

HIGHWAY STATISTICS

Delaware Transportation Challenges FY 2006-2012

On June 1, 2010, Delaware's 145th General Assembly approved House Bill 500, in which Section 112 established a Task Force to "thoroughly explore, examine and evaluate the resource needs for the comprehensive Capital Transportation Program (CTP)" and "study and report on the issues and potential effects of requiring DeIDOT to determine the funding allocations and project prioritization for those projects traditionally funded in the Community Transportation Fund (CTF) category within the Grants and Allocations appropriation classification." The Task Force was composed of 24 members representing the Delaware General Assembly, various state agencies and other stakeholders from the public and private sectors.

The report described in detail how the Transportation Trust Fund reached its current financial condition. It should be emphasized that the Transportation Trust Fund is not insolvent and enjoys a healthy credit rating as designated by Moody's and Standard & Poor's.

However, there is cause for concern. The Transportation Trust Fund's financial condition was impacted by a number of variables, including declining revenues due to a poor economy, accelerated growth in infrastructure needs and the accumulated impact of borrowing, even within the 50/50 pay-go requirements, in order to meet annual project costs. Debt is rising and the cost to maintain the infrastructure is exceeding the growth rate of revenue.

While revenue increases were implemented in 2007, the economy did not sufficiently grow in order for expected revenue projections to be realized. Moreover, the revenue increases proposed in 2007 were to address longer-term structural problems identified as far back as 2005. Therefore, the TTF has experienced insufficient revenues over a significant period, managed only by the delay of necessary capital projects in order to size the budget to meet available revenue. This deferral of projects will potentially lead to an accumulation of costs to maintain the system, which, if impacted by continually less revenue, may lead to greater costs in future years. This includes subdivision and municipal streets.

In addition, the Department has made considerable effort over the last two years to reduce operational costs and increase efficiency as part of the Governor's Performance Review process. These actions included reducing consultant costs, reducing overtime, limiting cell phone usage, renegotiating contracts, eliminating vacant positions, and improved technology and service delivery to increase efficiencies and reduce waste. While the Department continues to review its operations for efficiencies, the cost savings from these actions alone will not close the gap necessary to adequately fund the TTF.

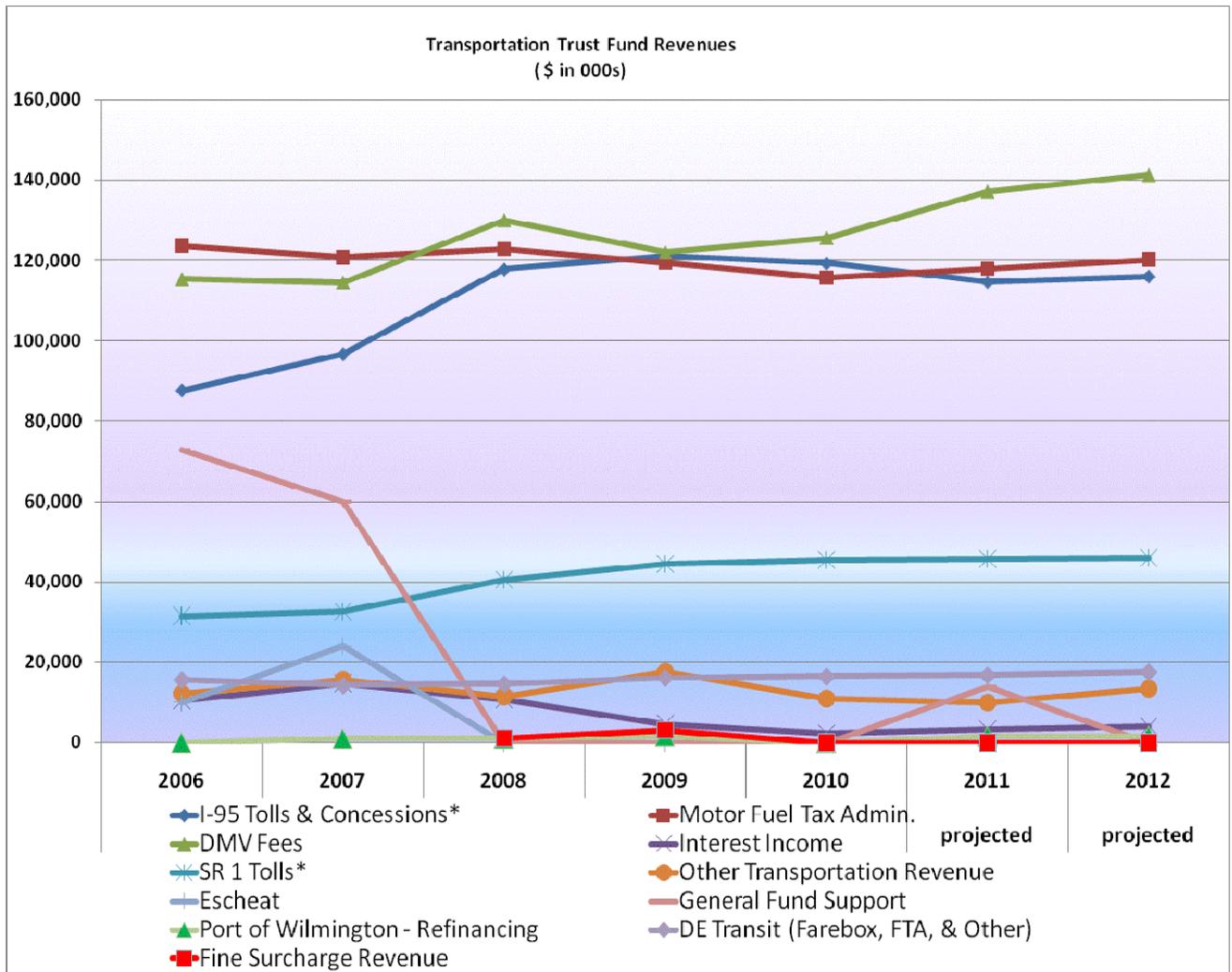
The report provided revenue alternatives to be considered by the Governor and General Assembly to correct a structural problem in the TTF. Among the alternatives were scenarios which depicted outcomes based on how the revenues are phased in and the desired size of the capital program.

The Task Force did not recommend any specific revenue alternatives, but rather proposed a menu of ideas and prioritizing them on the basis of revenue size and each member's viewpoint on the possibility of implementation. The Task Force is leaving the selection of these revenue alternatives for consideration of implementation to the Governor and the General Assembly.

Status of the Transportation Trust Fund

- **Current Condition**
 - TTF is solvent. Budgets are balanced each year in order to match revenues
 - Positive fund balance of \$20 million
 - Sufficient Debt Service coverage – 2.8 times
 - Healthy Credit Ratings (AA+ and Aa2)
 - Program is fiscally constrained (balanced budget) each year
- **Challenges**
 - Fund balances should be \$40-50 million
 - Capital needs continue to grow faster than revenues
 - TTF Task Force Report - Annual program projected at \$1.0 billion by 2017 with a shortfall of \$270 million annually
- **Consequences**
 - State-funded programs would be reduced first
 - Core programs (paving, etc.) would be reduced
 - Federal funding would not be fully matched
 - Projects in the CTP are being delayed to future years in order to match revenues

Transportation Trust Fund Revenues							
(\$ in 000s)							
State Fiscal Year	2006	2007	2008	2009	2010	projected 2011	projected 2012
Pledged Revenues							
I-95 Tolls & Concessions*	87,696	96,748	117,869	121,225	119,399	114,700	116,100
Motor Fuel Tax Admin.	123,714	120,804	122,866	119,467	115,740	117,900	120,300
DMV Fees	115,415	114,629	130,079	122,035	125,693	137,200	141,300
Interest Income	10,523	14,774	10,776	4,673	2,302	3,400	4,000
Total Pledged Revenues	337,348	346,955	381,591	367,400	363,134	373,200	381,700
Non-Pledged Revenues							
SR 1 Tolls*	31,524	32,606	40,509	44,497	45,502	45,700	46,000
Other Transportation Revenue	12,196	15,704	11,559	17,700	11,032	10,000	13,477
Total Non-Pledged Revenues	43,720	48,310	52,068	62,197	56,534	55,700	59,477
Other Sources							
Escheat	10,000	24,000	0	0	0	0	0
General Fund Support	72,869	60,000	0	0	0	14,000	0
DNREC Reimbursement - White Clay							
Port of Wilmington - Refinancing	0	1,000	1,000	1,618	0	1,628	1,628
DE Transit (Farebox, FTA, & Other)	15,676	14,332	14,705	16,219	16,543	16,874	17,687
Fine Surcharge Revenue			1,184	3,056	0	0	0
Total All Sources	479,613	494,597	450,548	450,490	436,211	461,402	460,492



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