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**J00I00 MDOT Maryland Aviation Administration  
FY 2024 Operating Budget  
Response to the Department of Legislative Services Budget Analysis**

Senate Budget and Taxation Committee  
Public Safety, Transportation, and Environment Subcommittee  
Chair Sarah Elfreth  
February 13, 2023, 1:00 PM

House Appropriations Committee  
Transportation and the Environment Subcommittee  
Chair Marc Korman  
February 8, 2023, 1:00 PM

**J00I00 MDOT – Maryland Aviation Administration  
Fiscal Year 2024 Operating Budget  
Response to Department of Legislative Services Analysis**

***DLS Budget Analysis***

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**1. Passenger Market Share Declines, No Longer Highest in Region (Page 5)**

***The agency should comment on current and planned efforts to keep BWI Marshall Airport competitive in the region and attract more passengers.***

**MDOT Response:**

Reagan National Airport's (DCA) "use it or lose it" slot rules were reinstated in October 2021. Airlines had to operate the same level of flights that they did pre-pandemic, regardless of whether demand merited the service. Dulles International Airport (IAD) and BWI are not at full capacity, and both airports do not have these rules. Additionally, DCA opened a new terminal for American Airlines' regional operations, and American Airlines up-gauged all of its 50-seat aircraft to 76-seat aircraft. These factors combined to give DCA an artificially high level of capacity, which means the carriers work harder to sell tickets. This results in less expensive tickets and more passengers flying.

Additionally, at the onset of the pandemic, BWI Marshall Airport's largest carrier, Southwest Airlines, operated a larger percentage of its flights than other carriers, which explains why our share was highest during 2020. Southwest then experienced operational challenges, and it became more conservative regarding its capacity. So, a conservative hub carrier on our end and expansion at DCA enabled DCA to take the lead in regional market share.

MAA continues to attract new and expanded service that has positioned BWI Marshall Airport to regain its leading market share position as Southwest Airlines and Spirit Airlines implement their growth plans for BWI Marshall.

**J00I00 MDOT – Maryland Aviation Administration  
Fiscal Year 2024 Operating Budget  
Response to Department of Legislative Services Analysis**

***DLS Budget Analysis Issues***

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**1. Lawsuit Filed, Procurement Delayed for BWI Marshall Airport Concessions Contract  
(Page 20)**

*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.*

**MDOT Response:**

MAA is evaluating the best option for maintaining oversight of the food and retail program after the March 31st expiration of the current contract. Options may include extending the current Fraport contract, allowing the current Fraport contract to holdover on a month-to-month basis, or contracting a new temporary service provider until the new solicitation is completed.

MAA sees no material impact to services to passengers during the transitional period.

MAA does not foresee an adverse fiscal impact from the delay in awarding a new contract. There may be an opportunity cost; however, the opportunity cost is difficult to determine at this point.

**J00I00 MDOT – Maryland Aviation Administration  
Fiscal Year 2024 Operating Budget  
Response to Department of Legislative Services Analysis**

***DLS Budget Analysis Issues (continued)***

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**2. Passenger Traffic at BWI Marshall Airport Nearly Recovers (Page 22)**

***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.***

**MDOT Response:**

Despite a very challenging economic environment, MAA continues to attract new entrants to new markets. Three new airlines launched service at BWI Marshall in 2022, including Avelo, Icelandair, and PLAY. During 2022, MAA also saw four additional airlines restart service that was suspended during the pandemic, including Air Canada, British Airways, Condor, and JetBlue. Ultra-low-cost carrier Frontier added six new routes since the beginning of 2022. Last week, Copa Airlines announced new service to Panama, opening service to Latin America. This service begins in June 2023.

Due to constraints with the Baggage Handling System in the terminal supporting Southwest Airlines' operations, MAA embarked on the Concourses A/B Connector & Baggage Handling System project to provide additional facility capacity to support Southwest Airlines' growth plans at BWI Marshall. Facility expansion projects, albeit at a smaller scale, are planned to support growth plans for Spirit Airlines as well.

The industry experienced several significant events over the last several months that caused considerable traffic disruptions. It is important to note that these disruptions were attributed to the airline or FAA operations – not airports. This is true for BWI Marshall as well. In response to each event, MAA coordinates with the pertinent airline or FAA to improve coordination efforts. A particular point of discussion during the recent Southwest Airlines incident is strategies for improving notifications to the airport that issues are developing. With improved notification, MAA can expand our efforts to provide support to the airline, if possible, and, more importantly, provide assistance to affected passengers.



**J00I00 MDOT – Maryland Aviation Administration  
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***Operating Budget Recommended Actions***

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- 1. Concur with Governor’s allowance. (Page 23)**

**MDOT Response:**

MDOT MAA concurs with the DLS recommendation.

***PAYGO Budget Recommended Actions***

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- 1. Concur with Governor’s allowance. (Page 23)**

**MDOT Response:**

MDOT MAA concurs with the DLS recommendation.

# BRIEFING TO

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## Senate Budget and Taxation Committee

Public Safety, Transportation and Environment Subcommittee

## House Appropriations Committee

Transportation and Environment Subcommittee

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**FEBRUARY 2023**

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# Agenda

- BWI Marshall Air Service
- Financials
- Capital Investments



# BWI Marshall Air Service

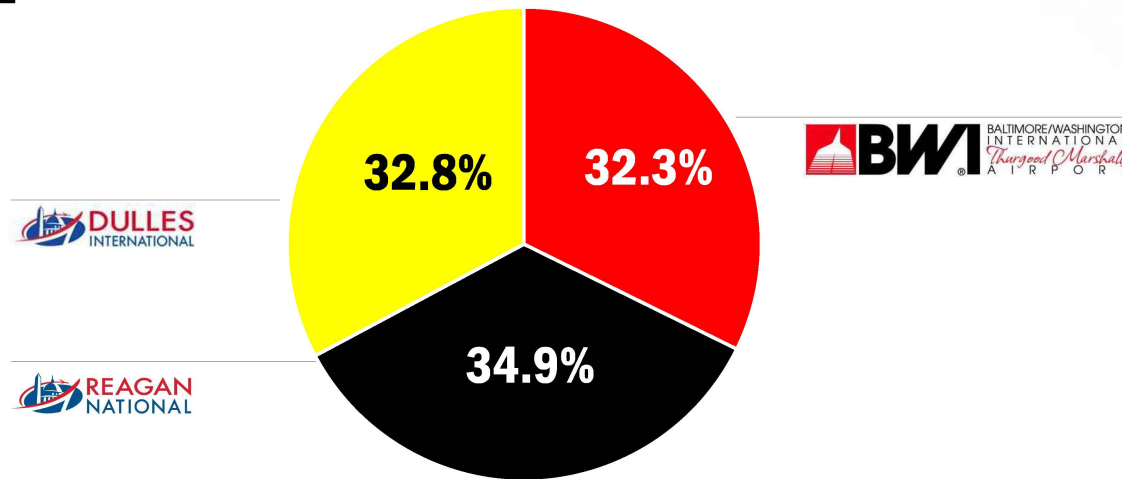
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# BWI Marshall Air Service

In FY 2022, DCA had the Largest Passenger Market Share in the Region

**Baltimore/Washington Region Market Share of Total Passengers**  
**FY 2022**



Source: MAA; MWAA

Notes

1/DCA's "use it or lose it" slot rules were reinstated in Oct 2021. Carriers had to operate the same level of flights that they did pre-pandemic, regardless of whether demand merited the service.  
IAD and BWI are not at full capacity, and do not have these rules.

2/DCA opened a new terminal for AA's regional operations, and AA upgauged all of its 50-seat aircraft to 76-seat aircraft.

**MDOT** MARYLAND DEPARTMENT OF TRANSPORTATION  
MARYLAND AVIATION ADMINISTRATION

**BWI** BALTIMORE/WASHINGTON  
INTERNATIONAL  
Thurgood Marshall  
AIRPORT

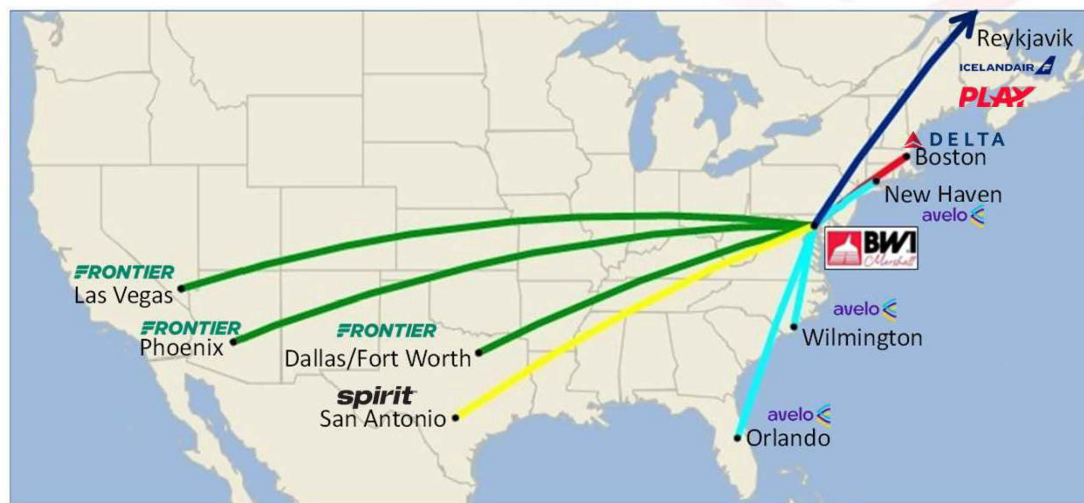
# BWI Marshall Air Service

Airlines have continued to launch new routes since the start of CY 2022

## EFFECTIVE MARCH 2022



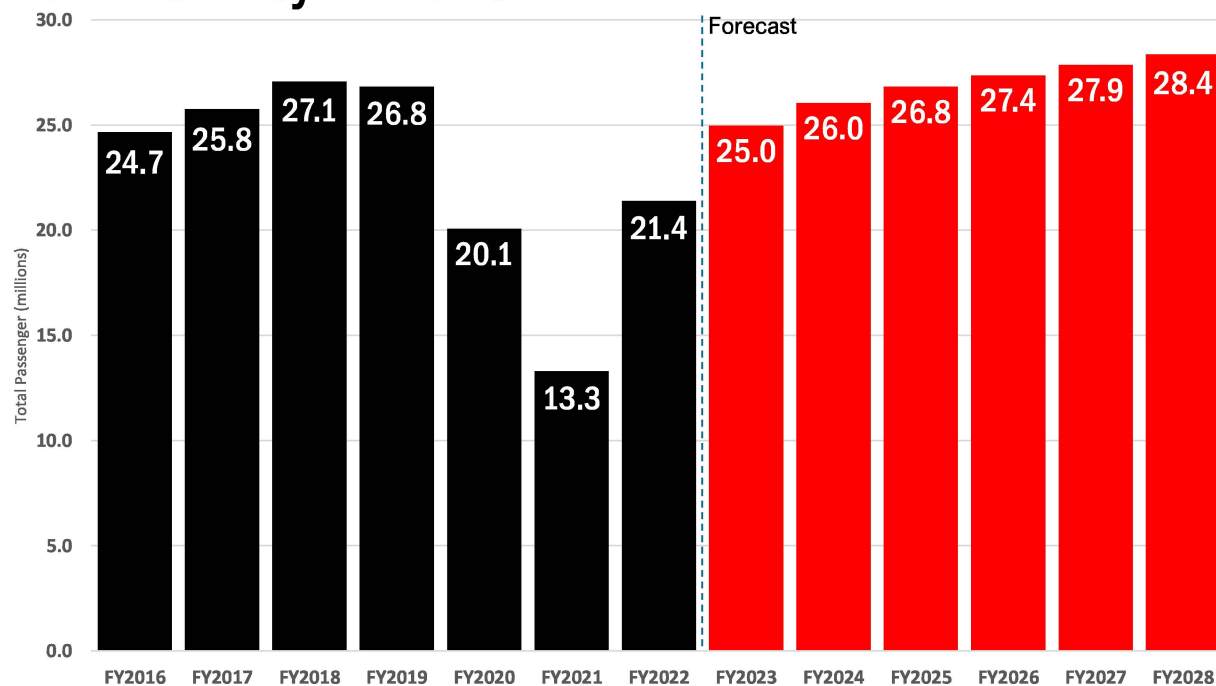
## EFFECTIVE JANUARY 2023



Source: Cirium Schedules Data through Diio Mi

# BWI Marshall Air Service

Forecast Projects BWI Marshall Passengers to be at FY 2019 Level by FY 2025



Source: MAA Fall 2022 Forecast

# Financials

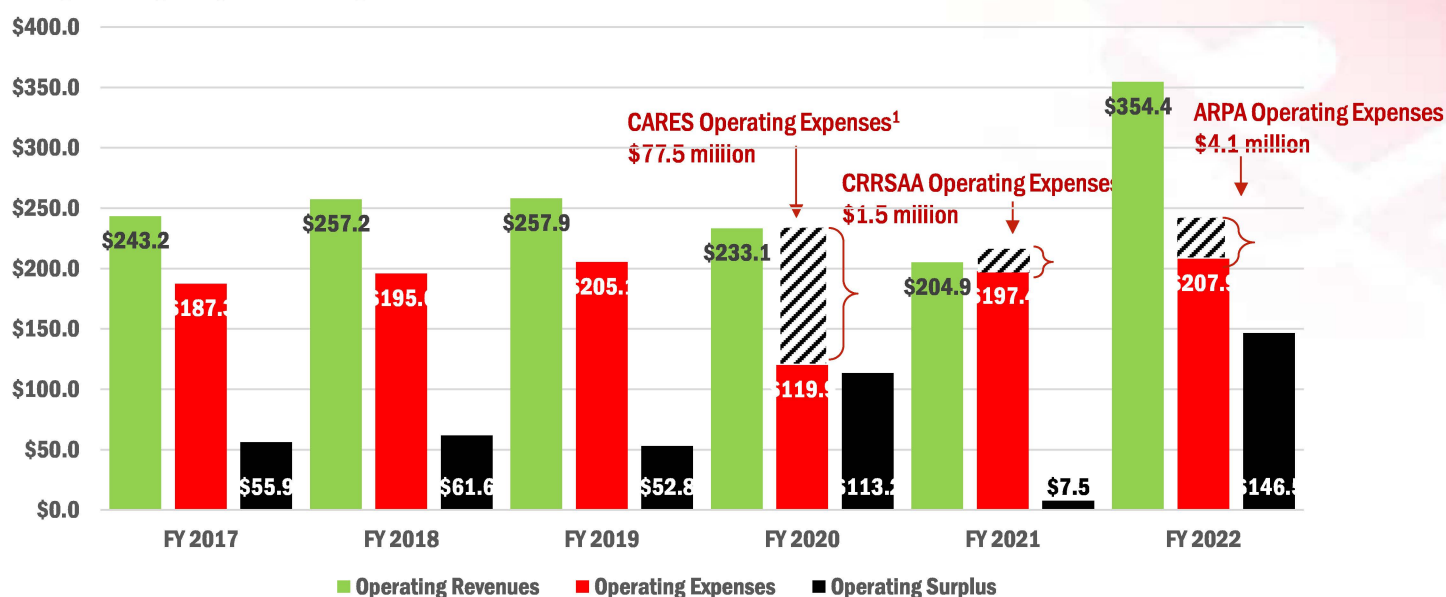
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# Financials

## MAA Operating Revenues, Expenses and Surplus FY 2017 thru FY 2022



Source: MAA

Note(s):

1/ Includes an additional \$2.4 million in CARES funding that was received through the State's COVID-19 relief fund. MAA also contributed \$12.5 million in CARES funding for Capital Expenses.

All currency numbers are rounded

2/ Operating Expenses are net of LEO grant \$645,500. FY22 and 21 expenses net of TSA reimbursement for COVID cleaning expenses \$500,709 and \$626,995 respectively. .

3/ FY22 and FY2 surpluses includes federal money \$79 million and \$20 million respectively. The federal money reimbursed TSO for a \$100 million TTF loan from 2015.

# Capital Investments

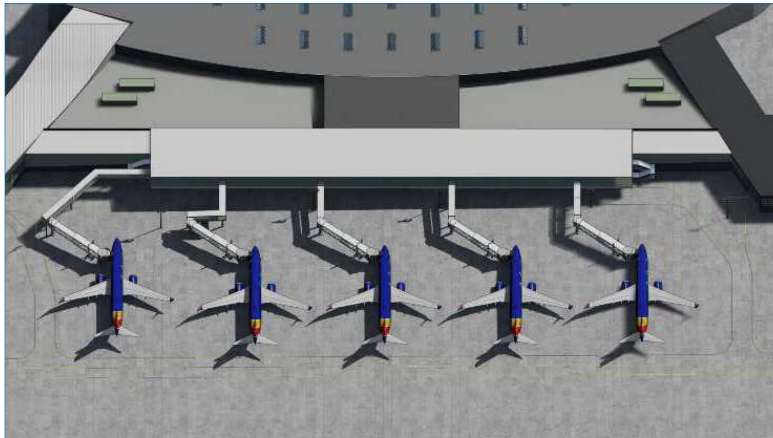
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# UNDER CONSTRUCTION

## Capital Investments

### Concourse A/B Connector and Baggage Handling System (BHS) Improvements



**CONTRACT VALUE**  
**\$430.0 million**

**COMPLETION**  
**FY 2024**

- BHS in-line system to provide optimal operational efficiency
- To be funded by Special Transportation Project Revenue Bonds



Source: MAA

# Capital Investments

## Southwest Airlines Aircraft Maintenance Facility

# UNDER CONSTRUCTION



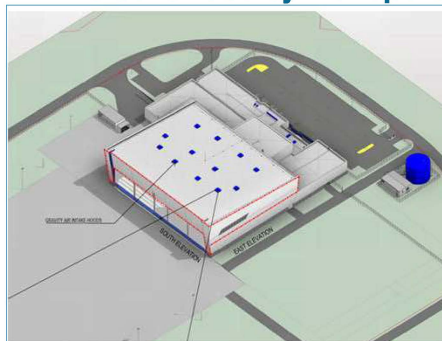
### CONTRACT VALUE

**\$55.0 million**

### COMPLETION

**FY 2024**

- Sized with 3 bays for single-aisle aircraft and employ 120 airline technicians
- To be funded by Transportation Trust Fund/ARPA

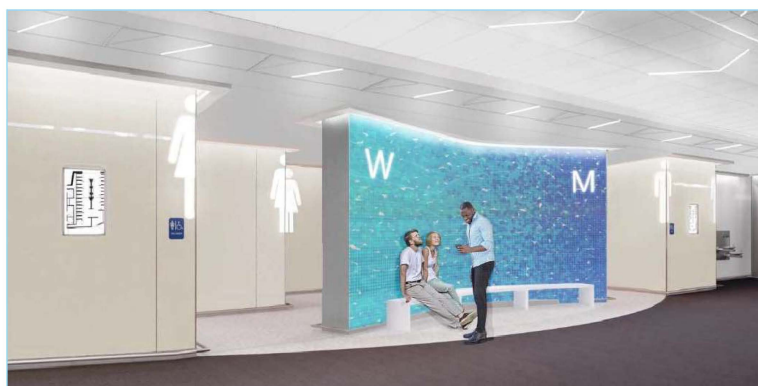


Source: MAA

# Capital Investments

## BWI Terminal Restroom Enhancement Program

# UNDER CONSTRUCTION



### CONTRACT VALUE

**\$65.0 million**

### COMPLETION

**FY 2024**

- The Restroom Enhancement Program reconstructs restrooms on Concourses A-D
- Surveyed passengers are responding favorably to new restroom design standard



Source: MAA

**MDOT** MARYLAND DEPARTMENT OF TRANSPORTATION  
MARYLAND AVIATION ADMINISTRATION

**BWI** BALTIMORE/WASHINGTON  
INTERNATIONAL  
*Thurgood Marshall*  
AIRPORT