



RECOMMENDATION PAPER TO THE FINANCE AND DULLES CORRIDOR COMMITTEES

Proposed Amendment to the Regulation that
Establishes Toll Rates for Use of the Dulles Toll Road

JULY 2012



Action Requested

That the Finance and Dulles Corridor Committees authorize the President and Chief Executive Officer:

- 1) to publish notice of a proposed amendment to the Airports Authority Regulations that set forth the toll rates for use of the Dulles Toll Road, and
- 2) to conduct public hearings in the Dulles Corridor on the proposed amendment and to provide opportunities for members of the public to present their views on the proposed amendment.



Discussion

Based on recent Board discussions of near-term toll policy options, Management and the Financial Advisors have developed proposed toll rate adjustments for the Dulles Toll Road for the calendar years 2013, 2014 and 2015.

The sole action requested on July 18 is to authorize the President to present the potential toll rate adjustments to the Dulles Corridor Advisory Committee (DCAC) and the public for review and comment during the months of August and September.

A final recommendation on Dulles Toll Road rate adjustments will be provided in October 2012.



Summary of Proposed Amendment (Scenario 1)

The proposed amendment to the toll rate regulations for purposes of soliciting feedback from the DCAC and the public:

<i>Effective January 1, 2013</i>	\$0.25 increase at the mainline plaza and at the ramps
<i>Effective January 1, 2014</i>	\$0.75 increase at the mainline plaza only
<i>Effective January 1, 2015</i>	\$0.25 increase at the mainline plaza and \$0.75 at the ramps



Proposed Amendment to Section 10.1 of the Regulations of The Metropolitan Washington Airports Authority

§ 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	Main Line Plaza *		Ramps *	
2-Axle	\$1.50	\$1.75	\$0.75	\$1.00
3-Axle	\$1.75	\$2.00	\$1.00	\$1.25
4-Axle	\$2.00	\$2.25	\$1.25	\$1.50
5-Axle	\$2.25	\$2.50	\$1.50	\$1.75
6 or more axles	\$2.50	\$2.75	\$1.75	\$2.00

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

* Current DTR Toll rates being replaced by proposed new rates are shown with strike-through line.



Proposed Amendment, *continued*

§ 10.1. (Effective January 1, 2014) Tolls for Use of the Dulles Toll Road

Vehicle Class	Main Line Plaza*		Ramps*
2-Axle	\$1.75	\$2.50	\$1.00
3-Axle	\$2.00	\$2.75	\$1.25
4-Axle	\$2.25	\$3.00	\$1.50
5-Axle	\$2.50	\$3.25	\$1.75
6 or more axles	\$2.75	\$3.50	\$2.00

§ 10.1. (Effective January 1, 2015) Tolls for Use of the Dulles Toll Road

Vehicle Class	Main Line Plaza*		Ramps*	
2-Axle	\$2.50	\$2.75	\$1.00	\$1.75
3-Axle	\$2.75	\$3.00	\$1.25	\$2.00
4-Axle	\$3.00	\$3.25	\$1.50	\$2.25
5-Axle	\$3.25	\$3.50	\$1.75	\$2.50
6 or more axles	\$3.50	\$3.75	\$2.00	\$2.75

* Toll rates being replaced by proposed new rates are shown with strike-through line.



Estimated Impact on Traffic and Revenue

calendar year	Total Transactions	% growth	Mainline Toll Rate	PV @3%	Ramp Toll Rate	PV @3%	Trip Cost	PV @3%	GROSS TOLL REVENUE	% growth
2012	99,911,000		<u>\$1.50</u>	\$1.50	<u>\$0.75</u>	\$0.75	<u>\$2.25</u>	\$2.25	103,508,000	
2013	96,534,000	-3.4%	<u>\$1.75</u>	\$1.70	<u>\$1.00</u>	\$0.97	<u>\$2.75</u>	\$2.67	124,909,000	20.7%
2014	93,599,000	-3.0%	<u>\$2.50</u>	\$2.36	<u>\$1.00</u>	\$0.94	<u>\$3.50</u>	\$3.30	147,433,000	18.0%
2015	86,139,000	-8.0%	<u>\$2.75</u>	\$2.52	<u>\$1.75</u>	\$1.60	<u>\$4.50</u>	\$4.12	187,167,000	27.0%

The reduction in annual toll transactions reflects the assumed DTR toll rate increases and other factors in the regional traffic model, such as the opening of the 495 Express Lanes in late 2012.

According to CDM Smith, diversion from DTR will balance across many available alternative routes, being more significant during off-peak travel periods and weekends. Other drivers and passengers may choose to carpool, use transit, and consolidate or reduce discretionary trips.



Rationale for Proposed Toll Rates

- The proposed toll increase for 2013 is consistent with the toll rates shown in the original financing documents.
- Specifying potential toll rate adjustments in 2014 and 2015 will facilitate financial planning and enhance rating agencies and investor confidence in the Airports Authority.
- Minimizes the estimated 2013 traffic diversion.
- The toll rate regulations can be modified by the Board in the future based on conditions in the capital markets, receipt of additional state or federal assistance, and potential adoption of peak hour pricing and other toll policies.



Next Steps

07/18/12

Finance and Dulles Corridor Committee Meeting

Receive initial recommendations for proposed tolls for 2013 and future years based on Committee discussion at May meeting.

Provide Committee authorization to proceed with the regulatory process for proposed rate adjustments and effective dates.

**By the end of
September
2012**

Proposed Public Comment Period and DCAC Meeting

Public comment period and public hearings on proposed toll rate adjustments.

Consultation with DCAC on proposed tolls for 2013, 2014 and 2015.

Next Steps, *continued*

Proposed Public Comment Period and DCAC Meeting (continued)

– Airports Authority’s Regulatory Process

- Three public hearings held by the end of September (Tysons Corner, Reston, and eastern Loudoun County).
- Hearings will utilize an “open forum” format.
- Virtual public hearings will be posted on the Airports Authority’s website.
- Official period for commenting on the proposed toll rate increases is expected to run for 30 days (actual dates to be determined).
- Summarized comments and recommendations will be presented to the Dulles Corridor and Finance Committees in October and Board in November.



Next Steps, *continued*

- 10/17/12** **Finance and/or Dulles Corridor Committee Meeting**
Receive staff report on the public hearings and DCAC comments.

Recommend DTR toll rates adjustment to the Board of Directors.
- 11/14/12** **Board of Directors Meeting**
Consideration of resolution to set new DTR toll rates.
- Early
December** **Proposed DCAC Meeting**
Airports Authority briefing to DCAC to report on Board's actions
with regard to DTR toll rate schedule.
- 01/01/13** **Implementation of Toll Rates Adjustment**



Additional Information

At prior meetings, additional information was requested on the following topics:

- the traffic and revenue estimates for the near-term toll policy options that were considered,
- the reasons why additional toll rate increases will be needed now, and
- the current financing assumptions for Phase 2.



What are the traffic and revenue impacts of the near-term toll policy options?

Three near-term toll rate scenarios were discussed at the May Finance Committee meeting:

- Base Case** Establish a Trip Cost of **\$4.50** for the period 2013 through 2015
- Scenario 1** Establish a Trip Cost of **\$2.75** for 2013, **\$3.50** for 2014 and **\$4.50** for 2015
Proposed
- Scenario 2** Establish a Trip Cost of **\$3.50** for 2013, **\$3.50** for 2014 and **\$3.50** for 2015

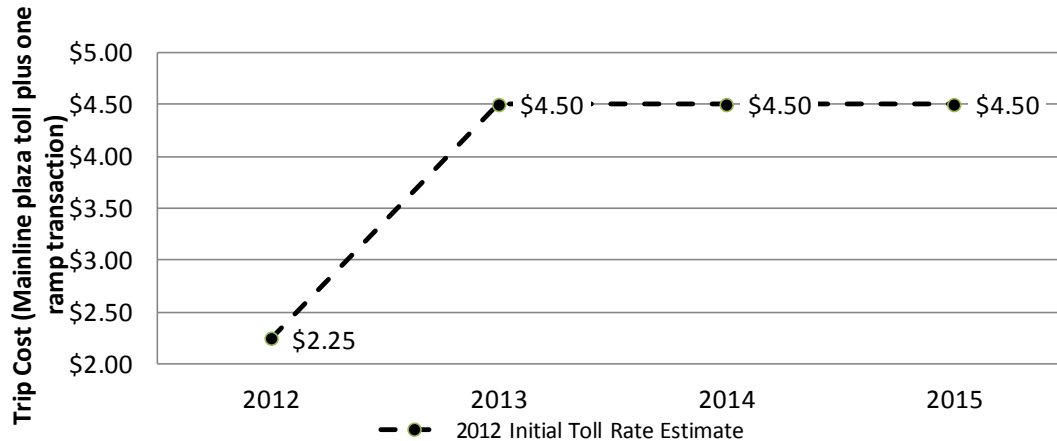


Base Case

Establish a Trip Cost of **\$4.50** for the period 2013 through 2015

calendar year	Total Transactions	% growth	Mainline		Ramp		Trip Cost		GROSS TOLL REVENUE	
			Toll Rate	PV @3%	Toll Rate	PV @3%		PV @3%		% growth
2012	99,911,000		<u>\$1.50</u>	\$1.50	<u>\$0.75</u>	\$0.75	<u>\$2.25</u>	\$2.25	103,508,000	
2013	81,908,000	-18.0%	<u>\$2.75</u>	\$2.67	<u>\$1.75</u>	\$1.70	<u>\$4.50</u>	\$4.37	177,107,000	71.1%
2014	83,502,000	1.9%	<u>\$2.75</u>	\$2.59	<u>\$1.75</u>	\$1.65	<u>\$4.50</u>	\$4.24	181,740,000	2.6%
2015	83,144,000	-0.4%	<u>\$2.75</u>	\$2.52	<u>\$1.75</u>	\$1.60	<u>\$4.50</u>	\$4.12	180,960,000	-0.4%

Potential Cost of a Trip on The Dulles Toll Road
(Mainline Plaza Toll plus one ramp transaction)



Base case for discussion purposes.

Assumes \$150 million from Virginia is not used to reduce near-term toll rates.

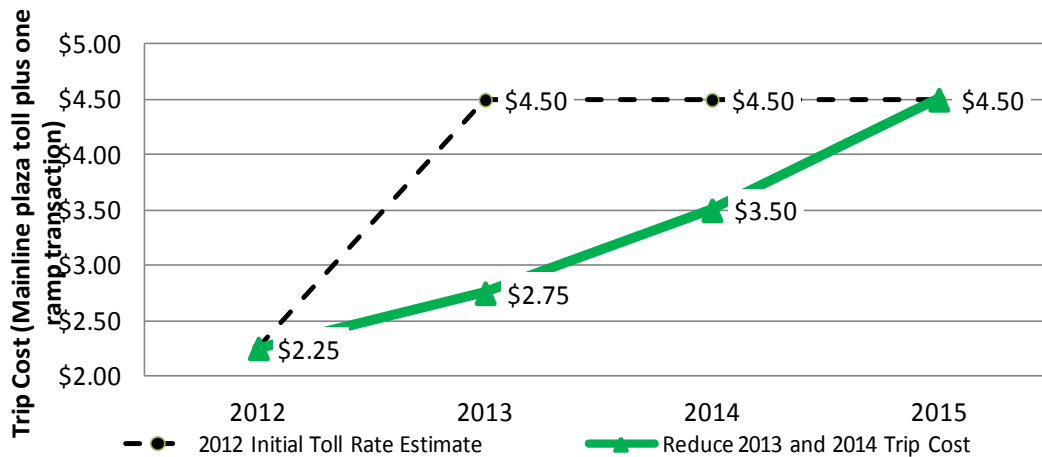


Scenario 1 - Proposed

Establish a Trip Cost of **\$2.75** for 2013, **\$3.50** for 2014 and **\$4.50** for 2015

calendar year	Total Transactions	% growth	Mainline		Ramp		Trip Cost		GROSS TOLL REVENUE	
			Toll Rate	PV @3%	Toll Rate	PV @3%		PV @3%		% growth
2012	99,911,000		\$1.50	\$1.50	\$0.75	\$0.75	\$2.25	\$2.25	103,508,000	
2013	96,534,000	-3.4%	\$1.75	\$1.70	\$1.00	\$0.97	\$2.75	\$2.67	124,909,000	20.7%
2014	93,599,000	-3.0%	\$2.50	\$2.36	\$1.00	\$0.94	\$3.50	\$3.30	147,433,000	18.0%
2015	86,139,000	-8.0%	\$2.75	\$2.52	\$1.75	\$1.60	\$4.50	\$4.12	187,167,000	27.0%

Potential Cost of a Trip on The Dulles Toll Road
(Mainline Plaza Toll plus one ramp transaction)



Uses \$150 million of funding from Virginia to reduce near-term toll increases as agreed in the MOA

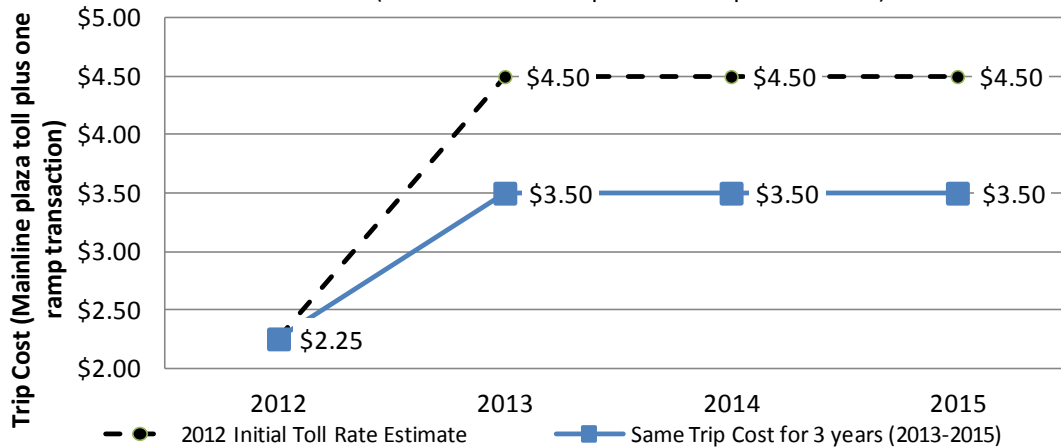


Scenario 2

Establish a Trip Cost of **\$3.50** for 2013, **\$3.50** for 2014 and **\$3.50** for 2015

calendar year	Total Transactions	% growth	Mainline		Ramp		Trip Cost		GROSS TOLL REVENUE	
			Toll Rate	PV @3%	Toll Rate	PV @3%		PV @3%		% growth
2012	99,911,000		\$1.50	\$1.50	\$0.75	\$0.75	\$2.25	\$2.25	103,508,000	
2013	91,381,000	-8.5%	\$2.50	\$2.43	\$1.00	\$0.97	\$3.50	\$3.40	141,416,000	36.6%
2014	93,160,000	1.9%	\$2.50	\$2.36	\$1.00	\$0.94	\$3.50	\$3.30	144,168,000	1.9%
2015	95,210,000	2.2%	\$2.50	\$2.29	\$1.00	\$0.92	\$3.50	\$3.20	147,342,000	2.2%

Potential Cost of a Trip on The Dulles Toll Road
(Mainline Plaza Toll plus one ramp transaction)



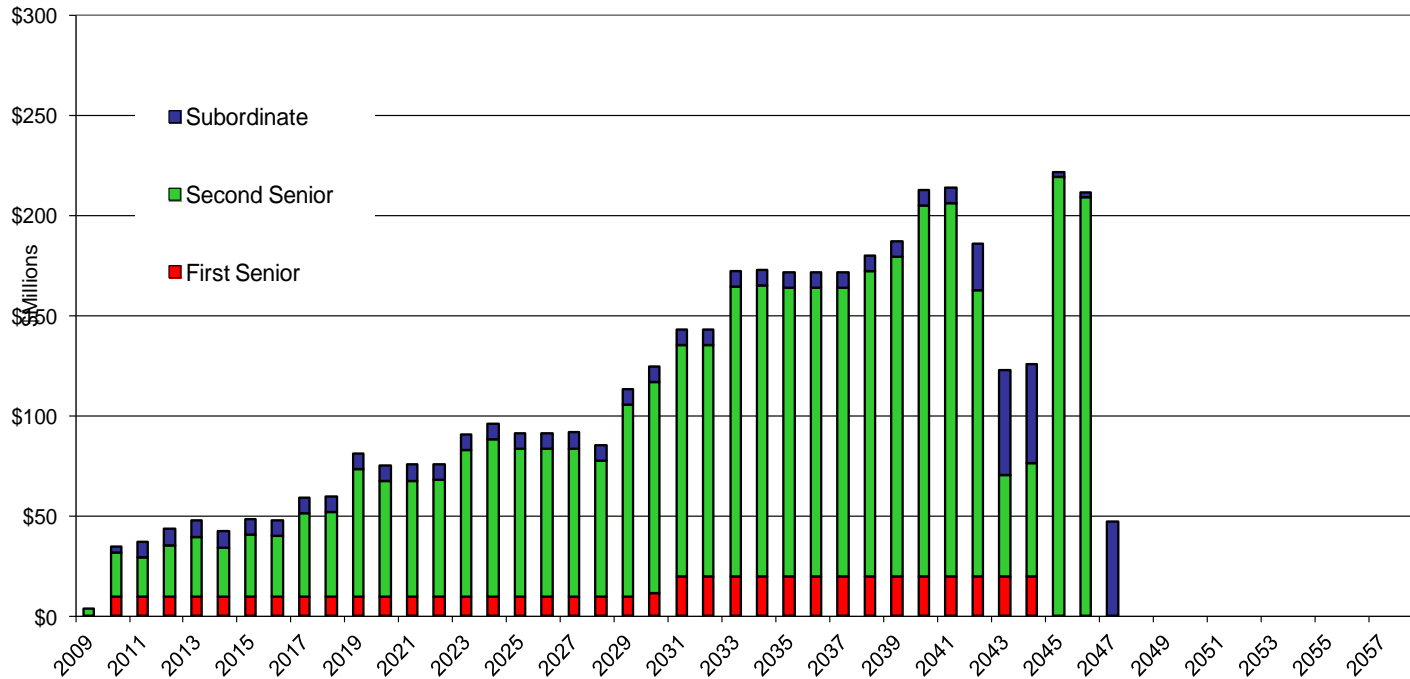
Same underlying financing assumptions as Scenario 1.

\$150 million from Virginia is used to pay interest on DTR in different years.

Why are additional toll rate increases required now?

Additional toll rate increases are required to pay debt service on the already issued and planned future Dulles Toll Road revenue bonds.

ANNUAL DEBT SERVICE REQUIREMENTS FOR SERIES 2009 AND SERIES 2010 DULLES TOLL ROAD REVENUE BONDS





What are the current financing assumptions for Phase 2?

Primary assumptions influencing near-term toll rates are:

- Commonwealth of Virginia's \$150 million funding available to pay interest on DTR revenue bonds,
- amount of total capital cost allocated to the Dulles Toll Road,
- timing and structure of future Dulles Toll Road revenue bond issues,
- conservative interest rates assumptions, and
- 100% of preliminary engineering with all funding partners.



Allocation of Dulles Metrorail Project Costs Excluding Route 28 Station and Phase 2 Parking Garages

SOURCES OF CAPITAL FUNDS <i>(Thousands YOE Dollars)</i>	PHASE 1		PHASE 2		TOTAL PROJECT	
	Total	Total	Total	Total	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 the \$150 million to be provided by the Commonwealth of Virginia for Phase 2 will be used to pay interest on Dulles Toll Road revenue bonds, not direct project costs.



Allocation of Dulles Metrorail Project Costs Including Route 28 Station and Phase 2 Parking Garages

SOURCES OF CAPITAL FUNDS <i>(Thousands YOE Dollars)</i>	PHASE 1		PHASE 2		TOTAL PROJECT	
	Total		Total		Total	% of Total
Federal	\$	900,000	\$	-	\$ 900,000	15.0%
Commonwealth of Virginia		251,700		23,300	\$ 275,000	4.6%
Fairfax County		400,000		565,790	965,790	16.1%
Loudoun County		-		287,937	287,937	4.8%
MWAA (Aviation Funds)		-		245,947	245,947	4.1%
MWAA (Dulles Toll Road)	\$	1,353,995	\$	1,970,026	\$ 3,324,021	55.4%
TOTAL SOURCES OF FUNDS	\$	2,905,695	\$	3,093,000	\$ 5,998,695	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 the Counties are not successful in securing \$404 million of funding for the Route 28 station and five parking garages.
- Allocation assumes the \$150 million to be provided by the Commonwealth of Virginia for Phase 2 will be used to pay interest on Dulles Toll Road revenue bonds, not direct project costs.



Future DTR Debt Issuance

	<i>Excluding Route28 Station and Parking Garages</i>	<i>Including Route28 Station and Parking Garages</i>
	<u>\$Millions</u>	<u>\$Millions</u>
Estimated amount to be funded by DTR	\$ 3,021	\$ 3,324
Amount funded from DTR cash (2004-2008)	(113)	(113)
Series 2008 Bond Anticipation Note	(150)	(150)
Net Proceeds from Series 2009 and 2010	(883)	(883)
Anticipated Remaining Bond Financing *	\$ 1,875	\$ 2,178

- Remainder of additional toll revenue bonds (*including TIFIA loans, to the extent awarded*) may be issued over the next five to six years.*
- Conservative pro-forma estimates are used for planning purposes.
- The size and timing of future bond issues will depend on market conditions and cash flow needs.
- Board decisions on near-term toll rates enhance investor confidence without constraining future financing flexibility.

* Preliminary estimate; subject to change. Does not include required reserves and issuance costs.



Recommendation

That the Finance and Dulles Corridor Committees authorize the President and Chief Executive Officer:

- 1) to publish notice of a proposed amendment to the Airports Authority Regulations that set forth the toll rates for use of the Dulles Toll Road, and
- 2) to conduct public hearings in the Dulles Corridor on the proposed amendment and to provide opportunities for members of the public to present their views on the proposed amendment.

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

**PROPOSED AMENDMENT TO REGULATION THAT ESTABLISHES
TOLL RATES FOR THE USE OF THE DULLES TOLL ROAD**

JULY 2012

RECOMMENDATION

That the Finance and Dulles Corridor Committees authorize the President and Chief Executive Officer:

- (1) to initiate the process for amending the regulation contained in § 10.1 of the Airports Authority Regulations, which establishes toll rates for the use of the Dulles Toll Road, by publishing notice of a proposed amendment to this regulation that calls for increases in the toll rates;¹
- (2) to conduct public hearings in the Dulles Corridor on the proposed amendment and to provide opportunities for members of the public to present their views and otherwise comment on the proposed amendment;
- (3) after the conclusion of the public hearings, to provide to the Dulles Corridor and Finance Committees a report on the hearings and on the comments submitted on the proposed amendment, and based on the comments and other factors, propose to the Committees the action they would recommend that the Board of Directors take on the amendment; and
- (4) schedule the amendment for consideration by the Board of Directors at its first regular meeting following the meeting of the Committees, where the chairmen of the Committees would present the Committees' recommendation to the Board.

The amendment to § 10.1 of the Airports Authority Regulations that staff is proposing would, if approved, increase toll rates on the Dulles Toll Road, for two-axle vehicles² in the following manner: (i) 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 \$0.75 to \$1.00), effective January 1, 2013; (ii) by \$0.75 at the mainline plaza only (to \$2.50), effective January 1, 2014; and (iii) by \$0.25 at the mainline plaza (from \$2.50 to \$2.75) and by \$0.75 at the entrance/exit ramps (from \$1.00 to \$1.75), effective January 1, 2015.

¹ The proposed amendment to § 10.1 is set out in Attachment A.

² The proposed increased toll rates for motor vehicles with more than two axles are shown in the proposed amendment to § 10.1 (see Attachment A).

BACKGROUND

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 establishing future toll rates, the Airports Authority follows its regulatory process, which includes convening public hearings in the Dulles Corridor and reporting to the Board on public views collected during the public hearings and the public comment period. In addition, the Airports Authority consults with the Dulles Corridor Advisory Committee (DCAC) with respect to any proposed toll rate adjustments, although DCAC consent or approval of toll rate adjustments is not required under the agreements with the Commonwealth of Virginia.

DISCUSSION

To facilitate the Finance Committee discussion of near-term policy options, Staff and Financial Advisors presented three scenarios at its May meeting:

Base Case: Establish a Trip Cost³ of \$4.50 for the period 2013 through 2015

- Generates the most toll revenue to support the issuance of additional debt
- Significant adjustment in a single year.

Scenario 1: Establish a Trip Cost of \$2.75 for 2013, \$3.50 for 2014 and \$4.50 for 2015

- Minimizes near-term impact on DTR customers
- Includes \$150 million of funding from the Commonwealth of Virginia

Scenario 2: Establish a Trip Cost of \$3.50 for 2013, \$3.50 for 2014 and \$3.50 for 2015

- Higher trip cost in 2013 enables lower toll rate in 2015
- Includes \$150 million of funding from the Commonwealth of Virginia

A summary of the estimated toll transactions and gross toll revenue that might be generated under each scenario is provided as Attachment C.

Staff and the Financial Advisors recommend that the Committees consider using Scenario 1 (see Table 1) for purposes of soliciting comment and feedback from the DCAC and the public. The proposed 2013 toll increase in Scenario 1 minimizes potential traffic diversion and is consistent with rates in the original bond documents. In addition, the proposed toll rate adjustments in 2014 and 2015 will facilitate financial planning and enhance rating agency and investor confidence in the Airports Authority. The toll rate regulation can be modified by the Board in the future based on conditions in the capital markets, receipt of additional state or federal assistance, and potential adoption of peak hour pricing and other toll policies.

³ Trip Cost is the sum of the toll payable at the Main Line Plaza and the toll payable at an entrance/exit ramp.

Table 1: Estimated Impact on Traffic and Revenue under Scenario 1

calendar year	Total Transactions	% growth	Mainline Toll Rate	PV @3%	Ramp Toll Rate	PV @3%	Trip Cost	PV @3%	GROSS TOLL REVENUE	% growth
2012	99,911,000		<u>\$1.50</u>	\$1.50	<u>\$0.75</u>	\$0.75	<u>\$2.25</u>	\$2.25	103,508,000	
2013	96,534,000	-3.4%	<u>\$1.75</u>	\$1.70	<u>\$1.00</u>	\$0.97	<u>\$2.75</u>	\$2.67	124,909,000	20.7%
2014	93,599,000	-3.0%	<u>\$2.50</u>	\$2.36	<u>\$1.00</u>	\$0.94	<u>\$3.50</u>	\$3.30	147,433,000	18.0%
2015	86,139,000	-8.0%	<u>\$2.75</u>	\$2.52	<u>\$1.75</u>	\$1.60	<u>\$4.50</u>	\$4.12	187,167,000	27.0%

The reduction in annual toll transactions shown in this table reflects the assumed DTR toll rate increases and other factors in the regional traffic model, such as the opening of the 495 Express Lanes in late 2012. Diversion from the DTR will balance across many available alternative routes, being more significant during off-peak travel periods and weekends. Other drivers and passengers may choose to carpool or use transit and consolidate or reduce discretionary trips.

NEXT STEPS

Assuming authorization is provided by the Committees to begin the regulatory amendment process with a proposed amendment that reflects the toll increases in Scenario 1, the Airports Authority will conduct a public process over the next few months that will enable members of the public both to learn about the potential toll rate increases and to present their views and comments on the proposed increases (see Attachment B).

The regulatory process will include the following components:

- Notices will be provided of the proposed toll rate increases, of the public hearings that will be conducted on the proposed increases, and of the different opportunities that will be available to members of the public to present their views on the proposed increases. These notices will include the formal legal newspaper notice that is required to be published at least 10 days prior to any hearing on a proposed new or amended regulation, less formal advertisements in multiple newspapers with circulation in Northern Virginia and other parts of the metropolitan area, e-mail notices to individuals and to citizen, business, residential and other organizations (using, e.g., lists that have been compiled by the Metrorail Project office in the course of its public outreach efforts), and notices posted on the Airports Authority website.
- Three public hearings will be held in the Dulles Corridor on the proposed toll rate increases. One will be in the Tysons Corner area, another in the Reston area, and another in eastern Loudoun County. These hearings will take place by the end of September. The hearings will utilize an “open forum” format that is designed to allow hearing participants not only to offer their views on the proposed increases, but importantly to learn about the reasons and purposes of the increases. Therefore, in addition to providing an opportunity

for participants to present written and verbal (transcribed by a reporter) comments, the hearings will provide participants with information on (i) the Metrorail Project, (ii) the cost and financing of the Metrorail Project, (iii) the Dulles Toll Road and potential improvements that may be made to the Toll Road in the future, and (iv) the additional revenue anticipated to be raised as a result of the proposed toll increases and the purposes for which this additional revenue will be expended. This information will be conveyed through a series of “information stations” or exhibits that will contain graphics, maps, models, handouts and/or similar materials, and at which senior staff members will be present to engage in discussions and answer questions.

- For individuals unable to attend a public hearing, a “virtual public hearing” will be posted on the Airports Authority website (see note 4). Thus, the information presented at each of the hearing exhibits will be placed on-line where it can be viewed by interested persons. In addition, as explained further below, an opportunity to comment on the proposed toll rate increases will be available on-line.
- The official period for commenting on the proposed toll rate increases is expected to run for 30 days, although comments received prior to the start of this period will be accepted and considered. In addition to offering comments at one of the public hearings, members of the public will have other opportunities to present their views on the proposed toll increases. Comments may now be submitted by e-mail using the e-mail address identified on the Airports Authority website. Once the formal comment period is opened, comments may be submitted on-line by completing a “comment card” that will be available on the Airports Authority website. In addition, written comments may be submitted. Information regarding these opportunities for presenting comments on the proposed toll rate increases will be included in the public hearing notices described above.
- After the conclusion of the public comment period, a report on all submitted comments will be prepared. The report will place the comments into various categories, which will be summarized. The report will be presented to the Dulles Corridor and Finance Committees in October, along with a staff paper that will review the public hearing/public comment process, respond to the more significant comments that were submitted during the process, and propose to the Committees the action that they would recommend that the Board of Directors take on the amendment to § 10.1.
- The Committees’ recommendation will be presented to the Board of Directors at the November meeting. The Board will then take final action on the proposed amendment to § 10.1.

Assuming that the Board adopts the proposed amendment to § 10.1, in whole or in part, and approves an increase in toll rates effective January 1, 2013, numerous steps will need to be taken between the date of the Board’s action and the first of the year to implement the new rates (e.g., changes to signage, adjustments to manual and electronic toll collection systems, updates to brochures, web pages and other sources of information on toll rates). For these steps to be completed by January 1, 2013, Board consideration and action on the proposed amendment § 10.1 need to occur no later than the November meeting.

CONCLUSION

Staff and the Financial Advisors recommend that the Dulles Corridor and Finance Committees authorize the President and Chief Executive Officer (i) to initiate the process for amending § 10.1 of the Airports Authority Regulations by publishing notice of the proposed amendment shown in Attachment A, of public hearings on the proposed amendment, and opportunities for the public to comment on the proposed amendment; (ii) to hold the public hearings and provide opportunities to the public to comment on the proposed amendment; (iii) following the hearings, to provide to the Committees, in October, a report on the hearings and on the comments submitted on the proposed amendment, and propose to the Committees an action to recommend that the Board of Directors take on the amendment; and (iv) to schedule the amendment for consideration by the Board at its November meeting where the chairs of the Committees would present the Committees' recommendation to the Board.

Prepared by
Offices of Finance and General Counsel
July 2012

ATTACHMENT A

**PROPOSED AMENDMENT TO SECTION 10.1
OF THE REGULATIONS OF THE
METROPOLITAN WASHINGTON AIRPORTS AUTHORITY**

§ 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	Main Line Plaza *		Ramps *	
2-Axle	\$1.50	\$1.75	\$0.75	\$1.00
3-Axle	\$1.75	\$2.00	\$1.00	\$1.25
4-Axle	\$2.00	\$2.25	\$1.25	\$1.50
5-Axle	\$2.25	\$2.50	\$1.50	\$1.75
6 or more axles	\$2.50	\$2.75	\$1.75	\$2.00

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

§ 10.1. (Effective January 1, 2014) 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	Main Line Plaza *		Ramps
2-Axle	\$1.75	\$2.50	\$1.00
3-Axle	\$2.00	\$2.75	\$1.25
4-Axle	\$2.25	\$3.00	\$1.50
5-Axle	\$2.50	\$3.25	\$1.75
6 or more axles	\$2.75	\$3.50	\$2.00

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

§ 10.1. (Effective January 1, 2015) 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	Main Line Plaza *		Ramps *	
2-Axle	\$2.50	\$2.75	\$1.00	\$1.75
3-Axle	\$2.75	\$3.00	\$1.25	\$2.00
4-Axle	\$3.00	\$3.25	\$1.50	\$2.25
5-Axle	\$3.25	\$3.50	\$1.75	\$2.50
6 or more axles	\$3.50	\$3.75	\$2.00	\$2.75

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

* Toll rates being replaced by proposed new rates are shown with strike-through line..

ATTACHMENT B

Potential 2012 Process & Schedule for Establishing Toll Rates

2/15/12	Finance Committee Meeting <ul style="list-style-type: none"> Review 2012 process and schedule for establishing toll rates Receive Traffic & Revenue (T&R) Study Update Receive Preliminary Financial Analysis of the Updated Dulles Toll Road Revenue Projections
4/18/12	Finance and/or Dulles Corridor Committee Meeting <ul style="list-style-type: none"> Discuss policy considerations in setting future toll rates
5/16/12	Finance and/or Dulles Corridor Committee Meeting <ul style="list-style-type: none"> Receive potential toll rate schedule(s) for 2013 and future years
7/3/12	<ul style="list-style-type: none"> Loudoun County opts to participate
7/18/12	Finance and/or Dulles Corridor Committee Meeting <ul style="list-style-type: none"> Receive initial recommendations for proposed tolls for 2013 and future years based on Committee discussion at May meeting Provide Committee authorization to proceed with the regulatory process for proposed rate adjustments and effective dates
By end of September 2012	Proposed Public Comment Period and Dulles Corridor Advisory Committee (DCAC) Meeting <ul style="list-style-type: none"> Public comment period and public hearings on proposed toll rate adjustments Consultation with DCAC on proposed tolls for 2013 and future years
10/17/12	Finance and/or Dulles Corridor Committee Meeting <ul style="list-style-type: none"> Receive staff report on the public hearings and DCAC comments Decision whether to recommend proposed resolution to set DTR toll rates for 2013 and possibly future years
11/14/12	Board of Directors Meeting <ul style="list-style-type: none"> Consideration of resolution to set new DTR toll rates for 2013 and possibly future years
Early December	Proposed DCAC Meeting <ul style="list-style-type: none"> Airports Authority briefing to DCAC to report on Board's consideration of DCAC advice, public comments, and actions with regard to DTR toll rate schedule
1/1/13	Implementation of Potential Toll Rate Adjustment

It is important to note that all dates are tentative and subject to many variables, which may change the proposed schedule.

ATTACHMENT C

Summary of Estimated Toll Transactions and Gross Toll Revenue for the Near-Term Policy Options

Establish a Trip Cost of \$4.50 for the period 2013 through 2015

calendar year	Total Transactions	% growth	Mainline		Ramp		Trip Cost		GROSS TOLL REVENUE	
			Toll Rate	PV @3%	Toll Rate	PV @3%	PV @3%	PV @3%	% growth	
2012	99,911,000		\$1.50	\$1.50	\$0.75	\$0.75	\$2.25	\$2.25	103,508,000	
2013	81,908,000	-18.0%	\$2.75	\$2.67	\$1.75	\$1.70	\$4.50	\$4.37	177,107,000	71.1%
2014	83,502,000	1.9%	\$2.75	\$2.59	\$1.75	\$1.65	\$4.50	\$4.24	181,740,000	2.6%
2015	83,144,000	-0.4%	\$2.75	\$2.52	\$1.75	\$1.60	\$4.50	\$4.12	180,960,000	-0.4%

Establish a Trip Cost of \$2.75 for 2013, \$3.50 for 2014 and \$4.50 for 2015

calendar year	Total Transactions	% growth	Mainline		Ramp		Trip Cost		GROSS TOLL REVENUE	
			Toll Rate	PV @3%	Toll Rate	PV @3%	PV @3%	PV @3%	% growth	
2012	99,911,000		\$1.50	\$1.50	\$0.75	\$0.75	\$2.25	\$2.25	103,508,000	
2013	96,534,000	-3.4%	\$1.75	\$1.70	\$1.00	\$0.97	\$2.75	\$2.67	124,909,000	20.7%
2014	93,599,000	-3.0%	\$2.50	\$2.36	\$1.00	\$0.94	\$3.50	\$3.30	147,433,000	18.0%
2015	86,139,000	-8.0%	\$2.75	\$2.52	\$1.75	\$1.60	\$4.50	\$4.12	187,167,000	27.0%

Establish a Trip Cost of \$3.50 for 2013, \$3.50 for 2014 and \$3.50 for 2015

calendar year	Total Transactions	% growth	Mainline		Ramp		Trip Cost		GROSS TOLL REVENUE	
			Toll Rate	PV @3%	Toll Rate	PV @3%	PV @3%	PV @3%	% growth	
2012	99,911,000		\$1.50	\$1.50	\$0.75	\$0.75	\$2.25	\$2.25	103,508,000	
2013	91,381,000	-8.5%	\$2.50	\$2.43	\$1.00	\$0.97	\$3.50	\$3.40	141,416,000	36.6%
2014	93,160,000	1.9%	\$2.50	\$2.36	\$1.00	\$0.94	\$3.50	\$3.30	144,168,000	1.9%
2015	95,210,000	2.2%	\$2.50	\$2.29	\$1.00	\$0.92	\$3.50	\$3.20	147,342,000	2.2%