



# Dulles Matters II

May 11, 2016

Jack Potter, MWAA President & CEO



## Agenda

- Revisit IAD Challenge
- Multi-Layered Plan
- Plan Results to Date
- Opportunities Going Forward

## Dulles Airport Is a Powerful Economic Engine For the Region

### Economic Impact of Dulles Airport

Jobs		Labor Income		State & Local Taxes
Direct	Direct, Indirect, Induced	Direct	Direct, Indirect, Induced	Direct
144,515	247,706	\$5.0 B	\$10.0 B	\$1.2 B

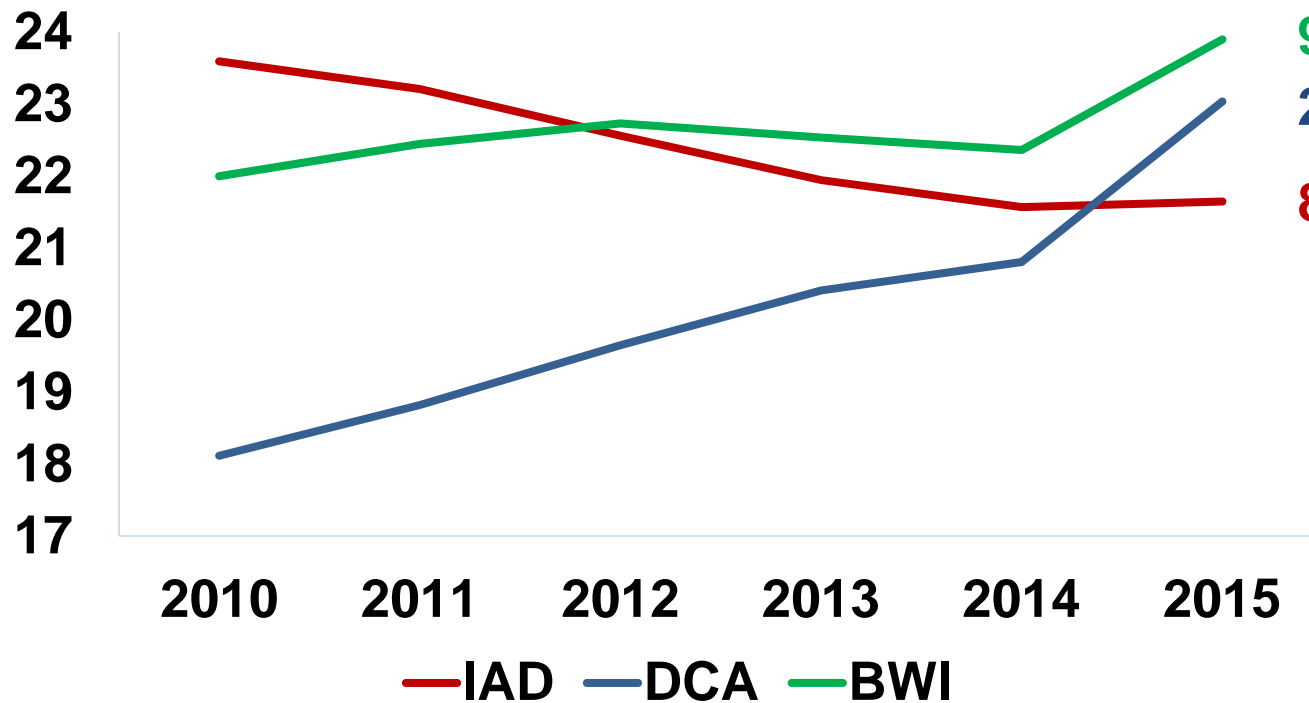
### Passenger Spending from Dulles Passengers Totals \$8 B+ for Region Annually

Annual IAD Passenger Spending	
Lodging	\$2.9 B
Rental Car	\$1.9 B
Retail	\$1.0 B
Food	\$964.1 M
Entertainment	\$706.7 M
Taxi	\$553.8 M
<b>Total Spending</b>	<b>\$8.0 B</b>



## Dulles Has Lost Market Share to DCA and BWI

**Total Annual Passengers (In Millions)**



**5 Year Activity Trend:**

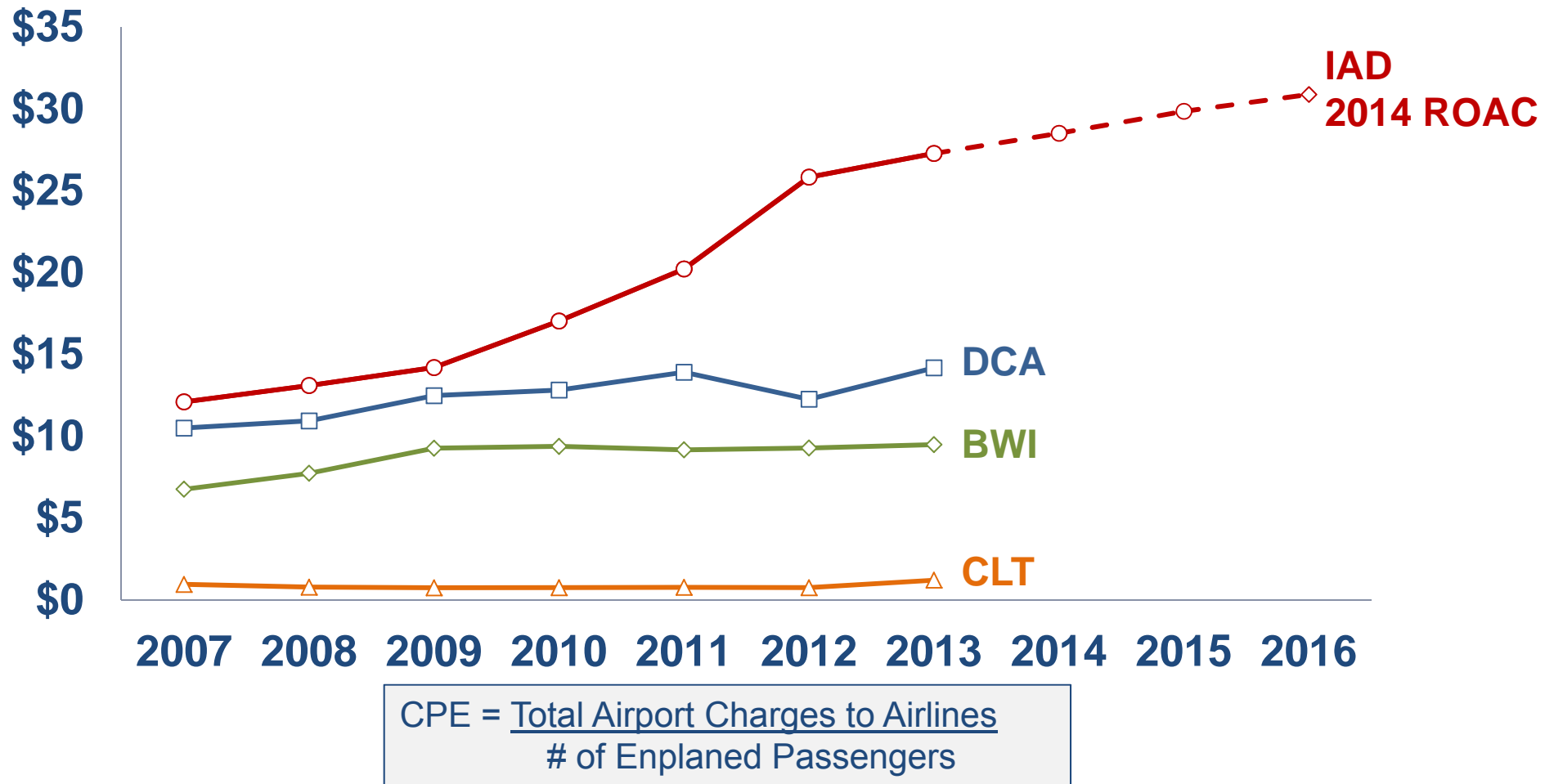
**9% Growth at BWI**

**27% Growth at DCA**

**8% Decline at IAD**

**The regional leader 5 years ago, Dulles now serves fewer passengers than DCA and BWI**

## Declining Passenger Activity, Coupled With \$5 B Capital Investment, Raised Dulles's Cost Per Enplanement to One of The Highest in the Nation



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## MWAA Implemented a Multi-Layered Plan to Address Dulles's Challenge

Grow Passengers

- +
  - +
  - +
  - +
  - +
- 
- Healthy Dulles Airport

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## Continued Aggressive Pursuit of Air Service at Dulles Resulted in Key Wins

### Frontier



Served 988K passengers  
since service began  
in August 2014

### Aer Lingus



Served 57 K passengers  
since beginning service  
in May 2015

### Royal Air Maroc



Begins new service to  
Casablanca in  
September 2016

### Air Canada



Began three daily  
flights to Toronto  
in May 2016

### LAN



Began service to  
Lima in May 2016

### United



Begins new service to  
Barcelona and Lisbon  
in May 2016

## MWAA's Focus on New Opportunities Resulted in Increased Non-Airline Revenue at Dulles

### Terminal Revenue



- 55 new shops and restaurants through 2015
- Awarded new display advertising contract

### Parking



- Premium terminal daily product reaches 90% capacity daily
- Improves passenger convenience

### Real Estate



- Awarded gas station and convenience store contract
- FBO lease

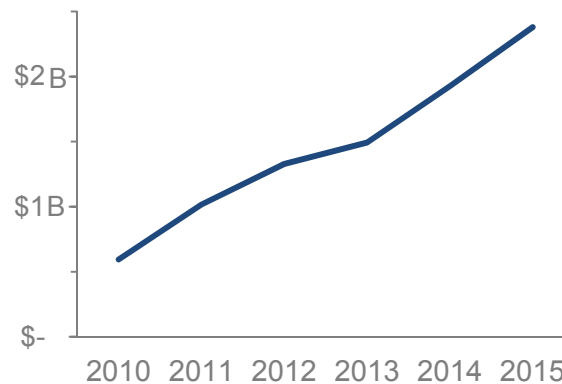
## MWAA's Authority-Wide Focus on Cost Control Mitigated CPE

### New Contracts



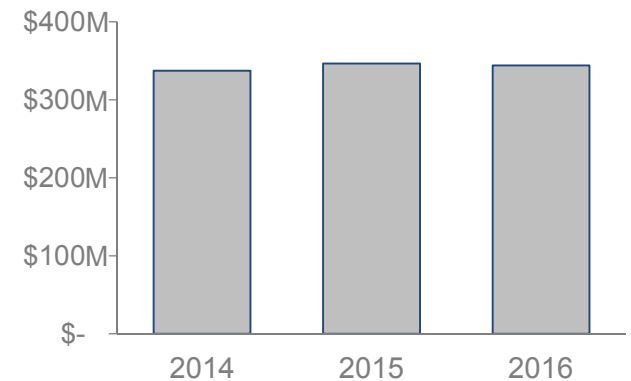
- Parking & Shuttle Bus
- Audit Services
- Health Care

### Debt Refinancing



- **\$2.4 billion** refinanced since 2010
  - Net present value savings total over **\$200 million**

### Prudent Management



- **Held operating budget flat**
- **Kept actual expenses below budgeted amounts**

## Strong Political Support Protects Dulles's Future

### Local Adjacent Development



- Loudoun County Best Practices Study
- Airport Overlay District to guide development

### Federal Slot and Perimeter Rules



- Preventing expansion of DCA perimeter and additional beyond-perimeter flights
- Bi-partisan support to ensure balance between Reagan and Dulles

## External Economic Support Bolsters Dulles's Competitive Position

### Use & Lease Agreement



- **Net Remaining Revenue at Reagan is shared with Dulles**

### State & Local Support



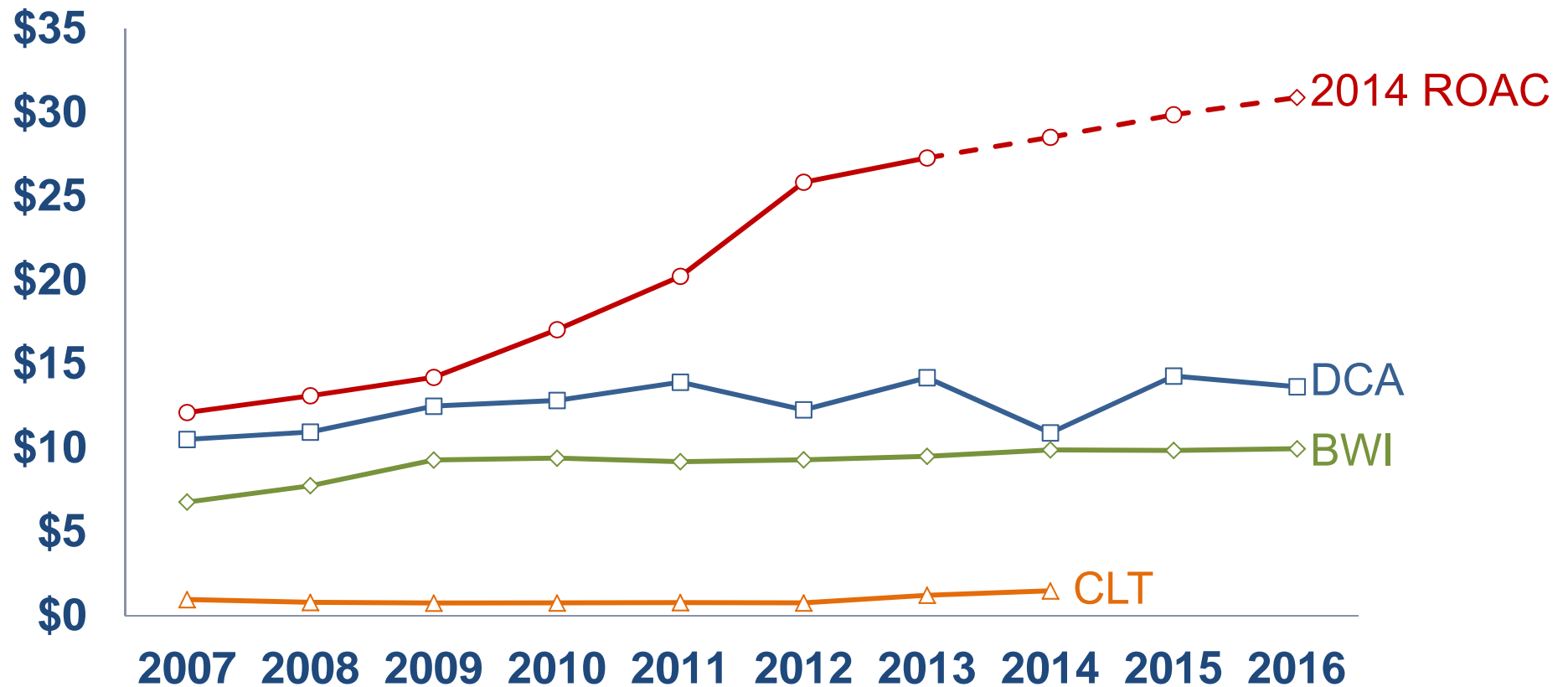
- **Virginia's \$50 million investment in Dulles**
- **Virginia, Fairfax, and Loudoun contributions to Metrorail construction**
- **DC and Virginia airline incentives for key international markets**

### Federal Support



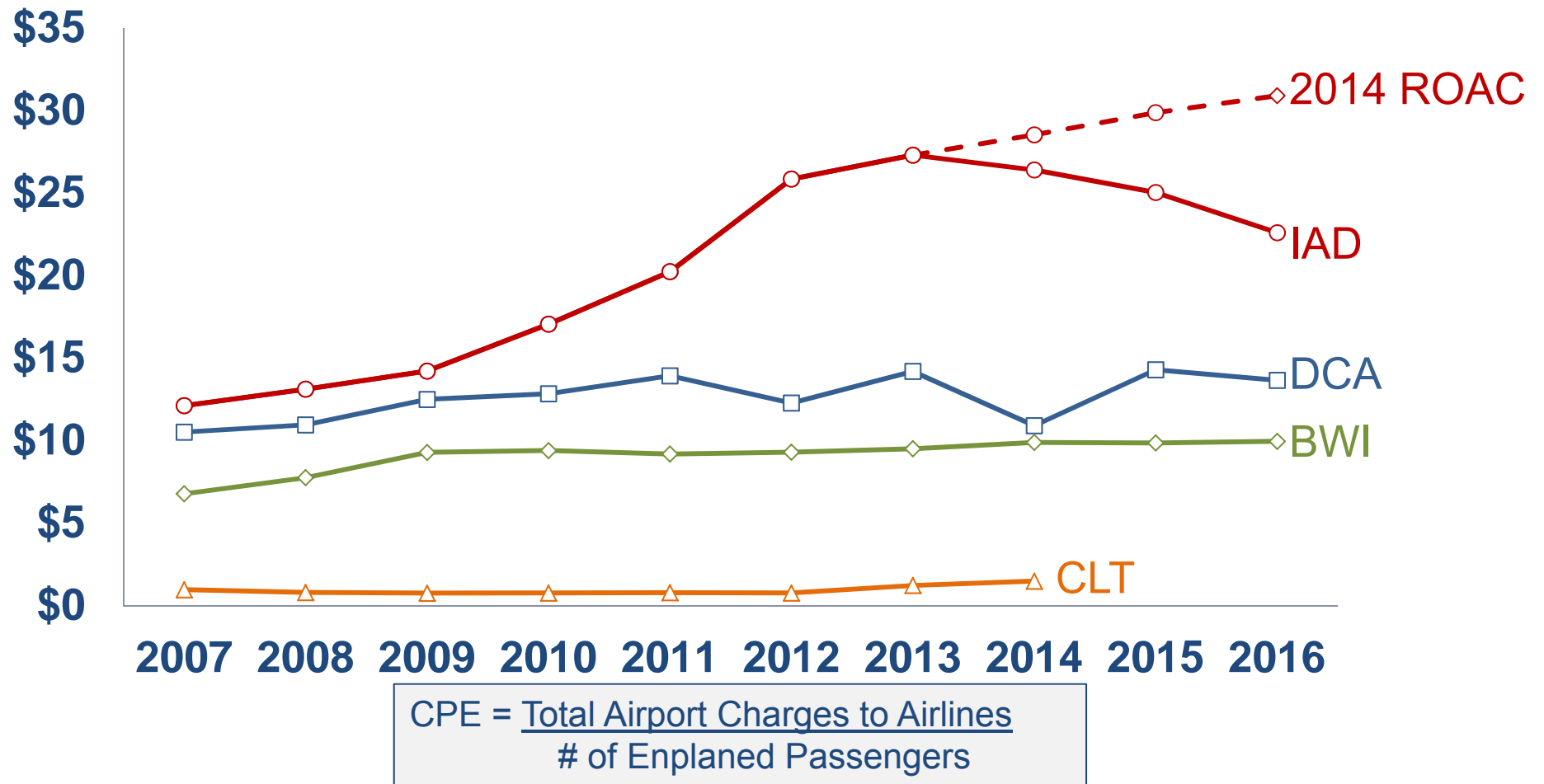
- **Grants and TIFIA assistance to support Metrorail construction**

## Collective Actions Have Helped IAD's CPE Turn the Corner



$$\text{CPE} = \frac{\text{Total Airport Charges to Airlines}}{\text{\# of Enplaned Passengers}}$$

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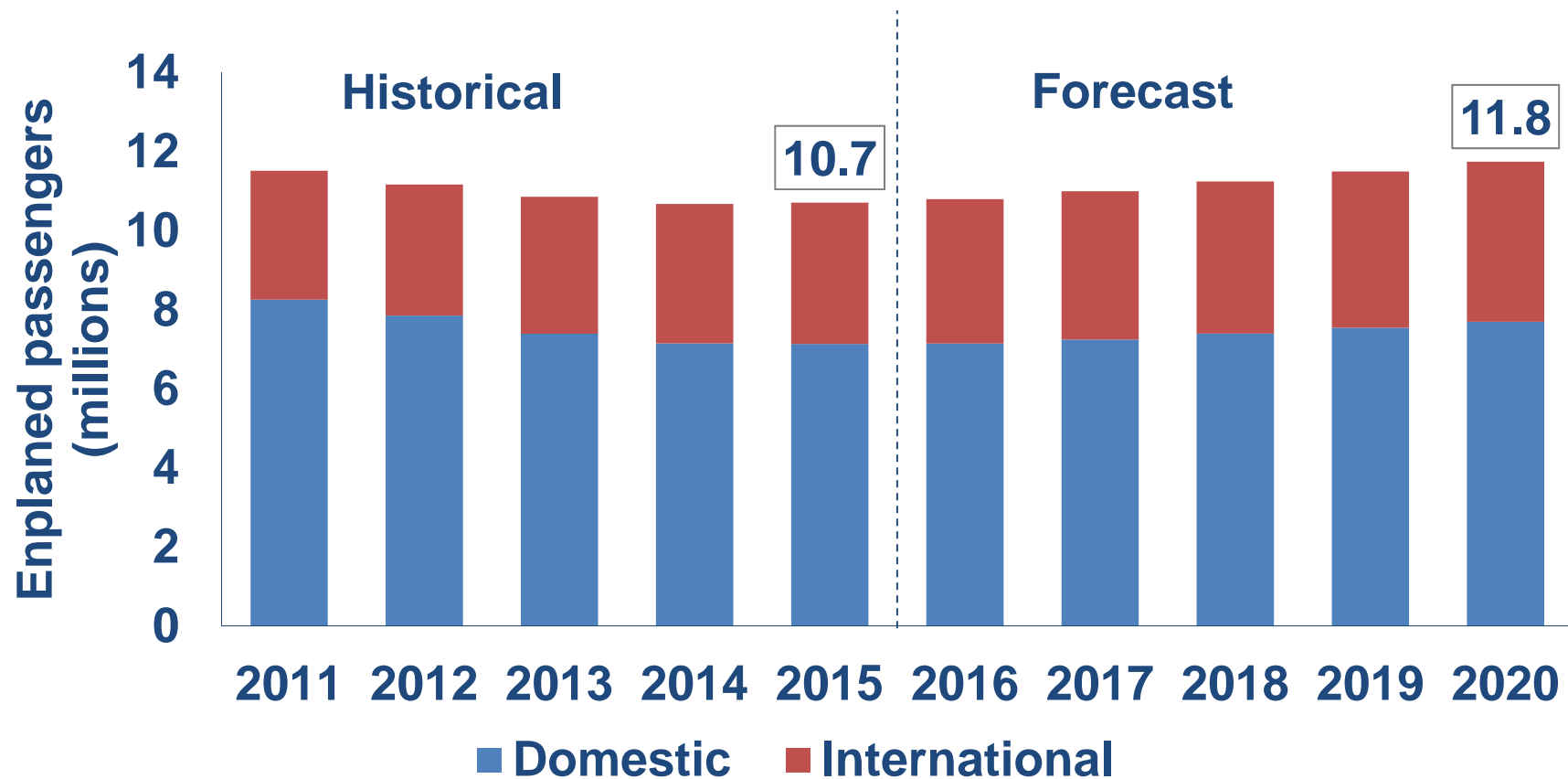
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## MWAA Will Continue Taking Action to Reduce Costs

- Refinance \$1.9 billion of Aviation debt through 2020
- Hold discretionary spending flat
- Consolidate redundant operations and networks
- Leverage IT solutions
- Restructure, consolidate, and re-compete contracts

## Dulles Passenger Enplanements are Forecasted to Increase by More Than 1 M Over The Next Five Years



## Dulles's Success Will Require Continued Partnership

### Airlines



- Add destinations and capacity
- Improve baggage delivery
- Extend Use & Lease
- Dedicated account coverage

### CBP and TSA



- Enhance international arrivals experience
  - Mobile passport app
  - Modified egress
- Reduce security wait times
  - CLEAR

### Tourism Agencies

**WASHINGTON, DC**  
**MARYLAND**  
**VIRGINIA**  
CAPITAL REGION USA

**VIRGINIA**  
**IS FOR**  
**LOVERS**

Washington  
**DC**

- Boost tourism
- Increase visibility
- Pursue global airline marketing agreements

**MWAA will work with partners to exceed forecasted passenger activity levels and improve the passenger experience**

## Dulles's Success Will Rely on New Concessions and Technologies

### Terminal Revenue



- **15 new concessions at IAD planned in 2016**
  - International brands
  - Chef-driven restaurants

### Advertising



- **New display advertising and sponsorship opportunities**

### Mobile and Digital

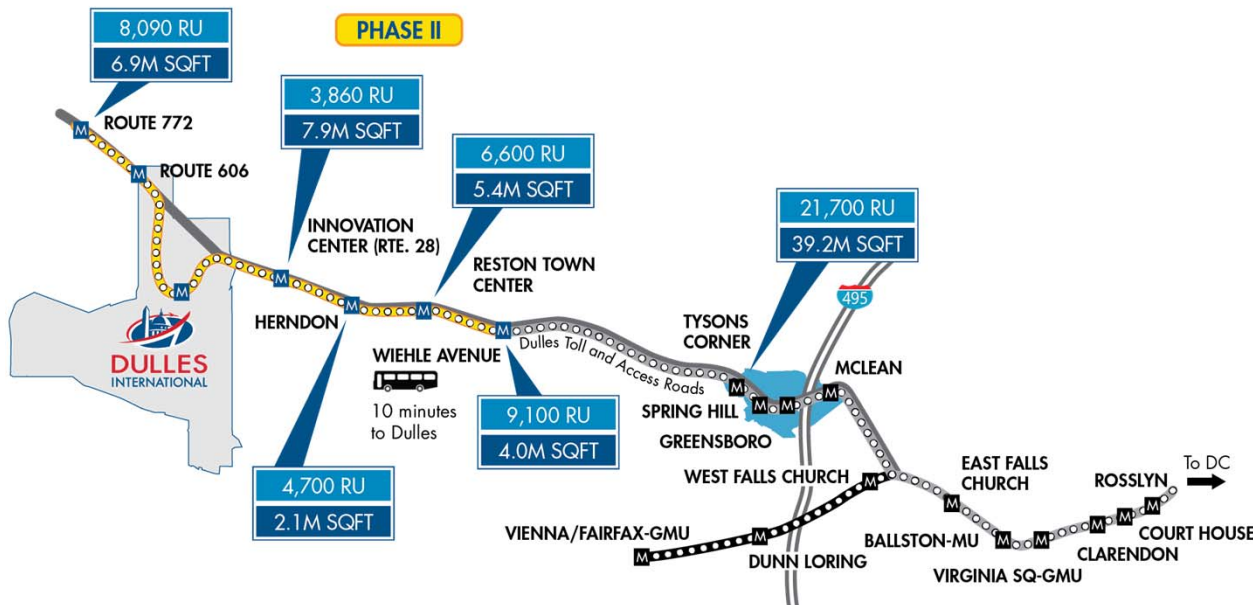


- **Wi-Fi**
- **Mobile app**
- **Digital signage and wayfinding**
- **Social media**

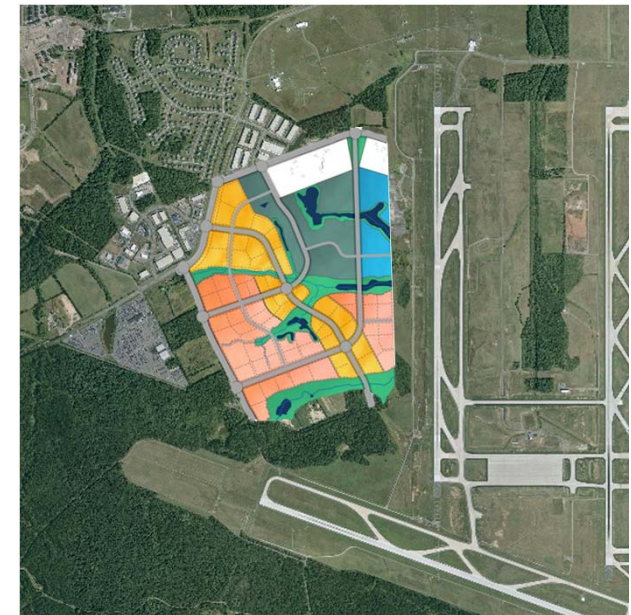
**New concessions and technologies will increase non-airline revenue and improve Dulles's competitive position**

# Dulles's Success Will Leverage Land Development Opportunities

## Metro Economic Development



## Western Lands



- **4<sup>th</sup> largest business district in the U.S.**
  - 65.5 million square feet of new commercial space
- **54,050 new residential units**

- **Commercial / Industrial**
- **Hospitality**
- **Data centers**

**Metro-related development, combined with land development opportunities, provide a catalyst to growth and expand Dulles as a destination**

## Dulles's Success Will Require Stakeholder Support

### Local Adjacent Development



- **Ensure compatible land use and zoning**
- **Manage aircraft noise issues**
- **Retain ability for future growth**

### Federal Slot and Perimeter Rules



- **Preserve current slots**
- **Restrict any new beyond perimeter flights**

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

## Dulles Matters Breakout Groups

### Air Service



### Concessions Program



### Land Development



### Advocacy Groups





METROPOLITAN  
WASHINGTON  
AIRPORTS AUTHORITY

MWAA.COM



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