



REPORT TO THE FINANCE COMMITTEE

2016 DRAFT BUDGET

October 21, 2015

Purpose

- The purpose of this paper is to present the draft summary level 2016 Budget to the Committee
- No action is required at this meeting
- A recommended 2016 Budget will be presented to the Committee in November

2016 Budget Goals and Objectives

Goals

- Airport safety and security
- Excellent customer service
- Strong liquidity/cash position
- Strong bond ratings/lowest cost of capital
- Competitive rates and charges

Objectives

- Minimize *costs charged to airlines*
 - *Carefully manage O&M Budget growth*
 - *Minimize new debt (especially at Dulles International)*
- Maximize non-airline revenue



The Budget is Based on the Most Current Aviation Activity Forecast*

<i>(in thousands)</i>	Actual 2014	Projections*		% Change	
		2015	2016	2014 vs. 2015	2015 vs. 2016
<i>Reagan National</i>					
Enplanements	10,458	11,600	11,750	10.9%	1.3%
Landed Weights	12,927	14,778	14,874	14.3%	0.6%
<i>Dulles International</i>					
Total Enplanements	10,679	10,700	10,800	0.2%	0.9%
Domestic	7,152	7,200	7,275	0.7%	1.0%
International	3,527	3,500	3,525	-0.8%	0.7%
Landed Weights	16,710	16,795	16,910	0.5%	0.7%
<i>MWAA Systemwide</i>					
Enplanements	21,137	22,300	22,550	5.5%	1.1%
Domestic	17,610	18,800	19,025	6.8%	1.2%
International	3,527	3,500	3,525	-0.8%	0.7%
Landed Weights	29,637	31,573	31,784	6.5%	0.7%

* Source: Series 2015BCD Official Statement - Report of the Airport Consultant

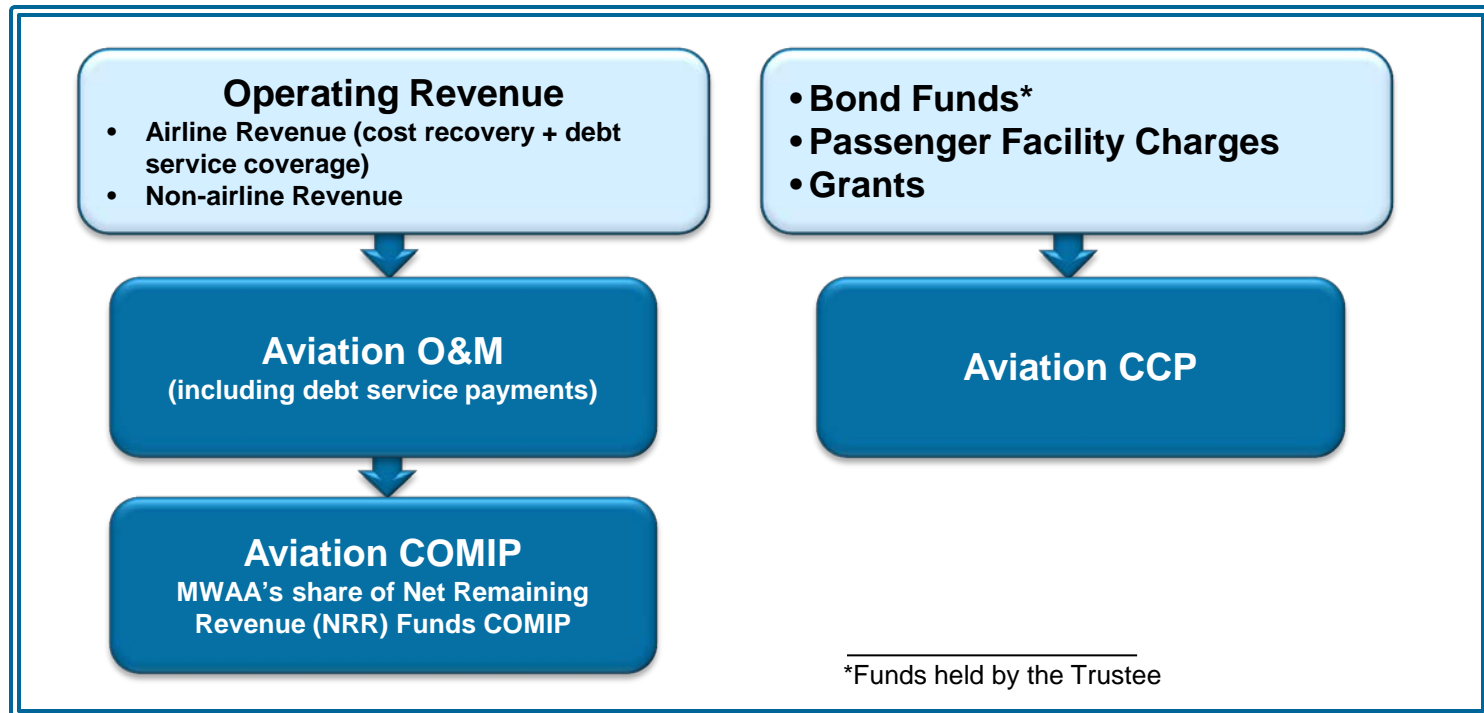


There are Three Aviation Enterprise Fund Budgets

Aviation Operation and Maintenance (O&M) Program

Aviation Capital, Operation and Maintenance Investment Program (COMIP)

Aviation Capital Construction Program (CCP)



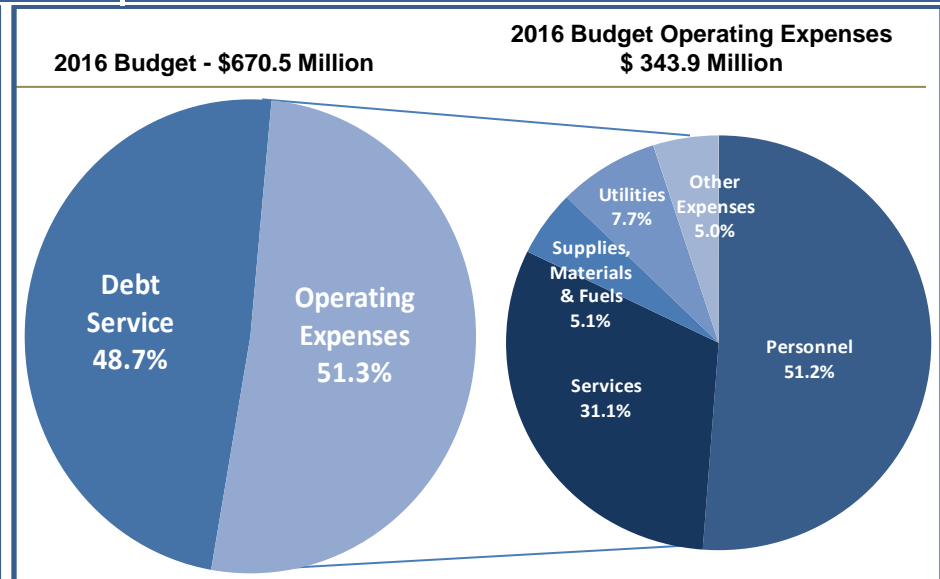
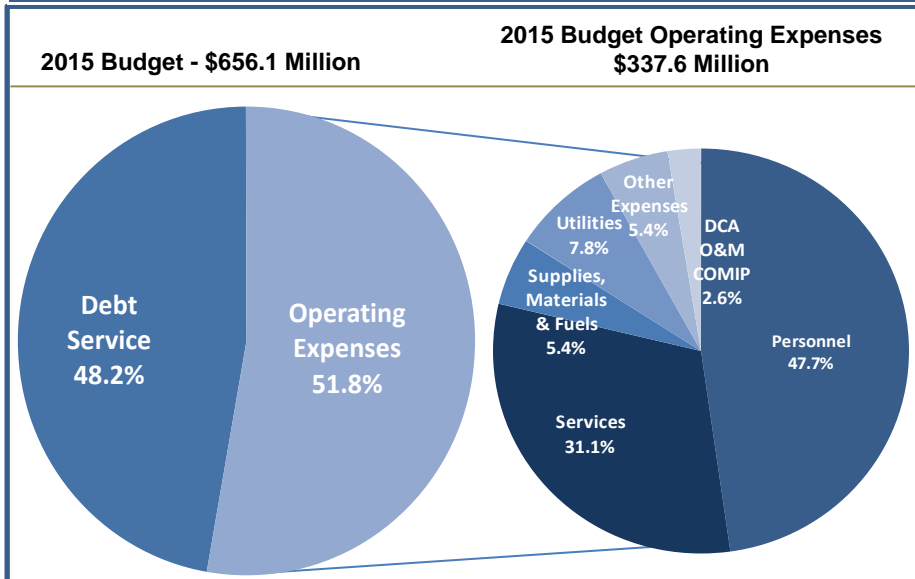


- 2016 DRAFT BUDGET -

Aviation

Operation and Maintenance (O&M) Program

<i>(dollars in millions)</i>	Budget		Budget		Change	
	2015	2016	2015	2016	Dollar	Percent
Reagan National	9.7%	9.9%	\$ 63.7	\$ 66.4	\$ 2.6	4.1%
Dulles International	21.4%	20.9%	140.5	140.3	(0.3)	-0.2%
Consolidated Functions	12.4%	12.6%	81.5	84.7	3.2	3.9%
Public Safety	7.9%	7.8%	51.8	52.6	0.8	1.6%
Subtotal Operating Expenses	51.5%	51.3%	\$ 337.6	\$ 343.9	\$ 6.3	1.9%
Debt Service	47.2%	48.7%	\$ 309.6	\$ 326.6	\$ 17.0	5.5%
Subtotal Operating Expenses & Debt Service	98.6%	100.0%	\$ 647.2	\$ 670.5	\$ 23.4	3.6%
DCA O&M for COMIP Program	1.4%	0.0%	\$ 8.9	\$ -	\$ (8.9)	-100.0%
Grand Total Operating Program	100.0%	100.0%	\$ 656.1	\$ 670.5	\$ 14.5	2.2%



Note: Totals may not sum due to rounding.

- 2016 DRAFT BUDGET -

The Largest O&M Increases are in Personnel Compensation and Benefits

<i>(dollars in thousands)</i>	Budget 2015	Budget 2016	Change	
			Dollar	Percent
Pay For Performance (2.5% and adjustment for employees in lower quartiles)	\$ 3,079.4	\$ 3,230.8	\$ 151.3	4.9%
Full-time Permanent	112,502.9	113,720.7	1,217.7	1.1%
Other than Full-time Permanent	6,128.8	7,733.3	1,604.4	26.2%
Overtime, Holiday Premium, Special Employee Pay	5,734.9	6,313.1	578.2	10.1%
Health Insurance	22,099.9	24,266.3	2,166.4	9.8%
Life Insurance	521.0	618.1	97.1	18.6%
Retirement	14,801.4	19,947.5	5,146.1	34.8%
Other Post Employment Benefits (OPEB)	1,497.8	1,145.0	(352.9)	-23.6%
Other Personnel Benefits	(935.6)	(902.7)	32.9	-3.5%
Sub Total Personnel Compensation and Benefits	\$ 165,430.6	\$ 176,072.0	\$ 10,641.4	6.4%

Note: Totals may not sum due to rounding.

- 2016 DRAFT BUDGET -

Achieved a Net Reduction in the Non-Personnel Expenses Budget

<i>(dollars in thousands)</i>	Budget	Budget	Change	
	2015	2016	Dollar	Percent
Reagan National	\$ 36,738.1	\$ 37,924.0	\$ 1,186.0	3.2%
Dulles International	91,971.8	88,568.2	(3,403.5)	-3.7%
Consolidated Functions	41,372.2	39,070.8	(2,301.5)	-5.6%
Public Safety	2,045.7	2,252.8	207.0	10.1%
Sub Total Non-Personnel Compensation and Benefits	\$ 172,127.8	\$ 167,815.8	\$ (4,312.0)	-2.5%
Sub Total Personnel Compensation and Benefits from Previous Page	\$ 165,430.6	\$ 176,072.0	\$ 10,641.4	6.4%
Total Operating Expenses	\$ 337,558.4	\$ 343,887.7	\$ 6,329.4	1.9%

Note: Totals may not sum due to rounding.

Key Drivers of a Net Increase in Non-Personnel Expenses Budget for Reagan National

<i>(dollars in thousands)</i>	Budget 2015	Budget 2016	Change	
			Dollar	Percent
Contract Services (primarily custodial and guard services)	\$ 10,234.5	\$ 10,844.7	\$ 610.2	6.0%
Service for utility systems	368.6	708.4	339.8	92.2%
Snow and ice control supplies	967.5	1,162.3	194.7	20.1%
Fuel Supplies	669.9	527.1	(142.8)	-21.3%
All other	24,497.6	24,681.6	183.9	0.8%
Total Reagan National Non-Personnel Expenses	\$ 36,738.1	\$ 37,924.0	\$ 1,186.0	3.2%

Note: Totals may not sum due to rounding.



Key Drivers of a Net Reduction in Non-Personnel Expenses Budget for Dulles International

<i>(dollars in thousands)</i>	Budget	Budget	Change	
	2015	2016	Dollar	Percent
Service for utility systems (primarily for water, air conditioning and sewerage systems)	\$ 1,229.7	\$ 811.3	\$ (418.4)	-34.0%
Utilities	17,568.3	16,749.5	(818.8)	-4.7%
Fuel Supplies	2,629.2	1,754.1	(875.1)	-33.3%
Service for mechanical systems (primarily for Baggage Handling System)	9,231.5	8,174.6	(1,057.0)	-11.4%
All other	61,313.1	61,078.9	(234.2)	-0.4%
Total Dulles International Non-Personnel Expenses	\$ 91,971.8	\$ 88,568.2	\$(3,403.5)	-3.7%

Note: Totals may not sum due to rounding.

Key Drivers of a Net Reduction in Non-Personnel Expenses Budget for Consolidated Functions

<i>(dollars in thousands)</i>	Budget	Budget	Change	
	2015	2016	Dollar	Percent
New Revenue Initiatives	\$ 925.6	\$ 1,862.9	\$ 937.3	101.3%
Federal Lease Payment	5,297.4	5,529.1	231.7	4.4%
Insurance Premiums	8,785.0	8,370.7	(414.3)	-4.7%
Migration to in-house talent	7,764.5	6,736.2	(1,028.4)	-13.2%
Temporary Services, Audit Service Contract	3,319.5	2,199.5	(1,120.0)	-33.7%
Telecommunications	1,412.0	-	(1,412.0)	-100.0%
All other	13,868.2	14,372.4	504.2	3.6%
Total Consolidated Functions Non-Personnel Expenses	\$ 41,372.2	\$ 39,070.8	\$ (2,301.5)	-5.6%

Note: Totals may not sum due to rounding.



Key Drivers of a Net Increase in Non-Personnel Expenses Budget for Public Safety

<i>(dollars in thousands)</i>	Budget	Budget	Change	
	2015	2016	Dollar	Percent
Non Capital Equipment (primarily firefighting medical supplies and equipment)	\$ -	\$ 268.0	\$ 268.0	100.0%
All other	2,045.7	1,984.8	(61.0)	-3.0%
Total Public Safety Non-Personnel Expenses	\$ 2,045.7	\$ 2,252.8	\$ 207.0	10.1%

Note: Totals may not sum due to rounding.



2016 Additional Full-Time Positions

Office	Position Title	Anticipated Position Grade
Executive Vice President and Chief Revenue Officer	Manager of Business Development	S-24
	Executive Assistant	S-18
	Contracting Officer	S-20
Real Estate	Real Estate Asset Manager	S-20
	Real Estate Analyst	S-17
Planning and Revenue Development	Video and Graphics Specialist	S-18
	Marketing Manager	S-22
	Director of Revenue Strategy and Analysis	S-23
	Revenue and Planning Analyst (2)	S-21
	Digital Strategy Program Manager	S-21
Finance	Senior Budget Analyst	S-22
Supplier Diversity	Deputy Vice President of Supplier Diversity	S-24
Human Resources and Administrative Services	Human Resource Technician	S-17
Corporate Risk & Strategy	Corporate Strategic Planning Analyst	S-17
Total		15



- 2016 DRAFT BUDGET -

2016 Conversion of Existing Non-Career Term Positions to Full-Time Positions

Office	Position Title	Anticipated Position Grade
Technology	Technical Writer	S-19
	Enterprise Architect	S-24
	Portfolio Manager	S-22
	Business Process Manager	S-22
	Manager - Enterprise Resource Planning Implementation	S-24
	Radio and Wireless System Technician (2)	S-18
	Network Engineer (Data)	S-22
	Server Administrator	S-22
	SQL Server Database Administrator	S-22
	Manager of Network Operations	S-23
	Server Administration Virtualization	S-23
	Oracle Applications Database Administrator (2)	S-24
	User Interface/User Exchange Designer (2)	S-20
	Manager, Data and Analytics	S-23
	Project Management Office Manager	S-23
Corporate Risk & Strategy	Corporate Strategic Planning Analyst	S-21
Reagan National	Physical Security Technician	S-15
Total		20



Anticipated Increase in Debt Service

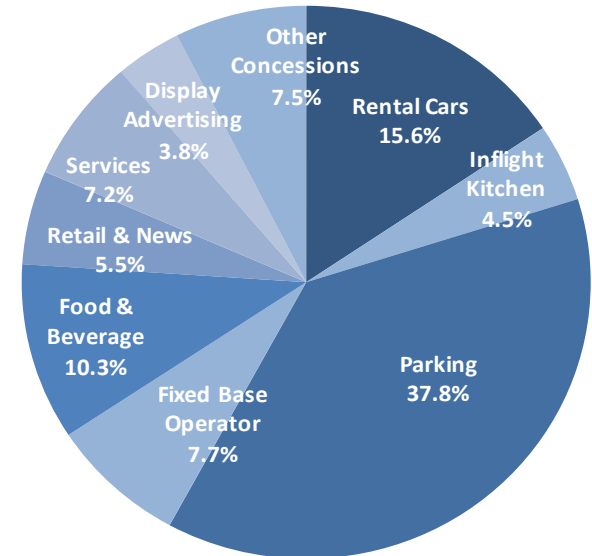
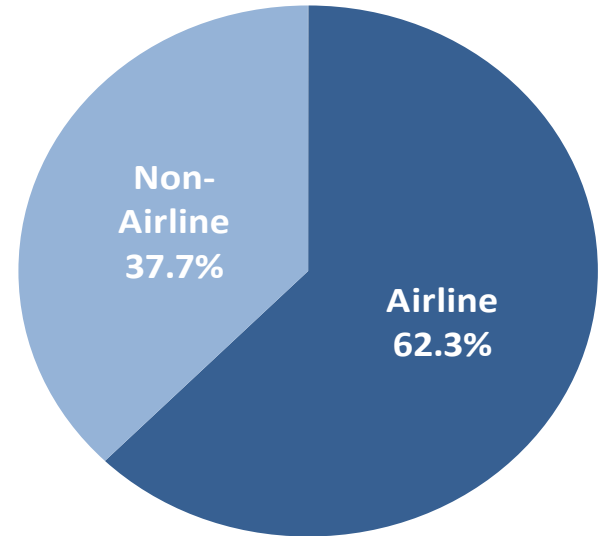
<i>(dollars in millions)</i>	Amount
2015 Debt Service (Net of \$42.5M PFCs for Aerotrains)	\$ 309.6
<u>Expected Increases Prior to 2015 Refunding</u>	
Reagan National	
New Projects Online	
Airfield Taxiway, Taxilanes Resurfacing, and Overlays	1.1
Communication Systems	1.2
Other Projects	5.1
End of Upfront Savings Period from Prior Refundings	4.9
Dulles International	
New Projects Online	
Main Terminal Inline Baggage System	8.7
Communication Systems	1.4
Other Projects	17.1
End of Upfront Savings Period from Prior Refundings	4.5
Subtotal	\$ 353.6
<u>2016 Debt Service Decreases</u>	
Savings from Series 2015BCD Refundings	\$ (7.2)
Savings from 2015 Bank Facilities for Variable Rate Debt	(1.7)
Change in Variable Interest Rate Assumptions	(3.6)
Application of Grants to IAD In-line Baggage System	(6.7)
Application of PFCs to DCA Airfield	(3.7)
Revision to Schedule of Projects Coming Online	(4.1)
2016 Debt Service (Net of \$43.5M of PFCs for Aerotrains)	\$ 326.6



- 2016 DRAFT BUDGET -

Estimated Operating Revenues

(dollars in millions)	Budget 2015	Budget 2016	Percent Change 2015 vs 2016	2016 Budget Percent of Total
Airline				
Rents	\$ 326.7	\$ 347.7	6.4%	43.5%
Landing Fees	115.2	100.0	-13.2%	12.5%
International Fees	30.3	28.5	-5.8%	3.6%
Passenger Fees	22.6	21.9	-2.8%	2.7%
Total Airline	\$ 494.6	\$ 498.0	0.7%	62.3%
Non-Airline				
Rents	\$ 33.6	\$ 35.7	6.2%	4.5%
Concessions	216.4	246.1	13.7%	30.8%
TSA Fees	0.9	0.9	-0.1%	0.1%
Utilities	8.3	8.7	4.9%	1.1%
Other Revenue*	7.2	9.5	32.1%	1.2%
Total Non-Airline	\$ 266.5	\$ 300.9	12.9%	37.7%
Grand Total	\$ 761.1	\$ 798.9	5.0%	100.0%



*Includes employee parking.

Note: Totals may not sum due to rounding.



- 2016 DRAFT BUDGET -

Aviation Capital Operating and Maintenance Investment Program

2016 New Authorization

(dollars in thousands)

Amount

Reagan National

Public Wireless Fidelity (WIFI)/ Distributed Antenna system (DAS)	\$ 2,750
DCA Equipment 2016	1,984
South Hangar Line Bay Doors Rehabilitation	900
Passenger Loading Bridge (PLB) Rehabilitation	800
Airfield Sand Shed	725
Industrial Waste Drying Bed Upgrades	700
Replace street side Snow Chemical Facility	700
Snow Melters	550
Hill Complex Heating System	450
Replace Multi-User Flight Information Display System (MUFIDS)	450
Terminal Restorative Painting	400
Street Side Paving	400
Replacement of various security cameras	300
Elevator door replacement in Terminals B/C	300
Terminal A roof rehabilitation	300
Hangar 3 Roof Rehabilitation	250
Recovered Aircraft Deicing Fluid (ADF) Storage Tank	250
Procurement Lifecycle System	250
Revenue and Branding Opportunities	250
DCA Environmental Compliance	220
Terminal B/C Club Mechanical Equipment Rooms sealant	100
Full Replacement of existing Interactive Employee Training System (IET)	75
Public Safety HazMat ID 360 Unit	30
Public Safety Mercury Vapor Detection Meters	11
Public Safety Replacement of Various 3 Self Contained Breathing Apparatus (SCBA) Test Stands	10

Total Reagan National \$ 13,155



- 2016 DRAFT BUDGET -

Aviation Capital Operating and Maintenance Investment Program *(continued)*

2016 New Authorization

(dollars in thousands)

Amount

Dulles International

Airfield, Pavement Maintenance and Joint Sealing	\$ 3,300
IAD Equipment 2016	3,213
Authority's Metrorail Contribution for Non-Passenger Facility Charges (PFC) Eligible Costs	3,040
Public Wireless Fidelity (WIFI)/ Distributed Antenna system (DAS)	2,750
Audio/Visual Paging System Upgrade	1,750
Mobil lounge/Plane mate Interior Renovations/Enhancements & Equip. Modernization	680
Condenser Pumps Replacement at Utility Building - Ph. I	650
Shop 3 Equipment Maintenance Building Expansion	650
Landside Roadway Rehabilitation	600
Replace and Install Multi-User Flight Information Display System (MUFIDS) - Main Terminal	600
Vehicle Storage Building Conversion to Maintenance Building Shop	560
Supervisory Control And Data Acquisition (SCADA) System Expansion - Ph. I	500
Expansion joint & Terrazzo Repair - Main Terminal	500
Kiosk 4 & Associated Baggage System Backup Power Improvements	500
Contingency fund for possible utility work in Concourse C/D	500
Public Parking Conversion to Employee Parking	400
Automatic Vehicle Locator (AVL)/Global Positioning System (GPS) for Parking Operations Shuttle Buses	400
Shop 1 Heating Ventilation and Air Conditioning (HVAC) Improvements	400
Commercial Real Estate Site Development Planning - New in 2015 - Project Number TBD	400
Wayfinding Signage Improvements	350
Main Terminal Ticket Counter Dynamic Signage	350
Public Parking Operations Enhancements - Ph. II of III	325
Digital Dynamic Wayfinding Stations	310



- 2016 DRAFT BUDGET -

Aviation Capital Operating and Maintenance Investment Program *(continued)*

2016 New Authorization

(dollars in thousands)

Amount

Dulles International (continued)

Security Improvements Access Control (I star) - Ph. IV of V	300
Pedestrian Sidewalk along Autopilot Drive	300
APM Facilities Rehabilitation	270
Elevated Taxiway Light Base Repairs	250
Procurement Lifecycle System	250
Revenue and Branding Opportunities	250
Elevators, Escalators and moving Walks Rehabilitation	200
Closed Circuit Television (CCTV) Camera System Expansion - Main Terminal	200
Emergency Operations Center - Concourse B	200
Ramp Tower Voice Recording System	200
Runway Guard Light Control System Replacement	200
Automated Passport Control System	200
Bus Maintenance Facility Improvements, Phase II	115
Carpet Replacement Program	100
Public Safety HazMat ID 360 Unit	30
Public Safety Mercury Vapor Detection Meters	11
Public Safety Replacement of Various 3 Self Contained Breathing Apparatus (SCBA) Test Stands	10

Total Dulles International \$ 25,814**Total Metropolitan Washington Airports Authority \$ 38,969**



Aviation Capital Construction Program

<i>(dollars in thousands)</i>	New Authorization	Estimated Funding	
		Bonds	Grants/PFCs
<u>Reagan National*</u>			
Runway Overlays and Taxiway Rehabilitation*	\$ 2,650	\$ 662	\$ 1,988
Taxiway and Taxilane Resurfacing Program*	14,540	3,635	10,905
Total Reagan National	\$ 17,190	\$ 4,297	\$ 12,893

* Projects have the potential to receive up to 75% FAA Grant Contribution of construction dollars.

Dulles International

No new authorization expected



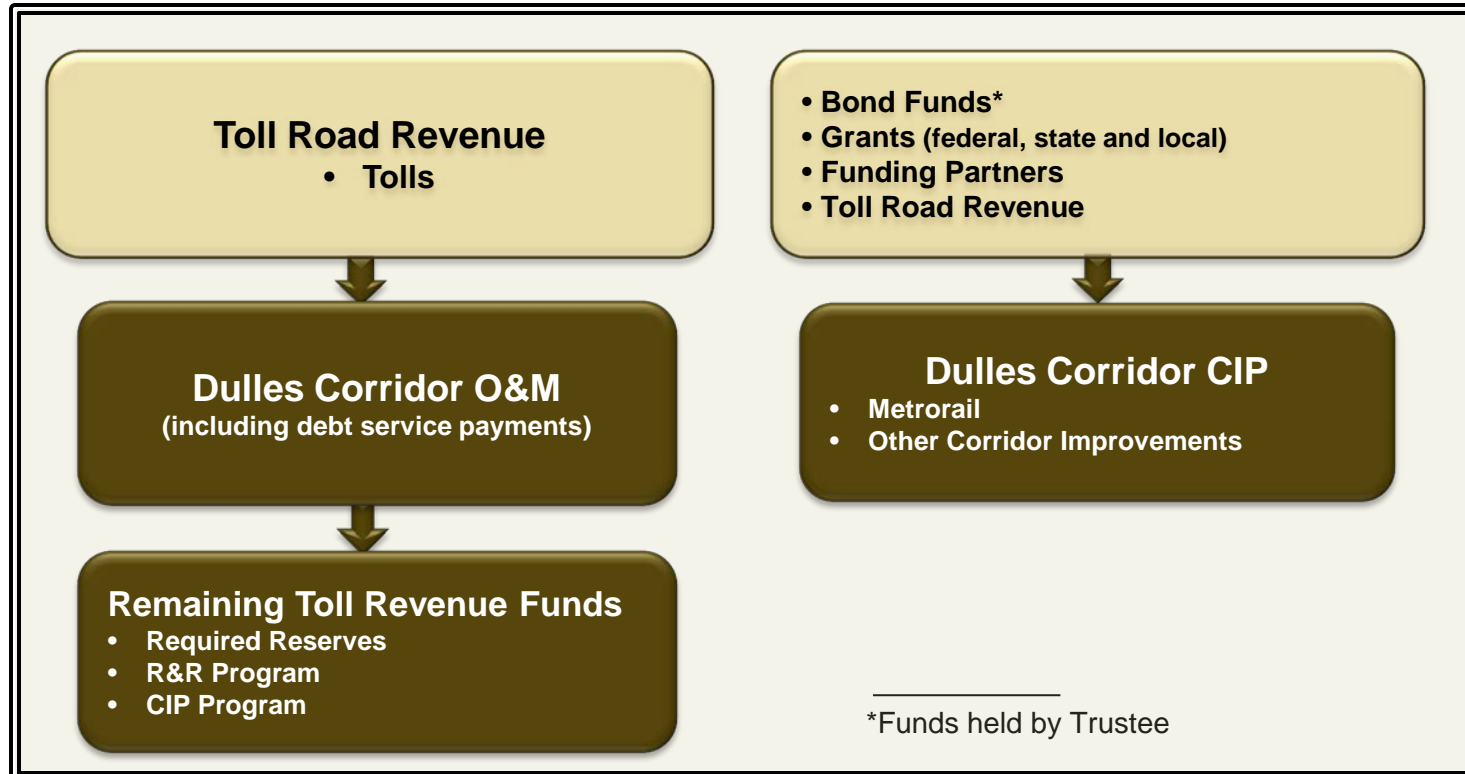
- 2016 DRAFT BUDGET -

There are Three Dulles Corridor Enterprise Fund Budgets

Dulles Corridor Operation and Maintenance (O&M) Program

Dulles Corridor Renewal and Replacement Program (R&R)

Dulles Corridor Capital Improvement Program (CIP)



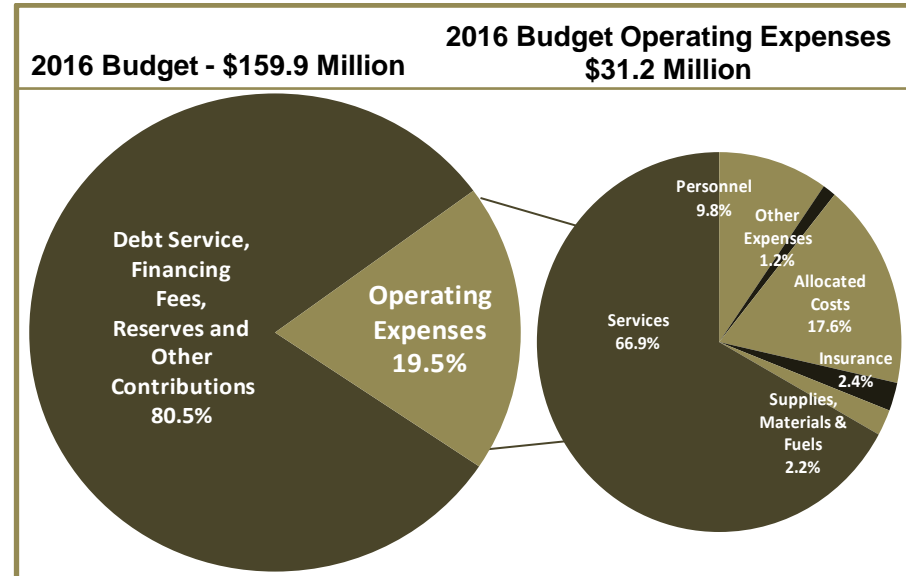
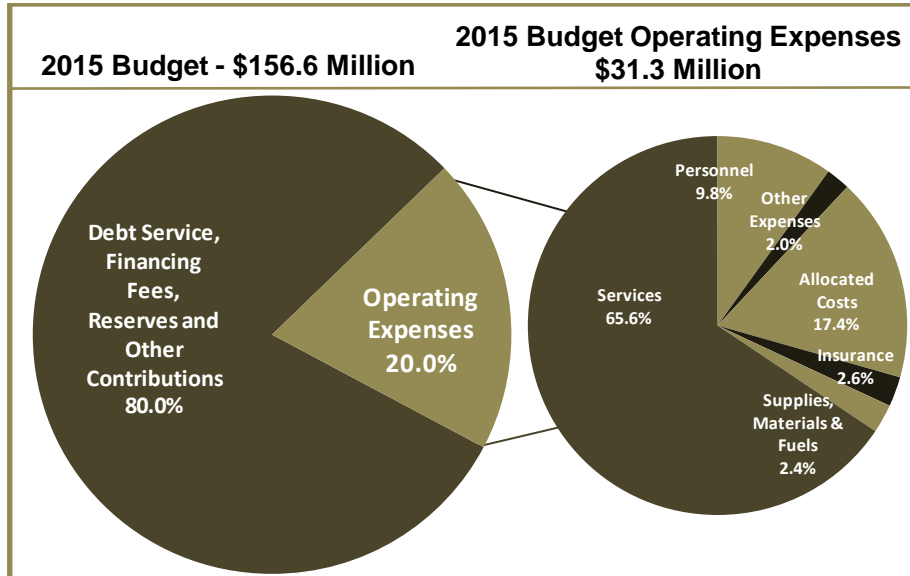


- 2016 DRAFT BUDGET -

Dulles Corridor Enterprise Operation and Maintenance (O&M) Program

<i>(dollars in millions)</i>	Budget		Change	
	2015	2016	Dollar	Percent
Estimated Operating Revenue from Tolls*	\$ 154.2	\$ 157.0	\$ 2.8	1.8%
Non Operating Revenue	2.5	3.0	0.5	20.4%
Total Revenue	\$ 156.6	\$ 159.9	\$ 3.3	2.1%
Operating Expenses	\$ 31.3	\$ 31.2	\$ (0.1)	-0.5%
Debt Service, Financing Fees, Reserves and Other Contributions	125.3	128.7	3.4	2.7%
Total Operating Expenses	\$ 156.6	\$ 159.9	\$ 3.3	2.1%
Remaining Toll Road Revenue Fund	\$ -	\$ -	\$ -	0.0%

* Source: Dulles Toll Road Comprehensive Traffic and Revenue Study, 2014 Update



Note: Totals may not sum due to rounding.



No Budgeted Toll Increases Through 2018

Year	Cost of Full Trip * (Mainline Plaza toll plus one ramp transaction)	Present Value at 3.00% (Base year 2013)
2013	\$2.75	\$2.75
2014	\$3.50	\$3.40
2015	\$3.50	\$3.30
2016	\$3.50	\$3.20
2017	\$3.50	\$3.11
2018	\$3.50	\$3.02
2019	\$4.75	\$3.98
2023	\$6.00	\$4.46
2028	\$7.25	\$4.65
2033	\$8.75	\$4.84
2038	\$10.00	\$4.78
2043	\$11.25	\$4.63

* Order-of-magnitude estimates based on numerous assumptions, including no future debt restructurings.



- 2016 DRAFT BUDGET -

Dulles Corridor Renewal and Replacement Program

2016 New Authorization

(dollars in thousands)

Dulles Toll Road Pavement Repairs	\$	1,599
Bridges, Structures and Canopy Repairs		963
Landscape Maintenance		40
Total Dulles Corridor Renewal and Replacement Program	\$	2,602

- New authorization for R&R is developed based on Transportation Infrastructure Finance and Innovation Act (TIFIA) terms and conditions requiring an independent consultant to develop life cycle cost report



- 2016 DRAFT BUDGET -

Dulles Corridor Capital Improvement Program

2016 New Authorization

(dollars in thousands)

Dulles Corridor Improvements (other than Rail)

Intelligent Transportation System and Traffic Management Infrastructure (Design and Construction)	\$	5,970
Repair and Resurfacing - Dulles Toll Road Pavements		1,754
Total Dulles Corridor Capital Improvement Program (other than Rail)	\$	7,724

- Dulles Corridor Metrorail Project – no change to current budget
- New authorization for CIP other than rail is developed based on TIFIA terms and conditions requiring an independent consultant to develop life cycle cost report

2016 Key Takeaways

- Investing in non-airline revenue generation
- Alignment with activity levels at each airport
- Continuing investment in our employees with pay for performance program, health and retirement benefits programs, and employee development programs
- Continuing transition to in-house talent versus contractual services for Technology
- Continuing investment in airport facilities and equipment
- Mitigating the required increases in debt service
- Minimizing the costs charged to the airlines for competitive rates and charges
- Continue to fund safety and security programs
- Enhancing customer service initiatives
- No anticipated Dulles Toll increases through 2018

Board Schedule

October 21 — *2016 Draft Summary Level Budget Presented to Finance Committee*

November 18 — 2016 Recommended Budget Presented to Finance Committee

December 16 — Board Approval of 2016 Budget



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY