



# **MWAA 2014 Management Plan**

End of Year Update  
December 2014

## Background

- The 2014 Management Plan outlined business strategies to progress the following objectives:
  1. Enhance the Organization's Reputation
  2. Grow MWAA's Business to Benefit the Traveling Public
  3. Manage Financial Resources Responsibly
  4. Implement a Comprehensive Human Capital Plan
  5. Maintain Safe & Secure Operations
- In addition, the Management Plan set forth tactical Corporate Goals that focused the organization on Cost, Revenue, Customers, and People – all with an emphasis on continuous improvement



## Corporate Goal Objectives

**COST**

Manage Cost to Realize Operational Efficiencies

**REVENUE**

Grow Revenue to Keep MWAA Competitive

**CUSTOMERS**

Create Customer Satisfaction for all Authority Stakeholders

**PEOPLE**

Foster Employee Engagement as Employer of Choice

**CONTINUOUS IMPROVEMENT**



## 2014 Accomplishments: Enhance the Organization's Reputation

- ✓ Established Office of Corporate Risk and Strategy, with Deputy Vice President reporting to CEO
  - Successfully addressed 10 of 12 recommendations from the OIG's November 2012 Report and working collaboratively to close out remaining items
  - Facilitated the closure of all outstanding items from FTA's 2013 Procurement System Review
  - Completed 100% of required corrective actions to FTA in support of January 2014 OIG Report
  
- ✓ Received \$38 M in restricted FFGA funding from FTA (an additional \$54 M is under review) and the first \$100 M of \$300 M pledged to the Metrorail Project from the Commonwealth of Virginia
  
- ✓ Successfully opened Phase 1 of the Silver Line
  
- ✓ Advanced MWAA's interests and reputation through continued work with elected officials and organizations such as Committee for Dulles, Dulles Rail Association, Board of Trade, 2030 Group, and local Chambers of Commerce

## 2014 Accomplishments: Grow MWAA's Business

- ✓ Aggressive pursuit of air service at Dulles led to key wins:
  - Air China began international service in June
  - Frontier established Dulles as a hub for its ultra low fare service in August and has served 160 K passengers through October
  - Silver Airways and Elite Airways started domestic service this fall
  - Alaska Airlines returns to Dulles in March 2015 and Aer Lingus will begin service in May 2015
  
- ✓ Increased year-to-date concessions revenue 6% through October – with growth in parking, rental cars, food and beverage, duty free, FBO, and inflight caterers
  
- ✓ Increased annual MAGs \$14 M through Phases 1, 2, and 3 of the Concessions Redevelopment Program, and separately re-bid duty free contract for an additional \$8 M annual increase
  
- ✓ Successfully launched *Silver Line Express* bus service on July 26, which has carried over 100 K passengers and generated \$500 K in gross revenue to date
  
- ✓ Hired Chief Revenue Officer and Real Estate Manager to further progress non-airline revenue opportunities

## 2014 Accomplishments: Manage Financial Resources Responsibly

- ✓ Use and Lease Agreements provide financial flexibility to manage the airports as a system:
  - 10-year term at DCA with extensive capital plan; 3-year term at IAD with minimal capital plan
  - Increased debt service coverage charged to airlines from .25 to .35
  - Enhanced ability to use Net Remaining Revenue from DCA to offset debt service at IAD: \$40 M in 2015-2017; \$35 M in 2018; \$30 M in 2019; and \$25 M in 2020-2024
  
- ✓ Refinanced Airport Revenue bonds for \$111 M debt service savings over the life of the bonds
  
- ✓ Re-bid bank facilities, resulting in estimated annual savings of up to \$1.3 M over the next 3 years
  
- ✓ Completed Plan of Finance for the Dulles Corridor Enterprise:
  - Issued \$421.8 M Dulles Toll Road Bonds in May, with all-in total interest cost of 4.82%
  - Closed \$1.28 B TIFIA loan in August, with an interest rate of 3.21%
  
- ✓ Consolidated small purchasing offices under Corporate Procurement and hired a Deputy Manager, Procurement and Contracts for each Enterprise

## 2014 Accomplishments: Implement a Comprehensive Human Capital Plan

- ✓ Re-bid healthcare benefits (medical, pharmacy, and dental) and reduced annual Other Post-Employment Benefits cost by \$6.6 M; avoided \$7.6 M in costs over the life of the three-year contract, while maintaining strong network of providers
- ✓ Reduced retirement plan administration costs and launched 401(a) savings plan for employees
- ✓ Implemented Pay for Performance and Wellness Incentive programs
- ✓ Created, and in process of implementing, a strategy for MWAA's Workforce Planning and Development, to include:
  - Internal Workforce Development through Supervisory Training, Leadership Development, and Succession Planning initiatives
  - Entry Level Management Intern and Trades Apprenticeship Employment Programs
- ✓ Restructured organization to align with corporate goals
- ✓ Led senior leadership recruitment for critical positions in Engineering, Metrorail Project, Public Safety, Legal, and the Chief Revenue Office

## 2014 Accomplishments: Manage Safe & Secure Operations

- ✓ Aggressively responded to the Ebola crisis and coordinated with mutual aid partners
- ✓ Met 100% of FAA-mandated response times to TSA checkpoints
- ✓ Partnered with the National Counterterrorism Training Center to conduct Counter Terrorism Awareness Workshops
- ✓ Developed a Technology Strategic Plan to:
  - Consolidate and standardize IT
  - Bring thought leadership in-house
  - Simplify contracted support
- ✓ Began convergence of IT infrastructure and applications; consolidated ERP and Radio Service help desks, which reduced support costs by \$3 M, while maintaining overall performance
- ✓ Upgraded Oracle environment to apply security patches and enhance functionality



## Year In Review

This year's accomplishments have strengthened the Authority's relationships and reputation with external stakeholders, enhanced the organization's commitment to its employees while preserving the bottom line, and maintained a steadfast focus on our customers. Highlights include:

- ✓ Managed year-to-date operating expenses below 2014 Budget on a consolidated basis
- ✓ New Use & Lease Agreements provide an unprecedented \$300 M for Dulles over the next 10 years
- ✓ Launched new IAD service with Air China, Frontier, Silver, and Elite; Alaska and Aer Lingus in 2015
- ✓ Re-financings will yield \$111 M in debt service savings; new banking contracts will also save \$3 M
- ✓ Re-bid healthcare benefits and reduced annual Other Post-Employment Benefits cost by \$6.6 M; avoided \$7.6 M cost over the life of the three-year contract
- ✓ Successfully completed Phase 1 and secured TIFIA, which reduced required toll revenue by \$2.7 B
- ✓ Grew non-airline revenue 6% over prior year and generated \$14 M through concessions refresh and \$8 M with new duty free contract
- ✓ Enhanced the customer experience with faster Wi-Fi, Automated Passport Control kiosks at IAD, parking reservation and pay-by-phone programs at DCA, and more E-ZPass only lanes on the DTR
- ✓ Changing MWAA's culture through the modernization of administrative practices, including Pay for Performance, re-organizing select functions, implementing leadership programs, and addressing long-standing employee concerns
- ✓ Effectively recruited top talent for critical positions in Engineering, Metrorail Project, Public Safety, Legal, and the Chief Revenue Office