

FINANCE COMMITTEE MONTHLY MEETING
TUESDAY, JUNE 7, 2022
OPEN MEETING VIA CONFERENCE CALL

OPEN SESSION

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

STAFF ATTENDING: Jeffrey Brown
Jeff Davis
Donna DiCerbo
Cheryl Dickinson
Tina Dorn
Meryle Dunlap, Esquire
Allen Garman
Chantelle Green
Natalie Henson
Selena McKissick
Ken Montgomery
Gerald Noonan
Jennifer Stump
Will Pines
Christina Thompson
Eric Willison

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

APPROVAL – OPEN MEETING MINUTES FROM MAY 10, 2022, MEETING

Member John von Paris called for the approval of the meeting minutes from the open meeting held on May 10, 2022. Member Jeffrey Rosen made the motion, and Member Cynthia Penny-Ardinger seconded the motion, which was unanimously approved.

**APPROVAL – CONTRACT NO. MA 2257-0000 – THIRD GENERATION
ELECTRONIC TOLL COLLECTION – TOLL SYSTEMS AND SERVICES –
MODIFICATION NO. 1**

Mr. Gerald Noonan and Mr. Will Pines requested a recommendation of approval from the Finance Committee to present Contract No. MA 2257-0000 – Third Generation Electronic Toll Collection – Toll Systems and Services – Modification No. 1 to the full Maryland Transportation Authority (MDTA) Board at its next scheduled meeting.

Contract MA 2257-000 was competitively solicited and awarded to Kapsch TrafficCom USA Inc., in the amount of \$71,911,342.78 on February 21, 2018, to furnish and provide Operator Electronic Toll Collection Technology and Associated Subsystem Components and Services for the operation of the Electronic Toll Collection System.

In March 2020, during the COVID-19 pandemic, the MDTA implemented statewide cashless tolling (*i.e.*, all-electronic tolling (AET)) to protect customers and employees from face-to-face cash transactions. Between March and October 2020, to help provide customers with some financial relief, the MDTA also paused the mailing of Notices of Tolls Due (NOTDs) and paused the assessment of civil penalties on unpaid NOTDs for drivers that used the MDTA's toll facilities without an *E-ZPass*. The image review associated with NOTDs and civil penalty payment processing has since resumed under Contract MA-2257-0000. As such, a retroactive modification is necessary for the Contractor to process the current (*i.e.*, real-time) AET images along with the backlog from the pandemic. This modification will increase the contract value by \$8,764,758.28 to a total of \$80,676,101.06.

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 Penny-Ardinger seconded the motion, which was unanimously approved.

**APPROVAL – CONTRACT NO. MA 2868-0000 – THIRD GENERATION
ELECTRONIC TOLL COLLECTION – TOLL SYSTEMS AND SERVICES –
MODIFICATION NO. 1**

Mr. Gerald Noonan and Mr. Will Pines requested a recommendation of approval from the Finance Committee to present Contract No. MA 2868-0000 – Third Generation Electronic Toll Collection – Toll Systems and Services – Modification No. 1 to the full MDTA Board at its next scheduled meeting.

Contract MA 2868-000 was competitively solicited and awarded to Transcore Limited Partnership in the amount of \$200,428,772.81 on February 21, 2018, to furnish and provide Customer Service Center Services and Systems for the operation of the Electronic Toll Collection System.

As previously discussed, in March 2020, the MDTA implemented AET and paused the mailing of NOTDs and the assessment of civil penalties. Since that time, payment processing has resumed under Contract MA-2868-0000. Additionally, on February 24, 2022, the MDTA Board approved the Customer Assistance Plan (CAP) to enhance service to Maryland's tolling customers. Furthermore, the Maryland General Assembly codified the CAP under Chapter 448 of 2022 (Senate Bill 59). The Contractor is currently providing additional staffing and services as outlined in the CAP. As such, a modification is necessary for the Contractor to process current (*i.e.*, real-time) AET transactions, the backlog from the pandemic, and for services related to the CAP. This modification will increase the contract value by \$63,106,810.98 to a total of \$263,535,583.79.

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 – CONTRACT NO. MT-3146-0000 – ELEVATOR MAINTENANCE AND REPAIRS FOR MDTA FACILITIES

Ms. Tina Dorn requested a recommendation of approval from the Finance Committee to present Contract No. MA 3146-0000 – Elevator Maintenance and Repairs for MDTA Facilities to the full MDTA Board at its next scheduled meeting.

The contract is for the provision of an Elevator Maintenance and Repairs service. The requested preventive maintenance and repair services include all elevator mechanical components for 19 elevators and 1 chair lift at the various MDTA facilities.

Three Bids were opened on this project on May 3, 2022. The apparent low bidder, Admiral Elevator, Inc., submitted a bid of \$2,397,006.00.

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

APPROVAL – FY 2023 FINAL OPERATING BUDGET

Mr. Jeffrey Brown requested a recommendation of approval from the Finance Committee to the full MDTA Board for the FY 2023 Final Operating Budget. The Trust Agreement requires the approval of a final budget on or before July 1.

The FY 2023 Final Operating Budget totals \$377.2 million. This represents an increase of \$15.8 million, or 4.4%, above the FY 2023 Preliminary Operating Budget. Additionally, the MDTA's position complement declines by 10 positions in FY 2023.

Mandated changes increased the budget by \$12.4 million compared to the FY 2023 Preliminary Operating Budget. These changes include (1) a \$6.0 million cost-of-living increase for civil and sworn employees; (2) a \$3.4 million increase for 66 additional police vehicles for sergeants and members of the Civil Disturbance Team; (3) employee step increases totaling \$1.4 million; (4) a \$1.8 million increase in Employee's Retirement System and Law Enforcement Officers' Pension System costs; (5) a \$0.9 million increase in Employee and Retiree's Health Insurance costs; and (6) a \$0.5 million increase in Social Security costs.

The operating budget includes a net \$3.4 million in additional discretionary spending. The key changes are as follows: (1) vehicle operations and maintenance expenses increase by \$3.4 million; (2) funding for management studies & consultants increases by \$1.3 million due to the Augmented Asset Management Program and the Connected Autonomous Vehicle Program; (3) other miscellaneous costs that include various equipment needs (*e.g.*, transponders, computers and building equipment) increase by \$0.5 million; (4) funding for security services declines by \$0.6 million due to a lower cost for the Vidasys contract and the elimination of armored car services; (5) utility costs decline by \$0.3 million; and (6) personnel costs decrease by \$0.9 million due to the elimination of 10 vacant toll collector positions.

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 – DRAFT FY 2023-2028 CONSOLIDATED TRANSPORTATION PROGRAM

Ms. Jennifer Stump requested a recommendation of approval from the Finance Committee to the full MDTA Board for the Draft FY 2023-2028 Consolidated Transportation Program (CTP). The Draft CTP was reviewed by the Capital Committee on June 2, 2022 and recommended for approval to the full MDTA Board.

The Draft CTP totals \$2.6 billion, which reflects a net increase in the six-year FY 2023-2028 budget of \$24.6 million. The net increase is the result of (1) a \$17.0 million increase for the Nice/Middleton Bridge; (2) a \$24.4 million decrease for the I-95 ETL Northern Extension; (3) a \$55.1 million increase for all projects except the Nice/Middleton Bridge, I-95 ETL Northern Extension, and reserves; and (4) a \$71.9 million decrease in the Allocated and Unallocated Reserves. FY 2022 actual expenditures are projected to be \$24.6 million lower than anticipated. This amount has been rolled over into the Draft FY 2023-2028 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 Penny-Ardinger seconded the motion, which was unanimously approved.

APPROVAL – FY 2023 – FY 2028 FINANCIAL FORECAST

Ms. Chantelle Green requested a recommendation of approval from the Finance Committee to the full MDTA Board for the FY 2023 – FY 2028 Financial Forecast. Ms. Green updated the Finance Committee on the financial affordability of the FY 2023 Final Operating Budget and the Draft FY 2023-2028 CTP. Throughout the six-year forecast period, the MDTA meets its financial goals and minimum legal standards.

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 Penny-Ardinger seconded the motion, which was unanimously approved.

UPDATE – BI-ANNUAL REVIEW OF REVENUE SUFFICIENCY

Ms. Chantelle Green provided the Finance Committee with an update on the bi-annual review of revenue sufficiency for the FY 2023-2028 financial forecast period. Ms. Green noted that the MDTA's Board Policy requires a bi-annual review of revenue sufficiency to determine if current rates and fee levels are appropriate based on levels of expected spending. The FY 2023-2028 financial forecast shows that current toll rates, fees, and discounts provide sufficient revenue over the next six years to meet forecasted spending and exceed all legal and policy requirements.

There being no further business, the meeting of the Finance Committee adjourned at 9:58 a.m., following a motion by Member Rosen, and seconded by Member Penny-Ardinger.



John von Paris, Chairman