

SUMMARY MINUTES  
JOINT DULLES CORRIDOR AND FINANCE COMMITTEE  
SPECIAL MEETING OF JUNE 20, 2018

Ms. Hanley called the June 20 Joint Dulles Corridor and Finance Committee Special Meeting to order at 10:12 a.m. A quorum was present during the Meeting: Mr. Mims (Co-Chair, Finance Committee), Mr. Speck (Co-Chair, Finance Committee), Mr. Tejada (Co-Chair, Dulles Corridor Committee), Mr. Adams, Mr. Griffin, Ms. Lang, Ms. Merrick, Mr. Pozen, Mr. Sudow, Mr. Uncapher, Mr. Williams, and Mr. Session (ex officio).

Recommendation for a Proposed Amendment to the Regulation that Establishes Toll Rates for the Use of the Dulles Toll Road. Andy Rountree, Vice President for Finance and Chief Financial Officer, was joined by Phil Sunderland, Vice President and General Counsel, and Jim Taylor of Mercator Advisors LLC (Mercator). He advised that Kamran Khan of CDM Smith, who performed the Traffic and Revenue Study (Study) for the Airports Authority, was in attendance and available to answer questions. Mr. Rountree reported that the purpose of the day's presentation was: 1) to advise the Dulles Corridor and the Finance Committees of the initial consultation held with the Dulles Corridor Advisory Committee (DCAC) on May 31 regarding the Dulles Toll Road (DTR) rate adjustment process and anticipated schedule; 2) to request that the Committees authorize the President and the Chief Executive Officer to: publish notice of a proposed amendment to the Airports Authority regulations that established the toll rates for the use of the DTR; to conduct public hearings in the Dulles Corridor on that proposed amendment; and to provide not less than a 30-day comment period, during which members of the public, apart from public hearings, may present their views on the proposed amendment; and 3) to identify topics in addition to the proposed amendment to the toll rates, on which members of the public would be invited to present their views during the public hearings and the public comment period. As previously stated by Jack Potter, President and Chief Executive Officer, Mr. Rountree reiterated that the Airports Authority must implement periodic toll rate adjustments to operate and maintain the DTR, to pay debt service and obligations, and to comply with bond rate covenants.

Mr. Rountree reported that a projected toll rate schedule was initially made public in 2009, when the Airports Authority first issued DTR revenue bonds. He advised that the schedule was later modified in 2012 after the Airports Authority amended its toll rate regulations to provide for toll rate increases in 2013 and 2014. Mr. Rountree reported that the

proposed toll rate increases for 2015 and 2016 were not implemented. He noted that the schedule of projected toll rates that was proposed and provided to the public in 2014 had not changed. Mr. Rountree reviewed a chart illustrating the current rates that are in effect for the mainline toll plaza of \$2.50, and for the ramp toll plaza of \$1.

Ms. Hanley inquired as to why the proposed increases in 2015 and 2016 were not implemented. Mr. Rountree stated that during that period of time, a substantial amount of work was underway with the Airports Authority's funding partners in Virginia and the federal government. He advised that Virginia contributed \$150 million to assist the Airports Authority in stabilizing toll rates. Mr. Rountree reported that the Airports Authority was also working to obtain the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the federal government. He explained that before the proposed rates were implemented, the TIFIA loan process concluded and the Airports Authority received commitment of that loan at a very low interest rate, providing the ability to re-forecast the toll rates without an increase. Mr. Rountree credited the work of the funding partners to keep the tolls consistent for the last five years.

Mr. Rountree shared the results of the May 31 meeting with the DCAC. He reported that the DCAC members acknowledged the efforts to mitigate required DTR increases by securing federal loans and the additional state and regional funding. The DCAC also stressed the importance of informing the public and providing opportunities for members of the public to comment on the implementation of the toll rate increases and other operational characteristics of the DTR.

Mr. Rountree advised that Finance Staff and the Financial Advisors are recommending that the process for amending the DTR rate regulation be initiated, including convening one or more public hearings. He reported that staff is recommending three public hearings in the Dulles Corridor to provide the public with an opportunity to be informed about and express their views on the proposed toll rate adjustments in 2019. Mr. Rountree stated that the final recommendation on the toll rate adjustments would be provided in September, following the conclusion of the regulatory amendment process, and consultation with the DCAC.

Mr. Rountree reported that materials provided for the day's meeting included a chart of the current DTR rates, which identifies the locations of the ramps and mainline toll plazas. He noted that the current

schedule for the DTR rates also included information for vehicles exceeding two axles.

Mr. Rountree reviewed the proposed amendment related to Section 10.1 of the Airports Authority Regulations for purposes of soliciting feedback from the public and the DCAC. He stated that the toll rate increase would be effective January 1, 2019. Mr. Rountree referenced a chart that included the new proposed tolls, noting that the numbers that are stricken through represent the current tolls, and the other numbers represent the new proposed tolls for the mainline toll and ramp plazas.

Ms. Hanley observed the proposed \$3.25 toll rate for 2-axle vehicles at the mainline toll plaza and inquired whether it can be increased. Mr. Sunderland explained that there are no legal reasons to prevent the increase from occurring. However, it is the Airports Authority's practice that once a toll rate is advertised, it becomes the maximum amount that can be charged unless the rate is re-advertised. Ms. Hanley stated that it may be helpful to make sure that the public understands that the proposed toll increases would not exceed the advertised amount.

Mr. Session observed Section 10.1 of the Airports Authority Regulations. He inquired about the reference, noting the exception for persons permitted free use of toll facilities under Virginia Code § 33.1-252. Ms. Hanley stated that drivers of law enforcement vehicles are exempt from tolls. Mr. Sunderland stated that in addition to emergency vehicles, state highway personnel and people in certain official positions are also exempt.

Mr. Griffin referenced the chart that provided rates for the mainline and ramp toll plazas. He asked if the issue regarding the Route 7 ramp traveling west on the DTR has been resolved, to which Mr. Rountree responded negatively. Mr. Rountree stated that since the location of ramps is an operational matter, a public hearing is not required. He further stated that additional dialogue is needed with the Board Members for resolution of the issue.

Mr. Taylor reviewed the Potential Impact on Toll Revenue and Transactions chart that included data from the Study, which was provided for the day's meeting and could be accessed on the Airports Authority's website. Since the Study is voluminous, Mr. Taylor stated that the most relevant data to the Airports Authority's decision to authorize the public hearings and the expected or anticipated impact on toll revenue and transactions had been extracted. He reported that the

toll rate increase would be implemented in 2019, and the traffic model suggests that transactions for the full year could decrease by as much as 6.4 percent and revenue would increase nearly 30 percent. Mr. Taylor noted that the Study contains information based on extensive analyses using a traffic model calibrated to existing conditions for purposes of financial planning and decision-making. He advised that since there are no toll increases anticipated in 2020 through 2022, growth in annual transactions and a concurrent increase in toll revenue is expected. As previously noted, Mr. Taylor stated that the model suggests that there will be fewer transactions, particularly in the off-peak hours, when commuters potentially alter their travel plans and use of the DTR.

Ms. Hanley asked if the analyses used are consistent with other toll roads, to which Mr. Taylor responded affirmatively. He noted that the scenario he reviewed is very consistent with mature toll facilities where double-digit diversion does not occur as a result of a toll increase. Mr. Taylor further noted that more elasticity may occur with new facilities when tolls are increased. Ms. Hanley observed that a decline in transactions is normally associated with toll increases. Mr. Taylor agreed with Ms. Hanley's observation and stated that the decline in transactions can be attributed to commuters using alternative routes.

Mr. Tejada inquired about the consistency with regard to the forecasted transactions compared to the actual transactions. Mr. Taylor responded that they had been fairly consistent. He stated that the Study reflects the historical toll increases and the changes in revenue and transactions. Mr. Taylor further stated that the Study included the results of a special survey provided to existing customers to learn drivers' revealed preferences and preferences based on drivers' perceptions.

Ms. Hanley recalled a slide that staff had presented [at last month's Joint Special Meeting] that provided results of drivers' surveys on why they use the DTR and reasons that they may discontinue using it. Mr. Taylor stated that the referenced slide, which was provided for the June 18 Joint Dulles Corridor and Finance Committees Special Meeting (June 18 Joint Special Meeting), is posted on the Airports Authority's website.

Mr. Taylor reviewed the projected net toll revenue and debt service coverage, which would also be shared at the public hearings. He stated that the increased toll revenue is needed to maintain the minimum debt service legal requirement.

Ms. Hanley reiterated that the presentation from the June 18 Joint Special Meeting highlighted the same information reflecting actions that would occur if current DTR toll rates are not increased.

Mr. Rountree noted that the DTR Comprehensive Traffic and Revenue Study update is labeled as a draft document for the purpose of going through the complete process before presenting the report as final. He shared that the process includes the public hearings, the recommendation to the Board, the proposed amendment to the regulation establishing toll rates for the DTR, and the Board's final action.

In response to some of the feedback received, including the DCAC, a recommendation was made that in addition to the proposed regulatory amendment to the DTR rates, that the public be invited to comment during the public comment period on various operational characteristics of the DTR to help with future planning. Mr. Rountree identified the following operational characteristics of the DTR for comment: 1) how the proposed amendment of the \$1.25 increase for the cost of a typical trip should be allocated; 2) whether the toll plaza lanes that allow customers to pay cash should be converted to E-ZPass only or an open-road tolling concept (to be determined at a future date); 3) should credit cards be accepted in certain toll lanes as an electronic form of payment, similar to a cash lane, where drivers would have to stop and make a payment (to be determined at a future date); and 4) an open invitation to propose any other operational improvements on the DTR. Mr. Rountree stated that anything that may be proposed by the public in an open invitation would have implementation costs and revenue impacts that require additional analysis before the feasibility can be determined. He emphasized that there may be specific impacts on the amount of revenue collected.

In terms of the forward-looking calendar, Mr. Rountree reported that staff is proposing the public comment period begin July 2 and conclude on August 3. He stated that the public hearings would be held on July 11, July 17, and July 19. Mr. Rountree further stated that the recommendation is that the public hearings be held in Ashburn, Reston, and McLean, and the actual locations and times would be published in the advertisements for the three public hearings. He reiterated information that Mr. Potter previously mentioned at the day's Board Meeting with regard to having a virtual public hearing. Mr. Rountree advised that information is available on the Airports Authority's website that the public could view and comment on, which would be accepted as

official comments, not unlike any official comment that comes in during the formal public hearing.

Mr. Rountree reported that the Airports Authority would provide the report on the public hearings and comments to the DCAC in September. He noted that staff would again receive input from the DCAC, prepare a report on the public hearings, including additional analyses, which would be presented to the Joint Committees in September for consideration of potential action on the proposed toll rate amendment. Mr. Rountree stated that if the Committees approved the proposed toll rate amendment, it would be recommended to the Board at its October meeting, and if approved, would become effective January 1, 2019.

Ms. Merrick noted that the current process is similar to the process used five years ago with additional considerations. She asked whether lessons learned from 2012 were incorporated in the proposed process. Mr. Rountree stated that there are no major differences, but he recognized that the title of virtual public hearing may not have been used before but it was consistent with the opportunity offered to the public in 2012. Additionally, he advised that the Airports Authority is seeking public comment on the open-road tolling and elimination of cash lanes.

Mr. Tejada observed that the Airports Authority would hold three public hearings and a virtual public hearing. He further observed that the summer months are times that the public sometimes leaves the area and inquired whether a video recording could be submitted as public comments. Mr. Sunderland advised that the submission of a video would not be a viable option. He stated that the public could submit comments at the public hearing; through the web site, or someone would be available at the public hearing who would transcribe a member of the public's verbal comment; or write a letter. Mr. Tejada asked if a translator would be present at the public hearings. Mr. Sunderland stated that the website will indicate the requirements for prior notification for needing language assistance. Mr. Rountree added that a Spanish translator, as well as a hearing-impaired sign language translator, would be present at the public hearings.

The Committee approved the recommendation.

The meeting was thereupon adjourned at 10:47 a.m.