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DELAWARE RIVER PORT AUTHORITY
of Pennsylvania & New Jersey

NEWS RELEASE

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DRPA Announces Goal for 2011 Budget

Delaware River Port Authority CEO John J. Matheussen enters the budget season by announcing an aggressive goal of a 2 percent operating budget reduction for 2011 and a hiring freeze.

“Many of us don’t have to look past our own household to know that the economy is showing little or no signs of improvement,” says DRPA CEO John J. Matheussen. “Recent daily economic news supports the notion of a continued recession for our region and nation.”

In response to these continued economic hard times, the Board of the Delaware River Port Authority/PATCO last week voted to give some relief to its customers by retaining the toll discounts for seniors, commuters and those who drive certain high gas mileage vehicles.

According to CEO Matheussen, “In recognition of how important these toll discounts are to our customers, staff will be taking several measures beginning now and into the near future that will reduce DRPA/PATCO operating costs. These cost-cutting and belt-tightening measures are designed to strengthen DRPA’s fiscal outlook, and with sustained modest revenue growth, give the Board further opportunity to sustain these important discounts for our seniors, commuters and for customers with fuel-efficient vehicles.”

“As we proceed through the budget process, staff will leave no stone unturned in an effort to save money or enhance revenue. The 2 percent reduction represents approximately a \$2.6M decrease from last year’s budget and I am confident in our ability to make these cuts. The hard work in finding more cuts now will help preserve the ability of the Board to approve toll discounts into the future, says CEO Matheussen.”

A second step in this process, currently underway, is imposing a hiring freeze for all non-essential employees until the Authority has carefully examined staffing needs at all levels and the Board has approved next year’s Operation’s Budget.

“Over the years, staff has done a tremendous job at identifying ways to cut costs,” says CEO Matheussen. “But our work is not done and while this year may present a challenge, it is important at this juncture that we continue to find ways to tighten our belts.”

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The budget will be closely aligned with DRPA's strategic plan which serves as an overarching framework to guide the work of the DRPA in a direction that is consistent with our mission to "Keep the Region Moving". In addition, one of the newest efforts at driving efficiency is directed by employees at all levels within the Authority. It is DRPA's Lean Government Program which will assist in reaching the budget goal. At its foundation is a renewed focus on strategic planning, process improvement and accountability; the Lean Government Program emphasizes the use of meaningful metrics as a way to measure organizational performance. This type of data driven decision making is being woven into the budget process which begins well before the Board votes in December. Before a budget reaches the Board of Commissioners, DRPA staff undergoes an extensive budget process that starts with each department developing a budget for the year. Once the department budget is complete it is sent to the Finance Department where it is heavily scrutinized. Due to the varying needs of departments, budget hearings are held for critical operating groups to further inquire about each line item. From there budgets continue to be adjusted until the total Authority operating budget is ready for Board review.

It was due to this budgeting process that we have been able to make significant achievements in the past seven years. Below are some of the highlights of what has been done to control expenses.

- We reduced staffing by over 120 positions and have frozen salaries over several years and negotiated 3% salary increases with our employees.
- A cost containment program curtailing travel, vehicle and equipment purchases.
- Reduced subsidies to several lines of business.
- Sold excess properties, consolidated space and increased office rentals by leasing two additional floors in our office building.
- Pursued outdoor advertising revenue at bridges and PATCO, leased Authority property for cell tower communication networks.
- Implemented employee and retiree health care premium contributions.
- We kept our bridges safe, secure and serviceable while greatly paring back our capital program for a period of 9 years deferring maintenance projects to alleviate the need for a toll increase for close to a decade.
- As a result of these actions, DRPA and PATCO's actual operating expenses have increased by an annual average of 1.2% over the period 2003 through 2009, excluding debt service and related costs.

Once completed DRPA's budget will be presented to the Board of Commissioners for review and approval in December.

The Delaware River Port Authority is a regional transportation agency. DRPA owns and operates the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges, PATCO, the Philadelphia Cruise Terminal and RiverLink Ferry System.

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