

# US 301 toll road plan gets ratings boost

Jeff Montgomery and Melissa Nann Burke, The News Journal 10:05 a.m. EDT July 17, 2014



(Photo: JENNIFER CORBETT/THE NEWS JOURNAL)

The state of Delaware is prepared to ask for federal loan support to move forward with a U.S. 301 toll plan following good news from a bond rating agency, a DelDOT official said Wednesday.

DelDOT's plan calls for a 14-mile toll-road connector stretching between the state line west of Middletown and the Del. 1 Roth Bridge. Supporters say the road would improve safety and reduce congestion and pollution compared with travel along existing U.S. 301 in southern New Castle County.

Moody's Investors Services gave the \$400 million mainline construction portion of the plan a positive rating after Delaware officials said borrowing would be backed by Transportation Trust Fund revenues if toll collections fall short.

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Project manager Mark Tudor said the state also built its proposal around more-conservative traffic forecasts, delivered to DelDOT last year, that are far lower than earlier estimates. The newer, post-recession projections, which scuttled a push toward U.S. 301 construction last year, call for 5,200 cars daily initially, down from a 14,800 vehicle daily rate forecast in 2009

"We would like to have a decision some time next spring" on federal loan support, Tudor said, with a presentation to lawmakers based on updated financial forecasts and "maybe have a couple of actual bids from contractors."

Although some residents and community leaders have disputed the need, developers have argued that the work is critical for future growth.

"I think that 301 is indispensable to really getting the sort of economic development growth spurt that we need and to get significant employers south of the canal," said Larry Tarabicos, a land-use attorney whose clients include the huge, mixed-use proposed Whitehall development just south of the Chesapeake and Delaware Canal. "I think that this is one of the few bright pieces of economic development news recently."

Charles Mulholland, a southern New Castle County resident, civic leader and longtime critic of the 301 plan, questioned the upbeat financial outlook.

"I don't think any amount of reason is going to stop this behemoth from getting launched," Mulholland said, "and I think in the long term the general public is going to pay for it."

Still unsettled are long-term revenue increases needed to create room in the Trust Fund for DelDOT's overall program, as well as potential U.S. 301 needs. A proposal by Gov. Jack Markell for a 10-cent fuel tax increase this year failed to gain traction among lawmakers, prompting a last minute agreement to raise Del. 1 weekend tolls to avoid threatened drastic cuts in road work.

Taxpayers already are paying off a sizable first installment on U.S. 301. DelDOT borrowed \$125 million for right-of-way purchases, design costs and utility relocations needed for the project. The federal program used for the borrowing requires the state to make annual repayments from each year's allocation of federal highway aid.

DelDOT's earlier financing plans called for use of a Federal Highway Administration loan program to cover more than 47 percent of the mainline portion of the road, with a slightly smaller share from toll revenue bonds, with regular highway aid and other sources making up the balance.

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