



Maryland Transportation Authority

BOARD MEETING

THURSDAY, MARCH 25, 2021

**** OPEN MEETING VIA LIVESTREAMING ****



MARYLAND TRANSPORTATION AUTHORITY BOARD MEETING

MARCH 25, 2021 9:00 AM

This meeting will be livestreamed on the [MDTA Board Meeting 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 nhenson@mdta.state.md.us no later than 5:00 p.m. on Tuesday, March 23, 2021. 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 – 9:00 AM

Call Meeting to Order

- | | | |
|--|------------------------------------|---------|
| 1. <u>Approval – Open Session Meeting Minutes of February 25, 2021</u> | Chairman | 5 min. |
| 2. <u>Approval – Contract Awards</u> <ul style="list-style-type: none">• KH-3026-0000 – Wind Shear Device Retrofit and Miscellaneous repairs at the Millard E. Tydings Memorial Bridge Rehabilitation• MR-3019-0000 – On-Call Facility Repairs | Donna DiCerbo | 5 min. |
| 3. <u>Update – Retroactive Strayer Education Services Memorandum of Understanding #AD 3037 - Verbal</u> | Donna DiCerbo | 5 min. |
| 4. <u>Update – Procurement Report on Open Contracts – Verbal</u> | Donna DiCerbo | 10 min. |
| 5. <u>Approval – Board Resolution 21-04 – Authorizes Certain MDTA Officers and Employees to Direct the Investment of Certain Moneys</u> | Allen Garman | 10 min. |
| 6. <u>Approval – Fiscal Year 2021 Operating Budget Amendment # 3 – Contingent Approval to Add Funding for State Employee Bonuses</u> | Christina Thompson
Tonya Dorsey | 5 min. |
| 7. <u>Update – Series 2021 TFP Revenue Bond Sale and Credit Ratings – Update on Debt Issued by the MDTA</u> | Deb Sharpless | 5 min. |
| 8. <u>Update – Fiscal Year 2022 Department of Legislative Services Budget Analysis – Update on the FY 2022 DLS Budget Analysis and Response</u> | Chantelle Green
Jeffrey Brown | 15 min. |
| 9. <u>Update – 2nd Quarter Operating Budget Comparison – Review of Actual vs. Projected Spending for the Fiscal Year 2021 Operating Budget</u> | Jeffrey Brown | 5 min. |
| 10. <u>Update – 2nd Quarter Capital Budget Comparison – Review of Actual vs. Projected Spending for the Fiscal Year 2021 Capital Budget</u> | Jeanne Marriott | 5 min. |

MDTA BOARD MEETING
March 25, 2021 9:00 AM

AGENDA

Page 2

- | | | |
|--|---|---------|
| 11. <u>Update</u> – <u>MDTA’s Travel Plazas</u> – Annual Update on the Operations and Maintenance of the Travel Plazas | Simon Najar | 10 min. |
| 12. <u>Update</u> – <u>Third Generation Electronic Toll Collection (3G ETC) System</u> – Transition Readiness, Current Operations, and Revenue Update | Deb Sharpless
Will Pines | 20 min. |
| 13. <u>Update</u> – <u>Bay Crossing Study</u> – Update on the Bay Crossing DEIS and Hearings | Heather Lowe | 10 min. |
| 14. <u>Update</u> – <u>Legislative Session</u> – Verbal | Bradley Ryon | 5 min. |
| 15. <u>Update</u> – <u>Major Projects</u> – Update on Major Projects Valued Over \$40 Million or of Significant Public Impact | James Harkness | 10 min. |
| 16. <u>Update</u> – <u>IT Major Projects</u> – Update on IT Major Projects | David Goldsborough | 5 min. |
| 17. <u>Update</u> – <u>Civil Rights Fair Practice’s Socioeconomic Program</u> – Update on the Current Status of the Socioeconomic Program | Percy Dangerfield
Towanda Livingston | 5 min. |
| 18. <u>Update</u> – <u>Human Resources Committee</u> – Verbal | Member Gaines | 10 min. |
| 19. <u>Update</u> – <u>Audit Committee</u> – Verbal | Member Cox | 10 min. |
| 20. <u>Update</u> – <u>Executive Director’s Report</u> – Verbal | Jim Ports | 5 min. |

Vote to Adjourn Meeting

TAB 1

MARYLAND TRANSPORTATION AUTHORITY
BOARD MEETING

THURSDAY, FEBRUARY 25, 2021

9:30 A.M.

OPEN MEETING VIA VIDEO CONFERENCE AND LIVESTREAMING

OPEN SESSION

Sean Powell, Acting Chairman (1st Part of Meeting)

Greg Slater, Chairman (2nd Part of Meeting – P3 Items)

MEMBERS ATTENDING:

Dontae Carroll

William H. Cox, Jr.

William C. Ensor, III

W. Lee Gaines, Jr.

Mario J. Gangemi

Cynthia D. Penny-Ardinger, Esq.

Jeffrey S. Rosen

John F. von Paris

STAFF ATTENDING:

Carl Chamberlin

Percy Dangerfield

Jeffrey Davis

Allen Garman

Chantelle Green

Jim Harkness

Natalie Henson

Heather Lowe

Kimberly Millender, Esq.

Ebony Moore

Mary O’Keeffe

James F. Ports, Jr.

Will Pines

Bradley Ryon

Deb Sharpless

Tim Sheets

John Wedemeyer

Eric Willison

Brian Wolfe

OTHER ATTENDEES:

Jeff Folden, MDOT SHA, P3 Office

Courtney Highsmith, MDOT TSO, Executive Office

At 9:33 a.m. Acting Chairman Sean Powell called the meeting of the Maryland Transportation Authority (MDTA) Board to order. The meeting was held via video conference and livestreamed on the MDTA Board Meeting web page. Acting Chairman Powell announced that Chairman Slater had a conflicting schedule and would join the meeting as soon as he was able to do so. Acting Chairman Powell also announced that a Walk-On Approval Item regarding MDTA Board Resolution No. 21-03, Municipal Financing & Refinancing has been added to the agenda and will be heard after agenda item number 3.

APPROVAL – OPEN SESSION AND CLOSED SESSION MEETING MINUTES OF JANUARY 28, 2021

Upon motion by Member William H. Cox, Jr. and seconded by Member Dontae Carroll, the open session and closed session meeting minutes of the MDTA Board meeting held on January 28, 2021 were unanimously approved.

APPROVAL – CONTRACT AWARDS

- **FT-3009-0000 – Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel**

Mr. Jeffrey Davis requested approval from the MDTA Board to execute Contract No. FT-3009-0000 – Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel with Concrete General, Inc. in the bid amount of \$4,937,814.00.

The work to be performed under this contract includes superstructure repairs such as fatigue retrofits and drainage system repairs on 19 bridges on I-95 both north and south of the Fort McHenry Tunnel.

Upon motion by Member W. Lee Gaines, Jr. and seconded by Member Jeffrey S. Rosen, the Members unanimously gave approval to execute Contract No. FT-3009-0000 – Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel.

- **KH-3009-0000 – I-95 Express Toll Lanes Northbound Extension from MD 43 to South of MD 152**

Mr. Jeffrey Davis requested contingent approval from the MDTA Board to execute Contract No. KH-3009-0000 – I-95 Express Toll Lanes Northbound Extension from MD 43 to South of MD 152 with Allan Myers MD, Inc. in the bid amount of \$175,277,555.00.

The work to be performed under this contract includes the extension of the Express Toll Lanes approximately 6.3 miles north of MD 43 to south of the MD 152 interchange.

Upon motion by Member W. Lee Gaines, Jr. and seconded by Member Mario J. Gangemi, the Members unanimously gave contingent approval to execute Contract No. KH-3009-0000 – I-95 Express Toll Lanes Northbound Extension from MD 43 to South of MD 152.

APPROVAL – QUARTERLY REVIEW OF INVESTMENT STRATEGY AND PERFORMANCE

Mr. Allen Garman provided the MDTA Board with a quarterly update on the investment strategy/performance and requested MDTA Board approval of the continuation of the current investment strategies for all accounts.

Mr. Garman explained that for the trailing twelve-month period ended December 31, 2020, investments conformed to Investment Policy limitations. Portfolio structuring by account adhered to MDTA Board approved strategy. Total return performance for the General Account was commensurate with the benchmark index. During the duration extension transition period for the maintenance and operations (M&O) Reserve, the account will continue to remain short relative to the new benchmark index and portfolio duration will transition over several months. Total return performance for the M&O Reserve will not have a good comparable benchmark during the transition period.

The MDTA Board approved an investment strategy and benchmark change at its February 27, 2020 meeting to lengthen the average maturity of certain unrestricted reserves to 7.5-years from 3-years, as well as the associated *Effective Duration* (rate driven price volatility) to 7.0 from 3.0. Implementation of this strategy change was delayed as a result of the pandemic induced market volatility, distortions, and record low interest rates. At the November 2020 meeting, the MDTA Board approved a gradual transition for a small portion (14%) of the unrestricted cash held in the M&O Reserve. The Investment Committee will continue to update the Board periodically on the recommended timing for restructuring the remaining 86% of unrestricted reserves held in the General Account.

The prior MDTA Board approved strategy for Debt Service Reserves (DSR) was a staggered maturity structure from 1 to 8 years, with a duration target that approximates the 3-5 year Bullet Agency Index. In response to the record low interest rate environment associated with the pandemic, the Investment Committee recommends a short-term structure of less than one-year maturities until markets normalize. An additional factor supporting the short-term structure is the possibility to replace the cash funded DSR with a surety policy that may coincide with the March 2021 municipal bond financing.

Upon motion by Member William C. Ensor, III and seconded by Member W. Lee Gaines, Jr., the Members unanimously approved the continuation of the current investment strategies for all accounts.

WALK-ON ITEM - APPROVAL – MDTA BOARD RESOLUTION 21-03 – MUNICIPAL FINANCING & REFINANCING

Mr. Allen Garman requested MDTA Board approval of MDTA Board Resolution 21-03 – Municipal Financing and Refinancing. This Board Resolution amends and restates MDTA Board Resolution 20-07 (adopted November 19, 2020) adding flexibility to refinance the \$480 million Series 2008A TIFIA loan with municipal bonds.

Mr. Garman explained that MDTA Board Resolution No. 21-03 authorizes a combined \$900 million, with the \$400 million new money portion sized to fund capital projects for an approximately 15-month period through fiscal 2022 and the refinancing component for approximately \$500 million.

The new-money financing need is modeled in the most recent MDTA Board approved financial forecast and is unchanged from the prior Resolution 20-07. The \$400 million financing portion is scheduled for March 24, 2021 and will be sized to account for the capital program, net operating revenues, bond premium, debt service reserve funding, and costs of issuance. The \$482 million refinancing portion is market dependent and may be sold contemporaneously or within a few weeks of the March 24 sale. The refinancing portion will also be sized to account for bond premium, net of debt service reserve funding, and costs of issuance.

Projected net present value savings for the refinancing portion are more than \$40 million, with approximately \$2.2 million annually of cash flow savings that are not incorporated in the forecast. The MDTA has been working on a TIFIA loan refinancing with the Build America Bureau of the USDOT, but the rate lock is not expected before June/July. Two factors suggest that this is a unique refinancing opportunity that may favor a municipal financing relative to a TIFIA loan refinancing at prevailing treasury rates in several months. Municipal to treasury ratio yields are at record lows as a function of current supply/demand and there is significant institutional demand for low coupon structures. The low couponing is key to the near-term cash flow savings, estimated at approximately \$2.2 million annually. With the TIFIA loan closing not expected for several months, the MDTA may be advantaged by refinancing now in lieu of waiting until July when treasury rates are potentially higher than municipal financing rates are today.

Pursuant to the resolution, the Executive Director and Chief Financial Officer (CFO) will have the authority to manage the bond sale and closing, including the award of the 2021 bonds to the successful underwriting firm(s) and/or negotiation of terms for a private placement. The resolution also authorizes the selection of other service providers and the preparation and execution of all closing documents, certificates, and bond forms. The bond sale must be completed no later than August 31, 2021. The Executive Director and the CFO are required to report the bond sale results at the first MDTA Board meeting following the sale dates.

Upon motion by Member Jeffrey S. Rosen and seconded by Member William H. Cox, Jr., the Members unanimously approved MDTA Board Resolution 21-03 – Municipal Financing and Refinancing.

*****Technical Issue Announcement: Ms. Natalie Henson announced that there were bandwidth issues with the meeting which was causing Microsoft Teams to not stream video of the Members even though their cameras were on. She let those on the meeting and those watching via livestream know that MDTA was aware of the issue and were working to resolve it.*****

UPDATE – LEGISLATIVE SESSION

Mr. Bradley Ryon gave an update to the MDTA Board regarding the bills that have been filed that will have an impact to the MDTA.

*****Announcement: Acting Chairman Powell announced that Chairman Gregory Slater had joined the meeting and that Chairman Slater would be taking over for the remainder of the meeting.*****

UPDATE – P3 RESOLUTION 21-02

Ms. Kimberly Millender provided an update to the MDTA Board regarding draft Resolution No. 21-02, which will amend existing MDTA Board Resolution No. 18-04 regarding the designation of the I-495 and I-270 Public-Private Partnership (P3) Program as a “transportation facilities project.”

Ms. Millender explained that in November of 2018, the MDTA Board adopted Resolution No. 18-04 to designate and classify the P3 Program as a “transportation facilities project” under Title 4 of the Transportation Article. The Resolution specified that the classification was contingent upon the successful execution of a P3 Agreement and the acquisition of the necessary leasehold interest. As the P3 Program has developed through the solicitation process, the decision was made to fulfill the Program in phases resulting in the opportunity for multiple agreements to be executed and the acquisition of the leasehold interest in stages. Resolution No. 21-02 amends the prior MDTA Board Resolution to acknowledge this change in the Program.

UPDATE – P3 LEASE AGREEMENT

Mr. John Wedemeyer updated the MDTA Board on a draft lease agreement between MDTA and MDOT SHA. This draft lease agreement has been drafted to create a leasehold interest in the Traffic Relief Program Public-Private Partnership (P3) for the priced managed lanes for Phase 1 South.

Mr. Wedemeyer explained that this lease agreement is based on a MDOT SHA Standard Lease Agreement. The created exhibits for this lease agreement depict MDOT SHA right of way for the following areas:

1. I-495 from (and including) the American Legion Bridge to the interchange with I-270 near Rockville Pike;
2. I-270 from to the interchange with I-495 near Rockville Pike to the interchange with I-370 (including the I-270 east spur); and
3. the I-270 west spur from the interchange with I-495 near Bradley Boulevard to the interchange with Tuckerman Lane.

The Priced Managed Lanes are depicted between the northbound and southbound travel lanes.

UPDATE – P3 DEVELOPER SELECTION

Mr. Will Pines and Mr. Jeff Folden updated the MDTA Board on the selection of the Phase 1 Developer for the P3 Program.

Mr. Pines explained that MDOT and MDTA have completed the solicitation process for Phase 1 of the P3 Program, the American Legion Bridge I-270 to I-70 Relief Plan. The selected Phase Developer, who will be responsible for overseeing the predevelopment work for Phase 1, is Accelerate Maryland Partners, LLC.

Mr. Folden explained that the selection of the Phase Developer is the culmination of a year-long competitive process of extensive collaborative dialogue with the proposers designed to ensure a true partnership, harness the innovation of the private sector, and meet the goals of the program to provide congestion relief and an innovative approach to minimize impacts. This process included issuing a Request for Qualifications on February 7, 2020, short-listing four teams on July 17, 2020, and a 6-month Request for Proposals process.

UPDATE – P3 AGREEMENT

Ms. Deb Sharpless and Mr. Jeff Folden provided an update on the Phase Public-Private Partnership Agreement for the I-495 and I-270 P3 Program for Phase 1.

The Phase P3 Agreement will be executed among MDOT, MDTA, and the selected proposer (Phase Developer) upon approval by the MDTA Board and subsequent approval by the Maryland Board of Public Works. Under the Phase P3 Agreement the Phase Developer shall perform predevelopment work for the delivery of Phase 1 in sections.

After completion of the Predevelopment Work, MDOT, MDTA, and an entity established by the Phase Developer (Section Developer) will enter into a section P3 agreement (Section P3 Agreement) for the design, construction, financing, operation, and maintenance of the section. Along with the execution of the Section P3 Agreement, MDTA and the Section Developer will enter into (a) the tolling services agreement (Tolling Services Agreement), and (b) the P3 supplemental trust agreement (P3 Supplemental Trust Agreement) with the trustee.

UPDATE – TOLL RATE PHASE 1 SOUTH

Ms. Deb Sharpless and Mr. Carl Chamberlin provided an update of preliminary information developed by MDTA staff for the preliminary toll rate range and soft rate cap for Phase I South: American Legion Bridge (ALB) I-270 to I-370.

It was explained that MDOT and MDTA have been advancing the ALB I-270 to I-70 Relief Plan. MDOT recently announced High Occupancy Toll (HOT) lanes as its Recommended Preferred Alternative (RPA) for the P3 Program's first environmental NEPA process to be delivered in phases

starting with the ALB I-270 to I-370 first. The MDOT RPA would replace the 60-year-old ALB and add a bicycle and pedestrian connection to ALB and two HOT lanes in each direction across ALB to I-270, while converting one existing HOV lane to a HOT lane and adding one HOT lane in each direction on I-270.

The MDTA has the responsibility under Maryland law to fix, revise, and set toll rates in accordance with Transportation Article §4-312 of the Annotated Code of Maryland and Code of Maryland Regulations (COMAR) Title 11 Department of Transportation, Subtitle 07 MDTA, Chapter 05 Public Notice of Toll Schedule Revisions (11.07.05). As a partner in the P3 Program, the MDTA is conducting due diligence as part of the toll-setting process, which will include a tolling proposal presented by MDTA staff to the MDTA Board, followed by a public comment period and hearings, and will conclude with a final toll recommendation presented to the MDTA Board for approval. The MDTA staff anticipates presenting the official tolling proposal and initiating this process with the MDTA Board in the spring. The staff toll proposal and toll-setting process will address toll ranges/rates for Phase I South, ALB I-270 to I-370.

UPDATE – EXECUTIVE DIRECTOR

Mr. James F. Ports, Jr. informed the Board that once again MDTA has been recognized by the Maryland Quality Initiative (MdQI) for its exceptional work at MdQI's Annual Awards Ceremony that was held on February 11, 2021. Mr. Ports shared that the Bradshaw Road Bridge project won both the Partnering Award and the Modal Award for over \$5 million, the JFK Maintenance Facility HVAC won the Modal Award for under \$5 million, and that we earned the Planning Study Award for the I-95 @ Belvidere Road Interchange Planning Study.

Mr. Ports also reiterated from last month that this year celebrates MDTA's 50th Anniversary but also shared with the Board that the Intercounty Connector opened 10 years ago this month.

VOTE TO ADJOURN MEETING

There being no further business, upon motion by Member William H. Cox, Jr. and seconded by Member W. Lee Gaines, Jr., the Members unanimously voted to adjourn the meeting at 1:07 p.m.

The next MDTA Board Meeting will be held on March 25, 2021 at 9:00 a.m. via livestream.

APPROVED AND CONCURRED IN:

Gregory Slater, Chairman

TAB 2



Maryland
Transportation
Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny- Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Ms. Donna DiCerbo, CPPO, CPPB, Director of Procurement
SUBJECT: KH-3026-0000 – Wind Shear Device Retrofit and Miscellaneous Repairs at the Millard E. Tydings Memorial Bridge
DATE: March 25, 2021

PURPOSE

To seek contingent approval from the MDTA Board to execute Contract No. KH-3026-0000 - Wind Shear Device Retrofit and Miscellaneous Repairs at the Millard E. Tydings Memorial Bridge.

SUMMARY

This project is to rehabilitate the Millard E. Tydings Memorial Bridge on I-95 over the Susquehanna River in Harford and Cecil Counties. The rehabilitation work consists of rehabilitating, strengthening, repairing, and/or replacing the concrete and steel portions of the bridge.

RECOMMENDATION

To provide contingent approval to execute Contract No. Contract No. KH-3026-0000 - Wind Shear Device Retrofit and Miscellaneous Repairs at the Millard E. Tydings Memorial Bridge.

ATTACHMENT

- Project Summary



Maryland
Transportation
Authority

AUTHORITY BOARD PROJECT SUMMARY

KH-3026-0000 - Wind Shear Device Retrofit and Miscellaneous Repairs at the Millard E. Tydings Memorial Bridge

PIN NUMBER

2509

CONTRACT NUMBER

KH-3026-0000

CONTRACT TITLE

Wind Shear Device Retrofit and Miscellaneous Repairs at the Millard E. Tydings Memorial Bridge

PROJECT SUMMARY

This project is to rehabilitate the Millard E. Tydings Memorial Bridge on I-95 over the Susquehanna River in Harford and Cecil Counties. The rehabilitation work consists of rehabilitating, strengthening, repairing, and/or replacing the concrete and steel portions of the bridge. .

SCHEDULE

ADVERTISEMENT DATE

9/30/2020

ANTICIPATED NOTICE TO PROCEED DATE

May-21

DURATION (CALENDER DAYS)

660

MBE PARTICIPATION

OVERALL MBE

(\$)

**Advertised
GOAL (%)**

**Proposed
GOAL (%)**

26.00%

30.85%

AFRICAN AMERICAN

8.00%

8.10%

ASIAN AMERICAN

-

-

HISPANIC AMERICAN

-

-

WOMEN

11.00%

22.75%

VSBE

2.00%

2.00%

ENGINEER'S ESTIMATE (EE)

\$6,722,750.00

BID RESULTS

BID AMOUNT (\$)

% VARIANCE TO EE

BID PROTEST

YES ☐

NO ☒

FUNDING SOURCE

100.00% TOLL REVENUE

J.D. Eckman, Inc.

\$8,327,075.00

24%

M.D. Miller Co., Inc.

\$8,706,301.02

30%

Manolis Painting, Incorporated

\$9,463,320.00

41%

ABHE & SVOBODA, Inc

\$9,802,230.00

46%

Cianbro Corporation

\$9,884,670.00

47%

McClean Contracting Company

\$12,783,855.00

90%



**Maryland
Transportation
Authority**

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny- Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Ms. Donna DiCerbo, CPPO, CPPB, Director of Procurement
SUBJECT: MR-3019-0000 – On-Call Facility Repairs
DATE: March 25, 2021

PURPOSE

To seek contingent approval from the MDTA Board to execute Contract No. MR-3019-0000 - On-Call Facility Repairs.

SUMMARY

The scope of this project includes providing all labor, equipment, and materials necessary to perform miscellaneous facility and other repairs, upgrades, replacements, and new construction at all MDTA facilities. Work could include building interiors, exteriors, structural, mechanical, electrical, plumbing, site/civil, utilities, and hazardous materials removal.

RECOMMENDATION

To provide contingent approval to execute Contract No. Contract No. MR-3019-0000 - On-Call Facility Repairs.

ATTACHMENT

- Project Summary



Maryland
Transportation
Authority

AUTHORITY BOARD PROJECT SUMMARY

MR-3019-0000 On-Call Facility Repairs

PIN NUMBER 2523
CONTRACT NUMBER MR-3019-0000
CONTRACT TITLE On-Call Facility Repairs

PROJECT SUMMARY The scope of this project includes providing all labor, equipment, and materials necessary to perform miscellaneous facility and other repairs, upgrades, replacements, and new construction at all MDTA facilities. Work could include building interiors, exteriors, structural, mechanical, electrical, plumbing, site/civil, utilities, and hazardous materials removal.

SCHEDULE

ADVERTISEMENT DATE 12/8/2020
ANTICIPATED NOTICE TO PROCEED DATE Apr-21
DURATION (CALENDER DAYS) 1,460

MBE PARTICIPATION

OVERALL MBE 18.00%
AFRICAN AMERICAN -
ASIAN AMERICAN -
HISPANIC AMERICAN -
WOMEN -
VSBE 1.00%

	(\$) Advertised GOAL (%)	Proposed GOAL (%)
OVERALL MBE	18.00%	pending
AFRICAN AMERICAN	-	-
ASIAN AMERICAN	-	-
HISPANIC AMERICAN	-	-
WOMEN	-	-
VSBE	1.00%	pending

ENGINEER'S ESTIMATE (EE) \$5,000,000.00

BID RESULTS

BID AMOUNT (\$) **% VARIANCE TO EE**

BID PROTEST YES ☐ NO ☒

Nichols Contracting Inc.	\$4,886,582.93	-2%
Brawner Builders, inc.	\$5,580,345.00	12%

FUNDING SOURCE 100.00% TOLL REVENUE

TAB 3

VERBAL

TAB 4

VERBAL

TAB 5



Board Members:

Dontae Carroll
William H. Cox, Jr.
William C. Ensor, III
W. Lee Gaines, Jr.

Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Mr. Allen W. Garman, Director of Treasury & Debt
SUBJECT: MDTA Board Resolution No. 21-04 - Authorized Traders
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

Explain the purpose of MDTA Board Resolution No. 21-04 that details the authorized positions with delegated authority to execute investment related transactions. Resolution No. 21-04 amends and restates Resolution 11-04, revising management titles of the authorized individuals. The memorandum also provides an overview of the investment management process. This item was discussed in detail with the Finance Committee during the March 9 meeting and the Committee recommended that the item move forward to the full board for approval.

SUMMARY

Per Section 5.02 of the Trust Agreement, monies held in trust shall be invested by officers or employees of MDTA who shall be designated by resolution.

The Resolution No. 21-04 provides Board delegated investment securities trading authorization.

SECTION 3. *The officers and employees of the MDTA authorized to direct the investment of moneys held by the trustee of any bonds issued by the MDTA and any accounts established by the MDTA for investment purposes, are the Chief Financial Officer, Director of Finance, Deputy Director of Finance, Director of Treasury and Debt, and the Investment Administrator.*

	Investment Committee	Authorized Traders	Investment Managers
James Ports	Executive Director		
Deborah Sharpless	Chief Financial Officer	Chief Financial Officer	
Chantelle Green	Director of Finance	Director of Finance	
Christina Thompson	Deputy Director of Finance	Deputy Director of Finance	
Kenneth Montgomery	Deputy Director of Finance		
Allen Garman	Director of Treasury & Debt	Director of Treasury & Debt	Director of Treasury & Debt
Clayton Viehweg	Investment Administrator	Investment Administrator	Investment Administrator
David Calvert, PFM	Municipal Advisor		

The MDTA's investment portfolio is managed internally by the Director of Treasury & Debt and the Investment Administrator, as directed by the Chief Financial Officer and Investment Committee. The conservative structure of the investment portfolio is driven by Investment Policy limitations and legal constraints contained in the agency's Trust Agreement.

The agency has statutory authority to manage its investments separate from the monies of the State of Maryland. The agency's Trust Agreement includes limitations on investments that are similar to policy limitations of the State Treasurer's Office as a function of the Annotated Code of Maryland. Investment strategy is driven by cash flow needs, investment policy limitations, and total return considerations. Broad investment strategy is directed by an Investment Committee consisting of certain members of senior management and an external Municipal Advisor. Strategy, investment policy compliance, and total return performance relative to benchmark indices are reviewed monthly by the Investment Committee and Board.

Provisions of the Trust Agreement legally control the investment of the revenues of the MDTA. Trust Agreement Section 5.02 sets maturity limitations and refers to the defined term Investment Obligations to limit security types.

Investments are held in approximately forty accounts, primarily trust accounts at BNY Mellon and M&T Bank. In addition to the core toll revenue related funds under the Trust Agreement, the agency manages certain accounts that are associated with non-recourse bond issues for entities such as the Maryland Aviation Administration and the Washington Metropolitan Area Transit Authority.

Investment management process elements summarized:

1. Trust Agreement – Legal limitations.
2. Investment Policy – Foundation in the Trust Agreement, added detail developed by management, external advisors, and as a function of peer municipalities and industry best practices.
3. Investment Committee – Recommends duration targets (interest rate risk) and benchmark indices to the MDTA Board.
4. Investment Manager – Exercises limited discretion in selecting individual securities within the constraints of the Trust Agreement, Investment Policy, and duration targets.

RECOMMENDATION

Approve Board Resolution No. 21-04.

ATTACHMENT

- Board Resolution No. 21-04

**MARYLAND TRANSPORTATION AUTHORITY
RESOLUTION 21-04**

**A RESOLUTION RELATING TO THE DESIGNATED AUTHORITY OF CERTAIN MARYLAND
TRANSPORTATION AUTHORITY OFFICERS AND EMPLOYEES TO INVEST MONEYS UNDER
VARIOUS TRUST AGREEMENTS AND OTHER ESTABLISHED ACCOUNTS**

WHEREAS, the Maryland Transportation Authority, an agency of the State of Maryland (the “**MDTA**”) is authorized under Sections 4-101 through 4-405 of the Transportation Article of the Annotated Code of Maryland (the “**Act**”) to finance “transportation facilities projects” (as defined in the Act), to issue revenue bonds for the purpose of financing the cost of transportation facilities projects, and to perform any actions necessary or convenient to carry out the powers granted in the Act; and

WHEREAS, heretofore the MDTA entered into the Second Amended and Restated Trust Agreement dated as of September 1, 2007 (as previously amended and supplemented, the “**Master Trust Agreement**”), with The Bank of New York Mellon (successor to the Bank of New York), as trustee (the “**Trustee**”); and

WHEREAS, pursuant to Sections 2.01 and 2.04 of the Master Trust Agreement, as amended and supplemented (the “**Trust Agreement**”), the MDTA issued several series of its Transportation Facilities Projects Revenue Bonds (Tax-Exempt Bonds) and other Outstanding Prior Bonds for the purpose of financing improvements to certain Transportation Facilities Projects (as defined in the Master Trust Agreement); and

WHEREAS, the terms of Sections 5.02 and 6.12 of the Trust Agreement, as amended and supplemented, requires the MDTA Board to designate officers and employees authorized to direct investments of certain accounts and to determine the sale of certain equipment;

WHEREAS, the MDTA Board from time to time establishes or holds accounts related to the issuance of bonds and for other investment purposes and hereby designates certain officers and employees to direct the investment of those moneys;

NOW, THEREFORE, BE IT RESOLVED BY THE MARYLAND TRANSPORTATION AUTHORITY, as follows:

SECTION 1. The officers and employees of the MDTA authorized to direct the investment of moneys held by the Trustee of the credit of the Maryland Transportation Authority Transportation Facilities Projects Operating Account, Maintenance and Operations Reserve Account, Capital Account, General Account, Bond Service Subaccount in the Debt Retirement Account, and Reserve Subaccount, as provided for in Section 5.02 of the Trust Agreement, as amended and supplemented, are the Chief Financial Officer, Director of Finance, Deputy Director of Finance, Director of Treasury and Debt, and the Investment Administrator.

SECTION 2. The officers and employees of the MDTA authorized to determine the sale of equipment, as provided for in Section 6.12 of the Trust Agreement, as amended and supplemented, are the Executive Director, the Chief Administrative Officer, and the Chief Operating Officer.

SECTION 3. The officers and employees of the MDTA authorized to direct the investment of moneys held by the trustee of any bonds issued by the MDTA and any accounts established by the MDTA for investment purposes, are the Chief Financial Officer, Director of Finance, Deputy Director of Finance, Director of Treasury and Debt, and the Investment Administrator.

SECTION 4. This Resolution supersedes Resolution 11-02.

Dated as of: _____, 2021

WITNESS:

MARYLAND TRANSPORTATION AUTHORITY

James F. Ports, Jr.
Executive Director

Gregory Slater
Chairman

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**

Kimberly A. Millender
Assistant Attorney General

TAB 6



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll
William H. Cox, Jr.
William C. Ensor, III
W. Lee Gaines, Jr.

Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Ms. Christina Thompson, Deputy Director of Finance
SUBJECT: Fiscal Year 2021 Operating Budget Amendment #3
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

The Maryland Transportation Authority (MDTA) is requesting contingent approval to amend the Fiscal Year (FY) 2021 Operating Budget. The budget can be amended at any time during the current fiscal year.

SUMMARY

Summary of Major Changes (\$millions)

FY 2021 Final Operating Budget	\$323.6
FY 2021 Amended Operating Budget	304.6
FY 2021 Amended #2 Operating Budget	306.0
FY 2021 Amended #3 Operating Budget	307.3
\$ Change FY 2021 Final vs FY 2021 Amended #3	(16.3)
% Change FY 2021 Final vs FY 2021 Amended #3	(5.0)%
\$ Change FY 2021 Amended #2 vs FY 2021 Amended #3	1.3
% Change FY 2021 Amended #2 vs FY 2021 Amended #3	0.4%

The FY 2021 Amended Operating Budget totals \$307,318,645. This represents an increase of \$1,282,000, or 0.4%, above the FY 2021 Amended Operating Budget. Reimbursable expenses for law enforcement services provided at the Port of Baltimore and the Baltimore/Washington International Thurgood Marshall Airport total \$30,699,149 (10.0%) of the budget. These costs are paid by the Maryland Port Administration and the Maryland Aviation Administration.

On March 8, 2021, the Governor submitted a supplemental budget to the legislature to provide a one-time \$1,000 bonus to permanent state employees to be paid in April 2021. This amendment is contingent upon approval of the supplemental budget by the legislature.

ANALYSIS

The budget includes the following significant changes from the FY 2021 Amended budget that was approved in January 2021:

- A \$1.3 million increase in personnel expenses (object 01). The employees' bonuses are \$1,474,000 offset by turnover of \$192,000 for BWI/TM airport and the Port to bring their budget in line to the agreed upon amount.
- In addition, there is one minor reallocation of funds to move management study funding from Policy, Innovation, and Performance to Executive Direction. This is a zero net sum adjustment that the Executive Director would normally approve.

ATTACHMENT

- Budget by Object Summary

BY OBJECT			Preliminary	Final	Amended	Amended #2	Amended #3	Amend #3 - #2	Amend #3 - #2
Account			FY 2021	FY 2021	FY 2021	FY 2021	FY 2021	\$	%
Compt Obj	Proj	NewDescr	Budget	Budget	Budget	Budget	Budget	Inc/Dec	Inc/Dec
OBJECT 01 Salaries and Wages									
101	AD0000	REGULAR EARNINGS	107,348,586	100,167,682	99,506,368	100,482,404	100,482,404	-	0.0%
102	AD0000	ADDITIONAL ASSISTANCE	827,366	480,404	431,276	431,276	431,276	-	0.0%
104	AD0000	OVERTIME EARNINGS	4,919,796	4,739,890	3,547,886	3,547,886	3,547,886	-	0.0%
104	SN0001	OVERTIME EARNINGS - SNOW	2,068,541	1,693,061	1,424,861	1,424,861	1,424,861	-	0.0%
105	AD0000	SHIFT DIFFERENTIAL	1,132,847	1,089,936	898,473	898,473	898,473	-	0.0%
110	AD0000	MISCELLANEOUS P/R ADJUSTMENTS	125,000	137,000	137,000	700,895	2,174,895	1,474,000	210.3%
111	AD0000	ANNUAL LEAVE PAYOUTS	21,456	21,456	21,456	21,456	21,456	-	0.0%
112	AD0000	RECLASSIFICATIONS	697,370	531,081	522,728	522,728	522,728	-	0.0%
151	AD0000	SOCIAL SECURITY CONTRIBUTIONS	7,601,295	7,078,530	7,030,381	7,101,439	7,101,439	-	0.0%
152	AD0000	HEALTH INSURANCE	17,672,612	16,073,071	16,352,421	16,352,421	16,352,421	-	0.0%
154	AD0000	RETIREE'S HLTH INSURANCE PREM	9,200,843	8,369,085	8,514,347	8,514,347	8,514,347	-	0.0%
156	AD0000	VSP PAYMENTS						-	
161	AD0000	EMPLOYEES RETIREMENT SYSTEM	13,246,649	12,103,652	11,474,660	11,587,843	11,587,843	-	0.0%
165	AD0000	STATE POLICE RETIREMENT SYSTEM	2,894,601	2,894,601	2,894,601	2,894,601	2,894,601	-	0.0%
169	AD0000	LAW ENFORCEMNT OFF PENSION SYS	18,523,634	17,708,249	17,357,314	17,541,828	17,541,828	-	0.0%
171	AD0000	BURDEN EXPENSE						-	
174	AD0000	UNEMPLOYMENT COMPENSATION	300,667	280,557	11,468	11,468	11,468	-	0.0%
175	AD0000	WORKERS COMPENSATION	4,711,903	4,711,903	4,711,903	4,711,903	4,711,903	-	0.0%
189	AD0000	TURNOVER	(3,376,117)	352,425	(107,183)	(588,772)	(780,772)	(192,000)	32.6%
199	AD0000	OTHER FRINGE BENE - CLOTH ALLOW	839,658	839,658	814,733	814,733	814,733	-	0.0%
Total Object 01			188,756,707	179,272,241	175,544,693	176,971,790	178,253,790	1,282,000	0.7%
Object 02 Technical and Special Fees									
202	AD0000	PER DIEM PAYMENTS	125,000	125,000	125,000	125,000	125,000	-	0.0%
209	AD0000	ADMIN/MGMT SERVICES SUPPORT						-	
211	AD0000	EMPLOYEE AWARDS						-	
217	AD0000	CONTRACTUAL HEALTH INS						-	
220	AD0000	SPECIAL PAYMENTS PAYROLL	2,127,155	374,561	336,681	336,681	336,681	-	0.0%
Total Object 02			2,252,155	499,561	461,681	461,681	461,681	-	0.0%
Object 03 Communications									

301	AD0000	POSTAGE	57,549	55,499	54,499	54,499	54,499	-	0.0%
302	AD0000	TELEPHONE	225,845	224,845	224,170	224,170	224,170	-	0.0%
303	AD0000	TELECOMMUNICATIONS	583,899	583,199	580,199	580,199	580,199	-	0.0%
304	AD0000	MISCELLANEOUS COMMUNICATION						-	
305	AD0000	STATE PAID TELECOMMUNICATIONS			1,500,000	1,500,000	1,500,000	-	0.0%
306	AD0000	CELL PHONE EXPENDITURES	409,632	410,275	407,275	407,275	407,275	-	0.0%
Total Object 03			1,276,925	1,273,818	2,766,143	2,766,143	2,766,143	-	0.0%
Object 04 Travel									
401	AD0000	IN STATE/ROUTINE OPERTN TRAVEL	35,569	36,869	34,869	34,869	34,869	-	0.0%
401	SN0001	IN STATE/ROUTINE OPERTN TRAVEL-SNOW						-	
402	TR000?	INSTATE/CONF/SEMNR/TRNG TRAVEL	54,327	48,067	33,742	33,742	33,742	-	0.0%
403	AD0000	OUTSTATE/ROUTINE OPERTN TRAVEL	52,929	50,784	24,763	24,763	24,763	-	0.0%
404	TR000?	OUTSTATE/CONF/SEMNR/TRNG TRAVL	275,812	226,805	163,698	163,698	163,698	-	0.0%
Total Object 04			418,637	362,525	257,072	257,072	257,072	-	0.0%
Object 06 Fuel and Utilities									
603	AD0000	FUEL-OIL #2	195,049	195,049	195,049	195,049	195,049	-	0.0%
606	AD0000	FUEL-NATURAL GAS/PROPANE	211,733	215,733	215,733	215,733	215,733	-	0.0%
620	AD0000	UTILITIES-ELECTRICITY	3,772,956	3,807,956	3,224,392	3,224,392	3,224,392	-	0.0%
621	AD0000	UTILITIES-WATER/SEWAGE	306,556	306,556	306,556	306,556	306,556	-	0.0%
Total Object 06			4,486,294	4,525,294	3,941,730	3,941,730	3,941,730	-	0.0%
Object 07 Motor Vehicle Operations and Maintenance									
701	AD0000	PURCH VEH-CAR,LIGHT TRUCK	2,453,500	949,500	913,500	913,500	913,500	-	0.0%
702	AD0000	VEHICLE GAS & OIL	1,864,760	1,850,323	1,840,923	1,840,923	1,840,923	-	0.0%
702	SN0001	VEHICLE GAS & OIL-SNOW						-	
703	AD0000	VEHICLE MAINTENANCE & REPAIR	1,619,060	1,611,517	1,604,017	1,604,017	1,604,017	-	0.0%
703	SN0001	VEHICLE MAINTENANCE & REPAIR-SNOW	7,715	7,715	7,715	7,715	7,715	-	0.0%
704	AD0000	INSURANCE	407,863	407,863	407,863	407,863	407,863	-	0.0%
720	AD0000	PURCH VEH-WATERCRAFT	-	-	-	-	-	-	
721	AD0000	VEHICLE GAS & OIL-WATERCRAFT	38,951	38,951	38,951	38,951	38,951	-	0.0%
722	AD0000	VEHICLE MAINTENANCE & REPAIR-WATERCRAFT	53,463	53,463	53,463	53,463	53,463	-	0.0%
724	AD0000	BOAT SLIP RENTAL/LAUNCHING FEES	4,200	4,200	4,200	4,200	4,200	-	0.0%
730	AD0000	PURCH VEH-OTHER LAND VEH - DUMP, TRACTOR	583,200	473,700	448,500	448,500	448,500	-	0.0%
731	AD0000	LG VEHICLE GAS & OIL	880,544	880,544	880,544	880,544	880,544	-	0.0%
732	AD0000	LG VEHICLE MAINT & REPAIR	1,906,275	1,901,767	1,901,767	1,901,767	1,901,767	-	0.0%
732	SN0001	LG VEHICLE MAINT & REPAIR-SNOW	43,957	43,957	43,957	43,957	43,957	-	0.0%

789	AD0000	COMMUTE CHARGES	(1,100)	(6,100)	(6,100)	(6,100)	(6,100)	-	0.0%
799	AD0000	OTHER MOTOR VEHICLE CHARGES	54,379	54,379	54,379	54,379	54,379	-	0.0%
Total Object 07			9,916,767	8,271,779	8,193,679	8,193,679	8,193,679	-	0.0%
Object 08 Contractual Services									
801	AD0000	ADVERTISING/LEGAL PUBLICATION	3,651,681	3,396,181	3,104,003	3,104,003	3,104,003	-	0.0%
802	AD0000	APPLICATIONS SOFTWARE MAINTENANCE	110,460	110,460	107,960	107,960	107,960	-	0.0%
804	AD0000	PRINTING/REPRODUCTION SERVICE	49,800	49,800	45,800	45,800	45,800	-	0.0%
805	AD0000	BOOKBINDING/PHOTOGRAPHIC SVC						-	
807	AD0000	ENGINEERS	29,280,000	29,280,000	26,205,000	26,205,000	26,205,000	-	0.0%
808	AD0000	EQUIPMENT RENTAL	538,663	526,989	511,889	511,889	511,889	-	0.0%
809	AD0000	EQUIPMENT REPAIRS & MAINT	228,037	162,623	160,623	160,623	160,623	-	0.0%
810	AD0000	EXTERMINATION SERVICE	16,846	16,846	16,846	16,846	16,846	-	0.0%
812	AD0000	BUILDING/ROAD REPAIRS & MAINT	13,943,961	14,680,711	10,150,711	10,150,711	10,150,711	-	0.0%
813	AD0000	JANITORIAL SERVICES	1,218,549	1,218,549	1,193,549	1,193,549	1,193,549	-	0.0%
814	AD0000	GROUNDS MAINTENANCE	46,605	46,605	46,605	46,605	46,605	-	0.0%
815	AD0000	LAUNDRY SERVICE	5,081	5,081	5,081	5,081	5,081	-	0.0%
816	AD0000	HOUSEKEEPING SERVICE						-	
817	AD0000	LEGAL SERVICES	172,279	172,279	163,279	163,279	163,279	-	0.0%
819	TR000?	EDUCATION/TRAINING CONTRACTS	1,192,391	899,308	638,308	638,308	638,308	-	0.0%
820	AD0000	MEDICAL CARE	205,720	205,720	205,720	205,720	205,720	-	0.0%
821	AD0000	MGMT STUDIES AND CONSULTANTS	2,250,000	1,888,700	1,393,195	1,393,195	1,393,195	-	0.0%
823	AD0000	SECURITY SERVICES	1,272,990	1,272,990	1,067,830	1,067,830	1,067,830	-	0.0%
824	AD0000	LABORATORY SERVICES	48,082	48,082	48,082	48,082	48,082	-	0.0%
825	AD0000	VETERINARY SERVICES	29,321	29,321	29,321	29,321	29,321	-	0.0%
826	AD0000	FREIGHT AND DELIVERY	17,247	17,247	17,247	17,247	17,247	-	0.0%
827	AD0000	TRASH AND GARBAGE REMOVAL	434,883	423,883	408,883	408,883	408,883	-	0.0%
828	AD0000	OFFICE ASSISTANCE	156,050	294,852	301,324	301,324	301,324	-	0.0%
829	AD0000	FISCAL SERVICES	640,000	640,000	640,000	640,000	640,000	-	0.0%
829	AD0000	E-ZPASS RETAIL FEES	13,400,000	13,400,000	13,400,000	13,400,000	13,400,000	-	0.0%
831	AD0000	OFFICE OF ADMINISTRATIVE HEARINGS FEE						-	
841	AD0000	DP CENTRAL PROCESS SVC	1,331,600	1,331,600	881,600	881,600	881,600	-	0.0%
843	AD0000	DP COMMUNICATIONS CONTROLLERS SVC	600,000	600,000	110,000	110,000	110,000	-	0.0%
849	AD0000	TELECOMM LINES, MODEMS & CONTRLLR	95,741	95,741	95,741	95,741	95,741	-	0.0%
850	AD0000	DP PERIPHERAL EQUIPMENT SVC						-	
854	AD0000	COMPUTER MAINTENANCE CONTRACTS	183,160	183,160	183,160	183,160	183,160	-	0.0%

858	AD0000	SOFTWARE LICENSES	228,132	228,132	31,132	32,132	32,132	-	0.0%
861	AD0000	APPL SOFTWARE ACQUISITION	100,000	100,000	-	-	-	-	
862	AD0000	APPL SOFTWARE MAINTENANCE	1,874,046	1,874,046	1,389,046	1,389,046	1,389,046	-	0.0%
863	AD0000	SYSTEMS SOFTWARE ACQUISITION	150,000	150,000	-	-	-	-	
864	AD0000	SYSTEMS SOFTWARE MAINTENANCE	973,460	973,460	790,460	790,460	790,460	-	0.0%
865	AD0000	OUTSIDE SVCS-SYS ANALYSIS&DSGN	4,315,500	4,315,500	3,765,500	3,765,500	3,765,500	-	0.0%
866	AD0000	OUTSIDE SVCS-PROGRAMMING	425,000	425,000	385,000	385,000	385,000	-	0.0%
869	AD0000	OUTSIDE SVCS-COMPUTER USAGE	475,255	475,255	355,255	355,255	355,255	-	0.0%
872	AD0000	OUTSIDE SVCS-IT CONSULTANT						-	
873	AD0000	OUTSIDE SVC - E-Z PASS SVC CENTER	30,000,000	30,000,000	28,260,000	28,260,000	28,260,000	-	0.0%
874	AD0000	OFFICE OF ATTORNEY GENERAL FEE	39,064	39,064	39,064	39,064	39,064	-	0.0%
875	AD0000	RETIREMENT AGENCY ADMIN FEE	225,063	225,063	225,063	225,063	225,063	-	0.0%
876	AD0000	STATEWIDE DOIT SERVICES	51,706	51,706	51,706	51,706	51,706	-	0.0%
894	AD0000	STATEWIDE PERSONNEL SYS ALLOC	41,190	41,190	41,190	41,190	41,190	-	0.0%
897	AD0000	STATEWIDE ENTERPRISE BUDGET SYSTEM						-	
899	AD0000	OTHER CONTRACTUAL SVC-NON DP	2,732,364	2,702,324	2,686,824	2,686,824	2,686,824	-	0.0%
Total Object 08			112,749,927	112,597,468	99,151,997	99,152,997	99,152,997	-	0.0%

Object 09 Supplies and Materials

901	AD0000	AGRICULTURE	32,839	32,839	32,839	32,839	32,839	-	0.0%
902	AD0000	OFFICE SUPPLIES	402,112	396,112	343,991	343,991	343,991	-	0.0%
903	AD0000	ELECTRICAL MATERIALS	539,024	462,024	314,024	314,024	314,024	-	0.0%
904	AD0000	BUILDING & HOUSEHOLD SUPPLIES	415,905	412,646	352,646	352,646	352,646	-	0.0%
905	AD0000	ROADWAY MAINT MATERIALS	718,113	708,034	583,034	582,034	582,034	-	0.0%
906	AD0000	SALT/SNOW MELTING MATERIALS	1,486,863	1,486,863	1,241,976	1,241,976	1,241,976	-	0.0%
908	AD0000	HOUSEKEEPING SUPPLIES	80,869	80,869	80,869	80,869	80,869	-	0.0%
909	AD0000	MEDICAL SUPPLIES	28,441	28,441	28,441	28,441	28,441	-	0.0%
912	AD0000	WEARING APPAREL-UNIFORMS EMPL	1,116,636	997,486	848,021	848,021	848,021	-	0.0%
915	AD0000	LIBRARY SUPPLIES	24,890	24,640	24,640	24,640	24,640	-	0.0%
917	AD0000	SMALL TOOLS	378,846	373,846	323,846	323,846	323,846	-	0.0%
918	AD0000	VETERINARY SUPPLIES	27,474	27,474	27,474	27,474	27,474	-	0.0%
920	AD0000	FOOD	209,970	193,120	156,170	156,170	156,170	-	0.0%
926	AD0000	DATA PROCESSING SUPPLIES	36,434	36,434	36,434	36,434	36,434	-	0.0%
930	AD0000	MICROCOMPUTER PKG APPL SOFTWARE						-	
932	AD0000	MICROCOMPUTER OPER SYS SFTWRE	65,000	65,000	65,000	65,000	65,000	-	0.0%
933	AD0000	SOFTWARE UPGRADES						-	

934	AD0000	AMMO GUNS FIRING RNGE SUPPLIES	326,808	326,808	326,808	326,808	326,808	-	0.0%
951	AD0000	E-ZPASS TRANSPONDERS	4,200,000	4,200,000	2,700,000	2,700,000	2,700,000	-	0.0%
995	AD0000	CORPORATE PURCHASING CARD						-	
999	AD0000	OTHER SUPPLIES AND MATERIALS	331,563	326,663	301,463	301,463	301,463	-	0.0%
Total Object 09			10,421,787	10,179,299	7,787,676	7,786,676	7,786,676	-	0.0%

Object 10 Replacement Equipment

1002	AD0000	REPL AUDIO-VISUAL EQUIP						-	
1003	AD0000	REPL CLEANING EQUIPMENT						-	
1007	AD0000	REPL EDUCATIONAL EQUIPMENT						-	
1009	AD0000	REPLHUMAN ENVIRONMENTAL EQUIPMENT						-	
1013	AD0000	REPL MAINTENANCE & BUILDING EQUIP	375,100	365,100	279,000	279,000	279,000	-	0.0%
1015	AD0000	REPL OFFICE EQUIPMENT	63,950	29,950	22,700	22,700	22,700	-	0.0%
1019	AD0000	REPL RADIOS & ELECTRONIC EQUIPMENT	184,000	184,000	59,000	59,000	59,000	-	0.0%
1031	AD0000	REPL DP EQUIP-MAINFRAME	75,000	75,000	-	-	-	-	
1033	AD0000	REPL DP EQUIP-MICROCOMPUTER	749,000	199,000	199,000	199,000	199,000	-	0.0%
1034	AD0000	REPL DP EQUIP-WORKSTATIONS						-	
1036	AD0000	REPL DP EQUIP-PERIPHERALS	17,000	17,000	17,000	17,000	17,000	-	0.0%
1099	AD0000	OTHER REPLACEMENT EQUIPMENT	443,806	293,806	163,806	163,806	163,806	-	0.0%
Total Object 10			1,907,856	1,163,856	740,506	740,506	740,506	-	0.0%

Object 11 Additional Equipment

1102	AD0000	ADDT'L AUDIO-VISUAL EQUIP						-	
1103	AD0000	ADDT'L CLEANING EQUIPMENT						-	
1107	AD0000	ADDT'L EDUCATIONAL EQUIPMENT						-	
1109	AD0000	ADDT'L HUMAN ENVIRONMENTAL EQUIPMENT	1,000	1,000	1,000	1,000	1,000	-	0.0%
1113	AD0000	ADDT'L MAINTENANCE & BUILDING EQUIP	142,100	97,100	86,000	86,000	86,000	-	0.0%
1115	AD0000	ADDT'L OFFICE EQUIPMENT	16,500	11,500	11,500	11,500	11,500	-	0.0%
1119	AD0000	ADDT'L RADIOS & ELECTRONIC EQUIPMENT						-	
1131	AD0000	ADDT'L DP EQUIP-MAINFRAME						-	
1133	AD0000	ADDT'L DP EQUIP-MICROCOMPUTER	100,000	100,000	100,000	100,000	100,000	-	0.0%
1134	AD0000	ADDT'L DP EQUIPMENT-WORKSTATIONS						-	
1136	AD0000	ADDT'L DP EQUIP-PERIPHERALS						-	
1199	AD0000	OTHER ADDITIONAL EQUIPMENT	405,235	105,235	67,955	67,955	67,955	-	0.0%
Total Object 11			664,835	314,835	266,455	266,455	266,455	-	0.0%

Object 13 Fixed Charges

1301	AD0000	RENT	638,000	638,000	500,000	500,000	500,000	-	0.0%
------	--------	------	---------	---------	---------	---------	---------	---	------

1302	AD0000	INSURANCE COVERAGE PAID TO STO	462,638	460,138	460,138	460,138	460,138	-	0.0%
1303	AD0000	RENT PAID TO DGS	1,140	1,140	1,140	1,140	1,140	-	0.0%
1304	AD0000	SUBSCRIPTIONS	27,191	25,191	25,191	25,191	25,191	-	0.0%
1305	AD0000	ASSOCIATION DUES	265,507	259,357	258,232	258,232	258,232	-	0.0%
1308	AD0000	LICENSES	8,300	8,300	8,300	8,300	8,300	-	0.0%
1309	AD0000	INSURANCE (NON STO PAYMENTS)	3,733,316	3,733,316	4,233,316	4,233,316	4,233,316	-	0.0%
1310	AD0000	INTEREST ON LATE PAYMENTS						-	
1313	AD0000	BOND ISSUE COSTS						-	
1320	AD0000	BAD DEBT EXPENSE	11,600	11,600	11,600	11,600	11,600	-	0.0%
Total Object 13			5,147,692	5,137,042	5,497,917	5,497,917	5,497,917	-	0.0%
Total			337,999,583	323,597,718	304,609,548	306,036,645	307,318,645	1,282,000	0.4%

TAB 7



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll
William H. Cox, Jr.
William C. Ensor, III
W. Lee Gaines, Jr.

Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Mr. James F. Ports, Jr., Executive Director
Ms. Deborah E. Sharpless, Chief Financial Officer (CFO)
PREPARED BY: Ms. Deborah E. Sharpless, CFO
Mr. Allen W. Garman, Director of Treasury & Debt
SUBJECT: Credit Ratings and Bond Sale Update
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

To update the MDTA Board on recent rating agency affirmations of the MDTA's Double-A credit ratings with Stable outlooks in accordance with Board Operating Policy Section 6(c) and to report on the results of the municipal bond financing conducted on March 24, 2021 as required by Resolution 21-03.

ANALYSIS

Credit Ratings

As approved by the Board in December and consistent with the Debt Policy, the MDTA obtained two credit ratings as part of the bond sale process. Moody's Investor Service and Fitch Ratings reaffirmed MDTA's ratings with Stable outlooks at Aa2 and AA, respectively. Within Moody's Toll Sector universe of 41 rated credits, the MDTA remains 1 of only 5 tolling agencies with a double-A-two (Aa2) rating, which is the highest for the sector. That is, there are no Toll Sector issuers rated above Aa2.

Key ratings drivers cited by Moody's and Fitch include the MDTA's:

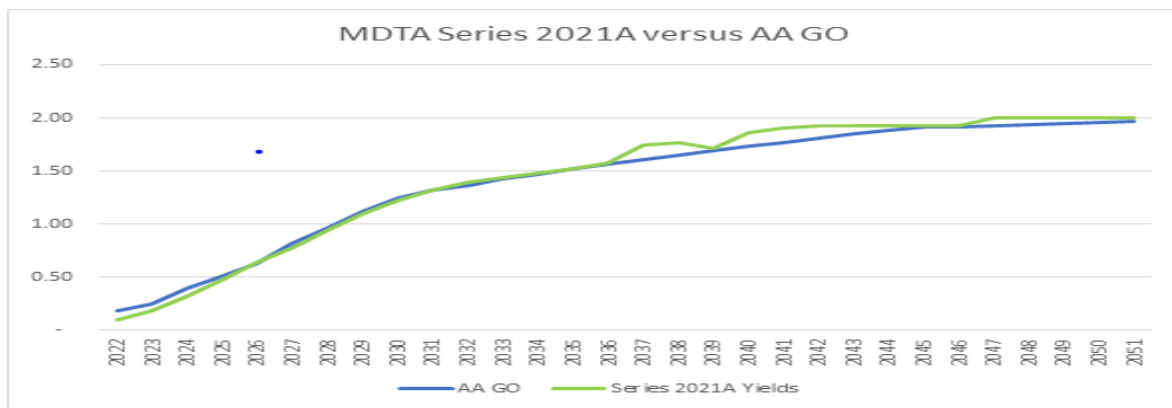
1. Solid Debt Service Coverage (MDTA Board policy 2-times)
2. Strong Liquidity (\$350 million unrestricted cash policy)
3. Critical Transportation Network
4. Prudent Capital Planning
5. Independent Rate Setting Authority
6. Conservative Debt Structure

During the rating agency presentations, the MDTA provided detailed analysis of the current year operational challenges, including the anticipated revenue impacts. The credit ratings affirmations demonstrate confidence in the MDTA's financial strength and ability maintain financial standards through the delayed toll system transition, accelerated transition to all-electronic tolling (AET), and temporary traffic declines and customer focused actions associated with the pandemic such as pausing the Notice of Toll Due mailings and reducing the video toll rate to the cash rate for certain facilities.

Bond Sale Report on Results

Board Resolution 21-03 delegated authority to the Executive Director and staff to conduct both a new money financing for capital projects and a refinancing of the existing Series 2008A TIFIA¹ loan. The new money financing and TIFIA loan refinancing occurred on March 24, 2021 through a negotiated sale. The bond sale received strong institutional demand with approximately \$3.7 billion of orders for \$750 million of bonds, which equates to five-times oversubscribed. Orders were received from 90 institutions, demonstrating favorable supply/demand conditions and investors' confidence in credit ratings stability.

The new money financing is expected to fund capital spending for the Nice/Middleton Bridge Replacement and I-95 Express Toll Lane (ETL) Extension for approximately 15 months through Fiscal Year 2022. The true interest cost (TIC) for the March 24, 2021 bond issuance was 2.97%, which is approximately 30 basis points (bp) higher than the June 2020 financing rate. At that time, the 30-year Treasury Rate was approximately 90 basis points lower than today's rate. MDTA is benefiting from the low interest rate environment. In 2008 to 2010, when the MDTA financed the I-95 ETLs and Intercounty Connector, its TICs ranged from 3.66% to 4.93%. The strong market response to the MDTA's new money financing is demonstrated by narrow differentials relative to the double-A General Obligation (GO) curve, which reflects municipal credits supported by broader full-faith and credit pledges. In theory, the MDTA's revenue bonds should trade at yields above (higher interest rates) than the GO bond curve. For the first ten maturities, MDTA's bonds traded at or below the GO bond curve. For the remaining years, MDTA's bonds averaged 5 bp above the GO curve. MDTA's performance is an indication of favorable market conditions as well as confidence in MDTA's credit stability.



¹ TIFIA – Transportation Infrastructure Finance and Innovation Act loans through the Build America Bureau/USDOT.

Credit Ratings and Bond Sale Update
Page Three

Based on last week's prevailing market yields and conservative pricing spread estimates, Net Present Value (NPV) savings of 2.2% were expected as a percentage of the refunded bonds. Market conditions and strong issue specific demand for MDTA bonds helped to tighten realized credit spreads and lower financing rates to generate 3.5% NPV savings as a percentage of the refunded TIFIA loan, with nominal savings through the final maturity in 2047 of \$23.4 million or approximately \$900,000 annually. The original \$516 million TIFIA loan was locked in December 2008 at near record lows for the 30-year Treasury. The refinancing was accomplished with a 2.24% interest cost to maturity and a 1.96% rate to the 10-year call date. The MDTA may achieve additional refinancing savings at the 10-year call date.

	Expected Results	Actual Results
NPV Savings	2.2% or \$10.5M	3.5% or \$17.3M
Nominal Annual Debt Service Savings	\$600,000	\$900,000
Reduction in Bonds Outstanding	\$33.3M	\$38.7M

Key Points Series 2021 Financing (Toll Revenue Bonds)

Combined – New Money and Refinancing

- | | |
|--|--|
| 1. Par / Proceeds | \$746 million / \$870.8 million |
| 2. Callable | 10 Years |
| 3. True Interest Cost (CF to maturity) | 2.61% |
| 4. Interest Cost to Call (Arb. YLD) | 1.96% |
| 5. Debt Service Reserve Funding | Surety 4% of MADS ² , \$1.8 million |

New Money

- | | |
|--|------------------------------------|
| 1. Par / Proceeds | \$315.75 million / \$401.8 million |
| 2. True Interest Cost (CF to maturity) | 2.97% |
| 3. Interest Cost to Call (Arb. YLD) | 1.96% |

Refunding

- | | |
|---|-----------------------------------|
| 1. Par / Proceeds | \$430.26 million / \$469 million |
| 2. True Interest Cost (Cash Flow to maturity) | 2.24% (TIFIA loan rate was 2.56%) |
| 3. Refunding Interest Cost to Call (Arb. YLD) | 1.96% |
| 4. NPV Savings (Refinancing) | 3.58% of bonds or \$17.3 million |
| a. Gross Savings | \$23.4 million |
| b. Annual Savings | \$0.9 million |

² MADS – Maximum Annual Debt Service. Surety policies may be used in lieu of a cash funded Debt Service Reserve.

Compliance with Resolution 21-03

	Resolution Limiting Provisions	Results/Outcome
Par Amount	\$900M (\$469M refunding)	\$746M (\$430.26M refunding)
Sale Date	No later than August 31, 2021	March 24, 2021
Rate of Interest	Rate to be determined by Executive Director with the advice of the CFO, advisors, and MDTA staff	Concurrence by advisors, CFO & staff documented throughout the bond sale
Final Maturity	Date of final maturity shall not exceed the useful life of the assets financed	The bonds will fund the new construction for the Nice/Middleton Bridge and I-95 ETL extension resulting in the useful life exceeding the final 30-year bond maturity.
Report of Results	Update provided by Executive Director and CFO at first Board meeting after sale date	March 25, 2021

ATTACHMENTS

- Moody's Rating Report
- Fitch Rating Report
- Resolution 21-03

CREDIT OPINION

24 March 2021

✓ Rate this Research

Contacts

Cintia Nazima +1.212.553.1631
Associate Lead Analyst
 cintia.nazima@moodys.com

Kayla Attis +1.212.553.2876
Associate Analyst
 kayla.attis@moodys.com

Kurt Krummenacker +1.212.553.7207
Senior Vice President/Manager
 kurt.krummenacker@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
EMEA 44-20-7772-5454

Maryland Trans. Auth. - Trans. Facilities

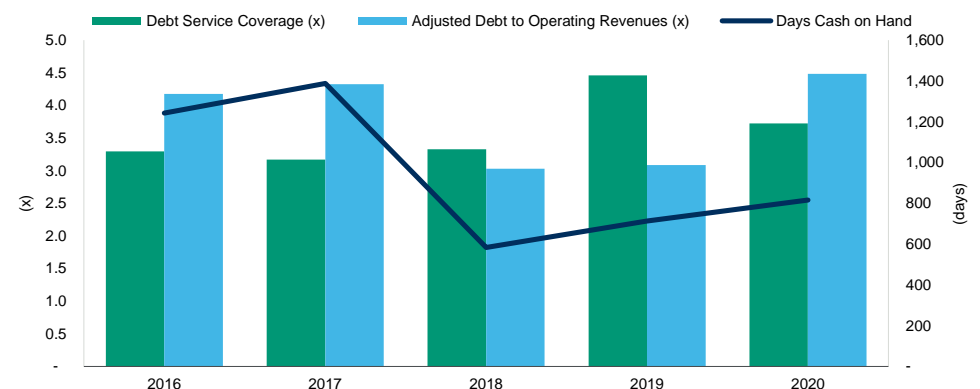
Update to credit analysis

Summary

[Maryland Transportation Authority's](#) (MDTA, Aa2 stable) credit profile reflects the essentiality of the authority's road network, the fundamental strength of the service area and its history of strong financial and operational performance. MDTA's credit profile also incorporates the authority's financial policies and history of conservative budgeting coupled with track record of exceeding its forecasts. This strong financial policy with a proven track record is one of the main strengths of this credit that somewhat mitigates the projected metrics being lower than peers. Taken together, these factors support the authority's board-approved \$2.8 billion capital expenditure program spanning fiscal 2021 through fiscal 2026. The program is expected to be funded with internal liquidity combined with approximately \$1.0 billion to be funded by debt, including the currently proposed \$310 million new money portion of Series 2021A bonds. The increased leverage and debt service requirements coupled with the decline in liquidity could place pressure on the authority's current credit profile should toll revenues not keep pace with growing debt service requirements through either traffic growth or toll rate increases. The credit profile incorporates our expectation of the authority's willingness to maintain strong financial metrics by increasing toll rates or making other adjustments to preserve its financial position.

Exhibit 1

Historically strong financial metrics have been key for MDTA's credit profile



Source: Moody's Investors Service

The rapid and widening spread of the coronavirus outbreak, the deteriorating global economic outlook, falling oil prices, and asset price declines, are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. The toll road sector has been significantly

affected by the shock given its exposure to travel restrictions and sensitivity to consumer demand. Moody's regards the coronavirus outbreak as a social risk under its ESG framework, given the substantial implications for public health and safety. As a result of the epidemic, already existing trends of lifestyle changes may accelerate, such as an increase in remote working and teleconferences that could negatively impact traffic volumes and reduce profits for toll roads.

Credit strengths

- » Strong financial policy with a proven track record
- » Long history of strong demand for the authority's multiple, essential and established transportation facilities in a well-developed, affluent and slowly growing service area.

Credit challenges

- » Maintenance of strong financial metrics is highly reliant on toll revenue increase from traffic recovery and growth or from active management from the authority
- » Significant capital program (2021-2026) sized at \$2.8 billion with approximately \$1.0 billion of additional debt by 2026
- » Liquidity levels to decline to \$350 million which is lower than the historically strong level of about \$650 million over the past five years, as the large capital improvement program is funded with 63% pay-go funds over the 2021-2026 period
- » Debt service reserves funded with surety policies further reduces liquidity
- » The indenture allows for funds to flow out of the system to the Maryland Department of Transportation (MDOT) when authorized by the authority. However, the authority has not made payments since 2007

Rating outlook

The stable outlook reflects our view that the authority's sound financial policy coupled with ample liquidity will cushion the impact from the short term disruption of changes in the tolling system and from the coronavirus outbreak as traffic returns to normalized levels. The outlook also incorporates our expectation that the authority will take action as necessary to support toll revenues in order to keep its financial metrics in line with its current profile through the expected leverage increases.

Factors that could lead to an upgrade

- » The rating is unlikely to be upgraded going forward given its current rating and operating risks, however continued significant and sustained higher-than-projected traffic levels, successful completion of planned capital projects, toll revenues that support adjusted debt to operating revenues of less than 3.0x while maintaining strong liquidity could exert upward pressure on the rating.

Factors that could lead to a downgrade

- » Lower traffic and revenue levels than assumed in the authority's base case forecast
- » Significantly higher debt financing of the capital program than currently envisioned
- » A sustained decline in the DSCR below 3.0x
- » An increase in leverage resulting in adjusted debt to operating revenue above 4.5x
- » Liquidity below 400 days cash on hand

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Key Indicators

Maryland Transportation Authority

	2016	2017	2018	2019	2020
Total Transactions ('000)	157,268	163,624	165,328	165,269	137,864
Total Transactions Annual Growth (%)	9.4	4.0	1.0	(0.0)	(16.6)
Debt Outstanding (\$'000)	2,299,584	2,264,224	1,588,642	1,536,298	1,910,419
Adjusted Debt to Operating Revenues (x)	4.2	4.3	3.0	3.1	4.5
Days Cash on Hand	1,242	1,388	583	713	815
Total Debt Service Coverage By Net Revenues (x)	3.3	3.2	3.3	4.5	3.7

Source: Moody's Investors Service

Profile

The authority is an independent agency with autonomous rate-setting authority, however the secretary of the state department of transportation, Maryland Department of Transportation (MDOT), also serves as chairman of the authority's 8-member board which is appointed by the governor (and confirmed by the Senate). The two agencies work together to address state-wide transportation needs and this high level of coordination benefits the authority as it undertakes capital projects.

The authority owns and operates 8 facilities of which 7 are deemed Transportation Facilities Projects: the John F. Kennedy Memorial Highway; the Fort McHenry Tunnel; the Baltimore Harbor Tunnel; the Francis Scott Key Bridge (formerly the Baltimore Harbor Outer Bridge); the Governor Harry W. Nice Memorial Bridge (formerly the Potomac River Bridge); the Chesapeake Bay Bridge; and the ICC. The last facility is the Thomas J. Hatem Memorial Bridge (formerly the Susquehanna River Bridge), which the authority operates as a General Account Project.

Detailed credit considerations

Revenue Generating Base

MDTA's assets are mainly focused in the [Baltimore](#) area and according to Moody's Analytics, as of November 2020, the Baltimore-Columbia-Towson's recovery will be tenuous moving into next year and unemployment will remain stubbornly high. Employment will not reach its previous level until 2023. Nonetheless, key structural advantages will ensure that Baltimore-Columbia-Towson performs in step with the nation and other large economies.

On March 5, 2020 the governor of Maryland declared a state of emergency due to the coronavirus pandemic and on March 30 issued a "stay at home" order. The impact of coronavirus on traffic for the authority, considering the legacy system (which represented 88% and 89% of toll revenue in 2019 and 2020 respectively), resulted in transaction and toll revenue reaching bottom in April 2020 at 67% and 57% down versus 2019 respectively. Both transaction and toll revenue have rapidly recovered until mid-2020. Since then, passenger traffic recovery has been more gradual, with slight declines in some period whereas commercial vehicle continues to grow higher than 2019 levels. Of note, actual traffic is higher than the transaction and toll revenue due to delayed collections during the all-electronic tolling (AET) conversion and transition to the new toll processing vendor.

Financial Operations and Position

The authority suspended cash operations on March 17 opting to switch to all electronic and video tolling, suspending also the mailing of video invoices on March 27. In line with what [we have seen in the sector](#), MDTA announced that it had permanently adopted the cashless tolling system on August 6. On October 15, MDTA resumed mailing video invoices and in January 2021, MDTA reinstated video toll rates at former cash facilities.

In 2020, the authority decided to delay the toll system replacement due to some final adjustments to be done. It is now currently going through the testing phase of its toll system's back office functionality and customer service center's staffing and back of office's testing. The new system is currently anticipated to be fully implemented in the next months, when new payment options will become available to customers. The new long-term 3G Electronic Toll Collection contracts are expected to generate annual cost savings of approximately \$10 million.

The permanent cashless tolling on the full legacy system, the delayed video billing and extended cash rates were the main reasons for lower than expected performance in 2021, with partial recovery in 2022. These recent developments have caused the authority to update its projections for 2021 and 2022 with a revenue shift of \$56 million due to delayed processing and collection efforts and about \$16 million of revenue presumed to be lost.

Therefore, on a year over year basis, following a decline of 14% in fiscal 2020, revenue for the legacy facilities is expected to further decline by 26% in fiscal 2021, and recover 64% in fiscal 2022. Transactions for the legacy facilities are expected to decline by almost 13% for fiscal 2021, recovering in 2022 by almost 25%. If compared to 2019 levels, fiscal 2021 toll revenue and traffic are expected to be down 37% and 28% respectively, with toll revenue fully recovered in 2022, while traffic is expected to still be 10% down. Beyond 2022, revenue and transactions on the legacy facilities are expected to plateau evidencing the maturity of these assets.

Due to the accentuated impact from coronavirus coupled with the issues of the tolling system change, revenue for the ICC is expected to further decline almost 23% in fiscal 2021, following a decline of 19% in fiscal 2020, recovering to 2019 levels only in 2023. Beyond 2023, the authority forecasts revenue growth at the facility to average 2%. Due to the same reasons, the authority is expecting revenue for the ETL to further decline by almost 11% in fiscal 2021, following a decline of 23% in fiscal 2020, recovering to 2019 levels in 2022, with a recovery of 48% on a year over year basis. The ETL is expected to continue its robust growth after 2023 notably in 2025 when the Northbound extension is expected to be completed.

Moody's debt service coverage ratio (DSCR) declined in fiscal 2020 to 3.72x compared to 4.46x in fiscal 2019 due to almost four months of impact from coronavirus in traffic levels. Moving forward, we expect the authority's DSCR to further decline due to the impact of the coronavirus and the expected increase in leverage over the next few years as part of the authority's capital expenditure program. In the short term, we expect coverage to be volatile with the reallocation of revenue related to delayed video toll billing from fiscal 2021 to fiscal 2022. According to its calculations, the authority expects its DSCR to decline to 2.4x by fiscal 2026. Of note, the debt service coverage ratios include revenues from Hatem Bridge, which are part of the trust estate, but subject to reallocation at the option of the MDTA. According to management, there are no MDTA Board plans to transfer funds out of the trust estate.

LIQUIDITY

Liquidity still remained solid at 815 days cash on hand (DCOH) in fiscal 2020. To ensure adequate liquidity, the authority's financial policies require it to maintain an unrestricted cash balance of at least \$350 million. Unrestricted cash increased by 10% in fiscal 2020 to approximately \$600 million from \$547 million in fiscal 2019. Although liquidity slightly improved in fiscal 2020, it is well below its historical levels which averaged at just above 1,000 days cash on hand from 2015 through 2019. The notable decrease in liquidity is owed to the authority's use of \$503 million of excess cash in fiscal 2018 to pay down Series 2008 debt outstanding.

Over time, cash is expected to decline further as the authority funds a large portion of its capital program with internally generated funds, subject to the authority's policy to retain at least \$350 million in liquidity. In 2021, \$63 million of liquidity was used to defease part of 2021 and 2022 debt service.

Debt and Other Liabilities

The authority's total debt outstanding increased by 24% to \$1.910 billion in fiscal 2020 compared to fiscal 2019 due to the issuance of \$400 million Series 2020 bonds. During fiscal 2018, the authority used excess cash to fund the \$503 million repayment of the Series 2008 and to fund a \$100 million partial repayment of the Series 2007 bonds. The defeasance considerably increased the authority's legal debt margin which coupled with the increase to the authority's legal bonded debt limit provides the authority with ample headroom to increase leverage overtime to partially finance its \$2.8 billion consolidated transportation program (CTP). In 2015, legislation was passed that temporarily reduced the statutory ceiling for toll-revenue backed debt to \$2.325 billion from \$3 billion until fiscal 2020. Going forward, the authority expects to significantly increase leverage through approximately \$1.0 billion of debt financing for its capital expenditure program. The currently proposed \$310 million new money portion of Series 2021A bonds is part of this \$1.0 billion and part of the next planned issuances are expected for fiscal 2023, with a \$210 million TIFIA loan and \$75 million of revenue bonds. The rest is expected to be issued every year through 2026 at \$130 million a year on average.

The authority refinanced its Series 2008A TIFIA loan with a portion of Series 2021A, generating net present value savings with no changes to the debt service profile.

MDTA's capital expenditure program through the next six year period (2021-2026) is expected to be approximately \$2.8 billion. The authority anticipates cash funding (pay-go) approximately 63% of capital expenditure expenses from fiscal 2021 to fiscal 2026 and funding the remaining portion through the various debt financings listed above.

The authority's capital expenditure program incorporates high maintenance and replacement costs given the age of some of the system's assets. The authority will also be undertaking several significant projects as part of the capital expenditure program including the extension of the northbound I-95 Express Toll Lanes projected to cost approximately \$820 million, I-895 bridge replacement and the replacement of the Harry W. Nice/Middleton Bridge projected to cost approximately \$517 million.

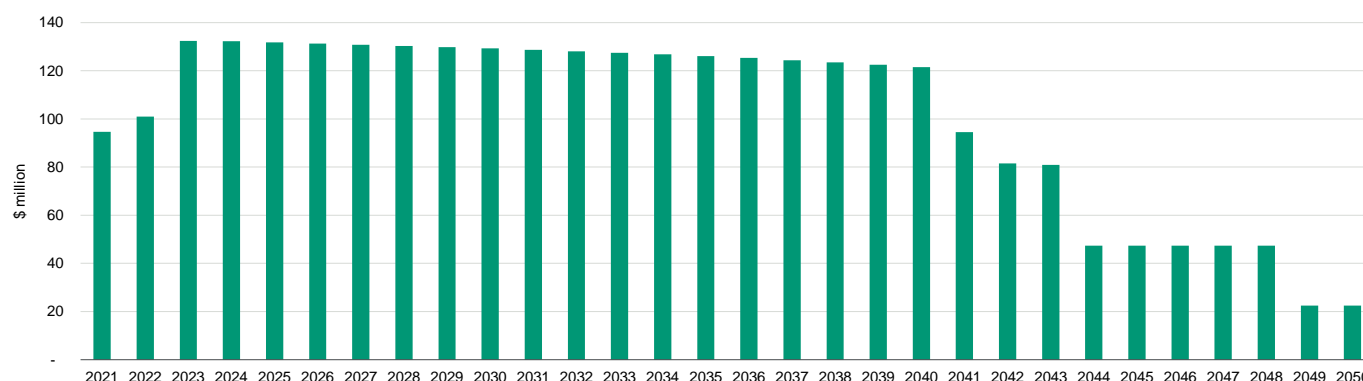
As COVID-19 mitigation actions, the authority reduced the 6-year CTP by \$302 million to preserve liquidity and extended the I-95 ETL project completion by one year, while keeping the original schedule for underway and near-term projects.

DEBT STRUCTURE

As shown in Exhibit 3, over the next two years the gross debt service will be lower due to the \$63 million cash defeasance of 2021 and 2022 debt service. The future bonds, including the currently proposed Series 2021A, will start adding more debt service beginning 2022, reaching approximately \$178 million in 2026 and it is expected to continue to increase every year peaking in 2040 at \$274 million.

Exhibit 3

Short term debt service decreased by cash defeasance in 2021 Total Current Gross Debt Service Profile



Source: Maryland Transportation Authority

DEBT-RELATED DERIVATIVES

None.

PENSIONS AND OPEB

MDTA reported net pension liability of \$242 million in fiscal 2020, compared to Moody's adjusted net pension liability (ANPL) of about \$890 million. Moody's adjusts the reported pension liabilities of entities that report under governmental accounting standards, to enhance comparability across rated issuers. Under governmental pension accounting, liabilities are discounted using an assumed rate of investment return on plan assets. Under our adjustments, we value liabilities using a market based discount rate for high quality taxable bonds, a proxy for the risk of pension benefits.

LEGAL SECURITY

The Transportation Facilities Projects Revenue Bonds, Series 2021A are on parity with the authority's outstanding revenue bonds, which are secured by a pledge of revenues from the Transportation Facility Projects and from the General Account Project, which is subject to reallocation at the option of the MDTA. The authority's rate covenant requires net revenues, which include the Transportation Facility Projects, to be at least the sum of 1.2x annual debt service and 100% of the amount required to be deposited in the maintenance and operations reserve account. The additional bonds test requires the rate covenant to be met on a 5-year prospective basis.

The outstanding municipal bonds are also secured by debt service reserve subaccounts sized at the lesser of maximum annual debt service, 125% of average annual debt service or 10% of the proceeds of the principal amount of the bonds, currently funded with a combination of surety policies and cash.

ESG considerations

Environmental

Overall, toll road issuers face limited impact from environmental risks, though the effect of car use on air pollution is gaining increasing attention and could result in restrictions on traffic and car purchases in selected areas through air quality and traffic control measures. Nonetheless, traffic volumes are fundamentally linked to macroeconomic trends, business sentiment, population growth and personal mobility requirements. The increasing use of electric or hybrid cars is a further mitigant, but may require investment by toll road operators in additional facilities, such as charging stations. Toll road traffic can also be affected by extreme weather or natural disasters. Mitigating factors include insurance policies, regulations in some jurisdictions that allow the recovery of unforeseen costs or losses, and state intervention. We do not believe there are major unique environmental considerations for this issuer.

Social

Toll road issuers have been affected by the coronavirus pandemic given movement and travel restrictions and the related economic impact. The movement restrictions have significantly reduced demand by local users in particular. Uncertainty remains around the long-term impact on passenger traffic from potential changes in user behavior as commercial traffic has surpassed 2019 levels in the second half of 2020.

Governance

Established by the Maryland General Assembly on July 1, 1971, the Authority is an independent State agency that acts on behalf of but is separate from Maryland Department of Transportation (MDOT). The authority is a non-budgeted agency that relies solely on revenues generated from its transportation facilities. The authority's board is a group of eight citizens who are appointed by the governor (and confirmed by the senate) and the secretary of transportation serves as chairman. Members serve four-year terms and may not serve more than three consecutive terms. The authority cannot take action without the concurrence of the chairman, the secretary of the state department of transportation, MDOT. The two agencies work together to address state-wide transportation needs and this high level of coordination benefits the authority as it undertakes capital projects. From 2002 up until 2007 the authority made annual payments of \$43 million to MDOT for mass transit projects, which it is permitted to do per its bond indenture. The authority has no plans to reinstate the transfers at this time, but we recognize that MDTA provides loans to MDOT.

MDTA's board has independent rate-setting powers. The authority does not require approval from any other agency or legislative body to adjust MDTA toll rates and fees. We note however that at the request of the governor, rates and fees were reduced effective July 1, 2015 which signifies the state's departure from the non-intervention in toll rate setting.

In 2015, legislation was passed that increased the authority's debt service coverage requirement from 2.0x to 2.5x until 2020, temporarily reduced a statutory ceiling for toll-revenue backed debt to \$2.325 billion from \$3 billion until 2020, and established minimum annual operating and capital budgets of \$275 million each year through fiscal 2020. As of now, MDTA's financial policies require the authority to maintain at least \$350 million in unrestricted cash and maintain a debt service coverage ratio above 2.0x. The current statutory ceiling for toll-revenue backed debt is \$3 billion.

Rating methodology and scorecard factors

The actual rating is one notch higher than the scorecard indicated outcome of Aa3 due to our expectation of the authority's willingness to increase toll rates or make other adjustments as necessary to support toll revenues in order to preserve its strong financial position.

The scorecard is a reference tool that can be used to approximate credit profiles for Publicly Managed Toll Roads in most cases.

However, the scorecard is a summary that does not include every rating consideration. Please see the Publicly Managed Toll Roads and Parking Facilities Methodology published in March 2019 for more information about the limitations inherent to grid.

Exhibit 4

Publicly Managed Toll Roads and Parking Facilities Rating Methodology

Maryland Transportation Authority

Factor	Subfactor	Score	Metric
1. Market Position	a) Asset Type	Aa	
	b) Competitive Position and Environment	Aaa	
	c) Economic Strength and Diversity of Service Area	Aaa	
2. Performance Trends	a) Annual Revenue	Aa	\$624.4
	b) Operating Track Record and Revenue Stability	Aa	
	c) Ability and Willingness to Increase Rates	A	
3. Leverage and Coverage	a) Debt Service Coverage Ratio	Aaa	3.7x
	b) (Debt + ANPL) to Operating Revenue	A	4.5x
Preliminary Grid Indicated Outcome:		Aa2	
Notching Considerations		Notch	
	1 - Debt Service Reserve Fund	0.0	
	2 - Open Flow of Funds	-0.5	
	3 - Days Cash on Hand	0.0	
	4 - Asset Ownership and Financing Structure	0.0	
	5 - Leverage Outlook	-0.5	
Scorecard Indicated Outcome:		Aa3	

Source: Moody's Investors Service

© 2021 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454



RATING ACTION COMMENTARY

Fitch Rates Maryland Transportation Auth's Facilities Project Revs Ser 2021A 'AA'; Outlook Stable

Mon 08 Mar, 2021 - 5:31 PM ET

Fitch Ratings - New York - 08 Mar 2021: Fitch Ratings has assigned a 'AA' rating to Maryland Transportation Authority's (MDTA) approximately \$738 million in transportation facilities project revenue and revenue refunding bonds series 2021A. Fitch has also affirmed the 'AA' rating on the outstanding \$1.9 billion transportation facilities project revenue bonds. The Rating Outlook on all of the bonds is Stable.

RATING RATIONALE

The rating reflects MDTA's role as a vital system that provides diverse transportation links in the mid-Atlantic region, demonstrated traffic levels with resilience to economic conditions and a pricing framework that allows for a strong rate-making ability. Although the authority experienced significant pandemic-related traffic declines, peak declines were in line with other facilities in Fitch's rated portfolio.

The rating is supported by robust financial metrics; under Fitch's coronavirus rating case scenario, which incorporates coronavirus-related stresses, the average debt service

Feedback

coverage ratio (DSCR) throughout the forecast is high at 2.6x, and projected leverage (net debt over cash flow) is moderate at 5.4x in 2025. MDTA's substantial liquidity position, with over 700 days cash on hand (DCOH) as of fiscal year-end 2020, provides additional support to the rating.

KEY RATING DRIVERS

Critical Transportation Network - Revenue Risk (Volume): Stronger

MDTA revenues are derived from a diverse system of seven mature assets and the Inter County Connector (ICC), which provide critical transportation links in a high-volume market with limited competing facilities. The system's legacy facility transactions have historically experienced low elasticity when numerous significant toll increases have been introduced. As a result of the pandemic-related shutdowns commencing in March, MDTA experienced yoy peak weekly traffic declines of approximately 65% for passenger vehicles and 23% for commercial vehicles. Steady increases in traffic have been observed as state restrictions were eased beginning in mid-May.

Demonstrated Toll Increases - Revenue Risk (Price): Stronger

The authority has a demonstrated ability to raise rates to maintain financial flexibility and meet internal policies. This ratemaking ability is supported by the facilities' affluent service areas comprising Baltimore and Washington D.C. metropolitan statistical areas. There are no current plans for any toll adjustments.

Prudent Capital Planning - Infrastructure Development & Renewal: Stronger

The authority's facilities are in overall good condition. The \$2.8 billion 2021-2026 capital program focuses on preservation and addresses system expansion and congestion relief. In light of the coronavirus pandemic, this program represents a \$302 million reduction from the 2020-2025 program, which will reduce cashflow demands in a stressed economic environment. The program is approximately 50% funded as pay-go, with the remaining funded with \$1.1 billion in future debt issuances. The replacement of the Nice Bridge with a larger four-lane bridge is included in the capital plan; the project's total cost is estimated at \$636 million.

Conservative Debt Structure - Debt Structure: Stronger

The authority's debt is all senior, fixed rate, and fully amortizing. The covenant package is adequate with an additional bonds test and rate covenant both at 1.2x debt service coverage but the authority maintains coverage above 2.0x in accordance with its debt policy. The authority's debt policy also includes a statutory bond cap of \$3.0 billion.

Financial Profile

MDTA has a demonstrated track record of maintaining solid debt service coverage and moderate leverage while retaining financial flexibility. Liquidity is strong with over 700 days of unrestricted cash on hand as of fiscal year-end 2020. Cash balances are expected to decline as the authority executes its capital program. However, the authority adheres to a policy of a \$350 million minimum unencumbered cash balance. Fiscal 2020 coverage was 3.7x and leverage was 3.4x. In Fitch's rating case, the 10-year DSCR averages 2.5x and leverage increases to 6x by 2030 including new debt issuances with no toll increases. However, the authority has historically projected new debt issuances conservatively.

PEER GROUP

Like MDTA, Florida Turnpike Enterprise (FTE; AA/Stable) and Pennsylvania Turnpike Commission (PTC; A+/Stable senior and A-/Stable subordinate) are essential facilities with strong catchments and limited direct competition. All three have considerable ongoing capital needs. The average rating case DSCRs for MDTA and FTE are comparable, but MDTA's leverage exceeds FTE's as additional debt is issued through 2028. PTC's higher debt burden than both MDTA and FTE results in higher leverage on both liens, explaining PTC's lower ratings.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--At the current rating level, a further upgrade is unlikely due to future investment and political risks inherent to toll systems.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Under-performance of traffic and revenue with further toll reductions or unwillingness to adjust tolls with coverage dropping to at or near the 2.0x debt service coverage policy.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit [\[https://www.fitchratings.com/site/re/10111579\]](https://www.fitchratings.com/site/re/10111579).

TRANSACTION SUMMARY

MDTA expects to issue approximately \$738 million in transportation facilities project revenue and revenue refunding bonds, series 2021A. Proceeds will be used to fund capex under the authority's capital program, refund the series 2008A bond, fund a debt service reserve, and cover the cost of issuance. The bonds will be fixed rate, on parity with existing transportation facilities project revenue bonds, and reach final maturity in 2052. The bonds are expected to price on March 24, 2021.

CREDIT UPDATE

Traffic and toll revenue both declined by 52% and 38%, respectively in the seven-months fiscal YTD due to the pandemic. The decline was mostly due to the 50% drop in passenger revenue. Commercial revenue fared better, declining by 15% yoy. Although declines in traffic and revenue have been severe, the authority's substantial liquidity position of over \$550 million in unrestricted cash as of FYE 2020 provides cushion and is sufficient to fund the entire fiscal 2021 operating budget and debt service. Due to the authority's strong liquidity position, management does not expect to draw on its DSRF, which is comprised of

sureties and cash. The series 2021A new issuance includes a cash-funded DSRF to meet maximum annual debt service (MADS).

MDTA has implemented reductions to its operating and capital budgets to mitigate lost revenue in the near term, but capital projects underway and with near term start dates are expected to continue as scheduled. The MDTA maintains the financial flexibility necessary to reduce operating and capital expenses by delaying expansion projects.

FINANCIAL ANALYSIS

Fitch has developed two scenarios evaluating a potential deeper and more prolonged health crisis with economic effects that may extend recovery beyond 2022. The differences between the two cases focus on the level of initial recovery of toll revenues in 2021 through the next several years. Both cases factor in YTD performance and anticipated future borrowings. Operating expenses in both cases include management's estimate in 2021 followed by approximately 4.5% annual growth. Given the current economic environment due to the coronavirus, and the unlikeliness of a stable operating environment over the near term, Fitch's coronavirus rating case is also considered the base case.

In Fitch's coronavirus rating case, passenger toll revenues reach 59% of 2019 levels in fiscal 2021 followed by recovery to 93% and 100% of 2019 levels in 2022 and 2023, respectively. Commercial traffic reaches 89% of 2019 levels in fiscal 2021 and reaches 2019 levels in fiscal 2022. Revenue assumptions grow by 1% per year thereafter. Under these assumptions, DSCR averages 2.5x from 2021-2030 with a year-five (2025) leverage of 5.2x. Minimum coverage is 1.9x in 2030, reflecting additional future borrowing.

Fitch also ran a coronavirus downside case with passenger toll revenue reaching 53% of 2019 levels in fiscal 2021, followed by steady recovery to 2019 levels by 2025. Commercial toll revenues reach 85% of 2019 levels in fiscal 2021 and fully recover by 2023. Toll revenue subsequently increases by 1% per year. Under these assumptions, DSCR averages 2.3x from 2021-2030 with a year-five (2025) leverage of 5.4x. Minimum coverage is 1.8x in 2030, reflecting additional future borrowing.

Indicative rating guidance highlights that 'AA' rated assets are expected to average 1.8x coverage throughout the rating case. Even in a severe downside scenario, the Authority's momentary, minimum DSCR of 1.8x, substantiates the 'AA' rating.

SECURITY

The bonds are primarily secured by the net revenues of the Transportation Facilities Projects.

Asset Description

The Maryland Transportation Authority is an independent state agency tasked with the construction, operation, maintenance, and repair of certain revenue-producing Transportation Facilities Projects and General Account Projects. The authority operates a diverse system of eight toll facilities including I-95 between Baltimore and the Maryland-Delaware state line, three bridges crossing Chesapeake Bay, Potomac River and Baltimore Harbor, two tunnels on I-95 and I-895 and ICC since operations began in February 2011.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit

www.fitchratings.com/esg.

Feedback

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
Maryland Transportation Authority (MD)		

ENTITY/DEBT	RATING			PRIOR
● Maryland Transportation Authority (MD) /Transportation Revenues/1 LT	LT	AA Rating Outlook Stable	Affirmed	AA Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Anne Tricerri
Director
Primary Rating Analyst
+1 646 582 4676
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street New York, NY 10019

Aysha Seedat
Analyst
Secondary Rating Analyst
+1 646 582 4278

Seth Lehman
Senior Director
Committee Chairperson
+1 212 908 0755

MEDIA CONTACTS

Sandro Scenga
New York
+1 212 908 0278
sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

Feedback

[Infrastructure and Project Finance Rating Criteria \(pub. 24 Mar 2020\) \(including rating assumption sensitivity\)](#)

[Toll Roads, Bridges and Tunnels Rating Criteria \(pub. 26 Jun 2020\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG AST Model, v1.2.0 ([1](#))

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Maryland Transportation Authority (MD)

EU Endorsed, UK Endorsed

DISCLAIMER

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, THE FOLLOWING [HTTPS://WWW.FITCHRATINGS.COM/RATING-DEFINITIONS-DOCUMENT](https://www.fitchratings.com/rating-definitions-document) DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR WHICH THE LEAD ANALYST IS BASED IN AN ESMA- OR FCA-REGISTERED FITCH RATINGS COMPANY (OR BRANCH

OF SUCH A COMPANY) CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH RATINGS WEBSITE.

[READ LESS](#)

COPYRIGHT

Copyright © 2021 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to

Feedback

the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those

subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

[READ LESS](#)

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

Industrials and Transportation US Public Finance Infrastructure and Project Finance

North America United States

Feedback

MARYLAND TRANSPORTATION AUTHORITY
RESOLUTION 21-03

A RESOLUTION REGARDING THE ISSUANCE BY THE MARYLAND TRANSPORTATION AUTHORITY (THE "MDTA") OF ITS SPECIAL OBLIGATION REVENUE BONDS, SERIES 2021 (THE "2021 BONDS") FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN TRANSPORTATION FACILITIES PROJECTS; APPROVING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY AND A FINAL OFFICIAL STATEMENT, A SUPPLEMENTAL TRUST AGREEMENT AND OTHER TRANSACTION DOCUMENTS; AUTHORIZING THE SOLICITATION AND SELECTION OF PROVIDERS OF PROFESSIONAL SERVICES; AUTHORIZING CERTAIN OFFICERS TO DETERMINE MATTERS PERTAINING TO THE SALE AND ISSUANCE OF THE 2021 BONDS, INCLUDING THE FINANCING STRUCTURE AND TERMS; AND AUTHORIZING, SPECIFYING, DETERMINING AND APPROVING CERTAIN OTHER MATTERS PERTAINING TO THE 2021 BONDS.

WHEREAS, the Maryland Transportation Authority, an agency of the State of Maryland (the "MDTA") previously adopted a resolution authorizing the issuance of the 2021 Bonds (Resolution 20-07) and the authorization thereunder must be amended and restated in a single Resolution for the purpose of increasing the aggregate principal amount; and

WHEREAS, the Maryland Transportation Authority, an agency of the State of Maryland (the "MDTA") is authorized under Sections 4-101 through 4-405 of the Transportation Article of the Annotated Code of Maryland, as amended and supplemented, (the "Act") to finance "transportation facilities projects" (as defined in the Act), to issue revenue bonds for the purpose of financing the cost of transportation facilities projects, and to perform any actions necessary or convenient to carry out the powers granted in the Act; and

WHEREAS, the MDTA has entered into the Second Amended and Restated Trust Agreement dated as of September 1, 2007 (as previously amended and supplemented, the "Master Trust Agreement"), with The Bank of New York Mellon (successor to The Bank of New York), as trustee (the "Trustee"); and

WHEREAS, pursuant to Section 2.04 of the Master Trust Agreement, the MDTA has issued its transportation facilities projects revenue bonds for the purpose of financing and refinancing the design, construction and equipping of additions, improvements and enlargements to the Governor Harry W. Nice Memorial/Senator Thomas "Mac" Middleton Bridge, the William Preston Lane, Jr. Memorial Chesapeake Bay Bridge and parallel Chesapeake Bay Bridge, the Baltimore Harbor Tunnel, the Fort McHenry Tunnel, the Francis Scott Key Bridge, the Intercounty Connector and the John F. Kennedy Memorial Highway, together with their appurtenant causeways, approaches, interchanges, entrance plazas, toll stations, and service facilities (collectively, the "Project"); and

WHEREAS, Section 2.04 of the Master Trust Agreement provides that the MDTA may from time to time issue Additional Bonds (as defined in the Master Trust Agreement) in accordance with the terms and conditions set forth in the Master Trust Agreement for the purpose, among

RESOLUTION 21-03

Page Two

others, of paying all or any part of the cost of any additional Transportation Facilities Projects (as defined in the Master Trust Agreement) or any Improvements (as defined in the Master Trust Agreement); and

WHEREAS, pursuant to the terms of Section 11.01 of the Master Trust Agreement, the MDTA desires to enter into a supplemental trust agreement supplementing the Master Trust Agreement to provide for the issuance of Additional Bonds (the “**2021 Bonds**,” as defined herein) to be secured by the Master Trust Agreement and the supplemental trust agreement equally and ratably with any portion of the Outstanding Prior Bonds that may remain outstanding after issuance of the 2021 Bonds; and

WHEREAS, the MDTA desires to authorize the sale and issuance of the 2021 Bonds for the purpose of financing and refinancing the design, construction and equipping of any additions, improvements and enlargements to the Project and any other transportation facility projects designated under the Master Trust Agreement and any trust agreements supplemental thereto as Transportation Facilities Projects (the “**2021 Project**”), provided that certain conditions set forth in this Resolution are met.

NOW, THEREFORE, BE IT RESOLVED BY THE MARYLAND TRANSPORTATION AUTHORITY, as follows:

Section 1. The MDTA hereby authorizes the issuance of its Special Obligation Revenue Bonds, Series 2021 (the “**2021 Bonds**”), in one or more series, as the bond issue may be further designated by the Executive Director of the MDTA (the “**Executive Director**”), in an aggregate principal amount not to exceed Nine Hundred Million Dollars (\$900,000,000) for the purpose of (i) financing and refinancing the 2021 Project, (ii) optionally depositing funds into a debt service reserve fund, and (iii) paying the costs related to the issuance of the 2021 Bonds.

Section 2. The 2021 Bonds shall be issuable as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof and sold in one or more series. The 2021 Bonds are special obligations of the MDTA payable, as to principal and interest, solely from the revenues and funds pledged thereto under the Master Trust Agreement, as amended and supplemented, and are not and shall not be deemed (i) to be general obligations of the MDTA, (ii) to constitute obligations of the Department of Transportation of Maryland, or (iii) to constitute a debt or a pledge of the faith and credit or the taxing power of the State of Maryland or any political subdivision thereof.

Section 3. Bond Sale.

(a) The MDTA hereby authorizes its Executive Director to sell the 2021 Bonds, in one or more sales, by either competitive bidding or private negotiation (including but not limited to a direct placement with a financial institution) as determined to by the Executive Director, with the advice of the Chief Financial Officer of the MDTA (the “**Chief Financial Officer**”), its bond counsel, its financial advisors and, as appropriate, other officers and staff of the MDTA, to be the most advantageous for the MDTA, provided that such sales must occur no later than August 31, 2021, unless a later sale date is approved by future resolution of the MDTA.

RESOLUTION 21-03

Page Three

(b) The Executive Director is authorized to determine, with the advice of the Chief Financial Officer, its bond counsel, its financial advisors and, as appropriate, other officers and staff of the MDTA, the rate or rates of interest to be borne by the 2021 Bonds or the method of determining the rates (such rates of all or a portion of the 2021 Bonds may be fixed or variable), if all or a portion of the 2021 Bonds will be sold with taxable or tax-exempt interest, the dates of principal and interest payments and final maturity of the 2021 Bonds, provided that the date of final maturity of the 2021 Bond shall not exceed the useful life of the assets financed with respect to the proceeds used for the 2021 Project.

(c) If the Executive Director determines to sell all or a portion of the 2021 Bonds by the solicitation of competitive bids, the MDTA hereby authorizes the Executive Director, with the assistance of the Chief Financial Officer, its bond counsel, its financial advisors and, as appropriate, other officers and staff of the MDTA, (1) to determine the means for the submission of competitive bids, including but not limited to electronic bids via such service provider as the Executive Director deems appropriate, (2) to determine the terms and conditions for such sale, including but not limited to, the conditions for acceptance of bids and the criteria for the selection of a winning bidder, subject to the limitations set forth in this Resolution, (3) to prepare a notice of sale setting forth the terms and conditions of such sale (the "**Notice of Sale**"), and (4) to advertise such sale, including but not limited to publication of the Notice of Sale or a summary thereof by any electronic medium, financial journal or such other manner as the Executive Director shall deem appropriate, at least ten days before the date set for the receipt of bids.

(d) If the Executive Director determines to negotiate the terms of the sale of all or a portion of the 2021 Bonds, the MDTA hereby authorizes the Executive Director, with the assistance of the Chief Financial Officer, its bond counsel, its financial advisors and, as appropriate, other officers and staff of the MDTA, (1) to solicit and accept proposals for the sale of the 2021 Bonds on a private, negotiated basis, and (2) to negotiate an agreement for the purchase of the 2021 Bonds (a "**Bond Purchase Agreement**"), in accordance with the limitations set forth in this Resolution.

(e) The Executive Director and the Chief Financial Officer shall each provide a report of the results of any sale of the 2021 Bonds at the first meeting of the MDTA Board occurring after such sale of the 2021 Bonds.

Section 4. The Executive Director is hereby authorized to engage, as appropriate, the services of a trustee, a registrar, a paying agent, an underwriter, a feasibility consultant, engineers, accountants, printers and such other service providers as the Executive Director deems appropriate from time to time with respect to the 2021 Bonds.

Section 5. The MDTA hereby authorizes the Executive Director, Chief Financial Officer and other staff of the MDTA, with the assistance of its bond counsel and its financial advisors, to prepare a preliminary official statement, a final official statement, a private placement memorandum or any other form of offering document (each referred to herein as, an "**Official Statement**") for the sale of the 2021 Bonds and to distribute each Official Statement to the entities that they shall deem appropriate.

RESOLUTION 21-03

Page Four

Section 6. Subject to the terms set forth in this Resolution, the MDTA hereby authorizes its Executive Director, with the assistance of other officers of the MDTA, counsel to the MDTA, its bond counsel, financial advisors, and staff, to prepare (i) one or more supplements to the Master Trust Agreement (each, a **"Supplemental Trust Agreement"**), (ii) one or more bond certificates for the 2021 Bonds (each, a **"Bond Certificate"**), and (iii) one or more continuing disclosure agreements (each, a **"Continuing Disclosure Agreement"**) to assist the underwriters of the 2021 Bonds in complying with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 7. The Chairman of the MDTA (the **"Chairman"**) and the Executive Director are hereby authorized to execute and deliver on behalf of the MDTA each Bond Certificate by their manual or facsimile signatures. The Executive Director is hereby authorized to cause an original or facsimile of the official seal of the MDTA to be imprinted on each Bond Certificate.

Section 8. The MDTA hereby authorizes the Chairman and the Executive Director, or either of them, to execute and deliver on behalf of the MDTA, as appropriate, an Official Statement, a Supplemental Trust Agreement, a Bond Purchase Agreement, a Continuing Disclosure Agreement and such other documents and agreements deemed appropriate by the Chairman or the Executive Director (collectively, together with the Bond Certificates, the **"Bond Documents"**). The execution and delivery by them of the Bond Documents shall be conclusive evidence of their final approval.

Section 9. The MDTA hereby covenants that it will take, or refrain from taking, any and all actions necessary to comply with the provisions of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the **"Code"**), applicable to the 2021 Bonds in order to preserve the status of the interest on the 2021 Bonds as excluded from gross income for federal income tax purposes. Without limiting the generality of the covenant set forth in the preceding sentence, (a) the MDTA will not use or permit the use of any of the proceeds of the 2021 Bonds or any of the funds of the MDTA in such manner as would cause the interest on the 2021 Bonds to be included in gross income for federal income tax purposes, (b) the MDTA will regulate the investment of the proceeds of the 2021 Bonds so as not to cause any of the 2021 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Income Tax Regulations thereunder, (c) the MDTA will, if and to the extent necessary make periodic determinations of the rebate amount and timely pay any rebate amount, or installment thereof, to the United States of America, (d) the MDTA will prepare and timely file Internal Revenue Service Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, and (e) the Executive Director and Chief Financial Officer are hereby authorized and directed to prepare or cause to be prepared and to execute and deliver any certificate or other document which may be required in order to assure compliance with the applicable provisions of Section 103 and Sections 141 through 150 of the Code, and the Income Tax Regulations thereunder.

Section 10. The Chairman and the Executive Director are hereby authorized to specify, prescribe, determine, provide for or approve, all within the limitations of this Resolution and the Act, all other matters, details, forms, documents and procedures pertaining to the sale(s), security,

RESOLUTION 21-03

Page Five

issuance, delivery and payment of or for the 2021 Bonds, including (without limitation) the execution, acknowledgment, sealing and delivery of Bond Documents by the Chairman, Executive Director or any other duly qualified employee, agent or officer of the MDTA as are or may be necessary or appropriate to consummate the transactions contemplated by this Resolution in accordance with the Act and this Resolution.

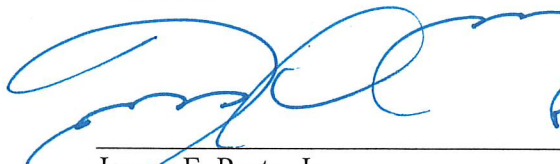
Section 11. The MDTA hereby authorizes its Executive Director and all other proper officers of the MDTA to create, supplement, amend, execute and deliver documents, notices and agreements and to take such actions or cause to be taken such actions as shall be necessary, proper and convenient for carrying out the purposes of this Resolution, including expending funds and incurring costs.

Section 12. This Resolution shall be effective immediately upon its adoption.

Dated as of: 02/25, 2021

WITNESS:

MARYLAND TRANSPORTATION AUTHORITY

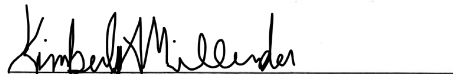


James F. Ports, Jr.
Executive Director



Sean Powell
Acting Chairman

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**



Kimberly A. Millender
Assistant Attorney General

TAB 8



Maryland
Transportation
Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny-Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Ms. Chantelle Green, Director of Finance
Mr. Jeffrey Brown, Budget Director
SUBJECT: Department of Legislative Services Fiscal Year 2022 Budget Analysis
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

To provide an overview of the budget issues and recommendations presented by the Department of Legislative Services (DLS) during the Maryland Transportation Authority's (MDTA) Fiscal Year (FY) 2022 legislative budget hearing.

SUMMARY

The DLS budget analysis is a comprehensive document that examines multiple facets of the MDTA's operations, including changes in proposed funding and personnel. The budget analysis document typically examines an agency's goals and mission, raises public policy issues, includes recommended budget actions, and provides appendices that summarize fiscal activity for the prior, current, and proposed fiscal years.

ATTACHMENTS

- DLS FY 2022 Budget Analysis
- MDTA FY 2022 Budget Analysis Responses

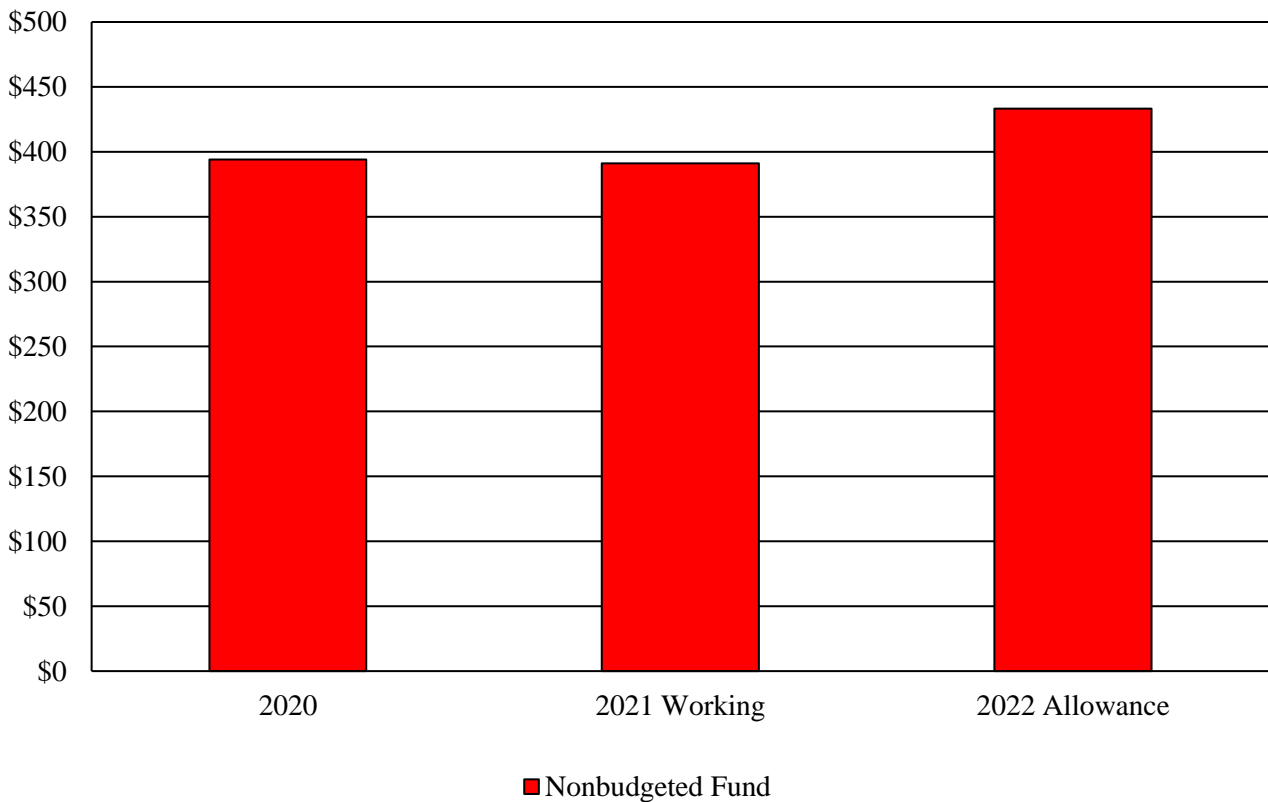
J00J00
Maryland Transportation Authority
Maryland Department of Transportation

Executive Summary

The Maryland Transportation Authority (MDTA) has exclusive authority relating to the supervision, financing, construction, operation, maintenance, and repair of Maryland's toll facilities as well as for financing new revenue producing projects authorized under law.

Operating Budget Summary

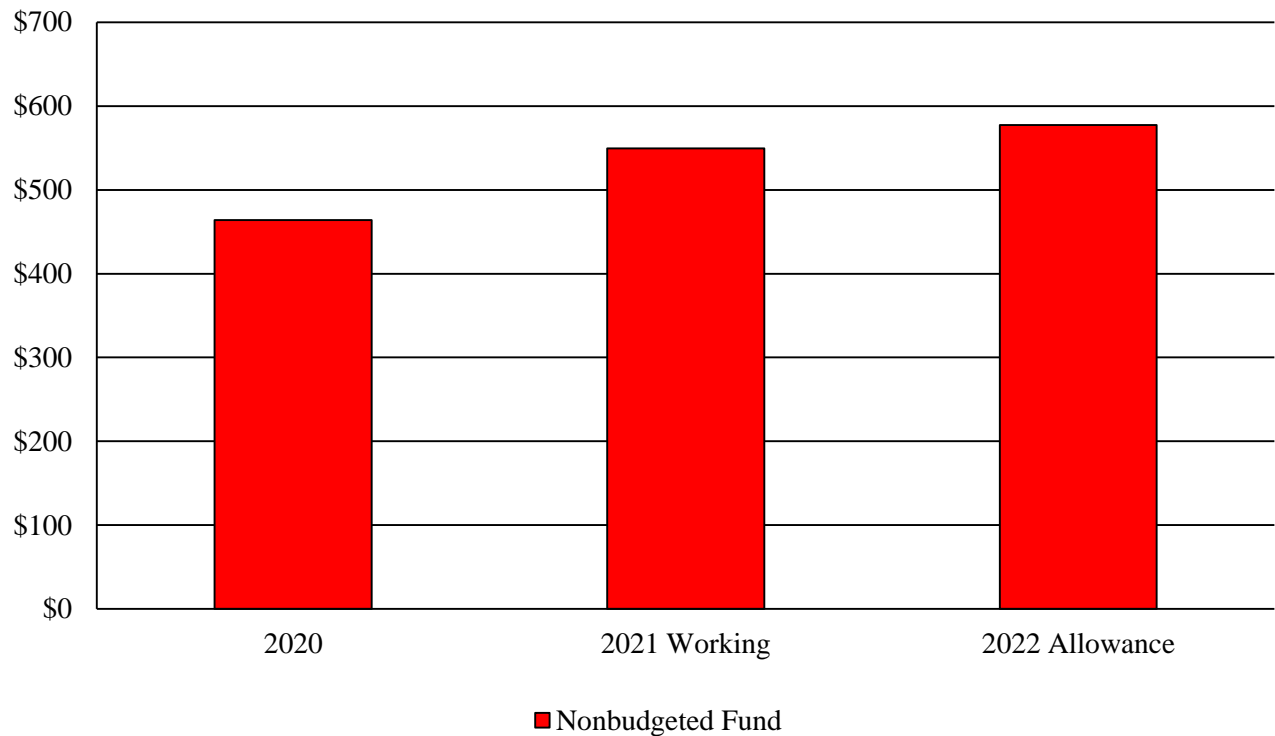
Fiscal 2022 Budget Increases by \$42.2 Million, or 10.8%, to \$433.3 Million
(\$ in Millions)



- The \$42.2 million fiscal 2022 increase includes \$12.8 million in increased personnel expenses and a \$12.5 million increase in debt service.

PAYGO Capital Budget Summary

**Fiscal 2022 PAYGO Budget Increases by \$27.9 Million, or 5.1%, to \$577.4 Million
(\$ in Millions)**



PAYGO: pay-as-you-go

Key Observations

- ***COVID-19 Pandemic Impacts Toll Traffic and Revenue:*** The COVID-19 pandemic has led to dramatic drops in toll traffic and toll revenue.
- ***MDTA Experiences Ongoing Fiscal Stress Exacerbated by COVID-19:*** The drop in toll revenue has placed further fiscal stress on the MDTA system.

Operating Budget Recommended Actions

1. Add language restricting funding pending a report on fiscal stress on the Maryland Transportation Authority.

PAYGO Budget Recommended Actions

1. Nonbudgeted.

J00J00
Maryland Transportation Authority
Maryland Department of Transportation

Budget Analysis

Program Description

The Maryland Transportation Authority (MDTA) has exclusive authority relating to the supervision, financing, construction, operation, maintenance, and repair of Maryland's toll facilities as well as for financing new revenue producing transportation projects authorized under law. MDTA divides its facilities into three regions and has jurisdiction over the following facilities:

- ***Northern Region:*** includes the Thomas J. Hatem Memorial Bridge (US 40); the John F. Kennedy Memorial Highway (I-95); and the Express Toll Lanes (ETL) on I-95;
- ***Central Region:*** includes the Baltimore Harbor (I-895) and Fort McHenry (I-95) tunnels and thruways; the Francis Scott Key Bridge (I-695); and I-395 leading to Baltimore City; and
- ***Southern Region:*** includes the Governor Harry W. Nice/Senator Thomas "Mac" Middleton Bridge (Nice/Middleton Bridge) (US 301); the William Preston Lane, Jr. Memorial Bridge (Bay Bridge) (US 50/301); and the Intercounty Connector (ICC) (MD 200).

Membership of the MDTA board is comprised of eight members appointed by the Governor with the advice and consent of the Senate. The Secretary of Transportation serves as the Chairman of MDTA. MDTA's revenues are held separately from the Transportation Trust Fund (TTF), and the agency operates off budget.

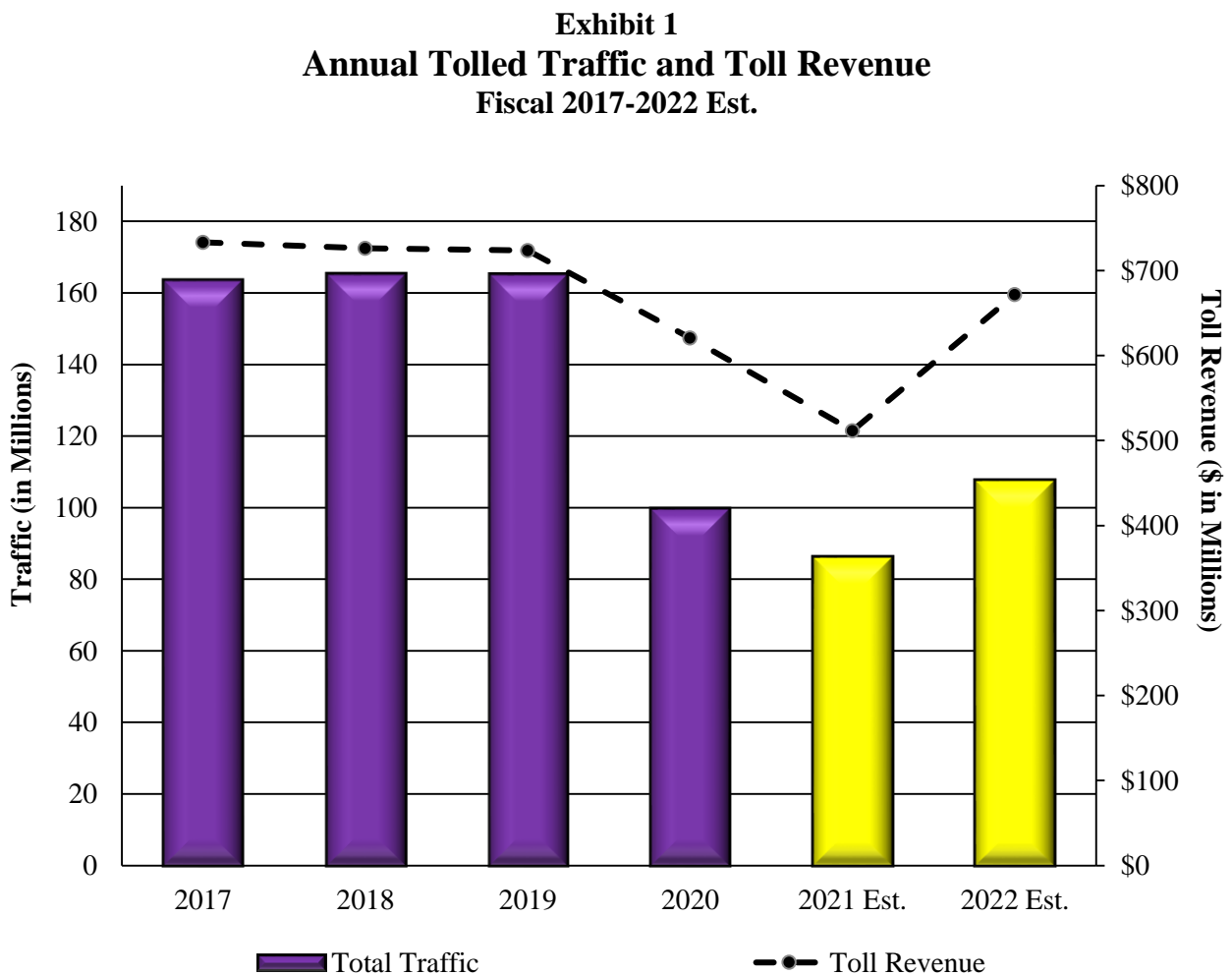
MDTA's police force is responsible for security and law enforcement services at all of MDTA's toll facilities except the northern region of I-95, which is patrolled by the Department of State Police. MDTA is also under contract with the Maryland Aviation Administration (MAA) to provide law enforcement services at the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) and with the Maryland Port Administration (MPA) to provide law enforcement services at MPA-owned facilities at the Port of Baltimore.

MDTA's mission is to be a customer driven leader that delivers safe, sustainable, intelligent, and exceptional transportation solutions in order to connect customers to life's opportunities.

Performance Analysis: Managing for Results

1. Toll Traffic and Revenue Drop Dramatically as COVID-19 Impacts Travel

The first goal of MDTA is to efficiently move people and goods across the State. **Exhibit 1** shows the annual tolled traffic and toll revenue at MDTA facilities between fiscal 2017 and the fiscal 2022 estimate. Toll revenue in fiscal 2020 totaled \$620.9 million compared to \$723.8 million in fiscal 2019, a 14.2% decrease. This shows the dramatic impact of the COVID-19 pandemic on toll traffic and revenue starting the last quarter of fiscal 2020 and continuing into fiscal 2021. For additional information on the impact of COVID-19 on MDTA, see the Issues section.

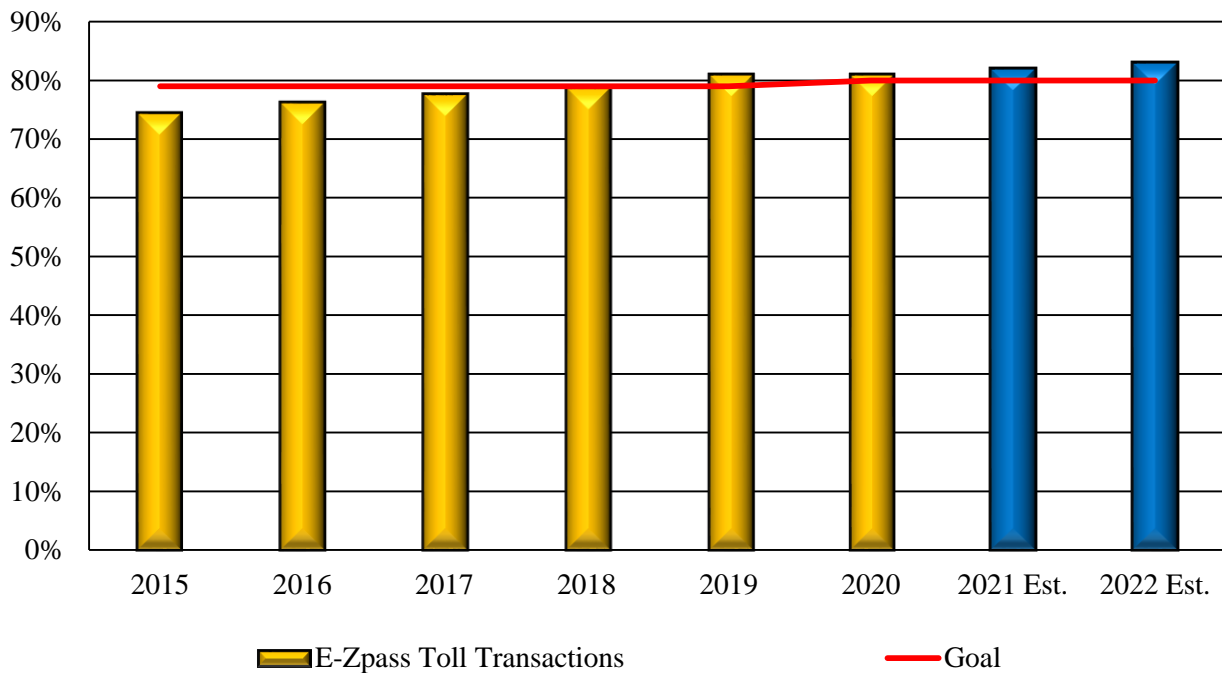


Source: Maryland Transportation Authority

2. E-ZPass Use Continues to Rise as Maryland Moves Toward Transition to All-electronic Tolling

E-ZPass toll transactions reduce costs and expedite the toll collection process; reduce delays at toll plazas; reduce vehicle idling time, thereby reducing emissions; and allow for the efficient movement of goods and people. E-ZPass toll collection is available at all Maryland toll facilities as well as in central Florida, parts of the Midwest, and most of the northeastern United States. **Exhibit 2** shows the percentage of tolls collected with E-ZPass at all MDTA facilities by fiscal year. In fiscal 2020, MDTA collected 81.0% of tolls with E-ZPass, which exceeded the goal of 80%. The agency anticipates continuing to exceed that goal as the system is now all electronic.

Exhibit 2
Tolls Collected Using E-ZPass
Fiscal 2015-2022 Est.



Source: Department of Budget and Management

Proposed Budget Change

As shown in **Exhibit 3**, the fiscal 2022 allowance increases by approximately \$42.2 million, or 10.8%. Personnel expenses increased by roughly \$12.8 million, debt service payments increased by \$12.5 million, and E-ZPass expenses increased by \$4.4 million.

Exhibit 3
Proposed Budget
Maryland Transportation Authority
(\$ in Thousands)

How Much It Grows:	<u>Nonbudgeted Fund</u>	<u>Total</u>
Fiscal 2020 Actual	\$394,110	\$394,110
Fiscal 2021 Working Appropriation	391,140	391,140
Fiscal 2022 Allowance	<u>433,302</u>	<u>433,302</u>
Fiscal 2021-2022 Amount Change	\$42,162	\$42,162
Fiscal 2021-2022 Percent Change	10.8%	10.8%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Salaries.....	\$9,900
Health insurance, retirees' health and retirement system, Social Security, Unemployment	5,800
Overtime	1,600
Reclassifications and additional assistance.....	-500
Workers' compensation	-1,200
Turnover.....	-2,800
Other Changes	
Debt service for outstanding debt	12,500
E-ZPass transponders and E-ZPass Service Center retail service fees	4,400
IT systems analysis, services, applications and licenses.....	4,100
On-call maintenance building and repairs and maintenance expenses for electric vehicle charging stations and various telecommunication contracts.....	3,800
Management studies, training, engineers, advertising, security services	2,200
Motor vehicle purchases based on need and fleet replacement cycle	2,000
IT equipment maintenance of the NetApp storage array that is required every five years	1,500
IT computers and hardware replacement based on need and associated replacement cycles	1,400
Supplies including uniforms, ammunition, salt, roadway maintenance.....	1,000
Utilities.....	600
Additional maintenance and office equipment	600
Other	1,000
Reduced E-ZPass costs due to Third Generation Electronic Tolling Collection System operational savings.....	-5,700
Total	\$42,162

IT: information technology

MDOT: Maryland Department of Transportation

Note: Numbers may not sum to total due to rounding.

Financial Forecast

Section 4-313 of the Transportation Article establishes the Transportation Authority Fund, a nonlapsing fund into which all MDTA revenues flow, except to the extent that they are pledged under a trust agreement. MDTA revenues come primarily from tolls as well as from concession income from travel plazas that it owns along I-95, investment income, and payments from the Maryland Department of Transportation (MDOT). MDOT payments comprise reimbursement for police services provided at BWI Marshall Airport and the Port of Baltimore.

To support its capital program, MDTA may issue toll revenue bonds with a maturity of up to 40 years. Typically, MDTA issues its toll revenue bonds with a 30- to 33-year maturity. Chapters 471 and 472 of 2005 established a financing plan for the ICC that included MDTA revenue bonds and a number of alternative funding sources specific to the ICC. These funding sources included Grant Anticipation Revenue Vehicle (GARVEE) bonds, federal funds, a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, transfers from the TTF, and funds from the General Fund or proceeds from general obligation bonds.

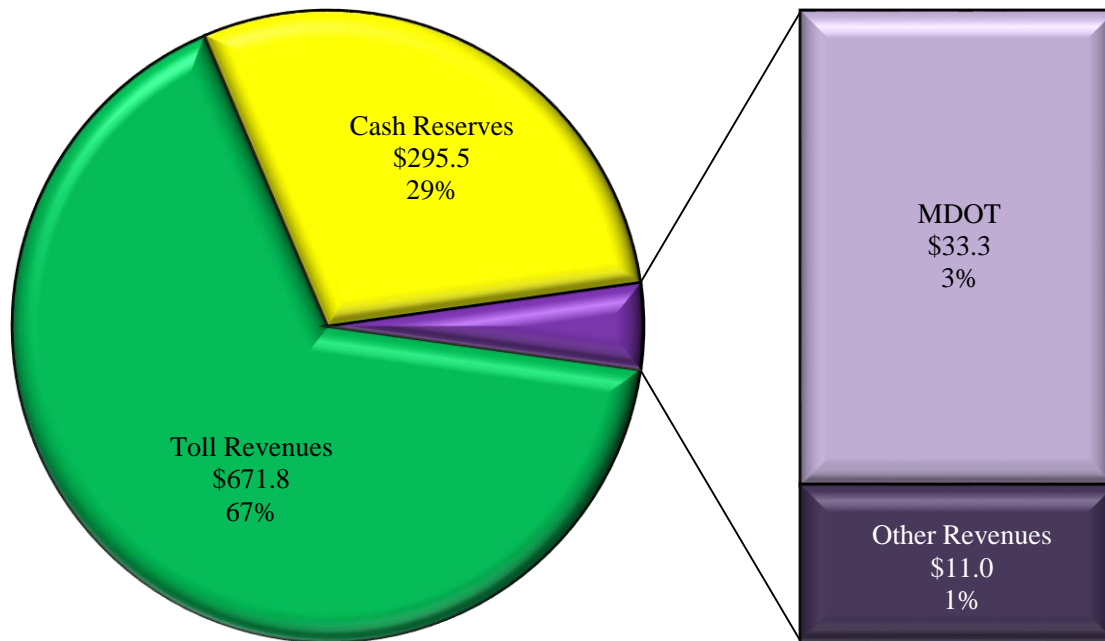
The terms of MDTA's trust agreement with its bondholders are the driving force in MDTA finances. Maintaining its bond coverage ratios is the primary concern, and all revenue adjustments and operating and capital expenditures are managed to maintain these ratios. To this end, MDTA develops and maintains a six-year financial forecast. Section 4-210 of the Transportation Article requires MDTA to provide the General Assembly with a copy of its financial forecast by September 1 of each year and in conjunction with submission of the Governor's budget in January. **Appendix 2** provides the detail of MDTA's fiscal 2020 through 2026 financial forecast.

Fiscal 2022 Sources and Uses of Funding

Exhibit 4 provides information on all of the funding supporting MDTA's fiscal 2022 operating and capital budgets. As is typical, the primary source of funding is toll revenues, totaling \$671.8 million. MDTA will not be issuing additional revenue bonds in fiscal 2022, as it will draw on its cash balance in order to bridge the gap between revenues and expenditures.

MDTA continues to pursue a TIFIA loan for the Nice/Middleton Bridge. In the September 2020 financial forecast, the fiscal 2021 revenue bond issuance amount was increased due to a decline in net revenues associated with COVID-19. The fiscal 2021 revenue bond issuance amount was subsequently increased again in the January 2021 forecast, primarily due to a shift in the anticipated timeframe for the TIFIA loan draw, which is now anticipated to be drawn in fiscal 2023 and the cash funding of a debt service reserve fund for the Series 2021 Transportation Facilities Projects Revenue Bonds financing. MDTA anticipates that the upsizing of the fiscal 2021 revenue bond issuance amount will provide sufficient funds through fiscal 2022.

Exhibit 4
Fiscal 2022 Sources of Funding
(\$ in Millions)

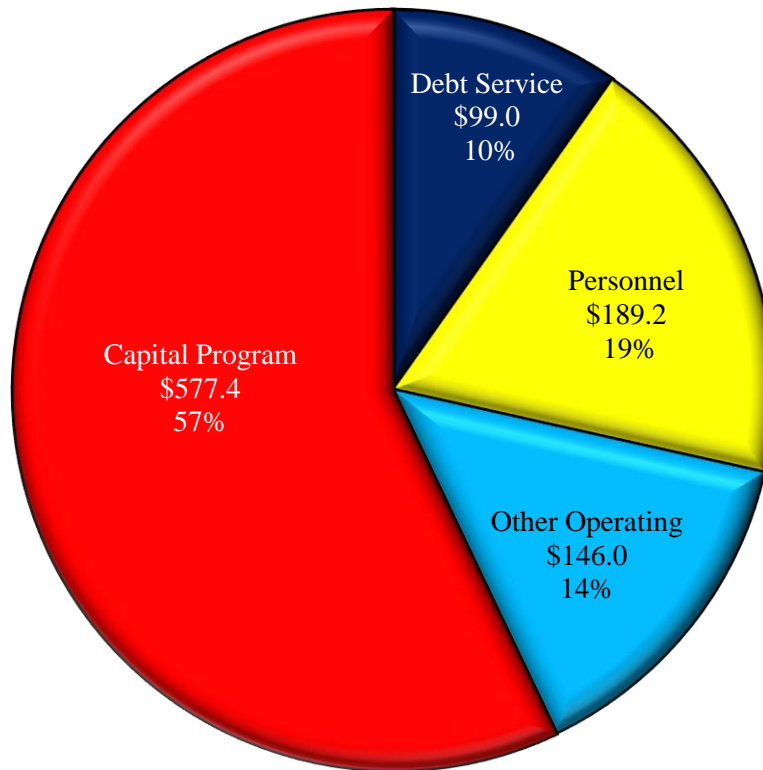


MDOT: Maryland Department of Transportation

Source: Maryland Transportation Authority

Exhibit 5 provides a breakdown of fiscal 2022 spending by category. The capital program accounts for 57% of all spending in fiscal 2022. The operating budget, excluding debt service, accounts for 33% of spending, while debt service makes up the remaining 10% of fiscal 2022 spending.

Exhibit 5
Fiscal 2022 Uses of Funding
(\$ in Millions)



Source: Maryland Transportation Authority; Governor's Fiscal 2022 Budget Books

Revenues and Debt Affordability

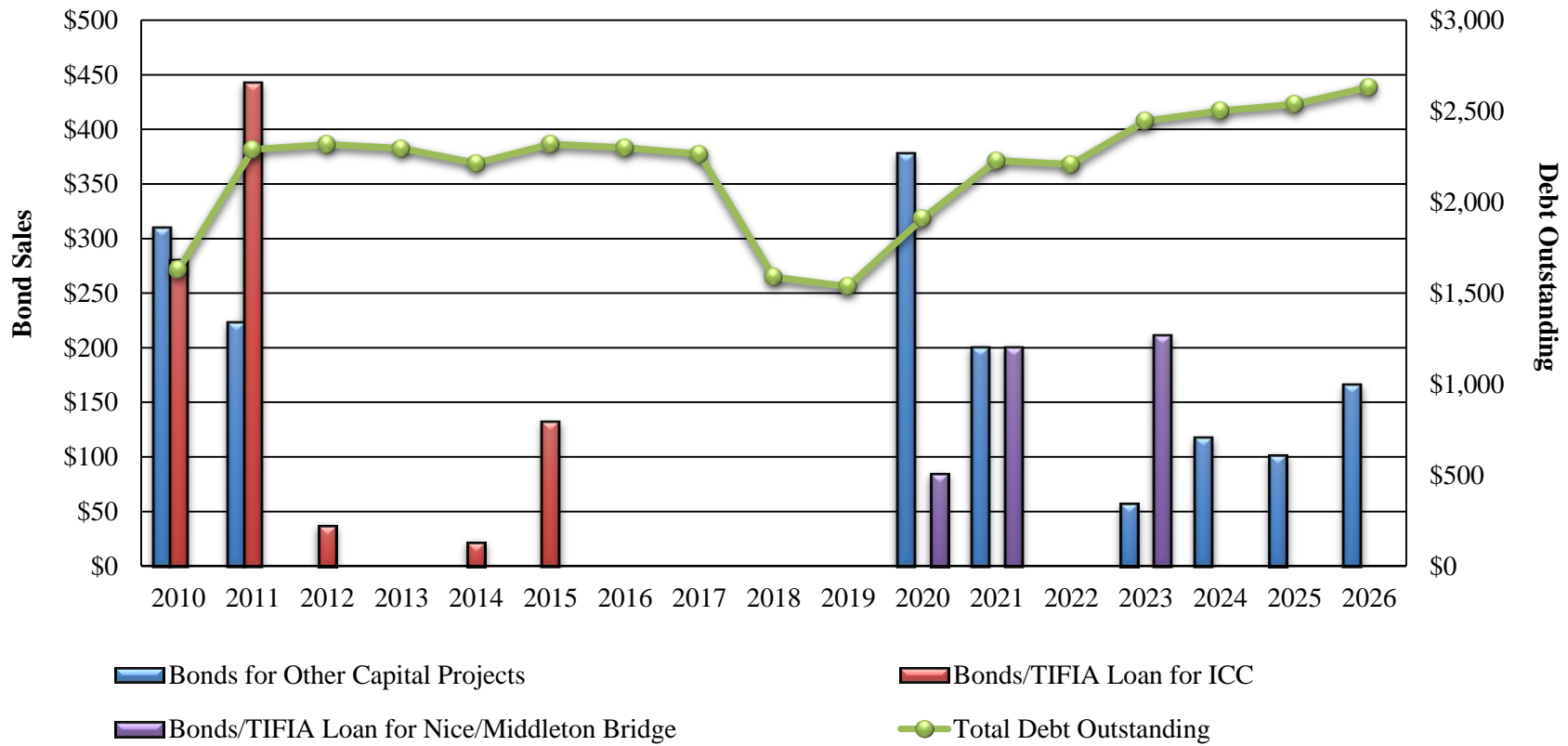
Toll Revenues

Toll revenues are the primary revenue source for MDTA. The \$511.6 million in revenue anticipated for fiscal 2021 reflects a dramatic decrease from the \$713.8 million estimated in the 2020 financial report. This is due to the impacts of COVID-19, which led to a dramatic decline in toll traffic and toll revenue. Total toll revenue is expected to increase to \$671.8 million in fiscal 2022 and grow to \$742.2 million in fiscal 2026, the final year of the forecast. This is due to toll revenue growth at ICC and Legacy facilities. The opening of the northbound ETLs expansion has been delayed from fiscal 2024 to fiscal 2025.

Revenue Bonds

Exhibit 6 shows the total debt outstanding in each year from fiscal 2010 through 2026 and debt issued or TIFIA loan draws. While the total outstanding debt of \$2.2 billion in fiscal 2022 is below the \$3.0 billion statutory limit, the outstanding amount is expected to increase to \$2.6 billion in fiscal 2026. This demonstrates that MDTA is undertaking a number of large projects that are taxing its financial resources and leading to increased issuances of debt. While it is still projected to be under the debt cap in fiscal 2026, the significantly decreased capacity for future debt issuances makes additional large projects more difficult to consider. To accommodate other large projects, MDTA would have to consider revenue enhancements through raising tolls to pay for additional facility construction and adequate levels of system preservation funding. **MDTA should comment on the rising levels of its debt issuances and what it will do if the \$3.0 billion statutory limit is met.**

Exhibit 6
Bond Sales and Debt Outstanding
Fiscal 2010-2026
(\$ in Millions)



ICC: Intercounty Connector
TIFIA: Transportation Infrastructure Finance and Innovation Act

Source: Maryland Transportation Authority

Howard Street Tunnel Funding

In the Howard Street Tunnel project funding plan released by MDOT, MDTA is providing a loan of \$10 million in fiscal 2022. This is a delay of the prior year funding plan that had the MDTA funds for the project programmed in fiscal 2021. This money will be regained by MDTA due to its ownership of the Canton Railroad. Canton Railroad is a for-profit company that provides railroad switching service around the Port of Baltimore. MDOT indicated that increased container traffic at the Port of Baltimore due to the Howard Street Tunnel project should lead to increased business and revenues for Canton Railroad. However, this loan represents another use of MDTA funds, similar to the State Highway Administration (SHA) and MAA loans, for non-MDTA projects. Furthermore, it comes at a time when MDTA is embarking on two large projects that are rapidly expending its debt capacity. This raises concerns that MDTA is being used as an all-purpose funding source for other transportation projects at a time when the funding capacity is needed for the projects that MDTA is undertaking. It is also another indication that the TTF might need additional revenue to complete the projects that have been programmed.

Debt Affordability

Under statute, MDTA is authorized to issue bonds without obtaining the consent of any unit or agency in the State, so long as the total bonds outstanding do not exceed \$3 billion at the end of any fiscal year. MDTA bonds backed by toll revenue are not considered State debt and, therefore, are not limited by the State's debt affordability measures. However, MDTA does have its own debt affordability measures. Coverage ratios include the following:

- The rate covenant compliance ratio, as stipulated in the trust agreement, requires that the ratio of net revenues (total revenues minus operating expenses) to the amount deposited into the Maintenance and Operating Reserve Account plus 120.0% of debt service be at least 1.00. The additional bonds test requires the rate covenant to be met on a five-year prospective basis. The fiscal 2022 rate covenant compliance ratio is projected to be 3.1, and adequate coverage is provided through the forecast period. However, there is a substantial drop during the forecast period with the rate covenant compliance ratio falling from 3.1 in fiscal 2022 to 2.0 by fiscal 2026.
- The second ratio is the debt service coverage ratio, which is a ratio of net revenues to debt service. Although the trust agreement stipulates that the ratio must be at least 1.2, Chapter 489 of 2015 requires a debt service coverage ratio of 2.5 through fiscal 2020. Starting in fiscal 2021, MDTA will return to its administrative policy, which requires the ratio to be at or above 2.0. In fiscal 2022, the debt coverage ratio is projected to be 3.8. MDTA projects that the debt service coverage ratio will be met throughout the forecast period at levels exceeding both the statutory requirement and MDTA's administrative minimum coverage policy. In the out-years of the forecast, the ratio declines to 2.6 in fiscal 2025 and 2.5 in fiscal 2026. This indicates that as debt service continues to account for a greater portion of available revenues, less cash will be available for capital expenditures in the future.

- Chapter 489 codified MDTA’s administrative policy of maintaining an unencumbered cash balance of \$350 million through fiscal 2020. Bond rating agencies view the amount of cash on hand relative to operating expenses as a liquidity measure to ensure that operations can continue even if revenues are lower than expected, expenses are higher than expected, or if there is a temporary loss of revenues. MDTA reports that for other AA-rated toll agencies, the median cash on hand is sufficient to fund operations for 9 to 18 months. In fiscal 2022, operating expenses including debt service total \$434.2 million, and the unencumbered cash balance is expected to be \$372.5 million, or about 10 months of operating expenses. By fiscal 2026, this number is estimated to fall to approximately 7.5 months. From fiscal 2023 through 2026, MDTA forecasts unencumbered cash equal to or slightly in excess of \$350 million throughout the period.

Nonrecourse Debt

In addition to its own revenue bonds, MDTA also issues debt on behalf of other State agencies and projects, which is called nonrecourse debt (formerly called conduit financing). The following projects have been financed using MDTA nonrecourse debt:

- \$604 million of projects associated with the \$1.4 billion expansion project at BWI Marshall Airport, including the Elm Road parking facility, pedestrian bridges, roadway improvements, a central utility plant, and a new consolidated rental car facility, which are backed by fees at BWI Marshall Airport. A new issuance of \$120 million in passenger facility charge backed bonds was approved in late fiscal 2019;
- \$40 million for three parking facilities at Metro stations: Largo; New Carrollton; and College Park, which are backed by lease payments from the Washington Metropolitan Area Transit Authority;
- \$23.8 million for the Calvert Street parking garage in Annapolis for State employees, which is backed by general fund lease payments from the Department of General Services; and
- \$750 million in GARVEE bonds to fund construction of the ICC, which is backed by future federal highway aid with a secondary pledge from the TTF.

Exhibit 7 shows debt service and debt outstanding for MDTA’s nonrecourse bonds. In fiscal 2022, debt service on the nonrecourse issuances will total \$34.5 million with \$323.3 million in outstanding debt. The debt service for these projects is paid using the revenues from the projects or through lease payments from other agencies and does not affect MDTA’s debt outstanding or its budget.

Exhibit 7
Debt Service Payments and Debt Outstanding on
Nonrecourse Debt-financed Projects
Fiscal 2020-2022
(\$ in Thousands)

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Service Payments			
2002 Series – BWI Airport Rental Car Facility	\$8,949	\$8,941	\$8,932
2019 Refunding GARVEE ¹	49,960	0	0
2012 A&B Series – BWI Airport Parking ³	18,166	2,528	0
2012 A Series – PFC BWI Airport	3,905	3,886	3,864
2012 B Series – PFC BWI Airport	7,966	7,971	7,970
2012 C Series – PFC BWI Airport ²	868	868	868
2014 Series – PFC BWI Airport	2,953	2,955	2,953
2019 Series – PFC BWI Airport	4,609	8,471	8,470
2014 Series – WMATA Refunding Parking Garages	2,424	2,421	0
2015 Series – Calvert Street Parking Garage Refunding	1,486	1,482	1,481
Total Debt Service Payments	\$101,286	\$39,523	\$34,538
Debt Outstanding			
2002 Series – BWI Airport Rental Car Facility	\$77,375	\$73,430	\$69,230
2019 Refunding GARVEE ¹	0	0	0
2012 A&B Series – BWI Airport Parking ³	101,135	0	0
2012 A Series – PFC BWI Airport	35,260	33,005	30,660
2012 B Series – PFC BWI Airport	50,705	43,925	37,010
2012 C Series – PFC BWI Airport ²	43,400	43,400	43,400
2014 Series – PFC BWI Airport	31,790	30,045	28,215
2019 Series – PFC BWI Airport	108,705	105,085	101,285
2014 Series – WMATA Refunding Parking Garages	18,990	0	0
2015 Series – Calvert Street Parking Garage Refunding	15,689	14,604	13,491
Total Debt Outstanding	\$483,049	\$343,494	\$323,291

BWI Marshall Airport: Baltimore-Washington International Thurgood Marshall Airport

GARVEE: Grant Anticipation Revenue Vehicles

PFC: Passenger Facility Charge

WMATA: Washington Metropolitan Area Transit Authority

¹ 2019 GARVEE refunding bonds and PFC Series 2019 issued in fiscal 2019.

² The debt service payments for the Series 2012C variable rate bonds are conservatively modeled at 2% annually, principal payments begin in fiscal 2028.

³ These bonds were advance refunded in fiscal 2021 by airport revenue bonds.

Source: Maryland Transportation Authority

Operating and PAYGO Personnel Data

	FY 20 <u>Actual</u>	FY 21 <u>Working</u>	FY 22 <u>Allowance</u>	FY 21-22 <u>Change</u>
Regular Operating Budget Positions	1,727.00	1,717.00	1,717.00	0.00
Regular PAYGO Budget Positions	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Regular Positions	1,727.00	1,717.00	1,717.00	0.00
Operating Budget FTEs	0.00	0.00	0.00	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	0.00	0.00	0.00	0.00
Total Personnel	1,727.00	1,717.00	1,717.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	43.45	2.50%
Positions and Percentage Vacant as of 12/31/20	236.0	13.74%
Vacancies Above Turnover	192.55	11.24%

PAYGO Capital Program**Program Description**

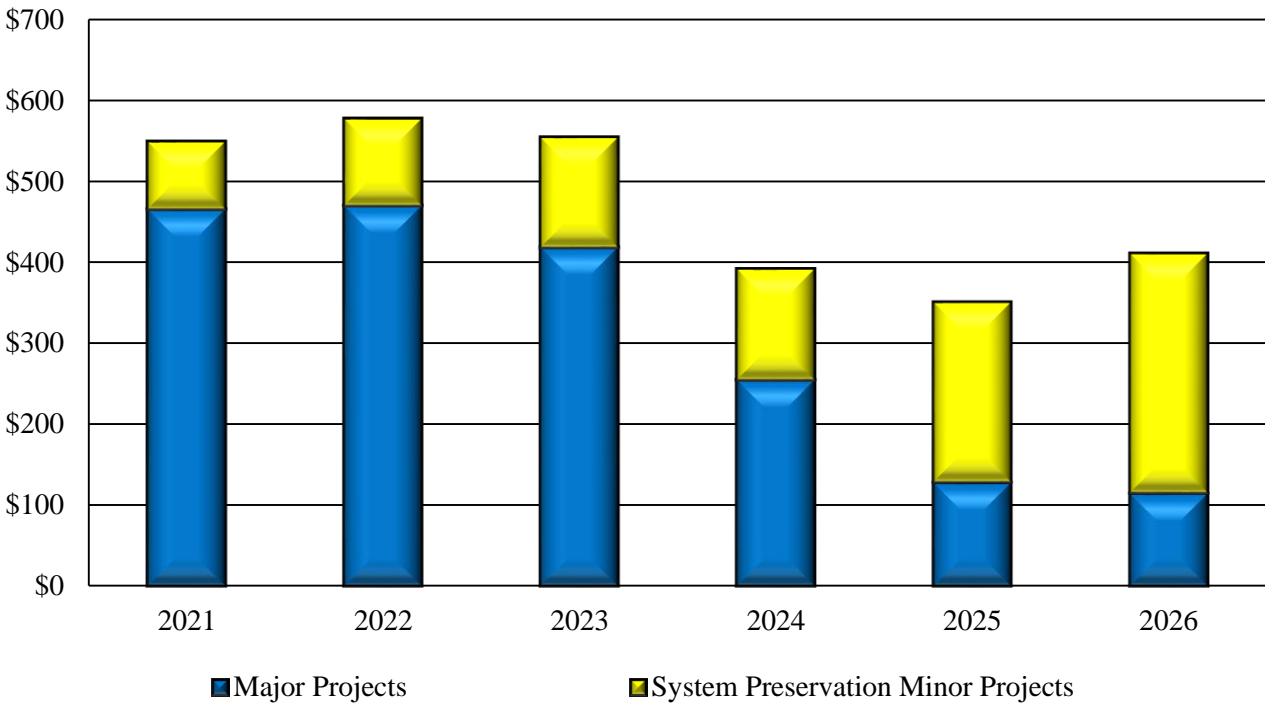
MDTA's capital program involves the construction and maintenance of revenue-generating transportation facilities throughout the State.

Fiscal 2021 to 2026 Consolidated Transportation Program

The fiscal 2021 to 2026 *Consolidated Transportation Program* for MDTA totals \$2.8 billion.

Exhibit 8 shows reduced capital spending for fiscal 2023 through 2025. Fiscal 2026 shows an uptick in spending over the prior year due to increased spending on system preservation and minor projects, including deck rehabilitation on the eastbound span of the Bay Bridge, improvements on the Bear Creek portion of the Francis Scott Key Bridge, and providing part-time hard shoulder running on a segment of I-95.

Exhibit 8
Six-year PAYGO Allowance
Fiscal 2021-2026
(\$ in Millions)



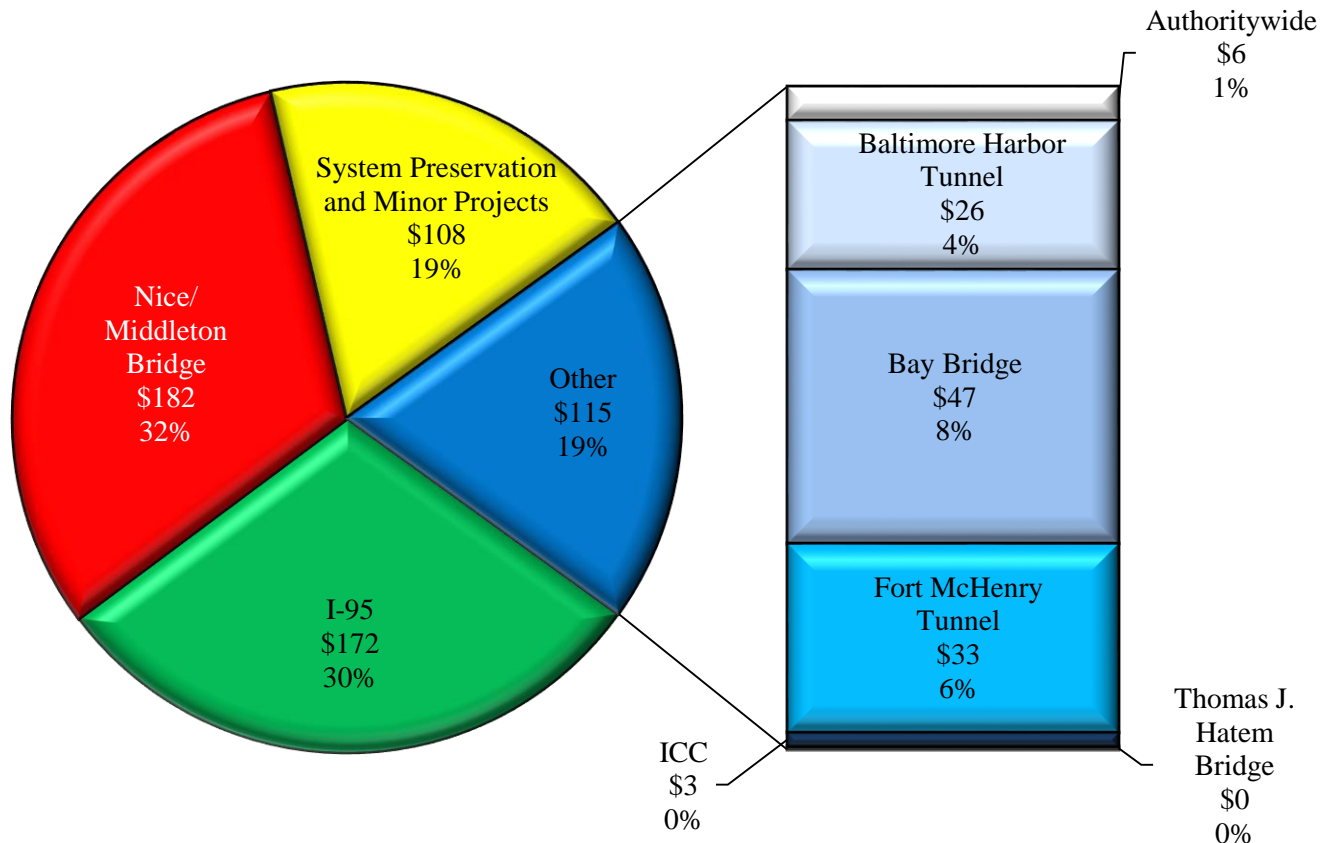
PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2021-2026 *Consolidated Transportation Program*

Fiscal 2022 Capital Allowance by MDTA Facility

Exhibit 9 shows capital funding programmed by facility in fiscal 2022. The largest share of spending is for the replacement of the Nice/Middleton Bridge followed by I-95, primarily due to the I-95 ETL Northern Expansion project. Seventy percent of MDTA's capital spending is programmed for projects at three facilities: the Bay Bridge; I-95; and the Nice/Middleton Bridge. Authoritywide spending consists of system preservation and minor projects unrelated to a particular facility and the implementation of the third generation electronic toll collection and operating system.

Exhibit 9
Major Projects Capital Funding by MDTA Facility
Fiscal 2022
(\$ in Millions)



Bay Bridge: William Preston Lane, Jr. Memorial Bridge (US 50/301)

ICC: Intercounty Connector

I-95: John F. Kennedy Memorial Highway (I-95)

MDTA: Maryland Transportation Authority

Nice/Middleton Bridge: Governor Harry W. Nice/Senator Thomas “Mac” Middleton Bridge

Source: Maryland Department of Transportation, Fiscal 2021-2026 *Consolidated Transportation Program*

Fiscal 2022 Capital Allowance Detail

Exhibit 10 shows the programmed funds for the fiscal 2022 capital allowance by project and program along with total estimated costs and six-year funding for each program.

Exhibit 10
PAYGO Capital Allowance
Fiscal 2022

<u>Facility</u>	<u>Project Description</u>	<u>2022</u>	<u>Total Estimated Project Cost</u>	<u>Six-year Total</u>
Baltimore Harbor Tunnel	I-895 Bridge Replacement	\$9,614	\$252,165	\$63,614
	Replace Vent Fans	429	70,874	2,221
	Replace Deck and Superstructure of Bridge over Patapsco Flats	0	62,535	500
	Replace Concrete Median Barrier	409	11,472	4,734
	Replace 15KV Feeder Cables	916	8,751	3,687
	Envelope and Switchgear Replacements at Vent Buildings	14,582	58,243	55,818
Subtotal		\$25,950	\$464,040	\$130,574
Bay Bridge	Clean and Paint Structural Steel Westbound Bridge	\$0	\$102,753	\$1,007
	Deck Rehabilitation and Miscellaneous Modifications	8,683	33,248	15,917
	Rehabilitate Eastbound Bridge Deck	2,516	12,050	4,584
	Rehabilitate Suspension Spans Westbound Bridge	3,419	46,055	6,901
	Structural Repairs and Miscellaneous Modifications	1,639	59,248	6,622
	Replace 5KV Feeder Cable on Eastbound Span	1,981	39,593	26,361
	Crossover Automated Lane Closure System	4,722	17,943	13,916
	Convert to Cashless Tolling	24,500	47,070	41,352
Subtotal		\$47,460	\$357,960	\$116,660
Fort McHenry Tunnel	Replace Tunnel Lighting Systems	\$0	\$21,973	\$313
	Rehabilitate Vent Fans	10,000	41,844	39,546
	Port Covington I-95 Access Study	0	33,400	9
	Deck Sealing and Miscellaneous Rehabilitation	0	7,731	0
	Rehabilitate Substructure and Superstructure of Various Bridges on I-95 in Baltimore City	4,206	24,985	13,970
	Rehabilitate Tunnel 13KV Cable, Conduit, and Concrete Wall	5,281	33,608	33,157
	Superstructure Repairs of Various Bridges North and South of Fort McHenry Tunnel	5,488	12,254	11,448
	Covert to Cashless Tolling	7,736	22,802	21,275
Subtotal		\$32,711	\$198,597	\$119,718

J00J00 – MDOT – Maryland Transportation Authority

<u>Facility</u>	<u>Project Description</u>	<u>2022</u>	<u>Total Estimated Project Cost</u>	<u>Six-year Total</u>
Intercounty Connector	Construction	\$2,500	\$2,375,430	\$8,480
JFK Memorial Highway (I-95)	Express Toll Lane – Northern Extension	168,632	1,070,304	817,083
	Resurfacing	0	61,432	12,268
	Remove, Replace, and Upgrade Sign Structures	717	16,082	4,481
	Replace Deck of Bridge over Little Northeast Creek	0	12,857	568
	Rehabilitate Decks on Three Bridges on I-95 in Cecil County	0	16,674	6,407
	I-95/Belvidere Road Interchange Study	2,973	59,973	57,574
Subtotal		\$172,322	\$1,237,322	\$898,381
Francis Scott Key Bridge	Rehabilitate Substructure and Superstructure of Various Bridges	\$0	\$12,361	\$0
	Clean and Paint Structural Steel of Approach Spans	0	7,941	0
	Resurfacing	0	11,093	1,869
	Convert to Cashless Tolling	0	23,577	9,826
Subtotal		\$0	\$54,972	\$11,695
Nice/Middleton Bridge	Replace Nice/Middleton Bridge	\$182,102	\$635,787	\$517,287
Thomas J. Hatem Bridge	Convert to Cashless Tolling	428	12,558	6,561
Subtotal – Projects		\$463,473	\$5,336,666	\$1,809,356
Programs				
Authoritywide	Replace Electronic Toll Collection and Operating System	\$5,813	\$115,692	\$43,898
Authoritywide	System Preservation and Minor Projects	108,100		985,400
Total – Projects and Programs		\$577,386	\$5,452,358	\$2,838,654

Bay Bridge: William Preston Lane, Jr. Memorial Bridge

KV: kilo volts

NEPA: National Environmental Policy Act

Nice/Middleton Bridge: Governor Harry W. Nice Memorial/Senator Thomas “Mac” Middleton Bridge

PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2021-2026 *Consolidated Transportation Program*

Issues

1. COVID-19 Pandemic Hits MDTA Finances, Exacerbating Fiscal Stress

The COVID-19 pandemic and the resulting measures taken to combat the virus have led to a dramatic drop in toll traffic in the State, as demonstrated in Exhibit 1. This decline in both toll traffic and toll revenue has severely impacted the authority's financial position and put further fiscal stress on MDTA.

Fiscal Stress Summary

MDTA's financial forecast indicates that the organization is experiencing building fiscal stress due to the high volume of capital spending, cuts to toll revenue, and providing loans to outside projects. **Exhibit 11** shows a number of the indicators in the MDTA forecast that demonstrate this financial stress. In fiscal 2021 through 2025, MDTA is projecting a cash deficit. Additionally, starting in fiscal 2023 through the end of the forecast period, the level of unencumbered cash is within \$5 million of the \$350 million requirement. While the issuance of debt is necessary to MDTA and not inherently fiscally unhealthy, the significant increase in the level of debt from \$1.9 billion in fiscal 2020 to \$2.6 billion in fiscal 2026 shows that MDTA is rapidly expending its debt capacity. This is particularly relevant because MDTA has an outstanding debt limit of \$3.0 billion. This issue was raised during the 2020 session, yet current projections show that MDTA has not altered its course toward the \$3.0 billion debt limit.

Exhibit 11
Fiscal Stress Summary
Fiscal 2020-2026
(\$ in Millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Revenues	\$683.0	\$555.3	\$716.1	\$758.6	\$775.5	\$777.7	\$793.6
Total Expenses	858.8	940.6	1,011.6	1,042.8	904.3	886.2	968.4
Annual Cash Surplus/Deficit	\$235.1	-\$53.1	-\$323.1	-\$22.0	-\$0.1	-\$0.2	\$0.1
Total MDTA Cash Balance	\$781.7	\$728.7	\$405.6	\$383.5	\$383.4	\$383.3	\$383.3
Debt Outstanding	1,910.4	2,228.1	2,207.1	2,446.2	2,501.9	2,536.8	2,631.5
Unencumbered Cash	566.5	498.4	372.5	350.5	350.4	350.2	350.3
Debt Service Coverage	4.20	2.90	3.80	2.90	2.80	2.60	2.50

MDTA: Maryland Transportation Authority

Source: Maryland Transportation Authority

As a result of the COVID-19 pandemic, MDTA revenues for fiscal 2022 have been written down from \$783.8 million in the 2020 financial forecast to \$716.1 million in the current financial forecast. The fiscal 2021 number has fallen even more dramatically, from \$759.0 million in the prior year financial forecast to \$555.3 million in the current one. At the same time, fiscal 2021 expenses have increased from \$859.7 million in the 2020 financial forecast to \$940.6 million in the current one.

The use of MDTA loans to fill funding gaps for MDOT projects, such as the Howard Street Tunnel project, is another stressor on MDTA's fiscal health. MDTA is being used as an all-purpose funding source to fill shortfalls in funding that cannot currently be covered by the TTF. While these loans will eventually be paid back, they divert money from MDTA at a time when the authority is undertaking two large projects that are also taxing its financial resources. **Given ongoing concerns about the fiscal stress that is being placed on MDTA, the Department of Legislative Services recommends the adoption of budget bill language restricting \$5.0 million in the MDOT budget for MDTA police reimbursement pending a report on MDTA fiscal stress, including projections through fiscal 2031.**

2. I-495 and I-270 Public-private Partnership MDTA Bond Issuance

MDTA is expected to issue one or more series of bonds to finance a portion of the new public-private partnership (P3) project that includes I-495 from the American Legion Bridge to the Woodrow Wilson Bridge and I-270 between Frederick and I-495. The repayment of these bonds would come solely from revenue generated from the P3 program and would not be backed by toll revenue from existing MDTA facilities. Additionally, a second MDTA Trust Agreement will be created that covers all the bonds that are issued for this project. This means that the bonds issued for this project will not impact the fiscal standing of the other MDTA Trust Agreement, which covers all of the revenue bonds issued for MDTA projects.

MDTA is conducting the process by which the toll rates are set for the I-495 and I-270 project, where dynamic tolling is being considered. There are two types of tolling facilities:

- **Fixed-price Tolling:** This is a facility where vehicles pay a toll that remains constant over time. This applies to all MDTA facilities with the exception of the ICC and the I-95 ETLs.
- **Variable Priced Tolling:** This is a facility where vehicles are subject to a toll that varies based on (1) time of day (which is the case for ICC and I-95 ETLs); or (2) dynamic pricing, which is based on the usage of the toll road at a given point in time. The new lanes for I-495 and I-270 project would be the first dynamic toll facilities in Maryland.

Dynamic pricing is a method of calculating the toll where the dynamic pricing mileage rate varies within the approved toll rate range in real time. A dynamic facility uses operational metrics to adjust the toll in real time. These metrics can include vehicle throughput or speed performance targets. The goal of the managed lanes is to maintain free-flowing traffic and to use pricing factors to influence

traffic flow. As such, toll rates need to apply economic supply and demand principles to influence utilization of the managed lanes.

On February 18, 2021, MDOT SHA and MDTA announced the selection of Accelerate Maryland Partners, LLC, to become the developer responsible for overseeing pre-development work on the American Legion Bridge I-270 to I-370 Relief Plan, pending approval by the MDTA Board and the Board of Public Works. MDTA released a report on *Preliminary Toll Rate Range and Soft Rate Cap, Phase 1 South: American Legion Bridge (ALB) I-270 to I-370*.

This report is not officially part of the toll-setting process and does not begin any official public comment period. The public comment period for the toll-setting process will only be started after the MDTA Board votes to seek public input on the official staff proposal presented during the spring 2021 MDTA Board meeting. MDTA staff anticipate completing the entire toll-setting process by the end of October 2021.

MDTA should comment on the report, the toll-setting process, and how toll rates will be adjusted going forward.

Operating Budget Recommended Actions

1. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That \$2,500,000 of the special fund appropriation in the Maryland Port Administration (MPA), and \$2,500,000 of the special fund appropriation in the Maryland Aviation Administration, may not be expended for Maryland Transportation Authority (MDTA) police reimbursement until MDTA submits a report that allays concerns about future fiscal stress resulting from reduced revenues, engaging in multiple major capital projects, and continuing to fund non-MDTA projects. Based on the current Consolidated Transportation Program and other known planned project costs, the report should specifically forecast bond issuance until fiscal 2031, projected total debt held through 2031, and projected toll increases through 2031. To the extent that the forecasted data provided in the report breaches or comes near to violating coverage ratios and other administrative fiscal policies, MDTA should discuss mechanisms for alleviating that fiscal stress. The report shall be submitted by July 1, 2021, and the budget committees shall have 45 days from the date of the report to review and comment. Funds restricted pending receipt of this report may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled if the report is not submitted.

Explanation: The committees are concerned about the ongoing fiscal stress that MDTA is under and its ability to continue to respond to the State’s need for transportation projects. This language restricts funds until a report is provided outlining forecasted bond issuance until fiscal 2031, projected total debt held through 2031, and projected toll increases through 2031.

Information Request	Author	Due Date
MDTA fiscal stress report	MDTA	July 1, 2021

PAYGO Budget Recommended Actions

1. Nonbudgeted.

Updates

1. Chesapeake Bay Crossing Study Tier 1 Draft Environmental Impact Statement

MDTA has released the Tier 1 draft environmental impact statement for the Chesapeake Bay Crossing Study, which is investigating a possible third Chesapeake Bay crossing. This draft statement is available for review and comment through May 10, 2021. The purpose of the study is to consider a range of corridors along both sides of the Chesapeake Bay for the possible third crossing. The study has narrowed these corridors to three possibilities, all three are located in Anne Arundel County on the western side, and on the eastern side, two are in Queen Anne’s County and one is in Talbot County. Additionally, the draft statement has eliminated ferry service, Bus Rapid Transit, and rail as possible alternatives to an automobile crossing. Transportation System Management/Transportation Demand Management solutions were also eliminated in the draft statement.

Appendix 1
2020 Joint Chairmen's Report Responses from Agency

The 2020 *Joint Chairmen's Report* (JCR) requested that the Maryland Transportation Authority (MDTA) prepare three reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***I-495 and I-270 Public-private Partnership Maryland Transportation Authority Bonds:*** This report outlines MDTA's role in issuing bonds of the I-495 and I-270 project, the use of the bond funds, and MDTA's claim on the toll revenue from the project.
- ***Bay Crossing Construction Local Aid Report:*** This report covers the ongoing process to possibly construct a third Bay Bridge span. It outlines the anticipated support that the State, MDTA, and the Maryland Department of Transportation would provide to counties to handle increased traffic due to a third Bay Bridge span.
- ***Future I-95 Northbound Express Toll Lane (ETL) Expansion:*** This report outlines further ETL development plans that MDTA has for I-95. It also addresses future ETL development and says that an additional National Environmental Policy Act study with alternatives would need to be conducted.

Appendix 2
Maryland Transportation Authority Financial Forecast
Fiscal 2020-2026

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Revenues							
Toll Revenues	\$620.9	\$511.6	\$671.8	\$712.8	\$728.5	\$728.5	\$742.22
Concessions	5.3	3.8	3.8	3.9	3.9	3.9	3.9
Investment Income and Other	25.9	9.0	7.2	6.2	6.1	6.1	6.1
MDOT Loan Repayment – Interest	–	0.2	0.5	1.7	1.6	2.4	3.0
MAA/MPA Police Reimbursement ¹	30.9	30.7	32.8	34.1	35.5	36.9	38.4
Total Revenues	\$683.0	\$555.3	\$716.1	\$758.6	\$775.5	\$777.7	\$793.6
Expenses							
Operations	\$302.8	\$304.6	\$335.2	\$348.6	\$362.6	\$377.4	\$392.5
Debt Service	91.3	86.5	99.0	139.9	148.7	156.5	163.6
Capital Program	464.8	549.5	577.4	554.3	392.9	352.3	412.3
Total Expenses	\$858.8	\$940.6	\$1,011.6	\$1,042.8	\$904.3	\$886.2	\$968.4
Capital Funding Sources/(Uses) and Intergovernmental							
Revenue Bond Proceeds	\$461.4	\$400.2	–	\$56.8	\$116.9	\$101.3	\$165.5
TIFIA	–	–	–	210.6	–	–	–
Surety Policy Expenses	–	–	-\$3.3	-0.1	-0.1	-0.1	-0.2
Cash Refunding	–	-63.1	–	–	–	–	–
MDOT Loan Repayment – Principal	-41.1	-4.8	-24.3	-18.2	-8.1	7.1	9.5
VDOT Contribution/Grant	–	–	–	13.0	20.0	–	–
Accounting Reconciliation	-9.5	–	–	–	–	–	–
Total Sources/(Uses)	\$410.9	\$332.2	-\$27.6	\$262.1	\$128.6	\$108.3	\$174.8
Annual Cash Requirements²	\$448.0	\$608.4	\$1,039.2	\$780.7	\$775.6	\$777.9	\$793.5
Annual Cash Surplus/(Deficit)	\$235.1	-\$53.1	-\$323.1	-\$22.0	-\$0.1	-\$0.2	-\$0.1
Total MDTA Cash Balance	\$781.7	\$728.7	\$405.6	\$383.5	\$383.4	\$383.3	\$383.31
MDTA Debt							
Debt Outstanding	\$1,910.4	\$2,228.1	\$2,207.1	\$2,446.2	\$2,501.9	\$2,536.8	\$2,631.5

J00J00 – MDOT – Maryland Transportation Authority

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Unencumbered Cash	\$566.5	\$498.4	\$372.5	\$350.5	\$350.4	\$350.2	\$350.3
Debt Service Coverage	4.2	2.9	3.8	2.9	2.8	2.6	2.5
Rate Covenant							
Compliance	3.2	2.3	3.1	2.4	2.2	2.1	2.0

MAA: Maryland Aviation Administration

MDOT: Maryland Department of Transportation

MDTA: Maryland Transportation Authority

MPA: Maryland Port Administration

TIFIA: Transportation Infrastructure Finance and Innovation Act

VDOT: Virginia Department of Transportation

¹ MDTA provides police services at Baltimore-Washington International Thurgood Marshall Airport and the Helen Delich Bentley Port of Baltimore.

² Sources represent an in-flow of funds to MDTA and are subtracted from Total Expenses. (Uses) represent an outflow of funds from MDTA and are added to Total Expenses as a positive value.

**Appendix 3
Object/Fund Difference Report
Maryland Transportation Authority**

<u>Object/Fund</u>	<u>FY 20 Actual</u>	<u>FY 21 Working Appropriation</u>	<u>FY 22 Allowance</u>	<u>FY 21 – FY 22 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,727.00	1,717.00	1,717.00	0.00	0%
Total Positions	1,727.00	1,717.00	1,717.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 176,447,585	\$ 175,544,693	\$ 188,499,756	\$ 12,955,063	7.4%
02 Technical and Special Fees	119,536	461,681	689,173	227,492	49.3%
03 Communication	2,643,379	2,766,143	3,047,976	281,833	10.2%
04 Travel	177,538	257,072	389,316	132,244	51.4%
06 Fuel and Utilities	3,740,925	3,941,730	4,490,456	548,726	13.9%
07 Motor Vehicles	8,987,393	8,193,679	10,020,167	1,826,488	22.3%
08 Contractual Services	94,585,092	99,151,997	106,918,549	7,766,552	7.8%
09 Supplies and Materials	8,354,627	7,787,676	11,546,965	3,759,289	48.3%
10 Equipment – Replacement	1,556,282	740,506	2,303,781	1,563,275	211.1%
11 Equipment – Additional	602,868	266,455	854,918	588,463	220.8%
13 Fixed Charges	96,894,958	92,027,917	104,540,511	12,512,594	13.6%
Total Objects	\$ 394,110,183	\$ 391,139,549	\$ 433,301,568	\$ 42,162,019	10.8%
Funds					
07 Nonbudgeted Fund	\$ 394,110,183	\$ 391,139,549	\$ 433,301,568	\$ 42,162,019	10.8%
Total Funds	\$ 394,110,183	\$ 391,139,549	\$ 433,301,568	\$ 42,162,019	10.8%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 4
Fiscal Summary
Maryland Transportation Authority**

<u>Program/Unit</u>	<u>FY 20 Actual</u>	<u>FY 21 Wrk Approp</u>	<u>FY 22 Allowance</u>	<u>Change</u>	<u>FY 21 – FY 22 % Change</u>
41 Operating Program	\$ 394,110,183	\$ 391,139,549	\$ 433,301,568	\$ 42,162,019	10.8%
42 Capital Program	464,775,046	549,458,474	577,410,074	27,951,600	5.1%
Total Expenditures	\$ 858,885,229	\$ 940,598,023	\$ 1,010,711,642	\$ 70,113,619	7.5%
Nonbudgeted Fund	\$ 858,885,229	\$ 940,598,023	\$ 1,010,711,642	\$ 70,113,619	7.5%
Total Appropriations	\$ 858,885,229	\$ 940,598,023	\$ 1,010,711,642	\$ 70,113,619	7.5%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.

**J00J00 MDOT Maryland Transportation Authority
FY 2022 Operating Budget
Response to the Department of Legislative Services Budget Analysis**

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Senator Cory McCray
March 4, 2021

House Appropriations Committee
Transportation and the Environment Subcommittee
Delegate Marc Korman
March 4, 2021

J00J00 MDOT – Maryland Transportation Authority
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET

DLS Budget Analysis

1. Revenue Bonds

MDTA should comment on the rising levels of its debt issuances and what it will do if the \$3.0 billion statutory limit is met. (Page 11)

MDOT Response:

The MDTA took swift action to mitigate the near and long-term fiscal impacts of COVID-19. This included, but was not limited to, updating the agency's financial forecast model to reflect known and anticipated COVID-19 traffic and revenue impacts and achieving \$409 million in operating and capital budget savings over the FY 2020-2026 forecast period, including extending the completion of the I-95 Express Toll Lanes (ETL) Northbound Extension Project by one-year.

The debt issuances shown in the financial forecast are primarily related to the financing of two major projects totaling \$1.7 billion, the Nice/Middleton Bridge and the I-95 ETL Northbound Extension which has been reflected in the MDTA's forecast since June 2018. Despite COVID-19 and transitioning to a new tolling system later than originally planned, the MDTA's January 2021 forecast aligns very closely to the June 2018 official financial forecast. As shown in the table below (1) debt outstanding remains at \$2.4 billion in FY 2023; (2) debt service coverage remains at 2.8 in FY 2024; and (3) capital expenses are \$364.3 million less than forecasted in June 2018.

June 2018 Official Forecast

Fiscal Years	Forecasted or Actual	Debt Outstanding (billions)	Debt Service Coverage	Capital Expenses (millions)
2019	Forecasted	\$ 1.6	5.2	\$ 390.2
2020	Forecasted	\$ 1.6	5.0	\$ 437.5
2021	Forecasted	\$ 1.7	4.5	\$ 553.3
2022	Forecasted	\$ 2.1	4.0	\$ 749.1
2023	Forecasted	\$ 2.4	3.2	\$ 658.7
2024	Forecasted	\$ 2.5	2.8	\$ 472.3
2019-2024				\$ 3,261.1

Debt Outstanding: Bond issuances shifted between fiscal years to capitalize on low interest rate environment. FY2023 outstanding debt is identical to June 2018 forecasted debt.

Debt Service Coverage: FY2020 to FY2023 debt service reduced due to COVID-19, transition to AET and transition to new tolling system. Rebounds by FY2024 to June 2018 forecasted level.

January 2021 Official Forecast

Fiscal Years	Forecasted or Actual	Debt Outstanding (billions)	Debt Service Coverage	Capital Expenses (millions)
2019	Actual	\$ 1.5	5.1	\$ 357.90
2020	Actual	\$ 1.9	4.2	\$ 464.80
2021	Forecasted	\$ 2.2	2.9	\$ 549.50
2022	Forecasted	\$ 2.2	3.8	\$ 577.40
2023	Forecasted	\$ 2.4	2.9	\$ 554.30
2024	Forecasted	\$ 2.5	2.8	\$ 392.90
2019-2024				\$ 2,896.80

Capital Expenses: January 2021 forecast shows FY2019-2024 capital expenses are \$364.3 million less than forecasted in June 2018.

J00J00 MDOT – Maryland Transportation Authority
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET

DLS Budget Analysis Issues (Continued)

Consistent with all forecasts, the MDTA does not anticipate reaching the \$3 billion statutory debt limit in the near or long-term. If MDTA should approach its maximum debt capacity, the agency will take the necessary mitigating actions to ensure that it remains in compliance with all of its financial standards, including the bond cap. These actions include but are not limited to reducing the budget (operating and capital) and seeking innovative financing solutions.

In conclusion, the current financial forecast aligns with the long-term execution of the MDTA's financial plan to construct two mega capital projects as outlined in the June 2018 financial forecast. The MDTA's long-term financial approach often entails planned cycles when the agency issues debt and then pays down debt. Similar to when the MDTA constructed the Intercounty Connector and Section 100 of the I-95 ETL, the MDTA is currently in a debt issuance cycle as it prepares to construct the Nice/Middleton Bridge and the I-95 ETL Northbound Extension.

J00J00 MDOT – Maryland Transportation Authority
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET

DLS Budget Analysis Issues

1. COVID-19 Pandemic Hits MDTA Finances, Exacerbating Fiscal Stress (Page 22)

Given ongoing concerns about the fiscal stress that is being placed on MDTA, the Department of Legislative Services recommends the adoption of budget bill language restricting \$5.0 million in the MDOT budget for MDTA police reimbursement pending a report on MDTA fiscal stress, including projections through fiscal 2031.

MDOT Response:

As with most State agencies and all toll agencies, the MDTA experienced a decline in revenues associated with the COVID-19 pandemic. The MDTA took the necessary actions to help mitigate the near and long-term fiscal impacts of COVID-19. This included (1) reducing the traffic and revenue forecast by a total of \$483.9 million over the FY 2020-2026 forecast period; (2) reducing operating expenses by realizing \$34.6 million in savings in FY 2020 and reducing the operating budget by \$32.8 million in FY 2021; and (3) reducing the capital program by \$253.7 million, including extending by one-year the completion date for the I-95 ETL Northbound Extension while ensuring that underway and near-term projects start on schedule (see the chart below). All of these actions produced a financial forecast that meets the MDTA's financial policies that are the foundation for the MDTA's double-A credit rating.

While total expenses increased in FY 2021 as a result of pulling forward certain capital cashflows from improvements in individual project schedules, (e.g., early completion of the 895 Bridge, early start of the Nice/Middleton Bridge, etc.), total expenses decline by \$409 million throughout the six-year forecast period. The reduction in anticipated spending is the result of a concerted agency-wide effort to constrain operating and capital budget spending while taking advantage of debt service savings through the cash refunding of certain toll revenue bond maturities.

Regarding the MDTA's unencumbered cash balance, the MDTA has a policy that requires the agency to maintain an unrestricted cash balance of \$350 million. The MDTA is in compliance with the policy. As originally outlined in the June 2018 forecast, the MDTA is undertaking two mega projects resulting in a cycle of debt issuances. As such, the MDTA is balancing PAYGO cash and debt and thereby aligning unencumbered cash to near policy levels. Failure to do so would result in unnecessary debt issuances and interest expense.

J00J00 MDOT – Maryland Transportation Authority
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET

DLS Budget Analysis Issues (Continued)

January 2020 Forecast v. January 2021 Forecast Comparison				
\$ in Millions				
<u>Operating Budget</u>				
Fiscal Year	2020	2021	2022 to 2026	TOTAL
January 2020 Forecast	\$ 337.4	\$ 337.4	\$ 1,901.3	\$ 2,576.1
January 2021 Forecast	302.8	304.6	\$ 1,816.4	\$ 2,423.8
Difference	\$ (34.6)	\$ (32.8)	\$ (84.9)	\$ (152.3)
<u>Debt Service</u>				
Fiscal Year	2020	2021	2022 to 2026	TOTAL
January 2020 Forecast	\$ 92.0	\$ 98.3	\$ 698.3	\$ 888.6
January 2021 Forecast	91.3	86.5	\$ 707.7	\$ 885.5
Difference	\$ (0.7)	\$ (11.7)	\$ 9.4	\$ (3.1)
<u>Capital Budget</u>				
Fiscal Year	2020	2021	2022 to 2026	TOTAL
January 2020 Forecast	\$ 429.5	\$ 424.1	\$ 2,703.5	\$ 3,557.1
January 2021 Forecast	464.8	549.5	\$ 2,289.2	\$ 3,303.4
Difference	\$ 35.3	\$ 125.4	\$ (414.4)	\$ (253.7)
<u>Total Expenses</u>				
Fiscal Year	2020	FY 2021	2022 to 2026	TOTAL
January 2020 Forecast	\$ 858.9	\$ 859.7	\$ 5,303.1	\$ 7,021.8
January 2021 Forecast	858.9	940.6	\$ 4,813.3	\$ 6,612.8
Difference	\$ (0.0)	\$ 80.9	\$ (489.9)	\$ (409.0)

The MDTA remains committed to transparency as demonstrated by the financial information on the MDTA's website, the livestreaming of Board meetings, and by submitting all requested legislative reports with timely, accurate, and complete information. The most recent reports submitted regarding financial affordability include the *I-95 Northbound Express Toll Lanes Expansion Financial Plan and Forecast*, the *I-495 and I-270 Public-Private Partnership Maryland Transportation Authority Bonds*, and the *Future I-95 Northbound Express Toll Lane Expansion* submitted in November 2019, October 2020, November 2020, respectively. While the MDTA concurs with preparing the requested report, the MDTA respectfully requests that the language be changed to committee narrative. The MDTA has a longstanding history of submitting responses to legislative requests as requested and believes that the restriction in funds is unwarranted. Lastly, the MDTA respectfully requests that the due date of the report be changed to December 31, 2021, so that it reflects actual FY 2021 revenue and expenses and an updated independent traffic and revenue forecast.

J00J00 MDOT – Maryland Transportation Authority
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET

DLS Budget Analysis Issues (Continued)

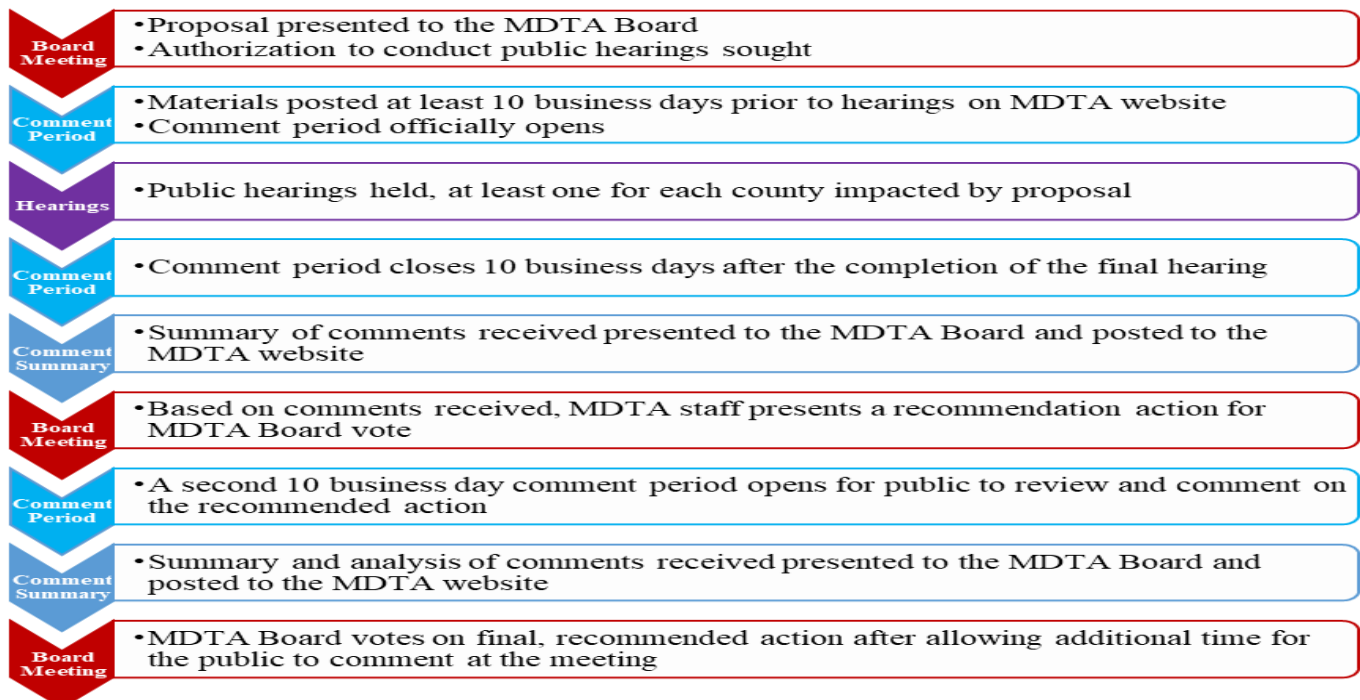
2. I-495 and I-270 Public-private Partnership MDTA Bond Issuance (Page 23)

MDTA should comment on the report, the toll-setting process, and how toll rates will be adjusted going forward.

MDOT Response:

On February 25, 2021, to begin the exchange of information and understanding of the toll-setting rates and process, the MDTA presented a report to the MDTA Board to discuss preliminary information developed by MDTA staff on the toll rate range and soft rate cap for Phase I South (American Legion Bridge (ALB) I-270 to I-370). Due to the complexity of the information, MDTA staff presented key extracts of the toll-setting process in advance of a Spring MDTA Board meeting where dynamic tolling, coupled with the introduction of a soft rate cap (neither of which exist on any of the MDTA's current facilities) will be discussed. The meeting materials are publicly available on MDTA's website.

The public toll-setting process is centered around a proposal by the MDTA staff to adopt an increase in mileage rate ranges, pricing periods, toll zones, fees, or other charges on a variably priced toll transportation facilities project. To ensure the public is engaged in the toll-setting process and to ensure compliance with State law, the MDTA will provide opportunities for public review and comment on the proposed changes at one or more meetings held at a time and place of convenience to the public in each county where the changes for the P3 Program are proposed to be implemented. The flow chart below summarizes the toll setting process that will be followed.



J00J00 MDOT – Maryland Transportation Authority
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET

DLS Budget Analysis Issues (continued)

State law requires a minimum and maximum toll rate range for all variably priced toll facilities to be approved by the MDTA Board in accordance with the toll setting process discussed above. COMAR also allows for the establishment of a soft rate toll cap. The soft rate cap is the toll rate amount that can only be exceeded in limited circumstances when one or more of the established operational performance metric thresholds are triggered for a given segment. The soft rate cap will only be exceeded until the throughput and speed performance targets are achieved and then the toll rate will return to the soft cap or below. The purpose of the soft rate cap is to constrain the toll rate charged to motorists when vehicle throughput or speed performance targets will not otherwise be achieved. Soft rate caps are not traditionally standard practice in the tolling industry. The soft rate cap is a protective measure for customers. The soft rate cap, which is always lower than the maximum toll rate, may be exceeded temporarily to ensure that customers who choose to pay a toll receive a faster and more reliable trip.

The MDTA staff anticipates the minimum and maximum toll rates and the soft rate toll caps to escalate annually. The adjustments are necessary to ensure the toll rates will keep up with (1) the growing traffic demand for the managed lanes; (2) annual inflation; and (3) the goal of providing a faster and more reliable trip for customers who choose to pay the toll. The specific escalation calculations and assumptions will be discussed in detail when the staff toll proposal is presented to the MDTA Board this spring.

**J00J00 MDOT – Maryland Transportation Authority
MDOT RESPONSE TO DLS ANALYSIS
FY 2022 BUDGET**

Operating Budget Recommended Actions

- 1. Add language restricting funding pending a report on fiscal stress on the Maryland Transportation Authority. (Page 24)**

MDOT Response:

The Department concurs in part with the request for the report but respectfully requests that (1) the report request be done through committee narrative rather than the withholding of funds; and (2) the due date be changed to December 31, 2021, to reflect the most up-to-date information. Please see the MDTA response to Issue 1 above for additional information.

PAYGO Budget Recommended Actions

- 1. Nonbudgeted. (Page 24)**

MDOT Response:

The Department concurs with the DLS recommendation.

TAB 9



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny-Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Mr. Jeffrey Brown, Director of Budget
SUBJECT: Fiscal Year 2021 Operating Budget vs. Actual Spending Review
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

The purpose of the memorandum is to advise the Members of the MDTA Board on the status of year-to-date spending against the Fiscal Year (FY) 2021 Operating Budget.

SUMMARY

As of December 31, 2020, 40% of the budget was spent compared to a target of 46%. Except for Objects 1 & 2 (Salaries & Wages), which was on budget at a 43% spend, and Object 11 (Additional Equipment), which was above budget at a 78% spend, all other Objects were below the budgeted spending level. For Object 11, the purchase of HR scanning equipment accounted for the over budget performance. The primary drivers for the reduced expense in the remaining Objects are timing or seasonality issues (*e.g.*, delayed invoicing and/or expected expenses to occur in later quarters) and the effects of COVID-19 (*e.g.*, increased teleworking, AET, etc.).

ANALYSIS

Budget analysis threshold: More than \$500,000 budgeted with variances greater than +/- 5% of the targeted spending level.

All objects, excluding Salaries and benefits (Objects 01 & 02 combined) and Additional Equipment (Object 11) are below targeted spending levels by more than 5%:

- Communications (Object 3) is below budget at 18% spent. The invoice for the State Radio System (\$1.5 million) has not been received – this drives the under-performance. Excluding this charge, the rest of the Object spending is at 39% of budget.

Review of Fiscal Year 2021 Operating Budget vs. Actual Spending

Page Two

- Object 4 (Travel) is below budget at a 2% spend. Reduced travel due to COVID-19 (more teleworking and telelearning, postponement of in-person conferences) and seasonality (heavier travel in third/fourth quarter) drive the performance.
- Fuel and Utilities (Object 06) is below budget at a 30% spend. COVID-19 effects include a move to cashless tolling, less toll collectors, and increased working from home, which reduces electrical needs. In addition, cashless tolling and a mild winter have reduced fuel needs. Some billing delays have also reduced the expected spend.
- Motor vehicle operations and maintenance (Object 07) is below budget at a 34% spend. Due to COVID-19, spending on gas and vehicle maintenance for both passenger and heavy-duty vehicles is reduced due to lower activity and increased work from home. Also, higher spending typically occurs during the winter plowing season, which has yet to occur. The MDTA has also replaced many of the older fleet vehicles, which has resulted in less vehicle maintenance.
- Contractual services (Object 08) is below budget at a 37% spend. Significant spending variances include:
 - Advertising (0801) is at a 15% spend. The delay in the 3G go-live date plus the summer campaign expenses, which occur later in the year, account for the variance in this line item.
 - Engineers (0807) are at a 21% spend. Drivers include seasonality of work (heavier in the 3rd and 4th quarters), a lag in invoicing (especially for sub-contract work), and the amount of on-call capital improvement work. Additionally, COVID-19 has resulted in delays in field work on some projects. Moreover, with the AET initiatives, more capital work is done utilizing Office of Engineering and Construction on-call contracts.
 - Janitorial Services (0813) are slightly below budget spend at 40%, primarily due to construction shutting down some buildings for a period of time.
 - Training (0819) is at a 33% spend. COVID-19 has restricted usage resulting in cancelled or postponed training to the 3rd and 4th quarters.
 - Security Services (0823) is at a 24% spend. This is based upon fixed rates and service repairs requests. Service repair requests dictate the level of spending in this area. Less building usage results in less repairs to security doors and locks.
 - Fiscal Services (0829) is at a 38% spend. *E-Z Pass* retail fees are down due to reduced traffic associated with COVID-19 and less credit card fee processing from the delay in NOTDs.
 - Other contractual services (0899) are at a 23% spend. Indirect cost for the Maryland State Police at JFK has only been billed through September.
- Supplies and materials (Object 09) are below budget at a 37% spend:
 - Roadway maintenance materials (0905) is at a 40% spend due to lower traffic volume (COVID-19), limited maintenance activities (COVID-19), and seasonality (heavier expense in the spring).
 - Salt (0906) is at a 18% spend due to seasonality.

Review of Fiscal Year 2021 Operating Budget vs. Actual Spending
Page Three

- *E-Z Pass* Transponders (0951) is at a 33% spend. The agency is currently using its preexisting inventory and anticipates reducing costs to save money in FY 2021. A new order has arrived that is not reflected in the cost. As such, this line item is expected to track closer to the budgeted amount for the remainder of the fiscal year. This line item was reduced in the FY 2021 Amended Budget.
- Replacement equipment (Object 10) is at a 25% spend. Equipment will not be ordered or received until later in the year.
- Additional equipment (Object 11) exceeded the budget at a 78% spend primarily due to Peripherals (1136). HR scanners that were previously expected to be expensed in FY 2020 were purchased in FY 2021. Absent the HR scanners, this object is at a 25% spend.
- Fixed costs (Object 13) is at a 24% spend primarily due to one-time insurance payments that are not expensed until later in the fiscal year (1302 and 1309).

ATTACHMENT

- Budget vs Actual by Object

MDTA OPERATING FUND
Bgt vs. Actual by Obj and RC Detail
Summary of All Units
For the Six Months Ending Thursday, December 31, 2020

	<u>Expenditures</u>		<u>YTD</u>		<u>%</u>
	<u>This Month</u>	<u>Budget</u>	<u>Expense</u>	<u>Balance</u>	<u>Spent</u>
OBJECT 01 Salaries and Wages					
0101 REGULAR EARNINGS	\$8,311,220	\$99,506,368	\$38,670,753	\$60,835,615	38.86%
0102 ADDITIONAL ASSISTANCE		431,276		431,276	0.00%
0104 OVERTIME EARNINGS	208,724	3,547,886	1,023,248	2,524,638	28.84%
0104 OVERTIME EARNINGS -	156,448	1,424,861	156,448	1,268,413	10.98%
0105 SHIFT DIFFERENTIAL		898,473	20,234	878,239	2.25%
0110 MISCELLANEOUS P/R AI	41,495	137,000	709,931	(572,931)	518.20%
0111 ACCRUED LEAVE PAYM	49,917	21,456	284,381	(262,925)	1325.42%
0112 RECLASSIFICATIONS		522,728		522,728	0.00%
0151 SOCIAL SECURITY CONTRIBUTIONS		7,030,381	21,214	7,009,167	0.30%
0152 HEALTH INSURANCE		16,352,421	114,238	16,238,183	0.70%
0154 RETIREE'S HLTH INSURANCE PREM		8,514,347	54,447	8,459,900	0.64%
0161 EMPLOYEES RETIREMENT SYSTEM		11,474,660	16,200	11,458,460	0.14%
0165 STATE POLICE RETIREMENT SYSTEM		2,894,601	492,573	2,402,028	17.02%
0169 LAW ENFORCEMENT OFF PENSION SYS		17,357,314		17,357,314	0.00%
0171 BURDEN EXPENSE	7,537,921		33,993,712	(33,993,712)	0.00%
0174 UNEMPLOYMENT COMPENSATION		11,468	(428)	11,896	(3.73%)
0175 WORKERS COMPENSATION		4,711,903		4,711,903	0.00%
0189 TURNOVER		(107,183)		(107,183)	0.00%
0199 OTHER FRINGE BENE - CLOTH ALLOW		814,733	372,300	442,433	45.70%
Total Object 01	16,305,724	175,544,693	75,929,252	99,615,442	43.25%
Object 02 Technical and Special Fees					
0202 PER DIEM PAYMENTS	9,000	125,000	46,000	79,000	36.80%
0209 ADMIN/MGMT SERVICES SUPPORT			155	(155)	0.00%
0220 SPECIAL PAYMENTS PAYROLL		336,681		336,681	0.00%
Total Object 02	9,000	461,681	46,155	415,526	10.00%
Object 03 Communications					
0301 POSTAGE	818	54,499	23,103	31,396	42.39%
0302 TELEPHONE	1,674	224,170	114,209	109,961	50.95%
0303 TELECOMMUNICATIONS	71,678	580,199	198,777	381,422	34.26%
0305 STATE PAID TELECOMMUNICATIONS		1,500,000		1,500,000	0.00%
0306 CELL PHONE EXPENDITURE	41,534	407,275	160,828	246,447	39.49%
Total Object 03	115,704	2,766,143	496,917	2,269,226	17.96%
Object 04 Travel					
0401 IN STATE/ROUTINE OPERATIONS	(2,057)	34,869	6,212	28,657	17.81%
0402 INSTATE/CONF/SEMINAR/TRNG	332	33,742	713	33,029	2.11%
0403 OUTSTATE/ROUTINE OPERATIONS TRAVEL		24,763		24,763	0.00%
0404 OUTSTATE/CONF/SEMINAR/TRNG TRAVEL		163,698	(2,925)	166,623	(1.79%)
Total Object 04	(1,725)	257,072	3,999	253,073	1.56%
Object 06 Fuel and Utilities					
0603 FUEL-OIL #2	18,346	195,049	26,943	168,106	13.81%
0606 FUEL-NATURAL GAS/PURCHASE	6,089	215,733	17,624	198,109	8.17%
0620 UTILITIES-ELECTRICITY	253,423	3,224,392	1,103,503	2,120,889	34.22%
0621 UTILITIES-WATER/SEWERAGE	19,218	306,556	38,116	268,440	12.43%
Total Object 06	297,077	3,941,730	1,186,187	2,755,543	30.09%
Object 07 Motor Vehicle Operations and Maintenance					
0701 PURCH VEH-CAR,LIGHT	166,187	913,500	929,864	(16,364)	101.79%

MDTA OPERATING FUND
Bgt vs. Actual by Obj and RC Detail
Summary of All Units
For the Six Months Ending Thursday, December 31, 2020

0702	VEHICLE GAS & OIL	45,561	1,840,923	403,960	1,436,963	21.94%
0703	VEHICLE MAINTENANCE	145,712	1,604,017	589,153	1,014,864	36.73%
0703	VEHICLE MAINTENANCE	61	7,715	61	7,654	0.79%
0704	INSURANCE		407,863		407,863	0.00%
0721	VEHICLE GAS & OIL - W.	751	38,951	8,634	30,317	22.17%
0722	VEHICLE MAINT & REPA	3,271	53,463	16,679	36,784	31.20%
0724	BOAT SLIP RENTAL/LAU	175	4,200	875	3,325	20.83%
0730	PURCH VEH-OTHER LAND VEH - DUMP.		448,500	3,735	444,765	0.83%
0731	GAS & OIL - OTHER LAN	28,440	880,544	228,142	652,402	25.91%
0732	LG VEHICLE MAINT & R	192,437	1,912,275	608,535	1,303,740	31.82%
0732	LG VEHICLE MAINT & R	4,693	33,449	4,693	28,756	14.03%
0789	COMMUTER CHARGE	(1,545)	(6,100)	(5,478)	(622)	89.80%
0799	OTHER MOTOR VEHICLE CHARGES		54,379	320	54,059	0.59%
Total Object 07		585,742	8,193,679	2,789,173	5,404,506	34.04%

Object 08 Contractual Services

0801	ADVERTISING/LEGAL PR	167	3,104,003	476,975	2,627,028	15.37%
0802	APPLICATIONS SOFTWARE MAINTENANCE		107,960	3,400	104,560	3.15%
0804	PRINTING/REPRODUCTI	2,338	45,800	13,744	32,056	30.01%
0805	BOOKBINDING/PHOTOGRAPHIC			149	(149)	0.00%
0807	ENGINEERS	198,940	3,100,000	948,026	2,151,974	30.58%
0807	ENGINEERS - Environmen	133,523	2,250,000	907,423	1,342,577	40.33%
0807	ENGINEERS - Highways (MA0983)		250,000	7,352	242,648	2.94%
0807	ENGINEERS - Architectura	21,159	235,000	35,235	199,765	14.99%
0807	ENGINEERS - ITS/Electric	13,437	610,000	129,683	480,317	21.26%
0807	ENGINEERS - Structural (N	36,138	600,000	318,389	281,611	53.06%
0807	ENGINEERS - Traffic (MA	32,990	1,440,000	263,134	1,176,866	18.27%
0807	ENGINEERS - Asset Mgmt	34,273	500,000	82,228	417,772	16.45%
0807	ENGINEERS - On-Call (All	(276,044)	2,325,000	690,575	1,634,425	29.70%
0807	ENGINEERS - Annual Insp	1,290,134	14,895,000	2,168,363	12,726,637	14.56%
0808	EQUIPMENT RENTAL	26,752	511,889	157,056	354,833	30.68%
0809	EQUIPMENT REPAIRS &	270	160,623	3,500	157,123	2.18%
0810	EXTERMINATION	(50)	16,846	575	16,271	3.41%
0812	BUILDING/ROAD REPAIR	291,578	10,150,711	2,201,926	7,948,785	21.69%
0812	BUILDING/ROAD REPAIR	366,150		2,373,993	(2,373,993)	0.00%
0813	JANITORIAL SERVICES	87,057	1,193,549	476,276	717,273	39.90%
0814	GROUNDS MAINTENANCE	3,140	46,605	3,140	43,465	6.74%
0815	LAUNDRY	110	5,081	552	4,530	10.85%
0817	LEGAL SERVICES	1,334	163,279	36,716	126,563	22.49%
0819	EDUCATION/TRAINING C	50,206	638,308	209,431	428,877	32.81%
0820	MEDICAL CARE	11,834	205,720	37,027	168,693	18.00%
0821	MGMT STUDIES AND CC	146,624	1,393,195	614,599	778,596	44.11%
0823	SECURITY SERVICES	19,215	1,067,830	258,028	809,802	24.16%
0824	LABORATORY SERVICE	6,640	48,082	16,619	31,463	34.56%
0825	VETERINARIAN	7,008	29,321	11,313	18,008	38.58%
0826	FREIGHT AND DELIVER	357	17,247	1,924	15,324	11.15%
0827	TRASH AND GARBAGE F	23,089	408,883	202,438	206,445	49.51%
0828	OFFICE ASSISTANCE		301,324	2,611	298,713	0.87%
0829	FISCAL SERVICES	642,493	14,040,000	5,345,580	8,694,420	38.07%
0841	DP CENTRAL PROCESS S	79,477	881,600	288,836	592,764	32.76%
0843	DP COMMUNICATIONS C	68,139	110,000	170,347	(60,347)	154.86%
0849	TELECOMM LINES, MOD	2,919	95,741	33,014	62,727	34.48%
0854	COMPUTER MAINTENANCE CONTRACT		183,160	64,129	119,031	35.01%
0858	SOFTWARE LICENSES	3,700	31,132	10,564	20,568	33.93%

MDTA OPERATING FUND
Bgt vs. Actual by Obj and RC Detail
Summary of All Units
For the Six Months Ending Thursday, December 31, 2020

0861	APPL SOFTWARE ACQUI	58,453		59,531	(59,531)	0.00%
0862	APPL SOFTWARE MAINI	42,928	1,389,046	528,860	860,186	38.07%
0864	SYSTEMS SOFTWARE M.	223,869	790,460	256,548	533,912	32.46%
0865	OUTSIDE SVCS-SYS ANA	84,276	3,765,500	1,807,117	1,958,383	47.99%
0866	OUTSIDE SVCS-PROGRAMMING		385,000	122,182	262,818	31.74%
0869	OUTSIDE SVCS-COMPUTER USAGE		355,255	24,630	330,625	6.93%
0873	OUTSIDE SVC - E-Z PASS	6,757,721	28,260,000	14,039,770	14,220,230	49.68%
0874	OFFICE OF ATTORNEY GENERAL FEE		39,064		39,064	0.00%
0875	RETIREMENT AGENCY ADMIN FEE		225,063	219,157	5,906	97.38%
0876	STATEWIDE DOIT SERVICES		51,706		51,706	0.00%
0894	STATEWIDE PERSONNEL SYS ALLOC		41,190		41,190	0.00%
0899	OTHER CONTRACTUAL	13,414	2,686,824	609,221	2,077,602	22.67%
Total Object 08		10,505,761	99,151,997	36,231,886	62,920,111	36.54%

Object 09 Supplies and Materials

0901	AGRICULTURE		32,839	7,374	25,465	22.45%
0902	OFFICE SUPPLIES	32,509	343,991	100,660	243,331	29.26%
0903	ELECTRICAL MATERIAL	9,054	314,024	59,790	254,234	19.04%
0904	BUILDING & HOUSEHOL	28,553	352,646	116,007	236,639	32.90%
0905	ROADWAY MAINT MATI	33,343	583,034	235,530	347,504	40.40%
0906	SALT/SNOW MELTING M	217,552	1,241,976	217,908	1,024,068	17.55%
0908	HOUSEKEEPING SUPPLI	4,947	80,869	29,904	50,965	36.98%
0909	MEDICAL SUPPLIES	634	28,441	7,070	21,371	24.86%
0912	WEARING APPAREL-UNI	41,433	848,021	414,077	433,944	48.83%
0915	LIBRARY SUPPLIES	3,377	24,640	7,047	17,593	28.60%
0917	SMALL TOOLS	37,052	323,846	104,562	219,284	32.29%
0918	VETERINARY SUPPLIES	1,498	27,474	3,214	24,260	11.70%
0920	FOOD	563	156,170	11,678	144,492	7.48%
0926	DATA PROCESSING SUPPLIES		36,434	1,802	34,632	4.95%
0932	MICROCOMPUTER OPER SYS SFTWRE		65,000		65,000	0.00%
0933	SOFTWARE UPGRADES			80	(80)	0.00%
0934	AMMO GUNS FIRING RA	261,863	326,808	584,820	(258,012)	178.95%
0951	E-ZPASS TRANSPONDER	235,320	2,700,000	885,700	1,814,300	32.80%
0999	OTHER SUPPLIES AND M	3,070	301,463	74,446	227,017	24.69%
Total Object 09		910,768	7,787,676	2,861,669	4,926,007	36.75%

Object 10 Replacement Equipment

1013	REPL MAINTENANCE & BUILDING EQU		279,000	19,892	259,108	7.13%
1015	REPL OFFICE EQUIPMEN	2,113	22,700	22,797	(97)	100.43%
1019	REPL RADIOS & ELECTRONIC EQUIPME		59,000		59,000	0.00%
1033	REPL DP EQUIP-MICROCOMPUTER		199,000	104,787	94,213	52.66%
1036	REPL DP EQUIP-PERIPHE	5,352	17,000	11,939	5,061	70.23%
1099	OTHER REPLACEMENT EQUIPMENT		163,806	29,148	134,658	17.79%
Total Object 10		7,465	740,506	188,563	551,943	25.46%

Object 11 Additional Equipment

1102	ADDT'L AUDIO-VISUAL EQUIP			12,717	(12,717)	0.00%
1109	ADDT'L HUMAN ENVIRONMENTAL EQ		1,000		1,000	0.00%
1113	ADDT'L MAINTENANCE & BUILDING EC		86,000	100	85,900	0.12%
1115	ADDT'L OFFICE EQUIPMENT		11,500		11,500	0.00%
1133	ADDT'L DP EQUIP-MICROCOMPUTER		100,000		100,000	0.00%
1136	ADDT'L DP EQUIP-PERIP	8,101		140,663	(140,663)	0.00%
1199	OTHER ADDITIONAL EQ	9,913	67,955	53,283	14,672	78.41%
Total Object 11		18,014	266,455	206,763	59,692	77.60%

MDTA OPERATING FUND
Bgt vs. Actual by Obj and RC Detail
Summary of All Units
For the Six Months Ending Thursday, December 31, 2020

Object 13 Fixed Charges

1301 RENT	34,094	500,000	125,169	374,831	25.03%
1302 INSURANCE COVERAGE PAID TO STO		460,138	19,116	441,022	4.15%
1303 RENT PAID TO DGS		1,140		1,140	0.00%
1304 SUBSCRIPTIONS	10,741	25,191	17,687	7,504	70.21%
1305 ASSOCIATION DUES	79,366	258,232	88,521	169,711	34.28%
1308 LICENSES		8,300	1,617	6,683	19.48%
1309 INSURANCE (NON STO P	6,953	4,233,316	757,822	3,475,494	17.90%
1320 BAD DEBT EXPENSE	7,926	11,600	286,377	(274,777)	2468.77%
Total Object 13	139,081	5,497,917	1,296,309	4,201,608	23.58%
Total All Objects	28,892,611	304,609,549	121,236,873	183,372,675	39.80%

TAB 10



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny-Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Ms. Jeanne Marriott, Capital Program Manager
SUBJECT: Second Quarter Review of Fiscal Year 2021 Capital Budget vs. Actual Spending
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

The purpose of the memorandum is to update the MDTA Board on the status of actual Fiscal Year (FY) 2021 spending against the FY 2021 capital budget in the FY 2021-2026 Draft Consolidated Transportation Program (CTP). This information was presented to the Finance Committee on February 9, 2021.

SUMMARY

As of December 31, 2020, 30% of the FY 2021 budget was spent as compared to the targeted spending level of 50%. The total budget for FY 2021 is \$543.3 million. The actual spending through the second quarter was \$165.2 million.

ANALYSIS

31 of the 105 projects budgeted in FY 2021 were within the acceptable spending limits of 25% to 75% (plus or minus 25% of the 50% target). Due to normal lags in invoicing, generally two months, a plus or minus 25% threshold was determined to be reasonable.

Actual spending through the second quarter for seven projects budgeted for more than \$10 million each in FY 2021 amounts to \$96.4 million. The seven projects are detailed in Attachment A.

ATTACHMENT

- Attachment A – FY 2021 Capital Program Spending – Projects with FY 2021 Budget Over \$10 Million

**FY 2021 Capital Program Spending
Compared to Draft FY 2021-2026 CTP Budget
Projects with FY 2021 Budget Over \$10 Million**

Project Name	FY 2021 Budget Draft FY21-26 CTP (\$000)	FY 2021 Actual thru 12/31/2020 (\$000)	Q2 Spend Rate	FY 2021 Amount Remaining (\$000)
Replace Nice/Middleton Bridge	\$198,604	\$55,837	28%	\$142,767
I-895 Bridge Replacement	\$56,560	\$23,865	42%	\$32,695
Replace 5KV Feeder on EB Span and Add Redundant Cable to EB & WB Spans	\$24,380	\$2,721	11%	\$21,659
Replace Electronic Toll Collection and Operating System - 3rd Generation	\$16,178	\$2,485	15%	\$13,693
Rehabilitate Fort McHenry Tunnel Vent Fans	\$15,000	\$4,367	29%	\$10,633
Deck Rehabilitation and Miscellaneous Modifications to Westbound Span	\$12,238	\$4,519	37%	\$7,719
I-95 Improvements between MD 152 and MD 24	<u>\$10,708</u>	<u>\$2,643</u>	<u>25%</u>	<u>\$8,065</u>
Total	<u>\$333,668</u>	<u>\$96,437</u>	<u>29%</u>	<u>\$237,231</u>

TAB 11



Maryland
Transportation
Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny-Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Mr. Simon Najar, Travel Plazas Administrator
SUBJECT: Travel Plaza Update
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

To update the MDTA Board on the progress of operations at the Maryland House and Chesapeake House Travel Plazas.

SUMMARY

In 2012, the Maryland Transportation Authority (MDTA) entered into a Lease and Concession Agreement with Areas USA MDTP, LLC (Areas USA), to undertake the redevelopment (including financing) and long-term operations and maintenance of the travel plazas. Pursuant to the public-private partnership (P3) arrangement, the MDTA retains oversight of the travel plazas for a period of 35 years. This presentation will provide a brief overview of the contract award and agreement; Areas USA history and expertise; current operations at the travel plazas, including the fiscal impact of COVID-19; recent challenges; and the future outlook.

ATTACHMENT

- MDTA's Travel Plazas Presentation

MDTA Travel Plazas



**MDTA Board Meeting
March 25, 2021**



Aerial View of Maryland House

Why have Travel Plazas?

- Provide a clean and safe resting area for traveling public.
- Increase highway safety.
- Promote and market the State of Maryland.

Why a Public Private Partnership (P3)?

- The arrangement provides for better services and more efficient operations.
- Hospitality is not a core competency for MDTA.
- Plazas operated and maintained by Concessionaire – Areas USA.
- No toll revenue spent on replacement of plazas.
- Toll dollars utilized for capital infrastructure.

I-95 Travel Plazas Redevelopment

- MDTA entered into a 35-year Lease and Concession Agreement with Areas USA MDTP, LLC for the redevelopment and long-term operations and maintenance of the Maryland House and Chesapeake House.
- Contract includes MDTA oversight and specific service level requirements.
- \$56 million investment in both plazas by Areas USA.
- Leadership in Energy and Environmental Design (LEED) – Silver certified.
- MDTA to receive between 10 – 15% of the gross revenue generated at the travel plazas.



Maryland House

January 20, 2014

49 acres – 42,000 square feet facility



Chesapeake House

August 5, 2014

59 acres - 30,000 square feet facility



Chesapeake House

Who is Areas USA/Areas S.A.?

- 3rd in the restaurateur industry for travelers worldwide.
- Over 40 years in hospitality services (food, beverages, and retail).
- Currently holds a presence in over 80 airports, over 225 service/motorway plazas, 1,700 locations, with 23,000 employees worldwide.
- Currently serving in 11 US airports including Atlanta, Boston, Los Angeles, Miami, and Orlando.
- Operates eight service plazas along Florida's Turnpike.



Travel Plaza Operations

10

Revenue Received by MDTA (\$ in MILLIONS, Fiscal year)										
Travel Plaza	2012	2013	2014	2015	2016	2017	2018	2019	2020	Totals
Maryland	\$ -	\$2.25	\$1.91	\$2.91	\$2.98	\$2.80	\$3.00	\$3.24	\$2.34	\$21.43
Chesapeake	\$ -	\$ -	\$1.31	\$1.21	\$1.47	\$1.44	\$1.57	\$1.64	\$1.20	\$9.84
Totals	\$ -	\$2.25	\$3.22	\$4.12	\$4.45	\$4.24	\$4.57	\$4.88	\$3.54	\$31.27

COVID-19 Impact on Revenue Collected

(\$ in MILLIONS)

Mar. 2020 – Jan. 2021			Mar. 2019 – Jan. 2020		
Chesapeake	Maryland	Total	Chesapeake	Maryland	Total
\$0.85	\$1.60	\$2.45	\$1.40	\$2.74	\$4.14



Concession Revenues

13

MDTA receives 10 – 15% of the gross revenue generated at the travel plazas

<i>Primary Facilities</i>		Convenience Stores			
		<i>Chesapeake House</i>		<i>Maryland House</i>	
Revenue Generated	MDTA %	Revenue Generated	MDTA %	Revenue Generated	MDTA %
Up to \$45M	10%	Up to \$5M	9%	Up to \$6M	9%
\$45M - \$52M	11%	\$5M - \$6M	9.5%	\$6M - \$7M	9.5%
\$52M - \$59M	12%	\$6M - \$7M	10%	\$7M - \$8M	10%
\$59M - \$66M	13%	\$7M - \$8M	10.5%	\$8M - \$9M	10.5%
\$66M - \$75M	14%	\$8M +	11%	\$9M +	11%
\$75M +	15%	Tobacco Sales	2%	Tobacco Sales	2%



Fuel Sales

MDTA receives \$0.05 – \$0.11 per gallon sold at the travel plazas

Gasoline				Diesel			
<i>Chesapeake House</i>		<i>Maryland House</i>		<i>Chesapeake House</i>		<i>Maryland House</i>	
Gallons Sold	MDTA (\$)	Gallons Sold	MDTA (\$)	Gallons Sold	MDTA (\$)	Gallons Sold	MDTA (\$)
Up to 8.5M	\$0.05/gal	Up to 15M	\$0.07/gal	Up to 6M	\$0.05/gal	Up to 7M	\$0.07/gal
8.5M – 10.5M	\$0.06/gal	15M – 17M	\$0.08/gal	6M – 7M	\$0.06/gal	7M – 8M	\$0.08/gal
10.5M – 12.5M	\$0.07/gal	17M – 19M	\$0.09/gal	7M – 8M	\$0.07/gal	8M – 9M	\$0.09/gal
12.5M – 14.5M	\$0.08/gal	19M – 21M	\$0.10/gal	8M – 9M	\$0.08/gal	9M – 10M	\$0.10/gal
14.5M+	\$0.09/gal	21M+	\$0.11/gal	9M+	\$0.09/gal	10M+	\$0.11/gal



Improvements

17

Self-Serve order kiosks

- ▶ Improve order speed.
- ▶ Increased sales per ticket.
- ▶ Labor utilization.



Looking Ahead

18

- **Continuous improvements to retail and customer services**
 - Parking lot, ramp and lighting.
 - New dining and ordering options.
 - Restrooms.
 - Sunoco upgrades.
- **Challenges**
 - COVID-19.
 - Staffing.
 - Competition.
 - Delaware House.
 - Payment technologies.



Questions?

TAB 12



**Maryland
Transportation
Authority**

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll
William H. Cox, Jr.
William C. Ensor, III
W. Lee Gaines, Jr.

Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Ms. Deb Sharpless, CPA, Chief Financial Officer
Mr. Will Pines, PE, Chief Operations Officer
SUBJECT: Third Generation Electronic Toll Collection (3G ETC) System Transition
and Traffic and Revenue Updates
DATE: March 25, 2021

PURPOSE

To brief the Maryland Transportation Authority (MDTA) Board on the 3G ETC transition readiness, current operations, and traffic and revenue.

SUMMARY

During the past month and a half, MDTA, TransCore, and Kapsch made steady progress in preparing for the 3G ETC transition with no change to the overall schedule. The MDTA is addressing current operational challenges and although toll revenue continues to underperform the financial forecast, the MDTA expects to maintain its financial standards.

3G ETC Readiness

The TransCore transition readiness efforts have largely focused on finalizing Tier II and III testing; software development; tuning the system to improve performance; and reviewing the preliminary system integration testing (SIT) external interface proof packages as a precursor to formal SIT testing. Tier III test results demonstrated significant improvement from Tier I & II testing, and substantial progress was made with the review of the SIT proof packages.

On the lane side, efforts have primarily focused on reducing the error rate of trip transactions between Kapsch and TransCore lowering the rejects from 5% to 1.15%. Additionally, system transaction processing performance has improved from 18 hours to 11 hours exceeding the 12 hour per day “go-live” goal.

3G ETC System Transition and Traffic and Revenue Updates

Page Two

As “go-live” approaches, comprehensive transition planning and a detailed task list for cutover have been developed. All “go-live” manuals and standard operating procedure documentation are under review for final approvals. Data Migration and Disaster Recovery testing will occur in the Spring.

Current Operations

Current Operations efforts have focused on customer communication with an open letter from Executive Director Jim Ports. In addition, MDTA is identifying challenges and developing strategies to address to call center wait times, high volumes of incoming payments and postal system delays, backlog of unprocessed correspondence, and refund payments.

Traffic & Revenue

Overall, traffic continues to align closely with the COVID-19 impact factors forecast, excluding February which is attributed to severe weather. Currently, MDTA anticipates underperforming its revenue forecast by \$72 million. As of February 28, 2021, MDTA toll revenue was \$40.2 million below forecast. The revenue underperformance is not expected to hinder MDTA’s ability to maintain its financial standards including 2.0x debt service coverage and \$350 million unencumbered/unrestricted cash balance.

ATTACHMENTS

- 3G ETC System CSC Transition Update Presentation
- Open Letter to Customers

Third Generation Electronic Tolling System Readiness, Current Operations, and Traffic & Revenue

Maryland Transportation Authority Board Meeting

March 25, 2021

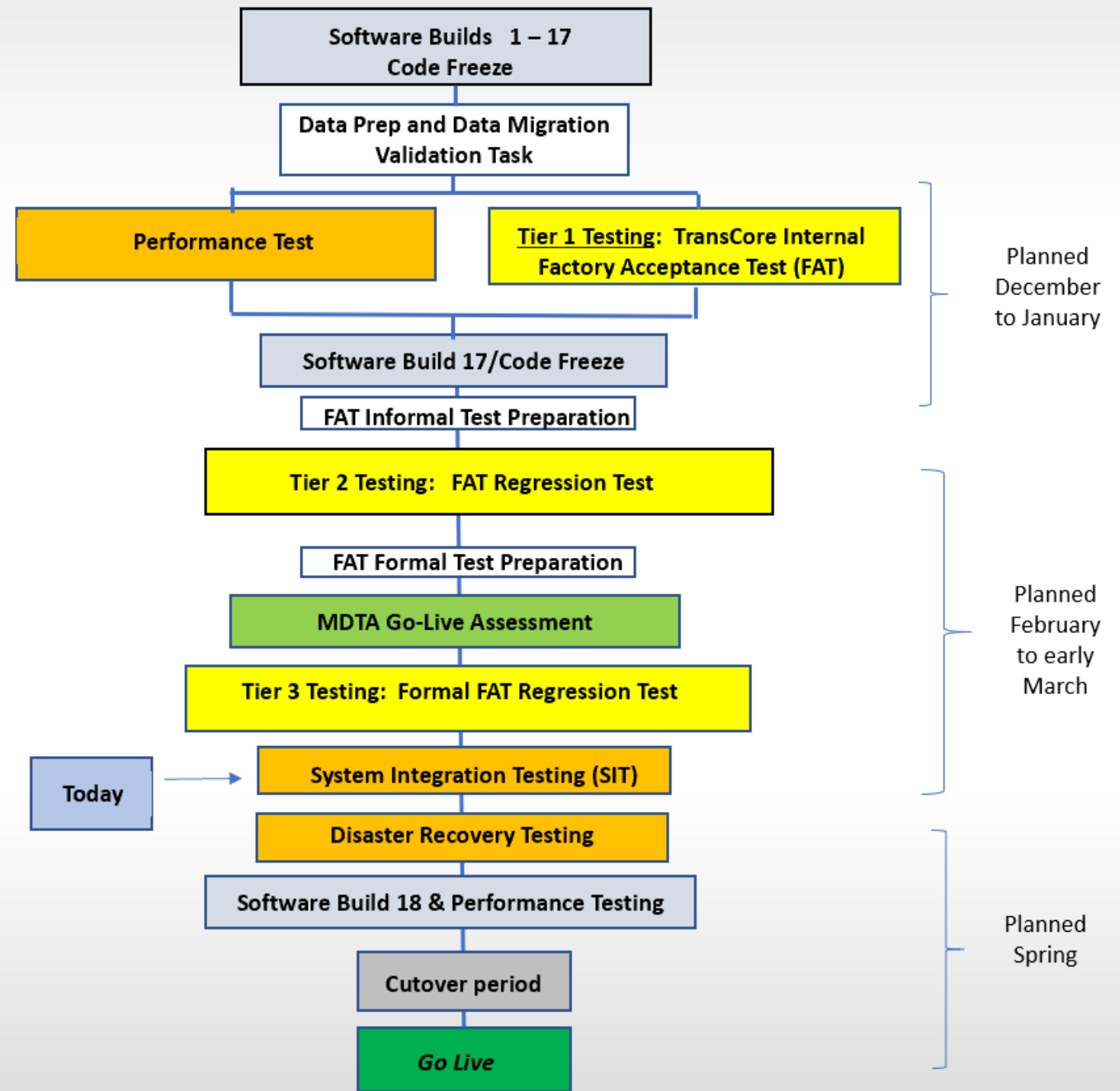
Transition Readiness

TransCore

MDTA Electronic Toll System CSC Systems and Services

Contract No MA2868-0000

Workflow & Schedule



Tier III Test Case Statistics – TransCore / MDTA

Tier 3 Test Results

Volume Name	Total Test Cases	Passed	Failed	Paused	Not Tested	Total Executed (Passed + Failed)	% Executed	% Passed	% Failed	% Not Tested
Account Opening	28	28	0	0	0	28	100%	100%	0%	0%
Account Management	228	218	10	0	0	228	100%	96%	4%	0%
Inventory	45	45	0	0	0	45	100%	100%	0%	0%
Image Processing	17	17	0	0	0	17	100%	100%	0%	0%
Invoice Proc & Escalation	72	68	4	0	0	72	100%	94%	6%	0%
Website	64	60	4	0	0	64	100%	94%	6%	0%
IVR	107	105	2	0	0	107	100%	98%	2%	0%
SIC	28	27	1	0	0	28	100%	96%	4%	0%
Reports	73	58	7	3	5	65	89%	79%	10%	7%
Correspondences	160	144	3	0	13	147	92%	90%	2%	8%
TOTAL	822	770	31	3	18	801	97%	94%	4%	2%

- Test results demonstrate a significant improvement from Tiers I & II as a result of multiple software builds
- Volumes tested in Tier III excluded volumes that were successfully tested during Tiers I & II
- Failed cases to be prioritized, fixed, & regression tested in Build 18 (18 scheduled after SIT)
- Reports & Correspondence testing validation will be completed the week of 3/15

Performance Testing

- Last full performance stress test was run on 12/28/20; results reported at January Board meeting
 - Degradation in 2-3 second range
- Next full performance stress test scheduled in April
 - Back office 230 users
 - External Website 1,500 users
 - IVR 100 users
 - CMS 200 users
- Tier II latency issues improved during Tier III testing as a result of SQL performance tuning

	12/22/20		12/28/20	
Type of User	# of Users	Results	# of Users	Results
Back Office	230	92.8%	230	95.5%
External Website	750	92.8%	1250	91.6%
Interactive Voice Recording	100	100.0%	100	100.0%
Customer Management System	200	99.7%	200	99.7%

SIT Interface Proof Package Review

Preliminary SIT External Proof Package Results

SIT Interface Proof Package		Total Scenarios	Pass	Passed with Comments	Fail	Pending	Incomplete
Lockbox		31	23	5	0	3	0
Accounting System		14	11	3	0	0	0
Maryland CCU		15	2	2	4	7	0
Mailhouse		122	84	14	5	13	6
Toll System Host		68	64	4	0	0	0
Super Users BestPass (MMTA)		38	28	10	0	0	0
Super Users BestPass (PrePass)		34	33	1	0	0	0
DMV Duncan LES		36	21	15	0	0	0
MVA Hold (Flagging)		19	17	1	1	0	0
MVA Lookup		25	25	0	0	0	0
VA DMV Lookup		25	23	2	0	0	0
NY DMV Lookup		25	22	3	0	0	0
NJ DMV Lookup		29	0	0	0	29	0
FL DMV Lookup		27	25	2	0	0	0
As of 3/16/21	TOTAL (COUNT)	508	378	62	10	52	6
	TOTAL (PERCENTAGE)	100.0%	74.4%	12.2%	2.0%	10.2%	1.2%
As of 1/26/21	TOTAL (COUNT)	527	174	80	22	212	42
	TOTAL (PERCENTAGE)	100%	33.0%	15.2%	4.2%	40.2%	8.0%

- Preliminary Proof Packages were reviewed prior to formal SIT to reduce risk.
- Substantial Progress over the past 1-1/2 months
 - Pass & Pass w/ Comments increased from 254 to 440 or 87%
 - Failed decreased from 22 to 10 or 2%
 - Pending & Incomplete reduced from 256 to 59 or 11%
- Mailhouse remains a high priority; represents the largest number of scenarios; pass & pass with comments currently at 78%; remaining issues to be addressed in Build 18

Key Focus Areas

Software Development:

- Complete final Build 18 to include all outstanding go-live defects
- Finalize post Go-live availability at 30-day increments
 - Contract includes incentives & disincentives associated with KPIs after Final System Acceptance (90 days after Go-Live) and liquidated damages 91 days after the Final System Acceptance for which all punch list items are not corrected

Testing

- Conduct formal SIT External Interface testing, review and approve results
- Conduct Build 18 regression testing, review and approve results

Transition Planning

- Finalize transition planning coordination and timings between Kapsch/TransCore and Conduent at Go-Live

System Performance:

- Ongoing performance tuning and optimization
- Perform final Performance Test, review and approve results
- Monitor degradation points and failure

Documentation

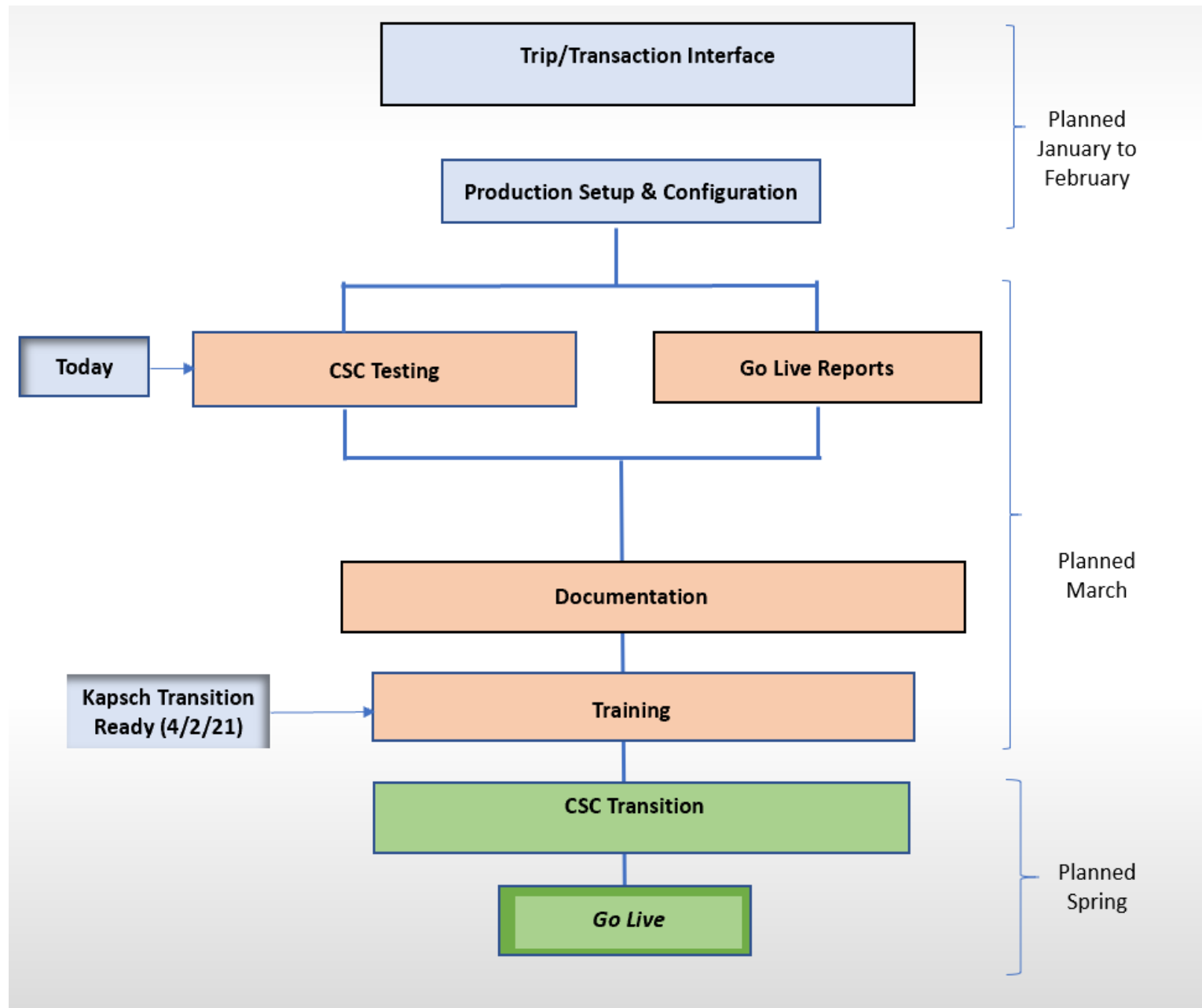
- Ongoing submittal process and approval

Kapsch

MDTA Electronic Toll System Tolling Systems and Services

Contract No MA2257-0000

Milestone & Schedule



Note: Transition Ready date moved from 3/24 to 4/2 to accommodate minor design changes to Traffic Reports

Kapsch Priority Tasks

System Integration

Kapsch Success Rate %	Kapsch Interface Error %	Goal at Go-Live %
98.85%	1.15%	<1%

- Good progress made in reducing the error rate from 5% to 1.15%; nearing <1% goal
- Systems reconciliation between Kapsch and TransCore ongoing

System Performance

Current Status	Goal at Go-Live %
11 hours	12 hours

- Improved system performance from 18 hours to 11 hours; achieving the 12 hour goal
- Transferring trips to TransCore continues

Reports

Priority	Total	Deployed	Not Deployed
Critical	8	5	3
High	17	15	2
Medium	7	6	1
Low	4	4	0

- Increased the number of deployed reports from 16 to 30; validation of recently deployed reports in progress

Kapsch Priority Tasks (continued)

Other Critical Tasks

- Lane Maintenance Improvements
 - Improve Kapsch's timeliness of resolution for identified issues.
 - Demonstrate a pro-active approach to the Maintenance tasks.
- Quality Assurance/Quality Control processes continues to need attention
- Finalize Transition Plans (i.e., backlog transactions, cutover strategy)
 - All tasks identified
 - Collaboration items remain
 - 95% Complete
- Task order issued for additional disk space for backlog transactions
 - Underway
 - First phase completion (JFK) mid April, (EOF) mid May
- Network Latency
 - EOF to JFK network latency continues to impact current operations and readiness tasks
 - Increased frequency of collaboration efforts to get resolved

Current Operations

Open Letter to Customers

- On March 11, 2021, MDTA issued an open letter to customers.
- The letter
 - Restated prior actions
 - Requested patience when trying to reach MDTA's call center and with Postal Service delays
 - Advised customers
 - unpaid tolling accounts are not currently being referred to CCU or to MVA for registration flagging or suspension and payments
 - Timeliness of payments is based on the postmark
 - Civil penalties will be waived when verified on-time payment is posted
 - Payment options
 - Expanded ways for customers to reach the MDTA
 - Explained temporarily paused ICC *E-ZPass*® transactions

The letter can be found as an attachment.

Video Transactions

Challenges

- In March 2020 to help provide some pandemic financial relief to customers, temporarily paused the processing and mailing of Notices of Toll Due (NOTD) for customers who used our toll facilities without an *E-ZPass*
- Mailing NOTDs resumed in October 2020
- Just over 5 million video transactions mailed to date
- Approximately 23 million video transactions remaining to mail/post (i-tolls)
- Reinitiating NOTD mailings increased many other work processes, such as image reviews, image certification, citation mailings, check processing, customer inquiries, etc.
- Image reviews, check processing and customer responses have been slow

Mitigation Actions

- In September 2020, informed non-*E-ZPass* customers they could proactively make payments for tolls
- Setup a team of MDTA employees to expand image certifications, completing trainings, room setups, screening website, etc.
- Encouraging customers to sign up for *E-ZPass* Maryland and pay online at ezpassmd.com
- Coordinating as part of our next-generation tolling system transition a metering plan to clear the backlog

Phone System

Challenges

- The existing call center is averaging less than 30 representatives, while the new call center is anticipated to have more than 100 representatives
- During normal periods, call wait times are typically less than five minutes
- Current wait times for calls to the customer service center are in excess of 30 minutes and at peak times nearly an hour

Mitigation Actions

- Temporarily expanded Customer Service Center Hours
 - Thursdays (8:30 a.m. to 6:30 p.m.) and Saturdays (8 a.m. to 12 noon)
- MDTA supporting appointments via the appointments line (410-537-8400)
- Expanded MDTA employees available to support customer service inquiries to other MDTA phone lines
- In the process of upgrading MDTA phone technology as part of our next-generation tolling system transition

Customer Payments

Challenges

- High volume of incoming payments coupled with delays in Postal Service
- Unable to process all mail received
 - Backlog in excess of 50,000 unprocessed checks as of March 12th; projected to grow by approximately 22,000 per business day
- Customers receive citations and customers canceled checks prior to mail being processed

Mitigation Actions

- Temporarily suspended the issuance of new citations until all mail is processed
- Encouraging customers to sign up for *E-ZPass* Maryland and pay online at ezpassmd.com
- Educating customers that lateness (civil penalty assessment) is based on the envelope postmark date, not when a payment is received or processed
- Dismissing civil penalties, as appropriate
 - Customers failed to receive an on time Notice of Toll Due
 - Customers payment post marked within 45 days of the Notice of Toll Due
- MDTA assisting with processing payment checks and removing citations based on actual mailing dates

E-ZPass Transactions

Challenges

- Temporarily paused posting *E-ZPass* transactions for the ICC to customer accounts since mid-July 2020.
- As transactions are posted to customer's accounts strong communication is needed to reduce the risk of customers' accounts being unfunded.
- Delays with image review, furthers this concern with other facilities because *E-ZPass* customer tolls associated with improperly mounted transponders will be posted to their account (i-toll).
- Currently there are approximately 14 million ICC *E-ZPass* trips to post to customers' accounts.

Mitigations Actions

- Notified customers of the plan to meter out transactions
- Requested customers replenish accounts to maintain a positive balance, as backlogged transactions begin to be processed in the upcoming weeks
- Reminded customers to properly mount *E-ZPass* transponders
- Developing comprehensive communication and backlog recovery plans to establish customer expectations
- Continue to process *E-ZPass* transponder transactions for all facilities, except for the ICC, current.

Refund Payments

Challenges

- Backlog of nearly 73,000 customer refunds to issue as a result of customers over and/or duplicate payments
- Refunds total approximately \$600,000

Mitigation Actions

- MDTA formed a strike team to issue the refund checks to clear the backlog

Unpaid Out of State Transactions

Challenges

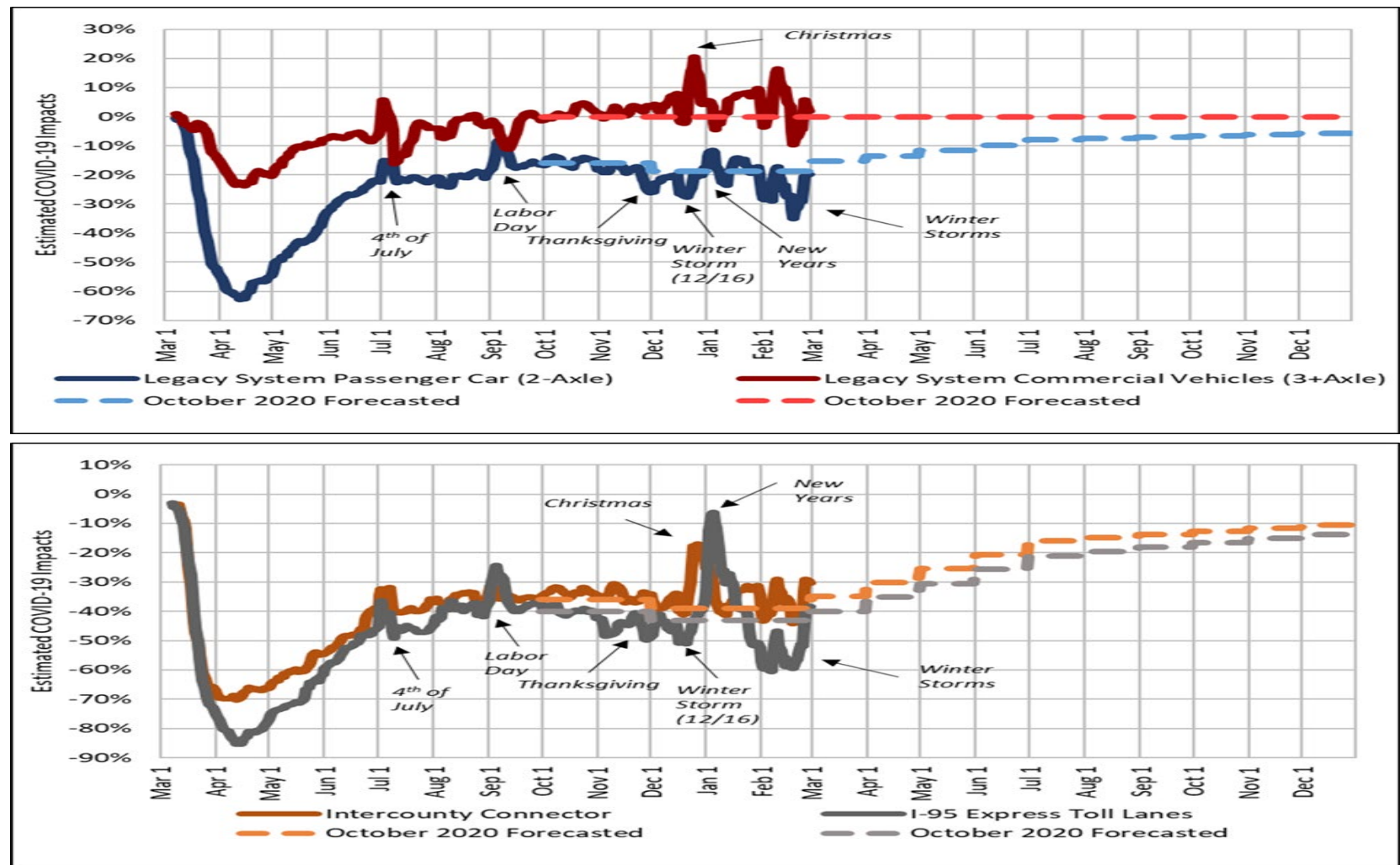
- Substantial tolls due from out of state customers
 - Over \$20 million tolls (2019 through Feb. 2021)

Mitigation Actions

- Developing a debt collections RFP to assign debt collections
- Participate in workgroups such as Eastern Transportation Coalition (former I-95 Coalition) and *E-ZPass* Interagency Group
 - 3rd Party Participants (e.g., mobile applications)
- New payment options available with 3G tolling system
 - Pay-by-Plate
- Only paid transactions are considered or forecasted as revenue

Traffic & Revenue

Forecasted COVID-19 Impacts on Traffic compared to Actual Traffic



- Trends in February were impacted by severe weather
- Overall forecasted COVID impact factors, excluding weather, are comparable to actual traffic.
- Careful monitoring must continue; especially because the forecasts begin to reflect a gradual recovery of the COVID-19 impacts.

Forecasted Transactions & Revenue

		FY 2021 Official Forecast			
		Transactions/Trips		Revenue	
Facility	Vehicle Type	Number	Percentage	Dollars	Percentage
Legacy	Passenger	77,800,000	66%	\$ 247,800,000	48%
Legacy	Commercial	8,500,000	7%	\$ 205,800,000	40%
ICC	Passenger & Commercial	24,500,000	21%	\$ 43,400,000	8%
ETL	Passenger & Commercial	6,758,000	6%	\$ 9,582,000	2%
Other Toll Revenue				\$ 5,040,680	1%
Total		117,558,000	100%	\$ 511,622,680	100%

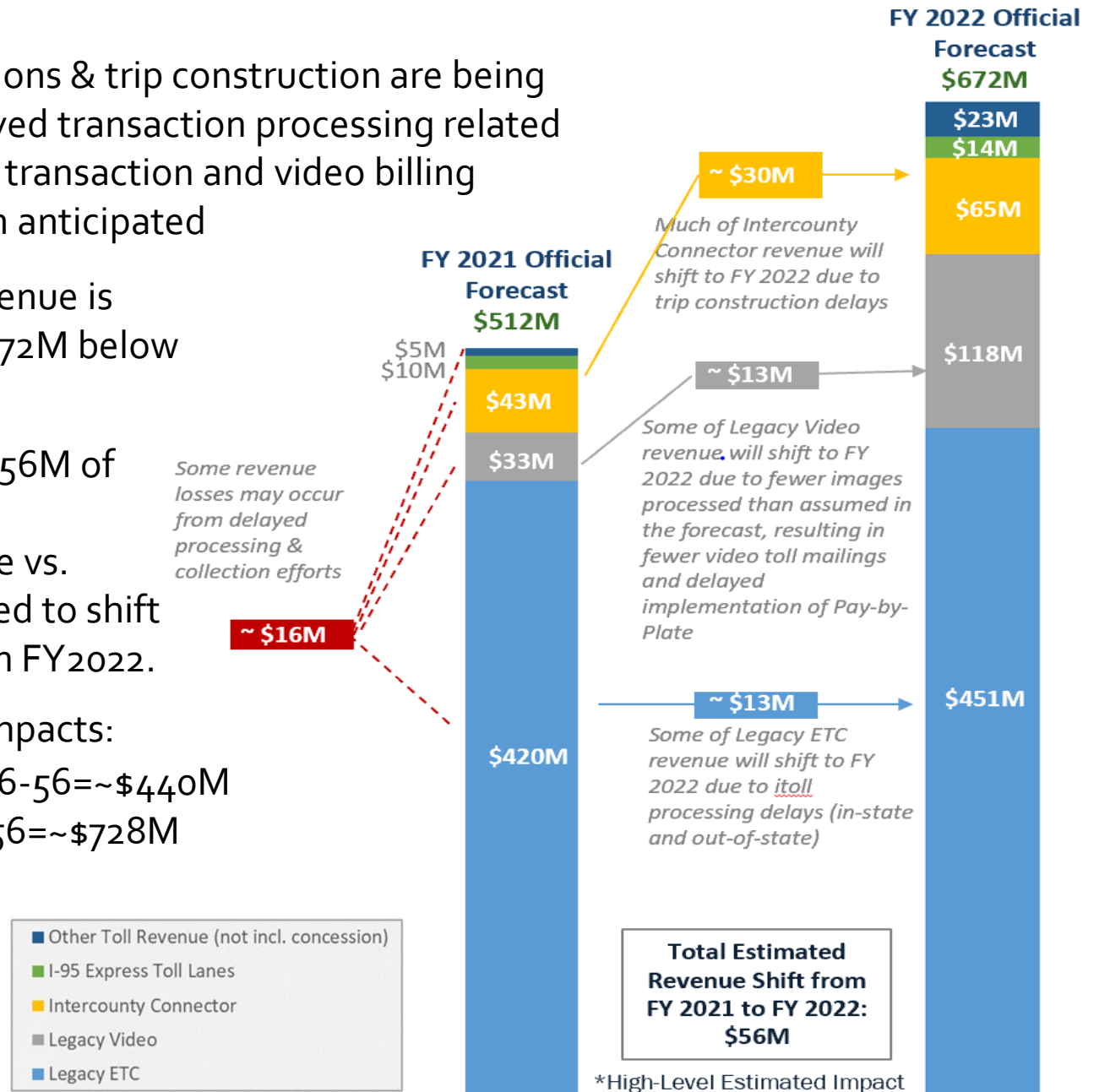
		FY 2021 Credit Rating Update			
		Transactions/Trips		Revenue	
Facility	Vehicle Type	Number	Percentage	Dollars	Percentage
Legacy	Passenger	70,907,521	77%	\$ 225,846,835	51%
Legacy	Commercial	7,746,966	8%	\$ 187,567,711	43%
ICC	Passenger & Commercial	6,798,326	7%	\$ 12,042,750	3%
ETL	Passenger & Commercial	6,546,657	7%	\$ 9,282,342	2%
Other Toll Revenue				\$ 5,040,680	1%
Total		91,999,470	100%	\$ 439,780,317	100%
Change		25,558,530	22%	\$ 71,842,363	14%

Staff Internal Forecast	
Debt Service Coverage	Toll Revenue
2.0	\$ 404,500,000
2.5	\$ 439,600,000

- Fiscal Year 2021 revenue is expected to underperform the forecast by 14% or \$72M
- Based on staff's internal forecast that incorporates reduced revenue and the March 2021 bond sale & refunding debt service coverage is estimated at 2.5x
- Delta between 2.5x and 2.0x is ~\$35.1M

Revenue Shift - Fiscal Year 2021 to 2022

- Some ETC collections & trip construction are being impacted by delayed transaction processing related to the back-office transaction and video billing delays longer than anticipated
- FY2021 actual revenue is expected to be ~\$72M below forecast
- Approximately ~\$56M of expected FY2021 underperformance vs. forecast is expected to shift and be collected in FY2022.
- Annual revenue impacts:
 - FY2021: $512 - 16 - 56 = \sim \$440\text{M}$
 - FY2022: $672 + 56 = \sim \$728\text{M}$



Revenue as of 2/28/21

Legacy Facilities: Forecast compared to Actual

	July	August	September	October	November	December	January	February	Jul-Feb
ETC Forecast	\$ 35,966,000	\$ 35,780,000	\$ 34,688,000	\$ 36,227,000	\$ 34,455,000	\$ 34,811,000	\$ 31,487,000	\$ 30,132,000	\$ 273,546,000
ETC Actual	34,193,907	35,197,487	32,005,467	33,641,850	30,504,210	31,057,624	29,261,986	25,540,449	251,402,981
Difference	\$ (1,772,093)	\$ (582,513)	\$ (2,682,533)	\$ (2,585,150)	\$ (3,950,790)	\$ (3,753,377)	\$ (2,225,014)	\$ (4,591,551)	\$ (22,143,020)
Video Forecast	\$ -	\$ -	\$ 526,000	\$ 522,000	\$ 541,000	\$ 1,943,000	\$ 3,886,000	\$ 4,805,000	\$ 12,223,000
Video Actual	625,724	464,052	947,873	1,413,213	2,179,246	5,400,256	4,197,538	2,867,021	18,094,923
Difference	\$ 625,724	\$ 464,052	\$ 421,873	\$ 891,213	\$ 1,638,246	\$ 3,457,256	\$ 311,538	\$ (1,937,979)	\$ 5,871,923
Combined Forecast	\$ 35,966,000	\$ 35,780,000	\$ 35,214,000	\$ 36,749,000	\$ 34,996,000	\$ 36,754,000	\$ 35,373,000	\$ 34,937,000	\$ 285,769,000
Combined Actual	34,819,631	35,661,539	32,953,340	35,055,063	32,683,456	36,457,880	33,459,524	28,407,470	269,497,904
Difference	\$ (1,146,369)	\$ (118,461)	\$ (2,260,660)	\$ (1,693,937)	\$ (2,312,544)	\$ (296,121)	\$ (1,913,476)	\$ (6,529,530)	\$ (16,271,096)

Intercounty Connector : Forecast compared to Actual

	July	August	September	October	November	December	January	February	Jul-Feb
ETC Forecast	\$ 3,322,000	\$ 3,364,000	\$ 3,369,000	\$ 3,573,000	\$ 3,277,000	\$ 3,097,000	\$ 2,762,000	\$ 2,734,000	\$ 25,498,000
ETC Actual	1,056,813								1,056,813
Difference	\$ (2,265,187)	\$ (3,364,000)	\$ (3,369,000)	\$ (3,573,000)	\$ (3,277,000)	\$ (3,097,000)	\$ (2,762,000)	\$ (2,734,000)	\$ (24,441,187)
Video Forecast	\$ -	\$ -	\$ 45,000	\$ 49,000	\$ 57,000	\$ 184,000	\$ 216,000	\$ 321,000	\$ 872,000
Video Actual	182,695	154,690	156,687	202,498	404,921	556,299	339,698	133,649	2,131,137
Difference	\$ 182,695	\$ 154,690	\$ 111,687	\$ 153,498	\$ 347,921	\$ 372,299	\$ 123,698	\$ (187,351)	\$ 1,259,137
Combined Forecast	\$ 3,322,000	\$ 3,364,000	\$ 3,414,000	\$ 3,622,000	\$ 3,334,000	\$ 3,281,000	\$ 2,978,000	\$ 3,055,000	\$ 26,370,000
Combined Actual	1,239,508	154,690	156,687	202,498	404,921	556,299	339,698	133,649	3,187,951
Difference	\$ (2,082,492)	\$ (3,209,310)	\$ (3,257,313)	\$ (3,419,502)	\$ (2,929,079)	\$ (2,724,701)	\$ (2,638,302)	\$ (2,921,351)	\$ (23,182,049)

I-95 Express Toll Lanes : Forecast compared to Actual

	July	August	September	October	November	December	January	February	Jul-Feb
ETC & Video Forecast	\$ 779,000	\$ 830,000	\$ 756,000	\$ 839,000	\$ 790,000	\$ 745,000	\$ 566,000	\$ 649,000	\$ 5,954,000
ETC & Video Actual	687,073	728,701	667,064	729,700	651,816	675,612	596,454	503,102	5,239,523
Difference	\$ (91,927)	\$ (101,299)	\$ (88,936)	\$ (109,300)	\$ (138,184)	\$ (69,388)	\$ 30,454	\$ (145,898)	\$ (714,477)

All Facilities: Forecast compared to Actual

	July	August	September	October	November	December	January	February	Jul-Feb
Forecast	\$ 40,067,000	\$ 39,974,000	\$ 39,384,000	\$ 41,210,000	\$ 39,120,000	\$ 40,780,000	\$ 38,917,000	\$ 38,641,000	\$ 318,093,000
Actual	36,746,213	36,544,930	33,777,092	35,987,262	33,740,194	37,689,791	34,395,677	29,044,220	277,925,378
Difference	\$ (3,320,787)	\$ (3,429,070)	\$ (5,606,908)	\$ (5,222,738)	\$ (5,379,806)	\$ (3,090,209)	\$ (4,521,323)	\$ (9,596,780)	\$ (40,167,622)

- Systemwide revenue is \$40.2M below forecast ; down an additional ~\$10M from December and January
- Adherence with all financial policies will remain



Maryland
Transportation
Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny-Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

AN OPEN LETTER FROM MDTA EXECUTIVE DIRECTOR FOR MARYLAND TOLL FACILITY CUSTOMERS

To our valued customers:

The Maryland Transportation Authority (MDTA) understands the ongoing challenges faced by all Marylanders from COVID-19 and has worked to protect the health and safety of the public and our team, while limiting the pandemic's economic impact on our customers. Between March and October 2020, to help provide some financial relief, the MDTA paused mailing Notices of Toll Due (NOTD) for drivers who used our toll facilities without *E-ZPass*.

To prepare customers and help them avoid civil penalties, we sent courtesy letters in September 2020 informing non-*E-ZPass* customers they could proactively make payments for tolls listed in the tolling system for trips made between March and June 2020. The MDTA followed those courtesy letters with additional digital/social media communications.

However, as NOTD mailings have resumed, we're now experiencing unprecedented volumes of customer-service requests. The ongoing United States Postal Service (USPS) delays are hampering both MDTA efforts for timely delivery of tolling notices and customer efforts to pay notices on time. During the COVID-19 pandemic, the customer service call center has experienced high call volumes and wait times, and availability has varied. However, as MDTA transitions to the next generation tolling system with a new call center this spring, we are confident that the new call center will be better positioned to manage these unprecedented high call volumes.

Today, we ask for your patience and understanding. We know you are trying to reach us, and to say that call volumes are extremely high is an understatement. Rest assured that contested mail delivery delays and the time it takes for our team to research your request will **NOT** be held against you. The MDTA is **NOT** currently referring unpaid tolling accounts to the Central Collections Unit or to the MDOT Motor Vehicle Administration for registration flagging or suspension.

To help expand ways for our customers to reach us, the MDTA is:

- Temporarily expanding hours at all *E-ZPass* Maryland Customer Service Centers on Thursdays (8:30 a.m. to 6:30 p.m.) and Saturdays (8 a.m. to 12 noon).
- In the process of expanding the number of MDTA employees available to support customer service operations.
- In the process of upgrading MDTA phone technology as part of our next-generation tolling system transition.

-more-

If you have already sent/made payment for a recently received NOTD, thank you! Please know that:

- We use the date postmarked on your envelope to determine if your toll payment is late, not the date we receive the mailing.
- Check cashing and payment posting is greatly slowed due to the delay in the Postal Service and the unprecedented volume. There is no need to reissue your check if it remains uncashed.
- If you received a civil penalty and already made on time payment for the original toll amount, the civil penalty will be waived when your payment is processed/posted.

If you have not yet paid the NOTD:

- We encourage you to pay online at ezpassmd.com 24/7. This will ensure your payment is received promptly. You will also be able to see if additional transactions have posted to the system and are available for payment.
- Sign up today for an *E-ZPass* Maryland account and keep your account replenished for tolls used – helping you to avoid the paperwork of the NOTD process altogether.
- You can drop off check or money order payments 24/7 in designated drop boxes outside any *E-ZPass* Maryland Customer Service Center at an MDTA facility [here](#) (drop boxes are not located at MDOT MVA or Hatem facilities).
- You can speak to a representative in-person at one of our Customer Service Centers. Center locations and temporary expanded hours can be found [here](#). (NOTE: The service centers at MDOT MVA branches require an appointment by calling 410-537-8400.)

If you're an E-ZPass customer who travels the Intercounty Connector (ICC):

- Since July 2020, the MDTA had temporarily paused posting *E-ZPass* transactions for the ICC to customer accounts. This ensured that ICC toll trips were being constructed accurately prior to the launch of MDTA's next generation tolling system in the next few months.
- Starting this week, we are now able to resume posting these transactions to *E-ZPass* accounts.
- Please be assured that we are metering the postings to control the volume of transactions hitting an account at one time. However, appropriate replenishment of your *E-ZPass* account is advised to maintain a positive balance, as backlogged transactions will continue to post in upcoming weeks. If a customer does not maintain a positive balance on accounts and travels through a Maryland facility, a Video Toll transaction will result.
- Always properly mount your *E-ZPass* transponder to receive the lowest toll rate for your account.

We appreciate your patience and understanding as we navigate through these unique challenges. We will continue to provide updates as we work to fully restore the efficient and personalized service that our customers deserve.

###

TAB 13



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Acting Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny-Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Ms. Melissa Williams, Director of Planning and Program Development
PREPARED BY: Ms. Heather Lowe, Project Manager
SUBJECT: Bay Crossing Study: Tier 1 National Environmental Policy Act Draft Environmental Impact Statement
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

To inform the MDTA Board of the availability of the Bay Crossing Study: Tier 1 National Environmental Policy Act (NEPA) Draft Environmental Impact Statement (DEIS) and upcoming hearings.

SUMMARY

The Tier 1 DEIS for the ongoing Chesapeake Bay Crossing Study is now available to the public for review and comment. Since Fall 2019, a detailed analysis was conducted on the No-Build Alternative and the three Corridor Alternatives Retained for Analysis (CARA) and is documented in the DEIS.

Pursuant to the federal process, the MDTA has identified Corridor 7 as the MDTA-Recommended Preferred Corridor Alternative (MDTA-RPCA) in the DEIS, based on analysis of a wide range of engineering and environmental factors and input through public comments and coordination with State and Federal agencies. Corridor 7 follows the existing road network along US 50/301 from west of the Severn River on the Western Shore to the US 50/301 split on the Eastern Shore.

The MDTA and the Federal Highway Administration (FHWA) are holding public hearings to provide the public additional opportunities to review and comment on the DEIS. The public hearings will be comprised of two components – a Public Hearing Virtual Information Room (VIR) and Live Testimony Sessions. In the VIR, which is available at www.baycrossingstudy.com, attendees can review information on the Tier 1 DEIS, register to give public testimony, and learn how to submit written comments. Call-in and in-person testimony sessions will be held in April. Comments will be accepted through May 10, 2021.

ATTACHMENT

- Chesapeake Bay Crossing Study: Tier 1 NEPA Presentation

CHESAPEAKE BAY CROSSING STUDY

TIER 1 NEPA

Public Hearing
Virtual Information Room



Maryland
Transportation
Authority

Tier 1 DEIS Public Hearings

The Maryland Transportation Authority (MDTA) and the Federal Highway Administration (FHWA) invite all interested parties to join us at our Tier 1 Draft Environmental Impact Statement (DEIS) Bay Crossing Study Public Hearings. Originally scheduled for December, release of the DEIS was delayed due to concerns with rising state COVID-19 rates and associated restrictions. In following public health guidance and to ensure adequate opportunity for the public to comment, MDTA and its federal partners at the FHWA updated the roll-out schedule. The purpose of the Bay Crossing Study is to consider corridors for providing additional capacity and access across the Chesapeake Bay in order to improve mobility, travel reliability, and safety at the existing Bay Bridge. The Public Hearings will be made up of two components - a **Public Hearing Virtual Information Room (VIR)** and **Live Testimony Sessions**. The live testimony will consist of four call-in sessions, with two in-person opportunities also available. Each testimony session will include the opportunity to provide public and one-on-one testimony. There will be no formal presentation during the testimony sessions, and no responses to questions will be given. ***Due to the current COVID-19 health crisis and MDTA's commitment to protect the public and agency members, the public is encouraged to provide public testimony through the call-in sessions.***

Those who wish to provide testimony will need to pre-register in advance via baycrossingstudy.com or via telephone at 877-249-8370. Members of the public will have three minutes per person to give testimony. Please sign up only once to provide oral testimony. Each testimony session will follow the same format and will be broadcast on-line at baycrossingstudy.com or via telephone at 855-640-0504. Those who wish to listen live and/or leave your testimony by voicemail during the testimony session, call 855-640-0504.



Public Hearing Virtual Information Room (VIR) Begins February 23, 2021

Beginning February 23, 2021 the DEIS and public hearing materials will be available for review in the VIR at baycrossingstudy.com. The public is encouraged to review these materials and provide comment. If you are unable to access the DEIS via the website or if additional assistance is required, please call 877-249-8370 or email the project team at info@baycrossingstudy.com.

In the VIR, attendees will have the opportunity to:

- review information on the Tier 1 DEIS and the MDTA-Recommended Preferred Corridor Alternative
- register to give public or one-on-one testimony
- learn how to submit and provide written comments



Live Testimony Sessions Begin April 14, 2021



CALL-IN TESTIMONY SESSIONS

1:00 - 3:00 PM AND 6:00 - 8:00 PM

April 14 and 15

IN-PERSON TESTIMONY SESSIONS

6:00 - 8:00 PM

April 21

DoubleTree by Hilton
Hotel Annapolis
210 Holiday Ct
Annapolis, MD 21401

April 22

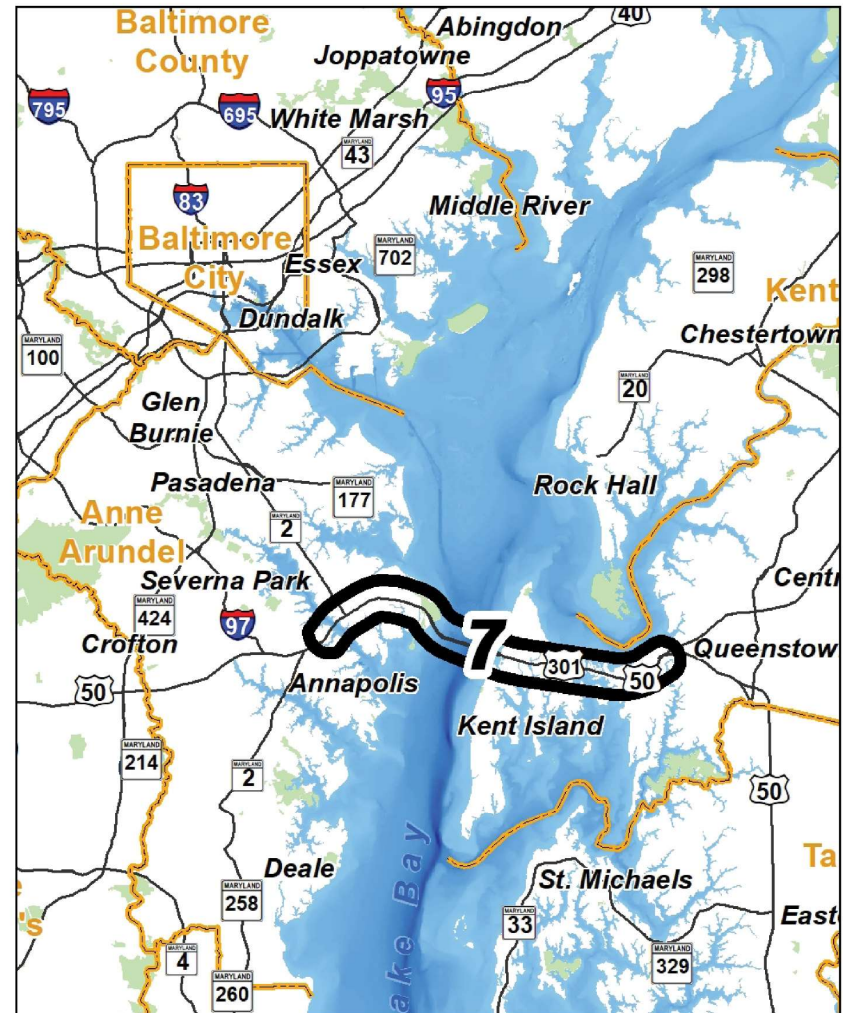
Kent Island
American Legion Hall
800 Romancoke Rd
Stevensville, MD 21666

To encourage social distancing, display boards will be available online only. Social distancing protocols will be strictly enforced, including required face coverings, hand sanitizing stations, and limiting capacity in the hearing room to only those that are providing testimony.

Comments may be submitted during the comment period through May 10, 2021 via mail, email, project website, public testimony, and one-on-one testimony. All comments received, whether at the hearing through oral testimony or through other methods (project website, email, and mail), will be given equal consideration.

MDTA-Recommended Preferred Corridor Alternative (MDTA-RPCA)

- **Corridor 7**, the existing Bay Bridge corridor, has been identified as the MDTA-RPCA based on the analysis of a wide range of engineering and environmental factors and input received through public comments and coordination with State and federal agencies.
- **Compared with the other CARA, Corridor 7 would:**
 - Provide better congestion relief at the existing Bay Bridge on both summer weekends and non-summer weekdays.
 - Be more effective at reducing backups at the Bay Bridge and reducing the duration of unacceptable traffic level of service.
 - Provide the best diversion route during incidents or maintenance activities, requiring less additional travel than Corridors 6 and 8.
 - Have the shortest crossing of the Chesapeake Bay and shortest overall length, potentially resulting in the lowest overall environmental impact.
 - Likely have the lowest cost due to the ability to utilize existing infrastructure on US 50/301.
 - Have better compatibility with existing land-use patterns likely resulting in fewer indirect effects.
- The analysis used to evaluate the CARA and identify the MDTA-RPCA is presented in the Tier 1 DEIS and summarized on the following boards.

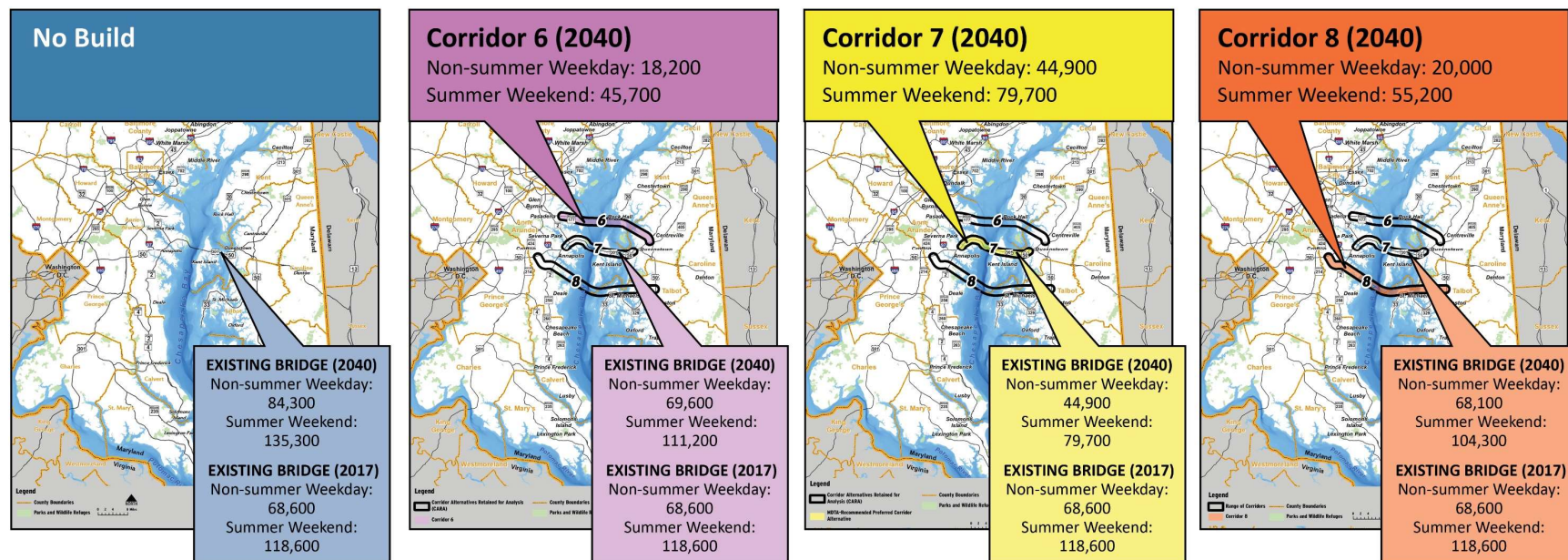


Traffic Analysis

Average Daily Traffic

The traffic analysis considered the 2040 projected average daily traffic (ADT) for both summer weekends and non-summer weekdays for a new crossing in each corridor and for the existing Bay Bridge. Projections are compared to the 2017 ADT at the existing Bay Bridge.

The results further defined the differences among the CARA for providing adequate capacity and addressing congestion on the existing Bay Bridge. A new crossing at Corridor 7 would draw more traffic from the existing Bay Bridge than a new crossing in either Corridor 6 or Corridor 8.




Level of Service


- The projected 2040 Level of Service (LOS) for a new crossing and the existing Bay Bridge was assessed for both summer weekends and non-summer weekdays.
- Although Corridors 6 and 8 would provide LOS A or B on a new crossing, the existing Bay Bridge would still operate at LOS E or F, demonstrating that those corridors would not draw enough traffic away from the Bay Bridge to effectively relieve congestion.


2040 Peak Hour Level of Service


Alternative		Summer Weekend		Non-Summer Weekday	
		EB	WB	EB	WB
No-Build		F	F	F	F
Corridor 6	Existing Bay Bridge	F	E	E	E
	New Crossing	B	A	A	A
Corridor 7	Existing Bay Bridge	D	C	C	C
	New Crossing	D	C	C	C
Corridor 8	Existing Bay Bridge	F	E	E	E
	New Crossing	B	B	A	A


Defining Highway Level of Service


 **A** LOS is used to describe traffic flow on a scale of A to F. (A is the best and F is the worst. Generally D is the lowest acceptable LOS, while LOS E and F are considered unacceptable.

 **B**

 **C**

 **D**

 **E**

 **F**

Environmental Analysis

Key Environmental Findings: Natural Resources

- Corridor 7 would require a much shorter crossing of the Chesapeake Bay, and other major waterways adjacent to the Bay, compared to Corridors 6 and 8, which would result in less impacts to open waters.
- Aquatic resources associated with open water such as Essential Fish Habitat and Oyster Resources are more prevalent in Corridors 6 and 8 compared to Corridor 7.
- Impacts to terrestrial natural resources would likely be greatest under Corridor 8.
- Some resources associated with coastline, such as Chesapeake Bay Critical Areas and 100-Year Floodplains, are more prevalent in Corridor 7 compared to Corridors 6 or 8.

Resource	Unit	Corridor 6	Corridor 7	Corridor 8
Open Water	Acres	18,140	9,660	20,590
Forest Land	Acres	4,500	4,500	8,520
Non-Tidal Wetlands	Acres	1,200	1,500	2,080
Tidal Wetlands	Acres	18,460	10,870	24,940
Surface Waters	Linear Feet	344,380	394,020	471,890
100-Year Floodplain	Acres	3,050	6,640	3,950
Chesapeake Bay Critical Area	Acres	4,910	9,810	8,120
Forest Interior Dwelling Species (FIDS) Habitat	Acres	7,020	6,900	11,410
Sensitive Species Project Review Areas (SSPRAs)	Acres	2,720	2,180	8,630
Green Infrastructure	Acres	4,880	4,480	11,450
Essential Fish Habitat (EFH)	Acres	64,320	36,650	87,680
Submerged Aquatic Vegetation (SAV)	Acres	40	270	460
Oyster Resources	Acres	11,130	3,460	7,960

Key Environmental Findings: Land Use, Parks, and Historic Sites

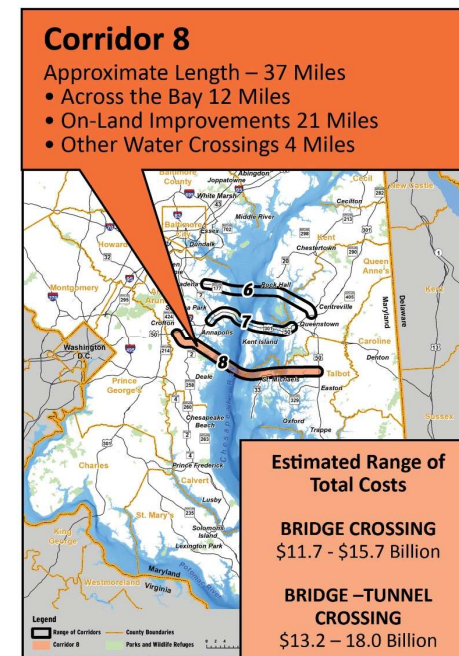
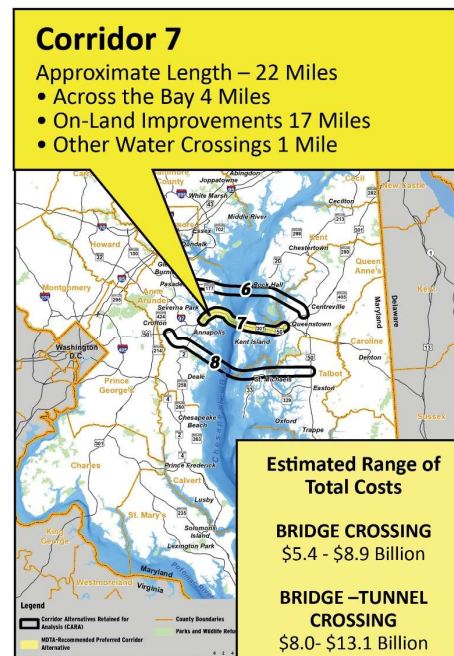
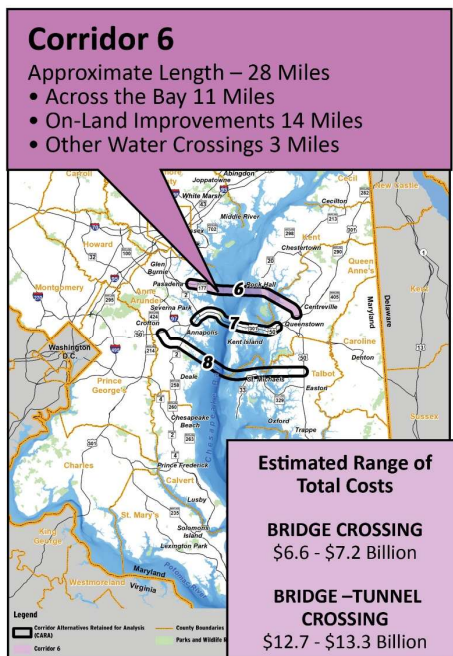
- Parks and historic sites protected by Section 4(f) of the Transportation Act are distributed relatively evenly between Corridors 7 and 8, with the fewest number of properties and smallest acreage present in Corridor 6.
- The CARA contain substantial areas of residential land use. For both Corridors 6 and 8, residential subdivisions are prevalent throughout the full width of the corridors on the Western Shore.
- Corridor 7 is more developed with greater numbers of community facilities and commercial land uses, particularly near US 50/301.
- Corridor 7 contains a greater amount of noise-sensitive land uses.
- Per Section 106 of the National Historic Preservation Act, MDTA and FHWA have initiated consultation with the Maryland Historical Trust, Advisory Council on Historic Preservation, and other parties to identify historic properties within the CARA. We welcome public comments regarding historic properties and the Section 106 process to date.

Resource	Unit	Corridor 6	Corridor 7	Corridor 8
Community Facilities Total	Count	27	70	37
Residential Land Use	Acres	5,660	6,560	6,830
Commercial Land Use	Acres	270	930	320
Environmental Justice (EJ) Census Tracts	Count (Census Tracts)	1 Low-income 0 Minority Race/ Ethnicity	1 Low-income 1 Minority Race/ Ethnicity	0 Low-income 0 Minority Race/ Ethnicity
Total Section 4(f) Resources	Count	10	25	24
Area of Section 4(f) Resources	Acres	1,190	1,680	1,650
Noise-Sensitive Areas	Acres	5,390	7,400	5,700
NHPA Historic Properties	Count	2	17	19

Project Length and Cost

A range of cost estimates was developed for the CARA. The range in cost varies based on a number of factors including whether the crossing would require new infrastructure or could use existing roadways. In all instances, the corridors were assumed to tie into the existing roadway network at logical endpoints.

Since it has not been determined whether a new Chesapeake Bay crossing would be a bridge or a bridge-tunnel, cost estimates were developed for both structure types. These costs include improvements to the adjacent infrastructure as well as the crossing structure. A tunnel-only option was not evaluated due to the anticipated high cost.



Next Steps – Tier 1 Study

- The MDTA and FHWA will continue to receive comments on the Tier 1 Draft Environmental Impact Statement (DEIS) and the MDTA-Recommended Preferred Corridor Alternative through May 10, 2021.
- The combined Tier 1 Final Environmental Impact Statement (FEIS)/Record of Decision (ROD) will:
 - Take into consideration all comments received through this Public Hearing comment period
 - Summarize and respond to public and agency comments
 - Identify the Selected Two-Mile-Wide Corridor Alternative
- The Tier 1 FEIS/ROD is the last formal step in the Tier 1 NEPA process and is expected to be completed in Winter 2021/2022.
- Completion of the Tier 1 study does not presume the initiation of a Tier 2 NEPA study, since no funding has been identified.

Next Steps – Potential Future Tier 2 Study

- If funding were to become available, a Tier 2 study would identify specific alignment alternatives within the two-mile-wide Selected Corridor Alternative identified during Tier 1.
- A Tier 2 NEPA Study could take three to five years to:
 - Identify and evaluate a No-Build Alternative and various crossing alignments within the two-mile-wide Tier 1 Selected Corridor Alternative
 - Evaluate how buses, ferries, transportation system management, and demand management could be used in conjunction with these crossing alignments
 - Review potential environmental impacts
 - Determine project delivery methods, such as design-bid-build or design-build, to organize and finance design, construction, operations, and maintenance
 - FHWA ultimately approving one alignment with a Tier 2 ROD
- The process would need a Tier 2 study ROD before proceeding to final design, right-of-way acquisition, and construction if a build alignment alternative is selected.

TAB 14

VERBAL

TAB 15



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll	Mario J. Gangemi, P.E.
William H. Cox, Jr.	Cynthia D. Penny-Ardinger
William C. Ensor, III	Jeffrey S. Rosen
W. Lee Gaines, Jr.	John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Mr. James Harkness, P.E., PTOE, Acting Chief Engineer, Office of Engineering and Construction
SUBJECT: Updates: Major Projects valued over \$40 Million
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

The purpose of the memorandum is to update the MDTA Board on the status of the Major Projects in the Capital Program.

SUMMARY

As of March 15, 2021, there are nine Major Projects in the Capital Program. Five of the projects are under Construction, three in Procurement, and one under Design. This summary only includes projects with funding for construction in the CTP and includes five projects valued in excess of \$100 million. There are two projects from the \$1.1 billion I-95 ETL Northbound Expansion program.

ATTACHMENT

- MDTA Major Capital Projects (>40 million) – March 2021 Update

MDTA Major Capital Projects (>\$40 Million) - March 2021 Update

Pin	Contract No.	Description	AD	NTP	Budget (Thousands \$)	Ant. Construction Completion Date	Design (D), Procurement (P) or Construction (C)
2147	MA-2257	Replace Electronic Toll Collection - 3rd Gen	8/1/16	3/6/18	115,692	Summer, 2021	C
0280	HT-694	I-895 Bridge Replacement (Canton Viaduct)	5/10/17	4/2/18	252,165	Summer, 2021	C
1024	NB-543	Replace Nice/Middleton Bridge	10/20/18	3/17/20	635,788	Winter, 2024	C
2251	FT-2651R	Rehabilitate Ventilation Fans	9/5/19	7/1/20	41,844	Spring, 2024	C
2516	BB-3014	Emergency BB All Electronic Toll (AET) Conversion	9/29/20	1/11/21	51,456	Spring, 2023	C
2477	KH-3024	I-95/Belvidere Road Interchange	5/18/20	10/30/21	59,973	Spring, 2025	P
2453	KH-3009	I-95 Northern Transition - Express Toll Lanes to MD 152	8/17/20	4/19/21	231,678	Summer, 2024	P
2491	KH-3019	I-95 Northern Transition - MD 152 Interchange Reconstruction	4/30/21	9/30/21	244,312	Fall, 2024	P
2306	HT-2709	Envelope and Switchgear Replacements at Baltimore Harbor Tunnel Ventilation Buildings	5/11/21	10/1/21	58,243	Summer, 2023	D

TAB 16



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll
William H. Cox, Jr.
William C. Ensor, III
W. Lee Gaines, Jr.

Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Mr. David Goldsborough, Director of Information Technology
SUBJECT: Quarterly Information Technology Update
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

The purpose of this memorandum is to provide a quarterly update to the MDTA Board on MDTA's Division of Information Technology (DoIT).

SUMMARY

As of March 25, 2021, the Division of Information Technology maintains an active portfolio of 19 projects. The portfolio has remained constant since the last update to the MDTA Board. DoIT continues to support the MDTA workforce that has shifted to a telework status as well as personnel that are working onsite at the MDTA facilities. To assist with the high call volume at the Customer Service Center for EZ Pass, DoIT is working to provision access to the MDTA Customer Information Tracking System (CITS) for escalated tickets. Post go-live of the third-generation tolling system (3G), there will be an automated interface created for escalated tickets to post to CITS on a nightly basis.

Some of the significant initiatives that DoIT continues to work on include the following:

- Conversion to the new Salesforce lightening platform;
- Supporting 3G tolling rollout by providing program management services;
- E-forms platform; and
- Document scanning services to convert paper to electronic format.

In compliance with the State's requirement to have all employees who can telework, to work from home to facilitate social distancing, all DoIT staff, including service desk staff and field technicians, are on telework status.

TAB 17



Maryland Transportation Authority

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Gregory Slater, Chairman

Board Members:

Dontae Carroll
William H. Cox, Jr.
William C. Ensor, III
W. Lee Gaines, Jr.

Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
John F. von Paris

James F. Ports, Jr., Executive Director

MEMORANDUM

TO: MDTA Board
FROM: Mr. Percy E. Dangerfield, Chief Administrative Officer
Mrs. Towanda R. Livingston, Director of Civil Rights and Fair Practices
PREPARED BY: Mrs. Towanda R. Livingston, Director of Civil Rights and Fair Practices
Mrs. Normetha Goodrum, DBE Program Manager
Mrs. Alexius Wilson, Compliance Officer
SUBJECT: Quarterly Update: Socioeconomic Programs Status
DATE: March 25, 2021

PURPOSE OF MEMORANDUM

The purpose of this memorandum is to provide the Maryland Transportation Authority (MDTA) Board of Directors with an update on the MDTA's progress toward achieving the legislatively mandated socioeconomic program goals.

SUMMARY

In accordance with Article II of the MDTA Board Operating Policy, as amended January 25, 2018, this summary has been prepared and distributed. The Division of Civil Rights and Fair Practices (CRFP) is responsible for the development, oversight, and administration of the MDTA's State and Federal socioeconomic programs. These programs include the following:

- Disadvantaged Business Enterprise (DBE) Program;
- Minority Business Enterprise (MBE) Program;
- Small Business Reserve (SBR) Program; and
- Veteran-Owned Small Business Enterprise (VSBE) Program.

The following socioeconomic programs' performance information presented is based on Q1 and Q2 of FY 2021, which covers the performance period of July 1, 2020 to December 31, 2020¹. This performance period will be referenced as Q1 and Q2 FY 2021.

¹ The achieved goals reported for the MBE, SBR, and VSBE programs in this document are specific to contract awards and payments. This data does not include Purchasing Credit Card (P-Card) information and may vary from data submitted for the Governor's Office of Small Minority and Women Business Affairs (GOSMWBA) quarterly reporting.

Disadvantaged Business Enterprise (DBE) Program

CRFP is responsible for monitoring the Nice-Middleton Bridge Project's federally funded contracts to ensure compliance with nondiscrimination and affirmative action requirements. The responsibilities include oversight of the Disadvantage Business Enterprise (DBE) Program, the Contractor's Equal Employment Opportunity (EEO)/ Workforce Affirmative Action plans, On-the-Job Training (OJT) programs, and Contractor Labor Compliance. The unit also provides management, supervision, and direction to the third-party civil rights compliance monitors assigned to the Project by the General Engineering Consultant for the Nice-Middleton Bridge Replacement Project.

The Nice-Middleton Bridge Project will construct a new 4-lane crossing of US-301 over the Potomac River to replace the existing bridge, which is over 80 years old. The Project also includes minor roadway work on each side of the Potomac River, improvements to the campus infrastructure, and demolition of the existing bridge. The Nice-Middleton Bridge Project is comprised of five (5) contracts that have an estimated value of \$531 million.

The five (5) contracts that are included in Nice-Middleton Bridge Project were identified for federal financial assistance via a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. DBE firms' utilization is monitored on a monthly basis and reported to the Federal Highway Administration (FHWA) semi-annually. DBE firms' utilization is calculated by dividing the total dollars paid to DBE subcontractors by the total dollars expended for this Project.

Table 1 depicts total DBE payments by Contract for the Nice-Middleton Bridge Project through December 31, 2020. Each Contract has a contract-specific DBE goal commitment. Table 1 depicts each Contract's DBE utilization in payments project-to-date.

Minority Business Enterprise (MBE) Program

CRFP's Compliance Officers are responsible for monitoring State funded projects to ensure compliance with Maryland's Minority Business Enterprise (MBE) Program. The MBE Program intends to increase procurement opportunities for socially and economically disadvantaged small business owners within the State contracting marketplace. Maryland's MBE Program requires State agencies to structure their procurements in a manner that allows 29 percent of the agency's total annual expenditures on procurement contracts to be paid directly or indirectly to certified MBE firms as prime contractors or subcontractors.

The MBE participation for Q1 and Q2 FY 2021 is calculated by dividing the total MBE contract award dollars by the total contract award dollars, including MBE firms and Majority Firms. Majority Firms are any non-MBE participants such as Prime Contractors and any non-MBE subcontractors.

Table 2 depicts total MBE participation by Contracting Areas for Q1 and Q2 FY 2021. During this period, MBE firms received \$57 million (21.63%) of the \$262 million total contract awards.

These amounts represent contract awards in six (6) contracting areas: Construction; Architectural & Engineering (A&E); Maintenance; Information Technology (IT); Services; and Supplies/Equipment.

Table 3 depicts MBE participation by Business Classifications and Contracting Areas for Q1 and Q2 FY 2021. During this period, African American firms received approximately \$17 million (29.42%), of the nearly \$57 million MBE contract awards. Hispanic American firms received \$4.2 million (7.43%), Asian American firms received \$11.5 million (20.45%), Women-owned firms received \$21.8 million (38.49%), and Native American firms received \$2.3 million (4.21%).

Small Business Reserve (SBR) Program

The Small Business Reserve (SBR) Program is administered by the Division of Procurement. CRFP is responsible for reviewing and analyzing state funded procurements to ensure compliance with Maryland's SBR Program. Maryland's SBR Program provides small businesses with the opportunity to participate as prime contractors on State funded contracts by establishing a unique marketplace where small businesses compete against other small businesses instead of larger, more established companies.

On January 6, 2021, Governor Hogan signed Executive Order 01.01.2021.01 to increase small business participation in state procurements. The Executive Order enhances the SBR Program by directing all procurements between \$50,000 and \$500,000 to the SBR Program unless the procurement meets defined exemptions. The State has established a 15% SBR Utilization goal.

The SBR firms' utilization for Q1 and Q2 FY 2021 is calculated by dividing the total SBR designated payments by the total procurement payments. An SBR designated payment is a payment made to a vendor for an SBR-designated procurement.

Table 4 depicts Small Business Reserve Program utilization for Q1 and Q2 FY 2021. During this period, SBR designated firms received \$10.9 million (2.42%) of the \$448.8 million in procurement payments. Only SBR designated payments are included in the SBR Program Utilization Table.

Veteran-Owned Small Business Enterprise (VSBE) Program

CRFP's Compliance Officers are responsible for monitoring State funded projects to ensure compliance with Maryland's Veteran-Owned Small Business Enterprise (VSBE) Program. The VSBE Program provides contracting opportunities on State funded procurements for qualified veteran-owned small businesses. In accordance with COMAR 21.11.03.01, each State procurement agency is required to structure its procedures for making procurements to try to achieve an overall minimum goal of one (1) percent of the unit's total dollar value of all procurement contracts made directly or indirectly with veteran-owned small business enterprises.

The VSBE participation Q1 and Q2 FY 2021 is calculated by dividing the total contract award dollars to VSBE firms by all contract awards.

Table 5 depicts VSBE contract participation by contracting area for Q1 and Q2 FY 2021. During this period, VSBE firms received \$2.5 million (0.95%) of the \$262,206,705 in contracts awarded by MDTA.

ATTACHMENTS

- Table 1: Nice-Middleton Bridge Project Disadvantaged Business Enterprise (DBE) Program Utilization
- Table 2: MBE Program Contract Participation by Contracting Area
- Table 3: MBE Program Participation by Business Classification
- Table 4: SBR Program Utilization
- Table 5: VSBE Contract Participation by Contracting Area

ATTACHMENT(S)

QUARTERLY UPDATE: SOCIOECONOMIC PROGRAMS STATUS

Table 1: Nice-Middleton Bridge Project Disadvantaged Business Enterprise (DBE) Program Utilization Project-To-Date

Disadvantage Business Enterprise Program Utilization Project-To-Date (Period Ending December 31, 2020)							
Contract Number & Contract Value	Contract Description	Committed DBE Goal (%)	Total Payments (\$) 31-Dec-20	% of Total Payments Paid to Prime 31-Dec-20	\$ of Total Payments Paid to Prime 31-Dec-20	% of Total Payments Paid to DBEs 31-Dec-20	\$ of Total Payments Paid to DBEs 31-Dec-20
NB-0543-0000 \$462,957,000	Bridge Replacement	15.47%	\$140,341,097	95.81%	\$134,458,437	4.19%	\$5,882,661
NB-3003-0000 \$23,433,000	Campus Improvements	23.00%	\$0.00	0.00%	\$0.00	0.00%	\$137,215
AE-3049-0000 \$15,000,000	Construction Management Inspection Services	26.00%	\$1,560,548	91.02%	\$1,420,485	8.98%	\$140,063
AE-3050-0000 \$15,000,000	Construction Management Inspection Services	26.00%	\$1,603,199	77.24%	\$1,238,316	22.76%	\$364,882
AE-3051-0000 \$15,000,000	Construction Management Inspection Services	26.00%	\$1,398,328	83.86%	\$1,172,597	16.14%	\$225,731

Table 2: Minority Business Enterprise Program Contract Participation by Contracting Area (Q1 & Q2 FY 2021)

Minority Business Enterprise (MBE) Program Contract Participation by Contracting Area Q1 & Q2 FY 2021					
State MBE Program Participation Goal	29%				
MDTA-MBE Program Utilization	21.63%				
Contracting Area(s)	MBE %	MBE Amount \$	Majority %	Majority Amount \$	Total Amount \$
Construction	13.28%	\$10,710,089	86.72%	\$69,926,380	\$80,636,469
A&E	26.08%	\$44,334,834	73.92%	\$125,665,166	\$170,000,000
Maintenance	1.77%	\$74,750	98.23%	\$4,148,031	\$4,222,781
IT	16.76%	\$360,314	83.24%	\$1,788,995	\$2,149,309
Services	39.00%	\$1,248,000	61.00%	\$1,952,000	\$3,200,000
Supplies/Equipment	0.00%	\$0.00	100.00%	\$1,998,146	\$1,998,146
Total	21.63%	\$56,727,987	78.37%	\$205,478,718	\$262,206,705

Table 3: Minority Business Enterprise Program Participation by Business Classification (Q1 & Q2 FY 2021)

Minority Business Enterprise (MBE) Program Participation by Business Classification Q1 & Q2 FY 2021											
Contracting Area(s)	African American (%)	African American (\$)	Hispanic American (%)	Hispanic American (\$)	Asian American (%)	Asian American (\$)	Women (%)	Women (\$)	Native American (%)	Native American (\$)	Total Amount (\$)
Construction	6.71%	\$5,414,089	0.12%	\$94,397	2.47%	\$1,988,815	3.98%	\$3,212,788	0%	\$0	\$10,710,089
A&E	6.39%	\$10,865,912	2.42%	\$4,120,000	5.33%	\$9,057,006	10.53%	\$17,901,916	1.41%	\$2,390,000	\$44,334,834
Maintenance	1.77%	\$74,750	0%	\$0	0%	\$0	0%	\$0	0%	\$0	\$74,750
IT	0%	\$0	0%	\$0	16.76%	\$360,314	0%	\$0	0%	\$0	\$360,314
Services	10.50%	\$336,000	0%	\$0	6%	\$192,000	22.50%	\$720,000	0%	\$0	\$1,248,000
Supplies/Equipment	0%	\$0	0%	\$0	0%	\$0	0%	\$0	0%	\$0	\$0
Total Participation	29.42%	\$16,690,751	7.43%	\$4,214,397	20.45%	\$11,598,135	38.49%	\$21,834,703	4.21%	\$2,390,000	\$56,727,987

Table 4: Small Business Reserve (SBR) Program Utilization (Q1 & Q2 FY 2021)

Small Business Reserve (SBR) Program Utilization FYTD 2021		
SBR Participation Goal	15%	
MDTA SBR Utilization	2.42%	
SBR Designated Payments \$	SBR Designated Payments %	Total Procurement Payments (\$)
\$10,865,573	2.42%	\$448,824,918

Table 5: Veteran-Owned Small Business Enterprise (VSBE) Contract Participation by Contracting Area (Q1 & Q2 FY 2021)

Veteran Small Business Enterprise (VSBE) Program Contract Participation by Contracting Area Q1 & Q2 FY 2021			
State VSBE Program Participation Goal	1%		
MDTA-VSBE Utilization	0.95%		
Contracting Area(s)	VSBE %	VSBE Amount \$	Total Amount \$
Construction	0.76%	\$641,845	\$80,636,469
A&E	1.08%	\$1,840,000	\$170,000,000
Maintenance	0.22%	\$9,344	\$4,222,781
IT	0.00%	\$0.00	\$2,149,309
Services	0.00%	\$0.00	\$3,200,000
Supplies/Equipment	0.00%	\$0.00	\$1,998,146
Total	0.95%	\$2,491,189	\$262,206,705

TAB 18

VERBAL

TAB 19

VERBAL

TAB 20

VERBAL