



## “IN THE KNOW:” Bridges Over Troubled Water

The Delaware River Port Authority isn't the most famous government agency in the area. In fact, many people probably aren't even aware of how much effect the Authority has on their lives, running the local bridges and rail links between New Jersey and Pennsylvania (and spending a lot of money on other things as well).

And usually they don't have to think about it much – the bridges seem to run smoothly, the PATCO rail system works. So it may seem puzzling that suddenly the media is talking about trouble at the agency – lavish perks for executives, board members angry at the staff, a top official quitting, and government leaders in both states asking hard questions.

What is the DRPA and why are people talking? How can an agency that's main job is just getting people back in forth across the Delaware River be in so much turmoil?

To help you make sense of the stories (and we suspect there will be more in the next few months), The Committee of Seventy is offering one of our “In the Know” features to explain what DRPA is and what's going on. – Aug 2, 2010

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### What does the Delaware River Port Authority actually do?

The DRPA owns and operates the four big bridges that connect the Philly area to New Jersey: the Betsy Ross, the Commodore Barry, the Walt Whitman, and the Ben Franklin. It runs the PATCO rail line and owns and operates the Riverlink ferry to Camden and the Philadelphia Cruise Terminal. It also sets the toll rates you pay when you take the bridges across the river.

### If the agency seems to do its job reasonably well, what's the problem?

For years, DRPA has had a reputation as secretive and riddled with patronage and cronyism. Decisions are made behind closed doors and large contracts go to powerful firms with little public bidding or notice. DRPA has about \$1 billion in debts for a variety of reasons, including some bad financial decisions, but at the same time it has given about \$400 million to projects that don't have anything to do with bridges, like theaters and cultural centers, building stadiums in Camden and Philadelphia, and developing a new museum in Old City.

### Why are we talking about this now?

It started with a strange event back in April. The DRPA's corporate secretary was escorted from his office and, in typical DRPA fashion, nobody will say why. Board member John “Johnny Doc” Dougherty starting asking questions about the matter. When he didn't get answers, he



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complained in the press. Reporters have been publishing stories about expensive perks, like large car allowances, and misuse of an official EZ pass unit by a senior staff member. This caught the attention of New Jersey's new governor, Chris Christie, who threatened to block the board from reappointing the executive director, whose contract expired in July, until the DRPA offered some answers. Lately, Pennsylvania's governor, treasurer, and auditor general have been asking for information and calling for reform. DRPA officials are now promising they will provide information and make changes in the way the agency operates.

## Who runs DRPA?

A 16-member board – eight each from Pennsylvania and New Jersey. In New Jersey, the governor picks all eight members, though his choices must be confirmed by the State Senate. In Pennsylvania, the governor picks six members. Two other Pennsylvania members – the state treasurer and auditor general – get seats on the board automatically.

## Who are these board members?

They tend to be well-connected people, of course. For example, “Johnny Doc” is the business manager of the local Electrical Workers union and a major player in Philadelphia politics. Frank DiCicco is a Democratic Philadelphia City Councilman. Chairman John Estey is the former chief of staff for Gov. Ed Rendell of Pennsylvania. Three of the New Jersey delegates - Frank DiAntonio, Albert Frattali, and Richard Sweeney – are leaders of powerful local unions that do business with DRPA. And the executive director, John Matheussen, is a former New Jersey State Senator. You can see the full board at [http://www.drpa.org/drpa/board\\_comms.html](http://www.drpa.org/drpa/board_comms.html).

## Why are some board members demanding change now? Didn't they know what was going on?

They certainly had the responsibility to know.

## What has DRPA leadership said about all these demands for change?

The executive director said recently that the DRPA would do away with the big car allowances and free EZ Pass units that top executives enjoy. He also disciplined the agency's chief of security for lending an official EZ Pass unit to his daughter. The chairman has said there will be big policy changes, including new ethics rules for board members and employees, and maybe even changes in the top leadership.

## You said someone resigned?

Yes, the chief of security quit under pressure after he was disciplined.

## Who is really in charge? Who's supervising the DRPA board?

In effect, the agency operates on its own unless one of the two governors takes a particular interest. Officially, the board members answer to the two governors who appoint them (and



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the governors have the right to veto decisions of the board), but they raise and spend their own money and get no funding from either state.

### **What has Gov. Rendell of Pennsylvania said?**

Surprisingly little considering he was chairman of the DRPA for six years. After weeks of near silence, he endorsed a package of reforms last week, calling on the DRPA to end perks for staff and change rules for awarding contracts, among other changes. He had stepped down as chairman last year and named John Estey to the job. Not only is Estey the governor's former employee, he is also an attorney at Ballard Spahr, the powerful law firm where Gov. Rendell used to work. The DRPA has reportedly given a lot more legal work to the firm since Gov. Rendell became the authority's chairman.

### **Rendell was chairman? Didn't he know about the problems?**

He admits he should have done something earlier. Last week he accepted the "lion's share of the blame" for the agency's recent troubles. For most of those six years as chairman, though, Rendell usually designated his chief of staff (who is now the full-time chairman) to run things in his place.

### **Why do all these powerful people want to serve on the DRPA Board if they don't get paid?**

Now you're asking the billion dollar question. The agency took in about \$281 million last year, mostly from the tolls collected on the bridges. There are millions of dollars in contracts to be handed out every year and controlling where that money goes means a lot of power. And DRPA does not have clear rules preventing board members or politicians from placing friends and family among the 900 agency employees, so it has always been a valuable source of patronage.

### **Why get upset about how DRPA manage its money as long as the bridges work?**

Because it's your money. You give money to DRPA every time you pay the toll to cross the bridges or ride the PATCO rail. And the rates have been going up sharply in recent years – the bridge tolls have gone from \$2 in 2000 to \$4 now (and \$5 starting in the summer of 2011). DRPA critics have wondered why the agency is giving away money for things that have nothing to do with crossing the river (like building stadiums), and paying expensive staff salaries and benefits, while hiking the tolls so sharply.

### **You mentioned that the agency was secretive and gave out contracts without bids?**

Yes. Many of the decisions made by the board are hashed out behind closed doors before public meetings. Both the chairman and executive director have now promised to end that practice. The agency's rules allow contracts of up to \$25,000 to be awarded without any public bidding process, and contracts up to \$100,000 can be handed out without a public vote of the



board members. Although it is a public agency, DRPA is not subject to the normal rules in either state that require public access to documents and meetings.

### **Why was the authority giving money for stadiums, theaters, and museums?**

A lot of people – particularly those drivers on the bridges paying the ever-increasing toll rates – want to know that too. In the agreement between New Jersey and Pennsylvania creating DRPA, though, the agency is supposed to promote economic development of the waterfront area, in addition to operating bridges and ferries. So whether you think it's a good idea or not, the agency does have authority to fund things that don't actually help you get cross the river.

### **You mentioned some bad investments?**

Yes, the DRPA got in trouble for investing in some exotic financial deals known as “interest-rate swaps” over the last decade. The agency lost something like \$242 million when the deals went bad. At the urging of Pennsylvania State Auditor Jack Wagner (who is a member of the DRPA board), the DRPA agreed in 2009 not to engage in that kind of risky investing anymore.

### **How big were these car allowances you mentioned?**

Big. The executive director gets an extra \$16,500 per year to pay for a car, while other executives get around \$9,000. And that's on top of their six-figure salaries.

### **Six figure salaries, you say?**

Yes. The executive director earns \$219,474. The director of security, who just resigned, was earning \$180,081, reportedly among the highest salaries in the nation for a position of this sort. The corporate secretary, who was suspended in April but is still drawing his salary, makes \$123,806. And that was in addition to the car allowances and free EZ Pass units.

### **So now that the perks are gone, the controversy over DRPA is over?**

No. John Dougherty has said he will continue to push for rules changes and a shakeup in the staff. And although the agency has promised to make changes, officials on both sides of the river are still asking for more information. The next board meeting is Aug. 18, and there may be some fireworks then, and media on both sides of the river are talking about this almost every day. So stay tuned.

*This is part of The Committee of Seventy's "IN THE KNOW" feature, explaining important issues facing Philadelphia and the region. Let us know what you think of this edition, or suggesting other issues for us to examine, at [info@seventy.org](mailto:info@seventy.org).*