

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*[®] 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.

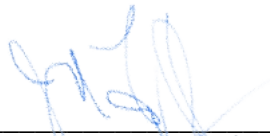
UPDATE – UNOFFICIAL FY 2025-2030 FINANCIAL FORECAST

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.



John von Paris, Chairman