



Maryland Department of Transportation
The Secretary's Office

January 14, 2016

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Pete K. Rahn
Secretary

The Honorable Thomas V. "Mike" Miller, Jr.
President
Senate of Maryland
State House, H-107
Annapolis MD 21401

The Honorable Michael E. Busch
Speaker of the House
Maryland House of Delegates
State House H-101
Annapolis MD 21401

Dear President Miller and Speaker Busch:

Pursuant to Transportation Article § 5-201.2, attached is the Maryland Aviation Commission's Annual Report. The statute states:

- (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.*

If you have any questions, please contact Mr. Ricky D. Smith, Sr., MAA Executive Director, at 410-859-7060. Of course, you may always contact me directly.

Sincerely,

Pete K. Rahn
Secretary

cc: Members of the Budget Committees
Mr. Ricky D. Smith, Sr., Executive Director, MAA

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A Report to the Maryland General Assembly

regarding

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

January 2016

**Maryland Department of Transportation
Maryland Aviation Administration**

Introduction

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

(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.*

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SECTION I

BACKGROUND

Creation of the Maryland Aviation Commission

The 1994 General Assembly passed Chapter 457, Acts of 1994 Transportation Article §5-201.2 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 Business and Economic Development 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 Aviation Administration (MAA);
- Direction to 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

Maurice Bellan, Esq.

Gregory V. Billups

Erwin L. Greenberg

Anwer Hasan

Raymond C. Nichols

Philip A. Parenti

Michele K. Ryan

R. Michael Gill

Secretary, Maryland Department of Commerce
ex officio, nonvoting member

SECTION III

MESSAGE FROM THE CHAIRMAN

The professional, dedicated employees of the Maryland Aviation Administration (MAA) operate and support world-class airports that provide valuable passenger and cargo services to destinations around the globe. Public-use airports across Maryland are valuable transportation assets and important economic generators. The Maryland airport system consists of 36 public-use airports that offer aviation services for residents, businesses, and visitors. Aviation activity in the State of Maryland creates and supports more than 107,000 jobs, \$4.3 billion of personal wages and salaries, \$7.8 billion of business revenue, \$0.6 billion of State and local taxes, and \$1.8 billion of local purchases for supplies and services.

Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall) is a global gateway to Maryland and the National Capital region. BWI Marshall helps to drive economic growth for the region. As *The Daily Record* newspaper reported in July, BWI Marshall and its airline activity means “serious money for the area’s economy.”

BWI Marshall offers important access to markets around the world. Air service includes more than 600 daily flights and nonstop service to 80 domestic and international destinations. Serving well over 22 million passengers per year, BWI Marshall is the 22nd busiest airport in the United States. BWI Marshall remains the busiest airport in the region.

Airline service and passenger traffic at BWI Marshall showed robust growth in 2015. July 2015 was the busiest month in the history of the Airport with more than 2.3 million passengers. International passenger traffic, in particular, continued to steadily rise. International service has been a key part of the Airport’s growth. A number of new airlines and new international destinations were added in 2015.

In order to support the continued rise in international traffic, a major capital improvement initiative, the D/E Connector project, is underway at BWI Marshall. This important project will increase international capacity and provide enhanced passenger amenities. Design work continued on a major project to expand the international concourse in order to further support international flights.

On the BWI Marshall airfield, a major series of improvements neared completion. One of the airport’s primary commercial runways was temporarily closed in 2015 as part of the comprehensive program of airfield construction. BWI Marshall’s runways and taxiways now meet updated federal safety standards. The multi-year set of enhancement projects will help ensure the operational safety and efficiency of the BWI Marshall airfield.

Martin State Airport (Martin) is an important general aviation airport that supports a variety of aviation-related services and other users. Martin is designated by the Federal Aviation Administration as a reliever airport, which complements BWI Marshall with its extensive corporate, military and recreational aviation activities.

The MAA Office of Regional Aviation Assistance continues to foster and develop aviation across the State. This office manages the grants program that supports public-use airports in Maryland, while promoting safety, security, and environmental stewardship.

The MAA staff provides a high-level of service for customers at BWI Marshall and Martin State airports, and in support of public-use airports throughout the State of Maryland. Working with the Maryland Aviation Commission and elected officials, the MAA will continue to provide a high-level of service on behalf of the State's airport system.

SECTION IV

OVERVIEW OF MARYLAND AVIATION ADMINISTRATION AIRPORT ACTIVITIES AND ACCOMPLISHMENTS FOR 2015*

The mission of the Maryland Aviation Administration (MAA) is to foster the vitality of aviation State-wide to promote safe and efficient operations, economic viability, and environmental stewardship. MAA operates two airports, Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall) and Martin State Airport (Martin). In addition, the MAA Office of Regional Aviation Assistance develops and regulates aviation activities at Maryland's 36 public-use airports.

BWI Marshall

Based on economic data from Calendar Year (CY) 2014, BWI Marshall supports 97,737 total jobs in the regional economy. Further, BWI Marshall produces \$3.8 billion in personal wages and is responsible for \$7.8 billion in business revenue for the State. In addition, the overall Airport activity produces an estimated \$535 million in tax revenue for State and local governments and \$260 million in federal tax revenue.

In Fiscal Year (FY) 2015, nearly 22.8 million passengers flew through BWI Marshall, an increase of 2.4% compared to FY 2014 and all-time fiscal year passenger record. This figure ensured that BWI Marshall remained the busiest airport in the Baltimore/Washington Region, surpassing both Dulles and Reagan National airports. The Airport has, on average, more than 300 daily departures to 75 nonstop destinations.

Martin

Martin is home to the Maryland State Police Aviation Headquarters, 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 base at the airport and those visiting the greater Baltimore metropolitan area from around the world. In FY 2015, Martin handled more than 83,000 aircraft operations and generated over \$8.5 million in revenue for the fiscal year. Aviation fuel sales in FY 2015 exceeded 1.1 million gallons.

Martin continues to be an economic engine for the State of Maryland, supporting business travel activity and the generation of tax revenues and income. Economic data from CY 2014 indicates that Martin supports 2,529 total jobs and generates \$287 million in business revenues, up from \$224.5 million in CY 2013, and the associated State and local taxes of \$16.1 million in CY 2014, up from \$10.8 million in CY 2013.

Regional Aviation Assistance

MAA continues to foster and develop aviation in Maryland by helping to provide airport infrastructure improvements to meet a wide variety of business and personal needs. In FY 2015, \$16.2 million was invested into Maryland's airport infrastructure (excluding BWI Marshall and MTN). MAA provided over \$4.0 million in grants for airport improvements, while the Federal

*Activities are for CY 2015, except as noted. FY data is based on FY 2015 (July 1, 2014 through June 30, 2015).

Aviation Administration (FAA) contributed \$10.8 million and airport owners invested \$1.3 million.

Economic data from CY 2014 shows the State's regional airports as a whole (excluding BWI Marshall) contribute 9,368 in total jobs, \$488.5 million in personal income, \$865 million in business revenue, \$239 million in local purchases, and \$51.8 million in State & local taxes.

Partnering with FAA and the Maryland Airport Managers Association (MAMA), MAA continues to support aviation safety programs and aviation promotional activities to encourage the use of Maryland's aviation gateways. MAA hosted FAA safety counselor orientation and safety training seminars and 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 20th 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. MAA partnered again with MAMA to promote and support this statewide event.

Facilities Development and Engineering

The MAA Capital Program continues to focus on safety, security, capacity, and system preservation, while maintaining a commitment to provide efficient and convenient airport facilities for passengers and airport tenants consistent with FAA and Transportation Security Administration (TSA) regulatory standards at BWI Marshall and Martin. Several major capacity-enhancing projects are underway at BWI Marshall, foremost the design of the \$118.5 million Concourse E Extension that was added to the Construction Program in the Draft Consolidated Transportation Program. The Concourse E Extension is a continuation of the Terminal Enhancement Program to provide additional gates to accommodate growth in international operations. The project consists of a 150-foot extension to Concourse E and provides six additional gates at the end of the Concourse and includes design of additional airplane Remote Overnight Parking to be accomplished by demolition of the Commuter Terminal and extensive sitework. The Concourse E Extension will be accomplished as three projects: North Cargo Area Security Improvements, Concourse E Sitework, and Concourse E Building. The North Cargo Area Security Improvements will be completed in 2015, the sitework will be started and completed in 2016, and the building will be started in 2016 and completed in 2017.

Additionally, the Concourse E Extension project includes improvements in the Federal Inspection Service (FIS) facilities to improve the passenger experience. The FIS improvements include wall graphics and lighting in the sterile corridor, static and dynamic signs, a third baggage claim carousel, new restrooms, automatic passport control processing, and reconfiguration and expansion of Customs and Border Protection (CBP) inspection areas in accordance with CBP's new "Baggage First" concept. These improvements are needed to process current and projected growth of international passengers and will complement the increase of eight international arrival gates being constructed under the D/E Connector and Concourse E Extension.

Related to the D/E Connector and Concourse E Extension is the new Checked Baggage Inspection System (CBIS) at the International Terminal. Construction started in Fall 2015 on the new \$22.1 million system. The CBIS project will improve the international baggage screening operation by optimizing TSA's screening operation with a fully in-line system that will increase throughput capacity, improve ergonomics for TSA staff, and provide an environmentally conditioned space to prolong equipment life and enhance working conditions for TSA personnel. In addition, the baggage make-up capacity that existed prior to the installation of TSA's current stand-alone baggage screening operation will be restored by allowing full 360-degree access to the carousels. Construction is underway and scheduled to be completed in early 2017. In advance of the CBIS project, an \$8.0 million project to construct a 90-foot building shell to house the CBIS improvements was completed during in Summer 2015.

Construction continues on the \$137.4 million D/E Connector and Security Checkpoint. The D/E Connector Program is the second phase of the long-term Terminal Enhancement Program to bring the BWI Marshall facility in compliance with current life safety codes and egress requirements and to provide additional gates to accommodate growth in international operations. These improvements are geared toward increasing the operational performance of the facility and enhancing the passenger experience. The project consists of modifications to Concourses D and E including the addition of a new passenger security checkpoint to replace the existing constrained checkpoints at Concourses D and E, and a new secure connector between Concourses D and E. Other elements of the program include providing the capability to serve both domestic and international service gates by constructing a new sterile corridor system that connects to the existing CBP facility in Concourse E; updating mechanical, electrical, plumbing, information technology, security, and fire protection systems to address the expansion of the terminal and aging infrastructure; and improving concession areas by maximizing exposure to passengers moving between the passenger security screening and boarding gates.

During 2015, construction of the early phases of the D/E Connector Program began with airline relocations, temporary baggage building drop-off, and a stormwater outfall pipe, which was completed in the spring of 2015. Construction of the main building began in early 2015 and is being sequenced so that additional gates are available to accommodate anticipated demand for international arrivals before the peak international travel season in 2016. The delivery of two gates and the sterile corridor is scheduled for late spring 2016, and delivery of the security checkpoint and connector is scheduled for late fall 2016.

Connected to the D/E Connector Program is the \$12.5 million Loading Bridge Replacement Program to complete replacement of the loading bridges on Concourses C and D during the past year. The replacement of the loading bridges on Concourse E will be completed in 2016. MAA has received a \$2.5 million FAA grant for installation of the pre-conditioned air units related to the loading bridges on Concourse E.

In addition to the projects underway, construction was completed on the \$9.8 million Airport Parking Access and Revenue Control System and the \$2.1 million Concourse C Roof Replacement, which is the last phase of the B/C Connector Program.

On the airside, construction of the seven-year \$353.8 million Runway Safety Area (RSA) Standards and Pavement Improvement program continues. Construction completions this year included: the \$83.2 million Runway 15R-33L RSA Standards and Pavement Improvements; \$5.5 million Runway 15R-33L NAVAIDS; \$0.6 million Runway 15L-33R NAVAIDS; and the

\$0.8 million Flight Kitchen Demolition. With the completion of the \$0.5 million 15L-33R NAVAIDS project by the FAA, BWI Marshall is now RSA compliant in accordance with the U.S. Congressional Mandate that all commercial service airports meet federal RSA Standards by December 31, 2015. Construction is underway on the \$89.3 million Airfield Standards and Pavement Rehabilitation project.

Several major system preservation projects were also completed during the year at BWI Marshall including: Concourse C Information Systems Room Expansion (\$3.8 million); Skylight Replacement and Repairs Program (\$3.0 million); Common Use Facilities (\$3.0 million); Four Points Hotel Demolition (\$2.9 million); Radio Console Replacement (\$1.8 million); MER3-4 Sanitary Sewer Line (\$1.3 million); and CDC Phase 2 – Statewide (\$1.0 million). Completed improvements to the Consolidated Rental Car Facility for roadway, sidewalks and bus overhauls totaled \$8.3 million. Airfield Snow and Emergency Response Unit equipment purchases totaled \$6.2 million. For TSA, \$2.0 million of improvements to the Concourse A/B Baggage Screening System were completed. At Martin, completed system preservation projects, which included Corporate Hangar Roof Replacement (\$1.9 million) and Trailer Replacement (\$0.3 million).

Martin system preservation initiatives underway include: Stormwater Drainage Pipe Replacement at the Soccer Field (\$1.2 million); Corporate Hangar Fire Department Connections (\$0.2 million); and Strawberry Point Pavement Repair (\$0.1 million). Other system preservation initiatives underway at BWI Marshall include: NT Substation Replacements (\$7.7 million); Airside and Landside Pavement Rehabilitation (\$5.4 million); Miscellaneous Repairs to Buildings, Elevators, Security, Structures and Bridges (\$3.4 million); Daily Garage Inspection Repairs (\$2.8 million); and Roadway, Parking Lot Canopies, and Shuttle Bus Sign Improvements (\$1.5 million).

Planning has been very active during 2015. The MAA submitted a Land Use and Risk Assessment Study to the FAA to address new FAA guidance seeking improved compatible land use within close proximity to approach and departure flight paths. The study is being reviewed at FAA Headquarters.

In 2015, the Office of Planning conducted several evaluations of the Southwest and International Terminal facilities and operations to provide programmatic guidance to accommodate expected growth in international passenger activities. In addition, plans were developed for the implementation of a future extension to Concourse E; potential integration of future international facilities with the planned new FAA Air Traffic Control Tower; and short-term implementation of Automated Passport Control kiosks and international baggage claim expansion. On the landside a Vehicle Classification Study was conducted to identify the mix of vehicles operating at the lower level arrivals curb in order to address periodic roadway congestion during evening arrival peaks.

During 2015, there were several environmental assessments that received FAA approvals including demolition of the Four Points Sheraton Hotel; International Terminal Expansion; Commuter Concourse demolition; and projects contained in Passenger Facility Charge Application #12. At Martin, MAA assisted The Maryland Air National Guard with gaining FAA approval of an environmental assessment prepared by the Department of Defense-and assisted Lockheed-Martin to gain FAA approval of an environmental assessment for a groundwater remediation facility.

Environmental compliance activities at BWI Marshall and Martin continued with completion of updates to Spill Prevention, Control and Countermeasures Plans as well as Asbestos Management Plans. Environmental site assessments were completed for the proposed BWI Marshall hotel site behind the Hourly Garage, the planned site of a new Air Traffic Control located north of the International Terminal, and an MAA-owned parcel located at Aviation Boulevard and Amtrak Way. 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. Significant coordination of MAA's environmental compliance activities with the Environmental Protection Agency and the Maryland Department of the Environment continued and MAA received approval of a new five-year National Pollution Discharge Elimination System permit for BWI Marshall Airport.

Air Service Development

BWI Marshall handled nearly 22.8 million passengers and almost 110,000 metric tons of cargo in FY 2015. The total number of international passengers using BWI Marshall rose 13.8% and reached nearly one million in FY 2015.

International

New international service continues to be added from BWI Marshall. WOW air, a low fare airline based in Iceland, initiated service between BWI Marshall and Reykjavik, Iceland in May 2015. The service was initially planned to operate only during the summer months, but was quickly expanded to year-round service. In addition, WOW air has already announced plans to increase to daily service for the summer of 2016.

Condor has announced that they will increase the season on their summer service between BWI Marshall and Frankfurt. Flights will begin in mid-May 2016, three times a week, rather than twice weekly service beginning late June as in previous years.

Norwegian Air Shuttle began nonstop service between BWI Marshall and two cities in the French Caribbean in December of 2015. The seasonal service is offered twice weekly to both Fort-de-France, Martinique and Pointe à Pitre, Guadeloupe. This marks the first time that either destination has been served nonstop from the Baltimore/Washington area.

Southwest Airlines began new international service from BWI Marshall to three destinations in 2015: Liberia, Costa Rica (weekly); San Jose, Costa Rica (daily); and San Jose del Cabo/Cabo San Lucas, Mexico (weekly). In addition to the new service, nonstop international service is offered by Southwest from BWI Marshall to five other destinations.

Domestic

Alaska Airlines began service between BWI Marshall and Seattle in September of 2014 and added new service to Los Angeles in September of 2015. This service marked the first time in the history of BWI Marshall that year-round service was offered to Seattle.

Southwest Airlines has announced that they will begin twice daily service between BWI Marshall and Minneapolis/St. Paul in April of 2016. Southwest remains the largest carrier at BWI Marshall with more than 70% of all departures.

Spirit Airlines started new year-round service between BWI Marshall and both Atlanta and Houston-Intercontinental Airports in 2015. They also added a second daily flight to Chicago-O'Hare for the summer 2015 season and have announced new nonstop service to Orlando beginning in January of 2016.

Six new fee waiver agreements were entered into in FY 2015. \$1,797,914.91 was associated with eight agreements in FY 2015.

Commercial Management

AIRMALL Maryland continues its redevelopment of the terminal concession program. Several new restaurants and retail stores have opened in the past year, including: Einstein's Bagels; Firkin Pub and Lounge; Kodee Cakes; Cinnabon; Maggio Olive Oil; Pepper Palace; Tech Showcase; and InMotion.

Additional new restaurants and retail shops scheduled to open in the first quarter of 2016 include Green Beans Coffee, SpagNVola Chocolates, Starbucks, InMotion, Erwin Pearl, Charm City Candy, Be Relax, DC-3 Hot Dog, Sock It To You, Steak n' Shake, Victoria's Secret and the UPS Store. With approval from the Board of Public Works, the following additional restaurants will commence with design of their locations, which include Harbor Grill, Starbucks, Family Meal, Lunch Box, Chick-fil-A, Brix & Vine Wine Bar, Phillip's Express Seafood, and Pie Five Pizza. Additional restaurants and retail concessions are currently being planned for Concourse C and the new D/E Connector, as well as renovations to a number of current locations as a part of the concessions program.

Revenue to MAA from food and beverage, retail, and services concessions increased 2.3 percent to \$13.5 million in FY 2015, while total concession sales increased 3.9 percent to \$116.2 million. Participation by Airport Concession Disadvantaged Business Enterprises operators in the concession program for FY 2015 was 31.90 percent overall, with food and beverage participation at 39.0 percent and retail at 18.4 percent.

The upward trajectory in revenues observed in FY 2012 and FY 2013 have become inverse for major commercial business activities (public parking, airport hotel, rental cars airport advertising, taxi, ground transportation) for FY 2014. The contract expiration of the Airport Hotel was the main stimulant for decline. Major commercial business revenues for FY 2014 totaled \$61 million, a decrease of 2.38 percent compared to FY 2013.

Airline and Aeronautical revenue for FY 2015 was \$131,326,000, an increase of 10.8% from FY 2014. This increase of \$13 million includes \$8 million of cost recovery from the signatory airlines for FY 2014 snow removal costs.

The term of the current Use and Lease Agreement is July 1, 2014 through June 30, 2019. There are 11 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.

The completion of the merger between American Airlines and US Airways involved US Airways gate and ticket counter relocations from Concourse D to Concourse C. In July 2015, American added holdroom C-7 to their leased space, bringing their total preferentially leased gate complement to six.

Since the inception of the current Use and Lease Agreement, Southwest Airlines has added approximately 5,000 square feet of leased space with an additional curbside check-in position, a new international check-in counter and an additional holdroom on Concourse C. Spirit Airlines also added a second holdroom to their lease. In FY 2016, Spirit Airlines will relocate its gate operations from Concourse C to Concourse D to accommodate potential future growth at BWI Marshall.

The D/E Connector project entailed some airline relocations in FY 2015. United Airlines ticketing and outbound baggage operation moved into space that US Airways vacated in their co-location with American Airlines. Delta Airlines moved two leased hold rooms impacted by construction into former US Airways leased hold rooms.

Marketing

Seasonal flights to Frankfurt, Germany on Condor Airlines were promoted through a creative outdoor advertising campaign targeting Montgomery County and Washington DC travelers. The Condor service was also promoted through a targeted e-blast campaign and through advertising in Capital Region USA's English and German guide books. MAA took the lead with Condor to promote Condor Airlines at the International Tourism Bourse in Berlin. No cooperative marketing funds were provided to any airline during 2015.

MAA continues to work with British Airways in support of increasing premium fare traffic on the BWI Marshall-London route by providing leads for corporations with international business and radio advertising to increase awareness.

Several launch activities were conducted in 2015 to promote the beginning of new airline flights, including WOW air service to Iceland, Vacation Express service to Grand Bahama Island, and Norwegian Air service to the French Caribbean. Activities included gate celebrations, inaugural events, media coverage, videos, radio ads, and BWI Marshall website banners.

MAA targeted Maryland and Washington D.C. sports audiences with advertising messages at the University of Maryland men's and women's basketball and football games and at Orioles baseball games with the "Easy Come, Easy Go" brand awareness messaging.

MAA marketing continues to promote BWI Marshall's parking products via social media, radio advertising and the BWI Marshall website.

MAA promoted Martin and its fuel provider Phillips 66 with an online advertising campaign targeting general aviation pilots, schedulers and dispatchers.

MAA marketing staff continues to utilize social media including Twitter, Flickr, YouTube and Facebook as well as maintain the BWI Marshall website with real-time information and alerts.

Operations and Maintenance

Safety, security, system preservation, and improving customer amenities continued to be the focus for BWI Marshall in 2015. The FAA mandates and 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. For the fifth consecutive year, BWI Marshall passed this annual Airport Safety and Certification Inspection with zero repeat discrepancies.

The Operations and Maintenance staff assisted MAA Engineering and Construction Management with safety and security oversight for the following projects: Concourse C Widening; Sheraton Hotel demolition design; Concourse C roof replacement; 15R/33L Runway Safety Area Compliance; Electrical Substation Replacements; Parking and Revenue Control System (PARCS); Recapitalization of the TSA baggage handling systems; International Building Expansion; and replacement roof for Martin corporate hangars and multiple airline terminal relocations.

To support both the continuing international growth and the D/E Connector construction project, BWI Marshall borrowed and refurbished two Mobile Lounges from the Metropolitan Washington Airports Authority and Dulles Airport. Additionally, the Office of Maintenance and Utilities initiated a project to replace the compact fluorescent lamps on the lower level roadway system with LED's, to improve the light levels and result in a significant cost savings.

Throughout 2015, the Office of Airport Security partnered with the Federal Bureau of Investigation and the Department of Homeland Security Investigations to provide Active Shooter and Human Trafficking courses to the airport community. Most recently, heightened employee inspection procedures have been implemented to enhance existing security-related protocols.

BWI Marshall was selected as the 2015 Most Notable Government Airport Security Program winner by Government Security News.

The Fire and Rescue Department (FRD) continues to upgrade both the vehicle fleet and the personnel safety equipment with the purchase of a 2015 Oshkosh Striker crash truck, a 2015 PL Custom/Freightliner Paramedic unit, replacement of the Self-Contained Breathing Apparatus and the "silver gear" used for proximity firefighting during Aircraft Rescue Firefighting operations. This new equipment has enabled the FRD personnel to respond to approximately 4,000 fire and EMS responses for 2015. Improved relationships with mutual aid partners has increased mutual aid responses into neighboring jurisdictions and has also provided these same jurisdictions opportunity to assist with safe handling and mitigation of incidents in and around the BWI community.

Terminal and Landside Operations staff continue to provide the traveling public a safe and efficient experience while using BWI Marshall, responding to incidents involving personal injury, illness, property damage and equipment malfunction. The 170 Pathfinder volunteers handled 604,500 inquiries at the six information desks during FY 2015.

Information Technology

A project to upgrade the radio system emergency dispatch consoles at BWI Marshall to a new digital based technology was completed. The previous consoles were of old technology and had very limited functionality by today's standards. The new consoles provided additional fault tolerance and an increased feature set.

A new airport emergency mass notification system was procured and deployed. The system allows airport operations staff to perform mass notification to emergency respondents and management personnel with several simple clicks of a mouse.

The new parking and revenue control system at BWI Marshall was placed into full operation during the summer. The new system is built upon latest technology and provides a host of new customer service features, powerful auditing capabilities, market analysis, and business intelligence capabilities.

Phase II of the BWI Dispatch system enhancements project was completed. The project included adding interfaces to the statewide police records management system and the Maryland Emergency Service Data System (EMEDS). The project also included enhancements to the fire station alerting capabilities and functionality.

A pilot project was completed which deployed three touchscreen “wayfinding” devices in the BWI Marshall terminal. The project is intended to gauge customer utilization while refining design, functionality and features.

A study was conducted in order to determine the design options for replacing or upgrading the automated parking guidance system in the Hourly and Daily garages. The current system is nearing “end of life” and current technology systems offer new features and functionality.

A study was completed and design began on a project to replace the Electronic Roadway Signage around BWI Marshall. The current signs are nearing “end of life” and require replacement. The project will include a more robust and fault resilient network for communications.

Business Relations

MAA continues to expand and enhance the business relations program. This program targets building business partnerships, opening up lines of communication and enhancing the BWI Marshall image within the business and civic community in the Washington-Baltimore metropolitan area. This is done by participating in trade fairs and business expos, membership in chambers of commerce, participation on various boards and committees, and attending and hosting business events. A strong emphasis is being placed on marketing the business organizations in the Washington D.C. suburbs and the Route 270 corridor to promote the quick access to BWI Marshall via the InterCounty Connector.

The BWI Marshall News Blast, which is sent to 26 business organizations within the Washington-Baltimore Metropolitan Area reaches a combined membership of over 25,000 businesses and informs the recipients about the new vendors opening within the terminal, renovations being done, business opportunities that exist and positive issues affecting the Airport. In addition, MAA also utilizes social media to inform the business and civic community about the positive aspects of BWI Marshall.

The educational outreach program continues to promote BWI Marshall and industry career opportunities to a wide variety of schools and colleges within the Washington-Baltimore metropolitan area through career fairs, guest speakers, student of the month programs, and mentor and internship programs.

The filming program at BWI Marshall has attracted many of the large production companies which use the facilities to film such shows as the award-winning HBO series Veep and the first and second seasons of the groundbreaking Netflix series House of Cards. The filming program also accommodates the production of many commercials, public service announcements as well as magazine and social media projects.

MAA continued efforts to attract quality art exhibits and performing arts programs which enhance the experience of the traveling public. These exhibits and performances are a mix of nationally recognized and local artists and performers.

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;
 - The State’s general aviation program and operations at several general aviation airports;
 - Quarterly financial results;
 - Airport security issues; and
 - Various airport construction projects.

- The Commission reviewed and approved the inclusion of one new major capital project in the Final FY 2016-2021 Consolidated Transportation Program:
 - The International Concourse Extension will provide a six-gate extension at the end of Concourse E. The extension will enable BWI Marshall to meet the rapid growth of international traffic.

FINANCIAL RESULTS

Maryland Aviation Administration
Baltimore/Washington International Thurgood Marshall Airport
and Martin State Airport
Comparative Statement of Revenue, Expense and Income
(Thousands)

	FY 2015	FY 2014	Difference	% Change
TTF Revenue and Expense				
TTF Operating Revenue	\$ 224,080	\$ 212,448	\$ 11,632	5.5%
TTF Operating Expense	\$ 186,888	\$ 188,724	\$ (1,836)	-1.0%
TTF Surplus/(Deficit)	\$ 37,192	\$ 23,724	\$ 13,467	56.8%
Non-TTF				
Non-Operating Revenue	\$ 77,607	\$ 76,467	\$ 1,141	1.5%
Non-TTF Debt Service	\$ 42,975	\$ 54,000	\$ (11,025)	-20.4%
Non-TTF Surplus/(Deficit)	\$ 34,632	\$ 22,467	\$ 12,165	54.1%
Total MAA Surplus/(Deficit)	\$ 71,824	\$ 46,191	\$ 25,633	55.5%
Capital Program Expenditures	\$ 214,147	\$ 184,827	\$ 29,320	15.9%
Enplanements (000's)	\$ 11,413	\$ 11,140	\$ 273	2.5%

In FY 2015, the Maryland Aviation Administration TTF operating surplus totaled \$37.2 million, a \$13.5 million increase from the FY 2014 TTF operating surplus of \$23.7 million. TTF revenue increased by \$11.6 million while expenses decreased by \$1.8 million.

FY 2015 BWI revenue increased \$11.9 million. Other revenue increased \$9.4 million due to the receipt in FY 2015 of a \$8.0M reimbursement from the airlines for snow expenditures above appropriation, rents increased \$2.7 million due to increased airline space rentals and parking revenue increased \$.9 million due to higher enplanement offsetting a decrease in rental car revenue of \$1.2 million. MTN revenue decreased \$0.3 million due to lower FBO fuel sales.

The \$1.8 million decrease in FY 2015 TTF operating expense is primarily the result of reduced snow removal costs as well as lower fuel and utility expenditures.

FY 2015 non-TTF revenue increased approximately \$1.1 million as a result of increased enplanements that increased PFC and CFC revenue. CFC debt service remained relatively flat, while PFC debt service decreased due to the maturation of Series 2003 bonds. Parking debt service increased per the debt service schedule.

Total FY 2015 MAA surplus is \$71.8 million, an increase of \$25.6 million versus FY 2014. Enplaned passengers increased 2.5% in FY 2015 versus FY 2014.

FINANCIAL RESULTS

Maryland Aviation Administration
Statement of Revenue
Fiscal Years Ending June 30, 2015 and 2014

	FY 2015	FY 2014	Difference	% Change
<u>BWI Operating Revenue (TTF)</u>				
Flight Activities	\$ 60,881,610	\$ 61,057,327	\$ (175,717)	-0.3%
Rents & User Fees	\$ 65,225,079	\$ 62,538,694	\$ 2,686,385	4.3%
Public Parking	\$ 38,983,056	\$ 38,053,145	\$ 929,911	2.4%
Rental Cars	\$ 16,432,102	\$ 17,960,881	\$ (1,528,779)	-8.5%
Retail, Food & Beverage	\$ 13,405,650	\$ 13,168,114	\$ 237,536	1.8%
Other Passenger Concessions	\$ 5,214,414	\$ 4,376,633	\$ 837,781	19.1%
Non-Passenger Concessions	\$ 3,442,164	\$ 3,861,729	\$ (419,564)	-10.9%
Other Revenue	\$ 12,011,879	\$ 2,646,388	\$ 9,365,491	353.9%
Total BWI Operating Revenue	\$ 215,595,953	\$ 203,662,910	\$ 11,933,043	5.9%
<u>MTN Operating Revenue (TTF)</u>	\$ 8,483,931	\$ 8,785,198	\$ (301,267)	-3.4%
Total TTF Operating Revenue	\$ 224,079,884	\$ 212,448,108	\$ 11,631,776	5.5%
<u>Non-Operating Revenue</u>				
Customer Facility Charges	\$ 12,732,573	\$ 12,612,840	\$ 119,733	0.9%
Passenger Facility Charges	\$ 44,745,377	\$ 43,918,504	\$ 826,873	1.9%
Trustee Retained Parking Revenue	\$ 19,623,516	\$ 19,529,727	\$ 93,789	0.5%
Interest Income	\$ 505,805	\$ 405,613	\$ 100,192	24.7%
Total Non-Operating Revenue	\$ 77,607,272	\$ 76,466,685	\$ 1,140,587	1.5%
Total MAA Revenue	\$ 301,687,156	\$ 288,914,793	\$ 12,772,364	4.4%

FINANCIAL RESULTS

Maryland Aviation Administration
Statement of Expense
Fiscal Years Ending June 30, 2015 and 2014

	FY 2015	FY 2014	Difference	% Change
<u>BWI Operating Expense (TTF)</u>				
Salaries and Wages	\$ 39,647,753	\$ 37,112,002	\$ 2,535,751	6.8%
Technical and Special Fees	\$ 1,530,487	\$ 1,442,357	\$ 88,130	6.1%
Communications	\$ 1,202,957	\$ 1,349,418	\$ (146,461)	-10.9%
Travel	\$ 216,963	\$ 210,671	\$ 6,292	3.0%
Fuel and Utilities	\$ 13,478,378	\$ 16,009,127	\$ (2,530,749)	-15.8%
Motor Vehicle Operations	\$ 3,388,003	\$ 3,913,915	\$ (525,912)	-13.4%
Contractual Services	\$ 78,831,310	\$ 77,909,864	\$ 921,447	1.2%
Supplies and Materials	\$ 5,374,308	\$ 5,316,273	\$ 58,034	1.1%
Replacement Equipment	\$ 85,039	\$ 56,188	\$ 28,851	51.3%
Additional Equipment	\$ 124,065	\$ 211,452	\$ (87,387)	-41.3%
Grants/Subsidies/Contributions	\$ 935,078	\$ 916,797	\$ 18,281	2.0%
MEDCO and COPS Debt Service	\$ 17,856,401	\$ 17,931,625	\$ (75,224)	-0.4%
Other Fixed Charges	\$ 1,527,387	\$ 1,313,906	\$ 213,481	16.2%
Land and Structures	\$ 14,701,939	\$ 16,050,023	\$ (1,348,084)	-8.4%
Total BWI Operating Expense	\$ 178,900,067	\$ 179,743,619	\$ (843,552)	-0.5%
<u>MTN Operating Expense (TTF)</u>				
	\$ 7,988,028	\$ 8,980,178	\$ (992,150)	-11.0%
Total TTF Operating Expense				
	\$ 186,888,095	\$ 188,723,797	\$ (1,835,702)	-1.0%
<u>Non-TTF Debt Service Expense</u>				
Passenger Facility Charge Backed Debt	\$ 14,223,850	\$ 25,284,593	\$ (11,060,743)	-43.7%
Customer Facility Charge Backed Debt	\$ 8,985,156	\$ 8,990,418	\$ (5,262)	-0.1%
Parking Debt	\$ 19,765,800	\$ 19,724,600	\$ 41,200	0.2%
Total Non-TTF Debt Service Expense				
	\$ 42,974,806	\$ 53,999,611	\$ (11,024,805)	-20.4%
Total MAA Expense				
	\$ 229,862,901	\$ 242,723,408	\$ (12,860,507)	-5.3%
Regional Aviation	\$ 424,742	\$ 360,833	\$ 63,908	17.7%
Capital Program Expenditures				
State Funds	\$ 91,414,000	\$ 81,837,000	\$ 9,577,000	11.7%
Federal Funds	\$ 31,906,000	\$ 19,367,000	\$ 12,539,000	64.7%
Other Financing	\$ 90,827,000	\$ 83,623,000	\$ 7,204,000	8.6%
Total Capital Program Expenditures				
	\$ 214,147,000	\$ 184,827,000	\$ 29,320,000	15.9%

Note:

- Federally funded and other reimbursable security related expenses of \$776,000 in FY 2015 and \$655,000 in FY 2014 are not included in operating expenses shown above

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

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Difference</u>	<u>% Change</u>
BWI Domestic Passengers	21,768,861	21,365,772	+403,089	+1.9%
BWI International Passengers	993,032	872,454	+120,578	+13.8%
BWI Total Passengers*	22,761,893	22,238,226	+523,667	+2.4%
BWI Aircraft Operations	243,253	251,305	-8,052	-3.2%
MTN Aircraft Operations	83,538	77,564	+5,974	+7.7%

PASSENGER ACTIVITY

FY 2015

	<u>BWI Marshall</u>	<u>Dulles</u>	<u>Reagan National</u>
Total Commercial Passengers	22,761,893	21,304,296	21,726,915
Percent Change over FY 2014	+2.4%	-0.9%	+6.7%

Total Regional Market:	<u>2015</u> 65,793,104	<u>2014</u> 64,092,671
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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 2015***

Technical and Special Fees		\$8,400
Travel Reimbursement to the Commissioners for Meetings		\$891
Contractual Services:		\$2,034
Public Notice Advertisements for Commission Meetings	\$ 812	
Food Services	\$1,222	
Total Maryland Aviation Commission Cost		\$11,325

*Fiscal Year 2015: July 1, 2014 to June 30, 2015