

**J00I00**  
**Maryland Aviation Administration**  
**Maryland Department of Transportation**

## ***Executive Summary***

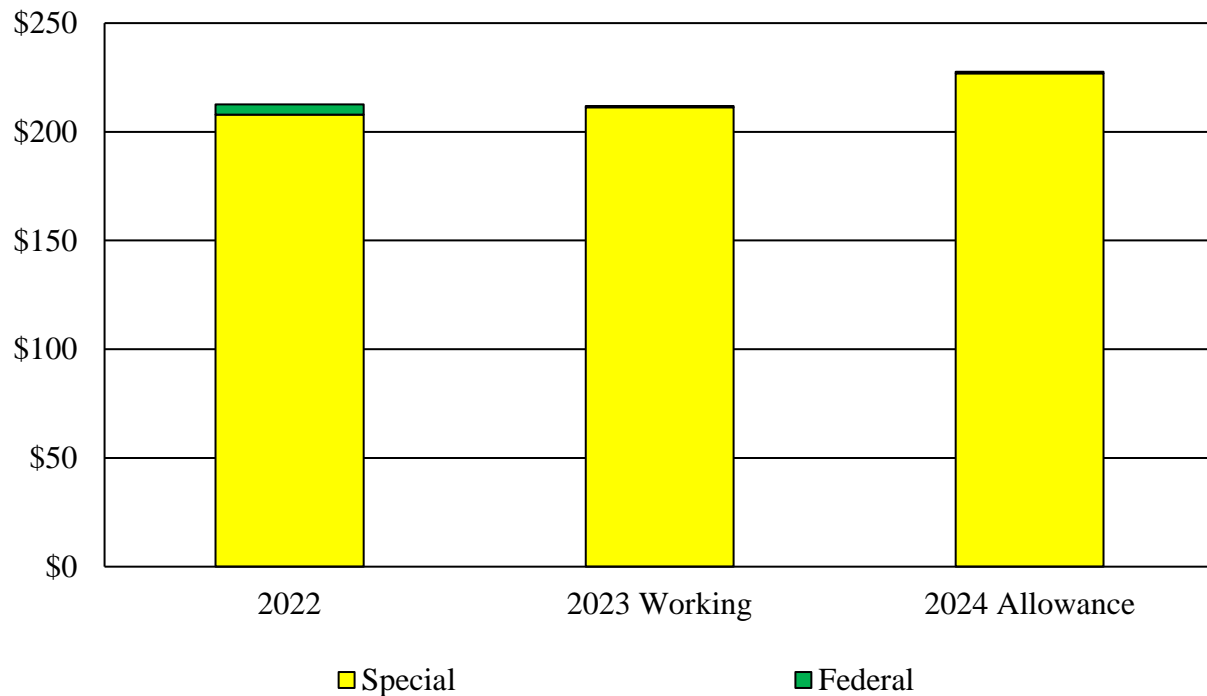
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The Maryland Aviation Administration (MAA) has responsibility for fostering and developing aviation activity throughout the State as well as the operation, maintenance, protection, and development of the two State-owned airports – Baltimore/Washington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

## ***Operating Budget Summary***

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**Fiscal 2024 Budget Increases \$15.7 Million, or 7.4%, to \$227.6 Million**  
**(\$ in Millions)**

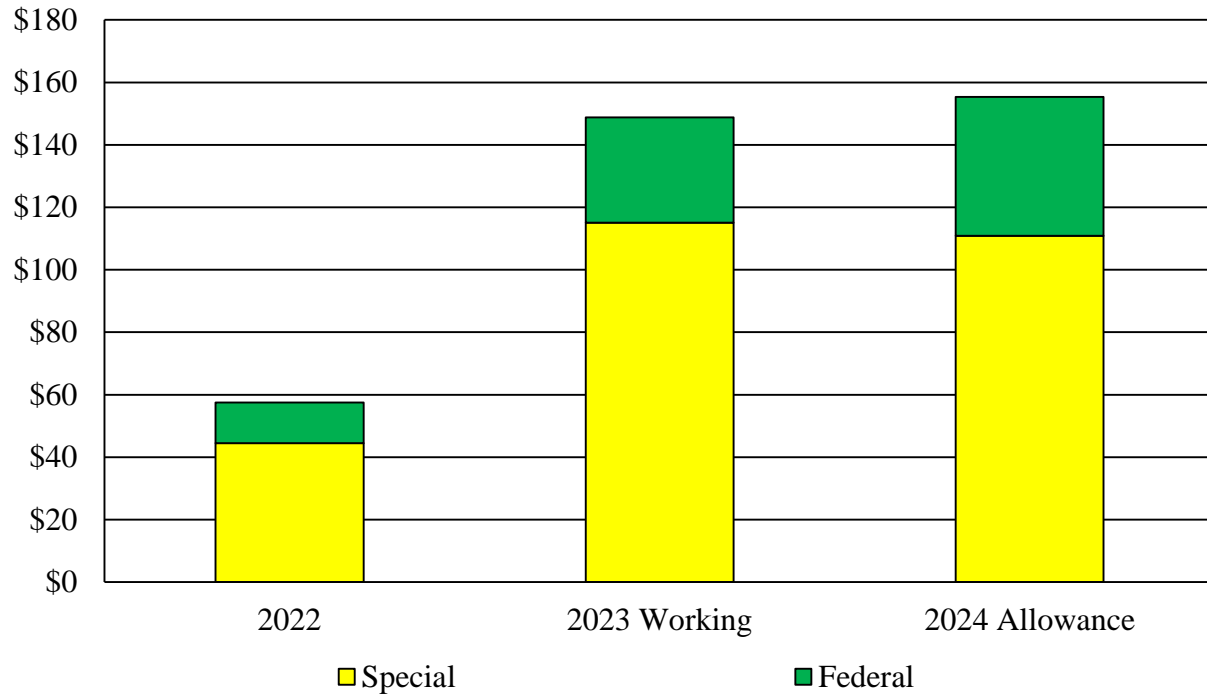


Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

## ***PAYGO Capital Budget Summary***

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**Fiscal 2024 Budget Increases \$6.5 Million, or 4.4%, to \$155.3 Million  
(\$ in Millions)**



PAYGO: pay-as-you-go

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- MAA plans increased capital spending to revitalize BWI Marshall Airport, adding 10 new major projects to the fiscal 2023 to 2028 *Consolidated Transportation Program (CTP)*.

## ***Key Observations***

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- ***Concession Contract Stalled:*** Legal action has halted the procurement process for the concessions contract at BWI Marshall Airport. The current contract expires on March 31, 2023.
- ***Recovery from COVID-19 Travel Disruptions:*** Passenger traffic at BWI Marshall Airport is steadily increasing and projected to nearly reach prepandemic levels in calendar 2023. Federal COVID-19 relief funding, which provided revenue replacement throughout calendar 2020, 2021, and 2022, is expected to dissipate in fiscal 2024. A significant disruption in services from Southwest Airlines over the holiday season impacted thousands of travelers at BWI Marshall Airport, but all issues appear to have been resolved.

## **Operating Budget Recommended Actions**

1. Concur with Governor's allowance.

## **PAYGO Budget Recommended Actions**

1. Concur with Governor's allowance.

**J00I00**  
**Maryland Aviation Administration**  
**Maryland Department of Transportation**

## ***Budget Analysis***

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### **Program Description**

MAA has responsibility for 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.

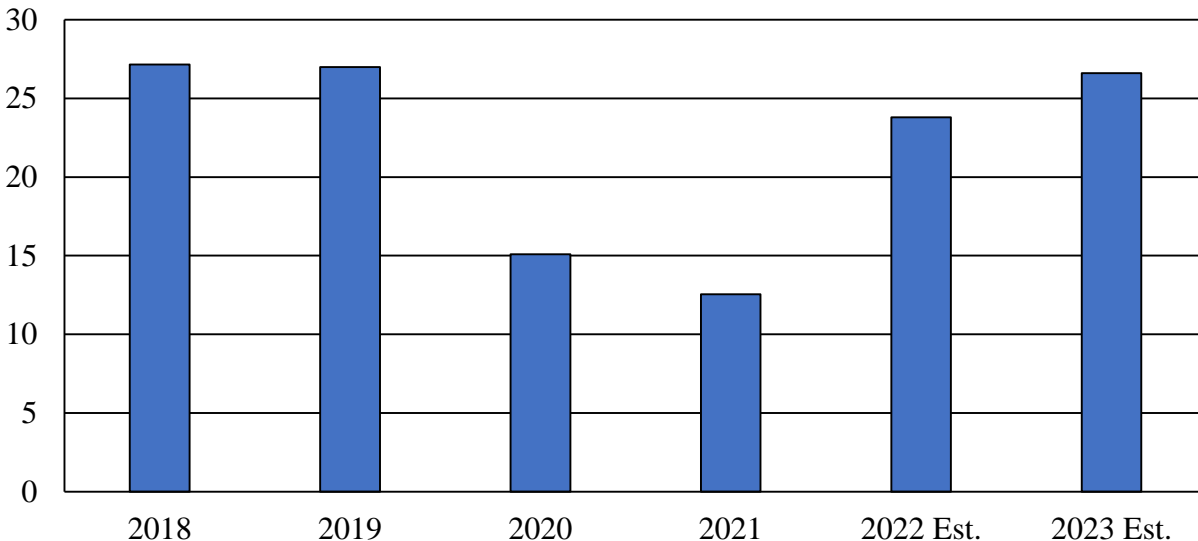
## ***Performance Analysis: Managing for Results***

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### **1. Total Passenger Growth**

Passenger traffic at BWI Marshall Airport in calendar 2022 was approximately 23.8 million passengers. As shown in **Exhibit 1**, the number of passengers has not yet reached the prepandemic level of 27.0 million in calendar 2019, but the recovery is strong. The agency estimates that BWI Marshall Airport will nearly reach its calendar 2019 level of passenger traffic in calendar 2023. For more information on the impact of COVID-19 on airport operations, see the Issues section of this analysis.

**Exhibit 1**  
**Total Passengers at BWI Marshall Airport**  
**Calendar 2018-2023 Est.**  
**(Passengers in Millions)**



BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

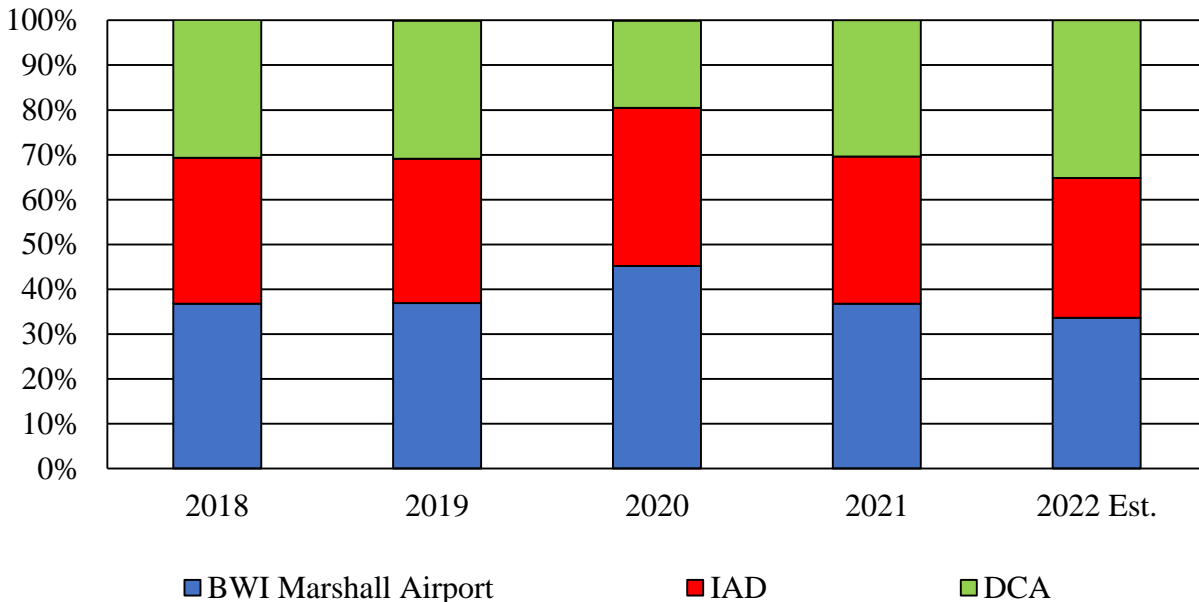
Note: Calendar 2022 is an estimate based on preliminary data for November and December. Calendar 2023 is a projection from the agency.

Source: Maryland Aviation Administration

## **2. Passenger Market Share Declines, No Longer Highest in Region**

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 proximate 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). As shown in **Exhibit 2**, BWI Marshall Airport's market share decreased in the calendar 2022 estimate relative to DCA and IAD estimates, moving from 37% of market share in calendar 2021 to 33.6% in the calendar 2022 estimate. BWI Marshall Airport no longer has the greatest market share in the region and is outpaced by DCA, which had a market share of 35.2% during the same period. **The agency should comment on current and planned efforts to keep BWI Marshall Airport competitive in the region and attract more passengers.**

**Exhibit 2**  
**Passenger Market Share**  
**Calendar 2018-2022 Est.**



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

Note: Final market share figures for calendar 2022 are not yet available. For BWI, the estimate is actual data from November 2021 to November 2022 (rather than January to December 2022). The IAD and DCA are preliminary figures reported from those airports.

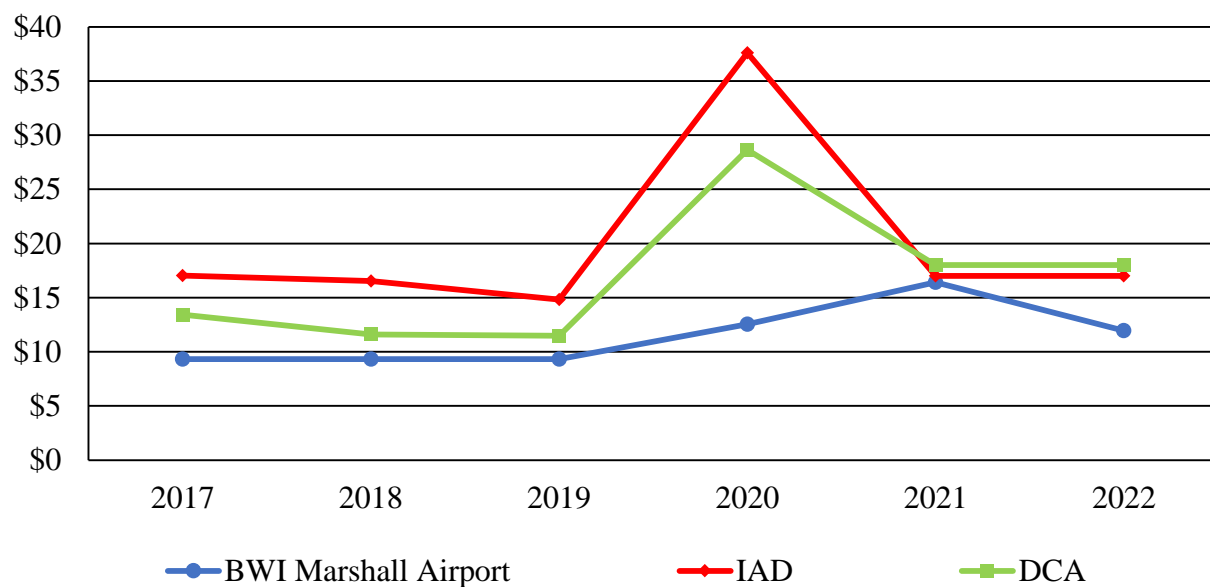
Source: Maryland Aviation Administration

### 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 and are affected by the number of enplaned passengers. 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. 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 CPE in fiscal 2022 was \$11.95, down from \$16.43 in fiscal 2021. The decrease in CPE can be attributed to the drastic rebound of passengers, which increases overall revenues and decreases the CPE. **Exhibit 3** shows that BWI Marshall Airport's CPE in fiscal 2022 declined toward fiscal 2019 levels, while the CPE for its competitors remained steady from the previous year. This demonstrates that BWI Marshall Airport is serving more passengers while keeping costs low, keeping it competitive in the regional market.

**Exhibit 3**  
**Cost Per Enplaned Passenger**  
**Fiscal 2017-2022**



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 2022

The fiscal 2022 budget for the MAA closed out \$13.97 million higher than the legislative appropriation, comprising budget amendments for higher than anticipated winter operations, including snow and ice removal (\$8 million), to reflect additional federal COVID-19 relief funding (\$4.1 million), and increased personnel costs (\$1.8 million).

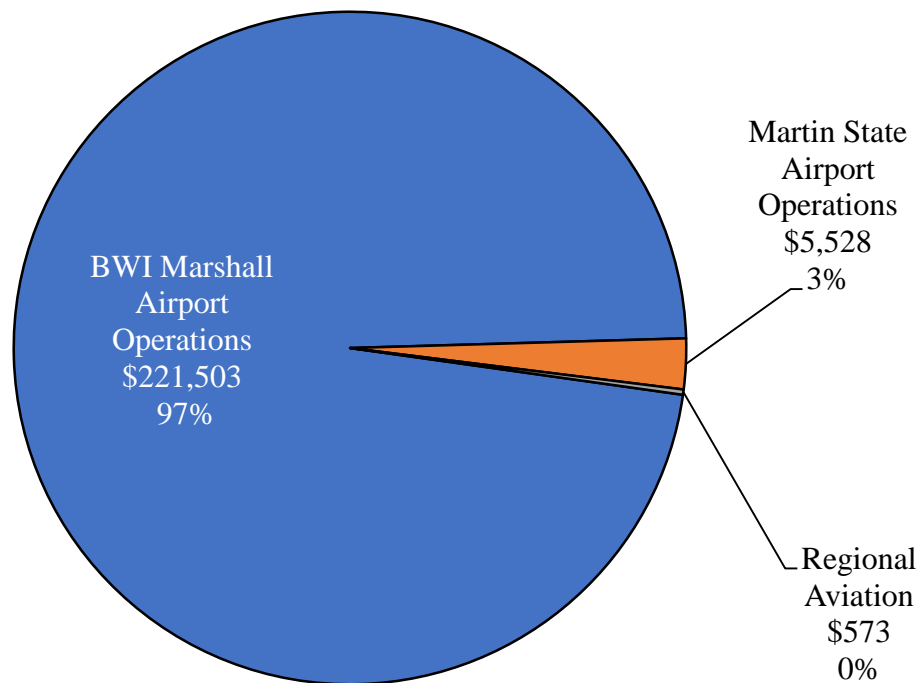
The increased federal funding includes \$4 million from the American Rescue Plan Act and \$19,171 from the Coronavirus Response and Relief and Supplemental Appropriation Act, both for the Airport Operations program.

## **Fiscal 2024 Overview of Agency Spending**

The MAA fiscal 2024 operating budget allowance is \$227.6 million. The majority of the operating funding, 97%, supports the operation and maintenance of BWI Marshall Airport, as shown in **Exhibit 4**. Funds budgeted for the operation of MTN comprise 3% of the allowance, and regional aviation, which supports grants and technical assistance to public-use airports throughout the State, comprises less than 1%.

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**Exhibit 4**  
**Overview of Agency Spending**  
**Fiscal 2024 Allowance**  
**(\$ in Thousands)**



BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

Source: Maryland Aviation Administration

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## Proposed Budget Change

As shown in **Exhibit 5**, the MAA allowance for fiscal 2024 increases by \$15.7 million, or 7.4%. The major changes in personnel and operating expenditures are discussed below.

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

<b>How Much It Grows:</b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2022 Actual	\$207,928	\$4,699	\$212,626
Fiscal 2023 Working Appropriation	211,235	646	211,881
Fiscal 2024 Allowance	<u>226,958</u>	<u>646</u>	<u>227,603</u>
Fiscal 2023-2024 Amount Change	\$15,722	\$0	\$15,722
Fiscal 2023-2024 Percent Change	7.4%		7.4%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Employee and retiree health insurance.....	\$1,316
Annualization of 4.5% cost-of-living adjustment .....	552
Increments and other compensation .....	516
Employee retirement system .....	331
Law enforcement officer pension system.....	311
Workers' compensation premium assessment.....	47
Unemployment compensation .....	5
Turnover adjustments .....	-183
<b>Airport Security</b>	
Background checks and security assessments .....	6,000
K9 services .....	2,000
Airport police services.....	2,000
<b>Utility Costs</b>	
Electricity .....	2,173
Gas and propane .....	511
Rent .....	21
MES charges.....	10

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Other Changes</b>	
Fixed charges .....	145
Motor vehicle insurance .....	-9
Other changes .....	-24
<b>Total</b>	<b>\$15,722</b>

MDOT: Maryland Department of Transportation

MES: Maryland Environmental Service

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

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## **Major Changes**

Budgeted costs for airport security increased by \$10 million in fiscal 2024. The increase reflects collectively bargained salary increases that have occurred over the past 18 months for Maryland Transportation Authority law enforcement officers, who provide police and security services for BWI Marshall Airport. The budget for utilities increases by \$2.7 million, which reflects projected increased costs due to inflation.

## **Operating Revenues**

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

**Exhibit 6** shows MAA special fund revenues and expenditures. Passenger recovery from the COVID-19 pandemic is seen in the projected increase in net operating revenue of \$12.3 million between fiscal 2023 and 2024. Net operating revenues in fiscal 2023 are \$284.6 million, a significant overperformance from last year's projected net revenues for fiscal 2023 of \$235.5 million. Concessions revenue at BWI Marshall Airport also increased dramatically; actual revenues in fiscal 2022 were over double fiscal 2021 revenues, and revenues in the fiscal 2023 working appropriation have already exceeded the fiscal 2023 allowance (revenue projections) by nearly \$30 million. The increase is largely due to parking revenue, which nearly tripled from fiscal 2021 to 2022 as a result of passenger recovery following COVID-19 and more people parking in the hourly garage. Revenues are expected to continue to increase in fiscal 2024. For additional information on the passenger recovery from COVID-19, see the Issues section of this analysis.

**Exhibit 6**  
**Special Fund Revenues and Expenditures**  
**Fiscal 2022-2024**  
**(\$ in Thousands)**

<b><u>Operating Revenues</u></b>	<b><u>Actual</u></b> <b><u>2022</u></b>	<b><u>Working</u></b> <b><u>2023</u></b>	<b><u>Allowance</u></b> <b><u>2024</u></b>	<b><u>\$ Change</u></b> <b><u>2023-2024</u></b>	<b><u>% Change</u></b> <b><u>2023-2024</u></b>
BWI Marshall Airport – Flight Activities	\$68,795	\$71,444	\$72,128	\$684	0.96%
BWI Marshall Airport – Rents and User Fees	81,792	83,578	92,424	8,846	10.58%
BWI Marshall Airport – Concessions	111,993	131,545	144,051	12,506	9.51%
BWI Marshall Airport – Other	6,986	12,480	4,609	-7,871	-63.07%
MTN – Rents and Concessions	12,013	12,416	12,788	372	3.00%
<b>Total</b>	<b>\$281,579</b>	<b>\$311,463</b>	<b>\$326,001</b>	<b>\$14,538</b>	<b>4.67%</b>
Revenue Bonds Debt Service	-\$2,351	-\$26,877	-\$29,110	-\$2,233	8.31%
<b>Net Operating Revenues</b>	<b>\$283,930</b>	<b>\$284,586</b>	<b>\$296,891</b>	<b>\$12,305</b>	<b>4.32%</b>
Operating Expenditures	\$211,981	\$210,132	\$226,956	\$16,824	8.01%
<b>Net Operating Income</b>	<b>\$67,444</b>	<b>\$74,454</b>	<b>\$69,935</b>	<b>-\$4,519</b>	<b>6.07%</b>
Capital Expenditures	\$44,520	\$115,100	\$110,900	-\$4,200	-3.65%
<b>Net Income/Loss</b>	<b>\$22,924</b>	<b>-\$40,646</b>	<b>-\$40,965</b>	<b>-\$319</b>	<b>-0.78%</b>

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

MTN: Martin State Airport

Note: In fiscal 2022, BWI Marshall Airport – Other excludes \$79 million in federal revenue for reimbursement of the Transportation Trust Fund for the Passenger Facility Charge #12 project and \$645,000 in federal reimbursements from the law enforcement officer grants, which is netted out of operating expenditures. Fiscal 2022 also includes \$4.1 million in federal revenue to cover operating expenses.

Operating expenditures in fiscal 2022 are net of security expenses for K9 and Maryland Transportation Authority police covered by LEO grant (\$645,500) and a Transportation Security Administration reimbursement of \$500,709 for cleaning expenses related to COVID-19.

Source: Maryland Aviation Administration

## ***Operating and PAYGO Personnel Data***

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	<b><u>FY 22</u></b> <b><u>Actual</u></b>	<b><u>FY 23</u></b> <b><u>Working</u></b>	<b><u>FY 24</u></b> <b><u>Allowance</u></b>	<b><u>FY 23-24</u></b> <b><u>Change</u></b>
Regular Operating Budget	455.50	453.50	455.50	2.00
Regular PAYGO Budget	<u>39.00</u>	<u>41.00</u>	<u>39.00</u>	<u>-2.00</u>
<b>Total Regular Positions</b>	<b>494.50</b>	<b>494.50</b>	<b>494.50</b>	<b>0.00</b>
Operating Budget FTEs	0.10	0.50	2.00	1.50
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total FTEs</b>	<b>0.10</b>	<b>0.50</b>	<b>2.00</b>	<b>1.50</b>
<b>Total Personnel</b>	<b>494.60</b>	<b>495.00</b>	<b>496.50</b>	<b>1.50</b>

### **Vacancy Data: Regular**

Turnover and Necessary Vacancies, Excluding New Positions	34.62	7.00%
Positions and Percentage Vacant as of 1/1/23	64.7	13.1%

Vacancies Above Turnover 30.08

- The fiscal 2024 allowance includes the transfer of 2 positions from the capital to the operating program and adding 1.5 contractual full-time equivalent positions to meet programmatic needs.

## **PAYGO Capital Program**

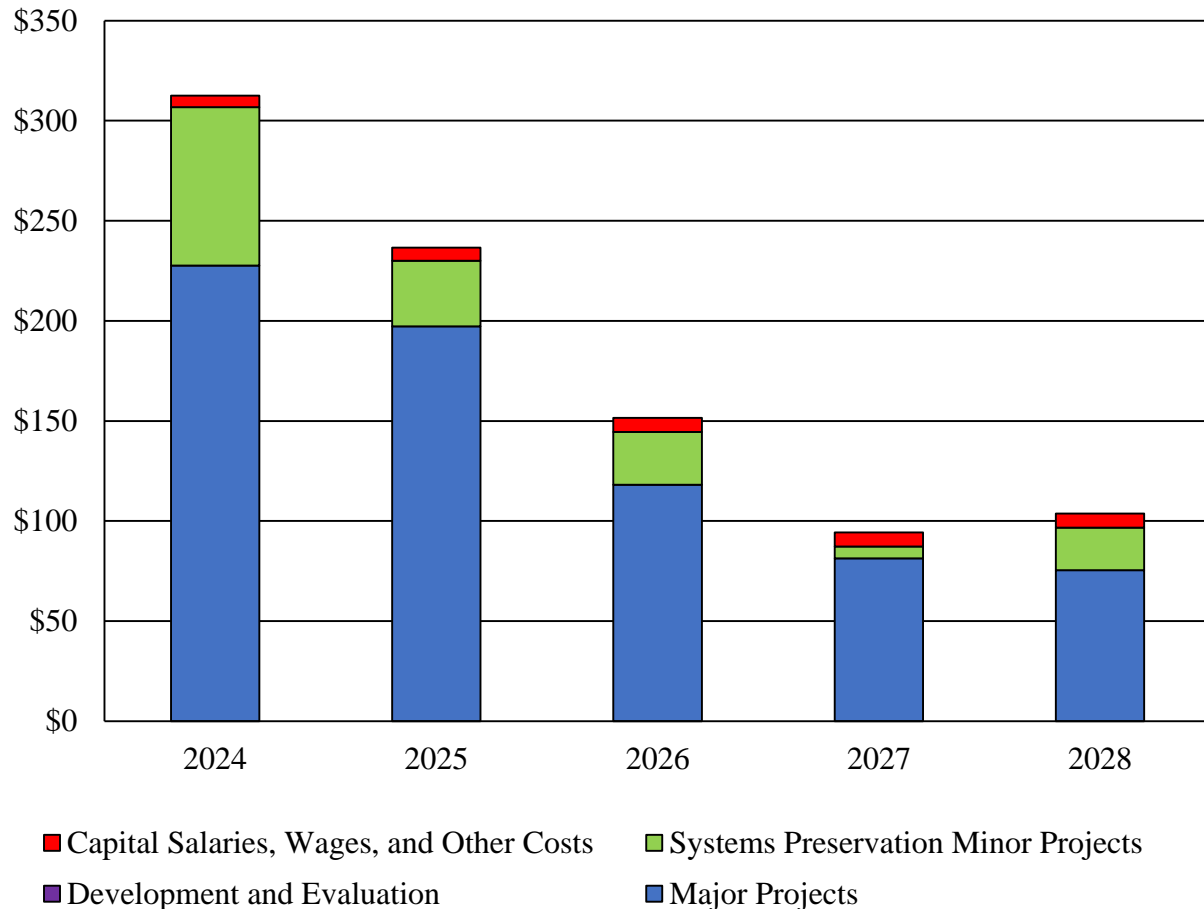
### **Program Description**

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 2023 to 2028 CTP**

As seen in **Exhibit 7**, the fiscal 2023 to 2028 CTP for MAA totals \$1,176.5 million, an increase of \$280.1 million over the previous six-year program. The increase is largely due to numerous major projects appearing in the CTP for the time. These new projects, most of which will repair or replace major pieces of infrastructure at BWI Marshall Airport, comprise total projected costs of \$200.5 million.

**Exhibit 7**  
**Six-year PAYGO Allowance**  
**Fiscal 2024-2028**  
**(\$ in Millions)**

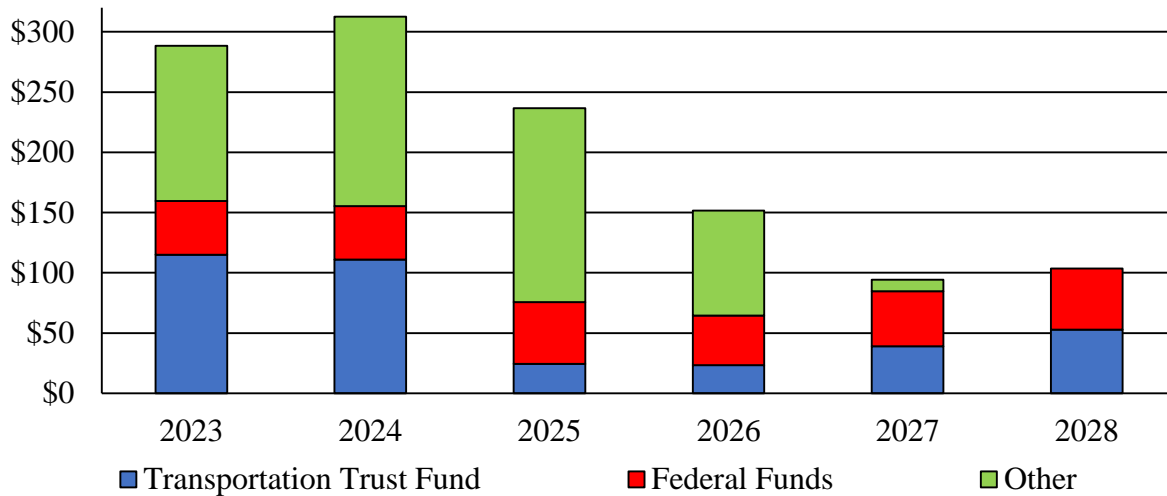


PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2023-2028 *Consolidated Transportation Program*

**Exhibit 8** shows the fiscal 2023 to 2028 CTP split out by fund source. The other funds category is the majority of the funds in each fiscal year until fiscal 2027. This is due to the issuance of airport revenue bonds to cover the costs of the A/B Connector project at BWI Marshall Airport.

**Exhibit 8**  
**Six-year PAYGO Allowance by Fund**  
**Fiscal 2023-2028**  
**(\$ in Millions)**



PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2023-2028 *Consolidated Transportation Program*

### Infrastructure Investment and Jobs Act Funding Enhancements

The Infrastructure Investment and Jobs Act (IIJA), which was signed into law on November 15, 2021, is the current federal authorization that provides federal funding for aviation and other transportation projects. The IIJA provides both formula funding and competitive discretionary funding. MAA has been pursuing competitive funding available through the Airport Improvement Program and has planned for several projects to receive IIJA funding. The agency has programmed \$182.2 million in IIJA funding over a six-year period, \$31.4 million of which is included in the fiscal 2024 allowance. This funding will enable major projects that appear in the fiscal 2023 to 2028 CTP. The projects and programmed funding over time can be found in **Appendix 2**. The agency was also recently awarded a competitive grant for the MTN All Stations Access Program.

### Fiscal 2024 Capital Allowance

The fiscal 2023 to 2028 CTP contains 21 planned major projects in addition to minor projects and capital salaries. **Exhibit 9** shows the programmed capital funds for the fiscal 2024 capital allowance by project and program along with total estimated costs and six-year funding for each project.

**Exhibit 9**  
**PAYGO Capital Program Projects**  
**Fiscal 2024**  
**(\$ in Thousands)**

<b><u>Project Description</u></b>	<b><u>2024</u></b>	<b><u>Total Estimated Cost</u></b>	<b><u>Six-year Total</u></b>
Regional Aviation Assistance Program	\$2,700	\$79,908	\$13,748
Residential Sound Insulation Program	8,958	34,379	32,870
Shuttle Bus Service Fleet Replacement at BWI Marshall Airport	1,243	37,677	12,632
Concourse D HVAC Replacement at BWI Marshall Airport	2,383	26,475	15,187
Restroom Improvement Program at BWI Marshall Airport	16,510	67,567	49,831
Taxiway T Reconstruction Phase 1 at BWI Marshall Airport	0	68,696	57,000
Concourse A/B Connector and Baggage Handling System Replacement at BWI Marshall Airport	108,045	452,491	397,443
Taxiway F Relocation at BWI Marshall Airport	8,250	69,358	61,548
Aircraft Maintenance Facility Infrastructure at BWI Marshall Airport	21,508	51,846	36,924
BC Apron Reconstruction, Infill and Taxiway Improvements at BWI Marshall Airport	18,440	86,757	84,864
Fuel Storage Tank Additions at BWI Marshall Airport	11,283	19,829	18,974
Taxi lanes N and N1 Reconstruction at BWI Marshall Airport	17,259	28,332	27,985
Air Operations Area Fence Upgrade at BWI Marshall Airport	5,213	11,336	10,708
DX/DY Apron Pavement Rehab at BWI Marshall Airport	1,369	11,000	11,000
Deicing Pad Expansion at BWI Marshall Airport	0	29,045	29,045
15L/33R and Associated Taxiways – Pavement Rehabilitation at BWI Marshall Airport	0	15,000	15,000
Concourse A/B Bag Claim 0-5 Reconfiguration at BWI Marshall Airport	5,658	27,900	27,894
Electrical Substations Reconstruction at BWI Marshall Airport	23,460	28,109	27,179
Snow Equipment Replacement at BWI Marshall Airport and MTN	3,996	24,000	24,000
Amtrak Catenary Obstruction Removal at MTN	2,765	11,254	11,254
Taxiway F Extension at MTN	1,634	14,633	14,633
<b>Major Projects Total</b>	<b>\$260,674</b>	<b>\$1,195,592</b>	<b>\$979,719</b>
System Preservation and Minor Projects	\$79,100	n/a	\$173,700
Capital Salaries	5,800	n/a	40,900
<b>Subtotal</b>	<b>\$84,900</b>		<b>\$214,600</b>
<b>Total</b>	<b>\$345,574</b>	<b>\$1,195,592</b>	<b>\$1,194,319</b>

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

MTN: Martin State Airport

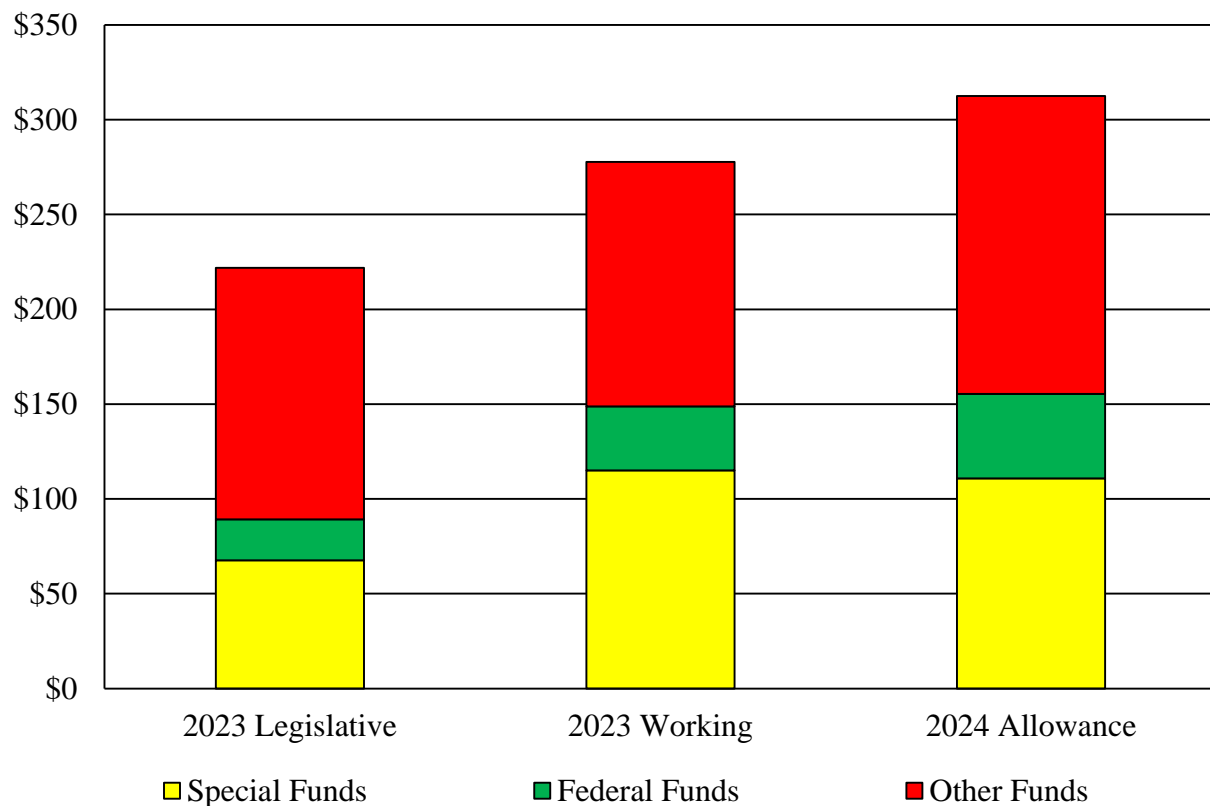
PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, 2023-2028 *Consolidated Transportation Program*

### Fiscal 2023 and 2024 Cash Flow Analysis

**Exhibit 10** shows the changes in MAA capital funding between the fiscal 2023 legislative and working appropriations and between the fiscal 2023 working appropriation and the fiscal 2024 allowance. There was a \$55.9 million, or 25%, increase between the fiscal 2023 legislative and working appropriations, largely comprised of carried over special funds that were unspent in fiscal 2022 due to various project delays. There was a \$34.7 million increase in other funds between the fiscal 2023 working appropriation and the fiscal 2024 allowance for funding added due to a Passenger Facility Charge application that is currently pending with the Federal Aviation Administration.

**Exhibit 10**  
**Cash Flow Changes**  
**Fiscal 2023-2024 Allowance**  
**(\$ in Millions)**



Source: Maryland Department of Transportation, 2022 and 2023 *Consolidated Transportation Programs*; Department of Legislative Services

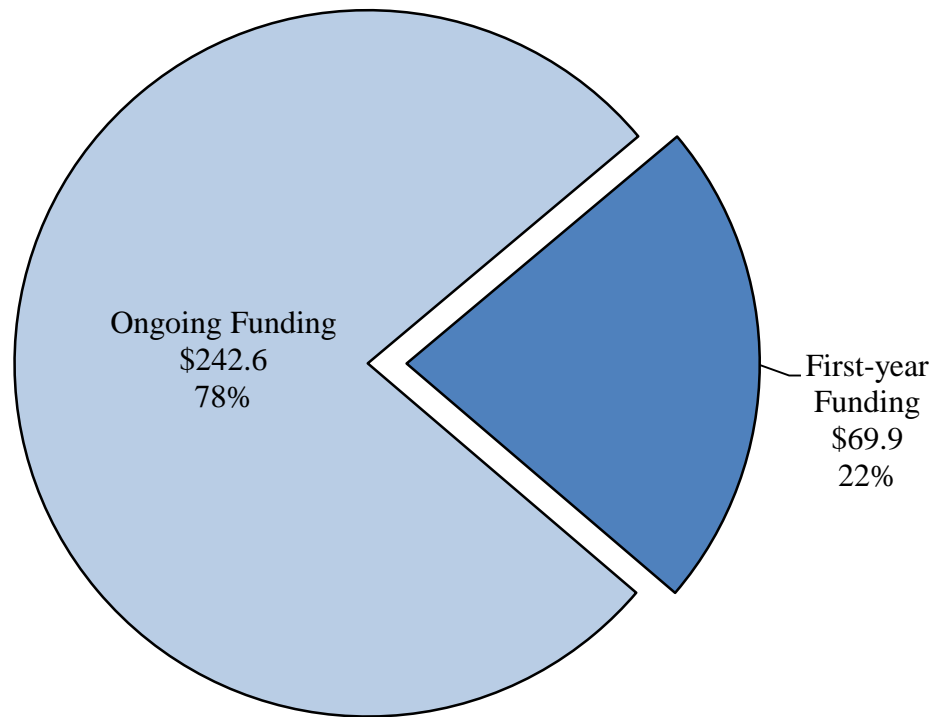


## First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the CTP, beginning with the January 2023 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 11**, \$69.9 million, or 22%, of MAA’s fiscal 2024 capital funding, which totals \$312.5 million, is first-year funding. The MAA capital projects receiving first-year funding in fiscal 2023 and 2024 are listed in **Exhibit 12**.

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**Exhibit 11**  
**First-year and Ongoing Programmed Spending – All Funds**  
**Fiscal 2024**  
(\$ in Millions)



**Total Funding: \$312.5 Million**

Source: Maryland Department of Transportation, 2023 *Consolidated Transportation Program*, Department of Legislative Services

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**Exhibit 12**  
**Projects Receiving First-year Design and Construction Funding**  
**Fiscal 2023-2024**  
**(\$ in Thousands)**

	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>Total</u></b> <b><u>2023-2024</u></b>
<b>Construction</b>			
Electrical Substations Reconstruction at BWI Marshall Airport	\$2,249	\$22,600	\$24,849
Taxi lanes N and N1 Reconstruction at BWI Marshall Airport	7,258	16,934	24,192
BC Apron Reconstruction, Infill and Taxiway Improvement at BWI Marshall Airport	2,435	6,889	9,324
Taxiway F Relocation at BWI Marshall Airport	5	6,250	6,255
Concourse A/B Bag Claim 0-5 Reconfiguration at BWI Marshall Airport	0	4,821	4,821
Snow Equipment Replacement at BWI Marshall Airport and MTN	0	3,996	3,996
Regional Aviation Assistance Program	3,255	0	3,255
Amtrak Catenary Obstruction Removal at MTN	209	2,105	2,314
Taxiway F Extension at MTN	233	1,434	1,667
Air Operations Area Fence Upgrade at BWI Marshall Airport	504	504	1,008
DX/DY Apron Pavement Rehabilitation at BWI Marshall Airport	0	234	234
<b>Design</b>			
Amtrak Catenary Obstruction Removal at MTN	611	660	1,271
BC Apron Reconstruction, Infill and Taxiway Improvement at BWI Marshall Airport	0	1,218	1,218
Concourse A/B Bag Claim 0-5 Reconfiguration at BWI Marshall Airport	2,770	837	3,607
DX/DY Apron Pavement Rehabilitation at BWI Marshall Airport	7	1,135	1,142
Electrical Substations Reconstruction at BWI Marshall Airport	40	60	100
Taxiway F Extension at MTN	175	200	375
<b>Total</b>	<b>\$19,751</b>	<b>\$69,877</b>	<b>\$89,628</b>
State (Special)			\$50,522
Federal			29,455
Other			9,654
<b>Total</b>			<b>\$89,631</b>

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

MTN: Martin State Airport

Source: Maryland Department of Transportation, 2023 *Consolidated Transportation Program*, Department of Legislative Services

**Significant Changes from the Previous CTP**

Ten major projects with a total estimated cost of \$200.5 million were added to the fiscal 2023 to 2028 CTP, as shown in **Exhibit 13**.

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**Exhibit 13**  
**Major Project Significant Changes from Fiscal 2022 to 2027 CTP**  
**(\$ in Millions)**

<b><u>Projects Added to the Construction Program</u></b>	<b><u>Total Cost</u></b>
Deicing Pad Expansion at BWI Marshall Airport	\$29.0
Taxi lanes N and N1 Reconstruction at BWI Marshall Airport	28.3
Electrical Substations Reconstruction at BWI Marshall Airport	28.1
Concourse A/B Bag Claim 0-5 Reconfiguration at BWI Marshall Airport	27.9
Snow Equipment Replacement at BWI Marshall Airport and MTN	24.0
15L/33R and Associated Taxiways – Pavement Rehabilitation at BWI Marshall Airport	15.0
Taxiway F Extension at Martin State Airport	14.6
Air Operations Area Fence Upgrade at BWI Marshall Airport	11.3
Amtrak Catenary Obstruction Removal at MTN	11.3
DX/DY Apron Pavement Rehab at BWI Marshall Airport	11.0

BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

CTP: *Consolidated Transportation Program*

MTN: Martin State Airport

Source: Maryland Department of Transportation, 2023-2028 *Consolidated Transportation Program*

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## ***Issues***

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### **1. Lawsuit Filed, Procurement Delayed for BWI Marshall Airport Concessions Contract**

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 since 2004. The company manages approximately 164,085 square feet of space that includes 149 food and retail locations throughout the terminal, plus an additional 44,278 square feet of storage and support space. According to the company, per enplanement concessions sales have risen from \$5.47 prior to the start of the contract to \$11.83 in 2019. The original contract was set to expire after 12 years but has been extended several times. The current contract will end on March 31, 2023.

On May 31, 2022, the agency released a request for proposals (RFP) for a new contract, beginning on January 1, 2023, to manage concessions at BWI Marshall Airport. The timeline outlined for the procurement was as follows:

- ***August 31, 2022:*** proponents submit initial technical proposals;
- ***September 23, 2022:*** MAA responds to initial technical proposals;
- ***October 7, 2022:*** proponents submit revised technical proposals, if needed, and financial offers; and
- ***November 1, 2022:*** the agency sends notice of recommended award to selection proponent and notices to all other proponents.

On July 27, 2022, an addendum was released that provided follow-up information from a preproposal conference held on June 15, 2022, and adjusted bidder eligibility requirements. While the original RFP required that a proponent have seven consecutive years of experience with airport concessions or retail mall design, development, leasing, and operations management, the addendum clarified that proponents can meet the company experience requirement by demonstrating the required experience from one individual personnel or a combination of personnel. The addendum also included other changes, including increasing the estimated annual rental rate from \$489,000 to \$570,000 per year, increasing the square footage of leased space, and clarifying the threshold to which the lessee must make a “good faith effort” to encourage Airport

Concession Disadvantaged Business Enterprise (ACDBE) participation among concession firms. The addendum clarified that ACDBE participation goals are 20% of retail and commercial services and 35% for restaurants and food concessions services.

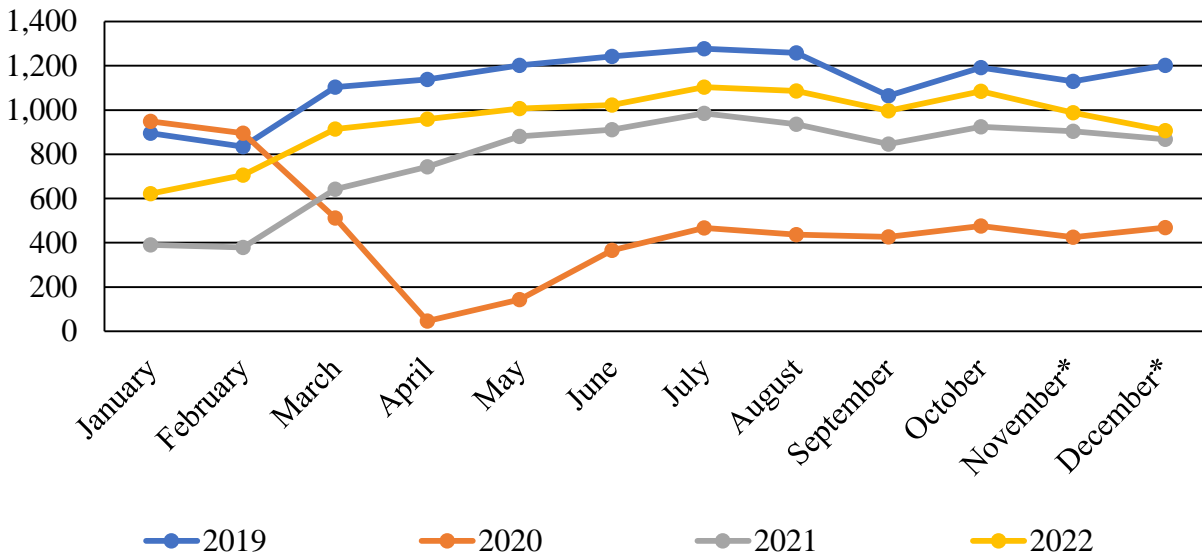
On August 18, 2022, a second addendum was released that allowed the required documents to be prepared in accordance with auditing standards based on International Financial Reporting Standards as an alternative to the Generally Accepted Auditing Principles.

The current vendor filed a lawsuit on December 2, 2022, in the Anne Arundel Circuit Court regarding the procurement. The parties have agreed to a stay until February 15, 2023, and agreed that a new contract would not be recommended until at least 60 days following that date. The agency has made no announcement about the period between the end of the current contract, March 31, 2023, and the earliest that the parties have agreed a new contract can be awarded, April 16, 2023. **MAA should comment on its plans for the period between the conclusion of the current contract and the awarding of the new contract, and how the lawsuit may impact services for passengers at BWI Marshall Airport. The agency should also discuss any fiscal impacts that may result from the litigation or the delay in awarding the new contract.**

## **2. Passenger Traffic at BWI Marshall Airport Nearly Recovers**

Departing passenger traffic at BWI Marshall Airport continues to recover and is approaching prepandemic levels. **Exhibit 14** shows that departing traffic at BWI Marshall Airport in calendar 2022 was an average 16% below calendar 2019 on a month-to-month basis, a significant increase over 2021 figures.

**Exhibit 14**  
**BWI Marshall Airport Departing Passenger Traffic Per Month**  
**Calendar 2019-2022**  
**(Passengers in Thousands)**



BWI Marshall Airport: Baltimore/Washington International Thurgood Marshall Airport

\*November and December 2022 represent preliminary figures.

Source: Maryland Aviation Administration

From December 24, 2022, to January 2, 2023, Southwest Airlines experienced a historic disruption in services due in part to a winter storm that caused a cascading scheduling crisis and widespread cancellation of flights, even as other airlines had returned to normal operations. The airline canceled over 16,000 flights nationwide, affecting an estimated two million passengers.

Southwest Airlines serves more passengers at BWI Marshall Airport than all other airlines combined, carrying 69% of passengers in calendar 2022. During the service disruption, Southwest Airlines canceled 645, or 31%, of flights arriving to or departing from BWI Marshall Airport. MAA estimates that about 171,000 passengers were impacted. Many passengers who did not have canceled flights still experienced significant delays.

During this time, MAA prioritized customer service and supporting affected passengers via email, phone, and in-person. Agency staff also had a more significant presence in the terminal, distributing water and discounts for local hotels. The agency notes that Southwest Airlines is operating normally and actively addressing the issues that led to the event to prevent further problems. **The agency should comment on its efforts to maintain high-level service at BWI Marshall Airport and lessons learned in supporting passengers during severe disruptions.**

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Airport Noise Zone Update**

In response to language restricting funds in the fiscal 2023 budget, the agency submitted a report regarding the BWI Marshall Airport Noise Zone update. The response included information on the process that the agency uses to validate its noise modeling; the noise threshold for residential and other areas designated as sound sensitive; and the Voluntary Residential Sound Insulation Program, for which certain households that experience airport noise are eligible. While the withheld funds were released, the budget chairs requested additional information to understand the holistic impact and potential solutions for airport noise in the identified area. Additional information requested by the chairs is requested to be provided by March 30, 2023, and includes an update on residential data and cost mitigation estimates using 2020 Census data; a map that shows 5- and 10-year forecasted noise contours based on existing runways, not including those under construction; and a cost estimate discussion for noise mitigation strategies targeting the overall air-traffic noise load for the entire community as opposed to the individual home.



**Appendix 1**  
**2022 Joint Chairmen's Report Responses from Agency**

The 2022 *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.

- ***Airport Noise Zone Update:*** MAA submitted a report detailing the process used to validate its noise modeling; the noise threshold for residential and other designated sound-sensitive areas; and the Voluntary Residential Sound Insulation Program, for which certain households, dependent on the level of noise they experience, are eligible.

**Appendix 2**  
**IIJA-enabled Major Projects**  
**Fiscal 2023-2028**  
**(\$ in Thousands)**

<b><u>Project Description</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>	<b><u>Six-Year Total</u></b>
BC Alley and Gate C PCC Reconstruction	\$0	\$0	\$0	\$2,454	\$7,776	\$12,705	\$22,935
Runway 28 Deicing Pad Expansion	0	0	2,025	515	7,622	10,163	20,325
Airfield Lighting Vault Demo – Phase 2	0	2,203	6,609	6,610	2,203	0	17,625
Taxiway F Relocation – Phase 2	0	3,350	8,250	5,500	0	0	17,100
Taxilanes N and N1 Reconstruction	2,600	12,984	0	0	0	0	15,584
Airfield Lighting Vault Relocation – Phase 1	4,900	10,122	0	0	0	0	15,022
Taxiway F Relocation – Phase 3	0	0	1,875	5,625	5,625	1,875	15,000
Taxiway T Reconstruction – Phases 3 and 4	0	0	0	0	0	14,000	14,000
Runway 15L/33R Pavement Rehab and TWs	0	0	0	1,406	4,219	5,625	11,250
Taxiway T Reconstruction – Phase 2	0	0	5,000	5,100	0	0	10,100
Amtrak Obstruction Removal – MTN	459	1,371	2,721	1,825	459	0	6,835
Taxiway F Extension – MTN	0	410	1,055	2,782	1,854	464	6,565
DX/DY Apron Pavement Rehab	0	72	2,691	2,692	897	0	6,352
Drainage Remediation – MTN	143	677	798	267	0	0	1,885
Glycol Dump Relocation	0	206	618	619	207	0	1,650
<b>Total</b>	<b>\$8,102</b>	<b>\$31,395</b>	<b>\$31,642</b>	<b>\$35,395</b>	<b>\$30,862</b>	<b>\$44,832</b>	<b>\$182,228</b>

MTN: Martin State Airport

IIJA: Infrastructure Investment and Jobs Act

TW: taxiway

Source: Maryland Department of Transportation, 2023-2028 *Consolidated Transportation Program*

**Appendix 3**  
**Budget Amendments for Fiscal 2023**  
**Maryland Department of Transportation – Maryland Aviation Administration**

**Operating**

<b><u>Status</u></b>	<b><u>Amendment</u></b>	<b><u>Fund</u></b>	<b><u>Justification</u></b>
Approved	\$1,420,473	Special	Increase for the July 2022 cost-of-living adjustment (COLA) for eligible State employees.
Approved	668,120	Special	Increase for the annualization of the January 2022 salary increment for eligible State employees.
Approved	502,366	Special	Increase the salary increment for eligible State employees that was effective either July 2022 or January 2023, depending on employees' date of hire.
Approved	443,056	Special	Increase for 7% COLA provided by the State Law Enforcement Officers Labor Alliance (SLEOLA) collective bargaining agreement.
Approved	151,906	Special	Increase for the increment provided by the SLEOLA collective bargaining agreement.

**Capital**

<b><u>Status</u></b>	<b><u>Amendment</u></b>	<b><u>Fund</u></b>	<b><u>Justification</u></b>
Projected	\$47,197,238	Special	Adjusts the appropriation to agree with anticipated expenditures for the current year as reflected in the Maryland Department of Transportation's (MDOT) final fiscal 2023 to 2028 CTP.
Projected	12,064,435	Federal	Adjusts the appropriation to agree with anticipated expenditures for the current year as reflected in MDOT's final fiscal 2023 to 2028 CTP.
Approved	176,836	Special	Increase for the July 2022 COLA for eligible State employees.
Approved	69,964	Special	Increase for annualization of the January 2022 salary increment for eligible State employees.

*J00I00 – MDOT – Maryland Aviation Administration*

<b><u>Status</u></b>	<b><u>Amendment</u></b>	<b><u>Fund</u></b>	<b><u>Justification</u></b>
Approved	63,548	Special	Increase for salary increments for eligible State employees that was effective either July 2022 or January 2023, depending on employees' date of hire.
Approved	12,342	Special	Increase for the 7% COLA provided by the SLEOLA collective bargaining agreement.
Approved	4,232	Special	Increase for the increment provided by the SLEOLA collective bargaining agreement.
	<b>\$62,774,516</b>	<b>Total</b>	

**Appendix 4**  
**Object/Fund Difference Report**  
**Maryland Department of Transportation – Maryland Aviation Administration**

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	455.50	453.50	455.50	2.00	0.4%
02 Contractual	0.10	0.50	2.00	1.50	300.0%
<b>Total Positions</b>	<b>455.60</b>	<b>454.00</b>	<b>457.50</b>	<b>3.50</b>	<b>0.8%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 50,408,095	\$ 51,764,273	\$ 55,738,706	\$ 3,974,433	7.7%
02 Technical and Special Fees	2,809,079	2,533,051	2,533,051	0	0%
03 Communication	1,461,132	1,474,851	1,474,851	0	0%
04 Travel	251,414	196,210	196,210	0	0%
06 Fuel and Utilities	14,577,551	11,906,783	14,599,040	2,692,257	22.6%
07 Motor Vehicles	2,964,685	2,448,201	2,439,601	-8,600	-0.4%
08 Contractual Services	110,236,420	107,187,602	117,185,172	9,997,570	9.3%
09 Supplies and Materials	10,054,758	6,375,570	6,375,570	0	0%
10 Equipment – Replacement	148,298	0	0	0	0.0%
11 Equipment – Additional	59,236	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	941,874	1,109,528	1,109,528	0	0%
13 Fixed Charges	7,560,250	17,152,463	17,322,463	170,000	1.0%
14 Land and Structures	11,153,701	8,629,182	8,629,182	0	0%
<b>Total Objects</b>	<b>\$ 212,626,493</b>	<b>\$ 210,777,714</b>	<b>\$ 227,603,374</b>	<b>\$ 16,825,660</b>	<b>8.0%</b>
<b>Funds</b>					
03 Special Fund	\$ 207,927,856	\$ 210,132,214	\$ 226,957,874	\$ 16,825,660	8.0%
05 Federal Fund	4,698,637	645,500	645,500	0	0%
<b>Total Funds</b>	<b>\$ 212,626,493</b>	<b>\$ 210,777,714</b>	<b>\$ 227,603,374</b>	<b>\$ 16,825,660</b>	<b>8.0%</b>

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 5**  
**Fiscal Summary**  
**Maryland Department of Transportation – Maryland Aviation Administration**

<u>Program/Unit</u>	<u>FY 22 Actual</u>	<u>FY 23 Wrk Approp</u>	<u>FY 24 Allowance</u>	<u>Change</u>	<u>FY 23 - FY 24 % Change</u>
02 Airport Operations	\$ 212,626,493	\$ 210,777,714	\$ 227,603,374	\$ 16,825,660	8.0%
03 Airport Facilities and Capital Equipment	57,510,600	148,800,000	155,300,000	6,500,000	4.4%
<b>Total Expenditures</b>	<b>\$ 270,137,093</b>	<b>\$ 359,577,714</b>	<b>\$ 382,903,374</b>	<b>\$ 23,325,660</b>	<b>6.5%</b>
Special Fund	\$ 252,447,585	\$ 325,232,214	\$ 337,857,874	\$ 12,625,660	3.9%
Federal Fund	17,689,508	34,345,500	45,045,500	10,700,000	31.2%
<b>Total Appropriations</b>	<b>\$ 270,137,093</b>	<b>\$ 359,577,714</b>	<b>\$ 382,903,374</b>	<b>\$ 23,325,660</b>	<b>6.5%</b>

Note: The fiscal 2023 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.