

Delaware Sustainable Transportation Funding Task Force

March 20, 2026



Excellence in Transportation

Every Trip.

We strive to make every trip taken in Delaware safe, reliable and convenient for people and commerce.

Every Mode.

We provide safe choices for travelers in Delaware to access roads, rails, buses, airways, waterways, bike trails and walking paths.

Every Dollar.

We seek the best value for every dollar spent for the benefit of all.

Everyone.

We engage our customers and employees with respect and courtesy as we deliver our services.

Safety

2026 Delaware Total Fatalities

as of 3/19/2026

	2026	2025			2024		
		YTD	Totals	YTD	Totals	YTD	Totals
Fatalities	16	13	↑ 23%	117	20	↓ -20%	130
Delaware Residents	15	10	↑ 50%	90	17	↓ -12%	110
Person Types							
Vehicle Occupant	9	10	↓ -10%	67	14	↓ -36%	65
Pedestrian	4	2	↑ 100%	27	4	0%	34
Bicyclist	1	1	N/A	4	1	N/A	5
Motorcyclist	2	0	N/A	17	1	N/A	21
Other Person Type	0	0	N/A	2	0	N/A	5
Crash Types							
Curve Related	3	0	N/A	15	3	↓ 0%	23
Roadway Departure	6	4	↑ 50%	50	7	↓ -14%	42
Intersection Related	5	3	↑ 67%	37	7	↓ -29%	48
Median Crossover	0	0	N/A	2	0	N/A	0
Wrong Way	0	2	↓ -100%	4	1	↓ -100%	4
Work Zone	0	1	↓ -100%	7	1	↓ -100%	5

BE DELAWARE.
TOWARD **ZERO** DEATHS
BEDELAWARE.DELDOT.GOV





Agenda

- Welcome
- Review and approve minutes from February 11, 2026
- PFM Financial Advisors LLC Presentation: Transportation Trust Fund (TTF) Overview, TTF Debt Strategy, and Comparative Analysis of Debt Strategies utilized by other DOTs
- Review Action Items
- Next Meeting: April 20th 1:00-2:30pm
- Public Comment



PFM Presentation



Delaware Department of Transportation

Sustainable Transportation Funding Task Force

Presented by:

Geoff Stewart, Matt Magarity, and Brad Guilmino

March 20, 2026

PFM Financial
Advisors LLC

1735 Market Street
42nd Floor
Philadelphia, PA 19103
(215) 557-6100



Agenda

PFM OVERVIEW

EXECUTIVE SUMMARY

TRANSPORTATION FUNDING

TRANSPORTATION FINANCING

DELAWARE LOOKING FORWARD

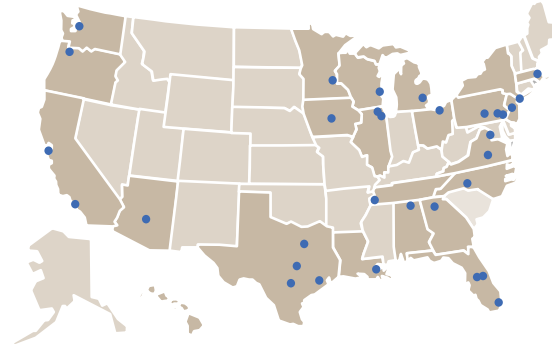


PFM Overview



National Presence with Local Expertise

- **PFM's original practice was founded in 1975¹**
 - Founding principle to provide **independent** financial advice to state and local governments, authorities and issuers of tax-exempt bonds
- **Largest financial advisory firm in the nation**
 - 32 professional locations²
 - More than 300 employees
- **Nation's leading financial advisory firm**
 - Ranked #1 Financial Advisor in for 30 consecutive years³
 - In 2024, PFM advised on 737 public bond issues with a par value of nearly \$89 billion³
- **PFM's size provides several unique advantages**
 - National firm with local presence and sector expertise
 - Broad array of technical resources and services
 - Large and frequent market participant
- **Client-centric philosophy**
 - Fiduciary responsibility
 - PFM Financial Advisors LLC is a registered municipal advisor with SEC and MSRB under Dodd-Frank Act of 2010
 - PFM Swap Advisors LLC is registered as municipal advisor with SEC and MSRB and as a commodity trading advisor with CFTC



³As of June 30, 2025



300
EMPLOYEES

² As of June 30, 2025

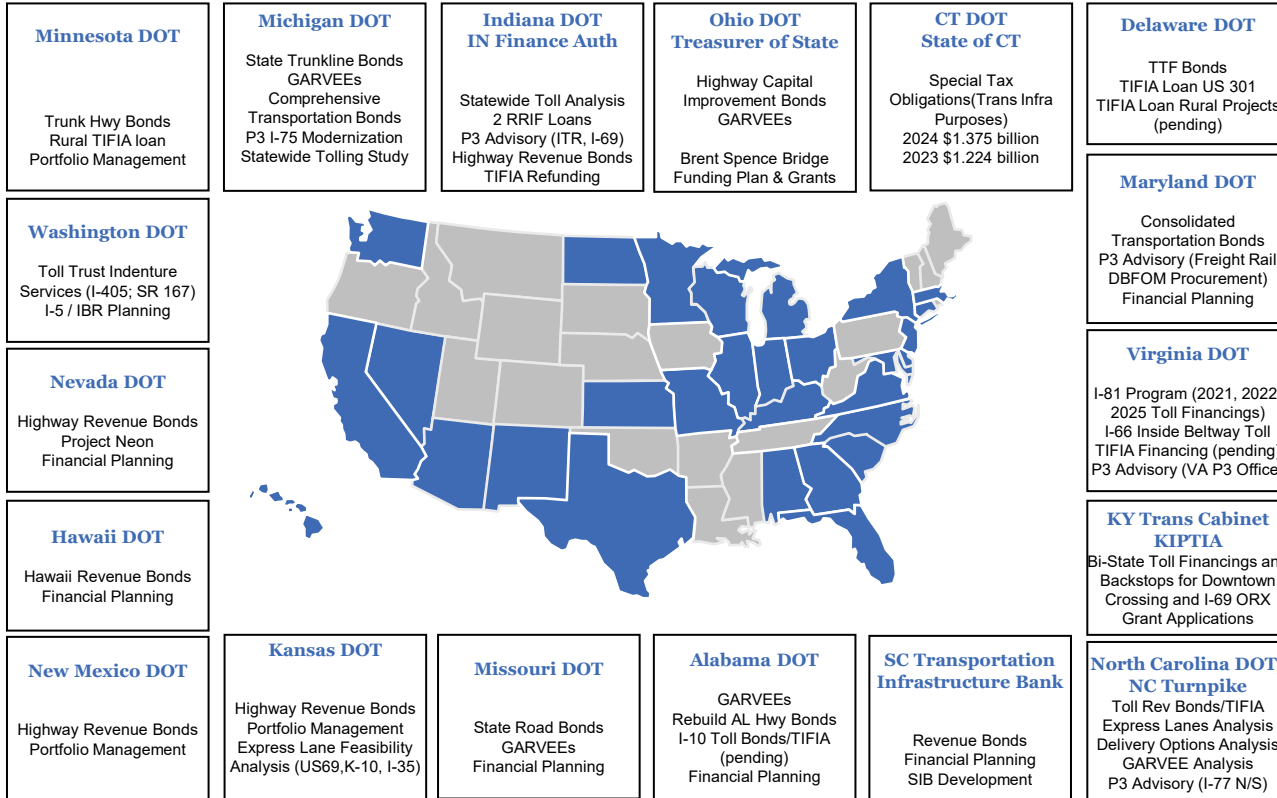
¹PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company.

² As of June 30, 2025

³Source: Ipreo



PFM's Department of Transportation Experience



Includes both current and past clients. PFM Financial Advisors LLC commenced operation on June 1, 2016. All transactions prior to this date were effected through Public Financial Management Inc.



Executive Summary



Executive Summary

- ◆ Delaware Transportation Authority (DTA) is in a strong place financially
 - Diverse bundle of revenues in the TTF
 - Pledged revenues comprise of I-95 tolls, motor fuel taxes, and DMV fees
 - Non-pledged revenues provide additional sources of funding
- ◆ Low debt leverage allows for significant flexibility in short-term and various options in long-term
 - Other DOTs and tolling agencies with more leverage have reduced options due to debt service requirements, issuance restrictions due to bond covenants
 - Responsible program management is a positive to both bond investors and rating agencies

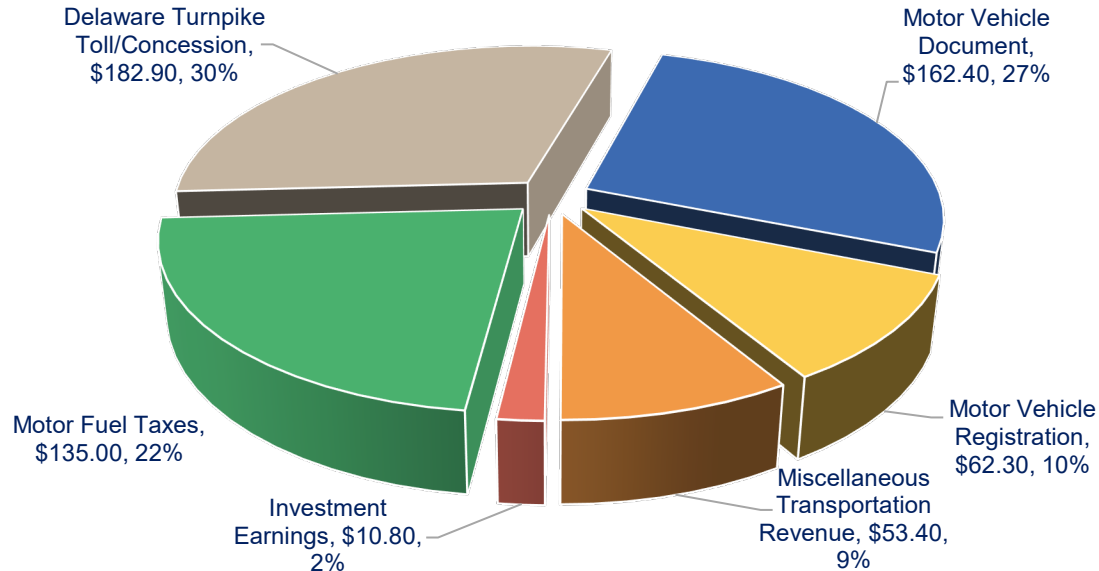


Transportation Funding



Current Composition of TTF Revenues as of FY 2025

- DelDOT has a strong, diverse array of revenues supporting the TTF
 - No single source greater than 30%





Projected Composition of TTF Revenues

- Addition of Alternative Fuel Vehicle Fees should help offset projected decrease in Motor Fuel Taxes

Base Financial Plan - Capital FY2026 - FY2031 March DEFAC (\$MM)						
Sources of Funds	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Existing Pledged Revenue						
I-95 Tolls & Concessions	139.1	166.7	168.5	170.4	172.3	174.2
Motor Fuel Tax Admin.	129.7	127.1	124.6	122.1	119.7	117.3
DMV Fees	277.4	295.8	299.3	302.7	306.3	309.9
Alternative Fuel Vehicle Fees	2.6	4.1	5.5	7.2	9.1	11.3
Interest Income	8.2	5.0	5.0	5.0	5.0	5.0
Total Pledged Revenue	557.0	598.7	602.9	607.4	612.4	617.7
Non-Pledged Revenues						
SR 1 Tolls	86.9	98.4	103.2	104.1	104.9	105.8
DE Transit (Farebox)	21.2	19.2	18.8	19.0	19.2	21.7
US301 Revenue Sharing	2.4	1.9	2.5	1.8	2.2	2.6
Other Transportation Revenue	25.2	9.3	9.3	9.3	9.3	9.3
Special Fund Transfers	-7.0	-7.5	-7.5	-7.5	-7.5	-7.5
Total Non-Pledged Revenue	128.7	121.2	126.3	126.7	128.1	132.0
Total Sources of Funds	685.7	719.9	729.2	734.1	740.6	749.7



Industry Trends

- ◆ Quest for sustainable funding and managing costs
- ◆ Trump administration policies and Executive Orders
- ◆ New federal authorization bill
- ◆ Wider interest in TIFIA/RRIF



**New Tolling
Projects/Programs
Express Lanes**



**Transit Oriented
Development
(TOD)**



**Federal
Grants**



**TIFIA and
RRIF Loan
Programs**



**P3
Alt Delivery**



**Road-User
Charge
(RUC)**



**Funding Studies
Regional Coordination**

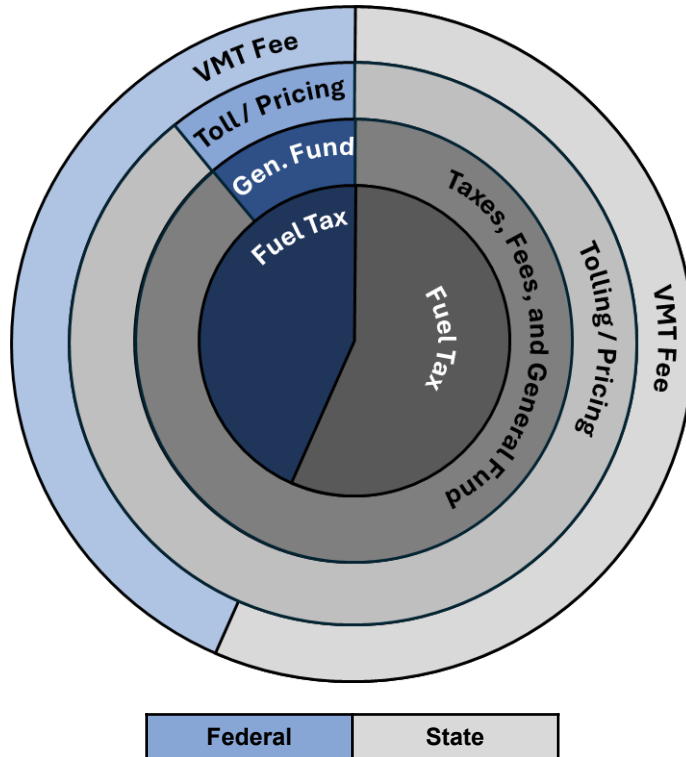
Tolling



**T&R Modeling/Pricing
Rating Stress Cases
DOT Partnerships
Shared Back Office**



Local and Federal Options for Increased Funding



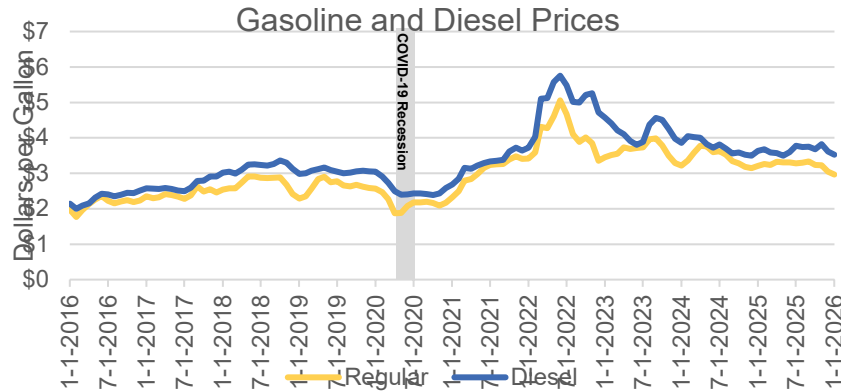
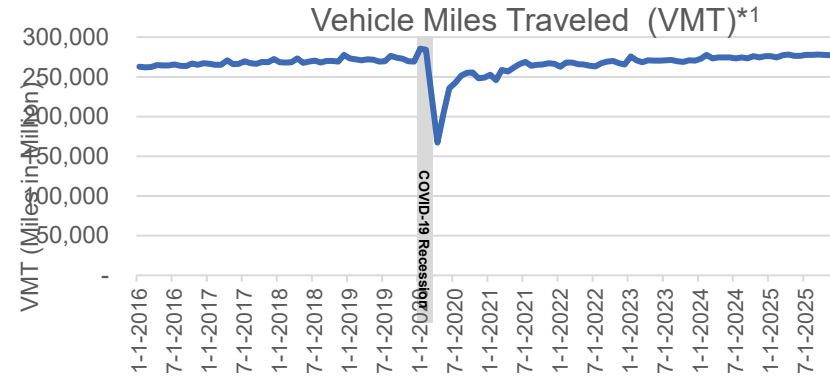
Strategies for Additional Funding

- Traditional
 - Vehicle Registration, Sales Tax
- Tolling / Pricing
 - Greenfields
 - Existing Interstates, Bridges
 - Express Lanes
 - Cordon Pricing
 - Asset Monetization
 - VMT Fee
- Emerging State Revenues
 - Retail Delivery



Federal and State Funding Environment

- Federal transportation authorization (IIJA/BIL) expires in September 2026
- New federal funding levels will impact State and Local funding initiatives
- If funding is flat or lower, States will look to fill the widening funding gap
- MPG improvements and Electric Vehicles are driving existing lower revenues
- Construction inflation is driving costs higher

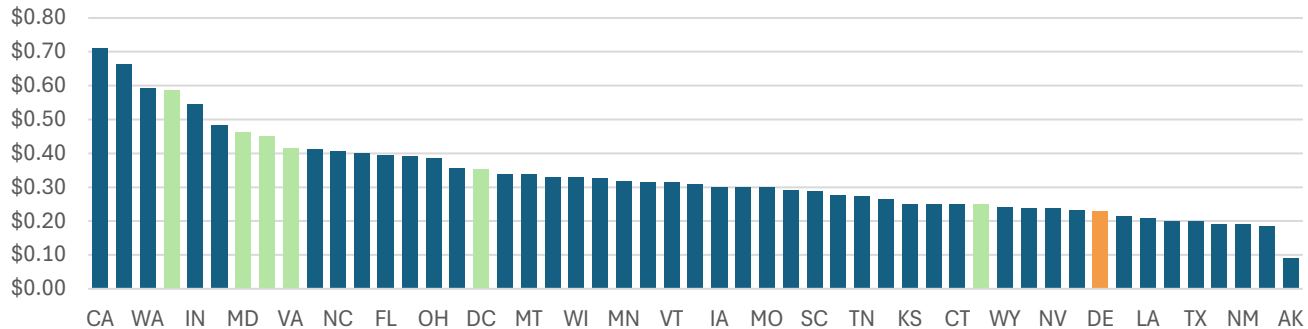




Motor Fuel Tax Funding

- While DelDOT's Motor Fuel Tax receipts are projected to decline, Delaware's position as 42nd lowest gas tax per gallon nationally provides flexibility for increase (subject to legislation)
- Gas tax still significantly lower than surrounding states
- Gas consumption down slightly year-over-year

Total Gas Tax per Gallon





Tolling

- ◆ Broader exploration and use of tolling for revenue generation
 - ◆ System Expansion
 - ◆ Tolling of Existing Interstates and Bridges
 - ◆ Urban Express/Managed Lanes
 - ◆ Cordon (Congestion) Pricing
 - ◆ Asset Monetization

Opportunity

- State-Level Policy & Funding Discussions
- Proactive Owner & Industry Awareness (Survival Strategies)
- Additional Leverage/Debt (Subordinate Backstops, Approp/GO)



Tolling Takeaways

- ◆ Attitudes towards pricing and leverage are evolving
- ◆ Balancing goals of mobility, investment and economic development
- ◆ Coordinated funding efforts can showcase tolling flexibility
- ◆ How will tolling provide solutions
 - ◆ Balanced pricing
 - ◆ Sustainable funding
 - ◆ Innovative financing



Transportation Financing



Overview of the Transportation Trust Fund (TTF)

- ◆ Created by the State of Delaware in 1987 to consolidate dedicated transportation revenues and serve as the State's primary vehicle for financing transportation capital expenditures
- ◆ Administered by the Delaware Transportation Authority (DTA), a public instrumentality of the State; bond actions are authorized by resolution of the Secretary of Transportation, Director of Finance, and TTF Administrator — no General Assembly approval required
- ◆ Bonding authority spans Senior Revenue Bonds, Junior Revenue Bonds, and Subordinate Indebtedness, each carrying a progressively subordinate lien on Pledged Revenue
- ◆ Bonds are limited obligations of the Authority, not a debt or pledge of the faith, credit, or taxing power of the State of Delaware
- ◆ Pledged Revenue is drawn from motor vehicle fees, turnpike tolls, motor fuel taxes, and investment earnings

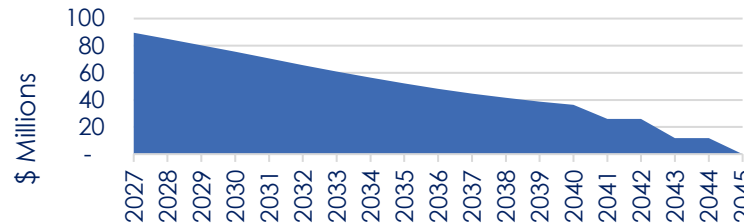


DeIDOT Outstanding Debt

Delaware Transportation Authority Outstanding Debt - Transportation Trust Fund						
Series Name	Tax Status	Issue Size	Outstanding Par	Delivery Date	Call Date	Final Maturity
Series 2016	Tax-Exempt	\$ 181,475,000	\$ 77,830,000	2/2/2016	7/1/2026	7/1/2029
Series 2017	Tax-Exempt	\$ 107,000,000	\$ 49,520,000	5/10/2017	7/1/2027	7/1/2037
Series 2019	Tax-Exempt	\$ 137,135,000	\$ 110,380,000	9/10/2019	7/1/2029	7/1/2039
Series 2020	Tax-Exempt	\$ 217,335,000	\$ 201,860,000	9/9/2020	7/1/2030	7/1/2040
Series 2022	Tax-Exempt	\$ 223,120,000	\$ 171,725,000	9/1/2022	7/1/2032	7/1/2042
Series 2024	Tax-Exempt	\$ 153,480,000	\$ 153,480,000	12/5/2024	7/1/2034	7/1/2044
Total		\$ 1,019,545,000	\$ 764,795,000			

Delaware Transportation Authority Outstanding Debt - U.S. 301 Financing						
Series Name	Tax Status	Issue Size	Outstanding Par	Delivery Date	Call Date	Final Maturity
Series 2015	Tax-Exempt	\$ 212,535,000	\$ 198,415,000	12/16/2015	6/1/2025	6/1/2055
TIFIA Loan	Taxable	\$ 211,350,000	\$ 241,339,809	12/3/2015	N/A	12/1/2053
Total		\$ 423,885,000	\$ 439,754,809			

Delaware Transportation Authority Outstanding Debt - Grant Anticipation Bonds (GARVEEs)						
Series Name	Tax Status	Issue Size	Outstanding Par	Delivery Date	Call Date	Final Maturity
Series 2020	Taxable	\$ 194,470,000	\$ 143,565,000	10/29/2020	9/1/2030	9/1/2035





Credit Analysis – TTF Revenue Bonds

MOODY'S

Aaa, stable outlook

**STANDARD
& POOR'S**

AA+, stable outlook

Strengths

- | | |
|---|--|
| <ul style="list-style-type: none"> Strong underlying Delaware credit due to robust reserves and structural governance features | <ul style="list-style-type: none"> Historically stable and growing pledged revenue trends |
| <ul style="list-style-type: none"> Revenue deposited in the TTF expected to continue to provide high coverage of debt service on bonds | <ul style="list-style-type: none"> Stable state economy and population base on which the pledged revenues are derived |
| | <ul style="list-style-type: none"> Strong state commitment to transportation funding, as illustrated by its willingness to enhance pledged revenues that support high debt service coverage and maintain infrastructure investment. |

Weaknesses

- | | |
|--|--|
| <ul style="list-style-type: none"> A weakening of Delaware's rating would directly affect the creditworthiness of the TTF | <ul style="list-style-type: none"> Modest decline in Transportation Trust Fund revenues projected in 2024, though still exceeding pre-pandemic levels |
| | <ul style="list-style-type: none"> Though currently not a problem, debt obligations are closely linked with the State's creditworthiness as the State collects and distributes pledged revenues |
| | <ul style="list-style-type: none"> While Delaware's unfunded other postemployment benefit liabilities slightly pressure credit, strong fiscal practices and overall well-funded pension system limit risk |

Source: Moody's Credit Opinion dated 11/6/24. S&P's Ratings Direct dated 11/24/24.

Note: Both reports were released for TTF's last bond transaction in 2024.



Overview of Highway Revenue Bond (HRB) Credits

- ◆ States/DOTs manage a variety of transportation bonding programs
- ◆ Highway Revenue Bonds are the general term for motor fuels tax (DOT) credits
- ◆ Sector enjoys high credit ratings (majority in AA category)
- ◆ MPG advancements and Hybrid/Electric Vehicles are impacting fuel tax collections

Breadth of Borrowing Programs

- ◆ Range of individual and bundled (highway trust fund) revenue pledges
 - Motor fuel taxes, vehicle registration, sales tax, petroleum, retail delivery, tolls, etc.
 - Some indentures allow for adding additional revenue sources
- ◆ Programs can include additional State General Fund backstops (GO/Appropriation)
- ◆ A few States utilize multiple liens



HRB Credit Features

- ◆ 5 factors drive the credit rating

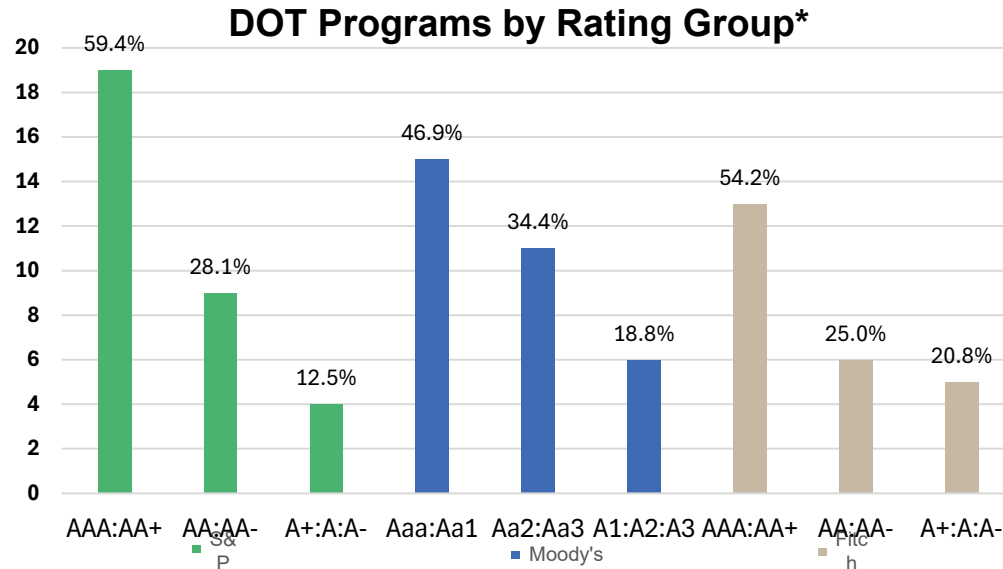
Element	Description	DeIDOT
Credit Quality of Security Pledge	<ul style="list-style-type: none">• Diversity and resiliency of the revenue pledge (gas tax, registration, other)• Fiscal responsibility and State rating• Constitutional dedication/lockbox	<ul style="list-style-type: none">• Bundle of revenues provide strong base• Strong ratings for State of DE
Additional Bonds Test (ABT)	<ul style="list-style-type: none">• $\leq 1.5x$ coverage• $1.5-3.0x$• $\geq 3.0x$	<ul style="list-style-type: none">• 2x coverage
Final Maturity	<ul style="list-style-type: none">• 15-20 years• 25-35 years	<ul style="list-style-type: none">• 20 years
Coverage	<ul style="list-style-type: none">• Actual coverage versus ABT• Anticipated debt issuance	<ul style="list-style-type: none">• 5-6x coverage
Reserve Requirement	<ul style="list-style-type: none">• > 12 months DS strong• 6-12 months DS moderate• < 6 months DS weak	<ul style="list-style-type: none">• 50% of MADS• If coverage < 2x, req become MADS



Executive Summary – Ratings Benchmarks

88% of HRB Programs are rated in the “AAA/AA” category by S&P

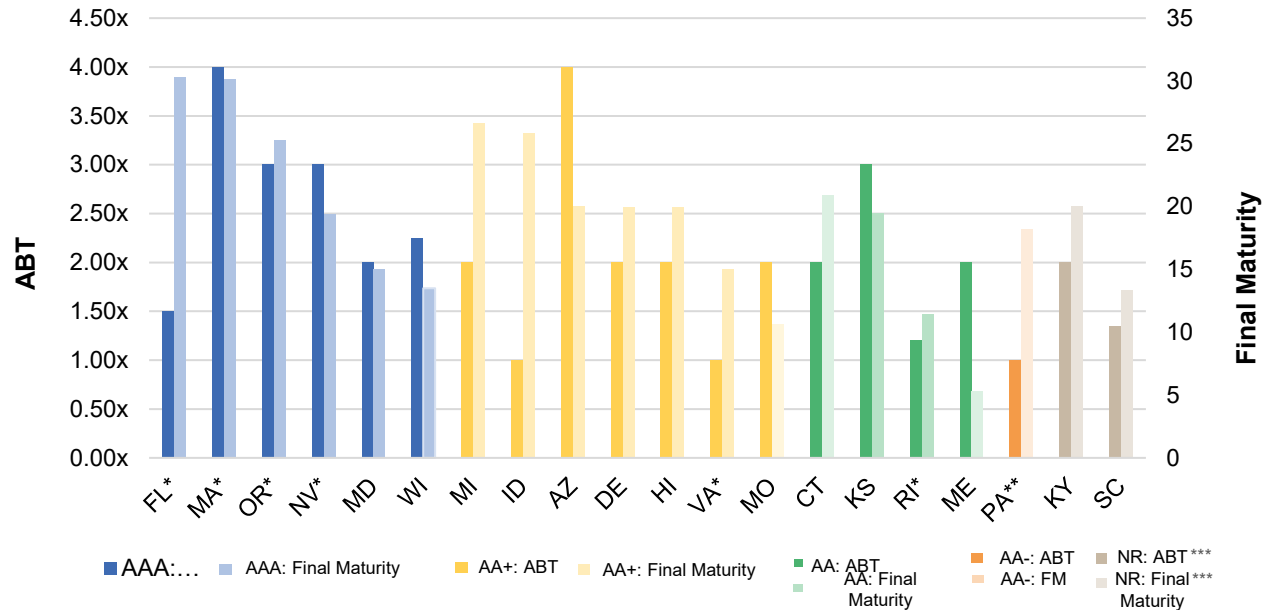
- ◆ 5 States feature ABT \leq 1.50x
- ◆ 5 States exceed 25 years Final Maturity
- ◆ 8 States utilize multiple liens





State DOT Debt Programs – ABT and S&P Rating

State DOT's by S&P Rating ABT, and Final Maturity



- DOT's with the highest S&P rating (AAA) accounted for the largest proportion of ABT's >2.00x and final maturities >25 years
- 25% of DOT's had 25+ year issuances

*State has two ABT's/Final Maturities; Larger of the two ABT's was used
 **FRN's for interim financing
 ***Not rated by S&P, only rated by Moody's and/or Fitch



S&P U.S. Highway User Tax Bond Report Card Summary (10-27-25)

- ◆ Overall stable credit quality due to strong and constant revenue sources
- ◆ S&P uses priority-lien criteria to evaluate highway user tax revenue bonds
 - Ratings can typically be only one notch above the state's GO rating
- ◆ Highway tax revenue bonds will remain stable with further introduction of electric and fuel-efficient vehicles into the user base
 - Some revenue sources have been adjusted to account for an increase in these users and as a result a potential reduction in motor fuel tax revenue
 - 41 states require a special registration fee, in addition to regular motor registration fees, for EVs, PHEVs, or HEVs
- ◆ Average maximum annual DSC is nearly 11x, overall pledged revenue has increased from 2022-2024, and fuel consumption has remained stable, which all strengthen creditworthiness
 - Revenue is not based on consumer habits but driven by an “essential” need, the need to operate your vehicle/travel, which increases stability and resiliency



P3 Overview

Benefits

- Greater opportunity for innovation and risk transfer to private sector
- Whole-life costing (alignment of capital and operational costs)
- Cost certainty (private sector responsible for over-runs)
- Scope and change order control
- Turnkey management of complex construction and operations

Considerations

- New delivery method with less control and prescription
- More complicated procurement
- Higher cost of capital
- Long-term contract management
- Must provide value versus conventional delivery

P3 Structures Are Highly Customizable

- Design-Build-Finance (DBF)
- Design-Build-Finance-Operate-Maintain (DBFOM)
 - Availability Payment DBFOM
 - Toll Concession DBFOM



TIFIA / RRIF Discussion

- ◆ TIFIA interest is very strong
 - ◆ Large current pipeline
 - ◆ Expansion to TOD and Airports
 - ◆ Rural loan opportunities (1/2 borrowing rate)
 - ◆ Project segmentation
 - ◆ RRIF opportunities for unrated/non-Investment Grade
- ◆ TIFIA Considerations
 - ◆ Program Capacity (funding of credit premium)
 - ◆ Staffing Capacity (size of federal government)



Transit Oriented Development is TIFIA/RRIF Eligible

- TOD is a class of eligible capital projects with USDOT
- Real property development that includes a mix of commercial, residential, office and entertainment uses centered around or located near a transit station
- Is physically connected to, or is within ½ mile of, a fixed guideway transit station, an intercity bus station, a passenger rail station, or multimodal station
- Aligns with real estate optimization for public parcels
- Tax Increment Financing is a revenue source gaining attention

Opportunity

- More economic development and developer engagement
- Understand TIFIA/RRIF benefits, considerations and process
- Perform credit and financial analysis in support of a Letter of Interest



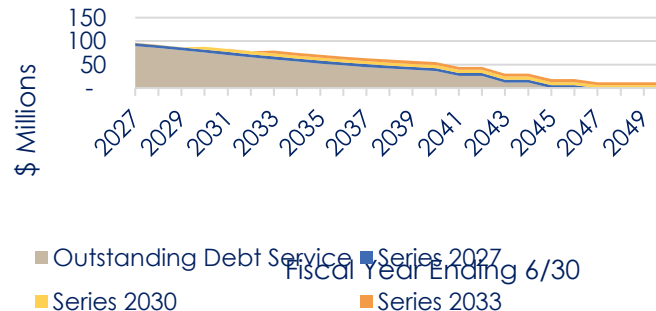
Delaware Looking Forward



Delaware's Current Outlook

- ◆ DelDOT's current outlook provide flexibility in a time of uncertainty
 - If deadline for federal reauthorization is delayed, robust financial profile means DelDOT has multiple funding options in the interim
 - Low gas tax per gallon relative to nearby states, though increase requires legislation
 - Potential for additional tolling
 - Low debt burden allows for bridge financings
- ◆ DelDOT is in a strong position relative to other DOTs
 - Many peers exploring alternative funding and financing out of necessity
 - Delaware's proactivity is crucial in staying ahead of potential problems

Projected Debt with Future Issuances





Capacity Analysis

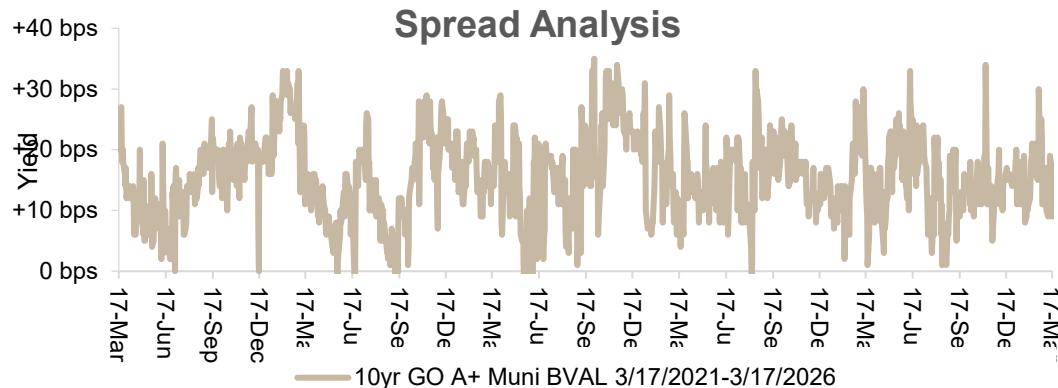
- Funding capacity vs. Debt capacity
 - Same revenues that fund projects via pay-go are pledge to repay debt
- Capacity analysis
 - Pledged revenues secure debt service before other expenditures (O&M, pay-go, etc.)
 - That doesn't mean these can be ignored when calculating capacity

DelDOT Annual Project Funding FY2027-2050			
	Current	\$50M/Year	\$75M/Year
Pay-Go	4,698,069	4,051,213	3,400,346
Bonds	613,270	1,200,000	1,800,000
Total	5,311,339	5,251,213	5,200,346
Difference	-	(60,126)	(110,993)



Benefits of DelDOT's Rating Status

- DelDOT's current high-rated status provides benefit when it does issue bonds
 - 10-year BVAL rates of the last 5 years between AA+ and A+ has an average spread of 15 bps, with a maximum spread of 35 bps
- If DelDOT were to issue 20-year bonds, present value of 1 basis point (.01%) is approximately \$60 thousand
 - 15 basis point cost increase to the interest rate costs around \$900 thousand

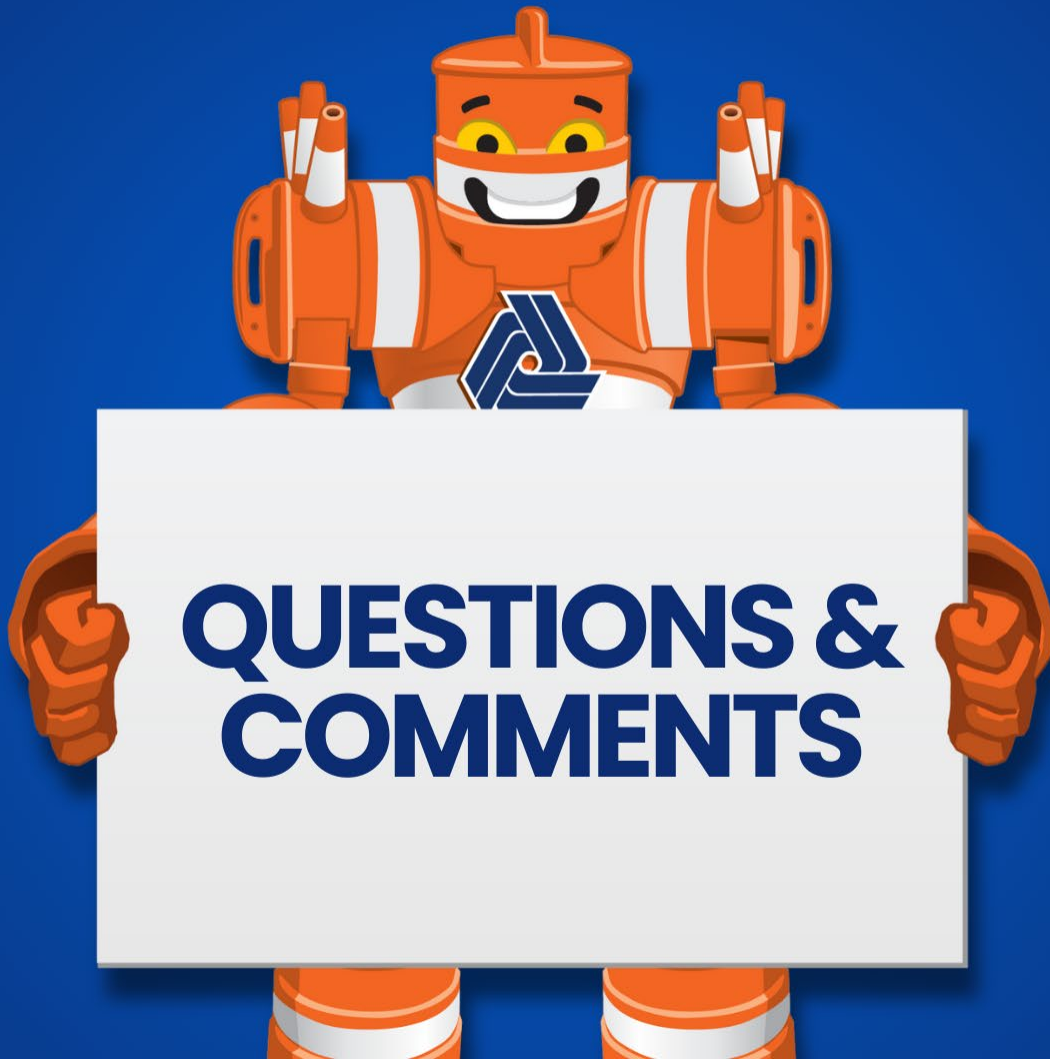




DeIDOT's Utilization of the TIFIA Program

- ◆ U.S. 301 featured an innovative financing structure
 - Grant Anticipation Revenue Vehicle (“GARVEE”) bonds;
 - \$213 million of Self-supporting US 301 Toll Revenue bonds, further supported by a subordinate lien on the pledged revenues of the Transportation Trust Fund; and
 - \$211 million of low-interest rate TIFIA loan with flexible repayment terms and a subordinate lien
 - Now, TTF receives 50% of excess revenues annually
- ◆ TIFIA Rural Program Initiative
 - Recent program from Build America Bureau and US DOT
 - Eligible Projects have:
 - Costs <\$100 million
 - Located in rural areas (population less than 150 thousand)
 - DeIDOT currently has identified 6 eligible projects with costs of ~\$360 million
 - First project (SR1 and Cave Neck Road Grade Separated Intersection) actively under review by BAB





**QUESTIONS &
COMMENTS**

Action Items

Action Items

- Develop ideas on how to engage stakeholders and the community
- Next Meeting: April 20th 1:00-2:30pm
- Discuss any additional information requests
- Review 2011 list of unimplemented recommended ideas and provide feedback via survey link
- Review 2025/2026 list of ideas generated through meetings to date



Public Comment



THANK YOU!



<https://linktr.ee/delawaredot>