

SUMMARY MINUTES  
JOINT DULLES CORRIDOR AND FINANCE COMMITTEES  
SPECIAL MEETING OF NOVEMBER 14, 2018

Ms. Hanley chaired the November 14, 2018 Joint Dulles Corridor and Finance Committees Special Meeting, calling it to order at 8:30 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. Dwoskin, Mr. Griffin, Mr. Lazaro, Mr. Pozen, Mr. Uncapher, and Mr. Session (ex officio).

Proposed Amendment to the Regulation that Establishes Toll Rates for 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). Mr. Rountree explained that the Airports Authority must implement periodic toll adjustments to operate and maintain the Dulles Toll Road, to pay debt service obligations, and to comply with bond rate covenants. He reported that a projected toll rate schedule was initially made public in 2009 when the first Dulles Toll Road revenue bonds were issued and modifications were made to that schedule in 2012 and 2014, thereby reducing the level of tolls needed to be collected on the Dulles Toll Road. Mr. Rountree then showed a chart that was shared in 2009 when the Airports Authority was uncertain whether it had an opportunity to secure the existing Transportation Infrastructure Finance and Innovation Act (TIFIA) loan and when it did not have a commitment from the Commonwealth of Virginia for grants, including a grant to offset some interest payments over a period of time. He compared the 2009 chart to a chart that showed the current schedule. Mr. Rountree called attention to the details of one year of comparison during the 2019 through 2022 period. He stated that the trip cost is defined as a mainline plaza and ramp added together, which was projected to have been \$6.75; under the 2014 modification, it was \$4.75. Mr. Rountree stated that the 2014 schedule was published in the Comprehensive Traffic and Revenue Study so the public and investors have been expecting a toll increase since 2014. Mr. Rountree shared a slide that illustrated the projected net toll revenue and debt service coverage if the day's proposed toll amendments were adopted. He noted that the red line on the chart represents the minimum level of net revenue to comply with the

Airports Authority bond covenants to meet Airports Authority debt service coverage requirements so the goal is to keep the green line above the red line, which demonstrates that enough revenue has been generated to not only operate the Dulles Toll Road but to pay the debt service. Mr. Rountree identified an increase from 2018 to 2019, which is attributed to the Airports Authority beginning to service the TIFIA loan payments. He warned that if the proposed toll rates were not adopted then toll revenues will stay essentially flat and the Airports Authority would be non-compliant with its rate covenant in 2019.

Ms. Hanley inquired explicitly whether the Airports Authority would not have enough money to pay its debts if the proposed recommendation would not be approved, to which Mr. Rountree answered affirmatively.

Ms. Hanley then asked if the bonds for the Dulles Corridor are sold only for the Metrorail Project, to which Mr. Rountree responded affirmatively, and added that a few bonds had been sold initially to support the Dulles Toll Road improvements.

Mr. Rountree reviewed the primary steps of the regulatory process. He explained that after consulting with the Board on the proposed amendment to the Dulles Toll Road toll rate increase, staff provided the notice of public hearings and the public comment period opened for the proposed Dulles Toll Road rate increases. Notices for three public hearings were published on June 25, 2018, and the public was invited to submit written comments from July 2 through August 3. Mr. Rountree reported that information and reminders about the public hearings and the public comment period were posted on the Airports Authority website, sent to e-mail distribution lists, and included in digital banner advertisements in local newspapers in English and Spanish. The public hearing dates were July 11, 17 and 19 in McLean, Reston and Ashburn, Virginia, respectively.

As part of the public comment process, staff provided information on the toll rate increases, specifically the table of changes in the toll rates showing the increase in the mainline plaza as well as the toll ramp changes. Additional information on the Dulles Toll Road and the Metrorail Project was provided at the hearings. The information provided addressed topics such as the Dulles Toll Road operations,

the E-ZPass program, Dulles Corridor improvements, the Metrorail Silver Line Project, and ultimately, the finance plan and other financial information relating to funding the operations of improvements of the Dulles Toll Road and the construction of the Silver Line Project.

Mr. Rountree explained that information at the public hearings was provided through a series of display boards and subject matter experts were available to discuss the boards and answer any questions. He advised that copies of the materials that were shared with the public at the public hearings are available online at [www.dullestollroad.com/toll/toll-setting-process](http://www.dullestollroad.com/toll/toll-setting-process).

As part of the public hearing process, public input was solicited on four topics. The first was whether the proposed increase of \$1.25 in the cost of a Dulles Toll Road typical trip should be allocated as proposed between the mainline toll plaza and ramps or should be allocated in a different manner between the mainline plaza and the ramps. The second was whether the Dulles Toll Road toll plaza lanes that currently allow customers to pay in cash should be converted to E-ZPass only at a future date, to be determined. The third question was whether credit cards should be accepted in certain Dulles Toll Road toll lanes similar to the Dulles Greenway and other toll facilities whether at a future date, to be determined. The last question was whether any other operational improvements should be made to the Dulles Toll Road. Mr. Sunderland reported that a total of 52 people participated in the three public hearings -- 25 in the first hearing in McLean, 12 in the second hearing in Reston, and 15 in the third hearing in Ashburn. During the comment period, a total of 190 comments were received from 181 individuals and three organizations. Mr. Sunderland advised that some individuals had submitted more than one set of comments. He shared a slide that illustrated the breakdown of the individuals who submitted comments -- 135 people from Fairfax County accounted for almost 75 percent of the comments; 24 people from Loudoun County accounted for 13 percent of the comments; and individuals from the remaining counties accounted for approximately 12 percent of the comments. During the comment period, 190 comments were received, which conveyed a total of 363 views, positions and recommendations on the proposed toll rate increases and the four posed questions. Mr. Sunderland reviewed slides that showed how the public responded to the proposed toll

rate increases and each of the four questions posed using five different categories of comments. The highest number of comments received (109) on the proposed toll rate increase expressed concern that the increased rates would make the Dulles Toll Road less affordable for people and divert traffic to local streets, some of which diversion was [allegedly] currently occurring. The remaining categories addressed the following: alternative funding sources (28 comments); increasing Dulles Toll Road toll rates to fund the Silver Line is not fair (23 comments); no increase to existing toll rates (20 comments); and general support for toll increases as proposed (7).

Mr. Sunderland also reviewed the comments in response to the four specific questions. With regard to whether the proposed increased cost at ramps for a typical Dulles Toll Road trip should be allocated as proposed or in a different manner, roughly half (26) of the commenters responded that the proposed ramp increase is acceptable but the proposed mainline toll plaza increase is too much. Roughly 25 percent of the commenters proposed that a different allocation be used, but different proposals were not included. Seven commenters suggested that the toll increases be allocated as proposed, and seven others indicated that the toll rates should not be increased at all. Two commenters suggested that the mainline plaza toll rate be allocated as proposed or in a different manner.

Mr. Sunderland reported that 44 comments were received in response to whether the Dulles Toll Road plaza lanes that currently allow customers to pay in cash should be converted at some point to E-ZPass only lanes. He further reported 19 individuals were in favor of full conversion of cash lanes to E-ZPass; 13 people were in favor of partial conversion; and 12 people preferred no conversion of cash to E-ZPass.

Mr. Sunderland also reported that 20 of the 38 commenters were in favor of eliminating cash in certain Dulles Toll Road toll plazas at some point in the future, while 11 were in favor of accepting credit cards and retaining at least one cash lane, and seven were opposed to accepting credit cards.

Mr. Sunderland described the last question as a catch-all topic. He reported that 14 people commented on a number of ideas involving

restriping and repaving the Dulles Toll Road, improving certain exit ramps, adding another High-Occupancy Vehicle lane (HOV), allowing HOVs to travel toll free and tolling in one direction. Eleven comments were associated with mitigating toll-related incentives for traffic to avoid the mainline toll plaza and to use local streets; seven comments suggested implementing distance-based tolling; and seven comments represented views that no operational improvements are necessary.

Mr. Rountree reminded the Board that the full detailed report itemizing each comment was included in the materials distributed for the day's meeting. He explained that as part of the process, the Airports Authority meets with the Dulles Corridor Advisory Committee (DCAC). Under the agreements with the Commonwealth of Virginia, the Airports Authority is required to consult the DCAC with respect to any proposed toll rate adjustments but that neither consent nor approval is required.

Mr. Rountree advised that the DCAC has eight members, two representatives each from the Commonwealth of Virginia, Fairfax County, Loudoun County and the Airports Authority. The DCAC last met October 11, and Ms. Hanley chaired the meeting. In addition to receiving updates on the construction financing of the Metrorail Project, the DCAC was briefed on the public comments received on the proposed Dulles Toll Road toll rate increases and the potential Dulles Toll Road toll collection options. Mr. Rountree reported that some of the public comments received contained suggestions and concerns that cannot be addressed without additional technical analysis and/or consultation and coordination with other transportation agencies. The Airports Authority staff discussed two itemized parts of the potential action plan with the DCAC that could help ensure that potential opportunities are properly evaluated and developed. The first part is to implement the proposed toll rate increase as presented to the public and reserve an option to modify toll rates at specific ramp locations in calendar year 2020. Mr. Rountree explained that it may be possible to address potential traffic diversion issues along the eastern end of the Dulles Toll Road corridor by either reducing the toll rate at the Springhill Road ramp locations or by imposing a toll at the Route 7 location that is currently not tolled. The potential ramp tolling options would have to be evaluated on the technical feasibility of collecting different tolls with existing technology, the

estimated implementation costs and the potential impact on safety, traffic flow and toll revenue. Mr. Rountree stated that these actions will enable the Airports Authority to meet its financial obligations while also evaluating ramp tolling options going forward.

Mr. Rountree reported that the second part of the action plan discussed with the DCAC was that the Airports Authority would work with Virginia Department of Transportation (VDOT), Fairfax County, and Loudoun County to identify and evaluate potential strategies for enhancing mobility in the Dulles Corridor. He advised that any mobility strategies that are developed would be advanced through the appropriate transportation planning and project approval processes.

Mr. Rountree also reported that the DCAC concurred with the Airports Authority's recommendation to implement the proposed toll rate increases as presented to the public and to reserve an option to modify toll rates at specific ramp locations in 2020.

The DCAC also concurred with the Airports Authority's recommendation to work with VDOT, Fairfax County and Loudoun County to identify and evaluate potential strategies for enhancing mobility in the corridor and it requested that the Airports Authority include the Northern Virginia Transportation Authority in a collaborative effort to improve mobility in the Dulles Corridor and ensure that adequate funding is secured for any new initiatives. In addition to its concurrence, the DCAC recommended that the Airports Authority continue the ongoing efforts to mitigate future Dulles Toll Road toll rate increases by working with the funding partners to pursue new sources of funding for construction and to offset financing costs of the Metro Silver Line Project.

Mr. Rountree stated that the Airports Authority staff had taken into account the comments derived from the public during the comment period, and the advice received from the DCAC was that staff recommend that the Finance and Dulles Corridor Committees approve the recommendation and recommend that the Board of Directors take the following actions: Adopt an amendment to the Metropolitan Washington Airports Authority regulations which will establish the toll rates for the Dulles Toll Road effective January 1, 2019, as presented at the day's meeting, and to reserve an option which may be exercised by the Board of Directors not later than the

close of calendar year 2020 to reduce the toll rate (from \$1.50) at one or more of the currently tolled ramps at the Dulles Toll Road Springhill Road and Route 7 intersections and to establish a toll rate (at \$1.50 or less) at one or more of the ramps at the Route 7 intersections that are currently not tolled; instruct staff to work with the VDOT, Fairfax County, Loudoun County, and, as appropriate, Northern Virginia Transportation Authority to identify and evaluate potential new strategies and initiatives for enhancing mobility in the Dulles Corridor, including the potential toll rate actions described above and sources of funding for any such strategies and initiatives; and instruct staff to continue the Airports Authority's ongoing efforts to mitigate future Dulles Toll Road toll rate increases by working with the funding partners to pursue new sources of funding for construction and/or to offset the financing costs of the Metrorail Silver Line Project.

Mr. Griffin moved the recommendation and added that he had attended all three public hearings, which he characterized as exceedingly mild. He remarked that the individuals he had spoken to at the hearings commented more about the cut-throughs occurring with local traffic and other issues than they had about toll increases.

Mr. Tejada noted that he had expected more people to participate in the public hearings and provide comments. He asked staff to expand on how the public was made aware of the hearings. Mr. Sunderland explained that staff had done the best it could to share the information and the detailed outreach plan is included in the report provided for the day's meeting. He summarized that public ads were placed in a number of local newspapers, outreach was conducted through the Airports' social media accounts, and e-mails were sent to numerous organizations. Mr. Sunderland stated that staff had utilized every tool the Airports Authority has to communicate with the public.

Ms. Hanley noted that the project itself has a fairly extensive communication apparatus and staff utilizes it to inform the public.

Mr. Tejada stated that he is a member of the public who does not support toll rate increases because he did not want to pay more but that he was open to hear why the increases were needed. He further stated that he believed that staff had made a solid case for

recommending that toll rates be increased so that the Airports Authority can meet its financial obligations and he sought confirmation that the increased toll rates have been years in the making. Mr. Tejada requested that examples be provided of similar situations around the country. Mr. Taylor stated that the financial advisors have been including examples in their monthly Financial Advisors' (FA) Reports because they understand the importance for Board Members to be aware of occurrences with other jurisdictions. He noted that the FA Report provided for the day's meeting includes data about the Dulles Greenway and the 495 and 95 Express Lanes' toll rates, which are currently higher than the rates that are being proposed by the Airports Authority.

Mr. Taylor stated that he believed that another factor influencing the attendance at public hearings is that there has not been a toll increase for five years. Additionally, the public had been informed that periodic rate increases would occur, and the published proposed rates are consistent with what the Airports Authority had initially advised 10 years prior. Mr. Taylor stated that more people had attended the hearings associated with the proposed 2012 toll rate increase than the one proposed for 2019. He further stated that the difference between the Airports Authority and other toll facilities is that instead of making incremental increases annually, the Airports Authority made the decision at the beginning of the process to take a planned action that was communicated consistently.

Mr. Speck stated that even with the extensive communication plan, some people will still not be aware of the proposed toll rate increase scheduled to take effect on January 1, 2019. He inquired about additional communication efforts to inform the public. Ms. McKeough referenced Mr. Taylor's comments regarding the Airports Authority's consistency in informing the public. She committed to following the steps that were done in the years before to inform the public of toll rate increases, if approved. Ms. McKeough advised that digital boards would be displayed on the Dulles Toll Road so that frequent users would be informed, and information about the increase will also be displayed clearly on the Dulles Toll Road website, as well as issuing a press release. Additionally, she stated that the Airports Authority will ensure that all of its strategic partners in the area include information about the toll rate increase in their bulletins and communications to their members.

Mr. Taylor reminded the Directors that with the day's tolling environment that most Dulles Toll Road users are not aware of the cost of the tolls they will be required to pay until they reach the toll facility so it is a great strength for the Airports Authority to receive coverage from local news and traffic outlets regarding the rate increase. While commuters may be surprised at the increase in January 2019, they will be informed about the rate for the next three years instead of anticipating when it may change.

Mr. Sudow encouraged staff to continue exploring options to eliminate the financial incentives that further the serious issues with 495 and cut-throughs in the McLean area that relate to the backup on 495. He observed that the Finance Committee will make some progress on refunding some of the bonds in 2019 but that there will not be much effect on debt service. Mr. Sudow requested staff to comment on the TIFIA obligation and the difference between the way Phase 1 was funded with grants compared to the funding of Phase 2 with the TIFIA. Mr. Rountree affirmed Mr. Sudow's statement about the refunding opportunity. He explained that the refunding would be for \$198 million, which, in relation to the roughly \$3 billion total debt that the Airports Authority will incur for Phase 2, is a small portion of the total but that it will help efforts to work towards minimizing the debt obligation and debt payments. Mr. Rountree stated that over a third of the total \$3 billion of debt for Phase 2 that will be outstanding between the Airports Authority, Loudoun County and Fairfax County will be financed with the TIFIA at a very low interest cost. He further stated that the Airports Authority had received a \$900 million grant from the federal government for Phase 1 and the funding partners also contributed to the cost.

The Committee approved the recommendation.

The meeting was thereupon adjourned at 9:14 a.m.