

HIGHWAY STATISTICS

Delaware Transportation Challenges FY 2006-2013

Leading up to the economic crisis in 2008, the Trust Fund was experiencing growth in its revenue categories. Aided by the fee increases in FY2008, the Trust Fund's pledged revenue peaked during that year, although the impact of the fee increases was less than expected.

The current forecast for FY2012 and FY2013 calls for pledged revenues to remain below FY2008 levels. This remains a cause for concern as operating costs and debt-service expenditures have risen on an annual basis. The decline in revenues has a direct impact on the resources available for the States Capital Program, since the Fund is structured to pay debt-service obligations first, then operating expenses, with the remaining funds being made available for the capital program. The Fund has ample ability to cover debt-service and operating obligations but the dollars available for the capital program will continue to decrease as operating growth and debt-service growth outpaces revenue growth. The Trust Fund continues to be cautious, realizing that additional revenue decreases are possible due to current and future economic factors and conditions, any revenue decreases would further decrease the funds available for the capital program.

Due to poor economic conditions, fiscal years 2008, 2009 and 2010 also were impacted by the loss of the General Fund contribution to the Trust Fund. 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. It was also legislated that an additional transfer of \$10,000,000 would be made if the States escheat revenue receipts exceeded an established cap during the fiscal year. The cap was exceeded and \$10,000,000 was transferred to the Trust Fund. In FY2012, legislation increased the Trust Fund contribution to \$40,000,000 and it is expected that \$40,000,000 of escheat revenues will be transferred to the Trust Fund in the fiscal years subsequent to fiscal 2012; however, again due to economic concerns the Governors recommended budget has limited escheat revenues to \$20M in FY2013. The appropriation of the escheat monies to the Trust Fund each year is subject to the discretion of the General Assembly, and when there are budget constraints, it is possible that the General Assembly will suspend the appropriation of escheat revenues to the Trust Fund in such years.

The fund as traditionally relied on annual bonding to raise the funds necessary to provide the desired capital program. With the addition of annual debt, debt-service costs have become a

significant portion of the annual operating budget and have greatly decreased the resource remaining for the capital program.

It is important to note that, even during the years with declining revenues; the Trust Fund has maintained its high credit ratings (AA+, Aa2 from Standard & Poor's and Moody's respectively) and has sufficient room in its critical financial measures, such as coverage ratios and debt tests.

The Secretary of Transportation, after accessing the indebtedness and large debt-service obligations, is committed to a new way of conducting business. Rather than program, all of the projects DelDOT can afford based on a maximum borrowing plan; the new Capital Transportation Program will now be based on what DelDOT can responsibly and realistically deliver. The Capital Transportation Program will focus on maintaining the core transportation infrastructure, and maximizing Federal Funds, before considering advancing the Capital Transportation Program. The Secretary is committed to reducing DelDOT's \$1.1 billion debt load and tightening spending priorities. The Secretary intends to maintain a Capital Transportation Program that is "robust, realistic and responsible."

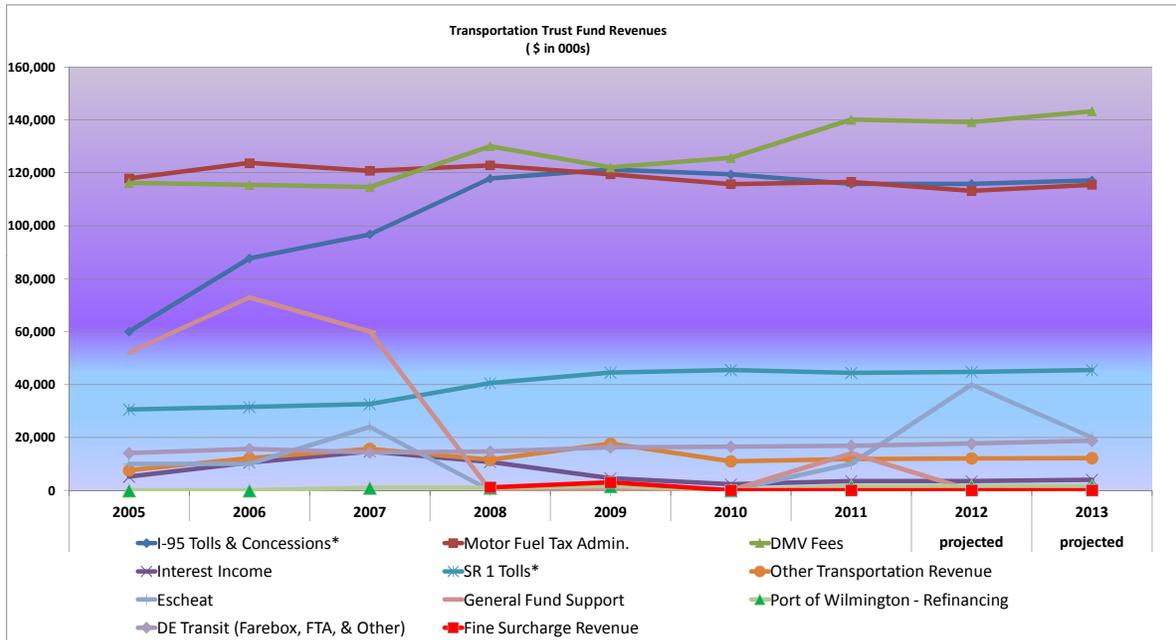
The new capital program meets the core needs, and at the same time reduces debt-service, in-turn providing additional resources for the capital program in future years. With no additional future borrowing, the capital program will gradually increase as debt-service payments continue to decline. However, without additional indebtedness, the addition of new projects to the capital program will require either fee increases or the addition of new revenue sources to the Trust Fund.

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**Transportation Trust Fund Revenues
(\$ in 000s)**

State Fiscal Year	2005	2006	2007	2008	2009	2010	2011	projected 2012	projected 2013
Pledged Revenues									
I-95 Tolls & Concessions*	60,021	87,696	96,748	117,869	121,225	119,399	115,895	115,800	117,100
Motor Fuel Tax Admin.	117,917	123,714	120,804	122,866	119,467	115,740	116,612	113,200	115,500
DMV Fees	116,180	115,415	114,629	130,079	122,035	125,693	140,106	139,200	143,300
Interest Income	5,207	10,523	14,774	10,776	4,673	2,302	3,573	3,500	4,000
Total Pledged Revenues	299,325	337,348	346,955	381,591	367,400	363,134	376,186	371,700	379,900
Non-Pledged Revenues									
SR 1 Tolls*	30,563	31,524	32,606	40,509	44,497	45,502	44,429	44,800	45,500
Other Transportation Revenue	7,597	12,196	15,704	11,559	17,700	11,032	11,794	12,100	12,200
Total Non-Pledged Revenues	38,160	43,720	48,310	52,068	62,197	56,534	56,223	56,900	57,700
Other Sources									
Escheat	10,000	10,000	24,000	0	0	0	10,000	40,000	20,000
General Fund Support	52,100	72,869	60,000	0	0	0	14,000	0	0
Port of Wilmington - Refinancing	0	0	1,000	1,000	1,618	0	1,628	1,628	1,628
DE Transit (Farebox, FTA, & Other)	14,100	15,676	14,332	14,705	16,219	16,543	16,874	17,687	18,785
Fine Surcharge Revenue				1,184	3,056	0	0	0	0
Build America Bond Subsidy								1,377	1,298
Total All Sources	413,685	479,613	494,597	450,548	450,490	436,211	474,911	489,292	479,311

FY2012 and FY2013 DEFAC Forecast, December 2011
After FY2009, Fine Surcharge Revenue is recorded as part of "Other Transportation Revenue"



I-95 and SR-1 Toll revenues increased in FY2009 primarily due to the new revenue package, which affected 3-months of the fiscal year. Department of Motor Vehicle, Motor Fuel Tax and Interest Income revenues all declined as a result of the economic downturn. The "other" revenue category benefited from a one-time deposit of \$9.4M during the fiscal year. The escheat transfer was temporary suspended in FY2008, FY2009 and again in FY2010. FY2012 and 2013 revenue projections are based on December 2011 DEFAC approvals.

