



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

DULLES CORRIDOR METRORAIL PROJECT

Finance Discussion

Airports Authority Finance Committee

May 4, 2011



Primary Discussion Items

- Project cost estimates
- Potential toll rates
- Airports Authority funding
- Potential funding options
- Next steps



Project costs evolve from early planning estimates

History of Capital Cost Estimates for Locally Preferred Alternative (LPA) *			
		<u>PHASE 1</u>	<u>PHASE 2</u>
December 2004	Final Environmental Impact Statement	\$1.5 billion	\$1.9 billion
June 2005	Initial Cost Estimates from Dulles Transit Partners	\$1.7 to \$2.4 billion	\$2.5 billion
August 2005	VDRPT New Starts Submission	\$1.8 billion	-
March 2006	VDRPT Completes Phase 1 Preliminary Engineering	\$2.0 billion	-
Summer 2007 - Rail Project transferred to MWAA, Phase 1 Design-Build Contract Executed, Local Funding Agreement Drafted			
September 2007	Request for Final Design Approval	\$2.6 billion	-
April 2008	Revised Baseline Cost Estimate for Phase 1	\$2.6 billion	-
March 2009	FFGA Budget for Phase 1	\$2.6 billion	-
September 2010	Preliminary Phase 2 cost estimate released	-	\$3.8 billion
April 2011	Modified LPA approved for Phase 2	-	\$3.5 billion

* Locally Preferred Alternative adopted in 2004 includes underground station at Dulles International.



MWAA reduced the cost of the LPA by \$330 million and will aggressively seek additional savings on Phase 2

<i>(Billions YOE Dollars)</i>	LPA September 2010	Modified LPA April 2011
Phase 1 Project Budget	\$ 2.635	\$ 2.635
Phase 2 Cost Assumption	3.830	3.500
Interrelated Roadway Improvements	<u>0.120</u>	<u>0.120</u>
ESTIMATED TOTAL PROJECT COST	\$ 6.586	\$ 6.256
<i>Difference from Prior Estimate</i>		\$0.33



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The difference in cost between Modified LPA and rejected alternative is \$63 million for Fairfax and Loudoun

(Thousands YOE Dollars)	Modified LPA		Alternative		<u>Difference</u>
	Total	% of Total	Total	% of Total	
PE, Final Design and FFGA	\$ 900,000		\$ 900,000		-
<u>Commonwealth - STP</u>	75,000		75,000		-
<i>subtotal Federal</i>	\$ 975,000	15.6%	\$ 975,000	16.4%	
Commonwealth of Virginia	200,000	3.2%	200,000	3.4%	-
MWAA	256,484	4.1%	244,184	4.1%	12,300
LOUDOUN COUNTY	300,273	4.8%	285,873	4.8%	14,400
FAIRFAX COUNTY	1,007,167	16.1%	958,867	16.1%	48,300
<i>subtotal State and Local</i>	\$ 1,763,924		\$ 1,688,924		
DTR Revenue and Bond Proceeds	\$ 3,516,771	56.2%	\$ 3,291,771	55.3%	225,000
TOTAL SOURCES OF FUNDS	\$ 6,255,695	100.0%	\$ 5,955,695	100.0%	\$ 300,000



- = Contribution is a fixed dollar amount
- = Contribution is fixed percentage of total cost
- = Contribution is not fixed - amount and percentage of total cost can change.



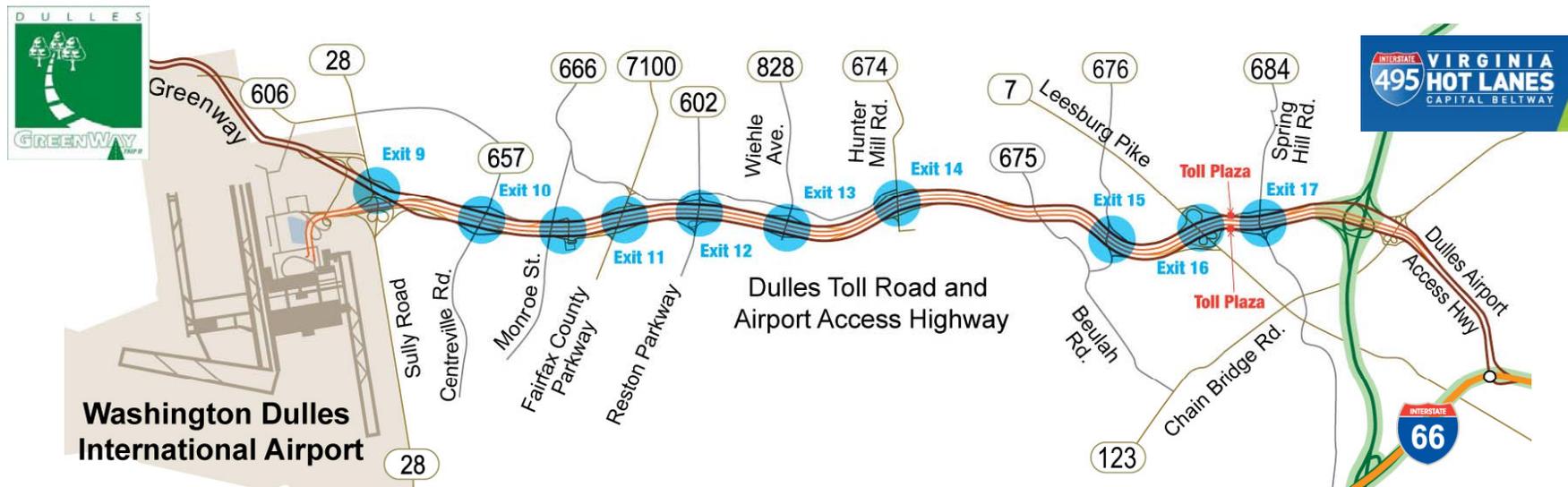
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In order to fund Metrorail, the Airports Authority has begun implementing periodic toll rate increases

	<u>Commonwealth</u>		<u>Airports Authority</u>		
	<u>1984-2004</u>	<u>May 2005</u>	<u>January 2010</u>	<u>January 2011</u>	<u>January 2012</u>
Mainline	\$0.50	\$0.75	\$1.00	\$1.25	\$1.50
Ramps	\$0.25 - \$0.35	\$0.50	\$0.75	\$0.75	\$0.75



Consider DTR toll rates in a regional context



	<u>Trip Cost</u>	<u>Length (miles)</u>	<u>Toll per Mile</u>
Dulles Greenway <i>After 2012, annual toll increases are permitted at greater of CPI plus one percent, GDP, or 2.8 percent.</i>	\$4.50	14	\$0.32
Dulles Toll Road <i>Current cost of a trip through one ramp plaza and the mainline.</i>	\$2.00	13.4	\$0.15
I-495 Capital Beltway HOT Lanes <i>Estimated cost of average trip in 2012. Toll rates may be as high as \$1.00 per mile in peak periods on high demand sections.</i>	\$6.00	14	\$0.43

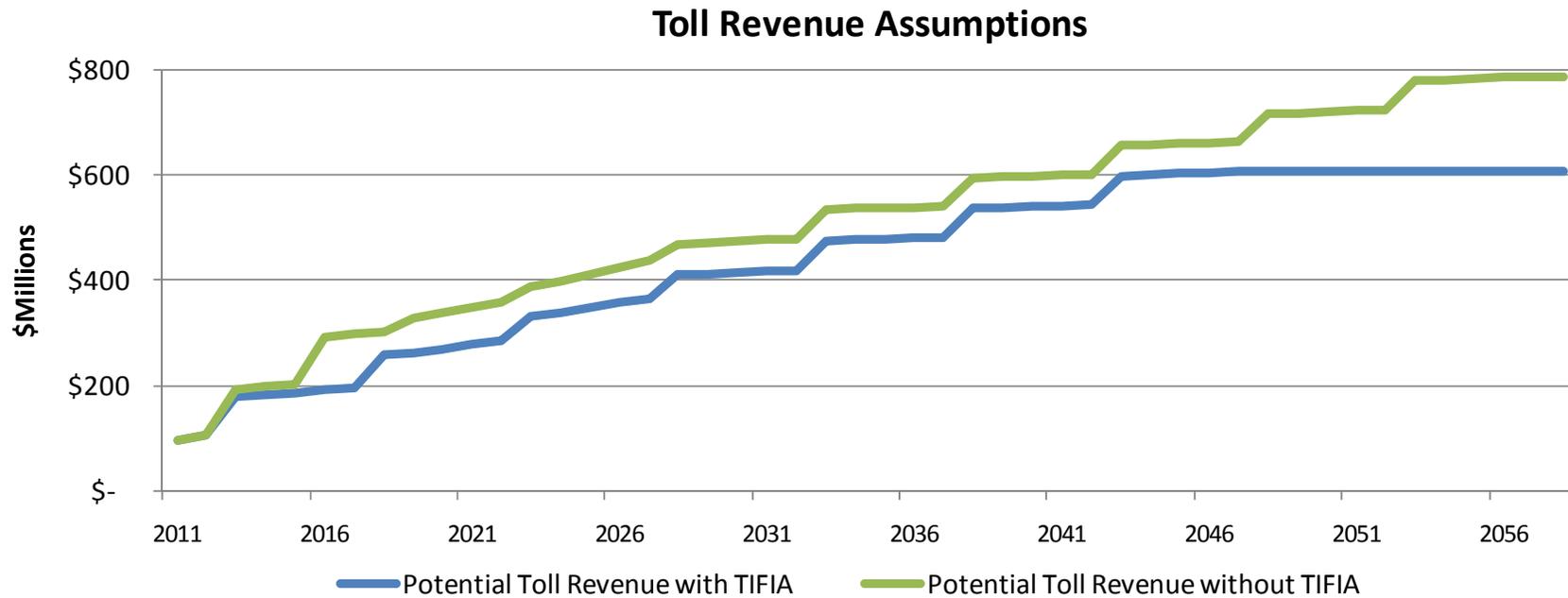


Future toll rates will depend on many factors, including:

- Final negotiated contract prices
- Actual borrowing costs versus assumed interest rates
- Repayment schedule and final maturity for each series of bonds
- Frequency of toll rate increases and policy for peak hour pricing
- Availability of additional federal & Commonwealth grant funds
- **Transportation Infrastructure Finance and Innovation Act (TIFIA)**
Subordinate federal loans at low interest rates with flexible terms



Securing TIFIA could potentially reduce annual toll revenue requirements by 20 - 30%, on average





Lower revenue requirements translate into lower toll rates*

		<u>Phase 2 Cost = \$3.5 Billion</u>	<u>Phase 2 Cost = \$3.2 Billion</u>
Full Trip	2011	\$2.00 (\$1.25 mainline + \$0.75 ramp)	\$2.00 (\$1.25 mainline + \$0.75 ramp)
	2015	\$4.00 to \$5.50	\$4.00 to \$5.00
	2020	\$6.75 to \$10.75	\$6.75 to \$10.25
Present Value of Trip Toll at 3 percent	2011	\$2.00	\$2.00
	2015	\$3.55 to \$4.89	\$3.55 to \$4.44
	2020	\$5.17 to \$8.24	\$5.17 to \$7.86

* Low end of range is applicable for scenarios with \$3.2 billion or \$3.5 billion Phase 2 cost estimate and a \$1.73 billion TIFIA loan. Higher end of range is applicable for scenarios with little or no TIFIA.



The Airports Authority has issued only a third of the total expected DTR debt

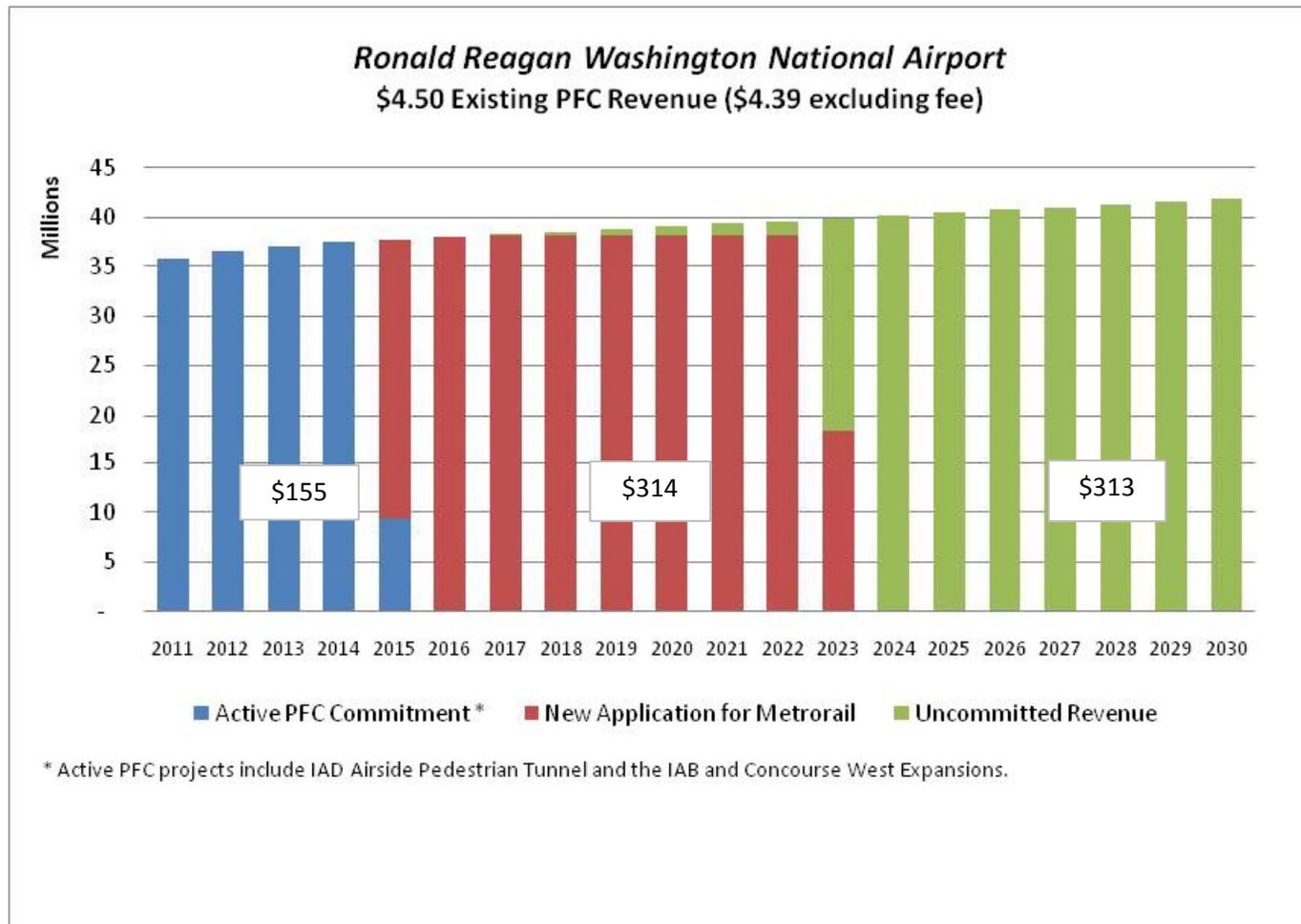
<u>Priority of Payment</u>	Issued	Potential Additional Debt between 2011 and 2016	
		<u>with TIFIA</u>	<u>without TIFIA</u>
First Senior	\$198	-	\$169
Second Senior	\$958	\$728	\$2,019
Subordinate	\$150	-	\$489
Junior / TIFIA	-	\$1,730	-
Total Par Amount of Bonds *	\$1,306	\$2,458	\$2,677

* Estimates include funding for required deposits to reserves and issuance costs



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Since 2007, the Airports Authority has budgeted PFCs to fund its 4.1% share



MWAA 4.1%	256
+ Financing Costs	71
- Land Contribution	-13
Total	314



Primary Options for Additional Funding and Credit Support*

- TIFIA
- Additional Passenger Facility Charges
- Toll the access highway
- Congestion or Peak Hour Pricing
- Extend Term of DTR Permit
- Credit support from Virginia TIB

** These options are subject to legal, financial and technical constraints that must be further examined*



Next Steps for Finance Team

- Review plan of finance with local funding partners
- Update traffic and revenue analyses
- Analyze potential tolling policy options
- Refine PFC analysis
- Secure TIFIA credit assistance