



Chief Executive Officer's Presentation to Loudoun County Chamber of Commerce

Ronald Reagan Washington National Airport
Washington Dulles International Airport

THE STATE OF TRANSPORTATION
May 3, 2018



Agenda

1. Economic Impacts of Our Dual Airports System

2. Dulles' Challenges

3. Strategic Plan For Growth

4. Phase 2 Silver Line Update

5. How the Loudoun Chamber Business Community Can Help

1. Economic Impacts of Our Dual-Airports System

Dulles International and Reagan National's Economic Mission Drives Growth throughout the Region & the Commonwealth

- Reagan (Short-haul) and Dulles (Long-haul) air service balance is consistently a major tourism driver for the Commonwealth and the region
- Air service growth is nearing maximum @ Reagan & is recovering @ Dulles
- Dulles is integral to regional economic growth and remains the only east coast International Airport with substantial room to grow further



WASHINGTON, DC
MARYLAND
VIRGINIA
CAPITAL REGION USA

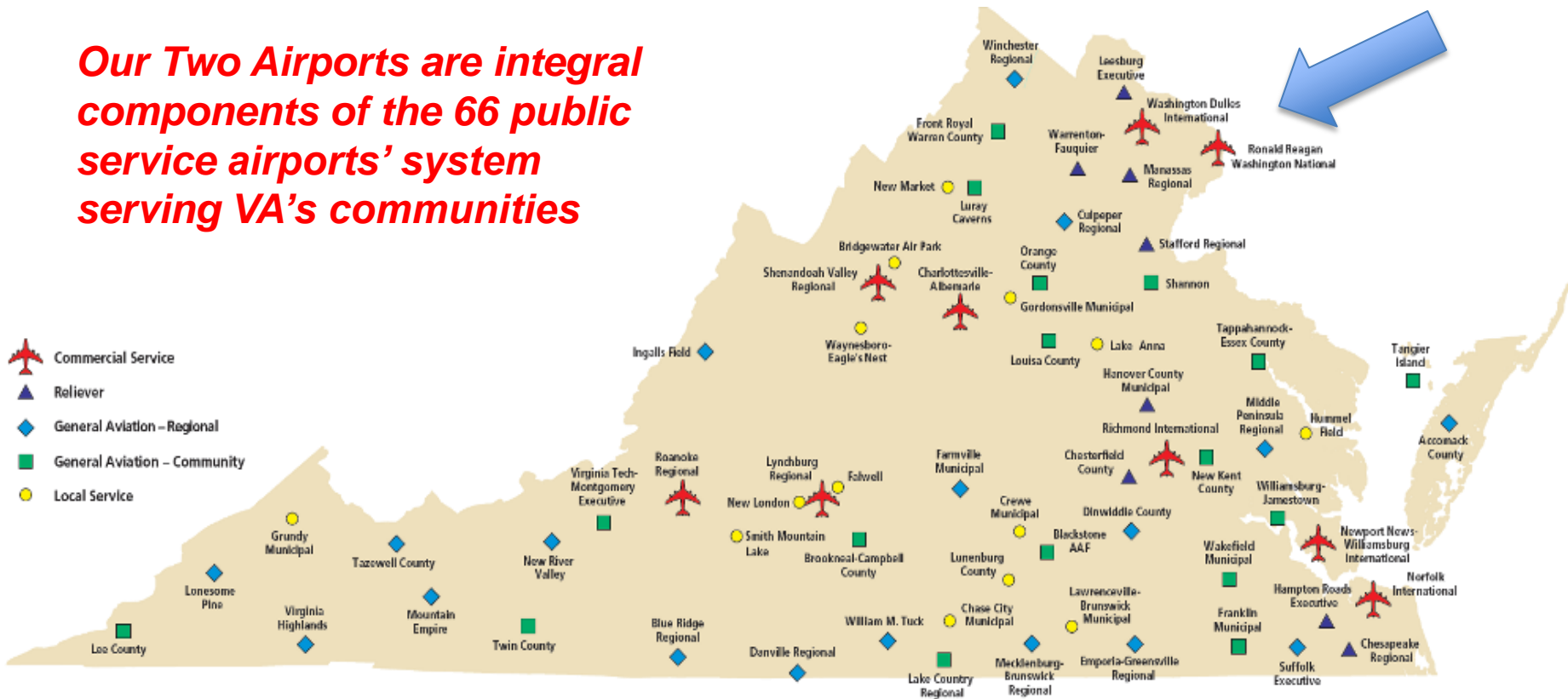
VIRGINIA
IS FOR
LOVERS

WASHINGTON
DC



Virginia's Aviation System Heavily Depends on a Strong Washington Dulles International Airport & Ronald Reagan National Airport

Our Two Airports are integral components of the 66 public service airports' system serving VA's communities





Economic Impact of Our Dual Airport System Within the Commonwealth is Significant

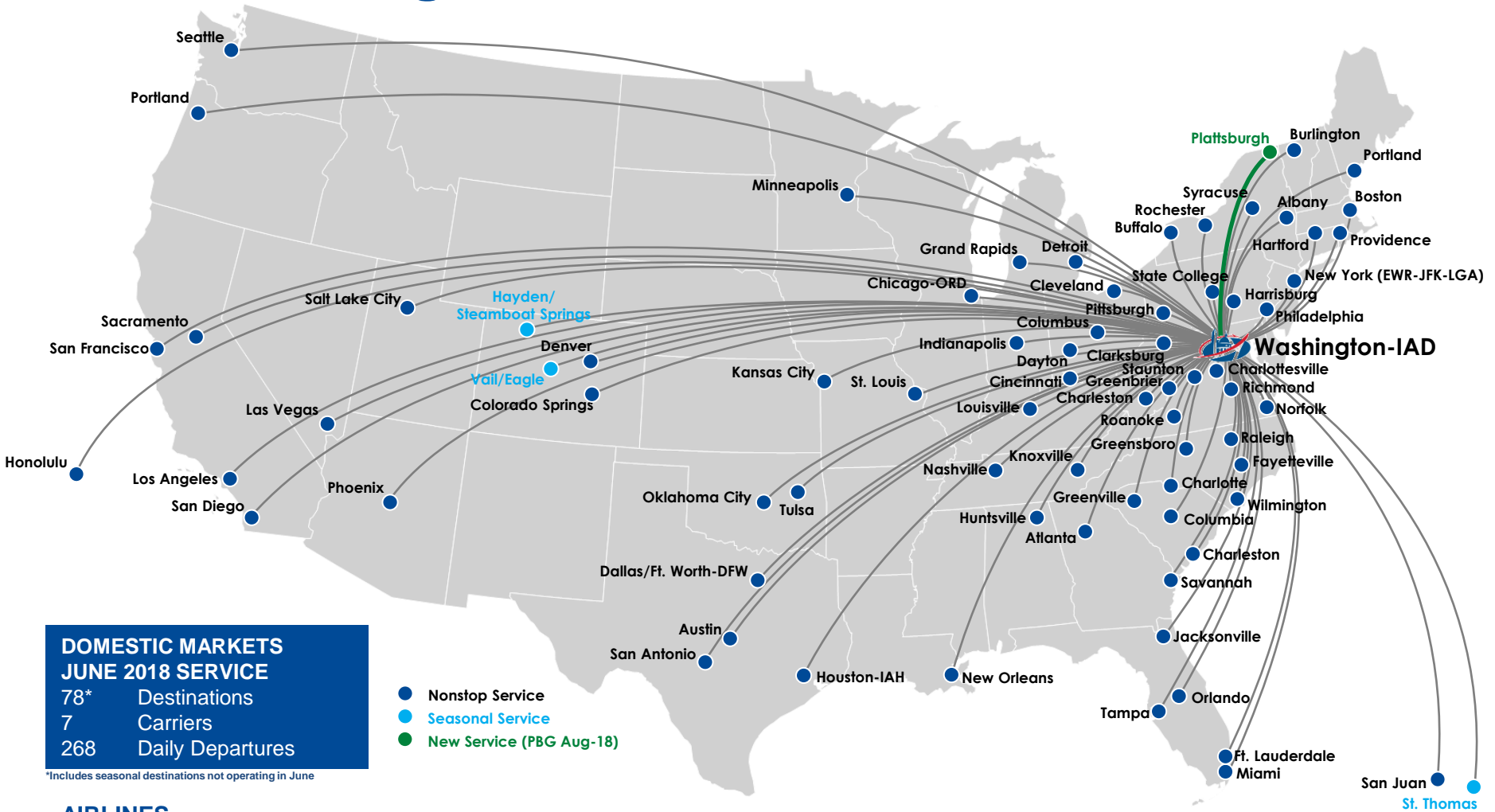
- Of the \$21.8 billion in Virginia economic activity generated by Virginia's nine commercial service airports in 2016, Reagan National contributed \$8.13 billion (48,750 jobs and \$2.69 billion in wages) & Washington Dulles contributed \$8.34 billion (51,150 jobs and \$2.95 billion in wages), totaling 76% of Virginia's commercial service airports' overall economic activity.⁽¹⁾
- Washington Dulles is Virginia's only international hub airport. 86% of the international passengers traveling to and from the Washington, D.C. Metropolitan Region choose Dulles Airport.⁽²⁾
- In terms of nonstop service, Washington Dulles has more nonstop destinations than any other airport in the region, including 34 Capitol-to-Capitol nonstop markets.⁽³⁾

(1) Virginia Airport System Economic Impact Study – Executive Summary, FY 2016.

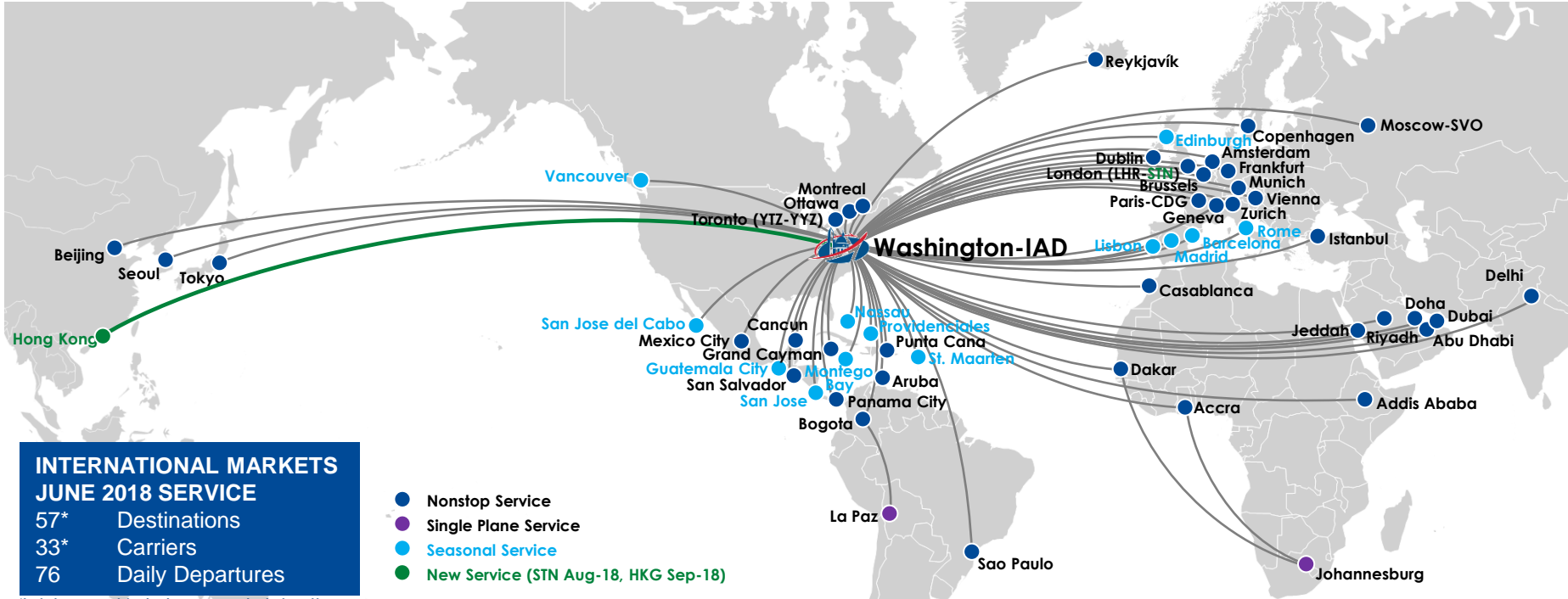
(2) Metropolitan Washington Airports Authority – October 1, 2016 - September 30, 2017.

(3) IAD = 78 Domestic + 57 International = 135 Total / DCA= 90 Domestic + 5 International = 95 Total / BWI = 78 Domestic + 13 International = 91 Total

Washington Dulles Domestic Destinations



Washington Dulles International Destinations



AIRLINES

- | | |
|-----------------------|-------------------|
| Aer Lingus | Etihad |
| Aeroflot | Icelandair |
| Aeromexico | KLM |
| Air Canada | Korean Air |
| Air China | Lufthansa |
| Air France | Porter |
| Air India | Primer Air |
| All Nippon | Qatar Airways |
| Austrian | Royal Air Maroc |
| Avianca | SAS |
| British Airways | Saudia |
| Brussels Airlines | South African |
| Cathay Pacific | Turkish Airlines |
| Copa Airlines | United |
| Delta | Virgin Atlantic |
| Emirates | Volaris |
| Ethiopian | |

DESTINATIONS

- | | | | |
|------------------|------------------------------|--------------------------|------------------|
| Abu Dhabi | Edinburgh | Moscow | Tokyo |
| Accra | Frankfurt | Munich | Toronto - YYZ |
| Addis Ababa | Geneva | Nassau | Toronto - YTZ |
| Amsterdam | Grand Cayman | Ottawa | Vancouver |
| Aruba | Guatemala City | Panama City | Vienna |
| Barcelona | Hong Kong | Paris | Zurich |
| Beijing | Istanbul | Providenciales | |
| Bogota | Jeddah | Punta Cana | |
| Brussels | Johannesburg (1-Stop) | Reykjavik | |
| Cancun | La Paz (1-Stop) | Riyadh | |
| Casablanca | Lisbon | Rome | |
| Copenhagen | London - LHR | Saint Maarten | |
| Dakar | London - STN | San Jose | |
| Delhi | Madrid | San Jose Del Cabo | |
| Doha | Mexico City | San Salvador | |
| Dubai | Montego Bay | Sao Paulo | |
| Dublin | Montreal | Seoul | |

34

CAPITAL-to-CAPITAL NONSTOP MARKETS as of JUNE 2018

*Includes seasonal destinations not operating in June.

Washington Dulles' Geographic Location is Ideally Situated for Sustained Economic Growth

Dulles International's Geographic Location Provides for Excellent Market Reach and International Trade Opportunities

Market Reach

- Over 56% of the U.S. population resides within an overnight drive from Washington Dulles
 - Excellent road network and access to all major trade markets and regions
- Washington Dulles is centrally located in one of the most important economic regions of the U.S.
 - Region represents 55% of U.S. GDP

Greater Washington D.C. Area

- One of the largest and most diverse international communities in the world
- Home to more than 1,000 foreign-owned firms from 50 countries
- Over 400 International Associations
- More than 1,000 International Institutions and non-government organizations



International Trade
Washington Dulles has close proximity to two of the largest Seaports on the East Coast

Washington Dulles 12-State Primary Catchment Area

- Over 77,000 Manufacturing Establishments (23% of U.S. total)
- Key Markets include Computer & Electronics, Communication, Pharmaceuticals/Life Science, Military Support/Defense Industry, Aerospace & Automotive
- Over 660,000 metric tons of Air Exports – (20% of U.S. total)
- Over 844,000 metric tons of Air Imports – (23% of U.S. total)

Regional Income Levels Surrounding Dulles Bolster Strong Passenger Growth Potential

IAD is conveniently located in the most affluent area in the U.S. – 7 of the top 15 wealthiest counties in the U.S. surround Washington Dulles

U.S. WEALTH RANKING	WASHINGTON D.C. REGIONAL COUNTY	MEDIAN HOUSEHOLD INCOME
1	Loudoun County, VA	\$123,966
2	Fairfax County, VA	\$112,102
3	Howard County, MD	\$110,133
6	Arlington County, VA	\$105,120
10	Stafford County, VA	\$98,721
11	Montgomery County, MD	\$98,704
12	Prince William County, VA	\$98,514



1/ Metropolitan Washington Council of Governments. Cooperating Forecast-Growth Trends to 2045, 2016.

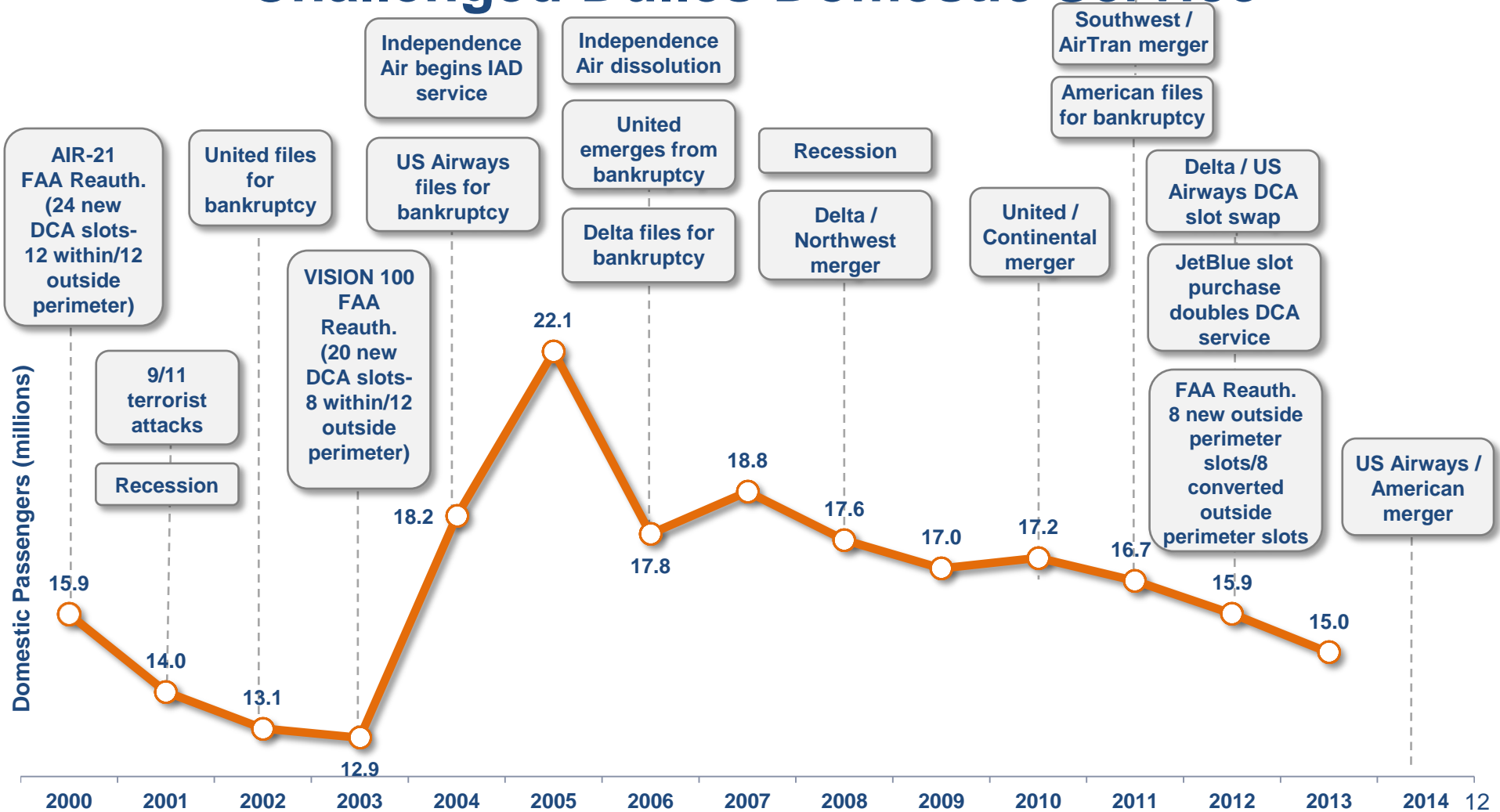
2/ Metropolitan Washington Airports Authority Economic Impact Study – 2012.



2. Dulles' Challenges

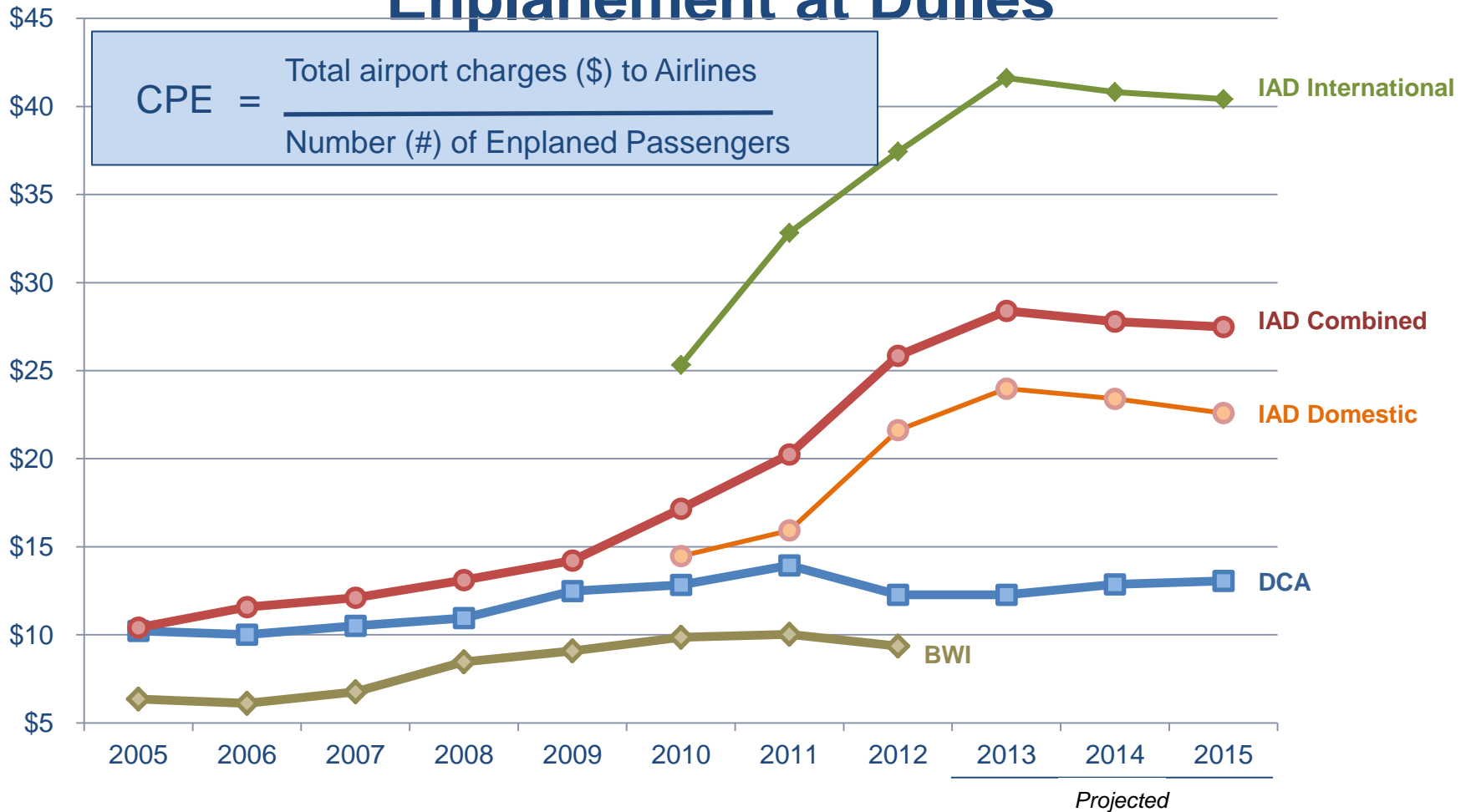
- Steady Decline in Passengers from 2010 to 2015
 - Changes to DCA Slots/Perimeter Rules & Mergers
- Growing Debt Service
- Stagnant Non-Aviation Revenues
- High Cost per Enplanement (i.e., 2013)
 - IAD = \$26
 - DCA = \$13
 - BWI = \$ 9

Slot/Perimeter Changes at Reagan National & Industry Mergers Challenged Dulles Domestic Service





Mature Capital Program and Limited Activity Growth Had Increased Average Cost Per Enplanement at Dulles





2. Strategic Plan for Growth



- Increase Non-Aviation & Aviation Revenue Growth
- Protect Dulles' Opportunities for Expansion
 - Prevent adverse tolling on Airport Access Highway
 - Protect Airport-Compatible Local Land Uses
- Finish Construction of the Silver Line
- Maintain the Balance of a Dual-Airports System
 - FAA Reauthorization (Maintain Slots & Perimeter Exemption)
- Focus on the Passenger Experience

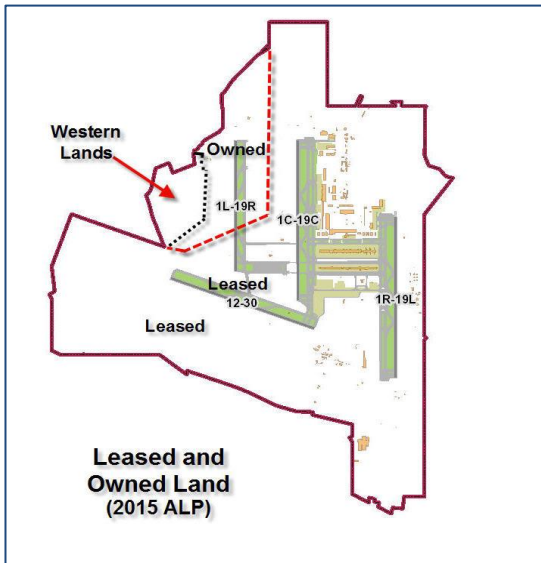
Airports Authority Refunded Savings History 2010-2017

Year	Refunding Par	PV Savings	Gross Savings
2010	\$594,225,000	\$16,082,043	\$30,116,910
2011	\$422,050,000	\$20,586,537	\$27,520,553
2012	\$311,825,000	\$40,631,660	\$77,001,280
2013	\$165,615,000	\$13,658,936	\$39,991,533
2014	\$432,445,000	\$65,801,153	\$111,524,513
2015	\$453,635,000	\$46,769,073	\$70,468,851
2016	\$386,025,000	\$102,112,142	\$166,716,990
2017	\$334,465,000	\$63,058,361	\$116,582,074
Total	\$3,100,285,000	\$368,699,905	\$639,922,704

Renegotiated Use & Lease Agreement and the Commonwealth of Virginia Helped Assure United Airlines' Hub Remains at Washington Dulles through 2024



Focused Efforts to Monetize Real Estate



Near Term

- Western Lands
- Old Gas Station
- Sunoco option site
- Metro 606

Mid-term

- At-terminal hotel
- Fiber Right-of-Way

Long Term

- 606 frontage

Emphasis on Continuously Improving the Passenger Experience



Keeping Customers On-The-Go Connected



Vibrant Concessions Redevelopment Program

- Over 140 tenant spaces redeveloped since the program commenced in 2014
 - 70 food and beverage locations redeveloped
 - 72 retail locations redeveloped
 - 8 local and 10 chef-driven restaurants



Reagan National ranked 9th and Dulles International ranked 13th in J.D. Powers airport customer satisfaction survey in 2017

Attracted New International Airlines at Dulles



volaris 
San Salvador
2 Round Trips per Week
Starting
May 17, 2018



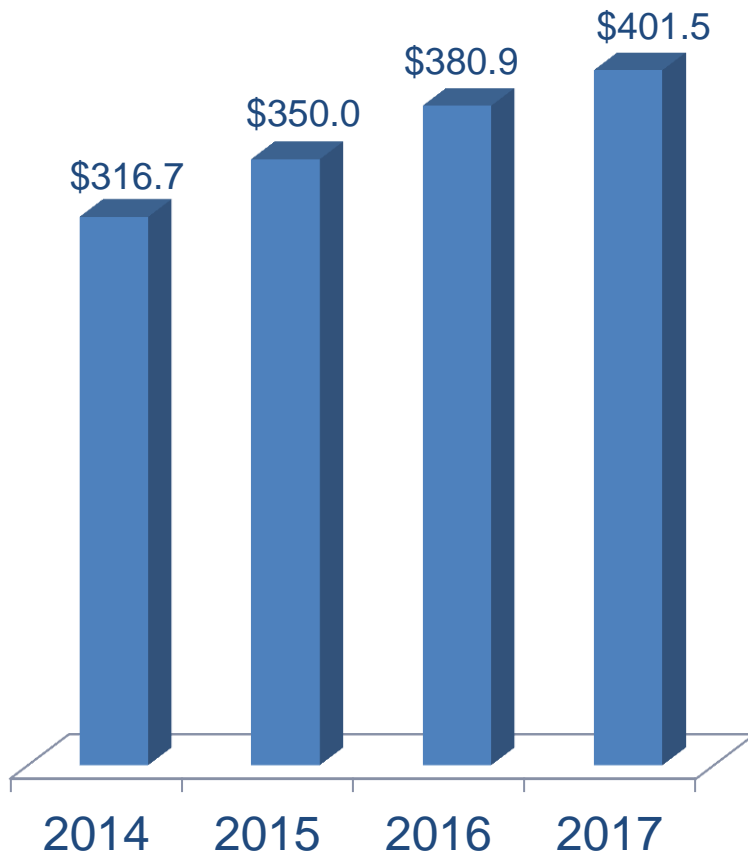
 **Primera Air**
London Stansted
5 Round Trips per Week
Starting
August 22, 2018



CATHAY PACIFIC
Hong Kong
4 Round Trips per Week
Starting
September 17, 2018

RESULT: Non-Airline Revenue Increasing

Non Airline Revenue



Annual non-airline revenue has increased over \$80m by:

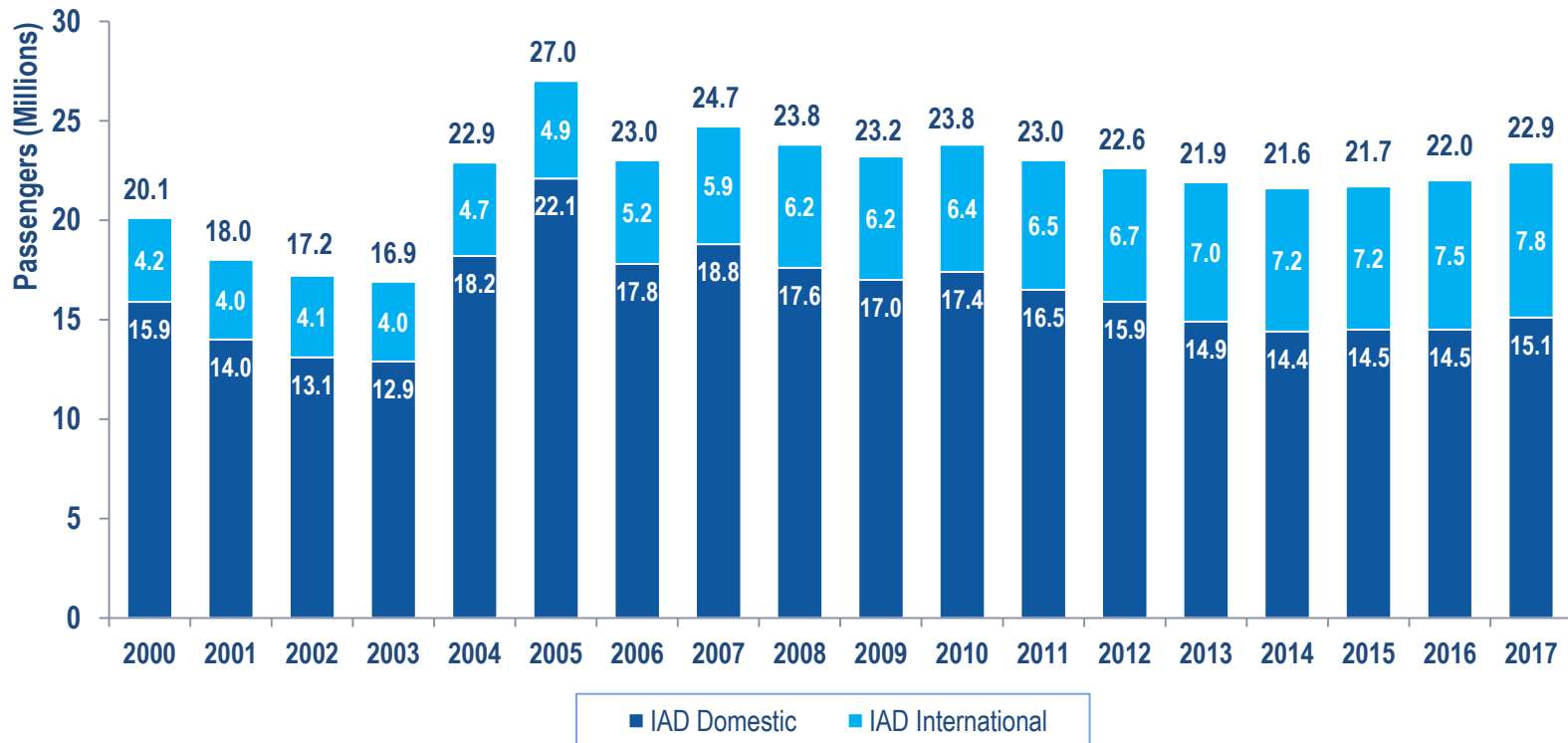
- Greater focus through new Revenue organization in 2014
- Introducing new products and services
- Negotiating better contract terms
- Growth in passengers

RESULT: Passenger Growth at Dulles Has Turned the Corner and Continues Growing in 2017

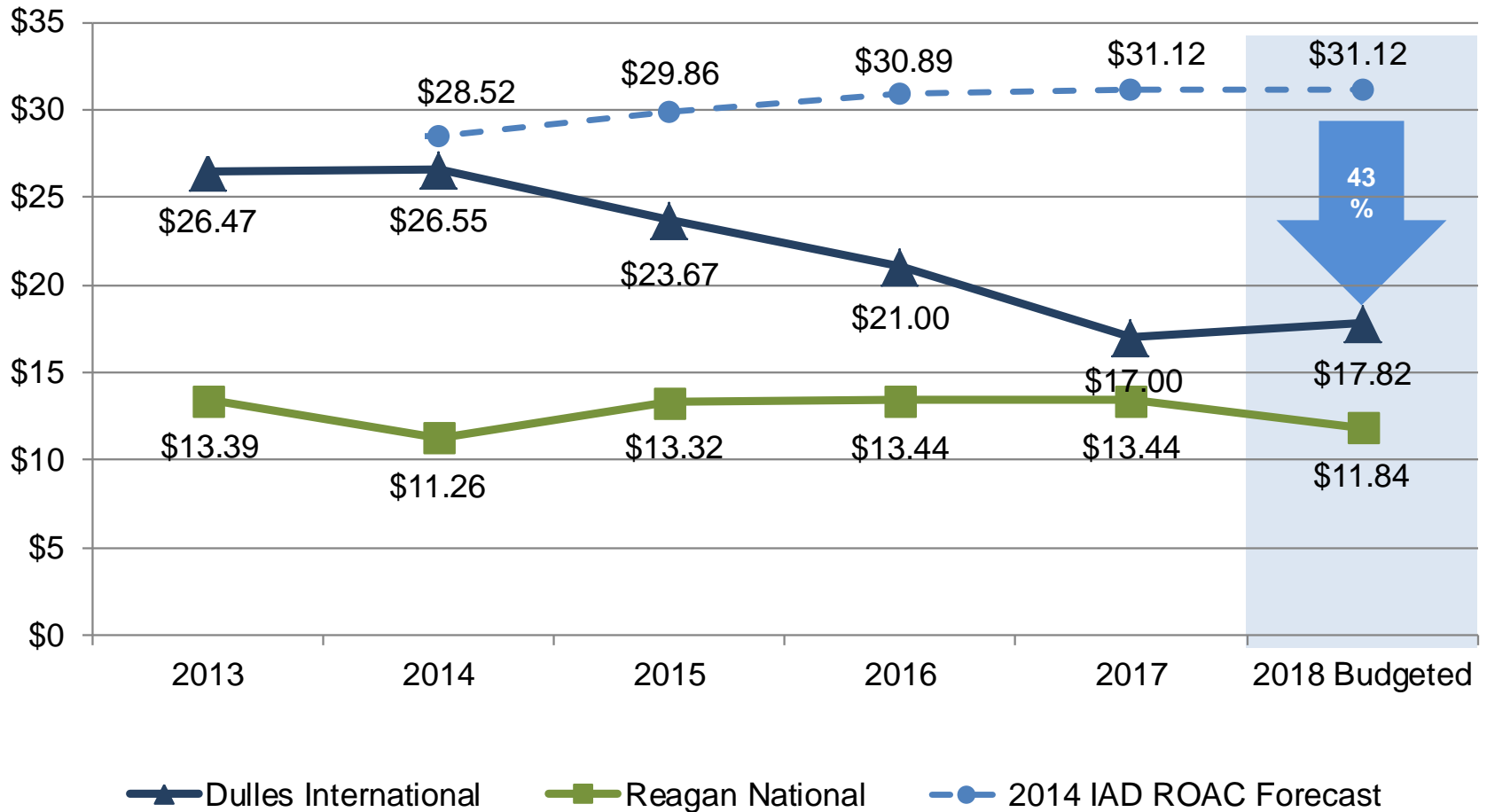
International Traffic Continues to Set Records (7.8 Million Passengers = 3.7% YOY Growth)

Domestic Traffic Had Its First Sizeable Increase Since 2010 (4.5% YOY Growth = 15.1 Million Passengers)

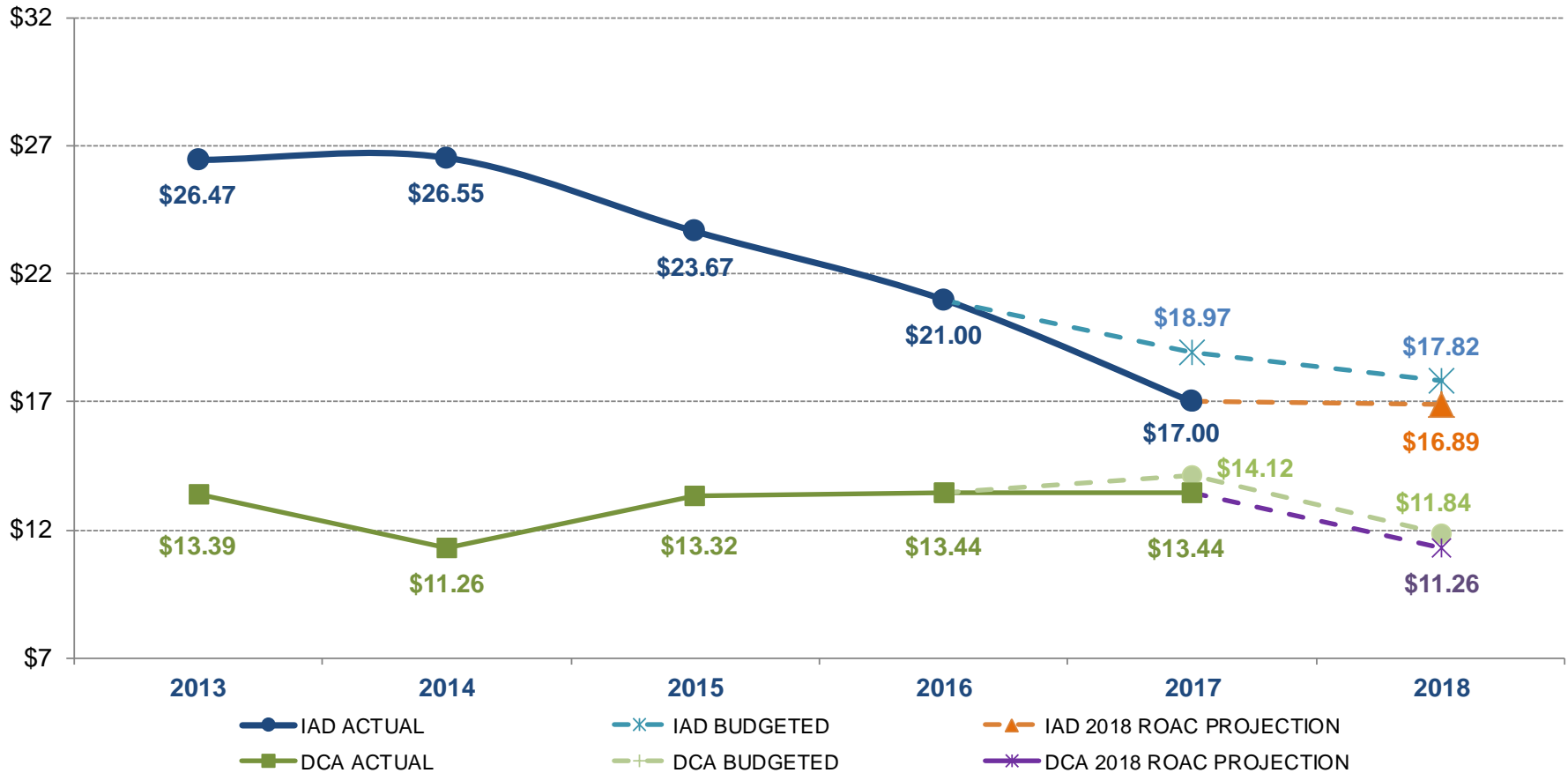
Total Passengers at Dulles International (in millions)






Budgeted Average Cost per Enplanement (CPE) in 2018 is 43% Lower than was Forecast in 2014

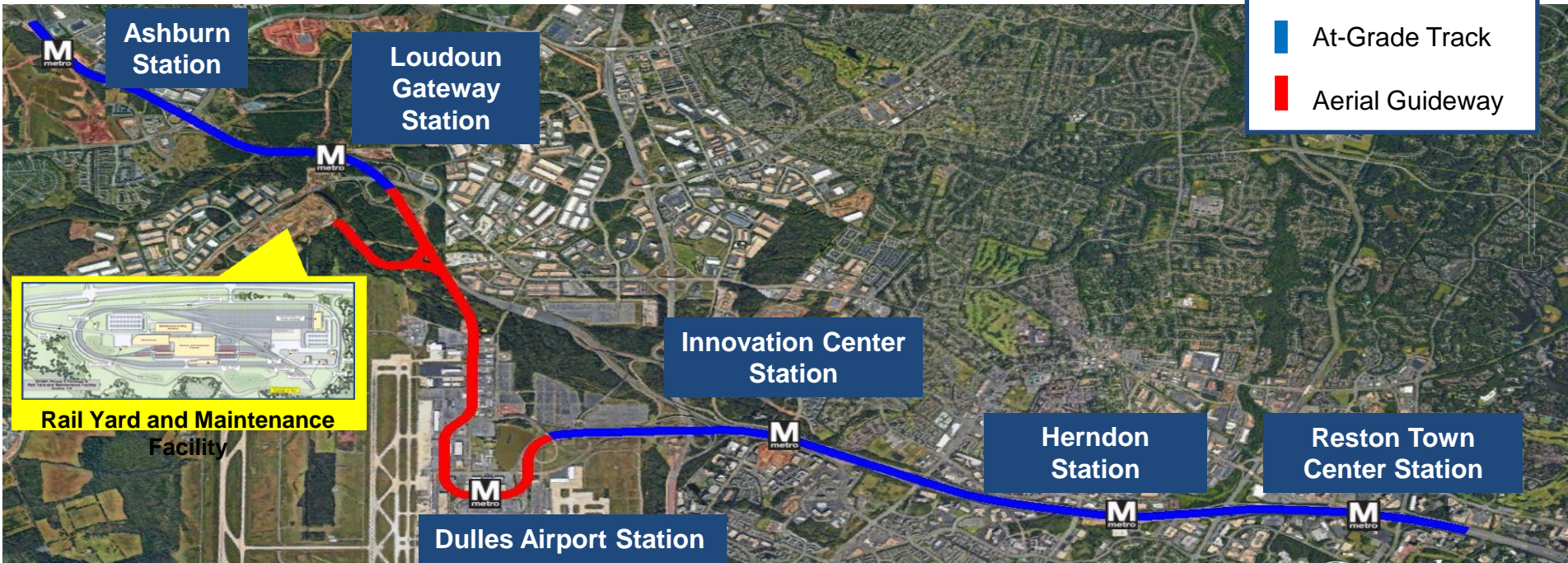


2017 CPE at Both Airports is Lower than Budgeted and 2018 is Trending Favorably



4. Phase 2 Silver Line Update

	Silver Line Station
	At-Grade Track
	Aerial Guideway



PACKAGE A: Mainline and Stations Design-Build
 Contractor: **Capital Rail Constructors (CRC)**

- Clark Construction Group, LLC
- Kiewit Infrastructure South Co.

PACKAGE B: Rail Yard & Maintenance Facility
 Contractor: **Hensel Phelps**

Parking Garages to be developed by Fairfax and Loudoun counties

Silver Line Phase 2 Construction Status:

- Stations – More than 70% complete
- Rail Yard and Maintenance Facility – More than 76% complete
- Opening – WMATA will determine date; expected 2020



Ashburn Station



Loudoun Gateway Station

Dulles Airport Station



Innovation Station

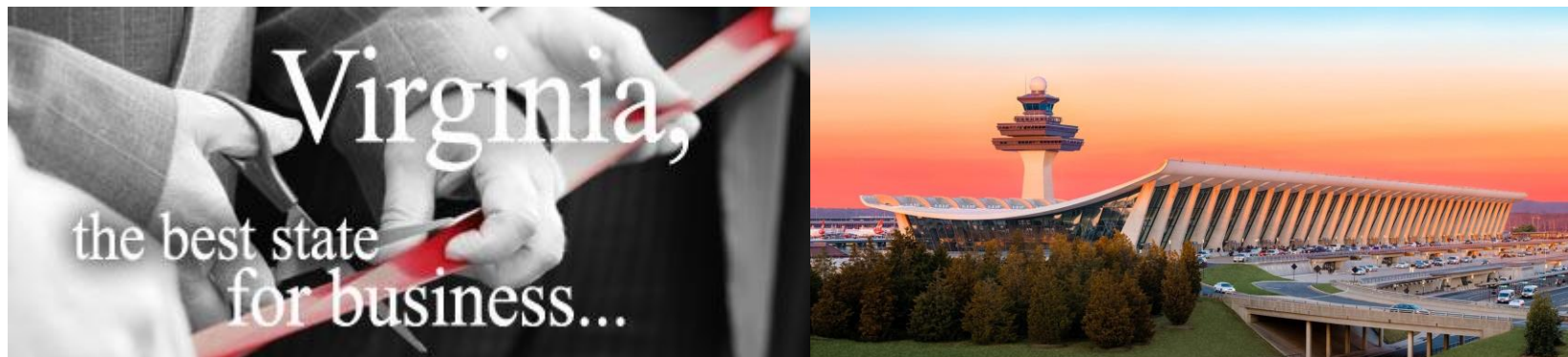
Installation of Third Rail Covers in Storage Yard



Track Work At Dulles Airport Station



5. How the Loudoun Chamber Community Can Help



Close cooperation with stakeholders will strengthen Dulles' position in the global competitive environment and the regional economy

Support Dulles' Competitive Position

Local Adjacent Development



- Ensure compatible land use and zoning
- Manage aircraft noise issues
- Sustain ability for future growth to occur over the next 50 years

State & Local Support



- Oppose Attempts to Toll Dulles Access Highway
- VA, Fairfax, and Loudoun support for Metrorail & construction
- Encourage DC and Virginia airline incentives

Federal Support



- Preserve Slots & Perimeter @ DCA
- Support PFC's Adjustment
- Encourage grants and Infrastructure assistance to support Aviation



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@Dulles_Toll_Road



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