



Dulles Rail Phase II headed for death spiral

By: [Barbara Hollingsworth](#) | Local Opinion Editor | 08/23/11 8:05 PM

Phase II of the Dulles Rail project, which will extend Metrorail to Washington Dulles International Airport, is on the financial ropes, so members of the Metropolitan Washington Airports Authority Board are resorting to panicky "warnings" in a calculated effort to stick local, state and federal taxpayers with the bill for their blundering.

Phase II costs have ratcheted up to \$3.5 billion -- the original price of the entire Silver Line -- and Dulles Toll Road users finally realize they will soon have to pay around \$20 per day -- or \$100 per week -- to subsidize this economically indefensible transit project.

The public backlash prompted MWAA to demand \$500 million more from Virginia and \$1.2 billion more from the federal government -- on top of the low-interest federal Transportation Infrastructure Finance and Innovation Act loans sought by Fairfax and Loudoun counties to build parking garages and the Route 28 station that were not part of the original agreement.

MWAA's latest scare tactics are inadvertently hilarious. "We are now in the position of being the defender of the toll payer," MWAA Chairman Charles Snelling proclaimed last week. That's like Fantastic Mr. Fox declaring himself "defender of the chickens." MWAA deliberately chose to put toll road users on the hook for two-thirds of all Phase II financing.

"We have given up more than anyone on this," harrumphed MWAA Board Member Robert Brown, who voted to build a \$330 million underground station that was later abandoned because it was too expensive. However, MWAA's project labor agreement, which will add as much as 20 percent to overall construction costs, is still in force.

"U.S. [Transportation] Secretary [Ray LaHood] talked about this being one of the most important projects in the United States. We're saying to him, we agree, so show us the money," demanded Dulles Corridor Committee Chairwoman Mame Reiley.

Using the "people skills" she honed during years of strong-arming Democratic donors for Mark Warner, Reiley threatened "there's no deal" if Fairfax and Loudoun balked at allowing MWAA to shift the ballooning costs of Phase II onto the backs of their constituents.

County, state and federal officials should call Reiley's bluff because there's a very good chance MWAA's toll-heavy financing will collapse of its own weight.

"I've provided a financial analysis to MWAA Board members and their financial adviser, and nobody has been able to refute it," Great Falls resident Thomas Cranmer, who has an MBA from Columbia University, told The Washington Examiner. "A number of toll roads across the country have gone bankrupt."

Indeed, Virginia's privately owned Dulles Greenway and public/private Pocahontas Parkway in Richmond both failed to meet revenue projections. So did San Diego's South Bay Expressway, which went bankrupt in April despite the same kind of low-interest federal financing MWAA is now seeking. A price elasticity study there found that when parallel routes are available, toll roads lose 75 percent of their traffic volume when tolls double.

The same dynamic was experienced by the bankrupt North Texas Toll Road Authority, which desperately raised tolls 32 percent as traffic declined, exacerbating the problem.

Even if Dulles Toll Road traffic decreases only 50 percent when tolls increase by a factor of 10, MWAA will default on its bonds. That's exactly what happened to the \$300 million Southern Connector in Greenville, S.C.

Meanwhile, the foreign operators of the Indiana Toll Road -- who paid \$3.8 billion to the state for the right to collect tolls for the next 75 years -- expect their reserve fund to run dry early next year, but can't raise tolls because each penny increase further reduces traffic volume -- and revenue.

The real threat is that Phase II is headed for a similar death spiral. Time to pull the plug before it's too late.