



Plan of Finance for the Dulles Metrorail Project
and Dulles Corridor Improvements

prepared for

DULLES CORRIDOR ADVISORY COMMITTEE

June 23, 2009



Discussion Outline

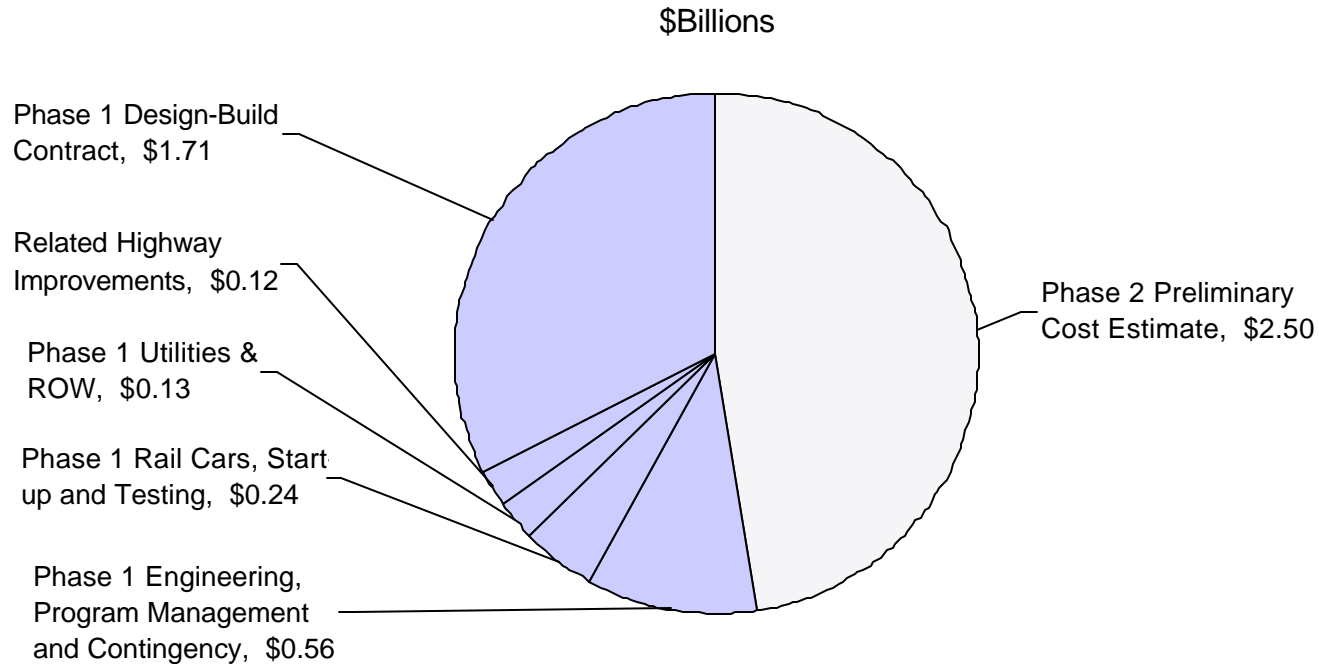
- **Obligations of the Airports Authority in the Dulles Corridor**
- **Key Components of the Finance Plan for the Metrorail Project**
 - Capital cost allocated to the Dulles Toll Road
 - Timing and structure of Dulles Toll Road revenue bonds
 - Projected toll rate schedules
- **Airports Authority Toll Rate-Setting Process**



Airports Authority Obligations

- Finance and construct the Dulles Metrorail Project from the vicinity of West Falls Church to Route 772 in Loudoun County,
- Use best efforts to achieve substantial completion of the Dulles Metrorail Project by December 31, 2016,
- Finance and construct other improvements in the Dulles Corridor consistent with VDOT and regional plans,
- Operate and maintain the Dulles Toll Road for 50 years consistent with agreed upon standards, and
- Establish toll rates for the Dulles Toll Road necessary to achieve the above obligations.

Current Metrorail Project Capital Cost Estimate



Total estimated capital cost of \$5.25 billion includes the \$2.75 billion budget for Phase 1 that has been evaluated and accepted by FTA and the \$2.50 billion preliminary cost estimate for Phase 2.



Sources of Capital Funds

(Thousands YOE Dollars)

SOURCE	Total	% of Total
Federal - FFGA	\$ 900,000	17.1%
Commonwealth of Virginia	275,000	5.2%
MWAA (Aviation Funds)	215,484	4.1%
Loudoun County	252,273	4.8%
Fairfax County	846,167	16.1%
subtotal Local	1,313,924	25.0%
DTR Funding	2,766,771	52.6%
TOTAL SOURCES OF FUNDS	5,255,695	100.0%

Approximately \$134 million of the Metrorail Project capital cost was funded from Dulles Toll Road revenue from 2004 to 2008. Another \$2.633 billion is anticipated to be funded from debt secured by toll revenue.



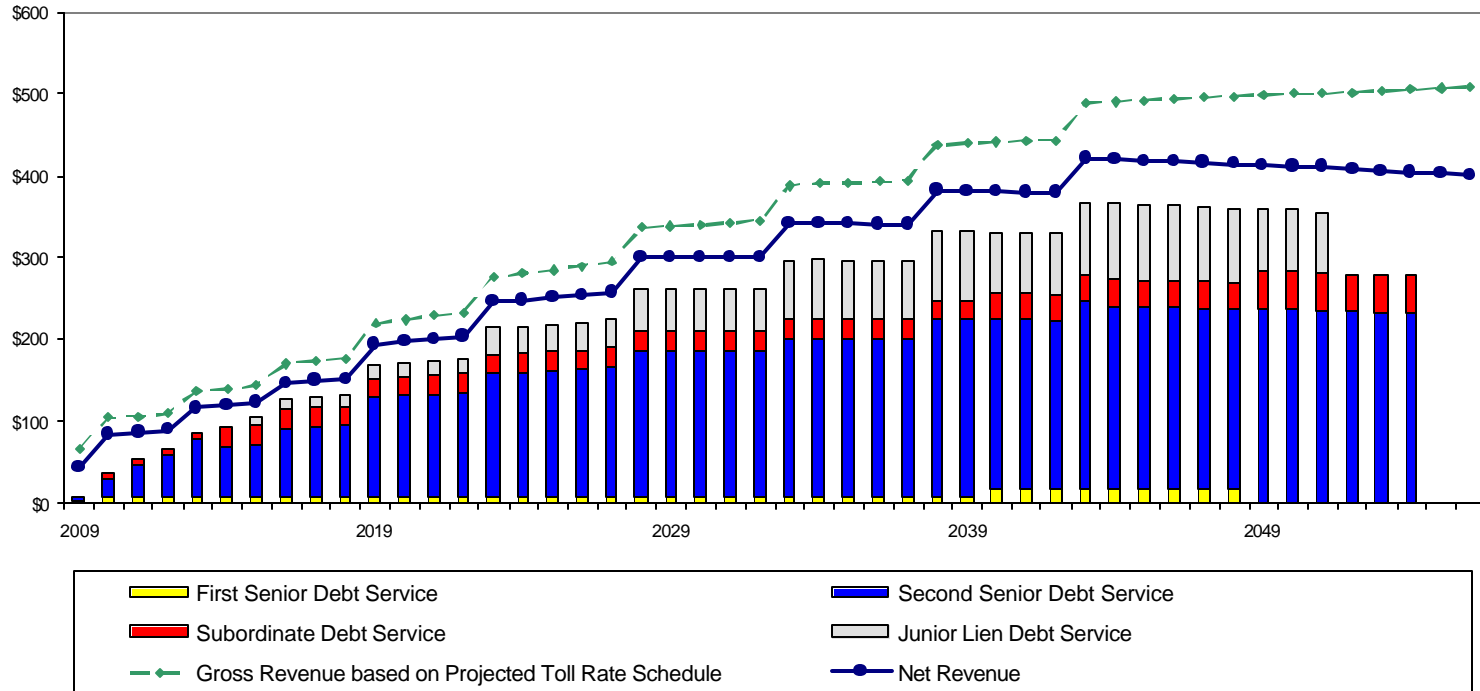
Anticipated DTR Revenue Bond Issues

\$Millions	Series 2009	Series 2010	Series 2011	Series 2013	Total
First Senior Current Interest Bonds	\$ 110	-	-	-	\$ 110
First Senior Capital Appreciation Bonds	-	-	-	-	-
Second Senior Current Interest Bonds	275	265	250	-	790
Second Senior Capital Appreciation Bonds	274	270	277	-	820
Subordinate Current Interest Bonds	110	-	-	301	411
Subordinate Capital Appreciation Bonds	-	-	-	-	-
Junior Lien Bonds	-	-	-	825	825
Par Amount of Bonds Issued	\$ 769	534	527	1,125	\$ 2,956
Investment Earnings	7	6	7	-	20
Total Sources	\$ 776	540	534	1,125	\$ 2,976
Deposits to Metrorail Construction Fund	\$ 590	481	475	1,087	\$ 2,633
DTR and Corridor Capital Improvements	100	-	-	-	100
Debt Service Reserves and Issuance Costs	86	60	59	38	243
Total Uses	\$ 776	540	534	1,125	\$ 2,976

Approximately \$2.9 billion of DTR debt is expected to be issued over the next five years. Nearly half of that (\$1.3 billion) may be sold over the next 18 months.

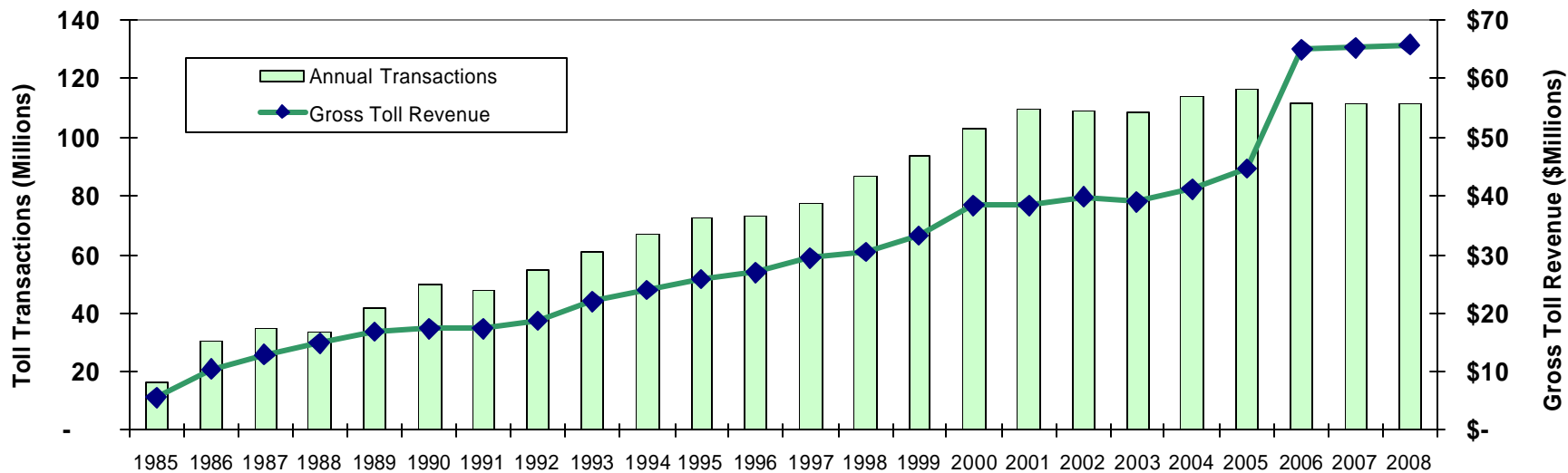


DTR Revenue Required to Support Anticipated Bond Issues



Gross toll revenue collected on the DTR will need to increase from approximately \$65 million in 2008 to \$87 million in 2010 and \$220 million by 2020 to cover potential debt service costs.

DTR Toll Transaction and Revenue History



The 2005 toll rate increase and the emerging recession have contributed to a decline in annual toll transactions over the last three years.

Options to Produce Required DTR Revenue

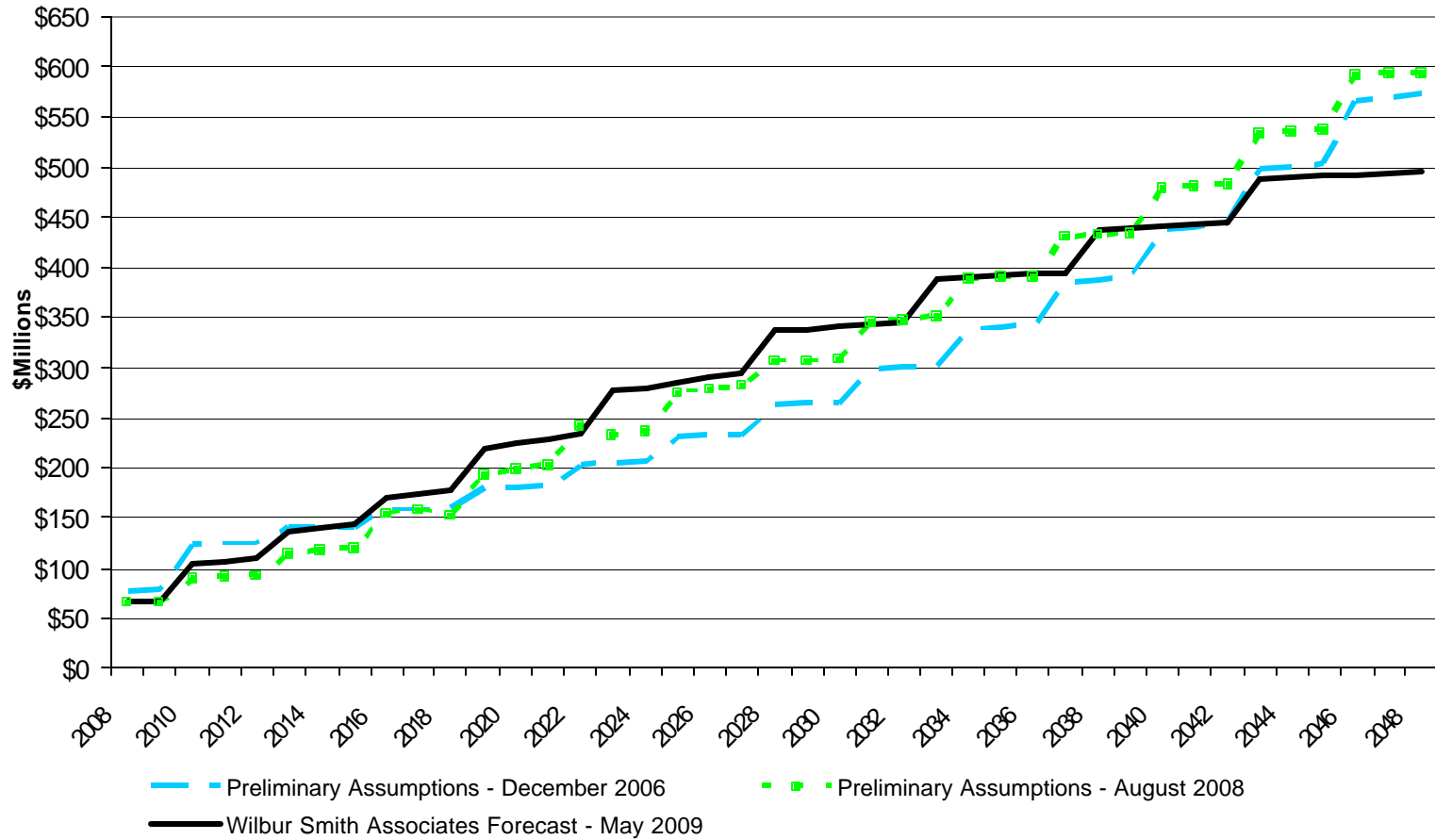
Toll Rate Option 1					
		Mainline Toll Rate	Ramp Toll Rate	Average Toll Rate	Gross Toll Revenue * (\$Millions)
2009		\$0.75	\$0.50	\$0.60	\$ 64.98
2010	75¢ / 25¢	\$1.50	\$0.75	\$1.04	100.68
2011	- / -	\$1.50	\$0.75	\$1.04	103.87
2012	- / -	\$1.50	\$0.75	\$1.05	107.14
<i>Total</i>					<u>\$ 376.67</u>

Toll Rate Option 2					
		Mainline Toll Rate	Ramp Toll Rate	Average Toll Rate	Gross Toll Revenue * (\$Millions)
2009		\$0.75	\$0.50	\$0.60	\$ 64.98
2010	25¢ / 25¢	\$1.00	\$0.75	\$0.85	87.41
2011	25¢ / -	\$1.25	\$0.75	\$0.97	97.13
2012	25¢ / -	\$1.50	\$0.75	\$1.10	107.10
<i>Total</i>					<u>\$ 356.62</u>

Two toll rate schedules are under consideration for the period 2010 to 2012.

* Source: Wilbur Smith Associates, May 2009

Comparison of Annual Revenue Estimates





Toll Rate Setting Process

- **June 23, 2009:** Dulles Corridor Advisory Committee Meeting
 - 8-member committee will meet publicly to discuss potential toll rate increases

- **July 15, 2009:** Joint meeting of Airports Authority Finance Committee and Dulles Corridor Committee
 - Proposed toll increase recommendations presented by Airports Authority staff to the Committees

- **Late Summer 2009:** Public Hearings
 - Hearings held in public venues to inform and solicit input on proposed increases



Toll Rate Setting Process, continued

- **July 2009 – October 2009:** Opportunities, in addition to public hearings, for the public to learn about and provide input on proposed increases (e.g., website, e-mail)
- **October 2009:** Joint meeting of Airports Authority Finance Committee and Dulles Corridor Committee
 - Report on public hearings is presented; final staff recommendation presented to the Committees
- **November 2009:** Airports Authority Board Meeting to determine toll increases [for 2010 through 2012]



Conclusions

The Airports Authority and its funding partners have demonstrated a strong and continuous commitment to financing and constructing the Dulles Corridor Metrorail Project and making improvements to the Dulles Corridor.

A key component of the financing plan for the Metrorail Project is the issuance of approximately \$2.9 billion of Dulles Toll Road revenue bonds over the next five years.

To generate sufficient gross toll revenue to support the anticipated amount of toll revenue debt, the Airports Authority will need to increase toll rates.



Conclusions, continued

An initial toll increase in 2010 of \$0.25 at the mainline toll plaza and \$0.25 at the ramp toll plazas will be consistent with the Commonwealth Transportation Board's original plans.

The initial increase, together with additional increases of \$0.25 at the mainline toll plaza in 2011 and in 2012 will generate the required toll revenue and help to establish an investor base for future Dulles Toll Road revenue bond issues.