Report on Conditions, Planning and Revenue Options

For Support of the

Transportation Trust Fund

Presented by

Transportation Trust Fund Task Force

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Delaware Department of Transportation

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I. Executive Summary

On July 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 DelDOT 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. A copy of 145th General Assembly House Bill 500, Section 112 is enclosed as Appendix A and the list of members as Appendix B.

The General Assembly spoke to the need for a comprehensive review of transportation demands, and the funds (both short and long term) available and required to meet those stated needs. Predictability and stability of funding have been hallmarks of Delaware's transportation financing for more than a decade, and as the state continues to grow, these attributes need to be addressed by public and private policy makers. Long term transportation investments/capital acquisitions require careful planning, including community participation, designs which achieve the best value and public acceptance over the long term, and construction/purchase which meets or exceeds both state and federal quality standards.

The General Assembly recognized the need to address funding shortfalls that have occurred for a variety of reasons including unprecedented traffic growth, limited resources, substantial cost increases related to construction, and declining revenues. It also highlighted the need for predictable and sustainable funding to improve and maintain Delaware's transportation system.

The Task Force studied the entire transportation program for the period Fiscal Year 2012 – 2023, and concludes that total spending for transportation expenses over the period can reasonably be estimated to total $12.4 billion and that current revenue streams will support only 70% of those needs. The result of that imbalance, if not corrected, will be either the elimination of all new capital projects by 2017 or severe reductions in the Department's Core Program resulting in an accelerated deterioration of Delaware's transportation infrastructure. The Task Force is concerned about the potential negative impact such deterioration would have on the state's economic competitiveness and ability to attract jobs. The total shortfall over this period is estimated by the Task Force to be $3.7 billion. In fiscal year 2012 alone the additional need is $169.1 million, which means that there are no funds available for 100% state-funded projects. Of this $169.1 million, using the current 50/50 pay-as-you-go policy, 50% will need to be raised through additional revenue sources and 50% can be raised through bond proceeds.

The Task Force developed a list of options to address the current TTF financial challenge. The options include (but are not limited to):

- Transferring DelDOT operating costs from the TTF back to the General Fund, over an extended period of time;
- Transit fees and greater general fund support for paratransit;
- Increasing one or more of the traditional trust fund revenues (tolls, gas taxes, DMV fees);
- Creating new fees payable by the general public and/or the users of the public infrastructure or Department services;
- Increasing the TTF borrowing, thereby requiring less new revenues;
- Decreasing the TTF borrowing, thereby requiring more new revenues;
- Using one or more techniques of innovative transportation financing (e.g. a lease concession on existing/to be built toll roads) with appropriate oversight of any proposed transaction by Executive and Legislative leaders

It should be emphasized that the Transportation Trust Fund is not insolvent and enjoys a healthy credit rating as designated by Moody's Rating Agency and Standard and Poor's. However, concerns are expressed over the near-term effects and long-term sustainability to the Trust Fund, given slower than projected revenue growth and the increase in capital needs in the State. The effects of capital needs outpacing available revenues has eroded the Trust Fund's ability to fund state-funded projects, put pressure on the ability to match federal transportation funds and potentially reducing DelDOT's ability to keep up its core responsibilities. The report provides information on the condition of the Trust Fund, projected needs, impacts of slow revenue growth on core programs and options for ensuring availability of funds to meet system needs.

The Task Force capital spending analysis assumes that all phases of the current Capital Transportation Plan, as approved by the Council on Transportation and endorsed by the state Metropolitan Planning Organizations, are completed by fiscal year 2023. This analysis also aims to fully fund pavement rehabilitation and major equipment needs in fiscal year 2012. The Task Force's proposal assumes an increase by an inflation rate of 3% per year and that the Transportation Trust Fund (TTF) will not receive escheat revenues from the General Fund.

The Task Force also studied a list of internal and external controls that will more accurately reflect the Department's current and future spending requirements thereby providing policymakers with a better understanding of potential Trust Fund revenue needs. Among the controls studied by the Task Force were scenarios in which DelDOT limited borrowing, the affects of adjusting the current "50/50 Pay-Go" standard for borrowing, and the effects on an upgrade or downgrade of the TTF's Standard & Poor and Moody's bond ratings.

To gain better context on the resources and responsibilities funded through the TTF, the Task Force also reviewed an in depth report on the procedures, objectives and expenditures of the various DelDOT operations and divisions. Task Force members studied the “inner workings” of the TTF to better understand the various revenue streams and fund uses and the factors that affect each element. The Task Force also examined the results and recommendations of the 2005 TTF Task Force and the 2007 Revenue Package.

II. DelDOT Mission and Division Responsibilities

DelDOT's Mission Statement is "to provide a safe, efficient and environmentally sensitive transportation network that offers a variety of convenient and cost-effective choices for the movement of people and goods." Within this mission, DelDOT's vision is to deliver:

- A well maintained transportation system
- A program that integrates all modes statewide
- More transit services
- More bicycle and pedestrian facilities
- Critical roadway and bridge projects to address safety and congestion issues
- High quality motor vehicle services

DelDOT follows a set of guiding principles to ensure that these goals are met in an efficient and effective manner that best serves the citizens of Delaware. Among these principles is the need to provide transportation investments that enhance the safety of all travel modes, optimizing, preserving and enhancing Delaware's transportation system, maximizing transportation choices for Delaware residents and visitors, providing cost effective solutions, continuing to emphasize quality of life as DelDOT's foundation, providing transportation opportunities that support economic development and recognizing the importance of providing excellent customer service in all aspects of fulfilling DelDOT's mission and vision. DelDOT must accomplish its mission and vision within the context of the current challenges that faces the department and Delaware's transportation system, including an increasing state population, increasing traffic, increasing transportation infrastructure costs and decreasing revenues.

Technology and Support Services

The mission of the Technology and Support Services Division is to provide a timely and accurate operating support network that will assist DelDOT in the pursuit of its goals. Technology and Support Services has many responsibilities, including managing building maintenance activities for DelDOT's Danner Campus, Delaware Transit Corporation's buildings and shelters and the Division of Motor Vehicle's buildings; providing project oversight in areas of contract administration, audit and civil rights; implementing e-government initiatives; and providing a secure and reliable telecommunications network for the department.

Key Division Objectives:

- Support economic development as it relates to the growth of small and minority businesses.
- Explore opportunities for e-government to improve service with the business community.

- Ensure that the support needs of the department are met in the areas of facility management, contract administration and audit.
- Provide technical services including technical end-user training, 24/7 help desk support, desktop computer and telephone support, database administration, local and wide-area network administration, information systems and applications support, and information technology project management.

Division of Motor Vehicles

The mission of the Division of Motor Vehicles is to promote safety on the highways and to provide high standards of courteous, efficient and timely service to its customers. Beyond its responsibilities to issue driver licenses and inspect, title and register vehicles, the Division of Motor Vehicles also is responsible for operating the State’s toll roads and maintaining a fraud and investigation unit to manage licensed vehicle dealer activities to ensure customer protection.

Key Division Objectives:

- Safeguard the people and facilities of Delaware by increasing security to ensure that persons do not use the Division of Motor Vehicles (DMV) to obtain fraudulent identification and that they are legally entitled to the identification documents.
- Reduce waiting time for a Commercial Driver's License (CDL) road test by location.
- Reduce the turnaround time for a dealer folder in the Dover Dealer Titles section and to process a Motor Fuel Tax refund.
- Maximize Motor Fuel Tax revenues by using a rigorous auditing program to increase compliance among customers with the International Registration Plan (IRP), International Fuel Tax Agreement (IFTA) and Motor Fuel/Special Fuel (MF/SF) licensing requirements.
- Protect the motoring public by utilizing an auditing and testing program to ensure that retail gas stations comply with all laws.

Planning

The Planning Division’s mission is to provide comprehensive transportation planning and development coordination services to address the mobility needs of Delaware residents, as well as visitors to the state. The Planning Division is responsible for many activities including coordinating with local governments, metropolitan planning organizations, businesses and individuals to determine the needs and wants of Delaware citizens and administering various transportation programs such as Safe Routes to School, Municipal Street Aid and the Transportation Enhancement Program.

Key Division Objectives:

- Work with customers to create plans that will result in a comprehensive system of transportation options in coordination with the State Strategies for Policy and Spending and county comprehensive plans.
- Provide transportation information and advice to local governments with land use decision-making responsibilities to help coordinate zoning, subdivision and annexation decisions among state agencies, counties and municipalities.
- Acquire real estate needed for protecting and improving the state's transportation system.
- Support the state's effort to discover and solve transportation problems by collecting, analyzing, summarizing and publishing transportation related data in both tabular and graphic form that is also geographically enabled.

Delaware Transit Corporation

The mission of the Delaware Transit Corporation is to design and provide the highest quality public transportation services that satisfy the needs of the customer and the community. The Delaware Transit Corporation provides all of the state’s public transportation systems: fixed-route buses, statewide buses, rail services to and from Philadelphia and statewide paratransit services. The Delaware Transit Corporation also coordinates the RideShare program, which matches riders to create carpools.

Key Division Objectives:

- Improve efficiency of the Paratransit and fixed route services. Maximize statewide ridership by implementing an equitable fare structure for bus and train service.
- Define and develop bus and train service that meets community needs in an environmentally friendly way.
- Improve transit service operations efficiency through use of Automated Vehicle Locator (AVL) System.
- Maintain on-time performance rate for fixed route and paratransit services.

Transportation Solutions

The Division of Transportation Solutions’ mission is to develop and construct safe, efficient and environmentally sensitive engineering projects to meet identified transportation needs as guided by the Statewide Long-Range Transportation Plan. Among the many responsibilities of the Division of Transportation Solutions is developing and designing projects for roadways, bridges, pedestrian and bicycle facilities, traffic management, and providing engineering support to capital projects.

Key Division Objectives:

- Consistently deliver high-quality projects from concept through construction and ensure projects are completed on time as scheduled.

- Efficiently manage the delivery of the Capital Transportation Program.
- Maximize operational efficiency of the transportation infrastructure by effectively utilizing DelTRAC technology (video cameras, signal system coordination, etc.).
- Continue to inspect and rate all bridges maintained by state standards. Comply with all American with Disabilities Act (ADA) standards relating to curb ramps.
- Maintain a consistent testing environment to ensure all hot mix meets quality standards.
- Maintain traffic control devices statewide to ensure efficient and timely response to all incidences.

Maintenance and Operations

The mission of Maintenance and Operations is to maintain and operate a convenient, safe, efficient, cost-effective, and environmentally sensitive highway system for the movement of people and goods on behalf of commercial, recreational and personal customers. To accomplish this mission, the Maintenance and Operations Division has many responsibilities, including seasonal and storm maintenance, pavement, bridge and roadside management, maintaining the states drainage system and managing state assets such as highway equipment.

Key Division Objectives:

- Develop an equipment replacement plan to meet operations needs and manage equipment to achieve expected life cycle performance.
- Manage the Community Transportation Fund (CTF), insuring that requests are estimated, responded to and funded in an appropriate time frame.

Finance

The Finance Division’s mission is to identify, acquire and manage the fiscal resources necessary to support the department in the accomplishment of its goals and objectives. The Finance Division’s responsibilities include budget development, annual bond sale activities and coordinating independent audit processes.

Key Division Objectives

- Serve as stewards of the department's financial functions and systems; financial statement preparations; and federal, state and department independent audit processes.
- Develop and manage the operating and capital budgets (including federal transportation appropriations and grants) that support key departmental objectives.
- Collect receivables in a timely and efficient manner.
- Process payables through a variety of sources maximizing the use of the state SuperCard and Automated Clearinghouse (ACH) transactions.

III. Problem Statement

The Task Force examined the required needs of the capital program over a six year period to determine if there was a structural problem with the funding of the Trust Fund. The four primary issues facing the Trust Fund are:

- A lack of substantive growth in existing revenues and no new revenues to support existing needed capital projects, let alone new projects;
- Forced reductions in the existing capital program due to expenditures for the core program increasing at a rate greater than revenue growth;
- Elimination of 100% state capital projects in FY 2012;
- Potential erosion of the core program or the inability to match federal funds.

These issues are discussed below.

A. Fast Growing Demand for Transportation Investments

Delaware continues to experience growth in population and new residential and commercial development. Recent estimates have Delaware's population exceeding 1.1 million by 2040 (a 25% increase from 2010). The changing landscape, particularly in once rural, agricultural portions of southern New Castle and many parts of Kent and Sussex Counties, has helped to produce significant growth in the number of registered vehicles, and an even greater demand on the system for vehicle miles traveled.

Due to Delaware's geographic location, through traffic along the major interstate and arterial roads continues to build. Three regional north/south alignments (Routes 1, 13, and 113), two major southwest/northeast alignments (the I-95, I-295, I-495 and Route 40 corridors), and at least three north/south arterials (routes 7, 52, and 202) all carry growing volumes of passenger cars and commercial traffic moving along and through the Delmarva peninsula. Regional shopping, entertainment, educational and health care institutions located in Delaware continue to draw shoppers, viewers, students, and patients from metropolitan concentrations as far away as Washington, DC; Salisbury, Annapolis, and Baltimore, Maryland; Harrisburg, Lancaster and Philadelphia, Pennsylvania; and Camden, Trenton, Atlantic City and Newark, New Jersey.

Delaware offers fixed route transit service that covers much of New Castle County but contains limited routes in Kent and Sussex Counties. Fare prices are currently well below regional and national levels. Delaware also offers the most generous paratransit system in the United States. While federal law requires that paratransit services only be offered within ¾ mile of a fixed transit route, Delaware provides pick-up and delivery to all eligible passengers anywhere in the State. Fixed route and paratransit fares have not been adjusted since 1988. Continued high demand for this service, and fast rising costs of operations, particularly for fuel and labor, have dramatically increased the operating subsidy which DelDOT pays from the TTF to the Delaware Transit Corporation (DTC).

Table 1 below shows a sample of the economic and demographic statistics from which transportation demand emanates:

Table 1

	Percent Change 2000-2010
Factors Affecting Transportation	
State Population	13.8%
Employment	6.3%
Households	11.2%
Licensed Drivers	16.3%
Registered Vehicles	17.8%
Households (2 or more cars)	17.6%
New Infrastructure Provided	
Lane Miles	8.9%

Sources: DelDOT Fact Book 2005, DelDOT Fact Book 2009, FHWA reports

B. TTF Resources Have Not Kept Pace with Rising Demands and Costs

DelDOT's resources which are available to pay for operations, debt service, and capital investments have not grown as rapidly as either the underlying demand for transportation services nor the unit costs associated with construction and capital equipment. The national economic recession of 2007-2009 caused TTF revenue decreases.

In 2007, a revenue package was created and approved to address the TTF funding issues outlined in the 2005 Transportation Trust Fund Task Force Report. This package included toll increases on I-95 and SR-1 and increases in DMV registration and document fees.

The State gas tax was raised to its present level in 1995, nearly sixteen years ago. The last increase in fixed route transit fares was implemented in 1988, over twenty-two years ago.

C. DelDOT Operating Expenditures Have Increased Faster Than Total Resources

Between FY 2005 and FY 2010, DelDOT's total Operating Budget (Operations, DTC Transit Subsidy, and Debt Service) grew from $303.6 million to $354.5 million. The total average expenditure growth for that period was just over 4%. As annual borrowing continued, debt-service grew by an average of 6%, DelDOT Operating growth averaged 3.8% and DTC averaged

5.6%. The Delaware Economic and Financial Advisory Council (DEFAC) revenue forecast shows that revenues are growing far slower than the expenditure growth assumptions. The DEFAC revenue forecast expects a growth of 2% per year between fiscal year 2012 and fiscal year 2017, whereas DelDOT's operation expenses growth assumption is 3% per year and the Delaware Transit Corporation's operation expenses growth assumption is 5% per year. The lower than historic average expenditure growth assumptions are the result of the cost controls implemented in response to the poor economic climate.

This growth can be attributed to several factors including the growth in the DTC transit subsidy, as discussed in Section A above, salary adjustments, increases in health insurance costs, and overtime costs resulting from weather emergencies, energy and fuel costs are other contributing factors.

As part of DelDOT and DTC's management approaches, these costs are continuously monitored for ways to mitigate their impact to the overall operation and the availability of resources. Moving forward, DelDOT will do all it can to reduce expenditures in creative and realistic ways in order to assure that the Department operates in the most cost effective basis, and operates within its revenues.

D. Cost Containment Measures

To offset some of these increases, DelDOT has achieved major cost savings through containment and efficiency measures. DelDOT participated fully in the Governor's Performance Process, which looked at all operational costs to identify efficiencies and eliminate waste. These measures include moving to online DMV services, streamlining processes, reduction in overtime hours and extending the service life of our equipment. For a more comprehensive listing of the cost containment and efficiency measures enacted by DelDOT, please refer to Appendix I. While these savings are very important to the availability of resources, they are not large enough to close the gap needed to sufficiently fund the capital needs of the Trust Fund.

E. Project Scopes and Costs Have Increased Faster than Total Resources

Many DelDOT projects require substantial interaction with the public. Community based working groups help fashion the solution to many issues/challenges and, at times, impact both the scope, and the quality of proposed improvements. While projects may be increase in size and scope due to public input, it is accurate to state that in recent years the Department has emphasized the concept of doing the project "right" the first time in order to achieve community consensus faster and to be able to accomplish the project mission with a minimum of community acrimony. The result may be a "better" project, yet one that exceeds the original project cost.

F. The Current Process of Project Authorizations, Followed by Uncertain Spending Trends, Can Lead to a Build-Up of Authorized but Unexpended Projects

DelDOT is unique among all state agencies in that it must attempt to forecast many difficult outcomes in order to build a proposed planning, design, real estate acquisition and construction program. Federal law requires transportation departments to plan over a rolling four-year cycle for the projects which will incorporate federal funds. Delaware state law requires a six-year plan, known as the Capital Transportation Program (CTP), for all capital activities. Many community groups and two federally recognized Metropolitan Planning Organizations (MPO) participate in the prioritization and approval of the so-called “pipeline” of projects. Because of the length of time required for many of these efforts, it is not unusual for an MPO to express differing priorities over the life of any given project. As priorities change the list of projects needing attention continues to grow while the size of the resources remains stagnant. Depending on the nature of the original priorities, communities in recent years have seen their wish lists change before a previous priority has been completed.

In addition, DelDOT’s mix of annual projects ranges from the very simple and straightforward, to the very complex and difficult to forecast. Because state law requires a project authorization before DelDOT may spend state funds, the department attempts to predict authorization for each phase of the project. However, depending on the nature of the project, weather and economical conditions, the actual expenditure of these funds may vary greatly in both time, and amount from the Department’s original plan.

The amounts and timing of federal participation are equally complex and uncertain. Delaware receives formula authorizations from FHWA each year, but also is the beneficiary of annual “earmark” appropriations. Building and balancing a multi-year federal obligation plan is a very difficult and dynamic process. If a project for which federal funds are planned runs into delays, DelDOT must be in a position to substitute another federally eligible project in its place in order to prevent the federal funds from lapsing. Delaware has never lapsed federal spending authority, and because it has been both nimble and well positioned, it has benefited each summer by the receipt of varying amounts of additional federal funds which are re-apportioned by the FHWA from other states which have lapsed a portion of their federal funds.

G. As Expenditure Growth Continues to Outpace Revenue Growth, DelDOT’s Capital Program Will Decline Dramatically and The State will be Unable to Provide the Core Business Program and/or Lapse Available Federal Funds.

The following table provides a summary of the current revenue projections, operating and debt service costs and the remaining state resources available for capital improvements. The addition of available federal funds results in the total capital program, which, as noted by the table, is projected to decrease over the FY2012 to FY2017 period.

The table also illustrates that operating and debt service costs increase faster than the relatively flat revenue sources. The table below is based on the following set of assumptions that more accurately reflect historical operating growth and maintain sound financial parameters, including:

- DelDOT baseline operations will grow at 3% per year;
- DTC baseline operations will grow at 5% per year (at a minimum);
- There will be a TTF cash balance of $20 million to begin each year;
- Interest rate assumption is 5% annually and Debt Service Reserve Fund and Issuance Cost are estimated at 7%;
- Maintenance of the current 50/50 pay/go policy;
- Assumes no escheat or other General Fund support.

Table 2

MASTER SPENDING SUMMARY
December 2010*

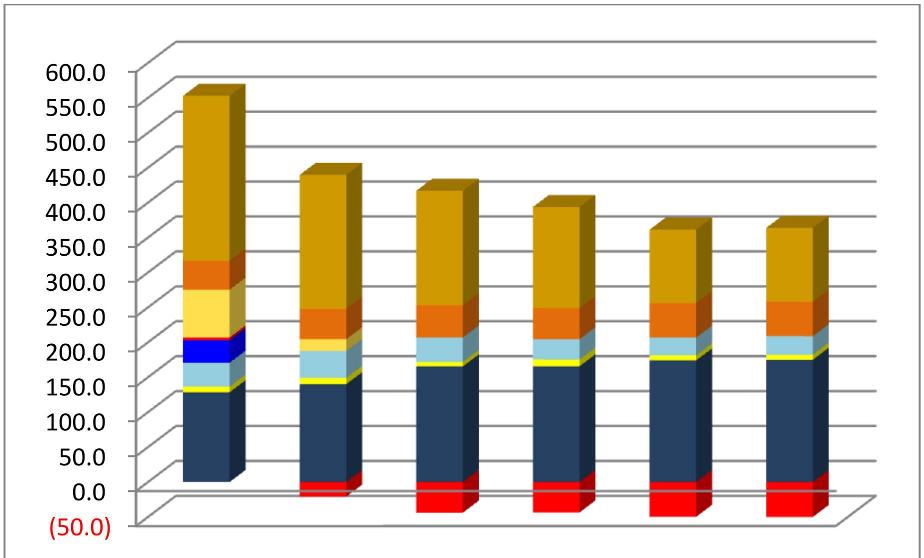
$ in millions	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Total State Revenues	458.2	468.1	478.1	487.5	497.1	507.0
Operating & Debt Service	374.8	386.5	397.7	409.0	419.6	432.6
Total Available State Revenues	**83.4**	**81.6**	**80.5**	**78.5**	**77.5**	**74.4**
Bond Proceeds	83.4	81.6	80.5	78.5	77.5	74.4
Total State Capital Resources	**166.7**	**163.2**	**160.9**	**157.0**	**155.0**	**148.8**
Federal Funds Available**	252.0	210.0	189.2	154.4	155.0	155.5
Total Capital Program	**418.8**	**373.2**	**350.1**	**311.5**	**310.0**	**304.3**

*Projection based on December 2010 DEFAC estimates. Not reflective of the Governor's Recommended Budget.
**Federal funds decrease due to potential reductions in annual SAFETEA-LU allocations and available funding due to previous advance construction initiatives.

The chart below depicts the effects of the reduction in capital projects experienced over the FY 2011-2016 Capital Transportation Plan. The effects include the elimination of 100% state-funded projects and potential reductions in the core program. More significantly, however, will be the reduction in use of federal funding for projects due to the lack of available state matching funds. Overall capital projects experience significant reductions over the life of the plan.

Table 3

Uses - Total Capital Program



	PROJECTED					
	2011	2012	2013	2014	2015	2016
State Capital Expenditures	**206.97**	**166.72**	**163.22**	**160.94**	**157.03**	**154.97**
State Capital Spend - Core Program	128.49	140.03	165.47	165.65	174.03	174.94
State Capital Spend - Match Federal Core	8.05	9.10	6.29	9.71	7.25	7.25
State Capital Spend - Match Federal Capital	34.27	38.42	35.18	29.05	25.44	26.56
Carry Over Encumbrance Spend	32.38	0.00	0.00	0.00	0.00	0.00
100% State Capital Projects	3.78	(20.83)	(43.72)	(43.47)	(49.69)	(53.78)
Federal Capital Expenditures	**345.82**	**252.05**	**209.97**	**189.20**	**154.43**	**155.00**
ARRA Funds	68.40	16.80	0.00	0.00	0.00	0.00
Federal Funds - Core Program	41.40	43.46	45.94	44.39	49.19	49.19
Federal Funds - Capital Projects	236.02	191.79	164.03	144.81	105.24	105.81
Total Capital Expenditures	**552.79**	**418.77**	**373.19**	**350.14**	**311.46**	**309.97**

Funding Priorities:

- Core Program (Current CTP)
- Federal Projects Match
- 100% State Funded Projects

Problem Statement:

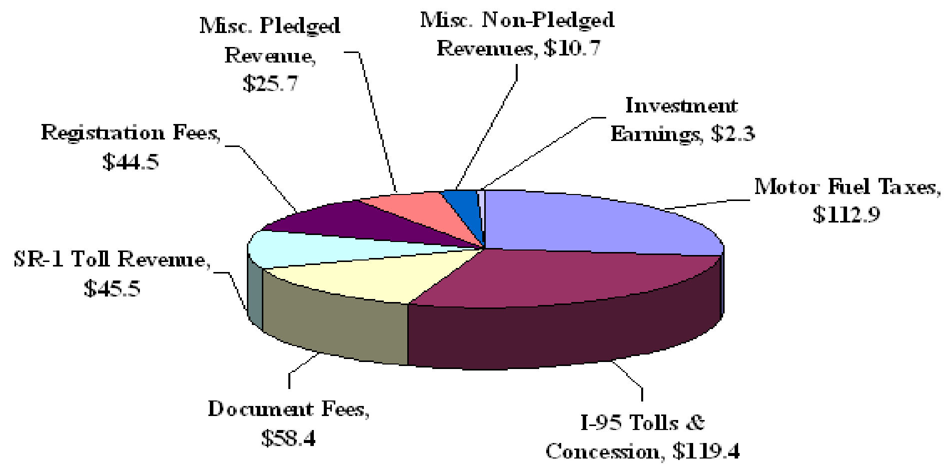
- No new revenues
- Significant decrease in Capital Program
- No 100% State Capital Projects – FY 2012
  - Reduce Core Program or not fully match Federal Funds

IV. Transportation Trust Fund

A. Current Resources

The Transportation Trust Fund receives revenues from motor fuel taxes, Delaware Turnpike (I-95) revenues, State Route 1 tolls, motor vehicle document fees and registration fees, miscellaneous sources, and federal funds reserved to support capital projects. The chart below details actual receipts in FY2010 (does not include Federal Apportionment).

Table 4



Sources of Revenue
Transportation Trust Fund - Fiscal 2010

Motor Fuel Taxes

Motor fuel tax revenue is derived from taxes imposed by the State on gasoline and special fuels. The current rates are $0.23 and $0.22 per gallon respectively. Motor fuel tax revenue totaled $112.9 million (net of refunds for taxes collected on non-motorized vehicle uses) in fiscal 2010. The last increase in the motor fuel tax occurred in 1995, and future year projections anticipate a 2.0% annualized growth rate.

Table 5

Comparable Tax Rates Levied by Surrounding States

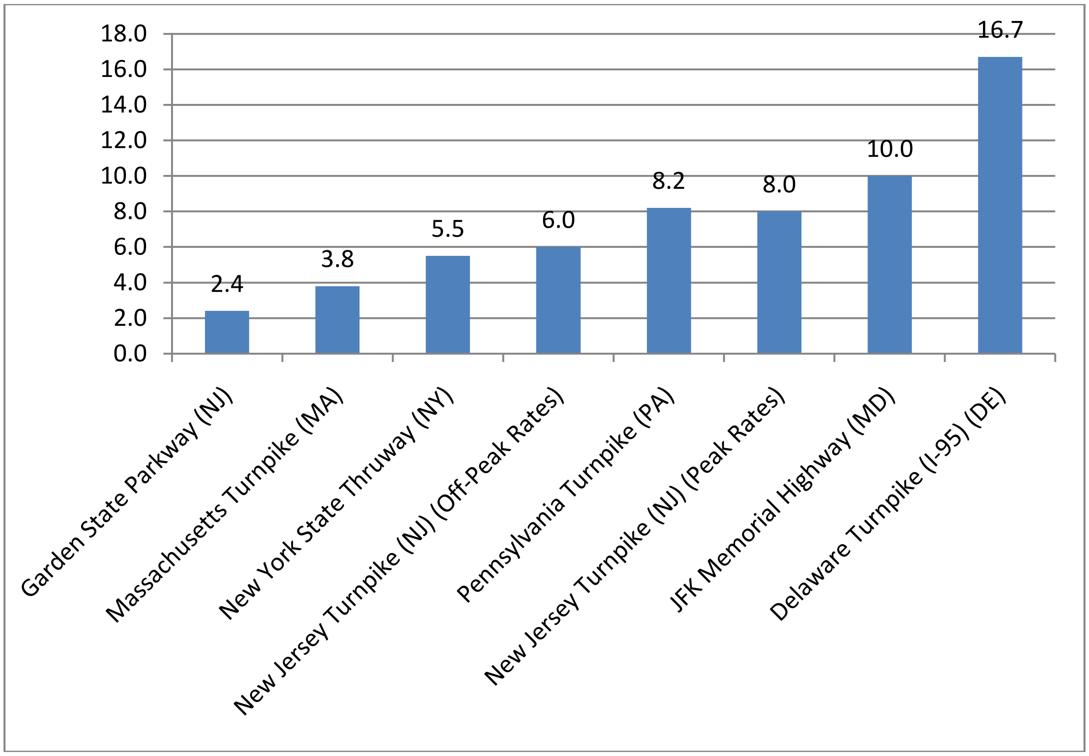
State	Gas(¢/Gallon)	Special Fuel (¢/Gallon)
New York	41.2	40.3
Pennsylvania	32.3	39.2
Maryland	23.5	24.3
Delaware	***23.0***	***22.0***
District of Columbia	20.0	20.0
Virginia	19.6	19.6
New Jersey	14.5	17.5

Tolls

Delaware Turnpike (I-95): The toll and concession revenue from the Delaware Turnpike generates the second largest source of revenue to the TTF, $119.4 million (27%) in fiscal year 2010. The Delaware Turnpike is comprised of 11.3 miles of Interstate 95 extending from the Maryland/Delaware Line to north of the 141 interchange. The chart below references the entire length of Interstate 95 – Maryland to Pennsylvania state lines. Tolls are collected near the state line, a stretch of approximately 24 miles. Restaurants and a service station, through contracts with concessionaires, provide additional revenue. A new welcome center finished construction and opened in 2010.

Interstate 95 presents a different challenge since it is not a limited access highway. Tolls at various interchanges were lifted in 1976, making the highway freely accessible to travelers from the Pennsylvania state line through Newark, Delaware. The highway carries a significant amount of local and regional traffic down the Delmarva Peninsula. This traffic puts a significant amount of vehicle miles traveled on the road, making the maintenance and congestion mitigation costs higher than if it was a closed, limited access highway.

Table 5
Comparison of Tolls for Region
(cost per mile in cents)



Effective October 1, 2007, all vehicle class tolls increased by $1.00 and the discounts offered to commercial E-Z Pass customers during the hours of 10 p.m. to 6 a.m. were discontinued.

State Route 1: Route 1 consists of 56 miles, with 45 miles of fully controlled access highway extending from the Dover Air Force Base to the toll plaza at Biddle's Corner just south of the Roth Bridge over the Chesapeake and Delaware Canal. There is approximately 11 miles of non-tolled highway from Biddle's Plaza to the interchange with I-95 adjacent to the Christiana Mall. Toll operations began in December 1993 at the main toll plaza located in central Dover and ramp exits north of Dover at Denny's Road and south of Smyrna. In November 1999, tolls were implemented south of the C&D Canal near Biddle's Corner. Tolls vary according to vehicle class and toll plaza location and include EZ Pass discounts for frequent users and commercial traffic. Route 1 tolls provided $45.5 million to the TTF in fiscal year 2010.

Effective October 1, 2007, passenger tolls at the Biddle's and Dover plazas were increased by $1.00 on weekends (weekends are defined as the period between 7:00 p.m. ET on Friday through 11 p.m. ET on Sunday). Passenger weekday and weekend tolls at the other toll ramps remained unchanged. Commercial traffic tolls were raised by $.25 per axle at Smyrna and $.50 per axle at Denney's and Boyd's exits. At Biddle's and Dover toll plazas, the commercial toll was raised by $1.00 per axle on weekdays and an additional $1.00 per axle on weekends. Effective October 1, 2007, the 15% EZ-Pass discount was eliminated. Passenger frequency discounts of 50% for travelers who meet the "30 trips in 30 days" requirement remained in place. The commercial EZ-Pass discount was reduced from 50% to 25%, and is still available without a minimum trip requirement.

Document Fees

Motor vehicle document fees are collected upon the sale or transfer of any new or used motor vehicle (cars, trucks, tractor trailers, or motorcycles). The document fee, which is based on the vehicle purchase price (discounted for the trade-in value), is paid by the owners and collected by the State for deposit in the Trust Fund. If the price of the vehicle is less than $400, the fee is $8; if the price is $400 to $500, the fee is $13.75. Thereafter, the fee increases by $3.75 for each additional $100 of vehicle purchase price (discounted based on trade-in value) or any fraction thereof. These fees contributed $58.4 million to the TTF in fiscal year 2010 and are projected to increase annually at 3.0%. The document fee was last increased in October 2008.

Table 7

Comparable Document Fees of Surrounding States

State	Document Fee
New York	8.375%
New Jersey*	7.00%
Maryland	6.00%
Pennsylvania*	6.00%
Delaware*	***3.75%***
Virginia	3.00%

*Document fees based on purchase price discounted for trade-in value

Registration Fees

Motor vehicle registration fees are paid at the time of application for the registration of a motor vehicle by DelDOT's Division of Motor Vehicles. This fee also includes the vehicle inspection, which is necessary to register a vehicle. The revenue to the TTF from this source was $44.5 million in fiscal year 2010 and is projected to increase annually at 3.0% in the future.

Effective October 1, 2007, passenger car registration and the base commercial registration fees increased from $20 per year to $40 per year. Additionally, the registration weight fee for commercial vehicles increased from $16.80 for each 1000 pounds or fraction thereof in excess of 5,000 pounds to $18.00 for each 1,000 pounds. Motorcycle registration increased from $10 to $15 annually; recreational vehicle, farm truck and trailer registrations and weight fees were also increased. Prior to the 2007 increase, registration fees had not been changed since 1966.

Table 8

Comparable Registration Fees Levied by Other States

State	Fee*
Maryland	$64.00 - $90.00
New Jersey	$35.50 - $84.00
New York	$46.50
Virginia	$40.75
Delaware	***$40.00***
Pennsylvania	$36.00

* Delaware does not charge an inspection fee as part of its registration process

Miscellaneous Sources

Miscellaneous transportation revenues include motor carrier registration fees, operator license fees, titling fees, Division of Motor Vehicles record sales, vanity tag fees, and other miscellaneous transportation related revenue. Miscellaneous pledged sources totaled $25.7 million and miscellaneous non-pledged totaled $10.7 million in fiscal year 2010.

Federal Funds

The amounts and timing of federal participation are complex and uncertain. Delaware receives formula authorizations from FHWA each year, but also is the beneficiary of annual “earmark” appropriations. Building and balancing a multi-year federal obligation plan is a very difficult and dynamic process.

The State of Delaware has benefited from the authorizations granted under the Transportation Equity Act for the 21st Century (TEA-21) and will continue to do so under the Safe Accountable, Flexible, Efficient, Transportation Equity Act: a Legacy for Users (SAFETEA-LU) and continuing resolutions. The State has historically received on average approximately $155 million annually in FHWA, FAA and FTA apportionments under the legislation. The total federal funding anticipated under fiscal 2011-2016 plan will be approximately $1,462 million. The current SAFETEA-LU authorization has lapsed and the federal government is working under a continuing resolution. While it is hoped that a reauthorization bill will be passed by the fall of 2011, the amount of the authorization is very unclear. The Federal Highway Trust Fund is facing a structural deficit and will require additional funding to meet its obligations. This is running counter to the sentiments in Congress that wish to cut federal funding overall.

DelDOT has identified eligible projects and has received the necessary approvals to move ahead with capital projects utilizing American Recovery and Reinvestment Act of 2009 (ARRA) funds. Delaware was allocated $121.9 million for highway, bridge, pedestrian, bicycle and other projects and an additional $19 million for transit-related projects. The Department anticipates meeting all Federal eligibility guidelines and fully utilizing all available funds. On February 17, 2010, the Department successfully met the one year deadline to obligate $142 million of Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) stimulus funds.

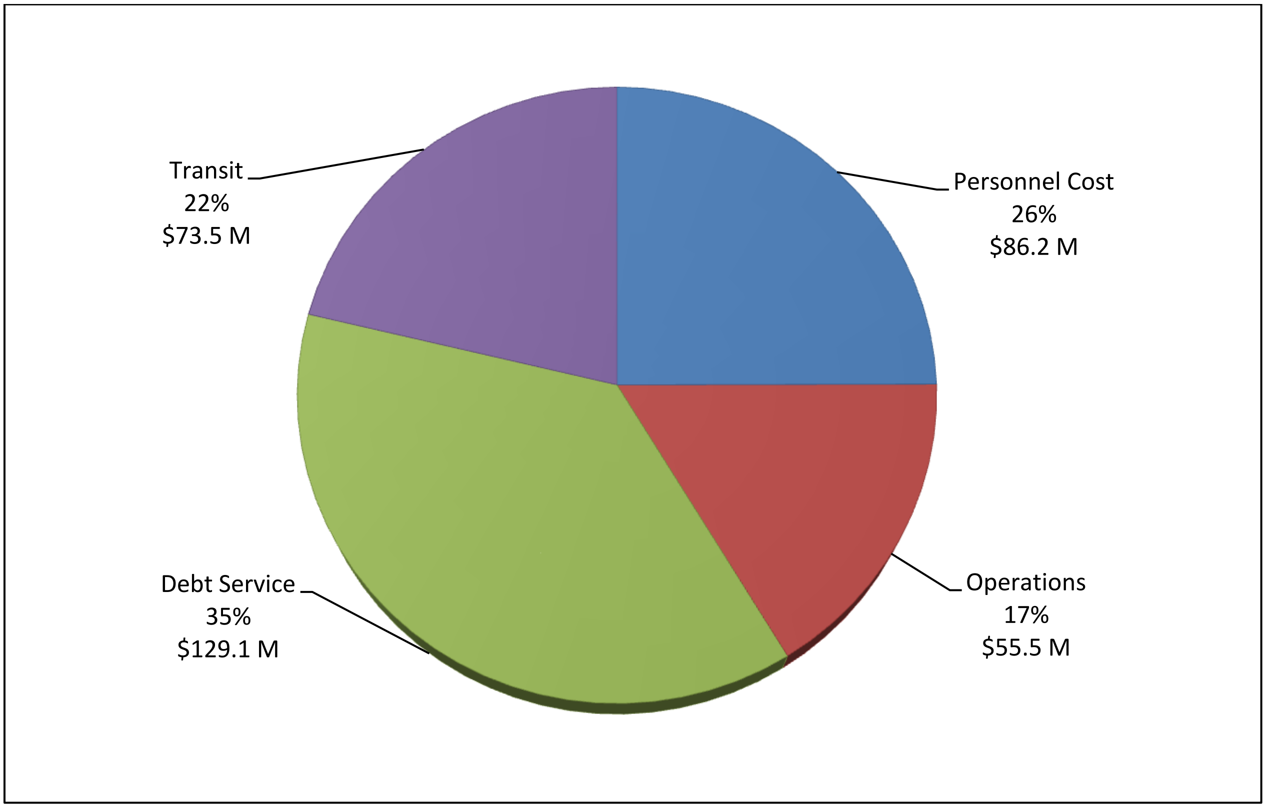
B. TTF Operating Appropriations

For Fiscal Year 2010, 99.9% of all operating expenses of the Department of Transportation are funded from the Transportation Trust Fund. These expenses include, but are not limited to, salary and benefit costs of all Department employees, maintenance, toll collections, snow removal, and expenses of the Delaware Transit Corporation.

The Transportation Trust Fund was created in 1987 to provide adequate funding and predictability for the Department’s Capital Improvement Program. Between Fiscal Year 1990 and Fiscal Year 1993, the Department’s operating expenses were transitioned from the General Fund to the Transportation Trust Fund. During this timeframe, existing transportation-related General Fund revenues (including motor vehicle registration fees, operator license fees and titling fees) were also transferred to the Transportation Trust Fund although at a less than dollar for dollar match. Additionally, in Fiscal Year 2004, the operational costs of the Division of Motor Vehicles were transferred to the Trust Fund. In Fiscal Year 2010, the General Fund transferred $3.1 million to the TTF. For Fiscal Year 2011, operating expenses funded from the Trust Fund total $344.3 million (inclusive of the $3.1 million in General Fund support). Debt service represents the largest of all costs in the operating budget (35% of the total) and the TTF contributes $73.5 million of its budget to transit operations.

Table 9

Use of Operating Funds in Fiscal Year 2011
FY11 Total Funds: $344.3 M



V. Capital Transportation Needs

A. Revenue Projection Summary

The following table provides a summary of the current revenue projections, operating and debt service expenditure forecasts and the remaining state resources available for capital improvements. The addition of available federal funds results in the total capital program, which, as noted by the table, is projected to decrease over the FY2012 – FY2017 period. Assumptions:

- Revenue projections are based on the December 2010 DEFAC approved forecast.
- The DelDOT operations forecast assumes a 3% annual growth rate.
- Delaware Transit Corporation operations forecast assumes a 5% annual growth rate.
- Bond Proceeds are estimated in accordance with the 50% pay-go guidelines.
- General fund support through the transfer of escheat funds has been removed from all years.
- Federal Funds are based on the anticipated annual apportionments. Federal funds in FY2012 and 2013 have been impacted by additional ARRA funding and the early use of funds through Advance Construction.

Table 10

Revenue Projection Summary for FY 2012-FY 2017

	2012*	2013	2014	2015	2016	2017
Total Pledged Revenue	379,400	388,300	397,300	405,600	414,000	422,600
Total Non-Pledged Revenue	78,792	79,766	80,827	81,895	83,071	84,354
Total Sources of Funds	458,192	468,066	478,127	487,495	497,071	506,954
Debt Service	133,841	136,338	138,041	139,483	139,808	142,078
Department Operations	146,072	150,454	154,967	159,616	164,405	169,337
Delaware Transit Corp. Operations	94,920	99,666	104,649	109,882	115,376	121,144
Total Uses of Funds Before Capital	374,832	386,457	397,657	408,980	419,589	432,559
State Resources	83,360	81,609	80,470	78,515	77,482	74,395
Bond Proceeds	83,360	81,609	80,470	78,514	77,483	74,395
Total Available for State Capital	166,720	163,218	160,940	157,029	154,965	148,790
Federal Funds	252,043	209,969	189,202	154,430	154,995	155,500
Total Funds Available for Capital Expenditures	418,763	373,187	350,142	311,459	309,960	304,290

*Projection based on December 2010 DEFAC estimates. Not reflective of the Governor's Recommended Budget.

B. Capital Program Components

State Capital Funds

With the decreasing amount of State funds available for capital projects the Department has developed funding priorities to best utilize the available State capital funds.

The State capital funding priorities are as follows;

1. Core Program
2. State Match for Federal Funds
3. 100% State Funded Projects

1. **Core Program** – DelDOT's responsibility to focus on the demands of the transportation infrastructure requires the need for a commitment to core business operations. These functions must be managed and appropriately funded in order to maintain our assets and primary capital functions. See Appendix D for a list of core program funding.

   Core business programs include:

- Paving and Rehabilitation
- Heavy Equipment Program
- Technology
- Community Transportation Fund (CTF)
- Municipal Street Aid Program (MSA)
- Materials & Minor Contracts
- Bridge Management
- Transit Vehicle Replacement and Expansion
- Planning

2. **State Match for Federal Funds** – In order to receive and utilize available Federal Funds the State must have ample funds available to provide the required state match. The state match is generally 20% but can range as high as 50% depending on the specific project. Without available state match funds, federal funds would be lost.

3. **100% State Funded Projects** – Many projects and roadways are not eligible for federal funds and must utilize 100% state funds. In Delaware approximately 70% of our roadways are not eligible for Federal funding.

Community Transportation Program and the Municipal Street Aid Program

Two of the core programs of note are the Community Transportation Fund (CTF) and the Municipal Street Aid (MSA) program. The CTF and MSA programs are legislatively authorized programs to assist municipalities and unincorporated areas maintain road sufficiency in areas not designated directly under the Capital Transportation Program.

The CTF provides funds to support state maintained suburban mileage. Projects are selected by each state legislator while DelDOT provides condition ratings upon request and selects contractors to perform the rehabilitation projects. The CTF also allows for other capital investments beyond paving (as described later in the report). The Governor's proposed budget has allocated $8.75 million for the CTF, down from $11.5 million from FY 2011.

The MSA provides funds to municipalities to support the maintenance and reconstruction of municipal streets and bridges. Funds are allocated based on a mix of lane miles and population. Although requirements for the use of the funds are outlined in the law, municipalities have some flexibility with respect to use of the funds, including using the funds for support of safety and law enforcement activities and lighting expenses. The total amount of funding for the MSA program has generally ranged between $4 million and $6 million annually and is distributed to 57 municipalities statewide.

Community Transportation Funds and the Municipal Street Aid program are funded through the Transportation Trust Fund and appropriated annually by the Legislature through the Capital Improvement Program. The effects of the decline in TTF revenues may have an impact on these funds if the core program is reduced.

Federal Capital Funds

The State receives Federal Funds from The Federal Highway Administration, the Federal Transit Administration, the Federal Aviation Administration and Federal discretionary funding.

Federal Highway Administration (FHWA) – Federal funds used to support transportation improvements such as:

- Congestion Mitigation and Air Quality
- Metropolitan Planning
- Bridge Program
- Interstate Maintenance and Expansion
- National Highway System (major arterials)
- Surface Transportation Programs

Under the last Federal Highway legislation known as SAFTEA-LU, highway apportionments from FHWA are set at about $140 million annually. It is important to note that only 30% of Delaware's highway system is federally eligible for funding.

<u>Federal Transit Administration (FTA)</u> – Federal funds used to support:

- Urban and Rural Transit Programs
- Metropolitan and State Planning
- Elderly, Disabled and Welfare-to-work Programs
- Discretionary Transit Funds
- Bus and Rail Car Purchases

Transit appropriations from FTA are about $15 million annually.

<u>Federal Aviation Administration (FAA)</u> – Federal funds to support:

- Airport Improvements
- Aeronautics Planning

Aviation grant funds are applied for each year and are less than $1 million annually.

<u>Federal Discretionary Funds</u> – Are Federal funds that are received supplemental to Delaware's regular federal apportionment. The Department focuses on using all of its federal funding each year and attempts to secure federal discretionary funds by working with our congressional delegation.

C. Affect of Funding Shortfall on Program Components

The following table notes the available funds for each component of the capital program. These capital costs are above current revenue estimates.

<u>Table 11</u>

CAPITAL PROGRAM COMPONENTS

$ in millions	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
STATE CAPITAL PROGRAM (based on funds available)	206.97	166.72	163.22	160.94	157.03	154.97	1,009.85
State-Core Program	128.49	140.03	165.47	165.65	174.03	174.94	948.61
State Match – Federal Core Funds	8.05	9.1	6.29	9.71	7.25	7.25	47.65
State Match - Federal Capital Funds	34.27	38.42	35.18	29.05	25.44	26.56	188.92
Balance Remaining/(Needed)	36.16	-20.83	-43.72	-43.47	-49.69	-53.78	-175.33

Without additional revenues -

- **No funds are available for 100% State Funded Capital Projects by FY2012**

  Because of declining funds available for State capital expenditures, as demonstrated in the above table, without additional revenues by FY2012 there will be no state funds available for 100% state capital projects.

- **DelDOT will need to reduce its Core Business Program or lapse federal funds**

  Not only will there be no funds for 100% state capital projects, a shortfall of $20.8 million will have to come from either decreasing the core program and/or reducing the funds available to match Federal projects.

  - Reducing the Core Program is highly undesirable since this program includes, for the most part, those most basic activities to manage and maintain DelDOT's existing facilities and services, such as roadway paving, bridge rehabilitation, transit and transportation facilities and the necessary supporting equipment and technology
  - Lapsing federal funds is also highly undesirable. Delaware would stand to lose available federal project funds if the required state match funds were unavailable. Delaware has traditionally used 100% of its apportionment and in fact, has secured additional federal funds lapsed by other states at the end of each fiscal year.

- **Projects will be deferred or eliminated**

It is important to note that current revenue estimates would not be adequate to **entirely complete** all phases of the current Capital Transportation Program (CTP). With the downturn of the economy in 2008, approximately 46 projects were eliminated from the CTP across all three counties and delayed several more, including:

- SR 9 New Castle,
- SR 2, U.S. 40 / SR73 Intersection
- Grade Separated construction, such as SR 1/ Little Heaven, SR 1 / Thompsonville, and SR 1 / SR 30
- West Dover Connector;
- SR 8 / Pearson's Corner;
- SR 26 Mainline.

These projects will need to be addressed while new projects are added, thereby putting more pressure on the TTF. Coupled with new demands and operational workloads, projects will continue to be delayed until funding is identified. Delays in projects create secondary backlogs in traffic studies since project data must be updated before proceeding. For instance, the Highway Safety Improvement Program (HSIP) includes 21 sites of 30 that have been identified by not constructed to date.

Based on the estimated need through 2016 (as noted in Table 11), TTF will require a minimum of $175.33 million in additional funding over the next six years.

VI. Capital Program Development

The TTF Task Force was not tasked with reviewing the current Capital Transportation Plan or the prioritization of projects because the Department of Transportation employs a rigorous public process for evaluating projects for inclusion in the plan. DelDOT, in accordance with the requirements of federal regulation (23 CFR § 450.216), employs a comprehensive and continuous public involvement process in cooperation with the two Metropolitan Planning Organizations (MPOs), WILMAPCO and The Dover/Kent County MPO, that represent New Castle and Kent Counties respectively and Sussex County through our adopted Non-Metropolitan Consultation Process. These processes are described and published in brochure format (*DelDOT FYI – Public Involvement*) and available on our website www.deldot.gov as well as on the websites of the two MPOs www.wilmapco.org and www.doverkentmpo.org. The State of Delaware also has a Council On Transportation (COT) that is appointed by the Governor for the express purpose of overseeing this process and advising the Governor regarding proposed capital expenditures and the adequacy of the process by which the proposed capital improvement program has been created.

The process is cyclical, and because it is continuous, a starting point is difficult to define. However, for the purposes of developing the State Transportation Improvement Program (STIP), the Department considers the process of developing the proposed STIP for any given year to begin immediately upon the passage of the annual State "Bond Bill" which authorizes capital expenditures for the current fiscal year. Typically the process begins in July. The Department works with the MPOs to compile the list of transportation system improvements that have been identified through the creation and adoption of Regional Transportation Plans and the Statewide Transportation Plan. This is augmented with information provided through the Congestion Management Process, the Bridge Management System (PONTIS), and the Pavement Management System to create an initial proposed set of improvements. Despite the fact that no new revenues have been available, this process still applies.

This proposal is provided to the COT in August, for review in preparation for a series of public meetings held in September of each year. The September meetings are jointly sponsored by the COT, the MPOs, and Sussex County and are advertised broadly in order to afford the public with good opportunity to review and understand what is being proposed and to provide comments on the proposal. The meetings are held in public places that are accessible by all normal means of travel. They offer both a workshop format, where project information can be provided and questions can be answered, and a public hearing format, where the public testimony is recorded by court stenographer and duly recognized by the COT and MPO members who are presiding over the meeting. The comments provided through these meetings are carefully considered by the Department and the COT, changes are made as appropriate, and the entire proposal is sent to the Governor as the Department's proposed STIP for the impending fiscal year. The State budget process requires that this be to the Governor's Office by mid October.

Typically the process continues with another public hearing in January, where the public is afforded an opportunity to review the proposal as notified by reason of the comments provided in September. The proposal is included in the Governor's State of the State budget address in January; the COT considers all of the information and comments provided for one last time in February and forwards their recommended capital budget, which includes the projects that will comprise the STIP, to the Governor by March. The Bond Bill Committee of the Delaware General Assembly considers the proposed capital budget through a series of public hearings in May and makes adjustments as they see fit. The final document goes through the legislative approval process toward the end of June, so that the bill is sent to the Governor for signature prior to June 30. This is the typical process that has been in place for several decades with some minor, temporary modifications from year-to-year. No modifications to the schedule are anticipated at this time.

This Fiscal Year 2011 – Fiscal Year 2016 STIP was developed in accordance with the requirements of 23 CFR § 450.216. More specifically this STIP:

- Was developed cooperatively with both MPOs and the non-metropolitan portion of the state, namely Sussex County, including providing the MPOs with estimates of the State and Federal funds they might expect to utilize in developing their TIPs. The Governor has provided for public involvement in the development of this STIP as required by 23 CFR § 450.210. The STIP includes the MPOs' TIPs by reference without modification.
- Includes a list of priority projects proposed to be carried out in the first four years that are either taken directly from the MPO Long Range Transportation Plan (LRTP) or conform with the provisions of the LRTP.
- Covers a total period of six years.
- Contains only projects consistent with the Statewide Transportation Plan developed under 23 CFR § 450.214.
- Contains only projects that conform with the State's air quality goals.
- Is fiscally constrained by year.

- Contains all capital and non-capital projects as described in 23 CFR including the funding for, but not the specific projects related to, Metropolitan Planning and State Planning and Research.
- Contains all the regionally significant projects that will require an action by FHWA and/or FTA.
- Includes all the descriptive information for each project as required.
- Includes those projects in the non-metropolitan portion of the State of Delaware that have been selected in accordance with the provisions of 23 CFR § 450.220.

Through the development of the six-year Capital Transportation Program, the Metropolitan Planning Organization (MPO) Transportation Plans and the MPO Long Range Plan, considerations of revenue growth and expenditure inflation are considered. Current revenues to the Transportation Trust Fund are not inflation sensitive (excluding the Document Fee). An analysis of historical revenue growth is used to project a conservative growth rate for each of the revenue categories. These growth rates are based on present value of the dollar.

The Capital Transportation Program (CTP or STIP) currently is developed using the year of expenditure dollar for the first fiscal year of the program. The Governor's Transportation Development and Funding Options Task Force from November 2005, restricted the Department from inflating project cost estimates due to constrained budget issues.

VII. The Base Financial Plan

The Base Financial Plan (BFP) is a financial tool used to forecast the amount of state resources available for state capital and operating expenditures. The BFP starts with the forecasted revenues, both pledged and non-pledged and then subtracts the annual debt-service obligation, the DelDOT operating expenditures and finally the Delaware Transit operating expenditures. It is important to note that this flow of funds order is mandated by the Bond covenants and Trust Agreement currently in place. The funds remaining after paying expenses are considered the state resources available for capital projects. Based on the 50% pay-go guideline the department may borrow an amount equal to the state resources. The state Capital Transportation Program is the sum of the state resources and borrowing. Therefore a 50% pay-go is maintained, where state resources make up at least 50% of the total state capital spend and borrowed resources make up the other 50%.

Base financial plan assumptions-

- Revenue projections are based on the December 2010 DEFAC approved forecast.
- The DelDOT operations forecast assumes a 3% annual growth rate.
- Delaware Transit Corporation operations forecast assumes a 5% annual growth rate.
- Bond Proceeds are estimated in accordance with the 50% pay-go guidelines.
- General fund support through the transfer of escheat funds has been removed from all years.
- Federal Funds are based on the anticipated annual apportionments. Federal funds in FY2012 and 2013 have been impacted by additional ARRA funding and the early use of funds through Advance Construction.

See Appendix E for the current Base Financial Plan.

ESCHEAT FUNDS – For State Fiscal Year 2000, epilogue language was added to transfer $10,000,000 annually from the State's General Fund to the Transportation Trust Fund. This legislation can be found in Delaware Code, Chapter 29 §6102. The funds are to be transferred from the States escheat revenue receipts and are to be used to assist with the Department's operating expenses. For State Fiscal Year 2007, Senate Bill No. 350 increased the escheat transfer from $10,000,000 to $24,000,000

Due to on-going pressure on the General Fund and the inconsistent nature of the Escheat transfer to the Department, the TTF Task Force decided that in order to represent a more accurate needs scenario, all future receipts of escheat funds should be removed from the financial projections and needs analysis.

Escheat revenues in the amount of $10,000,000 were transferred to the Trust Fund from fiscal 2000 until fiscal 2002, but were not transferred in fiscal 2003. Such escheat revenues were again transferred to the Trust Fund in fiscal 2004, fiscal 2005 and fiscal 2006. Escheat revenues in the amount of $24,000,000 were transferred to the Trust Fund in fiscal 2007. The scheduled fiscal 2008, 2009 and 2010 transfers of escheat revenues to the Trust Fund were suspended. These revenues were used by the General Fund to help make up for revenue shortfalls during fiscal 2008 and fiscal 2009. Due to continuing budget concerns, the General Assembly also did not make the scheduled transfer of escheat revenues to the Trust Fund in fiscal 2010. In fiscal 2011, the Trust Fund received a General Fund appropriation of $14,000,000. The FY2012 transfer of escheat funds was also not included in the Governors Recommended Budget.

It is important to point out the negative effect caused by the loss of the escheat funds. The table below illustrates that total capital funding will be reduced by over $350 million, between FY2012 and FY2023, if the escheat funds are not transferred.

Table 12

State Capital Funds Available			
	December DEFAC	With No Escheat	Resulting Decrease
2012	$210,925	$166,719	($44,206)
2013	$203,929	$163,218	($40,711)
2014	$198,433	$160,940	($37,493)
2015	$191,559	$157,029	($34,530)
2016	$186,765	$154,965	($31,800)
2017	$178,076	$148,790	($29,286)
2018	$156,635	$129,663	($26,972)
2019	$136,174	$111,335	($24,839)
2020	$113,441	$90,566	($22,875)
2021	$92,072	$71,005	($21,067)
2022	$69,691	$50,288	($19,403)
2023	$48,671	$30,802	($17,869)

Note- the decrease in available capital includes the loss of $24M in escheat funds plus the loss of the additional borrowing funds (assuming 50% pay-go). These losses are off-set by the savings in the debt-service from the decrease in borrowing.

VIII. Analysis of the 50% Pay-go Guideline

The Task Force has thoroughly examined the current pay-go policy and analyzed the effects of adjusting the pay-go percentage. Scenarios were created to demonstrate the effects of relaxing the current 50% guideline. Realizing that increasing borrowing would also affect the Debt Service Coverage Ratio (DSCR), the possibility of a downgrade to the Departments credit rating became a concern. An analysis of borrowing costs was performed at varying rating levels to assess the potential impact of a rating downgrade.

Pay-go Overview

What is pay-go -

- Pay-go is the relationship between the State capital expenditure and the State resources available.
- State Resources are defined as the "cash" remaining after operations expenses and debt-service expenses are paid.
- Funds from borrowing are defined as "debt resources" or "non-cash resources"
- 50% Pay-go (current guideline)
  No more than 50% of the State Capital spend can be from non-cash resources.

Examples of Pay-go

- 50% Pay-go (current guideline)
  Example – State Resources Available $100,000
  Borrowing Amount $100,000
  State Capital Spend $200,000 – **State resources = 50% of spend**

- 25% Pay-go (increases borrowing ability)
  Example – State Resources Available $100,000
  Borrowing Amount $300,000
  State Capital Spend $400,000 - **State resources = 25% of spend**

- 75% Pay-go (decreases borrowing ability)
  Example – State Resources Available $100,000
  Borrowing Amount $ 33,300
  State Capital Spend $133,300 - **State resources = 75% of spend**

Effects of Relaxing the Pay-go Guideline- Table 13 below shows how the capital program in FY2012 can increase as a result of the increased borrowing resulting from adjusting the pay-go.

Table 13

2012	Pay-go %		DSCR		Total State Capital Available	Capital Increase From Base
CURRENT (Base)	**50%**		**2.80**		**$166,719**	
	45%	**-5%**	**2.77**	**-0.03**	**$181,900**	$15,181
	40%	**-10%**	**2.73**	**-0.07**	**$200,617**	$33,898
	35%	**-15%**	**2.69**	**-0.11**	**$223,069**	$56,350
	30%	**-20%**	**2.64**	**-0.16**	**$251,225**	$84,506
	25%	**-25%**	**2.58**	**-0.22**	**$287,678**	$120,959

- Relaxing the Pay-go percentage will directly impact the debt-service coverage.
- Compromising pay-go to 25% will reduce coverage to under 2.6X, decreasing both of these important Fiscal constraints will add $121M to the capital program, but may have a negative bond rating impact.
- Relaxing the pay-go for one year only, will also drop subsequent year's coverage. A second year of relaxed pay-go would drop the coverage to 2.3X

The analysis revealed that even though state capital funds increased, there are important consequences that must be addressed. The Department currently benefits from very favorable credit ratings. The Department's current Standard & Poor's rating is AA+, one-notch below the highest AAA rating. Moody's Investor Services has assigned the Department a Aa2 rating, also a very favorable rating.

As borrowing increases so does the related debt-service expense. The Debt-Service Coverage Ratio is defined as the number of times that the available pledged revenues can cover the debt-service expense. The current plan forecasts the DSCR at 2.8, which means that the available pledged revenues can pay the current debt-service expense 2.8 times.

The rating agencies have noted the 50% pay-go policy and the Trust Funds DSCR as strengths of the fund. Although other factors are important when evaluating the departments rating, decreasing both of these important factors could possibly have a negative rating impact.

The Cost of a Rating Downgrade

The table below is a representation of the estimated debt-service costs associated with each of the various bond rating categories. The Departments current rating is within the "AA" category. For a typical $100 million bond issue, the department could expect to pay an additional $410,000 annually if a rating downgrade to the "A" category were to occur. This would be an additional $8.2 million in debt-service over the twenty year amortization period. Conversely, a rating upgrade could save the department $165,000 annually, or $3.3 million over 20 years.

Table 14

Cost of a Downgrade in Credit Rating

	AAA	AA	A	BBB
Par Amount	$100,000,000	$100,000,000	$100,000,000	$100,000,000
Loan Term	20 Years	20 Years	20 Years	20 Years
Interest Rate	4.65%	4.90%	5.50%	6.10%
Annual Debt Service	$ 7,785,000	$ 7,950,000	$ 8,360,000	$ 8,800,000
Total Interest	$ 55,700,000	$ 59,000,000	$ 67,200,000	$ 76,000,000
Estimated tax exempt transportation revenue bond interest rates from Thomson Municipal Market Monitor (TM3).				
	AAA	AA	A	BBB
Interest Rate	-0.25%		0.60%	1.20%
Annual Debt Service	$ (165,000)		$ 410,000	$ 850,000
Total Interest	$ (3,300,000)		$ 8,200,000	$ 17,000,000

Source: Public Financial Management, Financial Advisor, State of Delaware

Debt-Service Reserve Requirement - Although not an immediate concern, a reduction in the debt service coverage ratio can also trigger the need for additional reserve funding as defined in the bond covenants.

Debt Service coverage below 2.0X will cause the Debt Service Reserve Fund to increase funding from the current level set at ½ the maximum annual debt-service (MADS) to 100% of the MADS. This new level would require an additional $62M to be deposited into the Debt Service Reserve Account.

Comparison of a 25% and a 75% Pay-go Policy – A funds available scenario was examined at a pay-go policy at 25% and 75%. These scenarios are built upon a fiscally constrained financial plan, conservatively reflect capital spending and do not address additional needs. The results are depicted in the table below.

At 25% pay-go, the increased borrowing will add funds to the capital program, but by FY2017 the increased debt-service from the additional borrowing will start to decrease the funds available for capital. Furthermore, as borrowing continues to increase the debt-service costs will increase to a level that will diminish resources to the point where there will be no funds available for a state capital program and by FY2022 there will not even be sufficient funds to cover the Departments debt-service and operating expenses.

At 75%, the results of the analysis concluded that if borrowing were to be reduced the capital program would have an additional shortfall of just over $200 million between FY2012 and FY2018. The analysis did however reveal that after 2018 the capital funds available would start to increase as a result of the debt-service savings from not borrowing in prior years.

Table 15

Effects of Changes in Pay-As-You-Go Ratio for Borrowing

State Capital Funds Available						
	December DEFAC	50% Pay-go with No Escheat	Funds Available at 25% Pay-go	Change in Funds Available	Funds Available at 75% Pay-go	Change in Funds Available
2012	$210,925	$166,719	$287,678	$120,959	$117,336	($49,383)
2013	$203,929	$163,218	$245,738	$82,520	$120,882	($42,336)
2014	$198,433	$160,940	$213,756	$52,816	$124,996	($35,944)
2015	$191,559	$157,029	$185,207	$28,178	$127,710	($29,319)
2016	$186,765	$154,965	$165,184	$10,219	$131,450	($23,515)
2017	$178,076	$148,790	$141,851	($6,939)	$132,060	($16,730)
2018	$156,635	$129,663	$100,081	($29,582)	$123,204	($6,459)
2019	$136,174	$111,335	$65,630	($45,705)	$114,089	$2,754
2020	$113,441	$90,566	$31,475	($59,091)	$102,501	$11,935
2021	$92,072	$71,005	$1,149	($69,856)	$90,918	$19,913
2022	$69,691	$50,288	Resources Become Negative Cannot Meet Operating Expenses		$77,760	$27,472
2023	$48,671	$30,802			$64,680	$33,878

<u>No Borrowing Scenario</u>- In an effort to examine all possible borrowing options, the Task Force also looked at the effects on the capital program if a no-borrowing policy were to be implemented. The table below illustrates the impact on capital funds if borrowing were to be suspended.

Table 16

Impacts of No Borrowing for Financial Plan

State Capital Funds Available			
	December DEFAC – No Escheat	With No Borrowing	Resulting Decrease
2012	$166,719	$114,515	($52,204)
2013	$163,218	$119,768	($43,450)
2014	$160,940	$125,537	($35,403)
2015	$157,029	$130,320	($26,709)
2016	$154,965	$135,938	($19,027)
2017	$148,790	$139,236	($9,554)
2018	$129,663	$135,238	$5,575
2019	$111,335	$130,851	$19,516
2020	$ 90,566	$124,354	$33,788
2021	$ 71,005	$117,621	$46,616
2022	$ 50,288	$109,420	$59,132
2023	$ 30,802	$100,999	$70,197

The results of the analysis concluded that, similar to the 75% scenario, if borrowing were to be suspended the capital program would have an additional shortfall of just over $186.3 million between FY2012 and FY2017. The analysis did however reveal that after 2017 the capital funds available would start to increase as a result of the debt-service savings from not borrowing in prior years.

A reduction in borrowing may be one mechanism to appropriately manage future revenue availability. However, it should be coupled with other revenue streams to ensure that capital projects continue into the future. In addition, borrowing should be considered in the context of projects which potentially bring additional net revenue to the trust fund and accelerate the retirement of debt faster than the service life of the project.

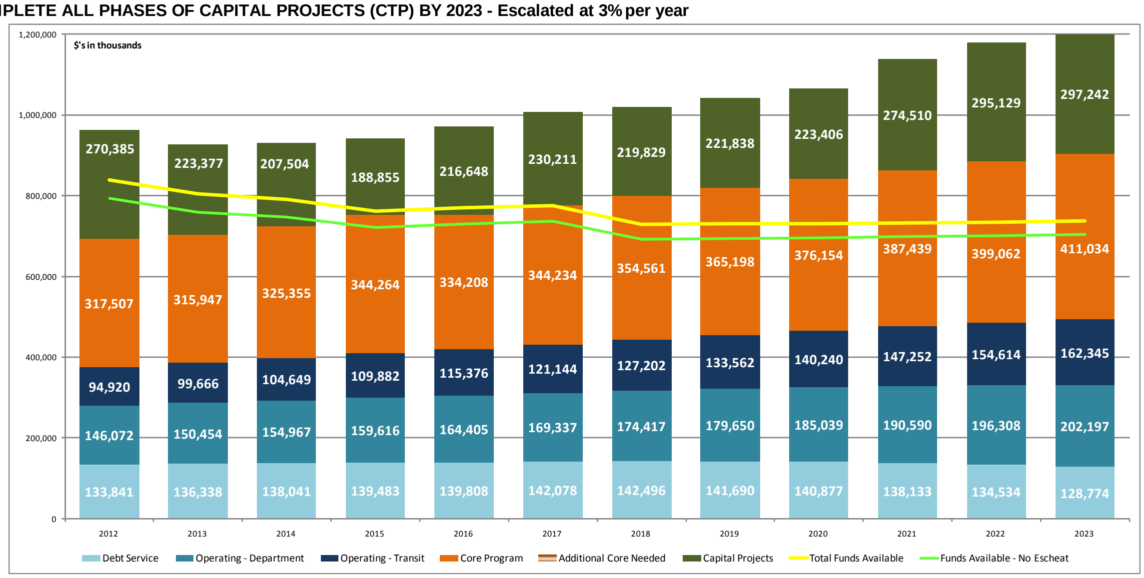
IX. Capital Program Funding Scenarios

The Task Force requested a gap analysis model to determine the revenue needed to adequately meet the current capital funding needs as presented by the CTP. While the Department is authorized legislatively to receive an annual contribution from the General Fund through escheat funds, this funding has not been contributed over the past several years. The model assumes no escheat due to the variability of this funding.

Table 17

Projected Needs through FY 2023

CORE PROGRAM - TASK FORCE PROPOSAL (Pavement Rehab and Major Equipment in 2012 then escalated 3% per year) - NO ESCHEAT
COMPLETE ALL PHASES OF CAPITAL PROJECTS (CTP) BY 2023 - Escalated at 3% per year



	CURRENT CTP					MID-TERM							
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Total Operating	374,832	386,457	397,657	408,980	419,589	432,559	444,115	454,902	466,156	475,975	485,457	493,317	**5,239,995**
Total Core Program	317,507	315,947	325,355	344,264	334,208	344,234	354,561	365,198	376,154	387,439	399,062	411,034	**4,274,964**
Total Capital Projects	270,385	223,377	207,504	188,855	216,648	230,211	219,829	221,838	223,406	274,510	295,129	297,242	**2,868,935**
Total Program	**962,724**	**925,781**	**930,516**	**942,100**	**970,445**	**1,007,004**	**1,018,505**	**1,041,938**	**1,065,716**	**1,137,924**	**1,179,648**	**1,201,592**	**12,383,894**
Funds Available with No Escheat	793,595	759,644	747,799	720,439	729,549	736,849	691,320	693,943	695,640	698,245	700,584	703,856	**8,671,464**
TOTAL SHORTFALL W/ NO ESCHEAT	**169,129**	**166,137**	**182,717**	**221,661**	**240,896**	**270,155**	**327,185**	**347,995**	**370,075**	**439,679**	**479,064**	**497,736**	**3,712,430**

NOTE: **Includes updated CTF & MSA funding levels**

Gap Analysis

Currently the capital projects identified in the CTP are not fully funded due to insufficient revenues. The analysis below represents the additional funds needed to fully fund and complete the capital transportation improvements identified in the FY2011 – FY2015 program by FY2023.

After considerable deliberation and revisions, the TTF Task Force agreed to the parameters of a gap analysis which is presented above. The analysis uses the current Base Financial Plan to depict the actual forecasted debt-service and operating expenditures. The state capital needs were then plotted based on several assumptions listed below.

Two current funding levels were drawn to depict the available funds. The yellow line represents the available funds from the current base financial plan. The green line depicts the current funds available with the removal of all escheat funds from all years. The total additional needs at the bottom represent the total needs using the no-escheat scenario. In this case the funding gap for FY2012 is $169 million, and exceeds $3.7 billion in the period from Fy2012 through FY2023.

Capital Program Assumptions-

- The core program was increased to provide additional Community Transportation Fund (CTF) and Municipal Street Aid (MSA) funding to assure roadway conditions can be maintained at acceptable levels.
- The use of Federal Aid for the core program has been maximized.
- The core program was adjusted to meet current and deferred needs for the Paving and Rehabilitation program
- All Heavy Equipment needs are met, there is no deferral of vehicle replacements.
- All phases of the current CTP projects are completed by FY2023. See Appendix F
- No additional capital projects beyond the current CTP projects have been added*.
- An inflation factor of 3% has been added in all years to capital estimates.

***It is important to note that this gap analysis does not provide for any additional funding for any new projects through FY2023. Any new projects or capital needs could substantially increase the funding gap presented.**

US 301

No cost estimates for the new US 301 corridor project are included in any of the analysis or presentations in this report. If US301 is approved and built, the funding for the project is anticipated to be from the proceeds of a dedicated standalone revenue bond issuance. Debt-service payments for the issuance of the bonds are also anticipated to be paid by toll revenues from US 301 toll revenues.

Revenue Requirements to Fill the Funding Gap

Using the agreed upon funding gap analysis, three revenue needs options were created as possible methods to address the funding gap. All three options were further broken down to represent the revenue needs at pay-go levels of 25%, 50% and 75%.

New Revenue Assumptions-

- All new revenues will be continuing annually
- No one-time revenues are assumed
- New revenues will grow at 2% annually

Option One – This option fills the funding gap by providing additional new revenues in each year as needed.

Option Two – This option addresses 25% of the FY2012 need, 50% of the FY2013 need and then 100% of the needs from FY 2014 through FY2023. It is important to note that in the first two years the additional needs not addressed are not ever accounted for. In FY2012 $127 million and in FY2013 $126 million in project needs will not be addressed or carried forward.

Option Three – This option fills the funding gap in four-year increments. Adequate revenues are added to the first year to cover the current year plus the next three years total needs.

All three options are provided on the following pages.

OPTION 1.0 – Providing New Revenues in Each Year as Required to Fill the Funding Gap

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additional Needs	$169,129	$166,137	$182,717	$221,661	$240,896	$270,155	$327,185	$347,995	$370,075	$439,679	$479,064	$497,736

Option 1.A - Maintaining 50% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	$85,000	$	$	$20,000	$8,000	$12,000	$26,000	$7,000	$8,000	$31,000	$15,000	$5,000
New Bonds	$85,000	$83,000	$91,000	$111,000	$120,000	$135,000	$164,000	$174,000	$185,000	$220,000	$240,000	$249,00
Needs not addressed	$	$	$	$	$	$	$	$	$	$	$	$

Option 1.B - Increasing Borrowing - 25% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	$42,282		$100	$10,000	$4,000	$6,000	$13,000					
New Bonds	$127,000	$125,000	$137,000	$166,000	$181,000	$203,000	$245,000	NO	CAPACITY	TO	BORROW	
Needs not addressed	$											

Option 1.C - Decreasing Borrowing - 75% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	$127,000	$	$300	$31,000	$11,000	$18,000	$39,000	$11,000	$11,000	$47,000	$23,000	$7,000
New Bonds	$42,000	$42,000	$46,000	$55,000	$60,000	$68,000	$82,000	$87,000	$93,000	$110,000	$120,000	$124,000
Needs not addressed	$											

OPTION 2.0 – 25% in FY2012, 50% in FY2013, 100% in FY2014 – FY2023

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additional Needs	$169,129	$166,137	$182,717	$221,661	$240,896	$270,155	$327,185	$347,995	$370,075	$439,679	$479,064	$497,736

Option 2.A - Maintaining 50% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	$21,000	$20,000	$49,000	$18,000	$7,000	$12,000	$26,000	$7,000	$8,000	$31,000	$15,000	$5,000
New Bonds	$21,000	$42,000	$91,000	$111,000	$120,000	$135,000	$164,000	$174,000	$185,000	$220,000	$240,000	$249,000
Needs not addressed	$127,000	$126,000	$	$	$	$	$	$	$	$	$	$

Option 2.B - Increasing Borrowing - 25% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	$11,000	$10,000	$24,000	$9,000	$4,000	$6,000	$13,000	$4,000	$4,000			
New Bonds	$32,000	$62,500	$137,000	$166,000	$181,000	$203,000	$245,000	$261,000	$278,000	No	Borrowing	Capacity
Needs not addressed	$127,000	$126,000										

Option 2.C - Decreasing Borrowing - 75% Pay-Go

	Current CTP					Mid-Term						
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
New Revenue	$32,000	$30,000	$73,000	$26,000	$11,000	$18,000	$39,000	$11,000	$11,000	$47,000	$23,000	$7,000
New Bonds	$11,000	$21,000	$46,000	$55,000	$60,000	$68,000	$82,000	$87,000	$93,000	$110,000	$120,000	$124,000
Needs not addressed	$127,000	$126,000										

OPTION 3.0 – Providing New Revenues Every Four Years to Fill the Funding Gap

	Current CTP					Mid-Term						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Additional Needs	$169,129	$166,137	$182,717	$221,661	$240,896	$270,155	$327,185	$347,995	$370,075	$439,679	$479,064	$497,736

Option 3.A - Maintaining 50% Pay-Go

	Current CTP					Mid-Term						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
New Revenue	**$90,000**	$	$	$	**$47,000**	$	$	$	**$61,000**	$	$	$
New Bonds	$90,000	$83,000	$91,000	$111,000	$120,000	$135,000	$164,000	$174,000	$185,000	$220,000	$240,000	$249,000
Needs not addressed	$	$	$	$	$	$	$	$	$	$	$	$

Option 3.B - Increasing Borrowing - 25% Pay-Go

	Current CTP					Mid-Term						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
New Revenue	**$45,000**	$	$	$	**$23,000**	$	$	$	**$31,000**	$	$	$
New Bonds	$127,000	$125,000	$137,000	$166,000	$181,000	$203,000	$245,000	$261,000	$278,000	$330,000	**NO**	**CAPACITY**
Needs not addressed	$											

Option 3.C - Decreasing Borrowing - 75% Pay-Go

	Current CTP					Mid-Term						
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
New Revenue	**$135,000**	$	$	$	**$70,000**	$	$	$	**$91,000**	$	$	$
New Bonds	$42,000	$42,000	$46,000	$55,00	$60,000	$68,000	$82,000	$87,000	$93,000	$110,000	$120,000	$124,000
Needs not addressed	$											

X. Revenue Options

A total of 95 revenue options were identified for consideration. Task Force members prioritized these items based on the revenue raised and their viewpoints on the possibility of implementation of the revenue option. The highest priority was designated with a “1” and a ranking of “5” was the lowest priority. All of the responses were tabulated and an average ranking was assigned to each of the revenue options. The options were then sorted by average priority ranking. (See Appendix G for Prioritized Revenue Matrix and Appendix H for Implementation Time ranking.)

Most of the matrix items are self-explanatory and are merely increases in existing fees. Several of the options, however, were identified by the Task Force as requiring further explanation, and are discussed in the sections below. The options for discussion are divided into three categories;

- Changes to existing Revenues
- New Revenue Sources
- Non-Revenue Items

The following section contains issues pertinent to specific revenue options that the Task Force determined to need additional explanation. It is important to note that the revenue estimates do not consider the volume decreases that may occur due to increased fees. Several options may require further review or study as to the potential revenue generated. Some options may present legal obstacles and the need for additional legislation or a change to existing legislation.

A. Changes to existing Revenues

The last approved revenue package was implemented in October 2007 and increased the fees for several of the items on the new revenue matrix. These items are:

- Commercial Tolls on SR-1 (matrix item #1)
- Photo ID cards (#16)
- Title lien fees (#17)
- All tolls on I-95 (#22)
- Class D license renewal fee (#40)
- Title fees (#42)
- Passenger tolls on SR-1 (#44)
- Vehicle registration (#45)
- Eliminating commercial EZ-Pass discount on SR-1 (#55)
- Vehicle document fees (#63)

Items needing further explanation are:

Number 11 on Matrix---Increase Paratransit Fee outside the Mandated Zone from $2.00 to $4. 00

Issues to consider:

- Federal law mandates paratransit service in bands reaching ¾ mile on either side of fixed transit routes. Inside the zone, paratransit fees cannot be more than twice the amount of fixed route fees per federal regulations.
- There are no restrictions on fees outside the zone.
- Paratransit fees have not increased since the service was assumed by the Trust Fund in 1988.
- Increased fee may impact the demand for service due to affordability.

Number 30 on Matrix---Increase Paratransit Fee from $2 to $3.

Issues to consider:

- Federal law mandates that the paratransit fee within the ¾ mile bands be no more than twice the fixed route rate.
- This item is contingent on enactment of Number 48 on the matrix
- Paratransit fees have not increased since 1988.
- Increased fee may impact demand for service due to affordability.

Number 50 on Matrix---Sale of Parking Garages/Lots

Issues to consider:

- Appraisals were recently performed on the facilities. Sale values of the structures were substantially below cost of construction
- The garages are no more than six years old so there is minimal equity compared to debt;
- The facilities are generating revenue sufficient to meet both the operating and debt service costs

Number 48 on Matrix---Increase Base Transit Fees

Issues to consider:

- The base transit fare has not increased since 1988.
- Federal law mandates that the paratransit fee be no more than twice the fixed route fee. Therefore, increasing the base fare would enable an increase in the paratransit fee.
- Increased fee may impact demand for service due to affordability
- Less fixed route usage impacts on air quality.

Number 52 on Matrix---Increase Motor Fuel Tax

Issues to consider:

- Fuel taxes were last increased in 1995
- Maryland is proposing a $0.10 increase in fuel taxes and indexing the fees to the cost of construction. Pennsylvania also is considering a fuel tax increase.

Table 18

Comparable Tax Rates Levied by Surrounding States

State	Gas(¢/Gallon)	Special Fuel (¢/Gallon)
New York	41.2	40.3
Pennsylvania	32.3	39.2
Maryland	23.5	24.3
Delaware	***23.0***	***22.0***
District of Columbia	20.0	20.0
Virginia	19.6	19.6
New Jersey	14.5	17.5

B. New Revenue Sources

Number 61 on Matrix---Improved P3 Language

Issues to consider:

- Public Private Partnerships (P3) utilize private capital to support public projects in exchange for assets, revenue streams or guarantees in an effort to create stable, long term financing for the projects
- Legislative approval already required for all public/private partnerships.
- Financial firms concerned about legislative approval of appropriations and the corresponding uncertainty.
- Federally backed guarantees, e.g. Transportation Infrastructure Finance and Innovation Act (TIFIA), make P3 more attractive to financial firms.

Number 62 on Matrix—EZ-Pass Account Maintenance Fee

Issues to consider:

- Currently Delaware has no fee
- Maryland--$1.50/month

- Pennsylvania--$6.00/year
- New Jersey—No fee
- Virginia—No fee
- New York—No fee

Number 66---Univ. of Delaware Student Transit Fee

Issues to consider:

- $25 fee per semester for estimated 19,500 University of Delaware students
- If DelTech (40,000) and Delaware State (3,500) students are included, would increase estimate by $1,092,500
- Fee would be used to fund or subsidize transit operations in and around campus. Funds would be used to improve current services and to defray future infrastructure investments.

Number 73 on Matrix---$20 Vehicle Inspection Fee

Issues to consider:

- Historically, inspection seen as part of the registration process
- There has never been an inspection fee in Delaware
- Other states:
  - Maryland--$14 biennial emissions test fee plus initial safety inspection at private facility
  - Pennsylvania--$18-90 annually (private facility)
  - New Jersey--$75-90 biennially (private facility)
  - Virginia--$16 annually for safety plus annual emissions not to exceed $28

C. Non-Revenue Items

The following items will not generate additional revenues, but will decrease existing cost. This will have the same effect as new revenues by increasing the resources available for capital.

Number 4 on Matrix---10 Year Incremental Shift of Paratransit Expenses to the General Fund.

Issues to consider:

- Paratransit can be seen more as a social service issue than just a transportation issue thereby justify General Fund expenditure.
- Paratransit expenses were moved to the Trust Fund in 1989. They formerly were born by the Delaware Turnpike Authority.
- Would put additional pressure on the General Fund.

- The annual cost per year would be cumulative of the previous year(s) until such time as the entire cost is shifted.
- The total accumulated cost in year 10 will be $48.9 million with a 3% annual cost inflator.
- A relationship exists between paratransit service and the social service needs of the user. DTC and the Department of Health and Social Services (DHSS) have been engaged in discussions over greater participation on the part of DHSS.

Number 20 on Matrix---10 Year Incremental Shift of TTF Operating Costs to General Fund

Issues to consider:

- The Trust Fund was established in 1988 to fund solely capital projects
- The Trust Fund assumed all DTC expenses in 1989
- From FY 1991 thru FY1993, all department operating expenses were move to the Trust Fund.
- DMV was moved to DelDOT in FY 2003 and the Trust Fund assumed all DMV expenses.
- Would put additional pressure on the General Fund.
- The annual cost per year would be cumulative of the previous year(s) until such time as the entire cost is shifted.
- The total accumulated cost in year 10 will be $161.6 million with a 3% annual cost inflator.

XI. Financial Management Measures

Internal Measures

Fare Box Recovery Rate Policy

The Task Force recommended that fare box recovery rates be established for all Delaware Transit Corporation (DTC) modes of travel. The fare box recovery rate would represent the desired percentage of the average cost per person per trip that should be recaptured through fares.

For example, for a bus carrying 40 passengers the total cost to operate the bus would be divided by 40 to get the average cost per person. Realizing that the recovery of the full cost to operate the transit and paratransit vehicles is impractical, the Department should establish an acceptable recovery percentage and price services accordingly. This rate would have to be monitored on at least an annual basis and fees would need to be adjusted accordingly to maintain the determined recovery percentage.

Adjusting the Pay-go Guideline

See Section IV for a complete analysis off this option.

Suspending Borrowing

See Section IV for a complete analysis off this option.

Indexing Fees

Indexing of fees is recommended by the TTF Task Force. By indexing Trust Fund fees, Trust Fund revenues can grow annually to help off-set expense growth and construction costs. Without indexing new revenue sources and/or increases to existing fees will need to be addressed more frequently to continue to meet the capital needs.

When exploring the indexing option, various factors such as rounding of fees, capping of the annual adjustment, implementation of the fee change, specific fees to index and what economic measure should be used as an index must also be addressed. It is suggested that provisions be written to the applicable legislation so that a negative annual index result does not decrease revenues for that adjustment period.

Common indexes that could be used include the Consumer Price Index (CPI) and the Construction Cost Price Index.

The chart on the next page provides revenue estimates relating to indexing various existing fees.

Table 19

Revenue Increases from Indexing Current Revenues (in 000's)			
Revenue Sources	FY2012 Revenue Forecast	Increase for each .5%	Result of a 2.5% increase*
Motor Fuel Tax Revenue	$ 117,300	$ 587	$ 2,933
Motor Carrier Registration Revenue	$ 3,000	$ 15	$ 75
I-95 Turnpike Toll Revenues	$ 114,000	$ 570	$ 2,850
SR 1 Toll Revenues	$ 46,000	$ 230	$ 1,150
Document Fee Revenues	$ 64,000	$ 320	$ 1,600
Registration Fee Revenues	$ 48,400	$ 242	$ 1,210
Other DMV Fee Revenues	$ 24,200	$ 121	$ 605
	TOTAL	**2,085**	**10,423**

* Example using the average CPI change from 1999 to 2010 of 2.5%

XII. Community Transportation Fund (CTF):

In conjunction with the examination of the Transportation Trust Fund, House Bill 500 requested a committee to "study and report on the issues and potential effects of requiring DelDOT 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. An analysis of overruns and/or deficits for the CTF program over the past three years will also be provided on a district by district basis."

The TTF Task Force reviewed information provided by the Department of Transportation regarding the Community Transportation Fund. The program has existed in its similar format for the last few decades. Early on the program was more restrictive and was focused primarily on street paving and sidewalks in the suburban developments. By the mid-1990's, beautification programs, decorative entrance signs and the use of the funds for 21st Century projects, were added. Rule 12, authorized through the Joint Committee on the Capital improvement Program (Bond Bill Committee), governs the use of the funds and has limited it to public capital projects, including:

- Paving, curb & gutter, sidewalk
- Traffic signals, signs, lighting
- Drainage improvements
- Permanent landscaping
- Conservation District projects
- Parking lots
- Safety or Transportation Enhancement (TE)

Statewide suburban mileage has increased from 1,299 centerline miles in 2004 to 1,460 centerline miles in 2010. The range of miles each legislator has authority to designate funds includes 0 to 69.79 miles in Representative districts and 13.56 to 126.44 miles in Senatorial districts. Senators and representatives have the discretion to combine funding for projects within and outside of their districts.

	CTF Funding Per Legislator	Total
FY05	$ 300,000	$ 20,100,000
FY06	$ 250,000	$ 16,600,000
FY07	$ 250,000	$ 16,900,000
FY08	$ 250,000	$ 16,750,000
FY09	$ 250,000	$ 16,750,000
FY10	$ 125,000	$ 8,375,000
FY11	$ 175,000	$ 11,475,000

The projects allow for agreements with third parties to provide services. DelDOT reviews the expiration of estimates and inflation rates annually.

The epilogue language requested that the Department break out cost overruns and /or deficits for the CTF program over the last three years on a district-by-district basis. Unfortunately the Department cannot disaggregate this information due to how it contracts for work. In order to obtain the best price from contractors, bids are combined on multiple projects. In addition, projects from multiple districts are frequently combined in order to increase economies of scale and potentially decrease the cost per unit purchased. For example, even if a slightly larger geographic area is utilized, it is best to put as much drainage work on the same contract when possible rather than on multiple contracts. Other examples are specialty work such as microsurfacing, speed bumps or even ADA ramps when possible. Lastly, our costs are calculated by contract and have multiple legislative districts involved over multiple funding years.

The Community Transportation Fund is suffering under the same issue as the entire TTF – growing needs within communities for paving, rehabilitation of streets and drainage, with the escalation of costs, while revenues remain flat. Growth of development with aging useful life of current infrastructure creates pressure on the CTF. The gap analysis calculated as part of the TTF report indicates a need approximately double the size of the FY 2011 allocation of $14.75 million. This gap analysis took into account the paving and rehabilitation needs of the suburban streets on a statewide basis.

	Future needs
FY12	$ 31,808,000
FY13	$ 32,762,000
FY14	$ 33,745,000
FY15	$ 34,757,000
FY16	$ 35,800,000

If the prospect exists to allocate funds to close this gap, it is suggested that the funds be systematically applied in a way to take care of the most pressing rehabilitation needs first through DelDOT's pavement management system.

XIII. Conclusions and Recommendations

The goal of the Transportation Trust Fund (TTF) Task Force was to provide information on possible additional revenues to address potential gaps in capital funding for the Transportation Trust Fund. More importantly, the TTF Task Force recognizes the criticality of providing for sustainable long-term transportation funding in order support the infrastructure needs of the State. This infrastructure not only provides safe mobility for travelers in our State but supports economic development and access to jobs, both in the near-term for construction and the long-term viability of the State's economy.

The Task Force held eight meetings and accumulated information about the current financial condition, projected needs of the state's transportation infrastructure and analyses on the effects of changes to current revenue streams and new revenue alternatives.

The report describes in detail how the Transportation Trust Fund reached its current financial condition. The TTF is not insolvent. It enjoys a healthy credit rating from the major rating agencies and sufficient room in its critical financial measures, such as coverage ratios and debt tests.

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. For example, in Fiscal Year 2012, it is expected that there will be no 100 percent state-funded projects and that in order to have sufficient state revenue to meet the matching requirements for the use of federal funds, reductions in the transportation core program will occur.

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.

Although there is sufficient revenue to cover our debt requirements and the credit rating is good, the problem cannot be solved through increased borrowing. Debt service costs currently represent 35% of all operating costs in the TTF. Debt service costs are rising and the useful life of some of the current projects are less than the term of the 20 year debt. If a more sustainable stream of revenue were created, a reduced amount of borrowing could be considered.

In addition, the TTF Task Force cautions against changes in the pay-as-you-go percentage in determining the amount of borrowing in a given year. Reducing the use of cash and increasing borrowing to pay for projects will accelerate debt and potentially put the TTF's credit rating in jeopardy. A favorable credit rating is critical to obtaining lower interest rates when borrowing.

Lastly, 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 provides revenue alternatives to be considered by the Governor and General Assembly to correct a structural problem in the TTF. Among these alternatives are scenarios which depict outcomes based on how the revenues are phased in and the desired size of the capital program.

The Task Force solicited diverse ideas from all areas impacting transportation, such as tolls, vehicle fees, transit fares, operational savings and motor fuel taxes. Many of these ideas will require additional research to determine the cost of implementation and any impacts to citizens and users of the system.

The Task Force is not recommending any specific revenue alternatives, but rather is proposing 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.

In order to maintain the current infrastructure, the core program, which includes paving and rehabilitation, bridge management, transit vehicle purchases, the Community Transportation Fund and the Municipal Street Aid Program among others, will require $317.5 million in FY 2012 and increase to $344.3 million by 2015. This is a considerable increase from the current Capital Transportation Plan amount of $192.6 million in FY 2012. The difference represents the backlog of needs and the current lack of adequate funding to meet these needs. Starting FY 2013, capital requirements over and above the core program will require an additional $27 million.

In addition, the state funding of the Capital Improvement Program supports leveraging of federal funds allocated annually through formula funding and grant opportunities. As part of the requirements to receive federal funding, the CTP must be federally constrained, or, in other words, have sufficient revenues to meet federal obligation matching requirements and support the projects budgeted in the program. Faced with the decline of state-only projects and the possibility of reductions in the core program, available funding for federal matching requirements may become limited. If this were to occur, the State would turn back funding due to lack of matching funds.

The Task Force has provided differing scenarios detailing how phased approaches and fully funding the TTF would impact the revenue requirements needed to meet the recommended capital requirements. Given the size of needed infrastructure improvements, the impact of new revenues if implemented all at once, will be significant. The phasing of revenue enhancements will hopefully ease decision-making.

While the Task Force declined from recommending specific revenue alternatives, it is recommending consideration of three efforts which will improve the sustainability of the Trust Fund.

First, the Task Force discussed at length the effects of the historical shifts of operating costs from the General Fund to the Transportation Trust Fund over the last twenty years. Originally established in 1988, the TTF was utilized solely as a pool of funds for capital projects, supported by a revenue structure sized to meet the State's infrastructure needs. Beginning in 1992, shifts of operating funding for the Department of Transportation, the Delaware Transit Corporation and the Division of Motor Vehicles required approximately $3 billion in revenue that otherwise would have supported capital projects. Among the options for improving the sustainability of the TTF is to consider shifting operating costs over a period of time back to the General Fund or providing additional General Fund contributions. In addition, there is often a nexus between use of services, such as paratransit, and other services delivered by the State, such as social services and employment. We encourage greater engagement among General Fund agencies in sharing of resources and finding creative ways of raising revenues and lowering costs.

Second, it is recommended that a fare box recovery rate policy be established for all Delaware Transit Corporation (DTC) modes of travel. Fare box recovery rates would represent the desired percentage of the average cost per person per trip that should be recaptured through fares. This effort would allow for DTC to adjust fares or potentially eliminate or restructure services as necessary to meet fare box recovery percentages. These changes would not require legislative approval for fare increases. However, regular reporting to the executive and legislative branches of government requiring justification of the fare increases will be needed annually.

Third, the TTF Task Force encourages consideration of indexing revenues to allow revenues to fluctuate with increases in costs. Indexing ties revenues to an economic indicator which grows no more than the cost of projects. By indexing Trust Fund revenues to an economic indicator which reflects the cost of goods and services, the Trust Fund revenues can grow annually in a way which off-sets expense growth and construction costs. Without indexing new revenue sources and/or increases to existing fees, the Trust Fund will need to be addressed more frequently to continue to meet the capital needs.

The essential goal in correcting the structural problem of funding the TTF is to create a sustainable stream of revenue which supports an appropriately sized capital program to meet the State's infrastructure needs. We hope these ideas contribute to this goal.

Appendix A

145th General Assembly, House Bill 500, Section 112 Pertaining to Transportation Trust Fund Task Force

Section 112. Transportation Trust Fund. The Department continues to identify significant shortfalls of funding for the Transportation Trust Fund ("TTF"). The increased demand on the State's transportation system, limited resources for design and construction for improved safety and increases in the cost of land acquisition, labor and raw materials continue to strain the TTF. Additionally, continued increases in borrowing could affect the current excellent credit rating of the TTF. The Secretary of Transportation, in partnership with the Council on Transportation will establish a small group of individuals to thoroughly explore, examine and evaluate the resource needs for the comprehensive Capital Transportation Program. This group is also directed to study and report on the issues and potential effects of requiring the Department of Transportation to determine the funding allocations and project prioritization for those projects traditionally funded in the Community Transportation Fund category within the Grants and Allocations appropriation classification. An analysis of overruns and/or deficits for the CTF program over the past three years will also be provided on a district by district basis. This group will provide a comprehensive report and recommendations to the Governor and General Assembly by March 31, 2011.

Appendix B
Transportation Trust Fund Task Force Member List

Dave Athey	City Council, Newark
Carlton Carey, Pres.	Mayor, Dover
Bill Carson	State Representative
John Casey	Delaware Contractors’ Association
Rich Davis	DEFAC & Former State Representative
Rick Deadwyler	DuPont Company
Carol Everhart	Rehoboth / Dewey Chamber
Christina Favilla	Discover Bank
Jim Ford	Mayor, Lewes
Ray Harbeson	Central Delaware Chamber
Helene Keeley	State Representative
Dennis Klima	Bayhealth Inc.
Alan Levin	Delaware Economic Development Office
Chad Moore	Bellmoor Inn & Spa
Paul Morrill	Committee of 100
Karen Peterson	State Senator
Terry Reilly	TMA Delaware
Barry Schoch	McCormick Taylor
Danny Short	State Representative
Gary Simpson	State Senator
Bob Venables	State Senator
Carolann Wicks	DelDOT
Ted Williams	Chair / Council on Transportation Member
Jim Wolfe	State Chamber

Appendix C

Analysis of DelDOT Operating, DTC Subsidy and Debt Service Expenses (FY 2004-2010)

Delaware Department of Transportation
($ in millions)

	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY05 to 10 Average	
Operations									
Debt Service	95.0	99.2	146.2	115.1	119.2	122.3	121.5		
		4.4%	47.4%	-21.3%	3.6%	2.6%	-0.7%	6.0%	
Personnel Costs	75.2	81.2	87.1	106.1	93.7	87.2	83.4		
		8.0%	7.3%	21.8%	-11.7%	-6.9%	-4.4%	2.3%	
Operations/ Capital Outlay	46.3	52.8	42.7	49.5	53.6	50.6	59.6		
		14.0%	-19.1%	15.9%	8.3%	-5.6%	17.8%	5.2%	3.8%*
Transit Operations	64.9	70.4	74.3	79.3	85.8	87.7	90.0		
		8.5%	5.6%	6.7%	8.2%	2.2%	2.6%	5.6%	
Total Expenditures Operations	**281.4**	**303.6**	**350.3**	**350.0**	**352.3**	**347.8**	**354.5**		
		7.9%	15.4%	-0.1%	0.7%	-1.3%	1.9%	4.1%	

Percentages represent year-over-year change in costs.

*Personnel and operations are combined to show average cost increase for the FY 2005 to FY 2010 average.

Appendix D

Core Program

DelDOT's responsibility to focus on the demands of the transportation infrastructure requires the need for a commitment to core business operations. In an effort to maintain existing roadways, provide for the management of new and upgraded roadways as well as ensure that the department is equipped with the necessary inventory to meet the needs of the state, the Task Force has identified core business functions. These functions must be managed and appropriately funded in order to continue the basic operations of the department. Core business initiatives include:

Paving and Rehabilitation Program	Provides for the paving of the state's 12,500+ lane miles of pavement. This program represents approximately 34% of the roadway infrastructure statewide. Roads in the paving program are on a 10-year rehabilitation cycle.
Heavy Equipment Program	Allows for the replacement and refurbishment of equipment on a 7-15 year life cycle. Equipment includes six-wheel trucks, mowers, street sweepers, earth movers, snowplows, brush clippers, and other machinery.
Technology	Supports the department's entire technological infrastructure. Initiatives include, Geographical Information System (GIS) efforts, department-wide equipment management, software and hardware upgrades, Division of Motor Vehicle initiatives statewide, as well as other projects and programs.
Community Transportation Program	Provides members of the General Assembly with funding for projects within electoral boundaries.
Municipal Street Aid Program	Supports the maintenance and rehabilitation of transportation infrastructure within municipal boundaries.
Materials & Minor Contracts	Provides for the maintenance of drainage projects, sign structures, and entrance pipes, as well as repairs to guardrails, sink holes, and sign and high mast lighting structures. The program also includes the inspection and mitigation of drainage problems.

Bridge Management	Provides for a five-year inspection cycle for over 200 bridges statewide. This includes lighting and structure inspections, pavement marking maintenance and movable bridge maintenance.
Transit Vehicle Replacement	Allows for the response to population demands and expansion for fixed route bus services. Current fixed and Paratransit buses are on a 5-10 year replacement schedule.
Planning	Allows statewide long-range transportation plan, coordinate county comprehensive development plans, and PLUS activities, manages programs focused on bicycle and pedestrian improvements statewide.
Transportation Enhancement	Works within the surface transportation program on integration of bicycle and pedestrian facilities, preservation of historic transportation structures, and beautification of transportation related projects.
Transit Facilities	Maintains and expands train stations, park and ride locations and transit hubs throughout the state.
Transportation Facilities	Allows for regular maintenance and inspection of existing transportation facilities and support of new facilities.

Core Program

TTF Task Force Proposal

Catagories	2011	2012	2013	2014	2015	2016	Total
TRANSPORTATION ENHANCEMENTS	$ 6,610.30	$ 4,426.20	$ 4,455.16	$ 4,484.98	$ 4,515.70	$ 4,547.34	$ 29,039.68
MUNICIPAL STREET AID (MSA)	$ 4,000.00	$ 17,433.75	$ 17,956.76	$ 18,495.47	$ 19,050.33	$ 19,621.84	$ 96,558.15
COMMUNITY TRANSPORTATION FUND (CTF)	$ 11,475.00	$ 31,808.00	$ 32,762.24	$ 33,745.11	$ 34,757.46	$ 35,800.18	$ 180,347.99
PAVING & REHABILITATION	$ 52,357.00	$ 106,500.00	$ 109,255.00	$ 115,499.00	$ 120,434.00	$ 123,662.00	$ 627,707.00
PLANNING	$ 8,140.90	$ 8,339.90	$ 8,415.39	$ 8,493.15	$ 8,732.64	$ 8,815.13	$ 50,937.11
TECHNOLOGY	$ 7,446.20	$ 7,381.20	$ 7,594.54	$ 7,814.27	$ 8,040.60	$ 8,273.72	$ 46,550.53
MATERIALS AND MINOR CONTRACTS	$ 6,300.00	$ 6,500.00	$ 6,695.00	$ 6,895.85	$ 7,102.73	$ 7,315.81	$ 40,809.38
HEAVY EQUIPMENT	$ 4,750.00	$ 11,900.00	$ 12,257.00	$ 12,625.00	$ 13,003.00	$ 13,394.00	$ 67,929.00
SIGNAGE & PAVEMENT MARKINGS	$ 2,800.00	$ 2,400.00	$ 2,472.00	$ 2,546.16	$ 2,622.54	$ 2,701.22	$ 15,541.93
TRANSPORTATION FACILITIES	$ 7,000.00	$ 9,500.00	$ 9,785.00	$ 10,078.55	$ 10,380.91	$ 10,692.33	$ 57,436.79
RAIL CROSSING SAFETY & PRESERVATION	$ 2,196.50	$ 2,196.50	$ 2,259.87	$ 2,291.67	$ 2,324.42	$ 2,358.15	$ 13,627.10
ADVANCE ACQUISITIONS	$ 1,400.00	$ 2,000.00	$ 2,060.00	$ 2,121.80	$ 2,185.45	$ 2,251.02	$ 12,018.27
SAFETY	$ 4,465.20	$ 4,465.20	$ 4,525.66	$ 4,587.93	$ 4,652.06	$ 4,718.13	$ 27,414.17
TRANSPORTATION MGMT IMPROVEMENTS	$ 9,564.40	$ 8,020.00	$ 9,441.30	$ 8,020.00	$ 8,020.00	$ 8,020.00	$ 51,085.70
TRAFFIC CALMING	$ 400.00	$ 400.00	$ 412.00	$ 424.36	$ 437.09	$ 450.20	$ 2,523.65
ENGINEERING & CONTINGENCY	$ 24,000.00	$ 24,113.00	$ 24,836.39	$ 25,581.48	$ 26,348.93	$ 27,139.39	$ 152,019.19
INTERSECTION IMPROVEMENTS	$ 6,280.00	$ 5,600.00	$ 5,080.00	$ 5,243.60	$ 5,370.91	$ 5,502.04	$ 33,076.54
TRANSIT FACILITIES	$ 10,750.00	$ -	$ 2,274.00	$ 230.00	$ 4,147.00	$ 4,147.00	$ 21,548.00
AERONAUTICS	$ 1,065.00	$ 184.00	$ 184.00	$ 184.00	$ 184.00	$ 184.00	$ 1,985.00
TRANSIT VEHICLES	$ 10,505.00	$ 27,847.00	$ 17,171.00	$ 30,938.00	$ 36,607.00	$ 18,965.00	$ 142,033.00
BRIDGE PRESERVATION & MANAGEMENT	$ 29,602	$ 35,607	$ 35,170	$ 24,170	$ 24,463	$ 24,765	$ 173,776.83
RECREATIONAL TRAILS	$ 884.80	$ 884.80	$ 884.80	$ 884.80	$ 884.80	$ 884.80	$ 5,308.80
TOTALS	**$ 211,992.30**	**$ 317,506.55**	**$ 315,947.37**	**$ 325,355.00**	**$ 344,264.49**	**$ 334,208.11**	$ 1,849,273.81

Notes

- Core Program adjusted to meet Paving & Rehabilitation needs including "Catch Up" fund along with Heavy Equipment needs
- Core Program adjusted to include MSA and CTF recommended needs

Appendix E

DEFAC 2010 Base Financial Plan

Base Financial Plan - Capital
December DEFAC 2010 - No Escheat
($ in 000s)

	2011	2012	2013	2014	2015	2016	2017
Sources of Funds							
Existing Pledged Revenue							
I-95 Tolls & Concessions	115,300	116,500	117,900	119,200	120,600	122,000	123,300
Motor Fuel Tax Admin.	117,900	120,300	122,700	125,200	127,700	130,300	132,900
DMV Fees	132,700	136,600	140,700	144,900	149,300	153,700	158,400
Interest Income	4,000	6,000	7,000	8,000	8,000	8,000	8,000
Total Pledged Revenue	369,900	379,400	388,300	397,300	405,600	414,000	422,600
Non-Pledged Revenues							
SR 1 Tolls	45,700	46,000	46,600	47,200	47,800	48,500	49,300
Escheat	0	0	0	0	0	0	0
General Fund	14,000	0	0	0	0	0	0
DE Transit (Farebox, FTA, & Other)	16,874	17,687	18,040	18,401	18,769	19,145	19,528
Port of Wilmington - Refinancing	1,628	1,628	1,628	1,628	1,628	1,628	1,628
Build America Bond Subsidy Payment	0	1,377	1,298	1,298	1,298	1,298	1,298
Other Transportation Revenue	12,000	12,100	12,200	12,300	12,400	12,500	12,600
Total Non-Pledged Revenue	90,202	78,792	79,766	80,827	81,895	83,071	84,354
Total Sources of Funds	460,102	458,192	468,066	478,127	487,495	497,071	506,954
Uses of Funds							
Debt Service							
DTA Bonds & Notes	123,103	126,309	121,965	116,821	111,569	105,352	101,236
Senior Bonds	123,103	126,309	121,965	116,821	111,569	105,352	101,236
New Debt Service	0	7,155	14,160	21,067	27,806	34,456	40,842
State G.O. Bonds	720	377	213	153	108	0	0
Total Debt Service	123,823	133,841	136,338	138,041	139,483	139,808	142,078
Operations							
Department Operations	141,817	146,072	150,454	154,967	159,616	164,405	169,337
Delaware Transit Corp. Operations	90,400	94,920	99,666	104,649	109,882	115,376	121,144
Total Operations	232,217	240,991	250,120	259,616	269,498	279,780	290,481
Total Uses of Funds Before Capital	356,040	374,832	386,457	397,657	408,980	419,589	432,559
State Resources Available for Capital	104,062	83,360	81,609	80,470	78,515	77,482	74,395
Beginning Capital Cash Balance	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Carry-over Encumbrance Balance	32,381	0	0	0	0	0	0
Federal Funds	283,600	252,043	209,969	189,202	154,430	154,995	155,500
Bond Proceeds	102,909	83,360	81,609	80,470	78,514	77,483	74,395
Total Funds Available for Capital Expenditures	542,952	438,763	393,187	370,142	331,459	329,960	324,290

Less:							
State Capital Expenditures	**206,971**	**166,719**	**163,218**	**160,940**	**157,029**	**154,965**	**148,790**
Carry-over Encumbrance Spend	**32,381**	**0**	**0**	**0**	**0**	**0**	**0**
Federal Capital Expenditures	**277,510**	**241,613**	**198,987**	**179,005**	**142,660**	**144,009**	**144,506**
GARVEE Debt-Service (Federal)	**6,090**	**10,430**	**10,982**	**10,198**	**11,770**	**10,986**	**10,994**
Total Capital Spending	**522,952**	**418,762**	**373,187**	**350,142**	**311,459**	**309,960**	**304,290**

Appendix F

Projects subject to deferral over the last six years due to lack of revenue

CTY	PROJECT	COMMENT	PHASE	CURRENT ESTIMATE
	New Castle			
NC	BR 1-391 & 392 on N424 SR9 over Appoquinimink River	Deleting project	C	1,005.0
NC	HSIP SR2 & Cleveland Ave	Unknown C estimate	C	
NC	HSIP SR7 & Valley Road	Unknown RW and C estimate	RW	
NC	HSIP SR7 & Valley Road	Unknown RW and C estimate	C	
NC	SR 2 Elkton Road, MD Line to Casho Mill Road		RW	1,600.0
NC	SR 2 Elkton Road, MD Line to Casho Mill Road		C	46,000.0
NC	SR 72, McCoy Road to SR 71		C	15,000.0
NC	SR 9, New Castle Ave, 3rd Street to Heald Street		RW	3,000.0
NC	SR 9, New Castle Ave, 3rd Street to Heald Street		C	90,000.0
NC	SR 9, River Road Flood Remediation		RW	500.0
NC	SR 9, River Road Flood Remediation		C	11,000.0
NC	SR1 Tybouts Corner	C Partially funded in FY16 $30M	C	60,000.0
NC	SR141/I95 Interchange	Unknown C estimate	C	50,000.0
NC	SR9 Delaware Avenue & Harmony Rd	C partially funded in FY16 $720	C	1,080.0
NC	Tyler McConnell Bridge		RW	3,000.0
NC	Tyler McConnell Bridge		C	50,000.0
NC	US 40, Maryland State Line to US 13 Program	US 40 & SR896 Grade Separated Intersection	C	40,000.0
NC	US 40, Maryland State Line to US 13 Program	US 40, Pulaski Highway & SR 72 Wrangle Hill Road, Intersection	RW	7,000.0
NC	US 40, Maryland State Line to US 13 Program	US 40, Pulaski Highway & SR 72 Wrangle Hill Road, Intersection	C	11,500.0
NC	US13 Philadelphia Pike Transportation Plan	Unknown RW & C estimates		
NC	Replacement of NCC DMV		C	15,000.0

	Kent			
K	Barratts Chapel Road		RW	4,500.0
K	Barratts Chapel Road		C	26,200.0
K	Loockerman Street / Forest Street		C	3,500.0
K	SR1 at NE Front Street	C Partially funded in FY16 $11M	C	11,000.0
K	SR1 Bay Road K19 Thompsonville	C partially funded in FY16 $11.5M	C	4,500.0
K	SR1 Little Heaven Grade Separated Intersection	C Partially funded starting in FY15 $21,250	C	23,750.0
K	US 13 from South Court Street to Loockerman Street		RW	3,000.0
K	US 13 from South Court Street to Loockerman Street		C	3,000.0
	Sussex			
S	Resort Area Park & Ride System			
S	Beach Area Park & Ride @ Five Points		PE	100.0
S	Beach Area Park & Ride @ Five Points		RW	3,000.0
S	Beach Area Park & Ride @ Five Points		C	1,000.0
S	SR1 Beach Area Transit Hub		RW	6,500.0
S	SR1 Beach Area Transit Hub		PD	150.0
S	Plantations Road Improvements, SR 24 to US 9		RW	5,000.0
S	Plantations Road Improvements, SR 24 to US 9		C	8,000.0
S	SR 1, Dewey Beach Pedestrian/Bicycle Improvements		RW	200.0
S	SR 1, Dewey Beach Pedestrian/Bicycle Improvements		C	5,800.0
S	SR 1A, Dewey Beach Pedestrian/Bicycle Improvements		RW	1,000.0
S	SR 1A, Dewey Beach Pedestrian/Bicycle Improvements		C	3,100.0
S	SR 24, Love Creek to SR 1		RW	7,559.9
S	SR 24, Love Creek to SR 1		C	11,900.0
S	SR 24, SR 30 to Love Creek Bridge		C	20,500.0

S	**SR 24, SR 30 to Love Creek Bridge**		**RW**	**9,400.0**
S	**US 9 / SR 1 Five Points**	**US 9 / SR 1 Five Points Interchange**	**RW**	**5,000.0**
S	**US 9 / SR 1 Five Points**	**US 9 / SR 1 Five Points Interchange**	**C**	**45,000.0**
S	**US 9 / SR 1 Five Points**	**US 9 Relocation, Ebb Tide Drive to SR 1 (Coastal Highway)**	**C**	**34,000.0**
S	**US9 & S319 Airport Road Realignment**	**C Partially funded in FY15 $5.0**	**C**	**5,392.6**
S	**Connector Road, SR 24 to SR 9**		**PD**	**2,540.0**
S	**Connector Road, SR 24 to SR 9**		**PE**	**8,400.0**
S	**Connector Road, SR 24 to SR 9**		**RW**	**40,000.0**
S	**Connector Road, SR 24 to SR 9**		**C**	**84,000.0**
	US 113 or New CTP Projects (TBD)			**300,000.0**
	FY 2012 - FY 2016 CTP Funding Shortfall			**257,580.0**
			TOTAL	**1,350,257.5**
	Escalation: 3% per year for Funded Phases (2012 - 2016)			**112,941.6**
	Escalation: 3% per year for Unfunded Phases escalated to 2020			**464,375.7**
			TOTAL	**1,927,574.8**

Appendix G - Revenue Options – By Priority

Revenue Options By Priority Order

Sorted in Priority Order - 1:Highest to 5:Lowest

	Prioritization of Proposed Fees	Annual Revenue Estimate			Priority Average
1	SR-1 Raise Commercial Vehicles by $1	$	4,500,000	/$1 inc	1.2
2	10% Fee on the sales price of DE Tags	$	15,000	+ occasional lrg sale	1.2
3	Illegal sign fees $25 to $50	$	9,000		1.2
4	10 yr. Incremental shift of paratransit from Trust Fund to General Fund	$	4,265,200	/year	1.2
5	DL Suspension reinstatement $25 to $50	$	510,000		1.3
6	DL Late Renewal fee $1.15 to $10	$	257,000		1.3
7	DL Permanent Renewal $15 to $25		$ 87,000		1.3
8	Revocation reinstatement $143 to $200	$	230,000		1.3
9	Registration Late Renewal $10 to $20	$	831,000		1.3
10	Oversize/Overweight Permits $20 to $40	$	903,000		1.3
11	Increase Paratransit Fee (outside mandated area) - $2 to $4	$	2,100,000		1.3
	NOTE: #11 Cannot be approved without approving #48				
12	Outdoor advertising fees	$	1,634,800		1.4
	up to 30 sq. ft. from $5 to $100 all locations			$ 900	
	30 to 100 sq. ft. from $10 to $150; $300 on Lim. Access Roads			$ 30,400	
	100 to 300 sq. ft. from $15 to $750; $1,500 on Lim. Access Roads			$ 1,118,700	
	> 300 sq. ft. from $20 to $1,000; $2,000 on Lim. Access Roads			$ 484,800	
13	Vanity Tags $40 to $50	$	110,000		1.5
14	Late Penalty Fee $25 to $35		$ 84,000		1.5
15	Record Sale Fees $15/record to $20	$	2,279,000		1.5
16	Photo ID from $20 to $25	$	118,000		1.5
17	Title Lien Fees $10 to $20	$	748,000		1.5
18	Temporary Tag $10 to $20	$	421,000		1.5
19	Insurance Penalties $100 to $125 plus $5/day	$	800,000		1.5
	SUB-TOTAL	$	19,902,000		

20	10 yr. Incremental Shift of TTF operating expenses to General Fund	$ 14,140,000	/year		1.5
21	Duplicate License $10 to $20	$ 370,000			1.6
22	I-95 Raise All Axle Classes by $1	$ 24,500,000	/$1 inc		1.6
23	Dealer Reassignment $10 to $20	$ 307,000			1.6
24	Temporary Permit $10 to $20	$ 86,000			1.6
25	Motorcycle Endorsement $8 to $20	$ 140,000			1.6
26	Motorcycle Safety Class:	$ 79,600			1.6
27	In state ($35 to $75; $50 to $100)			$ 79,000	
28	Out of state ($100 to $200; $200 to $300)			$ 600	
29	Increase gas tax @ Welcome Center /I-95--per $0.01 increase	$ 126,000	/$.01 inc.		1.6
30	Increase Paratransit Fee - $2 to $3	$ 2,100,000			1.6
31	Index Motor Fuel Tax only (per each .5% increase)	$ 587,000	/.5% inc.		1.6
32	Same day service fee for dealer title work	$ 303,000			1.6
33	Specialty Plates $35-$50 to $75	$ 27,000			1.7
34	Title Service Fee $15 to $25	$ 80,000			1.7
35	Dealer Tags & Reg Card $8 to $20	$ 7,000			1.7
36	Salvage Title Fee $25 to $35	$ 65,000			1.7
37	Retain Tag Fee $10 to $20	$ 177,000			1.7
38	Study feasibility of smaller transit vehicles				1.7
39	Increase Vehicular weight fee for SUV's ($18.00/1,000lbs over 4,000)	$ 3,300,000			1.7
40	Class D renewal fee $25 to $26	$ 106,000	/$1 inc		1.8
41	Commercial Driver License $30 to $40	$ 72,000			1.8
42	Title Fees $25.00 to $35.00	$ 2,123,000			1.8
43	Duplicate Titles $25 to $50	$ 342,000			1.8
	SUB-TOTAL	$ 8,939,600			

44	SR-1 Passenger Vehicles $1 to $2 week--$2 to $3 weekends	$ 36,400,000		1.8
45	Vehicle Registration $10 increase (Prorated by length of registration)	$ 6,700,000		1.8
46	Index all fees (per each .5% increase)	$ 2,085,000	/.5% inc.	1.8
47	Duplicate Registration Card $2 to $10	$ 45,000		1.9
48	Increase Base Transit Fee $1.15 to $1.50	$ 986,000		1.9
49	Jet Fuel Tax			1.9
50	Sale of Parking Garages/Lots			1.9
51	Leasing towers for antennas on IRIB or high mast lighting systems	$ 84,000		1.9
52	Increase Gas Tax $0.23 to $0.24	$ 4,500,000	/$.01 inc.	1.9
53	Increase Diesel Tax $0.22 to $0.23	$ 600,000	/$.01 inc.	1.9
54	Develop new Numbering System for tags and auction tags (A1A,A1B….)			1.9
55	SR-1 Eliminate Commercial E-Z Pass Discount (25%)	$ 2,300,000		2.0
56	Surcharge for violation by drivers with points			2.0
57	Dealer License fee $100 to $200	$ 80,000		2.0
58	Bid contracts exempt from Prevailing Wage			2.0
59	Increase work zone penalties for speeding			2.1
60	Duplicate Validation Sticker $1 to $5	$ 97,000		2.1
61	Improved P3 bill language			2.1
62	EZ Pass Account Maintenance ($2/month)	$ 4,000,000		2.1
63	Document Fees from 3.75% to 4.00%	$ 3,780,000	/.25% inc.	2.1
64	Organization Plates	$ 21,000		2.2
65	Installation fee for Residential pipe installment in driveways	$ 2,800,000		2.3
66	Univ. of Delaware student transit fee $25	$ 488,000		2.3
67	Combining Gas Tax and Diesel Tax into one rate (Diesel up $.01)	$ 600,000		2.3
68	Mechanic Tags			2.4
69	Lease equipment and vehicles			2.4
70	Limit future borrowing to reduce debt service			2.4

71	Lease heavy trucks & equipment to contractors		2.4
72	Increase Development Coordination/Inspection Fees	$ 5,500,000	2.5
73	Implement $20 Inspection Fee	$ 6,085,000	2.5
74	Lightering tax on oil on Delaware Bay – $0.01 per barrel	$ 1,000,000	2.5
75	Indian River Bridge- $1/$2 on weekends-50% frequency discount	$ 7,625,600	2.6
76	Concession of SR 1, I- 95		2.6
77	Outsource areas of DOT operations		2.6
78	Outsource paratransit operations		2.7
79	Study need of grade separated intersections		2.8
80	Implement $.50 toll on SB ramp at Odessa	$ 700,000	2.9
81	Implement tolls on free ramps south of C&D Canal	$ 4,000,000	2.9
82	Eliminate Trade-in Discount	$ 12,203,000	3.0
83	Use Transportation Improvement Districts to raise fees		3.1
84	Move all traffic violation revenue to Trust Fund		3.1
85	Defer or eliminate capital projects or phases		3.2
86	Elimination of non-applicable gas tax refunds (FY2010 Refunds - Ag. $16,732; Com. Non-highway $4,928; Boats $50,014; Planes $49,312)	$ 121,000	3.3
87	Base registration fee on miles traveled		3.4
88	SR 1 south of Milford $1/$2 on weekends, 50% frequency discount	$ 7,452,000	3.5
89	Congestion pricing for tolls on I95 and SR1		3.6
90	Franchise Fees for Utilities to use DelDOT ROW		3.6
91	Reduce trailer registration fees		3.8
92	Speed Cameras on State Route 1		3.8
93	Tolls on Sussex Cty. Roads such as SR1, Rt 113, Rt 13 or RT 404		3.8
94	Carbon Tax on Vehicle Emissions		4.4
95	Temporary adjustment to 50/50 pay-go		4.6
	TOTAL	$ 179,192,200	

APPENDIX H -Revenue Options in Priority Order with Time Frame				
Short Term - 0 to 3 years / Long Term - 3 to 6 years				
	Prioritization of Proposed Fees	Annual Revenue Estimate		Time Frame
1	SR-1 Raise Commercial Vehicles by $1	$ 4,500,000	/$1 inc	Short
2	10% Fee on the sales price of DE Tags	$ 15,000	+ occasional lrg sale	Short
3	Illegal sign fees $25 to $50	$ 9,000		Short
4	10 yr. Incremental shift of paratransit from Trust Fund to General Fund	$ 4,265,200	/year	Short
5	DL Suspension reinstatement $25 to $50	$ 510,000		Short
6	DL Late Renewal fee $1.15 to $10	$ 257,000		Short
7	DL Permanent Renewal $15 to $25	$ 87,000		Short
8	Revocation reinstatement $143 to $200	$ 230,000		Short
9	Registration Late Renewal $10 to $20	$ 831,000		Short
10	Oversize/Overweight Permits $20 to $40	$ 903,000		Short
11	Increase Paratransit Fee (outside mandated area) - $2 to $4	$ 2,100,000		Short
	NOTE: #11 Cannot be approved without approving #48			
12	Outdoor advertising fees	$ 1,634,800		Short
	up to 30 sq. ft. from $5 to $100 all locations		$ 900	
	30 to 100 sq. ft. from $10 to $150; $300 on Lim. Access Roads		$ 30,400	
	100 to 300 sq. ft. from $15 to $750; $1,500 on Lim. Access Roads		$ 1,118,700	
	> 300 sq. ft. from $20 to $1,000; $2,000 on Lim. Access Roads		$ 484,800	
13	Vanity Tags $40 to $50	$ 110,000		Short
14	Late Penalty Fee $25 to $35	$ 84,000		Short
15	Record Sale Fees $15/record to $20	$ 2,279,000		Short
16	Photo ID from $20 to $25	$ 118,000		Short
17	Title Lien Fees $10 to $20	$ 748,000		Short
18	Temporary Tag $10 to $20	$ 421,000		Short
19	Insurance Penalties $100 to $125 plus $5/day	$ 800,000		Short
20	10 yr. Incremental Shift of TTF operating expenses to General Fund	$ 14,140,000	/year	Short
21	Duplicate License $10 to $20	$ 370,000		Short
22	I-95 Raise All Axle Classes by $1	$ 24,500,000	/$1 inc	Short
23	Dealer Reassignment $10 to $20	$ 307,000		Short
24	Temporary Permit $10 to $20	$ 86,000		Short
25	Motorcycle Endorsement $8 to $20	$ 140,000		Short
26	Motorcycle Safety Class:	$ 79,600		Short
27	In state ($35 to $75; 50 to $100)		$ 79,000	
28	Out of state ($100 to $200; $200 to $300)		$ 600	
29	Increase gas tax @ Welcome Center /I-95--per $0.01	$ 126,000	/$.01 inc.	Short

	increase			
30	Increase Paratransit Fee - $2 to $3	$ 2,100,000		Short
31	Index Motor Fuel Tax only (per each .5% increase)	$ 587,000	/.5% inc.	Short
32	Same day service fee for dealer title work	$ 303,000		Short
33	Specialty Plates $35--50 to $75	$ 27,000		Short
34	Title Service Fee $15 to $25	$ 80,000		Short
35	Dealer Tags & Reg Card $8 to $20	$ 7,000		Short
36	Salvage Title Fee $25 to $35	$ 65,000		Short
37	Retain Tag Fee $10 to $20	$ 177,000		Short
38	Study feasibility of smaller transit vehicles	TDB		
39	Increase Vehicular weight fee for SUV's ($18.00/1,000lbs over 4,000)	$ 3,300,000		Short
40	Class D renewal fee $25 to $26	$ 106,000		Short
41	Commercial Driver License $30 to $40	$ 72,000		Short
42	Title Fees $25.00 to $35	$ 2,123,000		Short
43	Duplicate Titles $25 to $50	$ 342,000		Short
44	SR-1 Passenger Vehicles $1 to $2 week--$2 to $3 weekends	$ 36,400,000		Short
45	Vehicle Registration $10 increase (Prorated by length of registration)	$ 6,700,000		Short
46	Index all fees (per each .5% increase)	$ 2,085,000	/.5% inc.	Short
47	Duplicate Registration Card $2 to $10	$ 45,000		Short
48	Increase Base Transit Fee $1.15 to $1.50	$ 986,000		Short
49	Jet Fuel Tax			Short
50	Sale of Parking Garages/Lots			Short
51	Leasing towers for antennas on IRIB or high mast lighting systems	$ 84,000		Short
52	Increase Gas Tax $0.23 to $0.24	$ 4,500,000	/$.01 inc.	Short
53	Increase Diesel Tax $0.22 to $0.23	$ 600,000	/$.01 inc.	Short
54	Develop new Numbering System for tags and auction tags (A1A,A1B….)	TDB		Short
55	SR-1 Eliminate Commercial E-Z Pass Discount (25%)	$ 2,300,000		Short
56	Surcharge for violation by drivers with points	TDB		
57	Dealer License fee $100 to $200	$ 80,000		Short
58	Bid contracts exempt from Prevailing Wage	TDB		Short
59	Increase work zone penalties for speeding	TDB		Short
60	Duplicate Validation Sticker $1 to $5	$ 97,000		Short
61	Improved P3 bill language	TDB		Long
62	EZ Pass Account Maintenance ($2/month)	$ 4,000,000		Short
63	Document Fees from 3.75% to 4.00%	$ 3,780,000	/.25% inc.	Short
64	Organization Plates	$ 21,000		Short
65	Installation fee for Residential pipe installment in driveways	$ 2,800,000		Short

66	**Univ. of Delaware student transit fee $25**	**$ 488,000**		**Short**
67	**Combining Gas Tax and Diesel Tax into one rate (Diesel up $.01)**	**$ 600,000**		**Short**
68	**Mechanic Tags**	**TDB**		**Short**
69	**Lease equipment and vehicles**	**TDB**		
70	**Limit future borrowing to reduce debt service**	**TDB**		**Short**
71	**Lease heavy trucks & equipment to contractors**	**TDB**		**Short**
72	**Increase Development Coordination/Inspection Fees**	**$ 5,500,000**		**Short**
73	**Implement $20 Inspection Fee**	**$ 6,085,000**		**Short**
74	**Lightering tax on oil on Delaware River-$0.01 per barrel**	**$ 1,000,000**		**Long**
75	**Indian River Bridge- $1/$2 on weekends-50% frequency discount**	**$ 7,625,600**		**Long**
76	**Concession of SR 1, I- 95**	**TDB**		**Long**
77	**Outsource areas of DOT operations**	**TDB**		**Short**
78	**Outsource paratransit operations**	**TDB**		**Short**
79	**Study need of grade separated intersections**	**TDB**		
80	**Implement $.50 toll on SB ramp at Odessa**	**$ 700,000**		**Short**
81	**Implement tolls on free ramps south of C&D Canal**	**$ 4,000,000**		**Short**
82	**Eliminate Trade-in Discount**	**$ 12,203,000**		**Short**
83	**Use Transportation Improvement Districts to raise fees**	**TDB**		**Short**
84	**Move all traffic violation revenue to Trust Fund**	**TDB**		
85	**Defer or eliminate capital projects or phases**	**TDB**		
86	**Elimination of non-applicable gas tax refunds**	**$ 121,000**		**Short**
	(FY2010 Refunds - Ag. $16,732; Com. Non-highway $4,928; Boats $50,014; Planes $49,312)	**TDB**		
87	**Base registration fee on miles traveled**	**TDB**		**Long**
88	**SR 1 south of Milford $1/$2 on weekends, 50% frequency discount**	**$ 7,452,000**		**Long**
89	**Congestion pricing for tolls on I95 and SR1**	**TDB**		
90	**Franchise Fees for Utilities to use DelDOT ROW**	**TDB**		**Short**
91	**Reduce trailer registration fees**	**TDB**		**Short**
92	**Speed Cameras on State Route 1**	**TDB**		**Long**
93	**Tolls on Sussex Cty. Roads such as SR1, Rt 113, Rt 13 or RT 404**	**TDB**		**Long**
94	**Carbon Tax on Vehicle Emissions**	**TDB**		**Long**
95	**Temporary adjustment to 50/50 pay-go**	**TDB**		**Short**

APPENDIX I – Cost Containment

Cost Containment and Efficiency Efforts Summary

Action Item	Cost Containment	Efficiency
Adjusted vehicle replacement schedule	X	
City of Wilmington Partnership		X
Eliminated Paper Statements for DMV and Toll Operations		X
Electronic Signature (Motor Voter Program)		X
Eliminate Summer Motor Assistance Patrol Services		X
Extended Desktop Replacement Schedule	X	
Improved Adopt a Highway Program		X
Improved Toll Violation Enforcement		X
Increased Use of Network Printers		X
Interactive Voice Recognition System (DTC)		X
Moved to Online Service (DMV)		
Administrative Hearing Request		X
Fee Calculator		X
Fuel Tax Filing		X
Handicap Placard Request		X
Specialty Plate Sales		X
Vanity Tag Lookup and Hold		X
Vehicle Registration Renewal Notices		X
Reduced Consultant Engineering Services	X	
Reduced Hours of Smyrna Rest Area	X	
Reduced Overtime Activities	X	
Reduced Cell Phone Usage and Distribution	X	
Reduced Use of Take-Home Vehicles	X	
Renegotiated EZPass Customer Service Contract		X
Streamlined Driver Manual Dissemination		X
Streamline Subdivision Plan Review Process		X
Vacant Position Compliment Reductions	X	
Virtual Public Workshop Enhancements		X