

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

OPEN SESSION

MARYLAND AVIATION COMMISSION MEMBERS

Jim Ports, Chairman *
Vishal Amin
T. Chineta K. Davis
W. Drew Hawkins
Jose' Morales
Raymond C. Nichols
Calvin D. Peacock
Ivory E. Tucker
David L. Winstead

* MDOT Deputy Secretary Sean Powell, as designee for Chairman Ports

MARYLAND DEPARTMENT OF TRANSPORTATION

MARYLAND AVIATION ADMINISTRATION (MDOT MAA)

Ricky D. Smith, Sr.
Ned Carey
Jonathan Dean
Annette Fisher
Staci Gorden
Jordan Kayloe
William Lindsey
Shanae Murray
Wayne Pennell
Hazel Robinson
Paul Shank
Ashish Solanki
James Walsh

OTHER EMPLOYEES OF THE STATE OF MARYLAND

Jayson Knott, Department of Commerce
Colter Menke, Department of Commerce

MEMBERS OF THE PUBLIC

None

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

Deputy Secretary Sean Powell called the meeting to order at 1:00 p.m.

WELCOME AND APPROVAL OF MINUTES – Deputy Secretary Sean Powell

Deputy Secretary Sean Powell welcomed commissioners to the meeting. Upon request for a motion to approve the minutes of the May 11 Commission meeting, it was so moved by Commissioner Nichols, seconded by Commissioner Winstead and approved unanimously.

EXECUTIVE DIRECTOR'S REPORT – Ricky Smith

The airport is not yet reaching pre-pandemic passenger numbers consistently, but things are progressing during this pandemic recovery period. Jet Blue has resumed service out of BWI Marshall, and the food and retail program is performing extremely well.

MAA continues to pursue federal grants. The FAA announced its first round of grants stemming from the bipartisan infrastructure bill.

Ricky Smith was re-elected as Board Chair of the Airport Minority Advisory Council (AMAC) during the organization's national conference in June. Esteemed AMAC member, Phil Washington, has been nominated by President Biden to be the next FAA Administrator.

The MAA internship program is in full swing. This summer there are a total of 10 interns working in divisions throughout the agency.

BUSINESS DEVELOPMENT & MANAGEMENT – James Walsh

Overview of Airline Rates and Charges

MAA's Use and Lease Agreements

Airports and airlines have developed complex contractual arrangements (use and lease agreements) to govern their ongoing business relationships. These agreements are legally binding contracts that specify the terms and conditions of the airlines' use of and payment for airfield and terminal facilities.

Key provisions include:

- Term Length – 7 years (July 1, 2019 thru June 30, 2026)
- Estimated revenue – \$1.2 billion
- Pre-Approved Capital Projects – \$780 million
- Rating Setting Methodology – Hybrid
- Bond Protection – Extraordinary Coverage
- Minimum Use – “Use It or Lose It” provision if carriers are not using space efficiently

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

FY 2021 MAA Operating Revenues - \$185.9 million

- Rents and User Fees: \$75.3 million
- Flight Activities: \$53.7 million
- Public Parking: \$18.3 million
- Rental Cars: \$10.0 million
- Martin State Airport: \$9 million
- Retail, Food and Beverage: \$7.5 million
- Other Revenue: \$5.8 million
- Other Passenger Concessions: \$3.6 million
- Non-Passenger Concessions: \$2.8 million

Many expenses get billed back to air carriers through cost centers. Some of the expenses include:

- Operation and Maintenance (O&M) Expenses
- Debt Service
- Debt Service Coverage
- Planning & Engineering
- Equipment
- Advertising & Marketing
- Bad Debt Assessments, Settlements, Judgements

Direct Cost Centers - Typical direct cost centers include:

Airfield:

Those portions of an airport which include runways, taxiways, aprons and support facilities such as aircraft firefighting and rescue station

Landside:

Those portions of an airport which include facilities such as parking, rental car, ground transportation and terminal roadways

Terminal:

Those portions of an airport which include all areas within the terminal and sometimes include the curbside, passenger and/or baggage screening-related space, common-use equipment, baggage make-up, international arrival facilities and loading bridges

MAA Invoice Coding – Invoices are coded according to the Use and Lease Agreement. The nomenclature connotes “BALTIMORE”

Boarding Device

Airfield

Landside/Other

Terminal

Cost Recovery and Allocation - O&M Expenses are allocated by cost center and converted into rates and charges.

Rates and Charges Methodology - Rates by airline agreement can be structured in different forms:

Residual - Recover net costs from airlines to keep airport at break-even, after identifying all costs and providing credits for all revenues

- Recover net costs after credit of non-airline revenues
- Financial risk transferred to airlines
- Usually requires airline approval on capital investment decisions

Compensatory - Airports assumes risk that non-airline revenues will cover non-airline costs and retain for its discretionary use any net cashflow

- Recover only those costs allocate to leased space
- Airport assumes financial risk
- Only pay for what you use/lease
- Airport keeps non-airline revenues

Hybrid - Airport adopts a rate-setting system that employ elements of both residual and compensatory approaches

- Mixture of both methodologies
- Balance of risk and facility control
- Carve outs of self-supporting cost centers
- Net revenue-sharing formulas

BWI's landing fee is: \$4.56. This is calculated by taking airfield cost and dividing by the estimated landed weight.

Cost Recovery and Allocation - Allocating airport costs is the first steps in calculating airline rates and charges. For airfield expenses, cost recovery is 100%.

- 100% of equipment costs are cost recoverable in landing fees
- 100% of labor costs are cost recoverable in landing fees
- 100% of capital/amortization are cost recoverable in landing fees plus interest

At year end, a year-end “Reconciliation” or “True-Up” occurs. Airlines are then invoiced as per the Use and Lease Agreement. Occasionally, MAA writes checks too if we over-collect.

Rates and charges are published annually via a tenant directive.

PLANNING & ENGINEERING – Paul Shank

Key Projects Update

Terminal A/B Connector and Baggage Handling System (Anticipated Completion-July 2026)

This project will connect Concourses A and B. The project includes two-level expansion to Terminal A/B, new in-line baggage system, renovated restrooms, new concessions, and airline operations space. Overall, it will improve inbound baggage claim, enhance the passenger level of service and consolidate Southwest Airlines facilities.

Progress:

- 176 Days of Construction – Zero Safety Incidents.
- Completed temporary security fence and gates.
- All PBB and ramp lights/poles removed.
- 36% Ramp pavement removed allowing start of utility relocations.
- New electrical duct bank 20% complete.
- Vacated interior SWA operation spaces demolished allowing new construction improvements to proceed.
- Interior construction phasing partitions erected separating public space from construction areas.
- 90% GMP-2 Design Documents received.
- GMP-2 scope of construction (partial) under CMAR Trades pricing / procurement.
- Project on-site field offices complete

Airline Maintenance Facility and Taxiway F (Phase 1/ Segment 1) – Anticipated completion is June 2025.

The project includes 26-acre site development for airline maintenance facility. MAA is preparing the site, and Southwest Airlines will build on it. Utilities brought into the site for connection to the facility. Construction of perimeter roads will be realigned to allow for both landside and airside access to the facility and connectivity to the existing perimeter road near Taxiway ‘W’. In addition, a portion of Taxiway ‘F’ will be relocated.

Progress:

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

- Completed temporary security fence to create non-SIDA working area.
- Mass site excavation ongoing (20% complete).
- Significant utility conflicts resolved.
- Roadway and waterline installation ongoing.
- Taxiway F grading near complete, paving beginning.
- Slope and retaining wall details finalized.
- Site turn over to SWA for permit work is on schedule.

Airline Maintenance Facility and Taxiway F (Phase 1/ Segment 2) – Anticipated completion is October 2022.

Work includes building a new parallel taxiway system. The project will relocate 1,300 feet of Taxiway F from the existing intersection with Taxiway G to a point east of the new taxilane entrance to the airline maintenance facility. It will also address taxiway/runway FAA geometric standards.

Progress:

- Mobilized to site May 8, 2022.
- T/W F mass grading underway.
- Significant utility conflicts relocated.
- Paving activities beginning.
- Taxiway F closed from intersection with T/W G through to Runway 10

BWI Terminal Restroom Enhancement Program.

Work includes the renovation of six sets of restrooms; two sets each in Concourses B, C, and D. A phased approach for construction is reducing the impact on operations.

Progress at B.R1 – Gate B1:

- Progress at B.R1 – Gate B1
- Roof installation ongoing
- Exterior framing ongoing.
- Site utilities ongoing.
- Cut openings and installation of level 1 roll up doors ongoing.
- Interior framing and MEP rough-in ongoing.
- Slab on grade and sidewalk pavement ongoing

Progress at B.R2– Gate B8:

- Progress at B.R2– Gate B8
- Site grading complete.

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

- Column footings and OWS vent lines complete.
- Removed exterior siding and performed select demolition of building façade.
- Completing steel erection.
- Metal decking installed.
- Reduced construction footprint and reopened Gate B8 on schedule.

Progress at C.R2– Gate C4:

- Reduced construction footprint and opened Gate C2 May 31.
- Sidewalk concrete placed.
- Slab on metal deck sleeved and boxed out.
- Poured slab on metal deck.
- Demolition of tenant space ongoing.
- Initial mechanical work started.

Progress at DY.R2:

- Loading bridge adjusted outside building bump out (footprint).
- Low-profile barricades installed.
- Existing trash compactor removed.
- Exterior graphic panel removed.
- Existing pavement removal complete.
- Placed foundations and prepping for new pavement.

Upcoming Work at C.R3

- Closed Gate C9.
- Removed trash compactor.
- Setup low barriers.
- Setup E&S controls.
- Demo pavement
- Removed tunnel head knocker.
- Mobilized for utility work in the mechanical room

DX-DY HVAC Upgrades

Work includes Concourse D Chiller Plant Expansion and replacement of existing air handlers in Concourse DY and the Commuter Concourse. Project also includes ceiling replacement and lighting improvements .

Interior Progress:

- 41 VAV boxes complete. Holdrooms nearly complete.

- VAV installations in tenant spaces ongoing.
- Lighting and ceiling mockups accepted.
- Ceiling replacement in progress in holdrooms starting at DX wing.
- Phase 1 complete, Phase 2 in progress

Chiller Plant Progress:

- Chillers rigged and placed 5/24/22.
- Cooling Towers delivered to site, assembled and lifted into place 5/25 & 5/26.
- Chilled water and condenser water pumps delivered to site 6/1/22.
- Steamfitters completing assembly.

Upcoming Capital Projects at BWI Marshall

North Area Fuel Farm Storage Tanks

This contract will provide two new 700,000 gallon above ground storage tanks for storage of Jet-A aircraft fuel. The existing site will be improved to allow fuel truck delivery between the limits of the North Area Fuel Farm and Southwest Fuel Farm.

Project Status:

- In Procurement
- Pre-bid Meeting held April 14, 2022
- Bids received June 16, 2022
- Construction Late Summer 2022

Airfield Lighting Vault Relocation (ALV) – Building Package

Project includes building a new replacement ALV with dedicated rooms for each R/W system with fire separation for improved reliability and redundancy. The current program is being designed as a single project covering both the building and fit outs.

Project Status:

- In Procurement
- Pre-Bid Meeting held April 4, 2022
- Bids received June 23, 2022, are being reviewed.
- Construction Fall 2022 – 2025

Taxilanes N & N1 Rehabilitation

Work includes concrete reconstruction of Taxilanes N & N1. Project includes all areas of existing asphalt and an evaluation of adjacent gate aprons that have significant cracking.

Project Status:

- In procurement
- Pre-bid Meeting June 14, 2022
- Bids due July 12, 2022
- Construction Fall 2022

Taxiway F Relocation - Phase 2

Work includes relocation of the taxiway to rectify deficiencies in geometry and pavement conditions. Project includes TW lighting and signage.

Project Status:

- 100% Design complete
- Advertise July 25, 2022

BGE Feeder Upgrade – Phase 2

The project will improve electric system reliability at the 34.5 kV down to (3) 13.8 kV switchgear lineups. Phase 1 is the replacement of transformer T1, which was in service for over 43 years. Add liquid containment for T1, install underground ducts for Phase 2, and upgrade site lighting to LED for added safety. Phase 2 is the installation of new double-ended 35kV switchgear housings at the north and south substations, new BGE service feeders into the north and south switchgears, replacement of meters and relays in the 15kV switchgears.

Project Status:

- Phase 1: Completed March 2022
- Phase 2: Advertisement July 2022

D/E Bag Claim Improvements

The first phase of the project will relocate the Maryland Transportation Authority Police (MTAP) to Building 113 in the North Cargo area as well as a sub-station at the Central Terminal “Rabbit Warren.” The second phase of the project will install two (2) new baggage carousels between Concourses D and E.

Project Status:

- Planning study complete
- Design (30%) for the Police relocation underway

Concourse E Baggage Handling System (BHS)

Expansion of the baggage handling system (BHS) on Concourse E to accommodate increased demand. Preferred alternative includes a third EDS, new diverter, and new make-up carousel. An expanded checked baggage reconciliation area (CBRA) may be necessary per TSA.

Project Status:

- Planning study complete
- Initiating design phase
- Pursuing waiver from TSA to reduce the number of resolution tables required for screening baggage. (*potential \$8M savings*)

Bag Claim 0-5

This project will first provide and install a new Carousel 0 conveyor and controls, then demolish and replace Carousels 1-5 conveyors and controls. Existing carousels were installed in 2004 and have been used heavily by Southwest and are becoming unreliable.

Project Status:

- Initiated design

Concourse C/D Connector and Air Traffic Control Tower

This contract will construct the final secure-side connector in the BWI Terminal. Project also programmed to include a new Airport Traffic Control Tower, Airport Operations Center, FAA office space, relocated gates and holdrooms, TSA screening, new inline baggage system, new passenger bag claim, and Airport Hotel.

Project Status:

- Initiating Concept Schematic Design

Martin State Airport (MTN) – Harold Fowler

Aircraft Operations and Fuel Sales

Year-over-year comparisons for February through May of FY22 and FY21 indicate marginal increases for both fuel sales and aircraft operations. The increases are estimated to be around 3% for the fiscal year, although year-end numbers are still being finalized.

Overall, there is a high volume of activity at Martin State due to all of the entities operating out of the airport including the Air National Guard, Maryland State Police, flight schools, and private charter flight companies. Currently there are four flight schools operating at Martin – Brett Aviation, First Class Flight Academy, Advanced Aviation Group, and ATP Flight School.

For fuel sales, Martin State sets pricing based on what the wholesale price is. The goal is to maintain a certain margin of revenue.

MARKETING & AIR SERVICE DEVELOPMENT – Jordan Kayloe

Air Service and Traffic Statistics

TSA statistics provide the most immediate look at passenger volumes. While they do publish numbers daily, they only count departing passengers – not arriving or connecting passengers. Through Saturday, July 9, so far July has the lowest decline versus 2019 since the start of the pandemic.

The declines are a few points lower than TSA declines, meaning more passengers are connecting at BWI Marshall. Omicron delayed the recovery in December 2021 and January 2022.

Cargo movement remains strong. Amazon operations have reached a steady level, so year-over-year gains have stabilized compared to 2020's growth.

Total operations have generally fallen less than passenger numbers. Looking at future capacity, Q3 seats are down 10% from Q3 2019. Carriers have been pulling back capacity to ensure staffing issues do not interrupt smooth operations.

Airlines have launched many new routes since the start of FY 2022:

Air Senegal launched a new route from BWI to JFK to:
-Dakar, Senegal

Southwest Airlines launched a new route from BWI to:
-Syracuse, NY

Delta launched a new route from BWI to:
-Boston, MA

Frontier launched new routes from BWI to:
-Cancun, Mexico
-Atlanta, GA

Icelandair launched a new route from BWI to:
-Reykjavik

Spirit announced a new route from BWI to:
-Miami, FL

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

PLAY announced a new route from BWI to:
-Reykjavik, Iceland

Avelo announced new routes from BWI to:
-New Haven, CT
-Wilmington, DE
-Orlando, FL

BWI Marshall is seeing many airlines launch new service or resume service this spring and summer, including:

PLAY
British Airways
Icelandair
Avelo
Air Canada
Condor
JetBlue
Sun Country

ADMINISTRATION & PERFORMANCE MANAGEMENT – Shanae Murray

Overview of MAA's Health & Wellness Program

MAA's Health & Wellness program takes a multi-faceted approach to addressing the many aspects of an employee's health, including physical health, emotional & mental health, well-being, and financial health.

The program launched in February 2019, with support from the consulting firm Jacobsen|Daniels (J|D). J|D has led the implementation, operations and management of the program. Companies serving as program partners include Behavioral Health Services (BHS), Wealthy U, and Energ-U Fit.

MAA's Health & Wellness Program is a points-based program with incentives and rewards. All employees who register, are eligible to participate in the program's offerings and earn points. Employees who complete the program requirements by December 31 are eligible to earn MAA swag and bragging rights.

In FY22, changes were implemented which increased opportunities for participants to earn points. Some activities that now earn participants points include:

- Completing a 30-minute workout (i.e., the gym, at home/community, at airport)
- Participating in a MAA-sponsored Turkey Trot

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

- Walking and earning pedometer points – earn 50,000+ steps in a week
- Participating in the MDOT Day to Serve
- Meeting on-site or virtually with a financial advisor or 401k provider

Coaching Services:

A variety of coaches and health professionals are available through the Health and Wellness program, including:

- Life Coaches
- Health & Wellness Coaches
- Behavioral and & Mental Health Professionals
- Resiliency Coaches
- Nutrition & Fitness Professionals

Discounted Gym Memberships:

MAA employees can receive a discount on gym memberships at Roam Fitness (located in BWI airport next to Gate D1). Currently, the discounted rate for employees is \$10/month.

Health & Wellness Committee:

The Health and Wellness Committee brings together employees that seek to promote health and wellness at MAA. The program’s mantra “Feel Better, Be Better” encapsulates the culture of health that they are creating.

CLOSED SESSION

Upon request for a motion by Acting Chairman Powell to meet in closed session, it was so moved by Commissioner Drew Hawkins, seconded by Commissioner David Winstead, and approved unanimously by Acting Chairman Powell and Commissioners Vishal Amin, Chineta K. Davis, Drew Hawkins, Jose´ Morales, Raymond C. Nichols, Calvin Peacock, Ivory Tucker and David. L. Winstead.

The Maryland Aviation Commission met in closed session July 13, 2022, 2:07 p.m. to 2:25 p.m., in accordance with §3-305 of the General Provisions Article, Annotated Code of Maryland, to consider the following:

- Personnel Matters – To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of employees or officials over whom it has jurisdiction §3-305(b).

Besides the Commissioners, the following individuals were present for the entire closed session discussion: Ricky Smith, William Lindsey, and Staci Gorden. Only permitted items and actions were discussed and taken in the closed session.

MARYLAND AVIATION COMMISSION
WEDNESDAY, JULY 13, 2022
ASSEMBLY ROOM A/B, THIRD FLOOR
BALTIMORE/WASHINGTON INTERNATIONAL THRUGOOD MARSHALL AIRPORT

Upon request for a motion to return to Open Session, it was so moved by Commissioner Hawkins, seconded by Commissioner Morales, and approved unanimously. The meeting returned to Open Session at 2:26 p.m.

There being no further business, a motion to adjourn was made by Commissioner Winstead, seconded by Commissioner Peacock, and approved unanimously. The meeting adjourned at 2:28 p.m.