

Delaware Department of Transportation

**FY 2006 Capital Budget Hearing
April 25, 2005**



Agenda

- Six Year Plan
- Current Responsibilities
- Growth Challenges
- Financial Condition
- Remedies

Financial Plan FY 2005 - 2011

Bond Bill Financial Plan – April DEFAC

(in 000s)

	A	K	L	M	N	O	P	Q	R
1									
2									
3									TOTAL
4		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2006-2011</u>
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6	Beginning Cash	\$ 78,148	\$ 1,858	\$ 13,674	\$ 12,218	\$ 10,614	\$ 10,781	\$ 10,679	
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8	Pledged Revenue								
9	I-95 Tolls & Concessions	62,300	62,600	63,200	63,500	63,700	63,700	63,700	380,400
10	Motor Fuel Tax Admin.	116,900	117,900	118,900	119,900	120,900	121,900	122,900	722,400
11	DMV Fees	115,500	118,500	121,500	124,200	126,800	129,600	132,800	753,400
12	Interest Income	<u>7,000</u>	<u>8,000</u>	<u>7,500</u>	<u>7,000</u>	<u>7,500</u>	<u>7,000</u>	<u>7,500</u>	<u>44,500</u>
13	Total Pledged Revenue	301,700	307,000	311,100	314,600	318,900	322,200	326,900	1,900,700
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16	SR 1 Tolls	30,500	32,500	33,500	34,000	35,500	36,500	37,500	209,500
17	Escheat	10,000	10,000	10,000	10,000	10,000	10,000	10,000	60,000
18	DE Transit (Farebox, FTA, & Other)	14,100	14,253	14,332	14,705	15,089	15,577	16,086	90,043
19	Port of Wilmington - Refinancing	0	0	2,591	2,591	2,591	2,591	2,591	12,957
20	County, Municipal, Private Funding	56,250	2,150	3,850	5,000	4,000	4,000	4,000	23,000
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24	Recapture for Safety Prgms.	1,350	1,350	1,350	1,350	1,350	1,350	1,350	8,100
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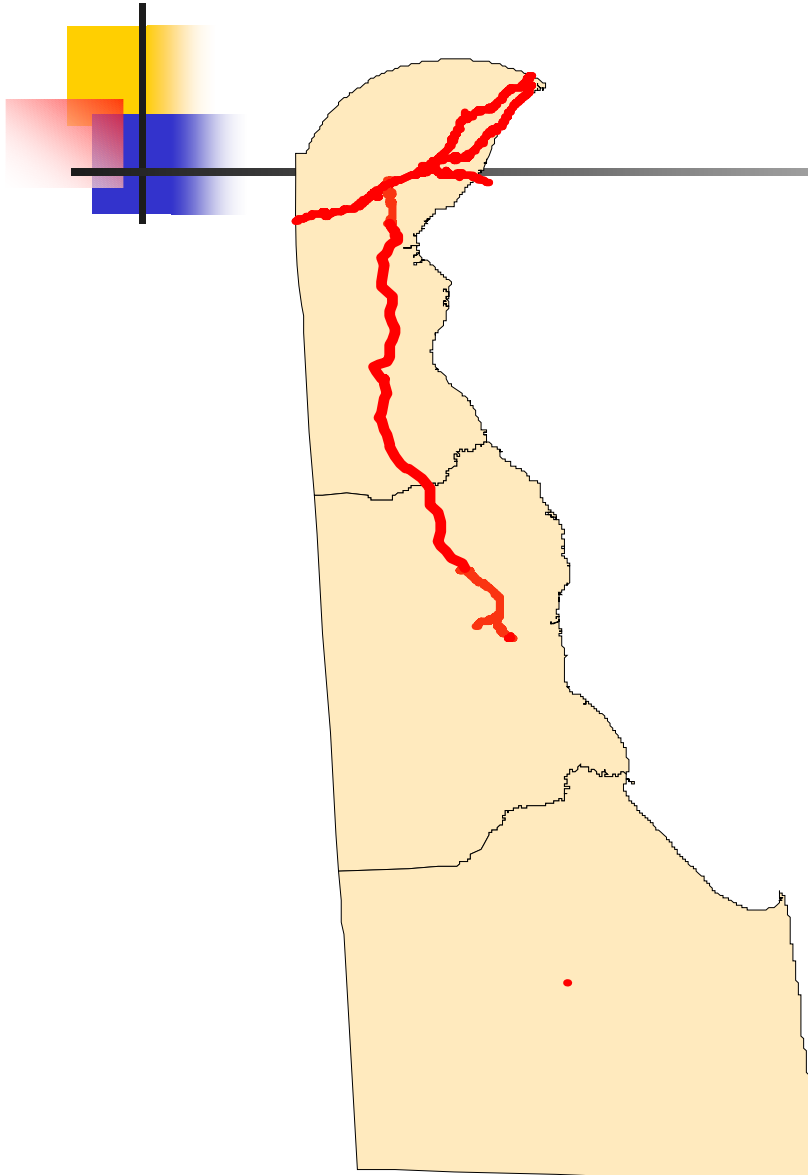
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46	Total Operations	196,100	209,537	214,253	219,385	224,655	230,158	235,815	1,333,804
47									
48	Resources Available for Capital Inv.	\$ 446,287	\$ 269,868	\$ 238,377	\$ 235,904	\$ 190,139	\$ 190,036	\$ 215,506	\$1,280,007
49									
50	Anticipated Capital Program								
51	New Authorizations	534,076	445,503	421,846	395,011	322,022	322,022	322,022	2,228,425
52	Spending	444,430	256,194	226,159	225,290	179,358	179,358	187,858	1,254,216
56									
57	Pay Go Revenue	73,710	56,917	52,093	46,805	49,576	58,306	66,128	329,825
58	Pay Go Percentage	29.1%	39.2%	49.1%	46.8%	49.6%	58.3%	60.9%	50.0%
59	Additional Senior Bonds Test	3.48	3.12	3.00	2.90	2.98	2.92	3.16	
60									
61	Pay Go Revenue = Total Revenues-Debt Service-Total Ops-Fed Reimburse (line 28-39-46-line(19:24))								
62	Pay Go Percentage = Pay Go Revenue / State Capital Spending (line 57/(line 52-line(20:24))								
63	Additional Senior Bonds Test = (Pledged Revenue - Int. Income)/Senior Yrly Debt Service ((line13-line12)/(line 35+line38))								
64	Spending Detail:								
65	State	253,000	145,101	106,140	100,000	100,000	100,000	108,500	
66	Federal & Other	191,430	111,093	120,019	125,290	79,358	79,358	79,358	
67	Line 52 Detail	444,430	256,194	226,159	225,290	179,358	179,358	187,858	



Current Responsibilities

- Roads
- Bridges
- Equipment
- Facilities

Limited Access Highways



386 Lane Miles

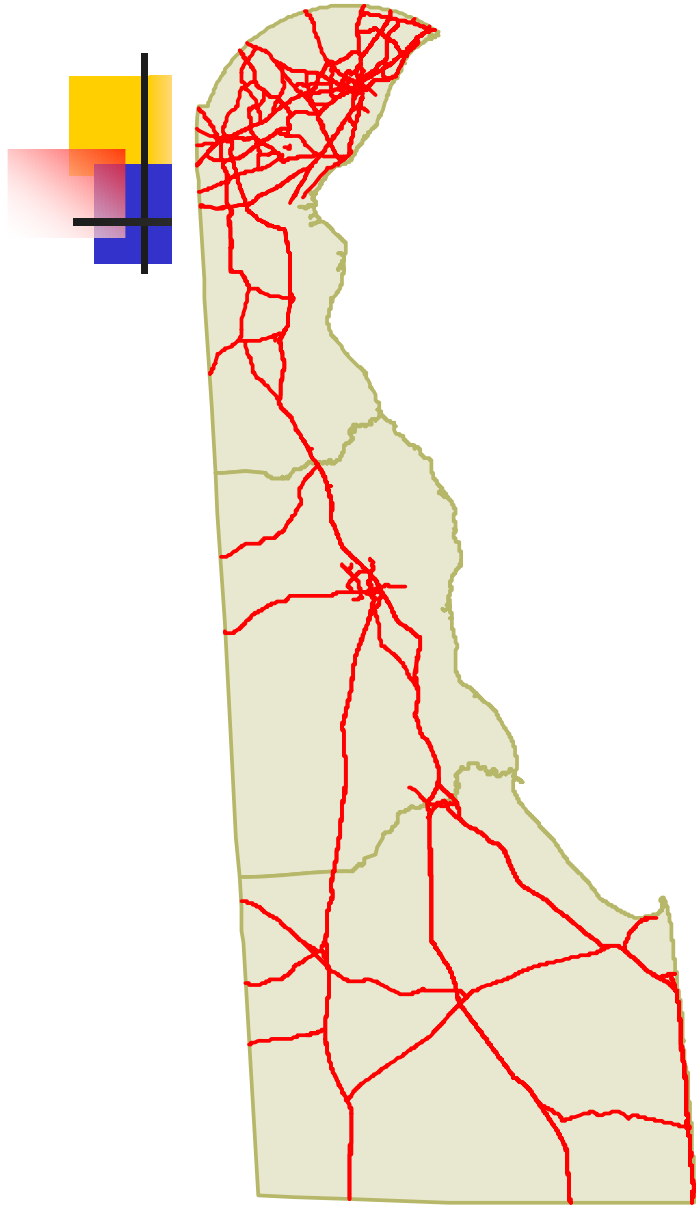
\$5 mil per lane mile - new construction



Arterial Roads

2,024 Lane Miles

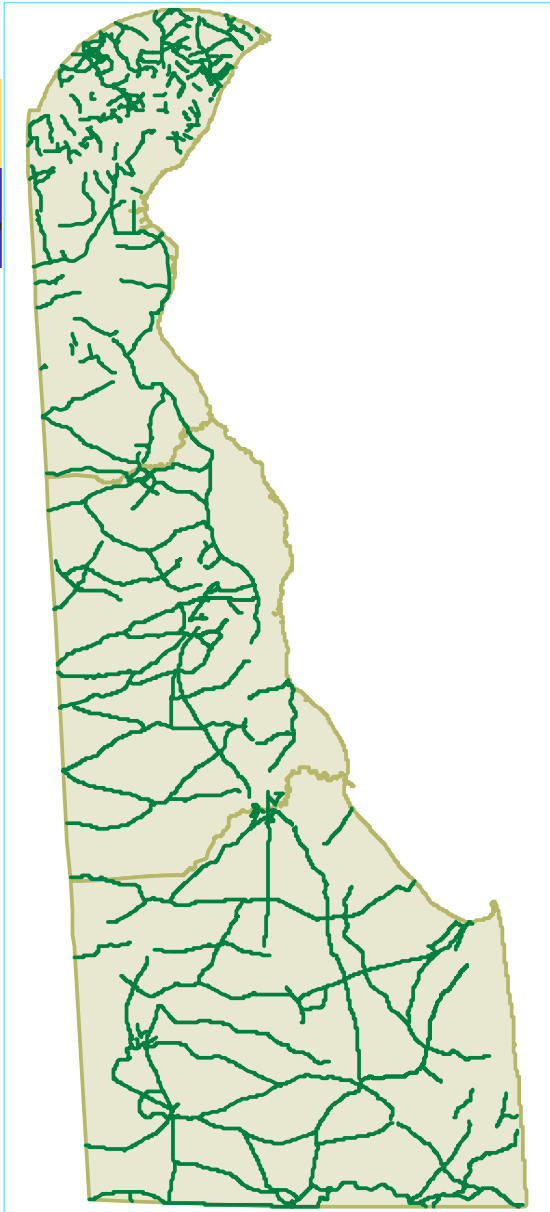
**\$4 mil per lane mile
new construction**



Collector Roads

1,928 Lane Miles

\$2 mil per lane mile new construction



Local and Suburban Roads

8,244 Lane Miles

Locals

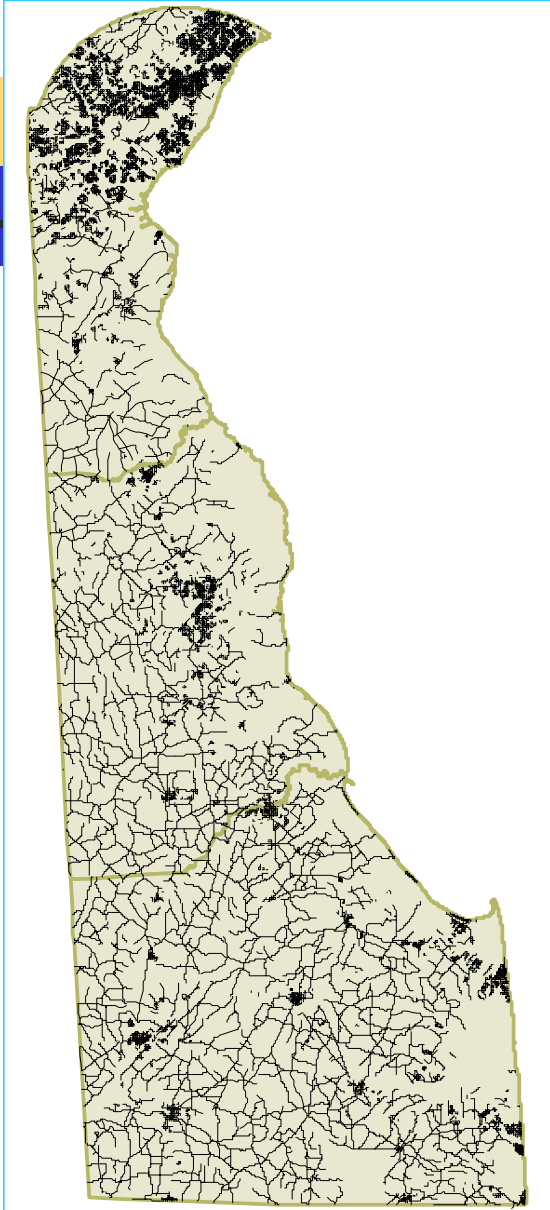
\$1.6 mil per lane mile new construction

\$65k per lane mile resurfacing

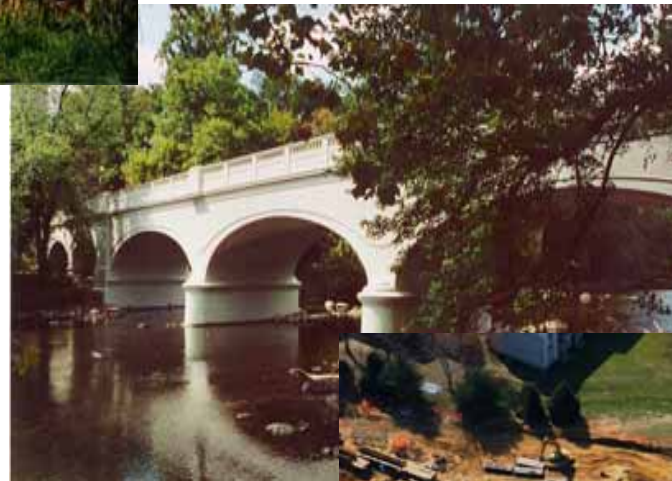
Suburban Streets

\$250k per lane mile new construction

\$120 - \$150k per lane mile resurfacing



Bridges 1,378





Equipment

**2400 Trucks/Maintenance
Equipment**

404 Transit Vehicles

211 Buses

193 Paratransit





Facilities

Headquarters

4 Maintenance Districts

4 DMV Sites

3 Rail Stations

18 Area Yards

8 Transit Operating Centers

134 Other Buildings/Structures

Total - 1.1mil square feet

Total Asset Value:

Roadways:	\$13 bil
Bridges:	\$ 3 bil
Equipment:	\$ 0.2 bil
<u>Facilities:</u>	<u>\$ 0.3 bil</u>
Total:	\$16.5Billion

Covering our Assets...

Roadways:	25 Years	\$520 mil
Bridges:	50 Years	\$ 60 mil
Equipment:	10 Years	\$ 20 mil
Facilities:	30 Years	\$ 10 mil
Total:		\$610 mil

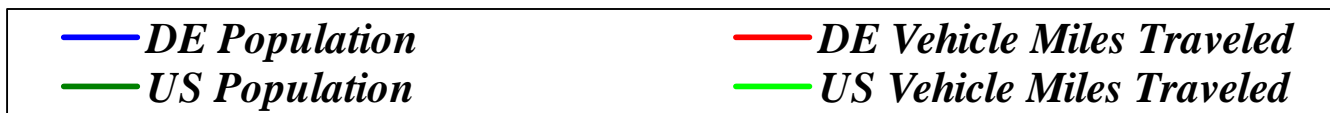
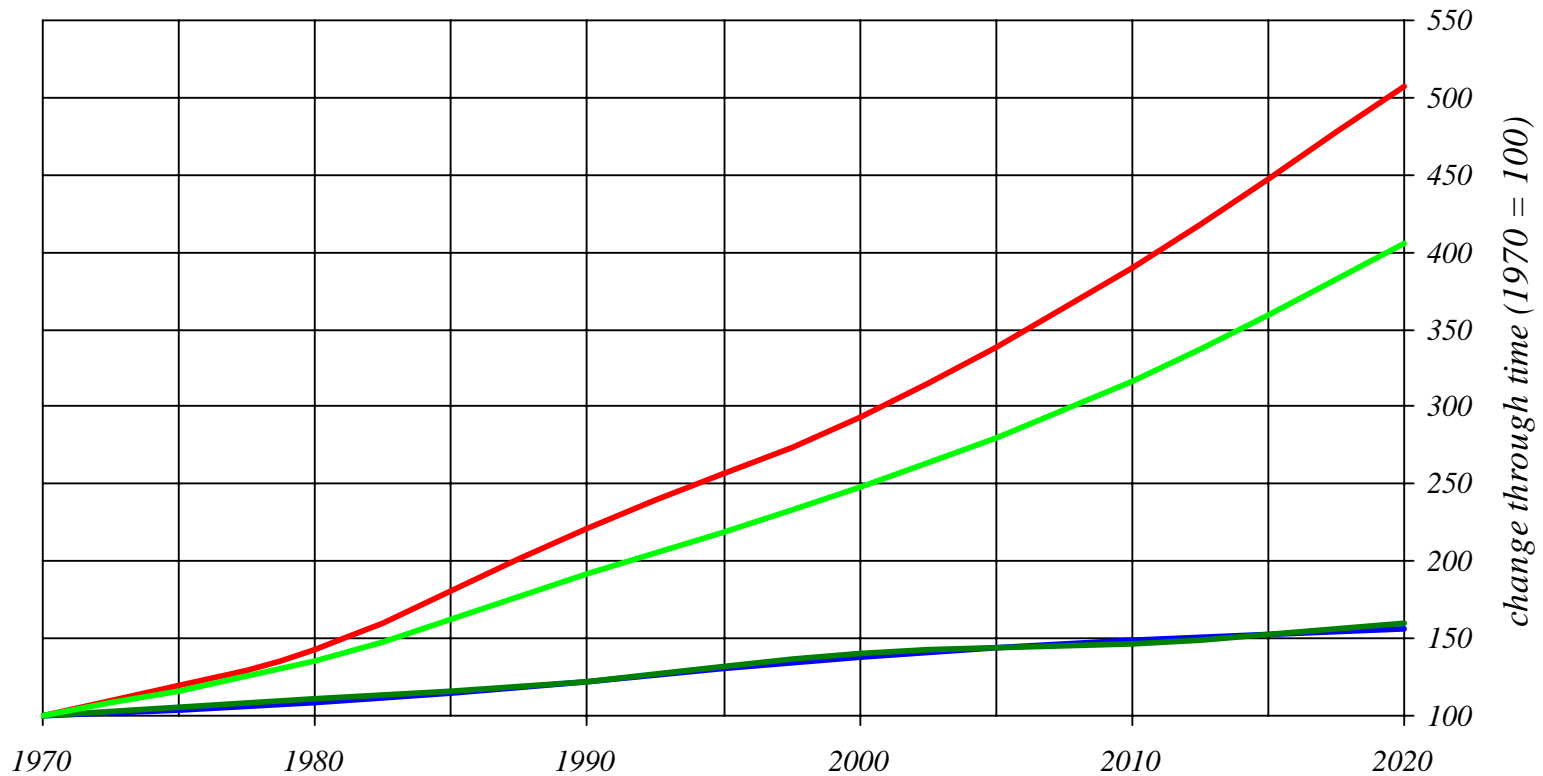


Growth Challenges

- System Demands
- Major Projects



Delaware Vs. National Trends



An aerial photograph of a farm. In the upper left, there are several farm buildings, including a large red barn with a white roof and a smaller red shed. The middle and right portions of the image show a large green field, likely corn. The foreground and left side are dominated by a large, golden-brown field that has been harvested, showing distinct curved tracks from a combine harvester. The text "Changing Landscape" is overlaid in white serif font in the upper right, and "From This..." is overlaid in white sans-serif font in the lower right.

Changing Landscape

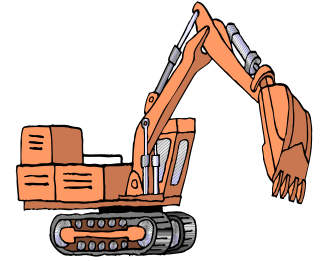
From This...



To This!



Major Projects



- Claymont
- Christina Riverfront
- I-95 Improvements
- US 301 Southern New Castle County
- West Dover Connector
- Dover Civil Air Terminal
- Rehoboth
- Indian River Inlet

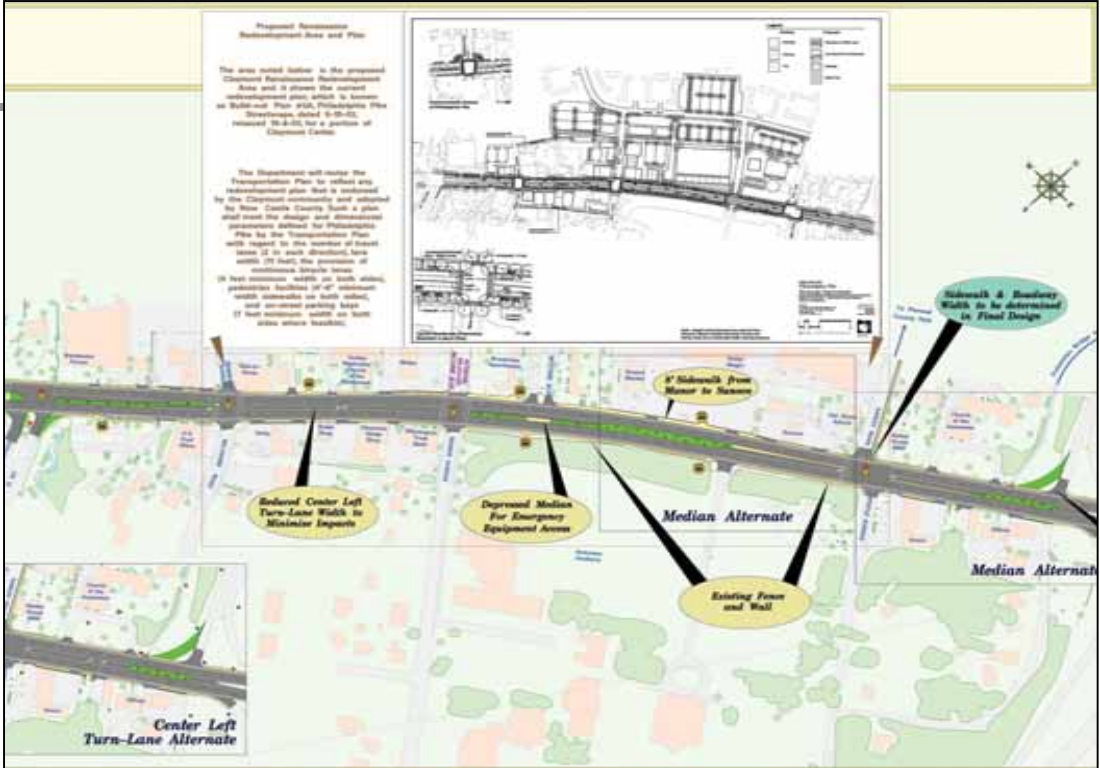
Claymont Area



Claymont



CLAYMONT IMPROVEMENT PLAN

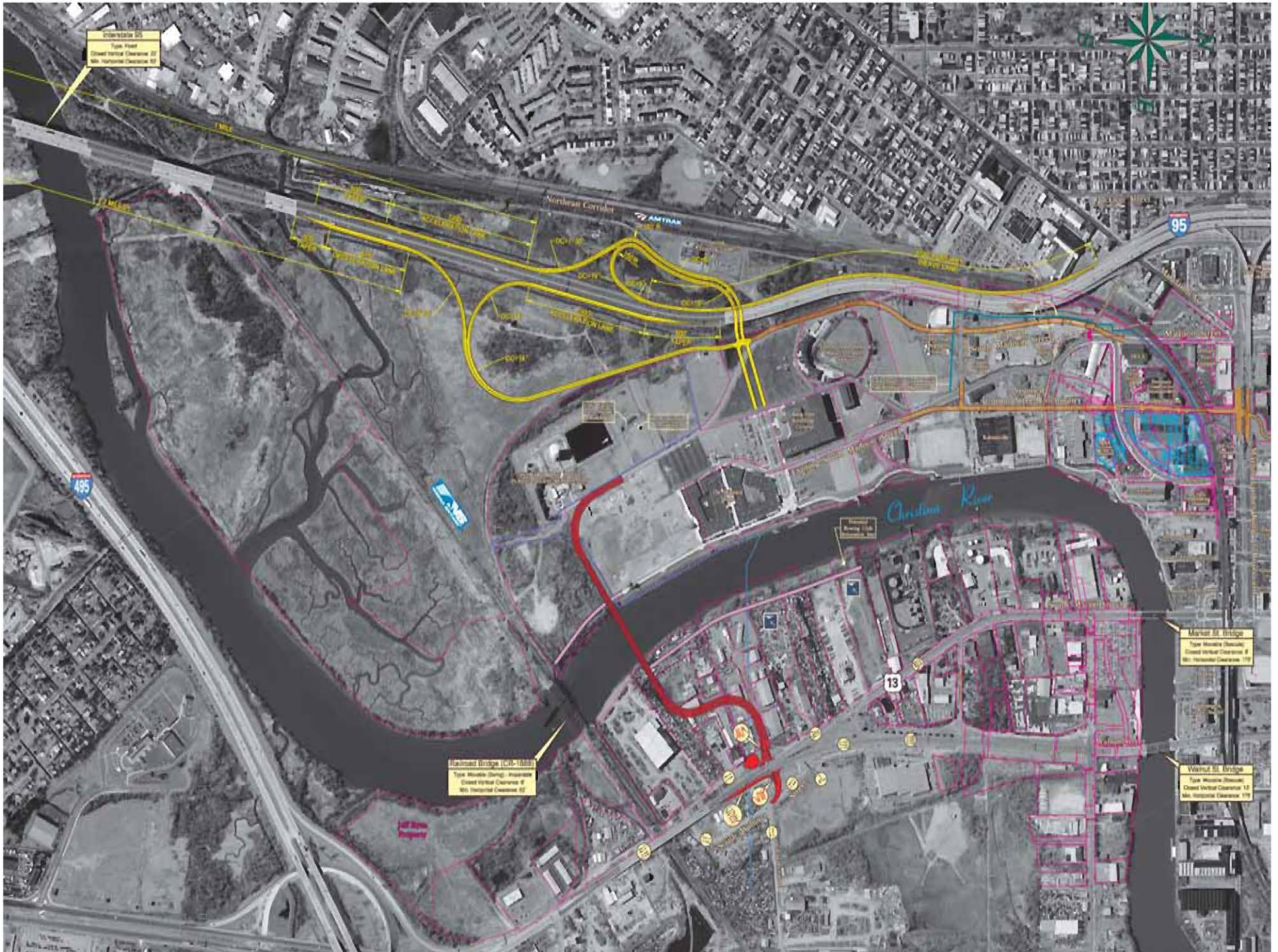


Claymont Transportation Plan

Estimated Cost:
\$7.5mil

Christina Riverfront





Underpass 20
 Type: Road
 Closed Vertical Clearance: 22
 Min. Horizontal Clearance: 80

Huffman Bridge (CR-1000)
 Type: Mobile (Barge), Proprietary
 Closed Vertical Clearance: 8
 Min. Horizontal Clearance: 22

Meyer St. Bridge
 Type: Mobile (Barge)
 Closed Vertical Clearance: 8
 Min. Horizontal Clearance: 110

Ward St. Bridge
 Type: Mobile (Barge)
 Closed Vertical Clearance: 10
 Min. Horizontal Clearance: 110

Northeast Corridor
 AMTRAK

Christian River



I-495

I-95

13

An aerial photograph of a city, likely St. Louis, showing a large highway interchange with multiple lanes and overpasses. In the foreground, a baseball stadium is visible with a green field and a colorful scoreboard. The city skyline is visible in the background with various buildings and a river on the right side.

New Interchange:

\$60Mil

New bridge:

\$14 - \$40Mil

Relocate madison St.:

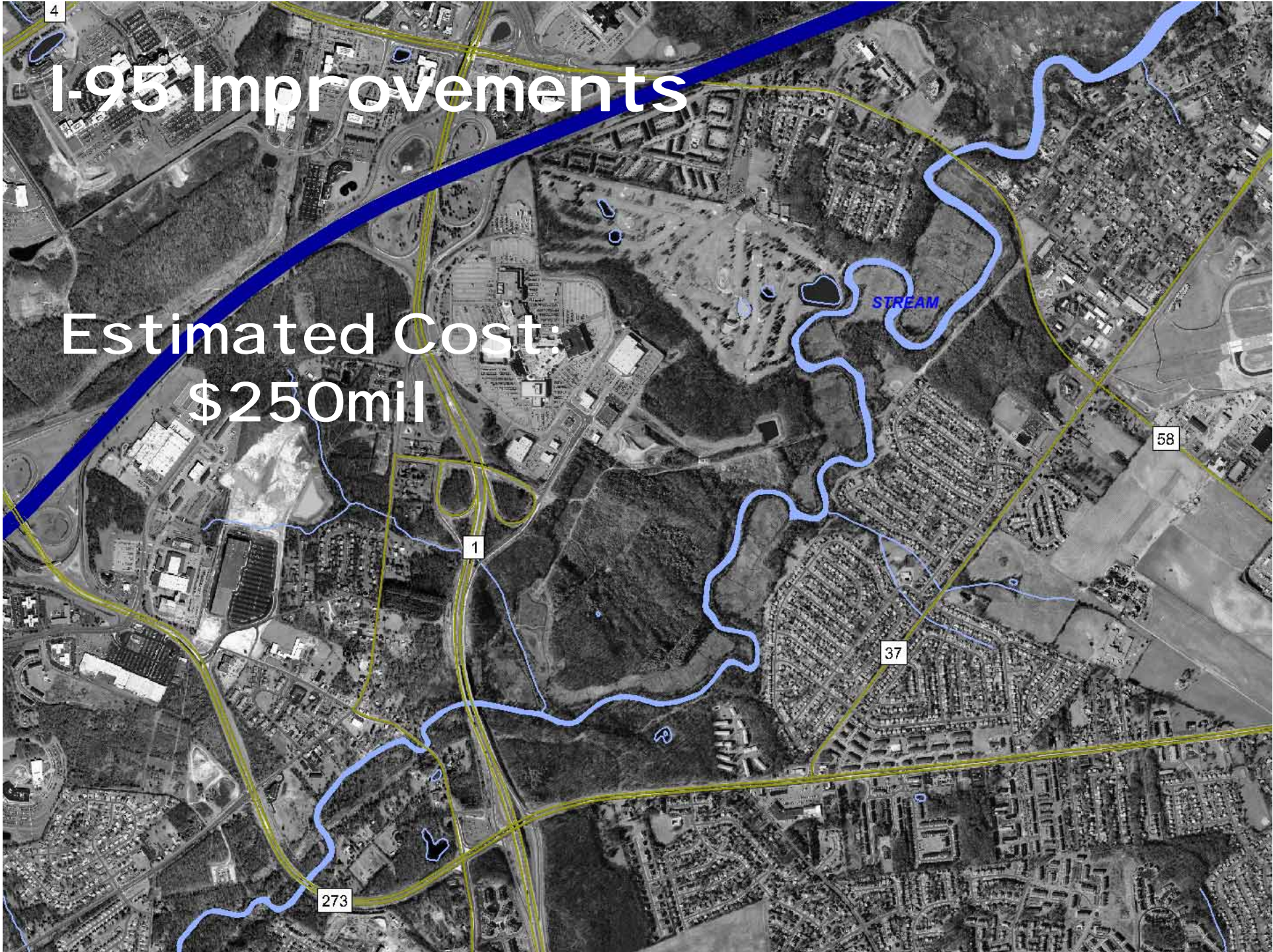
\$9Mil

Estimated Cost:

\$83 - \$109mil

I-95 Improvements

Estimated Cost:
\$250mil



Lane Widening \$47Mil

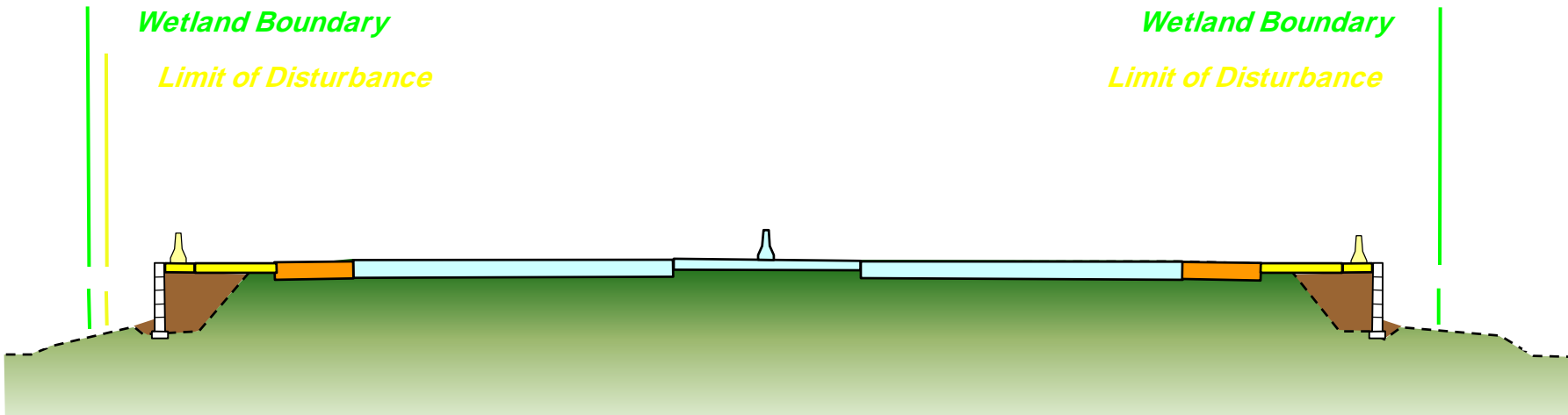


Wetland Boundary

Limit of Disturbance

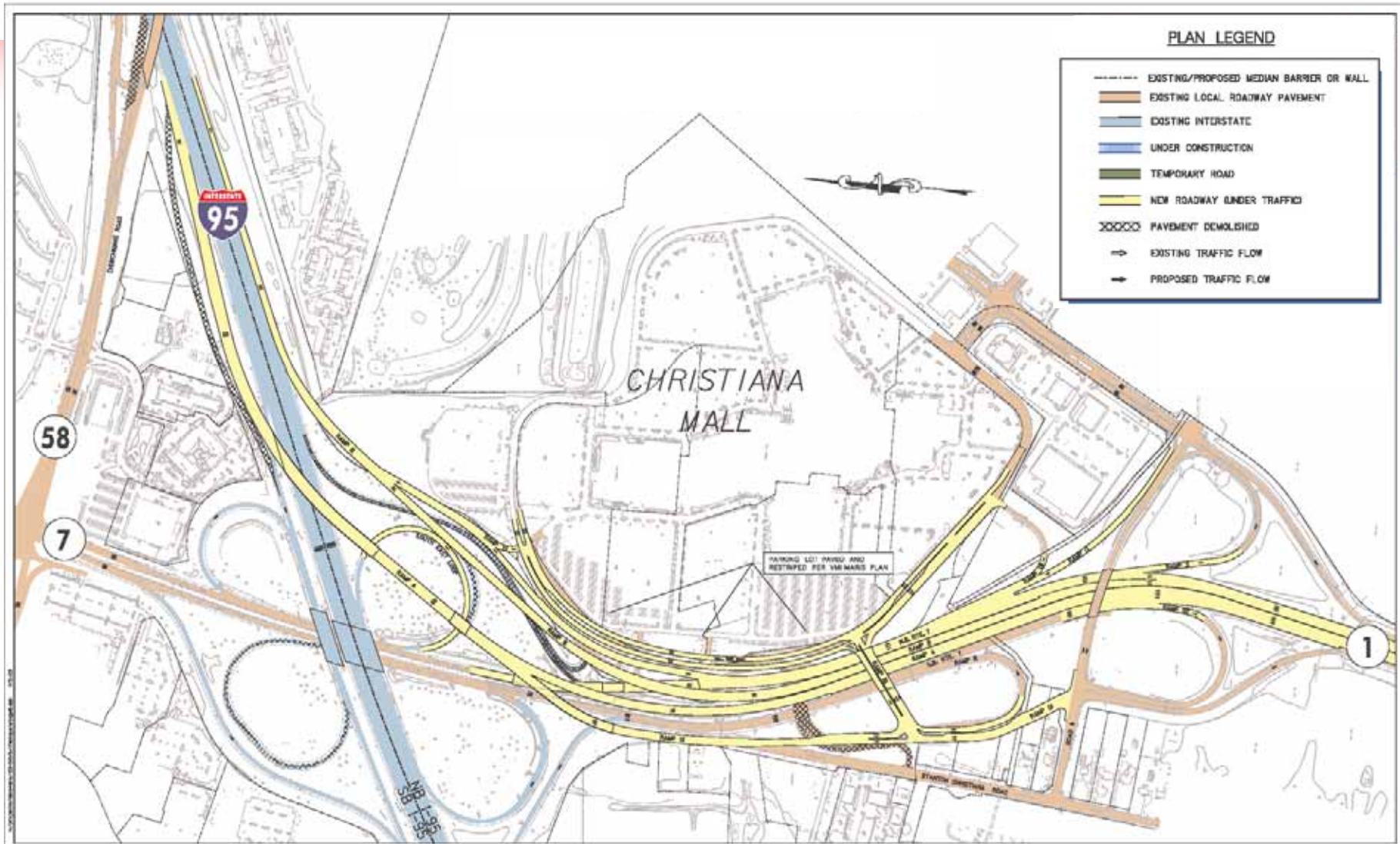
Wetland Boundary

Limit of Disturbance



SR 1 Interchange \$114Mil

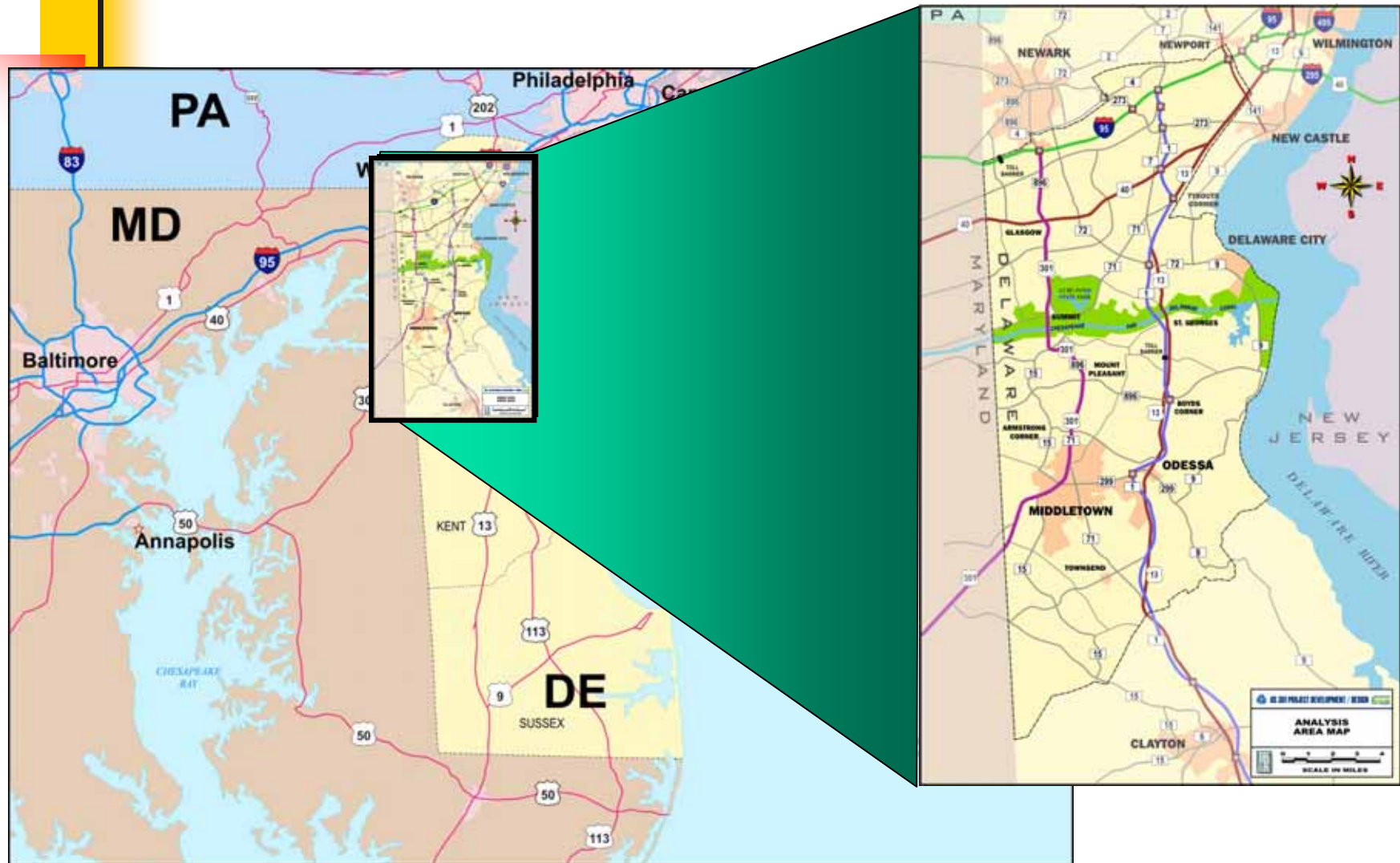
I-95 / SR 1
Interchange



Newark Toll Plaza \$89Mil

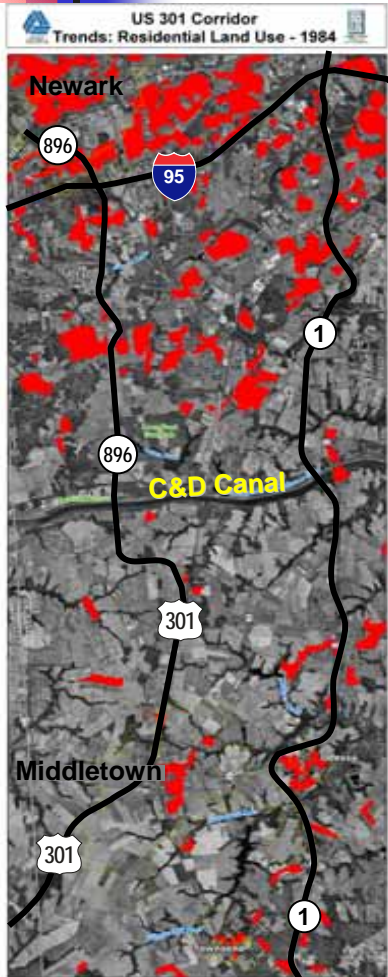


US301 Southern New Castle County

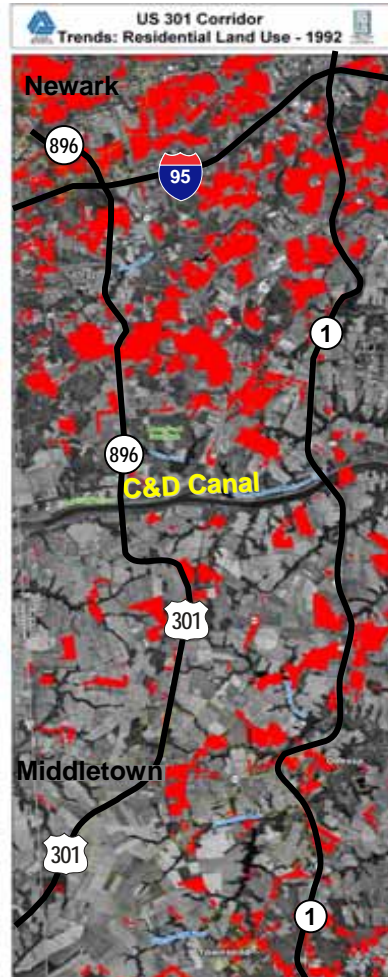


Disappearing Farm Land...

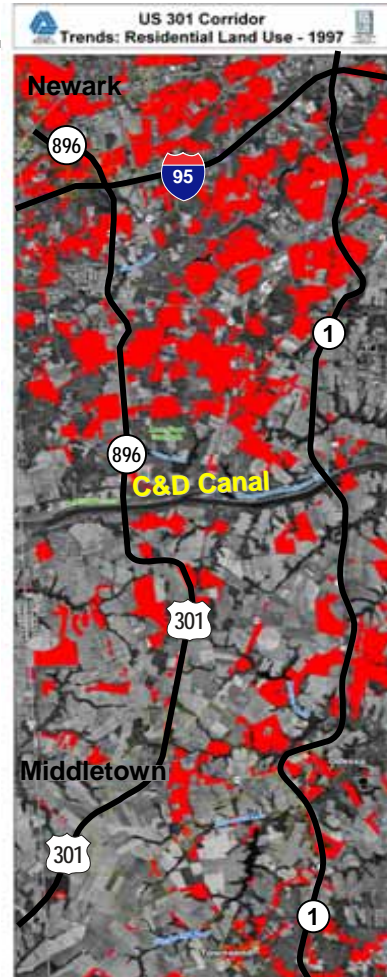
1984



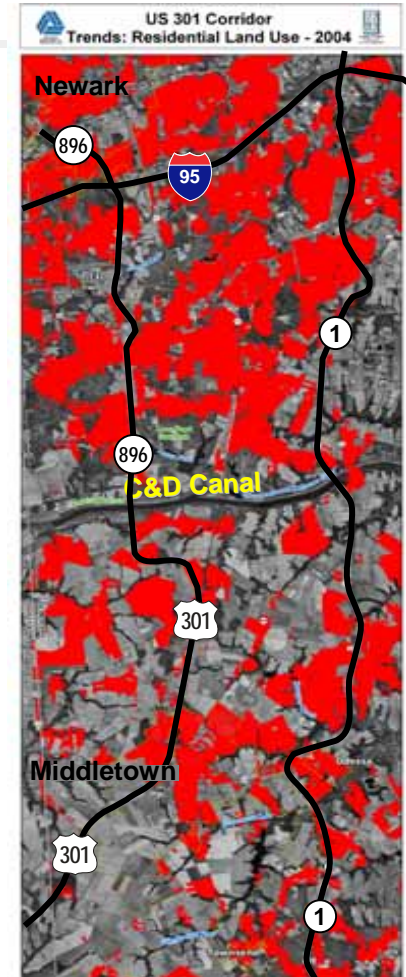
1992



1997



2004



An aerial photograph of a rural landscape in New Castle County, Delaware. The scene shows a mix of green fields, brown plowed earth, and a small town with houses and trees. The sky is clear and blue. The text is overlaid on the top left and bottom center of the image.

US301 Southern New Castle County

Right of Way: \$120Mil

Construction: \$330Mil

Estimated Cost: \$450Mil

West Dover Connector



West Dover Connector

An aerial photograph showing a road that curves through a rural landscape. The road is paved and appears to be a connector between different areas. To the left of the road is a large, green, rectangular field. To the right of the road is a residential area with many houses and some commercial buildings. In the background, there are more fields and a small town or village. The sky is clear and blue.

Estimated Cost: \$35 - \$45 Mil




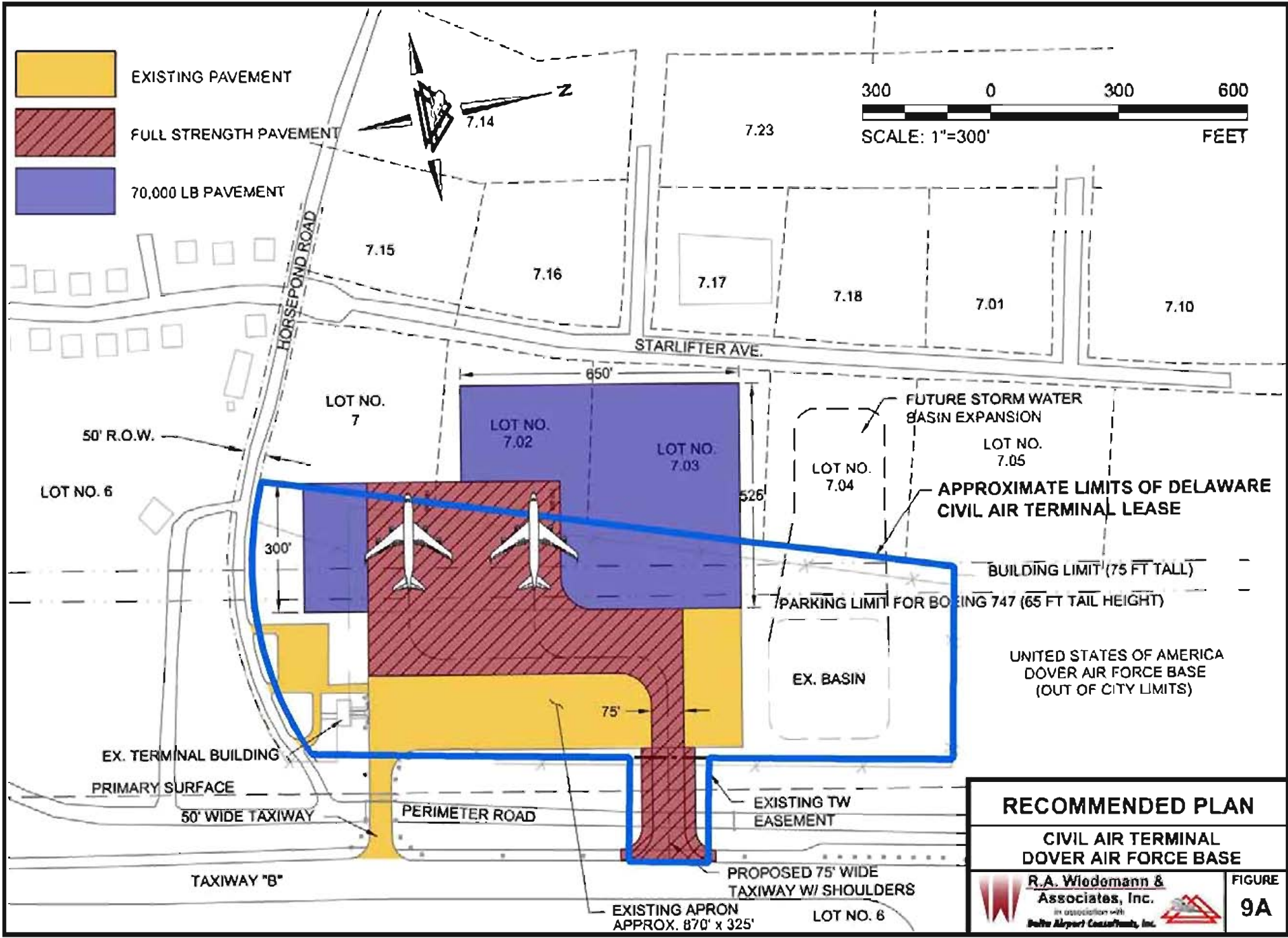
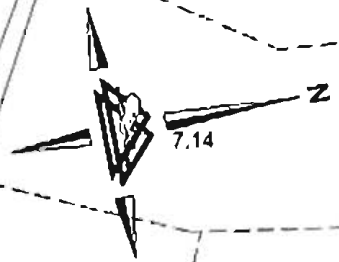
Dover Civil Air Terminal

Air Cargo Improvements: \$4.7Mil

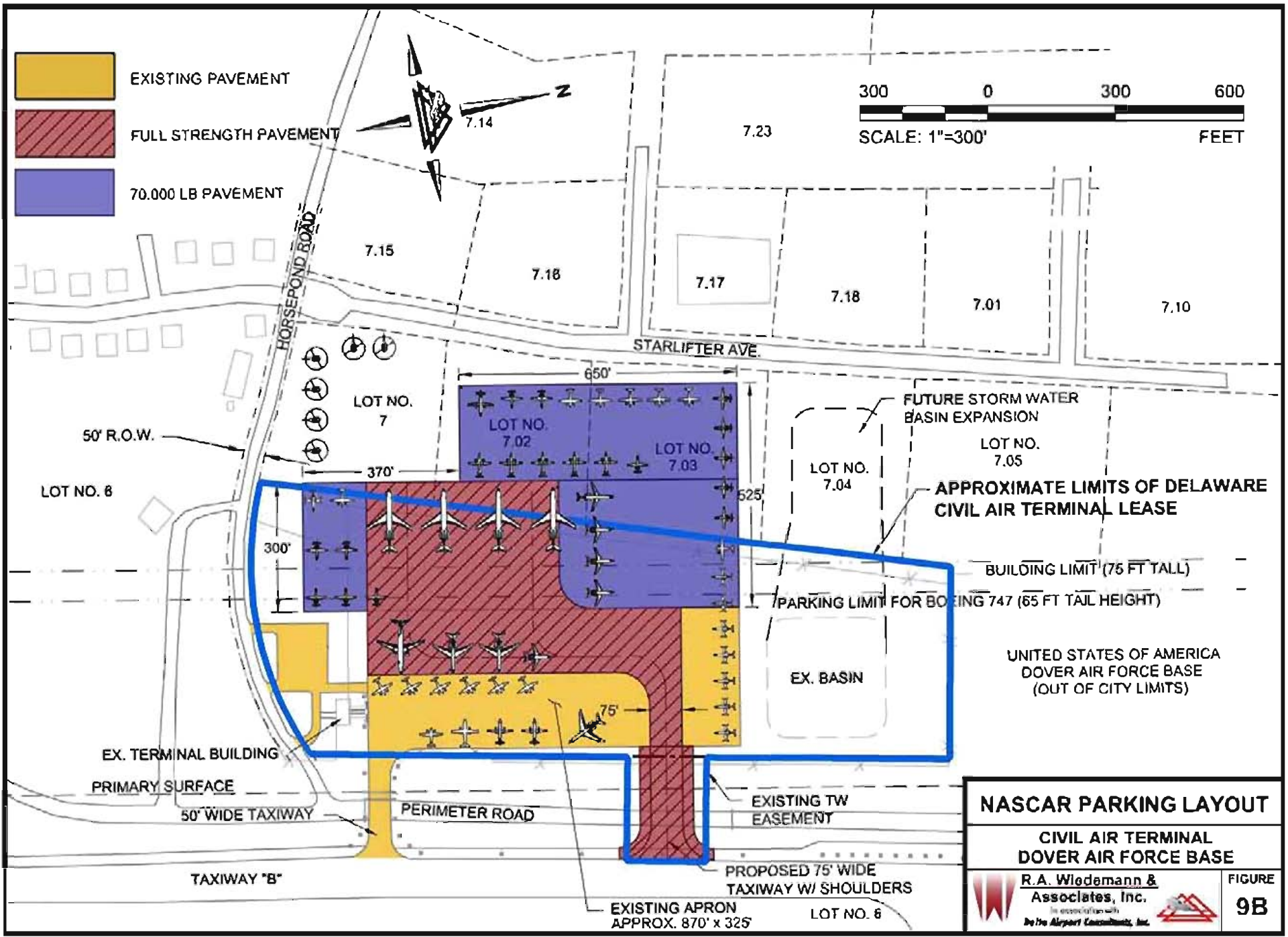
NASCAR Apron: \$2.4Mil

Estimated Cost: \$7.1Mil

-  EXISTING PAVEMENT
-  FULL STRENGTH PAVEMENT
-  70,000 LB PAVEMENT



RECOMMENDED PLAN	
CIVIL AIR TERMINAL DOVER AIR FORCE BASE	
 R.A. Wlodemann & Associates, Inc. <small>in association with</small>  Delta Airport Consultants, Inc.	FIGURE 9A



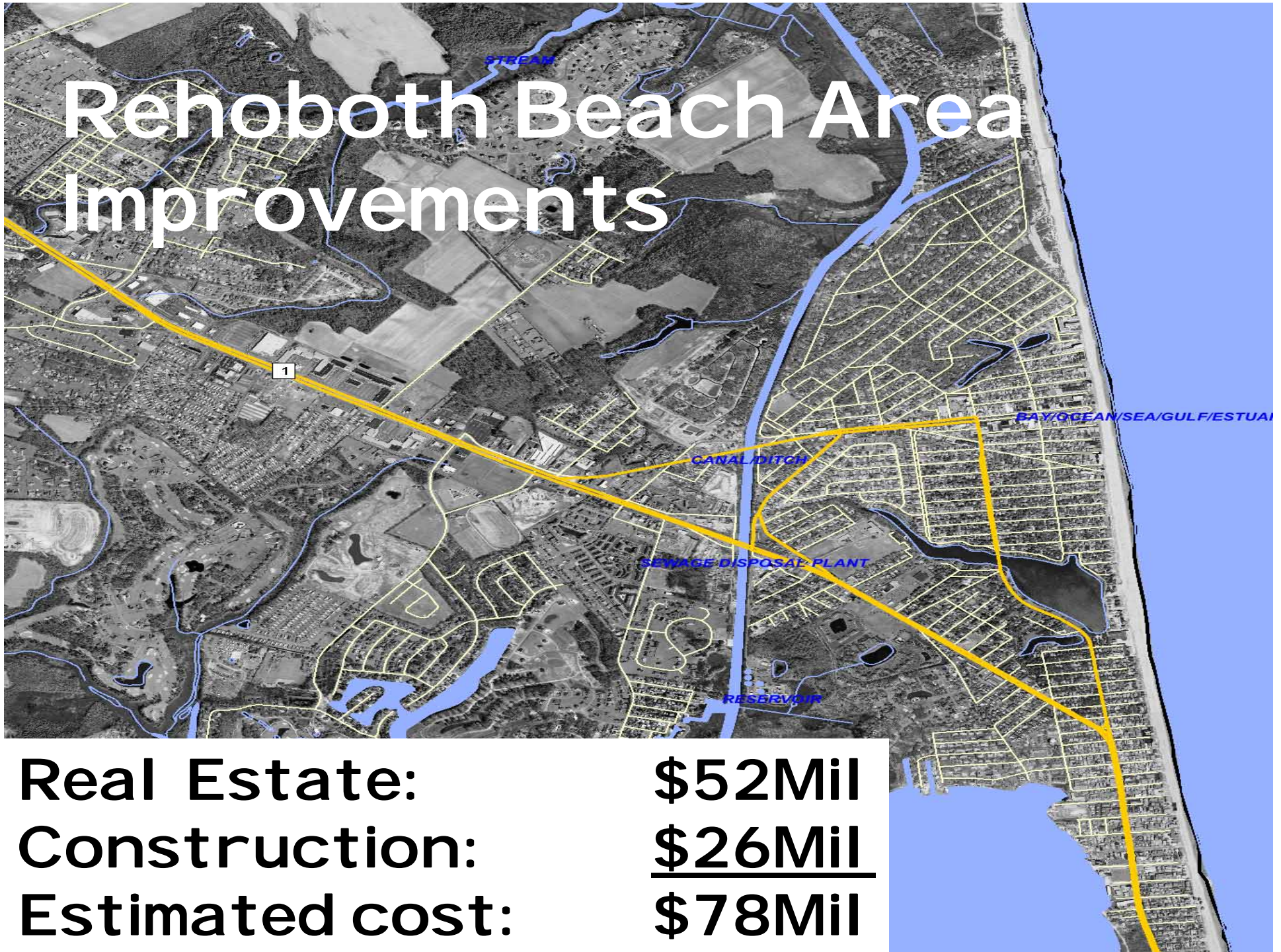
NASCAR PARKING LAYOUT

**CIVIL AIR TERMINAL
DOVER AIR FORCE BASE**

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FIGURE 9B

Rehoboth Beach Area Improvements



Real Estate:	\$52Mil
Construction:	<u>\$26Mil</u>
Estimated cost:	\$78Mil

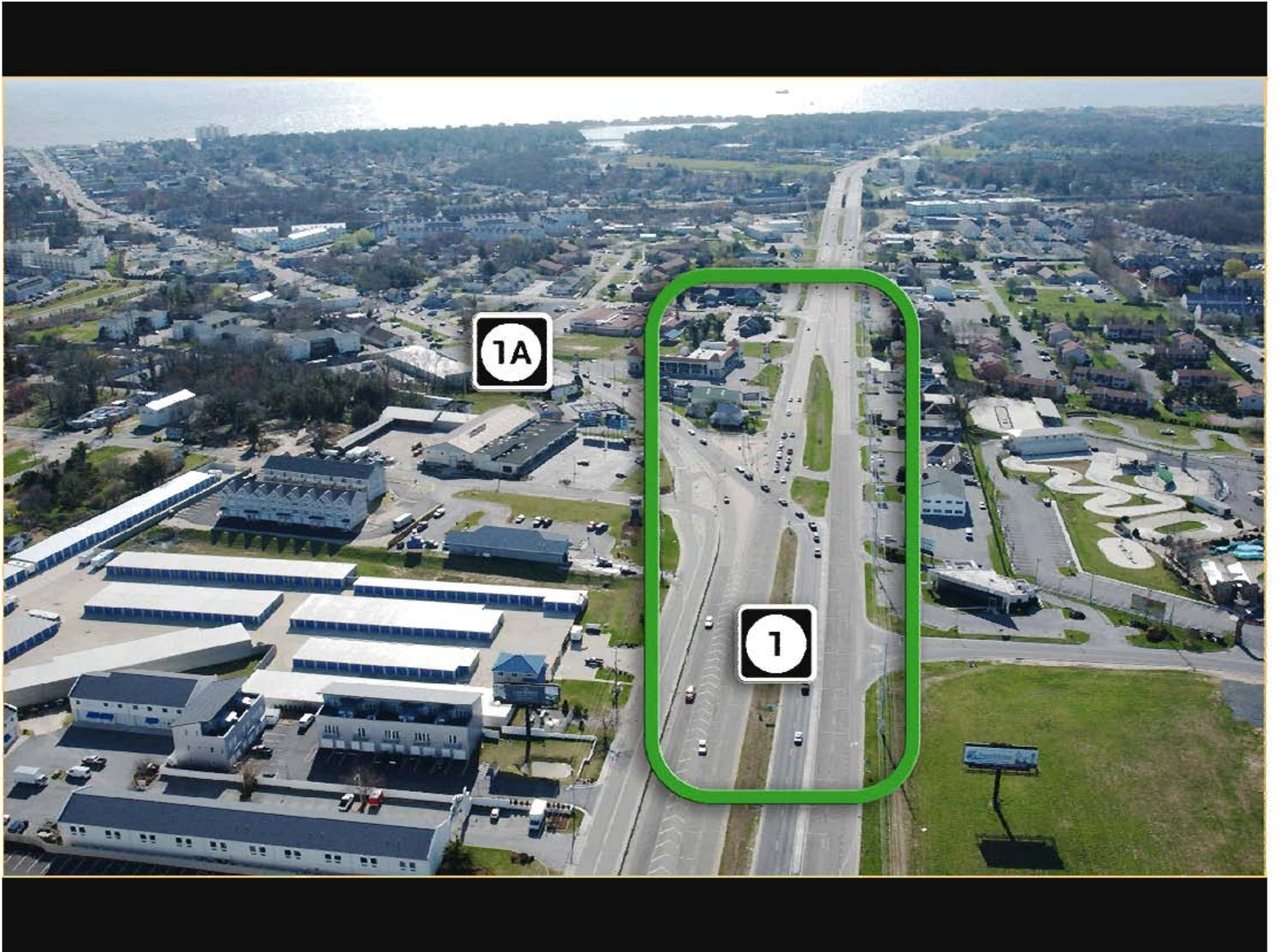
REHOBOTH BEACH ENTRANCE IMPROVEMENTS

LEGEND

- STATE OWNED LANDS
- PARKLANDS
- NATURAL AREAS
- WETLANDS
- SURFACE WATER
- JUNCTION & BREAKWATER TRAIL
- PROPOSED ROADWAY
- PROPOSED ROADSIDE FEATURES
- PROPOSED BRIDGE/OVERPASS
- PROPOSED IMPROVEMENTS BY OTHERS
- TRAVEL LANE
- NATIONAL REGISTER ELIGIBLE PROPERTIES
- POTENTIAL NATIONAL REGISTER ELIGIBLE PROPERTIES



These are examples of possible solutions. No preferred alternative has been selected.



1A

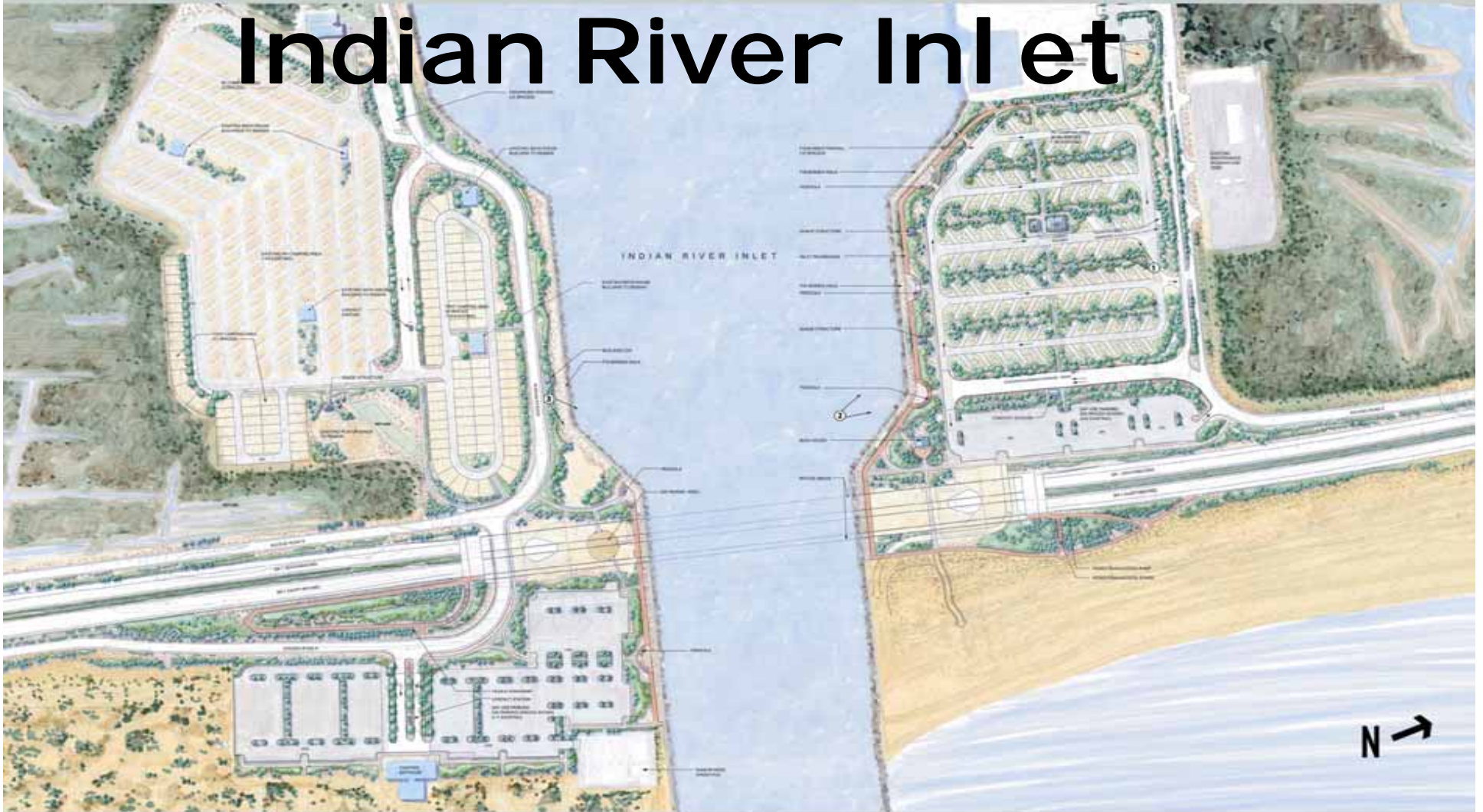
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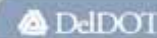


FINAL PARK MASTER PLAN

Indian River Inlet



DELAWARE SEASHORE STATE PARK



Indian River Inlet
REPLACEMENT OF BRIDGE 3-04C SPANNER THE INDIAN RIVER INLET
- SUSSEX COUNTY, DE
BRIDGE

A Celebration Of A Community's Vision In Harmony With Nature

www.indianriverinletbridge.com



Inlet Promenade looking east



Roadways: \$ 86Mil

Bridge: \$ 121Mil

Park: \$ 18Mil

Demolition: \$ 4Mil

Estimated cost: \$229Mil



Financial Condition

- Revenue Trends
- Cost Pressures

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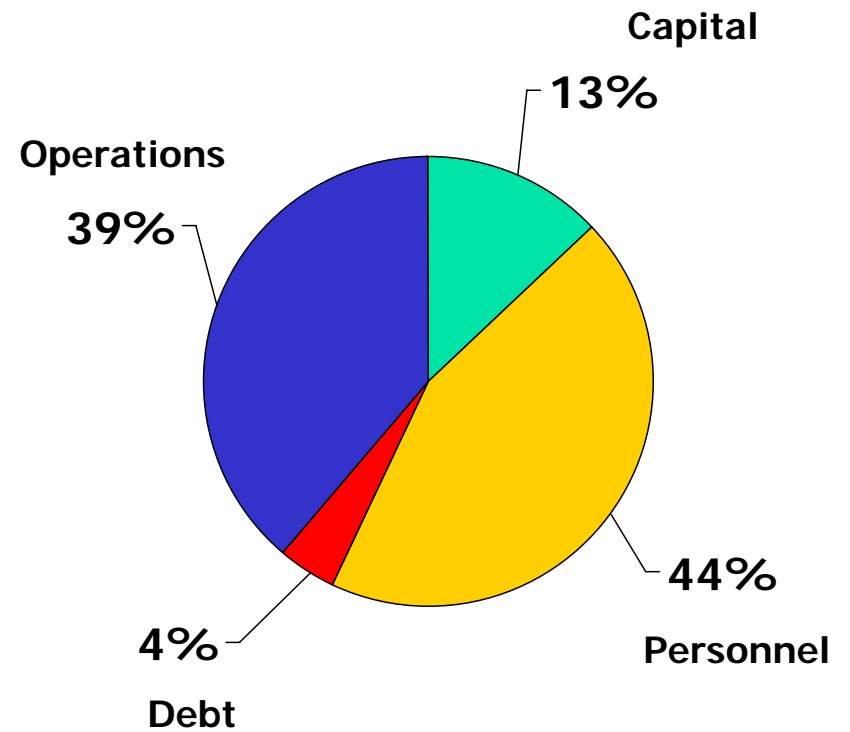
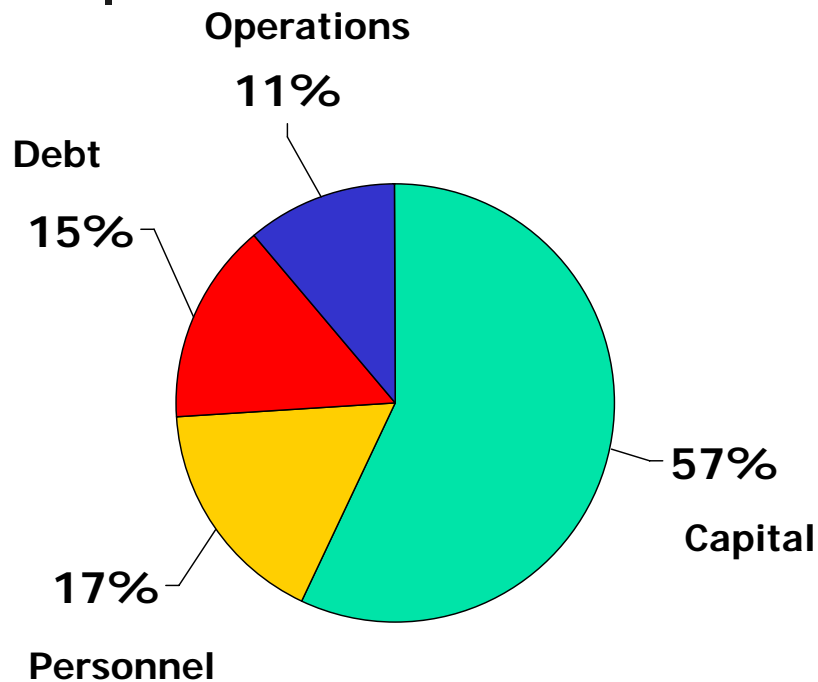
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46	Total Operations	196,100	209,537	214,253	219,385	224,655	230,158	235,815	1,333,804
47									
48	Resources Available for Capital Inv.	\$ 446,287	\$ 269,868	\$ 238,377	\$ 235,904	\$ 190,139	\$ 190,036	\$ 215,506	\$1,280,007
49									
50	Anticipated Capital Program								
51	New Authorizations	534,076	445,503	421,846	395,011	322,022	322,022	322,022	2,228,425
52	Spending	444,430	256,194	226,159	225,290	179,358	179,358	187,858	1,254,216
56									
57	Pay Go Revenue	73,710	56,917	52,093	46,805	49,576	58,306	66,128	329,825
58	Pay Go Percentage	29.1%	39.2%	49.1%	46.8%	49.6%	58.3%	60.9%	50.0%
59	Additional Senior Bonds Test	3.48	3.12	3.00	2.90	2.98	2.92	3.16	
60									
61	Pay Go Revenue = Total Revenues-Debt Service-Total Ops-Fed Reimburse (line 28-39-46-line(19:24))								
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64	Spending Detail:								
65	State	253,000	145,101	106,140	100,000	100,000	100,000	108,500	
66	Federal & Other	191,430	111,093	120,019	125,290	79,358	79,358	79,358	
67	Line 52 Detail	444,430	256,194	226,159	225,290	179,358	179,358	187,858	



Between FY 1996 – 2005:

- General Fund + 72%
- Transportation Trust Fund + 37%
- If TTF Growth = GF Growth
- Then 2005 TTF Revenue = +\$131Mil

TTF Budget vs. GF Spending



Estimate FY 2005

Cost Pressures



CPI 2000 – 2005 = 12.9%

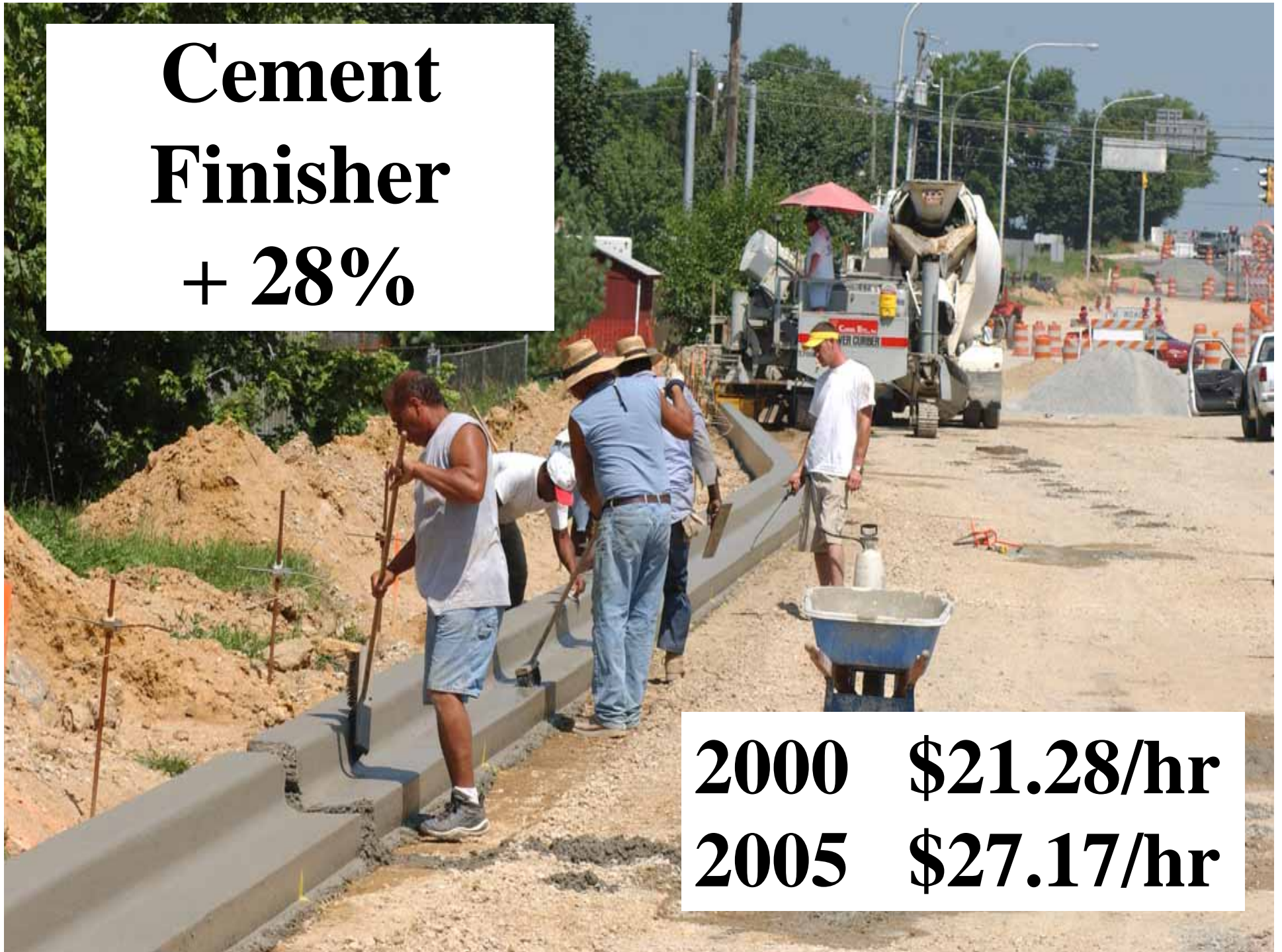


Equipment Operator + 12%

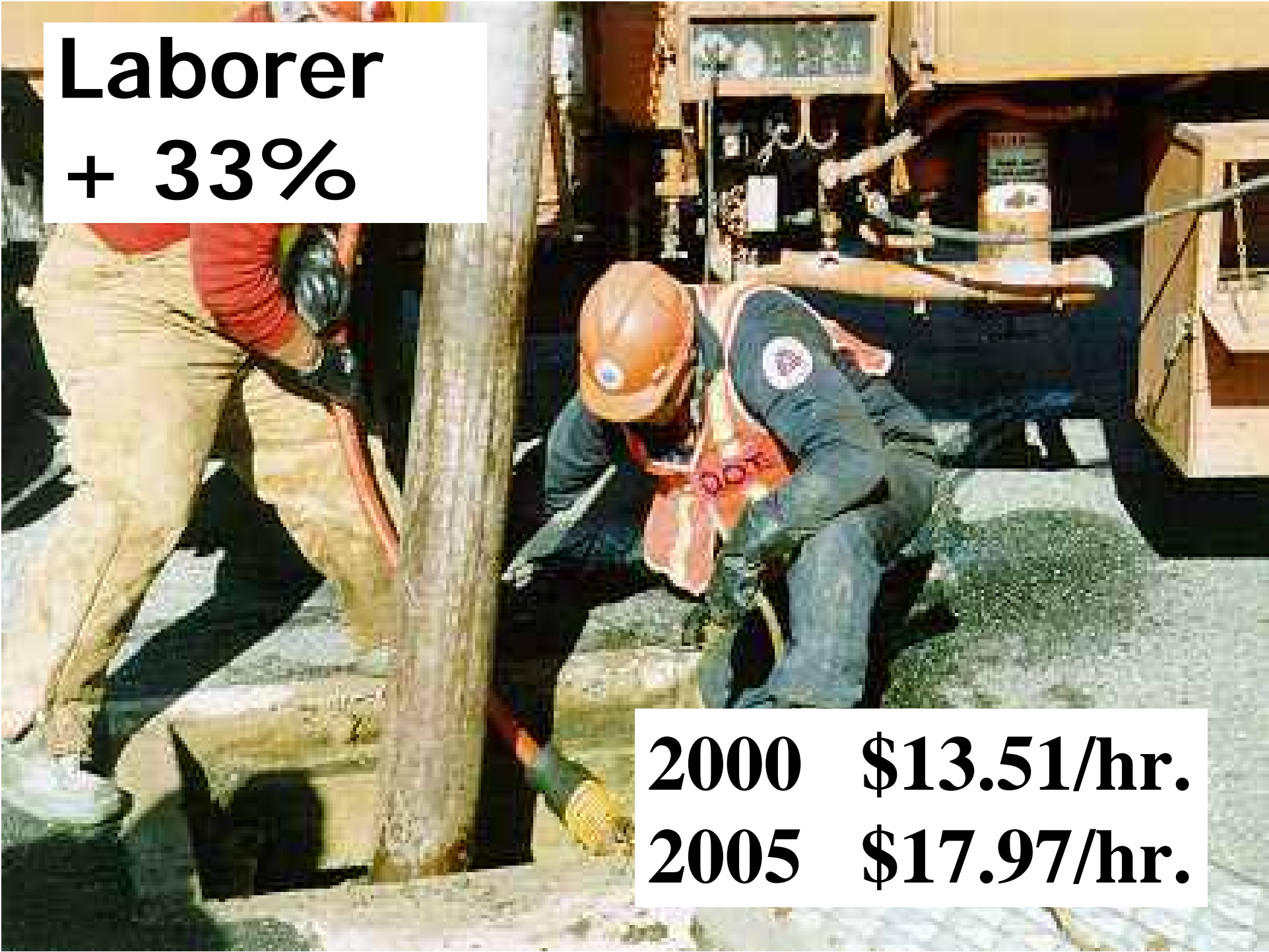


2000	\$21.35/h
2005	\$23.95/h

Cement Finisher + 28%

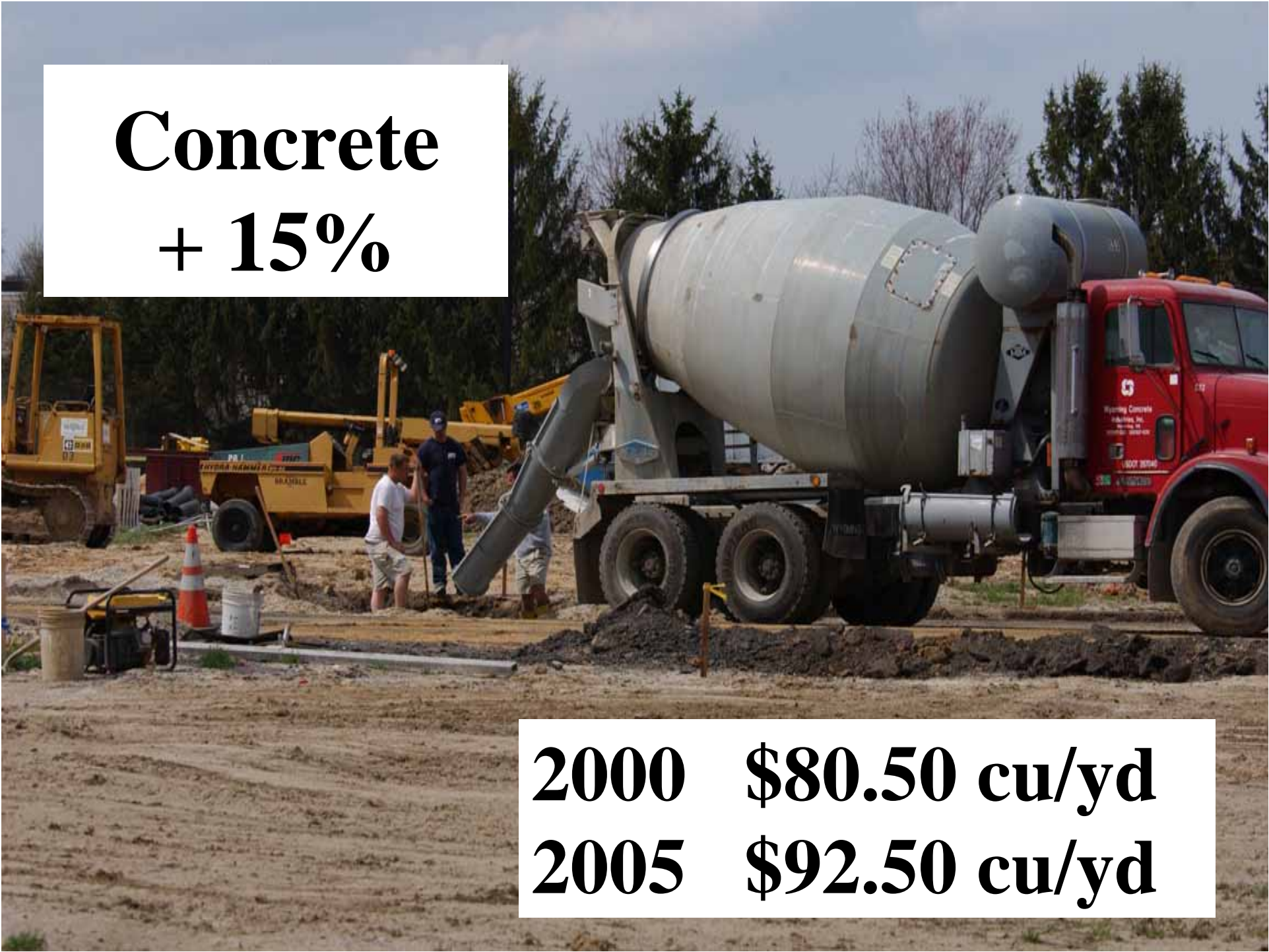


2000	\$21.28/hr
2005	\$27.17/hr



**Laborer
+ 33%**

2000	\$13.51/hr.
2005	\$17.97/hr.

A photograph of a construction site. A large red concrete mixer truck is the central focus, with its grey rotating drum tilted. Several workers in work clothes are standing around the truck, and a concrete chute is positioned to pour concrete into a prepared area on the ground. In the background, there are yellow construction vehicles, including a backhoe loader, and a line of trees under a clear sky. The scene is set on a dirt and gravel surface.

Concrete + 15%

2000	\$80.50 cu/yd
2005	\$92.50 cu/yd

Hot Mix + 28%



2000	\$35.07/Ton
2005	\$44.90/Ton

**Fuel
+ 46%**

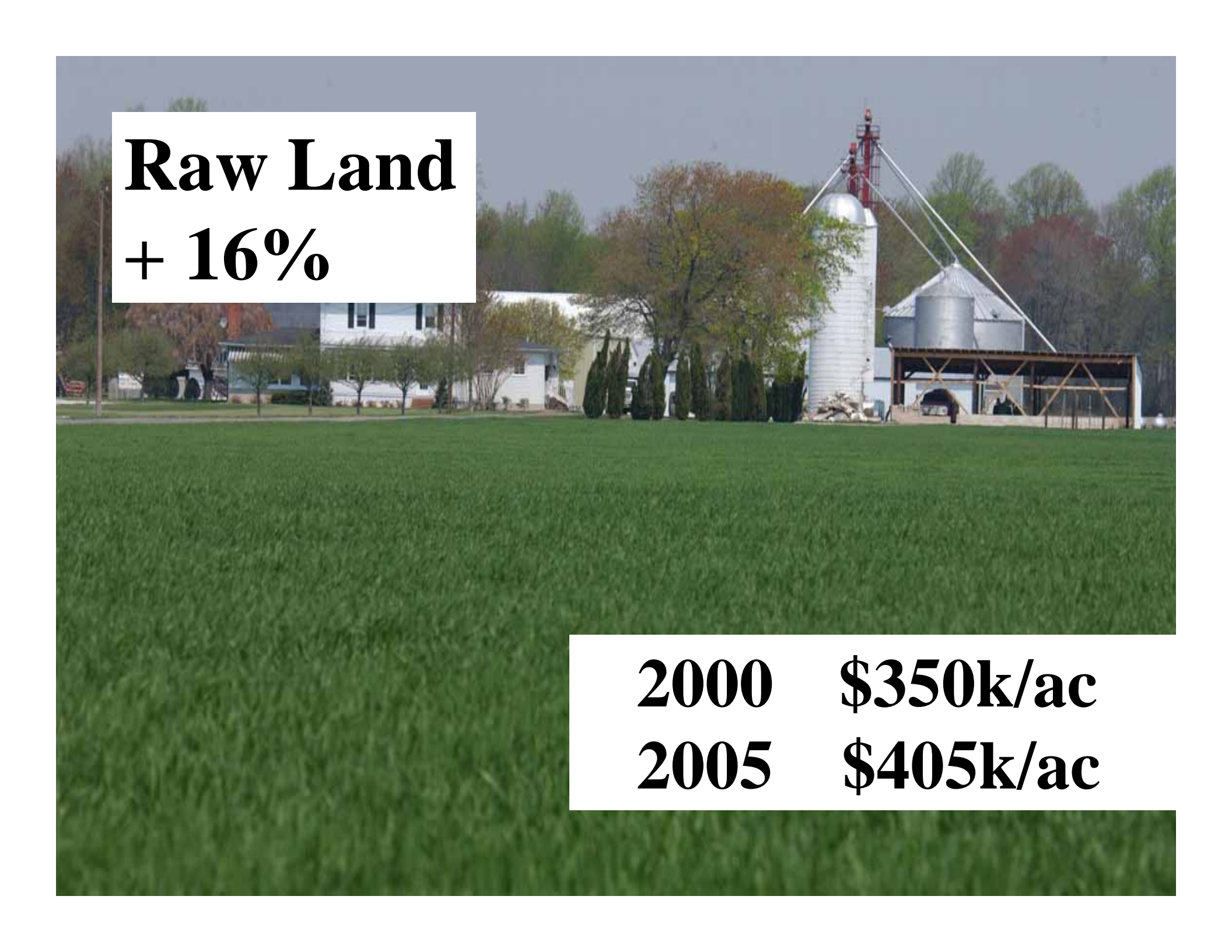


2000	\$142/tank
2005	\$221/tank

A photograph of a construction site showing a concrete slab being prepared. The slab is covered with a grid of rebar (steel reinforcement) held up by plastic chairs. Two workers are visible in the background, one in a blue shirt and green cap, and another in a white shirt and red cap. The scene is outdoors, with a dirt area and some vegetation in the distance.

**Steel
+ 100%**

2000	\$0.85/lb
2005	\$1.70/lb



**Raw Land
+ 16%**

2000	\$350k/ac
2005	\$405k/ac



Commercial Land + 25%

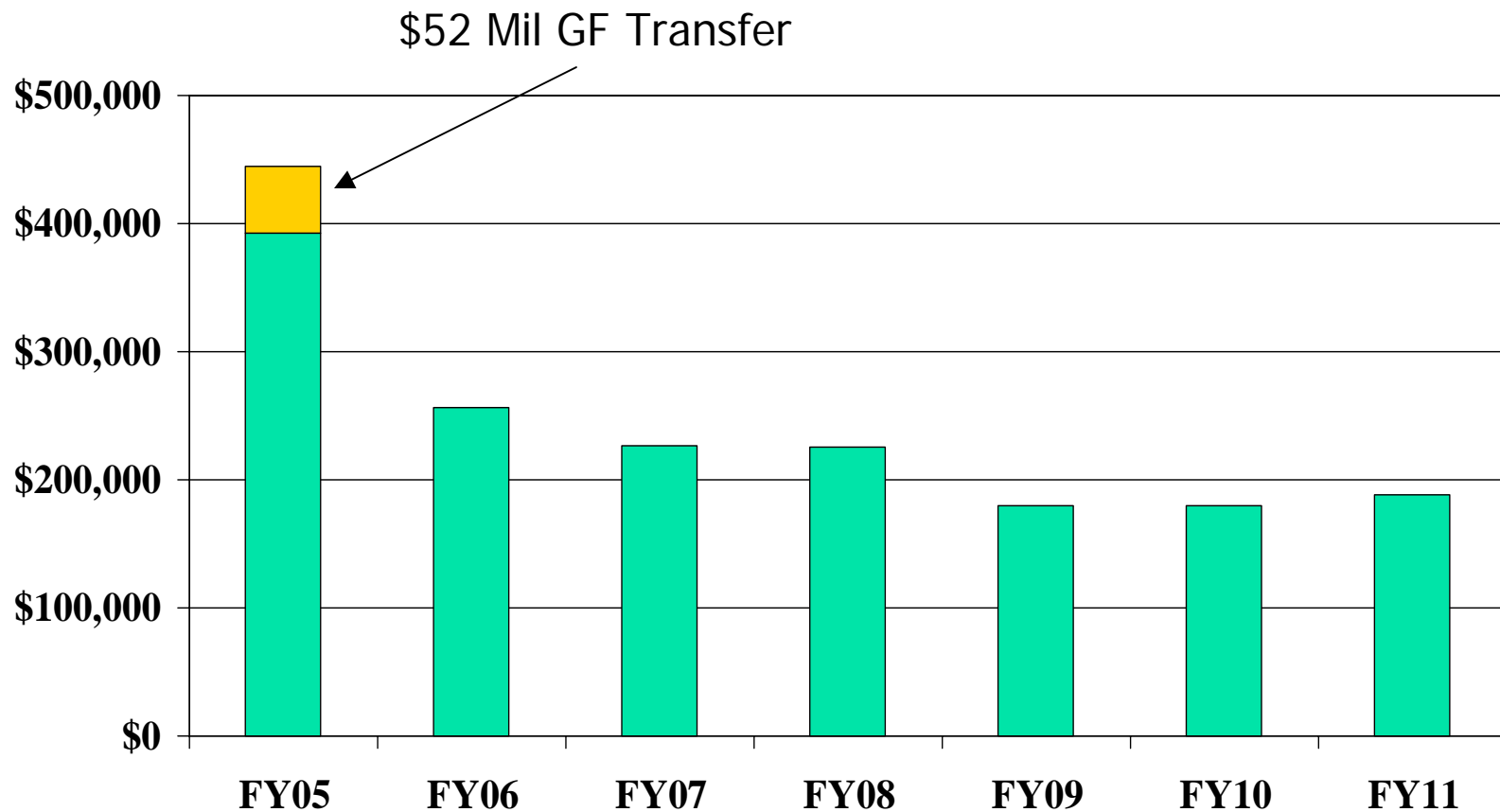
2000	\$520k/ac
2005	\$650k/ac



Remedies

- Cut Projects

Transportation Trust Fund Projected Spending (\$000)



Financial Plan FY 2005 - 2011

Bond Bill Financial Plan – April DEFAC

(in 000s)

	A	K	L	M	N	O	P	Q	R
1									
2									
3									
4									TOTAL
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2006-2011</u>
33	Debt Service								
34	DTA Bonds	96,492	106,774	112,122	116,843	115,295	105,941	98,867	655,843
37	State G.O. Bonds	546	672	852	605	648	615	582	3,974
38	Port of Wilmington	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>	<u>12,702</u>
39	Debt Service	99,155	109,564	115,091	119,565	118,060	108,673	101,566	672,519
40									
41	Resources Net of Debt Service	\$ 642,387	\$ 479,405	\$ 452,630	\$ 455,289	\$ 414,794	\$ 420,194	\$ 451,321	\$2,613,811
42									
44	Department Operations	125,699	135,686	138,237	140,838	143,488	146,190	148,945	853,384
45	Delaware Transit Corp. Operations	<u>70,401</u>	<u>73,851</u>	<u>76,016</u>	<u>78,548</u>	<u>81,167</u>	<u>83,968</u>	<u>86,870</u>	<u>480,420</u>
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Remedies

- Cut Projects
- Leverage Existing Revenue



Change the Pay/Go

Leverage Factor	6 Year Increase
50/50 Spend	N/A
60/40 Spend	+ \$ 66 Mil
70/30 Spend	+ \$132 Mil
80/20 Spend	+ \$198 Mil
90/10 Spend	+ \$264 Mil



Remedies

- Cut Projects
- Leverage Existing Revenue
- **Raise New Revenue**



Raise New Revenue ?!

Gas Tax	+ \$0.05	\$ 25 Mil
DMV Doc Fees	+ 2.0%	\$ 48 Mil
DMV Reg Fees	+ \$20	\$ 22 Mil
I-95 Tolls	+ 30%	\$ 20 Mil
Rt 1 Tolls	+ 30%	\$ 10 Mil
DART Fees	+ 30%	\$ 5 Mil
Total		\$130 Mil



Remedies

- Cut Projects
- Leverage Existing Revenue
- Raise New Revenue
- **Reallocate General Funds**



General Funds

- Permanent Escheat Increase to Permit Additional Borrowings
- FY 06 Stop-Gap Supplement (\$50-\$100Mil)



Remedies

- Cut Projects
- Leverage Existing Revenue
- Raise New Revenue
- Reallocate General Funds
- **Rely on Increased Federal Funds**



Federal Funds

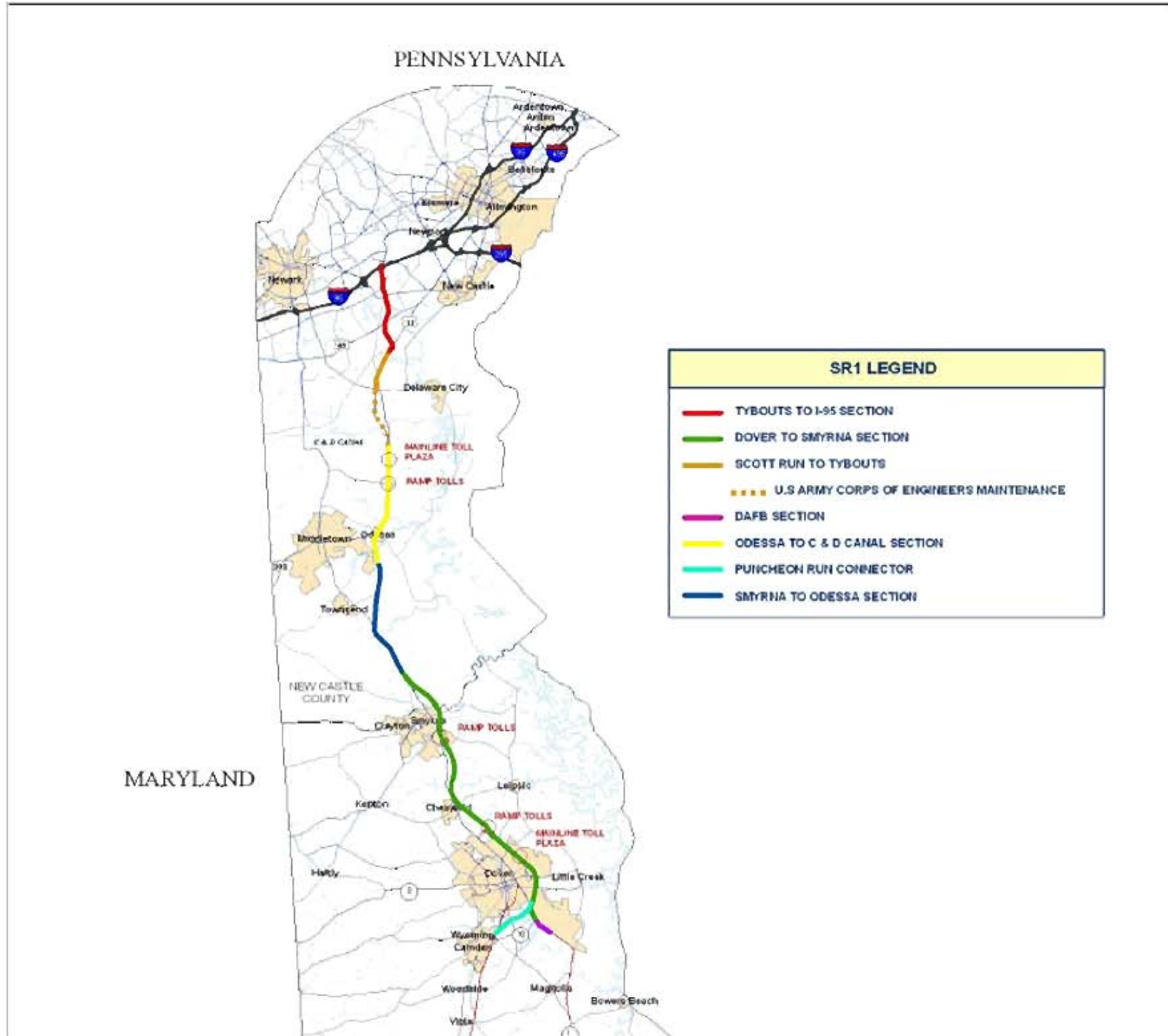
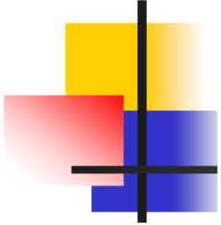
- Current Apportionment/Earmarks - \$110Mil
- Continuing Congressional Impasse
- Uncertain Future
 - Overall Funding Levels
 - Donor/Donee States
- Death of Amtrak?



Remedies

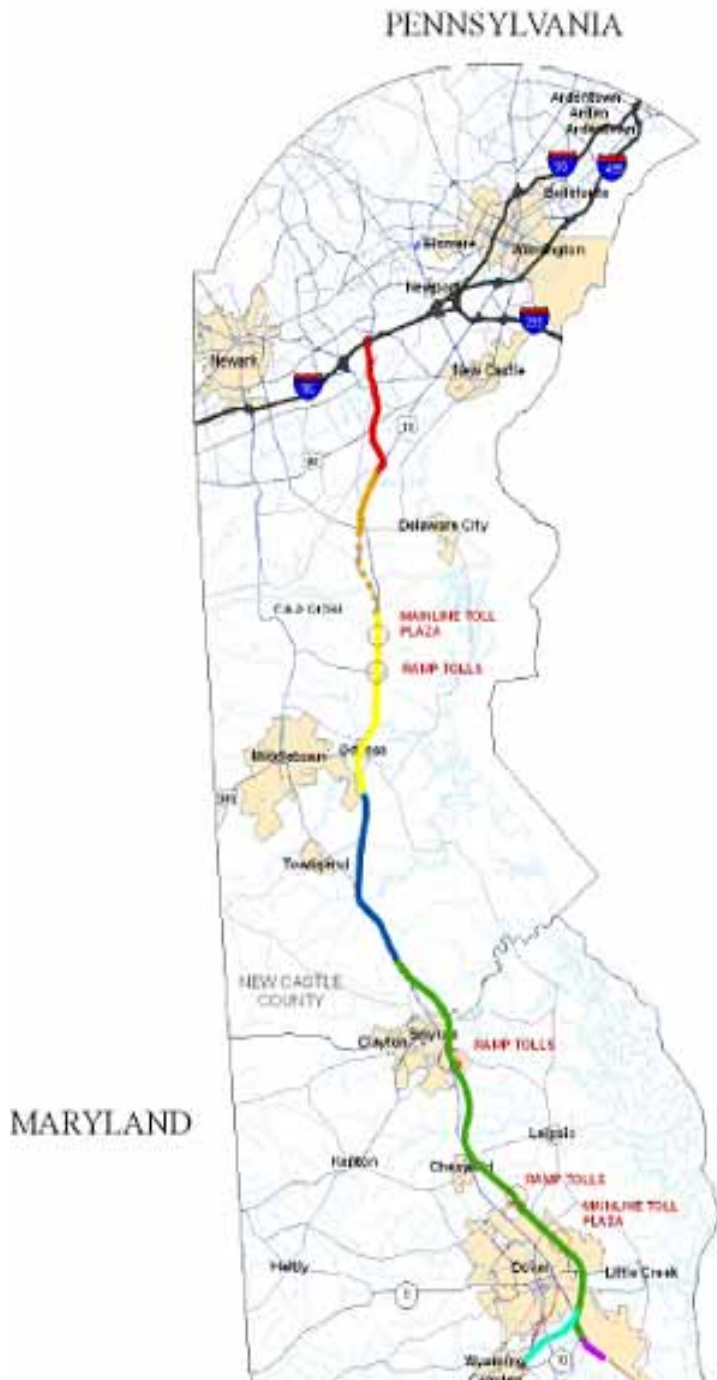
- Cut Projects
- Leverage Existing Revenue
- Raise New Revenue
- Reallocate General Funds
- Rely on Increased Federal Funds
- **Seek Private Investment**

DELAWARE STATE ROUTE 1

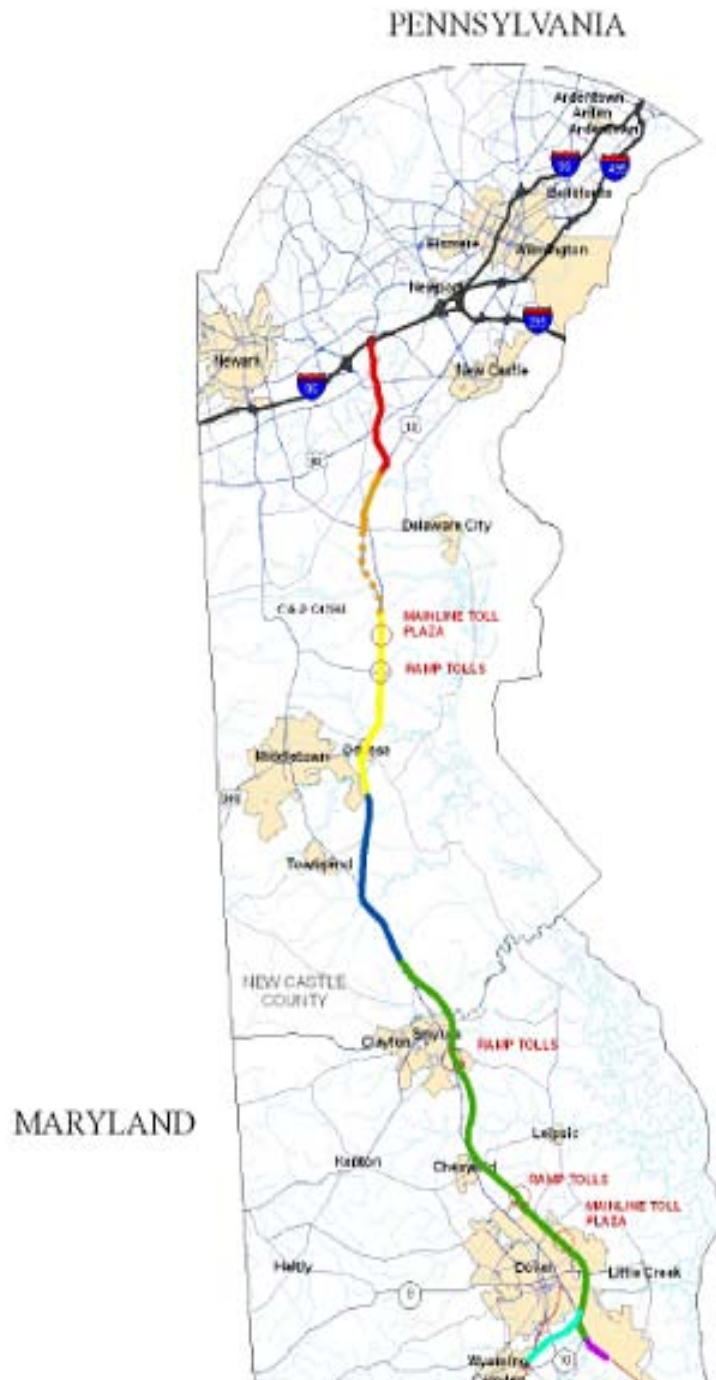


Strategic Alternative for State Route 1

- Long-Term Lease Agreement with Specialized, Highly Skilled Investors and Operators
- World-Wide Investors now Bidding for Rights to Share in Public Infrastructure
 - Toll Roads
 - Airports
 - Bridges
- Investment Managers Looking for High Quality Asset Opportunities

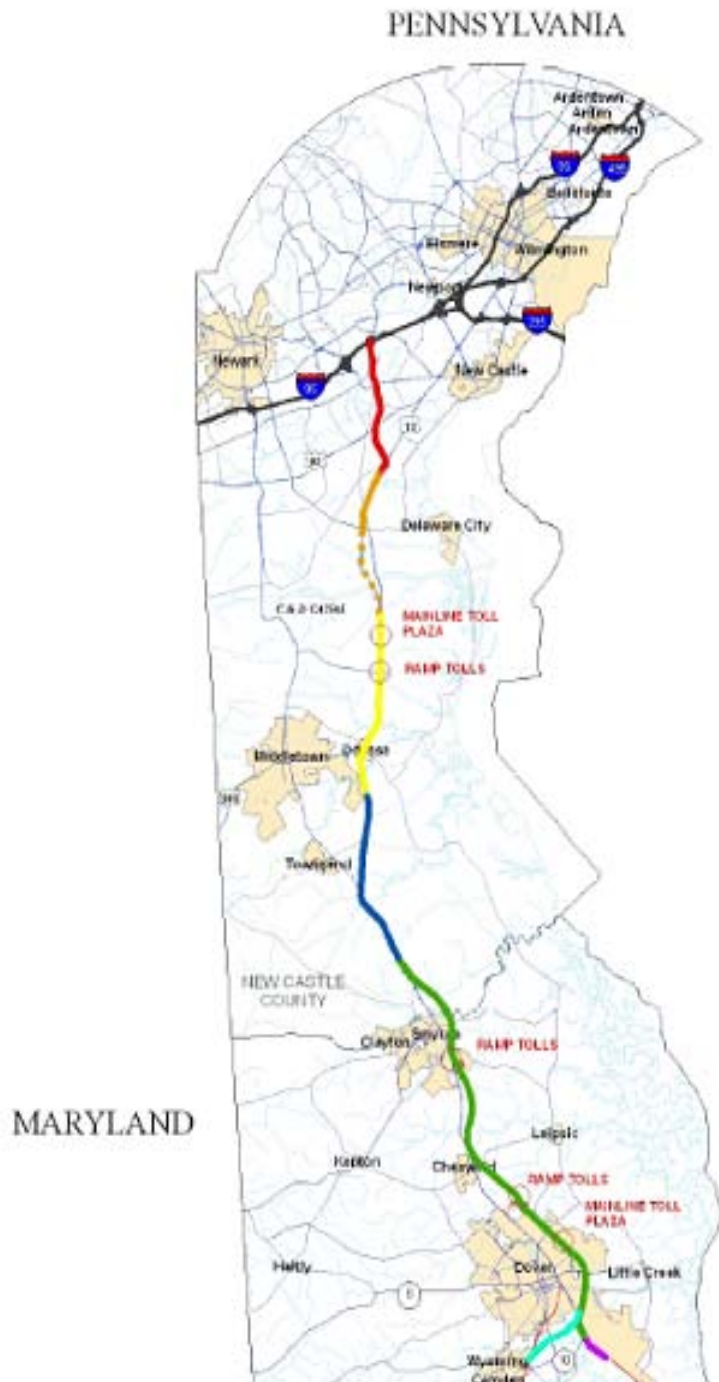


Strategic Alternative for State Route 1



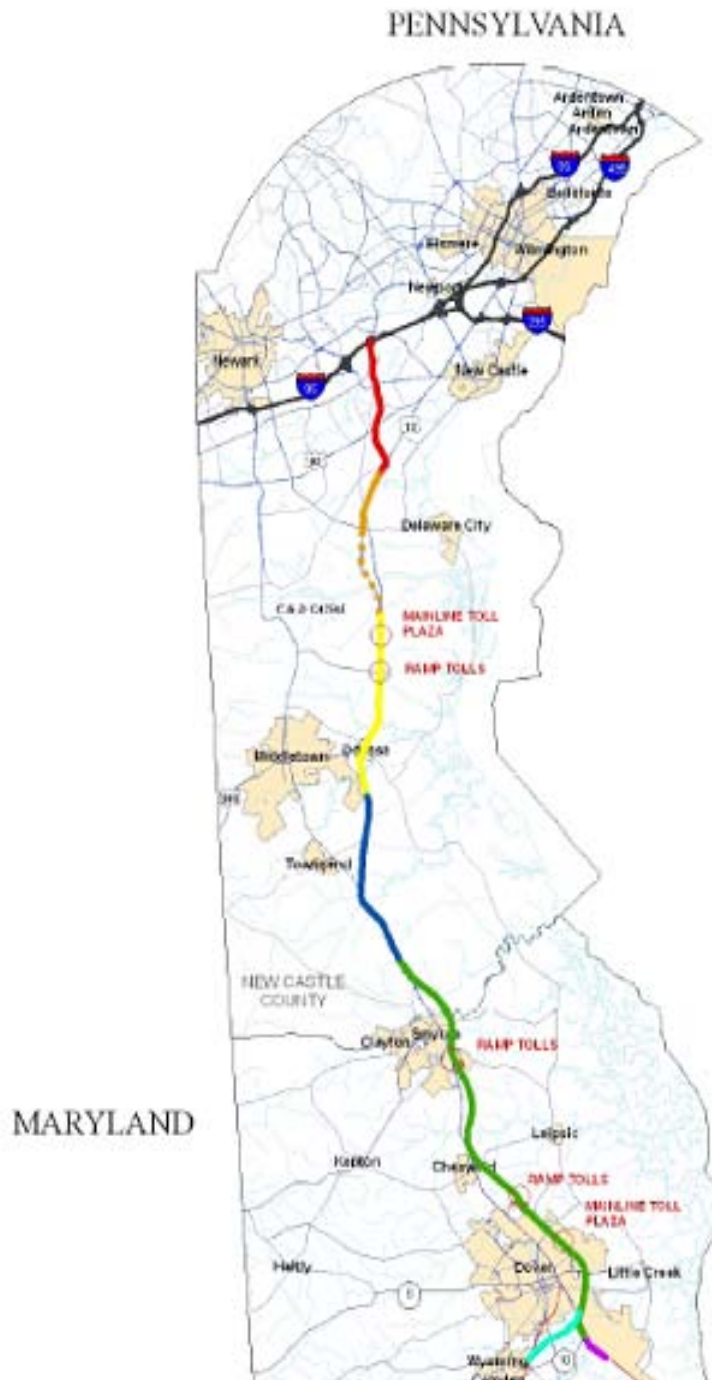
- Delaware's Unique Position
 - SR 1 – New Road
 - Designed for Third Lane Expansion
 - Growing Regional Economy
 - Large Volume Out-of-State Traffic
 - Very Attractive Toll Structure

Strategic Alternative for State Route 1



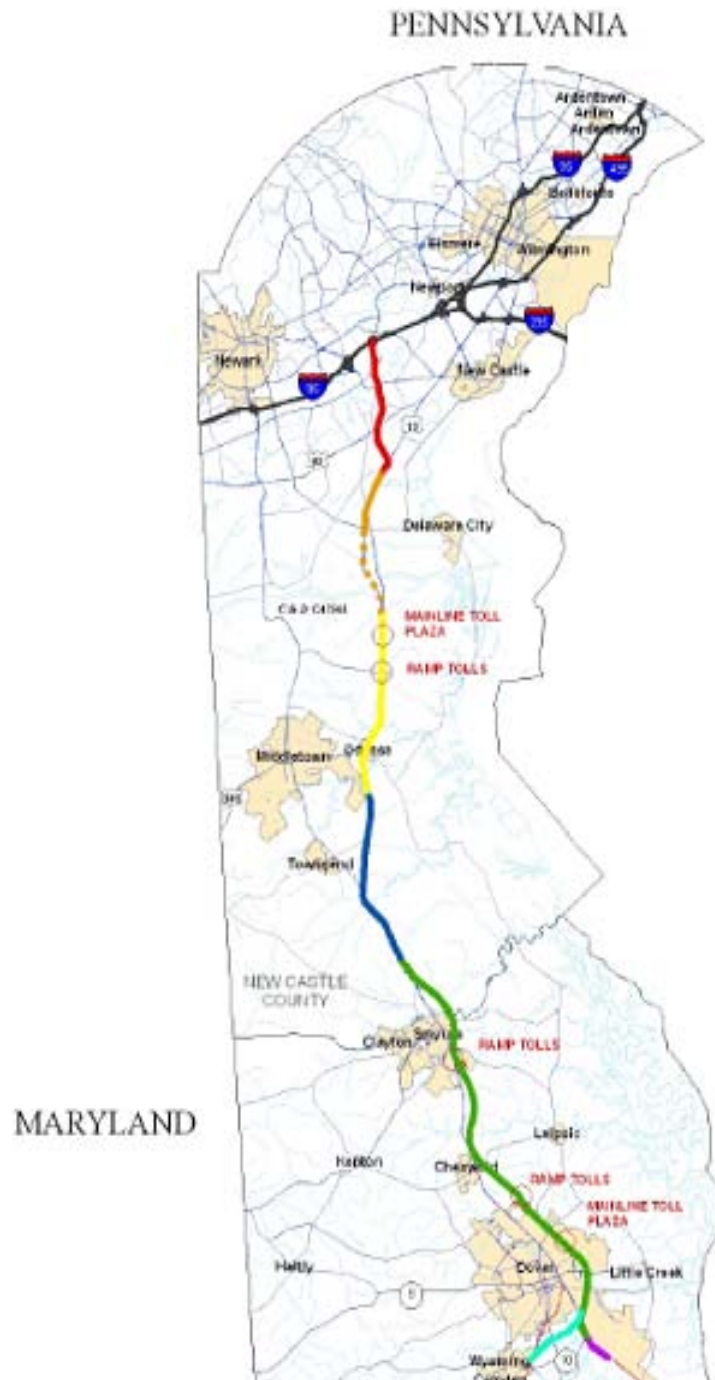
- Recent Successes
 - Chicago
 - Toronto
 - Southern California
- Future Opportunities
 - Texas
 - New Jersey
 - New York
 - Delaware ?

Strategic Alternative for State Route 1



- What Would This do for Delaware?
 - Immediate Cash for Current TTF Projects
 - Capital for Future Transportation Needs

Strategic Alternative for State Route 1



- How ?
 - SR 1 S.W.O.T. Team
 - DeIDOT
 - Budget Office
 - Department of Finance
 - General Assembly
 - Controller General
 - State Treasurer