

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, NOVEMBER 9, 2021
LIVESTREAMED OPEN MEETING (IN PERSON)

OPEN SESSION

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

STAFF ATTENDING: Jeffrey Brown (via conference call)
Jeffrey Davis
Cheryl Dickinson
Allen Garman
Chantelle Green
Natalie Henson
Jeanne Marriott
Kimberly Millender, Esq.
Sushmita Mitra
Mary O’Keeffe
Jim Ports
Deb Sharpless
Christina Thompson
Clayton Viehweg

OTHERS ATTENDING: David Calvert – PFM (via phone)

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

APPROVAL – OPEN MEETING MINUTES FROM OCTOBER 12, 2021 MEETING

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on October 12, 2021. Member Jeffrey Rosen made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

APPROVAL – CONTRACT NO. J01B1600011 – DYNAC MAINTENANCE CONTRACT

Ms. Sushmita Mitra requested a recommendation of approval from the Finance Committee to the full Maryland Transportation Authority (MDTA) Board for Contract No. J01B1600011, DYNAC Maintenance Contract.

This contract procures a full-service software maintenance and service plan (including repairs) for the DYNAC Supervisory Control and Data Acquisition (SCADA) system. The primary purpose of the DYNAC SCADA system is to manage tunnel ventilation fans, pumps, lighting systems, hydrocarbon and carbon monoxide sensors, cameras, traffic control gates, signs and signals at the Baltimore Harbor Tunnel, Fort McHenry Tunnel, and the Intercounty Connector deck-over. The total amount of the contract is \$8,884,230. The contract does not include a Minority Business Enterprise goal.

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

UPDATE – INVESTMENT COMMITTEE REPORT

Mr. Allen Garman, Mr. Clayton Viehweg, and Mr. David Calvert (PFM) provided an update to the Finance Committee on the activities of the Investment Committee for the period ended September 30, 2021. The update included a review of market conditions, portfolio strategies, total return performance, and dealer trade allocations. Market drivers that may influence portfolio performance in the coming months were also discussed, including the economy, fiscal policy, and Federal Reserve monetary policy. Mr. Garman noted that the Investment Committee is not recommending any changes to the investment strategy at this time.

UPDATE – ANNUAL TRAFFIC AND REVENUE FORECAST

Ms. Chantelle Green provided an update to the Finance Committee on the traffic and revenue (T&R) forecast for the legacy facilities, Intercounty Connector (ICC), and the I-95 Express Toll Lanes (ETL). On a systemwide basis, through fiscal year (FY) 2027, forecasted revenues are expected to increase by \$133.9 million, or 2.8 percent, compared to the previous forecast. The majority of the increase is due to a \$113.6 million increase in legacy facility revenue compared to the November 2020 forecast. The increase in legacy facility revenue is mostly due to the forecasted growth in commercial vehicle transactions.

Through FY 2027, in-lane revenue on the ICC and ETL facilities is forecasted to decline by \$4.4 million compared to the November 2020 forecast. The current forecast is generally in line with the prior year forecast.

Through FY 2027, administrative toll revenue is expected to increase by \$24.7 million compared to the November 2020 forecast. Other revenue is forecasted to increase as a result of cashless tolling.

COVID-19 directly impacted the MDTA's annual revenue. While the current T&R forecast reflects improved stabilization from COVID-19, some uncertainty remains. When comparing the MDTA's current forecast to the most recent pre-COVID-19 forecast, revenues are expected to decline by \$392.1 million for 5 percent compared to the most recent pre-COVID forecast. The MDTA will continue to manage through the loss of these revenues in the years ahead.

APPROVAL – FY 2023 PRELIMINARY OPERATING BUDGET

Mr. Jeffrey Brown requested a recommendation for approval from the Finance Committee to the full MDTA Board of the FY 2023 Preliminary Operating Budget. The proposed operating budget of \$359.1 million, represents a \$1.7 million, or 0.5%, decrease below the FY 2022 Final Operating Budget. The proposed FY 2023 Operating Budget for the MDTA reflects a return to new normal operations.

Mandated changes to the budget resulted in a \$5.6 million increase. The increase is primarily due to (1) step and grade changes for the MDTA police; (2) employee and retiree health insurance costs; (3) pension costs for civilian employees, MDTA law enforcement officers, and the Maryland State Police; (4) a \$500 bonus for sworn and civilian employees; (5) a 1% cost-of-living adjustment for civilian employees; (6) social security costs; and (7) accrued leave payouts resulting from expected retirements.

The FY 2023 operating budget includes a \$7.7 million increase in discretionary spending. Additional spending is mostly due to information technology services, engineering costs, and replacement equipment. These costs are reduced by \$15.0 million in budget reductions that include lower rent, fiscal services, and *E-ZPass* Service Center costs.

Member von Paris called for a motion to recommend contingent 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 – FINAL FY 2022-2027 CONSOLIDATED TRANSPORTATION PROGRAM

Ms. Jeanne Marriott requested a recommendation for approval from the Finance Committee to the full MDTA Board of the Final FY 2022-2027 Consolidated Transportation Program (CTP). The proposed FY 2022-2027 CTP is \$2.8 billion and reflects a net increase of \$39.3 million over the six-year period. The increase is the result of a (1) \$9.4 million increase for the Nice/Middleton Bridge; (2) \$6.8 million increase for the I-95 Express Toll Lanes (ETL) Northbound Extension; (3) \$345.9 million decline in the allocated and unallocated reserves; and

(4) \$369.0 million increase in funding for all projects (excluding the Nice/Middleton Bridge and I-95 ETL).

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

APPROVAL – FY 2022-2027 FINANCIAL FORECAST

Ms. Christina Thompson requested a recommendation for approval from the Finance Committee to the full MDTA Board of the MDTA's FY 2022-2027 Financial Forecast. Ms. Thompson noted that the forecast has been updated to include FY 2021 actual revenues and expenses, current traffic and revenue estimates from the updated annual traffic and revenue report, the FY 2023 Preliminary Operating Budget, and the Final FY 2022-2027 CTP. Throughout the six-year period, the MDTA will continue to meet all required financial goals and legal standards.

Member von Paris called for the approval of the FY 2022-2027 Financial Forecast. Member Rosen made the motion, and Member Penny-Ardinger 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 2022-2027 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. The FY 2022-2027 financial forecast shows that current toll rates, fees, and discounts provide sufficient revenue over the next six years to meet forecasted spending and exceed all legal and policy requirements.

UPDATE – 1ST QUARTER OPERATING BUDGET VERSUS ACTUAL SPENDING

Mr. Jeffrey Brown updated the Finance Committee on actual versus projected year-to-date spending for the first quarter of FY 2022. As of September 30, 2021, 12% of the operating budget was spent compared to the target of 23%. All Objects were below the targeted spending level, with only Object 09 (Supplies & Materials) close to the targeted spending level at 18%. The primary driver for the reduced spend are vacancies and the seasonality of expenses. Expenses are expected to become more aligned with budget as the fiscal year progresses.

UPDATE – 1ST QUARTER CAPITAL BUDGET VERSUS ACTUAL SPENDING

Ms. Jeanne Marriott updated the Finance Committee on actual year-to-date spending for the first quarter compared to projected spending as shown in the FY 2022-2027 Draft CTP. As of September 30, 2021, 10.4% of the FY 2022 capital budget was spent as compared to the target of 25%. Ms. Marriott indicated that capital spending for the first quarter is low because of outstanding accruals for work completed in FY 2021.

There being no further business, the meeting of the Finance Committee adjourned at 10:42 a.m., following a motion by Member Carroll and seconded by Member Penny-Ardinger.

John von Paris, Chairman