



# Maryland Transportation Authority

FINANCE AND ADMINISTRATION  
COMMITTEE

THURSDAY, DECEMBER 5, 2024

MARYLAND TRANSPORTATION  
AUTHORITY  
2310 BROENING HWY BALTIMORE,  
MD 21224

**FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA**  
**December 5, 2024 – 9:00 a.m.**

**This meeting will be livestreamed on the [Finance and Administration Committee Meeting Archive | MDTA \(maryland.gov\)](#)**

**NOTE:** This is an Open Meeting being conducted via livestreaming. The public is welcomed to watch the meeting at the link listed above. *If you wish to comment on an agenda item please email your name, affiliation, and agenda item to [edickinson@mdta.state.md.us](mailto:edickinson@mdta.state.md.us) no later than noon on Wednesday, December 4, 2024. You **MUST** pre-register in order to comment.* Once you have pre-registered you will receive an email with all pertinent information.

**AGENDA**

**OPEN SESSION**

Call to Order

- |                             |   |  |         |
|-----------------------------|---|--|---------|
| 1. <b><u>Approval</u></b> – | Open Meeting Minutes from November 7, 2024  | Chairman von Paris                     | 5 min.  |
| 2. <b><u>Update</u></b> –   | Update on the Canton Development Company  | Chantelle Green<br>Paul Barnes, Canton | 15 min. |
| 3. <b><u>Approval</u></b> – | Investment Committee Report – Quarterly review of investment strategy and benchmarks  | Allen Garman                           | 20 min. |
| 4. <b><u>Update</u></b> –   | 1 <sup>st</sup> Quarter Budget Comparison – Review of actual vs. projected FY 2025 operating budget spending  | Jeffrey Brown                          | 5 min.  |
| 5. <b><u>Update</u></b> –   | 1 <sup>st</sup> Quarter Budget Comparison – Review of actual vs. projected FY 2025 capital budget spending  | Jennifer Stump                         | 5 min.  |
| 6. <b><u>Update</u></b> –   | Quarterly Update on Traffic and Revenue – Update on the actual performance of traffic and revenue compared to the forecast through September 30, 2024 | Cheryl Lewis-Orr                       | 10 min. |

Vote to Adjourn Meeting

ITEM

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FINANCE AND ADMINISTRATION COMMITTEE MONTHLY MEETING  
THURSDAY, NOVEMBER 7, 2024  
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

MEMBERS ATTENDING:           Dontae Carroll  
  Jeffrey Rosen  
  John von Paris

STAFF ATTENDING:             Jeffrey Brown  
  Percy Dangerfield  
  Cheryl Dickinson  
  Allen Garman  
  Bruce Gartner  
  Chantelle Green  
  Natalie Henson  
  Kimberly Millender, Esq.  
  Ken Montgomery  
  Mary O’Keeffe  
  Deb Sharpless  
  Jennifer Stump  
  Timothy Sheets

OTHERS ATTENDING:           Kelly Morison – CDM Smith

At 9:01 a.m., Member von Paris, Chair of the Finance and Administration Committee, called the Finance and Administration Committee Meeting to order.

**APPROVAL – OPEN MEETING MINUTES FROM OCTOBER 10, 2024 MEETING**

Member von Paris called for the approval of the meeting minutes from the Open Meeting held on October 10, 2024. Member Jeffrey Rosen made the motion, and Member Dontae Carroll seconded the motion, which was unanimously approved.

**APPROVAL – DEBT POLICY**

Mr. Allen Garman requested a recommendation for approval from the Finance and Administration Committee to the full MDTA Board for the approval of the Debt Policy. The Board Policy on Debt Management establishes the guidelines for the process by which the MDTA issues and manages debt and provides guidance to the MDTA Board and staff to ensure that a sound debt position and strong credit quality is maintained.

Mr. Garman advised that following a review by internal staff and the municipal advisory firm, there is one recommendation to update the policy incorporating the legislatively increased bonding limit. On April 9, 2024, the Maryland General Assembly enacted legislation that amended the Transportation Article, Section 4-101, increasing the MDTA's bonding limit to \$4 billion from \$3 billion. The most recently adopted financial forecast demonstrated a bonding limit need within the 6-year program period. With debt outstanding of \$2.1 billion there was no immediate need for a Debt Policy revision, so the policy incorporation was scheduled for the normal annual review this month.

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 – ANNUAL TRAFFIC AND REVENUE FORECAST**

Ms. Chantelle Green and Ms. Kelly Morison from CDM Smith provided an update to the Finance and Administration Committee on the Traffic and Revenue (T&R) Forecast for the legacy facilities, the Intercounty Connector (ICC), and the I-95 Express Toll Lanes (ETL). The current T&R forecast (FY 2024-2030) decreases by \$46 million, or 1%, compared to the June 2024 Francis Scott Key (FSK) T&R Forecast Update. The decline in revenue is mostly attributed to a reduction in the MDTA's assumed Notices-of-Toll-Due (NOTD) collection rate and the re-benchmarking of traffic across all MDTA facilities to align with prior year actuals. These reductions are partially offset by revised construction-related diversion impacts resulting from the FSK Bridge Collapse and a modest increase in the assumed civil penalty collection rate. ICC and ETL in-lane revenue decreases by \$0.1 million, or 0.02%, throughout the forecast period. The ICC revenue is projected to increase in FY 2025 and taper down in the succeeding fiscal years due to re-benchmarking which includes a reduction in the average toll collected following a more comprehensive analysis of the vehicle class distribution and trip length on the facility. The ETL revenue reduction reflects FY 2024 trends as well as reduction in the tolled distance on Section 100 of the northbound ETL. Administrative toll revenue increases by \$27 million in response to a 10% reduction in the assumed video toll collection rate. By reducing the share of customers that pay at the NOTD level, there is an assumed larger pool of customers that may pay a civil penalty at the citation level.

**APPROVAL – FY 2026 PRELIMINARY OPERATING BUDGET**

Mr. Jeffrey Brown requested a recommendation for approval from the Finance and Administration Committee to the full MDTA Board of the FY 2026 Preliminary Operating Budget. Mr. Brown explained that the proposed FY 2026 operating budget of \$450.0 million represents a \$15.9 million, or a 3.7% increase versus the FY 2025 Final Budget. The FY 2026 operating budget reflects a \$6.1 million increase in mandatory spending, a \$12.9 million increase in additional spending, and a \$3.1 million reduction in other spending. The key areas of increase in projected spending are personnel expenses, insurance premiums, *E-ZPass*<sup>®</sup> service center costs, engineering costs, collective bargaining vehicle purchases, and additional road repairs. These costs are partially offset by reduced information technology costs.

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

**APPROVAL – FINAL FY 2025-2030 CONSOLIDATED TRANSPORTATION PROGRAM**

Ms. Jennifer Stump requested a recommendation for approval from the Finance and Administration Committee to the full MDTA Board of the Final FY 2025-2030 Consolidated Transportation Program (CTP). The proposed \$5.1 billion FY 2025-2030 CTP reflects a net increase of \$93.9 million over the 6-year period. The increase is the net result of a (1) \$391 thousand decrease for the Francis Scott Key Bridge; (2) \$16.9 million decrease for the Nice/Middleton Bridge; (3) \$1.9 million decrease for the I-95 Express Toll Lanes (ETL) Northbound Extension; (4) \$101.5 million decrease in the allocated and unallocated reserves; and (4) \$214.6 million increase in funding for all projects (excluding the Francis Scott Key Bridge, Nice/Middleton Bridge and I-95 ETL Northern Extension, and Reserves). FY 2024 expenditures were \$407.4 million compared to \$434.4 million in the Draft FY 2025-2030 CTP. The FY 2024 underspending of \$27.0 million was rolled over into the Final FY 2025-2030 CTP.

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

**UPDATE – UNOFFICIAL FY 2025-2030 FINANCIAL FORECAST**

Ms. Chantelle Green updated the Finance and Administration Committee on the financial affordability of the Preliminary FY 2026 Operating Budget and the Final FY 2025-2030 Consolidated Transportation Plan. Ms. Green noted that notwithstanding the estimated reduction in toll revenue throughout the forecast period, the MDTA remains in compliance with its financial goals and legal standards through FY 2027. Despite the loss of the FSK Bridge, the MDTA has sufficient cashflow and capital reserves in FY 2025 to support additional expenses associated with the FSK Bridge Replacement without going to the bond market. Based on the current forecast estimate, beginning in FY 2028, a systemwide toll increase will be necessary to maintain 2.0 times debt service coverage throughout the remainder of the FY 2025-2030 forecast period.

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

Ms. Chantelle Green provided the Finance and Administration Committee with an update on the Bi-Annual Review of Revenue Sufficiency for the FY 2025-2030 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 relative to expected spending. The most recent financial forecast shows that current toll rates, fees, and discounts provide enough revenue through FY 2027 to meet forecasted spending and meet all legal and policy requirements.

There being no further business, the meeting of the Finance and Administration Committee adjourned at 9:46 a.m., following a motion by Member Rosen and seconded by Member Carroll.

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John von Paris, Chairman

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**Wes Moore, Governor**  
Aruna Miller, Lt. Governor  
Paul J. Wiedefeld, Chairman

**Board Members:**  
Dontae Carroll  
William H. Cox, Jr.  
W. Lee Gaines, Jr.  
Mario J. Gangemi, P.E.  
Cynthia D. Penny-Ardinger  
Jeffrey S. Rosen  
Samuel D. Snead, MCP, MA  
John F. von Paris

Bruce Gartner, Executive Director

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## MEMORANDUM

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**TO:** MDTA Finance & Administration Committee  
**FROM:** Director of Finance Chantelle Green  
**SUBJECT:** Update on the Canton Development Company  
**DATE:** December 5, 2024

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### **PURPOSE OF MEMORANDUM**

To provide the Finance and Administration Committee with an update on the Canton Development Company's operations and performance.

### **BACKGROUND**

The Canton Railroad Company, owned by the MDTA since 1987, operates along 16 miles of track and provides railroad access to the Seagirt Marine Terminal. The Canton Railroad Company has served the Port of Baltimore and southeast Baltimore City industries since its chartering in 1906.

### **ATTACHMENT**

- Canton Development Company Presentation



# **CANTON DEVELOPMENT COMPANY**

**PRESENTATION TO MDTA FINANCE COMMITTEE**





# **BACKGROUND**

**Canton Development Company**

**Canton Railroad Company**

**Freestate Logistics Services**



# **CANTON DEVELOPMENT COMPANY**

- **HOLDING COMPANY OWNED BY MDTA (100% STOCK)**
- **ACQUIRED IN 1987 TO PRESERVE RAIL ACCESS TO SEAGIRT MARINE TERMINAL**
- **OWNS CANTON RAILROAD COMPANY**
- **OWNS FREESTATE LOGISTICS SERVICES**



# CDC FINANCIAL RESULTS FOR 2023

- **REVENUE: \$4.2 MILLION**
- **OTHER INCOME: \$484K**
- **TAX PROVISION: \$10K**
- **NET INCOME: \$309K**





# CANTON RAILROAD COMPANY







- **4 LOCOMOTIVES**
- **21 EMPLOYEES**
- **16 ROUTE MILES**
- **26 CUSTOMERS**
- **2023 CARLOADS: 3,418**
- **2023 REVENUE: \$3.3 MILLION**



# KEY ISSUES



<b>Acquire</b>	<b>Remainder of Penn-Mary Yard from CSX (Estimated \$1.75 Million)</b>
<b>Implement</b>	<b>Employee compensation benchmarking</b>
<b>Complete</b>	<b>Transition to outsourced accounting</b>
<b>Acquired</b>	<b>Kane Street property from MDTA for new customer development</b>





# CASH & INVESTMENT POSITION

<b>Cash: Canton Development</b>	<b>\$ 969,370</b>
<b>Canton Railroad</b>	<b>\$ 2,112,754</b>
<b>Freestate Logistics</b>	<b><u>\$ 1,168,820</u></b>
<b>Total Cash</b>	<b>\$ 4,250,944</b>

<b>Investments: Brown Advisory</b>	<b>\$ 3,222,649</b>
<b>T. Rowe Price</b>	<b><u>\$ 263,630</u></b>
	<b>\$ 3,486,279</b>

<b>Total Cash and investments:</b>	<b><u>\$ 8,475,326</u></b>
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**FREESTATE LOGISTICS SERVICES, INC**  
**PERRYVILLE, MARYLAND**





**SINCE 2006  
PRINCIPIO BUSINESS PARK**



- **SERVES GENERAL ELECTRIC APPLIANCE DISTRIBUTION CENTER**
- **AMERICOLD WAREHOUSE**
- **3 FULL TIME EMPLOYEES**
- **2 LOCOMOTIVES**
- **2023 CARLOADS: 5,155**
- **2023 REVENUE: \$770,329**



# KEY ISSUES

Looking to expand  
switching operation  
for  
industrial sand

Looking for a viable  
site to open a  
transload facility



# AREAS WHERE MDTA CAN ASSIST

**Assist with  
acquiring Penn-  
Mary Yard from  
CSX**

**Acquire/lease  
MdTA properties  
around Canton RR  
office**



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## MEMORANDUM

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**TO:** Finance and Administration Committee  
**FROM:** Deputy Director Finance Allen W. Garman  
**SUBJECT:** Investment Report  
**DATE:** December 5, 2024

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### **PURPOSE OF MEMORANDUM**

Complete required quarterly review of investment report for the three-month period ended September 30, 2024. Request recommendation of the Finance and Administration Committee to present to the full Board for approval for the continuation of investment strategy and associated benchmarks.

### **SUMMARY**

On a quarterly basis, MDTA's Investment Committee reports to the Finance and Administration Committee on investment related activities. The Investment Committee will review market conditions, portfolio strategies, and total return performance. The Committee will also discuss certain market drivers that may influence portfolio performance in coming months, including the economy, fiscal policy, and Federal Reserve monetary policy.

#### Key Points

- Diversified investment portfolio remains in compliance with the Investment Policy and Trust Agreement.
- Matched Funded accounts are benefitting from higher prevailing rates for short-term instruments.
- Total Return (Duration Targeted) Investment Strategies
  - Long-term reserve account strategies should remain consistent despite periods of short-term return volatility associated with rising interest rate environments.
  - Recognizing the current yield curve inversion, longer duration strategies outperform over multiyear periods.
  - Multiyear returns for longer term reserves align with the financial forecast and approximate the starting rolling yields.

Investment Report  
Page Two

**RECOMMENDATION**

The Investment Committee requests the Finance and Administration Committee's concurrence and recommendation to move to the full board for continuation of investment strategy and benchmarks.

**ATTACHMENT**

Performance Report Finance and Administration Committee 9 30 24





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## **Investment Portfolio Management & Performance**

Period Ended – September 30, 2024

Meeting Date – December 5, 2024

# Agenda & Key Points

## Agenda

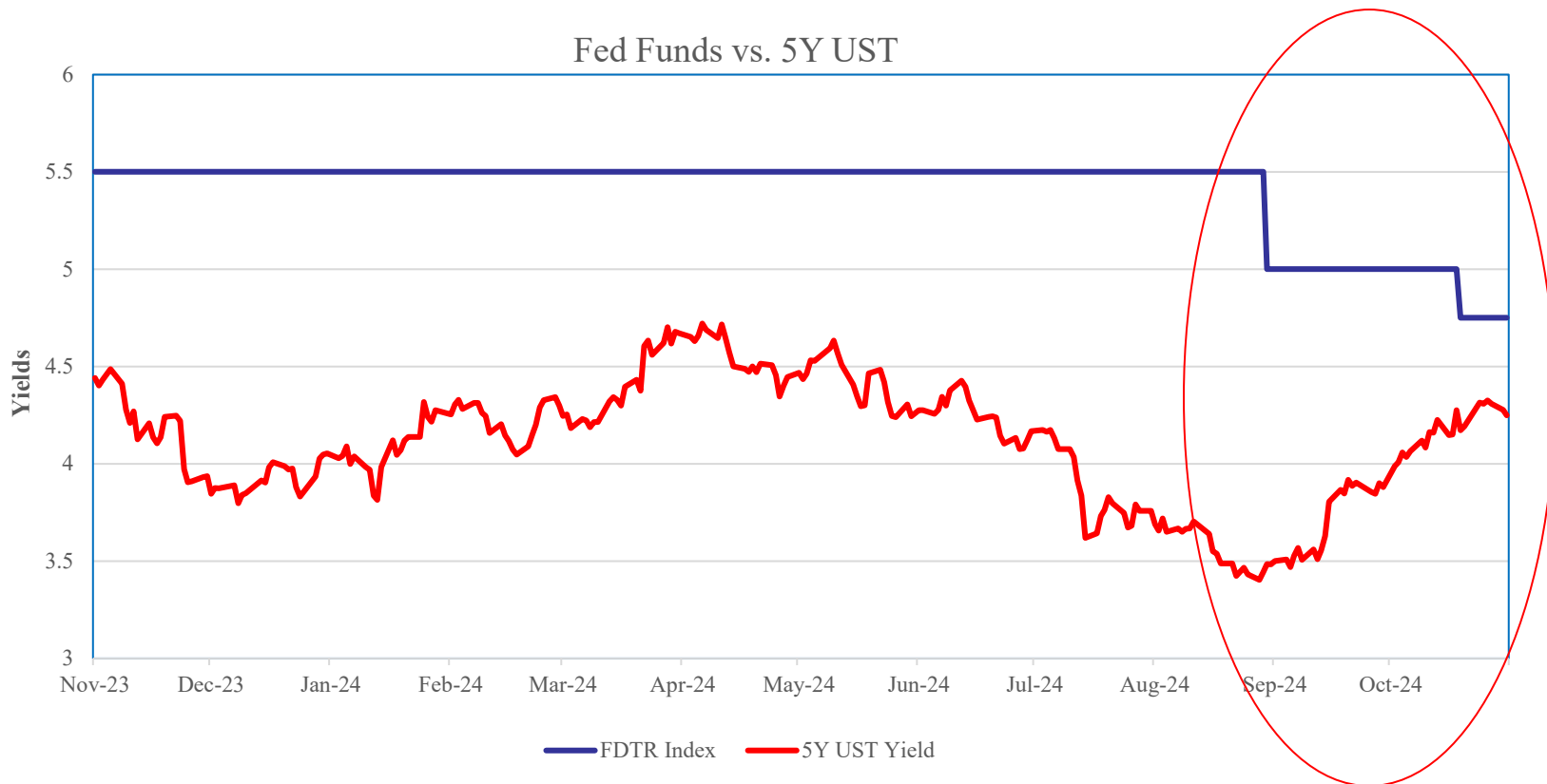
- Market Update
- Portfolio Composition & Compliance
- Strategy
- Total Return Performance
- Strategy & Benchmark Approval

## Key Points

- Diversified investment portfolio remains in compliance with the Investment Policy & Trust Agreement.
- Matched Funded accounts are benefitting from higher prevailing rates for short-term instruments.
- Total Return (Duration Targeted) Investment Strategies
  - Long-term reserve account strategies should remain consistent despite periods of short-term return volatility associated with rising interest rate environments.
  - Recognizing the current yield curve inversion, longer duration strategies outperform over multiyear periods.
  - Multi-year average returns for long term reserves align with financial forecast and approximate the starting rolling yields.

## Market Update – Economy, Federal Reserve & Bond Market

- Federal Reserve's preferred measure of inflation, Core PCE, continues to show inflation moderation over the past year but remains above the 2% target.
- FOMC lowered the Federal Funds rate by total 0.75% at the most recent meetings in September and November to a target range of 4.50% to 4.75%.
- Counterintuitively, yields have climbed since the Fed reduced rates in September.
- Yields rose similarly in 1995 when the Fed managed to cool the economy without causing a recession.

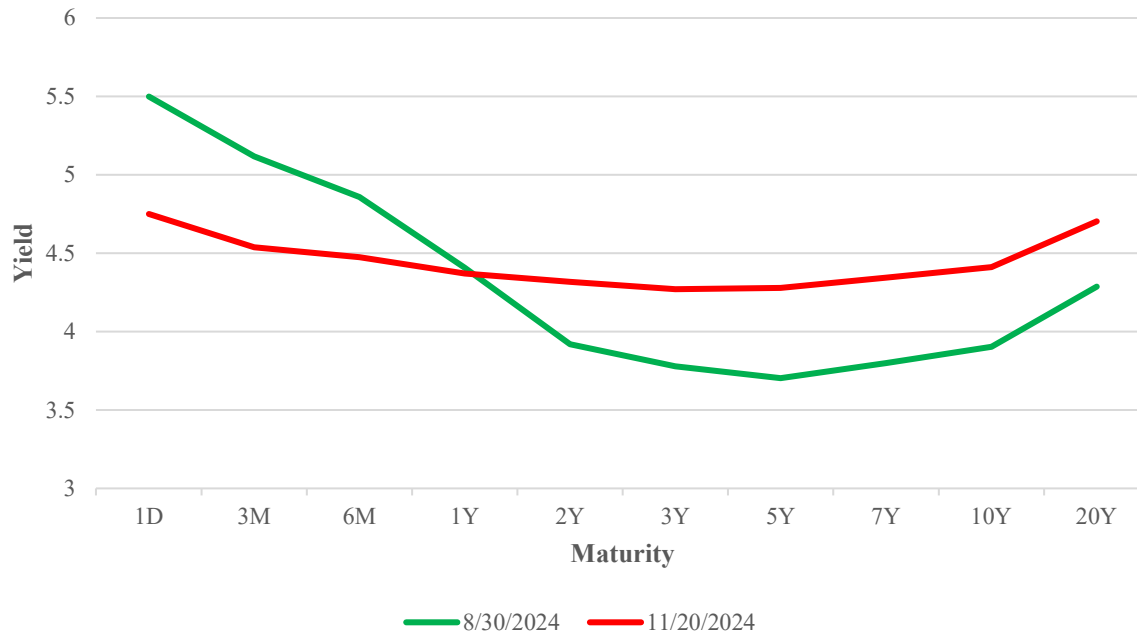


# Market Update – Economy, Federal Reserve & Bond Market

- **Economy:** Solid economic expansion, unemployment remains low, easing inflation remains elevated.

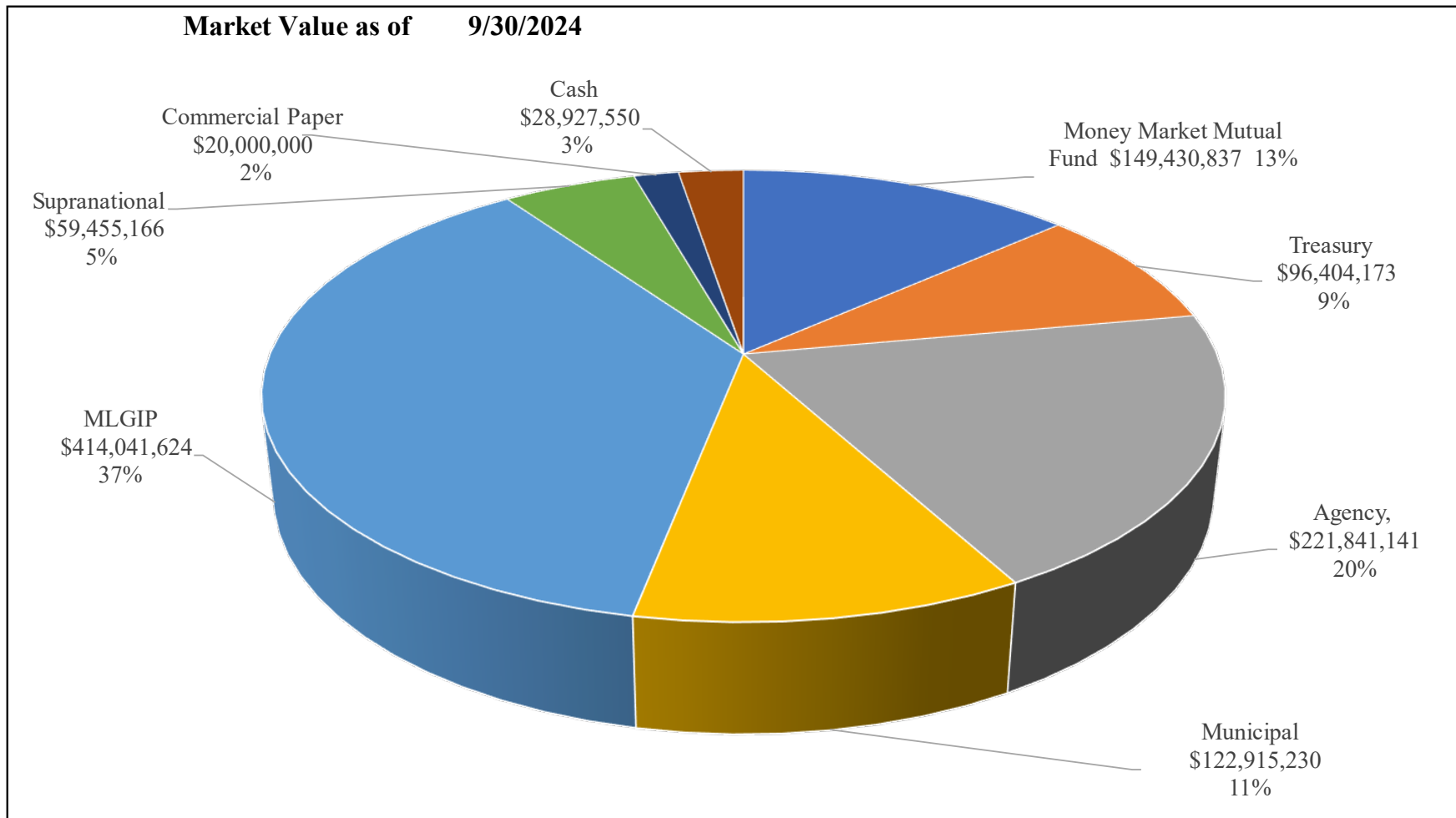
	<u>Q3 2024</u>	<u>Q2 2024</u>	<u>Q1 2024</u>	<u>Q4 2023</u>	<u>Q3 2023</u>	<u>Q2 2023</u>	<u>Q1 2023</u>	<u>Q4 2022</u>	<u>Q3 2022</u>
<b>Real GDP (YOY)</b>	2.80%	2.80%	1.40%	3.40%	4.90%	2.10%	2.20%	2.60%	2.70%
<b>Core PCE Inflation (YOY)</b>	2.70%	2.63%	2.80%	2.94%	3.59%	4.28%	4.78%	4.87%	5.47%
<b>Unemployment</b>	4.20%	4.10%	3.80%	3.70%	3.80%	3.60%	3.50%	3.50%	3.50%

US Treasury Yield Curve

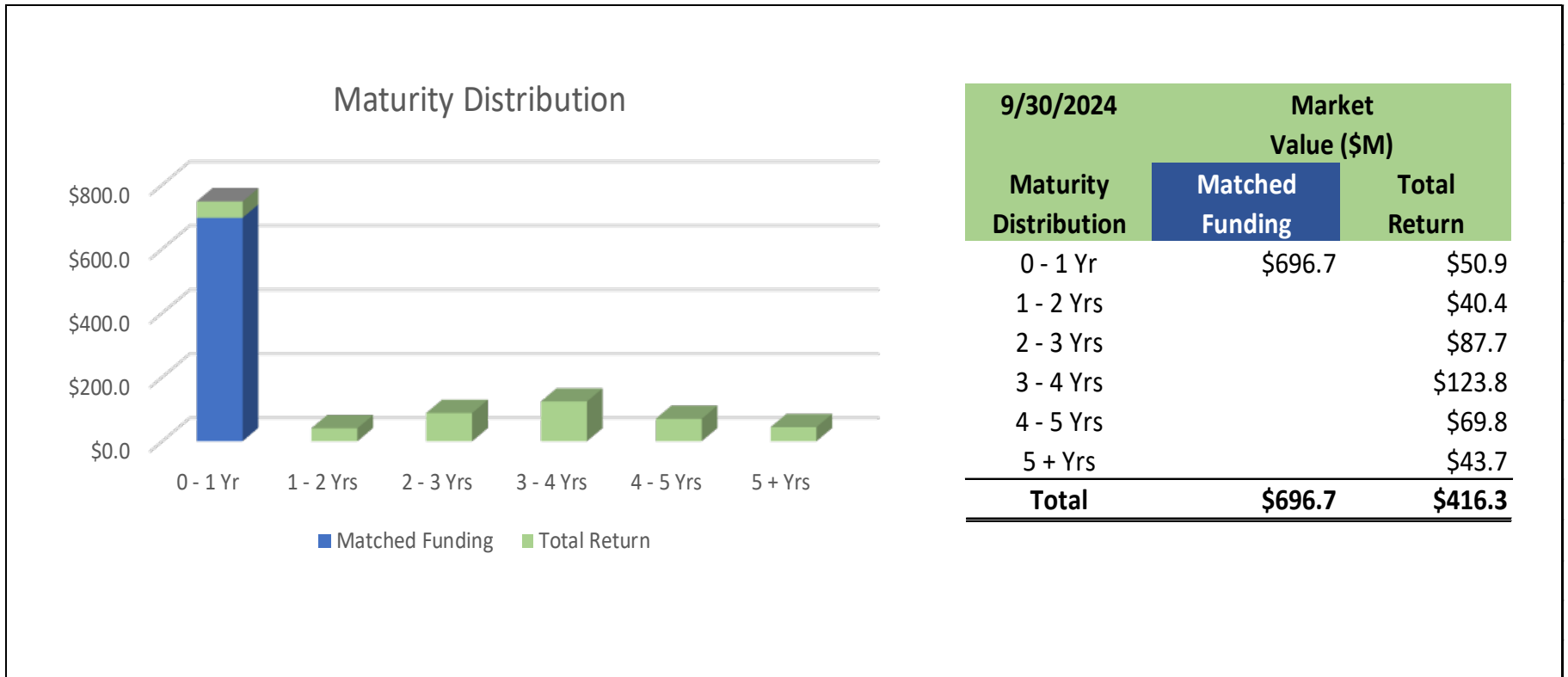


# Portfolio Composition & Compliance – Security Composition

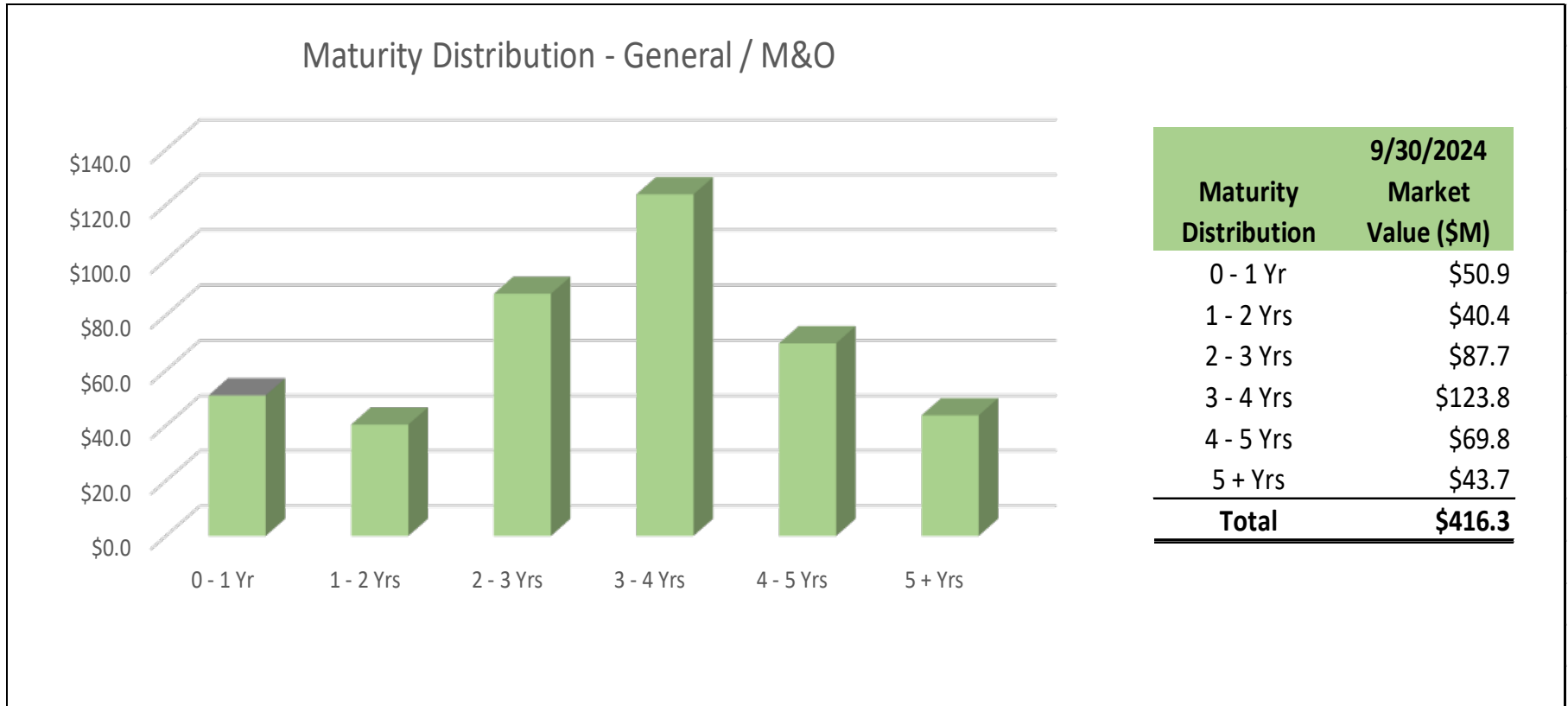
- High quality and diversified portfolio
  - Security type allocations based on:
    - Cash Flow Needs
    - Relative Value Opportunities - higher yield for similar maturities and credit risk
  - Large allocation to Treasuries at quarter end associated with refunding.
  - Minimizing credit risks associated with ratings downgrades and/or defaults



# Portfolio Composition & Compliance – Maturity Distribution (All Accounts) <sup>6</sup>



- Match Funded accounts necessitate maturities heavily weighted within 1 year.
  - Driven by cash flow schedules for debt service, operating expenses, and capital spending.
    - Debt service: \$37.6M
    - Operating: \$28.9M
    - Capital: \$630.2M



- Total Return reserve accounts align durations with benchmark indices.
  - Dispersion of maturities reduces yield curve concentration risk & benchmark tracking error.
  - General Account: Staggered maturities, 1-month to 5-years.
  - M&O Account: Staggered maturities, 1-month to 15-years.

# Portfolio Composition & Compliance – Compliance Report

- Portfolio complied with all legal and policy limitations throughout the reporting period of 6/30/24 through 9/30/24
  - Investment holdings above minimum credit ratings.
  - Investment concentrations below required limits.
  - Conformed to maturity limitations.

Maturity Limits			Longest Maturity (# of years)	Policy Limit (# of years)	Compliance With Investment Policy			
<b>Account Types</b>								
Bond Service Accounts			0.0	1	Yes			
Unrestricted (General) *			4.9	5	Yes			
Unrestricted (M&O)			13.2	15	Yes			
* Investment Policy permits maturities to 15 years, longer if approved by CFO. Maturity Limits measured on Settlement Date basis.								
			Credit Ratings		Market	Investment	Compliance	
			S&P	Moody's	Market Value (\$)	% of Total	Policy Limit	With Investment Policy
<b>Cash</b>					<b>28,927,550</b>	<b>2.6%</b>		
<b>Money Market Mutual Funds</b>								
- Goldman Sachs Financial Square Gov't FGTX	AAA		Aaa-mf		140,930,770	12.7%	50%	Yes
- MLGIP	AAA		NR		414,041,624	37.2%	50%	Yes
- Dreyfus Gov't Cash DGCXX	AAA		Aaa-mf		8,500,066	0.8%	50%	Yes
<b>Sub-Total Money Market Mutual Funds</b>					<b>563,472,461</b>	<b>50.6%</b>	<b>100%</b>	<b>Yes</b>
<b>U.S. Treasuries*</b>			AA+	Aaa	<b>98,091,664.70</b>	<b>8.8%</b>	<b>100%</b>	<b>Yes</b>
*Includes defeased municipals with government securities escrows.								
<b>Federal Agencies</b>								
- Fannie Mae	AA+		Aaa		16,507,230	1.5%	50%	Yes
- Federal Farm Credit Bank	AA+		Aaa		75,174,929	6.8%	50%	Yes
- Federal Home Loan Bank	AA+		Aaa		108,457,353	9.7%	50%	Yes
- Freddie Mac	AA+		Aaa		20,014,136	1.8%	50%	Yes
<b>Sub-Total Federal Agencies</b>					<b>220,153,649</b>	<b>19.8%</b>	<b>100%</b>	<b>Yes</b>



# Portfolio Composition & Compliance – Compliance Report (continued)

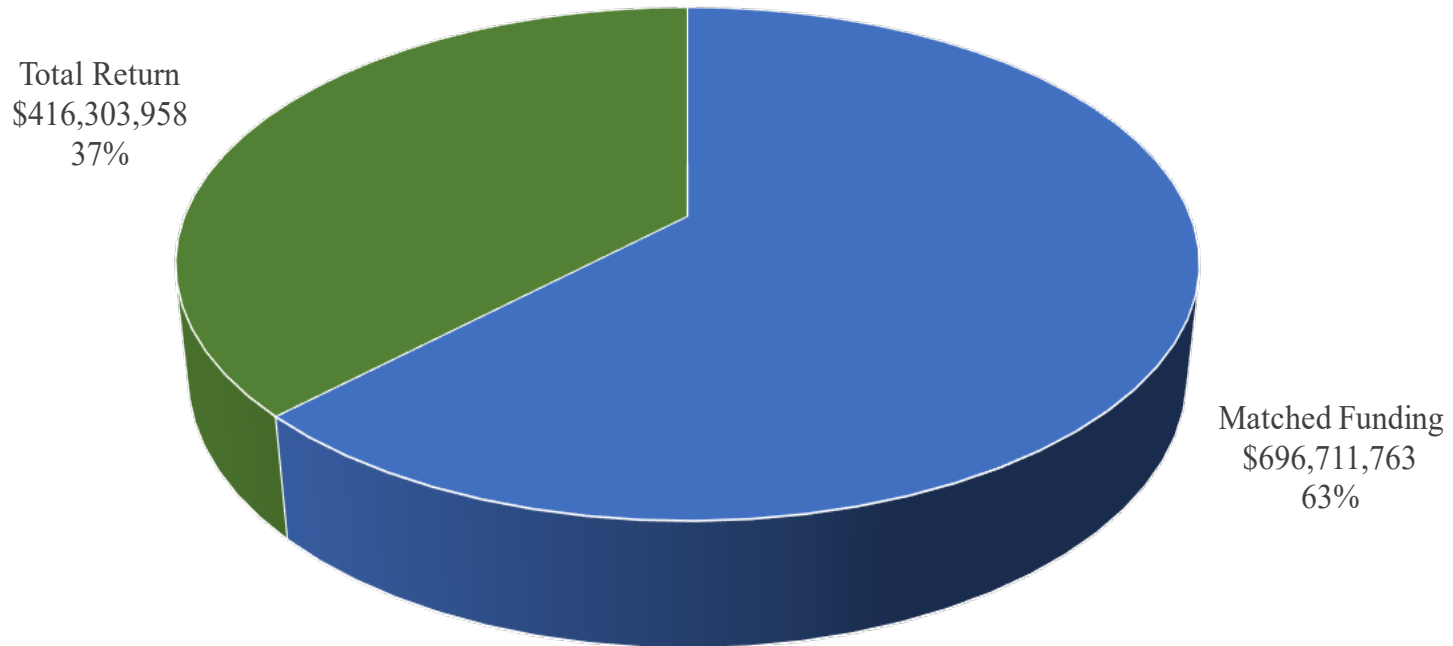
	Credit Ratings		Market Value (\$)	Market % of Total	Investment Policy Limit	Compliance With Investment Policy
	S&P	Moody's				
<b>Municipal Debt</b>						
- Austin, TX Comm Coll	AA+	Aa1	850,810	0.1%	5%	Yes
- Bergen County, NJ	NR	Aaa	2,701,246	0.2%	5%	Yes
- Boston, City of	AAA	Aaa	1,506,996	0.1%	5%	Yes
- Contra Costa Comm, CA	AA+	Aa1	2,037,620	0.2%	5%	Yes
- Emeryville, CA	AAA	NR	9,188,757	0.8%	5%	Yes
- Hawaii, State of	AA+	Aa2	8,020,840	0.7%	5%	Yes
- Los Angeles CMNTY CLG DIST, CA	AA+	Aaa	7,420,880	0.7%	5%	Yes
- Marin County, CA	NR	Aaa	1,637,757	0.1%	5%	Yes
- Martinsville Independent School	AAA	NR	1,036,220	0.1%	5%	Yes
- Minnesota St	AAA	Aaa	9,885,096	0.9%	5%	Yes
- Massachusetts, Commonwealth of	AA+	Aa1	6,375,240	0.6%	5%	Yes
- Multnomah County, OR	NR	Aaa	19,175,881	1.7%	5%	Yes
- New York, State of	AA+	Aa1	9,057,216	0.8%	5%	Yes
- New York City	AA	Aa2	1,223,472	0.1%	5%	Yes
- Ohlone Comm College	AA+	Aa1	966,489	0.1%	5%	Yes
- Oregon Local Govts	NR	Aa2	1,465,146	0.1%	5%	Yes
- Oregon School Board	AA	Aa2	8,781,996	0.8%	5%	Yes
- Oregon, State of	AA+	Aa1	5,667,801	0.5%	5%	Yes
- Palm Beach County, FL	AAA	Aaa	2,649,443	0.2%	5%	Yes
- Phoenix	AA+	Aa1	10,251,700	0.9%	5%	Yes
- Santa Clara County	AAA	NR	757,930	0.1%	5%	Yes
- Solano County Community	AA	Aa2	959,794	0.1%	5%	Yes
- Texas, State of	AAA	NR	1,046,510	0.1%	5%	Yes
- Travis County Health, Texas	NR	Aa2	2,220,855	0.2%	5%	Yes
- Tulsa ISD, OK	NR	Aa2	4,940,719	0.4%	5%	Yes
- Westchester County, NY	AA+	Aa1	828,790	0.1%	5%	Yes
- Wisconsin, State of	AA+	Aa1	2,260,027	0.2%	5%	Yes
<b>Sub-Total Municipal</b>			<b>122,915,230</b>	<b>11.0%</b>	<b>20%</b>	<b>Yes</b>
<b>Supranationals</b>						
- African Development Bank	AAA	Aaa	9,500,200	0.9%	10%	Yes
- Asian Development Bank	AAA	Aaa	12,802,272	1.2%	10%	Yes
- International Bank for Reconstruction & Development	AAA	Aaa	22,143,844	2.0%	10%	Yes
- Inter-American Development Bank	AAA	Aaa	15,008,850	1.3%	10%	Yes
<b>Sub-Total Supranationals</b>			<b>59,455,166</b>	<b>5.3%</b>	<b>30%</b>	<b>Yes</b>
<b>Commercial Paper</b>						
- Toyota Motor Credit	A-1+	P-1	20,000,000	1.8%	5%	Yes
<b>Sub-Total Commercial Paper</b>			<b>20,000,000</b>	<b>1.8%</b>	<b>20%</b>	<b>Yes</b>
<b>Grand Total</b>			<b>1,113,015,721</b>	<b>100.0%</b>		
After reviewing the investment activity for the month ended September 30, 2024, we have not identified any instances of material non-compliance with the Investment Policy.						

# Portfolio Composition & Compliance – MF and TR Proportions

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- Matched Funding accounts for Construction, Operations, and Debt Service comprise the majority of the MDTA portfolio.
  - Short-term investments matched to projected spending.
- Total Return reserves represent long-term core funds, with long investment horizons.

**Market Value as of 9/30/2024**



## Strategy – Previous & Current Quarter

Purpose	% of Portfolio	Strategy for Prior Quarter			Strategy for Current Quarter		
		Benchmarks	Duration	% Target	Benchmarks	Duration	% Target
Capital / Operating / Debt	76%	Matched Funding	N/A	N/A	Matched Funding	N/A	N/A
Long Term Reserves <sup>(1)</sup>	24%						
General		50% ML 1-3 YR & 50% ML 3-5 YR	~3 Yrs	100%	50% ML 1-3 YR & 50% ML 3-5 YR	~3 Yrs	100%
M&O Reserve		U.S. Treasury Strips 1-13 YR	~7 Yrs	100%	U.S. Treasury Strips 1-13 YR	~7 Yrs	100%

(1) - Unrestricted cash in the combined General & M&O Reserve that exceeds the \$400 million target is transferred to the Capital account to fund capital expenditures.

- **Matched Funding Accounts:** Policy and Trust Agreement Directives/Limitations
  - Capital (Pay-Go & Bond Proceeds), Operating & Debt Service Accounts – Investment maturities precede or coincide with expected spending.

**Returns:** Investment returns are a function of prevailing interest rates for short-term investments such as Money Market Mutual Funds, MLGIP, Agency/Supranational Discount Notes, and Commercial Paper.

- **Total Return Accounts:** Board Approved Benchmarks
  - M&O Reserve – Staggered maturities, 0-15 years
  - General Account – Staggered maturities, 0-5-years

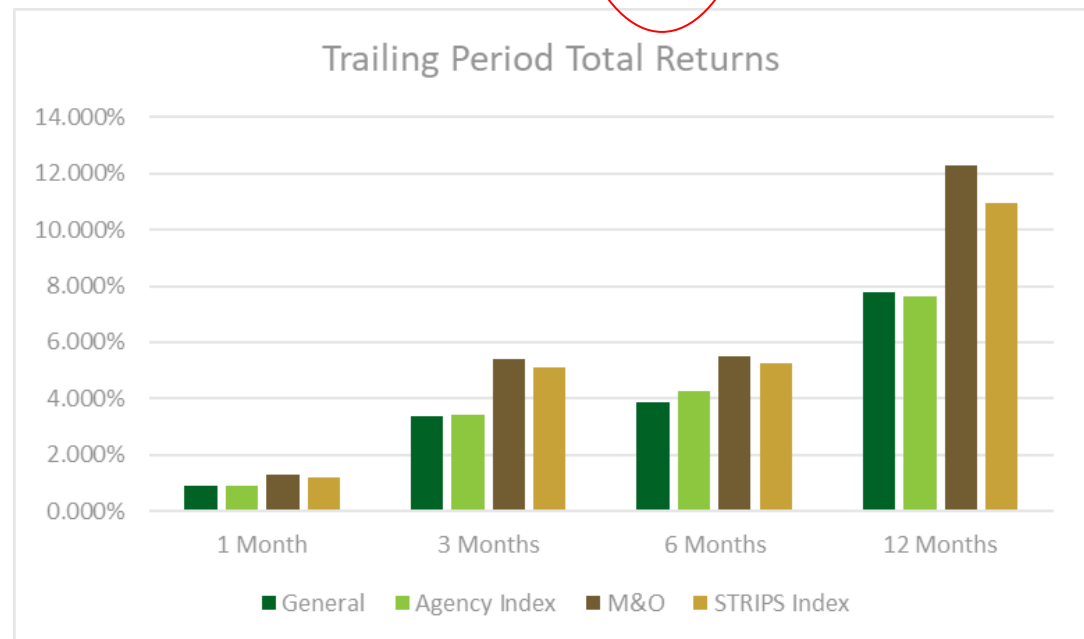
**Returns:** Longer duration indices benefit from higher average annual returns over multiyear periods and experience greater return volatility associated with mark-to-market relative to shorter-term duration indices.

# Total Return Performance – Matched Funding & Total Return

Total Return as of Period Ended 9/30/2024

	Trailing Period				Ending Market Value
	1 Month	3 Months	6 Months	12 Months	
<i>Combined Accounts Weighted Average</i>	0.62%	2.46%	3.56%	6.58%	\$ 1,090,735,089
<b>MATCHED FUNDING</b>					
Capital	0.41%	1.41%	2.80%	5.41%	\$ 634,143,102
Bond Service	0.43%	1.34%	2.76%	5.54%	\$ 37,680,318
<b>TOTAL RETURN</b>					
Reserves General / M&O	0.95%	3.73%	4.45%	8.41%	\$ 418,911,669
Composite Agency / STRIPS Index	0.93%	3.65%	4.38%	8.08%	

- Shorter Term Matched Funded accounts for Capital/Construction & Bond Service continue to benefit from higher short-term interest rates.
- Longer Duration Reserves – interest rate volatility results in market value changes that drive total returns higher or lower than prevailing market yields.
  - Period returns were upwardly distorted by falling interest rates.
- Note: Table provides weighted returns for the combined M&O / General accounts & the respective indices. Graph shows individual portfolio total returns.



**The Investment Committee requests the Finance and Administration Committee's Concurrence and Recommendation to move to the full Board for approval of the continuation of investment strategy/benchmarks.**

# **Supplemental Information**

# Supplemental Information – Investment Considerations

## Portfolio

9/30/2024

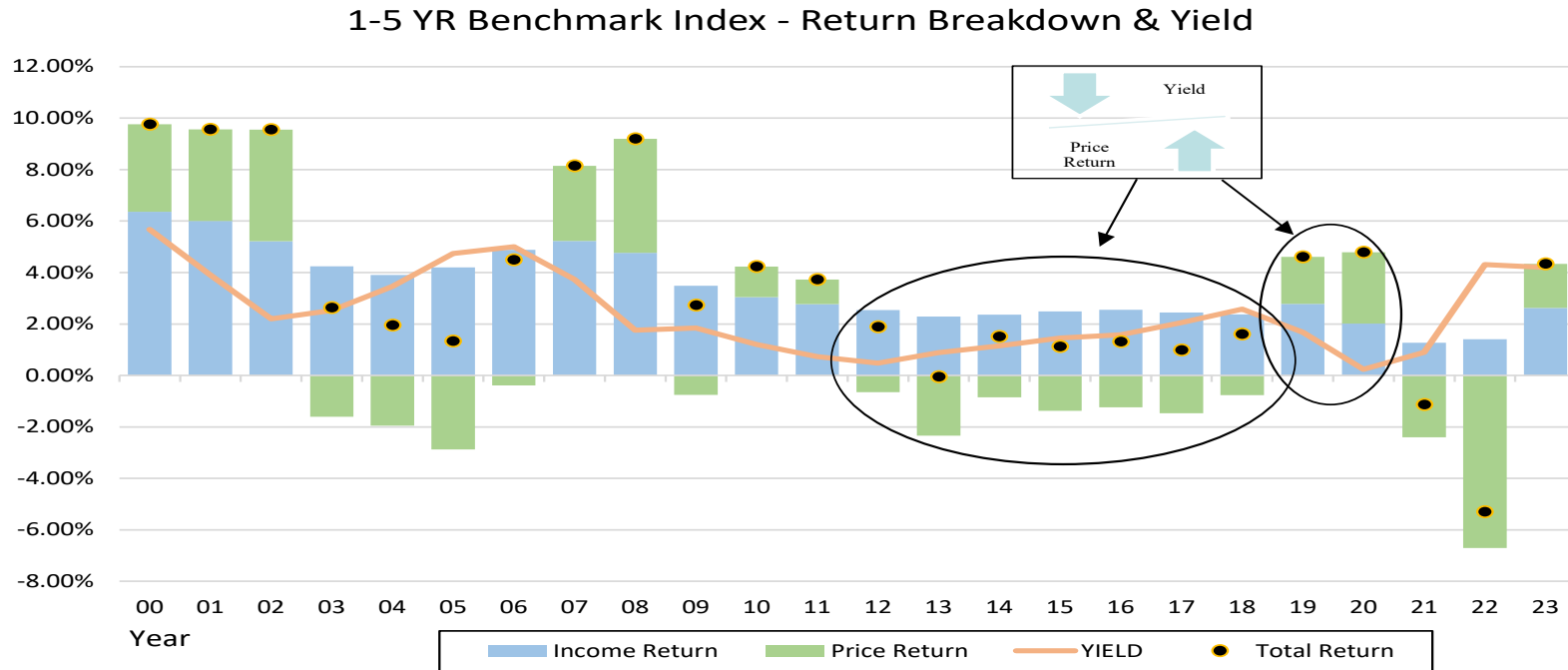
(\$ in millions at market)

Account	Purpose	Balance (millions)	Maturity Limitations*	Investment Policy Limitations	Bond Indenture Limitations	Recommendation
<b>Operating Checking</b> 2335 / 7654 / 85549	Working Capital	<b>\$28.9</b>	Toll revenue generated working capital for operating expenses, excess funds are swept monthly to bond service & General accounts.	1 Year	1 Year - Section 5.02	N/A - Liquid
<b>General Account</b> 241430	Unencumbered Funds	<b>\$361.6</b>	May provide liquidity to capital program. Cash flow needs subject to timing of bond issuances, capital plan spending rate & Capital account balance.	5 Years - Exceptions with prior approval of the CFO.	No Limitation - Section 5.02	Target effective duration of the Composite <sup>(1)</sup> Index.
<b>M&amp;O</b> 241427	Operating & Maintenance	<b>\$54.7</b>	Reserve for extraordinary maintenance. No anticipated liquidity needs.	15 Years	15 Years - Section 5.02	Target effective duration of the Composite <sup>(2)</sup> Index.
<b>Capital Account</b> 241428	Capital Expenditures	<b>\$630.2</b>	Portion of funds to be spent in current year, high liquidity & matched funding.	5 Years - Exceptions with prior approval of the CFO. Matched Funding	No Limitation - Section 5.02	Maturity profile structured to meet anticipated expenditures.
<b>Bond Service Subaccounts</b> 110378 / 241308 / 241859 / 241870 / 241874 / 241877 / 463864 / 486115 / 952837 / 984563 / 000292	Debt Service	<b>\$37.6</b>	Pays debt service semi-annually.	1 Year	Match Funded - Maturity cannot exceed P&I payment dates.	Maturity profile to meet semi-annual debt service payments. Funded monthly in 1/6 & 1/12 increments.
<b>Total</b>		<b>\$1,113.0</b>				

\* Maturity limitations dictated by cash flow needs, Investment Policy & Trust Agreement.

(1) Composite Index is a 50/50 blend of the ML 1-3 Yr Bullet Agency & the 3-5 Yr Bullet Agency indices.

(2) Composite Index is comprised of the 1 -13 year U.S. Treasury STRIPS CMI indices.



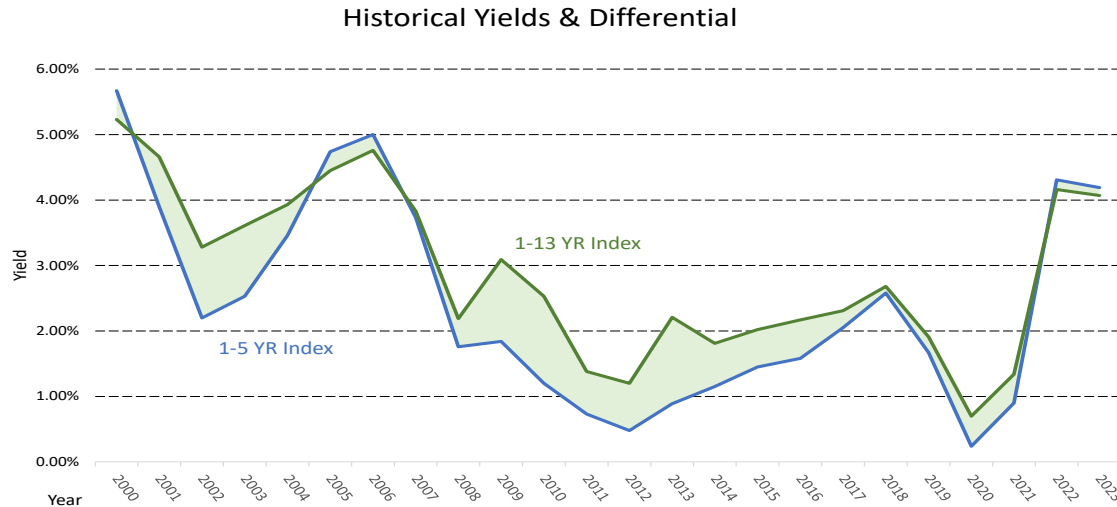
**Total Return portfolios require:**

- A long-term (multiyear) average annual return perspective to smooth out short-term volatility
  - Over long-term, duration targeted portfolio returns tend to converge back towards the starting rolling yield (multiyear returns  $\approx$  beginning period yields at purchase)
- Discipline to remain committed to strategies adopted based on risk tolerance
  - Shifting strategies during downturns results in missed opportunities for subsequent gains
  - Higher relative yields and decades of data demonstrate higher multiyear average returns for longer duration portfolios

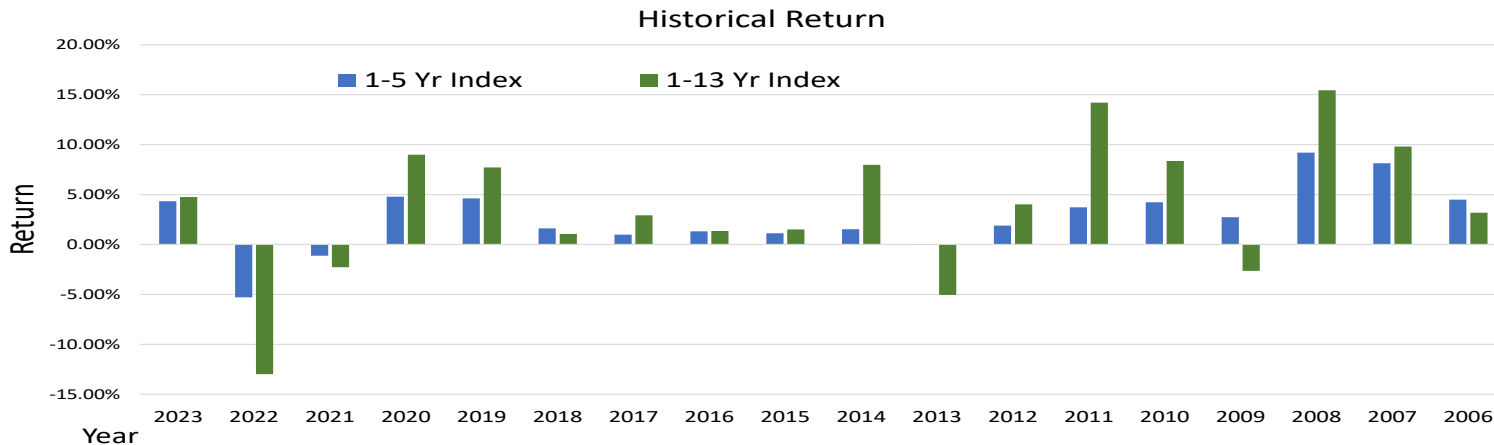
Income Return	=	Coupon Income
Price Return	=	Mark-to-market price changes
Yield	=	Prevailing market rates
Total Return (single years)	=	Income Return +/- Price Return



## Continued Acceptance of Increased Mark-to-Market Swings in Exchange for Higher Average Annual Returns



- \$400M unencumbered / unrestricted cash policy
  - Stable target regardless of bond market conditions
  - Negative return temporarily reduces cash balance
- Benchmarks approved by Board based on risk tolerance to remain within financial policies and achieve reasonable multiyear returns
  - Longer duration and increased volatility accepted for M&O Reserve Account<sup>1</sup>
    - 12.5% of Total Return accounts



Note 1: Composite of 1-13 year Treasury Strip indices approximates the effective duration of a laddered portfolio of 0-15-year coupon bearing securities and aligns with chosen strategy.

Note 2: See Supplemental information for further information on multi-year perspective.

## Supplemental Reference – Security Types

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### **Relative Value & Benchmark Implications**

The securities contained in the current benchmark indices consist of U.S. Treasury and Government Agency debentures. MDTA's allocation to other sectors such as Supranational, Municipal, and Commercial Paper may help performance over time, but may cause tracking error relative to the indices.

#### **Supranational**

- Supranational bonds were added to the Investment Policy in December 2016, with a sector limitation of 30% and a single issuer limitation of 10%.
- At times, Triple-A rated Supranational bonds, such as the World Bank, offer relative value versus comparable maturity agency debentures. Target spreads are approximately 10-15 basis points over comparable maturity agencies.

#### **Municipal**

- Municipal bonds are limited by policy to 20% of the portfolio, with a single issuer limitation of 5%.
- Triple-A taxable bonds are sought with spreads near 20 basis points relative to comparable maturity agencies.
- Municipals defeased with treasury securities are not subject to the policy limitation, as they are considered government securities. Target spreads are approximately 15 basis points over comparable maturity agencies.

#### **Commercial Paper**

- CP is limited by policy to 20% of the portfolio, with a single issuer limitation of 5%.
- Tier-1 rated CP typically offers a yield premium to similar maturity agencies and treasuries.

ITEM

4



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## MEMORANDUM

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**TO:** Finance & Administration Committee  
**FROM:** Director of Budget Jeffrey Brown  
**SUBJECT:** FY 2025 Operating Budget vs. Actual Spending Review  
**DATE:** December 5, 2024

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### PURPOSE

The purpose of the memorandum is to report on first quarter FY 2025 spending compared to the FY 2025 Final Operating Budget.

### KEY TAKEAWAY

As of September 30, 2024, 12% of the budget was spent compared to a target of 22%. Except for personnel expenses, all Object Codes were below budget. This is a typical spending pattern for the first quarter of the fiscal year.

### SUMMARY

*Budget analysis threshold:* More than \$500,000 budgeted with variances greater than +/- 5% of the targeted spending level.

- Salaries & Wages/Technical & Special Fees (**Object 01 & 02 - \$234.8M Budget**) are at targeted spending levels with a 20% spend rate.
- Communications (**Object 03 - \$4.3M Budget**) is below budget with a 6% spend rate due to the State Radio Invoice (**Subobject 0305 - \$2.0M Budget**) that has not been paid.
- Travel (**Object 4 - \$639K Budget**) is below budget with a 10% spend rate. This is due to the normal seasonality of travel with more activity in the 3<sup>rd</sup> and 4<sup>th</sup> quarters.
- Fuel and Utilities (**Object 06 - \$5.0M Budget**) is slightly below budget with a 15% spend rate primarily due to the underspending in fuel oil and natural gas.

- Motor vehicle operations and maintenance (**Object 07 - \$19.1M Budget**) is close to budget with an 15% spend rate.
  - Vehicle Purchases (**Object 0701 - \$9.3M Budget**) is close to budget with a 13% spend rate. The level of spending in this line item is dependent upon when motor vehicle orders are delivered.
  - Vehicles Gas & Oil (**Object 0702 - \$4.0M Budget**) is below budget with a 9% spend rate due to the easing of gas prices compared to budget assumptions.
  - All other major sub-objects are within budget guidelines.
  
- Contractual Services (**Object 08 - \$145.9M Budget**) are below budget with a less than 1% spend rate. This is mostly due to three FY 2024 fiscal year end accruals associated with Advertising (0801), Building & Road Repair Maintenance (0812), and *E-ZPass*<sup>®</sup> Service Center Costs (0873) that were not paid as of September 30.
  - Advertising (**0801 - \$3.1M Budget**) is at a negative 7% due to the fiscal year end accrual of advertising services. These expenses were paid during the second quarter of the fiscal year and the accrual was subsequently relieved.
  - Engineers (**0807 - \$34.8M Budget**) is below budget with a 2% spend rate. This is due to the normal seasonality of engineering with more activity occurring in the 3<sup>rd</sup> and 4<sup>th</sup> quarters.
  - Building/Road Repairs & Maintenance (**0812 - \$15.5M Budget**) is below budget at a negative 12% spend rate mostly due to a fiscal year end accounting entry associated with the FSK Bridge collapse. Consistent with accounting rules, insurance proceeds associated with salvage and debris costs were netted against FSK-related salvage and debris expenses resulting in a negative balance.
  - Education & Training (**0819 - \$1.3M Budget**) is below budget with a 12% spend rate. This is due to the normal seasonality of education/training courses with more activity occurring in the 3<sup>rd</sup> and 4<sup>th</sup> quarters.
  - Medical Care (**0820 - \$532K Budget**) is below budget with a 12% spend rate.
  - Management Studies (**0821 - \$6.2M Budget**) is below budget with a 7% spend rate. The expense is dependent upon when the studies occur.
  - IT-related costs (**Objects 0841 to 0869 - \$13.9M Budget**) are below budget at a 5% spend rate. These costs are dependent upon when invoices are received.
  - *E-ZPass*<sup>®</sup> Service Center Costs (**0873 - \$44.0M Budget**) is below budget with a negative 10% spend rate. These expenses were paid during the second quarter of the fiscal year and the accrual was subsequently relieved.
  - Other Contractual Services (**0899 - \$4.4M Budget**) is below budget with a 6% spend rate due seasonality of expenses.
  
- Supplies & Materials (**Object 09- \$10.6M Budget**) is below budget with an 10% spend rate.
  - Roadway Maintenance (**0905 - \$665K Budget**) is below budget with a 11% spend rate due to the timing of activities.
  - Salt (**0906 - \$1.9M Budget**) is at a 0% spend rate.
  - Ammunition (**0934 - \$594K Budget**) is slightly below budget with a 14% spend rate.

- Transponders (**0951 - \$4.0M Budget**) is below budget with an 10% spend rate. This is expected to be on budget for the full year.
- Replacement Equipment (**Object 10 - \$2.7M Budget**) is below budget with a 15% spend rate, primarily driven by Object 1099 – Other Replacement Equipment.
  - Other Replacement Equipment (**Object 1099 - \$529K Budget**) is below budget with a 1% spend due to the timing of when orders are received.
- Additional Equipment (**Object 11 - \$1.2M Budget**) is below budget with a 13% spend rate mostly due the timing of orders.
- Fixed Costs (**Object 13 - \$9.8M Budget**) is below budget with a 2% spend rate.
  - Insurance (**1309 - \$8.5M Budget**) is under budget with a 0% spend rate as no invoices were received as of September 30. The invoices for both property and liability insurance are expected to be processed in the 2<sup>nd</sup> quarter. Liability and property insurance costs will exceed the budget by approximately \$2.4 million.

## **ATTACHMENT**

Budget vs Actual by Object 1<sup>st</sup> Qtr. FY 2025

MDTA OPERATING FUND  
 Bgt vs. Actual by Obj and RC Detail  
 Summary of All Units  
 For the Three Months Ending Monday, September 30, 2024

	Expenditures		YTD		%
	This Month	Budget	Expense	Balance	Spent
<b>OBJECT 01 Salaries and Wages</b>					
0101 REGULAR EARNINGS	\$8,121,520	\$144,727,005	\$23,770,122	\$120,956,883	16.42%
0102 ADDITIONAL ASSISTANCE		144,964		144,964	0.00%
0104 OVERTIME EARNINGS	465,331	6,862,807	1,397,999	5,464,809	20.37%
0105 SHIFT DIFFERENTIAL		1,036,191	5,075	1,031,116	0.49%
0110 MISCELLANEOUS P/R ADJUSTMENTS	13,646	186,409	29,537	156,872	15.85%
0111 ACCRUED LEAVE PAYMENTS	66,147	217,927	215,931	1,996	99.08%
0112 RECLASSIFICATIONS		403,865		403,865	0.00%
0151 SOCIAL SECURITY CONTRIBUTIONS		10,375,642	9,869	10,365,773	0.10%
0152 HEALTH INSURANCE		20,404,594	58,529	20,346,065	0.29%
0154 RETIREE'S HLTH INSURANCE PREM		12,487,606	31,108	12,456,497	0.25%
0161 EMPLOYEES RETIREMENT SYSTEM		18,070,076	7,391	18,062,685	0.04%
0165 STATE POLICE RETIREMENT SYSTEM		3,879,976	265,484	3,614,492	6.84%
0169 LAW ENFORCEMENT OFF PENSION SYS		22,876,047		22,876,047	0.00%
0171 BURDEN EXPENSE	7,894,914		22,005,458	(22,005,458)	0.00%
0172 DEFERRED COMPENSATION MATCH			2,175	(2,175)	0.00%
0174 UNEMPLOYMENT COMPENSATION		405,238	629	404,609	0.16%
0175 WORKERS COMPENSATION		3,010,078		3,010,078	0.00%
0189 TURNOVER		(12,663,613)		(12,663,613)	0.00%
0199 OTHER FRINGE BENE - CLOTH ALLOW		918,711	165,075	753,636	17.97%
<b>Total Object 01</b>	<b>16,561,558</b>	<b>233,343,523</b>	<b>47,964,382</b>	<b>185,379,141</b>	<b>20.56%</b>
<b>Object 02 Technical and Special Fees</b>					
0202 PER DIEM PAYMENTS	6,000	150,000	13,500	136,500	9.00%
0211 EMPLOYEE AWARDS		1,000		1,000	0.00%
0220 SPECIAL PAYMENTS PAYROLL		1,328,934		1,328,934	0.00%
<b>Total Object 02</b>	<b>6,000</b>	<b>1,479,934</b>	<b>13,500</b>	<b>1,466,434</b>	<b>0.91%</b>
<b>Object 03 Communications</b>					
0301 POSTAGE	2,916	83,227	3,437	79,790	4.13%
0302 TELEPHONE	8,347	873,771	63,444	810,327	7.26%
0303 TELECOMMUNICATIONS	18,486	775,272	150,769	624,503	19.45%
0305 STATE PAID TELECOMMUNICATIONS		2,001,477		2,001,477	0.00%
0306 CELL PHONE EXPENDITURES	38,942	580,690	61,383	519,306	10.57%
<b>Total Object 03</b>	<b>68,691</b>	<b>4,314,437</b>	<b>279,032</b>	<b>4,035,404</b>	<b>6.47%</b>
<b>Object 04 Travel</b>					
0401 IN STATE/ROUTINE OPERTN TRAVEL	3,410	63,193	5,628	57,565	8.91%
0402 INSTATE/CONF/SEMNR/TRNG TRAVEL	10,532	105,110	11,734	93,376	11.16%
0403 OUTSTATE/ROUTINE OPERTN TRAVEL	200	63,064	(112)	63,176	(0.18%)
0404 OUTSTATE/CONF/SEMNR/TRNG TRAVL	28,098	407,878	46,853	361,025	11.49%
<b>Total Object 04</b>	<b>42,240</b>	<b>639,245</b>	<b>64,102</b>	<b>575,143</b>	<b>10.03%</b>
<b>Object 06 Fuel and Utilities</b>					
0603 FUEL-OIL #2		147,200	11,160	136,040	7.58%
0606 FUEL-NATURAL GAS/PROPANE	3,344	427,009	9,424	417,585	2.21%
0620 UTILITIES-ELECTRICITY	303,731	3,951,804	665,723	3,286,081	16.85%
0621 UTILITIES-WATER/SEWAGE	28,169	431,203	53,573	377,630	12.42%
<b>Total Object 06</b>	<b>335,244</b>	<b>4,957,216</b>	<b>739,880</b>	<b>4,217,336</b>	<b>14.93%</b>
<b>Object 07 Motor Vehicle Operations and Maintenance</b>					
0701 PURCH VEH-CAR,LIGHT TRUCK	717,826	9,327,990	1,246,304	8,081,686	13.36%
0702 VEHICLE GAS & OIL	270,064	4,025,750	371,516	3,654,234	9.23%
0703 VEHICLE MAINTENANCE & REPAIR	157,387	2,028,957	513,497	1,515,460	25.31%
0704 INSURANCE		347,163		347,163	0.00%
0721 VEHICLE GAS & OIL - WATERCRAFT	1,941	47,814	2,193	45,621	4.59%
0722 VEHICLE MAINT & REPAIR - WATERCRAFT	5,862	64,503	9,219	55,284	14.29%
0724 BOAT SLIP RENTAL/LAUNCHING FEES		4,000		4,000	0.00%
0730 PURCH VEH-OTHER LAND VEH - DUMP, TRACTOR		194,000	100	193,900	0.05%
0731 GAS & OIL - OTHER LAND VEHICLES	114,309	1,000,000	156,694	843,306	15.67%
0732 LG VEHICLE MAINT & REPAIR	221,458	2,050,000	542,850	1,507,150	26.48%
0789 COMMUTER CHARGE	(869)	(5,000)	(1,934)	(3,066)	38.68%

MDTA OPERATING FUND  
 Bgt vs. Actual by Obj and RC Detail  
 Summary of All Units  
 For the Three Months Ending Monday, September 30, 2024

	Expenditures		YTD		%
	This Month	Budget	Expense	Balance	Spent
0799 OTHER MOTOR VEHICLE CHARGES		50,000		50,000	0.00%
<b>Total Object 07</b>	<b>1,487,977</b>	<b>19,135,177</b>	<b>2,840,439</b>	<b>16,294,738</b>	<b>14.84%</b>
<b>Object 08 Contractual Services</b>					
0801 ADVERTISING/LEGAL PUBLICATION	17,760	3,064,703	(212,717)	3,277,420	(6.94%)
0802 APPLICATIONS SOFTWARE MAINTENANCE		100,000	6,578	93,422	6.58%
0804 PRINTING/REPRODUCTION	(1,402)	46,200	928	45,272	2.01%
0807 ENGINEERS	176,748	2,850,000	134,482	2,715,518	4.72%
0807 ENGINEERS - Environmental (MA0967)	100,975	3,865,000	133,460	3,731,540	3.45%
0807 ENGINEERS - Highways (MA0983)		210,000		210,000	0.00%
0807 ENGINEERS - Architectural (MA2395)	50,091	585,000	28,383	556,617	4.85%
0807 ENGINEERS - ITS/Electrical (MA2226)	68,448	1,100,000	64,448	1,035,552	5.86%
0807 ENGINEERS - Structural (MA2055)	49,767	1,600,000	103,159	1,496,841	6.45%
0807 ENGINEERS - Traffic (MA2181)	32,910	1,700,000	3,406	1,696,594	0.20%
0807 ENGINEERS - Asset Mgmt (MA2869)		800,000		800,000	0.00%
0807 ENGINEERS - On-Call (All MR)	577,884	6,415,000	204,020	6,210,980	3.18%
0807 ENGINEERS - Annual Inspections (MA2471)	144,168	15,650,000	144,168	15,505,832	0.92%
0808 EQUIPMENT RENTAL	68,120	501,677	130,667	371,010	26.05%
0809 EQUIPMENT REPAIRS & MAINT	1,893	1,356,693	1,893	1,354,800	0.14%
0810 EXTERMINATION	443	16,839	1,834	15,006	10.89%
0812 BUILDING/ROAD REPAIRS & MAINT	(24,306,672)	15,468,899	(2,514,705)	17,983,604	(16.26%)
0812 BUILDING/ROAD REPAIRS & MAINT - On-Call	775,279		738,917	(738,917)	0.00%
0813 JANITORIAL SERVICES	97,946	1,797,960	248,291	1,549,669	13.81%
0814 GROUNDS MAINTENANCE	10,350	45,000	14,174	30,826	31.50%
0815 LAUNDRY	77	3,344	164	3,180	4.91%
0816 CONTRACTUAL SERVICES - HOUSEKEEPING		50		50	0.00%
0817 LEGAL SERVICES	250	226,300	15,425	210,875	6.82%
0819 EDUCATION/TRAINING CONTRACTS	39,507	1,337,238	161,784	1,175,453	12.10%
0820 MEDICAL CARE	21,296	531,720	64,360	467,360	12.10%
0821 MGMT STUDIES AND CONSULTANTS	282,705	6,173,622	404,290	5,769,332	6.55%
0823 SECURITY SERVICES	68,329	1,216,976	146,875	1,070,101	12.07%
0824 LABORATORY SERVICES	1,890	45,578	5,450	40,128	11.96%
0825 VETERINARIAN		31,565	1,352	30,213	4.28%
0826 FREIGHT AND DELIVERY	7	18,613	557	18,056	2.99%
0827 TRASH AND GARBAGE REMOVAL	64,658	463,606	114,431	349,175	24.68%
0828 OFFICE ASSISTANCE		61,387		61,387	0.00%
0829 FISCAL SERVICES	4,243,357	15,930,250	3,310,203	12,620,047	20.78%
0841 DP CENTRAL PROCESS SVC	70,998	1,100,000	142,828	957,172	12.98%
0843 DP COMMUNICATIONS CONTROLLERS SVC	34,943	500,000	34,943	465,057	6.99%
0849 TELECOMM LINES, MODEMS & CONTROLLER	15,187	596,601	18,162	578,439	3.04%
0854 COMPUTER MAINTENANCE CONTRACTS	292	185,000	3,792	181,208	2.05%
0858 SOFTWARE LICENSES	6,535	154,194	24,038	130,156	15.59%
0862 APPL SOFTWARE MAINTENANCE	13,689	2,226,200	271,669	1,954,531	12.20%
0864 SYSTEMS SOFTWARE MAINTENANCE		500,000	6,592	493,408	1.32%
0865 OUTSIDE SVCS-SYS ANALYSIS&DSGN	178,050	7,465,000	224,612	7,240,388	3.01%
0866 OUTSIDE SVCS-PROGRAMMING		415,000	3,213	411,787	0.77%
0869 OUTSIDE SVCS-COMPUTER USAGE		775,000	13,416	761,584	1.73%
0873 OUTSIDE SVC - E-Z PASS SVC CENTER	443,646	44,000,000	(4,566,420)	48,566,420	(10.38%)
0874 OFFICE OF ATTORNEY GENERAL FEE		43,411		43,411	0.00%
0875 RETIREMENT AGENCY ADMIN FEE		233,463	225,361	8,102	96.53%
0876 STATEWIDE DOIT SERVICES		60,962		60,962	0.00%
0894 STATEWIDE PERSONNEL SYS ALLOC		40,535		40,535	0.00%
0897 STATE ENTERPRISE BUDGET SYSTEM		12,110		12,110	0.00%
0899 OTHER CONTRACTUAL SVC-NON DP	13,922	4,400,908	249,826	4,151,082	5.68%
<b>Total Object 08</b>	<b>(16,635,954)</b>	<b>145,921,604</b>	<b>108,309</b>	<b>145,813,295</b>	<b>0.07%</b>
<b>Object 09 Supplies and Materials</b>					
0901 AGRICULTURE	3,709	38,189	15,734	22,455	41.20%
0902 OFFICE SUPPLIES	22,756	418,854	70,281	348,573	16.78%
0903 ELECTRICAL MATERIALS	11,302	412,635	28,813	383,822	6.98%
0904 BUILDING & HOUSEHOLD SUPPLIES	43,494	388,518	102,590	285,928	26.41%
0905 ROADWAY MAINT MATERIALS	24,600	664,618	75,076	589,542	11.30%

SUMMARY



MDTA OPERATING FUND  
 Bgt vs. Actual by Obj and RC Detail  
 Summary of All Units  
 For the Three Months Ending Monday, September 30, 2024

	Expenditures		YTD		%
	This Month	Budget	Expense	Balance	Spent
0906 SALT/SNOW MELTING MATERIALS		1,859,664		1,859,664	0.00%
0908 HOUSEKEEPING SUPPLIES	3,937	70,317	10,501	59,816	14.93%
0909 MEDICAL SUPPLIES	1,705	36,910	4,593	32,317	12.44%
0912 WEARING APPAREL-UNIFORMS EMPL	104,873	1,187,018	222,633	964,385	18.76%
0915 LIBRARY SUPPLIES		29,675		29,675	0.00%
0917 SMALL TOOLS	22,297	282,950	53,167	229,783	18.79%
0918 VETERINARY SUPPLIES	1,305	73,500	2,891	70,609	3.93%
0920 FOOD	2,561	189,695	7,858	181,837	4.14%
0926 DATA PROCESSING SUPPLIES	7,884	39,746	11,382	28,364	28.64%
0934 AMMO GUNS FIRING RANGE SUPPLIES	84,507	593,768	84,507	509,262	14.23%
0951 E-ZPASS TRANSPONDERS	262,900	3,960,000	400,920	3,559,080	10.12%
0999 OTHER SUPPLIES AND MATERIALS	8,372	334,860	17,344	317,516	5.18%
<b>Total Object 09</b>	<b>606,202</b>	<b>10,580,917</b>	<b>1,108,289</b>	<b>9,472,628</b>	<b>10.47%</b>
<b>Object 10 Replacement Equipment</b>					
1002 REPL AUDIO-VISUAL EQUIP	4,178		4,178	(4,178)	0.00%
1013 REPL MAINTENANCE & BUILDING EQUIP	51,976	401,500	77,825	323,675	19.38%
1015 REPL OFFICE EQUIPMENT	11,094	85,407	34,257	51,150	40.11%
1019 REPL RADIOS & ELECTRONIC EQUIPMENT		241,000		241,000	0.00%
1031 REPL DP EQUIP-MAINFRAME		80,000		80,000	0.00%
1033 REPL DP EQUIP-MICROCOMPUTER	96,056	1,373,080	277,103	1,095,977	20.18%
1099 OTHER REPLACEMENT EQUIPMENT	2,877	528,900	2,877	526,023	0.54%
<b>Total Object 10</b>	<b>166,181</b>	<b>2,709,887</b>	<b>396,240</b>	<b>2,313,647</b>	<b>14.62%</b>
<b>Object 11 Additional Equipment</b>					
1102 ADDT'L AUDIO-VISUAL EQUIP		9,500		9,500	0.00%
1103 ADDT'L CLEANING EQUIPMENT		10,000		10,000	0.00%
1109 ADDT'L HUMAN ENVIRONMENTAL EQUIP	699	1,000	1,697	(697)	169.71%
1113 ADDT'L MAINTENANCE & BUILDING EQUIP	1,199	139,715	144,535	(4,820)	103.45%
1115 ADDT'L OFFICE EQUIPMENT	539	49,700	1,561	48,140	3.14%
1119 ADDT'L RADIOS & ELECTRONIC EQUIPMENT		475,000		475,000	0.00%
1133 ADDT'L DP EQUIP-MICROCOMPUTER		40,000		40,000	0.00%
1199 OTHER ADDITIONAL EQUIPMENT	3,168	459,835	9,432	450,403	2.05%
<b>Total Object 11</b>	<b>5,605</b>	<b>1,184,750</b>	<b>157,225</b>	<b>1,027,525</b>	<b>13.27%</b>
<b>Object 13 Fixed Charges</b>					
1302 INSURANCE COVERAGE PAID TO STO		838,110		838,110	0.00%
1303 RENT PAID TO DGS		1,100		1,100	0.00%
1304 SUBSCRIPTIONS	(29)	26,675	1,323	25,352	4.96%
1305 ASSOCIATION DUES	1,626	372,272	5,778	366,494	1.55%
1308 LICENSES	1,175	7,800	1,739	6,061	22.29%
1309 INSURANCE (NON STO PAYMENTS)		8,500,000		8,500,000	0.00%
1320 BAD DEBT EXPENSE		50,000	149,145	(99,145)	298.29%
<b>Total Object 13</b>	<b>2,772</b>	<b>9,795,957</b>	<b>157,985</b>	<b>9,637,972</b>	<b>1.61%</b>
<b>Total All Objects</b>	<b>2,646,516</b>	<b>434,062,646</b>	<b>53,829,384</b>	<b>380,233,262</b>	<b>12.40%</b>

ITEM

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## MEMORANDUM

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**TO:** MDTA Finance and Administration Committee  
**FROM:** Assistant Capital Program Manager Jennifer Stump  
**SUBJECT:** First Quarter Review of FY 2025 Capital Budget vs. Actual Spending  
**DATE:** December 5, 2024

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### PURPOSE OF MEMORANDUM

The purpose of the memorandum is to update the MDTA Finance and Administration Committee on the status of actual FY 2025 capital spending against the FY 2025 capital budget in the FY 2025-2030 Draft Consolidated Transportation Program (CTP). This information will be presented to the MDTA Board on December 19, 2024.

### SUMMARY

As of September 30, 2024, 9.6% of the FY 2025 budget was spent as compared to the targeted spending level of 25%. The total budget for FY 2025 is \$809.8 million. The actual spending through the first quarter was \$77.5 million. The first quarter percentage is low because there are outstanding accruals for work completed in FY 2024.

### ANALYSIS

Eighty-six of the 91 projects budgeted in FY 2025 were within the acceptable spending limits of 0% to 50% (plus or minus 25% of the 25% target). Due to normal lags in invoicing, generally two months, a plus or minus 25% threshold was determined to be reasonable.

Actual spending through the first quarter for ten projects with the highest FY 2025 budgets was \$52.9 million. The ten projects are detailed in Attachment A.

### RISKS & OPPORTUNITIES

Extended procurements have resulted in delayed Notice to Proceed on several projects which could impact overall FY 2025 spending. However, since the Draft CTP was approved, thirty-two projects have increased spending expected in FY 2025.

**ATTACHMENT**

Attachment A – FY 2025 Capital Program Spending – Ten Projects with highest FY 2025 Budgets

**FY 2025 Capital Program Spending  
Compared to Draft FY 2025-2030 CTP Budget  
Ten Projects with highest FY 2025 Budgets**

<b>Project Name</b>	<b>FY 2025 Budget Draft FY25-30 CTP (\$ Million)</b>	<b>FY 2025 Actual thru 09/30/2024 (\$ Million)</b>	<b>FY 2024 1st Qtr Spend Rate</b>	<b>FY 2025 Budget Remaining (\$ Million)</b>
Key Bridge Rebuild	\$204.9	\$0.2	0%	\$204.7
Rehabilitate Decks of Eastbound Span - Phase I	\$114.1	\$16.0	14%	\$98.1
I-95 ETL Northbound Extension - MD 152 Interchange Reconstruction	\$50.2	\$0.3	1%	\$49.9
I-95 ETL Northbound Extension - Express Toll Lanes to MD 152	\$47.8	\$11.6	24%	\$36.2
I-95 Express Toll Lanes Northbound Transition - MD 152 Interchange Reconstruction	\$39.4	\$7.4	19%	\$32.0
I-95/Belvidere Road Interchange	\$33.9	\$0.2	1%	\$33.7
I-95 ETL NBE MD 24 to Bynum Run	\$27.0	\$0.1	0%	\$27.0
Cleaning and Painting of the Hatem Bridge	\$26.4	\$7.6	29%	\$18.8
Envelope Repair and Switchgear Replacements at BHT Vent Buildings	\$24.9	\$5.7	23%	\$19.1
I-695 Subgrade Improvements at Bear Creek	\$23.9	\$3.9	16%	\$20.0
<b>Total</b>	<b>\$592.4</b>	<b>\$52.9</b>	<b>9%</b>	<b>\$539.5</b>

ITEM

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Maryland  
Transportation  
Authority

**Wes Moore, Governor**  
Aruna Miller, Lt. Governor  
Paul J. Wiedefeld, Chairman

**Board Members:**  
Dontae Carroll  
William H. Cox, Jr.  
W. Lee Gaines, Jr.  
Mario J. Gangemi, P.E.  
Cynthia D. Penny-Ardinger  
Jeffrey S. Rosen  
Samuel D. Snead, MCP, MA  
John F. von Paris

Bruce Gartner, Executive Director

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## MEMORANDUM

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**TO:** MDTA Finance & Administration Committee  
**FROM:** Director of Revenue Cheryl Lewis-Orr  
**SUBJECT:** First Quarter Fiscal Year 2025 Traffic and Revenue Performance  
**DATE:** December 5, 2024

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### PURPOSE OF MEMORANDUM

To provide the Maryland Transportation Authority (MDTA) Finance & Administration Committee with a quarterly and year-to-date update regarding traffic and toll revenue trends compared to the previous year and the forecast.

### KEY TAKEAWAY

Actual revenue was below forecast by \$5.2 million during the first quarter of the fiscal year primarily due to the monthly forecasted allocation of *E-ZPass*<sup>®</sup> and video toll collections during the month of September. The variance in the actual to forecasted revenue associated with the monthly allocation is expected to smooth out as the year progresses.

### ANALYSIS

This quarterly review looks at traffic and toll revenue trends and compares actual system-wide experience with traffic and toll revenue forecasts. CDM Smith continues to track and evaluate the performance of traffic at the lane level (Attachment Figure 1) and traffic and revenue collected on a cash basis.

**FY 2025 Actuals compared to FY 2024 Actuals and FY 2025 Forecast versus FY2025 Actuals**

Combined Facilities (including Administrative Revenue)														
TRANSACTIONS (in Millions)								REVENUE (in Millions)						
	FY24	FY25			FY24			FY24	FY25			FY25		
	Actual	Actual	Diff	% Change	Forecast	Diff	% Diff	Actual	Actual	Diff	% Change	Forecast	Diff	% Diff
Qtr. 1	41.5	40.8	(0.7)	-1.6%	41.9	(1.1)	-2.6%	\$ 202.0	\$ 192.4	\$ (9.7)	-4.8%	\$ 197.6	\$ (5.2)	-2.6%
YTD Totals	41.5	40.8	(0.7)	-1.6%	41.9	(1.1)	-2.6%	\$ 202.0	\$ 192.4	\$ (9.7)	-4.8%	\$ 197.6	\$ (5.2)	-2.6%

\*Note: Numbers may not sum due to rounding

As shown in the Table above, for the period ended September 30, 2024, year-to-date (YTD) systemwide transactions totaled 40.8 million and corresponding collected revenue totaled \$192.4 million. This represents a decrease of 0.7 million transactions, or 1.6%, compared to the same period last year. YTD revenue decreased by \$9.7 million, or 4.8%, compared to the same period last year. The decrease is due, in part, to the loss of revenue resulting from the allision of the M/V DALI with the Francis Scott Key Bridge and reduced FY 2025 first quarter video toll collections compared to the first quarter of FY 2024. Video toll collections likely increased in FY 2024 because of the courtesy and warning letters that were sent to customers regarding the resumption of Motor Vehicle Administration flagging.

For the period ended September 30, 2024, actual revenue was below forecast by \$5.2 million. This is mainly due to the allocation of *E-ZPass* and video toll transactions during the month of September. The variance in the actual to forecasted revenue associated with the monthly allocation is expected to smooth out as the year progresses.

**ATTACHMENTS**

- Attachment A: Summary of Revenue
- Attachment B: Comparison of Official Forecast to Actual Toll Revenue Performance
- Attachment C: Analysis of Actual Toll Revenue Performance & Financial Forecast Differences
- Attachment D: FY 2023 Forecast vs Actual Revenue – by Facility
- Attachment E: FY 2023 Forecast vs. Actual Revenue – By Payment Method



**Attachment A**  
Summary of Revenue  
FY2025 Forecasted and Actual Revenue Comparison

	E-ZPass®	Video, Administrative <sup>1</sup> & Pay-By-Plate	Total
Forecast Revenue	\$161,936,292	\$35,636,248	\$197,572,540
<i>less</i> Actual Revenue	157,238,920	35,131,874	192,370,794
Difference	(\$4,697,372)	(\$504,374)	(\$5,201,745)

<sup>1</sup> Includes items such as Hatem Bridge discount plan (\$20.00 annual plan), oversize permit fees, transponder sales, civil penalties, unused trips, commercial post-usage discount & monthly account fees (non-Maryland addresses).

**Attachment B**  
Comparison of Official Forecast to Actual Toll Revenue Performance

**Jul 1, 2024 to Sep 30, 2024**

<b>Toll Revenue Forecast:</b>		<b>\$197,572,540</b>
<b>Actual Revenue:</b>		
<i>E-ZPass</i>	157,238,920	82%
Pay-By-Plate	1,395,451	1%
Video Toll	18,065,973	9%
Administrative Toll	15,670,450	8%
<b>Total Actual Revenue</b>		<b>192,370,794</b>
<b>Actual Revenue less Forecasted Revenue</b>		<b>(5,201,745)</b>

**Attachment C**  
Analysis of Actual Toll Revenue Performance & Financial Forecast Differences

**Jul 1, 2024 to Sep 30, 2024**

**Adjusted Difference (Forecast less Adjusted Actual Revenue)** **\$ (5,201,745)**

Forecast Assumption Differences:

*E-ZPass* Daily Average Traffic Lower than Forecasted (FY2025) - ongoing (4,697,372)

*Pay-By-Plate* Usage Higher than Forecasted (FY2025) - ongoing 71,607

*Video Toll* Collections Lower than Forecasted (FY2024) - ongoing (1,213,553)

*Administrative Toll Revenue* Higher than Forecasted (FY2024) - ongoing (CPFs +\$0.4M; Post +\$0.1M) 637,572

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**Total Forecast Assumption Differences** **\$ (5,201,745)**

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**Attachment D**  
FY 2025 Forecast vs. Actual Revenue – By Facility

Legacy Facilities					
		July	August	September	Total
Video, Pay-By- Plate & Other	E-ZPass	Forecast \$ 45,185,963	\$ 47,209,783	\$ 47,544,611	\$ 139,940,357
		Actual 45,185,701	47,210,281	43,459,857	\$ 135,855,839
		Difference (262)	498	(4,084,754)	\$ (4,084,518)
Video, Pay-By- Plate & Other		Forecast 9,665,417	11,195,365	9,881,085	\$ 30,741,867
		Actual 9,666,514	11,210,815	9,315,973	\$ 30,193,302
		Difference 1,098	15,450	(565,112)	\$ (548,565)
Total		Forecast 54,851,380	58,405,148	57,425,696	\$ 170,682,224
		Actual 54,852,215	58,421,096	52,775,830	\$ 166,049,141
		Difference \$ 835	\$ 15,948	\$ (4,649,866)	\$ (4,633,083)

Intercounty Connector					
		July	August	September	Total
Video, Pay-By- Plate & Other	E-ZPass	Forecast \$ 7,141,613	\$ 5,308,453	\$ 5,742,164	\$ 18,192,229
		Actual 7,141,323	5,307,957	5,443,634	\$ 17,892,914
		Difference (290)	(496)	(298,529)	\$ (299,314)
Video, Pay-By- Plate & Other		Forecast 1,474,311	1,786,284	1,429,404	\$ 4,689,999
		Actual 1,474,518	1,789,079	1,500,774	\$ 4,764,371
		Difference 207	2,795	71,370	\$ 74,372
Total		Forecast 8,615,924	7,094,736	7,171,568	\$ 22,882,228
		Actual 8,615,841	7,097,036	6,944,408	\$ 22,657,286
		Difference \$ (83)	\$ 2,300	\$ (227,159)	\$ (224,942)

I-95 Express Toll Lanes					
		July	August	September	Total
Video, Pay-By- Plate & Other	E-ZPass	Forecast \$ 1,172,540	\$ 1,217,021	\$ 1,414,144	\$ 3,803,706
		Actual 1,172,541	1,217,028	1,100,597	\$ 3,490,166
		Difference 1	7	(313,548)	\$ (313,540)
Video, Pay-By- Plate & Other		Forecast 57,407	62,459	84,516	\$ 204,382
		Actual 57,407	62,607	54,188	\$ 174,201
		Difference -	148	(30,329)	\$ (30,181)
Total		Forecast 1,229,947	1,279,480	1,498,661	\$ 4,008,088
		Actual 1,229,948	1,279,635	1,154,784	\$ 3,664,367
		Difference \$ 1	\$ 155	\$ (343,876)	\$ (343,720)

All Facilities					
		July	August	September	Total
		Forecast \$ 64,697,251	\$ 66,779,364	\$ 66,095,925	\$ 197,572,540
		Actual 64,698,004	66,797,767	60,875,023	\$ 192,370,794
		Difference \$ 754	\$ 18,403	\$ (5,220,902)	\$ (5,201,745)

**Attachment E**  
FY 2025 Forecast vs. Actual Revenue – By Payment Method

<b>E-ZPass</b>					
		July	August	September	Total
Forecast	Legacy	45,185,963	47,209,783	47,544,611	\$ 139,940,357
	ICC	7,141,613	5,308,453	5,742,164	\$ 18,192,229
	ETL	1,172,540	1,217,021	1,414,144	\$ 3,803,706
	<b>Total</b>	<b>53,500,116</b>	<b>53,735,257</b>	<b>54,700,919</b>	<b>\$ 161,936,292</b>
Actual	Legacy	45,185,701	47,210,281	43,459,857	\$ 135,855,839
	ICC	7,141,323	5,307,957	5,443,634	\$ 17,892,914
	ETL	1,172,541	1,217,028	1,100,597	\$ 3,490,166
	<b>Total</b>	<b>53,499,565</b>	<b>53,735,267</b>	<b>50,004,088</b>	<b>157,238,920</b>
<b>Difference</b>		<b>\$ (551)</b>	<b>\$ 10</b>	<b>\$ (4,696,831)</b>	<b>\$ (4,697,372)</b>

<b>Video, Pay-By-Plate &amp; Other</b>					
		July	August	September	Total
Forecast	Legacy	9,665,417	11,195,365	9,881,085	\$ 30,741,867
	ICC	1,474,311	1,786,284	1,429,404	\$ 4,689,999
	ETL	57,407	62,459	84,516	\$ 204,382
	<b>Total</b>	<b>11,197,135</b>	<b>13,044,108</b>	<b>11,395,005</b>	<b>\$ 35,636,248</b>
Actual	Legacy	\$ 9,666,514	\$ 11,210,815	\$ 9,315,973	\$ 30,193,302
	ICC	1,474,518	1,789,079	1,500,774	\$ 4,764,371
	ETL	57,407	62,607	54,188	\$ 174,201
	<b>Total</b>	<b>11,198,439</b>	<b>13,062,500</b>	<b>10,870,934</b>	<b>35,131,874</b>
<b>Difference</b>		<b>\$ 1,305</b>	<b>\$ 18,393</b>	<b>\$ (524,071)</b>	<b>\$ (504,374)</b>

<b>All Revenue</b>					
		July	August	September	Total
Forecast	\$	64,697,251	\$ 66,779,364	\$ 66,095,925	\$ 197,572,540
Actual		64,698,004	66,797,767	60,875,023	\$ 192,370,794
<b>Difference</b>	<b>\$</b>	<b>754</b>	<b>\$ 18,403</b>	<b>\$ (5,220,902)</b>	<b>\$ (5,201,745)</b>