
J00I00-MDOT-Maryland Aviation Administration
Fiscal Year 2021 Operating Budget
Response to Department of Legislative Services Budget Analysis

House Appropriations Committee
Transportation and Environment Subcommittee
Delegate Marc Korman, Chair
February 20, 2020

Senate Budget & Taxation Committee
Public Safety, Transportation & Environment Subcommittee
Senator Cory McCray, Chair
February 24, 2020

DLS Budget Analysis Issues

1. Ongoing Community Roundtable and FAA Appeal (Page 16)

MAA should comment on the results of this roundtable and any updates regarding the process.

MDOT Response:

In 2014, the FAA began implementation of the NextGen program at BWI Marshall Airport. This satellite-based air traffic control system increased the predictability of operations, reduced pilot and Air Traffic Control workload, and increased safety. It also resulted in the airplanes flying essentially the same flight paths. As a result of the changes in the flight paths, numerous communities around BWI Marshall Airport began to complain about the noise impacts of the flight changes implemented by the FAA. In fact, there has been a dramatic increase in noise complaints by the citizens near BWI Marshall Airport. Due to the increase in complaints, the FAA requested the MDOT MAA work with State and County elected officials to form a “Roundtable” made up of community representatives and industry impacted by the FAA’s implementation of NextGen. In March 2017, the DC Metroplex BWI Community Roundtable was formed. Since its formation, the Roundtable has adopted a unanimous resolution that the FAA revert to the original flight paths that were in place prior to Nextgen’s implementation.

BWI Marshall Airport, in conjunction with community stakeholders, has been working on a series of proposed changes to the flightpaths affecting Maryland residents around BWI Marshall Airport. In January 2019, the roundtable sent the FAA a letter supporting the FAA's proposed departure procedure changes. Between April and October 2019, the Roundtable Technical Committee, MDOT MAA, and Industry developed a series of proposed improvements to arrival procedures. In November 2019, the Roundtable Technical Committee and MDOT MAA presented a full noise and technical analysis of proposed flight procedure changes to the full Roundtable and public. The Roundtable voted to advance proposed procedures to the FAA for consideration and potential implementation.

In December 2019, the MDOT MAA transmitted the designs of proposed procedures to the FAA on behalf of the Roundtable. It is the understanding of the MDOT MAA that the FAA is currently reviewing the Roundtable's proposed procedure changes as submitted in December 2019 and expects to tentatively report back to the Roundtable on the FAA's evaluation of the proposed changes in April 2020.

DLS Budget Analysis Issues (Continued)

1. Ongoing Community Roundtable and FAA Appeal (Page 16)

MAA should comment on the results of this roundtable and any updates regarding the process.

MDOT Response:

DCA Case

On June 26, 2018, the Office of the Attorney General, through its special aviation counsel Kaplan Kirsch & Rockwell, filed a petition in the United States Court of Appeals challenging the current routes and the noise pollution generated. The oral argument in this case was held on November 14, 2019. Parties are waiting for a decision from the court.

BWI Marshall Airport Case

On June 26, 2018, the Office of the Attorney General, through its special aviation counsel Kaplan Kirsch & Rockwell, filed an administrative petition with the FAA on the same subject. On January 7, 2020, the FAA filed a report with the Court advising that it is continuing to reconsider its earlier decision to decline to respond to Maryland Aviation Administration's position.

2. System Replacement and Maintenance Concerns (Page 16)

MAA should comment on efforts to relieve the backlog of systems and replacement and maintenance projects. Additionally, MAA should address any impacts that this backlog has had on customer safety and service at BWI Marshall Airport.

MDOT Response:

MDOT MAA maintains an unfunded capital needs inventory in the event a funding source can be identified including but not limited to the TTF. Like all modes, and as with prior years, MDOT MAA's overall needs are greater than available TTF resources. And like all modes, MDOT MAA annually evaluates and prioritizes its system preservation projects for inclusion in the CTP.

MDOT MAA has not observed any significant impacts on customer safety and service at BWI Marshall Airport at this time.

3. Issuance of New Airport Revenue Backed Bonds (Page 17)

MDOT and MAA should comment on the following regarding the issuance of revenue bonds:

- *Whether MAA anticipates the use of revenue bonds to finance future projects;*
- *Whether MAA plans to institute an administrative policy to cap the amount of revenue bond debt that it will issue; and*
- *The impact that issuing this new type of debt will have on the TTF.*

MDOT Response:

MAA is establishing a new revenue bond structure that will likely bring all airport-related revenue debt under one bond structure. Outside of current plans to finance construction of the A/B connector, baggage handling system and associated projects, there are no plans to issue additional revenue bonds at this time. However, future projects may be identified as candidates for this type of financing and will be identified in the CTP and non-traditional report accordingly.

The bond documents will establish a minimum level of coverage necessary for the bonds that will limit issuances to the amount that available revenue can reasonably support. The levels of debt service coverage will be a factor in credit rating decisions by the rating agencies so MDOT will manage coverage accordingly.

The revenues included in MDOT's current six-year financial plan fairly reflect the revenues that are expected to be available to the TTF as will subsequent six-year financial plans. As the structure of the bonds is better defined, MDOT will work with DLS to develop an agreed upon methodology for how the revenues and debt service associated with the airport revenue bonds will be reflected in the financial plan.

4. Improper Use of Marketing Funds (Page 18)

MAA should comment on efforts to address the misuse of marketing funds by Fraport.

MDOT Response:

Fraport provided a response to the August 30th letter, stating it had replenished the marketing fund from its corporate operating account for unauthorized expenditures, including \$135,700 identified as political contributions and \$73,081.12 identified as lobbying fees. In addition, Fraport management credited \$29,341.50 for contributions and lobbying fees that it noticed it had made in early 2019. Thus, Fraport has credited their marketing fund a total of \$251,622 (the total amount in political contributions and lobbying fees since the beginning of the contract) from their corporate account. These funds went back into the Fraport Joint Marketing Fund to be used for marketing on behalf of their subtenants at BWI Marshall for the next year.

Fraport's response also included spreadsheets, for MDOT MAA's review, listing all associated expenditures from their marketing fund. MDOT MAA reviewed the spreadsheets and noticed approximately \$300K in questionable community relations expenditures from 2016-2018 and any expenditures made in 2019. MDOT MAA went through a detailed review of each expenditure and is determining whether these expenditures were misused and inconsistent with the purpose of the fund.

MDOT MAA has drafted a subsequent letter to the vendor, along with the correlating marketing budget spreadsheets, highlighting marketing fund expenditures deemed questionable. The letter is currently being circulated for internal review. Upon final review and approval of the letter, it will be forwarded to Fraport to reply as to whether the highlighted funds were misused and will be reimbursed, or to provide the appropriate supporting justification if the fund use was warranted.

Operating Budget Recommended Actions

1. Reduce funds - Airport Ambassador Program Page 19 \$364,277 SF

Reduce funds to slow implementation of a new Airport Ambassador program. This provides for a \$1 million increase over the fiscal 2020 budgeted amount for the new program.

MDOT Response:

The Department respectfully does not concur with the recommendation.

The scope of work for this contract includes Terminal and Landside Customer Services, including assisting BWI Marshall Airport passengers departing through lines at the four TSA security checkpoints at Concourses A, B, C and D/E. With TSA's plans to reduce staffing by 21.3 FTE (underway) at BWI Marshall and airports throughout the country, and the reduction in screening passenger throughput due to the new Computer Tomography machines, the customer service duties provided through this contract will be critical to MDOT MAA's ability to provide acceptable customer service at BWI Marshall, particularly during peak travel periods.

Major duties would include:

- Management of the hourly passenger load at the four TSA Security Checkpoints,
- Collaborate with TSA Management to minimize crowding and maximize security processing speed,
- Advise outbound passengers of security requirements,
- Inspection of the terminal, outer building, and parking garages, including critical operating systems,
- Inspect, track and document terminal compliance issues such as: lighting, elevators, escalators, moving walkways, ADA lifts, vestibule doors, signage, proselytizing, picketing, etc., and
- Assist in airport emergencies and provide customer service during weather events, emergency operations, flight cancellations, stranded passengers.

2. Reduce funds – Consulting contract Page 19 \$270,000 SF

Reduce funds for new consulting contract due to fiscal constraints.

MDOT Response:

The Department concurs with the recommendation.

PAYGO Budget Recommended Actions

1. Concur with the Governor's allowance.

MDOT Response:

The Department concurs with the recommendation.