



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

Joint Finance and Dulles Corridor Committees

Adoption of Amendment to the Regulation Establishing Toll Rates on the Dulles Toll Road

October 17, 2012



Discussion Outline

- **Regulatory Process for Changing Toll Rates**
- **Information Provided at Public Hearings on the Finance Plan and the Proposed Toll Rate Adjustments**
- **Overview of Public Comments**
- **Dulles Corridor Advisory Committee Recommendations**
- **Recommendation to Adopt Amendment to the Regulation Establishing Toll Rates on the Dulles Toll Road**



Airports Authority's Regulatory Process

✓ **Notification of Proposed Changes and Public Hearings**

Airports Authority press releases; 25 notices published in nine newspapers, public service announcements on local TV and radio; e-mail announcements to transportation organizations.

✓ **Public Hearings**

Three public hearings conducted on three different days, in two different weeks, at three different locations (Ashburn, Reston, McLean)

Conducted in open house format to inform and solicit comments from the community. Stations on five different topics with display boards and representatives from the Airports Authority available to answer questions.

In total, 195 individuals attended the three public hearings. Attendees submitted a total of 54 comments using various options: comment form, letters, and/or oral statements recorded by an individual.



Airports Authority's Regulatory Process, *continued*

✓ **Public Comment Period**

Comments accepted from August 17 through September 16, 2012.

Informational exhibits and an "On-Line Open House" were available on the Airports Authority website.

A total of 584 comments were submitted (including written comments on the comment forms, letters, emails, oral statements provided during the hearings, and comments made online). In several cases, individuals commented on more than one occasion, using more than one medium.

Of the 567 individuals submitting comments, 56% identified their residence to be in Fairfax County, 32% identified their residence to be in Loudoun County, and the remainder either gave a residence outside of these counties or did not indicate their residence.



Airports Authority's Regulatory Process, *continued*



Dulles Corridor Advisory Committee Meeting

Created pursuant to the Permit and Operating Agreement for the Dulles Toll Road, the eight-member committee is composed of the two representatives denoted below for each of the Airports Authority, Fairfax County, Loudoun County, and the Commonwealth to provide the Airports Authority with advice on issues related to the management, improvement and expansion of the Dulles Corridor, as well as changes to toll rates on the toll Road. The Committee met on October 5, 2012.

- The Airports Authority representatives are the Airports Authority's Board Chairman and the President and CEO.
- Fairfax County is represented by the Chairman of the Board of Supervisors and the County Executive.
- Loudoun County is represented by the Chairman of the Board of Supervisors and the County Administrator.
- The Commonwealth's representatives are the Secretary of Transportation or a designee and a Northern Virginia member of the CTB.

Dulles Corridor Metrorail Project Finance Plan Planned Contributions from Funding Partners

SOURCES OF CAPITAL FUNDS (Thousands YOE Dollars)	PHASE 1 Total	PHASE 2 Total	TOTAL PROJECT Total	% of Total
Federal	\$ 900,000	\$ -	\$ 900,000	16.1%
Commonwealth of Virginia	251,700	23,300	\$ 275,000	4.9%
Fairfax County	400,000	500,746	900,746	16.1%
Loudoun County	-	268,545	268,545	4.8%
MWAA (Aviation Funds)	-	229,383	229,383	4.1%
MWAA (Dulles Toll Road)	\$ 1,353,995	\$ 1,667,026	\$ 3,021,021	54.0%
TOTAL SOURCES OF FUNDS	\$ 2,905,695	\$ 2,689,000	\$ 5,594,695	100.0%

= Contribution is fixed amount

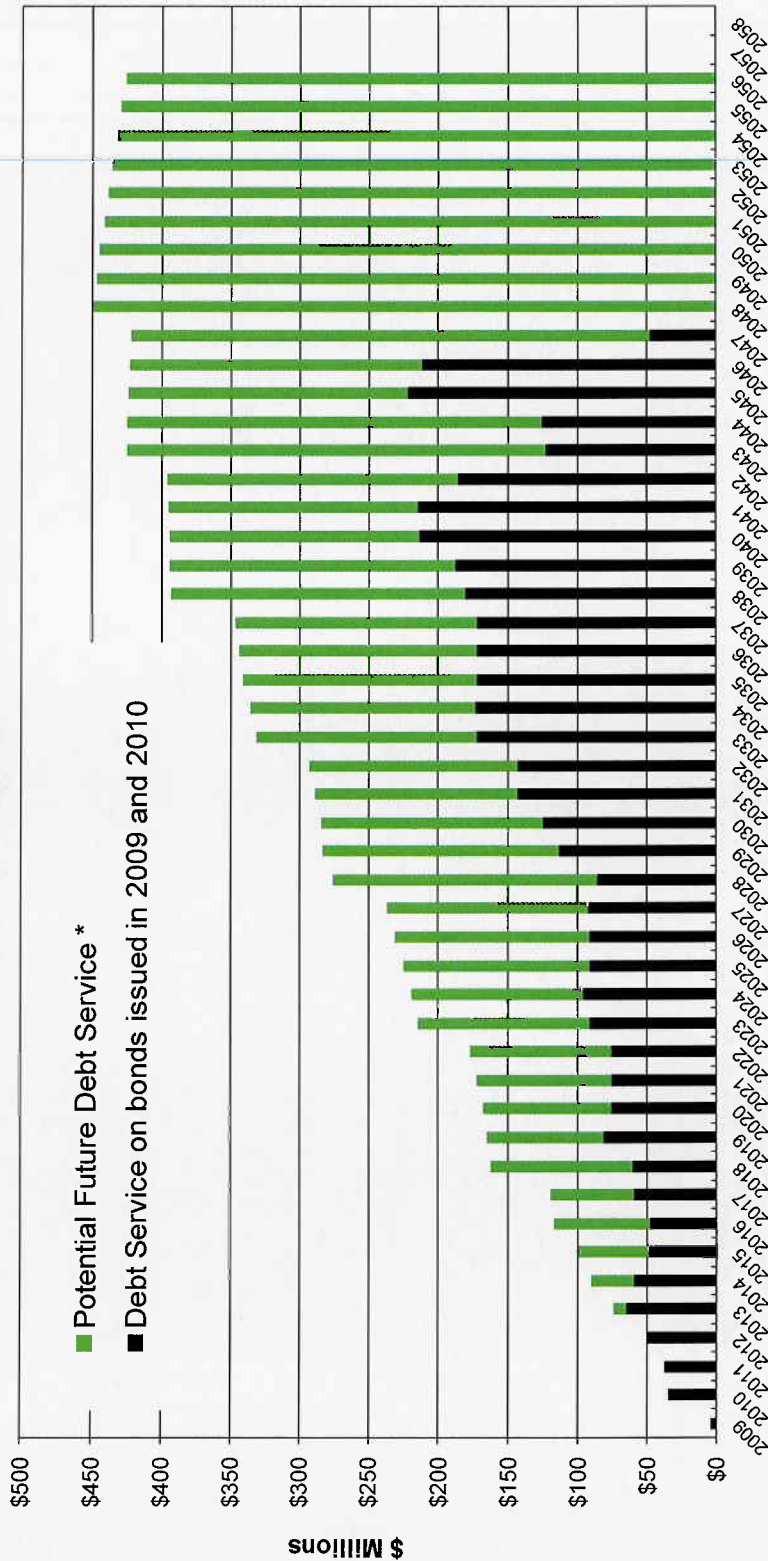
= Contribution is fixed percentage of total cost

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

- Allocation based on 100% Preliminary Engineering Estimate for Phase 2. Assumes Fairfax secures \$236 million for the Route 28 station and two parking garages, and Loudoun secures \$168 million for three parking garages.
- Allocation assumes \$150 million to be provided by the Commonwealth of Virginia will be used to pay interest on Dulles Toll Road revenue bonds, not direct project costs.

Dulles Corridor Finance Plan Current and Anticipated Debt Service

POTENTIAL ANNUAL DEBT SERVICE REQUIREMENTS

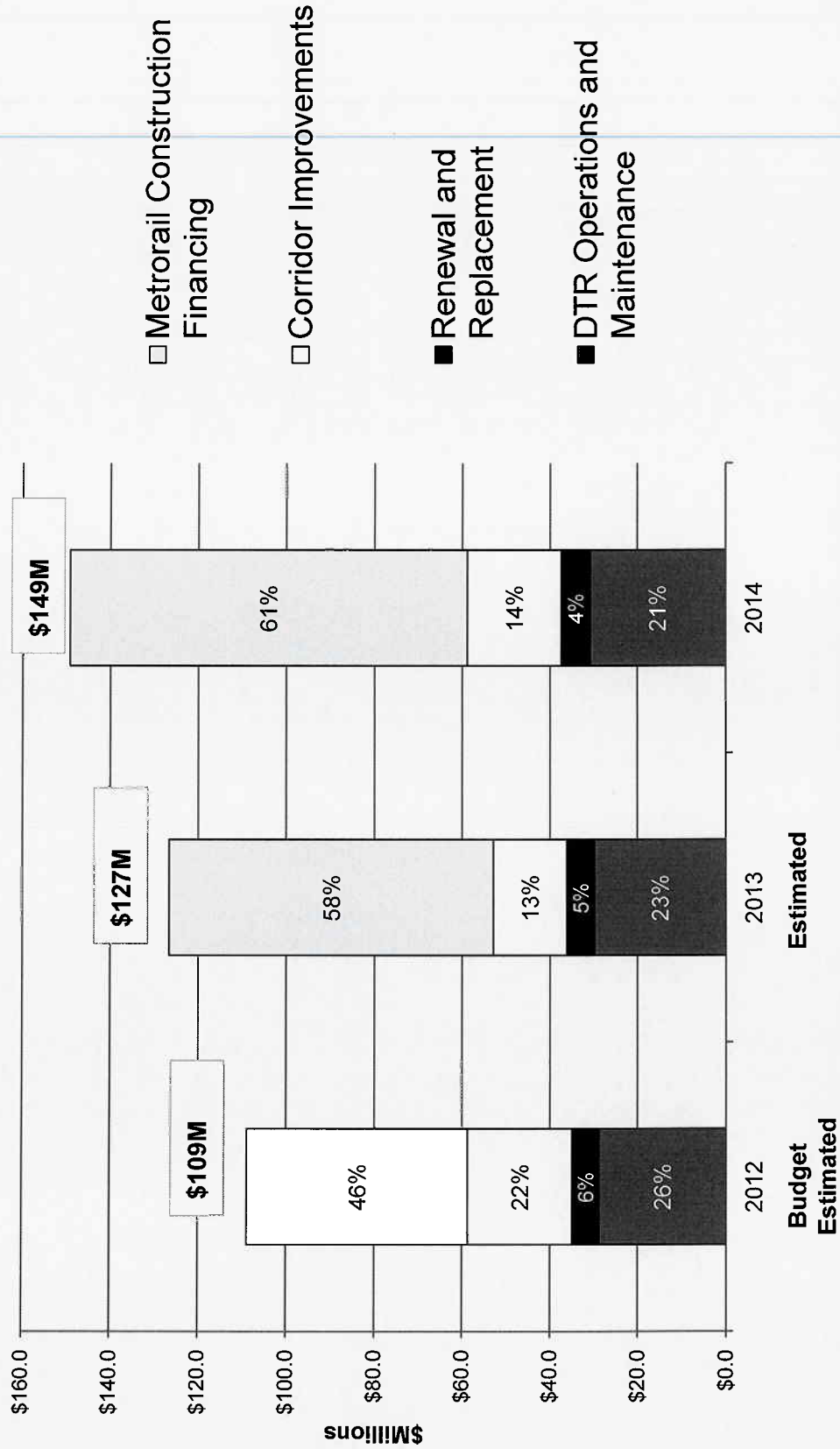


Over \$1.3 billion of Dulles Toll Road revenue bonds have been issued with an overall cost of capital of 6.073%
Approximately \$2 billion of additional toll revenue debt may be issued over the next five to six years to complete construction

*Actual amounts will vary depending on the type of debt issued, future interest rates, and several other factors.

Dulles Corridor Finance Plan

Use of Toll Revenue



Toll Rates Proposed Adjustments

Vehicle Class	Effective January 1, 2013	
	Mainline Plaza	Ramps
2-Axle	\$1.50	\$0.75
3-Axle	\$1.75	\$1.00
4-Axle	\$2.00	\$1.25
5-Axle	\$2.25	\$1.50
6 or more	\$2.50	\$1.75

Vehicle Class	Effective January 1, 2014		
	Option A	Option B	Ramps
2-Axle	\$1.75	\$2.25	\$1.00
3-Axle	\$3.50	\$4.50	\$2.00
4-Axle	\$4.50	\$5.75	\$2.50
5-Axle	\$5.25	\$6.75	\$3.00
6 or more	\$6.25	\$7.75	\$3.50

Vehicle Class	Effective January 1, 2015		
	Option A	Option B	Ramps
2-Axle	\$2.50	\$3.00	\$1.25
3-Axle	\$5.00	\$6.00	\$2.50
4-Axle	\$6.25	\$7.50	\$3.00
5-Axle	\$7.50	\$9.00	\$3.75
6 or more	\$8.75	\$10.50	\$4.50

Toll increases beyond 2015 will be analyzed based upon actual financial performance and potential receipt of any additional funding

Toll Rates

Current Toll Rates in the Region

DULLES TOLL ROAD (13.4 miles)

	2 Axles	3 Axles	4 Axles	5 Axles	6 or More Axles
Mainline Toll Plaza	\$1.50	\$1.75	\$2.00	\$2.25	\$2.50
Ramps	\$0.75	\$1.00	\$1.25	\$1.50	\$1.75
Cost per Mile	\$0.17	\$0.21	\$0.24	\$0.28	\$0.32

DULLES GREENWAY (14.0 miles)

	2	3	4	5	6+
Mainline Toll Plaza					
BASE TOLL	\$4.00	\$8.00	\$10.00	\$12.00	\$14.00
CONGESTION MANAGEMENT (MAXIMUM) TOLL	\$4.80	\$9.60	\$12.00	\$14.40	\$16.80
Cost per Mile	\$0.34	\$0.69	\$0.86	\$1.03	\$1.20

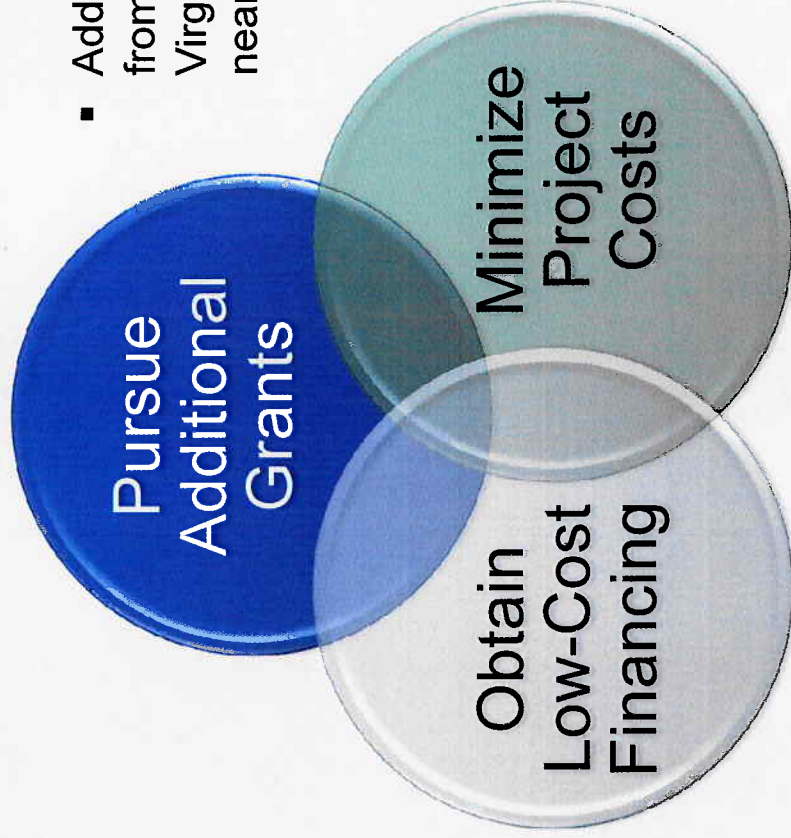
MARYLAND INTERCOUNTY CONNECTOR (16.0 miles)

	Interstate 370 to Interstate 95	2	3	4	5	6+
PEAK		\$4.00	\$12.00	\$18.00	\$24.00	\$30.00
OFFPEAK		\$3.20	\$9.60	\$14.40	\$19.20	\$24.00
OVERNIGHT		\$1.60	\$4.80	\$7.20	\$9.60	\$12.00
Cost per Mile (Peak)		\$0.25	\$0.75	\$1.13	\$1.50	\$1.88

The 495 Express Lanes are scheduled to open in December 2012. Project sponsors expect the cost of average trip to be between \$5.00 and \$6.00.



Toll Rates Toll Mitigation Strategies



- Concerted effort by all funding partners to request additional low-interest rate TIFIA loans issued by the federal government to finance rail project
- Additional \$150 M contribution from the Commonwealth of Virginia will be used to minimize near-term toll rate increases
- Selected least costly rail station alignment at Dulles through value engineering process
- Removed \$404 M of rail project elements from total cost to be funded by toll revenue bonds



Public Comment Themes

Majority of the 567 individuals submitting comments addressed the following topics:

Economic Impact of the Toll Increase *(334 comments)*

DTR tolls are already too high. Making the tolls even higher at this time will have an adverse effect on local businesses and the personal finances of Toll Road users.

A toll rate increase will not improve traffic, and neither will the addition of the new Metrorail line. The rate increase will cause many DTR users to take alternative routes

Alternatives to the Toll Increase *(316 comments)*

The Federal government and Commonwealth of Virginia need to contribute more.

Funds for the Metrorail Project could be obtained from raising Metrorail fares, increasing fares on upcoming Silver Line users, tolling users of the Dulles Airport Access Road, and taxing commercial developers in the Corridor.



Public Comment Themes, *continued*

Fairness of the Toll Increase (309 comments)

People who use the DTR, including residents and businesses of Fairfax and Loudoun Counties, should not be required to contribute substantially to the construction of the Metrorail Project, which will benefit people throughout the metropolitan area who will contribute nothing.

DTR Operations (62 comments)

Before money is set aside for another project, the DTR would benefit from upgrades, such as improved toll booth operations, improved exit ramps, etc. Consider using all electronic tolling collection and video tolling to save costs, to lessen the toll increase, and to improve traffic flow.



Public Comment Themes, *continued*

Tax Character of the Toll Increase (61 comments)

The toll rates are a hidden tax, unfairly imposed on a limited group of individuals (DTR users).

Noise Wall Program (3 comments)

The Authority should use increased DTR revenue to assist communities affected by increased noise levels on the Toll Road.

Support of Toll Increase (16 comments)

Comments recognized that the increases were necessary to fund the Metrorail project, which was viewed as a positive addition to the transportation infrastructure of Northern Virginia and, in particular, of the Dulles Corridor.



Recommendations from the Dulles Corridor Advisory Committee

The Committee voted to recommend the following:

- Implement the toll increase effective January 1, 2013 as proposed.
- Implement Option A of the proposed toll rate increases effective January 1, 2014.
- Implement Option B of the proposed toll rate increases effective January 1, 2015. (However, for 2015, consider a possible third option that would increase the Main Plaza toll by an additional \$.25 and decrease the Ramp toll by \$.25.



Proposed Toll Increases

Effective January 1, 2013		
Vehicle Class	Mainline Plaza	Ramps
2-Axle	\$1.50	\$0.75
3-Axle	\$1.75	\$1.00
4-Axle	\$3.50	\$2.00
5-Axle	\$4.50	\$2.50
6 or more	\$5.25	\$3.00
	\$6.25	\$3.50

Effective January 1, 2014					
Option A			Option B		
Vehicle Class	Mainline Plaza	Ramps	Mainline Plaza	Ramps	
2-Axle	\$1.75	No change	\$1.75	\$1.00	\$1.25
3-Axle	\$3.50	No change	\$3.50	\$2.00	\$2.50
4-Axle	\$4.50	No change	\$4.50	\$2.50	\$3.00
5-Axle	\$6.25	No change	\$5.25	\$3.00	\$3.75
6 or more	\$6.25	No change	\$6.25	\$3.50	\$4.50

Effective January 1, 2015					
Option A			Option B		
Vehicle Class	Mainline Plaza	Ramps	Mainline Plaza	Ramps	
2-Axle	\$2.50	\$1.00	\$2.25	\$1.25	\$1.50
3-Axle	\$5.00	\$2.00	\$4.50	\$2.50	\$3.00
4-Axle	\$6.75	\$2.50	\$6.75	\$3.00	\$3.75
5-Axle	\$8.25	\$3.00	\$6.75	\$3.75	\$4.50
6 or more	\$8.75	\$3.50	\$7.75	\$4.50	\$5.25



Potential Funding Concepts

Federal Government

TIFIA Loan
Additional Grant
RRIF Loan
Qualified Tax Credit Bonds

WMATA

Surcharge Silver Line
Metrorail Riders

Airports Authority

Toll the Dulles Access Highway
Passenger Facility Charges
(Already targeted source of
Authority's share)

Fairfax & Loudoun Counties

Rebate taxes on Dulles concessions
Use proposed Loudoun Tax District Revenue from
Airport Station
Guarantee to fund Route 28 station
Surcharge Parking Garages

Commonwealth of VA

Additional Grant
Backstop/Guarantee DTR Debt
Impose Taxes (regional sales tax, other)
Rebate sales tax on Dulles concessions
Rebate/waive tax on Dulles Rail contract
Extend DTR Permit term
Assume Debt, Corridor Improvements, Toll Setting



Recommendation

That the joint Finance and Dulles Corridor Committees:

1. Determine the adjustments to be made to the toll rates on the Dulles Toll Road and set the effective date of each of these adjustments as of January 1 of some or all of the following three years (2013, 2014, and 2015)
2. Instruct staff to prepare an amendment to the Airports Authority regulation that establishes the Dulles Toll Road toll rates which incorporates these toll rate adjustments and effective dates, and
3. Recommend that the Board of Directors adopt that regulatory amendment.



Next Steps

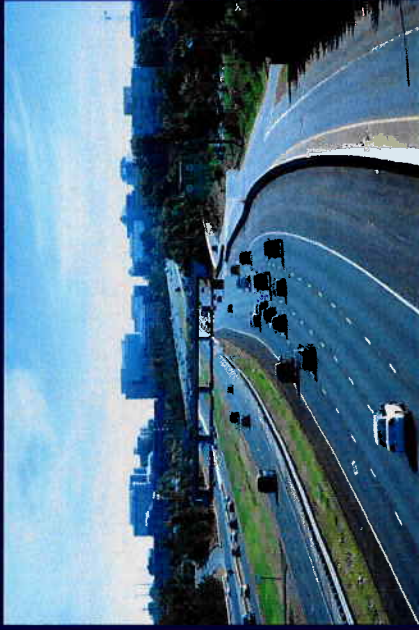
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| 10/17/12 | <u>Finance and Dulles Corridor Committee Meeting</u>
<i>Staff report on comments and suggestions from the public and the DCAC;
Consider Committee recommendation to present to the Board of Directors</i> |
| 11/14/12 | <u>Board of Directors Meeting</u>
<i>Consideration of resolution to adjust Dulles Toll Road toll rates</i> |
| 01/01/13 | <u>Implementation of Potential 2013 Toll Rate Adjustment</u> |



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

**RECOMMENDATION PAPER
TO THE FINANCE AND DULLES CORRIDOR COMMITTEES**

**ADOPTION OF AMENDMENT TO THE
REGULATION ESTABLISHING TOLL RATES
ON THE DULLES TOLL ROAD**

OCTOBER 2012

RECOMMENDATION

That the Finance and Dulles Corridor Committees (i) determine the adjustments to be made to toll rates on the Dulles Toll Road (DTR) and set the effective date of each of these adjustments as January 1 of some or all of the next three years (2013, 2014 and 2015), (ii) instruct staff to prepare an amendment to the Airports Authority regulation that establishes DTR toll rates which incorporates these toll rate adjustments and effective dates, and (iii) recommend that the Board of Directors adopt that regulatory amendment.

BACKGROUND

On July 18, 2012, the Finance and Dulles Corridor Committees authorized the initiation of the Airports Authority's regulatory amendment process in connection with a proposal to adjust toll rates on the Dulles Toll Road over the next three years.¹

Under the proposal authorized by the committees, toll rates on the DTR for two-axle vehicles² would increase on January 1, 2013, by \$0.25 at the mainline plaza (from the current \$1.50 to \$1.75) and by \$0.25 at the entrance/exit ramps (from the current \$0.75 to \$1.00). As to rate increases beginning in January 2014 and January 2015, the proposal set out two options.

Under Option A, beginning on January 1, 2014, toll rates would increase at the DTR mainline plaza to \$2.50 and remain the same at the entrance/exit ramps (\$1.00) and, beginning on January 1, 2015, rates would increase at the mainline plaza to \$2.75 and at the ramps to \$1.75. Under Option B, beginning on January 1, 2014, rates would increase at the mainline plaza to \$2.25 and at the ramps to \$1.25, and beginning January 1, 2015, rates would increase at the mainline plaza to \$3.00 and at the ramps to \$1.50.³

¹ Section 10.1 of the Airports Authority Regulations establishes toll rates for the DTR. The current Section 10.1 is attached as Attachment A. It shows the toll rates for motor vehicles with two axles, along with rates for vehicles with more than two axles.

² All toll rates presented in this paper are for two-axle vehicles.

³ These optional toll rate increases are shown in the schedule of rate adjustments attached as Attachment B. This schedule was presented at the public hearings, discussed below, on the proposed DTR rate increases. The schedule shows the rate adjustments for vehicles of all axles.

Under both Option A and Option B, the combined toll rates at the mainline plaza and the ramps in 2014 would be the same (\$3.50); the combined rates would also be the same in 2015 (\$4.50).

As part of the regulatory amendment process, the Airports Authority conducted three public hearings on the proposed toll rate increases. Notice of these hearings was provided in a variety of ways: advertisements in newspapers with circulation in the Dulles Corridor;⁴ a press release; public service announcements on local television and radio stations; e-mail announcements to transportation organizations with a request that they disseminate the announcements to their membership; and announcements on the Airports Authority's website.

These three hearings were held on September 6, 12 and 13 at different locations in the Dulles Corridor.⁵ The purpose of the hearings was to inform members of the community about the proposed DTR toll rate increases and the primary uses to which the increased toll revenues would be put, and to provide opportunities for participants to submit comments on the proposed rate increases.

Each of the hearings included a number of information stations with display boards. Representatives from the Airports Authority were available at each station to explain the presented information and answer questions. In addition, an individual was available at each hearing to record participants' comments, and a comment form was given to each participant that could be completed and dropped in a comment box at the hearing or returned by mail.

Twenty days before the first hearing, the Authority's website was updated to include a video of the display boards with narration, the display boards themselves, and an online comment form that individuals could use to submit online their comments on the proposed rate increases. A list of "Frequently Asked Questions" was added later to the website to help inform the public about the proposed rate increases.

The period for public comment on the proposed DTR toll rate increases ran from August 17 through September 16, 2012. During this period, a total of 567 individuals submitted 584 comments. These included written comments on the comment form, letters, e-mails, oral statements provided during the hearings, and comments made online. In several cases, individuals commented on more than one occasion, using more than one medium.

Of the 567 individuals giving comments, 56% identified their residence to be in Fairfax County, 32% identified their residence to be in Loudoun County, and the remainder either gave a residence outside of these counties or did not indicate their residence. Eighty-nine percent of the commenting individuals stated that they currently use the DTR, while 40% of these DTR users indicated that they plan to use the new Metrorail line once it is operational. Thus, overall, 37% of these individuals stated that they plan to use the Metrorail.

⁴ Altogether, 25 notices of the public hearings were published in area newspapers.

⁵ The September 6 hearing was held at Stone Bridge High School in Ashburn, and was attended by 56 individuals. The September 12 hearing was held at South Lakes High School in Reston, and attended by 94 individuals. The September 13 hearing was held at Spring Hill Elementary School in McLean, and was attended by 45 individuals.

A report on the 584 comments submitted during the comment period, entitled “Dulles Toll Road Proposed Toll Rate Increases, Report on Public Comments, October 2012” (Report), is attached as Attachment C. The Report groups the comments into the following seven topical areas:

- A. Impacts of the Toll Increase
- B. Alternatives to the Toll Increase
- C. Fairness of the Toll Increase
- D. Operational Issues with the Toll Increase
- E. Tax Character of the Toll Increase
- F. Noise Wall Program and the Toll Increase
- G. Support of the Toll Increase

The Report summarizes the comments that fall within these topical areas, and states the major themes or points made by the comments in each area. These comments are addressed below in the Discussion part of this paper.

On October 5, the Dulles Corridor Advisory Committee (DCAC) was briefed on the proposed toll rate increases that had been presented during the public hearings, on the public hearings themselves, and on the comments provided during the public comment period. After discussion, the DCAC voted its concurrence with the following rate increases and effective dates:

- effective January 1, 2013, an increase of \$0.25 at the mainline plaza (from the current rate of \$1.50 to \$1.75) and of \$0.25 at the entrance/exit ramps (from the current rate of \$0.75 to \$1.00);
- effective January 1, 2014, an increase of an additional \$0.75 at the mainline plaza only (to \$2.50); and
- effective January 1, 2015, an increase of \$0.50 at the mainline plaza (to \$3.00) and of \$0.50 at the entrance/exit ramps (to \$1.50).

As part of its vote, the DCAC requested that the Airports Authority give consideration to the following alternative set of rates that would become effective on January 1, 2015: an increase of \$0.75 at the mainline plaza (to \$3.25) and of \$0.25 at the entrance/exit ramps (\$1.25).

DISCUSSION

The following sections of this paper correspond to the seven topical areas identified in the Report. Each section provides a general summary of the comments, states the primary points made by the comments, and provides a response to each of those points.

A. Impacts of the Toll Increase

Comments in this topical area of the Report addressed the impacts that the proposed DTR toll rates would, or could, have. Most comments were premised on the belief that the current toll rates are already too high and that the proposal to double the rates is not reasonable and will

cause DTR ridership and revenues to decline. Commenters indicated they would take alternate highway routes and thus increase congestion on secondary roads. Some comments stated that increasing the rates will have negative consequences for drivers and their families, as well as the local economy. Some commenters indicated they would consider relocating. Other comments opposed the Metrorail Project, characterized it as a waste of time and money, and stated that it will cause more harm than good.

Three hundred thirty four (334) comments addressed this topic. The comments made the following points.

1. These are difficult economic times (e.g., the economy is bad, people are not receiving salary increases, businesses are suffering, and the cost of living is rising), and the present DTR tolls are already too high. Making the tolls even higher at this time will have an adverse effect on local businesses and the personal finances of toll road users (including forcing workers and other local residents to move from the area). The increase will make homes and businesses less appealing and will lower property values. Daily road-based transportation access along the Dulles Corridor will become excessively expensive, leading to Northern Virginia losing its ability to attract jobs and businesses. Combined with the Dulles Greenway, people in Loudoun County will be looking at a daily round trip cost of more than \$20.

Response. Under its agreements with the Commonwealth of Virginia, the Airports Authority is obligated to establish toll rates at the levels necessary to finance construction of the Dulles Corridor Metrorail Project and other transportation improvements in the Dulles Corridor. Several actions have been taken to mitigate the near-term economic impact on DTR customers, including securing state funding to pay a portion of the debt service payable from DTR revenues over the next few years. As a result, the proposed toll rate increase at each toll collection point in 2013 has been limited to 25 cents for drivers of two-axle vehicles. The Airports Authority recognizes the need to keep DTR rate increases as low as feasible. Together with its funding partners, the Airports Authority is actively pursuing additional funding and financing to help reduce the anticipated toll rate increases in future years. In addition, the Airports Authority continues to evaluate the costs and technology requirements associated with implementing discount programs for frequent DTR customers driving during off-peak hours.

2. A toll rate increase will not improve traffic, and neither will the addition of the new Metrorail line. The rate increase will cause many DTR users to take alternative routes and travel on neighborhood roads (e.g., Route 7, Georgetown Pike, Route 28, Route 50, I-66, and the Fairfax County Parkway), thus increasing congestion on those routes. This will result in more accidents, increased pollution, wasted gas, and increased road rage. Decreased DTR ridership will in turn bring in less money to fund the Metrorail Project. The rate increase will also cause other DTR users to travel to and shop at local businesses and visit certain areas less often. Shoppers from inside the Beltway will choose to not visit businesses in Reston and Loudoun due to the high tolls.

Response. Toll rate increases certainly can lead to some diversion of traffic from the DTR to other routes. However, an increase in rates is not the only factor influencing the nature or amount of this diversion. Several additional factors play a role in diverting DTR traffic,

including the income levels of customers, trip purpose and the average time savings from using the DTR versus alternative routes. As a result, a significant amount of data collection and analysis is undertaken before considering major toll rate adjustments. For example, since assuming responsibility for the DTR in 2008, the Airports Authority has only increased the ramp toll rates one time (from \$0.50 to \$0.75 in 2010). That decision was based in part on research that showed that short trips within the Dulles Corridor might be significantly reduced by toll increases at the ramp locations.

CDM Smith, the traffic consultant retained by the Airports Authority for the DTR, estimates that total toll transactions in 2013 may be 3.8% less than projected for the year 2012.⁶ This potential reduction in annual toll transactions reflects the proposed DTR toll rate increase on January 1, 2013, and other factors in the regional traffic model, such as the opening of the 495 Express Lanes at the end of this year. Moreover, according to CDM Smith, this potential diversion of traffic from the DTR is not likely to have the concentrated effects reflected by the comments. Instead, the diverted traffic will be spread across many available alternative routes and will be more significant during off-peak and nighttime hours, and on weekends, when those alternative routes have capacity. In addition, other drivers and passengers may choose to carpool, use buses, and consolidate and reduce discretionary trips.

3. Previous actions by the Airports Authority Board of Directors and management give rise to doubts about the Authority's ability to efficiently operate the DTR and construct the Metrorail Project. The Airports Authority appears to be spending money without any responsibility, at the cost of the public, and has shown little concern for the cost of the Silver Line (e.g., its proposal for a below ground station at Dulles, its requirement to use union labor, and its procurement processes).

Response. The Airports Authority Board of Directors has recently adopted several new policies and procedures to strengthen transparency and accountability. It also has adopted changes to its procurement procedures, bylaws, freedom of information policy, code of ethics, financial disclosure policy, and travel policy, and will be adopting additional changes in the near future. In addition, the Airports Authority is not constructing the Metrorail Project in isolation. It works closely with its multiple project partners – the Federal Transit Administration, the Washington Metropolitan Area Transit Authority (WMATA), the Commonwealth of Virginia, Fairfax County and Loudoun County – to ensure that the Project is delivered in an efficient and cost-effective manner. This close working relationship has been successful in the first phase of the Metrorail Project, and is expected to continue in the second and final phase.

B. Alternatives to the Toll Increase

Comments in this topical area of the Report identified and addressed other ways that funds for the Metrorail Project could be raised. The comments urged that alternative means of financing the Project be pursued, either in lieu of toll rate increases or in order to reduce the size of the increases.

⁶ A customer who makes payment at the mainline and a ramp toll plaza during one trip is treated as having generated two toll transactions.

Three hundred sixteen (316) comments addressed this topic. The comments made the following points.

1. Federal, state and local taxes that have already been collected, and/or will continue to be collected, as well as other sources of funds (e.g., Fairfax County, Loudoun County, travelers to/from Dulles Airport, and issuance of bonds), should be used to pay for the Dulles Metrorail Project. At the very least, these sources should be used to reduce any DTR toll rate increases that may be needed in the future. There is overwhelming agreement that the Federal government needs to contribute more toward the Metrorail Project (e.g., TIFIA loans and DOT grants), as does the Commonwealth of Virginia. The burden of funding the Project should be placed on its beneficiaries. Since the Commonwealth will substantially benefit, in the form of higher taxes, from the Project and the economic development impact it will have in Northern Virginia, the entire Commonwealth should be responsible for sharing the funding burden. Residents of Arlington, Alexandria, Falls Church, and the District of Columbia will most likely use the completed Metrorail Project, and therefore these municipalities should contribute to the project's funding.

Response. The current allocation of responsibility for funding the construction of the Metrorail Project reflects policy decisions and agreements made at the federal, state and regional level over many years and well before construction of the Project began. For example, in 2000, the WMATA Board of Directors adopted a policy that requires the local jurisdiction in which an extension of the Metrorail system is to be built to secure the capital funding for the project. In exchange, the WMATA Compact members agreed to fund that extension's operating costs (and deficits) once it is adopted as part of the regional Metrorail system. In 2007, Fairfax County, Loudoun County and the Airports Authority entered an agreement in which they committed to pay for 25 percent of the total cost of constructing the Metrorail Project. Taxes in Fairfax and Loudoun Counties are scheduled to pay for a part of the counties' payments under this funding agreement. Also in 2007, VDOT and the Airports Authority executed an agreement in which the Authority assumed responsibility for operating the DTR, for constructing the Metrorail Project and for financing that construction using the proceeds of bonds secured by toll road revenues.

Notwithstanding these longstanding decisions and agreements, the Airports Authority and its funding partners recognize the need to minimize, to the maximum extent possible, future toll rate increases on the DTR, and are actively pursuing, at both the federal and state level, additional funding and financing for the Metrorail Project.

2. Users of the Dulles Airport Access Highway and of facilities at Dulles Airport (e.g., taxis, airlines, passengers, rental cars companies, concessionaires, users of parking garages) should be required to pay a toll or surcharge/fee, with the resulting revenue being used to reduce any increases that may be needed in the DTR toll rates. New revenue could also be generated by the sale or lease of airport property and advertising, and in other ways, which could be used to help fund the Metrorail Project.

Response. As part of decisions and agreements made years ago, the Airports Authority will fund 4.1% of the total capital cost of the Metrorail Project, or approximately \$229 million

based on current cost estimates. The Airports Authority intends to provide this funding from net revenues generated from the operation of the airports and from "passenger facility charges" that may be imposed under federal law upon passengers using the airports. Thus, users of the airports already are scheduled to make substantial contributions toward the Project cost. In addition, the Airports Authority is making a significant amount of its property (e.g., along the Dulles Airport Access Highway and Dulles Connector Road, and within Dulles Airport) available to the new Metrorail line at no cost to the Project. Moreover, as noted below (see page 11), businesses leasing real property at or near Dulles Airport from the Authority will be subject to the supplemental taxes that Loudoun County will assess on properties within the special tax districts it expects to establish to help fund its contribution toward the Project's construction cost.

3. Commercial interests, especially those along the Dulles Corridor, which stand to benefit financially from the Dulles Metrorail Project, should be required to contribute to the Project's construction costs. Commercial landowners will gain the most from increased land values, rents and development. Fairfax and Loudoun Counties will gain more taxes from development that will be prompted by the Metrorail Project, as will the Commonwealth, and all these governmental units should contribute more toward the Project.

Response. "Commercial interests" and Fairfax and Loudoun Counties already are contributing to the Metrorail Project. Fairfax County has committed to contribute approximately \$900 million toward the Project's cost, and intends to fund the majority of this contribution from tax revenues generated by special districts authorized to levy taxes on commercial and industrial zoned property. A tax district for Phase 1 of the Project was established in 2004, and has collected approximately \$195 million in tax revenues through August 2012. A Phase 2 tax district was established in December 2009. Loudoun County has committed to contribute approximately \$269 million to the Project, and it too is planning to fund the majority of its contribution from revenues generated by an additional tax assessed against real property located within to-be-defined special tax districts.

4. Tolls for E-ZPass users and cash customers should be redesigned, with a discount being provided to E-ZPass drivers and an increased toll charged to cash customers. Tolls should be reduced in order to increase the number of DTR users and DTR revenue. Local commuters and low-income users should be given a discounted rate. A break on the proposed rate increases should be given to drivers who use the toll road during non-rush hour/weekends. In addition, toll plazas should be built in other locations along the DTR. These alternatives would help offset the need for raising the tolls for DTR drivers.

Response. Approximately 77% of current DTR customers use E-ZPass. Airports Authority management is evaluating potential options to optimize toll plaza operations and to provide additional incentives for drivers to use E-ZPass. In addition, the Airports Authority continues to evaluate the costs and technology requirements associated with implementing discount programs for frequent customers driving during off-peak hours.

5. A system on the Dulles Airport Access Highway similar to the HOT/Express Lanes on I-495/95 should be constructed. Also, drivers of HOVs should be allowed to use the DTR for free.

Response. Use of the Dulles Airport Access Highway is restricted by federal law to vehicles carrying individuals who are traveling to or from Dulles Airport for a purpose related to the airport (e.g., passengers and workers). If tolls were imposed on the Access Highway, use of the resulting revenue would be subject to federal rules regulating the use of revenues generated by the Airports Authority, to the Authority's lease agreement with the airlines at Dulles Airport, and to the master indenture of trust governing the billions of dollars of Authority bonds that are secured by revenues of the two airports. As to the point regarding free use of the DTR by HOVs, the private operator of the 495 Express Lanes is expected to test a system that will enable drivers to use the express lanes without charge if they have three or more passengers and a new "E-ZPass Flex" transponder that is switched to HOV mode. If that system proves to be successful, it is possible that a similar approach could be considered for the DTR.

6. Instead of increasing tolls on the DTR, funds for construction of the Metrorail Project could be obtained from raising Metrorail fares, increasing fares on upcoming Silver Line users, imposing a tax on the entire metropolitan area, enforcing the speed limit/HOV regulations on the DTR, and/or fining violators who illegally use the Dulles Airport Access Highway as a turn-around. Other alternatives to lower the cost of the Metrorail Project and the amount of the toll increase include competitively bidding Phase 2 of the Metrorail Project so it will be less expensive, not building Phase 2 at all, or building light rail or using buses for Phase 2.

Response. This comment suggests a number of revenue-raising measures that should be undertaken in lieu of, or in addition to, toll rate increases.

Increase Metrorail Revenue. WMATA does not have a dedicated source of non-passenger revenue (such as sales or property taxes) that can be used for capital expenditures on expansions of the Metrorail system. WMATA relies on state and local jurisdictions to secure funding for any extension to the existing system. In exchange, WMATA funds the extension's operating costs (and deficits) once it is adopted as part of the regional Metrorail system. Thus, all fares or other charges placed on Silver Line users would constitute Metrorail operating revenue and would not be available to pay for construction of that line.

DTR Violation Revenue. The Airports Authority and VDOT have entered into a Violations Processing Agreement under which VDOT pursues DTR users who fail to pay the required toll amount. VDOT is compensated for these violations processing services and the net amount collected is paid to the Airports Authority. Through August 31, 2012, approximately \$772,000 has been generated from DTR violations. This violation revenue becomes part of the overall revenues of the DTR which are available, among other things, for operating the toll road and paying debt service on DTR revenue bonds.

Phase 2 Construction Bids. The Airports Authority is conducting a competitive procurement for Phase 2. The competitive process to select a design-build contractor for Phase 2 was initiated in

July 2012. Price proposals will be due from short-listed design-build teams in April 2013 with a contract award a month later.

Phase 2 Scope Constructing transit systems in the Dulles Corridor other than the Metrorail Project have already been considered. A full scale environmental review of the Metrorail Project was conducted in the early 2000s, and a Final Environmental Impact Statement (FEIS) was issued in December 2004. The FEIS provided a comprehensive analysis and evaluation of a broad range of transportation options in the Dulles Corridor, including various improvements in local and express bus service, as well as bus rapid transit.

7. The Dulles Airport Access Highway should be open to all drivers. This could result in DTR users supporting the proposed toll rate increases for they would feel that they would be getting something in return for the rate increases.

Response. As noted above, use of the Dulles Airport Access Highway is restricted by federal law to vehicles carrying individuals who are traveling to or from Dulles Airport for a purpose related to the airport.

8. If toll rate increases are necessary, they should be imposed gradually, as opposed to doubling at once. Most likely, the tolls will never decrease, even after the Metrorail Project is built. It was not a good decision to have the Airports Authority take over responsibility for the DTR and Metrorail Project, the public was not consulted, and the Commonwealth of Virginia should take the responsibility back.

Response. Under the schedule of proposed toll rate increases presented at the public hearings, rates do double at once, but increase on a gradual basis. Thus, a DTR trip cost is proposed to increase from \$2.25 to \$2.75 in 2013, from \$2.75 to \$3.50 in 2014, and from \$3.50 to \$4.50 in 2015.⁷ As to the Airports Authority's takeover of the DTR, this was a decision of the Virginia Department of Transportation (VDOT). In 2005, VDOT received five proposals from private consortiums to operate the Dulles Toll Road. The Airports Authority submitted an alternative "public-public" partnership proposal under which it would operate the DTR and would ensure that all toll revenues would be invested in the Metrorail Project and other transportation improvements in the Dulles Corridor. After extensive negotiations, VDOT accepted the Airports Authority proposal, and the Authority assumed responsibility for operating the DTR on November 1, 2008, under a Permit and Operating Agreement with VDOT with a term of 50 years.

9. If toll rates increases occur, there is more interest in having the increase occur at the mainline toll plaza rather than at the entrance/exit ramps, so travelers are encouraged to use the DTR within the corridor for short trips.

Response. Since assuming responsibility for the DTR in 2008, the Airports Authority has only increased the ramp toll rates one time (from \$0.50 to \$0.75 in 2010). Under the toll rate

⁷ The "trip cost" is the amount paid by DTR customers who pass through the mainline toll plaza and an entrance or exit ramp where tolls are collected.

adjustments presented during the public hearings, ramp toll rates would be increased by \$0.25 (to \$1.00) in 2013 and by \$0.50 (to \$1.50) in 2015.

C. Fairness of the Toll Increase

Comments in this topical area of the Report addressed the fairness of the proposed toll rate increases and, for various reasons, characterized the toll rate increases as unfair to the users of the DTR or others.

Three hundred nine (309) comments addressed this topic. The comments made the following points.

1. The original purpose of tolls on the DTR was to obtain funds needed to pay for the road's initial construction, subsequent widening and other Toll Road improvements. Once the cost of this construction, widening and other improvements was paid for, there should be no further assessment of tolls.

Response. The use of DTR revenues to fund rail mass transit and other non-DTR improvements in the Dulles Corridor has been the policy of the Commonwealth of Virginia for over two decades. More than 22 years ago, in September 1990, acting pursuant to legislation enacted by the General Assembly, the Commonwealth Transportation Board (CTB) directed the development of a "multi-modal transportation program ('Program'), including rail service as its transportation objective for the Dulles Corridor, . . . with the understanding that such a Program shall be funded to the extent possible by revenues derived from the Dulles Toll Road" and provided that "initially not less than 15% of [DTR] net surplus revenue shall be used or set aside for transit related improvements" in the corridor. In September 2001, the CTB directed that "beginning in Fiscal Year 2003 and continuing thereafter, no less than 85% of the net surplus revenues of the Dulles Toll Road shall be set aside for mass transportation initiatives in the Dulles corridor" And in February 2005, the CTB approved an increase in the DTR toll rates, effective May 22, 2005, and "reaffirm[ed] that no less than 85 percent of existing surplus [DTR] net revenues shall be dedicated for mass transit and rail in the [Dulles] Corridor" It also directed "that all additional toll revenue generated from the May 22, 2005 toll adjustment shall be dedicated to the [Metrorail] Project." Between July 1, 2003, and the November 1, 2008, transfer of the DTR to the Airports Authority, VDOT allocated over \$138 million in DTR net surplus revenue, together with accumulated interest, for use by the Metrorail Project.

2. DTR users who will be unable to use, or who will choose not to use, the new Metrorail line should not be required to pay for its construction. No other part of the Washington, DC, Metrorail system was funded the way the Silver Line extension is being funded. The current Silver Line finance plan places a large financial burden on current DTR users, while others, such as those who use the Dulles Airport Access Highway or who enter and exit the DTR through areas that don't have a toll, will not be required to contribute to the funding of this extension project. Metrorail construction costs for the Tysons Corner area are the greatest, but the residents in that area are not being required to pay for the construction even though they will benefit from the Metrorail Project once it is completed.

Response. As earlier noted (see page 6), the current allocation of responsibility for funding construction of the Metrorail Project (including a specific allocation to the DTR) reflects policy decisions and agreements made at the federal, state and regional levels over many years and well before construction of the Project commenced in 2009. Moreover, as noted in the response to paragraph 1 of this section, use of DTR revenues to fund rail mass transit and other non-DTR improvements in the Dulles Corridor has been the policy of the Commonwealth of Virginia for over two decades. Nonetheless, the Airports Authority and its funding partners recognize that every effort needs to be made to secure other sources of funding for the Metrorail Project in order to minimize future DTR increases, and this effort is actively being made.

3. People who use the DTR, including residents and businesses of Fairfax and Loudoun Counties, should not be required to contribute so substantially to the construction of the Metrorail Project, when people living throughout the metropolitan area will contribute nothing, but will benefit from the Project. DTR drivers should not need to pay for the “privilege” of riding on a road; they can drive through many states without paying a toll. The increases in toll rates will, at some point, cause the tolls to be so high that the toll road will only be available to the well-to-do.

Response. Use of DTR revenues as a source of funding for rail mass transit in the Dulles Corridor is not a new concept; it has been the policy of the Commonwealth for over 20 years. The amount of such funding should of course be reasonable and, toward this end, the Airports Authority, along with Fairfax and Loudoun Counties, is working to obtain additional funding and financing for the Metrorail project from federal and state sources.

4. Businesses in the DTR corridor will see an increase in the value of their business and property as a result of the Metrorail Project, and therefore should be contributing to the Project’s cost. If this were done, there could be a decrease in the major contribution now being required of DTR commuters.

Response. Many real property owners in the Dulles Corridor whose property value is likely to be affected by the Metrorail Project are contributing to the project’s construction. As already noted, Fairfax County will fund the majority of its contribution to the Metrorail Project (approximately \$900 million) from tax revenues generated by a special tax levied on certain commercial and industrial property in the county. The county established a tax district for Phase 1 in 2004, and has collected approximately \$195 million in tax revenues through August 2012. A tax district for Phase 2 was established by the county in December 2009, and a special tax will be levied on commercial and industrial property in that district. Loudoun County is also planning to fund the majority of its contribution to the Metrorail Project (approximately \$269 million) from tax revenues generated by a special tax assessed against properties in the tax districts it intends to establish. One of those districts is expected to include real property that the Airports Authority’s leases from the federal government; thus, businesses leasing any such property from the Authority will be subject to this special tax.

5. All revenue that is derived from the DTR should only be used for maintenance and upkeep of the actual toll road.

Response. All DTR revenues are retained and invested within the Dulles Corridor. In addition to funding construction of the Metrorail Project, toll revenues will be used to (1) make improvements to interchanges and other facilities, (2) upgrade toll collection and management systems, (3) construct flyovers, (4) upgrade traffic management infrastructure, (5) improve the toll plazas, and (6) improve and replace noise walls.

6. The public hearing open house meetings served no purpose as the Authority will do what they want. The format of the public hearing process should include an opportunity for individuals to speak in an open forum and to hear others' comments.

Response. Federal and state agencies throughout the country routinely utilize the "open forum" format when conducting regulatory public hearings. This format was successfully used during the regulatory hearings conducted in 2009 on the then-proposed DTR toll rate increases. Staff believes this format remained appropriate in 2012 given the three-fold purpose established for the hearings: (1) to inform the public of the proposed toll rate increases, the amount of revenues that the proposed increases would produce, and the uses to which those increased revenues would be put; (2) to provide attendees the opportunity to engage in one-on-one conversations with staff members in these information areas; and (3) to provide an opportunity for attendees to present their views, verbally or in writing, on the proposed increases.

D. Operational Issues with the Toll Increase

Comments in this topical area of the Report urged that that additional revenue produced from the toll rate increases be used for purposes other than, or in addition to, the Metrorail Project, and suggested variations in the ways in which the toll rate increases might be applied.

Sixty-two (62) comments addressed this topic. The comments made the following points.

1. Before revenues from the DTR are set aside for the Metrorail Project they should be used to upgrade the DTR, such as improved toll booth operations. The construction of exits is sub-par and causes large backups on the roads. Leaving the exit ramps, the traffic lights are often not synchronized. The DTR's mainline toll plazas and certain entrance/exit ramps (e.g., at the I-495 North and South interchanges and Route 7) are challenging and need improvement. There should be a toll ramp at Route 123. No improvements to the DTR have been seen despite the ever-increasing tolls. There have been no upgrades that justify the increased cost to use the road.

Response. The Airports Authority is committed to ensuring that adequate resources are available to efficiently and safely operate and maintain the Dulles Toll Road. The 2012 budget for the Authority's Dulles Corridor Enterprise Fund continued funding of a Renewal and Replacement Program (R&R) and Capital Improvement Program (CIP) for the DTR and Dulles Corridor. Approximately \$6.2 million is budgeted in 2012 for the R&R program and \$163.5 million for the CIP. Approximately \$100 million of the proceeds generated from the sale of DTR revenue bonds has been allocated to fund CIP projects designed to improve the physical condition of the DTR and to reduce traffic congestion on the toll road and in the Dulles Corridor.

The 2012 budget provides for a wide range of DTR improvements that are included in the R&R program and the CIP. The R&R includes roadway and pavement repairs, improvements to signage and lighting, the rehabilitation of bridges and bridge structures, and repairs to roadside facilities (e.g., guardrails and traffic barriers). The CIP includes sound wall replacement and construction, improvements to interchanges and bridges, upgrades to the electronic toll collection system, improvements to signage and lighting, and improvements to optimize the efficiency of toll plaza operations.

2. The traffic is bad on the DTR, and increasing the toll rates to help fund the Metrorail Project has the potential to make it worse due to the growth in development that will occur as a result of the new Metrorail stations. Therefore, new DTR revenue should first be used to improve DTR traffic conditions. The ongoing construction of Phase 1 of the Metrorail Project makes traveling the DTR difficult. If traffic conditions were better on the DTR, the increased tolls would be more tolerable.

Response. The Airports Authority is evaluating potential options to optimize DTR toll plaza operations and investigating the application of "intelligent transportation systems" technologies to enhance safety and mobility. In addition, the Airports Authority has budgeted \$12.5 million to the development and implementation of a transportation management plan (TMP) managed by VDOT to mitigate the congestion effects of construction of Phase 1. The TMP strategies include programs to promote carpooling, vanpooling, alternative work hours, telecommuting, and parking management and improvements such as intersection widening, signalization improvements, and re-routing traffic through other intersections.

3. The toll rate increases should be limited to peak-direction rush hour commuters, rather than be applied to all users at all times of the day. Alternatively, fees for using the toll road should be based on distance-tolling; toll road users should not pay for the entire length of the road when they only need to travel to one exit. Additional revenue could be derived by assessing different toll rates at different times of the day and week, by adopting peak and non-peak period pricing, by going to all-electronic tolling, and/or by imposing a toll on currently un-tolled locations. This additional revenue would reduce the burden of the proposed toll rate increases on some DTR users. Further, the toll rate increases should be different for different drivers based on the location from which they begin their trip, with the smallest increase being assessed to drivers who are most distant from the first phase of the Metrorail Project since they are least likely to benefit from it.

Response. The Airports Authority is considering these and other potential enhancements to DTR toll collection policies. Under its agreements with the Commonwealth of Virginia, the Airports Authority is required to apply the same toll rates to persons using the DTR under "similar conditions," but the agreements do allow for different rates based upon vehicle type, weight and number of axles, the time of day or day of week of the travel, and traffic congestion and other traffic conditions.

4. The Authority should consider using all electronic toll collection and video tolling to save operating costs, to lessen the need for toll increases, and to improve traffic flow. Eliminate exact change booths at toll plazas. The Authority also should consider having

one dedicated lane for E-ZPass users at each entrance/exit ramp to avoid long lines at the toll booths

Response. Approximately 77% of current DTR customers use E-ZPass. The Airports Authority is evaluating potential options that will provide additional incentives for DTR customers to become E-ZPass users.

5. The toll rate increases should only be applied to cash-paying DTR users and those who speed since these individuals add more cost to the toll road than E-ZPass users and those who obey the law.

Response. As noted earlier, the Airports Authority is evaluating ways to give additional incentives to DTR drivers to use E-ZPass. Fines are imposed on DTR users who violate the law by speeding or failing to pay tolls. The Airports Authority is unable to assess higher tolls on persons who violate the law in this manner.

6. DTR users now face not only the toll rate increases proposed by the Authority, but also the new E-ZPass monthly maintenance fee. This fee is not justified; if it was not needed before, it should not be needed now.

Response. The Airports Authority has no control over this new fee. E-ZPass Virginia is operated by VDOT. This past July, VDOT announced that starting September 1, 2012, new E-ZPass customers will pay a monthly fee of 50 cents for a standard transponder or \$1.00 for "Flex" transponders that can be used on the 495 Express Lanes. Current E-ZPass customers will not pay a monthly fee until they need a new or replacement transponder.

7. There needs to be bus connectivity and more parking at Metrorail stations to allow local residents to use the metro.

Response. The Federal Transit Administration has awarded \$350,000 to the Northern Virginia Transportation Commission to study a range of transit solutions along Route 7 from the King Street Metro station in Alexandria to Tysons Corner in Fairfax County. The study will specifically focus on ways of linking bus transit along this corridor to the Silver Line.

E. Tax Character of the Toll Increase

Comments in this topical area of the Report argued that DTR toll rate increases to fund the Metrorail Project are, in effect, a tax upon the users of the DTR, should be imposed as a tax in a legally valid manner, and should be imposed upon a different and wider group of individuals.

Sixty-one (61) comments addressed this topic. The comments made the following points.

1. The toll rates being proposed are a hidden tax, unfairly imposed on a limited group of individuals (the DTR users), rather than on all taxpayers of the area whose tax dollars typically fund transportation projects. To raise the toll rates is "Taxation without Representation."

2. Because the proposed DTR toll rate increases constitute a tax and because the Airports Authority is unable to assess taxes, the Airports Authority lacks the power to increase the toll rates.

Response. The Airports Authority believes that it is authorized to set toll rates on the DTR, and that the tolls it has and will continue to establish for use of the toll road do not constitute "tax."

The argument that tolls set on the DTR by the Airports Authority constitute a "tax" which the Airports Authority may not lawfully impose has been addressed over the past four years in a number of lawsuits. The argument was first presented in a lawsuit decided in October 2008 by the Circuit Court for the City of Richmond. In that case, plaintiffs presented a variety of claims that challenged the authority of VDOT to transfer the DTR to the Airports Authority. One claim asserted that any DTR tolls set by the Airports Authority would be invalid because they would constitute a "tax" which, under Virginia Law, may only be imposed by an elected body, which is the Authority Board of Directors is not. The Richmond Circuit Court rejected the claim, along with others, and dismissed the suit. A similar claim was rejected by a federal district court in Virginia, in another lawsuit, in 2010.

In April 2011, two users of the DTR filed a lawsuit in federal district court in Virginia against the Airports Authority claiming that the setting of tolls by the Airports Authority violates various rights and privileges they enjoy under the United States Constitution. The district court dismissed the plaintiffs' complaint in July 2011. Although the court determined that plaintiffs lacked standing to bring any of their claims, it went on to address each of the claims on the merits. In particular, the court ruled that the setting of tolls by the Airports Authority, including at levels required to help finance the Metrorail Project, does not violate any provisions of the federal constitution. This district court decision is currently on appeal.

F. Noise Wall Program and the Toll Increase

Three (3) comments focused on the Noise Wall Program. The comments made the following point.

1. The Authority should use increased DTR revenue to assist communities affected by increased noise levels on the toll road. Sufficient additional toll revenues need to be collected to bridge the gap between what these communities qualify for under the Authority's noise policy and its "cost effectiveness" requirement and what is needed to construct a noise wall. At the Wiehle station, the Authority should consider whether a noise abatement wall needs to be included in the plans to limit the noise that may exist.

Response. When it assumed responsibility for the operation of the Dulles Toll Road, the Airports Authority committed to assessing the existing sound walls and developing a policy for their repair and replacement, along with the construction of new walls. The Authority has adopted such a policy which includes a one-time provision for evaluating areas along the toll road that did not qualify for noise walls under Virginia guidelines when the road was constructed in the early 1980s and was widened in the 1990s. The evaluation of these areas began in 2010 and included noise monitoring along the toll road, an extensive noise modeling analysis, and

public meetings with residents in the affected communities. The policy was modified in 2012 to conform to changes in the federal noise regulations and in relevant Virginia policy and guidelines, and resulted in a plan for the repair and replacement of certain existing sound walls and for the construction of new walls.

Repair work began this year on approximately 4.2 miles of existing walls at an estimated cost of \$2.4 million. The sound walls at Wolftrap Meadows and the Bluffs of Wolf Trap are scheduled to be replaced at an estimated cost of \$11.4 million. Design of the replacement wall at Wolftrap Meadows will begin in 2013, and construction is expected to continue through 2014. The replacement wall at the Bluffs of Wolf Trap is planned for a 2014 start with completion in 2015.

The construction of new sound walls, at an estimated cost of \$13 million, will begin in 2013. Five areas have been determine eligible for these new walls: Worldgate Condominiums; McLean Hamlet; Odricks Corner; Dulles Greene Apartments; and Courtyard by Marriott and Summerfield Suites. The Airports Authority will soon begin the process of obtaining property owners' concurrence with these new walls. Once concurrence is received, the Authority will initiate design of the walls.

G. Support of the Toll Increase

Comments in this topical area of the Report generally supported the DTR toll rate increases. The comments recognized that the increases were necessary to the funding of the Metrorail Project, which was viewed as a positive addition to the transportation infrastructure of Northern Virginia, and in particular, of the Dulles Corridor

Sixteen (16) comments addressed this topic. The comments made the following points.

1. Increasing the DTR toll rates to provide funds to finance the Metrorail Project is an appropriate use of toll revenue. The Metrorail Project will significantly improve the Dulles Corridor, and it is important that the Project be completed.
2. The toll rate increases are appropriate because the revenue they will produce will, in addition to helping fund the Metrorail Project, be used to pay for improvements to the DTR.
3. However, the Authority should continue to pursue additional federal and state funding and low cost financing to offset the toll increases.

Response. As earlier noted, the Airports Authority and its funding partners understand the need to minimize future DTR toll rate increases and are actively pursuing additional funding and financing for the Metrorail Project at the federal and state level.

CONCLUSION

Over 550 public comments were submitted on the proposed DTR toll rate adjustments. The comments were, almost without exception, thoughtful and articulate. They focused on legitimate issues that are presented by the proposed adjustments, and provided reasonable arguments and

viewpoints on those issues. The vast majority of the comments opposed the rate changes and argued, for a variety of reasons, that the changes, in whole or at least in part, should not be adopted.

While no doubt sincerely held, the views expressed in these comments stand in contrast to the multiple public policies and decisions regarding the financing of a rail line in the Dulles Corridor dating back to the early 1990s. The views also stand in conflict with obligations the Airports Authority assumed in 2008 under agreements with the Commonwealth of Virginia when it accepted the responsibility to operate the Dulles Toll Road – including the obligation to finance the Dulles Corridor Metrorail Project using revenues from the DTR and to accomplish this, in significant part, by setting toll rates at the levels required to produce those revenues. In a major sense, therefore, the comments are directed more to the multiple policy determinations made years ago than to the present decision whether to adjust DTR toll rates. In the staff's view, the comments as a whole have not provided a basis for the Airports Authority to decline to adjust DTR toll rates to the levels required in enable it to fulfill its obligation to operate and maintain the toll road and to finance the Metrorail Project.

Staff, therefore, recommends that, using the proposed toll rate adjustment presented during the public hearings (see Attachment B), the Finance and Dulles Corridor Committees (i) determine the adjustments to be made to toll rates on the Dulles Toll Road and set the effective date of each of these adjustments as January 1 of some or all of next three years (2013, 2014 and 2015), (ii) instruct staff to prepare an amendment to the Airports Authority regulation that establishes DTR toll rates which incorporates these toll rate adjustments and effective dates, and (iii) recommend that the Board of Directors adopt that regulatory amendment.

Prepared by

Office of Finance
Office of General Counsel

October 2012

Attachments

ATTACHMENT A
CURRENT SECTION 10.1
OF
AIRPORTS AUTHORITY REGULATION
("TOLLS FOR USE OF THE DULLES TOLL ROAD")

PART 10 - DULLES TOLL ROAD

§ 10.1. (Effective January 1, 2013.) Tolls for Use of the Dulles Toll Road.

- (1) The tolls applicable to the Dulles Toll Road (also known as the Omer L. Hirst– Adelard L. Brault Expressway) shall be as follows:

Vehicle Class	Tolls	
	Main Line Plaza	Ramps
2-axle	\$1.50	\$0.75
3-axle	\$1.75	\$1.00
4-axle	\$2.00	\$1.25
5-axle	\$2.25	\$1.50
6 or more axles	\$2.50	\$1.75

- (2) Except for persons those permitted free use of toll facilities under Virginia Code § 33.1-252, it shall be unlawful for any person operating a vehicle to use the Dulles Toll Road without payment of the tolls set forth in this section.

ATTACHMENT B

**PROPOSED DTR TOLL RATE ADJUSTMENTS
PRESENTED AT PUBLIC HEARINGS**

Toll Rates Proposed Adjustments

Vehicle Class	Effective January 1, 2013	
	Mainline Plaza	Ramps
2-Axle	\$1.50	\$0.75
3-Axle	\$1.75	\$1.00
4-Axle	\$2.00	\$1.25
5-Axle	\$2.25	\$1.50
6 or more	\$2.50	\$1.75

Vehicle Class	Effective January 1, 2014		
	Option A	Option B	Ramps
2-Axle	\$1.75	\$1.00	\$1.25
3-Axle	\$3.50	\$2.00	\$2.50
4-Axle	\$4.50	\$2.50	\$3.00
5-Axle	\$5.25	\$3.00	\$3.75
6 or more	\$6.25	\$3.50	\$4.50

Vehicle Class	Effective January 1, 2015		
	Option A	Option B	Ramps
2-Axle	\$2.50	\$1.75	\$1.50
3-Axle	\$5.00	\$3.50	\$3.00
4-Axle	\$6.75	\$4.50	\$3.75
5-Axle	\$7.50	\$5.25	\$4.50
6 or more	\$8.75	\$6.00	\$5.25

Toll increases beyond 2015 will be analyzed based upon actual financial performance and potential receipt of any additional funding