

Testimony

Of

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Philadelphia City Council

Fiscal Year 2019 Operating Budget

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Good morning 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, Michael Carroll, Deputy Managing Director, Office of Transportation and Infrastructure Systems (oTIS) 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 \$84.8 million Fiscal Year 2019 Operating Budget request. I am grateful for the opportunity to meet quarterly with Chairman Johnson and brief him on our activities and priorities, and I am pleased to provide the entire Council with an overview of SEPTA 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 \$84.8 million dollar contribution represents 6 percent of the Authority's 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 \$565 million.

For the Authority's capital budget, the City's \$4.97 million dollar contribution will support a capital program this year of approximately \$750 million and leverage \$215 million in federal and state grants. This will enable SEPTA to invest in critical infrastructure in Philadelphia and to advance priority projects including the renovation of City Hall and 15th Street Stations, Concourse improvements, Broad Street and Market Frankford Line Station Accessibility projects including design of accessibility for the Susquehanna–Dauphin and the Tasker-Morris Stations, SEPTA Key, Real Time Information and Trolley modernization, to benefit the riding public. Council's continued support to allocate operating and capital funds in the City's budget is sincerely appreciated.

Recently, we shared the results of a new economic impact study showing that SEPTA's five-county service region – with Philadelphia as its core – is the economic engine of the Commonwealth, generating 41 percent of the state's economic activity with 32 percent of its population – on just 5 percent of its land. According to the study authors at Econsult Solutions, this degree of economic productivity and density is not possible without SEPTA service, which provides residents with safe, efficient, affordable and reliable options to move throughout the region.

The study also found that between 2010 and 2016, Southeastern Pennsylvania accounted for all of the state's net population growth, 40 percent of which occurred in Philadelphia in the census tracts directly abutting the Market-Frankford or Broad Street Lines. Philadelphia grew by 39,445 residents, helping the state grow by 71,884 people. Over that same period, employment in Philadelphia grew by more than 40,000 jobs, and now 62 percent of all downtown work trips are on transit.

This certainly has been an exciting year so far in Philadelphia. We were proud when together, we transported hundreds of thousands of Philadelphia Eagles fans to Broad Street and the steps of the Philadelphia Museum of Art for the Eagles Super Bowl Championship Parade. More recently, together we brought Villanova Wildcat fans into the City of Champions to celebrate the University's basketball championship. On April 14, over 600 SEPTA and City Year volunteers spanned the City for the annual Philly Spring Clean-up.

SEPTA is working hard to Build the Future and to support Philadelphia's growth and opportunities. SEPTA is an enthusiastic partner with the City in so many initiatives from vital efforts to rethink traffic patterns to pedestrian safety and litter reduction. We are proud of these partnerships and the successful outcomes that help make this City and region a better place to live, work and visit.

SEPTA's award-winning Sustainability Program is also built on a strong partnership with the City. The Philadelphia Water Department and SEPTA are working together to pursue stormwater management opportunities on and around SEPTA facilities throughout the City, starting at SEPTA's Southern District at 1900 Johnston St. SEPTA is a member of the City's Electric Vehicle Task Force, and the Zero Waste & Litter Committee that spearheaded last week's successful signature spring clean-up in Southwest Philadelphia.

Recently, staff also initiated a partnership with the Philadelphia Energy Authority and Office of Sustainability to plan the next generation of energy-efficiency and renewable energy projects. Using an innovative funding approach, SEPTA is working to reduce energy consumption, costs and emissions without any taxpayer subsidy. SEPTA's first solar project, a 3.1 megawatt array on four bus garage roofs throughout the City, will be online next year – the second largest solar project ever in Philadelphia.

SEPTA has also been an active partner in the Kenney Administration's efforts to safely integrate public transit with vehicular and pedestrian traffic in the city. We serve on the Mayor's Vision Zero team and the Connect Transit Executive Committee.

Together with oTIS, we developed the Roosevelt Boulevard Direct Bus service affording riders safer, more efficient travel from Frankford Transportation Center to Neshaminy Mall. This service enhancement has attracted 14 percent more riders compared to existing services covering this area.

At the urging of Council members, SEPTA and the City are working together to add new lighting and cameras beneath the Market-Frankford Line to improve safety and walkability for riders and neighbors.

SEPTA is also working to address requests for bus service on the proposed Route 49. Currently, there is not a direct one-seat ride from Strawberry Mansion through the bustling development, employment opportunities and medical and educational services in University City. During the public outreach phase of this route, we listened and revised the proposal based on community input. Further action could come in the next fiscal year.

SEPTA is very proud of each of these accomplishments. There is one partnership that stands out to me this year – the Hub of Hope. With the help of Council President Clarke, Councilwoman Blackwell and so many members of Council – in a very short period of time – we identified and transformed an unused former Philadelphia Police Department Transit Division facility into an 11,000 square foot engagement center providing vital services and care to our City’s homeless individuals.

Since its opening in January, the Hub of Hope has served over 1,500 unique individuals and made 414 placements. 325-375 daily participants have taken over 700 showers and 400 loads of laundry. Medical visits and meal services are now getting underway. We applaud this important work, especially the efforts of the City’s Office of Homeless Services and Sister Mary Scullion and the staff of Project HOME. They have been wonderful partners.

In the coming year, our mission remains the same - Building the Future – with emphasis on five areas of strategic effort - Customer Experience, Employee Development, Rebuilding the System, SEPTA is a Business, and Safety as the Foundation. These fundamentals drive SEPTA’s roadmap of initiatives to make our transit system robust, safe, accessible, and attractive.

In Fiscal Year 2019, we will be completing the rollout of SEPTA Key for Transit riders and introducing Key on Regional Rail; continuing strategic capital investments in our vehicle and infrastructure assets; adding new Regional Rail locomotives to improve operational efficiency;

supporting economic development initiatives in Philadelphia and across the region; and improving communication with a highly mobile workforce.

With funding from Pennsylvania Act 89, SEPTA continues to invest hundreds of million dollars annually in critical infrastructure work that will preserve SEPTA service for generations.

At the heart of the City rail transit system, reconstruction of 15th Street Station on the Market-Frankford Line is well underway and is expected to be completed by the end of the calendar year. We will then begin the reconstruction of City Hall Station on the Broad Street Line. When these projects are completed, both stations will be fully accessible for all customers – including a total of 14 new elevators in the City Hall / 15th Street Station complex – and be crown jewels in the SEPTA system welcoming commuters and visitors to Center City.

The Authority is nearing the completion of construction on the first phase of the \$60 million, multi-phase Center City Concourse improvement project to revitalize the concourse network, provide a safe and pleasant environment for pedestrians, and generate potential opportunities for private development and connectivity in the South Broad Concourse. The next two phases are currently in design

Accessibility improvements to 30th Street Station on the Market-Frankford Line are currently in construction with installation of new elevators at 31st and Market Streets. This is part of a more comprehensive initiative SEPTA is developing to improve capacity at the station and create an enhanced transit gateway to University City, Drexel Square and the planned Schuylkill Yards project. While we were disappointed not to receive a TIGER grant to support the additional phases of this transformation project, we will reapply and double our efforts to hopefully be successful in meriting future funding.

The Arrott Transportation Center Accessibility and Station Improvements project on the Market-Frankford Line is also well underway. When the project is completed later this year, Arrott Transportation Center will be fully-ADA accessible, with the installation new elevators and accessible pathways at street level. In addition to the accessibility improvements, the project will also include improved passenger amenities and enhanced lighting and security cameras.

Work will soon break ground on the rehabilitation of 5th Street / Independence Hall Station on the Market-Frankford Line. The project will address a number of important infrastructure and accessibility needs and fully upgrade the station, making it a first-class facility worthy of its location in the Nation's "most historic square mile."

Design is near completion to modernize Susquehanna-Dauphin Station on the Broad Street Line and make it fully ADA accessible. Also on the Broad Street Line, design on a project to make Tasker-Morris Station fully ADA accessible has been moved up in the Capital Budget in response to the construction of the South Philadelphia Community Health and Literacy Center adjacent to the station.

Plans are also moving forward to expand Wissahickon Transportation Center (WTC). WTC is one of SEPTA's busiest bus transfer centers, serving an average of 5,780 people, 780 trips, and 2,905 passenger boards every weekday across eleven bus routes. This project will significantly improve the customer experience, allow for new service and route extensions, including a permanent resolution to Bus Route 52 routing concerns.

On Regional Rail, SEPTA is currently in construction on an improvement project at Wynnefield Station. The project is scheduled to be finished this calendar year and will make the station fully accessible and include safety and customer amenity improvements. SEPTA is also designing a grade separation project at Lawndale Station that will enhance safety and accessibility for residents of the Lawncrest community.

To preserve operational safety, reliability and efficiency, SEPTA continues to acquire new vehicles, buses and rail cars to replace vehicles which have reached or exceeded their useful life. SEPTA is proud to be an industry leader in providing cleaner, more fuel efficient travel by increasing the number of hybrid buses in its fleet. This year, we will take delivery of another 100 new New Flyer diesel-electric hybrids. This marks the third installment of a five-year contract for a total of 525 hybrid buses. SEPTA also plans to introduce its first battery-electric buses into service later this year. By 2021, over 90 percent of SEPTA's bus fleet will be hybrid-electric or all electric buses.

Regional Rail ridership has increased by more than 50 percent over the past 17 years. The current SEPTA Regional Rail fleet presents both age and capacity issues. In late 2017, SEPTA took delivery of the first of 15 new Siemens locomotives, which will replace eight locomotives that are beyond their useful life and expand the fleet to improve service reliability.

SEPTA is committed to providing a high level of safety and security for its customers and employees. To maintain a safe environment, SEPTA has provided additional training for employees, strategically increased transit police presence at targeted locations and peak travel times, and have installed approximately 27,150 fixed and mobile cameras throughout the

system. Because our employees and customers are the eyes and ears of SEPTA, we have worked to provide them with the information and tools to be safe and observant riders and effectively communicate safety and security concerns to SEPTA Transit Police and other personnel.

Additionally, because so much of SEPTA's transit infrastructure in the City of Philadelphia is under ground, SEPTA is currently replacing and upgrading the radiax cable in our underground rail network. This will enhance communication and interoperability between SEPTA and Philadelphia police, fire and emergency medical services and improve emergency response.

SEPTA is also an industry leader in implementing Positive Train Control on Regional Rail. Positive Train Control, or PTC, is a modern train signaling system designed to prevent crashes, derailments, and trackworker injuries resulting from speed and signal violations. Last May, SEPTA became the first commuter railroad east of the Mississippi, and the second in the nation, to implement PTC. All 13 of SEPTA's Regional Rail Lines, including those that operate on Amtrak-owned track, are operating under PTC. We are now working with the freight railroads that operate on portions of SEPTA-owned track to ensure that they will be fully interoperable.

Less than two years ago, 10,000 Transit riders became Early Adopters in the first phase of the new SEPTA Key Card program. Today, there are over 720,000 Key cards in circulation, and, to date, 133.7 million trips have been taken using Key Cards. 123,500 Senior Key ID cards have been issued and Seniors are taking an average of 280,000 trips each week. We appreciate the legislative and Council offices that offer SEPTA Senior Key registration to their constituents. 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.

We continue to work with a number of social service agencies in developing a Partner Portal for those groups who serve populations that rely on public transit for travel to and from their service groups. We have held 5 open houses to provide information to these groups, and two additional sessions are scheduled for next month. We were pleased to come before the Council's Transportation Committee during a recent hearing to share Key updates and hear from Members about their constituents' feedback regarding SEPTA Key.

As we begin implementing SEPTA Key on Regional Rail, we have installed gates in our Center City Stations and fare equipment at all 150 railroad stations. We are testing the system at this time and expect it to be fully functional in late 2018 or early 2019.

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. 9,400 dedicated employees work to make the SEPTA system run every day. Our workforce is diverse and reflects our ridership and the communities we serve. 64 percent of SEPTA employees are minorities and 20 percent are women. 51 percent of our employees live in the City of Philadelphia.

We are proud of the non-traditional roles held by women at SEPTA, such as locomotive engineers and conductors, revenue guards, and skilled craftswomen. A very successful Women in the Trades event two years ago, has grown into a new program providing advocacy, mentoring, career and leadership development for current and future Tradeswomen of SEPTA.

SEPTA is also committed to supporting local businesses and the jobs they provide to our citizens. Over the last three years, SEPTA invested over \$1.32 billion dollars to businesses and employers in the City of Philadelphia. SEPTA has increased our outreach to invite more area companies to bid on SEPTA work. We include every company listed in the Office of Economic Opportunity's registry when notifying businesses of upcoming opportunities at SEPTA, as well as contracting and networking opportunities with other agencies.

SEPTA takes a pro-active approach to its Disadvantaged Business Enterprise (DBE) program. SEPTA is one of only five agencies in the Commonwealth that still certifies firms as DBE. SEPTA recently expanded our staff in an effort to certify more firms. We currently have 841 certified DBE firms in our directory, of which 25 percent are Philadelphia based, and we share this information with the City OEO Office. When awarding contracts, SEPTA must comply with federal requirements for DBE participation, and we achieved a 20 percent DBE participation rate for recently completed projects.

SEPTA is always working to promote workplace diversity and fairness, and to provide new pathways to employment. We had a very proud moment at the grand opening of the Hub of Hope, when three SEPTA employees, Dana Barkley, Richard Geist and Solomon Frazier were recognized. You see, they found their way to SEPTA through Project HOME and are all doing well in their jobs. Solomon Frazier told guests at the opening, "I've been at SEPTA going on five years and it's been a lovely ride. I didn't even think I'd get into SEPTA because of the way I was living and the way I was thinking. But I got in with Project Home and they gave me some hope. They gave me some direction and opportunities."

SEPTA is a vital part of living and working in the City of Philadelphia. I am proud each year to partner on so many important initiatives with the City and Members of Council. When we work together on challenges, they become opportunities. From the Hub of Hope and service

improvement initiatives to workforce development and championship parades, the City – SEPTA partnership continues to deliver successful outcomes for the City, SEPTA and our customers. I am excited for what the next year holds.

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.