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Maryland Transportation Authority

Maryland Department of Transportation

Operating Budget Data

($ in Thousands)

	FY 15 Actual	FY 16 Working	FY 17 Allowance	FY 16-17 Change	% Change Prior Year
Nonbudgeted Fund	$382,861	$403,384	$423,275	$19,891	4.9%
Adjusted Nonbudgeted Fund	**$382,861**	**$403,384**	**$423,275**	**$19,891**	**4.9%**
Adjusted Grand Total	**$382,861**	**$403,384**	**$423,275**	**$19,891**	**4.9%**

- The fiscal 2017 budget increases by $19.9 million, or 4.9%, with the largest change, an $11.5 million increase in debt service costs.

- Other changes include a $3.7 million increase in personnel costs and a $6.0 million increase for the establishment of a facilities renewal fund.

PAYGO Capital Budget Data

($ in Thousands)

	Fiscal 2015	Fiscal 2016		Fiscal 2017
	Actual	Legislative	Working	Allowance
Nonbudgeted	$325,882	$293,513	$279,454	$363,520
Total	**$325,882**	**$293,513**	**$279,454**	**$363,520**

- The fiscal 2016 working appropriation is $14.1 million lower than the legislative appropriation. A decline of $44.1 million on system preservation minor projects is offset by a $30.0 million increase in spending on the InterCounty Connector (ICC) project due to cash flow changes.

Note: Numbers may not sum to total due to rounding.

For further information contact: Jason A. Kramer Phone: (410) 946-5530

- The fiscal 2017 budget grows by $84.1 million, or 30.1%, compared to the current year working appropriation, with the change largely driven by system preservation minor projects and major rehabilitation projects at the Fort McHenry Tunnel and the Baltimore Harbor Tunnel.

Operating and PAYGO Personnel Data

	FY 15 Actual	FY 16 Working	FY 17 Allowance	FY 16-17 Change
Regular Operating Budget Positions	1,779.50	1,761.00	1,749.00	-12.00
Regular PAYGO Budget Positions	0.00	0.00	0.00	0.00
Total Regular Positions	**1,779.50**	**1,761.00**	**1,749.00**	**-12.00**
Operating Budget FTEs	0.00	0.00	0.00	0.00
PAYGO Budget FTEs	0.00	0.00	0.00	0.00
Total FTEs	**0.00**	**0.00**	**0.00**	**0.00**
Total Personnel	**1,779.50**	**1,761.00**	**1,749.00**	**-12.00**
Vacancy Data: Regular Positions				
Turnover and Necessary Vacancies, Excluding New Positions		83.95	4.80%	
Positions and Percentage Vacant as of 12/31/15		159.00	9.09%	

- Personnel decreases by 12.0 regular positions compared to the fiscal 2016 working appropriation. The reduction is accomplished by eliminating vacant positions.

- The budgeted turnover rate is 4.80%, requiring 83.95 vacant positions. As of December 31, 2015, the Maryland Transportation Authority (MDTA) had 159.00 vacant positions, for a vacancy rate of 9.09%.

Analysis in Brief

Major Trends

Tolled Traffic Grows, Toll Revenue Sees One-year Decline: In fiscal 2015, traffic totaled 115.7 million vehicles, an increase of 2.8%. In fiscal 2015, toll revenue totaled $631.9 million, a 10.1% increase from fiscal 2014. In fiscal 2016, revenues are estimated to total $586.9 million, a decrease of $45.0 million, or 7.1%, due to the reduction of toll rates.

Electronic Tolling Continues to Increase: E-ZPass electronic toll collection is available at all Maryland toll facilities, as well as parts of the Midwest and most of the northeastern part of the United States. In fiscal 2015, MDTA collected 75% of tolls with E-ZPass and has set a goal of collecting 79% of tolls with E-ZPass by fiscal 2018.

Issues

MDTA Cuts Tolls Systemwide: MDTA cut tolls systemwide beginning on July 1, 2015, a move that MDTA estimated at the time would reduce revenue by $54.0 million in fiscal 2016 and by $335.0 million across the forecast period of fiscal 2016 to 2021. New estimates based on higher than expected traffic show revenue reductions of $241.6 million. While no large projects are expected in the current forecast period, the planning and engineering study currently underway for the replacement of the Harry W. Nice Memorial Bridge (Nice Bridge) anticipates construction to start between fiscal 2023 and 2025. That project is expected to cost approximately $1 billion. In its proposal to the MDTA board regarding the toll reductions, the agency noted the possibility of redecking the Nice Bridge and delaying its replacement. **MDTA should clarify its plans regarding a timeline and financing for replacement of the Nice Bridge as well as contingencies for any other large, unexpected capital projects. MDTA should also describe the functional capacity of this single lane crossing for the Nice Bridge if a replacement is not built. The Department of Legislative Services recommends that the legislature amend the Transportation Article so that the same public hearing and comment requirements pertain to both toll increases and reductions.**

ICC Usage Drops Below Initial Predictions: Since its opening in fiscal 2011 through 2014, the ICC had been generating revenue approximately in line with fiscal 2011 projections. However, beginning in fiscal 2015, the highway's revenue began to fall behind early estimates. This decline is due to both the reduction in tolls and lower than anticipated usage of the highway. **MDTA should comment on the lower than anticipated revenue of the ICC.**

All-electronic Tolling Put Off Until 2019: MDTA reports that it is revising its initial all-electronic tolling (AET) proposal by delaying implementation until at least fiscal 2019, after the contract for the next generation of its toll system is executed. The agency is incorporating what it has learned from its AET analysis into its Request for Proposals for its next generation toll system. **MDTA should comment on its next steps toward AET and if it supports the concept of legislation to address uncollected toll revenue from trucks.**

MDTA Reviews Unencumbered Cash Levels: MDTA sets an administrative benchmark of $350 million in unencumbered cash on hand. This benchmark became law at least through fiscal 2020 with the enactment of Chapter 489 of 2015 (the Budget Reconciliation and Financing Act). In addition, in the 2015 session, the committees requested a report on this benchmark and whether it should be more directly tied to the agency's operating costs. MDTA reports that it believes its $350 million benchmark is appropriate and that it consistently reviews its financial policies. **MDTA should comment on the benchmark and any factors that could lead the department to alter the policy.**

Operating Budget Recommended Actions

1. Nonbudgeted.

PAYGO Budget Recommended Actions

1. Nonbudgeted.

Budget Analysis

Program Description

The Maryland Transportation Authority (MDTA) has exclusive authority relating to the financing, construction, operation, maintenance, and repair of Maryland's toll facilities and any other revenue-generating projects authorized under that title. MDTA divides its facilities into three regions and has jurisdiction over the following facilities:

- **Northern Region** – includes the Thomas J. Hatem Memorial Bridge (US 40), the John F. Kennedy Memorial Highway (I-95), and the newly opened Express Toll Lanes (ETL) on I-95;

- **Central Region** – includes the Baltimore Harbor (I-895) and Fort McHenry (I-95) tunnels and thruways, the Francis Scott Key Bridge (I-695), and I-395 leading to Baltimore City; and

- **Southern Region** – includes the Harry W. Nice Memorial Bridge (Nice Bridge) (US 301), the William Preston Lane, Jr. Memorial Bridge (Bay Bridge) (US 50/301), and the InterCounty Connector (ICC) (MD 200).

Membership of the MDTA board is comprised of eight members appointed by the Governor with the advice and consent of the State Senate. The Secretary of Transportation serves as the chairman of MDTA. MDTA's revenues are held separately from the Transportation Trust Fund (TTF), and the agency operates off budget.

MDTA's police force is responsible for security and law enforcement services at all of MDTA's toll facilities, except the northern region of I-95, which is patrolled by the Department of State Police. MDTA is also under contract with the Maryland Aviation Administration to provide law enforcement services at the Baltimore/Washington International Thurgood Marshall (BWI Marshall) Airport, and with the Maryland Port Administration (MPA) to provide law enforcement services at MPA-owned facilities at the Port of Baltimore.

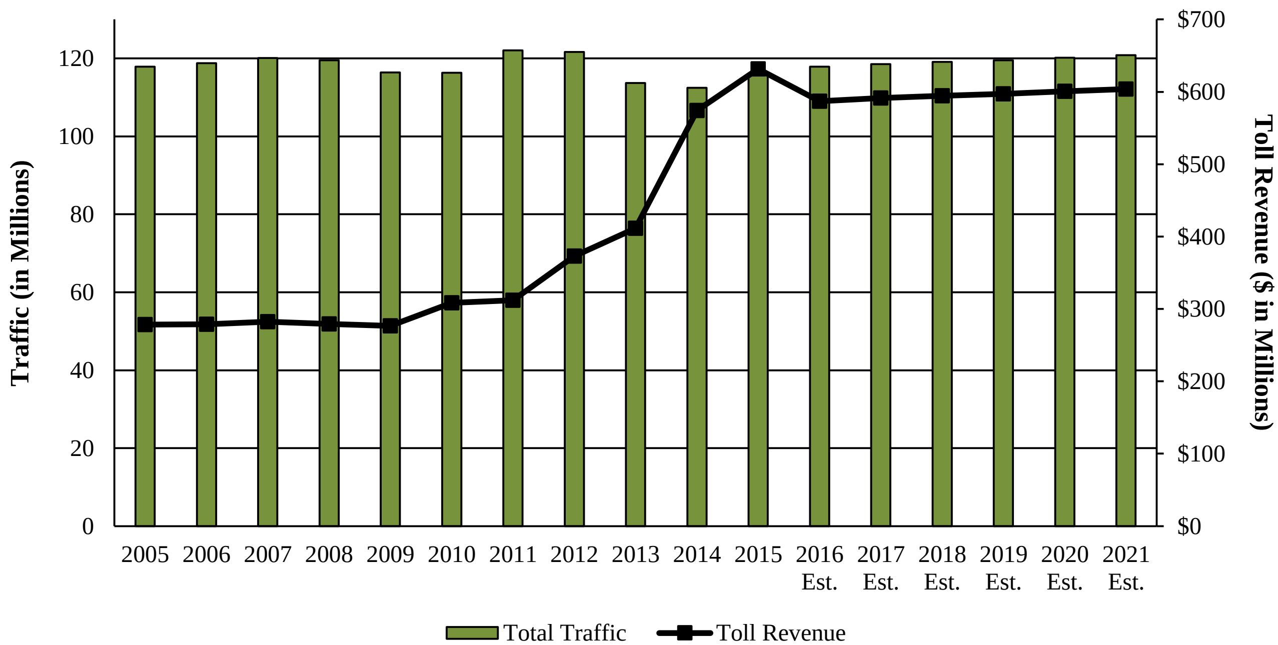
MDTA's goal is to be a financial steward of its dedicated revenue sources that are used to provide vital transportation links that move people and commerce in Maryland.

Performance Analysis: Managing for Results

1. Tolled Traffic Grows, Toll Revenue Sees One-year Decline

In order to achieve its vision of "creating E-Z passage throughout Maryland," the first goal of MDTA is to efficiently and effectively move people and goods across the State. **Exhibit 1** shows the annual tolled traffic and toll revenue at MDTA's legacy facilities from fiscal 2005 through 2021. This exhibit excludes new traffic and revenue from the ICC beginning in fiscal 2011 and the I-95 ETLs beginning in fiscal 2015. Inclusion of this data would skew historical comparisons.

Exhibit 1
Annual Tolled Traffic and Legacy Toll Revenue
Fiscal 2005-2021 Est.



Note: Traffic and revenue data are for "legacy" facilities and do not include the InterCounty Connector or express toll lanes on Interstate 95.

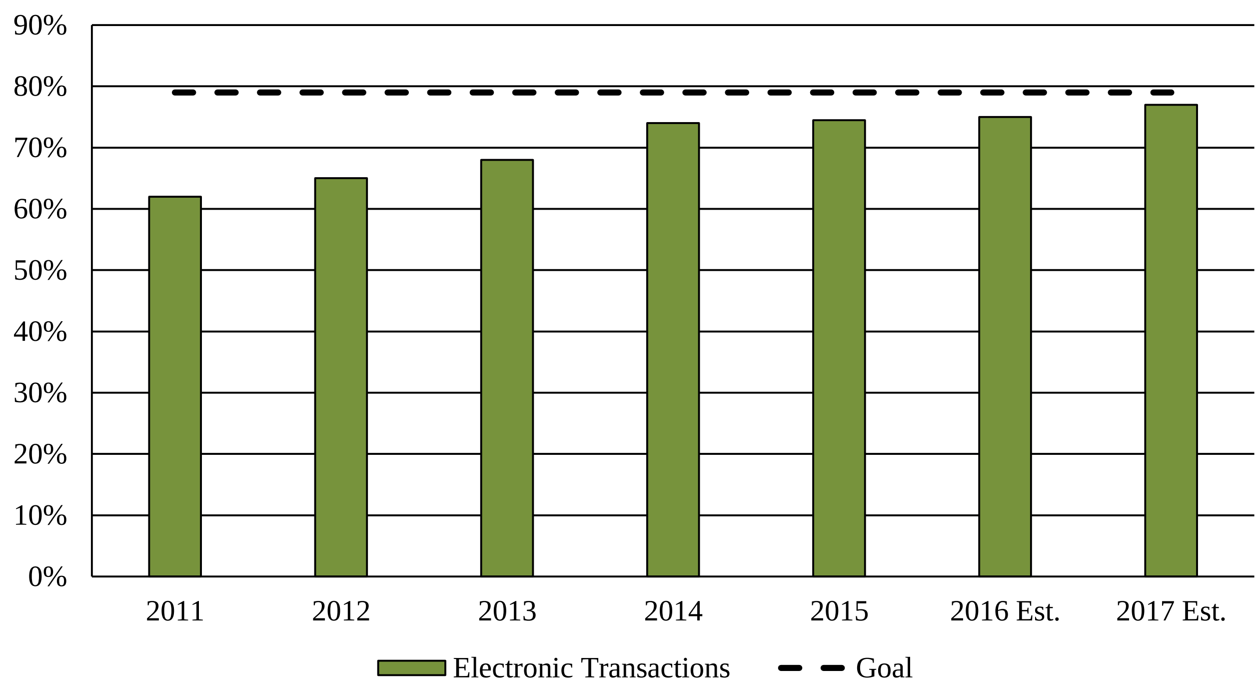
Source: Maryland Transportation Authority

In fiscal 2015, traffic totaled 115.7 million vehicles, an increase of 2.8%. Toll revenue in fiscal 2015 totaled $631.9 million, a 10.1% increase from fiscal 2014. In fiscal 2016, revenues are estimated to total $586.9 million, a decrease of $45.0 million, or 7.1%, due to the reduction of toll rates, which is discussed at length elsewhere in this analysis. Both revenue and traffic growth are projected to stabilize and grow approximately 0.6% per year throughout the forecast period. Fiscal 2021 revenues are estimated at $603.8 million. The total number of toll transactions on existing facilities is not expected to reach its prerecession fiscal 2007 peak until after the current forecast period.

2. Electronic Tolling Continues to Increase

Electronic toll transactions expedite the toll collection process; reduce delays at toll plazas; reduce vehicle idling time, thereby reducing emissions; and allow for the efficient movement of goods and people. E-ZPass electronic toll collection is available at all Maryland toll facilities, as well as parts of the Midwest and most of the northeastern part of the United States. The use of electronic tolling continues to increase. **Exhibit 2** shows the percentage of tolls collected with E-ZPass at all of MDTA's toll facilities. In fiscal 2015, MDTA collected 75% of tolls with E-ZPass and has set a goal of collecting 79% of tolls with E-ZPass by fiscal 2018.

Exhibit 2
Percentage of Tolls Collected Electronically
Fiscal 2011-2017 Est.



Source: Department of Budget and Management

Fiscal 2015 Closeout

Fiscal 2015 actual spending at MDTA totaled $382.9 million, or $26.4 million less than the legislative appropriation. The reductions in spending were:

- $17.6 million due to a decrease in debt service costs;
- $3.4 million due to lower than anticipated contractual services required for on-call roadway repairs;
- $2.2 million for lower than anticipated bridge inspection costs;
- $1.6 million due to MDTA holding vacant positions open in anticipation of fiscal 2016 position reductions, offset by the 2% cost-of-living adjustment on January 1, 2015;
- $1.2 million due to lower gas prices and vehicle maintenance costs;
- $1.0 million due to lower than anticipated equipment costs; and
- $900,000 due to lower than anticipated bridge and tunnel insurance costs.

The decreases were offset by a $1.5 million increase for replacement vehicles.

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2017 allowance increases by $19.9 million compared to the current year working allowance, with most of the increase driven by an $11.5 million increase in debt service costs.

Personnel costs increase by $3.7 million, which is comprised of:

- an increase of $2.3 million in regular salaries that includes the annualization of a fiscal 2016 negotiated salary increase for unionized MDTA police officers, a change in budgeting methodology for the police academy class, and reductions due to 12 abolished positions;
- a decrease of $4.1 million in turnover to conform to the Department of Budget and Management policy, as well as turnover costs related to the police academy class; and
- a $5.5 million increase in health insurance and pension costs and other fringe benefit costs.

Other large changes include:

- an increase of $6.0 million to establish a facilities renewal fund to provide operating funds for maintenance and repair activities;

- a $2.6 million increase in various information technology expenses; and

- a $1.0 million reduction in E-ZPass service center costs due to reduced video toll citation changes after the implementation of Motor Vehicle Administration referrals for flagging and suspension of vehicle registration.

Exhibit 3
Proposed Budget
Maryland Transportation Authority
($ in Thousands)

How Much It Grows:	**Nonbudgeted Fund**	**Total**
Fiscal 2015 Actual	$382,861	$382,861
Fiscal 2016 Working Appropriation	403,384	403,384
Fiscal 2017 Allowance	423,275	423,275
Fiscal 2016-2017 Amount Change	$19,891	$19,891
Fiscal 2016-2017 Percent Change	4.9%	4.9%

Where It Goes:	
Personnel Expenses	
Regular earnings	$2,300
Pension contributions	2,500
Employee and retiree health insurance	3,300
Workers' compensation premium assessment	-500
Social Security contributions	400
Turnover changes	-4,100
Other fringe benefit adjustments	-200
Other Changes	
Debt service	11,500
Establishment of Facilities Renewal Fund	6,000
Information technology	2,600
Replacement vehicles	900

Where It Goes:	
Salt costs based on a three-year average	700
Vehicle maintenance based on actual spending	-100
Training based on actual spending	-200
Vehicle fuel based on actual spending	-200
Transponders	-200
Contractual payroll expenses	-300
E-ZPass credit card fees, lower due to toll decrease	-500
Other contractual expenses	-600
Replacement and additional equipment	-700
E-ZPass service center costs	-1,000
Insurance	-1,600
Other changes	-109
Total	**$19,891**

Note: Numbers may not sum to total due to rounding.

Financial Forecast

Section 4-313 of the Transportation Article establishes the Transportation Authority Fund, a nonlapsing fund into which all MDTA revenues flow except to the extent that they are pledged under a trust agreement. MDTA revenues come primarily from tolls but also from concession income from travel plazas that it owns along I-95, investment income, and payments from the Maryland Department of Transportation (MDOT). MDOT payments comprise a capital lease of the Masonville Auto Terminal and reimbursement for services provided at BWI Marshall Airport and the Port of Baltimore.

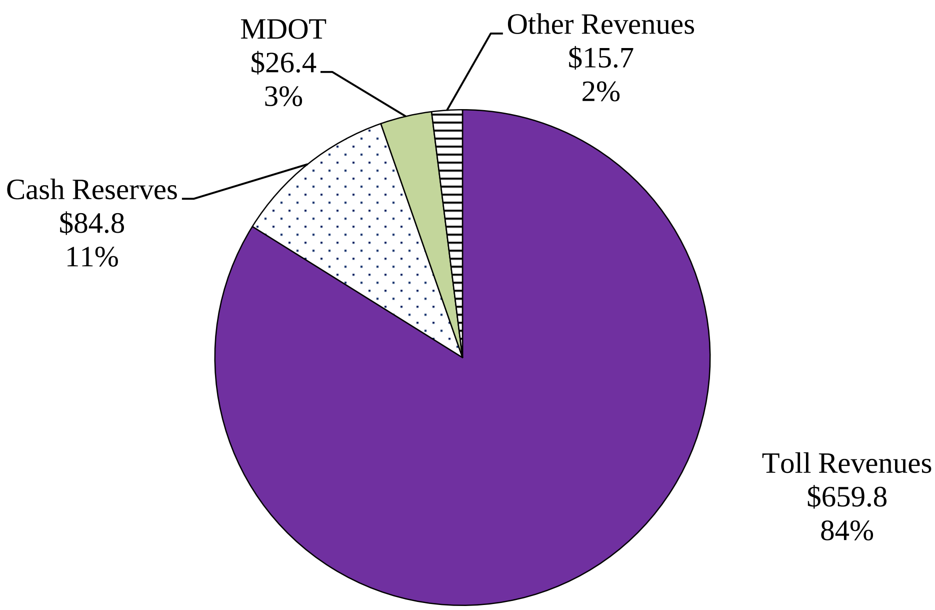
To support its capital program, MDTA may issue toll revenue bonds with a maturity up to 40 years. Typically, MDTA issues its toll revenue bonds with a 30- to 33-year maturity. Chapters 471 and 472 of 2005 established a finance plan for the ICC that included MDTA revenue bonds and a number of alternative funding sources specific to the ICC. These funding sources include Grant Anticipation Revenue Vehicle (GARVEE) bonds, federal funds, a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, transfers from the TTF, and funds from the State's General Fund or proceeds from general obligation bonds.

The terms of MDTA's trust agreement with its bondholders are the driving force in MDTA finances. Maintaining its bond coverage ratios is the primary concern, and all revenue adjustments and operating and capital expenditures are managed to maintain these ratios. To this end, MDTA develops and maintains a six-year financial forecast. Section 4-210 of the Transportation Article requires MDTA to provide the legislature a copy of its financial forecast by July 1 each year and in conjunction with submission of the Governor's budget in January.

Sources and Uses of Funding

Exhibit 4 provides information on all of the funding supporting MDTA's fiscal 2017 operating and capital budgets. The primary source of fiscal 2017 funding is toll revenues, totaling $659.8 million. MDTA will not issue revenue bonds in fiscal 2017 and will use $84.8 million in cash reserves to make up the majority of the rest of its funding needs.

Exhibit 4
Fiscal 2017 Sources of Funding
($ in Millions)

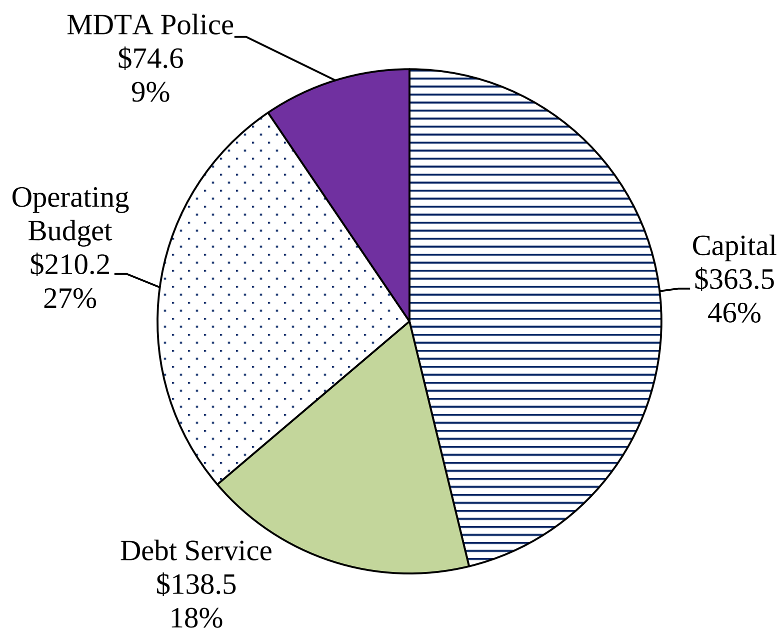


MDOT: Maryland Department of Transportation

Source: Maryland Transportation Authority's January 2016 Financial Forecast

Exhibit 5 provides a breakdown of fiscal 2017 spending by category. The capital program accounts for about 46% of all spending in fiscal 2017. The operating budget, including the operating budget for MDTA's police, accounts for about 36% of all spending. Debt service payments account for the remaining 18%.

Exhibit 5
Fiscal 2017 Uses of Funding
($ in Millions)



MDTA: Maryland Transportation Authority

Source: Maryland Transportation Authority's January 2016 Financial Forecast, Governor's Budget Books Fiscal 2017

Toll Revenues

Toll revenues are the primary revenue source for MDTA. The current forecast reflects the toll reductions implemented July 1, 2015, and does not foresee toll increases in the forecast period. Total toll revenue is expected to decrease from $694.1 million in fiscal 2015 to $652.9 million in fiscal 2016, a decrease of $41.2 million, with the effects of the toll reduction partially offset by higher than expected traffic volume. Toll revenues are expected to grow annually to $678.8 million in fiscal 2021.

Traffic growth is estimated to be about 0.6% per year over the period, reflecting recent national trends of slower rates of growth in vehicle miles traveled. ICC revenue is expected to total $59.9 million in fiscal 2017 and increase to $66.2 million in fiscal 2021. ICC traffic growth is much lower than previously anticipated; this is discussed later in this analysis.

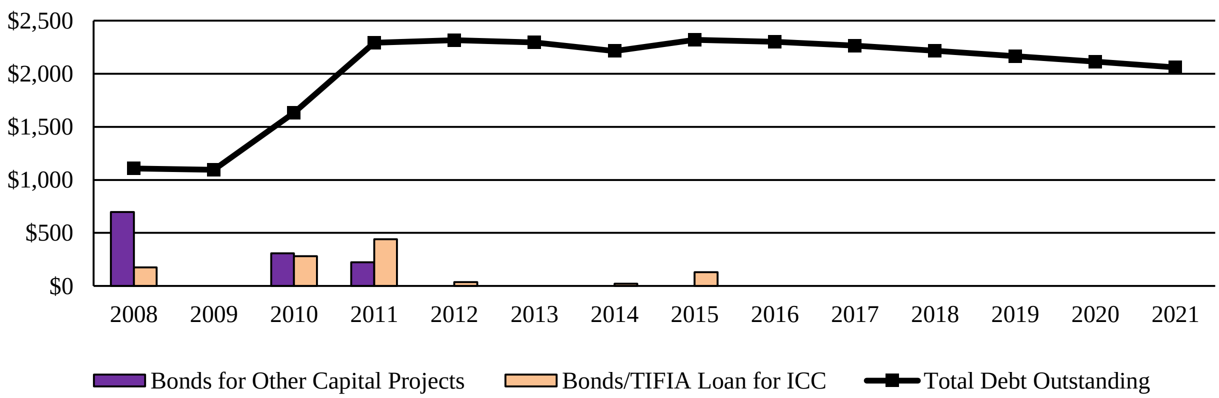
Debt Service

The reliance on debt to fund construction of a new facility and the major expansion of an existing toll facility resulted in significantly higher debt service payments over the next 30 years. Debt service increased from a low of $25.0 million in fiscal 2007 to annual debt service of $138.5 million in fiscal 2017. MDTA expects debt service costs to be approximately $139.0 million from fiscal 2017 to 2020, higher than previously expected due to foregoing a previously planned $193.6 million revenue bond defeasance in fiscal 2016. This level of debt service continues through the forecast period.

Revenue Bonds

After drawing down $132 million from the TIFIA loan in fiscal 2015, MDTA has no plans to issue debt in the rest of the forecast years, both because there are no major new projects planned and in order to reduce outstanding debt to allow for future projects. This returns MDTA to its traditional stance of using pay-as-you-go (PAYGO) funding for its capital program. All three rating agencies' most recent evaluation of MDTA have given the agency a stable outlook and categorize MDTA debt as investment grade. **Exhibit 6** shows the total debt outstanding in each year from fiscal 2008 through 2021 and debt issued or TIFIA loan draws. The $2.3 billion in outstanding debt in fiscal 2015 is the highest level in the forecast and remains below the statutory debt outstanding limit of $2.325 billion, which was implemented with Chapter 489, and it is lower than the $3.0 billion limit set in the Transportation Article. The $2.325 billion limit is in effect through fiscal 2020.

Exhibit 6
Bond Sales and Debt Outstanding
Fiscal 2008-2021
($ in Millions)



ICC: InterCounty Connector
TIFIA: Transportation Infrastructure Finance and Innovation Act

Source: Maryland Transportation Authority's January 2016 Financial Forecast

Debt Affordability

Statute provides that MDTA may issue bonds without obtaining the consent of any unit or agency in the State, as long as total bonds do not exceed $3.0 billion at the end of any fiscal year (or $2.325 billion until June 30, 2020, as noted above). MDTA debt backed by toll revenues is not considered State debt and, therefore, is not limited by the State's debt affordability measures. MDTA does, however, have its own measures to ensure that debt outstanding remains affordable. Coverage ratios include the following:

- The rate covenant compliance ratio, as stipulated in the trust agreement, requires that the ratio of net revenues (total revenues minus operating expenses) to the amount deposited into the Maintenance and Operating Reserve Account plus 120.0% of debt service must be at least 1.00. The additional bonds test requires the rate covenant to be met on a five-year prospective basis. The fiscal 2017 rate covenant compliance ratio is projected to be 2.42, and adequate coverage is provided through the forecast period.

- A second ratio is the debt service coverage ratio, which is a ratio of net revenues to debt service. Although the trust agreement stipulates that the ratio must be at least 1.20, MDTA maintains an administrative policy that requires it to be above 2.00. In fiscal 2017, the debt coverage ratio is 3.00 and decreases to 2.79 in fiscal 2021. While the debt service coverage ratio is met throughout the forecast period, debt service as a percent of revenues totals 19.4% in fiscal 2021. By way of comparison, the State's debt limit is that debt service should not exceed 8.0% of revenues. With debt service accounting for so much of available revenues, less cash is available for capital expenditures in the future.

- Chapter 489 put into law MDTA's previously stated administrative policy of maintaining an unencumbered cash balance of $350.0 million through June 30, 2020. Bond rating agencies view the amount of cash on hand relative to operating expenses as a liquidity measure to ensure operations can continue even if revenues are lower than expected, expenses are higher than expected, or if there is a temporary loss of revenue generation. MDTA reports that for AA-rated toll agencies, the median cash on hand should fund operations for 9 to 18 months. In fiscal 2017, operating expenses including debt service totals $423.3 million, and the cash balance is expected to be $686.1 million, or about 19 months of operating expenses. Minimum cash balance requirements are met throughout the forecast period. The agency produced a report on this benchmark, which is discussed later in this analysis.

Conduit Financing

In addition to its own revenue bonds, MDTA also issues debt on behalf of other entities, called conduit financing. The following projects were financed by MDTA using conduit financing:

- a total of $604.0 million of projects associated with the $1.4 billion expansion project at BWI Marshall Airport, including the Elm Road parking facility, pedestrian bridges, roadway improvements, a central utility plant, and a new consolidated rental car facility, which are backed by fees at BWI Marshall Airport;

- $40.0 million for three parking facilities at Largo, New Carrollton, and College Park, which are backed by lease payments from the Washington Metropolitan Area Transit Authority;

- $23.8 million for the Calvert Street parking garage in Annapolis for State employees, which is backed by general fund lease payments from the Department of General Services; and

- $750.0 million in GARVEE bonds to fund construction of the ICC, which is backed by future federal highway aid with a secondary pledge from the TTF.

Exhibit 7 shows debt service and debt outstanding for MDTA's conduit financed bonds. In fiscal 2017, debt service on the conduit issuances will total $135.0 million with debt outstanding of $664.2 million. The debt service for these projects is paid by the revenues from the projects and does not affect MDTA's debt outstanding or its budget.

Exhibit 7
Debt Service Payments and Debt Outstanding on Conduit Projects
Fiscal 2015-2017
($ in Thousands)

	2015	2016[2]	2017[2]
Debt Service Payments			
2002 Series – BWI Marshall Airport Rental Car Facility	$8,985	$8,979	$8,971
2004 Series – WMATA Parking Garages	2,182	–	–
2005 Series – Calvert Street Parking Garage	1,517	1,132	–
2015 Series – Calvert Street Parking Garage Refunding	–	191	472
2007 and 2008 Series – GARVEE Bonds	87,454	87,450	87,452
2012 A&B Series – BWI Marshall Airport Refunding Elm Rd	19,766	19,798	18,558
2012 A Series – Various BWI Marshall Airport Projects	4,084	4,044	4,008
2012 B Series – Various BWI Marshall Airport Projects	7,970	7,969	7,969
2012 C Series – Various BWI Marshall Airport Projects[1]	29	2,170	2,170
2014 Series – WMATA Refunding Parking Garages	223	2,708	2,442
2014 Series – Various BWI Marshall Airport Projects	1,335	2,957	2,956
Total Debt Service Payments	**$133,545**	**$137,398**	**$134,998**

	2015	2016[2]	2017[2]
Debt Outstanding			
2002 Series – BWI Marshall Airport Rental Car Facility	$93,785	$90,900	$87,830
2004 Series – WMATA Parking Garages	–	–	–
2005 Series – Calvert Street Parking Garage	17,845	–	–
2015 Series – Calvert Street Parking Garage Refunding	–	18,011	18,011
2007 and 2008 Series – GARVEE Bonds	349,440	279,780	206,590
2012 A&B Series – BWI Marshall Airport Refunding Elm Rd	159,860	148,055	136,900
2012 A Series – Various BWI Marshall Airport Projects	45,405	43,500	41,535
2012 B Series – Various BWI Marshall Airport Projects	81,040	75,360	69,510
2012 C Series – Various BWI Marshall Airport Projects	43,400	43,400	43,400
2014 Series – WMATA Refunding Parking Garages	27,200	25,440	23,905
2014 Series – Various BWI Marshall Airport Projects	39,380	37,985	36,535
Total Debt Outstanding	**$857,355**	**$762,431**	**$664,216**

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
GARVEE: Grant Anticipation Revenue Vehicle
WMATA: Washington Metropolitan Area Transit Authority

[1] 2012 Series C bonds are variable rate.
[2] The fiscal 2016 and 2017 debt service payments are estimates only for the variable rate passenger facility charge revenue bonds, series 2012C.

Source: Maryland Transportation Authority's January 2016 Financial Forecast

Financial Outlook: Stable

After completing the ICC and the I-95 ETLs, two massive and costly projects financed with large amounts of debt, MDTA shifted to a posture of funding its capital program on a PAYGO basis and paying off debt in order to create capacity for long-range needs. The agency had planned on an early debt repayment of $193.6 million, or about 9.1%, of its outstanding debt in fiscal 2016. However, the toll reductions of 2015 signaled a shift from prioritizing debt reduction to prioritizing revenue reduction. While the financial outlook – helped by higher than anticipated revenue – remains stable, there are three concerns worth noting.

- First, neglecting to pay down debt early when MDTA had a significant cash surplus in hand meant foregoing significant savings in debt service payments. When combined with the revenue reduction, the two factors lead to high levels of debt service when compared to revenue – 19.4% in fiscal 2021, as noted above.

- Second, the pace of growth in operating expenses (3.81% from fiscal 2016 to 2021) is outpacing the pace of growth in revenue (0.89% over the same period). Even without considering the potential of a large capital project in years beyond the forecast period, toll increases are periodically necessary because toll revenue is not inflation sensitive.

- The final concern is that the revenue reduction has limited the capacity for future large capital projects. This issue is discussed further in the Issues section of this analysis.

PAYGO Capital Program

Program Description

MDTA's capital program involves the construction and maintenance of revenue-generating transportation facilities throughout the State. Currently, MDTA is not building any new facilities, and its capital program is focused on system preservation projects.

Fiscal 2015 Actual Spending

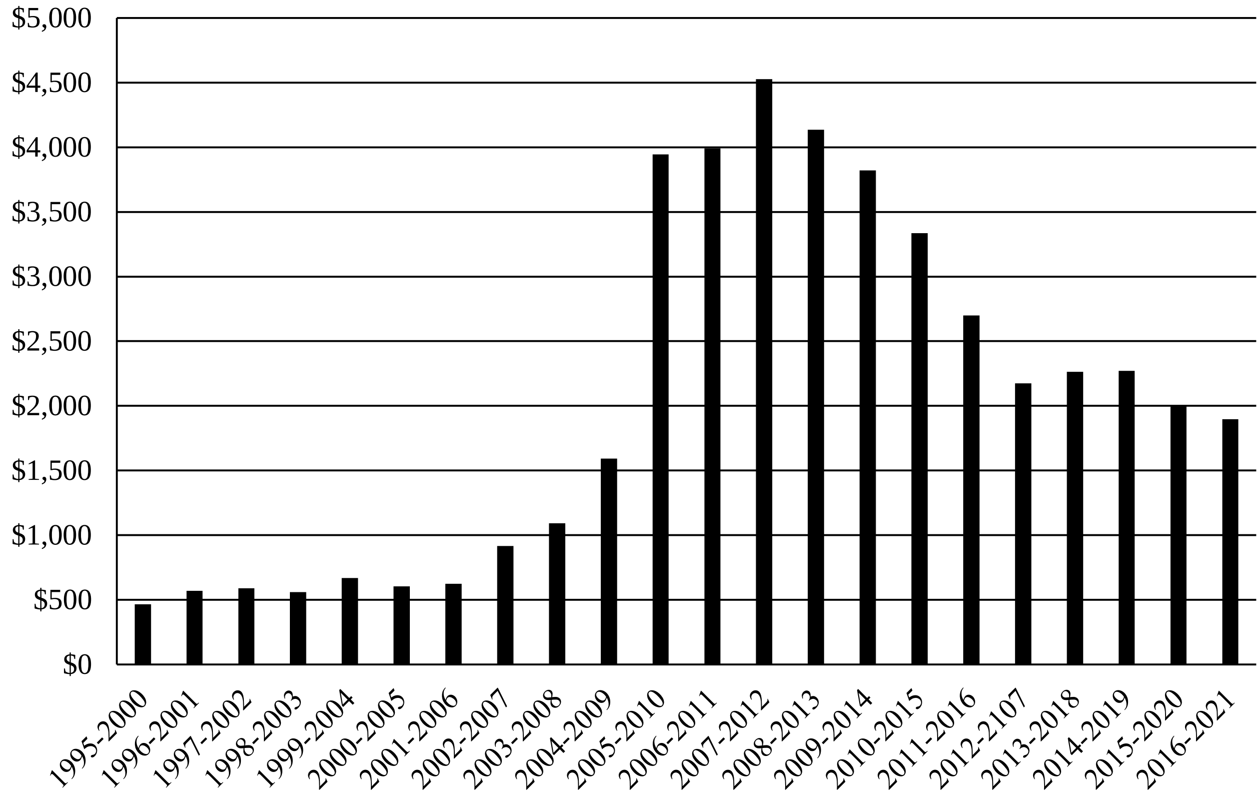
In fiscal 2015, actual spending was $325.9 million, a spend rate of about 79.1% of the originally anticipated $411.9 million during the 2015 session. The difference is largely due to cash flow and schedule changes, mainly on ICC and ETL projects. The fiscal 2013 spend rate for capital programs was 63.7% and 86.0% in fiscal 2014.

Fiscal 2016 to 2021 *Consolidated Transportation Program*

The six-year capital program totals $1.9 billion, a decrease of $107 million compared to the fiscal 2015 to 2020 *Consolidated Transportation Program* (CTP), with much of the change due to the near completion of the I-95 ETLs and ICC as well as reductions in minor system preservation projects.

Exhibit 8 shows the size of MDTA's six-year capital program from fiscal 1995 through the present. Prior to the construction of the ICC and the I-95 ETLs, MDTA's six-year capital program had historically been around $500 million. Construction of the two mega projects ballooned the CTP to a peak of $4.5 billion in the fiscal 2007 to 2012 CTP. The current CTP is at the lowest level since the inclusion of the ICC in the plan.

Exhibit 8
Size of Six-year *Consolidated Transportation Program*
Fiscal 1995-2021
($ in Millions)



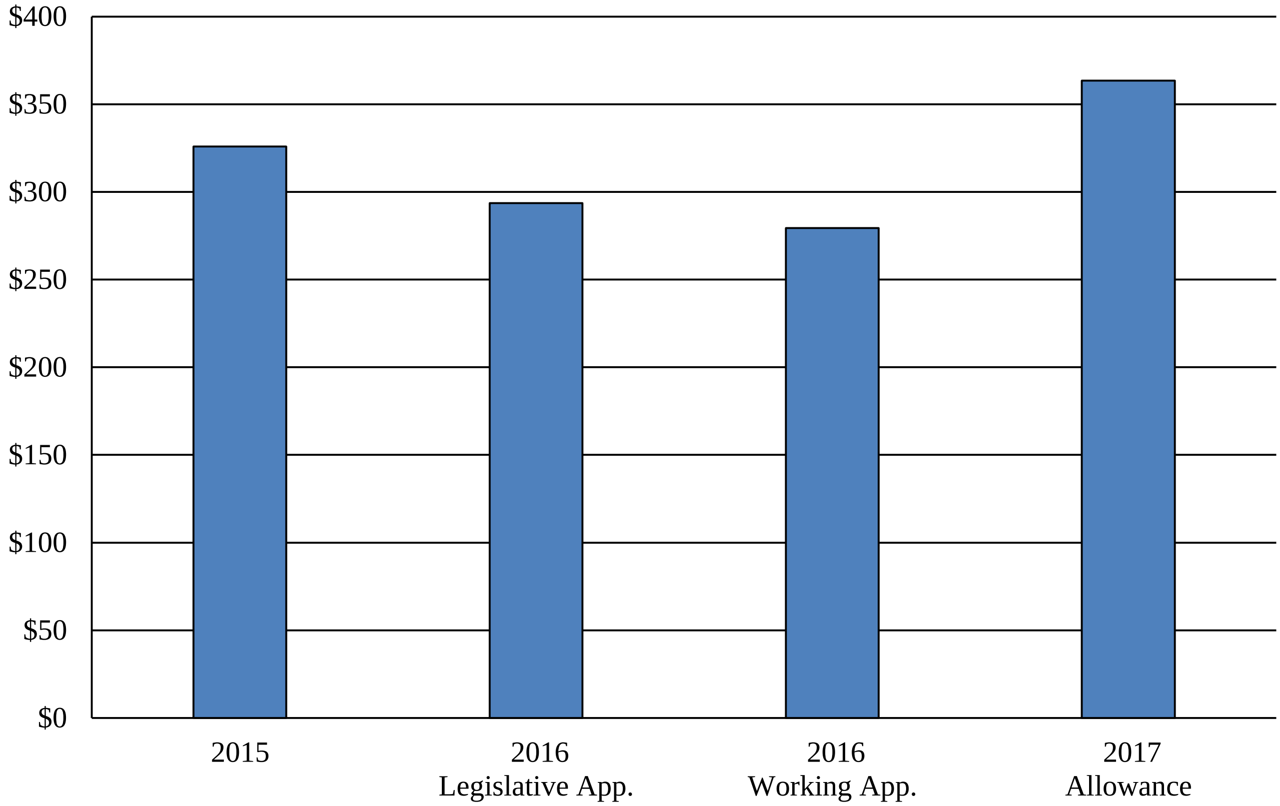
Source: Maryland Department of Transportation, 2016-2021 *Consolidated Transportation Program*

Fiscal 2016 and 2017 Cash Flow Analysis

The fiscal 2016 working appropriation is $14.1 million less than the legislative appropriation, as shown in **Exhibit 9**. System preservation minor projects declined by $44.1 million, and costs related to the I-95 ETL construction decreased by $11.2 million as the project winds down. Decreases are partially offset by an increase in ICC construction costs of $30.0 million due to cash flow changes.

The fiscal 2017 allowance grows by $84.1 million, or 30.1%, compared to the current year working appropriation. This change is largely driven by a $54.5 million increase in system preservation minor projects as well as larger increases as major rehabilitation projects at both the Fort McHenry Tunnel and the Baltimore Harbor Tunnel get underway.

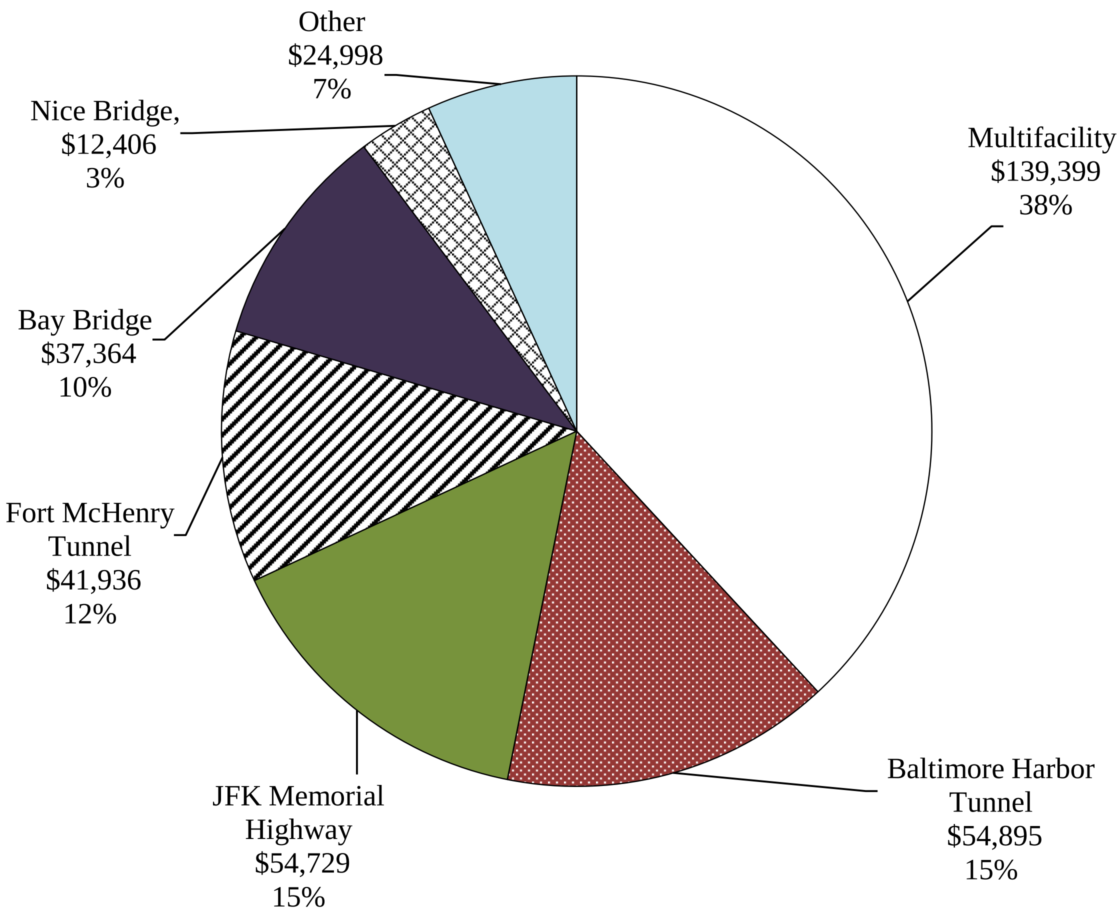
Exhibit 9
Cash Flow Changes
Fiscal 2015-2017
($ in Millions)



Source: Maryland Department of Transportation, 2016-2021 *Consolidated Transportation Program*

Exhibit 10 shows capital spending by facility in fiscal 2017. The largest share of spending is on multifacility projects, driven by $86 million allocated to the Long Range Capital Needs Reserve.

Exhibit 10
Capital Expenditures by Facility
Fiscal 2017
($ in Thousands)



Source: Maryland Department of Transportation, 2016-2021 *Consolidated Transportation Program*

Projects in the Construction Program

Exhibit 11 shows the projects included in the 2016 to 2021 CTP. The largest project in the six-year program is the replacement of the Canton Viaduct, which is the raised portion of I-895 from the tunnel to Holabird Avenue. It is the department's only structurally deficient bridge.

Exhibit 11
Maryland Transportation Authority PAYGO Capital Allowance
Fiscal 2017
($ in Thousands)

Facility	Project Description	2017	Total Cost	Six-year Total
Projects				
Baltimore Harbor Tunnel	Replace Canton Viaduct	$6,585	$273,097	$258,318
I-95 Express Toll Lanes (ETL)	I-95 ETL construction	50,000	1,097,719	74,693
Baltimore Harbor Tunnel	Replace deck and superstructure of bridge over Patapsco Flats	17,000	68,680	66,643
Authoritywide	Replace electronic toll collection and operating system	850	78,500	62,800
Baltimore Harbor Tunnel	Replace vent fans	18,684	63,646	61,300
Nice Bridge	Replace Nice Bridge	10,100	61,600	54,424
Bay Bridge	Rehabilitate suspension spans on westbound bridge	24,100	47,200	46,419
Baltimore Harbor Tunnel (1)	Rehabilitate various bridges	12,200	43,899	42,055
InterCounty Connector (ICC)	ICC construction	5,496	2,386,588	40,357
Fort McHenry Tunnel (1)	Replace tunnel lighting systems	20,000	40,075	39,472
Bay Bridge	Clean and paint structural steel on westbound bridge	2,500	104,452	27,319
Fort McHenry Tunnel	Rehabilitate decks and other repairs	2,961	93,955	22,520
Authoritywide (1)	Remove, replace, and upgrade sign structures	6,929	20,678	20,324
JFK Memorial Highway	Resurfacing	1,166	31,564	18,191
Bay Bridge	Structural repairs and modifications	4,134	17,710	13,972
Baltimore Harbor Tunnel (1)	Rehabilitate tunnel standpipe and sump pump systems	0	13,058	12,780
Fort McHenry Tunnel	Replace light poles	2,732	17,261	12,557
Point Breeze (1)	Renovate Point Breeze building	8,500	11,259	11,236

Facility	**Project Description**	**2017**	**Total Cost**	**Six-year Total**
JFK Memorial Highway, the Bay Bridge, and the Hatem Bridge	Upgrade truck weigh facilities	5,099	14,417	10,194
Bay Bridge	Rehabilitate eastbound bridge deck	4,500	10,700	9,005
Fort McHenry Tunnel	Rehabilitate concrete tunnel deck	1,837	36,438	8,837
JFK Memorial Highway	Clean and paint the Millard E. Tydings Memorial Bridge	1,254	10,582	8,453
Bay Bridge	Cable rewrapping and dehumidification	0	60,443	4,495
Key Bridge	Clean and paint approach spans on bridges over Curtis Creek	772	5,430	3,137
Authoritywide	Install security systems and video surveillance at major bridges	0	11,745	1,442
Nice Bridge	Clean and paint structural steel and miscellaneous repairs	0	13,186	1,206
Subtotal – Projects		***$207,399***	***$4,633,882***	***$932,149***
Programs				
Authoritywide	System preservation minor projects	$156,100	n/a	$961,800
Subtotal – Programs		***$156,100***	***$0***	***$961,800***
Total – Projects and Programs		**$363,499**	**$4,633,882**	**$1,893,949**

Bay Bridge: William Preston Lane, Jr. Memorial Bridge
Hatem Bridge: Thomas J. Hatem Memorial Bridge
JFK Memorial Highway: John F. Kennedy Memorial Highway
Key Bridge: Francis Scott Key Bridge
Nice Bridge: Harry W. Nice Memorial Bridge
PAYGO: pay-as-you-go

(1) Projects added to the construction program.

Source: Maryland Department of Transportation, 2016-2021 *Consolidated Transportation Program*

Issues

1. MDTA Cuts Tolls Systemwide

Beginning on July 1, 2015, MDTA cut tolls systemwide, a move that MDTA estimated at the time would reduce revenue by $54.0 million in fiscal 2016 and by $335.0 million across the forecast period of fiscal 2016 to 2021. More than half of the reduction comes from the Bay Bridge, where MDTA reduced base rates by 33.3% and single E-ZPass trips by 53.7%. As shown in **Exhibit 12**, increasing the E-ZPass discount at other facilities, reducing the mileage rate at the I-95 ETL and the ICC, and eliminating the monthly E-ZPass fee were also anticipated to result in significant revenue reductions.

Exhibit 12
Toll Reduction
Fiscal 2016 Estimated
($ in Millions)

Facility	Description	2016 Estimated Revenue Impact
Bay Bridge	Base rates reduced by 33.3% (from $6 to $4 for two-axle vehicles), discount plans reduced by 33.3%, E-ZPass rate reduced from $5.40 to $2.50, or 53.7%	$28.8
All except the Bay Bridge	Increase E-ZPass discount from 10.0% to 25.0%	9.0
I-95 ETL and the ICC	Reduction of mileage rate (approximately 12.0% reduction for full trip, peak period) (1)	7.5
All	Eliminate E-ZPass monthly maintenance fee	5.9
Harbor Tunnel	Decrease rates for trucks at Childs Street and I-685 turnaround exits (2)	1.0
Hatem Bridge	Create 30% E-ZPass discount for three- and four-axle vehicles at the Hatem Bridge	0.8
All	Increase volume discount for vehicles with five or more axles	0.4
Total		**$53.4**

Bay Bridge: William Preston Lane, Jr. Memorial Bridge
ETL: Express Toll Lanes
Hatem Bridge: Thomas J. Hatem Memorial Bridge
ICC: InterCounty Connector

(1) Revenue reduction does not include effect of reduced traffic estimates on the ICC.
(2) Took effect January 1, 2016.

Source: Maryland Transportation Authority

The toll reduction plan did not result in any changes to the bond ratings given by bond rating agencies; however, one agency noted that the plan had risks, while another called the plan a "departure from nonintervention in toll rate setting" and called it credit-negative.

MDTA planned to accomplish the toll reduction by foregoing a planned early debt repayment, increasing new debt, spending down cash reserves, reducing the capital program, and reducing operating spending. The increase in debt also increases debt service costs. Additionally, MDTA realized higher than expected revenue in fiscal 2015 and expects the same in fiscal 2016.

Actual results since the reduction in tolls have altered the outlook. **Exhibit 13** compares three different forecasts of the fiscal 2016 to 2021 period: an estimate prior to the toll reduction, the August 2015 forecast, and the January 2016 forecast. While toll revenues were originally estimated to decline by more than $400.0 million (when the ICC and the I-95 ETL revenue writedowns are included), new estimates show revenue reductions of only $241.6 million. The change is due to lower gas prices and an improving economy, as well as traffic not being impacted by the prior toll increases as much as expected. MDTA also restored capital funding that it had planned on cutting and eliminated $60.0 million in planned debt issuances.

Exhibit 13
Toll Reduction Impact on Financial Forecast
Fiscal 2016-2021
($ in Millions)

	May 2015, Before Reduction	Jul. 2015	Jan. 2016	Change from Before Toll Reduction to Jan. 2016 Forecast
Toll revenue fiscal 2016 to 2021	$4,239.2	$3,836.3	$3,997.6	-$241.6
Operating expenses fiscal 2016 to 2021	1,955.4	1,837.1	1,819.3	-136.1
Debt service fiscal 2016 to 2021	780.0	827.3	822.4	42.4
Capital expenses fiscal 2016 to 2021	1,882.6	1,849.7	1,895.8	13.2
Fiscal 2021 unencumbered cash balance	366.6	355.0	495.1	128.5
Debt issuances fiscal 2016 to 2021	0.0	60.0	0.0	0.0
Revenue bond defeasance	-193.6	0.0	0.0	193.6
Fiscal 2021 debt outstanding	1,873.1	2,118.4	2,058.4	185.3
Fiscal 2021 debt service coverage ratio	3.11	2.55	2.79	n/a

Source: Maryland Transportation Authority

The department will spend $42.4 million more over six years on debt service than anticipated prior to the reductions, and its outstanding debt in fiscal 2021 will be nearly $2.1 billion, or $185.3 million higher than planned before the reductions. However, the elimination of the early debt payment and significant operating expense reductions mean that MDTA's unencumbered cash balance is expected to be $495.1 million in fiscal 2021, or $128.5 million higher than planned prior to the toll reductions.

The capital program had previously been reduced by $32.9 million, but spending has now been restored to $13.2 million higher than prior to the toll reduction. MDTA had planned on reducing operating spending by $10.7 million in fiscal 2016. The agency eliminated 28.5 positions that were vacant or expected to become vacant. Other changes to the operating plan included the elimination of the fiscal 2016 salary step increase ($2.3 million), which had not been included in the fiscal 2016 budget, a deferment of a planned vehicle purchase ($1.8 million), and the elimination of the fiscal 2016 MDTA police academy class ($2.1 million).

BRFA Requirements

Anticipating a toll reduction, the legislature placed several fiscal requirements on MDTA in Chapter 489. **Exhibit 14** shows the requirements set forth in legislation and MDTA's projected amounts in each category. The requirements are met across all five years of the period specified in Chapter 489.

Exhibit 14
Chapter 489 of 2015 Requirements
Fiscal 2016-2020
($ in Millions)

	2016	2017	2018	2019	2020
Operating Expense: Minimum $275.0 Million	$276.4	$284.8	$296.2	$308.1	$320.5
Capital Expense: Minimum $275.0 Million	279.5	363.5	354.2	358.3	309.5
Unrestricted Cash Balance: Minimum $350.0 Million	770.9	686.1	603.4	509.6	463.5
Outstanding Debt: Maximum $2,325.0 Million	2,299.6	2,264.2	2,216.0	2,165.7	2,113.2
Debt Service Coverage Level: Minimum 2.50	3.29	3.00	2.95	2.90	2.89

Source: Maryland Transportation Administration

Capital Capacity

Now that the ICC and the I-95 ETLs are complete, MDTA's capital program consists of entirely system preservation and maintenance projects, with the largest being the replacement of the Canton Viaduct. While no large projects are expected in the current forecast period, there is a planning and engineering study currently underway for the replacement of the Nice Bridge. A replacement project, previously anticipated to begin around 2023, is expected to cost approximately $1 billion, although the department is working on design techniques that could lower the cost. In its proposal to MDTA's board regarding the toll reductions, the agency noted the possibility of redecking the Nice Bridge and delaying its replacement. The redecking and other major rehabilitation work would cost $150 million and extend the life of the bridge by 20 or more years but would not provide the safety and traffic benefits of a bridge replacement, which would still be needed. Legislators have shown considerable interest in prioritizing a replacement for the Nice Bridge. HB 672 and SB 907 would require the construction of a replacement for the Nice Bridge by fiscal 2030 funded by a $75 million annual contribution to a newly created bridge replacement fund using toll revenues.

Additionally, a life cycle cost analysis of the Bay Bridge commissioned by MDTA found that traffic backups at peak times could reach more than 10 miles by fiscal 2040, and that construction of a new span would cost between $2.3 billion and $5.6 billion. SB 56 would require the department to complete an environmental study on construction of a new span and to annually set aside $1 million, or 5% of the cost of the study toward completing it.

Prior to the toll reduction, MDTA anticipated to have $1.144 billion of capacity for capital spending beyond its existing program. After the reduction, MDTA anticipates $1.087 billion of unused capacity, as shown in **Exhibit 15**. However, that capacity is likely to diminish in subsequent years, as expense growth continues to outpace revenue growth. **MDTA should clarify its plans regarding a timeline and financing for replacement of the Nice Bridge as well as contingencies for any other large, unexpected capital projects. MDTA should also describe the functional capacity of this single lane crossing for the Nice Bridge if a replacement is not built.**

Exhibit 15
Capacity for Capital Program
Fiscal 2021
($ in Millions)

	Cash (in excess of $350 million benchmark)	Debt Capacity	Total Available
Pre-reduction	$16.6	$1,126.9	$1,143.5
January 2016 Forecast	145.1	941.6	1,086.7

Source: Maryland Transportation Authority

Notice of Toll Reduction

MDTA notified the budget committees of plans to reduce tolls the day before the MDTA Board voted for the reduction. Section 4-312 of the State Transportation Article provides a host of requirements for public meetings and comment periods if MDTA proposes to increase tolls, however, for toll reductions, there is only the informational requirement. HB 1394 would require MDTA to provide an opportunity for review and comment at public meetings prior to reducing tolls and require that certain requirements that pertain to toll increases also apply to toll reductions. **The Department of Legislative Services recommends that the legislature amend the Transportation Article so that the same public hearing and comment requirements pertain to both toll increases and reductions.**

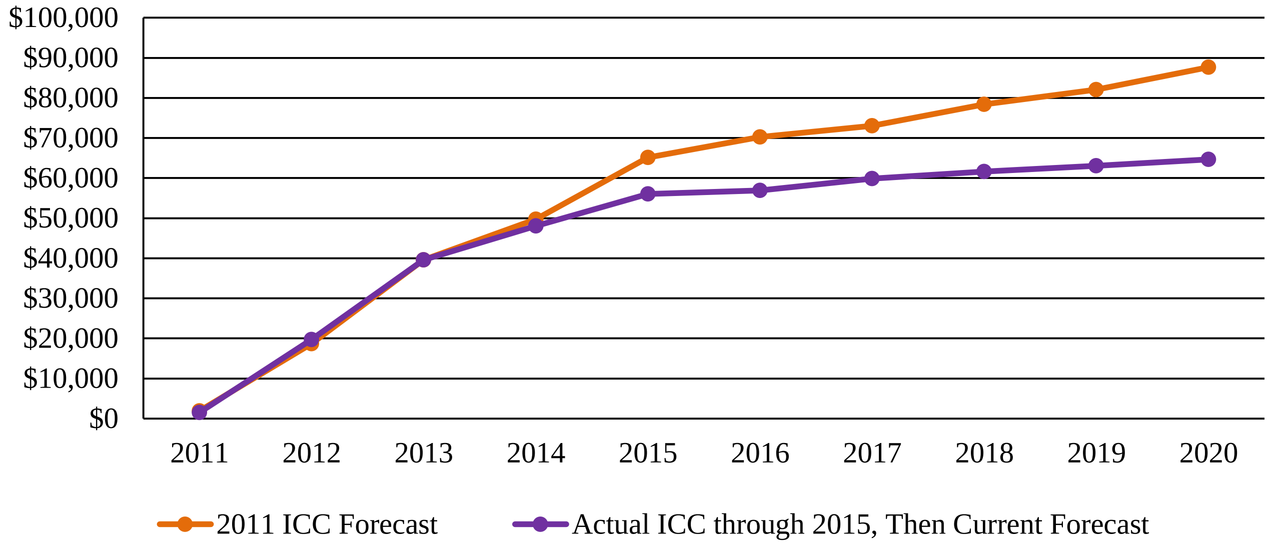
2. ICC Usage Drops Below Initial Predictions

MDTA opened the first segment of the ICC in calendar 2011. Tolls on the highway are set with the goal of congestion management and vary from lower prices during nights and other low-traffic times to higher tolls at peak traffic times. Through fiscal 2014, the ICC had been generating revenue approximately in line with fiscal 2011 projections. However, beginning in fiscal 2015, the highway's revenue began to fall below early estimates. This decline is due to both the reduction in tolls and lower than anticipated usage of the highway. MDTA has performed a comprehensive update to the ICC traffic and revenue study, which is reflected in the *Financial Forecast*. The update takes into account current assumptions about land use and development, economics, and travel demand. For example, the 2011 forecast assumed the Konterra development in Prince George's County would be more built out by this time, impacting ICC travel.

As shown in **Exhibit 16**, revenues fell about $9.1 million below the fiscal 2011 estimate in fiscal 2015 and are expected to miss the mark by $13.3 million in the current fiscal year. Through fiscal 2020, the department anticipates revenue to be about 18% to 26% lower than estimates, leading to a revenue shortfall of $95.5 million over the life of the highway through fiscal 2020. MDTA estimated at the time of the toll reductions that they would reduce revenues on the ICC by about $7.0 million per year.

It should also be noted that the I-95 ETLs, the other recently opened mega project of MDTA, had revenues reduced by about $1.0 million per year due to the toll rate reductions there. However, the current forecast calls for revenues higher than anticipated in the July 2015 forecast by $8.6 million over the fiscal 2016 to 2021 period. The department has found that drivers are using the ETLs even in times when there is not high congestion on I-95. **MDTA should comment on the lower than anticipated revenue of the ICC.**

Exhibit 16
InterCounty Connector Revenue Shortfall
Fiscal 2011-2020
($ in Thousands)



Years	ICC Forecast 2011	Actual ICC through 2015, Then Current Forecast	Percent Difference from 2011	Cumulative Difference from 2011	Cumulative Percent Difference from 2011
2011	$1,888	$1,474	-21.9%	-$414	-21.9%
2012	18,714	19,733	5.4%	605	2.9%
2013	39,557	39,586	0.1%	634	1.1%
2014	49,764	48,029	-3.5%	-1,101	-1.0%
2015	65,148	56,020	-14.0%	-10,229	-5.8%
2016	70,233	56,910	-19.0%	-23,552	-9.6%
2017	73,028	59,890	-18.0%	-36,690	-11.5%
2018	78,411	61,590	-21.5%	-53,511	-13.5%
2019	82,095	63,100	-23.1%	-72,506	-15.1%
2020	87,640	64,640	-26.2%	-95,506	-16.9%

ICC: InterCounty Connector

Source: Maryland Transportation Authority

3. All-electronic Tolling Put Off Until 2019

In response to MDTA efforts to expand the use of all-electronic tolling (AET) on its legacy facilities, Chapter 397 of 2014 required the agency to perform a study of AET, including its implementation in other states, interoperability with other states, an analysis of the costs and savings of video tolls, issues that must be addressed prior to AET implementation, and any legislation necessary before implementation. The following is a summary of the MDTA analysis.

Of the approximately 12 states that have AET, all but 1 charged a higher rate for video tolling, and every system uses transponders and/or video tolling. Most states provide free transponders if they are loaded with funds, although most agencies use sticker tags, which are less expensive than transponders. Virtually all agencies with transponders use video either as enforcement or as an alternative toll method.

While national interoperability will not be achieved this year, as required by federal law, a high level of national interoperability is possible in the near future.

Video tolls cost an estimated $3.20 per transaction due to MDTA staff and administrative costs and vendor contract costs. The analysis notes that this cost could be reduced with the use of a system in which accounts are tied to a license plate and credit or debit card, which would eliminate the need to identify the vehicle's owner.

The analysis also finds that, while truck traffic represents 7% of traffic on legacy facilities, trucks make up 18% of unpaid transactions and 55% of uncollected revenue. MDTA suggests that holding the trailer owner responsible for the unpaid toll and entering violator reciprocity agreements with neighboring states could mitigate these revenue losses. Shifting the liability of unpaid truck tolls is the only AET area that the agency believes would require legislation to implement.

MDTA identified several items that it would need to address prior to AET implementation. These include:

- providing options to convert cash customers to AET customers, including additional customer service at the beginning of implementation;
- adding transponder sales at toll booths immediately prior to implementation; and
- performing rigorous enforcement of in-state violators by withholding registration renewal and entering violator reciprocity agreements with neighboring states.

MDTA notes that it is revising its initial AET proposal by delaying implementation until at least fiscal 2019, after the contract for the next generation of its toll system is executed. The agency is incorporating what it has learned from its AET analysis into its Request for Proposals for its next generation toll system. **MDTA should comment on its next steps toward AET and if it supports the concept of legislation to address uncollected toll revenue from trucks.**

4. MDTA Reviews Unencumbered Cash Levels

MDTA sets an administrative benchmark of $350 million in unencumbered cash on hand. This benchmark became law at least through fiscal 2020 with the enactment of Chapter 489. In addition, in the 2015 session, the committees requested a report on this benchmark and whether it should be more directly tied to the agency's operating costs. Following is a summary of the MDTA report on the topic.

The department needs cash on hand to ensure that money is available to meet higher than expected expenses, lower than expected revenues, a temporary loss of revenue, or inability to access the capital market. The benchmark had previously been set as equal to the annual amount of toll revenues, but the department revised the benchmark in anticipation of the toll increases of fiscal 2011 and 2013. The current $350 million level would provide funding for approximately 16 months of operations in the case of an unexpected loss of revenue. MDTA notes that the choice of a benchmark is dependent on the investment environment, the potential for revenue losses, insurance availability, and the opinion of credit rating agencies.

The department also notes that other tolling agencies nationally have much different situations than MDTA, making comparisons difficult. For instance, the San Francisco Bay Area Toll Authority sets a $1 billion unrestricted cash target due to exposure to variable rate debt and large capital needs. The Florida Turnpike's requirement is much smaller than MDTA's requirement because its costs are paid by Florida's TTF, making all of its revenue available for debt service.

MDTA reports that it believes its $350 million benchmark is appropriate and that it consistently reviews its financial policies. **MDTA should comment on the benchmark and any factors that could lead the department to alter the policy.**

Operating Budget Recommended Actions

1. Nonbudgeted.

PAYGO Budget Recommended Actions

1. Nonbudgeted.

Appendix 1

Maryland Transportation Authority Financial Forecast
Fiscal 2015-2021
($ in Millions)

	2015	2016	2017	2018	2019	2020	2021
Revenues							
Toll Revenues	$694.1	$652.9	$659.8	$663.8	$668.5	$673.8	$678.8
Concessions	5.1	5.7	5.8	5.9	5.9	6.0	6.1
Investment Income and Other	7.6	10.2	9.9	9.2	8.3	13.3	13.0
Maryland Department of Transportation	26.6	26.5	26.4	27.4	28.4	29.5	28.9
Total Revenues	**$733.3**	**$695.3**	**$702.0**	**$706.2**	**$711.2**	**$722.6**	**$726.9**
Expenses							
Operations	$275.1	$276.4	$284.8	$296.2	$308.1	$320.5	$333.3
Debt Service	107.8	127.0	138.5	138.5	138.6	138.6	141.2
Capital Program	308.1	279.5	363.5	354.2	358.3	309.5	230.8
Total Expenses	**$691.0**	**$682.8**	**$786.8**	**$789.0**	**$805.0**	**$768.6**	**$705.3**
Capital Funding Sources							
Revenue Bond Proceeds	$132.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Seagirt/ICTF Proceeds	0.0	14.2	0.0	0.0	0.0	0.0	0.0
Accounting Reconciliation	-19.3	0.0	0.0	0.0	0.0	0.0	0.0
Annual Surplus/Deficit	**$155.0**	**$26.7**	**-$84.8**	**-$82.7**	**-$93.7**	**-$46.1**	**$21.6**
Total Cash Balance	**$823.4**	**$850.1**	**$765.2**	**$682.5**	**$588.8**	**$542.7**	**$564.3**
Debt							
Debt Outstanding	$2,318.3	$2,299.6	$2,264.2	$2,216.0	$2,165.7	$2,113.2	$2,058.4
Unencumbered Cash (Policy $350.0 million minimum)	$742.7	$770.9	$686.1	$603.4	$509.6	$463.5	$495.1
Debt Service Coverage (Policy 2.0)	4.24	3.29	3.00	2.95	2.90	2.89	2.79
Rate Covenant Compliance (Legal 1.0)	3.42	2.65	2.42	2.37	2.33	2.30	2.22

ICTF: Intermodal Container Transfer Facility

Object/Fund Difference Report
MDOT – Maryland Transportation Authority

Object/Fund	FY 15 Actual	FY 16 Working Appropriation	FY 17 Allowance	FY 16 - FY 17 Amount Change	Percent Change
Positions					
01 Regular	1,779.50	1,761.00	1,749.00	-12.00	-0.7%
Total Positions	**1,779.50**	**1,761.00**	**1,749.00**	**-12.00**	**-0.7%**
Objects					
01 Salaries and Wages	$ 154,024,826	$ 156,604,184	$ 160,283,028	$ 3,678,844	2.3%
02 Technical and Spec. Fees	122,743	1,121,448	786,947	-334,501	-29.8%
03 Communication	1,071,326	887,946	1,065,276	177,330	20.0%
04 Travel	243,308	333,718	359,745	26,027	7.8%
06 Fuel and Utilities	4,858,335	5,113,141	4,975,181	-137,960	-2.7%
07 Motor Vehicles	10,686,012	8,589,908	9,147,271	557,363	6.5%
08 Contractual Services	86,867,166	87,272,609	93,214,313	5,941,704	6.8%
09 Supplies and Materials	7,949,343	7,398,159	8,179,646	781,487	10.6%
10 Equipment – Replacement	2,677,825	1,733,171	1,090,416	-642,755	-37.1%
11 Equipment – Additional	825,265	967,523	871,595	-95,928	-9.9%
13 Fixed Charges	113,535,180	133,362,346	143,301,627	9,939,281	7.5%
Total Objects	**$ 382,861,329**	**$ 403,384,153**	**$ 423,275,045**	**$ 19,890,892**	**4.9%**
Funds					
07 Nonbudgeted Fund	$ 382,861,329	$ 403,384,153	$ 423,275,045	$ 19,890,892	4.9%
Total Funds	**$ 382,861,329**	**$ 403,384,153**	**$ 423,275,045**	**$ 19,890,892**	**4.9%**

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

Fiscal Summary
MDOT – Maryland Transportation Authority

Program/Unit	FY 15 Actual	FY 16 Wrk Approp	FY 17 Allowance	Change	FY 16 - FY 17 % Change
0041 Operating and Debt Service	$ 382,861,329	$ 403,384,153	$ 423,275,045	$ 19,890,892	4.9%
0042 Capital	325,882,386	279,454,000	363,520,000	84,066,000	30.1%
Total Expenditures	**$ 708,743,715**	**$ 682,838,153**	**$ 786,795,045**	**$ 103,956,892**	**15.2%**
Nonbudgeted Fund	$ 708,743,715	$ 682,838,153	$ 786,795,045	$ 103,956,892	15.2%
Total Appropriations	**$ 708,743,715**	**$ 682,838,153**	**$ 786,795,045**	**$ 103,956,892**	**15.2%**

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

Appendix 3