



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

DULLES CORRIDOR METRORAIL PROJECT

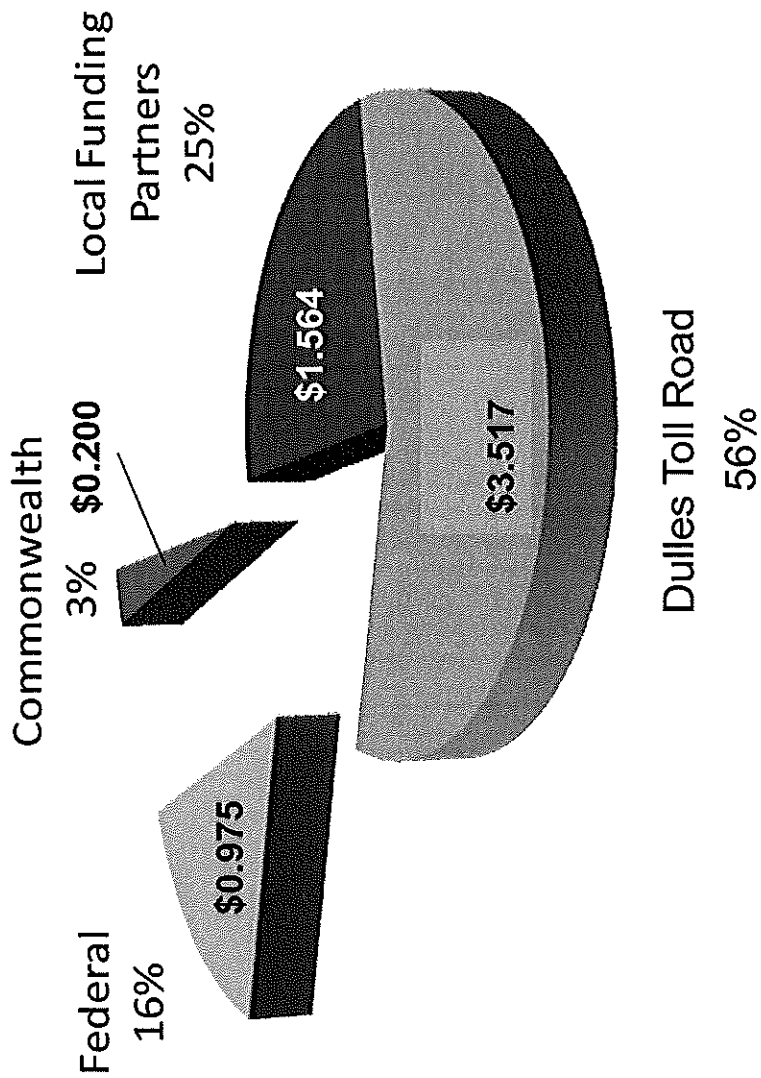
Update on USDOT Process and Proposal

July 11, 2011



More than 80% of the total Dulles Metrorail project cost is paid for with Dulles Toll Road revenues and other local funds

**\$6.2 Billion Total Project Cost
Phases 1 and 2
(\$ in billions)**





Federal assistance for the Dulles Metrorail Project is well below that for other major transit projects

FEDERALLY ASSISTED TRANSIT PROJECTS WITH TOTAL CAPITAL COST GREATER THAN \$1 BILLION

	Total Capital Cost	Source of Funds		
		Federal	State	Local
<u>Dulles Corridor Metrorail Project - Phase 1</u>	\$3,142	\$975	\$177	\$1,991
<u>Dulles Corridor Metrorail Project - Phase 2</u>	\$2,947	\$0	\$23	\$2,924
<u>Dulles Corridor Metrorail Project</u>	\$6,089	\$975	\$200	\$4,914
		31%	6%	63%
		0%	1%	99%
		16%	3%	81%

Existing Full Funding Grant Agreements

NY New York, Long Island Rail Road East Side Access FFGA	\$7,386	\$2,683	\$450	\$4,253	58%
NY New York, Second Avenue Subway Phase I FFGA	\$4,867	\$1,351	\$450	\$3,066	63%
TX Dallas, Northwest/Southeast LRT MOS FFGA	\$1,406	\$700	\$0	\$706	50%
WA Seattle, University Link LRT Extension FFGA	\$1,948	\$825	\$0	\$1,123	58%

Pending Full Funding Grant Agreements

CA San Francisco, Third Street Light Rail Phase 2 - Central Subway	\$1,578	\$948	\$369	\$261	17%
CO Denver, Eagle Commuter Rail	\$2,043	\$1,093	\$0	\$951	47%
HI Honolulu, High Capacity Transit Corridor Project	\$5,348	\$1,855	\$3,493	\$0	0%

New Full Funding Grant Agreement Funding Recommendations

CA San Jose, Silicon Valley Berryessa Extension Project	\$2,563	\$900	\$251	\$1,412	55%
OR Portland, Portland-Milwaukie Light Rail Project	\$1,490	\$855	\$250	\$385	26%

Other Capital Investment Program Funding Recommendations

CA Los Angeles, Regional Connector Transit Corridor	\$1,367	\$822	\$343	\$202	15%
CA Los Angeles, Westside Subway Extension	\$5,340	\$2,064	\$73	\$3,203	60%
NC Charlotte, LYNX Blue Line Extension - Northeast Corridor	\$1,180	\$590	\$295	\$295	25%
WA Vancouver, Columbia River Crossing Project	\$3,565	\$1,269	\$938	\$1,359	38%



Federal and State investment in the Dulles Metrorail Project is low relative to other Virginia major projects

	<u>Total Capital Cost</u>	<u>State Support</u>	<u>TIFIA Loan</u>
Dulles Metrorail - Phase 1	\$3,142	\$177	\$0
Dulles Metrorail - Phase 2	\$2,947	\$23	\$0
Capital Beltway HOT Lanes	\$1,939	\$409	\$569
Pohontas Parkway / Richmond Airport Connector	\$597	-	\$150
		6%	0%
		1%	0%
		21%	29%
		0%	25%
<u>Proposed Projects</u>	<u>Potential State Funding</u>	<u>TIFIA Request</u>	
Midtown Tunnel Projects (FY11 TIFIA)	TBD *	\$586	
I-95/395 HOT Lanes	TBD *	\$350	
Route 460	TBD *	\$650	
Route 17/Dominion Boulevard	TBD *	\$140	
	\$1,400	\$1,726	30%
	25%		

* Governor's transportation investment program includes approximately \$1.4 billion for major projects



Secretary LaHood's process has produced no material new external support for Phase 2 of the Dulles Metrorail Project

USDOT

- Small amount of TIFIA offered to Fairfax and Loudoun economic development projects (Route 28 station and parking garages)
- No TIFIA assistance currently offered for the Dulles Metrorail project – therefore no significant toll relief
- No grant funding for Phase 2

Commonwealth of Virginia

- No firm funding commitments
- Considering administrative changes that would provide limited benefit (e.g., extending term of DTR permit)



None of the ideas floated by the Commonwealth of Virginia in USDOT meetings will reduce toll rates

- Extend the Dulles Toll Road permit

Longer term will facilitate future debt restructuring, but does not lower initial toll rates

- Provide assistance from the Virginia Transportation Infrastructure Bank

Amount available state-wide is currently only \$280 million – better used to support the Counties’ development of parking garages?

- Support privatization of parking garages
USDOT has already offered to assist the Counties



Future toll rates will depend on many factors

- Final negotiated contract prices
- Actual borrowing costs versus assumed interest rates
- Repayment schedule and final maturity for each series of bonds
- Frequency of toll rate increases and policy for peak hour pricing
- Availability of additional Federal & Commonwealth funding
- **Transportation Infrastructure Finance and Innovation Act (TIFIA)**
subordinate federal loans at low interest rates with flexible terms



TIFIA is the most powerful tool for affecting toll rates

With TIFIA	2013	2016	2019	2023	2028
\$3.5 billion Phase 2					
Full Trip	\$4.50	\$4.50	\$6.75	\$8.75	\$10.75
PV Trip	\$4.24	\$3.88	\$5.33	\$6.14	\$6.50
\$3.2 billion Phase 2					
Full Trip	\$4.50	\$4.50	\$6.75	\$8.75	\$10.75
PV Trip	\$4.24	\$3.88	\$5.33	\$6.14	\$6.50

Without TIFIA	2013	2016	2019	2023	2028
\$3.5 billion Phase 2					
Full Trip	\$5.00	\$9.00	\$10.75	\$12.50	\$14.25
PV Trip	\$4.71	\$7.76	\$8.49	\$8.77	\$8.62
\$3.2 billion Phase 2					
Full Trip	\$5.50	\$7.25	\$9.50	\$11.75	\$14.25
PV Trip	\$5.18	\$6.25	\$7.50	\$8.24	\$8.62
\$2.5 billion Phase 2					
Full Trip	\$4.50	\$4.50	\$6.75	\$8.75	\$10.75
PV Trip	\$4.24	\$3.88	\$5.33	\$6.14	\$6.50

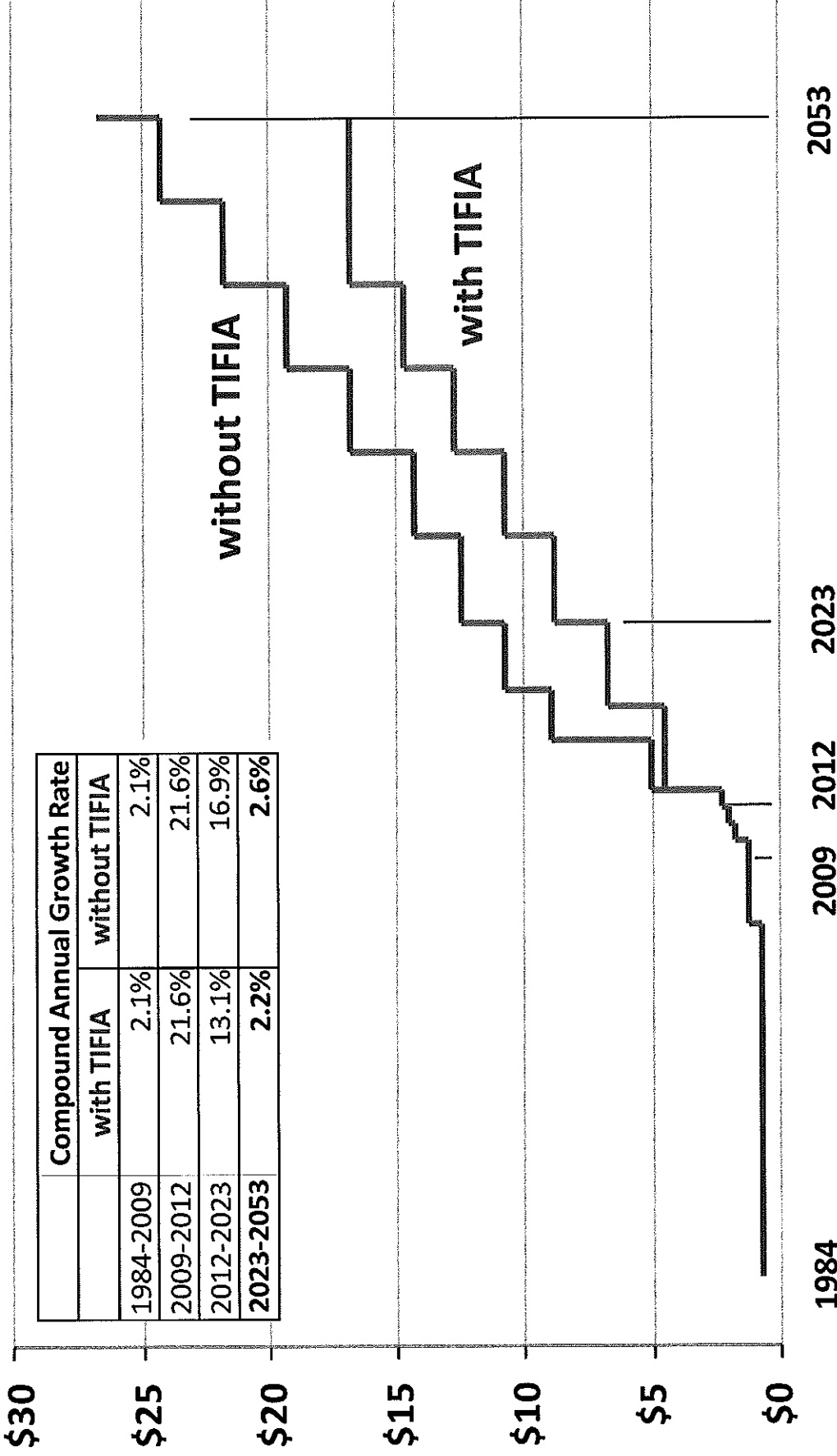
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After a period of steep increases, toll rate growth moderates

Projected Toll Rates with \$3.5 billion Phase 2 Project Cost





Scope reductions at IAD station plus funding responsibility transfers to the counties comprise 87% of the proposed "cost savings" identified by USDOT

	USDOT PROPOSAL	Percentage of Original PE Cost	Share of Total Reduction
\$ Millions			
ORIGINAL PE COST FOR PHASE 2	\$ 3,825		
Reduce Shop and Yard to Dulles Phase 2 level	-81		
Reduce canopy design to Phase 1 requirements	-15		
Utilize steel structures in lieu of concrete	-35		
Modify station finishes	-4		
subtotal - Deviations from WMATA Standards	\$ (135)	-3.5%	13%
Construct an Aerial Dulles Airport station near North Garage	(562)		
Upgrade aerial station (windscreens, weatherization)	10		
subtotal - Change LPA at IAD	\$ (552)	-14.4%	52%
Transfer responsibility for Route 28 to Fairfax	-136		
Transfer responsibility for five parking lots to Fairfax and Loudoun	-235		
subtotal - Transfers to Counties with TIFIA Support	\$ (371)	-9.7%	35%
Net Cost Reduction	\$ (1,058)	-27.7%	100%
REVISED PE COST FOR PHASE 2	\$ 2,767		



Projected Toll Rates Under Different Scope and Funding Scenarios

Cost of Trip in:	No TIFIA for Metrorail			TIFIA for Metrorail	
	Aerial Station at IAD			Modified LPA at IAD	
	USDOT Proposal	USDOT Proposal with \$300 million State Grant	USDOT Proposal with Remote Bag Check	Modified LPA with \$371 million of TIFIA (1)	Modified LPA with \$1.04 billion of TIFIA (2)
	<u>\$2.767 Billion</u>	<u>\$2.767 Billion</u>	<u>\$2.947 Billion</u>	<u>\$3.161 Billion</u>	<u>\$3.161 Billion</u>
2012	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
2013	\$4.64	\$4.37	\$4.82	\$4.55	\$4.14
2018	\$6.95	\$6.55	\$7.22	\$6.82	\$6.21
2023	\$9.01	\$8.49	\$9.36	\$8.84	\$8.05
2028	\$11.07	\$10.43	\$11.50	\$10.86	\$9.89
2033	\$13.13	\$12.37	\$13.64	\$12.88	\$11.73
2038	\$15.19	\$14.31	\$15.78	\$14.90	\$13.57
2043	\$17.25	\$16.25	\$17.92	\$16.92	\$15.41

(1) Amount of TIFIA equals estimated cost of Route 28 station and parking lots that USDOT has proposed to support with TIFIA assistance.
 (2) Amount of TIFIA equals 33% of estimated cost of Phase 2. Assumes Airports Authority pays a 10% credit subsidy to fully cover the loan's cost.



Highest and best use of TIFIA credit assistance is to reduce toll rates on the Dulles Toll Road

- TIFIA was created to fill a market gap for deeply subordinated project debt
- Federal credit support through TIFIA will enhance the overall plan of finance and significantly reduce the burden on the DTR
- The cost of funding a TIFIA loan for the project can be minimized by:
 1. *Reducing the amount of the total TIFIA commitment*
 2. *Spreading the total TIFIA commitment over several years (2012-2017)*
 3. *Permitting MWAA to pay some or even all of the credit subsidy cost*
- Parking garages have been successfully financed in the capital markets; if necessary, the Counties or the Commonwealth can provide credit enhancement

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Appendix Materials

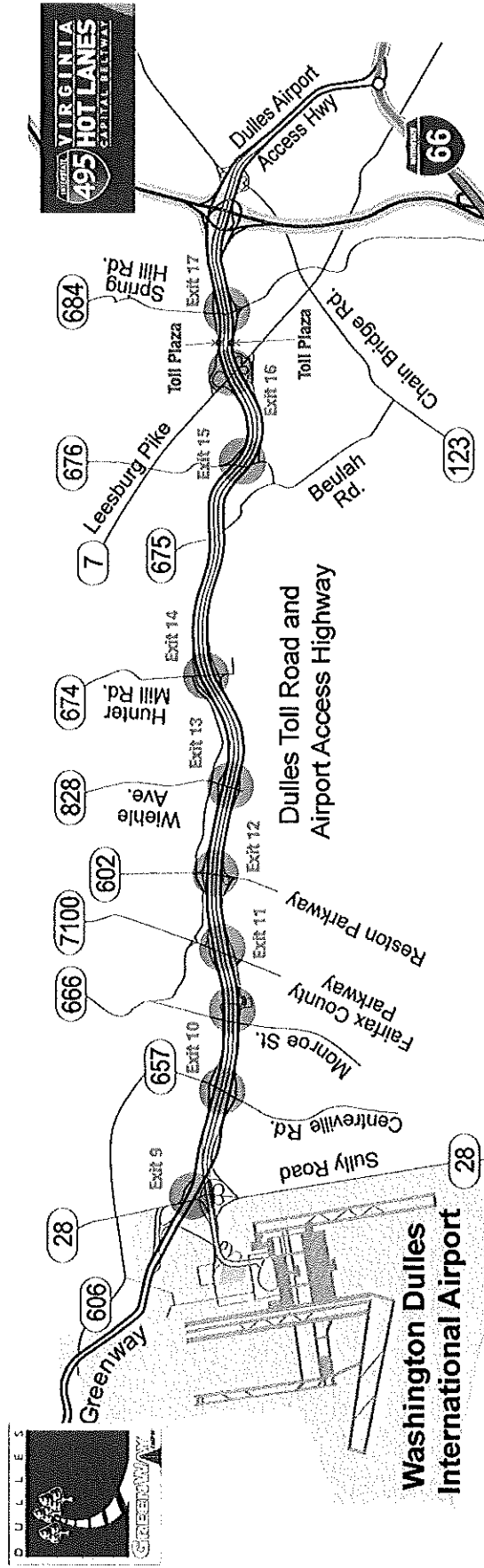


Project costs and funding responsibilities under the local Funding Agreement

SOURCES OF CAPITAL FUNDS (Thousands YOE Dollars)	PHASE 1	PHASE 2	
	Total	Total	Total
Federal Grants (FFGA & STP)	\$975,000	\$0	\$975,000
Commonwealth of Virginia	\$176,700	\$23,300	\$200,000
Fairfax County	\$400,000	\$607,167	\$1,007,167
Loudoun County	\$0	\$300,273	\$300,273
MWAA (Aviation Funds)	\$0	\$256,484	\$256,484
MWAA (Dulles Toll Road)	\$1,203,995	\$2,312,776	\$3,516,771
TOTAL SOURCES OF FUNDS	\$2,755,695	\$3,500,000	\$6,255,695
Contribution is fixed amount			
Contribution is fixed percentage of total cost			
Contribution is residual			
			15.6%
			3.2%
			16.1%
			4.8%
			4.1%
			56.2%
			100.0%



Although DTR tolls will rise, they begin at a point well below tolls on other regional connecting roads



	<u>Trip Cost</u>	<u>Length (miles)</u>	<u>Toll per Mile</u>
Dulles Greenway After 2012, annual toll increases are permitted at greater of CPI plus one percent, GDP, or 2.8 percent.	\$4.50	14	\$0.32
Dulles Toll Road Current cost of a trip through one ramp plaza and the mainline.	\$2.00	13.4	\$0.15
I-495 Capital Beltway HOT Lanes Estimated cost of average trip in 2012. Toll rates may be as high as \$1.00 per mile in peak periods on high demand sections.	\$6.00	14	\$0.43