

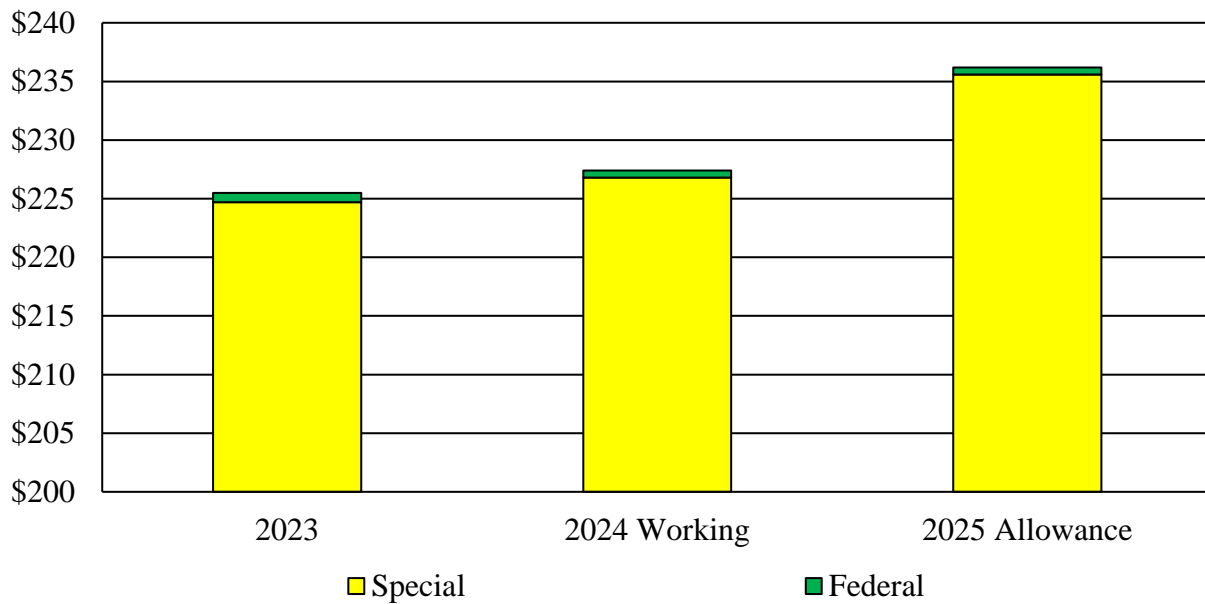
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Maryland Aviation Administration
Maryland Department of Transportation

Executive Summary

The Maryland Aviation Administration (MAA) has the responsibility of fostering and developing aviation activity throughout the State as well as the operation, maintenance, protection, and development of the two State-owned airports – Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall Airport) and Martin State Airport (MTN).

Operating Budget Summary

Fiscal 2025 Budget Increases \$8.8 Million, or 3.9%, to \$236.3 Million
(\$ in Millions)

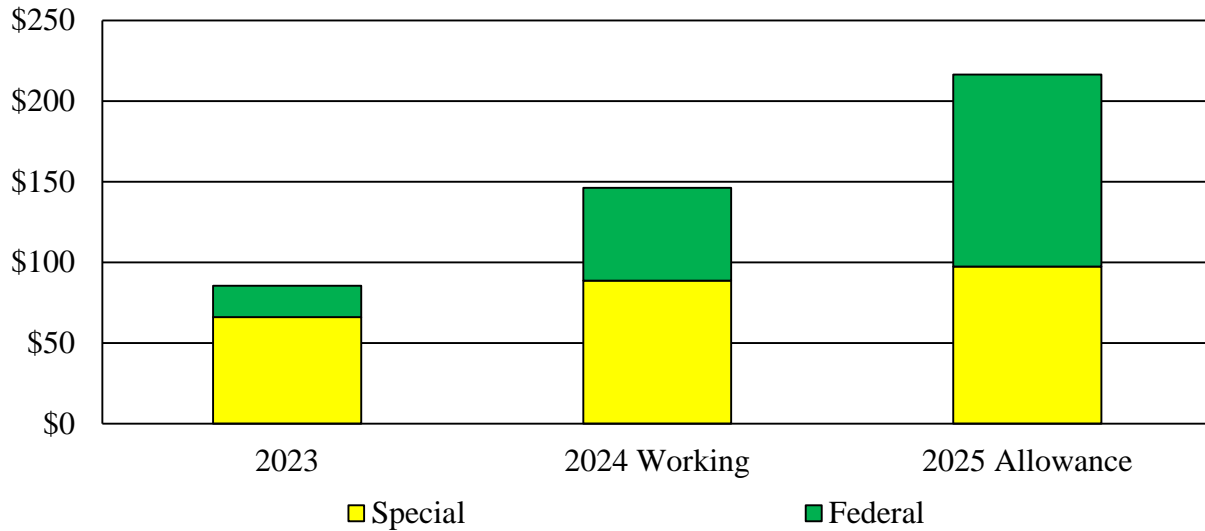


Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

- Over \$20 million in reductions from anticipated fiscal 2025 spending levels offset increased spending in other areas. However, \$2.8 million of those reductions are restored in Supplemental Budget No. 1.

PAYGO Capital Budget Summary

**Fiscal 2025 Budget Increases \$70.2 Million, or 48%, to \$216.4 Million
(\$ in Millions)**



PAYGO: pay-as-you-go

Key Observations

- ***The Maryland Department of Transportation (MDOT) Reissues the Request for Proposals (RFP) for BWI Marshall Airport Concessions Contract:*** In February 2023, MAA canceled its selection of a vendor to operate concessions at BWI Marshall Airport following a lawsuit from the current vendor. MDOT issued a revised RFP in September 2023, and the agency expects to announce a selected bidder in spring 2024.

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor’s allowance.

Updates

- The Federal Aviation Administration (FAA) has proposed an adjustment to flight path procedures for air traffic to BWI Marshall Airport to reduce airplane noise in surrounding communities.

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Budget Analysis

Program Description

MAA has the responsibility of fostering and developing aviation activity throughout the State. In addition, MAA is responsible for the operation, maintenance, protection, and development of both BWI Marshall Airport – a major center of commercial air carrier service in the State – and MTN – a general aviation reliever facility as well as a support facility for the Maryland Air National Guard and the Maryland State Police. MAA has identified the following key goals:

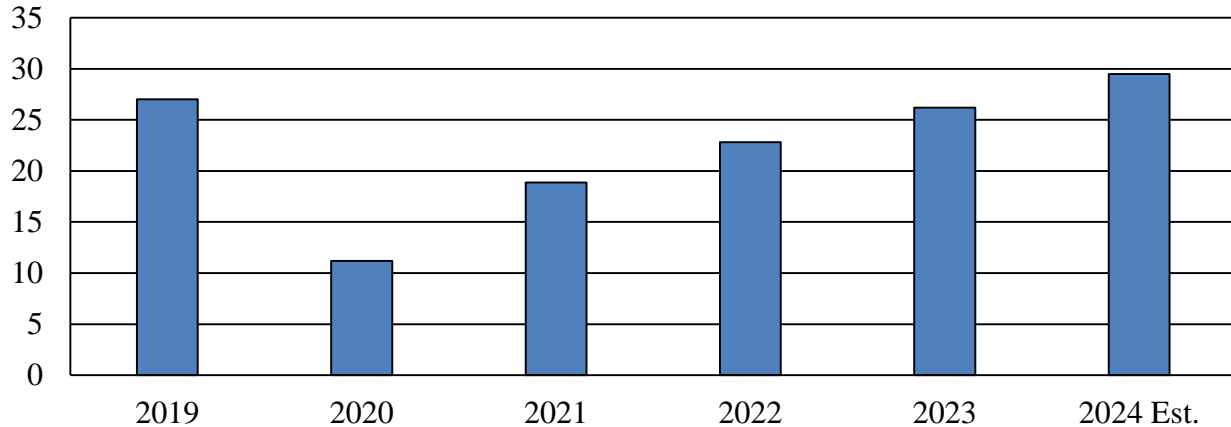
- keeping BWI Marshall Airport passengers, tenants, and facilities safe;
- operating BWI Marshall Airport efficiently and effectively;
- attracting, maintaining, and expanding air service; and
- providing exceptional service.

Performance Analysis: Managing for Results

1. BWI Marshall Airport Traffic on Pace to Exceed Prepandemic Levels

Passenger traffic at BWI Marshall Airport in calendar 2023 was approximately 26.2 million passengers. As shown in **Exhibit 1**, the number of passengers has nearly reached the prepandemic level of 27.0 million passengers served in calendar 2019. MAA estimates that BWI Marshall Airport will surpass its calendar 2019 passenger traffic level in calendar 2024.

Exhibit 1
Total Passengers at BWI Marshall Airport
Calendar 2019-2024 Est.
(Passengers in Millions)



BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

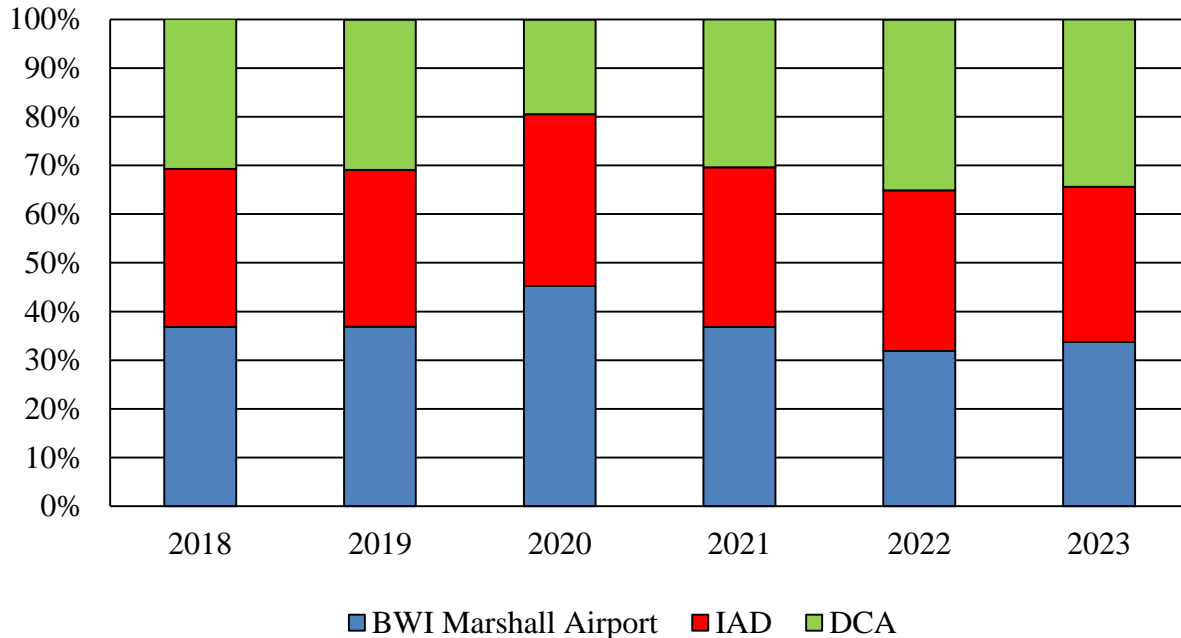
Note: The figure for calendar 2023 is preliminary, as passenger data for November and December 2023 is still being finalized.

Source: Maryland Aviation Administration

2. BWI Marshall Airport Regional Market Share Increases in Calendar 2023

In order for BWI Marshall Airport to experience growth in business and continue to be an economic engine for the State, it must remain competitive with other airports both nationally and internationally. The Baltimore-Washington region features three airports that compete for the local market share for commercial passengers, commercial air operations, freight, and mail transport: BWI Marshall Airport; Washington Dulles International Airport (IAD); and Ronald Reagan Washington National Airport (DCA). Each regional airport differs in the type of passengers it attracts: IAD tends to serve the most international travelers, with a large United Airlines presence; DCA serves business travelers in close proximity to federal government facilities; and BWI serves primarily leisure travelers, given the strong presence of Southwest Airlines and other low-fare carriers. As shown in **Exhibit 2**, BWI Marshall Airport's market share increased relative to DCA and IAD, moving from 31.9% in calendar 2022 to 33.7% in the calendar 2023 estimate. BWI Marshall Airport's market share was slightly outpaced by DCA, which had an estimated 34.4% share in calendar 2023.

Exhibit 2
Passenger Market Share
Calendar 2018-2023 Est.



Note: Data for BWI Marshall Airport is reported on a fiscal year basis.

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

DCA: Ronald Reagan Washington National Airport

IAD: Washington Dulles International Airport

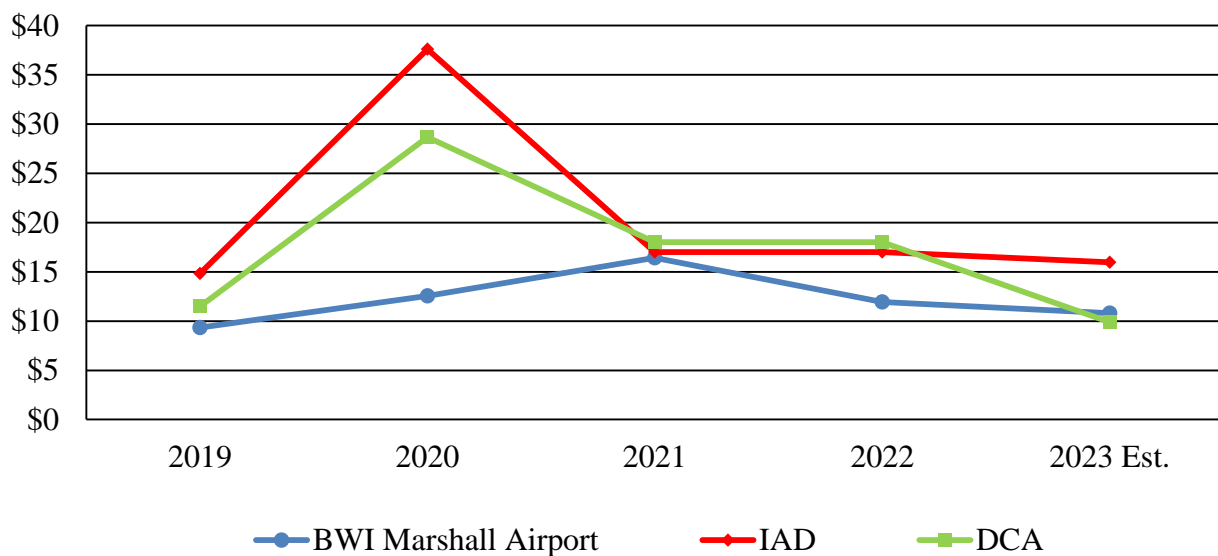
Source: Maryland Aviation Administration

3. Cost Per Enplaned Passenger

An important financial calculation considered by airlines when deciding where to fly is the cost per enplaned passenger (CPE) at a given airport. CPE costs are the total of terminal and airfield costs related to flight activities, which are paid by the airport and subsequently reimbursed by the airlines. CPE is an industry ratio, and while not calculated using a definitive standard due to variations in the negotiated operating agreements specific to the airports, it typically includes such costs as (1) landing fees; (2) terminal rental fees; (3) apron fees; (4) boarding bridges; and (5) aircraft parking. Serving more passengers reduces these costs per person, thereby reducing CPE. Airports universally try to reduce CPE to be more competitive in the market. Therefore, both MAA and the airlines have an interest in keeping operating costs as low as possible.

BWI Marshall Airport’s estimated CPE in fiscal 2023 was \$10.79, down from \$11.95 in fiscal 2022. **Exhibit 3** shows that BWI Marshall Airport and DCA are approaching prepandemic CPE levels due to strong passenger traffic and the resulting increasing revenues. In fiscal 2023, CPE decreased for all three airports due to available federal funding that reduced overall operational expenses.

Exhibit 3
Cost Per Enplaned Passenger
Fiscal 2019-2023 Est.



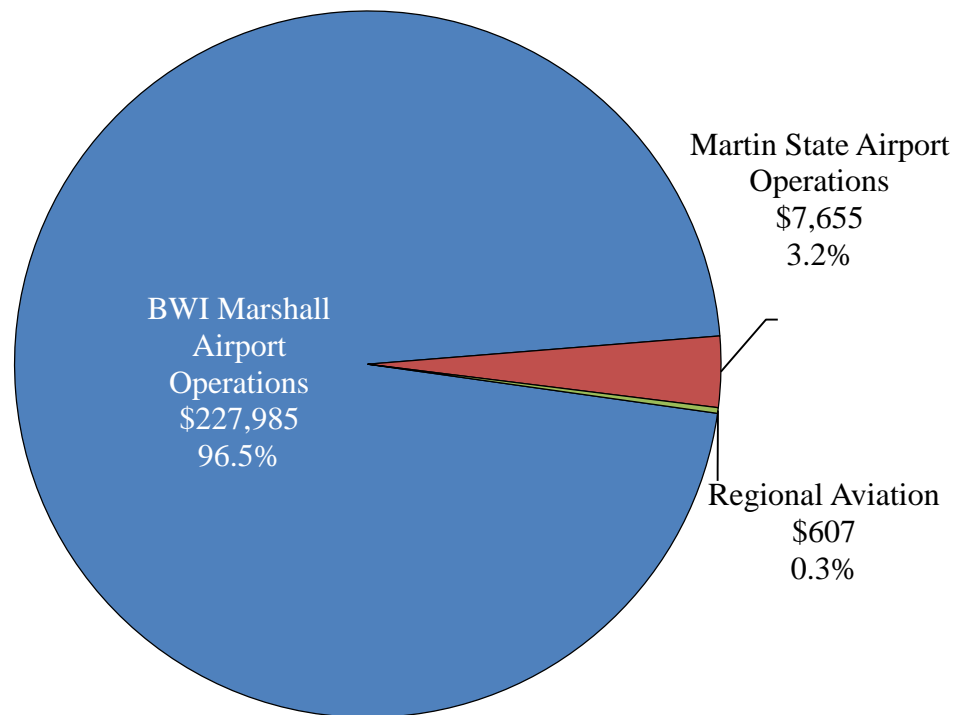
BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
 DCA: Ronald Reagan Washington National Airport
 IAD: Washington Dulles International Airport

Source: Maryland Aviation Administration

Fiscal 2025 Overview of Agency Spending

The MAA fiscal 2025 operating budget allowance is \$236.3 million. Most of the operating funding, 96.5%, supports the operation and maintenance of BWI Marshall Airport as shown in **Exhibit 4**. Funds budgeted for the operation of MTN comprise 3.2% of the allowance. Regional aviation, which supports grants and technical assistance to public-use airports throughout the State, comprises less than 1%.

Exhibit 4
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Maryland Aviation Administration

Proposed Budget Change

As shown in **Exhibit 5**, the MAA allowance for fiscal 2025 increases by \$8.8 million, or 3.9%, over the fiscal 2024 working allowance. Personnel costs increase by \$5.6 million for statewide salary actions. Other changes include planned increases for janitorial, information technology (IT), and security contracts, as well as maintenance for airport emergency and customer service systems.

Exhibit 5
Proposed Budget
Maryland Department of Transportation – Maryland Aviation Administration
(\$ in Thousands)

How Much It Grows:	Special <u>Fund</u>	Federal <u>Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$224,673	\$755	\$225,428
Fiscal 2024 Working Appropriation	226,797	646	227,443
Fiscal 2025 Allowance	<u>235,602</u>	<u>646</u>	<u>236,247</u>
Fiscal 2024-2025 Amount Change	\$8,805	\$0	\$8,805
Fiscal 2024-2025 Percent Change	3.9%		3.9%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Salary Increases and related fringe benefits including the fiscal 2024 COLA and increments	\$5,635
Operations	
Janitorial and garbage removal	3,700
Airport Security Services (Maryland Transportation Authority and private).....	3,425
Fuel and utilities.....	2,673
Emergency communications, security, and other automated systems.....	1,561
Maintenance for kiosks, gates, and parking cameras.....	721
Information technology support specialists	936
Communications systems	-344
Various maintenance and supply contracts.....	-1,627
Technical Adjustments	
Liability insurance costs aligned to actuals	1,148
Insurance paid to Treasurer aligned to actuals.....	718
Debt service adjustment.....	-9,721
Other changes	-20
Total	\$8,805

COLA: cost-of-living adjustment

Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Reductions to Operating Budget

While the overall budget from the fiscal 2024 working appropriation to the fiscal 2025 allowance increases, these increases are less than previously expected due to reductions to MAA operations as part of MDOT agencywide cuts in operating and capital budgets to balance the *Consolidated Transportation Program* (CTP) in fiscal 2025.

Exhibit 6 shows the reductions made to various aspects of the total MAA budget in relation to the fiscal 2025 baseline. These reductions total \$20.4 million and span many programmatic areas, including IT systems, airport security, and janitorial services.

Given the one-time \$150 million infusion of general funds to the Transportation Trust Fund (TTF) in fiscal 2025, some proposed cuts to operating funding are restored in Supplemental Budget No. 1. The additional funding restores \$2.8 million in MAA’s fiscal 2025 budget to support IT needs, janitorial contracts, and security staffing and systems.

**Exhibit 6
Operational Reductions
Fiscal 2025**

<u>Description</u>	<u>Reduction from Projected Fiscal 2025 Levels</u>	<u>Restoration</u>	<u>Net Reduction</u>
Information technology software, licenses and subscriptions, hardware, and contractual services	-\$4,100,000	\$800,000	-\$3,300,000
Contractual janitorial services at BWI Marshall Airport	-4,000,000	1,250,000	-2,750,000
Martin State Airport fixed-based operational contract*	-3,300,000	0	-3,300,000
Credit card processing fees**	-2,100,000	0	-2,100,000
Staffing for the BWI Checkpoint Ambassadors contract and a deferral of the Customer Service contract	-1,600,000	0	-1,600,000
Reductions to security services staffing levels and security system upgrades at BWI Marshall and Martin State Airports	-1,220,000	750,000	-470,000
Shuttle bus services for employee parking lots***	-1,200,000	0	-1,200,000
Various contracts, including vegetation control, airfield marking, plumbing, and utilities maintenance	-1,000,000	0	-1,000,000
Various reductions to advertising, subscriptions, dues, travel, training and consultants	-820,000	0	-820,000
Supplies including operations support services, terminal and airfield lighting, plumbing, glass, and painting	-500,000	\$0	-500,000
Life safety system support contracts and services and communications systems repairs	-300,000	0	-300,000
Vehicle repairs and maintenance	-300,000	0	-300,000
Total	-\$20,440,000	\$2,800,000	-\$17,640,000

BWI Marshall Airport: Baltimore/Washington Thurgood Marshall Airport

* The planned contract at Martin State Airport will modify the current business model by transferring responsibility for purchasing aviation fuel for resale to the operator.

** Cost recovery of credit card processing fees will be incorporated into the parking fee beginning in fiscal 2025.

*** Shuttle bus service for employee parking lots will delay planned relocation of employee parking lot to provide for additional passenger parking.

Source: Maryland Aviation Administration

Operating Revenues

MAA generates operating revenues through flight activities, concessions, and other operations at BWI Marshall Airport and MTN. While MAA’s revenues flow into the TTF and do not directly subsidize its own expenses, **Exhibit 7** shows net revenues, net income, and net total income/loss for illustrative purposes. If MAA operating revenues were used to pay its operating expenses directly, net operating income would exceed \$300 million in fiscal 2024. MAA’s net operating revenues are expected to exceed its operating and capital expenditures by \$1.9 million in fiscal 2024.

Exhibit 7
Special Fund Revenues and Expenditures
Fiscal 2023-2025
(\$ in Thousands)

<u>Operating Revenues</u>	<u>Actual</u> <u>2023</u>	<u>Working</u> <u>2024</u>	<u>Allowance</u> <u>2025</u>	<u>\$ Change</u> <u>2024-2025</u>	<u>% Change</u> <u>2024-2025</u>
BWI Marshall Airport – Flight Activities	\$72,863	\$75,931	\$73,528	-\$2,403	-3%
BWI Marshall Airport – Rents and User Fees	82,686	94,374	101,137	6,763	7%
BWI Marshall Airport – Concessions	130,247	152,729	181,169	28,440	19%
BWI Marshall Airport – Other	13,432	10,280	4,950	-5,330	-52%
MTN – Rents and Concessions	12,242	13,172	13,697	525	4%
Total	\$311,470	\$346,486	\$374,481	\$27,995	8%
Revenue Bonds Debt Service	-\$26,879	-\$29,110	-\$37,003	-\$7,893	27%
Net Operating Revenues	\$284,591	\$317,376	\$337,478	\$20,102	6%
Operating Expenditures (Special)	\$224,782	\$226,797	\$239,467	\$12,670	6%
Net Operating Income	\$59,809	\$90,579	\$98,011	\$7,432	8%
Capital Expenditures (Special)	\$66,073	\$88,630	\$97,456	\$8,826	10%
Net Income/Loss	-\$6,264	\$1,949	\$555	-\$1,394	-72%

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
MTN: Martin State Airport

Note: BWI Marshall Airport – Other excludes \$109k in federal reimbursements from Coronavirus Response and Relief Supplemental Appropriations Act Concession Relief funds and MTN sewage reimbursement from the American Rescue Plan Act. Operating expenditures shown in fiscal 2023 are net of security expenses for K9 and Maryland Transportation Authority Police covered by the law enforcement officer grant (\$645,500) and net of the Transportation Security Administration COVID-19 Cleaning (\$54,700). BWI Marshall Airport – Concession Revenue in fiscal 2024 and 2025 includes parking rate increases that are anticipated to be implemented in April 2024.

Source: Maryland Aviation Administration

Anticipated operating revenues in fiscal 2024 total \$346.5 million. These revenues are projected to increase by \$28.0 million in fiscal 2025, largely driven by concessions revenues, which include food and retail services within the terminal in addition to parking fees.

Revenue projections for fiscal 2024 and 2025 include parking rate increases anticipated to be implemented in April 2024. Specific information about the impacted facilities and rate changes are not yet available. MAA anticipates net income of \$555,000 in fiscal 2025, a decrease of \$1.4 million from fiscal 2024. While net revenues are anticipated to increase over the prior year, they are partially offset by escalations in operating and capital expenditures.

Infrastructure Investment and Jobs Act Funding

MAA receives federal formula funding for airport capital projects from the FAA Airport Improvement Program (AIP) as currently authorized by the Infrastructure Investment and Jobs Act (IIJA). In addition to that guaranteed federal support, MAA has applied for various discretionary grants available through the AIP for capital improvement projects at BWI Marshall Airport and MTN. As shown in **Exhibit 8**, MAA was awarded \$113.3 million in federal discretionary grants in federal fiscal 2022 and 2023 and has applied for an additional \$164 million in federal fiscal 2023.

**Exhibit 8
Federal Grants
Federal Fiscal 2022-2024**

<u>Project</u>	<u>Amount</u>	<u>Federal Fiscal Year</u>
BWI Marshall Airport A/B Connector and Baggage Handling System	\$125,000,000	2024
Martin State Airport Traffic Control Tower Replacement	25,000,000	2024
BWI Marshall Airport Passenger Movement Modernization – Boarding Bridges	14,000,000	2024
Total – Pending	\$164,000,000	
Concourse A/B Baggage Handling System	38,083,783	2023
Reconstruction Taxiways N and N1	15,548,011	2023
Shift or Reconfigure Existing Taxiway F – Phase 2	15,000,000	2023
RSIP Noise Mitigation Measures for Residences – Phase 4	10,324,518	2023
Reconstruct or Replace Airfield Lighting Vault – Phase 1	19,951,428	2022
Martin State Airport Project for the Americans with Disabilities Act	7,109,500	2022
RSIP Noise Mitigation Measures for Residences – Phase 3	4,000,000	2022
Voluntary Airport Low Emissions for Preconditioned Air and Ground Power Units	1,188,579	2022
BWI Marshall Airport Decarbonization Study	937,500	2022
Martin State Airport Obstruction – Marking/Lighting/Removal	459,000	2022
Martin State Airport Catenary Design	400,000	2022
Martin State Airport Decarbonization Study	250,000	2022
Total – Awarded	\$113,252,319	

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
RSIP: Residential Sound Insulation Program

Source: Maryland Department of Transportation

Operating and PAYGO Personnel Data

	FY 23	FY 24	FY 25	FY 24-25
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Operating Budget Positions	469.50	455.50	469.50	14.00
Regular PAYGO Budget Positions	<u>38.00</u>	<u>39.00</u>	<u>38.00</u>	<u>-1.00</u>
Total Regular Positions	507.50	494.50	507.50	13.00
Operating Budget FTEs	4.00	2.00	2.00	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	4.00	2.00	2.00	0.00
Total Personnel	511.50	496.50	509.50	13.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	34.62	7.00%
Positions and Percentage Vacant as of 1/1/24	32.00	6.28%
Vacancies Below Turnover	2.62	

- The increase in positions in fiscal 2025 reflects a technical error in which new positions added to MAA in fiscal 2023 were mistakenly removed in fiscal 2024.
- In fiscal 2023, 13 firefighters were transferred to MAA from the Military Department due to the federal government assuming responsibility from the Maryland Military Department for firefighting operations at MTN. The transfer of positions allowed the firefighters to continue their State service rather than become federal employees, and most were assigned to BWI Marshall Airport.
- One position was transferred from the capital program to the operating program to better suit agency needs.

PAYGO Capital Program

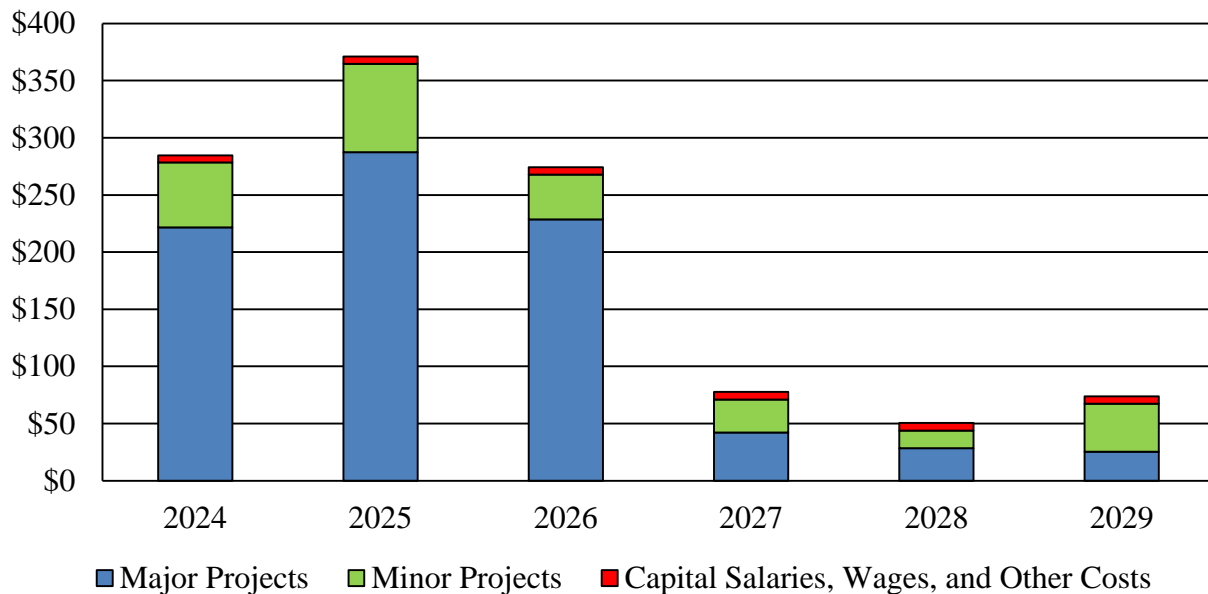
Program Description

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

Fiscal 2024 to 2029 Consolidated Transportation Program

As seen in **Exhibit 9**, the fiscal 2024 to 2029 CTP for MAA totals \$1,131.9 million, a decrease of \$44.6 million from the previous six-year program. The decrease is largely due to completion of the first year of construction on the A/B Connector and baggage handling system projects, which reduced total planned costs over the six-year program.

Exhibit 9
Six-year PAYGO Allowance
Fiscal 2024-2029
(\$ in Millions)



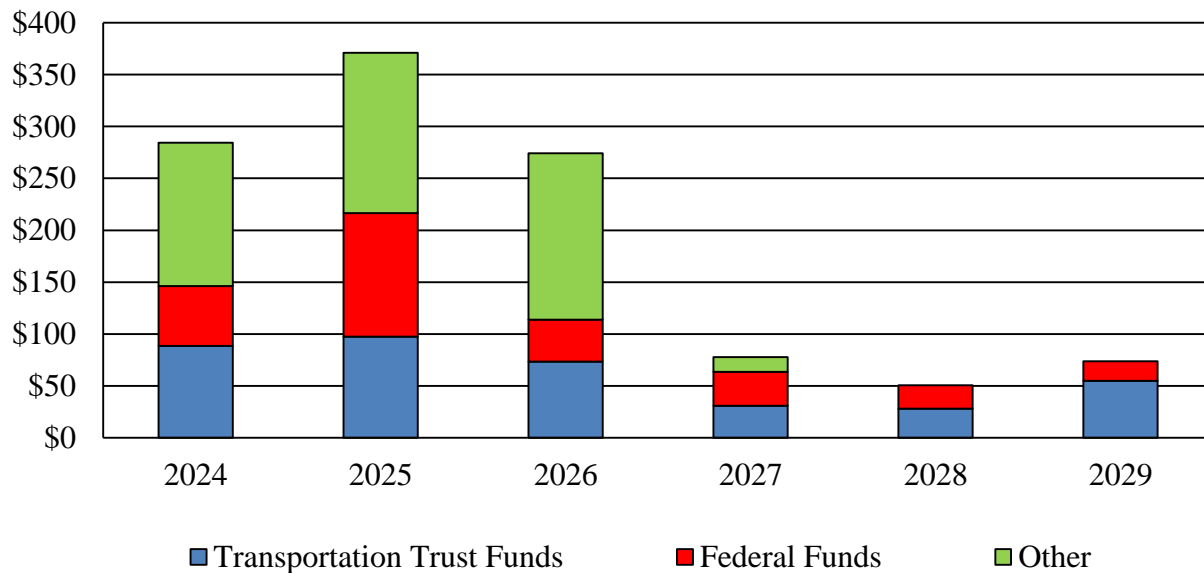
PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2024-2029 *Consolidated Transportation Program*

Exhibit 10 shows the fiscal 2024 to 2029 CTP split out by fund source. Between the fiscal 2024 working appropriation and the fiscal 2025 allowance, there was an increase of \$61.4 million, or 107%, in federal funds. These additional funds are planned in fiscal 2025 due to several projects that received funding through the IJA entering the construction phase in fiscal 2025. These projects include Phase II of the Taxiway T Reconstruction and DX/DY Apron Reconstruction at BWI Marshall Airport, among others. An additional two projects will utilize federal funding as they begin the design phase, and \$32 million from the federal government will

support the completion of the runway rehabilitation at MTN. Funding categorized as “other,” which decreases dramatically in fiscal 2027, includes project revenue bonds issued to support the A/B Connector and baggage handling system projects in addition to projects supported by passenger facility charges.

Exhibit 10
Six-year PAYGO Allowance by Fund
Fiscal 2024-2029
(\$ in Millions)



PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2024-2029 *Consolidated Transportation Program*

Fiscal 2025 Capital Allowance

The fiscal 2024 to 2029 CTP contains 23 planned major projects in addition to minor projects and capital salaries. **Exhibit 11** shows the programmed capital funds for the fiscal 2025 capital allowance by project and program along with total estimated costs and six-year funding for each project.

Exhibit 11
Pay-as-you-go Capital Program Projects
Fiscal 2025
(\$ in Thousands)

<u>Project Description</u>	<u>2025</u>	<u>Total Estimated Cost</u>	<u>Six-year Total</u>
Regional Aviation Assistance Program	\$1,399	\$81,670	\$12,839
Residential Sound Insulation Program	13,921	34,379	32,091
Shuttle Bus Service Fleet Replacement at BWI Marshall Airport	0	36,600	9,624
Concourse D HVAC Replacement at BWI Marshall Airport	0	24,063	1,662
Restroom Improvement Program at BWI Marshall Airport	0	69,448	20,049
Taxiway T Reconstruction Phase 1 at BWI Marshall Airport	16,759	46,037	33,992
Concourse A/B Connector and Baggage Handling System Replacement at BWI Marshall Airport	124,868	462,046	353,549
Taxiway F Relocation at BWI Marshall Airport	13,541	49,606	31,890
Aircraft Maintenance Facility Infrastructure at BWI Marshall Airport	3,000	51,271	15,489
BC Apron Reconstruction, Infill & Taxiway Improvements at BWI Marshall Airport	13,764	83,890	76,687
Fuel Storage Tank Additions at BWI Marshall Airport	11,256	26,074	25,122
Taxilanes N and N1 Reconstruction at BWI Marshall Airport	10,261	24,165	20,635
Air Operations Area Fence Upgrade at BWI Marshall Airport	5,635	11,368	10,685
DX/DY Apron Pavement Rehab at BWI Marshall Airport	8,256	12,792	12,786
Deicing Pad Expansion at BWI Marshall Airport	0	61,804	27,217
15L/33R and Associated Taxiways – Pavement Rehabilitation at BWI Marshall Airport	1,097	14,207	14,207
Concourse A/B Bag Claim 0-5 Reconfiguration at BWI Marshall Airport	9,726	26,553	26,370
Electrical Substations Reconstruction at BWI Marshall Airport	15,659	30,581	27,731
D/E Bag Claim Expansion at BWI Marshall Airport	8,031	27,406	26,078
Concourse E Baggage Handling System Expansion at BWI Marshall Airport	9,731	35,062	34,027
Snow Equipment Replacement at BWI Marshall Airport and MTN	6,004	19,452	17,702
Taxiway F Extension at MTN	1,612	6,583	6,583
Runway Improvement Program at MTN	36,167	50,327	49,295
Major Projects Total	\$310,687	\$1,285,384	\$886,310
Minor Projects	\$77,200	n/a	\$259,300
Capital Salaries	6,300	n/a	38,500
Subtotal	\$83,500		\$297,800
Total	\$394,187	\$1,285,384	\$1,184,110

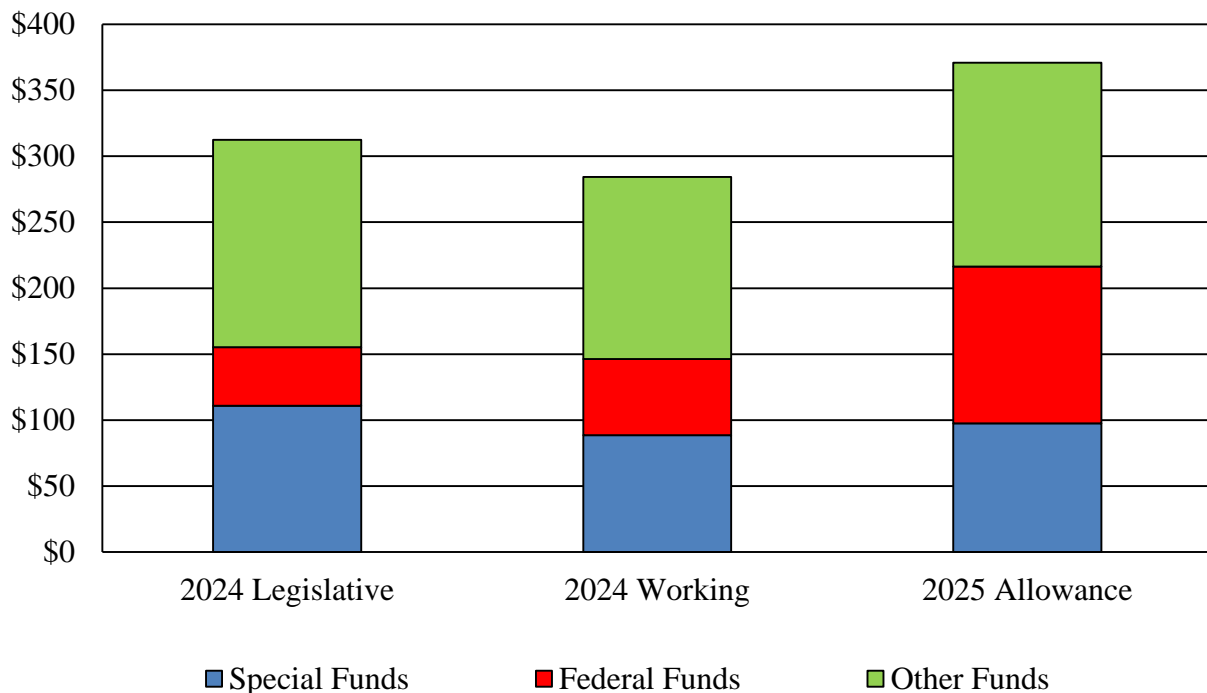
BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
 MTN: Martin State Airport

Source: Maryland Department of Transportation, 2024-2029 *Consolidated Transportation Program*

Fiscal 2024 and 2025 Cash Flow Analysis

Exhibit 12 shows the changes in MAA capital funding between the fiscal 2024 legislative and working appropriations and between the fiscal 2024 working appropriation and the fiscal 2025 allowance. There was a \$28.1 million, or 9%, decrease between the fiscal 2024 legislative and working appropriations due to changes in project schedules and forecasted expenditures.

**Exhibit 12
Cash Flow Changes
Fiscal 2024-2025 Allowance
(\$ in Millions)**

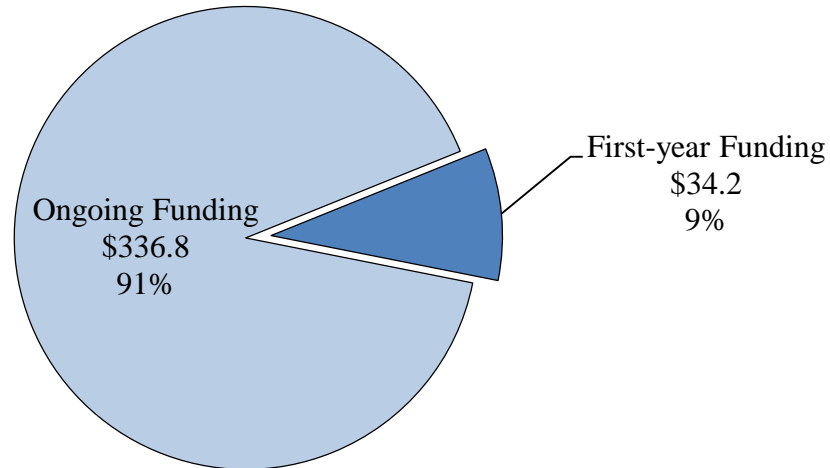


Source: Maryland Department of Transportation, 2024 and 2025 *Consolidated Transportation Programs*; Department of Legislative Services

First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the CTP to include tables listing projects receiving first-year funding for design or construction either in the budget year or the current year (if the funding was not shown in the budget year in the prior year CTP). As shown in **Exhibit 13**, \$34.2 million, or 9%, of MAA’s fiscal 2025 capital funding is first-year funding.

Exhibit 13
First-year and Ongoing Programmed Spending – All Funds
Fiscal 2025
(\$ in Millions)



Total Funding: \$371.0 Million

Source: Maryland Department of Transportation, 2024-2029 *Consolidated Transportation Program*, Department of Legislative Services

The MAA capital projects receiving first-year funding in fiscal 2024 and 2025 are listed in **Exhibit 14**.

Exhibit 14
Projects Receiving First-year Design and Construction Funding
Fiscal 2024-2025
(\$ in Thousands)

<u>Construction</u>	<u>2024</u>	<u>2025</u>	<u>Total</u> <u>2024-2025</u>
Concourse A/B Connector and Baggage Handling System Replacement at BWI Marshall Airport	\$20,000	\$18,084	\$38,084
Runway Improvement Program at MTN	0	33,677	33,677
Taxiway T Reconstruction at BWI Marshall Airport	276	15,345	15,621
D/E Bag Claim Expansion at BWI Marshall Airport	1,553	7,618	9,171

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<u>Construction</u>	<u>2024</u>	<u>2025</u>	<u>Total 2024-2025</u>
Regional Aviation Assistance Program	5,082	0	5,082
Snow Equipment Replacement at BWI Marshall Airport and MTN	\$0	\$4,221	\$4,221
Aircraft Maintenance Facility Infrastructure at BWI Marshall Airport	2,788	0	2,788
Electrical Substations Reconstruction at BWI Marshall Airport	779	687	1,466
Taxiway F Relocation at BWI Marshall Airport	290	870	1,160
DX/DY Apron Pavement Rehab at BWI Marshall Airport	0	546	546
BC Apron Reconstruction, Infill and Taxiway Improvements at BWI Marshall Airport	54	108	162
Taxiway F Extension at MTN	0	102	102
Restroom Improvement Program at BWI Marshall Airport	53	0	53
Air Operations Area Fence Upgrade at BWI Marshall Airport	33	0	33
 Design			
Taxiway T Reconstruction at BWI Marshall Airport	863	1,060	1,923
Electrical Substations Reconstruction at BWI Marshall Airport	890	826	1,716
Runway Improvement Program at Martin State Airport	400	1,190	1,590
BC Apron Reconstruction, Infill and Taxiway Improvements at BWI Marshall Airport	34	1,418	1,452
15L/33R and Associated Taxiways – Pavement Rehabilitation at BWI Marshall Airport	0	1,097	1,097
DX/DY Apron Pavement Rehab at BWI Marshall Airport	748	191	939
Taxiway F Extension at MTN	243	36	279
Taxiway F Relocation at BWI Marshall Airport	53	143	196
D/E Bag Claim Expansion at BWI Marshall Airport	37	0	37
Restroom Improvement Program at BWI Marshall Airport	25	0	25
Concourse A/B Bag Claim 0-5 Reconfiguration at BWI Marshall Airport	22	0	22
Concourse A/B Connector and Baggage Handling System Replacement at BWI Marshall Airport	9	0	9
Grand Total	\$34,232	\$87,219	\$121,451
State (Special)			\$22,379
Federal			91,596
Other			7,476
Total			\$121,451

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
 MTN: Martin State Airport

Source: Maryland Department of Transportation, 2024-2029 *Consolidated Transportation Program*, Department of Legislative Services

Significant Changes from the Previous *Consolidated Transportation Program*

Three major projects with a total estimated cost of \$105.8 million were added to the fiscal 2024 to 2029 CTP, as shown in **Exhibit 15**.

Exhibit 15
Major Significant Project Changes from 2023-2028 CTP
(\$ in Millions)

<u>Projects Added to the Construction Program</u>	<u>Total Cost</u>
Runway Improvement Program at Martin State Airport	\$50.3
Electrical Substations Reconstruction at BWI Marshall Airport	28.1
D/E Bag Claim Expansion at BWI Marshall Airport	27.4

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport
CTP: *Consolidated Transportation Program*

Source: Maryland Department of Transportation, 2024-2029 *Consolidated Transportation Program*

Issues

1. MDOT Reissues Request for Proposals for BWI Marshall Airport Concessions Contract

After the announced selection for the airport concessions contract at BWI Marshall Airport resulted in a lawsuit from the current vendor, MAA canceled the solicitation in February 2023. A replacement RFP issued in September 2023 adjusted minimum eligibility requirements to address public and applicant concerns and included an added labor provision.

Background

To maximize efficiency and State revenues, MAA uses a developer system for concessions at BWI Marshall Airport, selecting a private company to manage all retail, restaurant, and concessions space at the airport on behalf of the agency. The developer, which is selected through a formal bidding process, leases designated concessions space from MAA, then subleases it to operators who provide retail and food services to passengers. Operators retain profits from sales, and the developer divides the rent revenues collected from the operators with the agency as specified in the contract. The current contract has been held by Fraport Baltimore Partnership, LLC (Fraport) since calendar 2004. The original contract was set to expire after 12 years but has been extended several times.

On May 31, 2022, the agency released an RFP for a new vendor to manage airport concessions beginning on January 1, 2023. MAA released addendums to the RFP in July and August 2022 that adjusted bidder eligibility requirements. The first addendum allowed bidders to meet the airport concessions experience requirement by demonstrating that an individual or combination of executives have the experience, rather than the company itself. The addendums also made alterations and clarifications to the annual rental rate, leased space, audited practices, and disadvantaged business enterprise requirements.

MAA informed other bidders on November 9, 2022, that it was recommending New Market Ventures, LLC for the contract, subject to the approval of the Board of Public Works (BPW). The current vendor filed a lawsuit on December 2, 2022, in Anne Arundel Circuit Court, alleging that MAA acted “arbitrarily and capriciously” in its recommendation of the contract award to a company that had no airport concessions experience over other more qualified bidders. On February 21, 2023, MAA canceled the solicitation per direction from the Governor’s office. The following day, Fraport dismissed its lawsuit.

On March 1, 2023, BPW approved a month-to-month extension of Fraport’s contract, which was due to expire on March 31, 2023. This method gives MAA the flexibility to continue extending Fraport’s contract until the agency is ready to bring a recommendation for a new contract to the board.

New Request for Proposals Issued with Increased Focus on Labor Issues

In September 2023, MDOT issued a new RFP on *eMaryland Marketplace Advantage*. The new solicitation altered requirements from the previous RFP, including:

- seven years of airport concessions experience that must be fulfilled by the corporate entity;
- an FAA-approved Airport Concessions Disadvantaged Business Goal of 30.32%;
- a comprehensive evaluation process led by The Secretary’s Office (TSO) rather than MAA; and
- a labor peace provision.

The stipulation that the airport concessions experience requirement must be fulfilled by the company and not by individual executives reflects the intent in the original RFP prior to the addendum. Given public concerns surrounding the previous selection process, this RFP was issued by TSO on behalf of MAA to ensure integrity with all MDOT procurement procedures.

The labor peace provision requires that the selected bidder enter into labor peace agreements with each labor organization that has represented 25 or more food and/or retail workers at the airport since December 31, 2019. These agreements allow employees to unionize and collectively bargain, while prohibiting labor organizations and members from striking or otherwise interfering with the ongoing operation of onsite food or retail services. According to MDOT, the provision was included in the RFP to protect the State’s proprietary interest in preventing labor disruptions in food and retail services at BWI Marshall Airport. The RFP released in May 2022 included no such provision, meaning that workers were not protected against potential retribution for attempting to organize.

Final bids were due to MDOT on December 4, 2023. Based on attendance at a preproposal conference, the agency expects a similar number of proposals as the initial RFP, which yielded four applications. MDOT expects to notify applicants of the agency’s recommendation, which is subject to BPW approval, in spring 2024.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Federal Aviation Administration Proposes Changed Flight Patterns to Address Airplane Noise

In response to concerns regarding airplane noise, FAA has announced changes to flight procedures for aircrafts departing from and arriving to BWI Marshall Airport. While the measure will alter the way that aircrafts land at and depart from the airport, it is anticipated to have no bearing on total air traffic, therefore having no impact to State revenues.

The changes to the flight patterns were proposed in part by the DC Metroplex BWI Community Roundtable, which serves as a liaison to MDOT and FAA for local communities surrounding the airport. These changes were then collaboratively reviewed by FAA’s Performance Based Navigation Workgroup in conjunction with representatives from MAA and impacted airlines.

FAA’s review to identify any detrimental environmental impacts of the flight pattern changes, including worsening air pollution or aircraft noise, is ongoing. FAA anticipates that new departure procedures will become effective in May 2024, with new arrival procedures effective in July 2024.

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 *Joint Chairmen’s Report* (JCR) requested that MAA prepare one report. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Solar Arrays at State-owned Airports:*** The 2023 JCR requested that MAA submit a report on the feasibility of additional solar arrays at State-owned airports. The agency submitted a siting and feasibility study of solar photovoltaic arrays at BWI Marshall Airport and MTN, completed on their behalf by a third-party infrastructure consulting firm.

Appendix 2
Budget Amendments for Fiscal 2024
Maryland Department of Transportation
Maryland Aviation Administration

Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Projected	-\$34,253,806	Special	Adjust the appropriation to agree with the anticipated expenditures for the current year as reflected in MDOT final fiscal 2024 to 2029 CTP
Projected	13,170,886	Federal	Adjust the appropriation to agree with the anticipated expenditures for the current year as reflected in MDOT final fiscal 2024 to 2029 CTP
	-\$21,082,920	Total	

Appendix 3
Object/Fund Difference Report
Maryland Department of Transportation – Maryland Aviation Administration

<u>Object/Fund</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u> <u>Appropriation</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24 - FY 25</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	469.50	455.50	469.50	14.00	3.1%
02 Contractual	4.00	2.00	2.00	0.00	0%
Total Positions	473.50	457.50	471.50	14.00	3.1%
Objects					
01 Salaries and Wages	\$ 54,984,810	\$ 55,578,147	\$ 61,213,662	\$ 5,635,515	10.1%
02 Technical and Special Fees	3,949,779	2,533,051	2,533,617	566	0%
03 Communication	1,732,650	1,474,851	1,130,606	-344,245	-23.3%
04 Travel	391,847	196,210	96,210	-100,000	-51.0%
06 Fuel and Utilities	16,604,048	14,599,040	17,271,983	2,672,943	18.3%
07 Motor Vehicles	3,306,740	2,439,601	2,437,343	-2,258	-0.1%
08 Contractual Services	113,988,771	117,185,172	125,981,270	8,796,098	7.5%
09 Supplies and Materials	11,071,344	6,375,570	6,375,570	0	0%
10 Equipment – Replacement	363,792	0	0	0	0.0%
11 Equipment – Additional	182,235	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	1,009,397	1,109,528	1,109,528	0	0%
13 Fixed Charges	8,216,908	17,322,463	9,468,406	-7,854,057	-45.3%
14 Land and Structures	9,625,470	8,629,182	8,629,182	0	0%
Total Objects	\$ 225,427,791	\$ 227,442,815	\$ 236,247,377	\$ 8,804,562	3.9%
Funds					
03 Special Fund	\$ 224,672,551	\$ 226,797,315	\$ 235,601,877	\$ 8,804,562	3.9%
05 Federal Fund	755,240	645,500	645,500	0	0%
Total Funds	\$ 225,427,791	\$ 227,442,815	\$ 236,247,377	\$ 8,804,562	3.9%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 4
Fiscal Summary
Maryland Department of Transportation – Maryland Aviation Administration

<u>Program/Unit</u>	<u>FY 23 Actual</u>	<u>FY 24 Wrk Approp</u>	<u>FY 25 Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25 % Change</u>
02 Airport Operations	\$ 225,427,791	\$ 227,442,815	\$ 236,247,377	\$ 8,804,562	3.9%
03 Airport Facilities and Capital Equipment	85,521,046	146,199,207	216,417,396	70,218,189	48.0%
Total Expenditures	\$ 310,948,837	\$ 373,642,022	\$ 452,664,773	\$ 79,022,751	21.1%
Special Fund	\$ 290,745,979	\$ 315,425,636	\$ 333,048,904	\$ 17,623,268	5.6%
Federal Fund	20,202,858	58,216,386	119,615,869	61,399,483	105.5%
Total Appropriations	\$ 310,948,837	\$ 373,642,022	\$ 452,664,773	\$ 79,022,751	21.1%

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.