



SOUTHEASTERN PENNSYLVANIA
TRANSPORTATION AUTHORITY

FISCAL YEAR 2011 OPERATING BUDGET

AND FISCAL YEARS
2012 TO 2016
FINANCIAL PROJECTIONS



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Southeastern Pennsylvania Transportation Authority

For the Fiscal Year Beginning

July 1, 2009

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 its annual budget for the fiscal year beginning July 1, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

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

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Joseph M. Casey

Chief Financial Officer/Treasurer

Richard G. Burnfield

General Counsel

Nicholas J. Staffieri, Esquire

Controller to the Board

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Chairman

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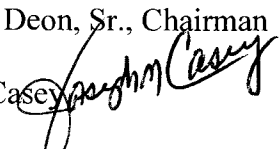
Michael J. O'Donoghue

Denise J. Smyler

Herman M. Wooden

General Manager

Joseph M. Casey

To: Pasquale T. Deon, Sr., Chairman
From: Joseph M. Casey 
Subject: Fiscal Year 2011 Operating Budget
Date: September 10, 2010
cc: SEPTA Board Members

With economic uncertainty continuing to impact our nation and the region, the Southeastern Pennsylvania Transportation Authority (SEPTA) continues to focus its efforts in the management of resources in a fiscally prudent manner while moving the organization forward. The Authority faces a variety of challenges including improving ridership impacted by the poor economy, implementing schedule and service adjustments or reductions, and responding to subsidy losses from lower state sales tax receipts and the Federal Highway Administration's rejection of the Interstate 80 tolling proposal.

The Authority is quite concerned about the long-term fiscal stability of Pennsylvania's Public Transportation Trust Fund, as established by Act 44 of 2007, and the uncertainty this creates for transit across the Commonwealth. Sales tax revenue, a key funding source for the Trust Fund, was 4.3% below budget, at the end of Fiscal Year 2010. This decline was compounded by the failed effort to secure federal approval to begin the tolling of Interstate 80. Beginning in Fiscal Year 2011, SEPTA will experience a reduction of \$10 million in operating funds and \$110 million in capital funds annually. The long-term fiscal health and stability of the Authority, and our ability to rebuild an aging infrastructure is at risk without these subsidy dollars. The Authority is prepared to work with the Administration and members of the General Assembly to address the serious funding shortfalls facing transportation in the Commonwealth.

Ridership continued to be impacted by the economy with an overall decline of 1.6% at the end of Fiscal Year 2010. However, in the last four months of Fiscal Year 2010, some ridership gains were recorded which may suggest the beginning of a new trend in ridership growth. SEPTA staff will continue to make every effort to encourage ridership growth through many of the customer service initiatives advanced in the last two years, improvements in our vehicles and infrastructure, and the promotion of public transportation as a sustainable mode of travel.

SEPTA has been proactive and aggressive in responding to the financial challenges facing the Authority through a number of actions that reduce costs or raise revenue. These actions include, but are not limited to, a 6% fare increase, adjustments to recent transportation service initiatives, a long-term diesel fuel contract, a partnership with Amtrak for the purchase of electric propulsion power, the recent expansion of several parking lots and revenue from station naming rights.

In keeping with one of the key recommendations of the Pennsylvania Transportation Funding and Reform Commission to periodically raise fares, SEPTA increased fares on July 1, 2010. The average fare increase of approximately 6 % is estimated to generate an additional \$22 million in passenger revenue, and maintained the current transit cash fare of \$2.00. The prices for tokens and weekly and monthly passes increased by an inflationary rate. Pricing on the railroad was adjusted to include weekday pricing for all travel until 7:00 p.m. with discount pricing for evenings and weekends.

The Authority introduced 65 service initiatives in Fiscal Year 2009 in response to significant ridership increases. Given the lingering effects of the poor economy, staff has reviewed and evaluated the performance of each service initiative. Service adjustments and reductions on those routes that have performed below standards will be implemented during the fiscal year. A summary of the service changes are attached at the conclusion of this letter. These service reductions, in addition to the completion of the Media/Sharon Hill Trolley Line Stimulus project and other internal efficiencies will result in a reduction of up to 45 positions, including 13 management positions. The Authority's workforce will be reduced through attrition and the elimination of vacant positions.

The FY 2011 Budget totals \$1.183 billion. Costs that are expected to increase at a rate greater than inflation include healthcare, prescription drugs, claims and materials and services. Electricity rates were originally projected to increase by as much as 22% over last fiscal year's levels, as legislated rate caps expire on December 31, 2010. The Authority was able to reduce the increase to less than 10% through a cooperative power purchase agreement. Fuel expenses will remain relatively stable, with contract prices comparable to Fiscal Year 2010 as the Authority entered into a long-term fuel contract at very favorable rates.

Other initiatives to generate additional revenue include increased advertising revenue by "wrapping" Market-Frankford Line trains in advertisements, digital billboard expansion, the installation of digital advertising screens at center city stations, and digital advertising opportunities on new railcars.

Despite financial challenges, SEPTA is committed to its sustainability goal to reduce the Authority's carbon footprint impact by five percent. Opportunities to improve areas of operating performance in sync with environmental benefits continue to be evaluated and implemented. Environmental performance improvements have been achieved by focusing on improving our energy consumption and minimizing our waste impact.

Initiatives to decrease the Authority's energy consumption include: new lighting, daytime cleaning of SEPTA's headquarter offices at 1234 Market Street, purchase of hybrid diesel-electric buses and non-revenue vehicles, installation of LED light fixtures to replace much of the interior lighting in existing vehicles, and replacement of inefficient heating, ventilation and air conditioning systems. To minimize its waste impact, SEPTA reuses or recycles aerosol cans, paint waste, paint spray guns, water from vehicle washers, NiCad batteries, crankcase oils, and pantograph carbon strips.

Looking to the future, SEPTA will begin the deployment of 120 new Silverliner V commuter railcars later this year and an additional 120 diesel electric hybrid buses, equipped with cameras and automatic passenger counting systems. These vehicles will improve the riding experience for customers and are important for maintaining a reliable, efficient, and energy conscious fleet.

Enhancing Customer Service continues to be an important corporate mission. Programs and initiatives that reinforce our 4 C's – Courtesy, Cleanliness, Communication and Convenience – are being implemented at every level of the organization. Improvements in communication technologies for the SEPTA website now make it possible to deliver real-time service information. Sophisticated trip planning software enables passengers to accurately plan their trips through a variety of applications. Passenger Etiquette and the QuietRide Car, two programs aimed at improving the travel environment and promoting good riding manners, have been enthusiastically embraced by customers.

Another major customer initiative that became effective July 25, 2010 was a rebranding effort that eliminated the "R" designator for all regional rail lines. Each line is being identified by its suburban terminus (e.g. West Trenton Line, Paoli/Thorndale Line). The new naming convention aims to make travel on the system less confusing for visitors and occasional riders. As part of the rebranding effort, SEPTA also adopted a single color designation – a bluish gray – for all regional rail routes.

At the same time these customer focused activities have been taking place, SEPTA was making a significant investment rebuilding critical infrastructure for the Route 101 and 102 trolley lines, as part of the American Recovery and Reinvestment Act, in addition to enhancing the stations along the lines with new signage, maps, and other cosmetic improvements. The Authority continues to make progress in rebuilding its infrastructure with improvements to stations, track, substations and buildings. Although the reduction in state capital funds puts this rebuilding effort at risk, SEPTA's capital budget and program continues to invest in new vehicles and infrastructure improvements to enhance the quality of service for our customers.

Although major challenges are ahead, the Fiscal Year 2011 Operating Budget represents my commitment and the dedication of the Authority to provide quality public transportation service to the region and further improve customer service for our valued riders, while placing a premium on the importance of fiscal sustainability.

ATTACHMENT 1

SUMMARY OF SERVICE CHANGES

Fiscal Year 2011 Service Adjustments

1. Route 14 -- Continue with exclusive use of articulated buses and slightly increase headways during weekdays.
2. Route 28 -- Increase headway from 60 to 75 minutes on Sundays.
3. Route 31 -- Retain headway of 20 minutes for AM service, and increase headways for PM service from 17 to 22 minutes on weekdays.
4. Route 58 -- Increase headway from 15 to 20 minutes between 10:00AM and 5:00PM on Sundays.
5. Route 70 -- Increase headway from 3 to 4 minutes between 7 & 8 AM weekdays.
-- Increase headway during weekday and Sunday evening from 20 to 30 minutes until 11:00 PM.
6. Route 93 -- Discontinue additional weekday service between Norristown TC and Collegeville.
7. Route 99 -- Discontinue last trip from Phoenixville on Sundays.
8. Route 104 -- Increase headway from 20 to 30 minutes to West Chester during weekday peak hours.
9. Route 111 -- Increase headway from one hour to two hours between Granite Run Mall and Chadds Ford on Saturdays.
-- Increase headway from one hour to two hours between Granite Run Mall and Chadds Ford on Sundays.
10. Route 120 -- Discontinue two round trips on Sundays.
11. Route 124 -- Combine underutilized trips from Wissahickon TC with trips from Center City during weekdays.
-- Discontinue 3 mid-day trips from King of Prussia to Wissahickon TC on Sundays.
12. Route 125 -- Combine underutilized trips destined to Wissahickon TC with trips to Center City during weekdays.
-- Discontinue last trip from King of Prussia to Wissahickon TC on Saturdays.
-- Discontinue 2 mid-day trips from King of Prussia to Wissahickon TC on Sundays.
13. Route 129 -- Modify Sunday service to operate every 90 minutes instead of every 60 minutes.
14. Route 201 -- Revert back to connecting with only reverse-peak direction trains to/from Philadelphia on weekdays.
15. Route J -- Increase headway from 15 to 17 minutes in the PM weekdays.
16. Route K -- Increase headway from 20 to 30 minutes between 7 PM & 10 PM on Saturdays.
17. Route R -- Increase headway from 15 to 20 minutes in the base period and from 20 to 30 minutes between 7 PM & 10 PM on Sundays.
18. NHSL -- Increase headway from 20 to 30 minutes on the Norristown High Speed Line on Sunday.
19. Trenton Line -- Discontinue late trains between Center City and Trenton (after midnight on Fridays Only).

Southeastern Pennsylvania Transportation Authority

Fiscal Year 2011 Operating Budget

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Introduction and SEPTA Profile

SEPTA Mission Statement

Our employees are dedicated to delivering safe, courteous, convenient and dependable public transportation services for the people of our region. We contribute to the region's economic vitality, sustainability and enhanced quality of life.

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 are able to 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 Pennsylvania Senate Majority Leader
- One member appointed by the Pennsylvania Senate Minority Leader
- One member appointed by the Pennsylvania House Majority Leader
- One member appointed by the Pennsylvania House Minority Leader

SEPTA Strategic Business Plan

SEPTA, through its Five-Year Strategic Business Plan, has defined its vision, set its strategic direction, and will be making decisions on allocating resources to pursue the strategic objectives of the plan.

Introduction and SEPTA Profile

This Plan describes SEPTA's vision, mission statement, strategic objectives and performance measures for Fiscal Years 2010-2014. The focus is macro-level as opposed to micro/tactics-based. The plan document explains the basic strategies for fulfilling the Authority's mission and achieving business goals. SEPTA has committed to focusing on seven key strategic objectives for the next five years:

- Customer Service
- Sustainability
- Ridership Growth for Transit
- Safety and Security
- New Technologies
- Rebuilding the System
- Human Capital Development

The Strategic Business Plan enables the organization to measure its progress toward the strategic objectives and serves as a management tool in directing the activities of the organization. SEPTA will use the plan as a mechanism to inform and assure stakeholders of the organization's successes and management's ability to direct the business by reporting its progress every six months through fourteen established key performance indicators.

As part of the strategic focus, SEPTA will look at planning beyond the 5-year horizon and how regional consensus and new decision-making modeling are key to investments and infrastructure expansion projects.

The strategic business plan is designed to drive management decision-making and other major planning processes of SEPTA, which include the Operating and Capital Budget Programs, as well as the Annual Service Plan.

Population and Trends

The Southeastern Pennsylvania region has a population of 4.0 million (2010 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, the region experienced strong population growth from the twenty year period 1980 through 2000. Population increased by 4.5%, or 167,197 people, during this time period in the 5-County area.

Introduction and SEPTA Profile

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 2005-2035, the five-county region will see overall population growth of 10%, representing growth in Bucks, Chester, Delaware and Montgomery Counties with Philadelphia projected to remain level.

Population Forecasts 2005-2035

County	Population Change 2005-2035 (absolute)	Percent Change 2005-2035
Bucks	129,433	21%
Chester	148,618	31%
Delaware	4,750	1%
Montgomery	113,592	15%
Philadelphia	(3,828)	0%
5-County Total	392,565	10%

Source: DVRPC Population and Employment Forecasts (August 2007)

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 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.

Introduction and SEPTA Profile

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, 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 2005-2035, there will be employment growth in the five-county region of 12%. The employment growth forecast is illustrated in the following table:

Employment Growth Forecast 2005-2035

County	Absolute Change 2005-2035	Percent Change 2005-2035
Bucks	64,350	23%
Chester	83,465	33%
Delaware	5,965	3%
Montgomery	79,478	16%
Philadelphia	8,214	1%
5-County Total	241,472	12%

Source: DVRPC Population & Employment Forecasts (August 2007)

SEPTA Ridership and Operating Statistics

In Fiscal Year 2010, SEPTA experienced slight decreases in ridership in both City Transit and Suburban Transit. Compared to Fiscal Year 2009, average daily passengers (linked) decreased by 1.6% in the City Transit Division and 1.7% in Suburban Transit (Victory and Frontier Divisions). Ridership on the regional railroad lines decreased by 1.5% compared to Fiscal Year 2009. Total annual SEPTA ridership decreased by 4.1 million unlinked passenger trips.

SEPTA Operating Facts

SEPTA 2010 Statistics At a Glance	
Annual Unlinked Trips	321 Million
Annual Passenger Miles	1.45 Billion
Annual Vehicle Revenue Miles	97.0 Million
Revenue Vehicles	2,803
Fixed Routes	144
Stations (2010)	280
Number of Bus /Trolley Stops	13,030

Introduction and SEPTA Profile

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 2008 Customer Satisfaction Survey. This survey was conducted between July 15, 2008 and August 18, 2008. During the survey period, 3,160 interviews were completed. Only persons aged 18 or older were interviewed during this process and all the exhibits represent SEPTA adult passengers.

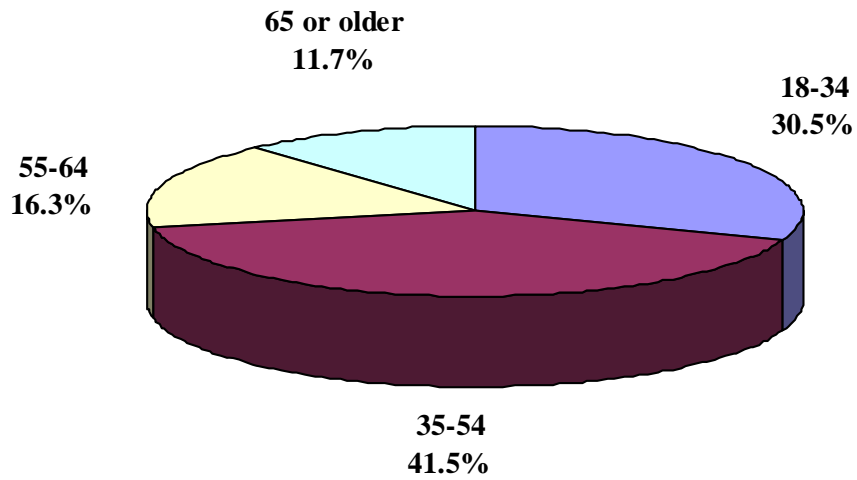
Demographic Profile of SEPTA Passengers				
	City Bus and Rail Transit	Suburban Bus and Rail Transit	Regional Railroad	Total SEPTA*
Gender (Percent):				
Male	36.5	37.8	39.0	35.8
Female	63.5	62.2	61.0	64.2
Age (Percent):				
18-34	31.6	31.4	30.2	30.5
35-54	41.8	39.9	42.4	41.5
55-64	15.7	17.1	19.0	16.3
65 or older	10.9	11.6	8.4	11.7
Household Income (Percent):				
Less than \$35,000	49.5	32.9	20.6	43.9
\$35,000 or more	50.5	67.1	79.4	56.1
Ethnicity (Percent):				
African American	56.7	37.4	34.6	50.6
Asian	1.6	2.3	2.3	1.8
Caucasian	34.8	54.1	59.4	41.4
Hispanic	3.6	2.3	1.4	3.1
Other (All Not Listed)	3.3	3.9	2.3	3.1

*Weighted Average

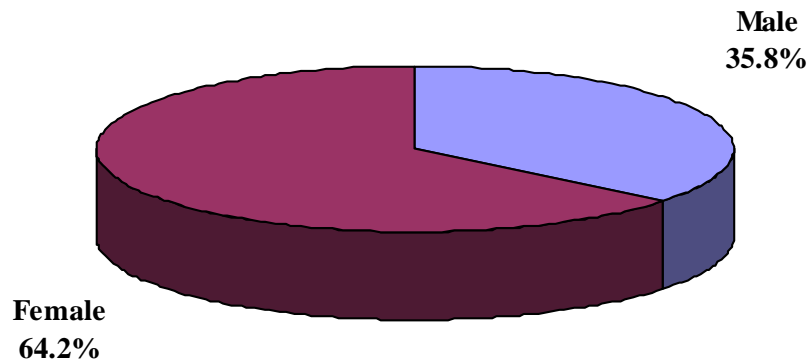
Source: 2008 SEPTA Customer Satisfaction Survey

Introduction and SEPTA Profile

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

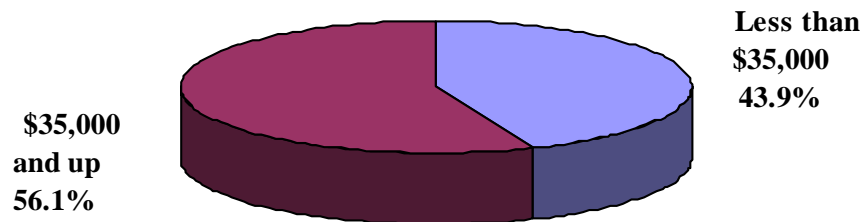


**Gender of SEPTA Passengers
(Authority-wide)**

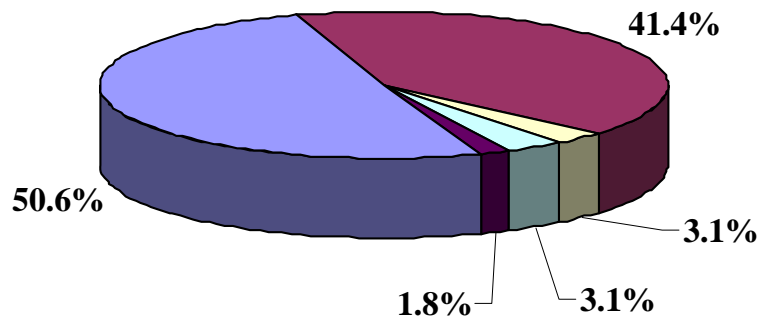







Introduction and SEPTA Profile

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

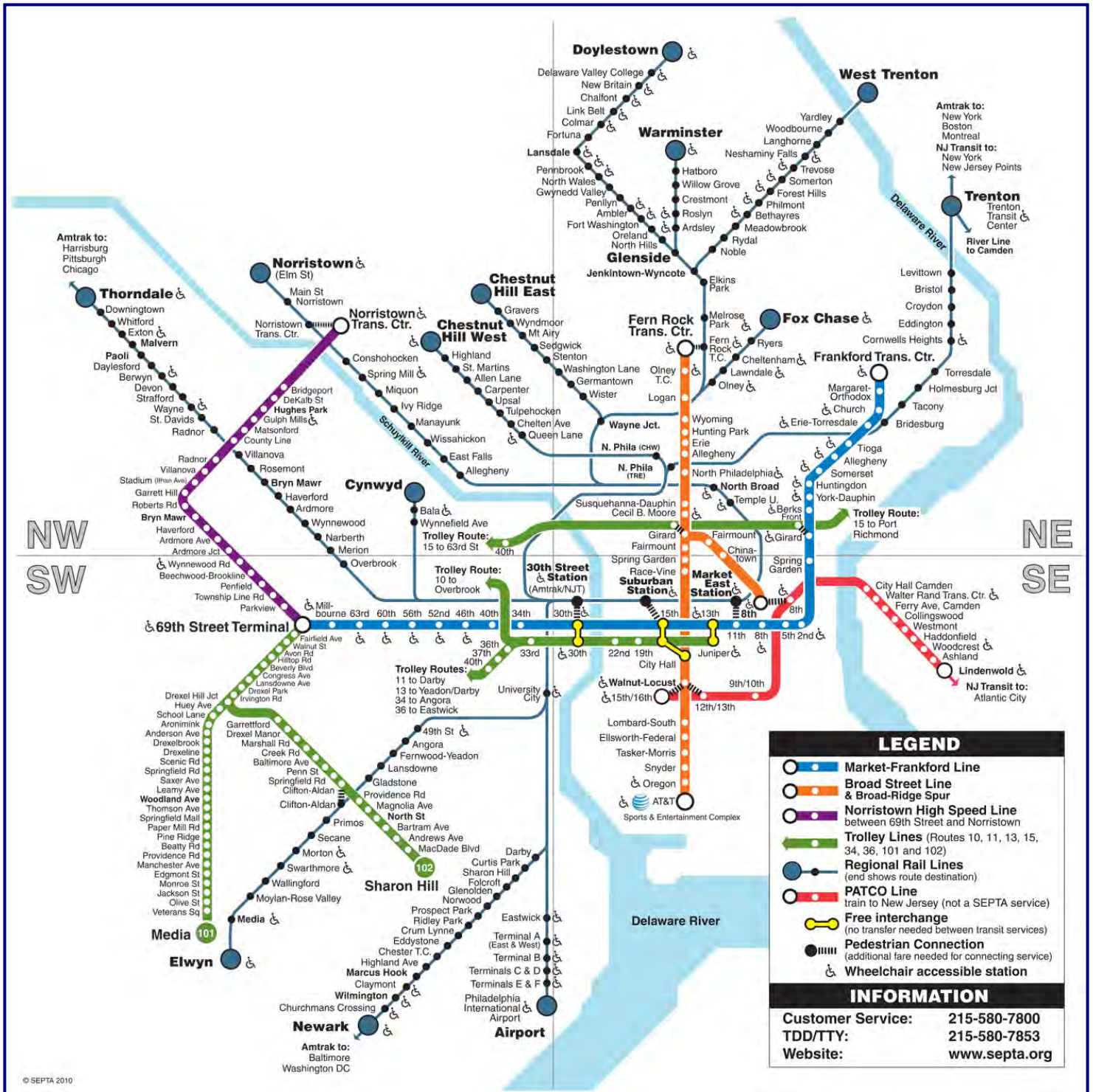


Ethnicity of SEPTA Passengers



 African American	 Caucasian
 Other (All Not Listed)	 Hispanic
 Asian	

SEPTA Railroad and Rail Transit Map



Summary of Assumptions

This document presents the Fiscal Year 2011 Operating Budget. The Fiscal Year 2009 and Fiscal Year 2010 actual results are utilized for comparison throughout this budget document.

Service	The Fiscal Year 2011 Operating Budget of \$1.18 billion in operating expenses includes minor changes to transportation service as compared to Fiscal Year 2010.
Revenue	Passenger revenue is projected to grow as a result of approved fare increases. Actual passenger revenue in Fiscal Year 2010 was less than budget primarily as a result of the economic recession, a six-day TWU-234 work stoppage and several major winter snowstorms. In addition, decreases are projected in Shared Ride Revenue and Investment Income.
Expenses	Expenses total \$1.18 billion and reflect cost escalations in areas including healthcare and prescription drugs as well as expenses incurred by other material and services.
State and Local Subsidy	Fiscal Year 2011 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%. Debt Service subsidy is funded by Section 1517 of the Trust Fund. Leases are also partially funded by Section 1517, with the remainder being funded with Federal Capital Lease funds.
Federal Subsidy	Federal Preventive Maintenance for Fiscal Year 2011 increased by \$2.4 million, from last year to fund tire leases. In addition, this category also includes Federal Capital Lease Subsidy of \$22.5 million. These leases were previously funded by Section 1514 of the Pennsylvania Trust Fund.

Fiscal 2011 Consolidated Budget

<u>Amounts in Thousands ('000)</u>	<u>FY 2011 Budget</u>
REVENUE	
Passenger Revenue	\$ 415,900
Shared Ride Program	20,250
Investment Income	1,100
Other Income	<u>29,300</u>
TOTAL OPERATING REVENUE	\$ 466,550
EXPENSES	
Labor and Fringe Benefits	\$ 832,303
Materials and Services	215,961
Injuries & Damage Claims	40,000
Propulsion Power	34,880
Fuel	39,500
Vehicle and Facility Rentals	<u>2,288</u>
OPERATING EXPENSE	\$ 1,164,932
Depreciation/Contributed Capital	<u>\$ 18,469</u>
TOTAL EXPENSES	\$ 1,183,401
DEFICIT BEFORE SUBSIDY	<u>\$ (716,851)</u>
OPERATING SUBSIDY	
Federal	\$ 57,105
State	575,954
Local	81,092
Other	<u>2,700</u>
TOTAL SUBSIDY	\$ 716,851
SURPLUS/(DEFICIT)	<u>\$ -</u>

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 Supply Chain Management 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, selling naming rights of transit stations, 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 at the management center level and managers are provided with detailed variance reports on a monthly basis.

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 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 revenue/subsidy shortfalls and/or unanticipated 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.

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

Financial and Budgetary Policies

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 series 1999A, 1999B and 2007 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
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	\$ 141,640	\$ 326,730	\$ 468,370

*Interest on the Series 2007 Bonds is a 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 2009</u> <u>Actual</u>	<u>FY 2010</u> <u>Actual</u>	<u>FY 2011</u> <u>Budget</u>
Contributed Capital:			
Balance at Beginning of Year	\$ 3,099,178	\$ 3,242,727	\$ 3,392,823
Capitalized Grant Property	416,355	434,452	395,000
Capitalized Grant Property - Retirements	(23,367)	(31,338)	(26,000)
Amortization	(270,604)	(284,014)	(273,000)
Amortization - Retirements	21,411	30,996	25,000
Remediation Reversal-June Prior Amortization	(246)	-	-
Contributed Capital Balance at End of Year	\$ 3,242,727	\$ 3,392,823	\$ 3,513,823
Operating Surplus/(Deficit):			
Accumulated Operating Surplus/(Deficit) at Beginning of Year	\$ (172,680)	\$ (188,695)	\$ (194,022)
Operating Surplus/(Deficit)	334	488	-
Adjustment: GASB 53	(16,349)	(5,815)	-
Operating Surplus/(Deficit) After GASB 53:	\$ (16,015)	\$ (5,327)	\$ -
Accumulated Operating Deficit at End of Year	\$ (188,695)	\$ (194,022)	\$ (194,022)
Total Equity	<u>\$ 3,054,032</u>	<u>\$ 3,198,801</u>	<u>\$ 3,319,801</u>

GASB 53

In Fiscal Year 2010, the Authority implemented Government Accounting Standards Board Statement No. 53 (GASB 53) "Accounting and Financial Reporting for Derivative Instruments." The impact of this new standard was a loss in the City Transit Division of \$5.8 million for FY 2010 which resulted in a consolidated deficit of \$5.3 million for the year. Prior year amounts were also restated accordingly.

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 Management Planning and Control (MPC) operating budget database for submission to the Operating Budget Department by mid-February. The Operating Budget Department reviews each budget submission and recommends corrections or revisions, if necessary. The Budget Department compiles this information and briefs the SEPTA Board.

Period for Public Comment

The Operating Budget Department publishes SEPTA's Operating Budget Proposal on the Authority's Website and distributes it publicly in 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 mid 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

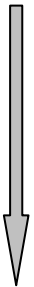
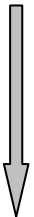
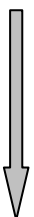
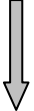
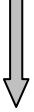
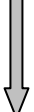
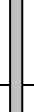

The hearing examiner evaluates the SEPTA staff proposal and public comments and issues a report to the Board in late April, which includes a recommendation on SEPTA's Operating Budget Proposal. The Board of Directors adopts a budget for the upcoming fiscal year at the regular May meeting on the fourth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

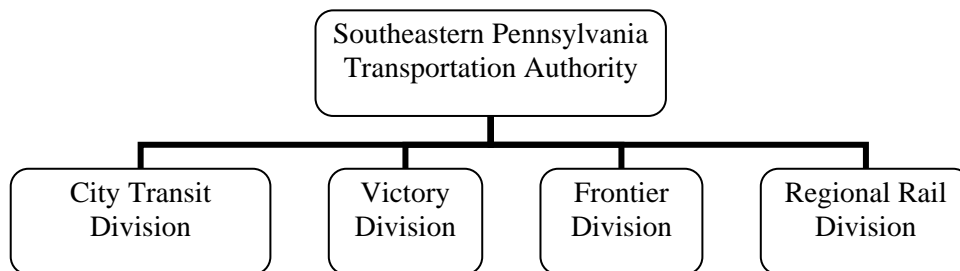
Annual Budget Process

Fiscal Year 2011 Operating Budget - Schedule of Key Activities

December 2009		<ul style="list-style-type: none"> • Develop overall and department projections (Late December, 2009) • Schedule Public Hearings (January 2-January 15, 2010) • Meetings with SEPTA's operating and staff departments (January 11-February 5, 2010) • Develop draft service projection based on current service (Mid January, 2010) • Revise projections as necessary based on Cut 1 (Late January, 2010)
January 2010		
February 2010		<ul style="list-style-type: none"> • Adjust overall and departmental projections (February 1-February 5, 2010) • Operating and Staff Divisions submit budget data to Budgets Department for review (February 1-March 26, 2010) • Budget presentation to GM Team (February 1, 2010) • Budget submissions reviewed by Budgets Department (February 12-April 9, 2010) • Public hearing notice to press relations (February 26, 2010) • Review first draft of FY2011 Operating Budget Proposal (February 26, 2010)
March 2010		<ul style="list-style-type: none"> • Public hearing notice published /RICB Broadcast/Internet Posting (March 15, 2010) • Publish and Distribute FY 2011 Operating Budget Proposal (March 15, 2010) • Distribute preliminary budget authorization letters to all Staff and Operating Departments (Late March) • Period for public comment (March 15-April 26, 2010) • Board briefing on proposed budget (March 25, 2010)
April 2010		<ul style="list-style-type: none"> • Prepare public hearing testimony (April 1-April 8, 2010) • Public Hearings in City of Philadelphia and suburban counties (April 14-April 20, 2010)
May 2010		<ul style="list-style-type: none"> • Report from Hearing Examiner (May 5, 2010) • SEPTA Board Budget Committee Briefing (May 20, 2010) • SEPTA Board adopts budget (May 27, 2010)
June 2010		<ul style="list-style-type: none"> • Finalize and consolidate MPC (Management Planning and Control) budget database (June - August, 2010)
July/August 2010		<ul style="list-style-type: none"> • Preparation of Final FY 2011 Operating Budget Book (July – August, 2010)
September 2010		<ul style="list-style-type: none"> • Publish and Distribute Final FY 2011 Operating Budget Book (September, 2010)

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, Chester 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 Railroad 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
Control Center
Customized Community Transportation
Labor Relations
Rail Transportation
Surface Transportation
Vehicle Engineering and Maintenance

AUDIT AND INVESTIGATIVE SERVICES DIVISION

Internal Audit
Office of the Inspector General

BUSINESS SERVICES DIVISION

Administration
Information Technology
Procurement and Supply Chain Management
Disadvantaged Business Enterprise Program

CUSTOMER SERVICE DIVISION

Communications
Customer Service
Advocacy

ENGINEERING, MAINTENANCE AND CONSTRUCTION DIVISION

Capital Construction/Capital Quality Assurance and Control
Engineering and Maintenance
New Payment Technology/Revenue Operations

Operating and Staff Departments

FINANCE AND PLANNING DIVISION

- Accounting
- Capital Budget
- Finance Administration
- 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
- Commerce and Regulatory
- Litigation

PUBLIC AND GOVERNMENT AFFAIRS DIVISION

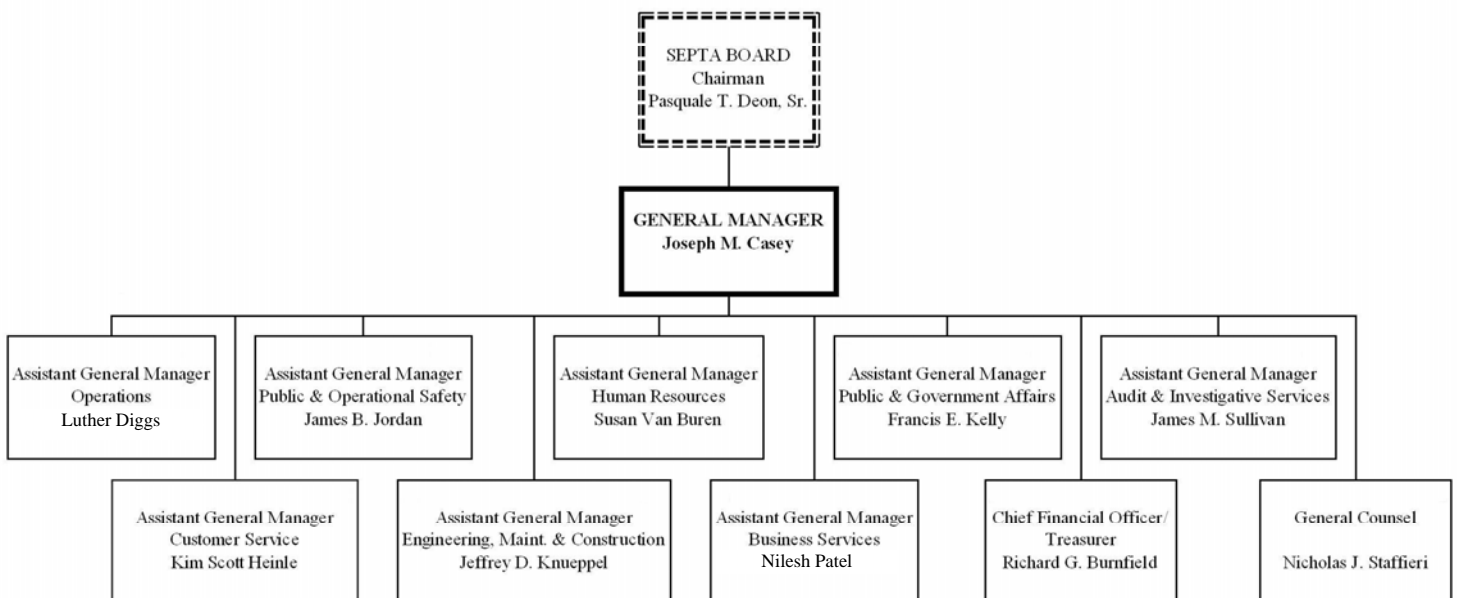
- Public Affairs – Administration/Communications
- Public Affairs – Media Relations
- Government Affairs – Region & Community
- Government Affairs – State & Federal

PUBLIC AND OPERATIONAL SAFETY DIVISION

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

GM Team Organizational Chart

Southeastern Pennsylvania Transportation Authority Executive Staff



FY 2009 Actual, FY 2010 Actual and FY 2011 Budget Consolidated

<u>Amounts in thousands ('000)</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>	<u>FY 2011 versus FY 2010</u>
REVENUE				
Passenger Revenue	\$ 403,257	\$ 394,441	\$ 415,900	\$ 21,459
Shared Ride Program	20,530	20,226	20,250	24
Investment Income	1,606	1,492	1,100	(392)
Other Income	<u>31,240</u>	<u>29,689</u>	<u>29,300</u>	<u>(389)</u>
TOTAL OPERATING REVENUE	\$ 456,633	\$ 445,848	\$ 466,550	\$ 20,702
EXPENSES				
Labor and Fringe Benefits	\$ 742,422	\$ 791,530	\$ 832,303	\$ 40,773
Materials and Services	212,922	218,748	215,961	(2,787)
Injuries & Damage Claims	38,960	46,251	40,000	(6,251)
Propulsion Power	32,384	32,560	34,880	2,320
Fuel	53,609	38,182	39,500	1,318
Vehicle and Facility Rentals	<u>2,323</u>	<u>2,201</u>	<u>2,288</u>	<u>87</u>
OPERATING EXPENSE	\$ 1,082,620	\$ 1,129,472	\$ 1,164,932	\$ 35,460
Depreciation/Contributed Capital	<u>\$ 18,877</u>	<u>\$ 18,282</u>	<u>\$ 18,469</u>	<u>\$ 187</u>
TOTAL EXPENSES	\$ 1,101,497	\$ 1,147,754	\$ 1,183,401	\$ 35,647
DEFICIT BEFORE SUBSIDY	<u>\$ (644,864)</u>	<u>\$ (701,906)</u>	<u>\$ (716,851)</u>	<u>\$ (14,945)</u>
OPERATING SUBSIDY				
Federal	\$ 32,200	\$ 39,494	\$ 57,105	\$ 17,611
State	537,210	580,689	575,954	(4,735)
Local	72,791	79,241	81,092	1,851
Other	<u>2,997</u>	<u>2,970</u>	<u>2,700</u>	<u>(270)</u>
TOTAL SUBSIDY	\$ 645,198	\$ 702,394	\$ 716,851	\$ 14,457
SURPLUS/(DEFICIT)	<u>\$ 334</u>	<u>\$ 488</u>	<u>\$ -</u>	<u>\$ (488)</u>
Investment Loss - GASB 53	(16,099)	(5,815)	-	5,815
SURPLUS/(DEFICIT) After GASB 53	<u>\$ (15,765)</u>	<u>\$ (5,327)</u>	<u>\$ -</u>	<u>\$ 5,327</u>

<p>FY 2009 Actual, FY 2010 Actual and FY 2011 Budget</p> <p>City Transit Division</p>

<u>Amounts in thousands ('000)</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>	<u>FY 2011 versus FY 2010</u>
REVENUE				
Passenger Revenue	\$ 255,069	\$ 248,683	\$ 262,442	\$ 13,759
Shared Ride Program	20,530	20,226	20,250	24
Investment Income	883	870	650	(220)
Other Income	<u>15,930</u>	<u>15,821</u>	<u>15,752</u>	<u>(69)</u>
TOTAL OPERATING REVENUE	\$ 292,412	\$ 285,600	\$ 299,094	\$ 13,494
EXPENSES				
Labor and Fringe Benefits	\$ 507,692	\$ 537,588	\$ 575,521	\$ 37,933
Materials and Services	122,571	126,716	122,248	(4,468)
Injuries & Damage Claims	35,045	42,549	34,200	(8,349)
Propulsion Power	13,348	13,546	14,185	639
Fuel	42,995	30,190	31,114	924
Vehicle and Facility Rentals	<u>1,720</u>	<u>1,589</u>	<u>1,668</u>	<u>79</u>
OPERATING EXPENSE	\$ 723,371	\$ 752,178	\$ 778,936	\$ 26,758
Depreciation/Contributed Capital	<u>\$ 13,383</u>	<u>\$ 12,915</u>	<u>\$ 13,123</u>	<u>\$ 208</u>
TOTAL EXPENSES	\$ 736,754	\$ 765,093	\$ 792,059	\$ 26,966
DEFICIT BEFORE SUBSIDY	<u>\$ (444,342)</u>	<u>\$ (479,493)</u>	<u>\$ (492,965)</u>	<u>\$ (13,472)</u>
OPERATING SUBSIDY				
Federal	\$ 22,022	\$ 28,403	\$ 37,507	\$ 9,104
State	371,747	396,609	398,805	2,196
Local	49,762	53,474	55,553	2,079
Other	<u>1,040</u>	<u>1,337</u>	<u>1,100</u>	<u>(237)</u>
TOTAL SUBSIDY	\$ 444,571	\$ 479,823	\$ 492,965	\$ 13,142
SURPLUS/(DEFICIT)	<u>\$ 229</u>	<u>\$ 330</u>	<u>\$ -</u>	<u>\$ (330)</u>
Investment Loss - GASB 53	(16,349)	(5,815)	-	5,815
SURPLUS/(DEFICIT) After GASB 53	<u>\$ (16,120)</u>	<u>\$ (5,485)</u>	<u>\$ -</u>	<u>\$ 5,485</u>

<p>FY 2009 Actual, FY 2010 Actual and FY 2011 Budget</p> <p>Victory Division</p>
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<u>Amounts in thousands ('000)</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>	<u>FY 2011 versus FY 2010</u>
REVENUE				
Passenger Revenue	\$ 19,585	\$ 19,050	\$ 20,173	\$ 1,123
Shared Ride Program	-	-	-	-
Investment Income	94	92	65	(27)
Other Income	<u>2,074</u>	<u>2,092</u>	<u>2,092</u>	<u>-</u>
TOTAL OPERATING REVENUE	\$ 21,753	\$ 21,234	\$ 22,330	\$ 1,096
EXPENSES				
Labor and Fringe Benefits	\$ 54,495	\$ 54,920	\$ 58,904	\$ 3,984
Materials and Services	16,531	15,270	16,411	1,141
Injuries & Damage Claims	3,180	5,405	3,000	(2,405)
Propulsion Power	1,186	1,118	1,288	170
Fuel	6,361	4,842	5,034	192
Vehicle and Facility Rentals	<u>96</u>	<u>95</u>	<u>117</u>	<u>22</u>
OPERATING EXPENSE	\$ 81,849	\$ 81,650	\$ 84,754	\$ 3,104
Depreciation/Contributed Capital	<u>233</u>	<u>227</u>	<u>233</u>	<u>6</u>
TOTAL EXPENSES	\$ 82,082	\$ 81,877	\$ 84,987	\$ 3,110
DEFICIT BEFORE SUBSIDY	<u>\$ (60,329)</u>	<u>\$ (60,643)</u>	<u>\$ (62,657)</u>	<u>\$ (2,014)</u>
OPERATING SUBSIDY				
Federal	\$ 3,199	\$ 3,228	\$ 5,264	\$ 2,036
State	49,826	50,016	49,873	(143)
Local	7,222	7,324	7,420	96
Other	<u>116</u>	<u>122</u>	<u>100</u>	<u>(22)</u>
TOTAL SUBSIDY	\$ 60,363	\$ 60,690	\$ 62,657	\$ 1,967
SURPLUS/(DEFICIT)	<u>\$ 34</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ (47)</u>

FY 2009 Actual, FY 2010 Actual and FY 2011 Budget Frontier Division
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<u>Amounts in thousands ('000)</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>	<u>FY 2011 versus FY 2010</u>
REVENUE				
Passenger Revenue	\$ 5,287	\$ 4,978	\$ 5,415	\$ 437
Shared Ride Program	-	-	-	-
Investment Income	27	28	20	(8)
Other Income	<u>535</u>	<u>571</u>	<u>539</u>	<u>(32)</u>
TOTAL OPERATING REVENUE	\$ 5,849	\$ 5,577	\$ 5,974	\$ 397
EXPENSES				
Labor and Fringe Benefits	\$ 19,446	\$ 21,256	\$ 21,303	\$ 47
Materials and Services	2,993	3,212	3,062	(150)
Injuries & Damage Claims	900	1,550	900	(650)
Propulsion Power	-	-	-	-
Fuel	4,038	2,968	3,163	195
Vehicle and Facility Rentals	<u>33</u>	<u>34</u>	<u>42</u>	<u>8</u>
OPERATING EXPENSE	\$ 27,410	\$ 29,020	\$ 28,470	\$ (550)
Depreciation/Contributed Capital	<u>\$ 51</u>	<u>\$ 52</u>	<u>\$ 45</u>	<u>\$ (7)</u>
TOTAL EXPENSES	\$ 27,461	\$ 29,072	\$ 28,515	\$ (557)
DEFICIT BEFORE SUBSIDY	<u>\$ (21,612)</u>	<u>\$ (23,495)</u>	<u>\$ (22,541)</u>	<u>\$ 954</u>
OPERATING SUBSIDY				
Federal	\$ 1,090	\$ 1,434	\$ 1,623	\$ 189
State	16,980	18,333	17,332	(1,001)
Local	2,463	2,720	2,586	(134)
Other	<u>1,090</u>	<u>1,025</u>	<u>1,000</u>	<u>(25)</u>
TOTAL SUBSIDY	\$ 21,623	\$ 23,512	\$ 22,541	\$ (971)
SURPLUS/(DEFICIT)	<u>\$ 11</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ (17)</u>

FY 2009 Actual, FY 2010 Actual and FY 2011 Budget Railroad Division
--

<u>Amounts in thousands ('000)</u>	<u>FY 2009 Actual</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Budget</u>	<u>FY 2011 versus FY 2010</u>
REVENUE				
Passenger Revenue	\$ 123,316	\$ 121,730	\$ 127,870	\$ 6,140
Shared Ride Program	-	-	-	-
Investment Income	602	502	365	(137)
Other Income	<u>12,701</u>	<u>11,205</u>	<u>10,917</u>	<u>(288)</u>
TOTAL OPERATING REVENUE	\$ 136,619	\$ 133,437	\$ 139,152	\$ 5,715
EXPENSES				
Labor and Fringe Benefits	\$ 160,789	\$ 177,766	\$ 176,575	\$ (1,191)
Materials and Services	70,827	73,550	74,240	690
Injuries & Damage Claims	(165)	(3,253)	1,900	5,153
Propulsion Power	17,850	17,896	19,407	1,511
Fuel	215	182	189	7
Vehicle and Facility Rentals	<u>474</u>	<u>483</u>	<u>461</u>	<u>(22)</u>
OPERATING EXPENSE	\$ 249,990	\$ 266,624	\$ 272,772	\$ 6,148
Depreciation/Contributed Capital	<u>\$ 5,210</u>	<u>\$ 5,088</u>	<u>\$ 5,068</u>	<u>\$ (20)</u>
TOTAL EXPENSES	\$ 255,200	\$ 271,712	\$ 277,840	\$ 6,128
DEFICIT BEFORE SUBSIDY	<u>\$ (118,581)</u>	<u>\$ (138,275)</u>	<u>\$ (138,688)</u>	<u>\$ (413)</u>
OPERATING SUBSIDY				
Federal	\$ 5,889	\$ 6,429	\$ 12,711	\$ 6,282
State	98,657	115,731	109,944	(5,787)
Local	13,344	15,723	15,533	(190)
Other	<u>751</u>	<u>486</u>	<u>500</u>	<u>14</u>
TOTAL SUBSIDY	\$ 118,641	\$ 138,369	\$ 138,688	\$ 319
SURPLUS/(DEFICIT)	<u>\$ 60</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ (94)</u>

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Financial Projections

With the passage of Act 44 of 2007, the Commonwealth of Pennsylvania created the Public Transportation Trust Fund. This legislation promised to end years of uncertainty with regard to SEPTA's operating subsidy. The growth potential of the new funding initially allowed SEPTA to project balanced budgets for the foreseeable future. However, subsidy growth has been severely curtailed beginning in Fiscal Year 2011 since the Pennsylvania Turnpike Commission was unable to obtain approval to begin tolling Interstate 80 and a suitable alternative has yet to be found to fund statewide highway and public transportation systems. The problem is further exacerbated by state tax receipts, which have also not grown as originally expected. SEPTA now projects that expenses will exceed available subsidy funding in Fiscal Year 2013 unless an alternate source of funding is identified.

Forecast Assumptions By Category:

Passenger Revenue	The revenue growth for Fiscal 2011 includes added revenue from the approved fare increase, net of the slight projected ridership loss which typically results from the increase. Another fare increase is projected for Fiscal Year 2014.
Other Revenue	This revenue category is forecast to grow by approximately 8% over the five-year period. Income from advertising, parking lot fees, station naming rights and right-of-way leasing for fiber optics is reflected in this category. Investment income is also included.
Expenses	<p>Due to historical trends, medical rate caps, and recent market pressures, medical, prescription drug coverage, 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 third party supplier's price increases. Fuel costs are market driven and an allowance has been made for price volatility after Fiscal Year 2011.</p>
Subsidy	The subsidy categories reflect the anticipated growth potential of the Public Transportation Trust Fund and other subsidy sources. 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 2011 Budget</u>	<u>FY 2012 Projection</u>	<u>FY 2013 Projection</u>	<u>FY 2014 Projection</u>	<u>FY 2015 Projection</u>	<u>FY 2016 Projection</u>
REVENUE						
Passenger Revenue	\$ 415,900	\$ 420,059	\$ 424,260	\$ 463,502	\$ 468,136	\$ 472,817
Shared Ride Revenue	20,250	20,453	20,658	20,865	21,074	21,286
Other / Investment Income	30,400	31,008	31,627	32,260	32,905	33,563
TOTAL OPERATING REVENUE	\$ 466,550	\$ 471,520	\$ 476,545	\$ 516,627	\$ 522,115	\$ 527,666
EXPENSES						
Labor	\$ 509,951	\$ 520,894	\$ 538,612	\$ 554,724	\$ 571,472	\$ 588,577
Fringe Benefits	322,352	349,449	377,549	409,694	446,919	480,438
Materials and Services	215,961	217,473	223,998	230,718	237,624	244,739
Injuries & Damage Claims	40,000	40,000	40,000	40,000	40,000	40,000
Propulsion Power	34,880	36,101	37,184	38,299	39,448	40,632
Fuel	39,500	38,000	39,330	40,707	42,132	43,607
Other Expenses	20,757	21,380	22,021	22,682	23,362	24,063
TOTAL EXPENSES	\$ 1,183,401	\$ 1,223,297	\$ 1,278,694	\$ 1,336,824	\$ 1,400,957	\$ 1,462,056
DEFICIT BEFORE SUBSIDY	\$ (716,851)	\$ (751,777)	\$ (802,149)	\$ (820,197)	\$ (878,842)	\$ (934,390)
OPERATING SUBSIDY						
Federal	\$ 57,105	\$ 58,283	\$ 58,805	\$ 60,040	\$ 60,318	\$ 60,600
State	575,954	605,439	580,224	564,006	570,409	576,811
Local	81,092	85,355	81,464	78,919	79,822	80,725
Other	2,700	2,700	2,700	2,700	2,700	2,700
TOTAL SUBSIDY	\$ 716,851	\$ 751,777	\$ 723,193	\$ 705,665	\$ 713,249	\$ 720,836
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ (78,956)	\$ (114,532)	\$ (165,593)	\$ (213,554)
Accumulated Operating Deficit	\$ (199,349)	\$ (199,349)	\$ (278,305)	\$ (392,837)	\$ (558,430)	\$ (771,984)

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 2011 Operating Budget Proposal includes passenger revenue of \$416 million, which represents both the effects of the approved fare increase and ridership declines in Fiscal Year 2010. The economic recession has negatively affected SEPTA ridership growth beginning in the fourth quarter of Fiscal Year 2009.

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 \$20.3 million. The program is funded through the State Lottery, funds from the Philadelphia Corporation for the Aging, and Shared Ride fares. In Fiscal Year 2011, the Authority projects a total of 791,120 shared ride trips, slightly less than Fiscal Year 2010.

Investment Income

Investment income is budgeted at \$1.1 million for Fiscal Year 2011. Investment income results are tied directly to the financial market conditions. Recently, the national economic recession has caused rates earned on investments to decline significantly.

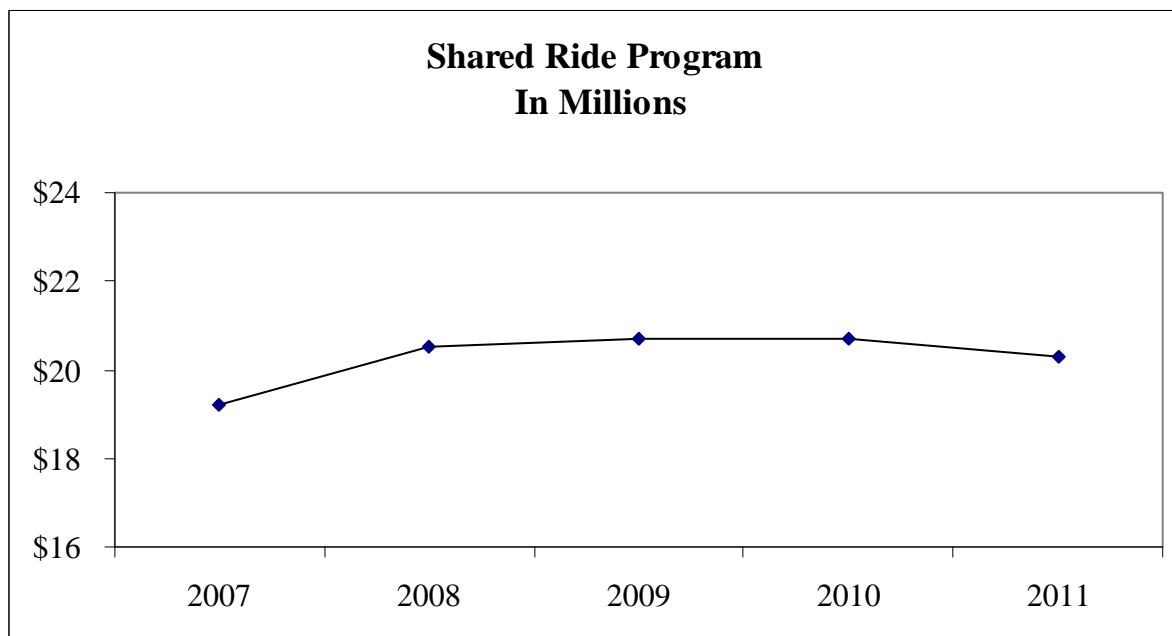
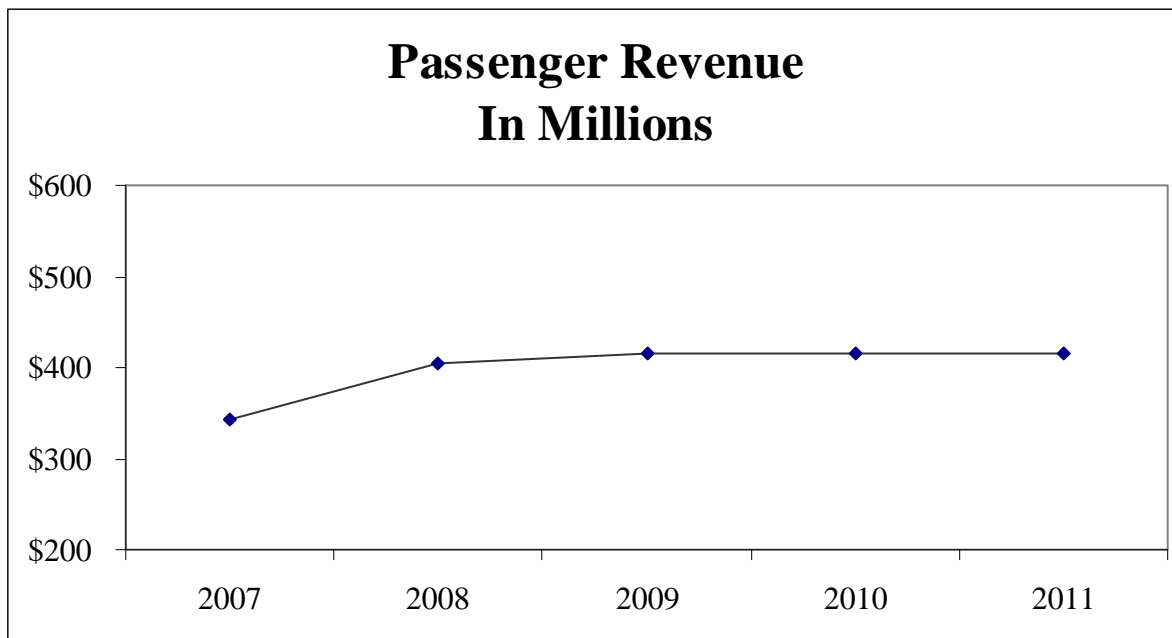
Other Income

Other revenue includes real estate lease income, parking lot fees, advertising income, station naming rights and income from scrap sales. Total projected revenue for this category is \$29.3 million. Advertising, real estate and parking income is budgeted to remain essentially level with Fiscal Year 2010. Income from the sale of scrap will be slightly higher than Fiscal Year 2010, with the projected sale of retired railroad passenger cars as the Authority begins taking delivery of new “Silverliner V” rolling stock.

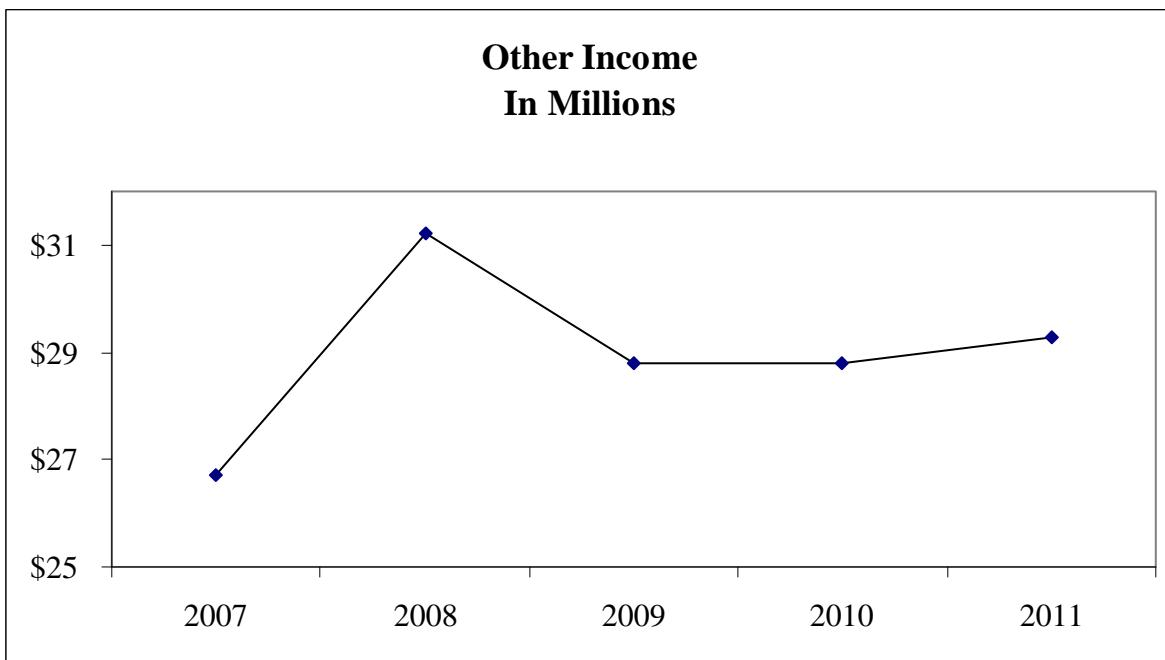
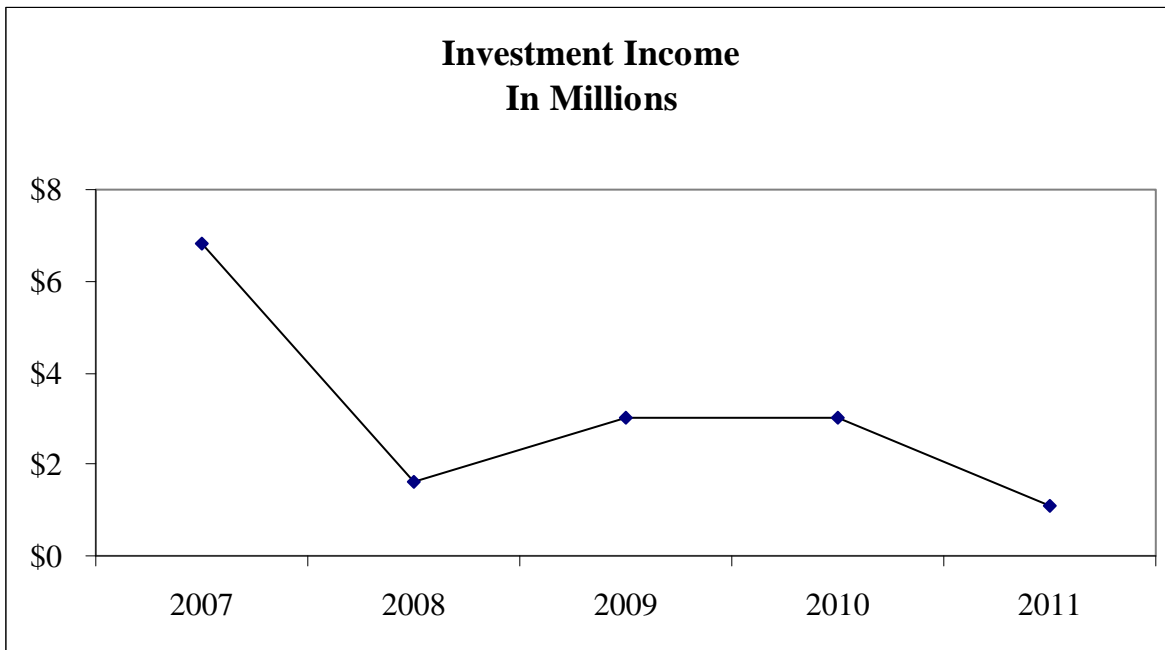
Operating Revenue

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

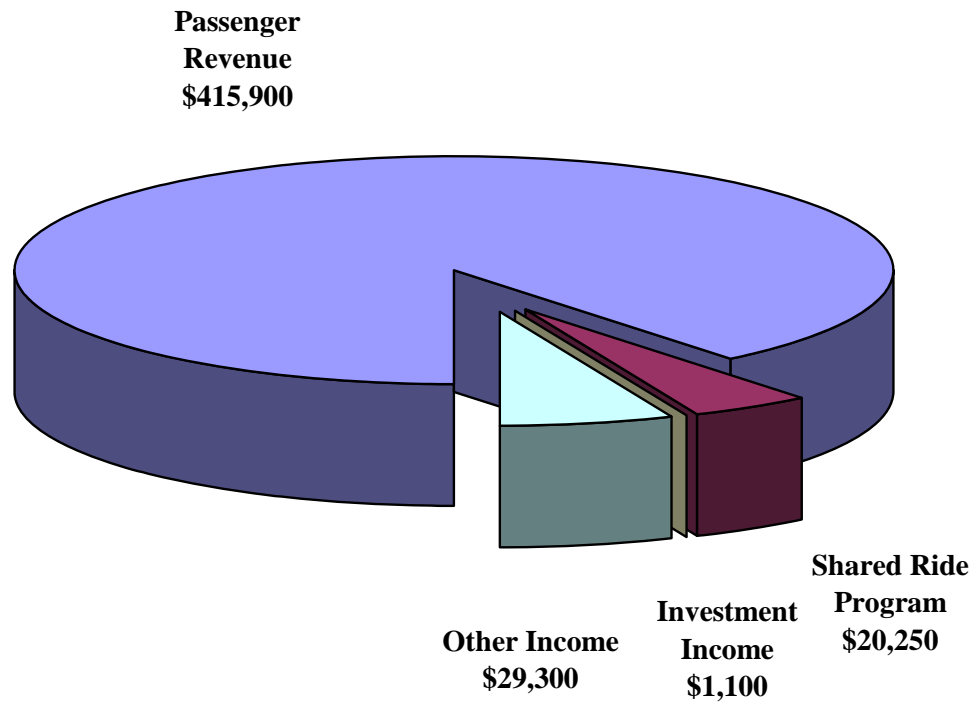


Operating Revenue



SUMMARY OF OPERATING REVENUE

(Amounts in Thousands)



TOTAL OPERATING REVENUE = \$466,550

Operating Subsidy

Introduction

Total subsidies in the Fiscal Year 2011 Operating Budget represent \$716.9 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 2011, the total Federal Operating Subsidy covers only 4.8% of the total budgeted operating expenses. The source of this subsidy is Federal Preventive Maintenance in the amount of \$34.6 million and Federal Capital Lease Subsidy in the amount of \$22.5 million, which is made available for the operating budget from SEPTA's Section 5307 Capital Grant. This funding is only available as a result of foregoing or delaying capital improvements. In Fiscal Year 2011, SEPTA will use Federal Capital Lease dollars in lieu of Section 1514 State Lease Cost Subsidy. This is because the Federal Highway Administration has rejected the Pennsylvania Turnpike Commission's application to toll Interstate 80. These toll revenues were intended to be a key source of transportation funding under Act 44 of 2007.

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. Initially intended to provide a long term funding solution for public transportation agencies throughout the Commonwealth of Pennsylvania, 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. The Trust Fund is funded by both 4.4% of sales tax receipts in the Commonwealth of Pennsylvania and proceeds from bonds issued by the Pennsylvania Turnpike Commission. Trust Fund allocations are impacted by annual sales tax receipts and a legislated 2.5% annual increase in Trust Fund deposits from the Pennsylvania Turnpike Commission beginning in Fiscal Year 2011, if all required conditions are met. Since the Turnpike Commission's application to toll Interstate 80 was rejected, the 2.5% annual legislated cost of living increases will not occur. Due to the economic recession, state tax receipts has fallen, further reducing the subsidy funding available from the Trust Fund.

SEPTA State Subsidy Funding Concerns - The current economic recession has caused a sharp decline in statewide tax revenues, which are a key component to the Trust Fund's viability. To further exacerbate the potential funding problem, the Trust Fund's other key component, the proceeds from Turnpike Commission bonds, are also at risk. The current agreement between the Turnpike Commission and PennDOT expired June, 2010. The Pennsylvania Turnpike Commission was unable to obtain approval to begin tolling Interstate 80, and the Commission will be unable to meet its future financial obligations to the Trust Fund. These facts puts growth of the Commonwealth's operating assistance to transit at significant risk.

Operating Subsidy

SEPTA and other state transit 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 some lease costs are funded through the Capital Program (Section 1517) of the Pennsylvania Public Transportation Trust Fund. The remaining leases are funded through Federal Capital Lease Subsidy. Lease and Debt Service expenses are budgeted for nominal growth compared to Fiscal Year 2010. SEPTA will utilize available Section 1517 funds prior to utilizing any Federal Capital Lease dollars.

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. Federal Capital Lease Subsidy requires corresponding state and local matches. 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%

Operating Subsidy

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 from 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 2010 is as follows:

<u>Suburban Paratransit Usage by County</u>	
Bucks	13%
Chester	6%
Delaware	54%
Montgomery	27%
<hr/>	
Total	100%

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

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 2011 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. 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 service levels. 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.

SEPTA was required to use \$26 million from the Service Stabilization account in Fiscal Year 2010 to balance the operating budget and stave off significant service cuts and additional fare increases.

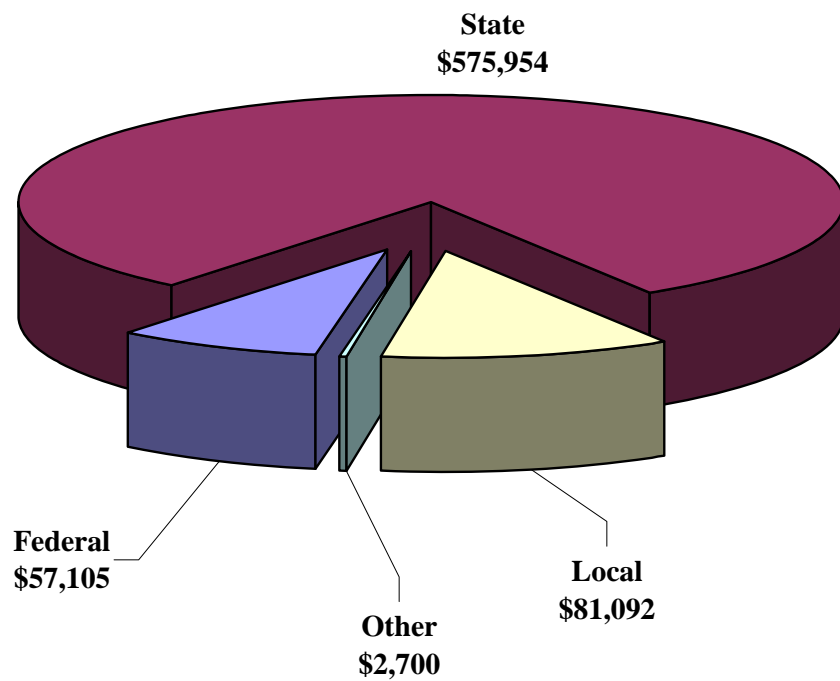
Fiscal 2011 Operating Budget

Consolidated Detail of Subsidies

<u>Amounts in thousands ('000)</u>	<u>FY 2011 Budget</u>
Source of Subsidy - Detail:	
Federal Preventive Maintenance	\$ 34,600
State Operating Subsidy - PA Trust Fund (Section 1513)	530,127
Local Match - PA Trust Fund (Section 1513)	79,519
State Lease Cost Subsidy - PA Trust Fund (Section 1517)	5,445
Federal Capital Lease Subsidy	22,505
Local Match - Lease Cost Subsidy	181
State Debt Service Subsidy - Trust Fund (Section 1517)	40,382
Local Match - Debt Service Subsidy (Section 1517)	1,392
Route Guarantees	<u>2,700</u>
TOTAL SUBSIDIES	<u>\$ 716,851</u>
 Summary By Type of Subsidy:	
Federal	\$ 57,105
State	575,954
Local	81,092
Other	<u>2,700</u>
TOTAL SUBSIDIES	<u>\$ 716,851</u>

SUMMARY OF OPERATING SUBSIDIES

(Amounts in Thousands)



Total Operating Subsidies = \$716,851

Local Operating Subsidies

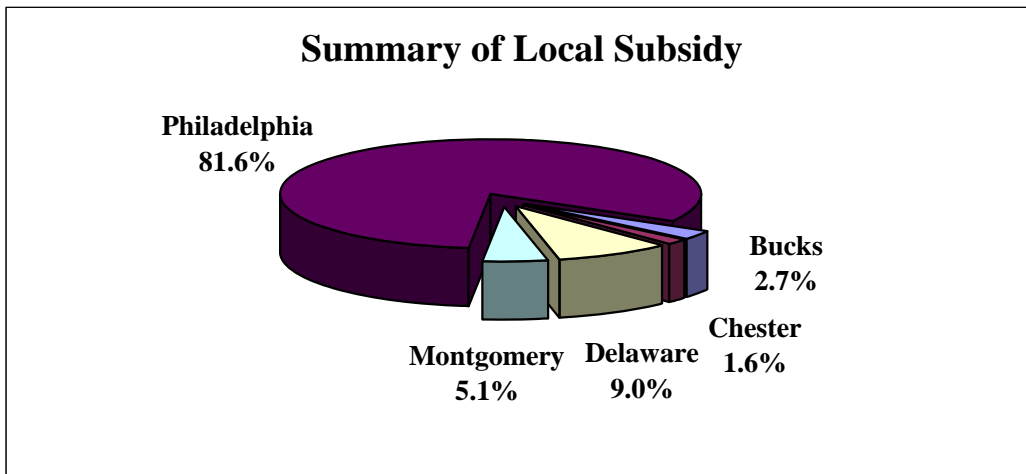
<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Railroad</u>	<u>Total SEPTA</u>
Base PA Trust Fund Local Match					
Bucks	\$ 147	\$ -	\$ 955	\$ 900	\$ 2,002
Chester	-	120	439	656	1,215
Delaware	-	5,173	-	1,342	6,515
Montgomery	136	721	1,188	1,677	3,722
Philadelphia	<u>54,002</u>	<u>-</u>	<u>-</u>	<u>10,674</u>	<u>64,676</u>
Subtotal	\$ 54,285	\$ 6,014	\$ 2,582	\$ 15,249	\$ 78,130
Suburban Paratransit Local Match					
Bucks	\$ -	\$ 181	\$ -	\$ -	\$ 181
Chester	-	83	-	-	83
Delaware	-	750	-	-	750
Montgomery	-	375	-	-	375
Philadelphia	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	\$ -	\$ 1,389	\$ -	\$ -	\$ 1,389
Total Trust Fund Local Subsidy					
Bucks	\$ 147	\$ 181	\$ 955	\$ 900	\$ 2,183
Chester	-	203	439	656	1,298
Delaware	-	5,923	-	1,342	7,265
Montgomery	136	1,096	1,188	1,677	4,097
Philadelphia	<u>54,002</u>	<u>-</u>	<u>-</u>	<u>10,674</u>	<u>64,676</u>
Total Trust Fund Local Subsidy	\$ 54,285	\$ 7,403	\$ 2,582	\$ 15,249	\$ 79,519
Local Debt Service Subsidy					
Bucks	\$ 3	\$ -	\$ -	\$ 14	\$ 17
Chester	-	-	-	10	10
Delaware	-	1	-	21	22
Montgomery	3	-	-	26	29
Philadelphia	<u>1,149</u>	<u>-</u>	<u>-</u>	<u>165</u>	<u>1,314</u>
Local Debt Service Subsidy	\$ 1,155	\$ 1	\$ -	\$ 236	\$ 1,392

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	\$ 3	\$ 4
Chester	-	-	1	2	3
Delaware	-	14	-	4	18
Montgomery	-	2	2	5	9
Philadelphia	<u>112</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>147</u>
Local Lease Cost Subsidy	\$ 112	\$ 16	\$ 4	\$ 49	\$ 181

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	\$ 150	\$ 181	\$ 956	\$ 917	\$ 2,204
Chester	-	203	440	668	1,311
Delaware	-	5,938	-	1,367	7,305
Montgomery	139	1,098	1,190	1,708	4,135
Philadelphia	55,263	-	-	10,874	66,137
Total Local Subsidy	\$ 55,552	\$ 7,420	\$ 2,586	\$ 15,534	\$ 81,092



The total local subsidy required for the Fiscal 2011 Budget is comprised of the following:

Total Trust Fund Local Subsidy (15%)	\$ 79,519
Lease Cost Subsidy Local Match	181
Debt Service Subsidy Local Match	<u>1,392</u>
Total Local Subsidy Required	<u>\$ 81,092</u>

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Expense Assumptions

LABOR & BENEFITS

The Fiscal Year 2011 Operating Budget reflects labor increases as a result of negotiated labor agreements and increased costs of healthcare and prescription drug coverage.

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

Material & 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 rates.

FUEL

Fuel expense is based on budgeted miles of vehicle operation, projected miles per gallon consumption and locked-in prices for both gasoline and diesel fuel.

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.

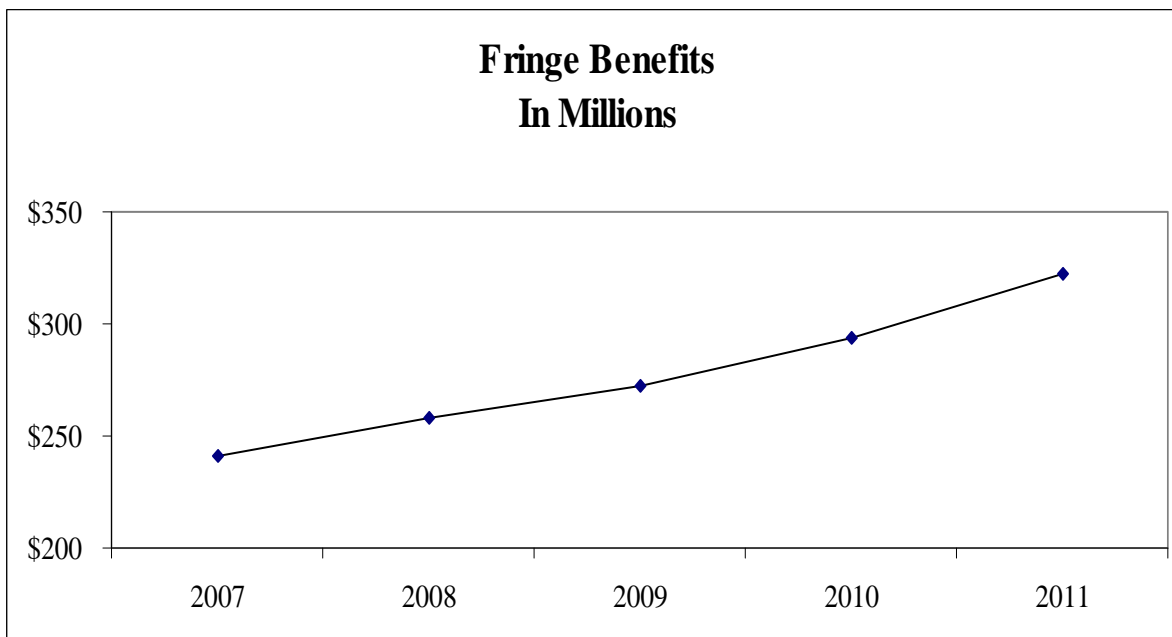
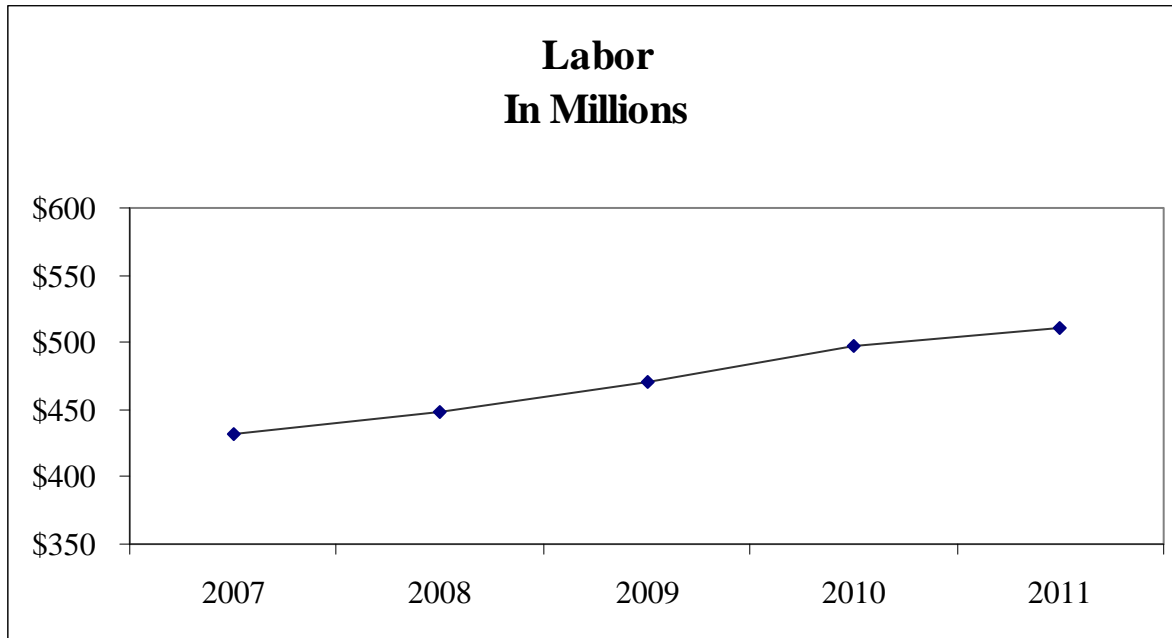
DEPRECIATION

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

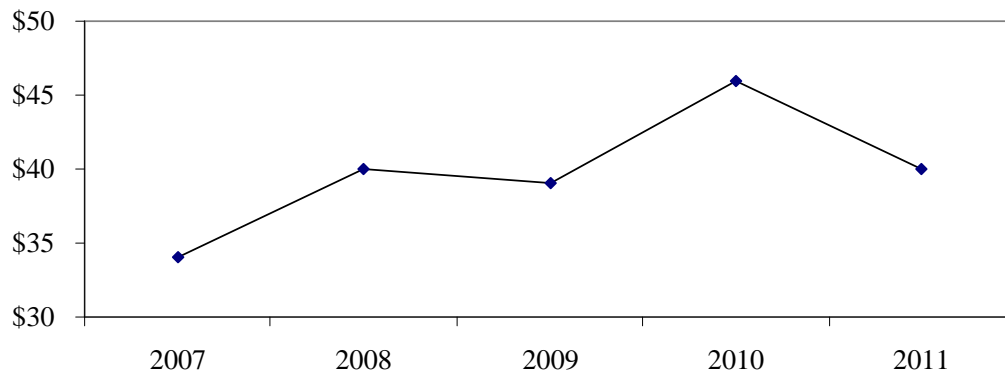
In developing the Operating Budget, the Authority considers issues that affect both the individual area of expense as well as national, state and local economic conditions. In addition, SEPTA focuses on historical trends in major expense categories, as illustrated in the following charts.

Expense Trends At A Glance

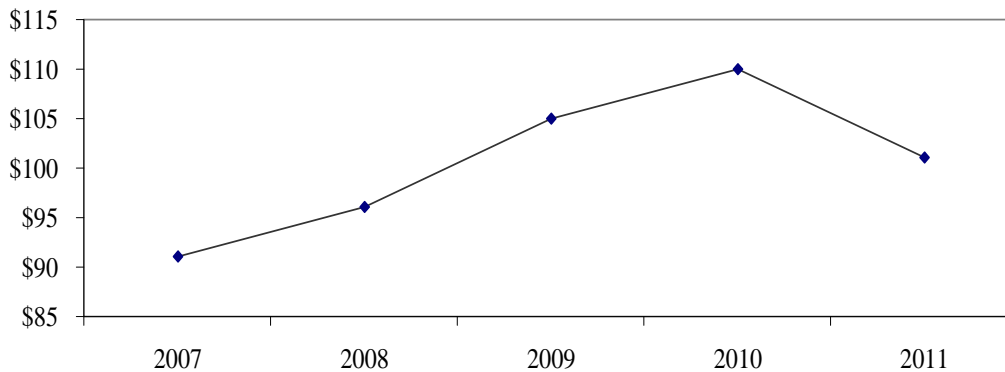


Expense Assumptions

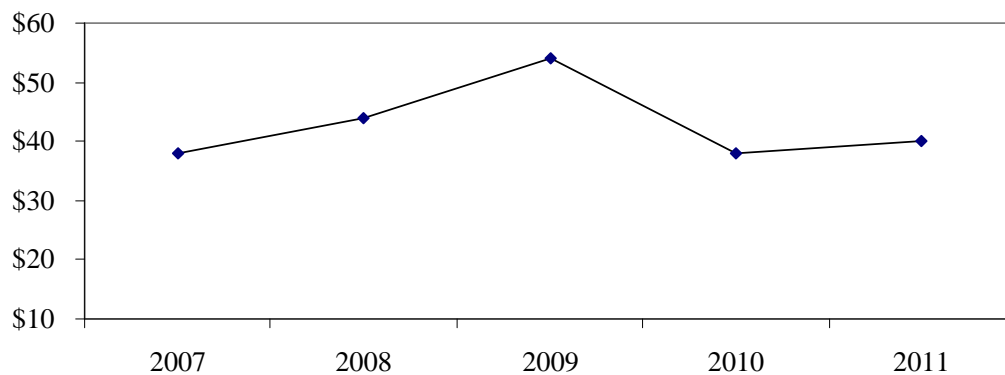
**Injuries & Damage Claims
In Millions**



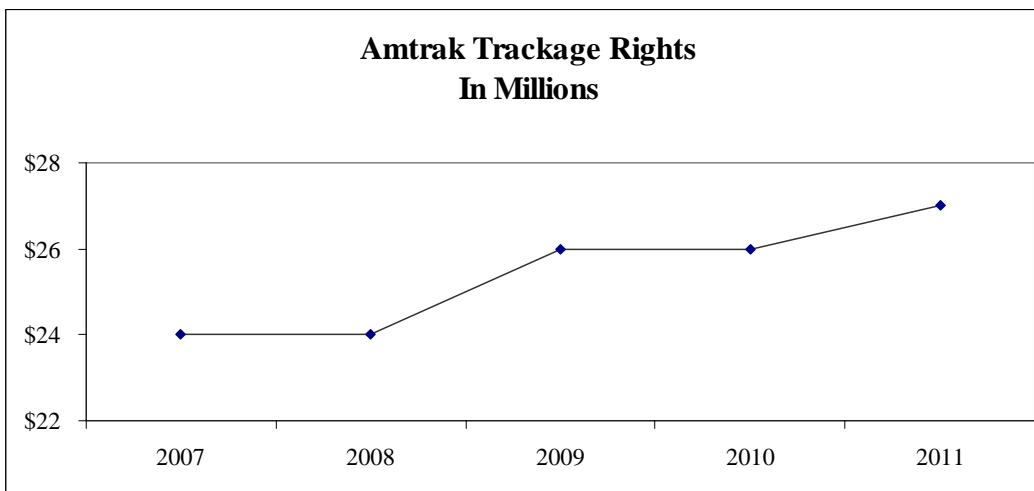
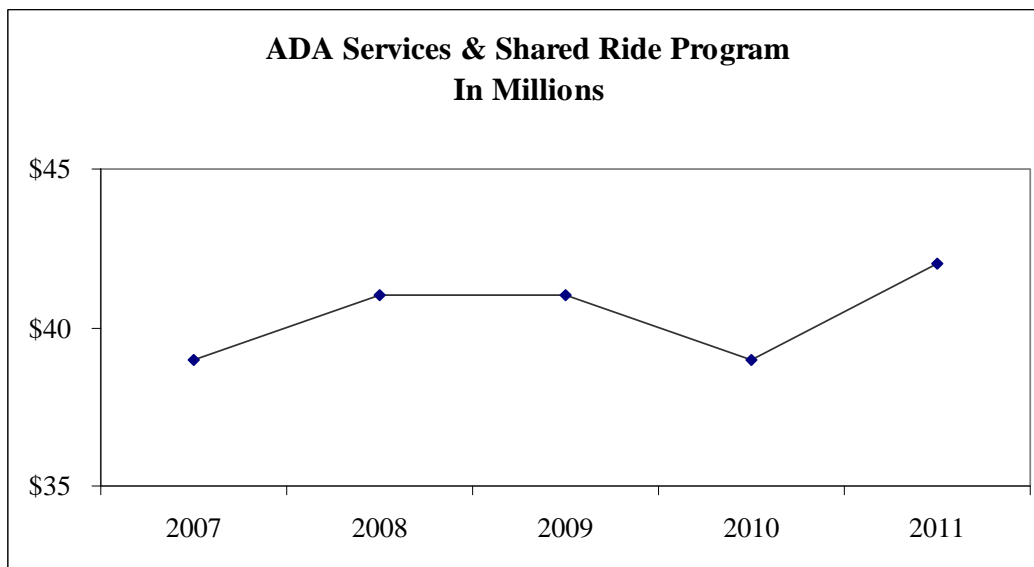
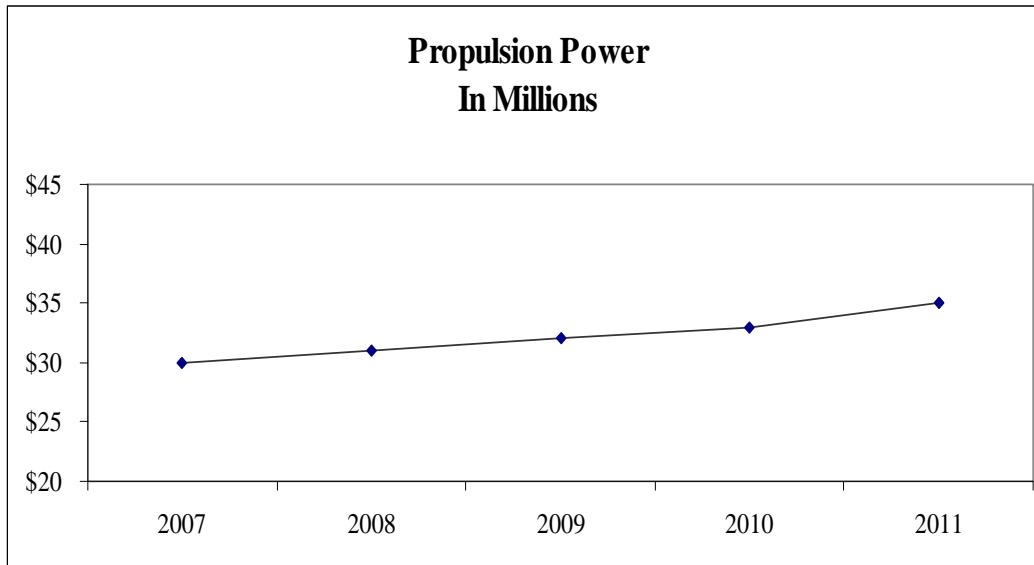
**Materials & Services
In Millions**



**Fuel Expenses
In Millions**

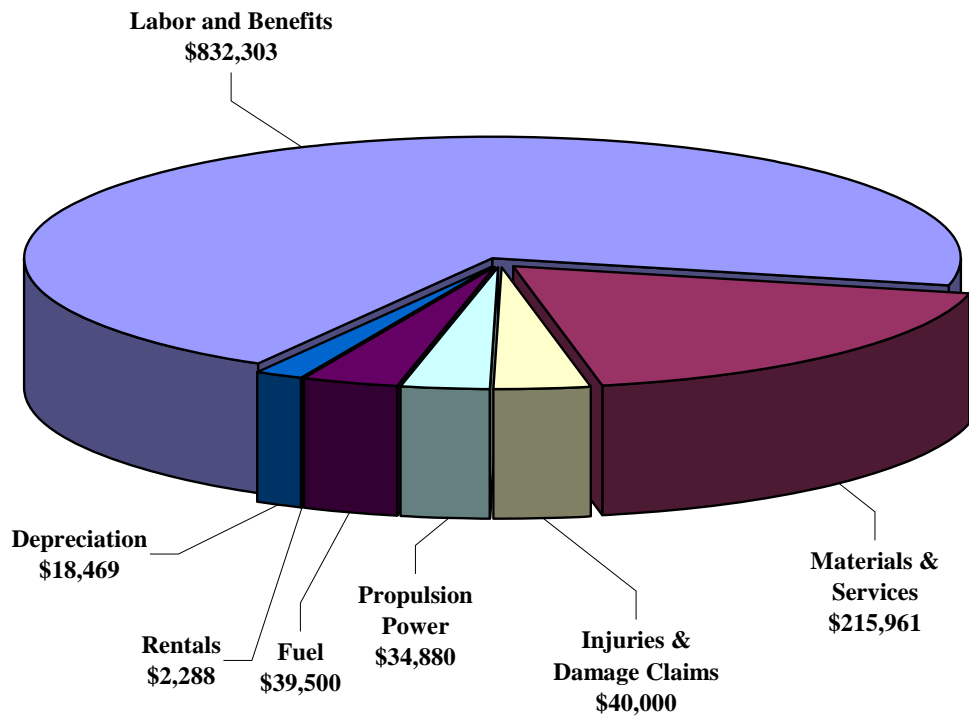


Expense Assumptions



SUMMARY OF TOTAL EXPENSES

(DOLLARS IN THOUSANDS)



TOTAL EXPENSES = \$1,183,401

Detail of Expenses – Fiscal 2011 Budget

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
DEPARTMENTAL EXPENSES			
Operations Division			
Administration	\$ 1,175	\$ 20	\$ 1,195
Surface Transportation	174,517	382	174,899
Control Center	7,107	700	7,807
Customized Community Transportation (CCT)	6,643	2,578	9,221
Labor Relations	963	326	1,289
Rail Transportation	97,713	15,012	112,725
Vehicle Engineering and Maintenance - Bus	47,877	23,667	71,544
Vehicle Engineering and Maintenance - Rail	49,259	17,040	66,299
Total Operations	\$ 385,254	\$ 59,725	\$ 444,979
Staff Departments			
Corporate Staff	\$ 2,410	\$ 194	\$ 2,604
Audit and Investigative Services	1,203	225	1,428
Business Services	13,305	4,625	17,930
Customer Service	4,916	1,400	6,316
Engineering, Maintenance and Construction	69,337	19,142	88,479
Finance and Planning	11,023	4,516	15,539
Human Resources	10,444	1,035	11,479
Legal	3,869	7,685	11,554
Public and Government Affairs	1,259	786	2,045
Public and Operational Safety	21,538	3,606	25,144
Capital Allocation, Rentals, and Fuel included below	(14,607)	(2,288)	(16,895)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 124,697	\$ 40,926	\$ 165,623
TOTAL DEPARTMENTAL EXPENSES	\$ 509,951	\$ 100,651	\$ 610,602
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 322,352	\$ -	\$ 322,352
Amtrak	-	27,100	27,100
CCT - ADA Services	-	23,986	23,986
CCT - Shared Ride Program	-	17,543	17,543
Debt Service Interest and Fees	-	24,250	24,250
Property and Corporate Insurance	-	2,417	2,417
Services for 1234 Market Street	-	4,750	4,750
Snow Removal	-	2,300	2,300
Utilities	-	17,860	17,860
Capitalized/Other Costs	-	(4,896)	(4,896)
Headquarters Allocation	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ 322,352	\$ 115,310	\$ 437,662
OTHER OPERATING EXPENSES			
Injuries & Damage Claims	\$ -	\$ 40,000	\$ 40,000
Propulsion Power	-	34,880	34,880
Fuel	-	39,500	39,500
Vehicle and Facility Rentals	-	2,288	2,288
Depreciation/Contributed Capital	-	18,469	18,469
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 135,137	\$ 135,137
TOTAL EXPENSES	\$ 832,303	\$ 351,098	\$ 1,183,401

Fiscal 2011 Budget – Allocation by Division

Amounts in Thousands ('000)	Headquarters	City Transit	Victory	Frontier	Railroad	TOTAL
DEPARTMENTAL EXPENSES						
Operations Division						
Administration	\$ 1,047	\$ -	\$ -	\$ -	\$ 148	\$ 1,195
Surface Transportation	-	141,708	23,175	10,016	-	174,899
Control Center	647	3,293	412	-	3,455	7,807
Customized Community Transportation (CCT)	7,872	796	254	299	-	9,221
Labor Relations	889	325	-	-	75	1,289
Rail Transportation	69	44,085	-	-	68,571	112,725
Vehicle Engineering and Maintenance - Bus	-	60,155	6,296	5,093	-	71,544
Vehicle Engineering and Maintenance - Rail	805	32,170	2,285	-	31,039	66,299
Total Operations	\$ 11,329	\$ 282,532	\$ 32,422	\$ 15,408	\$ 103,288	\$ 444,979
Staff Departments						
Corporate Staff	\$ 2,604	\$ -	\$ -	\$ -	\$ -	\$ 2,604
Audit and Investigative Services	1,428	-	-	-	-	1,428
Business Services	16,510	289	-	-	1,131	17,930
Customer Service	6,093	124	-	-	99	6,316
Engineering, Maintenance and Construction	12,988	48,191	5,241	-	22,059	88,479
Finance and Planning	14,422	395	-	-	722	15,539
Human Resources	6,789	2,653	368	118	1,551	11,479
Legal	4,308	5,377	279	46	1,544	11,554
Public and Government Affairs	2,045	-	-	-	-	2,045
Public and Operational Safety	23,961	516	25	5	637	25,144
Capital Allocation, Rentals, and Fuel included below	(12,026)	(2,957)	(593)	(575)	(744)	(16,895)
Headquarters Allocation	(90,451)	65,301	5,521	1,797	17,832	-
Total Staff Departments	\$ (11,329)	\$ 119,889	\$ 10,841	\$ 1,391	\$ 44,831	\$ 165,623
TOTAL DEPARTMENTAL EXPENSES	\$ -	\$ 402,421	\$ 43,263	\$ 16,799	\$ 148,119	\$ 610,602
NON-DEPARTMENTAL EXPENSES						
Fringe Benefits	\$ 48,428	\$ 191,712	\$ 18,378	\$ 6,010	\$ 57,824	\$ 322,352
Amtrak	-	-	-	-	27,100	27,100
CCT - ADA Services	-	14,983	9,003	-	-	23,986
CCT - Shared Ride Program	-	17,543	-	-	-	17,543
Debt Service Interest and Fees	5,985	18,140	-	-	125	24,250
Property and Corporate Insurance	515	905	83	25	889	2,417
Services for 1234 Market Street	4,750	-	-	-	-	4,750
Snow Removal	-	-	-	-	2,300	2,300
Utilities	1,978	8,898	1,017	278	5,689	17,860
Capitalized/Other Costs	(2,661)	(449)	(323)	(133)	(1,330)	(4,896)
Headquarters Allocation - Non-Departmental	(58,995)	43,616	3,894	1,386	10,099	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ -	\$ 295,348	\$ 32,052	\$ 7,566	\$ 102,696	\$ 437,662
OTHER OPERATING EXPENSES						
Injuries & Damage Claims	\$ -	\$ 34,200	\$ 3,000	\$ 900	\$ 1,900	\$ 40,000
Propulsion Power	-	14,185	1,288	-	19,407	34,880
Fuel	-	31,114	5,034	3,163	189	39,500
Vehicle and Facility Rentals	-	1,668	117	42	461	2,288
Depreciation/Contributed Capital	-	13,123	233	45	5,068	18,469
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 94,290	\$ 9,672	\$ 4,150	\$ 27,025	\$ 135,137
TOTAL EXPENSES	\$ -	\$ 792,059	\$ 84,987	\$ 28,515	\$ 277,840	\$ 1,183,401

Detail of Expenses – Fiscal 2010 Actual

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
DEPARTMENTAL EXPENSES			
Operations Division			
Administration	\$ 1,102	\$ 50	\$ 1,152
Surface Transportation	173,243	416	173,659
Control Center	6,507	655	7,162
Customized Community Transportation (CCT)	6,507	2,452	8,959
Labor Relations	796	161	957
Rail Transportation	94,518	14,703	109,221
Vehicle Engineering and Maintenance	93,892	40,591	134,483
Total Operations	\$ 376,565	\$ 59,028	\$ 435,593
Staff Departments			
Corporate Staff	\$ 2,383	\$ 74	\$ 2,457
Audit and Investigative Services	1,095	183	1,278
Business Services	12,761	4,130	16,891
Customer Service	4,558	1,067	5,625
Engineering, Maintenance and Construction	70,080	23,334	93,414
Finance and Planning	10,277	3,704	13,981
Human Resources	10,042	749	10,791
Legal	3,332	16,286	19,618
Public and Government Affairs	1,241	775	2,016
Public and Operational Safety	20,536	2,739	23,275
Capital Allocation, Rentals, and Fuel included below	(15,560)	(2,201)	(17,761)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 120,745	\$ 50,840	\$ 171,585
TOTAL DEPARTMENTAL EXPENSES	\$ 497,310	\$ 109,868	\$ 607,178
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 294,220	\$ -	\$ 294,220
Amtrak	-	26,278	26,278
CCT - ADA Services	-	21,713	21,713
CCT - Shared Ride Program	-	17,322	17,322
Debt Service Interest and Fees	-	25,518	25,518
Property and Corporate Insurance	-	2,197	2,197
Services for 1234 Market Street	-	4,484	4,484
Snow Removal	-	2,850	2,850
Utilities	-	17,321	17,321
Capitalized/Other Costs	-	(8,803)	(8,803)
Headquarters Allocation	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ 294,220	\$ 108,880	\$ 403,100
OTHER OPERATING EXPENSES			
Injuries & Damage Claims	\$ -	\$ 46,251	\$ 46,251
Propulsion Power	-	32,560	32,560
Fuel	-	38,182	38,182
Vehicle and Facility Rentals	-	2,201	2,201
Depreciation/Contributed Capital	-	18,282	18,282
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 137,476	\$ 137,476
TOTAL EXPENSES	\$ 791,530	\$ 356,224	\$ 1,147,754

Detail of Expenses – Fiscal 2009 Actual

Amounts in Thousands ('000)	Net Labor	Material & Services	Total
DEPARTMENTAL EXPENSES			
Operations Division			
Administration	\$ 1,041	\$ 37	\$ 1,078
Bus Transportation	134,406	352	134,758
Control Center	6,413	537	6,950
Customized Community Transportation (CCT)	6,081	2,066	8,147
Labor Relations	763	209	972
Rail Transportation	123,079	15,863	138,942
Vehicle Engineering and Maintenance	89,931	40,316	130,247
Total Operations	\$ 361,714	\$ 59,380	\$ 421,094
Staff Departments			
Corporate Staff	\$ 2,373	\$ 158	\$ 2,531
Audit and Investigative Services	957	192	1,149
Business Services	11,862	3,880	15,742
Customer Service	4,288	1,784	6,072
Engineering, Maintenance and Construction	63,875	19,521	83,396
Finance and Planning	9,714	5,458	15,172
Human Resources	9,912	903	10,815
Legal	3,434	12,333	15,767
Public and Government Affairs	1,007	726	1,733
Public and Operational Safety	20,262	2,853	23,115
Capital Allocation, Rentals, and Fuel included below	(14,003)	(2,323)	(16,326)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 113,681	\$ 45,485	\$ 159,166
TOTAL DEPARTMENTAL EXPENSES	\$ 475,395	\$ 104,865	\$ 580,260
NON-DEPARTMENTAL EXPENSES			
Fringe Benefits	\$ 267,027	\$ -	\$ 267,027
Amtrak	-	25,767	25,767
CCT - ADA Services	-	22,853	22,853
CCT - Shared Ride Program	-	18,216	18,216
Debt Service Interest and Fees	-	21,368	21,368
Property and Corporate Insurance	-	2,058	2,058
Services for 1234 Market Street	-	4,218	4,218
Snow Removal	-	1,470	1,470
Utilities	-	18,433	18,433
Capitalized/Other Costs	-	(6,326)	(6,326)
Headquarters Allocation	-	-	-
TOTAL NON-DEPARTMENTAL EXPENSES	\$ 267,027	\$ 108,057	\$ 375,084
OTHER OPERATING EXPENSES			
Injuries & Damage Claims	\$ -	\$ 38,960	\$ 38,960
Propulsion Power	-	32,384	32,384
Fuel	-	53,609	53,609
Vehicle and Facility Rentals	-	2,323	2,323
Depreciation/Contributed Capital	-	18,877	18,877
TOTAL OTHER OPERATING EXPENSES	\$ -	\$ 146,153	\$ 146,153
TOTAL EXPENSES	\$ 742,422	\$ 359,075	\$ 1,101,497

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Headcount Authorization Cause of Change Fiscal 2010 to Fiscal 2011

The Authority remains committed to maintaining headcount at a responsible level and will reduce headcount in Fiscal Year 2011. Many of the reductions are being realized through attrition and elimination of vacant positions. The remaining reductions are a result of positions added to support Federal Stimulus Program projects which will be completed.

Fiscal Year 2010 Authorized Headcount: 9,494

Overview of Headcount Changes from Fiscal Year 2010 to Fiscal Year 2011:

- **Operations Division** – Decrease of 35 heads:
 - Decrease of 16 hourly (H) heads in surface transportation as a result of service adjustments.
 - Decrease of 14 hourly (H) heads as a result of the projected completion of the bus substitution for the Federal Stimulus Project on the Media/Sharon Hill Trolley Lines.
 - Decrease of 1 management (A) head as a result of a transfer to the Information Technology group within the Business Services Division.
 - Decrease of 1 management (A) head in Labor Relations as a result of eliminating a Labor Relations Manager.
 - Decrease of 1 management (A) head in Rail Transportation as a result of the elimination of an Assistant Director of Railroad Services.
 - Decrease of 2 hourly (H) mechanic heads in Rail Vehicle Engineering and Maintenance.
- **Audit and Investigative Services** – Decrease of 2 heads:
 - Decrease of 2 management (A) heads, one in Internal Audit, and one in the Office of the Inspector General.
- **Business Services Division** – Increase of 4 heads:
 - Increase of 4 management (A) heads in Information Technology to meet new technological needs of the Authority. These 4 heads were transferred from other divisions, with 1 from Engineering, Maintenance and Construction, 1 from Operations and 2 from Public and Operational Safety.
- **Engineering, Maintenance and Construction Division** – Decrease of 3 heads:
 - Decrease of 2 management (A) heads in Capital Construction.
 - Transfer 1 hourly (H) head to Business Services to become a management (A) head in Information Technology.

Headcount Authorization Cause of Change Fiscal 2010 to Fiscal 2011

- **Finance and Planning Division** – Decrease of 3 heads:
 - Decrease of 3 management (A) heads, one each from Accounting, Operating Budget and Strategic Planning and Analysis.
- **Legal Division** – Decrease of 2 heads:
 - Decrease of 2 management (A) heads, one in the Corporate Department and one in the Litigation Department.
- **Public and Operational Safety Division** – Decrease of 4 heads:
 - Transfer of 2 management (A) heads, from Records Management to the Information Technology group in Business Services.
 - Decrease of 2 management (A) heads in Claims.

Fiscal Year 2011 Authorized Headcount: 9,449

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 2011 Headcount Authorization

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	17	-	-	17
Operations	677	131	5,534	6,342
Audit and Investigative Services	19	-	-	19
Business Services	143	64	3	210
Customer Service	24	65	3	92
Engineering, Maintenance and Construction	254	114	811	1,179
Finance and Planning	127	64	-	191
Human Resources	136	17	-	153
Legal	52	1	-	53
Public and Government Affairs	17	-	-	17
Public and Operational Safety	<u>116</u>	<u>27</u>	<u>209</u>	<u>352</u>
TOTAL OPERATING HEADS	<u>1,582</u>	<u>483</u>	<u>6,560</u>	<u>8,625</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	-	-	-	-
Operations	115	2	265	382
Audit and Investigative Services	-	-	-	-
Business Services	10	2	-	12
Customer Service	-	-	-	-
Engineering, Maintenance and Construction	143	7	276	426
Finance and Planning	4	-	-	4
Human Resources	-	-	-	-
Legal	-	-	-	-
Public and Government Affairs	-	-	-	-
Public and Operational Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL HEADS	<u>272</u>	<u>11</u>	<u>541</u>	<u>824</u>

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate Staff	17	-	-	17
Operations	792	133	5,799	6,724
Audit and Investigative Services	19	-	-	19
Business Services	153	66	3	222
Customer Service	24	65	3	92
Engineering, Maintenance and Construction	397	121	1,087	1,605
Finance and Planning	131	64	-	195
Human Resources	136	17	-	153
Legal	52	1	-	53
Public and Government Affairs	17	-	-	17
Public and Operational Safety	<u>116</u>	<u>27</u>	<u>209</u>	<u>352</u>
TOTAL HEADS	<u>1,854</u>	<u>494</u>	<u>7,101</u>	<u>9,449</u>

Fiscal 2007 Through 2011 Headcount Authorizations

OPERATING HEADS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Corporate Staff	16	16	17	17	17
Operations	6,125	6,128	6,270	6,358	6,342
Audit and Investigative Services	26	26	21	21	19
Business Services	299	299	196	204	210
Customer Service	-	-	90	92	92
Engineering, Maintenance and Construction	962	958	1,180	1,182	1,179
Finance and Planning	384	385	194	194	191
Human Resources	153	152	152	153	153
Legal	60	58	58	55	53
Public and Government Affairs	32	34	17	16	17
Public and Operational Safety	330	330	355	355	352
TOTAL OPERATING HEADS	8,387	8,386	8,550	8,647	8,625

CAPITAL HEADS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Corporate Staff	-	-	-	-	-
Operations	411	409	430	401	382
Audit and Investigative Services	-	-	-	-	-
Business Services	15	15	15	14	12
Customer Service	-	-	-	-	-
Engineering, Maintenance and Construction	399	403	399	426	426
Finance and Planning	6	5	4	4	4
Human Resources	-	-	-	-	-
Legal	-	-	-	-	-
Public and Government Affairs	4	2	2	1	-
Public and Operational Safety	-	1	1	1	-
TOTAL CAPITAL HEADS	835	835	851	847	824

TOTAL HEADS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Corporate Staff	16	16	17	17	17
Operations	6,536	6,537	6,700	6,759	6,724
Audit and Investigative Services	26	26	21	21	19
Business Services	314	314	211	218	222
Customer Service	-	-	90	92	92
Engineering, Maintenance and Construction	1,361	1,361	1,579	1,608	1,605
Finance and Planning	390	390	198	198	195
Human Resources	153	152	152	153	153
Legal	60	58	58	55	53
Public and Government Affairs	36	36	19	17	17
Public and Operational Safety	330	331	356	356	352
TOTAL HEADS	9,222	9,221	9,401	9,494	9,449

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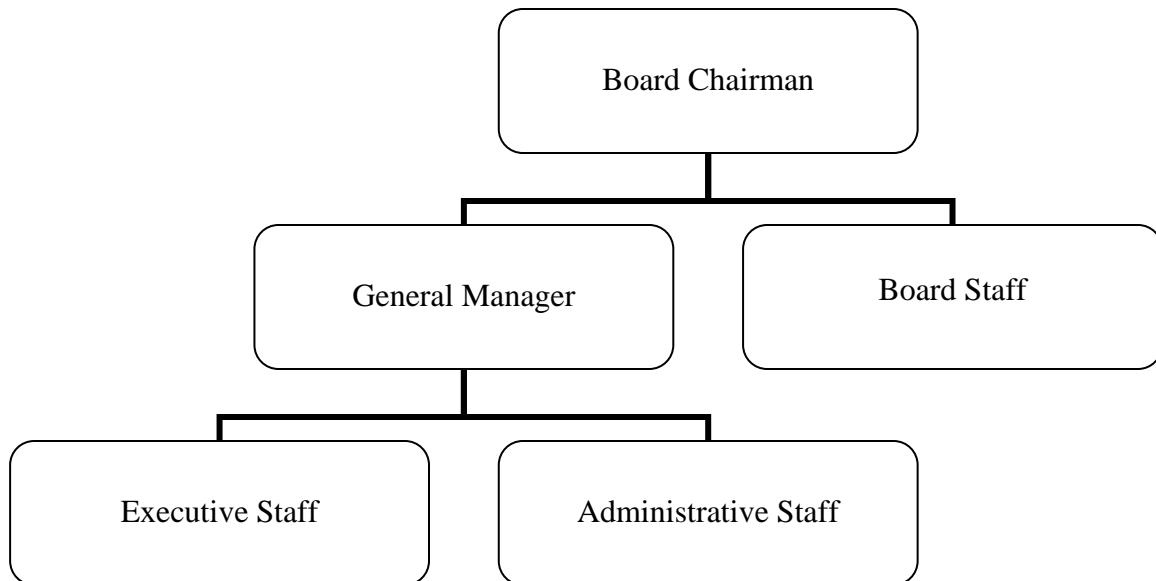
Corporate Staff

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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	\$ 389	\$ 112	\$ 501
Executive Staff	1,637	15	1,652
Board Staff	<u>384</u>	<u>67</u>	<u>451</u>
TOTAL	<u>\$ 2,410</u>	<u>\$ 194</u>	<u>\$ 2,604</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 six corporate goals that will be undertaken during Fiscal Year 2011.

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 without negatively impacting financial well-being.
- 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.
- Implement projects that provide an integrated approach to strategic planning throughout the Authority.

Improve Employee Satisfaction and Workplace Excellence

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

Maximize Authority participation in Federal Economic Stimulus Package

- Complete capital improvement projects

Operations

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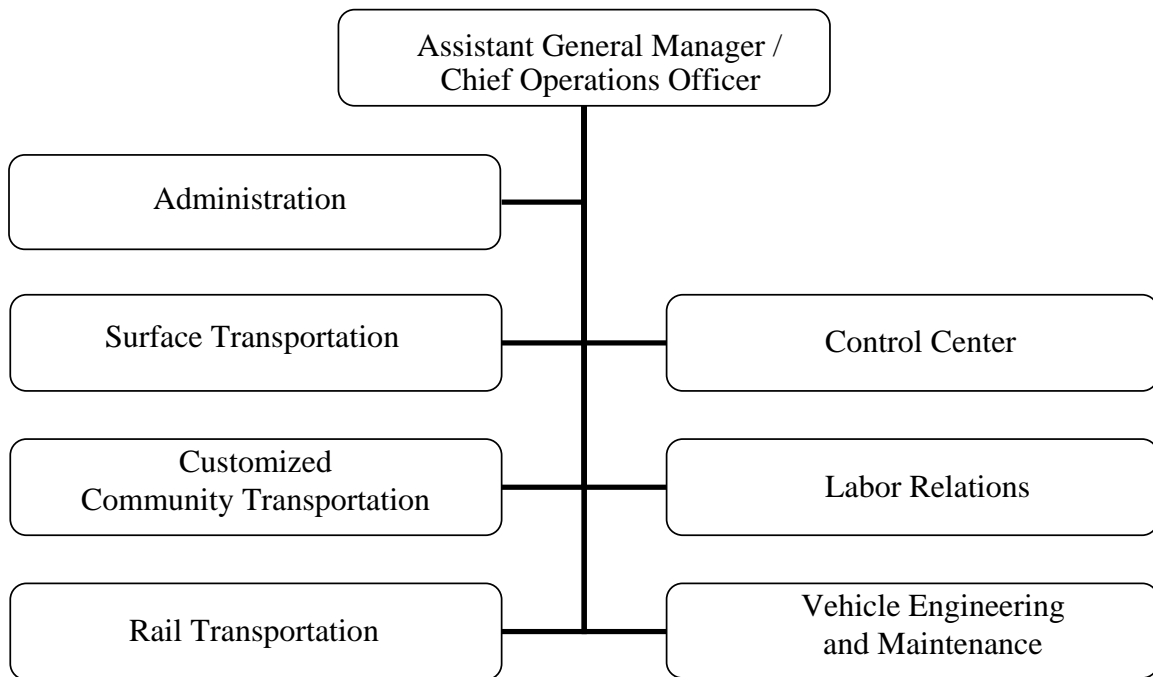
Operations Division

Overview

The Operations Division provided approximately 321 million annual (unlinked) passenger trips in fiscal year 2010, while operating 97.0 million vehicle miles. Total passenger miles exceeded 1.4 billion. The Division operates and maintains 2,803 revenue vehicles on 144 fixed routes, which have approximately 1,860 route miles. Operations also operates and maintains an inventory of 949 assorted non-revenue support vehicles and equipment, and provides service to 280 stations using over 450 miles of track and related facilities.

The Operations Division includes Administration and Finance, Surface Transportation, Control Center, Customized Community Transportation, Labor Relations, Rail Transportation and Vehicle Engineering and Maintenance.

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	11	-	-	-	-	11
Surface Transportation	185	28	-	2,747	-	2,960
Control Center	86	12	-	5	-	103
Customized Community Transportation (CCT)	39	-	-	-	-	39
Labor Relations	9	-	5	-	-	14
Rail Transportation	139	55	169	733	347	1,443
Vehicle Engineering and Maintenance-Bus	88	17	782	-	-	887
Vehicle Engineering and Maintenance-Rail	120	19	746	-	-	885
TOTAL OPERATING HEADS	677	131	1,702	3,485	347	6,342

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>Maint.</u>	<u>Transp.</u>	<u>Cashiers</u>	<u>Total</u>
Administration	1	-	-	-	-	1
Surface Transportation	-	-	-	7	-	7
Control Center	1	-	-	-	-	1
Customized Community Transportation (CCT)	53	-	-	25	-	78
Labor Relations	-	-	-	-	-	-
Rail Transportation	3	-	1	2	-	6
Vehicle Engineering and Maintenance-Bus	30	1	70	-	-	101
Vehicle Engineering and Maintenance-Rail	27	1	160	-	-	188
TOTAL CAPITAL HEADS	115	2	231	34	-	382

TOTAL HEADS

	<u>A</u>	<u>B</u>	<u>Maint.</u>	<u>Transp.</u>	<u>Cashiers</u>	<u>Total</u>
Administration	12	-	-	-	-	12
Surface Transportation	185	28	-	2,754	-	2,967
Control Center	87	12	-	5	-	104
Customized Community Transportation (CCT)	92	-	-	25	-	117
Labor Relations	9	-	5	-	-	14
Rail Transportation	142	55	170	735	347	1,449
Vehicle Engineering and Maintenance-Bus	118	18	852	-	-	988
Vehicle Engineering and Maintenance-Rail	147	20	906	-	-	1,073
TOTAL HEADS	792	133	1,933	3,519	347	6,724

Operations Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 1,175	\$ 20	\$ 1,195
Surface Transportation	174,517	382	174,899
Control Center	7,107	700	7,807
Customized Community Transportation (CCT)	6,643	2,578	9,221
Labor Relations	963	326	1,289
Rail Transportation	97,713	15,012	112,725
Vehicle Engineering and Maintenance-Bus	47,877	23,667	71,544
Vehicle Engineering and Maintenance-Rail	<u>49,259</u>	<u>17,040</u>	<u>66,299</u>
TOTAL	<u>\$ 385,254</u>	<u>\$ 59,725</u>	<u>\$ 444,979</u>

In addition to the Fiscal 2011 expenses reflected here, Customized Community Transportation is responsible for carrier costs of \$24 million for ADA Paratransit and \$17.5 million for Shared Ride. These costs are budgeted as non-departmental expenses.

ADMINISTRATION AND FINANCE

Principal Responsibilities

Coordinates and manages the administrative and financial activities for the Operations Division.

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.

Operations Division

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

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

SURFACE TRANSPORTATION

Principal Responsibilities

Operates surface transit modes throughout the five county service area with service originating from nine operating locations in the region. Each operating district has full responsibility for transportation service of the transit fleet in that location.

The nine operating districts operate a total of 117 bus, 3 trackless trolley routes, 8 trolley (light rail) routes and one interurban high speed (heavy rail) line. It should be noted that the number of bus routes identified by operating district in this section differ than the total number reported because 9 bus routes are operated out of more than one district, as operating conditions necessitate. These are the nine operating districts in Surface Transportation:

Allegheny - operates 7 bus routes.

Callowhill - operates 13 bus routes, in addition to trolley (light rail) routes 10 and 15.

Comly - operates 12 bus routes.

Elmwood - operates trolley (light rail) routes 11, 13, 34, and 36.

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.

Victory - operates 20 bus routes, 2 trolley (light rail) lines and 1 heavy rail line.

Operations Division

CONTROL CENTER

Principal Responsibilities

The Control Center is a centralized facility that manages rail and bus movements Authority-wide. The Market-Frankford Line, Broad Street Line, bus and trackless trolley routes, trolley (light rail) lines, and Railroad lines are controlled by train dispatchers and bus controllers at 1234 Market Street. This group is also responsible for making service alerts and other announcements.

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.

CUSTOMIZED COMMUNITY TRANSPORTATION (CCT)

Principal Responsibilities

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

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

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

CCT Connect

ADA Services - Provides advance-reservation, ride-sharing paratransit service 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.

Operations Division

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 fixed route bus loop 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).

LABOR RELATIONS

Principal Responsibilities

Conducts all labor negotiations with the bargaining units, handles all grievances, arbitrations, unemployment claims and Labor Board cases.

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

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

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

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

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

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

Operations Division

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

RAIL TRANSPORTATION

Principal Responsibilities

Rail Transportation operates railroad and subway-elevated service throughout the five county region. Rail Transportation also includes revenue collection, station staffing and cleaning.

Railroad

Oversees all transportation, customer service and station operation for the railroad system. The regional 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 these services at 25 stations.

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

VEHICLE ENGINEERING AND MAINTENANCE - AUTOMOTIVE

Principal Responsibilities

Oversees the engineering and maintenance for bus, trackless trolley, and non-revenue fleets. Responsible for bus and utility vehicle acquisitions and overhauls.

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.

Operations Division

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 1,400 vehicles.

New Vehicles – Oversees the purchase of all new vehicles for the Authority. Manages the procurement, production, inspection, acceptance and contract deliverables (e.g. spare parts, manuals and warranty administration) for various contracts.

VEHICLE ENGINEERING AND MAINTENANCE - RAIL

Principal Responsibilities

Oversees the engineering and maintenance for light rail, subway-elevated, and railroad fleets. Responsible for rail vehicle acquisitions and overhauls.

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
- 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 53 coaches (push pull) propelled by 8 electric locomotives.

Operations Division

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Improve Service Quality and Customer Satisfaction**

- Continue efforts to improve on-time performance for all modes
- Investigate new methods of providing real-time information
- Finalize and employ the new no-show and late cancellation policy in coordination with the new CCT Communications System
- Maintain zero trip denials for ADA rides
- Implement the Subway-Elevated station cleaning schedules and procedures identified through process analysis
- Design and put into action a comprehensive plan to improve route performance
- Evaluate all major capital projects requiring bus substitution to ensure operational plans are meeting our customers' expectations
- Partner with Customer Service in the new Customer Relations Management Program (CRM)
- Work with Service Planning to develop a departmental operational strategy to effectively manage the logistical challenges of the I-95 reconstruction project
- Plan for testing and accepting the Silverliner V fleet
- Increase bus housecleaning goal to a sixteen day cycle; evaluate other fleets for increased cleaning
- Manage Ambassador deployment for operational, customer service and advocacy initiatives

- **Improve Customer and Employee Safety**

- Coordinate the continued improvement of the Slippery Rail Abatement Program
- Ensure that all levels of management are using quality assurance for rules compliance (QUARC) data to analyze rules compliance
- Work with System Safety to develop a consolidated database that tracks all non-QUARC inspection rides and reports to include those performed by SEPTA and PADOT personnel
- Continue efforts to maximize camera equipped bus utilization
- Continue to work with Government Relations on stiffening laws on operator assaults, compliance with new cellular phone usage laws and engine idling
- Work with System Safety and Operations Training to develop and implement an accident reduction program

Operations Division

- **Improve Productivity and Cost Effectiveness**

- Continue the installation of the railroad automated crew management system
- Ensure the best utilization of manpower resources; pay particular attention to scheduled and unscheduled lost time and overtime
- Achieve a 5% increase in mean distance before failure (MDBF)
- Complete 95% or more of scheduled preventive maintenance inspections and cleaning goals

- **Support Capital Improvement Projects**

- Complete cutovers of new signal projects for the Main Line and Doylestown Line
- Continue participation in the construction of the Smart Station project with the goal of safer service and more passenger information
- Coordinate track outages associated with Federal Economic Stimulus projects while maintaining service
- Complete the final stages of the new CCT Communications System
- Participate actively in Transit First program initiatives by establishing cooperative partnership between the City and SEPTA, focusing on operational issues which have an immediate impact on day-to-day issues while redefining the future of transit in Philadelphia
- Partner with Communications to roll-out the Bus View pilot for internal communication and then for eventual public use
- Work with Infrastructure to improve the physical plant at operating locations
- Meet vehicle overhaul (VOH) production goals for all fleets

- **Improve Employee Satisfaction and Develop a Highly Qualified Staff**

- Develop succession plans
- Continue efforts to improve first level supervisory training and customer service training for the operators
- Continue efforts working with Human Resources and the General Manager's Team in the development and evaluation of a social skills coaching and assessment program
- Develop subordinates for future needs of the organization through increased responsibilities, holding them accountable, management training classes, and mentoring

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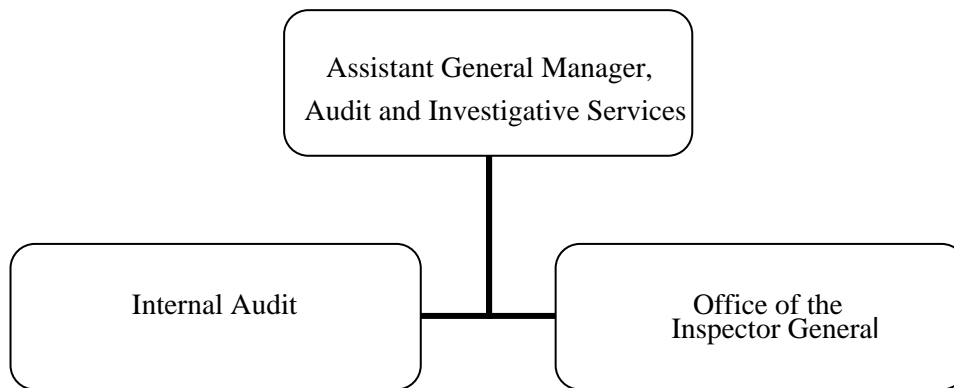
Audit and Investigative Services

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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	13	-	-	13
Office of the Inspector General	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
TOTAL HEADS	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</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	13	-	-	13
Office of the Inspector General	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
TOTAL HEADS	<u>19</u>	<u>-</u>	<u>-</u>	<u>19</u>

Audit and Investigative Services

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Internal Audit	\$ 791	\$ 14	\$ 805
Office of the Inspector General	<u>412</u>	<u>211</u>	<u>623</u>
TOTAL	<u>\$ 1,203</u>	<u>\$ 225</u>	<u>\$ 1,428</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

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.

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Perform audits/investigations of those areas identified in the risk assessment plan**
 - Include one audit related to a customer service process
- **Perform audits/investigations of other areas based on events that occur during the year**
- **Provide timely response to request for support services**
- **Perform audits of third-party cost reimbursement contracts**
 - Include projects reimbursed with stimulus funding
- **Review pre-contract cost proposals, change orders and claims upon request**
- **Perform random observations of operator performance, vehicle condition and station environment to improve customer service**
- **Perform special observation of operators as identified by Operations, Customer Service and public complaints.**

Business Services

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Business Services Division

Overview

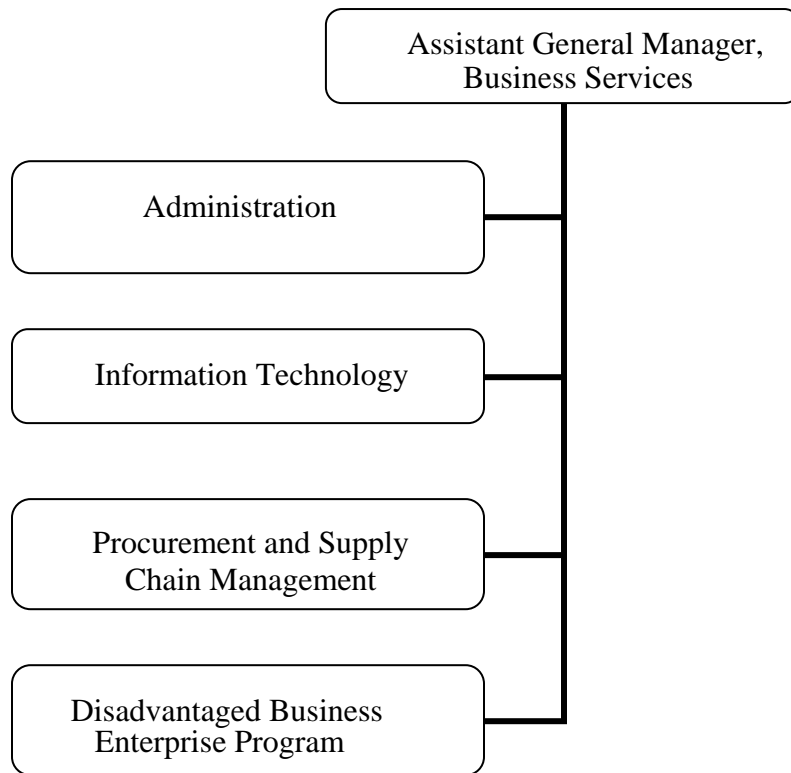
The Business Services Division includes Information Technology, Procurement and Supply Chain Management and Disadvantaged Business Enterprise Program. The individual departments are described briefly on this page. More detailed responsibilities, goals, and business initiatives are described later in this section.

Information Technology – Responsible for the leadership, project management, implementation, and support of technology initiatives for SEPTA and external customers. Maintains the enterprise data center, which includes mainframe, mid-range and network server computer systems and the enterprise network data infrastructure services.

Procurement and Supply Chain Management – 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.

Disadvantaged Business Enterprise Program – 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.

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	61	5	-	66
Procurement and Supply Chain Management	72	59	3	134
Disadvantaged Business Enterprise Program	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
TOTAL OPERATING HEADS	<u>143</u>	<u>64</u>	<u>3</u>	<u>210</u>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	-	-	-	-
Information Technology	-	-	-	-
Procurement and Supply Chain Management	8	2	-	10
Disadvantaged Business Enterprise Program	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
TOTAL CAPITAL HEADS	<u>10</u>	<u>2</u>	<u>-</u>	<u>12</u>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	5	-	-	5
Information Technology	61	5	-	66
Procurement and Supply Chain Management	80	61	3	144
Disadvantaged Business Enterprise Program	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
TOTAL HEADS	<u>153</u>	<u>66</u>	<u>3</u>	<u>222</u>

Business Services Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 529	\$ 14	\$ 543
Information Technology	4,716	4,066	8,782
Procurement and Supply Chain Management	7,750	265	8,015
Disadvantaged Business Enterprise Program	<u>310</u>	<u>280</u>	<u>590</u>
TOTAL	<u>\$ 13,305</u>	<u>\$ 4,625</u>	<u>\$ 17,930</u>

INFORMATION TECHNOLOGY

Principal Responsibilities

Emerging Technologies – Provides the short and long term strategy, direction, management, and implementation of the core enterprise architecture and technical infrastructure for the Authority. Management of new technologies and overall management and support of Control Center and specialty technology systems. Strategic design and development of advanced network architecture using wired and wireless technologies.

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.

Technology Services – Provides computer operations stability and access security on a 7-day/24-hour basis including problem management, disaster recovery, database administration and change control. Maintains the technology infrastructure necessary for business critical systems, including: Enterprise E-mail services, Internet/Intranet Access, Payroll, Materials Management, General Accounting, Operations Control Centers, Disaster recovery and Business Continuity. Supports SEPTA's enterprise data communication systems and the entire microcomputer environment. Sets standards for hardware and software used across the networks and installs, supports, and maintains the data network infrastructure throughout the entire Authority service area.

Business Services Division

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

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

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.

Business Services Division

DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM

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.

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Provide best-in-class service delivery to customers**
 - Strengthen DBE Business Outreach Program
 - Improve DBE Communication/training/instructional programs
 - Ensure inventory accuracy and parts availability
 - Extend Vendor Managed Inventory (VMI) Program to railroad and rail transit operations
 - Reduce monthly average vehicles out of service due to non-availability of parts.
 - Develop and Implement Vendor Performance Program
 - Improve support of all IT user systems
 - Develop Senior Level Governance Body for IT-related Strategies, Initiatives and Considerations
- **Develop a highly motivated and skilled workforce**
 - Develop professional talents, empower Procurement and Supply Chain Management employees
 - Establish IT performance standards, training programs, and succession planning
 - Complete revised technical performance criteria, elevated technical standards for users by conducting ongoing user level training, and succession plan for management and single threaded areas of support

Business Services Division

- **Implement new systems to automate processing, retrieval and storage of data**
 - Implement New/Improved Technical and Enterprise Architecture
 - Implement New/Improved Computing Software and Web Service applications
 - Establish new technologies and support New Payment Technology System
 - Develop business case, evaluate Technology Systems, and obtain funding approval for warehouse and maintenance depots (e.g. RFID, Barcoding, etc.)
 - Develop and seek funding approval for implementation of an Enterprise Content Management (ECM) system
 - Develop business case, evaluate new technologies, and obtain funding approval for WiMax and WiFi wireless networks to support expanded use of Authority systems including vehicle operations, Geographical Positioning Systems(GPS,), remote access to Authority systems
 - Develop business case, evaluate technology systems for Enterprise Asset Management System for Authority
- **Ensure disaster recovery, operational systems backup, infrastructure and maintenance capabilities.**
 - Implement and operate the Backup Data Center
 - Develop, manage and implement disaster and business contingency plan Authority-Wide
 - Coordinate expansion and operation of the Vehicle Video Systems
 - Improve storeroom safety and security
- **Achieve “green” status by installing energy efficient technologies**
 - Enhance DBE certification/re-certification application process to an electronic/paperless environment
 - Improve electronic communication and implement electronic signatures
 - Reduce printer devices to reduce energy consumption and increase cost savings
 - Reduce inventory and pursue asset recovery activities
- **Enhance operational efficiency**
 - Increase storage capacity for inventory/maintenance items
- **Participate in outreach programs designed to increase ridership**
 - Support ridership improvement efforts

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Customer Service

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Customer Service Division

Overview

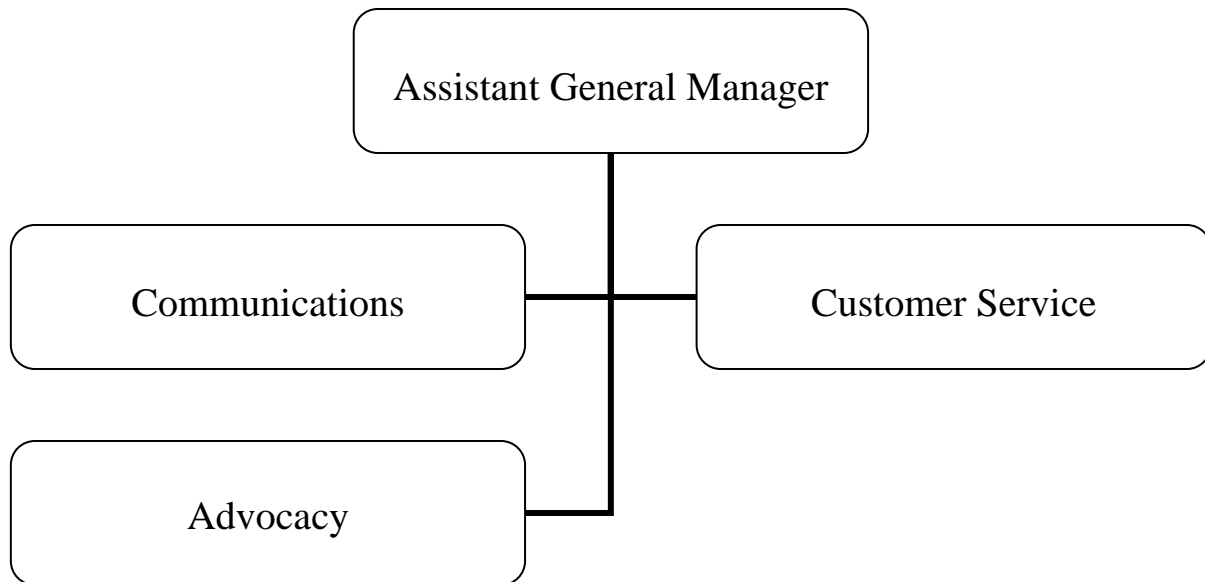
The Customer Service Division is responsible for the development, implementation, and coordination of all SEPTA customer service and advocacy initiatives. The Division is tasked with serving as the central point for all customer communications – both internal and external – and for coordinating and authorizing all Authority outreach efforts, programs, and training. The departments within the Customer Service Division 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, content and management, as well as Authority image and identity through system signage and maps. The Communications Department is made up of Graphic Services, the Print and Sign Shops, Fulfillment Services, Communications, and Website Management.

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 satellite offices at the headquarters and selected transportation centers to provide in-person assistance to customers. The department is also responsible for administering the Senior Citizen Transit Program and Reduced Fare Program for Persons with Disabilities.

Advocacy – This group is responsible for coordinating the Division's tasks, as well as establishing and tracking performance objectives. Advocacy staff is responsible for the development and maintenance of the Authority's Customer Service Program and its calibration with the Strategic Business Plan. Activities related to the integration for Customer Service technology and the dissemination of information are managed in this section. The Advocacy section also directs Authority-wide qualitative and quantitative market research programs executed both internally and externally. Customer satisfaction surveys and various qualitative studies involving focus groups and issue specific surveys are managed by Advocacy. The Advocacy group also deals with systemic flaws and weaknesses that impede the use of public transportation identified by individual and special interest groups, and proactively works to improve the customer experience.

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	60		68
Advocacy	8	-	-	8
TOTAL OPERATING HEADS	<u>24</u>	<u>65</u>	<u>3</u>	<u>92</u>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Communications	-	-	-	-
Customer Service	-	-	-	-
Advocacy	-	-	-	-
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	60	-	68
Advocacy	8	-	-	8
TOTAL HEADS	<u>24</u>	<u>65</u>	<u>3</u>	<u>92</u>

Customer Service Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Communications	\$ 914	\$ 1,107	\$ 2,021
Customer Service	3,320	29	3,349
Advocacy	<u>682</u>	<u>264</u>	<u>946</u>
TOTAL	<u>\$ 4,916</u>	<u>\$ 1,400</u>	<u>\$ 6,316</u>

COMMUNICATIONS

Principal Responsibilities

Responsibilities include internal and external corporate communications including the development of 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 real time service 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. Manages Graphics, Printing Services, the Sign Shop, Fulfillment Services and Communications.

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. Responsible for graphic design of SEPTA's Internet and Intranet.

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.

Customer Service Division

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.

ADVOCACY

Principal Responsibilities

Leading the Authority's integrated Customer Service Program in coordination with SEPTA's Strategic Business Plan is this unit's key responsibility. In addition, it is responsible for coordinating all divisional administrative and personnel functions. It also directly manages key advocacy initiatives of the Customer Service Program, defines and evaluates divisional goals and objectives, customer service technology planning and project management.

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Nourish and advance a wide array of customer-focused initiatives throughout the Authority**
 - Provide updates on the status of the Customer Service Program to the General Manager, the GM Team and Board
 - Work with other divisions to ensure that customer service remains vital and relevant by closing out completed initiatives and introducing new ones
 - Sustain the Passenger Etiquette program and support other Customer Service programs including the QuietRide Car program on the regional railroad
 - Ensure customer-related design features in services and facilities are fully considered through formal Customer Service Division interaction
- **Develop a customer-focused workforce**
 - Coordinate the Alumni Hospitality Concierge Program
 - Implement Goals and Performance System (Employee Customer Service Goals)
 - Continue Employee Eye on SEPTA Program

Customer Service Division

- **Employ technological advancements to improve customer service**
 - Develop and implement a website strategic plan for SEPTA
 - Add at least two web site features

Engineering, Maintenance and Construction

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Engineering, Maintenance and Construction

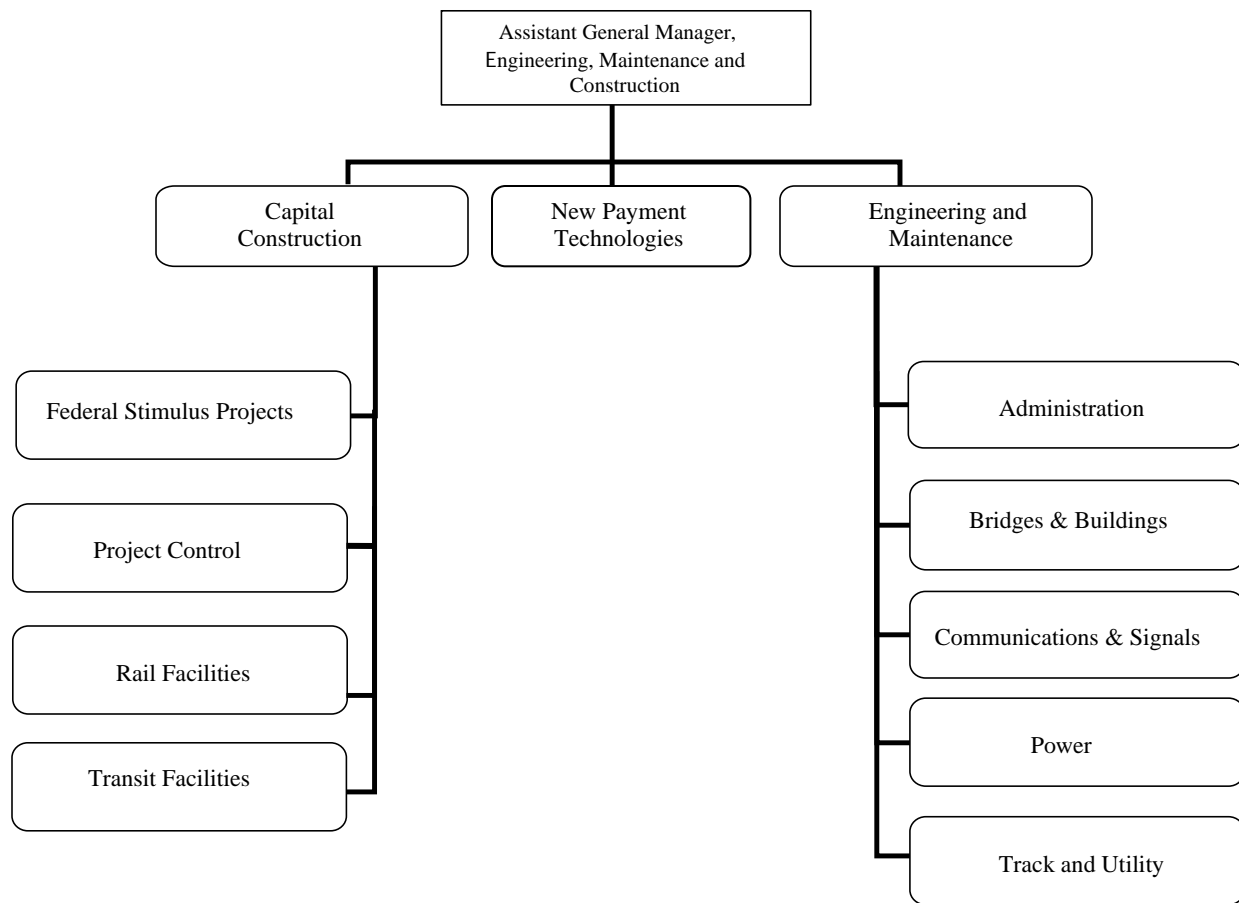
Overview

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

In addition, the Engineering, Maintenance and Construction Division oversees the New Payment Technologies Department. Within this department, Revenue Operations ensures that the Authority's fare instruments are distributed, the fare collection system is maintained and revenue is collected, transported, secured, counted, processed and deposited. They are also responsible for control, compliance and audit of the collection process.

New Payment Technologies also manages the capital project to design, select, and implement a new state-of-the-art consumer payment program.

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/Project Control	2	-	-	2
Engineering and Maintenance/Administration	168	64	762	994
Revenue Operations	<u>84</u>	<u>50</u>	<u>49</u>	<u>183</u>
TOTAL OPERATING HEADS	<u>254</u>	<u>114</u>	<u>811</u>	<u>1,179</u>

CAPITAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction/Project Control	55	-	-	55
Engineering and Maintenance/Administration	82	7	276	365
Revenue Operations	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
TOTAL CAPITAL HEADS	<u>143</u>	<u>7</u>	<u>276</u>	<u>426</u>

TOTAL HEADS				
	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Capital Construction/Project Control	57	-	-	57
Engineering and Maintenance/Administration	250	71	1,038	1,359
Revenue Operations	<u>90</u>	<u>50</u>	<u>49</u>	<u>189</u>
TOTAL HEADS	<u>397</u>	<u>121</u>	<u>1,087</u>	<u>1,605</u>

Engineering, Maintenance and Construction

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Capital Construction/Project Control	\$ 341	\$ 67	\$ 408
Engineering and Maintenance/Administration	59,119	17,079	76,198
New Payment Technologies	<u>9,877</u>	<u>1,996</u>	<u>11,873</u>
TOTAL	<u>\$ 69,337</u>	<u>\$ 19,142</u>	<u>\$ 88,479</u>

ADMINISTRATION & FINANCE

Principal Responsibilities

Coordinate and manage the financial and administrative activities for the Engineering, Maintenance and Construction Division.

CAPITAL CONSTRUCTION - PROJECT 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. This group is also responsible for the Federal ARRA reporting requirements.

Engineering, Maintenance and Construction

CAPITAL CONSTRUCTION – FEDERAL STIMULUS PROJECTS

Principal Responsibilities

Manages the engineering and construction of capital projects for fixed plant facilities funded under the Federal American Recovery and Reinvestment Act (ARRA) of 2009. Projects include improvements to SEPTA's track, rights of way, grade crossings and yards; communications and signals systems; stations and parking lots; maintenance facilities; and fare collection equipment. This section also includes personnel assigned to close out the Blue Line Structures Project on the Market Street Elevated.

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.

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.

ENGINEERING AND MAINTENANCE – BRIDGES AND BUILDINGS

Principal Responsibilities

Provides structural, architectural and mechanical engineering services; performs all major force account construction projects and maintenance of stations, buildings, bridges, maintenance shops, and electrical/mechanical infrastructure.

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 signals and communications maintenance and renewal projects; performs all radio, telecommunications and railroad communication maintenance. Manages the engineering and construction for capital projects for communication and signals infrastructure.

Engineering, Maintenance and Construction

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. Manages engineering and construction for capital projects for power and electrical infrastructure.

ENGINEERING AND MAINTENANCE – TRACK AND UTILITY

Principal Responsibilities

Performs inspection, maintenance and reconstruction of track and right-of-way areas; provides track and civil engineering and design services for all 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.

NEW PAYMENT TECHNOLOGIES

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.

New Payment Technology Capital Program – 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.

Engineering, Maintenance and Construction

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Provide leadership in the Authority's efforts to rebuild its system**
 - Control Capital Project Spending by keeping costs within 5% of budget
 - Ensure Accuracy and Transparency by adhering to reporting standards for all Stimulus projects
 - Achieve targets (80% within 90 days of schedule) for NTP's, substantial completion, and interim milestones for all A&E and Construction.
 - Pursue Capital Project Control initiatives focusing on VEC and GEC contracts.
 - Commence, advance and complete all scheduled Engineering and Maintenance Department ISRP projects.
- **Contribute to the Authority's economic, environmental, and social sustainability.**
 - Implement LEED Certified Projects beginning with Fox Chase Station.
 - Promote Cost Effective Implementation of Sustainability Projects by developing guidelines for incorporating LEED and adhering to budgets.
 - Manage Capital Investments to Reduce Long Term Utility Costs by completing pilot lighting improvement projects and conducting power studies to find additional savings opportunities.
 - Expand Authority recycling program to include stations and operating locations.
- **Ensure Safety and Security throughout the SEPTA system.**
 - Advance System Modernization Projects including ATC/PTC, Smart Stations II, Escalator Modernization, and Garage Ventilation at Callowhill and Victory.
 - Insure ongoing infrastructure maintenance by insuring strict compliance with all mandated standards, agency regulations, and internal policies and procedures for rail and transit safety. Regular inspections and preventive maintenance to be performed in accordance with all codes, regulations and OEM recommendations. Employee IOD lost time to be measured and monitored with targets for reduction established.
- **Support the Authority's Internal and External Focus on Customer Service**
 - Support customer service related operating and maintenance projects including RR snow removal, SL V boarding platform construction, maintenance blitzes at multi-modal Transportation Centers, painting City Hall Station and several Railroad Stations, maintain elevators and escalators to meet reliability targets, maintain revenue equipment to meet reliability targets, coordinate maintenance and construction activity to minimize track outages.
 - Support customer service related capital projects such as the 69th St. Terminal rest rooms, CCT upgrade, MSHL Improvements, Frankford and Callowhill facility improvements, Victory Garage Fueling Facility, and high level platforms in Amtrak territory.

Engineering, Maintenance and Construction

- **Support the Authority's Implementation of New Technologies**
 - Advance Farebox Overhaul Program
 - Pursue other communications-based technological upgrades including completion of Green Line CBTC, wireless delivery of real time service information, cell phone access in SEPTA tunnels, Wi-Fi internet access hotspots, and new Asset Management software.
- **Expand System Capacity**
 - Implement projects that support ridership growth including the Elwyn station parking lot expansion, Elwyn to Wawa service restoration, Jenkintown parking garage, Croydon Station/Parking Improvements, Olney Station/Parking Improvements, Malvern Station/Parking Improvements, and Lansdale Line speed improvement project.
- **Build a Highly Qualified, Versatile Staff**
 - Develop measures to improve Project Control including Environmental and Historic project management workshops and PM software upgrade.
 - Minimize employee turnover and improve hiring process management.
 - Implement and encourage Employee Training by creating a new engineer mentoring program, elevator/escalator maintenance apprentice program, and full utilization of SEPTA Human Resources SAM Training seminars.

Finance and Planning

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Finance and Planning Division

Overview

Accounting – Manages the Authority's financial reporting and accounting activities. Accounts payable, payroll processing, subsidy/grant billing and accounting are included in this area.

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

Finance Administration – Coordinates and manages the administrative activities for the Finance and Planning Division.

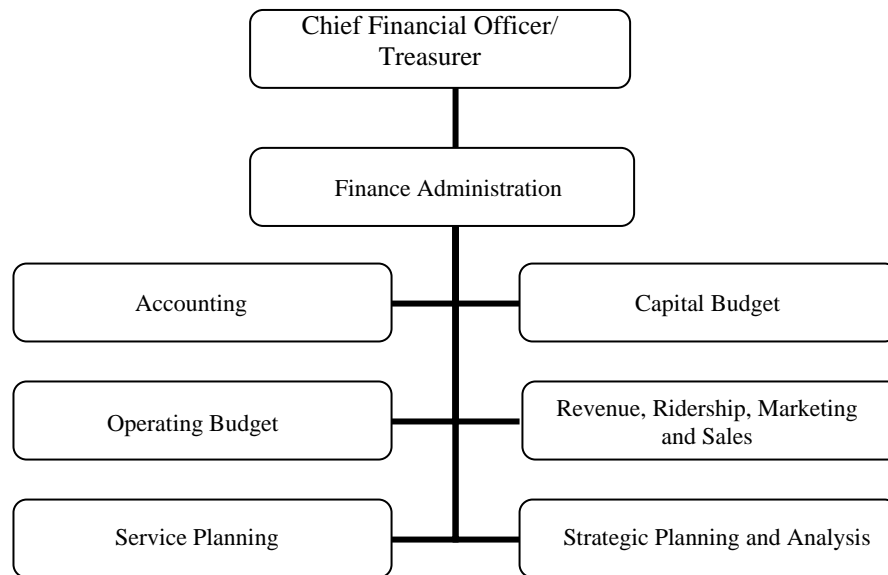
Operating Budget – Manages the Authority's operating budget process and monitors financial performance throughout the year through forecasting and financial analysis. Coordinates the Authority's access to the capital markets for proposed debt financing.

Revenue, Ridership, Marketing and Sales – Develops revenue and ridership budgets. Creates and manages long-term, short-term and guerilla marketing programs to increase awareness of Public Transit options. Administers all aspects of discounted fare media from the warehouse to the end user, including acquisition, receipt, distribution and reconciliation. Manages the on-line aspect of the sales network to include fare media and merchandise throughout the continental United States.

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. Manages the Authority's Sustainability Agenda supporting an environmental, social and economic focus. Leads all long range rail restoration planning efforts and coordinates with the Metropolitan Planning Organization within the region. Performs operational analysis to improve productivity and efficiencies. Conducts selected analysis of business and best practices, re-engineers and re-designs functional activities in context of improving service delivery and enhancing customer experiences.

Finance and Planning Division



Finance and Planning Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting	34	12	-	46
Capital Budget	4	-	-	4
Finance Administration	8	-	-	8
Operating Budget	13	-	-	13
Revenue, Ridership, Marketing and Sales	34	29	-	63
Service Planning	30	23	-	53
Strategic Planning and Analysis	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
TOTAL OPERATING HEADS	<u>127</u>	<u>64</u>	<u>-</u>	<u>191</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Accounting	-	-	-	-
Capital Budget	3	-	-	3
Finance Administration	-	-	-	-
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	34	12	-	46
Capital Budget	7	-	-	7
Finance Administration	8	-	-	8
Operating Budget	13	-	-	13
Revenue, Ridership, Marketing and Sales	35	29	-	64
Service Planning	30	23	-	53
Strategic Planning and Analysis	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
TOTAL HEADS	<u>131</u>	<u>64</u>	<u>-</u>	<u>195</u>

Finance and Planning Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Accounting	\$ 2,687	\$ 712	\$ 3,399
Capital Budget	244	8	252
Finance Administration	893	-	893
Operating Budget	914	200	1,114
Revenue, Ridership, Marketing and Sales	3,482	3,493	6,975
Service Planning	2,553	56	2,609
Strategic Planning and Analysis	<u>250</u>	<u>47</u>	<u>297</u>
TOTAL	<u>\$ 11,023</u>	<u>\$ 4,516</u>	<u>\$ 15,539</u>

ACCOUNTING

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.

Finance and Planning Division

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 and New Freedom Programs, safety and security programs and other special grant programs, when available.

FINANCE ADMINISTRATION

Principal Responsibilities

Coordinate and manage the administrative activities for the Finance and Planning Division. Oversee the development and implementation of the operating and capital budgets, strategic business plans and sustainability plan. Manage financial reporting and develops revenue strategies and fare policies. Coordinates all long range planning and service planning 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 financial 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.

Specialized Support Assignments - 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.

Finance and Planning Division

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.

REVENUE, RIDERSHIP, MARKETING AND SALES

Principal Responsibilities

Forms a centralized leadership capacity to coordinate multifaceted operations including revenue generation via fare media, parking lots, and non-transportation related advertising income. Monitors and officially reports ridership levels and affiliated revenues. Develops and implements marketing tactics to support and enhance rider retention. Using open market analysis, this department suggests, designs and implements marketing sales programs to maximize new rider initiatives.

Revenue and Ridership Management – Develops and reports monthly ridership and revenue levels. Manages all ridership and revenue data and issues reports as market conditions demand. Issues all required revenue and ridership reports to governmental and ancillary agencies. Administers and interprets all pricing tariffs including elementary, high school and college level student, the working public, the disabled, and senior citizens.

Sales – Administers and conducts the sale of all prepaid fare media, both within the SEPTA service area and to visitors throughout the continental United States. Directly manages five full service sales centers, the Transit Store and the online web sales portal designated shop.SEPTA.org. Manages sales to over 400 external sales locations, 150 corporate entities and all school districts. Develops and staffs all “Transit Fairs” and other outreach events. Handles all customer adjustments related to lost rides or fare media refund. Controls the quantity purchase of all fare media through the awarded third party contractors. Develops and maintains partnership agreements with cultural and business related partners.

Marketing – Acts as central coordination for all promotional and marketing endeavors. Contracts with and administers contracts with third party agencies to target various Authority promotions which seek to maintain, develop and/or enhance ridership levels. Utilizes all current, innovative, and cutting edge promotional avenues to deliver messages. Generates non-transportation revenue through the sale of advertising space on passes, bridges, billboards, buses and other mediums.

Parking – Pursues opportunities to expand parking spaces and functions as the central coordinator for all parking related issues. Develops and directly maintains all aspects of suburban “Park and Ride” customers, including lot/garage maintenance. Actively seeks land acquisitions to develop and expand various parking lot capacities. Manages over 26,000 parking spaces and directly handles all coin and electronic cash collection from SEPTA owned meters, slot boxes and pre-paid permits.

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 Transportation Management Associations 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.

STRATEGIC PLANNING AND ANALYSIS

Principal Responsibilities

Strategic Business Planning – Design, manage and execute Strategic Business Planning activities of the Authority. Develop and monitor key performance indicators relating to the corporate strategy and oversee divisional tactical plan initiatives. Lead development of SEPTA's Sustainability Plan and coordinate sustainability efforts relating to the Strategic Business Plan Agenda.

Sustainable Planning, Policy & Community Development - Lead development of SEPTA's Sustainability Plan and coordinate sustainability efforts relating to the Strategic Business Plan Agenda. Implement sustainable practices and establish measurements for returns on investment.

Capital & Long Range Planning – Initiates and directs studies and develops plans for building new lines and expanding the existing transit network to serve new markets and increase ridership. Manages key relationships and partnerships with the Metropolitan Planning Organization, city and county planning agencies, municipal organizations, Transportation Management Associations and transit stakeholders throughout the service region. 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.

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.

Finance and Planning Division

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Improve internal and external customer responsiveness**
 - Participate in SEPTA's Customer Service programs
 - Ensure employee attendance at Customer Service training sessions
 - Improve access to information through new technologies
 - Proactively evaluate schedule and route changes to improve service reliability
- **Strategically allocate resources and streamline processes to ensure cost-effective service**
 - Hedge against future financial liabilities
 - Decrease paper usage
 - Continue to evaluate alternative funding opportunities
- **Expand and strengthen the Authority's stakeholder network**
 - Develop partnerships with community groups, business associations, transportation agencies and other stakeholders to evaluate opportunities to serve new markets
- **Support the economic, financial, social and environmental sustainability of the Authority**
 - Lead a collaborative planning effort to create a Sustainability Program for the Authority
 - Coordinate internally on advocacy around plugging the Pennsylvania Act 44 of 2007 funding gap and Federal Surface Transportation Reauthorization
 - Support transit-oriented development and other neighborhood sustainability projects
- **Strengthen accountability, transparency and visibility**
 - Develop and standardize reporting protocols for Five-Year Strategic Business Plan and Sustainability Plan
 - Publish a greater volume of ridership and revenue information on SEPTA intranet
 - Coordinate internally to ensure compliance with new reporting standards
 - Proactively develop communications strategies and public relations campaigns around strategic initiatives
- **Act as a steward for the Authority's short, mid and long-term planning efforts**
 - Support efforts to achieve targets set forth in the Five-Year Strategic Business Plan
 - Incorporate other targeted planning efforts as an integrated component of the Strategic Business Plan
 - Develop capacity for long-range planning and alternatives analysis

Finance and Planning Division

- **Build a highly skilled, diversified, versatile workforce**
 - Cross-train employees among departments to break down decision-making silos
 - Conduct comprehensive succession planning

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Human Resources

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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: employee programs, quality internal customer service, organization effectiveness, training, compliance with policies and procedures and the development of initiatives that promote our vision, mission and goals.

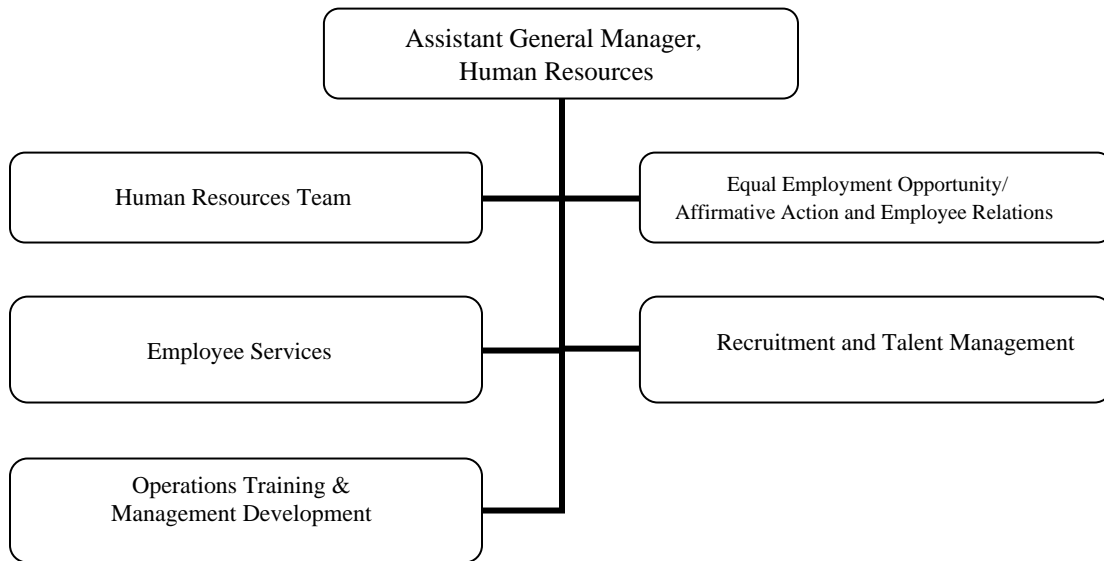
Employee Services – Administers the employee benefits programs, including medical, dental prescription, life insurance, long term disability, supplemental insurance, COBRA, pension, deferred compensation, supplemental voluntary benefits and flexible benefits, compensation, and Medical Department services including wellness, drug testing, salary compensation, and Human Resources Information System (HRIS).

Recruitment and Talent Management – Directs the recruitment, hiring, testing, transferring and retention of a diverse workforce including union and management employees.

Equal Employment Opportunity/Affirmative Action/Employee Relations – Implements and promotes the Authority's EEO/AA Program to address the needs of an increasingly diverse workplace. Ensures compliance with applicable policies, employment laws and regulations to prevent discrimination and harassment and investigates complaints filed internally and externally. Handles a wide variety of employee relations and monitors the Authority's Performance Improvement Plan.

Operations Training and Management Development – Provides training programs to improve employee performance. Teaches new skills and retrain employees as required to ensure a comprehensive understanding of regulations, procedures, policies and skills to provide quality service in a safe environment.

Human Resources Division



Human Resources Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Employee Services	19	17	-	36
EEO/AA and Employee Relations	5	-	-	5
Human Resources Team	5	-	-	5
Recruitment and Talent Management	14	-	-	14
Operations Training and Management Development	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
TOTAL HEADS	<u>136</u>	<u>17</u>	<u>-</u>	<u>153</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	-	-	-	-
Operations Training and Management Development	<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	19	17	-	36
EEO/AA and Employee Relations	5	-	-	5
Human Resources Team	5	-	-	5
Recruitment and Talent Management	14	-	-	14
Operations Training and Management Development	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
TOTAL HEADS	<u>136</u>	<u>17</u>	<u>-</u>	<u>153</u>

Human Resources Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Employee Services	\$ 2,420	\$ 459	\$ 2,879
EEO/AA and Employee Relations	337	10	347
Human Resources Team	545	21	566
Recruitment and Talent Management	933	249	1,182
Operations Training and Management Development	<u>6,209</u>	<u>296</u>	<u>6,505</u>
TOTAL	<u>\$ 10,444</u>	<u>\$ 1,035</u>	<u>\$ 11,479</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.

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. Conducts benefit orientations and information sessions concerning all employee benefits programs.

Human Resources Division

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.

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.

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.

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.

Human Resources Division

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Implement a Succession Planning Process**
 - Identify competencies and values and identify key positions
 - Design program selection methodology and criteria
 - Create a talent pool and individual development plans
 - Establish evaluation criteria
 - Execute succession plans for all divisions
- **Provide Leadership for Human Capital Development**
 - Review training needs throughout the Authority
 - Assess targeted position's leadership and competency gaps across divisions
 - Develop a curriculum that aligns with the succession plan's key position's leadership competency gaps
 - Create individual development plans including alternative learning and development opportunities
 - Continue implementation of Management Development Training Programs
 - Minimize labor and training costs by utilizing computer-based training programs
 - Develop programs to support career development/equal employment opportunities
 - Continue tuition program counseling in fields of study appropriate for career opportunities at SEPTA
- **Provide leadership for Divisional Replacement Planning**
 - Initiate quarterly workforce planning meeting with managers throughout the Authority to monitor and reduce turnover in key positions
 - Document and track short and long-term recruitment requirements to meet the needs of Strategic Hiring Initiatives
 - Identify creative sourcing strategies
 - Continue involvement in the joint SEPTA/TWU training partnership to upgrade skills of maintenance employees
- **Reinforce Customer Service Authority-wide**
 - Administer the employee recognition program for outstanding customer service
 - Reinforce the customer focus in hiring and training processes
 - Continue to improve the Customer Service Center in Human Resources to better serve employees with customer satisfaction as a priority
 - Continue the Human Resources Generalist Program to assist in the achievement of Authority goals by increasing the number of HR business partners to assist on-site managers and employees

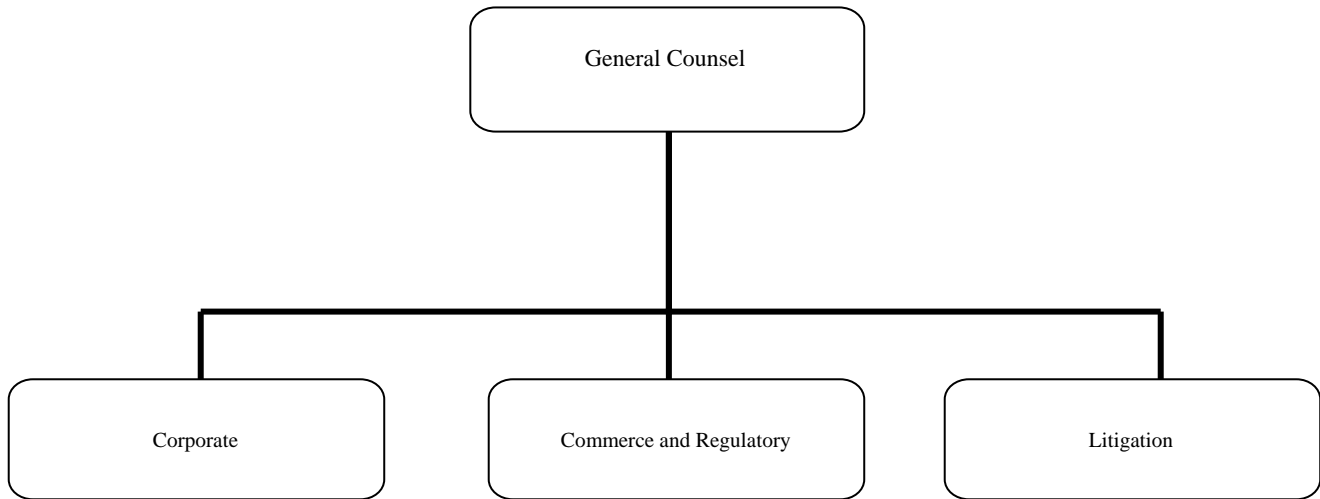
Legal

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Legal Division

Overview

The Legal Division consists of the Corporate Department, The Commerce and Regulatory Department and the Litigation Department, all reporting to the Office of the General Counsel.



Legal Division

HEADCOUNT

OPERATING HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate	6	-	-	6
Commerce and Regulatory	6	-	-	6
Litigation	<u>40</u>	<u>1</u>	<u>-</u>	<u>41</u>
TOTAL HEADS	<u>52</u>	<u>1</u>	<u>-</u>	<u>53</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Corporate	-	-	-	-
Commerce and Regulatory	-	-	-	-
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	6	-	-	6
Commerce and Regulatory	6	-	-	6
Litigation	<u>40</u>	<u>1</u>	<u>-</u>	<u>41</u>
TOTAL HEADS	<u>52</u>	<u>1</u>	<u>-</u>	<u>53</u>

Legal Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Corporate	\$ 466	\$ 5,536	\$ 6,002
Commerce and Regulatory	449	-	449
Litigation	<u>2,954</u>	<u>2,149</u>	<u>5,103</u>
TOTAL	<u>\$ 3,869</u>	<u>\$ 7,685</u>	<u>\$ 11,554</u>

CORPORATE DEPARTMENT

Principal Responsibilities

Lawyers within the Corporate Department, as well as those within the Commerce and Regulatory Department, counsel and advise management on matters that have legal implications, assist other departments in drafting documents that have legal-related elements, and work with outside attorneys in the litigation of business and employment cases. Generally, the Corporate Department represents SEPTA in legal matters involving procurements, utilities, employment/labor, construction, technology contracts, real estate and right-to-know requests.

COMMERCE AND REGULATORY DEPARTMENT

Principal Responsibilities

The lawyers in the Commerce and Regulatory Department represent SEPTA's interests in compliance with environmental law and other governmental oversight and regulatory laws, relationships with other railroads and transit entities, insurance and risk management support, capital project support, real estate matters, and legal technology such as e-discovery, case management, etc. The Department also provides administrative and technology support for the functioning of the Legal Division, such as budgeting, information management, expense tracking and processing, employee assistance, etc.

Legal Division

LITIGATION DEPARTMENT

Principal Responsibilities

Lawyers in the Litigation Department are responsible for the legal representation of SEPTA (with in-house and outside attorneys) in the defense of and prosecution of civil actions, with the majority of cases involving personal injury and property damage. Some lawyers handle cases, with damages estimated to be under \$50K, that are adjudicated in the City of Philadelphia Mandatory Arbitration division. Other lawyers are responsible handling “major cases”, which are those estimated as \$50K and over.

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- Strive to have SEPTA’s status as an arm-of-the-state be well established within the courts, and recognized by all other entities, and accordingly, have SEPTA not be subject to claims under the Federal Employers’ Liability Act (FELA) due to that status.
- Comply with E-discovery rules and practices so as to establish and secure the best possible legal position in claims and litigation.
- Enhance and fine-tune the approach to lawsuit management decision-making.
- Make the best use of data from cameras on vehicles and in facilities to defend and protect SEPTA in potential claims and lawsuits.
- Continue to monitor federal, state and city legislation that impacts the Authority.
- Plan and prepare for future human capital resource availability and capability within the Legal Division.
- Improve the means of purchasing electric power energy for the Authority.

Public and Government Affairs

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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. Advocate for a long-term, dedicated, inflation sensitive funding source that fully funds Act 44 of 2007.

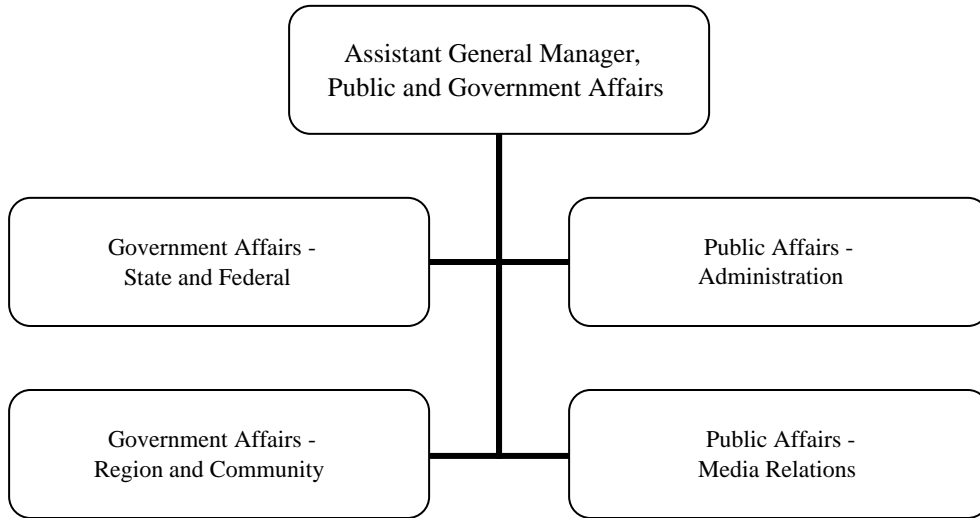
Federal – Work with the region's Congressional Delegation and their staffs to assure that any federal legislation proposed and/or enacted is favorable to SEPTA's interests. Respond to legislative and constituent inquiries from the federal level. Advocate for increased funding for transportation in the Federal Surface Transportation Reauthorization.

Government Affairs – Region and Community Relations

The Government Affairs and Community Relations 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.

In addition, 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	-	-	-	-
Government Affairs - State & Federal	<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>
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 HEADS	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</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	\$ 104	\$ 734	\$ 838
Public Affairs - Media Relations	413	8	421
Government Affairs - Region & Community	430	19	449
Government Affairs - State & Federal	<u>312</u>	<u>25</u>	<u>337</u>
TOTAL	<u>\$ 1,259</u>	<u>\$ 786</u>	<u>\$ 2,045</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.

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 board member and liaison with 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 and address the funding shortfall with the rejection to toll Interstate 80.

Public and Government Affairs Division

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, the American Public Transportation Association, and the National Business Coalition for Rapid Transit. The expected major issues are the reauthorization of SAFETEA-LU and various safety regulations. Respond to legislative and constituent inquiries from the federal level.

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. 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.

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Advocate for long-term, dedicated, inflation-sensitive funding that provides at least the equivalent level of funding provided under Act 44**
 - Educate and engage members of the Pennsylvania General Assembly on the importance of addressing the shortfalls in Act 44 funding
- **Advocate for more robust funding for the capital program**
 - Prioritize a program that will fund: 1) bringing the system to a state of good repair; 2) expansion of service; and 3) a New Starts project
- **Advocate for increased funding for the largest, oldest metropolitan rail systems**
 - Continue to participate with APTA and other similarly situated old rail systems to advocate for increased funding to bring systems to a state of good repair

Public and Government Affairs Division

- **Develop proactive approach to media relations**
 - Create a regularly reoccurring cycle of events and outreach opportunities for media coverage
 - Provide outreach to community groups and general public
- **Promote regional awareness of SEPTA's progress**
 - Host ribbon cuttings with regional elected officials and community leaders
 - Work with HR to publicize "GM Customer Service Program"

Public and Operational Safety

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Public and Operational Safety Division

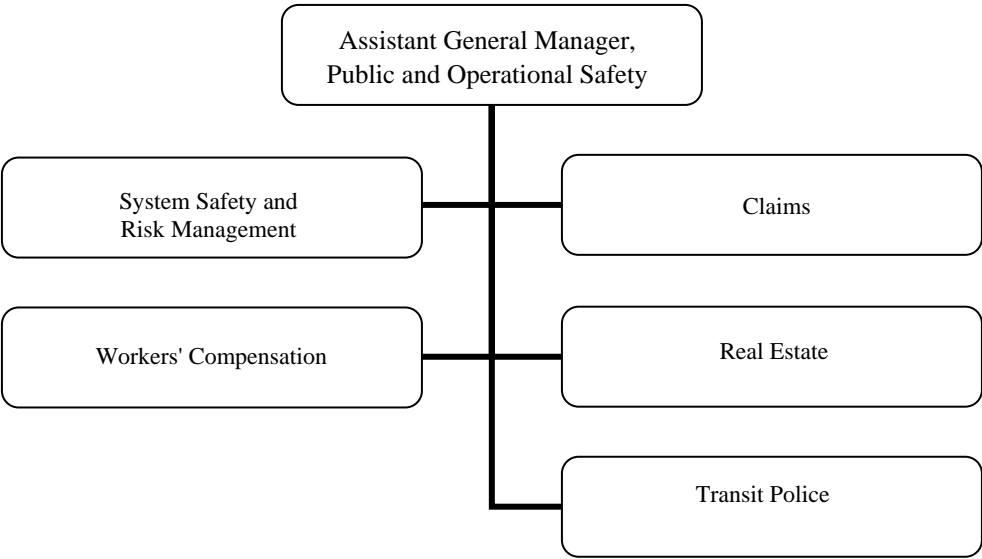
Overview

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 and facilities. The Division also administers the Authority's Risk Management, Insurance, Workers' Compensation and Vocational Rehabilitation Programs, ensures SEPTA's compliance with environmental laws and regulations and regulatory and statutory reporting requirements, 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 of this section involves the securing of privately funded leases 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	5	-	-	5
Claims	13	23	-	36
Real Estate	12	4	-	16
System Safety and Risk Management	21	-	-	21
Transit Police	60	-	209	269
Workers' Compensation	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
TOTAL HEADS	<u>116</u>	<u>27</u>	<u>209</u>	<u>352</u>

CAPITAL HEADS

	<u>A</u>	<u>B</u>	<u>H</u>	<u>Total</u>
Administration	-	-	-	-
Claims	-	-	-	-
Real Estate	-	-	-	-
System Safety and Risk Management	-	-	-	-
Transit Police	-	-	-	-
Workers' Compensation	<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>
Administration	5	-	-	5
Claims	13	23	-	36
Real Estate	12	4	-	16
System Safety and Risk Management	21	-	-	21
Transit Police	60	-	209	269
Workers' Compensation	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
TOTAL HEADS	<u>116</u>	<u>27</u>	<u>209</u>	<u>352</u>

Public and Operational Safety Division

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 512	\$ 29	\$ 541
Claims	1,711	490	2,201
Real Estate	839	2,349	3,188
System Safety and Risk Management	1,546	470	2,016
Transit Police	16,376	249	16,625
Workers' Compensation	<u>554</u>	<u>19</u>	<u>573</u>
TOTAL	<u>\$ 21,538</u>	<u>\$ 3,606</u>	<u>\$ 25,144</u>

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.

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

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.

Public and Operational Safety Division

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.

SYSTEM SAFETY AND RISK MANAGEMENT

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.

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.

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

WORKERS' COMPENSATION

Principal Responsibilities

Manages workers' compensation and Family Medical Leave Act claims through 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.

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Reduce the number of accidents on the SEPTA system**
 - Issue safety, health and environmental performance report providing injury trend analyses
 - Perform ergonomic studies to identify causes of workplace injuries
 - Conduct emergency response drills
- **Enhance system security**
 - Achieve and maintain full patrol officer staffing levels
 - Hire additional police officers with federal stimulus funding
 - Use Homeland Security grants to fund directed police patrols in strategically vulnerable areas of our system to enhance visibility
- **Improve organizational sustainability, focused on waste minimization and recycling**
 - Develop global residual/hazardous waste disposal contracts to allow management on a global scale and baseline data about waste disposal practices on a by-location basis
 - Initiate three-phase approach to recycling systemwide:
 1. 1234 Market Street Headquarters
 2. Center City rail stations
 3. All SEPTA facilities that generate solid waste

Fringe Benefits Expense

Fringe benefits are a major expense for SEPTA representing 27.2% of the Fiscal Year 2011 operating budget of \$1.18 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.

Fiscal Year 2011 Operating Budget Fringe Benefit Expense (Amounts in Thousands)	
Medical & Life Insurance	\$ 177,210
Payroll and Unemployment Taxes	57,805
Pension	88,520
Workers' Compensation and FELA	<u>28,330</u>
Subtotal	\$ 351,865
Capital Support and Projects *	<u>(29,513)</u>
Operating Expense	<u>\$ 322,352</u>

* The net fringe benefit cost of \$322.4 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 2011 Operating Budget Labor and Fringe Benefits Amounts in Thousands ('000)			
	<u>Net Labor</u>	<u>Net Fringe Benefits</u>	<u>Total</u>
Operations	\$ 385,254	\$ 243,527	\$ 628,781
Corporate Staff	2,410	1,523	3,933
Audit and Investigative Services	1,203	760	1,963
Business Services	13,305	8,410	21,715
Customer Service	4,916	3,108	8,024
Engineering, Maintenance and Construction	69,337	43,830	113,167
Finance and Planning	11,023	6,968	17,991
Human Resources	10,444	6,602	17,046
Legal	3,869	2,446	6,315
Public and Government Affairs	1,259	796	2,055
Public and Operational Safety	21,538	13,615	35,153
Other *	<u>(14,607)</u>	<u>(9,233)</u>	<u>(23,840)</u>
TOTAL	<u>\$ 509,951</u>	<u>\$ 322,352</u>	<u>\$ 832,303</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 Line). 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 2011 ridership is 692,997 trips for Philadelphia and 319,806 trips for the suburban communities.

One of the main focuses of CCT Connect's efforts for Fiscal Year 2011 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 425 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 2011 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 2011 is to provide a total of 791,120 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 2011 claims expense is budgeted at \$40 million. 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 1,967 suits in Fiscal Year 2010, 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 and Performance Evaluation Measures

INTRODUCTION

SEPTA has developed a series of goals for measurement of safety, customer satisfaction, and financial performance. These are described within this 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 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 method for reporting and evaluating these measures has been identified by PennDOT through temporary regulations issued in July, 2009. Each agency in the State will be evaluated for the four legislated marks listed above by mode operated within peer groups of not less than four agencies for each mode. Those modes or measures below the minimum standard will be required to develop and submit for approval an action plan to achieve the peer minimum standard as part of the final step in their periodic PennDOT review.

Operating Goals and Performance Evaluation Measures

SAFETY GOALS

Safety related goals are developed and monitored by the Public and Operational Safety Division. The safety goals for Fiscal 2011 will be developed with targeted improvement. For comparison purposes in this document, SEPTA utilizes 12 months of actual data from Fiscal Years 2009 and 2010 as the benchmark period for the reporting of safety goals.

Passenger Accidents Per 100,000 Miles			
	Fiscal 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Goal
Bus:			
CTD Bus	3.21	2.70	2.45
CTD Trackless Trolley	5.87	2.43	3.00
Victory Bus	1.85	3.49	1.70
Frontier Bus	0.61	1.18	0.80
Railroad:			
Railroad	0.32	0.23	0.23
Subway / Light Rail:			
Broad Street Line	0.22	0.85	0.10
Market-Frankford Line	0.20	0.49	0.20
Norristown High Speed Line	2.30	0.11	1.29
Callowhill Light Rail	5.52	11.24	3.45
Elmwood Light Rail	2.59	2.00	2.15
Media/Sharon Hill Line	2.93	4.34	1.89

Operating Goals and Performance Evaluation Measures

Vehicular Accidents Per 100,000 Miles			
	Fiscal 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Goal
Bus:			
CTD Bus	6.75	7.87	6.25
CTD Trackless Trolley	8.91	7.18	7.60
Victory Bus	3.38	3.93	2.96
Frontier Bus	1.11	1.15	1.13
Railroad:			
Railroad	0.25	0.42	0.38
Subway / Light Rail:			
Broad Street Line	0.08	0.05	0.01
Market-Frankford Line	0.01	0.01	0.01
Norristown High Speed Line	0.24	0.00	0.14
Callowhill Light Rail	17.05	24.62	15.00
Elmwood Light Rail	6.21	6.04	5.93
Media/Sharon Hill Line	7.14	6.25	6.41

Station Accidents Per 1,000,000 Passengers			
	Fiscal 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Goal
Railroad:			
Railroad	2.01	2.25	1.5
Subway / Light Rail:			
Broad Street Line	0.52	0.44	0.42
Market-Frankford Line	0.71	0.97	0.90
Norristown High Speed Line	0.00	0.00	0.23

Employee Lost Time Injuries Per 200,000 Work Hours			
	Fiscal 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Goal
Bus	7.14	6.69	7.00
Engineering, Maintenance & Construction	6.51	4.46	5.99
Railroad	4.71	8.40	4.30
Subway / Light Rail	7.12	3.97	6.76
Non-Operations	1.02	1.80	0.58

Operating Goals and Performance Evaluation Measures

CUSTOMER SATISFACTION

The 2008 Customer Satisfaction Survey was conducted between June 20, 2008 and August 18, 2008. A total of 2,481 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	398 interviews
Market-Frankford Line	489 interviews
City Bus and Trackless Trolleys	413 interviews
City Subway Surface	201 interviews
Suburban Light Rail	209 interviews
Frontier	199 interviews
Victory Bus	179 interviews
Railroad	372 interviews

Relating to SEPTA service being Convenient and Easy to Use, 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:

- All Riders: 8.0

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 and Performance Evaluation Measures

FINANCIAL PERFORMANCE

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 2011, the following fiscal measures will be monitored:

Operating Cost Per Passenger

The Authority proposes to provide a cost not to exceed \$3.94 per unlinked passenger trip.

Operating Subsidy Per Passenger

The Authority proposes to provide overall service operating subsidy not to exceed \$2.39 per unlinked passenger trip.

Cost Per Vehicle Mile

The Authority proposes to achieve an average cost for delivery of service not to exceed \$13.48 per vehicle mile.

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. Fiscal 2009's financial results were approved for action in Fiscal Year 2010. City Transit Division's average was 36.4% and the substandard performance mark was 22%.

Operating Goals and Performance Evaluation Measures

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. Fiscal 2009's financial results were approved for action in Fiscal Year 2010. Suburban Transit Division's average was 24.1% and the substandard performance mark was 15%.

Railroad Division

Each 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. Fiscal 2009's financial results were approved for action in Fiscal Year 2010. Railroad Division's average was 48.4% and the substandard performance mark was 29%.

Operating Goals and Performance Evaluation Measures

STAFFING RATIOS

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 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Goal
Bus & Trackless Trolley	3.0	3.2	3.0
Trolley (Subway-Surface & Route 15)	1.6	1.5	1.6
Market-Frankford Line	3.5	3.4	3.0
Broad Street Line	2.2	2.3	2.5
Media-Sharon Hill Line	1.3	1.4	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 2011 goal will continue as one administrative employee for every 20 operating employees at the adopted expense level of \$1.18 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.

Operating Goals 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 307 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. The Authority projects 692,997 trips for Philadelphia and 319,806 trips for the suburban counties for Fiscal Year 2011. For the Shared Ride Program, 791,120 trips are projected for Fiscal Year 2011.

PRODUCTIVITY MEASURES

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

For Fiscal 2011, the following productivity measures will be utilized:

Vehicle Miles Per Employee

The Authority seeks to achieve at least 10,461 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 143,454 passenger miles per employee.

Operating Goals and Performance Evaluation Measures

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.

SERVICE DELIVERY GOALS AND MEASURES

On-Time Performance

Adherence to schedule is an important part of the Authority's delivery of quality public transportation service. Although Weather, maintenance work, and unanticipated activities by third parties make it nearly impossible to achieve 100% service reliability, service dependability is a key operational objective. For all transit modes except the commuter railroad, a vehicle may arrive 4 minutes and 59 seconds after its scheduled arrival time and still be considered "on-time." For railroad operations, the Authority follows the industry standard that a train or vehicle may arrive 5 minutes and 59 seconds after its scheduled time and still be considered "on-time." Two years of on-time performance data appear below, with the Fiscal Year 2011 goal:

On-Time Performance			
	Fiscal 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Goal
Bus Transportation:			
Bus City/Suburban	76.7%	76.3%	78.9%
Victory Bus	75.5%	75.0%	78.0%
Rail Transportation:			
Light Rail	68.3%	72.2%	75.0%
Media-Sharon Hill Line	90.9%	90.5%	92.0%
Norristown High Speed Line	97.9%	99.7%	98.0%
Broad Street Line	99.3%	99.0%	99.0%
Market-Frankford Line	98.5%	97.6%	98.0%
Railroad	89.4%	88.9%	92.0%

Operating Goals and Performance Evaluation Measures

Mean Distance Between Failure (MDBF)

This is a measure of reliability often used in both rail and roadway transportation. The measure expresses the average distance (in miles) travelled by a bus or a rail vehicle before preventive maintenance or repairs are required. A table illustrating the Mean Distance Between Failure rates and Fiscal Year 2011 goals for all SEPTA transportation modes follows:

Mean Distance Between Failure			
	Fiscal 2009 Actual	Fiscal 2010 Actual	Fiscal 2011 Goal
Bus Transportation:			
Bus City/Suburban	7,205	7,066	9,125
Rail Transportation:			
Trolley (Subway-Surface & Route 15)	8,301	5,963	13,000
Media-Sharon Hill Line	22,774	15,892	25,000
Norristown High Speed Line	26,277	32,211	35,000
Broad Street Line	112,801	123,883	120,000
Market-Frankford Line	146,333	71,107	120,000
Railroad	49,861	42,828	60,000

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 which had not been adequately maintained or improved.

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 2011 Capital Budget

<u>Project</u>	<u>FY 2011 Budget</u>
Bus Purchase Program	\$49,612,599
Congestion Relief and Railroad Grade Crossings	2,139,000
Infrastructure Safety and Renewal Program	33,000,000
Paratransit Vehicle Acquisition	4,600,000
Parking Expansion Program	2,500,000
Railroad Signal System Modernization	24,600,000
Railroad Electrical Substation Improvements	5,000,000
Safety and Security Improvements	5,000,000
Silverliner V Acquisition	15,800,000
State of Good Repair Initiatives	21,215,000
Station Accessibility	1,250,000
System Improvements Program	6,520,000
Transit and Railroad Station Program	14,700,000
<u>Vehicle Overhaul Program</u>	<u>53,600,000</u>
TOTAL FY 2011 Capital Budget	\$239,536,599

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.

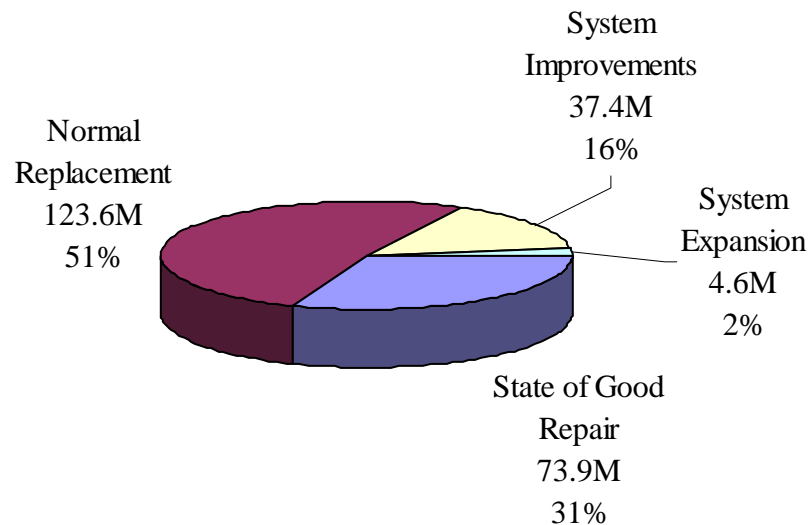
When projects contain elements of more than one category, the principal or dominant focus of the project will be used to classify the project.

Fiscal Year 2011 Projects by Category

- State of Good Repair
 - 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
 - Silverliner V Acquisition
 - Vehicle Overhaul Program
- System Improvement
 - Congestion Relief and Highway Grade Crossings
 - Railroad Signal System Modernization
 - Safety and Security Improvements
 - Station Accessibility
 - System Improvements Program
- System Expansion
 - Parking Expansion Program

Capital Improvement Program

FY 2011 Projects by Category



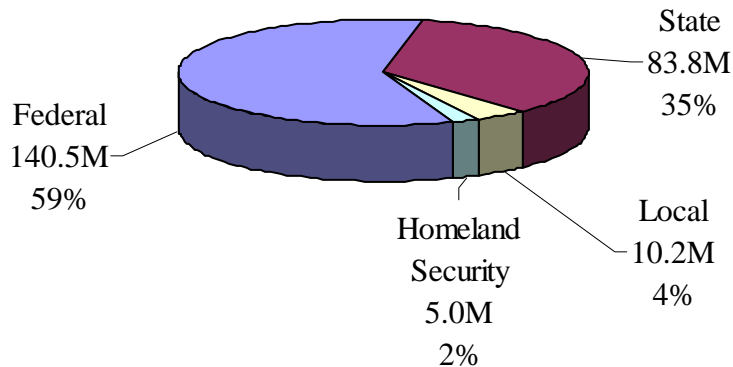
Capital Sources of Funds

The funding levels included in the Capital Improvement Program are projected from the following components:

- Federal Formula Program (Sections 5307, 5340 and 5309) totaling \$121.3 million.
- Federal Highway Flexible funding projection of \$19.2 million is based on an anticipated SEPTA share of regional flexible funds and additional Federal Highway Flex funds committed by the Commonwealth
- U.S. Department of Homeland Security funding of \$5.0 million based on an anticipated SEPTA share of regional funds
- State funds from the Public Transportation Trust Fund at \$83.8 million for capital projects.
- Local matching funds totaling \$10.2 million from the five-county SEPTA service area used to match Federal and State grants.

Capital Improvement Program

FY 2011 Capital Funding Sources



Fiscal Year 2011 Selected Project Descriptions

Bus Purchase Program

SEPTA's Bus Fleet Management Plan provides for the acquisition of different size buses based upon needs and route characteristics. The current order of buses is the acquisition of 400 low floor accessible 40 foot heavy duty diesel-electric hybrid transit buses. SEPTA has also ordered an additional 40 of a possible 80 option buses. The option buses are being funded by American Recovery and Reinvestment Act of 2009 (ARRA) transit funds. As of September 2010, 340 buses have been delivered and placed into service. The remaining 100 buses will be delivered in Calendar Year 2011. These new buses will replace SEPTA's NABI buses, which will have exceeded their 12 year useful life when they are retired.

Congestion Relief and Railroad Grade Crossings

In partnership with PennDOT, this project will support the I-95 Reconstruction Project. This project involves the operation of shuttle bus service between the 1,600-space park-and-ride lot off of Woodhaven Road and the adjacent Cornwells Heights Station on the Trenton Line for passengers of SEPTA and Amtrak train service to Center City Philadelphia and points south and to Trenton and points north. In addition, certain congestion mitigation activities and special transportation service will support PennDOT reconstruction 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:

Capital Improvement Program

Track and Right-of-Way

- Renewal of track work on the Broad Street Line at Fern Rock and Snyder Interlockings, and on Trolley tracks at 49th Street and Woodland Avenue.
- Renewal of track on Trolley Route 13 and Trolley Route 10.
- Grade crossing renewal at Amosland Road and Swarthmore Avenue on the Media/Elwyn Line.
- Tie replacement and track surfacing on the Chestnut Hill Line and Media/Elwyn Line.
- Renewal of railroad bridge timbers on the Lansdale/Doylestown Line.
- Replacement of worn curve rail along a variety of City, Suburban Transit and Railroad lines.

Station Facilities

- Improvements to Eddystone, Crum Lynne, Ridley Park, Folcroft and Darby Stations on the Wilmington/Newark Line and Temple University Station.
- Design of improvements to Fern Rock train station.
- Lighting improvements to various Chestnut Hill East Line stations and reopening of a parking lot at the Germantown Station.
- Platform improvements at Fern Rock and Cornwells Heights stations.
- Construction of high level platform at Crestmont Station on the Warminster Line.
- Platform improvements for boarding the Silverliner V railroad cars.
- Improvements to multiple entrances on the Market-Frankford Line.
- Improvements to Susquehanna/Dauphin Station on the Broad Street Line.
- Improvements to Norristown High Speed Line Ardmore Avenue Station.
- Replacement of public address system control units at stations on the Doylestown Branch of the Lansdale/Doylestown Line.

Signals and Communications Systems

- Installation of fiber optic communications infrastructure on the Media/Elwyn Line and replacement of communications modems with fiber optic units on the Main Line.
- Upgrade of electric switch heaters on Main Line and Media/Elwyn Line.
- Replacement of remote train control equipment for the Broad Street Line and signal system improvements for various stations.
- Replacement of the existing code line communications modems with fiber optic units for the Norristown High Speed Line Remote Train Control System.

Power Systems

- Replacement of DC traction power cables for Elmwood and Cumberland substations.
- Replacement of AC cables on the Market-Frankford Line.

Capital Improvement Program

- Improvements to City and Suburban Transit substations.
- Replacement of trolley wire on Trolley Route 11 and improvements to the power system for the Route 15.
- Power improvements for Norristown High Speed Line Bridgeport Station.
- Catenary system upgrade and rehabilitation on the Lansdale/Doylestown, Cynwyd, Media/Elwyn, and West Trenton Lines.
- Overhead power system improvements on Trackless Trolley Route 75 and the Chestnut Hill West Line.
- Relocation of aerial feeder wires from Amtrak's Arsenal Substation to the new 30th Street Switching Station.

Maintenance/Support Facilities

- Expansion of the Woodland Electrical Shop.
- Replacement of chillers at the 2nd & Wyoming Facility.
- Rehabilitation of the vehicle lift at Germantown Shop.
- Installation of a new fall arrest system at Roberts Car Shop.
- Installation of compressed air plant interconnection, which will provide for redundancy of compressed air for track switches on the railroad and on the Broad Street Subway.
- Installation of new tunnel lighting on the Broad Street Subway.
- Rehabilitation of subway support columns in the tunnel used by Trolley Routes 10, 11, 13, 34, and 36.

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 2011, 77 vehicles will be acquired consisting of 37 minibuses with wheelchair lifts and 40 12-passenger minibuses.

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. Programmed for Fiscal Year 2011 are additional funds for the Malvern Station Parking Expansion project.

Capital Improvement Program

Railroad Signal System Modernization

This project will install a modern signal system on SEPTA's entire regional railroad system. This Automatic Train Control (ATC) system will improve service quality, reliability and will expand opportunities to increase overall travel speeds and reduce travel time. In addition, a Positive Train Control (PTC) system will be superimposed atop the ATC on all lines. Working in unison, these two systems will provide the functionality the "Rail Safety Improvement Act of 2008" has mandated to be operational by December 31, 2015.

Railroad Electrical 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. The first four 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, Jenkintown Substation just north of Jenkintown Station in Montgomery County, and the construction of a new static frequency converter adjacent to the Jenkintown Substation.

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. Major projects funded with Transit Security Grant Program funding include:

- Closed-Circuit Television (CCTV) Cameras on Buses.
- Closed-Circuit Television (CCTV) Cameras on Broad Street and Market-Frankford Railcars.
- Multi-jurisdictional counter-terrorism emergency simulation drills on various transit modes.
- Directed SEPTA Transit Police Patrols in strategically designated areas during periods of elevated alert.
- Hazardous Material Identification Kits for Special Operations and Response Teams (SORT).

Capital Improvement Program

Silverliner V Acquisition

SEPTA is acquiring 120 Silverliner V rail cars to replace vehicles which are 44 to 48 years old. These new electric multiple-unit (EMU) cars will fully comply with Americans with Disabilities Act (ADA) requirements and Federal Railroad Administration regulations regarding safety features and systems. The cars will include recent technology and enhanced passenger amenities such as larger windows, wider aisles, a state-of-the-art climate control system, and enhanced seating arrangements with more two-passenger seating. The new cars will have electronic exterior and interior destination signs, voice annunciation of train destination and upcoming station stops, and provide the capability for SEPTA's Control Center to broadcast messages directly to customers on the trains.

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

- Installation of fire suppression systems at Frankford and Elmwood maintenance facilities.
- Purchase of steel wheel maintenance equipment.
- Environmental Clean Up and Protection activities.

Power, Signal and Communications Systems

- Mandated radio communications improvements and the replacement of radios that have exceeded their useful life.

Station Facilities

- Replacement and improvements to station escalators.
- Train access accommodations for the new Silverliner V railcars.

Track and Right of Way

- Retaining wall improvements at Walnut Interlocking on the Media/Elwyn Line and selected locations on the Norristown High Speed Line.
- Route 15 improvements along Richmond Avenue in conjunction with PennDOT's Girard Interchange Construction project.

Bridges

- Design of Chestnut Hill West Line Bridge 0.35 improvements.

Vehicles

- Replacement of Broad Street Line B-IV railcar control boxes.

Capital Improvement Program

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. Allegheny Station improvements are underway and scheduled for completion in the 4th quarter of Calendar Year 2010.

System Improvements Program

Route 15 Turnback

- Construction of a trolley turnback along the Route 15 at Frankford Avenue.
- Traffic Signal improvements at Girard and Delaware Avenue.

Information Technology

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

Route 101 & 102 Trolley Line Positive Train Control

- Provide for new trolley control system including automatic enforcement of safe trolley separation, and overspeed and roadway worker protection.
- Includes schedule-based control feature for schedule adherence and optimum trolley speed line operation.
- Provide automatic speed control for new rail-highway at-grade crossing systems.

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.

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 2011 funds will mainly support improvements to Hatboro, Primos & Secane, Ambler, Noble, Ryers, Ardmore Avenue, and various trolley line, bus loop, and Broad Street Line locations.

Capital Improvement Program

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.

Capital Improvement Program Impact on Operating

Several SEPTA capital improvement projects have a positive impact on the operating budget. For example, investing in vehicle overhaul programs provide for long-term operating savings, through reduced vehicle in-service failures. This ensures ongoing service quality, reliability and performance and reduces the need for ongoing repairs of vehicles with failures. Investment in new hybrid bus vehicles have a positive impact on the operating budget and the environment through reduced fuel consumption and reduced emissions.

Projects which renovate, reconstruct, or replace existing facilities, stations and equipment often do not materially change the cost of operation over the life of the asset, if the replacement is functionally equivalent to its predecessor. These projects, when completed, generally require similar operating and maintenance costs.

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.
ARRA - American Recovery and Reinvestment Act of 2009.
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.
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

Government Accounting Standards Board Statement No. 51 (GASB 51) - A Standard implemented by the Authority in Fiscal Year 2010 relating to Accounting and Financial Reporting for Intangible Assets.

Government Accounting Standards Board Statement No. 53 (GASB 53) - A Standard implemented by the Authority in Fiscal Year 2010 relating to Accounting and Financial Reporting for Derivative Instruments.

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.

Glossary

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

I

Infrastructure - The physical assets of the Authority, e.g., rail lines and yards, power distribution, signaling, switching, and communications equipment, passenger stations, information systems, and roadways, upon which the continuance and growth of transit depend.

Intelligent Transportation Systems (ITS) - The application of advanced sensor, computer, electronics, and communication technologies and management strategies in an integrated manner to increase the safety and efficiency of the surface transportation system. ITS is a national effort designed to promote the use of advanced technologies in multimodal transportation.

Interest Expense - The charges for the use of borrowed capital incurred by the transit agency, including interest on long term and short term debt obligations.

L

Leases and Rentals - The payments for the use of capital assets not owned by the transit agency.

Light Rail - A transit mode that typically is an electric railway with a light volume traffic capacity compared to heavy rail. It is characterized by passenger rail cars operating individually or in short, usually two car trains on fixed rails 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.

Glossary

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

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”.