

A Report to the Maryland General Assembly

regarding

**Maryland Aviation Commission Annual Report
Transportation Article, § 5-201.2**

June 2019

MSAR 268

**Maryland Department of Transportation
Maryland Aviation Administration**

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Introduction

Pursuant to Transportation Article §5-201.2, the Maryland Aviation Commission is required to submit an annual report. The section states that:

(a) Subject to § 2-1246 of the State Government Article, the Commission shall report by January 15 of each year to the General Assembly on the activities of the Commission during the previous year.

(b) The report shall include:

(1) A review of the financial and operational results for all State-owned airports during the previous year and any recommendations of the Commission for future changes in legislation, capital funding, or operational flexibility;

(2) Subject to review by the Department of Budget and Management, an estimate of all expenditures necessary for the operation of the Commission. The estimate shall identify staff resources allocated to the Commission that are provided by the Department or other State agencies; and

(3) Actions taken by the Commission pursuant to § 5-201.1(a) of this subtitle, including the consideration of the comparative status of employees serving at comparable airports or aeronautical agencies.

SECTION I

BACKGROUND

Creation of the Maryland Aviation Commission

The 1994 General Assembly passed Chapter 457, Acts of 1994 (Transportation Article, §5-201.2 (c) creating the Maryland Aviation Commission, effective October 1, 1994. The Commission is the successor to the BWI Airport Commission, a gubernatorial advisory panel created in September 1993 by Executive Order.

The Maryland Aviation Commission consists of nine voting members. Eight of the members are appointed by the Governor with the advice and consent of the Senate, with the Secretary of the Maryland Department of Transportation serving as Chair and ninth voting member, and the Secretary of the Maryland Department of Commerce serving as a nonvoting ex officio member. The Commission's duties include:

- Establishment of policies to improve and promote Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall) as an airport of service to the Washington-Baltimore Metropolitan area;
- Approval of regulations for the operation of State-owned airports prior to adoption by the Executive Director, Maryland Department of Transportation (MDOT) Maryland Aviation Administration (MAA);
- Direction to MDOT MAA in developing and implementing airport management policy for all State-owned airports;
- Approval of major capital projects at State-owned airports as defined in the Transportation Article, §2-103.1(a) (4), Annotated Code of Maryland;
- Consideration of information and advice from air carriers, airport concessionaires, the airport support services industry and citizen advisory groups in carrying out the provisions of law relating to the Maryland Aviation Commission; and
- Determination of qualifications, appointment and compensation for 12 senior management personnel positions and provide advice to the Chair on the appointment or removal of the Executive Director.

SECTION II

MARYLAND AVIATION COMMISSION MEMBERS

Pete K. Rahn, Chairman

Secretary, Maryland Department of Transportation

Vishal Amin

T. Chineta K. Davis

W. Drew Hawkins

John H. Kiser

Raymond C. Nichols

Philip A. Parenti

Calvin D. Peacock

David L. Winstead, Esq.

Kelly Schulz

Secretary, Maryland Department of Commerce
ex officio, nonvoting member

SECTION III

MESSAGE FROM CHAIRMAN PETE K. RAHN

Maryland's airports are major transportation assets that connect our residents and businesses with the people, cultures, and economies of the world. The Maryland Department of Transportation Maryland Aviation Administration (MDOT MAA) and the Maryland Aviation Commission work in partnership to ensure safe, convenient, high quality airport facilities and services.

Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall) continues to play a critical role as a major transportation resource and economic development engine. Following three straight record years, the continued growth in passenger and cargo traffic in 2018 underscored the importance of the airport to the regional economy. With more than 27 million passengers for the year, 2018 was a new all-time record for passenger traffic at BWI Marshall.

Maryland Governor Larry Hogan recently announced a new economic impact study which revealed that BWI Marshall Airport produces a total economic impact of \$9.3 billion. The airport and visitors generate and support more than 106,000 jobs throughout the region. The economic impact study affirmed that BWI Marshall helps to drive economic growth for the State of Maryland and the entire National Capital region. As the *Baltimore Sun* noted in a September 23 editorial, BWI Marshall is "flying high."¹ The newspaper acknowledged that the airport has "generated billions of dollars for the local economy."

As BWI Marshall soars to new heights, MDOT MAA remains committed to outstanding customer service. In 2018, the Airport was ranked among the best U.S. airports, according to the readers of *Condé Nast Traveler*.² The magazine's comprehensive annual survey noted that BWI Marshall is one of the leading airports in the nation and highlighted the airport's efficiency, transit access, and passenger amenities.

Martin State Airport serves as the primary general aviation traffic reliever airport in Maryland. The airport has consistently served the aerospace industry, general aviation, and military users for more than 80 years. There are more than 275 aircraft based at Martin State Airport, including those from the Maryland Air National Guard. The airport provides all general aviation services including: air traffic control, weather updates, aircraft fueling service, aircraft parking facilities, and hangar space. On October 6-7, 2018, Martin State Airport played a major role in support of the Maryland Fleet Week and Air Show Baltimore. The U.S. Air Force Thunderbirds air demonstration squadron was based at Martin State for the air show, along with other aircraft. Martin State held a festival and open house for thousands of visitors.

MDOT MAA remains committed to the health and vibrancy of Maryland's public-use airports. The Office of Regional Aviation Assistance works to assist and regulate the network of airports across Maryland. The office manages a grant program that supports capital projects to ensure safe, efficient facilities that meet the needs of our general aviation users. In Fiscal Year 2018, MDOT MAA administered \$3.9 million in grant funding for important safety and development projects at public-use airports throughout Maryland.

I recognize and thank all MDOT MAA employees for their dedication and hard work to ensure an outstanding air transportation system. I also acknowledge and appreciate the guidance of the Maryland Aviation Commission and the support of the Maryland General Assembly.

¹ Baltimore by Southwest. *Baltimore Sun*. September 23, 2018

² The Best Airports in the U.S.: 2018 Readers' Choice Awards. *Condé Nast Traveler*. October 9, 2018.

<https://www.cntraveler.com/galleries/2014-11-24/the-best-and-worst-airports-in-america-readers-choice-awards-2014>.

SECTION IV

OVERVIEW OF MARYLAND AVIATION ADMINISTRATION AIRPORT ACTIVITIES AND ACCOMPLISHMENTS FOR 2018*

The Maryland Department of Transportation Maryland Aviation Administration (MDOT MAA) is responsible for fostering safe and efficient operations, economic viability, and environmental stewardship in aviation activity state-wide. MDOT MAA operates two airports, Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall) and Martin State Airport (Martin). In addition, the MDOT MAA Office of Regional Aviation Assistance develops and regulates aviation activities at Maryland's 33 public-use airports. These efforts are guided by an MDOT mission, which reads:

“The Maryland Department of Transportation is a customer-driven leader that delivers safe, sustainable, intelligent, and exceptional transportation solutions in order to connect our customers to life’s opportunities.”

Baltimore/Washington International Thurgood Marshall Airport

Based on economic data from Calendar Year (CY) 2017, BWI Marshall supports 106,488 total jobs in the regional economy. Further, BWI Marshall produces \$4.1 billion in personal wages and is responsible for \$9.3 billion in business revenue for the state. The overall activity at BWI Marshall Airport produces an estimated \$591.9 million in tax revenue for state and local governments.

In Fiscal Year (FY) 2018 a record 26.9 million passengers flew through BWI Marshall, an increase of 5.1% compared to FY17. BWI Marshall remained the busiest airport in the Washington-Baltimore region, surpassing both Dulles and Reagan National airports. BWI Marshall has, on average, more than 320 daily departures to 90 nonstop destinations.

Martin State Airport

Martin State Airport is home to the Maryland State Police Aviation Command Headquarters and the Maryland Air National Guard, along with Baltimore County and Baltimore City Police Aviation Units. Martin continues to provide quality facilities and services in support of over 250 aircraft based at the airport and those visiting the greater Baltimore metropolitan area from around the world. In 2018, Martin handled nearly 87,000 aircraft operations and generated \$9.9 million in revenue. Aviation fuel sales in FY18 totaled nearly 1.5 million gallons.

Martin continues to be an economic engine for the State of Maryland, supporting both national and international business travel. Economic data from CY17 indicates that Martin supports more than 2,400 total jobs and generates \$297 million in business revenues. The associated state and local tax revenues were \$41.9 million in CY17.

Martin hosted the United States Air Force flight demonstration squadron, the Thunderbirds, as part of Navy Week & Air Show Baltimore 2018. The Airport held a two-day Open House during Navy Week and drew close to 20,000 visitors. This is the fourth time Martin has hosted a United States military flight demonstration squadron, having hosted the Navy's Blue Angels in 2012, 2014, and 2016.

*Activities are for CY 2018, except as noted. FY data is based on FY 2018 (July 1, 2017 through June 30, 2018).

Regional Aviation Assistance

MDOT MAA continues to foster and develop aviation in Maryland by providing support for airport infrastructure improvements to meet a wide variety of business and personal needs. In FY18, \$22.2 million was invested into Maryland's regional airport infrastructure (excluding BWI Marshall and Martin). MDOT MAA provided over \$4.9 million in grants for airport improvements, while the Federal Aviation Administration (FAA) contributed \$15.6 million and airport owners invested \$1.7 million.

Economic data from CY17 shows the state's regional airports (excluding BWI Marshall) contribute 9,929 in total jobs, \$583 million in personal income, \$867 million in business revenue, \$271 million in local purchases, and \$131 million in state & local taxes.

Partnering with the aviation industry, the Federal Aviation Administration (FAA), and the Maryland Airport Managers Association (MAMA), MDOT MAA continues to support aviation safety programs and aviation promotional activities to encourage the use of Maryland's aviation gateways. MDOT MAA continues to support MAMA in the *Explore Maryland by Air* program, designed to encourage flyers and non-flyers to visit the many regional airports across the State. The 23rd Annual Regional Aviation Conference was held in Ocean City, Maryland to promote safety initiatives and discuss various issues important to the airport, pilot, and aviation business communities. MDOT MAA again partnered with MAMA to promote and support this statewide event.

Through our collaboration with the University of Maryland, Maryland Department of Commerce, and the Maryland State Police, MDOT MAA continues to support the growing interest in Unmanned Aircraft Systems (UAS) and is engaged in supporting and promoting safe, responsible use of UAS. MDOT MAA has outreach tools for the UAS community available through social media and our websites to encourage safe UAS operations. In December 2018, MDOT MAA co-authored a report on UAS as required by the "Unmanned Aircraft Systems Research, Development, Regulation, and Privacy Act of 2015 (SB370)."

Planning and Engineering

The DC Metroplex BWI Community Roundtable (Roundtable) is an initiative of MDOT MAA, formed at the request of the FAA. The roundtable provides a vehicle for the FAA to engage with community residents to address noise issues related to the FAA's implementation of the Next Generation Air Transportation System in the region and receive a consensus recommendation from representatives of the affected communities. MDOT MAA engaged elected officials to appoint Roundtable representatives from local districts to participate. The roundtable has been meeting monthly since March 2017 with participation from MDOT MAA, air carrier, and business aviation representatives who serve as technical advisors. The success of this effort comes from the commitment of all involved to recognize and identify the problem and work together toward a viable solution.

In October 2017, MDOT MAA began the process of replacing an older noise operating monitoring system with new equipment. A total of 24 new noise monitoring stations will be replaced by April 2019.

The required National Environmental Policy Act (NEPA) work continued on the Environmental Assessment (EA) for proposed improvements needed at BWI Marshall through 2020. The Draft EA was released for public review in January 2018. Comments were received from Howard County that required additional analysis. FAA has requested an updated draft be circulated to the public, which will then set the stage for Final EA to be issued in 2019.

MDOT MAA resumed working on an EA for improvements at Martin through 2021. A Draft EA was submitted to FAA for review in late Summer 2017. Additional analysis was required to assess impacts resulting from the removal of trees in environmentally sensitive areas. A revised Draft EA was submitted to FAA for review in early 2019 and release to the public will follow FAA review.

Environmental compliance activities at both BWI Marshall and Martin continued with the completion of yearly updates to Spill Prevention, Control and Countermeasures Plans, Stormwater Pollution Prevention Plans, and Asbestos Management Plans. Other compliance activities included continuous training of BWI Marshall and Martin employees in stormwater pollution control, hazardous waste management, asbestos and lead-based paint awareness, and emergency spill response requirements. MDOT MAA continues to perform necessary sampling, testing, and reporting to maintain compliance with National Pollution Discharge Elimination System permits. Additionally, as a waste minimization effort, MDOT MAA continued the program to recycle collected deicing fluids at BWI Marshall during the 2018 deicing season.

MDOT MAA continues to work on updating the BWI Marshall and Martin master plans to meet airport needs. Completed planning at BWI Marshall includes completing the interconnection of Terminal Concourses A through E with a new Concourse C/D Connector. Planning is also being completed for a new federally funded FAA Air Traffic Control Tower to replace the existing FAA Tower, which dates back to the Airport's opening in the 1950's. Planning has also been completed for improving baggage handling, holdrooms, concessions and restroom facilities in Terminal Concourse A/B, a project which is being scheduled for design in 2019.

Improvements were recently completed on the Midfield Air Cargo Facility at BWI Marshall to accommodate parking requirements for the Airport's design aircraft. These improvements included upgrades in the drainage, deicing, and fueling facilities to meet all applicable state and federal standards. In 2018, MDOT MAA received an FAA Record of Decision to permit the completion of the development of the Midfield Cargo Facility in 2019.

Construction is nearing completion for the addition of six international gates on Concourse E. The new gates are already operational and the project is on schedule and on budget.

In 2018, MDOT MAA completed the first phase of an apron reconstruction project to support the airline gates adjacent to Concourse B. The project addresses long-term pavement needs by replacing severely cracked concrete pavement slabs with new concrete pavement. The project's design was fast-tracked to secure FAA federal grants. The project program is estimated to cost just over \$10 million and is primarily funded by an FAA Airport Improvement Program grant. The project will be completed in 2019.

Marketing and Air Service Development

Total passengers at BWI Marshall in FY18 increased 5.08% to more than 26.9 million—an all-time record. The airport also set and broke monthly records in eleven of the twelve months in the fiscal year. Additionally, more than 193,000 metric tons of cargo transited through BWI Marshall Airport in FY18.

New international service continues to be added from BWI Marshall. Air Canada launched daily service to Montreal, Canada, in May 2018. Also in May 2018, Icelandair launched seasonal nonstop service to Reykjavik, Iceland.

Domestic markets continue to be added to the BWI route network as well. Southwest Airlines started service to San Jose, California from BWI Marshall in July of 2017. Southwest remains the largest carrier at BWI Marshall, with nearly 70% of all capacity. Southwest is followed by Spirit Airlines, with 9% of capacity, Delta

Air Lines with 7%, American Airlines with 6%, United Airlines with 4%, and JetBlue Airways with 2% of the market capacity.

Three new fee waiver agreements were entered into in FY18. A total of \$1,246,573 was associated with ten agreements in FY18.

MDOT MAA launched the third phase of the MyBWI “Lifting You Higher” marketing campaign in May 2018. The eight-week campaign garnered over 147 million impressions—an increase from 126 million impressions in 2017—and sought to establish brand loyalty with BWI Marshall by promoting convenience, low fares, and plentiful parking while targeting business, leisure and millennial travelers. The goal of the third phase of the campaign was to go one step further and make an emotional and memorable connection with customers. This was successfully accomplished using the original music of Jackie Wilson’s classic “(Your Love Keeps Lifting Me) Higher and Higher.” The campaign featured meaningful moments taking place at BWI Marshall, showcasing heartwarming touchpoints between travelers and airport personnel. Media strategies included television, radio, outdoor, transit, cinema, digital, and social elements. In addition to the campaign, MDOT MAA marketing staff continues to promote BWI Marshall amenities and parking products via social media, radio advertising, digital marketing and the BWI Marshall website and continues to utilize such social media as Facebook, Twitter and Instagram for real-time information and alerts.

In July, the MyBWI “We Love Lifting You Higher” television campaign received an Emmy® from the National Capital Chesapeake Bay Chapter of the National Academy of Television Arts & Sciences in the Commercial - Campaign category, as well as the Platinum Award (the highest honor) in the international 2018 Hermes Creative Awards.

The BWI Marshall website continues to drive engagement with over two million visitors per quarter, with flight information and parking the most visited areas. The new site was designed to emphasize the open look and feel of the airport and was developed with the following key features: a streamlined user experience, mobile responsiveness to adjust to various types of devices, real-time flight information, customizable navigation based on the purpose of a visit to BWI Marshall, advanced wayfinding, and integrated Lost & Found functionality.

Business Development and Management

Airline and aeronautical revenue for FY18 was \$146,766,000, an increase of \$6,594,000 over FY17. The increased revenue sources include greater landed weight generated from cargo activity, additional federal inspection fee collections from airlines with expiring promotional incentives and increases in airline leased space.

The term of the current Use and Lease Agreement is July 1, 2014 through July 30, 2019. In 2016, there were eleven signatory airlines to the Use and Lease Agreement: Southwest Airlines, Delta Air Lines, American Airlines, United Airlines, Spirit Airlines, JetBlue Airways, British Airways, Condor Airlines, Air Canada, FedEx and UPS. In 2017, the number of signatory airlines to the Use and Lease Agreement increased to fifteen with the additions of Alaska Airlines, Wow Air, and air cargo carriers ABX Air and Air Transport International. Atlas Air became signatory in July 2018.

In 2017, AIRMALL Maryland, Inc. underwent a corporate name change to FRAPORT Maryland, Inc., folding into the umbrella of Fraport USA, a wholly-owned subsidiary of Fraport Group (global airport operating company based in Germany). FRAPORT Maryland continues its ongoing redevelopment of the terminal concession program. Several new and renovated restaurants and retail stores have opened in the past year, including: Baggallini (bags); Farmer’s Market; La Carnita (Mexican); Lug (luggage); MAC Cosmetics;

Martini (bar); Phillip's Seafood Express; Sweet Jesus (ice cream); Sir Veza's Taco Garage; Travelex Currency Service; The UPS Store; Urban Bar-B-Que; Urban Burger.

The small business retail program, LaunchPad, which was initiated in 2017, has continued and enters its second year in 2018. The program recruits small, local businesses to set up retail kiosks at BWI Marshall. The new businesses that opened in 2018 include Stupid Delicious (pre-packaged cookies) and Finesse Lifestyle (organic beauty products). Two businesses which have shown incredible success and remain in the program from the previous year are Fashion House Spa and New Secrets Tea.

Revenue to MDOT MAA from food and beverage, retail, and services concessions increased 10.2% to \$17.8 million in FY 2018, while total concession sales increased 8.2% to \$150.1 million. Participation by Airport Concession Disadvantaged Business Enterprises operators in the concession program remained at an overall 36.22% in FY 2018, with food and beverage participation at 44.96% and retail at 18.16%.

BWI Marshall continues to embrace innovation in the industry. In 2018, Steer Tech, a Maryland technology startup company, began testing its autonomous valet parking technology. The pilot program is being conducted behind BWI Marshall's hourly garage. If successful, the self-driving system will allow travelers to be dropped off at the terminal and their vehicle will then be able to park itself.

Southwest Airlines has announced its intent to build an aircraft maintenance facility at BWI Marshall, pending an environmental determination from the FAA. The proposed airline maintenance facility would include an approximate 130,000 square-foot maintenance hangar, aircraft parking apron, and office space. The facility could accommodate three aircraft, and the exterior apron space could support up to eight aircraft.

Operations and Maintenance

Safety, security, system preservation, and improving customer amenities continued to be the focus for BWI Marshall in 2018. The FAA conducts an annual comprehensive inspection and audit of commercial airports for compliance with federal aviation safety regulations as outlined in Title 14, Code of Federal Regulations Part 139, Certification of Airports. BWI Marshall successfully completed the annual Airport Safety and Certification Inspection with zero repeat discrepancies.

Throughout 2018, MDOT MAA continuously partnered with key stakeholders to address security concerns. MDOT MAA maintains a close relationship with the Federal Bureau of Investigation Joint Terrorism Task Force on intelligence sharing and with the U.S. Department of Homeland Security on community outreach efforts related to Human Trafficking. In full recognition of the seemingly daily acts of violence within soft-target public areas, the BWI Marshall security team reorganized several critical operational responsibilities to maximize law enforcement threat mitigation capabilities in our public areas. Law enforcement visibility in the vicinity of our screening checkpoints, ticketing, baggage claim, light rail platform and other key locations has increased substantially. Working in partnership with the Transportation Security Administration, a balanced approach on aviation industry insider threat concerns has been deployed to enhance employee vetting along with random employee inspections, screenings and explosives trace detection. To assist with our homeless community at the BWI Marshall, MDOT MAA continues to work in partnership with the State of Maryland Department of Housing and Community Development to deploy social workers to individuals in need of care.

The BWI Marshall Fire and Rescue Department (FRD) purchased 65 Bleeding Control Kits in response to the 2015 White House launch of the Stop the Bleed Campaign, a special national initiative designed to provide bystanders with the tools and knowledge needed to control hemorrhage and save lives in the immediate aftermath of acts of terrorism and other mass casualty events. Each kit provides lifesaving bleeding control equipment, such as: tourniquets, pressure dressings and gauze bandages. The Bleeding Control Kits will be

mounted next to existing Automated External Defibrillator within the terminal and surrounding MDOT MAA properties.

The BWI Marshall FRD continues to upgrade both the vehicle fleet and personnel safety equipment through the purchases of a 2018 Oshkosh Aircraft Rescue Fire Fighting Vehicle. The new equipment has enabled the FRD personnel to respond to approximately 4,000 yearly fire and emergency medical responses.

Information Technology

Installation of the new Noise Operations and Monitoring System continues at BWI Marshall. The system is a comprehensive monitoring and reporting program for aircraft flight track data and aircraft noise event measurements at BWI Marshall and surrounding communities. This system will generate Geographical Information System views, display noise metric measurements in chart and graphical format, display aircraft flight tracks, create graphics to support noise impact analysis (complaints) and produce a wide variety of useful reports. This system supports the MDOT MAA Noise Abatement Program and the mandated responsibilities under the Maryland Environmental Noise Act of 1974.

Installation of Security Checkpoint Wait Time displays began in 2018 and will be complete in 2019. The system utilizes video analytics to determine a customer's wait time to reach the Transportation Security Administration security screening and communicates the information to travelers on displays adjacent the checkpoints and on the BWI Marshall website.

Replacement of the analog Public Evacuation/Public Address system is underway. The new state-of-the-art digital system provides a high level of system redundancy and fail over capability. The project is complete in Concourses E and C and half of the public side. Installation will continue through 2019 with final project completion in 2020.

ACTIONS TAKEN BY THE MARYLAND AVIATION COMMISSION

- The Commission was regularly briefed and consulted on the following:
 - Air service trends and air service marketing efforts;
 - Quarterly financial results;
 - Airport operational activities and aviation security issues;
 - Various airport construction projects;
 - Upcoming solicitations; and
 - State and federal legislative issues impacting BWI Marshall.

- The Commission reviewed and approved the inclusion of new major capital projects in the Final FY 2019-2024 Consolidated Transportation Program:
 - Aircraft Maintenance Facility Infrastructure – This project provides the infrastructure improvements in support of the development of a full-service aircraft maintenance facility for multiple B737 MAX aircraft. The improvements will include utility infrastructure and site grading. Landside and airside access routes will be provided to support operations. The project was formerly part of the D&E Program.
 - Concourse A Improvements Phase II – This project represents the second phase of improvements envisioned during the Concourse A/B Expansion completed in 2003. The project adds five gates sized for B737-800 aircraft by extending the existing Concourse A approximately 234 feet to the northwest, creating a 55,000 square foot addition. The improvements also include gates, restrooms, loading bridges, concessions, electrical, mechanical and storage.
 - Midfield Improvements Phase II – This project includes the rehabilitation of the apron in front of the Midfield Cargo Complex facilities and realignment / remarking of Mathison Way on the landside of the facility. This work includes mill and overlay of existing pavement, and the extension of newly designated Taxiway Z to a new intersection at end of Runway 10.
 - Taxiway B Pavement Reconstruction – This project will reconstruct Taxiway B between Taxiway N1 and Taxiway T. Shoulders will be added along the entire length of the taxiway to comply with FAA standards. The work includes a mix of full depth reconstruction along with mill and overlay of existing pavement. Other work elements include enlargement of the filet from Taxiway S to Taxiway N1, along with associated grading, drainage, lighting, airfield signage and pavement markings.
 - Concourse A/B Connector and Baggage Handling System Design – Is a new project being added to the D&E Program. This project will design a two-level building addition between Concourses A and B that will provide space for expanded holdrooms, restrooms, concessions, a connector between the concourses, and a new fully in-line baggage handling system.

- In accordance with Transportation Article, §5-201.1, the Commission approved the following personnel actions:
 - The appointment of and compensation for the Chief, Division of Marketing & Air Service Development;
 - The appointment of and compensation for the Director, Office of Planning;
 - The appointment of and compensation for the Director, Office of Architecture; and
 - The appointment of and compensation for the Director, Office of Air Service Development.

MARYLAND AVIATION COMMISSION ANNUAL REPORT
TRANSPORTATION ARTICLE, § 5-201.2

FINANCIAL RESULTS

Maryland Department of Transportation Maryland Aviation Administration
 Baltimore/Washington International Thurgood Marshall Airport and Martin State Airport
 Comparative Statement of Revenue, Expense and Income
 Fiscal Years Ending June 30, 2018 and 2017
 (Thousands)

	FY 2018	FY 2017	Difference	% Change
TTF Revenue and Expense				
TTF Operating Revenue	\$ 257,214	\$ 243,249	\$ 13,966	5.7%
TTF Operating Expense	\$ 195,235	\$ 186,839	\$ 8,396	4.5%
TTF Surplus/(Deficit)	\$ 61,979	\$ 56,410	\$ 5,569	9.9%
Non-TTF				
Non-Operating Revenue	\$ 84,501	\$ 82,120	\$ 2,381	2.9%
Non-TTF Debt Service	\$ 42,580	\$ 42,748	\$ (168)	-0.4%
Non-TTF Surplus/(Deficit)	\$ 41,921	\$ 39,372	\$ 2,549	6.5%
Total MAA Surplus/(Deficit)	\$ 103,900	\$ 95,782	\$ 8,118	8.5%
Capital Program Expenditures	\$ 147,461	\$ 167,627	\$ (20,166)	-12.0%
Enplanements (000's)	13,534,033	12,875,954	658,079	5.1%

In FY18, the MDOT MAA Transportation Trust Fund (TTF) operating surplus totaled \$62.0 million, a \$5.6 million increase from the FY 2017 TTF operating surplus of \$56.4 million. TTF revenue increased by \$14.0 million and expenses by \$8.4 million.

In FY18, BWI Marshall revenue increased \$13.3 million. Flight activity increased \$5.7 million and Rents and User Fees \$3.7 million due to increased airline activity. Other passenger concessions increased \$3.6 million due to Transportation Network Company fees. Retail food and beverage increased \$1.8 million and Rental Car by \$.7 million due to passenger activity. Actual snow recovery and amortization costs recovered from the airlines decreased by \$6.1 million due to lower snow expenditures in FY17 offset by higher non-passenger concessions \$.8 million and other revenue \$4.1 million. Parking revenue declined \$.9 million. Martin revenue increased \$0.7 million due to higher Fixed Base Operator (FBO) fuel sales.

The \$8.4 million increase in FY18 TTF operating expense is primarily the result of increased spending on contractual services of \$6.3 million, supplies of \$1.6 million, motor vehicle operations \$0.6 million and communications \$0.7 million offset by lower spending on debt of \$1.2 million and salaries \$0.6 million. Martin's expenditures increased \$1.0 million due to higher FBO fuel inventory replenishments of \$.6 million and maintenance expenses of \$0.4 million.

FY18 non-TTF revenue increased \$2.4 million as a result of increased enplanements that increased Passenger Facility Charge (PFC) revenue \$2.7 million and an increase in interest income of \$0.2 million offset by decreased Customer Facility Charge \$0.3 million and trustee retained parking \$0.2 million in revenue. Non-TTF expenses decreased \$0.2 million due to a \$0.3 million decrease in parking debt service offset by a \$0.1 million increase in PFC debt service.

Total FY 2018 MDOT MAA surplus is \$103.9 million, an increase of \$8.1 million compared to FY17. Enplaned passengers increased 5.1% in FY 2018 versus FY 2017.

MARYLAND AVIATION COMMISSION ANNUAL REPORT
TRANSPORTATION ARTICLE, § 5-201.2

FINANCIAL RESULTS

Maryland Department of Transportation Maryland Aviation Administration
Statement of Revenue
Fiscal Years Ending June 30, 2018 and 2017

	FY 2018	FY 2017	Difference	% Change
<u>BWI Operating Revenue (TTF)</u>				
Flight Activities	\$71,710,348	\$ 66,054,374	\$ 5,655,974	8.6%
Rents & User Fees	\$ 72,527,272	\$ 68,787,020	\$ 3,740,252	5.4%
Public Parking	\$ 44,440,832	\$ 45,364,823	\$ (923,991)	-2.0%
Rental Cars	\$ 17,721,919	\$ 17,039,745	\$ 682,174	4.0%
Retail, Food & Beverage	\$ 17,983,425	\$ 16,175,726	\$ 1,807,699	11.2%
Other Passenger Concessions	\$ 8,123,868	\$ 4,558,675	\$ 3,565,193	78.2%
Non-Passenger Concessions	\$ 4,459,139	\$ 3,685,596	\$ 773,543	21.0%
Other Revenue	\$ 10,334,131	\$ 12,360,811	\$ (2,026,680)	-16.4%
Total BWI Operating Revenue	\$247,300,934	\$ 234,026,771	\$ 13,274,163	5.7%
<u>MTN Operating Revenue (TTF)</u>				
	\$ 9,913,111	\$ 9,221,753	\$ 691,359	7.5%
Total TTF Operating Revenue	\$257,214,046	\$243,248,524	\$ 13,965,522	5.7%
<u>Non-Operating Revenue</u>				
Customer Facility Charges	\$ 13,195,174	\$ 13,558,365	\$ (363,191)	-2.7%
Passenger Facility Charges	\$ 51,781,426	\$ 49,032,158	\$ 2,749,269	5.6%
Trustee Retained Parking Revenue	\$ 18,161,982	\$ 18,363,188	\$ (201,207)	-1.1%
Interest Income	\$ 1,362,342	\$ 1,166,558	\$ 195,784	16.8%
Total Non-Operating Revenue	\$ 84,500,924	\$ 82,120,269	\$ 2,380,655	2.9%
Total MAA Revenue	\$341,714,970	\$325,368,793	\$ 16,346,177	5.0%

MARYLAND AVIATION COMMISSION ANNUAL REPORT
TRANSPORTATION ARTICLE, § 5-201.2

FINANCIAL RESULTS

Maryland Department of Transportation Maryland Aviation Administration
Statement of Expense
Fiscal Years Ending June 30, 2018 and 2017

	FY 2018	FY 2017	Difference	% Change
<u>BWI Operating Expense (TTF)</u>				
Salaries and Wages	\$ 41,523,483	\$ 42,075,812	\$ (552,329)	-1.3%
Technical and Special Fees	\$ 2,084,058	\$ 1,820,769	\$ 263,290	14.5%
Communications	\$ 1,579,206	\$ 1,166,652	\$ 412,554	35.4%
Travel	\$ 212,953	\$ 241,560	\$ (28,607)	-11.8%
Fuel and Utilities	\$ 12,900,183	\$ 12,843,835	\$ 56,349	0.4%
Motor Vehicle Operations	\$ 2,754,016	\$ 2,276,935	\$ 477,081	21.0%
Contractual Services	\$ 89,375,679	\$ 84,417,695	\$ 4,957,984	5.9%
Supplies and Materials	\$ 5,456,094	\$ 3,878,758	\$ 1,577,337	40.7%
Replacement Equipment	\$ 395,656	\$ 139,865	\$ 255,791	182.9%
Additional Equipment	\$ 400,570	\$ 192,509	\$ 208,061	108.1%
Grants/Subsidies/Contributions	\$ 1,064,478	\$ 992,281	\$ 72,197	7.3%
MEDCO and COPS Debt Service	\$ 16,453,498	\$ 17,693,484	\$ (1,239,987)	-7.0%
Other Fixed Charges	\$ 1,452,259	\$ 1,548,435	\$ (96,176)	-6.2%
Land and Structures	\$ 10,552,495	\$ 9,567,977	\$ 984,518	10.3%
Total BWI Operating Expense	\$ 186,204,629	\$ 178,856,566	\$ 7,348,063	4.1%
<u>MTN Operating Expense (TTF)</u>				
	\$ 9,030,452	\$ 7,982,295	\$ 1,048,157	13.1%
Total TTF Operating Expense				
	\$ 195,235,080	\$ 186,838,861	\$ 8,396,220	4.5%
<u>Non-TTF Debt Service Expense</u>				
Passenger Facility Charge Backed Debt	\$ 15,384,818	\$ 15,219,744	\$ 165,074	1.1%
Customer Facility Charge Backed Debt	\$ 8,965,520	\$ 8,970,936	\$ (5,415)	-0.1%
Parking Debt	\$ 18,230,000	\$ 18,557,750	\$ (327,750)	-1.8%
Total Non-TTF Debt Service Expense	\$ 42,580,338	\$ 42,748,429	\$ (168,091)	-0.4%
Total MAA Expense				
	\$ 237,815,418	\$ 229,587,290	\$ 8,228,129	3.6%
Regional Aviation	\$ 479,413	\$ 480,998	\$ (1,586)	-0.3%
Capital Program Expenditures				
State Funds	\$ 110,199,574	\$ 120,573,316	\$ (10,373,742)	-8.6%
Federal Funds	\$ 7,813,017	\$ 5,221,140	\$ 2,591,877	49.6%
Other Financing	\$ 29,448,387	\$ 41,832,386	\$ (12,383,999)	-29.6%
Total Capital Program Expenditures	\$ 147,460,978	\$ 167,626,842	\$ (20,165,864)	-12.0%

Note:

Federally funded and other reimbursable security related expenses of \$645,000 in FY 2018 and \$645,500 in FY 2017 are not included in operating expenses shown above

**BALTIMORE/WASHINGTON INTERNATIONAL
 THURGOOD MARSHALL AND MARTIN STATE AIRPORTS
 AVIATION ACTIVITY**

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Difference</u>	<u>% Change</u>
BWI Domestic Passengers	25,784,846	24,510,704	1,274,142	5.2%
BWI International Passengers	1,206,814	1,175,740	31,074	2.7%
BWI Total Passengers*	26,991,660	25,686,444	1,305,216	5.1%
BWI Aircraft Operations	268,254	253,238	15,016	6.0%
MTN Aircraft Operations	86,911	87,059	-148	-0.2%

PASSENGER ACTIVITY COMPARISON FOR FY 2018

	<u>BWI Marshall</u>	<u>Dulles</u>	<u>Reagan National</u>
Total Commercial Passengers	26,991,660	22,407,509	23,841,283
Percent Change over FY 2017	5.1%	4.7%	1.6%

Total Regional Market:	<u>2018</u>	<u>2017</u>
	73,240,450	71,959,587

NOTE: Statistical data is subject to change as subsequent information is received from airlines.

*Total Passengers include both enplaned and deplaned passengers.

SECTION V

**MARYLAND AVIATION COMMISSION COSTS
FISCAL YEAR 2018***

Technical and Special Fees		\$8,400
Travel Reimbursement to the Commissioners for Meetings		\$1,163
Contractual Services:		\$2,630
Public Notice Advertisements for Commission Meetings	\$ 695	
Food Services	\$1,935	
Total Maryland Aviation Commission Cost		\$12,193

*Fiscal Year 2018: July 1, 2017 to June 30, 2018