



December 20, 2005

The Honorable Mark Warner
Governor of Virginia
The Honorable Timothy M. Kaine
Lieutenant Governor of Virginia, and Governor-Elect
Richmond, Virginia 23219

Re: Proposal to Operate the Dulles Toll Road and Build Rail to Loudoun County

Dear Governor Warner and Governor-Elect Kaine:

The Metropolitan Washington Airports Authority is pleased to present this proposal to assume the Commonwealth's responsibility for operating the Dulles Toll Road and its responsibility for financing and building the Dulles Metrorail project. Rail service to Washington Dulles International Airport has been envisioned and planned since the property for the Airport was first acquired in the late 1950s. While much progress has been made, the current phasing and approach to the Dulles Metrorail project contain much uncertainty relative to its completion. This project is critical to the future viability of the Airport, the corridor and the region. It is in the spirit of building the Dulles Metrorail project and eliminating its uncertainty that this proposal is submitted.

More specifically, the Airports Authority proposes to:

- Obtain from the Commonwealth its various easements in the Dulles Corridor, including the Dulles Toll Road;
- Assume all operational responsibility, including toll rate-setting, for the Toll Road;

- Assume all outstanding debt on the Toll Road;
- Assume responsibility for the Commonwealth's remaining share of financing for Phase I and Phase II of the Dulles Metrorail project;
- Complete Dulles Metrorail to Dulles International Airport and beyond into Loudoun County;
- Finance and construct needed improvements to the Toll Road and other transportation facilities in the Dulles Corridor; and
- Retain all revenue generated by the Toll Road for transportation uses in the Dulles Corridor.

The Dulles Toll Road is located on either side of the Dulles Airport Access Road on a series of easements granted by the Federal Aviation Administration and the Metropolitan Washington Airports Authority. As some of the proposals submitted to VDOT under the ongoing Public Private Transportation Act (PPTA) process acknowledge, the proposed PPTA transactions require the Airports Authority's consent. ***The Airports Authority's proposal is not intended to be part of that process: it is an alternative solution.*** The Airport Authority's proposal is the most certain way to accomplish the Commonwealth's goal of bringing Metrorail into the Dulles Corridor through Tysons Corner to Dulles Airport and into Loudoun County.

The Airports Authority's approach enables the Commonwealth to avoid the significant disadvantages associated with a long-term 50-year concession agreement: (a) decades of lost public policy flexibility, and (b) the substantial risk of egregious error in valuing today the future value of the Toll Road asset.

In addition, the Airports Authority's proposal achieves these important public policy goals, goals that we believe the Commonwealth shares:


- Construction of Phase I and II of the Dulles Metrorail project using the Dulles Rail PPTA structure established by the Commonwealth.
- Dedication of all revenue generated by the Toll Road to Dulles Corridor transportation purposes.

- Elimination of the Commonwealth's responsibility for financing Phases I and II of the Dulles Metrorail project enabling VDOT to use its scarce transportation funds for other important Virginia projects.
- Preservation in the public hands of an extraordinarily valuable public asset, the Dulles Toll Road, thereby ensuring that all future growth in the value of that asset continues to be captured and made available for investment in the Dulles Corridor.

The Authority recognizes the value of PPTA projects. Indeed it is possible that the Authority will utilize one or more of the companies that are participating in the PPTA process to implement the Authority's proposal. However, none of the proposals that VDOT has received under the PPTA can provide these multiple public policy benefits.

The Metropolitan Washington Airports Authority respectfully requests the opportunity to perform the necessary and appropriate due diligence to verify the financial assumptions that underlie this proposal. We are confident that this will lead to an agreement on the Toll Road and on rail to Dulles and Loudoun County that will be in the best interests of the public and to transportation in this region.


Mame Reiley, Chairman


James E. Bennett, President and
Chief Executive Officer

Enclosure