MARYLAND TRANSPORTATION AUTHORITY
BOARD MEETING
THURSDAY, NOVEMBER 16, 2017
2310 BROENING HWY, BALTIMORE, MD 21236

OPEN SESSION

Pete K. Rahn, Chairman

MEMBERS ATTENDING:  Katherine B. Armstrong
                      P. Jack Basso
                      Dontae Carroll (via telephone)
                      William H. Cox, Jr. (via telephone)
                      William Enser
                      W. Lee Gaines
                      Mario J. Gangemi
                      John von Paris

STAFF ATTENDING:      Donna DiCerbo
                      Meryle Dunlap, Esquire
                      Trudy Edwards
                      Michele Gross
                      James Harkness
                      Jaclyn Hartman
                      Natalie Henson
                      Meshelle Howard
                      Robert Jordan
                      Jeanne Marriott
                      Kimberly Millender, Esquire
                      Tonya Morant
                      John O’Neill
                      Will Pines
                      Kevin C. Reigrut
                      Lt. Col. Joe Ruff
                      Cheryl Sparks
                      Chris Thompson
                      Tim Wendt
                      Dan Williams
                      Melissa Williams
                      Eric Willison

OTHERS ATTENDING:     David Chapin
                      Thomas Krueger, Conduent
                      Ed McDonald, MDOT, Chief of Staff
                      Gretchen Vreeland, Conduent
At 9:06 a.m. Chairman Pete K. Rahn called the meeting of the Maryland Transportation Authority (MDTA) Board to order.

**APPROVAL – OPEN SESSION MINUTES OF October 26, 2017**

Upon motion by Member Mario Gangemi, P. E. and seconded by Member P. Jack Basso, the Closed and Open meeting minutes of the MDTA Board meeting held on October 26, 2017 were unanimously approved.

**RESOLUTIONS – YEARS OF SERVICE RECOGNITION**

Mr. Kevin Reigrut read the Years of Service Resolutions for David Chapin and Susanne Caldwell. He stated on the occasion of their retirement from their distinguished careers of exemplary service, the Chairman and Members of the Maryland Transportation Authority hereby express to David Chapin and Susanne Caldwell their most sincere appreciation for their excellence and commitment.

**UPDATE – FISCAL YEAR (FY) 2017 CLOSEOUT OF KEY FINANCIAL METRICS**

Ms. Jaclyn Hartman provided a review of the MDTA’s financial closeout for fiscal 2017 as compared to the July 2016 and January 2017 financial forecasts. This item was reviewed by the Finance Committee.

At least twice per year, the MDTA updates its six-year financial forecast. These forecasts include all expected revenues and expenses and are utilized to determine the affordability of expected expenses and to forecast potential debt issuances and/or toll increases.

Fiscal year 2017 ended on June 30 and the audited financial statements have been completed. Comparing the actual revenue and expense results for fiscal year 2017 to what was forecasted shows that several factors combined to improve the MDTA’s financial position beyond what had been previously forecasted. These include: actual fiscal 2017 revenues totaled $733.2 million, $60.7 million more than projected in the July 2016 financial forecast. The increase in projected revenues is primarily attributed to higher than anticipated in-lane toll revenues on the legacy facilities and citation collections; and underspending in the capital budget of $122.5 million.

These combined actions improved MDTA’s financial position at the end of fiscal year 2017. Evidence of this improved financial position include the MDTA’s cash balance exceeding the forecast by $184.1 million and improved financial coverage ratios. Debt service and bonds outstanding remain virtually unchanged over this period.

**UPDATE – TRAFFIC AND REVENUE FORECAST UPDATE**

Ms. Hartman provided a review of the annual update to the traffic and revenue forecasts for all facilities. This item was reviewed by the Finance Committee.
Each fall, an update to the ten-year traffic and revenue forecast is prepared by independent consultants. The MDTA selected CDM Smith and Jacobs though a competitive process to provide these traffic and revenue forecasts. CDM Smith prepares separate forecasts for all legacy facilities and for the Intercounty Connector (ICC). Jacobs prepares the forecast for the I-95 Express Toll Lanes (I-95 ETL). These forecasts are built on historical data from the MDTA’s facilities and national, regional, and State socioeconomic data, such as population, employment, unemployment, real income per capita, real gross domestic product, inflation, and fuel prices. This is a high level summary of the traffic and revenue forecasts. The full reports are available online. Since 2011, the MDTA has made all traffic and revenue forecasts available online on its webpage at: http://www.mdtar.maryland.gov/About/Finances/Financial_Forecast_and_Traffic_and_Revenue_Reports.html

APPROVAL – FISCAL YEAR (FY) 2019 PRELIMINARY OPERATING BUDGET

Ms. Christina Thompson requested approval of the FY 2019 Preliminary Operating Budget. The Preliminary Budget is submitted on the Maryland legislature in January of each year. The Trust Agreement requires the approval of a Final Budget on or before July 1 of each year. This item was reviewed by the Finance Committee and recommended for approval.

The FY 2019 Preliminary Operating Budget totals $320,763,877. This represents an increase of $7,619,192, or 2.4%, compared to the MDTA’s FY 2018 amended budget of $313,144,685. Reimbursable expenses for law enforcement services provided at the Port of Baltimore and the Baltimore/Washington International Thurgood Marshall Airport total $28,308,942 (8.8%) of the budget. These costs are paid by the Maryland Port Administration and the Maryland Aviation Administration.

**Personnel Expenses**: The budget includes an increase of $3.8 million in personnel expenses. This is primarily due to (1) an increase of $2.4 million for law enforcement salaries and benefits due to collective bargaining; (2) an increase of $2.0 million due to a reduction in the turnover rate to reflect less vacancies and a reduced time to fill positions resulting from improved recruitment efforts; and (3) a reduction of $0.6 million for pension expenses (excluding LEOPS) based on a reduced rate per the Department of Budget and Management (DBM).

**Other Expenses**: Other discretionary increases in the FY 2019 operating budget include: (1) A $2.0 million increase in transponders as many are nearing the end of their 10 year life cycle. (2) A $1.1 million increase in **E-ZPass**® credit card reciprocity payments to more accurately reflect FY 2018 actual expenses. (3) A $1.0 million increase in **E-ZPass** service center fees. (4) A $0.8 million increase in IT systems analysis and services for various high priority IT projects. (5) A $0.5 million increase in utilities to reflect actual expenses and a DBM recommended increase in natural gas of 12.5%. (6) A $0.5 million increase in additional equipment for mobile video cameras for the vehicle recovery technician trucks. (7) A $0.3 million increase in vehicle expenses, a $0.3 million increase in advertising, and $0.4 million increase in rent.
Other discretionary decreases in the budget include: (1) A $1.9 million reduction in road repairs and maintenance due to an on-call painting contract that is expiring and is not being renewed. (2) A $0.6 million reduction in engineering services (primarily for annual inspections) to more accurately reflect actual expenses. (3) A $0.2 million reduction in replacement equipment, and a $0.2 reduction in insurance, a $0.1 reduction in equipment repairs, and a $0.1 reduction in contractual payroll.

Upon motion by Member Katherine Bays Armstrong and seconded by Member Basso, the Members unanimously approved Fiscal Year 2019 Preliminary Operating Budget as detailed above in the amount of $320,763,877. In addition, the Members contingently approved any updates required in the FY 19 Operating Budget for rate changes mandated by DBM.

**APPROVAL – FINAL FISCAL YEAR (FY) 2018-2023 CONSOLIDATED TRANSPORTATION PROGRAM (CTP)**

Ms. Melissa Williams and Ms. Jeanne Marriott requested approval for the proposed Final FY 2018-2023 CTP.

The Final CTP increased by $70.7 million from the Draft CTP. This increase is comprised of an $83.0 million increase in projects offset by a $12.2 million decrease in reserves.

The six-year FY 2018-2023 budget in the proposed CTP is $2.6 billion. The proposed CTP reflects a net increase in the six-year FY 2018-2023 budget of $70.7 million. The net FY 2018-2023 increase is the result of the following changes: (1) Decrease in the six-year CTP budget of $0.9 million for the construction of the Nice Bridge Replacement. (2) A rollover of the ICC budget from FY 2017 to the FY 2018-2023 time period of $9.6 million. (3) A rollover of the ETL budget from FY 2017 to the FY 2018-2023 time period of $1.6 million. (4) Increase in the six-year CTP budget of $72.6 million for all projects except Nice Bridge, ICC, ETL and reserves. (5) Decrease in the reserves by $12.2 million.

**Added New Projects:** Added five enhancement projects and four system preservation projects for a total of $23.3 million transferred from the reserves.

**Added Construction Phases:** Funded the construction phase of thirteen projects for a total of $113.5 million. Ten projects totaling $97.8 were transferred from the reserves as design reached 60% level and cost estimates were developed based on fully developed scopes. Three projects totaling $15.7 million were funded for construction as funds became available.

**Modified Budgets to Reflect Bids Received:** Five projects were adjusted to reflect bids received for a net decrease of $57.3 million. Three contracts were lower than Engineer’s Estimate, which resulted in total project cost reductions of $59 million while two contracts were higher than the Engineer’s Estimate, which resulted in total project cost increases of $1.7 million. Contracts for the first four projects were approved at the Board meeting held in September 2017. A contract for the Canton Viaduct Replacement project will be presented for approval to the Board in December 2017.
Modified Budget to Reflect Completed Projects: Thirty projects were completed, deleted, or combined with other projects for a net decrease of $22.1 million.

Modified Active Projects Due to Cost Changes and Cash Flow Adjustments: Adjusted cash flows and funded changes in engineering, right of way, and/or construction budgets for 108 projects for a net decrease of $19.1 million. Thirty-two of the projects included actual project cost changes, the remaining seventy-six were cash flow adjustments only with no changes to total project costs.

Reserve Changes: The allocated reserves decreases by $12.2 million. The unallocated reserves remained the same at $25 million.

Upon motion by Member W. Lee Gaines, Jr. and seconded by Member Armstrong, the Members unanimously approved the Final Fiscal Year 2018-2023 Consolidated Transportation Program.

APPROVAL – FISCAL YEAR (FY) 2018-2023 FINANCIAL FORECAST

Ms. Hartman requested approval for the Fiscal Year 2018-2023 Financial Forecast, version 2017-07. This item was reviewed by the Finance Committee and recommended for approval.

At least twice per year, the MDTA updates its financial forecast to account for the operating and capital budgets, revenues, debt service, and expected debt issuances and/or toll increases. The financial forecast must adhere to all legal and administrative affordability policies.

The current forecast is generally improved from the July 2017 forecast. (1) No system wide toll increases are needed during the forecast period. (Same as previous forecast.) (2) Bond issuances during the six year forecast period have been reduced by $115 million to $250 million. The first bond issuance of $225 million is forecasted for FY 2022 and is related to the Nice Bridge Replacement Project. (3) Debt outstanding in FY 2023 is reduced by $110 million to $2.1 billion due to the reduced debt issuances. (4) Debt service paid over the six year period is reduced by $19.7 million due to reduced bond issuances. (5) The unencumbered cash balance in FY 2023 improves by $122 million, growing from $353 million in the July forecast to $485 million in the current forecast. (6) Debt service coverage in FY 2023 improves from 2.98 to 3.39. (7) Rate covenant compliance in FY 2023 improves from 2.41 to 2.75.

These improved forecast results are largely due to: (1) Increased revenues: Updated traffic and revenue forecasts, prepared by independent consultants, for all facilities were released on November 1, 2017. These forecasts show a $171 million increase in revenue over the six-year forecast period. This increase is the result of higher than expected traffic and revenue in FY 2017 that increased the base and minor modifications to annual growth rates. (2) Increased capital expenditures of $71 million over the six-year period to account for underspending in FY 2017 that is rolled over to future years to account for changes in project schedules and cash flows. (3) Decreased operating expenses of $27 million over the six-year period as a result of constrained budget growth in FY 2019.
Throughout the six year period (FY 2018-2023), the MDTA remains above all required financial goals and legal standards: (1) Maintain a cash balance of at least $350 million in unencumbered cash; (2) Maintain debt service coverage of at least 2.5 through FY 2020 and at least 2.0 thereafter; (3) Maintain a rate covenant of at least 1.0 per the Trust Agreement; and (4) Maintain debt outstanding of less than $2.325 billion through FY 2020 and less than $3.0 billion thereafter.

Upon motion by Member Basso and seconded by Member John von Paris, the Members unanimously approved the Fiscal Year 2018-2023 Financial Forecast.

APPROVAL – CONTRACT AWARD

• CONTRACT NO. HT 3009-0000 HOLIBIRD AVENUE DUCT BANK RELOCATION

Ms. Donna DiCerbo requested approval for Contract No. HT 3009-0000 Holabird Avenue Duct Bank Relocation. This item was reviewed by the Capital Committee and recommended for approval.

The scope of work is to install a new duct bank within Holabird Avenue. This proposed duct bank will be installed to allow for Baltimore Gas and Electric (BGE) to relocate underground electric lines from an existing duct bank, which will be impacted by the replacement of Canton Viaduct. The project site extends along Holabird Avenue from Newkirk Street to Ponca Street. The project will consist of the trenching installation of approximately 520 linear feet of cast-in-place concrete duct bank; the jack and bore of approximately 90 linear feet of 30-inch diameter steel-encased, cast-in-place concrete duct bank under four (4) active railroad tracks; the installation of a new electrical manhole; duct bank tie-in to two (2) existing electrical manholes, and conduit pole connection to two (2) utility poles.

There are allowances of $50,000 for the Maintenance of Railroad traffic, $75,000 for Miscellaneous Work, $125,000 for the Disposal of Contaminated Soils, and $30,000 for the Treatment of Contaminated Groundwater included in the Invitation for Bids (IFB) that will only be used if necessary and with prior approval of the Engineer.

Three (3) bids were received ranging from 32% above to 15% below the Engineer’s Estimate of $1,181,000. Glenelg Construction, Inc. is the lowest responsive and responsible Bidder. As its bid was Fifteen percent (15%) below the Engineer’s Estimate, a bid justification was conducted and the bid was been determined to be fair and reasonable. This company has successfully performed work locally on prior MDOT Maryland Port Administration (MPA), Frederick and Howard County Public School, and Corp of Engineers projects.

This project was advertised with an overall Minority Business Enterprise (MBE) participation goal of 23% with sub-goals of 7% for African American-owned firms and 4% for Asian American-owned firms; and a 1% Veteran Small Business Enterprise (VSBE) participation goal. Glenelg Construction, Inc. submitted MBE and VSBE plans that meet the goals.
Upon motion by Member William Ensor and seconded by Member Mario Gangemi, the Members unanimously approved Contract No. HT 3009-0000 Holabird Avenue Duct Bank Relocation to Glenelg Construction, Inc. in the amount of $994,437.

- **CONTRACT NO. MA 2647-0000R UPGRADE AND REPLACE EXISTING SIGNING MD 24 TO NEWARK TOLL PLAZA**

Ms. DiCerbo requested approval for Contract No. MA 2647-0000R Upgrade and Replace Existing Signing MD 24 to Newark Toll Plaza. This item was reviewed by the Capital Committee and recommended for approval.

The work to be performed under this contract is located along I-95 John F. Kennedy Memorial Highway, I-95 On ramps and I-95 Off ramps from MD 24 to the Newark Toll Plaza in Harford and Cecil Counties. Signing along this section of I-95 will be upgraded and replaced to meet the latest requirements in the Maryland Manual of Uniform Traffic Devices (MdMUTCD) and the Authority's current policies. The project will include replacing overhead sign structures and ground mounted signs, upgrading sign lighting, and adding W-beam traffic barriers in specific areas.

There are allowances of $100,000 for the Maintenance of Traffic and $100,000 for Miscellaneous Repairs included in the Invitation for Bids (IFB) that will only be used if necessary and with prior approval from the Engineer.

Three (3) bids were received ranging from 14% to 3% above the Engineer's Estimate of $11,722,654.57. Bruce & Merrilees Company is the lowest responsive and responsible bidder. This company has performed work on prior MDTA projects successfully.

This project was advertised with an overall Minority Business Enterprise (MBE) participation goal of 23% with sub-goals of 7% for African American-owned firms and 4% for Asian American-owned firms; and a 2% Veteran Small Business Enterprise (VSBE) participation goal. Bruce & Merrilees Company submitted a MBE plan that exceeds the MBE goal and a VSBE goal that meets the goal.

Upon motion by Member Armstrong and seconded by Member Gaines, the Members unanimously approved Contract No. MA 2647-0000R Upgrade and Replace Existing Signage MD 24 to Newark Toll Plaza to Bruce & Merrilees Company in the amount of $12,145,035.

**APPROVAL – CONTRACT MODIFICATION**

- **CONTRACT NO. MA 549-000-006 ELECTRONIC TOLL SYSTEM REPLACEMENT AND OPERATION**

Ms. DiCerbo requested approval to execute a modification to Contract No. MA 546-000-006 Electronic Toll System Replacement and Operation. This item was reviewed by the Capital and Finance Committees and recommended for approval.
Contract MA 549-000-006 was competitively solicited and awarded to ACS State and Local Solutions (aka Xerox State and Local Solutions, and now Conduent), on October 19, 2005, in the amount of $114,361,566, primarily for the development, testing, installation, maintenance and operation of an Electronic Toll Collection System at the MDTA Toll Facilities to replace the legacy system and to develop the Open Road Toll system for the Intercounty Connector (ICC) and I-95 Express Toll Lanes (ETLs). The Contract also includes lane-based fare collection equipment that processes cash and electronic transactions; design, development, testing, installation, operation, and maintenance of complete and fully functional violation image capture system; furnishing, installing, staffing, maintaining, and operating a customer service/violation processing center (CSC) with telephone, mail, and Internet based customer service; and E-ZPass marketing services.

On January 8, 2014, the Board of Public Works (BPW) approved 21 modifications, including both contract renewal options, in the amount of $172,590,594, to increase the overall Contract value to $286,952,159.86.

It has been anticipated that the MDTA would need to modify the Contract and determined the modification would extend the original Contract term by a period of two years until March 6, 2020. With the current contract ending on March 6, 2018 and with the Third Generation Electronic Toll Collection (ETC3G) contracts not being ready to take over the services until the year 2020 at the earliest, an extension of MA 549-000-006 is necessary for the continuity of service.

Currently, the MDTA is in the process of evaluating and selecting new vendors for the ETC3G replacement contracts; however, the new contracts will not be in place and the new ETC3G vendors will not be ready to take over the services prior to the current March 6, 2018, expiration date. Therefore, the modification adds two (2) additional years extending the Contract until March 6, 2020 with two (2) each six (6) month options to extend the term to a maximum of three (3) years, to allow for the award and transfer of services to the new vendors under the new Contracts.

Additionally, to maintain operations and continuity of services of the current contract for the additional two (2) year extension (with the 2 each and 6 month options to extend to a maximum of 3 years) and to facilitate the proposed transition from the existing system to the ETC3G systems, a revision to the scope of work to allow for these items has been included in this modification. The scope of work of the modification will allow for; continuity of services, operational performance, cooperation by the Contractor, cooperation between Contractors, employee retainage, and proposed transition from the existing system to the ETC3G systems.

To date, twenty-six (26) modifications have been approved on this project totaling $286,952,159.86. The proposed modification totals $71,839,367.71. If approved, the total new total Contract value will be $358,791,527.57 and the new Contract expiration date will be March 6, 2020.

A 25.61% Minority Business Enterprise (MBE) overall participation goal was established for this contract and the Contractor is currently achieving 34.34% in MBE participation based on the expenditures to date.
Upon motion by Member Armstrong and seconded by Member Ensor, the Members unanimously approved the Modification to Contract No. MA 546-000-006 Electronic Toll System Replacement and Operation, Adding Two (2) additional years, extending the Contract until March 6, 2020 with two (2) each six (6) month options to extend the term to a maximum of three (3) years in the amount of $71,839,367.71 and the new total Contract value of $358,791,527.57.

UPDATE – HUMAN RESOURCES COMMITTEE

Member Gaines reported out on the November 9, 2017 Human Resources Committee meeting items that were discussed including a Recruitment Process Update, MDTA Customer and Revenue Agent Classifications, Training Initiative, and MDTA Job Fair and Open House.

UPDATE – EXECUTIVE DIRECTORS REPORT

Mr. Reigrut reported on several topics to include the traveling to the Nice Bridge for a Table Top Exercise, Dedication of MD 22 Bridge over I-95 in honor of Civil War Veteran Sgt. Alfred B. Hilton, attendance at a Traffic Incident Management Press Conference with Local Law Enforcement and MDOT State Highway Administration (SHA), attendance at a Press Event for Electric Vehicle Charging Stations at the Maryland and Chesapeake House Travel Plazas on I-95, attendance at a Meeting in DC with MDOT SHA Administrator Greg Slater to discuss the congestion on MD 295 ant P3 opportunities, and lastly unveiling the Bay Crossing Study: Tier 1 NEPA online and in person at six (6) locations.

There being no further business, the meeting of the MDTA Board was adjourned by general consensus at 10:08 a.m.

The next MDTA Board Meeting will be held on December 21, 2017, at 9:00 a.m. at 2310 Broening Hwy, Baltimore, Maryland 21224.

APPROVED AND CONCURRED IN:

Pete K. Rahn, Chairman