

Testimony

Of

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**Philadelphia City Council
Fiscal Year 2022 Operating Budget**

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Good morning Council President Clarke, Transportation Committee Chair Johnson, members of City Council and other guests. I am Leslie Richards, and I am honored to appear before you today as the General Manager for the Southeastern Pennsylvania Transportation Authority (SEPTA). Joining me are SEPTA Board members Michael Carroll, P.E., Deputy Managing Director for Philadelphia's Office of Transportation, Infrastructure, and Sustainability (oTIS) and Deborah Mahler, Deputy Mayor for Intergovernmental Affairs for the City of Philadelphia. I am also joined by members of the SEPTA team representing a variety of departments.

The past year has been extremely challenging for SEPTA and the City, and I am grateful for the opportunity to submit testimony supporting the Authority's Fiscal Year 2022 Operating Budget request and provide the Members of Council with an overview of SEPTA initiatives and milestones achieved over the past year.

SEPTA's operating budget is funded through subsidies from local, state and federal governments, the fare box and other revenues. The City's \$91.2 million contribution under the Mayor's budget proposal represents six percent of the Authority's total operating budget and enables SEPTA to meet its state legislatively mandated requirement to secure local matching funds to leverage state operating subsidy dollars of approximately \$731 million.

The City's \$3.5 million capital contribution will support SEPTA's Fiscal Year 2022 Capital Budget of approximately \$619 million. SEPTA is investing in critical infrastructure in Philadelphia and advancing projects to better meet the needs of our customers including: Trolley Modernization, accessibility improvements to Susquehanna-Dauphin and Tasker-Morris Stations on the Broad Street Line, expansion of the Wissahickon Transportation Center, Boulevard Direct Phase B, and systemwide improvements to customer wayfinding.

Council's continued support to allocate operating and capital funds in the City's budget is greatly valued. During this extraordinary time, as the City faces unprecedented funding challenges of its own resulting from the COVID-19 pandemic, I am grateful for Council's consideration of SEPTA's budget request and your continued support of SEPTA's priorities.

Throughout the pandemic, SEPTA's frontline employees have worked tirelessly to keep the system clean and safe, providing critical transportation to medical and other essential workers and residents traveling to life-sustaining services. This service has not come without heartbreaking personal loss, as the SEPTA family mourns ten friends and co-workers who tragically have passed away due to complications from COVID-19. Since the beginning of the pandemic, there have been 1,339 confirmed cases of COVID-19 among SEPTA employees. We are heartened that 1,008 employees have recovered and returned to work, and we are hopeful for a swift and healthy return for all of those who are still recovering.

When I joined SEPTA last January, I committed to the Board, our employees and our customers a vision of SEPTA as more than a transit system – SEPTA connects people to opportunity and brings our diverse communities closer together. We are proud to be a partner in the region's

success and a critical resource to help advance shared priorities of economic resilience, equitable growth and environmental sustainability.

In the past year, we have introduced innovative approaches to respond to immediate challenges, initiated transparent and productive conversations with employees, customers and stakeholders, and advanced new programs to move SEPTA forward. During the pandemic, progress has been made on a number of SEPTA priorities, including: new, more equitable fares, “Bus Revolution” SEPTA’s comprehensive bus network redesign, Trolley Modernization, Authority-wide sustainability initiatives, customer wayfinding, expanded opportunities for public participation in SEPTA public meetings and hearings, new efficiency and accountability measures to make sure SEPTA is meeting its financial and service obligations to our customers and funding partners, partnering with the City on the Philadelphia Transit Plan, and in February, we released our new five-year Strategic Business Plan “SEPTA Forward”, which will guide the Authority through one of its most critical and transformative eras. With positive movement on these initiatives, SEPTA is better positioned to support the City and region’s equitable and inclusive recovery.

FISCAL YEAR 2022 BUDGET AND FINANCIAL OUTLOOK –

SEPTA’s Fiscal Year 2022 Operating Budget Proposal released in April is forward-looking and hopeful and dedicates funding to ensure that SEPTA service will continue to be integral in the lives of our customers and a leading driver in the region’s success. The budget also reflects the unavoidable realities brought on by the coronavirus pandemic.

The world and our region are in a much different place today than we were last year at this time. On May 10th of last year, SEPTA was still operating its Lifeline Service and asking people to stay home. Today, we are at a hopeful turning point in the COVID 19 pandemic – case numbers are going down, the numbers of vaccines in arms are going up, and we are preparing the system to welcome employees back to their offices, fans back to the sports complex and tourists back to our City.

At the height of the pandemic last spring, transit ridership fell 92 percent below pre-COVID levels and Regional Rail ridership has dropped 98 percent. Ridership has been slow to recover – prolonging farebox revenue shortfalls – and SEPTA is currently losing \$1 million in revenue every day. While reduced service levels, a temporary hiring freeze and cutbacks on overtime, and business travel were put in place as result, cost reductions alone cannot address a fiscal impact of this magnitude.

Fortunately, three federal relief bills were passed since the pandemic began – the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020, the Coronavirus Response and Relief Supplemental Act (CRRSA) in December 2020, and finally the American Relief Plan Act (ARPA) in March 2021.

These emergency funding measures have provided critically needed resources for SEPTA to sustain operations, preserve all jobs and position SEPTA to support the region into and through

recovery. Combined, SEPTA will have access to approximately \$1.5 billion dollars in federal relief. In providing emergency funding for the nation's transit agencies, Congress recognized the severe and protracted impact of COVID-19 on transit agency budgets and authorized funds to be used through Federal Fiscal Year 2024. In every financial scenario, however, current federal aid will run out before SEPTA's ridership fully returns and our budget can be rebalanced.

COVID-19 and emergency restrictions have reduced SEPTA's ridership to roughly one-third of pre-pandemic levels. The 300,000 daily trips SEPTA is currently providing – equivalent to the daily traffic on the Schuylkill Expressway and the number of jobs in Center City Philadelphia – represent vital mobility for healthcare professionals, other essential workers, and those needing to access life sustaining services. As the region begins its recovery, SEPTA service will play an even more critical role moving people and driving the economy.

SEPTA's Fiscal Year 2022 Operating Budget proposal, which totals \$1.52 billion dollars, puts the federal emergency relief dollars to work. The budget proposal would provide funding to increase service on Transit modes (buses, subways and trolleys) to 96 percent of pre-COVID levels, and to 80 percent on Regional Rail, as needed during Fiscal Year 2022. SEPTA is closely monitoring ridership patterns and will modify service as demand increases.

The proposal does not include a fare increase, and riders will continue to benefit from fare adjustments enacted during the pandemic, including one free transfer per trip on Transit modes, free rides for children under the age of 12, and new three-day passes.

A series of virtual Public Hearings, with information provided in three languages, have been scheduled for May 24 and 25 to receive public comments. The SEPTA Board will consider the proposal at its June meeting. If approved, it will go into effect with the start of Fiscal Year 2022 on July 1.

COVID-19 RESPONSE –

Throughout this crisis, SEPTA has continued to adjust in so many ways, from providing health and safety materials and equipment for employees working on the front lines, to implementing new facility and vehicle cleaning protocols, to modifying service in response to rapidly changing conditions and the evolving transportation needs of the region.

At the beginning of the pandemic, SEPTA took a number of immediate steps to protect our customers and employees. We ramped up cleaning and disinfecting efforts on vehicles and stations across the system, distributed masks, PPE and other materials to employees, implemented passenger limits and social distancing protocols, retrofitted vehicles with operator protective barriers, and established a mask requirement. Masks continue to be required for all customers and employees, even those who have been vaccinated, and SEPTA has distributed nearly half a million masks to customers and employees.

SEPTA's FY 22 budget, includes the hiring of 200 new cleaners who would be assigned to stations and vehicles. And SEPTA has teamed up with researchers at Drexel University and won

a federal grant to evaluate air ventilation and identify other best practices to prevent transmission of COVID-19. This partnership will help SEPTA optimize the high-efficiency ventilation systems on vehicles which refresh air every 2-3 minutes.

SEPTA, its union leadership, and frontline employees have always been able to find common ground on issues of safety. Early on, we established temperature screening at all reporting locations. Additionally, SEPTA was the first agency to formally engage the Black Doctors COVID-19 Consortium for coronavirus testing. Since last June, SEPTA's partnership with the BDCC has provided over 2,000 free COVID-19 tests for SEPTA employees, and testing is scheduled to continue through June.

Similarly, we have had tremendous success working with union leadership to get SEPTA employees vaccinated. Through our joint efforts and partnerships with the City of Philadelphia, FEMA and regional healthcare providers, SEPTA has been able to help secure vaccinations for over 4,500 SEPTA employees. SEPTA is offering each employee who is fully vaccinated before June 15, 2021 a \$100 stipend, and we continue to educate, encourage and provide more opportunities for employee vaccinations.

SEPTA is very grateful for the partnership with the City of Philadelphia to help get SEPTA employees vaccinated at the FEMA vaccination center at the Convention Center. Nearly 2,000 employees were vaccinated at the Convention Center site, and now with vaccines that the City helped make possible, our operators, mechanics, and other frontline personnel are providing critical transportation so others can travel to vaccine appointments of their own. We have proudly supported the City's efforts by providing CCT service to eligible customers and partnering with social service organizations to facilitate fixed-route service to and from the Convention Center. We have also provided transportation to National Guard members and worked with the City to provide shuttle service from Allegheny Station on the Broad Street Line to the Esperanza vaccination site.

SAFETY –

While the coronavirus pandemic has added new dimensions to how we protect our employees and customers, safety and security is, and always has been, our number one priority. As the region reopens, we know that the prospects for an equitable and sustainable recovery depends on people riding SEPTA and feeling safe doing so.

The issues of violence, homelessness, and drug addiction are much broader than SEPTA, and it will take all of us working together to find sustainable solutions to our shared challenges. SEPTA currently has 237 sworn Transit Police Officers – the highest number in six years – and we have worked to deploy these officers strategically to address employee and customer safety concerns. SEPTA has taken the unprecedented step of contracting with a third-party security firm to post 60 unarmed security guards at Market-Frankford Line Stations from 15th Street to Frankford Transportation Center to supplement the work of our Transit Police and provide security for our employees and customers.

Some of the additional measures we are taking to improve safety and security for our customers and our employees in and around our stations include:

- **High Intensity Beats** – Each day, Transit Police officers are assigned to multiple locations that have high volume traffic or are customer / employee complaint locations.
- **Rolling Thunder** – Twice a week, a Transit Police Commander leads a group of officers for a three-hour period during which they move throughout the system enforcing summary violations and board passing trains looking for criminal activity.
- **Operator Safety Checks** – Every day, each patrol officer is required to conduct three operator safety checks of buses/trolleys to ensure that the operator is safe, and no illegal activity is occurring on that vehicle: this amounts to as many as 300 checks per day.
- **Supplemental supervision** – We have added additional supervisory employees at locations to help ensure the safety of our operators who work at locations that experience large numbers of destination-less riders overnight.
- **Quality of Ride Checkpoints** – Every day, at 12 different locations, officers gather at one station for an hour-long period of time to board every train coming through to greet passengers, look for illegal activity, and check on persons that are not conscious and alert.
- **Undercover Operations** – Every day, undercover Transit Police ride the system to spot violators who will be issued an administrative notice, which could lead to removal from the system.
- **Preparing for Students Returning to In-person Learning** – SEPTA Transit Police are monitoring return-to-school plans and are working with the School District and Philadelphia Police Department to prepare for when students return to the SEPTA system.

Vulnerable populations have also presented a difficult challenge for SEPTA and the City that has been amplified during the pandemic, as those with nowhere else to turn have taken refuge on the system. Working with many partners, including Members of City Council, SEPTA has taken a proactive and humane approach to this complex societal challenge.

- Over the past year, the SEPTA Transit Police SAVE (Serving a Vulnerable Entity) Unit, which pairs transit police officers with trained mental health and addiction treatment specialists, has grown from a pilot program to a seven-team unit deploying throughout the system. Since October 2020 there have been 514 interactions. 446 of those were engagements only, 62 resulted in referrals, and 6 resulted in admission to a facility.
- SEPTA has also established the Vulnerable Populations Action Team to focus Authority-wide efforts on securing the system for our customers and employees. This new internal unit works closely with SEPTA Transit Police, Operations, and System Safety personnel to direct our planning and response activities. The team also serves as a single point of contact and clearinghouse to coordinate SEPTA's efforts with those of the City, community groups and social service organizations to ensure that SEPTA's initiatives complement and support broader goals.

The recent emergency closure of Somerset Station on the Market-Frankford Line underscores the challenges SEPTA is facing to various degrees throughout the system. Despite our

aggressive maintenance and cleaning operations, the level of abuse at the station had accelerated over the preceding 3-4 months, overwhelming our cleaning and enforcement efforts. During a two-week period of intense work, SEPTA spent over \$1 million on station-wide repairs and public safety improvements. The station reopened to customers on April 5 and two Transit Police Officers are now detailed to the station throughout the service day, operating out of a newly constructed street level booth, and the elevators are being monitored by SEPTA staff on an hourly basis. Similar work is now underway at Allegheny Station with Huntingdon Station to follow.

SEPTA FORWARD | STRATEGIC BUSINESS PLAN –

SEPTA is proud to be the backbone of the City. Prior to the pandemic, our one million daily trips helped move a region that is the economic engine of the entire state. During the pandemic, our service has connected essential workers to critical jobs and transit-dependent residents to life sustaining services. Now, with the region turning to recovery, SEPTA will again play a critical role – this time in driving the region’s equitable and inclusive recovery.

To support and give structure to this critical effort, in February, SEPTA released our new five-year Strategic Business Plan – **SEPTA Forward**. In developing the plan, SEPTA assessed its impact as an agency, identified the challenges that are disrupting the transit industry, and set the vision for SEPTA’s new direction. The Strategic Plan provides a framework to transform our organization based on the lessons we have learned over the past year to support our region’s recovery and foster an *equitable, environmentally sustainable and economically resilient* future. The Strategic Plan clearly defines SEPTA’s values and goals, and I look forward to working with each of you to help SEPTA fulfill our commitments.

Equity:

Transit is an economic equalizer that preserves affordability and access to opportunity in our growing region – serving as an important catalyst for an equitable future. Throughout the COVID-19 pandemic, SEPTA proved that transit is an essential service. Without SEPTA, grocery store shelves don’t get stocked, hospitals aren’t staffed, and the sick aren’t cared for. Our region’s essential workers – who are more likely to be low-income or people of color – need transit to do their jobs and support their families, and for the one-third of Philadelphia households that do not own a car, SEPTA is a vital lifeline to employment, opportunity and essential services.

Transit also reduces the transportation cost burden on households. In the City of Philadelphia, the average household saves \$830 per year, a net financial benefit associated with proximity to high-quality transit. These annual household savings add up to \$481 million citywide.

Transit is, by far, the most affordable way to travel throughout our region, and we are working hard to leverage our value to customers by working to make our fare structure more equitable. Last June, the SEPTA Board approved a Fare Restructuring Plan that represented a significant step forward in our efforts to improve equity, affordability and ease-of-travel for our customers. SEPTA’s fare structure, which now includes a free transfer, free rides to children

under 12, and new 3-day passes, better serves the needs of low-income riders and promotes efficient travel across all SEPTA modes, system-wide. SEPTA's proposed FY 22 operating budget does not include a fare increase, and any fare increases approved as part of last year's budget will continue to be deferred.

The investments we have made in SEPTA Key, and modernizing our fare collection technology overall, have provided the technical capacity for SEPTA to introduce these new travel options. Additionally, we have created the Key Partner Program, which has enabled more than 830 registered social service agencies to purchase and distribute more than 5 million SEPTA fare products to their clients and participants, and SEPTA is currently working in partnership with the School District of Philadelphia on a pilot Student Pass Program in anticipation of full rollout in September.

Two of SEPTA's major projects of regional significance – "Bus Revolution", the comprehensive redesign of the City and suburban bus network, and Trolley Modernization, the re-imagining of one of the nation's largest streetcar networks – will make SEPTA service more accessible and enhance our operations to better meet the needs of our customers and the communities we serve.

Two weeks ago, we were excited to announce the public launch of SEPTA Forward: Bus Revolution. This three-year initiative will take a holistic look at the entire bus network throughout the Greater Philadelphia region with the goal of redesigning it to improve the overall rider experience and make the bus network reliable, efficient, and simpler to understand and use. Under this project, SEPTA will provide many opportunities across a variety of platforms for robust public input on issues such as bus routing, bus stop spacing, frequency and span of service. Every bus route, whether in the city or suburbs, will be reviewed. I want this to be a bottom-up initiative with input from customers, neighbors, civic groups and businesses, and I look forward to guidance from you and your constituents.

SEPTA's Trolley Modernization project is a comprehensive reinvestment in the transformation of the more-than-a-century old City and Suburban system by replacing 40-year-old trolleys with ADA-accessible vehicles and modernizing station and street track infrastructure to make the system fully accessible and dramatically improve capacity and reliability for the benefit of transit-dependent communities, underserved populations, and essential workers. Last year, SEPTA was successful in securing a Federal Transit Administration (FTA) Helping Obtain Prosperity for Everyone (HOPE) program grant to help SEPTA fund planning and design of complete streets concepts for future trolley stations, bikeway, intersections, streetscape, striping, and stormwater management improvements along the Grays Avenue corridor from 49th St., which will help SEPTA advance the broader Trolley Modernization program. SEPTA's FY 2022 – 2033 Capital Proposal has budgeted \$203 million to advance trolley infrastructure activities and network design for Trolley Modernization project.

I am also pleased to announce that today, SEPTA begins a new pilot service – SEPTA Owl Link – which will provide free late-night transit service to those traveling from Philadelphia to job

opportunities in Lower Bucks County. Customers with a SEPTA Key Card can schedule on demand trips from designated bus loops to various businesses when regular SEPTA bus schedules may not match late night/overnight travel needs. The Owl Link is designed to close the gaps in existing, fixed-route transit to fill a critical need for transit dependent essential and shift workers.

Workforce and Business Diversity:

SEPTA's commitment to equity extends beyond the service we provide, to equity of opportunity for employment and business.

SEPTA maintains a strong and diverse workforce of 9,271 employees who reflect our ridership and the communities we serve. Fifty-one percent of SEPTA employees live in Philadelphia – 67 percent of our workforce are minorities and 23 percent are women. In the last three years, 71 percent of SEPTA new hires are minorities and 30 percent are women.

As one of the largest employers of minorities in the Commonwealth of Pennsylvania, we have a responsibility to do all we can to ensure that new minority hires have opportunities to grow their careers and lead SEPTA into the future. Workforce development is a priority of mine, and upon joining SEPTA, I redoubled our commitment to improving equity, diversity, and inclusion within our management ranks.

Last year, SEPTA reported that over the previous five years, the percentage of women and minorities in salaried, administrative, and management (SAM) positions increased from 52 percent to 59 percent. Over the same period of time, the percentage of SEPTA's workforce that reported to a minority or a woman supervisor grew significantly from 26 percent in 2014 to 45 percent in 2019.

SEPTA's talented and skilled workforce is the true engine of the system, and we are working build a culture of inclusivity and belonging to strengthen our workforce from within. One initiative is the establishment of an employee Council to improve policies and programming to promote Diversity, Equity and Belonging. The 16-member Council represents the diversity of SEPTA and includes employees from 14 departments and three collective bargaining units, with tenures ranging from one to 27 years. One of the Council's first major initiatives was to conduct an Authority-wide, anonymous survey to provide employees a platform to share how we can improve culture at SEPTA and make their work experience more inclusive, fair, and trusting.

Like the rest of the transit industry, we face challenges in recruiting, training and retaining qualified workers, particularly as our workforce ages. To build SEPTA's skilled workforce now and for the future, we continue to advance the Women in the Trades initiative, as well as a variety of apprenticeships, trade school initiatives, and co-ops to introduce potential employees to a wide variety of high-paying, family sustaining careers at SEPTA. This year, SEPTA joined a new mentoring program – the Skills Forward Initiative – coordinated by Philadelphia Works and the Philadelphia Chamber to introduce potential employees to job opportunities.

Last December, SEPTA hosted its first virtual skilled trades job fair, and we recently upgraded the “Careers” section of our website to provide a more streamlined and intuitive application process. Despite the pandemic and a reduction in SEPTA’s overall headcount, SEPTA has critical positions that need to be filled to support operations. Today, there are 35 job openings posted on jobs.septa.org, and we hope you will share these opportunities with your residents.

SEPTA also values its important role in promoting broader and equitable economic opportunities. Our commitment to local business owners remains strong, and I am pleased to report continued progress in strengthening our federal Disadvantaged Business Enterprise (DBE) program. SEPTA is one of only five agencies in the Commonwealth that still certifies firms as DBE. Today, there are 2,248 registered DBEs in the Pennsylvania Unified Certification Program (PA UCP) DBE directory of which 240, or 11% are based in Philadelphia. Following the passage of Pennsylvania Act 89, the SEPTA Board authorized the application of DBE goals and procedures for all SEPTA procurements greater than \$100,000 – regardless of funding source – to provide greater opportunities for small, minority and women-owned businesses to participate in SEPTA’s Capital program.

Throughout the year, we partnered with the City, elected officials and organizations to educate small, minority and women-owned businesses through a series of targeted forums, including last year’s virtual Minority Enterprise Development (MED) Week event. SEPTA’s DBE office continually updates registered DBEs, as well as those firms registered with the City Office of Economic Opportunity, regarding contracting opportunities and resources related to COVID-19.

SEPTA shares the City’s goal of achieving an equitable and inclusive recovery, and we are committed to promoting business opportunities for local, Black, brown, small, disadvantaged, minority and women-owned companies through the Chamber of Commerce for Greater Philadelphia’s Recharge and Recovery initiative. Additionally, as part of the City’s recovery efforts, we are sharing our best practices with other business leaders who are committed to increasing procurement opportunities with diverse businesses.

Environment:

Environmental sustainability continues to be a cornerstone of SEPTA’s value proposition. Public transportation is inherently sustainable, and the southeast region’s strong culture of transit use drives down transportation emissions. SEPTA commuters have 1/3 the carbon footprint of those who travel by personal car, and in 2018, transit riders prevented more than 2.5 billion pounds of carbon dioxide emissions from entering the atmosphere. As a result, the share of emissions from transportation in Philadelphia is more than 10 percent below the national average.

SEPTA operates one of the largest zero-emission vehicle fleets in the nation by virtue of a fully-electrified rail system that carries 50 percent of all passengers. SEPTA has also built one of the largest “green” bus fleets in the nation, and within two years, nearly 100 percent of SEPTA’s fleet will be either hybrid or battery-electric.

Since the release of our first five-year sustainability plan in 2011, and throughout the COVID-19 pandemic, SEPTA has remained committed to a comprehensive triple-bottom-line approach to environmental, social, and economic sustainability. Over the last year, we have made outstanding progress in our Sustainability plan including:

- Beginning operations at SEPTA's first offsite solar farm in February 2021. Elk Hill 2 will generate an estimated 27,377 MWh of clean, renewable electricity each year, nearly 10 percent of SEPTA's total demand.
- Generating more than 2,000 MWh of clean, renewable electricity through rooftop solar installations at Callowhill and Wyoming facilities since January 2020.
- Continued work on developing a Zero Emission Vehicle (ZEV) master plan, building off lessons learned from a 25 battery electric bus pilot program. The results of the ZEV master plan will inform a strategic approach to widen adoption of zero-emission vehicles throughout SEPTA's service area.
- Implementing an enterprise-wide sustainability data management system, EMSYS, to facilitate tracking and analysis of SEPTA's electricity, natural gas, vehicle fuel, water, waste, and recycling data.
- A whole-building energy efficiency retrofit of SEPTA's headquarters, that is introducing LED lighting with automated controls, a new Building Automation System geared towards reduced peak-time energy use, a new natural gas boiler plant to replace an inefficient and costly steam heating system, and water conservation measures geared to reduce both water use and waste water return.
- Maintaining certification of two maintenance facilities under the rigorous and globally recognized ISO 14001 standard for environmental management.

Economy:

The City of Philadelphia and the southeast region have long been critical economic drivers for Pennsylvania due to its workforce, growing population, quality of life amenities and underlying infrastructure, including SEPTA, that buttress economic productivity.

An Econsult Solutions report released last year highlights SEPTA's economic impact to the region and the Commonwealth of Pennsylvania and underscores the critical role SEPTA will have in rebuilding the economy. The report found that the SEPTA service area represents 42 percent of Pennsylvania's economic activity, which is an increase of almost 2 percent since 2013. Our region also provides 38 percent of the state's general revenue funds, up 2.2 percent since 2013. The region also continues to grow, adding 121,537 residents, or 133 percent of the state's overall population growth, since 2010.

In the City of Philadelphia, SEPTA's \$1.84 billion annual economic impact supports 14,500 jobs and includes \$1.18 billion in earnings. Our City and region provide this level of economic value to the Commonwealth on just five percent of its total land – a degree of density and productivity only possible with high-capacity mass transit.

These metrics underpin how investment in SEPTA pays dividends throughout the region and the state. COVID-19 and the resulting restrictions have significantly impacted patterns of activity and mobility over the course of the pandemic; however, the region continues to maintain its leading role in the statewide economy. Recovery will take time, but the region's fundamentals are strong due in large measure to SEPTA service and the level of commerce and mobility we support.

CAPITAL PROGRAM –

SEPTA's Capital program is focused on bringing existing infrastructure and vehicles to a state of good repair and advancing projects of regional significance that will allow SEPTA to maintain the level of service that drives the region's economic impact while supporting future mobility needs.

Bringing SEPTA to a state of good repair is vital to customer and employee safety, accessibility and building strong ridership. Investments in transit are also one of the best ways to promote inclusive growth, and SEPTA recognizes the capital projects we undertake not only enhance mobility and create pathways to opportunity but have demonstrated the ability to transform neighborhoods and communities.

This past year, despite disruptions caused by the coronavirus pandemic and uncertainty related to state sources of transit capital funding, SEPTA advanced projects to repair and improve SEPTA infrastructure and accessibility for our customers and the communities we serve, including:

- Completion of the reconstruction of 5th Street/Independence Hall Station on the Market-Frankford Line.
- Breaking ground on construction at SEPTA's 30th Street Market-Frankford and Trolley Station to transform the station into a gateway for University City, Schuylkill Yards and the broader 30th Street area.
- Breaking ground on accessibility improvements at Susquehanna-Dauphin Station on the Broad Street Line.
- Continued design work on future ADA construction projects at Erie and Tasker-Morris Stations on the Broad Street Line and 11th Street Station on the Market-Frankford Line. With support from Council President Clarke and Councilwoman Bass, Congressman Evans and Congressman Boyle submitted SEPTA's Erie Station Accessibility project to the U.S. House Transportation and Infrastructure Committee for possible funding in the next surface transportation authorization bill.
- Ongoing design and planning for the reconstruction of the Wissahickon Transportation Center, one of SEPTA's busiest transit hubs, averaging 4,984 passengers every weekday across eleven bus routes. The new Transportation Center will also serve as the southern terminus of Boulevard Direct Phase B.

- At City Hall Station, early action infrastructure modifications are underway to allow for future platform construction – part of the multi-phase City Hall Station Accessibility Improvements project.
- Continued enhancements to SEPTA Key. There are approximately 1.5 million Key Cards currently in circulation, and more than 500 million rides have been taken using the Key Card system. SEPTA continues to leverage this new technology to provide greater flexibility for customers. Last year SEPTA added functionality to allow customers to use Google Pay and Apple Pay to purchase fare instruments at kiosks, and later this year SEPTA anticipates piloting new functionalities that will add payment options at farelines.

Currently, 25 of 28 Market-Frankford Line Stations are fully ADA accessible, and on the Broad Street Line with construction underway at Susquehanna-Dauphin Station and design continuing on Erie, Tasker-Morris and City Hall Stations, SEPTA continues to make consistent progress on making the system accessible. The newly released City Transit Plan calls for SEPTA to make all stations on the Broad Street Line and Market-Frankford Line fully accessible, and the Capital Budget and 12-year Capital Program that SEPTA released in April dedicates funding to achieve that goal by 2032, assuming state capital funding levels are preserved.

FUNDING CHALLENGES –

SEPTA's state of good repair backlog is currently \$4.6 billion, and vehicle replacement, alone, accounts for 37 percent of total need. SEPTA operates the oldest rail vehicle fleet among the nation's major transit systems. The 231 Silverliner IV railcars – the majority of SEPTA's Regional Rail fleet – were built in the Nixon administration and have exceeded their useful life. SEPTA's 159 Trolleys include 18 1940s-era trolleys and 141 trolleys built in 1981-82; these vehicles are also beyond their useful life and are not ADA accessible. The Market-Frankford Line cars are 24 years old, and with an estimated 10-year procurement cycle, these cars will exceed their 30-year design life before new cars can be procured.

Pennsylvania's transportation funding program, Act 89, is approaching a critical deadline next July, when Act 44 transit payments shift from the Turnpike to the General fund.

Last summer, I testified before the Pennsylvania House Transportation Committee and asked for their leadership and guidance on SEPTA's next steps as we face a renewed capital crisis brought on by COVID-19 and the continued instability and future uncertainty of state funding for transit capital projects.

If adequate, sustainable and bondable long-term funding is not identified now, SEPTA faces the possibility of having its capital budget cut by one-third, which would severely challenge SEPTA's ability to achieve the goals envisioned in the SEPTA Forward Strategic Business Plan. Capital funding shortfalls of this magnitude would also prevent SEPTA from advancing many of the projects in the FY 2022 – 2033 Capital Program, including: investing to make all Market-Frankford and Broad Street Line Stations accessible, advancing Trolley Modernization, and ensuring funding is in place for infrastructure investments to support Bus Revolution.

As a result of this uncertainty, SEPTA's FY 2022 Capital Budget Proposal contains two Capital Program scenarios: a Current Funding Level Capital Program totaling \$7.4 billion and a Reduced Funding Level Capital Program totaling \$5.2 billion. The Reduced Funding Level Capital Program is being presented to highlight the potential \$2.2 billion impact that this scenario would have on SEPTA's 12-Year Capital Program, in the event adequate and sustainable replacement funding does not materialize. Since most capital projects are multi-year efforts, SEPTA will have to begin deferring work as early as Fiscal Year 2022 if there is no resolution.

Without dedicated funding needed to continue to address critical infrastructure and vehicle state of good repair needs, SEPTA's capital crisis will quickly become an entrenched operating crisis. If SEPTA is not able to invest in the rehabilitation of aging infrastructure and vehicles, we will be forced to initiate a service reduction plan that over the next ten years will result in a significant contraction of our rail transit and Regional Rail networks.

Discussions at the federal level about an infrastructure bill and surface transportation reauthorization offer hope that the region can jumpstart investments in long-range projects of regional significance; however, a renewed federal program, alone, will not address our immediate and long-term capital needs.

Preserving state funding levels to ensure that the existing SEPTA system and vehicles will be able to support the future mobility needs of the region is SEPTA's top legislative priority. Without SEPTA service moving the region, the equity, environmental and economic benefits described earlier in this testimony would disappear. We are working closely with the region's state legislative delegation to identify comprehensive, bondable and sustainable transportation funding solutions, and I hope you will support our efforts.

At last year's hearing, while SEPTA was operating just to serve essential workers and those needing to travel for life sustaining services, I told all of you that SEPTA would be ready to meet the transportation needs of the City when the state and region were ready to reopen. Today, I can say with confidence – we are.

SEPTA's frontline workers continue to meet every challenge, and we are working tirelessly to keep the system clean and safe, welcome riders back and build confidence. We are grateful for collaborations with the City, Members of Council, and our partners in the business and tourism community for working with SEPTA throughout the pandemic to help us adjust and respond during a very uncertain year.

For our customers – both essential workers who traveled the system throughout the pandemic and those who did their part and teleworked to “stop the spread” and are now looking forward to riding SEPTA to their jobs or other destinations – SEPTA has always been the “way to go.”

After a year of uncertainty and some fear, I am pleased to announce that next Monday, SEPTA will launch a new campaign – SEPTA is the Way To Go – which will highlight what SEPTA is doing

to keep the system clean and safe, promote service frequency, introduce customers to new fare options and ways to travel, and ultimately bring riders back to SEPTA.

Thank you again for the opportunity to speak to you about the future of SEPTA and recap some of our 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. I am happy to answer any questions.