



# CIVIC LEAGUE For New Castle County

*Informed Citizens for Sound County Growth*

P.O. Box 11523 - Wilmington, DE 19850

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**October  
2011**

### STATEMENT OF PRINCIPLE

Monitor and selectively evaluate government actions including laws, regulations and policy.

Provide appropriate forums for informing as well as soliciting input from the public.

Establish positions based on responsible studies and consistent with the aims and purpose of the organization.

Advocate these positions.

Founded in 1962, the Civic League is non-profit volunteer organization, which studies and illuminates County and State government actions concerning comprehensive developments and the quality of life and is a vocal advocate of relevant positions.

County Comments is the official publication of the Civic League for New Castle County.

Chuck Mulholland,  
President

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# COUNTY COMMENTS

CIVIC LEAGUE FOR NEW CASTLE COUNTY

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## MEETING

**Tuesday, October 18, 2011**

7:00 PM at the Delaware State Police Troop 2 Building  
100 La Grange Ave  
( Route 40 East of Route 896)  
Bear, DE 19701

## AGENDA

General Business Meeting

## Transparency in DeIDOT

*( Web links referenced in this article may be accessed from the Civic League website at: <http://www.civicleagueforNCC.org/transparency> )*

If Transparency is what our new DeIDOT Secretary is going for he can start with the Rt 301 By-Pass Project. If you look at the DeIDOT website and go to the 301 Project, the explanation of the financing of this \$ 800 million dollar project is weak at best.

Take a look at this link - (Web link 1), the latest info shown on the DeIDOT's project section of their website. If you see actual calculations and numbers, I would love to know where.

It was not until The Middletown Corridor Coalition met with WILMAPCO officials and Senator Bethany Hall-Long did we see **some** numbers. It was not until after that meeting that I asked Mark Tudor (301 *Project manager*) directly, that I was given the information that literally spun my head!

It is DeIDOT's intention to sell all **\$570** million in bonds at once. In addition, there will be an underwriting cost of **\$3.5** million dollar (approx. **\$6.25 to 7.25 per \$1000** in Bonds sold.) fee to actually sell those bonds. Then we pay an issuance cost of **\$250,000** that goes to attorneys, financial advisors, and rating agencies. (Right, we pay ratings agencies to rate the very bonds we sell. Ugh!) Then add approximately **\$6** million a year for operation and up keep. The basic debt service on this boondoggle is **\$25** million a year for 40 years. FYI DeIDOT presently pays **\$134** million in debt service a year. Oh and don't forget once the main line construction is completed (approximately 5 years ) DeIDOT goes back to Bond Bill and asks to sell yet another **\$120** million to construct the "Spur" ... tack that to the bill too.

(continued)

## SO MUCH WORK GOES ON THAT WE NEED MORE BOARD MEMBERS

How long has it been since you invited a friend to come with you to a Civic League meeting? We must step up our efforts to publicize meetings to the general public and seek new board members.

Please, think of people you know who would give their time to keep this County a nice place to live and invite them to a Board Meeting. Perhaps someone you met during a political campaign or a newly retired neighbor would be willing to be a watchdog on government. Not all our members come in via organizations in their development or region. Many individual members became known to Board Members through politics and were invited to attend. We are nonpartisan. We have openings on the Board and people willing to help a new person become acclimated to all that is going on. The time has come for many of us who are getting older to pass along what we have learned through experience to a new generation of civic activists. Please believe us when we say that if you do not keep an eye on your elected officials and communicate with the good ones, you will not recognize your region in a few years, and some of you will not want to live here.

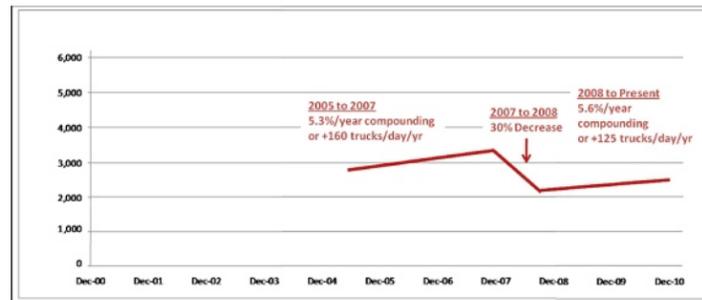
The Civic League has been a watchdog on county government for 40 years. Please ask your friends and acquaintances to join us for the next 40.

Christine Whitehead

(Continued from front)

The fact is that traffic numbers are not sufficient enough to pay the debt service let alone the operations costs. In June DeIDOT and WILMAPCO were told, by the independent company they hired to approve bond sales for this project, that it was not approved for sale due to the low traffic projections and even lower growth projections in the MOT area. If DeIDOT was approved to sell the bonds the toll revenue projections would not enough funds to pay back the Debt service. Where do you think the \$25 million a years comes from if we fall short in Toll Revenue? We surely don't want to default on the debt service and downgrade or AAA rating (Ha Ha). I'll save you some time; it's the general fund that gets tapped.

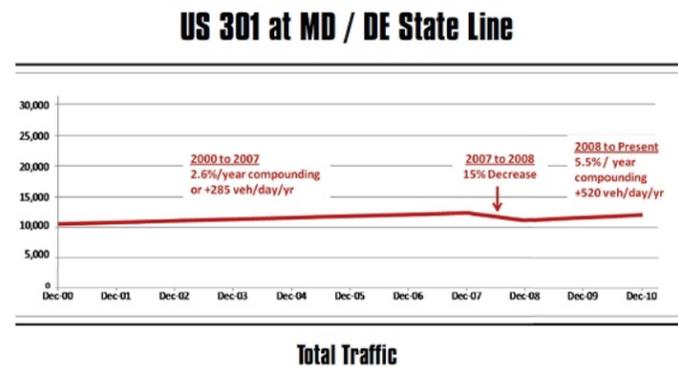
Add to all that the facts about the \$125 million in GARVEE Bonds we sold (against my very loud protests). Money that we have to be spent by 2013 or your chances for Federal funds the next time to ask, goes down substantially. The Debt service on that is \$11 million a year for the next 14 years taken from future Road projects we NEED! And that money is to just be spent on Right of Way acquisition and Design on this project. So with that money you tell us that you are performing all new traffic studies in November of 2011. Just to see if the traffic numbers have changed since just this past June (as I explained above, where the numbers did not substantiate the sale of the Bonds).



Why then is it necessary to have yet another Workshop before those numbers are calculated? Isn't that actually backward? Shouldn't the numbers be crunched on the funding before we spend another dime on a road project we can't afford, don't need, and no one wants (oh except those developers/ land owners being paid out by DeIDOT)

ALL of this is a huge waste of money, certainly, in my life time we will never get approval for the sale of these bonds. Let's see who DOES make out....Oh that's right our lovely consultants R K and K Engineers and Kramer and Assoc. DISGUSTING!

On this graph DeIDOT forgets to inform the reader that WalMart had opened during that 2008-2010 up tick in traffic increase over the MD/DE line. One has to wonder Walmart execs know of a toll at that location that would likely inhibit consumers from traveling to this DE location from Maryland?



Andye Daley  
Chair Middletown Corridor Coalition

## Recent articles on the down grade of Toll Revenue Bonds and Traffic Counts that are rather eye-opening

(Web link 2) - In January, Moody's Investors Service assigned a negative outlook to the Port Authority's credit, saying a downgrade could result if the agency's debt continued to grow faster than its revenues. Moody's currently rates the Port Authority's debt Aa2, its third-highest rating. "We see some pressures because of the amount of debt they're taking on and the general sluggishness of the regional economy," Maria Matesanz, an analyst at Moody's, said in an interview. To be sure, the agency's financial situation is considered far from dire, and the other two major credit agencies, Fitch and Standard & Poor's, haven't assigned a negative outlook for the agency. A downgrade would likely add millions in borrowing costs for the agency, which relies heavily on debt to fund its construction-heavy budget. To avoid triggering a downgrade, it has drafted plans to cut scores of projects-from repaving projects at ports to small repairs to the PATH system-if it doesn't receive a toll increase. The Port Authority is jointly controlled by Govs. Chris Christie of New Jersey and Andrew Cuomo of New York."

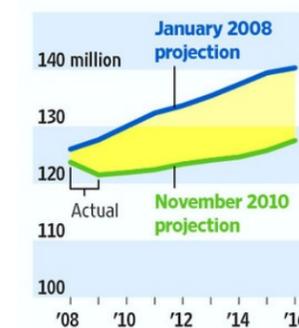
(Web link 3) - The downgrade reflects the effects of improvements along alternative free routes and the impact of the economic recession in Loudoun County, Virginia service area (a western suburb of Washington D.C.) which have resulted in a continued decline in traffic on the Greenway since fiscal 2006. Including the drop in interest earnings, net revenue declined by 6.2% between 2006 and 2009 while annual debt service obligations grew by 15.5%. As debt service grows at a compound annual growth rate of 3.6% between fiscal 2010 and 2034, the Greenway is dependent upon consistent levels of growth that may be more difficult to achieve. In addition, there is some potential for additional loss in traffic and pricing power when the Dulles Metrorail project opens later in the decade."

(Web link 4) - "Fitch Ratings has downgraded the \$40.1 million outstanding Lake of the Ozarks Community Bridge Corporation Bridge System refunding revenue bonds, series 1998 to 'BB+' from 'BBB-'. The Rating Outlook is revised to Negative from Stable. The bonds mature in December 2026 and are secured by the net .."

(Web link 5) - "Then there's the federal borrowing to prop-up toll roads that can't pay for themselves using a loan program known as Transportation Infrastructure Finance and Innovation Act (TIFIA). The first federal TIFIA loan went to a P3 venture in San Diego known as the South Bay Expressway. Less than three years later, the road went bankrupt (traffic projections were off by 40,000 cars a day) - resulting in a loss of nearly \$80 million to taxpayers. Now, the local government is going buy back - (Web link 6) that failing toll road with yet more taxpayer money, which is, in effect, another bailout."

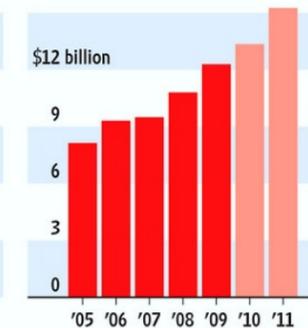
### Bridging the Gap

Annual number of vehicles crossing the Hudson River, projections from 2008 and 2010



Source: Port Authority of NY/NJ

Port Authority debt outstanding\*



\*Outstanding consolidated bonds