

**DULLES CORRIDOR ADVISORY COMMITTEE (DCAC)**  
**MINUTES OF May 31, 2018**  
**CENTER FOR INNOVATIVE TECHNOLOGY – HERNDON, VA**  
**(APPROVED BY DCAC on October 11, 2018)**

**Principal Attendees:**

Hon. Sharon Bulova, Chairman, Fairfax County Board of Supervisors  
Mr. Bryan Hill, Fairfax County Executive  
Hon. Phyllis A. Randall, Chair, Loudoun County Board of Supervisors  
Mr. Tim Hemstreet, Administrator, Loudoun County  
Hon. Jennifer Mitchell, Director, Department of Rail and Public Transit  
Mr. Scott Kasprovicz, Commonwealth Transportation Board  
Mr. Jack Potter, President/CEO, MWAA  
Hon. Katherine K. Hanley, Metropolitan Washington Airports Authority Board of Directors

**I. Call to Order and Welcome**

DCAC Chair Hanley called the meeting to order at 9:30 a.m. and welcomed all attendees with opening comments.

**II. Approval of 05-31-18 Agenda**

The Agenda was approved as presented (Bulova, Mitchell). The meeting agenda has been posted at:

[http://www.dullestollroad.com/sites/default/files/agenda\\_-\\_dulles\\_corridor\\_advisory\\_committee\\_meeting\\_-\\_may\\_31\\_2018\\_-\\_final.pdf](http://www.dullestollroad.com/sites/default/files/agenda_-_dulles_corridor_advisory_committee_meeting_-_may_31_2018_-_final.pdf)

**III. Approval of Minutes from the November 29, 2017 DCAC meeting**

The 11/29/17 DCAC Minutes were approved (Bulova Kasprovicz) as presented with a spelling correction (p.4 – change “d4lay” to “delay”). Chair Randall noted she was not present at the 11/29/17 meeting but was represented by Mr. Bo Machayo during that meeting. The meeting minutes have been posted at:

[http://www.dullestollroad.com/sites/default/files/dcac\\_minutes\\_11-29-17\\_mtg\\_approved\\_5-31-18.pdf](http://www.dullestollroad.com/sites/default/files/dcac_minutes_11-29-17_mtg_approved_5-31-18.pdf)

**IV. Rail Project Update**

Mr. Charles Stark, Executive Project Director of the Dulles Corridor Metrorail Project provided the following Phase 1 Closeout and Phase 2 update:

- Phase 1 quarterly expenditures (Nov 2017 – April 2018) were \$4-M with \$2.904B expended on Phase 1 overall as of April, 2018. The forecast at final completion of Phase 1 remains at \$2.982 B.

- Mr. Stark reported on Closeout of VDOT Comprehensive Agreement stating that there are two remaining categories of work that must be performed: remediation of all remaining VDOT facility deficiency items and the Old Meadow Road intersection lane widening. Bechtel & MWAA have signed an agreement on sharing costs to perform the concrete pipe remediation & MWAA will remediate the remaining deficiencies.
- This Task Order contract status currently includes 36 issued task orders with Notice to Proceed, including Old Meadow Road design. Thirty (30) of these task orders have been completed. Upcoming activities include Americans With Disabilities Act sidewalk repair, storm drain remediation, manhole / structure repair, Chain Bridge Road drainage design, Dulles Connector Road (DCR) median storm water runoff repairs, underdrain remediation and DCR left shoulder modification.
- Old Meadow Road – Final design is nearing completion for the realignment. 100% design) is scheduled to be completed by June 29<sup>th</sup>. A traffic study now underway is to be completed by June 30<sup>th</sup>.
- Mr. Stark highlighted that there are numerous utility facilities requiring minor relocation work, but significant coordination, time & effort is required for management, design and construction. Eleven (11) utility agencies/companies are involved. Utility relocation is scheduled to begin July 11<sup>th</sup>.
- Plans moving forward include construction to begin upon completion of utility relocation with anticipated completion of construction by 4<sup>th</sup> quarter, 2018.
- Regarding Phase 2, Mr. Stark reported that Phase 2 Package A is 82% complete and Package B is also 82% complete.
- Phase 2 expenditures (November 2017 thru April, 2018) total \$195.4 M and total expenditures through April totaled \$1.733 B. Total Phase 2 budget and total forecast remains \$2.778 B.
- Current Guideway & Stations design-build activities – all design packages are complete and have been issued for construction. Ninety-seven (97) identified design and field changes are in progress. 42 have yet to be submitted by Capital Rail Constructors (CRC); 29 are in the review process (MWAA ball-in-court = 7); 26 are in Issued for Permit/Issued for Construction production and 31 were reviewed/processed by MWAA last month. Three design revisions were approved by MWAA Building Codes Dept. and three were approved by the Dept. of General Services last month. 119 Supplier Submittals were reviewed/processed last month and 43 Non-Conformance reports were resolved last month.

- Upcoming Guideway & Stations design-build activities – Electricians have received and set all Traction Power Substation (TPSS) and Tie Breaker Station (TBS) buildings and are continuing to connect these facilities to the guideway and stations with communication & power cables. On the East Stations, continued roofing, escalator installation and electrical/plumbing is continuing as well as rail ties being set and track through the stations. Reston Station paver platform installation is ongoing. Loudoun and Ashburn Stations vault structural steel welding and painting continues.
- Mr. Stark continued his presentation by addressing the Alkali Silica Reaction (ASR) concrete issue. Universal Concrete Products (UCP) fabricated the precast concrete products for use at the at-grade Phase 2 stations. On May 16, a Qui Tam complaint against UCP was unsealed in the federal district court in Alexandria, VA. The complaint contained a previously-unknown allegation that UCP had used a concrete aggregate in making products for Phase 2 that did not meet certain ASR-related requirements. This reaction can be deleterious to the service life of concrete structures. CRC has been notified that it must address this ASR issue. The Dulles Corridor Metrorail project (DCMP) is working with its engineering consultants to investigate and determine whether any remedial action is needed to address the issue.
- At this point Mr. Stark paused for comments or questions from DCAC Principals. Ms. Hanley inquired whether this issue will impact project cost (Answer = “No”). Mr. Stark noted that UCP’s portion of the DCMP is an \$8-M contract for vertical panels. Ms. Hanley and Ms. Bulova both reinforced that the DCMP is going to follow the science to wherever it leads to deliver a quality, safe product. Ms. Bulova continued that this is a very serious matter; safety is #1 and schedule is important. Ms. Bulova inquired whether DCMP used the same contractor (UCP) during Phase 1? (Answer = “No”) and whether DCMP is sure this matter is strictly a Phase 2 issue? Answer = “Yes”). Mr. Stark said that all issues in this matter are durability issues (not strength) and the DCMP will meet the contract specifications for 100 years durability for the life of the Project. Mr. Stark also clarified that UCP did not supply girders or aerial guideways for the DCMP – only vertical panels. Mr. Kasprovicz commented on the size of the UCP contract (\$8-M) versus the overall Phase 2 Project budget (\$2.778-B) and asked if replacement of the panels, if needed, will be an issue. (Answer = “No”.) Ms. Randall inquired regarding what the DCMP will do with any findings of the concrete samples that were sent for laboratory analysis. (Answer: “DCMP will be driven by the science.”) Ms. Randall also asked about the proposed mitigation plan for durability. Mr. Stark replied that the CRC will apply a Silane coating this summer to mitigate any durability issues and address the first three problems presented. Mr. Potter stated the 100 years durability/service life is a requirement imposed on all bidders for the DCMP. Ms. Hanley noted there are several independent investigations of this matter ongoing. Ms. Bulova inquired how or whether this issue will impact DCMP schedule (Answer: “At this time, if application of the Silane coating is sufficient to remedy the concern there is no impact on schedule. If additional panels have to be removed and replaced there will be a schedule impact.”) Ms. Mitchell inquired whether the ASR issue was discovered by the quality control plan for the DCMP. (Answer: This issue was

identified for the first time in the qui tam complaint which contained allegations of fraudulent reporting of quality control results by employees of UPC.) Ms. Bulova asked if there are pictures of the panels involved and will they be available (Answer = "Yes.") Mr. Potter stated that CRC is replacing 60 UCP precast panels because of issues other than the ASR issue and, in addition, will implement a precast panel remediation plan consisting of the application of a sealant to the station panels.

- Mr. Stark concluded his presentation with photos of the ongoing work and WMATA Rail Yard & Maintenance Facility design-build activities. He also stated that, as reported during the previous DCAC meeting, WMATA has informed MWAA that its Rail Yard Transportation Police building will not be occupied by WMATA public safety officers when the Rail Yard opens. The building will be used for other WMATA purposes.

Mr. Stark's presentation has been posted onto MWAA website at:

[http://www.dullestollroad.com/sites/default/files/dcac\\_rail\\_project\\_update\\_5-31-18.pdf](http://www.dullestollroad.com/sites/default/files/dcac_rail_project_update_5-31-18.pdf)

## **V. Dulles Corridor Enterprise Financial Update**

Prior to beginning the Dulles Corridor Financial Update, Ms. Hanley noted that the Dulles Corridor Enterprise is wholly separate from MWAA's Aviation Enterprise – they are separate lines of business.

In the absence of Mr. Andy Rountree, MWAA Vice President and Chief Financial Officer, Ms. Anne Field, Controller from the MWAA Office of Finance, provided the following Dulles Toll Road Financial update:

- Discussion covers developments since the November 2017 DCAC meeting, allocation of capital costs and the status of committed funding as well as a Dulles Toll Road (DTR) Update on DTR toll revenue and transactions.
- Ms. Field began by noting that the Airports Authority's 2017 Comprehensive Annual Financial Report (CAFR) and the 2018 Budget is available on the web at [www.mwaa.com](http://www.mwaa.com)
- At this point Ms. Field turned the presentation over to Mr. Phil Sunderland, MWAA Vice President and General Counsel, who reported that developments since November 2017 include Plaintiffs in a class action complaint filed in 2016 against the Airports Authority, the U.S. Dept. of Transportation and the U.S. Secretary of transportation have appealed a ruling by the federal district court for the Eastern District of Virginia that dismissed the complaint with prejudice. A decision from the U.S. Court of Appeals for the Fourth Circuit is anticipated in the fourth quarter of 2018.
- Mr. Sunderland continued that a new lawsuit filed in April 2018 in the federal district court for the Eastern District of Virginia includes claims that are substantially similar to claims made in previous litigation challenging the tolls and the Airports Authority has set for the DTR and/or the constitutionality of the Airports Authority, all of which have been

concluded in favor of the Airports Authority.

- Ms. Field then continued the presentation and reported on the Allocation of Rail Project Capital Costs. No change has occurred since November, 2017, related to Project costs being allocated in accordance with funding agreements. Ms. Field showed Project funding detail supporting the assertion that existing funding commitments are sufficient to complete the Project.
- Ms. Field also provided an update on Dulles Toll Road Traffic & Revenue, stating that DTR revenues have been consistent with projections and transactions that have also performed in line with expectations, concluding that tolls are expected to stay at current levels through 2018.

Ms. Bulova raised one question following Ms. Field's presentation, asking whether the Northern Virginia Transportation Authority's contribution to the finance plan assisted to lower the local and state government contribution levels to finance the DCMP? (Answer: "Yes".)

Ms. Field's presentation has been posted onto MWAA at:

[http://www.dullestollroad.com/sites/default/files/dcac\\_financial\\_update\\_5-31-18.pdf](http://www.dullestollroad.com/sites/default/files/dcac_financial_update_5-31-18.pdf)

- Mr. Jim Taylor from Mercator Advisors (financial advisors to the Airports Authority) then presented an information report on the DTR Rate Adjustment Process to include a tentative schedule and an overview of the DTR Traffic and Revenue Study Update.
- Mr. Taylor began by reviewing the purpose of the DCAC, including its core mission to provide advice to the Airports Authority on potential DTR toll rate adjustments. He then provided an overview of the DCMP Finance Plan and the need for periodic DTR rate adjustments as part of the approved finance plan, as well as current disclosure and investor expectation regarding future, DTR rate adjustments. Mr. Taylor noted there has been full disclosure to the public and that the Airports Authority has been very transparent and open regarding what the DTR toll rates will be. The Airports Authority most recently amended its toll rate regulations in 2012 to provide for toll rate increases effective January 1, 2013 and January 1, 2014, and no toll rate increases are currently planned through 2018. He noted that the DCMP finance plan drives where we are today RE: toll rates.
- Mr. Taylor's presentation then continued with a review of relevant events prior to DTR transfer to the Airports Authority from VDOT covering the period from 1962 to 2006. He noted that the Commonwealth Transportation Board made a policy decision in the 1990's to use tolls raised on the DTR for public transit. Mobility in the corridor benefits everyone and the toll revenues are of no benefit directly to the Airports Authority.
- At this point, Ms. Hanley noted that the "Dulles Corridor" is specifically defined in the Code of Virginia. Ms. Randall also noted that there sometimes occurs in public discourse a view that tolls on the DTR were supposed to end at some point, but that point of view/point of discussion is not correct.

- Mr. Taylor continued his presentation to review key financial developments since 2008 and the allocation of DCMP costs. At this point, Mr. Taylor also concurred with Ms. Field's response to Ms. Bulova's earlier questions Re; impact of NVTA contributions to the DCMP helped reduce the local and state government contributions to the DCMP finance plan. Ms. Hanley noted that all tolls do not go solely to the DCMP; some toll revenues are used to maintain and improve the DTR, and additionally noted that no federal money, with the exception of the TIFIA loans, is currently funding Phase 2 of the DCMP.
- Mr. Taylor's presentation then focused on the structure of the \$2.96-B of outstanding DTR debt and the project DTR debt profile over time, emphasizing that the future debt profile is very conservative; e.g., it assumes no refinancing of the debt over time. He noted that the Airports Authority has taken good advantage of all types of resources to limit the financial contribution required from DTR revenues. Ms. Bulova noted the positive role that the federal TIFIA loan has played in DCMP financing and that no payments on the TIFIA are due until 2019. The discussion and presentation continued to cover projected net tolls revenue and debt service coverage with the planned toll rate adjustment and a look at what would result if no toll increase were to occur. Ms. Hanley and Ms. Randall noted that the goal is to be slightly above the minimum owed on the debt. Mr. Taylor summarized by saying the toll rate increase is necessary to finance the plan and meets financial obligations. Mr. Kasprovicz inquired whether the DTR Traffic and Revenue Study is ongoing (Answer: "Yes.").
- The presentation continued with an outline of the approach to forecasting future DTR performance, a view of DTR mainline and ramp location and typical trip costs. Mr. Taylor also reviewed the CDM Smith traffic and Revenue modeling process, results of a 2017 DTR customer survey. Mr. Taylor transitioned to discuss key inputs to the modeling which will include population and employment growth as well future roadway and transportation networks.
- Mr. Taylor then invited Mr. Sunderland to continue the presentation with a discussion on the regulatory process for DTR rate adjustments and the Airports Authority's regulatory process overall. Mr. Sunderland reviewed how the Airports Authority has the exclusive right to establish, charge and collect tolls and other fees for the operation and improvement of the DTR. Prior to adjusting toll rates, the Airports Authority must follow its process for promulgating regulations, including convening one or more public hearings in the Dulles Corridor to provide members of the public and other with an opportunity to become informed about, and express their views on, any proposed toll rate changes. The Airports Authority also consults with the DCAC with respect to any proposed toll rate adjustments, but DCAC consent or approval of toll rate adjustments is not required under the agreements with the Commonwealth of Virginia.
- Mr. Sunderland then reviewed a history of prior toll rate adjustments beginning with action taken by the Commonwealth transportation Board (CTB) in 1984 and 2005, and continuing with Airports Authority action that was approved by the MWAA Board of Directors (Board) in 2009 and 2012. Mr. Sunderland then shared a proposed schedule for the 2018 regulatory process leading to possible toll rate adjustment action by the Board in the Fall of 2018, with an implementation date of January, 2019.

▪ Discussion then followed the conclusion of Mr. Sunderland's portion of the presentation. Ms. Randall inquired about what is the point of receiving public comment if the Airports Authority is not changing anything in their proposal, and noted that the public will likely say, "Don't raise tolls." Mr. Sunderland replied that there will be some options put forward for the public to consider and comment upon, including for example, how much of the proposed toll increase should be imposed at ramp locations versus the mainline toll plaza. Ms. Randall requested that the Airports Authority make clear in the public notice for the public hearings what the public is being asked to comment upon. (Answer = "Yes, we will.") Ms. Hanley added that how the DTR is used by DTR customers provides the Airports Authority with some flexibility with respect to toll rates and locations. Ms. Bulova noted that it really does matter that there is provided an opportunity for public discourse, and such discussions in past years helped elevate the subsequent WMATA / NVTA / VA General Assembly discussions surrounding the need to finance the Metro system. Mr. Hemstreet added that the public comment process has led to additional monies coming to the finance plan and noted \$450-M from Virginia. Mr. Potter noted that during consideration of the 2012 DTR toll rate adjustment process the Airports Authority did modify the original toll rate proposal based on public comment received, including input from the DCAC Principals [Ms. Bulova as a representative of Fairfax County and former DCAC Principal, Hon. Scott York, representing Loudoun County]. The presentation concluded with a commitment to request a Board Committee to authorize the Airports Authority to proceed with the regulatory process for the proposed rate adjustments and effective dates by the end of June and to schedule public hearings for the Summer, 2018.

Mr. Taylor's & Mr. Sunderland's presentation is posted at:

[http://www.dullestollroad.com/sites/default/files/dtr\\_rate\\_adjustments\\_5-31-18.pdf](http://www.dullestollroad.com/sites/default/files/dtr_rate_adjustments_5-31-18.pdf)

## **VI. Other Items**

No other items were presented to the DCAC.

## **VII. Adjournment**

There being no other business, upon a motion (Potter/Bulova) Ms. Hanley adjourned the meeting at 10:43 AM. The next DCAC meeting will occur in the Fall of 2018 (Date TBD).

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