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Maryland Transportation Authority

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
Nonbudgeted Fund	$301,874	$367,828	$388,218	$20,389	5.5%
Adjusted Nonbudgeted Fund	**$301,874**	**$367,828**	**$388,218**	**$20,389**	**5.5%**
Adjusted Grand Total	**$301,874**	**$367,828**	**$388,218**	**$20,389**	**5.5%**

- The fiscal 2014 allowance increases $20.4 million, or 5.5%, compared to the fiscal 2014 working appropriation.

- Of the $20.4 million increase, $12.7 million is the result of increased debt service costs while the actual operating budget increases a total of $7.7 million. Operating budget increases are largely driven by personnel related expenditures with other large increases for equipment and vehicles.

- Debt service has increased 38.5% since fiscal 2012, representing one of the main drivers of growth.

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

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PAYGO Capital Budget Data

($ in Thousands)

	Fiscal 2012	Fiscal 2013		Fiscal 2014
	Actual	Legislative	Working	Allowance
Nonbudgeted	$478,277	$528,406	$516,995	$497,239
Total	**$478,277**	**$528,406**	**$516,995**	**$497,239**

- The fiscal 2013 capital budget decreases $11.4 million due to project schedule changes that alter the cash flow needs in a given year.

- The fiscal 2014 capital allowance decreases $19.8 due to a number of large projects nearing completion and an offsetting increase in system preservation funding.

Operating and PAYGO Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Operating Budget Positions	1,789.50	1,789.50	1,789.50	0.00
Regular PAYGO Budget Positions	0.00	0.00	0.00	0.00
Total Regular Positions	**1,789.50**	**1,789.50**	**1,789.50**	**0.00**
Operating Budget FTEs	0.00	0.00	0.00	0.00
PAYGO Budget FTEs	0.00	0.00	0.00	0.00
Total FTEs	**0.00**	**0.00**	**0.00**	**0.00**
Total Personnel	**1,789.50**	**1,789.50**	**1,789.50**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions		53.68	3.00%	
Positions and Percentage Vacant as of 12/31/12		179.5	10.03%	

- The personnel complement remains unchanged in fiscal 2014.

- The budgeted turnover rate is 3.0% requiring 53.7 vacant positions. As of December 2012, the department had 179.5 vacant positions for a vacancy rate of 10.0%.

Analysis in Brief

Major Trends

Annual Tolled Traffic and Toll Revenue: Total traffic declined slightly in fiscal 2012 by 0.6% while revenues increased to $392 million, or 25.7%. The increase in revenues is due to the toll increases that went into effect during fiscal 2012, which impacted tolled traffic. Toll revenue increases in fiscal 2013 due to the annualization of the fiscal 2012 toll increases. In fiscal 2014, toll revenues increase due to the implementation of the second phase of the toll increase. Due to the toll increases in fiscal 2012 and 2014, traffic is expected to decline and then gradually increase thereafter for the forecast period.

Electronic Tolling: The percentage of electronic transactions increased in fiscal 2012 to 71%, which is just below the goal of 75%. The Maryland Transportation Authority (MDTA) anticipates reaching its goal in fiscal 2013. The use of electronic tolling is expected to rise substantially over the next several years following the opening of the InterCounty Connector (ICC) and the I-95 Electronic Toll Lanes.

Issues

Round Two of Toll Rate Increases Is Coming: In September 2011, the MDTA board approved a comprehensive set of changes to toll rates at all facilities and modifications to the tolling structure. The changes were to take place in phases and, when fully implemented, would generate approximately $225 million in additional revenues. The second phase of the approved toll increase is set to take effect on July 1, 2013. MDTA is not planning to have public hearings on the July 1, 2013 toll increase. **The Department of Legislative Services (DLS) recommends that MDTA discuss its process for informing the public of the increase in the toll rates and when it will begin a public information campaign.**

Toll Violation Process Changes: Recently, attention has been given to MDTA's collection of tolls from violators. Current law is structured such that as soon as an individual does not pay the toll, the individual becomes liable to MDTA and a civil payment. From the onset of electronic toll collection in the late 1990s, MDTA did not implement the citation fee approach identified in statute, and instead, adopted an alternative violations process that was meant to be more customer friendly. However, the law does not conform to current practice, meaning vehicle registrations cannot be suspended. Legislation has been introduced to resolve the issues with toll collection. **DLS recommends that MDTA discuss the legislative proposal with the budget committees and if this will remedy the issues with the current statute.**

Operating Budget Recommended Actions

1. Nonbudgeted.

PAYGO Budget Recommended Actions

1. Nonbudgeted.

Updates

InterCounty Connector Update: After more than 50 years of planning and 5 years of construction, the majority of the ICC is now open for business. The first segment of the ICC, running from I-270/I-370 to MD 97/ Georgia Avenue, opened to traffic on February 23, 2011. On November 22, 2011, the ICC from MD 97 to I-95 was opened to traffic. The last remaining portion of the road, from I-95 to US 1, is underway and completion is scheduled for spring 2014. Approximately 89% of the total construction value of the project is complete.

Budget Analysis

Program Description

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

- **Northern Region** – includes the John F. Kennedy Memorial Highway (I-95) and the Thomas J. Hatem Memorial Bridge (Hatem Bridge) (US 40);

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

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

In addition to these toll facilities, MDTA also owns the Intermodal Container Transfer Facility at the Port of Baltimore, which is leased to the Maryland Port Administration (MPA), who subleases it to CSX Railroad.

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

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

To achieve its vision of "creating E-Z passage throughout Maryland," MDTA has identified the following key goals:

- move people and goods efficiently and effectively;

- safety and security;

- strategic financing and financial stewardship; and

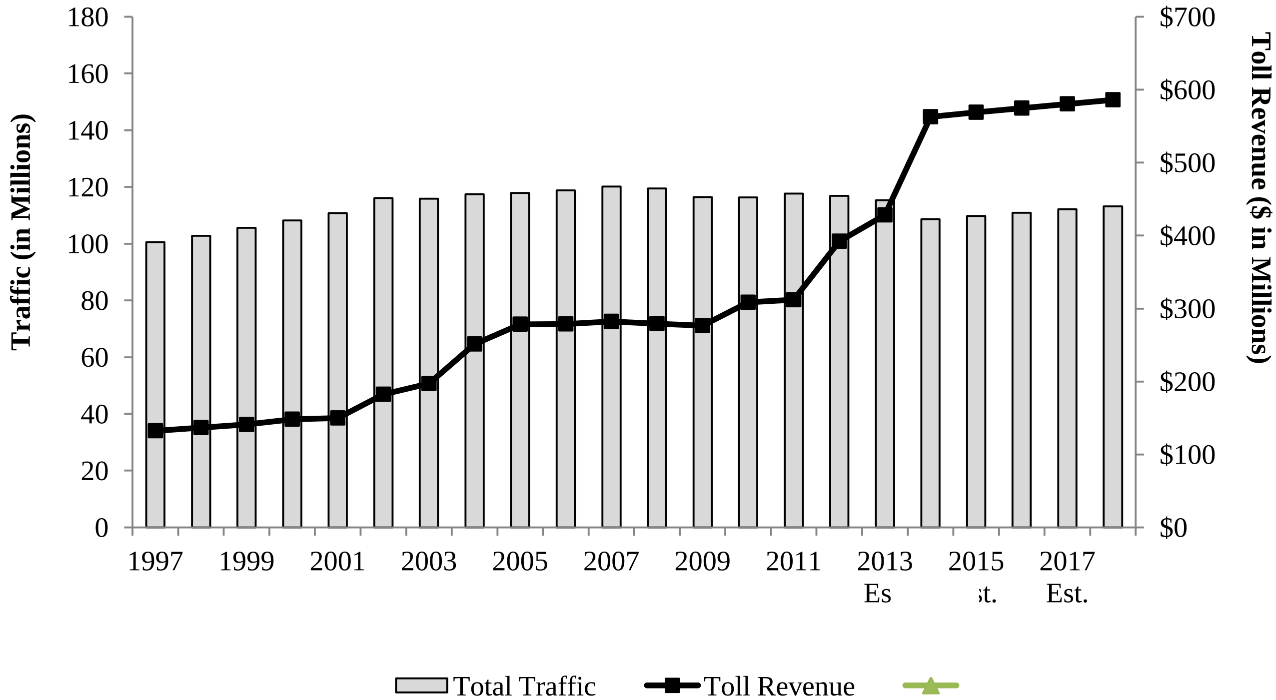
- improve external and internal customer service and performance.

Performance Analysis: Managing for Results

1. Annual Tolled Traffic and Toll Revenue

In order to achieve its vision of "creating E-Z passage throughout Maryland," MDTA's first goal is to efficiently and effectively move people and goods across the State. **Exhibit 1** shows the annual tolled traffic and toll revenue at MDTA's legacy facilities from fiscal 1997 through 2018. This chart excludes new traffic and revenue from the ICC beginning in fiscal 2011 and the I-95 express toll lanes (ETL) beginning in fiscal 2015. Inclusion of this data would skew historical comparisons.

Exhibit 1
Annual Tolled Traffic and Toll Revenue
Fiscal 1997-2018



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

Source: Maryland Transportation Authority

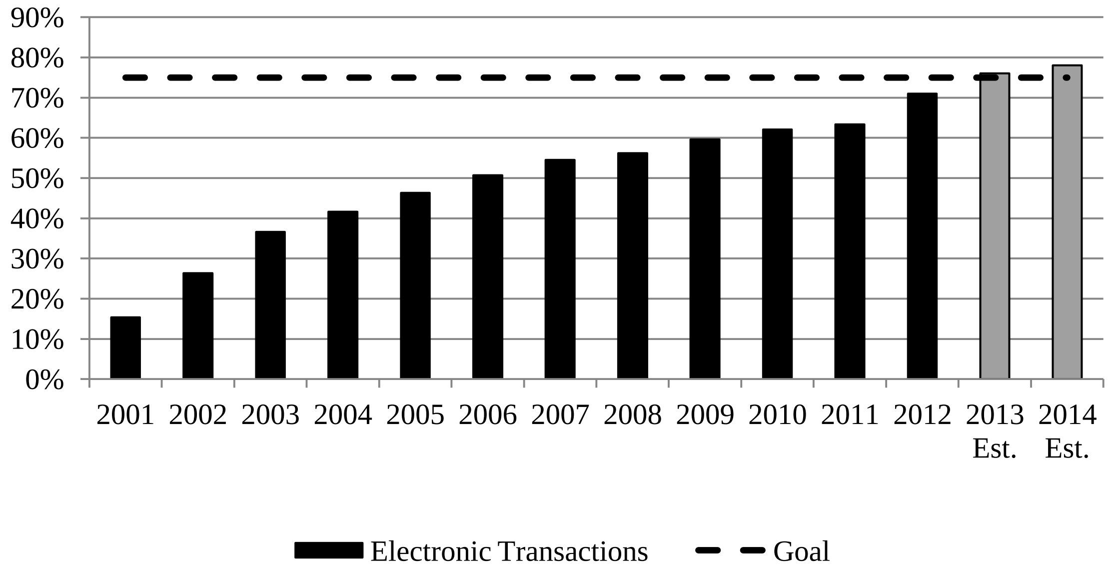
Following declines in traffic from fiscal 2007 through 2009, traffic stabilized in fiscal 2010 and increased in 2011. Total tolled traffic in fiscal 2012 was 116.9 million vehicles, a decrease of 0.6% from fiscal 2011. Total toll revenue at all of MDTA's facilities in fiscal 2012 was $392.0 million, an increase of $80.0 million, or 25.7%, from fiscal 2011. The increase in fiscal 2012 revenues is due to the toll increase in fiscal 2012. In fiscal 2013, toll revenues increase $36.1 million, or 9.1%, due to the full annualization of revenues from the toll increase in fiscal 2012. Traffic in 2013 is expected to decline because of the toll increase in fiscal 2013.

The increase in fiscal 2014 revenues of $134.6 million is due to the second phase of scheduled toll increases. This is discussed further in Issue 1. As in fiscal 2013, traffic is expected to decline due to consumers altering their behavior due to the toll increases. In fiscal 2015 and beyond, traffic growth is expected to grow around 1% per year, which is less than annual growth rates of 3% seen in fiscal 1995 though 2002. The total number of toll transactions on existing facilities is not expected to reach its pre-recession fiscal 2007 peak until outside of the current forecast period.

2. Electronic Tolling

Electronic toll transactions expedite the toll collection process; reduce delays at toll plazas; reduce vehicle idling time, thereby reducing emissions; and allow for the efficient movement of goods and people. E-ZPass electronic toll collection is available at all toll facilities, as well as throughout the northeastern part of the United States. The use of electronic tolling continues to increase. **Exhibit 2** shows the percentage of tolls collected electronically at all of MDTA's toll facilities. This exhibit includes the use of E-ZPass, automatic vehicle identification (AVI) decals at the Hatem Bridge, and video tolling. In fiscal 2012, 71% of tolls were collected electronically. MDTA's goal is to reach 75% electronic toll collection by fiscal 2013. As shown, MDTA anticipates reaching its goal in fiscal 2013. The use of electronic tolling is expected to rise substantially over the next several years following the opening of I-95 ETLs and the maturation of the ICC.

Exhibit 2
Percentage of Tolls Collected Electronically
Fiscal 2001-2014



Source: Maryland Transportation Authority's *Managing for Results*, January 2013 Submission

Fiscal 2012 Closeout

MDTA's fiscal 2012 actual spending for its operating budget was $212.9 million, $29.6 million less than its fiscal 2012 budget. This difference is due to continued cost-containment efforts authoritywide.

Significant areas of cost containment include:

- $9.5 million for salaries and benefits due to delayed ICC hiring, higher than expected turnover, and difficulty in hiring certain skilled positions;
- $2.4 million for deferred information technology (IT) projects and software upgrades;
- $1.3 million for E-ZPass service center costs and lower transponder costs;
- $4.0 million for publicity and advertising due to the ICC marketing campaign finishing earlier than expected and a delayed E-ZPass awareness campaign;

- $3.0 million for deferred vehicle replacements as a result of increasing mileage replacement guidelines and the implementation of an inspection program prior to vehicle replacement, deferred purchases of equipment for the ICC, and deferred police replacement equipment purchases due to cost containment and utilization of grants;

- $1.6 million in maintenance services due to the delayed procurement of certain contracts (*i.e.*, landscaping on ICC is not yet needed) and utilizing other methods to get the work done when possible (*i.e.*, in-house); and

- $1.8 million in annual inspections due to alternating schedules of hands on and visual inspections across facilities in differing years.

Proposed Budget

As a nonbudgeted agency, MDTA submits its budget to the General Assembly for informational purposes only. The General Assembly does not approve or amend the MDTA's budget.

MDTA's fiscal 2014 operating budget is $388.2 million, an increase of $20.4 million compared to fiscal 2013. Of this increase, $12.7 million is due to increases in debt service. Outside of debt service, the operating budget increases $7.7 million. **Exhibit 3** provides a summary of the changes taking place from fiscal 2012 to 2013.

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

How Much It Grows:	**Nonbudgeted Fund**	**Total**
2013 Working Appropriation	$367,828	$367,828
2014 Allowance	388,218	388,218
Amount Change	$20,389	$20,389
Percent Change	5.5%	5.5%
Contingent Reductions	$0	$0
Adjusted Change	$20,389	$20,389
Adjusted Percent Change	5.5%	5.5%

Where It Goes:	
Personnel Expenses	
Retirement contribution	$3,990
Salaries	1,015
Employee and retiree health insurance	1,068
Overtime	-123
Other fringe benefit adjustments	54
Other Changes	
Debt service	12,687
Vehicle expenses and replacement	1,583
Additional and replacement equipment	800
Contract with Maryland State Police for I-95	539
Insurance	509
E-ZPass service center costs	371
Maintenance service and equipment rental	170
Personnel system administrative fee	123
Transponders	119
Information technology equipment	-1,049
On-call construction repairs	-669
Publicity and advertising	-500
E-ZPass credit card fees	-390
Other	92
Total	**$20,389**

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

The majority of the increases in the operating budget are for mandatory personnel increases. This includes:

- $4.0 million increase for retirement as the result of changes in mandatory retirement contribution rates. Much of this is attributed to police in the Law Enforcement Officers Pension System, whose contribution rate increased from 50.14 to 57.72%;

- $1.1 million increase for health insurance due to rate changes mandated by the Department of Budget and Management (DBM); and

- $1.0 million increase for salaries as the result of the annualization of the 2.0% cost-of-living adjustment (COLA) granted to all State employees on January 1, 2013. This budget does not include the cost of potential fiscal 2014 COLA or merit increases pending legislative approval.

Outside of personnel and debt service, costs increase by $1.7 million. This occurs as the result of a number of offsetting changes, including:

- $1.6 million increase for vehicle expenses and replacement, including a $1.0 million increase for vehicle expenses due to a higher gas prices and a fleet that requires more repairs, and $0.6 million for replacement vehicles for vehicles that will exceed the DBM threshold of 125,000 miles;

- $0.8 million increase for additional and replacement equipment, which includes $0.5 million for upgrades to the voicemail system and telephone handsets which will defer the necessity of replacing the entire phone system;

- $0.5 million increase in the contract with the Maryland State Police (MSP) for law enforcement service along I-95 due to a transposition error on MSP's submission (fiscal 2013 budget amount was understated);

- $0.5 million increase for insurance due to changes in premiums for property insurance. Although the premium for existing facilities went down, the ICC was added to the policy which resulted in an overall increase in premiums;

- $0.4 million increase for E-ZPass Service Center costs due to an expected increase in the number of accounts due to increased traffic and additional accounts expected from the opening of the ICC and I-95 ETLs;

- $0.4 million decrease in E-ZPass credit card fees due to an expected decrease in toll transactions in fiscal 2014;

- $0.5 million decrease in publicity and advertising due to a decreased need for media buys related to the opening of the ICC. The decrease in advertising for the ICC is somewhat offset by advertising costs necessary prior to the opening of the I-95 ETLs;

- $0.7 million decrease for on-call construction contracts as the result of a one-time cost sharing initiative with the State Highway Administration; and

- $1.0 million decrease for additional and replacement IT equipment based on actual spending.

Financial Forecast

Section 4-313 of the Transportation Article establishes the Transportation Authority Fund, a nonlapsing fund into which all MDTA revenues flow. MDTA revenues come primarily from tolls, but also from concession income from travel plazas it owns along I-95, investment income, and payments from MDOT. MDOT payments include a capital lease of Masonville Auto Terminal and reimbursement for services provided at BWI Marshall Airport and the Port of Baltimore.

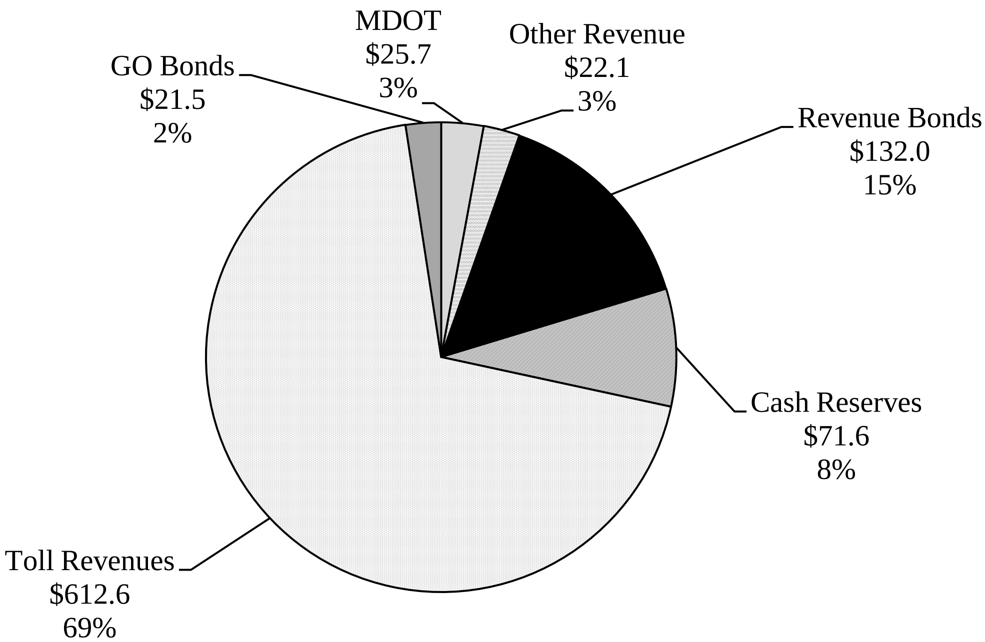
To support its capital program, MDTA may issue toll revenue bonds with a maturity up to 40 years. Typically, MDTA issues its toll revenue bonds with a 30- to 33-year maturity. Chapters 471 and 472 of 2005 established a finance plan for the ICC that included MDTA revenue bonds and a number of alternative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

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

Sources and Uses of Funding

Exhibit 4 provides information on all of the funding supporting MDTA's fiscal 2014 operating and capital budgets. The primary sources of fiscal 2014 funding are from toll revenues ($612.6 million) and revenue bonds ($132.0 million) largely to support the construction of the ICC.

Exhibit 4
Fiscal 2014 Sources of Funding
($ in Millions)



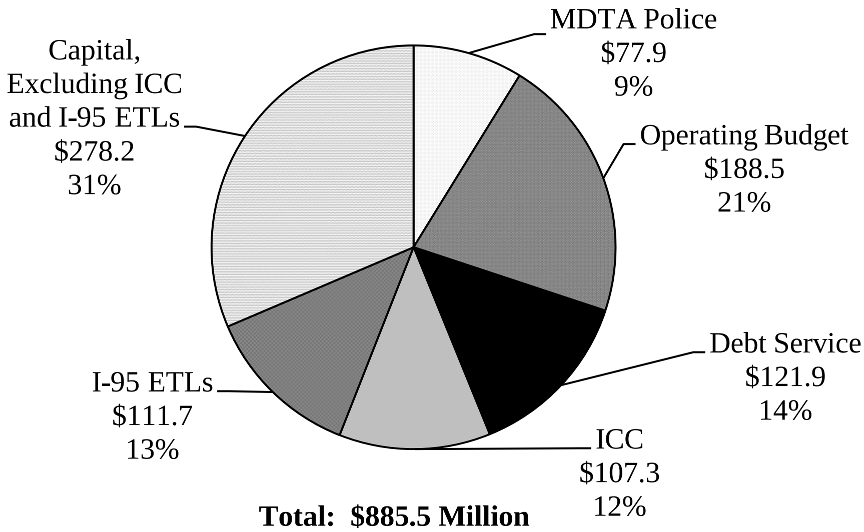
Total: $885.5 Million

GO: general obligation
MDOT: Maryland Department of Transportation

Source: Maryland Transportation Authority's January 2013 Financial Forecast, Version 2012-10

Exhibit 5 provides a breakdown of fiscal 2014 spending by category. The capital program, including the ICC, the I-95 ETLs, and all other capital projects, accounts for about 56% of all spending in fiscal 2014. The operating budget, including the operating budget for the MDTA Police, accounts for about 30% of all spending. Debt service payments account for the remaining 14%.

Exhibit 5
Fiscal 2014 Uses of Funding
($ in Millions)



ETL: express toll lanes
ICC: InterCounty Connector
MDTA: Maryland Transportation Authority

Source: Maryland Transportation Authority's January 2013 Financial Forecast, Version 2012-10

Toll Revenues

Toll revenues are the primary revenue source for MDTA. Historically, MDTA has been a cash-rich agency, allowing it to keep toll rates low and primarily fund capital projects with pay-as-you-go revenues. Construction of the ICC and I-95 ETLs ushered in a new era for MDTA, as significant amounts of debt were required to finance the two projects, which have a total project cost of $3.4 billion. In addition, the age of MDTA's existing facilities requires an increasing amount of maintenance and rehabilitation.

Increased operating costs, rising debt service, and the need to maintain aging infrastructure required toll increases. As discussed further in Issue 1, in September 2011, the MDTA board approved a comprehensive set of toll increases that will increase toll revenues by approximately $225 million per year when fully implemented. Except for the already approved toll increase on July 1, 2013, there are no additional toll increases included in the forecast period.

Toll revenue is expected to increase from $412.0 million in fiscal 2012 to $668.6 million in fiscal 2018. In fiscal 2013, toll revenues are expected to increase $55.8 million due to the annualization of the first phase of the toll increases and growth in the ICC revenues. Toll revenues are expected to increase by $144.8 million in fiscal 2014 largely due to the additional revenue from the toll increase. Toll transactions for existing facilities are expected to increase approximately 1% annually. The ICC is expected to have larger increases in revenue growth as the facility matures. Section 100 ETL toll revenue is expected to be $2.0 million in fiscal 2015 and grow to $4.0 million in fiscal 2018.

ICC-related toll revenues are generally in line with what was estimated at the time of construction. In fiscal 2012, ICC revenue totaled $19.7 million. It is expected to increase to $49.8 million as the final phase of the project is completed and ridership continues to increase. Revenues increase to $65.2 million in fiscal 2015, and then growth becomes more consistent. By fiscal 2018, ICC revenues is projected to total $78.4 million.

Debt Service

Increased reliance on debt to fund construction of a new toll facility and the major expansion of an existing toll facility will result in significantly higher debt service payments over the next 30 years. Debt service will increase from a low of $25 million in fiscal 2007 to annual debt service of about $151 million in fiscal 2018 based on debt issued through fiscal 2018.

State Support of the ICC

Chapters 471 and 472 of 2005 established a finance plan for the ICC. The original finance plan included general fund repayment of $264.9 million that had been borrowed from the TTF in fiscal 2003 and 2004. Provisions in the Budget Reconciliation and Financing Acts (BRFA) of 2008 through 2011 altered the repayment schedule for this funding and allowed the use of GO bonds to repay this money. The final payment totaling $21.4 million is to be made in fiscal 2014 with GO bonds as shown in **Exhibit 6**.

Exhibit 6
State Support of the InterCounty Connector
Fiscal 2007-2014

Year	Original Finance Plan	Final Plan
2007	At least $50.0 million GF	$53.0 million GF
2008	At least $50.0 million GF	
2009	At least $50.0 million GF	
2010	Balance to be repaid [1]	$55.0 million GO bonds
2011		$89.3 million GO bonds
2012		$46.2 million GO bonds
2013		
2014		$21.4 million GO bonds

GF: general fund
GO: general obligation

[1] Chapter 203 of 2003 transferred $314.9 million from the Transportation Trust Fund to the general fund to address a budget shortfall. After a repayment of $50.0 million in fiscal 2006, Chapters 471 and 472 of 2005 directed that the remaining balance of $264.9 million be paid to the Maryland Transportation Authority for construction of the InterCounty Connector. If payments of $50.0 million had been made in fiscal 2007 through 2009, the balance to be repaid in fiscal 2010 would have been $114.9 million.

Source: Department of Legislative Services

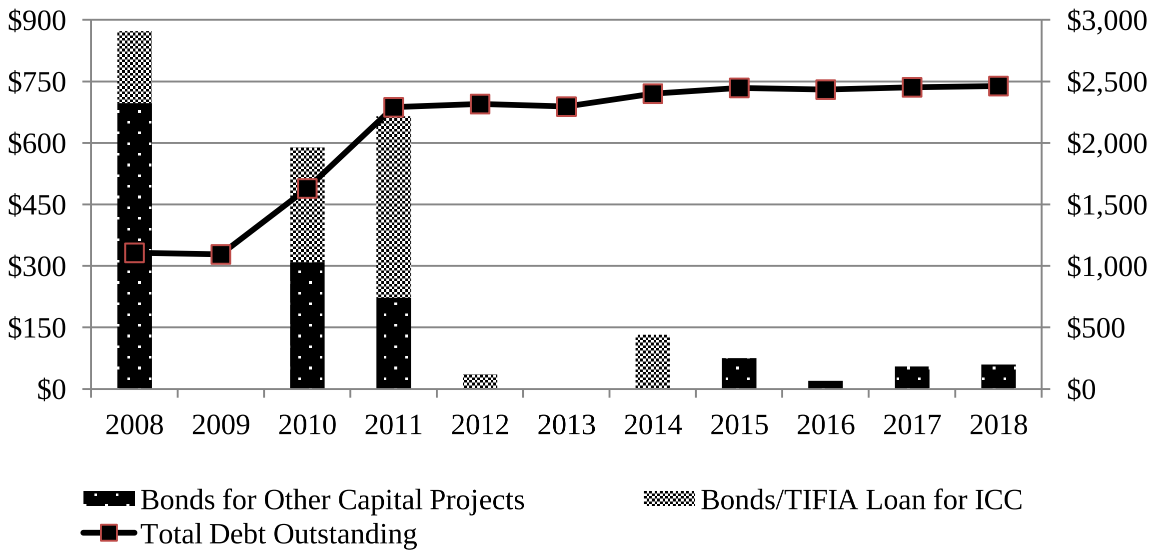
Revenue Bonds

Beginning in fiscal 2008, with the first revenue bonds issued for the ICC, through fiscal 2018, MDTA will issue $2.3 billion in bonds to support its capital program. Approximately $1.1 billion in debt, including $571.2 million in revenue bonds and a $516.0 million TIFIA loan, will fund construction of the ICC. MDTA has secured a guaranteed TIFIA loan from the Federal Highway Administration (FHA) with a fixed interest rate of 2.56% for the life of the loan. MDTA began drawing on this loan in October 2010. Through January 1, 2012, draws on the TIFIA loan have totaled $384.0 million. In fiscal 2014, the remaining $132.0 million will be spent on the ICC. The TIFIA loan has a maturity of 36 years and will be repaid with toll revenues.

MDTA's last revenue bond issuance was in fiscal 2010 and included $296.6 million in Build America Bonds and $29.8 million in revenue bonds. The final maturity of the bonds is in 2041, and the true interest cost was 3.66%. The department did refinance debt in fiscal 2012, totaling $67.6 million. The next bond issuance is expected in fiscal 2015. In December 2012 Moody's Investor Services reaffirmed MDTA's debt with a stable outlook.

Exhibit 7 shows the amount of bonds projected to be issued for the ICC and other capital projects as well as total bonds outstanding in each year from fiscal 2008 through 2018. After not issuing any revenue bonds since fiscal 2004, MDTA issued revenue bonds totaling $873.3 million in fiscal 2008 and $549.4 million in fiscal 2010. In fiscal 2011, MDTA issued $326.4 million in revenue bonds and Build America Bonds and drew down $347.2 million from the TIFIA loan. In fiscal 2012, MDTA drew down an additional $36.7 million on the TIFIA loan for construction of the ICC and expects to draw down $132.0 million in fiscal 2014. Smaller bond sales are projected from fiscal 2015 to 2018, totaling $210.0 million. Total debt outstanding is expected to peak in fiscal 2018 at $2.463 billion. This level of debt outstanding remains below the statutory debt outstanding limit of $3.0 billion.

Exhibit 7
Bond Sales and Debt Outstanding
Fiscal 2008-2018
($ in Millions)



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

Source: Maryland Transportation Authority's January 2013 Financial Forecast, Version 2012-10

Debt Affordability

Statute provides that MDTA may issue bonds without obtaining the consent of any unit or agency in the State, as long as total bonds outstanding do not exceed $3 billion at the end of any fiscal year. MDTA debt backed by toll revenues is not considered State debt and, therefore, is not limited by the State's debt affordability measures. MDTA does, however, have its own measures to ensure that debt outstanding remains affordable. Coverage ratios include the following.

- The rate covenant compliance ratio, as stipulated in the trust agreement, requires that the ratio of net revenues (total revenues minus operating expenses) to the amount deposited into the Maintenance and Operations Reserve Account plus 120% of debt service must be at least 1.00. The additional bonds test requires the rate covenant to be met on a five-year prospective basis. The fiscal 2014 rate covenant compliance ratio is projected to be 2.62, and adequate coverage is provided throughout the forecast period.

- A second ratio is the debt service coverage ratio, which is a ratio of net revenues to debt service. Although the trust agreement stipulates that the ratio must be at least 1.20, MDTA maintains an administrative policy that requires it to be above 2.00. In fiscal 2014, the debt coverage ratio is 3.22.

- The ratio of the cash balance to toll revenues must be at least 1.00 or a minimum balance of $350.0 million in unencumbered cash. This is an administrative policy only and is not contained in the trust agreement. In fiscal 2014, the ratio of total cash to toll revenues is 0.71, and the unencumbered cash balance is $354.6 million. Minimum cash balance requirements are met throughout the forecast period.

Conduit Financing

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

- a total of $451.1 million of projects associated with the $1.4 billion expansion project at BWI Marshall Airport, including the Elm Road parking facility, pedestrian bridges, roadway improvements, a central utility plant, and a new consolidated rental car facility, which are backed by fees at BWI Marshall Airport;

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

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

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

In 2012, MDTA issued additional conduit debt for MAA and also refunded an MAA issuance of conduit debt. The refunding issuance will have an outstanding balance of $171.2 million at the end of fiscal 2014, and the three new debt issuances will have debt outstanding of $177.3 million at the end of fiscal 2014. The fiscal 2014 debt service payment for the reissuance and the three new issuances is approximately $34.0 million.

Exhibit 8 shows debt outstanding for MDTA's conduit financed bonds. The debt service for these projects is paid by the revenues from the projects and does not affect MDTA's debt outstanding or its budget.

Exhibit 8
Debt Service Payments and Debt Outstanding on Conduit Projects
Fiscal 2012-2014
($ in Thousands)

	2012	2013[1]	2014
Debt Service Payments			
2002 A&B Series – BWI Marshall Airport Elm Rd garage	$225,502	$0	$0
2002 Series – BWI Marshall Airport rental car facility	9,006	8,999	8,990
2003 A&B Series – various BWI Marshall Airport projects[2]	10,431	11,009	11,240
2004 Series – WMATA parking garages	2,891	2,887	2,891
2005 Series – Calvert Street Parking Garage	1,548	1,543	1,532
2007 and 2008 Series – GARVEE Bonds	87,457	87,451	87,458
2012 A&B Series – BWI Marshall Airport Refunding Elm Rd	0	16,373	19,725
2012 A Series – various BWI Marshall Airport projects	236	4,154	4,122
2012 B Series – various BWI Marshall Airport projects	0	1,171	7,970
2012 C Series – various BWI Marshall Airport projects[2]	0	908	2,170
Total Debt Service Payments	**$337,071**	**$134,495**	**$146,098**
Debt Outstanding			
2002 A&B Series – BWI Marshall Airport Elm Rd garage	$0	$0	$0
2002 Series – BWI Marshall Airport rental car facility	101,440	99,040	96,495
2003 A&B Series – various BWI Marshall Airport projects	22,000	11,200	0
2004 Series – WMATA parking garages	33,175	31,860	30,480
2005 Series – Calvert Street Parking Garage	20,670	19,995	19,300
2007 and 2008 Series – GARVEE Bonds	539,355	479,035	415,775
2012 A&B Series – BWI Marshall Airport Refunding Elm Rd	190,560	182,025	171,180
2012 A Series – various BWI Marshall Airport projects	50,905	49,110	47,275
2012 B Series – various BWI Marshall Airport projects	0	92,070	86,610
2012 C Series – various BWI Marshall Airport projects	0	43,400	43,400
Total Debt Outstanding	**$958,105**	**$1,007,735**	**$910,515**

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

[1] Fiscal 2013 debt service and debt outstanding includes two new issuances of debt for projects at BWI Marshall Airport and a refunding of the 2002 A&B Series bonds for the Elm Road parking garage at the airport.
[2] The fiscal 2013 and 2014 debt service payments are estimates only, as they are variable rate passenger facility charge revenue bonds.

Source: Maryland Transportation Authority

Financial Outlook: Stable

After several years of financial instability in its financial forecast and concern regarding its ability to meet its debt coverage ratios, MDTA has been able to manage through the instability and present a more solid financial forecast. This is largely due to the implementation of large toll increases, which have provided the department more cash to meet its debt coverage ratios and other financial measures. Other factors assisting in the financial turnaround include mega projects nearing completion and constraining growth in the operating budget. There are several items to note regarding the financial forecast.

Revenue Growth: For MDTA's financial forecast to meet the financial coverage ratios, revenues will need to meet estimates. The first hurdle in meeting the revenue estimates is that the second phase of the planned toll increases needs to take effect. The second hurdle is that traffic growth would need to come in at levels estimated. Traffic is expected to decline from fiscal 2012 through 2014 as a result of toll increases, followed by moderate growth of 1% in fiscal 2015 and beyond (which is below historical growth rates), and a multi-year ramp up in traffic and revenues for both the ICC and I-95 ETLs. Should toll revenues fail to meet these conservative forecasts, there would be less revenue to MDTA, which could impact the various financial measures MDTA must adhere to. While the toll increases may adversely impact toll revenue growth, the uncertainty in the economy could also significantly hamper revenue growth in the short term.

Unrealistic Operating Budget Spending: The department was able to constrain operating budget spending for several fiscal years. This constrained level of spending allowed the agency to have more cash on hand to help with its various coverage and financial requirements. It should be noted that while the agency was able to constrain operating budget growth, it continues to show a higher level of operating budget spending in the out-years. While this approach may be conservative in nature, it does not necessarily represent what the agency will actually spend in a given fiscal year. Furthermore, since the agency is showing the additional spending, it does not have to show that as additional cash balance.

Debt Issuances and Debt Outstanding: From fiscal 2015 to 2018, MDTA is projected to issue debt for capital projects. This is planned even though, as discussed earlier, there may be sufficient cash on hand that the debt issuances may be unnecessary. Another issue is that given the projected capital needs of the agency, there is additional capacity to issue debt for system preservation or even potentially replacing aging facilities.

Maintaining an Aging System: Nearly all of MDTA's facilities are at least 35 years old, and the Hatem and Nice Bridges are the oldest facilities at 72 years old. As facilities age, operations and maintenance costs increase, and significant rehabilitations, instead of just repairs, are required. This, coupled with the fact that so much of MDTA's facilities are either elevated or underwater, significantly increases maintenance costs. Recent redeckings of the bridge decks of the Hatem, Nice, and Bay Bridges will extend the life of these facilities; however, severe congestion on the Nice and Bay Bridges have resulted in several studies calling for the construction of additional or replacement spans of these bridges. Additional money has been directed toward system preservation projects in the capital program over the last several years; however, this will need to continue in order to maintain the aging facilities. Due to revenues being slightly higher than expected, the agency was able to fund additional system preservation projects in the fiscal 2013-2018 *Consolidated Transportation Program* (CTP).

Unfunded Needs: In the future, undertaking large capital projects may be required. Forecasted toll increases over the next several years will only sustain existing operations; it will not provide additional capacity for other large capital projects that loom on the horizon. These include possible replacement of the Nice Bridge and additional capacity for the Bay Bridge. Funding large, but necessary, capital projects over the next several decades will be a challenge for MDTA given limited debt capacity and limited ability to raise revenues beyond already forecasted increases.

ETLs on I-95 North: MDTA has significantly revised the I-95 ETL project from what was originally envisioned. The cost of the project has been reduced by over $400 million from its peak cost as envisioned with the length of the project and the number of interchanges reduced. This change in the project scope of the project has also reduced its revenue potential. For example, the project cost is over $1 billion, but it is only expected to generate $4 million in revenue by fiscal 2018. This is compared to the ICC that, while more expensive and having more interchanges, is expected to generate almost $50 million in fiscal 2014.

Given MDTA's improving financial condition, the Department of Legislative Services (DLS) recommends that MDTA discuss with the budget committees how it will prioritize system preservation projects against expansion projects or projects to replace existing facilities like the Nice Bridge. Furthermore, MDTA should discuss what the future holds for the I-95 ETL project and what could be done to make the project more profitable.

PAYGO Capital Program

Program Description

MDTA's capital program involves the construction and maintenance of revenue-generating transportation facilities throughout the State. Currently, MDTA is undertaking two large capital projects. The projects are the ICC and construction of ETLs on an eight-mile stretch of I-95 from the I-895 split to north of MD 43.

Fiscal 2012 Actual Spending

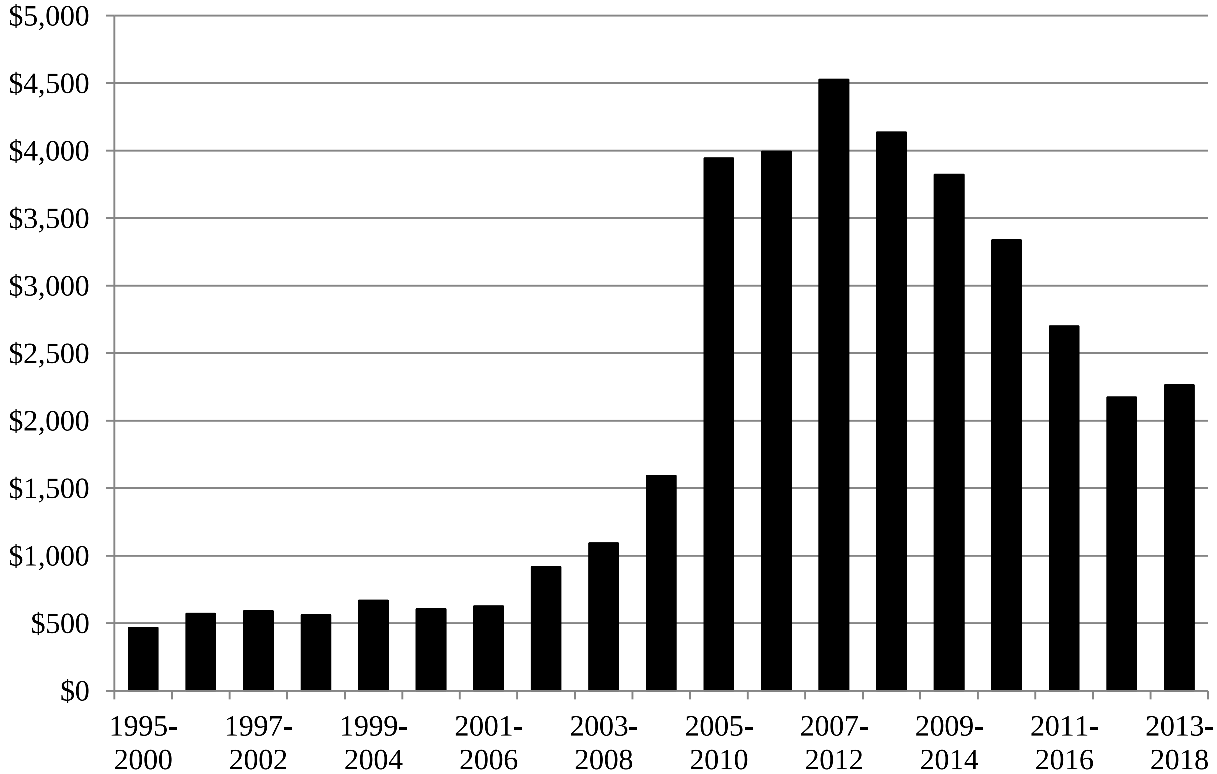
In fiscal 2012, actual spending was $128.8 million less than what was anticipated during the 2012 legislative session. This underspending was largely the result of savings from the ICC, bid savings, and project delays. Spending that was delayed will be rolled into fiscal 2013 and beyond to account for revised project schedules.

Fiscal 2013 to 2018 CTP

The six-year capital program totals $2.3 billion and increased by $88.8 million compared to the fiscal 2012-2017 CTP. When comparing the draft capital program to the final, spending increases $323.5 million or almost 17%. This spending increase is due to fiscal 2012 revenues coming in higher than expected which increased the out-year estimate for revenues and additional debt. The additional capital spending is for high priority system preservation projects in the out-years.

Exhibit 9 shows the size of MDTA's six-year capital program from 1995 through the present. MDTA's six-year capital program has historically been around $500.0 million. The six-year capital program began growing in the fiscal 2004-2009 CTP, where the ICC made its first appearance in MDTA's development and evaluation program. In the fiscal 2005-2010 CTP, six-year spending increased dramatically when both the ICC and I-95 ETLs were moved into the construction program. As work began on the two projects, six-year spending in the fiscal 2007-2012 CTP again increased as cost estimates for the I-95 ETLs increased by $353.9 million. The capital program reached its peak of $4.5 billion in that same year, increasing nearly $4.0 billion more than historical spending. Since then, the capital program has decreased gradually as a result of changes to the scope of the I-95 ETLs project, capital projects deferred as a result of the economic downturn, and decreases in future spending on the ICC and I-95 ETLs as the projects near completion.

Exhibit 9
Size of Six-year Capital Program
($ in Millions)

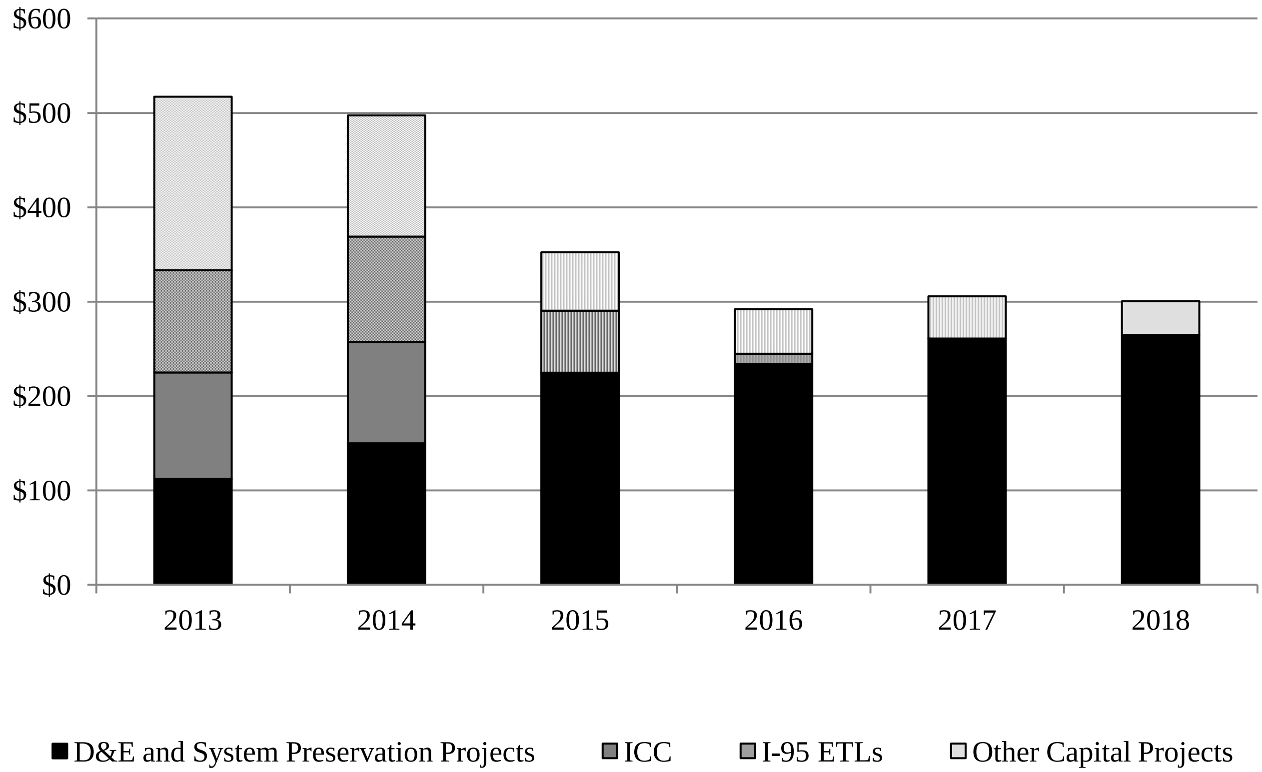


Source: Department of Legislative Services

Fiscal 2013 and 2014 Cash Flow Analysis

MDTA's capital program in fiscal 2014 totals $497.2 million. This is a $19.8 million decrease from the fiscal 2013 capital budget. The capital program is largely driven by construction of the ICC and I-95 ETLs, with approximately 44% of all capital spending going to those projects. **Exhibit 10** shows capital spending by year.

Exhibit 10
Capital Expenditures by Year
Fiscal 2013-2018
($ in Millions)

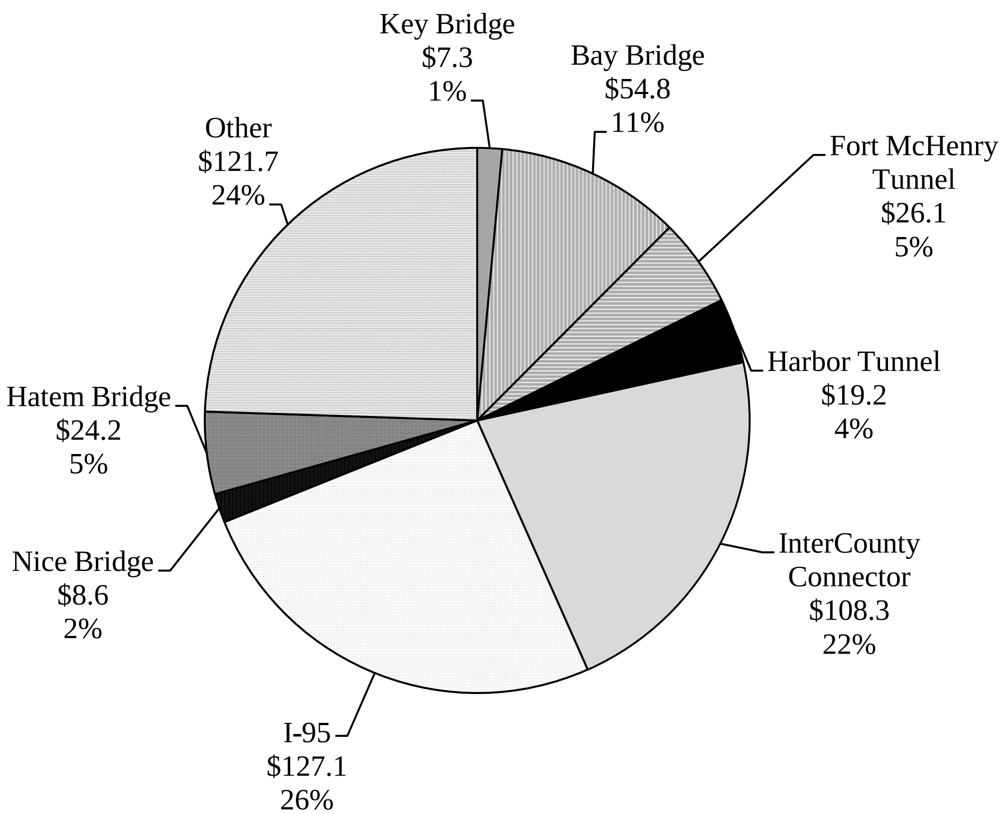


D&E: development and evaluation
ETL: Express Toll Lane
ICC: InterCounty Connector

Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Exhibit 11 shows capital spending by facility in fiscal 2014.

Exhibit 11
Capital Expenditures by Facility
Fiscal 2014
($ in Millions)



Source: Governor's Fiscal 2014 Budget Book

Exhibit 12 provides a partial list of major construction projects funded in fiscal 2013. The projects listed account for 91% of all funding for major projects in the construction program in fiscal 2014.

Exhibit 12
Major Construction Projects
Funded in Fiscal 2014
($ in Thousands)

Project	2014	Total $	Completion of Fiscal Cash Flow
Nice Bridge – Clean and paint structural steel as necessary and repair miscellaneous structural elements	$7,149	$14,792	2015
Bay Bridge – Rewrap, dehumidify, and shield the main cables and anchorages on both spans	25,351	54,078	2015
Underwater Repairs at the Hatem Bridge – Rehabilitate pier foundations with advanced wear and address pier scour protection	23,693	48,606	2015
Bay Bridge – Partial painting of all structural steel surfaces on the westbound bridge	22,102	84,675	2015
I-95 Express Toll Lanes – Involves the construction of two managed lanes in each direction from I-895 north to north of MD 43	111,665	1,077,803	2016
Various Bridges on I-95 and I-395 near Fort McHenry Tunnel – Repair superstructure and paint seven bridges on I-95 near Russell Street and MD 295 and replace joints south of the tunnel	14,502	53,863	2018
InterCounty Connector – Construction of a new east-west, multimodal highway in Montgomery and Prince George's counties between I-270 and I-95/US 1	107,280	2,399,109	2016
Harbor Tunnel – Replace Canton Viaduct (the elevated portion of the roadway from the north tunnel entrance to Holabird Avenue)	5,460	178,768	Ongoing
Total	**$317,202**	**$3,911,694**	

Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Projects Added to the Construction Program

One project totaling $13.5 million was added to the construction program for resurfacing along the John. F. Kennedy Highway, as shown in **Exhibit 13**.

Exhibit 13
Projects Added to the Construction Program
Fiscal 2014
($ in Thousands)

Project	2014	Total $	Completion of Fiscal Cash Flow
John F. Kennedy Highway – Resurfacing Phase I, north and southbound from MD 43 to the Maryland/Delaware state line	$7,645	$13,478	2014

Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Projects Added to the Development and Evaluation Program

As shown in **Exhibit 14**, one project was adding the development and evaluation program for rehabilitation of the eastbound bridge deck of the Bay Bridge.

Exhibit 14
Projects Added to the D&E Program
Fiscal 2014
($ in Thousands)

Project	2014	Total $	Completion of Fiscal Cash Flow
US 50/301 Bay Bridge – Rehabilitate eastbound bridge deck	$700	$10,700	2016

D&E: Development and Evaluation

Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Issues

1. Round Two of Increased Toll Rates Is Coming

In September 2011, the MDTA board approved a comprehensive set of changes to toll rates at all facilities and modifications to the tolling structure. The changes were to take place in phases and when fully implemented would generate approximately $225 million in additional revenues. These tolling changes are noted below.

- Increase toll rates at all facilities in phases. **Exhibit 15** provides detail of the toll rates by facility and by implementation date for the standard cash rate. The first increase for two-axle vehicles took place on November 1, 2011, followed by increases for vehicles with three or more axles on January 1, 2012. On July 1, 2013, another increase will take place for all vehicle classes.

- Create a tiered system of tolling with the cash rate as the standard base rate. Off of this base cash rate, a discount of 10% will be given to drivers utilizing a valid Maryland-issued E-ZPass and a premium of 50% of the base cash rate will apply for video tolling (thus eliminating the notice of toll due fee).

- Standardize the commuter discount at all facilities to a percentage discount off of the base cash rate. The discount will be 75%, effective November 1, 2011, and 65%, effective July 1, 2013.

- Waive the $1.50 monthly fee for E-ZPass accounts that pay three or more tolls in the previous month at MDTA facilities.

- Transition all AVI decals at the Hatem Bridge to E-ZPass accounts by September 30, 2012.

- Eliminate the use of toll tickets at the Hatem Bridge.

- Modify the discount programs available to vehicles with three or more axles.

Exhibit 15
Standard Cash Rates by Facility, Vehicle Class, and Rate Increase Implementation Date

	Previous	November 1, 2011	January 1, 2012	July 1, 2013
Bay Bridge				
2 axle	$2.50	$4.00		$6.00
3 axle	9.00		$8.00	12.00
4 axle	12.00		12.00	18.00
5 axle	15.00		24.00	36.00
6+ axle	18.00		30.00	45.00
Baltimore Crossings				
2 axle	$2.00	$3.00		$4.00
3 axle	6.00		$6.00	8.00
4 axle	9.00		9.00	12.00
5 axle	12.00		18.00	24.00
6+ axle	15.00		23.00	30.00
I-95 and Hatem Bridge				
2 axle	$5.00	$6.00		$8.00
3 axle	15.00		$12.00	16.00
4 axle	23.00		18.00	24.00
5 axle	30.00		36.00	48.00
6+ axle	38.00		45.00	60.00
Nice Bridge				
2 axle	$3.00	$4.00		$6.00
3 axle	9.00		$8.00	12.00
4 axle	12.00		12.00	18.00
5 axle	15.00		24.00	36.00
6+ axle	18.00		30.00	45.00

Source: Maryland Transportation Authority

As was discussed earlier, the second phase of the approved toll increase is set to take effect on July 1, 2013. MDTA is not planning to have public hearings on the July 1, 2013 toll increase. The reason is that the initial round of public hearings on the toll increase in 2011 contemplated a two-phase approach to toll increases. The 2013 increase represents the second half of that phased approached that was agreed upon in 2011. MDTA's public hearing in 2011 included the following: a public comment period from June 2 to August 1; 10 public meetings, including 9 meetings adjacent to toll facilities and 1 meeting on the lower Eastern Shore (in Berlin); issued several press releases; made numerous financial documents available on the MDTA website; and provided board members with weekly reports and a printed copy of all public comments received. In total, nearly 4,000 public comments were received. Several modifications were made to the original package of proposed changes based on these public comments. **DLS recommends that MDTA discuss its process for informing the public of the increase in the toll rates and when it will begin that public information campaign.**

2. Toll Violation Process Changes

Background

Recently, attention has been given to MDTA's collection of tolls from violators. Current law is structured such that as soon as an individual does not pay the toll, the individual becomes liable to MDTA and a civil payment. No later than 60 days after the violation occurs, MDTA is required to send a citation to the vehicle's registered owner that provides information on the violation, the amount of the toll and civil penalty due, or elect to stand trial for the alleged violation. If the vehicle owner fails to take one of these actions within 60 days of mailing the citation, MDTA may pursue the vehicle owner in District Court or request that MVA either suspend or refuse to renew the vehicle's registration.

The existing statute was created prior to the implementation of electronic tolling at MDTA facilities. At that time, a customer's failure to pay a toll was generally regarded as a deliberate act to disregard the toll; therefore, customers were considered violators immediately. From the onset of electronic toll collection in the late 1990s, MDTA did not implement the citation fee approach identified in statute and instead adopted an alternative violations process that was meant to be more customer friendly. Upon someone going through a toll booth without paying by cash or EZ-Pass, MDTA sends a notice of toll due to the vehicle owner within 30 days. If payment is not received within 30 days, MDTA may refer the registration to MVA for nonrewenal or suspension, refer the account to the State's Central Collection Unit (CCU), or issue a civil citation. However, as provided under the law, the only way that an individual's registration may be suspended or a case sent to court is if a civil citation is issued. Otherwise, all appeals of a contested violation are handled by the issuing agency, MDTA.

How Big of a Problem?

Toll evasion is a problem that MDTA constantly has to deal with, but in particular, from video tolling, the problem is more telling. From fiscal 2008 to 2012, $19.3 million in video tolls were captured, with $6.7 million of that unpaid. Over that same time period, MDTA collected $5.1 billion in tolls, meaning that outstanding tolls accounted for less than 1.0% of total toll revenue. For perspective, MDTA is expected to collect $612.6 million in toll revenue during fiscal 2014, so the amount of toll revenue uncollected in those five years is just 1.1% of fiscal 2014 revenue.

MDTA was able to provide six months of data on the percentage of video tolls as a percentage of total transactions for legacy facilities and the ICC as well as the percentage of video toll violations as a percentage of total transactions. As **Exhibit 16** shows, video tolls represent a higher percentage of transactions on the ICC. This is because the only option for paying the toll on the ICC is either through video tolling or E-ZPass. Users of the ICC are also more likely to pay the video toll within the 30-day window compared to users of the legacy facilities; however, video toll violations are greater on the ICC than other facilities.

Exhibit 16
Video Toll Information
January-June 2012

	Video Tolls as a Percent of Total Transactions	Video Tolls Paid Within 30 Days	Violations as a Percent of Total Transactions
Legacy facilities	0.9%	40.0%	0.6%
ICC	11.1%	56.0%	5.0%

ICC: InterCounty Connector

Source: Maryland Transportation Authority

Legislative Proposal to Solve the Problem

Departmental legislation, HB 1375, was introduced during the 2012 session. The bill failed, but it would have attempted to remedy the issues in statute. HB 420 has been introduced in the 2013 session to remedy the issue. The bill requires MDTA to send the vehicle owner a notice of an unpaid toll transaction. The owner has 30 days to pay the toll amount or assert a defense. If the penalty is not paid, then a civil citation and penalty could be issued. If the toll citation is not paid within 30 days or a trial in District Court is not requested within 30 days, then the case could be referred to MVA or to the CCU.

Another important aspect of the bill is that the MDTA is authorized to enter into agreements for reciprocal enforcement of toll violations between the State and other jurisdictions. The agreement must require that drivers and vehicles licensed in the State, while operating on the highways of another jurisdiction, receive similar rights to those given to drivers and vehicles from the other jurisdictions. **DLS recommends that MDTA discuss its legislative proposal with the budget committees and if it will remedy the issues with the current statute.**

Operating Budget Recommended Actions

1. Nonbudgeted.

PAYGO Budget Recommended Actions

1. Nonbudgeted.

Updates

1. InterCounty Connector Update

After more than 50 years of planning and 5 years of construction, the majority of the ICC is now open for business. The first segment of the ICC, running from I-270/I-370 to MD 97/ Georgia Avenue, opened to traffic on February 23, 2011. On November 22, 2011, the ICC from MD 97 to I-95 was opened to traffic. The last remaining portion of the road, from I-95 to US 1, is underway and completion is scheduled for spring 2014. Approximately 89% of the total construction value of the project is complete.

As has been reported, vertical cracking was found in the pier caps of several bridges along the Contract A portion of the ICC. It was determined that the cracking was likely due to insufficient steel reinforcement in the pier caps. Inspections were then completed of all the bridges constructed under Contracts A, B, and C, and 10 of the 48 bridges were potentially impacted by similar design features. Temporary repairs were undertaken at 4 bridges while permanent solutions were designed by the contractors at their cost. Of the 10 bridges identified, 4 have been retrofitted, 4 more are to be completed by December 2012, and the final 2 bridges are still being evaluated.

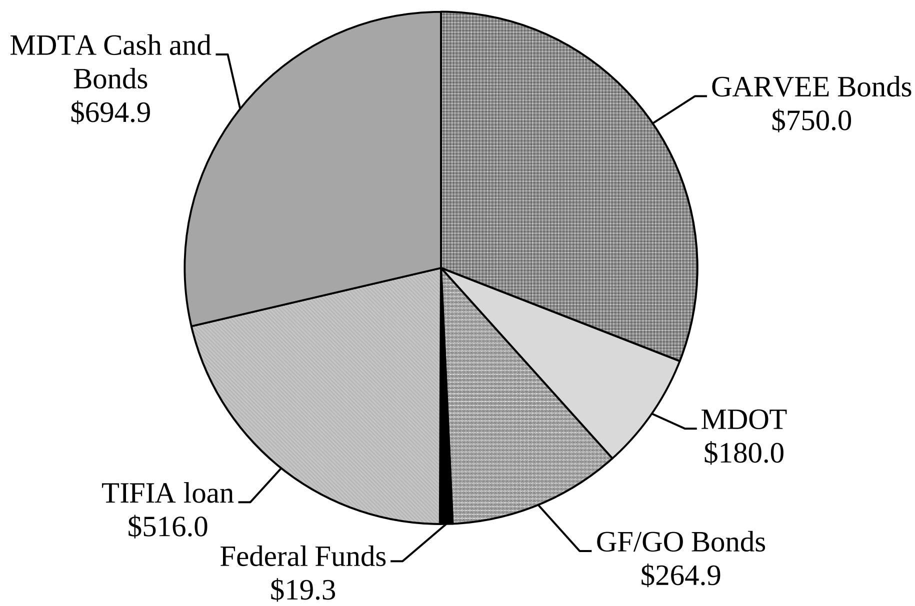
Average daily traffic on the facility has been in line with traffic forecasts. Forecasts of traffic and revenue on the ICC included a three-year ramp-up period to allow time for users to become aware that the facility was open, adjust their commuting patterns, and understand the new tolling technology. Average daily traffic continues to grow as projected even in the lowest volume segment.

Toll rates for the ICC vary based on time of day. Peak period pricing is in effect from 6:00 a.m. to 9:00 a.m. and 4:00 p.m. to 7:00 p.m., Monday through Friday, excluding federal holidays. Overnight pricing is in place from 11:00 p.m. to 5:00 a.m. daily, and off-peak rates are in effect at all other times. Toll rates for two-axle vehicles are $0.25 per mile during peak periods, $0.20 per mile during off-peak periods, and $0.10 per mile overnight.

A total of five ICC commuter bus routes are available from MTA. Two routes began operations in March 2011 in conjunction with the opening of the first segment of the ICC. These routes included a Gaithersburg to BWI Marshall Airport route and a Gaithersburg to the National Security Agency and Fort Meade route. The final three bus routes began service in January 2012. These include routes from Columbia to Bethesda, Frederick to College Park, and College Park to the Germantown Transit Center. As part of the federal record of decision on the ICC, MDTA made a one-time payment of $20 million to MTA for operating and capital costs for these bus routes.

The total cost of the project is $2.4 billion. **Exhibit 17** provides the funding sources for the ICC.

Exhibit 17
Funding Sources for the ICC
($ in Millions)



GARVEE: Grant Anticipation Revenue Vehicle
GF: general fund
GO: general obligation
ICC: InterCounty Connector
MDOT: Maryland Department of Transportation
MDTA: Maryland Transportation Authority
TIFIA: Transportation Infrastructure Finance and Innovation Act

Source: Maryland Transportation Authority's January 2013 Financial Forecast, Version 2012-10

MDTA has announced that the speed limit on the ICC will increase from 55 to 60 miles per hour. This increase was done after an engineering study was performed that found that with several small modifications, it was feasible to increase the speed limit.

Appendix 1

Maryland Transportation Authority Financial Forecast
Fiscal 2012-2018
($ in Millions)

	2012	2013	2014	2015	2016	2017	2018
Revenues							
Toll Revenues	$412.0	$467.8	$612.6	$636.2	$647.8	$657.1	$668.6
Concessions	7.6	6.1	3.6	6.1	6.6	6.7	6.7
Investment Income and Other	16.1	22.5	18.5	18.0	18.3	18.7	19.1
Maryland Department of Transportation	29.6	25.6	25.7	27.2	28.1	29.5	30.9
Total Revenues	**$465.3**	**$522.0**	**$660.4**	**$687.2**	**$700.8**	**$711.9**	**$725.2**
Expenses							
Operations	$211.2	$258.6	$266.3	$280.5	$295.1	$310.3	$326.7
Debt Service	88.0	109.2	121.9	129.9	133.4	147.1	151.0
Capital Program	478.4	517.0	497.2	352.2	291.8	305.5	300.3
Total Expenses	**$777.5**	**$884.8**	**$885.5**	**$762.6**	**$720.3**	**$762.9**	**$778.0**
Less: GARVEE Bonds	-16.9	0.0	0.0	0.0	0.0	0.0	0.0
Less: Revenue Bond Proceeds	36.7	0	132.0	75.0	20.0	55.0	60.0
Less: General Fund/GO Bonds	46.2	0.0	21.5	0.0	0.0	0.0	0.0
Annual Surplus/Deficit	**-$246.2**	**-$362.9**	**-$71.6**	**-$0.4**	**$0.6**	**$4.0**	**$7.2**
Total Cash Balance	**$870.1**	**$507.2**	**$435.7**	**$435.2**	**$435.8**	**$439.8**	**$447.0**
Debt							
Debt Outstanding	$2,316.6	$2,295.5	$2,400.8	$2,447.8	$2,433.8	$2,452.4	$2,462.7
Ratio of Total Cash to Toll Revenues	2.07	1.07	.71	.68	.67	.66	.66
Unencumbered Cash (Policy $350.0 million minimum)	$494.2	$423.6	$355.9	$350.8	$350.3	$351.38	$354.6
Debt Service Coverage (Policy 2.0)	2.85	2.40	3.22	3.12	3.03	2.72	2.63
Rate Covenant Compliance (Legal 1.0)	2.28	1.87	2.62	2.54	2.46	2.20	2.12

GARVEE: Grant Anticipation Revenue Vehicle bonds
GO: general obligation

Note: Includes approved toll increases in fiscal 2012 and 2014.

Object/Fund Difference Report
Maryland Transportation Authority – Operating Budget

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	1,789.50	1,789.50	1,789.50	0.00	0%
Total Positions	**1,789.50**	**1,789.50**	**1,789.50**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 127,416,372	$ 140,918,457	$ 146,922,360	$ 6,003,903	4.3%
02 Technical and Spec. Fees	901,358	1,450,500	1,463,900	13,400	0.9%
03 Communication	851,580	1,072,480	1,191,519	119,039	11.1%
04 Travel	57,500	132,087	99,782	-32,305	-24.5%
06 Fuel and Utilities	4,186,431	5,334,137	5,330,135	-4,002	-0.1%
07 Motor Vehicles	6,341,124	5,759,297	6,737,290	977,993	17.0%
08 Contractual Services	47,832,399	72,471,443	72,290,932	-180,511	-0.2%
09 Supplies and Materials	6,136,214	7,854,145	7,844,624	-9,521	-0.1%
10 Equipment – Replacement	4,504,747	8,824,852	9,620,211	795,359	9.0%
11 Equipment – Additional	7,416,350	6,335,749	5,856,231	-479,518	-7.6%
13 Fixed Charges	96,230,018	117,675,313	130,860,675	13,185,362	11.2%
Total Objects	**$ 301,874,093**	**$ 367,828,460**	**$ 388,217,659**	**$ 20,389,199**	**5.5%**
Funds					
07 Nonbudgeted Fund	$ 301,874,093	$ 367,828,460	$ 388,217,659	$ 20,389,199	5.5%
Total Funds	**$ 301,874,093**	**$ 367,828,460**	**$ 388,217,659**	**$ 20,389,199**	**5.5%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
Maryland Transportation Authority

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
41 Operating Program	$ 301,874,093	$ 367,828,460	$ 388,217,659	$ 20,389,199	5.5%
42 Capital Program	478,276,529	516,995,000	497,239,000	-19,756,000	-3.8%
Total Expenditures	**$ 780,150,622**	**$ 884,823,460**	**$ 885,456,659**	**$ 633,199**	**0.1%**
Nonbudgeted Fund	$ 780,150,622	$ 884,823,460	$ 885,456,659	$ 633,199	0.1%
Total Appropriations	**$ 780,150,622**	**$ 884,823,460**	**$ 885,456,659**	**$ 633,199**	**0.1%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.