

Fiscal Year 2009 Operating Budget

and Fiscal Years
2010 to 2014
Financial
Projections



THIS PAGE INTENTIONALLY LEFT BLANK



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Southeastern Pennsylvania Transportation Authority

For the Fiscal Year Beginning

July 1, 2007

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, 2007. 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.

1234 Market Street
Philadelphia, PA 19107-3780
(215) 580-7800
Fax (215) 580-3636



Southeastern Pennsylvania Transportation Authority
Safety • Service • Continuous Improvement

Chairman

Pasquale T. Deon, Sr.

Vice Chairman

James C. Schwartzman

Thomas E. Babcock

Joseph E. Brion

Christian A. DiCicco

Thomas Jay Ellis

Stewart J. Greenleaf

Kevin L. Johnson

Daniel J. Kubik

Charles H. Martin

Frank G. McCartney

Jettie D. Newkirk

Michael J. O'Donoghue

Denise J. Smyler

Herman M. Wooden

General Manager

Joseph M. Casey

TO: Pasquale T. Deon, Sr., Chairman
FROM: Joseph M. Casey
SUBJECT: Fiscal Year 2009 Operating Budget
DATE: August 1, 2008
CC: Board Members

I am forwarding to the Board the Fiscal Year 2009 Operating Budget for the Southeastern Pennsylvania Transportation Authority (SEPTA). The budget, adopted by the Board on May 22, 2008, includes new initiatives made possible by the passage of Pennsylvania Act 44, in July 2007, and the creation of the Pennsylvania Public Transportation Trust Fund. Dedicated funding will enable the Authority to refocus on our core business – the customer. To that end, improving convenience, communications, courtesy, and cleanliness will be our work priorities during the upcoming year.

In Fiscal Year 2008, the Authority experienced significant ridership growth with an overall increase of 5.1% or 17 million passenger trips. Transit ridership was up 3.9% and regional rail ridership up 11.6%. Rail ridership is at its highest level since the 1970's and many lines are operating at capacity during peak periods. In response to this unprecedented growth, the FY09 budget includes 26 initiatives to address current overcrowding conditions, 9 initiatives to expand peak hour service, 27 initiatives to expand off-peak and weekend service, and 3 initiatives to add late night regional rail service on Friday and Saturday nights. The complete listing of these initiatives is attached.

In addition to the ridership service enhancements, SEPTA is purchasing 8 decommissioned commuter rail coaches from New Jersey Transit Corporation to expand seating capacity. These coaches will enable Operations to add extra cars to existing push-pull trains. Beginning in August, our bus customers will enjoy 100 new hybrid diesel/electric vehicles; and 38 trackless trolley buses will be introduced into service in Northeast Philadelphia.

The budget document also outlines the responsibilities of the new Customer Service Division, established to focus the Authority's programs and initiatives to support our efforts to enhance customer convenience, communications, courtesy, and system cleanliness. The Division has created a number of new programs including SEPTA Customer Connection that reaches out to customers at stations and offers them the

opportunity to ask questions, get travel information, offer suggestions, comments, and commendations. An Online survey feature was created on our website that gives passengers the opportunity to share their views and suggestions on timely issues. We are also working to involve employees in our customer programs through the Employee Eye Program, which encourages staff to report issues to improve the system for our riders. The Human Resources Department will provide employee training to emphasize the importance of customer service at every level throughout the Authority. The budget includes resources for additional Transit Police officers as part of SEPTA's ongoing commitment to rider safety and security.

Several new programs to improve cleanliness systemwide are integrated within the Fiscal Year 2009 Operating Budget including mid-day sweeping of buses, both at bus garages and at major terminals, i.e., 69th Street and Broad & Olney; and mid-day sweeping of rail vehicles at terminals and yards. Station cleaners will be added to clean stations, terminals, and bus/trolley loops.

Even with the Authority's favorable financial outlook there are ongoing areas of budgetary concern that we continue to closely monitor. Most notably, fuel cost increases. Since early 2008, diesel fuel costs have risen nearly 36%. Although fuel prices have recently declined, the market continues to be volatile. Healthcare and prescription drug coverage continue to increase at a rate greater than inflation. Materials and services costs have also been growing rapidly, including commodities frequently used by SEPTA, such as asphalt, concrete, copper, steel, and aluminum.

The Fiscal Year 2009 budget represents my commitment to make a major difference for our customers by focusing Operating Budget resources to provide safe, reliable, convenient and comfortable service, as well as additional service – a first in the history of the organization. This marks the beginning of a new chapter for the Authority. I look forward to working with the SEPTA Board and all of the Authority's stakeholders and customers to improve public transportation service throughout the region.

Fiscal Year 2009 Service Initiatives

26 Initiatives to Address Current Overcrowding

1. Route 14 -- Switch to all articulated buses to expand capacity
2. Route 17 -- Improve Peak Hour Frequency
3. Route 18 -- Improve Peak Hour Frequency
4. Route 21 -- Improve Peak Hour Frequency
5. Route 23 -- Improve Peak Hour Frequency
6. Route 26 -- Improve Peak Hour Frequency
7. Route 42 -- Improve Peak Hour Frequency
8. Route 47 -- Improve Peak Hour Frequency
9. Route 53 -- Switch to all 40-foot buses
10. Route 70 -- Improve Peak Hour Frequency
11. Route 94 -- Improve Peak Hour service from 60 to 30 minutes
12. Route 96 -- Improve mid-day service from 60 to 30 minutes
13. Route 104 -- Improve peak hour service from 30 to 20 minutes
14. Route 108 -- Improve peak hour service from 15 to 12 minutes between 4 PM & 5 PM
15. Route 109 -- Improve peak hour service from 20 to 15 minutes
16. Route 112 -- Improve peak hour service to DCCC from 30 to 20 minutes, and improve mid-day service from 60 to 30 minutes (peak hour to mid-day transition)
17. Route 113 -- Improve Saturday evening headways from 60 to 30 minutes
18. Route 113 -- Improve Sunday headways from 60 to 30 minutes
19. Route 124 -- Add two new weekday AM peak westbound
20. Route 124 -- Add two new Saturday roundtrips
21. Route 124 -- Add six new Sunday roundtrips
22. Route 125 -- Add trips at King of Prussia Mall closing time
23. Route 125 -- Add six new Saturday roundtrips
24. Route 125 -- Add six new Sunday roundtrips
25. Route R -- Improve Peak Hour Frequency
26. Route R -- Reduce headways from 20 to 15 minutes during day & from 30 to 20 minutes between 7 and 10 PM on Sunday

9 Initiatives to Expand Peak Hour Service

1. Route 8 -- Improve peak hour service headways from 10 to 8 minutes in the AM and from 20 to 15 minutes in the PM
2. Route 31 -- Improve peak hour service headways from 30 to 20 minutes in the AM and 20 to 15 minutes in the PM
3. Route 56 -- Improve peak hour service headways from 10 to 7 minutes
4. Route 57 -- Improve AM peak hour service headways from 7 to 5 minutes
5. Route 93 -- Improve peak hour service headways from 60 to 30 minutes
6. Route 201 -- Create 14 new roundtrips to connect with peak direction Lansdale/Doylestown trains
7. Route J -- Improve peak hour service from 20 to 15 minutes in the PM
8. Route K -- Improve peak hour service from 10 to 8 minutes in the PM
9. Paoli/Thorndale Line (R5) -- Train #514 will originate in Thorndale

27 Initiatives to Expand Off-Peak and Weekend Service

1. Route 7 -- Adjust Saturday & Sunday service from 30 to 20 minutes headways
2. Route 8 -- Add weekday mid-day service every 30 minutes
3. Route 26 -- Evening weekday service to Frankford Transportation Center to operate every 30 minutes between 9 PM and 11 PM
4. Route 28 -- Adjust Sunday service from 75 to 60 minutes (same as Saturday)
5. Route 31 -- Improve weekday mid-day service from 30 to 20 minutes from 9 AM to 2 PM
6. Route 37 -- Provide "Owl" service to Philadelphia International Airport and Harrah's Casino from 1 AM to 5 AM
7. Route 40 -- Adjust weekday daytime service from 20 to 15 minutes, and evenings from 30/40 to 20 minutes
8. Route 58 -- Operate Saturday service from 15 to 12 minutes, and Sunday from 20 to 15 minutes between 10 AM and 5 PM
9. Route 70 -- Evenings and weekends improve headways from 30 to 20 minutes until 11 PM
10. Route 93 -- Extend two Sunday evening trips from Collegeville to Pottstown
11. Route 96 -- Extend Sunday evening service from 7 PM to 11PM
12. Route 99 -- Extend Sunday evening service from 8 PM to 11PM
13. Route 100 -- Improve Sunday headways from 30 to 20 minutes
14. Route 101 -- Improve weekday mid-day headways from 30 to 20 minutes
15. Route 102 -- Improve weekday mid-day headways from 30 to 20 minutes
16. Route 105 -- Establish weekday evening service every 60 minutes
17. Route 105 -- Establish Saturday evening service every 60 minutes
18. Route 105 -- Establish Sunday evening service every 60 minutes
19. Route 108 -- Extend all weekend trips from 67th & Elmwood to Airport
20. Route 111 -- Extend Saturday service from Granite Run Mall to Chadds Ford every 60 minutes
21. Route 111 -- Establish hourly Sunday service
22. Route 113 -- Establish 15 minute weekday mid-day service between 69th Street Terminal and Darby
23. Route 120 -- Improve limited Saturday service (3 round trips) to service every 2 hours
24. Route 120 -- Improve limited Sunday (3 round trips) to service every 2 hours
25. Route 129 -- Establish hourly Sunday service
26. Route K -- Improve headways on Saturdays from 30 minutes to 20 minutes between 7 & 10 PM
27. Route R -- Improve headways on Saturdays from 30 minutes to 20 minutes between 7 & 10 PM

3 Late Night Friday and Saturday Rail Service Initiatives

1. Paoli/Thorndale Line (R5) -- Add late trains from Center City to Paoli/Malvern (after midnight on Fridays & Saturdays Only)
2. Norristown Line (R6) -- Add late trains from Elm Street to Center City (after midnight on Fridays & Saturdays Only)
3. Trenton Line (R7) -- Add late trains between Center City and Trenton (after midnight on Fridays & Saturdays Only)

Southeastern Pennsylvania Transportation Authority Board Members

Chairman

Pasquale T. Deon, Sr.

Vice-Chairman

James C. Schwartzman, Esquire

Bucks County

*Pasquale T. Deon, Sr.
Hon. Charles H. Martin*

Chester County

*Joseph E. Brion, Esquire
Kevin L. Johnson, P.E.*

Delaware County

*Thomas E. Babcock
Daniel J. Kubik*

Montgomery County

*Thomas Jay Ellis, Esquire
Michael J. O'Donoghue, Esquire*

City of Philadelphia

*Christian A. DiCicco, Esquire
Jettie D. Newkirk, Esquire*

Governor's Appointee

Denise J. Smyler, Esquire

Senate Majority Leader Appointee

Hon. Stewart J. Greenleaf

Senate Minority Leader Appointee

James C. Schwartzman, Esquire

House Majority Leader Appointee

Frank G. McCartney

House Minority Leader Appointee

Herman M. Wooden

SEPTA Officers

General Manager

Joseph M. Casey, CPA

Chief Financial Officer/Treasurer

Richard G. Burnfield

General Counsel

Nicholas J. Staffieri, Esquire

Controller to the Board

Stephen A. Jobs, CPA

Secretary to the Board

Elizabeth M. Grant

Southeastern Pennsylvania Transportation Authority

Fiscal Year 2009 Operating Budget

Table of Contents

I.	Introduction & SEPTA Profile	
	Introduction and Profile	1
	Map of SEPTA Railroad and Rail Transit	7
	Summary of Assumptions	8
	Fiscal 2009 Consolidated Budget	9
II.	Financial and Budgetary Policies	
	Financial and Budgetary Policies	11
	Debt Service	14
	Statement of Changes in Equity	16
	Annual Budget Process	17
	Key Activities in the Budget Process	18
III.	Organizational Structure	
	Organizational Structure	19
	Operating and Staff Departments	20
	GM Team Organizational Chart	22
IV.	Budget Detail	
	Fiscal 2007 Actual, Fiscal 2008 Actual and Fiscal 2009 Budget – Consolidated	23
	Fiscal 2007 Actual, Fiscal 2008 Actual and Fiscal 2009 Budget – City Transit Division	24
	Fiscal 2007 Actual, Fiscal 2008 Actual and Fiscal 2009 Budget – Victory Division	25
	Fiscal 2007 Actual, Fiscal 2008 Actual and Fiscal 2009 Budget – Frontier Division	26
	Fiscal 2007 Actual, Fiscal 2008 Actual and Fiscal 2009 Budget – Regional Railroad Division	27
V.	Financial Projections	
	Summary of Assumptions	29
	Financial Projections Fiscal years 2009 through 2014	30
VI.	Operating Revenue	
	Revenue Assumptions	31
	Revenue Trends at a Glance	32
	Summary of Operating Revenue	34
VII.	Operating Subsidy	
	Operating Subsidy Assumptions	35
	Service Stabilization Fund	38
	Consolidated Detail of Operating Subsidies	39
	Summary of Operating Subsidies	40
	Local Operating Subsidy	41
VIII.	Operating Expenses	
	Expense Assumptions	45
	Expense Trends at a Glance	46
	Summary of Total Expenses – Fiscal 2009 Budget	49
	Detail of Expenses – Fiscal 2009 Budget	50
	Allocation by Division – Fiscal 2009 Budget	51
	Detail of Expenses – Fiscal 2008 Actual	52
	Detail of Expenses – Fiscal 2007 Actual	53

Southeastern Pennsylvania Transportation Authority

Fiscal Year 2009 Operating Budget

Table of Contents

IX. Headcount Authorization	
Overview of Changes and Cause of Change	55
Headcount Designations	57
Fiscal 2009 Authorized Headcount	58
Fiscal 2005 through Fiscal 2009 Headcount Authorizations	59
X. Departmental Summaries	
Corporate Staff	61
Operations	67
Audit and Investigative Services	89
Business Services	97
Customer Service	109
Engineering, Maintenance and Construction	119
Finance and Planning	135
Human Resources	149
Legal	163
Public and Government Affairs	169
Public and Operational Safety	179
XI. Interdepartmental	
Fringe Benefit Expense	191
Non-Departmental Expense	193
Customized Community Transportation	194
Job Access and Reverse Commute Program	195
Other Operating Expenses	196
XII. Operating Goals and Performance Measures	
Operating Goals Introduction and Safety Goals	197
Customer Satisfaction Goals	199
Revenue Goals	200
Performance Measures Introduction and Route Utilization	201
Staffing Ratios	203
Productivity Measures	204
Fiscal Indicators and Productivity Goals	205
XIII. Capital Improvement Program	
Capital Budget – Fiscal 2009	207
Appendix A – Glossary of Acronyms	217
Appendix B – Glossary	221

Introduction and SEPTA Profile

SEPTA 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

Background

The Southeastern Pennsylvania Transportation Authority (SEPTA) was formed by act of the Pennsylvania General Assembly in 1964 in order to provide public transportation services to Bucks, Chester, Delaware, Montgomery and Philadelphia Counties. Over the years, SEPTA acquired the assets of several private transportation companies. Today, SEPTA is the sixth-largest transit system in the United States and is responsible for operating:

- 117 Bus Routes
- 8 Trolley (light rail) Lines
- 3 Trackless Trolley Routes
- 2 Subway/Elevated (heavy rail) Lines
- 1 Interurban High-Speed Line (heavy rail)
- 13 Regional Railroad (commuter rail) Lines
- Shared Ride Service in the City of Philadelphia
- ADA Paratransit service throughout the five-county region

Philadelphia and the neighboring counties are connected by SEPTA service to national passenger rail service via Amtrak at the historic 30th Street Station. SEPTA also provides direct rail service to the Philadelphia International Airport. SEPTA passengers can also directly connect with NJ Transit rail service and the Port Authority Transit Corporation (PATCO) High Speed Line to New Jersey.

Headquartered in Philadelphia, SEPTA is governed by a Board of Directors. With 15 voting members, the Board of Directors is appointed as follows:

- Two members appointed from each of the five counties in SEPTA's service area.
- One member appointed by the Governor of Pennsylvania.
- One member appointed by the Senate Majority Leader.
- One member appointed by the Senate Minority Leader.
- One member appointed by the House Majority Leader.
- One member appointed by the House Minority Leader.

Introduction and SEPTA Profile

Population and Trends

The Southeastern Pennsylvania region has a population of 3.9 million (2007 DVRPC Estimate) and is the most populous region in the Commonwealth. SEPTA's service area covers 2,202 square miles.

According to U.S. Census data from 1980-2000, strong population growth was seen in the region. Population increased by 4.5%, or 167,197 people, over the twenty year period in the 5-County area.

Population Count in 2000

County	Population 2000 U.S. Census
Bucks	597,635
Chester	433,501
Delaware	550,864
Montgomery	750,097
Philadelphia	1,517,550
5-County Total	3,849,647

Source: 2000 Census Population Count

Projections by the Delaware Valley Regional Planning Commission (DVRPC) indicate that from years 2000-2030, the five-county region will see overall population growth of 10.8%, representing growth in Bucks, Chester and Montgomery Counties with Delaware County and Philadelphia projected to have slight losses.

Population Forecasts 2000-2030

County	Population Change 2000-2030 (absolute)	Percent Change 2000-2030
Bucks	164,820	27.6%
Chester	138,299	31.9%
Delaware	(4,084)	-.7%
Montgomery	128,343	17.1%
Philadelphia	(12,550)	-.8%
5-County Total	414,828	10.8%

Source: DVRPC Population and Employment Forecasts (Revised 2005)

Philadelphia Travel Trends

DVRPC data from 2005 shows that for the first time since 1960, public transportation ridership entering and leaving Philadelphia's Central Business District posted an increase while highway volumes decreased. Public transportation trips increased by 10% over the

Introduction and SEPTA Profile

last five years while highway trips declined by 2%. Public transportation recorded 24,000 more daily trips than highway vehicle trips lost. This indicates a shift in travel patterns towards public transportation.

The 2000 census shows that 35.7% of all households in the City of Philadelphia area do not have access to a vehicle, and recent studies show that up to 70% of employees working in Center City Philadelphia use SEPTA to access their employment site from throughout the city and region.

Economy

Center City Philadelphia is the largest center of commerce in the Commonwealth of Pennsylvania. Leisure and hospitality, education, and health care have been among the fastest growing employment sectors within the city and region. In 2005, an office building known as the Cira Center opened next to 30th Street Station. The Comcast Center, adjacent to Suburban Station, was completed and officially opened in June, 2008. As the most recent office construction projects in more than a decade, these two buildings show the appeal of transit-oriented development, as they are both located adjacent to major transit hubs.

The latest forecast by DVRPC indicates that from the years 2000-2030, there will be employment growth in the five-county region of 17.9%. The employment growth forecast is illustrated in the following table:

County	Absolute Change 2000-2030	Percent Change 2000-2030
Bucks	85,648	32.1%
Chester	106,421	44.6%
Delaware	35,247	14.8%
Montgomery	104,623	21.2%
Philadelphia	21,779	2.9%
5-County Total	353,718	17.9%

Source: DVRPC Population & Employment Forecasts (revised 2005)

SEPTA Ridership and Operating Statistics

In Fiscal Year 2008, SEPTA experienced significant gains in ridership across all operating divisions. Compared to Fiscal Year 2007, average daily passengers (linked) increased by 4.1% in the City Transit Division, 3.0% in Suburban Transit (Victory and Frontier Divisions) and 11.6% on the Railroad Division. Total annual ridership increased by 17 million unlinked passenger trips.

Introduction and SEPTA Profile

SEPTA Operating Facts

SEPTA Statistics At a Glance	
Annual Unlinked Trips (2008)	325 Million
Annual Passenger Miles (2008)	1.46 Billion
Annual Vehicle Revenue Miles (2008)	93.7 Million
Revenue Vehicles (2008)	2,668
Fixed Routes (2008)	144
Stations (2008)	280

SEPTA Passengers

The exhibits in this section serve to illustrate the typical SEPTA customer. The demographic data was recorded and compiled as part of the SEPTA 2006/2007 Customer Satisfaction Survey. This survey was conducted between February 2, 2007 and March 5, 2007. During the survey period, 3,155 interviews were completed. Only persons aged 18 or older were interviewed during this process and all the exhibits represent SEPTA adult passengers.

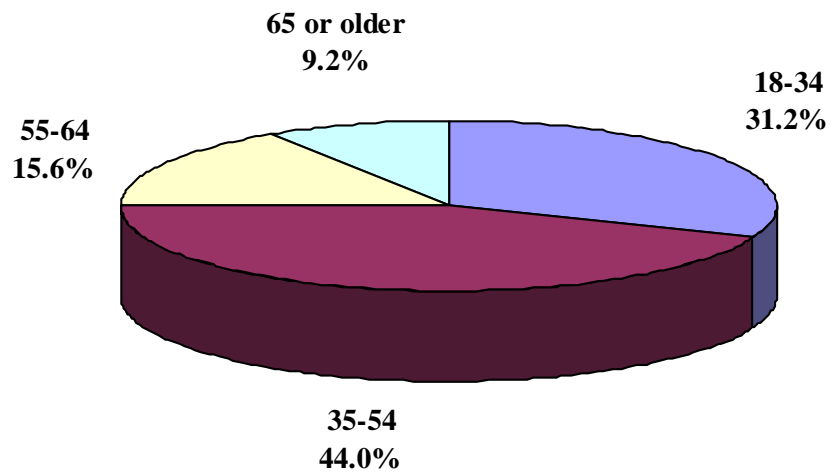
Demographic Profile of SEPTA Passengers				
	City Bus and Rail Transit	Suburban Bus and Rail Transit	Regional Railroad	Total SEPTA*
Gender (Percent):				
Male	36.5	37.9	35.6	37.4
Female	63.5	62.1	64.4	62.6
Age (Percent):				
18-34	33.7	31.9	29.2	31.2
35-54	43.6	47.2	44.6	44.0
55-64	14.4	13.2	18.1	15.6
65 or older	8.3	7.7	8.1	9.2
Household Income (Percent):				
Less than \$35,000	43.2	47.3	26.3	40.9
\$35,000 or more	56.8	52.7	73.7	59.1
Ethnicity (Percent):				
African American	54.0	50.7	30.1	47.1
Asian	1.6	1.4	2.7	1.7
Caucasian	37.5	40.6	61.6	44.9
Hispanic	2.3	2.8	3.3	2.4
Other (All Not Listed)	4.6	4.5	2.3	3.9

*Weighted Average

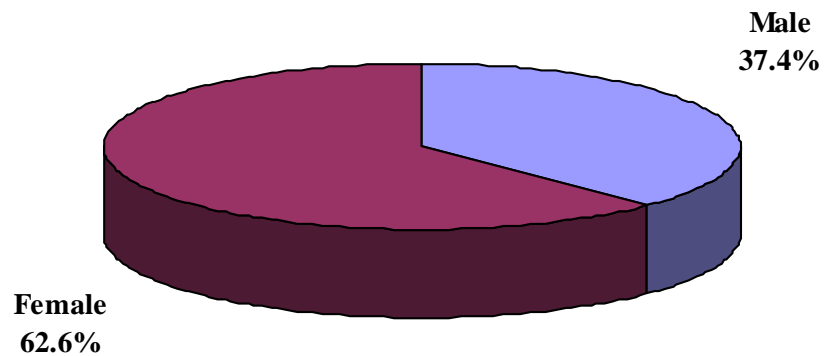
Source: 2006/2007 SEPTA Customer Satisfaction Survey

Introduction and SEPTA Profile

**Age of SEPTA Adult Passengers
(Authority-wide)**

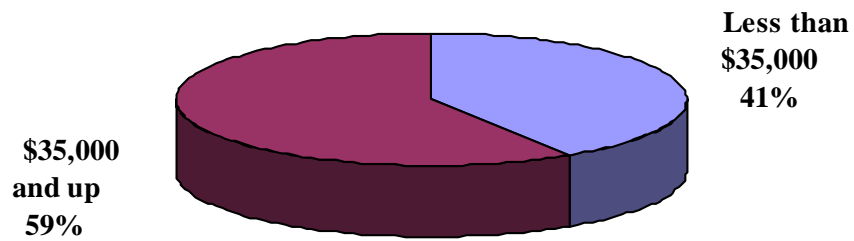


**Gender of SEPTA Passengers
(Authority-wide)**

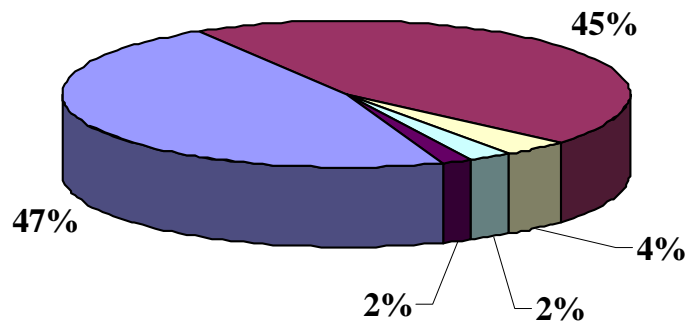


Introduction and SEPTA Profile

**Annual Household Income of SEPTA Passengers
(Authority-wide)**



Ethnicity of SEPTA Passengers



African American	Caucasian
Other (All Not Listed)	Hispanic
Asian	



SEPTA Railroad & Rail Transit



Summary of Assumptions

This document presents the Fiscal Year 2009 Operating Budget. The Fiscal Year 2007 and 2008 actual results are utilized for comparison throughout this budget document.

Service	The Fiscal Year 2009 Operating Budget of \$1.095 billion in operating expenses includes increases in transportation service to address overcrowding and enhance service as compared to Fiscal Year 2008.
Revenue	Passenger revenue is projected to grow compared to Fiscal Year 2008 primarily as a result of continued ridership increases and service improvements. Increases are also projected in other income.
Expenses	Expenses total \$1.095 billion, and reflect cost escalations in areas including wages, fuel, propulsion power, healthcare and prescription drugs as well as expenses incurred by service enhancements.
State and Local Subsidy	Fiscal Year 2009 state and local subsidy includes a grant from the Pennsylvania Public Transportation Trust Fund. Act 44 of 2007 established the trust fund and dedicates state funding for public transportation agencies across the Commonwealth of Pennsylvania. Trust fund grants are required to be matched locally at 15%. Lease Cost/Debt Service subsidy is funded by Sections 1517 and 1514 of the Trust Fund.
Federal Subsidy	Federal Preventive Maintenance for Fiscal Year 2009 is level with the Fiscal Year 2008 Budget.

Fiscal 2009 Consolidated Budget

<u>Amounts in Thousands ('000)</u>	<u>FY 2009 Budget</u>
REVENUE	
Passenger Revenue	\$ 398,380
Shared Ride Program	21,692
Investment Income	3,400
Other Income	<u>30,200</u>
TOTAL OPERATING REVENUE	\$ 453,672
EXPENSES	
Labor and Fringe Benefits	\$ 751,899
Materials and Services	197,646
Injuries & Damage Claims	35,000
Propulsion Power	32,160
Fuel	57,100
Vehicle and Facility Rentals	<u>2,253</u>
OPERATING EXPENSE	\$ 1,076,058
Depreciation/Contributed Capital	<u>\$ 18,916</u>
TOTAL EXPENSES	\$ 1,094,974
DEFICIT BEFORE SUBSIDY	<u>\$ (641,302)</u>
OPERATING SUBSIDY	
Federal	\$ 32,200
State	533,586
Local	72,216
Other	<u>3,300</u>
TOTAL SUBSIDY	\$ 641,302
SURPLUS/(DEFICIT)	<u>\$ -</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Financial and Budgetary Policies

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. 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 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.
- The net actuarially determined post employment benefit obligation recognized under Government Accounting Standards Board (GASB) Statement No. 45, which was implemented by the Authority in Fiscal Year 2008, has been excluded from the budget expenses. Such costs are included in operating expenses in the annual financial statements.

Financial and Budgetary Policies

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.

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 and applicable federal legislation. 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.

Financial and Budgetary Policies

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 payback in future economies. Budgeting is done on a management center basis. Each management center is provided with monthly financial reports. Significant budget variances in any specific area are reported and available for analysis.

Numerous financial safeguards and controls are in place throughout the Authority to prevent wasteful or unnecessary spending. The Strategic Planning and Analysis group within the Finance and Planning 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 changes require approval of the Board.

Service 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.

Financial and Budgetary Policies

Debt Service

The Authority has two series of Special Revenue Bonds outstanding. 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, including 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.

On July 18, 2007, the Governor of the Commonwealth of Pennsylvania signed into law Act No. 2007-44 (“Act 44”), which, effective July 1, 2007, among other things, (a) repealed 74 Pa C.S. Ch. 13 (which included Section 1310); and (b) provides, in pertinent part that, notwithstanding such repeal, (i) the PTA Fund shall continue to receive the revenue the PTA Fund was entitled to receive on June 30, 2007, (ii) despite the repeal of 74 Pa. C.S. Ch. 13 and, in particular, Section 1310, transit entities that have outstanding obligations shall continue to receive money from the PTA Fund calculated and paid in the same manner as was provided on June 30, 2007, and (iii) money remaining in the PTA Fund after amounts are disbursed as described in (ii) above shall be transferred monthly to the Public Transportation Trust Fund established under 74 Pa. C.S. Ch. 1506.

The Authority, as a transit entity under Act 44, will continue to receive amounts distributed from the PTA Fund that are calculated and paid in the same manner as was prescribed prior to the repeal of Section 1310.

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 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.

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.

Financial and Budgetary Policies

In March 2007, the Authority issued \$131.6 million of Variable Rate Revenue Refunding Bonds, Series of 2007. The net proceeds from the sale of the 2007 Bonds were used to currently refund the Authority's outstanding Special Revenue Bonds, Series of 1997 and to pay the premium for a debt service reserve fund insurance policy. The Bonds were initially issued in the Auction Mode. In July 2008, the Bonds were converted from the Auction Mode to the Weekly Mode.

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 **(amounts in thousands)**

Year Ending March 1	Interest*	Principal	Total Debt Service Requirements
2009	17,522	15,140	32,662
2010	16,786	15,885	32,671
2011	16,000	16,700	32,700
2012	15,186	17,545	32,731
2013	14,282	18,425	32,707
2014	13,367	19,310	32,677
2015	12,398	20,405	32,803
2016	11,381	21,450	32,831
2017	10,289	22,545	32,834
2018	9,162	23,715	32,877
2019	7,972	24,930	32,902
2020	6,759	26,210	32,969
2021	5,474	19,945	25,419
2022	4,534	20,920	25,454
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
TOTAL	\$ 175,948	\$ 357,755	\$ 533,703

*Interest on the Series 2007 Bonds is synthetic fixed interest rate of 4.706%

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

<u>Amounts in thousands ('000)</u>	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Actual</u>	<u>FY 2009</u> <u>Budget</u>
Contributed Capital:			
Balance at Beginning of Year	\$ 2,907,601	\$ 2,994,943	\$ 3,099,178
Capitalized Grant Property	330,149	361,327	296,500
Capitalized Grant Property - Retirements	(9,789)	(12,628)	(26,000)
Amortization	(242,768)	(256,979)	(236,800)
Amortization - Retirements	<u>9,750</u>	<u>12,515</u>	<u>25,250</u>
Contributed Capital Balance at End of Year	\$ 2,994,943	\$ 3,099,178	\$ 3,158,128
Operating Surplus/(Deficit):			
Accumulated Operating Surplus/(Deficit) at Beginning of Year	\$ (157,808)	\$ (157,621)	\$ (156,823)
Current Year Operating Surplus/(Deficit)	<u>187</u>	<u>798</u>	<u>-</u>
Accumulated Operating Deficit at End of Year	\$ (157,621)	\$ (156,823)	\$ (156,823)
Total Equity	<u>\$ 2,837,322</u>	<u>\$ 2,942,355</u>	<u>\$ 3,001,305</u>

Annual Budget Process

Budget Development

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

The Operating Budget 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 Operating Budget Department to all operating and staff departments in early February.

Operating and staff department personnel enter information into the MPC operating budget database for submission to the Operating Budget Department by early February. The Operating Budget Department reviews each budget submission and recommends corrections or revisions, if necessary. The Budgets Department compiles this information and briefs the Board in mid-February.

Period for Public Comment

The Operating Budget Department publishes SEPTA's Operating Budget Proposal on the Authority's Website and distributes it publicly in early March, 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 early April to solicit public comment on the proposed budget. SEPTA staff presents testimony concerning the budget proposal and responds to questions from the public.

Adoption

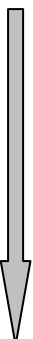
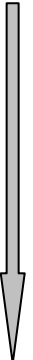
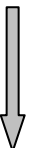
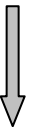

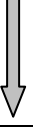
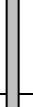

The hearing examiner evaluates the SEPTA staff proposal and public comments and issues a report to the Board in late April, which includes a recommendation on SEPTA's Operating Budget Proposal. The Board of Directors adopts a budget for the upcoming fiscal year at the regular May meeting on the fourth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

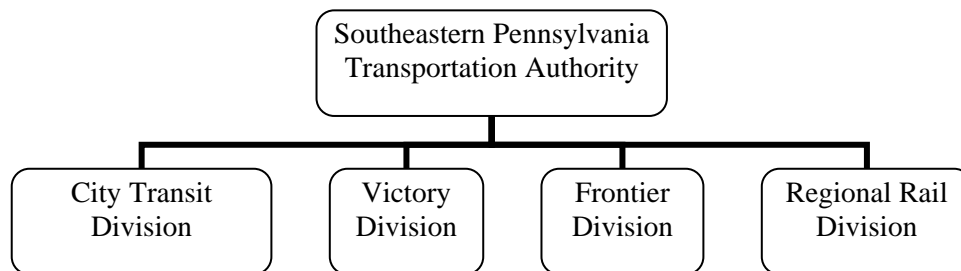
Annual Budget Process

Fiscal Year 2009 Operating Budget - Schedule of Key Activities

December 2007		<ul style="list-style-type: none"> • Schedule Public Hearings (December 3-December 17, 2007) • Develop overall and department projections (December 10-January 20, 2007) • Meetings with SEPTA's operating and staff departments (December 17, 2007-January 15, 2008)
January 2008		<ul style="list-style-type: none"> • Develop draft service projection based on current service • Service projections for Fiscal Year 2009 - Cut 1 (January 21, 2008) • Revise projections as necessary based on Cut 1 (January 23-January 30, 2008) • Distribute preliminary authorization letters to Staff Departments (January 23, 2008) • Distribute preliminary authorization letters to Operations (January 31, 2008)
February 2008		<ul style="list-style-type: none"> • Adjust overall and departmental projections (January 30-February 6, 2008) • Submit budget data to Budgets Department for review (January 31 - March 28, 2008) • Budget presentation to GM Team (February 4, 2008) • Budget submissions reviewed by Budgets Department (February 15-April 11, 2008) • Review first draft of FY2009 Operating Budget Proposal (February 20, 2008) • Board briefing on proposed budget (February 29, 2008) • Public hearing notice to press relations (February 22, 2008) • Complete final draft of FY 2009 Operating Budget Proposal (February 25, 2008) • Publish and Distribute FY 2009 Operating Budget Proposal (February 29, 2008) • Public hearing notice published/Library postings/RICB Broadcast/Internet Posting/Distribution (February 29, 2008)
March 2008		<ul style="list-style-type: none"> • Period for public comment (February 29-April 11, 2008) • Service projections adjusted to Spring 2008 schedule (March 10, 2008) • Prepare public hearing testimony (March 17-March 21, 2008)
April 2008		<ul style="list-style-type: none"> • Public Hearings in City of Philadelphia and suburban counties (March 31-April 4, 2008) • City of Philadelphia Budget Hearing (April 9, 2008) • Report from Hearing Examiner (April 18, 2008)
May 2008		<ul style="list-style-type: none"> • SEPTA Board adopts budget (May 22, 2008)
June 2008		<ul style="list-style-type: none"> • Finalize and consolidate MPC Budget data
July 2008		<ul style="list-style-type: none"> • Preparation of Final FY 2009 Operating Budget Book
August 2008		<ul style="list-style-type: none"> • Publish and Distribute Final FY 2009 Operating Budget Book

Organizational Structure

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 74 bus routes, 6 light rail (trolley) lines, 3 trackless trolley lines and 2 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, 2 light rail (trolley) lines and the Norristown High Speed Line.

Frontier Division

The Frontier Division consists of 21 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 Railroad were previously operated by the Pennsylvania and Reading Railroads. These commuter rail lines were operated by Conrail from 1976 through 1982, and acquired by SEPTA in 1983.

Operating and Staff Departments

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

Internal Audit
Office of the Inspector General

BUSINESS SERVICES DIVISION

Information Technology
Procurement and Contracts
Small and Disadvantaged Business Utilization

CUSTOMER SERVICE DIVISION

Communications
Customer Service
Market Research/Business Development

ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

Capital Construction
Blue Line Structures
Project Control and Capital Quality Assurance and Control
Engineering and Maintenance
Revenue Operations

Operating and Staff Departments

FINANCE AND PLANNING DIVISION

- Accounting and Public Finance
- Capital Budget
- Operating Budget
- Revenue, Ridership, Marketing and Sales
- Strategic Planning and Analysis
- 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

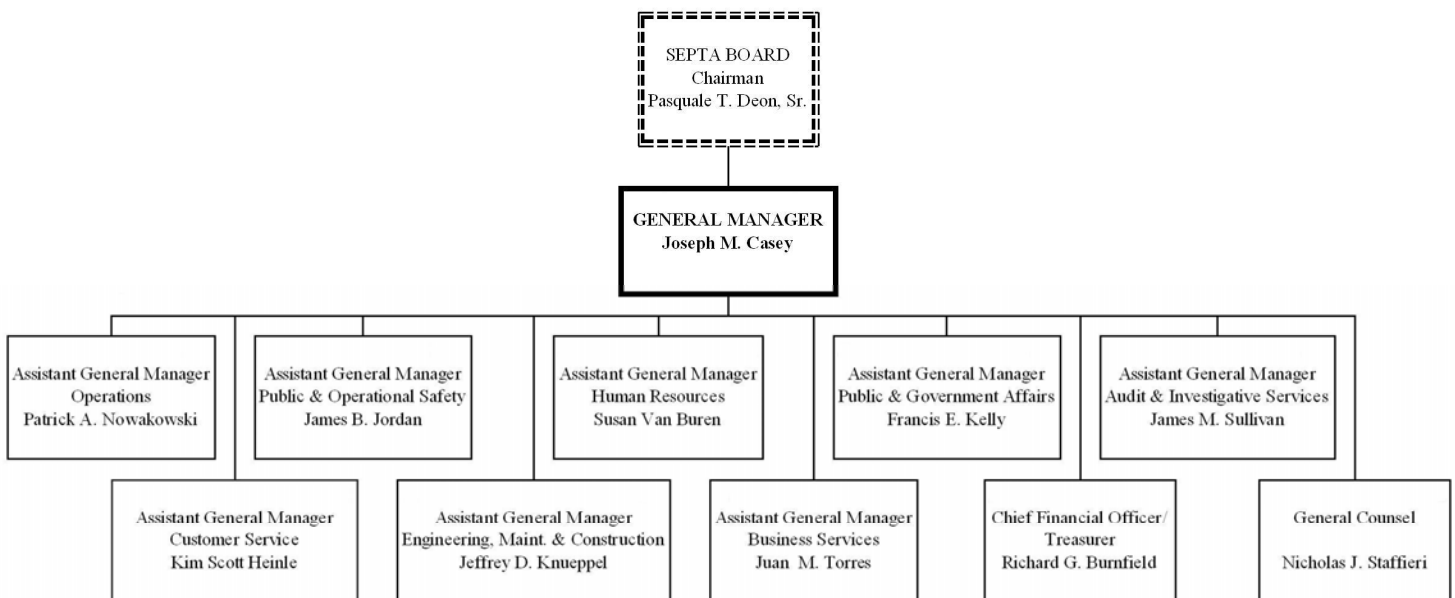
- Public Affairs – Administration/Communications
- Public Affairs – Media Relations
- Government Affairs – Region & Community
- Government Affairs – State & Federal

PUBLIC AND OPERATIONAL SAFETY DIVISION

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

GM Team Organizational Chart

Southeastern Pennsylvania Transportation Authority Executive Staff



FY 2007 Actual, FY 2008 Actual and FY 2009 Budget Consolidated

<u>Amounts in thousands ('000)</u>	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY 2009 versus FY 2008</u>
REVENUE				
Passenger Revenue	\$ 342,786	\$ 391,013	\$ 398,380	\$ 7,367
Senior Citizen Transit*	48,209	-	-	-
Shared Ride Program	19,192	21,357	21,692	335
Investment Income	6,804	9,365	3,400	(5,965)
Other Income	26,735	29,914	30,200	286
TOTAL OPERATING REVENUE	\$ 443,726	\$ 451,649	\$ 453,672	\$ 2,023
EXPENSES				
Labor and Fringe Benefits	\$ 668,364	\$ 707,059	\$ 751,899	\$ 44,840
Materials and Services	190,946	199,092	197,646	(1,446)
Injuries & Damage Claims	34,000	39,700	35,000	(4,700)
Propulsion Power	30,098	30,837	32,160	1,323
Fuel	37,840	44,293	57,100	12,807
Vehicle and Facility Rentals	2,104	2,087	2,253	166
OPERATING EXPENSE	\$ 963,352	\$ 1,023,068	\$ 1,076,058	\$ 52,990
Depreciation/Contributed Capital	\$ 21,794	\$ 18,555	\$ 18,916	\$ 361
TOTAL EXPENSES	\$ 985,146	\$ 1,041,623	\$ 1,094,974	\$ 53,351
DEFICIT BEFORE SUBSIDY	\$ (541,420)	\$ (589,974)	\$ (641,302)	\$ (51,328)
OPERATING SUBSIDY				
Federal	\$ 34,147	\$ 32,620	\$ 32,200	\$ (420)
State	232,841	489,909	533,586	43,677
Local	70,410	64,711	72,216	7,505
State/Local Asset Maintenance*	54,224	-	-	-
Lease Cost/Debt Service*	81,133	-	-	-
Other	3,402	3,532	3,300	(232)
Flexible Transportation Funds	65,450	-	-	-
TOTAL SUBSIDY	\$ 541,607	\$ 590,772	\$ 641,302	\$ 50,530
SURPLUS/(DEFICIT)	\$ 187	\$ 798	\$ -	\$ (798)

*Eliminated as a separate funding source by Act 44 of 2007. These funds are now a part of the PA Public Transportation Trust Fund and are represented in FY2008/09 as State funds with required Local Match

FY 2007 Actual, FY 2008 Actual and FY 2009 Budget

City Transit Division

<u>Amounts in thousands ('000)</u>	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY 2009 versus FY 2008</u>
REVENUE				
Passenger Revenue	\$ 220,606	\$ 245,043	\$ 249,690	\$ 4,647
Senior Citizen Transit*	43,107	-	-	-
Shared Ride Program	19,192	21,357	21,692	335
Investment Income	4,178	7,659	1,940	(5,719)
Other Income	<u>14,254</u>	<u>16,986</u>	<u>15,464</u>	<u>(1,522)</u>
TOTAL OPERATING REVENUE	\$ 301,337	\$ 291,045	\$ 288,786	\$ (2,259)
EXPENSES				
Labor and Fringe Benefits	\$ 456,129	\$ 482,767	\$ 519,431	\$ 36,664
Materials and Services	111,616	115,556	107,773	(7,783)
Injuries & Damage Claims	31,100	32,495	30,500	(1,995)
Propulsion Power	12,106	12,413	13,925	1,512
Fuel	30,925	36,061	46,172	10,111
Vehicle and Facility Rentals	<u>1,603</u>	<u>1,598</u>	<u>1,664</u>	<u>66</u>
OPERATING EXPENSE	\$ 643,479	\$ 680,890	\$ 719,465	\$ 38,575
Depreciation/Contributed Capital	<u>\$ 16,332</u>	<u>\$ 13,227</u>	<u>\$ 13,457</u>	<u>\$ 230</u>
TOTAL EXPENSES	\$ 659,811	\$ 694,117	\$ 732,922	\$ 38,805
DEFICIT BEFORE SUBSIDY	<u>\$ (358,474)</u>	<u>\$ (403,072)</u>	<u>\$ (444,136)</u>	<u>\$ (41,064)</u>
OPERATING SUBSIDY				
Federal	\$ 22,978	\$ 22,197	\$ 22,324	\$ 127
State	153,082	336,440	370,784	34,344
Local	46,292	43,799	50,159	6,360
State/Local Asset Maintenance*	35,649	-	-	-
Lease Cost/Debt Service*	56,947	-	-	-
Other	1,145	1,176	869	(307)
Flexible Transportation Funds	<u>42,503</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUBSIDY	\$ 358,596	\$ 403,612	\$ 444,136	\$ 40,524
SURPLUS/(DEFICIT)	<u>\$ 122</u>	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ (540)</u>

*Eliminated as a separate funding source by Act 44 of 2007. These funds are now a part of the PA Public Transportation Trust Fund and are represented in FY2008/09 as State funds with required Local Match

FY 2007 Actual, FY 2008 Actual and FY 2009 Budget

Victory Division

<u>Amounts in thousands ('000)</u>	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY 2009 versus FY 2008</u>
REVENUE				
Passenger Revenue	\$ 17,470	\$ 19,324	\$ 19,670	\$ 346
Senior Citizen Transit*	2,323	-	-	-
Shared Ride Program	-	-	-	-
Investment Income	398	186	170	(16)
Other Income	<u>1,935</u>	<u>2,054</u>	<u>1,871</u>	<u>(183)</u>
TOTAL OPERATING REVENUE	\$ 22,126	\$ 21,564	\$ 21,711	\$ 147
EXPENSES				
Labor and Fringe Benefits	\$ 49,316	\$ 51,544	\$ 53,566	\$ 2,022
Materials and Services	14,721	15,199	17,599	2,400
Injuries & Damage Claims	2,200	2,137	2,000	(137)
Propulsion Power	1,182	1,021	1,175	154
Fuel	4,278	4,993	6,600	1,607
Vehicle and Facility Rentals	<u>103</u>	<u>91</u>	<u>115</u>	<u>24</u>
OPERATING EXPENSE	\$ 71,800	\$ 74,985	\$ 81,055	\$ 6,070
Depreciation/Contributed Capital	<u>\$ 212</u>	<u>\$ 221</u>	<u>\$ 244</u>	<u>\$ 23</u>
TOTAL EXPENSES	\$ 72,012	\$ 75,206	\$ 81,299	\$ 6,093
DEFICIT BEFORE SUBSIDY	<u>\$ (49,886)</u>	<u>\$ (53,642)</u>	<u>\$ (59,588)</u>	<u>\$ (5,946)</u>
OPERATING SUBSIDY				
Federal	\$ 3,334	\$ 3,155	\$ 3,180	\$ 25
State	23,018	44,107	49,273	5,166
Local	6,961	6,360	7,020	660
State/Local Asset Maintenance*	5,360	-	-	-
Lease Cost/Debt Service*	4,602	-	-	-
Other	115	97	115	18
Flexible Transportation Funds	<u>6,512</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUBSIDY	\$ 49,902	\$ 53,719	\$ 59,588	\$ 5,869
SURPLUS/(DEFICIT)	<u>\$ 16</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ (77)</u>

*Eliminated as a separate funding source by Act 44 of 2007. These funds are now a part of the PA Public Transportation Trust Fund and are represented in FY2008/09 as State funds with required Local Match

FY 2007 Actual, FY 2008 Actual and FY 2009 Budget

Frontier Division

<u>Amounts in thousands ('000)</u>	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY 2009 versus FY 2008</u>
REVENUE				
Passenger Revenue	\$ 4,265	\$ 4,799	\$ 4,880	\$ 81
Senior Citizen Transit*	634	-	-	-
Shared Ride Program	-	-	-	-
Investment Income	102	48	40	(8)
Other Income	479	505	486	(19)
TOTAL OPERATING REVENUE	\$ 5,480	\$ 5,352	\$ 5,406	\$ 54
EXPENSES				
Labor and Fringe Benefits	\$ 16,246	\$ 17,334	\$ 18,975	\$ 1,641
Materials and Services	2,473	2,937	2,699	(238)
Injuries & Damage Claims	700	837	800	(37)
Propulsion Power	-	-	-	-
Fuel	2,637	3,045	4,037	992
Vehicle and Facility Rentals	31	29	40	11
OPERATING EXPENSE	\$ 22,087	\$ 24,182	\$ 26,551	\$ 2,369
Depreciation/Contributed Capital	\$ 40	\$ 43	\$ 48	\$ 5
TOTAL EXPENSES	\$ 22,127	\$ 24,225	\$ 26,599	\$ 2,374
DEFICIT BEFORE SUBSIDY	\$ (16,647)	\$ (18,873)	\$ (21,193)	\$ (2,320)
OPERATING SUBSIDY				
Federal	\$ 1,186	\$ 1,040	\$ 1,093	\$ 53
State	7,287	14,533	16,673	2,140
Local	2,203	2,096	2,411	315
State/Local Asset Maintenance*	1,697	-	-	-
Lease Cost/Debt Service*	1,284	-	-	-
Other	1,065	1,229	1,016	(213)
Flexible Transportation Funds	1,931	-	-	-
TOTAL SUBSIDY	\$ 16,653	\$ 18,898	\$ 21,193	\$ 2,295
SURPLUS/(DEFICIT)	\$ 6	\$ 25	\$ -	\$ (25)

*Eliminated as a separate funding source by Act 44 of 2007. These funds are now a part of the PA Public Transportation Trust Fund and are represented in FY2008/09 as State funds with required Local Match

FY 2007 Actual, FY 2008 Actual and FY 2009 Budget Railroad Division

<u>Amounts in thousands ('000)</u>	<u>FY 2007 Actual</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Budget</u>	<u>FY 2009 versus FY 2008</u>
REVENUE				
Passenger Revenue	\$ 100,445	\$ 121,847	\$ 124,140	\$ 2,293
Senior Citizen Transit*	2,145	-	-	-
Shared Ride Program	-	-	-	-
Investment Income	2,126	1,472	1,250	(222)
Other Income	<u>10,067</u>	<u>10,369</u>	<u>12,379</u>	<u>2,010</u>
TOTAL OPERATING REVENUE	\$ 114,783	\$ 133,688	\$ 137,769	\$ 4,081
EXPENSES				
Labor and Fringe Benefits	\$ 146,673	\$ 155,414	\$ 159,927	\$ 4,513
Materials and Services	62,136	65,400	69,575	4,175
Injuries & Damage Claims	-	4,231	1,700	(2,531)
Propulsion Power	16,810	17,403	17,060	(343)
Fuel	-	194	291	97
Vehicle and Facility Rentals	<u>367</u>	<u>369</u>	<u>434</u>	<u>65</u>
OPERATING EXPENSE	\$ 225,986	\$ 243,011	\$ 248,987	\$ 5,976
Depreciation/Contributed Capital	<u>\$ 5,210</u>	<u>\$ 5,064</u>	<u>\$ 5,167</u>	<u>\$ 103</u>
TOTAL EXPENSES	\$ 231,196	\$ 248,075	\$ 254,154	\$ 6,079
DEFICIT BEFORE SUBSIDY	\$ (116,413)	\$ (114,387)	\$ (116,385)	\$ (1,998)
OPERATING SUBSIDY				
Federal	\$ 6,649	\$ 6,228	\$ 5,603	\$ (625)
State	49,454	94,829	96,856	2,027
Local	14,954	12,456	12,626	170
State/Local Asset Maintenance*	11,518	-	-	-
Lease Cost/Debt Service*	18,300	-	-	-
Other	1,077	1,030	1,300	270
Flexible Transportation Funds	<u>14,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUBSIDY	\$ 116,456	\$ 114,543	\$ 116,385	\$ 1,842
SURPLUS/(DEFICIT)	\$ <u>43</u>	\$ <u>156</u>	\$ <u>-</u>	\$ <u>(156)</u>

*Eliminated as a separate funding source by Act 44 of 2007. These funds are now a part of the PA Public Transportation Trust Fund and are represented in FY2008/09 as State funds with required Local Match

THIS PAGE INTENTIONALLY LEFT BLANK

Financial Projections

With the passage of Act 44 of 2007, the Commonwealth of Pennsylvania created the Public Transportation Trust Fund. This legislation effectively ended years of uncertainty with regard to SEPTA's operating subsidy. The growth potential of the new funding allows SEPTA to project balanced budgets for the foreseeable future.

Forecast Assumptions By Category:

Passenger Revenue	The revenue growth for Fiscal 2009 assumes continued growth in ridership. Additional inflationary fare increases are projected for Fiscal 2011 and Fiscal 2014.
Other Revenue	This revenue category is forecast to grow by approximately 8% 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.
Expenses	<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 2009.</p>
Subsidy	The subsidy categories reflect the anticipated growth potential of the Public Transportation Trust Fund. Subsidy growth is discussed in detail in the Operating Subsidy Section of this document.

Financial Projections

Consolidated Budget

<u>Amounts in thousands ('000)</u>	<u>FY 2009 Budget</u>	<u>FY 2010 Projection</u>	<u>FY 2011 Projection</u>	<u>FY 2012 Projection</u>	<u>FY 2013 Projection</u>	<u>FY 2014 Projection</u>
REVENUE						
Passenger Revenue	\$ 398,380	\$ 402,364	\$ 441,387	\$ 445,801	\$ 450,259	\$ 491,762
Shared Ride Revenue	21,692	22,126	22,569	23,020	23,480	23,950
Other / Investment Income	<u>33,600</u>	<u>34,272</u>	<u>34,957</u>	<u>35,656</u>	<u>36,369</u>	<u>37,096</u>
TOTAL OPERATING REVENUE	\$ 453,672	\$ 458,762	\$ 498,913	\$ 504,477	\$ 510,108	\$ 552,808
EXPENSES						
Labor	\$ 482,482	\$ 496,956	\$ 511,865	\$ 527,221	\$ 543,038	\$ 559,329
Fringe Benefits	269,417	292,876	314,600	338,100	363,600	391,200
Materials and Services	197,646	203,971	211,096	217,640	224,154	231,987
Injuries & Damage Claims	35,000	35,000	35,000	35,000	35,000	35,000
Propulsion Power	32,160	33,286	34,451	35,656	36,726	38,011
Fuel	57,100	59,955	62,953	65,786	68,417	71,838
Other Expenses	<u>21,169</u>	<u>21,804</u>	<u>22,458</u>	<u>23,132</u>	<u>23,826</u>	<u>24,541</u>
TOTAL EXPENSES	\$ 1,094,974	\$ 1,143,848	\$ 1,192,423	\$ 1,242,535	\$ 1,294,761	\$ 1,351,906
DEFICIT BEFORE SUBSIDY	\$ (641,302)	\$ (685,086)	\$ (693,510)	\$ (738,058)	\$ (784,653)	\$ (799,098)
OPERATING SUBSIDY						
Federal	\$ 32,200	\$ 32,200	\$ 32,200	\$ 32,200	\$ 32,200	\$ 32,200
State	533,586	571,761	579,189	618,031	658,654	671,324
Local	72,216	77,825	78,822	84,527	90,498	92,275
Other	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>
TOTAL SUBSIDY	\$ 641,302	\$ 685,086	\$ 693,510	\$ 738,058	\$ 784,653	\$ 799,098
SURPLUS/(DEFICIT)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Operating Revenue

SEPTA receives revenues from several sources. These can generally be categorized as revenues derived from operations and those obtained from government grants. Government operating assistance grants are classified as Operating Subsidy and discussed in the Operating Subsidy Section of this document. The category of operating revenue is comprised of four major elements: Passenger revenue, shared ride, investment income and other income.

Revenue Assumptions:

Passenger Revenue

The Fiscal Year 2009 Operating Budget includes passenger revenue of \$398 million, which is \$7 million greater than that of Fiscal Year 2008 actual as a result of continued ridership growth. The Authority expects to provide 329 million unlinked passenger trips in Fiscal Year 2009. This represents an increase of 4 million unlinked passenger trips or 1.2% in overall ridership over Fiscal Year 2008.

Shared Ride Program

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 \$21.7 million. The program is funded through the State Lottery, funds from the Philadelphia Corporation for the Aging, and Shared Ride fares. In Fiscal Year 2009, the Authority projects a total of 887,300 shared ride trips, essentially level with Fiscal Year 2008.

Investment Income

Investment income is budgeted at \$3.4 million for Fiscal Year 2009. Investment income is budgeted to be lower than Fiscal Year 2008 due to a one-time gain realized in Fiscal Year 2008 from the sale and termination of a constant maturity swap contract associated with the 1999 series Special Revenue Bonds. In addition, available investment cash is anticipated to be lower than in previous years because of the timing of state subsidy payments.

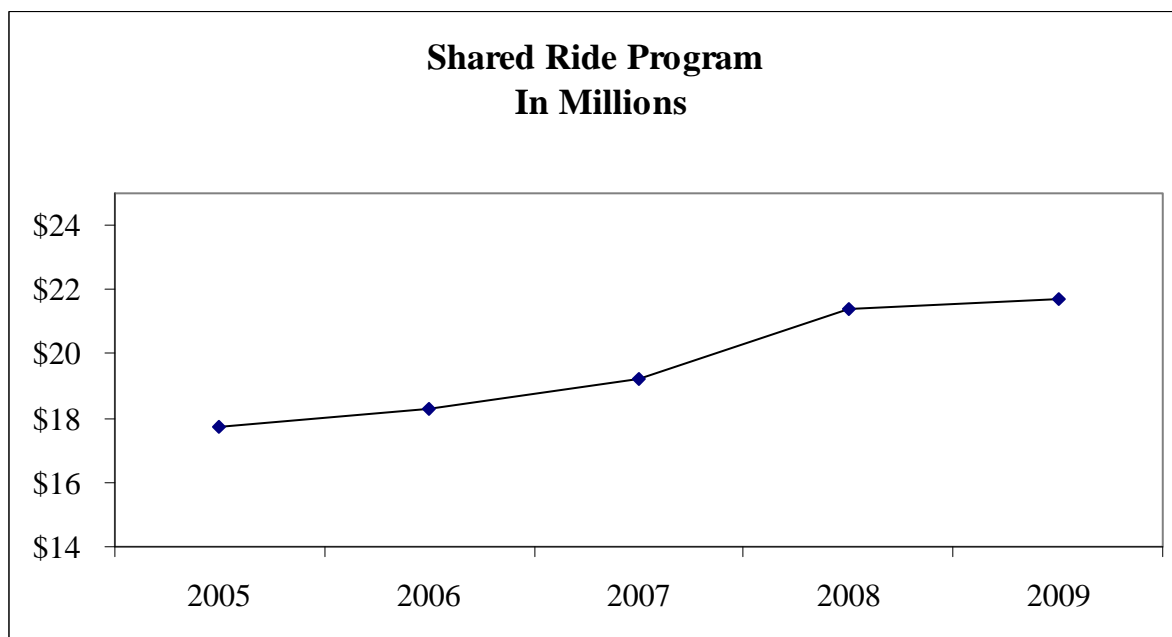
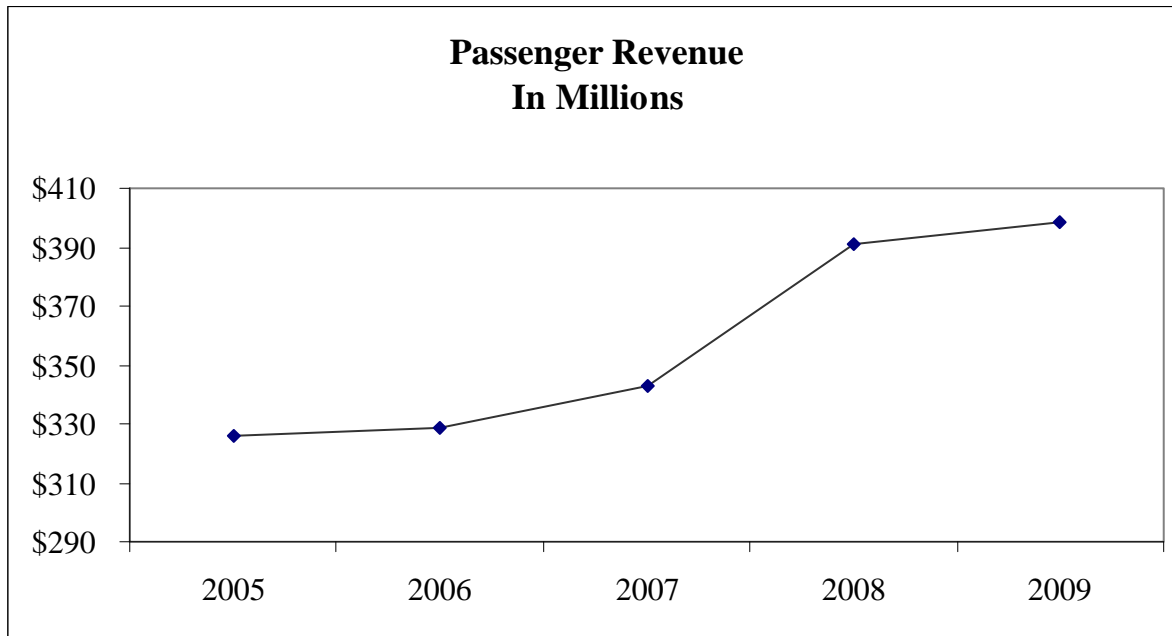
Other Income

Other revenue includes real estate lease income, parking lot fees and advertising income and income from scrap sales. Total projected revenue for this category is \$30.2 million. Advertising, real estate and parking income is budgeted to remain essentially level with Fiscal Year 2008. Income from the sale of scrap will be higher than Fiscal Year 2008 as a result of the removal and sale of rail on the out-of-service Bethlehem railroad branch.

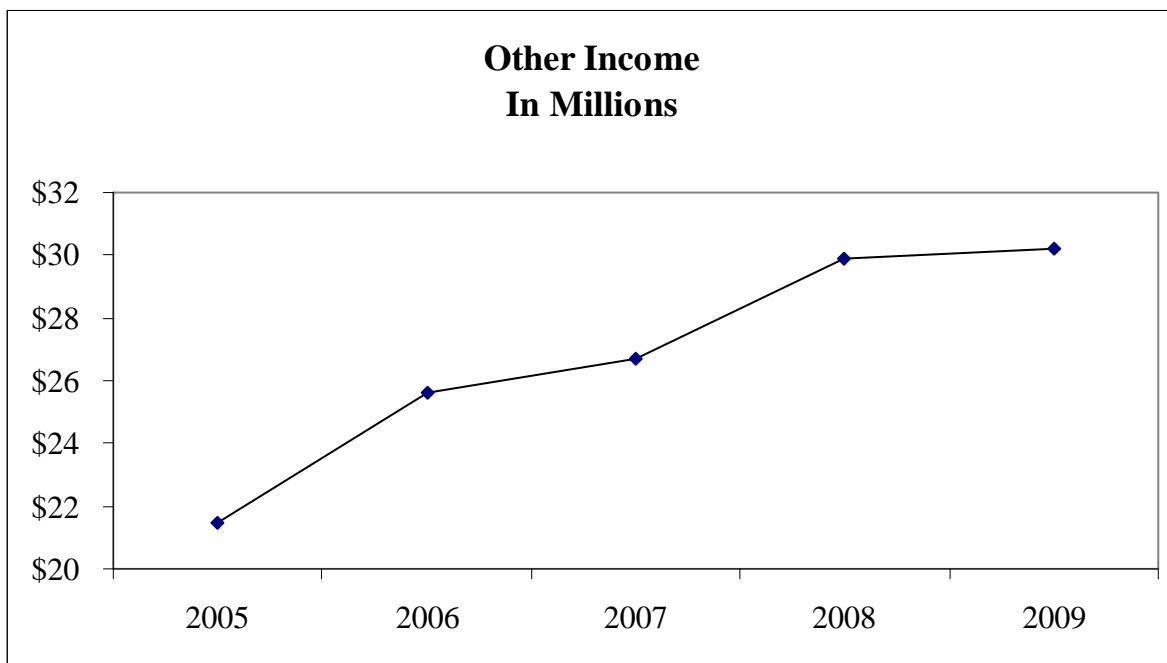
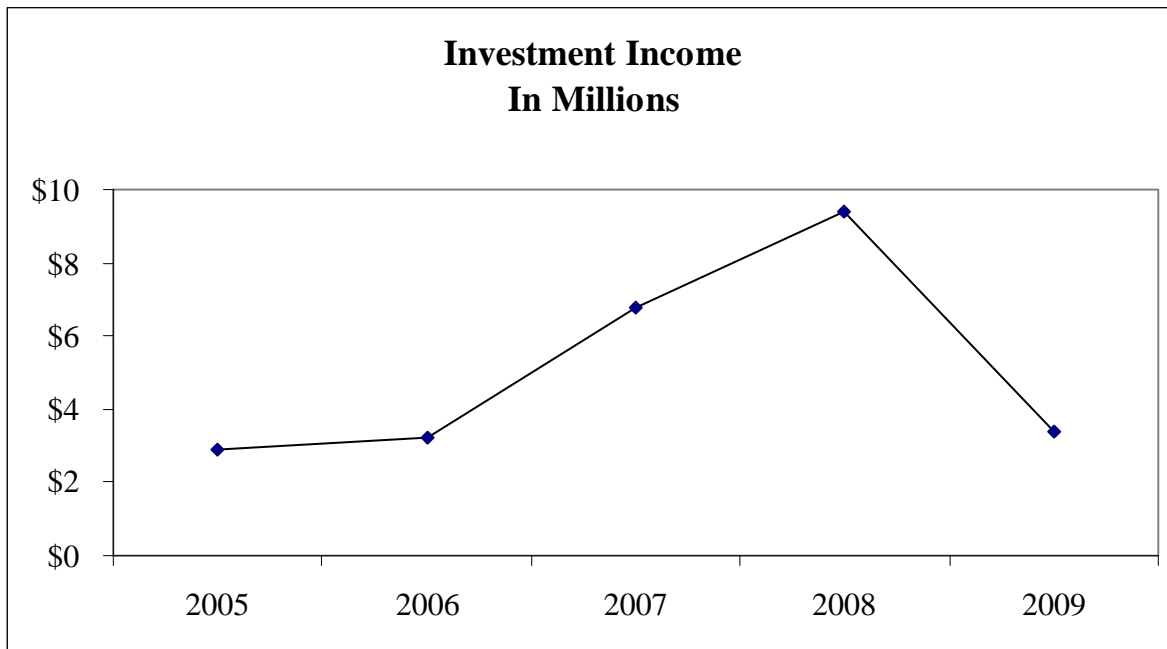
Operating Revenue

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

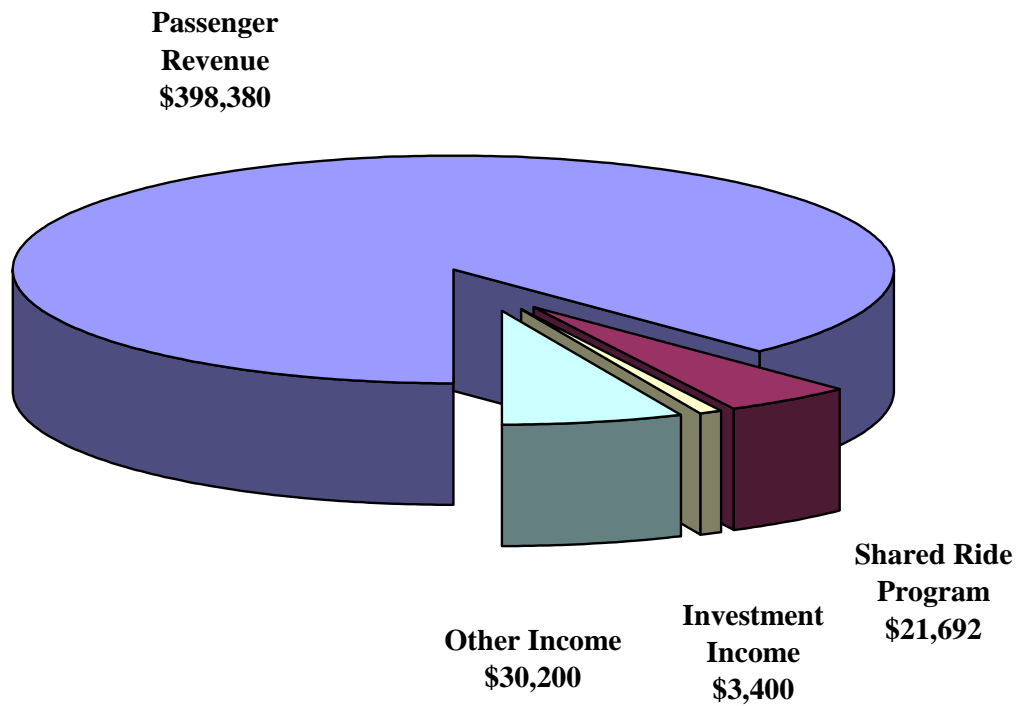


Operating Revenue



SUMMARY OF OPERATING REVENUE

(DOLLARS IN THOUSANDS)



TOTAL OPERATING REVENUE = \$453,672

Operating Subsidy

Introduction

Total subsidies in the Fiscal Year 2009 Operating Budget represent \$641.2 million and include the following categories: Federal, State, Local, and Other.

Operating Subsidy Assumptions

Federal - 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 2009, the total Federal Operating Subsidy covers only 2.9% of the total proposed operating expenses. The source of this subsidy is Federal Preventive Maintenance in the amount of \$32.2 million, which is made available for the current operating budget from SEPTA's Section 5307 Capital Grant. This funding is available as a result of foregoing or delaying capital improvements. This funding will be level with Fiscal Year 2008.

State - State Operating Subsidy has played an increasingly important role in supporting the Authority's operation. On July 18, 2007, Act 44 of 2007 was signed into law by Governor Rendell. This legislation created the Pennsylvania Public Transportation Trust Fund which provides SEPTA and public transportation providers throughout the Commonwealth with dedicated annual funding for operating expenses with growth potential. The Trust Fund is funded by 4.4% of sales tax receipts in the Commonwealth of Pennsylvania and proceeds from bonds issued by the Pennsylvania Turnpike Commission. Growth of the Trust Fund is made possible by annual growth in sales tax receipts and a legislated 2.5% annual increase in Trust Fund deposits from the Pennsylvania Turnpike Commission beginning in Fiscal Year 2011. Sales tax receipts are expected to continue to grow by approximately 3% annually. SEPTA and other agencies are allocated funds as determined by the following formula:

Number of Passengers	25%
Number of Senior Citizen Passengers	10%
Revenue Vehicle Hours	35%
<u>Revenue Vehicle Miles</u>	<u>30%</u>
Total	100%

Operating assistance is provided through Section 1513 of the Trust Fund. In addition, the Commonwealth of Pennsylvania provides state funds for capital lease costs and debt service. SEPTA's debt service expenses and most lease costs are funded through the Capital Program (Section 1517) of the Pennsylvania Public Transportation Trust Fund. The remaining leases are funded through the Section 1514 Asset Improvement Program of the Trust Fund. Lease and Debt Service expenses are budgeted for nominal growth compared to Fiscal Year 2008. SEPTA will utilize available Section 1517 funds prior to utilizing Section 1514 funds for eligible lease expenses.

Operating Subsidy

Local - The local operating subsidy amount is budgeted at the level of 15% of the operating assistance portion (Section 1513) of the Trust Fund grant. This is the requirement for SEPTA to receive the full amount from this state grant. Section 1517 Debt Service expenses must be matched at a 1:29 ratio. Capital leases under Section 1517 of the Trust Fund require no local match. Section 1514 funds must also be matched at a 1:29 ratio. 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>				
	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>
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%

In addition, the operating budget makes an allowance within the standard formula above to properly accommodate the four county utilization of SEPTA's Suburban Paratransit operated out of the Victory Division. A usage-based allocation formula has been established within the Victory Division for suburban county ADA service based on ADA usage. Each suburban county is billed based on the actual ADA Paratransit service used; the prospective utilization for Fiscal Year 2009 is as follows:

<u>Suburban Paratransit Subsidy</u>	
<u>Percentage by County</u>	
Bucks	12.06%
Chester	5.65%
Delaware	54.41%
Montgomery	27.88%
Total	100%

The City of Philadelphia also provides local match for the ADA Paratransit services as part of the City Transit Division match formula.

Operating Subsidy

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 2009 Route Guarantee Subsidy includes a University City partnership, which continues the “LUCY” circulator.

In the Frontier Division, a funding agreement with Montgomery County provides expanded evening and Sunday hours and additional peak service on Routes 94, 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 the County. Routes 127, 128, 129 and 130 are guaranteed under this agreement. Victory Division operates the Route 314 bus in Chester County.

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

Service Stabilization Fund

Prior to passage of Act 44 in July 2007, the Governor established the Transportation Funding and Reform Commission. The Commission identified future operating and capital funding needs for highways and transit. Act 44 represented a major milestone for transit funding in the Commonwealth of Pennsylvania. The intent of this legislation was to create a long term funding source which was stable, predictable and with growth potential.

Until Act 44 passed, the majority of state operating subsidies were subject to the annual budget appropriations process. During the decade prior to Act 44, growth in operating subsidies was very limited. SEPTA, along with all public transit agencies in the Commonwealth, experienced very difficult challenges in balancing their operating budgets. In a number of years, SEPTA proposed significant fare increases and severe service reductions as initial measures to balance the Authority's budget. Through a number of one-time actions, the majority of these actions became unnecessary.

As the Act 44 funding program is intended to provide a long-term solution to operating subsidy requirements, it is critically important for SEPTA to budget the subsidy funds to ensure that this objective is achieved. In Fiscal Year 2008, SEPTA received \$508 million of state operating funds. To balance the Authority's budget, state operating funds of \$428 million was required. The balance of funds were allocated to the Authority's Service Stabilization Fund.

In Fiscal Year 2009, SEPTA is scheduled to receive \$517 million of state operating funds, an increase of only \$9 million. To balance the Authority's budget, state operating funds of \$467 million will be required, an increase of \$39 million from FY 2008 subsidy requirement levels. The balance of funds will be allocated to the Authority's Service Stabilization Fund.

The Service Stabilization Fund is necessary to: 1) ensure long-term fiscal stability for SEPTA's operating budget; 2) prevent a future budget crisis; and 3) maintain and increase service levels to accommodate increased ridership. Based on future projected growth in Act 44 funding and the projected growth in SEPTA's operating expenses and revenues, there will be fiscal years in which the growth in expenses will exceed the growth in Act 44 funding. In those years the Service Stabilization Fund will be used to balance the operating budget avoiding substantial fare increases and/or service cuts. Therefore, prudent fiscal management requires that SEPTA maintain the Service Stabilization Fund to pay for future operating expenses when operating subsidy needs inevitably exceed the Act 44 subsidy funds allocated to SEPTA in a specific year.

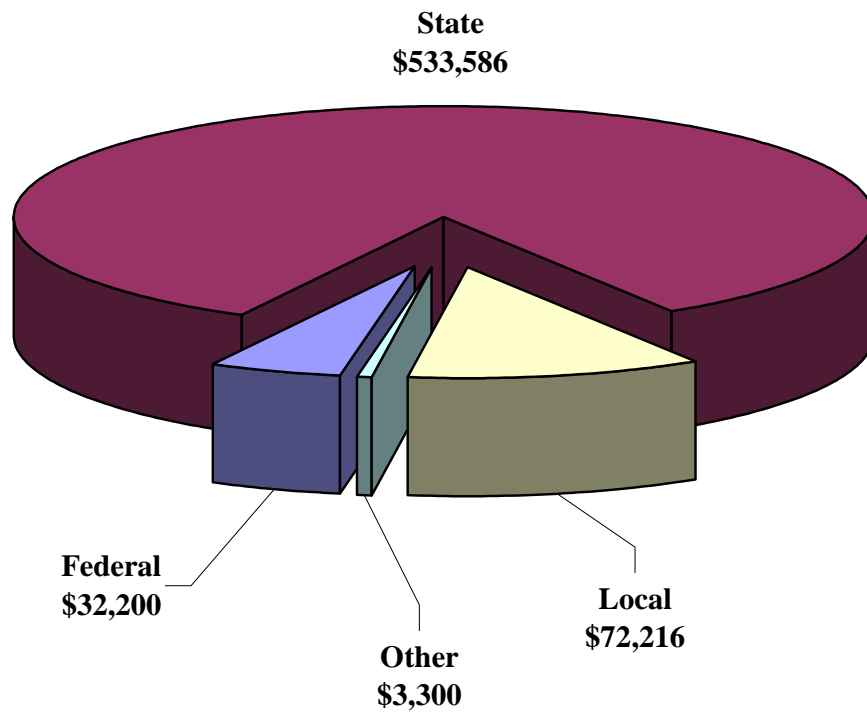
Fiscal 2009 Operating Budget

Consolidated Detail of Subsidies

<u>Amounts in thousands ('000)</u>	<u>FY 2009 Budget</u>
Source of Subsidy - Detail:	
Federal Preventive Maintenance (Federal Transit)	\$ 32,200
State Operating Subsidy - PA Trust Fund (Section 1513)	472,944
Local Match - PA Trust Fund (Section 1513)	70,942
State Lease Cost Subsidy - PA Trust Fund (Section 1517)	23,677
State Lease Cost - PA Trust Fund (Section 1514)	4,327
Local Match - Lease Cost Trust Fund (Section 1514)	149
State Debt Service Subsidy - Trust Fund (Section 1517)	32,638
Local Match - Debt Service Subsidy (Section 1517)	1,125
Route Guarantees	<u>3,300</u>
TOTAL SUBSIDIES	<u>\$ 641,302</u>
 Summary By Type of Subsidy:	
Federal	\$ 32,200
State	533,586
Local	72,216
Other	<u>3,300</u>
TOTAL SUBSIDIES	<u>\$ 641,302</u>

SUMMARY OF OPERATING SUBSIDIES

(Dollars in Thousands)



Total Operating Subsidies = \$641,302

Local Operating Subsidies

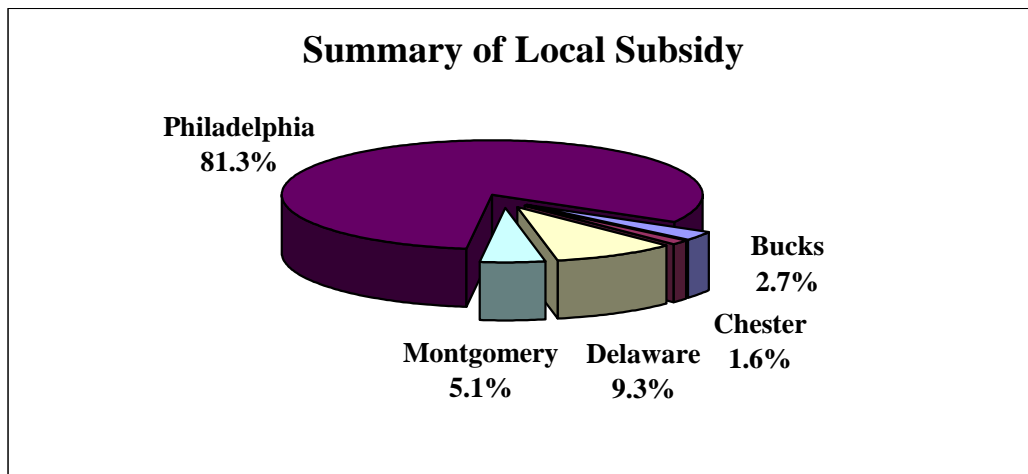
<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Railroad</u>	<u>Total SEPTA</u>
Base PA Trust Fund Local Match					
Bucks	\$ 133	\$ -	\$ 891	\$ 728	\$ 1,752
Chester	-	113	409	531	1,053
Delaware	-	4,877	-	1,086	5,963
Montgomery	123	681	1,108	1,358	3,270
Philadelphia	48,928	-	-	8,642	57,570
Subtotal	\$ 49,184	\$ 5,671	\$ 2,408	\$ 12,345	\$ 69,608
Suburban Paratransit Local Match					
Bucks	\$ -	\$ 161	\$ -	\$ -	\$ 161
Chester	-	75	-	-	75
Delaware	-	726	-	-	726
Montgomery	-	372	-	-	372
Philadelphia	-	-	-	-	-
Subtotal	\$ -	\$ 1,334	\$ -	\$ -	\$ 1,334
Total Trust Fund Local Subsidy					
Bucks	\$ 133	\$ 161	\$ 891	\$ 728	\$ 1,913
Chester	-	188	409	531	1,128
Delaware	-	5,603	-	1,086	6,689
Montgomery	123	1,053	1,108	1,358	3,642
Philadelphia	48,928	-	-	8,642	57,570
Total Trust Fund Local Subsidy	\$ 49,184	\$ 7,005	\$ 2,408	\$ 12,345	\$ 70,942
Local Debt Service Subsidy					
Bucks	\$ 2	\$ -	\$ -	\$ 14	\$ 16
Chester	-	-	-	10	10
Delaware	-	1	-	21	22
Montgomery	2	-	-	28	30
Philadelphia	878	-	-	169	1,047
Local Debt Service Subsidy	\$ 882	\$ 1	\$ -	\$ 242	\$ 1,125

Local Operating Subsidies

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Railroad</u>	<u>Total SEPTA</u>
Local Lease Cost Subsidy					
Bucks	\$ -	\$ -	\$ 1	\$ 2	\$ 3
Chester	-	-	1	2	3
Delaware	-	12	-	4	16
Montgomery	-	2	1	4	7
Philadelphia	<u>92</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>120</u>
Local Lease Cost Subsidy	\$ 92	\$ 14	\$ 3	\$ 40	\$ 149

Total Local Subsidy

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Railroad</u>	<u>Total SEPTA</u>
Total Local Subsidy					
Bucks	\$ 135	\$ 161	\$ 892	\$ 744	\$ 1,932
Chester	-	188	410	543	1,141
Delaware	-	5,616	-	1,111	6,727
Montgomery	125	1,055	1,109	1,390	3,679
Philadelphia	49,898	-	-	8,839	58,737
Total Local Subsidy	\$ 50,158	\$ 7,020	\$ 2,411	\$ 12,627	\$ 72,216



The total local subsidy required for the Fiscal 2009 Budget is comprised of the following:

Total Trust Fund Local Subsidy (15%)	\$ 70,942
Lease Cost Subsidy Local Match (1:29)	149
Debt Service Subsidy Local Match (1:29)	1,125
Total Local Subsidy Required	<u>\$ 72,216</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Expense Assumptions

LABOR & BENEFITS

The Fiscal Year 2009 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.

MATERIAL & 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 vehicle operation, projected miles per gallon consumption and anticipated fuel prices.

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.

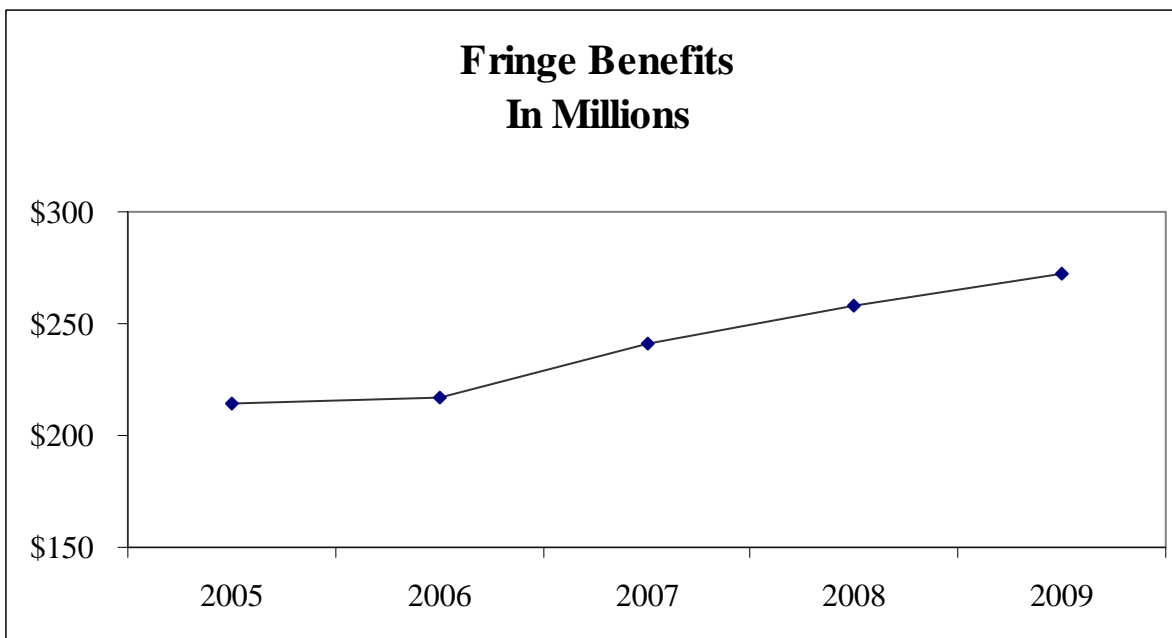
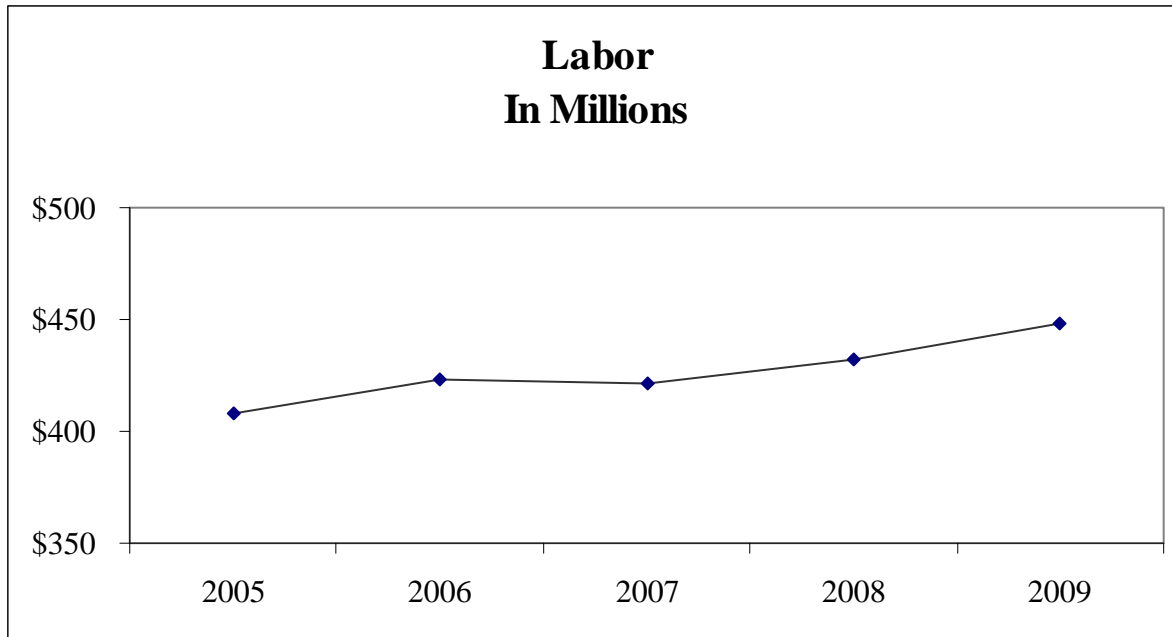
DEPRECIATION

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

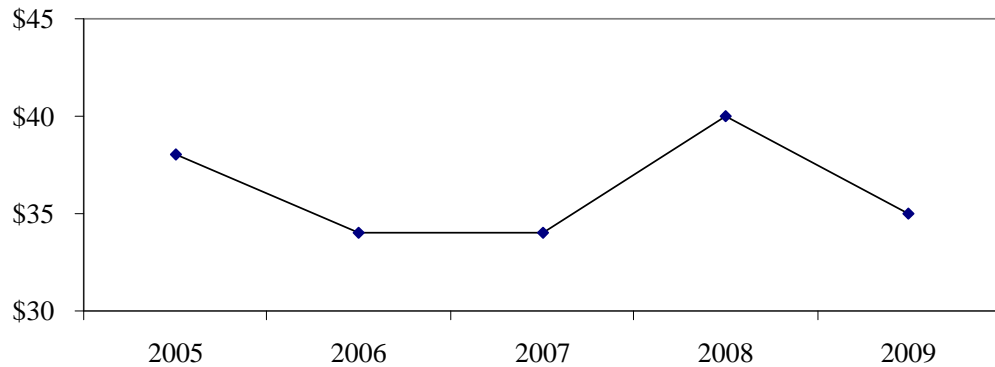
In developing the Operating Budget, the Authority considers issues that affect both the individual area of expense as well as national, state and local economic conditions. In addition, SEPTA focuses on historical trends in major expense categories, as illustrated in the following charts.

Expense Trends At A Glance

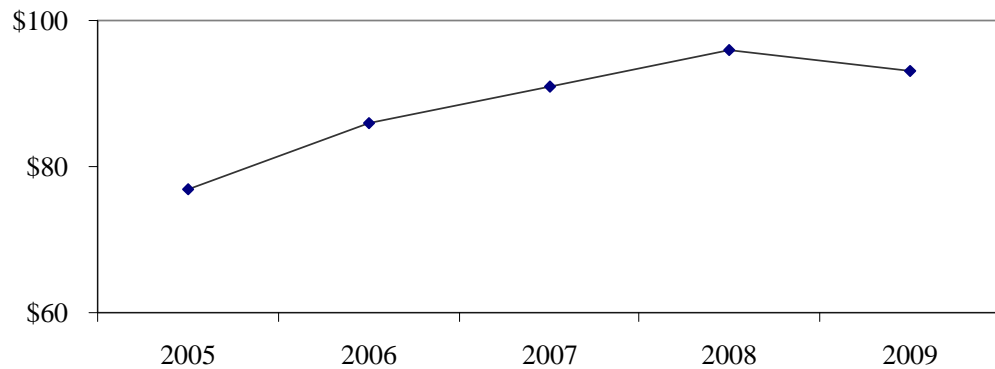


Expense Assumptions

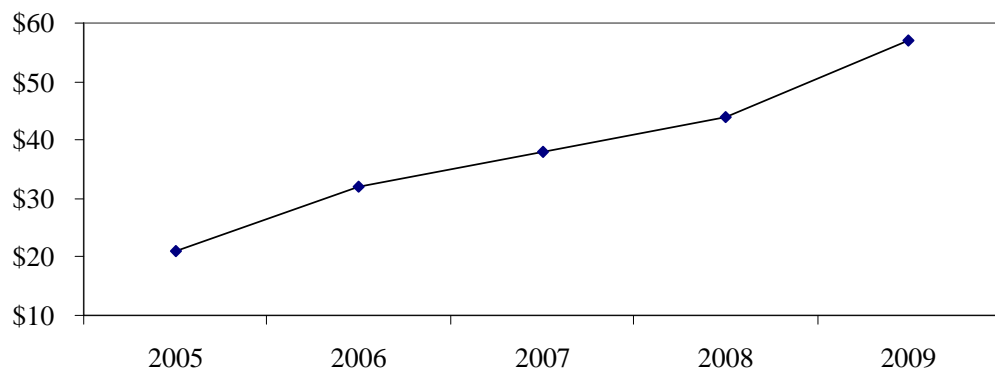
**Injuries & Damage Claims
In Millions**



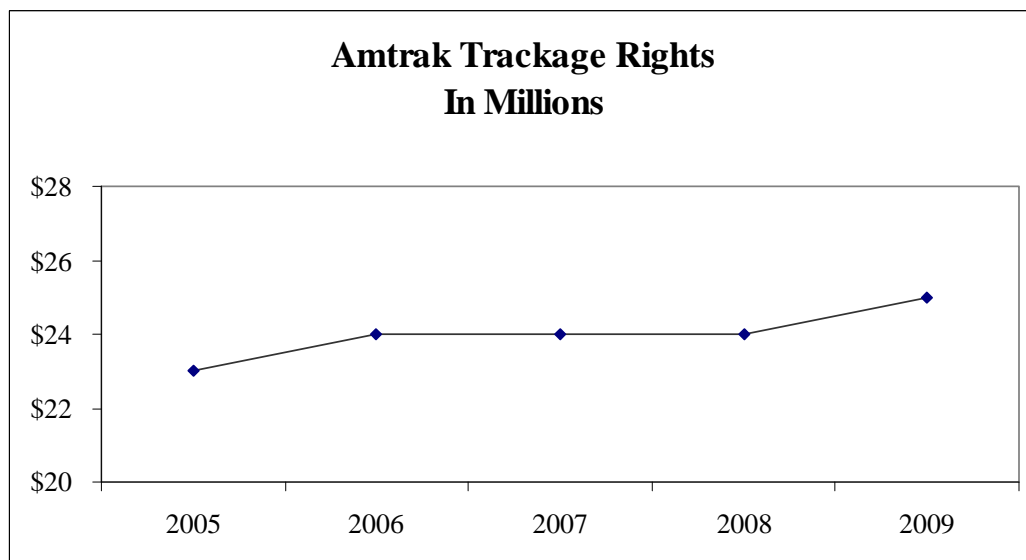
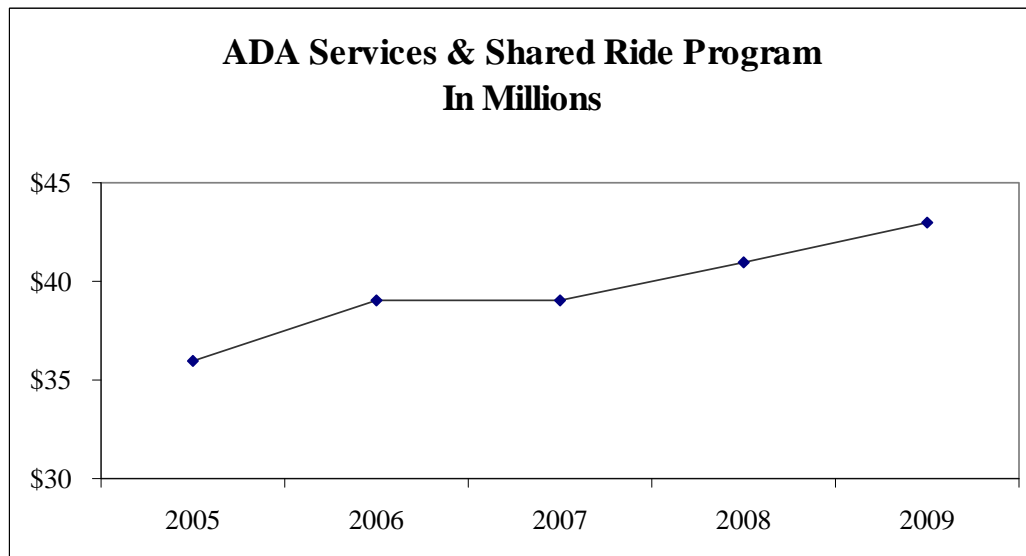
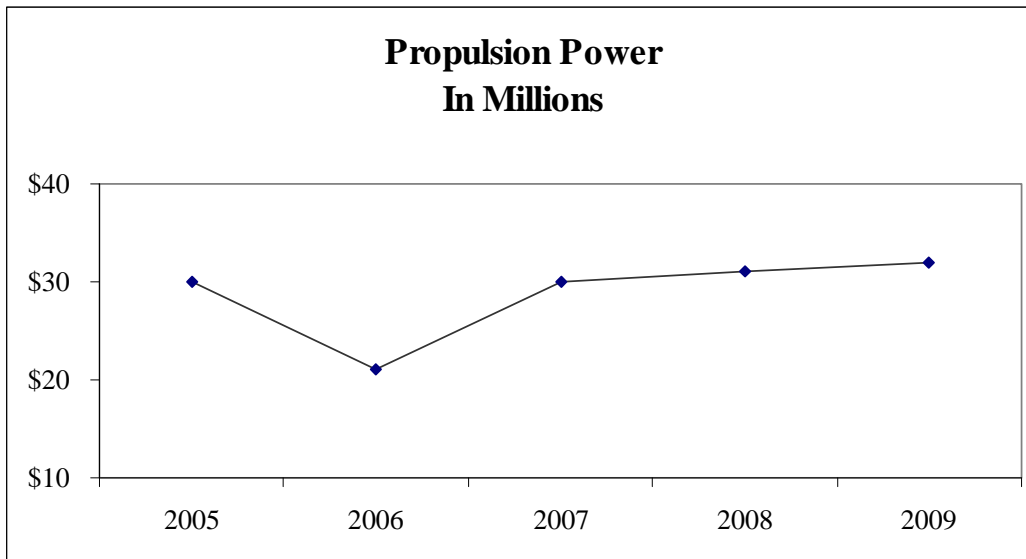
**Materials & Services
In Millions**



**Diesel Fuel
In Millions**

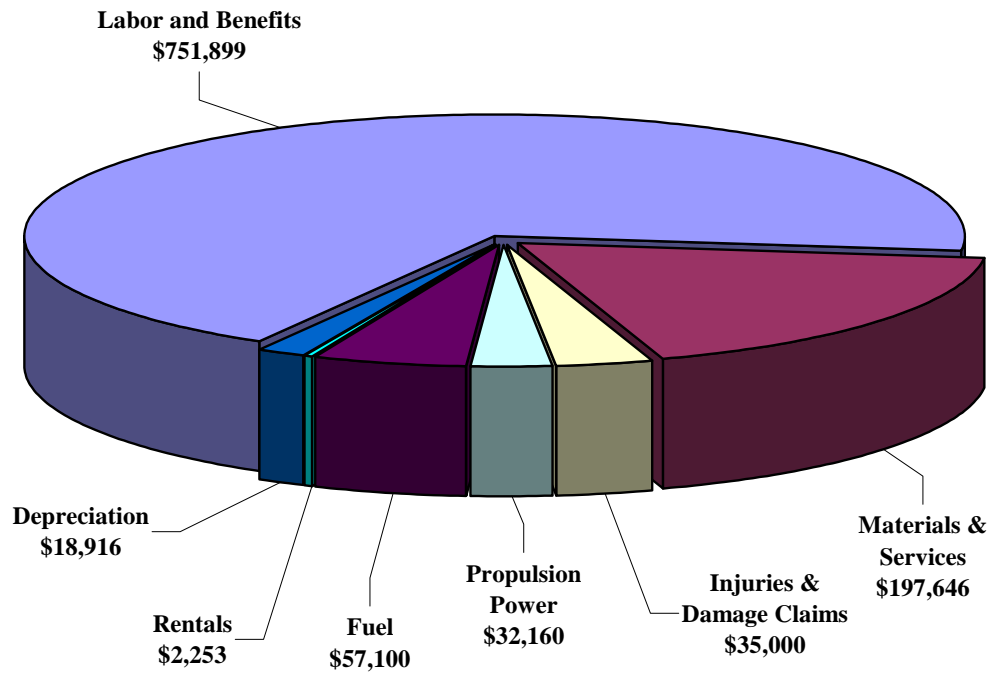


Expense Assumptions



SUMMARY OF TOTAL EXPENSES

(DOLLARS IN THOUSANDS)



TOTAL EXPENSES = \$1,094,974

Detail of Expenses – Fiscal 2009 Budget

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
DEPARTMENTAL EXPENSES			
Operations Division			
Administration	\$ 1,265	\$ 20	\$ 1,285
Bus Transportation	131,720	350	132,070
Control Center	6,794	722	7,516
Customized Community Transportation (CCT)	6,252	2,397	8,649
Labor Relations	1,011	546	1,557
Rail Transportation	125,000	13,925	138,925
Vehicle Engineering and Maintenance	92,436	37,699	130,135
Total Operations	\$ 364,478	\$ 55,659	\$ 420,137
Staff Departments			
Corporate Staff	\$ 2,365	\$ 248	\$ 2,613
Audit and Investigative Services	1,249	268	1,517
Business Services	12,132	3,903	16,035
Customer Service	4,644	1,414	6,058
Engineering, Maintenance and Construction	66,757	17,392	84,149
Finance and Planning	10,803	4,122	14,925
Human Resources	10,227	1,018	11,245
Legal	4,073	7,686	11,759
Public and Government Affairs	1,210	663	1,873
Public and Operational Safety	20,350	3,165	23,515
Capital Allocation, Rentals, and Fuel included below	(15,806)	(2,253)	(18,059)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 118,004	\$ 37,626	\$ 155,630
TOTAL DEPARTMENTAL EXPENSES	\$ 482,482	\$ 93,285	\$ 575,767
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 269,417	\$ -	\$ 269,417
Amtrak	-	25,370	25,370
CCT - ADA Services	-	22,404	22,404
CCT - Shared Ride Program	-	19,656	19,656
Debt Service Interest and Fees	-	18,332	18,332
Property and Corporate Insurance	-	2,746	2,746
Services for 1234 Market Street	-	4,440	4,440
Snow Removal	-	2,300	2,300
Utilities	-	16,850	16,850
Capitalized/Other Costs	-	(7,737)	(7,737)
Headquarters Allocation	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ 269,417	\$ 104,361	\$ 373,778
OTHER OPERATING EXPENSES			
Injuries & Damage Claims	\$ -	\$ 35,000	\$ 35,000
Propulsion Power	-	32,160	32,160
Fuel	-	57,100	57,100
Vehicle and Facility Rentals	-	2,253	2,253
Depreciation/Contributed Capital	-	18,916	18,916
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 145,429	\$ 145,429
TOTAL EXPENSES	\$ 751,899	\$ 343,075	\$ 1,094,974

Fiscal 2009 Budget – Allocation by Division

Amounts in Thousands ('000)	Headquarters	City Transit	Victory	Frontier	Railroad	TOTAL
DEPARTMENTAL EXPENSES						
Operations Division						
Administration	\$ 1,142	\$ -	\$ -	\$ -	\$ 143	\$ 1,285
Bus Transportation	-	123,024	-	9,046	-	132,070
Control Center	602	3,232	400	-	3,282	7,516
Customized Community Transportation (CCT)	7,720	475	216	238	-	8,649
Labor Relations	1,198	359	-	-	-	1,557
Rail Transportation	67	50,963	22,851	-	65,044	138,925
Vehicle Engineering and Maintenance	634	88,281	8,295	4,308	28,617	130,135
Total Operations	\$ 11,363	\$ 266,334	\$ 31,762	\$ 13,592	\$ 97,086	\$ 420,137
Staff Departments						
Corporate Staff	\$ 2,613	\$ -	\$ -	\$ -	\$ -	\$ 2,613
Audit and Investigative Services	1,517	-	-	-	-	1,517
Business Services	14,738	288	-	-	1,009	16,035
Customer Service	5,835	124	-	-	99	6,058
Engineering, Maintenance and Construction	10,748	47,211	5,235	-	20,955	84,149
Finance and Planning	14,011	360	-	-	554	14,925
Human Resources	6,729	2,614	367	120	1,415	11,245
Legal	4,512	5,377	279	46	1,545	11,759
Public and Government Affairs	1,873	-	-	-	-	1,873
Public and Operational Safety	22,809	282	19	-	405	23,515
Capital Allocation, Rentals, and Fuel included below	(7,587)	(10,052)	(336)	(284)	200	(18,059)
Headquarters Allocation	(89,161)	66,247	5,902	1,997	15,015	-
Total Staff Departments	\$ (11,363)	\$ 112,451	\$ 11,466	\$ 1,879	\$ 41,197	\$ 155,630
TOTAL DEPARTMENTAL EXPENSES	\$ -	\$ 378,785	\$ 43,228	\$ 15,471	\$ 138,283	\$ 575,767
NON-DEPARTMENTAL EXPENSES						
Fringe Benefits	\$ 41,751	\$ 158,087	\$ 14,636	\$ 4,824	\$ 50,119	\$ 269,417
Amtrak	-	-	-	-	25,370	25,370
CCT - ADA Services	-	13,511	8,893	-	-	22,404
CCT - Shared Ride Program	-	19,656	-	-	-	19,656
Debt Service Interest and Fees	6,525	11,807	-	-	-	18,332
Property and Corporate Insurance	914	843	73	18	898	2,746
Services for 1234 Market Street	4,440	-	-	-	-	4,440
Snow Removal	-	-	-	-	2,300	2,300
Utilities	1,950	8,440	1,061	246	5,153	16,850
Capitalized/Other Costs	(4,317)	(2,013)	(120)	(33)	(1,254)	(7,737)
Headquarters Allocation - Non-Departmental	(51,263)	38,088	3,394	1,148	8,633	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ -	\$ 248,419	\$ 27,937	\$ 6,203	\$ 91,219	\$ 373,778
OTHER OPERATING EXPENSES						
Injuries & Damage Claims	\$ -	\$ 30,500	\$ 2,000	\$ 800	\$ 1,700	\$ 35,000
Propulsion Power	-	13,925	1,175	-	17,060	32,160
Fuel	-	46,172	6,600	4,037	291	57,100
Vehicle and Facility Rentals	-	1,664	115	40	434	2,253
Depreciation/Contributed Capital	-	13,457	244	48	5,167	18,916
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 105,718	\$ 10,134	\$ 4,925	\$ 24,652	\$ 145,429
TOTAL EXPENSES	\$ -	\$ 732,922	\$ 81,299	\$ 26,599	\$ 254,154	\$ 1,094,974

Detail of Expenses – Fiscal 2008 Actual

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
DEPARTMENTAL EXPENSES			
Operations Division			
Administration	\$ 916	\$ 15	\$ 931
Bus Transportation	126,045	241	126,286
Control Center	6,157	587	6,744
Customized Community Transportation (CCT)	5,669	2,027	7,696
Labor Relations	829	154	983
Rail Transportation	117,053	13,554	130,607
Vehicle Engineering and Maintenance	85,827	37,260	123,087
Total Operations	\$ 342,496	\$ 53,838	\$ 396,334
Staff Departments			
Corporate Staff	\$ 2,258	\$ 144	\$ 2,402
Audit and Investigative Services	959	139	1,098
Business Services	12,053	5,724	17,777
Customer Service	3,847	1,760	5,607
Engineering, Maintenance and Construction	62,385	18,864	81,249
Finance and Planning	9,756	3,846	13,602
Human Resources	9,176	822	9,998
Legal	3,485	10,172	13,657
Public and Government Affairs	1,000	525	1,525
Public and Operational Safety	18,735	2,187	20,922
Capital Allocation, Rentals, and Fuel included below	(12,216)	(1,861)	(14,077)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 111,438	\$ 42,322	\$ 153,760
TOTAL DEPARTMENTAL EXPENSES	\$ 453,934	\$ 96,160	\$ 550,094
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 251,602	\$ -	\$ 251,602
Amtrak	-	24,345	24,345
CCT - ADA Services	-	21,766	21,766
CCT - Shared Ride Program	-	18,910	18,910
Debt Service Interest and Fees	-	20,790	20,790
Property and Corporate Insurance	-	2,359	2,359
Services for 1234 Market Street	-	4,305	4,305
Snow Removal	-	678	678
Utilities	-	16,970	16,970
Capitalized/Other Costs	-	(5,668)	(5,668)
Headquarters Allocation	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ 251,602	\$ 104,455	\$ 356,057
OTHER OPERATING EXPENSES			
Injuries & Damage Claims	\$ -	\$ 39,700	\$ 39,700
Propulsion Power	-	30,837	30,837
Fuel	-	44,293	44,293
Vehicle and Facility Rentals	-	2,087	2,087
Depreciation/Contributed Capital	-	18,555	18,555
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 135,472	\$ 135,472
TOTAL EXPENSES	\$ 705,536	\$ 336,087	\$ 1,041,623

Detail of Expenses – Fiscal 2007 Actual

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
DEPARTMENTAL EXPENSES			
Operations Division			
Administration	\$ 899	\$ 11	\$ 910
Bus Transportation	119,741	324	120,065
Control Center	5,691	367	6,058
Customized Community Transportation (CCT)	5,310	2,003	7,313
Labor Relations	804	142	946
Rail Transportation	112,528	12,676	125,204
Vehicle Engineering and Maintenance	83,399	34,581	117,980
Total Operations	\$ 328,372	\$ 50,104	\$ 378,476
Staff Departments			
Corporate Staff	\$ 2,053	\$ 123	\$ 2,176
Audit and Investigative Services	994	139	1,133
Business Services	15,406	7,848	23,254
Engineering, Maintenance and Construction	49,535	14,639	64,174
Finance	18,157	6,639	24,796
Human Resources	8,916	658	9,574
Legal	3,302	11,088	14,390
Public and Government Affairs	1,785	2,002	3,787
Public and Operational Safety	17,108	531	17,639
Capital Allocation, Rentals, and Fuel included below	(9,914)	(2,745)	(12,659)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 107,342	\$ 40,922	\$ 148,264
TOTAL DEPARTMENTAL EXPENSES	\$ 435,714	\$ 91,026	\$ 526,740
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 232,118	\$ -	\$ 232,118
Amtrak	-	24,237	24,237
CCT - ADA Services	-	20,074	20,074
CCT - Shared Ride Program	-	18,508	18,508
Debt Service Interest and Fees	-	20,267	20,267
Property and Corporate Insurance	-	2,612	2,612
Services for 1234 Market Street	-	4,437	4,437
Snow Removal	-	723	723
Utilities	-	15,940	15,940
Capitalized/Other Costs	-	(6,346)	(6,346)
Headquarters Allocation	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ 232,118	\$ 100,452	\$ 332,570
OTHER OPERATING EXPENSES			
Injuries & Damage Claims	\$ -	\$ 34,000	\$ 34,000
Propulsion Power	-	30,098	30,098
Fuel	-	37,840	37,840
Vehicle and Facility Rentals	-	2,104	2,104
Depreciation/Contributed Capital	-	21,794	21,794
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 125,836	\$ 125,836
TOTAL EXPENSES	\$ 667,832	\$ 317,314	\$ 985,146

THIS PAGE INTENTIONALLY LEFT BLANK

Headcount Authorization Cause of Change Fiscal 2008 to Fiscal 2009

The Authority remains committed to maintaining headcounts at a responsible level. The headcount increase shown for FY 2009 represents additional heads for additional service and customer service and cleaning initiatives.

Fiscal Year 2008 Authorized Headcount: 9,221

Overview of Headcount Changes from Fiscal Year 2008 to Fiscal Year 2009:

- **Operations Division** – Increase of 163 heads:
 - Increase of 71 hourly (H) heads in bus transportation for increased bus service and customer service initiatives.
 - Increase of 2 management (A) heads in Control Center to support the control center information group.
 - Increase of 2 b-roll (B) and 40 hourly (H) heads in Rail Transportation to support additional rail service and improved customer service.
 - Increase of 48 hourly (H) heads in Vehicle Engineering and Maintenance to support additional service and cleanliness initiatives.
- **Corporate Staff** – Increase of one head:
 - Increase of 1 management (A) head representing the newly created position of Assistant General Manager of Customer Service.
- **Audit and Investigative Services** – Decrease of five heads:
 - Decrease of five management (A) heads due to the reduction of part time employee positions whose work will be performed by third party contractors.
- **Business Services Division** – Decrease of 103 heads:
 - Transfer of 9 management (A) heads and 61 b-roll (B) heads to the new Customer Service Division.
 - Transfer of the Telecommunications section of Information Technology to the Engineering, Maintenance and Construction Division resulting in a decrease of 3 management (A) heads and 13 b-roll (B) heads.
 - Transfer of the Real Estate Department to the Public and Operational Safety Division resulting in a decrease of 13 management (A) heads and 4 b-roll (B) heads.

Headcount Authorization Cause of Change Fiscal 2008 to Fiscal 2009

- **Customer Service Division** – Established Division with 90 heads:
 - Transfer of 9 management (A) heads and 61 b-roll (B) heads from Business Services.
 - Transfer of 9 management (A) heads, 5 b-roll (B) heads and 3 hourly (H) heads from the Public and Government Affairs Division.
 - Transfer of 2 management (A) heads from the Finance & Planning Division.
 - Addition of 1 management (A) head for administrative support.
- **Engineering, Maintenance and Construction Division** – Increase of 218 heads:
 - Transfer of 3 management (A) heads and 13 b-roll (B) heads in the Telecommunications section from Business Services.
 - Transfer of the Revenue Operations Department from the Finance and Planning Division resulting in an increase of 88 management (A) heads, 50 b-roll (B) heads and 49 hourly (H) heads.
 - Transfer of 3 management (A) heads from the Finance & Planning Division to support the New Payment Technologies Project.
 - Add 1 management (A) head, 5 b-roll (B) heads and 6 hourly (H) heads for new maintenance initiatives related to increased service.
- **Finance and Planning Division** – Decrease of 192 heads:
 - Transfer of the Revenue Operations Department to Engineering, Maintenance and Construction Division resulting in a decrease of 88 management (A) heads, 50 b-roll (B) heads and 49 hourly (H) heads.
 - Transfer of 3 management (A) heads to Engineering, Maintenance and Construction to support the New Payment Technologies Project.
 - Transfer of 2 management (A) heads to the Customer Service Division.
- **Public and Government Affairs Division** – Decrease of 17 heads:
 - Transfer of 9 management (A) heads, 5 b-roll (B) heads and 3 hourly (H) heads to the Customer Service Division.
- **Public and Operational Safety Division** – Increase of 25 heads:
 - Transfer of 13 management (A) heads and 4 b-roll (B) heads as a result of the transfer of the Real Estate Department from Business Services.
 - Addition of 8 hourly (H) heads for Transit Police Officers.

Fiscal Year 2009 Authorized Headcount: 9,401

Headcount Designations

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 2009 Headcount Authorization

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	17	-	-	17
Operations	678	130	5,462	6,270
Audit and Investigative Services	21	-	-	21
Business Services	132	61	3	196
Customer Service	21	66	3	90
Engineering, Maintenance and Construction	251	116	813	1,180
Finance and Planning	129	65	-	194
Human Resources	135	17	-	152
Legal	56	2	-	58
Public and Government Affairs	17	-	-	17
Public and Operational Safety	<u>119</u>	<u>27</u>	<u>209</u>	<u>355</u>
TOTAL OPERATING HEADS	<u>1,576</u>	<u>484</u>	<u>6,490</u>	<u>8,550</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	-	-	-	-
Operations	117	2	311	430
Audit and Investigative Services	-	-	-	-
Business Services	13	2	-	15
Customer Service	-	-	-	-
Engineering, Maintenance and Construction	144	6	249	399
Finance and Planning	4	-	-	4
Human Resources	-	-	-	-
Legal	-	-	-	-
Public and Government Affairs	2	-	-	2
Public and Operational Safety	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
TOTAL CAPITAL HEADS	<u>281</u>	<u>10</u>	<u>560</u>	<u>851</u>

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	17	-	-	17
Operations	795	132	5,773	6,700
Audit and Investigative Services	21	-	-	21
Business Services	145	63	3	211
Customer Service	21	66	3	90
Engineering, Maintenance and Construction	395	122	1,062	1,579
Finance and Planning	133	65	-	198
Human Resources	135	17	-	152
Legal	56	2	-	58
Public and Government Affairs	19	-	-	19
Public and Operational Safety	<u>120</u>	<u>27</u>	<u>209</u>	<u>356</u>
TOTAL HEADS	<u>1,857</u>	<u>494</u>	<u>7,050</u>	<u>9,401</u>

Fiscal 2005 Through 2009 Headcount Authorizations

OPERATING HEADS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Corporate Staff	16	16	16	16	17
Operations	7,104	7,078	6,125	6,128	6,270
Audit and Investigative Services	26	26	26	26	21
Business Services	302	302	299	299	196
Customer Service	-	-	-	-	90
Engineering, Maintenance and Construction	1	1	962	958	1,180
Finance and Planning	379	380	384	385	194
Human Resources	152	152	153	152	152
Legal	61	60	60	58	58
Public and Government Affairs	34	33	32	34	17
Public and Operational Safety	329	329	330	330	355
TOTAL OPERATING HEADS	<u>8,404</u>	<u>8,377</u>	<u>8,387</u>	<u>8,386</u>	<u>8,550</u>

CAPITAL HEADS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Corporate Staff	-	-	-	-	-
Operations	707	728	411	409	430
Audit and Investigative Services	-	-	-	-	-
Business Services	17	17	15	15	15
Customer Service	-	-	-	-	-
Engineering, Maintenance and Construction	91	91	399	403	399
Finance and Planning	6	5	6	5	4
Human Resources	-	-	-	-	-
Legal	-	-	-	-	-
Public and Government Affairs	6	4	4	2	2
Public and Operational Safety	-	-	-	1	1
TOTAL CAPITAL HEADS	<u>827</u>	<u>845</u>	<u>835</u>	<u>835</u>	<u>851</u>

TOTAL HEADS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Corporate Staff	16	16	16	16	17
Operations	7,811	7,806	6,536	6,537	6,700
Audit and Investigative Services	26	26	26	26	21
Business Services	319	319	314	314	211
Customer Service	-	-	-	-	90
Engineering, Maintenance and Construction	92	92	1,361	1,361	1,579
Finance and Planning	385	385	390	390	198
Human Resources	152	152	153	152	152
Legal	61	60	60	58	58
Public and Government Affairs	40	37	36	36	19
Public and Operational Safety	329	329	330	331	356
TOTAL HEADS	<u>9,231</u>	<u>9,222</u>	<u>9,222</u>	<u>9,221</u>	<u>9,401</u>

THIS PAGE INTENTIONALLY LEFT BLANK

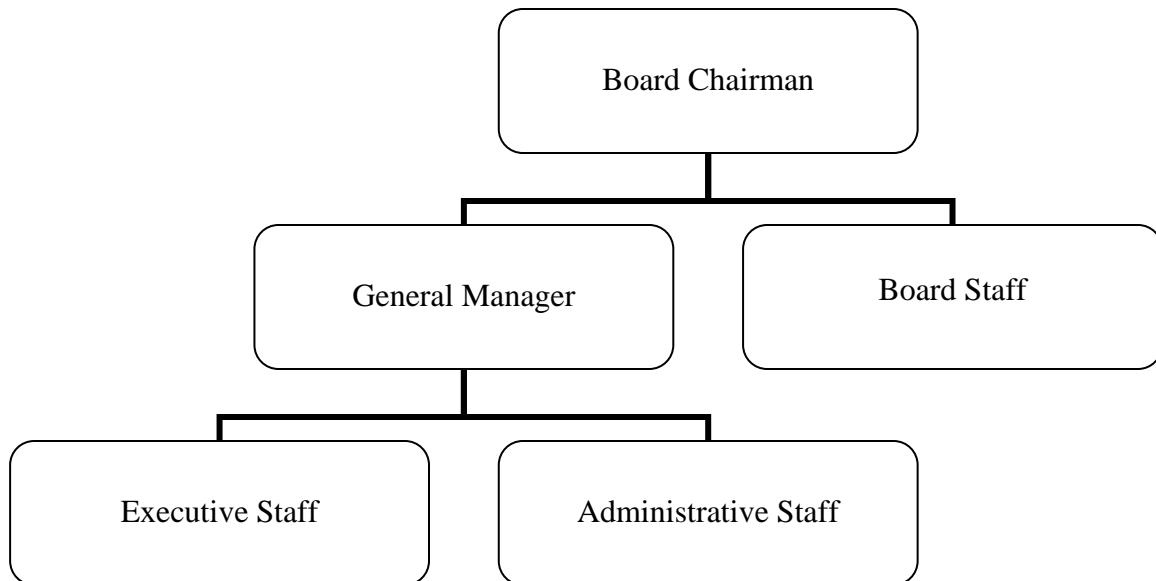
Corporate Staff

THIS PAGE INTENTIONALLY LEFT BLANK

Corporate Staff

Overview

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.



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	10	-	-	10
Board Staff	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
TOTAL HEADS	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</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>
TOTAL HEADS	<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	10	-	-	10
Board Staff	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
TOTAL HEADS	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>

Corporate Staff

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Office of the General Manager	\$ 373	\$ 166	\$ 539
Executive Staff	1,623	15	1,638
Board Staff	<u>369</u>	<u>67</u>	<u>436</u>
TOTAL	<u>\$ 2,365</u>	<u>\$ 248</u>	<u>\$ 2,613</u>

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 Board-related matters. The Board staff includes a Board Secretary, an Assistant Board Secretary, a Board Controller and a Board and Government Liaison.

Goals and Business Initiatives

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 corporate goals that will be undertaken during Fiscal Year 2009.

Improve Service Quality and Customer Satisfaction

- Emphasize Courtesy, Cleanliness, Communications and Convenience.
- Reinforce customer service as a priority for all SEPTA employees.
- Continue programs to improve the cleanliness of stations.
- Continue programs to improve on-time performance.
- Continue vehicle acquisition programs to replace rolling stock beyond its useful life.
- Continue programs that provide information and outreach, and assist customers in emergencies and special events.

Corporate Staff

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.

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 and TransitChek to existing and new riders.
- Advance new payment technologies into our fare collection system.
- Support the long-term consideration and planning of new service.
- Complete ADA accessibility compliance work for key stations.
- Lend support and be responsive to State-initiated performance standards and various audits.

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, as appropriate, 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, family medical and injury claims.
- Coordinate several projects that support an integrated approach to strategic planning throughout the Authority.

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 well done.
- In cooperation with one of our labor unions, continue the apprenticeship program for high school students.

Operations

THIS PAGE INTENTIONALLY LEFT BLANK

Operations Division

Overview

SEPTA's Operations Division provided approximately 325 million annual (unlinked) passenger trips in fiscal year 2008, while operating 93.7 million vehicle miles. Total passenger miles exceeded 1.46 billion. SEPTA operates and maintains 2,668 revenue vehicles on 144 fixed routes, which have approximately 1,834 route miles. SEPTA also operates and maintains an inventory of 949 assorted non-revenue vehicles and equipment, 280 stations and over 450 miles of track and related facilities.

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

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, light rail, 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.

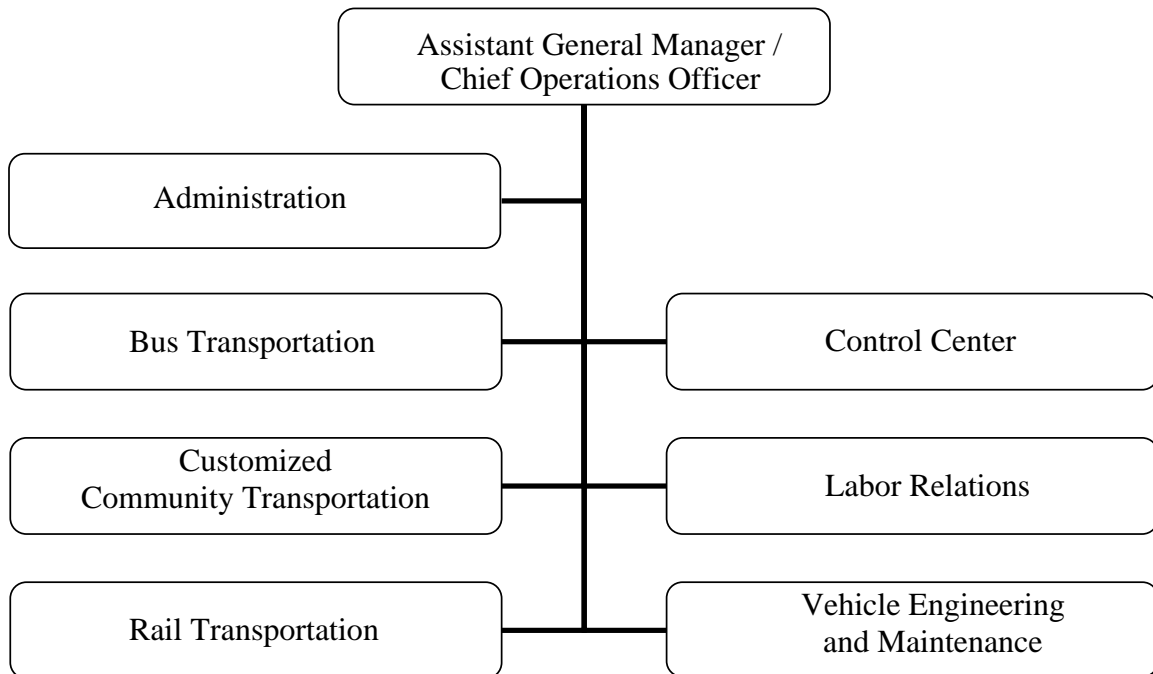
Customized Community Transportation (CCT) – Oversees the operation of SEPTA's ADA Paratransit, the Shared Ride Program, customized small bus operations and other public-private partnerships.

Labor Relations – Conducts all labor negotiations with the bargaining units, handles all grievances, arbitrations, unemployment claims 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 revenue collection, 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.

Operations Division



Operations Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>Maint.</u>	<u>Transp.</u>	<u>Cashiers</u>	<u>Total</u>
Administration	13	-	-	-	-	13
Bus Transportation	142	26	-	2,203	-	2,371
Control Center	85	12	-	4	-	101
Customized Community Transportation (CCT)	39	-	-	-	-	39
Labor Relations	10	-	5	-	-	15
Rail Transportation	180	55	169	1,225	347	1,976
Vehicle Engineering and Maintenance	209	37	1,509	-	-	1,755
TOTAL OPERATING HEADS	678	130	1,683	3,432	347	6,270

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	-	-	30	-	32
Control Center	2	-	-	1	-	3
Customized Community Transportation (CCT)	53	-	-	24	-	77
Labor Relations	-	-	-	-	-	-
Rail Transportation	4	-	1	2	-	7
Vehicle Engineering and Maintenance	55	2	253	-	-	310
TOTAL CAPITAL HEADS	117	2	254	57	-	430

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>Maint.</u>	<u>Transp.</u>	<u>Cashiers</u>	<u>Total</u>
Administration	14	-	-	-	-	14
Bus Transportation	144	26	-	2,233	-	2,403
Control Center	87	12	-	5	-	104
Customized Community Transportation (CCT)	92	-	-	24	-	116
Labor Relations	10	-	5	-	-	15
Rail Transportation	184	55	170	1,227	347	1,983
Vehicle Engineering and Maintenance	264	39	1,762	-	-	2,065
TOTAL HEADS	795	132	1,937	3,489	347	6,700

Operations Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 1,265	\$ 20	\$ 1,285
Bus Transportation	131,720	350	132,070
Control Center	6,794	722	7,516
Customized Community Transportation (CCT)	6,252	2,397	8,649
Labor Relations	1,011	546	1,557
Rail Transportation	125,000	13,925	138,925
Vehicle Engineering and Maintenance	<u>92,436</u>	<u>37,699</u>	<u>130,135</u>
TOTAL	<u>\$ 364,478</u>	<u>\$ 55,659</u>	<u>\$ 420,137</u>

In addition to the Fiscal 2009 expenses reflected here, Customized Community Transportation is responsible for carrier costs of \$22.4 million for ADA Paratransit and \$19.6 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.

Operations Division

Goals

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

Manage SEPTA's Ambassador deployment to mitigate service interruptions related to Market Street Elevated reconstruction project.

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.

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. Responsibility also includes managing the consistent application of labor agreements and ensuring that expenditures adhere to budget.

The seven operating districts operate a total of 104 bus and 3 trackless trolley routes as follows:

Allegheny - operates 7 bus routes.

Callowhill - operates 13 bus routes, in addition to light rail (trolley) 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 19 bus routes.

Frontier - operates 20 bus routes.

Operations Division

Goals

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

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.

Identify and implement efforts that promote better customer service.

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

Provide effective and enhanced service by identifying opportunities to more efficiently allocate 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 causes 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, Automatic Passenger Counter (APC) systems, and security cameras.

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.

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).

Actively participate in support of Location Safety Committee activities.

Operations Division

Business Initiatives

- **Improve Customer Service Communication/Information**
 - Improve service for passengers with disabilities.
- **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.
 - Improve quality of service to customers by using RSA data and coaching operators to improve on-time performance, especially by reducing the percentage of trips operating ahead of schedule.

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 (trolley) 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

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

Operations Division

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 trolley operations utilizing real time data generated by new Control Center systems.

Evaluate and implement programs to share real time information with passengers.

Coordinate the integration of Smart Station technology into Control Center Operations with the goal of safer service and more passenger information.

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.

Operations Division

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.

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 meet 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, 205, 306 and 314).

Goals

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

Manage service to provide zero ADA trip denials.

Achieve on-time performance goals.

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

Operations Division

Continue re-certification 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.

Integrate new technology that upgrades reservations, scheduling and dispatching systems. Additionally, implement an 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.

Manage post-key station ADA accessibility plan.

Manage the CCT Fleet Replacement Program.

Strengthen Shared Ride Program community relationships.

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, 205, 306 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 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 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 concerns.

Operations Division

- **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 and the Shared-Ride Program.
 - Improve the conditional eligibility process to facilitate fixed route usage wherever possible.
 - Promote Shared Ride Program for eligible senior riders.
- **Improve System Access**
 - Pursue ADA compliance improvements at key stations.
 - Promote and support facilities, service and equipment accessibility system-wide.
- **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 concerns.
- **Improve Customer Travel Environment**
 - Develop fleet plan to match capacity of present and anticipated passenger demand.
- **Improve Customer Satisfaction/Quality of Service**
 - Improve Customer Service Driver Training Program to increase awareness of customer needs and expectations.

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.

Operations Division

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

Direct upcoming round of labor contracts beginning with the TWU-234 contract.

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.

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.

Operations Division

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. Responsible for monitoring and analyzing expenditures to adhere to budget.

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 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 (trolley) 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 280 route miles on 13 lines or branches. Approximately 735 trains service a total of 153 stations per average weekday.

Subway-Elevated

Transportation – Subway-Elevated Transportation is organized into two sections: Market–Frankford Subway-Elevated (MFSE) and Broad Street Subway (BSS).

The MFSE operates 370 revenue trains each weekday between the Frankford Transportation Center and the 69th Street Terminal. The BSS operates 600 revenue trains each weekday between the Fern Rock Transportation Center and Pattison Avenue Station as well as along the Ridge Avenue Spur.

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

Operations Division

Stations – The Subway-Elevated stations group oversees the cleaning of 28 Market-Frankford Subway-Elevated stations and 25 Broad Street Subway and 8 Light Rail stations.

Goals

Achieve On-Time Performance goals on all lines.

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

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

Monitor and manage the consistent application of labor agreements.

Manage the impact of capital construction on passenger service.

Set and achieve high standards for station cleanliness.

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

Work to improve safety and security.

VEHICLE ENGINEERING AND MAINTENANCE - AUTOMOTIVE

Principal Responsibilities

Automotive Engineering – Provides all engineering support including specifications, drawings, vehicle modifications and system upgrades. Support is provided to heavy maintenance facilities and CCT vehicle maintenance.

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.

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.

New Vehicles – Oversees the purchase of buses, trackless trolleys, CCT vehicles and Silverliner V Railroad cars for the Authority. Manages the procurement, production, inspection, acceptance and contract deliverables (e.g. spare parts, manuals and warranty administration) for various contracts.

Operations Division

Goals

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.

Facilitate completion of the following major engineering projects:

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

Provide support for new vehicle procurement, including the 2008 bus and trackless trolley acquisitions.

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.

Complete the acquisition of 120 Silverliner V railroad cars and 38 trackless trolley buses.

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

Acquire mini-buses for the replacement of CCT vehicles.

Continue to utilize VMIS and performance standards to improve productivity.

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.

Identify and budget for all bus vehicle overhaul requirements. Develop, implement and complete necessary programs. Insure that all programs are completed on a timely basis and within budget.

Implement strategies to increase customer and employee safety.

Operations Division

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 and ramp maintenance program to reduce in-service failures.

Integrate vehicle types for optimal utilization of mixed bus fleet.

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

Implement program to improve safe towing of buses.

Business Initiatives

- **Improve Customer Travel Environment**

- Modernize railroad car fleet.
 - Continue design review for new Silverliner V cars to replace superannuated Silverliner II and Silverliner III railroad cars and to accommodate increases in railroad ridership levels.
- Monitor hybrid diesel/electric fleet performance to support the acquisition of the next 100 hybrid diesel/electric buses.
- Enhance/improve quality of transportation through implementation and monitoring of vehicle cleanliness program.

- **Implement Maintenance Efficiencies**

- Utilize bus Vehicle Maintenance Information System (VMIS).
 - Improve tracking and monitoring of vehicle maintenance and condition utilizing 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 Year 2009 Capital Budget includes the following VOH projects:
 - Tool and Equipment Replacement Program.
 - New Flyer Hybrid VOH Prototype.
 - NABI Light Overhaul Program.
 - Neoplan Articulated 8-Year Overhaul Program.
 - Champion Midlife Overhaul Program.
- Establish productivity standards to measure bus maintenance performance.
 - As new bus models are purchased, establish updated productivity standards.

Operations Division

- 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.
- **Implement Parts Management Efficiencies**
 - Introduce Vendor Managed Inventory throughout the bus maintenance locations.

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.

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 LRV fleet at the MSHL Shop at 69th Street
- Norristown High Speed Line N5 fleet at the NHSL Shop at Victory Avenue
- BSS B-IV fleet at the Fern Rock Car House
- Green Line Subway/Surface LRV fleet at the Callowhill and Elmwood Shops
- Route 15 PCC-II fleet at the Callowhill Shop

Railroad Shops and Yards – 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.

Goals

Identify and undertake efforts to improve safety with a continued emphasis on reductions in lost-time injuries and employee lost-time.

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.

Operations Division

Strive for the highest standards of quality and productivity within the Rail Shops.

Improve fleet performance through analyzing and targeting problem areas.

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

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

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.

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

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

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 design, installation and testing of new B-IV Propulsion Controls System and Public Address System.

- **Improve Customer Travel Environment**

- Enhance/improve quality of transportation through implementation and monitoring of vehicle cleanliness programs.
- The Fiscal 2009 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.
 - M-IV Vehicles – Full Car Overhaul Program.
 - B-IV Vehicles – Full Car Overhaul Program.
- Improve employee satisfaction and workplace excellence.
 - Advance the new TWU apprenticeship program.
 - Support Keystone Partnership Training Program.

Operations Division

- Implement maintenance efficiencies.
 - Implement rail vehicle maintenance information system (VMIS).
 - Improve tracking and monitoring of vehicle maintenance and fleet condition utilizing VMIS.
- Modernize railroad car fleet.
 - Develop and install new equipment for Silverliner IV cars.
 - Blending valve replacement.
 - Door Relay Control Panel.
 - HVAC Control Upgrade.
 - AC Double-End Blowers.
 - 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.

THIS PAGE INTENTIONALLY LEFT BLANK

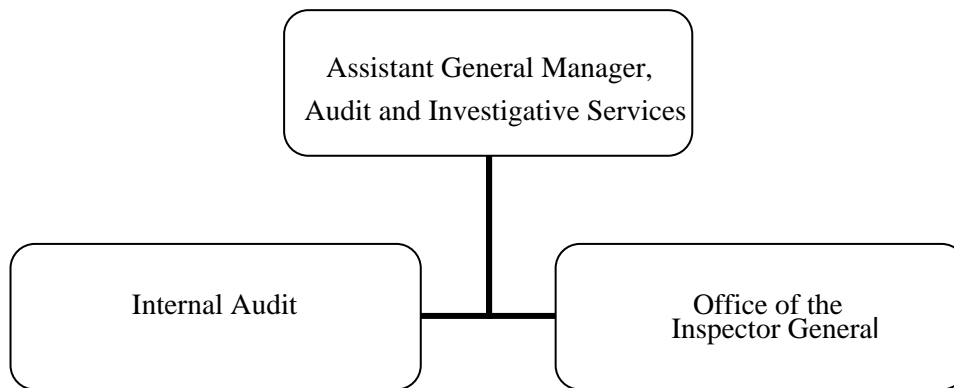
Audit and Investigative Services

THIS PAGE INTENTIONALLY LEFT BLANK

Audit and Investigative Services

Overview

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.



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>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
TOTAL HEADS	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>

CAPITAL HEADS

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

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Internal Audit	14	-	-	14
Office of the Inspector General	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
TOTAL HEADS	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>

Audit and Investigative Services

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Internal Audit	\$ 817	\$ 14	\$ 831
Office of the Inspector General	<u>432</u>	<u>254</u>	<u>686</u>
TOTAL	<u>\$ 1,249</u>	<u>\$ 268</u>	<u>\$ 1,517</u>

INTERNAL AUDIT

Principal Responsibilities

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.

Audit and Investigative Services

Goals

Provide independent and objective advice, special assistance, and information related to internal controls, special investigations, and other areas of concern.

Business Initiatives

- **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 request for support services**
- **Perform audits of third-party cost reimbursement contracts**
- **Review pre-contract cost proposals, change orders and claims upon request**

OFFICE OF THE INSPECTOR GENERAL

Principal Responsibilities

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 passengers. 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.

Goals

Perform 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.

Ascertain compliance with laws, regulations, policies, procedures, rules and agreements through reviews and analyses.

Audit and Investigative Services

Business Initiatives

- **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**
 - Focus on ADA, customer service and fare collection.
 - Conduct special observations on operators as identified by Operations, Customer Service and public complaints.

THIS PAGE INTENTIONALLY LEFT BLANK

Business Services

THIS PAGE INTENTIONALLY LEFT BLANK

Business Services Division

Overview

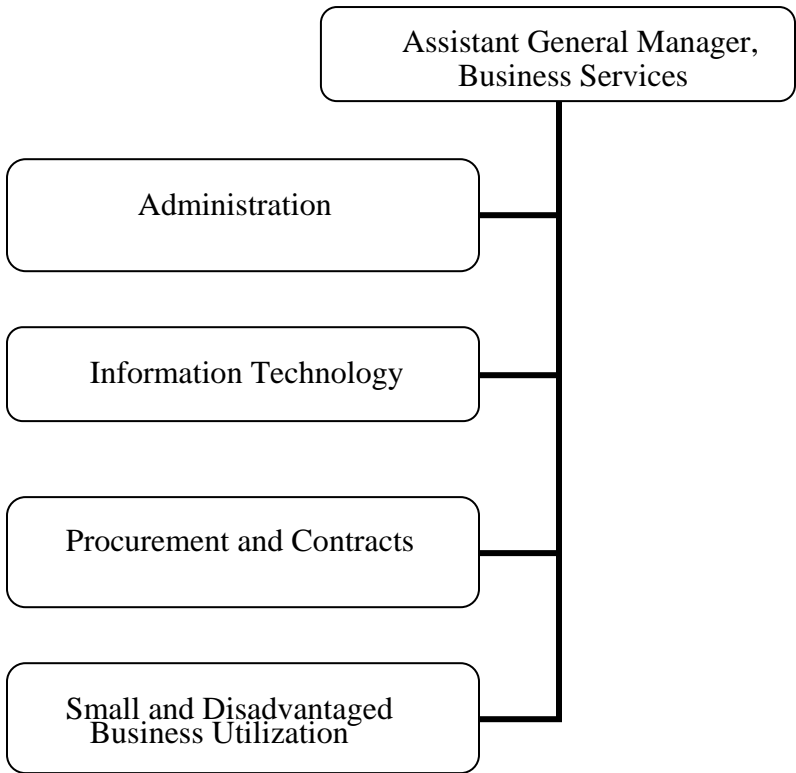
The Business Services Division includes Information Technology, Procurement and Contracts and Small and Disadvantaged Business Utilization. The individual departments are described briefly on this page. More detailed responsibilities, goals, and business initiatives are described later in this section.

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 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.

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.

Business Services Division



Business Services Division

HEADCOUNT

OPERATING HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	5	-	-	5
Information Technology	49	5	-	54
Procurement and Contracts	73	56	3	132
Small and Disadvantaged Business Utilization	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
TOTAL OPERATING HEADS	<u>132</u>	<u>61</u>	<u>3</u>	<u>196</u>

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

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	5	-	-	5
Information Technology	52	5	-	57
Procurement and Contracts	81	58	3	142
Small and Disadvantaged Business Utilization	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
TOTAL HEADS	<u>145</u>	<u>63</u>	<u>3</u>	<u>211</u>

Business Services Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 489	\$ 14	\$ 503
Information Technology	3,873	3,599	7,472
Procurement and Contracts	7,458	265	7,723
Small and Disadvantaged Business Utilization	<u>312</u>	<u>25</u>	<u>337</u>
TOTAL	<u>\$ 12,132</u>	<u>\$ 3,903</u>	<u>\$ 16,035</u>

INFORMATION TECHNOLOGY

Principal Responsibilities

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.

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.

Business Services Division

Goals

Continue the technology infrastructure refreshment program.

Extend the deployment of the high-capacity data network and continue the server consolidation program within the Data Center.

Maintain financial systems, Control Center systems (CARD, ATDS, AVPA), and 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 inventory management system improvements, including real-time VMIS interface.
- 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.
 - Implement latest release of fixed route scheduling system.

- **Improve Customer Service Communication/Information**

- Upgrade customer communications at Subway/Light Rail and Railroad stations.
 - Enhance Travel Information Center's voice response system.
 - Extend Audio Visual/Public Address System via Smart Station Project.
 - Initiate rider information subscription service
 - Upgrade the bus stop information database to enable participation in Google Transit.

- **Implement Maintenance Efficiencies**

- Expand VMIS and maintenance productivity standards to rail modes.

- **Improve Reliability/On-Time Performance/Travel Speeds**

- Implement Railroad crew management system.

Business Services Division

PROCUREMENT AND CONTRACTS

Principal Responsibilities

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 “cradle to grave” contract administration of construction, technical, professional services and vehicle/special service contracts including assembling of bid packages, solicitations, awards, and post-award administration (change orders, disputes and closeout). Responsible for handling the Authority's relationship with contractors including negotiations, contractual obligations of both parties and settling performance disputes.

Purchasing and Resource Control – Responsible for the purchase/lease of parts, material, equipment, supplies, and services utilized by the Authority, except for major vehicle procurements. Provides cost savings through value analysis and negotiations, and expedites orders with suppliers. Provides direct field support to Maintenance Directors and shop personnel. Performs requirements planning for vehicle overhaul programs and various maintenance projects.

Supply Chain Management – Responsible for storeroom operations, warehousing, distribution, and inventory replenishment. Leads integrated planning meetings with operational areas to ensure short and long term material requirements are understood. 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. 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. Develop a forecast of yearly reductions and achieve a \$6 million inventory reduction by October, 2010.

Achieve a monthly average of 13 or less buses out-of-service due to a stock part outage and implement a regional and city rail out-of-service due to a stock part outage indicator.

Implement cost savings through outsourcing, value analysis and negotiations.

Business Services Division

Improve cash flow through planned scheduled material deliveries.

Meet or exceed planned inventory cycle counts. Achieve an accuracy rate of 95% or better at closed storerooms, with Wyoming/Wheatsheaf parent locations at 90% or better.

Manage maintenance campaign procurement planning.

Effect cost reductions in material and services through 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 procurement turnaround time for under \$25,000 awards (requisition to purchase order awards) of twenty working days.

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, increased oversight of contract administrative tasks for grant related procurements and centralization of contract files.

Complete required supply chain training requirements and re-certifications.

Develop critical components and measurement tools of a vendor performance program by August, 2008.

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.

Business Initiatives

- **Implement Parts Management Efficiencies**

- Develop an inventory tracking and forecasting tool to be used in conjunction with material planning sessions.
 - 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 material availability plans through the use of planning meetings with Operations and computerized maintenance system information.

Business Services Division

- Achieve a 33% reduction in cleaner category Stock Keeping Units (SKUs). Establish a new procedure to define 3rd party content and performance specification testing of chemicals for Authority approved purposes.
- Begin the design process to construct a centralized distribution center at SEPTA's Midvale facility.
- **Establish Innovative Procurement Program**
 - Revise current system for outsourcing, solicitation and awards.
 - Develop additional blanket orders.
 - Reduce the under \$25,000 requisition processing cycle.
 - Expand E-commerce capability for procurements.
 - Expand procurement information on the Authority's web site.
 - Reduce cost of procured materials and services by \$4.5 million through negotiation and other procurement techniques.
 - Effect aggressive negotiations for sole source, RFP's, change orders and amendments.
 - Improve outsourcing through new vendors and alternative products.
 - Expand scope of Contract Administration involvement in major procurements.
 - 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.
 - Generate \$1.5 million of positive revenue through the asset recovery process for the Authority.

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

Update DBE Program Plan and Policy Statement in accordance with 49 CFR Part 26.23.

Develop and implement process to withhold payment from prime contractors delinquent in submitting DBE compliance documents.

Business Services Division

Develop formal presentation to familiarize internal customers of DBE compliance and operational requirements.

Develop and implement procedures to familiarize and encourage contractors in the use of Bizweb to consistently report DBE information.

Update Standard Form Contract DBE language and relevant DBE forms consistent with federal and state regulations.

Develop DBE Program marketing tools, i.e. brochures, newsletters, event fliers.

Partner with the DBE Supportive Services Centers and other small minority and women business enterprise advocacy agencies to maximize outreach efforts towards building a directory of resources to assist small minority and women business owners in growing their business.

Partner with EM&C and Contract Administration to ensure all DBE issues are resolved before the final closeout of projects with DBE goals.

Business Initiatives

- **Enhance DBE Program Visibility**
- **Conduct training sessions for internal and external customers**
 - Explain factors related to DBE compliance.
 - Describe operational requirements.
- **Promote the DBE Program through outreach activities**

THIS PAGE INTENTIONALLY LEFT BLANK

Customer Service

THIS PAGE INTENTIONALLY LEFT BLANK

Customer Service Division

Overview

The Customer Service Division is responsible for the development, implementation, and coordination of all SEPTA customer service and advocacy initiatives. The Division is tasked with serving as the central point for all customer communications – both internal and external – and for coordinating and authorizing all Authority outreach efforts, programs, and training. The departments within the Customer Service Division will have direct responsibility for implementing all SEPTA customer service initiatives.

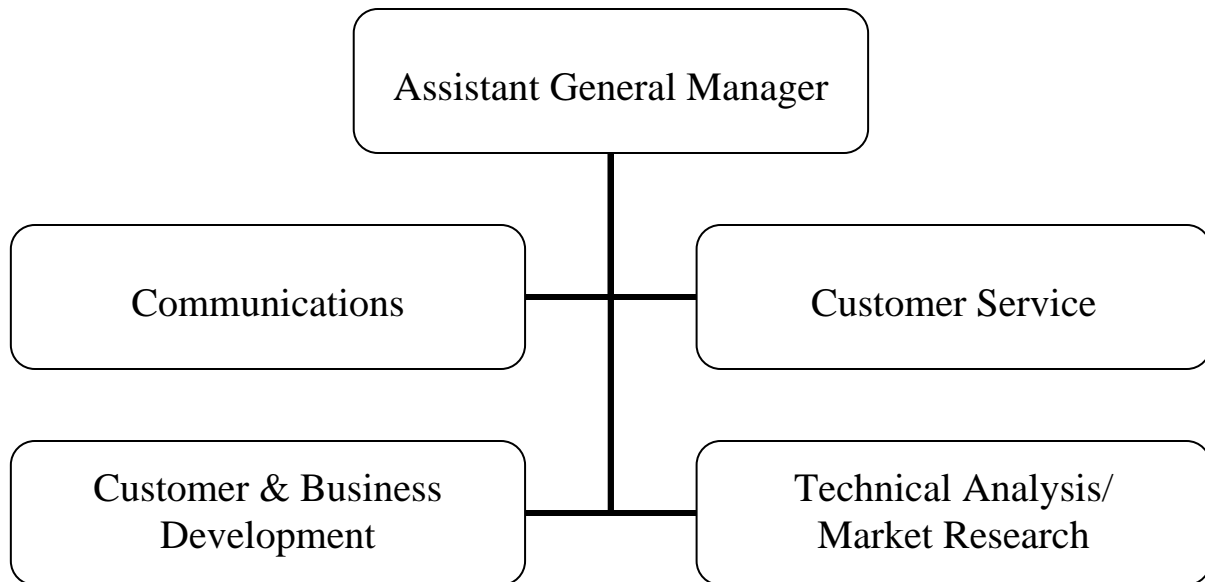
Communications – Responsible for corporate communications and customer communication including service and project-related information, website design and content, as well as Authority image and identity through system signage and maps. The Graphic Services, Print and Sign Shops, and the Legislative database, a tool used to communication with elected officials and stakeholders, are part of the Communications Department.

Customer Service – Manages customer issues and inquiries concerning travel information, lost and found, complaints, suggestions, and commendations over the phone, email, U.S. mail, and other media. The department maintains five satellite offices at the headquarters and selected transportation centers to provide in-person assistance to the customers. The department is also responsible for administering the Senior Citizen Transit Program and Reduced Fare Program for Persons with Disabilities.

Customer & Business Development – The new unit will play a vital role in the Division's day to day performance. This unit will evaluate the Authority's procedures concerning customer service, coordinate and manage customer outreach efforts, assess vehicle and facility design from the customer's perspective, and work closely with external transit advocacy groups to foster greater opportunities for improved relationships. The unit also works with Service Planning to review service changes to address new or transitional market conditions.

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 customer satisfaction survey and develops various qualitative studies involving focus groups and issue specific surveys.

Customer Service Division



Customer Service Division

HEADCOUNT

OPERATING HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Communications	8	5	3	16
Customer Service	8	61		69
Market Research/Business Development	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
TOTAL OPERATING HEADS	<u>21</u>	<u>66</u>	<u>3</u>	<u>90</u>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Communications	-	-	-	-
Customer Service	-	-	-	-
Market Research/Business Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL HEADS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Communications	8	5	3	16
Customer Service	8	61	-	69
Market Research/Business Development	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
TOTAL HEADS	<u>21</u>	<u>66</u>	<u>3</u>	<u>90</u>

Customer Service Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Communications	\$ 888	\$ 1,128	\$ 2,016
Customer Service	3,282	50	3,332
Market Research/Business Development	<u>\$ 474</u>	<u>\$ 236</u>	<u>\$ 710</u>
TOTAL	<u>\$ 4,644</u>	<u>\$ 1,414</u>	<u>\$ 6,058</u>

COMMUNICATIONS

Principal Responsibilities

Responsibilities include internal and external corporate communications--develops 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. Develops new customer features and formats for public website including railroad real time information. 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.

Customer Service Division

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.

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. Install new content management system for both sites.

Implement new, web-focused, customer communications outreach efforts including language translation capabilities and real time information for other service modes.

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 customer kiosk designed to provide fare and travel information at selected stations.
- **Continue External Communication/Information Outreach Program**
 - Support on-going outreach to elected officials and stakeholders.
 - Continue communication with elected officials using Legislative Database, mail merge, fax blast for key initiatives including service interruption, service enhancements and operating budget.
 - Create presentations, speeches, letters and information packages to support efforts.

Customer Service Division

- **Manage Authority Image/Identity Program**

- Employ Graphic Standards Established for System Signage/Maps/Wayfinding.
 - Continue to update and add to Signage Graphics Standards.
 - Continue to use working group format established with EMC to review all signage packages for station upgrade and construction projects following Graphic Standards.
 - Work with EMC 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.

CUSTOMER SERVICE

Principal Responsibilities

Responsible for responding to customer issues and 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.

Goals

Implement customer service system updates and maintain quality control.

Ensure customer satisfaction by responding to customer inquiries and addressing customer concerns.

Business Initiatives

- **Ensure implementation of interactive voice response system**
 - Provide updated interactive travel information to customers.
- **Improve Customer Service Communications/Information**
 - Create clearinghouse for all customer service complaint and commendation communications.
 - Support the development and implementation of a formalized reporting system for customer complaints and commendations.
- **Maintain abandoned call rates at less than 3%**

Customer Service Division

CUSTOMER & BUSINESS DEVELOPMENT

Principal Responsibilities

Responsible for evaluating the Authority's policies and procedures concerning customer service, coordinate and manage customer outreach efforts, assess vehicle and facility design from the customer's perspective, and work closely with external transit advocacy groups to foster greater opportunities for improved relationships. Manages Authority-wide qualitative and quantitative research programs, disseminates summary reports and recommendations to internal customers.

Goals

Staff and develop customer ombudsman/advocacy role for the Authority.

Advance transit first improvements and new technologies (e.g., Bus Rapid Transit) as a means of improving the quality of SEPTA's service.

Develop customer-centric metrics for the Authority.

Business Initiatives

- **Develop Community and Business Partnerships**
 - Establish liaisons with chambers of commerce, transportation management associations, universities, governmental departments and business associations to promote SEPTA as a partner and resource for employees, customers and clients.
 - Engage advocacy groups as means of improving SEPTA's service deliverables.
- **Establish Advocacy/Ombudsman Department**
 - Establish assessment programs on service delivery and a monitoring program to track service quality.
 - Oversee the resolution of complaints advanced beyond Customer Service.
- **Develop sustainability strategies in the SEPTA Region.**
 - Maintain relationships with DVRPC, the Clean Air Council, the Pennsylvania Environmental Council and other "green" consumer groups.
- **Investigate business opportunities for capitalizing on SEPTA's carbon footprint.**

THIS PAGE INTENTIONALLY LEFT BLANK

Engineering, Maintenance and Construction

THIS PAGE INTENTIONALLY LEFT BLANK

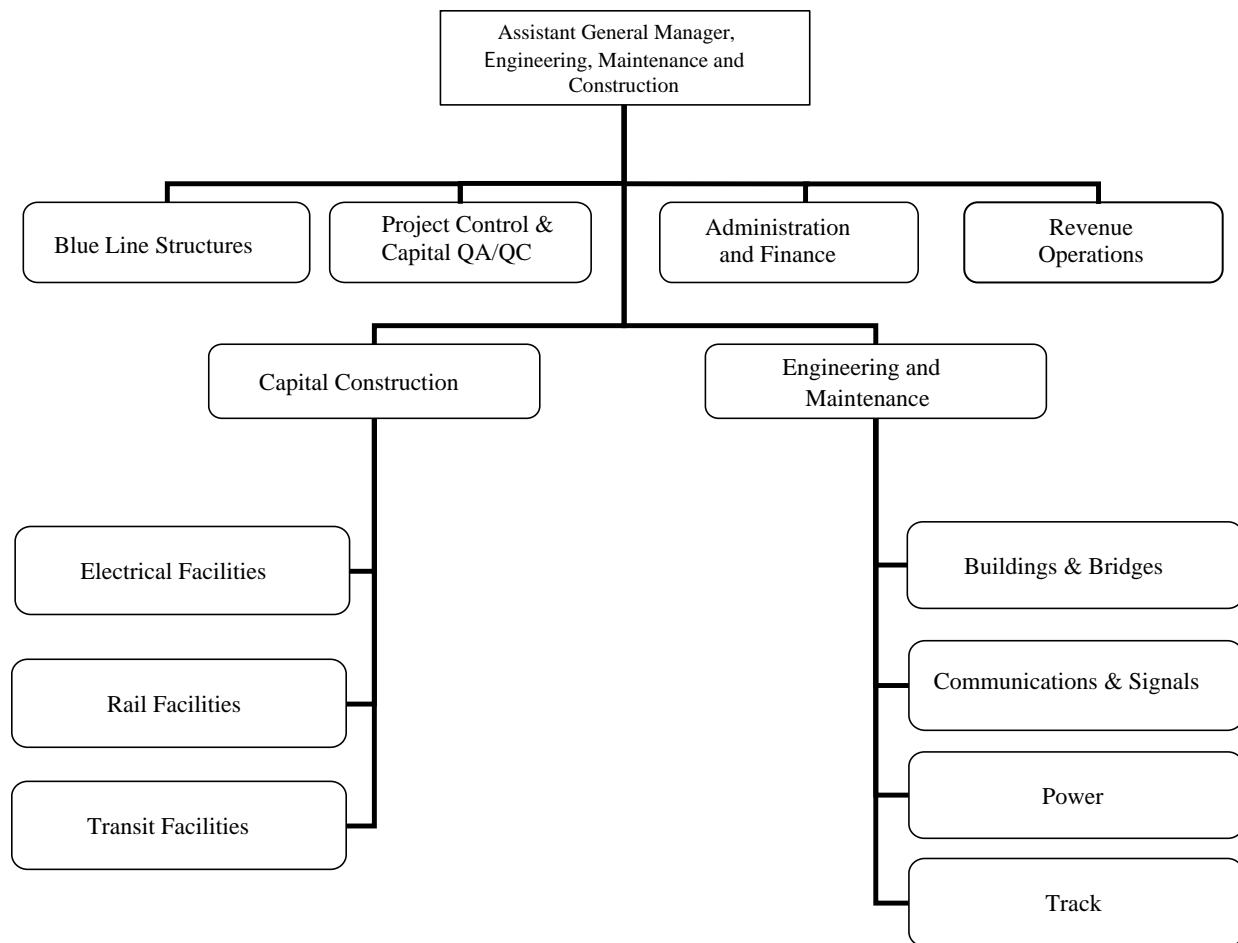
Engineering, Maintenance and Construction

Overview

The Engineering, Maintenance and Construction Division is responsible for all engineering and maintenance related to the Authority buildings, bridges, track, communications and signal systems and power systems. The Division is also responsible for capital construction of both transit and railroad facilities.

In addition, the Engineering, Maintenance and Construction Division oversees the Revenue Operations Department. This group 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.

Engineering, Maintenance and Construction



Engineering, Maintenance and Construction

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction / Blue Line / QA/QC	3	-	-	3
Engineering and Maintenance / Administration	163	66	764	993
Revenue Operations	<u>85</u>	<u>50</u>	<u>49</u>	<u>184</u>
TOTAL OPERATING HEADS	<u>251</u>	<u>116</u>	<u>813</u>	<u>1,180</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction / Blue Line / QA/QC	78	-	-	78
Engineering and Maintenance / Administration	65	6	249	320
Revenue Operations	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
TOTAL CAPITAL HEADS	<u>144</u>	<u>6</u>	<u>249</u>	<u>399</u>

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction / Blue Line / QA/QC	81	-	-	81
Engineering and Maintenance / Administration	228	72	1,013	1,313
Revenue Operations	<u>86</u>	<u>50</u>	<u>49</u>	<u>185</u>
TOTAL HEADS	<u>395</u>	<u>122</u>	<u>1,062</u>	<u>1,579</u>

Engineering, Maintenance and Construction

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Capital Construction / Blue Line / QA/QC	\$ 566	\$ 70	\$ 636
Engineering and Maintenance / Administration	56,402	15,387	71,789
Revenue Operations	<u>9,789</u>	<u>1,935</u>	<u>11,724</u>
TOTAL	<u>\$ 66,757</u>	<u>\$ 17,392</u>	<u>\$ 84,149</u>

ADMINISTRATION & FINANCE

Principal Responsibilities

Coordinate and manage the financial and administrative activities for the Engineering, Maintenance and Construction Division. Continue the multi-phase New Payment Technologies Project to transform SEPTA's aging revenue equipment into a modern, efficient and convenient system for customer payment and agency collection of fare revenue.

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.

Complete technical specifications and system requirements for the New Payment Technologies Project.

Oversee Divisional Contract Administration - equipment rentals, blanket materials orders, service contracts, Amtrak force account activity and trackage rights and 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.

Engineering, Maintenance and Construction

Business Initiatives

- **Consolidate SEPTA's Fire Safety Systems**
 - Place inspection and maintenance requirements under blanket third party contracts.
 - Renew fire alarm contract, incorporating new systems provided under various capital projects.
- **Prepare capital funding requests for submittal to Capital Planning Committee for new state of good repair projects**
- **Coordinate agreements with Amtrak**
 - Develop agreement for the next phase of the Keystone Corridor improvements project.
 - Consider agreements for other cooperative initiatives.
- **Advance the New Payment Technologies Project**
 - Prepare contract documents and procedures.
 - Procure a system supplier to design and install the new fare collection system.

BLUE LINE STRUCTURES

Principal Responsibilities

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 Market-Frankford Subway-Elevated (Blue Line) from 69th Street to the Frankford Transportation Center.

Goals

Complete all major construction activities by December of 2008.

Re-open the final station, 63rd Street Station, by April 30, 2009.

Business Initiatives

- **Improve Customer Travel Environment**
 - Complete the reconstruction of stations on the Market Street Elevated segment of the Market Frankford Line.

Engineering, Maintenance and Construction

- **Improve Customer Safety**

- Complete the replacement of Market Elevated Guideway.

CAPITAL PROJECT CONTROL AND QUALITY ASSURANCE/QUALITY CONTROL

Principal Responsibilities

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.

Goals

Finalize and publish railroad station design guidelines.

Update Capital Construction/Blue Line Structures manpower plan and spending forecast.

Develop project scope and estimates for state of good repair, system improvements, and infrastructure safety capital funding requests.

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.

Engineering, Maintenance and Construction

- 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 FY 2009 forecasted construction awards.

CAPITAL CONSTRUCTION – ELECTRICAL FACILITIES

Principal Responsibilities

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.

Goals

Achieve substantial completion of Fairmount substation.

Achieve substantial completion of Smart Stations – Phase I construction.

Business Initiatives

- **Improve Customer Security**

- Implement Smart Station Program to enhance life safety and security at all Subway/Elevated and Light Rail Stations.

- **Improve Customer Service Communication/Information**

- Upgrade customer communications at Subway/Light Rail Stations (Smart Station Program).
- Continue with upgrade of Customized Community Transportation system.

- **Improve Customer Safety**

- Continue advancement of Smart Stations Program.

CAPITAL CONSTRUCTION – RAIL FACILITIES

Principal Responsibilities

Manages the engineering and construction of capital projects for fixed plant facilities, including improvements to stations, track, signals, bridges and parking facilities for railroad operations.

Engineering, Maintenance and Construction

Goals

Complete design for Wayne Junction Station improvements and Malvern station parking expansion project.

Award construction contracts for Croydon Station, Queen Lane Station, Allen Lane Station and Jenkintown Bridge 10.12.

Business Initiatives

- **Expand Rail Services**

- Continue the engineering and design of Elwyn-Wawa rail service restoration.

- **Improve Customer Travel Environment**

- Renovate railroad station facilities at Wayne Junction, Croydon, Levittown, Queen Lane, Allen Lane, and Wayne.

- Upgrade and expand parking facilities at Malvern and Exton.

CAPITAL CONSTRUCTION – TRANSIT FACILITIES

Principal Responsibilities

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

Goals

Award construction contracts for ventilation improvements at Callowhill and Victory Avenue Shops, vehicle washers for Frankford and Fern Rock Shops and a fueling facility at Victory Avenue.

Achieve substantial completion for Walnut-Locust elevator installation, North Philadelphia Transportation Center, Germantown Shop roof replacement and Phase IV of the Escalator Modernization Program.

Business Initiatives

- **Improve Customer Travel Environment**

- Renovate transit station facilities including ADA improvements at Margaret-Orthodox Station and Allegheny Station.

- Continue design for City Hall station renovations.

Engineering, Maintenance and Construction

- Continue implementation of the Escalator Modernization Program.
- **Improve employee working conditions and safety**
 - Upgrade ventilation systems at Callowhill and Victory Avenue bus garages.
 - Upgrade Victory Avenue fueling facility and construct new central distribution center warehouse at Midvale Depot.

ENGINEERING AND MAINTENANCE – BUILDINGS AND BRIDGES

Principal Responsibilities

Provides structural, architectural and mechanical engineering services; performs all major force account construction projects and maintenance of stations, 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.

Business Initiatives

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

Engineering, Maintenance and Construction

ENGINEERING AND MAINTENANCE – COMMUNICATIONS AND SIGNALS

Principal Responsibilities

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.

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.

Improve reliability of elevator communications devices, emergency call boxes and other safety sensitive communications devices.

Business Initiatives

- **Improve Customer Safety**
 - Advance Automatic Train Control system construction for “K” Interlocking and the Warminster Railroad Line.
 - Complete the Smart Stations Office Project that will manage the flow of information to the Control Center.

ENGINEERING AND MAINTENANCE – POWER

Principal Responsibilities

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.

Goals

Reduce service delays due to power problems.

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

Engineering, Maintenance and Construction

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.
 - Replace sectionalizing switches (including remote control) for faster troubleshooting and failure diagnosis (ISRP project).
 - Replace catenary from Gwynedd to Dale Interlockings on the Lansdale Line.

ENGINEERING AND MAINTENANCE - TRACK

Principal Responsibilities

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 Group which oversees the use of non-revenue and utility vehicles.

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.

Improve methods of track inspection utilized in the subway and elevated portions of the system in order to better locate wide gauge and geometric deficiencies.

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

Monitor and manage the consistent application of labor agreements.

Engineering, Maintenance and Construction

Business Initiatives

- **Improve track safety and ride quality**
 - Install continuous welded rail and replace switches at “K” Interlocking.
 - Perform tie replacement at “K” Interlocking and on the Main Line from Portal to Carmel Interlockings.
 - Install new street track from 60th Street to 68th Street on Woodland Avenue.

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.

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 of 8.9 cents or less per dollar collected in Revenue Operations.

Ensure that the following revenue collection equipment maintains an average number of transactions between failures at or above the following goals:

Fareboxes	12,000
Turnstiles	30,000
Token Vending Machines	700
Change Machines	11,000

Engineering, Maintenance and Construction

Ensure that cash processing errors are kept to a minimum. Improve upon FY 2008 goal of less than 77 cash processing errors.

Ensure that all Authority cash handlers are trained in the security features of new U.S. Treasury notes within 30 days of release by the Treasury.

Business Initiatives

- **Identify opportunities to extend the useful life of our present fare collection equipment**
 - State of Good Repair – overhaul programs for fareboxes, turnstiles, token vending machines and coin processing equipment.
- **Assist in the development of SEPTA's automated fare collection system for all modes of transportation**
 - Insure policies and procedures are well thought out to insure optimal passenger convenience, throughput and cash processing efficiency.
- **Expand internal controls and insure system improvements that safeguard SEPTA revenue and assets**
 - Upgrade Revenue Operations digital cameras and video capabilities.
 - Assist with Smart Stations upgrades and other modernization projects.

THIS PAGE INTENTIONALLY LEFT BLANK

Finance and Planning

THIS PAGE INTENTIONALLY LEFT BLANK

Finance and Planning Division

Overview

Accounting and Public Finance – Manages the Authority's financial reporting and accounting activities. Accounts payable, 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.

Capital Budget – Manages the Authority's capital budget process and monitors financial performance throughout the year through forecasting and financial analysis.

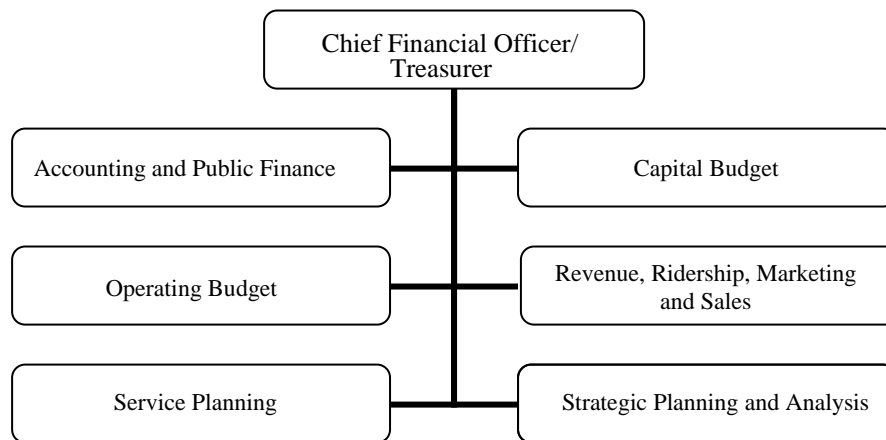
Operating Budget - Manages the Authority's operating budget process and monitors financial performance throughout the year through forecasting and financial analysis.

Revenue, Ridership, Marketing and Sales – Develops revenue and ridership budget. Develops and manages long and short-term marketing programs. Administers the sale and distribution of fare instruments throughout the five-county service area.

Service Planning – Plans and schedules service for City, Suburban and Railroad operations. Prepares the Annual Service Plan and Service Standards which include all major budget-related route and service proposals and the annual economic review of all SEPTA routes.

Strategic Planning and Analysis – Directs, develops and implements SEPTA's Strategic Business and Long Range Planning 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.

Finance and Planning Division



Finance and Planning Division

HEADCOUNT

OPERATING HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting and Public Finance	39	12	-	51
Capital Budget	5	-	-	5
Operating Budget	14	-	-	14
Revenue, Ridership, Marketing, and Sales	35	29	-	64
Service Planning	30	24	-	54
Strategic Planning and Analysis	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
TOTAL OPERATING HEADS	<u>129</u>	<u>65</u>	<u>-</u>	<u>194</u>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting and Public Finance	-	-	-	-
Capital Budget	3	-	-	3
Operating Budget	-	-	-	-
Revenue, Ridership, Marketing, and Sales	1	-	-	1
Service Planning	-	-	-	-
Strategic Planning and Analysis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL HEADS	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting and Public Finance	39	12	-	51
Capital Budget	8	-	-	8
Operating Budget	14	-	-	14
Revenue, Ridership, Marketing, and Sales	36	29	-	65
Service Planning	30	24	-	54
Strategic Planning and Analysis	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
TOTAL HEADS	<u>133</u>	<u>65</u>	<u>-</u>	<u>198</u>

Finance and Planning Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Accounting and Public Finance	\$ 3,084	\$ 687	\$ 3,771
Capital Budget	349	8	357
Operating Budget	931	204	1,135
Revenue, Ridership, Marketing, and Sales	3,445	3,153	6,598
Service Planning	2,570	64	2,634
Strategic Planning and Analysis	<u>424</u>	<u>6</u>	<u>430</u>
TOTAL	<u>\$ 10,803</u>	<u>\$ 4,122</u>	<u>\$ 14,925</u>

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. Coordinates cash management activity in order to maximize investment earnings.

Finance and Planning Division

Goals

Prepare required interim and annual financial reports timely and accurately, including distribution of monthly Treasurer's Report. Annual financial reports include financial statements in accordance with Generally Accepted Accounting Principles, the Urban Grant Final Report to the State, National Transit Database Report, Single Audit Report, and City Special Purpose Report, all of which are audited.

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.

CAPITAL BUDGET

Principal Responsibilities

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; Regional Job Access and Reverse Commute Programs and safety and security programs.

Goals

Prepare the twelve-year Capital Program, ensuring that projects are progressing within projected funding resources.

Secure approval of public transit section of Fiscal Year 2009-2012 Transportation Improvement Program.

Secure approval of Federal Transit Administration grant applications upon completion of Fiscal Year 2009 appropriations process.

Maximize funding opportunities through the use of innovative financing avenues, including leasing of assets.

Coordinate Act 44 funding process including internal approvals and PennDOT grant approvals.

Monitor ongoing capital projects and expenditure requirements.

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

Finance and Planning Division

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

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.

OPERATING BUDGET

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.

Reports & Systems - Maintain the Management Planning and Control (MPC) 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.

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

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

Finance and Planning Division

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

Prepare the annual Operating Budget and five-year financial projections.

Coordinate Act 44 funding process including internal approvals and PennDOT grant approvals.

Business Initiatives

- **Improve use of SEPTA's MPC Operating Budget Database System**
 - Through training and communication, encourage internal users to utilize MPC reporting systems to maximize the use of all available information.

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, internet 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.

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.

Finance and Planning Division

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

- Improve and modernize fare collection processes.
- Identify opportunities for cross-development with external partners.

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.
 - 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.

Finance and Planning Division

- 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**
 - Develop Marketing/Public Relations strategies for SEPTA services.
 - Develop outreach campaigns to attract new 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 promoting new service initiatives.
 - Provide marketing initiatives to support Authority programs.
 - Provide public communications campaign for the Authority's capital projects.
- **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 Rail Transit locations.
 - Pursue parking initiatives to encourage and support increasing SEPTA ridership by expanding the 26,600 spaces currently available.

Finance and Planning Division

SERVICE PLANNING

Principal Responsibilities

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/Reverse Commute (JARC) and Congestion Mitigation/Air Quality (CMAQ) services and sub-grantee invoicing. Supports Capital Budget planning on transit and railroad service issues.

Goals

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 project lists for application.

Enhance departmental computer capabilities.

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

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.
 - Support coordination of Accessible Route network for all modes.

Finance and Planning Division

- **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 and Schedules Sub-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 Congestion Mitigation/Air Quality Program (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.

STRATEGIC PLANNING AND ANALYSIS

Principal Responsibilities

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

Finance and Planning Division

Capital & Long Range Planning - 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. Conducts planning studies to assess 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. Participates 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.

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 Strategic Business Plan for the next three to five years designed within the context of a predictable and stable funding environment.

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.**
- **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.

Human Resources

THIS PAGE INTENTIONALLY LEFT BLANK

Human Resources Division

Overview

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, service quality, training, uniform compliance with policies and procedures and the development of measures that promote our vision, mission and goals.

Employee Services – This group 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 active employees and retirees. The Benefits staff monitors Authority-wide benefits.
- Compensation administers the salary program for 1,700 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 maintains and manages policies and management directives related to the human resource function.

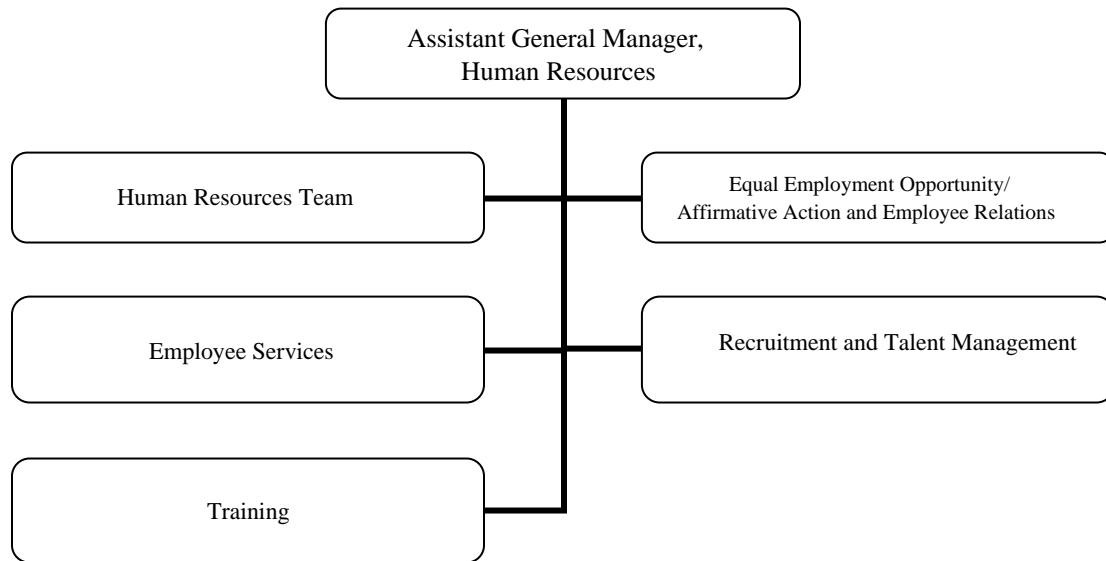
Equal Employment Opportunity/Affirmative Action and Employee Relations – Facilitates programs to ensure the Authority's compliance with applicable policies, employment laws and regulations, to prevent discrimination and harassment. Investigates complaints filed internally and with external enforcement agencies. Handles responses to complaints of discrimination/harassment filed with external agencies or under SEPTA policies. Responsible for the oversight of the Authority's "due process" obligations for Supervisory, Administrative and Management (SAM) personnel as required under the current policies and procedures. Conducts employee problem counseling, dispute resolutions and monitors the Authority's Performance Improvement Plan (PIP) to ensure consistency with established procedures. Responsible for handling responses to complaints of discrimination filed with external agencies or under SEPTA policies.

Human Resources Division

Recruitment and Talent Management - Directs the recruitment, hiring, testing, transferring and retention of a diverse team of committed professionals. Responsible for the Authority's workforce, both unionized and management, of approximately 8,900 active employees.

Training – Provide training programs to improve employee performance. Teach new skills and retrain employees as required ensuring that the work force has a comprehensive understanding of regulations, procedures, policies and skills to provide service. Responsible for training and follow-up re-certification programs for transportation, maintenance and management employees.

Human Resources Division



Human Resources Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Employee Services	18	17	-	35
EEO/AA and Employee Relations	5	-	-	5
Human Resources Team	5	-	-	5
Recruitment and Talent Management	14	-	-	14
Training	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
TOTAL HEADS	<u>135</u>	<u>17</u>	<u>-</u>	<u>152</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Employee Services	-	-	-	-
EEO/AA and Employee Relations	-	-	-	-
Human Resources Team	-	-	-	-
Recruitment and Talent Management	-	-	-	-
Training	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL HEADS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Employee Services	18	17	-	35
EEO/AA and Employee Relations	5	-	-	5
Human Resources Team	5	-	-	5
Recruitment and Talent Management	14	-	-	14
Training	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
TOTAL HEADS	<u>135</u>	<u>17</u>	<u>-</u>	<u>152</u>

Human Resources Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Employee Services	\$ 2,307	\$ 412	\$ 2,719
EEO/AA and Employee Relations	320	10	330
Human Resources Team	516	21	537
Recruitment and Talent Management	932	248	1,180
Training	<u>6,152</u>	<u>327</u>	<u>6,479</u>
TOTAL	<u>\$ 10,227</u>	<u>\$ 1,018</u>	<u>\$ 11,245</u>

HUMAN RESOURCES TEAM

Principal Responsibilities

The Authority's dynamic business environment requires that Human Resources be responsive by directing the initiatives that add value. 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.

Goals

Implement labor efficiencies and new programs.

Improve customer service communications/information.

Review training needs throughout the Authority.

Improve career enhancement opportunities for SEPTA Employees.

Enhance and prioritize initiatives related to communications.

Business Initiatives

- **Establish a Workplace Succession Strategic Plan**
 - Recruitment and Talent Management will continue to utilize E-Recruitment System, a tool that has streamlined the personnel requisition and hiring process.

Human Resources Division

- Continue involvement in the joint SEPTA/TWU training program to upgrade skills of maintenance employees.
- Continue refinement of the Human Resources organization in order to promote efficiency.
- **Design and develop Management Training Programs**
 - Conduct Phase II of Management Development Training Program.
 - Continue implementation of computer based programs to minimize labor and training costs.
- **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.
- **Enhance Communications**
 - Continue to improve the Customer Service Center in Human Resources to better serve employees with customer satisfaction as a priority.
 - Continue to implement an interactive Employee Communications Network for use by all employees to gain direct access by computer to their personal employee benefits.
 - Continue the Human Resources Generalist Program Phase Two, to assist in the achievement of Authority goals by increasing deployment of business partners to provide enhanced customer services to on-site managers and employees.
 - Improve customer service and communication skills of rail employees through the implementation of Quality Service Project initiatives.

Human Resources Division

EMPLOYEE SERVICES

Principal Responsibilities

Medical - Manage the Wellness Program. Conduct drug and alcohol testing in accordance with Authority policy and U.S. Department of Transportation regulations. Responsible for conducting medical examinations for fitness for duty, new hire physicals, medical surveillance programs (i.e. PCBs, asbestos), hearing conservation, etc. as required by the Authority. Administer the Employee Assistance Program for all employees and their dependents.

Benefits - Design, negotiate and administer the benefits program, including medical, dental, prescription, life insurance, long term disability, supplemental insurance, COBRA, pension, deferred compensation, supplemental voluntary benefits and flexible benefits programs for 30,000 individuals, including employees, retirees and families. Conduct benefit orientations and information sessions concerning all employee benefits programs.

Compensation/Human Resources Information Systems – Develop, communicate and administer the compensation program for supervisory, administrative and management employees. Update information, monitor and train employees on the use of the Human Resource Information System (HRIS). Maintains files for all 1,700 SAM employees and the Hay Evaluation System that is utilized to evaluate SAM positions.

Project Management And Organization Effectiveness - Develop 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.

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.

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

Ensure compliance with fitness for duty standards and increase wellness educational information to promote employee health care.

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

Human Resources Division

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.

Business Initiatives

- **Establish a Workplace Succession Strategic Plan to ensure adequate bench strength to address SEPTA's future staffing and leadership needs**
- **Enhance New Hire Orientation Program**

EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION AND EMPLOYEE RELATIONS (EEO/AA&ER)

Principal Responsibilities

Implement and promote the Authority's EEO/AA Program to address the needs of an increasingly diverse workplace. Responds to complaints of discrimination/harassment filed internally and externally. Ensures compliance with SEPTA's EEO/AA Policies and the Federal Transit Administration's (FTA) regulations. Handles a wide variety of employee relations issues.

Goals

Prepare SEPTA's Affirmative Action and Title VI Plans.

Conduct Harassment Prevention and EEO training for Employee groups and individuals.

Monitor and audit EEO compliance.

Coordinate complaint-handling responsibilities.

Ensure consistency in the application of employee policies.

Human Resources Division

Business Initiatives

- **Extend “Harassment Prevention and Equal Employment Opportunity Training” to hourly employees**
- **Establish a SEPTA Inter-Departmental Advisory Committee to ensure a collaborative approach to decision making on complex employment issues**

RECRUITMENT AND TALENT MANAGEMENT

Principal Responsibilities

Directs and manages recruitment, hiring, testing and transferring of qualified and competent workforce ensuring equal opportunities by applying controls and compliance to applicable laws throughout the recruitment and hiring process. Continue to assure communication, documentation and a fair selection process in filling Authority vacancies.

Goals

Improve communication paths to internal and external employment candidates.

Assess and implement efficiencies in the employment candidacy process for internal and external candidates.

Establish a system of standardized recruitment reporting of metrics and process feedback.

Business Initiatives

- **Build “employment brand”**
 - Create multi-media recruitment campaigns advertising employment opportunities at SEPTA.
- **Analyze organization and establish additional designated business entities eligible for inclusion in the “automatic refill” staffing process**
- **Enhance relationships with area technical schools to increase SEPTA’s profile as an employer of choice**
- **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**
- **Establish a standard list of core recruitment metrics and their definitions to measure recruitment performance**

Human Resources Division

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.

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

Design and enhance training programs for mid-level and senior management using the Core Competency Model.

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

Prepare and present a business case for the implementation of a corporate Succession Management System.

Conduct out reach effort to standardize training being conducted outside the control of the Training Department of the Human Resources Division.

Business Initiatives

- **Conduct Feasibility Study for utilization of Cornwells Heights Park and Ride for Commercial Drivers' License training and testing**
- **Implement a new Efficiency Testing System for Railroad Operations**
- **Ensure Railroad mechanics have prerequisite knowledge needed**
 - Provide oversight to the Silverliner V skill/gap analysis project.

Human Resources Division

- **Develop proposal for enhancing corporate customer service**
 - Focus on including:
 - Review of Best Practices.
 - Review of internal/external stakeholder feedback.
 - Analyze impact of corporate mission.
 - Develop marketing and branding strategy.
 - Develop recommendations for consolidated approach for training.
- **Conduct Phase II of the Succession Planning initiative**
 - Incorporate GM and AGM feedback into acceptable model.
 - Prepare action plan.
 - Identify competencies and values and identify key positions.

THIS PAGE INTENTIONALLY LEFT BLANK

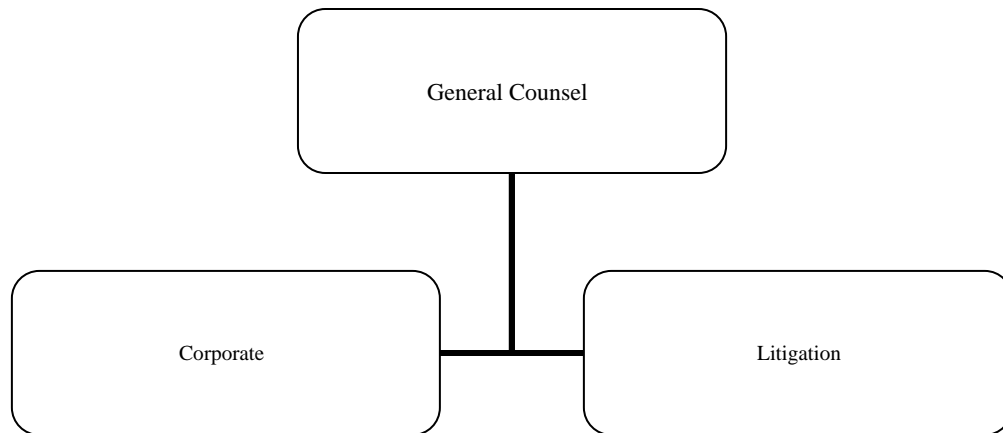
Legal

THIS PAGE INTENTIONALLY LEFT BLANK

Legal Division

Overview

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



Legal Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate	14	-	-	14
Litigation	<u>42</u>	<u>2</u>	<u>-</u>	<u>44</u>
TOTAL HEADS	<u>56</u>	<u>2</u>	<u>-</u>	<u>58</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>
TOTAL HEADS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate	14	-	-	14
Litigation	<u>42</u>	<u>2</u>	<u>-</u>	<u>44</u>
TOTAL HEADS	<u>56</u>	<u>2</u>	<u>-</u>	<u>58</u>

Legal Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Corporate	\$ 1,029	\$ 5,536	\$ 6,565
Litigation	<u>3,044</u>	<u>2,150</u>	<u>5,194</u>
TOTAL	<u>\$ 4,073</u>	<u>\$ 7,686</u>	<u>\$ 11,759</u>

CORPORATE

Principal Responsibilities

The Corporate Department counsels and advises management on all corporate legal matters, prepares all documents that relate to real estate matters and assists in drafting legal documents for various departments. This department represents SEPTA in utility, environmental, railroad and some employment issues. This department also directs and monitors outside attorneys in the litigation of cases that cover the fields of governmental procurement, contracts, construction, real estate, employment/labor, constitutional law, civil rights, public utilities and environmental law. The department also provides administrative support for the Legal Division, including the preparation and monitoring of the Division's operating budget and drafts resolutions for the Board and advises the Board on legal and procedural matters.

Goals

Provide timely responses to the inquiries and requests of management and the Board for legal advice and opinions.

Identify and pursue claims that SEPTA may have against third-parties including, but not limited to, claims for errors and omissions.

Assist the Procurement and Contracts Department in drafting documents associated with specialized procurements such as a request for proposal for medical insurance.

Work with the Workers' Compensation Department to ensure that SEPTA's subrogation interests are protected in third-party actions; assist that department in issuing requests for liens and in obtaining releases under the Workers' Compensation Act.

Legal Division

Update the computer network of the Legal Division in order to (i) accommodate electronic filing in the Court of Common Pleas of Philadelphia County and (ii) make the network more efficient.

LITIGATION

Principal Responsibilities

The Litigation Department represents SEPTA with in-house attorneys and outside attorneys 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.

Goals

Develop internal procedures in order to implement electronic filing in the Court of Common Pleas of Philadelphia County.

Settle the claims that are susceptible to being settled at reasonable values before the claimants and SEPTA incur substantial litigation costs.

Monitor litigation costs, especially costs for outside attorneys.

Public and Government Affairs

THIS PAGE INTENTIONALLY LEFT BLANK

Public and Government Affairs Division

Overview

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.

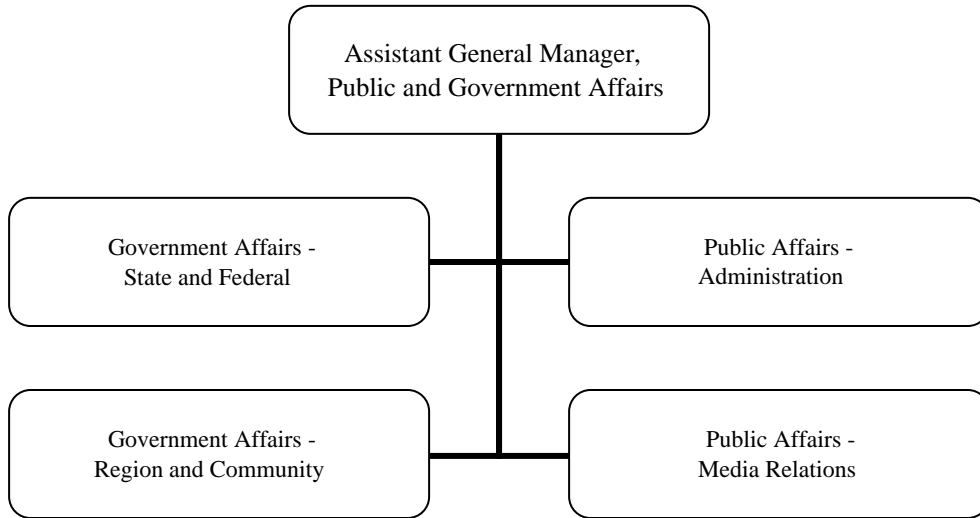
Federal – Work with the region’s Congressional Delegation and their staffs to assure that any federal legislation proposed and/or enacted is favorable to SEPTA’s interests. Respond to legislative and constituent inquiries from the federal level.

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. Responsible for responding to transit issues impacting the community on a day-to-day basis as well as participation in special events.

Public and Government Affairs Division



Public and Government Affairs Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Public Affairs - Administration	2	-	-	2
Public Affairs - Media Relations	5	-	-	5
Government Affairs - Region & Community	7	-	-	7
Government Affairs - State & Federal	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
TOTAL OPERATING HEADS	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Public Affairs - Administration	-	-	-	-
Public Affairs - Media Relations	-	-	-	-
Government Affairs - Region & Community	2	-	-	2
Government Affairs - State & Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL HEADS	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Public Affairs - Administration	2	-	-	2
Public Affairs - Media Relations	5	-	-	5
Government Affairs - Region & Community	9	-	-	9
Government Affairs - State & Federal	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
TOTAL HEADS	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>

Public and Government Affairs Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Public Affairs - Administration	\$ 96	\$ 559	\$ 655
Public Affairs - Media Relations	386	35	421
Government Affairs - Region & Community	474	24	498
Government Affairs - State & Federal	<u>254</u>	<u>45</u>	<u>299</u>
TOTAL	<u>\$ 1,210</u>	<u>\$ 663</u>	<u>\$ 1,873</u>

MEDIA RELATIONS

Principal Responsibilities

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.**
 - Work with commercial, academic, trade and hobby organizations seeking to produce films, documentaries, commercials and other media products throughout the system.

Public and Government Affairs Division

GOVERNMENT AFFAIRS – STATE AND FEDERAL

Principal Responsibilities

State - 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 the Pennsylvania Public Transportation Association (PPTA). Act as liaison with SEPTA's state legislative consultants. Work with PennDOT and PPTA to develop implementing regulations for Act 44 of 2007, the new dedicated funding source for public transportation and highways.

Federal - Work with the region's Congressional Delegation and their staffs and SEPTA's legislative consultants to assure that any federal legislation proposed and/or enacted is as favorable to SEPTA's interests as possible. Statutory areas of concern include but are not limited to transit reauthorizing legislation, transit appropriations, railroad legislation, environmental legislation and disabilities law. Work with SEPTA finance staff, federal legislative consultants, Council of Northeastern Governors and the American Public Transportation Association. Respond to legislative and constituent inquiries from the federal level.

Goals

Work to assure the success of the new Act 44 funding provisions by working with PennDOT and the state transit industry to develop regulations to implement the statute.

Undertake efforts to obtain passage of identified state legislative priorities that were not included in Act 44. Protect SEPTA from harmful legislation and seek passage of legislation that will promote more efficient, effective and safe public transportation in the SEPTA region.

Obtain favorable treatment for SEPTA during the reauthorization of transit programs through effective communication with SEPTA's federal delegation and other relevant Congressional members and staff.

Continue efforts to prevent serious operating and fiscal consequences of proposed changes to rail service requirements, including, but not limited to hours of service changes.

Public and Government Affairs Division

Business Initiatives

- **Develop ongoing relationships with regional delegations**
 - Continue implementation of 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 electronic mail when there is an issue affecting their districts.
 - Initiate meetings for new General Manager with SEPTA regional delegations, House and Senate Appropriations committees and other appropriate legislators.
- **Identify and pursue legislative issues at the federal level**
 - Work with Finance and Planning 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).
 - Work with APTA, other commuter rail operators and appropriate internal staff to protect SEPTA against the negative fiscal and operational impacts of proposed changes in Hours of Service rules.
- **Identify and pursue legislative issues at the state level**
 - Participate in regulatory process to assure regulations drafted to implement Act 44 do not cause undue work, difficulty or expense for SEPTA and result in the maximum funding for which SEPTA is legally eligible.
 - Pursue relief from multi-contract bidding requirements as part of the Separations Modernization Initiative (SMI), a statewide coalition of public bodies seeking legislation that provides a choice of procurement methods for public entities, including transit authorities.

Public and Government Affairs Division

- Because funding source enacted did not include the administrative proposals included in the PPTA funding proposal, seek independence enactment of the following proposals:
 - Advertising on exterior of rail vehicles
 - Clarification of tax exempt status when implementing alternative means of raising revenue
 - Transit vehicle preference for buses reentering traffic lane after picking up or dropping off passengers
 - Protection from treatment as private developers when implementing capital projects
 - Inclusion of SEPTA in a bill designed to prevent theft of copper wire
 - Language that makes an assault on a transit operator a felony
- 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.

GOVERNMENT AFFAIRS - 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. Responsible for responding to transit issues impacting the community on a day-to-day basis as well as participation in special events.

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.

Public and Government Affairs Division

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 and North Philadelphia Transportation Center Projects 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 specific 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.

Public and Operational Safety

THIS PAGE INTENTIONALLY LEFT BLANK

Public and Operational Safety Division

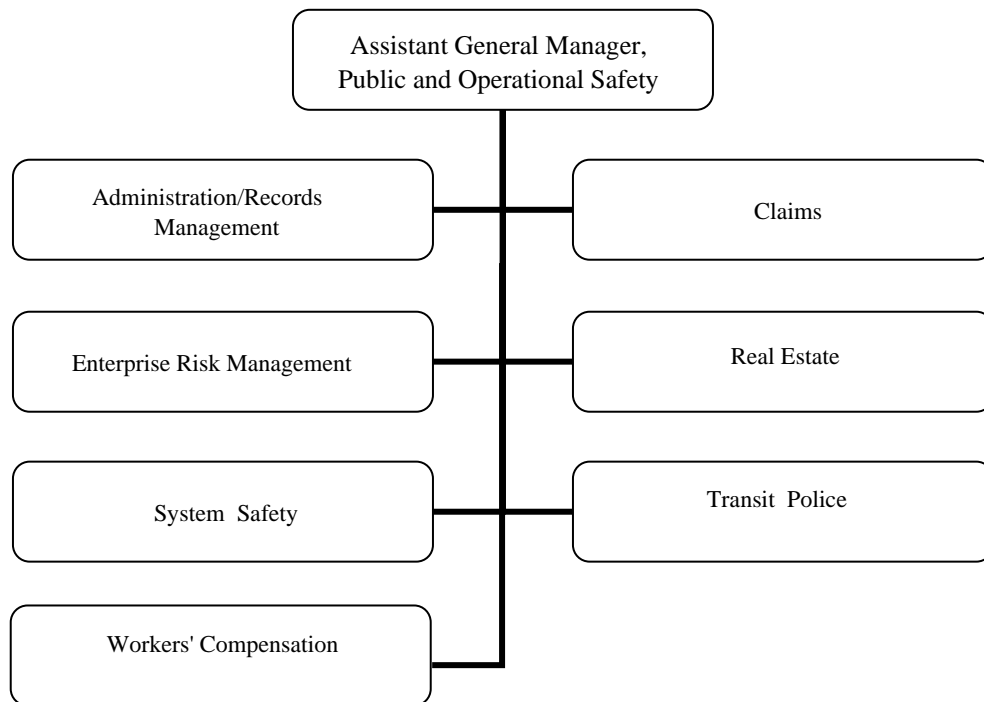
Overview

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 equipment, facilities, and records. 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.

The Division also 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.

Public and Operational Safety Division



Public and Operational Safety Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration/Records Management	7	-	-	7
Claims	15	23	-	38
Enterprise Risk Management	6	-	-	6
Real Estate	12	4	-	16
System Safety	17	-	-	17
Transit Police	59	-	209	268
Workers' Compensation	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
TOTAL HEADS	<u>119</u>	<u>27</u>	<u>209</u>	<u>355</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration/Records Management	-	-	-	-
Claims	-	-	-	-
Enterprise Risk Management	1	-	-	1
Real Estate	-	-	-	-
System Safety	-	-	-	-
Transit Police	-	-	-	-
Workers' Compensation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL HEADS	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration/Records Management	7	-	-	7
Claims	15	23	-	38
Enterprise Risk Management	7	-	-	7
Real Estate	12	4	-	16
System Safety	17	-	-	17
Transit Police	59	-	209	268
Workers' Compensation	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
TOTAL HEADS	<u>120</u>	<u>27</u>	<u>209</u>	<u>356</u>

Public and Operational Safety Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration/Records Management	\$ 645	\$ 146	\$ 791
Claims	1,745	268	2,013
Enterprise Risk Management	290	14	304
Real Estate	815	2,279	3,094
System Safety	1,316	190	1,506
Transit Police	15,094	249	15,343
Workers' Compensation	<u>445</u>	<u>19</u>	<u>464</u>
TOTAL	<u>\$ 20,350</u>	<u>\$ 3,165</u>	<u>\$ 23,515</u>

ADMINISTRATION/RECORDS MANAGEMENT

Principal Responsibilities

Responsible for developing and implementing record management systems throughout the Authority, including record retention schedules, storage, retrieval and destruction protocols.

Goal

Improve methods used to value, track and secure records in order to satisfy all administrative, legal, operational and historical retention requirements throughout the life cycle of the record.

Business Initiatives

- **Develop and implement a records management policy**
 - Include procedures, schedules, training and audit mechanisms in order to assist all Authority Business Units to streamline the record keeping function.

Public and Operational Safety Division

CLAIMS

Principal Responsibilities

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.

Goals

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

Business Initiatives

- **Reduce incoming lawsuits**
 - Aggressively pursue settlement of liability claims prior to their going into litigation.
 - Process Personal Injury Protection payments expeditiously to avoid Personal Injury Protection lawsuits.
- **Reduce number of incoming claims**
 - Trend Analysis (with Risk Management) to determine different types of claims including their frequency and causes.
 - Target potential corrective action whether they are changes in operational behavior, maintenance, training initiatives, etc.
 - Assist System Safety Department with training sessions for Operations Supervisors.

ENTERPRISE RISK MANAGEMENT

Principal Responsibilities

Manage the Property/Casualty Insurance Program and the risk treatment process. Work to obtain the most cost effective insurance coverage by reducing risk exposures and implementing effective risk control techniques at all Authority locations. Coordinate the collection and reporting of all safety statistics throughout the Authority and administers the reporting of those statistics to regulatory agencies.

Public and Operational Safety Division

Goals

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

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

Business Initiatives

- **Minimize the impact of financial market volatility on SEPTA and its vendor base as it relates to the purchase of insurance and bonds**
 - Evaluate the cost effectiveness of changing insurance limits for purchased insurance and transferred risk.
 - Develop and implement flexible risk transfer mechanisms.
 - Evaluate the need for risk diversification in all lines of purchased insurance and retained risk.
- **Continue the analysis and documentation of internal controls and reporting cycles as they relate to all risk management reporting and data collection systems**
 - Model a district accident database for transit and railroad operations.
 - Begin the development of an internal control plan to monitor the third party absence management program.
 - Design and implement an operational safety audit program for the System Safety Department.

REAL ESTATE

Principal Responsibilities

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 labor. Coordinate staff utilization of motor vehicles, and administration of all contracted vendateria services system-wide.

Public and Operational Safety Division

Asset Management – Manages the development and application of the Real Estate Management System by electronic storage of document and exhibit images and population of pertinent information. Products will include a property inventory, automated contract administration cues, and generation of qualitative and quantitative reports.

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 Authority initiatives including development-expansion projects at Wawa, Croyden, Olney, Ryers and Philmont stations.

Coordinate development of revenue agreements with communication carriers.

Coordinate efforts with Information Technology and Finance to develop an automated revenue report.

Research and determine property ownership, rights, bounds, etcetera system-wide.

Coordinate implementation of the property inspection program.

Support litigation vs. Pennsylvania Power and Light regarding Authority's demand for increased rentals and consolidation of utility occupancy agreements and installation of a high-tension line over the Bethlehem branch.

Finalize terms and conditions regarding four 50-year term PECO rental agreements currently generating \$422,000 annually.

Oversee non-profits' use of station facilities.

Business Initiatives

- **Improve Authority Real Property Asset Management**
 - Property-leasing program for stations and other real assets
 - Continue program for lease development projects for railroad stations, including Rydal, Carpenter Lane and Fort Washington.
 - Initiate and finalize revenue development offerings of other facilities including right of way and undeveloped properties.

Public and Operational Safety Division

- Manage SEPTA properties to ensure assets are utilized to maximum efficiency.
 - Developed proposed agreement for commercial-transit development of new station facilities and increased customer parking at Ambler station.
 - Coordinate development of a real property inventory.
- Oversee 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.
 - Coordinate development of an agreement with the City of Philadelphia for MetroMarket letting of retail space in the City-owned 15th Street Courtyard.
- Enhanced revenue and cost efficiencies for 1234 Market Street Building.
 - Increase rental occupancy and revenues.
 - Coordinate office space planning-design, construction and facilities management to maximize operating efficiencies and cost avoidance.

SYSTEM SAFETY

Principal Responsibilities

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.

Goals

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.

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.

Public and Operational Safety Division

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.

TRANSIT POLICE

Principal Responsibilities

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

Goals

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.

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

Business Initiatives

- **Improve Customer Security**
 - Increase visibility of uniformed personnel and enforce quality of life regulations.
- **Improve Productivity through Capital Investment Projects**
 - Enhance police radio equipment and communications.

WORKERS' COMPENSATION

Principal Responsibilities

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.

Goals

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.

Business Initiatives

- **Implement Workers' Compensation and Injury Claims Reduction Program**
 - Continued implementation of Workers' Compensation action plan.

Fringe Benefits Expense

Fringe benefits are a major expense for SEPTA representing 24.6% of the Fiscal Year 2009 operating budget of \$1.095 billion. 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. Employees of the Railroad Division are covered by the Federal Employers' Liability Act (FELA). SEPTA's management has instituted programs to reduce Workers' Compensation expenses.

Fiscal Year 2009 Operating Budget	
Fringe Benefit Expense	
(Amounts in Thousands)	
Medical & Life Insurance	\$ 148,274
Payroll and Unemployment Taxes	54,438
Pension	70,474
Workers' Compensation and FELA	<u>24,712</u>
Subtotal	\$ 297,898
Capital Support and Projects *	<u>(28,481)</u>
Operating Expense	<u>\$ 269,417</u>

* The net fringe benefit cost of \$269.4 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 Benefits Expense

Fiscal Year 2009 Operating Budget Labor and Fringe Benefits Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Net Fringe Benefits</u>	<u>Total</u>
Operations	\$ 364,478	\$ 203,525	\$ 568,003
Corporate Staff	2,365	1,321	3,686
Audit and Investigative Services	1,249	697	1,946
Business Services	12,132	6,774	18,906
Customer Service	4,644	2,593	7,237
Engineering, Maintenance and Construction	66,757	37,277	104,034
Finance and Planning	10,803	6,032	16,835
Human Resources	10,227	5,711	15,938
Legal	4,073	2,274	6,347
Public and Government Affairs	1,210	676	1,886
Public and Operational Safety	20,350	11,363	31,713
Other *	<u>(15,806)</u>	<u>(8,826)</u>	<u>(24,632)</u>
TOTAL	<u>\$ 482,482</u>	<u>\$ 269,417</u>	<u>\$ 751,899</u>

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

Non-Departmental Expense

Amtrak	This expense is for the maintenance and use of Amtrak-owned track and facilities on the Northeast Corridor (between Trenton, NJ and Newark, DE) and the Harrisburg Line (Paoli / Thorndale 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.
ADA	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.
Shared Ride Program	The cost for contractor operated door-to-door service for senior citizens. The cost of administrative staff in the ADA program is included in the Customized Community Transportation budget.
Debt Service Interest	Interest expenses associated with the Authority's Special Revenue Bonds.
Property and Corporate Insurance	Reflects the projected premiums for insurance on various Authority assets.
Services for 1234 Market Street	Maintenance and administrative service expense for the operation of the offices at the 1234 Market Street Headquarters by an outside professional firm. These expenses cover both SEPTA and tenant-occupied space.
Snow Removal	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.
Utilities	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.

Customized Community Transportation

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 2009 ridership is 633,600 trips for Philadelphia and 300,200 trips for the suburban communities.

One of the main focuses of CCT Connect's efforts for Fiscal Year 2009 will be to continue providing 100% next day rides 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 SEPTA-owned fleet of 418 vehicles is maintained to SEPTA's standards by the contract carriers. In addition, the Philadelphia 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 2009 include the 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 2009 is to provide a total of 887,300 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.

Job Access and Reverse Commute Program

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.

Other Operating Expense

Claims

Fiscal Year 2009 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 held SEPTA's litigated case inventory to approximately 1,843 suits in Fiscal Year 2008, 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.

Operating Goals

INTRODUCTION

SEPTA has developed a series of goals for measurement of safety, customer satisfaction, and financial performance. These are described within this section.

SAFETY GOALS

Safety related goals are developed and monitored by the Public and Operational Safety Division. The safety goals for Fiscal 2009 will be developed with targeted improvement. For comparison purposes in this document, SEPTA utilizes 12 months of actual data from Fiscal 2008 as the benchmark period for the reporting of safety goals.

Passenger Accidents Per 100,000 Miles			
	Fiscal 2007 Actual	Fiscal 2008 Actual	Fiscal 2009 Goal
Bus:			
CTD Bus	2.54	2.53	2.44
CTD Trackless Trolley	N/A	N/A	6.44
Victory Bus	1.70	1.84	1.63
Frontier Bus	1.04	0.88	1.00
Railroad:			
Railroad	1.25	0.25	1.18
Subway / Light Rail:			
Broad Street Line	0.16	0.10	0.16
Market-Frankford Line	0.40	0.21	0.38
Norristown High Speed Line	2.23	1.40	2.12
Callowhill Light Rail	6.50	3.40	6.17
Elmwood Light Rail	2.84	2.98	2.70
Media/Sharon Hill Line	2.16	1.95	2.05

Operating Goals

Vehicular Accidents Per 100,000 Miles

	Fiscal 2007 Actual	Fiscal 2008 Actual	Fiscal 2009 Goal
Bus:			
CTD Bus	6.56	6.22	6.30
CTD Trackless Trolley	N/A	N/A	6.44
Victory Bus	3.08	2.91	2.96
Frontier Bus	1.18	1.08	1.13
Railroad:			
Railroad	0.04	0.47	0.03
Subway / Light Rail:			
Broad Street Line	0.01	0.00	0.01
Market-Frankford Line	0.02	0.00	0.02
Norristown High Speed Line	0.05	0.00	0.05
Callowhill Light Rail	26.92	14.07	25.57
Elmwood Light Rail	6.00	6.58	5.70
Media/Sharon Hill Line	4.52	6.05	4.29

Station Accidents Per 1,000,000 Passengers

	Fiscal 2007 Actual	Fiscal 2008 Actual	Fiscal 2009 Goal
Railroad:			
Railroad	2.65	1.09	2.52
Subway / Light Rail:			
Broad Street Line	0.90	0.56	0.85
Market-Frankford Line	1.17	1.3	1.11
Norristown High Speed Line	0.00	0.37	0.00

Employee Lost Time Injuries Per 200,000 Work Hours

	Fiscal 2007 Actual	Fiscal 2008 Actual	Fiscal 2009 Goal
Bus	9.22	7.70	8.85
Engineering, Maintenance & Construction	8.54	6.08	8.20
Railroad	4.61	4.13	4.38
Subway / Light Rail	9.07	7.89	8.62
Non-Operations	0.67	0.78	0.64

Operating Goals

CUSTOMER SATISFACTION

The 2006 Customer Satisfaction Survey was conducted between February 2, 2007 and March 5, 2007. A total of 2,306 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	400 interviews
City Bus and Trackless Trolleys	402 interviews
City Subway Surface	200 interviews
Suburban Light Rail	180 interviews
Frontier	178 interviews
Victory Bus	200 interviews
Regional Rail	395 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: 7.8
- Suburban Operations Riders: 7.9
- Regional Rail Riders: 7.7

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: 4.2
- Suburban Operations Riders: 4.3
- Regional Rail Riders: 4.2

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 seven years.

Operating Goals

REVENUE GOALS

Divisional Goals for Revenue		
Amounts in thousands ('000)		
City Transit	\$	267,094
Victory		21,711
Frontier		5,406
Railroad		137,769
Shared Ride Program		21,692
<hr/>		
Total	\$	453,672

These goals include the budgeted passenger fare revenue, Shared Ride Revenue, Interest income and Other Income for Fiscal Year 2009. Further discussion of revenue is included in the Operating Revenue Section.

Operating Standards and Performance Evaluation Measures

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.

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

As a part of the recently enacted Act 44 of 2007 covering public transit funding in Pennsylvania, all transportation agencies in the Commonwealth will be required to adopt and report specific performance measures as a condition of continued funding. These measures are:

- Passengers per vehicle hour
- Cost per passenger
- Revenue per vehicle hour
- Cost per vehicle hour

The mechanism of reporting and enforcement is currently being developed by PennDOT. The Act 44 working committee has proposed that each agency report by transportation mode, and also be ranked within peer groups of four to eight (to be determined). SEPTA remains ready to fully comply with these or any subsequently modified regulations.

Operating Standards and Performance Evaluation Measures

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 first adopted by the SEPTA Board in April 1995 and amended in March 2007. If a route performs below 60% of the City Transit Division average route operating ratio, then corrective actions begin.

Suburban Transit Division (Victory and Frontier Divisions)

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)

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 March of 2007 and is now comparable to other SEPTA divisions.

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 March 2007 and is now comparable to other SEPTA divisions.

Operating Standards and Performance Evaluation Measures

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 2007 Actual	Fiscal 2008 Actual	Fiscal 2009 Goal
Bus & Trackless Trolley	3.0	3.0	3.0
Trolley (Subway-Surface & Route 15)	1.6	1.6	1.6
Market-Frankford Line	3.5	3.4	3.3
Broad Street Line	2.2	2.3	2.5
Media-Sharon Hill Line	1.2	1.2	1.3
Norristown High Speed Line	1.7	1.7	1.7
Railroad	1.5	1.5	1.5

Operating Employees Ratio to Administrative Employees

The Fiscal Year 2009 goal will continue as one administrative employee for every 20 operating employees at the adopted expense level of \$1.095 billion. 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.

Operating Standards and Performance Evaluation Measures

For Fiscal 2009, the following productivity measures will be utilized:

Vehicle Miles Per Employee

The Authority seeks to achieve at least 10,377 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 150,664 passenger miles per employee.

Passenger Accidents

The Authority goal is to incur no more than 1.68 reported passenger accidents per 100,000 vehicle miles of service.

Employee Accidents

The Authority goal is to experience less than 5.62 employee lost time accidents per 200,000 work hours.

On-Time Performance			
	Fiscal 2007 Actual	Fiscal 2008 Actual	Fiscal 2009 Goal
Bus Transportation:			
Bus City / Suburban	75.7%	77.3%	79.1%
Victory Bus	76.0%	76.5%	78.0%
Rail Transportation:			
Light Rail	72.5%	73.5%	75.0%
Media-Sharon Hill Line	90.9%	91.1%	92.0%
Norristown High Speed Line	96.1%	99.0%	97.0%
Broad Street Line	98.8%	98.9%	99.0%
Market-Frankford Line	99.0%	98.3%	98.0%
Railroad	91.1%	91.7%	92.0%

Operating Standards and Performance Evaluation Measures

Mean Distance Between Failure			
	Fiscal 2007 Actual	Fiscal 2008 Actual	Fiscal 2009 Goal
Bus Transportation:			
Bus City / Suburban	8,025	15,278	11,750
Rail Transportation:			
Trolley (Subway-Surface & Route 15)	11,675	11,284	12,000
Media-Sharon Hill Line	24,387	21,358	20,000
Norristown High Speed Line	34,118	31,811	35,000
Broad Street Line	126,883	92,928	120,000
Market-Frankford Line	134,459	107,041	115,000
Railroad	48,355	44,809	60,000

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 2009, the following fiscal measures will be monitored:

Operating Cost Per Passenger

The Authority proposes to provide a cost not to exceed \$3.21 per unlinked passenger trip.

Operating Subsidy Per Passenger

The Authority proposes to provide overall service operating subsidy not to exceed \$1.76 per unlinked passenger trip.

Cost Per Vehicle Mile

The Authority proposes to achieve an average cost for delivery of service not to exceed \$10.54 per vehicle mile.

Operating Standards and Performance Evaluation Measures

PRODUCTIVITY GOALS

The following productivity goals have been formally established to measure performance:

Total Ridership

The Authority's goal is to carry at least 329 million passengers (unlinked trips).

Public Information Calls

The Authority's goal is to satisfactorily respond to at least 97.5% 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 633,600 trips for Philadelphia and 300,200 trips for the suburban counties for Fiscal Year 2009. For the Shared Ride Program, 887,300 trips are projected for Fiscal Year 2009.

Capital Improvement Program

Improving Our System

A major factor in achieving SEPTA's business goals is long term investment of capital dollars to maintain the system in a state of good repair, upgrade its vehicles and infrastructure and implement service improvements. Consistent investment in vehicles and infrastructure has a positive effect on the operating budget. Infrastructure and vehicles that are in a state of good repair reduce maintenance costs, increase operating efficiency and improve customer satisfaction. This is especially true with some of the aging facilities, structures, stations and vehicles that SEPTA acquired over the years from private operators since its creation in 1964.

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, signals, bridges, support facilities, depots and shops, equipment, stations and passenger facilities.

Fiscal Year 2009 Capital Budget

<u>Project</u>	<u>FY 2009 Budget</u>
Broad Street Subway Stations Rehabilitation	\$5,000,000
Bus Purchase Program	49,000,000
Elwyn to Wawa Rail Service Restoration	4,000,000
Highway Grade Crossings and Congestion Relief	5,000,000
Infrastructure Safety and Renewal Program	33,000,000
Market Street Elevated Reconstruction Program	49,272,020
New Payment Technologies	15,000,000
Paoli Transportation Center	1,311,000
Paratransit Vehicle Acquisition	4,600,000
Paoli Railroad Line Improvements	3,000,000
Parking Improvement/Expansion Program	4,800,000
Railroad Signal System Modernization	4,500,000
Railroad Electrical Substation Improvements	13,500,000
Safety and Security Improvements	10,000,000
Smart Stations	14,756,000
State of Good Repair Initiatives	10,500,000
Station Accessibility	4,000,000
System Improvements Program	6,500,000
Transit and Railroad Station Program	12,500,000
Transit Enhancements	1,181,000
Utility Vehicle Renewal	3,500,000
<u>Vehicle Overhaul Program</u>	<u>52,000,000</u>
TOTAL FY 2009 Capital Budget	\$306,920,020

Capital Improvement Program

Capital Investment Categories

- State of Good Repair – These projects correct past deferred maintenance, or replace capital assets that have exceeded their useful life. An asset or system is considered in a state of good repair when no backlog of needs exists and no component is beyond its useful life.
- Normal Replacement of Assets – These projects will replace assets at the end of their normal useful life. Normal replacement investments are based on the age and life cycle of capital assets, and are made according to a scheduled program of replacement to keep assets in a state of good repair.
- System Improvement – These projects will expand or improve operations, or add new system capabilities or service. Applied to a pre-existing function, a system improvement represents a major advancement over current technology, with the express purpose of adding new system capabilities.
- System Expansion – These projects will expand the current system to serve new markets. For example, this category includes new bus or rail lines, additional tracks, or service extensions beyond existing terminals.

When projects contain elements of more than one category, the principal or dominant focus of the project will be used to classify the project.

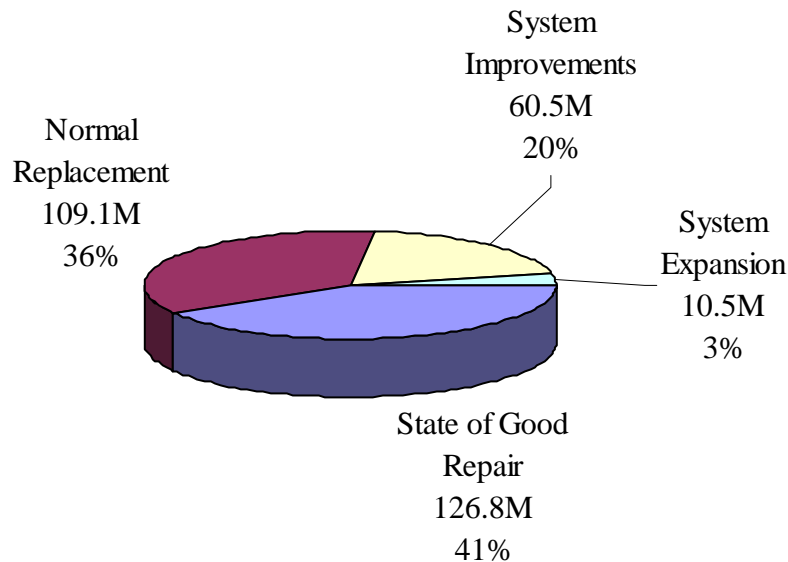
Fiscal Year 2009 Projects by Category

- State of Good Repair
 - Broad Street Subway Stations Rehabilitation
 - Market Street Elevated Reconstruction
 - Paoli Line Improvements
 - Regional Railroad Electrical Substation Improvements
 - Infrastructure Safety and Renewal Program
 - State of Good Repair Initiatives
 - Transit and Railroad Stations Program
- Normal Replacement
 - Bus Purchase Program
 - Paratransit Vehicle Purchase
 - Purchase of Utility Vehicles
 - Vehicle Overhaul Program
- System Improvement
 - City Hall Station/15th Street Station Rehabilitation
 - Highway Grade Crossings and Congestion Relief
 - New Payment Technologies
 - Paoli Transportation Center
 - Railroad Signal System Modernization
 - Safety and Security Improvements

Capital Improvement Program

- Smart Stations
- Station Accessibility Improvements
- System Improvements Program
- Transit Enhancements
- System Expansion
 - Elwyn to Wawa Rail Service Restoration
 - Parking Expansion Program

FY 2009 Projects by Category



Fiscal Year 2009 Selected Project Descriptions

Broad Street Subway Stations Rehabilitation

This project will provide for improvements to Spring Garden and Girard Stations on the Broad Street Subway. These stations were originally constructed between 1928 and 1932 and are showing signs of disrepair and deterioration due to their age and use. Improvements at these stations will include improved lighting, new wall, floor and ceiling finishes, improved signage and passenger control and cashier facilities. Accessibility improvements will include elevators connecting the street, mezzanine and platform levels.

Bus Purchase Program

SEPTA's Bus Fleet Management Plan provides for the acquisition of different size buses based upon needs and route characteristics. The next order of buses will be the acquisition of 400 low floor accessible 40 foot heavy duty diesel-electric hybrid transit buses. These buses will arrive in increments of 100 per year over four years. These new buses will replace SEPTA's NABI buses, which will have exceeded their 12 year useful life when they are retired.

Capital Improvement Program

Elwyn to Wawa Rail Service Restoration

This project will restore commuter rail service over approximately three miles between Elwyn, Delaware County to Wawa, Delaware County. Service restoration will require new track and catenary. A new bi-directional signal system will be installed and grade crossings will be reconstructed. Existing rail bridges will be repaired or replaced depending on condition. A storage/layover yard will be constructed at SEPTA's Lenni facility in Delaware County. A new, ADA compliant station and a 500 space parking facility will be constructed at Wawa.

Highway Grade Crossings & Congestion Relief

Funding under this project will provide for the installation or upgrading of warning devices and the renewal of highway grade crossing surfaces. Fiscal Year 2009 funds will continue to support several Railroad and Media/Sharon Hill Line locations. In addition, certain congestion mitigation activities and special transportation service will support PennDOT reconstruction of I-95 and U.S. Route 202.

Infrastructure Safety and Renewal Program

This project provides for the restoration of SEPTA's transit and railroad infrastructure. Projects under this program include:

Track and Right-of-Way

- Renewal of Broad Street Subway track.
- Renewal of track on the Interstate 95 viaduct portion of the Market-Frankford Subway-Elevated.
- Track work and renewal on several Subway-Surface Lines.
- Grade crossing renewal at Bellevue Avenue and Woodbourne Roads on the West Trenton Line.
- Interlocking and switch renewal at Powelton Railroad Yard.
- Renewal of several railroad bridge timbers.
- Tie replacement and track surfacing on the railroad main line and West Trenton Line.

Station Facilities

- Stairway improvements at the Margaret-Orthodox Elevated Station.
- Selected improvements to various Subway-Surface stations and Media-Sharon hill stations.
- Fire alarm system enhancements at Suburban Station.
- Concrete apron and sidewalk improvements at several bus/trolley loops.

Capital Improvement Program

- Selected improvements to 49th Street station and Angora station on the Media/Elwyn Line, the Cornwells Heights station on the Trenton Line, the Neshaminy and Langhorne Stations on the West Trenton Line and the St. Martin Station on the Chestnut Hill West Line.
- Installation or replacement of inter-track fencing at several railroad stations.

Signals and Communications Systems

- Replacement of communications wires and installation of fiber optic cables on the Media/Elwyn and West Trenton Lines.
- Implementation of a wireless data communications network throughout the railroad system.

Power Systems

- Replacement of AC cables on the Market-Frankford Line.
- Replacement of traction power feeder cables for the Subway-Surface Lines.
- Improvements to Broad Street Subway, Market-Frankford and Subway-Surface Line substations.
- Replacement of trolley wire on Subway-Surface Route 34 and Trackless Trolley Routes 59, 66, and 75.
- Improvements to the Railroad catenary power system at several locations to allow for improved sectionalization of the power.
- Upgrades to the catenary system on the Lansdale/Doylestown Line between Glenside and Lansdale Stations.

Maintenance/Support Facilities

- Emergency exit, tunnel lighting and vent well improvements on the Broad Street Subway.
- Design of a new boiler for Frankford Depot.
- Painting and energy efficient lighting improvements at Fern Rock Shop.
- Energy efficient lighting improvements at Germantown Shop.
- Installation of new tunnel lighting on the Broad Street Subway.

Bridges

- Rehabilitation and replacement of bridges on rail lines and SEPTA right-of-way.
- Rehabilitation of culverts and associated bridge support structures.

Market Street Elevated Reconstruction Project

This will provide for the complete reconstruction of the Market Street Elevated superstructure, sub-structure and foundations, and the rehabilitation of abutments and bearings. Passenger stations located at 46th, 52nd, 56th, 60th, 63rd Streets and

Capital Improvement Program

Milbourne Station will be completely reconstructed and comply with requirements set forth by the Americans with Disabilities Act.

New Payment Technologies

The upgrade of SEPTA's fare collection system and equipment will greatly improve customer service and convenience. Control, accountability and reconciliation will be made an integral part of the new fare collection system. The introduction of new fare collection technology will help customers move seamlessly throughout the system and facilitate more accurate gathering of ridership and revenue information. Improvements will also be made to the payment and collection procedures for SEPTA's parking and CCT operations.

Paoli Transportation Center

This project provides for the engineering and construction of a transportation center in Paoli, Chester County.

Paratransit Vehicle Acquisition

SEPTA routinely acquires new revenue vehicles for its paratransit and shared-ride services to replace vehicles that have exceeded their useful life of five years. In Fiscal Year 2009, 68 vehicles will be acquired consisting of minibuses with and without wheelchair lifts.

Paoli Line Improvements

SEPTA, PennDOT, and Amtrak are working together to improve the infrastructure of the Amtrak owned Keystone Corridor between Philadelphia and Harrisburg. This corridor hosts SEPTA's Paoli/Thorndale Regional Rail Line. This project will restore the infrastructure to a state of good repair, eliminate more than 150 track miles of slow orders, improve operating speeds and enhance service reliability.

Parking Improvement and Expansion Program

Currently, approximately eighty SEPTA Railroad stations have parking facilities that, on a daily basis, are 90 to 100 percent filled or have fewer than 10 open spaces. Previous parking expansion projects have resolved some of these limitations, however, many more locations need attention. By providing additional parking, SEPTA will be better able to attract new customers, thus increasing the Authority's operating revenue and further assisting in the mitigation of traffic congestion and reducing air pollution for the region.

Railroad Signal System Modernization

This project will install a modern signal system on the Cynwyd, Chestnut Hill East, Chestnut Hill West, Norristown, Warminster Lines and the Lansdale to Doylestown segment of the Lansdale/Doylestown Line. This Automatic Train Control (ATC) system will improve service quality, reliability and will expand opportunities to increase overall travel speeds and reduce travel time.

Capital Improvement Program

Regional Rail Substation Improvements

This project provides for the replacement of critical components of the traction power supply system for SEPTA's Regional Rail Service. Over the next decade and a half, this program will provide for the replacement of sixteen substations. Three facilities to be addressed under this program are the replacement of 30th Street Switching Station located in Amtrak's Penn Coach Yard, Callowhill Substation, which is located on the former Reading Railroad viaduct and Jenkintown Substation just north of Jenkintown Station in Montgomery County.

Safety and Security Improvements

This program will enable SEPTA to enhance safety and security throughout the public transportation system. As part of this program, an interoperable communications system that will enable SEPTA to communicate with City Police, Fire and Emergency Services Personnel will be installed. This system will provide day to day communications capability between SEPTA and City Police operations as well as provide for improved coordination in all emergency responses to accidental, natural or terrorist incidents which may occur.

Smart Stations

This project consists of several elements designed to improve passenger safety, security, communications and the station environment. Improvements include, but are not limited to, modern fire detection and reporting equipment, fire suppression systems in selected areas, security systems, emergency lighting and closed-circuit television surveillance. Additional improvements include platform emergency phones and emergency exits. Station lighting improvements will be completed at selected locations. Communications facilities at stations will be upgraded to provide the infrastructure to support the Smart Stations project, as well as future communications improvements.

State of Good Repair Initiatives

This program is designed to bring transit and railroad facilities to a state of good repair. Projects included in this program are categorized as follows:

Maintenance/Support Facilities

- Replacement or overhaul of vehicle washers at various bus and rail shops.
- Construction of a new fueling facility for Victory Bus Garage.
- Roof replacement for Subway-Surface Portals at 36th Street and 40th Street.

Power, Signal and Communications Systems

- Improvements to Easton Road/Susquehanna Road grade crossing on the Warminster Railroad Line.
- Signal improvements on the Broad Street Subway.

Capital Improvement Program

Station Facilities

- Rehabilitation of station buildings and associated facilities, including a regional signage program.
- Replacement and improvements to station escalators.

Track and Right of Way

- Improvements to the Girard Avenue Trolley Line in conjunction with the PennDOT I-95 work in the vicinity of the Girard Avenue Ramp.

Bridges

- Rehabilitation of Bridge 0.35 on the Chestnut Hill West Line.
- Rehabilitation or replacement of selected railroad bridges on the Lansdale/Doylestown Line and Chestnut Hill East Line.

Vehicles

- Replacement of Broad Street Subway car control boxes.
- Overhaul of Market-Frankford Subway-Elevated car trucks.

Station Accessibility

This project further expands the network of accessible stations. Additional stations were selected based on a number of factors including ridership, intermodal connections, and recommendations from the SEPTA Advisory Committee for Accessible Transportation (SAC), including identification of disability magnet sites. These stations include Allegheny, Erie and Snyder Stations on the Broad Street Subway and Margaret-Orthodox and 40th Street Stations on the Market-Frankford Subway-Elevated.

System Improvements Program

Customized Community Transportation (CCT) Communication Center

- Upgrade and enhance the dispatching and reservation operation of SEPTA's ADA and Shared Ride Program.
- Install Automatic Vehicle Locator (AVL) System.

Rail Transit Stations Fiber Optic Platform (Phase II)

- Provide for design, purchase, and installation of fiber optic platforms to be deployed at locations throughout SEPTA's Subway-Elevated and Subway-Surface rail systems.
- Supports future installation of Audio/Visual Public Address Systems, Closed Circuit TV, alarms, and phone services at subway stations.

Information Technology

- Improvements to SEPTA information infrastructure.
- Replacement of aged computer systems, servers, equipment and software.

Capital Improvement Program

Transit Enhancements

Three historic stations were selected to receive renovations under this program. The Allen Lane Station, Queen Lane Station, and Wayne Station will be rehabilitated and improved. The next round of projects selected for this program will be determined in Fiscal Year 2009.

Transit and Railroad Station Program

This program provides for the reconstruction or rehabilitation of transit facilities and railroad stations. All improvements will fully comply with the Americans with Disabilities Act of 1990. Fiscal Year 2009 funds will mainly support improvements to Croydon, Ambler, Olney and Logan Stations and to the Frankford & Gregg Trackless Trolley and Bus Loop.

Utility Vehicle Renewal

This project will provide for the replacement of supervisory vehicles, police vehicles, forklifts, dump trucks, maintenance utility trucks and vans, and a backhoe that have all exceeded their useful life.

Vehicle Overhaul Program

The Vehicle Overhaul Program provides for the major overhaul of SEPTA's rolling stock. Vehicles are scheduled for overhauls during their service lives based on vehicle type. A vehicle must receive periodic overhauls if it is to achieve or exceed, its full, useful service life.

THIS PAGE INTENTIONALLY LEFT BLANK

Glossary of Acronyms

A

ADA - The Americans with Disabilities Act of 1990.
AGM - Assistant General Manager.
AIRS - Automated Itinerary and Reporting System.
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.
BMWE - 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 freight railroad and transportation 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

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.
FRT - Frontier Division.
FTA - Federal Transit Administration.

Glossary of Acronyms

FTC - Frankford Transportation Center.

FTE - Full-Time Equivalent Position.

G

GASB – Government Accounting Standards Board.

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.

MPC – Management Planning and Control Operating Budget Software.

MPO - Metropolitan Planning Organization.

MSE - Market Street Elevated.

MFSE - Market-Frankford Subway-Elevated.

MSHL - Media-Sharon Hill Line.

N

N5 Car - Rail Vehicle used on the Norristown High Speed Line.

NHSL - Norristown High Speed Line.

NJT - New Jersey Transit.

Glossary of Acronyms

O

OEM - Original Equipment Manufacturer.

P

PCC Car – President’s Conference Committee streetcar or trolley.

PIP - Performance Improvement Program.

PLRB - Pennsylvania Labor Relations Board.

PPTA - Pennsylvania Public Transportation Association.

R

RFP - Request for Proposal.

RRD - Regional Railroad 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. Combination of Victory and Frontier Divisions.

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.

Glossary of Acronyms

U

UCP - PA Unified Certification Program.

UTU 61 - United Transportation Union Local 61.

UTU Local 1594 - United Transportation Union Local 1594.

V

VIC - Victory Division.

VMIS - Vehicle Maintenance Information System.

VOH - Vehicle Overhaul Program.

Glossary

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".

Amtrak - Service Mark of the National Railroad Passenger Corporation and subsidiaries. Primarily provides nationwide intercity passenger railroad service.

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 8th 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.

Glossary

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 rail car in a multiple car consist.

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.

Contributed Capital - Reflects capital grants received for the acquisition of fixed assets. Assets acquired with grants are depreciated over the estimated life of the applicable asset. Contributed Capital is reduced by the amount of applicable depreciation amount.

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.

Glossary

Deficit - The amount by which revenue and subsidy falls short of expenses during a given accounting period.

Delaware Valley Regional Planning Commission - The area-wide agency, or Metropolitan Planning Organization (MPO), 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.

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.

Glossary

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 fixed 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.

Hybrid Bus - A bus that is powered by a combination of electricity and diesel, gasoline or alternative fuel.

Glossary

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 on 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 69th 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.

Glossary

N

Net Assets - Total assets minus total liabilities of the Authority. Used in SEPTA's annual financial statements.

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).

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 or Revenue Vehicle Mile - A single mile traveled by one car (or vehicle) 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.

Glossary

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 one-mile segment of a given fixed route in a fixed route network.

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.

Silverliner - A multiple unit self-propelled railroad passenger car, powered by electricity collected from overhead catenary wires. The Silverliner fleet was acquired over time and currently consists of three variations—Silverliner II, III, and IV. These railroad cars feature stainless steel construction and represent the majority of SEPTA's railroad fleet.

Streetcar - See "Trolley".

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 trolley 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.

Surplus - The amount by which revenue and subsidy exceeds total expenses during a given accounting period.

Glossary

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.

Trolley - A powered rail car, usually driven by electric power drawn from overhead wires via a trolley pole or pantograph. The vehicle usually operates on shared rights-of-way. Also known as “trolley car,” “streetcar” and “light rail car”.

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”.