

May 31, 2022

Southeastern Pennsylvania Transportation Authority  
1234 Market Street  
Philadelphia, Pennsylvania 19107

Attention: Pasquale T. Deon, Board Chairman

Re: Public Hearings in connection with the Southeastern Pennsylvania Transportation Authority's Fiscal Year 2023 Capital Budget and Fiscal Years 2023-2034 Capital Program and Comprehensive Plan.

Examiner's Recommendation:

**That the Fiscal Year 2023 Capital Budget and Fiscal Years 2023-2034 Capital Program and Comprehensive Plans be adopted.**

Members of the Board:

Pursuant to my appointment by Pasquale T. Deon, Board Chairman, to conduct hearings for the purpose of considering SEPTA's Fiscal Year 2023 Capital Budget and Fiscal Years 2023-2034 Capital Program and Comprehensive Plan, virtual public hearings were held at 10:00 a.m. and 4:00 p.m., May 23, 2022 with the Hearing Examiner, SEPTA witnesses and representatives present in the SEPTA Board Room, Mezzanine, 1234 Market Street, Philadelphia, Pennsylvania 19107 and general public attending via WebEx.

A stenographic record was made of the hearings and is available for viewing in the Authority's files. Included as part of the record of the hearings, but not forwarded herewith, are the exhibits establishing posting and publication of the notice of the hearings. These exhibits are available for viewing in the Authority's files.

The Fiscal Year 2023 Capital Budget and Fiscal Years 2023-2034 Capital Programs were prepared by SEPTA in accordance with Section 1310 of the Pennsylvania Public Transportation Law of 1991 ("Act 26") and the hearings proceeded virtually with the presentation by the SEPTA witness. Following the presentation of testimony by the SEPTA witness, the floor was open to any person attending virtually who desired to ask questions, make a statement or present evidence.

Introduction: Brian McFadden, Director of Capital Budget & Grant Development testified that SEPTA's FY 2023 Capital Budget proposal is the largest in SEPTA's history at more than \$1.1 billion. This investment will transform SEPTA's legacy system into the lifestyle transit network of tomorrow. Over the next 12 years, SEPTA intends to invest \$11.4 billion in building a region that is equitable, sustainable, and prosperous for everyone. These historic funding levels are possible due to increased federal funding

resulting from the November 2021 enactment of the Infrastructure Investment and Jobs Act, or IIJA (also known as the Bipartisan Infrastructure Law) and the transition of Pennsylvania Public Transportation Capital Assistance funding sources from Pennsylvania Turnpike Commission bonds to the Commonwealth's Motor Vehicle Sales and Use Tax. With the transition of state funding to a sustainable and bondable source, SEPTA can leverage against forecasted state revenues to issue bonds to support capital investments. These projected bond revenues significantly increase the Authority's capital program, allowing SEPTA to address the critical state of good repair backlog earlier than previously planned, including supporting the acquisition of new vehicles to replace the nation's oldest rail fleet. SEPTA's capital program is also supported by a commitment from regional leaders to flex nearly \$300 million in Federal Highway Administration Congestion Mitigation and Air Quality Improvements Program (CMAQ) funds beginning in FY 2025. These funds will be applied to the Projects of Significance including Trolley Modernization, KOP Rail, Bus Revolution, and SLIV replacements. SEPTA will continue to work with local leaders to identify additional regional funding sources to help leverage and maximize federal and state dollars to fully fund the Projects of Significance and address SEPTA's State of Good Repair needs. SEPTA is grateful to elected leaders at the local, state, and federal level for their commitment to increasing and strengthening these funding sources to deliver a transformative investment in the entire Southeastern Pennsylvania region. The FY 2023 Capital Budget includes the following forecasted federal, state and local funding assumptions, as well as anticipated capital financing: State funds via Pennsylvania Department of Transportation, or PennDOT, are forecasted at \$385.91 million, or 33.2 percent of the total budget. Federal funding is programmed at \$361.40 million, or 31.1 percent of the total budget. This projection is based on forecasted dollar levels authorized by the federal IIJA and administered by the Federal Transit Administration. The IIJA provides predictable federal funding for the Authority's capital program through FY 2026. Local contributions from the City of Philadelphia and Bucks, Chester, Delaware, and Montgomery Counties are programed at \$15.01 million, or 1.3 percent of the total FY 2023 capital budget. This amount is based on the required match to state and federal funding. Once the transportation dollars SEPTA receives from PennDOT transition to the Motor Vehicle Sales and Use Tax, the Authority intends to leverage a portion of the funding it receives from the Commonwealth, to issue bonds to support various capital improvement projects. For FY 2023, Capital financing is programmed at \$399.89 million, or 34.4 percent of the total budget. Although SEPTA anticipates issuing \$550M of bonds this year, approximately \$400M is anticipated to be expended this fiscal year. The balance of bond funds will be expended next year. The annual Fiscal Year 2023 Capital Budget is allocated among 12 vehicle and infrastructure programs and the Authority's financial obligations. In FY 2023, Financial Obligations, including the refinancing of the Authority's previously issued EB-5 loan, makes up 31.2 percent of the capital budget; The Vehicle Acquisitions and Overhaul program is allocated 23.5 percent of the budget; Projects of Significance is 12.4 percent of the budget; The remaining 32.9 percent of the FY 2023 Capital Budget is allocated to various system infrastructure state of good repair and ADA accessibility improvement programs. Highlights of major projects within each program are as follows: The Bridge Program is allocated \$18.49 million and will fund the rehabilitation of the Bridgeport Viaduct on the Norristown High Speed Line; the Mainline-Schuylkill Bridges between 30th Street and

Suburban Stations, the Regional Rail and Suburban Rail Critical Bridge programs, and the replacement of Regional Rail Stone Arch Bridges. The Communications, Signal Systems and Technology Improvement Program includes \$104.89 million. These funds are allocated to the Computer Aided Radio Dispatch Replacement, Real Time Information and Audio-Visual Public Address System modernization, Southwest Connection, the Information Technology Program, Train Control Upgrades on the Route 101 and 102 Trolley lines, and rebuilding, reconfiguration and construction of Regional Rail and Norristown High Speed Line interlockings. The FY2023 Infrastructure Safety Renewal Program is allocated \$54 million and provides for the restoration by SEPTA forces of SEPTA's City and Suburban transit and railroad infrastructure to a state of good repair including Communications and Signals, Maintenance and Support facilities, Power Systems, Station Facilities and Track and Right of Way. Maintenance and Transportation Shops and Offices projects are allocated \$33.79 million and includes funding for Fraser Rail Shop and Yard Upgrade; Courtland Track Shop Improvements, Powelton Yard Facilities Improvements and the Maintenance Shop Equipment program, which includes installation of fall arrest systems and replacement of critical equipment at the maintenance shops. Projects of Significance are allocated \$143.99 million. SEPTA and its regional partners continue to advance key Projects of Significance to build towards a shared lifestyle network vision for Southeastern Pennsylvania. These projects are instrumental to ensuring SEPTA can achieve the goals set forth in SEPTA Forward strategic business plan. These funds will provide for infrastructure improvements and initiate the purchase of vehicles to support SEPTA's Trolley Modernization project, complete design for the King of Prussia Rail Project, fund end-of-line facilities and transit prioritization in support of SEPTA's Bus Revolution, and move forward efforts to upgrade new vehicles for the Market-Frankford Line. The Safety and Security Improvements program is allocated \$31.58 million and includes the Escalator and Elevator Improvement Program, Fern Rock Transportation Center Safety Improvements, Safety and Security Infrastructure Hardening Program, Shop, Yard & Office Hardening Program, and the Tank Replacement Program. SEPTA Key is allocated \$5.70 million. The SEPTA Key Program continues to modernize SEPTA's fare payment and collection system by replacing it with a system that utilizes contactless payment devices and readers on all of SEPTA's service modes. \$12.71 million is allocated for the Elwyn to Middletown/US Route Rail Service Restoration Project which will restore rail service and provide a new terminus in Middletown Township at Route 1 in Delaware County. \$88.69 million is programmed for Stations, Loops and Parking Improvements. This capital program will enable SEPTA to achieve the goal of having all remaining Market-Frankford and Broad Street Line Stations accessible within the 12-year program as well as fund additional regional rail station accessibility projects. FY 2023 dollars will fund the SEPTA Metro Rail Transit Wayfinding and Signage initiative, ADA Bridge Plates at Regional Rail and Rail Transit stations, accessibility improvements at numerous stations on multiple service modes including 11th Street Station on the Market-Frankford line; Erie, Susquehanna-Dauphin, and Tasker-Morris Stations on the Broad Street Line; Ardmore Transportation Center, Bristol, Chestnut Hill East, Conshohocken. Malvern, Marcus Hook, Noble, Swarthmore, and Willow Grove Regional Rail Stations; and Villanova Station on the Norristown High Speed Line. Also funded is the construction of a parking facility at Conshohocken Station as part of PennDOT's Interstate 76 Integrated

Corridor Management Plan. The Substations and Power Improvements Program is allocated \$25.07 million. Funds are allocated to the overhaul of the Lansdale and Hatboro substations and 12th Street and Portal Switching Stations on the Regional Rail; Wayne Junction Static Frequency Converters 1-4; the Market, Park, Broad, Loudon, and Castor Rail Transit Substations; and the 30th Street West Catenary Replacement project. Track and Right-of-Way Improvements is programmed at \$7.92 million. Projects include the Norristown High Speed Line Tie Replacement and Continuous Welded Rail project, Trolley Tunnel Track project, Market-Frankford Line Bridge Street Yard Program; and the Route 101/102 Yard Tracks Program. The Vehicle Acquisitions and Overhaul Program is allocated \$273.11 million in FY 2023 and includes the 220 New Flyer hybrid bus purchase, paratransit fleet replacements, the annual Vehicle Overhaul program, the Multi-Level Railcar purchase, and Maintenance of Way and Utility Fleet Renewals. \$362.27 million is programmed to meet the Authority's Financial Obligations, such as debt service and providing required match to the previously approved federally funded capital projects. Included in this total is the refinancing of SEPTA's EB-5 loan from the Delaware Valley Regional Center. The SEPTA presentation included slides detailing the various projects included in each of the above listed categories. The SEPTA witness panel included Kate O'Connor, Chief Engineer Bridges and Buildings, Judy Holton, Assistant General Manager for Planning and Strategy, David Montvydas, Chief Engineer Maintenance of Way and Timothy Steinitz, Manager, Capital Budget & Grant Development. Leslie Richards, General Manager/CEO, Nikolaus Grieshaber, Chief Financial Officer/Treasurer also participated in the proceedings.

A total of 13 people including 3 from the media attended the public hearings virtually and 2 spoke. Two emails were received and entered into the record. Both individuals who spoke addressed accessibility issues and supported SEPTA's accessibility projects including the Bridge Plate project.

An announcement was made at the hearings that the record would be held open through May 27, 2022 for receipt of written comments.

Written comments were received from:

SEPTA Youth Advisory Council submitted a document that applauds SEPTA for allocating funds to Bus Revolution, King of Prussia Rail, Rail Vehicle Replacement, and Trolley Modernization. It also applauds SEPTA on making investments in improving ADA accessibility via the bridge plate investments.

5th Square members submitted a document commending SEPTA for its transformative capital investments in Trolley Modernization, Bus Revolution, Wayfinding Improvements, and Reimagining Regional Rail.

It noted that SEPTA is making progress towards ADA accessibility for over 40 stations across the system and suggested that these projects be hastened by shortening the gap between the design and construction of elevators and other ADA improvements. It urges SEPTA to take the Bus Revolution project as an opportunity to provide the best possible service to its riders.

Montgomery County supports SEPTA's overall effort to remake the system into a unified, lifestyle transit network by aligning its capital budget with its strategic plan, SEPTA Forward. The new dedicated investments in King of Prussia Rail, Bus Revolution, and Reimagining Regional Rail have the power to transform Montgomery County and position it for a future of adaptable growth. However, it notes that this year's list of regional rail stations programmed to receive ADA improvement projects is noticeably shorter compared to last year's. Roslyn, among others in the region, is now left off. All of the other remaining station projects continue to be listed in the back half of the 12-year capital plan. It stresses the importance of investing in accessibility at all of these stations, including Roslyn, and of undertaking the projects sooner rather than later. It further notes that only the Conshohocken parking structure remains in the proposed capital budget and urges SEPTA to consider restoring some or all of the parking projects at various rail stations. The County is grateful to SEPTA for committing the 30% non-CIG share of \$390 million toward KOP Rail's completion. In conclusion, Montgomery County supports SEPTA's proposed FY 2023 Capital Budget and Fiscal Years 2023-2034 Capital Program.

SEPTA's Citizen Advisory Committee submitted a document that commends SEPTA for the presentation of the budget proposal with its visual aides, for funding state of good repairs, making ADA updates, as well as investing in Bus Revolution, Reimagining Regional Rail and Trolley Modernization. It also contained several comments, questions and recommendations which will be addressed by SEPTA management.

#### SUMMARY:

SEPTA's Fiscal Year 2023 Capital Budget and Fiscal Years 2023-2034 Capital Program and Comprehensive Plans are consistent with federal and state programming requirements. These programming requirements specify that the Authority develop a capital program constrained to reasonable funding levels. The current COVID-19 coronavirus dilemma continues to present SEPTA with a significant challenge in bringing

back ridership.

Overall, the budget represent an investment in SEPTA's infrastructure and the regional economy. Many capital projects in the budget are long-term commitments and/or obligations of the Authority and are in need of consistent funding. I believe that Board endorsement of the proposed Fiscal Year 2023 Capital Budget and the Fiscal Years 2023 to 2034 Capital Program is recommended. SEPTA staff is encouraged to continue to work with local member governments and the public throughout the year to discuss and receive input on capital projects.

In conclusion, it is my recommendation that the Fiscal Year 2023 Capital Budget and Fiscal Years 2023-2034 Capital Program be adopted.

Respectfully submitted,



Joseph M. O'Malley, Esquire  
Hearing Examiner