



Report to the Dulles Corridor and Finance Committees



Information Report on Dulles Toll Road Toll Rate Adjustment Process and Tentative Schedule and Overview of Traffic and Revenue Study Update

May 2018

Purpose

Provide relevant background information on

- the toll revenue bond component of the plan of finance for the Dulles Metrorail Project and the need for DTR toll rate adjustments,
- the approach to forecasting future DTR toll transactions and revenue,
- the Airports Authority's regulatory process for adjusting toll rates on the Dulles Toll Road.

Overview of Dulles Metrorail Project Finance Plan and the Need for DTR Toll Rate Adjustments

- Relevant Events prior to the DTR Transfer from VDOT
- Key Financial Developments since 2008
- Allocation of Dulles Metrorail Project Costs
- Outstanding Debt Secured by DTR Revenue
- DTR Debt Repayment Profile
- Projected DTR Net Revenue and Debt Service Coverage with and without Planned Toll Rate Adjustment

Current Disclosure and Investor Expectations Regarding Future Toll Rate Adjustments

Cost of Full Trip * (Mainline Plaza toll plus one ramp transaction)

| | Mainline | Ramp | Total |
|-------------|----------|--------|---------|
| 2013 | \$1.75 | \$1.00 | \$2.75 |
| 2014 | \$2.50 | \$1.00 | \$3.50 |
| 2015 | \$2.50 | \$1.00 | \$3.50 |
| 2016 | \$2.50 | \$1.00 | \$3.50 |
| 2017 | \$2.50 | \$1.00 | \$3.50 |
| 2018 | \$2.50 | \$1.00 | \$3.50 |
| 2019 - 2022 | \$3.25 | \$1.50 | \$4.75 |
| 2023 - 2027 | \$4.00 | \$2.00 | \$6.00 |
| 2028 - 2032 | \$4.75 | \$2.50 | \$7.25 |
| 2033 - 2037 | \$5.50 | \$3.25 | \$8.75 |
| 2038 - 2042 | \$6.25 | \$3.75 | \$10.00 |
| 2043 - 2058 | \$7.00 | \$4.25 | \$11.25 |

“The Airports Authority most recently amended its toll rates regulations in 2012 to provide for toll rate increases effective on January 1 in the years 2013 and 2014. There are no current toll increases planned through 2018.”

Excerpt from the official statement for the Dulles Toll Road Second Senior Lien Revenue Refunding Bonds, Series 2014A

** Order-of-magnitude estimates based on numerous assumptions, including no future debt restructurings.*

Relevant Events Prior to DTR Transfer from VDOT

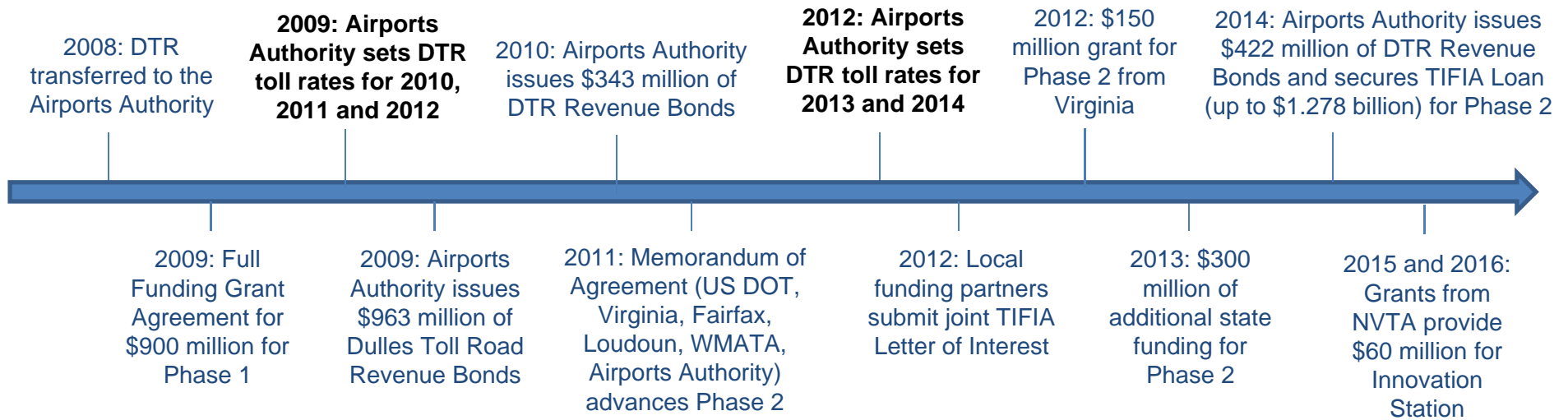
- 1962 The Dulles Airport Access Road, developed by the Federal Aviation Administration (FAA), is opened to traffic.
- 1983 The FAA grants an easement to the Virginia Department of Transportation (VDOT) to construct a toll road parallel to the Access Road to provide access for non-airport traffic. A four-lane Dulles Toll Road (DTR) opens to traffic in 1984.
- 1987 Control of the Dulles International Airport and Dulles Airport Access Road is transferred from the FAA to the Metropolitan Washington Airports Authority (MWAA), but the DTR remains under control of VDOT.
- 1989 Construction begins to widen the DTR from four to six lanes.
- 1990 The Commonwealth Transportation Board (CTB) directs that at least 15% of surplus net DTR revenue be used for transit related improvements in the Dulles Corridor (amount increased to 85% of surplus revenue in 2003).

Relevant Events, continued

- 1990 Construction begins to widen the DTR from six to eight lanes. Electronic toll collection is introduced on the DTR.
- 2005 CTB approves first toll increase on the Dulles Toll Road to generate revenue for the Rail Project.
- 2005 VDOT receives five proposals from private consortiums to operate the Dulles Toll Road under the Public-Private Transportation Act (PPTA).
- 2006 Airports Authority submits alternative “public-public” partnership proposal to guarantee all DTR toll revenue is invested in transportation improvements within the Dulles Corridor.



Key Financial Developments since 2008



Allocation of Dulles Metrorail Project Costs

| SOURCES OF CAPITAL FUNDS \$ Millions | PHASE 1 | PHASE 2 ⁽¹⁾ | RAIL PROJECT BUDGET prior to NVTA funding | | RAIL PROJECT BUDGET after NVTA funding | |
|-----------------------------------------------------------|-----------------|--------------------------------|----------------------------------------------|---------------|-------------------------------------------|-----------------|
| | | | Total | % of Total | Change | Total |
| Federal Government | \$ 900 | \$ - | \$ 900 | 15.6% | | \$ 900 |
| Commonwealth of Virginia ⁽²⁾ | 252 | 323 | 575 | 10.0% | | 575 |
| Northern Virginia Transportation Authority ⁽³⁾ | | - | - | 0.0% | 60.0 | 60 |
| Fairfax County | 400 | 527 | 927 | 16.1% | (9.7) | 918 |
| Loudoun County | | 276 | 276 | 4.8% | (2.9) | 274 |
| MWAA (Aviation Funds) | | 236 | 236 | 4.1% | (2.5) | 234 |
| MWAA (Dulles Toll Road) | \$ 1,430 | \$ 1,415 | \$ 2,845 | 49.4% | (45.0) | \$ 2,800 |
| TOTAL SOURCES OF FUNDS | \$ 2,982 | \$ 2,778 ⁽⁴⁾ | \$ 5,760 | 100.0% | \$ - | \$ 5,760 |

| |
|--------------------------------|
| Fixed Amount |
| Fixed Percentage of total cost |
| Residual |

- (1) Phase 2 Parking Garages are to be funded directly by the Counties and are not included in the Total Rail Project Budget.
 (2) Does not include \$150 million from the Commonwealth that is being used to pay interest on Dulles Toll Road revenue bonds.
 (3) NVTA grant can only be used to pay or reimburse capital costs for Innovation Center Metrorail Station.
 (4) Phase 2 Costs include \$551 million in unallocated contingency.

Over \$2.96 Billion of DTR Debt is Outstanding

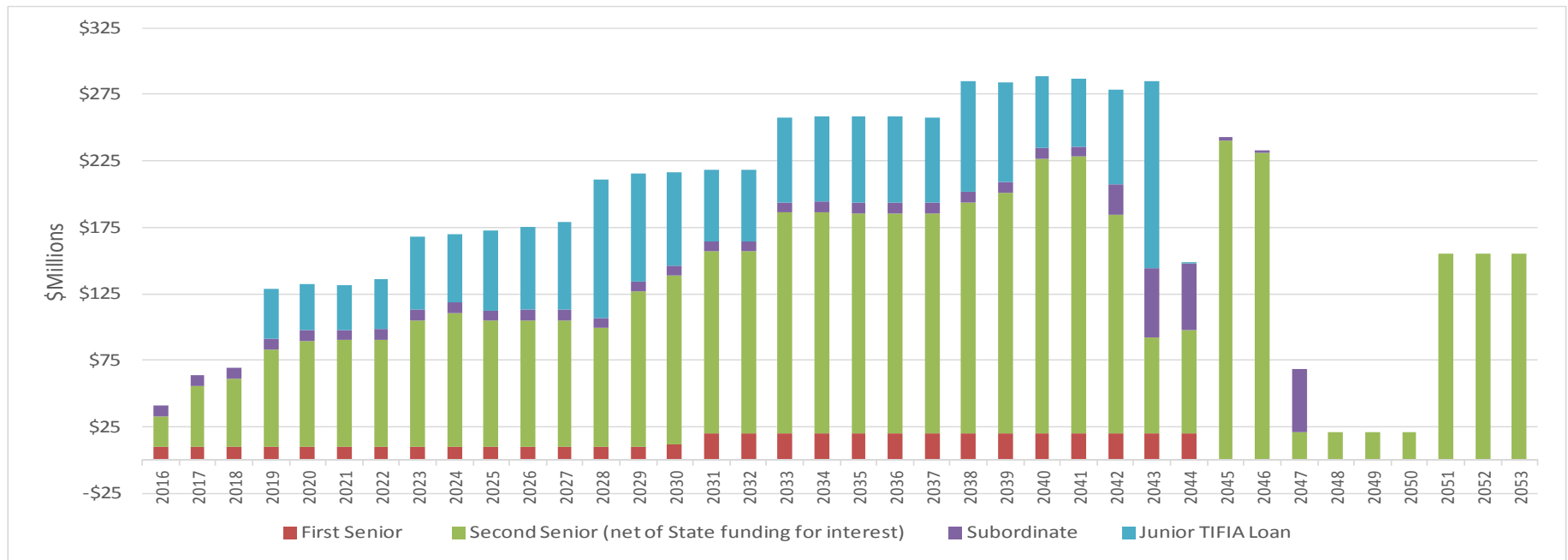
| Lien | Series | Outstanding as of May 1, 2018 (\$Millions) | Tax Status | Moody's Rating | S&P Rating |
|----------------------|---------------------|--------------------------------------------|----------------------------------------------|----------------------|----------------------|
| First Senior | 2009A | \$ 198 | Tax-Exempt Current Interest Bonds | A2 | A- |
| | 2009B | 300 | Tax-Exempt Capital Appreciation Bonds (CABs) | Baa1 or A2 (Insured) | BBB+ or AA (Insured) |
| | 2009C | 250 | Tax-Exempt Convertible CABs | A2 (Insured) | AA (Insured) |
| Second Senior | 2009D | 400 | Taxable Build America Bonds | Baa1 | BBB+ |
| | 2010A | 92 | Tax-Exempt CABs | Baa1 | BBB+ |
| | 2010B | 229 | Tax-Exempt Convertible CABs | Baa1 | BBB+ |
| | 2014A | 422 | Tax-Exempt Current Interest Bonds | Baa1 | BBB+ |
| Subordinate | 2010D | 150 | Taxable Build America Bonds | Baa2 | BBB+ |
| Junior | TIFIA Series 2014 * | 921 | Federal Loan | Baa2 | A- |
| | | \$ 2,961 | | | |

* The Airports Authority can issue up to \$1,278 million of TIFIA Series 2014 Bonds (excluding capitalized interest) to finance eligible Phase 2 project costs.



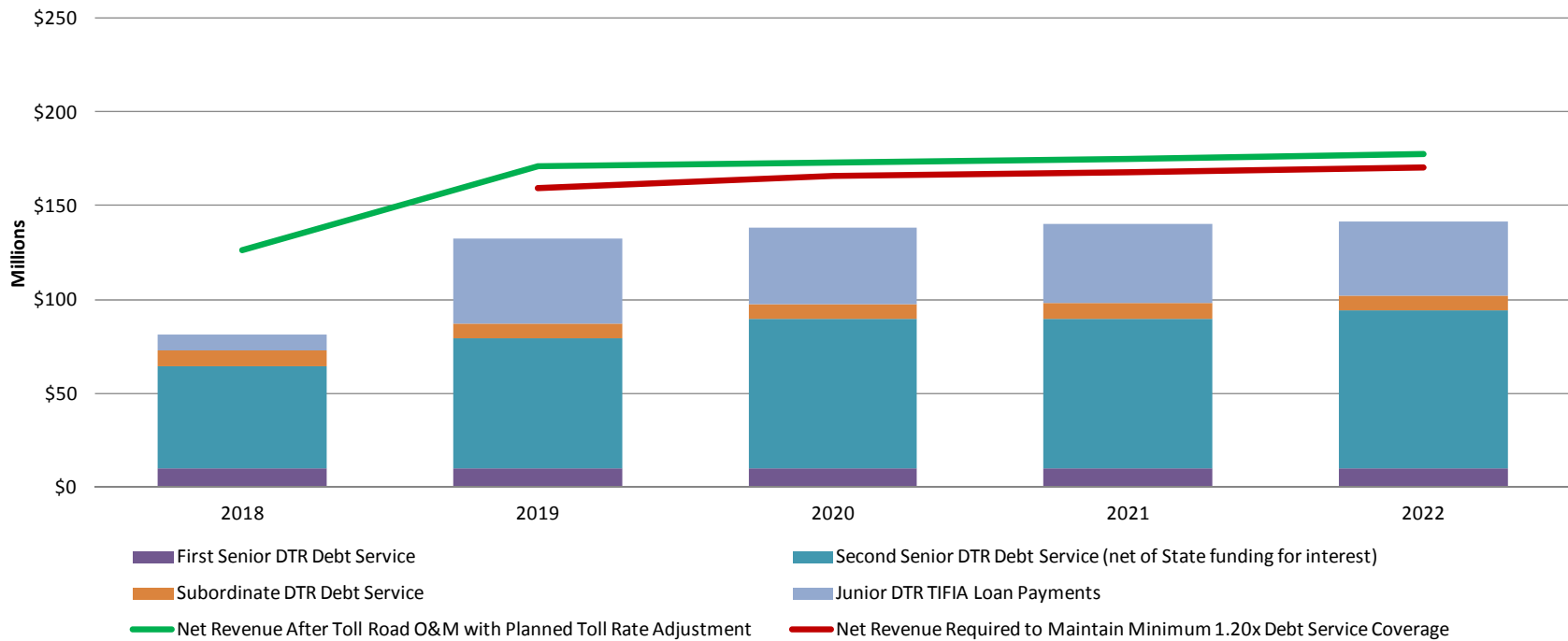
DTR Debt Profile

The Airports Authority must plan and implement periodic toll adjustments to operate and maintain the DTR, to pay debt service obligations and to comply with bond rate covenants.



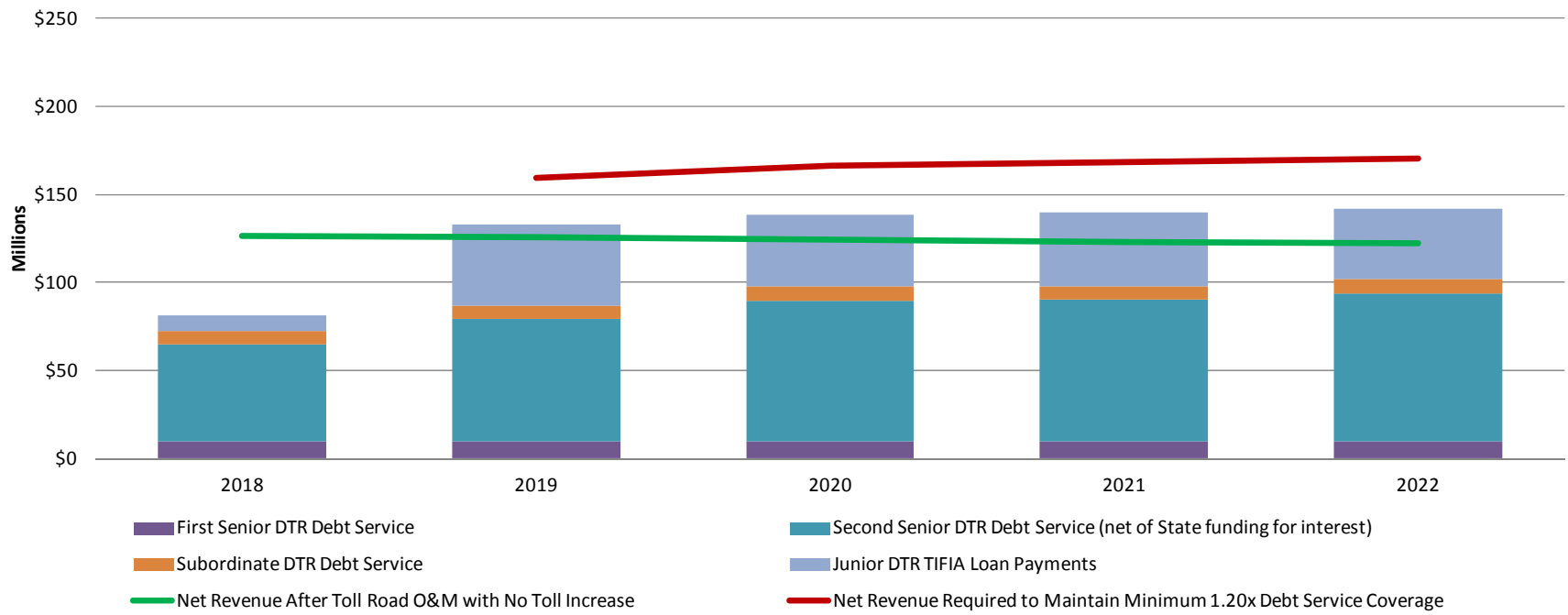


Projected Net Toll Revenue and Debt Service Coverage with Planned Toll Rate Adjustment





Projected Net Toll Revenue and Debt Service Coverage with No Toll Increase

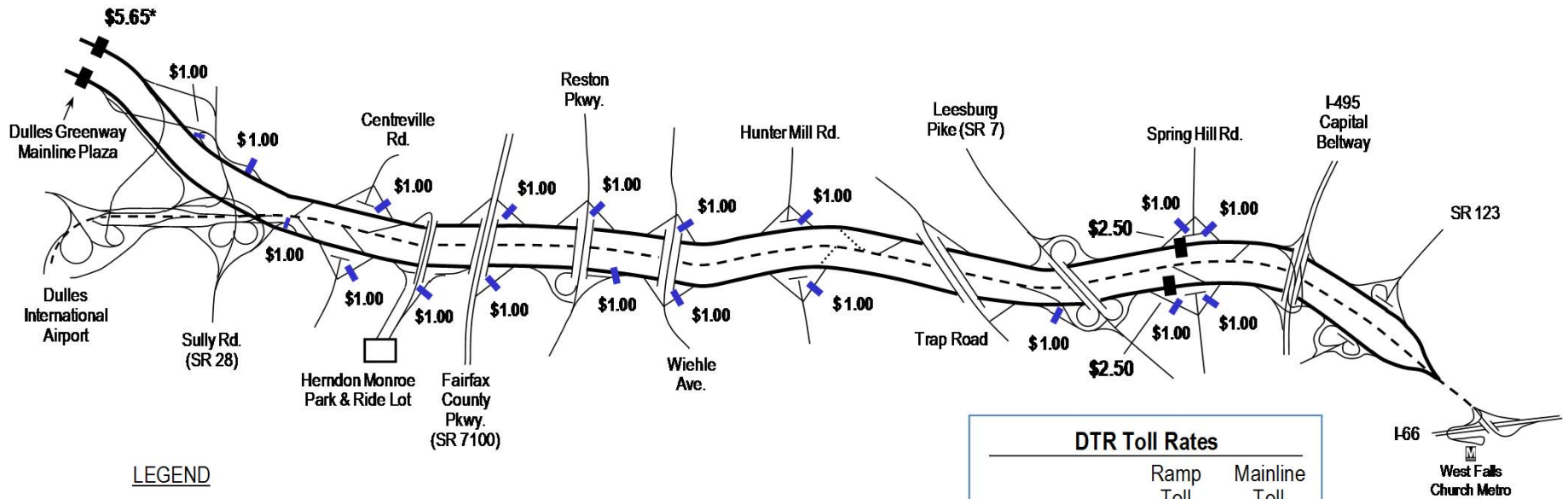


Approach to Forecasting Future DTR Performance

- Dulles Toll Road Mainline and Ramp Locations
- Typical Trip Costs
- CDM Smith Traffic & Revenue Modeling Process
- 2017 DTR Customer Survey Results
- Key Inputs: Population and Employment Growth
- Key Input: Future Roadway and Transit Network Improvements



Dulles Toll Road Mainline and Ramp Locations



LEGEND

- Dulles Toll Road
- Dulles Access Highway
- Buses Only
- Mainline Toll Plaza
- Ramp Toll Plaza

* \$5.65 collected (\$6.65 during peak period in the peak direction) by the Dulles Greenway for a 2-axle vehicle. This amount includes \$1.00 that is remitted to DTR (except to/from Route 28).

| DTR Toll Rates | | |
|-----------------|-----------|---------------|
| | Ramp Toll | Mainline Toll |
| 2-axle vehicle | \$1.00 | \$2.50 |
| 3-axle vehicle | \$2.00 | \$5.00 |
| 4-axle vehicle | \$2.50 | \$6.25 |
| 5-axle vehicle | \$3.00 | \$7.50 |
| 6 or more axles | \$3.50 | \$8.75 |



Typical Trip Costs

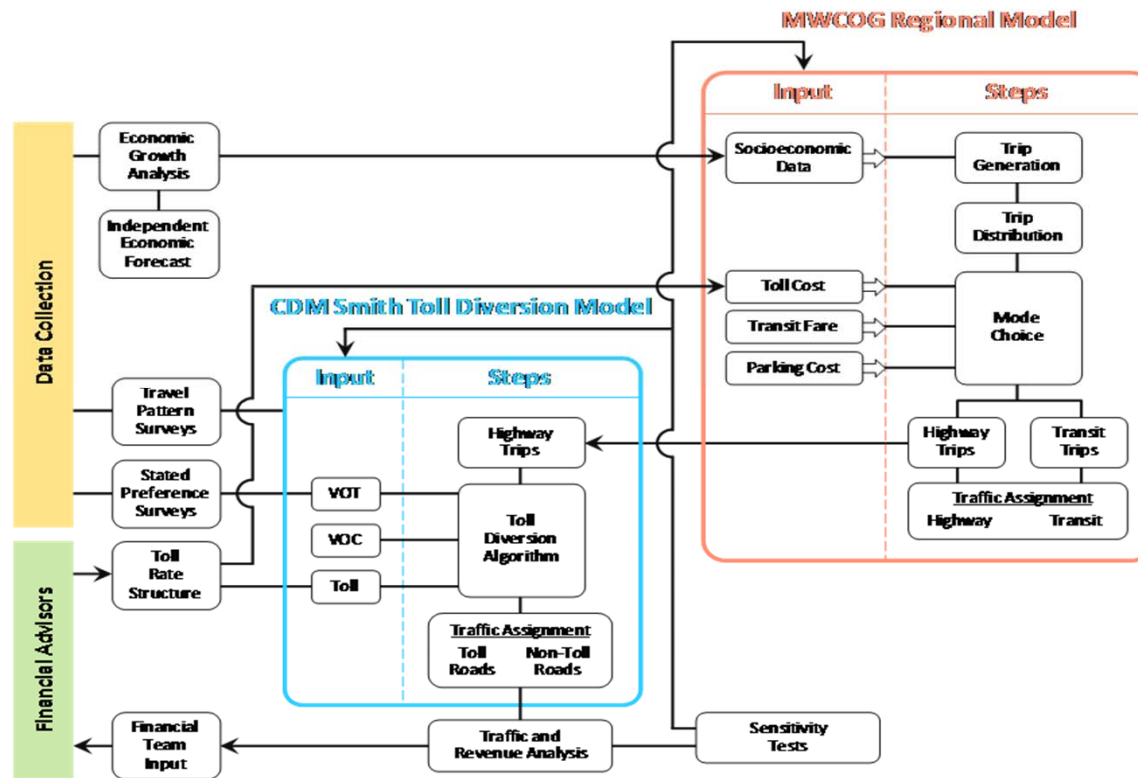
| % of Total Trips * | Trip Type | Customer Pays | 2018 DTR Toll | 2018 GWY Toll |
|--------------------|---------------|----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| 9.6% | Short Local | A single ramp toll | \$1.00 | -- |
| 19.9% | Long Local | Two ramp tolls | \$2.00 | -- |
| 58.9% | Short Through | A ramp toll and the mainline plaza toll | \$3.50 | -- |
| 11.7% | Long Through | DTR mainline plaza toll (\$2.50) + DTR ramp toll collected at Greenway (\$1.00) +Greenway mainline (\$5.65 **) | \$3.50 | \$5.65 |

* Preliminary estimate; subject to change

** Congestion Management Toll (applicable only to weekday traffic in the peak period and direction)

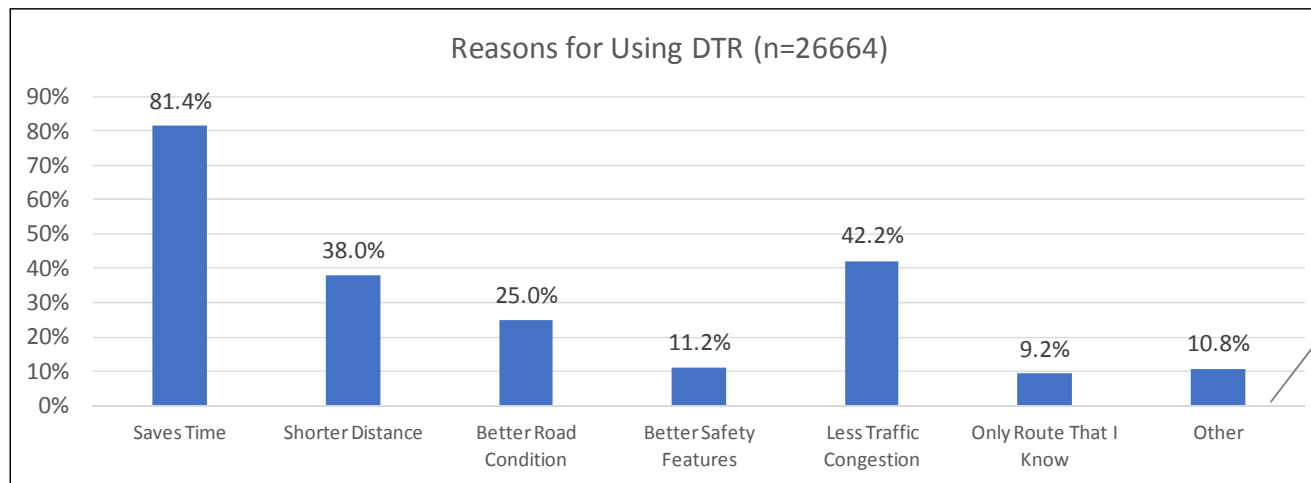


CDM Smith T&R Modeling Process





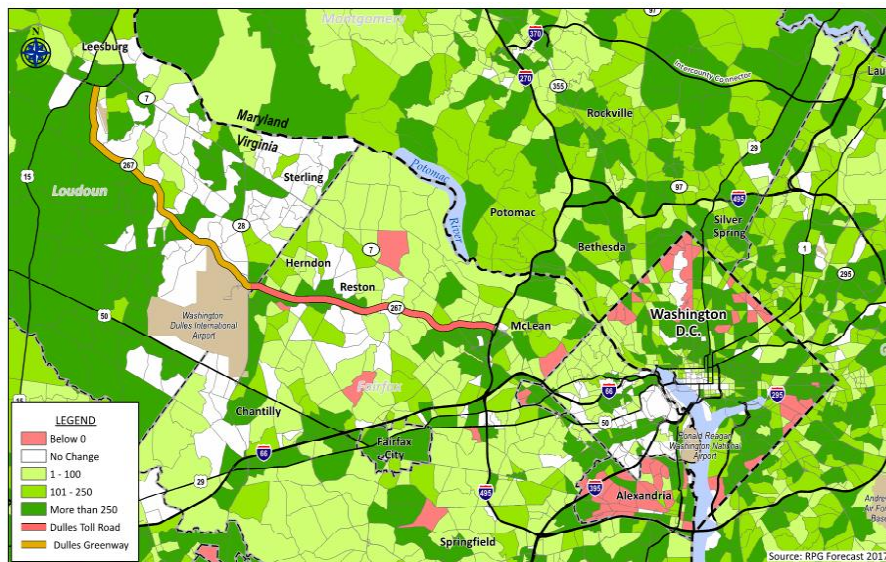
2017 DTR Customer Survey Results



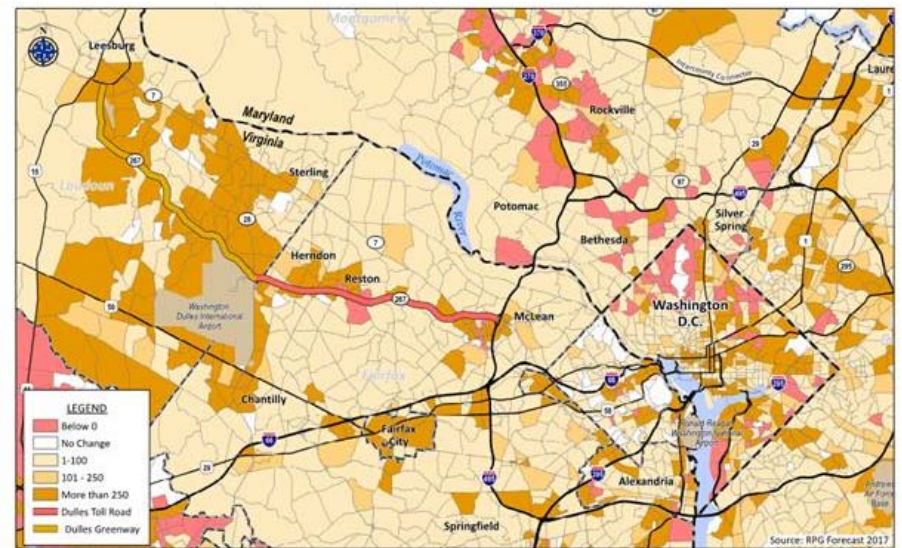
Most frequently cited reasons:
-- No traffic lights.
-- Most direct route.
-- Habit.
-- Reliability.

Results shown represent responses remaining after data cleaning and quality assurance processes.

Key Inputs: Population and Employment Growth



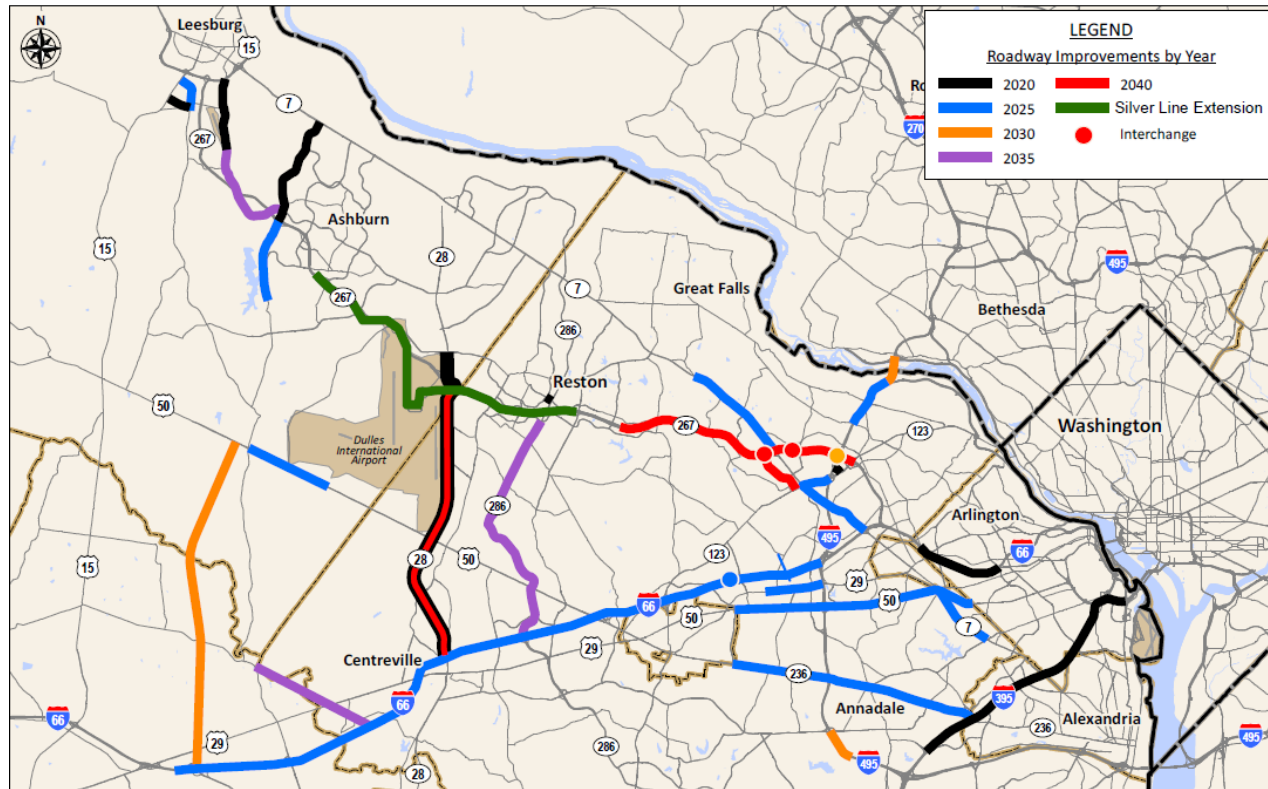
Total Population Growth 2015-2040



Total Employment Growth 2015-2040



Key Input: Future Roadway and Transit Network



Regulatory Process for DTR Toll Rate Adjustments

- Airports Authority Regulatory Process
- Prior Toll Rate Adjustments

Airports Authority Regulatory Process

The Airports Authority has the exclusive right to establish, charge and collect tolls and other fees for the use of the Dulles Toll Road.

Prior to adjusting toll rates, the Airports Authority must follow its process for promulgating regulations, including convening one or more public hearings in the Dulles Corridor to provide members of the public and others an opportunity to become informed about, and express their views on, any proposed toll rate changes.

The Airports Authority also consults with the Dulles Corridor Advisory Committee (DCAC) with respect to any proposed toll rate adjustments, but DCAC consent or approval of toll rate adjustments is not required under the agreements with the Commonwealth.



Prior Toll Rate Adjustments

| | Board Action | Year | Mainline Toll Rate | Ramp Toll Rate | Trip Cost |
|------|--------------|-----------|--------------------|------------------|------------------|
| CTB | 10/1/1984 | 1984-2004 | \$0.50 | \$0.25 to \$0.35 | \$0.75 to \$0.85 |
| CTB | 2/8/2005 | 2005 | \$0.75 | \$0.50 | \$1.25 |
| | | 2006 | \$0.75 | \$0.50 | \$1.25 |
| | | 2007 | \$0.75 | \$0.50 | \$1.25 |
| MWAA | 8/8/2007 | 2008 | \$0.75 | \$0.50 | \$1.25 |
| | | 2009 | \$0.75 | \$0.50 | \$1.25 |
| MWAA | 11/4/2009 | 2010 | \$1.00 | \$0.75 | \$1.75 |
| | | 2011 | \$1.25 | \$0.75 | \$2.00 |
| | | 2012 | \$1.50 | \$0.75 | \$2.25 |
| MWAA | 11/14/2012 * | 2013 | \$1.75 | \$1.00 | \$2.75 |
| | | 2014 | \$2.50 | \$1.00 | \$3.50 |
| | | 2015 | \$2.50 | \$1.00 | \$3.50 |

** In Resolution No. 12-29, adopted November 14, 2012, the Airports Authority reserved the option, to be exercised no later than June 30, 2013, to increase the toll rates for the Dulles Toll Road, effective January 1, 2015, up to \$3.00 at the mainline toll plaza and up to \$1.50 at the ramp locations. The option was not exercised.*

Proposed Schedule

| | | |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>May 2018</p> | <ul style="list-style-type: none"> • 05/16/18 MWAA Board/Committee Meetings • Date TBD Dulles Corridor Advisory Committee (DCAC) Meeting | <p><i>Briefings on toll rate setting process and schedule; summary of T&R Study update</i></p> |
| <p>June 2018</p> | <ul style="list-style-type: none"> • 06/20/18 MWAA Board/Committee Meetings | <p><i>Staff report on consultation with DCAC; Request Committee authorization to proceed with the regulatory process for proposed rate adjustments and effective dates (POTENTIAL ACTION ITEM)</i></p> |
| <p>July/August 2018</p> | <ul style="list-style-type: none"> • Date TBD Public Comment Period begins • Date TBD First Public Hearing in Dulles Corridor • Date TBD Second Public Hearing in Dulles Corridor • Date TBD End Public Comment Period | |
| <p>September 2018</p> | <ul style="list-style-type: none"> • Date TBD Dulles Corridor Advisory Committee (DCAC) Meeting • 09/18/18 MWAA Board/Committee Meetings | <p><i>Report on the Public Hearings and public comments</i> <i>Staff report on public comments and DCAC input</i></p> |
| <p>October 2018</p> | <ul style="list-style-type: none"> • 10/17/18 MWAA Board of Directors Meeting | <p><i>Board action on DTR toll rates for 2019 and possibly future years. (POTENTIAL ACTION ITEM)</i></p> |
| <p>2019 TBD</p> | <p><i>Implementation of Potential Toll Rate Adjustment</i></p> | |



@Reagan_Airport

@Dulles_Airport

@Dulles_Toll_Road



reaganairport

FlyDulles

dullestollroad



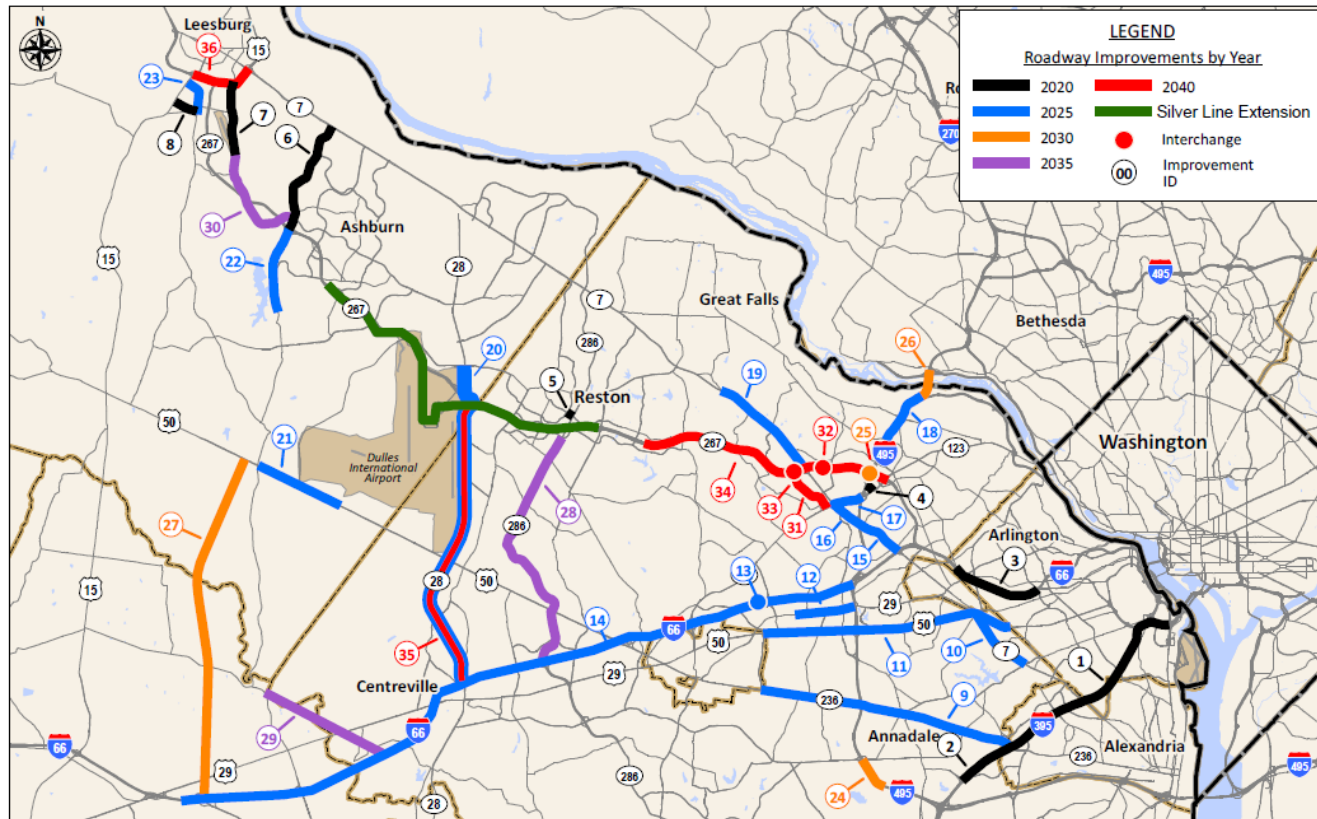


METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Appendix

Future Roadway and Transit Network

Future Roadway and Transit Network





2020

- 1 I-395 Express Lanes – Convert existing reversible lanes from HOV to HOT, add third lane
- 2 I-395 SB Widen – Add fourth southbound lane between north of Duke Street and south of Edsall Road
- 3 I-66 Widen – Widen I-66 1 lane from Fairfax Drive to Sycamore Street.
- 4 Jones Branch Drive Connector – Build connection between VA 123 and I-495 Express Lanes
- 5 Spring Street Widen – Widen Spring Street to 6 lanes from Herndon Parkway to Fairfax County Parkway
- 6 Belmont Ridge Road Widen – Widen Belmont Ridge Road to 4 lanes from Dulles Toll Road to VA 7
- 7 Sycolin Road Widen – Widen Sycolin Road to 4 lanes from VA 7/US 15 Bypass to Leesburg Town Line
- 8 Battlefield Parkway Construction – Construct new 4 lane parkway from US 15 to Dulles Greenway

2025

- 9 VA 236 Reconstruct, Widen – Widen Little River Turnpike to 6 lanes from Pickett Road to I-395
- 10 VA 7 Widen – Widen Leesburg Pike to 6 lanes from Seven Corners to Baily's Crossing
- 11 US 50 Widen – Widen Arlington Boulevard to 6 lanes from Fairfax City Line to Arlington County Line
- 12 US 29 Widen – Widen Lee Highway to 6 lanes from Espana Court to I-495
- 13 I-66 HOV Access to Vienna Metro Station – Provide direct connection access from HOV/HOT to Vienna Metro Station

2025 (Cont'd)

- 14 I-66 Outside the Beltway – Convert existing HOV to HOT, add second HOT lane from University Boulevard to I-495
- 15 VA 7 Widen – Widen Leesburg Pike to 6 lanes from I-495 to I-66
- 16 VA 7 Widen – Widen Leesburg Pike to 6, 8 lanes from Chain Bridge Road to I-395
- 17 VA 123 Widen – Widen Chain Bridge Road to 8 lanes from Leesburg Pike to I-495
- 18 I-495 HOT Expansion – Expand existing HOT system from Old Dominion Road to George Washington Parkway
- 19 VA 7 Widen – Widen Leesburg Pike to 6 lanes from Dulles Toll Road to VA 743
- 20 VA 28 Widen – Widen Sully Road to 8 lanes from Sterling Boulevard to I-66
- 21 US 50 Widen – Widen Lee Jackson Memorial Highway 6 lanes from VA 659 to Poland Road
- 22 VA 659 Widen – Widen Belmont Ridge Road from 2 to 4 lanes from Crosron Lane Dulles Greenway
- 23 Evergreen Mill Road Widen – Widen Evergreen Mill Road from 2 to 4 lanes from King Street to Leesburg Town Line

2030

- 24 Capital Beltway Auxiliary Lanes – Construct 2 auxiliary lanes on I-495 in both directions from N of Hemming Avenue Underpass to Braddock Road
- 25 I-495 / Dulles Access Road Interchange Construction – Construct new ramp from I-495 southbound general purpose to westbound Dulles Airport Access Road

2030 (Cont'd)

- 26 I-495 HOT Expansion – Expand existing HOT system from George Washington Parkway to American Legion Bridge
- 27 Manassas Battlefield Bypass – Construct 4 lane bypass from US 50 to I-66

2035

- 28 Fairfax County Parkway Expansion – Widen VA 286 to 6 lanes from I-66 to Sunrise Valley Drive, 1 lane HOV per direction during peak period
- 29 Manassas Battlefield Bypass – Construct 4 lane bypass from VA 234 to US 29, close portions of roadway
- 30 Sycolin Road Widen – Widen Sycolin Road from 2 to 4 lanes from Leesburg Town Line to Crosstrails Boulevard

2040

- 31 Boone Boulevard Extension – Extend Boone Boulevard as 4 lane roadway from VA 123 to Dulles Toll Road
- 32 Greensboro Drive Interchange – New Dulles Toll Road access at Greensboro Drive
- 33 Boone Boulevard Interchange – New Dulles Toll Road access at Boone Boulevard Extension
- 34 Dulles Toll Road Frontage Road – Construct 2 lane frontage road system, both directions, from Wiehle Avenue I-495
- 35 VA 28 HOV Conversion – Convert 1 lane per direction Sully Road to HOV from I-66 to Dulles Toll Road
- 36 VA 7 / US 15 Widen – Widen Harry Byrd Highway to 6 lanes from South King Street to East Market Street