

FINANCE COMMITTEE MONTHLY MEETING  
THURSDAY, MARCH 13, 2014  
POINT BREEZE HEADQUARTERS BUILDING  
BALTIMORE, MARYLAND

OPEN SESSION

MEMBERS ATTENDING: Jack Basso  
Mary Beyer Halsey (via telephone)  
Arthur Hock

STAFF ATTENDING: Donna DiCerbo  
Joyce Diepold  
Allen Garman  
Bruce Gartner  
Tom Gugel  
Patrick Fleming  
Jaelyn Hartman  
Meshelle Howard  
Doug Hutcheson  
Kimberly Millender, Esq.  
Kitty Sarvinas  
Dennis Simpson  
Cheryl Sparks  
Paul Truntich  
Dan Williams  
Alison Williams

OTHERS ATTENDING: Laura Magoon, PE, Rummel, Klepper & Kahl, LLP  
James Walsh, Maryland Aviation Administration  
Merrilyn Williams, Maryland Aviation  
Administration

At 9:00 a.m. Member Jack Basso, Chair of the Finance Committee, called the meeting to order.

**Approval – Meeting Minutes – February 20, 2014 Open Session**

Member Basso called for the approval of the Open Minutes of the February 20, 2014 Finance Committee. Member Arthur Hock made a motion to approve the minutes and Member Mary Halsey seconded the motion. The minutes were unanimously approved as submitted.

**Recommend for Approval – Contract Change Orders for MAA-CO-12-004 and MAA-CO-13-017 and Consolidated Rental Car Facility (CRCF) Projects**

Ms. Alison Williams requested a recommendation for approval from the Finance Committee to the MDTA Board for (a) change orders for Contract MAA-CO-12-004 and MAA-CO-13-017 by the Maryland Aviation Administration (MAA) relating to runway safety projects at Baltimore/Washington International Thurgood Marshall (BWI Marshall) Airport, and (b) proposed improvements at the CRCF which will be funded with Customer Facility Charges (CFCs) constituting pledged revenues of the CRCF Bonds, Series 2002.

Contract MAA-CO-12-004

Ms. Williams introduced James Walsh, Chief Financial Officer of MAA, who explained that this contract was awarded in October 2013 to P. Flanigan and Sons in the original amount of \$2,683,799.40 for paving work on Taxiway C. MAA has since determined that a contract reduction of \$1,800,000.00 is necessary due to revised Federal Aviation Administration (FAA) taxiway design guidelines that affect this project. The adjusted contract amount is for \$883,799.40.

Contract MAA-CO-13-017

Mr. Walsh explained this contract was awarded to Gray & Son, Inc. in the amount of \$4,959,398.00 for improvements to the runway safety area on Runway 15L-33R. MAA has since determined that an increase of \$690,000.00 is necessary due to unforeseen conditions and additional FAA requirements. The adjusted contract amount is for \$5,649,398.00.

CRCF Proposed Project Improvements

MAA has determined after meeting with the rental car companies that certain improvements to the CRCF are advisable, for instance, a pedestrian walkway. In addition, MAA has negotiated concession agreements with two new rental car companies, which require that certain improvements be made to accommodate the new tenants, i.e. new signage and roadway and sidewalk access to the facility.

MAA estimates that all of these improvements will total \$1,976,000.00 and that sufficient funding is available from CFCs on deposit in the Facility Improvement Fund held by the trustee, The Bank of New York Mellon. MAA is requesting MDTA's agreement to expend such funds. The Facility Improvement Fund held \$23.8 million as of February 2014, and the use of such funds is authorized by the Trust Agreement. The rate covenant requirement is 1.25; and for FY 2013, the rate covenant was at 1.58, indicating sufficient pledged revenues.

Member Basso called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Hock made the motion, and Member Halsey seconded the motion, which was unanimously approved.

The next item on the agenda was an update on the Video Toll and Citation Program. As Executive Director Bruce Gartner was not in attendance at this point, Chairman Basso proposed that the item be deferred to later on the agenda.

**Recommend for Approval – MDTA Resolution No. 14-01 and MDTA Resolution No. 14-02**

Ms. Kimberly Millender, Esq. requested approval to recommend to the full MDTA Board adoption of MDTA Resolutions No. 14-01 and No. 14-02. Resolution No. 14-01 will update and add to the delegations from the Board to the Executive Director under current Resolution No. 12-05. Resolution No. 14-02 will update the change in title for the Executive Director. This item was also presented to the Capital Committee at its meeting on March 6, 2014.

Resolution No. 14-01 delegates from the Board to the Executive Director the ability to conduct certain business functions and approve certain documents related to procurements and other contracts. Proposed Resolution No. 14-01 revises the current delegations under Resolution No. 12-05 by delegating from the Board to the Executive Director for approval the following additional functions and documents: sole source or “no substitute” procurement determinations; State and federal documents related to transfer and forfeiture of seized assets; and no cost license agreements of right-of-entry permits. In addition, the Resolution is updated to reflect the change in title to Executive Director.

Resolution No.14-02 reaffirms the existing delegation to the Executive Director to carry-out the day-to-day personnel functions of MDTA under State law and merely reflects the change in title for the Executive Director.

Member Basso called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Hock made the motion, and Member Halsey seconded the motion, which was then unanimously approved.

**Recommend for Approval – Contract No. 20140002 Hazmat Removal MDTA-Wide**

Mr. Paul Truntich requested a recommended approval of Contract No. 20140002, Hazmat Removal, MDTA-wide, to the full MDTA Board at its next scheduled meeting.

This is an on-call contract for hazardous and non-hazardous material response as requested by MDTA. Services include responses to spill/releases at MDTA facilities, hazardous and non-hazardous materials generated by MDTA facilities or abandoned on MDTA property.

MDTA solicited Competitive Sealed Bids for these services, pursuant to the Code of Maryland Regulations 21.05.01.02. This is a Not-to-Exceed, fixed price, indefinite quantity Contract. Approval of this contract is contingent upon approval by the Maryland Board of Public Works.

This project was advertised on January 14, 2014. Six bids were received on February 6, 2014. Clean Venture, Inc. is the lowest responsive and responsible bidder and is therefore recommended for award to the full MDTA Board. Due to the hazardous waste regulatory requirements governing work required for this contract, and the limited scope of work, no Minority Business Enterprise, Veteran Owned Small Business Enterprise, or Small Business Reserve goals were established. The contract contains a Small Business Preference for up to 5%; however, the second lowest bidder exceeded this percentage and therefore was not determined to be the lowest responsive and responsible bidder.

Member Basso called for a motion to recommend approval of this item to the full MDTA Board at the next scheduled meeting. Member Halsey made the motion, and Member Hock seconded the motion, which was then unanimously approved.

#### **Recommend for Approval – Series 2004 Bond Call/Payoff**

Mr. Allen Garman discussed the economics of exercising the call option for the Series 2004 bonds on July 1, 2014. Given the high unrestricted cash position with an investment opportunity cost of less than 1% and availability of the TIFIA loan at 2.56%, calling the 5% coupon bonds will result in material net carry savings.

The reduction in bonds outstanding will lower debt service in FY2015 by \$18 million and slightly reduce interest payments by \$2 million annually during the FY 2016 through 2029 interest only period. Given the historical trend of underspending in the capital budget, no new financings, excluding the TIFIA draw, are likely needed for the next five fiscal years. Mr. Garman explained that when a future financing is needed to replace the cash used, the net interest cost savings over the next five years raises the break-even financing far above historical averages.

The Finance Committee concurred with management's recommendation to use \$54.495 million of unrestricted cash to call the bonds. This item will be presented to the MDTA Board at the next scheduled meeting.

Executive Director Bruce Gartner arrived at the meeting and Chairman Basso decided to revisit the agenda item on the Video Toll and Citation Program.

### **Update – Video Toll and Citation Program**

Executive Director Gartner and Mr. Tom Gugel updated the Finance Committee on the issues and activities underway to support the implementation of the video toll and citation process approved in House Bill 420.

In February, mailings proceeded smoothly, the backlog was reduced to normal levels, discussions were held with Chairman Smith regarding noticing for transactions prior to June 30, 2013, and questions from legislators and the media were addressed. Activities in March include continuing to issue Notices of Toll Due and Citations and responding to legislators upon request.

In April through July, expected activities include the training of MDTA court liaison staff, deploying the updated court process module and beginning hearings for citations contested to court.

### **Update – Toll Rate Reduction Program – I-895 Childs Street and MD 695 Northbound Turnaround**

Mr. Dennis Simpson briefed the Finance Committee on an ongoing effort to develop a toll rate reduction program for the I-895/Childs Street ramps and the MD 695 Northbound turnaround. This information was also presented to the Capital Committee at its meeting on March 6, 2014.

MDTA had preliminary discussions with the Maryland Motor Truck Association and the communities near the Baltimore Harbor Tunnel Thruway regarding the potential for a toll rate reduction for certain vehicles (3 axles or greater) that enter or exit I-895 at Childs Street without using the Baltimore Harbor Tunnel (BHT). In addition, MDTA staff recognized there was a similar issue at the Francis Scott Key Bridge (FSK) where vehicles enter MD 695 to travel northbound and never use the Key Bridge.

#### **I-895 Childs Street**

The Childs Street ramps provide access to I-895 to and from the south. The ramps are just north of the BHT toll plaza. Currently, motorists heading northbound on I-895 whom wish to access Childs Street pay the full toll as a function of vehicle and payment class. This is true of the reciprocal movement for motorists on Childs Street wishing to access I-895 to access I-895 southbound.

It is understood that a portion of trucks with origins and destinations in the industrial parks of Shoreline, Fairfield and Wagner's Point are avoiding the Childs Street ramps to I-895 and the toll at BHT and accessing the expressway system from I-695 via the Pennington/Curtis Avenue and Ordinance Road corridors through residential neighborhoods.

### MD 695 Northbound Turnaround

Motorists accessing northbound MD 695 from Broening Highway travel through the rightmost cash toll lane in the southbound direction of the FSK toll plaza and collect a voucher. This movement allows motorists to access service road #3 and make a U-turn and pass through the northbound toll plaza without paying a second toll. The opposite movement is conducted the same way for motorists on MD 695 from the north accessing Broening Highway.

The proposed toll rate reduction for both the I-895/Childs Street and MD 695 Northbound Turnaround will benefit truckers and the communities impacted by trucks who avoid using the toll roads. MDTA has significantly increased tolls for trucks in the past several years. Also, this toll reduction will move some trucks out of the residential areas and back onto the freeway system. This is a win for both truckers and the communities impacted by truckers who use residential streets to avoid the full toll for these movements.

### Update – Replacement of the Canton Viaduct on I-895

Mr. Dan Williams briefed the Finance Committee regarding the current status of construction option for replacement of the Canton Viaduct bridge on I-895 just north of the Baltimore Harbor Tunnel.

The aging structure is MDTA's only structurally deficient bridge and requires complete replacement. There are two replacement alternatives that were under final consideration.

#### Two-stage construction

This method reduces I-895 from two lanes to one lane in each direction with shorter duration but higher impacts to the traveling public. It requires improvements to I-95 northbound to minimize traffic impacts on I-95 due to the diversion from I-895. Negligible benefit is expected with improvements on I-95 southbound and therefore, is not included. Construction includes 24 months in reduced lane capacity on I-895 and total construction duration of 50 months (29 months for I-895; 24 months for I-95 NB; 3 months overlap). Construction could start as early as spring 2016.

#### Four-stage construction

Maintains two lanes in the peak direction and one lane in the off-peak direction on I-895 by using a movable barrier. This option requires a much longer duration but with minimal traffic impacts. Construction includes 47 months in reduced lane capacity (for off-peak direction only) on I-895 and total construction duration of 52 months. Construction could start as early as spring 2016.

### **Update – Legislative Budget Hearings**

Ms. Jaelyn Hartman briefed the Finance Committee on MDTA's budget hearings in Annapolis.

MDTA's budget hearings were held on February 27<sup>th</sup> and March 5<sup>th</sup>. The February 27<sup>th</sup> hearing was before the Senate Budget and Taxation Public Safety, Transportation and Environment Subcommittee with Chairman James "Ed" DeGrange. The March 5<sup>th</sup> hearing was before the House Appropriations Transportation & Environment Subcommittee with Chairman Tawanna Gaines.

At the start of each hearing, the analyst from the Department of Legislative Services (DLS) presented his analysis of the MDTA. The DLS analyst addressed both the operating and capital budgets as well as other issues of interest. MDTA provided written responses to the issues identified.

Secretary of Transportation and Chairman of the MDTA Board Jim Smith began MDTA's testimony by hitting on some key highlights from the past year. These included: an update on the travel plazas and the Intercounty Connector, information on Bay Bridge safety and system preservation efforts, an update on implementation of the video tolling and citations and an overview of the financial health of MDTA.

Executive Director Bruce Gartner then addressed issues identified in the DLS analysis. These issues were: efforts to improve the capital spend rate; the decision making process for replacing the Nice Bridge; alternative ways to assess tolls rather than by axle count; the future of all electronic tolling and its impact on citations; the potential use of real-time congestion pricing; and future capital priorities.

MDTA's testimony and responses to questions were well received by the committees.

### **Update – Traffic and Revenue**

Ms. Joyce Diepold reported that the system revenues for the month of February were \$36.4 million, which is up \$8.4 million versus the previous year. Revenues for the fiscal year-to-date were \$336.8 million, which is up \$98.6 million versus the previous year. Fiscal year-to-date revenues are \$6.6 million, or 1.8%, above the current Jacobs Base Case revenue forecast.

Ms. Diepold also reported that the system transactions for the month of February were 7.4 million, which is down 0.6 million versus the previous year. Fiscal year-to-date system transactions were 74.0 million, which is down 1.5 million from the previous year. Fiscal year-to-date system transactions are 2.7 million, or 3.8%, above the current Jacobs Base Case transaction forecast.

Monthly revenue for February 2014 on the ICC was \$2.8 million. Monthly transactions in February 2014 on the ICC were 1.4 million.

There being no further business, the meeting of the Finance Committee adjourned at 10:48 a.m., following a motion by Member Hock and seconded by Member Halsey.