

**Testimony
Of
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Authority**

**Philadelphia City Council
Fiscal Year 2018 Operating Budget**

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Good morning/afternoon Council President Clarke, Transportation Committee Chair Johnson, members of City Council and other guests. My name is Jeff Knueppel and I am honored to come before you today as the General Manager for the Southeastern Pennsylvania Transportation Authority (SEPTA). I am joined by SEPTA Philadelphia Board members, Clarena Tolson, Executive Director of the Philadelphia Parking Authority and Beverly Coleman, Assistant Vice President for Community Relations and Economic Development at Temple University.

SEPTA is pleased to submit testimony supporting the Authority's \$82.7 million Fiscal Year 2018 Operating Budget request and provide an overview on initiatives and milestones achieved during the past year.

As you know, SEPTA's operating budget is funded through subsidies from local, state and federal governments, the fare box and other revenues. The City's \$82.7 million dollar contribution represents 6% of our total operating budget. The City operating subsidy enables SEPTA to meet its state legislatively mandated requirement to secure local matching funds to match state operating subsidy dollars of approximately \$705 million.

For the Authority's capital budget, the City's \$4.5 million dollar contribution will support a capital program this year of approximately \$682 million. As such, SEPTA is able to invest hundreds of millions of dollars in Philadelphia infrastructure and to advance priority projects including the renovation of City Hall and 15th Street, Concourse improvements, Broad Street and Market Frankford Line Station Accessibility projects, Trolley modernization, SEPTA Key, and Real Time Information to benefit the riding public. Council's continued support to allocate operating and capital funds in the City's budget is deeply appreciated.

SEPTA is working with local, state and national public transit advocates to preserve and protect federal funding that is critical to our operations and state of good repair efforts. The recently approved federal budget for Fiscal Year 2017 provides funding at authorized funding levels. We will continue to advocate for federal transportation funding programs for the fiscal year beginning October 1st that have aided SEPTA and so many other projects in Philadelphia. In addition, while plans for a federal infrastructure program have not yet materialized, we are working to ensure that public transportation is included in any program approved by Congress.

I frequently say that I do love to build things. My first year as SEPTA General Manager, afforded me the opportunity to do that and so much more. I am committed to expanding the definition of "building" for SEPTA to include five areas of strategic effort - **Customer Experience, Employee Development, Rebuilding the System, SEPTA is a Business, and Safety as the Foundation**. These fundamentals define our vision and describe what we want to accomplish - **Building the Future** - one that is strong for the City, the region, our customers, and every SEPTA employee.

Highlights of recent initiatives include:

SEPTA has currently budgeted \$131.5 million in improvements for both **15th Street Station and City Hall Stations**. Renovations of the 15th Street Station started in September 2016 and will continue through the winter of 2018. The City Hall Station is currently under design and will consist of two distinct phases. The first phase consists of foundation underpinning of City Hall prior to platform improvements, two new corridors and related elevator infrastructure improvements. The second phase of City Hall Station will include completion of accessibility improvements including new elevators along with aesthetic and passenger related improvements.

The Authority is nearing completion of construction for the first phase and in design for two additional phases of a \$55 million multi-phase project to the **Center City Concourses** to improve accessibility and bring the concourse network to a good state of repair. This project will revitalize the concourse network with new finishes, lighting and security features; develop the concourse as a place of interest, providing a safe and pleasant environment for pedestrians; and provide potential opportunities for development in the South Broad Concourse.

ADA accessibility improvements are ongoing at SEPTA's **40th Street Market Frankford Line Station** that includes 4 new stair head-houses with Art in Transit at the corner of each intersection along with two ADA compliant elevators on the northwest and southeast corners of 40th and Market Streets. Construction is currently scheduled through summer 2017.

Construction is currently in phase 2 at the Arrott Transportation Center (Margaret/Orthodox Station) located on the Market-Frankford Line that will make the station ADA accessible. The project includes installation of one elevator to connect the street and platform levels of this elevated station and two accessible elevators to connect the platform level to the East station overpass. Construction will continue through 2018.

Design continues on modernization of the **Susquehanna-Dauphin Station** on the Broad Street Line to make the Station fully ADA accessible. The project includes the installation of elevators; relocating the existing head house and replacing with a covered head house; accessible pathways and handrails/guardrails; signage; lighting; and security cameras. We anticipate design completion in 2017.

SEPTA continues to acquire new **paratransit vehicles, buses and rail cars** to replace vehicles which have reached or exceeded their useful life along with enhancing system capacity. In calendar year 2017, SEPTA will accept delivery of 77 CCT vehicles. The Authority has awarded a contract for 25 battery electric buses. These buses will be

deployed on SEPTA Bus Routes 29 and 79 in South Philadelphia; routes previously served with electric trolleybuses. The new electric buses will be delivered in 2018.

In May 2016, SEPTA awarded a contract to New Flyer Industries for 525 40-foot low-floor hybrid buses to be delivered over a five year period with the first 90 buses to be delivered this summer. By 2020, more than 95% of SEPTA's bus fleet will be hybrid buses.

In March, SEPTA's board approved the purchase of 45 multi-level coaches for regional rail operations and awarded a contract to CRRC MA. The first of the fleet is expected to be delivered in late 2019. CRRC MA is a subsidiary of the largest railcar manufacturer in the world. The multi-level coaches will be powered by SEPTA's new electric locomotives. SEPTA recently awarded a contract for up to 15 new electric locomotives to replace locomotives dating back to the 1980's. The new rail equipment will help to address increased regional ridership which has grown over 50 percent in the last 15 years.

In June 2016, 10,000 Transit riders became Early Adopters in the first phase of the new **SEPTA Key** Card program. Key card holders were able to purchase either a Weekly or Monthly TransPass at several SEPTA Transit Stations on the Market Frankford Line, Broad Street Line, and at our headquarters at 1234 Market Street. Since the program's launch, more than 100,000 SEPTA Key cards have been purchased by riders and 55,000 Senior Key cards have been issued. With fare kiosks at all Broad Street and Market-Frankford Stations and major bus loops selling key cards, the project is rapidly moving toward full functionality. Beginning June 1, 2017, day, weekly and monthly transpasses will only be issued on the Key card at SEPTA sales locations as legacy fare media is phased out. A communications plan is underway to inform riders of the changes.

We also successfully launched SEPTA Key 'Quick Trips' on the Airport Line on April 17th, expanding the Key Program to the regional rail network. We will begin installing new fare equipment components at Center City regional rail stations this summer.

From a safety perspective, SEPTA is an industry leader in implementing **Positive Train Control (PTC)** for Regional Rail. I am proud to say that SEPTA is the first commuter railroad east of the Mississippi to implement this Congressionally-mandated project on its territory well before the December 2018 deadline. With the exception of short transition areas at the interfaces with AMTRAK, we have completed installation of this vital safety technology on all 13 SEPTA Regional Rail lines.

Other important projects in Philadelphia include our work to expand the **Wissahickon Transportation Center** to give Route 52 a more permanent layover location. This would connect riders across West Philadelphia to City Avenue, Wissahickon and Manayunk.

Working closely with Mike Carroll and the City's Office of Transportation and Infrastructure Systems and PennDOT, we will advance **Bus Rapid Transit on Roosevelt Boulevard**. This project will improve service by stop consolidation and providing express bus service along this stretch of highway. We advance this initiative this fall.

Throughout each of these construction projects, SEPTA works to communicate and coordinate with stakeholders including residents, riders, elected and City officials, and other utilities and local businesses to mitigate impact on the community.

SEPTA is committed to supporting local businesses and the jobs they provide to our citizens. At Council's urging and with the aid of many Council offices, SEPTA has increased our outreach to invite more area companies to bid on SEPTA work. We have added to our staff to register and certify more Disadvantaged Business Enterprises (DBE) applicants, as well as women, minority and veteran-owned firms. We have initiated a new tracking system and will soon be able to provide more detailed information on the contracts and business awarded throughout the City.

Over the last three years, SEPTA invested over \$3.26 billion dollars in projects and services. 38.5% of that total, \$1.25 billion dollars, was awarded to businesses and employers in the City of Philadelphia.

Our DBE program has been striving to raise the numbers of minority and women-owned businesses participating in our contracts. We have 465 currently certified DBE firms of which 33 percent are Philadelphia-based. SEPTA consistently exceeds federal requirements for DBE participation and in 2016, our Federal DBE participation is 18 percent.

Just two weeks ago, SEPTA hosted a "Meet the Primes" event inviting minority and women-owned businesses to network with our prime contractors, DBE and Procurement staff. This event had record attendance which I attribute to your assistance in getting the information out to your constituents. Our commitment to supporting local businesses, and the jobs and opportunities they provide remains strong.

As I mentioned at the start, SEPTA is **Building the Future** - one that is strong for the City, the region, our customers, and every SEPTA employee. 9,500 dedicated employees work to make the SEPTA system run every day. Our workforce is diverse and reflects our ridership and the communities we serve. 63 percent of our staff are minorities and 20 percent are females. 52 percent of our employees live in Philadelphia.

We are proud of the non-traditional roles held by women as conductors, locomotive engineers and revenue guards for example. In the fall of 2016, SEPTA held a very successful Women in the Trades event, and we have a number of programs geared toward professional development, career-focus and honing leadership skills.

One story I am proud to tell is that of Ms. Jhane Franklin, a signal maintainer trainee. In October 2016, she attended the SEPTA sponsored "Women in Trades" event to attract women into non-traditional positions. As part of the event she was able to take the signal maintainer's entrance exam. Ms. Franklin was homeless at the time. She was hired on February 13, 2017 into the Subway/Elevated signal training program. The training program includes classroom theory and hands-on practical work out in the field. The training program duration is 12 to 18 months and includes various aspects of signal operation and circuits. She has completed the track safety and (QPE) Qualified Protection Employee course. Ms. Franklin is currently in the track circuit module of the training course and is expected to be tested on that portion within the next two months. Last month, she earned a certificate from Orleans Technical in Residential and Commercial Electricity. She has secured an apartment and is prepared to handle any challenges that come her way. Ms. Franklin has a good attitude and work ethic and is progressing well in her training.

SEPTA is always working to promote workplace diversity and fairness, and to provide new pathways to employment. We have developed internal goals for hiring and promotion opportunities and created internal mentor groups for females & minorities. We partner with community organizations and legislative offices to host job fairs and promote careers at SEPTA. We have implemented policies to encourage recruitment of veterans and re-entering citizens. SEPTA has also strengthened our relationship with schools throughout Philadelphia, volunteering for career days at elementary, middle and high schools and serving on advisory boards of technical schools. We are working now to plan an "Externship Day" for Philadelphia Technical High School teachers to see the skills their students must learn to be employed at SEPTA.

Last month, we completed a series of fare increase hearings in the five county service region, the first increase in four years. We are proposing modest increases from a base cash fare of \$2.25 to \$2.50, and the cost of a token from \$1.80 to \$2.00. Transfers will remain at \$1.00. At these rates, SEPTA fares are still lower than Chicago, New York and Boston transit. The hearing examiner will have a report to us shortly with recommendations, and Board consideration will occur later this month. These increases are part of maintaining fiscal discipline and were recommended as part of Pennsylvania Act 44 funding.

Before I conclude, I would like to take a moment to thank the members of Council for giving SEPTA the opportunity recently to provide information on our comprehensive system safety program, customized community transit services, and our efforts to engage more Philadelphia and minority-owned businesses. I can assure you that we are taking your comments and concerns very seriously. We are addressing the challenges within each of these areas and continue to see improvement in our CCT services and in the diversity of participants in our procurement and employment programs. Thank you

for your valuable input. We are also pleased to be working with members of Council to address issues throughout the City including Philadelphia's transient populations, panhandling, and crime near SEPTA stations. Together, we are working to find solutions to better share public spaces to improve the transportation experience for SEPTA employees, customers, Philadelphia citizens and visitors.

During the last year, SEPTA has worked closely with the City as Philadelphia hosted the 2016 Democratic National Convention and recently the NFL Draft. SEPTA and its employees are proud to support Philadelphia. Our employees act as Ambassadors for major events and give back to the community by participating in Philly Spring Clean-up, Philabundance and Toys for Tots to name a few.

Thank you again for the opportunity to speak about SEPTA accomplishments over the past year. City Council's continued support of public transit through City matching funds for the Authority's Operating and Capital Budgets is greatly appreciated. We will be happy to answer any questions the members of Council may have.