

A Report to the Maryland General Assembly

regarding

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

January 2021

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

Gregory Slater, Chairman

Secretary, Maryland Department of Transportation

Vishal Amin

T. Chineta K. Davis

W. Drew Hawkins

Raymond C. Nichols

Philip A. Parenti

Calvin D. Peacock

Ivory Tucker, Esq.

David L. Winstead, Esq.

Kelly Schulz

Secretary, Maryland Department of Commerce
ex officio, nonvoting member

SECTION III

MESSAGE FROM THE CHAIRMAN

The MDOT Maryland Aviation Administration works closely with the Maryland Aviation Commission to provide world-class aviation services. Public-use airports across the state, including Baltimore/Washington International Thurgood Marshall Airport and Martin State Airport, serve a wide range of customers and facilitate the efficient transport of goods and services. This Maryland aviation system will remain a critical element to support economic recovery nationwide.

The last eight months have been the most challenging in MDOT MAA's history. The global pandemic led to an extremely difficult operating environment for aviation, tourism, and business travel. As the COVID-19 emergency has continued to surge in certain parts of the country, the challenging conditions in our industry are far from over.

Across the organization, MDOT MAA employees acted quickly to respond to the virus and the impacts on our business environment. I remain proud and optimistic as our staff continues its dedication and hard work. MDOT MAA employees continue to collaborate closely with state and federal officials, public health officials, and other industry partners to help ensure safe and healthy travel while restoring public confidence in aviation.

Working with our partners and stakeholders, MDOT MAA staff at BWI Marshall and Martin State airports instituted new procedures to help ensure the health and safety of our customers and employees. Near- and long-term strategies were developed to protect passengers and personnel. Industry-leading financial relief was provided to our airline and concessions partners to maintain critical customer amenities and jobs.

In the early months of the crisis, MDOT MAA leadership and employees developed a comprehensive Maryland Aviation Administration Pandemic Recovery Plan that continues to guide our response and recovery. This critical initiative is allowing our personnel to maintain the safety of MDOT MAA personnel and facilities while providing a level of confidence for our customers.

As MDOT MAA staff continues to support our customers and partners, we are nearing completion on the next four-year strategic plan. This wide-ranging document will pilot the organization forward and help the organization succeed. The creation of this strategic plan involved input and collaboration from across MDOT MAA as well as aviation system stakeholders. All employees are to be commended for their contributions that will help prepare us for a bright future.

As we look to 2021, MDOT MAA remains focused on a future of growth and success. Our business fundamentals and our long-term prospects remain strong. Working closely with State and Federal leadership, we have taken steps to ensure that MDOT MAA remains well positioned for a strong recovery as the demand for air travel returns. Aviation services at our facilities are strong, particularly when compared with industry peers.

No matter the challenges that may lay ahead, our mission remains the same, to provide a world-class aviation experience to our customers. Throughout this challenging time, MDOT MAA's team of

professionals have adapted to rapidly changing developments to serve the people of Maryland and our travelers from around the globe. I appreciate the continued support and guidance of the Maryland Aviation Commission, along with the leadership of our elected officials. MDOT MAA remains committed to the safe, efficient operation of Maryland's airport system for all residents, visitors, and businesses.

SECTION IV

OVERVIEW OF MARYLAND AVIATION ADMINISTRATION AIRPORT ACTIVITIES AND ACCOMPLISHMENTS FOR 2020*

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, BWI Marshall and Martin State Airport (Martin). In addition, the MDOT MAA Office of RAA 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 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 \$579 million in tax revenue for state and local governments.

In FY 2020, 20 million passengers flew through BWI Marshall. 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 275 aircraft based at the airport and those visiting the greater Baltimore metropolitan area from around the world.

In FY 2020, Martin handled over 75,000 aircraft operations and generated \$9.3 million in revenue. Aviation fuel sales in FY 2020 totaled just over 1.3 million gallons.

*Activities are for CY 2020, except as noted. FY data is based on FY 2020 (July 1, 2019 through June 30, 2020).

Aircraft operations declined by over 70% in April due to COVID-19 but improved significantly in May and June to near normal levels. We have seen an increase in general aviation flight activity as a result of COVID, as more people are choosing to charter corporate jets for their travel needs.

Martin continues to be an economic engine for the state, supporting both national and international business travel. Economic data from CY 2017 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 CY 2017.

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 FY 2020, \$34.75 million was invested into Maryland's regional airport infrastructure (excluding BWI Marshall and Martin). MDOT MAA provided over \$2.35 million in grants for airport improvements, while the Federal Aviation Administration (FAA) contributed \$30.1 million and airport owners invested \$2.3 million.

Despite the challenges of the pandemic, partnering with the aviation industry, the 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. Most of the support has been through virtual gatherings, meetings, seminars. 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. MDOT MAA also supported an aviation safety seminar in October 2019 for pilots through partnership with the Aircraft Owners and Pilots Association, based in Frederick, Maryland.

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 and their integration into the National Airspace System. MDOT MAA has outreach tools for the UAS community available through social media and our websites to encourage safe UAS operations. MDOT MAA continues to work with our regional airport stakeholders in developing best practices for safe flight operations while maximizing life's opportunities that UAS technology brings.

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 carriers, 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. The technical proposal was presented to the Roundtable in October 2019. The Roundtable approved and voted to send the technical proposal to the FAA for consideration in November 2019. The Roundtable and FAA in-person meetings were paused in March 2020 due to meeting restrictions associated with COVID-19. MDOT MAA continues to hold monthly meetings with the Chair of the Roundtable. A virtual public meeting with the Roundtable will be held once the FAA is able to meet and consider the Roundtable's technical proposal. The FAA has scheduled a virtual meeting for November 2020.

MDOT MAA recently completed the technical work for the updates to both the BWI Marshall and MTN Airport Noise Zones (ANZ). The ANZ provides a means to identify and control incompatible land development around both BWI Marshall & MTN Airports. MDOT MAA received approval for both the BWI Marshall and MTN Airport Noise Zones (ANZ) from the Maryland Aviation Commission (MAC) at the November meeting. MDOT MAA will now submit the Certified ANZ Update for incorporation into COMAR.

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 monitors were replaced and software configuration was completed by April 2019. All testing was completed by the end of September 2019. The 24 monitors are operational, but the placement of portable monitors is currently in hold due to COVID-19 precautions.

In October 2019, the new 200,000 square foot Midfield Cargo Building H opened for operation. The development project included taxiway, apron and Mathison Way improvements. The facility, primarily developed by AFCO, a longtime leasehold tenant at BWI Marshall, is operated by Amazon and has brought on the order of 2,000 new jobs to the region.

MDOT MAA's Transportation Community Enhancement Grant program supports neighbors who live in the communities impacted by noise from BWI Marshall's daily operations by providing an opportunity to apply for transportation-related grants. Typical enhancement projects include sidewalk repairs and speed bumps. Grant applications are reviewed by a committee of 11 members that have been appointed by the Secretary of the Maryland Department of Transportation. During FY20 a total of 15 grants totaling \$297,447 were recommended for award.

In support of MDOT MAA's ongoing participation in the FAA's voluntary Part 150 Airport Noise Compatibility Planning program, a specialized Program Management firm was secured in January 2020 to assist MAA in implementing the next phase of the Residential Sound Insulation Program. This phase will provide relief for up to 136 single-family and 344 multi-family residences within the FAA approved 65 dB DNL noise contour around BWI Marshall. This multi-year program aims to reduce interior noise levels of eligible residences to 45 dB with a minimum 5 dB reduction. Home improvements can include new acoustically-rated windows, doors, ventilation, insulation, seal gaps, and other customized treatments approved by the FAA.

MDOT MAA, in collaboration with the FAA and in accordance with the National Environmental Policy Act (NEPA), continues to advance Environmental Assessments (EAs) for proposed

improvements at both BWI Marshall and Martin State Airports. The Draft Environmental Assessment for BWI Marshall was released for public review and comment in February 2020 and in light of COVID-19 concerns, two innovative virtual public workshops were held in May 2020. FAA's finding on the BWI EA is anticipated to be completed by the end 2020. Public review of the draft EA for Martin State is anticipated to occur in the first half of 2021.

Environmental compliance activities at both BWI Marshall and Martin State continued with the completion of yearly reviews for Spill Prevention, Control and Countermeasures Plans, Stormwater Pollution Prevention Plans, and Asbestos Management Plans. Other compliance activities included Title V Permit reporting, continuous training of BWI Marshall and Martin State 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 inspections, sampling, testing, and reporting to maintain compliance with National Pollution Discharge Elimination System permits.

Prior to the COVID-19 pandemic, several planning projects focused on improving the efficiency of terminal functions and enhancing the traveler experience were completed. These studies identify the facility needs and associated budgets thus setting the stage for future implementation as travelers and budgets return. Key studies included: airline ticket counter expansions, D/E baggage claim expansion, automated exit lane implementation, Federal Inspection Service (FIS) facility improvements for international arrivals, and multiple security checkpoint expansion/improvements.

Collaboration with the FAA on the replacement BWI Marshall Airport Traffic Control Tower siting studies continued in FY20. A key meeting was held at the FAA's Airport Facility Terminal Integration Laboratory (AFTIL) in October 2019 that virtually modeled the airfield to confirm line-of-sight from the proposed tower and MAA's strategic airport development plan. MDOT MAA has implemented and continues to maintain an ISO 14001-based Environmental Management System (EMS) across all levels of the organization. The purpose of the EMS is to protect the environment and support a proactive approach to environmental risk management. EMS workgroups set objectives that proactively evaluate impacts to the environment.

Office of Engineering and Construction and Office of Architecture

The Concourse A Extension project reached substantial completion in August 2020. The 50,000 square foot, two-level extension to the A Concourse added five (5) new gates capable of accommodating larger aircraft, as well as new state of the art restrooms, three new concessions, a new mechanical room, and airline operations space. These new gates are a critical enabler to the future Concourse A/B Connector and Baggage Handling System (BHS) Improvement Project, which is currently in design and will require the temporary closure of five existing gates during its construction.

The design of the Restroom Improvement Program continued, and the 100% design was submitted on September 21, 2020 with advertisement scheduled for November 5, 2020. The Restroom Improvement Program includes six new sets of restrooms which include two new restroom sets in the B, C and D Concourses. Each set of restrooms includes a Men's, Women's Restroom and a suite with

Adult Change, Nursing and Family Restrooms. The new restrooms include full height stalls and state of the art technologies. Increasing the size of the individual stalls for the comfort of the passenger, the restrooms have created building additions which add an architectural feature to the exterior facades of the terminal.

Design of the Concourse A/B Connector and Baggage Handling System progressed through the several bid packages and was on track for the first guaranteed maximum price (GMP) package advertisement when the project was placed on hold due to COVID-19 in April 2020. The scope of the project includes a terminal expansion between Concourses A and B to provide a passenger connector between the concourses, five (5) relocated gates with expanded holdrooms, new concessions, airline operations space, and a new in-line baggage screening and handling system capable of accommodating approximately eight (8) Explosive Detection System machines meeting the latest TSA design requirements. The design of the AB BHS project creates a basement for the Baggage Handling System in order to best utilize the apron space for aircraft and potential future larger aircraft.

The DX/ DY concourses' HVAC system, constructed in 1984 and 1987, is being renovated. In removing the central concourse ceilings, upgraded feature ceilings have been designed and are alternates to the base bid.

The design of a Reconstruction to Taxiway T (Phase 1A) was initiated under a fast track program schedule in March of 2020 to capture significant FAA AIP funding available including the local 25% matching funds available due to the CARES Act. The project was successfully bid and awarded and obtained an FAA grant of \$11.4M against a low bid of \$11.2M allowing some of the grant money to apply to soft costs.

Several airfield rehabilitation projects continued to make progress including the completion of the Midfield Taxilane/Taxiway project to support Amazon's growth at BWI, completion of the design, bidding and award of the Runway 15R-33L Repairs, completion of the design of the RTR Relocation, completion of the design of the Midfield VSR Reconstruction between Gates G and N.

Design of the Airline Maintenance Facility was placed on hold due to the impacts of COVID on the capital budget. Upon restart the schedule has been shifted to allow for a March 2021 advertisement and a July 2021 construction start. This has allowed bundling of the Taxiway F project into the overall project to improve the 'economy of scale' for both projects and is anticipated will lower the program costs.

The MAA continues to support the growth of air cargo services via Amazon at Midfield Cargo. We have provided Building Permit and Program Management support for the Renovation to Cargo Building G and supported approximately twenty (20) improvements to the site including trailers for COVID breakroom space, security improvements, HVAC improvements, utility and generator improvements and aircraft and vehicle parking layouts and lighting improvements.

As part of the annual Maryland Quality Initiative (MdQI) MDOT MAA received the following awards in February 2020:

2019 MdQI Awards of Excellence – Modal Award Over \$5 Million

Concourse B Apron Pavement Reconstruction for BWI Thurgood Marshall Airport

2019 MdQI Award of Excellence – Partnering Awards (Silver)

Concourse B Apron Pavement Reconstruction for BWI Thurgood Marshall Airport

2019 MdQI Awards of Excellence – Modal Award Under \$5 Million

Noise and Operations Monitoring System (NOMS) Replacement Project

2019 MdQI Award of Excellence – Planning

MDOT MAA Training Facility Program Definition Document

In July 2020, MDOT MAA also received the International Partnering Institute Partnered Project of the Year Award – Diamond Level for the Taxiway B Reconstruction Project. The project team was acknowledged at the virtual conference held in San Francisco in August 2020.

MDOT MAA completed the apron pavement reconstruction at Concourse B in June 2019. The pavement reconstruction extended from gate B6 through gate B15. Through careful coordination, the project was completed ahead of schedule to accommodate the summer travel season. Completion of the Taxiway B pavement reconstruction occurred in November 2019. Airfield lighting and signage have been replaced along with pavement markings. Over the summer, the rehabilitation of the midfield taxi lane commenced. The construction of a new connector taxiway to the Runway-10 end in support of the Midfield Cargo area expansion will be complete by the summer of 2020.

Marketing and Air Service Development

In FY 2020, total passengers passing through BWI Marshall decreased by 25% to just over 20 million. The decrease was a result of the onset of the COVID-19 pandemic in March 2020. Just prior to the pandemic, BWI Marshall set a twelve-month record for total passengers with 27.2 million for the year ended February 2020. More than 248,000 metric tons of cargo transited through BWI Marshall in FY 2020, which was an increase of over 17% from the previous twelve months.

Southwest remained the largest carrier at BWI Marshall, providing 70% of all market capacity in FY 2020. Southwest was followed by Spirit Airlines, with 10% of capacity, Delta Air Lines with 7%, American Airlines with 6%, United Airlines with 3%, and other airlines with 4% of the capacity.

One new fee waiver agreement was entered into in FY 2020. A total of \$989,479 was associated with five agreements in FY 2020.

MDOT MAA launched the “We’ll Take You There” marketing campaign in 2019. Digital advertising was a cornerstone of the paid media mix featuring social, online, and mobile media assets. The campaign drove awareness and click-through traffic through highly geo-targeted displays at the DC Nationals baseball game, Union Station, Outdoor transit, Capital One Arena, mobile banner advertising, and local search engine marketing. In addition, MDOT MAA employed geo-fencing around the Washington, D.C. region including cinemas, competing regional airports and within a specified radius of targeted communities across the region. The campaign is supported with videos

and graphics throughout BWI Marshall depicting traveler scenarios focusing on the key market audience segments including families, millennials, and business and leisure travelers.

The “We’ll Take You There” marketing campaign was extremely well-received, as evidenced by the numerous awards it garnered. In November, the campaign earned its second Emmy Award for outstanding commercial from the National Capital Chesapeake Bay Chapter of the National Academy of Television Arts and Sciences. The chapter awards Emmys in the Washington, D.C. region for work in the television industry that exhibits excellence in programming. The “We’ll Take You There” campaign also secured a 2020 Gold Addy from the American Advertising Awards, which recognize and reward the spirit of creative excellence in advertising. Finally, the team also won the Platinum International MarCom Award, the organization’s highest honor. The MarCom Awards is an international creative competition that recognizes outstanding achievement by marketing and communication professionals. The competition receives more than 6,000 entries each year.

The BWI Marshall website continues to drive engagement, reaching over 8.8 million visitors in FY 2020, assisting travelers with flight information, parking, and wayfinding 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

FY 2020 was on track to be a record year for revenues and traffic. The pandemic derailed our record-setting year. The aviation industry has been economically vulnerable to system shocks particularly in the post-Deregulation era (i.e., since 1978). Oil crises, airline bankruptcies and mergers, September 11th, the Great Recession and now Covid-19. In most of these cases, MDOT MAA revenues drastically fell and the demand for airport capital rose putting considerable stress on the Transportation Trust Fund (TTF).

Depending on the shape of this current economic downturn and recovery, the estimated revenue loss to MDOT MAA and the TTF over the 6 years is estimated at \$300-400 million. Most of these losses are from non-aeronautical revenues which include public parking, rental car, and other concessions.

1. Operating Revenue Program

1.1 Tenant Relief Mitigation

MDOT MAA received several requests for rent relief from various non-aeronautical contractors and determined that these contractors would have greater difficulty sustaining their businesses and any long-term recovery from the pandemic could not be achieved without providing some form of financial relief. MDOT MAA determined that suspending fixed rents, such as the Minimum Annual or Minimum Monthly Guarantee (MAG or MMG) would allow these businesses to continue operating. They would only pay their contractual percentage rent on sales but not on the fixed amount that is typically guaranteed upfront every month.

MDOT MAA determined for concession operators to continue operating that the MAG/MMG suspension should be given from the month immediately following the pandemic impact (April 1, 2020) up to the end of the calendar year (December 31, 2020). Depending on the type of contract, this provides up to nine months of relief before the MAG/MMG is reinstated.

In addition, MDOT MAA allowed businesses to close, consolidate operations, and/or change operating hours that best fit their business needs while still taking care of the traveling public. MDOT MAA took very aggressive measures to ensure these affected businesses could sustain themselves during this economic recession but these measures change the financial obligations within the contract and have a fiscal impact to the revenue submitted to the TTF.

1.2 Operating Revenues

Aeronautical revenue for FY 2020 totaled \$140 million¹, remained relatively flat decreasing \$894 thousand over FY 2019. The flat revenue was primarily related to an increased landing fee (\$3.96 to \$4.23) offset by a decrease in total landed weight (12.5%). Passenger landed weight was impacted by COVID19 and decreased 15.3%. Landed weight generated from cargo activity increased 19.2%, offsetting the decrease realized by the passenger airlines. The decrease in terminal rental revenues collected from airlines is a result of decreased passenger activity for passenger-based fees.

Annually, MDOT MAA retained approximately \$60 million in parking revenues, after debt service. Parking revenues deteriorated rapidly and as of March 2020, the trustee retains all revenues to meet the annual debt service requirement of \$18 million. This jeopardized MAA's Parking Bond credit rating and the rating agencies downgraded the bonds from A to A-. MDOT MAA took several measures to provide relief to the operator including the suspension of the concession contract until June 30, 2021 and issuing an emergency management contract effective July 1, 2020 through June 30, 2021. The current business model and debt structure is under review.

Revenue to MDOT MAA from food and beverage, retail, and services concessions decreased to \$14.7 million in FY 2020, down from \$18.4 million in FY 2019, resulting from total concession sales of \$115.9 million which decreased 25.3% over prior year. Participation by Airport Concession Disadvantaged Business Enterprise (ACDBE) operators in the concession program increased 1.9% to 38.3% in FY 2020.

For the entire operating revenue program, see the Financial Results section below.

2. Non-Operating Revenues

2.1 Passenger Facility Charges

Per the FAA Passenger Facility Charge Program (PFC), MDOT MAA collects approximately \$50 million in revenues to pay for PFC annual debt service \$25 million and eligible PAYGO projects. This equates to \$3.80 per enplanement. The pandemic has disrupted this program. With FY 2020 enplanements decreasing 25% over FY 2019 and FY 2020 forecasted down 45% from FY 2019 levels, the revenues levels are at risk. This dramatic change in the

¹ Source FAA127 FY 2020

industry had credit rating agencies downgrading PFC debt nationwide including BWI Marshall. MDOT MAA is closely monitoring cash flow and forecasts to maintain coverage levels.

2.2 Customer Facility Charges

The rental car companies collect a customer facility charge (CFC) of \$3.75 per transaction day to pay for CFC annual debt service of \$9 million and to fund eligible capital projects at the rental car facility. The pandemic has also disrupted this program. With FY 2020 deplanements decreasing 25% over FY 2019 and FY 2020 forecasted down 45% from FY 2019 levels, the revenues levels are at risk. MDOT MAA is closely monitoring cash flow and forecasts to maintain coverage levels.

3. Capital

Site preparation design is complete for the planned Southwest Airlines aircraft maintenance facility (AMF) at BWI Marshall. Southwest proposes to build a 130,000 square-foot maintenance hangar, aircraft parking apron, and office space. It is anticipated that the hangar facility could accommodate three aircraft. The exterior parking apron could support up to eight aircraft. MDOT MAA site preparation is expected to commence in the summer of 2021. Southwest construction of AMF and apron to be completed in 2024.

4. Federal Relief

MDOT MAA was provided relief under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748, Public Law 116-136) (PDF), signed into law by the President on March 27, 2020, included \$10 billion in funds to be awarded as economic relief to eligible U.S. airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. MDOT MAA received \$87 million and was directed by TSO to allocate the federal funds to FY 2020 operating and capital expenditures. The \$87 million of CARES Act funding was derived from BWI Marshall's 2019 passenger volumes.

Included in the CARES Act, \$500 million was added to the FAA funding Airport Improvement Program (AIP). MDOT MAA received \$10.8 million for taxiway rehabilitation, \$655 thousand for Acquire Land for Noise Compatibility and \$4.4 million for terminal apron.

MDOT MAA is also seeking \$2.0 million from the Department of Health for FY 2020 operating expenses.

Operations and Maintenance

The FAA requires all Part 139 Airports to complete a full-scale disaster drill (triennial exercise) every 3 years but due to COVID-19, BWI Marshall's May 2, 2020 exercise was canceled. The MDOT MAA Office of Airport Operations made a request to the FAA to substitute BWI's "Real World" COVID-19 responses for the Triennial Exercise and was approved. BWI is the first and only US Airport to make this request of the FAA and have it approved. The Triennial Exercise

takes a year of planning involving multiple disciplines, requires the attendance of approximate 200 volunteers and costs approximately \$50,000 to fund the exercise.

During 2020, MDOT MAA Office of Airport Security joined with the U.S. Department of Homeland Security's Transportation Security Administration and partnered with Amazon LLC in evaluating the viability and regulatory sufficiency of entering a BWI Marshall Airport Tenant Security Program agreement. Approval of this program will leverage best practices in physical security, personnel security, and Intelligence sharing while permitting limited Amazon LLC work space autonomy. This effort will work in partnership with aviation industry insider threat concerns which have led to significant increases in employee vetting, screenings, and inspections.

The 2020 Office of Airport Security's Homeless Initiatives portfolio now includes a Maryland Department of Housing and Community Development partnered crisis response social worker contract which provides mental health assistance to community members. The Office of Airport Security community-wide virtual training initiatives included the following: COVID-19 Pandemic Safety & Security Response Reviews from a community solutions perspective; Anne Arundel County Crisis Response System Mental Health First Aid, MDTA Police Human Trafficking Awareness, and Unmanned Aerial Systems/Drone Response Planning.

The BWI Airport Fire & Rescue Department (FRD) operates as a full-function airport fire and rescue department, providing aircraft and structural firefighting, Advanced Life Support, Emergency Medical Services, hazardous materials response services, and some specialized rescue services including vehicle extrication. Additionally, FRD responds to off-airport incidents in support of mutual aid partners such as Baltimore City, Baltimore County, Howard County, and Anne Arundel County.

In the first nine months of 2020, FRD responded to 2,121 incidents, of which 988 were on the BWI Marshall campus and 1133 were in support of mutual aid partners. Of the 2,121 incidents, 742 were for fire-related incidents and 1379 were medical. Also, through this period of 2020, FRD's mutual aid colleagues responded to a total of 115 separate apparatus incidents on the BWI Marshall campus. Of those responses into BWI Marshall, 34 were from the Anne Arundel County Fire Department, 81 from the Baltimore County Fire Department. Additionally, so far during calendar year 2020 the FRD responded to 92 COVID-19 related incidents. Most of these incidents involved patients that were categorized as "persons under investigation" (PUI) and some were determined to be COVID positive cases which were assessed, treated, and transported to various hospitals by BWI FRD emergency medical personnel.

Administration and Performance Management

The Office of Administrative Services (OAS), which manages the sale and distribution of all BWI Marshall employee parking hangtags, effectively and quickly redeveloped the regular process for the Employee Parking Program that generates an average of \$3 million annually with the sale of nearly 11,000 hangtags to employees. In prior years, sale and distribution of hangtags included a one-day sale event for MAA and tenant employees, which drew large crowds of customers, followed by walk-ins to the Office to sell and distribute all other hangtags. In accordance with CDC safety guidelines

related to COVID-19, OAS implemented a new process, eliminating the one-day sale and walk-ins. The new process is supported by a scheduling system for hangtag distribution by appointment only and in a location that supports social distancing. Customers have provided positive feedback on the new safety precautions and the dedicated service they receive during their appointments.

The Office of Fair Practices (OFP) developed three new programs to support the MBE/DBE/ACDBE community. The Small and Minority-Owned Business Training Program includes eight trainings per year and is open to all Small and Minority Owned Businesses in Maryland. Through this program, the participants learn how to grow, navigate and operate their businesses, access resources and funding opportunities, and access contract opportunities with MDOT MAA. Since the program launch in September 2019, seventy firms have participated in this training with nine (9) receiving certificates of completion. The MAA Mentor Protégé Pilot Program pairs MBE contractors with Prime contractors to provide the MBE with coaching on public/state contracts, contract performance, developmental assistance - from strategic planning to financial management and marketing - to enhance the Protégé's business and technical capabilities. Three mentors and seven proteges applied for the first program and a successful pairing was made. In September, the Protégé that participated in the program successfully bid on and was awarded their first MAA contract. Compliance with MBE/DBE participation goals is now supported with MAA's new Compliance Monitoring System, PRiSM. The system provides MAA with a comprehensive monitoring and reporting tool which interfaces with the State payments system to monitor payments to MBE/DBE subcontractors and ensure that Prime contractors remain in compliance.

Following the State of Emergency declared by Governor Hogan on March 2020, and the subsequent order implementing the elevated level operational status requiring mandatory telework for MAA employees, the Chief of APM and the Offices of Human Resources and Safety & Risk (OSRM) Management formed a COVID-19 Team. The team developed, implemented and coordinated the necessary policies and procedures for employees to telework (if eligible), managed the building entry protocols, and created safety protocols for mission critical employees that remain at work to re-enter facilities intermittently, if necessary. OSRM also ensure social distancing signage and markings were in place in MAA workspaces and throughout public areas of the airports. The Office of Organizational Development worked to provide relevant trainings, including PPE awareness, COVID-19 safety practices, and mental health awareness, were made available to employees.

The MDOT MAA was awarded the 2020 Inclusion Champion Award (Large Hub Airports) by Airports Council International – North America, the trade association representing commercial service airports in the United States and Canada. This award recognizes MAA's continued commitment, dedication, and advocacy for minority business participation, diversity and inclusion within the workforce, and continued outreach in the communities to stimulate interest and careers in the aviation industry.

Airport Technology

Installation of Security Checkpoint Wait Time displays have been completed. The new Checkpoint Wait Times system uses lidar sensors to calculate the number of passengers in line at each TSA security checkpoint. The system is being modified to calculate social distancing metrics in real time

and display messages to ensure that social distancing measures are adhered to in the security checkpoint queuing area.

The new public Wi-Fi and Distributed Antenna System (DAS) system is being installed and should be completed in the next year. The new Wi-Fi will provide fast and free internet service to the traveling public throughout the BWI campus including the main terminal, surface lots, garages, and the rental car facility. In addition, a paid Wi-Fi service will be available for those requiring high bandwidth with enhanced security. The upgraded DAS system will provide enhanced (neutral) cellular service in all areas of the campus where Wi-Fi will be available.

The Computer Aided Dispatch (CAD) system has been updated to provide upgraded accurate and robust 911 services on the BWI campus. BWI is a secondary Public Safety Answering Point in Anne Arundel County and BWI provides mutual aid services in surrounding counties. This update provided new dispatch computers and software on all BWI Fire and Rescue Department apparatus, Emergency Medical service vehicles and MdTA Police vehicles serving the BWI Airport detachment.

The Parking Access and Revenue Control System is being updated to provide enhanced parking access features, revenue management and parking management capabilities. This update will provide improved accuracy on dynamic parking signage and parking information on the BWI Marshall Airport website.

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;
 - Mid-year and year-end financial results;
 - Airport operational activities and aviation security issues;
 - Various airport construction projects;
 - State and federal legislative issues impacting BWI Marshall; and
 - COVID-19 impacts and pandemic recovery plans.
- The Commission approved the following major capital projects for inclusion in the Final FY 2020-2025 CTP:
 - New Major Capital Projects
 - Taxiway T Reconstruction Phase 1 \$13,115,000 TEC
 - Airfield Lighting Vault Relocation \$9,853,000 TEC
 - Development & Evaluation Projects Moved to Construction Program
 - Taxiway F Relocation – \$6,440,000 TEC
 - Conc. A/B Connector & Baggage Handling System Construction \$494,090,000 TEC
 - Previously Approved Construction Project Moved to D&E during Draft CTP Update
 - Concourse A/B Enabling – Central Utility Plant Upgrades – \$94,000 TEC
 - Existing Projects Previously Approved
 - MAA Shuttle Bus Replacement (FY 2018-2023) – \$37,348,000 TEC
 - Concourse D HVAC Replacement (FY 2018-2023) – \$22,148,000 TEC
 - FIS Hall Reconfiguration (FY 2018-2023) – \$10,002,000 TEC
- The Commission approved a Final Action to amend the Code of Maryland Regulations (COMAR) to update the Noise Abatement Plan for BWI and MTN

FINANCIAL RESULTS

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

	FY 2020	FY 2019	Difference	% Change
TTF Revenue and Expense				
TTF Operating Revenue	\$ 233,082	\$ 257,924	\$ (24,843)	-9.6%
TTF Operating Expense	\$ 119,475	\$ 204,714	\$ (85,239)	-41.6%
TTF Surplus/(Deficit)	\$ 113,607	\$ 53,211	\$ 60,396	113.5%
Non-TTF				
Non-Operating Revenue	\$ 66,477	\$ 84,332	\$ (17,854)	-21.2%
Non-TTF Debt Service	\$ 47,126	\$ 42,656	\$ 4,470	10.5%
Non-TTF Surplus/(Deficit)	\$ 19,352	\$ 41,676	\$ (22,324)	-53.6%
Total MAA Surplus/(Deficit)	\$ 132,958	\$ 94,887	\$ 38,072	40.1%
Capital Program Expenditures	\$ 154,583	\$ 91,964	\$ 62,619	68.1%
Enplanements (000's)	10,034,304	13,415,606	(3,381,302)	-25.2%

In FY 2020, the Maryland Aviation Administration TTF operating surplus totaled \$113.6 million, a \$60.4 million increase from the FY 2019 TTF operating surplus of \$53.2 million. TTF revenue decreased by \$24.8 million and expenses by \$85.2 million.

FY 2020 BWI revenue decreased \$23.8 million due to the April - June air travel decrease related to the COVID-19 pandemic. Parking decreased \$18.3 million, flight activity \$4.3 million, rental car revenue \$3.8 million, retail food and beverage \$3.7 million and other passenger concession revenue (TNC, ground transportation) decreased \$1.6 million offset by increases in rents and user fees \$4.6M and other revenue (ULA contract reconciliation revenue \$2.7 million and other revenue of \$.6 million). MTN revenue decreased \$1.0 million due to reduced general aviation activity.

FY 2020 BWI expenditures decreased \$81.0 million due to the application of a Federal CARES grant of \$72.7 million which replaced TTF funding with federal funding and reduced overall spending of \$8.5 million related to a mild winter and reduced passenger and flight activity for the last three months of the year due to the COVID-19 pandemic. Every category of expenditures was lower in FY 2020 than in FY 2019. MTN expenditures decreased \$4.2 million due to the application of a Federal CARES grant of \$2.4 million, a mild winter and reduced FBO fuel inventory replenishments due to activity based reduced sales during the last quarter of the year.

FY 2020 non-TTF revenue decreased \$17.9 million as a result of decreased COVID-19 related enplanements which decreased PFC revenue \$11.8 million, CFC revenue of \$2.0 million and trustee retained parking revenue of \$5.4 million offset by an increase of \$1.3 million in interest

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TRANSPORTATION ARTICLE, § 5-201.2

income. Non-TTF expenses increased \$4.5 million due to a \$4.5 million increase in PFC debt service due to a new issuance of PFC debt.

Total FY 2020 MAA surplus is \$133.0 million, an increase of \$38.1 million versus FY 2019 primarily due to the application of the Federal CARES grant . Enplaned passengers decreased 25.2% in FY 2020 versus FY 2019 due to COVID-19 pandemic decreased travel levels.

FINANCIAL RESULTS

Maryland Aviation Administration
Statement of Revenue
Fiscal Year Ending
June 30, 2020 and 2019

	FY 2020	FY 2019	Difference	% Change
<u>BWI Operating Revenue (TTF)</u>				
Flight Activities	\$ 63,803,472	\$ 68,153,431	\$ (4,349,959)	-6.4%
Rents & User Fees	\$ 79,200,949	\$ 74,556,445	\$ 4,644,503	6.2%
Public Parking	\$ 29,822,747	\$ 47,841,275	\$(18,018,528)	-37.7%
Rental Cars	\$ 14,021,165	\$ 17,771,408	\$ (3,750,244)	-21.1%
Retail, Food & Beverage	\$ 14,673,589	\$ 18,386,010	\$ (3,712,422)	-20.2%
Other Passenger Concessions	\$ 7,684,263	\$ 9,319,523	\$ (1,635,261)	-17.5%
Non-Passenger Concessions	\$ 4,682,835	\$ 4,942,360	\$ (259,525)	-5.3%
Other Revenue	\$ 9,938,817	\$ 6,671,750	\$ 3,267,066	49.0%
Total BWI Operating Revenue	\$ 223,827,835	\$ 247,642,203	\$(23,814,368)	-9.6%
<u>MTN Operating Revenue (TTF)</u>				
	\$ 9,253,831	\$ 10,282,232	\$ (1,028,401)	-10.0%
Total TTF Operating Revenue	\$ 233,081,666	\$ 257,924,435	\$(24,842,769)	-9.6%
<u>Non-Operating Revenue</u>				
Customer Facility Charges	\$ 10,959,158	\$ 12,933,332	\$ (1,974,174)	-15.3%
Passenger Facility Charges	\$ 39,583,343	\$ 51,356,227	\$(11,772,884)	-22.9%
Trustee Retained Parking Revenue	\$ 12,820,009	\$ 18,230,000	\$ (5,409,991)	-29.7%
Interest Income	\$ 3,114,744	\$ 1,812,111	\$ 1,302,634	71.9%
Total Non-Operating Revenue	\$ 66,477,254	\$ 84,331,670	\$(17,854,415)	-21.2%
Total MAA Revenue	\$ 299,558,920	\$ 342,256,104	\$(42,697,184)	-12.5%

FINANCIAL RESULTS

Maryland Aviation Administration
Statement of Expense
Fiscal Years Ending
June 30, 2020 and 2019

	FY 2020	FY 2019	Difference	% Change
<u>BWI Operating Expense (TTF)</u>				
Salaries and Wages	\$30,852,402	\$43,504,643	\$(12,652,241)	-29.1%
Technical and Special Fees	\$1,421,501	\$2,693,776	\$(1,272,275)	-47.2%
Communications	\$766,422	\$1,297,052	\$(530,630)	-40.9%
Travel	\$129,047	\$261,888	\$(132,841)	-50.7%
Fuel and Utilities	\$8,098,009	\$13,125,671	\$(5,027,662)	-38.3%
Motor Vehicle Operations	\$1,671,903	\$3,227,840	\$(1,555,937)	-48.2%
Contractual Services	\$59,232,719	\$96,099,905	\$(36,867,186)	-38.4%
Supplies and Materials	\$1,930,552	\$4,728,997	\$(2,798,445)	-59.2%
Replacement Equipment	\$101,320	\$183,644	\$(82,324)	-44.8%
Additional Equipment	\$35,689	\$148,899	\$(113,210)	-76.0%
Grants/Subsidies/Contributions	\$62,500	\$1,029,320	\$(966,820)	-93.9%
MEDCO and COPS Debt Service	\$3,612,004	\$16,460,382	\$(12,848,379)	-78.1%
Other Fixed Charges	\$1,341,137	\$1,393,021	\$(51,884)	-3.7%
Land and Structures	\$4,860,614	\$10,976,330	\$(6,115,716)	-55.7%
Total BWI Operating Expense	\$114,115,819	\$195,131,368	\$(81,015,549)	-41.5%
<u>MTN Operating Expense (TTF)</u>				
	\$5,359,248	\$9,582,237	\$(4,222,988)	-44.1%
Total TTF Operating Expense	\$119,475,067	\$204,713,605	\$(85,238,538)	-41.6%
<u>Non-TTF Debt Service Expense</u>				
Passenger Facility Charge Backed Debt	\$20,010,531	\$15,528,352	\$4,482,179	28.9%
Customer Facility Charge Backed Debt	\$8,949,026	\$8,956,820	\$(7,794)	-0.1%
Parking Debt	\$18,166,000	\$18,170,750	\$(4,750)	0.0%
Total Non-TTF Debt Service Expense	\$47,125,557	\$42,655,922	\$4,469,635	10.5%
Total MAA Expense	\$166,600,624	\$247,369,526	\$(80,768,902)	-32.7%
Regional Aviation	\$389,199	\$359,558	\$29,641	8.2%
<u>Capital Program Expenditures</u>				
State Funds	\$63,767,642	\$63,102,980	\$664,662	1.1%
Federal Funds	\$28,291,219	\$7,114,258	\$21,176,961	297.7%
Other Financing	\$62,524,065	\$21,746,270	\$40,777,795	187.5%
Total Capital Program Expenditures	\$154,582,926	\$91,963,508	\$62,619,418	68.1%

Note:

- Federally funded and other reimbursable security related expenses of \$621,500 in FY 2020 and \$645,500 in FY 2019 are not included in operating expenses shown above

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

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Difference</u>	<u>% Change</u>
BWI Domestic Passengers	19,189,979	25,413,882	(6,223,903)	(24.5%)
BWI International Passengers	854,548	1,322,350	(467,802)	(35.4%)
BWI Total Passengers*	20,044,527	26,736,232	(6,691,705)	(25.0%)
BWI Aircraft Operations	224,257	260,932	(36,675)	(14.1%)
MTN Aircraft Operations	75,104	94,911	(19,807)	(21%)

PASSENGER ACTIVITY COMPARISON FOR FY 2020

	<u>BWI Marshall</u>	<u>Dulles</u>	<u>Reagan National</u>
Total Commercial Passengers	20,044,526	17,901,865	17,134,989
Percent Change over FY 2019	(25.0%)	(27.0%)	(27.6%)

Total Regional Market:	<u>2020</u>	<u>2019</u>
	55,081,381	74,897,255

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 2020***

Technical and Special Fees		\$8,700.00
Travel Reimbursement to the Commissioners for Meetings		\$864.02
Contractual Services:		\$2,037.59
Public Notice Advertisements for Commission Meetings	\$760.80	
Food Services	\$1,276.79	
Miscellaneous		\$205.20
Awards/Plaques		
Total Maryland Aviation Commission Cost		\$11,806.81

*Fiscal Year 2020: July 1, 2019 to June 30, 2020