

Testimony

Of

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Philadelphia City Council

Fiscal Year 2025 Operating Budget

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Good morning, Council President Johnson, Transportation and Public Utilities Committee Chair Driscoll, members of City Council and other guests. I am Leslie Richards, CEO and General Manager for SEPTA. Joining me are SEPTA Board members Michael A. Carroll, P.E. Deputy Managing Director for Philadelphia's Office of Transportation, Infrastructure, and Sustainability and Deborah Mahler, Senior Advisor to Philadelphia Mayor Chelle L. Parker. I am also joined by members of the SEPTA team representing various departments.

City Council has been indispensable over the past year – particularly the first four months of 2024 – and I am thankful for your leadership and partnership on so many important SEPTA initiatives from our efforts to secure critical state funding and the redesign of our bus network to the City's participation in SEPTA Key Advantage, the creation of the Zero Fare pilot program, and the passage of camera-based bus lane enforcement. Your proactive efforts on behalf of your constituents and residents have made SEPTA a better transit agency.

I want to thank Mayor Parker for including SEPTA's Fiscal Year 2025 operating budget request in her "One Philly" Budget, and I am grateful for the opportunity to testify before you in support of that request and to highlight how these funds will allow SEPTA to better serve our customers and support the City's comprehensive safety priorities and "clean and green" initiatives.

Last week, SEPTA released its Fiscal Year 2025 Operating and Capital Budgets which together will allow SEPTA to maintain critical service, build on important safety and cleaning initiatives, advance efforts to improve the customer experience, and continue investments in station accessibility and the replacement of aging vehicles.

SEPTA's operating budget is funded through subsidies from local, state and federal governments, the fare box and other revenues. The City of Philadelphia's \$133 million contribution is a vital part of SEPTA's annual budget. While it represents seven percent of SEPTA's operating budget – it helps to leverage \$1.1 billion in state operating funds.

The City's \$7.4 million capital contribution represents one percent of SEPTA's total FY 25 Capital Budget and will support a total capital program of approximately \$922 million.

Each operating dollar the City of Philadelphia contributes enables seven dollars in state operating assistance, and each dollar of capital funding the City provides leverages \$82 from the state and federal government.

Funding from the City of Philadelphia is even more important this year because it will match critical additional transit investment that Governor Shapiro proposed in his state budget.

When I testified before Council last year, I warned of a coming fiscal cliff once SEPTA's one-time federal COVID emergency relief funds were exhausted. That day arrived this month, and SEPTA now faces annual budget deficits of \$240 million or more beginning on July 1.

Governor Shapiro’s funding proposal would provide new operating funding for transit agencies statewide – including \$161 million for SEPTA.

The Governor’s proposal recognizes how critical SEPTA is to the City and state. It also reflects the important work of the Philadelphia legislative delegation and this Council to carry our urgent funding message to Harrisburg. I want to thank the Mayor and Council President Johnson for making SEPTA funding a priority from day one in their new roles – expending political capital and leveraging their previous service in the General Assembly to set the stage for Governor Shapiro’s budget.

Rather than being forced to dismantle service as the City prepares to welcome the world for the major international events scheduled for 2026, new state funding – coupled with continued local matching funds and SEPTA’s efficient and responsible budgeting practices – will provide operating budget certainty through 2030.

With funding from the Governor’s proposal in place, SEPTA’s FY 2025 budget will not raise fares or reduce services. The spending plan will fund implementation of the bus network redesign and increased Regional Rail service levels. SEPTA’s budget will also invest \$72 million for safe, clean, and secure initiatives – doubling the levels from just three years ago – with funding for 40 more police officers, 30 more safety professionals, and 100 more cleaners.

SEPTA’s capital budget proposes an all-time high \$14 billion 12-year program that will enable continued investment in infrastructure state of good repair, station accessibility and vehicle replacements.

Two weeks ago, the Mayor marked her 100th day in office by riding the Market-Frankford Line to the Cornwell School in Kensington. Members of Council have also recently made other high-profile trips on SEPTA.

These trips speak volumes about the role SEPTA plays in the lives of every Philadelphian and how SEPTA’s success is the City’s success. I am thankful that our City leaders are highlighting SEPTA service in such meaningful ways.

What you and the Mayor saw is what our customers are now seeing – a SEPTA system that is:

Growing – Providing 700,000 daily trips and reaching our highest ridership recovery rate since the start of the pandemic.

Safer – With 60 Transit Police Officers hired in the past 18 months helping to drive down serious crime by 45% in the first quarter of the year.

Cleaner – And becoming more so as a result of new personnel and a top-to-bottom restructuring of our cleaning program.

More affordable – With no fare increase since 2017 – despite inflation – and new fare programs and options that make SEPTA service more affordable and convenient for City residents and those traveling with children

Modernizing – By advancing a strategic plan that redesigns our bus network, reimagines the Regional Rail network and transforms our trolley network to make travel more efficient and connected; and

Accountable – by being more transparent with information and data, measuring our progress, and putting more tools in the hands of customers and employees to give them a better say in their transit system.

But don't take my word for it.

There are tangible examples of SEPTA's improvements across the system, and I encourage our customers to see the progress for themselves.

Travel to the newly reconstructed Drexel Station at 30th Street to see the debut of the SEPTA Metro wayfinding signage that will be rolling out at transit stations over the next two years to make SEPTA easier to use and navigate.

At 13th Street Station, SEPTA crews recently completed the first in what will be an expanding "model station" program of deep cleaning and hard maintenance to return stations to "like new conditions".

Visit our redesigned website with upgraded functionality that makes trip planning and information more accessible.

Take a look at Tasker-Morris Station on the Broad Street Line to see our latest station accessibility project, as we work toward fulfilling our commitment to making the Broad Street and Market-Frankford Lines fully accessible in the next 12 years.

See the newly installed, full-length fare gates at 69th Street Transportation Center that we are piloting as part of our comprehensive efforts to address fare evasion.

And join us tomorrow at SEPTA headquarters as we retire our last diesel bus from service and welcome our first fuel cell electric bus as part of our ongoing initiative to transition to a fully zero-emission bus fleet by the early 2040s.

And we have so much more planned. With approval of new, sustainable state and local funding, SEPTA can confidently advance more projects currently in the planning and design phases.

Much of the public discussions about SEPTA's fiscal cliff have focused on what will happen if a state funding solution is not enacted and SEPTA must implement service cuts of 20% and fare increases of 30%. The impact on our customers would be devastating and long-lasting. Jobs would be put out of reach, parents and caregivers would face increased care cost and time pressures, and people would be more isolated from each other.

Those are critical conversations, but I want to focus my testimony on how SEPTA's budget – and the funding we are requesting from the City – have and will continue to allow SEPTA to move forward on planned safety, cleaning and service initiatives that must be done to attract more riders and create a safe and welcoming environment for our customers and employees.

CUSTOMER AND EMPLOYEE SAFETY & SECURITY

Everything SEPTA does begins with safety – safely operating the service we provide and providing a safe and secure environment for our customers and employees. In support of this highest priority, SEPTA's Fiscal Year 2025 Operating Budget plan will invest \$72 million in strategic safety, security, and cleaning improvements – more than doubling FY 22 investments.

Nowhere has SEPTA's partnership with the City been more valuable and vital than with respect to customer and employee safety and security. While violent crime on SEPTA accounts for only one percent of all crime in the City of Philadelphia, indiscriminate gun violence – like the horrific incidents involving SEPTA buses in early March – inflicts trauma on our customers and employees. One incident is too many.

I cannot tell you how meaningful it has been – on behalf of SEPTA customers and employees – for me and Transit Police Chief Lawson to stand shoulder to shoulder with Mayor Parker, Police Chief Bethel and City Council members to strongly and unequivocally condemn these incidents and coordinate with law enforcement on apprehension and prevention.

I know you recognize how important SEPTA service is to your residents. For SEPTA customers – particularly in Philadelphia, the nation's poorest large city – trips not taken have a profound impact on people's lives and can be the difference between securing employment and accessing healthcare – or not.

Customer and Employee Safety

A new three-year Transit Police contract reached in November 2023, coupled with wage adjustments agreed to in June 2022, have increased Transit Police wages significantly to support officer hiring and retention efforts. SEPTA has hired more than 60 Transit Police Officers over the last 18 months – bringing SEPTA close to budgeted headcount for the first time in years – and earlier this year hired a new Deputy Police Chief, former Philadelphia Police Department Inspector Joseph Fredericksdorf.

The SEPTA Transit Police Department is working in close coordination with the Philadelphia Police Department, and we are grateful for Chief Bethel's support and attention. Transit Police

are continuing to increase visible patrols across the system, and new hires have allowed SEPTA to restart Transit Police District 2 with an increased number of officers patrolling the Center City Area. More officers are being strategically deployed on trains, trolleys, and buses, which allows officers to engage with more riders and enhance the perception of safety on SEPTA.

Within the last year, SEPTA launched a new Virtual Patrol Unit – largely staffed by retired law enforcement professionals – to monitor live video feeds and dispatch officers where they are needed. This initiative is maximizing the use of the 30,000 security cameras that are located at stations and on all buses, trains, and trolleys. With new technology upgrades, the camera network now has the ability to provide live feed video on board buses. SEPTA customers and employees are continuing to use the Transit Watch app to easily and discretely report suspicious activity to police.

Earlier this month, SEPTA put new full-length fare gates into service at the entrance for the Market-Frankford Line at 69th Street Transportation Center. These gates are designed to deter fare evasion and enhance safety and security for customers and employees.

The additional officers have had a considerable impact, with Part 1 crimes on SEPTA decreasing by 45% during the first quarter of 2024 compared to the same period in 2023. The decreases include significant drops in aggravated assaults – from 32 to 24 – and robberies – from 102 to 34. Additionally, Transit Police reported more than 47,000 code of conduct violations in the first quarter of this year – up from approximately 35,000 a year ago – and executed 110% more warrant arrests than in the fourth quarter of 2023.

What's Ahead –

- SEPTA's Fiscal Year 2025 Operating Budget includes funding for 40 new Transit Police Officer positions, increasing the size of the force by roughly 15%
- Transition current Administrative Enforcement Notices (AEN) process to Code Violation Notices (CVN) to give more weight to enforcement of quality of life and code of conduct violations
- Continued partnership and information-sharing with Philadelphia Police Department to identify high-priority boarding locations/times and perform bus checks on “safe corridors”
- Release this week of Safety on SEPTA Survey for customers to help SEPTA make informed decisions related to security improvements on the system and help us deliver a safer experience for all riders and employees.
- Completion of third-party assessment of Transit Police deployments
- Continued hardening of fare lines through policing and infrastructure enhancements. New full-length fare gate pilot planned to expand from 69th Street Transportation to six stations in the City this year
- Hiring additional Virtual Patrol personnel to expand surveillance and security capabilities
- Fiscal Year 2025 Operating Budget includes funding to continue camera upgrades for enhanced resolution and to support new features
- Improving tools for Bus Operators to discretely summon assistance

- Testing operator barrier ballistic protection to safeguard operators

Tracking Progress and Resources –

- SEPTA Transit Police – <https://www.septa.org/safety/security/>
- Safety on SEPTA Survey – <https://www.septa.org/bulletins/safety-on-septa-survey/>

Cleaning

SEPTA is committed to the idea that transit is the front door to the City and that stations and vehicles should be clean and welcoming gateways to work, school, recreation, services and back home. SEPTA has more than 700 Cleaners, Maintenance Custodians and Supervisors deployed across the system with a 220-person total increase in station, track, and vehicle cleaner headcount since FY 2022.

SEPTA is currently performing a top-to-bottom restructuring of cleaning operations with creation of a new Deputy Chief Operating Officer – Cleaning. The new position will report directly to the Chief Operating Officer and be responsible for the integrated management of cleaning functions authority wide including station and facility cleaning, vehicle and track cleaning.

In addition to daily station cleaning performed throughout the day, SEPTA has instituted a comprehensive station “washdown” program that is performing regular deep cleanings of all 58 SEPTA transit stations. At 13th Street Station on the Market-Frankford and Trolley Lines, SEPTA crews also recently completed the first in what will be an expanding “model station” program of deep cleaning and hard maintenance to return stations to “like new conditions”. SEPTA staff from multiple departments are working with the City and Kensington stakeholders on the Kensington Caucus 24-hour cleaning program.

New equipment, including more than \$400,000 in heavy duty cleaning equipment, has been purchased over the past year to test effectiveness, and more cleaners are being assigned to end of line facilities to clean vehicles at the end of runs before going back into passenger service.

What’s Ahead –

- SEPTA’s Fiscal Year 2025 Operating Budget will add another 100 new cleaning positions to the current staff of 700 cleaners
- Hiring of Deputy Chief Operating Officer – Cleaning
- Expansion of the Model Station Program – with 2nd Street on the Market-Frankford Line scheduled next
- Creation of a new “Clean Team” initiative to review station cleanliness along the Market-Frankford Line and Broad Street Line on a biweekly basis
- Development of a customer-facing progress dashboard for SEPTA’s website

- New vehicle cleaning protocols to enhance Regional Rail and Metro vehicle cleaning efforts, including: Vehicle Appearance Restoration campaign to combat and repair vandalism, hand-washing of vehicle exteriors, and additional staffing to increase frequency and effectiveness of vehicle interior “house cleans”
- Procurement of approximately \$500,000 in new equipment – including dry ice blasters, floor blowers, floor scrubbers and portable car washers
- Budgeting for and initiating long-term procurements of major equipment including vacuum trains
- Consulting peer transit agencies to develop cleaning benchmarks that will inform a new quarterly customer survey on cleanliness

Quality of Life

Addressing quality of life and code of conduct violations remains a significant concern for SEPTA customers and strains financial and personnel resources. SEPTA’s holistic approach to safety and security is bolstered by our nationally recognized SCOPE program – Safety, Cleaning, Ownership, Partnership and Engagement – that coordinates the Authority’s policing, cleaning and vulnerable population outreach resources and efforts to create a safe, clean and welcoming environment for our customers and employees while connecting those in need to services and care. The SCOPE program utilizes third-party outreach workers along with homeless advocate partners, mental health and addiction specialists, and victim assistance organizations to ensure that strategies are informed and effective.

SEPTA’s efforts are yielding improvements across the system. Based on data collected during the annual Point-In-Time (PIT) count, SEPTA has seen significant reductions in the number of homeless individuals on the system with a further 14% reduction in January 2024 compared to the 2023 count.

Smoke Free SEPTA: Smoking on SEPTA has increased significantly since the onset of the COVID pandemic, with reported violations increasing more than 220% since 2019. SEPTA and the City of Philadelphia are now partnering on new initiatives to reduce smoking on trains and platforms. This effort goes beyond signage and will focus on communication, education, direct engagement and enforcement.

What’s Ahead –

- Continued budget support for third-party outreach workers
- Continued partnerships with providers and specialists including Philadelphia Center Against Sexual Violence (formerly WOAR) and the “Health Navigator” program with first-year Drexel University College of Medicine students.
- Use of Code Violation Notices (CVN) for smoking violations
- Additional station and vehicle signage and audible announcements in support of Smoke Free SEPTA
- Smoke Free Blitzes in stations

Tracking Progress and Resources –

- SCOPE – <https://www.septa.org/safety/scope/>
- Code of Conduct – <https://www.septa.org/about/policies/code-of-conduct/>

Operational Safety

Operational safety – ensuring that the personnel, vehicles and infrastructure that support operations can safely transport customers to their destinations – must be at the core of every public transportation provider’s mission. Following a series of incidents involving SEPTA vehicles in July and August last year, resulting in the death of one customer and multiple injuries to other passengers and employees, SEPTA redoubled its efforts to be even more intentional about safety at all levels.

SEPTA dispatched safety officers throughout the system to have discussions with employees about safety and initiated a two-month safety “stand down” during which every SEPTA employee received safety culture training. The training emphasized safety guidelines that are in place and provided employees with a forum to discuss safety concerns and give feedback. SEPTA worked jointly with union leadership to develop the content, and the new training emphasized the need to be vigilant about safety in all aspects of all jobs throughout the Authority.

Since then, SEPTA has worked closely with the National Transportation Safety Board (NTSB), Federal Transit Administration (FTA) and Pennsylvania Department of Transportation on the accident investigations and complied with all information requests and inspections. SEPTA anticipates FTA will issue its Safety Management Inspection (SMI) Report this spring, and the Authority is well positioned to respond to any findings, recommendations or special directives.

What’s Ahead –

- SEPTA’s Fiscal Year 2025 Operating Budget includes funding for 30 new safety professionals – doubling the size of the System Safety Department
- SEPTA’s Fiscal Year 2025 Operating Budget includes the creation and hiring of a new Deputy Transformation Officer for Safety Culture to broaden and enhance the scope of this key area of organization focus
- Continued implementation of operational and employee safety provisions included in the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law, including: development and implementation of agency and state safety plans and continued engagement with frontline workers on safety-related matters through the joint health and safety committee.

Tracking Progress and Resources –

- System Safety – <https://www.septa.org/safety/system-safety/>

BUS REVOLUTION

Bus Revolution is the redesign of SEPTA's City and suburban bus network to create service that is more efficient, reliable and simpler to understand, with routes that run more frequently throughout the day, evenings, and weekends. This is the first time SEPTA has performed a comprehensive review of its bus routes since the Authority was created in 1964, and this effort is long overdue.

While current SEPTA bus ridership has reached 80 percent of pre-pandemic levels, bus ridership in the seven years prior to the pandemic had declined more than 13 percent while 75 percent of SEPTA bus routes lost at least a quarter of their ridership. Between 2013 and 2019, SEPTA bus service became slower and less reliable while operating costs increased by 10 percent.

The City's 2021 Transit Plan noted one of the biggest challenges for the City was that "the travel needs of Philadelphians are constantly evolving, yet the transit system has been slow to respond to these changes" and asked SEPTA to work with the City to develop a network that addressed the underlying issues – make the system more frequent, easier to use, and choose streets that can prioritize transit through congested areas and be coordinated for simpler detours and emergency services

For the sake of SEPTA's financial sustainability, we need to adjust the network to serve the ridership that has returned, this means providing higher levels of frequent service in the midday, evening, and on the weekends.

Current Status:

After more than 200 public meetings between fall 2021 and spring 2023, and following 10 public hearings last fall, SEPTA made meaningful changes in direct response to public feedback – restoring service to certain routes and refining alignments to address service gaps.

In response to further feedback from City Council last winter, we realized there was more work to do to ensure that the redesigned bus network achieves our shared goals of a more equitable City and continues to be an engine of opportunity for all riders – long-standing customers who rode the system through the depths of the pandemic and continue to do so, as well as those who will be drawn back as a result of the improved network.

We recently concluded a series of eight public meetings in four Council districts and a ninth virtual meeting geared toward addressing the needs of the disabilities community.

I want to thank Majority Leader Gilmore Richardson and Council Members Young, Lozada, Bass and Phillips for partnering with SEPTA to create additional opportunities for public input. As I have said before, the stakes for SEPTA and our service are too important not to get this right.

The meetings were very productive. At our follow-up meeting with Council last Thursday, SEPTA staff outlined the major route alignment changes we are planning to incorporate into the new network based on this latest outreach, including:

- Route 16 – SEPTA will continue to operate Route 16 via its full alignment between Cedarbrook Plaza and City Hall.
- Route 32 – SEPTA will continue to operate Route 32 on its current alignment.
- Route H/71 – SEPTA will retain the current alignment to the Broad Street Line, though Route H will become Route 71, as all lettered routes will be reclassified with numbers.
- Route 26 – SEPTA will extend Route 26 to operate through East Falls (as Route K currently does) and extend the route to WTC to provide new connections for customers.
- Route 57 – SEPTA will continue to operate Route 57 as one route between East Oak Lane and South Philadelphia.
- Route 12 – SEPTA will operate the route to 50th and Woodland to provide important connectivity between Southwest Philadelphia and Center City
- Route 73 – SEPTA will replace Route 25 with Route 73 and operate it frequently between FTC and Spring Garden Station via Bridge, Richmond, Castor, Aramingo, York, and Frankford.
- Route 18 – SEPTA will restore Route 18 to its alignment along Mt. Pleasant Ave, Michener Ave, Roumfort Road and Cheltenham Ave
- Route 52 – SEPTA will extend all trips on Route 52 from their terminals at 50th and Parkside Ave to 54th Street and City Ave

The Bus Revolution team is in the process of finalizing the changes, and the current plan is to present them to the SEPTA Board for final approval at the May Board meeting.

What's Ahead –

- Implementation: SEPTA plans on implementing the changes in phases beginning in Summer of 2025.
- Outreach: to members of the public will continue and increase to ensure that members of the public are aware of the upcoming changes well in advance.

Tracking Progress and Resources –

- Bus Revolution – <https://www.septabusrevolution.com/>
- Better Bus – <https://www.septa.org/initiatives/better-bus/>

SERVING A REGION ON THE MOVE

Ridership, Fares & Service

This spring systemwide ridership levels reached 700,000 average weekday trips, and farebox recovery reached a post-pandemic high of 70% in February. SEPTA's Fiscal Year 2025 Operating Budget proposal reflects a redoubled focus on growing ridership to restore revenue levels that have been deeply impacted by the COVID-19 pandemic and its aftermath.

The now-permanent “Key Advantage” program is SEPTA’s flagship ridership growth initiative, with more than 50 institutional partners and 90,000 eligible members participating in this all-access, transit-as-a-benefit program. Program participation now includes the beneficiaries of the City of Philadelphia’s ground-breaking zero-fare program, the largest of its kind in North America. All regional employers and institutions of higher education are eligible to join the program. Key Advantage ridership per participant has grown by more than 16 percent since the program launched in 2022, and since fall of 2023 the program has been revenue positive. Combined with SEPTA’s other offerings, institutional programs now represent approximately one third of SEPTA’s passenger revenue.

City of Philadelphia Key Advantage and Zero Fare Pilot:

In passing the Fiscal Year 2024 budget for the City of Philadelphia, City Council authorized the City of Philadelphia to join the SEPTA Key Advantage Program and the creation of a Zero Fare Pilot Program. SEPTA is grateful for the City’s partnership and leadership on these two important initiatives, and I wanted to update you on the progress so far:

- As of February 2024, there are a total of 13,044 enrolled employees, which is a 63% enrollment rate. This is the highest enrolled population of any partner.
- Since program start in September 2023, enrollment in the Key Advantage program among City employees has increased by 3% monthly, for a total of 16% overall.
- While Key Advantage participation is increasing, the City of Philadelphia’s enrollment levels outpace all other participating partners.
- As of February 2024, the Key Advantage enrollment rate is 41%, with a total of 28,147 enrolled members.
- Philadelphia two-year zero-fare pilot program launched in August 2023 – provides fully subsidized transit passes to approximately 25,000 Philadelphia residents.
- Nearly 25,000 cards have been distributed with outreach efforts to enrolled program participants ongoing through June 2024.

2023 was another milestone year for the SEPTA Key program with new two new features being introduced to make travel easier and more convenient.

- SEPTA became just the fourth transit agency in the country to offer contactless payments on bus and Metro services – giving customers the ability to pay the lowest per trip fare rate using their own contactless credit cards, debit cards or mobile wallets.
- This tap-to-pay technology complements the Key Card’s new multi-rider feature, which permits one Key card to pay for up to five riders and, like contactless, includes up to two free transfers.

SEPTA’s FY 25 budget proposal also defers fare increases for another year, with the last fare increase occurring in 2017. During these seven years, three waves of fare enhancements have been implemented to make travel more affordable and convenient, such as:

- Two free transfers and expanded transfer eligibility periods for 90 to 120 minutes;

- Expanded eligibility for children to ride free from 5 to 12 years old;
- Introduction of a new discounted three-day pass product;
- Reduced day pass pricing; and
- Addition of 24 inner-ring Regional Rail Stations to the weekly or monthly TransPass product

What's Ahead –

- SEPTA is planning incremental adjustments in service levels on buses and SEPTA Metro, budgeting for 92 percent of pre-COVID service levels in FY 2025. These adjustments will better align schedules with operator availability, which in turn will result in more reliable service that will help customers better plan their travel.
- On Regional Rail, SEPTA is planning for 80 percent of pre-COVID service levels, up from 77 percent in FY2024
- A SEPTA Key Advantage pilot program for multi-family residential buildings
- Summer 2024 – Anticipate award of a contract to update and implement the next evolution of SEPTA Key (Key 2.0)
- Fare Policy Study and Stakeholder Outreach will continue into 2024 to support Key 2.0
- Continued hardening of fare lines through policing and infrastructure enhancements. New full-length fare gate pilot planned to expand from 69th Street Transportation to six stations this year

Tracking Progress and Resources –

- Ridership Data – <https://www.septa.org/open-data/>
- Key Advantage – <https://www.septa.org/fares/partner-programs/>

IMPROVING THE CUSTOMER EXPERIENCE

In addition to cleaning and safety improvements, new, more convenient ways to pay, and upcoming Regional Rail service increases and the enhancements that Bus Revolution will deliver, SEPTA last year made investments throughout the system to improve the customer experience, including:

- Launching a new, transit-first, mobile-friendly website that features interactive tools that include the SEPTA trip planner and SEPTA's real-time map, quick access to schedules, alerts and fares
- Customer Service Engagement:
 - SEPTA's Customer Service Department (CSD) answered over 1 million calls in 2023
 - First-Call resolution (FCR) was 99.7% in 2023
 - Processed over 57,000 customer submitted questions, complaints and commendations
 - Customer Service Satellite Office staff assisted over 136,000 Visitors/Customers in 2023

What's Ahead –

SEPTA Metro Wayfinding Implementation: This month SEPTA marks a major milestone in the implementation of its new Metro wayfinding system, with the start of the installation phase. In conjunction with this, the new letters and symbols will be used alongside existing terms on SEPTA’s website.

The first new signs debuted as part of the opening for the new Drexel Station at 30th Street, and the rollout will continue station-by-station over the next 18 months. The next location for new signage is the 15th St./City Hall, a critical complex at the core of the system that is often confusing for customers to navigate.

The project will make the system easier to navigate for all passengers, regardless of language, ability, or familiarity with public transportation. The new signage and wayfinding tools will help everyday riders take new trips and contribute to Philadelphia's preparation as a host city for the World Cup in 2026.

We plan to complete the Broad Street Line first, before moving on to the Market-Frankford Line, trolley lines, and Norristown High Speed Line.

SEPTA staff has spent four years conducting research, collecting feedback, engaging with the public, and running temporary pilots to create a wayfinding system that caters to the needs of current and potential riders. The SEPTA Metro improvements include:

- Use of easy to see and read colors, letters, and numbers for each line. This will improve visibility and clarity.
- New maps that show the entire bus network and highlight SEPTA’s most frequent bus lines.
- Installing better signage for bus connections.
- Offering “neighborhood maps” to help riders get oriented when leaving a station.
- Adjusting station names to avoid duplicates, such as “Girard” on the Broad Street Line and “Girard” on the Market-Frankford Line, and merging complexes, such as “15th St./City Hall” instead of having two separate stations: “15th St.” and “City Hall.”

Updated SEPTA App: The SEPTA App has been an invaluable tool for customers planning and traveling on SEPTA. Currently in beta testing, the new app is anticipated to be released this year with new features to make travel easier and align with the SEPTA Metro initiative.

Regional Rail Master Plan: SEPTA's *Reimagining Regional Rail Master Plan* envisions its Regional Rail system as part of a transit lifestyle network of frequent, all-day, and all-week services that connect people to a diversity of destinations across the region.

The Master Plan process included a robust stakeholder and public outreach process that resulted in thousands of comments on how we can improve the system. It will contain a vision of making the network more useful to more people and identify the infrastructure, equipment, operations, investments, and policies needed to get there. It will also identify how investments in accessibility, service, and connections improve safety for riders and all people in the region.

As a result of this community-driven process, SEPTA is creating a Network Vision that will have more frequent service on corridors with high demand and more consistent, all-day service across the entire system. We will be releasing the final vision in May 2024.

However, we are not waiting to make progress. Based on feedback that SEPTA heard, SEPTA changed its fare policy effective July 2023 so that passes for Buses and Metro (subways and trolleys) were no longer separate from passes for Regional Rail service in Zone 1 (covering the majority of the City of Philadelphia). By integrating these two products, we broke down an historical barrier between the two systems, provided current Bus and Metro riders with access to dozens of Regional Rail station and faster service at no additional cost.

Real-time Information: SEPTA continues to work to implement Real Time Information to provide customers with train arrival information to improve the customer experience. The software is currently in testing on the Market-Frankford Line. The Broad Street Line will enter testing mode next with the goal of having it operational by year's end, and the goal is to have the entire real time program operational by the end of 2025.

Tracking Progress and Resources –

- Redesigned SEPTA Website – <https://www.septa.org/>
- SEPTA Metro – <https://www.septa.org/metro/>
- Customer Service – <https://www.septa.org/customer-service/>
- Reimagining Regional Rail – <https://www.septa.org/initiatives/regional-rail/reimagining-regional-rail/>

HUMAN RESOURCES AND EMPLOYEE ENGAGEMENT

Workforce

SEPTA maintains a strong and diverse workforce of 9,188 employees who reflect our ridership and the communities we serve. Fifty-one percent (51%) of SEPTA employees live in Philadelphia. As of March 2024, seventy percent (70%) of our workforce are minorities and twenty-three percent (23%) percent are women. In the last three years, seventy-eight (78%) percent of SEPTA new hires are minorities, and twenty-seven percent (27%) are women.

As one of the largest employers of minorities in the Commonwealth of Pennsylvania, SEPTA has a responsibility to do all it can to ensure that new minority hires have opportunities to gain experience, 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.

From January 2020 to March 2024 SEPTA's workforce was reduced by 402 employees – primarily due to retirements. For the same period, women in leadership roles increased from 252 to 297, respectively. For the first time in SEPTA's history, there are seven (7) women in

Senior Leadership roles that have a reporting relationship to the General Manager/CEO. The leadership team currently has 47% women and 33% minorities, compared to 7% women and 0% minorities in January 2020. These numbers reflect the recent hiring of SEPTA's new Chief Technology Officer (CTO), Elisa Cunningham, a newly created position leading SEPTA's Information Technology Department and who reports directly to the CEO.

We continue to build a culture of inclusivity and belonging to strengthen our workforce from within. In 2022, SEPTA hired a minority woman as Chief Officer Diversity & Inclusion. The Chief Officer Diversity & Inclusion has developed and driven equitable strategies to ensure equity and belonging amongst our workforce and to ensure our business practices focus on diversity to support our customers, vendors, contractors, and the communities we serve. The Chief Officer Diversity & Inclusion leads the Diversity, Equity and Belonging (DEB) Council.

To better inform employees and ensure a culture of inclusivity, SEPTA introduced and expanded a number of employee engagement tools over the past year.

- Email for All – ensuring that all SEPTA employees can receive important information in a timely and convenient manner
- 246 Broadcast emails including
- 46 *In the Loop* Newsletters
- 177 Employee information communications
- “Listen Freely” Tour – Authority-wide voice, trust and inclusion listening sessions
- 3 Employee Town Hall Meetings with the General Manager – live streamed and available for view later

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 family sustaining careers at SEPTA.

A partnership with the Collegiate Consortium and PhillyWorks is funding our online Bus Operator CDL Permit Training Class through Delaware County Community College. Additionally, the Welding Apprenticeship Program is a 24-month structured, formalized method of training consisting of on-the-job training performed under the supervision of a subject matter expert coupled with related classroom instruction. The program provides foundational knowledge of Welding techniques, procedures, safety, and other skills needed to fulfill this critical role.

Recruitment

SEPTA has developed an Individualized Background Assessment Program which reviews candidates that received a job offer but based on a background check revealed a criminal conviction(s). In 2023 the Qualification Review Board conducted 328 candidate assessments, accepted 285 candidates for hire and rejected forty-three candidates which resulted in an

acceptance rate of 86%. Overall, in 2023, SEPTA had a 98% background acceptance rate for candidates that received employment offers.

Highlights from 2023 include:

- 1201 new hires – the second consecutive year of record hiring
- 395 new bus operators
- More than 60 Transit Police Officers
- Participated in more than 130 career fairs
- Aggressive advertising campaign on radio, social media, billboards, and SEPTA vehicles

What's Ahead –

- SEPTA's FY 2025 Operating Budget includes unprecedented increase in resources for recruitment and training designed to accelerate hiring in key positions.
- Continued rollout of digital screens to all SEPTA locations – particularly operating and maintenance districts – to ensure better communication throughout the Authority'
- Budgeted salary increases to attract and retain employees in a tight labor market

Tracking Progress and Resources –

- Careers at SEPTA – <https://jobs.septa.org/>

DIVERSE BUSINESS ENGAGEMENT

SEPTA values its important role in promoting broader and equitable economic opportunities for businesses in our region, particularly disadvantaged, minority and women -owned firms. Earlier this month, I was pleased to join Transportation Secretary Pete Buttigieg for a fireside chat with other transportation leaders to discuss the Department of Transportation's Final Rule on Disadvantaged Business Enterprise Program enhancements and to highlight how SEPTA utilizes the program to support our minority businesses and expand our procurement base.

As a recipient of federal funding through the Federal Transit Administration (FTA), SEPTA complies fully with the federal Disadvantaged Business Enterprise (DBE) program. The federal DBE program is unique both in its structure and reporting requirements. Small, minority and woman-owned businesses seeking to participate in SEPTA contracts as a federal DBE must first apply for DBE certification, and SEPTA follows a rigorous and public Federal Transit Administration process for establishing DBE participation goals on its solicitations for goods, services and construction projects.

SEPTA is one of only five agencies in the Commonwealth of Pennsylvania that still certifies firms as DBE. Today, there are 2,527 registered DBEs in the Pennsylvania Unified Certification Program (PA UCP) DBE directory of which 191 are based in Philadelphia. Our commitment to

local business owners remains strong, and I am pleased to report continued progress in strengthening our DBE outreach.

Currently, there are 204 unique DBE firms actively participating on 594 DBE subcontracts for a total contract value of \$260 million – committed DBE dollars increased by 12% (from \$231,612,770 in 2022). Including DBE firms that are prime contractors, 22% of SEPTA’s active procurement dollars are going to DBE firms.

Who SEPTA does business matters, and I am proud of the work we have done as an organization to not only bolster our DBE program but take the next step and use our infrastructure investments as a catalyst for new and transformative opportunities for disadvantaged, minority and women-owned businesses.

Following passage of the Infrastructure Investment and Jobs Act, I joined a group of transportation leaders in helping to establish the Equity in Infrastructure Project (EIP) to develop principles and industry best practices to strengthen the transportation industry’s commitment to increase the number, size and scope of contracts going to historically underutilized businesses.

The Equity in Infrastructure Project has given SEPTA a platform to think differently about how and who we do business with and to be intentional in creating opportunities for historically underutilized businesses. EIP established overarching goals, but it gives pledge signers autonomy to implement procedures and initiatives that meet agency and community needs. In the year since signing onto the pledge, SEPTA has made important strides on two initiatives:

As participants in EIP, SEPTA has advanced two initiatives recently:

- SEPTA entered into a MOU with the Chicago Transit Authority (CTA) to create a Reciprocal Business Certification Program – a cross-certification program for DBEs, SBEs WBEs and others expands the pool of responsible firms to compete for contracts
- SEPTA implemented a pilot set-aside program. In 2023 20% of eligible contracts awarded under the SBE set-aside program were awarded to Small, Minority and Woman-owned Business

What’s Ahead –

- For Federal Fiscal Years 2024 through 2026, SEPTA has established a new DBE participation goal of 19% which is four percentage points higher than the previous three years.
- Increasing the current cap of SEPTA’s Small Business Enterprise program from \$3,000 to \$25,000 for meaningful contract opportunities to small businesses seeking to do business with SEPTA
- SEPTA intends to continue to increase professional services (e.g., trades) which will reflect in continuous improvement in goals
- To grow economic opportunities for more Philadelphia based businesses, SEPTA is exploring a potential partnership with the City of Philadelphia Office of Economic Opportunity (OEO)

to understand which of OEO's MWB certified companies can become PAUCP (Pennsylvania Unified Certification Program) certified DBEs

- Implementation of the program enhancements in the new US DOT Final Rule on Disadvantaged Business Enterprise firms

Tracking Progress and Resources –

- DBE Program Office – <https://www.septa.org/dbe/>
- SEPTA Procurement – <https://www.septa.org/procurement/>

EFFICIENCY & ACCOUNTABILITY AND SUSTAINABILITY

Innovation, sustainability and building a transformative organization anchored by efficiency and accountability are the foundations of SEPTA's Strategic Plan SEPTA Forward. SEPTA continues to make important progress on a number of initiatives that are supported in SEPTA's FY 2025 Operating and Capital Budgets. Over the past year, some of the highlights include:

Sustainability

Sustainability is a key element of *SEPTA Forward*. As a cornerstone of the region's sustainability strategy, SEPTA riders have one-third the carbon footprint of those who travel by car, connecting people to opportunity while minimizing carbon emissions, reducing traffic, and supporting healthy communities.

This week as part of Earth Week, SEPTA released its Sustainability Playbook which sets forth an ambitious vision, where the Authority SEPTA reestablishes its commitment to a comprehensive triple-bottom-line approach to environmental, social, and economic sustainability best practices in its operations.

The Sustainability Playbook builds on the SEP-TAINABLE 2020 plan, adopted seven years ago, and provides a new seven-year plan to maximize the impact of sustainability on SEPTA's business practices, systems, equipment, and facilities. The plan demonstrates SEPTA's continued commitment of a sustainable, inclusive, resilient, and connected public transportation system with recent highlights including:

- Entering into a power purchase agreement for a solar farm in Franklin County, PA that produces electricity equivalent to 20% of SEPTA's electricity use
- Three rooftop solar installations at Berridge/Wyoming, Fern Rock and Callowhill now produce enough power to cover approximately 15% of the shops' electricity use
- Published a Micromobility Playbook, in October 2023, providing a framework to increase ridership by better accommodating riders that use micromobility (including bicycles, scooters, e-devices)
- Finalizing the Zero Emissions playbook and developing four Zero Emissions Bus pilots to support data driven decision making

Zero-Emission Bus Fleet Transition

SEPTA is committed to fully transitioning its bus fleet to zero-emission vehicles by the early 2040s, and the FY 2025 Capital Budget forecasts more than \$1 billion in investments in the purchase of zero emission buses and hundreds of thousands additional in infrastructure and charging upgrades necessary to operate the new fleet.

SEPTA already operates diesel and hybrid buses as part of our fleet. As part of our strategic plan, we are pushing even further into embracing new technologies to help reduce emissions for the communities that we serve and continue a legacy of sustainability. As a core part of that commitment, SEPTA is currently piloting a procurement of Zero-Emission Buses (ZEB). And tomorrow, SEPTA will retire our last diesel bus from service and welcome our first fuel cell electric bus onto our property. The 10 new fuel cell buses will go into service out of our Midvale District. Upon the decision to substitute 10 diesel-electric hybrid buses with 10 fuel cell electric buses, SEPTA would be displacing 1,460,000 pounds of greenhouse gasses annually; equivalent to approximately six million miles driven by an average gasoline-powered passenger vehicle.

The ultimate goal of converting to a zero-emissions fleet will require significant capital spending for charging stations, hydrogen fueling infrastructure, electrical upgrades, and purchasing more expensive buses. There would also be a considerable cost for a new garage if one is required to accommodate the ZEB transition. SEPTA will need an increase in capital funding from a combination of federal, state, and local sources to achieve the transition to a zero-emission fleet. SEPTA has been aggressive in pursuing federal grants to fund the infrastructure upgrades necessary to support the transition. Over the past two years, SEPTA has earned \$103 million in FTA grants to complete power and fire suppression upgrades at all of its bus depots.

Efficiency & Accountability Program

A driving force behind SEPTA's efficient and responsible budgeting are belt-tightening efforts that fall under SEPTA's Efficiency & Accountability, or E&A, Program. Stood up during the depths of the COVID-19 pandemic, the E&A Program is a systematic approach to reduce operating expenses and create efficiencies. It is designed as a bottom-up framework to brainstorm, prioritize, and ultimately implement cost-saving initiatives while simultaneously improving culture and morale.

Now staffed day-to-day by a permanent Transformation Office, the E&A Program is designed to transform SEPTA into an efficient, productive, and accountable organization by building a diverse, inclusive and empowered workforce. To date, this program has generated over 140 initiatives collectively estimated to have \$102 million in recurring annual value by the end of 2024.

The first two years of E&A Program implementation has recognized more than \$50 million in recurring value. The Fiscal Year 2025 Operating Budget proposal features the cost-saving impact of these initiatives, including:

- Audits to reduce medical benefits costs;

- Process improvements to right-size spending on routine tasks; and
- Innovative risk management strategies to mitigate the cost of insurance.

What's Ahead –

- Initiation of fuel cell electric buses out of Midvale
- Develop a Climate Resiliency and Adaptation Playbook to identify systems susceptible to the effects of climate change and adaptation measures to mitigate risks
- Developing a Stormwater Master Plan to address environmental protection, water quality, flood prevention, erosion control and resilience to climate change
- Expanding SEPTA's Transit Oriented Communities program to establish three TOCs on SEPTA-owned property to promote ridership through healthy and equitable communities
- Continue implementing recommendations through the Efficiency & Accountability initiative to achieve target of \$100 million in annual recurring benefits and savings

Tracking Progress and Resources –

- Sustainability at SEPTA – <https://www.septa.org/initiatives/sustainability/>
- Zero-Emission Bus Fleet Transition – <https://www.septa.org/initiatives/better-bus/zero-emission-buses/>
- Better Bus – <https://www.septa.org/initiatives/better-bus/>
- Efficiency & Accountability – <https://www.septa.org/initiatives/transformation-office/>

INVESTING IN INFRASTRUCTURE & VEHICLE REPLACEMENT

Guided by SEPTA Forward, the Authority's Strategic Plan, SEPTA's 12-Year Capital Program will help bring vehicles and infrastructure to a State of Good Repair, meet the Authority's financial obligations, advance strategic objectives and implement system improvements to transform SEPTA's legacy system into a lifestyle network that is safe, clean, modern, and accessible, for all riders.

SEPTA's \$922 million FY2025 Capital Budget Proposal plans to invest an all-time high \$14.0 billion 12-year program enabling continued long-overdue investments in a State of Good Repair. By the end of the program, 99% of SEPTA Metro trips will be through an ADA-accessible station, compared to 61% today. SEPTA continues to operate one of the oldest rail fleets in the country, and for the first time this budget funds at least a partial replacement of each aging fleet. Broad Street Line (B-IV), Market-Frankford Line (M-4) and Trolley fleet replacements are all fully funded, and Regional Rail Car fleet replacement is partially funded.

The Capital Program includes two new annual programs that will support cleaning equipment and activities and SEPTA Transit Police equipment to keep SEPTA stations and facilities safe and clean for riders and staff.

Trolley Modernization

Trolley Modernization is SEPTA's complete replacement of its trolley fleet. After more than forty years serving Philadelphians, SEPTA's trolleys are reaching the end of their useful lifespan and need to be replaced with accessible vehicles and stations. This program is a once-in-a-generation opportunity to deliver accessible, fast, and easy-to-use service to SEPTA customers.

Last May, SEPTA's board authorized the purchase of 130 modern trolleys from Alstom, a world class rail vehicle manufacturer. These new trolleys will have low floors, allowing riders with disabilities to wheel or step aboard seamlessly. They will be 67% longer than today's trolleys, allowing them to carry more passengers and offer space for wheelchairs, strollers, and bikes. And they will include state-of-the-art audio and visual messaging with real-time information displays.

SEPTA is now modernizing the entire trolley system to prepare for these new vehicles. That means building accessible station platforms with shelters and safe, visible waiting areas separated from sidewalks, bicycle lanes, parked cars, and moving vehicles along each route.

SEPTA will also be making major upgrades to the trolley system's supporting infrastructure, including a brand new maintenance facility at 5100 Grays Avenue to store and maintain trolleys.

- SEPTA's existing maintenance facilities cannot accommodate storage and maintenance needs of the new accessible vehicles, requiring design and construction of a new facility.
- Acquired the property at 5100 Grays Avenue and are finalizing negotiations for acquisition of remaining properties at 5210 Lindbergh Blvd and 5300/5336-46 Lindbergh Blvd, which will complete the main properties needed for the new facility. Coordinating with the City of Philadelphia and PAID/PIDC for the future acquisition of 5014 Grays Avenue to allow for the realignment of 51st Street in coordination with the Route 36 improvements.
- Anticipate awarding a design contract summer 2024.

Route 36 will be the first trolley route to see these upgrades. SEPTA will work with communities along the route to design safe, accessible stations, to make pedestrian and bike infrastructure safer, and upgrade outdated signals so the corridor works more efficiently for everyone. This work builds on the Blossom at Bartram Complete Streets Study, completed in partnership with PHA and PIDC, which engaged over 2,000 people through in-person events, virtual meetings, and online surveys. SEPTA will continue this robust community engagement as it kicks off its design process for the route this fall.

Current Projects

Ongoing and Upcoming Infrastructure Investments in the City of Philadelphia, which saw significant progress in the past year, include:

- Construction of ADA accessibility improvements at Tasker-Morris Station on the Broad Street Line, which is expected to be substantially complete by early summer 2024;
- Construction of ADA accessibility improvements at Erie Station on the Broad Street Line, which will break ground this spring with completion expected in fall 2025;

- Eight (8) Broad Street and Broad Ridge Spur station accessibility projects are currently in design
- Five (5) Trolley Tunnel station accessibility projects are currently in design to support Trolley Modernization
- Continuing construction of the new Wissahickon Transportation Center until 2026;
- Continuing design of the new South Philadelphia Transportation Center to construct new bus end of line facilities in South Philadelphia;
- Design and implementation of Direct Bus Phase B, which builds upon the current Roosevelt Boulevard Direct Bus Service between Neshaminy Mall in Bucks County and Frankford Transportation Center in Philadelphia;
- Bus transit priority projects that will help buses move more quickly along streets and through intersections

Tracking Progress and Resources –

- FY 2025 Capital Program -- <https://www.septa.org/wp-content/uploads/planning/fy-2025-budget-proposal-capital-profiles.pdf>

Thank you again for the opportunity to be here this morning. I look forward to continuing to work with all of you to advance SEPTA's priorities on behalf of our customers, your constituents and the communities we serve.

I welcome any questions you may have.