

**SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
FISCAL YEAR 2015 BUDGET TESTIMONY
APRIL 2, 2014**

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

SEPTA's core focus continues to be the delivery of safe, courteous, convenient, and dependable transit services to the residents of the City of Philadelphia. The Authority continues to make customer service an organization priority emphasizing courtesy, cleanliness, communication and convenience. The SEPTA Customer Service and Advocacy Division continues to focus on initiatives to enhance customer service with programs such as the QuietRide, Passenger Etiquette and Customer Connection programs.

PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST

SEPTA is pleased to submit the following testimony supporting the Authority's \$70.4 million FY 2015 Operating Budget request and provide an overview on initiatives and milestones achieved during the past year. The City contributes a subsidy to SEPTA, which is proposed at \$70,415,000 in the FY 15 General Fund budget. The subsidy amount will match the estimated State operating subsidy as required by the Pennsylvania Act 44. SEPTA's proposed operating budget for FY 15 is \$1.3 billion.

In November, this region breathed a collective sigh of relief with the passing a State Transportation funding bill that will significantly increase SEPTA's Capital Budget and enable us to tackle many of the state of good repair projects on our "urgently need to complete" list. Harrisburg's action means that the Authority will not have to act on the System Realignment Proposal that would have ultimately devastated our rail system and severely reduced the size of our transit and regional rail networks. With the new state transportation funding resources, SEPTA has recently outlined the 'Catching Up' Capital Program. Highlights of the initial five-year plan include improvements at City Hall Station, ADA accessibility improvements at the several stations on the Market-Frankford Subway-Elevated and Broad Street Subway, new light rail vehicles for all City Transit trolley routes, new electric power substations and improvements to bus and rail maintenance facilities including roofs, boilers, fire suppression systems and employee facilities to improve their operation and working conditions for our employees.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY PERFORMANCE, CHALLENGES AND INITIATIVES

STAFFING LEVELS

SEPTA strongly feels its workforce should be representative of the region in which it serves. The SEPTA workforce of approximately 9,300 employees includes minorities at 62% and females at 20%. Since January 2012, new employees include minority hires at 62% and female hires at 25%.

CURRENT INITIATIVES

SEPTA is working on the \$20 million renovation of the historic Wayne Junction Rail Station. We have worked very closely with our neighbors in the planning and scheduling of construction of this project. We are also working with the City and Center City District in the renovation of transit facilities and connections as part of the Dilworth Plaza construction project work, expected to be completed in 2014.

Construction is underway and will be completed by the end of calendar year 2014 to make the Race-Vine Station on the Broad Street Subway accessible. This station serves the expanded Pennsylvania Convention Center, a major economic contributor to the City.

Fleet enhancements are a key component of SEPTA's capital program. Beginning next month, SEPTA will start to receive delivery of 155 60-foot articulated and 90 40-foot hybrid electric buses. These buses will be delivered over a two year period in calendar years 2014 and 2015. Currently 36% of the Authority's buses have hybrid technology. With these new buses, more than 45% of the Authority's bus fleet will have hybrid technology. Going forward, SEPTA will continue to procurement new buses every year as buses reach the end of their useful life.

With the New Payment Technology/SMART Card Project well underway, we look forward to a much anticipated transformation of the antiquated fare collection systems and processes currently in place. As the last major transit agency using tokens and paper transfers, the new technology will greatly enhance the convenience of fare payment in this region.

NEW INITIATIVES

SEPTA is pleased to report that substantial progress has been made on the terms for the City Transit Division lease/leaseback agreement. With Council approval of the agreement earlier this year, the SEPTA Board will soon meet to consider the new agreement. As part of this agreement, SEPTA is committed to working with the City to make improvements in the cleaning and infrastructure renewal of the Center City Concourses including the elevators and escalators.

SEPTA is also committed to negotiating with all of SEPTA unions in reaching agreements which are fair for our employees, customers and those stakeholders who provide subsidy funds to the Authority. With the expiration of the TWU 234 City Transit Division Contract last month and Suburban Transit Division contracts this month, SEPTA is prepared to sit down and negotiate with union leadership.

OTHER BUDGETARY IMPACTS

FEDERAL AND STATE (WHERE APPLICABLE)

In November, a State Transportation funding bill was passed. This funding allows SEPTA to tackle many of the state of good repair projects on our "urgently need to complete list". Highlights of this initial five year plan include improvements at City Hall Station, ADA accessibility improvements at the stations on the Market-Frankford Subway-Elevated and the Broad Street Subway, new light rail cars for all City Transit trolley routes and other improvements for our customers and employees.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
(Other Relevant Data and Charts)

SEPTA staff and customers supported local community efforts by participating in the Annual Yulettoy Drive to provide gifts for local children during the holiday season, collecting tons of food for the PhilaBundance food drive, and SEPTA staff will be joining in the Philly Clean-up day this Saturday for the seventh consecutive year. As an integral part of the Philadelphia community, it is our corporate commitment to improve the quality of life in this city.

Additionally, the Authority is strongly committed to DBE participation in SEPTA contracts. For contracts awarded during the last three fiscal years, DBE participation is 16.8% on awarded contracts and in Fiscal Year 2013, DBE participation was 31.5%.