



REPORT TO THE FINANCE COMMITTEE

RECOMMENDATION TO AMEND THE AVIATION ENTERPRISE FUND CAPITAL CONSTRUCTION PROGRAM BUDGET TO ADD TIER-2 CONCOURSE (EAST) PROJECT AT WASHINGTON DULLES INTERNATIONAL AIRPORT

APRIL 2022



RECOMMENDED ACTION

Staff requests that the Finance Committee approve and recommend that the Board of Directors (Board) approve an amendment of the Aviation Enterprise Fund Capital Construction Program (CCP) Budget at Washington Dulles International Airport (Dulles International) to add the Tier-2 Concourse (East) Project. The total amount requested is \$670.7 million.

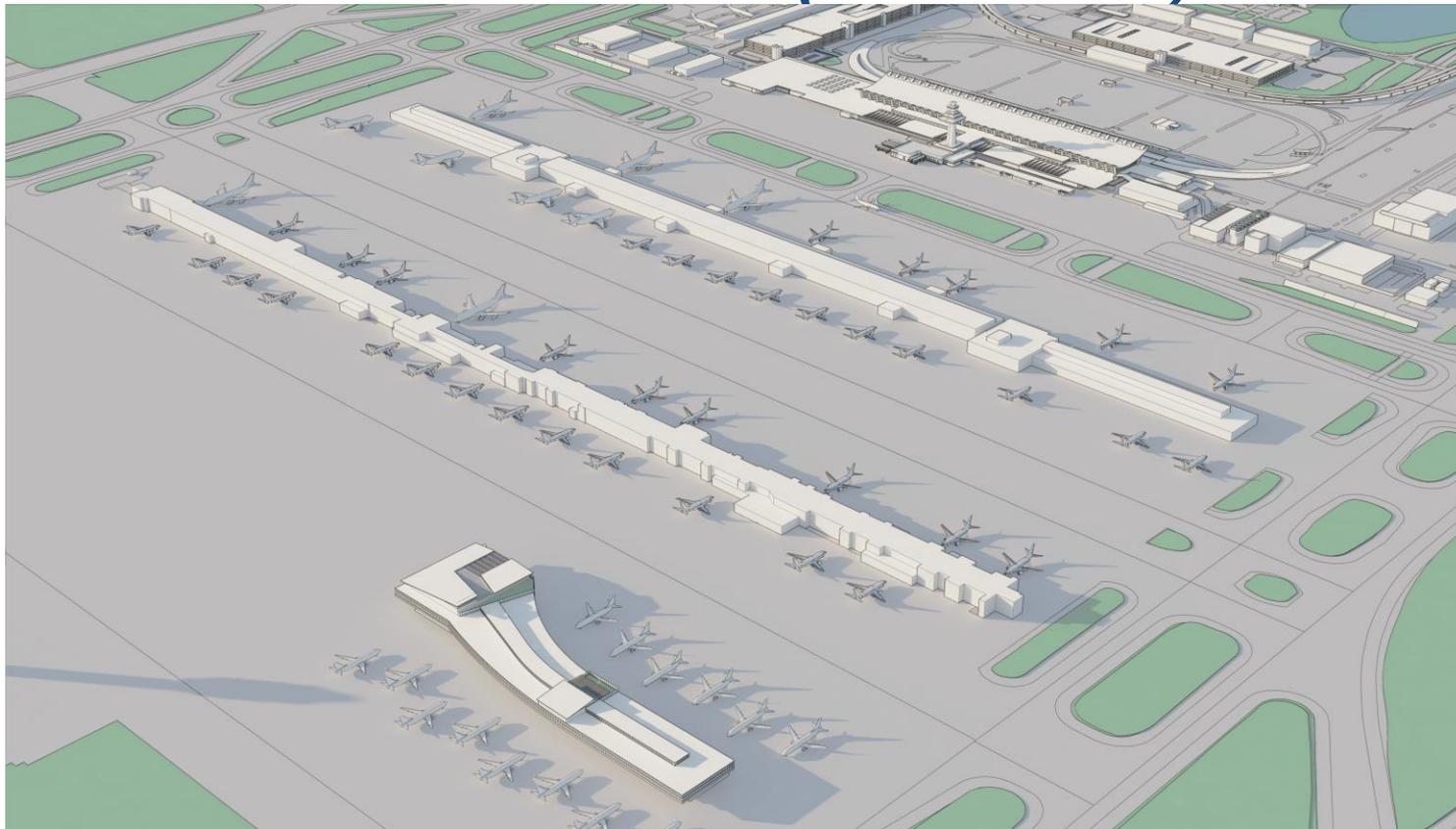


DISCUSSION

- The Tier-2 Concourse (East) Project is a project to design and build a new 14-gate concourse that would replace the single level regional gate portion of Concourse A.
- The existing Concourse A, which was built in 1999, was intended to be a temporary facility, has aging infrastructure and lacks the capacity to meet current and future demand.
- The new facility will be located atop the current underground Concourse C/D AeroTrain station, and will total nearly 400,000 square feet versus 110,000 square feet currently.
- The Tier-2 Concourse (East) Project will provide significant benefits to all stakeholders, including improved safety, improved access, and greatly enhance the customer experience, with:
 - ✓ A new facility that supports the future growth of Dulles International, with gates configured to accommodate evolving fleet mix,
 - ✓ State-of-the-art amenities including gate areas, an airline lounge, concessions, restrooms, offices and operational areas for servicing aircraft and other functions, and
 - ✓ A modern, sustainable concourse, designed and built to LEED Silver Certifiable standards.

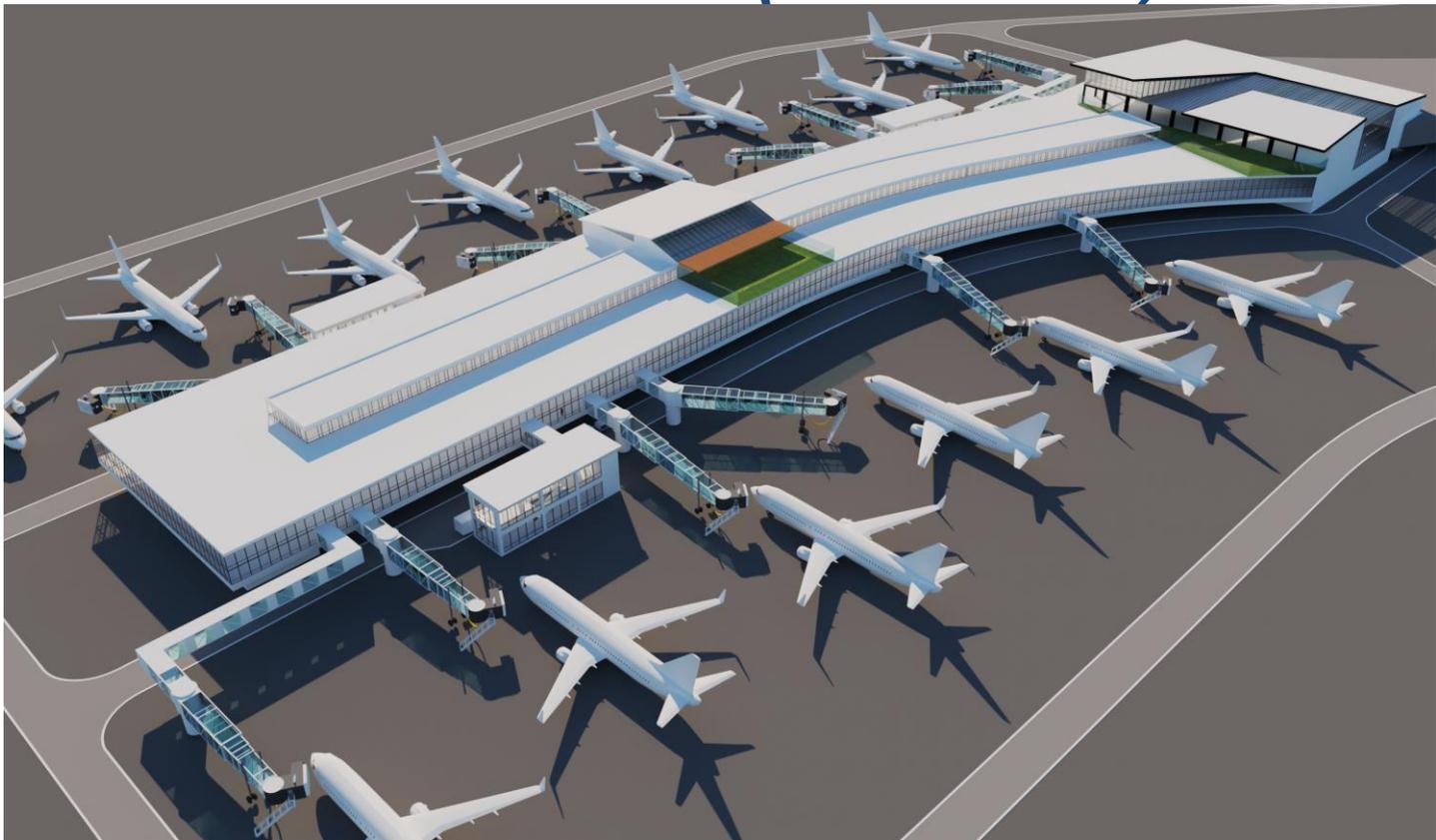


DISCUSSION *(continued)*





DISCUSSION *(continued)*





DISCUSSION (*continued*)

- The Tier-2 Concourse (East) Project was initially funded in the 2022 CCP Budget as the “Concourse A Replacement” Project with \$4.0 million for initial planning and concept development activities.
- Subsequently, the Airports Authority desires to move forward with the full scope of the project and to issue a design/build solicitation in 2022 which will also allow us to take advantage of newly available Federal infrastructure funding opportunities.
- The total uninflated project cost is \$674.7 million, requiring \$670.7 million to be added to the initial \$4.0 million budgeted in the 2022 Budget new project authorization. (Note that the initial \$4.0 million project will be renamed to “Tier-2 Concourse (East)” for consistency).



DISCUSSION (*continued*)

- In accordance with the requirements of the Airport Use and Premises Lease Agreement (Use and Lease Agreement), to add a project of this magnitude to the CCP, the Airports Authority;
 - ✓ Provided the project information, including scheduling and cost estimates to the Airline Representative,
 - ✓ Met with Signatory Airlines to discuss the project,
 - ✓ Considered comments, suggestions and recommendations from Signatory Airlines, and
 - ✓ Requested Majority-in-Interest approval from the Signatory Airlines (which process will be completed April 25, 2022).



DISCUSSION (*continued*)

- The recommended *initial* plan of finance includes up to \$545.7 million in bond financing, with the remaining \$125.0 million from either;
 - ✓ The Fiscal Year 2022 Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant (AIG), and/or
 - ✓ The BIL Airport Terminal Program (ATP) Competitive Grant, if awarded, and/or
 - ✓ Airports Authority “pay as you go” (PAYGO), including funds on deposit in the Western Lands Account.

- Additionally, to potentially reduce the reliance on either bonds or Airports Authority PAYGO, the Airports Authority will seek to apply additional sources of funding subject to grant award and project eligibility:
 - ✓ Future fiscal years’ allowable BIL AIG funding for Dulles International,
 - ✓ Any grants received for the project under the BIL ATP Competitive Grant (Note - an application for grant funding of \$230.0 million, the maximum eligible for this project has been submitted; however, such funding is subject to competitive processes and the outcome is undetermined at this time), and
 - ✓ Passenger Facility Charges (PFC) from future potential PFC availability at Dulles International, if they become available.

- As actual grants are awarded, future budgets will provide an update to the *initial* plan of finance.



DISCUSSION *(continued)*

Dulles International CCP		Estimated Funding*	
		Bonds	Grants and/or Other
<i>Tier-2 Concourse (East) Project</i>	Amount <i>(uninflated)</i>		
Original 2022 Budget Authorization	\$ 4,000,000	\$ 4,000,000	\$ -
Additional Budget Authorization Needed (Proposed Budget Amendment)	670,687,223	545,687,223	125,000,000
Total Project Budget	\$ 674,687,223	\$ 549,687,223	\$ 125,000,000

* Recommended *initial* plan of finance. To potentially reduce the reliance on either bonds or Airports Authority PAYGO, the Airports Authority will seek to apply additional sources of funding subject to grant award and project eligibility: Future fiscal years' allowable BIL AIG funding for Dulles International, Any grants received for the project under the BIL ATP Competitive Grant, and PFC's from future potential PFC availability at Dulles International, if they become available.



RECOMMENDATION

Staff requests that the Finance Committee approve and recommend to the Board the amendment of the Aviation Enterprise Fund CCP Budget at Dulles International to add the Tier-2 Concourse (East) Project. The total amount requested is \$670.7 million, which will be added to the existing \$4.0 million previously budgeted.



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Proposed Resolution

Amending the 2022 Budget for the Aviation Enterprise Fund Capital Construction Program to Add Tier-2 Concourse (East)

WHEREAS, On December 15, 2021, the Board of Directors in Resolution No. 21-29 adopted the 2022 Budget, which included, under the Aviation Enterprise Fund, a budget for the Capital Construction Program Concourse A Replacement Project at Washington Dulles International Airport (Dulles International);

WHEREAS, The approved 2022 Budget included \$4,000,000 for the initial planning and concept development activities associated with the Concourse A Replacement Project now referred to as the 'Tier-2 Concourse (East)' Project;

WHEREAS, The purpose of the Tier-2 Concourse (East) Project is to design, and construct a new 14-gate concourse facility that would allow the Metropolitan Washington Airports Authority (Airports Authority) to replace the single level regional gate portion of Concourse A with a contemporary concourse capable of accommodating Dulles International's larger aircraft fleet mix and improving the safety and travel experience of the Airport's passengers;

WHEREAS, The Airports Authority requested Majority-In-Interest approval from the signatory airlines at Dulles International (which process will be completed April 25, 2022) in accordance with section 10.04.4.2 of the Airport Use Agreement and Premises Lease that became effective January 1, 2015, as amended by the First and Second Universal Amendments;

WHEREAS, Pending Majority-In-Interest approval, the Airports Authority desires to move forward with the full scope of the Tier-2 Concourse (East) Project with a total uninflated budget estimate of \$674,687,223, requiring \$670,687,223 to be added to the initial \$4,000,000 budgeted in the 2022 Budget new project authorization;

WHEREAS, The recommended initial plan of finance for the Tier-2 Concourse (East) Project includes up to \$545,687,223 in bond financing, with the remaining \$125,000,000 from either; (a) the Fiscal Year 2022 Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant (AIG), and/or (b) the BIL Airport Terminal Program (ATP) Competitive Grant, and/or (c) Airports Authority "pay as you go" (PAYGO), including funds on deposit in the Western Lands Account.

WHEREAS, To potentially reduce the reliance on either bonds or Airports Authority PAYGO, the Airports Authority will seek to apply the following additional sources of funding subject to grant award and project eligibility; (a) future fiscal years' allowable BIL AIG funding for Dulles International; (b) any grants received for the

project under the BIL ATP Competitive Grant; (c) Passenger Facility Charges (PFC) from future potential PFC availability at Dulles International, if they become available; now, therefore, be it

RESOLVED, That the 2022 Budget for the Aviation Enterprise Fund Capital Construction Program is amended by \$670,687,223 to include the full scope of the Tier-2 Concourse (East) project at Dulles International which will be added to the existing \$4,000,000 previously budgeted.

*For consideration by the Finance Committee and
the Board of Directors on April 20, 2022*

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APRIL 2022

RECOMMENDED ACTION

Staff requests that the Finance Committee approve and recommend that the Board of Directors (Board) approve a budget amendment to add the Tier-2 Concourse (East) Project at Washington Dulles International Airport (Dulles International) within the Aviation Enterprise Fund Capital Construction Program (CCP). The total amendment amount requested is \$670.7 million.

DISCUSSION

The Tier-2 Concourse (East) Project (previously referred to as the Concourse A Replacement Project in the 2022 Budget) was approved and funded in the 2022 Budget for \$4.0 million for initial planning and concept development activities.

Subsequent to the approval of the budget, the Metropolitan Washington Airports Authority (Airports Authority), in order to take advantage of newly available Federal infrastructure funding opportunities, desires to proceed with the full scope of the project which is to design and build a new 14-gate concourse that would allow the Airports Authority to replace the single level regional gate portion of Concourse A.

The existing Concourse A, which was built in 1999, was intended to be a temporary facility, has aging infrastructure and lacks the capacity to meet current and future demand. The new facility will be located atop the current underground Concourse C/D AeroTrain station and will total nearly 400,000 square feet versus 110,000 square feet currently.

The project will provide significant benefits to all stakeholders, including improved safety, improved access, and greatly enhance the customer experience, with:

- A new facility that supports the future growth of Dulles International, with gates configured to accommodate evolving fleet mix,
- State-of-the-art amenities, including gate areas, an airline lounge, concessions, restrooms, offices and operational areas for servicing aircraft and other functions,
- A modern, sustainable concourse designed and built to Leadership in Energy and Environmental Design (LEED) Silver Certifiable standards.

The total uninflated cost of the project is \$674.7 million, requiring \$670.7 million to be added to the initial \$4.0 million budgeted in the 2022 Budget new project authorization.

As required by the Airport Use and Premises Lease Agreement, to add a project of this magnitude, the Airports Authority provided the project information, including scheduling and cost estimates to the Airline Representative; met with Signatory Airlines to discuss the project; considered comments, suggestions and recommendations from Signatory Airlines; and requested Majority-in-Interest (MII) approval from the Signatory Airlines. Signatory Airlines must reply to the request for MII approval on or before April 25, 2022.

The recommended initial plan of finance includes up to \$545.7 million from bond financing, with the remaining \$125.0 million from either;

- 1) The Fiscal Year 2022 Bipartisan Infrastructure Law (BIL) Airport Infrastructure Grant (AIG), and/or
- 2) The BIL Airport Terminal Program (ATP) Competitive Grant, if awarded, and/or
- 3) Airports Authority “pay as you go” (PAYGO), including funds on deposit in the Western Lands Account.

Additionally, to potentially reduce the reliance on either bonds or Airports Authority PAYGO, the Airports Authority will seek to apply the following additional sources of funding subject to grant award and project eligibility:

- Future fiscal years’ allowable BIL AIG funding for Dulles International,
- Any grants received for the project under the BIL ATP Competitive Grant (Note - an application for grant funding of \$230.0 million, the maximum eligible for this project, has been submitted; however, such funding is subject to competitive processes and the outcome is undetermined at this time), and
- Passenger Facility Charges (PFC) from future potential PFC availability at Dulles International, if they become available.

Amendment Summary

Dulles International CCP		Estimated Funding*	
Tier-2 Concourse (East) Project	Amount (uninflated)	Bonds	Grants and/or Other
Original 2022 Budget Authorization	\$ 4,000,000	\$ 4,000,000	\$ -
Additional Budget Authorization Needed (Proposed Budget Amendment)	670,687,223	545,687,223	125,000,000
Total Project Budget	\$ 674,687,223	\$ 549,687,223	\$ 125,000,000

* Recommended initial plan of finance. To potentially reduce the reliance on either bonds or Airports Authority PAYGO, the Airports Authority will seek to apply additional sources of funding subject to grant award and project eligibility: Future fiscal years’ allowable BIL AIG funding for Dulles International, Any grants received for the project under the competitive BIL ATP Grant, and PFC’s from future potential PFC availability at Dulles International, if they become available.

RECOMMENDATION

Staff recommends that the Finance Committee approve and recommend to the Board, the budget amendment of \$670.7 million for the Tier-2 Concourse (East) Project within the Aviation Enterprise Fund CCP which will be added to the existing \$4.0 million previously budgeted. The cumulative budget for the project after the amendment will be \$674.7 million.

Prepared by:

Office of Finance
April 2022