

J00I00
Maryland Aviation Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 16 Actual</u>	<u>FY 17 Working</u>	<u>FY 18 Allowance</u>	<u>FY 17-18 Change</u>	<u>% Change Prior Year</u>
Special Fund	\$192,047	\$187,283	\$193,871	\$6,588	3.5%
Adjustments	0	0	-160	-160	
Adjusted Special Fund	\$192,047	\$187,283	\$193,710	\$6,427	3.4%
Federal Fund	646	646	646	0	
Adjusted Federal Fund	\$646	\$646	\$646	\$0	0.0%
Adjusted Grand Total	\$192,692	\$187,929	\$194,356	\$6,427	3.4%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance increases by \$6.4 million in special funds, primarily due to increases for Maryland Transportation Authority Police reimbursement and a new curbside customer service contract.
- Personnel costs decline by approximately \$338,000, mainly due to position abolitions.

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2016 Actual</u>	<u>Fiscal 2017 Legislative</u>	<u>Fiscal 2017 Working</u>	<u>Fiscal 2018 Allowance</u>
Special	\$126,271	\$114,986	\$125,901	\$101,087
Federal	\$20,827	\$5,478	\$8,299	\$5,517
Subtotal	\$147,098	\$120,464	\$134,200	\$106,604
Other funds	\$106,303	\$75,600	\$42,800	\$17,800
Total	\$253,401	\$196,064	\$177,000	\$124,404

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

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- The fiscal 2017 pay-as-you-go (PAYGO) working appropriation (including nonbudgeted funds) decreases by \$19.1 million, primarily due to the completion of several projects.
- The fiscal 2018 PAYGO allowance (including nonbudgeted funds) is \$52.6 million less than the working appropriation, primarily due to the end of terminal improvement and runway safety projects.

Operating and PAYGO Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Operating Budget Positions	449.50	446.50	446.50	0.00
Regular PAYGO Budget Positions	<u>50.00</u>	<u>49.00</u>	<u>47.00</u>	<u>-2.00</u>
Total Regular Positions	499.50	495.50	493.50	-2.00
Operating Budget FTEs	0.50	0.50	0.50	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	0.50	0.50	0.50	0.00
Total Personnel	500.00	496.00	494.00	-2.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	29.46	6.00%
Positions and Percentage Vacant as of 1/1/17	31.00	6.28%

- The fiscal 2018 allowance for personnel declines by 2.0 positions, which were long-term vacancies and were abolished.
- The budgeted turnover rate in fiscal 2018 is 6.00%, requiring 29.46 vacancies. As of January 1, 2017, the department had 31.00 vacant positions, for a turnover rate of 6.28%

Analysis in Brief

Major Trends

Total Passengers Increase: Passenger traffic at the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) was approximately 25.0 million passengers in calendar 2016, an increase of 4.9% from 2015.

Passenger Market Share Grows: BWI Marshall Airport increased its market share in calendar 2016 relative to Ronald Reagan Washington National Airport (Reagan National Airport) and Washington Dulles International Airport (Dulles International Airport). At 35.6%, BWI Marshall Airport's market share is at its highest since at least calendar 2005.

Cost and Non-airline Revenue Per Enplaned Passenger Decline: BWI Marshall Airport's cost per enplaned passenger decreased to \$9.51 per passenger, while non-airline revenue also decreased slightly to \$9.85 per passenger. BWI Marshall Airport continues to remain well below the cost average for other regional airports – Reagan National Airport, Dulles International Airport, and Philadelphia International Airport.

Financial Results: In fiscal 2018, Maryland Aviation Administration (MAA) revenues are expected to increase from fiscal 2017 levels by 1.15%. Operating expenditures increase by 3.43%, leading to a decline in net operating income of 7.94% in fiscal 2017.

Issues

Audit Reveals Noncompliance with Federal Noise Regulations: An audit by the Office of Legislative Audits released in October 2016 found that MAA did not fulfill certain Federal Aviation Administration (FAA) requirements related to its noise compatibility program, which resulted in \$4.6 million in expenditures not being reimbursed. **MAA should comment on its failure to comply with FAA regulations and any plans to change how the noise compatibility program operates.**

Noise Complaints Take Off: The FAA has recently begun implementing the Next Generation Air Transportation System (NextGen) in the area that includes BWI Marshall, Reagan National, Dulles International, and Richmond International airports and Andrews Air Force Base. Among other requirements, NextGen has narrowed the flight paths into and out of BWI Marshall, which has generated complaints from residents about increased noise and lower flying aircraft. **MAA should comment on the status of a group examining possible changes and provide any updates on NextGen regulations.**

Little Progress on Hotel Replacement: MAA has been without an on-site hotel since the lease with the hotel operator expired in November 2013. Since that time, the hotel building was demolished, a request for proposals did not receive bids, and the focus has shifted to developing a hotel in the terminal. **MAA should comment on the status of the hotel project.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

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Maryland Aviation Administration
Maryland Department of Transportation

Budget Analysis

Program Description

The Maryland Aviation Administration (MAA) has responsibility for fostering, developing, and regulating aviation activity throughout the State. MAA is responsible for operating, maintaining, and developing the State-owned Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) as a major center of commercial air carrier service in the State and Martin State Airport (MTN) as a general aviation reliever facility and as a support facility for the Maryland Air National Guard and the Maryland State Police. MAA has identified the following key goals:

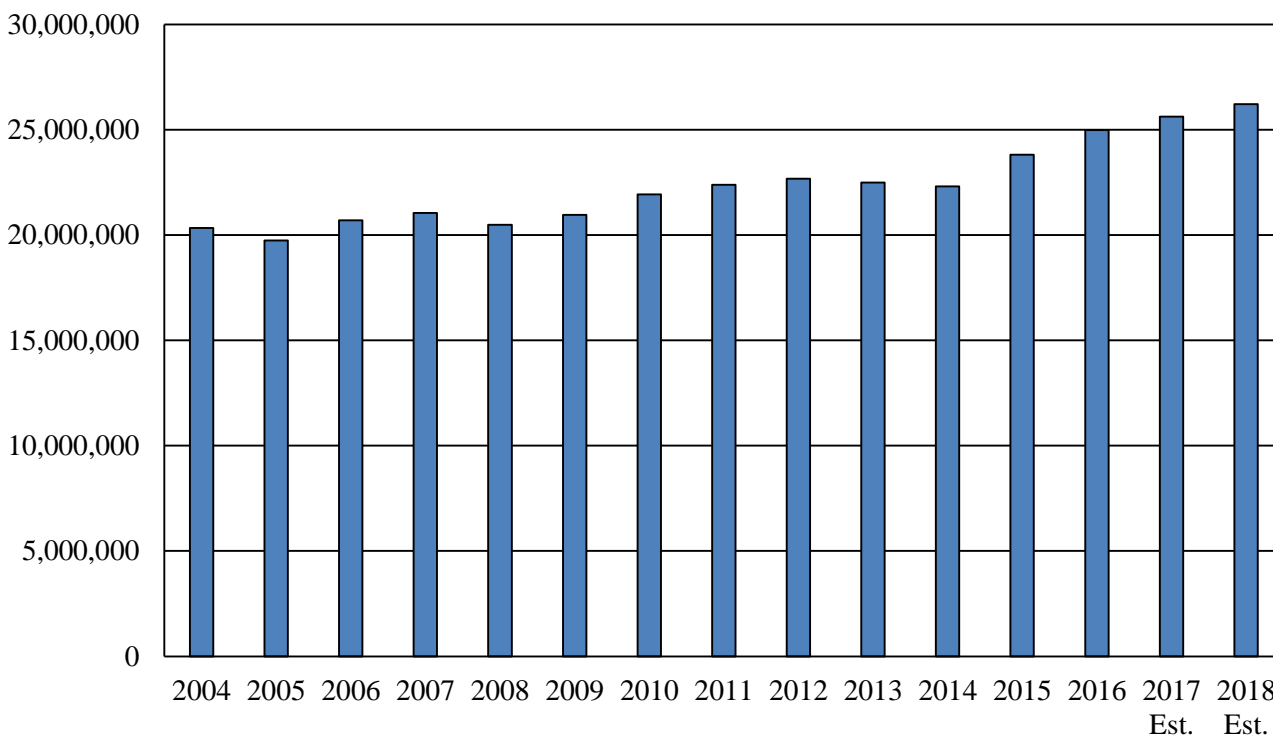
- keeping BWI Marshall Airport passengers, tenants, and facilities safe;
- operating BWI Marshall Airport efficiently and effectively;
- attracting, maintaining, and expanding air service; and
- providing exceptional service.

Performance Analysis: Managing for Results

1. Total Passengers Increase

Passenger traffic at BWI Marshall Airport was approximately 25.0 million passengers in calendar 2016, an increase of 4.9% from calendar 2015. As shown in **Exhibit 1**, over the last two decades, passengers have increased from 20.3 million passengers in calendar 2004 to an anticipated 25.6 million in 2017. Since calendar 2008, BWI Marshall Airport has seen steady growth in passengers, despite the economic downturn. In calendar 2013 and 2014, the decline in passengers is largely attributable to the impact of the federal budget shutdown, sequestration, and the weak economy. It appears that that decline has been halted, with strong passenger growth expected through calendar 2018. Southwest Airlines remains the dominant airline at BWI Marshall Airport. For the 12-month period ending in November 2015, Southwest Airlines' share of passengers totaled 69.5%. The next largest carrier is Delta, which accounts for 7.6% of passengers.

Exhibit 1
Total Passengers at Baltimore/Washington International
Thurgood Marshall Airport
Calendar 2004-2018 Est.



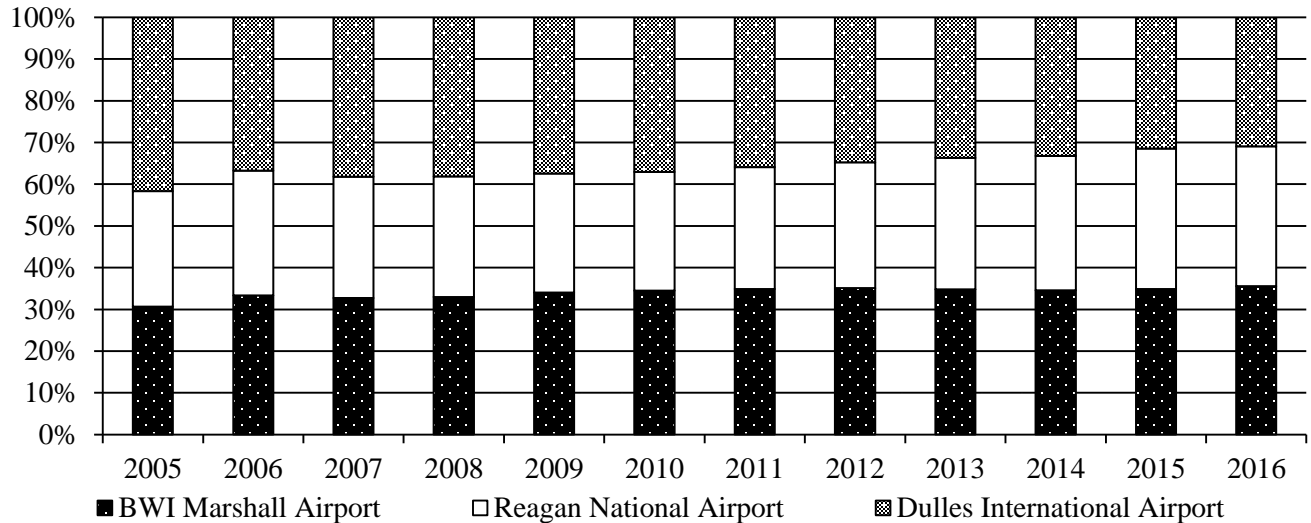
Source: Maryland Aviation Administration

2. Passenger Market Share Grows

In order for BWI Marshall Airport to experience growth in business, it must remain competitive with other airports. In addition to competing with other airports nationally and internationally, BWI Marshall Airport must also compete for passengers closer to home in the Washington region due to the proximity of the Washington Dulles International Airport (Dulles International Airport) and, to a lesser extent, Ronald Reagan Washington National Airport (Reagan National Airport).

As shown in **Exhibit 2**, BWI Marshall Airport increased its market share in calendar 2016 relative to Reagan National Airport and Dulles International Airport. At 35.6%, BWI Marshall Airport's market share is at its highest since at least calendar 2005. For the first time since calendar 2010, BWI Marshall Airport has increased its market share while both Reagan National Airport and Dulles International Airport lost market share.

**Exhibit 2
Passenger Market Share
Calendar 2005-2016**



BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
 Dulles International Airport: Washington Dulles International Airport
 Reagan National Airport: Ronald Reagan Washington National Airport

Source: Maryland Aviation Administration

3. Cost and Non-airline Revenue Per Enplaned Passenger Decline

Two important financial calculations considered in regard to airports are the cost per enplaned passenger (CPE) and the non-airline revenue per enplaned passenger. Non-airline revenue includes parking, concessions, rental cars, and other revenue sources. In regard to the CPE, part of BWI Marshall Airport’s success has been its ability to maintain low CPE rates, which attracts and retains low-cost carriers such as Southwest Airlines. At BWI Marshall Airport, like all airports, operating costs are passed on to airlines through building rent, landing fees, and other user charges. Therefore, both MAA and the airlines have an interest in keeping operating costs as low as possible.

As shown in **Exhibit 3**, BWI Marshall Airport’s CPE decreased to \$9.51 per passenger, while non-airline revenue also decreased slightly to \$9.85 per passenger. The decline in non-airline revenue per passenger is related to the increase in the number of passengers using BWI Marshall Airport as a connecting airport; these passengers typically spend less at an airport. BWI Marshall Airport continues to remain well below the cost average for other regional airports – Reagan National Airport, Dulles International Airport, and Philadelphia International Airport. These lower costs per passenger make BWI Marshall Airport an attractive airport for airlines.

Exhibit 3
Cost and Non-airline Revenue Per Enplaned Passenger
Fiscal 2011-2018 Est.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	Est. <u>2017</u>	Est. <u>2018</u>
Cost Per Enplaned Passenger								
BWI Marshall Airport	\$9.18	\$9.29	\$9.50	\$9.82	\$9.86	\$9.51	\$9.48	\$9.40
Regional Airports Average	14.83	15.91	17.38	16.86	16.93	17.59	18.04	18.02
Non-airline Revenue Per Enplaned Passenger								
BWI Marshall Airport	10.31	10.13	11.09	10.16	10.07	9.85	9.94	9.50
Regional Airports Average	10.8	10.88	12.04	12.82	n/a	n/a	n/a	n/a

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

Source: Maryland Aviation Administration

4. Financial Results

Unlike most other State agencies that rely solely on the State for all support, MAA receives operating revenues that help offset its expenditures. Its profitability determines how much the Transportation Trust Fund (TTF) must provide as a subsidy. Although MAA revenues have typically covered its operating expenses, MAA relies on the TTF or other non-MAA financing mechanisms to fund its capital program.

Exhibit 4 shows MAA special fund revenues and expenditures. In fiscal 2018, revenues are expected to increase from fiscal 2017 levels by 1.15%. Operating expenditures increase by 3.43%, leading to a decline in net operating income of 7.94% in fiscal 2017.

It is important to note that in looking at MAA capital expenditures in a business manner, consideration should be given to the fact that capital expenditures are often paid for in a single year, or over multiple years, which decreases TTF expenditures for other purposes. Reimbursement from the airlines (through the Use and Lease Agreement) actually takes place over 5 to 20 years, meaning that revenues and capital expenditures may not match in a year-to-year comparison.

Exhibit 4
Special Fund Revenues and Expenditures
Fiscal 2015-2018

	<u>2015</u>	<u>2016</u>	<u>Working</u> <u>Appropriation</u> <u>2017</u>	<u>Allowance</u> <u>2018</u>	<u>\$</u> <u>Change</u> <u>2017-2018</u>	<u>%</u> <u>Change</u> <u>2017-2018</u>
Operating Revenues						
Flight Activities	\$60,882	\$62,671	\$65,977	\$68,708	\$2,731	4.14%
Rent and User Fees	65,225	68,738	68,004	70,318	2,314	3.40%
Concessions	85,449	83,203	83,366	86,169	2,803	3.36%
Other Revenues	2,078	6,954	8,731	3,515	-5,216	-59.74%
Martin State Airport	8,484	8,427	8,312	8,367	55	0.66%
Revenues Subtotal	\$222,118	\$229,993	\$234,390	\$237,077	\$2,687	1.15%
Operating Expenditures ¹	\$187,314	\$192,047	\$187,283	\$193,710	\$6,427	3.43%
Net Operating Income	\$34,804	\$37,946	\$47,107	\$43,367	-\$3,740	-7.94%
Capital Expenditures ¹	\$91,491	\$126,271	\$125,901	\$101,087	-\$24,814	-19.71%
Net Income/Loss	-\$56,687	-\$88,325	-\$78,794	-\$57,720	\$21,074	26.75%

¹ Includes special funds only.

Source: Maryland Aviation Administration

Fiscal 2017 Actions

Section 20 Position Abolitions

MAA reduced its workforce by 2.0 positions as part of the Section 20 position abolitions included in the fiscal 2017 budget. The abolitions reduced long-term vacancies; MAA does not anticipate any impact from the abolitions.

Proposed Budget

As shown in **Exhibit 5**, the fiscal 2018 allowance increases by \$6.4 million in special funds, or 3.4%. Federal funds are unchanged.

Exhibit 5
Proposed Budget
MDOT Maryland Aviation Administration
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
Fiscal 2016 Actual	\$192,047	\$646	\$192,692
Fiscal 2017 Working Appropriation	187,283	646	187,929
Fiscal 2018 Allowance	<u>193,710</u>	<u>646</u>	<u>194,356</u>
Fiscal 2017-2018 Amount Change	\$6,427	\$0	\$6,427
Fiscal 2017-2018 Percent Change	3.4%		3.4%

Where It Goes:

Personnel Expenses

Workers' compensation premium assessment	\$302
Law enforcement officer pension system	117
Increments and other compensation.....	72
Social Security contributions	23
Overtime earnings	-46
Turnover adjustments.....	-50
Employee retirement system contributions net of pension adjustment.....	-65
Abolished/transferred positions	-327
Employee and retiree health insurance	-366
Other personnel changes	2

Other Changes

Maryland Transportation Authority police reimbursement	2,058
Curbside customer service contract	2,000
Mechanical systems repair and maintenance	1,277
Electricity	912
Janitorial services.....	640
Advertising and legal publishing	450
IT security assessment	380
Miscellaneous supplies	350
Airport vegetation control.....	332
Airport lighting	167
Deicing fluid recovery	150
Sanitary sewer repair and maintenance.....	127
Environmental protection.....	124
Lease management website.....	115
Miscellaneous maintenance and repair	100
Insurance coverage paid to State Treasurer.....	-112
Shuttle bus gas and oil	-315

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Where It Goes:

Fuel/Natural gas	-341
Ground transportation	-358
Certificate of participation payments	-1,151
Other	-140
Total	\$6,427

IT: information technology

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

Across-the-board Reductions

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency’s share of these reductions is \$160,497 in special funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

Maryland Transportation Authority Reimbursement

The Maryland Transportation Authority (MDTA) Police provides public safety services at BWI Marshall Airport. Due to increased personnel costs related to the recent collective bargaining agreement between MDTA Police and the State, MAA’s fiscal 2018 costs increase by \$2.1 million. However, the agency projects a \$1.7 million budget amendment in fiscal 2017 for MDTA security, which will reduce the increase to about \$0.4 million.

Curbside Customer Service Contract

One of the largest additions in MAA’s fiscal 2018 allowance is \$2.0 million for a curbside customer service contract. MAA will contract with a vendor to provide curbside management services and traffic control services. BWI Marshall terminal traffic currently experiences severe congestion and gridlock, which leads to public safety and customer service issues. The service is expected to improve terminal access, enhance customer service, and improve public safety.

Pay-as-you-go Capital Program

Program Description

The MAA capital program provides for the development and maintenance of facilities at BWI Marshall Airport and MTN. MAA undertakes projects that meet the demands of commercial and general aviation for both passenger and cargo activities at BWI Marshall Airport. At MTN, facilities improvements and rehabilitation activities such as runway and taxiway improvements, building and system renovations, and various maintenance projects are implemented.

Fiscal 2017 to 2022 Consolidated Transportation Program

The MAA total capital program from fiscal 2017 to 2022 totals \$437.9 million, a decrease of \$201.3 million compared to the fiscal 2016 to 2021 *Consolidated Transportation Program* (CTP). Funding for projects in the fiscal 2017 to 2022 CTP is largely devoted to terminal improvements and minor system preservation projects.

Fiscal 2018 Capital Allowance

Exhibit 6 shows the fiscal 2018 capital allowance for MAA by project and program along with estimated total project costs and six-year funding included in the CTP. The International Concourse Extension accounts for nearly half of the fiscal 2018 capital program.

Exhibit 6
Maryland Aviation Administration PAYGO Capital Allowance
Fiscal 2018
(\$ in Thousands)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2018</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects				
Anne Arundel	International Concourse Extension at BWI Marshall Airport	\$56,679	\$115,046	\$95,887
Anne Arundel	D/E Connector at BWI Marshall Airport	0	132,285	24,722
Anne Arundel	Runway Safety Area, Standards and Pavement Improvements (Phase 4) at BWI Marshall Airport	0	121,143	20,592
Anne Arundel	Consolidated Rental Car Facility Shuttle Bus Fleet Replacement ¹	16,000	16,000	16,000
Anne Arundel	International Checked Baggage Inspection System at BWI Marshall Airport	0	22,269	8,768

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<u>Jurisdiction</u>	<u>Project Description</u>	<u>2018</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Anne Arundel	Runway Safety Area, Standards and Pavement Improvements (Phase 2) at BWI Marshall Airport	0	72,394	6,737
Anne Arundel	Residential Sound Insulation Program ^{1,3}	940	5,636	5,636
Anne Arundel	Loading Bridge Replacement Program at BWI Marshall Airport	0	13,792	5,498
Anne Arundel	Aircraft Maintenance Facility Infrastructure at BWI Marshall Airport ²	4,000	5,000	5,000
Anne Arundel	Environmental Assessment at BWI Marshall Airport	1,642	3,140	3,079
Anne Arundel	Runway Safety Area, Standards and Pavement Improvements (Phase 3) at BWI Marshall Airport	0	147,548	2,191
Baltimore County	Environmental Assessment at Martin State Airport	713	2,551	1,090
Anne Arundel	Parking Revenue Control System at BWI Marshall Airport	0	8,791	500
Subtotal – Projects		\$79,974	\$665,595	\$195,700
Programs				
Statewide	System Preservation and Minor Projects	\$37,900	n/a	\$204,900
Statewide	Capital Salaries	6,500	n/a	37,300
Subtotal – Programs		\$44,400		\$242,200
Total – Projects and Programs		\$124,374	\$665,595	\$437,900

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

PAYGO: pay-as-you-go

¹ Projects added to the construction program in this *Consolidated Transportation Program*.

² Project added to the development and evaluation program in this *Consolidated Transportation Program*.

³ This project was previously called the Homeowner Assistance Program.

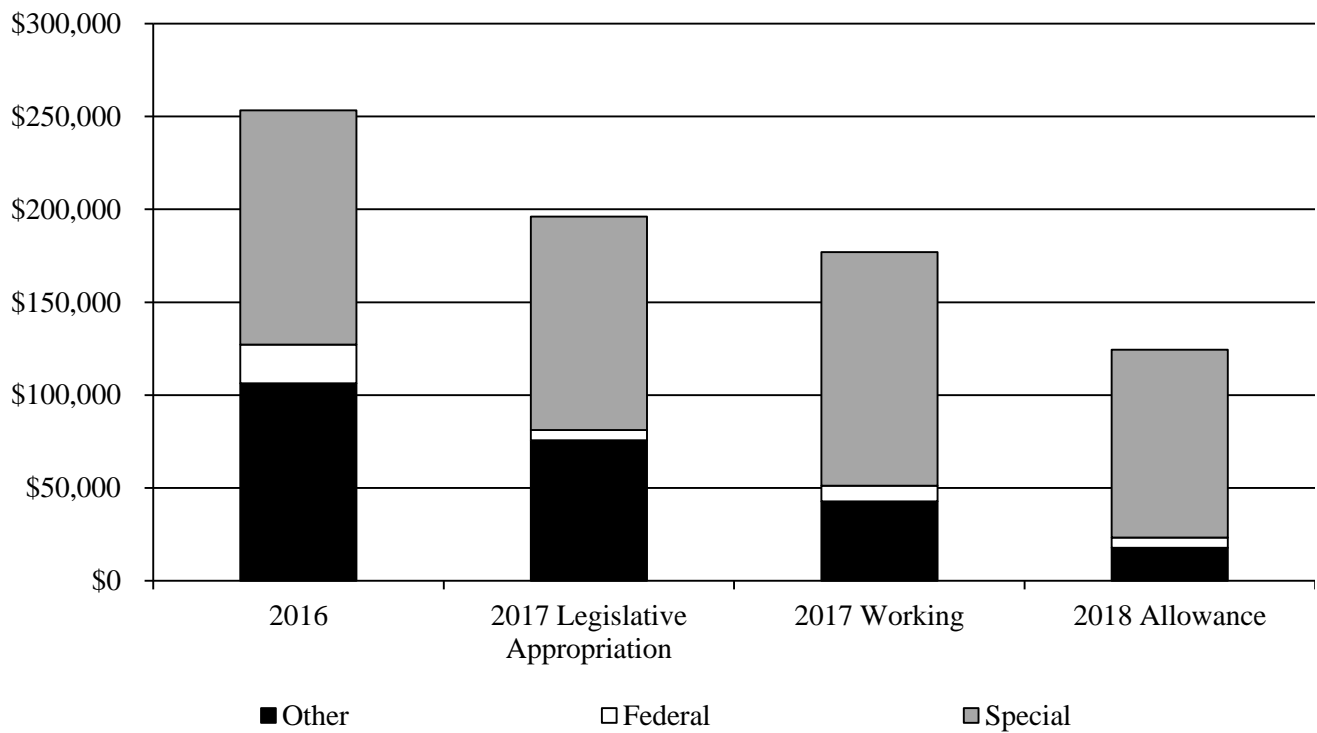
Source: Maryland Department of Transportation, 2017-2022 *Consolidated Transportation Program*

Fiscal 2017 and 2018 Cash Flow Analysis

Exhibit 7 shows that the fiscal 2017 working appropriation increased by \$13.7 million (not including nonbudgeted funds) compared to the legislative appropriation. Including nonbudgeted funds, the working appropriation decreased by \$19.1 million. The reduction is primarily due to the early completion of several projects.

The fiscal 2018 allowance (including nonbudgeted funds) is \$52.6 million less than the working appropriation, primarily due to the end of terminal improvement and runway safety projects. The other funding category is primarily made up of passenger facility charges; beginning in fiscal 2018, that revenue will be used to reimburse the TTF for the financing of the D/E Connector and the International Concourse E Extension projects.

**Exhibit 7
Cash Flow Changes
Fiscal 2016-2018**



Source: Maryland Department of Transportation, 2017-2022 *Consolidated Transportation Program*

Issues

1. Audit Reveals Noncompliance with Federal Noise Regulations

An audit by the Office of Legislative Audits released in October 2016 found that MAA did not fulfill certain Federal Aviation Administration (FAA) requirements related to its noise compatibility program, which resulted in \$4.6 million in expenditures not being reimbursed.

The noise compatibility program provides funding for residential sound insulation projects and for the purchase of properties in areas exposed to significant noise. MAA ended the noise program in calendar 2012 because it found it difficult to comply with FAA's reimbursement requirements. Between calendar 2003 and 2012, MAA spent \$5.7 million on sound insulation projects; it did not get reimbursed for the \$4.6 million federal portion of the spending. MAA believed that \$2.7 million of the federal portion was not eligible for reimbursement because projects were done outside of the allowed airport perimeter, or because documentation could not be found identifying the properties involved.

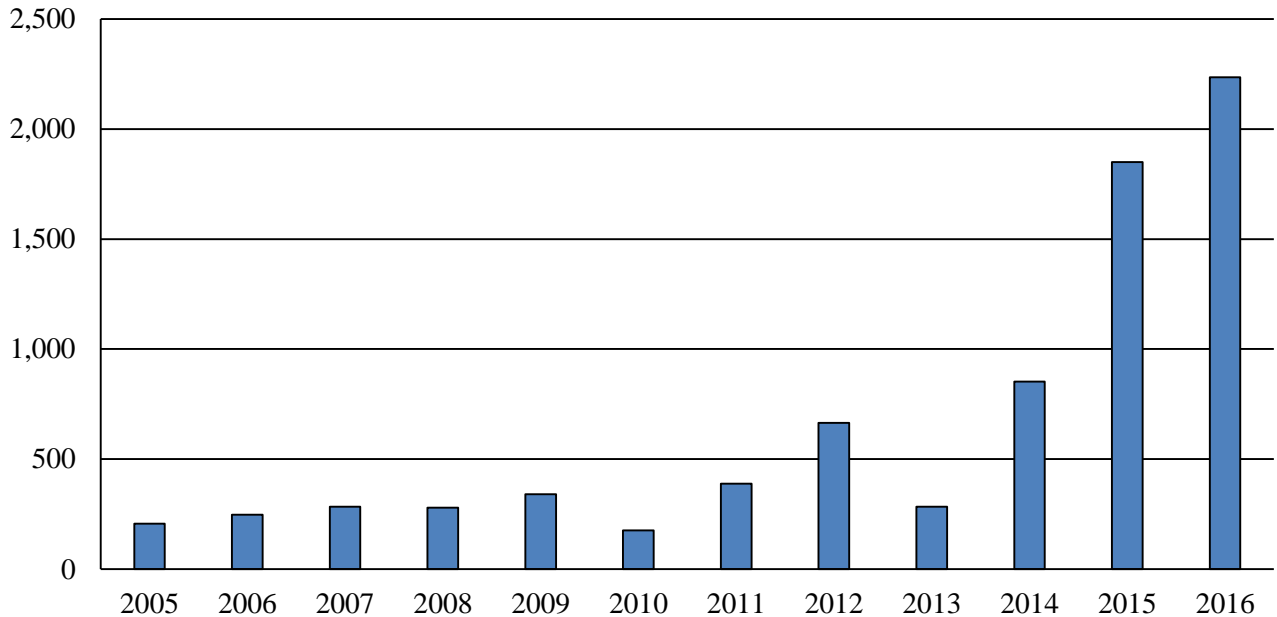
FAA denied reimbursement for the remainder because MAA did not perform required noise testing before and after construction. Until calendar 2012, FAA did reimburse airports for noise mitigation work without noise testing being performed before and after the work. MAA continued performing noise mitigation projects, and were instead reimbursed using the TTF, which in turn was fully recovered from airlines – a typical practice for capital projects at BWI Marshall. **MAA should comment on its failure to comply with FAA regulations and any plans to change how the noise compatibility program operates.**

2. Noise Complaints Take Off

The FAA has recently begun implementing the Next Generation Air Transportation System (NextGen) in the area that includes BWI Marshall Airport, Reagan National Airport, Dulles International Airport, Richmond International Airport, and Andrews Air Force Base. Among other requirements, NextGen has changed the flight paths into and out of BWI Marshall Airport, which has generated complaints from residents about increased noise and lower flying aircraft. While the number of flights has not dramatically increased, a larger number of people are experiencing the noise impact of BWI Marshall Airport take offs and landings.

Exhibit 8 shows the number of annual complaints about noise. The smaller spikes in calendar 2012 and 2014 are related to runway closures. The increase in calendar 2015 to 1,850 complaints is partially due to a runway closure and partially due to NextGen changes, while the increase to 2,235 complaints in calendar 2016 is primarily due to NextGen changes.

Exhibit 8
Noise Complaints at BWI Marshall
Calendar 2005-2016



Note: 2016 is through Nov. 18, 2016.

Source: Maryland Aviation Administration

Since the NextGen rules were implemented and noise complaints increased, FAA advised MAA to create a group of community and industry representatives to develop recommendations for changes. The process could take two to three years. **MAA should comment on the status of the group and provide any updates on NextGen regulations.**

3. Little Progress on Hotel Replacement

MAA has been without an on-site hotel since the lease with the hotel operator expired in November 2013. Since that time, the hotel building was demolished, a request for proposals did not receive bids, and the focus has shifted to developing a hotel in the terminal.

MAA notes that the in-terminal location has become common in the industry, with recent successful developments at Dallas/Fort Worth, Detroit, Orlando, and Denver airports. The in-terminal location is seen as providing a higher level of customer service to BWI Marshall Airport travelers. MAA is still in the early stages of development for this project, and is not yet able to estimate an opening date for a new hotel. **MAA should comment on the status of the hotel project.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Current and Prior Year Budgets
MDOT – Maryland Aviation Administration
(\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2016					
Legislative Appropriation	\$0	\$185,766	\$646	\$0	\$186,411
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	6,281	0	0	6,281
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	\$0	\$192,047	\$646	\$0	\$192,692
Fiscal 2017					
Legislative Appropriation	\$0	\$186,198	\$646	\$0	\$186,843
Cost Containment	0	0	0	0	0
Budget Amendments	0	1,085	0	0	1,085
Working Appropriation	\$0	\$187,283	\$646	\$0	\$187,929

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The Maryland Aviation Administration finished fiscal 2016 approximately \$6.3 million above its legislative appropriation. Special funds increased by \$5.5 million for ground maintenance due to unanticipated levels of snow, by \$491,999 for a salary schedule adjustment, and by \$244,998 to correct budgeting errors in the allocation for Office of Administrative Hearing and workers compensation charges.

The federal fund appropriation of \$645,500 was unchanged.

Fiscal 2017

The fiscal 2017 working appropriation is approximately \$1.1 million higher than the legislative appropriation. Amendments increased the appropriation by \$462,267 for the allocation of the statewide salary increments and by \$623,061 for salary increases that were part of law enforcement collective bargaining agreements.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	August 1, 2011 – June 30, 2015
Issue Date:	October 2016
Number of Findings:	4
Number of Repeat Findings:	1
% of Repeat Findings:	25%
Rating: (if applicable)	n/a

Finding 1: The Maryland Aviation Administration (MAA) did not comply with requirements of a federal noise compatibility program and, as a result, \$4.6 million in related expenditures were not reimbursed with federal funds.

Finding 2: MAA did not have adequate procedures to ensure that all collections, which totaled \$141 million during fiscal 2015, were deposited and that deposits were made timely.

Finding 3: **Proper internal controls were not established to ensure independent approvals for purchasing and disbursement transactions.**

Finding 4: MAA did not competitively procure vehicle and equipment maintenance services or use a statewide contract when available.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
Object/Fund Difference Report
MDOT – Maryland Aviation Administration

<u>Object/Fund</u>	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u> <u>Appropriation</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17 - FY 18</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	449.50	446.50	446.50	0.00	0%
02 Contractual	0.50	0.50	0.50	0.00	0%
Total Positions	450.00	447.00	447.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 44,293,240	\$ 43,306,138	\$ 43,128,558	-\$ 177,580	-0.4%
02 Technical and Spec. Fees	1,854,801	2,102,878	2,097,050	-5,828	-0.3%
03 Communication	1,225,807	1,517,775	1,453,496	-64,279	-4.2%
04 Travel	336,039	242,969	242,969	0	0%
06 Fuel and Utilities	14,029,646	14,471,412	15,045,237	573,825	4.0%
07 Motor Vehicles	2,904,142	3,260,309	2,917,361	-342,948	-10.5%
08 Contractual Services	83,280,927	85,399,118	92,307,025	6,907,907	8.1%
09 Supplies and Materials	7,364,812	6,764,925	7,114,925	350,000	5.2%
10 Equipment – Replacement	313,565	0	0	0	0.0%
11 Equipment – Additional	134,123	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	984,991	970,572	984,081	13,509	1.4%
13 Fixed Charges	19,473,215	19,256,806	18,063,883	-1,192,923	-6.2%
14 Land and Structures	16,496,942	10,635,840	11,161,864	526,024	4.9%
Total Objects	\$ 192,692,250	\$ 187,928,742	\$ 194,516,449	\$ 6,587,707	3.5%
Funds					
03 Special Fund	\$ 192,046,750	\$ 187,283,242	\$ 193,870,949	\$ 6,587,707	3.5%
05 Federal Fund	645,500	645,500	645,500	0	0%
Total Funds	\$ 192,692,250	\$ 187,928,742	\$ 194,516,449	\$ 6,587,707	3.5%

MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

Appendix 4
Fiscal Summary
MDOT – Maryland Aviation Administration

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
2021 BWI Marshall Airport	\$ 184,421,431	\$ 179,968,711	\$ 186,643,091	\$ 6,674,380	3.7%
2022 Martin State Airport	7,877,954	7,496,525	7,415,342	-81,183	-1.1%
2023 Regional Air Development	392,865	463,506	458,016	-5,490	-1.2%
2030 Facilities and Capital Equipment	145,408,632	133,700,000	106,604,000	-27,096,000	-20.3%
1270 Parking Revenue Control System	1,689,175	500,000	0	-500,000	-100.0%
Total Expenditures	\$ 339,790,057	\$ 322,128,742	\$ 301,120,449	-\$ 21,008,293	-6.5%
Special Fund	\$ 318,317,683	\$ 313,184,242	\$ 294,957,949	-\$ 18,226,293	-5.8%
Federal Fund	21,472,374	8,944,500	6,162,500	-2,782,000	-31.1%
Total Appropriations	\$ 339,790,057	\$ 322,128,742	\$ 301,120,449	-\$ 21,008,293	-6.5%

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
MDOT: Maryland Department of Transportation

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

Appendix 5
Budget Amendments for Fiscal 2017
Maryland Department of Transportation
Maryland Aviation Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$462,267	Special	Provide funding for increments.
Approved	623,061	Special	Funds for the SLEOLA portion of the fiscal 2017 collective bargaining agreement.
	<i>\$1,085,328</i>	<i>Subtotal</i>	
Projected	\$1,700,000	Special	Increase for security at BWI Marshall Airport, provided by Maryland Transportation Authority police.
	<i>\$1,700,000</i>	<i>Subtotal</i>	
	<i>2,785,328</i>	Total	

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
SLEOLA: State Law Enforcement Officers Labor Alliance

Source: Maryland Department of Transportation

Appendix 6
Budget Amendments for Fiscal 2017
Maryland Department of Transportation
Maryland Aviation Administration – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$43,199	Special	Provide funding for increments.
	\$43,199	Subtotal	
Pending	\$10,871,761	Special	Amend the working appropriation to reflect the fiscal 2017 to 2022
	2,821,000	Federal	<i>Consolidated Transportation Program.</i>
	\$13,692,761	Subtotal	
	\$13,735,960	Total	

Source: Maryland Department of Transportation