

FISCALYEAR 2014 OPERATING BUDGET & FISCALYEARS 2015 TO 2019 FINANCIAL PROJECTIONS













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, 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

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



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> General Manager Joseph M. Casey

To: Pasquale T. Deon, Sr., Chairman

From: Joseph M. Casey preph of Case

Subject: Fiscal Year 2014 Operating Budget

Date: December 20, 2013

cc: SEPTA Board Members

I am pleased to present the Southeastern Pennsylvania Transportation Fiscal Year 2014 Operating Budget to Board Members, customers and stakeholders.

Our region recently breathed a collective sigh of relief with the passing of a State transportation funding bill that will significantly increase SEPTA's capital budget and enable us to tackle many of the state of good repair projects on our "urgently need to complete" list. Harrisburg's decisive action means that the Authority will not have to act on the System Realignment Proposal that would have devastated our rail system and severely impacted transportation throughout the Delaware Valley.

Even with funding uncertainties this year, SEPTA was able to surpass previous milestones and achieve new economies. Ridership on Regional Rail was at its highest point in history. We anticipate this strong ridership growth to continue through Fiscal Year 2014 and beyond as the economy continues to rebound and further improvements to our system are made. On time performance across all vehicle modes showed significant improvement, thanks in large part to a 4.4% jump on Regional Rail, including several days with 100 percent RRD on time performance. New vehicles — 120 Silverliner-V railcars replaced half-century old Silverliner-II and III models, targeted infrastructure repairs and enhanced operational coordination each played an important role in achieving this key customer service objective.

SEPTA's core focus continues to be the delivery of safe, courteous, convenient, and dependable public transit services to the residents of our region. Our FY 2014 Operating Budget will continue to follow the precepts established in the Authority's Five Year Strategic Business Plan and will follow the same fiscal discipline that has allowed us to have a balanced budget for 14 consecutive fiscal years. The \$1.283 billion Operating Budget does not include any significant changes in service levels but it does include a fare increase, which went into effect July 1, 2013, in keeping with the recommendations of the Pennsylvania Transportation Funding and Reform Commission.

Included with the increase were elemental fare policy changes and streamlining in anticipation of the Authority's monumental effort to upgrade an antiquated legacy fare collection system and implement a new, technology driven fare payment program, New Payment Technology (NPT). The NPT initiative will alter the revenue process on all modes including bus, trolley, high speed, subway/elevated and railroad as well as SEPTA parking facilities. Ultimately, tokens, paper transfers, paper passes, and railroad-only tickets will be discontinued and replaced with a variety of payment options including SEPTA branded contactless cards, credit or debit cards (with contactless chips), Near Field Communication Technology (NFC) enabled smart phones, or cash. It is important to note that no other transit operation has attempted such a complex, multi-modal changeover, and SEPTA will be at the forefront of the industry with this initiative.

In addition to farebox revenue, SEPTA aggressively pursues other alternative sources of revenue including website, billboard, and vehicle interior and exterior "wrap" advertising. Revenue from advertising alone is expected to exceed \$14 million in 2014. SEPTA's two year old, single stream source-separated recycling program for waste materials and construction debris has also become an income generator and avoids expensive waste hauling and landfill charges.

Among the many cost-saving initiatives scheduled for Fiscal Year 2014, is a commitment to energy conservation and reduced emissions. In October, SEPTA published a comprehensive plan to reduce the levels of energy consumption and associated emissions from its vehicles and facilities. A total of 18 initiatives are expected to save more than \$2.2 million per year and avoid over 100 million pounds of carbon dioxide emissions in the region. Included in our resource efficiency plan are programs for wayside energy storage, the utilization of regenerative braking energy on railcars, and the procurement of alternative energy vehicles. SEPTA's fleet of hybrid-electric buses is 40% more fuel efficient than its diesel fleet. Thanks to additional competitive federal grant funding from the Federal Transit Administration, the fuel saving benefits of hybridelectric technology will be extended to 160 new 40 and 60 foot buses scheduled to begin delivery in early 2014. By mid-2015, nearly one-half of our 1,350 bus fleet will have hybrid-electric technology. On the electrical power side, SEPTA recently procured electrical power through a competitive procurement process and entered into a threeyear contract with PPL EnergyPlus to provide the majority of our propulsion power as well as other electrical services at significant savings.

In 2011, when the SEPTA Board adopted its first Sustainability Plan, the concept of "triple bottom line" was introduced to the organization. This concept accounts for environmental, social, and economic impacts and incorporates these tenets into our corporate vision, mission, and core values. The benefits of a triple bottom line approach to sustainability were exemplified recently by the Berridge Bus Overhaul Facility and Print Shop achieving ISO 14001:2004 certification. SEPTA is one of just eight transit agencies in the country to comply with environmental standards set forth by the International Organization of Standardization.

As part of SEPTA's ongoing efforts to enhance the fundamental customer experience, the partnership with Comcast was recently expanded to include free WiFi access at more than 60 rail stations. The Authority is one of the first transit agencies in the nation to provide WiFi for a highly mobile and tech savvy customer base. Recognizing the need to provide riders with ready access to service and travel information, the first free official SEPTA App for iPhone was created. Designed and built by members of staff, this product offers users popular features available on the SEPTA website including Next To Arrive, TrainView, and TransitView as well as schedules for all modes of travel. A new tool, Find Nearest Location, utilizes GPS to provide customers with the closest SEPTA services, such as stations and transit routes through the app.

In June, SEPTA received accolades from the US Golf Association for the transit services we provided for the U.S. Open golf tournament held at Merion Country Club. The Authority carried over 75,000 golf enthusiasts on the Norristown High Speed Line and welcomed event attendees, including many first time customers, to our Regional Rail service. SEPTA's exemplary performance at the 2013 U.S. Open serves as a reminder that public transit is an efficient and valuable asset for venues that attract large crowds to sporting and entertainment events and other large scale regional activities.

SEPTA continues to be a dynamic economic engine for the Commonwealth of Pennsylvania. A recent study conducted by the Economy League of Greater Philadelphia examined the Authority's stewardship of public funds, economic impact in relation to its revenues and expenditures, and its ranking when compared to industry peers and Commonwealth agencies. The study found SEPTA provides more returned value for the level of funding it receives than any other transit agency statewide based on ridership. It also found we support nearly 26,000 jobs, generate \$62.5 million in state tax revenues, and contribute over \$3 billion in economic impact. As local economist Richard Voith states, "SEPTA has proven to be an exemplary steward of public funds and continues to be a wise investment for the state." A related study released by Econsult Solutions Inc., revealed that each household in Bucks, Chester, Delaware and Montgomery Counties with SEPTA Regional Rail services, benefits by about \$7,900 or \$6 billion in total property value. Housing values in communities in close proximity to stations with parking and frequent service were found to be \$30,000 higher than similar houses located more than three miles away from a station.

SEPTA's Fiscal Year 2014 Operating Budget reflects a steadfast commitment to provide safe, reliable, and sustainable public transportation service to the Southeastern Pennsylvania region. We continue to focus on aggressively controlling costs, pursuing non-traditional revenue sources, and demonstrating that we are a dependable steward of public funds. SEPTA is a wise investment for the Commonwealth of Pennsylvania and that investment benefits all residents within our service region and across the state. With the long-term transportation funding bill now in place, we can re-energize our efforts to address our aged and deteriorated transit infrastructure and improve service and convenience for our customers with certainty.



SEPTA FY 2014 Budget Table of Contents

| PREF | ACE GFOA Award | 1 |
|------|---|----|
| | SEPTA Board Members and Officers | |
| | General Manager's Memorandum | |
| I. | INTRODUCTION AND PROFILE | |
| | Introduction and Profile | 9 |
| | Map of SEPTA Regional Rail and Transit System | 10 |
| | Strategic Business Plan | 11 |
| | Population and Trends | 16 |
| | Ridership and Statistics | 18 |
| | Passenger Profile | 19 |
| | Customer Satisfaction Survey | 21 |
| | Summary of Assumptions | 23 |
| | Fiscal Year 2014 Consolidated Budget | 24 |
| II. | FINANCIAL AND BUDGETARY POLICIES | |
| | Financial Policies | 25 |
| | Revenue Policies | 26 |
| | Expenditure Policies | 27 |
| | Reserve and Financing Policies | 28 |
| | Debt Service Requirements | 30 |
| | Statement of Changes in Equity | 31 |
| | Fiscal Year 2014 Budget Calendar | 32 |
| | Annual Budget Process | 33 |
| | Key Activities in the Budget Process | 34 |
| III. | ORGANIZATIONAL STRUCTURE | |
| | Organizational Structure | 35 |
| | Operating and Staff Departments | 36 |
| | General Manager Team Organization Chart | 38 |
| IV. | OPERATING GOALS AND PERFORMANCE EVALUATION MEASURES | |
| | Financial Performance Goals and Measures | 39 |
| | Productivity Goals and Measures | 41 |
| | Safety Goals and Measures | 42 |
| | Staffing Ratios | |
| | Service Delivery Goals and Measures | 45 |



SEPTA FY 2014 Budget Table of Contents

| V. | THREE YEAR COMPARISON FISCAL YEARS 2012-2014 | |
|-------|--|----|
| | FY 2012 and FY 2013 Consolidated Actual and FY 2014 Budget | 47 |
| | FY 2012 and FY 2013 City Transit Division Actual and FY 2014 Budget | 48 |
| | FY 2012 and FY 2013 Victory Division Actual and FY 2014 Budget | 49 |
| | FY 2012 and FY 2013 Frontier Division Actual and FY 2014 Budget | 50 |
| | FY 2012 and FY 2013 Regional Rail Division Actual and FY 2014 Budget | 51 |
| VI. | FINANCIAL PROJECTIONS | |
| | Summary of Assumptions | 53 |
| | Financial Projections Consolidated Budget | 54 |
| VII. | OPERATING REVENUE AND SERVICE PLAN OVERVIEW | |
| | Annual Service Plan Overview | 55 |
| | Revenue Assumptions by Category | 56 |
| | Ten Year Revenue Trends | 57 |
| | Summary of Operating Revenue | 58 |
| VIII. | OPERATING SUBSIDIES | |
| | Subsidy Allocation and Detail | 59 |
| | Service Stabilization Fund | 62 |
| | Consolidated Detail of Subsidies | 63 |
| | Summary of Operating Subsidies | 64 |
| | Local Subsidies by County | 65 |
| IX. | OPERATING EXPENSES | |
| | Expense Assumptions by Category | 67 |
| | Ten Year Expense Trends | 68 |
| | Summary of Operating Expenses | 71 |
| | FY 2014 Budget – Detail of Expenses | 72 |
| | FY 2014 Budget - Allocation By Company | 73 |
| | FY 2013 Actual – Detail of Expenses | 74 |
| | FY 2012 Actual – Detail of Expenses | 75 |



SEPTA FY 2014 Budget Table of Contents

| Х. | HEADCOUNT AUTHORIZATIONS | |
|-------|--|-----|
| | Headcount Designations | 77 |
| | FY 2014 Headcount Authorization | 78 |
| | FY 2010-2014 Headcount Authorization | 79 |
| | Cause of Change | 80 |
| XI. | DEPARTMENTAL SUMMARIES BY DIVISION | |
| | Corporate Staff | 86 |
| | Operations/Engineering, Maintenance and Construction | 93 |
| | Operations | 101 |
| | Engineering, Maintenance and Construction | 118 |
| | Audit, Safety and Investigative Services | |
| | Business Services | |
| | Customer Service and Advocacy | 140 |
| | Finance and Planning | 147 |
| | Human Resources | 159 |
| | Legal, Real Estate and Claims | |
| | Public and Government Affairs | 174 |
| XII. | INTERDEPARTMENTAL | |
| | Fringe Benefits | 181 |
| | Non-Departmental Expense | 184 |
| | CCT Connect ADA and Shared Ride Programs | 185 |
| | Job Access and Reverse Commute Program | 186 |
| | Other Operating Expenses | 187 |
| XIII. | CAPITAL IMPROVEMENT PROGRAM | |
| | Capital Investment Categories | 189 |
| | Capital Projects Impact Analysis on the Operating Budget | 190 |
| | Fiscal Year 2014 Capital Investments | 191 |
| | Fiscal Year 2014 to 2017 Capital Investment Plan | 192 |
| | Capital Sources of Funds | 193 |
| G | LOSSARY | |
| | Acronyms | 195 |
| | Terms | 199 |

I. 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:

- 119 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 Delaware, Trenton, New Jersey and 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 are 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





I. Introduction and SEPTA Profile

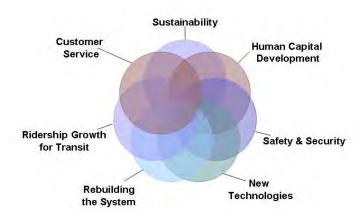


SEPTA Strategic Business Plan

SEPTA, through its Five-Year Strategic Business Plan, has defined its vision, set its strategic direction and makes 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:

- 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 uses the plan as a mechanism to inform and assure stakeholders of the organization's successes and the management's ability to direct the business. This is accomplished by reporting its progress every six months through fourteen established key performance indicators. In many areas, SEPTA has thrived. Ridership has steadily grown across all modes, in part a reflection of transit's increasing global recognition as an economically sensible and environmentally responsible choice for transportation. For SEPTA, ridership growth is also a trend that underscores the success of targeted customer initiatives designed to improve the -4 C's" of SEPTA's service: cleanliness, communication, courtesy, and convenience. The fourteen indicators are labeled on the following pages.

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.





Listed below are the results for the 14 Strategic Business Indicators for the six month period January 1, 2013 to June 30, 2013:

| | Six-Month Report on Corporate Key Performance Indicators FY2010-2014 Strategic Business Plan Strategic Business Planning | | | | | | | | | | | |
|-----|--|------------------|----------------|-------------------|---------------------------------|------------------|-----------------------|------------------------------|--|--|--|--|
| | eastern Pennsylvan | | | ation A | uthori | ty | | | | | | |
| No. | Metric | | | | | | | | Notes | | | |
| | | Customer Service | Sustainability | Safety & Security | Ridership Growth for Transit | New Technologies | Rebuilding the System | Human Capital Development | Most Recent Reporting Period | | | |
| 1 | Achieve system- wide on-time performance at 90% | х | | | | | | | Goal achieved for reporting period: System-wide OTP increased by 1.3 percentage points in FY2013. After successive years of limited gains, OTP improved dramatically in FY2013 thanks in large part to a 4.4 percentage point jump on Regional Rail. | | | |
| 2 | Increase commendations by 20% per year | x | | | | | | | Goal not achieved for reporting period: Commendations decreased by 19.4 percent in FY2013 compared to FY2012. FY2013 commendation totals are still 29.3 percent above the FY2009 baseline. | | | |
| 3 | Reduce carbon footprint by 5% per year | | х | | | | | | Goal not achieved for reporting period: However, progress made, with CY2012 GHG intensity improving by 2.74 percent per passenger mile, 3.42 percent per vehicle mile, and 2.30 percent per revenue vehicle hour compared to CY2011. | | | |
| 4 | Achieve 90% of major TOD project deadlines within 90 days | | х | | | | | | Goal achieved for reporting period: Key initiatives in FY2013 included: 1) Participation in station-area planning processes at multiple stations; and 2) Development of a new TOD database to evaluate station area development potential and enable SEPTA to make its own assessments on the connection between station improvements, real estate potential, and land use planning. | | | |





| Six-Mo | Six-Month Report on Corporate Key Performance Indicators | | | | | | | | | | |
|--------|--|----------------|-------------------|---------------------------------|------------------|-----------------------|------------------------------|------------------------------|---|--|--|
| | 0-2014 Strategic Bu | | | CHOIN | idilee i | iidicat | J13 | | Strategic Business Planning | | |
| | eastern Pennsylvani | | | ation <i>A</i> | Authori | ity | | | | | |
| No. | Metric | | | Notes | | | | | | | |
| | Customer Service | Sustainability | Safety & Security | Ridership Growth for Transit | New Technologies | Rebuilding the System | Human Capital Development | Most Recent Reporting Period | | | |
| 5 | Reduce accidents for customers and employees by 5% per year | | | x | | | | | Goal not achieved for reporting period: However progress made, with performance improving by 3.3 percent in FY2013 compared to FY2012. Performance improvements are a function of several safety-focused initiatives established by the System Safety Department, including: 1) "Safety Focus" workshops; 2) an employee education and awareness campaign called "Never too busy for safety"; and 3) a hazard assessment and mitigation program called "Adopt-a-shop". Additionally, SEPTA has worked to improve safety conditions by adopting a more conservative approach to operating service during extreme weather events. | | |
| 6 | Increase customer satisfaction level relating to safety & security perception by 10% | | | х | | | | | Goal achieved for reporting period: SEPTA's FY2012 Customer Satisfaction Survey yielded a 7.2 out of 10 rating for customer perception of safety & security, down 0.2 percentage points from the FY2010 score of 7.4, but still 16.1 percent above its 6.2 out of 10 baseline rating from FY2008. | | |
| 7 | Achieve 1% ridership growth per year | | | | x | | | | Goal not achieved for reporting period: Ridership declined by 0.6 percent in FY2013, a total of two million trips below FY2012. This decline is attributed to the two days of service interrupted by Superstorm Sandy on October 29 and 30, 2012. Without the two lost weekdays of service, ridership levels would have largely mirrored FY2012. Ridership remains 2.3 percent above the FY2009 baseline, representing 0.6 percent average annual growth. Ridership on Regional Rail achieved an all-time high of more than 36 million trips. | | |





| | Six-Month Report on Corporate Key Performance Indicators FY2010-2014 Strategic Business Plan Strategic Business Planning | | | | | | | | | | |
|-------|--|------------------|----------------|-------------------|---------------------------------|------------------|-----------------------|------------------------------|---|--|--|
| South | eastern Pennsylvani | a Tra | nsport | ation A | Authori | ity | | | | | |
| No. | Metric | | | Notes | | | | | | | |
| | | Customer Service | Sustainability | Safety & Security | Ridership Growth for Transit | New Technologies | Rebuilding the System | Human Capital Development | Most Recent Reporting Period | | |
| 8 | Introduce 1 new major service initiative per year to serve new markets | | | | X | | | | Goal achieved for reporting period: Three new service initiatives were enacted in FY2013: 1) Route 92 rationalization of peak and off-peak routings through West Chester for simplification and improved service coverage, implemented September 2012; 2) Route 3 weekend service to Smith Memorial Playground, implemented in June 2013; and 3) Routes R and 56 service to Bakers Centre. | | |
| 9 | Introduce 1 new technology initiative per year for operational efficiencies | | | | | х | | | Goal achieved for reporting period: Two key new technology initiatives were completed in FY2013: 1) Veritas, a collaboration between the Information Technology Department and Customer Service Division, has replaced the CARES database for tracking customer notifications with an open-source application that is fully automated and customizable; 2) A new storage area network (SAN) has been installed to provide synchronized redundancy of all SEPTA digital media, replacing a server that was out of date and unmaintainable. | | |
| 10 | Achieve 90% of major deadlines within 90 days relating to new payment system | | | | | х | | | Goal not achieved for reporting period: Seven of nine key project milestones were met within 90 days of the deadline in FY2013. | | |
| 11 | Achieve 80% of all major deadlines within 90 days of goal | | | | | | х | | Goal achieved for reporting period: 50 of 59 major capital project milestones were met during FY2013. | | |





| | Six-Month Report on Corporate Key Performance Indicators | | | | | | | | | | |
|-----|---|------------------|----------------|-------------------|---------------------------------|------------------|-----------------------|--|--|--|--|
| | 0-2014 Strategic Bus eastern Pennsylvani | | | ation / | \uthori | itv | | | Strategic Business Planning | | |
| No. | Metric | a 11a | пэроп | | Notes | | | | | | |
| | | Customer Service | Sustainability | Safety & Security | Ridership Growth for Transit | New Technologies | Rebuilding the System | Human Capital Development Most Recent Reporting Period | | | |
| 12 | Introduce 5 new green technologies per year | | | | | | x | | Goal achieved for reporting period: Five key green technology initiatives were completed in FY2013: 1) A comprehensive Energy Action Plan was published in November 2012; 2) regenerative braking was activated on the Broad Street Line to save energy created by braking trains; 3) A contract was awarded to ABB Envitech to install the second wayside energy storage system on the Market Frankford Line; 4) five new compactors were added to expand and improve the collection of source separated recyclable materials across the system; 5) new recycling cans were purchased to improve source separation of recyclables at Frankford Transportation Center (FTC) and the Broad Street Line. | | |
| 13 | Achieve increased customer service training attendance by 5% per year | | | | | | | x | Goal achieved for reporting period: 162 additional supervisory, advisory, and management (SAM) employees received customer service training during FY2013, 8.8 percent of SAM population. Cumulatively, 706 (38 percent) of 1850 SAM employees have received customer service training over the three fiscal years since the FY2010 baseline (Note: the cumulative total does not adjust for double counting employees that have received customer service training on multiple occasions). | | |
| 14 | Reduce turnover rate by 10% for front-line employees | | | | | | | x | Goal achieved for reporting period: New hire operator turnover for the six months ending June 30, 2013 was 18.2 percent. Combined with the turnover rate from the six months ending December 31, 2012 of 19.4 percent, the FY2013 overall new hire turnover rate was 18.7 percent, a 31.6 percent improvement over the FY2009 baseline of 24.6 percent. | | |

I. 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 Bureau, 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 between 1980 and 2000, in the most recent 10-year period between 2000 and 2010 the City recorded its 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.

| South | Southeastern Pennsylvania Population – U.S. Census (1980-2010) | | | | | | | | | | | |
|----------------------|--|-----------|-----------|-----------|-------------------|----------------------|--|--|--|--|--|--|
| County | 1980 | 1990 | 2000 | 2010 | Δ '80-,,10 | %∆ '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: U.S. Census Bureau

The Delaware Valley Regional Planning Commission (DVRPC) projects that regional population growth will continue. Current projections indicate that from years 2010-2040, the five-county region will see overall population growth of 11.5 percent (net gain of 460,544 residents), reflecting expectations for double-digit growth in Bucks, Chester, and Montgomery Counties, and single-digit growth in Philadelphia and Delaware Counties.

| Southeastern Pennsylvania Population Forecast – DVRPC (2010-2040) | | | | | | | | | | | |
|---|-----------|------------------|-------------------|--------------------|--|--|--|--|--|--|--|
| County | 2010 | 2040 Forecast | Δ '10-,,40 | %∆ '10-,,40 | | | | | | | |
| Bucks | 625,249 | 727,150 | 101,901 | 16.3% | | | | | | | |
| Chester | 498,886 | 647,330 | 148,444 | 29.8% | | | | | | | |
| Delaware | 558,979 | 569,982 | 11,003 | 2.0% | | | | | | | |
| Montgomery | 799,874 | 894,487 | 94,613 | 11.9% | | | | | | | |
| Philadelphia | 1,526,006 | 1,630,589 | 104,583 | 6.9% | | | | | | | |
| Five-County Total | 4,008,994 | 4,469,538 | 460,544 | 11.5% | | | | | | | |

I. Introduction and SEPTA Profile



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 percent 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 percent 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.

Zero-Vehicle Households By Metropolitan Area

| Metropolitan Area | Zero-Vehicle Households | 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-Freemont | 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. In November 2013, the Paseo Verde complex, a \$48 million mixed use redevelopment project, was completed 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. 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.

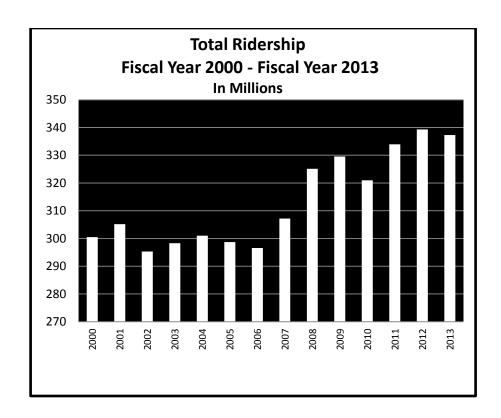


SEPTA Ridership and Operating Statistics

In Fiscal Year 2013, SEPTA experienced a slight decline in system-wide ridership: 0.6%. Regional Rail ridership, however, grew 2.2 % and Suburban Transit (Victory and Frontier Divisions) grew 0.9 %. Compared to Fiscal Year 2012, average daily unlinked passengers remained level in City Transit Division and increased 3.3% in Regional Rail Division and 2.9 % in Suburban Transit.

| SEPTA Fiscal Year 2013 Operating Facts | | | | | | | | | |
|---|---------------|--|--|--|--|--|--|--|--|
| Annual Unlinked Trips | 337.3 Million | | | | | | | | |
| Annual Passenger Miles | 1.5 Billion | | | | | | | | |
| Annual Vehicle Miles | 99.2 Million | | | | | | | | |
| Revenue Vehicles | 2,772 | | | | | | | | |
| Fixed Routes | 145 | | | | | | | | |
| Stations | 281 | | | | | | | | |
| Number of Bus /Trolley Stops & Stations | 13,817 | | | | | | | | |

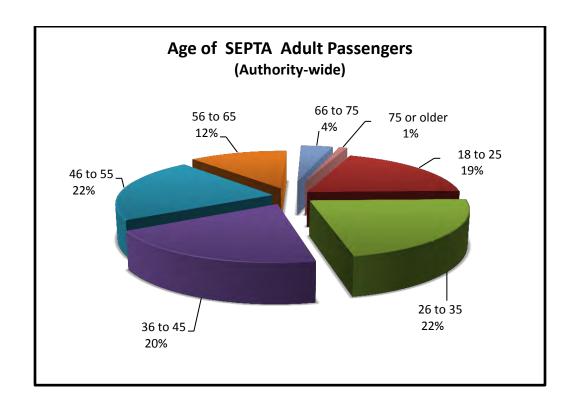
❖ 30 million more annual trips taken in FY 2013 than in FY 2007

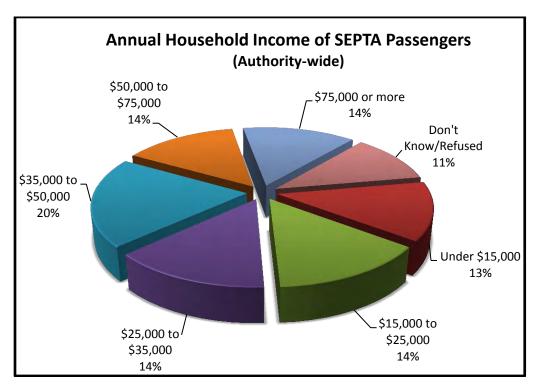




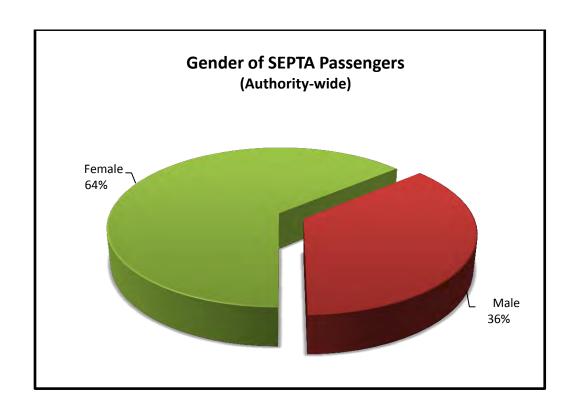
SEPTA Passengers

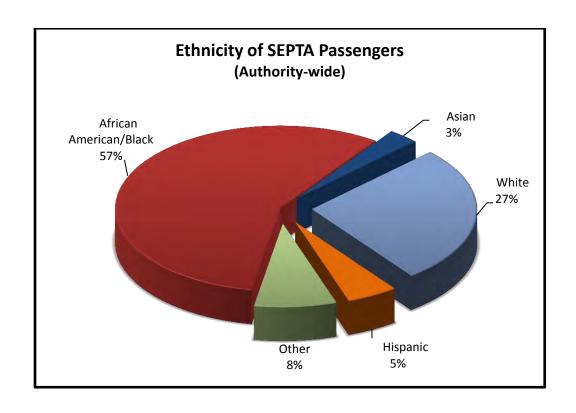
The following charts serve to illustrate the typical SEPTA customer. The demographic data was recorded and compiled as part of the SEPTA 2012 Customer Satisfaction Survey.











I. Introduction and SEPTA Profile



SEPTA Customers

SEPTA contracted with a consultant to conduct a SEPTA Customer Satisfaction Survey between the period November 24, 2012 to December 30, 2012. During the survey period, 1,616 interviews were completed. Only persons aged 18 or older were interviewed during the process, therefore all exhibits represent adult passengers.

The following outlines the criteria used in the survey:

- ❖ Phone Survey period: November 24, 2012 through December 30, 2012
- Random digit dialing across the region until non-rider quota was met
- ❖ 4,917 Customers provided phone numbers when intercepted at SEPTA locations
- Interviewed 1,616 people
 - o 1.210 Riders
 - o 406 Non-Riders
- Completed 2,822 sets of questions on specific modes for riders and on SEPTA overall non-riders
- Organized the rider survey questions around the SEPTA 4Cs:
 - Communications
 - Cleanliness
 - Courtesy
 - Convenience
 - And, Personal Security

Survey Results

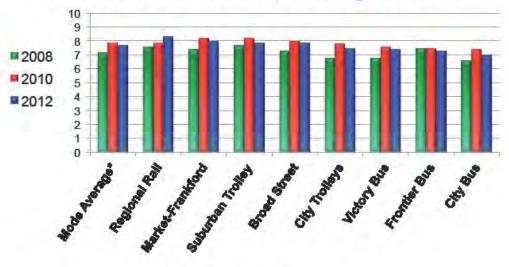
SEPTA customers experienced a slightly lower rate of overall satisfaction from the previous survey conducted in 2010. On a scale of 0 to 10, with 10 being the best possible rating, the overall mode average for SEPTA was 7.7 in 2012, compared to 7.9 in 2010.

The slight decline is partly attributed to the fact that 45% of the 2012 respondents indicated they "expect more from SEPTA" than they did in 2010. This raised level of expectations is not surprising, given how SEPTA's well documented achievements since 2010 have fueled a general positive change in public perception.

The next survey will be conducted in December 2014 and these statistics will be updated once the data is compiled and report complete. The following charts display the results from the 2012 Customer Satisfaction Survey, with Regional Rail riders experiencing an overall improvement in the quality of their SEPTA experience.



Overall Performance by Mode



*2008 – Average of Averages, 2010, 2012 – Average of Ratings

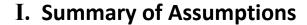
Overall Performance by Mode

| | | '08 | '10 | '12 | Diff. | Statistical Significance |
|---|----------------------|-----|-----|-----|-------|-----------------------------|
| | Mode Average - SEPTA | 7.2 | 7.9 | 7.7 | -0.2 | * |
| + | Regional Rail | 7.6 | 7.9 | 8.3 | 0.4 | * |
| | Market-Frankford | 7.4 | 8.2 | 8.0 | -0.2 | NS |
| | Suburban Trolley | 7.7 | 8.2 | 7.9 | -0.3 | NS |
| | Broad Street | 7.3 | 8.0 | 7.9 | -0.1 | NS |
| | City Trolleys | 6.8 | 7.8 | 7.5 | -0.3 | NS |
| | Victory Bus | 6.8 | 7.6 | 7.4 | -0.2 | NS |
| | Frontier Bus | 7.5 | 7.5 | 7.3 | -0.2 | NS |
| _ | City Bus | 6.6 | 7.4 | 7.0 | -0.4 | * |

The Statistical Significance column notes whether the change in rating falls within the statistical margin of error based on the number of survey respondents who answered that question.

Greatest increase from '10
Greatest decrease from '10

Diff. – 2010 vs. 2012 NS – Not significant





This document presents the Fiscal Year 2014 Operating Budget. The Fiscal Year 2012 and Fiscal Year 2013 actual results are utilized for comparison throughout this budget document.

Service The Fiscal Year 2014 Operating Budget of \$1.28

billion in operating expenses includes minor changes to transportation service as compared to Fiscal Year

2013.

Revenue Passenger revenue is projected to increase by \$33

million or 5.5% in FY 2014. Ridership, however, is projected to decrease 2% for Unlinked Passenger Trips, due to a fare increase. A decrease is projected in Shared Ride Revenue. Other Income is expected to increase slightly, primarily driven by advertising

income.

Expenses Expenses total \$1.28 billion.

State and Local Subsidy Fiscal Year 2014 state and local subsidies include 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 2014

will increase slightly to \$36 million. This category also includes Federal Capital Lease and Debt Service

Subsidy of \$37 million.



I. Fiscal Year 2014 Consolidated Budget

| Amounts in Thousands ('000) | | FY 2014 <u>Budget</u> |
|----------------------------------|-----------|--------------------------|
| REVENUE | | |
| Passenger Revenue | \$ | 474,950 |
| Shared Ride Program | | 18,584 |
| Other Income | | 34,150 |
| Investment Income | | 1,000 |
| TOTAL OPERATING REVENUE | \$ | 528,684 |
| EXPENSES | | |
| Labor | \$ | 559,143 |
| Fringe Benefits | | 339,215 |
| Materials and Services | | 232,984 |
| Injuries & Damage Claims | | 43,200 |
| Propulsion Power | | 36,000 |
| Fuel | | 46,412 |
| Vehicle and Facility Rentals | | 2,810 |
| OPERATING EXPENSE | \$ | 1,259,764 |
| Depreciation/Contributed Capital | \$ | 23,000 |
| TOTAL EXPENSES | \$ | 1,282,764 |
| DEFICIT BEFORE SUBSIDY | <u>\$</u> | (754,080) |
| SUBSIDY SOURCE | | |
| Federal | \$ | 72,975 |
| State | · | 594,561 |
| Local | | 83,686 |
| Other | | 2,858 |
| TOTAL SUBSIDY | \$ | 754,080 |
| SURPLUS/(DEFICIT) | \$ | - |



FINANCIAL PLANNING POLICIES

Balanced Budget

The Board adopts a balanced budget or short term operating spending plan, 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 transportation 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 nonoperating 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 budgeted expenses. Such costs are included in operating expenses in the annual financial statements.





Long Range Planning

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

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 (GAAP). 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 Authority. 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.



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.

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 Operating Budget and General Accounting Departments of the Finance and Planning 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 Board approval.

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.





Revenue Refunding Bonds

The Revenue Refunding 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 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 March 2007, the Authority issued \$131.7 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 net proceeds of the 1997 bonds had been 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 December 2012, the Authority converted the \$97.95 million remaining outstanding principal amount of the 2007 bonds from the Daily Rate Mode to the Indexed 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 ranging 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. The net proceeds of the 1999 Bonds had been 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; refund \$73.2 million of the 1995A Bonds; 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.



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 are being 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 5337 State of Good Repair Funding, and for each Federal Fiscal Year thereafter. FTA Section 5337 State of Good Repair Funding is the successor to FTA Section 5309 Fixed Guideway Modernization Formula Funding.

New Payment Technology Loan

On March 29, 2012, the Authority entered into an agreement with PIDC Regional Center LP XXVIII for a low cost, construction-like loan for an amount not to exceed \$175 million to fund the NPT project. The NPT project will modernize SEPTA's current fare payment system by allowing direct fare with a variety of contactless devices including debit cards, credit cards and smart phones. The loan was made available to SEPTA under guidelines of the U.S. Immigrant Investor Program, sponsored by the United States Citizenship and Immigration Services (USCIS). The loan has three separate tranches of \$35 million, \$75 million and \$65 million and is being drawn down over a period of approximately three years. This is an interest only loan with maturities ranging between 5 and 6 years. The Authority anticipates utilizing Federal Grants to repay the loan as each tranche matures.



Debt Service

The Authority has two series of Revenue Refunding Bonds issued in (2007 and 2010), and a series of Capital Grant Receipts Bonds (issued in 2011), currently outstanding. Additionally, in March 2012 the Authority entered into a loan agreement to fund the construction of its New Payment Technology project (-NPT").

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.

Debt Service Requirements (Amounts in Thousands)

| | (Allibulits III I | iiousaiius <i>j</i> | |
|-------------|-------------------|---------------------|---------------------|
| | | | Total |
| Year Ending | | | Debt Service |
| June 30 | Interest * | Principal | Requirements |
| 2014 | 22,522 | 28,730 | 51,252 |
| 2015 | 21,382 | 30,005 | 51,387 |
| 2016 | 20,139 | 31,180 | 51,319 |
| 2017 | 18,660 | 36,590 | 55,250 |
| 2018 | 17,112 | 34,075 | 51,187 |
| 2019 | 15,440 | 35,670 | 51,110 |
| 2020 | 13,612 | 37,455 | 51,067 |
| 2021 | 11,715 | 31,700 | 43,415 |
| 2022 | 10,098 | 33,230 | 43,328 |
| 2023 | 8,349 | 22,185 | 30,534 |
| 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 | <u>16,270</u> | 17,068 |
| TOTAL | <u>\$ 183,387</u> | \$ 464,530 | \$ 647,917 |

^{*} Interest on the Series 2007 Bonds is a synthetic fixed rate of 4.706 %.



Fund Balances

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

| | Statement of Changes In Equity | | | | | | | |
|--|--------------------------------|-----------|----|-----------|----|-----------|--|--|
| Amounts in thousands ('000) | | | | | | | | |
| | | FY 2012 | | FY 2013 | | FY 2014 | | |
| Contributed Capital: | | Actual | | Actual | | Budget | | |
| Balance at Beginning of Year | \$ | 3,439,627 | \$ | 3,365,123 | \$ | 3,267,354 | | |
| Capitalized Grant Property | | 236,217 | | 214,670 | | 213,540 | | |
| Capitalized Grant Property - Retirements | | (13,513) | | (40,157) | | (38,149) | | |
| Amortization | | (310,721) | | (309,580) | | (307,955) | | |
| Amortization - Retirements | | 13,513 | | 37,298 | | 37,849 | | |
| Contributed Capital Balance at End of Year | \$ | 3,365,123 | \$ | 3,267,354 | \$ | 3,172,639 | | |
| Operating Surplus/(Deficit): | | | | | | | | |
| Accumulated Operating (Deficit) | \$ | (185,693) | \$ | (183,442) | \$ | (182,882) | | |
| >at Beginning of the Year | | | | | | | | |
| Operating Surplus | | 491 | | 90 | | - | | |
| Investment Gain/(Loss) re: SWAPS | | 1,760 | | 470 | | | | |
| Operating Surplus/(Deficit) | \$ | 2,251 | \$ | 560 | \$ | - | | |
| >after Investment Gain/Loss | | | | | | | | |
| Accumulated Operating Deficit at End of Year | \$ | (183,442) | \$ | (182,882) | \$ | (182,882) | | |
| Total Equity (excludes OPEB) | \$ | 3,181,681 | \$ | 3,084,472 | \$ | 2,989,757 | | |





Fiscal Year 2014 Budget Calendar July 1, 2013 to June 30, 2014

| S | | | | | | | | | | | | | | | |
|--------------------------------------|--|--|---|--|---------------------------|--------------------------------|-------------------|---------------------|---------------------|--------------------------------|--|--|--------------------------------------|---------------------|-------------------|
| 3 | M | T | W | TH | F | S | DAYS | S | M | T | W | TH | F | S | DAYS |
| | | JU | LY 20 |)13 | | | СПМ | | | | UST | 2013 | | | СПМ |
| | | | | _ | _ | | | 28 | 29 | 30 | 31 | 1 | 2 | 3 | |
| _ | 1 | 2 | 3 | 4 | 5 | 6 | <u>27</u> 27 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 3 <u>5</u> 62 |
| 7 14 | 8 15 | 9 16 | 10 17 | 11 18 | 12 19 | 13 20 | 21 | 11 18 | 12 19 | 13 20 | 14 21 | 15 22 | 16 23 | 17 24 | 62 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 | | 25 | 26 | 20 27 | 28 | 29 | 30 | 31 | |
| | | | | | | | | | | | | | | <u> </u> | 1 |
| | SEPTEMBER 2013 | | | | | | | | | ОСТО | DBER | 2013 | | | 1 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | | 29 | 30 | 1 | 2 | 3 | 4 | 5 | |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 | <u>28</u> | 6 | 7 | 8 | 9 | 10 | 11 | 12 | <u>28</u> |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 | 90 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 118 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 | | 20 | 21 | 22 | 23 | 24 | 25 | 26 | |
| | | | | | | | | | | | | | | | ļ |
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| 27 | 28 | 29 | 30 | 31 | 1 | 2 | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 |
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| 10 | 11 | 12 | 13 | 14 | 15 | 16 | 153 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 181 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 | | 22 | 23 | 24 | 25 | 26 | 27 | 28 | |
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| | | JANI | JARY | 2014 | | |] | | | FEBR | UARY | 2014 | l . | | 1 |
| 29 | 30 | 31 | 1 | 2 | 3 | 4 | | 26 | 27 | 28 | 29 | 30 | 31 | 1 | 1 |
| _ | 6 | 7 | 8 | 9 | 10 | 11 | <u>28</u> | 2 | 3 | 4 | 5 | 6 | 7 | 8 | <u>28</u> |
| 5 | • | • | _ | | | | | | | | | | 4.4 | 4- | |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 | 209 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 237 |
| | - | = | _ | 16 23 | 17 24 | 18 25 | 209 | 9 16 | 10 17 | 11 18 | 12 19 | 13 20 | 14 21 | 15 22 | 237 |
| 12 | 13 | 14 | 15 | | | | 209 | | | | | | | | 237 |
| 12 | 13 | 14 21 | 15 22 | 23 | | | 209 | | | 18 | 19 | 20 | | | 237 |
| 12 | 13 | 14 21 | 15 | 23 | | | 209 | | | 18 | | 20 | | | 237 |
| 12 19 | 13 20 | 14 21 MAI | 15 22 RCH 2 | 23 2014 | 24 | 25 | | 16 | 17 | 18 AP | 19 RIL 2 | 20 | 21 | 22 | |
| 12 19 | 13 20 24 | 14 21 MAI 25 | 15 22 RCH 2 26 | 23 2014 27 | 24 | 25 | 35 272 | 30 | 31 | 18 AP 1 | 19 RIL 2 | 20 014 3 | 21 | 5 | |
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| 12 19 23 2 9 16 23 | 13 20 24 3 10 17 24 | 14 21 MAI 25 4 11 18 25 | 15 22 26 5 12 19 26 | 23 2014 27 6 13 20 27 | 28 7 14 21 28 | 1 8 15 22 29 | <u>35</u> | 30 6 13 20 | 31 7 14 21 | 18 AP 1 8 15 22 | 19 RIL 2 2 9 16 23 | 20 014 3 10 17 24 | 4 11 18 25 | 5 12 19 26 | |
| 12 19 23 2 9 16 | 13 20 24 3 10 17 | 14 21 MAI 25 4 11 18 25 | 15 22 26 5 12 19 26 | 23 2014 27 6 13 20 27 | 28 7 14 21 | 1 8 15 22 29 | 3 <u>5</u> 272 | 30 6 13 | 31 7 14 | 18 AP 1 8 15 22 | 19 RIL 20 2 9 16 23 | 20 014 3 10 17 24 | 21 4 11 18 25 | 5 12 19 26 | 2 <u>8</u> 300 |
| 12 19 23 2 9 16 23 | 13 20 24 3 10 17 24 | 14 21 25 4 11 18 25 MA | 15 22 26 5 12 19 26 AY 20 30 | 23 2014 27 6 13 20 27 | 28 7 14 21 28 | 1 8 15 22 29 | <u>35</u> | 30 6 13 20 | 31 7 14 21 | 18 AP 1 8 15 22 | 19 RIL 2 2 9 16 23 | 20 014 3 10 17 24 | 4 11 18 25 | 5 12 19 26 | |
| 12 19 23 2 9 16 23 | 13 20 24 3 10 17 24 28 5 | 14 21 MAI 25 4 11 18 25 MAI 29 6 | 15 22 26 5 12 19 26 AY 20 30 7 | 23 2014 27 6 13 20 27 114 1 8 | 28 7 14 21 28 | 25 1 8 15 22 29 | 3 <u>5</u> 272 | 30 6 13 20 | 31 7 14 21 | 18 AP 1 8 15 22 JU 3 10 | 19 RIL 20 2 9 16 23 NE 20 4 11 | 20 014 3 10 17 24 014 5 12 | 21 4 11 18 25 6 13 | 5 12 19 26 | 28 300 |

II. Annual Budget Process



Budget Development

The first step of the budget development process begins with a meeting attended by the Operating Budget and Strategic Planning staff in November to discuss the key initiatives for the upcoming fiscal year. These initiatives are incorporated into each division's goals and funding is provided, within the financial constraints determined by the Chief Financial Officer.

The next step in the process occurs in December with the 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 then meets with personnel from each staff and operating department to review specific budget requirements and potential issues for the following fiscal year. Based on these meetings and the Strategic Planning Initiatives, the service projection may then be revised if necessary. Departmental expense levels are set accordingly and preliminary authorization letters and the budget database template are distributed to all operating and staff departments in February or March.

Operating and staff department personnel enter detailed information into the Management Planning and Control (MPC) operating budget database for submission to the Operating Budget Department, beginning February and continuing through June, when the budget has been finalized. The Operating Budget Department reviews each budget submission and recommends corrections or revisions as 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 mid-March, thus beginning the period for public comment, which is open until the end of April. SEPTA's Board Chairman appoints an independent hearing examiner to conduct public hearings in each county that SEPTA serves. Public hearings are then held 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 together with public commentary and issues a report to the Board in late April. Included in this report are recommendations the hearing examiner may choose to make as a result of his review. The Board of Directors adopts a budget for the upcoming fiscal year at the regular May meeting on the fourth Thursday of the month.

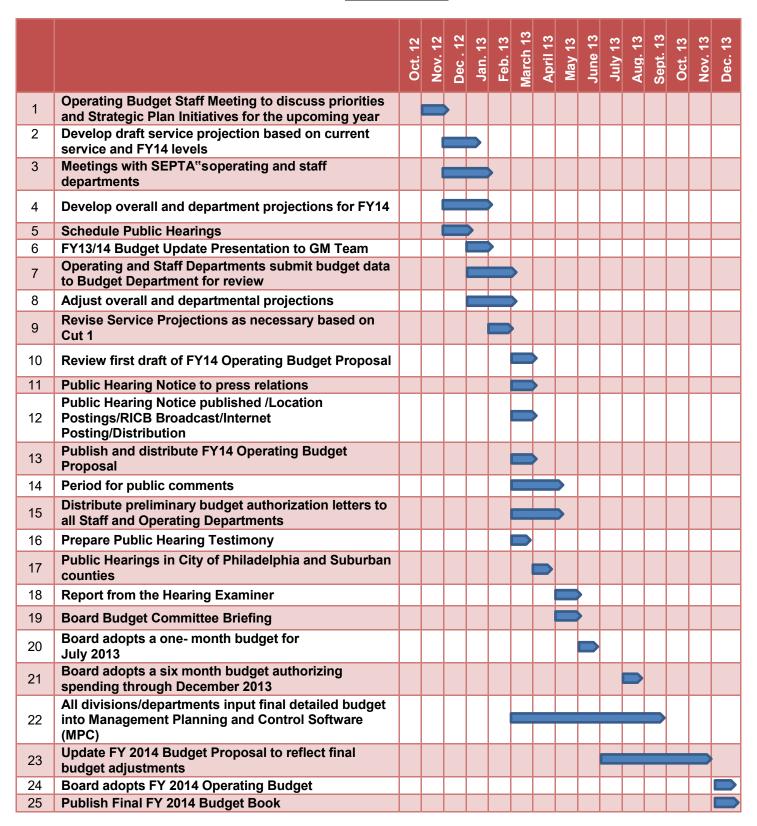
Budget Amendment

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.





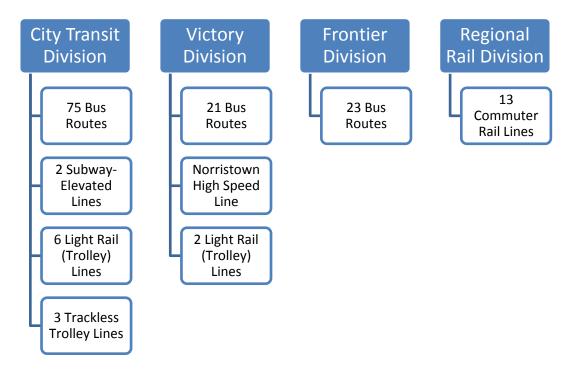
Key Activities



III. Organizational Structure



Pennsylvania General Assembly established the Southeastern 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 75 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 as Red Arrow until 1970, SEPTA's 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 23 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.

III. 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

AUDIT, SAFETY & INVESTIGATIVE SERVICES DIVISION

Internal Audit
Office of the Inspector General
System Safety and Risk Management

BUSINESS SERVICES DIVISION

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

CUSTOMER SERVICE & ADVOCACY DIVISION

Administration
Advocacy
Customer Development
Customer Service

FINANCE & PLANNING DIVISION

Capital Budget and Grant Development Financial Services General Accounting Operating Budget Payroll Revenue, Ridership and Sales Service Planning Strategic Planning and Analysis

HUMAN RESOURCES DIVISION

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

5

III. Operating and Staff Departments

LEGAL, REAL ESTATE & CLAIMS DIVISION

Corporate
Litigation
Video & Evidence Production
Real Estate
Claims

OPERATIONS/

ENGINEERING, MAINTENANCE & CONSTRUCTION DIVISION

Deputy General Manager Staff

Communications

Labor Relations

New Payment Technology

Planning, Project Coordination & Safety

OPERATIONS

Bus Vehicle Maintenance

Vehicle Engineering

Control Center

Customized Community Transportation

Operations Staff

Rail Vehicle Maintenance

Rail Transportation

Surface Transportation

Transit Police

ENGINEERING, MAINTENANCE & CONSTRUCTION

Capital Construction

Capital Quality Assurance and Control

Engineering and Maintenance

PUBLIC & GOVERNMENT AFFAIRS DIVISION

Public Affairs – Administration/Communications

Public Affairs – Media Relations

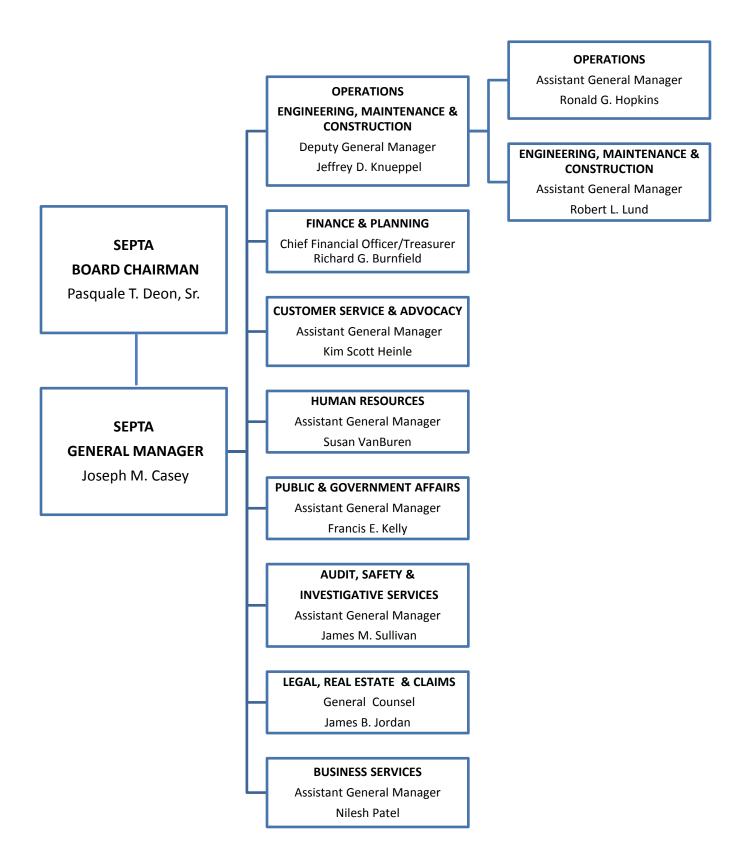
Marketing and Promotion

Government Affairs - Region & Community

Government Affairs - State & Federal



III. General Manager Team Organization Chart



Operating Goals and Performance Evaluation Measures



INTRODUCTION

IV.

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 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.

FINANCIAL PERFORMANCE MEASURES

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 and availability of sufficient capital funding. Below are reported performance measures:

| Measure | Goal |
|---------------------------------|--|
| Operating Cost Per Passenger | The Authority proposes to provide a cost not to exceed \$3.88 per unlinked passenger trip. |
| Operating Subsidy Per Passenger | The Authority proposes to provide overall service operating subsidy not to exceed \$2.29 per unlinked passenger trip. |
| Cost Per Vehicle Mile | The Authority proposes to achieve an average cost for delivery of service not to exceed \$12.75 per vehicle mile. |

IV. Performance Evaluation Measures



ROUTE UTILIZATION

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

City Transit Division

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

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

SEPTA's -Gity Transit Division Service Standards and Process Document" 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 2012's financial results will be approved for action in Fiscal Year 2014. City Transit Division's average was 36% and the substandard performance mark was 21%.

Suburban Transit Division (Victory and Frontier Divisions)

Each route is measured for three important criteria:

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

A minimum operating ratio standard for a route is set at 60% of the average Suburban Transit combined operating ratio. This includes Victory and Frontier operations. All routes are reviewed annually. SEPTA's –Suburban Transit Division Service Standards and Process" contains the details for application of the standards adopted by the SEPTA Board in March of 2007 and is now comparable to other SEPTA divisions. Fiscal 2012's financial results will be approved for action in Fiscal Year 2014. Suburban Transit Division's average was 24.2% and the substandard performance mark was 14%.

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 Document" 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 2012's financial results will be approved for action in Fiscal Year 2014. Railroad Division's average was 45% and the substandard performance mark was 27%.

V. Performance Evaluation Measures



PRODUCTIVITY GOALS

| Measure | Goal |
|---------------------------------------|---|
| Total Ridership | The Authority's goal is to carry at least 333.8 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 650,058 trips for Philadelphia and 287,078 trips for the suburban counties for Fiscal Year 2014. For the Shared Ride Program, 733,444 trips are projected for Fiscal Year 2014. |

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.

| Measure | Goal |
|------------------------------|--|
| Vehicle Miles Per Employee | The Authority seeks to achieve at least 10,519 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 160,396 passenger miles per employee. |
| Passenger Accidents | The Authority goal is to incur no more than 4.73 reported passenger accidents per 100,000 vehicle miles of service for City Transit Bus Operations and no more than .01 for Regional Rail. All other modes are listed on the following page. |
| Employee Accidents | The Authority goal is to experience less than 5.09 employee lost time accidents per 200,000 work hours. |

. Performance Evaluation Measures



SAFETY GOALS

Safety related goals are developed and monitored by the System Safety and Risk Management Department. The safety goals for Fiscal 2014 were developed with targeted improvement. For comparison purposes in this document, SEPTA utilizes 12 months of actual data from Fiscal Year 2012 and Fiscal Year 2013 and Budgeted Goals for Fiscal Year 2014 as the benchmark period for the reporting of safety goals.

| Passenger Accidents Per 100,000 Miles | | | | | | | | | |
|---------------------------------------|-------------------------------|-------------------------------|-----------------------------|------|--|--|--|--|--|
| | Fiscal Year 2011 Actual | Fiscal Year 2012 Actual | Fiscal Year 2014 Goal | | | | | | |
| Surface Transportation | | | | | | | | | |
| City Division Bus | 5.12 | 4.95 | 4.91 | 4.73 | | | | | |
| City Division Trackless Trolley | 4.95 | 6.55 | 6.31 | 5.50 | | | | | |
| Victory Bus | 4.22 | 4.23 | 3.09 | 3.99 | | | | | |
| Frontier Bus | 1.06 | 1.65 | 1.55 | 1.30 | | | | | |
| | | | | | | | | | |
| Regional Rail | .08 | .02 | .05 | .01 | | | | | |
| | | | | | | | | | |
| Subway/Light Rail | | | | | | | | | |
| Broad Street Line | .91 | .37 | .25 | .35 | | | | | |
| Market-Frankford Line | 1.22 | .75 | .28 | .70 | | | | | |
| Norristown High Speed Line | .00 | .00 | .00 | .00 | | | | | |
| Callowhill Light Rail | 3.28 | 3.01 | 3.32 | 2.91 | | | | | |
| Elmwood Light Rail | 2.81 | 1.42 | 1.72 | 1.37 | | | | | |
| Media/ Sharon Hill Line | 4.26 | 5.74 | 5.28 | 5.21 | | | | | |

| Station Accidents Per 100,000 Passengers | | | | | | | | | | |
|--|---|------|------|------|--|--|--|--|--|--|
| | Fiscal Fiscal Fiscal Fiscal Year 2011 Year 2012 Year 2013 Year 2014 Actual Actual Actual Goal | | | | | | | | | |
| Regional Rail | .76 | .00 | .00 | .12 | | | | | | |
| | | | | | | | | | | |
| Subway/Light Rail | | | | | | | | | | |
| Broad Street Line | .67 | .98 | 1.26 | .79 | | | | | | |
| Market-Frankford Line | 1.37 | 1.20 | .89 | 1.16 | | | | | | |
| Norristown High Speed Line | .00 | .00 | .00 | .00 | | | | | | |

Operating Goals and Performance Evaluation Measures

IV.

Callowhill Light Rail Elmwood Light Rail

Media/ Sharon Hill Line



Vehicular Accidents Per 100,000 Miles Fiscal Fiscal Fiscal Fiscal Year 2011 Year 2012 Year 2013 Year 2014 Actual Actual Actual Goal **Surface Transportation** City Division Bus 8.81 6.96 6.92 6.56 City Division Trackless Trolley 7.69 7.30 6.09 7.08 4.31 3.73 3.29 3.32 Victory Bus Frontier Bus 1.32 1.20 1.53 1.13 **Regional Rail** .15 .04 .04 .02 Subway/Light Rail **Broad Street Line** .04 .03 .03 .02 Market-Frankford Line .04 .02 .04 .01 .00 Norristown High Speed Line .00 .00 .00

13.93

3.52

5.92

10.90

2.98

3.46

13.06

3.40

5.73

11.39

5.59

7.45

| Employee Lost Time Injuries Per 200,000 Work Hours | | | | | | | | | | |
|--|-------------------------------|-------------------------------|-------------------------------|-----------------------------|--|--|--|--|--|--|
| | Fiscal Year 2011 Actual | Fiscal Year 2012 Actual | Fiscal Year 2013 Actual | Fiscal Year 2014 Goal | | | | | | |
| Surface Transportation | 7.14 | 7.34 | 6.38 | 6.95 | | | | | | |
| Engineering, Maintenance & Construction | 4.44 | 5.49 | 3.62 | 4.72 | | | | | | |
| Regional Rail | 9.72 | 9.13 | 4.79 | 8.84 | | | | | | |
| Subway/Light Rail | 3.76 | 3.46 | 5.20 | 3.36 | | | | | | |
| Non-Operations | 2.53 | 1.61 | 2.10 | 1.56 | | | | | | |

IV. Performance Evaluation Measures



STAFFING RATIOS

Staffing Ratios

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

Operating Employees Ratio to Administrative Employees

The Fiscal Year 2014 goal will continue as one administrative employee for every 20 operating employees at the expense level of \$1.28 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, and Customer Service Agents in the Business Services Division.

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 Fiscal Fiscal Year 2011 Year 2012 Year 2013 Actual Actual Actual | | | | | | | | | | |
| Bus & Trackless Trolley | 3.2 | 3.0 | 3.0 | 3.0 | | | | | | |
| Trolley - Subway-Surface & Route 15 | 1.5 | 1.6 | 1.6 | 1.6 | | | | | | |
| Market-Frankford Line | 3.5 | 4.0 | 3.9 | 3.5 | | | | | | |
| Broad Street Line | 2.0 | 1.9 | 1.8 | 2.5 | | | | | | |
| Media-Sharon Hill Line | 1.3 | 1.3 | 1.3 | 1.3 | | | | | | |
| Norristown High Speed Line | 1.7 | 1.7 | 1.8 | 1.7 | | | | | | |
| Regional Rail | 1.5 | 1.6 | 1.6 | 1.6 | | | | | | |

IV. 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 -en-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 -en-time." Four years of on-time performance data appear below, with the Fiscal Year 2014 goals:

| On-Time Performance | | | | | | | | | | |
|----------------------------|--|-------|--------|-------|--|--|--|--|--|--|
| | Fiscal Fiscal Fiscal I Year 2011 Year 2012 Year 2013 Ye Actual Actual Actual | | | | | | | | | |
| Surface Transportation | | | | | | | | | | |
| City/Suburban Bus | 75.1% | 76.6% | 76.6% | 77.0% | | | | | | |
| Victory Bus | 76.0% | 75.8% | 76.1% | 77.0% | | | | | | |
| | | | | | | | | | | |
| Rail Transportation | | | | | | | | | | |
| Light Rail | 74.6% | 76.2% | 78.7 % | 79.0% | | | | | | |
| Media-Sharon Hill Line | 90.1% | 90.6% | 92.8 % | 94.0% | | | | | | |
| Norristown High Speed Line | 99.7% | 99.8% | 99.6 % | 98.0% | | | | | | |
| Broad Street Line | 98.8% | 98.8% | 99.2 % | 98.0% | | | | | | |
| Market-Frankford Line | 97.8% | 98.0% | 97.8 % | 98.0% | | | | | | |
| Regional Rail | 89.3% | 88.2% | 92.6 % | 92.0% | | | | | | |





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 2014 goals for all SEPTA transportation modes follows:

| Mean Distance Between Failure (in miles) | | | | | | | | | | |
|--|-------------------------------|-------------------------------|-----------------------------|---------|--|--|--|--|--|--|
| | Fiscal Year 2011 Actual | Fiscal Year 2012 Actual | Fiscal Year 2014 Goal | | | | | | | |
| Surface Transportation | | | | | | | | | | |
| City/Suburban Bus | 8,753 | 9,283 7,954 | | 10,563 | | | | | | |
| | | | | | | | | | | |
| Rail Transportation | | | | | | | | | | |
| Trolley - Subway-Surface & Route 15 | 5,431 | 6,718 | 5,634 | 7,500 | | | | | | |
| Media-Sharon Hill Line | 22,372 | 26,624 | 30,539 | 27,000 | | | | | | |
| Norristown High Speed Line | 34,099 | 37,803 | 45,802 | 35,000 | | | | | | |
| Broad Street Line | 150,370 | 151,314 | 120,906 | 130,000 | | | | | | |
| Market-Frankford Line | 76,373 | 76,311 | 58,357 | 85,000 | | | | | | |
| Regional Rail | 38,965 | 48,956 | 55,683 | 50,000 | | | | | | |

Consolidated





| Amounts in thousands ('000) | _ | FY 2012 Actual | | FY 2013 Actual | | FY 2014 Budget | | Y 2014 versus Y 2013 |
|----------------------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|----------------------------|
| | | | | | | | | |
| REVENUE | \$ | 445 550 | ۲ | 441 CEC | ۲ | 474.050 | ۲ | 22.204 |
| Passenger Revenue | \$ | 445,559 | \$ | 441,656 | \$ | 474,950 | \$ | 33,294 |
| Shared Ride Program Other Income | | 19,225 | | 18,786 | | 18,584 | | (202) |
| | | 30,831 | | 32,497 | | 34,150 | | 1,653 |
| Investment Income | _ | 551 | | 559 | _ | 1,000 | | 441 |
| TOTAL OPERATING REVENUE | \$ | 496,166 | \$ | 493,498 | \$ | 528,684 | \$ | 35,186 |
| EXPENSES | | | | | | | | |
| Labor and Fringe Benefits | \$ | 855,790 | \$ | 859,989 | \$ | 898,340 | \$ | 38,351 |
| Materials and Services | | 218,128 | | 233,485 | | 233,002 | | (483) |
| Injuries & Damage Claims | | 58,534 | | 42,425 | | 43,200 | | 775 |
| Propulsion Power | | 35,518 | | 34,642 | | 36,000 | | 1,358 |
| Fuel | | 42,025 | | 45,380 | | 46,412 | | 1,032 |
| Vehicle and Facility Rental | _ | 2,625 | | 2,611 | _ | 2,810 | | 199 |
| OPERATING EXPENSE | \$ | 1,212,620 | \$ | 1,218,532 | \$ | 1,259,764 | \$ | 41,232 |
| Depreciation/Contributed Capital | <u>\$</u> | 19,642 | \$ | 21,354 | \$ | 23,000 | <u>\$</u> | 1,646 |
| TOTAL EXPENSES | \$ | 1,232,262 | \$ | 1,239,886 | \$ | 1,282,764 | \$ | 42,878 |
| DEFICIT BEFORE SUBSIDY | <u>\$</u> | (736,096) | <u>\$</u> | (746,388) | <u>\$</u> | (754,080) | <u>\$</u> | (7,692) |
| OPERATING SUBSIDY | | | | | | | | |
| Federal | \$ | 68,956 | \$ | 72,860 | \$ | 72,975 | \$ | 115 |
| State | | 581,975 | | 587,252 | | 594,561 | | 7,309 |
| Local | | 82,263 | | 83,060 | | 83,686 | | 626 |
| Other | _ | 3,393 | _ | 3,306 | _ | 2,858 | | (448) |
| TOTAL SUBSIDY | \$ | 736,587 | \$ | 746,478 | \$ | 754,080 | \$ | 7,602 |
| SURPLUS/(DEFICIT) | \$ | 491 | \$ | 90 | \$ | <u>-</u> | \$ | (90) |

City Transit Division

V. Three Year Comparison Fiscal Years 2012-2014



| Amounts in thousands ('000) | FY 2012 Actual | | | | FY 2014 Budget | | FY 201 versu: FY 201 | |
|----------------------------------|-------------------|-----------|-----------|-----------|-------------------|-----------|----------------------------|---------|
| Amounts in thousands (600) | | | | | | | | |
| REVENUE | | | | | | | | |
| Passenger Revenue | \$ | 283,619 | \$ | , | \$ | 303,112 | \$ | 26,480 |
| Shared Ride Program | | 19,225 | | 18,786 | | 18,584 | | (202) |
| Other Income | | 16,813 | | 17,363 | | 16,982 | | (381) |
| Investment Income | | 385 | | 122 | _ | 417 | | 295 |
| TOTAL OPERATING REVENUE | \$ | 320,042 | \$ | 312,903 | \$ | 339,095 | \$ | 26,192 |
| EXPENSES | | | | | | | | |
| Labor and Fringe Benefits | \$ | 583,154 | \$ | 591,661 | \$ | 619,547 | \$ | 27,886 |
| Materials and Services | | 124,121 | | 134,260 | | 127,618 | | (6,642) |
| Injuries & Damage Claims | | 41,342 | | 29,865 | | 33,679 | | 3,814 |
| Propulsion Power | | 15,682 | | 14,897 | | 15,400 | | 503 |
| Fuel | | 33,342 | | 36,027 | | 36,600 | | 573 |
| Vehicle and Facility Rentals | | 1,990 | | 1,944 | | 2,064 | | 120 |
| OPERATING EXPENSE | \$ | 799,631 | \$ | 808,654 | \$ | 834,908 | \$ | 26,254 |
| Depreciation/Contributed Capital | <u>\$</u> | 12,572 | \$ | 12,342 | \$ | 12,518 | \$ | 176 |
| TOTAL EXPENSES | \$ | 812,203 | \$ | 820,996 | \$ | 847,426 | \$ | 26,430 |
| DEFICIT BEFORE SUBSIDY | <u>\$</u> | (492,161) | <u>\$</u> | (508,093) | <u>\$</u> | (508,331) | <u>\$</u> | (238) |
| OPERATING SUBSIDY | | | | | | | | |
| Federal | \$ | 24,608 | \$ | 26,333 | \$ | 25,886 | \$ | (447) |
| State | | 408,493 | | 420,222 | | 421,147 | | 925 |
| Local | | 57,961 | | 59,907 | | 59,949 | | 42 |
| Other | | 1,444 | | 1,695 | | 1,349 | | (346) |
| TOTAL SUBSIDY | \$ | 492,506 | \$ | 508,157 | \$ | 508,331 | \$ | 174 |
| SURPLUS/(DEFICIT) | \$ | 345 | \$ | 64 | \$ | | \$ | (64) |

Victory Division

V_{\cdot} Three Year Comparison Fiscal Years 2012-2014



| Amounts in thousands ('000) | | Y 2012 Actual | | FY 2013 Actual | | FY 2014 Budget | ١ | Y 2014 versus Y 2013 |
|----------------------------------|-----------|------------------|-----------|-------------------|-----------|-------------------|----|----------------------------|
| REVENUE | | | | | | | | |
| Passenger Revenue | \$ | 21,801 | \$ | 21,894 | \$ | 23,046 | \$ | 1,152 |
| Shared Ride Program | | - | | - | | - | | - |
| Other Income | | 1,867 | | 1,914 | | 1,863 | | (51) |
| Investment Income | _ | 33 | | (27) | | 19 | | 46 |
| TOTAL OPERATING REVENUE | \$ | 23,701 | \$ | 23,781 | \$ | 24,928 | \$ | 1,147 |
| EXPENSES | | | | | | | | |
| Labor and Fringe Benefits | \$ | 61,517 | \$ | 63,855 | \$ | 63,702 | \$ | (153) |
| Materials and Services | | 16,286 | | 17,592 | | 17,039 | | (553) |
| Injuries & Damage Claims | | 5,230 | | 2,850 | | 3,373 | | 523 |
| Propulsion Power | | 1,412 | | 1,445 | | 1,430 | | (15) |
| Fuel | | 4,781 | | 5,117 | | 5,391 | | 274 |
| Vehicle and Facility Rentals | | 104 | _ | 94 | | 116 | | 22 |
| OPERATING EXPENSE | \$ | 89,330 | \$ | 90,953 | \$ | 91,051 | \$ | 98 |
| Depreciation/Contributed Capital | \$ | 189 | \$ | 194 | <u>\$</u> | 196 | \$ | 2 |
| TOTAL EXPENSES | \$ | 89,519 | \$ | 91,147 | \$ | 91,247 | \$ | 100 |
| DEFICIT BEFORE SUBSIDY | \$ | (65,818) | <u>\$</u> | (67,366) | <u>\$</u> | (66,319) | \$ | 1,047 |
| OPERATING SUBSIDY | | | | | | | | |
| Federal | \$ | 3,496 | \$ | 3,808 | \$ | 3,582 | \$ | (226) |
| State | | 54,094 | | 55,164 | | 54,566 | | (598) |
| Local | | 8,236 | | 8,404 | | 8,171 | | (233) |
| Other | | 42 | | | | | | |
| TOTAL SUBSIDY | \$ | 65,868 | \$ | 67,376 | \$ | 66,319 | \$ | (1,057) |
| SURPLUS/(DEFICIT) | <u>\$</u> | 50 | \$ | 10 | \$ | | \$ | (10) |

Frontier Division





| Amounts in thousands ('000) | FY 2012 Actual | | | FY 2013 Actual | - | FY 2014 Budget | FY 2014 versus FY 2013 | | |
|----------------------------------|-------------------|----------|-----------|-------------------|-----------|-------------------|------------------------------|-------|--|
| REVENUE | | | | | | | | | |
| Passenger Revenue | \$ | 5,835 | \$ | 5,764 | \$ | 6,206 | \$ | 442 | |
| Shared Ride Program | Y | - | Y | - | Υ . | - | Υ | - | |
| Other Income | | 627 | | 651 | | 646 | | (5) | |
| Investment Income | | 10 | | (6) | | 6 | | 12 | |
| TOTAL OPERATING REVENUE | \$ | 6,472 | \$ | 6,409 | \$ | 6,858 | \$ | 449 | |
| EXPENSES | | | | | | | | | |
| Labor and Fringe Benefits | \$ | 24,100 | \$ | 24,578 | \$ | 24,959 | \$ | 381 | |
| Materials and Services | | 2,444 | | 2,548 | | 3,729 | | 1,181 | |
| Injuries & Damage Claims | | 1,303 | | 2,126 | | 1,292 | | (834) | |
| Propulsion Power | | - | | - | | - | | - | |
| Fuel | | 3,431 | | 3,645 | | 3,708 | | 63 | |
| Vehicle and Facility Rentals | | 38 | | 35 | | 44 | | 9 | |
| OPERATING EXPENSE | \$ | 31,316 | \$ | 32,932 | \$ | 33,732 | \$ | 800 | |
| Depreciation/Contributed Capital | \$ | 48 | \$ | 50 | \$ | 53 | \$ | 3 | |
| TOTAL EXPENSES | \$ | 31,364 | \$ | 32,982 | \$ | 33,785 | \$ | 803 | |
| DEFICIT BEFORE SUBSIDY | <u>\$</u> | (24,892) | <u>\$</u> | (26,573) | <u>\$</u> | (26,927) | <u>\$</u> | (354) | |
| OPERATING SUBSIDY | | | | | | | | | |
| Federal | \$ | 1,269 | \$ | 1,415 | \$ | 1,422 | \$ | 7 | |
| State | • | 19,626 | - | 21,247 | | 21,679 | | 432 | |
| Local | | 2,992 | | 3,240 | | 3,243 | | 3 | |
| Other | | 1,024 | | 671 | | 583 | | (88) | |
| TOTAL SUBSIDY | \$ | 24,911 | \$ | 26,573 | \$ | 26,927 | \$ | 354 | |
| SURPLUS/(DEFICIT) | \$ | 19 | \$ | | \$ | | \$ | | |

Regional Rail Division





| Amounts in thousands ('000) | FY 2012 Actual | | | FY 2013 Actual | | FY 2014 Budget | , | Y 2014 versus Y 2013 |
|----------------------------------|-------------------|-----------|-----------|-------------------|-----------|-------------------|-----------|----------------------------|
| REVENUE | | | | | | | | |
| Passenger Revenue | \$ | 134,304 | \$ | 137,366 | \$ | 142,585 | \$ | 5,219 |
| Shared Ride Program | | - | | - | | - | | - |
| Other Income | | 11,524 | | 12,569 | | 14,660 | | 2,091 |
| Investment Income | _ | 123 | | 470 | | 558 | | 88 |
| TOTAL OPERATING REVENUE | \$ | 145,951 | \$ | 150,405 | \$ | 157,803 | \$ | 7,398 |
| EXPENSES | | | | | | | | |
| Labor and Fringe Benefits | \$ | 187,019 | \$ | 179,895 | \$ | 190,132 | \$ | 10,237 |
| Materials and Services | | 75,277 | | 79,085 | | 84,616 | | 5,531 |
| Injuries & Damage Claims | | 10,659 | | 7,584 | | 4,856 | | (2,728) |
| Propulsion Power | | 18,424 | | 18,300 | | 19,170 | | 870 |
| Fuel | | 471 | | 591 | | 713 | | 122 |
| Vehicle and Facility Rentals | _ | 493 | _ | 538 | | 586 | | 48 |
| OPERATING EXPENSE | \$ | 292,343 | \$ | 285,993 | \$ | 300,073 | \$ | 14,080 |
| Depreciation/Contributed Capital | <u>\$</u> | 6,833 | \$ | 8,768 | \$ | 10,233 | \$ | 1,465 |
| TOTAL EXPENSES | \$ | 299,176 | \$ | 294,761 | \$ | 310,306 | \$ | 15,545 |
| DEFICIT BEFORE SUBSIDY | <u>\$</u> | (153,225) | <u>\$</u> | (144,356) | <u>\$</u> | (152,503) | <u>\$</u> | (8,147) |
| OPERATING SUBSIDY | | | | | | | | |
| Federal | \$ | 39,583 | \$ | 41,305 | \$ | 42,085 | \$ | 780 |
| State | | 99,762 | | 90,617 | | 97,169 | | 6,552 |
| Local | | 13,074 | | 11,508 | | 12,323 | | 815 |
| Other | _ | 883 | | 940 | | 926 | | (14) |
| TOTAL SUBSIDY | \$ | 153,302 | \$ | 144,370 | \$ | 152,503 | \$ | 8,133 |
| SURPLUS/(DEFICIT) | \$ | 77 | \$ | 14 | \$ | | \$ | (14) |

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VI. Financial Projections Summary of Assumptions

Passenger Revenue The revenue growth for Fiscal Year 2014 includes the effect of

the July 1, 2013 fare increase. An additional fare increase is

projected for Fiscal Year 2017.

Shared Ride Revenue This revenue category is forecasted to grow by approximately

1% over the five-year period.

Other Revenue This revenue category is forecasted to grow by approximately

10% over the five-year period. Income from advertising, parking lot fees and station naming rights is reflected in this

category. Investment income is also included.

Expenses SEPTA began medical self-insurance effective August 1, 2012

to mitigate the effects of rising health insurance expense.

The Other Expense categories anticipate third party supplier's price increases, while aggressive management of claims and installation of cameras on SEPTA's vehicles and at stations have resulted in a significant savings in Injury and Damages

expense for Fiscal Year 2014 and future years.

Modest increases have been budgeted for Propulsion Power

and Fuel.

Subsidy The subsidy categories reflect the anticipated funding levels of

the Public Transportation Trust Fund.



VI. Financial Projections Consolidated Budget

| | | Budget | | | | | F | Projection | | | | |
|-------------------------------------|-----------|-----------|-------------|-----------|----|-----------|----|------------|----|-----------|----|-----------|
| Amounts in thousands ('000) | | FY 2014 | | FY 2015 | | FY 2016 | | FY 2017 | | FY 2018 | | FY 2019 |
| | | Fare | | | - | | | Fare | _ | | - | |
| REVENUE | | Increase | | | | | | Increase | | | | |
| Passenger Revenue | \$ | 474,950 | \$ | 482,074 | \$ | 489,305 | \$ | 536,376 | \$ | 544,422 | \$ | 552,588 |
| Shared Ride Revenue | | 18,584 | | 18,770 | | 18,958 | | 19,148 | | 19,339 | | 19,532 |
| Other Income | _ | 35,150 | _ | 35,853 | | 36,570 | | 37,301 | _ | 38,047 | _ | 38,808 |
| TOTAL OPERATING REVENUE | \$ | 528,684 | \$ | 536,697 | \$ | 544,833 | \$ | 592,825 | \$ | 601,808 | \$ | 610,928 |
| EXPENSES | | | | | | | | | | | | |
| Labor and Fringe Benefits | \$ | 898,340 | \$ | 925,808 | \$ | 954,514 | \$ | 984,148 | \$ | 1,014,915 | \$ | 1,046,919 |
| Materials and Services | | 233,002 | | 252,671 | | 264,572 | | 272,562 | | 280,746 | | 289,130 |
| Injury & Damage Claims | | 43,200 | | 43,200 | | 43,200 | | 43,200 | | 43,200 | | 43,200 |
| Propulsion Power | | 36,000 | | 36,000 | | 36,800 | | 36,800 | | 37,900 | | 39,000 |
| Fuel | | 46,411 | | 47,803 | | 49,237 | | 50,714 | | 52,235 | | 53,802 |
| Other Expenses (Incl. Depreciation) | _ | 25,811 | _ | 26,585 | _ | 27,383 | _ | 28,204 | _ | 29,050 | _ | 29,922 |
| TOTAL EXPENSES | \$ | 1,282,764 | \$ | 1,332,067 | \$ | 1,375,706 | \$ | 1,415,628 | \$ | 1,458,046 | \$ | 1,501,973 |
| DEFICIT BEFORE SUBSIDY | \$ | (754,080) | \$ | (795,370) | \$ | (830,873) | \$ | (822,803) | \$ | (856,238) | \$ | (891,045) |
| OPERATING SUBSIDY | | | | | | | | | | | | |
| Federal | | 72,975 | | 88,190 | | 93,646 | | 94,982 | | 96,298 | | 97,593 |
| State | | 594,561 | | 617,275 | | 643,459 | | 635,119 | | 663,106 | | 692,305 |
| Local | | 83,686 | | 87,047 | | 90,910 | | 89,615 | | 93,747 | | 98,060 |
| Other | | 2,858 | | 2,858 | | 2,858 | | 3,087 | | 3,087 | | 3,087 |
| TOTAL SUBSIDY | \$ | 754,080 | \$ | 795,370 | \$ | 830,873 | \$ | 822,803 | \$ | 856,238 | \$ | 891,045 |
| SURPLUS/(DEFICIT) | <u>\$</u> | | \$ | | \$ | | \$ | | \$ | | \$ | <u> </u> |

VII. Operating Revenue and Service Plan Overview



The Fiscal Year 2014 Annual Service Plan describes the service proposals suggested by the general public, government agencies, elected officials and Authority staff, and presents the technical and financial analyses to determine whether the proposals merit implementation. The Plan includes items for two operating divisions – City and Suburban Transit. There are no proposals for the Regional Rail Division (RRD).

Listed below are the recommended projects and descriptions included in SEPTA's FY 2014 Annual Service Plan. A Community Benefit Analysis has been performed for all projects.

City Transit Operations

- ➤ Route 3 Extension to Smith Playground on weekends
- ➤ Route 84 Service to the Arsenal Shopping Center

Suburban Transit Operations

- Route 115 Experimental to serve Eagle Road in Haverford Township
- Route 117 Consolidation of Alternate Routings between Crozier-Chester Medical Center and Route 352 Plaza.

The Fiscal Year 2014 Annual Service Plan does not include any major reductions in the service levels or significant diminishment of transit service.



VII. Revenue Assumptions By Category

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.

Passenger Revenue

The Fiscal Year 2014 Operating Budget includes passenger revenue of \$474.9 million, which includes an increase of \$33 million over the FY 2013 Actuals, due to the approved fare increase.

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 \$18.6 million. The program is funded through the State Lottery, funds from the Philadelphia Corporation for the Aging and Shared Ride fares. In Fiscal Year 2014, the Authority projects a total of 733,444 shared ride trips.

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 \$34.2 million. Real Estate income is budgeted to grow by approximately 5% compared to Fiscal Year 2013 due mainly to Telepath leases for negotiated IP communications agreements.

Investment Income

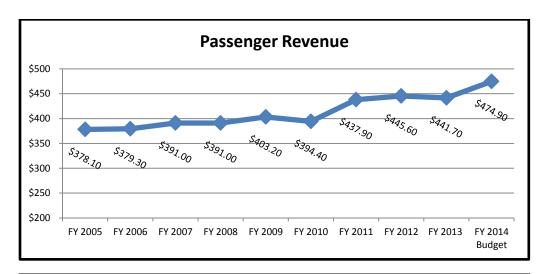
Investment Income is budgeted at \$1.0 million for Fiscal Year 2014. Investment income results are tied directly to the financial market conditions.

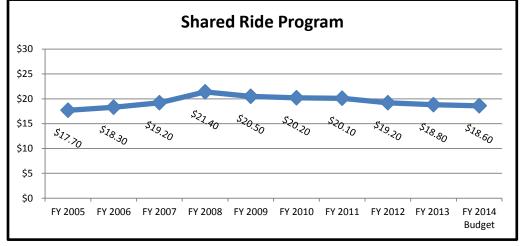


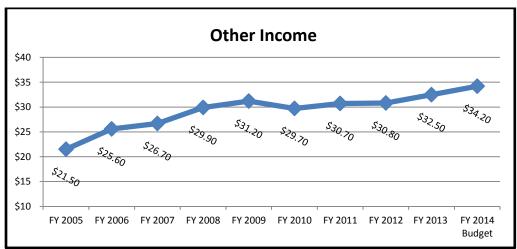


The Authority analyzes a number of factors that affect the Operating Revenue budget. This includes an examination of national, state and local demographic, economic, travel and development trends. In addition, SEPTA evaluates current and potential service levels and other factors affecting ridership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

Amounts In Millions

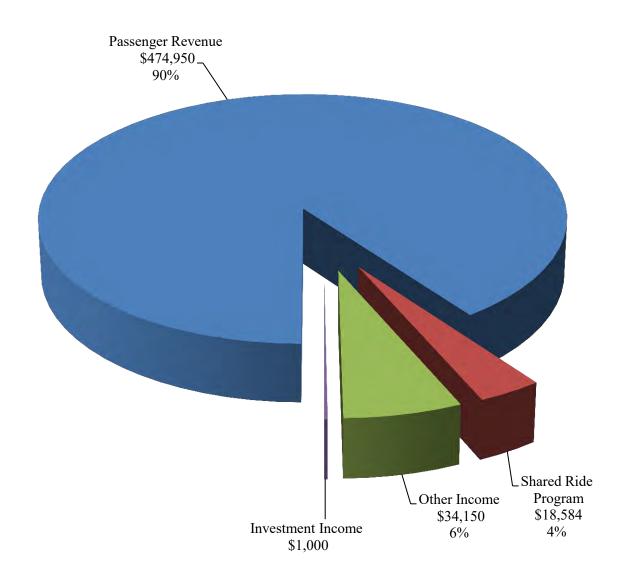








TOTAL OPERATING REVENUE = \$528,684 In Thousands



VIII. Subsidy Allocation and Detail



Introduction

Total subsidies in the Fiscal Year 2014 Operating Budget represent \$754.1 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 2014, the total Federal Subsidy covers only 5.7% of the total budgeted operating expenses. The source of this subsidy is Federal Preventive Maintenance in the amount of \$36 million, Federal Capital Lease Subsidy in the amount of \$23 million, and Federal Capital Debt Service Subsidy in the amount of \$14 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 2014, SEPTA will use Federal Capital Lease and Capital Debt Service dollars in lieu of Section 1514 State Lease Cost/Debt Service Subsidy.

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 former Governor Ed 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.

VIII. Subsidy Allocation and Detail



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 2013. Debt service expenses are budgeted to increase when compared to Fiscal Year 2013 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 <u>Transit</u> | Victory | <u>Frontier</u> | Regional <u>Rail</u> | | | | | |
| Bucks | 0.27% | 0.00% | 37.00% | 5.90% | | | | | |
| Chester | 0.00% | 2.00% | 17.00% | 4.30% | | | | | |
| Delaware | 0.00% | 86.00% | 0.00% | 8.80% | | | | | |
| Montgomery | 0.25% | 12.00% | 46.00% | 11.00% | | | | | |
| Philadelphia | 99.48% | 0.00% | 0.00% | 70.00% | | | | | |
| | | | | | | | | | |
| Total | 100.00% | 100.00% | 100.00% | 100.00% | | | | | |



VIII. Subsidy Allocation and Detail

In addition, the operating budget makes an allowance within the standard formula (on previous page) 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. Each suburban county is billed based on the actual ADA Paratransit service used. The prospective utilization for Fiscal Year 2014 is as follows:

| Suburban Par Usage by C | |
|----------------------------|------------|
| 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 2014 Route Guarantee Subsidy in the City Transit Division includes a University City partnership of Penn Health Systems, University of the Sciences, Veteran's Hospital, and Children's Hospital, which continues the ±UCY" circulator.

In the Frontier Division, the Bucks County Transit Improvement Project (TIP) was implemented in Fiscal Year 2001. It represented the restructuring of six routes with funding provided through a separate agreement with the county. Routes 127, 128, 129 and 130 are guaranteed under this agreement.

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





Prior to passage of Act 44 in July 2007, former Governor Ed Rendell 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 has been 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.

The Authority used Service Stabilization funds of \$29 million in Fiscal Year 2012 and \$25.3 million in Fiscal Year 2013 in order to balance the budget.

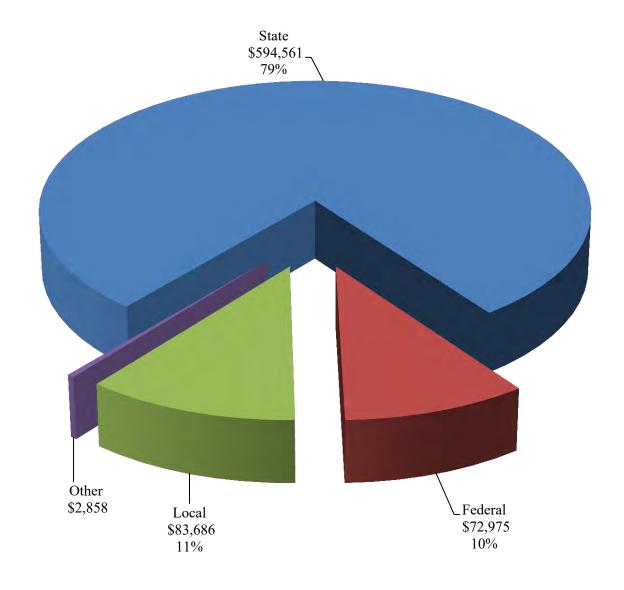
Fiscal Year 2014 Operating Budget VIII. Consolidated Detail of Subsidies



| Amounts in thousands ('000) | | FY 2014 Budget |
|---|-----------|-------------------|
| | | |
| Source of Subsidy - Detail: | | |
| Federal Preventive Maintenance | \$ | 36,184 |
| State Operating Subsidy - PA Trust Fund (Section 1513) | | 550,074 |
| Local Match - PA Trust Fund (Section 1513) | | 82,511 |
| State Lease Cost Subsidy - PA Trust Fund (Section 1517) | | 1,210 |
| Federal Capital Lease Subsidy | | 23,158 |
| State Match - Capital Lease Subsidy (Section 1517) | | 5,790 |
| Federal Capital Debt Service Subsidy | | 13,633 |
| State Match - Capital Debt Service Subsidy (Section 1517) | | 3,408 |
| State Debt Service Subsidy - Trust Fund (Section 1517) | | 34,079 |
| Local Match - Debt Service Subsidy | | 1,175 |
| Route Guarantees | | 2,858 |
| TOTAL SUBSIDIES | <u>\$</u> | 754,080 |
| | | |
| Summary By Source of Subsidy: | | |
| Federal | \$ | 72,975 |
| State | | 594,561 |
| Local | | 83,686 |
| Other | | 2,858 |
| TOTAL SUBSIDIES | \$ | 754,080 |



TOTAL SUBSIDIES = \$754,080 In Thousands





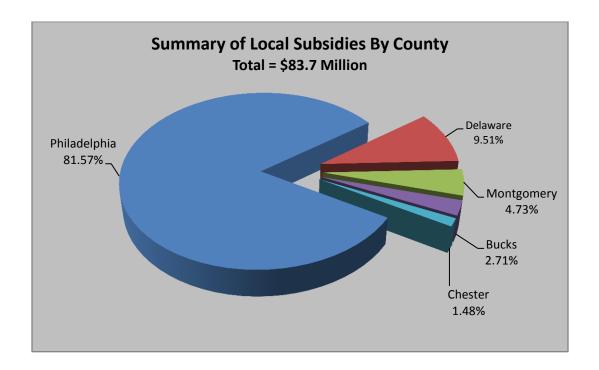


| Amounts in thousands ('000) | 1 | City Transit | V | ictory | Fr | ontier | R | Regional Rail | | Total SEPTA |
|----------------------------------|----|-----------------|----|--------|----|--------|----|------------------|----|----------------|
| | | | | | | | | | - | |
| Base PA Trust Fund Local Match | | 450 | | | | 4.000 | | 740 | | 2 074 |
| Bucks | \$ | 159 | \$ | - | \$ | 1,200 | \$ | 712 | \$ | 2,071 |
| Chester | | - | | 76 | | 551 | | 519 | | 1,146 |
| Delaware | | - | | 6,074 | | - | | 1,062 | | 7,136 |
| Montgomery | | 148 | | 624 | | 1,492 | | 1,328 | | 3,592 |
| Philadelphia | | 58,721 | | | | | | 8,450 | | 67,171 |
| Subtotal | \$ | 59,028 | \$ | 6,774 | \$ | 3,243 | \$ | 12,071 | \$ | 81,116 |
| Suburban Paratransit Local Match | | | | | | | | | | |
| Bucks | \$ | - | \$ | 181 | \$ | - | \$ | - | \$ | 181 |
| Chester | | - | | 84 | | - | | - | | 84 |
| Delaware | | - | | 795 | | - | | - | | 795 |
| Montgomery | | - | | 335 | | - | | - | | 335 |
| Philadelphia | | - | | | | | | | | - |
| Subtotal | \$ | - | \$ | 1,395 | \$ | - | \$ | - | \$ | 1,395 |
| Total Trust Fund Local Subsidy | | | | | | | | | | |
| Bucks | \$ | 159 | \$ | 181 | \$ | 1,200 | \$ | 712 | \$ | 2,252 |
| Chester | | - | | 160 | | 551 | | 519 | | 1,230 |
| Delaware | | - | | 6,869 | | - | | 1,062 | | 7,931 |
| Montgomery | | 148 | | 959 | | 1,492 | | 1,328 | | 3,927 |
| Philadelphia | | 58,721 | | | | | | 8,450 | | 67,171 |
| Total Trust Fund Local Subsidy | \$ | 59,028 | \$ | 8,169 | \$ | 3,243 | \$ | 12,071 | \$ | 82,511 |
| | | City | | | | | R | Regional | | Total |
| Amounts in thousands ('000) | | Transit | | ictory | Fr | ontier | | Rail | | SEPTA |
| Local Debt Service Subsidy | | | | | | | | | | |
| Bucks | \$ | 2 | \$ | - | \$ | - | \$ | 15 | \$ | 17 |
| Chester | | - | | - | | - | | 11 | | 11 |
| Delaware | | - | | 2 | | - | | 22 | | 24 |
| Montgomery | | 2 | | - | | - | | 28 | | 30 |
| Philadelphia Philadelphia | | 917 | | | | - | _ | 176 | | 1,093 |
| Local Debt Service Subsidy | \$ | 921 | \$ | 2 | \$ | - | \$ | 252 | \$ | 1,175 |
| Total Local Subsidies | \$ | 59,949 | \$ | 8,171 | \$ | 3,243 | \$ | 12,323 | \$ | 83,686 |



VIII. Local Subsidies By County

| Amounts in thousands ('000) | City Transit | Victory | | Frontier | | Regional Rail | | _ | Total SEPTA |
|-----------------------------|---------------------|---------|-------|----------|-------|------------------|--------|----|----------------|
| Total Local Subsidy | | | | | | | | | |
| Bucks | \$ 161 | \$ | 181 | \$ | 1,200 | \$ | 727 | \$ | 2,269 |
| Chester | - | | 160 | | 551 | | 530 | | 1,241 |
| Delaware | - | | 6,871 | | - | | 1,084 | | 7,955 |
| Montgomery | 150 | | 959 | | 1,492 | | 1,356 | | 3,957 |
| Philadelphia | 59,638 | | | | | | 8,626 | _ | 68,264 |
| Total Local Subsidy | \$ 59,949 | \$ | 8,171 | \$ | 3,243 | \$ | 12,323 | \$ | 83,686 |



The total local subsidy required for the Fiscal 2014 Budget is comprised of the following:

| Total Local Subsidy Required | <u>\$ 83,686</u> |
|--------------------------------------|------------------|
| Debt Service Subsidy Local Match | <u>1,175</u> |
| Total Trust Fund Local Subsidy (15%) | \$ 82,511 |





LABOR & BENEFITS

The Fiscal Year 2014 Operating Budget reflects pattern labor wage increases as a result of negotiated labor agreements. The Authority converted to self-insured healthcare beginning August 2012, which has reduced the growth of healthcare expense. A new prescription drug administrator was selected in Fiscal Year 2013 to help contain costs and maximize the savings generated from the expiration of patents on widely used brand drugs

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 infrastructure 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 diesel fuel hedge contracts.

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.

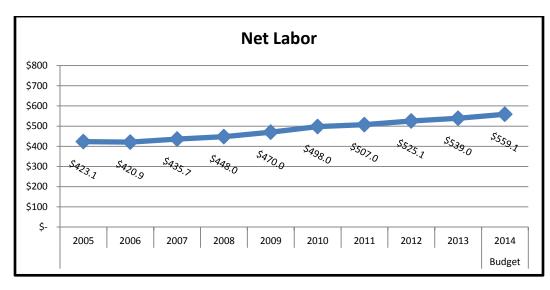
67 | SEPTA FY 14 Operating Budget

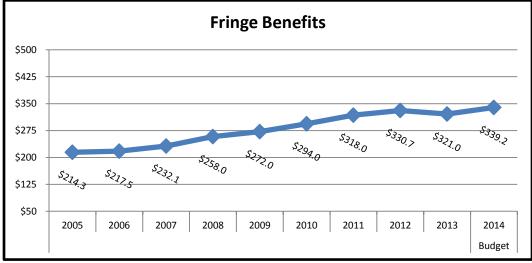


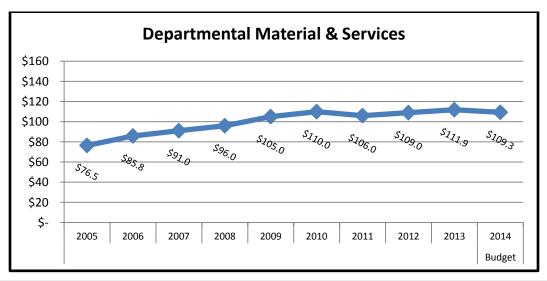


In developing the Operating Budget, the Authority considers issues that affect both the individual area of expense, as well as national, state and local economic conditions. In addition, SEPTA focuses on historical trends in major expense categories, as illustrated in the following charts:

Amounts in Millions

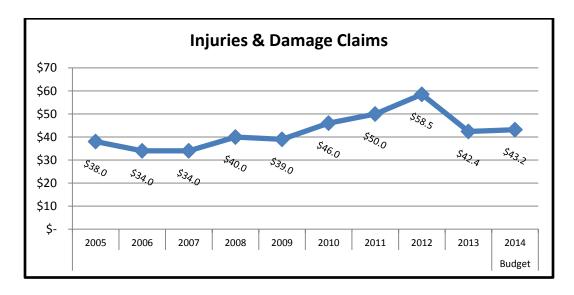


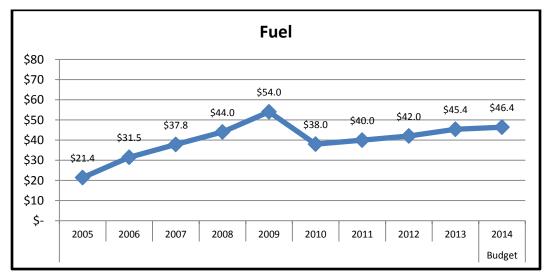


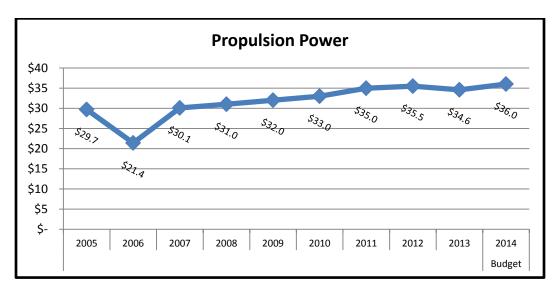




Amounts in Millions

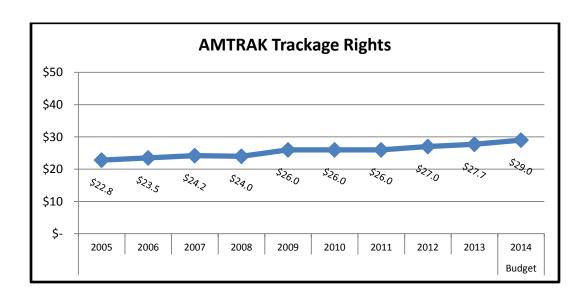


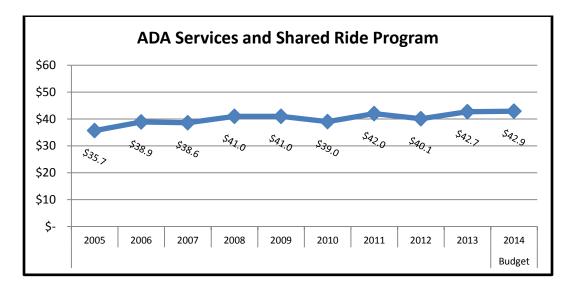






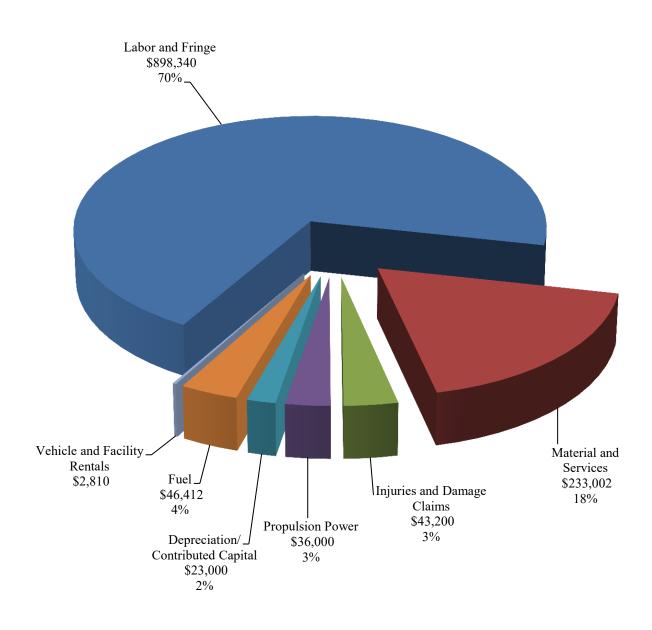
Amounts in Millions







TOTAL OPERATING EXPENSES = \$1,282,764 In Thousands





IX. FY 2014 Budget Detail of Expenses In 000's

| Division/Departmental Expenses | Net Labor | | | M & S | | Total |
|--|-----------|-----------------|----|------------------|-------------|------------------|
| Operations/Engineering, Maintenance | | | | | | |
| & Construction Division | | | | | | |
| Deputy General Manager Staff | \$ | 828 | \$ | 20 | \$ | 848 |
| Administration and Analysis | | 235 | | 50 | | 285 |
| Communications | | 1,134 | | 1,032 | | 2,166 |
| Labor Relations | | 1,065 | | 261 | | 1,326 |
| Revenue Operations & New Payment Technology | | 10,694 | | 1,996 | | 12,690 |
| Planning, Project Coordination & Safety | | 103 | | 14 | | 117 |
| Operations | | F1 100 | | 21.076 | | 72 175 |
| Bus Vehilce Maintenance | | 51,199 | | 21,976 2,695 | | 73,175 |
| Vehicle Engineering | | 2,119 8,314 | | 2,695 | | 4,814 8,514 |
| Control Center | | 6,761 | | 3,142 | | 9,903 |
| Customized Community Transportation | | 1,460 | | 3,142 | | 9,903 1,460 |
| Operations Staff Rail Transportation | | 105,019 | | 17,148 | | 122,167 |
| Rail Vehicle Maintenance | | 51,235 | | 18,164 | | 69,399 |
| Surface Transportation | | 194,505 | | 372 | | 194,877 |
| | | 17,830 | | 328 | | 18,158 |
| Transit Police | \$ | 438,442 | \$ | 64,025 | \$ | 502,467 |
| Total Operations Engineering, Maintenance & Construction | Ą | 65,183 | Ą | 17,268 | Ą | 82,451 |
| <u> </u> | | • | | | | |
| Total Operations/Engineering, Maint. & Constr. | \$ | 517,684 | \$ | 84,666 | \$ | 602,350 |
| Staff Departments | | 2 740 | | 400 | | 2 000 |
| Corporate Staff | \$ | 2,710 | \$ | 199 346 | \$ | 2,909 |
| Audit, Safety and Investigative Services Business Services | | 3,045 14,388 | | 5,316 | | 3,391 19,704 |
| Customer Services and Advocacy | | 5,601 | | 665 | | 6,266 |
| Finance and Planning | | 11,428 | | 2,624 | | 14,052 |
| Human Resources | | 12,055 | | 1,307 | | 13,362 |
| Legal, Real Estate and Claims | | 7,880 | | 12,215 | | 20,095 |
| Public and Government Affairs | | 1,536 | | 4,748 | | 6,284 |
| Total Staff Departments | \$ | 58,643 | \$ | 27,420 | \$ | 86,063 |
| Capital Allocation | _ | (17,202) | | (2,810) | | (20,012) |
| Total Departmental Expenses | \$ | 559,125 | \$ | 109,276 | \$ | 668,401 |
| Non-Departmental Expenses | | | | | | |
| Fringe Benefits | \$ | 339,215 | \$ | - | \$ | 339,215 |
| Amtrak | | - | | 29,000 | | 29,000 |
| CCT - ADA Services CCT - Shared Ride Program | | - | | 24,581 18,309 | | 24,581 18,309 |
| Debt Service Interest and Fees | | _ | | 20,652 | | 20,652 |
| Property and Corporate Insurance | | _ | | 3,383 | | 3,383 |
| Services for 1234 Market Street | | - | | 4,800 | | 4,800 |
| Snow Removal | | - | | 2,300 | | 2,300 |
| Utilities | | - | | 19,476 | | 19,476 |
| Capitalized/Other Costs | | _ | | 1,225 | | 1,225 |
| Total Non-Departmental Expenses | \$ | 339,215 | \$ | 123,726 | \$ | 462,941 |
| Other Operating Expenses | | | | | | |
| Injuries & Damage Claims | \$ | - | \$ | 43,200 | \$ | 43,200 |
| Propulsion Power | | - | | 36,000 | | 36,000 |
| Fuel | | - | | 46,412 | | 46,412 |
| Vehicle and Facility Rentals | | - | | 2,810 | | 2,810 |
| Depreciation/Contributed Capital | | | | 23,000 | | 23,000 |
| Total Other Expenses | \$ | - | \$ | 151,422 | \$ | 151,422 |
| TOTAL EXPENSES | \$ | 898,340 | \$ | 384,424 | \$: | 1,282,764 |
| | === | | _ | | _ | |



IX. FY 2014 Budget Allocation By Company In 000's

| | | | | City | | | | | R | egional | | |
|---|----|---------------------------------------|----|---------|----|----------|----|---------|------|---------|------|-----------|
| Division/Departmental Expenses | | HDQ | | Transit | | Victory | F | rontier | | Rail | | Total |
| Operations/Engineering, Maintenance | | | | | _ | Tietei y | _ | | | | | 1014 |
| & Construction Division | | | | | | | | | | | | |
| Deputy General Manager Staff | \$ | 848 | \$ | _ | \$ | _ | \$ | _ | \$ | _ | \$ | 848 |
| Administration and Analysis | Ψ. | 285 | Ψ | _ | 7 | _ | Ψ. | _ | Ψ | _ | Ψ. | 285 |
| Communications | | 1,886 | | 150 | | _ | | _ | | 130 | | 2,166 |
| Labor Relations | | 882 | | 361 | | _ | | _ | | 83 | | 1,326 |
| Revenue Operations & New Payment Technology | | 12,683 | | 6 | | _ | | _ | | 1 | | 12,690 |
| Planning, Project Coordination & Safety | | , , , , , , , , , , , , , , , , , , , | | 117 | | _ | | _ | | _ | | 117 |
| Operations | | _ | | 117 | | _ | | _ | | _ | | 117 |
| Bus Vehicle Maintenance | | _ | | 61,828 | | 6,573 | | 4,774 | | _ | | 73,175 |
| New Vehicle Engineering | | 385 | | 4,368 | | - | | -,,,,- | | 61 | | 4,814 |
| Control Center | | 793 | | 3,165 | | 450 | | _ | | 4,106 | | 8,514 |
| Customized Community Transportation | | 7,597 | | 1,107 | | -30 | | 1,199 | | -,100 | | 9,903 |
| Operations Staff | | 1,460 | | -, | | _ | | -,233 | | _ | | 1,460 |
| Rail Transportation | | 75 | | 48,709 | | _ | | _ | | 73,383 | | 122,167 |
| Rail Vehicle Maintenance | | 57 | | 35,988 | | 2,517 | | _ | | 30,837 | | 69,399 |
| Surface Transportation | | - | | 157,611 | | 25,644 | | 11,622 | | - | | 194,877 |
| Transit Police | | 18,158 | | | | - | | , | | - | | 18,158 |
| Total Operations | \$ | 28,525 | \$ | 312,776 | \$ | 35,184 | \$ | 17,595 | \$: | 108,387 | \$ | 502,467 |
| Engineering, Maint. & Constr. | • | 84 | · | 53,587 | • | 5,692 | | · - | | 23,088 | \$ | 82,451 |
| Total Oper./Engrng, Maint. & Constr. | \$ | 45,193 | \$ | 366,997 | \$ | 40,876 | \$ | 17,595 | \$: | 131,689 | \$ | 602,350 |
| Staff Departments | • | , | · | • | • | , | | • | | • | · | • |
| Corporate Staff | \$ | 2,909 | \$ | - | \$ | _ | \$ | _ | \$ | _ | \$ | 2,909 |
| Audit, Safety and Investigative Services | | 3,391 | | - | | _ | | _ | | _ | | 3,391 |
| Business Services | | 18,228 | | 275 | | 5 | | - | | 1,196 | | 19,704 |
| Customer Service and Advocacy | | 6,264 | | - | | - | | - | | 2 | | 6,266 |
| Finance and Planning | | 13,008 | | 277 | | - | | - | | 767 | | 14,052 |
| Human Resources | | 8,150 | | 2,843 | | 328 | | 122 | | 1,919 | | 13,362 |
| Legal, Real Estate and Claims | | 11,867 | | 5,929 | | 299 | | 47 | | 1,953 | | 20,095 |
| Public and Government Affairs | | 6,284 | | - | | - | | - | | - | | 6,284 |
| Total Staff Departments | \$ | 70,101 | \$ | 9,324 | \$ | 632 | \$ | 169 | \$ | 5,837 | \$ | 86,063 |
| Capital Allocation | | (12,295) | | (5,097) | | (1,382) | | 218 | | (1,456) | | (20,012) |
| Headquarters Allocation | _(| 102,999 <u>)</u> | | 77,259 | _ | 6,714 | _ | 2,529 | _ | 16,497 | _ | <u>-</u> |
| Total Departmental Expenses | \$ | - | \$ | 448,483 | \$ | 46,840 | \$ | 20,511 | \$: | 152,567 | \$ | 668,401 |
| Non-Departmental Expenses | | | | | | | | | | | | |
| Fringe Benefits | \$ | 52,169 | \$ | 196,411 | \$ | 19,656 | \$ | 6,438 | \$ | 64,541 | \$ | 339,215 |
| Amtrak | | - | | - | | - | | - | | 29,000 | | 29,000 |
| CCT - ADA Services | | - | | 15,066 | | 9,515 | | - | | - | | 24,581 |
| CCT - Shared Ride Program | | - | | 18,309 | | - | | - | | - | | 18,309 |
| Debt Service Interest and Fees | | - | | 9,906 | | 35 | | 7 | | 10,704 | | 20,652 |
| Property and Corporate Insurance | | 423 | | 1,724 | | 160 | | 49 | | 1,027 | | 3,383 |
| Services for 1234 Market Street | | 4,800 | | - | | - | | - | | - | | 4,800 |
| Snow Removal | | - | | - | | - | | - | | 2,300 | | 2,300 |
| Utilities | | 3,947 | | 8,481 | | 988 | | 235 | | 5,825 | | 19,476 |
| Capitalized/Other Costs | | (1,719) | | 4,314 | | (417) | | (37) | | (916) | | 1,225 |
| Headquarters Allocation | _ | (59,620) | _ | 44,471 | _ | 3,964 | _ | 1,485 | _ | 9,700 | _ | <u> </u> |
| Total Non-Departmental Expenses | \$ | - | \$ | 298,682 | \$ | 33,901 | \$ | 8,177 | \$: | 122,181 | \$ | 462,941 |
| Other Operating Expenses | | | | | | | | | | | | |
| Injuries & Damage Claims | \$ | - | \$ | 33,679 | \$ | • | \$ | 1,292 | \$ | 4,856 | \$ | 43,200 |
| Propulsion Power | | - | | 15,400 | | 1,430 | | - | | 19,170 | | 36,000 |
| Fuel | | - | | 36,600 | | 5,391 | | 3,708 | | 713 | | 46,412 |
| Vehicle and Facility Rentals | | - | | 2,064 | | 116 | | 44 | | 586 | | 2,810 |
| Depreciation/Contributed Capital | _ | | | 12,518 | _ | 196 | _ | 53 | | 10,233 | | 23,000 |
| Total Other Expenses | \$ | - | \$ | 100,261 | \$ | 10,506 | \$ | 5,097 | \$ | 35,558 | \$ | 151,422 |
| TOTAL EXPENSES | \$ | | \$ | 847,426 | | 91,247 | \$ | 33,785 | | 310,306 | \$: | 1,282,764 |
| | _ | | _ | | = | | _ | | _ | | _ | |



IX. FY 2013 Actual Detail of Expenses In 000's

| Division/Departmental Expenses | | let Labor | | M & S | | Total |
|---|--------------|-----------------|----------|--------------------|----------|----------------------|
| Operations/Engineering, Maintenance | | | | | | |
| & Construction Division | | | | | | |
| Administration and Analysis | \$ | 188 | \$ | 112 | \$ | 300 |
| Labor Relations | | 897 | | 217 | | 1,114 |
| Revenue Operations & New Payment Technology | | 9,762 | | 1,622 | | 11,384 |
| Communications | | 923 | | 993 | | 1,916 |
| Operations | | | | | | • |
| Bus Vehicle Maintenance | | 47,669 | | 23,030 | | 70,699 |
| Vehicle Engineering | | 1,944 | | 2,669 | | 4,613 |
| Control Center | | 7,026 | | 63 | | 7,089 |
| Customized Community Transportation | | 6,833 | | 2,068 | | 8,901 |
| Operations Staff | | 1,279 | | 9 | | 1,288 |
| Rail Transportation | | 99,069 | | 16,543 | | 115,612 |
| Rail Vehicle Maintenance | | 52,221 | | 17,148 | | 69,369 |
| Surface Transportation | | 186,555 | | 447 | | 187,002 |
| Transit Police | | 16,930 | | 191 | | 17,121 |
| Total Operations | \$ | 419,526 | \$ | 62,168 | \$ | • |
| Engineering, Maintenance & Construction | | 63,787 | | 20,141 | | 83,928 |
| Total Operations/Engineering, Maint. & Constr. | \$ | 495,083 | \$ | 85,253 | \$ | 580,336 |
| Staff Departments | | | | | | |
| Corporate Staff | \$ | 2,637 | \$ | 84 | \$ | 2,721 |
| Audit, Safety and Investigative Services | | 2,727 | | 214 | | 2,941 |
| Business Services | | 12,541 4,058 | | 4,672 399 | | 17,213 4,457 |
| Customer Service and Advocacy Finance and Planning | | 10,361 | | 2,350 | | 12,711 |
| Human Resources | | 11,581 | | 1,054 | | 12,635 |
| Legal, Real Estate and Claims | | 6,292 | | 17,511 | | 23,803 |
| Public and Government Affairs | | 1,566 | | 2,927 | | 4,493 |
| Total Staff Departments | \$ | 51,763 | \$ | 29,211 | \$ | 80,974 |
| Capital Allocation | | (7,819) | | (2,611) | _ | (10,430) |
| Total Departmental Expenses | \$ | 539,027 | \$ | 111,853 | \$ | 650,880 |
| Non-Departmental Expenses | | | | | | |
| Fringe Benefits | \$ | 320,962 | \$ | - | \$ | 320,962 |
| Amtrak | | - | | 27,704 | | 27,704 |
| CCT - ADA Services | | - | | 24,124 | | 24,124 |
| CCT - Shared Ride Program | | _ | | 18,641 28,163 | | 18,641 28,163 |
| Debt Service Interest and Fees Property and Corporate Insurance | | _ | | 2,086 | | 2,086 |
| Services for 1234 Market Street | | _ | | 4,145 | | 4,145 |
| Snow Removal | | _ | | 1,326 | | 1,326 |
| Utilities | | - | | 17,345 | | 17,345 |
| Capitalized/Other Costs | | - | | (1,902) | | (1,902) |
| Headquarters Allocation | . | | _ | <u>-</u> | _ | <u>-</u> |
| Total Non-Departmental Expenses | \$ | 320,962 | \$ | 121,632 | \$ | 442,594 |
| Other Operating Expenses | | | , | 42.425 | , | 42.425 |
| Injuries & Damage Claims | \$ | - | \$ | 42,425 | \$ | 42,425 |
| Propulsion Power Fuel | | - | | 34,642 45,380 | | 34,642 45,380 |
| Vehicle and Facility Rentals | | - | | 2,611 | | 2,611 |
| Depreciation/Contributed Capital | | - | | 21,354 | | 21,354 |
| | ċ | | <u>.</u> | | <u>-</u> | |
| Total Other Expenses TOTAL EXPENSES | \$ \$ | - 859,989 | \$ \$ | 146,412 379,897 | \$ \$ | 146,412 1,239,886 |
| TOTAL EAT ENGLS | <u> </u> | 033,303 | <u>~</u> | 3,3,031 | <u> </u> | -,233,000 |



IX. FY 2012 Actual Detail of Expenses In 000's

| Divison/Departmental Expenses | | let Labor | | M & S | | Total |
|---|----|-----------|----|---------|----|-----------|
| Operations Division | | | | | | |
| Bus Vehicle Engineering and Maintenance | \$ | 47,115 | \$ | 24,781 | \$ | 71,896 |
| Control Center | | 6,872 | | 154 | | 7,026 |
| Customized Community Transportation | | 6,852 | | 2,172 | | 9,024 |
| Labor Relations | | 857 | | 200 | | 1,057 |
| Operation Administration | | 1,261 | | 76 | | 1,337 |
| Rail Transportation | | 98,916 | | 15,871 | | 114,787 |
| Rail Vehicle Engineering and Maintenance | | 50,185 | | 16,243 | | 66,428 |
| Surface Transportation | | 181,881 | | 549 | | 182,430 |
| Transit Police | | 16,489 | | 437 | | 16,926 |
| Total Operations | \$ | 410,428 | \$ | 60,483 | \$ | 470,911 |
| Staff Departments | | | | | | |
| Corporate Staff | \$ | 2,544 | \$ | 84 | \$ | 2,628 |
| Audit, Safety and Investigative Services | | 2,904 | | 264 | | 3,168 |
| Business Services | | 12,945 | | 4,319 | | 17,264 |
| Customer Service and Advocacy | | 4,927 | | 1,303 | | 6,230 |
| Engineering, Maintenance and Construction | | 71,731 | | 21,624 | | 93,355 |
| Finance and Planning | | 10,096 | | 2,822 | | 12,918 |
| Human Resources | | 11,122 | | 818 | | 11,940 |
| Legal, Real Estate and Claims | | 5,885 | | 17,322 | | 23,207 |
| Public and Government Affairs | | 1,520 | | 2,666 | | 4,186 |
| Total Staff Departments | \$ | 123,674 | \$ | 51,222 | \$ | 174,896 |
| Capital Allocation | | (9,011) | | (2,625) | | (11,636 |
| Total Departmental Expenses | \$ | 525,091 | \$ | 109,080 | \$ | 634,171 |
| Non-Departmental Expenses | | | | | | |
| Fringe Benefits | \$ | 330,699 | \$ | - | \$ | 330,699 |
| Amtrak | | - | | 26,971 | | 26,971 |
| CCT - ADA Services | | - | | 23,099 | | 23,099 |
| CCT - Shared Ride Program | | - | | 17,008 | | 17,008 |
| Debt Service Interest and Fees | | - | | 19,063 | | 19,063 |
| Property and Corporate Insurance | | - | | 7,733 | | 7,733 |
| Services for 1234 Market Street | | - | | 4,090 | | 4,090 |
| Snow Removal | | - | | 482 | | 482 |
| Utilities | | - | | 15,528 | | 15,528 |
| Capitalized/Other Costs | | | | (4,926) | | (4,926 |
| Headquarters Allocation | | | | | | |
| Total Non-Departmental Expenses | \$ | 330,699 | \$ | 109,048 | \$ | 439,747 |
| Other Operating Expenses | | | | | | |
| Injuries & Damage Claims | \$ | - | \$ | 58,534 | \$ | 58,534 |
| Propulsion Power | | - | | 35,518 | | 35,518 |
| Fuel | | - | | 42,025 | | 42,025 |
| Vehicle and Facility Rentals | | - | | 2,625 | | 2,625 |
| Depreciation/Contributed Capital | _ | | | 19,642 | | 19,642 |
| Total Other Expenses | \$ | - | \$ | 158,344 | \$ | 158,344 |
| TOTAL EXPENSES | \$ | 855,790 | Ś | 376,472 | • | 1,232,262 |

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X. Headcount Authorizations



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-RoII (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. |



X. Fiscal Year 2014 Headcount Authorization

| | OPERATING HEADS | | | | | | |
|---|-----------------|-----|-------|-------|--|--|--|
| | Α | В | Н | Total | | | |
| Corporate Staff | 17 | - | - | 17 | | | |
| Audit, Safety & Investigative Services | 39 | - | - | 39 | | | |
| Business Services | 144 | 64 | 3 | 211 | | | |
| Customer Service & Advocacy | 31 | 59 | - | 90 | | | |
| Operations/ Engineering, Maintenance and Construction | 999 | 251 | 6,574 | 7,824 | | | |
| Finance & Planning | 123 | 59 | - | 182 | | | |
| Human Resources | 142 | 17 | - | 159 | | | |
| Legal, Real Estate & Claims | 89 | 28 | - | 117 | | | |
| Public & Government Affairs | 20 | - | - | 20 | | | |
| TOTAL OPERATING HEADS | 1,604 | 478 | 6,577 | 8,659 | | | |

| | CAPITAL HEADS | | | | | |
|---|---------------|----|-----|-------|--|--|
| | Α | В | Н | Total | | |
| Corporate Staff | - | - | - | - | | |
| Audit, Safety & Investigative Services | - | - | - | - | | |
| Business Services | 10 | 2 | - | 12 | | |
| Customer Service & Advocacy | - | - | - | - | | |
| Operations/ Engineering, Maintenance and Construction | 243 | 9 | 511 | 763 | | |
| Finance & Planning | 6 | - | - | 6 | | |
| Human Resources | - | - | - | - | | |
| Legal, Real Estate & Claims | - | - | - | - | | |
| Public & Government Affairs | - | - | - | - | | |
| TOTAL CAPITAL HEADS | 259 | 11 | 511 | 781 | | |

| | TOTAL HEADS | | | | | |
|---|-------------|-----|-------|-------|--|--|
| | А | В | Н | Total | | |
| Corporate Staff | 17 | - | - | 17 | | |
| Audit, Safety & Investigative Services | 39 | - | - | 39 | | |
| Business Services | 154 | 66 | 3 | 223 | | |
| Customer Service & Advocacy | 31 | 59 | - | 90 | | |
| Operations/ Engineering, Maintenance and Construction | 1,242 | 260 | 7,085 | 8,587 | | |
| Finance & Planning | 129 | 59 | - | 188 | | |
| Human Resources | 142 | 17 | - | 159 | | |
| Legal, Real Estate & Claims | 89 | 28 | - | 117 | | |
| Public & Government Affairs | 20 | - | - | 20 | | |
| TOTAL HEADS | 1,863 | 489 | 7,088 | 9,440 | | |



X. Fiscal Year 2010 - 2014 Headcount Authorization

| | OPERATING HEADS | | | | | | | |
|--|-----------------|-------|-------|-------|-------|--|--|--|
| | 2010 | 2011 | 2012 | 2013 | 2014 | | | |
| Corporate Staff | 17 | 17 | 17 | 16 | 17 | | | |
| Audit, Safety & Investigative Services | 21 | 19 | 17 | 40 | 39 | | | |
| Business Services | 204 | 210 | 210 | 211 | 211 | | | |
| Customer Service & Advocacy | 92 | 92 | 94 | 95 | 90 | | | |
| Engineering, Maint. & Construction | 1,182 | 1,179 | 1,183 | 1,182 | - | | | |
| Operations | 6,358 | 6,342 | 6,627 | 6,628 | - | | | |
| Operations/Engineering, Maintenance and Construction | - | - | - | - | 7,824 | | | |
| Finance & Planning | 194 | 191 | 187 | 186 | 182 | | | |
| Human Resources | 153 | 153 | 153 | 159 | 159 | | | |
| Legal, Real Estate & Claims | 55 | 53 | 53 | 107 | 117 | | | |
| Public & Government Affairs | 16 | 17 | 21 | 21 | 20 | | | |
| Public & Operational Safety | 355 | 352 | 83 | - | - | | | |
| TOTAL OPERATING HEADS | 8,647 | 8,625 | 8,645 | 8,645 | 8,659 | | | |

| | CAPITAL HEADS | | | | | | |
|--|---------------|------|------|------|------|--|--|
| | 2010 | 2011 | 2012 | 2013 | 2014 | | |
| Corporate Staff | - | - | - | - | - | | |
| Audit, Safety & Investigative Services | - | - | - | - | - | | |
| Business Services | 14 | 12 | 12 | 12 | 12 | | |
| Customer Service & Advocacy | - | - | - | - | - | | |
| Engineering, Maint. & Construction | 426 | 426 | 410 | 414 | - | | |
| Operations | 401 | 382 | 366 | 357 | - | | |
| Operations/Engineering, Maintenance and Construction | - | - | - | - | 763 | | |
| Finance & Planning | 4 | 4 | 4 | 5 | 6 | | |
| Human Resources | - | - | - | - | - | | |
| Legal, Real Estate & Claims | - | - | - | - | - | | |
| Public & Government Affairs | 1 | - | - | - | - | | |
| Public & Operational Safety | 1 | - | - | - | - | | |
| TOTAL CAPITAL HEADS | 847 | 824 | 792 | 788 | 781 | | |

| | TOTAL HEADS | | | | | | |
|--|-------------|-------|-------|-------|------------|--|--|
| | 2010 | 2011 | 2012 | 2013 | 2014 | | |
| Corporate Staff | 17 | 17 | 17 | 16 | 17 | | |
| Audit, Safety & Investigative Services | 21 | 19 | 17 | 40 | 39 | | |
| Business Services | 218 | 222 | 222 | 223 | 223 | | |
| Customer Service & Advocacy | 92 | 92 | 94 | 95 | 90 | | |
| Engineering, Maint. & Construction | 1,608 | 1,605 | 1,593 | 1,596 | - | | |
| Operations | 6,759 | 6,724 | 6,993 | 6,985 | - | | |
| Operations/Engineering, Maintenance and Construction | - | - | - | - | 8,587 - | | |
| Finance & Planning | 198 | 195 | 191 | 191 | 188 | | |
| Human Resources | 153 | 153 | 153 | 159 | 159 | | |
| Legal, Real Estate & Claims | 55 | 53 | 53 | 107 | 117 | | |
| Public & Government Affairs | 17 | 17 | 21 | 21 | 20 | | |
| Public & Operational Safety | 356 | 352 | 83 | - | - | | |
| TOTAL HEADS | 9,494 | 9,449 | 9,437 | 9,433 | 9,440 | | |

Headcount Authorization Cause of Change



X. Fiscal Year 2013 to Fiscal Year 2014

The Authority remains committed to maintaining headcount at a responsible level.

| Division/Department | Cause of Change | Increase/ Reduction |
|---|--|------------------------|
| | Fiscal Year 2013 Authorized Headcount | 9,433 |
| Audit, Safety and Investigative Services | Reduction of (1) position. | -1 |
| Bus Maintenance Department previously Bus- Vehicle Engineering & Maintenance (Bus VEM) | Elimination of (1) SAM position- Assistant Chief Officer Transfer (18) SAM positions from New Vehicle Engineering to Bus, Rail and New Vehicle Engineering Transfer (5) IBT positions to Rail Maintenance Transfer (15) SAM positions from Automotive Engineering to Bus, Rail and New Vehicle Engineering Transfer (4) Maintenance positions to the DGM staff | -43 |
| Bus, Rail and New Vehicle Engineering (new department) | Transfers In: (18) SAM positions from Bus New Vehicle Engineering (15) SAM positions from Bus Automotive Engineering (19) SAM and (5) IBT positions from Rail Equipment Engineering (8) SAM positions from Rail Equipment Maintenance in headquarters Addition: (1) New Sr. Operations Administrator | +66 |
| Corporate Staff | Addition of (1) SAM Deputy General Manager position | +1 |
| Control Center | Addition of (1) SAM Deputy Chief | +1 |
| Customer Service and Advocacy | Transfer (1) Director of Communications to DGM staff from Customer Service Transfer (10) SAM positions, (5) IBT and (3) M positions from Customer Service Communications to Operations/EM&C Transfer (14) SAM positions from CCT Customer Service to Customer Service | -5 |

Headcount Authorization Cause of Change



X. Fiscal Year 2013 to Fiscal Year 2014

| Division/Department | Cause of Change | Increase/ Reduction |
|---|--|------------------------|
| Customized Community Transportation (CCT) | Convert (1) fulltime bus operator and (1) part-time bus operator to (1) SAM position Transfer (14) SAM positions to Customer Service | -14 |
| Deputy General Manager Staff (DGM staff) | Transfer (1) SAM Administrative Assistant II from EM&C Transfer (1) SAM Chief of New Payment Technology from EM&C Transfer (1) SAM Senior Director of Administration and Finance from Operations Administration Transfer (1) SAM position Project Manager, Project Coordinator/Safety from EM&C Transfer (1) SAM Deputy Director of Stations Customer Service from EM&C Transfer (1) SAM Chief Officer of Labor Relations Addition of (1) SAM Senior Operations Manager reporting to the Deputy Director of Stations and Customer Service Transfer (1) SAM Director of Communications from Customer Service to DGM staff Delete (1) SAM AA position Add: (1) SAM Executive Assistant Transfer of (4) Maintenance heads from Bus Maintenance to DGM staff | +12 |
| Engineering, Maintenance and Construction (EM&C) | Transfer (99) SAM, (50) IBT and (49) Maintenance positions to Deputy General Manager reporting to the Chief of New Payment Technology Transfer (1) SAM Chief Officer of New Payment Technology to DGM staff Transfer (1) SAM position for Project Coordinator/Safety to DGM staff Transfer (1) SAM position for Deputy Director of Stations Customer Service to DGM staff Transfer (1) SAM Admin. Assistant. to DGM staff Transfer (5) SAM to DGM staff reporting to Project Manager Project Coordinator/Safety Addition of (1) M Electrician Operating Addition of (1) SAM Manager for Electricians | -204 |

Headcount Authorization Cause of Change



X. Fiscal Year 2013 to Fiscal Year 2014

| Division/Department | Cause of Change | Increase/ Decrease |
|---|--|-----------------------|
| Finance and Planning | Convert (5) IBT traffic checker position equivalents to (2) SAM positions | -3 |
| Administration and Analysis for Operations/ Engineering, Maintenance & Construction Division | Transfer (2) SAM positions: Manager of Financial Analysis and Manager of Statistical Reporting to DGM staff from Operations Administration Add (1) New SAM position | +3 |
| Communications for Operations/ Engineering, Maintenance & Construction (EM&C) | Transfer (10) SAM, (5) IBT and (3) M positions from Customer Service Communications to Communications in Operations/EM&C | +18 |
| Labor Relations | Transfer (9) SAM and (5) M positions from Operations to Deputy General Manager Staff reporting to the Chief Officer of Labor Relations | neutral |
| Legal, Real Estate and Claims | Establish a new department: Video & Evidence Add (1) SAM Director of Video & Evidence Add (1) SAM Video Manager Add (1) SAM Video System Administrator Add (6) SAM Video Analysts Add (1) SAM paralegal Transfer (1) SAM attorney from Public and Government Affairs to Legal Eliminate (1) SAM attorney | +10 |
| New Payment Technology | Transfer (98) SAM, (50) IBT and (48) M positions from EM&C to the Deputy General Manager for reporting to the Chief Officer of New Payment Technology | +196 |
| Operations Staff | Transfer (1) SAM Chief Labor Relations to DGM staff Transfer (1) SAM Senior Director of Administration and Finance to DGM staff Add (1) SAM Chief Officer of Rail Maint. Transfer (1) SAM position from Bus Maint. Transfer (2) SAM positions: Manager of Financial Analysis and Manager of Statistical Reporting to Senior Director of Admin. & Fin. Eliminate (1) Manager Capital Planning Add (1) SAM Deputy Chief Officer of NPT Add (1) Operations Administrator | -2 |

Headcount Authorization Cause of Change



X. Fiscal Year 2013 to Fiscal Year 2014

| Division/Department | Cause of Change | Increase/ Decrease |
|--|---|-----------------------|
| Project Coordination/Safety | Transfer of (5) SAM positions transferred from EM&C reporting to Project Manager of Project Coordination/Safety, a direct report to the DGM | +5 |
| Public and Government Affairs | Transfer (1) SAM attorney to Legal | -1 |
| Rail Transportation | Transfer (6) M cleaner positions to Rail Transportation from Rail Maintenance Transfer (1) SAM AAI vacancy to Rail Maintenance | +5 |
| Rail Maintenance formerly Rail Vehicle, Maintenance and Engineering (Rail VEM) | Transfer(19) SAM and (5) IBT positions from Rail Equipment Engineering to Bus, Rail and New Vehicle Engineering Transfer (8) SAM positions from Rail Equipment Maintenance in headquarters to Bus, Rail and New Vehicle Engineering Transfer (6) M cleaner positions to Rail Transportation Transfer (5) IBT positions from Bus Maintenance to Rail Maintenance Eliminate (1) SAM position Manager of Rail Engineering Eliminate (1) SAM position Manager of Capital Planning Eliminate (1) SAM position Management Analyst Eliminate (1) SAM position Financial Analyst Transfer (1) SAM AA I vacancy from Rail Transportation and upgrade to AAII | -36 |
| Surface Transportation | Transfer (2) SAM vacancies to Legal to fund video analysts positions | -2 |
| Transit Police | Eliminate (1) SAM Deputy Chief of PoliceAdd (2) SAM Inspectors | +1 |
| | Fiscal Year 2014 Authorized Headcount | 9,440 |
| | | , |
| | Net Change | +7 |

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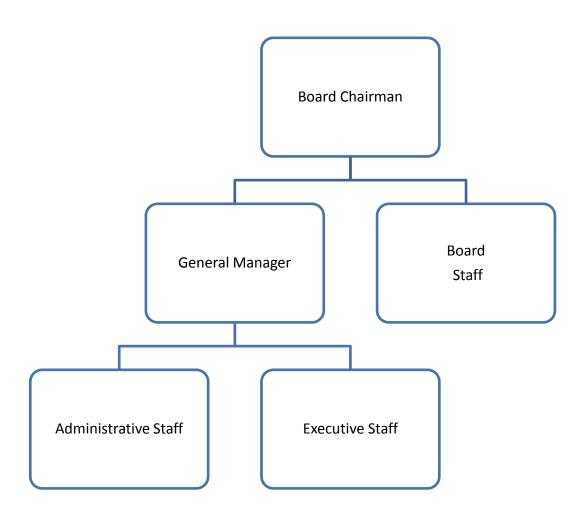
XI. Departmental Summaries By Division

SEPTA Corporate Staff



Overview

SEPTA's Executive Staff consists of a team of experienced transit professionals who are dedicated to providing vision and guidance to 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.





HEADCOUNT

| | OPE | OPERATING HEADS | | | | |
|-------------------------------|-----|-----------------|---|-------|--|--|
| | Α | В | Н | Total | | |
| Office of the General Manager | 3 | _ | _ | 3 | | |
| Executive Staff | 10 | - | - | 10 | | |
| Board Staff | 4 | <u> </u> | | 4 | | |
| TOTAL OPERATING HEADS | 17 | | | 17 | | |

| CAPITAL HEADS A B H Total | | | | | |
|----------------------------|----------|---|---|--|--|
| A B | | | | | |
| - - | - | - | - | | |
| | <u> </u> | | | | |
| <u> </u> | <u> </u> | | | | |
| | | | | | |

| | TOTAL HEADS | | | |
|-------------------------------|-------------|----------|---|-------|
| | Α | В | Н | Total |
| Office of the General Manager | 3 | _ | _ | 3 |
| Executive Staff | 10 | - | - | 10 |
| Board Staff | 4 | <u> </u> | | 4 |
| TOTAL HEADS | 17 | <u> </u> | | 17 |



Corporate Staff

Amounts in Thousands (,000)

| | Net <u>Labor</u> | <u> </u> | Material & Services | <u>Total</u> |
|---|---------------------------|----------|------------------------|---------------------------|
| Office of the General Manager Executive Staff Board Staff | \$ 455 1,795 460 | \$ | 120 15 64 | \$ 575 1,810 524 |
| TOTAL | \$ 2,710 | \$ | 199 | \$ 2,909 |

PRINCIPAL RESPONSIBILITIES

General Manager

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

Executive Staff

Manage and direct 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

Prepare 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 SEPTA's Strategic Business Plan define the Authority's guiding framework, and ultimately constitute the goals of the Executive Staff, who function as SEPTA's decision-makers. The following are key initiatives and achievements for the six defined Corporate Goals:

| Current Goals | Initiatives |
|--|--|
| I. Improve Service Quality and Customer Satisfaction | a) Emphasize Courtesy, Cleanliness, Communications and Convenience. b) Reinforce Customer Service as a priority for all SEPTA employees. c) Continue programs to improve the cleanliness of stations. d) Continue programs to improve on-time performance. e) Continue vehicle acquisition programs to replace rolling stock beyond its useful life. f) Build and expand relationships with customers – both internal and external – through initiatives outlined by the Building a SEPTA Customer Service Culture (BASCSC) g) Advance technology initiatives, including website features, social media, and subscription notification program for service alterations, to expand customer communication programs using tools that match rider preferences. h) Continue programs that provide information, outreach, and assistance to customers during emergencies and special events. |
| II. Improve Customer and Employee Safety | a) Continue to enhance security of passengers, employees and infrastructure. b) Continue and strengthen public safety education programs including Operation Lifesaver. c) Continue to improve employee training and certification programs. d) Continue to rigorously enforce employee drug and alcohol policies. e) Maintain existing relationships and develop new partnerships with local agencies and universities to enhance security. |





| Current Goals | Initiatives |
|--|---|
| III. Improve Productivity and Cost Effectiveness | a) Maximize the effectiveness of resources, personnel, equipment, vehicles and facilities to improve productivity while improving the delivery and quality of service for customers. b) Continue reductions, as appropriate, in non-revenue vehicle fleet. c) Facilitate decision-making support systems through effective use of customer market research and other market research instruments. d) Continue aggressive fraud campaign programs to reduce Workers' Compensation, Medical and Injury Claims. e) Implement projects that provide an integrated approach to strategic planning throughout the Authority. |
| IV. Improve Ridership and Revenue | a) Respond to regional economic and customer market trends to retain existing riders and attract new customers staying within our financial boundaries. b) Reinforce and build relationships with outside stakeholders to develop service in response to special markets including visitors, tourists and businesses. c) Strategically enhance existing service and develop new service to meet access to job needs throughout the region. d) Develop partnership initiatives to address mobility needs through a cost-effective/cost sharing program. e) Promote existing Authority fare incentives – passes and Ride-Eco to existing and new riders. f) Advance new payment technologies into our fare collection system. g) Support the long-term consideration and planning of new service. h) Continue preventive maintenance on elevator/escalators to minimize amount of service expense. i) Lend support and be responsive to state-initiated performance standards and various audits. |





| Current Goals | Initiatives |
|--|--|
| V. Advance Sustainability Agenda | a) Promote environmental stewardship with introduction of energy appropriate and sensitive practices that have economic returns. b) Implement energy efficient and socially responsible construction and maintenance practices throughout our organization. c) Further advance awareness of transit as a sustainability solution for the continued economic vitality of our service region. d) Work with partners and stakeholders to foster transit oriented development opportunities where sustainability and livability goals may be achieved at a community level. |
| VI. Improve Employee Satisfaction and Workplace Excellence | a) Advance the Succession Planning Program and development of employee education programs to ensure continuity of operations in key positions and provide promotional opportunities. b) Create a high performance workforce culture by enhancing our employee recognition program to include a sound strategic management method of employee engagement and foster a commitment to excellence and professional pride. c) In cooperation with our bargaining units, continue to develop programs that enhance skills and create opportunities for employee growth. |

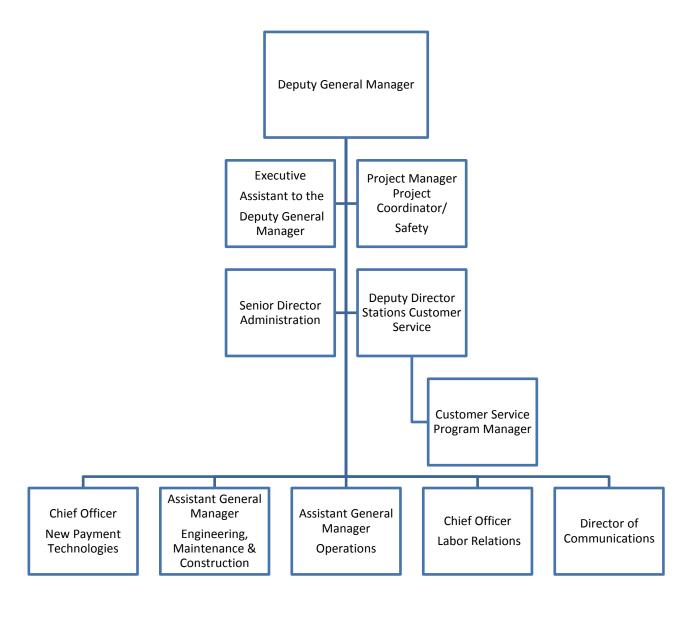


Operations/ Engineering, Maintenance & Construction Division



Overview

The Operations/Engineering, Maintenance & Construction Division reports directly to SEPTA's Deputy General Manager who is directly responsible for the Authority's core business. The Deputy General Manager's areas of responsibility include Operations, Engineering, Maintenance & Construction, Project Coordination & Safety, New Payment Technologies, Labor Relations and Administration & Analysis. The Division provides the leadership for the daily operating decisions and long term goals for SEPTA's core business.





HEADCOUNT

| OPERATING HEADS | | | | | | |
|-----------------|------------------------------|---|--|--|---|--|
| Α | В | Maint. | Transp. | Cashiers | Total | |
| 6 | - | 4 | - | - | 10 | |
| 3 | - | - | - | - | 3 | |
| 10 | 5 | 3 | - | - | 18 | |
| 9 | - | 5 | - | - | 14 | |
| 87 | 50 | 48 | - | - | 185 | |
| 1 | - | - | - | - | 1 | |
| 116 | 55 | 60 | - | - | 231 | |
| | 6 3 10 9 87 1 | 6 - 3 - 10 5 9 - 87 50 1 - | A B Maint. 6 - 4 3 - - 10 5 3 9 - 5 87 50 48 1 - - | A B Maint. Transp. 6 - 4 - 3 - - - 10 5 3 - 9 - 5 - 87 50 48 - 1 - - - | A B Maint. Transp. Cashiers 6 - 4 - - 3 - - - - 10 5 3 - - - 9 - 5 - - - 87 50 48 - - - 1 - - - - - | |

| | CAPITAL HEADS | | | | | | |
|---------------------------------------|---------------|---|--------|---------|----------|-------|--|
| | Α | В | Maint. | Transp. | Cashiers | Total | |
| Deputy General Manager Direct Reports | 2 | - | - | - | - | 2 | |
| Administration & Analysis | - | - | - | - | - | - | |
| Communications | - | - | - | - | - | - | |
| Labor Relations | - | - | - | - | - | - | |
| Revenue & New Payment Technology | 11 | - | - | - | - | 11 | |
| Project Coordination/Safety | 4 | - | - | - | - | 4 | |
| TOTAL CAPITAL HEADS | 17 | - | - | - | - | 17 | |

| | TOTAL HEADS | | | | | | |
|---------------------------------------|-------------|----|--------|---------|----------|-------|--|
| | A | В | Maint. | Transp. | Cashiers | Total | |
| Deputy General Manager Direct Reports | 8 | - | 4 | - | - | 12 | |
| Administration & Analysis | 3 | - | - | - | - | 3 | |
| Communications | 10 | 5 | 3 | - | - | 18 | |
| Labor Relations | 9 | - | 5 | - | - | 14 | |
| Revenue & New Payment Technology | 98 | 50 | 48 | - | - | 196 | |
| Project Coordination/Safety | 5 | - | - | - | - | 5 | |
| TOTAL HEADS | 133 | 55 | 60 | - | - | 248 | |

Note: The Assistant General Manager of Operations and the Assistant General Manager of Engineering, Maintenance and Construction are included in the headcount of Corporate Staff.

Engineering, Maintenance & Construction



Deputy General Manager Staff

Amounts in Thousands (,000)

| | Net | | Material | | |
|---------------------------------------|--------------|----|------------|----|--------------|
| | Labor | 8 | & Services | | <u>Total</u> |
| Deputy General Manager Direct Reports | \$ 828 | \$ | 20 | \$ | 848 |
| Administration & Analysis | 235 | | 50 | | 285 |
| Communications | 1,134 | | 1,032 | | 2,166 |
| Labor Relations | 1,065 | | 261 | | 1,326 |
| Revenue & New Payment Technology | 10,694 | | 1,996 | | 12,690 |
| Planning, Project Coordination/Safety | 103 | | 14 | _ | 117 |
| TOTAL | \$ 14,059 | \$ | 3,373 | \$ | 17,432 |

Note: Budget for Stations Customer Service Representative included with Direct Reports.

PRINCIPAL RESPONSIBILITIES

ADMINISTRATION AND ANALYSIS

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

Cost Control

Coordinate the development, submission and monitoring of Operating and Capital Budget Proposals for the Operations/Engineering, Maintenance and Construction Division.

Performance Statistics Control

Develop and monitor performance statistic goals for Operations/Engineering, Maintenance and Construction Division which support SEPTA's mission and strategic goals.

Human Resource Administration

Manage the process of hiring personnel for Operations/Engineering, Maintenance and Construction Division in accordance with service requirements. Ensure compliance with SEPTA's Human Resource policies.

Customer Service

Process and expedite all customer correspondence routed through the Operations/Engineering, Maintenance and Construction and Division.

Record Retention

Coordinate compliance with record retention policies.

Special Projects

Coordinate all logistics and activities related to service interruptions, major sporting events and various other annual events including the International Flower Show, Philly Spring Clean-Up, Philadelphia Food Drive and APTA conference.

Operations/

Engineering, Maintenance & Construction



COMMUNICATIONS

Responsibilities include internal and external corporate communications including the development of customer information, brochures, posters and notices, system signage, way-finding information and maps. Manage the content, graphics, navigation, and editorial content for SEPTA's Internet website. Develop new customer features and format 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. Direct the Art in Transit program and the Station Musicians Performers program. Manage Graphics, Printing Services, the Sign Shop, Fulfillment Services and Communications.

Print Services and Sign Shops

Serves as 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, corporate business cards and stationery. The Sign Shop is responsible for producing system and vehicle signs, decals, and banners, including system-wide transit stop signage.

Graphic Services

Provide 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

Provide 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

Responsible for all corporate and customer communications including all SEPTA services and project-related information. This unit is also responsible for the design, content, and management of the SEPTA website and Authority social media tools.

Operations/

Engineering, Maintenance & Construction



LABOR RELATIONS

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

Negotiations

Serve 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)

Hear all third level and Labor Relations step grievances and represent the Authority in all arbitrations, SBAs and related litigation. Serve as primary liaison with all attorneys retained on special arbitration cases or other litigation.

Case Presentation to the Pennsylvania Labor Relations Board (PLRB)

Prepare and present all cases associated with the PLRB as they are filed by unions and the Authority.

Job Classification/Wage Administration

Direct preparation of new and revised job descriptions for hourly classification and coordinate evaluations of bargaining unit positions and negotiate job restructuring and classification issues. Prepare and publish all hourly and non-supervisory wage rate manuals.

Training

Conduct relevant training of supervisors in contract interpretation and enforcement.

Joint Labor Management Relations

Conduct joint productivity meetings with labor representatives to promote the safe, efficient and economical operation of the Authority.

Unemployment Compensation

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

Operations/ Engineering, Maintenance & Construction



NEW PAYMENT TECHNOLOGIES

Revenue Transportation

Ensure the collection and safe transportation of the Authority's passenger revenues and fare instruments. Deposit processed revenue.

Revenue Services

Ensure timely processing, counting and reconciliation of the Authority's passenger revenue, as well as the distribution of fare instruments.

Revenue Equipment Maintenance and Engineering

Perform preventive maintenance and overhaul of the Authority's fare collection equipment and devices. Provide engineering and design support for the revenue system including specifications, drawings, equipment modifications and system upgrades.

Revenue Compliance

Ensure that the collection of farebox revenue is performed efficiently and safely.

Revenue, Audit and Control

Ensure 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.

PLANNING, PROJECT COORDINATION & SAFETY

Responsible for long range planning, master scheduling and inter-departmental coordination of Railway Improvement Projects. Also manage Divisional Safety and State of Good Repair Planning Programs.

Operations/ Engineering, Maintenance & Construction



GOALS AND BUSINESS INITIATIVES

| Current Goals | Initiatives |
|---|--|
| I. Improve Productivity and Cost Effectiveness | a) Continue efforts to reach agreements with unions that have outstanding contracts. b) Explore new ways to use technology to increase efficiencies and communication in upcoming contract negotiations. |
| II. Support Capital Improvement Projects | a) Oversee negotiations with TWU-234 concerning New Payment Technologies project to achieve a smooth transition to new technology. |
| III. Support the Authority's Implementation of New Technologies | a) 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. b) Complete New Payment Technologies (NPT) for all transit operations. Provide transitional support and education as NPT advances to the —Go Live" stage. Prepare Regional Rail infrastructure for NPT implementation. |

SEPTAOperations

Operations

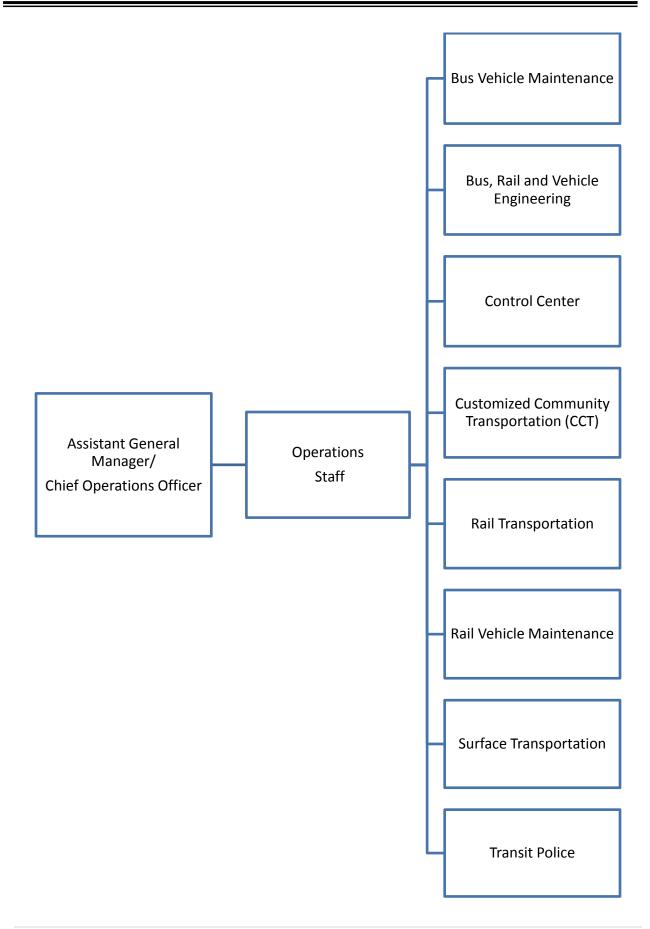


Overview

The Operations Division provided 337.3 million annual passenger trips in Fiscal Year 2013, while operating 99.2 million vehicle miles. Total passenger miles exceeded 1.5 billion. The Division operates and maintains 2,772 revenue vehicles on 145 fixed routes, which have approximately 1,860 route miles, operates and maintains an inventory of 995 assorted non-revenue support vehicles and equipment, and provides service to 281 stations using over 450 miles of track and related facilities. In addition, Operations ensures law enforcement within the transportation system.

The Operations Division includes Bus Vehicle Maintenance, Bus, Rail and Vehicle Engineering, Control Center, Customized Community Transportation, Operations Staff, Rail Transportation, Rail Vehicle Maintenance, Surface Transportation and Transit Police.







HEADCOUNT

| | OPERATING HEADS | | | | | | |
|-----------------------------------|-----------------|-----|--------|---------|----------|-------|--|
| | Α | В | Maint. | Transp. | Cashiers | Total | |
| Bus Vehicle Maintenance | 79 | 12 | 774 | - | - | 865 | |
| Bus, Rail and Vehicle Engineering | 24 | 5 | - | - | - | 29 | |
| Control Center | 87 | 12 | - | 4 | - | 103 | |
| Customized Community Trans. (CCT) | 38 | - | - | - | - | 38 | |
| Operations Staff | 11 | - | - | - | - | 11 | |
| Rail Transportation | 135 | 55 | 175 | 735 | 347 | 1,447 | |
| Rail Vehicle Maintenance | 103 | 19 | 748 | - | - | 870 | |
| Surface Transportation | 183 | 28 | - | 2,754 | - | 2,965 | |
| Transit Police | 60 | - | 209 | - | - | 269 | |
| TOTAL OPERATING HEADS | 720 | 131 | 1,906 | 3,493 | 347 | 6,597 | |

| | CAPITAL HEADS | | | | | | |
|-----------------------------------|---------------|---|--------|---------|----------|-------|--|
| | Α | В | Maint. | Transp. | Cashiers | Total | |
| Bus Vehicle Maintenance | 8 | 1 | 77 | - | - | 86 | |
| Bus, Rail and Vehicle Engineering | 37 | - | - | - | - | 37 | |
| Control Center | 2 | - | - | - | - | 2 | |
| Customized Community Trans. (CCT) | 41 | - | - | 24 | - | 65 | |
| Operations Staff | - | - | - | - | - | - | |
| Rail Transportation | 3 | - | - | - | - | 3 | |
| Rail Vehicle Maintenance | 12 | 1 | 144 | - | - | 157 | |
| Surface Transportation | - | - | - | - | - | - | |
| Transit Police | | - | - | - | - | - | |
| TOTAL CAPITAL HEADS | 103 | 2 | 221 | 24 | _ | 350 | |

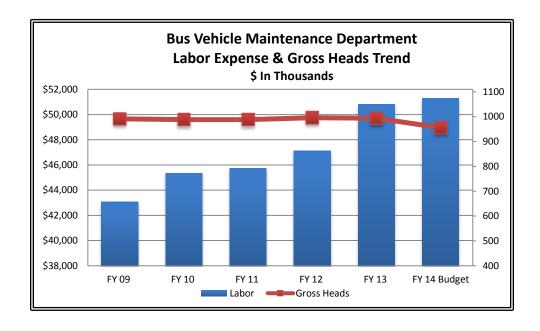
| | TOTAL HEADS | | | | | | |
|-----------------------------------|-------------|-----|--------|---------|----------|-------|--|
| | A | В | Maint. | Transp. | Cashiers | Total | |
| Bus Vehicle Maintenance | 87 | 13 | 851 | - | - | 951 | |
| Bus, Rail and Vehicle Engineering | 61 | 5 | - | - | - | 66 | |
| Control Center | 89 | 12 | - | 4 | - | 105 | |
| Customized Community Trans. (CCT) | 79 | - | - | 24 | - | 103 | |
| Operations Staff | 11 | - | - | - | - | 11 | |
| Rail Transportation | 138 | 55 | 175 | 735 | 347 | 1,450 | |
| Rail Vehicle Maintenance | 115 | 20 | 892 | - | - | 1,027 | |
| Surface Transportation | 183 | 28 | - | 2,754 | - | 2,965 | |
| Transit Police | 60 | = | 209 | - | - | 269 | |
| TOTAL HEADS | 823 | 133 | 2,127 | 3,517 | 347 | 6,947 | |



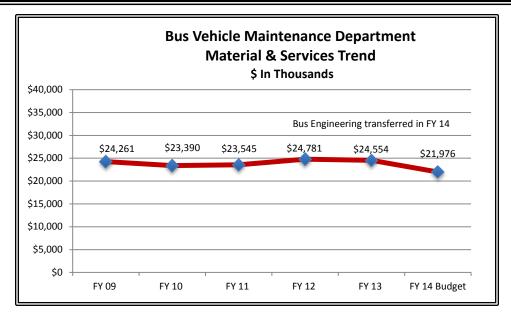
Operations Amounts in Thousands (,000)

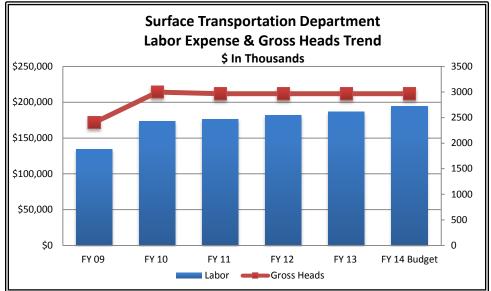
| | Net Labor | Material & Services | Total |
|-----------------------------------|---------------|------------------------|---------------|
| Bus Vehicle Maintenance | \$ 51,199 | \$ 21,976 | \$ 73,175 |
| Bus, Rail and Vehicle Engineering | 2,119 | 2,695 | 4,814 |
| Control Center | 8,314 | 200 | 8,514 |
| Customized Community Trans. (CCT) | 6,761 | 3,142 | 9,903 |
| Operations Staff | 1,460 | - | 1,460 |
| Rail Transportation | 105,019 | 17,148 | 122,167 |
| Rail Vehicle Maintenance | 51,235 | 18,164 | 69,399 |
| Surface Transportation | 194,505 | 372 | 194,877 |
| Transit Police | 17,830 | 328 | 18,158 |
| TOTAL | \$ 438,442 | \$ 64,025 | \$ 502,467 |

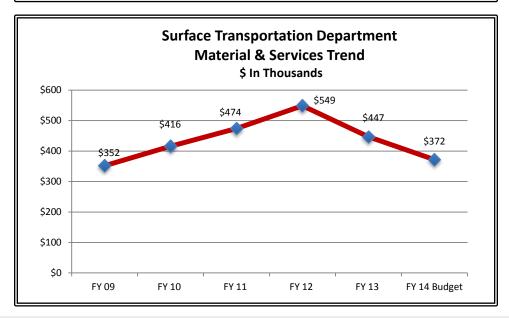
Note: Bus, Rail and Vehicle Engineering is a new department established with the reorganization for the Operations/Engineering, Maintenance and Construction Division.



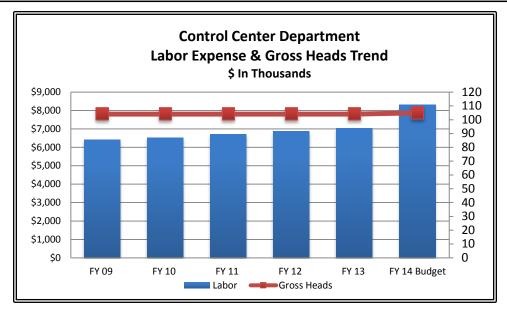


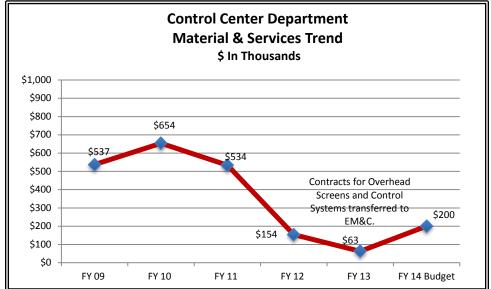


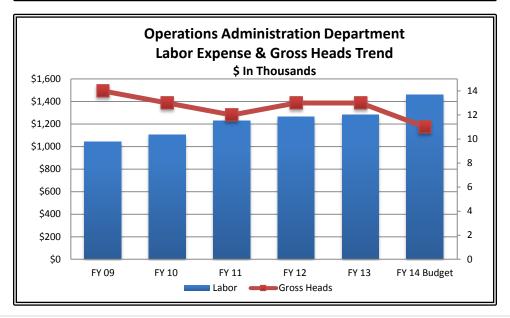




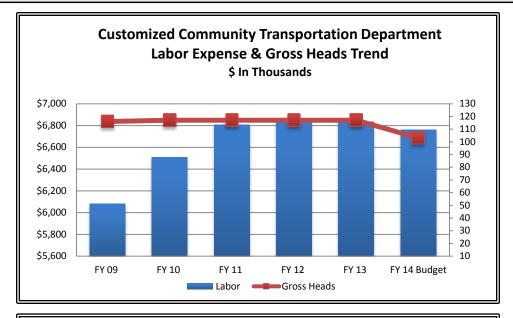


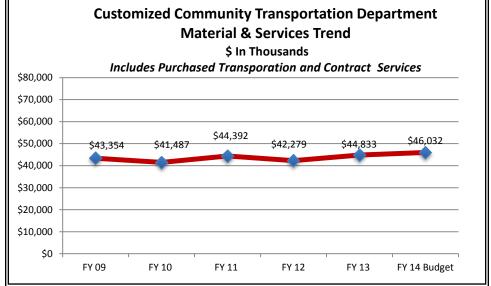


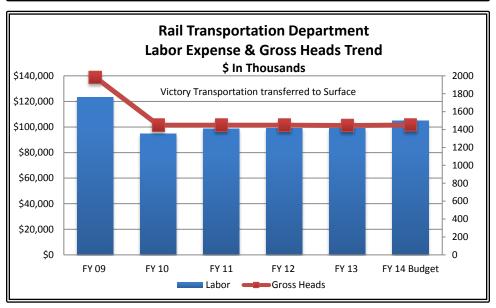




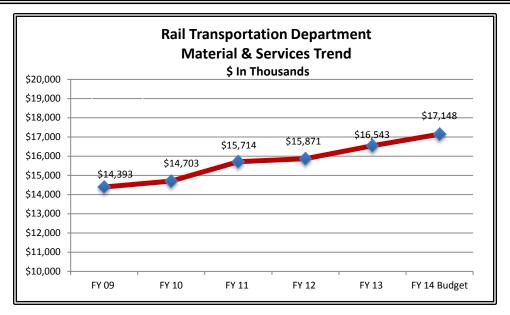


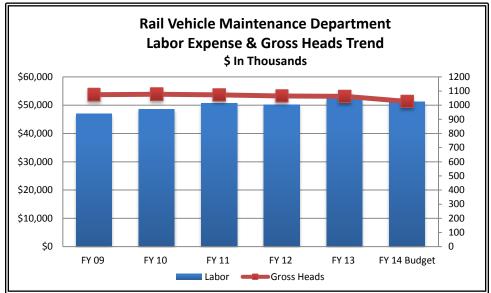


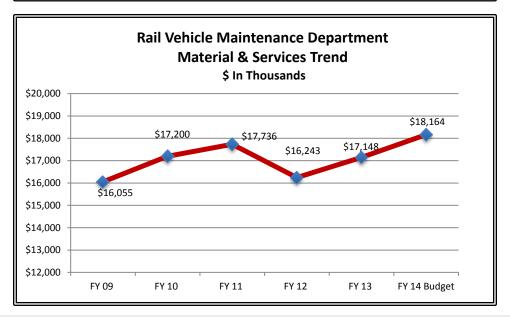














PRINCIPAL RESPONSIBILITIES

BUS VEHICLE MAINTENANCE

Oversee maintenance for bus, trackless trolley, and non-revenue fleets and responsible for bus and utility vehicle preventive maintenance overhauls.

Utility, Brake Shop and Mechanical

Perform overhaul and heavy maintenance on bus and trackless trolley fleets. Perform maintenance on SEPTA's non-revenue utility fleet.

Bus Vehicle Maintenance

Consists of the following nine locations:

- Philadelphia has six operating locations
- Victory in Delaware County
- Frontier in Montgomery County
- Contract Operations located 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.

CONTROL CENTER

The Control Center is a centralized facility that manages the safe and efficient movement of all of SEPTA's operating modes and provides customer service alerts to our passengers. All Control Center functions and associated equipment are located at SEPTA's 1234 Market Street headquarters on the 19th floor. The Control Center personnel are responsible for ensuring that SEPTA's established service levels are maintained 24 hours a day, 7 days a week. The Control Center functions include:

Subway/Elevated Control

Train Dispatchers control the Market-Frankford Subway elevated (MFSE) and the Broad Street - Ridge Avenue Subway (BSS).

On the MFSE, the train dispatcher can view the status of the entire line on a model board. Train Dispatchers have remote control over all thirteen (13) interlockings via the computer system. These thirteen (13) are Bridge, Erie-Torresdale, Allegheny, Huntingdon, Berks, Spring Garden, 5th Street, 15th Street, 30th Street, 40th Street, 52nd Street, 63rd Street and 69th Street.

On the BSS, the Train Dispatchers have a model board – and supervisory control of the Broad Street Subway interlockings including: Fern Rock Yard, Olney, Erie, Fairmount, Walnut-Locust, Snyder, Patterson and 8th & Market.

Light Rail Trolley Control

The Light Rail Trolley Controller utilizes a combination of radio consoles and computerized control systems to manage the 6 Center City trolley lines, the Routes 101 and 102 Media/Sharon Hill lines and the Route 100 NHSL. A Communications-Based Train Control (CBTC) system tracks train location and control to the Center City subway portion and GPS systems have been installed to track trolleys on the street.

Controllers of the Norristown High Speed Line have total supervisory control and complete monitoring capability of the line. The SCADA system providing this control includes both computer terminals and an overview screen.



Bus Control

The Bus Control Center utilizes a Computer-Aided radio Dispatch (CARD) system to communicate with the entire bus fleet, supervisory and maintenance vehicles. The communications infrastructure includes 6 radio towers and a trunked radio system that has 7 voice channels and 2 data channels. All vehicles have Automatic Vehicle Location (AVL) systems.

Commuter Railroad Control

The Railroad Control Center utilizes a Centralized Train Control System to provide real time information and control functions to the 19th floor. Six (6) train dispatcher positions have the responsibility to manipulate switches and display signals on SEPTA-controlled territory managing the movement of 740 scheduled trains a day.

Control Center Information

Control Center Information Managers and Passenger Service Specialists monitor real time service delays and provide instant updates to customers through a variety of communication media. From station announcements and updates to the web site to posts on Twitter and PA Ready Notify, the Control Center information staff helps to keep our customers informed of real time service disruptions.

Command Center

The Command Center serves as the central coordination room that allows SEPTA staff to manage all emergencies and major service disruptions.

The following Control Center Operations areas are also part of SEPTA's centralized Control Center facility but report to different Chiefs in the organization:

- Railroad Power Dispatching
- Subway/Light Rail Power Dispatching
- Police Radio Room
- CCT Control Operations
- Cashier Dispatching



CUSTOMIZED COMMUNITY TRANSPORTATION (CCT)

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 -GCT 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

Provide advance-reservation, ride-sharing paratransit service for eligible disabled riders in Bucks, Chester, Delaware, Montgomery and Philadelphia counties.

Shared Ride Program (SRP)

Provide 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 and 205).



BUS, RAIL AND VEHICLE ENGINEERING

Oversee the engineering for bus, trackless trolley, light rail, subway-elevated, railroad and non-revenue fleets and is responsible for the bus, rail and utility vehicle acquisitions. Manage administrative, personnel and budgetary elements of Bus, Rail and New Vehicle Engineering and the Bus and Rail Maintenance groups.

Automotive and Rail Vehicle Engineering

Provide all engineering support including specifications, drawings, vehicle modifications and system upgrades for all bus and rail fleets. Investigate and resolve bus and fleet technical issues. Support is provided to heavy maintenance facilities and CCT vehicle maintenance.

New Vehicles

Oversee the purchase of all new vehicles for the authority. Manage the procurement, production, inspection, acceptance and contract deliverables (e.g. spare parts, manuals and warranty administration) for various contracts.

RAIL TRANSPORTATION

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

Railroad

Oversee all transportation, customer service, station operation, ticket sales and on-board fare collection 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 380 revenue trains each weekday between the Frankford Transportation Center and the 69th Street Terminal. The BSS operates 598 revenue trains each weekday between the Fern Rock Transportation Center and AT&T Station as well as along the Ridge Avenue Spur.

Fare Collection

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

Station Cleaning

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



RAIL VEHICLE MAINTENANCE

Oversee the engineering and maintenance for light rail, subway-elevated, and railroad fleets and are responsible for rail vehicle preventive maintenance overhauls.

Rail Equipment Maintenance

Perform 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
- > The following backshops perform vehicle component overhauls:
 - 69th Street Shop
 - 69th Street Motor Shop
 - Fern Rock Shop
 - Woodland Shop

Railroad Shops and Yards

Provide 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.

SURFACE TRANSPORTATION

Operate 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 118 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 differs from the total number reported elsewhere because 13 bus routes are operated out of more than one district as operating conditions necessitate. These are the nine operating districts in Surface Transportation:

- **1.** Allegheny operates 8 bus routes.
- 2. Callowhill operates 12 bus routes, in addition to trolley (light rail) routes 10 and 15.
- 3. Comly operates 14 bus routes.
- **4. Elmwood -** operates trolley (light rail) routes 11, 13, 34, and 36.
- 5. Frankford operates 13 bus routes and 3 trackless trolley routes.
- 6. Midvale operates 23 bus routes.
- 7. Southern operates 18 bus routes.
- **8. Frontier** operates 22 bus routes.
- 9. Victory operates 21 bus routes, 2 trolley (light rail) lines and 1 heavy rail line.



TRANSIT POLICE

Ensure a safe work and travel environment and enhances the quality of life through law enforcement and protection against crime.

Uniformed Patrol

Patrol the Broad Street and Market-Frankford lines, the trolley and railroad lines, stations and other SEPTA properties.

Internal Affairs

Investigate all complaints of transit police misconduct.

Support Services

Conduct criminal investigations and plainclothes patrol. Recruit and train police personnel, maintain communication systems and oversee automotive equipment and supplies.

Special Operations Response Unit

Gather intelligence, and develop and implement policy, training, preventive strategies and responses relating to terrorist threats and incidents.



GOALS AND BUSINESS INITIATIVES

| Current Goals | Initiatives |
|--|---|
| I. Improve Service Quality and Customer Satisfaction | Manage the deployment of Ambassadors for customer service and advocacy initiatives. |
| | b) Continue to improve customer service by |
| | investigating new methods to share re al |
| | time" information with customers, and |
| | coordinate efforts with IT and |
| | Communications. |
| | c) Develop a process to monitor the |
| | effectiveness of public address |
| | announcements and service alerts |
| | distributed to the public. |
| | d) Continue to improve the process of delay notifications to passengers. |
| | e) Develop a strategy to implement "LEAN" |
| | principles at subway-elevated stations |
| | ensuring that station cleaning is |
| | accomplished in the most comprehensive, |
| | cost efficient manner as possible. |
| | f) Develop a long-range plan to increase the |
| | number of qualified engineers to comply with |
| | FRA Hours-of-Service regulations and |
| | prepare for employee retirements. |
| | g) Continue to expand usage and efforts of |
| | Targeted Enforcement and Compliance |
| | Team (TECT) paying particular attention to operator performance and service quality |
| | issues. |
| | h) Finalize and implement the no-show and late |
| | cancellation policy in coordination with the |
| | new CCT Communications System. |
| | i) Manage the CCT fleet replacement plan to |
| | include purchase of additional vehicles for |
| | ridership growth. |
| | j) Improve railroad on-time performance using |
| | a comprehensive approach. |
| | k) Meet on-time performance goals for all modes. |
| | illoues. |
| | |
| | |





| Current Goals | Initiatives |
|--|--|
| II. Improve Customer and Employee Safety and System Safety | a) Continue to improve the use of camera systems during service delays to assist in efficient incident management. b) Improve underground communication with Philadelphia Police and Fire Departments. c) Continue participation with local, state, and federal agencies in the regional intelligence sharing program to combat terrorism and crime. d) Continue to work with System Safety and Operations Training to further develop and implement an accident reduction program to include identifying root causes for pedestrian accidents. |
| III. Support Capital Improvement Projects | a) Participate in the development of positive train control. b) Develop and implement a departmental operational strategy to effectively manage the logistical challenges of the I-95 reconstruction project, including efficient use of shuttle buses. c) Support implementation of New Payment Technology projects. |
| IV. Improve Employee Satisfaction and Develop a Highly Qualified Staff | a) Develop succession plans. b) Continue to evaluate both the newly hired operator social skills program and the current employee conflict and de-escalation training program, while developing a similar program designed specifically for managers. c) Continue to develop subordinates for future needs of the organization through increased responsibilities, accountability, management training classes, and mentoring. |



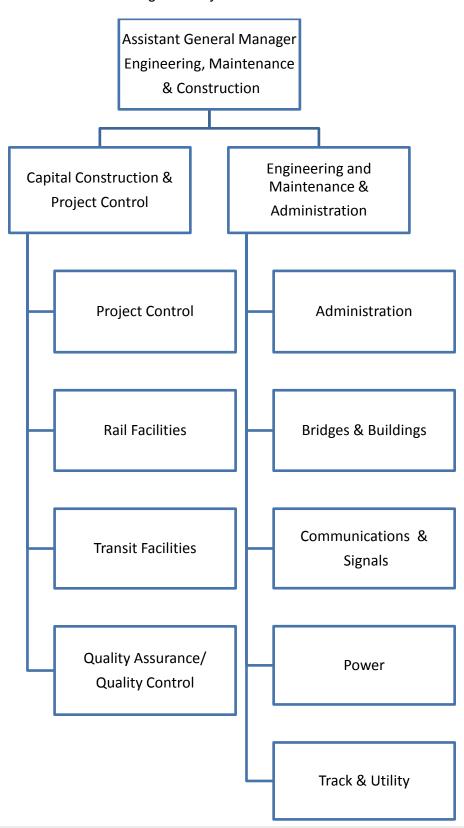
Engineering, Maintenance and Construction



Engineering, Maintenance and Construction

Overview

The Engineering, Maintenance and Construction Division is responsible for all engineering and maintenance related to the Authority's 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.





HEADCOUNT

| | OPERATING HEADS | | | | | |
|--|-----------------|----|-----|-------|--|--|
| | Α | В | Н | Total | | |
| Capital Construction/Project Control | 3 | - | - | 3 | | |
| Engineering and Maintenance & Administration | 160 | 65 | 768 | 993 | | |
| OTAL OPERATING HEADS | 163 | 65 | 768 | 996 | | |

| | CAPITAL HEADS | | | | | |
|--|---------------|---|-----|-------|--|--|
| _ | Α | В | Н | Total | | |
| Capital Construction/Project Control | 42 | - | - | 42 | | |
| Engineering and Maintenance & Administration | 81 | 7 | 266 | 354 | | |
| TOTAL CAPITAL HEADS | 123 | 7 | 266 | 396 | | |

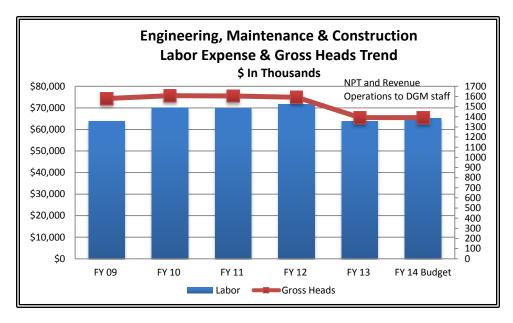
| | TOTAL HEADS | | | | | |
|--|-------------|----|-------|-------|--|--|
| _ | Α | В | Н | Total | | |
| Capital Construction/Project Control | 45 | - | - | 45 | | |
| Engineering and Maintenance & Administration | 241 | 72 | 1,034 | 1,347 | | |
| TOTAL HEADS | 286 | 72 | 1,034 | 1,392 | | |
| | | | | | | |

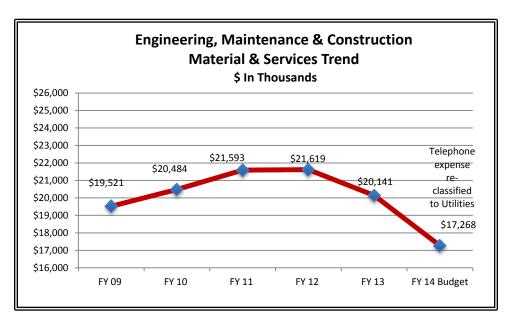


Engineering, Maintenance and Construction

Amounts in Thousands (,000)

| | | Net <u>Labor</u> | <u>8</u> | Material Services | <u>Total</u> |
|---|-----------|---------------------|----------|----------------------|---------------------|
| Capital Construction/Project Control Engineering and Maintenance & Administration | \$ | 393 64,790 | \$ | 62 17,206 | \$ 455 81,996 |
| TOTAL | <u>\$</u> | 65,183 | \$ | 17,268 | \$ 82,451 |





5

Engineering, Maintenance and Construction

PRINCIPAL RESPONSIBILITIES

ADMINISTRATION & FINANCE

Coordinate and manage the financial and administrative activities for the Engineering, Maintenance and Construction Division. Primary responsibilities include: Operating Budget; ISRP development, analysis and reporting; Human Resource administration; Contract Management; and Asset Maintenance Management System development.

CAPITAL CONSTRUCTION - PROJECT CONTROL

Provide 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.

CAPITAL CONSTRUCTION – QA/QC

Provide Quality Assurance/Quality Control and Project Management/Construction standards for the capital program. Also responsible for the development and implementation of document control procedures.

CAPITAL CONSTRUCTION – RAIL FACILITIES

Manage 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

Manage 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

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

ENGINEERING AND MAINTENANCE – COMMUNICATIONS AND SIGNALS

Perform regular inspection, testing, maintenance, and reconstruction of the signal system; provide engineering and design services for all signals and communications maintenance and renewal projects; perform all radio, telecommunications and railroad communication maintenance. Manage the engineering and construction for capital projects for communication and signals infrastructure.

ENGINEERING AND MAINTENANCE - POWER

Perform regular inspection, maintenance and reconstruction of electric traction and signal power systems and electrical infrastructure; provide engineering and design services for all related maintenance and renewal projects. Manage engineering and construction for capital projects for power and electrical infrastructure.



Engineering, Maintenance and Construction

ENGINEERING AND MAINTENANCE - TRACK AND UTILITY

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

5

Engineering, Maintenance and Construction

GOALS AND BUSINESS INITIATIVES

| Current Goals | Initiatives |
|--|---|
| I. Provide leadership in the Authority's efforts to rebuild its system | a) Control capital project spending by keeping costs within 5% of budget. b) Achieve targets (80% within 90 days of schedule) for NTP's, substantial completion, and interim milestones for all A&E and Construction. c) Pursue Capital Project Control initiatives focusing on VEC and GEC contracts. d) Commence, advance and complete all scheduled Engineering and Maintenance Department ISRP projects. e) Implement State of Good Repair database to provide a Capital Asset Inventory and an analysis of Capital Investment backlog and investment alternatives. |
| II. Contribute to the Authority's economic, environmental, and social sustainability | a) Promote cost effective implementation of sustainability projects by incorporating LEED and Energy Star design standards, while adhering to budgets. b) 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. c) Continue to improve the Authority's recycling program at stations and operating locations. |
| III. Ensure Safety and Security throughout the SEPTA system | a) Advance System Modernization Projects including ATC/PTC, new fire alarms at Market East Station, escalator modernization, and new fire sprinklers at Frankford. b) 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. |
| IV. Expand System Capacity | a) Advance projects that support ridership growth. |



Engineering, Maintenance and Construction

| Current Goals | Initiatives |
|--|--|
| V. Support the Authority's Internal and External Focus on Customer Service | a) Support customer service related operating and maintenance projects including railroad snow removal, Silverliner V boarding platform construction, maintenance blitzes at multimodal transportation centers, maintenance to elevators and escalators to meet reliability targets, and the coordination of maintenance and construction activities to minimize track outages. b) Support customer service related capital projects such as construction at Wayne Junction Station, City Hall Dilworth Plaza Early Action project, Primos Station Parking Expansion and 33rd & Dauphin Loop Construction. |
| VI. Support the Authority's Implementation of New Technologies | a) Pursue communications-based technological upgrades including Positive Train Control, wireless delivery of real time service information, cell phone access in SEPTA tunnels, Wi-Fi internet access hotspots, and new Asset Management software. |
| VII. Build a Highly Qualified, Versatile Staff | a) Minimize employee turnover and improve hiring process management. b) Implement and encourage Employee Training through a Rapid Assimilation Program for new Engineers, elevator/escalator maintenance apprentice program, and full utilization of SEPTA Human Resources SAM Training seminars. c) Assist the Division's Professional Engineers in obtaining continuing education credits required to maintain Pennsylvania license. |



Audit, Safety and Investigative Services Division

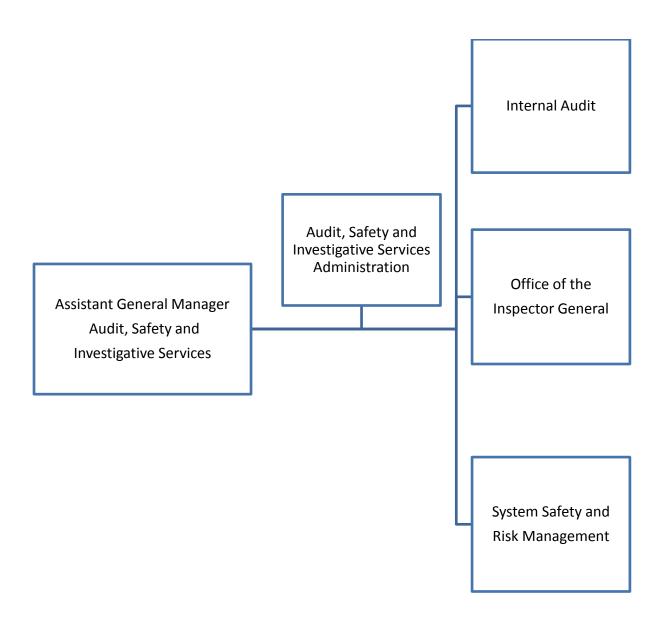


Audit, Safety and Investigative Services

Overview

The Audit, Safety and Investigative Services Division conducts audits, reviews and conducts investigations of the Authority's operations to promote economy, efficiency and effectiveness and to detect and deter waste, fraud, abuse and mismanagement. 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 and ensures SEPTA's compliance with environmental laws and regulations. The Division also administers the Authority's Risk Management and Insurance Programs.

The Division includes the Internal Audit Department, Office of Inspector General and System Safety and Risk Management.





HEADCOUNT

| | OPERATING HEADS | | | | | |
|-----------------------------------|-----------------|---|---|-------|--|--|
| | Α | В | Н | Total | | |
| Internal Audit | 12 | - | - | 12 | | |
| Office of the Inspector General * | 4 | - | - | 4 | | |
| System Safety and Risk Management | 23 | - | - | 23 | | |
| TOTAL OPERATING HEADS | 39 | - | - | 39 | | |

| | CAPITAL HEADS | | | | | |
|-----------------------------------|---------------|---|---|-------|--|--|
| | Α | В | Н | Total | | |
| Internal Audit | - | - | - | - | | |
| Office of the Inspector General | - | - | - | - | | |
| System Safety and Risk Management | - | - | - | - | | |
| TOTAL CAPITAL HEADS | | - | - | | | |

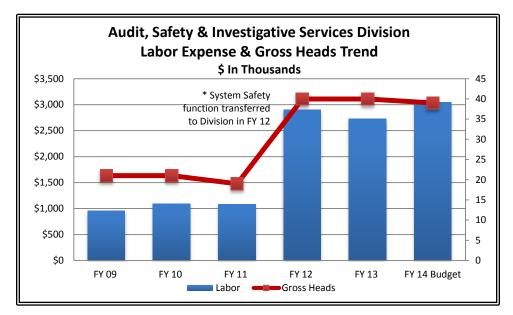
| | TOTAL HEADS | | | | |
|-----------------------------------|-------------|---|---|-------|--|
| | Α | В | Н | Total | |
| Internal Audit | 12 | - | - | 12 | |
| Office of the Inspector General | 4 | - | - | 4 | |
| System Safety and Risk Management | 23 | - | - | 23 | |
| TOTAL HEADS | 39 | - | - | 39 | |

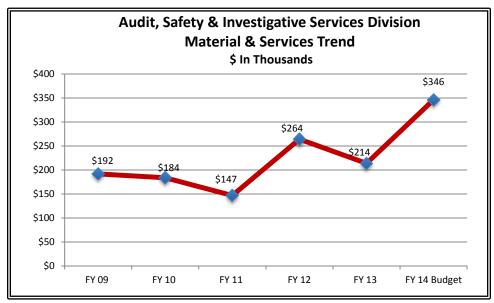
^{*} The Office of the Inspector General also has four police officers assigned on a full time basis.



Audit, Safety and Investigative Services Amounts in Thousands ('000)

| | Net <u>Labor</u> | Material & Services | | <u>Total</u> |
|-----------------------------------|---------------------|----------------------|----|--------------|
| Internal Audit | \$ 850 | \$ 18 | \$ | 868 |
| Office of the Inspector General | 340 | 33 | | 373 |
| System Safety and Risk Management | 1,855 | 295 | _ | 2,150 |
| TOTAL | \$ 3,045 | \$ 346 | \$ | 3,391 |





Audit, Safety and Investigative Services



PRINCIPAL RESPONSIBILITIES

INTERNAL AUDIT

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

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

Internal Audit

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

Information Technology

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 precontract 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.

SYSTEM SAFETY AND RISK MANAGEMENT

System Safety and Risk Management perform a wide range of tasks that are designed to ensure and enhance the safety of our passengers and employees. These tasks include the following:

- Develop, implement, maintain and update the multi-modal System Safety Program Plan (SSPP).
- Coordinate all functions related to safety throughout the Authority, including the potential for environmental and workplace health exposures.
- Routinely perform an enhanced level of safety inspections and audits, in addition to major accident investigations, occupational injury investigations and safety/risk management assessments.
- Conduct fire drills and evacuation exercises at all Authority locations.
- Direct the activities of the Joint Health and Safety Committee (JHSC) and oversees the Location Safety Committee (LSC) process. Assists in the coordination of multidepartmental initiatives to promote and internalize safety as the Authority's top priority.
- Provide consultation and support in the area of environmental compliance and management of SEPTA's environmental activities.
- Oversee Environmental Site Characterization Assessments, Phase I & II Property Acquisition Assessments and Remediation Projects.

Audit, Safety and Investigative Services

Oversee the Authority's Environmental and Sustainability Management System (ESMS). Manage the Property/Casualty Insurance Program and the risk treatment process. Work to obtain the most cost effective insurance coverage by reducing risk exposure 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.

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General is responsible for conducting independent investigations relating to fraud, waste, abuse and mismanagement. This is accomplished through continuous monitoring and investigations directed at specific concerns.

GOALS AND BUSINESS INITIATIVES

| | | Current Goals |
|---|------|---|
| | l. | Perform audits/investigations of those areas identified in the risk assessment plan. a. Includes one audit related to a Customer Service Process |
| | II. | Performs audits/investigations of other areas based on events that occur during the year. |
| | III. | Provide timely response to request for support services. |
| | IV. | Provide audits of third-party cost reimbursement contracts. |
| | V. | Review pre-contract cost proposals, change orders and claims upon request. |
| | VI. | Improve organizational sustainability, focused on waste minimization and recycling. |
| ı | | a. 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. |
| | | b. Initiate three-phase approach to recycling system wide: 1. 1234 Market Street Headquarters 2. Center City rail stations 3. All SEPTA facilities that generate solid waste |



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. Administer and manage 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. Manage and maintain the disaster recovery and contingency tasks for SEPTA digital assets.

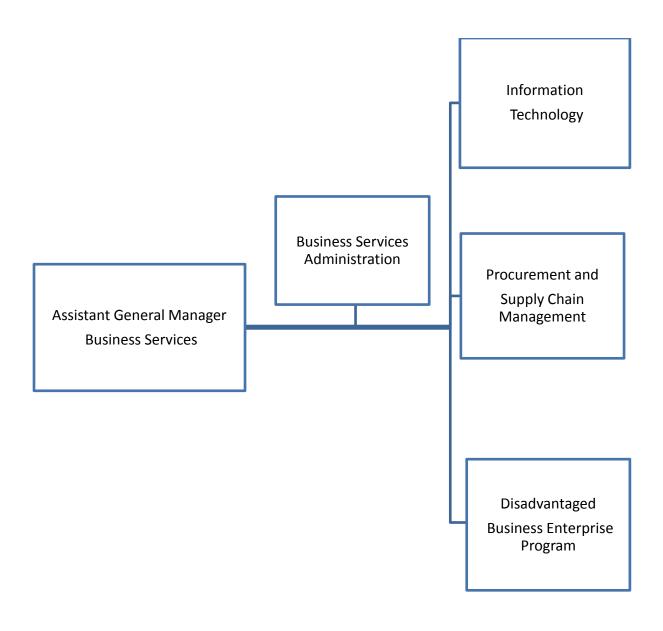
Procurement and Supply Chain Management

Perform 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. Provide 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. Participate 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, infrastructure material planning and control.

Disadvantaged Business Enterprise Program

Administer 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. Provide outreach, technical assistance, training and dissemination of resource information to those firms interested in doing business with SEPTA.







HEADCOUNT

| OPERATING HEADS | | | |
|-----------------|-------------------------|------------------------|--|
| Α | В | Н | Total |
| 5 | - | - | 5 |
| 62 | 5 | - | 67 |
| 72 | 59 | 3 | 134 |
| 5 | - | - | 5 |
| 144 | 64 | 3 | 211 |
| | A 5 62 72 5 | A B 5 - 62 5 72 59 5 - | A B H 5 - - 62 5 - 72 59 3 5 - - |

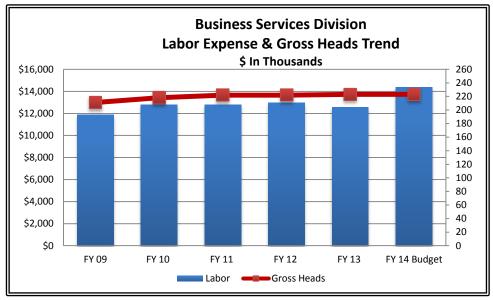
| | CAPITAL HEADS | | | |
|---|---------------|---|---|-------|
| | Α | В | Н | Total |
| dministration | - | - | - | - |
| nformation Technology | - | - | - | - |
| rocurement and Supply Chain Management | 8 | 2 | - | 10 |
| Disadvantaged Business Enterprise Program | 2 | - | - | 2 |
| TOTAL CAPITAL HEADS | 10 | 2 | _ | 12 |

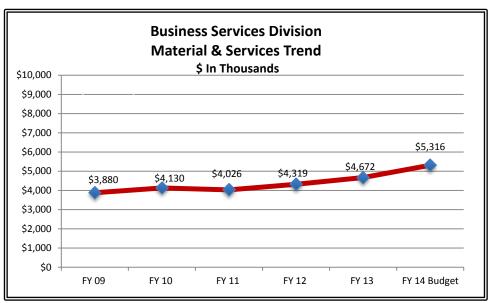
| | TOTAL HEADS | | | |
|---|-------------|----|---|-------|
| | Α | В | Н | Total |
| Administration | 5 | - | - | 5 |
| Information Technology | 62 | 5 | - | 67 |
| Procurement and Supply Chain Management | 80 | 61 | 3 | 144 |
| Disadvantaged Business Enterprise Program | 7 | - | - | 7 |
| TOTAL HEADS | 154 | 66 | 3 | 223 |



Business Services Amounts in Thousands (,000)

| | Net <u>Labor</u> | <u>8</u> | Material Services | | <u>Total</u> |
|---|---------------------|----------|----------------------|----|--------------|
| Administration | \$ 596 | \$ | 15 | \$ | 611 |
| Information Technology | 5,160 | | 5,002 | | 10,162 |
| Procurement and Supply Chain Management | 8,306 | | 267 | | 8,573 |
| Disadvantaged Business Enterprise Program | 326 | | 32 | _ | 358 |
| TOTAL | \$ 14,388 | \$ | 5,316 | \$ | 19,704 |







PRINCIPAL RESPONSIBILITIES

INFORMATION TECHNOLOGY

Emerging & Specialty Technologies

Provide the short and long term strategy, direction, management, and implementation of the core enterprise architecture and technical infrastructure for the Authority. Manage new technologies and the support of Control Center specialty technology systems. Responsible for the strategic design and development of advanced network architecture using both wired and wireless technologies.

Project Services

Support the development, integration and implementation of new software systems of business units throughout the Authority and maintain and enhance 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.

Infrastructure Services

Provide computer operations stability and access security on a 7-day/24-hour basis including problem management, disaster recovery, database administration and change control. Maintain 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. Support SEPTA's enterprise data communication systems and the entire microcomputer environment. Set standards for hardware and software used across the networks and install, support, and maintain 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.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Compliance and Quality Assurance

Provide 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. Participate in updating standard form contracts, the procurement manual and related policy instructions. Provide analytical, budgetary, system administration and enhancements, and contract processing support for the department. Administer Authority-wide programs such as e-procurement, electronic stockless stationary, toner and paper, P-Card and the Material Management/Purchasing system.

Contract Administration

Responsible for proactive 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 overseeing contractors and owners to ensure both parties meet their contractual obligations.



Purchasing and Resource Control

Perform analysis, forecasting, identification of inventory needs to determine adequate stocking levels to effectively purchase/lease non-stock infrastructure, rail and vehicle parts, material, equipment, supplies, and services utilized by the Authority, except for major vehicle procurements. Provide cost savings through value analysis and negotiations, and expedite orders with suppliers. Provide direct field support to Maintenance Directors and shop personnel. Perform requirements planning for vehicle overhaul programs and various maintenance projects.

Supply Chain Management

Perform analysis, forecasting, identification of inventory needs to determine adequate stocking levels to effectively purchase/lease stock infrastructure items. Responsible for storeroom operations, warehousing, distribution, and inventory replenishment. Lead integrated planning meetings with operational areas to ensure short and long term material requirements are understood. Direct receiving, documenting, storing, issuing, tracking and inventorying of all stock material for the Authority's diversified fleet and infrastructure maintenance. Coordinate and control the Authority-wide inventory reduction program. Responsible for maintenance, enhancement and control of the asset recovery process for the Authority.

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM OFFICE (DBEPO)

DBE Certification

Participate as one of five principal DBE certifying agencies within the Commonwealth of Pennsylvania to provide one stop shopping for firms seeking certification as a Disadvantaged Business Enterprise (DBE) in accordance with 49 CFR Part 26, and represent the Authority as a managing member of the Commonwealth of Pennsylvania's Unified Certification Program (PA UCP).

SBE Program

Implement a Small Business Enterprise (SBE) Program designed to meaningfully involve small business concerns who are ready, willing and able to participate in the Authority's procurement and contracting activities and to meet the maximum feasible portion of the Authority's overall goal by using race-neutral means of obtaining DBE participation.

DBE Compliance

Establish goals for applicable projects, review bids/proposals, monitor projects for goal attainment, and ensure equitable treatment to DBEs performing on contracts.

DBE Program Outreach

Provide assistance, guidance and resources to all small businesses interested in pursuing contracting opportunities; coordinate internal and external outreach events; facilitate workshops and networking events for prime contractors, SBEs and DBEs.



GOALS AND BUSINESS INITIATIVES

| Current Goals | Initiatives |
|---|--|
| I. Provide best-in-class service delivery to customers | a) Strengthen DBE Business Outreach Program. b) Improve DBE Communication, Training, Instructional programs. c) Implement a Small Business Program. d) Ensure inventory accuracy and parts availability. e) Implement Regional Rail and City Rail Vendor Managed Inventory (VMI) Program. f) Reduce monthly average vehicles out of service due to non-availability of parts. g) Implement and evaluate Vendor Performance Program. h) Promote professional excellence and improve support of all IT user systems. i) Conduct Lean exercises on Material Inspection and Bid/RFP processes. |
| II. Implement new systems to automate processing, retrieval and storage of data | a) Implement procurement software upgrades. b) Introduce browser-based Vehicle Maintenance Information System (VMIS). c) Refresh the core e-computing infrastructure. d) Support implementation of the New Payment Technologies. e) Replace BizTrak System and pursue a single point of entry concept. f) Develop business case for expansion of communication devices. g) Develop enterprise architectural planning framework. |
| III. Ensure disaster recovery, operational systems backup, infrastructure and maintenance capabilities | a) Implement Network Management and Incident Detection/ Response tool.b) Enhance security of IT Network and Infrastructure Systems. |
| IV. Achieve "green" status by installing energy efficient technologies | a) Reduce the number of printer devices. b) Achieve inventory reduction of \$1.5M. c) Achieve \$3M revenue in asset recovery. d) Pursue pilot program for deployment of stock item vending machines. |
| V. Enhance Operational Efficiency | a) Implement a Windows-based VMIS platform for Authority Asset Management. |
| VI. Participate in outreach programs designed to increase ridership | a) 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

Coordinate, manage and direct the financial and administrative activities for the Customer Service and Advocacy Division.

Advocacy

The Advocacy unit is responsible for coordinating Authority-wide customer service initiatives and representing the customers' point of view with internal stakeholders. They also serve as staff liaison for the SEPTA Citizen Advisory and Youth Advisory Committees, and manage the Retiree Concierge Customer Service Program.

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.

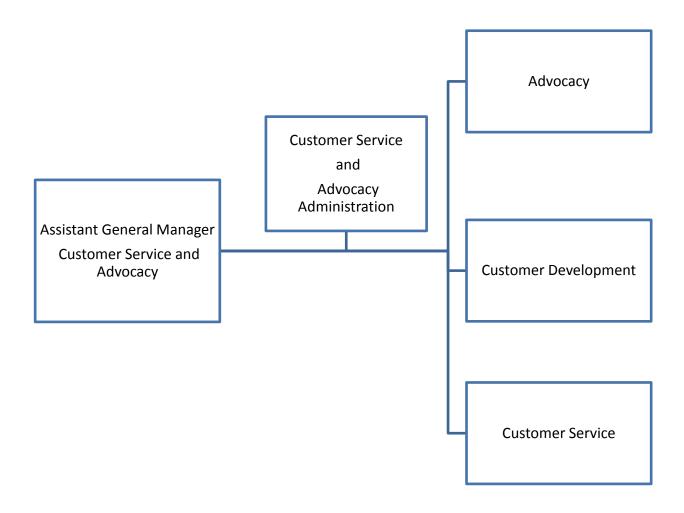
Customer Service

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. The Social Customer Service Team is based in the Customer Service Department.

As part of a re-organization in Fiscal Year 2014, Customer Service assumed responsibility for Customized Community Transportation (CCT) Customer Service. The group determines ADA eligibility, responds to patron's complaints, awards driver commendations based on customer feedback and represents the Authority regarding issues related to paratransit service.

Also, as part of the Fiscal Year 2014 re-organization, the Communications Department was transferred from Customer Service and Advocacy to the Deputy General Manager's staff. This group will be responsible for public communication efforts during the development of the New Payment Technology initiative.







HEADCOUNT

| OPERATING HEADS | | | |
|-----------------|------------------------|-----------------------|---|
| Α | В | Н | Total |
| 4 | - | - | 4 |
| 5 | - | - | 5 |
| 8 | 59 | - | 67 |
| 14 | - | - | 14 |
| 31 | 59 | - | 90 |
| | A 4 5 8 14 | A B 4 - 5 - 8 59 14 - | A B H 4 - - 5 - - 8 59 - 14 - - |

| | CAPITAL HEADS | | | |
|----------------------------|---------------|---|---|-------|
| | Α | В | Н | Total |
| Administration | - | - | - | - |
| Customer Development | - | - | - | - |
| Customer Service | - | - | - | - |
| ADA & SRP Customer Service | - | - | - | - |
| TOTAL CAPITAL HEADS | | - | - | |

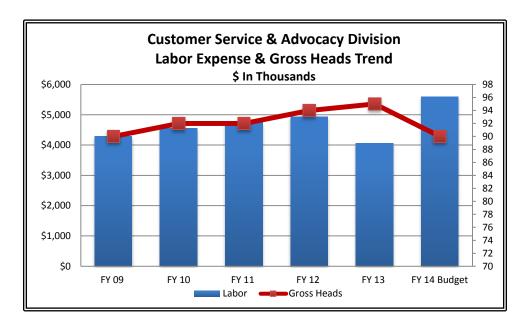
| | | TOTAL HEA | DS | |
|----------------------------|----|-----------|----|-------|
| | Α | В | Н | Total |
| Administration | 4 | - | - | 4 |
| Customer Development | 5 | - | - | 5 |
| Customer Service | 8 | 59 | - | 67 |
| ADA & SRP Customer Service | 14 | - | - | 14 |
| TOTAL HEADS | 31 | 59 | - | 90 |

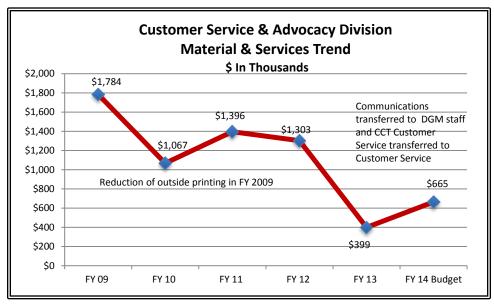


Customer Service and Advocacy

Amounts in Thousands (,000)

| Net <u>Labor</u> | | Material & Services | | <u>Total</u> |
|---------------------|---------------------------------|---------------------------|---|---|
| \$ 389 | \$ | 353 | \$ | 742 |
| 448 | | - | | 448 |
| 3,640 | | 35 | | 3,675 |
| 1,124 | | 277 | | 1,401 |
| \$ 5,601 | \$ | 665 | \$ | 6,266 |
| \$ <u>\$</u> | \$ 389 448 3,640 1,124 | \$ 389 \$ 448 3,640 1,124 | \$ 389 \$ 353 448 - 3,640 35 1,124 277 | \$ 389 \$ 353 \$ 448 - 3,640 35 1,124 277 |





Customer Service and Advocacy



PRINCIPAL RESPONSIBILITIES

ADMINISTRATION

Coordinate, manage and direct the financial and administrative activities for the Customer Service and Advocacy Division.

ADVOCACY

Responsible for presenting the customer's point of view as it relates to internal programs and initiatives. Also responsible for working with external advocacy groups to support and promote SEPTA and public transit. Manage the Authority's Visitor and Hospitality Outreach Programs and Retiree Customer Service Corp.

CUSTOMER DEVELOPMENT

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 navigate the system from the passenger's perspective in order to assess the performance and attention to all standards related to the customer experience. Performs outreach to non-english markets, employs social gaming and supports internal clients with research.

CUSTOMER SERVICE

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, the Reduced Fare Program for Persons with Disabilities and is responsible for determining ADA eligibility.



Customer Service and Advocacy

GOALS AND BUSINESS INITIATIVES

| Current Goals | Initiatives |
|--|---|
| I. Nourish and advance a wide array of Customer-Focused initiatives throughout the Authority | a) Provide updates on the status of the Customer Service Program to the General Manager, the GM Team and Board members. b) Work with other divisions to ensure that customer service remains vital and relevant by closing out completed initiatives and introducing new ones. c) Sustain the Passenger Etiquette program and support other Customer Service programs including the QuietRide Car program on the regional railroad. d) Ensure customer-related design features in services and facilities are fully considered through formal Customer Service Division interaction. |
| II. Develop Customer-Focused workforce | a) Coordinate the Retiree Hospitality Concierge Program. b) Implement Goals and Performance System (Employee Customer Service Goals). c) Continue Employee Eye on SEPTA Program. |
| III. Employ technological advancements to improve Customer Service | a) Develop and implement a website strategic plan for SEPTA.b) Add at least two web site features. |





Overview

Capital Budgeting and Programming

Develop SEPTA's annual Capital Budget and the twelve-year Capital Program. Develop and maintain corresponding programming of transit capital projects for the regional Transportation Improvement Program.

Grants and Funding Requests

Prepare, maintain, execute and monitor federal, state and local funding requests from inception to grant close out.

Program Specific Management and Oversight

Manage the regional Job Access and Reverse Commute and New Freedom Programs. Responsible for oversight of the safety and security grant programs. Provide oversight and prepare analyses of the Vehicle Overhaul and Infrastructure Safety Renewal Programs.

Finance Administration

Coordinate, manage and direct the day-to-day activities of the Finance and Planning Division.

Financial Services

Manage the Authority's finances including billings and cash management, accounts payable, accounts receivable and fixed assets, revenue accounting and operating grants.

General Accounting

Manage the Authority's financial reporting and accounting activities.

Operating Budget

Manage the Authority's operating budget process and monitor financial performance throughout the year through forecasting and financial analysis. Prepare Operating Budget Proposal and Final Operating Budget Book on an annual basis.

Recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for the past eight fiscal years' budgets.

Payroll

Process Authority payroll in a timely and accurate manner. Ensure that payroll-related contractual entitlements are properly reflected in accounting records and paid to individual employees.

Revenue, Ridership and Sales

Develop revenue and ridership budgets. Administer all aspects of discounted fare media from the warehouse to the end user, including acquisition, receipt, distribution and reconciliation. Manage the on-line aspect of the sales network to include fare media and merchandise availability throughout the continental United States. Create and manage long and short term agreements to maximize advertising revenues.

Service Planning

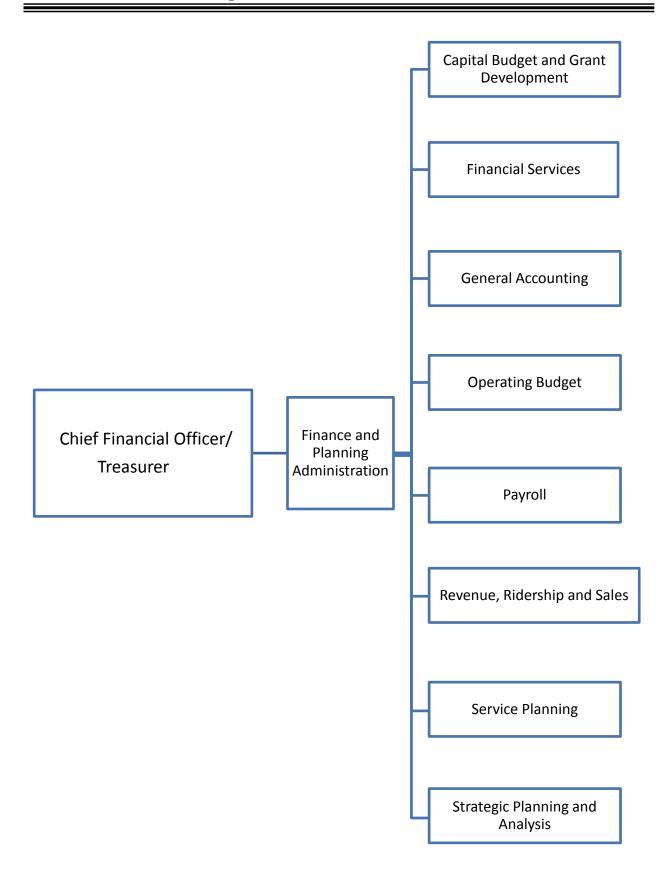
Plan and schedule service for City, Suburban and Railroad operations. Prepare the Annual Service Plan and Service Standards which include all major budget-related route and service proposals and the annual economic review of all SEPTA routes.



Strategic Planning and Analysis

Direct, develop and implement SEPTA's Strategic Business and Long Range Planning activities. Manage the Authority's Sustainability Agenda supporting an environmental, social and economic focus. Lead all long range rail restoration planning efforts, station transportation oriented development efforts and coordinate with the Metropolitan Planning Organization and city and county planning agencies within the region. Conduct selected analysis of business and best practices, re-engineer and re-design functional activities in context of improving service delivery and enhancing customer experiences.







HEADCOUNT

| | OPERATING HEADS | | | |
|---|-----------------|----|---|-------|
| | Α | В | Н | Total |
| Consider Developed and Consider Development | 2 | | | 2 |
| Capital Budget and Grant Development | 3 | - | - | 3 |
| Finance Administration | 9 | - | - | 9 |
| Financial Services | 23 | 8 | - | 31 |
| General Accounting | 9 | 2 | - | 11 |
| Operating Budget | 10 | - | - | 10 |
| Payroll | 3 | 2 | - | 5 |
| Revenue, Ridership and Sales | 30 | 29 | - | 59 |
| Service Planning | 32 | 18 | - | 50 |
| Strategic Planning and Analysis | 4 | _ | - | 4 |
| TOTAL OPERATING HEADS | 123 | 59 | - | 182 |

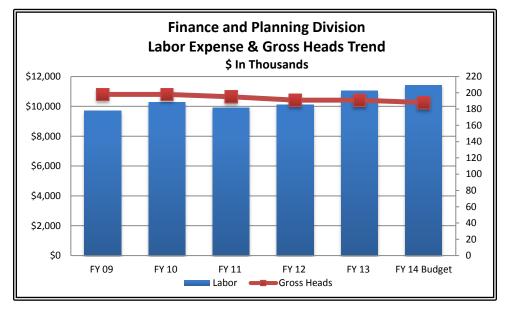
| | CAPITAL HEADS | | | |
|--------------------------------------|---------------|---|---|-------|
| | Α | В | Н | Total |
| Capital Budget and Grant Development | 4 | - | - | 4 |
| Finance Administration | - | - | - | - |
| Financial Services | - | - | - | - |
| General Accounting | - | - | - | - |
| Operating Budget | - | - | - | - |
| Payroll | - | - | _ | - |
| Revenue, Ridership and Sales | 1 | - | - | 1 |
| Service Planning | - | - | - | - |
| Strategic Planning and Analysis | 1 | - | - | 1 |
| TOTAL CAPITAL HEADS | 6 | - | - | 6 |

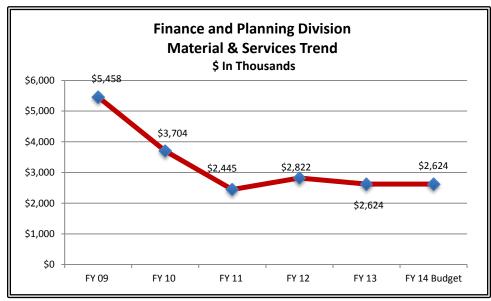
| | TOTAL HEADS | | | |
|--------------------------------------|-------------|----|---|-------|
| | Α | В | Н | Total |
| Capital Budget and Grant Development | 7 | - | - | 7 |
| Finance Administration | 9 | - | - | 9 |
| Financial Services | 23 | 8 | - | 31 |
| General Accounting | 9 | 2 | _ | 11 |
| Operating Budget | 10 | - | - | 10 |
| Payroll | 3 | 2 | - | 5 |
| Revenue, Ridership and Sales | 31 | 29 | - | 60 |
| Service Planning | 32 | 18 | - | 50 |
| Strategic Planning and Analysis | 5 | - | - | 5 |
| TOTAL HEADS | 129 | 59 | _ | 188 |



Finance and Planning Amounts in Thousands (,000)

| Net <u>Labor</u> | | - | <u>Total</u> |
|---------------------|--|--|--|
| \$ 203 | \$ 2 | \$ | 205 |
| 1,069 | 290 | | 1,359 |
| 1,878 | 471 | | 2,349 |
| 669 | 297 | | 966 |
| 760 | 167 | | 927 |
| 287 | 2 | | 289 |
| 3,433 | 1,353 | | 4,786 |
| 2,815 | 36 | | 2,851 |
| 314 | 6 | | 320 |
| \$ 11,428 | \$ 2,624 | \$ | 14,052 |
| | \$ 203 1,069 1,878 669 760 287 3,433 2,815 314 | \$ 203 \$ 2 1,069 290 1,878 471 669 297 760 167 287 2 3,433 1,353 2,815 36 314 6 | \$ 203 \$ 2 \$ \$ 1,069 290 1,878 471 669 297 760 167 287 2 3,433 1,353 2,815 36 314 6 |







PRINCIPAL RESPONSIBILITIES

CAPITAL BUDGET and GRANT DEVELOPMENT

Develop annual Capital Budget and the twelve-year Capital Program. Prepare, maintain, execute and monitor federal, state and local grants from inception to grant close out. Develop transit capital projects for the regional Transportation Improvement Program. 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

Coordinate, manage, and direct 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 develop revenue strategies and fare policies. Coordinate all long range planning and service planning initiatives. Coordinate the Authority's access to the capital markets for proposed debt financing and leasing. Coordinate the strategic leverage of limited resources to maintain a reasonable level of access to capital markets.

FINANCIAL SERVICES

Accounts Payable, Billings and Cash Management

Process vendor payments; ensure items processed are correctly recorded; generate billings, capture and report capital project costs. Manage the Authority's cash resources.

Revenue Accounting, Operating Grants, Accounts Receivable and Fixed Assets Maintain accounting controls over operating revenues, operating subsidy grants, operating receivables and fixed assets. Prepare 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.

GENERAL ACCOUNTING

Manage the Authority's financial reporting and accounting activities. Produce timely and accurate financial reports and properly maintain the accounting system and related internal control structure which includes managing the monthly and annual financial general ledger close process. Prepare and issue monthly financial and statistical reports to the SEPTA Board and senior management. Prepare required quarterly and audited financial reports that are issued to various financial institutions and government agencies that provide debt financing or subsidies to the Authority.



OPERATING BUDGET

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

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

PAYROLL

Process Authority payroll in a timely and accurate manner. Ensure that payroll-related contractual entitlements are properly reflected in accounting records and paid to individual employees.



REVENUE, RIDERSHIP AND SALES

Form 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

Develop and report monthly ridership and revenue levels. Manage all ridership and revenue data and issue reports as market conditions demand. Issue all required revenue and ridership reports to governmental and ancillary agencies. Develop and support all Passenger Revenue pricing and tariffs.

Sales

Administer and conduct the sale of all prepaid fare media, both within the SEPTA service area and to visitors throughout the continental United States. Manage five full service sales centers, the Transit Store and the online web sales portal designated shop.SEPTA.org. Manage sales to over 1,000 external sales venues such as corporate entities, school districts, retail establishments and businesses authorized to purchase fares on demand. Develop and staff all —Transit Fairs" and other outreach events. Handle all customer adjustments related to lost rides or fare media refunds. Determine the quantity of all dated fare media purchases. Develop and maintain partnership agreements with cultural and business related partners. Generate non-transportation revenue through the sale of advertising space on passes, bridges, billboards, website, vehicles and at stations.

Parking

Pursue opportunities to expand parking spaces and function as the central coordinator for all parking related issues. Responsible for managing third party contractors for maintenance on all lots and garages. Actively seek land acquisitions to develop and expand various parking lot capacities. Manage over 26,000 parking spaces and directly handle all coin and electronic cash collection from SEPTA owned meters, slot boxes and pre-paid permits.

SERVICE PLANNING

Plan and schedule service for City, Suburban and Railroad operations. Monitor and analyze route performance in accordance with applicable service standards to develop proposals for service improvements. Work with public and private partners to develop new services. Prepare the Annual Service Plan which includes the service proposals and annual economic review of all SEPTA routes. Serve as liaison with City and County Planning Agencies and Transportation Management Associations regarding service planning issues. Plan SEPTA Job Access/Reverse Commute (JARC), Congestion Mitigation/Air Quality (CMAQ) and prepare sub-grantee invoices. Coordinate SEPTA's tariff and public hearing process for all route changes. Manage SEPTA central transit stop data base and Automatic Passenger Count (APC) data and reporting. Provide authority-wide Geographical Information Systems (GIS) support. Support Capital Budget planning on transit and railroad service issues.



STRATEGIC PLANNING AND ANALYSIS

Strategic Business Planning

Design, develop, 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. Research and recommend best practices relating to organizational initiatives supporting the Authority's strategic objectives and serve as consultant for divisional implementation.

Sustainable Planning, Policy & Community Development

Develop and manage 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. Prepare financial analysis and provide support to develop sustainability projects with funding plans and prepare grant applications. SEPTA's Sustainability Plan can be found at www.septa.org/sustain.

Capital & Long Range Planning

Initiate studies and develop plans for expanding and improving the existing transit network to serve new markets and increase ridership. Manage key relationships and partnerships with the Metropolitan Planning Organization, city and county planning agencies, municipal organizations, Transportation Management Associations and other transit stakeholders throughout the service region to implement capital and long range planning projects. Coordinate with local governments, community organizations, and developers to encourage transit supportive development patterns and land uses. Conduct studies to assess the impacts 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. Analyze policy and procedure, organizational structure and functional design. Redesign processes and functional activities to achieve efficiencies and generate operating savings. Conduct analyses to determine potential for third party opportunities and other situations resulting in work being contracted out.





GOALS AND BUSINESS INITIATIVES

| Current Goals | Initiatives |
|--|--|
| I. Improve internal and external customer responsiveness | a) Participate in SEPTA's Customer Service programs. b) Ensure employee attendance at Customer Service training sessions. c) Improve access to information through new technologies. d) Proactively evaluate schedule and route changes to improve service reliability. e) Respond quickly and effectively to customer inquiries. |
| II. Strategically allocate resources and streamline processes to ensure cost effective service | a) Hedge against future financial liabilities. b) Decrease paper usage. c) Continue to evaluate alternative funding opportunities. |
| III. Expand and strengthen the Authority's stakeholder network | a) Develop partnerships with community groups, business associations, transportation agencies and other stakeholders to evaluate opportunities to serve new markets. |
| IV. Support the economic, financial, social and environmental sustainability of the Authority | a) Support and promote SEPTA's Sustainability Program (www.septa.org/sustain). b) Coordinate advocacy efforts towards mitigating the Pennsylvania Act 44 of 2007 funding gap. Note: Goal achieved November 2013 c) Support transit-oriented development and other neighborhood sustainability projects. d) Together with SEPTA's Legal Division, work to optimize the impact of deregulation in the natural gas and market generation electricity industries. |
| V. Strengthen accountability, transparency and visibility | a) Update the FY 2010-2014 Five-Year Strategic Business Plan. b) Publish a greater volume of ridership and revenue information on SEPTA intranet. c) Coordinate internally to ensure compliance with new reporting standards. d) Proactively develop communications strategies and public relations campaigns around strategic initiatives. |



| | Current Goals | Initiatives |
|-----|--|--|
| Aut | as a steward for the hority's short, mid and g-term planning efforts | a) Support efforts to achieve targets set forth in the Five-Year Strategic Business Plan. b) Incorporate other targeted planning efforts as an integrated component of the Strategic Business Plan. c) Develop capacity for long-range planning and alternatives analysis. d) Oversee Norristown High Speed Extension Study planning efforts. |
| | ld a highly skilled, ersified, versatile workforce | a) Cross-train employees among departments to break down decision-making silos. b) Conduct comprehensive succession planning. |



Human Resources



Overview

Human Resources Administration

Direct 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

Administer 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

Direct the recruitment, hiring, testing, transferring and retention of a diverse workforce including union and management employees.

Equal Employment Opportunity/Affirmative Action/Employee Relations

Implement and promote the Authority's EEO/AA Program to address the needs of an increasingly diverse workplace. Ensure compliance with applicable policies, employment laws and regulations to prevent discrimination and harassment. Investigates complaints filed internally and externally. Handle a wide variety of employee relations and monitors the Authority's Performance Improvement Plan.

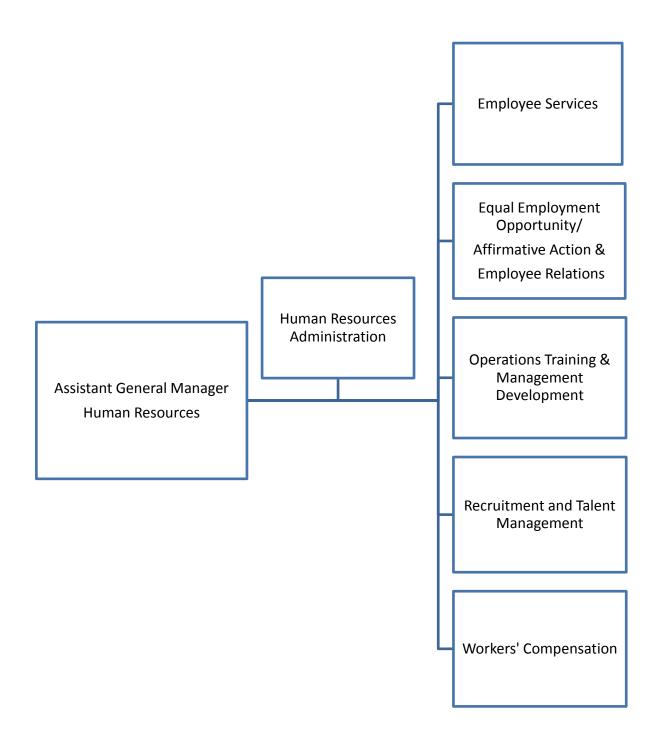
Operations Training and Management Development

Provide training and development programs to reinforce high performance. Teach new skills and retrains 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.

Workers"Compensation

Ensure SEPTA's compliance with laws and regulations, including statutory reporting requirements as required. Investigate, evaluate and resolve valid claims against the Authority in a prompt and courteous manner. This department manages the Vocational Rehabilitation Programs and Medical Programs.







HEADCOUNT

| | OPERATING HEADS | | | | |
|---|-----------------|----|---|-------|--|
| | Α | В | Н | Total | |
| Employee Services | 18 | 17 | - | 35 | |
| EEO/AA and Employee Relations | 5 | - | - | 5 | |
| Human Resources Administration | 6 | - | - | 6 | |
| Recruitment and Talent Management | 14 | - | - | 14 | |
| Operations Training & Management Develop. | 94 | - | - | 94 | |
| Workers' Compensation | 5 | - | - | 5 | |
| TOTAL OPERATING HEADS | 142 | 17 | - | 159 | |

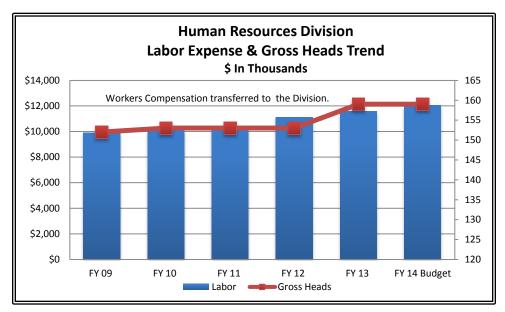
| | Α | В | Н | Total |
|---|---|---|---|-------|
| Employee Services | - | - | _ | - |
| EEO/AA and Employee Relations | - | - | - | - |
| Human Resources Administration | - | - | - | - |
| Recruitment and Talent Management | - | - | - | - |
| Operations Training & Management Develop. | - | - | - | - |
| Workers' Compensation | - | - | - | - |
| TOTAL CAPITAL HEADS | - | - | - | |

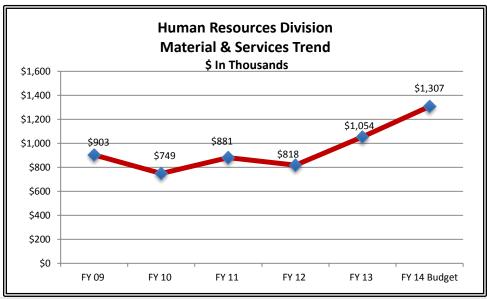
| | TOTAL HEADS | | | | |
|---|-------------|----|---|-------|--|
| | Α | В | Н | Total | |
| Employee Services | 18 | 17 | - | 35 | |
| EEO/AA and Employee Relations | 5 | - | - | 5 | |
| Human Resources Administration | 6 | - | - | 6 | |
| Recruitment and Talent Management | 14 | - | - | 14 | |
| Operations Training & Management Develop. | 94 | - | - | 94 | |
| Workers' Compensation | 5 | - | - | 5 | |
| TOTAL HEADS | 142 | 17 | - | 159 | |



Human Resources Amounts in Thousands (,000)

| | | Net | Material | |
|--|-----------|--------------|------------|--------------|
| | | <u>Labor</u> | & Services | <u>Total</u> |
| Employee Services | \$ | 2,356 | \$ 408 | \$ 2,764 |
| EEO/AA and Employee Relations | | 370 | 13 | 383 |
| Human Resources Administration | | 721 | 11 | 732 |
| Recruitment and Talent Management | | 1,028 | 225 | 1,253 |
| Operations Training & Management Development | | 7,011 | 631 | 7,642 |
| Workers' Compensation | | 569 | 19 | 588 |
| TOTAL | <u>\$</u> | 12,055 | \$ 1,307 | \$ 13,362 |







PRINCIPAL RESPONSIBILITIES

HUMAN RESOURCES TEAM

The Authority's dynamic business environment requires that Human Resources be responsive by developing and implementing employee initiatives that add value.

EMPLOYEE SERVICES

Medical

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. Manage the Wellness Program.

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). Maintain files for all 1,700 SAM employees and evaluate positions utilizing the Hay Evaluation System.

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. Responsible for the establishment, maintenance and approval of Authority policies.

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

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

RECRUITMENT AND TALENT MANAGEMENT

Direct and manage 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.

Human Resources



TRAINING

Provide 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.

WORKERS' COMPENSATION

Manage workers' compensation and Family Medical Leave Act claims through third party administrator, including the management of all medical and indemnity claims. Coordinate internal vocational rehabilitation and the management of all alternative and transitional duty programs. Administer supplemental benefits as prescribed by labor contracts.



GOALS AND BUSINESS INITIATIVES

| Current Goals | Initiatives |
|--|---|
| I. Implement a Succession Planning Process | a) Identify competencies and values and identify key positions. b) Design program selection methodology and criteria. c) Create a talent pool and individual development plans. d) Establish evaluation criteria. e) Execute succession plans for all divisions. |
| II. Provide Leadership for Human Capital Development | a) Review training needs throughout the Authority. b) Assess targeted position's leadership and competency gaps across divisions. c) Develop a curriculum that aligns with the succession plan's key positions leadership competency gaps. d) Create individual development plans including alternative learning and development opportunities. e) Continue implementation of Management Development Training Programs. f) Minimize labor and training costs by utilizing computer-based training programs. g) Develop programs to support career development/equal employment opportunities. h) Continue tuition program counseling in fields of study appropriate for career opportunities at SEPTA. |
| III. Expand and strengthen the Authority's stakeholder network | a) Develop partnerships with community groups, business associations, transportation agencies and other stakeholders to evaluate opportunities that ensure a diverse labor force. |
| IV. Provide leadership for Divisional Replacement Planning | a) Initiate bi-annual workforce planning meeting with managers throughout the Authority to monitor and reduce turnover in key positions. b) Document and track short and long-term recruitment requirements to meet the needs of Strategic Hiring Initiatives. c) Identify creative sourcing strategies. d) Continue involvement in the joint SEPTA/TWU training partnership to upgrade skills of maintenance employees. |





| Current Goals | Initiatives |
|---|---|
| V. Reinforce Customer S Authority-Wide | a) Administer the employee recognition program for outstanding customer service. b) Reinforce the customer focus in hiring, on passenger boarding and training processes. c) Continue to improve the Customer Service Center in Human Resources to better serve employees with customer satisfaction as a priority. d) 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. |
| VI. Reduce the number on the SEPTA System | a) Issue safety, health and environmental performance report providing injury trend analyses. b) Perform ergonomic studies to identify causes of workplace injuries. c) Conduct emergency response drills. |



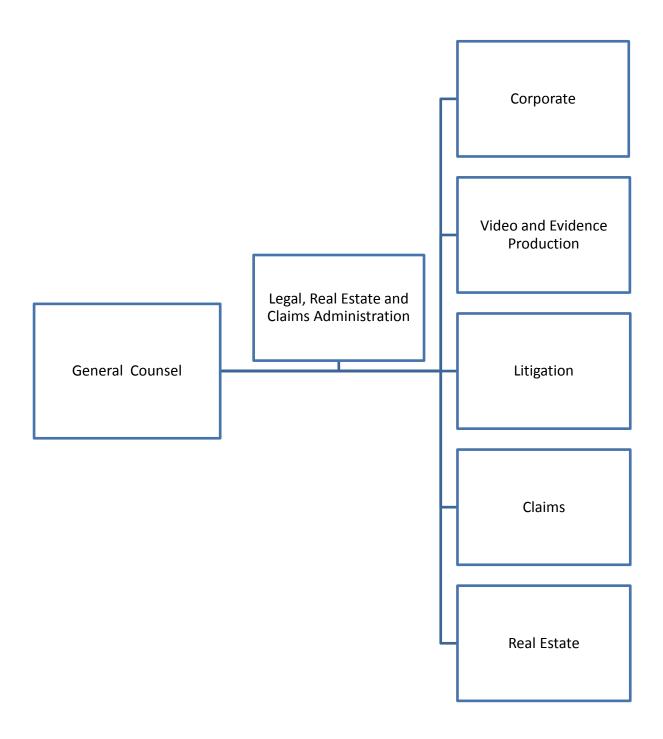
Legal, Real Estate and Claims Division





Overview

The Legal, Real Estate and Claims Division consists of the Corporate, Video and Evidence Production, Litigation, Claims and Real Estate Departments, all reporting to the Office of the General Counsel.





HEADCOUNT

| | | OPERATING H | EADS | |
|-----------------------------|----|-------------|------|-------|
| | Α | В | Н | Total |
| Administration | 6 | - | - | 6 |
| Corporate | 5 | - | - | 5 |
| Litigation | 43 | 1 | - | 44 |
| Video & Evidence Production | 10 | 1 | - | 11 |
| Claims | 12 | 22 | - | 34 |
| Real Estate | 13 | 4 | - | 17 |
| TOTAL OPERATING HEADS | 89 | 28 | - | 117 |
| | | | | _ |

| | | CAPITAL HEA | ADS | |
|-----------------------------|---|-------------|-----|-------|
| | Α | В | Н | Total |
| Administration | - | - | - | - |
| Corporate | - | - | - | - |
| Litigation | - | - | - | - |
| Video & Evidence Production | - | - | - | - |
| Claims | - | - | - | - |
| Real Estate | - | - | - | - |
| TOTAL CAPITAL HEADS | - | - | - | |
| | | | | |

| | | TOTAL HEA | DS | |
|-----------------------------|----|-----------|----|-------|
| | Α | В | Н | Total |
| Administration | 6 | - | - | 6 |
| Corporate | 5 | - | - | 5 |
| Litigation | 43 | 1 | - | 44 |
| Video & Evidence Production | 10 | 1 | - | 11 |
| Claims | 12 | 22 | - | 34 |
| Real Estate | 13 | 4 | - | 17 |
| TOTAL HEADS | 89 | 28 | - | 117 |



Legal, Real Estate and Claims Amounts in Thousands (,000)

| | Net <u>Labor</u> | Material & Services | <u>Total</u> |
|-----------------------------|---------------------|---------------------|--------------|
| Administration | \$ 650 | \$ - | \$ 650 |
| Corporate | 450 | 5,405 | 5,855 |
| Litigation | 3,406 | 2,299 | 5,705 |
| Video & Evidence Production | 724 | 408 | 1,132 |
| Claims | 1,675 | 1,547 | 3,222 |
| Real Estate | 975 | 2,556 | 3,531 |
| TOTAL | \$ 7,880 | \$ 12,215 | \$ 20,095 |





Legal, Real Estate and Claims



PRINCIPAL RESPONSIBILITIES

CORPORATE DEPARTMENT

Lawyers within the Corporate Department negotiate and draft legal contracts and other documents that promote the activities of client departments, 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 handling business litigation. Generally, the Corporate Department is involved in legal matters related to procurements, construction, technology contracts, real estate and right-to-know requests.

VIDEO AND EVIDENCE PRODUCTION

This unit is responsible for all of the functions associated with carrying-out the Authority's video surveillance program. This includes planning, collecting, reviewing, preserving, storing and producing data from the expanding universe of video cameras on SEPTA vehicles and in stations. Unit staff also respond to subpoenas and other discovery requests, handle the notification and production of witnesses, and provide other litigation support functions such as court filings and document collection.

LITIGATION DEPARTMENT

Lawyers in the Litigation Department are responsible for the legal representation of SEPTA (both with in-house attorneys and by managing outside counsel) in the defense of and prosecution of civil actions, with the majority of cases involving personal injury and property damage, and claims under the Federal Employer's Liability Act.

CLAIMS

Claims Department staff performs the various activities necessary to promptly investigate, evaluate and equitably resolve valid personal injury and property damage claims against the Authority. The Department also assesses and collects non-litigated property damage claims brought by SEPTA against third parties.

REAL ESTATE

Property Development and Acquisition

This unit within the Real Estate Department manages real property dealings on behalf of the Authority, including carrying-out activities pertaining to the acquisition, development, leasing and sale of SEPTA-owned properties. Department staff also works with external parties in the joint development of leased properties, undertaking of public improvements, the establishment of revenue generating utility occupancy arrangements, and the transaction of land and facility acquisitions that provide for and support infrastructure and ridership enhancements.

Headquarters Support Services Management/Administration

This unit oversees office space planning, design and implementation, and day-to-day facilities management (which is performed by third party contractors) for SEPTA Headquarters at 1234 Market Street. Unit staff acts as liaison with contracted building operations management and SEPTA in-house labor. Coordinating the utilization of motor vehicles and the administration of all contracted vendateria services are also conducted by the staff of this unit.

Legal, Real Estate and Claims



Asset Management

The key responsibility of the Asset Management unit is the use and upkeep of the Real Estate Management System which stores, organizes and makes available an electronic version of real property documents, diagrams and maps. The system can provide a property inventory, automated contract administration cues, and the generation of qualitative and quantitative reports.

Mail and Document Reproduction Services

This unit manages the operation of the mail room and the performance of mail services in compliance with the applicable labor contract and U.S. Postal requirements. Staff also oversee and manage centralized document reproduction services.

GOALS AND BUSINESS INITIATIVES

Current Goals and Initiatives

- I. Improve the management and handling of claims and lawsuits to secure settlement or judgments that are in the best interest of SEPTA.
- II. Develop a long-range staffing resource plan that optimizes the headcount levels, the types and numbers of the various job titles, and the allocation and delineation of duties and responsibilities associated with claims and litigation work. Enhance and fine-tune the approach to lawsuit management decision-making.
- III. Make the best use of data from cameras on vehicles and in facilities to defend and protect SEPTA in potential claims and lawsuits.
- IV. Continue to monitor federal, state and city legislation that impacts the Authority.
- V. Plan and prepare for future human capital resource availability and capability within the division.
- VI. Together with SEPTA's Finance Division, work to optimize the impact of deregulation in the natural gas and market generation electricity industries.



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). Advocate for a long-term, dedicated, inflation sensitive funding source that fully funds Act 44 of 2007 and addresses Authority's State-of-Good-Repair Capital Funding needs.

Federal

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

Government Affairs – Region and Community Relations

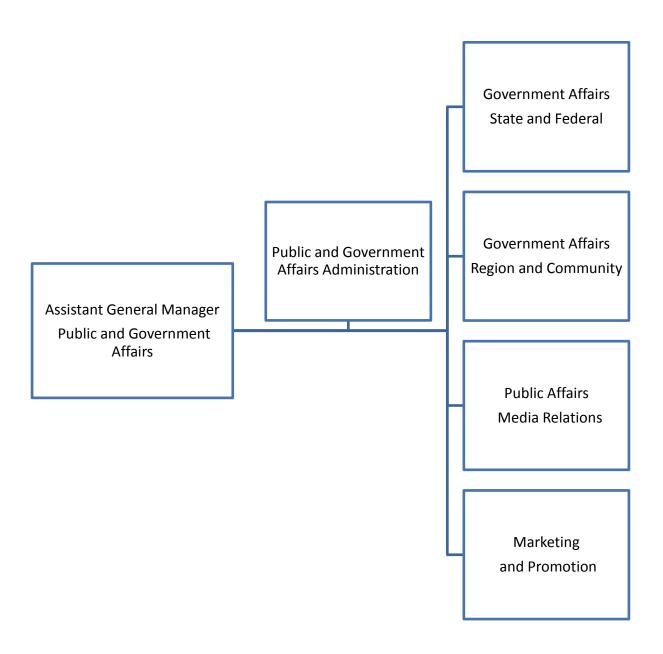
The Government Affairs and Community Relations staff works closely with local elected officials to advance transit-related initiatives and legislation in the five county service area. Activities include attending County Council and Philadelphia City Council meetings to keep abreast of legislation and maintain a rapport with 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.

Marketing and Promotion

Act 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.







HEADCOUNT

| | OPERATING HEADS | | | | |
|---|-----------------|---|---|-------|--|
| | Α | В | Н | Total | |
| | | | | | |
| Administration | 2 | - | - | 2 | |
| Public Affairs - Media Relations | 5 | - | - | 5 | |
| Marketing and Promotion | 4 | - | - | 4 | |
| Government Affairs - Region & Community | 4 | - | - | 4 | |
| Government Affairs - State & Federal | 5 | - | - | 5 | |
| TOTAL OPERATING HEADS | 20 | - | - | 20 | |

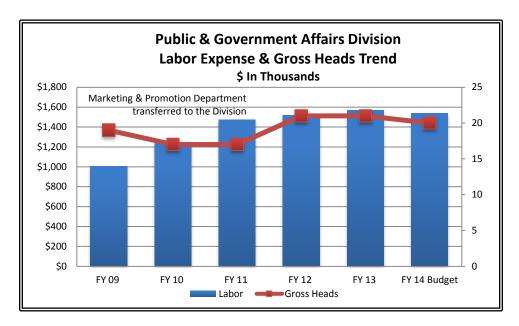
| | CAPITAL HEADS | | | | | |
|---|---------------|---|---|-------|--|--|
| | A B H To | | | Total | | |
| | | | | | | |
| Administration | - | - | - | - | | |
| Public Affairs - Media Relations | - | - | - | - | | |
| Marketing and Promotion | - | - | - | - | | |
| Government Affairs - Region & Community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

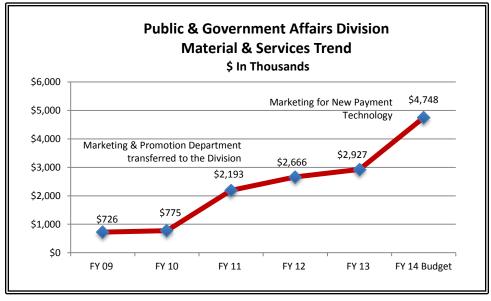
| | TOTAL HEADS | | | |
|---|-------------|---|---|------|
| | Α | В | Н | Tota |
| Administration | 2 | - | _ | 2 |
| Public Affairs - Media Relations | 5 | - | - | 5 |
| Marketing and Promotion | 4 | - | - | 4 |
| Government Affairs - Region & Community | 4 | - | - | 4 |
| Government Affairs - State & Federal | 5 | - | - | 5 |
| TOTAL HEADS | 20 | - | _ | 20 |



Public and Government Affairs Amounts in Thousands (,000)

| | Net <u>Labor</u> | Material & Services | <u>Total</u> |
|---|---------------------|---------------------|--------------|
| Administration | \$ 116 | \$ 851 | \$ 967 |
| Public Affairs - Media Relations | 393 | 7 | 400 |
| Marketing and Promotion | 334 | 3,848 | 4,182 |
| Government Affairs - Region & Community | 373 | 20 | 393 |
| Government Affairs - State & Federal | 320 | 22 | 342 |
| TOTAL | \$ 1,536 | \$ 4,748 | \$ 6,284 |





Public and Government Affairs



PRINCIPAL RESPONSIBILITIES

MEDIA RELATIONS

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

GOVERNMENT AFFAIRS – STATE AND FEDERAL

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. Serve as point of contact for legislative inquiries on both legislative and constituent issues. Serve as board member and liaison with the Pennsylvania Public Transportation Association (PPTA).

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, railroad legislation, environmental legislation and disabilities law. Work with SEPTA finance staff, federal legislative consultants, and the American Public Transportation Association. Respond to legislative and constituent inquiries from the federal level.

GOVERNMENT AFFAIRS - REGION AND COMMUNITY RELATIONS

Region

The Government Affairs staff works closely with local elected officials to advance transit related initiatives and legislation in the five 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

Utilize all current, innovative, and cutting edge promotional avenues to deliver messages. This includes offline and online media, event marketing, strategic partnerships, social media and lifestyle.





GOALS AND BUSINESS INITIATIVES

| | Current Goals | Initiatives |
|------|---|--|
| I. | Advocate for long-term, dedicated, inflation-sensitive funding that provides at least the equivalent level of funding provided under Act 44 | a) Educate and engage members of the Pennsylvania General Assembly on the importance of addressing the shortfalls in Act 44 funding. Note: Goal achieved November 2013 |
| II. | Advocate for more robust funding for the Capital Program | a) Prioritize a program that will fund bringing the system to a state of good repair. Note: Goal achieved November 2013 |
| III. | Advocate for increased funding for the largest, oldest metropolitan rail systems | a) 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. |
| IV. | Develop proactive approach to media relations | a) Create a regularly reoccurring cycle of events and outreach opportunities for media coverage.b) Provide outreach to community groups and general public. |
| V. | Promote regional awareness of SEPTA's progress | a) Communicate and promote the rider benefits of New Payment Technology (NPT).b) Facilitate meaningful partnerships that support the Authority's mission (s) and overall brand. |

XII. Fringe Benefits



Fringe benefits are a major expense for SEPTA representing 26.44% of the Fiscal Year 2014 Operating Budget of \$1.283 billion. Responsibility for management of fringe benefit costs rests with all Authority departments, however, Finance and Human Resources take the lead in cost control. Authority expenditures for Fringe Benefits are largely controlled by statutory and contractual obligations and have been significantly influenced by national trends.

Beginning August 2012, SEPTA switched to self-insurance for healthcare coverage, a decision made to reduce and slow the growth of healthcare expense. The results have been very favorable.

The Authority also realized substantial savings in Prescription Drug expenditures due to the expiration of patents on popular drugs and more substantial discounts and rebates. The increase is projected to be 7.2% for this budget year.

Listed below are Fringe Benefit categories:

Medical and Life Insurance

SEPTA provides medical, prescription, dental, vision and life insurance benefits for union, 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.

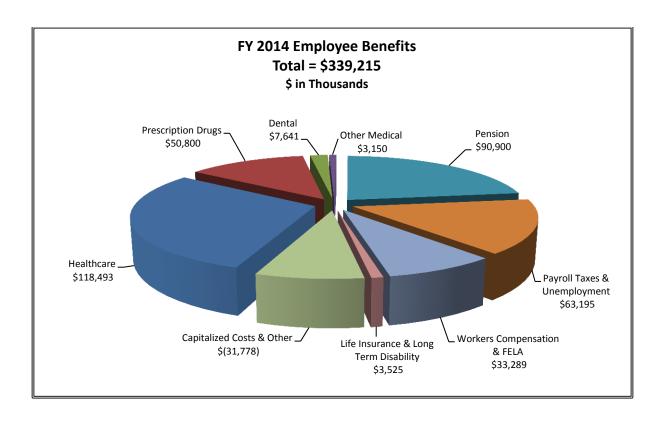
Workers "Compensation and FELA

Obligations to transit and railroad employees injured on duty for their medical bills and lost wages.



| Fiscal Year 2014 Operating Budget Fringe Benefit Expense (Amounts in Thousands) | | | | | | |
|---|----|----------|--|--|--|--|
| Medical, Prescription, Dental, Vision & Life | \$ | 183,609 | | | | |
| Payroll and Unemployment Taxes | | 63,195 | | | | |
| Pension | | 90,900 | | | | |
| Workers' Compensation and FELA | | 33,289 | | | | |
| Subtotal | \$ | 370,993 | | | | |
| Capital Support and Projects * | | (31,778) | | | | |
| Fringe Operating Expense | \$ | 339,215 | | | | |

^{*} The net fringe benefit cost of \$339.2 million includes a credit for the portion of employee benefits applicable to capital project labor.





Fiscal Year 2014 Operating Budget Labor and Fringe Benefits Amounts in Thousands (000's)

| | Net Labor | Net Fringe Benefits | Total |
|--|------------|------------------------|------------|
| Corporate Staff Deputy General Manager Staff Administration and Analysis | \$ 2,710 | \$ 1,644 | \$ 4,354 |
| | 828 | 502 | 1,330 |
| | 235 | 143 | 378 |
| Communications Labor Relations Revenue Operations & New Payment Technology | 1,134 | 688 | 1,822 |
| | 1,065 | 646 | 1,711 |
| | 10,694 | 6,488 | 17,182 |
| Planning/Coordination & Safety Operations | 103 | 62 | 165 |
| | 438,442 | 265,998 | 704,440 |
| Engineering, Maintenance and Construction Audit, Safety and Investigative Services Business Services | 65,183 | 39,546 | 104,729 |
| | 3,045 | 1,847 | 4,892 |
| | 14,388 | 8,729 | 23,117 |
| Customer Service and Advocacy Finance and Planning Human Resources | 5,601 | 3,398 | 8,999 |
| | 11,428 | 6,933 | 18,361 |
| | 12,055 | 7,314 | 19,369 |
| Legal, Real Estate and Claims Public and Government Affairs Other * | 7,880 | 4,781 | 12,661 |
| | 1,536 | 932 | 2,468 |
| | (17,202) | (10,436) | (27,638) |
| Total | \$ 559,125 | \$ 339,215 | \$ 898,340 |

Note 1: Net Labor includes funding for open positions.

^{*} 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 each.

XII. 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

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 only. 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 Fuel Oil, Natural Gas and

Steam used for heating. The cost of Water, Sewer and Non-Propulsion Electricity, all are based on projected

rates and consumption.

XII. Non-Departmental Expense



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 are under contract with SEPTA to provide door-to-door transportation to disabled riders by advanced reservation. Projected Fiscal Year 2014 ridership is 650,058 trips for Philadelphia and 287,078 trips for the suburban communities.

One of the main focuses of CCT Connect's efforts for Fiscal Year 2014 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 438 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 CCT Connect vehicles.

ADA Program initiatives continuing during Fiscal Year 2014 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 2014 is to provide a total of 733,444 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.



XII. 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. For Fiscal Year 2014, the program will include modifications to 4 of the existing 24 SEPTA routes currently funded.

XII. Other Operating Expenses



Claims

Fiscal Year 2014 claims expense is budgeted at \$43.2 million, which is a significant reduction from the prior year's budget of \$54.1 million. Staff from the Authority's Legal, Real Estate and Claims Division, with support throughout the organization, aggressively defend against fraudulent claims. The Authority cooperates with various outside agencies, including the City of Philadelphia and Suburban Counties District Attorney's offices, in this matter.

Other Expenses

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

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

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.

Capital Projects Impact Analysis on Operating Budget FY 2014 – FY 2019

| | Estimated Operating Impact per Year: Cost Savings / (Cost Increase) - In Thousands | | | | | | |
|--|---|---------|---------|---------|---------|---------|--|
| Capital Projects and Description of Impacts | FY FY FY FY FY 2014 2015 2016 2017 2018 2019 | | | | | | |
| [Diesel-Electric Hybrid] Bus Purchase Program | \$5,047 | \$6,630 | \$6,630 | \$6,630 | \$6,630 | \$6,630 | |

SEPTA placed in service two diesel-electric hybrid buses in October 2002 designed to reduce fuel consumption, increase engine and fuel efficiency, and reduce SEPTA's carbon footprint through lower emissions. By FY 2012, the Authority operated a total of 472 hybrid buses with another 160 expected for delivery in FY 2014 and FY 2015. Each hybrid bus saves the Authority roughly 3,400 gallons of diesel fuel, directly reducing the annual operating budget in proportion to the number of hybrids in revenue service. Over the seven year period, the Authority has saved over \$16M cumulatively.

| Wayne Junction Combined | | | | | | |
|--------------------------|-------|-------|-------|-------|-------|-------|
| Heat & Power (CHP) Plant | \$596 | \$677 | \$760 | \$846 | \$933 | \$933 |

SEPTA will solicit proposals from third-party developers to finance, design, build, own, and maintain a combined heat and power plant on SEPTA's property. The intent is for the developer to sell electricity and heat back to SEPTA under a long-term energy agreement. A feasibility study cost analysis indicated that SEPTA may realize operational cost savings by using natural gas to generate power and heat compared with current utility costs (electricity and heating oil).

Parking Expansion Projects \$(184) \$(183) \$(183) \$(182) \$(182)

Commencing in FY 2008, SEPTA has increased parking at stations to meet customer demand by 961 additional parking spots. Most of the new parking spaces generate revenue through the sale of daily or monthly parking permits. The revenue is offset by an increase in ongoing maintenance costs such as snow removal / salting, re-striping, and management fees for garages.

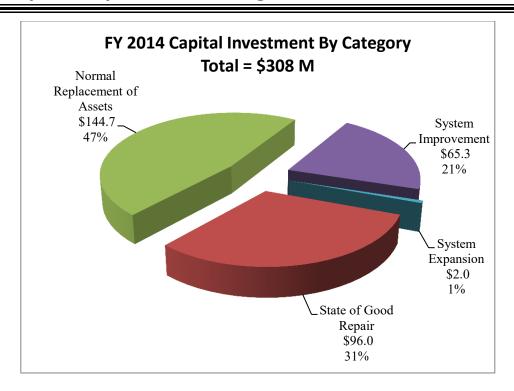
| Silverliner V Rail Car Acquisition | \$140 | \$140 | \$140 | \$140 | \$140 | \$140 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Silveriller v Kall Car Acquisition | φ1 4 0 |

SEPTA purchased new electric multiple-unit (EMU) rail cars to replace existing Silverliner II and III rail cars that were 46 to 50 years old and had exceeded their useful life. It is anticipated that this new fleet will consume 1% less electricity or approximately 2 million kWhs. At \$.07/kWh, this amounts to \$140,000 of savings/year. This project is also expected to reduce maintenance costs because the new cars will require less labor and materials to maintain.

Wayne Junction Substation \$117 \$117 \$117 \$117

Most of the original electrical components at Wayne Junction Substation are still in operation, which makes repairs difficult because replacement parts are no longer available. This project will replace equipment that is past its useful life with modern equipment, which is expected to reduce regular maintenance labor and equipment expenses. Resources can be reallocated to improve the state of good repair of other assets.





Fiscal Year 2014 Capital Investments In Thousands

| Bus Purchase Program | \$40,700 |
|---|---------------|
| Congestion Relief | 2,006 |
| Debt Service | 51,387 |
| Infrastructure Safety Renewal Program | 35,500 |
| New Payment Technologies | 2,700 |
| Paratransit Vehicle Acquisition | 5,000 |
| Regional Rail Signal System Modernization | 45,034 |
| Safety and Security Improvements | 2,500 |
| State of Good Repair Initiatives | 28,048 |
| Station Accessibility | 3,001 |
| System Improvements Program | 2,000 |
| Utility Fleet Renewal | 3,500 |
| Vehicle Overhaul Program | <u>56,500</u> |
| Total Fiscal Year 2014 | \$308,035 |



Fiscal Year 2014 – 2017 Capital Investment Plan In Thousands

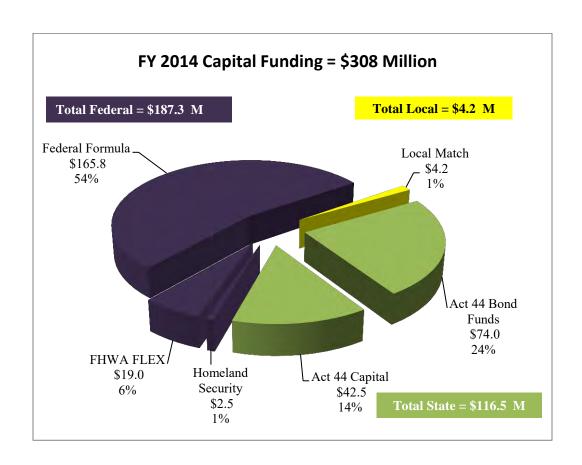
| | FY 2014 | FY 2015 | FY 2016 | FY 2017 | Total |
|--|-----------|-----------|-----------|-----------|-------------|
| Capital Projects | | | | | |
| Bus Purchase Program | \$40,700 | \$33,721 | \$56,279 | \$45,000 | \$175,700 |
| Congestion Relief | 2,006 | 2,091 | 2,178 | 2,243 | 8,518 |
| Infrastructure Safety Renewal Program | 35,500 | 35,500 | 35,500 | 35,500 | 142,000 |
| New Payment Technologies | 2,700 | 20,747 | 40,600 | 65,964 | 130,011 |
| Paratransit Vehicle Acquisition | 5,000 | 6,000 | 4,500 | 6,000 | 21,500 |
| Regional Rail Signal System Modernization | 45,034 | 45,993 | 0 | 0 | 91,027 |
| Safety and Security Improvements | 2,500 | 2,500 | 2,500 | 2,500 | 10,000 |
| State of Good Repair Initiatives | 26,048 | 7,508 | 5,909 | 998 | 42,463 |
| Station Accessibility | 3,001 | 0 | 0 | 0 | 3,001 |
| Station and Parking Improvements Program | 0 | 3,062 | 0 | 0 | 3,062 |
| System Improvements Program | 2,000 | 10,000 | 18,800 | 7,201 | 38,001 |
| Utility Fleet Renewal | 3,500 | 3,000 | 3,000 | 3,000 | 12,500 |
| Vehicle Overhaul Program | 56,500 | 56,500 | 56,500 | 56,500 | 226,000 |
| Subtotal Capital Projects | \$226,489 | \$226,622 | \$225,766 | \$224,906 | \$903,783 |
| | | | | | |
| Financial Obligations | | | | | |
| Capital Asset Lease Program | \$30,159 | \$31,059 | \$31,983 | \$32,907 | \$126,108 |
| Debt Service | 51,387 | 51,319 | 51,251 | 51,187 | 205,144 |
| Subtotal Financial Obligations | \$81,546 | \$82,378 | \$83,234 | \$83,234 | \$331,252 |
| | | | | | |
| Total Capital Budget | \$308,035 | \$309,000 | \$309,000 | \$309,000 | \$1,235,035 |



Capital Sources of Funds

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

- Estimated federal formula program totaling \$165.8 million.
- Federal Highway Flexible funding projection of \$19.0 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 \$2.5 million based on an anticipated SEPTA share of available funds.
- State funds from the Public Transportation Trust Fund at \$116.5 million for capital projects.
- Local matching funds totaling \$4.2 million from the five-counties: City of Philadelphia, Delaware, Montgomery, Bucks and Chester. Local matching funds are required for federal and state capital grants.



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Glossary of Acronyms



Α

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.

В

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 Connect- Customized Community Transportation Services

COBRA - Consolidated Omnibus Budget Reconciliation Act

CSX - CSX Corporation, a freight railroad and transportation company

CTD - City Transit Division

D

DGM – Deputy General Manager

DBE - Disadvantaged Business Enterprise

DVRPC - Delaware Valley Regional Planning Commission

F

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.

Н

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

Ī

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.

NЛ

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

Ν

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

NHSL - Norristown High Speed Line

NJT - New Jersey Transit

NPT - New Payment Technology

NTP - Notice to Proceed

0

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 is a combination of Victory and Frontier Divisions

Т

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 29

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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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 expenses are recognized at the time they are incurred and revenue is recognized when earned, as opposed to disbursed or received.

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 -GCT Connect".

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

В

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.



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.



Ε

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.



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"

Н

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.

ı

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

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

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



L

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

Light Rail - A transit mode that typically is an electric railway with a light volume traffic capacity compared to heavy rail. It is characterized by passenger rail cars operating individually or in short, usually two car trains on fixed rails on shared or exclusive right-of-way; low or high platform loading; and vehicle power drawn from an overhead electric line via a trolley pole or a pantograph.

Light Rail Car - A rail car with motive capability, usually driven by electric power taken from overhead lines, configured for passenger traffic and usually operating on non-exclusive right-of-way. Also known as -streetcar," -trolley car" and -trolley".

Linked Trip - A single, one-way trip without regard for the number of vehicles boarded to make the trip (i.e., a home-to work trip taken by boarding a bus, to a train, to another bus represents one linked trip or three unlinked trips).

M

Market-Frankford Subway-Elevated - The Market-Frankford Line runs on an elevated guideway from the Frankford Transportation Center in Northeast Philadelphia, through Center City Philadelphia as a subway, and continuing on an elevated guideway above Market Street in West Philadelphia into 69th Street Terminal in Upper Darby, Delaware County. Also referred to as the Market Street Elevated (MSE), MFSE and -Blue Line"

Mean Distance Between Failure – A measure of vehicle availability and reliability, equal to the average distance between failures for all vehicles within a particular mode.

Ν

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).

0

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, Shared Ride program revenue, Investment Income, Other Income and Route Guarantees. Also for this purpose, the Commonwealth excludes Depreciation from operating expenses.



Orange Line – See -Broad Street Line"

Ρ

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 currently consists of two variations—Silverliner IV and V. These railroad cars feature stainless steel construction and represent the majority of SEPTA's railroad fleet.

Streetcar - See — rolley"

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.

Т

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".