

Proposed Bridge Toll and PATCO Fare Schedules

July 2008



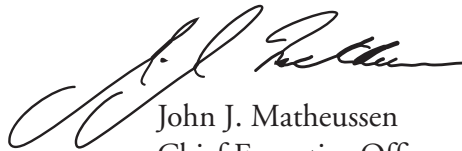
Dear DRPA and PATCO Customers:

Thank you for your interest in the Delaware River Port Authority and Port Authority Transit Corporation. We appreciate the opportunity to present to you the proposed changes to the toll and fare structures.

For the last several years, we have committed to cost-savings measures that have enabled us to operate without changes to our toll or fare structures. However, we now face a very challenging time as our future needs will require us to find additional revenue sources to fund our Capital Program which is critical to maintaining the safety, security and serviceability of our assets.

We are confident that with the feedback received from you, our customers, we will be able to propose a plan to our Board of Commissioners that will enable us to face the challenges that lie ahead. We value your opinion and look forward to your comments and suggestions.

Yours truly,



John J. Matheussen
Chief Executive Officer, Delaware River Port Authority
President, Port Authority Transit Corporation

The Delaware River Port Authority

The Delaware River Port Authority of Pennsylvania and New Jersey is a regional transportation agency. DRPA's lines of business, collectively called "the Authority," operate under the motto "We Keep the Region Moving."

DRPA traces its roots back to 1919 when leaders from the two states began planning for a bridge across the Delaware River. That bridge, now known as the Benjamin Franklin Bridge, was once the longest suspension bridge in the world. Today, more than 80 years after its opening, the Benjamin Franklin Bridge remains a key transportation artery and a regional landmark.

Since then, DRPA built the Walt Whitman, Commodore Barry and Betsy Ross bridges and PATCO. DRPA also owns the RiverLink Ferry, the Philadelphia Cruise Terminal and One Port Center, an office building on the Camden Waterfront.

DRPA is self sustaining, operating without tax support. A 16 member Board of Commissioners, eight from each state, sets policy within the terms of a congressionally approved bi-state charter. The commissioners are appointed by their respective governors, except the Auditor General and Treasurer of Pennsylvania who are ex officio members. All commissioners serve without compensation.

DRPA Facilities:

Benjamin Franklin Bridge – Opened July 1926

Walt Whitman Bridge – Opened May 1957

PATCO – Opened February 1969

Commodore Barry Bridge – Opened February 1974

Betsy Ross Bridge – Opened April 1976

One Port Center – Opened 1996

Philadelphia Cruise Terminal – Opened 1998

RiverLink Ferry System – Opened 2000

Major Financial Accomplishments from 2004 through 2007

In 2004, the Authority was faced with a potential budget deficit of \$15 million. To address the budget deficit and to ensure that the Authority's financial position remained strong, staff made prudent decisions and worked hard to hold the line on spending. Some of the cost savings measures enacted by the Authority dating back to 2004 include the following:

- Restructured E-ZPass discount program
- Restructured health care program to contain rising costs of coverages
 - \$ 2.8 million initial reduction in costs
 - Initiated employee contributions based on % of salary
 - Introduced new HMO base plan for employees/retirees
 - Increased prescription co-pay tiers resulting in increased generic use
 - Enrolled retirees into AARP's program making DRPA secondary provider
 - Under 65 retirees outside of coverage area not eligible for benefits
 - Effective 1/1/07 – no retiree benefits for new hires
- Migrated E-ZPass processing to NJ Customer Service Center
- Improved efficiencies through a management audit of the Public Safety Department
- Instituted a cost containment program which sharply curtailed non-personnel budget (including travel, sponsorships, equipment purchases, etc.)
- Reduced Port of Philadelphia and Camden subsidiaries:
 - Restructured RiverLink Ferry operations
 - Spun-off World Trade Center operations
 - Phased out Ameriport, closing operations in mid- 2006
- Significantly reduced staffing by 124 positions through early retirement program and layoffs
 - April 2003 – Total DRPA/PATCO employees – 1,015
 - December 2007 – Total employees - 891
- Other Strategies to Increase Revenues
 - Sold excess properties
 - Leased telecommunications firm option to install antennas
 - One Port Center- consolidated space and increased rentals
 - Initiated outdoor advertising/electronic advertising

Proposed Bridge Toll and PATCO Fare Structures

Proposed Bridge Toll Schedule:

	Current 2008	Proposed	
		9/2008	9/2010*
Passenger Vehicles	\$3.00	\$4.00	\$5.00
Trucks (per axle)	\$4.50	\$6.00	\$7.50
Buses (per axle)	\$2.25	\$3.00	\$3.75
Senior Citizen Discount**	\$1.00	\$2.00	\$2.50

*2010 and beyond (every two years) cost of living increase

** Proposed Sr. Citizen Discount will be linked to an E-ZPass account and offered during off-peak hours only.

Proposed PATCO Fare Schedule:

From	To	Current 2008	Proposed	
			9/2008	9/2010*
Lindenwold, Ashland & Woodcrest	Philadelphia	\$2.45	\$2.70	\$3.00
Haddonfield, Westmont & Collingswood	Philadelphia	\$2.15	\$2.35	\$2.60
Ferry Avenue	Philadelphia	\$1.85	\$2.05	\$2.25
Any NJ Station	Any NJ Station	\$1.30	\$1.45	\$1.60
Broadway & City Hall	Philadelphia	\$1.15	\$1.25	\$1.40
Any Philadelphia Station	Any Philadelphia Station	\$1.15	\$1.25	\$1.40

*2010 and beyond (every two years) cost of living increase

Proposed PATCO Reduced Fare Program

From	To	Current 2008	Proposed	
			9/2008	9/2010*
Any Station	Any Station	\$ 0.57	\$0.62	\$0.70

*2010 and beyond (every two years) cost of living increase

List of Necessary Facility Improvements

Since 1926, the Delaware River Port Authority has provided quality cross-river transportation. Today, with as many as 300,000 motorists crossing the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges daily and more than 35,000 riders daily on PATCO, more than 150,000 passengers each summer on the RiverLink Ferry and thousands of passengers embarking on cruises from the Philadelphia Cruise Terminal, there is no doubt that the DRPA serves as an important part of the region's transportation infrastructure.

As with anything that has been in operation for decades, ongoing maintenance and repairs are critical to keeping our facilities safe, secure and serviceable. To address these maintenance issues we must invest more than one billion dollars in to capital improvement projects over the next five years. As part of the Capital Program, the bridges and PATCO need to undergo significant repairs and upgrades necessary for their continued use and safety now and into the future.

DRPA addresses its capital improvement projects based on four primary criteria:

- Complete projects safely, both in terms of customers and workers.
- Complete projects cost-effectively. We maintain an open procurement and bidding process that encourages maximum competition among contractors and vendors.
- While underway, have minimal impact on our customers.
- Perform work according to the highest environmental standards.

The following is a partial list of necessary facility improvements. Our goal is to ensure these regional assets meet the needs of businesses and travelers well into the future. Please note: every two years, independent experts inspect DRPA and PATCO facilities. Their reports serve as the basis for the projects listed below. Without additional capital funding, DRPA cannot start these and other projects. We have included preliminary cost estimates.

Benjamin Franklin Bridge: De-leading and Corrosion Protection Project- \$23 million

This project involves removal of the existing paint, cleaning the steel to the bare metal and applying a new three coat paint system to protect the steel from corrosion. The work must be performed in stages to minimize inconvenience to motorists, PATCO customers and the surrounding community. This is the fifth and final phase of the repainting project for the entire bridge.

Walt Whitman Bridge: Redecking - \$115 million

The existing deck on the suspended portion of the Walt Whitman Bridge is part of the original construction from the 1950's. The deck is showing signs of normal aging and is nearing the end of its useful life. Replacement of the deck is anticipated within the next few years.

Walt Whitman Bridge: De-leading and Corrosion Protection Project - \$45 million

This is the second phase of a multi-phase project to remove the existing paint, clean the steel to the bare metal and apply a new three coat paint system to protect the steel from corrosion. This phase of the work involves painting the nine truss spans on the New Jersey approach.

Commodore Barry Bridge: Deck Joint Replacement - \$7 million

This project involves the removal and replacement of 88 expansion joints and relief joints on the Commodore Barry Bridge. Concrete adjacent to the joints has begun to deteriorate, allowing water to penetrate beneath the bridge deck. Repairs are warranted to prevent further water intrusion and preserve the underlying support structure.

Betsy Ross Bridge: Deck Joints -\$4.5 million

Concrete deterioration was noted near certain joints and along the outer edges of the structure. Repairs are recommended to correct these conditions in the early stages.

Cruise Terminal: Pier 2 Breasting & Mooring Structures - \$1.2 million

The installation of additional pile supports was recommended to increase the pier's ability to handle the larger ships that currently call on the Philadelphia Cruise Terminal. In addition, bollards will be installed which can be used to anchor the tie-lines of the larger ships when docked at that location.

DRPA/PATCO: Miscellaneous Security - \$65 million

The DRPA has undertaken efforts to enhance the security of its various facilities. Planned improvements consist of the installation of bridge hardening, electronic surveillance systems, radio system improvements and other countermeasures.

PATCO: Car Overhaul - \$180 million

This project will rehabilitate all PATCO vehicles, in stages, providing new braking and propulsion systems, HVAC systems, electrical systems and upgrading the interiors. PATCO's present transit car fleet consists of 121 vehicles. The first 75 vehicles are original and are approaching forty years old. In 1980, another 46 vehicles were added to the fleet. These vehicles are almost identical to the original fleet and use technology from the 1960's. Also, the cars have been used in such a way that the entire fleet has approximately the same mileage, which averages over 1.2 million miles. Many of the vehicle components and systems are no longer supported in the industry and replacement parts need to be specially fabricated or salvaged from other agencies to keep the fleet operational.

Green Pass Discount Plan Proposal

Under the proposed plan, a discounted rate of \$3 will be offered to low-emission vehicles that get at least 45 miles to the gallon and meet the California Super Ultra Low Emission Vehicle standard.

Currently eligible vehicles are:

- Honda Insight (2000 to 2004 models)
- Honda Civic (2003 to 2008 models)
- Toyota Prius (2001 to 2008 models)

Green Pass users must register for E-ZPass. To sign up, new and current E-ZPass account holders who drive qualifying vehicles can request that the Green Pass Discount Plan be added to their account. Customers must submit a copy of their motor vehicle registration for the qualifying vehicle.

Public Comments

Your ideas and suggestions are a vital component of this process and we welcome them.

Our public hearings on these topics will take place:

New Jersey

July 22, 2008

Time: 6:00 p.m. – 8:00 p.m.

Rutgers-Camden Campus Center

Main Lounge

Rutgers University

326 Penn Street

Camden, NJ 08102

Pennsylvania

July 23, 2008

Time: 6:00 p.m. – 8:00 p.m.

Philadelphia Cruise Terminal

Philadelphia Navy Yard

5100 South Broad Street

Building #3

Philadelphia, Pa. 19112

If you would like to submit written comments, please mail or email them by 12 noon on July 25, 2008 to the addresses below:

Mail:

Delaware River Port Authority

P.O. Box 1949

Camden, NJ 08101

Attn: Corporate Communications

Email:

comments@drpa.org

