MARYLAND TRANSPORTATION AUTHORITY

Fiscal Year 2008 Annual Report

Maryland
Transportation
Authority
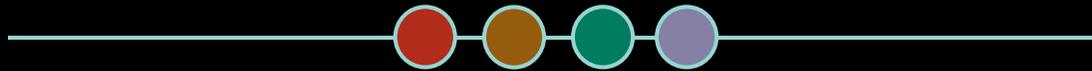
The Maryland Transportation Authority (Authority)
is an independent State agency established in 1971 to finance, construct, manage,
operate and improve the State's toll facilities, as well as to finance new revenue-
producing transportation projects for the Maryland Department of Transportation.

The Authority's seven toll facilities –
a turnpike, two tunnels and four bridges – help keep traffic moving
in Maryland. All of the Transportation Authority's projects and services are funded through
tolls and revenues paid by customers who use the agency's facilities.

For more than 35 years, the Maryland Transportation Authority
has provided Maryland's citizens and visitors with safe and convenient transportation
facilities. We are committed to quality and excellence in customer service, and
we rely on our organization's values, traditions and – most important –
our employees to achieve these goals.

A Message from the **Governor**

It has been a challenging year for the Maryland Transportation Authority – a year in which our hard-working employees dedicated and, in some cases, even sacrificed their lives to make our State a safer, stronger and more secure place to live, work and raise our families. Our hearts go out to the loved ones of those we lost, and our tremendous gratitude goes to those who have worked to strengthen our State, helping us to fulfill the greatest responsibility that we have in our One Maryland, which is to ensure the safety of our citizens.

Thanks to the efforts of everyone at MDTA, we are making progress toward the goals we share by investing in priorities like Statewide radio interoperability, because the ability to communicate across every first-responder agency in our State means more lives can be saved. Together with the Authority, we're building one of the most effective systems in the nation by combining resources that had previously been spread across a number of different agencies.

The Authority has contributed vital resources toward this effort, and we commend Executive Secretary Ron Freeland, MDTA Police Chief Marcus Brown and their staffs for their cooperation, insight and dedication to advancing the common good as One Maryland. We're working to make every roadway, neighborhood, county and municipality in our State safer.

On behalf of the citizens of Maryland, I am pleased to share with you this annual report of the Authority's fiscal year 2008 operations. I hope you will find this report informative as we look ahead to a new year, as well as new opportunities for making our State even stronger.

Martin O'Malley
Governor

Governing **Members**

The Maryland Transportation Authority is a group of eight citizens appointed by the Governor with the advice and consent of the State Senate. This group, representing Maryland's geographic regions, serves as our policy-setting, decision-making and governing body. Maryland's Secretary of Transportation presides as the Authority's Chairman. Each Member serves a four-year term, and term expirations are staggered. Members are eligible for reappointment to the Authority; however, since 2007, there is a limit of three consecutive terms.

John D. Porcari
Chairman

Left to right:

Peter J. Basso
Appointed August 2007

Richard C. Mike Lewin
Appointed August 2007

Walter E. Woodford, Jr., P.E.
Appointed July 1991

John D. Porcari
Chairman

Rev. Dr. William C. Calhoun, Sr.
Appointed May 2007

Michael J. Whitson
Appointed May 2007

Mary Beyer Halsey
Appointed February 2008

Isaac H. Marks, Sr., Esq.
Appointed May 2007

Louise P. Hoblitzell
Appointed July 1983
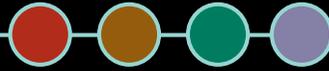
Our Vision

Creating EZ Passage Throughout Maryland.

Our Mission

The Authority will be financial stewards of our dedicated revenue sources to provide vital transportation links that move people to promote commerce in Maryland by:

- Creating and maintaining a transportation network of highways, bridges and tunnels where safety and efficiency are priorities.
- Operating and securing our facilities with innovative technologies.
- Financing transportation facilities that offer convenient choices to travelers.

Our Values

S *Service*

E *Employee Empowerment and Accountability*

R *Responsiveness*

V *Vigilance*

I *Integrity*

C *Communication*

E *Equal Opportunity*

A Message from the **Chairman**

One Maryland.

This is an underlying theme of Governor Martin O'Malley's Administration, and a goal to which we are committed at the Maryland Transportation Authority.

Transportation plays a vital role in bringing together One Maryland, and the Authority's toll facilities certainly provide the critical links in keeping Maryland connected. From *E-ZPass*® and enhanced law-enforcement efforts to preservation projects, I-95 Express Toll Lanes℠ and the Intercounty Connector, the Authority has sought and implemented new ways of managing congestion and providing safe and secure transportation facilities for all Marylanders.

We are committed to Governor O'Malley's vision of securing and building a sustainable Maryland and, with the support of the Governor and the Authority's eight governing Members, we will meet the challenges that lie ahead. We will continue to build on this vision using sound fiscal planning and stewardship to meet the transportation needs of our citizens for years to come.

Thank you for your support of the Maryland Transportation Authority as we continue to serve our customers safely and efficiently in everything we do.

John D. Porcari
Chairman

A Message from the **Executive Secretary**

I am pleased to share with you the Maryland Transportation Authority's 2008 annual report.

With strong and effective leadership from its Chairman and Members, the Authority is working diligently to meet the challenges set forth by Governor O'Malley to provide a safe and secure transportation system and to fulfill our mission of "Creating EZ Passage Throughout Maryland." While we face these challenges during demanding economic times, we will maintain the Authority's tradition of service and fiscal responsibility. The Authority will work harder and more efficiently than ever by taking advantage of the newest technology, business practices, workforce development and community partnerships to help ensure continued success.

Our 1,700 employees are key to this continued success and play a vital role in maintaining fiscal responsibility while helping ensure our seven facilities serve the millions of motorists who travel them each year. Our focus remains clear – keeping Maryland connected through a safe, secure and world-class transportation system.

Thank you for your support of the Maryland Transportation Authority.

Ronald L. Freeland
Executive Secretary

Our Management Committee

Gregory A. Brown
Chief Administrative Officer

Randolph P. Brown, P.E.
Director of Operations

Marcus L. Brown
Chief of Police

David W. Chapin
Special Projects Coordinator

Valerie Johnston Smith
Principal Counsel

David K. Greene
Director of Strategic Development

Beverly Hill
Director of Procurement & Statutory
Program Compliance

Geoffrey V. Kolberg, P.E.
Chief Engineer

Jody D. McCurley
Director of Audits

Deborah E. Sharpless
Chief Financial Officer

Dennis N. Simpson
Acting Director of Capital Planning

Cheryl M. Sparks
Director of Communications

Simela Triandos
Acting Chief Planning Officer

Our Facilities

The construction of Maryland's toll facilities is financed through revenue bonds. The outstanding principal and interest due each year is paid from all revenues collected from the Authority's toll facilities. Toll revenues are the primary source of funds. The Authority's revenues from all seven toll facilities are combined for operating, maintaining and making capital improvements to these facilities. The agency's strong bond ratings secure its position to finance transportation solutions for Maryland's citizens. This year, the Authority received underlying AA ratings from all three bond rating agencies.

Vital Links in Maryland's Transportation Network

William Preston Lane Jr. Memorial (Bay) Bridge (US 50/301)

The Bay Bridge crosses the Chesapeake Bay along US 50/301. Its dual spans provide a direct connection between recreational and ocean regions located on Maryland's Eastern Shore and the metropolitan areas of Baltimore, Annapolis and Washington, D.C. At 4.3 miles, the spans are among the world's longest and most scenic over-water structures. The original span was built in 1952 and provides a two-lane roadway for eastbound traffic. The parallel structure opened in 1973 and has three lanes for westbound travelers. During periods of heavy eastbound traffic, one lane of the westbound bridge is reversed to carry eastbound travelers ("contra-flow" operations).

**FY 2008 traffic volume –
26.7 million vehicles.**

John F. Kennedy Memorial Highway (I-95)

Opened in 1963, the John F. Kennedy Memorial Highway is a 48-mile section of I-95 from the northern Baltimore City line to Delaware. Tolls are collected in the northbound direction only at the toll plaza located one mile north of the Millard Tydings Memorial Bridge over the Susquehanna River.

**FY 2008 traffic volume –
29.3 million vehicles.**

Fort McHenry Tunnel (I-95, I-395)

The largest underwater highway tunnel, as well as the widest vehicular tunnel ever built by the immersed-tube method, the Fort McHenry Tunnel opened to traffic in November 1985. The eight-lane tunnel is nearly two miles long and connects the Locust Point and Canton areas of Baltimore, crossing under the Patapsco River just south of historic Fort McHenry. The tunnel is a vital link in I-95, the East Coast's most important interstate route.

**FY 2008 traffic volume –
44.8 million vehicles.**

Baltimore Harbor Tunnel (I-895)

The 1.4-mile, four-lane tunnel handled its first vehicles in November 1957. Designated I-895, the facility crosses under the Patapsco River and connects major north/south highways and many arterial routes in Baltimore City's industrial sections.

FY 2008 traffic volume – 25.8 million vehicles.

Francis Scott Key Bridge (I-695)

This outer crossing of the Baltimore Harbor opened in March 1977 as the final link in I-695 (the Baltimore Beltway). Including the bridge and connecting roadways, the project is 10.3 miles in length, crossing over the Patapsco River.

FY 2008 traffic volume – 12.3 million vehicles.

Thomas J. Hatem Memorial Bridge (US 40)

The oldest of the Authority's facilities, this 1.3-mile, four-lane bridge opened in August 1940. It spans the Susquehanna River on US 40 between Havre de Grace and Perryville in northeast Maryland.

**FY 2008 traffic volume – 11.1 million vehicles.**

Governor Harry W. Nice Memorial Bridge (US 301)

Opened in December 1940, this 1.7-mile, two-lane bridge is located on US 301 and spans the Potomac River from Newburg, Md. to Dahlgren, Va. President Franklin D. Roosevelt participated in the facility's groundbreaking in 1939.

FY 2008 traffic volume – 6.8 million vehicles.
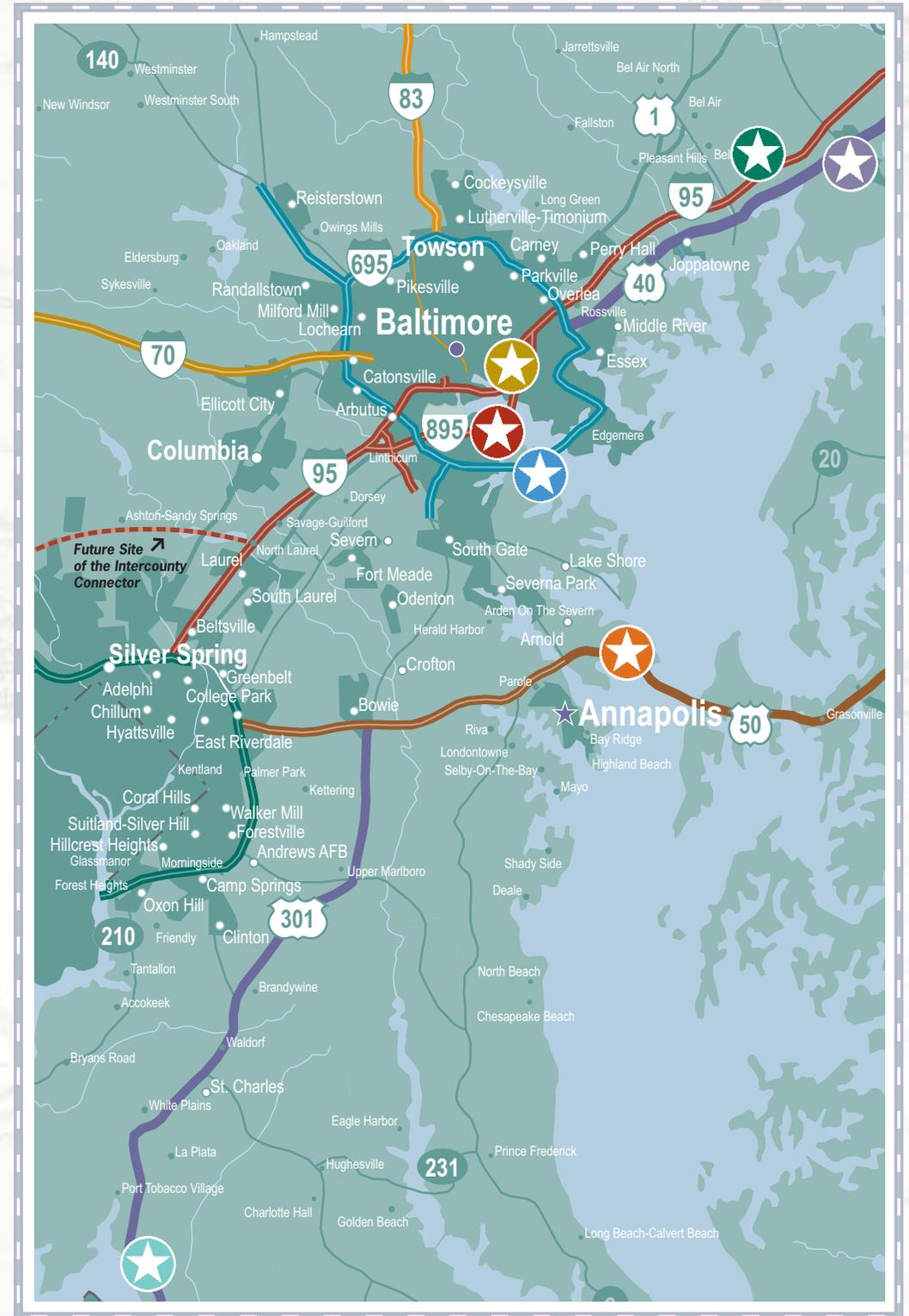
Capital Investments

I-95 Express Toll Lanes℠ Progress Continues

Through fall 2008 and winter 2009, four ramps in the ETLs project opened.

The Authority's current six-year Consolidated Transportation Program (CTP) is more than $4 billion and continues to preserve existing facilities to serve Marylanders for years to come.

In FY 2009, the Authority's annual capital program is more than $1 billion. With the extensive projects at hand, there is an unprecedented opportunity to partner with Minority Business Enterprises (MBE). MBE participation goals are a priority for the Authority, which has one of the highest participation rates in the State.

Our Consolidated Transportation Program consists of 240 projects that range from small feasibility studies of $25,000 to large-scale construction projects like the Intercounty Connector and I-95 Express Toll Lanes. Projects are organized by three major components for the six-year program:

- Construction Program: 24 projects with a total value of approximately $3.3 billion.
- Development and Evaluation Program: nine projects with a total value of more than $21 million.
- Minor Projects Program: 207 projects with a total value of approximately $640 million.

Preservation and improvement projects are planned and underway:

- Rehabilitation of I-95 south of the Fort McHenry Tunnel from Joh Avenue to Washington Boulevard.
- Interchange improvements to MD 24 at I-95 will begin in FY 2009. Improvements will provide enhanced capacity, operation and safety at the interchange.
- Replacement of the 1.5-mile deck of the Hatem Bridge. Construction began in spring 2008.
- Cleaning and painting portions of the structural steel surfaces of the westbound Bay Bridge. Engineering is underway and the project will begin in FY 2009.
- Upgrades to the Nice Bridge toll plaza – needed to accommodate future traffic growth and an increase in E-ZPass® usage – began in late 2008.

Highlights of the Design and Evaluation Program:

- Project Planning is underway for improvements to the Nice Bridge, the Authority's second oldest facility. The Nice Bridge Improvement Project will investigate options to address existing and future traffic and safety needs at the two-lane bridge. The study is expected to be complete by fall 2009.
- The I-95 Section 200 Planning Study is examining how traffic congestion and safety can be improved throughout the 16 miles of I-95 from north of MD 43 in Baltimore County to just north of MD 22 in Harford County. The study is expected to be complete by fall 2009.
- The Authority is in planning stages to redevelop both I-95 travel plazas – the 33-year-old Chesapeake House and the 45-year-old Maryland House – and is soliciting input from the private sector for the redevelopment process.
- Studies to improve commercial-vehicle inspection facilities are in progress at all the Authority's facilities.

Safety

As the Authority improves Maryland's highways, tunnels and bridges, it's committed to keeping motorists, employees and construction workers safe and to keeping traffic moving in work-zone areas. Public outreach for ongoing construction projects incorporates safety messaging for the "Stay Alert So No One Gets Hurt" campaign.

In partnership with the State Highway Administration, the campaign provides motorists with tips to drive safely through construction work zones and ties into the "Choose Safety for Life" campaign:

- Slow down.
- Watch for construction workers/ equipment.
- Pay attention to work-zone signs.
- Avoid distractions, like using cell phones or text messaging.

Speed Enforcement
Speed enforcement efforts have increased at the Bay Bridge during the Bay Bridge Preservation Project to encourage motorists to obey the posted speeds, especially in work zones and during two-way traffic. In addition, "Your Speed Is" radar signs were positioned along the westbound span of the bridge to make drivers more aware of the speeds they were traveling.

Courtesy Patrols
Courtesy Patrols, staffed by Vehicle Recovery Technicians (VRTs), are vital to improving service and safety on our roadway, especially with the many work zones Authority-wide. By assisting drivers of disabled vehicles with gasoline, flat tires and other minor repairs, patrols minimize the risk for crashes and potential congestion from stopped vehicles – a necessity for facilities without roadway shoulders like the Bay Bridge.

Courtesy Patrols provide 24-hour coverage at the Bay Bridge and the two tunnels; operate 16 hours a day, seven days a week at the Kennedy Highway and 16 hours a day, five days a week, at the Key Bridge. In FY 2008, patrols assisted drivers of nearly 32,000 disabled vehicles. VRTs generally respond to disabled vehicles within five minutes, and about 90% of these vehicles are back on the road within 10 minutes.

Safety a Top Priority

The Authority makes every effort to prevent traffic fatalities and injuries by enforcing motor vehicle laws and coming to the aid of stranded motorists.

Toll Industry Advancements

The I-95 Express Toll Lanes[SM] and Intercounty Connector projects will utilize Open Road Tolling (ORT) technology when they open to traffic. Shown above: artist rendering of an ORT gantry with overhead antennae to read E-ZPass transponders.

Open Road Tolling

Open Road Tolling (ORT) is the latest advancement in tolling industry technology and affords motorists the full benefits of electronic toll collection by allowing transactions to occur while driving at highway speeds. Overhead or roadside antennae read the *E-ZPass®* transponder mounted inside vehicles, and a computer system automatically deducts the cost of the trip from motorists' prepaid accounts. ORT helps to dramatically decrease vehicle queuing at toll plazas and to relieve congestion, which promotes safety, saves motorists money, reduces pollution and improves the overall quality of life for commuters and communities.

Video tolling, often used in conjunction with ORT, is a technique for collecting tolls using video or still images of a vehicle's license plate to identify the vehicle for payment. This allows drivers without *E-ZPass* transponders to use the toll road. The system looks up the vehicle registration information from the State database and sends a bill to the driver's address.

As technology advances, the Authority continues to look at ways to improve its operations and maintain state-of-the-art facilities. ORT studies are underway at the Authority's current facilities, and in the interim, lanes at the Fort McHenry Tunnel and the John F. Kennedy Memorial Highway were recently converted to higher-speed lanes. When the I-95 Express Toll Lanes[SM] and the Intercounty Connector open to traffic, they will utilize ORT only.

I-95 Express Toll Lanes℠
and Intercounty Connector

In FY 2008, the Authority made significant progress on the I-95 Express Toll Lanes℠ (ETLs℠) Project, including the opening of three new overpass bridges and the start of construction along three miles of mainline Interstate 95 between Interstate 895 and Kenwood Avenue.

Designed to ease congestion and improve safety on the most congested portion of I-95 north of Baltimore City, the ETLs project will offer drivers the choice to travel in one of four general-purpose lanes, as they do now, or pay a toll to travel in one of two adjacent Express Toll Lanes that will be managed to maintain relatively congestion-free conditions. The project area is approximately 10 miles in length and stretches from just south of the I-95/I-895 interchange in northeast Baltimore to just north of MD 43 in White Marsh.

In winter 2007, replacement of the Rossville Boulevard, Joppa Road and Cowenton bridges were completed. During 2008, the ETLs project team made significant progress on construction of four new general-purpose ramps at the I-95/I-695 and I-95/I-895 interchanges. The ramps are slated to open late 2008/early 2009.

The ETLs are expected to open to traffic by 2016. Toll rates on the ETLs will vary by vehicle type, time of day and distance traveled, and will be reviewed periodically to assure relatively congestion-free travel.

Intercounty Connector

Maryland continues to make progress on one of its top transportation priorities – the Intercounty Connector (ICC). The ICC will be an 18-mile toll highway in the Washington, D.C. metro region that will link the I-270/I-370 corridor in Montgomery County to the I-95 and US 1 corridors in Prince George's County.

Designated MD 200, the ICC will be the State's first congestion-priced facility and first toll facility that fully utilizes ORT. Toll rates have not yet been established, but will be set at levels that effectively spread usage to keep the ICC free of congestion during peak periods. Tolls will be collected via *E-ZPass®* and video-tolling methods.

While the Authority is financing the ICC and will own and operate the facility, the State Highway Administration (SHA) is acting on the Authority's behalf in project development. Construction is well underway and the westernmost segment – the 7.2-mile Contract A – is on schedule to open in late 2010. Contract C, from US 29 to I-95, has been awarded and is currently under construction. With these contracts in motion, the main part of the new highway – from I-370 to I-95 – is now committed to construction.

With the projected opening drawing near, the Authority's Division of Communications has begun developing its marketing strategy for the Washington, D.C. area to educate motorists about congestion pricing and to encourage *E-ZPass* usage.

The site of the I-95 ETLs interchange at I-695

One of the most complex interchanges in the country – where a new, reconfigured four-level interchange is in progress.

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E-ZPass®

E-Z Pass Service

With E-ZPass use on the rise, the Authority recently completed substantial E-ZPass system upgrades aimed at enhancing customer service and improving operations at its facilities.

More than 813,000 E-ZPass® Maryland transponders are on the move, and nearly 60% of all traffic at Authority facilities uses E-ZPass electronic toll collection. In calendar year 2007, E-ZPass traffic volumes increased 3%. The Fort McHenry Tunnel, Baltimore Harbor Tunnel and Francis Scott Key Bridge average 62% E-ZPass usage – a significant benefit to easing congestion and improving the drive for our customers.

In its continuing efforts to create EZ Passage throughout Maryland, the Authority completed a variety of E-ZPass upgrades aimed at enhancing customer service and improving operations at its seven toll facilities:

- Additional, higher-resolution digital cameras in the toll lanes help staff more easily identify toll violators' license plates during the image-review process.
- New LED displays in most toll lanes provide customer feedback.
- Toll collectors now use an updated system to classify vehicles and accept payments, helping control toll-transaction time and improve traffic flow.
- New software enhances staff's capabilities to manage accounts and system technology for faster and more effective response to customer and system needs.
- A redesigned and more user-friendly **ezpassmd.com** debuted in spring 2008.

A six-year, $100 million contract for program development and operations was awarded to Dallas-based ACS State and Local Government Solutions.

With the new technology, some of the toll lanes at the Fort McHenry Tunnel and John F. Kennedy Memorial Highway are being converted to higher-speed E-ZPass lanes.

Toll Violation Enforcement

The Authority strengthened its toll-violation enforcement efforts this year and continued targeting drivers who repeatedly refuse to pay required tolls and fees at Maryland's seven toll facilities. These chronic toll violators are registered vehicle owners who have more than three Maryland toll violations and have accrued more than $1,000 in violation tolls and administrative fees. The Authority is the only member of the *E-ZPass*® Interagency Group currently utilizing this innovative technology to step up its toll-violation enforcement efforts.

The enforcement team, comprised of representatives from Operations and MDTA Police, uses License Plate Recognition (LPR) technology – character recognition software – to detect license plates of chronic toll violators. LPR technology also allows the user to access criminal information from the National Crime Information Center.

In FY 2008, three mobile LPR units rotated among Authority facilities and one fixed unit operated at the Bay Bridge. These units combined identified 52 chronic toll

violators – individuals and businesses – owing the Authority more than $300,000. The LPR technology also alerted of stolen license plates, stolen vehicles, suspended registrations and suspended operators.

In conjunction with the mobile units, the enforcement team conducted seven toll plaza exercises throughout FY 2008. During these exercises, officers issued 64 traffic citations and 124 warnings, apprehended two chronic toll violators driving with suspended vehicle registrations and took three commercial vehicles and two drivers out of service.

The Authority's Division of Communications continued the "Update Your Account" multi-media campaign to reduce the number of accidental violations caused by customers who fail to keep their account information current. The campaign reminded *E-ZPass* account holders to update their account when their credit card expires or their address or vehicle information changes.

The violation rate for total toll transactions remains less than 1%. However, this equates to approximately $5 million owed to the Authority annually. Currently, there are more than 1,500 chronic violation accounts in Maryland: nearly 40 owing more than $10,000; the average owing $2,500. Approximately 80% of toll violation revenue is being recovered.

Team Effort

Authority Police and Operations teams used innovative technology to capture 52 chronic toll violators in FY 2008.

Hatem Bridge Preservation
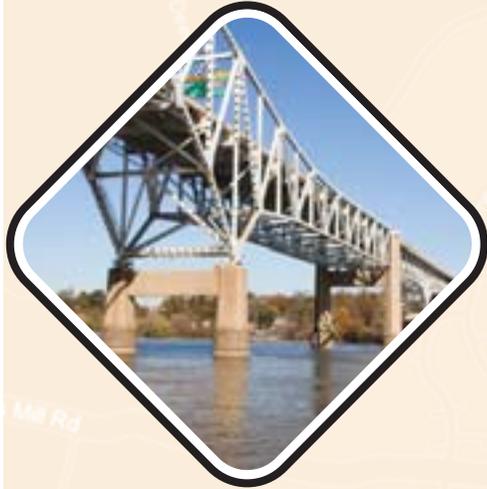
Hatem Bridge
Preservation Project

Work to preserve and extend the life of the Hatem Bridge began in spring 2008 and will continue for three years.

The Thomas J. Hatem Memorial Bridge is the oldest of Maryland's toll facilities. The four-lane bridge, located on US 40, opened to traffic in August 1940 and spans approximately 1.5 miles across the Susquehanna River between Havre de Grace and Perryville in northeast Maryland. The bridge is a critical route for residents, visitors and businesses in Cecil and Harford counties.

Weathering and daily wear from 11 million vehicles a year have taken their toll on the bridge deck. In spring 2008, the Authority began work on the Hatem Bridge Preservation Project to extend the life of the bridge. Work involves complete replacement of the bridge deck, substructure (concrete piers) repairs and installation of a new permanent concrete jersey barrier in the center of the bridge. Throughout the three-year project, one lane will remain open in each direction, except during scheduled deliveries of construction materials.

The Authority's Engineering, Capital Planning and Communications divisions did extensive outreach to local communities prior to the start of work, including several public meetings. Throughout the project, motorists can get details about construction progress, alternate routes and work-zone safety and sign up for email alerts at **hatembridge.com**. The Authority also established **1-888-MDTA-411** (638-2411), a toll-free hotline for 24/7 Hatem Bridge traffic information for the duration of the project.

Bay Bridge Preservation

The Authority and its partners American Bridge and URS are making significant progress on Phase II of the Bay Bridge Preservation Project.

The preservation project utilizes the most advanced technologies and engineering techniques to extend the life of the bridge's westbound span – a vital link between the Eastern and Western shores of Maryland.

The project's first construction season was a success due to scheduled overnight closures of the westbound span – which minimized impacts to traffic. During FY 2008, construction crews replaced 72 of the 144 concrete deck panels in the suspension section and opened 100% on-time for morning rush hour. The project took a planned "summer vacation" to accommodate peak traffic heading to Eastern Shore beach destinations. Construction resumed in the fall.

The preservation project involves full-depth, pre-cast concrete deck replacement work in the suspension and through truss deck sections – the areas where drivers can see structural steel overhead when crossing

the bridge – of the westbound span. Concrete deck panels, ranging in size from 15 to 49 feet long and weighing 43,000 to 90,000 pounds, are being fabricated off-site and are barged to the bridge for installation. The project also incorporates painting structural steel in these areas of the bridge and replacing steel railings along the bridge. In addition, high- and low-voltage wiring, conduit and overhead lane signals on both the eastbound and westbound spans are being replaced.

The Authority's Division of Communications has done extensive outreach to the Baltimore, Annapolis and Eastern Shore areas with community events, email blasts and through local media outlets.

The Authority's Government and Community Relations section coordinates the Bay Bridge Reconstruction Advisory Group (BBRAG), a citizen-based group that provides feedback about the Bay Bridge Preservation Project. BBRAG members represent the two counties connected by the bridge (Anne Arundel and Queen Anne's counties) and commuters from both the Western and Eastern shores. The group meets monthly to assess operational challenges, discuss public outreach opportunities and serve as a forum for bridge traveler's concerns.

WILLIAM PRESTON LANE, JR. MEMORIAL
BAY BRIDGE SM
1-877-BAYSPAN

Bay Bridge Preservation Project

Hundreds of complex tasks are coordinated by construction crews each night. In FY 2008, crews replaced 72 of the 144 concrete deck panels in the suspension span and opened 100% on-time for morning rush hour.

Law Enforcement

Authority Police targeted drug traffickers using I-95 and I-895 to infiltrate Maryland's neighborhoods with illegal drugs and confiscated 206 pounds of marijuana and 856 combined grams of heroin, cocaine, crack and methamphetamine.

Law Enforcement

The nationally-accredited Maryland Transportation Authority (MDTA) Police force is one of the largest law-enforcement agencies in Maryland, with more than 600 sworn and civilian professionals. Every day, officers keep millions of Maryland's citizens and visitors safe and secure as they use vital transportation assets like Authority toll facilities, the Port of Baltimore and BWI Thurgood Marshall Airport.

The MDTA Police uses innovative programs, including Interagency Traffic Initiatives and DUI and security check points, to increase traffic and criminal enforcement. In FY 2008, officers made 596 criminal arrests, issued more than 9,000 seatbelt warnings and citations and arrested 928 subjects for suspected DUI offenses. The Homeland Enforcement and Traffic (HEAT) Team confiscated $813,318; 206 pounds of marijuana; and 856 combined grams of heroin, cocaine, crack and methamphetamine during drugs and weapons arrests.

During the fiscal year, the Commercial Vehicle Safety Unit inspected 22,622 vehicles, finding 5,909 vehicles overweight. The unit took 3,853 vehicles and 2,142 drivers out-of-service to help preserve our roadways and facilities.

Other law-enforcement highlights:
- Officers enhanced traffic safety with "Smooth Operator," "Chiefs' Challenge," "Click It or Ticket" and "Operation Obey the Sign or Pay the Fine" campaigns.
- The MDTA Police took first-place honors for their occupant-protection and traffic-safety efforts in the Maryland Chiefs' Challenge and third-place honors in the International Association of Chiefs of Police Special Law Enforcement Challenge.
- In May, MDTA Police joined Lt. Governor Anthony Brown to launch the "Choose Safety for Life" campaign to help make Maryland roads safer and more secure by focusing on four key areas: education, engineering, enforcement and emergency medical services.
- The MDTA Police was recognized by the Transportation Security Administration (TSA) for their law-enforcement support.
- The MDTA Police detachment at BWI Thurgood Marshall Airport received an award from the U.S. Department of State, Diplomatic Security Service, for providing exceptional protection services to its office members.
- Twenty-six new MDTA Police officers graduated from the MDTA Police Academy in February 2008.

Homeland Security

Governor Martin O'Malley has made homeland security a top priority for the state of Maryland. MDTA Police work directly with the Maryland Emergency Management Agency (MEMA) to provide incident management and terrorism prevention services to the citizens of Maryland. Officers also partner aggressively with federal, State and local officials as part of the Maryland Coordination and Analysis Center and the Joint Terrorism Task Force.

On July 10, Governor Martin O'Malley announced the development of the Maryland State Communications Interoperability Program and signed an Executive Order that establishes a Statewide communications interoperability plan. This plan will enable emergency first responders, public-safety officials and all law enforce-ment agencies to communicate reliably and immediately, thus enhancing public safety throughout the State. Construction of the new 700 MHz system will take place in phases over the next five to eight years. The Maryland Department of Transportation,

Maryland Transportation Authority and Maryland State Police will fund the initial phases of the statewide project.

The MDTA Police recognizes the need for interagency communication and coordination at the scene to be able to support incident responders and command and control operations. To fulfill this need, the Authority has acquired a Mobile Command Vehicle, furnished with state-of-the-art communications equipment. This vehicle is used by MDTA Police and Operations and key public-safety officials during emergency incidents and public-safety operations.

Other homeland-security highlights:
- The HEAT Team continues to oversee security and law-enforcement patrols of MARC rail transportation.
- MDTA Police worked with the Department of Homeland Security Visible Intermodal Protection and Response (VIPR) Team deployments. VIPR teams consist of Behavior Detection Officers, Federal Air Marshalls, Explosives Detection Canine Teams, Transportation

Security Inspectors and officers. State and local law enforcement officers, who operate in the airport environment as an additional layer of security, also comprise VIPR teams.
- In May, the MDTA Police Command Post was activated for the MEMA Hurricane Zoe exercise. Officers also staffed the State Emergency Operations Center at MEMA.
- The MDTA Police, in conjunction with the Maryland Aviation Administration, conducted an Emergency Preparedness Exercise (EPEX) involving commercial air carrier and Boeing 757 aircrafts. A total of 167 passengers and crew members were on board for the exercise.

Governor O'Malley Announces Statewide Communications Interoperability

The Authority is helping fund the program to allow first responders, public-safety officials and law enforcement to communicate reliably and rapidly.

Customer Service

Round-the-Clock Customer Service

The 1-877-BAYSPAN (229-7726) hotline gives commuters and travelers 24/7 Bay Bridge traffic conditions. BAYSPAN received more than 831,000 calls in FY 2008.

The Authority's Division of Communications helps keep customer service at the forefront of everything the agency does. Most notably, the communications team is devoted to providing Bay Bridge drivers the tools to plan their daily commute or summer travels with a mix of public relations, advertising and grassroots marketing.

The **1-877-BAYSPAN** (229-7726) hotline for 24/7 Bay Bridge traffic information is an invaluable resource for travelers and commuters. Through intense public outreach efforts with print and radio advertisements; billboards; Ocean City, Md., bus wraps and Eastern Shore events, motorists were encouraged to call the hotline before they left for their trips. In FY 2008, the hotline received more than 831,000 calls.

In addition, nearly 6,000 baybridge.com visitors have registered for email alerts. The Division of Communications generates the email alerts, providing information about significant delays related to incidents or lane closures.

The success of 1-877-BAYSPAN helped fuel development of **1-888-MDTA-411** (638-2411), a hotline for 24/7 Hatem Bridge traffic information. With the Hatem Bridge Preservation Project well underway, the Authority wanted to provide the same level of customer service to its travelers in the north as it does for those at the Bay Bridge.

The *E-ZPass*® Customer Service Center staffs approximately 85 customer service representatives, account specialists, financial analysts, IT system administrators, trainers and quality assurance specialists who perform many functions to support customers and their toll activities.

Customers can interface directly with service representatives by phone and email to establish and make changes to toll accounts; make payments to replenish an account; pay for unpaid toll transactions; request new, replacement or additional transponders; report account problems; ask questions or file compliments or complaints.

Behind the scenes activities include issuing statements and invoices; processing violations for unpaid toll transactions; managing transponder inventory and customer fulfillment; posting toll transactions to accounts and reconciling toll revenue and transactions from MDTA facilities and other *E-ZPass* agencies.

Smart, Green & Growing

The Authority has taken its environmental commitment to a higher level with the establishment of an environmental office in the Division of Operations to ensure compliance with local, State and federal regulations.

While environmental compliance is essential, proactive environmental stewardship opportunities also are being pursued. Currently, biodiesel is dispensed at all of the Authority's maintenance facilities, and an E-85 Ethanol dispenser is installed at the Baltimore Harbor Tunnel facility. Plans for a more aggressive agency recycling program also are being developed. To celebrate Earth Day, operations staff distributed seedlings and literature on stormwater management at the Maryland House and Chesapeake House travel plazas on I-95.

The Authority's Engineering Division is actively involved in environmental efforts, particularly through its management of the Authority's National Pollution Discharge Elimination System (NPDES) permit. Numerous activities related to the NPDES permit are underway, including a Geographic Information System database and mapping of the agency's stormwater drainage network, creating an inventory and inspection protocol for our stormwater management facilities, developing facility stormwater pollution-prevention plans and stenciling storm drains with "Don't Dump, Chesapeake Bay Drainage."

In April, the Engineering Division sponsored a one-day training exercise in cooperation with the Chesapeake Bay Foundation. The training provided Authority employees with a first-hand look at the connections between the Bay and its tributaries – including the creeks, streams and wetlands that highway projects often must impact – and explored the positive effects that our environmental and conservation programs can have on these systems.

MARYLAND
Smart, Green & Growing

Environmental Outreach Efforts

Authority employees celebrated Earth Day by distributing tree seedlings and environmental information at the Maryland House travel plaza on I-95.

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(K)eeping Maryland Connected

The Baltimore Harbor Tunnel celebrated its 50th Anniversary in November 2007. The tunnel has been considered a vital transportation link since breaking the "Baltimore Bottleneck" in 1957.

Baltimore Harbor Tunnel's 50th Anniversary

On November 29, 2007, the Authority celebrated the 50th Anniversary of the Baltimore Harbor Tunnel. The tunnel opened November 29, 1957, and was heralded widely as breaking the "Baltimore Bottleneck" for the first time ever. For years, traffic had crawled through Baltimore's narrow streets, then the only direct route between Philadelphia and the South.

In 1957, the tunnel was considered an engineering marvel. Each of its 21 twin-tube sections is 300 feet long (the size of a football field) and was built in shipyards and launched like a ship. Tugs then towed the sections to the construction site. The tunnel was built using the open-trench method – prefabricated sections were sunk in a trench dredged in the Baltimore Harbor's bottom, and the sections were joined under water.

The tunnel was an instant success. It eliminated 51 traffic signals for through-traffic in downtown Baltimore, provided a cross-harbor route for local commuters and diverted up to 40 percent of commercial-vehicle traffic from local streets.

Today, the Baltimore Harbor Tunnel joins the Fort McHenry Tunnel and the Francis Scott Key Bridge in creating a network of Baltimore Harbor crossings that provide convenient and safe transportation for local and interstate traffic. The Baltimore Harbor Tunnel connects major north/south highways and many arterial routes in Baltimore City's industrial section.

In 2007, nearly 26.3 million vehicles traveled through the Harbor Tunnel. That translates to 72,000 vehicles each day, more than doubling the original estimated volume of daily traffic. Electronic toll collection debuted at the Baltimore Harbor Tunnel in 1999 as the M-TAG system, easing congestion for Baltimore commuters. In 2001, the tunnel began offering *E-ZPass*®. More than 60% of the drivers at the Baltimore Harbor Tunnel pay their tolls with *E-ZPass*, helping to keep the "Baltimore Bottleneck" a thing of the past.

Innovative transportation, incident-detection, law-enforcement and security technology make the Baltimore Harbor Tunnel a vital transportation link where safety and efficiency are priorities. The Baltimore Harbor Tunnel has more than 200 employees, who serve Maryland's citizens each day including toll collectors, police officers, courtesy patrols and vehicle recovery teams, maintenance and automotive crews, telecommunications and administrative staff.

Maryland's Highway Centennial

In 2008, the Authority joined the State Highway Administration (SHA) in celebrating 100 years of Modern Road Building in Maryland. The State Roads Commission – predecessor to both the Authority and SHA – was created on April 30, 1908. All of the Authority's toll facilities, with the exception of the Francis Scott Key Bridge and the Fort McHenry Tunnel, were built by the State Roads Commission.

The Centennial is a celebration for everyone who contributed to Maryland's excellent highway system. The Centennial theme, " *Customer Driven, Now More Than Ever*," reflects the tremendous effort our employees give in public service every day. The celebration kicked off in January 2008 with a ceremony recognizing former Governor Harry R. Hughes' decades of service to the citizens of Maryland. During the event, the southbound I-95 Welcome Center in Laurel was named in his honor.

In November 2008, Maryland Public Television aired the world premiere of the documentary, *Moving Maryland Forward*, which explores the hard road Maryland has traveled from centuries ago to the founding of the State Roads Commission in 1908, to its present state of national leadership in transportation. The documentary offers some fascinating lessons in how Maryland came to be known as the home of some of the best maintained highways in the nation. It includes rarely seen footage of Maryland's highways and bridges in various stages of construction, as well as interviews with a wide variety of the State's transportation movers and shakers of the last 50 years. The documentary also will appear in print in a coffee-table book.

**Maryland Highway Centennial
Executive Committee Members include:**

Governor Harry Hughes
Honorary Chairman & Transportation Secretary (1971-1977)

John D. Porcari
Transportation Secretary and Centennial Chairman

Anne Ferro
President & CEO, Maryland Motor Truck Association

Donald C. Fry
President, Greater Baltimore Committee

Nelson Castellanos
Federal Highway Division Administrator

Timothy Maloney
Maryland General Assembly (1979-1995)

William K. Hellmann
Transportation Secretary (1984-1987)

O. James Lighthizer
Transportation Secretary (1991-1994)

David Winstead
Transportation Secretary (1995-1998)

David W. Edgerley
Secretary, Department of Business & Economic Development

Walter E. Woodford, Jr., P.E.
Maryland Transportation Authority Member

Timothy Campbell
Executive Director, Maryland Aviation Administration

Ronald L. Freeland
Maryland Transportation Authority Executive Secretary

John Kuo
Motor Vehicle Administrator

Neil J. Pedersen
State Highway Administrator

James J. White
Maryland Port Administration Executive Director

Paul Wiedefeld
Maryland Transit Administrator

100 Years of Modern Road Building

The Authority joins the State Highway Administration to commemorate 100 successful years of customer-driven road building and transportation management.
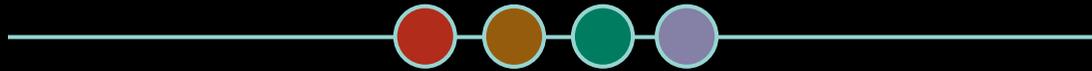
The following are excerpts of the Maryland Transportation Authority's financial statements for the year ended June 30, 2008. The Authority's financial statements were audited by Clifton Gunderson LLP. Their opinion, issued on December 1, 2008, concluded that the Authority's statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. A copy of the Authority's complete financial statements, including the accompanying footnotes which are an integral part of the financial statements, can be obtained on the Authority's website at www.mdtransportationauthority.com.

Financial Section Contents

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008
(IN THOUSANDS)

ASSETS

Current Assets

Cash and cash equivalents	$ 76,269
Restricted cash and cash equivalents	471,897
Investments	181,751
Restricted investments	460,846
Intergovernmental receivable	820
Inventory	4,576
Accounts receivable	20,347
Accrued interest	15,176
Direct financing leases receivable	45,921
Total current assets	1,277,603

Noncurrent Assets

Capital assets, non-depreciable	
Land	305,062
Construction in progress	557,194
Capital assets, net of accumulated depreciation	1,556,846
Total capital assets	2,419,102
Intergovernmental receivable, net of current portion	7,908
Direct financing leases receivable, net of current portion	396,555
Contractor deposits	19,897
Other Assets	7,778
Total noncurrent assets	2,851,240
Total Assets	$ 4,128,843

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued liabilities	$ 150,285
Intergovernmental payables	35,937
Unearned revenue	16,139
Current portion of bonds payable	49,446
Current portion of accrued annual leave	493
Current portion of accrued workers' compensation costs	1,166
Total current liabilities	253,466

Noncurrent Liabilities

Contractor deposits	19,897
Accrued annual leave, net of current portion	6,847
Accrued workers' compensation costs, net of current portion	6,357
Bonds payable, net of current portion	1,859,403
Total noncurrent liabilities	1,892,504
Total liabilities	2,145,970

Net Assets

Invested in capital assets, net of related debt	1,678,752
Restricted for:	
Debt service	129,750
Capital expenditures	96,994
Unrestricted	77,377
Total net assets	1,982,873
Total Liabilities and Net Assets	$ 4,128,843

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008
(IN THOUSANDS)

Operating Revenues

Toll	$ 275,579
Concession	8,069
Intergovernmental	105,603
E-ZPass®	7,970
Other	4,405
Total operating revenues	401,626

Operating Expenses

Collection, police patrol, and maintenance	130,940
Major repairs, replacements, and insurance	53,319
General and administrative	32,692
Depreciation	59,616
Total operating expenses	276,567
Income from operations	125,059

Non-operating Revenues (Expenses)

Investment revenue	6,878
Restricted interest income on investments	23,700
Interest on direct financing leases	839
Restricted interest on direct financing leases	23,662
Interest expenses	(49,154)
Total non-operating revenues	5,925
Change in net assets	130,984
Total Net Assets – Beginning of Year (As Restated)	1,851,889
Total Net Assets – End of Year	$ 1,982,873

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008
(IN THOUSANDS)

Cash Flows from Operating Activities

Receipts from toll collections and ticket sales	$ 273,087
Receipts from concessions and other revenue	20,258
Receipts from other governmental agencies for services	105,284
Payments to employees	(81,380)
Payments to suppliers	(111,161)
Net cash provided by operating activities	206,088

Cash Flows from Noncapital Financing Activities

Debt interest payments	(24,376)
Debt principal payments	(14,880)
Net cash used in noncapital financing activities	(39,256)

Cash Flows from Capital and Related Financing Activities

Capital debt interest payments	(32,849)
Capital debt principal payments	(31,542)
Bond proceeds	859,123
Purchase of capital assets	(548,288)
Net cash provided by capital financing activities	246,444

Cash Flow from Investing Activities

Purchase of investment	(5,392,426)
Proceeds from sales of investment	4,970,277
Interest income	84,587
Payment for direct financing capital lease assets	18,023
Net cash provided by investing activities	(319,539)

Net Increase in Cash and Cash Equivalents	93,737
Cash and Cash Equivalents, Beginning of Year	454,429
Cash and Cash Equivalents, End of Year	$ 548,166

Supplemental disclosure of significant noncash capital financing activities - unpaid additions to capital assets	$ 37,492
Supplemental disclosure of significant noncash capital investing activities - unrealized gain or loss	$ (4,735)

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income	$ 125,059
Depreciation	59,616
Effect of Changes in operating assets and liabilities:	
Intergovernmental receivables	929
Inventory	(1,562)
Accounts receivable	(312)
Accounts payable and accrued liabilities	16,734
Intergovernmental payables	763
Deferred revenue	2,492
Accrued annual leave	505
Accrued workers' compensation costs	1,864
Net Cash Provided by Operating Activities	$ 206,088

REVENUE, EXPENSES, AND NET INCOME
YEAR ENDED JUNE 30, 2008, 2007, 2006
(IN THOUSANDS)

	2008	2007*	2006*
Operating revenue			
Toll revenue			
Two axle vehicles	$ 188,948	$ 190,096	$ 187,060
Commercial vehicles	86,631	88,501	87,267
Total toll revenue	275,579	278,597	274,327
Other operating revenue	126,047	141,378	109,219
Total operating revenue	401,626	419,975	383,546
Operating expenses	276,567	314,318	294,267
Income from operations	125,059	105,657	89,279
Non-operating revenues (expenses)	5,925	(8,420)	9,171
Change in net income	130,984	97,237	98,450
Net assets, beginning of year	1,851,889	1,754,652	1,656,202
Net assets, end of year	$1,982,873	$1,851,889	$1,754,652

*as restated

ASSETS, LIABILITIES, AND NET ASSETS
## YEAR ENDED JUNE 30, 2008, 2007, 2006
(IN THOUSANDS)

	2008	2007*	2006*
Current assets	$1,277,603	$ 759,064	$ 615,123
Noncurrent assets	2,851,240	2,339,201	2,046,807
Total assets	$4,128,843	$3,098,265	$2,661,930
Current liabilities	$ 253,466	$ 185,550	$ 153,623
Noncurrent liabilities	1,892,504	1,060,826	753,655
Total liabilities	2,145,970	1,246,376	907,278
Net assets	$1,982,873	$1,851,889	$1,754,652

*as restated

Toll Revenue
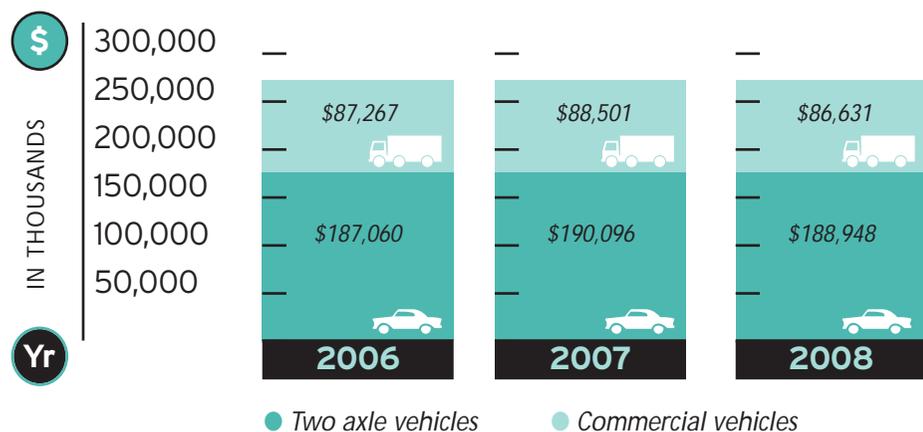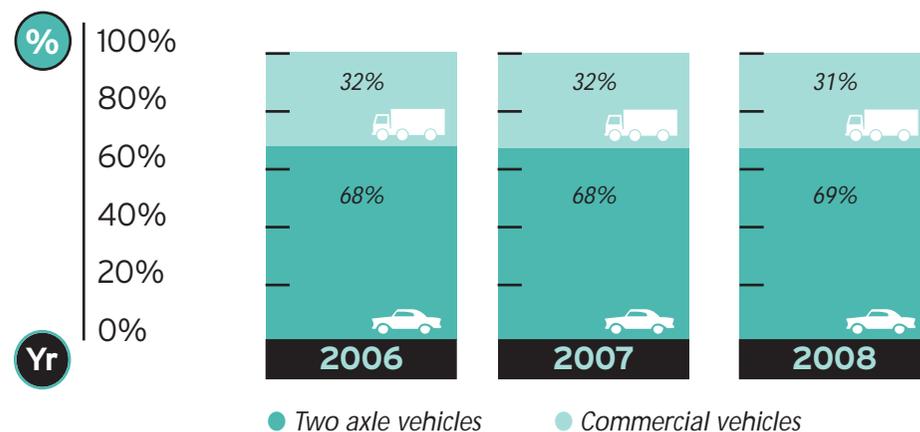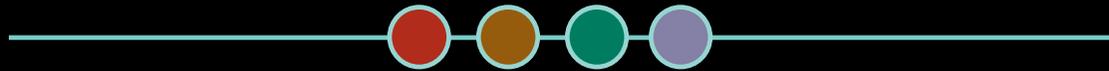
$

IN THOUSANDS

300,000
250,000
200,000
150,000
100,000
50,000

$87,267	$88,501	$86,631
$187,060	$190,096	$188,948

Yr

2006	2007	2008

● Two axle vehicles   ● Commercial vehicles

Toll Composition

%

100%
80%
60%
40%
20%
0%

32%	32%	31%
68%	68%	69%

Yr

2006	2007	2008

● Two axle vehicles   ● Commercial vehicles

Martin O'Malley, Governor

Anthony Brown, Lt. Governor

John D. Porcari, Chairman

MARYLAND

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