



Maryland Transportation Authority

FINANCE AND ADMINISTRATION
COMMITTEE

THURSDAY, MARCH 12, 2026

MARYLAND TRANSPORTATION
AUTHORITY
2310 BROENING HWY
BALTIMORE, MD 21224

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA
March 12, 2026 – 9:00 a.m.

This meeting will be livestreamed on the [Finance and Administration Committee Meeting Archive | MDTA \(maryland.gov\)](#)

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 cgreen2@mdta.state.md.us no later than noon on Wednesday, March 11, 2026. You MUST pre-register in order to comment.*** Once you have pre-registered you will receive an email with all pertinent information.

AGENDA

OPEN SESSION

Call to Order

- | | | | |
|----|--|----------------------------------|---------|
| 1. | <u>Approval</u> February 12, 2026 - Open Meeting Minutes | Chairman von Paris | 5 min. |
| 2. | <u>Update</u> Human Resources and Workforce Development - Update on key initiatives | Tonya Dorsey | 10 min. |
| 3. | <u>Update</u> FY 2027 Department of Legislative Services Budget Analysis - A review of the MDTA's legislative budget hearing | Chantelle Green
Jeffrey Brown | 15 min. |
| 4. | <u>Update</u> 2026 Legislative Session - Update on the MDTA's two departmental bills (Verbal) | Mary O'Keeffe | 10 min. |
| 5. | <u>Update</u> FSK Bridge Reconstruction - Description of the process utilized to verify the accuracy of federally reimbursable project expenses | Bill Bertrand | 10 min. |

Vote to Adjourn

ITEM

1

FINANCE AND ADMINISTRATION COMMITTEE MONTHLY MEETING
THURSDAY, FEBRUARY 12, 2026
OPEN MEETING VIA LIVESTREAM

OPEN SESSION

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

STAFF ATTENDING: Greg Brown
Jeffrey Brown
Kevin Cullity
Percy Dangerfield
Jeffrey P. Davis
Allen Garman
Bruce Gartner
Chantelle Green
Anthony Hagen
Kendra Joseph
Mary O'Keeffe
Megan Mohan, Esq.
Terricka Holman-Moore
Kenneth Montgomery
Linda Sfakianoudis
Timothy Sheets
Jennifer Stump
Paul Truntich
Clayton Viehweg

At 9:00 a.m., Member John von Paris, Chair of the Finance and Administration Committee, called the Finance and Administration Committee Meeting to order.

APPROVAL – OPEN MEETING MINUTES FROM JANARY 15, 2026 MEETING

Member John von Paris called for the approval of the meeting minutes from the open meeting held on January 15, 2026. Member Cynthia Penny-Ardinger made the motion, and Member Jeffrey Rosen seconded the motion, which was unanimously approved.

APPROVAL - INVESTMENT COMMITTEE REPORT - QUARTERLY UPDATE ON THE INVESTMENT OF MDTA'S FUNDS

Mr. Clayton Viehweg requested the Finance and Administration Committee's concurrence and recommendation to move to the full MDTA Board for approval of the dealer addition, the dealer termination, and continuation of investment strategy and benchmark indices. The Investment Report update for the three-month period ending December 31, 2025 included a review of policy compliance, portfolio strategies, and total return performance relative to benchmark indices. Mr. Viehweg also discussed the recommended addition and removal of Huntington Securities and Janey Montgomery from the approved dealer's list, respectively.

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

UPDATE - SECOND QUARTER BUDGET COMPARISON - REVIEW OF ACTUAL VS. PROJECTED SPENDING FOR THE FY2026 OPERATING BUDGET

Mr. Jeffrey Brown updated the Finance and Administration Committee on actual versus projected year-to-date spending for the second quarter of FY 2026. As of December 31, 2025, 44% of the operating budget was spent compared to the target of 48%. Except for fixed costs, all other objects were below budget.

UPDATE - SECOND QUARTER BUDGET COMPARISON - REVIEW OF ACTUAL VS. PROJECTED SPENDING FOR THE FY2026 CAPITAL BUDGET

Ms. Jennifer Stump updated the Finance and Administration Committee on actual year-to-date spending for the second quarter compared to projected spending as shown in the FY 2026-2031 Draft Consolidated Transportation Program. As of December 31, 2025, 28% of the FY 2025 capital budget was spent as compared to the target of 50%. The total budget for FY 2026 is \$1.2 billion. The actual spending through the second quarter was \$324.4 million.

UPDATE - QUARTERLY UPDATE ON TRAFFIC AND REVENUE - ACTUAL PERFORMANCE OF TRAFFIC AND REVENUE COMPARED TO THE FORECAST

Ms. Chantelle Green provided the Finance and Administration Committee with a quarterly and year-to-date update regarding traffic and toll revenue trends compared to the previous year and forecast. For the quarter ending December 31, 2025, overall collected revenue was above forecast by \$4.4 million. The key drivers for the year-to-date traffic and revenue performance were higher than forecasted *E-ZPass*® and civil penalty fee revenue. The overperformance in these areas was partially offset by lower

than forecasted video toll revenue collections. The variation between actual and forecasted civil penalty fee revenue is likely to smooth out as the year progresses.

UPDATE - STAY INTERVIEW PROGRAM - MDTA'S EMPLOYEE RETENTION INITIATIVE

Ms. Linda Sfakianoudis provided the Finance and Administration Committee with an update on the MDTA's Stay Interview Program. The Stay Interview Program aims to assess employee satisfaction and retention by engaging current employees, at all levels of the agency, in proactive discussions about their experiences at the MDTA. The goal of the program is to understand what is working well and to identify opportunities for improvement within the agency. Through this program, a division or team participates in an in-person stay interview session consisting of an anonymous survey, a review of survey responses as a group, a small group activity focused on strategies and action planning, and a large group discussion. Following the session, the division is provided with a summary of the stay interview session, the themes identified, considerations for further discussion, and copies of each group activity. During 2025, a total of 253 employees participated in stay interviews.

UPDATE - EMPLOYEE DRUG TESTING - AN OVERVIEW OF THE MDTA'S RANDOM CONTROLLED SUBSTANCES AND ALCOHOL TESTING PROGRAM

Dr. Percy Dangerfield and Mr. Paul Truntich provided the Finance and Administration Committee with an update on the MDTA's Random Controlled Substances & Alcohol Testing Program. The MDTA's random controlled substance and alcohol testing guidelines are outlined in MDTA Policy D-90-1 (Alcohol and Controlled Substances Testing Directive) and D-95-1 (MDTA Commercial Driver License (CDL) Alcohol and Controlled Substances Testing Program). The policies require certain categories of sworn police officers, CDL drivers, and safety sensitive employees (an employee whose job responsibilities involve tasks that could impact the safety of people or property if performed under the influence of controlled substances or alcohol) to be randomly tested. In 2025, of the 245 random drug tests administered, there were 2 positive results.

UPDATE - MDTA ROADEO - THE MDTA'S TRAINING & RECOGNITION DAY (VERBAL)

Mary O'Keeffe provided the Finance and Administration Committee with an update on the MDTA's 2026 Training and Recognition Day. The 2026 agency-wide training day is scheduled to occur the week before Memorial Day holiday. The event comprises three main components: (1) a vehicle skills competition; (2) an exposition of MDTA programs, opportunities, and information; and (3) the presentation of 10 annual employee awards.

There being no further business, the meeting of the Finance and Administration Committee adjourned at 10:02 a.m., following a motion by Member Rosen, and seconded by Member Penny-Ardinger.

John von Paris, Chairman

ITEM

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MEMORANDUM

TO: MDTA Finance and Administration Committee
FROM: Tonya J. Dorsey, Director, Human Resources and Workforce Development
SUBJECT: Human Resources and Workforce Development Update
DATE: March 12, 2026

PURPOSE OF MEMORANDUM

The purpose of this Memorandum is to provide an update on key initiatives from the Office of Human Resources and Workforce Development.

SUMMARY

Recruitment and Examinations

As you know, a Statewide hiring freeze went into effect on July 1, 2025. However, there are several MDOT classifications which are exempt from the hiring freeze for the agency to continue handling essential operations. For all other positions in classifications impacted by the hiring freeze, requests may be submitted to the MDTA Executive Director for consideration of a hiring freeze exception on an individual basis.

The Recruitment and Examinations Unit received 329 requests for recruitment in 2025. Of those, 28 recruitment requests were canceled due to various reasons, such as a hiring manager choosing to reclassify the position and hiring freeze exception request denials. There were 232 total hires, including 118 new hires, 23 transfers, 6 reassignments, 21 reinstatements, 61 promotions, and 3 career change demotions.

On March 11, 2025, the vacancy rate was 10.5%. As of February 6, 2026, the vacancy rate is 11.2%.

Employee Relations

In 2025, the MDTA Employee Relations Manager participated in an MDOT-wide initiative to develop comprehensive Labor Relations Training. Led by TSO's Employee-Relations unit, representatives across all MDOT modes worked together to

develop relevant content which explores union roles and rights, effective communication with union representatives, appropriate use of release time, and the importance of strong labor management relationships. This training initiative is being implemented in a two-phase approach in early 2026.

Our office facilitated the Phase I Labor Relations Training on February 27, 2026. Phase I participants are those who occupy roles with direct responsibility for policy development, labor relations decision-making, and the interpretation or enforcement of collective bargaining agreements. These include Human Resources Directors, Deputy Directors, Employee Relations Managers, Labor Relations Specialists, and Appointing Authorities. Individuals in these positions routinely make decisions that affect bargaining-unit employees, participate in negotiations, manage grievances, and represent the mode in third-party proceedings. Because their actions carry legal, operational, and contractual implications, completing the training is essential.

Phase II of the Labor Relations Training is slated for a target completion date of June 30, 2026. Phase II participants will focus on Operations Managers and frontline leaders, whose day-to-day responsibilities include supervising bargaining-unit employees and implementing MDOT/Modal policies and MOU provisions. Training for this group will be required based on each mode's operational structure, workforce composition, and degree of collective-bargaining oversight. The goal is to ensure Operations leadership receives consistent labor relations training critical to achieving uniform application of MOUs, reducing grievances, and strengthening labor-management partnerships across MDOT.

Workforce and Organizational Development

The Workforce and Organizational Development (WaOD) unit has been expanding MDTA's leadership development training initiatives.

The MDTA partnered with Carroll Community College to facilitate the eight-week Supervisory Training and Engagement Program (STEP). STEP participation is now mandatory for all newly hired and newly promoted supervisory personnel within their first year in the role. The program covers a range of soft skills and policy overviews.

The following is a list of the coursework covered:

- Exploring One's Leadership Style Using Disc Model
- Communication Skills for Managers
- Critical Thinking and Creative Problem Solving
- Leading High-Performance Teams
- Organizational Skills for the Busy Manager
- Building Conflict Competence
- Fostering Diversity in the Workplace

Human Resources and Workforce Development Update Page Three

The final day of the program focuses on internal policies and procedures relevant in MDTA, MDOT and State Government.

There were 21 graduates in Spring 2025 and 26 graduates from Fall 2025. For Spring 2026, the next two cohorts began on March 3rd and March 5th respectively with 25 employees enrolled. So far, STEP has proved quite successful based on the participant survey results.

MDTA is also committed to investing in the development of its future leaders. The Leadership Investment for Tomorrow (LIFT) program is designed for high-potential employees who are not currently in supervisory or managerial roles, bringing together some of the best and brightest individuals from across the organization. Through this program, participants develop their leadership capabilities, build on their existing strengths and talents, and gain the skills needed to support MDTA's continued growth and success.

Based on the success of the program—with an 80% success rate of participants either taking on stretch assignments or being promoted—LIFT curriculum is being expanded in Spring 2026 to provide an even greater opportunity to develop their leadership skills and prepare for future roles. There were 11 graduates from the Spring/Summer cohort in 2025. We are currently reviewing applications to select participants for the Spring 2026 cohort.

The WaOD team conducted a training needs assessment across nine MDTA facilities in 2025 leading to the January 2026 launch of our All-Access Tours initiative. Designed for facility maintenance employees, our team is visiting all nine operations facilities to train on basic computer skills and how to navigate key employment systems such as mTrack (timekeeping), HRIS, Workday (benefits), and Cornerstone (online training). With up to 304 participants anticipated, the program aims to increase engagement with MDTA's resources while expanding employees' access to critical information important to their employment.

The MDTA Career Development Program (CDP) continues to be a wonderful benefit to our employees in the pursuit of higher education. In 2025, we processed 166 applications for a total of 66 participants. This includes employees pursuing the following: Associate's Degree (5), Bachelor of Arts (10), Bachelor of Science (24), Certifications (2), Master of Arts (6), Master of Business Administration (1), Master of Science (17), and PhD (6) programs.

The Office of Human Resources and Workforce Development continues to look for ways to better serve the employees at the Maryland Transportation Authority and appreciate the opportunity to share some of our programs.

ITEM

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Maryland
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Wes Moore, Governor
Aruna Miller, Lt. Governor
Kathryn Thomson, Chair

Board Members:
Dontae Carroll
Maricela Cordova
William H. Cox, Jr.
Mario J. Gangemi, P.E.
Cynthia D. Penny-Ardinger
Jeffrey S. Rosen
Samuel D. Snead, MCP, MA
John F. von Paris

Bruce Gartner, Executive Director

MEMORANDUM

TO: MDTA Finance and Administration Committee
FROM: Director of Finance Chantelle Green
Director of Budget, Jeffrey Brown
SUBJECT: Department of Legislative Services FY 2027 Budget Analysis
DATE: March 12, 2026

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) FY 2027 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 upcoming fiscal years.

ATTACHMENTS

DLS FY 2027 Budget Analysis
MDTA FY 2027 Budget Analysis Responses

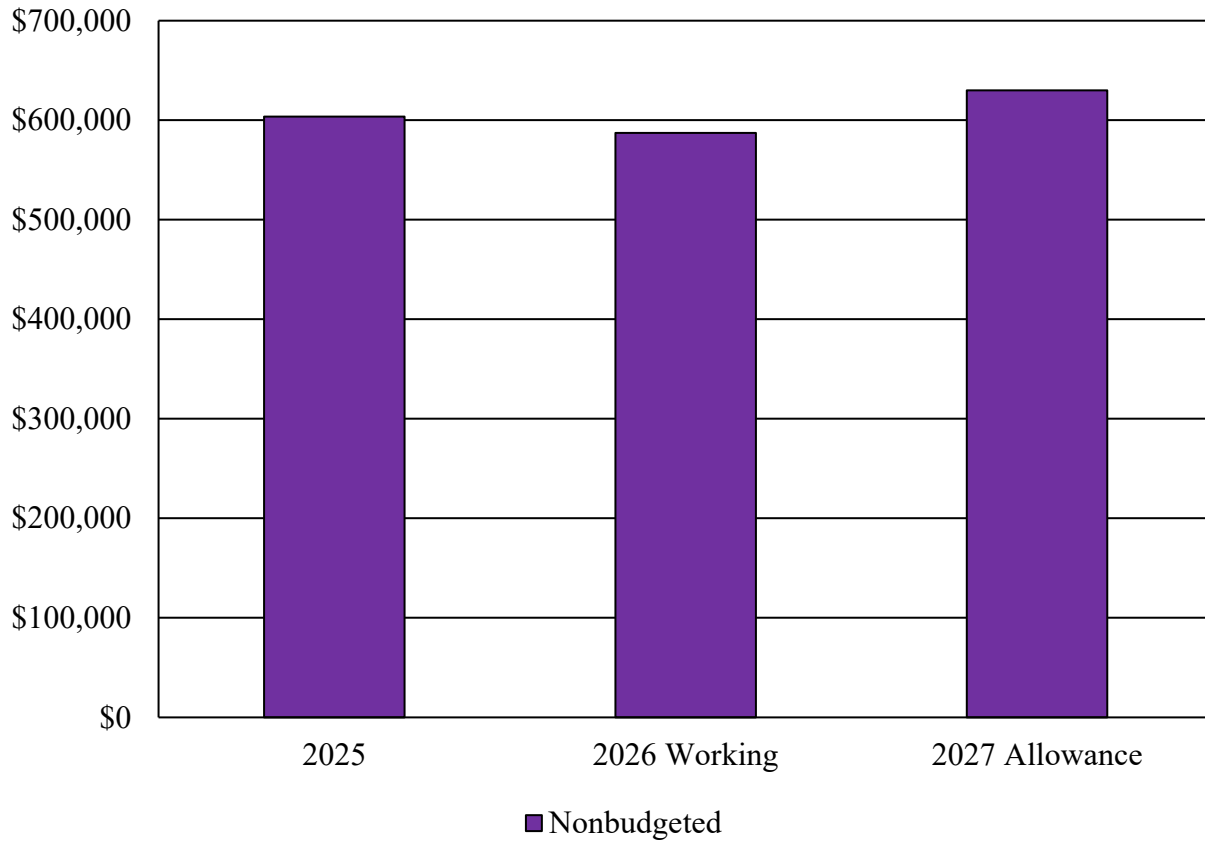
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Maryland Transportation Authority

Executive Summary

The Maryland Transportation Authority (MDTA) has exclusive authority related 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 2027 Budget Increases \$42.6 Million, or 7.3%, to \$629.9 Million
(\$ in Thousands)**



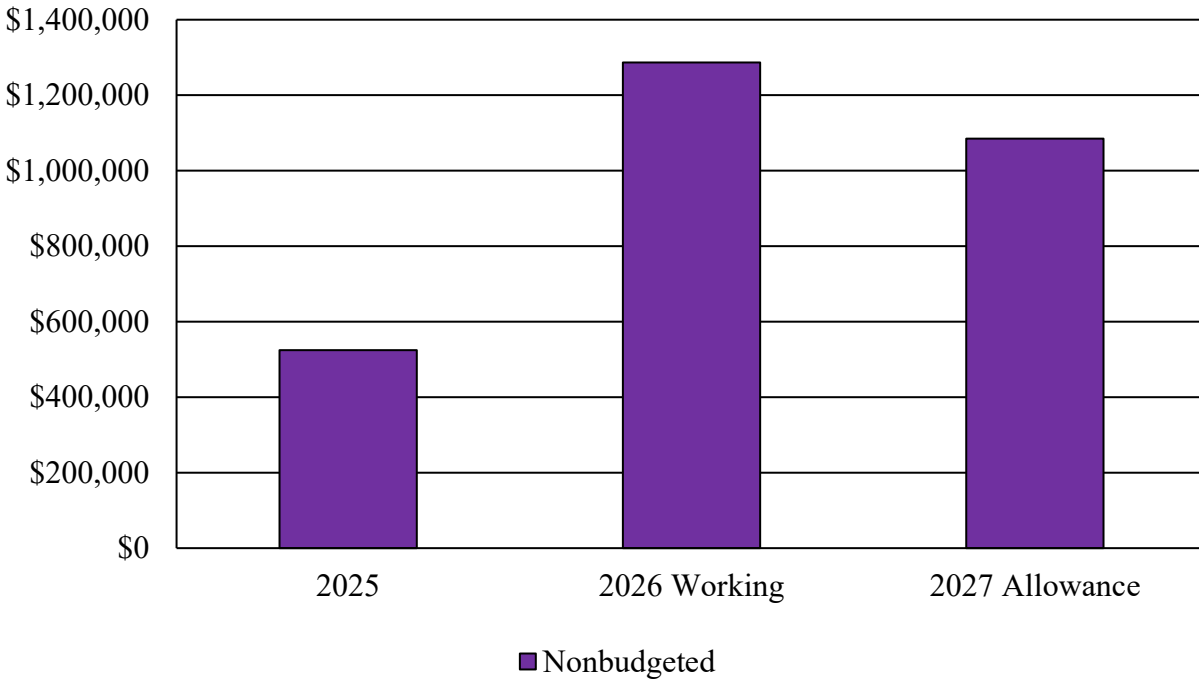
- The majority of the increase in the fiscal 2027 operating budget allowance is attributable to increased debt service costs and contractual services for information technology (IT), maintenance, and other operations support.

For further information contact: Samuel M. Quist

samuel.quist@mga.maryland.gov

PAYGO Capital Budget Summary

Fiscal 2027 Budget Decreases \$201.5 Million, or 15.7%, to \$1.1 Billion (\$ in Thousands)



Key Observations

- ***Financial Forecast:*** Although capital expenditures are projected to decrease between fiscal 2026 and 2027 based on project cash flow needs, fiscal 2027 capital expenditures are \$560.4 million greater than in fiscal 2025, reflecting significant increases in capital expenditures primarily related to the reconstruction of the Francis Scott Key Bridge (Key Bridge). Expenditures for operating and debt service costs also increase in fiscal 2027. Increased expenditures combined with declining revenues in fiscal 2025 through 2027 result in the debt service coverage ratio declining below the required 2.0 level in fiscal 2028 and the rate covenant compliance ratio declining below the required 1.0 level in fiscal 2031. MDTA projects the need for the implementation of a toll increase to ensure adequate revenues to maintain the debt service coverage ratio by fiscal 2028.
- ***Key Bridge Reconstruction Project:*** A preliminary design concept for the new Key Bridge was released in February 2025, and design reached the 70% level of completion in December 2025. Preliminary preconstruction activities are ongoing. In November 2025, MDTA announced updated cost estimates for the project of between \$4.3 billion and

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\$5.2 billion and a revised project schedule with an estimated completion date of late calendar 2030. Approximately \$228 million has been expended on the project through November 2025. MDTA has received preliminary reimbursements of federal funds and anticipates additional reimbursements in the next six months.

- ***William Preston Lane Jr. Memorial Bridge (Chesapeake Bay Bridge):*** MDTA issued a request for proposals (RFP) for qualified design-build teams for the design and construction of the Bay Bridge Projection Project, which has been initiated by MDTA to add a physical pier projection system to the Chesapeake Bay Bridge. Additionally, the Chesapeake Bay Crossing Study: Tier 2 National Environmental Policy Act (NEPA) has continued to progress, with the issuance of the MDTA recommended preferred alternative for the new crossing in December 2025, and the issuance of a draft Environmental Impact Statement (EIS) in January 2026.

Operating Budget Recommended Actions

1. Adopt committee narrative requesting status reports on the Francis Scott Key Bridge reconstruction project.

PAYGO Budget Recommended Actions

1. Nonbudgeted.

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Budget Analysis

Program Description

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 may act on behalf of, but is separate from, the Maryland Department of Transportation (MDOT) and is self-financed through toll revenues and other revenues related to the operation and maintenance of toll facilities. MDTA operates nine toll facilities across the State and also has jurisdiction over portions of I-95 and I-395 in Baltimore City. MDTA divides its facilities into three regions:

- ***Northern Region:*** includes the Thomas J. Hatem Memorial Bridge (US 40); the John F. Kennedy (JFK) Memorial Highway (I-95); and the Express Toll Lanes on I-95;
- ***Central Region:*** includes the Baltimore Harbor Tunnel (I-895); the Fort McHenry Tunnel (I-95); and the Key Bridge (I-695); and
- ***Southern Region:*** includes the Governor Harry W. Nice/Senator Thomas “Mac” Middleton Bridge (US 301); the Chesapeake Bay Bridge (US 50/301); and the Intercounty Connector (MD 200).

Membership of the MDTA Board is comprised of 8 members appointed by the Governor with the advice and consent of the Senate. The Secretary of Transportation serves as the chair of the MDTA Board. MDTA’s revenues are held separately from the Transportation Trust Fund, and the agency operates as a nonbudgeted agency.

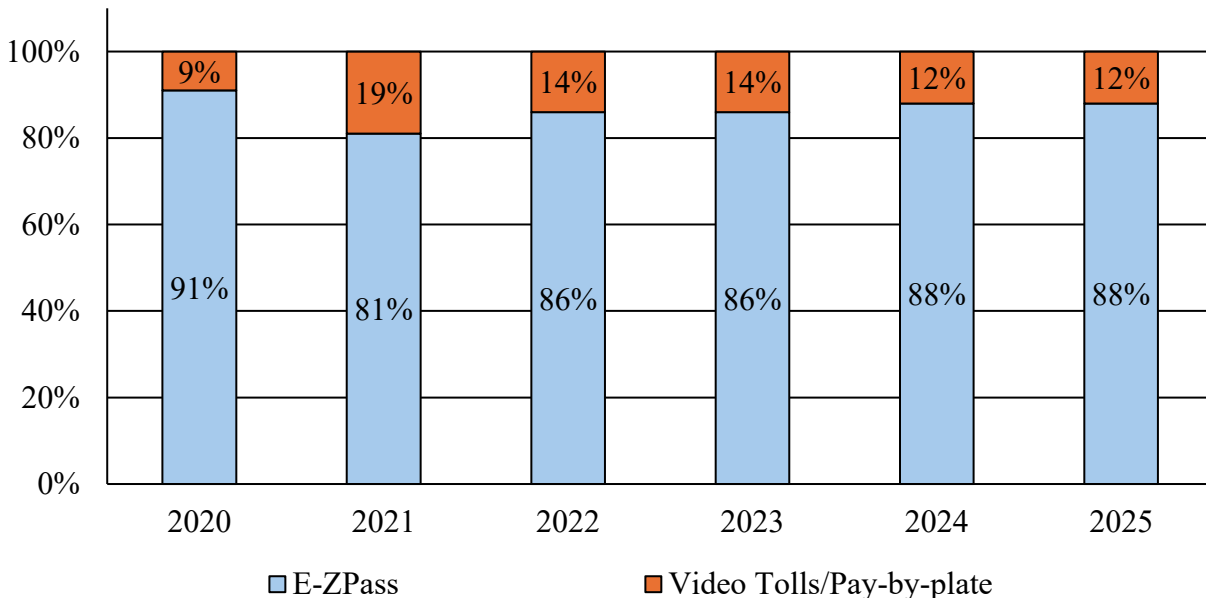
MDTA’s police force is responsible for security and law enforcement services at all of MDTA’s toll facilities except the northern region of I-95, which is patrolled by the Maryland State Police (MSP). MDTA is also under contract with the Maryland Aviation Administration (MAA) to provide law enforcement 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-managed facilities at the Port of Baltimore.

Performance Analysis: Managing for Results

1. E-ZPass Usage

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 more efficient movement of goods and people. E-ZPass toll collection is available at toll facilities in 20 states, including all MDTA facilities, most of the northeastern states, and parts of the midwest and southeast U.S. **Exhibit 1** shows the percentage of tolls collected with E-ZPass and non-E-ZPass transactions (video tolls and pay-by-plate) at all MDTA facilities by fiscal year. Beginning in March 2020, during the height of the COVID-19 pandemic, MDTA began the implementation of systemwide all electronic tolling. In fiscal 2025, MDTA collected 88% of all tolls with E-ZPass. The remaining 12% of tolls were collected through either video tolling or pay-by-plate transactions. After decreasing from 91% in fiscal 2020 to 81% in fiscal 2021, due to the impacts of the pandemic and the resulting backlog of toll processing, E-ZPass usage has remained between 86% to 88% over the past three years. E-ZPass collection rates are estimated to remain within these ranges in fiscal 2026 and 2027, suggesting that most motorists who have interest in participating in the program have already enrolled.

Exhibit 1
Percent of Toll Transactions by Type
Fiscal 2020-2025

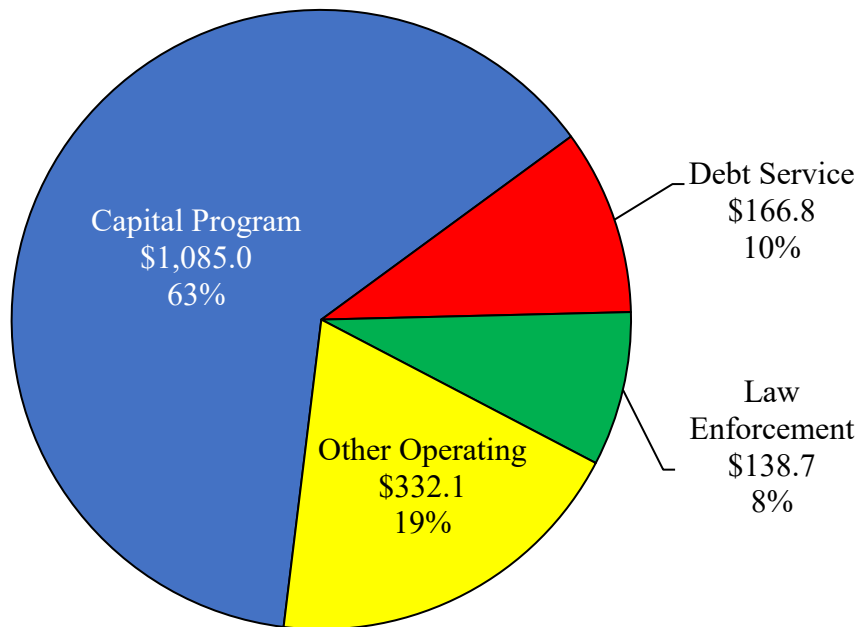


Source: Department of Budget and Management; Maryland Transportation Authority

Fiscal 2027 Overview of Agency Spending

As shown in **Exhibit 2**, the capital program accounts for the largest share of fiscal 2027 MDTA expenditures, at approximately \$1.1 billion, or 63% of total expenses. Due to increased capital expenditures related to the reconstruction of the Key Bridge and other projects, fiscal 2027 capital expenditures are projected to be \$560.4 million greater than the level of capital expenditures in fiscal 2025. Operating costs, including administrative and personnel costs, are \$463.1 million, or 27% of spending, while debt service costs are \$166.8 million, or 10% of spending. Within operating costs, law enforcement personnel, including MDTA police and reimbursements for MSP that patrol at the I-95 facility, total \$138.7 million.

Exhibit 2
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)



Source: Governor’s Fiscal 2027 Budget Books; Maryland Transportation Authority

Proposed Budget Change

As shown in **Exhibit 3**, the proposed fiscal 2027 operating budget increases by \$42.6 million. The largest area of increase is for debt service on MDTA revenue bonds, which grow by \$21.1 million due to new debt issuances anticipated in fiscal 2027. Contractual services

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costs for IT services, maintenance, and operations needs increase by \$18.2 million, and personnel expenses increase by \$7.8 million, primarily due to retiree health insurance premiums. Motor vehicle expenses decrease by \$10.7 million due to a delay in anticipated purchases of new vehicles.

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

How Much It Grows:	<u>Nonbudgeted Fund</u>	<u>Total</u>
Fiscal 2025 Actual	\$603,632	\$603,632
Fiscal 2026 Working	587,227	587,227
Fiscal 2027 Allowance	629,875	629,875
Fiscal 2026-2027 \$ Change	\$42,648	\$42,648
Fiscal 2026-2027 % Change	7.3%	7.3%
Where It Goes:		<u>Change</u>
Personnel Expenses		
Employee and retiree health insurance		\$7,774
Other fringe benefit adjustments		511
Other Changes		
Debt service requirements		21,081
Contractual IT personnel due to transfer of personnel from MDTA to MDOT in fiscal 2026 as part of MDOT IT consolidation		8,000
Toll collections vendor work order contract.....		6,400
Other fixed charges, including property and liability insurance premiums.....		3,946
Other contractual services for facility maintenance and operations		3,826
Equipment purchases, primarily for MDTA police.....		1,539
Supplies and materials, primarily for building and roadway maintenance		258
Motor vehicle purchases		-10,683
Other		-3
Total		\$42,648

IT: information technology
MDOT: Maryland Department of Transportation
MDTA: Maryland Transportation Authority

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

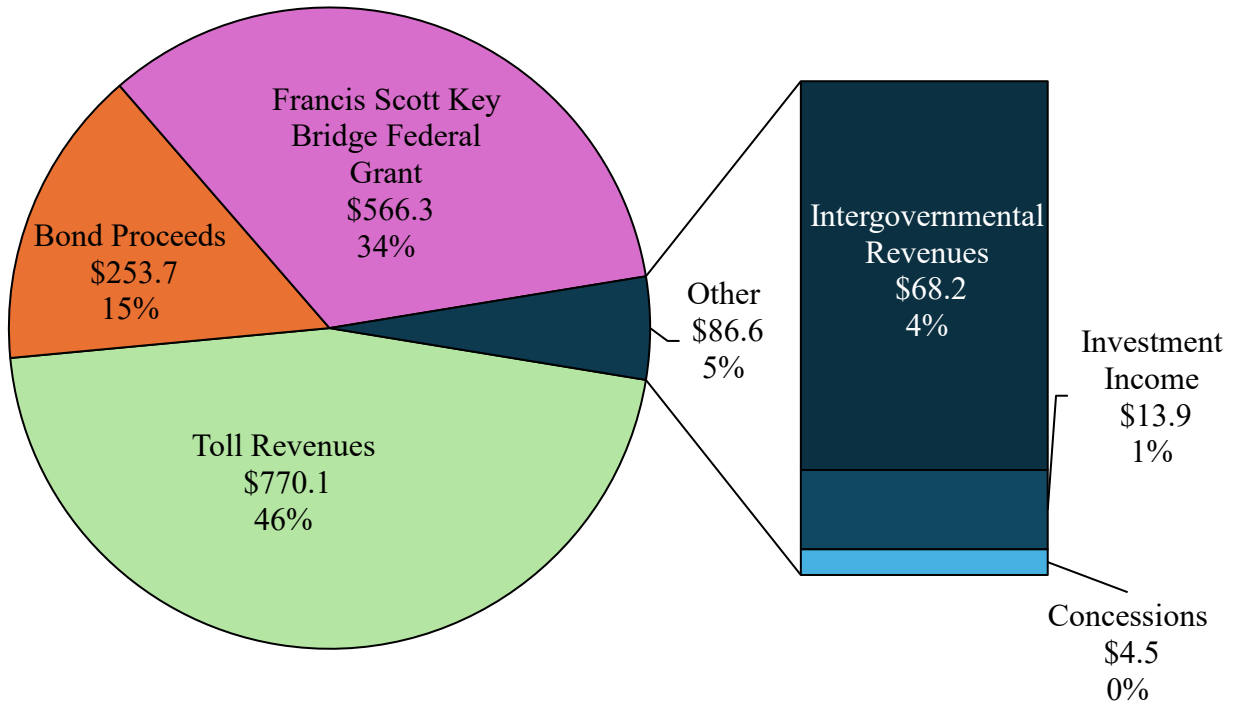
Revenues

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 revenues are pledged under a trust agreement. MDTA revenues come primarily from tolls, as well as from concessions income from travel plazas that it owns along I-95, investment income, and payments from 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.

Fiscal 2027 Revenues

Exhibit 4 shows the various sources of MDTA revenues in fiscal 2027. The primary source of ongoing funding for MDTA is toll revenues, which total \$770.1 million, or 46% of projected fiscal 2027 revenues. A projected federal grant of \$556.3 million for the rebuilding of the Key Bridge and bond proceeds of \$253.7 million account for just under half of total revenues. Intergovernmental revenues include funding reimbursements for MDTA police services provided at the Port of Baltimore and BWI Marshall Airport, loan repayments from loans issued to MDOT – the Secretary’s Office and MDOT – MAA, and a federal grant to support a capital project on the I-895 Baltimore Harbor Tunnel Thruway.

**Exhibit 4
Fiscal 2027 Revenue Sources
(\$ in Millions)**

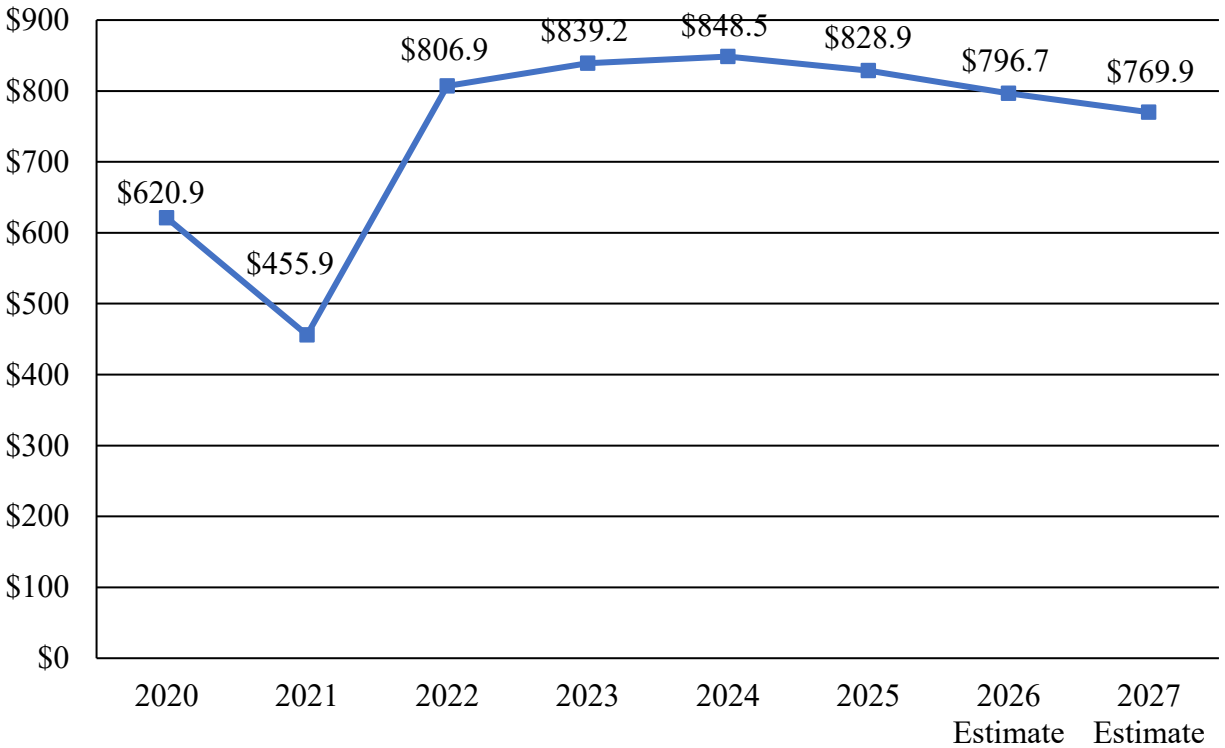


Source: Governor’s Fiscal 2027 Budget Books

Toll Revenues

As shown in **Exhibit 5**, toll revenues decreased by \$19.6 million, or 2.3%, to \$828.9 million in fiscal 2025. Fiscal 2025 was the fourth consecutive year in which toll revenues exceeded \$800 million following significant decreases in toll revenues in fiscal 2020 and 2021 caused by the impacts of the pandemic on traffic patterns. However, following the decline in fiscal 2025, MDTA projects that toll revenues will continue to decline in fiscal 2026 by \$32.2 million, or 3.9% and in fiscal 2027 by \$26.8 million, or 3.4%. Compared to fiscal 2025 revenues, fiscal 2026 revenues are projected to decline across all MDTA facilities except for the I-95 Express Toll Lanes and the Intercounty Connector.

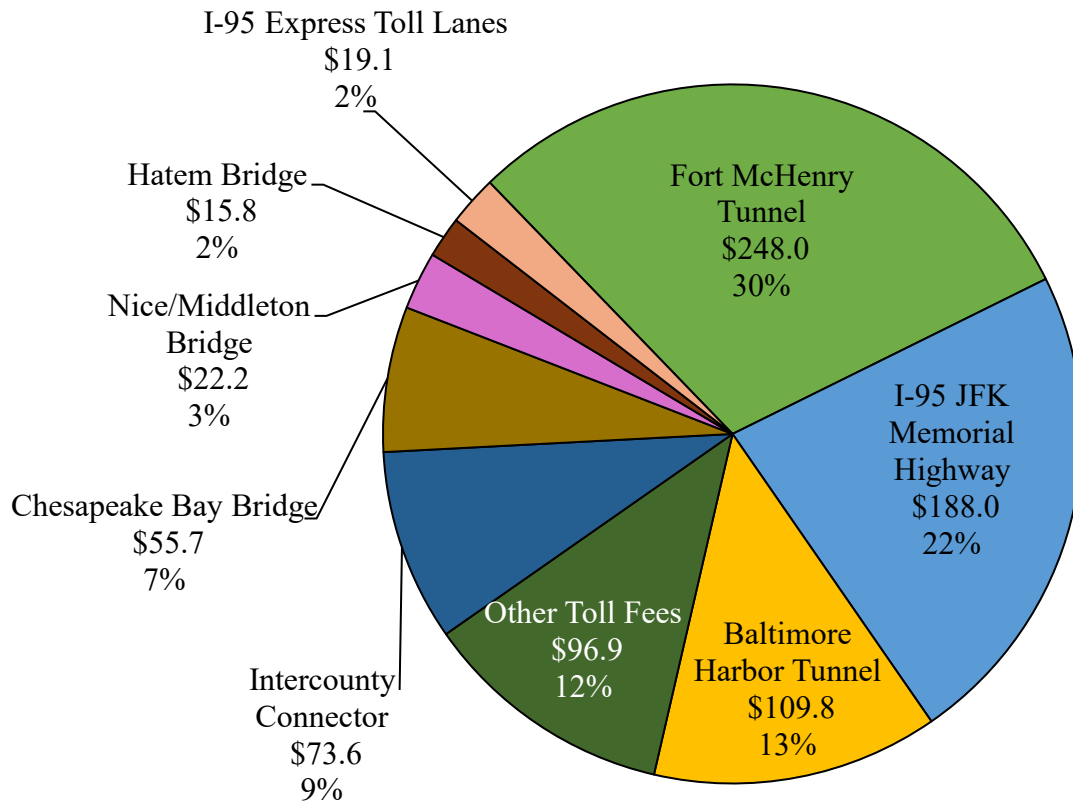
Exhibit 5
Actual and Projected Toll Revenues
Fiscal 2020-2027 Estimated
(\$ in Millions)



Source: Governor’s Fiscal 2027 Budget Books, Maryland Transportation Authority

Exhibit 6 shows actual fiscal 2025 toll revenue by facility. Nearly two-thirds of all toll revenues collected by MDTA in fiscal 2025 came from the Fort McHenry Tunnel (30%), I-95 (the JFK Memorial Highway) (22%), and the Baltimore Harbor Tunnel (13%). Prior to the collapse of the Key Bridge in March 2024, it accounted for approximately 5% of fiscal 2024 revenues, or \$44.8 million of total revenues collected that year. In fiscal 2022 and 2023, the Key Bridge accounted for over \$50 million in toll revenues in each year.

Exhibit 6
Toll Revenues by Facility
Fiscal 2025
(\$ in Millions)



Chesapeake Bay Bridge: William Preston Lane Jr. Memorial Bridge

Hatem Bridge: Thomas J. Hatem Memorial Bridge

JFK: John F. Kennedy

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

Source: Governor’s Fiscal 2027 Budget Books, Maryland Transportation Authority

Operating and PAYGO Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,697.00	1,641.00	1,641.00	00.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	1,697.00	1,641.00	1,641.00	00.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions		146.05	8.90%
Positions and Percentage Vacant December 31, 2025		218.00	13.3%
Vacancies Above Turnover		71.95	

- In October 2025, the Board of Public Works (BPW) approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In MDTA, 12 positions were abolished due to the VSP.
- The fiscal 2026 Budget Bill authorized the transfer of 44 IT-related positions from MDTA to the MDOT Secretary’s Office as part of the fiscal 2026 legislative appropriation. The fiscal 2027 budget of MDTA reflects the costs for these positions through contractual services.
- While MDTA has independent authority over its personnel, it mirrors statewide salary actions for its civilian workforce. MDTA Police compensation adjustments are collectively bargained.

PAYGO Capital Program

Program Description

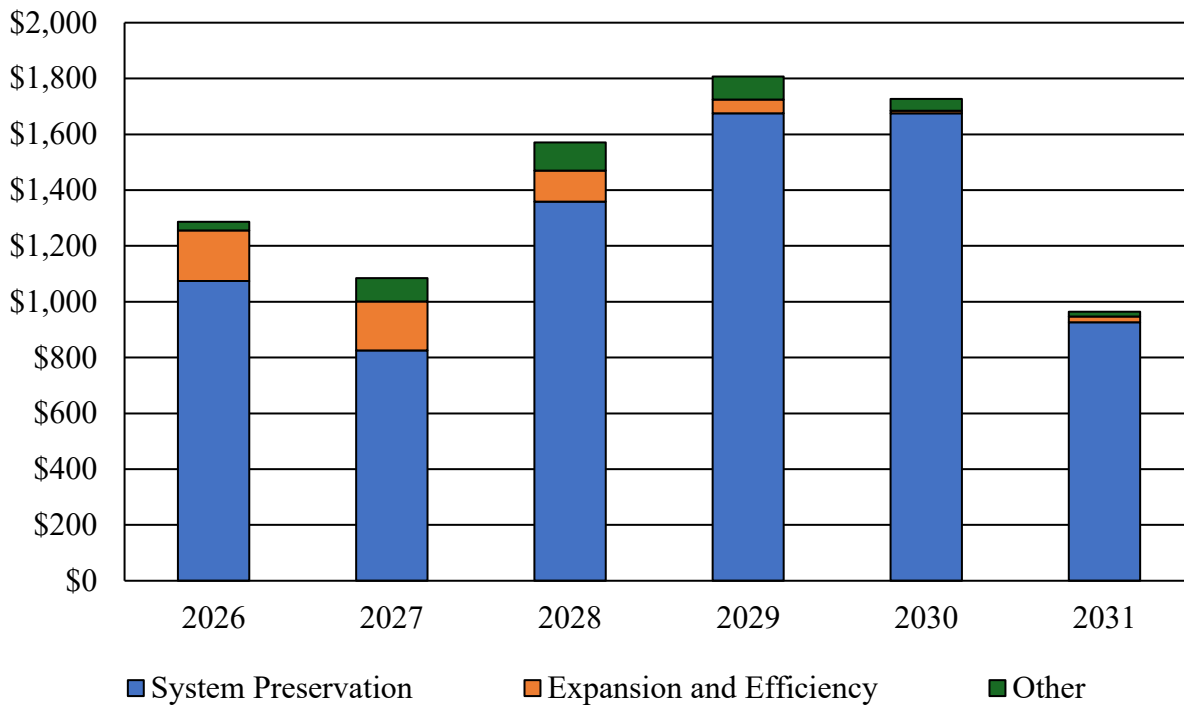
MDTA’s capital program involves the construction and maintenance of revenue-generating transportation facilities throughout the State.

Fiscal 2026 to 2031 Consolidated Transportation Program

The fiscal 2026 to 2031 *Consolidated Transportation Program* (CTP) for MDTA totals \$8.4 billion. As shown in **Exhibit 7**, the annual planned amount of capital spending decreases in

fiscal 2027 before increasing significantly in fiscal 2028 and 2029. The increases are driven primarily by the anticipated cash flow needs for the rebuilding of the Key Bridge. Between fiscal 2026 and 2031, the planned funding for this project accounts for between 50% and 66% of total capital spending each year. As the project nears its completion, capital spending is projected to decline in fiscal 2031. Approximately 89% of total capital spending programmed over the six-year period is categorized as system preservation projects.

Exhibit 7
Six-year Programmed Capital Spending
Fiscal 2026-2031
(\$ in Millions)

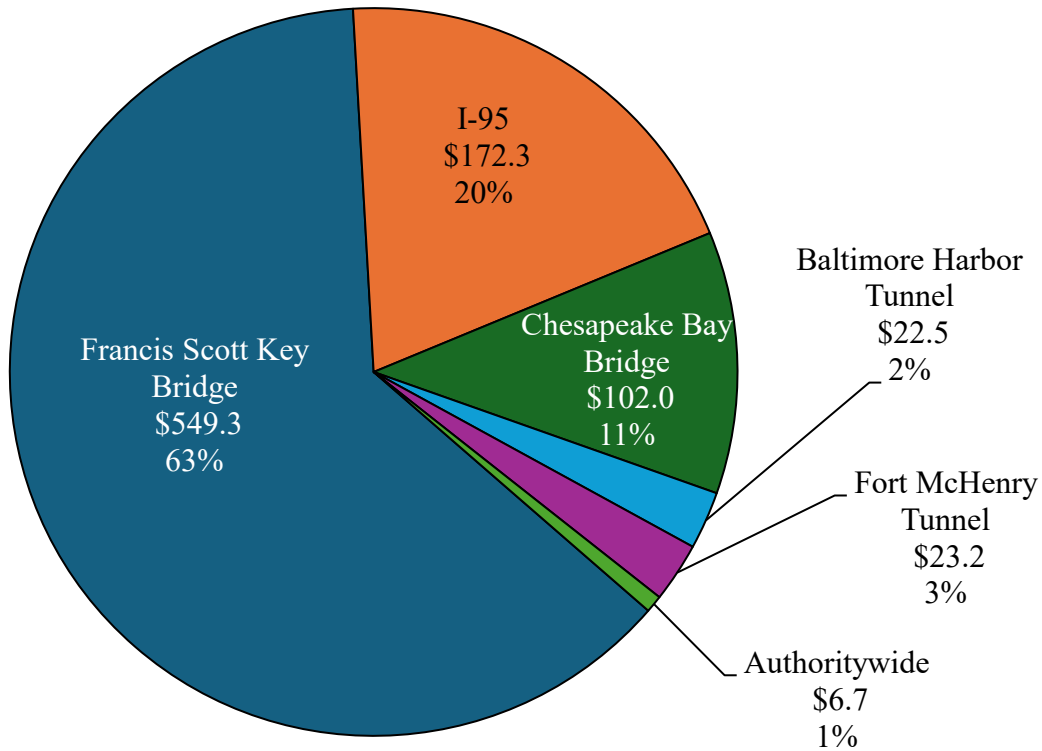


Source: Maryland Department of Transportation, Fiscal 2026-2031 *Consolidated Transportation Program*

Fiscal 2027 Capital Allowance by MDTA Facility

Exhibit 8 shows capital funding programmed by facility in fiscal 2027. The largest share of capital spending (63%) is for the reconstruction of the Key Bridge and other related projects. The next largest share of MDTA capital spending (20%) is for various projects along I-95, the largest of which is the Express Toll Lanes Northern Extension project. Capital spending for projects at the Chesapeake Bay Bridge is the third largest share of total capital spending (11%).

Exhibit 8
Capital Funding by Facility
Fiscal 2027
(\$ in Millions)



Chesapeake Bay Bridge: William Preston Lane, Jr. Memorial Bridge
I-95: John F. Kennedy Memorial Highway

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Consolidated Transportation Program*

Fiscal 2027 Capital Allowance Detail

Exhibit 9 provides additional detail on the programmed funds for the fiscal 2027 capital allowance by project and program along with the total estimated costs and six-year funding for each program. Total programmed fiscal 2027 capital spending is estimated at approximately \$1.1 billion.

Exhibit 9
Capital Allowance Detail
Fiscal 2027
(\$ in Thousands)

<u>Facility</u>	<u>Project Description</u>	<u>2027</u>	<u>Total Estimated Cost</u>	<u>Six-year Total</u>
Key Bridge	Key Bridge Rebuild	\$529,583	\$5,188,758	\$4,991,367
	Rehabilitation of Curtis Creek Drawbridges Superstructure	9,827	19,600	18,507
	MDTA Police Training Academy	7,282	24,405	19,630
	Subgrade Improvements at Bear Creek	2,564	43,913	13,623
	Subtotal – Key Bridge		\$549,256	\$5,276,676
JFK Memorial Highway (I-95)	ETL Northern Extension	\$99,423	\$1,039,304	\$287,479
	I-695 Ramps to I-95 Northbound ETLs	37,700	79,125	74,756
	I-95 Southbound Hard Shoulder Running	13,723	39,260	35,648
	JFK Memorial Highway Maintenance Facility Complex	12,906	52,206	48,605
	Construct Interchange at Belvidere Road	8,542	81,661	33,434
	Subtotal – JFK Memorial Highway (I-95)		\$172,294	\$1,291,556
Chesapeake Bay Bridge	Chesapeake Bay Bridge Protection Project	\$42,079	\$207,596	\$206,600
	Rehabilitate Eastbound Bridge Deck	30,000	251,651	80,419
	Eastbound Spans Full Paint – Phase 1	21,593	58,304	58,300
	Project Management Office and Maintenance Equipment Storage Building	4,638	12,610	9,535
	Tier 2 NEPA Study	3,700	25,924	6,023
Subtotal – Chesapeake Bay Bridge		\$102,010	\$556,085	\$360,877
I-895 Baltimore Harbor Tunnel	Envelope and Switchgear Replacements at Vent Buildings	\$8,126	\$80,675	\$30,118
	Rehabilitate Tunnel Lighting System	5,740	26,016	25,459

J00J00 – Maryland Transportation Authority

<u>Facility</u>	<u>Project Description</u>	<u>2027</u>	<u>Total Estimated Cost</u>	<u>Six-year Total</u>
	Facilitywide Signing Upgrades	4,712	13,674	12,589
	Lane Use Signals Extension	3,542	9,927	9,174
	All Electronic Tolling Conversion with Frankfurst Avenue Interchange Modifications	375	15,094	5,623
<i>Subtotal - I-895 Baltimore Harbor Tunnel</i>		<i>\$22,495</i>	<i>\$145,386</i>	<i>\$82,963</i>
Fort McHenry Tunnel	MDTA Police Vehicle Storage Garage and Auto Repair Shop	\$7,125	\$23,488	\$22,076
	Facilitywide Zone Paint Program	6,113	26,539	20,766
	Box Girder Preservation	4,998	10,496	10,027
	Rehabilitate Area-wide Lighting	4,957	11,335	10,524
<i>Subtotal – Fort McHenry Tunnel</i>		<i>\$23,193</i>	<i>\$71,858</i>	<i>\$63,393</i>
<i>Subtotal – Projects</i>		<i>\$869,248</i>	<i>\$7,341,561</i>	<i>\$6,030,282</i>
Programs				
Authoritywide	Minor Program	\$209,000	<i>n/a</i>	\$2,353,000
Authoritywide	Replace Electronic Toll Collection and Operating System – Third Generation	5,513	\$139,353	19,966
Authoritywide	Enterprise IT Capital Program – MDTA OTTS	1,220	13,615	6,000
Total – Projects and Programs		\$1,084,981	\$7,494,529	\$8,409,248

Chesapeake Bay Bridge: William Preston Lane Jr.
Memorial Bridge
ETL: Express Toll Lane
IT: information technology
JFK: John F. Kennedy

Key Bridge: Francis Scott Key Bridge
MDTA: Maryland Transportation Authority
NEPA: National Environmental Policy Act
OTTS: Office of Transportation Technology
Services

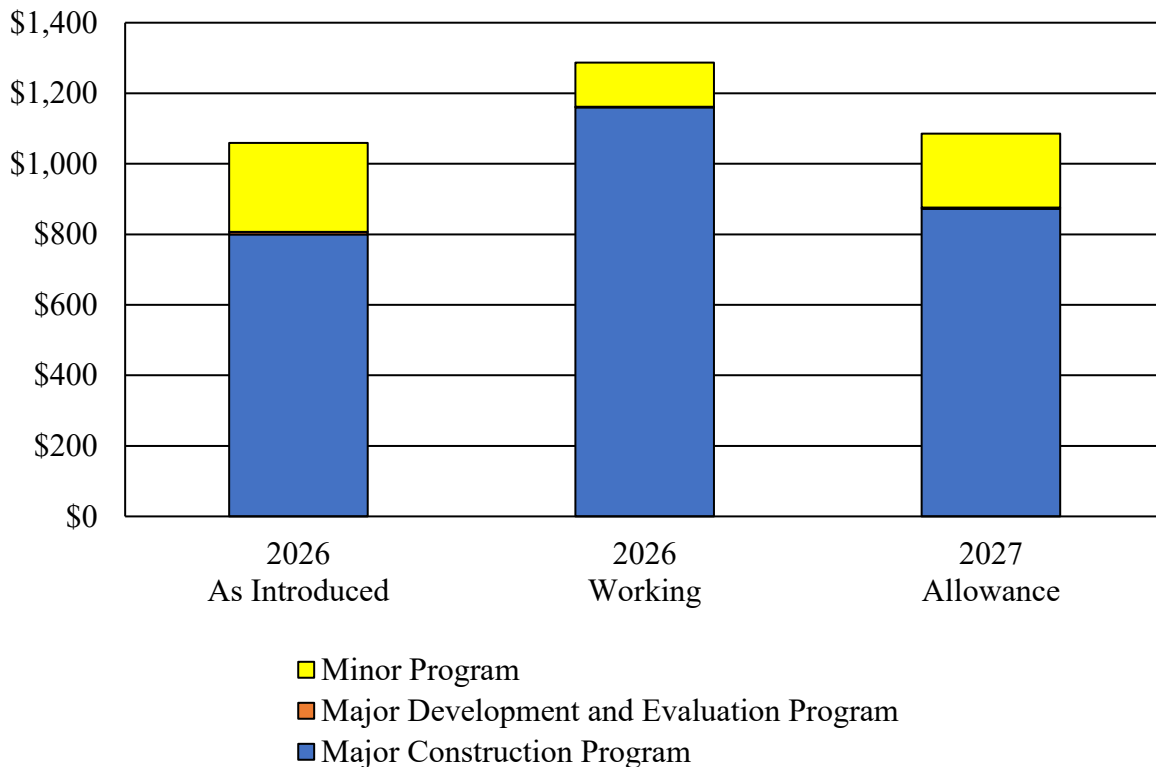
Note: This table includes only projects and programs that will receive funding in fiscal 2027. Additional projects appear in this year's *Consolidated Transportation Program (CTP)* that are funded in other years during the six-year period. As a result, the six-year total and total estimated cost shown is lower than the figures listed in the CTP. The Chesapeake Bay Bridge Protection Project, Chesapeake Bay Crossing Study Tier 2 NEPA, and Authoritywide Enterprise IT Capital Program are included as part of the Major Development and Evaluation Program.

Source: Maryland Department of Transportation, Fiscal 2026-2031 *Consolidated Transportation Program*

Fiscal 2026 and 2027 Cash Flow Analysis

Exhibit 10 shows the changes in programmed capital funding between the fiscal 2026 budget as introduced during the 2025 session and the working appropriation, as well as between the working appropriation and the fiscal 2027 allowance. From the fiscal 2026 budget, as introduced, to the fiscal 2026 working appropriation, there is an increase of \$227.6 million. This increase is primarily due to increased expenses for the Key Bridge reconstruction of \$460 million, which is partially offset by decreases of \$127 million for minor program projects and \$79 million for projects at the Chesapeake Bay Bridge. Compared to the fiscal 2026 working appropriation, the fiscal 2027 allowance decreases by \$201.5 million. The fiscal 2027 decrease is due primarily to a \$306 million reduction in expenses for the Key Bridge reconstruction, which is partially offset by increases of \$63 million for projects at the Chesapeake Bay Bridge and \$84 million for minor program projects.

Exhibit 10
Capital Cash Flow Changes
Fiscal 2026-2027
(\$ in Millions)



Source: Maryland Department of Transportation, Fiscal 2025 and 2026 *Consolidated Transportation Programs*

Significant Changes from the Previous CTP

Exhibit 11 lists the significant changes from the fiscal 2025 to 2030 CTP, which includes the addition of four projects to the construction program. The largest of these projects is the Bay Bridge Protection Project, which has a total estimated project cost of \$207.6 million. The total cost of the new projects is \$311.5 million.

Exhibit 11
Major Changes from the Fiscal 2025 to 2030 CTP
(\$ in Millions)

<u>Projects Added to the Construction Program</u>	<u>Total Cost</u>
US 50/301 Chesapeake Bay Bridge – Bay Bridge Protection Project	\$207.6
I-695 Francis Scott Key Bridge – Rehabilitation of Curtis Creek Drawbridges Superstructure	19.6
I-895 BHT Thruway – Rehabilitate BHT Tunnel Lighting System	26.0
US 50/301 Chesapeake Bay Bridge – Eastbound Spans Full Paint – Phase 1 (T14-T22 and Suspension Span Towers from Water to Below Roadway)	58.3

BHT: Baltimore Harbor Tunnel

Chesapeake Bay Bridge: William Lane Jr. Memorial Bridge

CTP: *Consolidated Transportation Program*

Source: Maryland Department of Transportation, Fiscal 2026 to 2031 *Consolidated Transportation Program*

Issues

1. MDTA Financial Outlook

MDTA must balance operating and capital costs, including debt service requirements, to manage its financial standard requirements while also keeping facilities in a state of good repair. The terms of MDTA’s trust agreement with its bondholders are the driving force in MDTA finances. Maintaining its debt service coverage and liquidity ratios is the primary concern, and all revenue adjustments and operating and capital expenditures are managed to maintain these ratios. As shown in **Exhibit 12**, four financial standards guide MDTA: (1) rate covenant compliance ratio; (2) debt service coverage ratio; (3) unencumbered cash balance; and (4) debt outstanding limits. Each standard has a threshold that is set either in statute or has an agency policy to ensure that MDTA is in good financial standing and able to cover its obligations, even if revenues decline.

Exhibit 12 Financial Standards

<u>Financial Ratio</u>	<u>Requirement</u>
Rate Covenant (Legal)	Net Revenues Greater Than or Equal to 1.0 Times the Sum of 120% of Debt Service and 100% of Deposits to the Maintenance and Operations Reserve Account
Debt Service Coverage (Policy, Legal)	Net Revenues Greater Than or Equal to 2.0 Times Annual Debt Service
Unencumbered Cash (Policy)	Cash Greater Than or Equal to \$400 Million
Debt Outstanding Limit (Statutory)	\$4.0 Billion for Toll Revenue-backed Debt

Source: Maryland Transportation Authority

MDTA develops and maintains a six-year financial forecast that corresponds to the same six-year period as the current CTP. 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. A summary of the forecast, including projected values for each of the four financial standards, appears in **Exhibit 13**. As noted previously, each standard has a threshold that is set either in statute or as an agency policy to ensure that MDTA is in good financial standing and able to cover its obligations, even if revenues unexpectedly decline or expenses unexpectedly increase. Due to increases in overall expenses, MDTA’s forecast relative to each of the financial standards declines during the forecast period. The full MDTA fiscal 2026 through 2031 financial forecast can be found in **Appendix 2**.

**Exhibit 13
Financial Forecast Summary
Fiscal 2025-2031
(\$ in Millions)**

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Total Revenues	\$913.4	\$863.4	\$830.2	\$844.9	\$857.0	\$865.9	\$892.5
Total Expenses	\$1,128.2	\$1,902.8	\$1,714.9	\$2,247.2	\$2,539.1	\$2,515.9	\$1,792.3
Annual Cash Surplus/Deficit	\$178.6	-\$466.6	-\$75.3	\$0.0	\$0.0	\$0.0	\$0.0
Total MDTA Cash Balance	\$975.0	\$508.4	\$433.1	\$433.1	\$433.1	\$433.1	\$433.1
Financial Standards							
Rate Covenant Compliance (Legal; Greater Than or Equal to 1.0)	2.3	2.0	1.7	1.5	1.2	1.0	0.9
Debt Service Coverage (Policy; Greater Than or Equal to 2.0)	3.3	2.6	2.2	1.9	1.5	1.3	1.2
Unencumbered Cash (Policy; Greater Than or Equal to \$400 Million)	\$595.7	\$475.3	\$400.0	\$400.0	\$400.0	\$400.0	\$400.0
Debt Outstanding (Statutory, Greater Than or Equal to \$4 Billion)	\$2,072.2	\$2,580.9	\$2,744.1	\$3,514.6	\$4,243.1	\$4,694.8	\$4,395.1

MDTA: Maryland Transportation Authority

Source: Maryland Transportation Authority, *2025-2031 MDTA Financial Forecast*

Revenue Bonds and Nonrecourse Debt

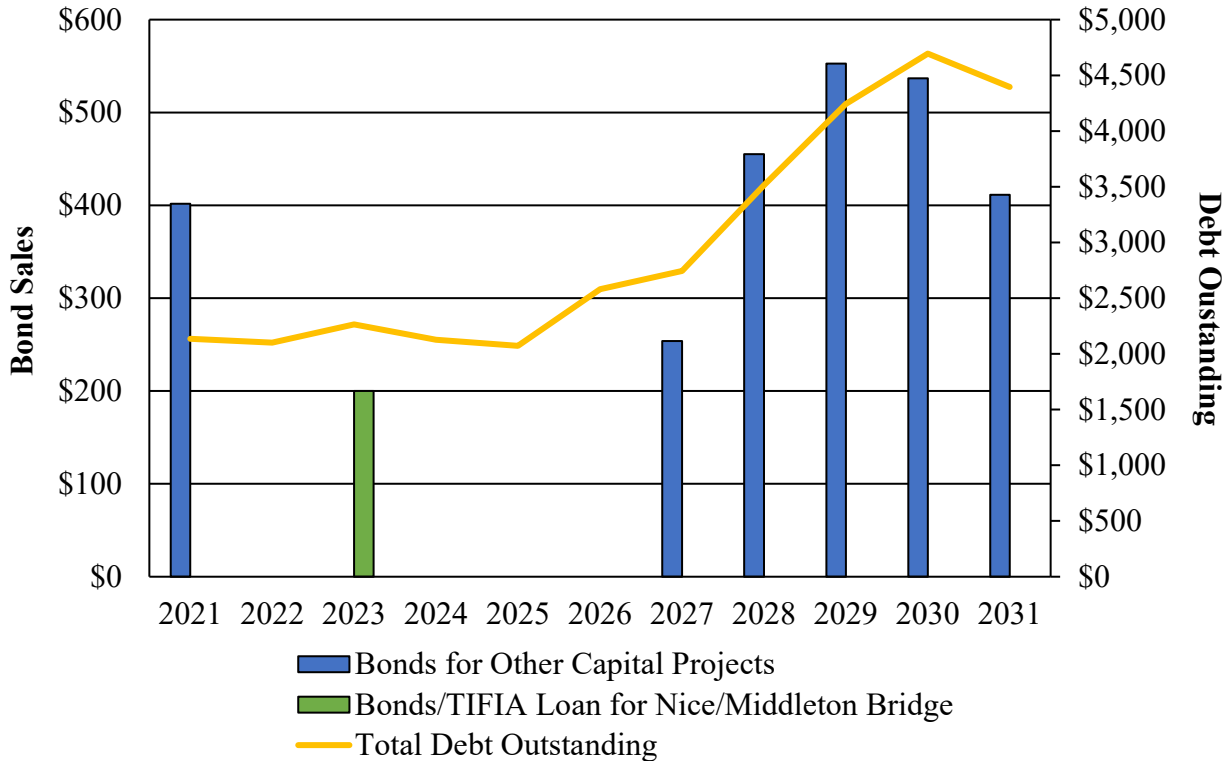
MDTA bonds are backed by toll revenues and are not considered State debt and, therefore, are not limited by the State’s debt affordability measures. Under statute, MDTA is authorized to issue bonds without obtaining the consent of any unit or agency in the State; however, bond issuances are limited by MDTA’s previously mentioned financial standards.

In addition to its own revenue bonds, MDTA also issues debt on behalf of other State agencies and projects, which is referred to as nonrecourse debt. Current outstanding MDTA nonrecourse debt totals \$190.3 million and includes \$181.5 million associated with expansion efforts at BWI Marshall Airport and \$8.8 million associated with the Calvert Street Parking Garage in Annapolis for State employees. Debt service totals approximately \$33.6 million annually in fiscal 2025 through 2027. 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. Debt service and debt outstanding for MDTA’s nonrecourse bonds from fiscal 2025 through 2027 is shown in **Appendix 3**.

Debt Affordability

The debt outstanding limit is set in statute and requires that the total bonds outstanding at the end of any fiscal year do not exceed \$4.0 billion. The current statutory cap on debt outstanding was increased from \$3.0 billion by Chapter 2 of 2024 to allow for additional capacity for debt issuances to support capital costs in response to the collapse of the Key Bridge. As shown in **Exhibit 14**, due to new planned bond issuances in fiscal 2027 and subsequent fiscal years to support the growing needs of the capital program, total debt outstanding is projected to increase from just under \$2.1 billion at the end of fiscal 2025 to \$2.7 billion by the end of fiscal 2027. It is projected that total debt outstanding will exceed the current \$4.0 billion debt outstanding limit at the end of fiscal 2029, when it will be at \$4.2 billion, and will peak in fiscal 2030 at just under \$4.7 billion. HB 229/SB 188 of 2026 is departmental legislation that would, if enacted, increase the debt outstanding limit from \$4.0 billion to \$5.0 billion.

Exhibit 14
Bonds Issued and Debt Outstanding
Fiscal 2021-2031
(\$ in Millions)



Nice/Middleton Bridge: Governor Harry W. Nice/Senator Thomas “Mac” Middleton Bridge
 TIFIA: Transportation Infrastructure Finance and Innovation Act

Source: Maryland Transportation Authority

Debt service coverage conveys the ability of MDTA to adequately cover its debt service requirements without overly stressing its revenues. The debt service coverage ratio is the ratio of annual net revenues to annual debt service obligations. Although MDTA’s trust agreement does not stipulate a debt service coverage ratio, the MDTA Board has established an administrative policy requiring 2.0 times debt service coverage, and MDTA’s Transportation Infrastructure Finance and Innovation Act Loan Agreement also contains a 2.0 times debt service coverage covenant. This ratio equates to the ability of MDTA to use half or less of its annual revenues to cover debt service obligations during the same year. In fiscal 2027, the debt service coverage ratio is projected to be 2.2. Due to a significant increase in total debt outstanding projected between fiscal 2027 and 2031, the projected debt service coverage ratio declines in each year of the forecast

period and is expected to fall below the 2.0 level in fiscal 2028 to 1.9. By fiscal 2031, the debt service coverage ratio declines to 1.2.

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% of debt service be at least 1.0. This additional bond test requires that the rate covenant is met on a five-year prospective basis. The fiscal 2027 rate covenant compliance ratio is projected to be 1.7 and declines each year of the forecast before falling below the 1.0 level in fiscal 2031, at 0.9.

The agency also has an administrative policy to maintain an unencumbered cash balance of at least \$400 million. 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 at least 12 months. Expenditures are projected to outpace revenues in fiscal 2026 and 2027, largely due to capital program expenditures, before equaling each other in fiscal 2028 through 2031. As a result, the unencumbered cash balance declines from \$595.7 million at the end of fiscal 2025 to \$475.3 million at the end of fiscal 2026, and to the \$400 million minimum threshold in fiscal 2027 and remains at that level through the remainder of the forecast period.

The January 2026 MDTA financial forecast continues to reflect the fiscal stress on the horizon that was shown in the January 2025 financial forecast. The projected decline of debt service coverage below acceptable levels in fiscal 2028 is unchanged in the January 2026 financial forecast. Additionally, rate covenant compliance falls below acceptable levels in fiscal 2031, while in the January 2025 financial forecast it remained adequate through all years of the forecast period. **Due to these factors, MDTA continues to project the need for a systemwide toll increase during the six-year forecast period in order to maintain compliance with the legal obligations set forth in the trust agreement and loan agreements to maintain MDTA's favorable bond rating. MDTA should comment on the timing of potential toll increases and how they would be implemented.**

2. Francis Scott Key Bridge

The Key Bridge carried a portion of I-695 (the Baltimore Beltway) over the Patapsco River and was one of the three primary crossings of the Baltimore Harbor, along with the Baltimore Harbor Tunnel (I-895) and the Fort McHenry Tunnel (I-95). In fiscal 2023, the last full fiscal year prior to the collapse of the Key Bridge, a total of 12.5 million toll transactions occurred, including 11.1 million passenger cars and 1.4 million commercial vehicles. Since the collapse of the Key Bridge on March 26, 2024, due to the collision of the containership M/V Dali, traffic traveling through the Baltimore region has been diverted to either the Baltimore Harbor Tunnel or the Fort McHenry Tunnel or other routes including passing around Baltimore on the western portion of I-695 or local roads through the city. While many vehicles have been able to divert to the Baltimore Harbor Tunnel or the Fort McHenry Tunnel, certain commercial vehicles are prohibited from using

the tunnels due to size and hazardous waste transport restrictions. Additionally, increased traffic congestion has led some drivers to use non-MDTA routes or forgoing or reducing trips entirely.

On November 18, 2025, the National Transportation Safety Board (NTSB) issued its final report on its investigation into the collapse of the Key Bridge. NTSB determined that a single loose wire in the electrical system of the M/V Dali caused an electrical breaker to open and the first of two electric blackouts on this ship to occur, which resulted in a loss of propulsion and steering. This caused the ship's trajectory in the shipping channel to change, resulting in the collision with the Key Bridge as the ship exited the Baltimore Harbor. Additionally, NTSB found other safety concerns related to the operation of the ship that, while not direct causes of the electrical blackouts, prevented the recovery of propulsion and steering following the blackout.

Key Bridge Rebuild Project

Planning for the reconstruction of the Key Bridge began shortly after the initial disaster response and cleanup. In July 2024, the Federal Highway Administration (FHWA) issued a categorical exclusion classification and NEPA approval for the replacement bridge. FHWA determined that the replacement bridge is not anticipated to significantly impact community, natural, or cultural resources because the bridge's capacity and location will be the same as the former bridge.

In order to accelerate and simplify the reconstruction, MDTA selected a progressive design-build approach, which allows for a two-phase contract with a single procurement. During Phase 1, the progressive design-builder will complete project scope and preliminary design. Upon successful completion of Phase 1, the design-builder will have exclusive negotiating rights for Phase 2, at which time a guaranteed maximum price for the project will be established. Phase 2 will include the completion of the final design and construction of the new bridge.

In August 2024, MDTA approved the award of a \$73 million Phase 1 design-build contract to Kiewit Infrastructure Company as the progressive design-builder. In January 2025, a \$75 million construction management contract was approved by BPW to three selected firms that together will be known as the Bridging Maryland Partnership and will oversee planning, engineering, construction management, and program support services during the project. Design and preliminary engineering activities began in September 2024, and design reached the 70% level of completion in December 2025.

In February 2025, Governor Wes Moore announced the preliminary design concept for the new bridge. The new bridge will be a cable-stayed suspension bridge with a 1,665-foot main span and two 600-foot tall main bridge towers. The new bridge will include four, 12-foot travel lanes (two in each direction) with 10-foot outside shoulders and 4-foot inside shoulders. The new bridge will have a higher, 230-foot navigational clearance above the Patapsco River and will be built to current American Association of State Highway and Transportation Officials (AASHTO) standards, including an enhanced pier protection system.

Preliminary preconstruction activities began in January 2025 and included surveying of the Patapsco River bed to map the river channel and drilling to collect soil samples. Demolition of the remaining bridge piers began in July 2025. A test pile program began in September 2025 to verify load bearing capacity and behaviors of the foundation piles that will support the bridge structure. Major construction activities on components of the new bridge are projected to begin and continue throughout calendar 2026.

In November 2025, MDTA announced updated cost estimates for the Key Bridge reconstruction, increasing the total projected costs from \$1.7 billion to between \$4.3 billion and \$5.2 billion. The projected opening date was also delayed from calendar 2028 to late 2030. Preliminary estimates for cost and the project’s timeline were made in March 2024 prior to the advancement of design development and the beginning of preconstruction activities. According to MDOT, current materials costs and advanced design and engineering have informed the updated cost and schedule estimate for the project.

Federal Funding

FHWA approved \$60 million in “quick release” federal funds from its Emergency Relief (ER) Program for debris removal and disaster response efforts on March 28, 2024, two days after the bridge collapse. In December 2024, the federal American Relief Act of 2025 was enacted into law, providing a supplemental appropriation of \$8 billion for the FHWA ER Program and, among other disaster relief provisions, providing that the federal cost share of the reconstruction of the Key Bridge would be 100%. As with other FHWA programs, the ER Program provides funding to states for the specified federal share of a project on a reimbursable basis. Although the federal government has committed to fully fund reconstruction, MDTA has indicated that a combination of nonfederal funding sources may be used to initially fund project expenses and manage short-term cash flow requirements until federal reimbursement is received, depending on the FHWA timeline for reimbursement. These funding sources may include toll revenues, recycling revenues, and insurance proceeds.

In August 2024, MDTA received \$350 million in property and business interruption insurance proceeds related to the bridge collapse and gave its approval to remit the funds to the federal government for current and future bridge reconstruction costs. MDTA anticipates that additional funding could be recovered as damages awarded to the State through lawsuits currently pending against the ship’s owner and operator alleging its negligence and responsibility for the bridge collapse. According to federal program guidelines, any damages awarded to a state through litigation or insurance payouts are required to be used to offset federal ER funds.

As of November 2025, MDTA has expended \$238 million in State funds on the project, including costs incurred for the initial salvage and debris removal efforts and the rebuild project. Federal fund reimbursements made as of November 2025 include \$53.3 million out of the \$60 million in “quick release” ER Program funds. MDTA projects that the remainder of these funds and \$217 million in additional ER Program funds will be reimbursed over the next six months. Project expenditures as of November 2025 are shown in **Exhibit 15**.

Exhibit 15
Key Bridge Expenditures as of November 2025
(\$ in Millions)

<u>Project Component</u>	<u>Expenditures</u>
Progressive Design Build Contract – Phase 1	\$94.7
Salvage and Debris Removal	77.6
Early Work Packages	32.0
Existing Bridge Demolition	15.1
General Engineering Consultant	15.0
Construction Management and Consultant Contracts	1.6
MDTA and SHA Staffing Costs	1.3
Other Consultant and State Costs	0.8
Total	\$238.0

MDTA: Maryland Transportation Authority
Key Bridge: Francis Scott Key Bridge
SHA: State Highway Administration

Source: Maryland Transportation Authority

In order to receive federal reimbursement under the ER Program, states are required to submit Detailed Damage Inspection Reports (DDIR) to provide periodic updates on project funding needs. MDTA submitted the most recent DDIR to the FHWA Maryland Division office in June 2025 and is scheduled to submit the next update in January 2026. In the June 2025 DDIR, MDTA requested approximately \$739.4 million in federal funds be allocated to the project, based on the estimated project cash flow over the next 18 months. These funds may be available within the next 6 months, but the actual timeline of federal reimbursement is at the discretion of the U.S. Congress and FHWA.

3. Chesapeake Bay Bridge Protection Project and New Bridge Planning

As part of its investigation into the causes of the Key Bridge collapse, NTSB issued a preliminary report in March 2025 in which it identified 72 bridges across 19 states that crossed navigable waterways frequented by ocean-going vessels that were likely not designed and built to guide specifications developed by AASHTO due to their age. AASHTO initially adopted standards in 1991 for the design and evaluation of bridges to calculate and minimize their vulnerability to collapse in the case of vessel collisions, which were revised in 2009. FHWA requires that newly constructed bridges that are part of the National Highway System be designed to minimize the risk of catastrophic bridge collapse from a vessel collision based on requirements adapted from AASHTO guide specifications using a vulnerability assessment calculation.

Of the 72 bridges identified by NTSB, only 4 had recently undergone a vulnerability assessment, while 68 had not and, therefore, had an unknown level of risk of collapse from a vessel collision. Two of these 68 bridges are located in Maryland: both spans of the Chesapeake Bay Bridge, and the Chesapeake City Bridge (which is owned by the U.S. Army Corps of Engineers). In March 2025, NTSB issued recommendations to the 30 owners of these 68 bridges, including MDTA, to conduct bridge vulnerability assessments according to AASHTO methods to calculate the risk levels of these bridges for catastrophic collapse in the event of a vessel collision. Additionally, NTSB recommended that if a bridge is indicated to have a risk probability higher than the acceptable AASHTO standards, the bridge owner should develop and implement a comprehensive risk reduction plan including short-term and long-term strategies to reduce the risk level.

Language in the 2025 *Joint Chairmen's Report* (JCR) restricted funding in the MDOT Secretary's Office pending the receipt of a report from MDOT and MDTA on the assessment and actions that can be taken to reduce the vessel collision vulnerability of the two bridges located in Maryland identified by NTSB. Since the Chesapeake City Bridge is owned by the U.S. Army Corps of Engineers and is not maintained by MDOT or MDTA, the report focused on the Chesapeake Bay Bridge. In response to the NTSB recommendations, MDTA engaged a consulting firm to conduct an evaluation of both spans of the Chesapeake Bay Bridge in accordance with AASHTO methodology. The results of this analysis concluded that both spans did not meet the AASHTO risk threshold for new bridges, meaning that their risk level was higher than what would be allowed under current bridge design specifications for new bridges.

Chesapeake Bay Bridge Protection Project

Based on the results of the vulnerability analysis, MDTA developed a comprehensive risk reduction plan including both short-term strategies, such as operational procedures and best practices improvements related to ship pilots and vehicle traffic management, and long-term strategies, including the construction of physical protection measures. MDTA initiated the Bay Bridge Protection Project to design and construct an enhanced protection system to reduce the vulnerability of the support piers of both spans of the Chesapeake Bay Bridge. This project is being developed in coordination with the planning for the eventual construction of a new Chesapeake Bay Bridge currently occurring as part of the Tier 2 NEPA study. The project has been added to the 2026 CTP, which includes \$42 million in capital funding programmed for fiscal 2027. The total estimated project cost is \$208 million.

MDTA hosted an industry forum with potential contractors in October 2025 to provide an overview of the project's anticipated design-build process and the release of the RFP for the project, which occurred in February 2026. The proposal submission deadline for qualified design-build teams is June 2026, and the award of a design-build contract is projected to occur in fall 2026. Project construction is projected to begin in spring 2027 and be complete in late calendar 2029. In addition to the Bay Bridge Protection Project, the planning for a new Chesapeake Bay Crossing is ongoing as part of the Chesapeake Bay Crossing Study Tier 2 NEPA.

Chesapeake Bay Crossing Study Tier 2 NEPA

In calendar 2017, MDTA initiated a formal process under NEPA to consider corridor alternatives for a potential new Chesapeake Bay crossing to improve congestion, mobility, travel reliability, and safety at the Chesapeake Bay Bridge. The resulting Chesapeake Bay Crossing Study: Tier 1 NEPA concluded in April 2022 with the approval of an EIS and Record of Decision (ROD) by FHWA. FHWA designated Corridor 7/Existing Corridor (US 50/301 between Crofton and Queenstown) as the Preferred Corridor Alternative. The Chesapeake Bay Crossing Study: Tier 2 NEPA was launched in June 2022 to develop and evaluate various build alternatives within the study limits of this Preferred Corridor Alternative.

In November 2024, a Notice of Intent to prepare the Tier 2 EIS was published in the *Federal Register* to formally initiate the environmental review process for the Tier 2 NEPA study. MDTA held public open houses in December 2024 to present information and solicit feedback on seven proposed Alternatives Retained for Detailed Study, including a no-build alternative and a combination of lane configurations and structure locations relative to the existing Chesapeake Bay Bridge spans. In developing these alternatives, MDTA determined that instead of adding a third bridge span, both existing spans of the Chesapeake Bay Bridge should be removed and replaced with two larger bridge spans using the existing alignments of US 50/301 to minimize socioeconomic and environmental impacts.

In December 2025, the MDTA board approved Alternative C as the MDTA Recommended Preferred Alternative. This alternative includes the construction of two new bridge spans and replacement of the two existing bridge spans. Each new bridge span will have four, 12-foot travel lanes with 12-foot median shoulders and 14-foot outside shoulders and heightened navigational clearances of 230 feet. The new eastbound span would be constructed first, to the immediate south of the existing eastbound span, and the existing eastbound span would be removed following its completion. The new westbound span would then be constructed to the immediate south of the existing westbound span, which would then be removed following its completion. Alternative C also includes the widening of portions of US 50/301 from west of Oceanic Drive to east of Cox Creek to four lanes in each direction to accommodate the new bridge crossings. An optional shared use path for pedestrians and bicyclists could be included in Alternative C, and a decision on its inclusion would occur following the final issuance of a ROD.

In January 2026, MDTA and FHWA issued a draft EIS for public review that incorporated the MDTA recommended preferred alternative. Three virtual and in-person public hearings were held by MDTA and FHWA in early February 2026 to provide opportunities for public review and comment on the draft EIS and the recommended preferred alternative. Public comments will be accepted through March 9, 2026, and comments received will be addressed in the final EIS or ROD. The Tier 2 NEPA study is anticipated to conclude in November 2026 with the issuances of a final EIS and ROD by FHWA.

According to the draft EIS, anticipated next steps for the project following the conclusion of the Tier 2 NEPA study include the procurement for final design, which will allow the

final design phase to begin in spring 2028, followed by the beginning of the construction of the new bridge spans anticipated beginning in calendar 2032.

4. Collection of Outstanding Toll Debt

Committee narrative in the 2025 JCR requested that MDTA submit a report on the collection of outstanding tolls from in-state and out-of-state motorists. According to MDTA, the cumulative total of unpaid toll debt and civil penalties over the previous 12 fiscal years (2014 to 2025) was \$1.6 billion, of which \$383.2 million was unpaid toll debt and \$1.25 billion was unpaid civil penalty debt. MDTA assesses a one-time civil penalty fee of \$25 for each unpaid toll. Approximately \$907 million, or 54%, of unpaid toll and civil penalty debt during the reporting period was from in-state motorists, while \$731 million, or 45%, was from out-of-state motorists. **Exhibit 16** presents a summary of the states with the highest amounts of unpaid toll debt and civil penalties owed by out-of-state drivers, in addition to the totals for Maryland drivers. Virginia (27.7%), Pennsylvania (12.0%), and New Jersey (9.9%) are the top three states and account for just under half of the total out-of-state unpaid tolls and civil penalties.

Exhibit 16
Unpaid Tolls and Civil Penalties
Fiscal 2014-2025

<u>State</u>	<u>Tolls Due</u>	<u>Civil Penalties Due</u>	<u>Total Due</u>	<u>% of Out-of-state Total</u>
Virginia	\$45,045,968	\$156,972,681	\$202,018,649	27.7%
Pennsylvania	23,383,725	64,089,231	87,472,956	12.0%
New Jersey	23,427,598	48,536,261	71,963,859	9.9%
Florida	22,370,230	34,602,470	56,972,700	7.8%
North Carolina	17,651,613	36,639,768	54,291,381	7.4%
Delaware	13,259,794	37,792,140	51,051,934	7.0%
Washington, D.C.	4,497,776	24,728,329	29,226,105	4.0%
Texas	10,429,493	17,054,633	27,484,126	3.8%
New York	6,396,860	18,883,581	25,280,441	3.5%
Georgia	6,656,492	14,469,494	21,125,986	2.9%
Other States	33,559,740	70,087,363	103,647,103	14.2%
Subtotal Out-of-state	\$206,679,289	\$523,855,951	\$730,535,240	100%
Maryland	\$176,528,576	\$730,874,716	\$907,403,292	
Total	\$383,207,865	\$1,254,730,667	\$1,637,938,532	

Source: Maryland Transportation Authority

MDTA reports that it is currently in the process of implementing multiple strategies to increase the collection of unpaid tolls, including E-ZPass growth and expansion of interoperability with other non-E-ZPass regions of the United States, the execution of reciprocity agreements with other states, and utilizing a collections agency. The primary enforcement mechanism for in-state motorists is to authorize the flagging of a vehicle owner's registration for suspension or nonrenewal through the Motor Vehicle Administration (MVA).

In-state motorists without a valid E-ZPass account receive a Notice of Toll Due in the mail after traveling through a MDTA facility and are required to pay the toll within an allotted timeframe, or a citation with a \$25 civil penalty is issued. Once a civil penalty has been issued, the motorist can either pay the citation and civil penalty amount within 30 days or contest the citation in the District Court. If the citation is not paid within this timeframe or the motorist is found guilty in the District Court, a final notice is issued. At this time, the motorist must pay the citation within 15 days before the associated vehicle registration is referred to MVA to be flagged for suspension or nonrenewal. A vehicle's registration is flagged for nonrenewal when the vehicle has up to \$1,000 in unpaid tolls and penalties. A vehicle's registration is suspended if the vehicle has \$1,000 or more in unpaid tolls and penalties. Accounts for in-state motorists with vehicle registrations flagged for suspension or nonrenewal by MVA are referred to the State's Central Collections Unit (CCU) within certain timeframes following MVA flagging. CCU charges a 17% administrative fee on all accounts referred to it for collection, in addition to the amount owed.

Collection of Toll Debt from Out-of-state Motorists

MDTA indicates that the most effective method to reduce unpaid tolls by out-of-state motorists is through the expansion of participation in the E-ZPass network and greater interoperability with states and regions outside of the E-ZPass network, since the E-ZPass and pay-by-plate payment methods typically have a 100% probability of payment collection. Currently, the E-ZPass network primarily includes states in the northeast, southeast and midwest. States in other regions of the United States with toll facilities have different transponder protocols that can prevent interoperability with MDTA's transponder readers. However, MDTA has installed tri-protocol readers to enable interoperability with the three most prevalent transponder protocols in the United States. Further expansion of this type of interoperability can enhance out-of-state toll collections.

MDTA and MVA have initiated meetings with officials in Pennsylvania to discuss establishing a reciprocal toll enforcement agreement, and the development of an enforcement program and implementation plan is in progress. MDTA has also explored the feasibility of entering into similar agreements with Virginia and New York. In contrast with Pennsylvania, reciprocity agreements with these states would be more complex due to multiple tolling entities in both states, and varying financial penalties compared to Maryland.

Lastly, MDTA has begun developing contractual requirements for retaining professional debt collection agency services and anticipates utilizing a competitive sealed bidding process to issue a multi-award contract for these services. Other administrative strategies identified by MDTA include establishing more convenient electronic payment mechanisms, providing additional payment due warning notices by mail, and providing payment due notices by email.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Francis Scott Key Bridge Reconstruction Project: The committees are interested in following the progress being made on the reconstruction of the Francis Scott Key Bridge and request that the Maryland Transportation Authority (MDTA) provide two updates on the status of the project. The reports shall provide:

- the current status of design, engineering, federal permitting, preconstruction, and construction activities;
- the running total amount expended for the project;
- the current availability and status of seeking and receiving federal reimbursements for the project, including the total amount of federal funds that have been received; and
- any material changes to the project schedule or cost.

The committees request that the first report be submitted by July 1, 2026, and the second report be submitted by January 1, 2027.

Information Request	Author	Due Date
Status reports on the Francis Scott Key Bridge reconstruction project	MDTA	July 1, 2026 January 1, 2027

PAYGO Budget Recommended Actions

1. Nonbudgeted.

Appendix 1
2025 Joint Chairmen’s Report Responses from Agency

The 2025 JCR requested that MDTA prepare seven reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Report on Actions That Can Be Taken to Reduce the Vessel Collision Vulnerability of Certain Bridges in the State:*** Language in the fiscal 2026 Budget Bill required that MDTA and MDOT submit a report on the assessment and actions that can be taken to reduce the vulnerability of certain bridges in the State to vessel collision, and restricted \$500,000 in special funds in the MDOT Secretary’s Office budget pending the receipt of the report. The report was submitted on December 1, 2025, and the release of the restricted funds was authorized on December 8, 2025. Additional discussion of this report can be found in Issue 3 of this analysis.
- ***Status Reports on the Key Bridge Reconstruction:*** Committee narrative requested that MDTA submit four quarterly status reports on the progress of the reconstruction of the Key Bridge. Additional discussion of this report can be found in Issue 2 of this analysis.
- ***Feasibility of Capturing Images of Only Rear License Plates of Vehicles:*** Committee narrative requested that MDTA submit a report on the feasibility of capturing the image of only the rear license plates of vehicles at toll facilities in the State, rather than images of both the front and rear license plates. MDTA indicates that cameras currently capture images of both the front and rear license plates of vehicles passing through toll facilities when an E-ZPass transponder is not detected or read. While the rear license plate image is the default image that is used for the purposes of toll collection in these cases, the front license plate image may also be used if the rear license plate is damaged, altered, or obscured. MDTA found that in calendar 2024, among toll transactions for two-axle passenger vehicles registered in Maryland for which a license plate image was used to invoice the registered vehicle owner, approximately 57% of invoices were facilitated through images of rear license plates, while 43% of invoices were facilitated through images of front license plates. Therefore, MDTA indicates that not having the option of capturing images of both the front and rear license plates of vehicles would significantly impact its ability to collect toll revenues by reducing the likelihood that vehicle license plates can be properly read and the vehicle’s owners invoiced for the toll that is due.
- ***Collection of Outstanding Toll Debt:*** Committee narrative requested that MDTA submit a report on efforts to collect outstanding tolls incurred at MDTA facilities. Additional discussion of this data can be found in Issue 4 of this analysis.

Appendix 2
MDTA Financial Forecast
Fiscal 2025-2031
(\$ in Millions)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Revenues							
Toll Revenues	\$828.9	\$796.7	\$769.9	\$784.1	\$794.5	\$801.7	\$826.4
Concessions	4.4	4.5	4.5	4.5	4.5	4.5	4.5
Investment Income and Other	38.9	21.9	13.9	12.8	12.8	12.8	12.8
MDOT Loan Repayment – Interest	0.2	0.2	0.2	0.2	0.1	0.1	0.1
MAA/MPA Police Reimbursement ⁽¹⁾	41.0	40.1	41.7	43.3	45.1	46.9	48.7
Total Revenues	\$913.4	\$863.4	\$830.2	\$844.9	\$857.0	\$865.9	\$892.5
Expenses							
Operations	\$459.2	\$462.2	\$463.1	\$488.9	\$505.7	\$526.0	\$547.0
Debt Service	144.5	154.1	166.8	188.2	226.6	263.1	281.0
Capital Program	524.6	1,286.5	1,085.0	1,570.2	1,806.8	1,726.8	964.4
Total Expenses	\$1,128.2	\$1,902.8	\$1,714.9	\$2,247.2	\$2,539.1	\$2,515.9	\$1,792.3
Capital Funding Sources/(Uses) and Intergovernmental							
Revenue Bond Proceeds	\$0.0	\$0.0	\$253.7	\$455.2	\$552.6	\$536.7	\$411.4
Surety Policy Expenses	0.0	0.0	-0.4	-0.8	-1.0	-0.9	-0.7
Key Bridge Short-term Financing Paydown	0.0	0.0	-36.7	0.0	0.0	-16.3	-625.0
MDOT Loan Repayment – Principal	1.5	1.5	1.5	1.6	1.6	1.6	1.6
I-895 Federal Grant	0.0	5.0	25.0	50.0	0.0	0.0	0.0
I-695 Key Bridge Property Insurance	350.0	0.0	0.0	0.0	0.0	0.0	0.0
I-695 Key Bridge Short-term Financing	0.0	566.3	0.0	366.8	232.5	0.0	0.0
I-695 Key Bridge Federal Grant	60.0	0.0	566.3	529.6	896.4	1,128.9	1,112.6
Accounting Reconciliation	-18.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Sources/(Uses)	\$393.4	\$572.8	\$809.3	\$1,402.3	\$1,682.1	\$1,649.9	\$899.8
Annual Cash Requirements⁽²⁾							
Annual Cash Surplus/(Deficit)	\$178.6	-\$466.6	-\$75.3	\$0.0	\$0.0	\$0.0	\$0.0
Total MDTA Cash Balance	\$975.0	\$508.4	\$433.1	\$433.1	\$433.1	\$433.1	\$433.1

J00J00 – Maryland Transportation Authority

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
MDTA Financial Standards							
Debt Outstanding	\$2,072.2	\$2,580.9	\$2,744.1	\$3,514.6	\$4,243.1	\$4,694.8	\$4,395.1
Unencumbered Cash	595.7	475.3	400.0	400.0	400.0	400	400.0
Debt Service Coverage	3.3	2.6	2.2	1.9	1.5	1.3	1.2
Rate Covenant Compliance	2.3	2.0	1.7	1.5	1.2	1.0	0.9

Key Bridge: Francis Scott Key Bridge
MAA: Maryland Aviation Administration
MDOT: Maryland Department of Transportation
MDTA: Maryland Transportation Authority
MPA: Maryland Port Administration

**Appendix 3
Nonrecourse Debt
Fiscal 2025-2027
(\$ in Thousands)**

<u>Debt Service Payments</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
2002 Series – BWI Marshall Airport Rental Car Facility	\$8,900	\$8,891	\$8,879
2012 A Series – PFC BWI Marshall Airport	3,841	3,837	3,841
2012 B Series –PFC BWI Marshall Airport	7,968	7,968	7,969
2014 Series – PFC BWI Marshall Airport	2,955	2,955	2,955
2019 Series – PFC BWI Marshall Airport	8,471	8,466	8,470
2026 Series - PFC BWI Marshall Airport*	-	-	TBD
2015 Series – Calvert Street Parking Garage Refunding	1,488	1,485	1,486
Total Debt Service Payments	\$33,623	\$33,602	\$33,600
<u>Debt Outstanding</u>			
2002 Series – BWI Marshall Airport Rental Car Facility	\$54,910	\$49,490	\$43,710
2012 A Series – PFC BWI Marshall Airport	22,970	20,150	17,185
2012 B Series –PFC BWI Marshall Airport	15,340	7,765	0
2014 Series – PFC BWI Marshall Airport	22,190	20,045	17,830
2019 Series – PFC BWI Marshall Airport	88,705	84,090	79,240
2026 Series - PFC BWI Marshall Airport*	0	0	130,000
2015 Series – Calvert Street Parking Garage Refunding	9,992	8,769	7,513
Total Debt Outstanding	\$214,107	\$190,309	\$295,478

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
PFC: Passenger Facility Charge
TBD: to be determined

*Amounts issued and outstanding are preliminary and will vary depending on actual loan disbursements by year.

Appendix 4
Object/Fund Difference Report
Maryland Transportation Authority

<u>Object/Fund</u>	<u>FY25 Actual</u>	<u>FY 26 Working Appropriation</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	1,697.00	1,641.00	1,685.00	44.00	2.7%
Total Positions	1,697.00	1,641.00	1,685.00	44.00	2.7%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$243,056,871	\$242,483,660	\$250,825,407	\$8,341,747	3.4%
02 Technical and Special Fees	107,500	1,094,978	1,132,608	37,630	3.4%
03 Communications	3,171,798	4,361,325	4,415,950	54,625	1.3%
04 Travel	265,527	584,358	539,098	-45,260	-7.7%
06 Fuel and Utilities	5,043,746	5,275,842	5,224,828	-51,014	-1.0%
07 Motor Vehicle Operation and Maintenance	26,430,682	28,510,651	18,304,110	-10,206,541	-35.8%
08 Contractual Services	320,469,207	300,304,230	274,145,855	-26,158,375	-8.7%
09 Supplies and Materials	8,232,973	10,935,361	11,193,367	258,006	2.4%
10 Equipment – Replacement	1,513,487	1,703,823	2,698,523	994,700	58.4%
11 Equipment – Additional	555,532	1,872,675	2,416,412	543,737	29.0%
13 Fixed Charges	156,813,178	155,919,051	180,946,334	25,027,283	16.1%
14 Land and Structures	362,531,657	1,120,694,613	963,015,858	-157,678,755	-14.1%
Total Objects	\$1,128,192,158	\$1,873,740,567	\$1,714,858,350	-\$158,882,217	-8.5%
Funds					
07 Nonbudgeted	\$1,128,192,158	\$1,873,740,567	\$1,714,858,350	-\$158,882,217	-8.5%
Total Funds	\$1,128,192,158	\$1,873,740,567	\$1,714,858,350	-\$158,882,217	-8.5%

**Appendix 5
Fiscal Summary
Maryland Transportation Authority**

<u>Program/Unit</u>	<u>FY25 Actual</u>	<u>FY 26 Working Appropriation</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27</u>	
				<u>\$ Change</u>	<u>% Change</u>
41 Operating Program	\$603,631,873	\$587,227,167	\$629,875,090	\$42,647,923	7.3%
42 Capital Program	524,560,285	1,286,513,400	1,084,983,260	-201,530,140	-15.7%
Total Expenditures	\$1,128,192,158	\$1,873,740,567	\$1,714,858,350	-\$158,882,217	-8.5%
Nonbudgeted	\$1,128,192,158	\$1,873,740,567	\$1,714,858,350	-\$158,882,217	-8.5%
Total Appropriations	\$1,128,192,158	\$1,873,740,567	\$1,714,858,350	-\$158,882,217	-8.5%

**J00J00 Maryland Department of Transportation
Maryland Transportation Authority
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis**

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Chair Shelly Hettleman
March 6, 2026

House Appropriations Committee
Transportation and the Environment Subcommittee
Chair Courtney Watson
March 9, 2026

**J00J00 MDOT – Maryland Transportation Authority
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis**

DLS Budget Analysis

1. MDTA Financial Outlook (Page 23)

MDTA should comment on the timing of potential toll increases and how they would be implemented.

MDOT Response:

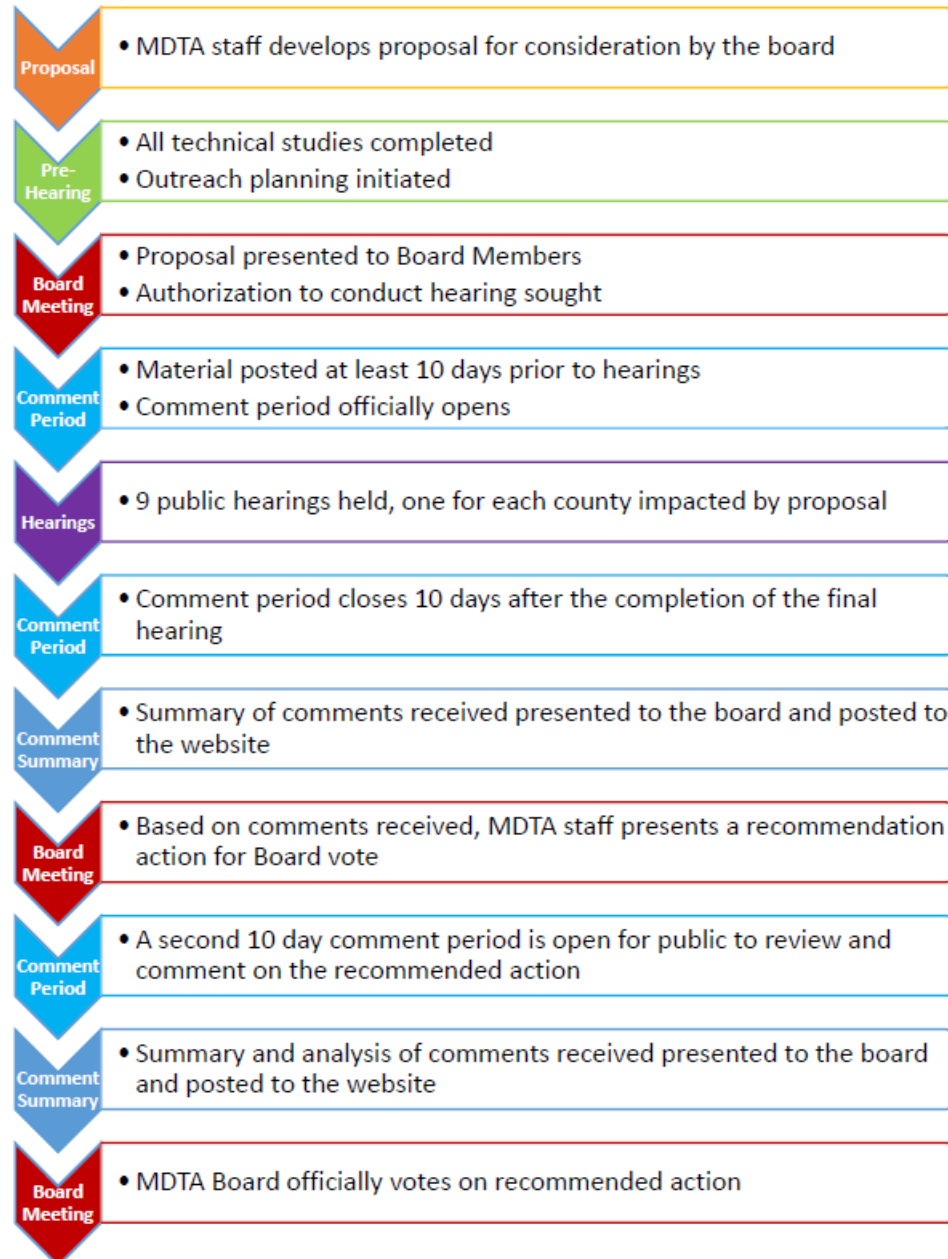
A need for a toll increase has been forecasted since prior to the pandemic. The toll increase process must begin with sufficient time to accomplish the requirements in state law, Transportation Article 4-312, and to allow year end net revenue compared to annual debt service to meet or exceed a factor of 2-times as required by legal covenant (known as 2.0x Debt Service Coverage).

The MDTA is in the midst of its planning process for a toll increase to take place in early fiscal year 2028. Some of the key toll rate increase planning and related activities include gathering data used to determine the long-term capital and operating needs of the agency; analyzing the MDTA's current toll rate structure, including the sensitivity elasticity to increasing tolls; and researching toll rates in neighboring states and for similar facilities.

Based on MDTA's current forecast, the toll setting process would likely begin in early calendar year 2027. The toll setting process is illustrated in the flow chart on the following page.

**J00J00 MDOT – Maryland Transportation Authority
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis**

Toll Setting Flowchart



**J00J00 MDOT – Maryland Transportation Authority
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis**

Operating Budget Recommended Actions

- 1. Adopt committee narrative requesting status reports on the Francis Scott Key Bridge reconstruction project. (Page 31)**

MDOT Response:

The Department concurs with the DLS recommendation.

PAYGO Budget Recommended Actions

- 1. Nonbudgeted. (Page 31)**

MDOT Response:

The Department concurs with the DLS recommendation.

ITEM

4

VERBAL

ITEM

5



MEMORANDUM

TO: MDTA Finance and Administration Committee
FROM: Finance Consultant Bill Bertrand
SUBJECT: FSK Bridge Emergency Relief Rebuild Project Description of MDTA & SHA Systems & Controls to Track Federally Eligible Project Expenditures
DATE: March 12, 2026

PURPOSE OF MEMORANDUM

To provide an overview of the process for tracking, reporting, and recovering federally eligible expenditures related to the Francis Scott Key (FSK) Bridge Rebuild Emergency Relief (ER) Project.

SUMMARY

Prior to the submission of federal reimbursement requests, project teams from the Maryland Transportation Authority (MDTA) and Maryland Department of Transportation State Highway Administration (SHA) interact with the Federal Highway Administration (FHWA) Maryland Division ER Staff and the General Engineering Consultant's subconsultant firm to review all transactions for federal compliance and eligibility for reimbursement. The process requires that transactions that are deemed federally eligible for reimbursement are properly supported for audit trail purposes.

As the project progresses, the MDTA and its partners will continue to refine the process used to track and capture FSK Bridge Rebuild Project costs for purposes of requesting federal reimbursement. While there are no known concerns with the current structure of the systems and controls that are currently in place for supporting the FSK Bridge Rebuild Project expenses, the MDTA and SHA will continue to support process and/or documentation enhancements. Any improvements to the process at the request of the FHWA Maryland Division will be addressed. Additionally, reassessment of the structure will need to be performed periodically, especially in light of the unique criteria associated with ER funds and as part of the Major Projects oversight process.

ATTACHMENT

- FSK Bridge Rebuild – Description of MDTA & SHA Systems and Controls to Track Project Expenses

Francis Scott Key Bridge Rebuild Emergency Relief Project

Description of MDTA & SHA Systems and Controls to

Track Project Expenditures

Summary:

This overview summarizes the standard Federal Highway Administration (FHWA) Emergency Relief (ER) funded project and explains the checks and balances utilized to ensure that federally reimbursable expenditures are proper and accurately recorded against Francis Scott Key (FSK) Bridge Rebuild Project charge numbers.

Background:

As the authorized State agency to receive federal funds on behalf of Maryland under 23 U.S. Code §104, the FHWA's ER Program, one of the State Highway Administration's (SHA) roles is to provide general oversight and to act as the "pass through" agency for these funds. As part of this role, SHA coordinates with its FHWA Maryland Division office in determining the eligibility of costs incurred in the repair of facilities damaged by eligible events. Under SHA's Stewardship and Oversight Agreement with FHWA, last updated in 2024, SHA is aware of its general roles and responsibilities, and coordinates with both the FHWA and the Maryland Transportation Authority (MDTA) with respect to those authorities. As captured in the MDTA/SHA MOUs, the SHA Federal Aid Team and the SHA ER Fund Coordination Team work closely with the MDTA Financial Team and the MDTA FSK Bridge Rebuild Project Management Team to support the cost review and federal reimbursement process.

While the MDTA's FSK Bridge Rebuild Project Management Team is ultimately responsible for the daily oversight of all phases of the project, MDTA Finance is responsible for the financial systems and fiscal processes that represent the checks and balances and creates a framework for the proper and accurate recording of project costs, which are broken down into four categories: contractor invoices, consultant invoices, payroll and related costs, and other costs.

The MDTA FSK Bridge Rebuild Project Management Team is responsible for the daily oversight of the FSK Bridge Rebuild Project contractor. Contract management systems under the Office of Engineering and Construction (OEC) – Construction Management Team (CMT) supporting the daily recording of the work performed by the contractor and contract compliance is the basis for invoice creation and payment. Invoices are first reviewed by OEC-CMT, then approvals are provided by the contractor, MDTA's Office Reviewer, MDTA's Director of Construction, and finally by MDTA Finance Accounts Payable, which processes the payment and records the charges against the Project.

Consultant invoices are certified by the consultant firm, reviewed by the MDTA FSK Bridge Rebuild Project Management Team, and are based on the daily approval of time charges and direct expenses, compliant with contract terms and recorded in the Project management files. Invoices are first reviewed by OEC-CMT, then approvals are provided by the respective consultants or contractors, MDTA's Office Reviewer, MDTA's Director of Construction, and finally by MDTA Finance Accounts Payable, which processes the payment and records the charges against the Project.

Payroll charges are captured for MDTA employees in the MDOT Payroll time entry system, MTrack. This supports the daily recording of time worked on projects, requiring supervisory approval on a bi-weekly basis. The cost allocation of fringe benefits is based on time charged to projects from the bi-weekly allocation of payroll costs.

Both payroll charges and fringe benefits are distributed on a bi-weekly basis and recorded as journal entries against the Project. Other costs, such as the Project team's temporary office rent payments, are primarily invoice based and must be approved by a supervisor before being sent for payment processing to MDTA Finance Accounts Payable in order to be recorded against the Project.

Each category of costs is considered a fiscal transaction processed in the MDTA financial accounting system, Microsoft Dynamics SL (Dynamis). A project accounting module within Dynamics supports the ability to account for costs incurred on the FSK Bridge Rebuild Project, which is based on a project numbering system that aligns with FHWA's financial system (FMIS) and the authorized federal project numbers established.

Each fiscal process requires that transactions are properly supported and is referred to as an audit trail to support the charge to the FSK Bridge Rebuild Project. These fiscal transactions in support of the Project, as captured under the applicable internal Project numbers, are used as the basis for periodic reporting of costs.

Project Team Structure:

The internal teams established to ensure the accuracy of the costs charged against the Project, as well as the accuracy of reimbursements requested and received are:

- FSK Bridge Rebuild Project Management Team
- MDTA Financial Team
- SHA ER Coordination Team
- SHA Federal Aid Team

FSK Bridge Rebuild Project Management Team works closely with the FHWA Maryland Division - ER and Major Projects Team and is responsible for all aspects of oversight of the Project including separately accounting for the daily costs being incurred including payment of contractor and consultant invoices. The daily contract oversight process requires the use of construction/consultant management systems to monitor compliance against contract terms prior to invoice payment. This Team also works closely with the MDTA Financial Team, SHA ER Coordination Team, and the SHA Federal Aid Team. Payroll and other related costs are also part of this team's oversight; however, the approval of payroll occurs under each participating office's supervisory structure.

MDTA Financial Team establishes MDTA project numbers based on an internal capital project approval process, which must align with federal approval for federally funded projects. Costs cannot be incurred until the internal approval process is initiated by the project management team. Costs can only be

charged to a project through an established fiscal process and recorded via an official fiscal transaction within Dynamics. Fiscal transactions that are recorded against the project are reported under the project accounting module supported by Dynamics. The project costs and funding sources

FSK Bridge Rebuild ER Project Systems and Controls to Track Project Expenditures
Page Three

recorded are queried in detail and summarized on a periodic basis by each project phase and by category of cost or funding source. This report is referred to as the FSK Bridge Rebuild Project Cost and Funding Sources Report and is used as the basis for providing the Executive Leadership Team periodic summary tables. The report summarizing project costs and the status of federal reimbursements, primarily funded with ER funds and insurance proceeds (in lieu of ER funds), is provided to Executive leadership periodically for review and oversight.

The MDTA Financial Team reviews the costs and funding sources in detail to ensure transactions have been recorded properly, however more detailed reviews are performed by the FSK Bridge Rebuild Project Management Team, which is responsible for daily oversight, with support from the SHA ER Coordination Team.

The SHA ER Coordination Team, including the GEC subconsultant, performs spot check cost reviews of contractor and consultant invoices (including proof of payment) using random sampling or ad hoc checks and works directly with the MDTA's FSK Bridge Rebuild Project Management Team to ensure MDTA's completeness of reviews. Using OEC's management system to access invoices and applicable documentation, the SHA ER Coordination Team determines which costs are federally eligible and therefore reimbursable by FHWA. Payroll and related costs, such as employee expense charges, are being reviewed at a more detailed level by this Team once the time report or expense statement and purpose of the labor and employee reimbursement are provided by the MDTA Financial Team. Other related costs are treated similarly. This Team will coordinate with applicable partners to determine eligibility of individual costs, and this is the basis for the MDTA Financial Team requesting federal reimbursement by generating a Dynamics invoice. The SHA ER Coordination Team coordinates with SHA's Federal Aid Team to verify the eligibility of funding sources deemed to be used in lieu of federal ER funds before a "drawdown" occurs. This Team coordinates with FHWA Maryland Division ER staff when interpreting ER criteria to ensure the eligibility of costs before seeking reimbursement. This Team is also responsible for updating the Detailed Damage Inspection Report (DDIR) of forecasted cash flow needs over the subsequent 6-to-12-month period of the project.

A GEC subconsultant, RSM – a CPA firm, is under task order to support the SHA ER Coordination Team whose purpose is to ensure project costs are reviewed for compliance with ER criteria before being deemed eligible and reimbursable. These costs are now the basis of a federal invoice to seek reimbursement against ER funds or other funds, such as insurance proceeds deemed in lieu of federal funds. The MDTA Financial Team is basing the Dynamics generated federal reimbursement request or invoice on these eligible and reimbursable project costs. Additionally, only costs that are deemed ineligible in the SHA ER Coordination Team review process are moved to an ineligible category within

the project as part of the Dynamics project accounting module. Once recorded as ineligible, these costs will not be part of a federal invoice.

FSK Bridge Rebuild ER Project Systems and Controls to Track Project Expenditures Page Four

The SHA Federal Aid Team is responsible for establishing a federal FMIS authorization for each federally funded project once approved to proceed. This Team works closely with the FHWA Maryland Division Office and can only proceed with federal FMIS actions if all aspects of the ER fund process have been met, such as the approval of the forecasted cash flow needs in the DDIRs. Once the federal project is authorized and officially established in federal FMIS, requests to obligate ER funds are submitted for federal approval. This now establishes the basis for federal reimbursement of ER fund eligible project costs. This Team plays a critical role in ensuring invoices seeking federal reimbursement align with the federal authorization and obligation of funds.

The MDTA Financial Management Team provides the detailed project transactions and summary reports to the FSK Bridge Rebuild Project Management Team, specifically a consultant resource dedicated to reporting the status of costs and funding sources against the budget and used to create the Initial Financial Plan and monthly updates, as required under the FHWA Major Project requirements. The FSK Bridge Rebuild Project Financial Plan will become the basis for review and discussion regarding project schedule and budget.

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Insurance Proceeds Tracking

MDTA and SHA will also be providing FHWA with a tracking sheet showing the specific invoicing charges that are drawing down on the MDTA insurance proceeds of over \$350 million. This will allow FHWA to see the charges that utilized the insurance and the order of those charges.

Conclusion

MDTA and SHA have been working with RSM to mature the processes for capturing FSK Bridge Rebuild Project costs and requesting federal reimbursements to enhance tracking. While there are no known concerns with the current structure of the systems and controls in place for supporting the FSK Bridge Rebuild Project expenditures as reported in a summary table format on a periodic basis, MDTA and SHA will continue to support process and/or documentation enhancements. Any improvements to

the process at the request of the FHWA Maryland Division will be addressed. Additionally, reassessment of the structure will need to be performed periodically, especially in light of the unique criteria associated with ER funds and as part of the Major Projects oversight process. The MDTA and

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SHA have bi-weekly coordination meetings with FHWA-Maryland Division ER staff at which methods for capturing and communicating how all costs are being treated are discussed.

ER Funds Reimbursement Flowchart

