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Maryland Aviation Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$170,109	\$173,472	\$175,702	\$2,230	1.3%
Adjusted Special Fund	\$170,109	\$173,472	\$175,702	\$2,230	1.3%
Federal Fund	656	656	656	0	
Adjusted Federal Fund	\$656	\$656	\$656	\$0	0.0%
Adjusted Grand Total	\$170,765	\$174,128	\$176,359	\$2,230	1.3%

- The fiscal 2013 operating allowance totals \$176.4 million, an increase of \$2.2 million over the fiscal 2012 working appropriation. This increase is primarily attributed to increases in security and information technology.

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2011</u> <u>Actual</u>	<u>Fiscal 2012</u>		<u>Fiscal 2013</u> <u>Allowance</u>
		<u>Legislative</u>	<u>Working</u>	
Special	\$31,857	\$48,290	\$53,694	\$47,835
Federal	11,945	8,732	4,278	23,571
Subtotal	\$43,802	\$57,022	\$57,972	\$71,406
Other Funds	\$34,647	\$27,555	\$63,401	\$144,250
Total	\$78,449	\$84,577	\$121,373	\$215,656

- The fiscal 2013 capital allowance totals \$215.7 million, an increase of \$94.3 million from the fiscal 2012 working appropriation. This increase is primarily due to the cash flow schedules of two large projects involving improvements to Concourse C and federally mandated airfield pavement and runway safety area improvements.

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

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Operating and PAYGO Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>
Regular Operating Budget Positions	450.50	444.50	443.50	-1.00
Regular PAYGO Budget Positions	<u>51.00</u>	<u>49.00</u>	<u>48.00</u>	<u>-1.00</u>
Total Regular Positions	501.50	493.50	491.50	-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	502.00	494.00	492.00	-2.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	29.29	5.96%
Positions and Percentage Vacant as of 12/31/11	25.00	5.09%

- The Maryland Aviation Administration’s (MAA) fiscal 2013 allowance includes 491.5 regular positions. MAA maintains a vacancy rate of 5.1% and has 1.0 position that has been vacant for more than 12 months.
- Since fiscal 2011, 11.0 regular positions at MAA have been abolished and 1.0 position was added as a result of an interdepartmental transfer.

Analysis in Brief

Major Trends

Passenger Totals Continue to Rise: Passengers at Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) reached 22.4 million in calendar 2011, the highest total on record. This is a 2.1% increase from the previous year.

MAA Generates Net Profit in Fiscal 2011: In fiscal 2011, MAA's operating revenues were sufficient to cover both its operating and capital expenses, generating a net profit of \$5.8 million. This is only the seventh time in MAA's history that this happened. Aggressive cost containment actions taken during the recession and the increase in passengers in fiscal 2010 and 2011 have aided this achievement.

Issues

Major Capital Projects Underway with Little Impact on the Transportation Trust Fund: Two major capital projects totaling \$436.5 million are underway at BWI Marshall Airport. Given the short timeframe to fund these projects and the desire to minimize the impact on the Transportation Trust Fund and maximize the use of airport revenues, MAA plans to issue \$300.0 million in nontraditional debt backed by passenger facility charges. **The Department of Legislative Services (DLS) recommends that MAA discuss the status of the projects, the necessary federal approvals, and the benefits of using nontraditional debt.**

Ambulance Transport Fees Are Feasible and Can Help Defray Costs: The 2011 *Joint Chairmen's Report* (JCR) required a report from MAA on the feasibility of establishing an ambulance transport fee. In December 2011, MAA submitted a report that found that establishing an ambulance transport fee is feasible; however, there were concerns over whether the amount of revenue generated would be worth the additional effort and potential negative public reaction. **Given these difficult economic times, the prevalence of ambulance transport fees in Maryland jurisdictions and other regional airports, and the structure of third party billing contracts that ensures that there is no financial risk to collecting these fees, DLS recommends that an ambulance transport fee be established.**

Talks with Anne Arundel County Fail to Achieve Cost-sharing Mechanism: The BWI Airport Fire and Rescue Department received nearly 3,800 calls for service in calendar 2011 and roughly 32% of these calls were for mutual aid support in Anne Arundel County. The 2011 JCR directed MAA to work with Anne Arundel County to develop a cost-sharing mechanism for these high levels of mutual aid. The report noted the spirit of cooperation that exists between the two entities but failed to recommend a cost-sharing mechanism. Mutual aid calls to Anne Arundel County are expected to increase over the next several years resulting from cuts to the county fire department and the opening of the Maryland Live! Casino. **DLS recommends several options to achieve a cost-sharing agreement.**

No Silver Lining for Diner Deal: Construction of the B/C connector will require the relocation of Silver Diner, a restaurant located at the corner of Concourse B and the main terminal. MAA is contractually obligated to pay \$2.5 million in relocation costs to the Silver Diner. However, MAA has reached an agreement with Silver Diner to provide an additional \$1.2 million in payments above the contractual obligation. DLS notes that doing so may set a bad precedent for future negotiations with airport vendors. **DLS recommends that MAA comment on the decision to provide additional relocation assistance to Silver Diner.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

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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 strives to make the Maryland aviation system the “Easy Come, Easy Go” gateway to the world and to achieve this it has identified the following key goals:

- keep BWI Marshall Airport passengers, tenants, and facilities safe;
- operate BWI Marshall Airport efficiently and effectively;
- attract, maintain, and expand air service; and
- provide exceptional service.

Performance Analysis: Managing for Results

As owner and operator of a commercial airport, many of the performance indicators that MAA measures are, at least partially, affected by factors outside of its control, such as the status of the airline industry. Since airports depend not only on airlines but also on the passengers they bring to generate revenues, changes in the airline industry affect the airlines as well as the airports where they operate. For this reason, any discussion of performance at BWI Marshall Airport would be incomplete without discussion of the airline industry as a whole.

The Airline Industry

Over the last several years, the global airline industry has been rocked by an oil price hike in 2008 and the economic downturn in 2009. In 2010, a slow rebound began, but in 2011 the rebound stalled. In 2011, the continuing economic difficulties and rising fuel costs led to year-over-year declines in earnings and revenues for most airlines. A similar picture is expected to take shape in 2012. Airlines are forecasted to make a profit, although it will be less than that of 2010 and 2011.

Reduced profits make long-term sustainability and growth difficult. Economic uncertainties remain a challenge in 2012. Although the United States continues its slow economic recovery, financial problems in Europe pose new problems.

North American airlines should fare slightly better than their global counterparts. Airlines like United Continental, Delta, Southwest and JetBlue that are untouched by the European crisis will continue to improve their financial positions due to higher ticket prices, capacity cuts, and improved ancillary revenues. Airlines have closely managed their load factors, thus filling more seats and suppressing supply, which in turn increases prices.

Industry consolidation will continue to be an issue in 2012. Recent mergers include Delta Airlines' acquisition of Northwest Airlines in 2008, United Airlines merger with Continental Airlines in 2010, and Southwest's acquisition of AirTran Airways in 2011. In November 2011, American Airlines filed for bankruptcy protection, which could lead the way for a merger with US Airways.

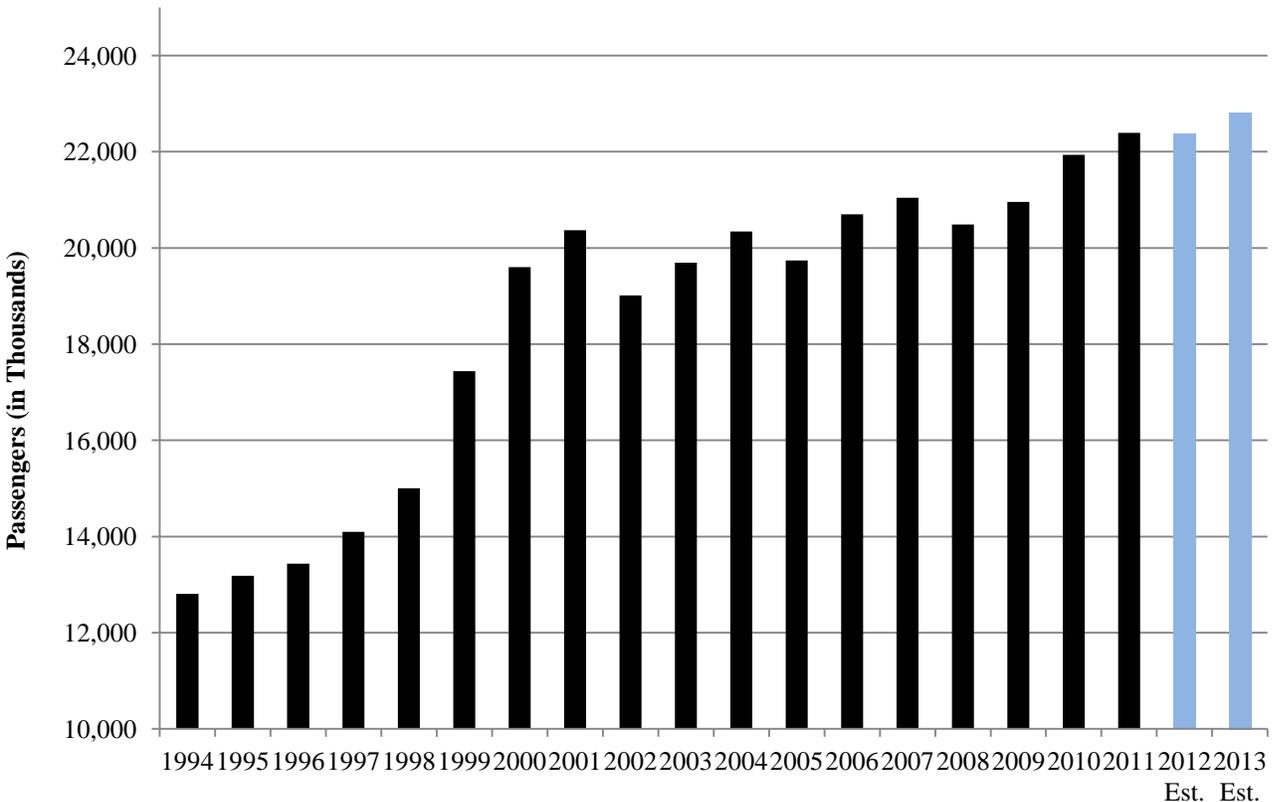
The biggest factors that bear watching in 2012 and could impede recovery will be oil price volatility, economic weakness, government regulations, and labor. Although oil prices remain well below the 2008 high point, they are still high and remain as one of the largest, and most unpredictable, airline costs.

Total Passengers

Passenger traffic at BWI Marshall Airport increased 2.1% from calendar 2010 to 2011, up from 21.9 million passengers in calendar 2010 to 22.4 million in calendar 2011. As shown in **Exhibit 1**, over the last two decades passengers have increased from 12.8 million in calendar 1994 to 22.4 million in calendar 2011. BWI Marshall Airport saw a steady growth period from calendar 1994 through 2000. In the period from 2000 through 2010, passenger totals leveled off and hovered near 20.0 million. Since 2010, steady growth in passengers has again taken place, despite the economic downturn.

International service continues to be a struggle for BWI Marshall Airport. International passengers make up less than 3% of all passengers. Currently, BWI Marshall Airport offers seven international destinations, including Aruba; Cancun, Mexico; Freeport, Bahamas; Montego Bay, Jamaica; Nassau, Bahamas; Toronto, Canada; and a heavily State-supported daily nonstop flight to London Heathrow Airport. In July 2012, Condor Airlines will begin providing new direct service to Frankfurt, Germany.

Exhibit 1
Total Passengers at Baltimore/Washington International
Thurgood Marshall Airport
Calendar 1994-2013



Source: Maryland Aviation Administration

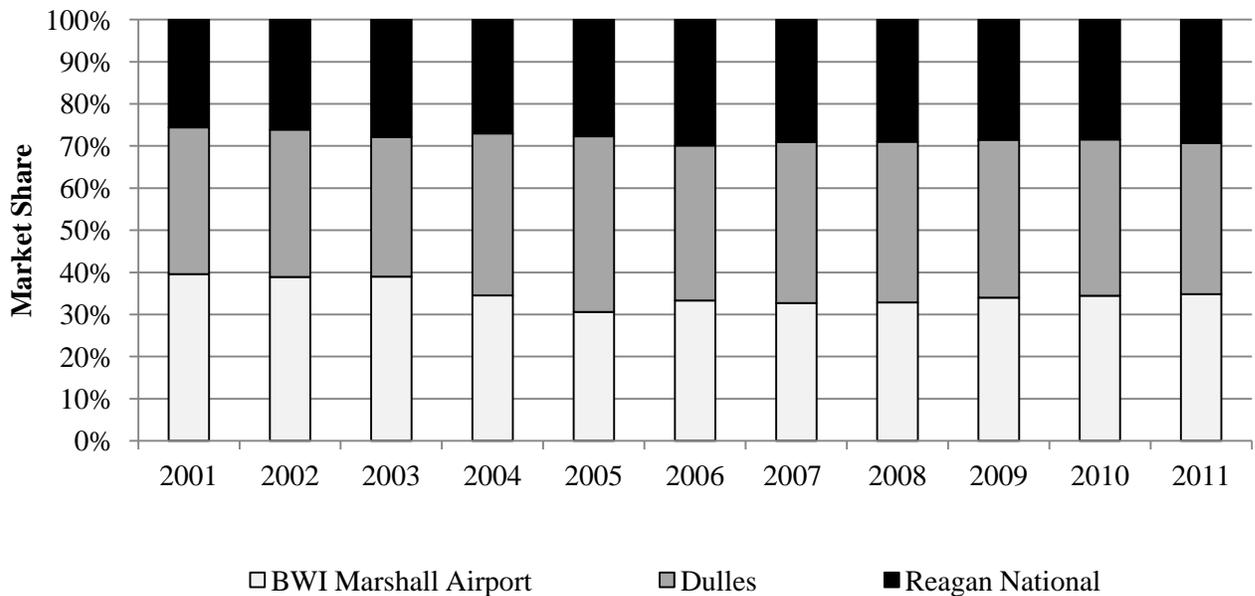
The dominant airline at BWI Marshall Airport continues to be Southwest Airlines, which handled 56.1% of all passengers in calendar 2011. The next largest airline is AirTran Airways, which handled 15.0% of all passengers in calendar 2011. In May 2011, Southwest Airlines closed on its acquisition of AirTran Airways. Since that time, the unions that represent the pilots, flight attendants, and other airline workers for each of the airlines have been reaching agreement on integration practices. The next step will be the acquisition of a single operating certificate from the Federal Aviation Administration (FAA), expected in the first quarter of 2012. When this is complete, Southwest will carry 71.1% of all passengers at BWI Marshall Airport

Passenger Market Share

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 Dulles International Airport (Dulles) and Ronald Reagan Washington National Airport (Reagan National).

Exhibit 2 shows the percentage of passengers in the region that fly BWI Marshall Airport, Dulles, and Reagan National. BWI Marshall Airport continues to slowly take market share away from Dulles. In calendar 2011, passengers at BWI Marshall Airport increased by 2.1% and decreased by 2.3% at Dulles. This decline at Dulles allowed BWI Marshall Airport to capture additional regional market share. Prior to 2004, BWI Marshall Airport led in regional market with approximately 38.0% of regional passengers. By 2005, Dulles had claimed 41.7% of regional passengers, and this has slowly declined to 35.9% in 2011. Total passenger volumes in 2011 were 23.1 million at Dulles and 18.8 million at Reagan National.

Exhibit 2
Regional Passenger Market Share
Calendar 2001-2011



Source: Maryland Aviation Administration

Cost and Revenue Per Enplaned Passenger

Two of the important financial calculations considered in regard to airports are the cost per enplaned passenger (CPE) and the nonairline revenue per enplaned passenger (RPE). Nonairline revenue includes parking, concessions, rental cars, and other revenue sources. In regard to 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**, from fiscal 2010 to 2011, BWI Marshall Airport's CPE decreased slightly from \$9.39 to \$9.18. In fiscal 2012 and 2013, MAA projects that its CPE will continue to decrease slightly. Following a substantial increase in the average CPE at other regional airports, BWI Marshall Airport remains well below the fiscal 2011 average of \$17.14. Regional airports are the airports that BWI Marshall Airport is in direct competition with: Reagan National, Dulles, and Philadelphia International Airport. The increase in average CPE at the regional airports was primarily due to a large construction program at Dulles.

Also shown in Exhibit 3, BWI Marshall Airport's nonairline RPE increased slightly in fiscal 2011 to \$10.31. Slight declines are expected in fiscal 2012 and 2013 due to the increase in passengers.

Exhibit 3 Cost and Revenue Per Enplaned Passenger Fiscal 2008-2013

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Est.</u> <u>2012</u>	<u>Est.</u> <u>2013</u>
Cost Per Enplaned Passenger						
BWI Marshall Airport	\$7.75	\$9.28	\$9.39	\$9.18	\$9.17	\$9.08
Regional Airports Average	10.05	11.53	13.31	17.14	-	-
Nonairline Revenue Per Enplaned Passenger						
BWI Marshall Airport	10.18	10.03	10.09	10.31	9.84	9.85
Regional Airports Average	11.35	9.59	10.86	-	-	-

Note: Actual data for fiscal 2011 for regional airports is not yet available. The amount shown as the fiscal 2011 cost per enplaned passenger is an estimate only. Cost projections beyond fiscal 2012 and projections of revenues for regional airports are not available.

Source: Maryland Aviation Administration

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's 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's special fund revenues and expenditures. For the first time since fiscal 1999, in both fiscal 2010 and 2011, MAA generated enough revenue to cover both its operating and capital expenses. Fiscal 2011 is only the seventh time since MAA took ownership of BWI Marshall Airport in 1973 that this has happened. It is due in large part to aggressive cost containment actions made in response to the economic downturn and the increase in passengers and revenues in calendar 2010 and 2011. In fiscal 2012 and 2013, MAA projects a positive net operating income; however, when the capital program is taken into account, a net loss is projected, requiring MAA to rely on other transportation revenues in the TTF.

Exhibit 4
Special Fund Revenues and Expenditures
Fiscal 2010-2013
(\$ in Thousands)

	<u>2010</u>	<u>2011</u>	<u>Work. Approp.</u> <u>2012</u>	<u>Allowance</u> <u>2013</u>	<u>\$ Change</u> <u>2012-2013</u>	<u>% Change</u> <u>2012-2013</u>
Operating Revenues						
Flight Activities	\$54,151	\$57,607	\$57,231	\$58,239	\$1,008	1.8%
Rent and User Fees	57,134	57,209	57,319	57,698	379	0.7%
Concessions	68,352	74,162	75,576	77,419	1,843	2.4%
Other Revenues	7,777	10,756	4,049	6,773	2,724	67.3%
Martin State Airport	7,098	7,997	7,062	7,133	71	1.0%
Revenues Subtotal	\$194,513	\$207,733	\$201,237	\$207,262	\$6,025	3.0%
Operating Expenditures ¹	\$173,093	\$170,109	\$173,472	\$175,702	\$2,230	1.3%
Net Operating Income	\$21,420	\$37,624	\$27,765	\$31,560	\$3,795	13.7%
Capital Expenditures ¹	\$20,756	\$31,857	\$53,694	\$47,835	-\$5,859	-10.9%
Net Income/Loss	\$664	\$5,767	-\$25,929	-\$16,275	\$9,654	37.2%

¹ Includes special funds only.

Source: Maryland Aviation Administration

It is important to note 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, but depreciation over the life of the asset does not take place. Reimbursement from the airlines (through the Basic Use and Lease Agreement) actually takes place over 5 to 30 years, meaning that revenues and capital expenditures may not match in a year-to-year comparison.

Proposed Budget

MAA's fiscal 2013 operating budget allowance totals \$176.4 million, an increase of \$2.2 million over the fiscal 2012 working appropriation. **Exhibit 5** provides a summary of the changes taking place from fiscal 2012 to 2013. As was true with the fiscal 2012 budget, the fiscal 2013 budget largely shows an effort to internally fund cost increases in one area of the budget by shifting money from other areas.

In total, personnel expenditures decrease by \$564,392. Required increases in retirement (\$402,831), workers' compensation (\$361,964), and employee and retiree health insurance (\$251,335) are offset by decreases to reflect the removal of the one-time \$750 employee bonus granted to all State employees (\$340,151), 1 abolished position (\$63,110) and an adjustment to turnover (\$26,679).

The majority of changes in the budget take place outside of personnel. Some of the larger changes include:

- an increase of \$1.7 million in the contract with the Maryland Transportation Authority Police to provide law enforcement at BWI Marshall Airport. Of this total, \$1.2 million is required to reinstate daily staffing of selected security posts around BWI Marshall Airport that had previously only been manned on a rotating basis for cost containment reasons and \$0.5 million is necessary to staff the security checkpoint on the lower level of the airport that was recently created to deal with Southwest and AirTran passenger demand;
- an increase of \$0.7 million for information technology, including an increase of \$0.6 million for maintenance support costs for several new systems recently installed as part of a \$47.3 million capital project to replace various security, emergency response, and facility monitoring systems, and \$0.1 million for software licenses based on actual expenditures;
- a net increase of \$0.7 million for utilities, which includes a \$1.7 million increase for energy performance contract payments that is offset by a \$1.0 million decrease in projected electricity and natural gas expenditures;
- an increase of \$0.5 million for the shuttle bus contract due to inflationary cost increases associated with the recent contract renewal;

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

How Much It Grows:	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Total</u>
2012 Working Appropriation	\$173,472	\$656	\$174,128
2013 Allowance	<u>175,702</u>	<u>656</u>	<u>176,359</u>
Amount Change	\$2,230	\$0	\$2,230
Percent Change	1.3%		1.3%
Contingent Reductions	\$0	\$0	\$0
Adjusted Change	\$2,230	\$0	\$2,230
Adjusted Percent Change	1.3%	0.0%	1.3%

Where It Goes:

Personnel Expenses

Retirement.....	\$403
Workers' compensation premium assessment.....	362
Employee and retiree health insurance.....	251
Salary adjustments.....	-18
Turnover adjustments.....	-27
Abolished positions.....	-63
Removal of \$750 one-time employee bonus.....	-340
Other fringe benefit adjustments.....	-4

Other Changes

Security.....	1,670
Information technology.....	719
Energy performance contract payments net of electricity and natural gas decreases.....	663
Shuttle bus contract.....	462
Purchase of replacement vehicles.....	407
Air service consultants.....	346
Additional leased office space.....	139
Travel.....	-30
Legal and clerical support.....	-48
Postage and other communications expenses.....	-62
Building repairs and maintenance.....	-105

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Where It Goes:

Supplies (includes office supplies, employee uniforms, replacement parts, badges, etc.).....	-122
Advertising and printing costs	-160
Debt service payments	-181
Maryland Environmental Service	-200
New and replacement equipment and equipment rental	-234
Equipment repairs and maintenance contracts.....	-317
Janitorial	-1,279
Other	-2
Total	\$2,230

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

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- an increase of \$0.4 million for the purchase of 16 replacement vehicles, including 13 vehicles for BWI Marshall Airport and 3 vehicles for MTN. These vehicles range in age from 9 to 26 years and current mileage is between 61,139 miles and 146,029 miles. Although some vehicles are below replacement mileage guidelines established by the Department of Budget and Management, they are all at least 10 years old and were subject to extensive wear and tear by the nature of the work for which they were used. Since 2010, MAA has replaced only 2 vehicles due to cost containment efforts; and
 - a decrease of \$1.3 million for the janitorial contract based on cost containment efforts and fiscal 2011 expenditures.

Personnel

As shown in **Exhibit 6**, since fiscal 2009, 41.5 positions at MAA were abolished. In total, these actions include 33.5 positions abolished for cost containment reasons by the legislature, Board of Public Works (BPW), or Maryland Department of Transportation (MDOT) and a net decrease of 8.0 positions resulting from interdepartmental transfers of positions between modes.

**Exhibit 6
Position Abolitions
Fiscal 2009-2013**

Fiscal 2009 Actual	533.0
Legislative reduction of 55 positions departmentwide	-5.0
Board of Public Works cost containment actions	-6.5
Interdepartmental position transfer	-10.0
Fiscal 2010 Actual	511.5
Interdepartmental position transfer	+1.0
Voluntary Separation Program	-11.0
Fiscal 2011 Actual	501.5
MDOT cost containment actions	-6.0
Statewide legislative reduction (Section 47 of the fiscal 2012 budget bill)	-3.0
Interdepartmental position transfer	+1.0
Fiscal 2012 Working Appropriation	493.5
MDOT cost containment actions	-2.0
Fiscal 2013 Allowance	491.5

MDOT: Maryland Department of Transportation

Source: Department of Legislative Services

PAYGO Capital Program

Program Description

MAA's 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 2012 to 2017 Consolidated Transportation Program

MAA's total capital program from fiscal 2012 to 2017 is \$714.4 million, which is \$83.8 million more than the total capital funding for MAA in the fiscal 2011-2016 *Consolidated Transportation Program* (CTP).

Funding for projects in the fiscal 2012-2017 CTP is dominated by one project that consumes nearly half of the total six-year expenditures. This \$354.6 million project involves federally mandated improvements to runway safety areas (RSA) and pavement conditions at BWI Marshall Airport. This project involves two separate but related components. The first involves federally mandated improvements to the RSAs around each of BWI Marshall Airport's four runways. This FAA mandate requires all airports to achieve compliance by 2015. The second component, the Pavement Management Program (PMP), will correct any existing defects in the surface of the runways, taxiways and deicing pads at BWI Marshall Airport. Federal regulations require that airfield pavements are kept free of cracks and surface variations that could impair the directional control of airplanes.

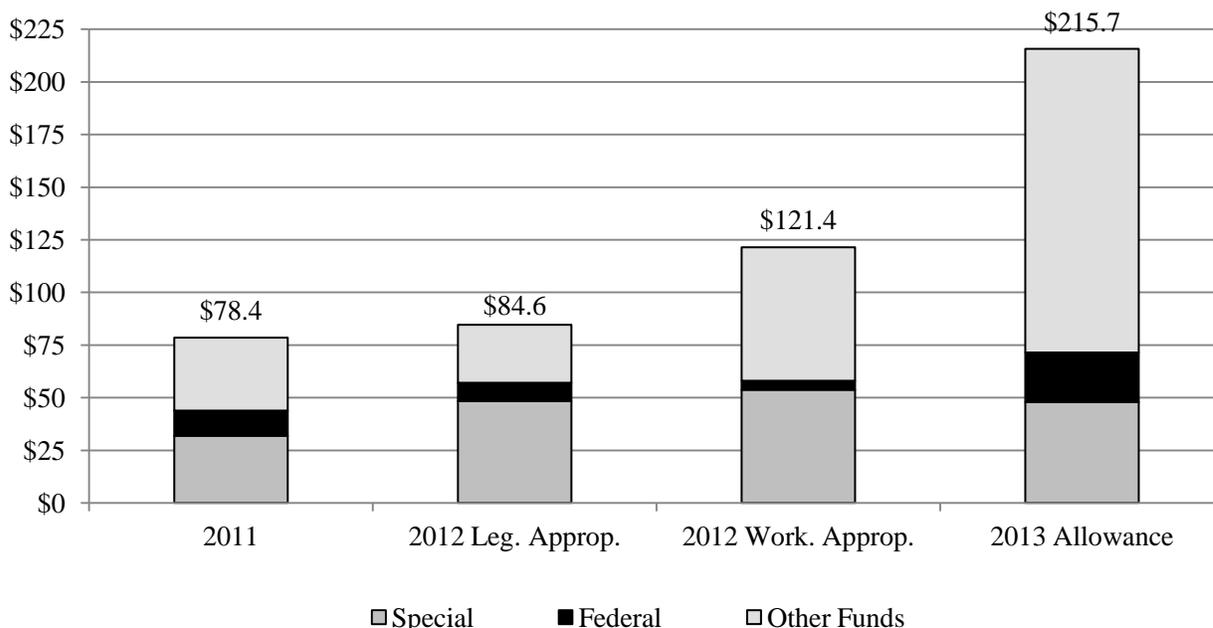
Fiscal 2012 and 2013 Cash Flow Analysis

Exhibit 7 provides cash flow information for MAA's capital program. MAA's fiscal 2013 capital allowance is \$215.7 million, a \$94.3 million increase from the fiscal 2012 working appropriation. The net increase includes an \$80.9 million increase in other funds and a \$19.3 million increase in federal funds, which is offset by a \$5.9 million decrease in special funds.

The increase in other funds is primarily due to the cashflow schedules for the B/C connector and RSA/PMP projects. Both projects will be primarily funded with passenger facility charges (PFC), including the use of pay-as-you-go (PAYGO) revenues and bond proceeds. The use of bond proceeds is discussed further in Issue 1.

The increase in federal funds is due to the anticipated receipt of federal funds to partially fund the RSA/PMP project. Much of this funding is anticipated and has not yet been awarded. The award of federal funds is contingent on approval of the project's finding of no significant impact as part of its environmental analysis and the availability of federal funds. However, there is a lot of uncertainty

Exhibit 7
Cash Flow Changes
Fiscal 2011-2013
(\$ in Millions)



Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

in federal aviation funding. On February 6, 2012, Congress passed a four year reauthorization of FAA. Prior to that, there had not been a long-term aviation funding bill since the last one expired in 2007. A series of 23 short-term extensions of aviation funding ranging in length anywhere from 1 week to 6 months provided short-term authorizations but created uncertainty in long-term planning and funding for airports. Due to this uncertainty, MAA reflects the federal funds in the CTP but utilizes conservative forecasting and assumes that no federal funds will be received. If federal funds are awarded for the project, the funding will be used to supplant funding from the TTF. **The Department of Legislative Services (DLS) recommends that MAA comment on the recent long-term authorization for FAA.**

Other funds include PFCs, customer facility charges (CFC), certain pass-through federal funding, and an energy performance contract. **Exhibit 8** shows the breakdown of projects using other funding. Other funds increase \$80.8 million from \$63.4 million in fiscal 2012 to \$144.3 million in fiscal 2013. This large increase is primarily the result of the cashflow schedules for the B/C connector and RSA/PMP projects and the use of PFC bonds to partially fund these projects.

**Exhibit 8
Other Funds
Fiscal 2012-2013
(\$ in Thousands)**

<u>Project</u>	<u>Source</u>	<u>2012</u>	<u>2013</u>
TSA Area CCTV Replacement	TSA	\$3,157	
BWI Marshall Airport Integrated Security System	TSA	3,628	
Concourse D/E Baggage Screening and Claim System Improvements	PFC PAYGO	128	
Concourse C/D Airfield Ramp Improvements	PFC PAYGO	8,534	
Gate G Modifications	PFC PAYGO	48	
Terminal Improvement Project	PFC PAYGO	2,142	
Minor Projects (Six Projects)	PFC PAYGO	274	
Energy Performance Projects	EPC/ARRA	6,578	
Consolidated Rental Car Facility Courtyard Improvements	CFC	651	\$4,480
Hagerstown Airport	RAA	1,000	1,000
TSA Baggage Screening Improvements	TSA	1,843	841
BWI Marshall Airport Integrated Security System	PFC PAYGO	9,766	8,837
Consolidated Dispatch Center	PFC PAYGO	3,203	2,285
Concourse B/C Connector	PFC PAYGO	22,449	15,000
Permanent Noise Monitoring	PFC PAYGO		1,438
RSA/PMP Improvements	PFC PAYGO		15,000
RSA/PMP Improvements	PFC Bonds		47,180
Concourse B/C Connector	PFC Bonds		48,189
Total Other Funds		\$63,401	\$144,250

ARRA: American Recovery and Reinvestment Act of 2009

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

CCTV: closed circuit television

CFC: customer facility charge

EPC: energy performance contract

PAYGO: pay-as-you-go

PFC: passenger facility charge

PMP: pavement management program

RAA: Regional Aviation Assistance

RSA: runway safety area

TSA: Transportation Security Administration

Source: Maryland Aviation Administration

Exhibit 9 provides a list of major construction projects funded in fiscal 2013. The four projects listed account for nearly all funding of major projects in the construction program for fiscal 2013.

Exhibit 9
Major Construction Projects
Funded in Fiscal 2013
(\$ in Thousands)

<u>Project</u>	<u>2013</u>	<u>\$ Total</u>	<u>Completion of Fiscal Cash Flow</u>
RSA/PMP Improvements Phase I – includes the initial phase of improvements to the RSAs and PMP.	\$3,146	\$17,812	2013
Integrated Life-safety and Security Systems – provides for the replacement of numerous, disparate end of life cycle facility monitoring, emergency response and security systems into one integrated system.	15,035	47,340	2013
Concourse B/C Connector – creates a secure connection between Concourses B and C, widens Concourse C, relocates the Concourse C security checkpoint, improves baggage handling capacity, and brings the facility into compliance with current fire and life safety codes.	73,170	99,689	2013
RSA/PMP Improvements – consists of the design and construction of improvements to runway safety areas, runways, taxi lanes, and deicing pads to meet federally mandated standards.	89,541	336,793	2016
Total	\$180,892	\$501,634	

PMP: Pavement Management Program

RSA: runway safety area

Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Projects Moved from the Development and Evaluation Program to the Construction Program

One project was moved from the development and evaluation program to the construction program in the fiscal 2012-2017 CTP. This \$99.7 million project involves the B/C connector project. The B/C connector project is being developed under an accelerated construction schedule. In November 2011, MAA sent a letter to the budget committees advising them of the need for an accelerated schedule, and in December 2011, the chairmen of the budget committees approved this request. In December 2011, BPW approved a request to expedite the procurement of these contracts.

The recent acquisition of AirTran Airways by Southwest Airlines has required several changes at BWI Marshall Airport. Together, the combined carrier will handle over 70% of passengers at the airport. To efficiently handle these passengers, AirTran was recently relocated to Concourse B and Delta Airlines moved to Concourse D, allowing Southwest and AirTran to eventually operate as one airline in Concourses A, B, and C once final FAA approval is received. To accommodate this, certain improvements to Concourse C are necessary. The B/C connector project will:

- widen Concourse C;
- create a secure connection between Concourses A, B, and C, allowing passengers to move from one concourse to another without going back through security;
- relocate the Concourse C security checkpoint to an area between Concourses B and C, allowing improvements to passenger screening;
- improve baggage handling capacity;
- bring the facility into compliance with current fire and life safety standards; and
- create additional concessions areas.

Construction Schedule Delays

Only one project had its funding deferred in the fiscal 2012-2017 CTP. The project involves the multi-year program for the acquisition of land surrounding BWI Marshall Airport. The purpose of the program is to purchase, at fair market value, homes most severely impacted by aircraft noise. Program funding has been deferred from fiscal 2012 to 2014 to align expenditures with revenues received from the sale of previously acquired properties that are no longer needed.

FAA's airport noise compatibility program is designed to encourage airport operators and surrounding communities to prevent or mitigate noise sensitive land uses around airports. One way that airports can mitigate noise impacts is to acquire noise impacted land and convert it to a compatible use. When an airport uses certain federal funds to acquire land for noise compatibility, the airport must commit to dispose of the land "as soon as practicable" when the land is no longer needed for noise compatibility purposes. The airport must then repay the federal share of the proceeds or reinvest the funds, with FAA approval, into the airport's noise compatibility program.

Since 1985, MAA has acquired 250 parcels of land under this program to create a buffer between BWI Marshall Airport and surrounding communities. The total cost of the land was \$35.5 million, and it was acquired primarily using federal funds with a portion of funds from the TTF. Over time, airplane technology has reduced noise and led to smaller areas affected by airport noise.

In September 2005, an audit report from the U.S. Department of Transportation Inspector General recommended that FAA enhance its monitoring of the noise land disposal requirement. In February 2008, FAA issued Program Guidance Letter 08-2 mandating that airports develop comprehensive reuse plans for land acquired for noise compatibility. The new guidance required airports to develop an inventory of land acquired under this program and determine whether each piece of land is still required for noise mitigation, can be converted to other federally eligible airport development uses, or can be disposed of. In June 2010, FAA approved MAA's noise land re-use plan, allowing it to sell 190 parcels of land over the next five years. In December 2011, BPW approved contracts with 14 firms to provide survey, title and settlement, and appraisal services for the sale of these properties. The proceeds of these sales can then be used to purchase land within the airport's smaller noise contour zones. **DLS recommends that MAA discuss the status of the sale of these properties.**

Issues

1. Major Capital Projects Underway with Little Impact on the Transportation Trust Fund

As noted above, MAA has two major capital projects underway, which include the B/C connector and RSA/PMP improvements. Both projects must be completed quickly. The B/C connector project is necessary to improve the flow of passengers and respond to business demand, and the RSA/PMP project is federally mandated to be completed by 2015. Both projects are eligible for PFC funding, but sufficient PAYGO revenues are not available to fund these projects in the required timeframe. Therefore, MAA is exploring its options to issue bonds for these projects. The proposed mix of funding for these projects is listed in **Exhibit 10**.

Exhibit 10
Funding Sources of the B/C Connector and
Runway Safety Area/Pavement Management Program Projects
 (\$ in Millions)

	<u>TTF</u>	<u>PFC</u> <u>PAYGO</u>	<u>PFC</u> <u>Bonds</u>	<u>Total Project Cost</u> <u>(Including Financing Costs)</u>
B/C Connector	\$14.1	\$37.5	\$52.9	\$104.5
RSA/PMP	51.7	85.3	243.2	380.2

PAYGO: pay-as-you-go
 PFC: passenger facility charge
 PMP: pavement management program
 RSA: runway safety area
 TTF: Transportation Trust Fund

Source: Maryland Department of Transportation

In December 2011, MDOT sent a letter to the budget committees requesting an increase in its annual nontraditional debt outstanding. In January 2012, the budget committees approved this request. Nontraditional debt is any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle Bond. This includes, but is not limited to, certificates of participation; debt backed by PFCs, CFCs, or other revenues; and debt issued by the Maryland Economic Development Corporation or Maryland Transportation Authority on MDOT's behalf.

The additional authorization of \$300 million allows MDOT to issue revenue bonds backed by PFCs to fund these projects. PFCs are a federally authorized fee of up to \$4.50 per enplaned passenger imposed by commercial airports. PFC revenues are retained by the airport that imposed

them and are used to fund airport improvement projects approved by FAA. MDOT currently has one issuance of PFC revenue bonds outstanding that will mature in fiscal 2013. **Appendix 1** provides a list of all of MAA's outstanding nontraditional debt issuances.

MDOT projects the issuance of two tranches of PFC debt. The first issuance will be for \$50 million and take place in April 2012. This issuance will be used to fund construction of the B/C connector project. The second issuance will be for \$250 million and take place later in 2012. This issuance will fund the RSA/PMP improvements, and MAA must await federal approval of the environmental assessment and use of PFCs for the project before the bonds may be issued.

In 2012, MAA also expects to refund its outstanding parking revenue bonds. These bonds were issued in 2002 to fund construction of the Elm Road daily parking garage, roadway improvements, enhanced pedestrian access, and the upgrading of utility plants. MAA expects present value savings of \$16 million from the refunding. **DLS recommends that MAA discuss the status of these projects, the necessary federal approvals, and the benefits of using nontraditional debt.**

2. Ambulance Transport Fees Are Feasible and Can Help Defray Costs

Ambulance transport fees enable fire departments to recover a portion of their costs. In Maryland, 19 of the 24 local jurisdictions charge ambulance transport fees. Nearby regional airports Dulles and Reagan National both charge ambulance transport fees. Due to the prevalence of ambulance transport fees, Medicare, Medicaid, and most private insurance companies in Maryland already cover the cost of ambulance transports under current plans and premiums. In 2010, DLS completed a phone survey of counties and fire stations that charge these fees. Typically, charges vary based on the level of service provided in the ambulance and range from \$300 to \$850 either as a flat fee or with mileage charged on top of that.

In calendar 2011, the BWI Fire and Rescue Department (BWI FRD) responded to 3,793 calls for service and 1,290 of these calls, or 34.0%, were for services provided through mutual aid agreements in counties surrounding BWI Marshall Airport, typically Anne Arundel County. Anne Arundel County charges an ambulance transport fee of \$500 but does not pursue collection of accounts for amounts not covered by insurance for county residents.

The 2011 *Joint Chairmen's Report* (JCR) included narrative stating that the budget committees were interested in establishing an ambulance transport fee for BWI FRD but wanted MAA to look at the feasibility of establishing, assessing, and collecting the fee before it was implemented. MAA completed an informal survey of 11 fire and rescue departments and reviewed copies of several solicitation documents and contracts related to ambulance billing. The survey found:

- all of the local jurisdictions that MAA contacted utilized a third party billing contract to manage the program;

- the contractor provides all administrative functions and handles all correspondence related to billing for patients and insurance companies. Additional work required by the fire department is minimal and typically only involves oversight of the contract and obtaining minimal personal information about the patient;
- typically, contractors receive a percentage of revenues as their fee, which provides incentive for them to pursue fee collection and requires no direct expenditures from the fire department;
- actual collection rates vary, making estimating potential revenue difficult; however, MAA provides a conservative estimate of revenue at \$250,000 annually; and
- MAA could complete its own procurement of a contractor or “piggyback” on an existing contract of another governmental entity, such as Anne Arundel County. However, if MAA were to piggyback on another jurisdiction’s contract, it would have to agree to the terms of condition that already exist for that contract, some of which may not be appropriate for BWI FRD.

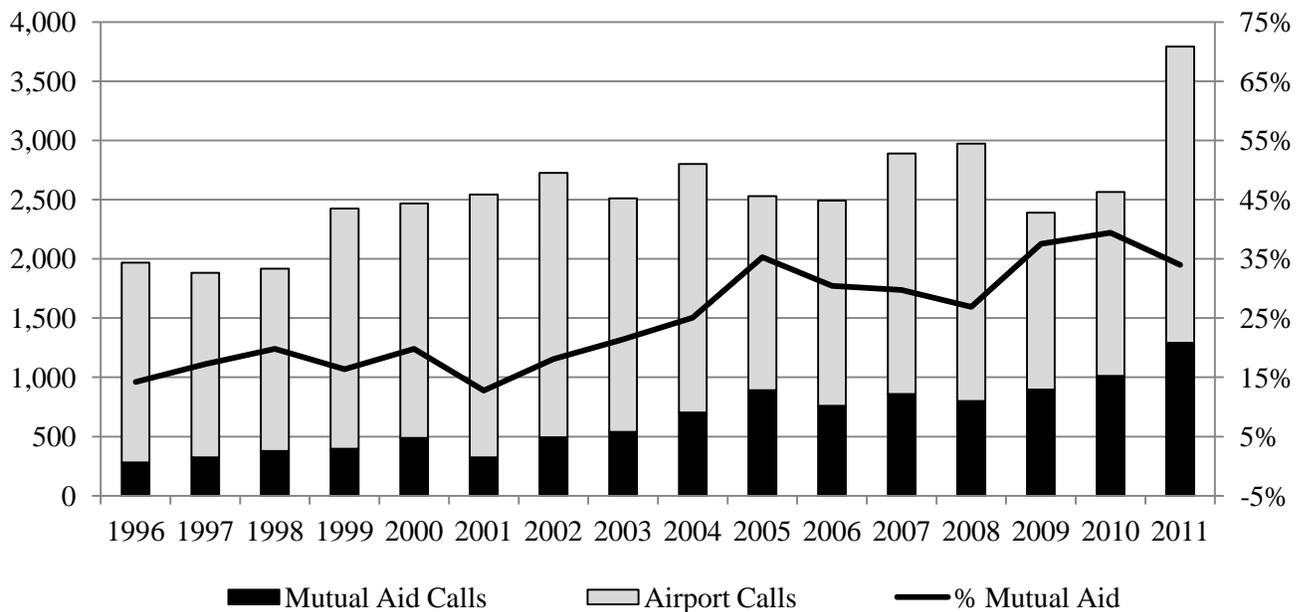
In summary, MAA finds that establishing an ambulance transport fee is feasible; however, consideration should be given to whether or not the amount of additional revenue raised outweighs the potential negative public perception of such a fee and the complexity of the procurement process.

Given these difficult economic times, the prevalence of ambulance transport fees in Maryland jurisdictions and other regional airports, such as Dulles and Reagan National; and the structure of third party billing contracts that ensures that there is no financial risk to collecting these fees, DLS recommends that a provision be included in the Budget Reconciliation and Financing Act (BRFA) of 2012 establishing an ambulance transport fee for BWI FRD. To minimize the impact on Maryland residents, this fee may be structured in such a way as to not pursue collection of fees from Maryland residents for amounts not covered by insurance in consideration of State taxes already paid by Maryland residents.

3. Talks with Anne Arundel County Fail to Achieve Cost-sharing Mechanism

During the 2011 legislative session, DLS raised concerns about the level of mutual aid provided by BWI FRD to Anne Arundel County. In calendar 2011, BWI FRD responded to 3,793 calls for service and 1,208 of these calls, or 31.8%, were for services provided through a mutual aid agreement in Anne Arundel County. **Exhibit 11** provides a historical look at emergency responses over nearly the last two decades.

**Exhibit 11
Emergency Responses
Calendar 1996-2011**



Source: BWI Fire and Rescue Department

MAA Submits Report on Services Provided in Anne Arundel County

The 2011 JCR required a report from BWI FRD to review the current level of mutual aid provided to Anne Arundel County and to work with the county to develop a cost-sharing method. This report was submitted in November 2011. The report states that while mutual aid is provided to Anne Arundel County on a routine basis, the mutual aid arrangement is beneficial for both parties and should a catastrophic event ever happen at BWI Marshall Airport, the assistance of Anne Arundel County would be imperative. The report further states that current mutual aid levels will be maintained and that, beyond existing cooperation between BWI FRD and Anne Arundel County, no formal cost-sharing with the county will be implemented.

MAA estimates that the cost of providing mutual aid to Anne Arundel County is \$226,074. This estimate is based on guidance provided by the Federal Emergency Management Agency on estimating mutual aid costs. DLS notes that this estimate is based on equipment costs only and does not consider personnel costs or staffing levels. Personnel costs are the primary cost driver for fire departments, with roughly 90% of BWI FRD’s budget dedicated to personnel costs.

MAA notes several examples of cooperation that are already taking place between BWI FRD and Anne Arundel County, including:

- the county loans fire and medical apparatus to BWI FRD when BWI FRD apparatus are out of service for mechanical reasons or otherwise unavailable;
- the county provides fire-rescue and medical training and training facilities to BWI FRD personnel;
- the county provides annual pump testing for BWI FRD's apparatus;
- the county participates in the Airport Emergency Plan Exercise held every three years, a full-scale exercise to test the airport's emergency response capability; and
- the county returned to MAA an eight-acre parcel of land, at no cost, that FAA now requires MAA to own since it is located within a runway protection zone.

Increases in Mutual Aid to Anne Arundel County and BWI FRD Expenses Expected Over the Next Several Years

Several current events in Anne Arundel County make it highly likely that the calls for mutual aid from BWI FRD to Anne Arundel County will increase significantly over the next several years. These events are:

- in March 2011, the Anne Arundel County Council removed binding arbitration from the collective bargaining rights of the county's public safety unions. Though the issue is still tied up in the courts, this could pave the way for increased cuts to the fire department;
- in June 2011, the Anne Arundel County Fire Department (AACoFD) made news when it sent an email to its firefighters advertising job openings at the Montgomery County Fire and Rescue Service. The department has not hired new firefighters since 2009, and the vacancy rate is currently at about 7%. The firefighters' union reports that discussions are underway to reduce positions by 80-100 firefighters and return the department to a 24/48 schedule from its current 24/72 schedule. The four shift system was implemented in late 2006 and required the hiring of 140 additional firefighters. The firefighters' union had pushed for the switch to four shifts and made several concessions in pay and benefits to get it, but the change increased the department's budget by 34%;
- in July 2011, AACoFD introduced a plan requiring personnel shifting and putting units out of service once daily caps on overtime are exceeded. The plan would pay 14 firefighters overtime each day to cover for sick or vacationing colleagues. Once that cap is reached, the movement of personnel and putting units out of service would take place. These expected

shifts affect fire stations across the county, including those at Linthicum, Ferndale, and Glen Burnie, which are immediately adjacent to BWI Marshall Airport; and

- in July 2012, the Maryland Live! Casino will open in Anne Arundel County. The casino is located next to the Arundel Mills Mall, only six miles from BWI Marshall Airport. Arundel Mills Mall is already the number one tourist attraction in the State with over 14 million visitors a year. The Maryland Live! Casino will be the State's largest casino with over 4,700 slot machines and is expected to bring more than 5 million visitors a year. The amount of additional visitors and traffic to the area will increase the amount of necessary emergency responses and the proximity of BWI Marshall Airport suggests that BWI FRD will receive an increased amount of calls to this area.

BWI FRD's budget is approximately \$10 million, with roughly 90% of expenses related to personnel. Over the next several years, there will also be significant capital expenses. These include:

- MAA's fiscal 2013 capital budget includes \$1.9 million in vehicle replacements for BWI FRD, including a \$0.8 million aircraft rescue firefighting unit; a \$0.8 million quint, or combined engine and ladder truck unit; \$0.2 million for an ambulance, and \$0.2 million for a shift commander response vehicle;
- several of BWI FRD's other vehicles are 10 or more years old with high mileage and will also need replacement soon; and
- the airport layout plan recently approved by FAA includes several improvements to BWI FRD's facilities over the next decade. This includes an expansion of the existing fire station and construction of a fire training facility in the 2016-2020 timeframe and construction of a second fire station closer to the terminal in the 2021-2025 timeframe.

Need for Cost-sharing Mechanism Still Exists

While the spirit of cooperation that exists between BWI FRD and Anne Arundel County is vital, the State cannot continue to fully pay the cost of the high number of mutual aid calls to Anne Arundel County, especially as the county makes cuts to its own fire department and the Maryland Live! Casino is opened, both requiring additional responses by BWI FRD. The 2011 JCR offered MAA and Anne Arundel County an opportunity to agree on a cost-sharing mechanism for fire and rescue services. In the absence of a decision on the preferred method, the following options are available:

- exempt State-owned parking spots from the parking tax levied by Anne Arundel County. The county could continue to collect the tax on privately owned lots surrounding the airport and elsewhere in the county;

- direct 30% of Anne Arundel County’s hotel tax to the TTF. Statute already provides for revenue distributions of the county’s hotel tax to the Arts Council of Anne Arundel County and the Annapolis and Anne Arundel County Conference and Visitors Bureau; or
- direct 15% of Anne Arundel County’s local impact grant from the proceeds of video lottery terminals to the TTF. The Anne Arundel County facility will open in June 2012 and likely result in additional mutual aid calls from BWI FRD.

DLS recommends that since MAA and Anne Arundel County failed to reach agreement on a cost-sharing mechanism to reimburse BWI FRD for the high level of mutual aid calls to the county, one of the above cost-sharing options should be added as a provision in the BRFA of 2012 to effectuate this cost-sharing.

4. No Silver Lining for Diner Deal

As part of the construction of the B/C connector, Silver Diner, a restaurant located near the current security checkpoint on Concourse B, will have to be relocated. The Silver Diner opened at BWI Marshall Airport in 2007 and is the first and only airport location of the restaurant. Although originally expected to open additional locations at Pittsburgh International Airport and Philadelphia International Airport in 2008, these other airport locations never materialized. However, there are 16 other locations in three states. The chain is headquartered in Rockville (Montgomery County).

The Silver Diner at BWI Marshall Airport opened in 2007 at a cost of \$3.5 million. At approximately 6,500 square feet, it is the largest restaurant at BWI Marshall Airport. It has a prime location at the airport, situated on the corner of Concourse B and the main terminal. Due to construction work associated with the B/C connector, the restaurant must be partially relocated. MAA is contractually obligated to pay approximately \$2.6 million for the undepreciated book value of the restaurant’s assets, moving expenses, and utility costs. The Silver Diner may choose to accept this relocation and build out the new space at its own expense or terminate its sublease and leave the airport. Buildout costs for the new location are estimated at \$4.5 million. To allow time for Silver Diner to recoup these capital costs, MAA and Airmall Maryland Inc. (MAA’s concession developer lesee) agreed to extend Silver Diner’s sublease past the 5 years remaining on the existing sublease. By adding an additional 5 years to the sublease, Silver Diner’s amended sublease term will be for 10 years, the same as their original sublease.

Silver Diner maintains that the amount that MAA is contractually obligated to pay does not meet its financial obligations and the inconvenience that Silver Diner will incur relocating to a new location. Over several months, MAA, Airmall, and Silver Diner have negotiated an agreement that provides up to an additional \$1.2 million in payments to Silver Diner contingent on the actual cost to build out the new location. This brings the total payments potentially up to \$3.8 million. On March 7, 2012, MAA will seek Board of Public Works approval of this agreement.

J00100 – MDOT – Maryland Aviation Administration

DLS notes that Silver Diner signed the original sublease that clearly laid out the provisions of what MAA would be responsible for financially if the Silver Diner should ever need to be relocated. It is generally understood that airports are dynamic places and that tenant relocation, replacement, and required capital investments are not that uncommon. MAA's decision to provide payments to Silver Diner above its contractual obligations may make later negotiations with other vendors more difficult. **DLS recommends that MAA comment on the decision to provide additional relocation assistance to Silver Diner.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

**Existing Nontraditional Debt Service and Debt Outstanding
Fiscal 2013**

<u>Purpose</u>	<u>Original Date Issued</u>	<u>Original Issuance Amount</u>	<u>Debt Service</u>	<u>Debt Outstanding</u>
<i>Certificates of Participation</i>				
Expansion of Concourse B, aircraft parking and a deicing facility (refunded in 2010)	1999	\$42,750	\$2,108	\$15,530
Shuttle bus fleet acquisition	2004	15,500	1,496	5,100
<i>Revenue Bonds Issued by the Maryland Transportation Authority</i>				
Elm Road parking garage, roadway improvements, enhanced pedestrian access, and upgrading of utility plants. Bonds backed by parking revenues	2002	264,075	20,768	190,745
Construction of a rental car facility. Bonds backed by CFCs	2002	117,345	8,999	99,040
Roadway improvements, installation of pedestrian skywalks and taxiway work. Bonds backed by PFCs	2003	69,700	11,311 ¹	11,200
<i>Revenue Bonds Issued by the Maryland Economic Development Corporation</i>				
Construction of Concourse A and reconstruction of Concourse B	2003	223,660	16,709	181,285
Total		\$733,030	\$61,391	\$502,900

CFC: customer facility charge
PFC: passenger facility charge

¹ The debt service payment is an estimate only, as they are variable rate passenger facility charge revenue bonds.

Current and Prior Year Budgets

Current and Prior Year Budgets **Maryland Aviation Administration – Operating Budget** **(\$ 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 2011					
Legislative Appropriation	\$0	\$172,234	\$656	\$0	\$172,890
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	-2,125	0	0	-2,125
Actual Expenditures	\$0	\$170,109	\$656	\$0	\$170,765
Fiscal 2012					
Legislative Appropriation		\$173,132	\$656	\$0	\$173,788
Budget Amendments		340	0	0	340
Working Appropriation	\$0	\$173,472	\$656	\$0	\$174,128

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

Fiscal 2011

Fiscal 2011 operating expenditures at MAA totaled \$170.1 million, which is \$2.1 million less than the legislative appropriation. The decrease was the result of a cancellation in special funds. The largest portion of unspent funds in fiscal 2011 was \$1.5 million for janitorial services and \$0.6 million for employee and retiree health insurance.

Fiscal 2012

The fiscal 2012 legislative appropriation increased \$340,151 to fund the one-time \$750 bonus to all State employees.

Object/Fund Difference Report
MDOT – Maryland Aviation Administration – Operating Budget

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	450.50	444.50	443.50	-1.00	-0.2%
02 Contractual	0.50	0.50	0.50	0.00	0%
Total Positions	451.00	445.00	444.00	-1.00	-0.2%
Objects					
01 Salaries and Wages	\$ 35,024,803	\$ 36,197,799	\$ 36,762,191	\$ 564,392	1.6%
02 Technical and Spec. Fees	1,385,568	1,230,655	1,527,288	296,633	24.1%
03 Communication	2,463,709	1,650,099	1,588,599	-61,500	-3.7%
04 Travel	169,390	237,969	207,969	-30,000	-12.6%
06 Fuel and Utilities	12,319,966	12,850,848	13,515,192	664,344	5.2%
07 Motor Vehicles	3,686,815	3,459,740	3,916,801	457,061	13.2%
08 Contractual Services	72,934,977	78,676,115	79,470,926	794,811	1.0%
09 Supplies and Materials	7,588,665	6,425,918	6,303,918	-122,000	-1.9%
10 Equipment – Replacement	151,601	109,700	12,000	-97,700	-89.1%
11 Equipment – Additional	315,424	106,292	0	-106,292	-100.0%
12 Grants, Subsidies, and Contributions	928,856	931,066	953,286	22,220	2.4%
13 Fixed Charges	21,853,555	21,978,579	21,931,793	-46,786	-0.2%
14 Land and Structures	11,941,971	10,273,542	10,168,541	-105,001	-1.0%
Total Objects	\$ 170,765,300	\$ 174,128,322	\$ 176,358,504	\$ 2,230,182	1.3%
Funds					
03 Special Fund	\$ 170,109,109	\$ 173,472,131	\$ 175,702,313	\$ 2,230,182	1.3%
05 Federal Fund	656,191	656,191	656,191	0	0%
Total Funds	\$ 170,765,300	\$ 174,128,322	\$ 176,358,504	\$ 2,230,182	1.3%

Note: The fiscal 2012 appropriation does not include deficiencies.

Fiscal Summary
MDOT – Maryland Aviation Administration

<u>Program/Unit</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Wrk Approp</u>	<u>FY 13</u> <u>Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13</u> <u>% Change</u>
2021 BWI Marshall Airport	\$ 162,605,824	\$ 166,877,159	\$ 168,949,884	\$ 2,072,725	1.2%
2022 Martin State Airport	7,877,067	6,916,678	7,073,423	156,745	2.3%
2023 Regional Air Development	282,409	334,485	335,197	712	0.2%
2030 Facilities and Capital Equipment	43,739,149	56,291,000	67,493,000	11,202,000	19.9%
7200 Consolidated Dispatch Center Upgrade	63,277	183,000	0	-183,000	-100.0%
7403 Integrated Airport Security Systems	0	1,498,000	3,913,000	2,415,000	161.2%
Total Expenditures	\$ 214,567,726	\$ 232,100,322	\$ 247,764,504	\$ 15,664,182	6.7%
Special Fund	\$ 201,966,107	\$ 227,166,131	\$ 223,537,313	-\$ 3,628,818	-1.6%
Federal Fund	12,601,619	4,934,191	24,227,191	19,293,000	391.0%
Total Appropriations	\$ 214,567,726	\$ 232,100,322	\$ 247,764,504	\$ 15,664,182	6.7%

Note: The fiscal 2012 appropriation does not include deficiencies.

Budget Amendments for Fiscal 2012
Maryland Department of Transportation
Maryland Aviation Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$340,151	Special	One-time \$750 bonus for all State employees.

Source: Maryland Department of Transportation

Budget Amendments for Fiscal 2012
Maryland Department of Transportation
Maryland Aviation Administration – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$33,894	Special	One-time \$750 bonus for all State employees.
Pending	5,370,179	Special	Adjusts the amended appropriation to agree with anticipated expenditures for the current year as reflect in the 2012-2017 CTP.
	-4,454,000	Federal	
	\$916,179	Total	

CTP: *Consolidated Transportation Program*

Source: Maryland Department of Transportation