, Conduit, and Concrete Wall	0	0	5,905	Cash flow adjustment.
FT	2517 - Convert to Cashless Tolling at the Fort McHenry Tunnel	0	0	5,486	Cash flow adjustment.
HT	2306 - Envelope Repair and Switchgear Replacements at Baltimore Harbor Tunnel Vent Buildings	0	0	5,052	Cash flow adjustment.
MA	2147 - Replace Electronic Toll Collection and Operating System - 3rd Generation	0	0	2,002	Cash flow adjustment.

Active Projects Modified Due to Cost Changes and Cash Flow Adjustments - continued on Page 4

Changes from Final FY 2023-2028 CTP to Draft FY 2024-2029 CTP

Active Projects Modified Due to Cost Changes and Cash Flow Adjustments (\$000) - continued					
Facility	Project Name	TEC Change	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	Notes
MA	2553 - DYNAC Maintenance Contract (Baltimore Harbor Tunnel, Fort McHenry Tunnel, and InterCounty Connector (ICC))	0	0	2,000	Cash flow adjustment.
MA	2538 - On-Call Structural Repairs & Miscellaneous Modifications	0	0	858	Cash flow adjustment.
FT	2513 - Structural Rehabilitation of Various Bridges on I-95	0	0	787	Cash flow adjustment.
MA	0231 - On-Call Signs, Sign Lights, and Sign Structures	0	0	580	Cash flow adjustment.
MA	2524 - On-Call Building Systems Rehabilitation/Replacement	0	0	575	Cash flow adjustment.
FT	2442 - Port Covington Access I-95	0	0	2	Cash flow adjustment.
KB	0199 - Maintenance and Repairs of the I-695 Curtis Creek Drawbridges at Key Bridge	0	0	(84)	Cash flow adjustment.
MA	2549 - On-Call Miscellaneous Paving Repair	0	0	(656)	Cash flow adjustment.
FT	2251 - Rehabilitate Fort McHenry Tunnel Vent Fans	0	0	(1,241)	Cash flow adjustment.
Total - Active Projects Modified Due to Cost Changes and Cash Flow Adjustments (50)		(2,628)	(2,828)	37,322	

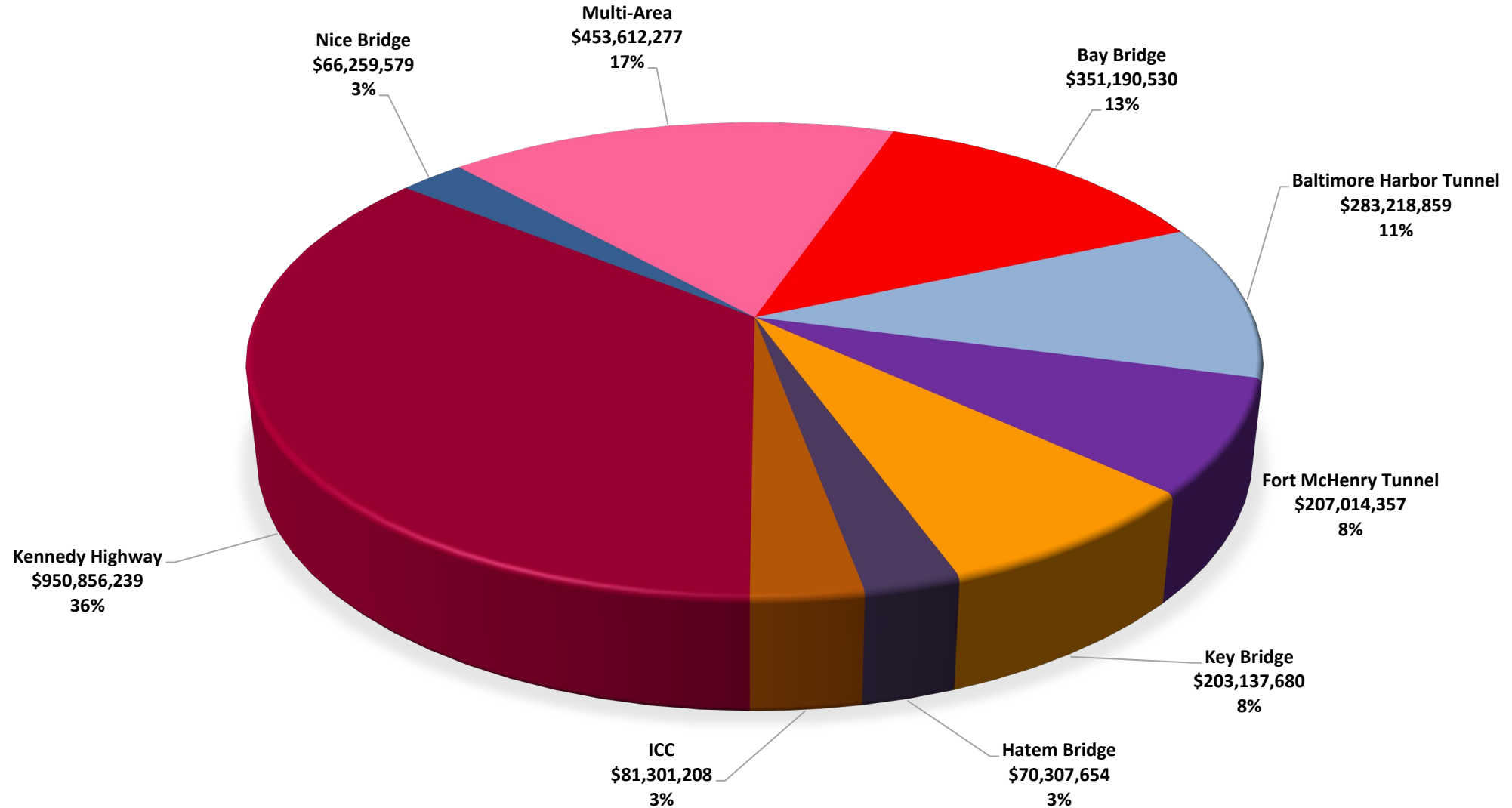
Reserves (\$000)			
	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	
Allocated Reserve - System Preservation Projects	57,822	(14,912)	
Allocated Reserve - Enhancement Projects	(35,227)	28,790	
Unallocated Reserve	(11,000)	4,018	
Total Reserve Changes	11,595	17,896	

Changes from Final FY 2023-2028 CTP to Draft FY 2024-2029 (\$000)			
	FY 2023-2028 Budget Change	FY 2024-2029 Budget Change	
Budget Changes - Projects	108,438	151,816	
Budget Changes - Reserves	11,595	17,896	
Net Changes	120,033	169,712	

FY 2024-2029 Final Consolidated Transportation Program

Where are the Projects?

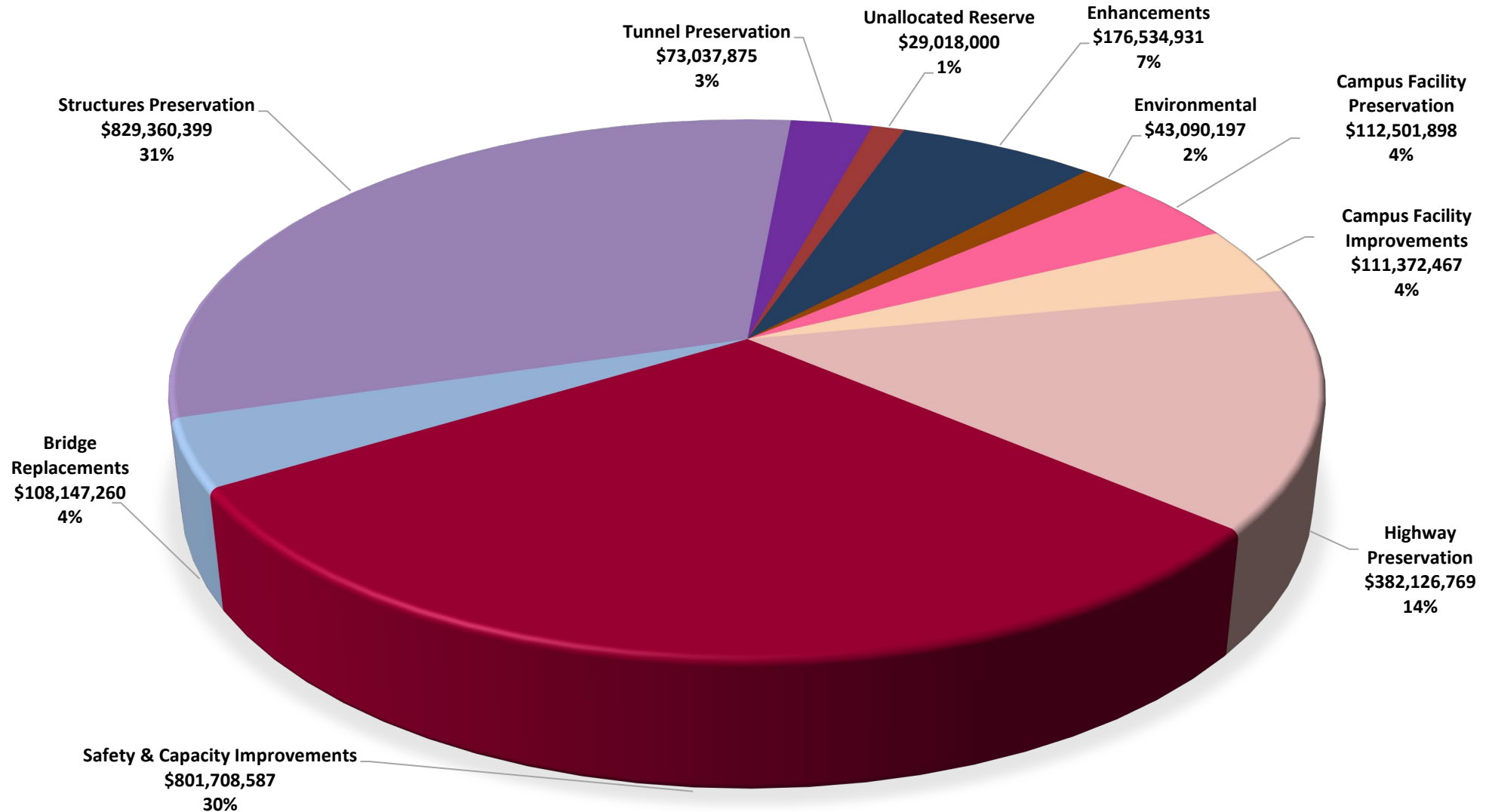
FY 2024-2029 CTP = \$2.7 Billion



FY 2024-2029 Final Consolidated Transportation Program

What are the Categories of Projects?

FY 2024-2029 CTP = \$2.7 Billion



ITEM

5



MEMORANDUM

TO: Finance Committee
FROM: Chantelle Green, Director of Finance
SUBJECT: Fiscal Year 2024-2029 Financial Forecast
DATE: June 8, 2023

PURPOSE OF MEMORANDUM

To request a recommendation of approval of the fiscal year (FY) 2024-2029 financial forecast.

KEY TAKEAWAYS

- Through FY 2027, the Maryland Transportation Authority (MDTA) remains in compliance with its financial goals and legal standards.
- Based on the current forecast estimates, beginning in FY 2028, a systemwide toll increase will be necessary to maintain 2.0 times debt service coverage throughout the remainder of the FY 2024-2029 forecast period. Tolls were last increased in FY 2014 followed by a reduction of tolls in FY 2016.
- The actual timing of a toll increase will depend on many factors.

SUMMARY

This forecast includes the November 2022 T&R forecast, the Draft FY 2024 - 2029 Consolidated Transportation Program (CTP), and the Final FY 2024 Operating budget. The summary table below shows the MDTA’s adherence to its financial goals and requirements throughout the forecast period.

Financial Metrics	Requirement	Current Forecast Period
Rate Covenant	≥ 1.0	Minimal level of 1.4 in FY 2029
Debt Service Coverage	≥ 2.0	Meets requirement through FY 2027; Minimal level of 1.8 in FY 2029
Unencumbered Cash	≥ \$350M	Meets requirement through FY 2029; Minimal level of \$351M in FY 2026
Debt Outstanding	≤ \$3.0B	Max Level of \$2.89B in FY 2029

ANALYSIS

The primary differences between the current forecast and the November 2022 legislative forecast submission are:

- Increased revenue of \$11.2 million throughout the forecast period, mostly due to projected favorable investment earnings from the early Transportation Infrastructure Finance and Innovation Act loan draw and the BWI Marshall/Port Police reimbursement for law enforcement services.
- Increased operating budget expenses of \$57.7 million, mostly due to salary increases (employee pay increments and cost-of-living adjustments) throughout the forecast period.
- Increased capital budget expenses of \$169.7 million. A portion of the increase (\$49.7 million) is attributable to the anticipated rollover of unexpended funds from FY 2023 into subsequent fiscal years. The remaining \$120 million increase is due to project scope changes, revised cost estimates related to inflation and materials availability, and increases in the reserves for construction funding for multiple system preservation projects such as the Francis Scott Key deck replacement, Bay Bridge deck replacement, and the resurfacing the John F. Kennedy Highway.
- Increased debt issuances and debt service: Over the forecast period, revenue bond issuances and projected debt service increase by \$175.0 million and \$12.1 million, respectively. Higher debt issuances are the result of anticipated operating and capital budget increases that reduce the amount of projected revenue available for PAYGO capital spending.
- Toll increase: Based on the current forecast estimates, beginning in FY 2028, a systemwide toll increase will be necessary to maintain 2.0 times debt service coverage throughout the remainder of the FY 2024-2029 forecast period. The actual timing of a toll increase will depend on many factors that impact MDTA's financial standards, such as inflationary pressures, deferred maintenance policies, toll revenue attainment, mandated operating budget increases, and debt issuance costs and timing.

Assumptions

- Traffic and Toll Revenue Forecast: CDM Smith November 2022
- Draft FY 2024 – 2029 CTP
- Final FY 2024 Operating Budget

Evaluation Criteria

Adherence to MDTA goals and policies:

- \geq \$350 million unrestricted cash
- \geq 2.0 debt service coverage
- Rate covenant ratio \geq 1.0 sum of 120% debt service plus deposits to M&O account
- Debt outstanding \leq \$3 billion
- Forecast tests the need for potential future toll increases. (Systemwide toll increases are needed beginning in FY 2028)

ATTACHMENT

- Financial Forecast

MARYLAND TRANSPORTATION AUTHORITY
CASH FLOW FORECAST
FY 2023 - 2029

In Millions \$	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues							
Toll Revenues	\$716.6	\$732.8	\$744.1	\$746.3	\$753.5	\$772.3	\$789.9
Concessions Revenue	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Investment Income & Other Revenue	50.9	16.1	7.2	6.3	6.3	6.3	6.3
MDOT Loan Repayment - Interest	1.0	0.2	0.2	0.2	0.2	0.2	0.1
BWI/Port Police Reimbursement	35.2	39.1	40.7	42.3	44.0	45.7	47.6
Total Revenues	\$807.5	\$792.0	\$796.1	\$799.0	\$807.9	\$828.5	\$847.8
Operating Expenses							
Operating Account Budget	\$387.2	\$400.1	\$416.4	\$433.1	\$450.4	468.4	487.1
Debt Service	137.8	145.8	149.6	164.6	178.1	188.3	200.5
Total Operating Expenses	\$525.0	\$545.9	\$566.0	\$597.7	\$628.5	\$656.7	\$687.7
Operating Revenue Net of Expenses	\$282.5	\$246.1	\$230.1	\$201.3	\$179.4	\$171.7	160.1
Capital Expenses							
2024-2029 Total CTP	\$484.8	\$539.6	\$564.1	\$482.7	\$333.2	\$401.4	345.9
Total Expenses (Operating + Capital)	\$1,009.8	\$1,085.5	\$1,130.1	\$1,080.4	\$961.7	\$1,058.1	\$1,033.6
Capital Funding Source / (Uses) and Intergovernmental							
Revenue Bonds	\$0.0	\$0.0	\$193.5	\$278.6	\$153.5	\$226.9	\$185.4
TIFIA	200.0	-	-	-	-	-	-
Surety Policy	-	-	(0.4)	(0.5)	(0.3)	(0.4)	(0.3)
MDOT Loan Repayment - Principal	49.9	1.5	1.5	1.5	1.5	1.6	1.6
Less: VDOT Contribution	1.9	1.9	-	-	-	-	-
Less: I-95 Interchange Partner Contribution	-	20.0	-	-	-	-	-
Accrual Accounting Reconciliation	-	-	-	-	-	-	-
Total Current Year Sources (Uses) Available	251.8	23.4	194.6	279.6	154.8	228.1	186.7
Annual Cash Requirements	757.9	1,062.1	935.5	800.8	806.9	830.1	846.9
Annual Cash Surplus/Deficit	\$49.6	(\$270.1)	(\$139.4)	(\$1.8)	\$1.0	(\$1.6)	0.9
Total Cash Balance	\$795.3	\$525.2	\$385.8	\$384.0	\$385.0	\$383.4	384.3
Bonds Outstanding (≤\$3.0 b.)	\$2,263.9	\$2,206.3	\$2,339.5	\$2,555.3	\$2,637.8	\$2,785.8	\$2,886.2
Financial Coverage Ratios							
Unencumbered Cash (\$350MM minimum)	\$762.2	\$492.1	\$352.7	\$350.9	\$353.6	\$352.0	\$353.0
Debt Service Coverage (≥2.0x)	3.0	2.7	2.5	2.2	2.0	1.9	1.8
Rate Covenant Compliance (Legal - 1.0x)	2.4	2.1	2.0	1.8	1.6	1.5	1.4

ITEM

6



MEMORANDUM

TO: Finance Committee
FROM: Chantelle Green, Director of Finance
SUBJECT: Bi-annual Review of Revenue Sufficiency
DATE: June 8, 2023

PURPOSE OF MEMORANDUM

To provide the Maryland Transportation Authority (MDTA) Board with a bi-annual review of revenue sufficiency for the Fiscal Year (FY) 2024-2029 financial forecast period.

SUMMARY

The MDTA Board Operating Policy requires a bi-annual review of revenue sufficiency to determine if current rate and fee levels are appropriate based on levels of expected spending. The most recent financial forecast shows that current toll rates, fees, and discounts provide enough revenue over the near-term to meet forecasted spending and meet all legal and policy requirements.

ANALYSIS

The Board Operating Policy requires that the Executive Director or designee perform a bi-annual review of the adequacy of forecasted revenue as a function of forecasted traffic volumes, projected operating and capital budgets, and debt service obligations. Per the policy, the revenue review should include toll rates, service and administrative fees, and frequency of use and commuter discount programs. The results must be reported to the Board at a public meeting. This bi-annual test was last completed in November 2022.

If approved, the June 2023 financial forecast shows that the MDTA will meet all financial goals and legal requirements through FY 2027. The table below shows the results for the FY 2024-2029 timeframe.

Adherence to Financial Goals and Requirements

	Required	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Covenant	≥ 1.0	2.1	2.0	1.8	1.6	1.5	1.4
Debt Service Coverage	≥ 2.0	2.7	2.5	2.2	2.0	1.9	1.8
Unencumbered Cash	≥ \$350M	\$492M	\$353M	\$351M	\$354M	\$352M	\$353M

Source: June 2023 Financial Forecast

Given that the agency meets its financial coverage ratios and targeted unencumbered cash position through FY 2027, the MDTA’s current toll rates, fees, and discounts provide enough revenue in the near-term to meet forecasted spending as well as all legal and policy requirements.