

**Transportation Trust Fund Task Force, Meeting #3**  
**Meeting Minutes**  
**January 4, 2011**

*Present:*           **Transportation Trust Fund Task Force Members:** Dave Athey, Carleton Carey, John Casey, Rich Davis, Rick Deadwyler, Ray Harbeson, Dennis Klima, Paul Morrill, Karen Peterson, Terry Reilly, Barry Schoch, Danny Short, Bob Venables, Secretary Wicks, Ted Williams (presiding) and Jim Wolfe.

*Absent:*           Bill Carson, Carol Everhart, Christina Favilla, Jim Ford, Helene Keeley, Alan Levin, Chad Moore and Gary Simpson.

*Present:*           **Guests and Support Staff:** Natalie Barnhart, Cleon Cauley, Jim Craig (Dept. of Finance), Kathy English, Jim Lardear (AAA Mid-Atlantic), Brian Maxwell (Office of Management and Budget), Mike McCann, Jeff Montgomery (The News Journal), Mike Morton (Controller General's Office), Brian Motyl, Ken Potts, Ralph Reeb, Steve Richter, Brett Taylor, Ed Weirauch (Bike Delaware), Arthur Wicks, Mike Williams, Joe Wright and Tigist Zegeye (WILMAPCO).

*Next meeting:*   **January 24, 2011**, 3:00 p.m., Felton-Farmington Conference Room, DelDOT Administration Building 1<sup>st</sup> Floor, Dover

**I.           Review of Minutes**

Chairman Ted Williams introduced the minutes from the previous meeting and asked the committee members to take a moment to review them. Mr. Williams then opened the floor for comments on the minutes. There were no comments from the committee and Mr. Williams asked for a formal motion to approve the minutes. A formal motion was presented and the committee approved the minutes unanimously.

**II.          Presentation**

Kathy English, Finance Director, provided a presentation on the various financial needs of Delaware's Transportation System as opposed to the anticipated revenues for the Transportation Trust Fund (TTF) over the coming years. A copy of the complete presentation can be found online at [www.deldot.gov](http://www.deldot.gov) under Transportation Trust Fund Task Force.

**III.         Questions and Discussion**

**A.          Secretary Wicks's Opening Comments**

Secretary Wicks asked the committee members to take a moment and review the provided information packet and then discussed current TTF revenue trends. Ray Haberson asked if the decrease in toll revenues could be attributed to a loss of capacity at the I-95 Newark Toll Plaza during its current construction project. Secretary Wicks responded that although this may be a factor, the revenue decrease began before the start of the construction project and that the revenue decrease may be attributed to many factors, including current economic conditions.

**B. Kathy English's Presentation: "Transportation Needs"**

During the presentation, Secretary Wicks asked Ms. English to explain escheat funds to the committee. Ms. English explained to the committee that escheat funds are revenue the state receives from abandoned property (i.e. gift cards). In the past, DeIDOT has received a portion of these funds. John Casey inquired as to how confident is DeIDOT that these escheat funds will be reinstated. Secretary Wicks responded that because these funds have not been received over the past several years, that there is no guarantee of future receipt. Mr. Casey noted that escheat funds may be too volatile to include in the anticipated revenue sources for the TTF and that it may be better to not include these funds so that anticipated revenue is not overstated. Mr. Williams noted that in the current environment Federal Funding is also very volatile, but is still included in the revenue projections. Mr. Casey did not agree with this comparison. Ms. English noted that if the committee members were uncomfortable with including escheat funds in the revenue projections, then they could add \$48 million to each year's deficit estimate (escheat funds plus their borrowing power). Brian Maxwell noted that the governor's budget does not include an allocation of escheat funds to DeIDOT. Dennis Klima asked if escheat revenues were accumulated monthly or yearly. Ms. English answered that escheat revenues are accumulated annually. Dave Athey inquired as to how escheat funds that DeIDOT receives are divided. Ms. English explained that escheat funds are used to fund the capital program.

Rich Davis asked if the revenue trending in the presentation reflected a decrease of state funding, federal funding, or both. Ms. English responded that the revenue trending reflects both a decrease in state and federal funding.

During the presentation, committee members were asked to take a moment to review Appendix C, a listing of core business needs, their current funding levels, where these funding levels should be and a justification for each funding level increase. Secretary Wicks explained that these areas were all hit during the past due to state funding shortfalls and that these funding levels need to return to normal levels to properly maintain Delaware's transportation system. Paul Morrill asked if the pavement rating goals outlined in the paving justification were considered standard. Joe Wright explained that a goal of 85 percent "Fair or Better" rating was considered standard among other states in this region. Mr. Wright also noted that the state attempts to hold 75 percent of roads at a "Good" rating, but that this number has slipped in recent years due to financial constraints. Mr. Wright cautioned that although this number could slip more and still maintain the 85 percent "Fair or Better" Rating (as long as roads stay at least at a "Fair" rating), this could have many implications for Delaware's transportation system. Mr. Morrill stated that this slip in rating needs to be shown to better illustrate the needs of the transportations system.

Slide 11 of the presentation showed a schedule to return the core business funding levels to their normal levels over the next several years. Barry Schoch asked if these funding levels would still be constrained and if they represented the funding in 2011 dollars. Ms. English responded that the funding levels were represented in 2011 dollars. Mr. Schoch noted an issue with this scheduling and that ultimately a gap would form between now and the return to normal funding levels that will need to be filled.

Terry Reilly asked if the core business needs funding returned to normal levels would that be enough or would additional funding be needed.

Secretary Wicks explained that this will be discussed in future meetings and that several funding goals will be determined (low, medium, high).

Mr. Harbeson asked why core business needs were not fully funded if that represented DeIDOT's top priority. Secretary Wicks agreed that some core business needs were deferred due to the large increase needed.

Towards the end of the presentation, committee members were asked to review Appendix E, a listing of each counties' aspiration list of transportation projects that have not been included on the Capital Transportation Plan (CTP). Mr. Davis asked if these lists included the cut/delayed lists that were provided at the last meeting. Ms. English responded that the projects listed in Appendix E were in addition to the cut/delayed list.

Mr. Schoch asked if the Gap Chart was in current dollars, if the revenue projections included escheat funds and if the revenue projections accounted for the likely drop in fuel tax revenue due to the newest Corporate Average Fuel Economy (CAFE) standards. Ms. English noted that escheat funds are included and that fuel tax revenue projections did not account for the new CAFE standards. Mr. Schoch noted that the revenue projections placed too many assumptions on unreliable revenue sources and that the budget gap could be worse than presented. Mr. Casey noted that the information needs to be as reliable and as accurate as possible to make the best case to the decision makers. Mr. Kilma noted that the public and the government need to know just how bad the budget gap could be. Mr. Williams asked if these budget scenarios should be included in the committee's final report.

Dan Short asked if the revenue and expenditure numbers for this year were solid or if they could change depending of the committee's recommendations. Secretary Wicks explained that the committee's report is due in March to the governor and that DeIDOT's bond hearings are in May, thus the actions of the committee would not effect this Fiscal Year.

Mr. Williams asked the committee to come to a consensus on reassessing revenue projections concerning CAFE standards and escheat funding and to reassess expenses with inflation in the construction costs. Mr. Athey inquired if 3 percent was the inflation factor used by DEFAC. Mr. Davis responded that DEFAC only calculates revenues and not expenses, but that a growth factor was built in to their revenue projections. Mr. Athey asked if there is a Federal benchmark for an inflation growth factor. Mr. Schoch responded that 3 percent was a normal number used as an inflation growth factor. Mr. Harbeson requested that another budget scenario be built without any new borrowing.

Ms. English asked the committee members to clarify on the new budget projections they were requesting.

Mr. Schoch noted that he may have some useful information referring to the effect of CAFE standards on fuel tax revenues to help create these new budget projections.

Committee members were asked to review Appendix F, a listing of potential revenue sources. Mr. Williams asked each committee member to review this list and rank each option in order of interests in implementation and also to provide comments on each source. Secretary Wicks noted that most are existing revenue sources. Ms. English explained that amount of revenue listed for each option represents the amount of additional funding that these could create. Mr. Williams also invited committee members to present any new ideas that are not listed for discussion at the next meeting.

Mr. Casey asked what the current rates are for fixed route and paratransit fares. Ken Potts responded that the current fixed route fare is \$1.15 in New

Castle County and \$1.00 in Kent and Sussex County. Mr. Potts also noted that the paratransit fee is \$2.00 statewide. Mr. Casey asked that a list be emailed to the committee members with the Delaware Transit Corporation fares.

Mr. Davis asked for a short presentation on the recommendations from the 2005 Transportation Trust Fund Task Force. Mr. Davis also requested that the presentation include which recommendations were implemented and to what extent. Secretary Wicks explained that the revenue package came out of the 2007 Task Force. Mr. Williams clarified that the presentation should include the recommendations from 2005 and the revenue package from 2007.

Mr. Williams asked if the committee members wanted a copy of the Federal Transportation Trust Fund report on increasing revenue sources. Mr. Schoch suggested that the committee members were provided a weblink to these reports due to their size. Mr. Casey requested a link to an executive summary of this report. Mr. Schoch noted that this is included in the report. Mr. Schoch asked if Title XXI violations (traffic violations) go directly to the general fund. Ms. English explained that part of these funds go directly to the TTF. Mr. Schoch noted that there has been some discussion of traffic violation fines being based upon the number of points on one's license and that this may be an option for increasing revenues to the TTF.

Mr. Williams mentioned the Delaware Department of Motor Vehicles' partnership with the City of Wilmington that prevents license and registration renewals to people with unpaid parking violations and how this could be expanded to other municipalities as a potential revenue option. Mr. Williams also noted that a critical issue would be whether or not current staffing levels could handle the department's needs or expansions caused by these potential revenue options.

Karen Peterson asked if there was any interest in moving DelDOT's operating expenditures back to the general fund. Secretary Wicks explained that this is an option, but noted that the general fund is overstretched as well.

### C. Action Items

- ***New Budget Projections to include:***
  - ***Add inflation of 3% to project list***
  - ***Provide overview of financial plan with - no borrowing and no escheat***
  - ***No deferral on the Core Program***
  - ***Review of CAFÉ standards and impact on DE***
  - ***Summary of DTC Fare structure and qualifications***
  
- ***Committee members will review Appendix F and rank the potential revenue source options by amount of interest in implementing. Committee members will also provide comments on each option.***
  
- ***A presentation on the recommendations of the 2005 Task Force and the revenue package created by the 2007 Task Force will be provided to committee members.***

**D. Administrative Matters (con't.)**

Ted Williams discussed the following items:

1. Meeting minutes would be reviewed by the chairperson, then posted to the DeIDOT web. At the following member meeting, minutes would be presented for comment.
2. Next meeting will be held on January 24, 2011, 3:00pm – 5:00pm. DeIDOT Administration Building, Felton/Farmington Room. The meeting will include a panel discussion of public speakers, including a representative from AASHTO, the University of Delaware, and a member of the disabled community.

**Meeting adjourned at 4:45pm**

***Task Force Goals***

- ***Thoroughly explore, examine and evaluate the resource needs for the comprehensive Capital Transportation Program (CTP);***
- ***Study and report on the issues and potential effects of requiring DeIDOT to determine the funding allocations and project prioritization for those projects traditionally funded in the Community Transportation Fund (CTF) category within the Grants and Allocations appropriation classification;***
  - ***Provide analysis of overruns and/or deficits for the CTF program over the past three years on a district by district basis; and***
- ***Provide a comprehensive report and recommendations to the Governor and General Assembly by March 31, 2011.***