



Maryland Transportation Authority

FINANCE COMMITTEE

THURSDAY, FEBRUARY 9, 2023

MARYLAND TRANSPORTATION AUTHORITY
2310 BROENING HWY
BALTIMORE, MD 21224

FINANCE COMMITTEE MEETING AGENDA

February 9, 2023 – 9:00 a.m.

This meeting will be livestreamed on the [MDTA Finance Committee Page](#)

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 cdickinson@mdta.state.md.us no later than noon on Wednesday, February 8, 2023. 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. **Approval** – January 12, 2023 - Open Meeting Minutes Chairman von Paris 5 min.
2. **Approval** - Contract SV-3092-0000 – Transportation Consultant Services RFP David Greene 5 min.
3. **Approval** – Investment Committee Report – Quarterly update on the investment of MDTA’s funds Allen Garman Clayton Viehweg 20 min.
4. **Update** – TIFIA Loan – Update on the status of the TIFIA Loan Draw Allen Garman 5 min.
5. **Update** – 2nd Quarter Budget Comparison – Review of actual vs. projected spending for the FY 2023 operating budget Jeffrey Brown 10 min.
6. **Update** – 2nd Quarter Budget Comparison – Review of actual vs. projected spending for the FY 2023 capital budget Jennifer Stump 10 min.
7. **Update** – Quarterly Update on Traffic and Revenue – Update on the actual performance of traffic and revenue compared to the forecast through December 31, 2022 Cheryl Lewis-Orr 10 min.
8. **Update** – FY 2022 Independent Auditor’s SOC 2 Report Deb Sharpless 5 min.

Vote to Adjourn

ITEM

1

FINANCE COMMITTEE MONTHLY MEETING
THURSDAY, JANUARY 12, 2023
OPEN MEETING VIA LIVESTREAMING

OPEN SESSION

MEMBERS ATTENDING: Dontae Carroll
 Cynthia Penny-Ardinger (via telephone)
 Jeffrey Rosen
 John von Paris

STAFF ATTENDING: Yaw Berkoh
 Erika Brantley
 Jeffrey Brown
 Cheryl Dickinson
 Donna DiCerbo
 Allen Garman
 Chantelle Green
 Natalie Henson
 Selena McKissick
 Ibrahim Koroma
 Kimberly Millender, Esq.
 Ken Montgomery
 Mary O’Keeffe
 Will Pines
 Deb Sharpless
 Tim Sheets
 Eric Willison

OTHERS ATTENDING: James Walsh – MDOT MAA
 Jaclyn Hartman – MDOT TSO
 Scott Allaire – CDM Smith
 Kelly Morison – CDM Smith

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

APPROVAL – OPEN SESSION MEETING MINUTES FROM DECEMBER 8, 2022 MEETING

Member von Paris called for the approval of the Open Session Meeting minutes of the Finance Committee meeting held on December 8, 2022. Member Dontae Carroll made the motion, and Member Jeffrey Rosen seconded the motion, which was unanimously approved.

UPDATE – NON-RECOURSE FINANCINGS & LOANS

Ms. Deborah Sharpless, Mr. Allen Garman, Mr. James Walsh (MDOT-MAA) and Ms. Jaclyn Hartman (MDOT-TSO) provided an update to the Finance Committee on non-recourse debt issued by the MDTA on behalf of others. The update provided a required update on contracts and project improvements at BWI Marshall Airport that are funded from pledged passenger enplanement fees and consolidated rental car facility fees, as well as the status of other non-recourse financings and the loans by the MDTA to the MDOT and MAA.

UPDATE – FY 2024 PRELIMINARY OPERATING BUDGET – DBM CHANGES

Mr. Jeffrey Brown updated the Finance Committee on the impact of the Department of Budget and Management (DBM) fringe benefit changes to the Preliminary FY 2024 Operating Budget. Following the MDTA Board's contingent approval of the Preliminary FY 2024 Operating Budget, DBM updated certain fringe benefit rates and charges. As a result of these changes, the budget was increased by \$2.0 million, from \$391.4 million to \$393.4 million.

UPDATE – TRAFFIC AND REVENUE MODELING METHODOLOGY

Ms. Chantelle Green and Ms. Kelly Morison from CDM Smith provided the Finance Committee with an overview of CDM Smith's modeling methodology and Traffic and Revenue (T&R) forecasting process with a concentrated focus on the methodology used to forecast the impact of the COVID-19 pandemic.

There being no further business, the meeting of the Finance Committee adjourned at 9:57 a.m., following a motion by Member Rosen, and seconded by Member Penny-Ardinger.

John von Paris, Chairman

ITEM

2



MEMORANDUM

TO: Finance Committee
FROM: David K. Greene, Director, Policy Innovation & Performance
SUBJECT: Contract No. SV-00210791 (SV-3092-0000) Transportation Consultant Services
DATE: February 9, 2023

PURPOSE OF MEMORANDUM

The purpose of this memo is to present the above-mentioned contract award to the Finance Committee for contingent approval.

SUMMARY

This Contract is to provide Transportation Consultant Services for the MDTA. This includes providing additional consultant service resources as needed for some of the programs that the MDTA is responsible for evaluating, selecting and implementing in the areas of Transportation System Analysis and Needs Forecasting; Performance Evaluation and Reporting; and Project Management Service and Staff Support.

This contract was procured as a Request for Proposal (RFP) under Solicitation No. SV-3092-0000. Five (5) Proposals were received. This was a best value contract where Technical and Financial elements of the RFP had equal importance. The recommended awardee, WSP, USA was ranked first overall and provided the best value to the State with the lowest Financial Proposal and first ranked Technical Proposal. WSP USA is also the incumbent with a proven track record in providing these services to the MDTA.

This Contract exceeds the delegated procurement authority of the Maryland Transportation Authority; and therefore, will be presented to the Board of Public Works on April 5, 2023.

RECOMMENDATION

To obtain contingent recommended approval by the Finance Committee to present the above-mentioned contract to the full MDTA Board at its next scheduled meeting.

ATTACHMENT

- Finance Committee Project Summary



FINANCE COMMITTEE PROJECT SUMMARY
 Contract No. SV 3092-0000 Transportation & Consulting Services

PIN NUMBER N/A
CONTRACT NUMBER SV-00210791 (SV-3092-0000)
CONTRACT TITLE Transportation & Consulting Services

PROJECT SUMMARY This Contract is for transportation consultant services to support the Maryland Transportation Authority (MDTA) in transportation system analysis and needs forecasting, performance evaluation and reporting, and project/task management services and staff support.

SCHEDULE		MBE PARTICIPATION		
		MBE PARTICIPATION - OVERALL	ADVERTISED GOAL (%)	PROPOSED GOAL (%)
ADVERTISEMENT DATE	7/20/2021	OVERALL MBE	20.00%	20.00%
ANTICIPATED NTP DATE	4/10/2023	AFRICAN AMERICAN	0.00%	10.00%
DURATION/TERM	Five (5) Years	ASIAN AMERICAN	0.00%	0.00%
		WOMEN	0.00%	10.00%
		VSBE	1.00%	1.00%

Not to Exceed Budgeted Amount	(\$)		BID PROTEST	YES	NO
	\$8,698,099.00	Five (5) Year Term			✓

PROPOSER	<u>FINANCIAL PRICE</u>	<u>PRICE RANK</u>	<u>TECHNICAL RANK</u>	<u>OVERALL RANK</u>
WSP USA, Inc.	\$8,698,099.00	1	1	1
RK&K	\$9,573,971.10	4	2	2
JMT/CDM Smith	\$8,749,150.00	3	3	3
AECOM	\$8,722,432.90	2	5	4
Ernst & Young	\$16,433,854.00	5	4	5

ITEM

3



MEMORANDUM

TO: Finance Committee
FROM: Clayton D. Viehweg, Investment Administrator
Allen W. Garman, Director of Treasury & Debt
SUBJECT: Investment Report
DATE: February 9, 2023

PURPOSE OF MEMORANDUM

Complete required quarterly review of investment report for the three-month period ended December 31, 2022 and request recommendation of the Finance Committee to present to the full Board for approval of a continuation of investment strategy and associated benchmarks.

SUMMARY

On a quarterly basis, MDTA's Investment Committee reports to the Finance 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 Investment Strategies
 - Systematic rate rise has impacted all bond market investors in the form of mark-to-market price declines.
 - Long-term reserve account strategies should remain consistent, despite short-term return volatility associated with the rising interest rate environment.
 - Multi-year returns for longer term reserves align with financial forecast and approximate the starting rolling yields, though short-term returns are negative.

RECOMMENDATION

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

ATTACHMENT

Performance Report Finance Committee 12 31 22



Maryland
Transportation
Authority

Investment Portfolio Management & Performance

Period Ended – December 31, 2022

Meeting Date – February 9, 2023

Agenda & Key Points

Agenda

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

Key Points

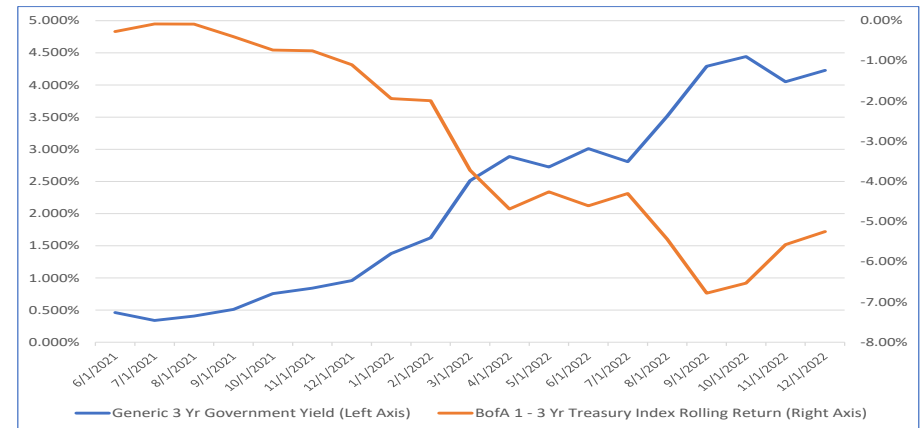
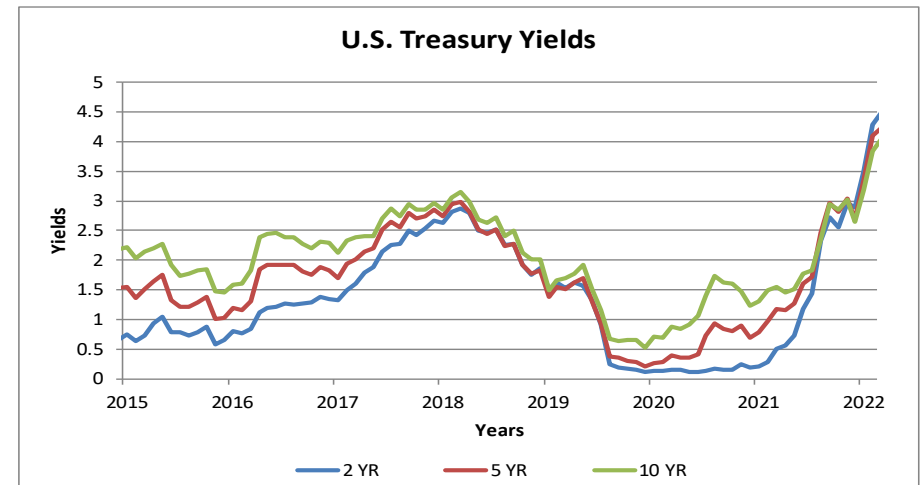
- Diversified investment portfolio remains in compliance with the Investment Policy and Trust Agreement.
- Matched Funded accounts are benefitting from higher prevailing rates for short-term instruments.
- Total Return Investment Strategies
 - Systematic rate rise has impacted all bond market investors in the form of mark-to-market price declines.
 - Strategies for long-term reserve accounts should remain consistent, despite short-term return volatility associated with the rising interest rate environment.
 - Multi-year returns for long term reserves align with financial forecast and approximate the starting rolling yields, though one-year trailing returns are negative.

Market Update – Economy, Federal Reserve & Bond Market

- **Economy:** Modest growth in spending and production, high inflation, employment strength

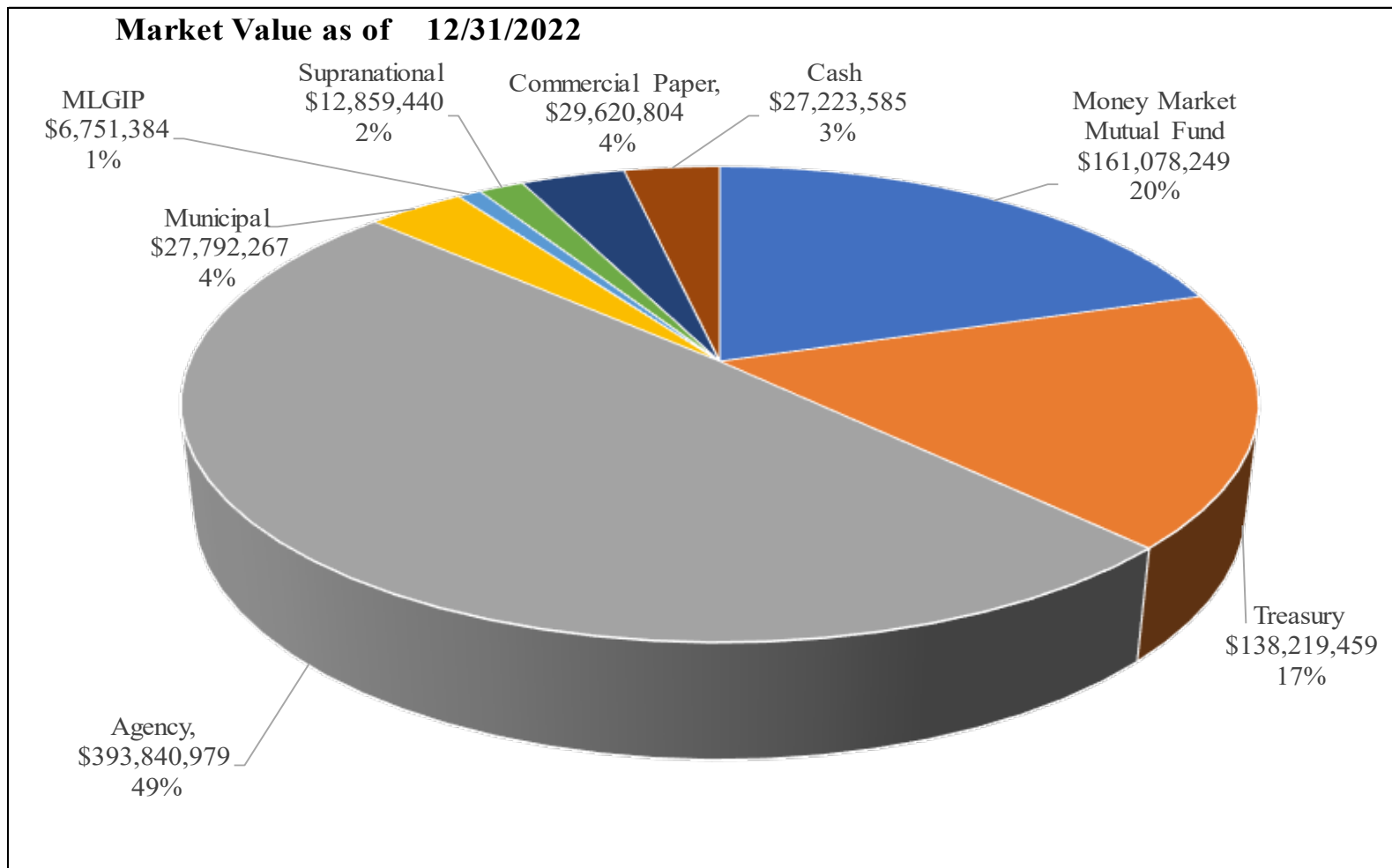
	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>
Real GDP (YOY)	3.7%			1.8%			1.9%			1.0%
Unemployment	3.6%	3.6%	3.6%	3.6%	3.5%	3.7%	3.5%	3.7%	3.6%	3.5%
Core PCE Inflation (YOY)	5.4%	5.0%	4.9%	5.0%	4.7%	4.9%	5.1%	5.0%	4.7%	4.4%

- **Federal Reserve:** Tightening monetary policy to combat inflation in excess of 2% objective
 - Increased federal funds rate 425 bps since 1/1/22
 - Balance sheet reductions, \$95 billion monthly
- **Bond Market:** Sharply rising yields, falling bond prices and negative total returns
 - Yields vs Returns - Blue line in graph demonstrates rising 5YR treasury yields and orange line the resultant negative returns for a 1-5YR bond index

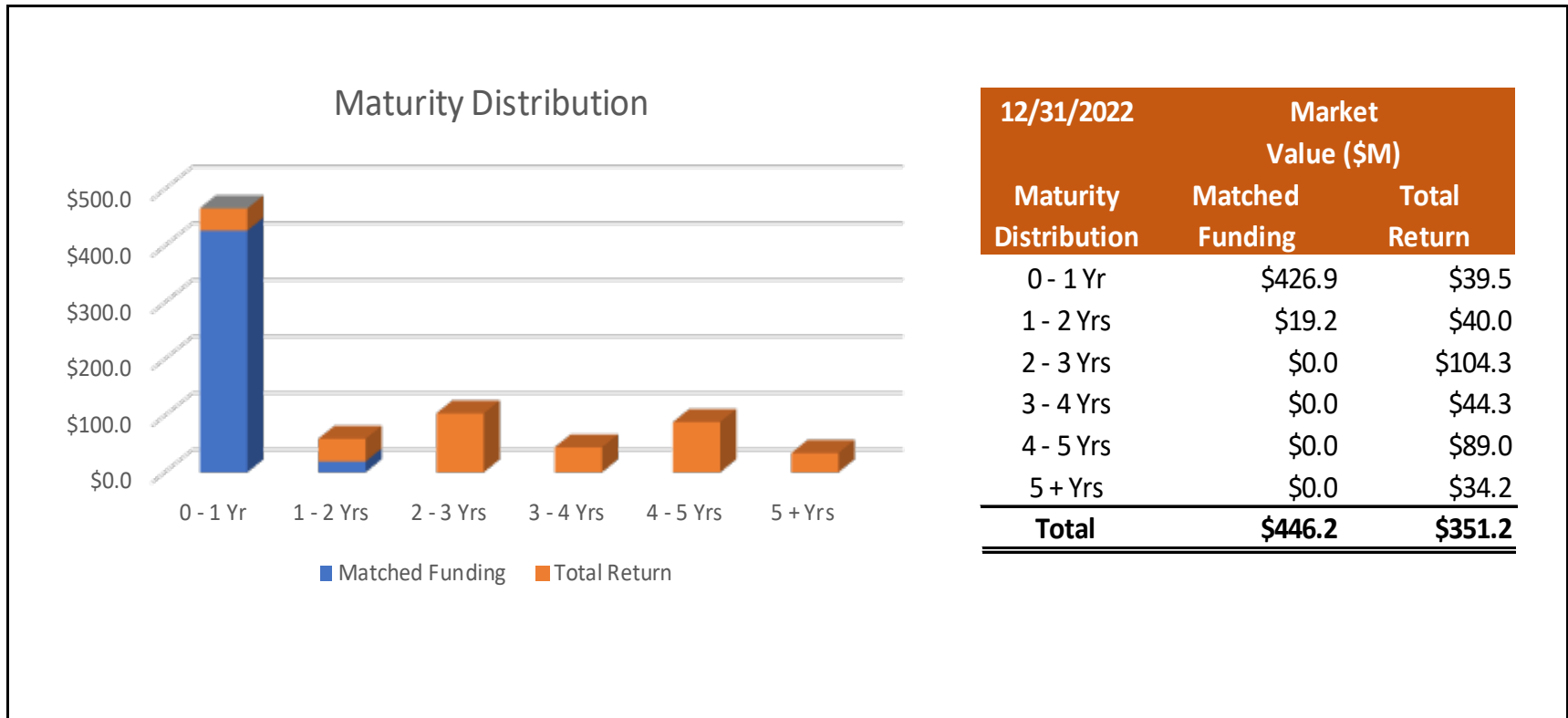


Portfolio Composition & Compliance – Security Composition

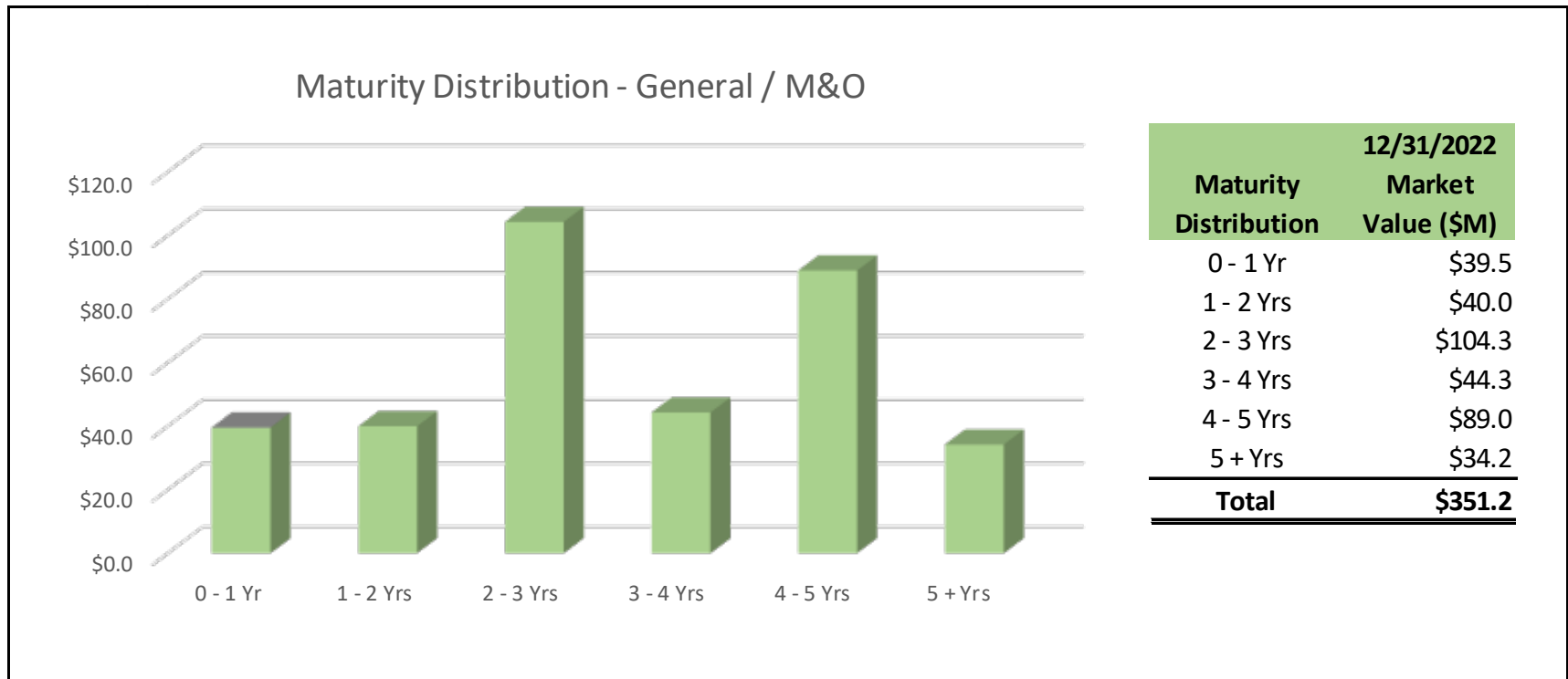
- High quality and diversified portfolio
 - Capitalizing on relative value opportunities
 - Higher yield for similar maturities and credit risk
 - Aligning with cash flow needs
 - Minimizing credit risks associated with ratings downgrades and/or defaults



Portfolio Composition & Compliance – Maturity Distribution (All Accounts) ⁵



- Match Funded accounts necessitate maturities heavily weighted within 1 year
 - Driven by cashflow schedule for debt service, operating expenses, and capital spending
 - Debt service: \$77M
 - Operating: \$27M
 - Capital: \$342M



- Total Return reserve accounts align durations with benchmark indices
 - Dispersion of maturities—reduces yield curve concentration risk and 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 10/1/22 through 12/31/22
 - 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				
Account Types								
Bond Service Accounts	0.5		1	Yes				
Unrestricted (General) *	4.9		5	Yes				
Unrestricted (M&O)	14.7		15	Yes				
<i>* Maturity Limits measured on Settlement Date basis.</i>								
			Credit Ratings		Compliance			
			S&P	Moody's	Market % of Total	Investment Policy Limit	With Investment Policy	
Cash					27,223,585	3.4%		
Money Market Mutual Funds								
- Goldman Sachs Financial Square Gov't FGTX	AAAm	Aaa-mf			97,723,182	12.3%	100%	Yes
- MLGIP	AAAm	NR			6,751,384	0.8%	50%	Yes
- Dreyfus Gov't Cash DGCXX	AAAm	Aaa-mf			63,355,067	7.9%	100%	Yes
Sub-Total Money Market Mutual Funds					167,829,634	21.0%	100%	Yes
U.S.Treasuries	AA+	Aaa			138,219,459	17.3%	100%	Yes
Federal Agencies								
- Fannie Mae	AA+	Aaa			79,631,578	10.0%	50%	Yes
- Federal Farm Credit Bank	AA+	Aaa			49,255,335	6.2%	50%	Yes
- Federal Home Loan Bank	AA+	Aaa			235,502,386	29.5%	50%	Yes
- Freddie Mac	AA+	Aaa			29,451,680	3.7%	50%	Yes
Sub-Total Federal Agencies					393,840,979	49.4%	100%	Yes

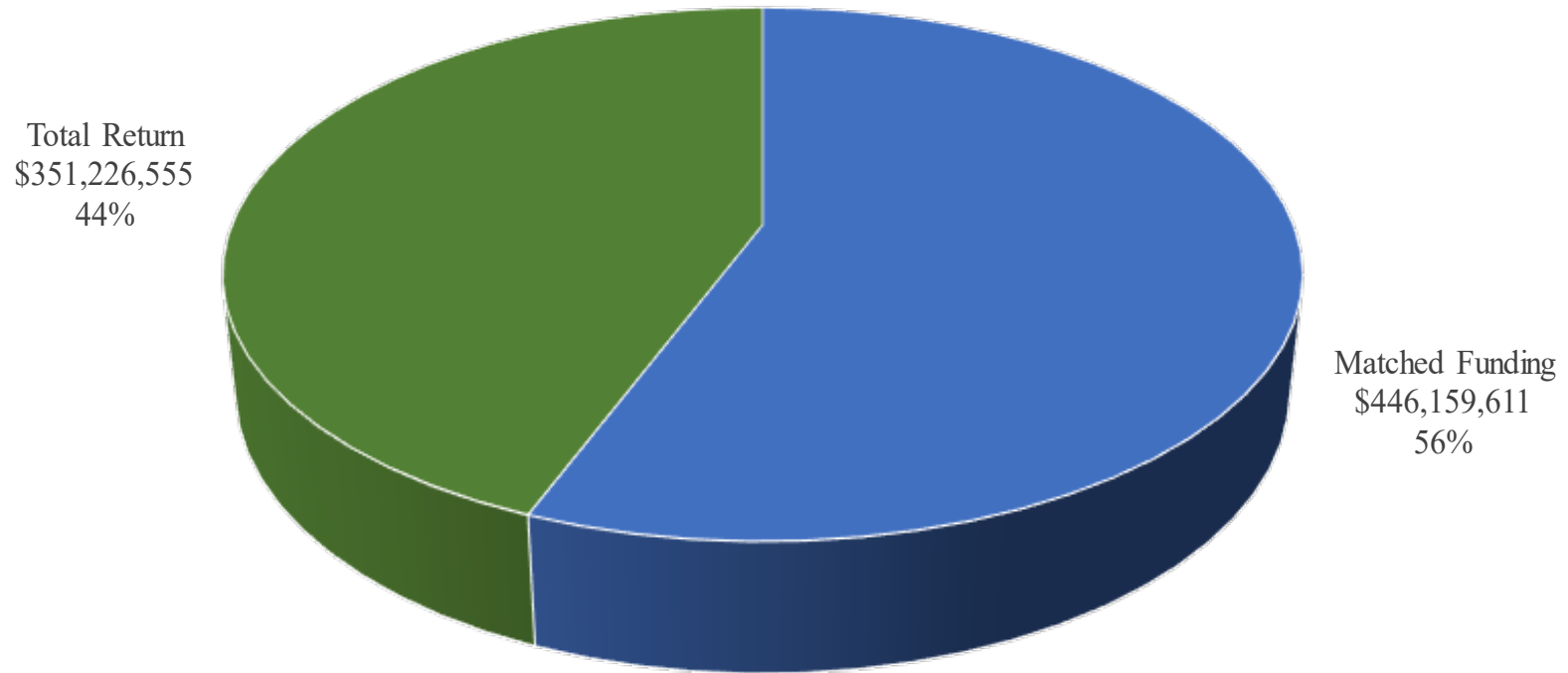
Portfolio Composition & Compliance – Compliance Report (continued)

	Credit Ratings		Market Value (\$)	Market % of Total	Investment Policy Limit	Compliance With Investment Policy
	S&P	Moody's				
Municipal Debt						
- Austin, TX Comm Coll	AA+	Aa1	763,290	0.1%	5%	Yes
- Boston, City of	AAA	Aaa	1,359,380	0.2%	5%	Yes
- Carroll County, MD	AAA	Aaa	1,013,130	0.1%	5%	Yes
- Collin County, TX	AAA	Aaa	1,282,109	0.2%	5%	Yes
- Hawaii, State	AA+	Aa2	3,001,464	0.4%	5%	Yes
- Marin County, CA	AAA	Aaa	594,870	0.1%	5%	Yes
- Multnomah County, OR	AAA	Aaa	1,316,576	0.2%	5%	Yes
- New York, State	AA+	Aa1	8,343,072	1.0%	5%	Yes
- Texas, State	AAA	Aaa	7,304,036	0.9%	5%	Yes
- Westchester County, NY	AA+	Aa1	759,500	0.1%	5%	Yes
- Wisconsin, State	AA+	Aa1	2,054,840	0.3%	5%	Yes
Sub-Total Municipal			27,792,267	3.5%	20%	Yes
Supranationals						
- Asian Development Bank	AAA	Aaa	8,104,140	1.0%	10%	Yes
- Inter-American Development Bank	AAA	Aaa	4,755,300	0.6%	10%	Yes
Sub-Total Supranationals			12,859,440	1.6%	30%	Yes
Commercial Paper						
- Toyota Motor Credit	A-1+	P-1	29,620,804	3.7%	5%	Yes
Sub-Total Commercial Paper			29,620,804	3.7%	20%	Yes
Grand Total			797,386,166	100.0%		
After reviewing the investment activity for the month ended December 31, 2022, we have not identified any instances of material non-compliance with the Investment Policy.						

Portfolio Composition & Compliance – MF and TR Proportions

- 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 12/31/2022



Strategy – Previous & Current Quarter

Purpose	% of Portfolio	Strategy for Prior Quarter			Strategy for Current Quarter		
		Benchmarks	Duration	% Target	Benchmarks	Duration	% Target
Capital / Operating / Debt Long Term Reserves ⁽¹⁾	56%	Matched Funding	N/A	N/A	Matched Funding	N/A	N/A
General	44%	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 \$350 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

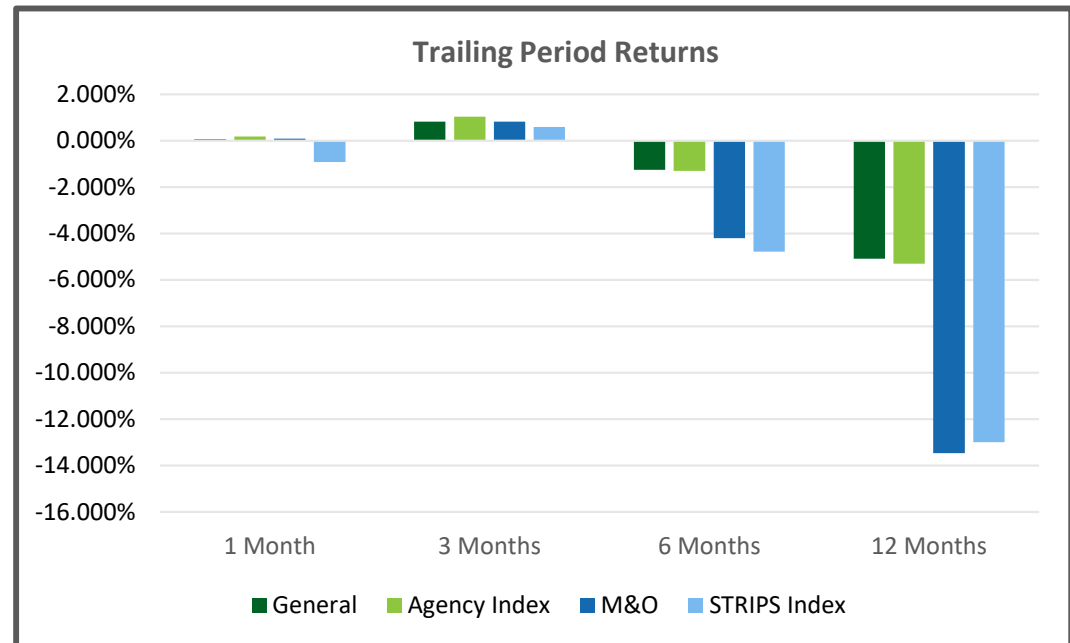
Total Return Performance – Matched Funding & Total Return

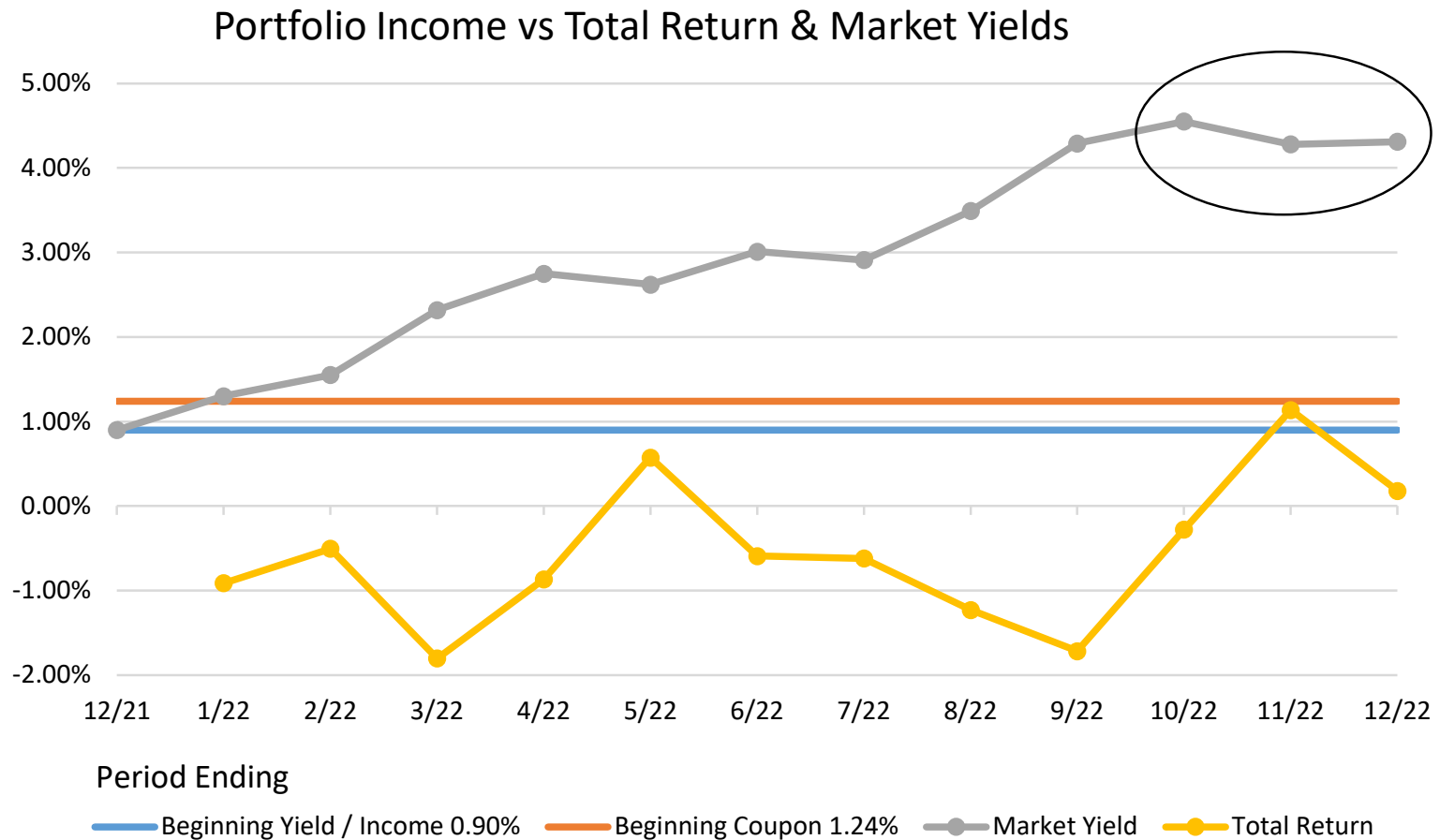
Maryland Transportation Authority

Total Return as of Period Ending 12/31/2022

	Trailing Period				Ending Market Value
	1 Month	3 Months	6 Months	12 Months	
<i>Combined Accounts Weighted Average</i>	0.28%	0.82%	-0.30%	-2.38%	\$ 772,156,865
MATCHED FUNDING					
Capital	0.54%	0.78%	0.90%	1.03%	\$ 273,514,716
Construction	0.32%	0.82%	1.15%	1.23%	\$ 69,294,935
Bond Service	0.36%	0.97%	1.46%	1.50%	\$ 76,577,885
TOTAL RETURN					
Reserves General / M&O	0.06%	0.82%	-1.68%	-6.34%	\$ 352,769,329
Composite Agency / STRIPS Index	0.02%	0.98%	-1.81%	-6.44%	

- Systematic rate rise impacting all bond market investors in the form of mark-to-market price declines
- Shorter term Match Funded accounts for Capital/Construction & Bond Service are benefiting from higher interest rates at the short-end
- Sharp rise in interest rates results in mark-to-market price declines. Trailing 3-months show positive returns from rate stabilization.





- Increase in Market Yields (grey line) led to negative Total Return (yellow line)
- Trailing 3-months stabilization of Market Yields resulted in positive Total Return

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

Supplemental Information

Supplemental Information – Investment Considerations

Portfolio

12/31/2022

(\$ in millions at market)

Account	Purpose	Balance (millions)	Maturity Limitations*	Investment Policy Limitations	Bond Indenture Limitations	Recommendation
Operating Checking 2335 / 7654 / 85549	Working Capital	\$27.2	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
General Account 241430	Unencumbered Funds	\$300.2	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 ⁽¹⁾ Index.
M&O 241427	Operating & Maintenance	\$51.0	Reserve for extraordinary maintenance. No anticipated liquidity needs.	15 Years	15 Years - Section 5.02	Target effective duration of the Composite ⁽²⁾ Index.
Capital Account 241428	Capital Expenditures	\$273.1	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.
Construction Account 2021 952838	Bond Proceeds - All Capital Projects	\$69.2	Targeted spend of one year.	In line with Projected Spending	In line with Projected Spending, Section 5.02	Maturity profile structured to meet anticipated expenditures.
Bond Service Subaccounts 110379 / 241308 / 241859 / 241870 / 241874 / 241877 / 486115 / 761410 / 952837 / 984563	Debt Service	\$76.7	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.
Total		\$797.4				

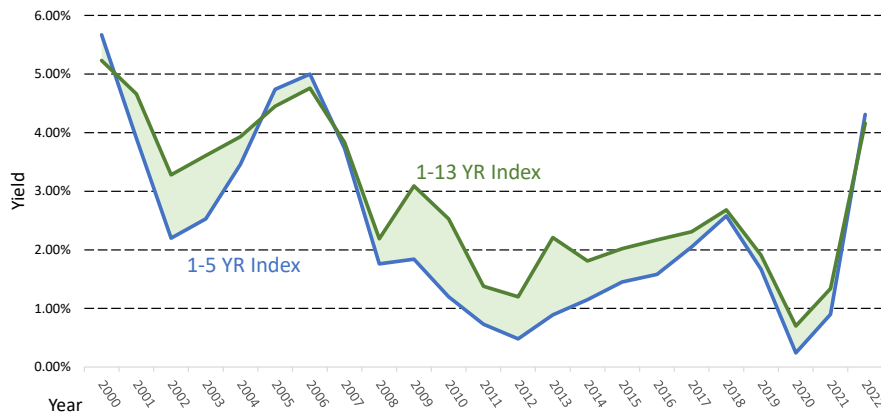
* Maturity limitations dictated by cash flow needs, Investment Policy & Trust Agreement.

(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.

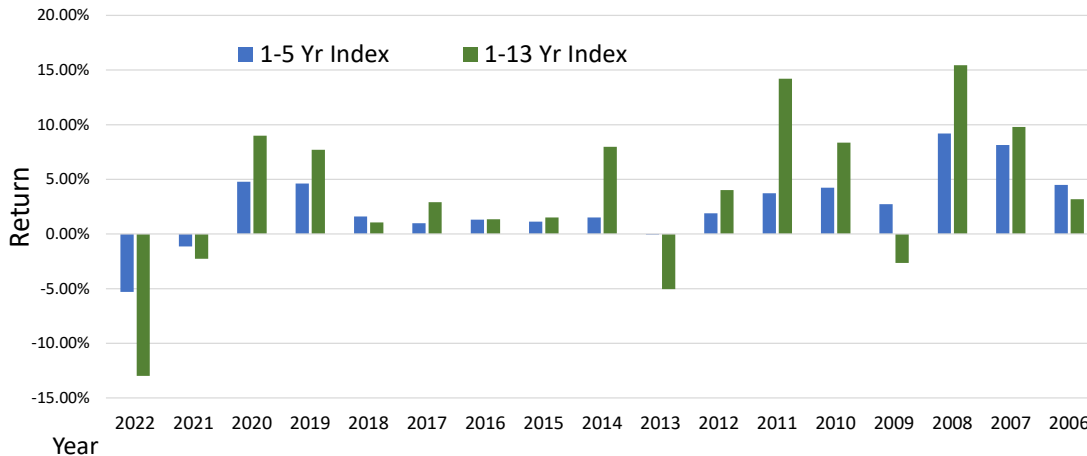
Continued Acceptance of Increased Mark-to-Market Swings in Exchange for Higher Average Annual Returns

Historical Yields & Differential



- \$350M 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 Account¹
 - 14% of Total Return accounts

Historical Return



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 Information – Trade Allocation by Dealer

Trade Allocation - Trailing 12 Month Period Ended 12/31/2022								
Broker Name		% Trades	\$ Purchase	% Purchas	\$ Sale	% Sale	\$ Total	% Total
Wells Fargo Securities	24	31.6%	\$ 169,943,691.15	20.7%	\$ 44,443,774.92	56.3%	\$ 214,387,466.07	23.8%
Piper Jaffray	11	14.5%	\$ 63,806,449.86	7.8%	\$ -	0.0%	\$ 63,806,449.86	7.1%
BofA Securities	11	14.5%	\$ 110,998,902.77	13.5%	\$ 9,204,701.82	11.7%	\$ 120,203,604.59	13.4%
FHN Financial	10	13.2%	\$ 146,106,428.29	17.8%	\$ 13,785,146.67	17.5%	\$ 159,891,574.96	17.8%
Cantor Fitzgerald	5	6.6%	\$ 153,821,136.80	18.8%	\$ -	0.0%	\$ 153,821,136.80	17.1%
BNY Mellon	5	6.6%	\$ 54,680,237.62	6.7%	\$ -	0.0%	\$ 54,680,237.62	6.1%
Jefferies & Co.	4	5.3%	\$ 59,110,853.48	7.2%	\$ 2,726,460.00	3.5%	\$ 61,837,313.48	6.9%
Stifel Nicolaus	3	3.9%	\$ 8,012,607.00	1.0%	\$ -	0.0%	\$ 8,012,607.00	0.9%
Toyota Motor (DOCP)	2	2.6%	\$ 53,755,980.00	6.6%	\$ -	0.0%	\$ 53,755,980.00	6.0%
Janney Montgomery	1	1.3%	\$ -	0.0%	\$ 8,831,006.46	11.2%	\$ 8,831,006.46	1.0%
Total	76	100.0%	\$ 820,236,286.97	100.0%	\$ 78,991,089.87	100.0%	\$ 899,227,376.84	100.0%

*** Broker/Dealers are reviewed annually for competitiveness by the Investment Committee. Dealer suspensions and additions may result from trailing twelve-month performance.

Supplemental Reference – Security Types

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 errors 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.

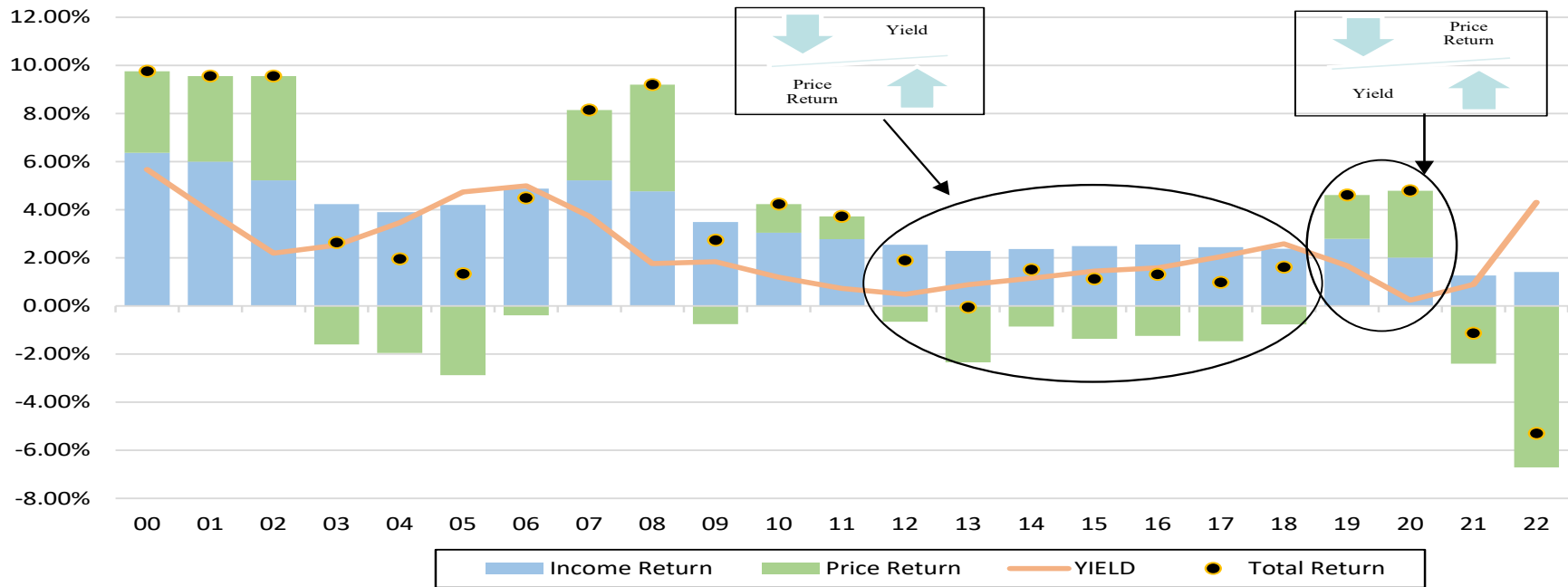
Municipal

- 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%.
- Three-month Tier-1 rated CP offered a 13 bp premium to agencies at the end of the quarter.

1-5 YR Benchmark Index - Return Breakdown & Yield



Total return portions 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

ITEM

4



MEMORANDUM

TO: Finance Committee
FROM: Allen W. Garman, Director of Treasury & Debt
SUBJECT: TIFIA Loan Draw Update
DATE: February 9, 2023

PURPOSE OF MEMORANDUM

The purpose of the memorandum is to update the Finance Committee on the \$200 million TIFIA¹ loan draw that occurred on February 1, 2023.

KEY POINT

- Early TIFIA loan draw allows interest earnings to exceed the carrying cost during the spend out period.

ANALYSIS

Board Resolution 21-06 delegated authority to the Executive Director and staff to close the Series 2022 TIFIA loan financing with the USDOT/Build America Bureau. Execution of the federal TIFIA loan agreement and interest rate lock occurred on April 26, 2022. The MDTA Board was updated at its subsequent meeting on April 28, 2022. The financial forecast approved by the MDTA Board in November 2022 showed the loan draw occurring in FY 2024.

The full \$200 million loan was drawn on February 1. The loan payments timing, which begin in 2024 and end in 2054, are unchanged as a result of drawing the loan earlier than planned. The loan draw represents a reimbursement for prior Nice/Middleton Bridge construction spending that occurred in the May 2021 through October 2022 period. Drawn funds were deposited back to the Capital account and will be utilized for capital spending in coming months through September 2024.

The loan draw date was modified twice in response to the interest rate environment, initially deferred and ultimately accelerated. The rate lock feature was favorable in the rising interest rate

¹ TIFIA – Transportation Infrastructure Finance and Innovation Act loans through the Build America Bureau/USDOT.

environment, with the effective rate of 2.89% for the five loan tranches now well below prevailing interest rates.

Due to the sharp rise in interest rates since the rate lock, there is no net interest cost or carrying cost for the unspent loan proceeds during the spending period, as interim investment yields are above 4% and are higher than the effective loan borrowing rate of 2.89%.

Key Points Series 2022 TIFIA Loan

1. Par / Proceeds	\$200 million
2. Purpose	Nice/Middleton Bridge
3. Callable	Continuously
4. True Interest Cost (CF to maturity)	2.89%
5. Loan Draw	2/1/23
6. Final Maturity	7/1/54
7. Debt Service Reserve Funding	Contingently Required ²

² DSR Funding Requirement – Post loan draw on February 1, 2023, a reserve must be funded if the MDTA provides a reserve for a future financing. Funding requirement equal to Maximum Annual Debt Service, approximately \$11 million.

TIFIA Loan Draw Update
Page Three

Loan Amortization Schedule

Project: Governor Harry W. Nice Memorial/Senator Thomas "Mac" Middleton Bridge Replacement Project
Maturity Date: 7/1/2054
Maximum Principal Sum: \$ 200,000,000.00
Borrower: Maryland Transportation Authority
TIFIA Lender: The United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau

Semi Annual Payment Period	Date	Beginning Balance	Disbursements	Interest Accrued	Mandatory Principal Repayment	Interest Repayment	Total Loan Repayment	Ending Balance
			-	-	-	-	-	\$ -
3	2/1/2023	-	200,000,000.00	-	-	-	-	200,000,000.00
4	7/1/2023	200,000,000.00	-	2,354,438.29	-	-	-	202,354,438.29
5	1/1/2024	202,354,438.29	-	-	-	2,914,134.76	2,914,134.76	202,354,438.29
6	7/1/2024	202,354,438.29	-	-	2,152,666.98	2,882,459.38	5,035,126.36	200,201,771.31
7	1/1/2025	200,201,771.31	-	-	-	2,892,384.76	2,892,384.76	200,201,771.31
8	7/1/2025	200,201,771.31	-	-	2,169,397.73	2,845,226.31	5,014,624.04	198,032,373.58
9	1/1/2026	198,032,373.58	-	-	-	2,862,419.73	2,862,419.73	198,032,373.58
10	7/1/2026	198,032,373.58	-	-	2,225,854.40	2,815,749.84	5,041,604.24	195,806,519.18
11	1/1/2027	195,806,519.18	-	-	-	2,831,001.64	2,831,001.64	195,806,519.18
12	7/1/2027	195,806,519.18	-	-	2,254,401.94	2,784,844.00	5,039,245.94	193,552,117.24
13	1/1/2028	193,552,117.24	-	-	-	2,791,532.57	2,791,532.57	193,552,117.24
14	7/1/2028	193,552,117.24	-	-	2,301,872.80	2,761,189.82	5,063,062.62	191,250,244.44
15	1/1/2029	191,250,244.44	-	-	-	2,766,689.51	2,766,689.51	191,250,244.44
16	7/1/2029	191,250,244.44	-	-	2,350,727.48	2,721,580.44	5,072,307.92	188,899,516.96
17	1/1/2030	188,899,516.96	-	-	-	2,733,864.34	2,733,864.34	188,899,516.96
18	7/1/2030	188,899,516.96	-	-	2,394,216.14	2,689,290.46	5,083,506.60	186,505,300.82
19	1/1/2031	186,505,300.82	-	-	-	2,700,431.90	2,700,431.90	186,505,300.82
20	7/1/2031	186,505,300.82	-	-	2,432,566.24	2,656,403.12	5,088,969.36	184,072,734.58
21	1/1/2032	184,072,734.58	-	-	-	2,659,178.52	2,659,178.52	184,072,734.58
22	7/1/2032	184,072,734.58	-	-	2,489,391.32	2,630,274.41	5,119,665.73	181,583,343.26
23	1/1/2033	181,583,343.26	-	-	-	2,631,702.49	2,631,702.49	181,583,343.26
24	7/1/2033	181,583,343.26	-	-	2,552,121.65	2,588,794.30	5,140,915.95	179,031,221.61
25	1/1/2034	179,031,221.61	-	-	-	2,593,749.30	2,593,749.30	179,031,221.61
26	7/1/2034	179,031,221.61	-	-	6,701,010.75	2,551,459.91	9,252,470.66	172,330,210.86
27	1/1/2035	172,330,210.86	-	-	-	2,494,097.00	2,494,097.00	172,330,210.86
28	7/1/2035	172,330,210.86	-	-	6,840,348.46	2,453,432.38	9,293,780.84	165,489,862.40
29	1/1/2036	165,489,862.40	-	-	-	2,385,836.05	2,385,836.05	165,489,862.40
30	7/1/2036	165,489,862.40	-	-	6,998,701.10	2,359,903.05	9,358,604.15	158,491,161.30
31	1/1/2037	158,491,161.30	-	-	-	2,288,293.28	2,288,293.28	158,491,161.30
32	7/1/2037	158,491,161.30	-	-	7,144,676.37	2,250,984.15	9,395,660.52	151,346,484.93
33	1/1/2038	151,346,484.93	-	-	-	2,182,043.13	2,182,043.13	151,346,484.93
34	7/1/2038	151,346,484.93	-	-	7,320,904.10	2,146,466.34	9,467,370.44	144,025,580.83
35	1/1/2039	144,025,580.83	-	-	-	2,076,493.74	2,076,493.74	144,025,580.83
36	7/1/2039	144,025,580.83	-	-	7,491,379.62	2,042,637.87	9,534,017.49	136,534,201.21
37	1/1/2040	136,534,201.21	-	-	-	1,963,108.14	1,963,108.14	136,534,201.21
38	7/1/2040	136,534,201.21	-	-	7,679,160.32	1,941,770.01	9,620,930.33	128,855,040.89
39	1/1/2041	128,855,040.89	-	-	-	1,857,771.96	1,857,771.96	128,855,040.89
40	7/1/2041	128,855,040.89	-	-	7,858,450.01	1,827,482.20	9,685,932.21	120,996,590.88
41	1/1/2042	120,996,590.88	-	-	-	1,744,472.49	1,744,472.49	120,996,590.88
42	7/1/2042	120,996,590.88	-	-	8,046,266.73	1,716,030.01	9,762,296.74	112,950,324.15
43	1/1/2043	112,950,324.15	-	-	-	1,628,465.17	1,628,465.17	112,950,324.15
44	7/1/2043	112,950,324.15	-	-	8,235,125.94	1,601,914.10	9,837,040.04	104,715,198.21
45	1/1/2044	104,715,198.21	-	-	-	1,505,610.00	1,505,610.00	104,715,198.21
46	7/1/2044	104,715,198.21	-	-	8,438,562.03	1,489,244.67	9,927,806.70	96,276,636.18
47	1/1/2045	96,276,636.18	-	-	-	1,388,071.70	1,388,071.70	96,276,636.18
48	7/1/2045	96,276,636.18	-	-	8,637,073.80	1,365,440.10	10,002,513.90	87,639,562.38
49	1/1/2046	87,639,562.38	-	-	-	1,263,546.39	1,263,546.39	87,639,562.38
50	7/1/2046	87,639,562.38	-	-	8,843,500.31	1,242,945.09	10,086,445.40	78,796,062.07
51	1/1/2047	78,796,062.07	-	-	-	1,136,044.92	1,136,044.92	78,796,062.07
52	7/1/2047	78,796,062.07	-	-	9,052,564.06	1,117,522.45	10,170,086.51	69,743,498.01
53	1/1/2048	69,743,498.01	-	-	-	1,002,781.92	1,002,781.92	69,743,498.01
54	7/1/2048	69,743,498.01	-	-	9,273,206.29	991,882.12	10,265,088.41	60,470,291.72
55	1/1/2049	60,470,291.72	-	-	-	871,832.50	871,832.50	60,470,291.72
56	7/1/2049	60,470,291.72	-	-	9,492,846.04	857,617.84	10,350,463.88	50,977,445.68
57	1/1/2050	50,977,445.68	-	-	-	734,969.07	734,969.07	50,977,445.68
58	7/1/2050	50,977,445.68	-	-	9,719,724.20	722,985.88	10,442,710.08	41,257,721.48
59	1/1/2051	41,257,721.48	-	-	-	594,834.61	594,834.61	41,257,721.48
60	7/1/2051	41,257,721.48	-	-	9,950,995.45	585,136.22	10,536,131.67	31,306,726.03
61	1/1/2052	31,306,726.03	-	-	-	450,132.55	450,132.55	31,306,726.03
62	7/1/2052	31,306,726.03	-	-	10,190,549.60	445,239.81	10,635,789.41	21,116,176.43
63	1/1/2053	21,116,176.43	-	-	-	304,443.20	304,443.20	21,116,176.43
64	7/1/2053	21,116,176.43	-	-	10,433,409.32	299,479.45	10,732,888.77	10,682,767.11
65	1/1/2054	10,682,767.11	-	-	-	154,019.16	154,019.16	10,682,767.11
66	7/1/2054	10,682,767.11	-	-	10,682,767.11	151,507.98	10,834,275.09	-

ITEM

5



MEMORANDUM

TO: Finance Committee
FROM: Jeffrey Brown, Director of Budget
SUBJECT: FY 2023 Operating Budget vs. Actual Spending Review
DATE: February 9, 2023

PURPOSE

The purpose of the memorandum is to advise the Finance Committee on the status of the 2nd Quarter (year-to-date) YTD spending against the FY 2023 Operating Budget.

KEY TAKEAWAYS

Key takeaways regarding YTD spending against the FY 2023 Operating Budget:

- As of December 31, 2022, 38% of the budget was spent compared to a target of 49%.
- Object 03 (Communications) was above budget at a 64% spend rate driven by the payment of the State Telecommunications invoice.
- Object 13 (Fixed Charges) was above budget at a 115% spend rate due to the payment of an annual insurance fee.
- All other Objects are at or below the targeted spending level.
- The primary drivers for the underspending are personnel vacancies, delayed invoicing by vendors, and the timing and/or seasonality of expenses.

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) are below budget with a 44% spend rate (43.7%). Object 01 is a 44% spend rate (43.9%) and Object 02 is at an 8% spend. Employee vacancies account for the performance in Objects 01 & 02.

- Communications (Object 03) is above budget at a 64% spend rate.
 - Telecommunications (0303) is at a 25% spend rate, driven by vacancies.
 - State Paid Telecommunications (0305) is at a 92% spend and accounts for the majority of the performance in Object 03. This line item contains the State Radio System (\$1.7 million budgeted compared to \$1.6 million actual invoice) that is invoiced once per year.
- Object 4 (Travel) is below budget at a 23% spend rate. The timing of activity (*e.g.*, trainings, conferences, meetings) accounts for this performance.
- Fuel and Utilities (Object 06) is below budget at a 30% spend rate. Object 06 activity is typically heavier during the third quarter of the fiscal year.
 - Electricity (0620) is below budget at a 28% spend rate. Delayed fuel and utility billings account for this performance. This line item is still expected to be on budget as delayed billings are processed.
- Motor vehicle operations and maintenance (Object 07) is below budget at an 34% spend rate. The cost is dependent upon when vehicle orders are filled. Delays in orders are expected to result in budget under performance in FY 2023. However, these costs will likely roll into FY 2024. Additionally, gas prices are below budgeted assumptions and maintenance costs are lower due to warranty coverage on new vehicles.
- Contractual Services (Object 08) is below budget target with a 28% spend rate. Significant spending variances include:
 - Advertising (0801) is at a 22% spend rate. Underspending in this line item is due to the timing of invoices and activity – this is still expected to be at budget.
 - Engineers (0807) is at a 22% spend rate – this is a seasonal item that is expected to be on budget.
 - Equipment Rental (0808) is below budget at a 38% spend rate due to timing of the rental activity.
 - Equipment Repairs & Maintenance (0809) is over budget at a 92% spend rate. This is a timing issue driven by the IT storage and blade service maintenance cost, which is on budget. This is a one-time cost – this line is expected to be on budget.
 - Building/Road Repairs & Maintenance (0812) is below budget at a 27% spend rate due to seasonality of activity. This is expected to be on budget.
 - Education & Training (0819) is below budget with a 23% spend rate. Expenses do not occur evenly throughout the year. For instance, tuition reimbursement follows the college semester timeline. This line item is expected to be on budget.
 - Management Studies (0821) is below budget with a 23% spend rate. This line item is expected to be at or close to budget as new studies are initiated.
 - Security Services (0823) is at a 23% spend rate. This is expected to be on budget as the variance is due to invoice timing.
 - Fiscal Services (0829) is at a 41% spend rate. This line item is slightly below the targeted spending level and is expected to be on budget.

- The primarily IT objects (0841 through 0869) are collectively at a 37% spend compared to the budget. Typically, these objects have one-time invoicing, which results in being above or below budget during the year but on budget by year end. This is expected to be on budget.
- *E-ZPass*[®] Service Center Costs (0873) is at a 21% spend rate. Delayed invoicing accounts for the majority of the underspending in this line item. Based on the latest expenditure forecast, this line item will exceed the budget.
- Other Contractual Services (0899) is at a 29% spend rate. This is driven by MSP invoicing. This line item is expected to be on budget.
- Supplies & Materials (Object 09) is at a 36% spend rate.
 - Roadway Maintenance Materials (0905) is at a 28% spend rate – this is a seasonal item.
 - Salt (0906) is at 0.2% spend rate due to the mild winter to date.
 - Uniforms (0912) is at a 36% spend rate. Shipments are expected and will result in being on budget.
 - Ammunition (0934) is at a 68% spend rate. The annual taser contract payment (\$312k) accounts for most of the variance.
- Replacement Equipment (Object 10) is below budget at a 41% spend rate.
 - Other Replacement Equipment (1099) drives the variance with a 64% spend rate. Replacement PPE equipment was received, and this line item is expected to be on budget.
- Additional Equipment (Object 11) is at a 10% spend rate.
 - Additional Maintenance & Building Equipment (1113) drives the variance with a 3% spend rate. This line item is expected to be on budget as the agency awaits the delivery of a brine maker.
- Fixed Costs (Object 13) is over budget at a 115% spend rate.
 - Insurance (1309) is at a 133% spend rate. The increase is due to an annual invoice for the Bridge's & Tunnels Liability insurance.

ATTACHMENT

Budget vs Actual by Object 2nd Qtr. FY23

MDTA OPERATING FUND
 Bgt vs. Actual by Obj and RC Detail
 Summary of All Units
 For the Six Months Ending Saturday, December 31, 2022

	<u>Expenditures</u>		<u>YTD</u>		<u>%</u>
	<u>This Month</u>	<u>Budget</u>	<u>Expense</u>	<u>Balance</u>	<u>Spent</u>
OBJECT 01 Salaries and Wages					
0101 REGULAR EARNINGS	\$6,784,098	\$120,475,029	\$42,538,658	\$77,936,371	35.31%
0102 ADDITIONAL ASSISTANCE		194,092		194,092	0.00%
0104 OVERTIME EARNINGS	378,337	4,955,951	2,828,718	2,127,233	57.08%
0104 OVERTIME EARNINGS -	66,149	1,339,686	69,240	1,270,446	5.17%
0105 SHIFT DIFFERENTIAL	11,503	993,334	22,752	970,582	2.29%
0110 MISCELLANEOUS P/R AI	12,000	1,421,356	99,879	1,321,477	7.03%
0111 ACCRUED LEAVE PAYMENTS		192,471	378,950	(186,479)	196.89%
0112 RECLASSIFICATIONS		410,058		410,058	0.00%
0151 SOCIAL SECURITY CON	14,989	8,594,673	29,570	8,565,103	0.34%
0152 HEALTH INSURANCE	93,785	19,173,822	162,262	19,011,560	0.85%
0154 RETIREE'S HLTH INSUR	60,961	10,257,987	107,090	10,150,897	1.04%
0161 EMPLOYEES RETIREME	12,880	14,507,714	25,341	14,482,373	0.17%
0165 STATE POLICE RETIREM	401,892	3,078,695	793,401	2,285,294	25.77%
0169 LAW ENFORCEMNT OFF PENSION SYS		20,014,531		20,014,531	0.00%
0171 BURDEN EXPENSE	6,076,281		39,737,208	(39,737,208)	0.00%
0174 UNEMPLOYMENT COMP	2,054	337,343	4,078	333,265	1.21%
0175 WORKERS COMPENSATION		3,923,031		3,923,031	0.00%
0189 TURNOVER		(12,047,501)		(12,047,501)	0.00%
0199 OTHER FRINGE BENE - CLOTH ALLOW		853,363	372,208	481,155	43.62%
Total Object 01	13,914,931	198,675,634	87,169,355	111,506,279	43.88%
Object 02 Technical and Special Fees					
0202 PER DIEM PAYMENTS	19,000	150,000	67,544	82,456	45.03%
0211 EMPLOYEE AWARDS		1,000		1,000	0.00%
0220 SPECIAL PAYMENTS PAYROLL		748,548		748,548	0.00%
Total Object 02	19,000	899,548	67,544	832,004	7.51%
Object 03 Communications					
0301 POSTAGE	1,448	71,118	11,297	59,820	15.89%
0302 TELEPHONE	14,847	228,558	96,735	131,823	42.32%
0303 TELECOMMUNICATIONS	27,036	770,517	190,484	580,033	24.72%
0305 STATE PAID TELECOMM	1,583,589	1,725,000	1,583,589	141,411	91.80%
0306 CELL PHONE EXPENDIT	38,575	410,706	176,959	233,747	43.09%
Total Object 03	1,665,495	3,205,899	2,059,064	1,146,835	64.23%
Object 04 Travel					
0401 IN STATE/ROUTINE OPE	(532)	31,363	4,295	27,068	13.70%
0402 INSTATE/CONF/SEMNR/	33	57,229	9,470	47,758	16.55%
0403 OUTSTATE/ROUTINE OP	545	55,193	3,395	51,798	6.15%
0404 OUTSTATE/CONF/SEMNI	1,960	269,937	79,343	190,594	29.39%
Total Object 04	2,005	413,722	96,504	317,218	23.33%
Object 06 Fuel and Utilities					
0603 FUEL-OIL #2	7,443	139,100	58,606	80,494	42.13%
0606 FUEL-NATURAL GAS/PR	19,400	197,146	47,157	149,989	23.92%
0620 UTILITIES-ELECTRICITY	148,948	3,445,787	953,673	2,492,114	27.68%
0621 UTILITIES-WATER/SEWA	27,586	318,758	180,852	137,906	56.74%
Total Object 06	203,377	4,100,791	1,240,289	2,860,503	30.25%
Object 07 Motor Vehicle Operations and Maintenance					
0701 PURCH VEH-CAR,LIGHT	314,544	7,981,882	3,117,904	4,863,978	39.06%

MDTA OPERATING FUND
 Bgt vs. Actual by Obj and RC Detail
 Summary of All Units
 For the Six Months Ending Saturday, December 31, 2022

	Expenditures		YTD		%
	This Month	Budget	Expense	Balance	Spent
0702 VEHICLE GAS & OIL	224,784	3,765,454	858,065	2,907,389	22.79%
0703 VEHICLE MAINTENANCE	206,879	1,777,957	616,810	1,161,147	34.69%
0704 INSURANCE		407,863		407,863	0.00%
0721 VEHICLE GAS & OIL - W.	3,418	44,347	17,449	26,898	39.35%
0722 VEHICLE MAINT & REPA	1,029	61,431	8,988	52,443	14.63%
0724 BOAT SLIP RENTAL/LAUNCHING FEES		4,200		4,200	0.00%
0730 PURCH VEH-OTHER LAND VEH - DUMP, TRACTOR			80	(80)	0.00%
0731 GAS & OIL - OTHER LAN	118,668	990,000	373,874	616,126	37.77%
0732 LG VEHICLE MAINT & R	212,365	2,000,000	761,399	1,238,601	38.07%
0789 COMMUTER CHARGE	(1,134)	(5,000)	(7,511)	2,511	150.22%
0799 OTHER MOTOR VEHICLI	840	50,000	840	49,160	1.68%
Total Object 07	1,081,393	17,078,134	5,747,898	11,330,236	33.66%
Object 08 Contractual Services					
0801 ADVERTISING/LEGAL PU	439,750	3,250,353	708,642	2,541,711	21.80%
0802 APPLICATIONS SOFTWARE MAINTENAN		100,000	59,388	40,612	59.39%
0804 PRINTING/REPRODUCTI	3,641	22,000	5,758	16,242	26.17%
0807 ENGINEERS	211,423	3,750,000	1,223,183	2,526,817	32.62%
0807 ENGINEERS - Environmen	165,754	2,600,000	643,559	1,956,441	24.75%
0807 ENGINEERS - Highways (M	3,315	245,000	13,213	231,787	5.39%
0807 ENGINEERS - Architectura	87,835	260,000	169,895	90,105	65.34%
0807 ENGINEERS - ITS/Electric	41,721	650,000	287,817	362,183	44.28%
0807 ENGINEERS - Structural (M	120,944	1,500,000	411,663	1,088,337	27.44%
0807 ENGINEERS - Traffic (MA	250,640	1,500,000	533,713	966,287	35.58%
0807 ENGINEERS - Asset Mgmt	44,661	700,000	115,957	584,043	16.57%
0807 ENGINEERS - On-Call (All	(482,581)	2,700,000	1,008,172	1,691,828	37.34%
0807 ENGINEERS - Annual Insp	1,411,638	15,000,000	1,800,497	13,199,503	12.00%
0808 EQUIPMENT RENTAL	41,786	502,101	188,718	313,383	37.59%
0809 EQUIPMENT REPAIRS &	2,748	1,610,607	1,482,436	128,171	92.04%
0810 EXTERMINATION	(28)	16,771	(28)	16,799	(0.17%)
0812 BUILDING/ROAD REPAIR	52,859	14,608,242	941,436	13,666,806	6.44%
0812 BUILDING/ROAD REPAIR	609,377		3,009,623	(3,009,623)	0.00%
0813 JANITORIAL SERVICES	85,463	1,431,411	769,650	661,761	53.77%
0814 GROUNDS MAINTENANC	1,650	46,490	1,650	44,840	3.55%
0815 LAUNDRY	109	3,199	547	2,652	17.10%
0817 LEGAL SERVICES	115,327	204,381	139,530	64,851	68.27%
0819 EDUCATION/TRAINING (63,718	1,355,688	306,118	1,049,570	22.58%
0820 MEDICAL CARE	11,478	271,720	56,613	215,107	20.84%
0821 MGMT STUDIES AND CC	151,207	3,448,658	797,979	2,650,679	23.14%
0823 SECURITY SERVICES	5,079	981,190	362,924	618,266	36.99%
0824 LABORATORY SERVICE	1,070	47,736	14,591	33,145	30.57%
0825 VETERINARIAN	1,969	31,565	11,814	19,750	37.43%
0826 FREIGHT AND DELIVER'	1,188	18,720	3,802	14,918	20.31%
0827 TRASH AND GARBAGE F	24,096	446,051	177,181	268,870	39.72%
0828 OFFICE ASSISTANCE	10,582	61,244	31,163	30,081	50.88%
0829 FISCAL SERVICES	1,662,561	18,859,000	7,785,539	11,073,461	41.28%
0841 DP CENTRAL PROCESS S	56,879	1,100,000	324,070	775,930	29.46%
0843 DP COMMUNICATIONS (68,644	480,000	237,148	242,852	49.41%
0849 TELECOMM LINES, MOE	15,105	98,453	51,849	46,604	52.66%
0854 COMPUTER MAINTENANCE CONTRACT		183,160		183,160	0.00%
0858 SOFTWARE LICENSES	2,460	146,302	10,829	135,473	7.40%

MDTA OPERATING FUND
 Bgt vs. Actual by Obj and RC Detail
 Summary of All Units
 For the Six Months Ending Saturday, December 31, 2022

	Expenditures		YTD		%
	This Month	Budget	Expense	Balance	Spent
0862 APPL SOFTWARE MAINT	41,098	2,218,082	2,007,724	210,358	90.52%
0864 SYSTEMS SOFTWARE M	13,917	500,000	60,620	439,380	12.12%
0865 OUTSIDE SVCS-SYS ANA	449,103	7,317,000	2,049,603	5,267,397	28.01%
0866 OUTSIDE SVCS-PROGRA	28,299	415,000	112,621	302,379	27.14%
0869 OUTSIDE SVCS-COMPUTER USAGE		762,000	11,088	750,912	1.46%
0873 OUTSIDE SVC - E-Z PASS	17,345,644	50,154,944	10,579,544	39,575,400	21.09%
0874 OFFICE OF ATTORNEY GENERAL FEE		44,265		44,265	0.00%
0875 RETIREMENT AGENCY ADMIN FEE		204,565	218,139	(13,574)	106.64%
0876 STATEWIDE DOIT SERVICES		80,604		80,604	0.00%
0894 STATEWIDE PERSONNEL	6,544	55,433	6,544	48,889	11.81%
0897 STATE ENTERPRISE BUDGET SYSTEM		27,574		27,574	0.00%
0899 OTHER CONTRACTUAL	338,888	2,668,679	784,032	1,884,647	29.38%
Total Object 08	23,507,558	142,678,187	39,516,555	103,161,632	27.70%

Object 09 Supplies and Materials

0901 AGRICULTURE		30,740	15,346	15,394	49.92%
0902 OFFICE SUPPLIES	15,085	396,672	113,975	282,696	28.73%
0903 ELECTRICAL MATERIAL	64,225	428,043	187,134	240,909	43.72%
0904 BUILDING & HOUSEHOL	20,966	403,664	145,099	258,565	35.95%
0905 ROADWAY MAINT MATI	46,939	670,774	190,295	480,479	28.37%
0906 SALT/SNOW MELTING MATERIALS		1,566,823	2,990	1,563,833	0.19%
0908 HOUSEKEEPING SUPPLI	706	76,069	15,548	60,520	20.44%
0909 MEDICAL SUPPLIES	247	40,314	4,654	35,660	11.55%
0912 WEARING APPAREL-UNI	67,908	1,110,734	404,664	706,070	36.43%
0915 LIBRARY SUPPLIES	2,477	23,675	8,457	15,218	35.72%
0917 SMALL TOOLS	17,873	384,798	90,216	294,582	23.44%
0918 VETERINARY SUPPLIES		29,381	3,878	25,503	13.20%
0920 FOOD	6,236	185,414	38,760	146,654	20.90%
0926 DATA PROCESSING SUP	550	41,774	6,301	35,474	15.08%
0934 AMMO GUNS FIRING RA	17,920	576,321	394,170	182,151	68.39%
0951 E-ZPASS TRANSPONDER	737,235	4,365,000	2,122,814	2,242,187	48.63%
0999 OTHER SUPPLIES AND M	(467)	307,428	34,236	273,192	11.14%
Total Object 09	997,898	10,637,624	3,778,535	6,859,088	35.52%

Object 10 Replacement Equipment

1002 REPL AUDIO-VISUAL EQUIP			1,308	(1,308)	0.00%
1013 REPL MAINTENANCE & I	2,754	496,500	10,270	486,230	2.07%
1015 REPL OFFICE EQUIPMEN	1,701	74,907	7,084	67,823	9.46%
1019 REPL RADIOS & ELECTR	(900)	206,000	51,950	154,050	25.22%
1031 REPL DP EQUIP-MAINFRAME		75,000		75,000	0.00%
1033 REPL DP EQUIP-MICROC	1,154	1,250,000	558,449	691,551	44.68%
1036 REPL DP EQUIP-PERIPHERALS			14,044	(14,044)	0.00%
1099 OTHER REPLACEMENT I	8,094	978,900	628,921	349,979	64.25%
Total Object 10	12,803	3,081,307	1,272,027	1,809,280	41.28%

Object 11 Additional Equipment

1102 ADDT'L AUDIO-VISUAL EQUIP		12,500	195	12,305	1.56%
1103 ADDT'L CLEANING EQUIPMENT		10,000	217	9,783	2.17%
1109 ADDT'L HUMAN ENVIRONMENTAL EQ		1,000	1,847	(847)	184.74%
1113 ADDT'L MAINTENANCE & BUILDING EC		501,000	15,637	485,363	3.12%
1115 ADDT'L OFFICE EQUIPM	6,530	35,000	28,603	6,397	81.72%

MDTA OPERATING FUND
 Bgt vs. Actual by Obj and RC Detail
 Summary of All Units
 For the Six Months Ending Saturday, December 31, 2022

	<u>Expenditures</u>		<u>YTD</u>		<u>%</u>
	<u>This Month</u>	<u>Budget</u>	<u>Expense</u>	<u>Balance</u>	<u>Spent</u>
1133 ADDT'L DP EQUIP-MICRO	1,286	100,000	3,104	96,896	3.10%
1199 OTHER ADDITIONAL EQ	3,905	472,085	63,802	408,283	13.51%
Total Object 11	11,721	1,131,585	113,405	1,018,179	10.02%
Object 13 Fixed Charges					
1302 INSURANCE COVERAGE PAID TO STO		468,408		468,408	0.00%
1303 RENT PAID TO DGS		1,100		1,100	0.00%
1304 SUBSCRIPTIONS	1,923	53,160	3,149	50,011	5.92%
1305 ASSOCIATION DUES	87,082	254,605	96,935	157,670	38.07%
1308 LICENSES	520	9,770	2,221	7,549	22.73%
1309 INSURANCE (NON STO P	4,658,665	4,463,488	5,925,727	(1,462,239)	132.76%
1320 BAD DEBT EXPENSE			14,200	(14,200)	0.00%
Total Object 13	4,748,190	5,250,531	6,042,232	(791,701)	115.08%
Total All Objects	46,164,371	387,152,963	147,103,410	240,049,553	38.00%

ITEM

6



MEMORANDUM

TO: MDTA Finance Committee
FROM: Assistant Capital Program Manager Jennifer Stump
SUBJECT: Second Quarter Review of FY 2023 Capital Budget vs. Actual Spending
DATE: February 9, 2023

PURPOSE OF MEMORANDUM

The purpose of the memorandum is to update the MDTA Finance Committee on the status of actual FY 2023 capital spending against the FY 2023 capital budget in the FY 2023-2028 Draft Consolidated Transportation Program (CTP). This information will be presented to the MDTA Board on February 23, 2023.

SUMMARY

As of December 31, 2022, 38.8% of the FY 2023 budget was spent as compared to the targeted spending level of 50%. The total budget for FY 2023 is \$556.0 million. The actual spending through the second quarter was \$215.7 million.

ANALYSIS

Twenty-one of the 91 projects budgeted in FY 2023 were within the acceptable spending limits of 25% to 75% (plus or minus 25% of the 50% 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 second quarter for ten projects budgeted for more than \$11 million each in FY 2023 was \$169.2 million. The ten projects are detailed in Attachment A.

ATTACHMENT

Attachment A – FY 2023 Capital Program Spending – Projects with FY 2023 Budget Over \$11 Million

**FY 2023 Capital Program Spending
Compared to Draft FY 2023-2028 CTP Budget
Projects with FY 2023 Budget Over \$11 Million**

Project Name	FY 2023 Budget Draft FY23-28 CTP (\$ Million)	FY 2023 Actual thru 12/31/2022 (\$ Million)	Q2 Spend Rate	FY 2023 Amount Remaining (\$ Million)
Replace Nice/Middleton Bridge	\$116.2	\$59.5	51%	\$56.7
I-95 ETL Northbound Extension - Express Toll Lanes to MD 152	\$80.0	\$31.9	40%	\$48.1
I-95 ETL Northbound Extension - MD 152 Interchange Reconstruction	\$68.1	\$29.3	43%	\$38.8
I-95 ETL Northbound Extension - MD 24 to Bynum Run	\$18.0	\$0.2	1%	\$17.8
Rehabilitate Decks of Eastbound Span - Phase I	\$17.6	\$1.2	7%	\$16.4
I-95/Belvidere Road Interchange	\$17.3	\$2.9	17%	\$14.4
Rehabilitate Fort McHenry Tunnel Vent Fans	\$15.5	\$8.0	52%	\$7.5
Replace Electronic Toll Collection and Operating System - 3rd Generation	\$12.6	\$23.1	183%	-\$10.5
10-Year Equipment Budget - FY 2018 - FY 2027	\$11.9	\$1.4	12%	\$10.5
I-95 ETL Northbound Extension - Eccelston Mitigation	\$11.8	\$11.8	100%	\$0.0
Total	<u>\$369.0</u>	<u>\$169.3</u>	<u>46%</u>	<u>\$199.7</u>

ITEM

7



MEMORANDUM

TO: Finance Committee
FROM: Cheryl Lewis-Orr, Director of Revenue
SUBJECT: Second Quarter Fiscal Year 2023 Traffic and Revenue Performance
DATE: February 9, 2023

PURPOSE OF MEMORANDUM

To provide the Finance Committee with a quarterly and year-to-date update regarding traffic and toll revenue trends compared to the previous year and the forecast.

SUMMARY

Each quarter, an independent quarterly review of traffic and revenue is prepared by CDM Smith, Inc. (MDTA's traffic and revenue consultant). The 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 and traffic and revenue collected on a cash basis.

The key takeaways regarding (year-to-date) traffic and revenue performance are as follows:

- Passenger vehicle traffic levels continue to track closely to pre-pandemic levels which can be seen in Figure 1 on Page 2 of the attached Second Quarter FY 2023 Traffic and Revenue Performance Report.
- Commercial vehicle traffic levels continue to outperform pre-pandemic levels which can also be seen in Figure 1 on Page 2 of the attached Second Quarter FY 2023 Traffic and Revenue Performance Report.
- Systemwide, transactions and revenue exceed the forecast by 5.6% and 10.9%, respectively. When adjusting for timing differences, systemwide revenue exceeds the forecast by 6.5%.

ANALYSIS

As shown in the Table below, for the period ended December 31, 2022, systemwide transactions totaled 85.1 million and corresponding collected revenue totaled \$404.7 million. This represents an increase of 1.7 million transactions, or 2.0%, compared to the same period last year. Revenue increased by \$18.8 million, or 4.9%, compared to the same period last year. The second quarter increase in collected transactions and revenue is mainly due to the Customer Assistance Plan (CAP). During the second quarter of FY 2023 transactions increased by 2.2 million, or 5.5%, compared to a decrease of 0.5 million, or 1.3%, in the first quarter. Revenue increased \$13.5 million, or 7.1%, in the second quarter compared to \$5.4 million, or 2.7%, in the first quarter of FY2023.

Actual transactions were above forecast by 4.5 million, or 5.6%, and revenue was above forecast by \$18.8 million, or 4.9%, for the period ended December 31, 2022. The deviation in actual revenue performance compared to the forecast was due to a combination of factors, including the back-office processing more days than forecasted, civil penalty payments collected from the Central Collections Unit (CCU), and civil penalty payments collected for the latter half of December (after the termination of the CAP).

FY 2023 Actuals compared to FY 2022 Actuals and FY 2023 Forecast versus FY2023 Actuals

Combined Facilities														
TRANSACTIONS (in Millions)								REVENUE (in Millions)						
	FY22	FY23			FY23			FY22	FY23			FY23		
	Actual	Actual	Diff	% Change	Forecast	Diff	% Diff	Actual	Actual	Diff	% Change	Forecast	Diff	% Diff
Qtr. 1	42.7	42.2	(0.5)	-1.3%	41.0	1.2	2.8%	\$ 197.0	\$ 202.3	\$ 5.4	2.7%	\$ 187.8	\$ 14.5	7.7%
Qtr. 2	40.7	42.9	2.2	5.5%	39.5	3.4	8.5%	188.9	202.4	13.5	7.1%	177.2	25.2	14.2%
YTD Totals	83.4	85.1	1.7	2.0%	80.5	4.5	5.6%	\$ 385.9	\$ 404.7	\$ 18.8	4.9%	\$ 365.0	\$ 39.7	10.9%

*Note: Numbers may not sum due to rounding

ATTACHMENTS

- Second Quarter FY 2023 Traffic and Revenue Performance Report
- Attachment A: Summary of Revenue Adjusted for Timing Differences
- 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

Second Quarter Fiscal Year 2023 Traffic and Revenue Performance Report
Page Three

Attachment A
Summary of Revenue – Adjusted for Timing Differences
FY 2023 Forecasted and Actual Revenue Comparison

	E-ZPass®	Video, Administrative ¹ & Pay-By-Plate	Total
Forecast Revenue	\$286,687,889	\$78,331,193	\$365,019,081
<i>less</i> Actual Revenue	328,997,634	75,699,137	404,696,771
Unadjusted Difference	42,309,746	(2,632,056)	39,677,690
<i>plus</i> Timing Differences	(11,906,487)	(4,054,019)	(15,960,506)
Adjusted Difference	\$30,403,258	(\$6,686,075)	\$23,717,183

¹ 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
(In millions)

July 1, 2022 to Dec 31, 2022

Toll Revenue Forecast: **\$365,019,081**

Actual Revenue:

E-ZPass	328,997,634
Pay-By-Plate	1,842,095
Video Toll	64,631,080
Administrative Toll	9,225,962

Total Actual Revenue **404,696,771**

Unadjusted Actual Revenue less Forecasted Revenue **39,677,690**

Timing Difference Estimates:

E-ZPass FY2023 (Current) Transaction Timing Differences

Posted More Days than Forecasted, as of Dec 31, 2022

- All Facilities: E-ZPass AVI Maryland & Non-Maryland (5 full + 5 partial days) (10,488,532)
- All Facilities: E-ZPass I-Tolls Maryland and Non-Maryland Behind (5 full + 5 partial days) (1,417,955)

Total Posted More Days than Forecasted, net (11,906,487)

Total E-ZPass FY2023 Transaction Timing Differences (11,906,487)

Video Toll Timing Differences:

Mailed 1.5M more Transactions than Forecasted (Jul-Dec 2022) (4,054,019)

Total Video Tolls Timing Differences (4,054,019)

Total Timing Difference Estimates **(15,960,506)**

Adjusted Actual Revenue less Forecasted Revenue **\$23,717,183**

Second Quarter Fiscal Year 2023 Traffic and Revenue Performance Report
Page Four

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

July 1, 2022 to Dec 31, 2022

Adjusted Difference (Forecast less Adjusted Actual Revenue)	\$23,717,183
Forecast Assumption Differences:	
<i>E-ZPass</i> Transactions not included in the Forecast (FY 2021 & 2022)	8,512,449
<i>E-ZPass</i> Daily Average Revenue Higher than Forecasted (FY2023)	21,587,100
Pay-By-Plate Usage Higher than Forecasted	984,605
Video Toll Average Toll Rate Lower than Forecasted	(3,330,101)
Video Toll and Central Collection Unit Collection Rate Lower than Forecasted	(10,258,300)
Administrative Toll Revenue Higher than Forecasted	5,717,962
Total Forecast Assumption Differences	23,213,713
Unreconciled/Analyzed Difference	(\$503,470)

Second Quarter Fiscal Year 2023 Traffic and Revenue Performance Report
Page Five

Attachment D
FY 2023 Forecast vs. Actual Revenue – By Facility

Legacy Facilities									
		July	August	September	October	November	December	Total	
Video, Pay-By- Plate & Other	E-ZPass	Forecast	\$ 47,471,718	\$ 42,351,028	\$ 39,675,474	\$ 41,014,031	\$ 39,696,500	\$ 40,023,143	\$ 250,231,893
		Actual	47,471,718	42,866,442	60,776,297	52,263,804	46,197,971	43,246,729	\$ 292,822,960
		Difference	(0)	515,414	21,100,823	11,249,773	6,501,471	3,223,586	\$ 42,591,067
Video, Pay-By- Plate & Other		Forecast	10,625,199	12,844,763	13,851,285	13,931,582	11,080,908	10,907,593	\$ 73,241,331
		Actual	11,319,714	9,739,499	7,627,937	7,438,658	18,273,930	12,317,784	\$ 66,717,522
		Difference	694,515	(3,105,264)	(6,223,348)	(6,492,924)	7,193,022	1,410,191	\$ (6,523,809)
Total		Forecast	58,096,917	55,195,791	53,526,759	54,945,613	50,777,408	50,930,736	\$ 323,473,224
		Actual	58,791,432	52,605,941	68,404,234	59,702,462	64,471,901	55,564,513	\$ 359,540,482
		Difference	\$ 694,515	\$ (2,589,850)	\$ 14,877,475	\$ 4,756,849	\$ 13,694,493	\$ 4,633,778	\$ 36,067,258

Intercounty Connector									
		July	August	September	October	November	December	Total	
Video, Pay-By- Plate & Other	E-ZPass	Forecast	\$ 4,527,768	\$ 4,807,871	\$ 5,106,502	\$ 5,406,494	\$ 4,515,389	\$ 4,261,235	\$ 28,625,259
		Actual	4,527,768	4,198,483	5,908,850	5,295,358	4,676,694	4,613,665	\$ 29,220,818
		Difference	-	(609,388)	802,348	(111,136)	161,305	352,430	\$ 595,559
Video, Pay-By- Plate & Other		Forecast	1,142,044	742,716	788,290	791,704	647,023	629,790	\$ 4,741,566
		Actual	1,284,443	1,193,724	1,579,033	960,146	2,156,140	1,307,668	\$ 8,481,154
		Difference	142,400	451,008	790,743	168,442	1,509,117	677,878	\$ 3,739,587
Total		Forecast	5,669,811	5,550,587	5,894,791	6,198,199	5,162,412	4,891,025	\$ 33,366,825
		Actual	5,812,211	5,392,207	7,487,883	6,255,504	6,832,834	5,921,333	\$ 37,701,971
		Difference	\$ 142,400	\$ (158,380)	\$ 1,593,091	\$ 57,305	\$ 1,670,421	\$ 1,030,309	\$ 4,335,146

I-95 Express Toll Lanes									
		July	August	September	October	November	December	Total	
Video, Pay-By- Plate & Other	E-ZPass	Forecast	\$ 1,123,818	\$ 1,399,619	\$ 1,201,225	\$ 1,406,587	\$ 1,351,667	\$ 1,347,821	\$ 7,830,736
		Actual	1,123,818	908,165	1,577,354	1,254,440	1,091,863	998,216	\$ 6,953,856
		Difference	0	(491,453)	376,129	(152,147)	(259,804)	(349,605)	\$ (876,880)
Video, Pay-By- Plate & Other		Forecast	89,882	53,927	46,283	54,195	52,079	51,931	\$ 643,472
		Actual	89,882	73,923	62,439	44,052	140,850	89,314	\$ 500,461
		Difference	-	19,997	16,157	(10,143)	88,771	37,383	\$ 152,165
Total		Forecast	1,213,699	1,453,545	1,247,508	1,460,782	1,403,746	1,399,752	\$ 8,179,032
		Actual	1,213,699	982,088	1,639,794	1,298,492	1,232,713	1,087,530	\$ 7,454,317
		Difference	\$ 0	\$ (471,457)	\$ 392,286	\$ (162,290)	\$ (171,033)	\$ (312,222)	\$ (724,715)

All Facilities									
		July	August	September	October	November	December	Total	
		Forecast	\$ 64,980,428	\$ 62,199,923	\$ 60,669,058	\$ 62,604,593	\$ 57,343,566	\$ 57,221,512	\$ 365,019,081
		Actual	65,817,342	58,980,237	77,531,910	67,256,458	72,537,448	62,573,377	\$ 404,696,771
		Difference	\$ 836,914	\$ (3,219,687)	\$ 16,862,852	\$ 4,651,865	\$ 15,193,881	\$ 5,351,864	\$ 39,677,690

Second Quarter Fiscal Year 2023 Traffic and Revenue Performance Report
Page Six

Attachment E
FY 2022 Forecast vs. Actual Revenue – By Payment Method

E-ZPass								
		July	August	September	October	November	December	Total
Forecast	Legacy	\$ 47,471,718	42,351,028	39,675,474	41,014,031	39,696,500	40,023,143	\$ 250,231,893
	ICC	4,527,768	4,807,871	5,106,502	5,406,494	4,515,389	4,261,235	\$ 28,625,259
	ETL	1,123,818	1,399,619	1,201,225	1,406,587	1,351,667	1,347,821	\$ 7,830,736
	Total	53,123,304	48,558,518	45,983,201	47,827,112	45,563,556	45,632,199	\$ 286,687,889
Actual	Legacy	47,471,718	42,866,442	60,776,297	52,263,804	46,197,971	43,246,729	\$ 292,822,960
	ICC	4,527,768	4,198,483	5,908,850	5,295,358	4,676,694	4,613,665	\$ 29,220,818
	ETL	1,123,818	908,165	1,577,354	1,254,440	1,091,863	998,216	\$ 6,953,856
	Total	53,123,303	47,973,090	68,262,500	58,813,602	51,966,528	48,858,610	\$ 328,997,634
Difference	\$ (0)	\$ (585,427)	\$ 22,279,299	\$ 10,986,490	\$ 6,402,972	\$ 3,226,412	\$ 42,309,746	

Video, Pay-By-Plate & Other								
		July	August	September	October	November	December	Total
Forecast	Legacy	\$ 10,625,199	\$ 12,844,763	\$ 13,851,285	13,931,582	11,080,908	10,907,593	\$ 73,241,331
	ICC	1,142,044	742,716	788,290	791,704	647,023	629,790	\$ 4,741,566
	ETL	89,882	53,927	46,283	54,195	52,079	51,931	\$ 348,296
	Total	11,857,125	13,641,406	14,685,857	14,777,481	11,780,010	11,589,314	\$ 78,331,193
Actual	Legacy	\$ 11,319,714	\$ 9,739,499	\$ 7,627,937	\$ 7,438,658	\$ 18,273,930	\$ 12,317,784	\$ 66,717,522
	ICC	1,284,443	1,193,724	1,579,033	960,146	2,156,140	1,307,668	\$ 8,481,154
	ETL	89,882	73,923	62,439	44,052	140,850	89,314	\$ 500,461
	Total	12,694,039	11,007,146	9,269,410	8,442,856	20,570,919	13,714,766	\$ 75,699,137
Difference	\$ 836,915	\$ (2,634,259)	\$ (5,416,448)	\$ (6,334,625)	\$ 8,790,909	\$ 2,125,453	\$ (2,632,056)	

All Revenue								
		July	August	September	October	November	December	Total
Forecast	\$	64,980,428	\$ 62,199,923	\$ 60,669,058	\$ 62,604,593	\$ 57,343,566	\$ 57,221,512	\$ 365,019,081
Actual		65,817,342	58,980,237	77,531,910	67,256,458	72,537,448	62,573,377	\$ 404,696,771
Difference	\$	836,914	\$ (3,219,687)	\$ 16,862,852	\$ 4,651,865	\$ 15,193,881	\$ 5,351,864	\$ 39,677,690



Ms. Deborah Sharpless
February 1, 2023
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FINAL

Ms. Deborah Sharpless
Chief Financial Officer
Maryland Transportation Authority
2310 Broening Highway
Suite 150
Baltimore, MD 21224

Subject: **FINAL** Second Quarter Fiscal Year 2023 Traffic and Revenue Performance Report

Dear Ms. Sharpless:

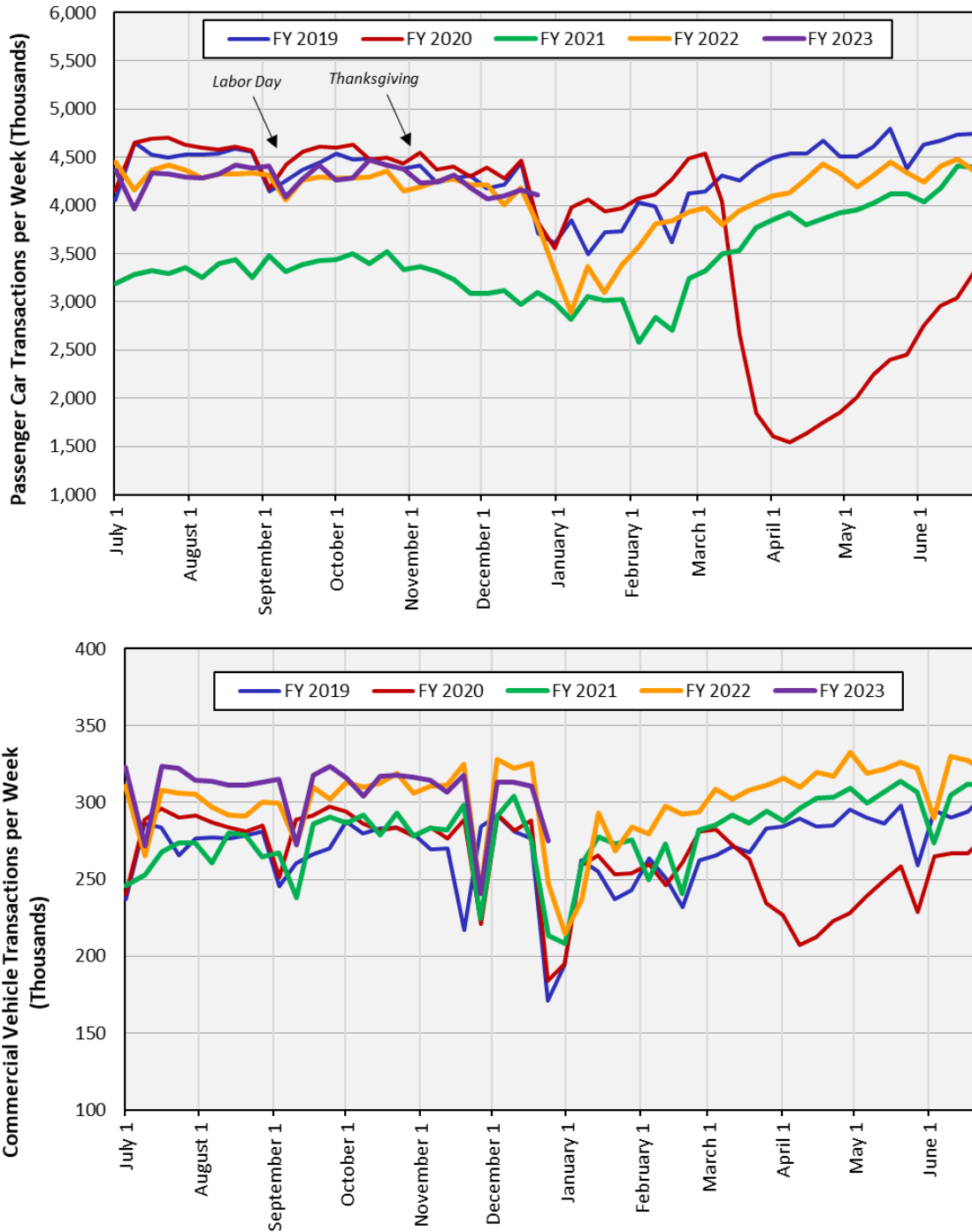
This letter report provides a summary of historical monthly transaction and toll revenue performance on the MDTA system using available data through the second quarter of Fiscal Year (FY) 2023, ending December 31, 2022. The historical performance is also compared to the most recent forecast developed by CDM Smith and summarized in the "FY 2023 Traffic and Toll Revenue Forecast Update", (November 2022 forecast report) dated November 2, 2022. This comparison is provided separately for the Legacy system, Intercounty Connector (ICC), and I -95 Express Toll Lanes (ETLs), as well as for the total system. An analysis of the variations in actual experience compared to forecast is also provided.

Recent Trends

Similar to FY 2022, FY 2023 transactions and revenue have been impacted by recovery from the COVID-19 pandemic and the customer focused business rule changes implemented by MDTA during that timeframe. Due to this, CDM Smith has continued to track the performance on the system through two sources: the Kapsch 3G toll collection system data reports and the Traffic Volume Income (TVI) reports. The 3G reports provide the raw, in-lane data which records the daily traffic at the roadside, independent of toll collections. TVI reports provide collected transactions and revenue on the system on a cash basis, where a transaction and the associated revenue is reported in the month the toll is paid.

Figure 1 shows the systemwide traffic on the total MDTA system for passenger cars and commercial vehicles from July 2019 through December 2022 using the daily in-lane data. Traffic volumes in the first half of FY 2022 were close to FY 2019 levels but softened during the second half of FY 2022 due to the impacts of the Omicron variant in January, followed by the impacts of high fuel prices and inflation. Passenger car transaction volumes in the first and second quarters of FY 2023 were similar to FY 2022 in both volume and weekly variation and have not yet returned to pre-pandemic levels. Commercial vehicle traffic continues to outperform traffic trends observed prior to the pandemic. In the first quarter of FY 2023, commercial vehicle traffic surpassed FY 2022 levels, however, in the second quarter of FY 2023 commercial vehicles were generally in-line with FY 2022. This could potentially indicate a slowdown of the high growth observed in commercial vehicle traffic in the last few years but will have to be monitored moving forward.

Figure 1 – Total Systemwide Traffic Per Week by Fiscal Year



Source: Maryland Transportation Authority E-ZPass Operations, Daily Transactions

Monthly transactions for FY 2022 and FY 2023 for the total system are presented in **Table 1** by vehicle type and payment method. This table and the remaining tables in this report will present TVI report data and represent transactions and associated revenue in the month the toll is paid. Significant monthly variations can be observed in transaction totals, and the distribution of transactions by payment method. These variations are the result of the timing of transaction processing in the back office, and not reflective of variations in traffic on MDTA system facilities. Total passenger car transactions for the first quarter in FY 2023 were 1.1 percent below the same period in 2022, whereas second quarter transactions in FY 2023 were 5.5 percent higher. This change in trend is largely due to the impending termination of the customer assistance plan, which resulted in a 91.9 percent year-over-year increase in video transactions for the month of November. Commercial vehicle transaction totals in the first quarter of FY 2023 were 3.2 percent lower than Q1 FY 2022, whereas the second quarter of FY 2023 was 6.0 percent higher than FY 2022. Overall, total system transactions in Q1 2023 were 1.3 percent lower than 2022 and Q2 2023 was 5.5 percent higher than 2022, yielding an increase of 2.0 percent for FY 2023 YTD over the same period in 2022.

Monthly collected toll revenue for FY 2022 and FY 2023 for the total system are provided in **Table 2**. **Figure 2** is a graphical depiction of the share of toll revenue by method of payment and vehicle class for the same period. Systemwide toll revenue trends for passenger cars are up 3.3 percent in the first quarter of FY 2023 and 7.8 percent in the second quarter of FY 2023 over the same period in FY 2022. Revenue for commercial vehicles was also up by 1.8 percent and 10.7 percent, respectively, for the first and second quarters of FY 2023. Overall, second quarter FY 2023 revenue increased 8.8 percent compared with Q2 FY 2022 due to strong video collections in November due to the impending termination of the customer assistance plan.

Lastly, **Table 3** provides the same monthly trend comparison for other revenue. Other revenue is non-toll revenue collected by the agency that is associated with operations. This revenue comes from unused commuter and shopper plan trips, E-ZPass transponder sales, Hatem E-ZPass programs, civil penalties from violation recovery, and commercial vehicle fees and discounts. The commercial vehicle revenue comes from post-usage discounts, high frequency discounts, and over-size permit fees. Since this revenue is associated with collected transactions and revenue, and therefore the delayed NOTDs, year-over-year trends vary greatly on a monthly basis. Overall, other revenue declined by 0.6 percent for the first quarter of FY 2023 and by 33.5 percent in the second quarter of FY 2023 when compared to the same period the year prior. This is primarily the result of decreases in violation recovery due to the customer assistance plan.



Table 1 - Systemwide Collected Transactions by Month

Month	Passenger Car Transactions								
	ETC			Video (1)			Total		
	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change
July	15,890,063	10,932,349	(31.2)	216,710	1,581,951	630.0	16,106,772	12,514,300	(22.3)
August	11,547,095	9,636,162	(16.5)	526,446	1,435,272	172.6	12,073,541	11,071,434	(8.3)
September	9,933,446	14,153,851	42.5	1,164,573	1,107,514	(4.9)	11,098,019	15,261,364	37.5
October	11,762,032	12,056,370	2.5	1,523,444	1,071,733	(29.7)	13,285,476	13,128,103	(1.2)
November	11,122,911	11,168,479	0.4	1,680,798	3,225,955	91.9	12,803,710	14,394,434	12.4
December	9,908,315	10,579,267	6.8	1,779,346	1,741,266	(2.1)	11,687,660	12,320,533	5.4
January	11,194,490	-	-	2,366,321	-	-	13,560,811	-	-
February	12,229,668	-	-	2,819,346	-	-	15,049,014	-	-
March	9,095,987	-	-	2,172,697	-	-	11,268,684	-	-
April	5,592,198	-	-	2,008,917	-	-	7,601,115	-	-
May	12,673,036	-	-	1,483,362	-	-	14,156,398	-	-
June	16,183,395	-	-	1,619,242	-	-	17,802,637	-	-
Q1 Total	37,370,604	34,722,361	(7.1)	1,907,729	4,124,737	116.2	39,278,332	38,847,098	(1.1)
Q2 Total	32,793,258	33,804,116	3.1	4,983,588	6,038,954	21.2	37,776,846	39,843,070	5.5
July - Dec	70,163,862	68,526,478	(2.3)	6,891,317	10,163,691	47.5	77,055,178	78,690,169	2.1
Month	Commercial Vehicle Transactions								
	ETC			Video (1)			Total		
	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change
July	1,542,993	971,874	(37.0)	4,559	75,556	1,557.3	1,547,552	1,047,430	(32.3)
August	977,866	888,580	(9.1)	19,917	83,576	319.6	997,783	972,156	(2.6)
September	825,232	1,242,309	50.5	40,908	41,611	1.7	866,140	1,283,920	48.2
October	1,004,144	1,121,140	11.7	43,127	42,142	(2.3)	1,047,271	1,163,282	11.1
November	944,843	904,763	(4.2)	45,330	87,013	92.0	990,173	991,776	0.2
December	806,059	869,679	7.9	55,668	49,486	(11.1)	861,727	919,165	6.7
January	924,797	-	-	71,542	-	-	996,339	-	-
February	1,127,716	-	-	79,228	-	-	1,206,943	-	-
March	873,275	-	-	105,128	-	-	978,403	-	-
April	493,121	-	-	85,450	-	-	578,570	-	-
May	1,138,558	-	-	44,060	-	-	1,182,618	-	-
June	1,455,673	-	-	113,063	-	-	1,568,736	-	-
Q1 Total	3,346,090	3,102,763	(7.3)	65,384	200,743	207.0	3,411,475	3,303,507	(3.2)
Q2 Total	2,755,045	2,895,582	5.1	144,126	178,641	23.9	2,899,171	3,074,223	6.0
July - Dec	6,101,136	5,998,345	(1.7)	209,510	379,384	81.1	6,310,646	6,377,729	1.1
Month	Total Transactions								
	ETC			Video (1)			Total		
	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change
July	17,433,056	11,904,223	(31.7)	221,269	1,657,508	649.1	17,654,324	13,561,731	(22.3)
August	12,524,961	10,524,742	(16.0)	546,363	1,518,848	178.0	13,071,324	12,043,590	(7.9)
September	10,758,678	15,396,160	43.1	1,205,481	1,149,125	(4.7)	11,964,159	16,545,284	38.3
October	12,766,176	13,177,510	3.2	1,566,571	1,113,875	(28.9)	14,332,747	14,291,385	(0.3)
November	12,067,754	12,073,242	0.0	1,726,129	3,312,968	91.9	13,793,883	15,386,210	11.5
December	10,714,374	11,448,947	6.9	1,835,014	1,790,752	(2.4)	12,549,388	13,239,699	5.5
January	12,119,287	-	-	2,437,862	-	-	14,557,149	-	-
February	13,357,384	-	-	2,898,574	-	-	16,255,958	-	-
March	9,969,261	-	-	2,277,825	-	-	12,247,086	-	-
April	6,085,318	-	-	2,094,367	-	-	8,179,685	-	-
May	13,811,594	-	-	1,527,422	-	-	15,339,016	-	-
June	17,639,067	-	-	1,732,305	-	-	19,371,373	-	-
Q1 Total	40,716,694	37,825,125	(7.1)	1,973,113	4,325,480	119.2	42,689,807	42,150,605	(1.3)
Q2 Total	35,548,304	36,699,698	3.2	5,127,714	6,217,595	21.3	40,676,017	42,917,293	5.5
July - Dec	76,264,997	74,524,823	(2.3)	7,100,827	10,543,075	48.5	83,365,824	85,067,898	2.0

⁽¹⁾ Pay-by-plate transactions are included with video transactions.



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Table 2 - Systemwide Collected Toll Revenue by Month

Month	Passenger Car Toll Revenue								
	ETC			Video (1)			Total		
	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change
July	\$ 49,235,597	\$ 31,841,940	(35.3)	\$ 1,183,201	\$ 9,151,963	673.5	\$ 50,418,798	\$ 40,993,903	(18.7)
August	32,805,852	28,158,615	(14.2)	3,078,648	8,202,247	166.4	35,884,500	36,360,862	1.3
September	27,169,087	41,026,423	51.0	6,952,731	5,989,285	(13.9)	34,121,819	47,015,708	37.8
October	32,514,945	34,075,217	4.8	9,057,896	5,883,931	(35.0)	41,572,841	39,959,149	(3.9)
November	30,154,657	32,018,938	6.2	10,141,698	17,401,100	71.6	40,296,355	49,420,039	22.6
December	27,125,564	29,550,545	8.9	10,563,313	9,960,153	(5.7)	37,688,877	39,510,698	4.8
January	31,882,436	-	-	13,438,438	-	-	45,320,873	-	-
February	32,626,281	-	-	15,679,222	-	-	48,305,503	-	-
March	25,428,270	-	-	12,732,098	-	-	38,160,368	-	-
April	14,865,928	-	-	11,373,047	-	-	26,238,975	-	-
May	36,134,398	-	-	8,168,043	-	-	44,302,441	-	-
June	46,605,598	-	-	9,094,060	-	-	55,699,658	-	-
Q1 Total	109,210,537	101,026,979	(7.5)	11,214,580	23,343,495	108.2	120,425,117	124,370,474	3.3
Q2 Total	89,795,166	95,644,700	6.5	29,762,907	33,245,185	11.7	119,558,073	128,889,886	7.8
July - Dec	199,005,703	196,671,680	(1.2)	40,977,487	56,588,680	38.1	239,983,189	253,260,359	5.5
Month	Commercial Vehicle Toll Revenue								
	ETC			Video (1)			Total		
	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change
July	\$ 33,671,097	\$ 21,281,363	(36.8)	\$ 98,037	\$ 2,083,976	2,025.7	\$ 33,769,134	\$ 23,365,339	(30.8)
August	20,179,396	19,814,475	(1.8)	607,270	2,218,608	265.3	20,786,666	22,033,083	6.0
September	16,623,164	27,236,078	63.8	1,208,327	1,050,910	(13.0)	17,831,490	28,286,987	58.6
October	20,737,327	24,738,385	19.3	1,198,806	1,074,945	(10.3)	21,936,133	25,813,330	17.7
November	19,843,452	19,947,590	0.5	1,220,859	2,160,030	76.9	21,064,312	22,107,620	5.0
December	17,413,995	19,308,066	10.9	1,484,747	1,296,026	(12.7)	18,898,742	20,604,091	9.0
January	19,915,598	-	-	1,824,934	-	-	21,740,531	-	-
February	24,737,926	-	-	2,100,956	-	-	26,838,882	-	-
March	19,539,032	-	-	3,203,955	-	-	22,742,987	-	-
April	10,559,499	-	-	2,483,834	-	-	13,043,333	-	-
May	24,878,346	-	-	1,186,671	-	-	26,065,017	-	-
June	31,421,485	-	-	2,923,537	-	-	34,345,022	-	-
Q1 Total	70,473,657	68,331,916	(3.0)	1,913,633	5,353,493	179.8	72,387,290	73,685,409	1.8
Q2 Total	57,994,774	63,994,041	10.3	3,904,413	4,531,001	16.0	61,899,187	68,525,042	10.7
July - Dec	128,468,431	132,325,956	3.0	5,818,046	9,884,494	69.9	134,286,477	142,210,451	5.9
Month	Total Toll Revenue								
	ETC			Video (1)			Total		
	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change
July	\$ 82,906,694	\$ 53,123,304	(35.9)	\$ 1,281,238	\$ 11,235,938	777.0	\$ 84,187,932	\$ 64,359,242	(23.6)
August	52,985,249	47,973,090	(9.5)	3,685,918	10,420,855	182.7	56,671,166	58,393,945	3.0
September	43,792,251	68,262,501	55.9	8,161,058	7,040,194	(13.7)	51,953,309	75,302,695	44.9
October	53,252,272	58,813,602	10.4	10,256,702	6,958,877	(32.2)	63,508,974	65,772,479	3.6
November	49,998,109	51,966,528	3.9	11,362,558	19,561,131	72.2	61,360,667	71,527,659	16.6
December	44,539,558	48,858,611	9.7	12,048,060	11,256,179	(6.6)	56,587,619	60,114,790	6.2
January	51,798,033	-	-	15,263,372	-	-	67,061,405	-	-
February	57,364,207	-	-	17,780,177	-	-	75,144,385	-	-
March	44,967,302	-	-	15,936,053	-	-	60,903,355	-	-
April	25,425,427	-	-	13,856,881	-	-	39,282,308	-	-
May	61,012,744	-	-	9,354,714	-	-	70,367,458	-	-
June	78,027,083	-	-	12,017,597	-	-	90,044,680	-	-
Q1 Total	179,684,194	169,358,895	(5.7)	13,128,213	28,696,988	118.6	192,812,407	198,055,883	2.7
Q2 Total	147,789,939	159,638,741	8.0	33,667,320	37,776,186	12.2	181,457,259	197,414,927	8.8
July - Dec	327,474,134	328,997,636	0.5	46,795,533	66,473,174	42.1	374,269,667	395,470,810	5.7

⁽¹⁾ Pay-by-plate revenue is included with video revenue.

Figure 2 – Total System Collected Revenue by Payment Type and Vehicle Class

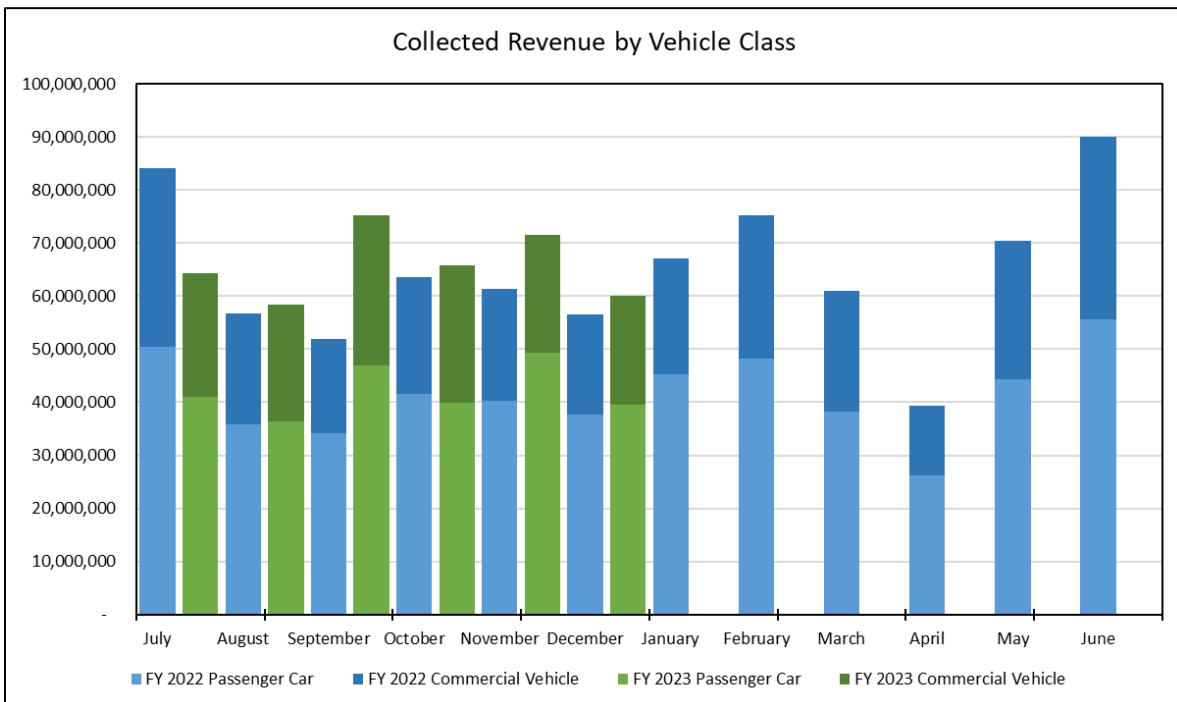
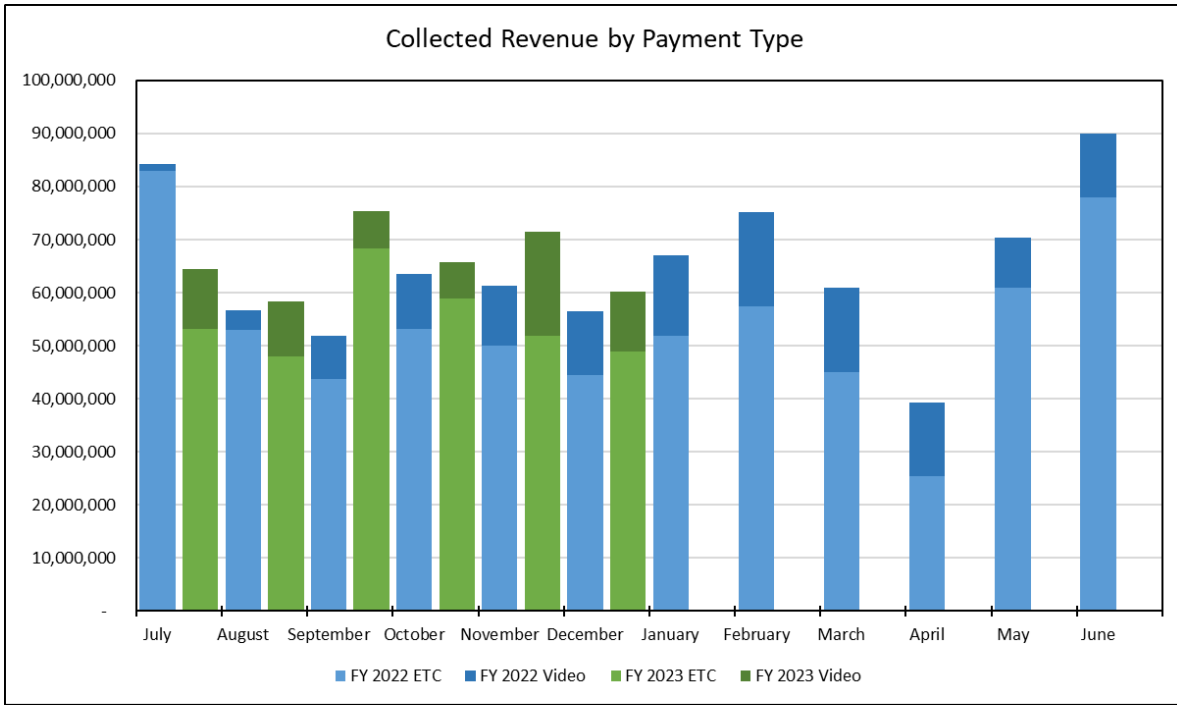


Table 3 – Other Revenue Trends by Month

Month	Service Fees and Sales ⁽¹⁾			Violation Recovery ⁽²⁾			Commercial Vehicles ⁽³⁾			Total Other Revenue		
	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change	FY 2022	FY 2023	% Change
July	\$ 140,056	\$ 2,213,317	1,480.3	\$ 1,997,861	\$ 34,164	(98.3)	\$ 57,633	\$ (789,381)	(1,469.7)	\$ 2,195,550	\$ 1,458,100	(33.6)
August	124,052	1,304,985	952.0	1,122,871	\$ 42,198	(96.2)	(1,114,191)	\$ (760,892)	31.7	132,732	586,291	341.7
September	1,209,421	2,363,096	95.4	846,086	\$ 912,009	7.8	(84,677)	\$ (1,045,889)	(1,135.1)	1,970,829	2,229,215	13.1
October	1,445,585	1,801,114	24.6	1,489,347	\$ 44,165	(97.0)	(2,503,394)	\$ (361,299)	85.6	431,538	1,483,979	243.9
November	1,491,780	1,612,312	8.1	3,024,869	\$ 90,464	(97.0)	(1,715,748)	\$ (692,987)	59.6	2,800,901	1,009,789	(63.9)
December	1,389,602	1,700,847	22.4	3,602,653	\$ 1,513,157	(58.0)	(772,320)	\$ (755,417)	2.2	4,219,935	2,458,587	(41.7)
January	1,413,421	-	-	4,146,765	-	-	(812,169)	-	-	4,748,017	-	-
February	1,523,573	-	-	4,220,168	-	-	(640,115)	-	-	5,103,626	-	-
March	610,277	-	-	2,922,553	-	-	(807,480)	-	-	2,725,351	-	-
April	23,328	-	-	414,296	-	-	(738,983)	-	-	(301,360)	-	-
May	1,548,931	-	-	347,361	-	-	(807,045)	-	-	1,089,247	-	-
June	2,246,483	-	-	66,652	-	-	(757,584)	-	-	1,555,551	-	-
Q1 Total	1,473,529	5,881,399	299.1	3,966,818	988,370	(75.1)	(1,141,236)	(2,596,163)	(127.5)	4,299,111	4,273,606	(0.6)
Q2 Total	4,326,966	5,114,273	18.2	8,116,869	1,647,785	(79.7)	(4,991,462)	(1,809,703)	63.7	7,452,374	4,952,355	(33.5)
July - Dec	5,800,496	10,995,672	89.6	12,083,687	2,636,156	(78.2)	(6,132,697)	(4,405,866)	28.2	11,751,485	9,225,962	(21.5)

(1) Service fees and sales includes unused pre-paid trip revenue, transponder sales, and the Hatem E-ZPass discount plans.

(2) Violation recovery is civil penalties collected on unpaid notices of toll due.

(3) Commercial vehicles include post-usage discounts, high frequency discounts, and oversize permit fees.

Forecast Versus Actual

In this section, actual collected transactions and revenue are compared to the November 2022 forecast for each of the facilities. **Table 4** provides the comparison for the Legacy system transactions by vehicle type and method of payment and **Table 5** shows the same comparison for collected toll revenue. As shown in Table 4, total transactions were 4.7 percent above forecast in the first quarter and 13.1 percent above forecast in the second quarter. Passenger cars were 13.6 percent above forecast and commercial vehicles were 7.8 percent above forecast in the second quarter. The first quarter is due, in part, to the back office processing an additional six days of ETC transactions over what was anticipated in the forecast for the first quarter. More specifically, there was a six-day shortfall in ETC transaction processing in August followed by 12 additional days of transaction processing in September over what was expected. The impacts of this can be seen in August transaction totals which fell 11.3 percent below forecast and September transaction totals which exceeded forecast by 27.7 percent. In the second quarter, the October and November ETC transactions outperformed forecast for both passenger cars and commercial vehicles. Video transaction trends varied greatly month by month, but outperformed forecast in November due to the impending termination of the customer assistance plan which caused an influx of paid video transactions.



Table 4 - Comparison of FY 2023 Forecast and Actual Transactions - Legacy System

Month	FY 2023 Passenger Car Transactions								
	ETC			Video (1)			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	8,122,338	8,031,550	(1.1)	1,167,785	1,167,785	0.0	9,290,123	9,199,335	(1.0)
August	7,591,822	7,043,884	(7.2)	1,607,166	1,021,127	(36.5)	9,198,989	8,065,011	(12.3)
September	6,960,948	10,308,566	48.1	1,708,576	716,122	(58.1)	8,669,524	11,024,687	27.2
October	7,199,214	8,757,594	21.7	1,700,481	764,830	(55.0)	8,899,695	9,522,424	7.0
November	6,977,727	8,169,578	17.1	1,318,723	2,356,043	78.7	8,296,450	10,525,621	26.9
December	7,061,484	7,651,506	8.4	1,294,899	1,316,204	1.6	8,356,383	8,967,710	7.3
January	6,379,768	-	-	1,215,101	-	-	7,594,869	-	-
February	6,107,124	-	-	1,071,880	-	-	7,179,004	-	-
March	6,916,564	-	-	1,161,603	-	-	8,078,167	-	-
April	7,176,615	-	-	1,258,989	-	-	8,435,604	-	-
May	7,249,092	-	-	1,337,345	-	-	8,586,437	-	-
June	7,245,802	-	-	1,438,748	-	-	8,684,549	-	-
Q1 Total	22,675,109	25,383,999	11.9	4,483,527	2,905,034	(35.2)	27,158,636	28,289,033	4.2
Q2 Total	21,238,425	24,578,678	15.7	4,314,103	4,437,077	2.9	25,552,528	29,015,755	13.6
July - Dec	43,913,534	49,962,678	13.8	8,797,630	7,342,111	(16.5)	52,711,164	57,304,789	8.7
Month	FY 2023 Commercial Vehicle Transactions								
	ETC			Video (1)			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	832,887	832,887	0.0	65,285	65,285	0.0	898,172	898,172	0.0
August	778,651	768,974	(1.2)	60,851	71,021	16.7	839,502	839,995	0.1
September	760,712	1,068,496	40.5	65,673	32,690	(50.2)	826,385	1,101,186	33.3
October	773,576	967,523	25.1	65,645	34,514	(47.4)	839,220	1,002,037	19.4
November	753,584	780,646	3.6	51,839	70,943	36.9	805,423	851,589	5.7
December	752,986	744,179	(1.2)	51,015	42,568	(16.6)	804,001	786,747	(2.1)
January	724,067	-	-	47,849	-	-	771,915	-	-
February	676,482	-	-	40,900	-	-	717,382	-	-
March	773,007	-	-	43,769	-	-	816,776	-	-
April	744,329	-	-	46,279	-	-	790,608	-	-
May	794,657	-	-	49,370	-	-	844,027	-	-
June	780,181	-	-	52,960	-	-	833,141	-	-
Q1 Total	2,372,250	2,670,357	12.6	191,810	168,996	(11.9)	2,564,060	2,839,354	10.7
Q2 Total	2,280,146	2,492,348	9.3	168,498	148,025	(12.2)	2,448,644	2,640,373	7.8
July - Dec	4,652,396	5,162,705	11.0	360,308	317,021	(12.0)	5,012,704	5,479,726	9.3
Month	FY 2023 All Vehicle Transactions								
	ETC			Video (1)			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	8,955,225	8,864,437	(1.0)	1,233,071	1,233,071	0.0	10,188,296	10,097,508	(0.9)
August	8,370,473	7,812,858	(6.7)	1,668,018	1,092,148	(34.5)	10,038,491	8,905,006	(11.3)
September	7,721,661	11,377,062	47.3	1,774,249	748,812	(57.8)	9,495,909	12,125,873	27.7
October	7,972,790	9,725,117	22.0	1,766,126	799,344	(54.7)	9,738,916	10,524,461	8.1
November	7,731,311	8,950,224	15.8	1,370,561	2,426,986	77.1	9,101,873	11,377,210	25.0
December	7,814,470	8,395,686	7.4	1,345,914	1,358,772	1.0	9,160,384	9,754,458	6.5
January	7,103,835	-	-	1,262,950	-	-	8,366,785	-	-
February	6,783,606	-	-	1,112,780	-	-	7,896,386	-	-
March	7,689,571	-	-	1,205,372	-	-	8,894,943	-	-
April	7,920,945	-	-	1,305,268	-	-	9,226,212	-	-
May	8,043,749	-	-	1,386,715	-	-	9,430,464	-	-
June	8,025,983	-	-	1,491,707	-	-	9,517,691	-	-
Q1 Total	25,047,359	28,054,357	12.0	4,675,337	3,074,030	(34.3)	29,722,696	31,128,387	4.7
Q2 Total	23,518,571	27,071,026	15.1	4,482,601	4,585,102	2.3	28,001,172	31,656,128	13.1
July - Dec	48,565,930	55,125,383	13.5	9,157,938	7,659,132	(16.4)	57,723,868	62,784,515	8.8

⁽¹⁾ Pay-by-plate transactions are included with video transactions.



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Table 5 - Comparison of FY 2023 Forecast and Actual Toll Revenue - Legacy System

Month	FY 2023 Passenger Car Revenue								
	ETC			Video (1)			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	\$27,084,097	\$27,084,097	0.0	\$ 8,049,781	\$ 8,049,781	(0.0)	\$35,133,878	\$35,133,878	(0.0)
August	23,528,619	23,833,494	1.3	10,412,541	7,099,739	(31.8)	33,941,159	30,933,233	(8.9)
September	21,247,273	34,663,364	63.1	11,275,430	4,704,289	(58.3)	32,522,703	39,367,653	21.0
October	22,119,345	28,520,877	28.9	11,303,082	5,082,247	(55.0)	33,422,427	33,603,123	0.5
November	21,382,053	27,047,778	26.5	8,896,053	15,346,702	72.5	30,278,107	42,394,480	40.0
December	21,803,245	24,757,126	13.6	8,739,181	8,929,048	2.2	30,542,426	33,686,174	10.3
January	19,147,267	-	-	8,216,176	-	-	27,363,443	-	-
February	18,270,694	-	-	7,239,841	-	-	25,510,535	-	-
March	20,971,059	-	-	7,757,309	-	-	28,728,368	-	-
April	22,369,556	-	-	8,452,360	-	-	30,821,916	-	-
May	22,389,081	-	-	8,993,905	-	-	31,382,986	-	-
June	22,410,600	-	-	9,691,816	-	-	32,102,416	-	-
Q1 Total	71,859,989	85,580,956	19.1	29,737,752	19,853,810	(33.2)	101,597,741	105,434,765	3.8
Q2 Total	65,304,643	80,325,781	23.0	28,938,316	29,357,997	1.5	94,242,959	109,683,778	16.4
July - Dec	137,164,632	165,906,736	21.0	58,676,068	49,211,807	(16.1)	195,840,700	215,118,543	9.8
Month	FY 2023 Commercial Vehicle Revenue								
	ETC			Video (1)			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	\$20,387,621	\$20,387,621	0.0	\$ 2,000,390	\$ 2,000,390	0.0	\$22,388,012	\$22,388,012	0.0
August	18,822,409	19,032,948	1.1	1,882,272	2,129,287	13.1	20,704,682	21,162,235	2.2
September	18,428,201	26,112,932	41.7	2,083,500	982,711	(52.8)	20,511,701	27,095,643	32.1
October	18,894,686	23,742,702	25.7	2,117,554	1,016,000	(52.0)	21,012,240	24,758,702	17.8
November	18,314,446	19,150,193	4.6	1,724,754	2,048,023	18.7	20,039,200	21,198,216	5.8
December	18,219,898	18,489,604	1.5	1,702,452	1,248,088	(26.7)	19,922,350	19,737,692	(0.9)
January	17,543,863	-	-	1,584,279	-	-	19,128,142	-	-
February	16,384,015	-	-	1,329,076	-	-	17,713,091	-	-
March	18,719,767	-	-	1,379,864	-	-	20,099,631	-	-
April	18,084,964	-	-	1,448,470	-	-	19,533,434	-	-
May	19,370,420	-	-	1,541,719	-	-	20,912,140	-	-
June	18,926,020	-	-	1,651,832	-	-	20,577,853	-	-
Q1 Total	57,638,231	65,533,501	13.7	5,966,163	5,112,388	(14.3)	63,604,394	70,645,889	11.1
Q2 Total	55,429,030	61,382,499	10.7	5,544,760	4,312,110	(22.2)	60,973,790	65,694,609	7.7
July - Dec	113,067,261	126,916,000	12.2	11,510,923	9,424,498	(18.1)	124,578,184	136,340,498	9.4
Month	FY 2023 All Vehicle Revenue								
	ETC			Video (1)			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	\$47,471,718	\$47,471,718	0.0	\$10,050,172	\$10,050,172	0.0	\$57,521,890	\$57,521,890	0.0
August	42,351,028	42,866,442	1.2	12,294,813	9,229,026	(24.9)	54,645,841	52,095,468	(4.7)
September	39,675,474	60,776,297	53.2	13,358,930	5,687,000	(57.4)	53,034,404	66,463,296	25.3
October	41,014,031	52,263,579	27.4	13,420,636	6,098,246	(54.6)	54,434,667	58,361,825	7.2
November	39,696,500	46,197,971	16.4	10,620,807	17,394,725	63.8	50,317,307	63,592,696	26.4
December	40,023,143	43,246,730	8.1	10,441,633	10,177,136	(2.5)	50,464,776	53,423,866	5.9
January	36,691,130	-	-	9,800,455	-	-	46,491,585	-	-
February	34,654,709	-	-	8,568,917	-	-	43,223,625	-	-
March	39,690,826	-	-	9,137,173	-	-	48,827,999	-	-
April	40,454,520	-	-	9,900,830	-	-	50,355,350	-	-
May	41,759,502	-	-	10,535,624	-	-	52,295,126	-	-
June	41,336,620	-	-	11,343,648	-	-	52,680,269	-	-
Q1 Total	129,498,220	151,114,457	16.7	35,703,915	24,966,198	(30.1)	165,202,135	176,080,654	6.6
Q2 Total	120,733,673	141,708,279	17.4	34,483,076	33,670,107	(2.4)	155,216,749	175,378,386	13.0
July - Dec	250,231,893	292,822,736	17.0	70,186,991	58,636,305	(16.5)	320,418,885	351,459,041	9.7

(1) Pay-by-plate revenue is included with video revenue.

As shown in Table 5, collected toll revenue on the Legacy System showed similar trends versus forecast as those seen in transactions, including significant variations in monthly totals and distribution by payment method. Passenger car revenue was 16.4 percent above forecast for the second quarter, and commercial vehicle revenue exceeded forecast by 7.7 percent. Total Legacy system collected toll revenue for the second quarter of FY 2023 was 13.0 percent above forecast. Overall, FY 2023 YTD collected revenue totals were 9.7 percent above forecast. This is, in part, due to the timing of paid video transactions deviating from forecast, and a higher number of ETC transactions with higher than forecasted toll rates. The higher toll rates are caused by an increased share of out-of-state and non-commuter in-state ETC transactions than was anticipated in the forecast.

Table 6 provides the comparison for trips and collected toll revenue on the ICC by method of payment. The ICC trended similarly to the Legacy system with trips and revenue. As shown, FY 2023 second quarter trips were 4.0 percent above forecast and collected revenue was 14.8 percent above forecast. This is largely due to the strong video collections in November and December. The difference in impacts between transactions and revenue indicates there may be more full corridor or longer distance trips which pay a higher average toll than was forecasted.

Table 7 shows the comparison for total transactions and collected toll revenue for the I-95 ETLs. I-95 ETL transactions and revenue in the second quarter of FY 2023 were below forecast by 20.8 and 15.1 percent, respectively. This amounts to a negative forecast variance of approximately 0.8 million transactions and \$0.7 million for FY 2023 YTD. The deviation of actual transactions from forecast is in part due to raw in-lane traffic remaining unchanged in the second quarter of FY 2023 over the same period in FY 2022.

Table 8 provides a comparison for the total MDTA system transactions and revenue, including all facilities and other revenue. When considering the systemwide performance, transactions in the second quarter were higher than the forecast by 8.5 percent. The associated collected toll and other revenue in the first quarter was 14.2 percent above forecast, in part due to overperformance in civil penalty collections in FY 2023 YTD. This was caused by transactions escalated to CCU prior to the customer assistance plan that were paid in FY 2023, as well as the resumption of civil penalty collections after the termination of the customer assistance plan. The forecast assumed there would be no civil penalty revenue collected in the first half of FY 2023 and collections would resume January 2024.



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Table 6 – Comparison of FY 2023 Forecast and Actual Monthly Collected Trips and Toll Revenue, Intercounty Connector

Month	FY 2023 Trips								
	ETC			Video ⁽¹⁾			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	2,300,824	2,300,824	0.0	369,253	386,853	4.8	2,670,077	2,687,677	0.7
August	2,715,800	2,121,790	(21.9)	234,583	395,499	68.6	2,950,383	2,517,289	(14.7)
September	2,751,740	2,993,067	8.8	251,497	377,683	50.2	3,003,237	3,370,750	12.2
October	2,919,313	2,658,460	(8.9)	251,544	293,217	16.6	3,170,857	2,951,677	(6.9)
November	2,578,511	2,415,941	(6.3)	201,940	814,695	303.4	2,780,451	3,230,636	16.2
December	2,429,857	2,346,074	(3.5)	195,608	387,365	98.0	2,625,465	2,733,439	4.1
January	2,288,959	-	-	181,096	-	-	2,470,056	-	-
February	2,207,628	-	-	165,640	-	-	2,373,268	-	-
March	2,752,484	-	-	175,367	-	-	2,927,851	-	-
April	2,697,837	-	-	186,462	-	-	2,884,299	-	-
May	2,866,793	-	-	201,103	-	-	3,067,896	-	-
June	2,808,521	-	-	216,177	-	-	3,024,699	-	-
Q1 Total	7,768,363	7,415,681	(4.5)	855,333	1,160,035	35.6	8,623,697	8,575,716	(0.6)
Q2 Total	7,927,681	7,420,475	(6.4)	649,092	1,495,277	130.4	8,576,772	8,915,752	4.0
July - Dec	15,696,044	14,836,156	(5.5)	1,504,425	2,655,312	76.5	17,200,469	17,491,468	1.7
Month	FY 2023 Collected Toll Revenue								
	ETC			Video ⁽¹⁾			Total		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
July	\$4,527,768	\$4,527,768	0.0	\$1,056,694	\$1,095,885	3.7	\$5,584,462	\$5,623,652	0.7
August	4,807,871	4,198,483	(12.7)	660,987	1,117,906	69.1	5,468,858	5,316,389	(2.8)
September	5,106,502	5,908,850	15.7	715,225	1,290,755	80.5	5,821,727	7,199,606	23.7
October	5,406,494	5,295,578	(2.1)	715,795	813,926	13.7	6,122,289	6,109,504	(0.2)
November	4,515,389	4,676,694	3.6	578,614	2,025,556	250.1	5,094,003	6,702,250	31.6
December	4,261,235	4,613,665	8.3	560,605	989,729	76.6	4,821,839	5,603,394	16.2
January	3,990,287	-	-	521,105	-	-	4,511,392	-	-
February	3,852,893	-	-	480,860	-	-	4,333,753	-	-
March	4,819,984	-	-	511,127	-	-	5,331,111	-	-
April	4,724,303	-	-	546,487	-	-	5,270,789	-	-
May	5,022,046	-	-	591,031	-	-	5,613,076	-	-
June	4,938,375	-	-	636,551	-	-	5,574,925	-	-
Q1 Total	14,442,141	14,635,102	1.3	2,432,906	3,504,546	44.1	16,875,047	18,139,647	7.5
Q2 Total	14,183,118	14,585,937	2.8	1,855,013	3,829,210	106.4	16,038,131	18,415,148	14.8
July - Dec	28,625,259	29,221,039	2.1	4,287,919	7,333,756	71.0	32,913,178	36,554,795	11.1

⁽¹⁾ Pay-by-Plate is included in video trips and revenue.



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Table 7 – Comparison of FY 2023 Forecast and Actual Monthly Collected Transactions and Toll Revenue, I-95 Express Toll Lanes

Month	Transactions			Revenue		
	Forecast	Actual	% Change	Forecast	Actual	% Change
July	776,546	776,546	0.0	\$ 1,213,699	\$ 1,213,699	0.0
August	1,010,043	621,295	(38.5)	1,453,545	982,088	(32.4)
September	866,871	1,048,661	21.0	1,247,508	1,639,793	31.4
October	1,015,072	815,247	(19.7)	1,460,782	1,301,150	(10.9)
November	975,439	778,364	(20.2)	1,403,746	1,232,713	(12.2)
December	972,663	751,802	(22.7)	1,399,752	1,087,530	(22.3)
January	727,942	-	-	1,047,576	-	-
February	840,091	-	-	1,208,968	-	-
March	882,139	-	-	1,269,479	-	-
April	1,046,822	-	-	1,506,473	-	-
May	1,023,058	-	-	1,472,275	-	-
June	1,008,589	-	-	1,451,452	-	-
Q1 Total	2,653,460	2,446,502	(7.8)	3,914,752	3,835,581	(2.0)
Q2 Total	2,963,174	2,345,413	(20.8)	4,264,280	3,621,393	(15.1)
July - Dec	5,616,634	4,791,915	(14.7)	8,179,032	7,456,974	(8.8)

Table 8 – Comparison of FY 2023 Forecast and Actual Monthly Collected Transactions and Total Revenue, Total Systemwide

Month	Transactions				Total Revenue ⁽¹⁾			
	Forecast	Actual	Difference		Forecast	Actual	Difference	
			Number	%			Number	%
July	13,634,919	13,561,731	(73,188)	(0.5)	\$64,980,429	\$65,817,342	\$ 836,912	1.3
August	13,998,917	12,043,590	(1,955,327)	(14.0)	62,199,923	58,980,237	(3,219,686)	(5.2)
September	13,366,017	16,545,284	3,179,267	23.8	60,669,058	77,531,910	16,862,853	27.8
October	13,924,844	14,291,385	366,541	2.6	62,604,593	67,256,458	4,651,865	7.4
November	12,857,762	15,386,210	2,528,447	19.7	57,343,566	72,537,448	15,193,881	26.5
December	12,758,512	13,239,699	481,186	3.8	57,221,512	62,573,377	5,351,865	9.4
January	11,564,783	-	-	-	54,484,044	-	-	-
February	11,109,745	-	-	-	51,215,407	-	-	-
March	12,704,934	-	-	-	57,718,810	-	-	-
April	13,157,333	-	-	-	61,038,030	-	-	-
May	13,521,418	-	-	-	62,968,680	-	-	-
June	13,550,978	-	-	-	64,111,032	-	-	-
Q1 Total	40,999,853	42,150,605	1,150,752	2.8	187,849,410	202,329,489	14,480,079	7.7
Q2 Total	39,541,119	42,917,293	3,376,175	8.5	177,169,672	202,367,283	25,197,611	14.2
FY Total	80,540,971	85,067,898	4,526,927	5.6	365,019,082	404,696,771	39,677,690	10.9

⁽¹⁾ Total revenue includes toll revenue and other revenue.



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We appreciate the opportunity to monitor traffic and revenue trends and forecasting performance on the MDTA facilities. Do not hesitate to contact us should you require additional background information on the analysis presented in this report.

Very truly yours,

A handwritten signature in black ink that reads "Adam Aceto".

Adam Aceto
Project Manager
CDM Smith Inc.

A handwritten signature in black ink that reads "Kelly Morison".

Kelly Morison
Task Manager
CDM Smith Inc.

ITEM

8



MEMORANDUM

TO: Finance Committee
FROM: Deb Sharpless, Chief Financial Officer
SUBJECT: Fiscal Year 2022 Independent Auditors' Service Audit Organization Control (SOC) 2 Update
DATE: February 9, 2023

PURPOSE OF MEMORANDUM

To provide a clarifying update regarding the findings reported by the Maryland Transportation Authority's independent auditor, SB & Company, LLC (SB& Co.), regarding the FY 2022 Service Organization Control (SOC) Type 2 audit conducted for the Maryland *E-ZPass*® System.

KEY TAKEAWAYS

- There are no new exceptions (*i.e.*, findings) identified in the SOC 2 report that weren't previously noted as part of SB& Co.'s presentation regarding the SOC 1 audit.
- The FY 2022 audit opinion remains unmodified for the SOC 1 and SOC 2 audits.

SUMMARY

On October 11, 2022, SB & Co. presented the FY 2022 SOC 1 Type 2 and SOC 2 Type 2 report findings for the Maryland *E-ZPass*® System. As part of its presentation, SB& Co. noted three minor exceptions pertaining to the SOC 1 Type 2 Audit and no exceptions pertaining to the SOC 2 report. Since that time, SB & Co. has clarified that there were SOC 2 report exceptions. The update should have indicated there were no additional exceptions noted in the SOC 2 report that weren't previously identified in the SOC 1 report.

ATTACHMENT

- PowerPoint Presentation (Excerpt) – SOC 1/SOC 2 Communications with Governance



SB & Company, LLC
Knowledge · Quality · Client Service

SOC 1/SOC 2 Communications with Governance

October 11, 2022
Presentation Excerpt



ACTIVATE RESULTS



SOC 2 Type 2 Results – Overview

- Audit period from July 1, 2021 through June 30, 2022
- First full year of Transcore
- No new findings outside of those identified in the SOC 1 Type 2 Report
- Unmodified opinion



SOC 1 Type 2 Results – 2022

Overview

- Findings summary- Transcore:
 - Inventory management- For 2 of the 4 monthly inventory counts for all transponder types, the number of transponders selected and counted was not clear and the count was not reconciled to Integrity
 - Physical access- The access was reviewed but were not printed for evidence. Going forward, TransCore will save the reviews with the date, keep them on file and send the results to MDTA.
 - Security awareness training- For 4 of the 10 users tested, the Security Awareness Training Acknowledgment Form was not signed.
 - Access to Integrity application- For 3 of the 8 new hires reviewed, a supervisor/ manager was not specified, and manager approval was not provided.