

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

FISCAL YEAR 2012 OPERATING BUDGET & FISCAL YEARS 2013 TO 2017 FINANCIAL PROJECTIONS

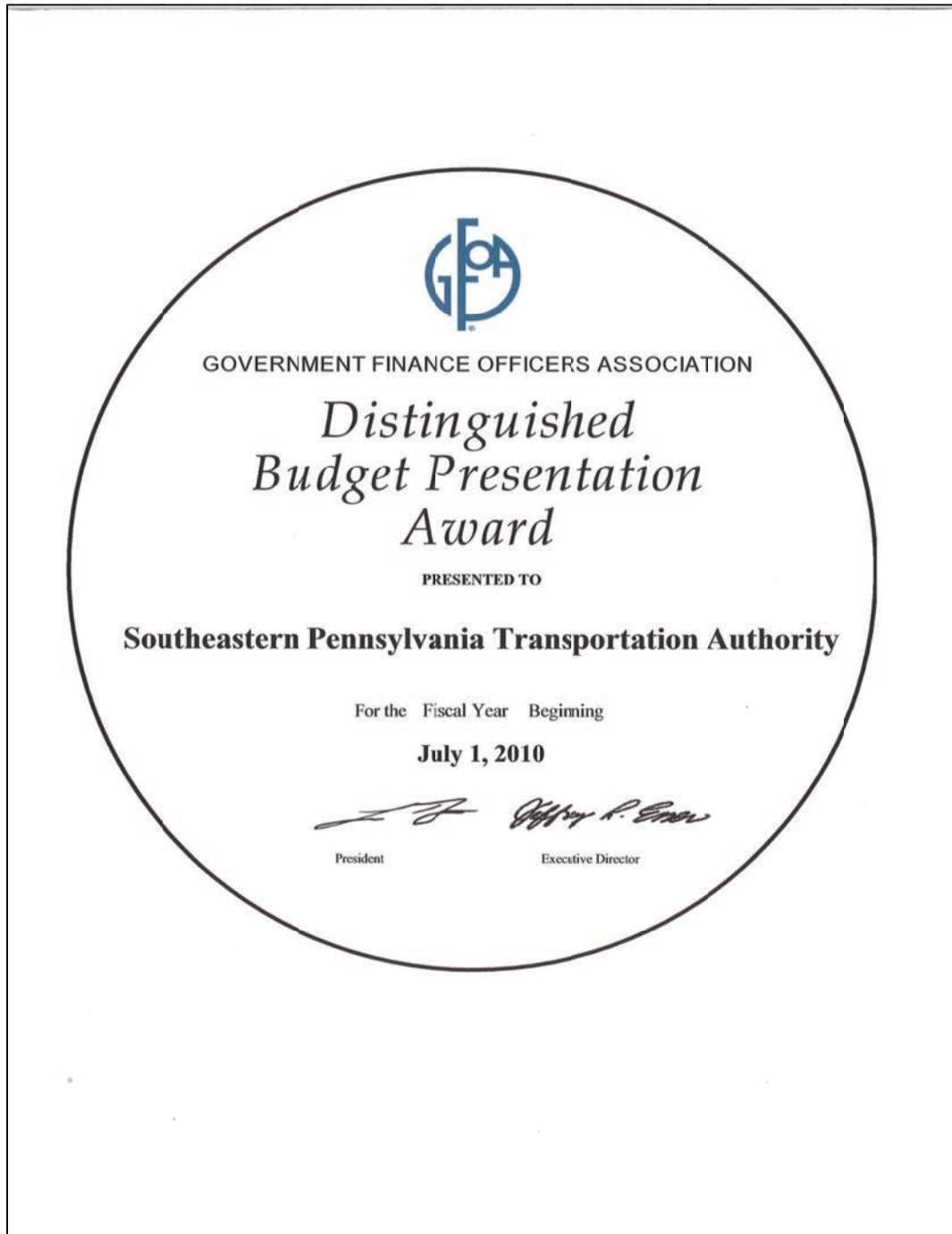
Silverliner V

Hybrid Bus



AT&T Station

PCC Trolley



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, 2010. 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.

Southern Pennsylvania Transportation Authority Board Members

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Vice-Chairman

James C. Schwartzman, Esquire

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Joseph M. Casey

Chief Financial Officer/Treasurer

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Controller to the Board

Stephen A. Jobs, CPA

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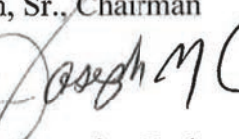
Michael J. O'Donoghue

Denise J. Smyler

Herman M. Wooden

General Manager

Joseph M. Casey

To: Pasquale T. Deon, Sr., Chairman
From: Joseph M. Casey 
Subject: Fiscal Year 2012 Operating Budget
Date: September 14, 2011
cc: SEPTA Board Members

I am pleased to present to the Board and our stakeholders the Fiscal Year 2012 Operating Budget for the Southeastern Pennsylvania Transportation Authority (SEPTA). The Authority's budget continues our long-standing financial and operating philosophy of fiscal discipline given the many economic challenges and uncertainties impacting our nation and the region. We remain committed to operating using only available financial resources and investing in areas critical to the safe and efficient operation of transit service in Southeastern Pennsylvania.

The budget totals \$1.23 billion and includes no fare increases or service reductions during the fiscal year. Costs that are expected to increase at a rate greater than inflation include healthcare, prescription drugs, claims and materials and services. Fuel expenses will remain relatively stable, with contract prices comparable to Fiscal Year 2011 as the Authority entered into diesel fuel hedge contracts at favorable prices.

Despite the region's sluggish economy, SEPTA's ridership reached its highest levels in 22 years in Fiscal Year 2011. For the fiscal year ended June 30, 2011, SEPTA's buses, subways, trolleys and trains carried 334 million passengers -- up four percent from the previous year and the most riders since 1989. The significant ridership growth can be attributed to service improvements implemented during the past two years, higher gasoline prices, Center City Philadelphia population growth, and a growing use of transit by young adults.

The recent results of the Customer Satisfaction Survey demonstrate that our valued customers have noticed and are responding in a positive way to our commitment to make the Authority a customer service business. The most recent survey conducted in November, 2010 indicates that the overall customer satisfaction rating for individuals riding SEPTA increased from 7.2 to 7.9 based on a scale of 1 to 10.

This dramatic increase in customer satisfaction is reflective of the commitment of SEPTA staff at all levels of the organization to provide better customer service through programs and initiatives that reinforce our 4 C's – Courtesy, Cleanliness, Communication and Convenience. Improvements in communication technologies for the SEPTA website now make it possible to deliver real-time service information, and 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.

Sustainability remains a key objective in SEPTA's Five-Year Strategic Business Plan. A great deal of work has gone into reducing the Authority's energy consumption profile, developing innovative energy technologies, and pursuing "green" technologies in the operation of maintenance shops and passenger stations. Last year, SEPTA received a grant to install a megawatt-scale battery at a substation to capture, store and reuse energy created by braking trains that will have the affect of improving power quality and operational efficiency, produce energy savings, generate revenue, and offer environmental benefits as well. Locations throughout SEPTA have adopted a comprehensive program to reduce, re-use, and recycle. Savings are being realized through a program to replace fluorescent lamps with LED fixtures in offices, subway stations, shops and signal systems. Just a few months ago, a comprehensive recycling program at all transit facilities, stations and work locations was launched. Furthermore, the delivery of 100 diesel electric hybrid buses earlier this year, equipped with video cameras and automatic passenger counting systems, brings the total hybrid count to 472 vehicles, one of the largest in the nation. These vehicles will continue to improve the riding experience for customers and are important for maintaining a reliable, efficient, and energy conscious fleet.

Looking toward Fiscal Year 2012 service improvements, SEPTA continues to take delivery of and deploy new vehicles including the Silverliner V commuter rail cars. Through August 2011, SEPTA had received 40 rail cars out of a total contract amount of 120, and 30 cars are currently operating in revenue service. All remaining 80 vehicles will be delivered and placed into revenue service by mid- 2012. With a financing plan in place, the procurement of the New Payment Technology System continues to move forward. With the award of this contract, expected in the fall of this year, we look forward to a much anticipated transformation of the Authority's antiquated fare collection system. This new technology will greatly enhance the convenience of fare payment through an array of options to suit customer need.

The Authority continues to be 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. Earlier this year, Governor Corbett appointed a Transportation Funding Advisory Commission (TFAC) to evaluate and recommend funding options to address Pennsylvania's Transportation Funding needs. The Commission issued their report on August 1st which outlines a number of funding recommendations to provide additional financial resources for highways and transit programs across the Commonwealth.

SEPTA staff and stakeholders are prepared to work with Governor Corbett and members of the General Assembly to address the serious funding shortfalls facing transportation in the Commonwealth. We are also working with our Congressional delegation and their staff on federal transit reauthorization legislation as the current federal transportation legislation expires on September 30, 2011.

We continue to be proactive and aggressive in responding to financial issues through a number of actions that reduce costs and increase revenues including the July 2010 fare increase, continued adjustments to maximize our transportation services, a long-term diesel fuel hedge contract extending through June 2012 for most of the Authority's diesel fuel requirements, contracts with electric generation suppliers for propulsion and non-propulsion power, the recent expansion of several parking lots and additional revenue generated from station naming rights and web and billboard advertising.

With both major opportunities and challenges facing the Authority, the Fiscal Year 2012 Operating Budget represents my commitment and the dedication of the organization 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.

Southeastern Pennsylvania Transportation Authority

Fiscal Year 2012 Operating Budget

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Appendix A - Glossary of Acronyms

Appendix B - Glossary

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

Introduction and SEPTA Profile

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.

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.

Introduction and SEPTA Profile

Population and Trends

Southeastern Pennsylvania has a population of 4.0 million and is the most populous region in the Commonwealth, representing nearly one-third (32 percent) of its population. SEPTA's service area covers the five county area's 2,202 square miles. With 1,821 people per square mile, Southeastern Pennsylvania is one of the densest regions in the United States.

According to the U.S. Census, the region has experienced strong growth since 1980, increasing by 8.9 percent over the period of three decades. Much of this population growth has occurred in Bucks, Chester, and Montgomery Counties. While the City of Philadelphia's population decreased by 9.6 percent as a whole over this 30-year period, in the most recent 10-year period between 2000 and 2010 witnessed the City's first net population gain in 60 years. According to the Center City District (CCD), the growth of Center City Philadelphia was one significant reason for the City's population gain. Center City's population has increased by 10.2 percent since 2000 and 26 percent since 1990.

Southeastern Pennsylvania Population – U.S. Census (1980-2010)						
County	1980	1990	2000	2010	Δ '80-'10	%Δ '80-'10
Bucks	479,211	541,174	597,635	625,249	146,038	30.5%
Chester	316,660	376,396	433,501	498,886	182,226	57.5%
Delaware	555,007	547,651	550,864	558,979	3,972	0.7%
Montgomery	643,621	678,111	750,097	799,874	156,253	24.3%
Philadelphia	1,688,210	1,585,577	1,517,550	1,526,006	(162,204)	(9.6%)
Five-County Total	3,682,709	3,728,909	3,849,647	4,008,994	326,285	8.9%

Source: US Census Bureau

The Delaware Valley Regional Planning Commission (DVRPC) projects that regional population growth will continue. Projections are in the process of being updated by DVRPC based on 2010 Census data and will be available in October 2011. Current projections indicate that from years 2005-2035, the five-county region will see overall population growth of 10 percent (net gain of 392,565 residents), reflecting expectations for double-digit growth in Bucks, Chester, and Montgomery Counties and single-digit growth in Philadelphia and Delaware Counties.

Philadelphia Travel Trends

DVRPC data shows that for the first time since 1960, public transportation ridership entering and leaving Philadelphia's Central Business District is increasing, while highway volumes are decreasing. Public transportation trips have increased by 10 percent over the last five years, while highway trips have declined by 2 percent. A significant reason for this shift in travel patterns to public transportation is growth in transit usage among residents and employees of Center City Philadelphia, where recent studies show that up to 70% of employees use SEPTA to access their Center City employment site from throughout the city and region.

Supporting this shift in travel patterns to public transportation is a predominance of zero-vehicle households. According to a 2011 Brookings Institution report, the Philadelphia-Camden-Wilmington Metropolitan Statistical Area (MSA) has the fourth largest share of zero-vehicle households of the largest 100 metropolitan areas in the United States. The 2000 U.S. Census also found that 35.7% of all households within the City of Philadelphia area do not have access to a vehicle. SEPTA provides a key source of mobility for these residents.

Introduction and SEPTA Profile

Zero-Vehicle Households, by Metropolitan Area		
Metropolitan Area	Zero-Vehicle Households	100 Metropolitan Area Share
New York-Northern New Jersey-Long Island	2,093,861	28.0%
Chicago-Naperville-Joliet	399,927	5.3%
Los Angeles-Long Beach-Santa Ana	358,705	4.8%
Philadelphia-Camden-Wilmington	310,583	4.1%
Boston-Cambridge-Quincy	223,207	3.0%
San Francisco-Oakland-Fremont	195,997	2.6%
Washington-Arlington-Alexandria	193,558	2.6%

Economy

Center City Philadelphia is the largest center of commerce in the Commonwealth of Pennsylvania. Leisure and hospitality, education, and health care are among the fastest growing employment sectors within the city and region.

Transit oriented development is taking hold across the SEPTA service area. In 2005, the Cira Centre opened with a direct connection to 30th Street Station. The Comcast Center, adjacent to Suburban Station, opened in June 2008. Now, a \$48 million mixed use redevelopment project is in the works adjacent to the Temple University Regional Rail Station. Together, these projects represent the increasing appeal of co-locating new development and major transit hubs in the five-county region.

DVRPC projects that employment growth will largely mirror regional population growth. Employment projections are in the process of being updated by DVRPC based on 2010 Census data and will be available in October 2011. Current projections indicate that from years 2005-2035, the five-county region will see overall employment growth of 12 percent (net gain of 241,472 jobs), reflecting expectations for double-digit growth in Bucks, Chester, and Montgomery Counties and single-digit growth in Philadelphia and Delaware Counties.

Introduction and SEPTA Profile

SEPTA Ridership and Operating Statistics

In Fiscal Year 2011, SEPTA has experienced ridership growth across all divisions. Compared to Fiscal Year 2010, average daily passengers (linked) increased by 4.1% in the City Transit Division, 3.1% in Suburban Transit (Victory and Frontier Divisions) and 1.0% on the regional railroad lines. In FY 2011, Total Ridership reached its highest level in twenty two years.

SEPTA Operating Facts

SEPTA 2011 Statistics At a Glance	
Annual Unlinked Trips	334 Million
Annual Passenger Miles	1.45 Billion
Annual Vehicle Revenue Miles	89.5 Million
Revenue Vehicles	2,750
Fixed Routes	144
Stations	280
Number of Bus /Trolley Stops	13,224

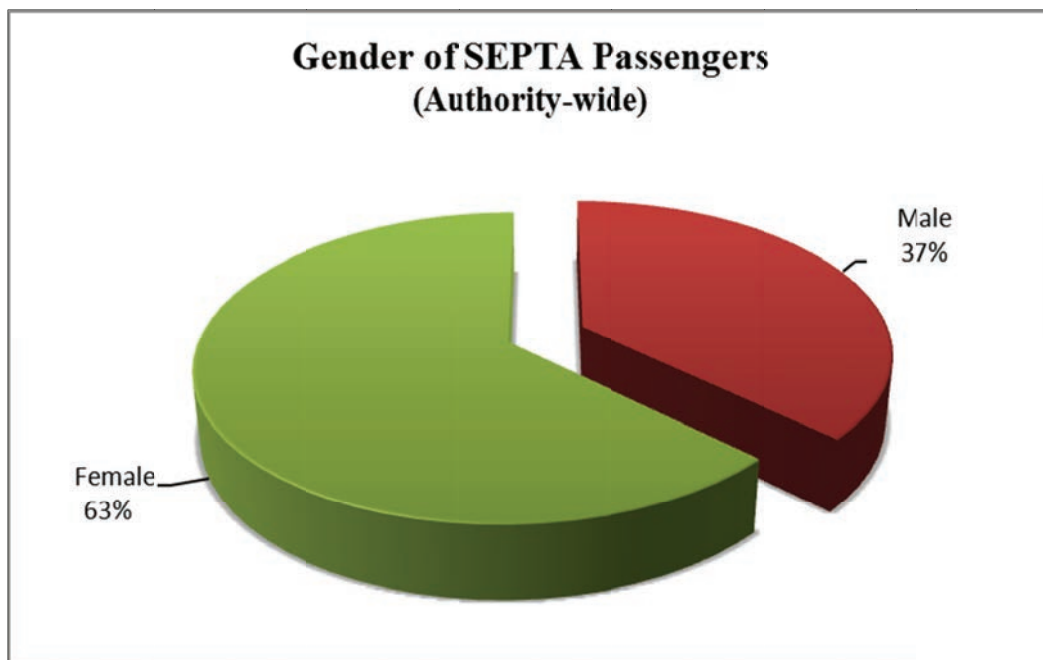
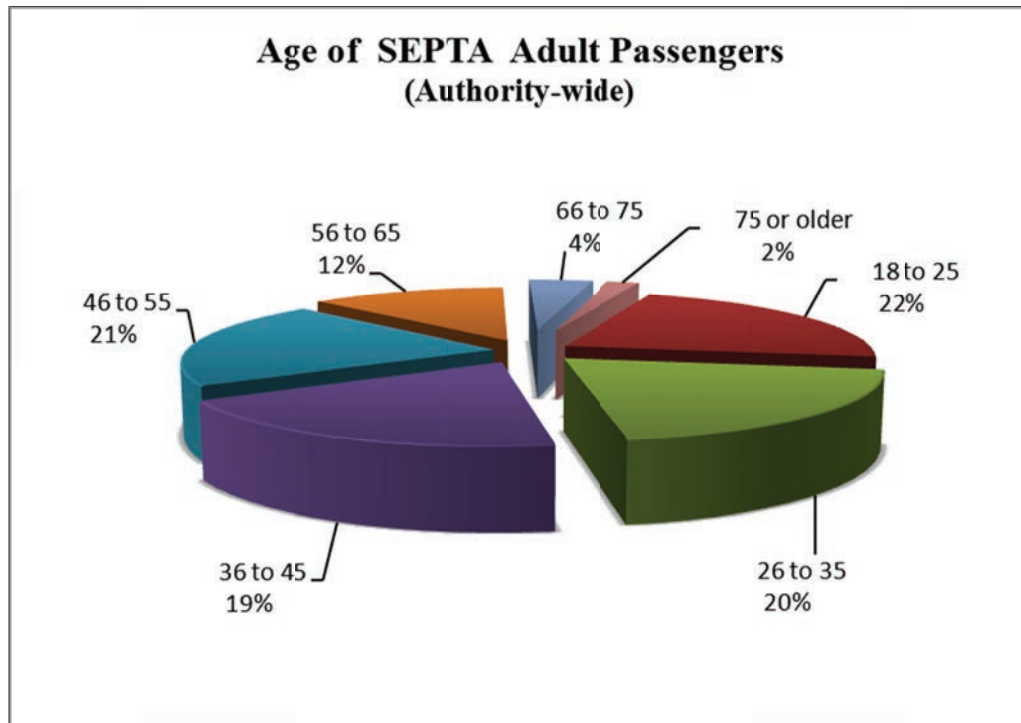
SEPTA Passengers

The exhibits in this section serve to illustrate the typical SEPTA customer. The demographic data was recorded and compiled as part of the SEPTA 2010 Customer Satisfaction Survey. This survey was conducted between November 24, 2010 and December 29, 2010. During the survey period, 1,412 interviews were completed. Only persons aged 18 or older were interviewed during this process and all the exhibits represent SEPTA adult passengers.

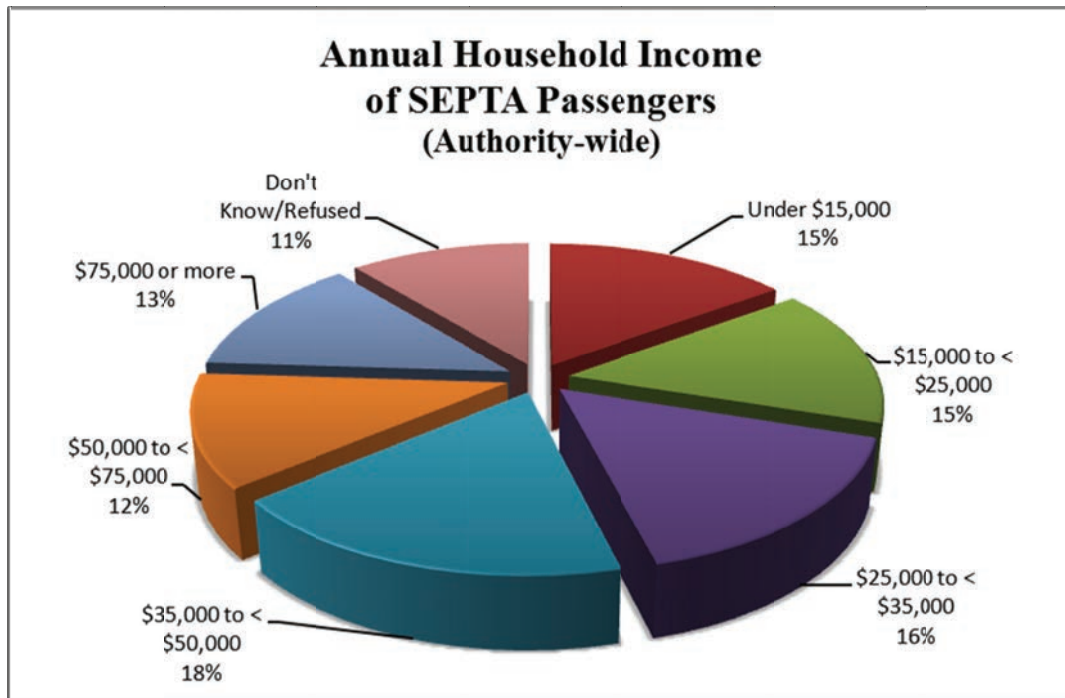
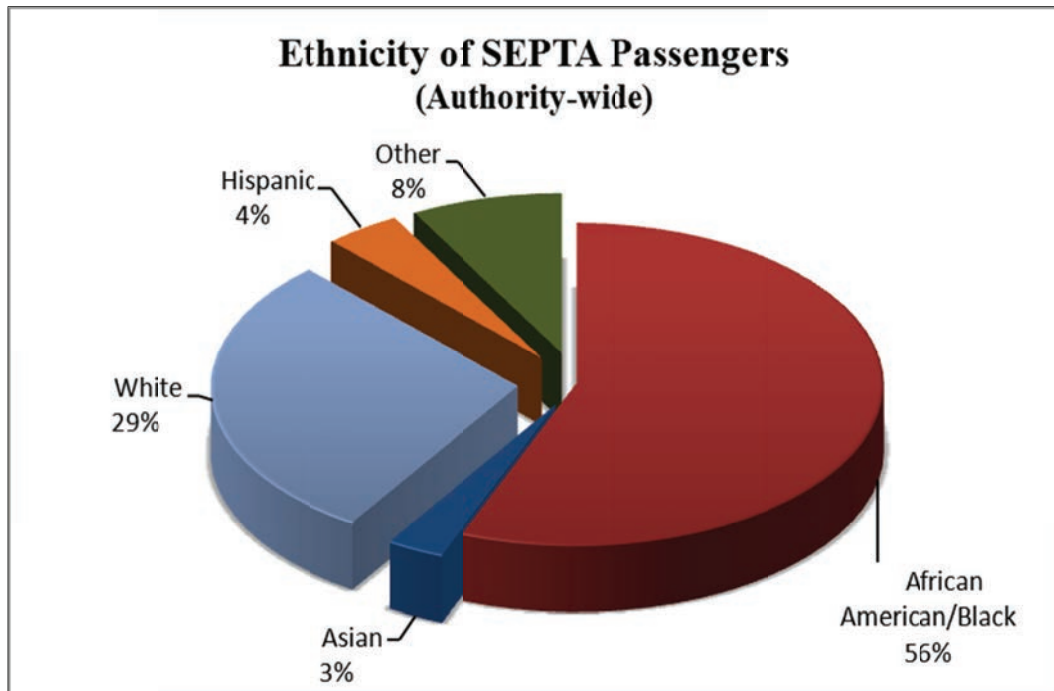
Methodology

- Conducted Phone Survey from November 24, 2010 to December 29, 2010
 - Random digit dialing across the region
 - 5,053 Intercepts
- Interviewed 1,412 people, 1,009 riders and 403 non-riders
- Completed 2,659 sets of questions for riders and non-riders
- Organized survey questions around the 4Cs: Communications, Cleanliness, Courtesy and Convenience.

Introduction and SEPTA Profile



Introduction and SEPTA Profile



SEPTA Regional Rail and Rail Transit Map



Summary of Assumptions

This document presents the Fiscal Year 2012 Operating Budget. The Fiscal Year 2010 and Fiscal Year 2011 actual results are utilized for comparison throughout this budget document.

Service The Fiscal Year 2012 Operating Budget of \$1.23 billion in operating expenses includes minor changes to transportation service as compared to Fiscal Year 2011.

Revenue Passenger revenue is projected to grow modestly in FY 2012. In addition, a slight decrease is projected in Shared Ride Revenue and Investment Income. Increase expected in Other Income.

Expenses Expenses total \$1.23 billion and reflect cost escalations in areas including healthcare and prescription drugs as well as expenses incurred for other material and services, propulsion power and fuel.

State and Local Subsidy Fiscal Year 2012 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 and Federal Capital Debt Service Subsidy. 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 2012 will increase slightly. In addition, this category also includes Federal Capital Lease and Debt Service Subsidy of \$43.1 million. These leases and Debt Service expenses were previously funded by Section 1514 of the Pennsylvania Trust Fund.

Fiscal Year 2012 Consolidated Budget

Amounts in Thousands ('000)	FY 2012 <u>Budget</u>
REVENUE	
Passenger Revenue	\$ 439,707
Shared Ride Program	20,114
Investment Income	1,100
Other Income	<u>32,000</u>
TOTAL OPERATING REVENUE	\$ 492,921
EXPENSES	
Labor and Fringe Benefits	\$ 861,743
Materials and Services	215,910
Injuries & Damage Claims	45,731
Propulsion Power	37,515
Fuel	43,843
Vehicle and Facility Rentals	<u>2,324</u>
OPERATING EXPENSE	\$ 1,207,066
Depreciation/Contributed Capital	<u>\$ 22,552</u>
TOTAL EXPENSES	\$ 1,229,618
DEFICIT BEFORE SUBSIDY	\$ <u>(736,697)</u>
SUBSIDY SOURCE	
Federal	\$ 77,782
State	573,811
Local	81,904
Other	<u>3,200</u>
TOTAL SUBSIDY	\$ 736,697
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 principles. 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.

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.

Financial and Budgetary Policies

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.

Debt Service

The Authority has two series of Special Revenue Bonds outstanding and issued a new series of Capital Grant Receipts Bonds on August 16, 2011.

Special Revenue Bonds

The Special Revenue 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 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

Financial and Budgetary Policies

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 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.

In October 2010, the Authority issued \$222.5 million Revenue Refunding Bonds, Series of 2010 due in varying amounts through 2028, with annual interest rates from 2% to 5%. The net proceeds from the sale of the 2010 Bonds, together with other funds of the Authority, were used to (a) currently refund the outstanding principal amount of the 1999 Special Revenue Bonds, Series A and Series B, (b) fund the termination payments and accrued amounts payable in connection with the termination of certain swap agreements and, (c) fund certain costs and expenses incurred in connection with the issuance and sale of the 2010 Bonds. Concurrently with the issuance of the 2010 Bonds, the interest rate mode on the 2007 Bonds was converted from a Weekly to a Daily Rate and the existing indenture was amended to eliminate any requirement that the Authority fund a debt service reserve fund.

Interest on the Bonds is payable semi-annually on March 1 and September 1. The debt service requirements related to the Series 2007 and 2010 Bonds are listed on the following page, on a calendar year basis.

Financial and Budgetary Policies

Capital Grant Receipts Bonds

On August 16, 2011, the Authority issued \$201.6 million of Capital Grant Receipts Bonds, Series 2011 due in varying amounts through 2029 with annual interest rates ranging from 3% to 5%. The net proceeds from the sale of the 2011 Capital Grant Receipts Bonds will be used to (a) finance the acquisition of 116 Silverliner V Regional Railcars, (b) finance the rehabilitation of Wayne Junction Intermodal Facility, (c) fund a deposit to the Debt Service Reserve Fund, and (d) fund certain costs and expenses in connection with the issuance and sale of the 2011 Bonds.

The Capital Grant Receipts Bonds, Series 2011 are limited obligations of the Authority and are payable solely from and secured solely by (I) all amounts received by the Authority from the "Grant Receipts", (II) amounts on deposit in certain funds and accounts established under the Indenture, including investment earnings thereon, and (III) any and all other moneys and securities furnished from time to time to the Trustee by the Authority. Grant Receipts consist of all amounts received by the Authority after the date of issuance of the 2011 Bonds from its share of FTA Section 5309 Fixed Guideway Modernization Formula Funds of a successor program, commencing October 1, 2011.

Debt Service Requirements

Interest on the Series 2007 and Series 2010 Bonds is payable semi-annually on March 1 and September 1, and interest on the Series 2011 Bonds is payable semi-annually on December 1 and June 1. The aggregate debt service for all three bond issues is listed on the following page on a fiscal year basis.

Financial and Budgetary Policies

Debt Service Requirements (Amounts in Thousands)			
Year Ending June 30	Interest *	Principal	Total Debt Service Requirements
2012	21,776	28,040	49,816
2013	22,830	27,555	50,385
2014	21,614	28,730	50,344
2015	20,463	30,005	50,468
2016	19,307	31,180	50,487
2017	17,921	32,590	50,511
2018	16,469	34,075	50,544
2019	14,898	35,670	50,568
2020	13,175	37,455	50,630
2021	11,391	31,700	43,091
2022	9,891	33,230	43,121
2023	8,265	22,185	30,450
2024	7,155	23,300	30,455
2025	5,990	24,460	30,450
2026	4,777	25,670	30,447
2027	3,493	26,960	30,453
2028	2,145	27,050	29,195
2029	798	16,270	17,068
TOTAL	<u>\$ 222,358</u>	<u>\$ 516,125</u>	<u>\$ 738,483</u>

* Interest on the Series 2007 Bonds is a synthetic fixed 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.

Amounts in thousands ('000)	Statement of Changes In Equity		
	FY 2010 Actual	FY 2011 Actual	FY 2012 Budget
Contributed Capital:			
Balance at Beginning of Year	\$ 3,242,727	\$ 3,392,893	\$ 3,439,627
Capitalized Grant Property	435,119	323,744	297,399
Capitalized Grant Property - Retirements	(31,935)	(24,824)	(19,000)
Amortization	(284,014)	(302,328)	(289,105)
Amortization - Retirements	<u>30,996</u>	<u>50,142</u>	<u>18,500</u>
Contributed Capital Balance at End of Year	\$ 3,392,893	\$ 3,439,627	\$ 3,447,421
Operating Surplus/(Deficit):			
Accumulated Operating (Deficit)	\$ (188,695)	\$ (194,022)	\$ (185,693)
<i>>at Beginning of the Year</i>			
Operating Surplus	488	322	-
Investment Gain/(Loss) re: SWAPS	<u>(5,815)</u>	<u>8,007</u>	<u>-</u>
Operating Surplus/(Deficit)	\$ (5,327)	\$ 8,329	\$ -
<i>>after Investment Gain/Loss</i>			
Accumulated Operating Deficit at End of Year	\$ (194,022)	\$ (185,693)	\$ (185,693)
Total Equity (excludes OPEB)	<u>\$ 3,198,871</u>	<u>\$ 3,253,934</u>	<u>\$ 3,261,728</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 February or March.

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

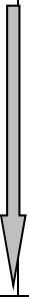
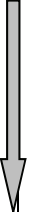
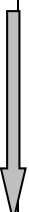
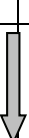
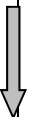
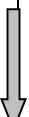


The hearing examiner evaluates the SEPTA staff proposal and public comments and issues a report to the Board in late April, which includes a recommendation on SEPTA's Operating Budget Proposal. The Board of Directors adopts a budget for the upcoming fiscal year at the regular May meeting on the fourth 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 2012 Operating Budget - Schedule of Key Activities

December 2010		<ul style="list-style-type: none"> Schedule Public Hearings (December 1- December 10, 2010) Meetings with SEPTA's operating and staff departments (January 10-February 4, 2011)
January 2011		<ul style="list-style-type: none"> Develop overall and department projections (Mid-January, 2011) Develop draft service projection based on current service (Mid-January, 2011) FY 2011/2012 Budget Update Presentation to GM Team (January 27, 2011) Revise projections as necessary based on Cut 1 (Late January, 2011)
February 2011		<ul style="list-style-type: none"> Adjust overall and departmental projections (February 1-February 5, 2011) Operating and Staff Divisions submit budget data to Budget Department for review (February 1-March 25, 2011) Budget submissions reviewed by Budgets Department (February 11-April 8, 2011) Review first draft of FY 2012 Operating Budget Proposal (February 25, 2011)
March 2011		<ul style="list-style-type: none"> Public hearing notice to press relations (March 3, 2011) Public hearing notice published/Location Postings/RICB Broadcast/Internet Posting/Distribution (March 18, 2011) Publish and Distribute FY 2012 Operating Budget Proposal (March 18, 2011) Distribute preliminary budget authorization letters to all Staff and Operating Departments (Late March) Period for public comment (March 18-April 29, 2011)
April 2011		<ul style="list-style-type: none"> Prepare public hearing testimony (April 7-April 15, 2011) Public Hearings in City of Philadelphia and suburban counties (April 18-April 21, 2011)
May 2011		<ul style="list-style-type: none"> Report from Hearing Examiner (May 12, 2011) SEPTA Board Budget Committee Briefing (May 19, 2011) SEPTA Board adopts budget (May 26, 2011)
June 2011		<ul style="list-style-type: none"> Finalize and consolidate MPC budget data (June 17, 2011)
July/August 2011		<ul style="list-style-type: none"> Preparation of Final FY 2012 Operating Budget Book (July 1-August 31, 2011)
September 2011		<ul style="list-style-type: none"> Publish and Distribute Final FY 2012 Operating Budget Book (September 16, 2011)

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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
Transit Police
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 AND ADVOCACY DIVISION

Administration
Communications/Advocacy
Customer Development
Customer Service

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 and Grant Development
- Operating Budget
- Revenue, Ridership and Sales
- Strategic Planning and Analysis
- Service Planning

HUMAN RESOURCES DIVISION

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

LEGAL DIVISION

- Corporate
- Commerce and Regulatory
- Litigation

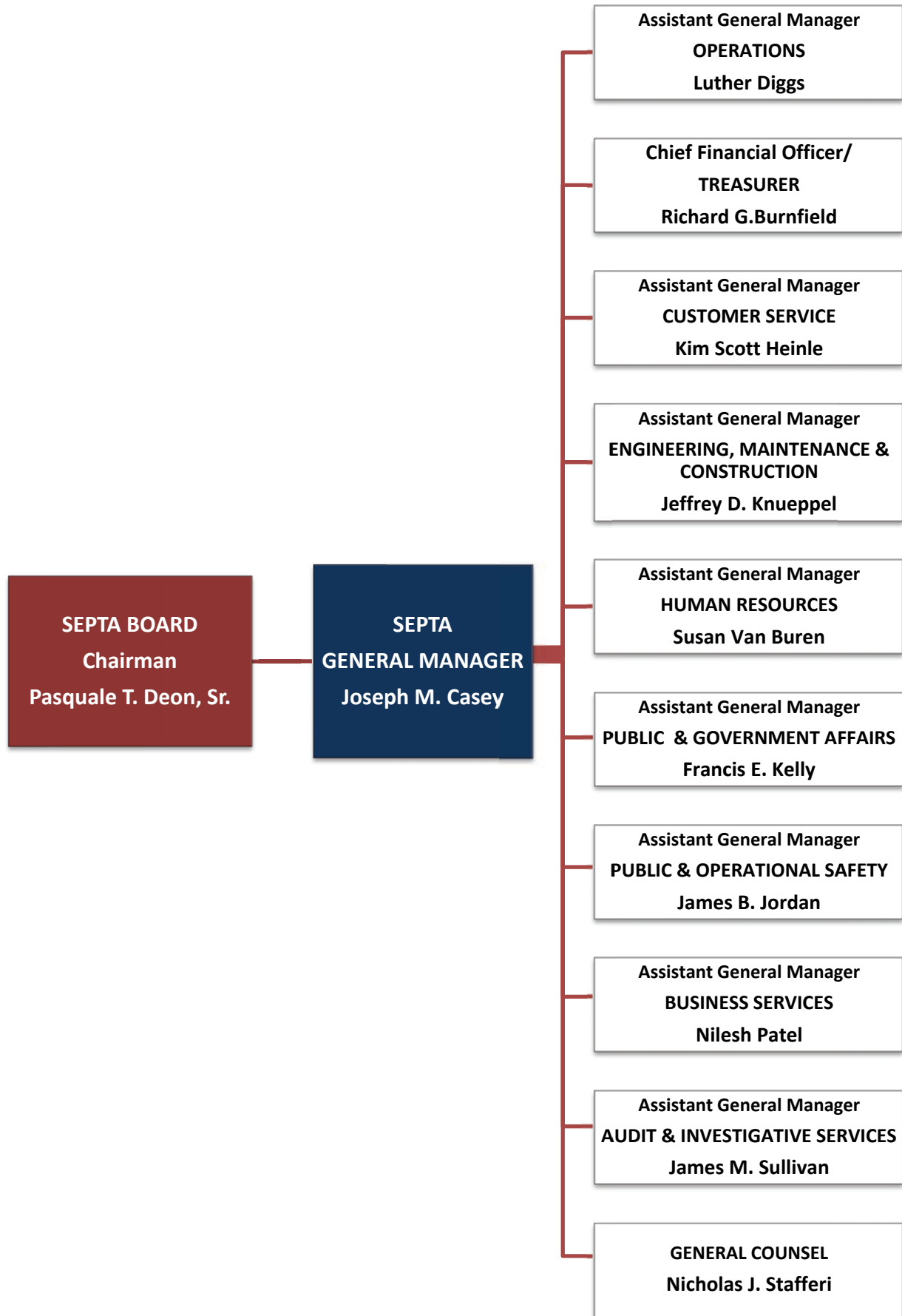
PUBLIC AND GOVERNMENT AFFAIRS DIVISION

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

PUBLIC AND OPERATIONAL SAFETY DIVISION

- Administration
- Claims
- Real Estate
- System Safety and Risk Management
- Workers' Compensation

General Manager Team Organization Chart



Fiscal Years 2010 and 2011 Actual and Fiscal Year 2012 Budget Consolidated

	FY 2010	FY 2011	FY 2012	FY 2012
	Actual	Actual	Budget	versus
<u>Amounts in thousands ('000)</u>				<u>FY 2011</u>
REVENUE				
Passenger Revenue	\$ 394,441	\$ 437,953	\$ 439,707	\$ 1,754
Shared Ride Program	20,226	20,130	20,114	(16)
Investment Income	1,492	2,495	1,100	(1,395)
Other Income	<u>29,689</u>	<u>30,703</u>	<u>32,000</u>	<u>1,297</u>
TOTAL OPERATING REVENUE	\$ 445,848	\$ 491,281	\$ 492,921	\$ 1,640
EXPENSES				
Labor and Fringe Benefits	\$ 791,530	\$ 824,343	\$ 861,743	\$ 37,400
Materials and Services	218,748	214,388	215,910	1,522
Injuries & Damage Claims	46,251	50,085	45,731	(4,354)
Propulsion Power	32,560	35,256	37,515	2,259
Fuel	38,182	39,860	43,843	3,983
Vehicle and Facility Rentals	<u>2,201</u>	<u>2,443</u>	<u>2,324</u>	<u>(119)</u>
OPERATING EXPENSE	\$ 1,129,472	\$ 1,166,375	\$ 1,207,066	\$ 40,691
Depreciation/Contributed Capital	<u>\$ 18,282</u>	<u>\$ 18,176</u>	<u>\$ 22,552</u>	<u>\$ 4,376</u>
TOTAL EXPENSES	\$ 1,147,754	\$ 1,184,551	\$ 1,229,618	\$ 45,067
DEFICIT BEFORE SUBSIDY	<u>\$ (701,906)</u>	<u>\$ (693,270)</u>	<u>\$ (736,697)</u>	<u>\$ (43,427)</u>
OPERATING SUBSIDY				
Federal	\$ 39,494	\$ 67,874	\$ 77,782	\$ 9,908
State	580,689	543,717	573,811	30,094
Local	79,241	78,780	81,904	3,124
Other	<u>2,970</u>	<u>3,221</u>	<u>3,200</u>	<u>(21)</u>
TOTAL SUBSIDY	\$ 702,394	\$ 693,592	\$ 736,697	\$ 43,105
SURPLUS/(DEFICIT)	<u>\$ 488</u>	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ (322)</u>

Fiscal Years 2010 and 2011 Actual and Fiscal Year 2012 Budget

City Transit Division

<u>Amounts in thousands ('000)</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY 2012 versus FY 2011</u>
REVENUE				
Passenger Revenue	\$ 248,683	\$ 275,828	\$ 276,602	\$ 774
Shared Ride Program	20,226	20,130	20,114	(16)
Investment Income	870	1,542	650	(892)
Other Income	<u>15,821</u>	<u>16,868</u>	<u>17,930</u>	<u>1,062</u>
TOTAL OPERATING REVENUE	\$ 285,600	\$ 314,368	\$ 315,296	\$ 928
EXPENSES				
Labor and Fringe Benefits	\$ 537,588	\$ 566,769	\$ 596,853	\$ 30,084
Materials and Services	126,716	125,038	116,847	(8,191)
Injuries & Damage Claims	42,549	44,686	39,298	(5,388)
Propulsion Power	13,546	14,922	16,350	1,428
Fuel	30,190	32,011	34,752	2,741
Vehicle and Facility Rentals	<u>1,589</u>	<u>1,797</u>	<u>1,631</u>	<u>(166)</u>
OPERATING EXPENSE	\$ 752,178	\$ 785,223	\$ 805,731	\$ 20,508
Depreciation/Contributed Capital	<u>\$ 12,915</u>	<u>\$ 12,739</u>	<u>\$ 13,242</u>	<u>\$ 503</u>
TOTAL EXPENSES	\$ 765,093	\$ 797,962	\$ 818,973	\$ 21,011
DEFICIT BEFORE SUBSIDY	\$ (479,493)	\$ (483,594)	\$ (503,677)	\$ (20,083)
OPERATING SUBSIDY				
Federal	\$ 28,403	\$ 40,234	\$ 25,101	\$ (15,133)
State	396,609	387,707	418,093	30,386
Local	53,474	54,531	59,383	4,852
Other	<u>1,337</u>	<u>1,347</u>	<u>1,100</u>	<u>(247)</u>
TOTAL SUBSIDY	\$ 479,823	\$ 483,819	\$ 503,677	\$ 19,858
SURPLUS/(DEFICIT)	\$ <u>330</u>	\$ <u>225</u>	\$ <u>-</u>	\$ <u>(225)</u>

Fiscal Years 2010 and 2011 Actual and Fiscal Year 2012 Budget Victory Division

<u>Amounts in thousands ('000)</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY 2012 versus FY 2011</u>
REVENUE				
Passenger Revenue	\$ 19,050	\$ 21,241	\$ 21,307	\$ 66
Shared Ride Program	-	-	-	-
Investment Income	92	119	70	(49)
Other Income	<u>2,092</u>	<u>2,019</u>	<u>2,288</u>	<u>269</u>
TOTAL OPERATING REVENUE	\$ 21,234	\$ 23,379	\$ 23,665	\$ 286
EXPENSES				
Labor and Fringe Benefits	\$ 54,920	\$ 58,492	\$ 60,193	\$ 1,701
Materials and Services	15,270	15,279	16,544	1,265
Injuries & Damage Claims	5,405	2,730	3,167	437
Propulsion Power	1,118	1,382	1,420	38
Fuel	4,842	4,571	5,458	887
Vehicle and Facility Rentals	<u>95</u>	<u>107</u>	<u>112</u>	<u>5</u>
OPERATING EXPENSE	\$ 81,650	\$ 82,561	\$ 86,894	\$ 4,333
Depreciation/Contributed Capital	<u>\$ 227</u>	<u>\$ 217</u>	<u>\$ 228</u>	<u>\$ 11</u>
TOTAL EXPENSES	\$ 81,877	\$ 82,778	\$ 87,122	\$ 4,344
DEFICIT BEFORE SUBSIDY	<u>\$ (60,643)</u>	<u>\$ (59,399)</u>	<u>\$ (63,457)</u>	<u>\$ (4,058)</u>
OPERATING SUBSIDY				
Federal	\$ 3,228	\$ 5,522	\$ 3,355	\$ (2,167)
State	50,016	46,677	52,190	5,513
Local	7,324	7,115	7,812	697
Other	<u>122</u>	<u>114</u>	<u>100</u>	<u>(14)</u>
TOTAL SUBSIDY	\$ 60,690	\$ 59,428	\$ 63,457	\$ 4,029
SURPLUS/(DEFICIT)	<u>\$ 47</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ (29)</u>

Fiscal Years 2010 and 2011 Actual and Fiscal Year 2012 Budget Frontier Division

<u>Amounts in thousands ('000)</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY 2012 versus FY 2011</u>
REVENUE				
Passenger Revenue	\$ 4,978	\$ 5,535	\$ 5,550	\$ 15
Shared Ride Program	-	-	-	-
Investment Income	28	35	20	(15)
Other Income	<u>571</u>	<u>568</u>	<u>628</u>	<u>60</u>
TOTAL OPERATING REVENUE	\$ 5,577	\$ 6,138	\$ 6,198	\$ 60
EXPENSES				
Labor and Fringe Benefits	\$ 21,256	\$ 22,598	\$ 21,527	\$ (1,071)
Materials and Services	3,212	2,507	2,869	362
Injuries & Damage Claims	1,550	1,109	1,067	(42)
Propulsion Power	-	-	-	-
Fuel	2,968	3,051	3,275	224
Vehicle and Facility Rentals	<u>34</u>	<u>38</u>	<u>41</u>	<u>3</u>
OPERATING EXPENSE	\$ 29,020	\$ 29,303	\$ 28,779	\$ (524)
Depreciation/Contributed Capital	<u>\$ 52</u>	<u>\$ 49</u>	<u>\$ 52</u>	<u>\$ 3</u>
TOTAL EXPENSES	\$ 29,072	\$ 29,352	\$ 28,831	\$ (521)
DEFICIT BEFORE SUBSIDY	\$ (23,495)	\$ (23,214)	\$ (22,633)	\$ 581
OPERATING SUBSIDY				
Federal	\$ 1,434	\$ 1,781	\$ 1,145	\$ (636)
State	18,333	17,783	17,817	34
Local	2,720	2,744	2,671	(73)
Other	<u>1,025</u>	<u>916</u>	<u>1,000</u>	<u>84</u>
TOTAL SUBSIDY	\$ 23,512	\$ 23,224	\$ 22,633	\$ (591)
SURPLUS/(DEFICIT)	<u>\$ 17</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ (10)</u>

Fiscal Years 2010 and 2011 Actual and Fiscal Year 2012 Budget Regional Rail Division

<u>Amounts in thousands ('000)</u>	<u>FY 2010 Actual</u>	<u>FY 2011 Actual</u>	<u>FY 2012 Budget</u>	<u>FY 2012 versus FY 2011</u>
REVENUE				
Passenger Revenue	\$ 121,730	\$ 135,349	\$ 136,248	\$ 899
Shared Ride Program	-	-	-	-
Investment Income	502	799	360	(439)
Other Income	<u>11,205</u>	<u>11,248</u>	<u>11,154</u>	<u>(94)</u>
TOTAL OPERATING REVENUE	\$ 133,437	\$ 147,396	\$ 147,762	\$ 366
EXPENSES				
Labor and Fringe Benefits	\$ 177,766	\$ 176,484	\$ 183,170	\$ 6,686
Materials and Services	73,550	71,564	79,650	8,086
Injuries & Damage Claims	(3,253)	1,560	2,199	639
Propulsion Power	17,896	18,952	19,745	793
Fuel	182	227	358	131
Vehicle and Facility Rentals	<u>483</u>	<u>501</u>	<u>540</u>	<u>39</u>
OPERATING EXPENSE	\$ 266,624	\$ 269,288	\$ 285,662	\$ 16,374
Depreciation/Contributed Capital	<u>\$ 5,088</u>	<u>\$ 5,171</u>	<u>\$ 9,030</u>	<u>\$ 3,859</u>
TOTAL EXPENSES	\$ 271,712	\$ 274,459	\$ 294,692	\$ 20,233
DEFICIT BEFORE SUBSIDY	<u>\$ (138,275)</u>	<u>\$ (127,063)</u>	<u>\$ (146,930)</u>	<u>\$ (19,867)</u>
OPERATING SUBSIDY				
Federal	\$ 6,429	\$ 20,337	\$ 48,181	\$ 27,844
State	115,731	91,550	85,711	(5,839)
Local	15,723	14,390	12,038	(2,352)
Other	<u>486</u>	<u>844</u>	<u>1,000</u>	<u>156</u>
TOTAL SUBSIDY	\$ 138,369	\$ 127,121	\$ 146,930	\$ 19,809
SURPLUS/(DEFICIT)	<u>\$ 94</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ (58)</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 levels have remained constant or declined 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 projects that expenses will exceed available subsidy in Fiscal Year 2014 through 2017, unless an alternate source of funding is identified.

Forecast Assumptions By Category

Passenger Revenue	The revenue growth for Fiscal 2012 includes the effect of the FY 2011 fare increase as well as recent ridership growth. Additional fare increases are projected for Fiscal Years 2014 and 2017.
Other Revenue	This revenue category is forecast to grow by approximately 10% 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, national healthcare mandates, 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. SEPTA has a long-term diesel fuel contract in place through December 31, 2011, and has hedge contracts in place for most of the diesel fuel requirements for the final six months of the fiscal year.</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

Amounts in thousands ('000)	FY 2012 Budget	FY 2013 Projection	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
REVENUE			Fare Increase			Fare Increase
Passenger Revenue	\$ 439,707	\$ 446,303	\$ 489,237	\$ 496,575	\$ 504,024	\$ 552,511
Shared Ride Revenue	20,114	20,315	20,518	20,723	20,931	21,140
Other Income	33,100	33,762	34,437	35,126	35,829	36,545
TOTAL OPERATING REVENUE	\$ 492,921	\$ 500,380	\$ 544,192	\$ 552,425	\$ 560,783	\$ 610,196
EXPENSES						
Labor	\$ 524,615	\$ 542,977	\$ 559,266	\$ 576,044	\$ 593,325	611,125
Fringe Benefits	337,128	362,049	385,894	413,119	441,900	475,043
Materials and Services	215,910	222,387	229,059	235,931	243,009	252,729
Injuries & Damage Claims	45,731	48,018	50,418	52,939	55,586	43,900
Propulsion Power	37,515	38,640	39,800	40,994	42,223	43,490
Fuel	43,843	46,474	49,262	52,218	55,351	57,565
Other Expenses	24,876	25,622	26,391	27,183	27,998	28,838
TOTAL EXPENSES	\$ 1,229,618	\$ 1,286,167	\$ 1,340,090	\$ 1,398,427	\$ 1,459,392	\$ 1,512,689
DEFICIT BEFORE SUBSIDY	\$ (736,697)	\$ (785,787)	\$ (795,898)	\$ (846,002)	\$ (898,609)	\$ (902,493)
OPERATING SUBSIDY						
Federal	\$ 77,782	\$ 79,660	\$ 80,410	\$ 81,162	\$ 82,013	\$ 82,877
State	573,811	614,796	575,416	568,690	579,253	590,123
Local	81,904	88,131	82,164	81,092	82,627	84,208
Other	3,200	3,200	3,200	3,200	3,200	2,700
TOTAL SUBSIDY	\$ 736,697	\$ 785,787	\$ 741,190	\$ 734,144	\$ 747,093	\$ 759,908
SURPLUS/(DEFICIT)	\$ -	\$ -	\$ (54,708)	\$ (111,858)	\$ (151,516)	\$ (142,585)
Accumulated Operating Deficit	\$ (185,693)	\$ (185,693)	\$ (240,401)	\$ (352,259)	\$ (503,775)	\$ (646,360)

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 2012 Operating Budget Proposal includes passenger revenue of \$439.7 million, which represents both the effects of the FY 2011 fare increase and recent ridership increases in Fiscal Year 2011.

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 \$20.1 million. The program is funded through the State Lottery, funds from the Philadelphia Corporation for the Aging, and Shared Ride fares. In Fiscal Year 2012, the Authority projects a total of 780,780 shared ride trips, slightly less than Fiscal Year 2011.

Investment Income

Investment Income is budgeted at \$1.1 million for Fiscal Year 2012. Investment income results are tied directly to the financial market conditions.

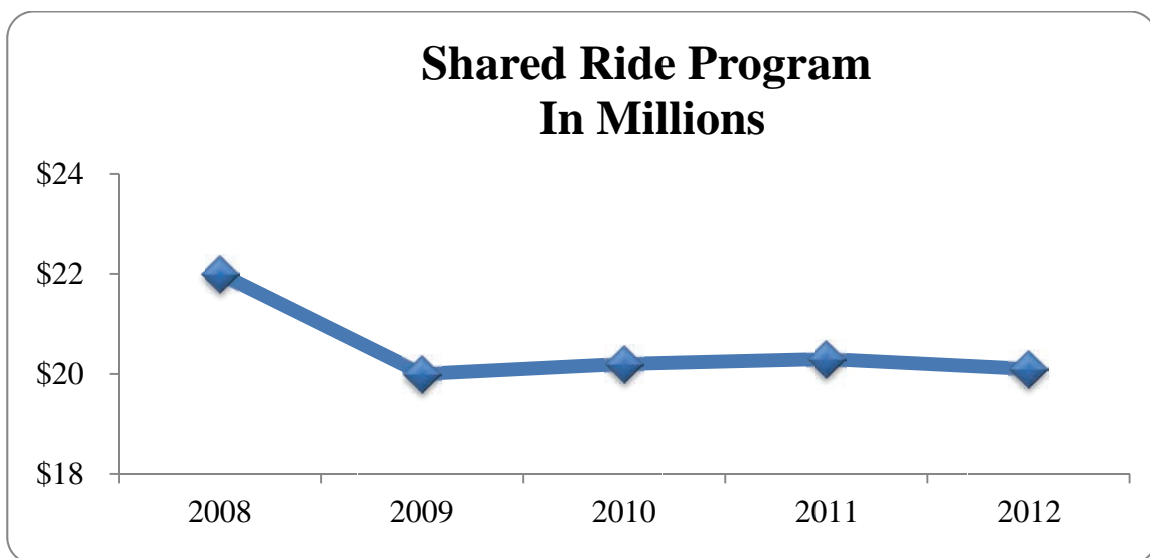
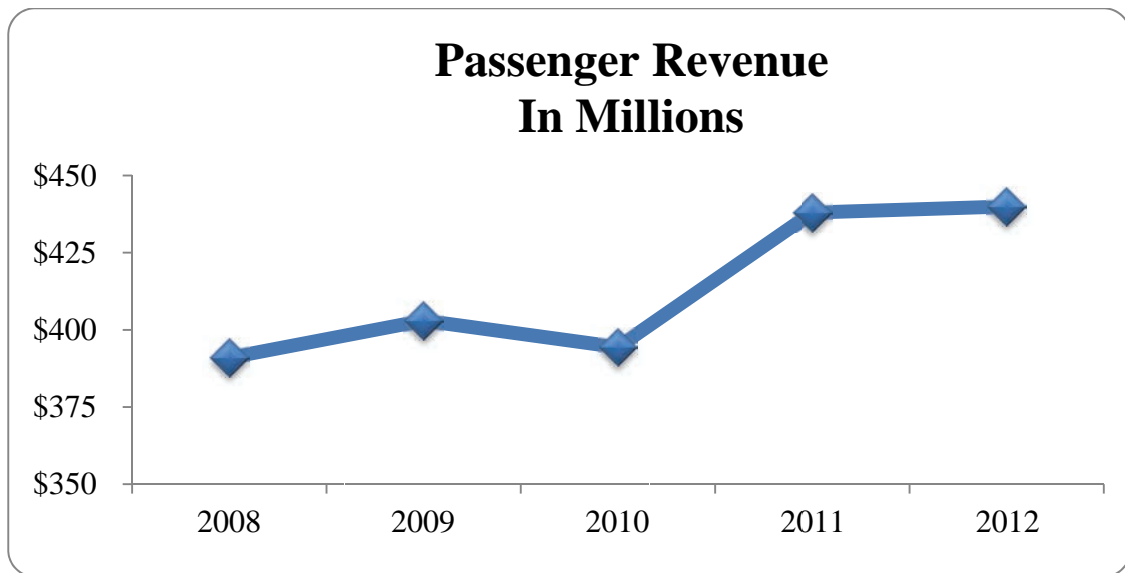
Other Income

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 \$32 million. Advertising, real estate and parking income is budgeted to grow by approximately 5% compared to Fiscal Year 2011. Income from the sale of scrap will be slightly higher than Fiscal Year 2011, with the projected sale of retired railroad passenger cars as the Authority continues taking delivery of new "Silverliner V" rolling stock.

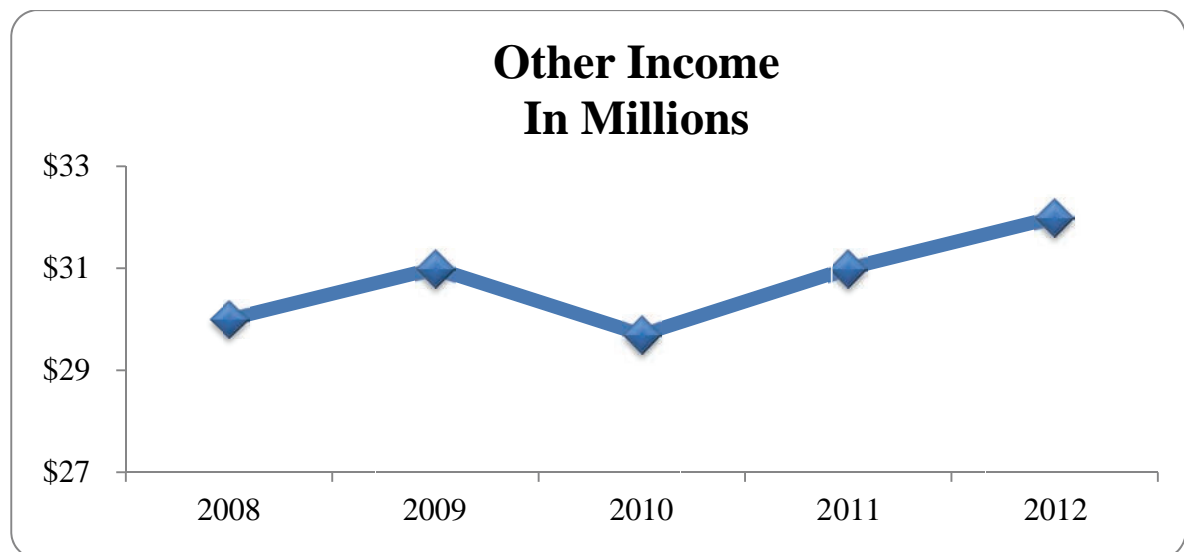
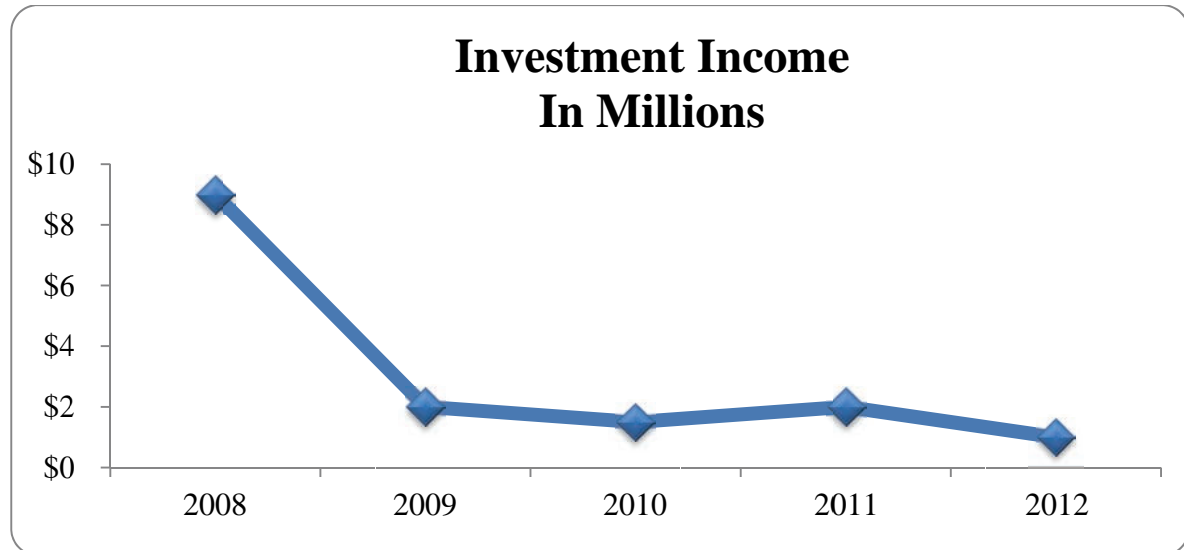
Operating Revenue

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

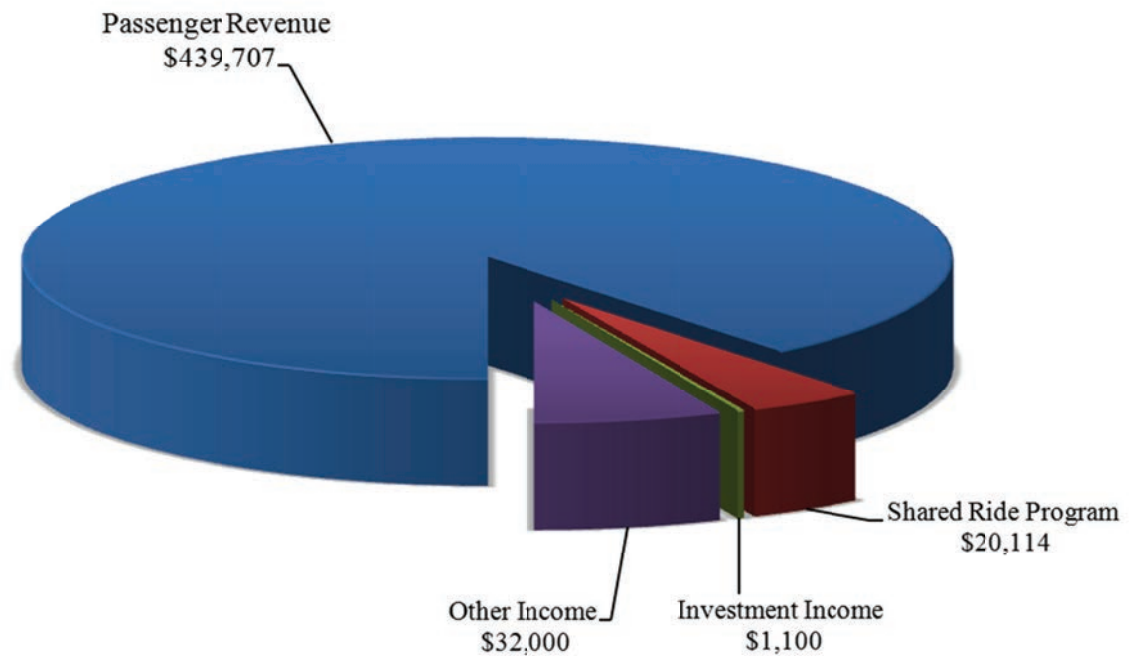


Operating Revenue



SUMMARY OF OPERATING REVENUE

Amounts in Thousands



TOTAL OPERATING REVENUE = \$492,921

Subsidy

Introduction

Total subsidies in the Fiscal Year 2012 Operating Budget Proposal represent \$736.7 million and include the following categories: Federal, State, Local, and Other.

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 2012, the total Federal Subsidy covers only 6.3% of the total budgeted operating expenses. The source of this subsidy is Federal Preventive Maintenance in the amount of \$34.7 million, Federal Capital Lease Subsidy in the amount of \$27.4 million, and Federal Capital Debt Service Subsidy in the amount of \$15.7 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 2012, SEPTA will use Federal Capital Lease and Capital Debt Service dollars in lieu of Section 1514 State Lease Cost/Debt Service 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. 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 have fallen, further reducing the subsidy funding available from the Trust Fund.

SEPTA State Subsidy Funding Concerns - The current economic recession has caused a decline in statewide sales tax revenue, which is a key component to the Trust Fund's viability. To further exacerbate the funding problem, the Trust Fund's other key component, the proceeds from Turnpike Commission bonds, remain at constant levels. 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 put growth of the Commonwealth's operating assistance to transit at significant risk.

Subsidy

SEPTA and other state transit agencies are allocated funds as determined by the following formula:

State Allocation Formula

Allocation Category	Allocation Percent
Number of Passengers	25%
Number of Senior Citizen Passengers	10%
Revenue Vehicle Hours	35%
Revenue Vehicle Miles	30%
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 and debt service are funded through Federal Capital Lease Subsidy and Federal Capital Debt Service Subsidy. Lease expenses are budgeted for nominal increases when compared to Fiscal Year 2011. Debt service expenses are budgeted to increase when compared to Fiscal Year 2011 to support financing for the Silverliner V acquisition. SEPTA will utilize available Section 1517 funds prior to utilizing any Federal Capital Lease or Debt Service 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. 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:

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

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 2012 is as follows:

Suburban Paratransit Usage by County	
Bucks	13%
Chester	6%
Delaware	57%
Montgomery	<u>24%</u>
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 2012 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.

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.

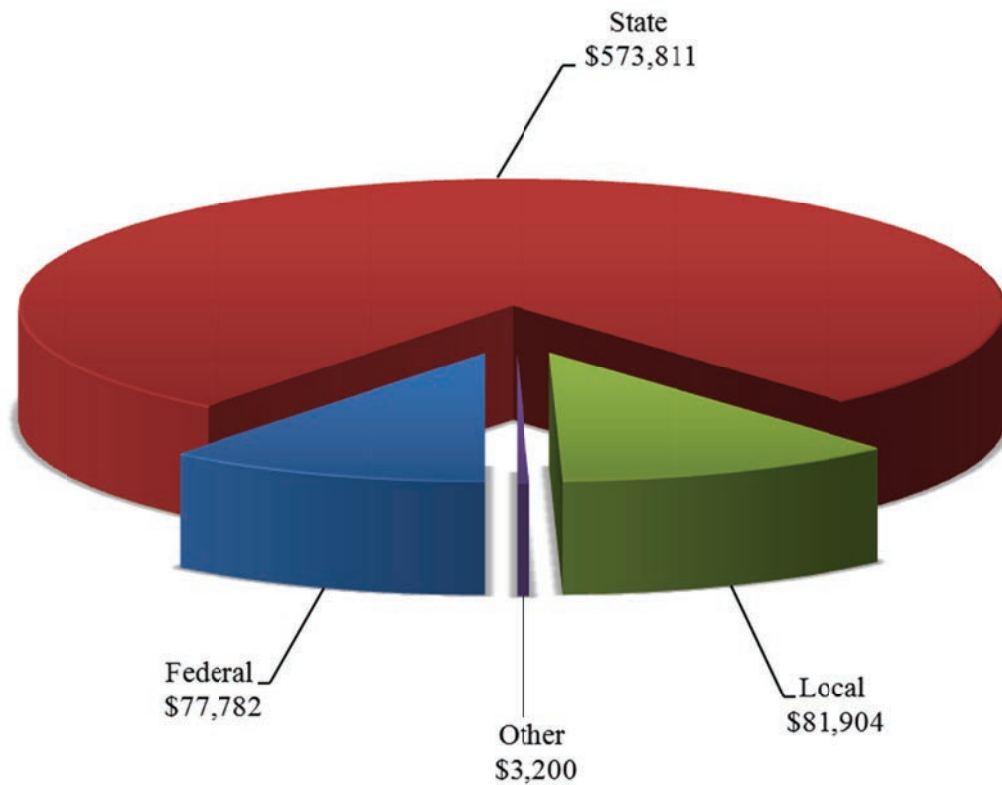
SEPTA was required to use \$26 million from the Service Stabilization account in Fiscal Year 2010 to balance the operating budget. SEPTA deposited \$20.4 million in the Service Stabilization account in FY 2011, as a result of increased ridership revenue. It is projected that SEPTA will be required to use additional Service Stabilization funds in Fiscal Years 2012 and 2013 in order to balance the operating budget.

Fiscal Year 2012 Operating Budget Consolidated Detail of Subsidies

<u>Amounts in thousands ('000)</u>	<u>FY 2012 Budget</u>
Source of Subsidy - Detail:	
Federal Preventive Maintenance	\$ 34,672
State Operating Subsidy - PA Trust Fund (Section 1513)	538,111
Local Match - PA Trust Fund (Section 1513)	80,717
State Lease Cost Subsidy - PA Trust Fund (Section 1517)	1,273
Federal Capital Lease Subsidy	27,448
Federal Capital Debt Service Subsidy	15,662
State Debt Service Subsidy - Trust Fund (Section 1517)	34,427
Local Match - Debt Service Subsidy (Section 1517)	1,187
Route Guarantees	<u>3,200</u>
TOTAL SUBSIDIES	<u>\$ 736,697</u>
 Summary By Source of Subsidy:	
Federal	\$ 77,782
State	573,811
Local	81,904
Other	<u>3,200</u>
TOTAL SUBSIDIES	<u>\$ 736,697</u>

SUMMARY OF SUBSIDIES

Amounts in Thousands



TOTAL SUBSIDIES = \$736,697

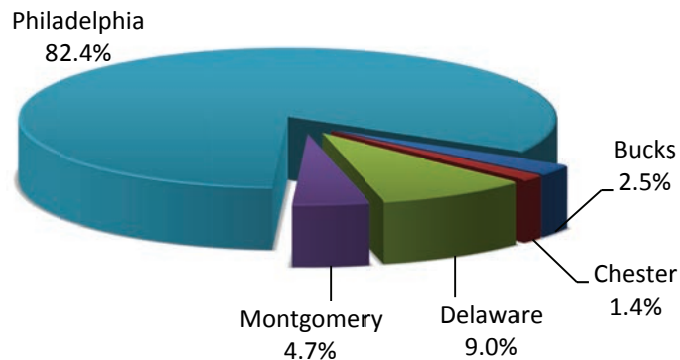
Local Subsidies

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>	<u>Total SEPTA</u>
Base PA Trust Fund Local Match					
Bucks	\$ 158	\$ -	\$ 988	\$ 696	\$ 1,842
Chester	-	129	453	508	1,090
Delaware	-	5,565	-	1,039	6,604
Montgomery	146	776	1,230	1,298	3,450
Philadelphia	58,127	-	-	8,263	66,390
Subtotal	\$ 58,431	\$ 6,470	\$ 2,671	\$ 11,804	\$ 79,376
Suburban Paratransit Local Match					
Bucks	\$ -	\$ 174	\$ -	\$ -	\$ 174
Chester	-	80	-	-	80
Delaware	-	765	-	-	765
Montgomery	-	322	-	-	322
Philadelphia	-	-	-	-	-
Subtotal	\$ -	\$ 1,341	\$ -	\$ -	\$ 1,341
Total Trust Fund Local Subsidy					
Bucks	\$ 158	\$ 174	\$ 988	\$ 696	\$ 2,016
Chester	-	209	453	508	1,170
Delaware	-	6,330	-	1,039	7,369
Montgomery	146	1,098	1,230	1,298	3,772
Philadelphia	58,127	-	-	8,263	66,390
Total Trust Fund Local Subsidy	\$ 58,431	\$ 7,811	\$ 2,671	\$ 11,804	\$ 80,717
Local Debt Service Subsidy					
Bucks	\$ 3	\$ -	\$ -	\$ 14	\$ 17
Chester	-	-	-	10	10
Delaware	-	1	-	21	22
Montgomery	2	-	-	26	28
Philadelphia	947	-	-	163	1,110
Local Debt Service Subsidy	\$ 952	\$ 1	\$ -	\$ 234	\$ 1,187
Total Local Subsidies	\$ 59,383	\$ 7,812	\$ 2,671	\$ 12,038	\$ 81,904

Total Local Subsidies

<u>Amounts in thousands ('000)</u>	<u>City Transit</u>	<u>Victory</u>	<u>Frontier</u>	<u>Regional Rail</u>	<u>Total SEPTA</u>
Total Local Subsidy					
Bucks	\$ 161	\$ 174	\$ 988	\$ 710	\$ 2,033
Chester	-	209	453	518	1,180
Delaware	-	6,331	-	1,060	7,391
Montgomery	148	1,098	1,230	1,324	3,800
Philadelphia	59,074	-	-	8,426	67,500
Total Local Subsidy	<u>\$ 59,383</u>	<u>\$ 7,812</u>	<u>\$ 2,671</u>	<u>\$ 12,038</u>	<u>\$ 81,904</u>

Summary of Local Subsidy



The total local subsidy required for the Fiscal 2012 Budget Proposal is comprised of the following:

Total Trust Fund Local Subsidy (15%)	\$ 80,717
Debt Service Subsidy Local Match	<u>1,187</u>
Total Local Subsidy Required	<u>\$ 81,904</u>

Expense Assumptions

LABOR & BENEFITS

The Fiscal Year 2012 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.

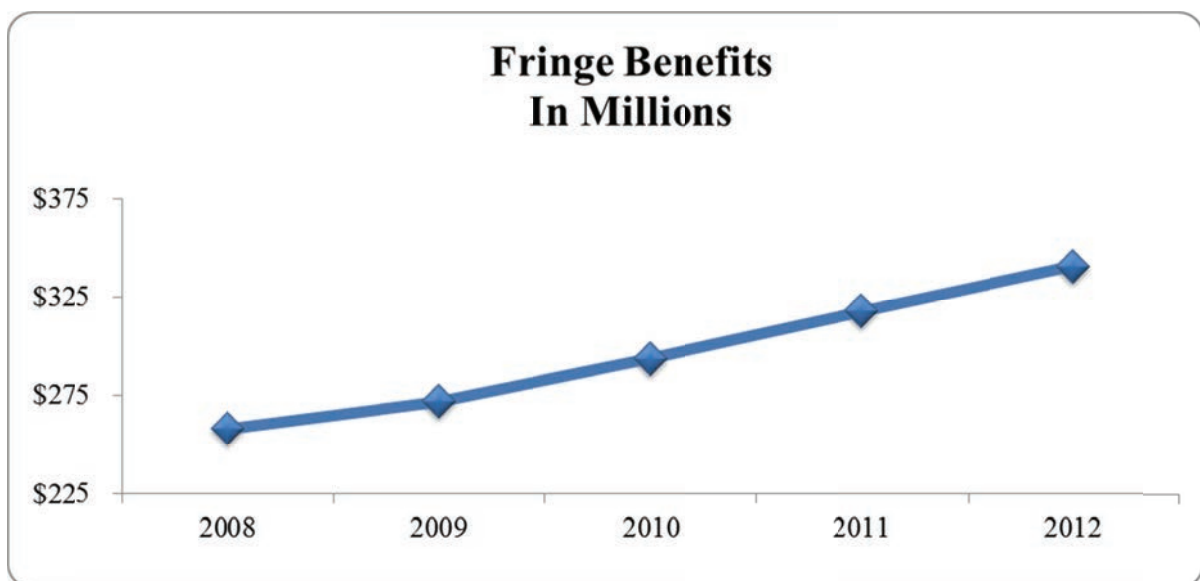
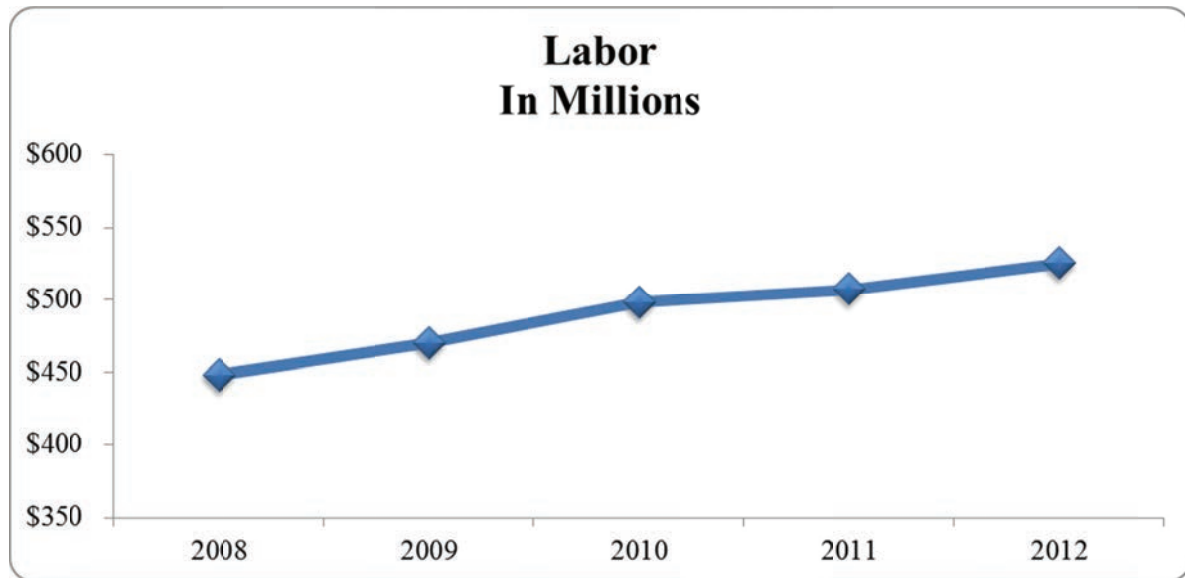
DEPRECIATION

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

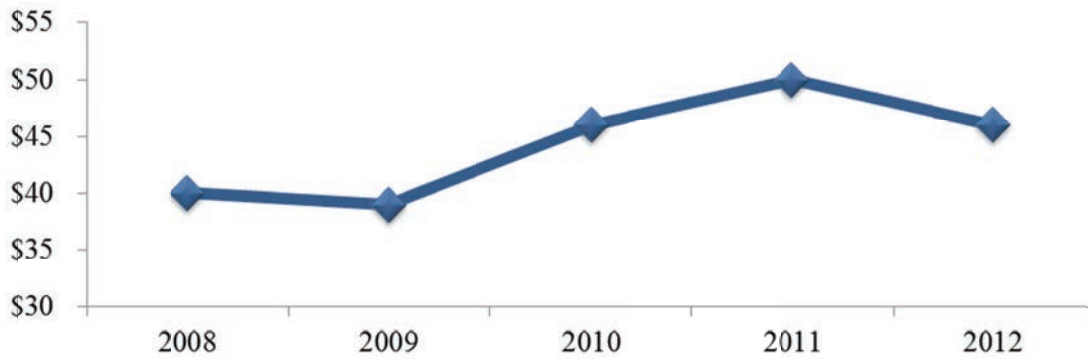
In developing the Operating Budget, the Authority considers issues that affect both the individual area of expense, as well as national, state and local economic conditions. In addition, SEPTA focuses on historical trends in major expense categories, as illustrated in the following charts.

EXPENSE TRENDS AT A GLANCE

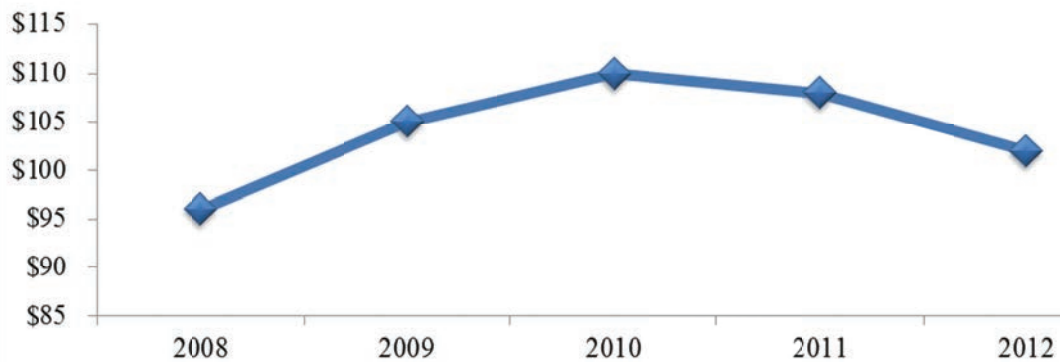


Expense Assumptions

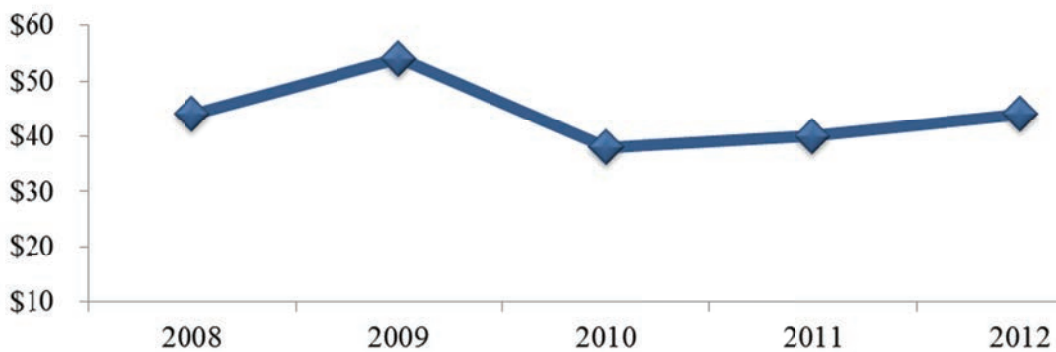
**Injuries & Damage Claims
In Millions**



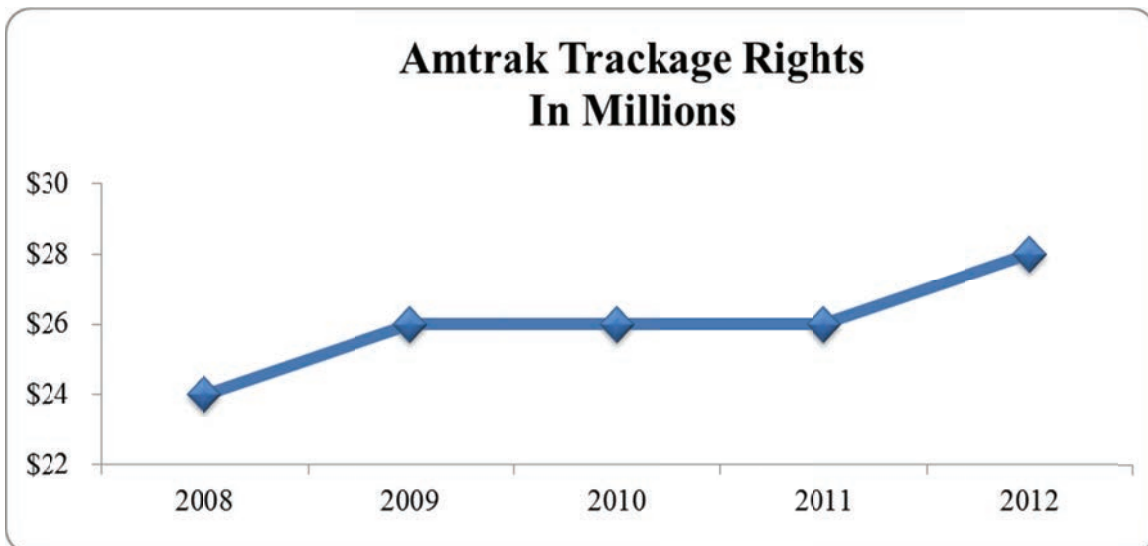
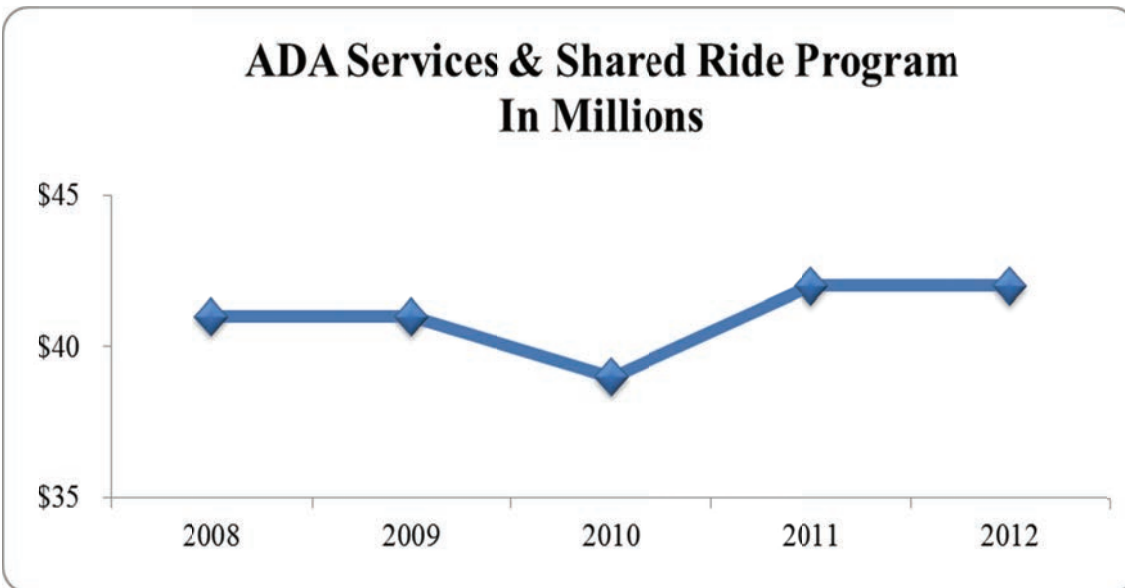
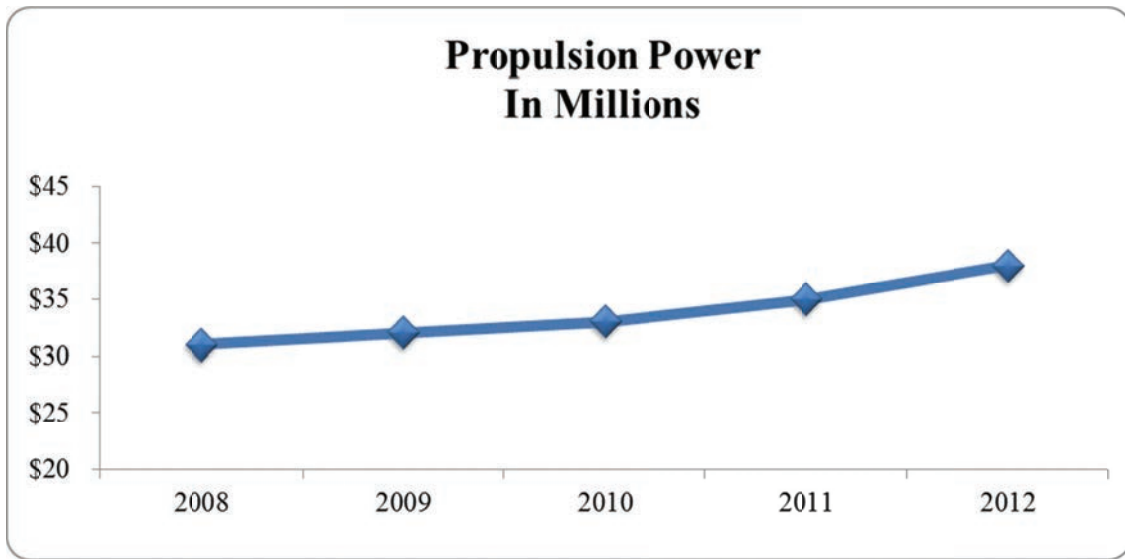
**Materials & Services
In Millions**



**Fuel Expenses
In Millions**

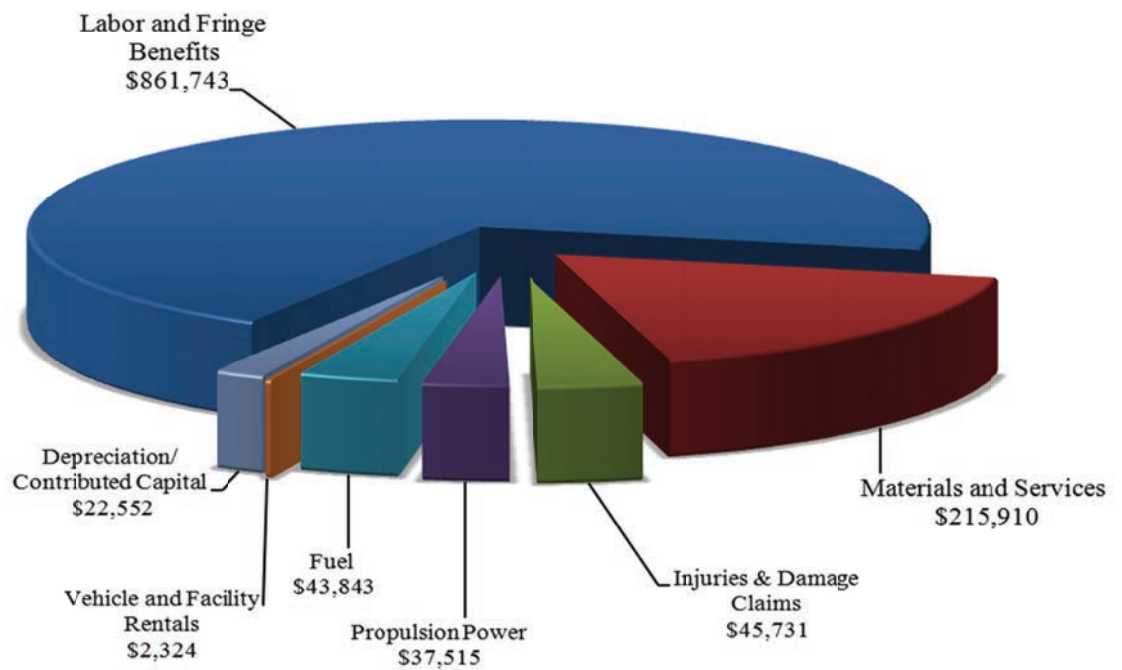


Expense Assumptions



Summary of Total Expenses

Dollars in Thousands



TOTAL EXPENSES = \$1,229,618

Detail of Expenses – Fiscal Year 2012 Budget

Amounts in Thousands ('000)

		Material &	
Departmental Expenses	Net Labor	Services	Total
Operations Division			
Administration	\$ 1,385	\$ 20	\$ 1,405
Surface Transportation	178,659	517	179,176
Control Center	7,313	178	7,491
Customized Community Transportation	7,194	2,581	9,775
Labor Relations	998	261	1,259
Transit Police	16,544	319	16,863
Rail Transportation	99,691	15,688	115,379
Vehicle Engineering and Maintenance-Bus	49,478	23,667	73,145
Vehicle Engineering and Maintenance-Rail	50,643	17,034	67,677
Total Operations	\$ 411,905	\$ 60,265	\$ 472,170
Staff Departments			
Corporate Staff	\$ 2,525	\$ 194	\$ 2,719
Audit and Investigative Services	1,127	42	1,169
Business Services	13,705	4,775	18,480
Customer Service and Advocacy	5,145	1,563	6,708
Engineering, Maintenance and Construction	71,277	20,305	91,582
Finance and Planning	10,892	2,453	13,345
Human Resources	10,679	985	11,664
Legal	4,007	7,835	11,842
Public and Government Affairs	1,603	2,749	4,352
Public and Operational Safety	5,230	3,465	8,695
Capital Allocation	(13,480)	(2,324)	(15,804)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 112,710	\$ 42,042	\$ 154,752
Total Departmental Expenses	\$ 524,615	\$ 102,307	\$ 626,922
Non-Departmental Expenses			
Fringe Benefits	\$ 337,128	\$ -	\$ 337,128
Amtrak	-	27,600	27,600
CCT - ADA Services	-	23,527	23,527
CCT - Shared Ride Program	-	18,224	18,224
Debt Service Interest and Fees	-	20,622	20,622
Property and Corporate Insurance	-	2,417	2,417
Services for 1234 Market Street	-	4,800	4,800
Snow Removal	-	2,300	2,300
Utilities	-	18,217	18,217
Capitalized/Other Costs	-	(4,104)	(4,104)
Headquarters Allocation	-	-	-
Total Non-Departmental Expenses	\$ 337,128	\$ 113,603	\$ 450,731
Other Operating Expenses			
Injuries & Damage Claims	\$ -	45,731	45,731
Propulsion Power	-	37,515	37,515
Fuel	-	43,843	43,843
Vehicle and Facility Rentals	-	2,324	2,324
Depreciation/Contributed Capital	-	22,552	22,552
Total Other Expenses	\$ -	\$ 151,965	\$ 151,965
TOTAL EXPENSES	\$ 861,743	\$ 367,875	\$ 1,229,618

Allocation By Division – Fiscal Year 2012 Budget

Amounts in Thousands ('000)						
	City				Regional	
Departmental Expenses	HQ	Transit	Victory	Frontier	Rail	Total
Operations Division						
Administration	\$ 1,254	\$ -	\$ -	\$ -	\$ 151	\$ 1,405
Surface Transportation	-	146,298	22,742	10,136	-	179,176
Control Center	661	2,978	422	-	3,430	7,491
Customized Community Transportation	8,468	771	244	292	-	9,775
Labor Relations	843	338	-	-	78	1,259
Transit Police	16,863	-	-	-	-	16,863
Rail Transportation	71	45,070	-	-	70,238	115,379
Vehicle Engineering and Maintenance-Bus	-	61,752	6,412	4,981	-	73,145
Vehicle Engineering and Maintenance-Rail	867	35,043	2,187	-	29,580	67,677
Total Operations	\$ 29,027	\$292,250	\$ 32,007	\$ 15,409	\$103,477	\$ 472,170
Staff Departments						
Corporate Staff	\$ 2,719	\$ -	\$ -	\$ -	\$ -	\$ 2,719
Audit and Investigative Services	1,169	-	-	-	-	1,169
Business Services	17,005	296	-	-	1,179	18,480
Customer Service and Advocacy	6,342	154	-	-	212	6,708
Engineering, Maintenance and Construction	14,346	49,410	5,622	-	22,204	91,582
Finance and Planning	12,233	320	-	-	792	13,345
Human Resources	6,869	2,704	378	114	1,599	11,664
Legal	4,445	5,527	279	47	1,544	11,842
Public and Government Affairs	4,352	-	-	-	-	4,352
Public and Operational Safety	7,763	417	19	-	496	8,695
Capital Allocation	(10,538)	(2,970)	(703)	(777)	(816)	(15,804)
Headquarters Allocation	(95,732)	69,441	5,868	2,117	18,306	-
Total Staff Departments	\$ (29,027)	\$125,299	\$ 11,463	\$ 1,501	\$ 45,516	\$ 154,752
Total Departmental Expenses	\$ -	\$417,549	\$ 43,470	\$ 16,910	\$148,993	\$ 626,922
Non-Departmental Expenses						
Fringe Benefits	\$ 49,537	\$201,115	\$ 19,420	\$ 5,918	\$ 61,138	\$ 337,128
Amtrak	-	-	-	-	27,600	27,600
CCT - ADA Services	-	14,374	9,153	-	-	23,527
CCT - Shared Ride Program	-	18,224	-	-	-	18,224
Debt Service Interest and Fees	5,941	7,653	-	-	7,028	20,622
Property and Corporate Insurance	516	905	83	25	888	2,417
Services for 1234 Market Street	4,800	-	-	-	-	4,800
Snow Removal	-	-	-	-	2,300	2,300
Utilities	1,840	9,276	1,060	251	5,790	18,217
Capitalized/Other Costs	(2,316)	(140)	(370)	(125)	(1,153)	(4,104)
Headquarters Allocation	(60,318)	44,744	3,921	1,417	10,236	-
Total Non-Departmental Expenses	\$ -	\$296,151	\$ 33,267	\$ 7,486	\$113,827	\$ 450,731
Other Operating Expenses						
Injuries & Damage Claims	-	39,298	3,167	1,067	2,199	45,731
Propulsion Power	-	16,350	1,420	-	19,745	37,515
Fuel	-	34,752	5,458	3,275	358	43,843
Vehicle and Facility Rentals	-	1,631	112	41	540	2,324
Depreciation/Contributed Capital	-	13,242	228	52	9,030	22,552
Total Other Expenses	\$ -	\$105,273	\$ 10,385	\$ 4,435	\$ 31,872	\$ 151,965
TOTAL EXPENSES	\$ -	\$818,973	\$ 87,122	\$ 28,831	\$294,692	\$1,229,618

Detail of Expenses – Fiscal Year 2011 Actual

Amounts in Thousands ('000)

Departmental Expenses	Net Labor	Material & Services	Total
Operations Division			
Administration	\$ 1,229	\$ 50	\$ 1,279
Surface Transportation	176,115	474	176,589
Control Center	6,697	534	7,231
Customized Community Transportation	6,805	2,426	9,231
Labor Relations	949	154	1,103
Transit Police	15,600	197	15,797
Rail Transportation	98,427	15,730	114,157
Vehicle Engineering and Maintenance-Bus	45,747	23,545	69,292
Vehicle Engineering and Maintenance-Rail	50,613	17,736	68,349
Total Operations	\$ 402,182	\$ 60,846	\$ 463,028
Staff Departments			
Corporate Staff	\$ 2,386	\$ 60	\$ 2,446
Audit and Investigative Services	1,084	147	1,231
Business Services	12,778	4,026	16,804
Customer Service and Advocacy	4,745	1,396	6,141
Engineering, Maintenance and Construction	69,780	21,593	91,373
Finance and Planning	9,894	2,446	12,340
Human Resources	10,198	881	11,079
Legal	3,273	13,383	16,656
Public and Government Affairs	1,475	2,193	3,668
Public and Operational Safety	4,610	1,750	6,360
Capital Allocation	(15,836)	(2,443)	(18,279)
Headquarters Allocation	-	-	-
Total Staff Departments	\$ 104,387	\$ 45,432	\$ 149,819
Total Departmental Expenses	\$ 506,569	\$ 106,278	\$ 612,847
Non-Departmental Expenses			
Fringe Benefits	\$ 317,774	\$ -	\$ 317,774
Amtrak	-	26,426	26,426
CCT - ADA Services	-	23,336	23,336
CCT - Shared Ride Program	-	18,630	18,630
Debt Service Interest and Fees	-	17,237	17,237
Property and Corporate Insurance	-	2,178	2,178
Services for 1234 Market Street	-	4,112	4,112
Snow Removal	-	2,867	2,867
Utilities	-	17,117	17,117
Capitalized/Other Costs	-	(3,793)	(3,793)
Headquarters Allocation	-	-	-
Total Non-Departmental Expenses	\$ 317,774	\$ 108,110	\$ 425,884
Other Operating Expenses			
Injuries & Damage Claims	\$ -	50,085	50,085
Propulsion Power	-	35,256	35,256
Fuel	-	39,860	39,860
Vehicle and Facility Rentals	-	2,443	2,443
Depreciation/Contributed Capital	-	18,176	18,176
Total Other Expenses	\$ -	\$ 145,820	\$ 145,820
TOTAL EXPENSES	\$ 824,343	\$ 360,208	\$ 1,184,551

Detail of Expenses – Fiscal Year 2010 Actual

Amounts in Thousands ('000)

		Material &	
Departmental Expenses	Net Labor	Services	Total
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	6,507	2,452	8,959
Labor Relations	796	161	957
Transit Police (included in Public & Op. Safety)	-	-	-
Rail Transportation	94,518	14,703	109,221
Vehicle Engineering and Maintenance-Bus	45,346	23,390	68,736
Vehicle Engineering and Maintenance-Rail	48,546	17,201	65,747
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 and Advocacy	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	(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 Expenses	\$ -	\$ 137,476	\$ 137,476
TOTAL EXPENSES	\$ 791,530	\$ 356,224	\$ 1,147,754

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Headcount Authorization

Cause of Change

Fiscal Year 2011 to Fiscal Year 2012

The Authority remains committed to maintaining headcount at a responsible level and will reduce headcount in Fiscal Year 2012. Most reductions are a result of positions added to support Federal Stimulus Program projects which will be completed.

Fiscal Year 2011 Authorized Headcount: 9,449

Overview of Headcount Changes from Fiscal Year 2011 to Fiscal Year 2012:

- **Operations Division** – Increase of 269 heads:
 - Transfer of 60 management (A) heads and 209 hourly (H) heads from Public and Operational Safety as a result of moving the Transit Police into Operations.
 - Transfer of 1 management (A) Manager of Engineering to Rail Vehicle Engineering and Maintenance from Bus Vehicle Engineering and Maintenance
 - Transfer of 1 management (A) Senior Project Designer, 1 management (A) Project Engineer, 2 management (A) Engineer II positions and 5 (H) hourly heads Sheet Metal Fabricators 1st Class to Bus Vehicle Engineering and Maintenance from Rail Vehicle Engineering and Maintenance.
- **Audit and Investigative Services** – Decrease of 2 heads:
 - Transfer of 2 management (A) heads from the Office of the Inspector General to Customer Service.
- **Customer Service Division** – Increase of 2 heads:
 - Transfer of 2 management (A) heads from Audit and Investigative Services to Customer Service.
- **Engineering, Maintenance and Construction Division** – Decrease of 12 heads:
 - Decrease of 1 management (A) head in Capital Construction as a result of completed stimulus projects.
 - Decrease of 3 management (A) heads and 8 hourly (H) heads in Engineering and Maintenance as a result of completed stimulus projects.
- **Finance and Planning Division** – Decrease of 4 heads:
 - Transfer of 4 management (A) heads to Public and Government Affairs as a result of the transfer of the Marketing Department.
- **Public and Government Affairs Division** – Increase of 4 heads:
 - Transfer of 4 management (A) heads from Finance and Planning Division as a result of the transfer of the Marketing Department.
- **Public and Operational Safety Division** – Decrease of 269 heads:
 - Transfer of 60 management (A) heads and 209 hourly (H) heads from the Transit Police to the Operations Division.

Fiscal Year 2012 Authorized Headcount: 9,437

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 Year 2012 Headcount Authorization

	OPERATING HEADS			
	A	B	H	Total
Corporate Staff	17	-	-	17
Operations	739	131	5,757	6,627
Audit and Investigative Services	17	-	-	17
Business Services	143	64	3	210
Customer Service and Advocacy	27	64	3	94
Engineering, Maint. and Construction	254	115	814	1,183
Finance and Planning	123	64	-	187
Human Resources	136	17	-	153
Legal	52	1	-	53
Public and Government Affairs	21	-	-	21
Public and Operational Safety	56	27	-	83
TOTAL OPERATING HEADS	<u>1,585</u>	<u>483</u>	<u>6,577</u>	<u>8,645</u>

	CAPITAL HEADS			
	A	B	H	Total
Corporate Staff	-	-	-	-
Operations	114	2	250	366
Audit and Investigative Services	-	-	-	-
Business Services	10	2	-	12
Customer Service and Advocacy	-	-	-	-
Engineering, Maint. and Construction	140	5	265	410
Finance and Planning	4	-	-	4
Human Resources	-	-	-	-
Legal	-	-	-	-
Public and Government Affairs	-	-	-	-
Public and Operational Safety	-	-	-	-
TOTAL CAPITAL HEADS	<u>268</u>	<u>9</u>	<u>515</u>	<u>792</u>

	TOTAL HEADS			
	A	B	H	Total
Corporate Staff	17	-	-	17
Operations	853	133	6,007	6,993
Audit and Investigative Services	17	-	-	17
Business Services	153	66	3	222
Customer Service and Advocacy	27	64	3	94
Engineering, Maint. and Construction	394	120	1,079	1,593
Finance and Planning	127	64	-	191
Human Resources	136	17	-	153
Legal	52	1	-	53
Public and Government Affairs	21	-	-	21
Public and Operational Safety	56	27	-	83
TOTAL HEADS	<u>1,853</u>	<u>492</u>	<u>7,092</u>	<u>9,437</u>

Fiscal Year 2008 Through 2012 Headcount Authorization

	OPERATING HEADS				
	2008	2009	2010	2011	2012
Corporate Staff	16	17	17	17	17
Operations	6,128	6,270	6,358	6,342	6,627
Audit and Investigative Services	26	21	21	19	17
Business Services	299	196	204	210	210
Customer Service and Advocacy	-	90	92	92	94
Engineering, Maint. and Construction	958	1,180	1,182	1,179	1,183
Finance and Planning	385	194	194	191	187
Human Resources	152	152	153	153	153
Legal	58	58	55	53	53
Public and Government Affairs	34	17	16	17	21
Public and Operational Safety	<u>330</u>	<u>355</u>	<u>355</u>	<u>352</u>	<u>83</u>
TOTAL OPERATING HEADS	<u>8,386</u>	<u>8,550</u>	<u>8,647</u>	<u>8,625</u>	<u>8,645</u>

	CAPITAL HEADS				
	2008	2009	2010	2011	2012
Corporate Staff	-	-	-	-	-
Operations	409	430	401	382	366
Audit and Investigative Services	-	-	-	-	-
Business Services	15	15	14	12	12
Customer Service and Advocacy	-	-	-	-	-
Engineering, Maint. and Construction	403	399	426	426	410
Finance and Planning	5	4	4	4	4
Human Resources	-	-	-	-	-
Legal	-	-	-	-	-
Public and Government Affairs	2	2	1	-	-
Public and Operational Safety	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL HEADS	<u>835</u>	<u>851</u>	<u>847</u>	<u>824</u>	<u>792</u>

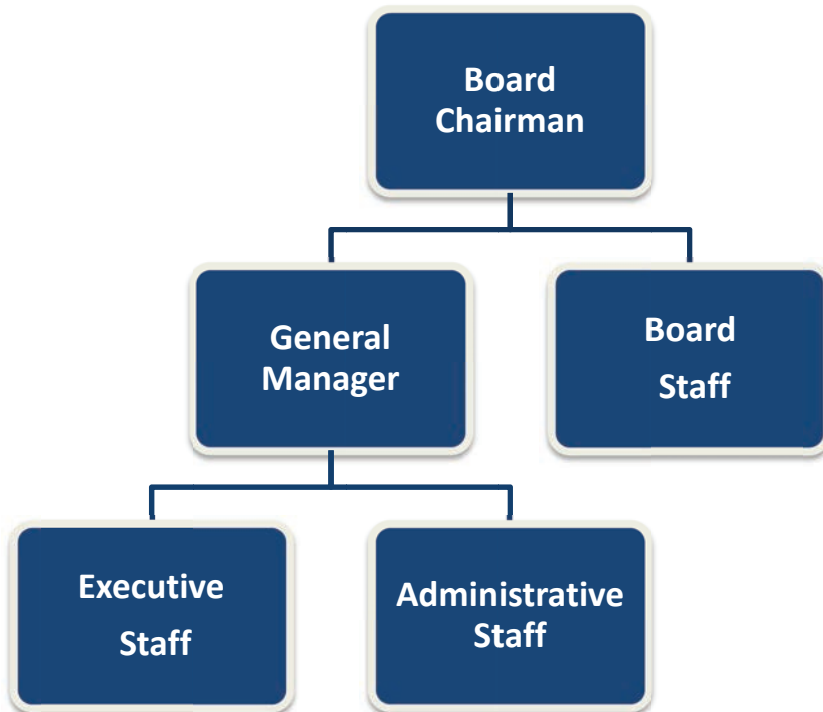
	TOTAL HEADS				
	2008	2009	2010	2011	2012
Corporate Staff	16	17	17	17	17
Operations	6,537	6,700	6,759	6,724	6,993
Audit and Investigative Services	26	21	21	19	17
Business Services	314	211	218	222	222
Customer Service and Advocacy	-	90	92	92	94
Engineering, Maint. and Construction	1,361	1,579	1,608	1,605	1,593
Finance and Planning	390	198	198	195	191
Human Resources	152	152	153	153	153
Legal	58	58	55	53	53
Public and Government Affairs	36	19	17	17	21
Public and Operational Safety	<u>331</u>	<u>356</u>	<u>356</u>	<u>352</u>	<u>83</u>
TOTAL HEADS	<u>9,221</u>	<u>9,401</u>	<u>9,494</u>	<u>9,449</u>	<u>9,437</u>

Corporate Staff

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			
	A	B	H	Total
Office of the General Manager	3	-	-	3
Executive Staff	10	-	-	10
Board Staff	4	-	-	4
TOTAL OPERATING HEADS	17	-	-	17

	CAPITAL HEADS			
	A	B	H	Total
Office of the General Manager	-	-	-	-
Executive Staff	-	-	-	-
Board Staff	-	-	-	-
TOTAL CAPITAL HEADS	-	-	-	-

	TOTAL HEADS			
	A	B	H	Total
Office of the General Manager	3	-	-	3
Executive Staff	10	-	-	10
Board Staff	4	-	-	4
TOTAL HEADS	17	-	-	17

Corporate Staff

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Office of the General Manager	\$ 442	\$ 112	\$ 554
Executive Staff	1,682	15	1,697
Board Staff	<u>401</u>	<u>67</u>	<u>468</u>
TOTAL	<u>\$ 2,525</u>	<u>\$ 194</u>	<u>\$ 2,719</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 2012.

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, 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 Division

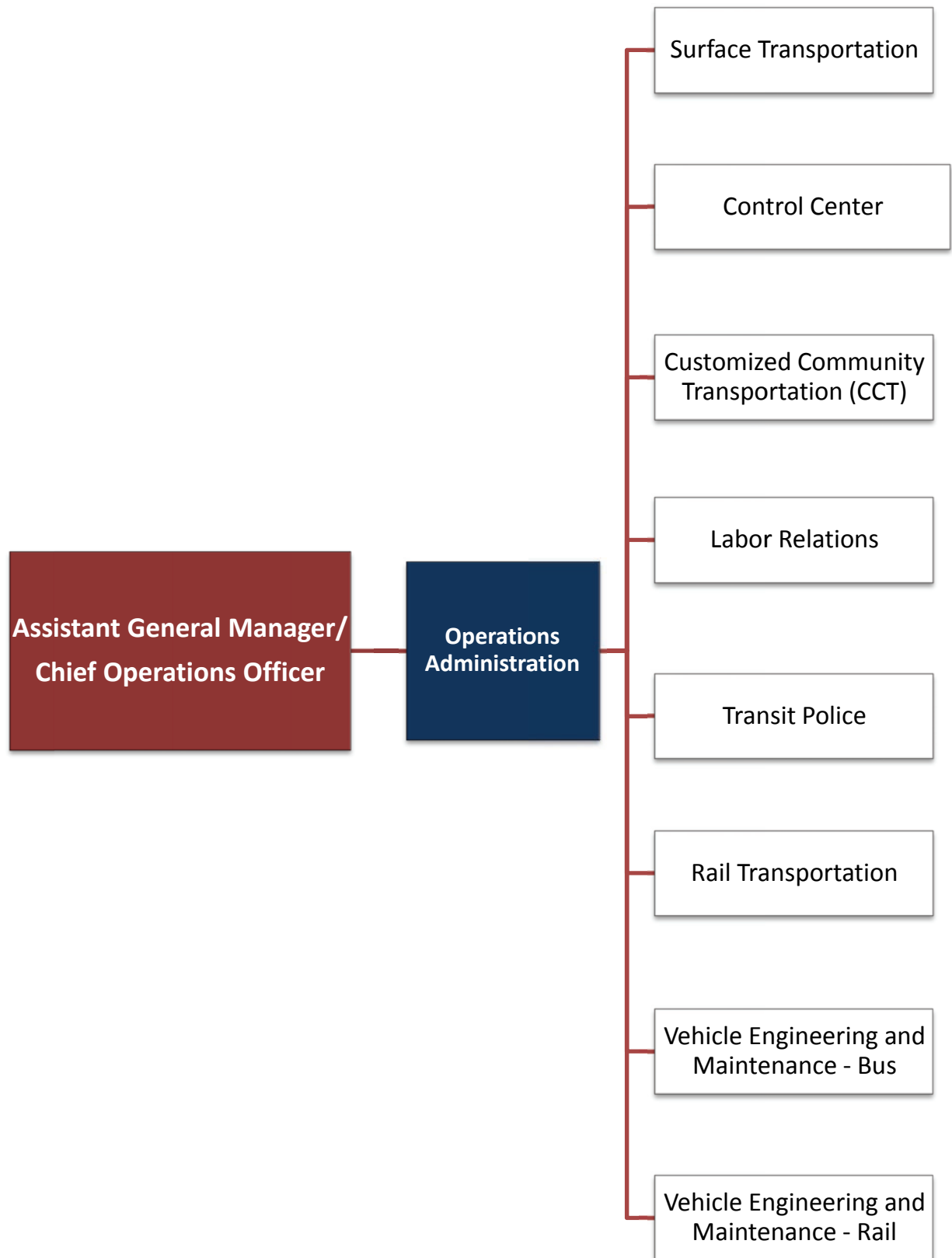
Operations

Overview

The Operations Division provided approximately 334 million annual (unlinked) passenger trips in Fiscal Year 2011, while operating 97.6 million vehicle miles. Total passenger miles exceeded 1.4 billion. The Division operates and maintains 2,750 revenue vehicles on 144 fixed routes, which have approximately 1,880 route miles, 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. In addition, Operations ensures law enforcement within the transportation system.

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

Operations



Operations

HEADCOUNT

	OPERATING HEADS					Total
	A	B	Maint.	Transp.	Cashiers	
Administration	12	-	-	-	-	12
Surface Transportation	185	28	-	2,754	-	2,967
Control Center	87	12	-	4	-	103
Customized Community Trans. (CCT)	39	-	-	-	-	39
Labor Relations	9	-	5	-	-	14
Transit Police	59	-	209	-	-	268
Rail Transportation	139	55	169	733	347	1,443
Vehicle Engineering and Maint.-Bus	91	17	783	-	-	891
Vehicle Engineering and Maint.-Rail	118	19	753	-	-	890
TOTAL OPERATING HEADS	739	131	1,919	3,491	347	6,627

	CAPITAL HEADS					Total
	A	B	Maint.	Transp.	Cashiers	
Administration	1	-	-	-	-	1
Surface Transportation	-	-	-	-	-	-
Control Center	1	-	-	-	-	1
Customized Community Trans. (CCT)	53	-	-	25	-	78
Labor Relations	-	-	-	-	-	-
Transit Police	-	-	-	-	-	-
Rail Transportation	3	-	1	2	-	6
Vehicle Engineering and Maint.-Bus	30	1	74	-	-	105
Vehicle Engineering and Maint.-Rail	26	1	148	-	-	175
TOTAL CAPITAL HEADS	114	2	223	27	-	366

	TOTAL HEADS					Total
	A	B	Maint.	Transp.	Cashiers	
Administration	13	-	-	-	-	13
Surface Transportation	185	28	-	2,754	-	2,967
Control Center	88	12	-	4	-	104
Customized Community Trans. (CCT)	92	-	-	25	-	117
Labor Relations	9	-	5	-	-	14
Transit Police	59	-	209	-	-	268
Rail Transportation	142	55	170	735	347	1,449
Vehicle Engineering and Maint.-Bus	121	18	857	-	-	996
Vehicle Engineering and Maint.-Rail	144	20	901	-	-	1,065
TOTAL HEADS	853	133	2,142	3,518	347	6,993

Operations

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 1,385	\$ 20	\$ 1,405
Surface Transportation	178,659	517	179,176
Control Center	7,313	178	7,491
Customized Community Trans. (CCT)	7,194	2,581	9,775
Labor Relations	998	261	1,259
Transit Police	16,544	319	16,863
Rail Transportation	99,691	15,688	115,379
Vehicle Engineering and Maint.-Bus	49,478	23,667	73,145
Vehicle Engineering and Maint.-Rail	<u>50,643</u>	<u>17,034</u>	<u>67,677</u>
TOTAL	<u>\$ 411,905</u>	<u>\$ 60,265</u>	<u>\$ 472,170</u>

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.

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

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

Operations

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 116 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 8 bus routes.

Callowhill - operates 12 bus routes, in addition to trolley (light rail) routes 10 and 15.

Comly - operates 14 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 18 bus routes.

Frontier - operates 23 bus routes.

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

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.

Operations

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.

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).

Operations

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 operation of the Authority.

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

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 Trolley 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.

Operations

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 AT&T Station at Pattison Avenue as well as along the Ridge Avenue Spur.

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

Stations – The Subway-Elevated stations group oversees the cleaning of 28 Market-Frankford Subway-Elevated stations, 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.

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.

Operations

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 EMU (electric multiple unit) cars and coaches (push pull) propelled by electric locomotives.

Operations

DIVISIONAL GOALS AND BUSINESS INITIATIVES

- **Improve Service Quality and Customer Satisfaction**
 - Investigate new methods of providing real-time information
 - Analyze the performance of the Silverliner V impact to service
 - Continue to improve the process of delay notifications to passengers
 - Partner with IT and Communications to roll-out Transit View to the public
 - Complete the rollout of the Control Center website to all internal departments and provide training as necessary; implement a field communication initiative which will allow terminal supervisors to communicate with the customer using real-time information
 - Finalize and implement the new no-show and late cancellation policy in coordination with the new CCT Communications System
 - Manage fleet replacement plan to include purchase of additional vehicles for ridership growth
 - Develop Station Maintenance Plans (SMP) for Subway-Elevated stations
 - Design and put into action a comprehensive plan to improve route performance
 - Partner with Customer Service and Information Technology in the new Customer Relations Management (CRM) Program
 - Work with Service Planning to develop a departmental operational strategy to effectively manage the logistical challenges of the Interstate 95 reconstruction project
 - Effectively utilize Automatic Passenger Counting (APC) system data in conjunction with on-time performance (OTP) to identify and prioritize specific routes for restructuring and reallocation of resources
 - Partner and collaborate with EMC, Communications and Service Planning to develop a strategic business plan to implement the new transit sign initiative for all 30,000 transit signs systemwide
 - Partner with Service Planning and Communications to develop and implement a formal process to make revisions to route destination signage and stop announcements
 - Continue to implement the plan for testing and accepting the Silverliner V fleet
 - Manage Ambassador deployment for operational, customer service and advocacy initiatives
- **Improve Customer and Employee Safety and System Security**
 - 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 other external oversight agencies
 - Continue to work with Government Relations towards stiffening legislation regarding assaults on operators, cellular phone usage and engine idling
 - Work with System Safety and Operations Training to develop and implement an accident reduction program with a focus on pedestrian accidents
 - Continue to work with Infrastructure to improve the physical plant conditions at the operating locations
 - Develop and implement a policy for the Vehicle Video Surveillance Systems (VVS)

Operations

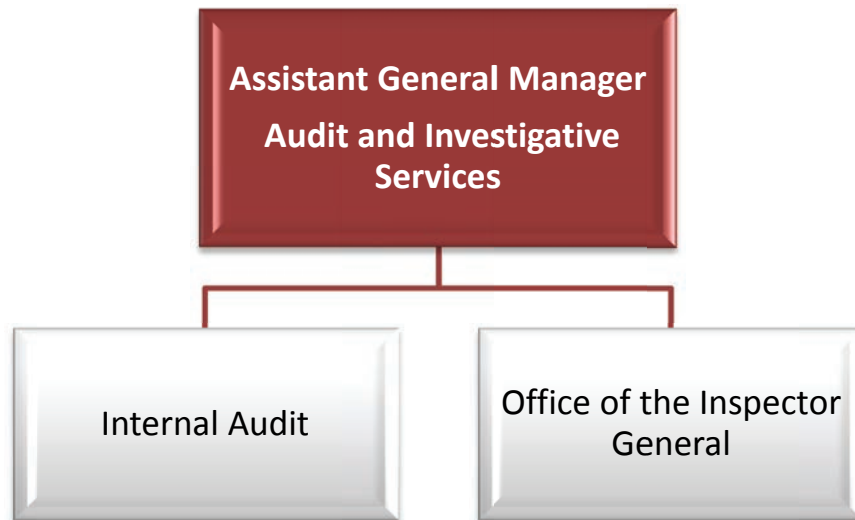
- Achieve and maintain full patrol officer staffing levels
- Use federal grant funds to implement additional Visible Intermodal Protection and Response (VIPR)
- Continue participation with local, state and federal agencies in the regional intelligence sharing program to combat terrorism and crime
- **Improve Productivity and Cost Effectiveness**
 - Continue efforts to reduce missed trips, annulments and passenger pass-ups
 - Achieve system-wide on-time performance (OTP) goals
 - Maintain completed-trip/scheduled-trip goal for CCT services
 - Maintain zero-trip denials for ADA rides
 - Implement reorganization of CCT in order to take full advantage of new communication technologies
 - Continue the installation of the railroad automated crew management system
 - Achieve scheduled preventive maintenance inspection and cleaning goals
 - Meet vehicle overhaul (VOH) production goals for all fleets
 - Develop new job standards to improve productivity
 - Meet all departmental mean distance between failures (MDBF) goals
 - Continue efforts towards crime prevention system-wide
 - Complete the scanning program project with IT and continue to process all existing hard copy documents
 - Ensure the best utilization of manpower resources, paying particular attention to scheduled and unscheduled lost time and overtime
- **Support Capital Improvement Projects**
 - Complete cutovers of new signal projects for the Doylestown Line
 - Finalize the implementation 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
 - Participate in the development of Positive Train Control
 - Finalize the implementation of the new CCT communication system
 - Participate actively in Transit First program initiatives by establishing a cooperative partnership with the City, focusing on operational issues which have an immediate impact on day-to-day issues while redefining the future of transit in Philadelphia
- **Improve Employee Satisfaction and Develop a Highly Qualified Staff**
 - 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
 - Continue efforts to improve the first level supervisory training and customer service training for operators
 - Develop subordinates for future needs of the organization through increased responsibilities, accountability, management training classes, and mentoring
 - Develop succession plans

Audit and Investigative Services Division

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			
	A	B	H	Total
Internal Audit	13	-	-	13
Office of the Inspector General	4	-	-	4
TOTAL OPERATING HEADS	17	-	-	17

	CAPITAL HEADS			
	A	B	H	Total
Internal Audit	-	-	-	-
Office of the Inspector General	-	-	-	-
TOTAL CAPITAL HEADS	-	-	-	-

	TOTAL			
	A	B	H	Total
Internal Audit	13	-	-	13
Office of the Inspector General	4	-	-	4
TOTAL HEADS	17	-	-	17

Audit and Investigative Services

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Internal Audit	\$ 808	\$ 14	\$ 822
Office of the Inspector General	<u>319</u>	<u>28</u>	<u>347</u>
TOTAL	<u>\$ 1,127</u>	<u>\$ 42</u>	<u>\$ 1,169</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 independent investigations relating to waste, fraud, abuse and mismanagement. This is accomplished through continuous monitoring and investigations directed at specific concerns.

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**
- **Review pre-contract cost proposals, change orders and claims upon request**

Business Services Division

Business Services

Overview

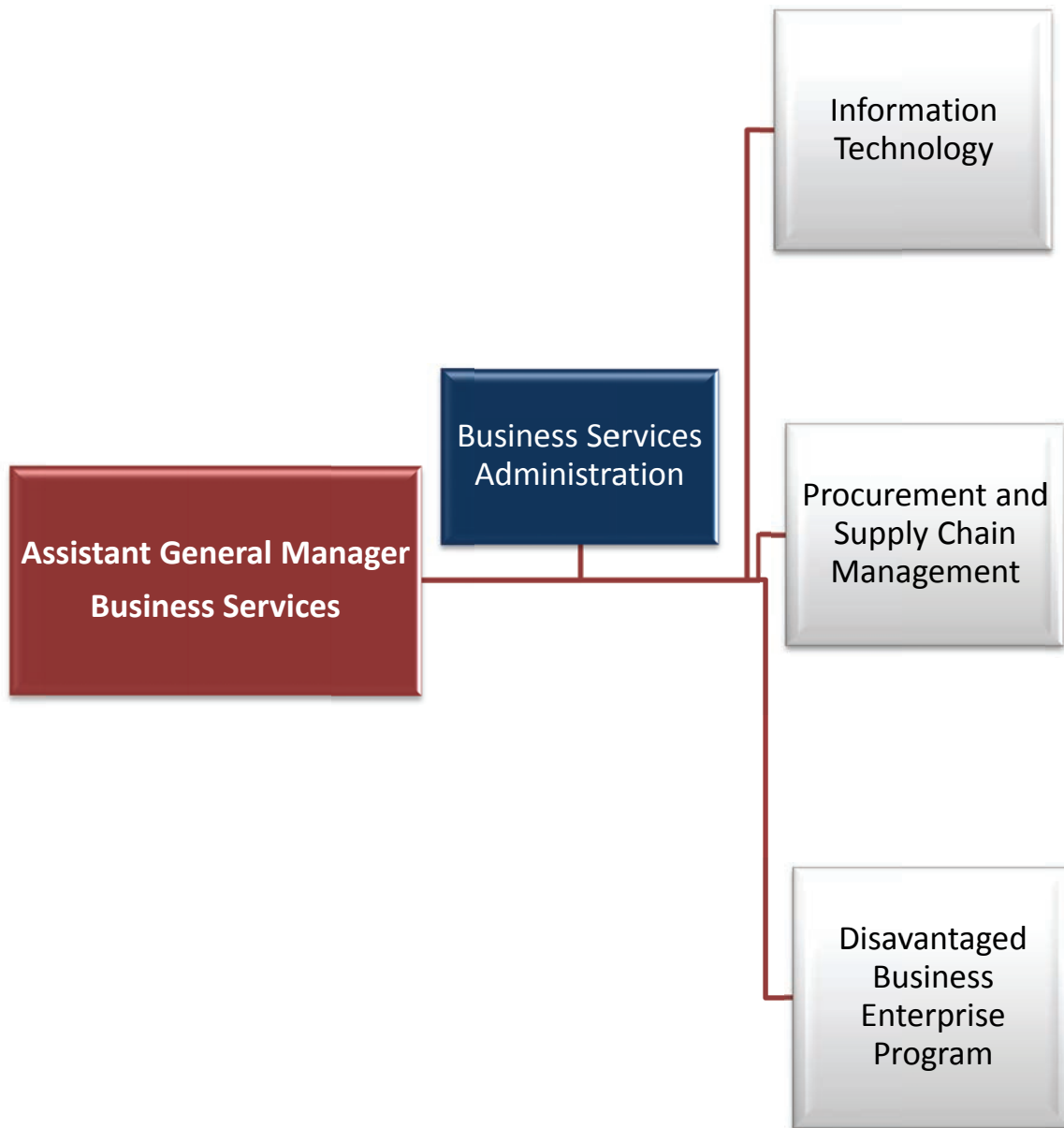
The Business Services Division includes Information Technology, Procurement and Supply Chain Management and Disadvantaged Business Enterprise Program. The individual departments are described briefly on this page. More detailed responsibilities, goals, and business initiatives are described later in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

Information Technology – Responsible for the leadership, project management, implementation, and support of technology initiatives for SEPTA and external customers. Administers and manages the enterprise data center, including mainframe/mid-range systems and network server architecture and the enterprise network infrastructure services (wired and wireless) for all SEPTA locations. Manages and maintains the disaster recovery and contingency tasks for SEPTA digital assets.

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, the 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 a level playing field and equal opportunity for small, minority and women-owned businesses to participate in contract and procurement activities. Provides outreach, technical assistance, training and dissemination of resource information to those firms interested in doing business with SEPTA.

Business Services



Business Services

HEADCOUNT

	OPERATING HEADS			
	A	B	H	Total
Adminsitration	5	-	-	5
Information Technology	62	5	-	67
Proucurement and Supply Chain Management	72	59	3	134
Disadvantaged Business Enterprise Program	4	-	-	4
TOTAL OPERATING HEADS	143	64	3	210

	CAPITAL HEADS			
	A	B	H	Total
Adminsitration	-	-	-	-
Information Technology	-	-	-	-
Proucurement and Supply Chain Management	8	2	-	10
Disadvantaged Business Enterprise Program	2	-	-	2
TOTAL CAPITAL HEADS	10	2	-	12

	TOTAL			
	A	B	H	Total
Adminsitration	5	-	-	5
Information Technology	62	5	-	67
Proucurement and Supply Chain Management	80	61	3	144
Disadvantaged Business Enterprise Program	6	-	-	6
TOTAL HEADS	153	66	3	222

Business Services

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 564	\$ 14	\$ 578
Information Technology	4,917	4,466	9,383
Procurement and Supply Chain Management	7,963	265	8,228
Disadvantaged Business Enterprise Program	<u>261</u>	<u>30</u>	<u>291</u>
TOTAL	<u>\$ 13,705</u>	<u>\$ 4,775</u>	<u>\$ 18,480</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. Manages new technologies and the support of Control Center specialty technology systems. Responsible for the 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.

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

Business Services

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, the 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.

DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM

Principal Responsibilities

DBE Certification – Represent the Authority as a managing member of the State of Pennsylvania's Unified Certification Program (PA UCP) and is one of five principal DBE certifying agencies within the State of Pennsylvania for the program.

DBE Compliance – Establishes goals for applicable projects, reviews bids/proposals and monitors projects for goal attainment, and ensures equitable treatment to DBEs performing on contracts.

DBE Program Outreach – Provides assistance, guidance and resources to small businesses interested in pursuing contracting opportunities; coordinates internal and external outreach events; facilitates workshops and networking events for prime contractors and DBEs.

Business Services

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 a highly motivated and skilled workforce
 - Develop professional skill levels and empower 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
- **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
 - Evaluate new technologies 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
 - 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
 - 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

Customer Service and Advocacy Division

Customer Service and Advocacy

Overview

The Customer Service and Advocacy 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.

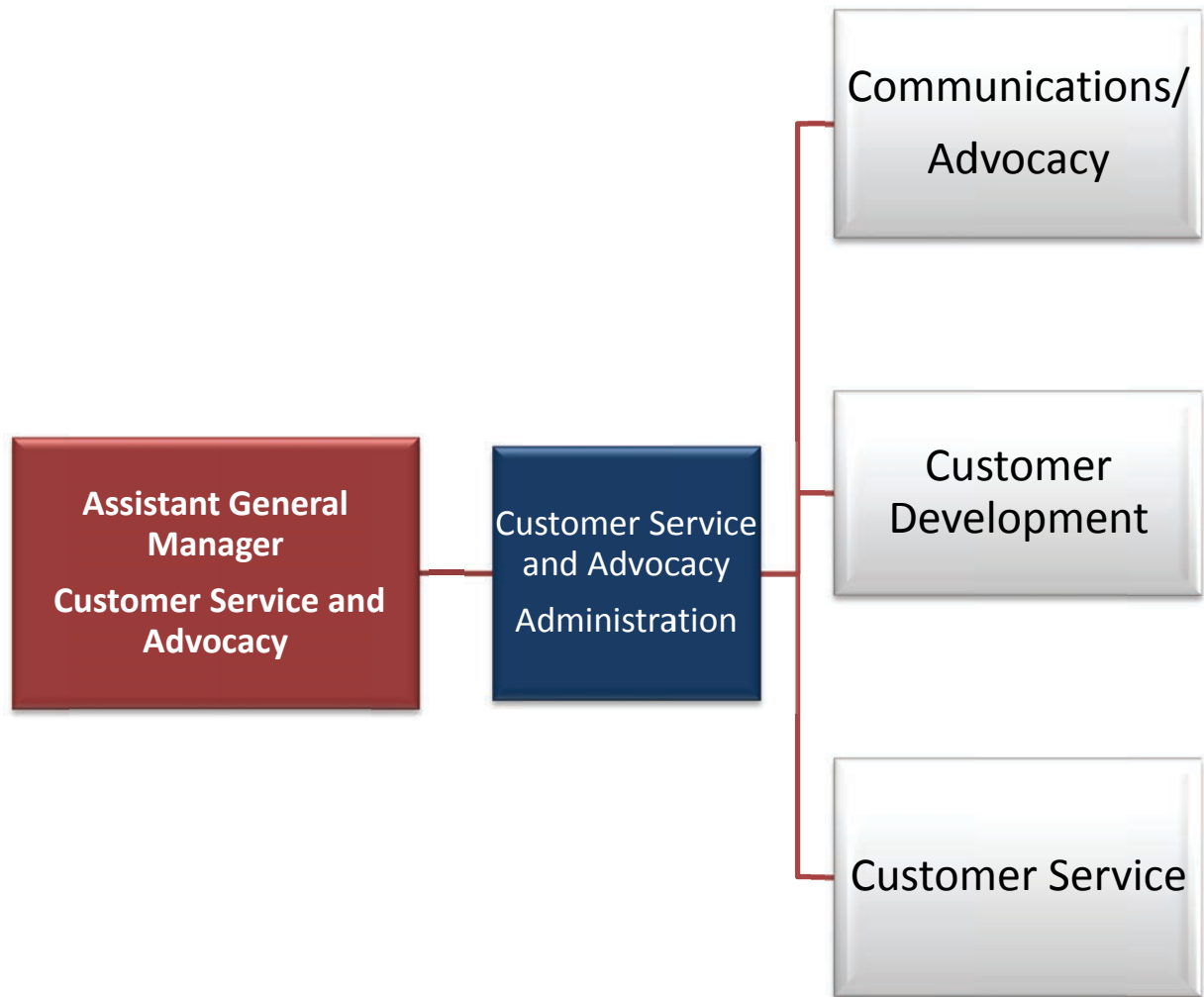
Administration – Coordinates, manages and directs the financial and administrative activities for the Customer Service and Advocacy Division.

Communications/Advocacy – The Communications Department is comprised of Graphic Services, the Print and Sign Shops, Fulfillment Services, Communications and Website Management. The department is responsible for corporate communications and customer communications, including all SEPTA services, project-related information, website (design, content and management), the Art-in-Transit initiative and all system signage, maps, and various publications. The Advocacy unit is responsible for coordinating Authority-wide customer service initiatives, supporting and nourishing external transit advocacy groups, working closely and supporting the Citizens Advisory Committee, the Youth Advisory Committee, SEPTA's Concierge Service and representing the customer's point-of-view internally.

Customer Development – This section directs Authority-wide qualitative and quantitative market research for the division as well as other internal customers. This includes customer surveys, website surveys and focus groups. The unit stays current with trends in customer service and technology in both the transportation industry and the service industry at large. It also oversees the SEPTA customer experience through the use of service quality agents that ride the system to assess performance and attention to all standards related to courtesy, communications, cleanliness and safety.

Customer Service – The Customer Service Department manages customer issues and inquiries concerning travel information, lost and found, complaints, commendations, and suggestions over the phone, U.S. mail, email and internet chat. The department maintains satellite offices at 1234 Market Street and at several transportation hubs in the region. Customer Service agents are also deployed to staff special events. The department's personnel administer the Senior Citizen Free Transit Program and the Reduced Fare Program for people with disabilities.

Customer Service and Advocacy



Customer Service and Advocacy

HEADCOUNT

	OPERATING HEADS			
	A	B	H	Total
Adminsitration	6	-	-	6
Communications/Advocacy	10	5	3	18
Customer Development	3	-	-	3
Customer Service	8	59	-	67
TOTAL OPERATING HEADS	27	64	3	94

	CAPITAL HEADS			
	A	B	H	Total
Adminsitration	-	-	-	-
Communications/Advocacy	-	-	-	-
Customer Development	-	-	-	-
Customer Service	-	-	-	-
TOTAL CAPITAL HEADS	-	-	-	-

	TOTAL			
	A	B	H	Total
Adminsitration	6	-	-	6
Communications/Advocacy	10	5	3	18
Customer Development	3	-	-	3
Customer Service	8	59	-	67
TOTAL HEADS	27	64	3	94

Customer Service and Advocacy

EXPENSES

Amounts in Thousands ('000)

	<u>Net</u> <u>Labor</u>	<u>Material</u> <u>& Services</u>	<u>Total</u>
Administration	\$ 533	\$ 445	\$ 978
Communications/Advocacy	1,089	1,087	2,176
Customer Development	198	-	198
Customer Service	<u>3,325</u>	<u>31</u>	<u>3,356</u>
TOTAL	<u>\$ 5,145</u>	<u>\$ 1,563</u>	<u>\$ 6,708</u>

ADMINISTRATION

Principal Responsibilities

Coordinates, manages and directs the financial and administrative activities for the Customer Service and Advocacy Division.

COMMUNICATIONS/ADVOCACY

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.

Customer Service and Advocacy

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.

Communications and Website Management is responsible for all corporate and customer communications including all SEPTA services and project-related information. This section is also responsible for the design, content and management of the SEPTA website.

CUSTOMER DEVELOPMENT

Principal Responsibilities

Responsible for directing Authority-wide qualitative and quantitative market research. The department is responsible for managing customer surveys, focus groups, and website surveys. The department also utilizes service quality agents that utilize the system from the passenger's perspective in order to assess the performance and attention to all standards related to the customer experience.

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.

Customer Service and Advocacy

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
- **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 Division

Engineering, Maintenance and Construction

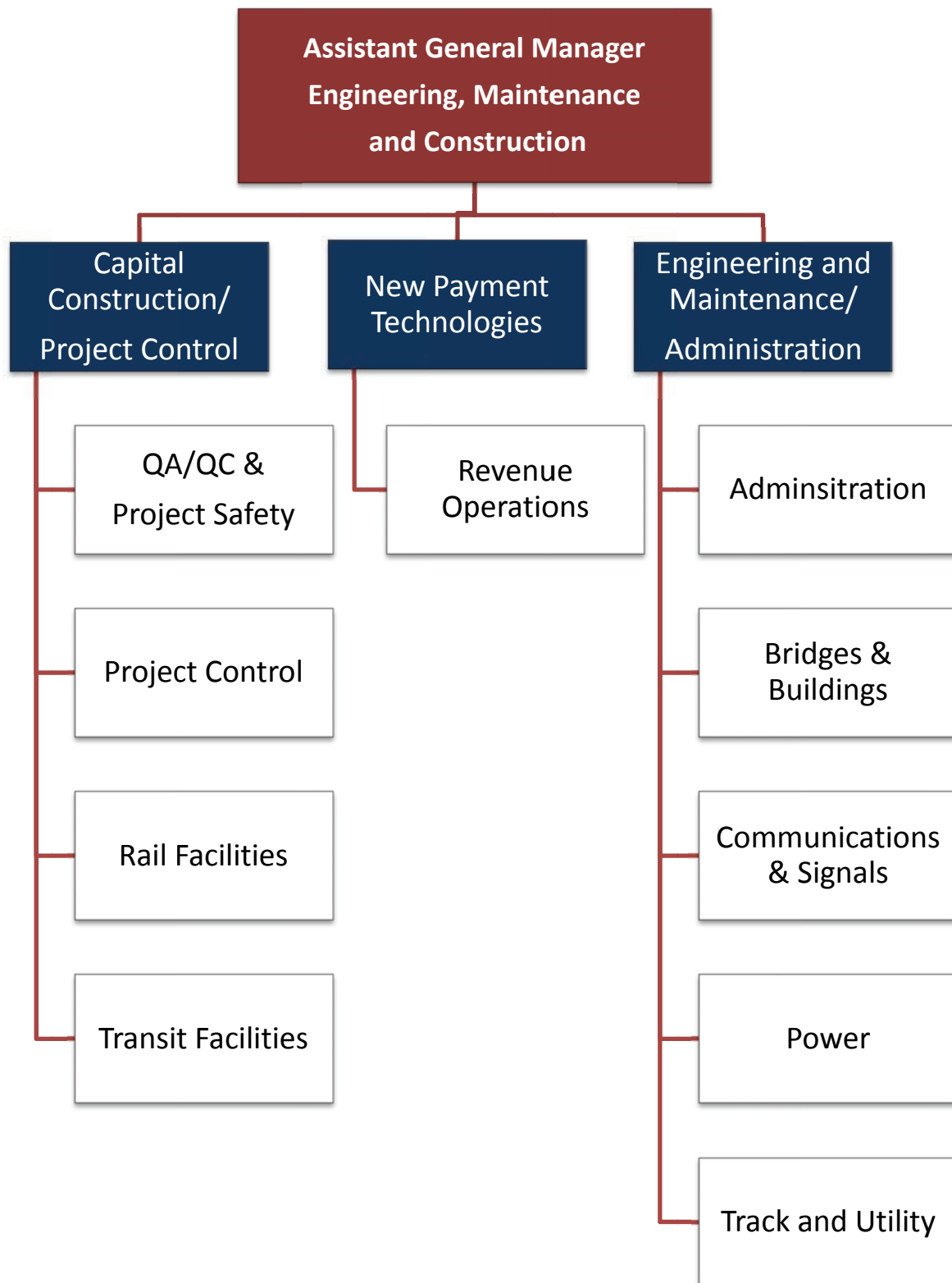
Overview

The Engineering, Maintenance and Construction Division is responsible for all engineering and maintenance related to the Authority stations, buildings, bridges, track, communications and signal 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			
	A	B	H	Total
Capital Construction/Project Control	4	-	-	4
Engineering & Maintenance/Administration	168	65	765	998
New Payment Technologies/Revenue Operations	82	50	49	181
TOTAL OPERATING HEADS	254	115	814	1,183

	CAPITAL HEADS			
	A	B	H	Total
Capital Construction/Project Control	48	-	-	48
Engineering & Maintenance/Administration	81	5	265	351
New Payment Technologies/Revenue Operations	11	-	-	11
TOTAL CAPITAL HEADS	140	5	265	410

	TOTAL			
	A	B	H	Total
Capital Construction/Project Control	52	-	-	52
Engineering & Maintenance/Administration	249	70	1,030	1,349
New Payment Technologies/Revenue Operations	93	50	49	192
TOTAL HEADS	394	120	1,079	1,593

Engineering, Maintenance and Construction

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Capital Construction/Project Control	\$ 458	\$ 62	\$ 520
Engineering and Maintenance/Administration	60,835	18,247	79,082
New Payment Technologies/Revenue Operations	<u>9,984</u>	<u>1,996</u>	<u>11,980</u>
TOTAL	<u>\$ 71,277</u>	<u>\$ 20,305</u>	<u>\$ 91,582</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 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.

CAPITAL CONSTRUCTION – QA/QC & PROJECT SAFETY

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.

Engineering, Maintenance and Construction

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 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.

Engineering, Maintenance and Construction

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.

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
 - 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.
 - Implement State of Good Repair database to provide a Capital Asset Inventory and an analysis of Capital Investment backlog and investment alternatives.
- **Contribute to the Authority's economic, environmental, and social sustainability**
 - Promote cost effective implementation of sustainability projects by incorporating LEED and Energy Star design standards, while adhering to budgets.
 - Manage capital investments to reduce long term utility costs by completing energy efficient lighting improvement projects and conducting energy audits to find additional savings opportunities.
 - Expand Authority recycling program to include stations and operating locations.

Engineering, Maintenance and Construction

- **Ensure Safety and Security throughout the SEPTA system**
 - Advance System Modernization Projects including ATC/PTC, Smart Stations II, Escalator Modernization, and new fire sprinklers at Elmwood and Frankford.
 - 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 railroad snow removal, SL V boarding platform construction, maintenance blitzes at multi-modal transportation centers, maintenance to elevators and escalators to meet reliability targets, maintenance to revenue equipment to meet reliability targets, and the coordination of maintenance and construction activities to minimize track outages.
 - Support customer service related capital projects such as the CCT upgrade, Frankford and Callowhill facility improvements, 69th Street Parking Garage, and high level platforms in Amtrak territory.

- **Support the Authority's Implementation of New Technologies**
 - Advance New Payment Technologies (NPT) contract. Complete conceptual, preliminary, and final designs for NPT system elements. Begin acceptance testing of all NPT devices. Complete final designs for zone offices and begin the initial phase of construction.
 - 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**
 - Advance projects that support ridership growth including the Elwyn to Wawa service restoration, Jenkintown parking garage, Croydon Station/Parking Improvements, Malvern Station/Parking Improvements, and the Paoli Transportation Center.

- **Build a Highly Qualified, Versatile Staff**
 - 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.
 - Assist the Division's Professional Engineers in obtaining continuing education credits required to maintain Pennsylvania license.

Finance and Planning Division

Finance and Planning

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 and Grant Development – Manages the Authority's capital budget and grant development process and monitors financial performance throughout the year through forecasting and financial analysis. Manages the Authority's grant program throughout the year and monitors grant cycle from development to close out.

Finance Administration – Coordinates, manages and directs the activities of the Finance and Planning Division.

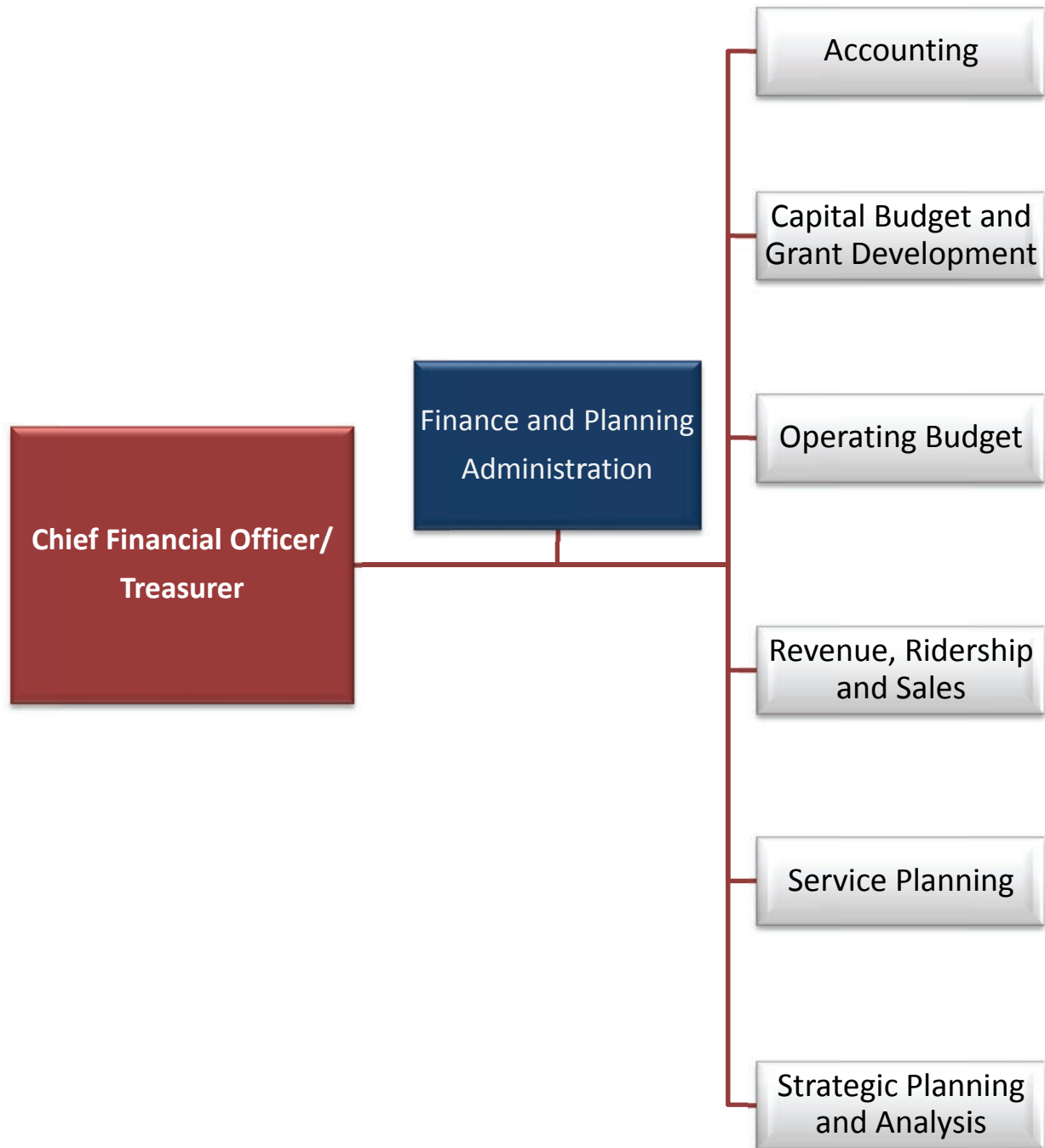
Operating Budget – Manages the Authority's operating budget process and monitors financial performance throughout the year through forecasting and financial analysis.

Revenue, Ridership and Sales – Develops revenue and ridership budgets. 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 availability throughout the continental United States. Creates and manages long and short term agreements to maximize advertising revenues.

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



Finance and Planning

HEADCOUNT

	OPERATING HEADS			
	A	B	H	Total
Accounting	35	12	-	47
Capital Budget and Grant Development	4	-	-	4
Finance Administration	8	-	-	8
Operating Budget	11	-	-	11
Revenue, Ridership and Sales	30	29	-	59
Service Planning	30	23	-	53
Strategic Planning and Analysis	5	-	-	5
TOTAL OPERATING HEADS	123	64	-	187

	CAPITAL HEADS			
	A	B	H	Total
Accounting	-	-	-	-
Capital Budget and Grant Development	3	-	-	3
Finance Administration	-	-	-	-
Operating Budget	-	-	-	-
Revenue, Ridership and Sales	1	-	-	1
Service Planning	-	-	-	-
Strategic Planning and Analysis	-	-	-	-
TOTAL CAPITAL HEADS	4	-	-	4

	TOTAL HEADS			
	A	B	H	Total
Accounting	35	12	-	47
Capital Budget and Grant Development	7	-	-	7
Finance Administration	8	-	-	8
Operating Budget	11	-	-	11
Revenue, Ridership and Sales	31	29	-	60
Service Planning	30	23	-	53
Strategic Planning and Analysis	5	-	-	5
TOTAL HEADS	127	64	-	191

Finance and Planning

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Accounting	\$ 2,793	\$ 671	\$ 3,464
Capital Budget and Grant Development	257	7	264
Finance Administration	899	27	926
Operating Budget	777	202	979
Revenue, Ridership and Sales	3,224	1,479	4,703
Service Planning	2,618	56	2,674
Strategic Planning and Analysis	324	11	335
TOTAL	<u>\$ 10,892</u>	<u>\$ 2,453</u>	<u>\$ 13,345</u>

ACCOUNTING

Principal Responsibilities

General Accounting - Produces timely and accurate financial reports and properly maintains the accounting system and related internal control structure which includes managing the monthly and annual financial general ledger close process. Prepares and issues monthly financial and statistical reports to the SEPTA Board and senior management. Prepares required quarterly and audited financial reports that are issued to various financial institutions and government agencies that either provide debt financing or subsidies to the Authority.

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

CAPITAL BUDGET and GRANT DEVELOPMENT

Principal Responsibilities

Develop annual Capital Budget and the twelve-year Capital Program. Prepare, maintain and execute and monitor federal, state and local grants from inception to grant close out. Provide oversight and prepare analyses of the Vehicle Overhaul Program; Infrastructure Safety Renewal Program; Regional Job Access and Reverse Commute and New Freedom Programs. Also responsible for safety and security programs and other special grant programs.

FINANCE ADMINISTRATION

Principal Responsibilities

Coordinate manages, and directs the activities of 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. 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.

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

REVENUE, RIDERSHIP 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.

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. 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. Directly maintains all lots and garages. 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.

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.

Finance and Planning

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

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

Human Resources Division

Human Resources

Overview

Human Resources Administration – 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.

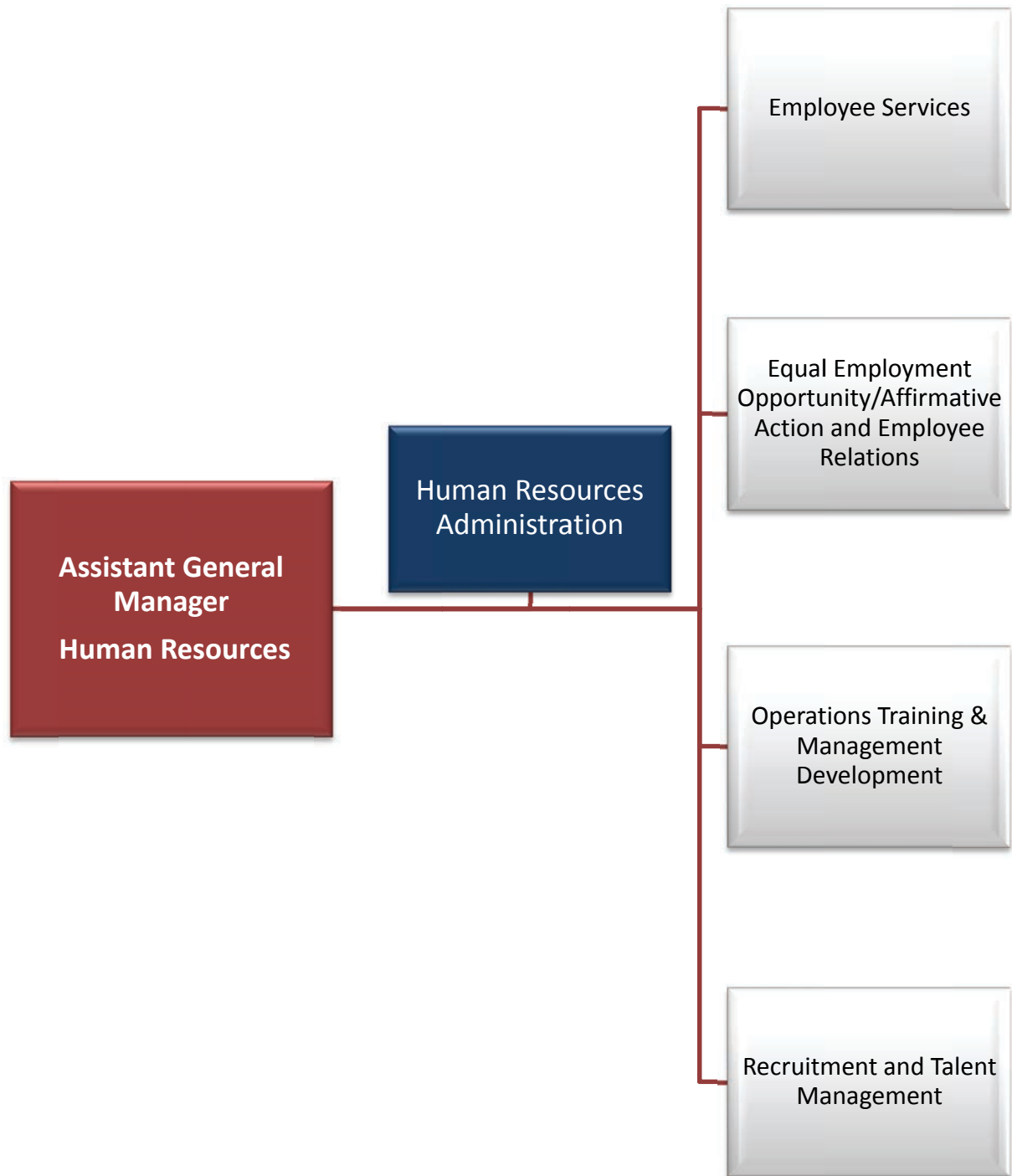
Employee Services – Administers the employee benefits programs, including medical, dental, prescription, life insurance, long term disability, supplemental insurance, COBRA, pension, deferred compensation, supplemental voluntary benefits and flexible benefits, compensation, and Medical Department services including employee assistance program, absence management, 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 and development programs to reinforce high performance. Teaches new skills and retrain employees as required to ensure a comprehensive understanding of regulations, procedures, policies and skills to provide quality customer service in a safe environment. Prepare a customer-focused, multigenerational workforce to assume critical roles and responsibilities in the organization.

Human Resources



Human Resources

HEADCOUNT

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

	CAPITAL HEADS			
	A	B	H	Total
Employee Services	-	-	-	-
EEO/AA and Employee Relations	-	-	-	-
Human Resources Administration	-	-	-	-
Recruitment and Talent Management	-	-	-	-
Operations Training & Management Development	-	-	-	-
TOTAL CAPITAL HEADS	-	-	-	-

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

Human Resources

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Employee Services	\$ 2,461	\$ 422	\$ 2,883
EEO/AA and Employee Relations	346	10	356
Human Resources Administration	561	21	582
Recruitment and Talent Management	962	239	1,201
Operations Training & Management Development	6,349	293	6,642
TOTAL	\$ 10,679	\$ 985	\$ 11,664

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.

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.

Human Resources

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

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 positions 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 bi-annual 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

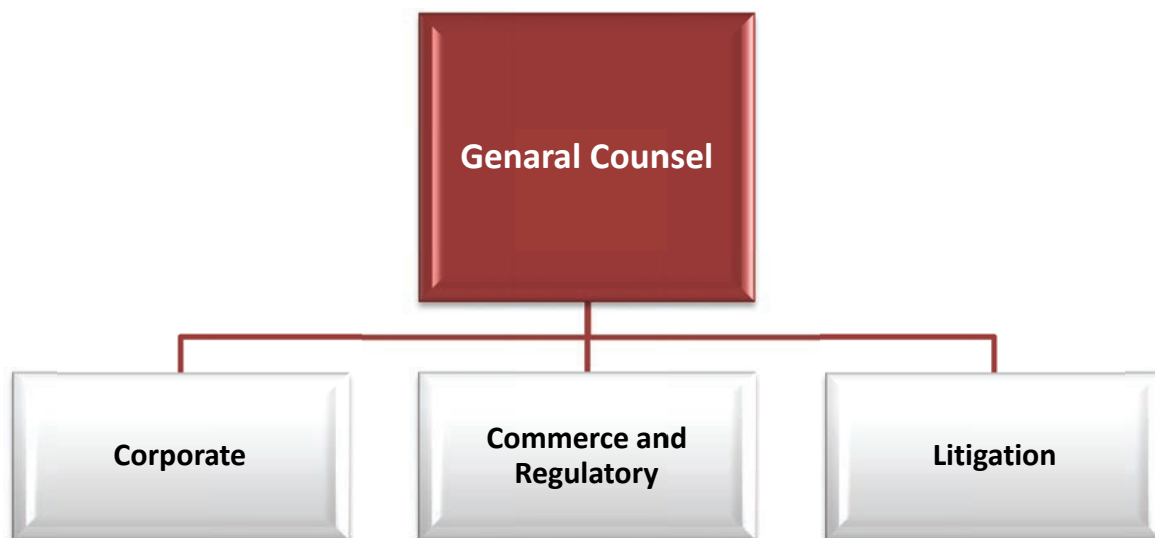
- **Reinforce Customer Service Authority-wide**
 - Administer the employee recognition program for outstanding customer service
 - Reinforce the customer focus in hiring, on-boarding and training processes
 - Continue to improve the Customer Service Center in Human Resources to better serve employees 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 Division

Legal

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

HEADCOUNT

	OPERATING HEADS			
	A	B	H	Total
Corporate	4	-	-	4
Commerce and Regulatory	6	-	-	6
Litigation	42	1	-	43
TOTAL OPERATING HEADS	52	1	-	53

	CAPITAL HEADS			
	A	B	H	Total
Corporate	-	-	-	-
Commerce and Regulatory	-	-	-	-
Litigation	-	-	-	-
TOTAL CAPITAL HEADS	-	-	-	-

	TOTAL HEADS			
	A	B	H	Total
Corporate	4	-	-	4
Commerce and Regulatory	6	-	-	6
Litigation	42	1	-	43
TOTAL HEADS	52	1	-	53

Legal

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Corporate	\$ 474	\$ 5,536	\$ 6,010
Commerce and Regulatory	326	-	326
Litigation	<u>3,207</u>	<u>2,299</u>	<u>5,506</u>
TOTAL	<u>\$ 4,007</u>	<u>\$ 7,835</u>	<u>\$ 11,842</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.

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.

Legal

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 Division

Public and Government Affairs

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.

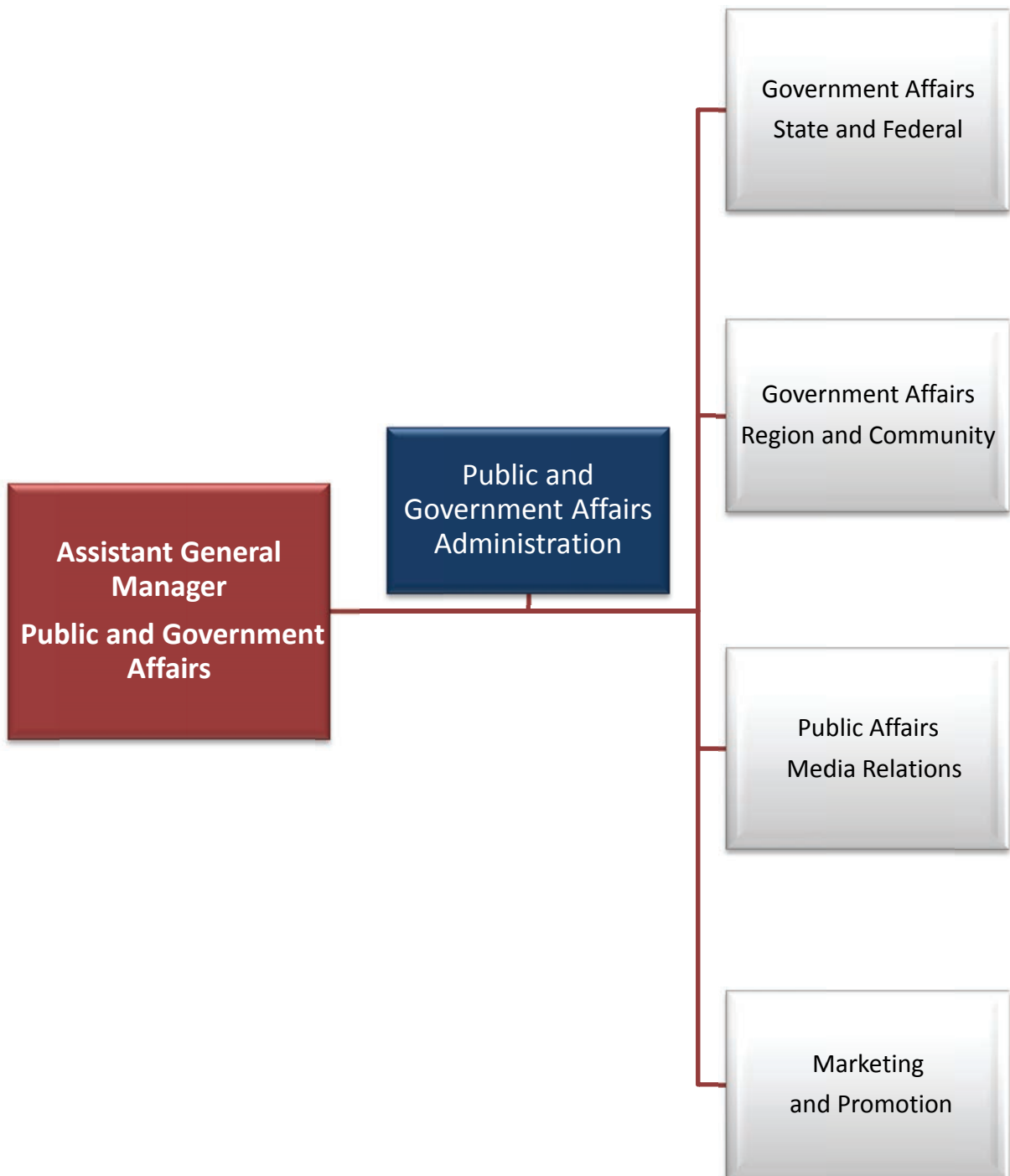
Federal – Work with the region's Congressional Delegation and their staffs to assure that any federal legislation proposed and/or enacted is favorable to SEPTA's interests. Respond to legislative and constituent inquiries from the federal level. Advocate for increased funding for transportation in the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



Public and Government Affairs

HEADCOUNT

	OPERATING HEADS			
	A	B	H	Total
Public Affairs - Administration	2	-	-	2
Public Affairs - Media Relations	5	-	-	5
Marketing and Promotion	4	-	-	4
Government Affairs - Region & Community	6	-	-	6
Government Affairs - State & Federal	4	-	-	4
TOTAL OPERATING HEADS	21	-	-	21

	CAPITAL HEADS			
	A	B	H	Total
Public Affairs - Administration	-	-	-	-
Public Affairs - Media Relations	-	-	-	-
Marketing and Promotion	-	-	-	-
Government Affairs - Region & Community	-	-	-	-
Government Affairs - State & Federal	-	-	-	-
TOTAL CAPITAL HEADS	-	-	-	-

	TOTAL HEADS			
	A	B	H	Total
Public Affairs - Administration	2	-	-	2
Public Affairs - Media Relations	5	-	-	5
Marketing and Promotion	4	-	-	4
Government Affairs - Region & Community	6	-	-	6
Government Affairs - State & Federal	4	-	-	4
TOTAL HEADS	21	-	-	21

Public and Government Affairs

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Public Affairs - Administration	\$ 109	\$ 737	\$ 846
Public Affairs - Media Relations	429	8	437
Marketing and Promotion	311	1,960	2,271
Government Affairs - Region & Community	446	19	465
Government Affairs - State & Federal	<u>308</u>	<u>25</u>	<u>333</u>
TOTAL	<u>\$ 1,603</u>	<u>\$ 2,749</u>	<u>\$ 4,352</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. Advocate for additional capital funds to address state of good repair funding needs

Public and Government Affairs

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.

MARKETING AND PROMOTION

Principal Responsibilities

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.

Public and Government Affairs

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

- **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 Division

Public and Operational Safety

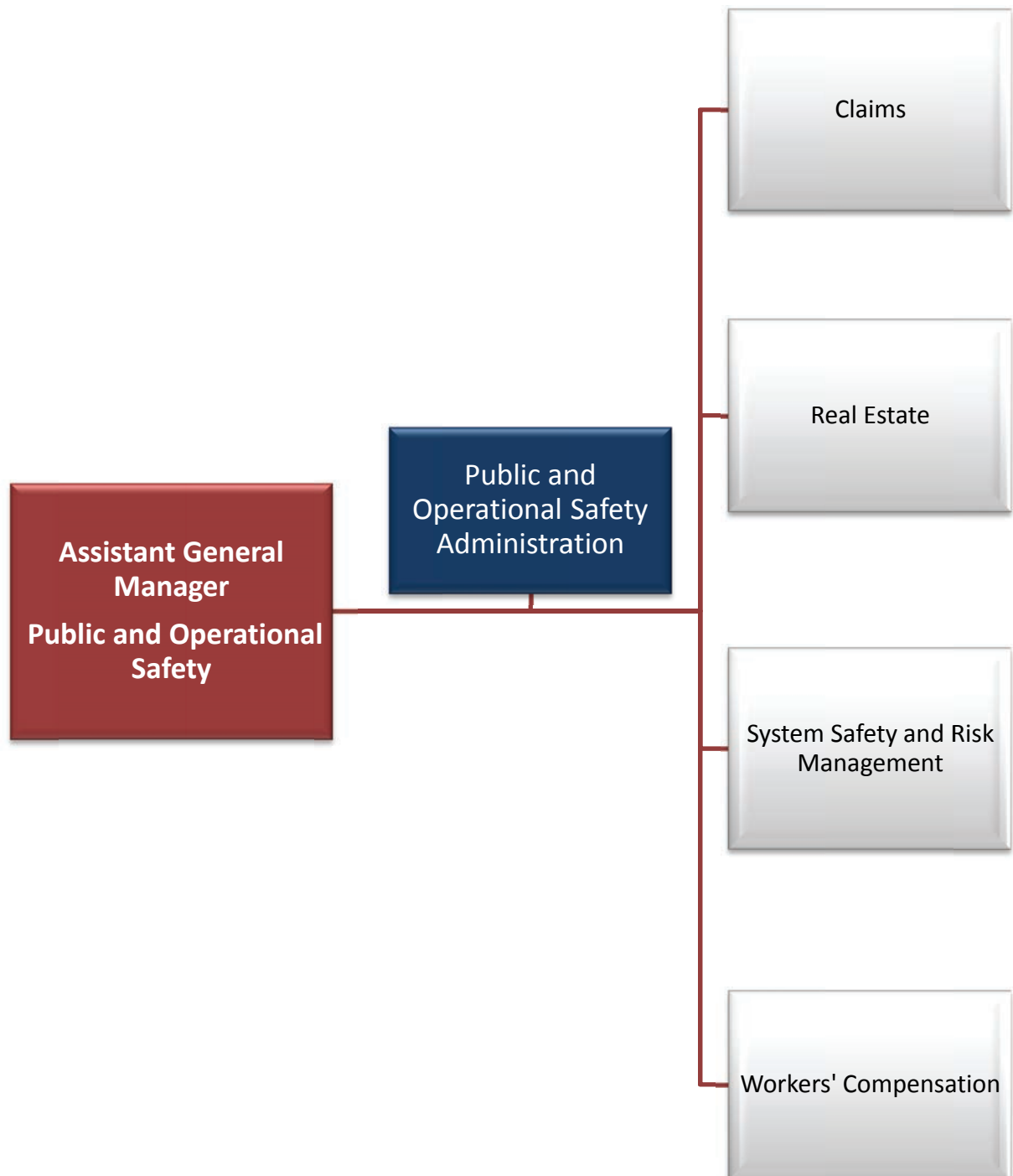
Overview

The Public and Operational Safety Division is responsible for ensuring the safety 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



Public and Operational Safety

HEADCOUNT

	OPERATING HEADS			
	A	B	H	Total
Administration	5	-	-	5
Claims	13	23	-	36
Real Estate	12	4	-	16
System Safety and Risk Management	21	-	-	21
Workers' Compensation	5	-	-	5
TOTAL OPERATING HEADS	56	27	-	83

	CAPITAL HEADS			
	A	B	H	Total
Administration	-	-	-	-
Claims	-	-	-	-
Real Estate	-	-	-	-
System Safety and Risk Management	-	-	-	-
Workers' Compensation	-	-	-	-
TOTAL CAPITAL HEADS	-	-	-	-

	TOTAL HEADS			
	A	B	H	Total
Administration	5	-	-	5
Claims	13	23	-	36
Real Estate	12	4	-	16
System Safety and Risk Management	21	-	-	21
Workers' Compensation	5	-	-	5
TOTAL HEADS	56	27	-	83

Public and Operational Safety

EXPENSES

Amounts in Thousands ('000)

	<u>Net Labor</u>	<u>Material & Services</u>	<u>Total</u>
Administration	\$ 530	\$ 29	\$ 559
Claims	1,726	643	2,369
Real Estate	860	2,506	3,366
System Safety and Risk Management	1,562	268	1,830
Workers' Compensation	<u>552</u>	<u>19</u>	<u>571</u>
TOTAL	<u>\$ 5,230</u>	<u>\$ 3,465</u>	<u>\$ 8,695</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.

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.

Public and Operational Safety

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.

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.

Public and Operational Safety

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

- **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

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Fringe Benefits

Fringe benefits are a major expense for SEPTA representing 27.4% of the Fiscal Year 2012 operating budget of \$1.23 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** – An obligation to employees injured on duty for their medical bills and lost wages.

Fiscal Year 2012 Operating Budget	
Fringe Benefit Expense	
(Amounts in Thousands)	
Medical, Prescription, Dental, Vision & Life	\$ 188,644
Payroll and Unemployment Taxes	60,591
Pension	88,570
Workers' Compensation and FELA	<u>28,359</u>
Subtotal	\$ 366,164
Capital Support and Projects *	<u>(29,036)</u>
Fringe Operating Expense	<u>\$ 337,128</u>

* The net fringe benefit cost of \$337.1 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

Fiscal Year 2012 Operating Budget

Labor and Fringe Benefits

Amounts in Thousands (000's)

	<u>Net Labor</u>	<u>Net Fringe Benefits</u>	<u>Total</u>
Operations	\$ 411,905	\$ 261,880	\$ 673,785
Corporate Staff	2,525	1,605	4,130
Audit and Investigative Services	1,127	717	1,844
Business Services	13,705	8,713	22,418
Customer Service	5,145	3,271	8,416
Engineering, Maintenance and Construction	71,277	45,316	116,593
Finance and Planning	10,892	6,925	17,817
Human Resources	10,679	6,789	17,468
Legal	4,007	2,548	6,555
Public and Government Affairs	1,603	1,019	2,622
Public and Operational Safety	5,230	3,325	8,555
Other *	<u>(13,480)</u>	<u>(4,980)</u>	<u>(18,460)</u>
 Total	 <u>\$ 524,615</u>	 <u>\$ 337,128</u>	 <u>\$ 861,743</u>

* The "Other" category includes Authority-wide capital support labor costs and credit for the Job Access Reverse Commute (JARC) program as well as the fringe costs associated with these programs.

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, and Capital Grant Receipt 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 2012 ridership is 692,842 trips for Philadelphia and 310,433 trips for the suburban communities.

One of the main focuses of CCT Connect's efforts for Fiscal Year 2012 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 2012 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 2012 is to provide a total of 780,780 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" in January of 2007. 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 Expenses

Claims

Fiscal Year 2012 claims expense is budgeted at \$45.7 million. The reduction of claims expense positively impacts the Authority's budget and staff from the Authority's Legal Division with support throughout the organization aggressively defends against fraudulent claims. The Authority cooperates with various outside agencies in this matter. The effectiveness of this program combined with increasing 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 2,274 suits in Fiscal Year 2011. 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 reviewed by the state for 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 2012 were developed with targeted improvement. For comparison purposes in this document, SEPTA utilizes 12 months of actual data from Fiscal Year 2010 and Budgeted Goals for Fiscal Year 2011 as the benchmark period for the reporting of safety goals.

Passenger Accidents Per 100,000 Miles			
	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Goal
Surface Transportation			
CTD Bus	2.70	5.12	4.96
CTD Trackless Trolley	2.43	4.95	4.81
Victory Bus	3.49	4.22	4.10
Frontier Bus	1.18	1.06	1.03
Regional Rail	0.23	0.08	0.08
Subway / Light Rail			
Broad Street Line	0.85	0.91	0.88
Market-Frankford Line	0.49	1.22	1.18
Norristown High Speed Line	0.11	0.00	0.00
Callowhill Light Rail	11.24	3.28	3.38
Elmwood Light Rail	2.00	2.81	2.89
Media/Sharon Hil Line	4.34	4.26	4.13

Operating Goals and Performance Evaluation Measures

Vehicular Accidents Per 100,000 Miles

	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Goal
Surface Transportation			
CTD Bus	7.87	8.81	6.56
CTD Trackless Trolley	7.18	7.69	7.98
Victory Bus	3.93	4.31	3.11
Frontier Bus	1.15	1.32	1.18
Regional Rail	0.42	0.15	0.36
Subway / Light Rail			
Broad Street Line	0.05	0.04	0.01
Market-Frankford Line	0.01	0.04	0.01
Norristown High Speed Line	0.00	0.00	0.13
Callowhill Light Rail	24.62	11.39	14.25
Elmwood Light Rail	6.04	5.59	5.63
Media/Sharon Hil Line	6.25	7.45	6.73

Station Accidents Per 1,000,000 Passengers

	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Goal
Regional Rail	2.25	0.76	0.74
Subway / Light Rail			
Broad Street Line	0.44	0.67	0.65
Market-Frankford Line	0.97	1.37	1.32
Norristown High Speed Line	0.00	0.00	0.00

Operating Goals and Performance Evaluation Measures

Employee Lost Time Injuries Per 200,000 Work Hours			
	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Goal
Surface Transportation	6.69	7.14	6.92
Engineering, Maintenance & Construction	4.46	4.44	4.31
Regional Rail	8.40	9.72	9.42
Subway/Light Rail	3.97	3.76	3.64
Non-Operations	1.80	2.53	2.45

CUSTOMER SATISFACTION

The 2010 Customer Satisfaction Survey was conducted during calendar year 2010. A total of 2,659 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:

Mode of Transportation	Interviews Conducted	Weighted Average 0 to 10 Satisfaction 0 = Worst
All SEPTA	2,256	7.9
Broad Street Subway	402	8.0
Market-Frankford Line	406	8.2
City Bus and Trackless	414	7.4
City Light Rail	209	7.8
Suburban Light Rail	201	8.2
Frontier Bus	74	7.5
Victory Bus	148	7.6
Regional Rail	402	7.9

Relating to SEPTA service in general, 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:

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 several 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 2012, the following fiscal measures will be monitored:

Operating Cost Per Passenger

The Authority proposes to provide a cost not to exceed \$3.68 per unlinked passenger trip.

Operating Subsidy Per Passenger

The Authority proposes to provide overall service operating subsidy not to exceed \$2.21 per unlinked passenger trip.

Cost Per Vehicle Mile

The Authority proposes to achieve an average cost for delivery of service not to exceed \$14.34 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 2010's financial results were approved for action in Fiscal Year 2012. City Transit Division's average was 34.0% and the substandard performance mark was 20%.

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)

Operating Goals and Performance Evaluation Measures

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 2010's financial results were approved for action in Fiscal Year 2012. Suburban Transit Division's average was 22.7% and the substandard performance mark was 13%.

Regional Rail 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 Regional Rail 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 2010's financial results were approved for action in Fiscal Year 2012. Railroad Division's average was 45% and the substandard performance mark was 27%.

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.

Operating Employees Ratio to Administrative Employees

The Fiscal Year 2012 goal will continue as one administrative employee for every 20 operating employees at the proposed expense level of \$1.23 billion. In computing this ratio, operating employees include all employees contained within the Operations Division as well as employees involved in fare media 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

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 Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Goal
Bus & Trackless Trolley	3.2	3.2	3.0
Trolley (Subway-Surface & Route 15)	1.5	1.5	1.6
Market-Frankford Line	3.4	3.5	3.0
Broad Street Line	2.3	2.0	2.5
Media-Sharon Hill Line	1.4	1.3	1.3
Norristown High Speed Line	1.7	1.7	1.7
Regional Rail	1.5	1.5	1.5

PRODUCTIVITY GOALS

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

Total Ridership

The Authority's goal is to carry at least 330 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 692,842 trips for Philadelphia and 310,433 trips for the suburban counties for Fiscal Year 2012. For the Shared Ride Program, 780,780 trips are projected for Fiscal Year 2012.

Operating Goals and Performance Evaluation Measures

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 2012, the following productivity measures will be utilized:

Vehicle Miles Per Employee

The Authority seeks to achieve at least 10,345 vehicle miles per employee. This goal includes miles in contracted services, Shared Ride and ADA Paratransit.

Passenger Miles Per Employee

The Authority goal is to realize at least 159,265 passenger miles per employee.

Passenger Accidents

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

Employee Accidents

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

Operating Goals and Performance Evaluation Measures

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 2012 goal:

On-Time Performance			
	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Goal
Surface Transportation			
Bus City/Suburban	76.3%	75.1%	79.1%
Victory Bus	75.0%	76.0%	78.0%
Rail Transportation			
Light Rail	72.2%	74.6%	76.0%
Media-Sharon Hill Line	90.5%	90.1%	92.0%
Norristown High Speed Line	99.7%	99.7%	99.0%
Broad Street Line	99.0%	98.8%	99.0%
Market-Frankford Line	97.6%	97.8%	98.0%
Regional Rail	88.9%	89.3%	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 2012 goals for all SEPTA transportation modes follows:

Mean Distance Between Failure			
	Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Goal
Surface Transportation			
Bus City/Suburban	7,066	8,753	10,625
Rail Transportation			
Trolley (Subway-Surface & Route 15)	5,963	5,431	7,000
Media-Sharon Hill Line	15,892	22,372	25,000
Norristown High Speed Line	32,211	34,099	35,000
Broad Street Line	123,883	150,370	160,000
Market-Frankford Line	71,107	76,373	85,000
Regional Rail	42,828	38,965	50,000

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 Investments

Capital investments 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 investments 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 2012 Capital Budget

PROJECT	Fiscal Year 2012 Funding Requirement
Bus Purchase Program	\$59,209,593
Congestion Relief and Mitigation	2,233,000
Infrastructure Safety and Renewal Program	34,400,000
Paratransit Vehicle Acquisition	5,000,000
Regional Rail Signal System Modernization	35,800,000
Safety and Security Improvements	5,000,000
State of Good Repair Initiatives	15,200,000
Station Accessibility	4,800,000
Station and Parking Improvements	10,400,000
System Improvements	5,000,000
Vehicle Overhaul Program	53,100,000
Total Fiscal Year 2012 Capital Budget	\$230,142,593

Capital Improvement Program

Capital Investment Categories

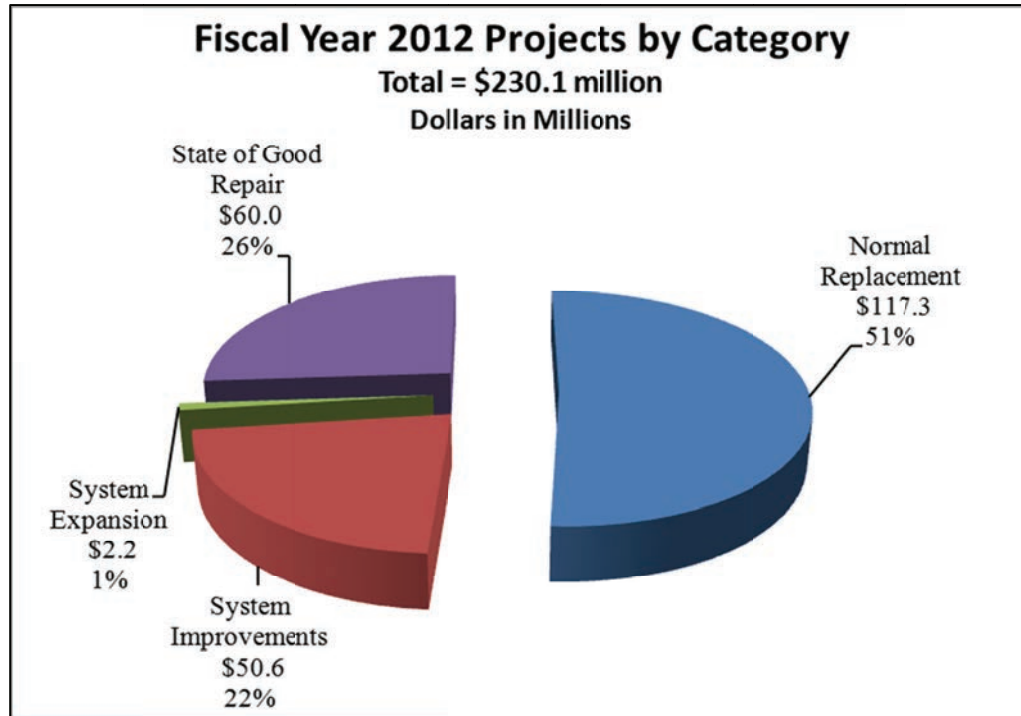
- **State of Good Repair** – These projects correct past deferred maintenance, or replace capital assets that have exceeded their useful life. An asset or system is considered in a state of good repair when no backlog of needs exists and no component is beyond its useful life.
- **Normal Replacement 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 2012 Projects by Category

- **State of Good Repair**
 - Infrastructure Safety and Renewal Program
 - State of Good Repair Initiatives
 - Station and Parking Improvements Program
- **Normal Replacement**
 - Bus Purchase Program
 - Paratransit Vehicle Purchase
 - Silverliner V Acquisition
 - Vehicle Overhaul Program
- **System Improvement**
 - Railroad Signal System Modernization
 - Safety and Security Improvements
 - Station Accessibility
 - System Improvements Program
- **System Expansion**
 - Congestion Mitigation Activities

Capital Improvement Program

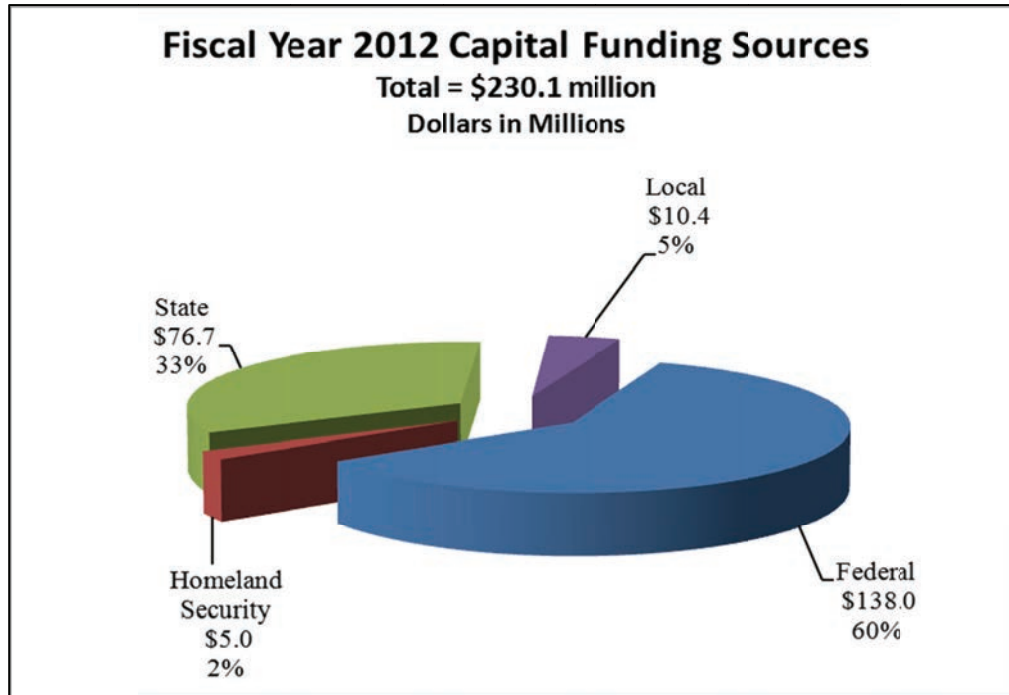


Capital Sources of Funds

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

- Estimated federal formula program totaling \$118.8 million.
- Federal Highway Flexible funding projection of \$19.2 million 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 \$76.7 million for capital projects.
- Local matching funds totaling \$10.4 million from the five-county SEPTA service area used to match Federal and State grants.

Capital Improvement Program



Fiscal Year 2012 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 bus fleet consists of a variety of buses ranging from 60-foot articulated and 40-foot buses for heavy use routes to 27-foot and 30-foot buses for suburban circulator and contracted service routes. With the completion of the Fiscal Year 2008-2011 Bus Purchase Program, SEPTA's fleet of hybrid buses will increase to 472 buses, making SEPTA the operator of one of the largest public transit hybrid bus fleets in the country. Beginning in Fiscal Year 2012 through 2015, SEPTA will advance the purchase of 155 60-foot articulated buses and 90 40-foot buses. Options of 50 60-foot buses and 55 40-foot buses will be included in this procurement. These new buses will replace SEPTA's Neoplan articulated 60-foot buses, and Neoplan and New Flyer 40 foot 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.

Capital Improvement Program

Infrastructure Safety Renewal and Replacement

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

Track and Right-of-Way

- Renewal of special track work on the Broad Street Line at Fern Rock, Walnut, and Olney Interlocking and on trolley tracks at 49th Street and Woodland Avenue.
- Track renewal on Trolley Route 34 at several locations between 40th Street and 55th Street on Baltimore Avenue, and on the Broad Street Line between Snyder Station and AT&T Station on Track #1.
- Grade crossing renewal on the Route 102 Trolley Line at Edmonds Avenue, Penn Street, Berkley Avenue and Broadway Avenue.
- Grade crossing renewal on the Fox Chase Regional Rail Line at Oxford Avenue and Rhawn Street, on the Norristown Regional Rail Line at Main Street and on the Doylestown Line at U. S. Route 202.
- Tie replacement and track surfacing on the Airport, Chestnut Hill East and Fox Chase Regional Rail Lines, and timber replacement at the Walnut Interlocking on the Regional Rail Main Line South.
- Timber deck renewal at under grade Bridge 5.76 on the Doylestown Regional Rail Line.
- Replacement of curve worn rail at several locations on the Broad Street, Market-Frankford and Trolley Lines.
- Rehabilitation of the Morton Storm Water Culvert (M.P. 9.75) on the Media/Elwyn Regional Rail Line.

Station Facilities

- Improvements to Norwood, Glenolden, Folcroft, Sharon Hill, Curtis Park and Darby Stations on the Wilmington/Newark Line including platforms, shelters, stairs, benches, pathways, signage, drainage, tunnels, canopies, lighting, parking and station.
- Improvements to Temple University Station (Berks Street Plaza entrance) at the ticket office, and installation of new shelters, planters, bollards, lighting, furniture, signage and landscaping.
- Platform improvements at Warminster Station on the Warminster Regional Rail Line; platform tactile edge improvements at Forest Hills Station on the West Trenton Regional Rail Line and Elm Street Station on the Norristown Regional Rail Line; and design of platform improvements, including ADA tactile edging, where appropriate, at Fern Rock Regional Rail Station and 30th Street Station on the Regional Rail Main Line.
- Platform improvements to facilitate passenger boarding on and off of the new Silverliner V Regional Rail cars at stations on SEPTA-owned Regional Rail lines.
- Improvements to Wynnewood Road, Ardmore Junction, Ardmore Avenue, Haverford and Bryn Mawr Stations on the Norristown High Speed Line.
- Improvements to platform edges on the Route 15 Trolley Line, Chinatown and Fairmount Station on the Broad Street Line (Ridge Spur) and 15th Street Trolley Station.
- Replacement of the stairway at 5th Street Station on the Market-Frankford Line.

Capital Improvement Program

- **Power Systems**

- Replacement of DC traction power feeder cables at several locations supporting the Broad Street, Market-Frankford and Trolley Lines.
- Replacement of AC cables between Ellen Substation and several Market-Frankford Line stations.
- Improvements to City and Suburban Transit substations including replacement of high speed trip devices and breakers at several substations.
- Replacement of old copper telephone lines with fiber optic cable at 69th Street, Ellen and Letterly Substations.
- Upgrading of the remote terminal unit modems at Sansom Substation.
- Replacement of trolley wire on Trolley Route 13 along Chester Avenue between 50th and 60th Streets, and on Kingsessing Avenue between 60th and 63rd Streets. Trolley wire will also be replaced at Elmwood Yard, 40th Street Portal and trackless trolley turnarounds. Trolley wire protection boards will be replaced under sections of the Market Frankford Line elevated structure for trackless trolley routes.
- Improvements to the power system for the Market-Frankford Line at Bridge Street and 5th Street Track Crossovers to allow for remote control operation from SEPTA's control center.
- Renewal of manholes at locations to be determined concurrently with the City of Philadelphia street reconstruction projects.
- Replacement of a section of duct bank and existing AC cable on the east side of Broad Street in the vicinity of Kerbaugh Street.
- Rehabilitation of regional rail catenary structures on the 9th Street Viaduct section of the Regional Rail Main Line North.

Maintenance/Support Facilities

- Replace septic tank with a sewage ejection system at the Jenkintown Track Building.
- Replacement of the drop table at Wayne Junction Car Shop.
- Broad Street Line vent well improvements at twenty locations.
- Rehabilitation of tunnel columns for the subway portion of the City Transit Division Trolley Lines.
- Replace deck waterproofing on Chew Street Bridge on the Chestnut Hill East Regional Rail Line.
- Overhaul of the Shunk Pump Room on the Broad Street Line.
- Tunnel lighting improvements on the Broad Street Line.
- Improvements to bus and rail vehicle maintenance shops including shop lighting, vehicle lifts, a paint booth and a fall arrest system.
- Rehabilitation of Suburban Station Crew Quarters.

Signals and Communications Systems

- Installation of standard communications infrastructure, consisting of lateral copper and fiber optic cables, on the Airport Regional Rail Line.
- Replacement of the existing copper-connected communications modems in all field Remote Terminal Units (RTU) with fiber optics units between 16th Street Interlocking and "K" Interlocking on the Regional Rail Main Line.
- Refurbishment of public address control units at all passenger stations on the Doylestown Regional Rail Line.
- Replacement of computer-based remote train control equipment (TCE) on the Market-Frankford Line and on the Regional Rail System.

Capital Improvement Program

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 2012, vehicles will be acquired consisting of (40) minibuses with wheelchair lifts, (31) 12-passenger minibuses and (15) sedans for a total of 86 vehicles.

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 SEPTA-owned regional rail 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.

Safety and Security Improvements

The Transit Security Grant Program (TSGP) provides funds to operators of transit systems to protect critical surface transportation and the traveling public from acts of terrorism, major disasters, and other emergencies. The U.S. Department of Homeland Security's (DHS) funding priorities have included: 1) training, operational deterrence, drills, and public awareness activities; 2) multi-user key infrastructure protection; 3) single-user key infrastructure protection; 4) key operating asset protection; and 5) other mitigation activities. SEPTA is part of the Philadelphia Area Regional Transit Security Working Group (PARTSWG), which is working to advance safety and security improvements for all transit operations into and out of Philadelphia.

Major SEPTA projects funded with TSGP funding include:

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

Silverliner V Acquisition

SEPTA is acquiring 120 Silverliner V rail cars to replace vehicles which are 45 to 49 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.

Capital Improvement Program

State of Good Repair Initiatives

This program is designed to bring transit and railroad facilities to a state of good repair. Fiscal Year 2012 projects included in this program are categorized as follows:

Maintenance/Support Facilities

- Installation of fire detection systems at Bridge Street Shop, Frontier Depot and Market East Station.
- Environmental Clean Up and Protection activities.
- Replacement of four rectifier transformers at Pattison and Loudon Substations.

Station Facilities

- Standardization of station escalators.
- Train access accommodations for the new Silverliner V railcars.

Track and Right of Way

- Track renewal on trolley route 13 along Chester Avenue from 58th street to 65th street.
- Route 15 improvements along Richmond Avenue in conjunction with PennDot's Interstate 95 Girard Avenue Interchange Construction Project.

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 were completed in Calendar Year 2011. Improvements at Race-Vine Broad Street Subway Station are underway and scheduled for completion in Calendar Year 2013. Funding for the construction of an elevator at 15th and Market Streets and station platform improvements at Olney Station on the Broad Street Subway is also programmed.

Station and Parking Improvements Program

This program provides for the reconstruction or rehabilitation of transit and regional rail stations and terminals, bus/trolley loop facilities, transportation centers and parking expansions/improvements. Program elements include the replacement or rehabilitation of station and loop facility components, such as station buildings, ticket offices and waiting rooms, passenger shelters, canopies, platforms, crosswalks and overpasses, escalators and elevators, lighting, signage, and accessible paths. All improvements will fully comply with requirements of the Americans with Disabilities Act of 1990. Programmed for Fiscal Year 2012 are funds for the reconstruction of Primos Station on the Media/Elwyn Regional Rail Line; Reconstruction of Ryers Station on the Fox Chase Regional Rail Line; and 69th Street Station Platform Renewal on the Norristown High Speed Line.

Capital Improvement Program

System Improvements Program

Information Technology

- Improvements to SEPTA's communications infrastructure; construction of a backup network server farm site; replacement of aged desktop systems, network servers and peripheral equipment; upgrade and purchase of computer software business applications
- Improvements to system security across computer platforms
- Enhancements to SEPTA's Internet web site

Radio Narrowbanding/New Radio Frequencies

- Replacement and reconfiguration of SEPTA's existing radio communications system for all Regional Rail lines. New narrowband will enable SEPTA's existing radio communications system to conform with Federal Communications Commission's (FCC) guidance
- Rehabilitation/renovation of a radio tower that will enable SEPTA's existing radio communications system to establish new radio frequency efficiency standards

Route 101 & 102 Trolley Line Signals/Interlocking Improvements

- Provide for a 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 the new rail-highway at-grade crossing systems

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 provides 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 bus vehicles has 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.

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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.
FTC - Frankford Transportation Center.
FTE - Full-Time Equivalent Position.

Glossary of Acronyms

G

GASB – Government Accounting Standards Board.
GFOA – Government Finance Officers Association

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.
MDBF - Mean Distance Between Failures
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.
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.
NTP – New Payment Technology
NTP – Notice to Proceed

O

OEM - Original Equipment Manufacturer.

Glossary of Acronyms

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.

U

UCP - PA Unified Certification Program.
UTU 61 - United Transportation Union Local 61 – Conductors and Assistant Conductors.
UTU Local 1594 - United Transportation Union Local 1594 – Victory Division Operators.

V

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

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Glossary

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.

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.

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CCT Connect - SEPTA Customized Community Transportation (CCT) provides paratransit service — CCT Connect — to individuals with disabilities and senior citizens. In addition, SEPTA's bus fleet is 100% accessible.

CMAQ (Congestion Mitigation/Air Quality) Program - A federal grant program in which FHWA funds are transferred to FTA for transit projects designed to improve air quality and reduce traffic congestion.

Commuter Rail - Local and regional passenger train operations between a central city, its suburbs and/or another central city. It may be either locomotive-hauled or self-propelled, and is characterized by multi-trip tickets, specific station-to-station fares, railroad employment practices and usually only one or two stations in the central business district. Also referred to locally as Railroad, Regional Rail and RRD.

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.

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.

Glossary

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.

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.

Glossary

G

Government Finance Officers Association Mission Statement (GFOA)

The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

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.

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.

Glossary

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.

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”.

Glossary

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.

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

Glossary

currently consists of three variations—Silverliner II, III, and IV. These railroad cars feature stainless steel construction and represent the majority of SEPTA’s railroad fleet.

Streetcar - See “Trolley”.

Subsidy - Funds received from another source that are used to cover the cost of a service or program that is not self-supporting.

Subway-Surface Lines - A combination of five trolley lines serving various neighborhoods in West Philadelphia or nearby suburban communities above ground, reaching Center City Philadelphia through a subway tunnel partially shared with the Market-Frankford Line.

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

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”.