

Transportation Challenges

- ◆ Cost of transportation construction and the increased demand on the transportation system due to growth in the State
- ◆ Decreasing resources available for capital projects (minimal increases since 1995) coupled with increasing costs
- ◆ Several major projects to be completed



Cost of transportation construction and the increased demand on the transportation system

Cost of Transportation Construction

Item	Percent Change*
Fuel	183.8%
Hot Mix	140.5%
Steel	64.7%
Land	46.0%
Concrete	24.2%
Equipment Operator	36.9%

Increased Transportation Demand

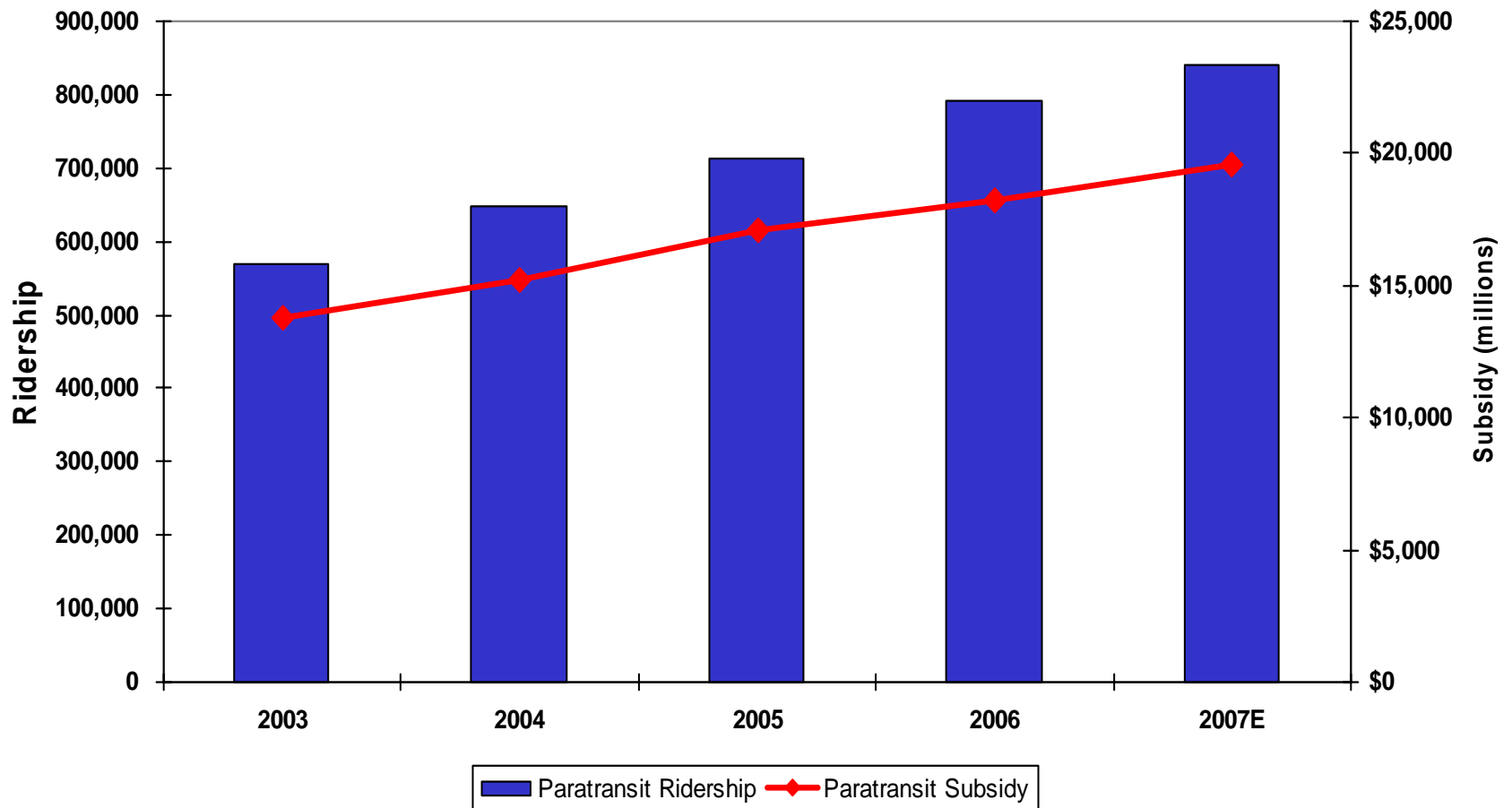
Item	Percent Change*
Transit Services Hours	33.3%
Transit Service Miles	33.0%
Vehicle Registrations	17.3%
Licensed Drivers	10.0%
Population	8.7%

*Percent change between 2000 and 2006

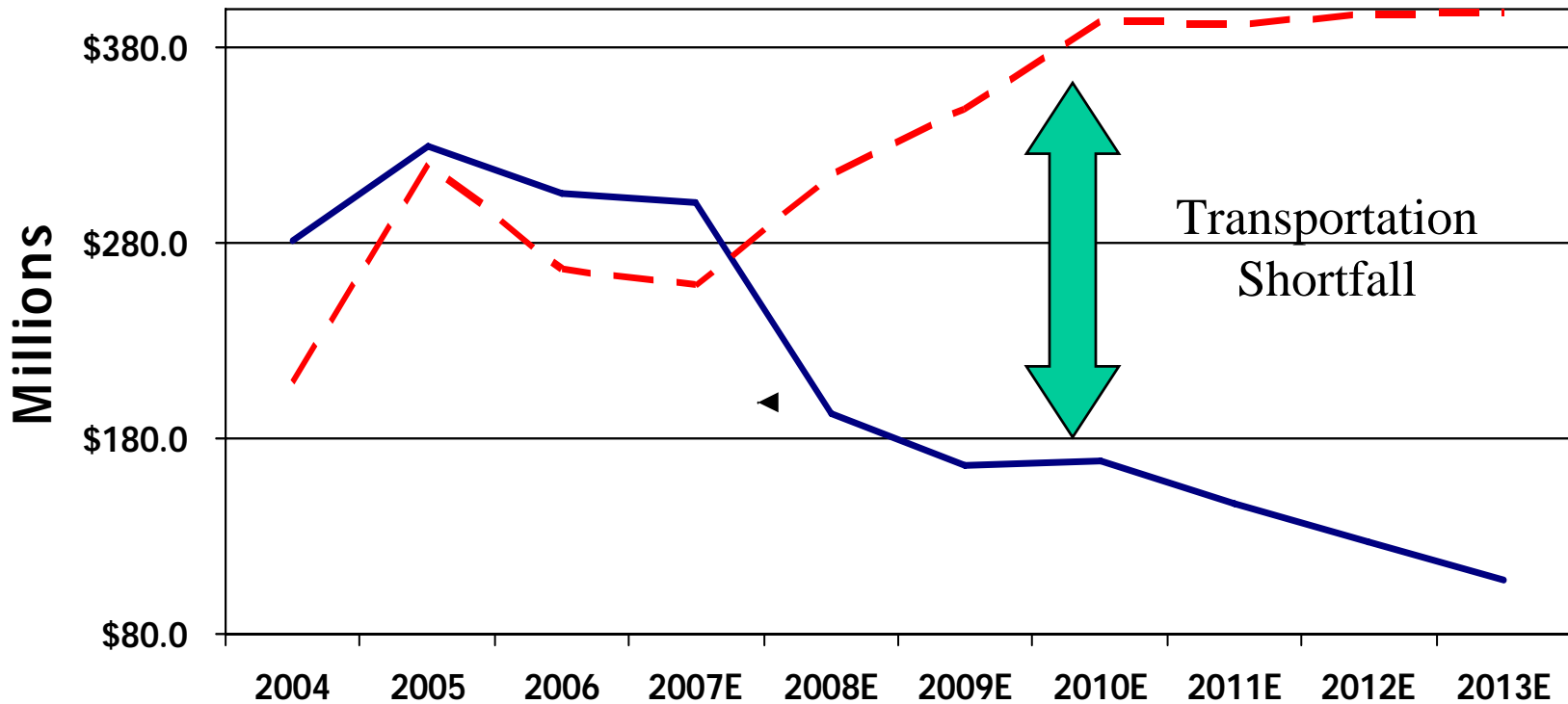
Cost of transportation construction and the increased demand on the transportation system

Increased Transportation Demand – Paratransit

The State subsidy for Paratransit will have risen 42% since 2003 to an estimated \$20.0 Million in 2007



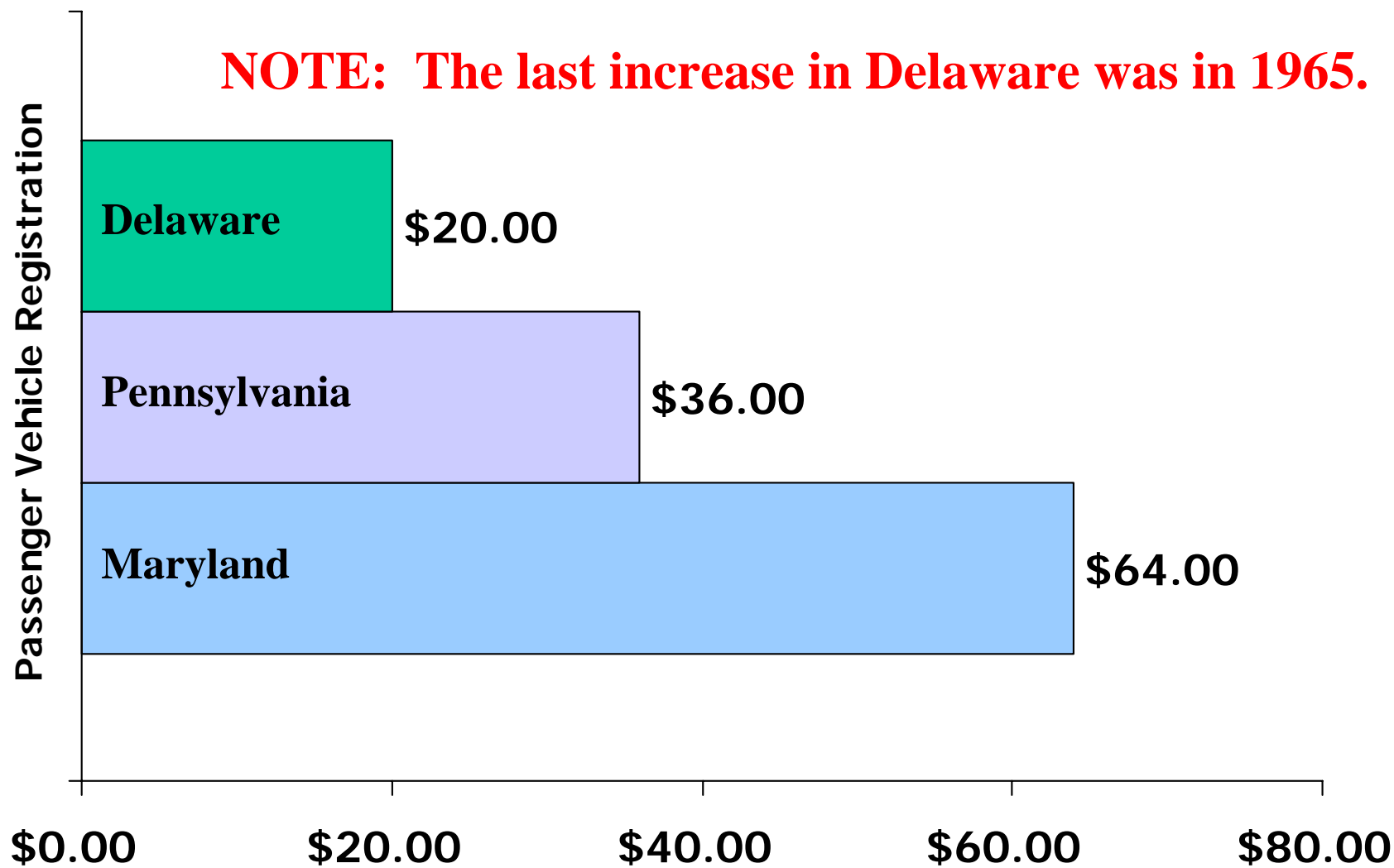
Decreasing resources available for capital projects coupled with increased costs



Minimal Increases In Revenue

Passenger Vehicle Annual Registration Comparison

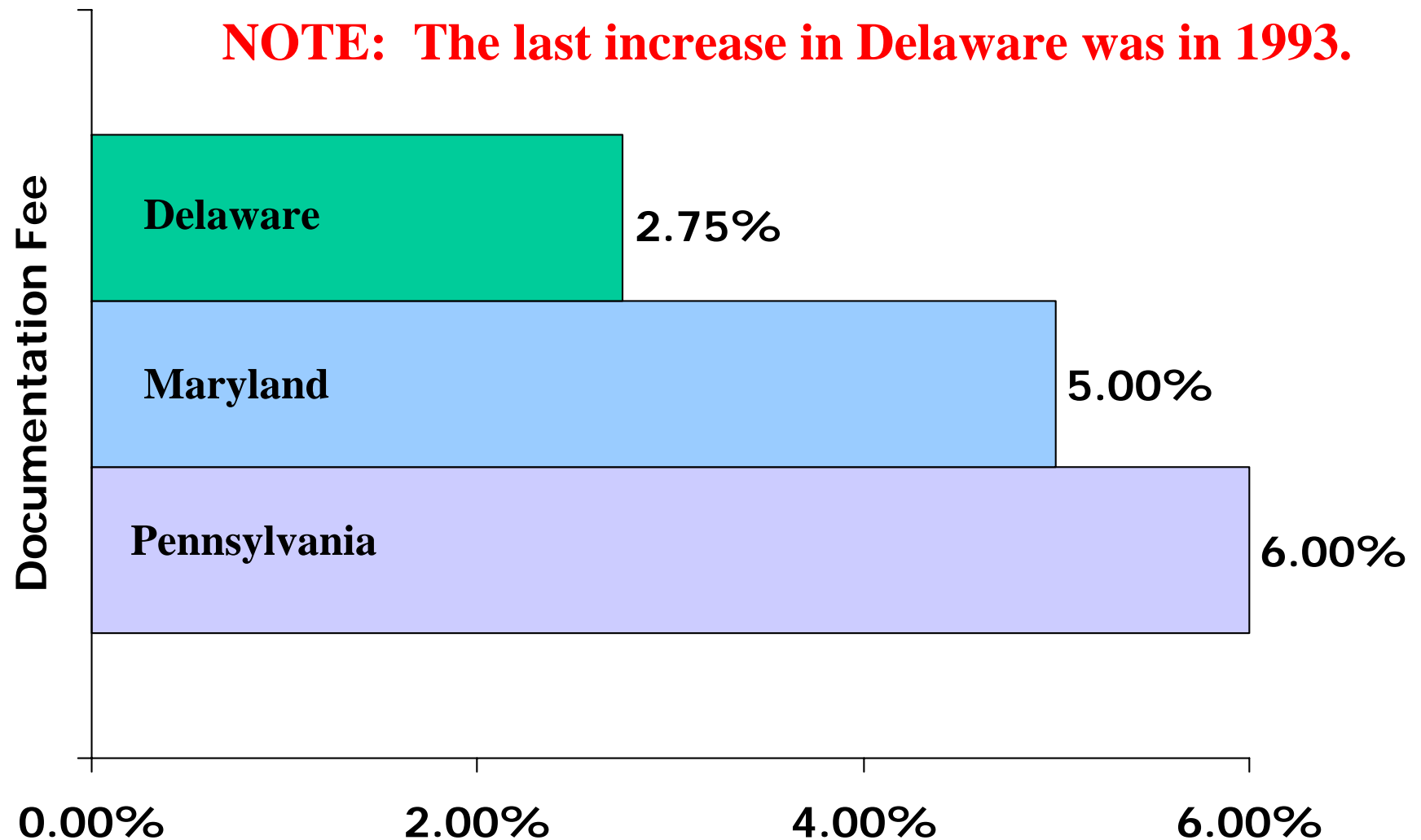
NOTE: The last increase in Delaware was in 1965.



Minimal Increases In Revenue

Documentation Fee Comparison

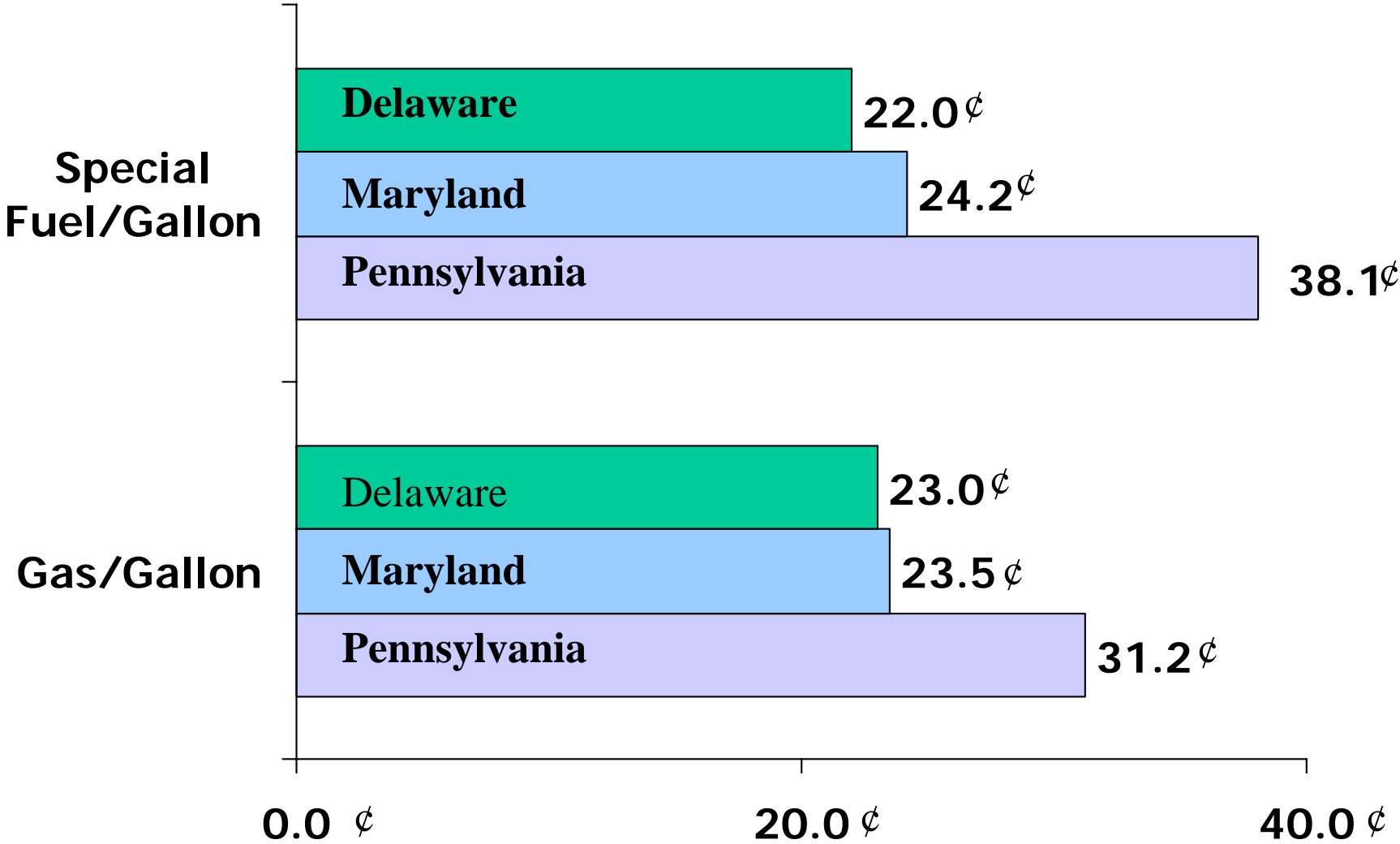
NOTE: The last increase in Delaware was in 1993.



Minimal Increases In Revenue

Motor Fuel Tax Comparison

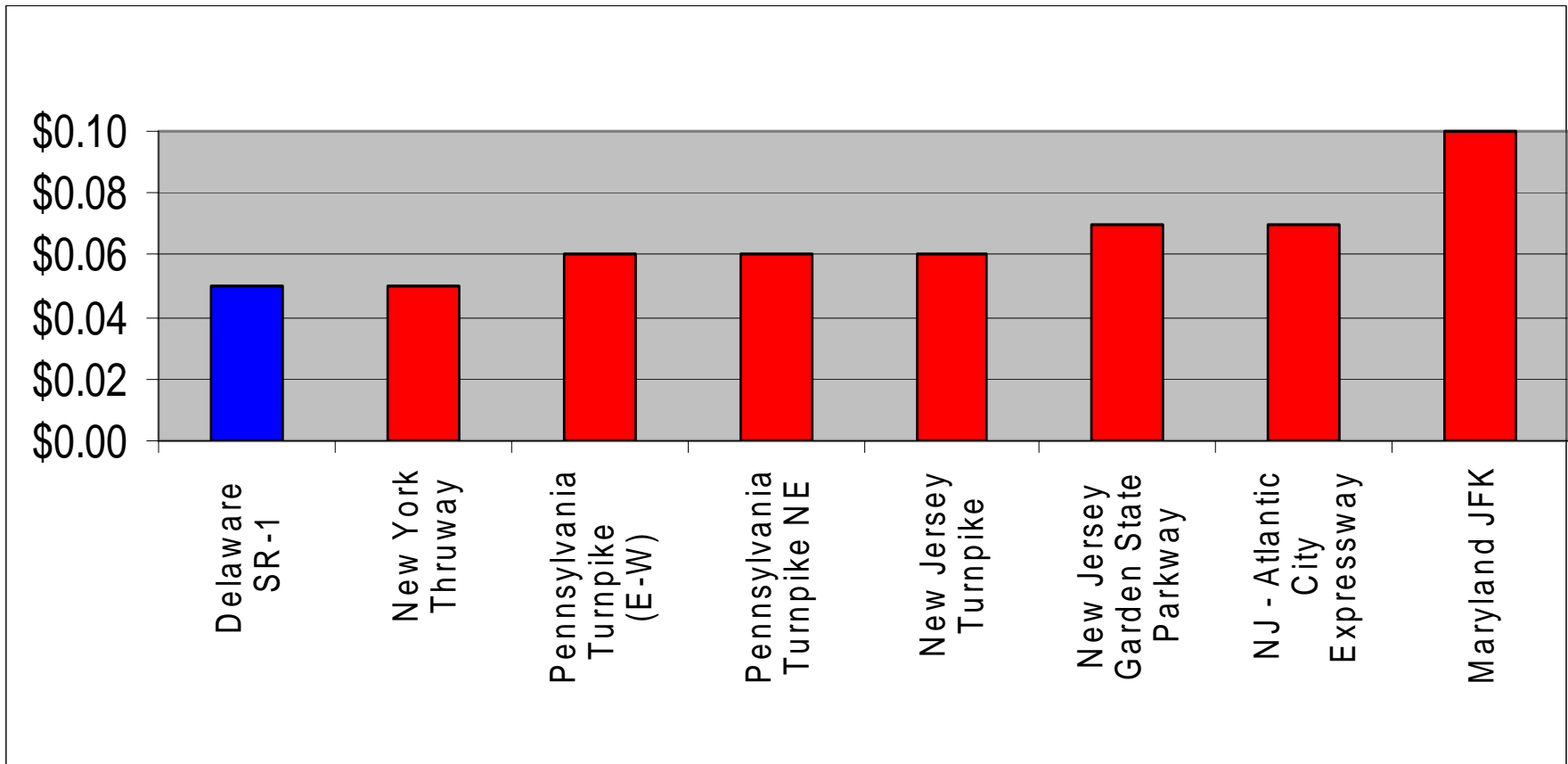
NOTE: The last increase in Delaware was in 1995.



Toll Comparisons

Cost per mile

NOTE: SR 1 tolls have never been increased.



Overcoming the Transportation Challenges: Milestones Already Accomplished

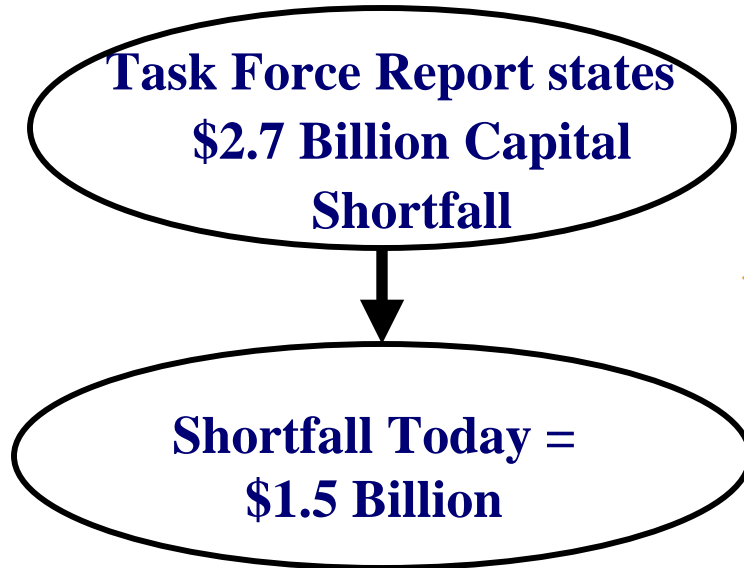
- ◆ January 2005 – Governor submits FY 2006 capital budget reduced by \$200.0 million to align revenues with expenditures.
 - ◆ June 2005 – Governor signs Executive Order 69 to establish the Transportation Development and Funding Options Task Force to review Transportation short and long term resources.
 - ◆ November 2005 – The task force unveils \$2.7 billion shortfall in the Transportation Trust Fund (TTF).
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Overcoming the Transportation Challenges: Milestones Already Accomplished

- ◆ January 2006 – Governor proposes a multi-dimensional strategy to solve the TTF problem.
 - ◆ January 2006 – Governor signs Executive Order 78 creating the Transportation Financial Advisory Committee (TFAC).
 - ◆ March 2006 – The Governor's TFAC begins meeting to help strengthen financial management controls and forecasting.
 - ◆ June 2006 – The Administration worked with the General Assembly to reprogram \$115.8 million in state capital projects to align revenues with expenditures.
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Governor's Multi-Dimensional Strategy

Reduced shortfall by \$1.2 Billion through:



- ◆ Focusing on core business of DelDOT
 - ◆ Maintaining assets and improving safety
 - ◆ 24/7 service for incident response, signal repairs and weather events
- ◆ Maximizing federal funds
 - ◆ Examples: I-95, Indian River Inlet Bridge, Governor's Ave., DART and Paratransit buses
 - ◆ Congressional support for earmarks
- ◆ Refined project delivery plan
 - ◆ Updated project cost estimates
 - ◆ Aligned cost with ability to produce
 - ◆ Realistic Capital Transportation Plan (FY08-2013)
- ◆ Driving down mandated costs
- ◆ Re-authorizing projects

Governor's Multi-Dimensional Strategy

Task Force Report states
**\$2.7 Billion Capital
Shortfall**

Shortfall Today =
\$1.5 Billion

**Governor's Proposed
Strategy Eliminates
Shortfall**

Governor's Strategy to Eliminate Shortfall

- ◆ Leveraging borrowing capacity
(maintaining 50/50 pay-go ratio)
- ◆ Revised capital plan
- ◆ Revenue enhancements

The Governor's Proposed Strategy Protects Critical Transportation Infrastructure

- ◆ Further the design, right of way acquisitions and construction of many significant projects within the Six Year Capital Transportation Program (CTP).

- ◆ Examples Include:

- SR 24, SR 26, and SR 54
- SR 2 – Elkton Road
- West Dover Connector
- I-95/202 Interchange
- I-95/SR 1 Interchange
- SR 1 Intersections (5 locations)
- Philadelphia Pike
- Southern New Castle County area improvements.



I-95 / SR 1
Interchange



West Dover
Connector



SR 26
Bethany

The Governor's Proposed Strategy Protects Critical Transportation Infrastructure



US 113 Milford



US 301
Middletown

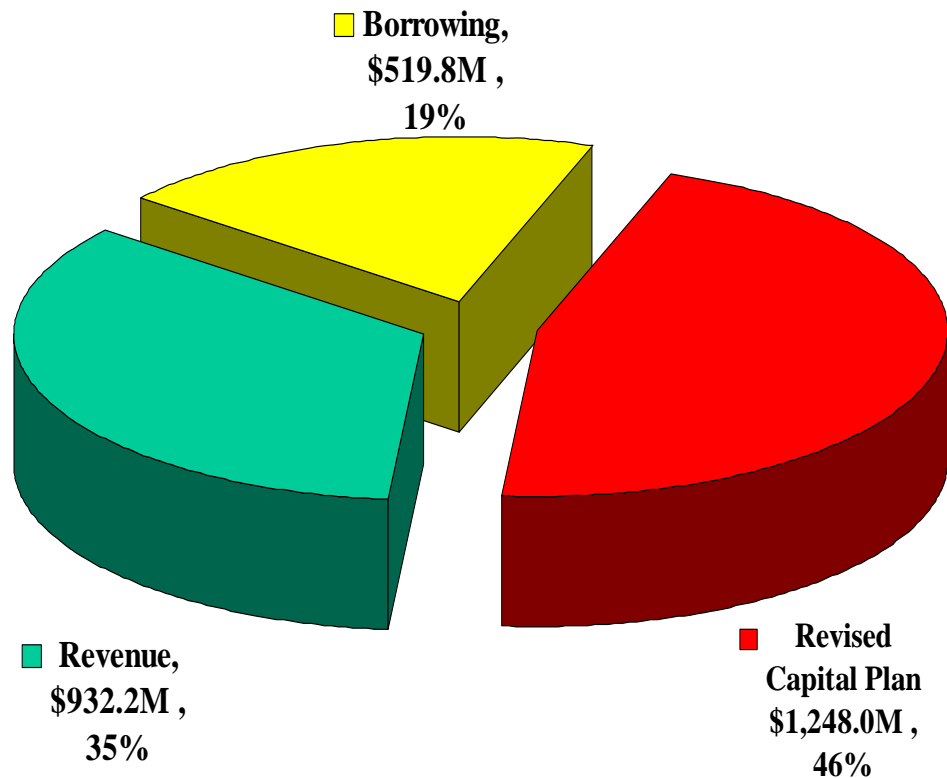


- ◆ Further the development of the US 113, US 301, I-95 toll plaza and Western Parkway projects by designing and acquiring right of way
- ◆ Preserve over \$220 million in federal funds
- ◆ Protect core business used for:
 - ◆ Repaving roadways
 - ◆ Bridge repairs
 - ◆ Purchasing heavy equipment (i.e. snow plows)
 - ◆ Replacing DART and Paratransit buses
 - ◆ Safety initiatives (roadways, intersections and rail crossings)

Governor's Multi-Dimensional Strategy

Potential State Revenue

Explore long-term privatization options for I-95



Potential Federal Revenue

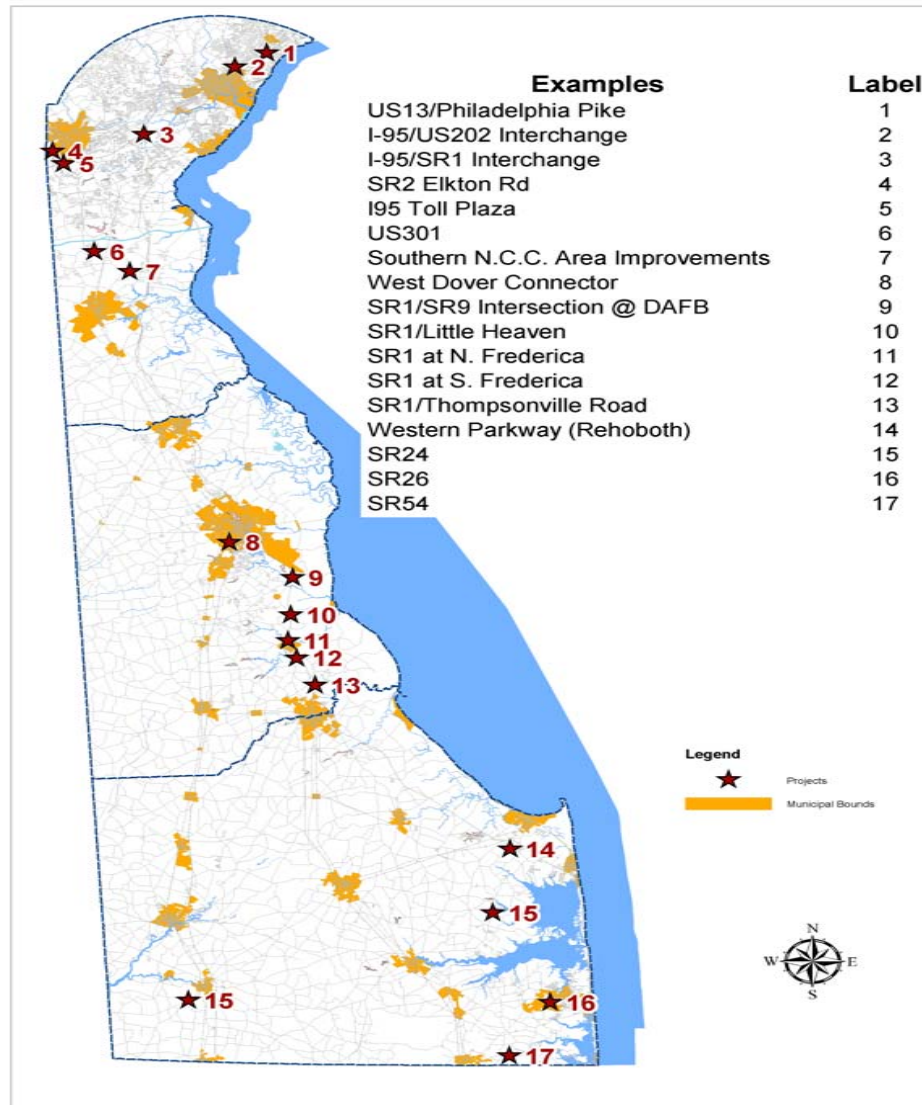
\$14.4 million Open Container Legislation

Proposed Revenue Package

- ◆ Motor Fuel Tax increase
 - ◆ \$.05/gal (FY08)
- ◆ Documentation Fee increase
 - ◆ 1.25% (FY 08)
 - ◆ 50% (FY 09)
- ◆ Tolls
 - ◆ Eliminate 10PM-6AM Commercial EZ-Pass discount on I-95 (FY 08)
 - ◆ Eliminate all SR 1 EZ-Pass discounts (FY08)
 - ◆ Raise Tolls \$1.00 at Biddles/Dover; \$0.50 at Boyds/Denny; & \$0.25 at Smyrna (FY09)
- ◆ Vehicle Registration Increase
 - ◆ 50% (FY08)

No New Revenue Scenario

◆ Unfunded projects



- ◆ Lose \$220 million in federal funds over six years
- ◆ Core business impacts:
 - ◆ Further reduction of paving list
 - ◆ Jeopardize critical services
 - DART and Paratransit
 - Snow plowing
 - Natural disaster response
 - ◆ Safety impacts
 - R.R. crossings
 - Intersections
 - Pavement markings
 - ◆ Deterioration of bridges

Conclusion

- ◆ Support of Delaware's business leaders has been critical in ensuring the financial stability of Delaware State Government.
 - ◆ The Administration will continue to support prudent and sustainable investments in key priority areas within a context of rising demand for government services.
 - ◆ The Governor will propose a long-term, multi-dimensional strategy to further address the shortfall in the Transportation Trust Fund that balances realistic project deliverability and maximizing federal funding with incremental increases in revenue.
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