

FINANCE COMMITTEE MONTHLY MEETING  
TUESDAY, JUNE 8, 2023  
OPEN MEETING VIA CONFERENCE CALL

OPEN SESSION

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

STAFF ATTENDING: Erika Brantley  
Jeffrey Brown  
Donna DiCerbo  
Cheryl Dickinson  
Chantelle Green  
Natalie Henson  
Jeanne Marriott  
Selena McKissick  
Kimberly Millender, Esq.  
Ken Montgomery  
Mary O'Keeffe  
Joe Quattrone  
Tim Sheets  
Jennifer Stump  
Will Pines

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

**APPROVAL – OPEN MEETING MINUTES FROM MAY 11, 2023 MEETING**

Member John von Paris called for the approval of the meeting minutes from the open meeting held on May 11, 2023. Member Dontae Carroll made the motion, and Member Jeffrey Rosen seconded the motion, which was unanimously approved.

**APPROVAL – CONTRACT MA 2868-0000 – ETC CUSTOMER SERVICE CENTER SERVICE – COLLECTION CONTRACT MODIFICATION NO. 2**

Mr. Joe Quattrone requested a recommendation of approval from the Finance Committee to present Contract Modification No. 2 for Contract MA 2868-0000 with Transcore LP, Inc., for the 3G Electronic Toll System Operation to the full Maryland Transportation Authority (MDTA) Board at its next scheduled meeting.

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

In March 2020, during the COVID-19 pandemic, the MDTA implemented statewide cashless tolling (*i.e.*, all-electronic tolling (AET)) to protect customers and employees from face-to-face cash transactions. Between March and October 2020, to help provide customers with some financial relief, the MDTA also paused the mailing of Notices of Tolls Due (NOTDs) and assessing civil penalties on unpaid NOTDs for drivers that used the MDTA's toll facilities without an *E-ZPass*<sup>®</sup> account. NOTDs and civil penalty payment processing has since resumed under Contract MA 2868-0000.

In 2022, Contract Modification No.1 was executed, to authorize Transcore LP, Inc. to process AET transactions in real-time, to recover the backlog of transactions paused during the pandemic, and to provide services for the Customer Assistance Plan. Now, the MDTA seeks approval for a second contract modification (Contract Modification No. 2) for the purpose of extending the end date of the contract and to add additional time to the contract phases. When effected, the modifications extend the original term by 214 days. The extension of time is attributable to transition delays as well as additional work being added to the project. The additional tasks include performing activities for legislatively mandated activities, performing externally requested data queries, extending the Customer Assistance Plan, and addressing MDTA assigned work orders. This modification is also requesting an additional \$44,317,717.58 in new funding. The additional \$44M in funding will be used to adjust the operations and maintenance line items associated with the additional time, to adjust to the deletion of cash operations and the move to All Electronic Tolling (AET). The additional funds result in a new contract total amount of \$307,853,301.37.

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

**APPROVAL – FY 2024 FINAL OPERATING BUDGET**

Mr. Jeffrey Brown requested a recommendation of approval from the Finance Committee to the full MDTA Board for the FY 2024 Final Operating Budget. The Trust Agreement requires the approval of a final budget on or before July 1, 2023.

The FY 2023 Final Operating Budget totals \$400.1 million. This represents an increase of \$8.7 million, or 2.2%, above the FY 2024 Preliminary Operating Budget. The key drivers are increased personnel costs for civilian and sworn employees, a cost shift from FY 2023 to FY 2024 for motor vehicle purchases, and increased *E-ZPass* Service Center costs.

Mandated changes increased the budget by \$9.2 million compared to the FY 2024 Preliminary Operating Budget. These changes include (1) a longevity step totaling \$2.1 million; (2) a 2% COLA for civilian and contractual employees totaling \$1.7 million; (3) Employee reclassification adjustments totaling \$1.5 million; (4) a \$1.5 million increase in Employee and Retiree's Health Insurance; (5) a \$1.3 million increase in Employees' Retirement System (6) a \$0.7 million increase in the Law Enforcement Officers' Pension System costs; (7) a one-time step increase of \$0.7 million; and (8) a \$0.2 million decrease in Maryland State Police costs.

The operating budget includes a net \$0.5 million in additional discretionary spending. The key changes are as follows: (1) Supply chain delays for vehicle purchases in FY 2023 accounts for a \$1.3 million increase (cost shift from FY 2023 to FY 2024); (2) *E-ZPass* Service Center costs increase by \$1.0 million due to increase in the forecasted volume of unregistered video toll accounts; (3) Management Studies & Consultants increased \$0.3 million due to expected consultant work related to improving the customer experience; (4) Additional Building Equipment & Maintenance increased \$0.2 million due to the rollover of the auto-shop renovations at the Nice/Middleton Bridge from FY 2023 to FY 2024; (5) Medical Care increased \$0.1 million due to the rollover from FY 2023 to FY 2024 of funding for sworn officer mental health screenings and employee medical services; (6) *E-ZPass* Transponders increased \$0.1 million due to a slight increase in expected demand; (7) Contractual employee step increases total \$0.1 million; (8) Engineers decreased \$0.2 million due to less required services; (9) *E-ZPass* Retail Fees decreased by \$0.1 million based on current year spending and future estimated transaction volumes; (10) Turnover decreased by \$2.3 million due to personnel cost changes and an updated salary forecast; and (11) All other changes amount to a net decrease of \$0.1 million.

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

**APPROVAL – DRAFT FY 2024-2029 CONSOLIDATED TRANSPORTATION PROGRAM**

Ms. Jennifer Stump requested a recommendation of approval from the Finance Committee to the full MDTA Board for the Draft FY 2024-2029 Consolidated Transportation Program (CTP). The Draft CTP was reviewed by the Capital Committee on June 1, 2023 and recommended for approval to the full MDTA Board.

The Draft CTP totals \$2.7 billion, which reflects a net increase in the six-year FY 2024-2029 budget of \$169.7 million. The net increase is the result of (1) a decrease in the six-year CTP budget by \$19.1 million for the Nice/Middleton Bridge; (2) a decrease in the six-year CTP budget by \$7.0 million for the I-95 ETL Northern Extension; (3) increase in the six-year CTP budget by \$178.0 million for all projects except Nice/Middleton Bridge, I-95 ETL Northern Extension, and reserves; and (4) a \$17.9 million increase in the Allocated and Unallocated Reserves. FY 2023 actual expenditures are projected to be \$49.7 million lower than anticipated. This amount has been rolled over into the Draft FY 2024-2029 CTP.

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

**APPROVAL – FY 2024 – FY 2029 FINANCIAL FORECAST**

Ms. Chantelle Green requested a recommendation of approval from the Finance Committee to the full MDTA Board for the FY 2024 – FY 2029 Financial Forecast. Ms. Green updated the Finance Committee on the financial affordability of the FY 2024 Final Operating Budget and the Draft FY 2024-2029 CTP. Throughout the six-year forecast period, the MDTA meets its financial goals and minimum legal standards. Based on the current forecast estimates, beginning in FY 2028, a systemwide toll increase will be necessary to maintain 2.0 times debt coverage throughout the remainder of the FY 2024-2029 forecast period. Tolls were last increased in FY 2014 followed by a reduction of tolls in FY 2016. The actual timing of a toll increase will depend on many factors that impact the MDTA's financial standards, such as inflationary pressures, deferred maintenance policies, toll revenue attainment, mandated operating budget increases, and debt issuance costs and timing.

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

**UPDATE – BI-ANNUAL REVIEW OF REVENUE SUFFICIENCY**

Ms. Chantelle Green provided the Finance Committee with an update on the bi-annual review of revenue sufficiency for the FY 2024-2029 financial forecast period. Ms. Green noted that the MDTA's Board Policy requires a bi-annual review of revenue sufficiency to determine if current rates and fee levels are appropriate based on levels of expected spending. Given that the agency meets its financial coverage ratios and targeted unencumbered cash position through FY 2027, the MDTA's current toll rates, fees, and discounts provide enough revenue in the near-term to meet forecasted spending as well as all legal and policy requirements.

There being no further business, the meeting of the Finance Committee adjourned at 9:34 a.m., following a motion by Member Carroll, and seconded by Member Rosen.



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John von Paris, Chairman