

FINANCE AND ADMINISTRATION COMMITTEE MONTHLY MEETING
THURSDAY, OCTOBER 10, 2024
OPEN MEETING HELD VIRTUALLY

OPEN SESSION

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

STAFF ATTENDING: Jeffrey Brown
Darryl Campbell
Kevin Cullity
Percy Dangerfield
Donna DiCerbo
Cheryl Dickinson
Tonya Dorsey
Allen Garman
Bruce Gartner
Chantelle Green
James Harkness
Richard Jaramillo
Heather Koeberle
Cheryl Lewis-Orr
Kimberly Millender, Esq.
Ebony Moore
Kenneth Montgomery
Bradley Ryon
Tim Sheets
Linda Sfakianoudis
Cheryl Sparks
Jennifer Stump

OTHERS ATTENDING: William Seymour – SB and Company

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.

Member von Paris began the meeting by requesting a moment of silence in memory of David Swan Sharpless, III.

APPROVAL – OPEN MEETING MINUTES FROM AUGUST 8, 2024 MEETING

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on August 8, 2024. Member Cynthia Penny-Ardinger made the motion, and Member Jeffrey Rosen seconded the motion, which was unanimously approved.

APPROVAL – PROPOSED CHANGES TO CODE OF MARYLAND REGULATIONS (COMAR) 11.07.07.05

Ms. Heather Koeberle requested a recommendation of approval from the Finance and Administration Committee to present the proposed changes to the Code of Maryland Regulations (COMAR) 11.07.07.05 to the full Maryland Transportation Authority (MDTA) Board at its next scheduled meeting.

The MDTA pays a monthly maintenance fee of nearly 83 cents for each *E-ZPass*[®] Maryland account. There are currently 358,537 accounts that have been identified as inactive. The purpose of this change in regulation is to save the agency nearly \$300,000 per month by terminating an inactive account that has no tolls posted or funds added to the account for at least 24 months. Accounts will only be refunded if they have an amount of \$3.50 or more in their account.

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

UPDATE – INDEPENDENT AUDITOR’S REPORT FOR THE FY 2024 SERVICE ORGANIZATION CONTROLS 1 AND CONTROLS 2 REPORT

Mr. William Seymour, Engagement Partner from SB & Company, briefed the Finance and Administration Committee on the results of the FY 2024 Service Organization Controls (SOC) 1 Type 2 and SOC 2 Type 2 Reports for the Maryland *E-ZPass*[®] System. Mr. Seymour commented that while one exception (finding) for the FY 2024 audit period was noted, unmodified opinions were issued for the SOC 1 Type 2 and SOC 2 Type 2 audits.

UPDATE – FOURTH QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Mr. Jeffrey Brown updated the Finance and Administration Committee on actual versus projected year-to-date spending for the fourth quarter of FY 2024. As of June 30, 2024, 94% of the operating budget was spent compared to the target of 100%. The primary variance drivers are contractual services expenses, employee overtime, and higher insurance premiums due to market pressures.

UPDATE – FOURTH QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jennifer Stump updated the Finance and Administration Committee on actual year-to-date spending for the fourth quarter FY 2024 compared to projected spending as shown in the FY 2024-2029 Draft Consolidated Transportation Program (CTP). As of June 30, 2024, 75.3% of the FY 2024 capital budget was spent as compared to the target of 100%. The total budget for FY 2024 is \$539.6 million. Actual spending through the fourth quarter of FY 2024 was \$406.4 million.

UPDATE – CTP PROCESS/ADDITIONS

Ms. Jennifer Stump provided the Finance and Administration Committee with an overview of the MDTA's CTP process and an update of additions to the capital program. The CTP is released yearly and presents the MDTA's ongoing and new capital projects for a six-year rolling period for all MDTA facilities. Following the MDTA Board's approval of the Draft CTP in June of each year, the CTP is presented to local elected officials and citizens throughout the State of Maryland for review and comment. When the Final CTP is approved by the MDTA Board in November, it becomes part of the Governor's budget to the Maryland General Assembly in January of the following year. This process is required by statute and applies to the MDTA and the Maryland Department of Transportation modes.

Ms. Stump explained that projects in the CTP are categorized into three programs (1) the System Preservation – Minor Projects Program; (2) the Development and Evaluation (D&E) Program - Major Projects; and (3) the Construction Program. The three programs include ongoing projects and projects scheduled to begin construction within the six-year period. The D&E program includes major projects that are being prepared for possible future addition to the Construction Program. Projects are moved from the D&E Program to the Construction Program as funds and resources become available, based on the merits of the projects.

Ms. Stump reported that 11 new projects were added to the FY 2025-2030 CTP. Funding availability to budget for identified projects is based on the MDTA's six-year financial forecast, which considers estimates of traffic and revenue (prepared annually), the operating budget and capital budget, debt service payments, the potential need for future bond sales and toll increases, and compliance with financial standards (Trust Agreement covenant, debt service coverage, unrestricted cash balance).

UPDATE – FOURTH QUARTER TRAFFIC AND REVENUE

Ms. Cheryl Lewis-Orr 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 the forecast. The key takeaways regarding year-to-date traffic and revenue performance are that (1) passenger vehicle traffic levels consistently reached pre-pandemic levels and have matched or exceeded FY 2023 levels during much of the fiscal year; (2) commercial vehicle traffic levels continue to outperform traffic trends observed prior to the pandemic; (3) following the allision of the M/V DALI causing the collapse of the Francis Scott Key Bridge (FSK), commercial vehicle traffic declined beginning in the fourth quarter; (4) *E-ZPass*® revenue continued to exceed the forecast due to higher than forecasted daily average traffic for FY 2024; (5) Video toll Notices-of-Toll-Due (NOTDs) and Central Collection Unit collections were lower than forecasted; (6) Administrative Toll revenue was below the forecast mostly due to lower than anticipated civil penalties; and (7) systemwide, transactions and revenue were below the forecast by 1.5% and 1.1%, respectively. It should be noted that an updated forecast was prepared in June 2024 to reflect the significant decrease in toll revenue on the FSK. The forecast comparison to actuals reflect actual traffic and revenue trends compared to the June 2024 updated forecast.

UPDATE – HUMAN RESOURCES INFORMATION SYSTEM

Ms. Tonya Dorsey provided an update to the Finance and Administration Committee regarding the implementation of Human Resources and Information System (MDOT HRIS). The MDOT's Human Resources Information System was outdated and in dire need of replacement. The Secretary's Office in conjunction with the modes, worked for more than a year to develop the new MDOT HRIS to meet the needs of the Department. This required dedicated support from the Human Resources, Information Technology and the Environment, Safety and Risk Management teams to ensure that the new system contained the necessary data to ensure a smooth upgrade.

UPDATE – HUMAN RESOURCES INFORMATION SYSTEM

Dr. Percy Dangerfield and Mr. Darryl Campbell updated the Finance and Administration Committee on the MDTA Buddy Program and the Stay Interview Program.

The Buddy Program is an onboarding and knowledge-sharing program designed to orient new MDTA employees. A new employee is assigned a buddy who serves as a dependable and knowledgeable point of contact, offering ongoing support, guidance, and general resource during the new employee's first four months of employment.

The Stay Interview Program aims to assess employee job satisfaction and retention by engaging current employees, at all levels, in proactive discussions about their experiences at the MDTA. The goal is to understand what is working well and to identify opportunities for improvement. When actively involved in this program, a division or team participates in an in-person Stay Interview session consisting of an anonymous survey captured in SurveyMonkey. Also, they participate in a review of survey responses as a group, small and large group discussions, and a mock strategies session. Following the aforementioned sessions, the division, or team, is provided with a summary of the results, the themes identified, and the recommended considerations for further discussion.

There being no further business, the meeting of the Finance and Administration Committee adjourned at 10:04 a.m., following a motion by Member Rosen, and seconded by Member Penny-Ardinger.



John von Paris, Chairman