

Transportation Trust Fund Task Force, Meeting #5
Meeting Minutes
February 1, 2011

Present: **Transportation Trust Fund Task Force Members:** Dave Athey, Carleton Carey, John Casey, Rick Deadwyler, Carol Everhart, Ray Harbeson, Helene Keeley, Dennis Klima, Alan Levin, Paul Morrill, Terry Reilly, Danny Short, Bob Venables, Secretary Wicks, Ted Williams and Jim Wolfe

Absent: Bill Carson, Rich Davis, Christina Favilla, Jim Ford, Chad Moore, Karen Peterson, Barry Schoch and Gary Simpson

Present: **Guests and Support Staff:** Cleon Cauley, Brian Maxwell (Office of Management and Budget), Mike McCann, David McGuigan (George & Lynch), Patrick McKean (Office of Management and Budget), Mike Morton (Controller General's Office), Brian Motyl, Brett Taylor, Chris Weeks (Becker Morgan Group), Arthur Wicks, Mike Williams and Tigist Zegeye (WILMAPCO)

Next meeting: February 15, 2011, 3:00 p.m., Felton/Farmington Room, DeIDOT Administration Building 1st Floor, Dover

I. Review of Minutes

Chairman Ted Williams presented the meeting 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, a motion to approve was presented and the committee unanimously approved the minutes.

II. Presentation

Secretary Wicks and Brian Motyl presented several documents that the committee had requested at the previous meeting. Chairman Ted Williams also reviewed an updated list of potential revenue sources with the committee and opened the floor for discussion for items on this list.

III. Comments and Discussion

A. Follow Up Items and Documents

1. Outdoor Advertising and Illegal Sign Fees

Mr. Williams asked how many staff members were needed to administer these fees and noted that the cost in staff hours to collect these fees may outweigh the income from the fees.

John Casey asked for a clarification of the fee structure as related to the size of the sign and noted that the fees seemed very low. Mr. Casey also asked how long the fees have existed. Mr. Motyl responded that the fees began in 1996. Mr. Motyl also explained that the fees are limited by law and are only supposed to be large enough to defray any costs to the state related to the outdoor advertising and signs.

Mr. Casey requested a breakdown of the number of large signs (300ft² and above) in each county. Mr. Motyl responded that there were 180 large signs in New Castle County, 36 in Kent County and 213 in Sussex County. Mr. Casey then requested a breakdown of the number of signs between

100ft² and 300ft² in each county. Mr. Motyl responded that there are 609 signs in New Castle County, 167 signs in Kent County and 544 signs in Sussex County.

2. Title Processing and Mailing

Mr. Motyl explained that the state does mail titles to the lien holder on vehicles with liens and that this costs the state approximately \$30,000 per year in postage. Carol Everhart asked why the car dealerships cannot pay for this. Mr. Motyl explained that a pilot program was created several years ago to train dealership staff to handle the title information and its mailing, but the program was unsuccessful. Mr. Motyl further explained that many of the dealerships were unhappy with the extra labor expenses caused by the staff time needs to process title information. Ms. Everhart asked if that \$30,000 per year covered only postage or did this figure include staff time. Mr. Motyl responded that this figure only included postage but an estimate of labor costs could be produced.

3. Transit Fares in Surrounding Areas

Mr. Williams noted that the paratransit services in many of the surrounding areas consisted of the bare minimum required by law and that comparing these fees to Delaware's paratransit fees may not be relevant.

4. Operating Budget Breakdown

Bob Venables asked for a clarification concerning the inclusion of debt service in the operating budget. Secretary Wicks explained that debt service is considered part of the operating budget.

B. Revenue and Needs Analysis

1. Budget Scenarios

Mr. Casey asked if the Governor's budget proposal included escheat funds for the Transportation Trust Fund. Secretary Wicks responded that the budget proposal does not include escheat funds for the trust fund. Mr. Morrill requested that the scenario with no escheat revenue be produced in graph format for the committee.

2. Potential Revenue Sources

a. EZ Pass Account Maintenance

Alan Levin inquired about the varying discounts offered to EZ Pass Customers and how much it costs to administer these discounts. Mr. Levin noted that it may be better to eliminate the discount than add another fee. Mr. Motyl responded that in FY2010, the commercial EZPass discount was just under \$2.3M and the passenger discount was just over \$323 thousand.

Members of the committee asked for the number of active EZ Pass Customers. Mr. Motyl responded that there are currently 166,758 active EZ Pass accounts.

Ray Harbeson noted that New Jersey charges an administrative fee for EZ Pass accounts and that a comparison with the surrounding states may be useful.

Helene Keeley proposed that the account maintenance fee be charged as a quarterly fee to match the current EZ Pass billing cycle.

b. Impose Toll on SR 1 South of Milford

Secretary Wicks noted the Federal Highway Administration would not be supportive of tolls on existing highways and reminded the committee that many of the potential revenue source options will

require approval at the Federal level. Mr. Williams added that this would be a very difficult option to implement.

Mr. Harbeson stated that a significant amount of capital was allocated over the next several years to extend limited access on Rt 1 southward by installing on/off ramps and overpasses. Mr. Harbeson noted that tolls were placed in New Castle County and Kent County to use limited access highways, but no tolls existed in Sussex County.

c. Impose Tolls in Sussex County (SR1, Rt 113, Rt 13, Rt404)

Secretary Wicks suggested that if this option was implemented, the tolls could be placed near the state borders to mitigate resistance from local communities. Danny Short reminded the committee of the reciprocal effect that such an action could cause from other states.

d. Implement Toll on SR1 at Free Ramp South of the C&D Canal

Secretary Wicks noted that this ramp is already heavily used and that safety issues do exist from high traffic on the ramp. Mr. Williams reminded the committee that although some of these revenue options may be difficult to implement, it is the Task Force's job to present options to the Governor's office so that they can decide which to pursue. Mr. Casey requested an estimate of the revenue created from implementing this toll.

e. Implement Toll on Southbound Ramp At Odessa

Mr. Harbeson noted that although a toll at the location was included in the original SR1 plans, an agreement with the local communities stipulates this ramp remains free. Mr. Casey requested a revenue estimate for this location as well.

f. Implement Toll on new Indian River Inlet Bridge

Mr. Levin asked how the fees would be structured to help members of the local communities. Ms. Keeley noted that the toll would need to remain very low because the "free option" around the toll would require nearly an hour of driving. Mr. Williams presented the idea of using a system similar to the Thomas J. Hatem Memorial Bridge on Rt. 40 in Maryland, that would allow locals to purchase a tag that could be used for the entire year, but still allow non-locals to pay the toll for one time use.

Secretary Wicks noted that the committee would need to review various fee structures and reminded the committee that any tolling facility at this site would need to be built with minimal environmental impact.

g. Implement Inspection Fee

Mr. Venables noted that this fee was just raised in 2007. Mr. Levin asked how many cars are inspected a year. Mr. Motyl responded that in 2007, when we last considered an inspection fee there were 388,000 vehicles inspected and of that number, 92,000 were inspection re-checks. Mr. Williams noted that this fee would not cost additional staff time. Mr. Motyl noted that one of the issues the inspection lanes face is the amount of time allocated for inspection re-checks on vehicles that have not passed and that an inspection fee may encourage drivers to only come back when the vehicle is able to completely pass inspection.

Mr. Williams raised the concern that such a fee might target disadvantaged groups, which are more likely to drive older vehicles that do not pass inspection as easily. Mr. Motyl responded that a

different fee structure could be put in place for standard inspections and re-checks to avoid such an issue.

h. Base Registration Fee of Vehicle Miles Traveled

Secretary Wicks noted that Delaware is attempting to become part of a pilot program for the I-95 Coalition to introduce Vehicle Miles Traveled (VMT) Fees. Brett Taylor explained that DeIDOT is in discussions with other states to introduce this fee and that VMT fees can help to augment or replace decreasing fuel tax revenues.

Mr. Venables asked how a driver would know how much the fee would cost, if it is not a set amount. Mr. Maxwell inquired about commuters and the higher fee that they would be charged. Paul Morrill suggested that this fee could be structured like a utility fee in which one pays estimates and then reconciles the exact fee amount at the time of registration.

i. Residential Entrance Installation

Mr. Venables clarified that the homeowner does pay for the pipe, but that DeIDOT installs the pipe. Secretary Wicks confirmed what Mr. Venables had said, but reminded the committee that DeIDOT does not charge to install the pipe.

Rick Deadwyler asked if figures were available for how many installations are completed per year and how much this cost in labor. Secretary Wicks responded that these figures should be available soon.

j. Turn Local Roads over to the Local Governments

Mr. Venables asked where this option would save money. Mr. Morrill noted that this would only create three additional agencies to coordinate. Mr. Williams added that it may be even more than three agencies. Mr. Harbeson reminded the committee that this was an idea suggested by the Sussex County Council. Mr. Morrill suggested that the committee remove this from its list of options.

ACTION ITEM: Remove from the list of Potential Revenue Sources

k. Shift Local Road Maintenance to Counties

Considering the committee's conversation regarding the previous option, Mr. Williams asked the committee if they would like to strike this option from the list. The committee agreed to strike this option from the list.

l. Limit Future Borrowing

Secretary Wicks informed the committee that information will be made available on relaxing the trust fund's 50/50 pay-go restriction and different scenarios using new pay-go restrictions.

Mr. Harbeson explained that the most important scenario should be one that limits future borrowing. Mr. Harbeson reminded the committee that the Transportation Trust Fund was not supposed to take on debt and suggested an option in which new debt is limited to long term projects and prohibit borrowing on short term projects.

Mr. Williams noted that the number of scenarios is nearly unlimited and suggested that the committee concentrate on two new scenarios, with one above and one below the current 50/50 pay-go restriction.

Mr. Williams added that two potential scenarios would have the pay-go restriction at 25/75 and at 75/25.

Mr. Casey noted that limited borrowing only works if there is no planned expansion of the current program. Mr. Casey also reminded

the committee that although the Transportation Trust Fund was not originally designed to take on debt, it was also not designed to pay for operating costs.

Mr. Williams suggested that a limited borrowing option may work well in conjunction with transferring portions of the operating budget back to the General Fund.

m. Lease Heavy Equipment and Trucks to Local Contractors

Mr. Harbeson explained that leasing equipment could maximize the use of the state's equipment inventory. Secretary Wicks noted that DelDOT has switched to leasing pieces of equipment that it does not use often.

n. Establish Fare Box Recovery Rates

Mr. Harbeson explained that this would provide a benchmark to help keep transit fees current.

o. Development Coordination and Inspection Fees

Mr. Venables stated that these fees need to be decreased and not increased to encourage spending in the housing market. Mr. Williams noted that the fee was raised 3 years ago, but it still does not cover all of the costs incurred by DelDOT. Mr. Venable responded that it does not seem like the right time to implement this option. Dave Athey noted that this would still be a justifiable fee to increase.

Mr. Williams suggested that this option remain on the list so that it may be considered in a better economic climate.

p. Leasing Cell Towers on Indian River Inlet Bridge

Secretary Wicks noted that this idea was submitted by a citizen and that Bethany Beach is looking to locate a cell tower in the vicinity to increase cell signal in the area. Mr. Williams suggested that this option be expanded to include high mast lighting systems in the state. Mr. Levin added that many non-profit groups and churches are leasing cell towers on their building as a means to create revenue.

q. Lightering Tax

Mr. Venables explained that in recent years there has been a lot of discussion about a Lightering Tax in the General Assembly, but that some assembly members considered the tax unconstitutional. Mr. Levin explained that this was considered unconstitutional because it would tax any ship going up the Delaware Bay due to the states jurisdiction over the part of the bay the provides access to ports beyond Delaware.

Mr. Venables stated that the tax might give oil companies an excuse to raise gas prices.

Mr. Short noted that the tax was designed to tax ships at the locations that they unload to lighten the ship to travel further up the bay. Mr. Short also informed the committee that many of the oil companies would relocate their lightering stations to avoid the tax.

Mr. Levin added that revenues from this tax will diminish when the dredging of the Delaware Bay is completed.

r. University of Delaware Student Transit Fee

Mr. Deadwyler asked if a similar program could be instituted at Delaware State University. The committee agreed that a student transit fee should be considered for all state supported colleges and universities.

s. Transfer Operating Expenses to the General Fund

Mr. Williams suggested that if this option were implemented, it would have to be done over a several year time frame. Mr. Morrill noted that it would a good idea to move even a small part of operating expenses to the General Fund to set precedence.

Ms. Keeley added that she is very supportive of moving operating costs to the General Fund so that the Transportation Trust Fund can get a true estimate of the shortfall between revenues and expenses.

t. Outsource DeIDOT Operations

Mr. Williams noted the DeIDOT already receives a lot of criticism for outsourcing work to consultants, but that many studies have shown the benefits of outsourcing, including a reduction in costs.

Mr. Venables asked about outsourcing snow removal in Sussex County like is currently done in Kent and New Castle County. Secretary Wicks explained that DeIDOT cannot handle the number of subdivisions in New Castle and Kent County and this is the reason that the Snow Removal Reimbursement Program was implemented.

u. Outsource Paratransit

Secretary Wicks noted that many of the complaints received from paratransit users come from outsourced paratransit operations. Mr. Harbeson suggested that pieces of the paratransit operation could be outsourced.

Jim Wolfe asked about the previously suggested idea of moving paratransit costs to Healthy and Social Services. Mr. Casey suggested that this be added to the list as a separate recommendation.

v. Move All Traffic Violation Revenues to the Transportation Trust Fund

Dennis Klima noted that moving these funds completely to the Transportation Trust Fund would run contrary to the idea of moving operating costs back to the General Fund. Mr. Williams suggested that this option be removed from the list.

Mr. Levin asked if traffic violations in Delaware are comparable to the surrounding states.

Ms. Keeley noted that the violation fees had risen in recent years.

ACTION ITEM: Remove from the list of Potential Revenue Sources

w. Vehicle Weight Fee

Mr. Casey suggested that there would be a lot of concern from the construction industry, agriculture and business in general, especially in the current economic climate. Mr. Williams noted that this should still be an option for the Governor's office to consider.

Ms. Everhart noted that the fees could be separated between commercial and non-commercial vehicles.

Mr. Morrill reminded the committee that the original intent of this option was to add a new category for vehicles on the upper end of the 5,000 pound limit. Ms. Everhart confirmed that this was the original intent of the option.

x. Same Day Service Fee for Dealer Title Work

Ms. Everhart asked about the number of titles dealers can process in a day. Mr. Motyl responded that it was five. Ms. Everhart noted that it is possible that many dealers would be interested in paying a fee to expedite this process and process more titles in a day.

y. Congestion Pricing for Tolls on SR1 and I-95

Mr. Williams noted this would be an extremely difficult option to implement and suggested that the committee strike it from the list.

ACTION ITEM: Remove from the list of Potential Revenue Sources

z. Surcharge on Traffic Violations by Drivers with Points

Mr. Williams suggested that this would face the same issue that the committee discussed while reviewing the option to move all traffic violation revenues to the Transportation Trust Fund and suggested that the committee remove this option as well.

ACTION ITEM: Remove from the list of Potential Revenue Sources

aa. Create Local Taxing Authority

Mr. Williams noted that this was very similar to the previously discussed Transportation Improvement Districts and that this option should be removed from the list.

ACTION ITEM: Remove from the list of Potential Revenue Sources

bb. Options Introduced by Daniel Short

Mr. Short added the following options to the list for consideration:

(a) Add Speed Cameras on Rt. 1

(b) Create Mechanics Tag for on-road testing of unregistered vehicles.

(c) Implement a Jet Fuel Tax to raise revenue for transportation aviation development

Mr. Dedyler noted that the DuPont Facility at the New Castle County Airport was very concerned about the lack of transportation facilities near the airport.

(d) Reduce trailer fees to encourage registration in Delaware

cc. Options Introduced by Terry Reilly

Ms. Reilly added the following option to the list for consideration:

(a) Sell or Lease Parking Lots at the Wilmington Riverfront

dd. Options Introduced by John Casey

Mr. Casey added the following option to the list for consideration:

(a) Increase traffic violations in Work Zones to Match Surrounding States

Mr. Williams noted that this could go directly to the Transportation Trust Fund because it is directly linked to construction.

ee. Miscellaneous

Mr. Levin noted his surprise that the fuel price at the new Delaware rest stop on I-95 is similar to prices off of I-95 in New Castle County and asked if it would be possible to raise the fuel tax at that location. Secretary Wicks noted that the business owner would be very concerned about such a proposition. Mr. Levin responded that although there may be some implications, it is certainly an opportunity to explore. Mr. Morrill noted that many other private fuel states price based on location. Mr. Levin added that charging a convenience fee at the location should be considered.

Mr. Casey expressed his concern that the committee needs to concentrate on the most realistic options that will not face heavy opposition. Mr. Williams reminded the committee that it was their task to review options without considering potential opposition so that the Governor's office has the necessary information to choose which options to implement.

Mr. Athey noted that the committee will need to look at each option in a broad context. As an example, Mr. Athey discussed the issue of prioritizing each item and the need to balance the feasibility of each option with the amount of benefits that will come from each option if implemented in the prioritization process.

Mr. Harbeson noted that the committee was here to present options for further discussion. Mr. Short shared his approval of the current process.

C. Administrative Matters

1. Ted Williams discussed the following items:
 - a. Meeting minutes would be reviewed by the chairperson, then posted to the DeIDOT website. At the following member meeting, minutes would be presented for comment.
 - b. Next meeting will be held on February 15, 2011, 3:00pm – 5:00pm. DeIDOT Administration Building, Felton/Farmington Room

Meeting adjourned at 5:08 pm

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.***