



FISCAL YEAR 2007

# OPERATING BUDGET

and Fiscal Years 2008 to  
2012 Financial Projections



**SEPTA**

Southeastern Pennsylvania Transportation Authority





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Southeastern Pennsylvania Transportation Authority  
Pennsylvania**

For the Fiscal Year Beginning

**July 1, 2005**

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Southeastern Pennsylvania Transportation Authority for the Annual Budget beginning July 1, 2005. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.





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**Vice Chairman**

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**General Manager**

Faye L. M. Moore

TO: Pasquale T. Deon, Sr., Chairman

FROM: Faye L. M. Moore *Faye*

SUBJECT: Fiscal Year 2007 Operating Budget

DATE: September 12, 2006

CC: Board Members

I am forwarding to the Board the Fiscal Year 2007 Operating Budget for the Southeastern Pennsylvania Transportation Authority. The budget, as adopted by the Board on June 22, 2006, maintains fiscal discipline while continuing to provide a comprehensive transit system to the five-county Philadelphia region in a challenging economic environment.

The Fiscal Year 2007 Operating Budget totals \$991 million and reflects cost escalations in the areas of wages, diesel fuel, healthcare and prescription drugs. Most other expense areas will remain essentially at Fiscal Year 2006 levels.

On February 28, 2005, Governor Rendell announced a plan to flex federal transportation funds to public transit agencies throughout the Commonwealth of Pennsylvania. The Governor's plan addressed operating budget shortfalls for the balance of Fiscal Year 2005, all of Fiscal Year 2006, and the first six months of Fiscal Year 2007. The Delaware Valley Regional Planning Commission (DVRPC) Board approved this request.

With the addition of the flex funds, SEPTA's initial FY 2007 budget shortfall was \$72.4 million. With the following actions, the shortfall was reduced by \$22.1 million and totals \$50.3 million:

- Receipt of an additional \$5.4 million in state and local operating subsidies based on the 2% increase in the Commonwealth's General Fund operating assistance line item.
- Reduction in Authority healthcare costs by \$5 million through the prepayment of premiums. Governor Rendell committed to support prepayment of the Authority's healthcare premiums during the November 2005 labor negotiations.



- Savings in healthcare and prescription drug expenses through the successful completion of contract negotiations with most of SEPTA's bargaining units along with changes to benefit plans for management employees. Beginning in the last quarter of Fiscal Year 2006, most of the SEPTA workforce will begin contributing to the cost of healthcare premiums. These savings and employee contributions toward healthcare are projected to total an additional \$7 million in Fiscal 2007.
- Increased passenger revenue from ridership gains as a result of higher gasoline prices and increased efforts to market SEPTA services.

Even with these efforts, our remaining budget shortfall and the chronic underfunding of transit are significant fiscal challenges that SEPTA and all other Commonwealth properties struggle to resolve. We continue to believe that the only reasonable solution to the statewide transportation funding crisis is the approval of a long-term subsidy source with growth potential.

SEPTA remains committed to working with the Governor, members of the General Assembly, House Transportation Committee and the Governor's Transportation Funding and Reform Commission to find such a solution. The Commission is charged with recommending appropriate levels of funding for Pennsylvania transportation including public transit and roads and bridges. In its recently issued initial findings, the Commission has identified additional statewide investment levels of \$497 million to \$848 million for public transit which represent a range from preserving the existing system to extensive investment that increases capacity and functionality.

While we are hopeful that the stakeholders entrusted to resolve the transportation funding issue will be able to identify and reach consensus on an approach before the flex funding solution runs out on December 31<sup>st</sup>, we cannot lose sight of the \$50.3 million shortfall that remains in SEPTA's 2007 operating budget. Absent a solution, the Authority faces the challenge of balancing the budget in the remaining few months of the fiscal year. The painful experience gained over the last few years demonstrates the options of fare increases, service reductions and reductions in force have a negative long-term impact on the Authority's mission to provide quality public transportation to our customers and the five county region we serve.

Later in the fiscal year, staff will present to the Board a plan to fund the remaining budget shortfall based on the recommendations of the fact finding Commission and actions taken by the Legislature.



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# Southeastern Pennsylvania Transportation Authority

## Fiscal Year 2007 Operating Budget

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# Southeastern Pennsylvania Transportation Authority

## Fiscal Year 2007 Operating Budget

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## INTRODUCTION

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### **Mission Statement**

To provide transportation services that enhance the quality of life in the region and to strengthen the SEPTA organization by:

- Maintaining the highest standards of quality and safety
- Becoming an essential partner in the community
- Managing resources responsibly and effectively
- Responding to the changing needs of our customers
- Attracting, developing and supporting a diverse, qualified workforce

### **Scope of Operations**

The Southeastern Pennsylvania Transportation Authority is the nation's sixth largest transit system. SEPTA operates bus, trolley, trackless trolley, regional rail and rapid transit routes, including the Broad Street and Market-Frankford Lines.

The City Transit Division operates mostly within the City of Philadelphia with route extensions into Bucks, Montgomery and Delaware Counties. City Transit Division routes serving Bucks and Montgomery Counties provide convenient connections to Center City via the Broad Street Line. The majority of SEPTA City Transit Division routes operate seven days a week and several offer 24-hour "Owl" service.

The Suburban Transit Division serves Bucks, Chester, Delaware and Montgomery Counties. Many of the Suburban Transit Division routes provide convenient connections at 69<sup>th</sup> Street Terminal to Center City via the Market-Frankford Line, to Norristown via Route 100, to Media via Route 101 and to Sharon Hill via Route 102. The majority of SEPTA Suburban Transit Division routes operate six days a week, with some routes operating on Sundays.

Linking Center City to many suburban communities and employment centers are the Regional Rail routes serving Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in Southeastern Pennsylvania; Newark, Wilmington and Claymont in Delaware; and Trenton and West Trenton in New Jersey. The Route R1 Airport Line provides quick, economical service to Philadelphia International Airport every half-hour, seven days a week.

The majority of SEPTA Regional Rail Lines operate seven days a week, with parking available at many stations. All trains converge in Center City at three major stations: Market East (near 10<sup>th</sup> and Market Streets), Suburban Station (17<sup>th</sup> Street and JFK Boulevard), and 30<sup>th</sup> Street Station (30<sup>th</sup> and Market Streets).

In addition to its fixed route service, SEPTA operates Shared-Ride services in the City of Philadelphia and ADA services throughout the five county region.

Fixed Route Statistics At A Glance	
Service Area	2,184 Square Miles
Population Estimate	3,883,000
Annual Unlinked Trips	299 Million
Annual Passenger Miles	1.3 Billion
Annual Vehicle Revenue Miles	81.8 Million
Vehicles Available for Maximum Service	2,304
Fixed Routes	198
Stations	280



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## SUMMARY OF ASSUMPTIONS

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This document presents the Fiscal Year 2007 Operating Budget. The Fiscal Year 2006 and 2005 actual results are utilized for comparison throughout this budget document.

<b>Service</b>	The Fiscal Year 2007 Operating Budget of \$991.0 million in operating expenses includes minor changes in transportation service as compared to Fiscal Year 2006.
<b>Revenue</b>	Passenger revenue is projected to grow by approximately 1% over that of Fiscal Year 2006. Senior Citizen Transit is expected to increase slightly while decreases are projected in other income.
<b>Expenses</b>	Expenses total \$991.0 million, and reflect cost escalations in the areas of wages, diesel fuel, propulsion power, healthcare and prescriptions drugs.
<b>State and Local Subsidy</b>	Fiscal Year 2007 state and local subsidy includes both the State General Fund Operating Grant and the Act 3 Basic Subsidy Grant. The State General Fund Operating Grant for Fiscal Year 2007 is \$207.6 million, representing an increase of 2% over that of Fiscal Year 2006. It is matched with local subsidy at a 3:1 level. The Act 3 Basic Subsidy grant is level with that of Fiscal Year 2006 and matched with local subsidy at 29:1.
<b>Federal Subsidy</b>	Federal Preventive Maintenance for Fiscal Year 2007 is relatively level with that of Fiscal Year 2006.
<b>Flexible Transportation Funds</b>	Governor Rendell's proposed flex of highway funds to transit was approved on June 23, 2005 by the Delaware Valley Regional Planning Commission. This includes \$65.5 million for SEPTA in Fiscal Year 2007, which funds the Authority's budget shortfall through December 31, 2006.

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## FISCAL 2007 CONSOLIDATED BUDGET

Amounts in thousands ('000)

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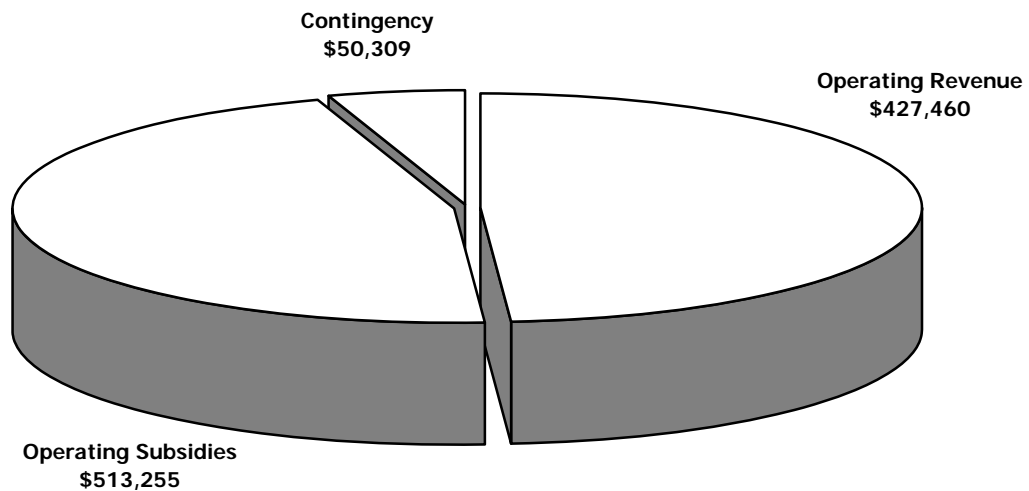
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	<u>FY 2007 Budget</u>
<b>REVENUE</b>	
Passenger Revenue	\$ 332,400
Senior Citizen Transit	51,301
Shared Ride Program	17,800
Investment Income	3,000
Other Income	<u>22,959</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 427,460</b>
<b>EXPENSES</b>	
Labor and Fringe Benefits	\$ 684,830
Materials and Services	184,785
Injuries & Damage Claims	35,000
Propulsion Power	29,813
Fuel	35,643
Vehicle and Facility Rentals	<u>2,251</u>
<b>OPERATING EXPENSE</b>	<b>\$ 972,322</b>
Depreciation/Contributed Capital	<u>\$ 18,702</u>
<b>TOTAL EXPENSES</b>	<b>\$ 991,024</b>
<b>DEFICIT BEFORE SUBSIDY</b>	<b><u>\$ (563,564)</u></b>
<b>OPERATING SUBSIDY</b>	
Federal Preventive Maintenance	\$ 31,200
State Operating	234,867
Local Operating	70,154
State/Local Asset Maintenance	54,224
Lease Cost/Debt Service	54,319
Other - Route Guarantees	3,041
Flexible Transportation Funds	<u>65,450</u>
<b>TOTAL SUBSIDY</b>	<b>\$ 513,255</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>\$ (50,309)</u></b>

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**SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY**  
**FISCAL 2007 OPERATING BUDGET**  
**SUMMARY OF REVENUE AND SUBSIDY**  
(DOLLARS IN THOUSANDS)

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**TOTAL REVENUE AND SUBSIDY = \$940,715**  
**CONTINGENCY = \$50,309**

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# FINANCIAL AND BUDGETARY POLICIES

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## **FINANCIAL PLANNING POLICIES**

### **Balanced Budget**

The Board of the Southeastern Pennsylvania Authority adopts a balanced budget before the start of each fiscal year in accordance with the enabling legislation of the Commonwealth of Pennsylvania. A balanced budget is one in which expected operating revenues and subsidies equal expected operating expenses. Under normal circumstances, the Authority is committed to operating within the constraints of a balanced budget. When a deviation from a balanced budget is foreseen or occurs, this is reported as an operating surplus or deficit.

### **Fiscal Year**

The Southeastern Pennsylvania Transportation Authority's budget is prepared on a fiscal year basis, beginning July 1 and ending June 30, which is consistent with the financial statements.

### **Basis of Financial Reporting and Budgeting**

The Authority's annual financial statements are prepared using the economic resources measurement focus and the accrual basis in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. Revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. The Authority distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from the Authority's principal operation of providing passenger service. The principal operating revenues are passenger fares and the principal operating expenses are related to the delivery of passenger transportation.

The budget is prepared on a similar basis as the annual financial statements, with the following exceptions:

- The budget includes depreciation net of amortization of contributed capital, while the annual financial statements report gross depreciation. Amortization of contributed capital has been replaced in the annual financial statements by capital grants earned.
- The budget includes a resultant Surplus or Deficit, while the annual financial statement report treats this as a Change in Net Assets.
- The budget includes Shared Ride and Senior Citizen subsidies and investment income in operating revenue, while the annual financial statements treat these items, and all other subsidies, as non-operating. Additionally, interest expense is treated as non-operating in the annual financial statements.

### **Long Range Planning**

SEPTA continually assesses the consequences of national, state and local demographic, economic, travel and development trends for SEPTA's current and future operations, services and capital projects. This assessment includes the evaluation of current and potential service levels in accordance with SEPTA's Annual Service Plan and the City Transit, Suburban Transit and Regional Rail Service Standards and Processes. This assessment forms the backdrop for SEPTA's long range planning and the basis for the five-year financial projections which are included in the adopted budget for each fiscal year.



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## **FINANCIAL AND BUDGETARY POLICIES**

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### **Asset Management**

SEPTA has established an internal control structure to ensure that assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with generally accepted accounting principals. The Procurement and Contracts Department of the Business Services Division handles the purchase, lease, sale, and disposal of parts, equipment, supplies, repairs, and services utilized by the organization. This includes the coordination and enforcement of Federal, State and local funding agency regulations for all approved capital expenditures. The principal areas of responsibility include compliance and support services, contract administration, purchasing, resource control and production control. The specific function of this group is further defined in the departmental section of this budget document.

## **REVENUE POLICIES**

### **Revenue Diversification**

The Authority continues to explore areas for revenue diversification and enhancement to supplement passenger revenue and subsidies. Such enhancements shall include, but not be limited to, developing new business and community partnerships, expanding the advertising program, identifying opportunities to serve new markets and pursuing parking initiatives to increase ridership and parking revenue.

### **Fees and Charges**

The Authority's fare structure has been implemented in accordance with legislation established by the legislature of the Commonwealth of Pennsylvania. This enabling legislation requires that no less than half of SEPTA's budget be funded through operating revenue. Changes to SEPTA's fare structure are subject to the guidelines established by this legislation, including a public hearing process.

### **One-time Revenues**

The Authority has adopted a policy whereby it does not rely on one-time revenues of any sort to finance ongoing operations.

### **Unpredictable Revenues**

There are no major revenue sources that the Authority believes to be unpredictable in nature. The Authority has adopted a policy whereby it does not rely on unpredictable revenues of any sort to finance ongoing operations.

## **EXPENDITURE POLICIES**

### **Accountability**

All divisions within SEPTA are expected to adhere to budgeted guidelines. Managers are held accountable for operating within their authorized budget.

The spending plan is based both on an assessment of ongoing needs to maintain existing service levels and to introduce new programs. Due to external constraints on the Authority's expense growth, expansion is limited to those programs exhibiting the highest degree of cost effectiveness and pay back in future economies. Budgeting is done on a management center basis. Each management center is provided with both weekly and monthly financial reports. Significant budget variances in any specific area are reported and available for analysis weekly.

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## FINANCIAL AND BUDGETARY POLICIES

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Numerous financial safeguards and controls are in place throughout the Authority to prevent wasteful or unnecessary spending. The Operational Analysis group within the Finance Division provides ongoing assessment of SEPTA's policies and their application. This group conducts assessment of various SEPTA operations and recommends structural changes when deemed appropriate and will process changes necessary to ensure SEPTA operates as efficiently as possible. In addition, the Authority's Internal Audit Department and numerous outside agencies, many of whom supply SEPTA with funding, regularly audit the Authority.

In addition, the Authority has established a policy of comparing actual expenditures to budget on a monthly basis for both operating and capital expenditures. For capital expenditures, this reporting is handled by the Project Control Department of the Engineering, Maintenance and Construction Division. For operating expenditures, reporting is handled jointly by the Budgets and General Accounting Departments of the Finance Division. In addition, each operating and staff department is responsible for periodic reporting and analysis of expenditures. Actions to bring the budget into balance are implemented by the General Manager, with input from staff. Actions such as fare increases or significant service reductions require approval of the Board.

### **Reserve or Stabilization Accounts**

The Authority has adopted a policy to maintain a prudent level of financial resources to protect against the need to reduce service levels or increase fares due to temporary revenue shortfalls or unpredicted one-time expenditures.

### **Debt Service**

The Authority has issued three series of Special Revenue Bonds. The Bonds are limited obligations of the Authority and the principal and interest thereon are payable solely from the revenues received by the Authority from the Treasury Department of the Commonwealth pursuant to Section 1310 of Title 74 of the Pennsylvania Consolidated Statutes. In particular, all moneys distributed to the Authority from the Public Transportation Assistance Fund created under Article XXIII of the Pennsylvania Tax Reform Code of 1971, as amended.

The Authority's policy is to issue debt periodically to supplement federal grants in support of the Authority's capital plan. There are no requirements to establish legal debt limits.

In February 1995, the Authority issued \$117.9 million of Special Revenue Bonds, Series of 1995A and 1995B, due in varying amounts through 2020, with annual interest from 4.6% to 8.75%. The net proceeds of the bonds were used to refinance certain debt obligations, to reimburse the Authority for the costs of certain capital projects previously paid from operating funds and to make required deposits into the debt service reserve fund. During Fiscal Year 1996, the maximum annual debt service payment amount of \$9.4 million was insured under a municipal bond debt service reserve fund policy and the debt service fund deposit was then made available for capital project expenditures.

In May 1997, the Authority issued \$170.2 million of Special Revenue Bonds, Series of 1997, due in varying amounts through 2022, with annual interest from 4.00% to 5.75%. The net proceeds of the bonds were used to reimburse the Authority for a portion of the costs of certain capital projects; refund certain leases entered into by the Authority for a building and related equipment; pay the costs of certain capital projects and pay the premium for a debt service reserve fund insurance policy.

## FINANCIAL AND BUDGETARY POLICIES

In February 1999, the Authority issued \$262.0 million of Special Revenue Bonds, Series of 1999A and 1999B due in varying amounts through 2029, with annual interest from 3.25% to 5.25%. The net proceeds of the 1999A Bonds were used to finance a portion of the Market-Frankford subway-elevated line vehicle acquisition program; refinance a bridge loan for payment of a portion of the vehicle acquisition program; reimburse the Authority for a portion of the costs of certain capital projects and pay a portion of the premium for a debt service reserve fund insurance policy. The net proceeds of the 1999B Refunding Bonds were used to refund \$73.2 million of the 1995A Bonds, and pay a portion of the premium for a debt service reserve fund insurance policy.

Interest on the Bonds is payable semi-annually on March 1 and September 1. The debt service requirements related to the Bonds are listed below, on a calendar year basis.

### Debt Service Requirements

Year Ending March 1	Interest	Principal	Total Debt Service Requirements
2007	\$ 20,443	\$ 13,640	\$ 34,083
2008	19,708	14,375	34,083
2009	18,923	15,165	34,088
2010	18,119	15,965	34,084
2011	17,268	16,815	34,083
2012	16,367	17,715	34,082
2013	15,401	18,675	34,076
2014	14,378	19,705	34,083
2015	13,298	20,790	34,088
2016	12,172	21,920	34,092
2017	10,984	23,100	34,084
2018	9,732	24,360	34,092
2019	8,410	25,670	34,080
2020	7,052	27,085	34,137
2021	5,618	19,785	25,403
2022	4,607	20,795	25,402
2023	3,545	9,235	12,780
2024	3,106	9,675	12,781
2025	2,647	10,135	12,782
2026	2,165	10,615	12,780
2027	1,661	11,120	12,781
2028	1,133	11,650	12,783
2029	579	12,200	12,779
<b>TOTAL</b>	<b>\$ 227,316</b>	<b>\$ 390,190</b>	<b>\$ 617,506</b>

# FINANCIAL AND BUDGETARY POLICIES

## **Fund Balances**

The Authority currently utilizes a single enterprise fund for operating purposes. The fund is specifically established for the appropriation of revenues and expenses associated with transit operations. Fund balances are carried over and offset against deficits accumulated in prior years.

## **Statement Of Changes In Equity**

<b><u>Amounts in thousands ('000)</u></b>	<b><u>FY 2005 Actual</u></b>	<b><u>FY 2006 Actual</u></b>	<b><u>FY 2007 Budget</u></b>
<b>Contributed Capital:</b>			
Balance at Beginning of Year	\$ 2,690,265	\$ 2,766,274	\$ 2,907,601
Capitalized Grant Property	293,064	368,155	297,000
Capitalized Grant Property - Retirements	(33,814)	(42,532)	(26,000)
Amortization	(216,676)	(226,757)	(226,000)
Amortization - Retirements	<u>33,435</u>	<u>42,461</u>	<u>25,000</u>
<b>Contributed Capital Balance at End of Year</b>	<b>\$ 2,766,274</b>	<b>\$ 2,907,601</b>	<b>\$ 2,977,601</b>
<b>Operating Surplus/(Deficit):</b>			
Accumulated Operating Surplus/(Deficit) at Beginning of Year	\$ (158,536)	\$ (158,060)	\$ (157,808)
Current Year Operating Surplus/(Deficit)*	<u>476</u>	<u>252</u>	<u>(50,309)</u>
<b>Accumulated Operating Deficit at End of Year</b>	<b>\$ (158,060)</b>	<b>\$ (157,808)</b>	<b>\$ (208,117)</b>
<b>Total Equity</b>	<b><u>\$ 2,608,214</u></b>	<b><u>\$ 2,749,793</u></b>	<b><u>\$ 2,769,484</u></b>

\* The Operating Surplus/(Deficit) for FY 2007 represents the contingency, or remaining budget shortfall, pending actions to be presented to the SEPTA Board later this fiscal year to close the budget gap.



# ANNUAL BUDGET PROCESS

## Budget Development

Budget development begins in early January with preparation of a draft service projection for the following fiscal year. This is a collaborative effort between the Budgets and Service Planning Departments, and results in a detailed service projection and authority-wide expense projection by mid-January.

The Budgets Department meets with personnel from each staff and operating department to review budget requirements and potential issues for the following fiscal year. Based on these meetings, the service projection may be revised and departmental expense levels are set accordingly. Preliminary authorization letters and the budget database template is distributed by the Budgets Department to all operating and staff departments in early February.

Operating and staff department personnel populate the operating budget database for submission to the Budgets Department by early March. The Budgets Department reviews each budget submission and recommends corrections or revisions, if necessary. The Budgets Department compiles this information and briefs the Board in late March.

## Period for Public Comment

The Budgets Department publishes SEPTA's Operating Budget Proposal on the Authority's Website and distributes it publicly in early April, thus beginning a thirty-day period for public comment. SEPTA's Board Chairman appoints a hearing examiner to conduct public hearings in each county that SEPTA serves. Public hearings are held in each county in mid-May to solicit public comment on the proposed budget. SEPTA staff presents testimony concerning the budget proposal and responds to questions from the public.

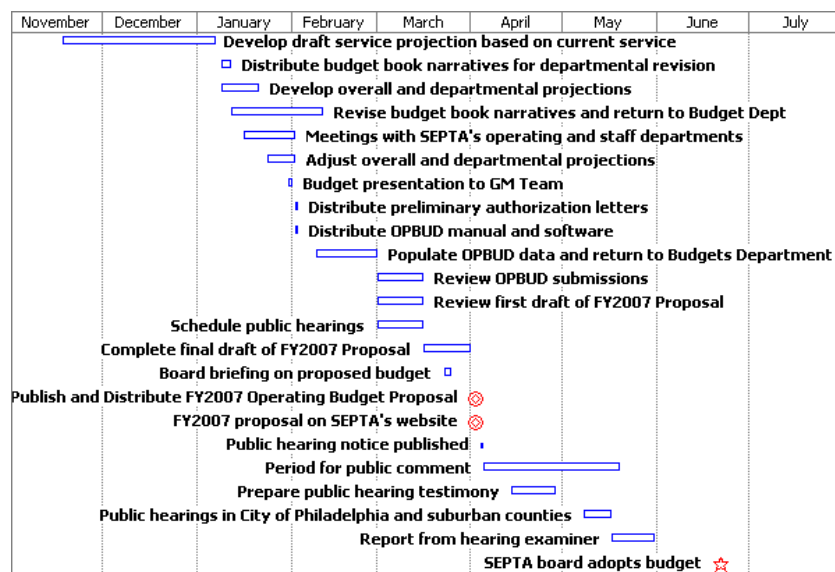
## Adoption

The hearing examiner evaluates the SEPTA staff proposal and public comments and issues a report to the Board in late May, which includes a recommendation on SEPTA's Operating Budget Proposal. The Board of Directors adopts a budget for the upcoming fiscal year at the regular June meeting on the fourth Thursday of the month.

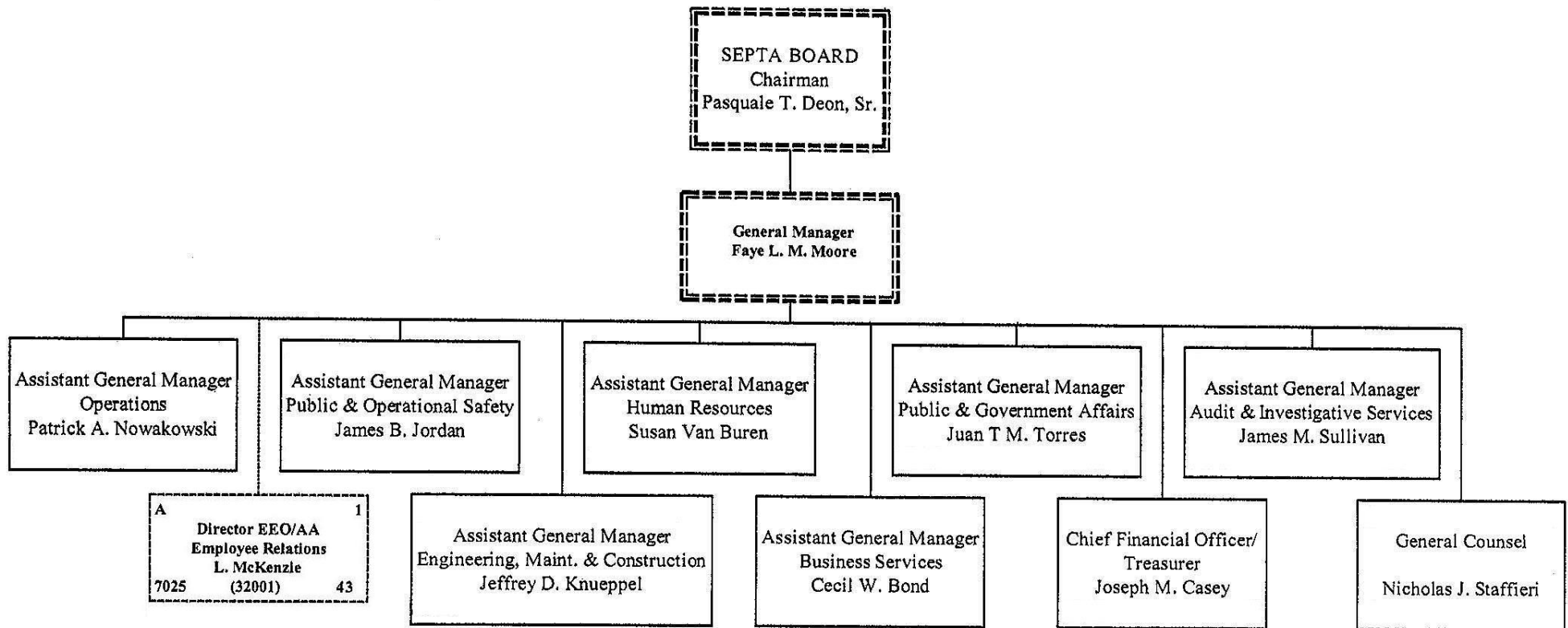
## Budget Amendment

Any subsequent amendments to the budget are handled in the same manner as the annual budget process. That is, budget amendments would be subject to the same three phases of the annual budget process: budget development, period for public comment and budget adoption.

## Key Activities In The Budget Process



Southeastern Pennsylvania Transportation Authority  
Executive Staff



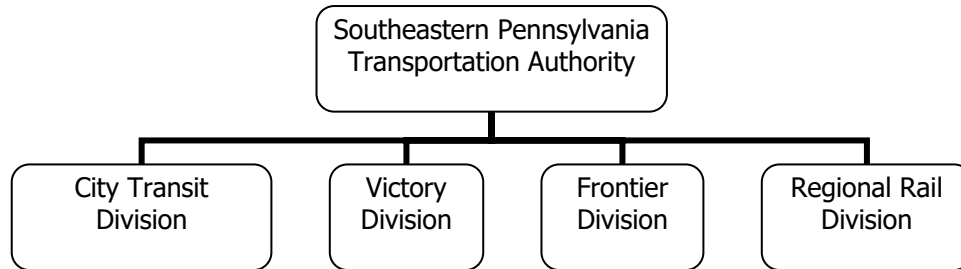
*Faye L. Moore*  
General Manager

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## ORGANIZATIONAL STRUCTURE

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The Pennsylvania General Assembly established the Southeastern Pennsylvania Transportation Authority (SEPTA) on February 18, 1964 to provide public transit services for Bucks, Chester, Delaware, Montgomery and Philadelphia Counties. Over the years, SEPTA acquired the assets of several private transportation operators to form four operating divisions. This distinction permits the efficient implementation of various collective bargaining agreements and the computation of local subsidies. Although the revenue and costs are logically accounted for separately, the operating and staff departments exist in a matrix structure and function as a cohesive unit beneath the following four broad operating divisions:



### **City Transit Division**

SEPTA acquired the assets of the former Philadelphia Transportation Company (PTC) in 1968 forming the current City Transit Division. The City Transit Division, which primarily serves the City of Philadelphia, operates 134 bus routes, 6 light rail lines and two subway-elevated lines.

### **Victory Division**

The Victory Division, formerly known as the Philadelphia Suburban Transportation Company, serves Chester, Delaware and Montgomery Counties. Also known colloquially as the Red Arrow Division, the Victory Division is comprised of 21 bus routes and three light rail lines.

### **Frontier Division**

The Frontier Division consists of 19 bus routes serving Bucks and Montgomery Counties. These routes formerly came under the auspices of several private operators including Schuylkill Valley Lines, which was acquired in 1976.

### **Regional Rail Division**

The Regional Rail Division serves the City of Philadelphia, as well as Bucks, Chester, Delaware and Montgomery Counties, with service to Newark, Delaware and Trenton and West Trenton, New Jersey. The infrastructure and assets of the Regional Rail Division were previously operated by the Penn Central and Reading Railroads. These commuter rail lines were operated by Conrail from 1976 through 1982, and acquired by SEPTA in 1983.

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## OPERATING AND STAFF DEPARTMENTS

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### BOARD

SEPTA is governed by a Board consisting of fifteen Directors. The City of Philadelphia and the Counties of Bucks, Chester, Delaware and Montgomery each appoint two members to the Board. The Pennsylvania Senate and House collectively appoint four members, and the Governor of Pennsylvania appoints one representative.

### CORPORATE STAFF

Board Staff  
Executive Staff  
Office of the General Manager

### OPERATIONS DIVISION

Administration  
Bus Transportation  
Control Center  
Customized Community Transportation  
Labor Relations  
Rail Transportation  
Vehicle Engineering and Maintenance

### AUDIT AND INVESTIGATIVE SERVICES DIVISION

Contract Audit  
Internal Audit  
Office of the Inspector General

### BUSINESS SERVICES DIVISION

Customer Service  
Information Technology  
Procurement and Contracts  
Real Estate  
Small and Disadvantaged Business Utilization

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## **OPERATING AND STAFF DEPARTMENTS**

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### **ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION**

Capital Construction  
Infrastructure

### **FINANCE AND PLANNING DIVISION**

Budgets & Capital and Long Range Planning  
Financial Services  
General Accounting  
Operational Analysis  
Revenue Operations  
Revenue, Ridership, Marketing and Sales  
Service Planning

### **HUMAN RESOURCES DIVISION**

Employee Services  
Equal Employment Opportunity/Affirmative Action  
Human Resources Team  
Recruitment and Talent Management  
Training

### **LEGAL DIVISION**

Corporate  
Litigation

### **PUBLIC AND GOVERNMENT AFFAIRS DIVISION**

Communications  
Government and Community Affairs  
Policy and Procedure  
Media Relations

### **PUBLIC AND OPERATIONAL SAFETY DIVISION**

Administration /Records Management  
Claims  
Enterprise Risk Management  
System Safety  
Transit Police  
Workers' Compensation

**FY 2005 ACTUAL, FY 2006 ACTUAL AND FY 2007 BUDGET  
CONSOLIDATED**

<u>Amounts in thousands ('000)</u>	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2007 versus FY 2006</u>
<b>REVENUE</b>				
Passenger Revenue	\$ 325,815	\$ 328,858	\$ 332,400	\$ 3,542
Senior Citizen Transit	52,272	50,494	51,301	807
Shared Ride Program	17,660	18,312	17,800	(512)
Investment Income	2,909	3,222	3,000	(222)
Other Income	<u>21,527</u>	<u>25,595</u>	<u>22,959</u>	<u>(2,636)</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 420,183</b>	<b>\$ 426,481</b>	<b>\$ 427,460</b>	<b>\$ 979</b>
<b>EXPENSES</b>				
Labor and Fringe Benefits	\$ 637,356	\$ 638,399	\$ 684,830	\$ 46,431
Materials and Services	174,544	187,113	184,785	(2,328)
Injuries & Damage Claims	38,000	34,000	35,000	1,000
Propulsion Power	29,713	21,403	29,813	8,410
Fuel	21,361	31,510	35,643	4,133
Vehicle and Facility Rentals	<u>2,045</u>	<u>2,170</u>	<u>2,251</u>	<u>81</u>
<b>OPERATING EXPENSE</b>	<b>\$ 903,019</b>	<b>\$ 914,595</b>	<b>\$ 972,322</b>	<b>\$ 57,727</b>
Depreciation/Contributed Capital	<u>\$ 20,350</u>	<u>\$ 19,310</u>	<u>\$ 18,702</u>	<u>\$ (608)</u>
<b>TOTAL EXPENSES</b>	<b>\$ 923,369</b>	<b>\$ 933,905</b>	<b>\$ 991,024</b>	<b>\$ 57,119</b>
<b>DEFICIT BEFORE SUBSIDY</b>	<b><u>\$ (503,186)</u></b>	<b><u>\$ (507,424)</u></b>	<b><u>\$ (563,564)</u></b>	<b><u>\$ (56,140)</u></b>
<b>OPERATING SUBSIDY</b>				
Federal Preventive Maintenance	\$ 31,200	\$ 34,313	\$ 31,200	\$ (3,113)
State Operating	236,181	227,683	234,867	7,184
Local Operating	67,790	68,797	70,154	1,357
State/Local Asset Maintenance	54,224	52,940	54,224	1,284
Lease Cost/Debt Service	58,235	28,936	54,319	25,383
Other - Route Guarantees	3,532	2,907	3,041	134
Flexible Transportation Funds	<u>52,500</u>	<u>92,100</u>	<u>65,450</u>	<u>(26,650)</u>
<b>TOTAL SUBSIDY</b>	<b>\$ 503,662</b>	<b>\$ 507,676</b>	<b>\$ 513,255</b>	<b>\$ 5,579</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>\$ 476</u></b>	<b><u>\$ 252</u></b>	<b><u>\$ (50,309)</u></b>	<b><u>\$ (50,561)</u></b>

**FY 2005 ACTUAL, FY 2006 ACTUAL AND FY 2007 BUDGET**  
**CITY TRANSIT DIVISION**

<u>Amounts in thousands ('000)</u>	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2007 versus FY 2006</u>
<b>REVENUE</b>				
Passenger Revenue	\$ 215,013	\$ 211,354	\$ 214,961	\$ 3,607
Senior Citizen Transit	47,182	45,442	46,221	779
Shared Ride Program	17,660	18,312	17,800	(512)
Investment Income	1,720	2,031	1,854	(177)
Other Income	<u>10,867</u>	<u>13,366</u>	<u>11,939</u>	<u>(1,427)</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 292,442</b>	<b>\$ 290,505</b>	<b>\$ 292,775</b>	<b>\$ 2,270</b>
<b>EXPENSES</b>				
Labor and Fringe Benefits	\$ 431,499	\$ 436,152	\$ 469,442	\$ 33,290
Materials and Services	104,247	110,456	105,519	(4,937)
Injuries & Damage Claims	31,800	30,700	30,300	(400)
Propulsion Power	11,712	11,574	12,500	926
Fuel	17,520	25,863	29,107	3,244
Vehicle and Facility Rentals	<u>1,613</u>	<u>1,664</u>	<u>1,683</u>	<u>19</u>
<b>OPERATING EXPENSE</b>	<b>\$ 598,391</b>	<b>\$ 616,409</b>	<b>\$ 648,551</b>	<b>\$ 32,142</b>
Depreciation/Contributed Capital	<u>\$ 13,934</u>	<u>\$ 13,319</u>	<u>\$ 13,020</u>	<u>\$ (299)</u>
<b>TOTAL EXPENSES</b>	<b>\$ 612,325</b>	<b>\$ 629,728</b>	<b>\$ 661,571</b>	<b>\$ 31,843</b>
<b>DEFICIT BEFORE SUBSIDY</b>	<b><u>\$ (319,883)</u></b>	<b><u>\$ (339,223)</u></b>	<b><u>\$ (368,796)</u></b>	<b><u>\$ (29,573)</u></b>
<b>OPERATING SUBSIDY</b>				
Federal Preventive Maintenance	\$ 19,748	\$ 22,907	\$ 20,262	\$ (2,645)
State Operating	149,494	152,015	152,522	507
Local Operating	42,908	45,933	45,558	(375)
State/Local Asset Maintenance	34,322	35,346	35,214	(132)
Lease Cost/Debt Service	39,190	20,665	39,231	18,566
Other - Route Guarantees	1,292	1,028	826	(202)
Flexible Transportation Funds	<u>33,231</u>	<u>61,495</u>	<u>42,503</u>	<u>(18,992)</u>
<b>TOTAL SUBSIDY</b>	<b>\$ 320,185</b>	<b>\$ 339,389</b>	<b>\$ 336,116</b>	<b>\$ (3,273)</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>\$ 302</u></b>	<b><u>\$ 166</u></b>	<b><u>\$ (32,680)</u></b>	<b><u>\$ (32,846)</u></b>

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**FY 2005 ACTUAL, FY 2006 ACTUAL AND FY 2007 BUDGET**

**VICTORY DIVISION**

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<u>Amounts in thousands ('000)</u>	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2007 versus FY 2006</u>
<b>REVENUE</b>				
Passenger Revenue	\$ 16,216	\$ 16,561	\$ 16,952	\$ 391
Senior Citizen Transit	2,450	2,289	2,309	20
Shared Ride Program	-	-	-	-
Investment Income	121	201	177	(24)
Other Income	<u>1,565</u>	<u>1,766</u>	<u>1,561</u>	<u>(205)</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 20,352</b>	<b>\$ 20,817</b>	<b>\$ 20,999</b>	<b>\$ 182</b>
<b>EXPENSES</b>				
Labor and Fringe Benefits	\$ 46,546	\$ 46,585	\$ 50,659	\$ 4,074
Materials and Services	12,820	14,143	15,173	1,030
Injuries & Damage Claims	1,750	2,250	2,200	(50)
Propulsion Power	1,028	1,074	1,150	76
Fuel	2,334	3,398	3,995	597
Vehicle and Facility Rentals	<u>97</u>	<u>99</u>	<u>123</u>	<u>24</u>
<b>OPERATING EXPENSE</b>	<b>\$ 64,575</b>	<b>\$ 67,549</b>	<b>\$ 73,300</b>	<b>\$ 5,751</b>
Depreciation/Contributed Capital	<u>\$ 246</u>	<u>\$ 218</u>	<u>\$ 226</u>	<u>\$ 8</u>
<b>TOTAL EXPENSES</b>	<b>\$ 64,821</b>	<b>\$ 67,767</b>	<b>\$ 73,526</b>	<b>\$ 5,759</b>
<b>DEFICIT BEFORE SUBSIDY</b>	<b><u>\$ (44,469)</u></b>	<b><u>\$ (46,950)</u></b>	<b><u>\$ (52,527)</u></b>	<b><u>\$ (5,577)</u></b>
<b>OPERATING SUBSIDY</b>				
Federal Preventive Maintenance	\$ 2,916	\$ 3,353	\$ 3,104	\$ (249)
State Operating	22,071	22,229	23,370	1,141
Local Operating	6,335	6,717	6,980	263
State/Local Asset Maintenance	5,067	5,168	5,395	227
Lease Cost/Debt Service	3,087	409	2,038	1,629
Other - Route Guarantees	132	108	100	(8)
Flexible Transportation Funds	<u>4,906</u>	<u>8,989</u>	<u>6,512</u>	<u>(2,477)</u>
<b>TOTAL SUBSIDY</b>	<b>\$ 44,514</b>	<b>\$ 46,973</b>	<b>\$ 47,499</b>	<b>\$ 526</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>\$ 45</u></b>	<b><u>\$ 23</u></b>	<b><u>\$ (5,028)</u></b>	<b><u>\$ (5,051)</u></b>



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**FY 2005 ACTUAL, FY 2006 ACTUAL AND FY 2007 BUDGET**

**FRONTIER DIVISION**

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<u>Amounts in thousands ('000)</u>	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2007 versus FY 2006</u>
<b>REVENUE</b>				
Passenger Revenue	\$ 3,783	\$ 3,921	\$ 4,000	\$ 79
Senior Citizen Transit	638	625	616	(9)
Shared Ride Program	-	-	-	-
Investment Income	31	52	48	(4)
Other Income	<u>321</u>	<u>410</u>	<u>367</u>	<u>(43)</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,773</b>	<b>\$ 5,008</b>	<b>\$ 5,031</b>	<b>\$ 23</b>
<b>EXPENSES</b>				
Labor and Fringe Benefits	\$ 14,392	\$ 14,998	\$ 16,204	\$ 1,206
Materials and Services	1,910	1,968	1,899	(69)
Injuries & Damage Claims	450	950	500	(450)
Propulsion Power	-	-	-	-
Fuel	1,507	2,249	2,541	292
Vehicle and Facility Rentals	<u>28</u>	<u>30</u>	<u>38</u>	<u>8</u>
<b>OPERATING EXPENSE</b>	<b>\$ 18,287</b>	<b>\$ 20,195</b>	<b>\$ 21,182</b>	<b>\$ 987</b>
Depreciation/Contributed Capital	<u>\$ 47</u>	<u>\$ 41</u>	<u>\$ 44</u>	<u>\$ 3</u>
<b>TOTAL EXPENSES</b>	<b>\$ 18,334</b>	<b>\$ 20,236</b>	<b>\$ 21,226</b>	<b>\$ 990</b>
<b>DEFICIT BEFORE SUBSIDY</b>	<b><u>\$ (13,561)</u></b>	<b><u>\$ (15,228)</u></b>	<b><u>\$ (16,195)</u></b>	<b><u>\$ (967)</u></b>
<b>OPERATING SUBSIDY</b>				
Federal Preventive Maintenance	\$ 844	\$ 1,027	\$ 920	\$ (107)
State Operating	6,386	6,826	6,929	103
Local Operating	1,833	2,062	2,070	8
State/Local Asset Maintenance	1,466	1,587	1,599	12
Lease Cost/Debt Service	874	135	502	367
Other - Route Guarantees	752	837	775	(62)
Flexible Transportation Funds	<u>1,419</u>	<u>2,763</u>	<u>1,931</u>	<u>(832)</u>
<b>TOTAL SUBSIDY</b>	<b>\$ 13,574</b>	<b>\$ 15,237</b>	<b>\$ 14,726</b>	<b>\$ (511)</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>\$ 13</u></b>	<b><u>\$ 9</u></b>	<b><u>\$ (1,469)</u></b>	<b><u>\$ (1,478)</u></b>

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**FY 2005 ACTUAL, FY 2006 ACTUAL AND FY 2007 BUDGET**

**REGIONAL RAIL DIVISION**

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<u>Amounts in thousands ('000)</u>	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>	<u>FY 2007 versus FY 2006</u>
<b>REVENUE</b>				
Passenger Revenue	\$ 90,803	\$ 97,022	\$ 96,487	\$ (535)
Senior Citizen Transit	2,002	2,138	2,155	17
Shared Ride Program	-	-	-	-
Investment Income	1,037	938	921	(17)
Other Income	<u>8,774</u>	<u>10,053</u>	<u>9,092</u>	<u>(961)</u>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 102,616</b>	<b>\$ 110,151</b>	<b>\$ 108,655</b>	<b>\$ (1,496)</b>
<b>EXPENSES</b>				
Labor and Fringe Benefits	\$ 144,919	\$ 140,664	\$ 148,525	\$ 7,861
Materials and Services	55,567	60,546	62,194	1,648
Injuries & Damage Claims	4,000	100	2,000	1,900
Propulsion Power	16,973	8,755	16,163	7,408
Fuel	-	-	-	-
Vehicle and Facility Rentals	<u>307</u>	<u>377</u>	<u>407</u>	<u>30</u>
<b>OPERATING EXPENSE</b>	<b>\$ 221,766</b>	<b>\$ 210,442</b>	<b>\$ 229,289</b>	<b>\$ 18,847</b>
Depreciation/Contributed Capital	<u>\$ 6,123</u>	<u>\$ 5,732</u>	<u>\$ 5,412</u>	<u>\$ (320)</u>
<b>TOTAL EXPENSES</b>	<b>\$ 227,889</b>	<b>\$ 216,174</b>	<b>\$ 234,701</b>	<b>\$ 18,527</b>
<b>DEFICIT BEFORE SUBSIDY</b>	<b><u>\$(125.273)</u></b>	<b><u>\$(106.023)</u></b>	<b><u>\$(126.046)</u></b>	<b><u>\$ (20.023)</u></b>
<b>OPERATING SUBSIDY</b>				
Federal Preventive Maintenance	\$ 7,692	\$ 7,026	\$ 6,914	\$ (112)
State Operating	58,230	46,613	52,046	5,433
Local Operating	16,714	14,085	15,546	1,461
State/Local Asset Maintenance	13,369	10,839	12,016	1,177
Lease Cost/Debt Service	15,084	7,727	12,548	4,821
Other - Route Guarantees	1,356	934	1,340	406
Flexible Transportation Funds	<u>12,944</u>	<u>18,853</u>	<u>14,504</u>	<u>(4,349)</u>
<b>TOTAL SUBSIDY</b>	<b>\$ 125,389</b>	<b>\$ 106,077</b>	<b>\$ 114,914</b>	<b>\$ 8,837</b>
<b>SURPLUS/(DEFICIT)</b>	<b><u>\$ 116</u></b>	<b><u>\$ 54</u></b>	<b><u>\$ (11,132)</u></b>	<b><u>\$ (11,186)</u></b>

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## REVENUE ASSUMPTIONS

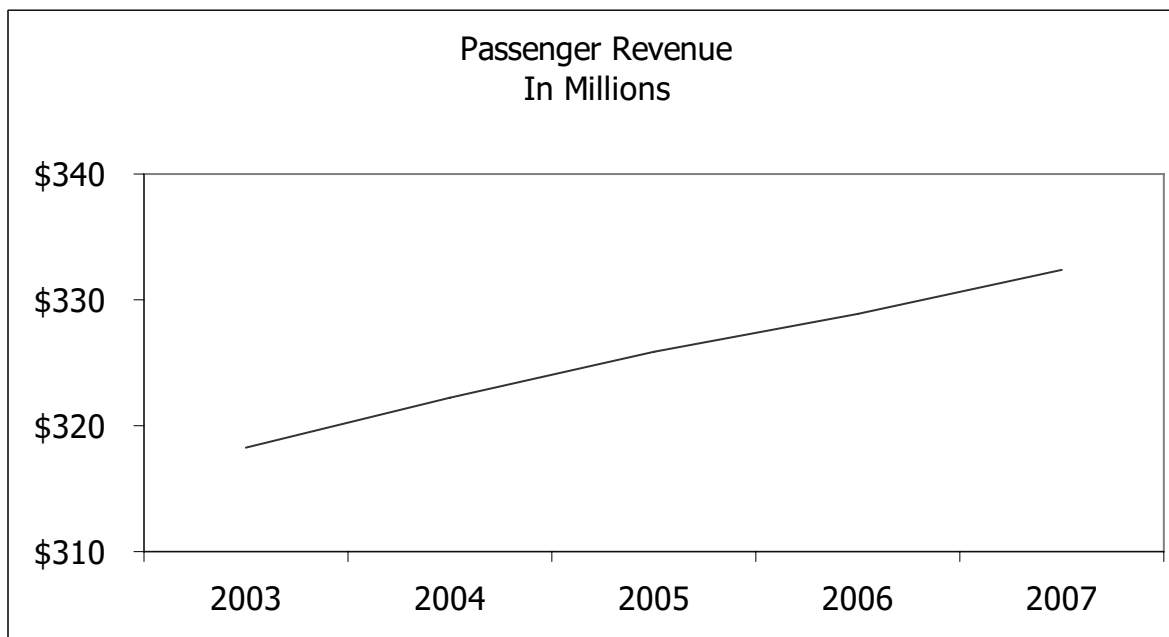
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<b>Passenger Revenue</b>	The Fiscal Year 2007 Operating Budget includes passenger revenue of \$332.4 million, which is 1%, or \$3.5 million greater than that of Fiscal Year 2006.
<b>Senior Citizen Transit</b>	This category reflects projected Senior Citizen fare reimbursement from the state. The Senior Citizen fare reimbursement is budgeted at \$51.3 million for Fiscal Year 2007, which represents a slight increase over that of Fiscal Year 2006. Senior Citizen fares are reimbursed through the State Lottery Fund supplemented by the State General Fund.
<b>Shared Ride Program</b>	SEPTA assumed responsibility for the operation of the state funded Shared Ride Program in the City of Philadelphia during Fiscal Year 1993. This year, the program is budgeted at \$17.8 million. It is funded through the State Lottery, funds from the Philadelphia Corporation for the Aging and Senior Citizen fares.
<b>Other</b>	Other Revenue includes real estate lease income, parking lot fees and advertising income. Total projected revenue for this category is \$26.0 million, including \$3.0 million of investment income.

The Authority analyzes a number of factors that affect the Operating Revenue budget. This includes an examination of national, state and local demographic, economic, travel and development trends. In addition, SEPTA evaluates current and potential service levels and other factors affecting ridership and revenue levels. Finally, the Authority considers historical trends in major revenue categories, as illustrated in the following charts.

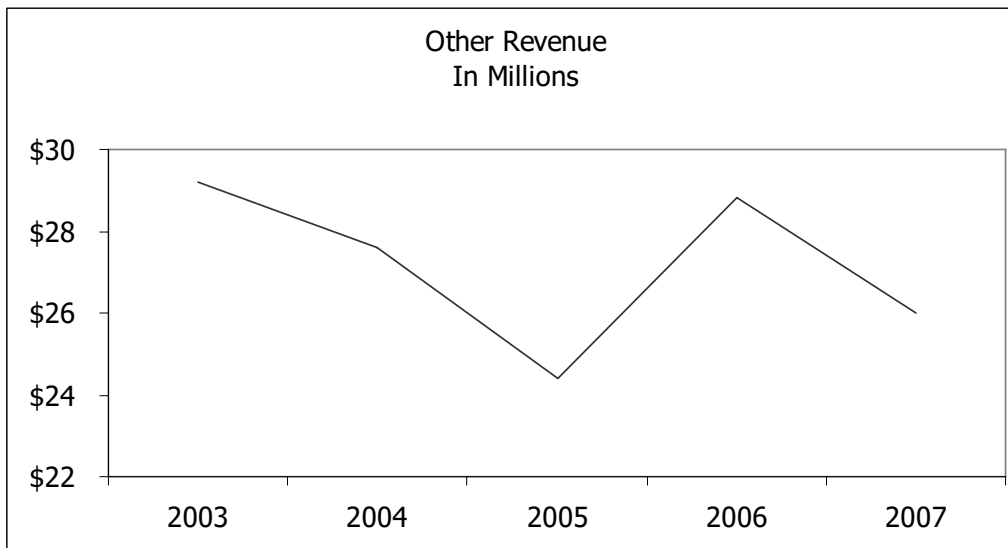
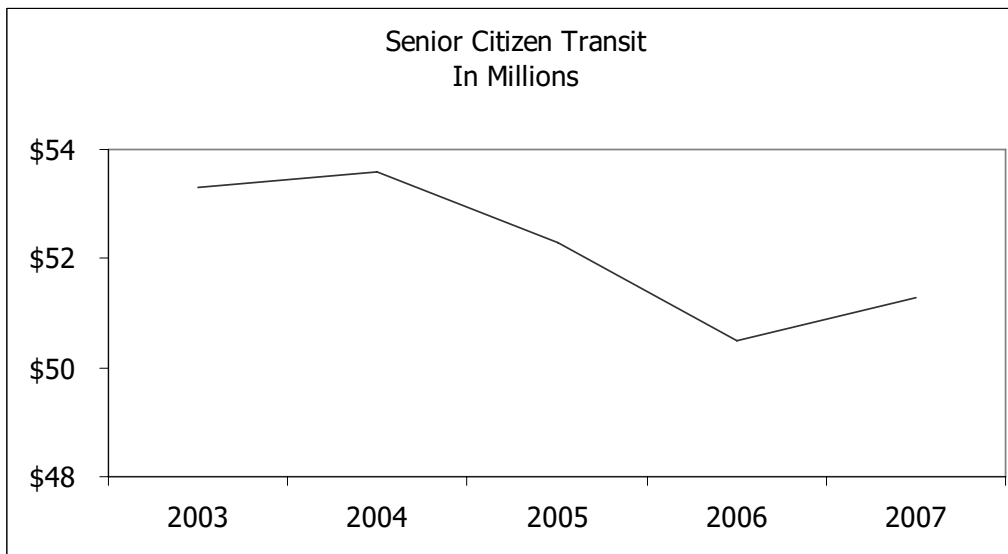
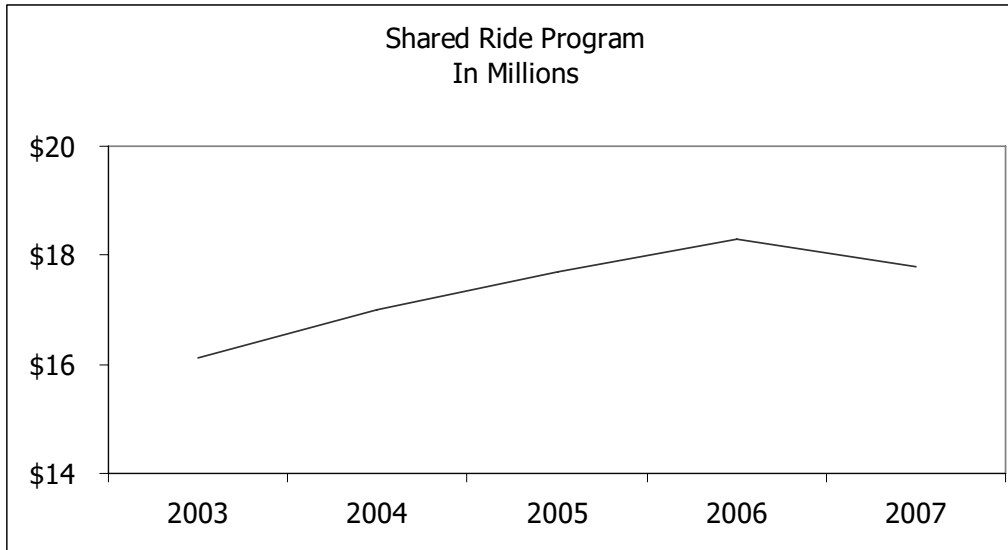
### Revenue Trends At A Glance



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## REVENUE ASSUMPTIONS

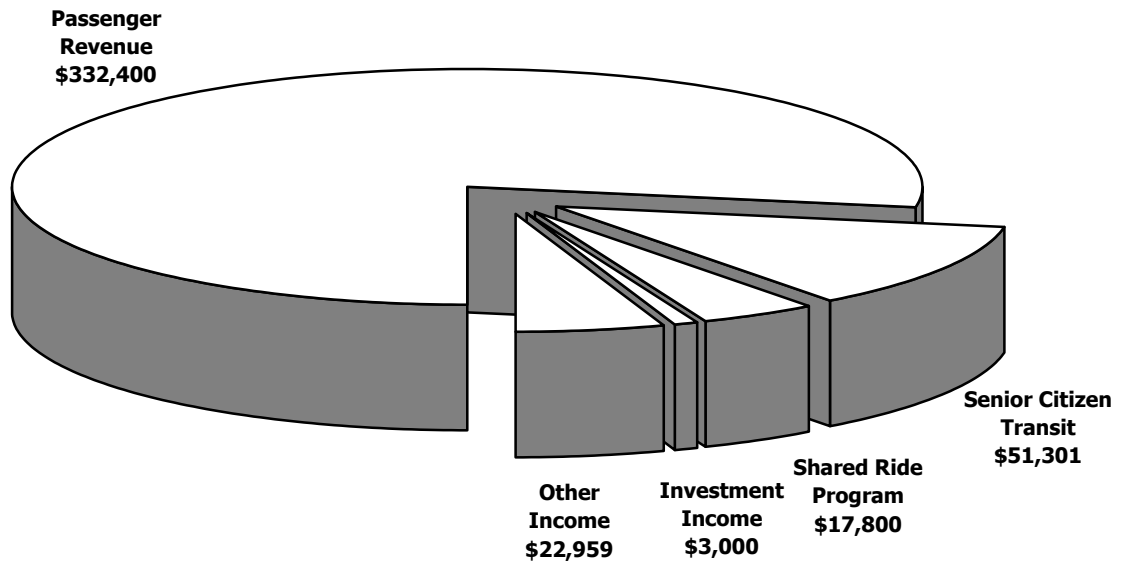
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**SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY**  
**FISCAL 2007 OPERATING BUDGET**  
**SUMMARY OF OPERATING REVENUE**  
(DOLLARS IN THOUSANDS)

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**TOTAL OPERATING REVENUE = \$427,460**

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## OPERATING SUBSIDY ASSUMPTIONS

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### Introduction

Total subsidies in the Fiscal Year 2007 Operating Budget represent \$513.3 million and include the following categories: Federal, State and Local Operating, State and Local Asset Maintenance, State and Local Lease Cost/Debt Service, Route Guarantees and Flexible Transportation Funds. It is important to note that this amount includes debt service cost of \$32.8 million to fund major projects that historically have been funded through the SEPTA capital budget. The percentage of the Authority's direct operating expenses covered by dedicated subsidy remains among the lowest in the nation for major transit properties.

### Subsidy By Category

**Federal** - A review of the history of Federal Transit Operating Subsidy shows that the Federal Government's role in providing operating assistance has steadily declined. In Fiscal Year 1980, Federal Subsidy covered 18.8% of SEPTA's operating expenses. For Fiscal Year 2007, the total Federal Operating Subsidy covers only 3.1% of the total proposed operating expenses. The source of this subsidy is Federal Preventive Maintenance in the amount of \$31.2 million, which is made available for the current expense budget from SEPTA's Section 5307 Capital Grant (formerly FTA Section 9). This funding is available as a result of foregoing or delaying capital improvements, and should not be relied upon as an ongoing source of operating subsidy.

**State** - State Operating Subsidy has played an increasingly important role in supporting the Authority's operation with passage in 1991 of Act 26 dedicated funding legislation for transit. This legislation created the Public Transit Assistance Fund (PTAF), resulting in a significant increase in the level of state assistance, beginning in Fiscal Year 1992. SEPTA's total state subsidy of \$339.8 million for Fiscal Year 2007 includes operating assistance from the State General Fund of \$207.6 million and Act 3 for \$27.2 million which totals \$234.8 million; \$52.4 million in asset maintenance subsidy; and \$52.5 million in lease cost reimbursement and debt service.

**Local** - The local operating subsidy amount is budgeted at a one-to-three matching ratio with the State's Basic Operating grant. This is the minimum legal requirement for SEPTA to draw the full amount from this state grant.

The local subsidy requirement for each of SEPTA's funded divisions (City Transit, Victory, Frontier, and Regional Rail) is determined by the relative deficits before subsidy in each division as adjusted for Route Guarantee and Debt Service payments.

Within each funded division, the percentage of the local subsidy required from each county is shown in the table below:

<u>Local Operating Subsidy by County</u>				
	City Transit	Victory	Frontier	Regional Rail
Bucks	0.27%	0.00%	37.00%	5.90%
Chester	0.00%	2.00%	17.00%	4.30%
Delaware	0.00%	86.00%	0.00%	8.80%
Montgomery	0.25%	12.00%	46.00%	11.00%
Philadelphia	99.48%	0.00%	0.00%	70.00%
Total	100.00%	100.00%	100.00%	100.00%



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## OPERATING SUBSIDY ASSUMPTIONS

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In addition, the operating budget makes an allowance within the standard formula above to properly accommodate the four county utilization of SEPTA's Paratransit. A usage based allocation formula has been established within Victory Division for suburban county ADA service. Each county is billed based on the actual ADA Paratransit service used; the prospective utilization for Fiscal Year 2007 is as follows:

<u>Suburban Paratransit Subsidy Percentage</u> <u>by County</u>	
Bucks	11%
Chester	7%
Delaware	53%
Montgomery	29%
<hr/>	
Total	100%

The combination of "Local Operating" and "Suburban Paratransit" subsidy requirements together equal the mandated 1:3 minimum match requirement for local participation in the state's basic grant.

The City of Philadelphia also provides local match for the ADA Paratransit services within the City Transit Division match formula shown on the previous page. The estimated value of this funding for the Fiscal Year 2007 budget is approximately \$2.2 million and is included in the City's overall City Transit local match as shown in this section.

In addition to the Basic Operating Grant, there are local matching funds provided for the Act 3/BSG grant, the Act 26 Asset Maintenance grant and the Act 3/ASG – Asset Maintenance grant along with SEPTA's Lease Cost/Debt Service Reimbursement. The local match for these grants is 1:29, or 1/30th of total funding, and is again in keeping with state legislation.

Fiscal Year 2007 is the fifth consecutive fiscal year in which SEPTA has been required to use Pennsylvania's Act 3 funding, which totals \$28.2 million in state and local funds for operating budget subsidy. Prior to Fiscal Year 2003, the Authority utilized Act 3 funds to advance its Capital Program. This is shown within the operating grant categories in accordance with PADOT guidelines.

**Asset Maintenance** - The asset maintenance operating subsidy is granted by the State Legislature's passage of Act 26 in 1991, as amended by Act 3 of 1994. This legislation enacted specific taxes as part of statewide dedicated funding for transit and recognizes that operating expenses fund necessary preventive maintenance for the Authority's revenue fleet and infrastructure.

In order to maintain and preserve these assets properly, an amendment to Act 26 was passed in 1994. This revision sets SEPTA's Act 26 Asset Maintenance subsidy at the greater of 30% of the available dedicated funding or the level received in Fiscal Year 1992, the first year under the Act 26 provisions. It is important to note that all other transit agencies in the Commonwealth receiving Act 26 (PTAF) funding are allowed to use up to 50 percent of Act 26 receipts for asset maintenance. SEPTA's Fiscal 2007 Act 26 Asset Maintenance funding is \$41.7 million in state and local funds, which is consistent with 1992 funding levels.

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## OPERATING SUBSIDY ASSUMPTIONS

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The Fiscal Year 2007 budget, like the Fiscal Years 2004, 2005 and 2006 budgets, includes an appropriation from the Asset Maintenance provision within the Act 3/ASG funding which totals \$12.5 million in state and local funds. The Fiscal Year 2007 budget thus adopts a total combined subsidy of \$54.2 million for Asset Maintenance. The local match represents \$1.8 million of the combined total.

**Lease Cost / Debt Service** - In accordance with Pennsylvania Act 3 of 1994 which restates SEPTA's enabling legislation, SEPTA has reclassified its financial reports to include capital lease costs and debt service. This subsidy is provided under the Commonwealth's Act 26 legislation. Included in this category is debt service associated with the acquisition of the 1234 Market Street building, the acquisition of railroad rolling stock and the acquisition of the Market-Frankford car fleet. Total Lease Cost/Debt Service is budgeted at \$54.3 million for Fiscal Year 2007, including \$1.8 million from local match.

**Route Guarantee** - Route Guarantee Subsidies are payments made under separate agreements between SEPTA and various local entities to fully fund the deficits generated by service extensions implemented by specific request. The Fiscal Year 2007 Route Guarantee Subsidy includes an amended University City partnership, which continues the "LUCY" circulator for Fiscal Year 2007.

Montgomery County's Horsham Breeze continues to provide service to key businesses. In the Frontier Division, a funding agreement with Montgomery County provides expanded evening and Sunday hours and additional peak service on Routes 94, 96, 132 and 134. The Bucks County Transit Improvement Project (TIP) was implemented in Fiscal Year 2001, and it represented the restructuring of six routes and the inauguration of two new services with funding provided through a separate funding agreement with County.

An agreement with the Delaware Transit Corporation provides for railroad service to Wilmington and Newark, Delaware.

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**FISCAL 2007 OPERATING BUDGET**  
**CONSOLIDATED DETAIL OF SUBSIDIES**

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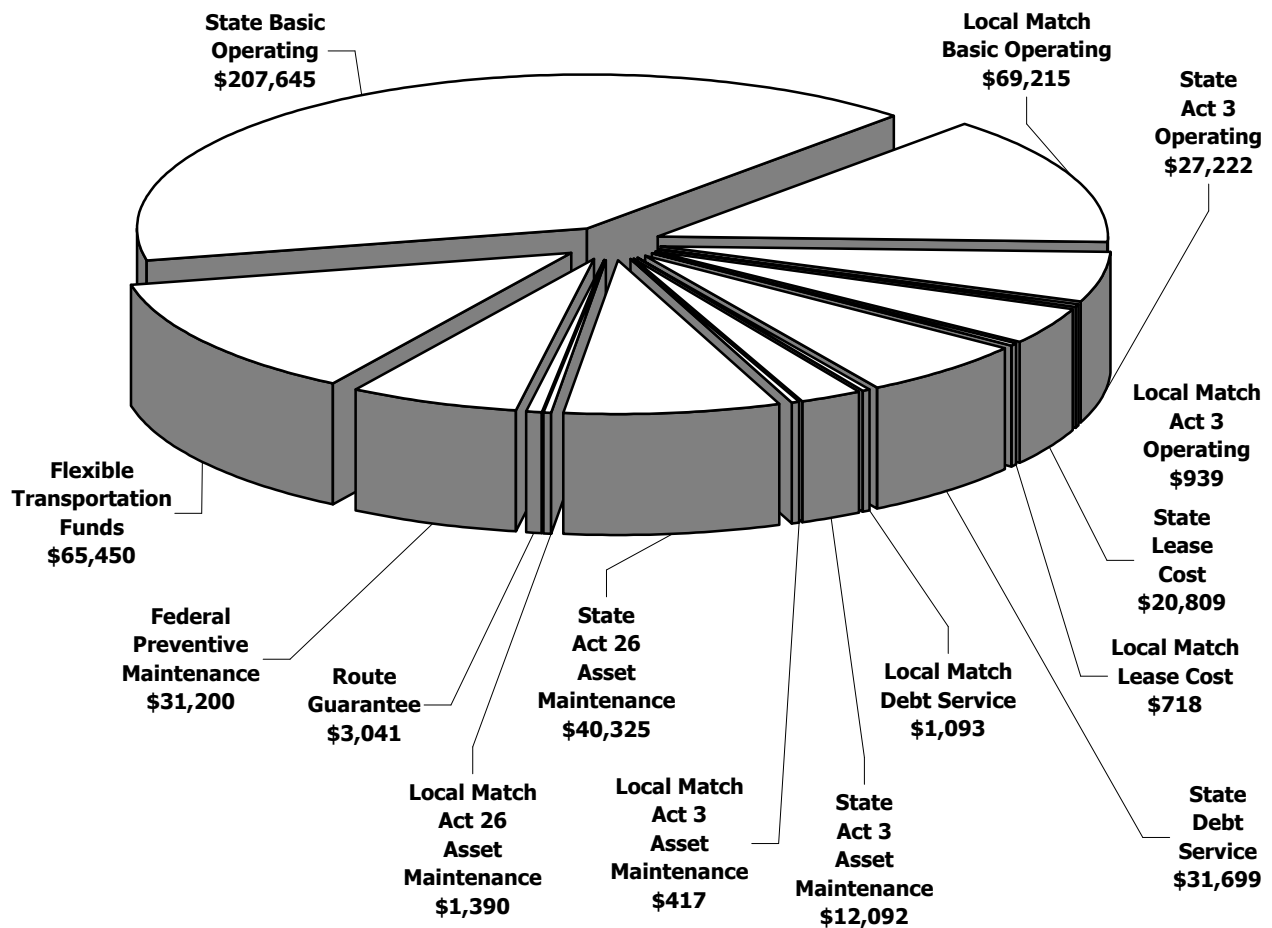
<u>Amounts in thousands ('000)</u>	<u>FY 2007 Budget</u>
<b>Source of Subsidy - Detail:</b>	
Federal Preventive Maintenance (Federal Transit)	\$ 31,200
Flexible Transportation Funds	65,450
State Operating Subsidy - Basic Operating	207,645
Local Match - Basic Operating Subsidy	69,215
State Operating Subsidy - Act 3	27,222
Local Match - Act 3 Operating	939
State Lease Cost	20,809
Local Match - Lease Cost	718
State Debt Service	31,699
Local Match - Debt Service	1,093
State Asset Maintenance - Act 3	12,092
Local Match - Act 3 Asset Maintenance	417
State Asset Maintenance - Act 26	40,325
Local Match - Act 26 Asset Maintenance	1,390
Route Guarantee	<u>3,041</u>
<b>TOTAL SUBSIDIES</b>	<b><u>\$ 513,255</u></b>
 <b>Summary By Type of Subsidy:</b>	
Federal Preventive Maintenance	\$ 31,200
State Operating	234,867
Local Operating	70,154
State/Local Asset Maintenance	54,224
Lease Cost/Debt Service	54,319
Route Guarantee	3,041
Flexible Transportation Funds	<u>65,450</u>
<b>TOTAL SUBSIDIES</b>	<b><u>\$ 513,255</u></b>

The \$65.5 Million in Flexible Transportation Funds for FY 2007 does not include \$2.1 Million in additional Federal subsidy for the Job Access and Reverse Commute Program and the Welfare to Work Program

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**SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY**  
**FISCAL 2007 OPERATING BUDGET**  
**SUMMARY OF OPERATING SUBSIDIES**  
(DOLLARS IN THOUSANDS)

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**TOTAL OPERATING SUBSIDY = \$513,255**

## HISTORY OF OPERATING SUBSIDY FUNDING

Amounts in thousands ('000)

Fiscal Year	Annual Operating Expenses	Federal Subsidy			State Subsidy			Local Subsidy			Total Subsidy	
		Amount	Percent of Total Subsidy	Percent of Annual Expense	Amount	Percent of Total Subsidy	Percent of Annual Expense	Amount	Percent of Total Subsidy	Percent of Annual Expense	Amount	Percent of Annual Expense
1980	\$323,019	\$60,752	38.1%	18.8%	\$71,717	45.0%	22.2%	\$26,822	16.8%	8.3%	\$159,291	49.3%
1981	\$348,782	\$51,553	32.1%	14.8%	\$78,754	49.0%	22.6%	\$30,304	18.9%	8.7%	\$160,611	46.0%
1982	\$383,612	\$40,227	23.0%	10.5%	\$96,702	55.3%	25.2%	\$37,810	21.6%	9.9%	\$174,739	45.6%
1983	\$404,057	\$31,980	18.6%	7.9%	\$100,107	58.1%	24.8%	\$40,310	23.4%	10.0%	\$172,397	42.7%
1984	\$427,965	\$46,001	22.7%	10.7%	\$110,657	54.5%	25.9%	\$46,401	22.9%	10.8%	\$203,059	47.4%
1985	\$457,688	\$32,112	16.2%	7.0%	\$116,355	58.6%	25.4%	\$50,024	25.2%	10.9%	\$198,491	43.4%
1986	\$510,271	\$32,068	15.9%	6.3%	\$122,252	60.7%	24.0%	\$47,134	23.4%	9.2%	\$201,454	39.5%
1987	\$537,139	\$30,712	14.9%	5.7%	\$127,266	61.7%	23.7%	\$48,176	23.4%	9.0%	\$206,154	38.4%
1988	\$555,386	\$28,149	12.5%	5.1%	\$147,360	65.3%	26.5%	\$50,225	22.2%	9.0%	\$225,734	40.6%
1989	\$595,050	\$28,005	10.8%	4.7%	\$165,749	63.8%	27.9%	\$66,145	25.5%	11.1%	\$259,899	43.7%
1990	\$607,275	\$18,005	6.5%	3.0%	\$193,740	70.0%	31.9%	\$65,152	23.5%	10.7%	\$276,897	45.6%
1991	\$630,086	\$27,387	9.7%	4.3%	\$199,613	70.7%	31.7%	\$55,327	19.6%	8.8%	\$282,327	44.8%
1992	\$672,200	\$27,200	7.9%	4.0%	\$259,010	75.6%	38.5%	\$56,290	16.4%	8.4%	\$342,500	51.0%
1993	\$691,300	\$27,200	8.6%	3.9%	\$231,860	73.3%	33.5%	\$57,140	18.1%	8.3%	\$316,200	45.7%
1994	\$676,651	\$27,221	8.4%	4.0%	\$235,926	73.2%	34.9%	\$59,346	18.4%	8.8%	\$322,493	47.7%
1995	\$689,398	\$24,098	6.9%	3.5%	\$261,136	75.2%	37.9%	\$61,924	17.8%	9.0%	\$347,158	50.4%
1996	\$717,648	\$12,625	3.6%	1.8%	\$277,967	78.2%	38.7%	\$64,685	18.2%	9.0%	\$355,277	49.5%
1997	\$710,430	\$12,622	3.6%	1.8%	\$279,355	78.7%	39.3%	\$63,099	17.8%	8.9%	\$355,076	50.0%
1998	\$711,079	\$27,500	7.4%	3.9%	\$278,056	75.1%	39.1%	\$64,879	17.5%	9.1%	\$370,435	52.1%
1999	\$737,005	\$27,500	7.1%	3.7%	\$291,594	75.5%	39.6%	\$67,260	17.4%	9.1%	\$386,354	52.4%
2000	\$764,105	\$27,500	7.1%	3.6%	\$292,998	75.4%	38.3%	\$68,265	17.6%	8.9%	\$388,763	50.9%
2001	\$783,247	\$27,500	6.9%	3.5%	\$301,779	75.6%	38.5%	\$70,100	17.6%	8.9%	\$399,379	51.0%
2002	\$816,447	\$30,747	7.6%	3.8%	\$302,341	74.7%	37.0%	\$71,888	17.8%	8.8%	\$404,976	49.6%
2003	\$843,064	\$30,205	7.1%	3.6%	\$324,516	76.1%	38.5%	\$71,935	16.9%	8.5%	\$426,656	50.6%
2004	\$867,752	\$41,200	9.2%	4.7%	\$335,549	75.0%	38.7%	\$70,727	15.8%	8.2%	\$447,476	51.6%
2005	\$923,369	\$31,200	6.2%	3.4%	\$399,332	79.4%	43.2%	\$72,714	14.4%	7.9%	\$503,246	54.5%
2006	\$933,905	\$34,313	6.8%	3.7%	\$399,534	78.7%	42.8%	\$73,829	14.5%	7.9%	\$507,676	54.4%
2007	\$991,024	\$31,200	6.1%	3.1%	\$405,242	79.0%	40.9%	\$76,813	15.0%	7.8%	\$513,255	51.8%

State and local subsidies for Fiscal 1992 through 2007 include Lease Cost/Debt Service and Asset Maintenance at 29:1 formula funding.

Local subsidies for Fiscal 1990 through 2007 also include "Other - Route Guarantee".

Federal subsidy for Fiscal 2004 included base subsidy of \$30.2 million and transfer of Federal Transit Capital of \$11.0 million.

State and local subsidies for Fiscal 2005 include state Act 3 funds made available due to additional bond funding and proceeds from the litigated settlement of the Paoli Rail Yard cleanup.

State subsidy for Fiscal 2004, 2005, 2006 and 2007 also includes Flexible Transportation Funds of \$15.0 million, \$52.5 million, \$92.1 and \$65.5 million, respectively. Governor Rendell initiated the flex of these funds to transit.

Fiscal 2007 amounts are shown as budgeted. All other amounts represent actual results.

## LOCAL OPERATING SUBSIDY

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>	<u>Total SEPTA</u>
<b>Basic Operating Subsidy</b>					
Bucks	\$ 121	\$ -	\$ 756	\$ 905	\$ 1,782
Chester	-	111	347	660	1,118
Delaware	-	4,746	-	1,350	6,096
Montgomery	112	662	939	1,687	3,400
Philadelphia	44,715	-	-	10,737	55,452
<b>Subtotal</b>	<b>\$ 44,948</b>	<b>\$ 5,519</b>	<b>\$ 2,042</b>	<b>\$ 15,339</b>	<b>\$ 67,848</b>
<b>Suburban Paratransit Operating Subsidy</b>					
Bucks	\$ -	\$ 150	\$ -	\$ -	\$ 150
Chester	-	96	-	-	96
Delaware	-	725	-	-	725
Montgomery	-	396	-	-	396
Philadelphia	-	-	-	-	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 1,367</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,367</b>
<b>Act 3 Operating Subsidy</b>					
Bucks	\$ 2	\$ -	\$ 10	\$ 12	\$ 24
Chester	-	2	5	9	16
Delaware	-	80	-	18	98
Montgomery	2	11	13	23	49
Philadelphia	606	-	-	147	753
<b>Subtotal</b>	<b>\$ 610</b>	<b>\$ 93</b>	<b>\$ 28</b>	<b>\$ 209</b>	<b>\$ 940</b>
<b>Total Local Operating Subsidy</b>					
Bucks	\$ 123	\$ 150	\$ 766	\$ 917	\$ 1,956
Chester	-	209	352	669	1,230
Delaware	-	5,551	-	1,368	6,919
Montgomery	114	1,069	952	1,710	3,845
Philadelphia	45,321	-	-	10,884	56,205
<b>Total Local Operating Subsidy</b>	<b>\$ 45,558</b>	<b>\$ 6,979</b>	<b>\$ 2,070</b>	<b>\$ 15,548</b>	<b>\$ 70,155</b>

## LOCAL ASSET MAINTENANCE SUBSIDY

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>	<u>Total SEPTA</u>
<b>Local Asset Maintenance Subsidy</b>					
Bucks	\$ 3	\$ -	\$ 20	\$ 24	\$ 47
Chester	-	4	9	17	30
Delaware	-	154	-	35	189
Montgomery	3	22	24	44	93
Philadelphia	<u>1,168</u>	<u>-</u>	<u>-</u>	<u>281</u>	<u>1,449</u>
<b>Total Local Asset Maintenance Subsidy</b>	<b>\$ 1,174</b>	<b>\$ 180</b>	<b>\$ 53</b>	<b>\$ 401</b>	<b>\$ 1,808</b>

*Asset Maintenance Match At 1:29*

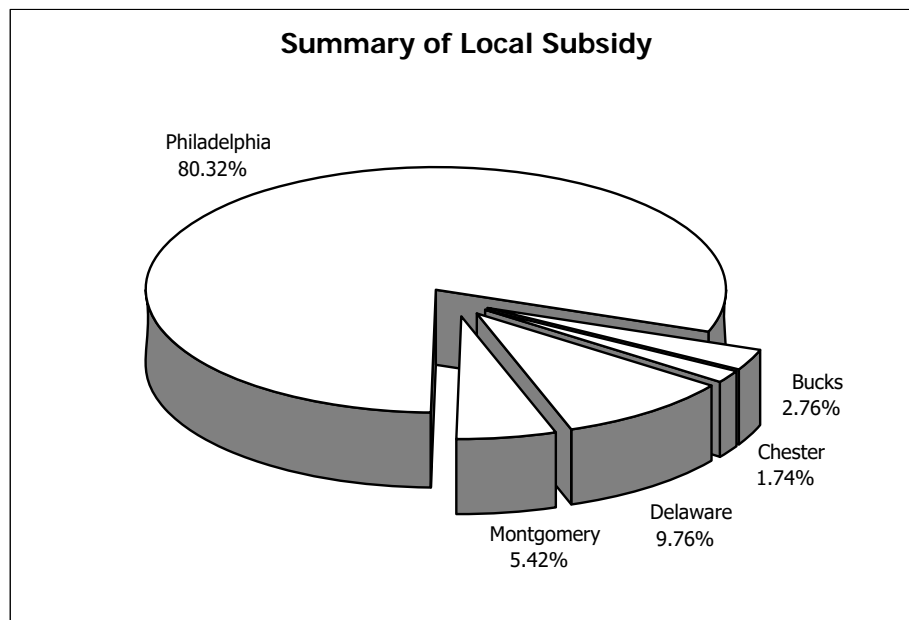
## LOCAL LEASE COST / DEBT SERVICE SUBSIDY

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>	<u>Total SEPTA</u>
<b>Local Lease Cost / Debt Service Subsidy</b>					
Bucks	\$ 3	\$ -	\$ 6	\$ 24	\$ 33
Chester	-	1	3	18	22
Delaware	-	59	-	37	96
Montgomery	3	8	8	45	64
Philadelphia	<u>1,301</u>	<u>-</u>	<u>-</u>	<u>295</u>	<u>1,596</u>
<b>Total Local Lease Cost / Debt Service Subsidy</b>	<b>\$ 1,307</b>	<b>\$ 68</b>	<b>\$ 17</b>	<b>\$ 419</b>	<b>\$ 1,811</b>

*Lease Cost/Debt Service At 1:29*

## TOTAL LOCAL SUBSIDY

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>	<u>Total SEPTA</u>
<b>Total Local Subsidy</b>					
Bucks	\$ 129	\$ 150	\$ 792	\$ 965	\$ 2,036
Chester	-	214	364	704	1,282
Delaware	-	5,764	-	1,440	7,204
Montgomery	120	1,099	984	1,799	4,002
Philadelphia	47,790	-	-	11,460	59,250
<b>Total Local Subsidy</b>	<b>\$ 48,039</b>	<b>\$ 7,227</b>	<b>\$ 2,140</b>	<b>\$ 16,368</b>	<b>\$ 73,774</b>



The total local subsidy required for Fiscal 2007 is comprised of the following:

Total Operating Subsidy (1:3 and 1:29)	\$ 70,155
Asset Maintenance Local Match (1:29)	1,808
Lease Cost / Debt Service Local Match (1:29)	<u>1,811</u>
<b>Total Local Subsidy Required</b>	<b><u>\$ 73,774</u></b>



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## EXPENSE ASSUMPTIONS

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### **LABOR & BENEFITS**

The Fiscal Year 2007 Operating Budget reflects the provisions of negotiated labor contracts and increases in the costs of healthcare and prescription drug coverage, along with employee contributions to healthcare costs.

SEPTA's net labor cost includes a credit for an FTA approved method of allocating labor expense from the operating to the capital budget for costs associated with advancing capital projects.

### **MATERIALS & SERVICES**

Materials & Services (M&S) includes replacement parts for fleet and warehouse inventory as well as various services including utilities, snow removal and Amtrak trackage rights.

### **CLAIMS**

Claims expense includes self-insured claims payouts and reserve adjustments.

### **PROPULSION POWER**

Revenue vehicle propulsion power expense is calculated based on estimated kilowatt-hour usage and scheduled rates.

### **FUEL**

Diesel fuel expense is based on budgeted miles of bus operation, projected miles per gallon consumption and anticipated fuel prices. In addition, this category includes the switch to ultra-low sulfur diesel fuel during Fiscal Year 2007.

### **RENTAL EXPENSE**

Rental expense covers all operating lease rentals due for fixed facilities, including departmental rents and short-term non-revenue vehicle and equipment leases.

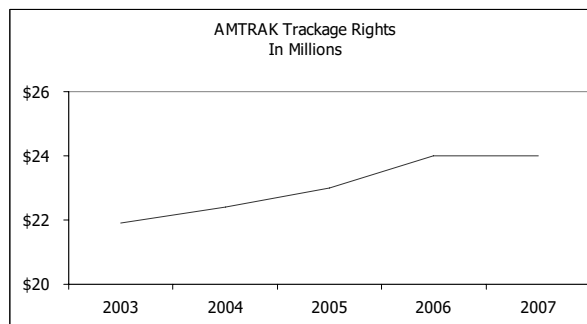
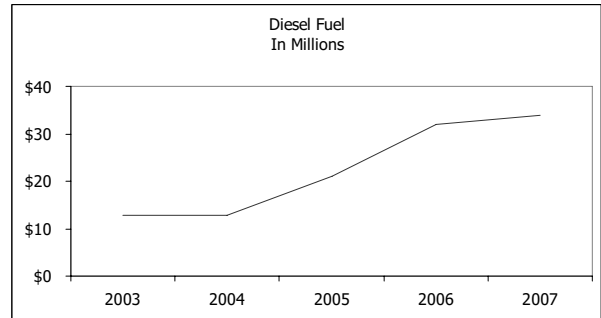
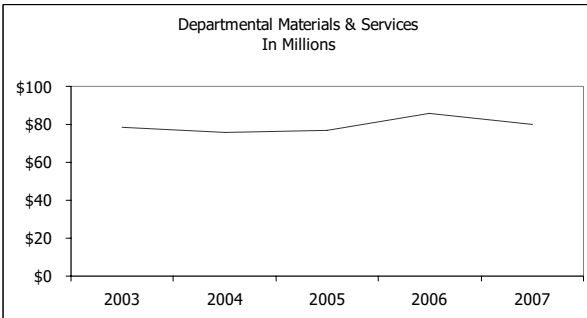
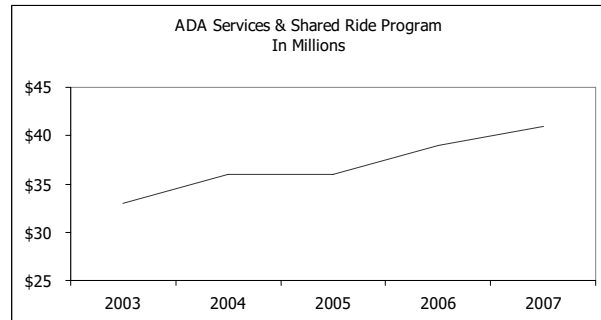
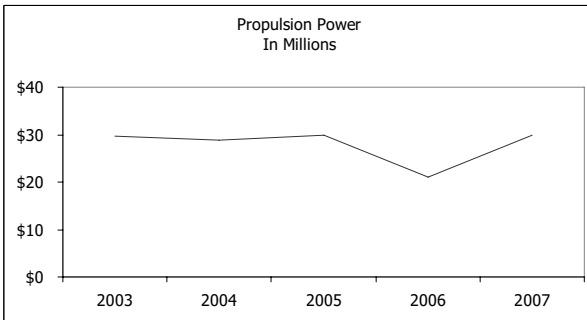
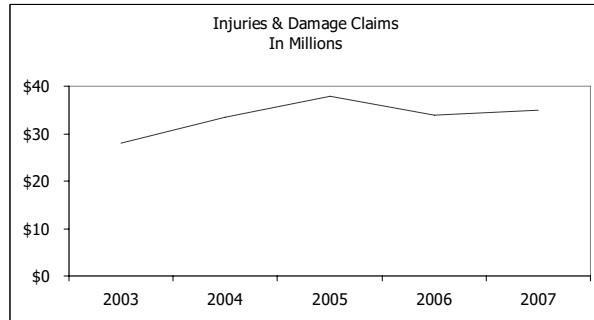
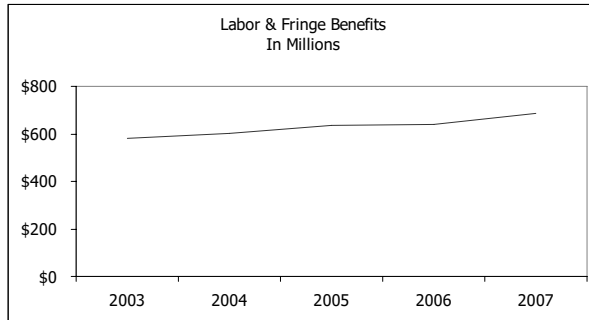
### **DEPRECIATION**

Depreciation expense is the amortization of the cost of the Authority's fixed assets over their estimated useful lives net of the amortization of contributed capital.

## EXPENSE ASSUMPTIONS

In developing the Operating Expense budget, the Authority considers issues that affect both the individual area of expense as well as national, state and local economic conditions. In addition, SEPTA focuses on historical trends in major expense categories, as illustrated in the following charts.

### Expense Trends At A Glance



## DETAIL OF EXPENSES - FISCAL 2007 BUDGET

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
<b>DEPARTMENTAL EXPENSES</b>			
<b>Operations Division</b>			
Administration	\$ 1,311	\$ 20	\$ 1,331
Bus Transportation	119,319	400	119,719
Control Center	5,973	681	6,654
Customized Community Transportation (CCT)	5,714	2,396	8,110
Labor Relations	947	346	1,293
Rail Transportation	114,305	10,985	125,290
Vehicle Engineering and Maintenance	85,668	30,918	116,586
<b>Total Operations</b>	<b>\$ 333,237</b>	<b>\$ 45,746</b>	<b>\$ 378,983</b>
<b>Staff Departments</b>			
Corporate Staff	\$ 2,104	\$ 248	\$ 2,352
Audit and Investigative Services	1,311	160	1,471
Business Services	16,419	8,219	24,638
Engineering, Maintenance and Construction	51,255	12,452	63,707
Finance	20,020	5,523	25,543
Human Resources	9,749	776	10,525
Legal	3,870	7,140	11,010
Public and Government Affairs	1,999	1,741	3,740
Public and Operational Safety	17,925	641	18,566
Capital Allocation, Rentals, and Fuel included below	(13,873)	(2,891)	(16,764)
Headquarters Allocation	-	-	-
<b>Total Staff Departments</b>	<b>\$ 110,779</b>	<b>\$ 34,009</b>	<b>\$ 144,788</b>
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>\$ 444,016</b>	<b>\$ 79,755</b>	<b>\$ 523,771</b>
<b>NON-DEPARTMENTAL EXPENSES</b>			
Fringe Benefits	\$ 240,814	\$ -	\$ 240,814
Amtrak	-	24,461	24,461
CCT - ADA Services	-	21,934	21,934
CCT - Shared Ride Program	-	19,176	19,176
Debt Service Interest and Fees	-	20,868	20,868
Property and Corporate Insurance	-	2,967	2,967
Services for 1234 Market Street	-	4,180	4,180
Snow Removal	-	2,300	2,300
Utilities	-	16,031	16,031
Capitalized/Other Costs	-	(6,887)	(6,887)
Headquarters Allocation	-	-	-
<b>TOTAL NON-DEPARTMENTAL EXPENSES</b>	<b>\$ 240,814</b>	<b>\$ 105,030</b>	<b>\$ 345,844</b>
<b>OTHER OPERATING EXPENSES</b>			
Injuries & Damage Claims	\$ -	\$ 35,000	\$ 35,000
Propulsion Power	-	29,813	29,813
Fuel	-	35,643	35,643
Vehicle and Facility Rentals	-	2,251	2,251
Depreciation/Contributed Capital	-	18,702	18,702
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ 121,409</b>	<b>\$ 121,409</b>
<b>TOTAL EXPENSES</b>	<b>\$ 684,830</b>	<b>\$ 306,194</b>	<b>\$ 991,024</b>

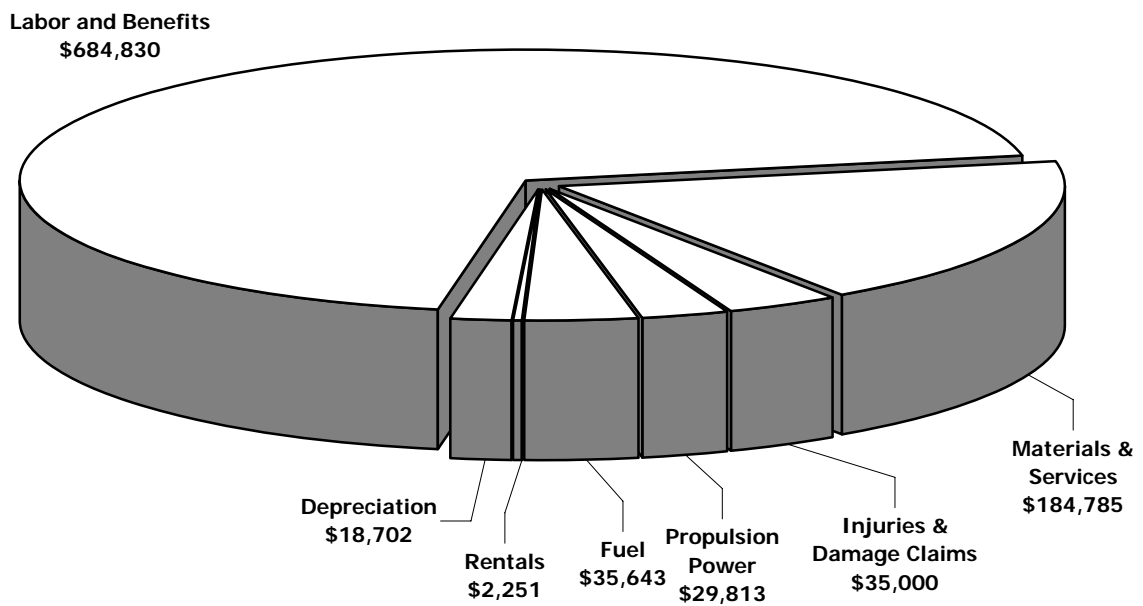
# FISCAL 2007 BUDGET - ALLOCATION BY DIVISION

Amounts in Thousands ('000)	Headquarters Co. 1100	City Transit Co. 2100	Victory Co. 2200	Frontier Co. 2300	Regional Rail Co. 3100	TOTAL
<b>DEPARTMENTAL EXPENSES</b>						
<b>Operations Division</b>						
Administration	\$ 1,197	\$ -	\$ -	\$ -	\$ 134	\$ 1,331
Bus Transportation	-	111,412	-	8,307	-	119,719
Control Center	234	2,745	373	-	3,302	6,654
Customized Community Transportation (CCT)	7,211	660	239	-	-	8,110
Labor Relations	998	295	-	-	-	1,293
Rail Transportation	123	46,582	20,716	-	57,869	125,290
Vehicle Engineering and Maintenance	354	78,606	8,588	3,339	25,699	116,586
<b>Total Operations</b>	<b>\$ 10,117</b>	<b>\$ 240,300</b>	<b>\$ 29,916</b>	<b>\$ 11,646</b>	<b>\$ 87,004</b>	<b>\$ 378,983</b>
<b>Staff Departments</b>						
Corporate Staff	\$ 2,352	\$ -	\$ -	\$ -	\$ -	\$ 2,352
Audit and Investigative Services	1,471	-	-	-	-	1,471
Business Services	22,925	537	5	-	1,171	24,638
Engineering, Maintenance and Construction	113	39,508	4,428	-	19,658	63,707
Finance	23,623	1,805	-	-	115	25,543
Human Resources	6,203	2,451	410	55	1,406	10,525
Legal	4,308	4,964	255	43	1,440	11,010
Public and Government Affairs	3,740	-	-	-	-	3,740
Public and Operational Safety	18,527	215	15	1	(192)	18,566
Capital Allocation, Rentals, and Fuel included below	(11,787)	(3,273)	(285)	(312)	(1,107)	(16,764)
Headquarters Allocation	(81,592)	60,444	5,605	1,713	13,830	-
<b>Total Staff Departments</b>	<b>\$ (10,117)</b>	<b>\$ 106,651</b>	<b>\$ 10,433</b>	<b>\$ 1,500</b>	<b>\$ 36,321</b>	<b>\$ 144,788</b>
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>\$ -</b>	<b>\$ 346,951</b>	<b>\$ 40,349</b>	<b>\$ 13,146</b>	<b>\$ 123,325</b>	<b>\$ 523,771</b>
<b>NON-DEPARTMENTAL EXPENSES</b>						
Fringe Benefits	\$ 37,296	\$ 141,992	\$ 13,155	\$ 3,957	\$ 44,414	\$ 240,814
Amtrak	-	-	-	-	24,461	24,461
CCT - ADA Services	-	13,201	8,733	-	-	21,934
CCT - Shared Ride Program	-	19,176	-	-	-	19,176
Debt Service Interest and Fees	-	16,658	59	17	4,134	20,868
Property and Corporate Insurance	899	854	74	18	1,122	2,967
Services for 1234 Market Street	4,180	-	-	-	-	4,180
Snow Removal	-	-	-	-	2,300	2,300
Utilities	1,940	7,991	977	227	4,896	16,031
Capitalized/Other Costs	(7,039)	532	(75)	(47)	(258)	(6,887)
Headquarters Allocation - Non-Departmental	(37,276)	27,606	2,560	785	6,325	-
<b>TOTAL NON-DEPARTMENTAL EXPENSES</b>	<b>\$ -</b>	<b>\$ 228,010</b>	<b>\$ 25,483</b>	<b>\$ 4,957</b>	<b>\$ 87,394</b>	<b>\$ 345,844</b>
<b>OTHER OPERATING EXPENSES</b>						
Injuries & Damage Claims	\$ -	\$ 30,300	\$ 2,200	\$ 500	\$ 2,000	\$ 35,000
Propulsion Power	-	12,500	1,150	-	16,163	29,813
Fuel	-	29,107	3,995	2,541	-	35,643
Vehicle and Facility Rentals	-	1,683	123	38	407	2,251
Depreciation/Contributed Capital	-	13,020	226	44	5,412	18,702
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ 86,610</b>	<b>\$ 7,694</b>	<b>\$ 3,123</b>	<b>\$ 23,982</b>	<b>\$ 121,409</b>
<b>TOTAL EXPENSES</b>	<b>\$ -</b>	<b>\$ 661,571</b>	<b>\$ 73,526</b>	<b>\$ 21,226</b>	<b>\$ 234,701</b>	<b>\$ 991,024</b>

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**SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY**  
**FISCAL 2007 OPERATING BUDGET**  
**SUMMARY OF TOTAL EXPENSES**  
(DOLLARS IN THOUSANDS)

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**TOTAL EXPENSES = \$991,024**

## DETAIL OF EXPENSES - FISCAL 2006 ACTUAL

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
<b>DEPARTMENTAL EXPENSES</b>			
<b>Operations Division</b>			
Administration	\$ 1,010	\$ 11	\$ 1,021
Automotive Equipment Engineering and Maintenance	37,705	17,113	54,818
Bus Transportation	114,443	321	114,764
Control Center	5,497	84	5,581
Customized Community Transportation (CCT)	5,669	2,182	7,851
Infrastructure	47,059	14,798	61,857
Labor Relations	904	116	1,020
Rail Equipment Engineering and Maintenance	43,011	15,504	58,515
Rail Transportation	107,949	11,941	119,890
<b>Total Operations</b>	<b>\$ 363,247</b>	<b>\$ 62,070</b>	<b>\$ 425,317</b>
<b>Staff Departments</b>			
Corporate Staff	\$ 2,037	\$ 80	\$ 2,117
Audit and Investigative Services	843	144	987
Business Services	14,609	7,576	22,185
Capital Design and Construction	237	62	299
Finance	17,795	5,537	23,332
Human Resources	8,664	731	9,395
Legal	3,236	11,818	15,054
Public and Government Affairs	1,643	1,785	3,428
Public and Operational Safety	17,185	(649)	16,536
Capital Allocation, Rentals, and Fuel included below	(8,571)	(3,392)	(11,963)
Headquarters Allocation	-	-	-
<b>Total Staff Departments</b>	<b>\$ 57,678</b>	<b>\$ 23,692</b>	<b>\$ 81,370</b>
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>\$ 420,925</b>	<b>\$ 85,762</b>	<b>\$ 506,687</b>
<b>NON-DEPARTMENTAL EXPENSES</b>			
Fringe Benefits	\$ 217,474	\$ -	\$ 217,474
Amtrak	-	23,553	23,553
CCT - ADA Services	-	20,840	20,840
CCT - Shared Ride Program	-	18,119	18,119
Debt Service Interest and Fees	-	21,326	21,326
Property and Corporate Insurance	-	3,896	3,896
Services for 1234 Market Street	-	4,438	4,438
Snow Removal	-	1,000	1,000
Utilities	-	17,822	17,822
Capitalized/Other Costs	-	(9,643)	(9,643)
Headquarters Allocation	-	-	-
<b>TOTAL NON-DEPARTMENTAL EXPENSES</b>	<b>\$ 217,474</b>	<b>\$ 101,351</b>	<b>\$ 318,825</b>
<b>OTHER OPERATING EXPENSES</b>			
Injuries & Damage Claims	\$ -	\$ 34,000	\$ 34,000
Propulsion Power	-	21,403	21,403
Fuel	-	31,510	31,510
Vehicle and Facility Rentals	-	2,170	2,170
Depreciation/Contributed Capital	-	19,310	19,310
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ 108,393</b>	<b>\$ 108,393</b>
<b>TOTAL EXPENSES</b>	<b>\$ 638,399</b>	<b>\$ 295,506</b>	<b>\$ 933,905</b>

## DETAIL OF EXPENSES - FISCAL 2005 ACTUAL

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
<b>DEPARTMENTAL EXPENSES</b>			
<b>Operations Division</b>			
Administration	\$ 1,076	\$ 8	\$ 1,084
Automotive Equipment Engineering and Maintenance	38,183	15,136	53,319
Bus Transportation	114,580	330	114,910
Control Center	5,460	62	5,522
Customized Community Transportation (CCT)	5,555	2,342	7,897
Infrastructure	47,532	11,385	58,917
Labor Relations	921	484	1,405
Rail Equipment Engineering and Maintenance	42,894	13,841	56,735
Rail Transportation	108,970	10,379	119,349
<b>Total Operations</b>	<b>\$ 365,171</b>	<b>\$ 53,967</b>	<b>\$ 419,138</b>
<b>Staff Departments</b>			
Corporate Staff	\$ 2,038	\$ 112	\$ 2,150
Audit and Investigative Services	867	136	1,003
Business Services	15,244	7,032	22,276
Capital Design and Construction	178	44	222
Finance	17,682	4,386	22,068
Human Resources	8,882	560	9,442
Legal	3,185	10,116	13,301
Public and Government Affairs	1,755	2,100	3,855
Public and Operational Safety	16,578	2,935	19,513
Capital Allocation, Rentals, and Fuel included below	(8,492)	(4,848)	(13,340)
Headquarters Allocation	-	-	-
<b>Total Staff Departments</b>	<b>\$ 57,917</b>	<b>\$ 22,573</b>	<b>\$ 80,490</b>
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>\$ 423,088</b>	<b>\$ 76,540</b>	<b>\$ 499,628</b>
<b>NON-DEPARTMENTAL EXPENSES</b>			
Fringe Benefits	\$ 214,268	\$ -	\$ 214,268
Amtrak	-	22,802	22,802
CCT - ADA Services	-	19,111	19,111
CCT - Shared Ride Program	-	16,620	16,620
Debt Service Interest and Fees	-	21,980	21,980
Property and Corporate Insurance	-	2,083	2,083
Services for 1234 Market Street	-	3,320	3,320
Snow Removal	-	1,052	1,052
Utilities	-	14,143	14,143
Capitalized/Other Costs	-	(3,107)	(3,107)
Headquarters Allocation	-	-	-
<b>TOTAL NON-DEPARTMENTAL EXPENSES</b>	<b>\$ 214,268</b>	<b>\$ 98,004</b>	<b>\$ 312,272</b>
<b>OTHER OPERATING EXPENSES</b>			
Injuries & Damage Claims	\$ -	\$ 38,000	\$ 38,000
Propulsion Power	-	29,713	29,713
Fuel	-	21,361	21,361
Vehicle and Facility Rentals	-	2,045	2,045
Depreciation/Contributed Capital	-	20,350	20,350
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>\$ -</b>	<b>\$ 111,469</b>	<b>\$ 111,469</b>
<b>TOTAL EXPENSES</b>	<b>\$ 637,356</b>	<b>\$ 286,013</b>	<b>\$ 923,369</b>



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## HEADCOUNT AUTHORIZATION CAUSE OF CHANGE FISCAL 2006 TO FISCAL 2007

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**Fiscal Year 2006 Authorized Headcount: 9,222**

**Overview of Headcount Changes from Fiscal Year 2006 to Fiscal Year 2007:**

- **Operations Division** – Decrease of 1,270 heads:
  - Net decrease of 1,270 heads resulting from the reorganization of the Infrastructure Department to the newly-formed Engineering, Maintenance and Construction Division.
- **Business Services Division** – Decrease of five heads:
  - Decrease of five SAM heads to accommodate the reorganization of Capital and Long Range Planning into the Finance Division.
- **Engineering, Maintenance and Construction Division (formerly, Capital Design & Construction Division)** – Increase of 1,269 heads:
  - Elimination of one SAM head due to service economies in Quality Assurance / Quality Control.
  - Increase of 1,270 heads resulting from the reorganization of the Infrastructure Department from the Operations Division.
- **Finance Division** – Increase of five heads:
  - Increase of five SAM heads to accommodate the reorganization of Capital and Long Range Planning from the Business Services Division.
  - Increase of one SAM head transferred from the Public and Government Affairs Division in Fiscal 2006.
- **Human Resources Division** – Increase of one head:
  - Transfer of one SAM head from the Finance Division.
- **Public and Government Affairs Division** – Decrease of one head:
  - Transfer of one SAM head to accommodate the reassignment of duties to the Public and Operational Safety Division.
- **Public and Operational Safety Division** – Increase of one head:
  - Transfer of one SAM head to accommodate the reassignment of duties from the Public and Government Affairs Division.

**Fiscal Year 2007 Authorized Headcount: 9,222**

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## HEADCOUNT DESIGNATIONS

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### Organization Overview:

The organization, staffing and expenses are shown for each division in the Departmental Summaries Section, including subtotals by department. Positions are designated as A, B or H, further segregated by Operating or Capital. The following definitions shall apply throughout this section:

SAM (A)	Supervisory, administrative and management employees.
B-Roll (B)	Unionized clerical and storeroom employees.
Maintenance, Transportation, or Cashiers (H)	Hourly maintenance, transportation, cashiers, police officers and railroad employees.
Capital	Positions supported by Federal, State or Local capital funding initiatives.

## FISCAL 2007 HEADCOUNT AUTHORIZATION

### OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	16	-	-	16
Operations	676	127	5,322	6,125
Audit and Investigative Services	26	-	-	26
Business Services	154	141	4	299
Engineering, Maintenance and Construction	152	49	761	962
Finance	219	116	49	384
Human Resources	136	17	-	153
Legal	58	2	-	60
Public and Government Affairs	24	5	3	32
Public and Operational Safety	<u>106</u>	<u>23</u>	<u>201</u>	<u>330</u>
<b>TOTAL OPERATING HEADS</b>	<b><u>1,567</u></b>	<b><u>480</u></b>	<b><u>6,340</u></b>	<b><u>8,387</u></b>

### CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	-	-	-	-
Operations	119	2	290	411
Audit and Investigative Services	-	-	-	-
Business Services	13	2	-	15
Engineering, Maintenance and Construction	147	6	246	399
Finance	6	-	-	6
Human Resources	-	-	-	-
Legal	-	-	-	-
Public and Government Affairs	4	-	-	4
Public and Operational Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CAPITAL HEADS</b>	<b><u>289</u></b>	<b><u>10</u></b>	<b><u>536</u></b>	<b><u>835</u></b>

### TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	16	-	-	16
Operations	795	129	5,612	6,536
Audit and Investigative Services	26	-	-	26
Business Services	167	143	4	314
Engineering, Maintenance and Construction	299	55	1,007	1,361
Finance	225	116	49	390
Human Resources	136	17	-	153
Legal	58	2	-	60
Public and Government Affairs	28	5	3	36
Public and Operational Safety	<u>106</u>	<u>23</u>	<u>201</u>	<u>330</u>
<b>TOTAL HEADS</b>	<b><u>1,856</u></b>	<b><u>490</u></b>	<b><u>6,876</u></b>	<b><u>9,222</u></b>

## FISCAL 2003 THROUGH 2007 HEADCOUNT AUTHORIZATIONS

### OPERATING HEADS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Corporate Staff	16	16	16	16	16
Operations	7,153	7,122	7,104	7,078	6,125
Audit and Investigative Services	26	26	26	26	26
Business Services	301	298	302	302	299
Capital Design and Construction	1	1	1	1	962
Finance	368	379	379	380	384
Human Resources	150	153	152	152	153
Legal	61	61	61	60	60
Public and Government Affairs	29	32	34	33	32
Public and Operational Safety	330	329	329	329	330
<b>TOTAL OPERATING HEADS</b>	<b><u>8,435</u></b>	<b><u>8,417</u></b>	<b><u>8,404</u></b>	<b><u>8,377</u></b>	<b><u>8,387</u></b>

### CAPITAL HEADS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Corporate Staff	-	-	-	-	-
Operations	734	706	707	728	411
Audit and Investigative Services	-	-	-	-	-
Business Services	13	14	17	17	15
Capital Design and Construction	91	91	91	91	399
Finance	6	6	6	5	6
Human Resources	-	-	-	-	-
Legal	-	-	-	-	-
Public and Government Affairs	8	8	6	4	4
Public and Operational Safety	-	-	-	-	-
<b>TOTAL CAPITAL HEADS</b>	<b><u>852</u></b>	<b><u>825</u></b>	<b><u>827</u></b>	<b><u>845</u></b>	<b><u>835</u></b>

### TOTAL HEADS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Corporate Staff	16	16	16	16	16
Operations	7,887	7,828	7,811	7,806	6,536
Audit and Investigative Services	26	26	26	26	26
Business Services	314	312	319	319	314
Capital Design and Construction	92	92	92	92	1,361
Finance	374	385	385	385	390
Human Resources	150	153	152	152	153
Legal	61	61	61	60	60
Public and Government Affairs	37	40	40	37	36
Public and Operational Safety	330	329	329	329	330
<b>TOTAL HEADS</b>	<b><u>9,287</u></b>	<b><u>9,242</u></b>	<b><u>9,231</u></b>	<b><u>9,222</u></b>	<b><u>9,222</u></b>

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## CORPORATE STAFF

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## CORPORATE STAFF

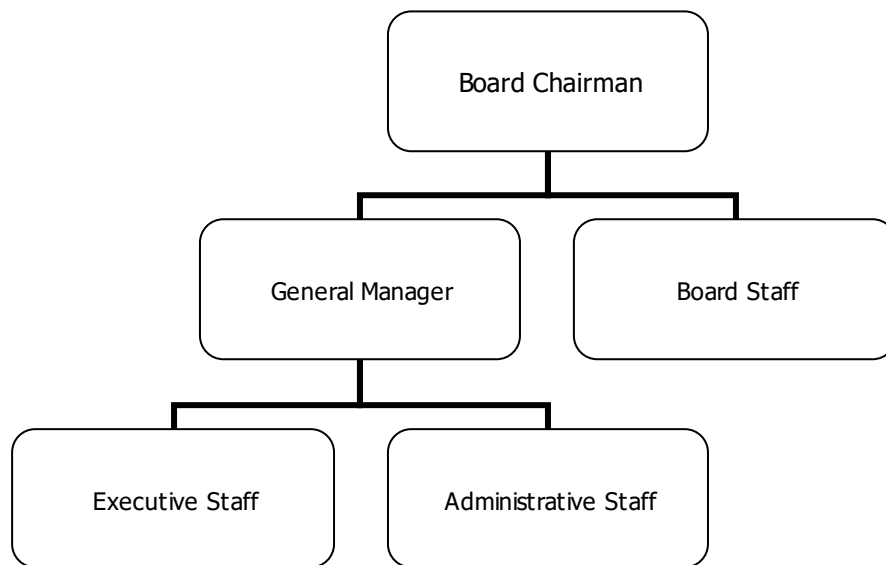
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### Principal Responsibilities

**General Manager** - Oversees all SEPTA services and operations. Along with the SEPTA Board, provides leadership and direction for the Authority.

**Executive Staff** - Manages and directs the daily functions of the Authority. Executive Staff includes the division leaders reporting directly to the General Manager of SEPTA. They, along with the General Manager, are responsible for the operation, administration and financial management of the Authority.

**Board Staff** - Prepares and attests to all Board documentation generated from committee and Board meetings as well as advising and consulting with the Board on all financial and accounting matters. The Board staff includes a Board Secretary, an Assistant Board Secretary, a Board Controller and a Board and Government Liaison.





## CORPORATE STAFF

### HEADCOUNT

OPERATING HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Office of the General Manager	3	-	-	3
Executive Staff	9	-	-	9
Board Staff	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
<b>TOTAL HEADS</b>	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Office of the General Manager	-	-	-	-
Executive Staff	-	-	-	-
Board Staff	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL HEADS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Office of the General Manager	3	-	-	3
Executive Staff	9	-	-	9
Board Staff	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
<b>TOTAL HEADS</b>	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>

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## CORPORATE STAFF

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Office of the General Manager	\$ 357	\$ 166	\$ 523
Executive Staff	1,403	15	1,418
Board Staff	<u>344</u>	<u>67</u>	<u>411</u>
<b>TOTAL</b>	<b><u>\$ 2,104</u></b>	<b><u>\$ 248</u></b>	<b><u>\$ 2,352</u></b>

SEPTA's Executive Staff consists of a team of experienced professionals who are dedicated to reshaping the Authority, while making the best use of limited resources. The Executive Staff strives to be a partner with our stakeholders to promote public transit service as a cost-effective, viable travel option for access to work, school, medical service, shopping, leisure activities and tourism. The Executive Staff is also committed to operating and managing a system which meets the highest standards for customer and employee safety, while providing quality services.

The goals of the Authority's Business Plan, which define the Authority's guiding framework, ultimately constitute the goals of the Executive Staff, who function as SEPTA's decision-makers. The following presents examples of key initiatives, under each of five (5) corporate goals that will be undertaken during Fiscal Year 2007.

#### **Business Initiatives**

##### **Improve Service Quality and Customer Satisfaction**

- Improve the cleanliness of stations.
- Improve on-time performance.
- Continue vehicle acquisition programs to replace bus, trackless trolley and rail vehicles that are beyond their useful life.
- Continue programs that provide information and outreach, and assist customers in emergencies and special events.
- Continue the implementation of the Smart Stations project.

##### **Improve Customer and Employee Safety**

- Continue to enhance security of passengers, employees and infrastructure.
- Continue safety education programs including Operation Lifesaver.
- Continue to improve employee training and certification programs.
- Continue to rigorously enforce employee drug and alcohol policies.
- Maintain existing relationships and develop new partnerships with local agencies and universities to enhance security.

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## CORPORATE STAFF

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### **Increase Ridership and Revenue**

- Respond to regional economic and customer market trends to retain existing riders and attract new customers to the system without increasing deficits.
- Reinforce and build relationships with outside stakeholders to develop service in response to special markets including visitors, tourists and businesses.
- Strategically enhance existing service and develop new service to meet access to job needs throughout the region.
- Develop partnership initiatives to address mobility needs through a cost-effective/cost sharing program.
- Promote existing Authority fare incentives – passes, tokens and TransitChek to existing and new riders.
- Support the long-term consideration and planning of new rail lines in a cost effective manner and continue next phase of project development.
- Complete ADA accessibility compliance work for key stations.
- Lend support and be responsive to State initiated performance and various audits.
- Continue our involvement in the Pennsylvania Public Transportation Association (PPTA) as transit related agencies throughout the Commonwealth work to gain support for dedicated, predictable funding that has growth potential.

### **Improve Productivity and Cost Effectiveness**

- Maximize the effectiveness of resources, personnel, equipment, vehicles and facilities to improve productivity while continuing to improve the delivery and quality of service for customers.
- Continue reductions in non-revenue vehicle fleet.
- Facilitate decision-making support systems through effective use of customer market research and other market research instruments.
- Continue aggressive fraud campaign programs to reduce Workers' Compensation and injury claims.

### **Improve Employee Satisfaction and Workplace Excellence**

- Create a work environment that fosters employees' commitment to excellence and professional pride.
- Enhance our employee recognition program to show appreciation for jobs done well.
- In cooperation with one of our labor unions, establish an apprenticeship program for high school students.

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## OPERATIONS

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## OPERATIONS DIVISION

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### **Organization**

The Operations Division includes Administration, Bus Transportation, Control Center, Customized Community Transportation, Infrastructure, Labor Relations, Rail Transportation and Vehicle Engineering and Maintenance. Details for responsibilities, headcount and expenses are provided on the following pages.

### **Principal Activities and Agenda**

SEPTA's Operations Division provided approximately 299 million annual (unlinked) passenger trips in fiscal year 2005, while operating 81.8 million vehicle miles on fixed routes. Total passenger miles equal approximately 1.3 billion. SEPTA operates and maintains 2,304 revenue vehicles on 198 fixed routes, which have approximately 1,810 route miles. SEPTA also operates and maintains an inventory of 905 assorted non-revenue vehicles and equipment, 280 stations and over 450 miles of track and related facilities.

### **Performance Goals**

Divisional safety goals for passenger accidents, vehicular accidents, station accidents and employee lost-time are targeted in Operating Goals section. Goals for On-Time Performance and Mean Distance Between Failure (MDBF) are shown in Performance Evaluation Measures section. In addition to these goals, each division has established individual goals by department which are outlined here as part of the departmental descriptions.

### **Business Initiatives**

Each department has identified specific business initiatives which it plans to advance during the fiscal year.

### **Principal Responsibilities**

**Administration** – Coordinates and manages the administrative activities for the Operations Division. Provides administrative support to the operating departments to accomplish the Authority's mission and objectives.

**Bus Transportation** – Operates surface transit modes (bus, trolley, trackless trolley) throughout the five county service area with service originating from seven operating locations in the region. Each operating district has full responsibility for transportation service of the transit fleet in that location.

**Control Center** – Manages Authority-wide rail and bus movements.

**Customized Community Transportation (CCT)** – Oversees the operation of SEPTA's ADA Paratransit, the Shared Ride Program, customized small bus operations and other public-private partnerships.

**Labor Relations** – Conducts all labor negotiations with the bargaining units, handles all grievances, arbitrations and Labor Board cases.

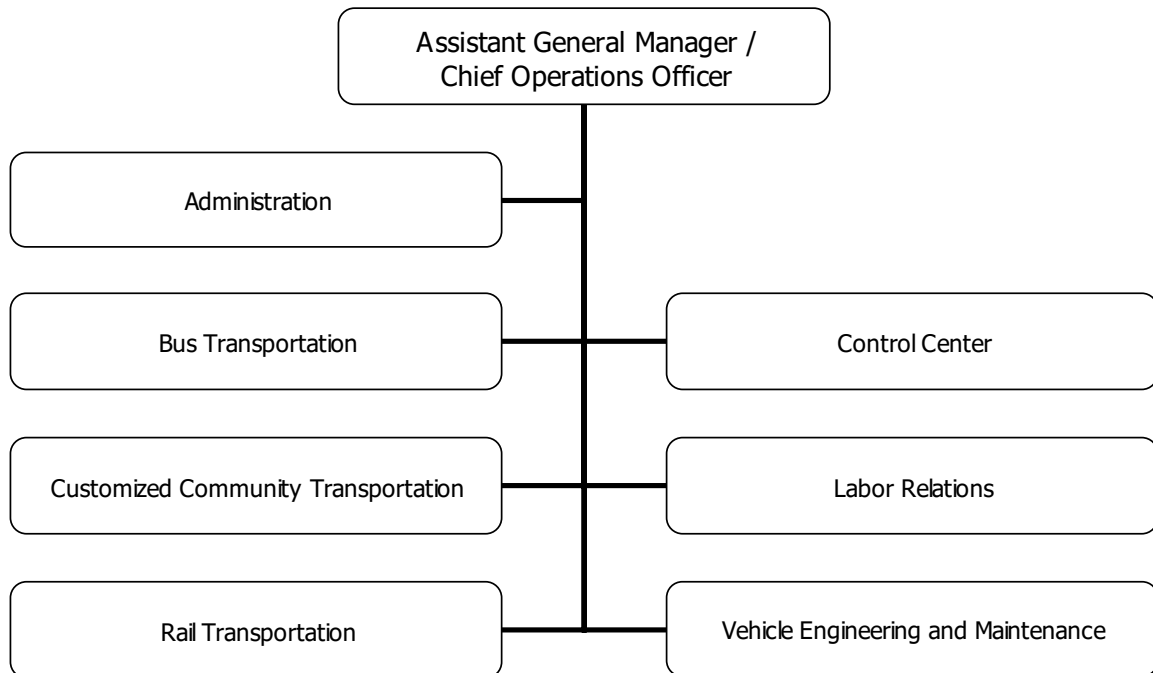
**Rail Transportation** – Operates light rail, subway-elevated and railroad service throughout the five county region, and Victory Bus service. Rail Transportation also includes station staffing and cleaning.

**Vehicle Engineering and Maintenance (VEM)** – Oversees the engineering and maintenance for bus, trackless trolley, light rail, subway-elevated, railroad and non-revenue fleets. Responsible for bus, rail and utility vehicle acquisitions and overhauls.

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## OPERATIONS DIVISION

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# OPERATIONS DIVISION

## HEADCOUNT

OPERATING HEADS						
	<u>A</u>	<u>B</u>	<u>Maint.</u>	<u>Transp.</u>	<u>Cashiers</u>	<u>Total</u>
Administration	15	-	-	-	-	15
Bus Transportation	142	26	-	2,146	-	2,314
Control Center	83	14	-	-	-	97
Customized Community Transportation (CCT)	39	-	-	-	-	39
Labor Relations	10	-	5	-	-	15
Rail Transportation	180	51	161	1,194	347	1,933
Vehicle Engineering and Maintenance	207	36	1,469	-	-	1,712
<b>TOTAL OPERATING HEADS</b>	<b>676</b>	<b>127</b>	<b>1,635</b>	<b>3,340</b>	<b>347</b>	<b>6,125</b>

CAPITAL HEADS						
	<u>A</u>	<u>B</u>	<u>Maint.</u>	<u>Transp.</u>	<u>Cashiers</u>	<u>Total</u>
Administration	1	-	-	-	-	1
Bus Transportation	2	-	-	16	-	18
Control Center	2	-	-	-	-	2
Customized Community Transportation (CCT)	53	-	-	23	-	76
Labor Relations	-	-	-	-	-	-
Rail Transportation	4	-	-	5	-	9
Vehicle Engineering and Maintenance	57	2	246	-	-	305
<b>TOTAL CAPITAL HEADS</b>	<b>119</b>	<b>2</b>	<b>246</b>	<b>44</b>	<b>-</b>	<b>411</b>

TOTAL HEADS						
	<u>A</u>	<u>B</u>	<u>Maint.</u>	<u>Transp.</u>	<u>Cashiers</u>	<u>Total</u>
Administration	16	-	-	-	-	16
Bus Transportation	144	26	-	2,162	-	2,332
Control Center	85	14	-	-	-	99
Customized Community Transportation (CCT)	92	-	-	23	-	115
Labor Relations	10	-	5	-	-	15
Rail Transportation	184	51	161	1,199	347	1,942
Vehicle Engineering and Maintenance	264	38	1,715	-	-	2,017
<b>TOTAL HEADS</b>	<b>795</b>	<b>129</b>	<b>1,881</b>	<b>3,384</b>	<b>347</b>	<b>6,536</b>



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## OPERATIONS DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Administration	\$ 1,311	\$ 20	\$ 1,331
Bus Transportation	119,319	400	119,719
Control Center	5,973	681	6,654
Customized Community Transportation (CCT)	5,714	2,396	8,110
Labor Relations	947	346	1,293
Rail Transportation	114,305	10,985	125,290
Vehicle Engineering and Maintenance	<u>85,668</u>	<u>30,918</u>	<u>116,586</u>
<b>TOTAL</b>	<b><u>\$ 333,237</u></b>	<b><u>\$ 45,746</u></b>	<b><u>\$ 378,983</u></b>

In addition to the Fiscal 2007 expenses reflected here, Customized Community Transportation is responsible for carrier costs of \$21.9 million for ADA Paratransit and \$19.2 million for Shared Ride. These costs are budgeted as non-departmental expenses.

### Administration

#### Principal Responsibilities

**Cost Control** - Coordinates the development, submission and monitoring of Operating and Capital Budget Proposals for all Operations.

**Performance Statistics Control** - Develops and monitors performance statistic goals for Operations which support SEPTA's mission and strategic goals.

**Human Resource Administration** - Manages the process of hiring personnel for Operations in accordance with service requirements. Ensures compliance with SEPTA's Human Resource policies.

**Customer Service** – Processes and expedites all customer correspondence routed through the Operations Division.

**Record Retention** – Coordinates Operations' compliance with record retention policies.

#### Goals

Achieve budget and headcount goals to meet the Operations Division's overall budget and headcount objectives.

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## **OPERATIONS DIVISION**

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Manage the coordination between Operating and Capital budgets for the Division for efficient/optimum allocation of fiscal resources.

Coordinate the development, tracking and reporting of operating performance measures to direct service quality and maintenance improvements.

Analyze and communicate Business Initiatives for operating departments.

Direct and manage customer correspondence for the General Manager.

Research, coordinate and direct implementation of policies and procedures for Operations.

### **Bus Transportation**

#### **Principal Responsibilities**

Bus Transportation is comprised of six operating locations in the City plus Frontier in Montgomery County. These operating districts have full responsibility for providing bus, trackless trolley and surface rail transportation service based on fleet composition at their respective locations.

The seven operating districts operate a total of 104 bus and 5 trackless trolley routes as follows:

**Allegheny** - operates 7 bus routes.

**Callowhill** - operates 13 bus routes, in addition to light rail Routes 10 and 15.

**Comly** - operates 12 bus routes.

**Frankford** - operates 13 bus routes and 3 trackless trolley routes.

**Midvale** - operates 22 bus routes.

**Southern** - operates 17 bus routes and 2 trackless trolley routes.

**Frontier** - operates 20 bus routes.

### **Bus Transportation - Administration**

#### **Goals**

Evaluate processes to streamline work functions and determine optimal headcount levels.

Monitor and analyze expenditures to adhere to budget.

Improve interaction, communication and cooperation among employees by emphasizing teamwork and internalizing customer service orientation.

Support all activities pertinent to improving teamwork and cooperation between Bus Transportation and other departments.

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## OPERATIONS DIVISION

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Identify and implement efforts that promote better customer service.

Integrate vehicle types for optimal utilization of mixed bus fleet.

Assist with development of corporate-wide programs designed to establish a customer-focused culture at SEPTA.

### **Business Initiatives**

- **Improve Customer Service Communication/Information**
  - Create clearinghouse for all customer service complaint/commendation communications.
    - Support the development and implementation of a formalized reporting system for customer complaints and commendations.
  - Improve service to passengers with disabilities.

### **Bus Transportation - Transportation**

#### **Goals**

Provide more effective and enhanced service by identifying opportunities to more efficiently reallocate transportation resources to areas with greater demand on existing routes, sharing this information with other SEPTA staff and monitoring its implementation.

Increase labor productivity by reducing the number of unproductive work hours and all sources of lost-time.

Continue efforts to improve ADA Fixed Route service through improved operator performance.

Design and implement programs to improve Customer Satisfaction Survey scores related to operator courtesy, stop announcements and operator provided information during service delays.

Work to improve safety and security.

Improve service reliability through the use of new technology such as the Automated Vehicle Locator (AVL) System.

Invest in personnel training for both operators and managers in areas such as customer service, interpersonal communications, basic managerial skills, information technology and SEPTA's obligations under the ADA.

Monitor and manage the consistent application of the labor agreement.

Implement initiatives for the introduction of new or temporary services to support capital construction and the acquisition of new revenue vehicles (e.g. railroad projects, hybrid diesel/electric buses and Market Street Elevated reconstruction).

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## OPERATIONS DIVISION

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### Business Initiatives

- **Improve Reliability/On-Time Performance/Travel Speeds**
  - Improve ability to measure on-time performance for Bus Transportation.
    - Measure revised on-time performance using Route Schedule Adherence (RSA) from the Automated Vehicle Locator System.
    - Audit and adjust running times using RSA data in coordination with Control Center and Service Planning staff.

### Control Center

#### Principal Responsibilities

**Control Center** - The Control Center is a centralized facility that manages rail and bus movements Authority-wide. The Market-Frankford Line, Broad Street Line, City Transit bus routes, Light Rail lines, Suburban lines and Railroad lines are controlled by train dispatchers and bus controllers at 1234 Market Street.

The Control Center is responsible for assuring safe transportation operations, centralizing all communications, managing all emergencies and service disruptions and ensuring that established service levels are maintained 24 hours a day, 7 days a week throughout the year. The Control Center must also maximize and facilitate efficient passenger movement throughout the system.

All operational elements such as train movements, signal operations, operating interlockings and bus routing require direction from Control Center personnel.

#### Goals

Monitor and analyze expenditures to adhere to budget.

Attain maximum benefit from the centralization of Control Center operations through promotion of seamless service, enhanced intermodal communications and improved interaction with SEPTA Police.

Strengthen the role of the Control Center by improving communication internally between the Control Center, operating field personnel and involved departments, and externally with passengers, especially during service delays.

Manage operational factors influenced by the implementation of capital projects.

Evaluate and recommend enhancements of new technology (such as the Automatic Vehicle Location program) to improve efficiency of Control Center Operations.

Improve on-time performance of Railroad, Bus and Light Rail Operations utilizing real time data generated by new Control Center systems.

Coordinate the transition of the Broad Street Subway control from the towers to the Control Center with minimal disruption of service.

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## OPERATIONS DIVISION

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Develop programs and procedures for the operation of the Emergency Backup Control Center.

Perform rules-compliance audits.

### **Business Initiatives**

- **Improve Service Quality and Customer Satisfaction**

- Improve Reliability, On-Time Performance and Travel Speeds.
  - Improve inter-modal service coordination and connections.
  - Continue seamless service initiatives to improve intermodal coordination at key transfer locations in the SEPTA system.
  - Implement recommendations developed during detailed trend analyses to improve system on-time performance.
  - Improve the dissemination of service information to passengers, especially during service disruptions.

- **Improve Productivity and Cost Effectiveness**

- Continue to update Control Center technology.
  - Closely monitor and control projects that are underway such as the integration of new signals, communications and power systems that affect all modes of operation.

- **Improve Employee Satisfaction and Workplace Excellence**

- Review training needs in the Control Center.
  - Develop cross-training program for Control Center personnel.

### **Customized Community Transportation (CCT)**

#### **Principal Responsibilities**

Customized Community Transportation (CCT) is responsible for the operation of SEPTA's two demand response services, ADA Paratransit and Shared Ride Program transportation. This full service operation, from advance reservations and customer service to shared trip completion, operates under the name "CCT Connect". It coordinates development of Requests for Proposals to contract for private operation of new services and provides for the efficient administration of existing contract carrier operations.

CCT coordinates SEPTA's compliance with the Americans with Disabilities Act (ADA) as it pertains to service, equipment and facilities, advising other operating departments on implementing accessible fixed-route service and facility improvements. It serves as liaison between other SEPTA divisions and the SEPTA Advisory Committee for Accessible Transportation (SAC).

CCT also oversees the Authority's customized small bus operations and public-private partnerships via its Contract Operations Department.

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## OPERATIONS DIVISION

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### CCT Connect:

**ADA Services:** Provides advance-reservation, ride-sharing transportation for eligible disabled riders in Bucks, Chester, Delaware, Montgomery and Philadelphia counties.

**Shared Ride Program (SRP):** Provides advance-reservation, ride-sharing transportation for Philadelphia County riders age 65 and older, regardless of income or disability status.

### Contract Operations:

**Breeze:** Operates SEPTA's small bus service known as the Horsham "Breeze". This service provides transportation designed to the needs of employers in SEPTA's suburban service area.

**LUCY:** Operates a loop service in the University City area of West Philadelphia. The service is funded by subsidies from the University City District and operates weekdays between 7:00 a.m. and 7:00 p.m.

**Cornwells Heights Shuttle:** Operates a small bus shuttle within the 1,600-space park-and-ride lot at Cornwells Heights train station.

**Contracted Services:** Provides management oversight and compliance of contracts between SEPTA and third party providers of fixed route services (Routes 204 and 314).

## CCT - ADA Program

### Goals

Monitor and analyze expenditures to adhere to budget.

Improve service quality and customer satisfaction through new technologies and consumer-based service monitoring.

Manage service to provide zero ADA trip denials.

Reduce customer and vehicle accidents through an ongoing driver training program.

Continue ongoing recertification of CCT Connect ADA registrants, and refine the eligibility process to achieve optimum results. Continue the implementation of conditional eligibility by transitioning customers to the most appropriate mode of transportation based on their ADA eligibility.

Enhance outreach and education initiatives to existing and potential customers to promote fixed route usage in accordance with the ADA.

Increase the focus on accessible transportation within the Authority.

Obtain and integrate new technology such as upgrading the computer-based reservations, scheduling and dispatching system. Implement a new Automatic Vehicle Location system to improve the delivery of ADA service.

Manage service demand and enhance service design to reflect customer needs and regulatory requirements.

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## OPERATIONS DIVISION

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Manage post-key station ADA accessibility plan.

Manage the CCT Fleet Replacement Program.

### **Business Initiatives**

- **Improve Reliability/On-Time Performance**
  - Achieve peak performance and consistent utilization of Mobile Data Terminals.
    - Implement new contracts for existing services.
    - Promote continuous improvements in service quality and enhance suburban service quality.
  - Improve Customer Safety System-wide.
    - Promote disabled rider concerns in safety/emergency planning and drills.
    - Enhance CCT driver training program to increase awareness of safety/emergency concerns.
- **Develop Marketing/Public Relations Strategy for SEPTA Services**
  - Promote use of fixed route service by disabled riders.
    - Educate operators, customers, SEPTA staff, elected officials and general public about the accessibility of the SEPTA system.
    - Improve the conditional eligibility process to facilitate fixed route usage wherever possible.
  - Effectively meet demand for CCT CONNECT ADA service.
    - Design service to address customer transportation needs based on their ADA eligibility and regulatory requirements.
    - Manage recertification of CCT CONNECT ADA registrants.
- **Improve System Access**
  - Pursue ADA compliance improvements at key stations.
    - Promote and support facilities, service and equipment accessibility system-wide.

### **CCT - Shared Ride Program**

#### **Goals**

Monitor and analyze expenditures to adhere to budget.

Improve service quality and customer satisfaction through new technologies and consumer based service monitoring.

Reduce customer and vehicle accidents by educating our customers through on-site outreach program and vehicle drivers through enhanced driver training program.

Strengthen Shared Ride Program community relationships.

Manage service demand and enhance service designs to reflect customer needs and regulatory requirements.

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## OPERATIONS DIVISION

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### **Business Initiatives**

- **Improve Reliability/On-Time Performance**
  - Achieve peak performance and consistent utilization of Mobile Data Terminals.
    - Implement new service and contracts.
    - Promote continuous improvement in service quality.
- **Improve Customer Safety System-wide**
  - Promote senior rider concerns in safety/emergency planning and drills.
    - Enhance CCT driver training program to increase awareness of safety/emergency concerns.
- **Develop Marketing/Public Relations Strategy for SEPTA Services**
  - Promote Shared Ride Program for eligible senior riders.
    - Educate operators, customers, SEPTA staff, elected officials and general public about the Shared-Ride program.
  - Effectively meet demand for CCT CONNECT service.
    - Design service to meet customer needs and regulatory requirements.

### **CCT - Contract Operations**

#### **Goals**

Ensure the provision of quality service on fixed route services operated contractually by SEPTA for specific third party subsidy providers.

Continue monitoring of third party purchased transportation services (i.e. Routes 204 and 314) to ensure that SEPTA service standards are being achieved.

Manage staffing needs to ensure proper combination of part-time and full-time operators.

### **Business Initiatives**

- **Improve Customer Travel Environment**
  - Develop fleet plan to match capacity of present and anticipated passenger demand.
    - Increase ridership and revenue by identifying opportunities to serve new markets.
- **Improve Customer Satisfaction/Quality of Service**
  - Improve Customer Service Driver Training Program to increase awareness of customer needs and expectations.



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## OPERATIONS DIVISION

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### **Labor Relations**

#### **Principal Responsibilities**

**Negotiations** - Serves as lead negotiator for all Labor Agreements with the Authority's Collective Bargaining units in accordance with State and Federal Laws.

**Grievances, Arbitrations and Special Boards of Adjustment (SBAs)** - Hears all third level and Labor Relations step grievances and represents the Authority in all arbitrations, SBAs and related litigation. Serves as primary liaison with all attorneys retained on special arbitration cases or other litigation.

**Case Presentation to the Pennsylvania Labor Relations Board (PLRB)** - Prepares and presents all cases associated with the PLRB as they are filed by unions and the Authority.

**Job Classification/Wage Administration** - Directs preparation of new and revised job descriptions for hourly classifications. Coordinates evaluations of bargaining unit positions and negotiates job restructuring and classification issues. Prepares and publishes all hourly and non-supervisory wage rate manuals.

**Training** - Conducts relevant training of supervisors in contract interpretation and enforcement.

**Joint Labor Management Relations** - Conducts joint productivity meetings with labor representatives to promote the safe, efficient and economical operations of the Authority.

**Unemployment Compensation** - Directs all internal Unemployment Compensation activities, including administration of all claims and representations of Authority positions in hearings and appeals.

#### **Goals**

Monitor and analyze expenditures to adhere to budget.

Continue the successful settlement of the current round of labor contracts.

Continue Labor-Management cooperative efforts with the railroad.

Direct the TWU Joint Labor Management efforts.

Continue regular interaction between union leadership and Operations staff to address mutual concerns.

Develop and negotiate health insurance and other benefit cost containment programs.

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## OPERATIONS DIVISION

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### **Business Initiatives**

- **Implement Labor Efficiencies**

- Reduce lost-time provisions within Labor Contract.
  - Continue implementation of productivity improvements.
- Increase productivity through work rule changes.
  - Implement further productivity improvements as agreed to in labor negotiations.
- Increase management rights to assign work.
  - Continue proactive labor relations approach through regular interface with front-line operating management.

### **Rail Transportation**

#### **Principal Responsibilities**

##### **Administration**

Manages administrative, personnel and budgetary elements of Rail Transportation. This includes administration of railroad third party landscaping, janitorial and snow removal contracts.

Manages and administers third party railroad ticket sale contracts, the Service Guarantee Program and the Railroad Crew Remittance Office. Performs railroad revenue training and ridership/revenue data collection and statistical analysis.

##### **Light Rail/Suburban**

**Victory Transportation Operations** – Operates all bus and light rail service originating from Victory Avenue Depot at 69th Street which includes routes servicing portions of Delaware, Chester, Montgomery and Philadelphia counties.

**Light Rail Operations** – Operates Light Rail service from the Elmwood District within the City of Philadelphia as well as Darby and Yeadon Boroughs in Delaware County. Present operation consists of Subway-Surface Routes 11, 13, 34 and 36.

##### **Railroad**

Oversees all transportation, customer service and station operation for the railroad system. The commuter rail system includes 218 route miles on 13 lines or branches. Approximately 721 trains service a total of 156 stations per average weekday.

##### **Subway-Elevated**

**Transportation** – Subway-Elevated Transportation is organized into two sections: Market–Frankford Subway-Elevated (MFSE) Blue Line and Broad Street Subway (BSS) Orange Line. The Blue Line operates 340 revenue trains each weekday between the Frankford Transportation Center and the 69th Street Terminal. The Orange Line operates 600 revenue trains each weekday between the Fern Rock Transportation Center and Pattison Avenue Station and along the Ridge Avenue Spur.

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## OPERATIONS DIVISION

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**Fare Collection** – The fare collection group is also organized into Blue and Orange Line sections. Blue Line stations oversee fare sales and collections and provide service information at 28 stations. Orange Line stations provide this service at 25 stations.

**Stations** – The Subway-Elevated stations group oversees the cleaning and wash down of 28 MFSE stations and 25 Broad Street Subway and Light Rail stations.

### **Rail Transportation - Administration**

#### **Goals**

Monitor and analyze expenditures to adhere to budget.

Manage railroad snow desk to enhance passenger safety during weather emergency situations.

Manage railroad ticket vending contracts.

### **Rail Transportation - Light Rail / Suburban**

#### **Goals**

Achieve On-Time Performance goals on all lines.

Work with Service Planning to monitor and adjust Light Rail schedules to improve service.

Improve customer service by monitoring operator compliance to rules and by responding to passenger complaints and suggestions.

Monitor and manage the consistent application of labor agreements.

Continue customer satisfaction training.

Work to improve safety and security.

### **Rail Transportation - Railroad**

#### **Goals**

Achieve on-time performance goals.

Utilize SEPTA-on-Site events to brief passengers and communities about scheduled service interruptions and adjustments.

Monitor and manage the consistent application of labor agreements.

Manage the impact of capital construction on passenger service.

Improve customer satisfaction scores.

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## OPERATIONS DIVISION

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Set and achieve high standards for station cleanliness.

Continue customer service training.

Work to improve safety and security.

### **Rail Transportation - Subway / Elevated**

#### **Goals**

Ensure service quality on lines experiencing significant construction impact.

Improve customer service by monitoring operator compliance to rules and by responding to passenger complaints and suggestions.

Achieve On-Time Performance goals on all lines.

Increase safety and productivity by reducing unproductive work hours and by insuring compliance with safety rules.

Identify and implement initiatives that will improve emergency response time.

Develop and implement programs to improve the overall performance of cashiers. Specific areas include the condition of ticket booths, customer service skills, uniform compliance and attention to duty.

Maintain the cleanliness of Blue, Orange and Green line stations at standards to meet Rider Report Card goals.

Monitor and manage the consistent application of labor agreements.

Continue customer service training.

Work to improve safety and security.

### **Vehicle Engineering and Maintenance - Automotive**

#### **Principal Responsibilities**

**Automotive Engineering** – Provides engineering support including specifications, drawings, vehicle modifications and system upgrades.

**New Vehicles** – Oversees the purchase of new buses, trackless trolleys, CCT vehicles and Railroad Silverliner V cars for the Authority.

**Utility, Brake Shop and Mechanical** – Performs overhaul and heavy maintenance on bus and trackless trolley fleets. Performs maintenance on SEPTA's non-revenue utility fleet.

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## OPERATIONS DIVISION

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**Automotive Vehicle Maintenance** – Consists of six operating locations in the City, Victory in Delaware County and Frontier in Montgomery County, and the Contract Operations location in the Germantown section of Philadelphia. These nine locations are responsible for all aspects of daily maintenance, cleaning, inspection and servicing for a fleet of over 1,300 vehicles.

### **VEM - Automotive Engineering**

#### **Goals**

Monitor and analyze expenditures to adhere to budget.

Administer the provisions of SEPTA's bus warranty program.

- Monitor all current engineering campaigns and OEM (original equipment manufacturer) fleet defects through successful completion.
- Monitor buses under warranty to ensure vehicle repair in a timely manner and to minimize costs to the Authority.
- Collect and analyze operational and vehicle failure data to be used in decision making process.
- Identify cumulative failures to vehicle components in similar applications for use in the declaration of fleet defects.

Coordinate vehicle replacement and engineering support for the utility bus fleets.

Provide engineering support for Customized Community Transportation vehicle maintenance projects.

Provide oversight for material quality control and review bid specification compliance.

Provide engineering support to operating and heavy maintenance back shops.

Facilitate completion of the following major engineering projects:

- Vehicle Overhaul (VOH) of El Dorado and New Flyer bus fleets.
- All engineering retrofit and testing campaigns.

Provide support for new vehicle procurement, including the 2007 bus and trackless trolley acquisitions.

### **VEM - New Vehicles**

#### **Goals**

Monitor and analyze expenditures to adhere to budget.

Monitor performance, track modification campaigns and fleet defects, ensure warranty compliance and provide engineering support related to the operation of 638 forty-foot low-floor New Flyer buses, 32 forty-foot low-floor hybrid diesel/electric buses and 18 remanufactured PCC cars.

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## OPERATIONS DIVISION

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Manage procurement, production, inspection, acceptance and contract deliverables (e.g. spare parts, manuals and warranty administration) for various new bus contracts to maintain fleet availability above 85%.

Manage the warranty program and complete truck retrofits for the Market-Frankford Subway Elevated M-4 cars.

Advance the procurement of Railroad Silverliner V cars through completion of design.

Advance production of trackless trolley buses from detailed design completion to delivery of pilot bus, including project management plans and support.

Advance procurement of next order of 400 low-floor buses scheduled for delivery starting in 2008.

Acquire mini-buses and sedans for the replacement of CCT vehicles.

Develop procurement documents for the next CCT vehicle procurement cycle scheduled for FY 2007.

Provide technical support for the CCT fleet as needed.

### **Business Initiatives**

- **Improve Customer Travel Environment**

- Modernize railroad car fleet.
  - Commence design review for new Silverliner V cars to replace superannuated Silverliner II and Silverliner III cars and to accommodate projected increases in railroad ridership levels.
- Monitor hybrid diesel/electric fleet performance to support the acquisition of the NABI fleet replacement and the next bus procurement specification.

### **VEM - Utility, Brake And Mechanical Shops**

#### **Goals**

Monitor and analyze expenditures to adhere to budget.

Continue to utilize VMIS and performance standards to improve productivity.

Improve fleet appearance by expanding body repair and painting programs.

Monitor and manage the consistent application of labor agreements.

Implement strategies to increase customer and employee safety.

Continue to improve productivity levels of work performed at Berridge Shop in an effort to decrease "out of service" time for revenue and non-revenue vehicles.

Develop and implement work plan to provide for continued improvement in the effectiveness and cost efficiency of unit production and reliability.

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## OPERATIONS DIVISION

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Identify and budget for all bus vehicle overhaul requirements. Develop necessary programs and follow through to completion. Insure that all major programs are completed on a timely basis and within budget.

### **Business Initiatives**

- **Implement Maintenance Efficiencies**

- Utilize bus Vehicle Maintenance Information System (VMIS).
  - Improve tracking and monitoring of vehicle maintenance and fleet condition with utilization of VMIS.
- Enhance and improve productivity through monitoring performance standards for maintenance of the bus fleet.
  - Increase consistency of VMIS use for managing productivity against work standards.
- The Fiscal 2007 Capital Budget includes the following VOH projects:
  - Tool and Equipment Replacement Program
  - New Flyer Four Year Overhaul Program
  - NABI Four Year Overhaul Prototype
  - NABI Four Year Overhaul Program

### **VEM - Automotive Vehicle Maintenance**

#### **Goals**

Monitor and analyze expenditures to adhere to budget.

Increase productivity by reducing unproductive work hours.

Implement program to improve safe towing of buses.

Utilize Vehicle Maintenance Information System (VMIS) and standards to improve productivity.

Improve fleet appearance by expanding cleanliness, body repairs and painting programs.

Monitor and manage the consistent application of labor agreements.

Implement strategies to increase customer and employee safety.

Implement strategies to improve reliability, as measured by Mean Distance Between Failures (MDBF), on-time performance and bus availability, and re-evaluate operating fleet size.

Continue wheelchair lift maintenance program to ensure lift equipped bus availability and reduced in-service failures.

### **Business Initiatives**

- **Improve Customer Travel Environment**

- Enhance/improve quality of transportation through implementation and monitoring of vehicle cleanliness program.

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## OPERATIONS DIVISION

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- Regularly perform quality assurance inspections to ensure established cleaning procedures are being followed and standards are consistently met.
- **Implement Parts Management Efficiencies**
  - Monitor pilot program for vendor managed inventory at the Southern District.
    - If successful, implement at all bus locations.
- **Implement Maintenance Efficiencies**
  - Fully implement bus Vehicle Maintenance Information System (VMIS).
    - Continue tracking and monitoring of vehicle maintenance and fleet condition through utilization of VMIS.
  - Establish productivity standards to measure bus maintenance performance.
    - As new bus models are purchased, establish updated productivity standards.
  - Improve employee satisfaction and workplace excellence.
    - Implement a more effective bus maintenance technician recruiting and training plan.
    - Advance the new TWU apprenticeship program.
    - Support Keystone Partnership Training Program.

### **Vehicle Engineering and Maintenance - Rail**

#### **Principal Responsibilities**

**Headquarters** – Manages administrative, personnel and budgetary elements of Rail Equipment Engineering and Maintenance.

**Rail Equipment Engineering** – Provides engineering support including specifications, drawings, vehicle modifications and system upgrades for all rail fleets. Investigate and resolve rail fleet technical issues.

**Railroad Vehicle Maintenance** – Provides all maintenance and overhaul activities on the railroad car fleet. The fleet is comprised of 304 EMU (electric multiple unit) cars and 45 coaches (push pull) propelled by 8 electric locomotives.

**Rail Equipment Maintenance** – Performs programmed vehicle and component overhauls of various rail fleets as well as the inspection, maintenance and running repairs of the following rail fleets:

- MFSE M-IV fleet at the 69th Street and Bridge Street Car Houses
- Media-Sharon Hill Line (MSHL) fleet at the MSHL Shop at 69th Street
- Norristown High Speed Line (NHSL) fleet at the NHSL Shop at Victory Avenue
- BSS B-IV fleet at the Fern Rock Car House
- Green Line Subway/Surface fleet at the Callowhill and Elmwood Shops
- Route 15 PCC fleet at the Callowhill Shop



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## OPERATIONS DIVISION

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### **VEM - Rail Headquarters**

#### **Goals**

Reduce customer complaints and increase commendations through continued customer service communications.

Identify and undertake efforts to improve safety with 3% reductions in lost-time injuries and employee lost-time.

Monitor and analyze expenditures to adhere to budget.

Assist with development of programs designed to establish a customer-focused culture at SEPTA.

### **VEM - Rail Equipment Engineering**

#### **Goals**

Identify and budget engineering support for all rail vehicle requirements. Continue to develop necessary overhaul and upgrade programs and follow through to completion. Insure that all major programs are completed on a timely basis and within budget.

Focus efforts on customer service. Continue to work diligently in cooperation with the Rail Transportation Department in providing a safe, clean and attractive rail car service.

Furnish technical support to enhance the highest standards of quality and productivity within the Rail Shops.

Improve fleet performance through analyzing and targeting problem areas.

#### **Business Initiatives**

- **Implement Maintenance Efficiencies**

- Enhance and improve reliability through engineering support programs for vehicle maintenance of rail fleets.
  - Oversee vehicle modifications and system upgrades for rail fleets.
  - Provide field support for new light rail vehicle low voltage inverters and propulsion microprocessors.
  - Continue reverse engineering of replacement parts.
  - Oversee contract award and preliminary design of new B-IV propulsion controls and Public Address System.

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## OPERATIONS DIVISION

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### **VEM - Railroad Vehicle Maintenance**

#### **Goals**

Continue to work diligently in cooperation with the Rail Transportation Department in providing a safe, clean and attractive car service.

Develop and implement uniform productivity standards.

Ensure that all major programs are completed on a timely basis and within budget.

Monitor fleet performance and identify systemic problems. Develop action plan to track progress.

Update both overhaul and preventive maintenance programs to achieve highest productivity. Consider failure trends, wear-analysis and safety issues in program revisions.

Improve fleet reliability through analyzing and targeting problem areas.

Increase car availability by improving shop productivity and reducing unproductive work hours.

Participate in the advancement of the procurement of Silverliner V cars.

Monitor and manage the consistent application of labor agreements.

Maintain 95% or more of established inspection and cleaning goals.

#### **Business Initiatives**

- **Improve Customer Travel Environment**

- Modernize railroad car fleet.
  - Develop and install new propulsion controller for Silverliner IV cars.
  - Advance the procurement of Silverliner V cars.
- Enhance/improve quality of transportation through implementation and monitoring of vehicle cleanliness program.
  - Manage productivity against work standards.

### **VEM - Rail Equipment Maintenance**

#### **Goals**

Enhance inspection, preventive maintenance and general repair programs to ensure sufficient vehicle availability to satisfy service requirements.

Develop and implement standardized productivity standards.

Evaluate processes to streamline work functions and determine optimal headcount needs.

Establish consistent method of communicating rules to employees.

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## OPERATIONS DIVISION

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Identify and budget engineering support for all rail vehicle requirements. Continue to develop necessary programs and implement to completion. Insure that all major programs are completed on a timely basis and within budget.

Focus efforts on Customer Service. Continue to work diligently in cooperation with the Rail Transportation Department in providing a safe, clean and attractive rail car service.

Enhance the highest standards of quality and productivity.

Improve fleet reliability through the use of failure analysis and the targeting of chronic problem areas.

Increase safety and production by reducing unproductive work hours (e.g. Workers' Compensation and lost-time) by the introduction of the safety rules compliance program.

Monitor and manage the consistent application of labor agreements.

### **Business Initiatives**

- **Improve Customer Travel Environment**

- Enhance/improve quality of transportation through implementation and monitoring of vehicle cleanliness programs.
  - Manage productivity against work standards.
- The Fiscal 2007 Capital Budget includes overhaul to the following vehicles and/or components:
  - CTD and STD Light Rail Vehicles – Full car Overhaul Program
  - NHSL Vehicles – Full Car Overhaul Program (new)
  - M-IV Vehicles – Full Car Overhaul Program (new)
  - B-IV Vehicles – Full Car Overhaul Program
- Improve employee satisfaction and workplace excellence.
  - Advance the new TWU apprenticeship program.
  - Support Keystone Partnership Training Program.

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## AUDIT AND INVESTIGATIVE SERVICES

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## AUDIT AND INVESTIGATIVE SERVICES

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### Principal Responsibilities

The Audit and Investigative Services Division conducts audits, reviews and investigations of the Authority's operations to promote economy, efficiency and effectiveness and to detect and deter waste, fraud, abuse and mismanagement. The Division includes the Internal Audit Department and the Office of Inspector General.

#### Internal Audit

Internal Audit is an independent, objective internal review and consulting activity designed to add value and improve the organization's operations. It provides a systematic, disciplined approach to evaluate financial risk/exposure and improve the effectiveness of risk management, internal control and governance processes.

Internal Audit conducts financial, compliance and operational audits of departments within the Authority. The department is also responsible for the review of cost proposals and audits of cost reimbursement contracts and change order/claims. Additionally, Internal Audit provides a wide range of internal consulting support to departments upon request. The Department is comprised of Internal Audit, Information Technology and Contract Audit sections.

**Internal Audit** - Internal Audit is responsible for reviewing all areas within the Authority by performing formal audits of an entire process or independent reviews of a particular activity or account balance.

**Information Technology** - is a specialized sub-unit of Internal Audit that is responsible for reviewing new and existing computer applications, access security and hardware. Independent data extracts and reporting support are also generated for Internal Audit and other divisions.

**Contract Audit** - Contract Audit is responsible for auditing or reviewing third-party cost data in accordance with Authority's policies and federal requirements. The work includes reviews of pre-contract cost proposals and audits of actual costs incurred on cost-plus-fixed-fee contracts. In addition, Contract Audit performs audits or reviews of cost documentation in support of change orders and claims.

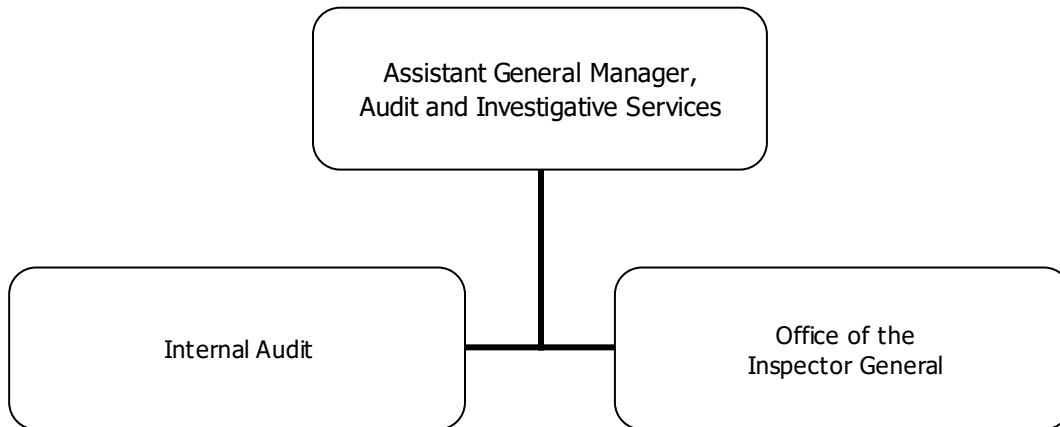
#### Office of Inspector General

The Office of the Inspector General is responsible for conducting investigations relating to waste, fraud, abuse and mismanagement. The department is comprised of Investigations and Service Quality sections.

**Investigations** – Conducts independent investigations to detect and deter waste, fraud, abuse and mismanagement. This is accomplished through continuous monitoring and investigations directed at specific concerns.

**Service Quality** – Oversees the quality assurance of the service provided to the Authority's ridership. This is accomplished through discrete daily monitoring of driver/crew performance and visual inspections of vehicles to ensure conditions are attractive, clean and pleasing to our customers. The observation data is tracked and reported to responsible management.

## AUDIT AND INVESTIGATIVE SERVICES



### HEADCOUNT

#### OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Internal Audit	14	-	-	14
Office of the Inspector General	<u>12</u>	-	-	<u>12</u>
<b>TOTAL HEADS</b>	<u>26</u>	-	-	<u>26</u>

#### CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Internal Audit	-	-	-	-
Office of the Inspector General	-	-	-	-
<b>TOTAL HEADS</b>	-	-	-	-

#### TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Internal Audit	14	-	-	14
Office of the Inspector General	<u>12</u>	-	-	<u>12</u>
<b>TOTAL HEADS</b>	<u>26</u>	-	-	<u>26</u>

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## AUDIT AND INVESTIGATIVE SERVICES

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Internal Audit	\$ 793	\$ 14	\$ 807
Office of the Inspector General	<u>518</u>	<u>146</u>	<u>664</u>
<b>TOTAL</b>	<b><u>\$ 1,311</u></b>	<b><u>\$ 160</u></b>	<b><u>\$ 1,471</u></b>

### INTERNAL AUDIT

#### Goals

Perform audits of those areas identified by the audit plan.

Perform other audits and audit follow-up based on events that occur during the year.

Provide timely response to requests for support services.

Perform audits of third-party cost reimbursement contracts.

Provide timely response to requests for review of pre-contract cost proposals, change orders and claims.

### OFFICE OF THE INSPECTOR GENERAL

#### Goals

Perform investigations of those areas identified in the annual risk assessment.

Perform investigations of other areas based on events that occur during the year.

Monitor operating personnel for compliance with all Authority rules, especially regarding ADA, customer service and fare collection. Conduct special observations on operators as identified by Operations, Customer Service and public complaints.



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## AUDIT AND INVESTIGATIVE SERVICES

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### Business Initiatives

- **Modernize Fare Collection System**
  - Minimize loss of fare revenue from cashier theft.
    - Utilize covert and overt video surveillance to monitor cashier activities as required.
- **Improve Productivity and Cost Effectiveness**
  - Assure worker productivity and protect Authority property.
    - Conduct physical surveillance and time and attendance checks at various facilities on the property to ensure time and attendance policy is being followed and to serve as a deterrent to vandalism.

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## **BUSINESS SERVICES**

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## BUSINESS SERVICES DIVISION

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### Principal Responsibilities

**Customer Service** – Responsible for SEPTA’s customer service functions. Responds to service related customer inquiries concerning travel information, lost and found, complaints, suggestions and commendations. Also manages the Senior Citizen Free Fare Program and the Reduced Fare Program for persons with disabilities.

**Information Technology** – Maintains the enterprise data center, which includes mainframe, mid-range and network server computer systems and the enterprise voice and data communication infrastructure.

**Procurement and Contracts** – Performs the purchase, lease, sale, and disposal of parts, vehicles, equipment, supplies, repairs, and services utilized by the organization. Responsible for contract administration, automated Materials Management/Purchasing System, electronic material requisitions, procurement cards and stockless stationery. Provides coordination and enforcement of SEPTA’s compliance with Federal, State and local funding agency regulations for all approved capital projects, planning studies and other non-operating projects. Participates in the updating of standard form contracts, procurement manual and related policy instructions. Responsible for storeroom operations, warehousing and distribution, inventory replenishment forecasting and control, procurements to support fleet maintenance operations and production, material planning and control.

**Real Estate** – Directs the acquisition and management of Authority-owned property, including 1234 Market Street headquarters. The primary management role involves the development of privately funded lease and improvement of station areas, land parcels and right-of-way for cash and in-kind revenues.

**Small and Disadvantaged Business Utilization** – Ensures implementation of the Department of Transportation’s Disadvantaged Business Enterprise Program regulations to provide contracting opportunities for small, minority, and women-owned business. Provides technical assistance, training, and dissemination of resource information for those firms interested in establishing a business relationship with SEPTA.

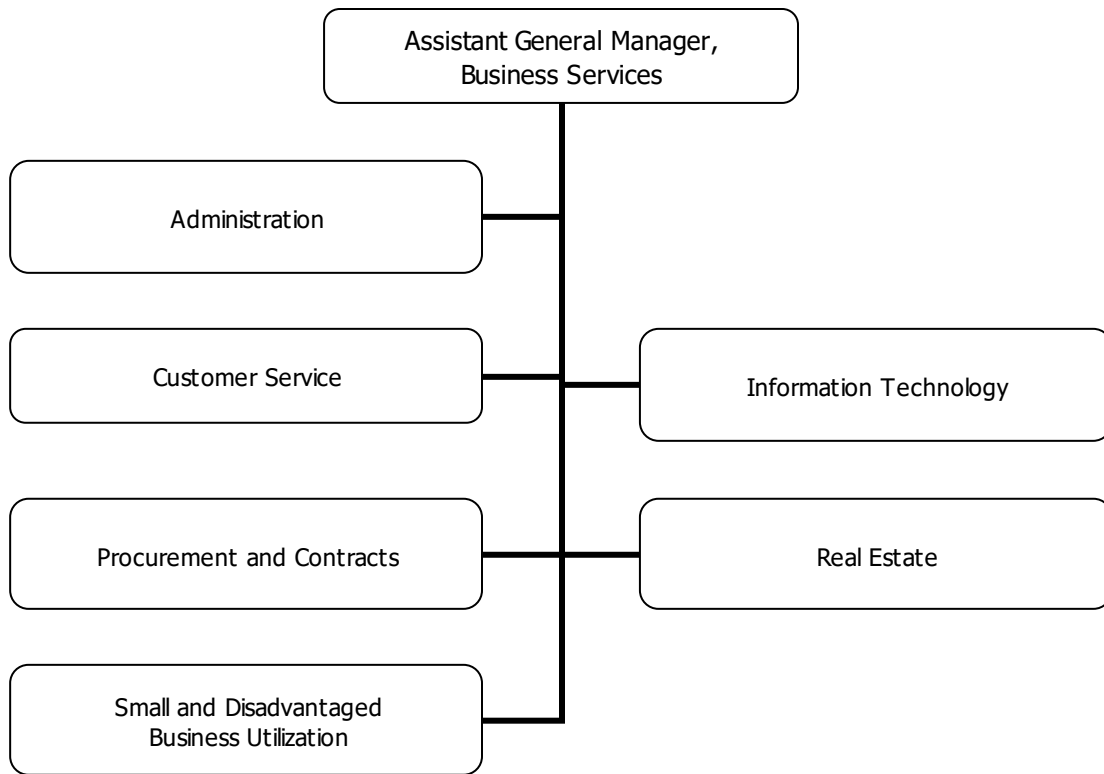
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## BUSINESS SERVICES DIVISION

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## BUSINESS SERVICES DIVISION

### HEADCOUNT

OPERATING HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	7	-	-	7
Customer Service	8	61	-	69
Information Technology	52	18	-	70
Procurement and Contracts	70	58	4	132
Real Estate	12	4	-	16
Small and Disadvantaged Business Utilization	5	-	-	5
<b>TOTAL OPERATING HEADS</b>	<b><u>154</u></b>	<b><u>141</u></b>	<b><u>4</u></b>	<b><u>299</u></b>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	-	-	-	-
Customer Service	-	-	-	-
Information Technology	3	-	-	3
Procurement and Contracts	8	2	-	10
Real Estate	-	-	-	-
Small and Disadvantaged Business Utilization	2	-	-	2
<b>TOTAL CAPITAL HEADS</b>	<b><u>13</u></b>	<b><u>2</u></b>	<b><u>-</u></b>	<b><u>15</u></b>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	7	-	-	7
Customer Service	8	61	-	69
Information Technology	55	18	-	73
Procurement and Contracts	78	60	4	142
Real Estate	12	4	-	16
Small and Disadvantaged Business Utilization	7	-	-	7
<b>TOTAL HEADS</b>	<b><u>167</u></b>	<b><u>143</u></b>	<b><u>4</u></b>	<b><u>314</u></b>

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## BUSINESS SERVICES DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Administration	\$ 690	\$ 14	\$ 704
Customer Service	3,079	50	3,129
Information Technology	4,517	5,828	10,345
Procurement and Contracts	7,087	265	7,352
Real Estate	760	2,037	2,797
Small and Disadvantaged Business Utilization	<u>286</u>	<u>25</u>	<u>311</u>
<b>TOTAL</b>	<b><u>\$ 16,419</u></b>	<b><u>\$ 8,219</u></b>	<b><u>\$ 24,638</u></b>

### CUSTOMER SERVICE

Responsible for responding to customer inquiries received via telephone, email, U.S. mail, fax and walk-ins concerning travel information, lost and found, complaints, suggestions and commendations. The department also manages the Senior Citizen Free Fare Program and the Reduced Fare Program for Persons with Disabilities.

### INFORMATION TECHNOLOGY

The Information Technology Department consists of three principal units:

**Project Services** – Supports the development, integration and implementation of new software systems in support of business units throughout the Authority and maintains, supports and enhances existing systems Authority-wide. This section responds to application software problems, which have the potential to seriously impact the Authority's ability to conduct business.

**Network Services** - Supports SEPTA's voice, data and video communication systems and the entire microcomputer environment. Sets standards for hardware and software used across the networks (voice, video and data) and installs, supports, and maintains the communications infrastructure throughout the entire Authority service area including all remote locations.

**Data Center Services** - Provides computer operations stability and access security on a seven day, 24-hour basis including problem management, disaster recovery, database administration and change control. This section maintains the technology infrastructure necessary for business critical systems including Payroll, Materials Management, General Accounting, and Operations Control Centers.

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## BUSINESS SERVICES DIVISION

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### Goals

Continue the technology infrastructure refreshment program, including the proliferation of Intranet services.

Extend the deployment of the high-capacity data network.

Continue the server consolidation program within the Data Center.

Maintain financial systems, Control Center systems (CARD, ATDS, AVPA), Vehicle Maintenance Information System (VMIS) and data network and mainframe servers at 99.5% uptime.

### Business Initiatives

- **Improve Use of Information Technology Authority-Wide**
  - Streamline financial systems for ease of access by internal users.
  - Implement new budget software package.
  - Standardize office technology applications and centralize management structure.
    - Deploy email, internet and file transfer program to all work locations.
  - Use computer-scheduling system to achieve operating savings.
    - Enhance reservation and dispatch system for CCT.
- **Improve Customer Service Communication / Information**
  - Upgrade customer communications at Subway/Light Rail and Railroad stations.
    - Upgrade Automated Itinerary and Reporting System (AIRS) and extend the Transitquest project.
    - Enhance Travel Information Center's voice response system.
    - Extend Audio Visual/Public Address System via Smart Station Project.
    - Initiate rider information subscription service.
- **Implement Maintenance Efficiencies**
  - Expand VMIS and maintenance productivity standards to rail modes.
- **Improve Reliability / On-Time Performance / Travel Speeds**
  - Implement Railroad crew management system.
  - Implement Railroad Operations simulation software.



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## BUSINESS SERVICES DIVISION

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### PROCUREMENT AND CONTRACTS

**Compliance and Support Services** – Provides coordination and enforcement of SEPTA's compliance with Federal, State and local funding agency regulations for approved capital projects, planning studies and other non-operating projects. Participates in updating standard form contracts, procurement manual and related policy instructions. Provides analytical, budgetary, system administration and enhancements, and contract processing support for the department. Administers Authority-wide programs such as e-procurement, electronic stockless stationary and the Material Management/Purchasing system. Responsible for maintenance, enhancement and control of the asset recovery process for the Authority.

**Contract Administration** – Responsible for handling construction, technical services and vehicle/special service contracts that require significant post award administration. Responsible for handling the Authority's business relationship with contractors including negotiations, contractual obligations of both parties and settling disputes of contract performance.

**Purchasing and Resource Control** – Responsible for the purchase/lease of parts, material, equipment, supplies, repairs and services utilized by the Authority, except for major vehicle procurements. Provides cost savings through value analysis and negotiations, and expedites orders with suppliers. Performs analysis, forecasting and identification of inventory needs to determine adequate stocking levels at a minimum carrying cost in support of repairs and services utilized by the Authority. Provides direct field support to Maintenance Directors and shop personnel. Performs planning and utilization forecasting for material campaigns.

**Supply Chain Management** – Responsible for storeroom operations, warehousing, distribution, and inventory replenishment, forecasting and control. Directs receiving, documenting, storing, issuing, tracking and inventorying of all stock material for the Authority's diversified fleet and infrastructure maintenance. Coordinates and controls the Authority-wide inventory reduction program.

### Goals

Coordinate with Operations and Finance to identify and dispose of property, and to write-off \$1 million in obsolete/excess inventory.

Maintain service level of 98% or better for vehicles held out of service waiting for stock parts.

Implement cost savings through outsourcing, value analysis and negotiations.

Improve cash flow through planned scheduled material deliveries.

Perform inventory cycle counting and implement procedures to increase accuracy rate of 96% or better at closed storerooms.

Manage maintenance campaign procurement planning.

Implement cost reductions in material and services resulting from the development of new sources of supply, negotiating professional services contracts, promoting earlier supplier involvement, analyzing potential value, establishing long term/blanket contracts and developing an e-commerce capability.

Maintain average turnaround time of procurements under \$25,000 (requisition to purchase order awards) to six working days.

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## BUSINESS SERVICES DIVISION

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Maintain an aggressive program of buyer involvement in meeting with customers, review of procurement methodology, and Procurement Action Plan reporting.

Improve the Contracts Administration function through training, recovery of Errors and Omission costs, utilization of Contractors/Consultants, increased oversight of contract administrative tasks for grant related procurements and centralization of contract files.

Promote Disadvantaged Business Enterprise (DBE) participation in accordance with the Authority's goal.

Establish effective controls of Standard Form Contracting to ensure the proper version is utilized.

- **Implement Parts Management Efficiencies**

- Develop comprehensive parts inventory program for each distinct type of rolling stock.
- Continue establishment of blanket procurement contracts and OEM sole source contracts.
- Advance full stock of materials for new fleet vehicles including capital spare material.
- Establish inventory controls through computerized maintenance system.
- Reduce excess/obsolete inventory.
  - Continue analysis and reduction of obsolete inventory.
  - Continue to monitor material purchased for major projects/campaigns to minimize potential inventory excesses.
- Centralize SEPTA's warehousing operation and provide increased parts replenishment distribution.

- **Establish Innovative Procurement Program**

- Revise current system for outsourcing, solicitation and awards.
  - Develop additional blanket orders.
  - Reduce the under \$25,000 requisition processing cycle.
  - Implement internal E-commerce capability for procurements.
  - Transition all bid advertising to the Authority's web site.
- Reduce cost of procured materials and services by \$1 million through negotiation and other procurement techniques.
  - Effect aggressive negotiations for new procurements, RFP's, change orders and amendments.
  - Improve outsourcing through new vendors and alternative products.
  - Expand scope of Contract Administration involvement in major procurements.
  - Enhance level of staff professionalism and expertise in procurement and contract administration.
- Maintain an Early Purchasing Involvement (EPI) Program.
  - Maintain attendance at user meetings, planning sessions, etc.
  - Continue issuance of Purchasing Action Plans and other contract status reports.

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## BUSINESS SERVICES DIVISION

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### REAL ESTATE

**Property Development and Acquisition** - Effects and manages all real property dealings including property development and acquisition agreements. Roles include joint development of rental and public improvements, revenue generating utility occupancy agreements, as well as land and facilities acquisitions in support of infrastructure and ridership enhancements.

**Headquarters Support Services Management/Administration** - Oversees office space planning, design and facilities management. Acts as liaison with contracted building operations management and SEPTA organized labor. Coordinate staff utilization of motor vehicles, and administration of all contracted vendateria services system-wide.

**Mail and Document Reproduction Services** - Manages the operation of mail services in compliance with labor contract and U.S. Postal requirements. Manages document reproduction services in accordance with Authority initiatives.

### Goals

Coordinate all property appraisal and acquisition efforts in support of the Authority initiatives.

Amend the forty-seven railroad station lease to increase SEPTA's leasehold and enable the following:

The relocation of the Amtrak storage shed at Wayne Station to accommodate construction of high-level platforms and ramps.

The construction of ADA high-level platforms and ramps and additional customer parking at Croyden Station.

Negotiate and finalize long-term agreements with Norfolk Southern and Amtrak for additional ground at Exton station to accommodate additional customer parking.

Determine terms and conditions regarding the purchase of additional property to accommodate increased customer parking at Holmesburg Junction Station.

Finalize terms of conveyance of a parcel of land owned by the Wawa Corporation to support the extension of service between Elwyn and Wawa.

Finalize revenue agreements with Pennsylvania Power and Light to support the consolidation of utility occupancy agreements and installation of a high-tension line of the Bethlehem Branch.

Develop terms and conditions regarding the renegotiation of three (3) PECO rental agreements presently generating approximately \$262,000 annually.

Abstract agreement and deed data and convert records, documentation and mapfiles to electronic file format.

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## **BUSINESS SERVICES DIVISION**

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### **Business Initiatives**

- **Improve Authority Real Property Asset Maintenance**
  - Manage SEPTA properties to ensure assets are utilized to maximum efficiency.
    - Conclude sale of surplus property at Penn and Bellfield Streets in Philadelphia.
    - Develop proposed agreements for joint commercial-transit development of variously owned properties to result in new station facilities and increased customer parking at Amtrak's Devon and Paoli Stations and SEPTA's Ambler Station.
  - Streamline property-leasing program for stations and other facilities.
    - Continue program of lease development projects for railroad stations, including Ardsley, Carpenter Lane and Queen Lane Stations.
    - Execute rental agreements.
  - Implement Suburban Station Development and Management program.
    - Continue improved Suburban Station cash flow and tenant-funded improvements through management of the Master Lease Agreement with MetroMarket for its development and leasing of retail space.
  - Enhance revenue and cost efficiencies for 1234 Market Street Building.
    - Design re-stacking and reconfiguration of 1234 Market Street per revised requirements.
    - Increase rental occupancy and rental revenues.
    - Complete construction of a SEPTA sales office in the Headquarters' Market Street Lobby at 1234 Market Street.

## **SMALL AND DISADVANTAGED BUSINESS UTILIZATION (SDBU)**

### **Principal Responsibilities**

Administers the U. S. Department of Transportation's Disadvantaged Business Enterprise Program Regulations to ensure that small, minority and women-owned businesses have an equal opportunity to participate in contract and procurement activities. Provides technical assistance, training, and dissemination of resource information to those firms interested in doing business with SEPTA.

### **Goals**

Partner with other Minority or Disadvantaged Business Enterprise (MDBE) advocacy agencies to maximize outreach efforts towards building a directory of resources to assist minorities in growing their businesses.

Improve DBE monitoring of major SEPTA projects.

Provide additional networking sessions and seminars for DBE's and prime contractors to enhance DBE participation and effective collaboration.

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## BUSINESS SERVICES DIVISION

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### Business Initiatives

- **Improve Overall Operations**
  - Implement procedural and administrative guidelines for receipt of required documentation to ensure mutually efficient operations between the Contracts and Procurement Department and the SDBU Department.

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## **ENGINEERING, MAINTENANCE AND CONSTRUCTION**

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# ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

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## Principal Responsibilities

### Capital Construction

**Capital Quality Assurance/Quality Control** - Provides Quality Assurance/Quality Control and Project Management/Construction standards for the capital program. Responsible for the development and implementation of document control and safety procedures. Provides budgeting, cost control, scheduling, cost estimating, claims management and capital program systems support to project management staff. Responsible for the centralized monitoring and reporting of SEPTA's Capital Spending Program including the publication of the monthly Fiscal Year Capital Performance Report and the annual Fiscal Year Capital Spending Forecast for the Authority.

**Blue Line Structures** - Provides a comprehensive, multi-disciplinary approach to the design and construction of complex fixed plant facilities, including improvements to transit stations, power conversion, distribution, substations, signals, track and elevated structures for the Blue Line from 69th Street to the Frankford Transportation Center.

**Electrical Facilities** - Manages the engineering and construction of capital projects for fixed plant facilities including improvements to power conversion distribution and substations, signals, catenary and communications for both railroad and transit operations.

**Rail Facilities** - Manages the engineering and construction of capital projects for fixed plant facilities, including improvements to stations, track, signals, bridges and parking facilities.

**Transit Facilities** - Manages the engineering and construction of capital projects for fixed plant facilities, including improvements to stations, maintenance facilities and garages for transit operations.

### Engineering & Maintenance

**Administration** - Coordinate and manage the financial and administrative activities for the Engineering & Maintenance Department.

**Bridges and Buildings** - Provides structural, architectural and mechanical engineering services; performs all major force account construction projects and maintenance of stations, buildings and bridges.

**Communications and Signals** - Performs regular inspection, testing, maintenance, and reconstruction of the signal system; provides engineering and design services for all signal maintenance and renewal projects; performs all radio maintenance and railroad communication maintenance.

**Power** - Performs regular inspection, maintenance and reconstruction of electric traction and signal power systems and electrical infrastructure; provides engineering and design services for all related maintenance and renewal projects.

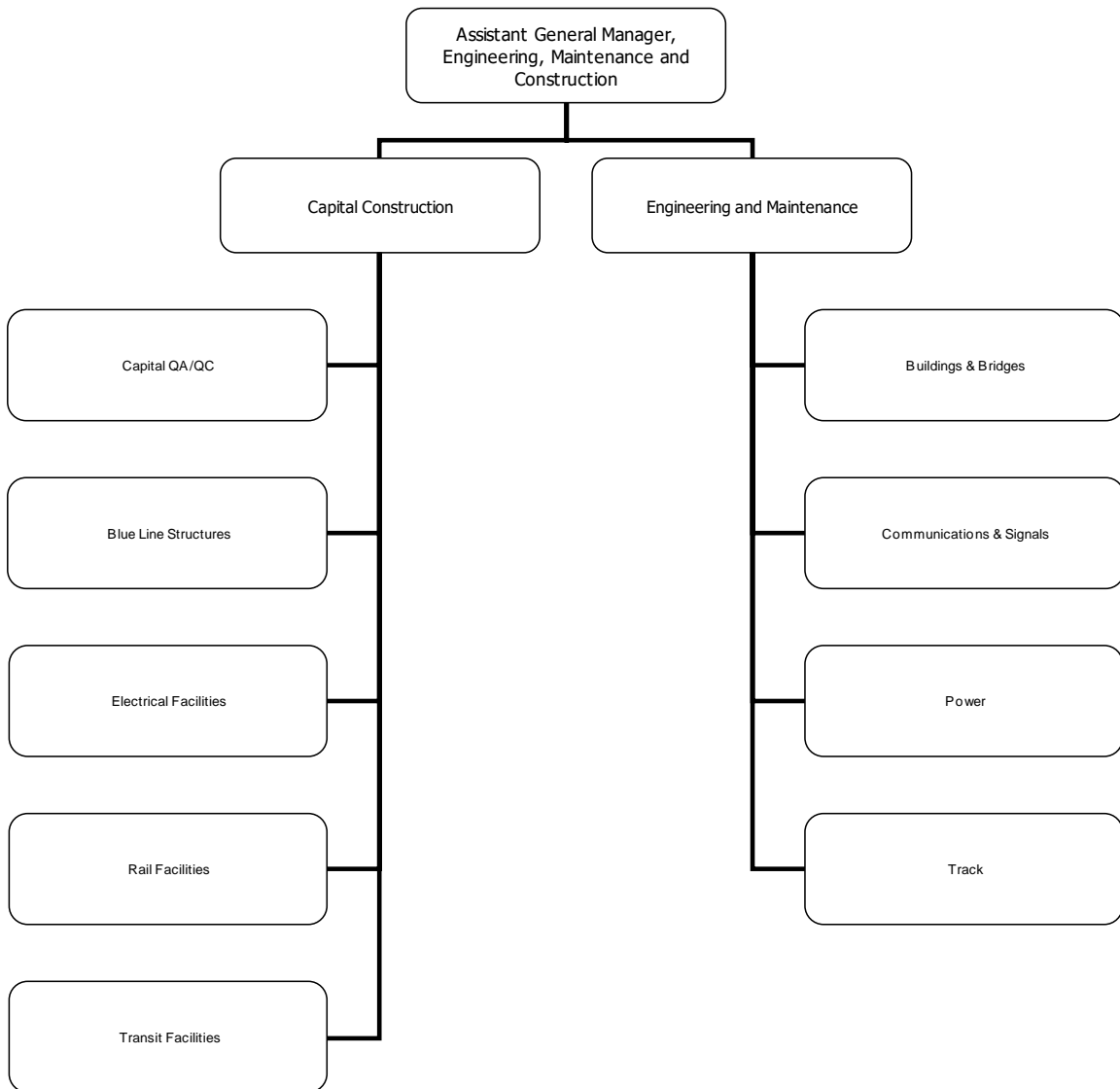
**Track** - Performs inspection, maintenance and reconstruction of track and right-of-way areas; provides engineering and design services for all track maintenance and renewal projects; operates Track Shop to support Authority's requirements for routine and specialty track design and fabrication; operates Midvale Utility Shop which oversees the use of non-revenue and utility vehicles.



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## ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

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## ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

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### HEADCOUNT

#### OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction	4	-	-	4
Engineering and Maintenance	<u>148</u>	<u>49</u>	<u>761</u>	<u>958</u>
<b>TOTAL OPERATING HEADS</b>	<u><b>152</b></u>	<u><b>49</b></u>	<u><b>761</b></u>	<u><b>962</b></u>

#### CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction	92	-	-	92
Engineering and Maintenance	<u>55</u>	<u>6</u>	<u>246</u>	<u>307</u>
<b>TOTAL CAPITAL HEADS</b>	<u><b>147</b></u>	<u><b>6</b></u>	<u><b>246</b></u>	<u><b>399</b></u>

#### TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction	96	-	-	96
Engineering and Maintenance	<u>203</u>	<u>55</u>	<u>1,007</u>	<u>1,265</u>
<b>TOTAL HEADS</b>	<u><b>299</b></u>	<u><b>55</b></u>	<u><b>1,007</b></u>	<u><b>1,361</b></u>

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## ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Capital Construction	\$ 425	\$ 75	\$ 500
Engineering and Maintenance	<u>50,830</u>	<u>12,377</u>	<u>63,207</u>
<b>TOTAL</b>	<b><u>\$ 51,255</u></b>	<b><u>\$ 12,452</u></b>	<b><u>\$ 63,707</u></b>

### Capital Construction - Capital Quality Assurance/Quality Control

#### Business Initiatives

- **Improve Project Management**
  - Streamline project design phase.
  - Reduce change order rates.
  - Finalize formal QA Procedures in conjunction with publication of revised Project Management Program Guidelines.
  - Review third party Consultant's and Contractor's specified QA/QC Programs.
- **Improve Productivity & Cost Effectiveness**
  - Provide cost control and budgetary oversight on all Capital Construction projects.
  - Provide and update scheduling reports to track progress on all Capital Construction projects.
  - Provide independent cost estimates for capital construction contracts.
  - Provide independent cost estimates for potential change orders.
  - Achieve an actual versus budget performance expenditure shortfall of 10% or less for capital projects managed by Capital Construction.
  - Achieve 70% of FY 2007 forecasted construction awards.

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## **ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION**

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### **Capital Construction - Blue Line Structures**

#### **Business Initiatives**

- **Improve Customer Travel Environment**
  - Continue the reconstruction of stations on the Market Elevated segment of the Market Frankford Line.
- **Improve Customer Safety**
  - Continue the replacement of Market Elevated Guideway.

### **Capital Construction - Electrical Facilities**

#### **Business Initiatives**

- **Improve Customer Security**
  - Implement Smart Station Program to enhance security at all Subway/Elevated and Light Rail Stations.
- **Improve Customer Service Communication/Information**
  - Upgrade customer communications at Subway/Light Rail Stations.
  - Continue with upgrade of Customized Community Transportation system.
  - Continue expansion of Automatic Vehicle Locator System for Bus Operations.
- **Improve Customer Safety**
  - Upgrade Broad Street Subway Signal System.
  - Continue working on substation renovation projects.

### **Capital Construction - Rail Facilities**

#### **Business Initiatives**

- **Expand Rail Services**
  - Continue the engineering and design of Elwyn-Wawa rail service restoration.

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## ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

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- **Improve Customer Travel Environment**
  - Renovate railroad and transit station facilities at Wayne Junction, Croydon and Darby Transportation Centers, Queen Lane, Allen Lane, Wayne and Gulph Mills.
  - Upgrade and expand parking facilities at Norristown Transportation Center, Trevose, Malvern and Exton.

### **Capital Construction - Transit Facilities**

#### **Business Initiatives**

- **Improve Customer Travel Environment**
  - Renovate transit station facilities including ADA improvements at 13<sup>th</sup> Street/Juniper Station, 8<sup>th</sup> Street Station, North Philadelphia Transportation Center, Spring Garden Station, Girard Station, Margaret-Orthodox Station and Allegheny Station.
  - Continue design for City Hall station renovations.
  - Continue implementation of the Escalator Modernization Program.

### **Engineering and Maintenance - Administration**

#### **Goals**

Monitor and analyze expenditures to adhere to operating and capital budgets.

Evaluate processes to streamline work functions and determine optimal headcount needs.

Promote integration of maintenance and engineering staff to ensure goal achievement.

Oversee Divisional Contract Administration - equipment rentals, blanket materials orders, service contracts, Amtrak force account activity and trackage rights/reimbursement agreements with PennDOT, other railroads and municipalities.

Administer SEPTA's Infrastructure Safety Renewal Program (ISRP) program by coordinating program planning, project scope development, progress reporting, PennDOT invoice documentation and PennDOT field audits.

#### **Business Initiatives**

- **Implement Fleet Efficiencies**
  - Reduce size of non-revenue vehicle fleet.
    - Complete the procurement of new vehicles through Utility Fleet Renewal Capital Program, which will allow for the retirement of older equipment and further fleet downsizing.

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## **ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION**

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### **Engineering and Maintenance - Buildings and Bridges**

#### **Goals**

Provide Facilities Engineering services as required by Operations and Capital Construction.

Increase safety and productivity by reducing unproductive work hours (e.g. Workers' Compensation and lost-time).

Perform operating maintenance of fire prevention systems, roofing, vent wells, emergency exits, elevators, escalators and electro-mechanical devices (pumps, compressors, motor generators, etc.).

Maintain city transit and suburban transit facilities and stations. Provide janitorial services for suburban transit stations.

Successfully complete capital and operating projects in accordance with schedules and budgets while minimizing use of overtime.

Monitor and manage the consistent application of labor agreements.

#### **Business Initiatives**

- **Improve Customer Travel Environment**
  - Build and renovate stations.
    - Continue City Transit and railroad station renovations within ISRP Program.
- **Improve Customer Safety**
  - Improve escalator/elevator inspection, maintenance and reliability.

### **Engineering and Maintenance - Communications and Signals**

#### **Goals**

Reduce service delays due to communications and signal problems.

Increase safety and productivity by reducing unproductive work hours (e.g. Workers' Compensation and lost-time).

Successfully complete communications and signal work components of capital and operating projects in accordance with schedules and budgets while minimizing use of overtime.

Monitor and manage the consistent application of labor agreements.

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# ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

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## Business Initiatives

- **Improve Customer Safety**
  - Complete installation of Positive Train Control System in the Light Rail Tunnel.
    - Prevent rear-end collisions.
    - Prevent derailment in curves due to speed.
  - Retire open-line signal wire and replace copper communications lines with fiber-optic cables.
    - Advance construction between Glenside and Lansdale Stations on the R5 Lansdale/Doylestown Line.

## Engineering and Maintenance - Power

### Goals

Reduce service delays due to power problems.

Increase safety and productivity by reducing unproductive work hours (e.g. Workers' Compensation and lost-time).

Successfully complete power-related work components of capital and operating projects in accordance with schedules and budgets while minimizing use of overtime.

Monitor and manage the consistent application of labor agreements.

### Business Initiatives

- **Improve Reliability/On-Time Performance/Travel Speeds**
  - Improve reliability of the power distribution system.
    - Complete the replacement of the West Trenton Line catenary wire from Langhorne through Wood Interlocking, and from Jenkintown through Rices Mill Road on the Main Line.
    - Replace sectionalizing switches (including remote control) for faster trouble shooting and failure diagnosis (ISRP project).

## Engineering and Maintenance - Track

### Goals

Reduce service delays due to track problems.

Increase safety and productivity by reducing unproductive work hours (e.g. Workers' Compensation and lost-time).

Successfully complete track work components of capital and operating projects in accordance with schedules and budgets while minimizing use of overtime.

Increase availability of vehicles and equipment.

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## **ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION**

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Implement scheduling improvements (including those provided in labor contracts) to better meet customer demand.

Monitor and manage the consistent application of labor agreements.



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## FINANCE AND PLANNING

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## FINANCE AND PLANNING DIVISION

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### Principal Responsibilities

**Accounting and Public Finance** – Manages the Authority's financial reporting and accounting activities. Expense management, payroll processing, subsidy/grant billing and accounting are included in this area. Coordinates the Authority's access to the capital markets for proposed debt financing. Coordinates cash management activity in order to maximize investment earnings.

**Budgets** – Manages the Authority's operating and capital budget process and monitors financial performance throughout the year through forecasting and financial analysis. Serves as a liaison between the capital budgeting function and federal, state and local funding agencies. Serves as the primary unit for capital funding agreements.

**Capital and Long Range Planning** – In conjunction with other departments, develops long range capital plan, including evaluation, analysis and prioritization of capital projects. Conducts planning studies and provides support and direction on transportation policy issues.

**Revenue Operations** – Ensures that the Authority's fare instruments are distributed, the fare collection system is maintained and revenue is collected, transported, secured, counted, processed and deposited. The department is responsible for control, compliance and audit of the collection process.

**Revenue, Ridership, Marketing and Sales** – Develops, compiles and disseminates revenue and ridership budgets, statistics and trends. Performs market research and customer satisfaction studies. Administers pricing policies, tariffs and fare information. Assesses opportunities for revenue growth and designs and implements long-term strategic and focused marketing initiatives, promotional partnerships and ridership retention programs. Manages other income-producing opportunities including vehicle, station and billboard advertising, and parking facilities. Administers the distribution and sale of fare instruments throughout the five-county service area, including major sales offices, the Transit Museum Store, corporate sales, convention services, Commuter Choice and business outreach initiatives.

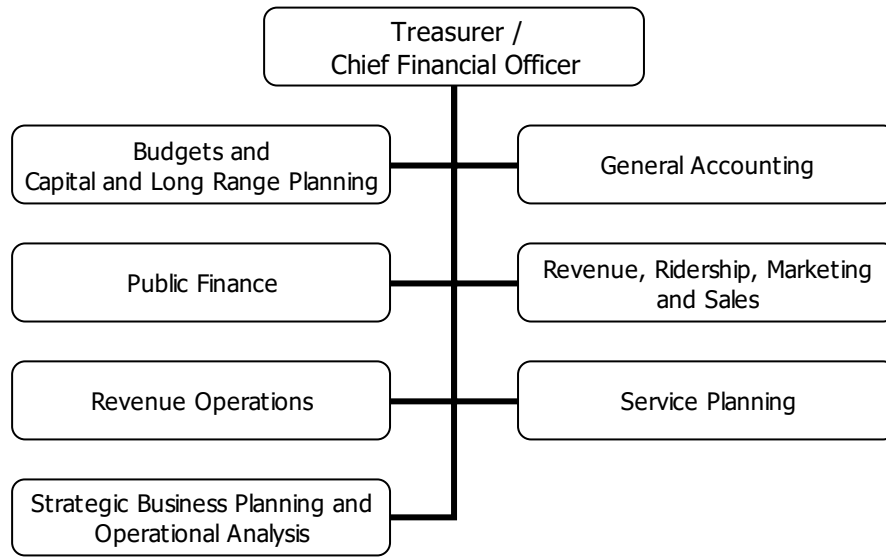
**Service Planning** – Plans and schedules service for City, Suburban and Railroad operations. Monitors and analyzes route performance (in accordance with applicable service standards) to develop proposals for service improvements. Works with public and private partners to develop new services. Prepares the Annual Service Plan which includes all major budget-related route and service proposals and the annual economic review of all SEPTA routes. Serves as liaison with City and County Planning Agencies and Transportation Management Associations (TMA's) regarding service planning issues. Coordinates SEPTA's tariff and public hearing process for all route changes. Responsible for planning SEPTA Job-Access (JARC) and Congestion Mitigation/Air Quality (CMAQ) services and sub-grantee invoicing. Coordinates all SEPTA charter service requests. Supports Capital Budget planning on transit and railroad service issues.

**Strategic Business Planning and Operational Analysis** – Directs, develops and implements SEPTA's Strategic Business Plan activities. Performs operational analysis to improve productivity and efficiencies. Performs selected analysis of business practices, re-engineers and re-designs functional activities in context of improving service delivery.

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## FINANCE AND PLANNING DIVISION

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## FINANCE AND PLANNING DIVISION

### HEADCOUNT

#### OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting / Public Finance	39	12	-	51
Budgets / Operational Analysis / Capital & Long Range Planning	24	-	-	24
Revenue, Ridership, Marketing, and Sales	38	30	-	68
Revenue Operations	88	50	49	187
Service Planning	30	24	-	54
<b>TOTAL OPERATING HEADS</b>	<b>219</b>	<b>116</b>	<b>49</b>	<b>384</b>

#### CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting / Public Finance	-	-	-	-
Budgets / Operational Analysis / Capital & Long Range Planning	5	-	-	5
Revenue, Ridership, Marketing, and Sales	1	-	-	1
Revenue Operations	-	-	-	-
Service Planning	-	-	-	-
<b>TOTAL CAPITAL HEADS</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>6</b>

#### TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting / Public Finance	39	12	-	51
Budgets / Operational Analysis / Capital & Long Range Planning	29	-	-	29
Revenue, Ridership, Marketing, and Sales	39	30	-	69
Revenue Operations	88	50	49	187
Service Planning	30	24	-	54
<b>TOTAL HEADS</b>	<b>225</b>	<b>116</b>	<b>49</b>	<b>390</b>

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## FINANCE AND PLANNING DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Accounting / Public Finance	\$ 2,938	\$ 612	\$ 3,550
Budgets / Operational Analysis / Capital & Long Range Planning	1,562	38	1,600
Revenue, Ridership, Marketing, and Sales	3,595	3,165	6,760
Revenue Operations	9,483	1,650	11,133
Service Planning	<u>2,442</u>	<u>58</u>	<u>2,500</u>
<b>TOTAL</b>	<b><u>\$ 20,020</u></b>	<b><u>\$ 5,523</u></b>	<b><u>\$ 25,543</u></b>

## ACCOUNTING AND PUBLIC FINANCE

### Principal Responsibilities

**General Accounting** - Produces timely and accurate financial reports and properly maintains the accounting system and related internal control structure.

**Accounts Payable, Billings and Cash Management** - Processes vendor payments; ensures items processed are correctly recorded; generates billings, captures and reports capital project costs. Manages the Authority's cash resources.

**Payroll** - Processes Authority payroll in a timely and accurate manner. Also ensures that payroll related contractual entitlements are properly reflected in accounting records and paid to individual employees.

**Revenue Accounting, Operating Grants, Accounts Receivable and Fixed Assets** - Maintains accounting controls over operating revenues, operating subsidy grants, operating receivables and fixed assets. Prepares applications and billings for operating and senior citizen subsidies and accounts for capitalization and disposition of grant and non-grant property and related depreciation and contributed capital.

**Public Finance** - Coordinates the Authority's access to the capital markets for proposed debt financing and leasing. Coordinates the strategic leverage of limited resources to maintain a reasonable level of access to capital markets.

### Goals

Prepare required interim and annual financial reports timely and accurately, including distribution of monthly Treasurer's Report. Annual financial reports also include the Urban Grant Financial Report to the State, National Transit Database Report, Single Audit Report, and City Special Purpose Report, all of which are audited.

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## FINANCE AND PLANNING DIVISION

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### Business Initiatives

- **Improve Use of Information Technology Throughout Authority**
  - Streamline financial systems for ease of access by internal users
    - Support Information Technology efforts to improve financial reporting, executive information and asset management.

### BUDGETS

#### Principal Responsibilities

**Operating Budget** - Develop a budget plan based upon an evaluation of each department's operating needs in relation to the Authority's overall resources. Review and modify the consolidated results of all proposals to ensure that projected expenditures are balanced with projected revenues and subsidies. Develop annual Operating Budget and multi-year forecast. Evaluate proposed financial commitments and personnel requests on an ongoing basis to ensure sufficient funding and adherence to budget. Oversee SEPTA's utility accounts, and review and approve utility bills. Conduct analysis to track and forecast financial performance.

**Capital Budget** - Develop annual Capital Budget and the twelve-year Capital Program. Prepare, maintain and execute federal, state and local grant applications from inception to execution. Provide oversight and prepare analyses of the Vehicle Overhaul Program; Infrastructure Safety Renewal Programs; and, Regional Job Access and Reverse Commute Programs.

**Reports & Systems** - Maintain the software used to produce the annual operating budget at the expense object level and integrate with the mainframe environment. Support and train the departmental users of the budgeting system. Coordinate with Information Technology to produce, maintain and distribute monthly and annual internal financial reports.

**Special Projects** - Provides financial analysis and forecasting for substantive financial issues impacting the Authority including labor negotiations, power and fuel contracts, income generating contracts, etc. Provides financial analysis for internal discussions and Board briefings.

#### Goals

Monitor and report actual versus budgeted expenditures. Research areas of potential overspending and work with departments to develop an action plan that will achieve intended results, while staying within overall budget.

Prepare the Fiscal Year 2008 Operating Budget Proposal, ensuring the expenses are balanced with revenue and operating subsidies. Manage the budget process to ensure timely public hearings, approval and publication of the Fiscal Year 2008 Budget Document.

Complete the development of an enhanced Operating Budget Financial Database System.

Provide financial impact analysis to the Labor Relations Department during labor contract negotiations.



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## FINANCE AND PLANNING DIVISION

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Identify and analyze modifications to operations as well as staff functions that will achieve cost savings without decreasing the level of service or reporting.

Continue to pursue economic opportunities presented by the deregulation of the electric industry.

Finalize and distribute Fiscal Year 2007 Capital Budget and Fiscal Year 2007-2018 Capital Program.

Prepare the Fiscal Year 2008 Capital Budget and twelve-year Capital Program, ensuring that projects are progressing within projected grant resources.

Secure approval of public transit section of Fiscal Year 2007 Transportation Improvement Program.

Secure approval of Federal Transit Administration grant applications within first quarter upon completion of Fiscal Year 2007 appropriations process.

Participate in efforts to secure sufficient state funding for SEPTA's capital and operating budgets.

Maximize funding opportunities through use of "Letters of No Prejudice" and any other innovative financing avenues, including leasing of assets.

Coordinate Act 3 and Act 26 funding process including internal approvals and PaDOT grant approvals. Secure approval of the Fiscal Year 2007 Act 3 and Act 26 program by the second quarter of the fiscal year.

Monitor ongoing capital projects and expenditure requirements.

### **Business Initiatives**

- **Identify Opportunities to Serve New Markets**

- Investigate methods for funding/promoting new service initiatives.
  - Maximize funding opportunities for the region's Access to Jobs initiatives.

- **Implement Labor Efficiencies**

- Identify competitive bid work opportunities (especially in non-core business areas).
  - Identify alternative strategies for further cost containment.
  - Conduct cost benefit analysis on existing functions to determine future business strategies.

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## FINANCE AND PLANNING DIVISION

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### **CAPITAL AND LONG RANGE PLANNING**

#### **Principal Responsibilities**

Analyzes, evaluates and prioritizes capital projects.

Initiates studies and develops plans for building new lines and expanding the existing transit network to serve new markets and increase ridership.

Assesses the consequences of national, state and local demographic, economic, travel and development trends and forecasts for SEPTA's current and future markets, services and capital projects.

Continues participation in the Transit Cooperative Research Program (TCRP) and similar research efforts to advance studies and ideas that solve problems, provide practical guidance and expand the knowledge base of the transit community.

#### **Goals**

Pursue appropriate advancement for the Authority's regional new-start initiatives.

Participate and represent the Authority in intergovernmental planning and project development activities.

#### **Business Initiatives**

- **Expand Rail Services**
  - Evaluate new transit services.
    - Pursue appropriate advancement for Schuylkill Valley Metro, Route 100 Extension and 52<sup>nd</sup> Street Connector Alternatives Analysis Project.
- **Provide Strategic Decision Making Support Systems**
  - Establish evaluation program to prioritize capital investments.
    - Continue implementation of the capital planning methodology, policies and procedures, including capital project analysis and evaluation criteria.
    - Continue assessment of fare collection modernization needs and prepare recommendation.

### **REVENUE OPERATIONS**

#### **Principal Responsibilities**

**Revenue Transportation** – Ensures the collection and safe transportation of the Authority's passenger revenues and fare instruments. Deposits processed revenue.

**Revenue Services** – Ensures timely processing, counting and reconciliation of the Authority's passenger revenue, as well as the distribution of fare instruments.

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## FINANCE AND PLANNING DIVISION

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**Revenue Equipment Maintenance and Engineering** – Performs preventive maintenance and overhaul of the Authority's fare collection equipment and devices. Provides engineering and design support for the revenue system including specifications, drawings, equipment modifications and system upgrades.

**Revenue Compliance** – Ensures that the collection of farebox revenue is performed efficiently and safely.

**Revenue, Audit and Control** – Ensures that effective controls are in place to safeguard the Authority's revenue and assets.

### Goals

Maintain an annual average expense for cost collection at 8.8 cents or less per dollar.

Increase the efficiency of revenue collection equipment transactions between failures as follows:

Turnstiles	34,750
Fareboxes	11,000
Change Machines	5,800
GFI Token Machines	650

Ensure that all cashier shortages are resolved within six months.

Implement a strategy to improve and modernize fare collection processes, in cooperation with Revenue, Ridership, Marketing and Sales and Capital Planning.

## REVENUE, RIDERSHIP, MARKETING AND SALES

### Principal Responsibilities

The Revenue, Ridership, Marketing and Sales Department is responsible for managing passenger and non-passenger revenue. Assesses opportunities for ridership growth, designs and implements long-term strategic marketing initiatives, business development tactics, promotional partnership and ridership retention programs. Through trend analysis, research and other assessments, implements marketing programs or recommends service enhancements as appropriate.

**Revenue and Ridership Management** – Develops revenue and ridership budgets and tracks performance. Compiles and disseminates revenue and ridership data, statistics and trends. Fulfills reporting requirements of government and ancillary agencies. Administers pricing policies, associated tariffs and dissemination of fare information. Administers Senior Citizen Free Transportation Program.

**Sales** – Administers the distribution of sales instruments throughout the five-county service area. Manages three major sales centers, the Transit Museum Store, corporate sales, convention sales, web sales and over 400 vendor agreements. Performs ongoing financial and quality assessments of vendors. Administers contracts with schools and school districts. Conducts transit fairs and informational outreach to employees, and develops promotional partnerships.

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## FINANCE AND PLANNING DIVISION

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**Marketing** – Develops and manages long and short-term marketing programs. Creates marketing campaigns and messages, and places advertising in various media forms as appropriate. Manages or develops other income-producing opportunities including vehicle, station and billboard advertising. Prepares communications designed to retain customers and enhance ridership.

**Market Research** – Directs Authority-wide qualitative and quantitative research programs executed both internally and externally. Prepares and disseminates summary reports and recommendations to internal customers. Conducts annual customer satisfaction program.

**Business Development** – Business development activities include coordinating Authority-wide plans to support major service changes as well as recommending and/or reviewing service changes to address new or transitional market conditions.

**Parking Operations and Development** – Manages fee collection, maintenance and construction programs. Develops, implements and expands the Authority's parking program. Chairs the Authority's Interdepartmental Parking Task Force.

### **Goals**

#### **Develop long-range marketing plan**

- Identify greatest opportunities for ridership development.
- Formulate measurable advertising strategies.
- Develop ridership retention tactics to address capital projects to be implemented this fiscal year.

#### **Identify and strengthen opportunities for revenue enhancement**

- Expand commuter choice programs to employers within SEPTA's service area.
- Develop new business and community partnerships.
- Expand electronic billboard, station and vehicle advertising.
- Explore opportunities to develop naming rights for stations, routes and other facilities and services.

#### **Improve information delivery systems**

- Publish a greater volume of ridership information on the SEPTA intranet.
- Explore new electronic media forms.

#### **Evaluate pricing policies**

- Begin implementation of a strategy to improve and modernize fare collection processes.
- Identify opportunities for cross-development with external partners.

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## FINANCE AND PLANNING DIVISION

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### **Business Initiatives**

- **Identify Opportunities to Serve New Markets**

- Identify opportunities for service to new and growing work sites.
  - Develop relationships with partner agencies in the Access-to-Jobs arena, employer associations and other organizations with an interest in mobility.
  - Provide strategic decision making support systems through the use of market research to guide business decision making.
  - Investigate new business leads by working closely with developers, public agencies and business organizations to incorporate public transit access into investment decisions.
- Develop visitor and tourist markets.
  - Identify opportunities to serve new markets such as service to new and growing work sites and visitor and tourist markets.
- Develop community and business partnerships.
  - Participate in efforts to improve our customers' ability to purchase SEPTA fare instruments and retail products over the Internet, by mail, from neighborhood stores and through their employer.
  - Evaluate opportunities to generate new ridership and revenue through partnerships with other transportation providers through the use of technology, information sharing and promotions.

- **Provide Strategic Decision Making Support Systems**

- Use customer market research to guide business decision making.
  - Conduct market research to identify and prioritize customer amenities and to incorporate these results into investment decisions.
- Develop Marketing/Public Relations strategies for SEPTA services.
  - Develop outreach campaigns to attract new, long-term riders.

- **Develop Marketing/Public Relations Strategy for SEPTA Services**

- Develop public relations campaign to strengthen SEPTA's regional visibility.
  - Strengthen awareness of SEPTA's importance to the region.
  - Develop promotional campaigns for targeted markets, such as special events for SEPTA passholders.
  - Develop Public Relations campaign responding to customer surveys.
- Provide marketing initiatives to support Authority programs.
  - Provide public communications campaign for the Authority's capital projects.

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## FINANCE AND PLANNING DIVISION

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- **Improve Authority Real Property Asset Management**
  - Develop electronic advertising opportunities for vehicles, stations and facilities.
  - Solicit proposals concerning advertising opportunities along rights-of-way.
  - Manage SEPTA advertising contracts to obtain the optimum amount of revenue.
- **Improve System Access**
  - Expand parking facility development program for Railroad and Subway/Elevated locations.
    - Pursue parking initiatives to encourage and support increasing SEPTA ridership by expanding the 20,500 spaces currently available.
    - Work with public and private partners on structured parking feasibility study for Ardmore, Glenside and Jenkintown Stations.
    - Secure municipal approvals for the development of approximately 100 parking spaces at Trevoze Station, 60 spaces at Forest Hills and 150 spaces at Exton.
    - Solicit proposals concerning management of Norristown Transportation Center garage.

### **SERVICE PLANNING**

#### **Principal Responsibilities**

**Service Planning** - Plans and schedules service for City, Suburban and Railroad operations. Monitors and analyzes route performance in accordance with applicable service standards to develop proposals for service improvements. Works with public and private partners to develop new services. Prepares the Annual Service Plan which includes all major budget-related route and service proposals and annual economic review of all SEPTA routes. Serves as liaison with City and County Planning Agencies and TMA's regarding service planning issues. Coordinates SEPTA's tariff and public hearing process for all route changes. Responsible for planning SEPTA Job-Access (JARC) and Congestion Mitigation/Air Quality (CMAQ) services and sub-grantee invoicing. Coordinates all SEPTA charter service requests. Supports Capital Budget planning on transit and railroad service issues.

#### **Goals**

Implement City Transit Division elements of FY 2006 Annual Service Plan.

Complete and implement FY 2007 Annual Service Plan.

Complete planning studies and implement non-budget related route projects including Job Access/Reverse Commute Initiatives, CMAQ initiatives and other projects.

Monitor route changes and new routes and make revisions, as necessary.

Oversee management of SEPTA and sub-recipient Job Access/Reverse Commute Grants. Approve grant invoices for sub-recipients and finalize new project lists for application.

Enhance departmental computer capabilities.

Develop alternative schedules for capital projects to be advanced this fiscal year.

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## FINANCE AND PLANNING DIVISION

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Provide support to Bus Operations, Control Center and Information Technology for Authority wide implementation of the Computer Aided Radio Dispatch-Automatic Vehicle Locator (CARD-AVL) System.

### **Business Initiatives**

- **Improve Customer Travel Environment**
  - Support planning for Authority's Bike-on-SEPTA Program for all modes.
- **Improve Reliability / On-Time Performance / Travel Speed**
  - Improve on-time performance.
    - Participate on Bus Route Schedule Adherence (RSA) Committee with Bus Operations and Control Center to improve on-time performance on selected routes.
    - Participate on Railroad On-Time Performance Committee to improve the on-time performance of selected trains.
- **Allocate Resources Based on Passenger Demand**
  - Identify opportunities for route service expansion.
    - Implement Annual Service Plan initiatives.
- **Identify Opportunities to Serve New Markets**
  - Identify service opportunities for new and growing work sites.
    - Develop, implement and monitor CMAQ and Access-to-Jobs service initiatives.
- **Improve Use of Information Technology Authority-Wide**
  - Use computer scheduling to achieve operational efficiencies.
    - Use Trapeze FX Upgrade to prepare transit and rail transportation schedules and vehicle requirement statistics.
    - Utilize MultiRail software to prepare railroad schedules.
    - Expansion of departmental Geographic Information System (GIS) capabilities as part of the Delaware Valley Regional Planning Commission (DVRPC) regional program.
- **Coordinate Projects with Other Departments**
  - Coordinate service planning and schedule elements of major capital projects.
  - Coordinate SEPTA scheduling elements of railroad projects involving AMTRAK and New Jersey Transit.

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## FINANCE AND PLANNING DIVISION

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### **STRATEGIC BUSINESS PLANNING AND OPERATIONAL ANALYSIS**

#### **Principal Responsibilities**

**Strategic Business Planning** – Design, manage and coordinate Strategic Business Planning activities of the Authority. Develop measurement indicators and coordinate with external agencies on Strategic Business Plan agenda.

**Operational Analysis** - Perform operational and cost benefit analyses to improve productivity and efficiencies. Analyzes policy and procedure, organizational structure and functional design. Redesign processes and functional activities to achieve efficiencies and generate operating savings. Conduct analyses to determine potential for third party opportunities and other situations resulting in work being contracted out.

#### **Goals**

Introduce a redesigned Strategic Business Plan for the next three to five years.

#### **Business Initiatives**

- Coordinate several projects that support an integrated approach to strategic planning throughout the Authority.
- Work with Authority Divisions in development of a specific Strategic Business Plan that reflects the overall goals and direction of the Authority.



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## HUMAN RESOURCES

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## HUMAN RESOURCES DIVISION

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### Principal Responsibilities

**Human Resources Team** – Directs the Authority's initiatives toward adding value and being responsive to the demands of a dynamic business environment. The principal areas of focus are employees, customer service, organization effectiveness and service quality, training, uniform compliance to policies and procedures and the development of measures that promote our vision, mission and goals.

**Employee Services** – This entity is responsible for the following services:

- The Medical Department administers the Employee Assistance Program, drug-testing programs, all functions related to the Authority's Wellness Program and services for all employees to meet fitness for duty standards.
- Benefit Services administers benefits programs for all employees, including medical, dental, prescription, life insurance, pensions, deferred compensation, flexible benefit program, Cobra and absence management for approximately 9,000 employees and 4,000 retirees. The Benefits staff monitors the \$242 million Authority-wide consolidated benefits budget.
- Compensation administers the salary program for supervisory, administrative and management employees and maintains the job evaluation process as well as the Human Resources Information System.
- The Budget Manager for the division administers financial responsibilities and fiscal planning tasks.
- Human Resources Service Center (HRSC) provides support services to all employees and their families.
- Project Management and Organization Effectiveness exercises responsibility for the development, implementation and management of the Human Resources Business Plan. Coordinates projects related to system's metrics intended to enhance overall division and Authority performance. Also manages the effort to maintain the currency of policies and management directives related to the human resource function.

**Equal Employment Opportunity/Affirmative Action and Employee Relations** – Facilitates programs to ensure Equal Employment Opportunity, prevents employment discrimination through proactive implementation of SEPTA's Affirmative Action Program and ensures compliance with applicable employment laws and regulations, including training. Responsible for handling responses to complaints of discrimination filed with external agencies or under SEPTA policies and procedures.

Employee Relations ensures that consistency is maintained throughout the Authority in the application of employee policies, and develops and maintains the Performance Improvement Program (PIP) Authority-wide.

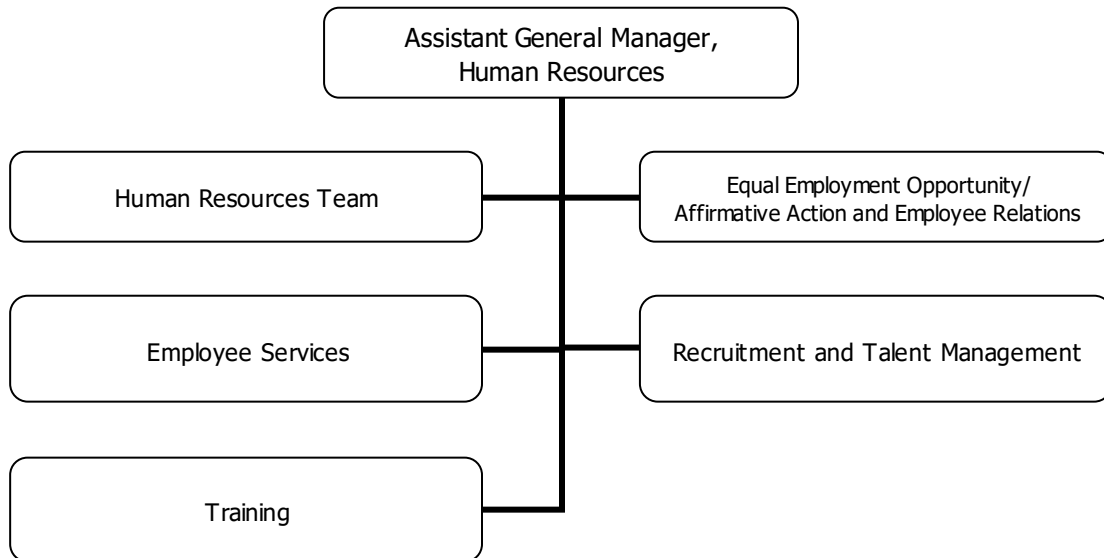
**Recruitment and Talent Management** - Directs the recruitment, hiring, testing, transferring and retention of a diverse team of highly competent and committed professionals. Responsible for the Authority's workforce, both unionized and management, of approximately 9,000 employees.

**Training** – Provides training programs to improve employee performance, to teach new skills, or to retrain employees as required to ensure that the work force has a comprehensive understanding of regulations, procedures, policies and skills to provide service. Responsible for the highest quality training and follow-up recertification programs for transportation, maintenance and management employees.

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## HUMAN RESOURCES DIVISION

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# HUMAN RESOURCES DIVISION

## HEADCOUNT

### OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Employee Services	20	17	-	37
Equal Employment Opportunity/Affirmative Action	5	-	-	5
Human Resources Team	5	-	-	5
Recruitment and Talent Management	13	-	-	13
Training	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
<b>TOTAL HEADS</b>	<u><b>136</b></u>	<u><b>17</b></u>	<u><b>-</b></u>	<u><b>153</b></u>

### CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Employee Services	-	-	-	-
Equal Employment Opportunity/Affirmative Action	-	-	-	-
Human Resources Team	-	-	-	-
Recruitment and Talent Management	-	-	-	-
Training	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL HEADS</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

### TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Employee Services	20	17	-	37
Equal Employment Opportunity/Affirmative Action	5	-	-	5
Human Resources Team	5	-	-	5
Recruitment and Talent Management	13	-	-	13
Training	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
<b>TOTAL HEADS</b>	<u><b>136</b></u>	<u><b>17</b></u>	<u><b>-</b></u>	<u><b>153</b></u>

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## HUMAN RESOURCES DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Employee Services	\$ 2,210	\$ 368	\$ 2,578
Equal Employment Opportunity/Affirmative Action and Employee Relations	292	10	302
Human Resources Team	489	22	511
Recruitment and Talent Management	871	249	1,120
Training	<u>5,887</u>	<u>127</u>	<u>6,014</u>
<b>TOTAL</b>	<b><u>\$ 9,749</u></b>	<b><u>\$ 776</u></b>	<b><u>\$ 10,525</u></b>

## HUMAN RESOURCES TEAM

### Principal Responsibilities

Directs the Authority's initiatives by being responsive to the demands of a constantly changing business environment. The principal areas of focus are employees, customer service, organization effectiveness and service quality, training, compliance with policies and procedures and the development of measures that promote our vision, mission and goals.

### Business Initiatives

- **Improve Customer Service Communication/ Information**

- Enhance and prioritize initiatives related to communications.
  - Continue to improve the Customer Service Center in Human Resources to better serve employees with customer satisfaction as a priority.
  - Implement an interactive Employee Communications Network for use by all employees to gain direct access by computer to their personal employee benefits.
  - Improve the Human Resources Generalist Program to assist in the achievement of Authority goals by deploying business partners to provide enhanced customer services to on-site managers and employees.

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## HUMAN RESOURCES DIVISION

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- **Implement Labor Efficiencies**

- Continue refinement of the Human Resources organization in order to promote efficiency through project management and organizational effectiveness.
- Recruitment and Talent Management will utilize the new E- Recruitment System, a tool that will streamline the personnel requisition and hiring process.
- Improve Absence Management Program collaboration with departments to reduce employee lost time.
- Continue involvement in the joint SEPTA/TWU training program to upgrade skills of maintenance employees.

- **Review Training Needs Throughout the Authority**

- Design and develop Management Training Programs.
  - Establish corporate core competencies to drive training needs.
  - Conduct training classes for first level supervisors, mid-level managers and senior managers.
  - Continue implementation of computer based programs to minimize labor and training costs.

- **Improve Career Enhancement Opportunities for SEPTA Employees**

- Develop and initiate Career Counseling/Employee Programs to support career development opportunities.
  - Continue to use tuition program to counsel employees in fields of study appropriate for career opportunities at SEPTA.
  - Continue with efforts to link technical and professional internal training programs to college accreditation.
  - Develop programs to support career development/equal employment opportunities.

## **EMPLOYEE SERVICES**

### **Principal Responsibilities**

**Medical** - Manages the Wellness Program. Conducts drug and alcohol testing in accordance with Authority policy and U.S. Department of Transportation regulations. Conducts medical examinations for fitness for duty, new hire physicals and medical surveillance programs (i.e. PCBs, asbestos, hearing conservation, etc.). Administers the Employee Assistance Program for all employees and their dependents. Responsible for reviewing, compiling and tracking medical documentation to ensure compliance with the Family Medical Leave Act.

**Benefits** - Designs, negotiates and administers the benefits program, including medical, dental, prescription, life insurance, long term disability, supplemental insurance, COBRA, pension, deferred compensation and flexible benefits programs for 30,000 individuals including employees, retirees and families. Conduct benefit orientations and training and information sessions concerning all employee benefits programs. Administer the Absence Management Program in partnership with other departments to encourage the return of sick or injured employees to work when optimum medical improvement is reached.



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## HUMAN RESOURCES DIVISION

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**Compensation/Human Resources Information Systems** - Develops, communicates and administers the compensation program for supervisory, administrative and management employees. Responsible for the Human Resource Information System (HRIS) including updating information and monitoring and training employees on its use. Responsible for the maintenance of all SAM employee files and the Hay Evaluation System.

**Project Management And Organization Effectiveness** - Develops initiatives throughout the Authority to improve quality, service and efficiency. These projects are designed to effectuate positive change in a corporate culture through best practices, strategies and new work processes.

### Goals

Promote the use of Human Resources Intranet to enhance communication and information sharing.

Communicate benefits programs to all employees through the use of open enrollments, seminars and other means to educate employees of the current benefits that are available to them and their families.

Continue to enhance the Absence Management Program by placing and acquiring systems that will benefit the Authority and assist in reducing of the cost of employee absenteeism.

Improve the customer service center that will increase our efficiency in responding to HR customer needs.

Maintain the standards for record management of personnel files that comply with the current rules of retention and confidentiality.

Ensure compliance with fitness for duty standards.

Increase wellness educational information to promote employee health care.

Design, implement and manage a Human Resources five-year business plan.

Introduce the plan to SEPTA managers to gain professional support for new initiatives.

Initiate programs to support metrics, cost reduction, culture, best practices, change management, employee recognition and various programs to support the Human Resources mission.

Manage and direct HIPAA Program.

Coordinate Human Resources program ensuring the currency and accuracy of policies and management directives.

Train staff in statistical measurement and the use of metrics and their relationship to corporate performance.

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## **HUMAN RESOURCES DIVISION**

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### **EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION AND EMPLOYEE RELATIONS**

#### **Principal Responsibilities**

Develops, implements, maintains and promotes a responsive Equal Employment Opportunity/Affirmative Action Program to address the changing needs of an increasingly diverse workplace. Responsible for handling responses to complaints of discrimination filed with external agencies or under SEPTA policies and procedures.

#### **Goals**

Prepare SEPTA's Affirmative Action Program Plan. (Title VI Plan)

Conduct Affirmative Action, Civil Rights and Sexual Harassment training in group and individual settings.

Monitor and audit EEO compliance.

Effectively coordinate complaint-handling responsibilities.

Ensure consistency in the application of employee policies.

### **RECRUITMENT AND TALENT MANAGEMENT**

#### **Principal Responsibilities**

Directs the recruitment, hiring, testing and transferring of qualified applicants and employees for vacant positions throughout the Authority. In addition, develops and manages programs to enhance retention of a diverse, highly competent and committed workforce.

#### **Goals**

Continue utilization of contracted E-Recruitment system that will better facilitate the evaluation and hiring of candidates.

Expand and consolidate Strategic Hiring Plans to additional areas within the Authority, allowing for the replacement of positions in a predictable and programmed manner.

Enhance relationships with area technical schools to increase SEPTA's profile as an employer of choice for highly desirable tech school graduates.

Continue to attend community job fairs to ensure that candidates for positions with SEPTA represent the broad spectrum of talent available within the Philadelphia region.

Increase investigation, surveillance and testing to support the Operations Division's projected need to double the new-hire pool of operators.

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## HUMAN RESOURCES DIVISION

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### **TRAINING**

#### **Principal Responsibilities**

Provides training programs to improve employee performance, teach new skills or retrain employees as required to ensure that the work force has a comprehensive understanding of regulations, procedures, policies and skills to perform their assigned duties. Responsible for the highest quality training and follow-up recertification programs for transportation, maintenance and management employees.

#### **Goals**

Improve flexibility and efficiency of the department to respond to the changing needs of the Authority.

Establish mechanisms that result in improved forecasting training needs relative to attrition, vehicles, equipment, systems and routes.

Enhance and prioritize training initiatives related to communication/customer service.

Improve career enhancement opportunities through tuition program and internal training programs.

Design and enhance training programs for mid-level and senior management.

Manage and coordinate the training grant programs.

Develop and implement computer based training programs to reduce the cost of training.

Participate in joint union/management partnership to establish a TWU Maintenance Apprenticeship Program.

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**LEGAL**

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## LEGAL DIVISION

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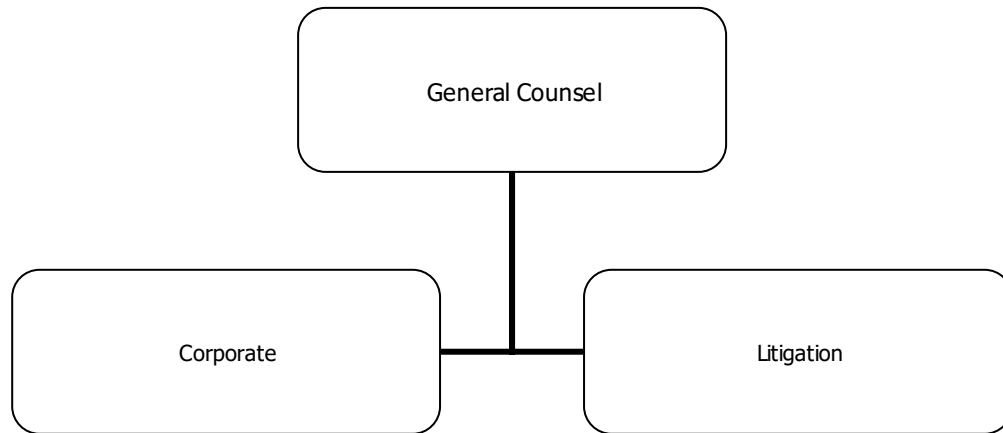
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### Principal Responsibilities

The Legal Division consists of the Corporate Department and Litigation Department.

**Corporate Department** - The Corporate Department counsels and advises SEPTA management on day-to-day corporate legal matters. This department also monitors outside counsel in the handling of cases involving procurement and contracts, construction, real estate, employment/labor, constitutional and civil rights, public utility and environmental law. The Corporate Department also prepares and monitors the divisional operating budget and provides administrative services to the Litigation Department.

**Litigation Department** - The Litigation Department represents SEPTA with in-house attorneys and outside counsel in the defense of and prosecution of civil actions in all fields of law. Most of the claims are for personal injury (including claims under the Federal Employers' Liability Act) and property damage.



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## LEGAL DIVISION

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### HEADCOUNT

#### OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate	15	-	-	15
Litigation	<u>43</u>	<u>2</u>	<u>-</u>	<u>45</u>
<b>TOTAL HEADS</b>	<u><b>58</b></u>	<u><b>2</b></u>	<u><b>-</b></u>	<u><b>60</b></u>

#### CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate	-	-	-	-
Litigation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL HEADS</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

#### TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate	15	-	-	15
Litigation	<u>43</u>	<u>2</u>	<u>-</u>	<u>45</u>
<b>TOTAL HEADS</b>	<u><b>58</b></u>	<u><b>2</b></u>	<u><b>-</b></u>	<u><b>60</b></u>

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## LEGAL DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Corporate	\$ 2,876	\$ 2,041	\$ 4,917
Litigation	<u>994</u>	<u>5,099</u>	<u>6,093</u>
<b>TOTAL</b>	<b><u>\$ 3,870</u></b>	<b><u>\$ 7,140</u></b>	<b><u>\$ 11,010</u></b>

### CORPORATE

#### Goals

Provide competent, professional, cost-effective representation of SEPTA in all civil actions in which SEPTA and employees who have acted on behalf of SEPTA are parties.

Provide timely responses to the inquiries and requests of management for advice and direction on all corporate-related legal matters.

Assist in the reduction of employment-related civil rights claims.

In coordination with SEPTA's Workers' Compensation Department, continue to monitor third-party actions/claims brought by employees who are on injured on duty status in order to protect SEPTA's subrogation interests; where appropriate, continue to assist the Workers' Compensation Department with requests to compromise SEPTA's statutory liens, and enter into releases which would relieve SEPTA from further obligations under the Workers' Compensation Act.

Provide timely review for all contracts submitted to Corporate Department.

Advise and counsel various departments resolving issues/disputes with outside contractors, vendors, etc., in order to avoid litigation.

Monitor contracts and purchase orders to ensure that the terms thereof are met.

Counsel managers/supervisors to ensure compliance with the law and applicable SEPTA policy/procedures as to employment issues; advise as to proposed disciplinary demotions and discharges of SAM employees; assist in the preparation of all required notices under policy/procedure relating to the discipline of SAM employees.

Identify and pursue claims by SEPTA against others.



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## LEGAL DIVISION

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### **LITIGATION**

#### **Goals**

Close out 1,600 lawsuits in FY 2007 to maintain level caseload.

Maintain payouts below FY 2005 level.

#### **Business Initiatives**

- **Implement Workers' Compensation and Injury Claims Reduction Campaign**
  - Aggressively defend Federal Employers' Liability Act ("FELA") claims (compensation claims for railroad workers injured on the job) where appropriate.
    - Conduct thorough investigations early in the claims process.
    - Continue to implement recommendations made by the inter-departmental committee that addresses FELA claims.
    - Challenge the applicability of FELA, a federal statute, to SEPTA, a Commonwealth agency, on sovereign immunity grounds.
- **Reduce Third Party Claims**
  - Aggressively pursue early settlement of legal claims.
    - Pursue settlement of probable liability claim promptly after the claims go into suit. This should reduce the number of cases that proceed to costly litigation.
    - Continue to decrease the inventory of active lawsuits against SEPTA.

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## **PUBLIC AND GOVERNMENT AFFAIRS**

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## PUBLIC AND GOVERNMENT AFFAIRS DIVISION

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### Principal Responsibilities

**Communications** – Responsible for internal and external communications outreach to inform customers and employees about SEPTA initiatives and programs, and the presentation of a consistent public corporate image.

**Media Relations** – Responsible for communicating SEPTA's official position and statements on all key Authority topics, communications with consumer and trade media and the presentation of a consistent public corporate image.

### **Government Affairs – State and Federal**

**State** – Maintain continuous contact with members of the Senate and House from the five county delegation, legislative leaders and members of relevant Committees, the Administration and appropriate staff. Review and analyze all legislation and regulations introduced in both houses for potential impact on SEPTA and respond accordingly to all proposed legislation. Serve as focal point for legislative inquiries on both legislative and constituent issues. Serve as liaison with Pennsylvania Public Transportation Association (PPTA), as well as with SEPTA's state legislative consultants.

**Federal** – Work with the region's Congressional Delegation and their staffs to assure that any federal legislation proposed and/or enacted is favorable to SEPTA's interests. Respond to legislative and constituent inquiries from the federal level.

### **Government Affairs – Region and Community Relations**

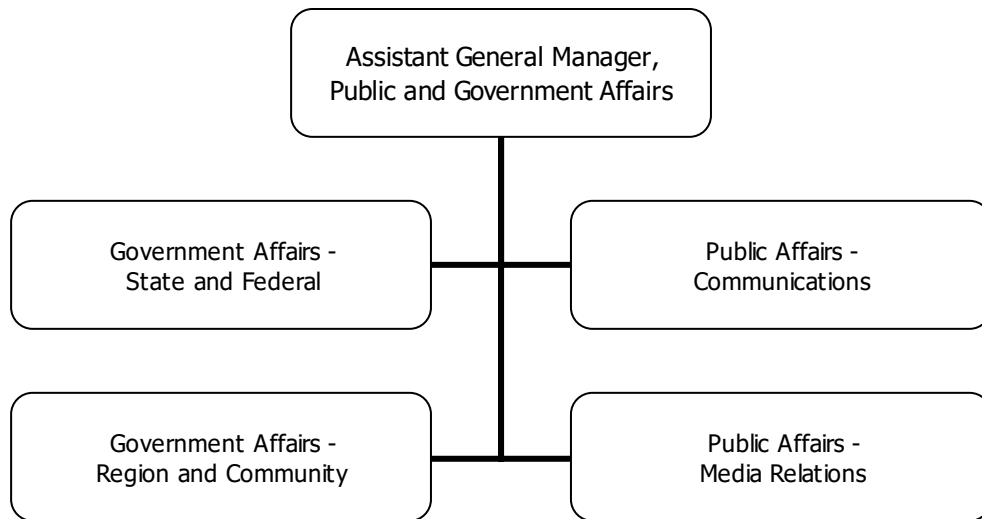
**Region** – The Government Affairs staff works closely with local elected officials to advance transit related initiatives and legislation in the five (5) county service area. The coordination includes the involvement of outside consultants, as needed, to assist with SEPTA's agenda on the city and regional level. Activities include attending County Council and Philadelphia City Council meetings to keep abreast of legislation and maintain a rapport with local elected officials.

**Community Relations** – The Community Relations staff is proactive in its outreach in the region on SEPTA related projects and information dissemination. We also respond to transit issues impacting the community on a day-to-day basis as well as participation in special events. We will continue to increase SEPTA's visibility in the region in order to increase awareness of public transit.

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## PUBLIC AND GOVERNMENT AFFAIRS DIVISION

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# PUBLIC AND GOVERNMENT AFFAIRS DIVISION

## HEADCOUNT

OPERATING HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Public Affairs - Communications	12	5	3	20
Public Affairs - Media Relations	5	-	-	5
Government Affairs - Region & Community	5	-	-	5
Government Affairs - State & Federal	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>TOTAL OPERATING HEADS</b>	<b><u>24</u></b>	<b><u>5</u></b>	<b><u>3</u></b>	<b><u>32</u></b>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Public Affairs - Communications	-	-	-	-
Public Affairs - Media Relations	-	-	-	-
Government Affairs - Region & Community	4	-	-	4
Government Affairs - State & Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL CAPITAL HEADS</b>	<b><u>4</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4</u></b>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Public Affairs - Communications	12	5	3	20
Public Affairs - Media Relations	5	-	-	5
Government Affairs - Region & Community	9	-	-	9
Government Affairs - State & Federal	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>TOTAL HEADS</b>	<b><u>28</u></b>	<b><u>5</u></b>	<b><u>3</u></b>	<b><u>36</u></b>

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## PUBLIC AND GOVERNMENT AFFAIRS DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Public Affairs - Communications	\$ 1,057	\$ 1,634	\$ 2,691
Public Affairs - Media Relations	363	37	400
Government Affairs - Region & Community	391	25	416
Government Affairs - State & Federal	<u>188</u>	<u>45</u>	<u>233</u>
<b>TOTAL</b>	<b><u>\$ 1,999</u></b>	<b><u>\$ 1,741</u></b>	<b><u>\$ 3,740</u></b>

### COMMUNICATIONS

#### Principal Responsibilities

**Communications** – Responsibilities include internal and external corporate communications including developing customer information brochures, posters and notices, system signage, way-finding information, and maps. Manages the content, graphics, navigation, and editorial content for SEPTA's Internet website and is responsible for the redesign and editorial content of the Authority's employee Intranet site. Also responsible for preparing testimony, speeches, articles, General Manager communications with employees, Board Commendations and other correspondence. Directs Art in Transit program, Legislative Database and Elected Official/Stakeholder Outreach initiatives; manages Graphics, Printing Services, the Sign Shop and Fulfillment operations.

- **Print Services and Sign Shops** are the internal production operations for Authority departments and operations. The Print Shop is responsible for printing approximately 9 million transit schedules each year as well as customer brochures, posters, leaflets, maps, mass distribution employee memos, forms and corporate business cards and stationery. The Sign Shop is responsible for producing a range of system and vehicle signs, decals, posters and banners.
- **Graphic Services** provides creative concept, design, layout and pre-production services for all departments in the Authority for a vast range of projects including brochures, leaflets, posters, transit passes, maps, signage, marketing and sales materials, and the Annual Report. Responsible for graphic design of SEPTA's Internet and Intranet Websites.
- **Fulfillment Services** provides direct mail service to customers, internal SEPTA departments and constituents requesting bulk distribution of transit timetables, customer service notices and other brochures and leaflets produced by the Authority.

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## PUBLIC AND GOVERNMENT AFFAIRS DIVISION

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### Goals

Direct internal employee communications program.

Oversee General Manager and Board Chair external communications efforts to elected officials and stakeholders and Authority outreach to customers about service, system enhancement, and fare initiatives.

Coordinate all graphics, signage and printed material programs for the Authority.

Manage content, graphics and image aspects of Internet and Intranet websites.

### Business Initiatives

- **Continue Customer Communication/Information Outreach Program**

- Employ existing communications tools as appropriate.
  - Continue station/vehicle notice posting program to advise customers of planned service and schedule alterations due to construction projects.
  - Support Operations and Internal Staff Capital/Force Account Projects through development, production and dissemination of customer information – leaflets, signage and posters.
  - Continue management of editorial content and graphic standards for SEPTA Internet website.
  - Advance production and distribution of customer maps, leaflets, brochures and timetables.
  - Evaluate effectiveness of Visitor Kiosk prototype program to determine future action.

- **Continue External Communication/Information Outreach Program**

- Support on-going outreach to elected officials and stakeholders.
  - Continue communication with elected officials using Legislative Database, mailmerge, fax blast for key initiatives including dedicated funding, service interruption and operating budget.
  - Create presentations, speeches, letters and information packages to support efforts.

- **Manage Authority Image/Identity Program**

- Employ Graphic Standards Established for System Signage/Maps/Wayfinding.
  - Continue to update and add to Signage Graphics Standards.
  - Establish working group with Infrastructure and CD&C to review all signage packages for station upgrade and construction projects based upon established Signage Graphic Standards.
  - Work with Infrastructure to complete Railroad station re-signing program.
- Continue implementation of Art-In-Transit Program.
  - Complete Call for Artist for current roster of station upgrade programs with permanent art components.
  - Establish work programs and Call for Art for new capital projects with art component.



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## **PUBLIC AND GOVERNMENT AFFAIRS DIVISION**

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### **MEDIA RELATIONS**

#### **Principal Responsibilities**

**Media Relations** - Development and distribution of news releases, direction of emergency response communications and generation of advocacy speeches and articles are among the communications responsibilities of this department. This department also manages and oversees other corporate and external public events such as coordinating with the Philadelphia Film office for filming on SEPTA property.

#### **Goals**

Proactively enhance communications with national, regional, city, community and trade media on all aspects of SEPTA business, particularly regarding transit operations and funding.

Continue to improve real-time communications of system operating status to broadcast and web-based media.

Encourage greater media attention to transit safety issues.

#### **Business Initiatives**

Encourage greater marketing and public relations opportunities through commercial, academic, trade and hobby organizations seeking to produce films, documentaries, commercials and other media products throughout the transit system.

### **GOVERNMENT AFFAIRS – STATE AND FEDERAL**

#### **Principal Responsibilities**

**State:** Funding legislation continues to be the main focus. Maintain continuing contact with members of the Senate and House from the five county delegation, legislative leaders and members of relevant Committees, including but not limited to Appropriations and Transportation, the Administration and appropriate staff. Review and analyze all legislation and regulations introduced in both houses for potential impact on SEPTA. Notify SEPTA senior management and appropriate staff of such legislation. Where the impact is negative, work to amend or defeat proposed legislation. Where impact is positive, work toward passage. Serve as focal point for legislative inquiries on both legislative and constituent issues. Serve as liaison with and Board member for Pennsylvania Public Transportation Association (PPTA). Act as liaison with SEPTA's state legislative consultants. Work with PennDOT and PPTA to develop appropriate funding formulae as part of the dedicated funding effort.

**Federal:** Work with the region's Congressional Delegation and their staffs to assure that any federal legislation proposed and/or enacted is as favorable to SEPTA's interests as possible. Work with SEPTA finance staff, federal legislative consultants, Council of Northeastern Governors and the American Public Transportation Association to prevent harm to SEPTA as a result of legislated changes to AMTRAK's funding and organizational structure. Respond to legislative and constituent inquiries from the federal level.

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## PUBLIC AND GOVERNMENT AFFAIRS DIVISION

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### Goals

Obtain adequate, dedicated state funding source with growth potential for operating and state of good repair capital.

Obtain favorable treatment for SEPTA during the rulemaking of Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU) programs and during the implementation of language contained in AMTRAK's appropriation legislation that requires reallocation of Northeast Corridor costs.

### Business Initiatives

- **Develop ongoing relationships with regional delegations**
  - Institute delegation meetings to be held twice annually for general information sharing on activities and concerns in each county.
  - Initiate annual visitation program to local offices of state and federal elected officials from the SEPTA region to put a face with a name for constituent inquiries.
  - Continue regular communication with elected officials via mass mailings, faxes and e-mails when there is an issue affecting their districts.
  - Educate newly elected officials about SEPTA and the role of transit in their districts.
  - Initiate program to visit and establish relationships with boroughs and townships for purposes of constituent issues.
  - Monitor regulatory issues resulting from mandates contained in reauthorizing legislation enacted in 2005.
  - Work with Finance Division to assure inclusion of SEPTA-requested earmarks for capital projects in the region.
  - Monitor proposed changes to AMTRAK legislation at both the authorizing and appropriations stages.
  - Work with SEPTA Counsel to pursue release from select federal legislation, including the Federal Employees Labor Act (FELA).
- **Identify and pursue legislative issues at the state level**
  - Continue efforts to secure adequate, dedicated funding with growth potential for transit in the Commonwealth. If legislation has been passed prior to the new fiscal year, work to assure early implementation. If funding enacted is inadequate for long term, continue efforts to increase funding.
  - Initiate efforts to increase state capital funding to match federal projects, both to reimburse advanced federal funds and to match new federal funds.
  - Pursue relief from multi-contract bidding requirements as part of the Separations Modernization Initiative (SMI), a statewide coalition of public bodies seeking enactment of H.B.2100, which provides a choice of procurement methods for public entities, including transit authorities.

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## **PUBLIC AND GOVERNMENT AFFAIRS DIVISION**

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- If funding source enacted does not include the administrative proposals included in the PPTA funding proposal, seek independent enactment. Proposals include:
  - Advertising on exterior of rail vehicles;
  - Clarification of tax exempt status when implementing alternative means of raising revenue;
  - Clarification of match provisions for capital improvement projects;
  - Transit vehicle preference provisions including trolley-passing prohibition and right-of-way for buses reentering traffic lane after picking up or dropping off passengers;
  - Multi-state procurement; and,
  - Flexible use of funds.
- Review all state bills for potential impact on SEPTA, notify potentially impacted managers, obtain input and communicate SEPTA position to appropriate legislators.
- Draft needed legislative provisions.
- Serve as liaison with PPTA in leadership capacity on legislative issues.

### **REGION AND COMMUNITY RELATIONS**

#### **Principal Responsibilities**

**Region** – The Government Affairs staff works closely with local elected officials to advance transit related initiatives and legislation in the five county service area. The coordination includes the involvement of outside consultants, as needed, to assist with SEPTA's agenda on the city and regional level. Activities include attending County Council and Philadelphia City Council meetings to keep abreast of legislation and maintain a rapport with the local elected officials.

**Community Relations** – The Community Relations staff is proactive in its outreach in the region on SEPTA related projects and information dissemination. We also respond to transit issues impacting the community on a day-to-day basis as well as participation in special events. We will continue to increase SEPTA's visibility in the region in order to increase awareness of public transit.

#### **Goals**

Improve the interaction between the Authority's internal and external stakeholders and gain support for mass transit.

Enhance relationships with City and county elected officials, especially as it relates to impact of our capital and force account projects, service delivery and regulatory/legal issues.

Work with other Authority departments to improve Authority's image by developing relationships with community leaders in the five-county region.

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## **PUBLIC AND GOVERNMENT AFFAIRS DIVISION**

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### **Business Initiatives**

- **Develop Regional Outreach Program**

- Improve working relationships with elected officials and community organizations.
  - Develop Authority-wide protocol to identify community outreach needs for major Authority initiatives particularly capital projects.
  - Meet quarterly with operating departments to exchange project related information.
  - Forward applicable information to impacted communities as soon as possible.
  - Participate in community-based events particularly when in close proximity to SEPTA facility or service or a project initiative.
- Support other SEPTA operating departments in their outreach needs for major Authority initiatives.
  - Review and enhance existing community outreach initiatives to advance improvement projects including the Market Street Elevated Projects and North Philadelphia Transportation Center as examples.
  - Continue community relations presence as projects proceed.
  - Collaborate with operating departments on problems or issues that could affect the project in any way.
  - Develop lines of communication in the event of unexpected occurrences.
  - Work with local approving authorities to assist with obstacles that impact SEPTA initiatives.

- **Advance Legislative Initiatives to Enhance Ability to Conduct Business**

- Review, analyze and track all legislation, resolutions and ordinances introduced at the local level for potential impact on the Authority. Where there is a potential for negative impact, work with stakeholders, elected officials and others to modify provision.

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## **PUBLIC AND OPERATIONAL SAFETY**

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## PUBLIC AND OPERATIONAL SAFETY DIVISION

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### Principal Responsibilities

The Public and Operational Safety Division is responsible for ensuring the safety and security of the Authority's riders, personnel, equipment, property and facilities.

The Division is responsible for the development and implementation of cost effective safety initiatives to promote employee health and welfare, the safety of the Authority's patrons, and the integrity of all equipment and facilities. The Division also administers the Workers' Compensation and Vocational Rehabilitation Programs, ensures SEPTA's compliance with environmental laws and regulations and investigates, evaluates and equitably resolves valid claims against the Authority in a prompt and courteous manner.

**System Safety** – Develops, implements, maintains and updates the multi-modal System Safety Program Plan (SSPP). Orchestrates all functions related to safety throughout the Authority, including the potential for environmental and workplace health exposures. Performs an enhanced level of safety inspections and audits, in addition to major accident investigations, occupational injury investigations and safety/risk management assessments. Conducts fire drills and evacuation exercises at all Authority locations. Directs the activities of the Joint Health and Safety Committee (JHSC) and oversees the Location Safety Committee (LSC) process. Assists in the coordination of multi-departmental initiatives to promote and internalize safety as the Authority's top priority.

**Enterprise Risk Management** – Manages the Property/Casualty Insurance Program and the risk treatment process. Works to obtain the most cost effective insurance coverage by reducing risk exposures and implementing effective risk control techniques at all Authority locations. Coordinates the collection and reporting of all safety statistics throughout the Authority and administers the reporting of those statistics to regulatory agencies.

**Workers' Compensation** – Manages the workers' compensation cases through the third party administrator, including the management of all medical and indemnity claims. Coordinates internal vocational rehabilitation and the management of all alternative and transitional duty programs. Administers supplemental benefits as prescribed by labor contracts.

**Claims** – Investigates, evaluates and equitably resolves valid claims against the Authority in a prompt and courteous manner; assesses and collects non-litigated property damage claims from third parties.

**Records Management** – Responsible for developing and implementing record management systems throughout the Authority, including record retention schedules and records storage and retrieval protocols.



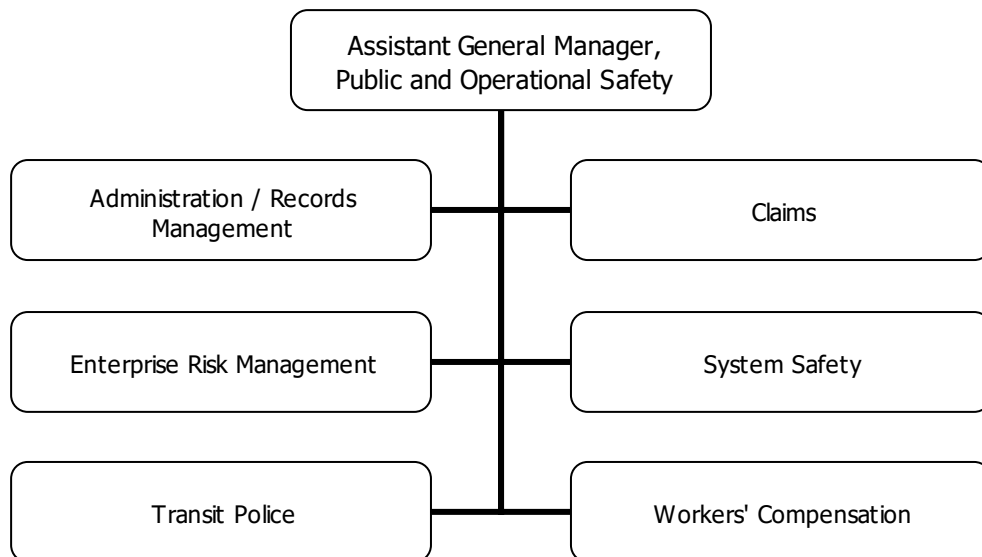
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## PUBLIC AND OPERATIONAL SAFETY DIVISION

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**Transit Police** – Ensures a safe work and travel environment and enhances the quality of life through law enforcement and protection against crime.

- **Uniformed Patrol** – Patrols the Broad Street and Market Frankford lines, the Subway Surface and Railroad lines, stations and other SEPTA properties.
- **Internal Affairs** – Investigates all complaints of transit police misconduct.
- **Support Services** – Conducts criminal investigations and plainclothes patrol. Recruits and trains police personnel, maintains communication systems and oversees automotive equipment and supplies.
- **Special Operations Response Unit** – Gathers intelligence, and develops and implements policy, training, preventive strategies and responses relating to terrorist threats and incidents.



# PUBLIC AND OPERATIONAL SAFETY DIVISION

## HEADCOUNT

OPERATING HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration/Records Management	6	-	-	6
Claims	15	23	-	38
Enterprise Risk Management	7	-	-	7
System Safety	17	-	-	17
Transit Police	59	-	201	260
Workers' Compensation	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>TOTAL HEADS</b>	<b><u>106</u></b>	<b><u>23</u></b>	<b><u>201</u></b>	<b><u>330</u></b>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration/Records Management	-	-	-	-
Claims	-	-	-	-
Enterprise Risk Management	-	-	-	-
System Safety	-	-	-	-
Transit Police	-	-	-	-
Workers' Compensation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL HEADS</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration/Records Management	6	-	-	6
Claims	15	23	-	38
Enterprise Risk Management	7	-	-	7
System Safety	17	-	-	17
Transit Police	59	-	201	260
Workers' Compensation	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>TOTAL HEADS</b>	<b><u>106</u></b>	<b><u>23</u></b>	<b><u>201</u></b>	<b><u>330</u></b>

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## PUBLIC AND OPERATIONAL SAFETY DIVISION

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### EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material &amp; Services</u>	<u>Total</u>
Administration/Records Management	\$ 470	\$ 160	\$ 630
Claims	1,644	50	1,694
Enterprise Risk Management	378	14	392
System Safety	1,216	155	1,371
Transit Police	14,088	253	14,341
Workers' Compensation	<u>129</u>	<u>9</u>	<u>138</u>
<b>TOTAL</b>	<b><u>\$ 17,925</u></b>	<b><u>\$ 641</u></b>	<b><u>\$ 18,566</u></b>

### Goals

Continue strong claim management practices to further reduce costs of third-party claims.

Continue programs for random safety audits, station audits, and facility and team inspections throughout the operating environment.

Plan and execute emergency evacuation drills for the Railroad and Subway/Light Rail systems.

Continue to reduce the number of open Workers' Compensation claims, lost work days and liability and medical costs through the effective management of the Managed Care Workers' Compensation Program, including aggressive case management, litigation, and settlement strategies.

Maintain favorable pricing of purchased insurance through aggressive premium negotiations and loss control efforts.

Strengthen the loss control program to reduce/eliminate contractor induced hazards that may affect safe vehicle operations, SEPTA passengers and equipment, the general public, and Authority property.

Implement improved system for reporting and tracking accidents and safety-related incidents.

Reduce Part I crime on the Subway-Elevated lines through the implementation of community policing efforts such as the bike patrol, the development of community town watch programs, heightened visibility of police officers, aggressive enforcement of quality of life violations and utilization of directed enforcement initiatives.

Increase intelligence gathering capabilities and update crime detection equipment.

Develop training programs and enhance capabilities to identify training needs of police officers.

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## **PUBLIC AND OPERATIONAL SAFETY DIVISION**

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Provide police coverage for special events as requested by various departments.

Improve methods of valuing, tracking and storing records in order to consolidate Authority owned storage space and reduce vendor activity costs.

### **Business Initiatives**

- **Improve Customer Safety**

- Improve customer/public safety information dissemination.
  - Conduct "Safety Blitzes" at rail stations to advise customers/public about track safety and the dangers of crossing tracks.
  - Promote infrastructure improvements such as grade crossing protection, pedestrian crosswalk protection and automatic train control signal systems.

- **Improve Employee Safety**

- Revise employee safety training programs and develop occupational and operational safety programs.
- Implement safety audit standards for all construction, renovation and fleet projects.
- Continue review of all significant incidents before the incident review board.
  - Implement accident investigation policy.
  - Provide accident investigation training to Operations supervisors.

- **Implement Workers' Compensation and Injury Claims Reduction Program**

- Continued implementation of Workers' Compensation action plan.

- **Improve Customer Security**

- Increase visibility of uniformed personnel and enforce quality of life regulations.

- **Improve Productivity through Capital Investment Projects**

- Implement police computer aided dispatch system.
- Enhance police radio equipment and communications.

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## FRINGE BENEFIT EXPENSE

Fringe benefits are a major expense for SEPTA representing 24.3% of the Fiscal Year 2007 operating budget of \$991 million. Responsibility for management of fringe benefit costs rests with all Authority departments; however, the Employee Benefits, Public and Operational Safety, Labor Relations, Legal and Finance Departments take the lead in cost control. Authority expenditures for fringe benefits are largely controlled by statutory and contractual obligations, and significantly influenced by national trends in the cost of health coverage. These costs may be divided into the following categories:

- **Medical and Life Insurance** – SEPTA provides medical, prescription, dental, vision and life insurance benefits for union and management employees and retirees in accordance with the labor agreements negotiated with each respective union.
- **Payroll Taxes** – This represents the required employer contribution for Social Security (FICA) and Railroad Retirement Taxes (RRT).
- **Unemployment** – SEPTA is required to pay into the State and Railroad unemployment compensation funds. SEPTA is self insured for non-railroad employees.
- **Pension** – This includes pension obligations, excluding Railroad employees who are covered by the Railroad Retirement System.
- **Workers' Compensation and FELA** – This is the statutory obligation to employees injured on duty for their medical bills and lost wages. Lost wages for employees of the Railroad Division are covered by the Federal Employers' Liability Act (FELA). SEPTA's management has instituted programs to address the rising costs of Workers' Compensation.

Fiscal Year 2007 Operating Budget Fringe Benefit Expense (Amounts in Thousands)	
Medical & Life Insurance	\$ 130,768
Payroll and Unemployment Taxes	50,234
Pension	63,200
Workers' Compensation and FELA	<u>20,090</u>
Subtotal	\$ 264,292
Capital Support and Projects *	<u>(23,478)</u>
<b>Operating Expense</b>	<b><u>\$ 240,814</u></b>

\* The net fringe benefit cost of \$240.8 million includes a credit for the portion of employee benefits applicable to capital project labor. For management oversight purposes, the fringe benefits budget is tracked separately from departmental labor. A fully allocated net labor and fringe benefits budget appears on the following page.

## FRINGE BENEFIT EXPENSE

### Fiscal Year 2007 Operating Budget Labor and Fringe Benefits Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Net Fringe Benefits</u>	<u>Total</u>
Operations	\$ 333,237	\$ 180,733	\$ 513,970
Corporate Staff	2,104	1,141	3,245
Audit and Investigative Services	1,311	711	2,022
Business Services	16,419	8,905	25,324
Capital Design and Construction	51,255	27,798	79,053
Finance	20,020	10,858	30,878
Human Resource Development	9,749	5,287	15,036
Legal	3,870	2,099	5,969
Public and Government Affairs	1,999	1,084	3,083
Public and Operational Safety	17,925	9,722	27,647
Other *	<u>(13,873)</u>	<u>(7,524)</u>	<u>(21,397)</u>
<b>TOTAL</b>	<b><u>\$ 444,016</u></b>	<b><u>\$ 240,814</u></b>	<b><u>\$ 684,830</u></b>

\* The "Other" category includes Authority-wide capital support labor costs and credit for the Job Access Reverse Commute (JARC) program.

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## NON-DEPARTMENTAL EXPENSE

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<b>AMTRAK</b>	This expense is for the maintenance and use of AMTRAK-owned track and facilities on the Northeast Corridor (Trenton and Marcus Hook branches) and the Harrisburg Line (Paoli / Downingtown branch). The amount shown is calculated on projected miles of service using rates based on the Authority's 1982 operating agreement with AMTRAK, as amended.
<b>ADA</b>	The cost for paratransit carriers under contract to SEPTA is shown here. The staff cost for the administration of ADA complementary service and other accessibility programs for the disabled is referenced in the Operations Division under Customized Community Transportation.
<b>Shared Ride Program</b>	The cost for contractor operated door-to-door service for senior citizens is shown here. The cost of administrative staff in the ADA program is included in the Customized Community Transportation budget.
<b>Debt Service Interest</b>	Interest expenses associated with the Authority's Special Revenue Bonds of 1995 and 1997. The Special Revenue Bonds of 1999, issued to complete the purchase of the new Market Frankford M-4 cars, was the latest addition to this category.
<b>Property and Corporate Insurance</b>	Reflects the projected premiums for insurance on various Authority assets.
<b>Service for the 1234 Market Street Headquarters</b>	Maintenance and administrative service expense for the operation of offices at 1234 Market Street by an outside professional firm. These expenses cover both SEPTA and tenant-occupied space.
<b>Snow Removal</b>	Reflects outside contractor expense for snow removal and salting at railroad parking lots and station platforms. The snow removal for all other facilities is accomplished in-house by SEPTA forces, and the related labor expense is included in the departmental budgets.
<b>Utilities</b>	Expense reflects the cost of heating oil, natural gas and steam heating; water and sewer expenses; and non-propulsion electricity, based on projected rates and consumption.



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## CUSTOMIZED COMMUNITY TRANSPORTATION

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### **ADA Program**

In compliance with the Americans with Disabilities Act, CCT Connect provides ADA complementary Paratransit transportation for persons who cannot use or access regular SEPTA fixed route service. Throughout SEPTA's five-county service area, private carriers under contract to SEPTA furnish door-to-door transportation to disabled riders by advanced reservation. Projected Fiscal Year 2007 ridership is 637,112 trips for Philadelphia and 299,799 trips for the suburban communities.

One of the main focuses of CCT Connect's efforts for Fiscal Year 2007 will be to continue providing 100% next day rides in the City of Philadelphia to ADA program patrons. SEPTA is committed to maintaining a "zero trip denial" policy.

The next-day trip initiative will build on proactive steps taken during recent years. The entire Philadelphia SEPTA-owned fleet of 422 vehicles is maintained to SEPTA's standards by the contract carriers. In addition, the Philadelphia operation of trip reservation, scheduling and dispatch was centralized under SEPTA supervision – along with driver training and testing. Other programs were instituted to enhance contractor accountability and customer satisfaction, including patron service monitoring and the mobile data terminal (MDT) swipe card readers on all Philadelphia vehicles.

ADA Program initiatives continuing during Fiscal Year 2007 include the cycled fleet replacement program for optimizing fleet reliability, and an enhanced patron eligibility certification. This process will enable those CCT riders who can do so to use fixed route service for some or all of their travel – after completion of training developed in cooperation with the SEPTA Advisory Committee (SAC) and the disabled community.

### **Shared Ride Program**

The Shared Ride Program (SRP) provides shared, advance-reservation, door-to-door transportation for Pennsylvanians age 65 and older. SEPTA's CCT Connect Department is the SRP county coordinator for Philadelphia County. The Pennsylvania Lottery Fund reimburses SEPTA for 85% of the cost of each eligible CCT Connect Shared Ride Program trip according to pre-established rates, with the balance coming from patron fares and/or third party agency sponsors. The Shared Ride Program's goal for Fiscal Year 2007 is to provide a total of 892,969 senior trips.

The Philadelphia Shared Ride Program Advisory Council (SRPAC), an independent advisory group, provides advice and information to SEPTA on Shared Ride Program service.

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## **JOB ACCESS AND REVERSE COMMUTE PROGRAM**

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The Job Access and Reverse Commute Program was initially authorized in the Transportation Equity Act for the 21st Century (TEA-21). This program is intended to establish a regional approach to job access challenges through the establishment of a Regional Job Access and Reverse Commute Transportation Plan. Projects derived from this plan support the implementation of a variety of transportation services that may be needed to connect welfare recipients to jobs and related employment activities. The program has two major goals: to provide transportation services in urban, suburban and rural areas to assist welfare recipients and low-income individuals in accessing employment opportunities during both traditional and non-traditional work hours, and to increase collaboration among the transportation providers, human service agencies, employers, metropolitan planning organizations (MPOs), states and affected communities and individuals. Job Access projects implement new transportation services, or extend existing services to fill the transportation gaps in areas between where welfare recipients and low-income persons live and employment opportunities. Reverse Commute projects are designed to transport the general public from urban, suburban, and rural areas to suburban employment opportunities.

Pursuant to federal Job Access and Reverse Commute Program requirements, the Delaware Valley Regional Planning Commission (DVRPC) adopted a revised regional Job Access and Reverse Commute Transportation Plan, "Improving Access to Opportunities in the Delaware Valley Region" on October 28, 2004. The revised plan serves as a focal point for identifying potential projects to address the commuting needs of the region's welfare recipients and low-income individuals. Service providers include SEPTA, local transportation management associations, and non-profit organizations. Activities were selected to provide new or expanded bus, train, or van service to transport transitioning welfare recipients and low-income individuals to employment centers in southeastern Pennsylvania.

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## OTHER OPERATING EXPENSES

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### **Claims**

Fiscal Year 2007 claims expense is budgeted at \$35 million. A relatively consistent level of claims is anticipated in SEPTA's five year projection. Critical to our continued success in the reduction of claims expense is SEPTA's internal program of settling new suits as soon as possible when circumstances indicate. The effectiveness of this program combined with maintaining the number of verdicts in favor of SEPTA has reduced SEPTA's liability exposure. The Legal Division has reduced SEPTA's litigated case inventory to approximately 1,540 suits in Fiscal Year 2005, which is among our lowest level in many years. For comparison, in July of 1997, the Legal Division litigation inventory was 2,777 cases.

### **Other Expenses**

The Other Expenses category also includes propulsion power, fuel, vehicle and facility rental and depreciation. Further description of these items can be found in the Operating Expense Section.

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## CAPITAL PROGRAM

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### Capital Expenditures

Capital Expenditures are those that acquire, improve or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000. Such expenditures include but are not limited to rolling stock, track and structure, support facilities, equipment, stations and passenger facilities.

A major factor in achieving the Authority's business goals is the long term investment of capital dollars to upgrade existing facilities and implement service improvements. The following list provides a summary of the capital expenditure budget for Fiscal 2007.

<u>Amounts in Thousands ('000)</u>	<u>FY 2007 Budget</u>
8th Street Station, 13th & Juniper Station	\$ 5,367
Berks, Huntingdon, Church Stations	6,763
Broad Street Subway Signal Modernization	5,954
Fern Rock General Repair Shop Renovations	6,435
Frankford Transportation Center	5,773
Infrastructure Safety Renewal Program (ISRP)	33,090
Market Street Elevated Reconstruction	125,968
New Vehicle Procurement - Silverliner V Rail Cars	12,204
Norristown Transportation Center Intermodal Parking Facility	7,011
North Philadelphia Transportation Center	7,359
Paratransit Vehicle Procurement	4,200
Smart Stations Project - Phase I	6,848
Vehicle Overhaul (Bus & Rail)	47,347
Wayne Junction to Glenside Track and Signals Upgrades	10,537
Other Engineering, Maintenance & Construction Projects	55,370
Other New Vehicle Procurement	9,197
Other Capital Projects	<u>14,416</u>
<b>Total</b>	<b>\$ 363,839</b>

### Impact of Capital Program on Operating Budget

The Capital Program has a direct impact on the operating budget, and there are several specific projects with significant effects. The Vehicle Overhaul and New Vehicle Procurement Programs will increase reliability thereby reducing maintenance costs in the short-term. Other projects falling into this category include the Wayne Junction to Glenside Track and Signals Upgrades and Market Street Elevated Reconstruction Projects. In addition, projects such as the North Philadelphia Transportation Center and the Frankford Transportation Center will improve customer satisfaction by enhancing the transit environment.

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## OPERATING GOALS

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### INTRODUCTION

SEPTA has developed a series of internal goals for measurement of safety, customer satisfaction, and financial performance. These are described below and utilized by staff along with the standards and measures shown in the section entitled "Performance Evaluation Measures", which are adopted as part of the Commonwealth requirement.

### SAFETY GOALS

Safety related goals are developed and monitored by the Public and Operational Safety Division. The safety goals for Fiscal 2007 have been developed with targeted improvement for each year over a five-year period. For comparison purposes in this document, SEPTA utilizes twelve months of actual data from Fiscal 2006 as the benchmark period for the reporting of safety goals.

Passenger Accidents Per 100,000 Miles			
	Fiscal 2005 Actual	Fiscal 2006 Actual	Fiscal 2007 Budget
<b>Bus:</b>			
CTD Bus	3.13	2.46	2.38
CTD Trackless Trolley	0.00	0.00	0.00
Victory Bus	2.16	1.62	1.57
Frontier Bus	1.25	0.93	0.90
<b>Railroad:</b>			
Railroad	0.36	0.39	0.37
<b>Subway / Light Rail:</b>			
Broad Street Line	0.39	0.05	0.05
Market-Frankford Line	0.70	0.32	0.31
Norristown High Speed Line	3.05	2.18	2.11
Callowhill Light Rail	N/A	N/A	4.42
Elmwood Light Rail	3.84	1.09	1.05
Victory Light Rail	3.17	2.35	2.28

\*The Callowhill District was reactivated as light rail with the re-establishment of the Route 15 Trolley and the transfer of Route 10 to this District in September 2005.

## OPERATING GOALS

Vehicular Accidents Per 100,000 Miles			
	Fiscal 2005 Actual	Fiscal 2006 Actual	Fiscal 2007 Budget
<b>Bus:</b>			
CTD Bus	8.18	6.50	6.31
CTD Trackless Trolley	0.00	0.00	0.00
Victory Bus	3.69	3.40	3.30
Frontier Bus	2.28	1.38	1.34
<b>Railroad:</b>			
Railroad	0.07	0.00	0.00
<b>Subway / Light Rail:</b>			
Broad Street Line	0.00	0.02	0.02
Market-Frankford Line	0.06	0.04	0.04
Norristown High Speed Line	0.00	0.12	0.12
Callowhill Light Rail*	N/A	N/A	22.54
Elmwood Light Rail	10.16	4.31	4.18
Victory Light Rail	7.65	6.08	5.90

\*The Callowhill District was reactivated as light rail with the re-establishment of the Route 15 Trolley and the transfer of Route 10 to this District in September 2005.

Station Accidents Per 1,000,000 Riders			
	Fiscal 2005 Actual	Fiscal 2006 Actual	Fiscal 2007 Budget
<b>Railroad:</b>			
Railroad	3.21	3.22	3.12
<b>Subway / Light Rail:</b>			
Broad Street Line	1.72	0.68	0.66
Market-Frankford Line	1.63	1.29	1.25
Norristown High Speed Line	3.18	1.18	1.15

Employee Lost Time Injuries Per 200,000 Work Hours			
	Fiscal 2005 Actual	Fiscal 2006 Actual	Fiscal 2007 Budget
Bus	7.56	8.95	8.68
Infrastructure / Operations Support	8.71	7.84	7.60
Railroad	10.20	4.84	4.69
Subway / Light Rail	5.44	8.39	8.14
Non-Operations	0.77	0.85	0.83

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## OPERATING GOALS

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### CUSTOMER SATISFACTION

The 2005 Customer Satisfaction Survey was conducted between October 3, 2005 and November 30, 2005. A total of 2,317 telephone surveys were conducted to determine customer satisfaction levels. Respondents who were classified as SEPTA Riders were interviewed regarding the various modes of SEPTA transportation they utilize. However, respondents were asked about no more than three SEPTA modes, as follows:

Broad Street Subway	400 interviews
Market-Frankford Line	399 interviews
City Bus and Trackless Trolleys	403 interviews
City Subway Surface	200 interviews
Suburban Light Rail	290 interviews
Frontier	166 interviews
Victory Bus	201 interviews
Regional Rail	401 interviews

Relating to the value of SEPTA service for the money paid, based on a weighted average rating on a scale of 0 to 10, where 0 is the worst possible rating and 10 is the best possible rating:

- City Riders: 7.9
- Suburban Operations Riders: 8.0
- Regional Rail Riders: 7.9

Relating to the likelihood of recommending SEPTA (a surrogate for customer loyalty), based on a weighted average rating on a scale of 1 to 5, where 5 represents "definitely would recommend to a family member or friend" and 1 represents "definitely would not recommend SEPTA":

- City Riders: 4.3
- Suburban Operations Riders: 4.3
- Regional Rail Riders: 4.3

The general information presented above is merely a summary of the 15 minute interviews that are conducted with riders and non-riders in the SEPTA operating region; covering 22 service delivery attributes. The associated reports are generated with 95% confidence and have been used to track SEPTA service delivery for the past six years.



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## OPERATING GOALS

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### REVENUE GOALS

<b>Divisional Goals for Revenue</b>		
Amounts in thousands ('000)		
City Transit	\$	274,975
Victory		20,999
Frontier		5,031
Regional Rail		108,655
Shared Ride Program		<u>17,800</u>
<b>Total</b>	<b>\$</b>	<b>427,460</b>

These goals include Senior Citizen Revenue, the budgeted passenger fare revenue, Shared Ride Revenue, Interest Income and Other Income for Fiscal Year 2007. Further discussion of revenue is included in the Operating Revenue section.

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# OPERATING STANDARDS AND PERFORMANCE EVALUATION MEASURES

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## **INTRODUCTION**

In developing the Operating Budget, SEPTA has formalized a goal setting process. Goals developed from measures of safety, customer satisfaction and financial performance have been presented in the Operating Goals section. In addition, there are more general measures which evaluate system design and effectiveness within the public transportation service industry.

Act 26 of the Commonwealth of Pennsylvania requires that all transit authorities within the State formally adopt and report upon a standard set of service and performance evaluation measures. This section provides a summary of those measures.

The Authority also maintains a wide variety of data to monitor both service and the overall performance of various aspects of the operation. Financial data and operating statistics are reported to various governmental bodies and regulatory agencies in the routine course of business. Management utilizes other statistics to measure internal system performance.

As part of SEPTA's Business Plan, a set of evaluation measures has been developed. These indicators have been selected to measure specific progress and achievement in advancing the business plan goals.

While the Business Indicators encompass many of the Act 26 reporting requirements, additional measures including customer satisfaction ratings of service quality and the completion of major Business Plan Project milestones are also incorporated.

## **ROUTE UTILIZATION**

Route utilization is a measure of service performance on a route-by-route basis. The standards SEPTA has adopted are summarized below.

### **City Transit Division**

To assess utilization, each route is measured for three key criteria:

- Fully allocated cost
- Total passenger revenue (calculated at CTD average fare)
- Operating Ratio (passenger revenue divided by fully allocated cost)

SEPTA's "City Transit Division Service Standards and Process" contains the details to apply these standards as adopted by the SEPTA Board in April 1995 and amended in March 2003. If a route performs below 60% of the City Transit Division average route operating ratio, then corrective actions begin. The City Transit Division average route operating ratio was 45% for the Fiscal 2007 plan.

### **Suburban Transit Division**

Each route is measured for three important criteria:

- Fully allocated costs
- Total passenger revenue (calculated at the appropriate Victory or Frontier District average fare)
- Operating ratio (passenger revenue divided by fully allocated costs)

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## OPERATING STANDARDS AND PERFORMANCE EVALUATION MEASURES

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A minimum operating ratio standard for a route is set at 60% of the average Suburban Transit combined operating ratio. This includes Victory and Frontier operations. All routes are reviewed annually. SEPTA's "Suburban Transit Division Service Standards and Process" contains the details for application of the standards adopted by the SEPTA Board in May 1999.

### **Railroad Division**

Each and every railroad branch is measured annually as to its economic performance. The criteria for measurement are:

- Fully allocated costs
- Total revenue
- Operating ratio (revenue divided by fully allocated costs)

A minimum operating ratio standard for a branch is set at 60% of the total Railroad Division's operating ratio. SEPTA's "Regional Rail Service Standards and Process" contains the details of the application for the standards adopted by the SEPTA Board in May 1999.

### **STAFFING RATIOS**

Staffing ratios are one measure of employee effectiveness. These ratios are influenced by many factors, including the types and modes of service operated, the amount of work handled by outside contractors, local environment and operating conditions, area served, as well as the condition of the physical plant and vehicles.

### **Vehicles Per Mechanic**

Performance measures are established by vehicle type reflecting the varying fleet size, complexity and condition of Authority vehicles. Mechanics currently scheduled to work in SEPTA's Vehicle Overhaul Program are not included in this calculation.

Minimum Vehicles Per Mechanic				
	Fiscal 2004 Actual	Fiscal 2005 Actual	Fiscal 2006 Actual	Fiscal 2007 Goal
Bus	3.1	3.3	3.3	3.0
Light Rail (Subway-Surface)*	3.2	3.2	1.5	1.6
Light Rail (Surface Route 15)*	N/A	N/A	1.9	1.6
Market-Frankford Line*	3.9	4.6	3.6	3.3
Broad Street Line*	5.3	5.2	2.3	2.5
Media-Sharon Hill Line*	2.1	2.2	1.2	1.3
Norristown High Speed Line	1.7	1.7	1.6	1.7
Railroad	1.5	1.6	1.5	1.5

\*The significant change in these modes between Fiscal 2005 and Fiscal 2006 was due to a change in methodology to include mechanics in back shop operations, which increased the number of mechanics in the calculation.

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## **OPERATING STANDARDS AND PERFORMANCE EVALUATION MEASURES**

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### **Operating Employees Ratio to Administrative Employees**

The Fiscal Year 2007 goal will continue as one administrative employee for every twenty operating employees at the adopted expense level of \$991 million. In computing this ratio, operating employees include all employees contained within the Operations Division as well as employees involved in sales and distribution, operations trainers, the Public and Operational Safety Division and Customer Service Agents in the Business Services Division.

## **PRODUCTIVITY MEASURES**

Various statistics are used to measure different aspects of operating performance. Just as with staffing ratios, these indicators are affected by many factors which make comparisons to other properties difficult and often misleading. Factors such as area roadways, traffic congestion, terrain, local traffic engineering and enforcement, together heavily influence system operating speed and hence productivity. As noted in the section on staffing ratios, the amount of work performed in-house versus work contracted out or "privatized" can cause wide variation in the number of employees within an organization. The physical condition of a system's infrastructure and vehicles also determine staffing needs for maintenance operations.

For Fiscal 2007, the following productivity measures will be utilized:

### **Vehicle Miles Per Employee**

The Authority seeks to achieve at least 10,080 vehicle miles per employee. This goal includes miles in contract services, Shared Ride and ADA Paratransit.

### **Passenger Miles Per Employee**

The Authority goal is to realize at least 146,000 passenger miles per employee.

### **Passenger Accidents**

The Authority goal is to incur no more than 1.9 reported passenger accidents per 100,000 vehicle miles of service.

### **Employee Accidents**

The Authority goal is to experience less than 5.47 employee lost time accidents per 200,000 work hours.

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## OPERATING STANDARDS AND PERFORMANCE EVALUATION MEASURES

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On-Time Performance				
	Fiscal 2004 Actual	Fiscal 2005 Actual	Fiscal 2006 Actual	Fiscal 2007 Goal
<b>Bus Transportation:</b>				
Bus City / Suburban*	91.4%	92.3%	71.8%	80.00%
Victory Bus*	92.3%	93.0%	75.4%	80.00%
<b>Rail Transportation:</b>				
Light Rail*	95.0%	95.2%	84.8%	75.00%
Media-Sharon Hill Line	95.5%	96.3%	94.4%	93.00%
Norristown High Speed Line	94.7%	96.0%	96.6%	97.00%
Broad Street Line	99.0%	98.9%	99.2%	99.00%
Market-Frankford Line	98.4%	98.5%	98.5%	98.00%
Railroad	87.1%	89.4%	88.4%	91.00%

\*The Fiscal 2007 goal for Bus and Light Rail is based on performance results after implementation of Automatic Vehicle Locator (AVL) and Route Schedule Adherence (RSA) systems in March 2006.

Mean Distance Between Failure				
	Fiscal 2004 Actual	Fiscal 2005 Actual	Fiscal 2006 Actual	Fiscal 2007 Goal
<b>Bus Transportation:</b>				
Bus City / Suburban	6,824	7,315	7,827	8,000
<b>Rail Transportation: *</b>				
Light Rail (Subway-Surface)	9,755	13,656	14,589	11,000
Light Rail (Surface Route 15)	N/A	N/A	7,196	10,000
Media-Sharon Hill Line	17,446	18,059	20,399	20,000
Norristown High Speed Line	25,803	32,295	63,654	35,000
Broad Street Line	117,785	122,919	138,824	115,000
Market-Frankford Line	118,433	110,263	108,302	100,000
Railroad	75,899	53,067	41,463	50,000

\*Fiscal 2007 goals reflect an estimated average of past performance based on seasonal fluctuations. These goals are generally lower than Fiscal 2006 results, which were positively impacted by a mild winter season.

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## **OPERATING STANDARDS AND PERFORMANCE EVALUATION MEASURES**

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### **FISCAL INDICATORS**

Indicators of the fiscal status of a transportation authority are commonly employed throughout the industry to assess financial position. These indicators are influenced by many factors, including overall operating subsidy funding, fare policy, route structure, cost recovery policy, condition of infrastructure, availability of sufficient capital funding, etc.

For Fiscal Year 2007, the following fiscal measures will be monitored:

#### **Operating Ratio**

The Authority proposes to cover more than 50% of operating costs from operating income as defined by the Commonwealth of Pennsylvania.

#### **Operating Cost Per Passenger**

The Authority proposes to provide a cost not to exceed \$3.18 per unlinked passenger trip.

#### **Operating Subsidy Per Passenger**

The Authority proposes to provide overall service operating subsidy not to exceed \$1.50 per unlinked passenger trip.

#### **Cost Per Vehicle Mile**

The Authority proposes to achieve an average cost for delivery of service not to exceed \$10.65 per vehicle mile.

### **PRODUCTIVITY GOALS**

In compliance with Pennsylvania Act 26, which requires that a set of operating standards and performance evaluation measures be formally adopted, the following productivity goals have been submitted to PADOT:

#### **Total Ridership**

The Authority's goal is to carry at least 301.9 million passengers (unlinked trips).

#### **Public Information Calls**

The Authority's goal is to satisfactorily respond to at least 97% of all public information calls.

#### **Scheduled Service Requirements**

The Authority's goal is to maintain its performance of 98% of service being operated as scheduled.

#### **Complaints**

The Authority seeks to minimize passenger complaints and anticipates that complaints received will be less than 5 per 100,000 passenger trips.

#### **Accessibility By Elderly And Disabled**

The Authority intends to achieve 100% of the total requests for ADA trips and at least 95% for Shared Ride. For ADA Paratransit trips, the Authority projects 637,112 trips for Philadelphia and 299,799 trips for the suburban counties for Fiscal Year 2007. For the Shared Ride Program, 892,969 trips are projected for Fiscal Year 2007.

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## FINANCIAL PROJECTIONS

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The exhibits in this section project SEPTA's revenues, subsidies and expenses through Fiscal Year 2012.

Even with the enhancements and economies achieved during the last decade, the structural deficit of SEPTA's operating finances has not been resolved. SEPTA has crafted solutions in cooperation with elected officials to balance its budget in recent years. Unfortunately, several of the actions were short-term in nature, and cannot be relied upon as a consistent source of subsidy in future years. Further efforts to achieve the legislated balanced budget can only be successful through a long-term dedicated source of subsidies. If this fails, SEPTA will be forced to consider steep fare increases and significant service reductions in order to fund projected budget deficits of nearly \$340 million by Fiscal Year 2012.

### **Forecast Assumptions By Category:**

<b>Passenger Revenue</b>	The revenue growth after Fiscal 2006 assumes nominal gains in ridership at the current fare structure.
<b>Other Revenue</b>	This total revenue category is forecast to grow by approximately 5% over the five-year period. Income from advertising, parking lot fees and right-of-way leasing for fiber optics is reflected here. Investment income is also included in this category.
<b>Subsidy</b>	The State's base operating grant and associated local match for Fiscal Year 2008 and subsequent years is projected to remain level with Fiscal Year 2007. The federal preventive maintenance allocation is also projected to remain relatively level over the five year period, and is based on eligible maintenance expenses used in the grant's formula.
<b>Expenses</b>	<p>Labor costs assume wage increases based on pattern negotiations for all bargaining units at SEPTA. Due to historical trends and recent market pressures, medical and other fringe benefit costs are forecast to rise at a rate significantly higher than that of general inflation.</p> <p>The Other Expense categories anticipate nominal price inflation, including third party supplier's increases. Fuel and utility costs are market driven and an allowance has been made for price volatility after Fiscal Year 2008.</p>



**FINANCIAL PROJECTIONS**  
**CONSOLIDATED BUDGET**

<u>Amounts in thousands ('000)</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Projection</u>	<u>FY 2009 Projection</u>	<u>FY 2010 Projection</u>	<u>FY 2011 Projection</u>	<u>FY 2012 Projection</u>
<b>REVENUE</b>						
Passenger Revenue	\$ 332,400	\$ 335,724	\$ 339,081	\$ 342,472	\$ 345,897	\$ 349,356
Senior Citizen Transit	51,301	51,660	52,022	52,386	52,753	53,122
Other Income	43,759	44,284	44,815	45,353	45,897	46,448
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 427,460</b>	<b>\$ 431,668</b>	<b>\$ 435,918</b>	<b>\$ 440,211</b>	<b>\$ 444,547</b>	<b>\$ 448,926</b>
<b>EXPENSES</b>						
Labor	\$ 444,016	\$ 457,336	\$ 471,056	\$ 485,188	\$ 499,744	\$ 514,736
Fringe Benefits	240,814	265,044	289,764	317,383	348,268	382,884
Materials and Services	184,785	190,707	196,414	202,293	208,346	214,583
Injuries & Damage Claims	35,000	35,000	35,000	35,000	35,000	35,000
Propulsion Power	29,813	30,767	31,752	32,768	33,817	34,899
Fuel	35,643	35,643	37,425	39,296	41,261	43,324
Other Expenses	20,953	21,582	22,229	22,896	23,583	24,290
<b>TOTAL EXPENSES</b>	<b>\$ 991,024</b>	<b>\$ 1,036,079</b>	<b>\$ 1,083,640</b>	<b>\$ 1,134,824</b>	<b>\$ 1,190,019</b>	<b>\$ 1,249,716</b>
<b>DEFICIT BEFORE SUBSIDY</b>	<b>\$ (563,564)</b>	<b>\$ (604,411)</b>	<b>\$ (647,722)</b>	<b>\$ (694,613)</b>	<b>\$ (745,472)</b>	<b>\$ (800,790)</b>
<b>OPERATING SUBSIDY</b>						
Federal Preventive Maintenance	\$ 31,200	\$ 32,200	\$ 33,200	\$ 34,200	\$ 35,200	\$ 36,200
State Operating	234,867	234,867	234,867	234,867	234,867	234,867
Local Operating	70,154	70,154	70,154	70,154	70,154	70,154
State/Local Asset Maintenance	54,224	54,225	54,225	54,225	54,225	54,225
Lease Cost/Debt Service	54,319	59,738	60,960	61,798	62,664	63,006
Other - Route Guarantees	3,041	3,041	3,041	3,041	3,041	3,041
Flexible Transportation Funds	65,450	-	-	-	-	-
<b>TOTAL SUBSIDY</b>	<b>\$ 513,255</b>	<b>\$ 454,225</b>	<b>\$ 456,447</b>	<b>\$ 458,285</b>	<b>\$ 460,151</b>	<b>\$ 461,493</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ (50,309)</b>	<b>\$ (150,186)</b>	<b>\$ (191,275)</b>	<b>\$ (236,328)</b>	<b>\$ (285,321)</b>	<b>\$ (339,297)</b>
<b>Accumulated Operating Deficit</b>	<b>\$ (208,117)</b>	<b>\$ (358,303)</b>	<b>\$ (549,578)</b>	<b>\$ (785,906)</b>	<b>\$ (1,071,227)</b>	<b>\$ (1,410,524)</b>

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## GLOSSARY OF ACRONYMS

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### A

ADA - The Americans with Disabilities Act of 1990.  
AEEM – Automotive Equipment Engineering and Maintenance.  
AGM - Assistant General Manager.  
AIRS - Automated Itinerary and Reporting System.  
AMTRAK - National Railroad Passenger Corporation and Subsidiaries.  
APTA - American Public Transportation Association.  
ATDS - Automated Train and Crew Dispatch System.  
AVL - Automatic Vehicle Locator.

### B

B-IV Car - Heavy Rail Vehicle used on the Broad Street Subway.  
BMWV - Brotherhood of Maintenance of Way Employees.  
BRC - Brotherhood of Railway Carmen.  
BRS - Brotherhood of Railway Signalmen.  
BSL - Broad Street Line.  
BSS - Broad Street Subway.

### C

CARD - Computer Aided Radio Dispatch.  
CCT - Customized Community Transportation.  
CMAQ - Congestion Mitigation/Air Quality Program.  
COBRA - Consolidated Omnibus Budget Reconciliation Act.  
CSX - CSX Corporation, a transportation and rail company.  
CTD - City Transit Division.

### D

DBE - Disadvantaged Business Enterprise.  
DVRPC - Delaware Valley Regional Planning Commission.

### E

EMU - Electric Multiple Unit.  
EEO/AA - Equal Employment Opportunity / Affirmative Action.  
EPI - Early Purchasing Involvement.  
ERM - Enterprise Risk Management.

### F

FTD - Frontier Division.  
FELA - Federal Employers' Liability Act.  
FHWA – Federal Highway Administration.  
FICA - Federal Insurance Contributions Act.  
FLSA - Fair Labor Standards Act.  
FMLA - Family and Medical Leave Act.  
FOTP - Fraternal Order of Transit Police.  
FRA –Federal Railroad Administration.  
FTA - Federal Transit Administration.  
FTC - Frankford Transportation Center.  
FTE - Full-Time Equivalent Position.

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## GLOSSARY OF ACRONYMS

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### G

GIS - Geographic Information System.  
GM - General Manager.

### H

HIPAA - Health Insurance Portability and Accountability Act of 1996.  
HRIS - Human Resources Information System.  
HRSC - Human Resources Service Center.  
HVAC – Heating, Ventilation and Air Conditioning Systems.

### I

IAMAW - International Association of Machinists and Aerospace Workers.  
IBEW - International Brotherhood of Electrical Workers.  
IBT Local 500 - International Brotherhood of Teamsters Local 500.  
ITS - Intelligent Transportation Systems.  
ISRP - Infrastructure Safety Renewal Program.

### J

JARC - Job Access and Reverse Commute Program.  
JHSC - Joint Health and Safety Committee.

### L

LRV - Light Rail Vehicle.  
LSC - Location Safety Committee.  
LUCY - Loop Through University City.

### M

MDBE - Minority or Disadvantaged Business Enterprise.  
MDT - Mobile Data Terminal.  
M-IV - Heavy Rail Vehicle used on the Market-Frankford Subway-Elevated Line.  
MPO - Metropolitan Planning Organization.  
MSE - Market Street Elevated.  
MFSE - Market-Frankford Subway-Elevated.  
MSHL - Media-Sharon Hill Line.

### N

N5 Car - Light Rail Vehicle used on the Norristown High Speed Line.  
NHSL - Norristown High Speed Line.  
NJT - New Jersey Transit.

### O

OEM - Original Equipment Manufacturer.

### P

PCC Car – Presidents Conference Committee streetcar or trolley.  
PIP - Performance Improvement Program.  
PLRB - Pennsylvania Labor Relations Board.  
PPTA - Pennsylvania Public Transportation Association.

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## GLOSSARY OF ACRONYMS

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### R

REEM - Rail Equipment Engineering and Maintenance.  
RFP - Request for Proposal.  
RRD - Regional Rail Division.  
RRT - Railroad Retirement Taxes.  
RSA - Route Schedule Adherence.

### S

SAC - SEPTA Advisory Committee For Accessible Transportation.  
SAFETEA-LU - Safe, Accountable, Flexible, Efficient Transportation Equity Act  
SAM – Supervisory, Administrative and Management.  
SBA - Special Board of Adjustment.  
SDBE - Small or Disadvantaged Business Enterprise.  
SDBU - Small and Disadvantaged Business Utilization.  
SEPTA - Southeastern Pennsylvania Transportation Authority.  
SMWIA - Sheet Metal Workers International Association.  
SRP - Shared Ride Program.  
SRPAC - Shared Ride Program Advisory Council.  
SPP - Subsidy Per Passenger.  
SSPP - System Safety Program Plan.  
STD - Suburban Transit Division.

### T

TCRP - Transit Cooperative Research Program.  
TCU - Transportation Communication International Union.  
TIP - Transportation Improvement Program.  
TEA-21 - The Transportation Equity Act for the 21st Century.  
TMA - Transportation Management Association.  
TPC - Transport Workers Union Local 234, Trenton-Philadelphia Coach Division.  
TWU Local 234 - Transport Workers Union Local 234.  
TWU Local 290 - Transport Workers Union Local 290.  
TWU 2013 - Transport Workers Union Local 2013.

### U

UCP - PA Unified Certification Program.  
UTU 61 - United Transportation Union Local 61.  
UTU Local 1594 - United Transportation Union Local 1594.

### V

VD - Victory Division.  
VMIS - Vehicle Maintenance Information System.  
VOH - Vehicle Overhaul Program.

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## GLOSSARY

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### A

**Americans with Disabilities Act of 1990** - This federal act requires many changes to transit vehicles, operations and facilities to ensure that people with disabilities have access to jobs, public accommodations, telecommunications, and public services, including public transit.

**Accessible** - As defined by FTA, a site, building, facility, or portion thereof that complies with defined standards and that can be approached, entered, and used by persons with disabilities.

**Accessible Service** - A term used to describe service that is accessible to non-ambulatory riders with disabilities. This includes fixed-route bus service with wheelchair lifts or ADA Paratransit service with wheelchair lift equipped vehicles.

**Accrual Basis** - A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is actually received or spent.

**ADA Paratransit Service** - In accordance with the Americans with Disabilities Act (ADA), SEPTA provides comparable service for people with disabilities who are functionally unable to use regular accessible fixed-route bus service for some or all of their transportation needs. Eligible individuals can travel whenever and wherever buses operate in SEPTA's five-county service region. See also "CCT Connect".

### B

**Balanced Budget** - A budget in which expected revenues equal expected expenses during a fiscal period. SEPTA's enabling legislation requires the Board of Directors to adopt a balanced budget before the beginning of each fiscal year.

**Blue Line** - See "Market-Frankford Subway-Elevated".

**Broad Street Line** - A rapid transit subway running under Philadelphia's main north-south street. The Broad Street Subway opened in 1928 with several extensions over the years. A spur under Ridge Avenue to 8<sup>th</sup> and Market Streets opened in 1932. Also referred to as the BSL, BSS and "Orange Line".

**Budget** - A plan of financial activity for a specified period of time indicating all planned revenues and expenditures for the budget period.

**Bus** - A transit mode comprised of rubber tired passenger vehicles operating on fixed routes and schedules over roadways. Vehicles are powered by diesel, gasoline, battery or alternative fuel engines contained within the vehicle.

### C

**Capital Expenditure** - Expenses that acquire, improve, or extend the useful life of any item with an expected life of three or more years and a value of more than \$5,000, e.g., rolling stock, track and structure, support facilities and equipment, and stations and passenger facilities. SEPTA includes capital expenditures in the Capital Budget, which is published separately from this document.

**Car-Mile** - A single mile traveled by either a single vehicle or a single car in a multiple car consist.

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## GLOSSARY

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**CCT Connect** - SEPTA Customized Community Transportation (CCT) provides paratransit service — CCT Connect — to individuals with disabilities and senior citizens. In addition, SEPTA's bus fleet is 100% accessible.

**CMAQ (Congestion Mitigation/Air Quality) Program** - A federal grant program in which FHWA funds are transferred to FTA for transit projects designed to improve air quality and reduce traffic congestion.

**Commuter Rail** - Local and regional passenger train operations between a central city, its suburbs and/or another central city. It may be either locomotive-hauled or self-propelled, and is characterized by multi-trip tickets, specific station-to-station fares, railroad employment practices and usually only one or two stations in the central business district. Also referred to locally as Railroad, Regional Rail and RRD.

**Cost Per Mile** - Operating expense divided by vehicle miles for a particular program or in total.

**Cost Per Passenger** - Operating expense divided by ridership for a particular program or in total.

### D

**Deadhead** - The miles and hours that a vehicle travels when out of revenue service. Deadhead includes leaving or returning to the garage or yard facility; or changing routes and when there is no expectation of carrying revenue passengers. However, deadhead does not include charter service, operator training or maintenance training.

**Debt Service** - The payment of interest on and the repayment of principal on long term borrowed funds according to a predetermined payment schedule.

**Delaware Valley Regional Planning Commission** - The area-wide agency, or Metropolitan Planning Organization, charged with the conduct of the urban transportation planning process. It is also the single, region-wide recipient of Federal funds for transportation planning purposes. Together with the state, it carries out the planning and programming activities necessary for Federal capital funding assistance. The MPO is designated by agreement among the various units of local government and the governor.

**Depreciation and Amortization** - The charges that reflect the loss in service value of the transit agency's assets. Depreciated items have a high initial cost and a useful life of more than one accounting period. In order to account for the reduction in value (usefulness) of this type of asset, a portion of the cost is expensed each year of the asset's life.

### E

**Enterprise Funds** - Funds to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

### F

**Farebox Revenue** - Revenues obtained from passengers and other fare subsidies except the state reduced fare subsidy program. Also referred to as Passenger Revenue.

**Fares** - The amount charged to passengers for use of various services.

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## GLOSSARY

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**Fiscal Year** - SEPTA's fiscal year runs from July 1 through June 30.

**Fixed Guideway** - A mass transportation facility using and occupying a separate right-of-way or rail for the exclusive use of mass transportation and other high occupancy vehicles; or using a fixed catenary system useable by other forms of transportation.

**Fixed Route Service** - Service provided on a repetitive, fixed-schedule basis along a specific route with vehicles stopping to pick up and deliver passengers to specific locations; each fixed-route trip serves the same origins and destinations, unlike demand responsive and taxicabs.

**Flexible Funds** - Federal funds made available by TEA-21 that can be used for various transportation projects, including both highway and mass transit projects. Allocation of these funds is at the discretion of regional Metropolitan Planning Organizations (MPOs) and state governments.

**Federal Transit Administration** - The FTA is the federal agency which provides financial assistance to cities and communities to provide mobility to their citizens.

**Fringe Benefits** - Payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and payments or accruals direct to an employee arising from something other than the performance of a duty. These payments are costs over and above "labor" costs, but still arising from the employment relationship.

**Full-Time Equivalent Position (FTE)** - A measurement equal to one staff person working a full schedule for one year.

**Fully Allocated Costs** - The distribution of operating expenses to each mode by type of service and function. Fully allocated costs account for all direct costs plus the assignment of any joint or shared expenses.

**Funding Formula** - A specific formula used to determine a subsidy level.

## G

**Green Line** – See "Subway Surface Lines".

## H

**Headquarters Allocation** – A method used to allocate the costs associated with operation and administration of SEPTA's headquarters division to the other four operating divisions.

**Headway** - Time interval between vehicles moving in the same direction on a particular route.

**Heavy Rail** – A transit mode that is an electric railway with the capacity for a heavy volume of traffic. It is characterized by high speed and rapid acceleration passenger rail cars operating individually or in multi-car trains on fixed rails; separate rights-of-way from which all other vehicular and foot traffic are excluded; sophisticated signaling, and high platform loading.

**Heavy Rail Cars** – Rail cars with motive capability, driven by electric power taken from overhead lines or third rails, configured for passenger traffic and usually operated on exclusive rights-of-way.



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## GLOSSARY

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**Hybrid Bus** - A bus that is powered by a combination of electricity and diesel, gasoline or alternative fuel.

### I

**Infrastructure** - The physical assets of the Authority, e.g., rail lines and yards, power distribution, signaling, switching, and communications equipment, passenger stations, information systems, and roadways, upon which the continuance and growth of transit depend.

**Intelligent Transportation Systems (ITS)** - The application of advanced sensor, computer, electronics, and communication technologies and management strategies in an integrated manner to increase the safety and efficiency of the surface transportation system. ITS is a national effort designed to promote the use of advanced technologies in multimodal transportation.

**Interest Expense** – The charges for the use of borrowed capital incurred by the transit agency, including interest on long term and short term debt obligations.

### L

**Leases and Rentals** - The payments for the use of capital assets not owned by the transit agency.

**Light Rail** - A transit mode that typically is an electric railway with a light volume traffic capacity compared to heavy rail. It is characterized by passenger rail cars operating individually or in short, usually two car trains on fixed rails in shared or exclusive right-of-way; low or high platform loading; and vehicle power drawn from an overhead electric line via a trolley pole or a pantograph.

**Light Rail Car** - A rail car with motive capability, usually driven by electric power taken from overhead lines, configured for passenger traffic and usually operating on non-exclusive right-of-way. Also known as "streetcar," "trolley car" and "trolley".

**Linked Trip** - A single, one-way trip without regard for the number of vehicles boarded to make the trip (i.e., a home-to work trip taken by boarding a bus, to a train, to another bus represents one linked trip or three unlinked trips).

### M

**Market-Frankford Subway-Elevated** - The Market-Frankford Line runs on an elevated guideway from the Frankford Transportation Center in Northeast Philadelphia, through Center City Philadelphia as a subway, and continuing on an elevated guideway above Market Street in West Philadelphia into 69<sup>th</sup> Street Terminal in Upper Darby, Delaware County. Also referred to as the Market Street Elevated (MSE), MFSE and "Blue Line".

**Mean Distance Between Failure** – A measure of vehicle availability and reliability, equal to the average distance between failures for all vehicles within a particular mode.

### N

**Non-Revenue Vehicle** - A single vehicle or a single car in a multiple car consist during which the vehicle is not in revenue service (i.e., picking up and/or dropping off passengers).

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## GLOSSARY

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### O

**Operating Assistance** - Financial assistance for transit operations (as opposed to capital) expenditures.

**Operating Budget** - The planning of revenues and expenses for a given period of time to maintain daily operations.

**Operating Ratio** - Operating revenue divided by operating expense. For this purpose, the Commonwealth has defined operating revenue to include Passenger Revenue, Senior Citizen free transportation, the Shared Ride program, Investment Income, Other Income, Asset Maintenance and Route Guarantees. Also for this purpose, the Commonwealth excludes Depreciation from operating expenses.

**Orange Line** – See “Broad Street Line”.

### P

**Passenger Miles** - The cumulative sum of the distance ridden by each passenger.

**Public Transportation** – As defined in the Federal Transit Act, transportation provided by bus or rail, or other conveyance, either publicly or privately owned, providing to the public general or special service (but not including school buses or charter or sightseeing service) on a regular continuing basis. Public transportation is also synonymous with the terms mass transportation and transit.

### R

**Revenue Car Mile** - A single mile traveled by one car during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

**Revenue Vehicle** - A single vehicle or a single car in a multiple car consist during which the vehicle is in revenue service (i.e., picking up and/or dropping off passengers).

**Reverse Commute** - City to suburb commute. This phrase refers to the fact that most riders commute from the suburbs to the city.

**Ridership** - Each passenger counted each time that person boards a vehicle. See also unlinked passenger trips.

**Rider Report Card** – This Customer Satisfaction Survey is an annual survey and associated report conducted by SEPTA in the fall of each year. More than 3,000 fifteen minute interviews are conducted with riders and non-riders in the SEPTA operating region, covering 22 service delivery attributes. The associated reports are generated with 95% confidence and have been in use to track SEPTA service delivery for six years.

**Rolling Stock** - Public transportation vehicles including commuter rail cars, locomotives, rapid transit cars, light rail cars, trolleybuses, buses, and vans.

**Route Mile** - A single mile traveled by a revenue vehicle.

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## GLOSSARY

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### S

**Service Guarantee** - SEPTA has enacted a service guarantee policy on all Regional Rail Lines, the Broad Street Subway, the Market-Frankford Line, the Route 100 Norristown High Speed Line, and the Route 101 (Media) and the Route 102 (Sharon Hill) trolleys. SEPTA guarantees that the Lines noted above will arrive at their final destination within 15 minutes of the scheduled arrival time or riders will receive a free future trip. This guarantee applies to weekday service only and does not apply when service operates on a Saturday or Sunday schedule, subject to certain other restrictions.

**Shared-Ride Program** - The Shared-Ride program is a door-to-door, advance-reservation, ride-sharing service, offered to senior citizens 65 years of age and residents of Philadelphia. This service can be used to travel within the City of Philadelphia and to any location in the surrounding counties within three miles of the City's border. Pennsylvania's Lottery Fund contributes to the cost of operating this program.

**Street Car** - See "Light Rail Car".

**Subsidy** - Funds received from another source that are used to cover the cost of a service or program that is not self-supporting.

**Subway Surface Lines** - A combination of five light rail lines serving various neighborhoods in West Philadelphia or nearby suburban communities above ground, reaching Center City Philadelphia through a subway tunnel partially shared with the Market-Frankford Line.

### T

**TEA-21 (The Transportation Equity Act for the 21st Century)** - TEA-21 was signed into law by President Clinton on June 9, 1998, and provided a six-year reauthorization of the federal transit program and the necessary contract authority needed to fully fund the fiscal year 1998 obligation limitations contained in the fiscal year 1998 Department of Transportation Appropriations Act.

**Total Vehicle Miles** - The sum of all miles operating by passenger vehicles, including mileage when no passengers are carried.

**Trackless Trolley** - See "Trolleybus".

**Trapeze** - Software utilized by SEPTA for scheduling and management of transportation operations.

**Trolleybus** - An electric, rubber-tired transit vehicle, manually steered, propelled by a motor drawing current through overhead wires from a central power source not on board the vehicle. Also known locally as "Trackless Trolley" or "Trolley Coach".