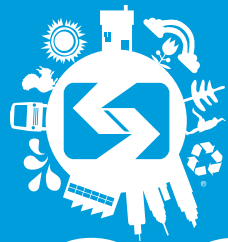


January 2012 Annual Report



SEP-TAINABLE GOING *Beyond* GREEN



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Message from the American Public Transportation Association



December 14, 2011

Mr. Joseph M. Casey
General Manager
Southeastern Pennsylvania Transportation Authority (SEPTA)
1234 Market Street
Philadelphia, PA 19107-3780

Dear Joe:

We are delighted that SEPTA is hosting the 8th APTA Sustainability and Public Transportation Workshop from August 5-8, 2012. We thank you very much for your leadership on sustainability. APTA members will benefit from seeing firsthand what you and your team have accomplished to date. We look forward to working with you and your staff over the next several months to prepare the best workshop yet.

Sincerely yours,

Michael P. Melaniphy
President & CEO

MPM/cbo

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Message from the General Manager

To many, SEPTA's history is well-known: created in the 1960s to manage the assets of several bankrupted private transit agencies, working over the past half-century to integrate the systems into a cohesive regional network. And, with more than 2,700 vehicles, 144 routes, and 6 different service modes operating across an aging infrastructure that spans a 2,200 square mile area, the challenges are clear.

But now, SEPTA is writing a new chapter in its history. It's a chapter of transition – a moment that will shape Greater Philadelphia's regional transit system for years to come. At SEPTA, we call this new chapter "sustainability".

Sustainability is a word that means something different to nearly everyone. To environmental leaders, it means "going green," doing things in a way that reduce environmental impacts. To community leaders, it's about health and vitality, doing things in a way that improves quality of life. To financial leaders, it's about efficiency, doing more with less in an era of constant fiscal crisis.

To SEPTA, sustainability means all these things. When the SEPTA Board adopted its first-ever Sustainability Program Plan in January 2011, it established a comprehensive strategy for incorporating these planning concepts into SEPTA's way of doing business. After one year, I am pleased with the progress we have made to become more sustainable in our own right, and to become an even better partner to improve environmental stewardship, community livability, and economic prosperity across our region.

This report details our achievements in these areas. In it, you'll learn about grants that SEPTA has received for ultra-low emitting engines, battery storage technologies, succession planning initiatives,

and historic renovation projects. You'll read about meaningful and lasting partnerships with community-based organizations to improve intermodal connections, support farmers markets, and educate small businesses. You'll be presented with facts about new challenges facing SEPTA in the coming years. And you'll understand SEPTA's strategies to address them in a proactive and budget-neutral manner.

All this in a year – and more soon to come. In August 2012, SEPTA will be the proud host of the American Public Transportation Association's Annual "Sustainability & Public Transportation Workshop". The three-day conference will bring hundreds of the industry's most influential minds in sustainability and environmental policy to Greater Philadelphia, where they will sample the progress we've made together. We look forward to joining with our partners in showcasing all that our great city and region have to offer.

Of course, we also recognize that this is just the beginning. Our Sustainability Program embraces continual improvement, and the notion that performance enhancements can only be sustained by constantly reevaluating progress over time. The job is never done, and we look forward to working with you in creating a more environmentally, socially, and economically sustainable future for the entire region.

I am now pleased to share this progress report with you.



Joseph M. Casey
General Manager



SEPTA Sustainability Program Overview

SEPTA's approach to sustainability is based on the triple bottom line – accounting for environmental, social, and economic challenges and opportunities. Working with its partners, SEPTA has used this three-pillar, “people-planet-prosperity” approach to incorporate sustainability into its corporate culture and way of doing business. SEPTA's Sustainability Program takes this broad-based, comprehensive planning framework and narrows it down to twelve (12) goals – four across each pillar:

Environmental

Planet = Environmental

Taking into account actions and conditions that affect the earth's ecology

Impact Mitigation and Stewardship Solution

Goal 1

Improve greenhouse gas (GHG) and criteria air pollutant emissions performance

Goal 2

Improve water use and pollutant discharge performance

Goal 3

Improve energy intensity performance

Goal 4

Reduce and reuse waste

Social

People = Social

Taking into account actions and conditions that affect all members of society

Versatile Workforce and Livable Communities

Goal 5

Integrate with livable communities

Goal 6

Improve access to local food via transit

Goal 7

Develop a highly skilled, healthy and versatile workforce

Goal 8

Support regional business equity

Economic

Prosperity = Economic

Taking into account actions that affect how people and businesses meet their needs

Fiscal Responsibility and Regional Competitiveness

Goal 9

Increase transit mode share

Goal 10

Improve infrastructure state of good repair

Goal 11

Improve operating expense performance

Goal 12

Achieve recommended funding levels

Use of Performance Metrics

Where applicable, SEPTA's Sustainability Program uses service-based performance metrics to track progress over time. The reason for normalizing performance indicators is to account for adjustments in service levels, which necessarily have an impact on gross levels of emissions, water and energy usage, waste generation, ridership, and operating expenses. Performance metrics will provide SEPTA with a methodologically sound way to analyze the efficiency of its system and services.

SEPTA uses three primary metrics to normalize performance:

Each of these three normalization factors reflects a different aspect of SEPTA's service efficiency.

Vehicle Miles (VM)

The miles a vehicle travels from the time it pulls out to the time it pulls in from revenue service, including "deadhead" miles without passengers to the starting points of routes or returning to the storage location. For conventionally scheduled services, it includes both revenue miles and non-revenue miles. By quantifying service based on distance, this metric will capture efficiency gains irrespective of miles traveled, such as efforts to purchase cleaner and more efficient vehicles and fuels, and to improve the efficiency of facilities (e.g. office buildings or train stations).

Revenue Vehicle Hours (RVH)

The hours traveled when the vehicle is in revenue service (i.e., the time when a vehicle is available to the general public and there is an expectation of carrying passengers). By excluding deadhead hours (the time that vehicles spend traveling while out of service, such as returning to a garage or storage facility), this metric will capture efforts to reduce inefficiencies through improvements to scheduling, routing, or other service planning changes. By accounting for the time spent in service rather than the distance traveled, this metric also reflects any local roadway congestion effects.

Passenger Miles Traveled (PMT)

The cumulative sum of the distances ridden by each passenger, calculated using on-board checks, automated electronic passenger-counters, or sampling techniques by quantifying service based on a rate of its consumption, this metric will account for the combined effects of vehicle and service efficiency as well as changes in ridership or vehicle occupancy rates. Passengers traveling on a more crowded vehicle will be more efficient, so this metric will capture efforts to improve efficiency by attracting passengers and increasing service productivity.

Summary of Key Performance Indicators

Sustainability Focus Area		Goal	Target	Indicator (Unit)	Baseline FY 2009	FY 2010	FY 2011	2015 Result
ENVIRONMENTAL	In the Region: Advancing Stewardship	1 Improve greenhouse gas (GHG) and criteria air pollutant emissions performance	5% annual improvement	GHG/PMT (CO2-e) GHG/VM (CO2-e) GHG/RVH (CO2-e)	0.642 lbs 10.110 lbs 142.079 lbs	0.619 lbs 10.100 lbs 142.230 lbs	n/a (measured on calendar year basis)	0.47 lbs 7.43 lbs 104.44 lbs
		2 Improve water use and pollutant discharge performance	10% improvement by 2015	Water/PMT (Gallons) Water/VM (Gallons) Water/RVH (Gallons)	0.132 2.098 29.284	0.130 2.088 29.546	0.106 1.764 24.730	0.119 1.888 26.36
	At SEPTA: Reducing Footprint	3 Improve energy intensity performance	10% improvement by 2015	Energy/PMT (kBtu) Energy/VM kBtu Energy/RVH (kBtu)	2.88 45.81 639.48	2.79 44.57 630.74	2.66 44.13 618.53	2.59 41.23 575.53
		4 Reduce and reuse waste	20% waste diversion by 2015	Municipal waste diversion rate (Recycling/total Waste)	n/a	n/a	3.6% (Baseline)	20%
SOCIAL	In the Region: Building Livable Communities	5 Integrate with livable communities	One TOD project per year	New TOD projects (Cumulative)	n/a	1	1	5 TOD projects
		6 Improve access to local food via transit	Three new farmers markets on SEPTA property by 2015	New farmers markets on SEPTA property	0	3	4	3 farmers markets
	At SEPTA: Developing Workforce	7 Develop a highly-skilled, healthy and versatile workforce	50% turnover filled from succession pool	Turnover filled from succession pool of critical strategic positions	n/a	n/a	n/a	50%
		8 Support regional business equity	10% improvement by 2015	Newly-registered DBE firm success rate	16.56%	n/a	n/a	18.22%
ECONOMIC	In the Region: Catalyzing Growth	9 Increase transit mode share	10% increase by 2015	Annual unlinked trips per capita	82.14	80.07	83.30	93.93
		10 Improve infrastructure state of good repair	15% proportionate improvement by 2015	Estimated state of good repair	65%	65%	65%	80%
	At SEPTA: Achieving Fiscal Stability	11 Improve operating expense performance	10% improvement by 2015	Industry OpEx/PMT (%Δ) Industry OpEx/VM (%Δ) Industry OpEx/RVH (%Δ)	Industry %Δ: 3.03% Industry %Δ: 2.28% Industry %Δ: 2.61%	n/a	(1.25%) 2.29% 1.32%	n/a
		12 Achieve PA TFAC recommended funding levels	Full funding of PA TFAC recommended funding levels	Statewide transit funding	Current funding levels	2010: \$484M	n/a	2020: \$1.383B 2030: \$3.063B



Environmental Sustainability *Goals*



Goal 1: Improve Greenhouse Gas (GHG) & Criteria Air Pollutant Emissions Performance

SEPTA invests in emissions-reducing technologies

Key Performance Indicator
Target // 5% Annual Improvement

Greenhouse Gas (GHG) Emissions

Year	LBS Carbon Dioxide Equivalents (CO2-e)	lbs CO2-e/ VM	lbs CO2-e/ RVM	lbs CO2-e/ PMT	Transit Credit Multiplier
CY 2006	978,299,634	10.563	147.936	0.683	2.67
CY 2007	977,579,622	10.346	145.078	0.654	2.79
CY 2008	982,910,309	10.199	142.561	0.633	2.88
CY 2009	989,940,544	10.110	142.079	0.642	2.89
CY 2010	993,182,372	10.100	142.230	0.619	2.95

Highlights

Received Grant to Improve Air Quality Performance

In October 2011, SEPTA received a \$1.2 million grant from the U.S. Environmental Protection Agency to install an ultra-low emitting “GenSet” engine on one of its diesel maintenance locomotives located in the Wayne Junction area of North Philadelphia. This state-of-the-art technology will improve the fuel efficiency and reduce particulate matter (PM) and NOx emissions from the maintenance locomotive, improving air quality where SEPTA trains operate.

Advanced Alternative Energy Vehicle Procurement

SEPTA purchased another 100 hybrid-electric vehicles, bringing its total to 472 – approximately one-third of its entire bus fleet. The hybrid-

electric vehicles are more fuel efficient than standard diesel vehicles, and significantly reduce PM and NOx emissions. SEPTA received \$20 million in federal grants in 2011 to purchase additional hybrids in 2012 and 2013 (See Goal 3 for more information).

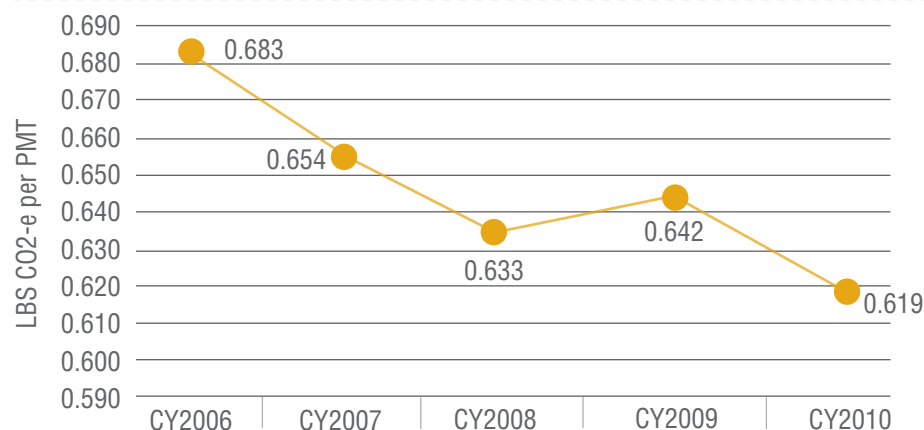
Advanced Emissions-Reducing Retrofits

SEPTA installed new high-efficiency boilers at its Broad & Lehigh location in 2011. Moving forward, SEPTA will be prioritizing additional emissions-reducing technologies through its capital plant upgrades undertaken through comprehensive facility energy audits (See Goal 3 for more information).

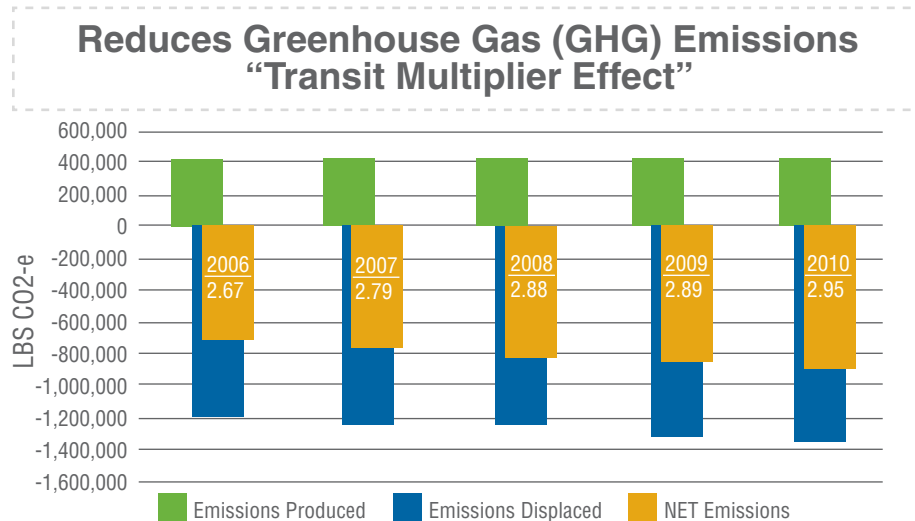
Received Grant to Pursue Vulnerability & Risk Assessment

In December 2011, the Federal Transit Administration selected SEPTA

Greenhouse Gas Intensity



and its project partners the Delaware Valley Regional Planning Commission (DVRPC) and ICF International, a leading industry expert in climate adaptation policy and planning, for a grant to develop a vulnerability and risk assessment of SEPTA's expansive regional rail network. The grant program is designed to advance the state of practice in transit industry adaptation to the effects of climate change, such as heat waves, sea level rise, and flooding.



What's Next

Develop Climate Action Plan (CAP)

SEPTA has completed its first-ever comprehensive greenhouse gas (GHG) inventory, a snapshot of SEPTA's impact on climate change. The GHG inventory found that approximately 80 percent of SEPTA's GHG emissions are generated from fuel combustion (buses) and propulsion power (trains & trolleys) to operate its 2,700 revenue vehicle fleet. The remaining 20 percent of SEPTA's GHG emissions are generated from non-revenue vehicle fuel combustion and the

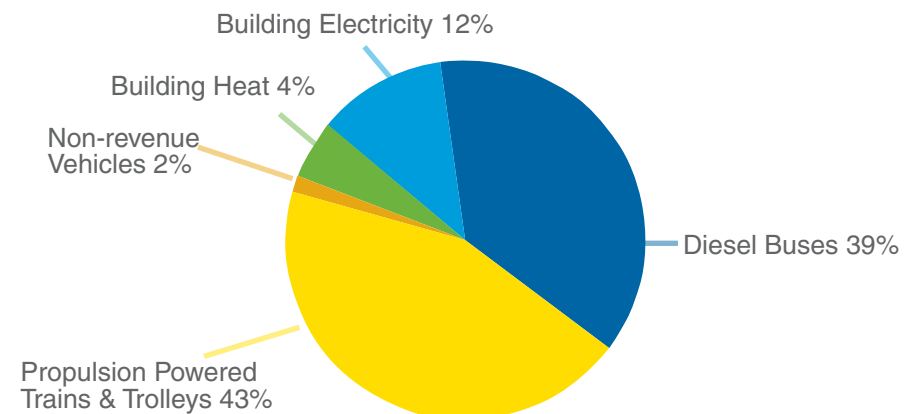
energy requirements to heat and power SEPTA's stations and facilities. But SEPTA actually reduces regional GHG emissions by nearly a **3:1 ratio** by taking cars off the road, reducing congestion, and supporting energy-efficient development patterns. The next step: use this GHG emissions inventory as a tool for developing a comprehensive strategy to achieve desired GHG emission savings and extend the GHG reduction benefits of public transportation across the region.

Invest in Renewable Energy

The reduction in market prices for solar renewable energy credits (SRECs) in Pennsylvania during 2011 forced SEPTA to table plans to solicit proposals for installing roof-mounted photovoltaic (PV) systems atop its bus garages across the region. The project was deemed not economically viable and put on hold indefinitely until the SREC market rebounds. It is SEPTA's intention to pursue this project through a power purchase agreement once market conditions indicate an opportunity for stronger return on investment potential.

Resources: <http://www.septa.org/sustain/environmental.html>

Greenhouse Gas (GHG) Inventory (2010)



Goal 2: Improve Water Use & Pollutant Discharge Performance

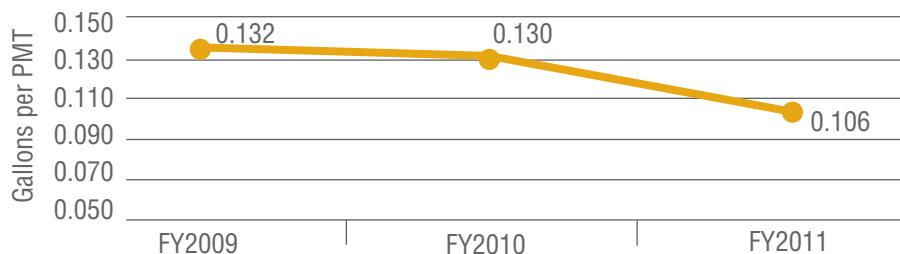
SEPTA develops comprehensive sustainable stormwater retrofits program

Key Performance Indicator
Target // 10% Improvement by 2015

Water Consumption

Year	Water Use (CCF)	Water Use (gallons)	Gallons/ VM	Gallons/ RVH	Gallons/ PMT
FY 2009	272,350	203,717,652	2.098	29.284	0.132
FY 2010	270,896	202,630,180	2.088	29.546	0.130
FY 2011	230,962	172,759,916	1.764	24.730	0.106

Water Use Intensity



Highlights

Tracked Usage System-Wide

SEPTA's Finance & Planning Division created a comprehensive database of water use by metered facility and will be using the database to target high-volume facilities and develop a strategy for reducing consumption system-wide.

Adopted Sustainable Stormwater Management Retrofits Program

SEPTA's Engineering, Maintenance, and Construction (EM&C) Division adopted a "Sustainable Stormwater Retrofits Program" (SSRP). SSRP is a comprehensive approach to managing stormwater on-site, with the goal of improving infiltration and peak attenuation during rain events at existing facilities. SEPTA is in the design phase of a pilot stormwater retrofit project at its Midvale Bus Facility, where the Civil Engineering team envisions a bio-infiltration basin to infiltrate smaller storms while allowing for the peak attenuation of larger storms, and a roof rainwater collection system and underground cistern to supply vehicle washing facilities.

Incorporated Sustainable Stormwater Management Practices Into Capital Projects

SEPTA's EM&C Division has also incorporated its SSRP into existing reconstruction projects to further reduce stormwater runoff. In West Philadelphia, the recently completed and opened Parkside Bus Loop features a bio-retention facility to manage captured stormwater. In North Philadelphia, the 33rd and Dauphin Loop, currently in the design phase, will incorporate several sustainable stormwater management elements, including the use of a green roof, porous pavement, and rain gardens. Upon completion, these reconstruction projects will serve as a model for SEPTA to systematize control and reuse of stormwater on-site.

Installed Roof Rainwater Collection Systems

At 46th Street on the Market-Frankford Line, SEPTA installed a 1,000 gallon cistern to capture and reuse stormwater from the roof of its station. Water from the cistern is being used to irrigate the Walnut Hill Community Farm on the adjacent SEPTA-owned lot (See Goal 5 for more information about the Walnut Hill Farm).

Expanded Tree Planting

SEPTA planted 243 trees at twelve different capital project sites across the five-county region in 2011, an average of more than 20 trees per location. The largest two tree-planting locations were Croydon Station (51 trees) in Bucks County and the Parkside Loop (41 trees) in West Philadelphia.



Partnered to Retrofit Bus Shelter with Green Roof

SEPTA partnered with the City of Philadelphia in its installation of a green roof on a bus shelter at 15th and Market Streets in Center City Philadelphia. While small (60 square feet), the green roof serves as a highly visible public demonstration of how a flat roof cover can be remade to serve multiple uses and capture stormwater to reduce runoff.

City of Philadelphia Mayor's Office of Sustainability

What's Next

Conduct Engineering Analysis of Water Recycling Systems on Vehicle Washers

SEPTA will be installing water meters on each of its bus washing systems. The meters will allow SEPTA to compare the relative efficiency of water recycling systems each bus washer, data that will serve as the basis for strategic investment decisions for reducing consumption from this daily water-intensive activity.

Improve Facility Stormwater Control & Reduce Stormwater Runoff

Through its SSRP, SEPTA will be scheduling stormwater retrofits at additional selected facilities. SEPTA will be working with the Philadelphia Water Department (PWD) to strategically implement retrofits at facilities most impacted by the City of Philadelphia's new stormwater allocation fee, which now bills commercial property owners for their discharge to city sewers.

Resources: <http://www.septa.org/sustain/environmental.html>

Top 10 Impacted Facilities for New PWD Stormwater Allocation Fee

Rank	SEPTA Facility	Facility Function(s)
1	Midvale	Depot & Maintenance Shop
2	2nd & Wyoming Complex	Vehicle Overhaul, Administration
3	Fern Rock Transportation Center	Depot, Shop, & Intermodal Passenger Facility
4	Germantown	Maintenance Shop
5	Southern	Depot & Maintenance Shop
6	Elmwood	Depot & Maintenance Shop
7	Callowhill	Depot & Maintenance Shop
8	Frankford Transportation Center	Depot, Shop & Intermodal Passenger Facility
9	Roberts Yard	Rail Yard
10	Woodland	Maintenance Shop

Goal 3: Improve Energy Intensity Performance

SEPTA advances innovative technologies to reduce energy consumption

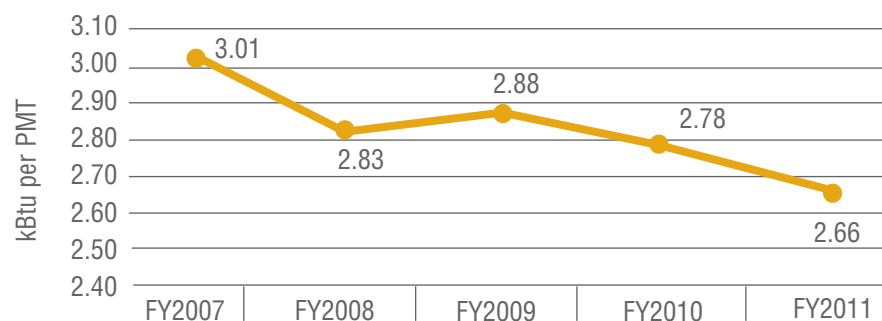
Key Performance Indicator
Target // 10% Improvement by 2015

Energy Consumption

Year	mmBtu*	kBtu/VM	kBtu/RVM	kBtu/PMT
FY 2007	4,307,339	46.14	648.15	3.01
FY 2008	4,337,209	46.15	646.07	2.83
FY 2009	4,448,609	45.81	639.48	2.88
FY 2010	4,325,674	44.57	630.74	2.78
FY 2011	4,320,854	44.13	618.53	2.66

Note: mmBtu equals 1000kBtu

Energy Intensity



Highlights

Invested in Energy Efficient Vehicles

Bus Fleet

With every passing year, SEPTA's fleet of more than 2,700 buses, trains, and trolleys becomes more energy efficient. In 2011, SEPTA purchased another 100 hybrid-electric buses, bringing its total to 472 – approximately one-third of its entire bus fleet. While these hybrid-electric buses are up to 40 percent more fuel efficient than their standard diesel counterpart, SEPTA has begun to extend the fuel economy benefits of electric technologies to its entire bus fleet. By retrofitting its diesel vehicles with LED lighting and electric engine cooling systems, SEPTA will achieve additional reductions in fuel consumption by removing parasitic loads from diesel engines.

And the trend will continue. This fall, SEPTA received a total of \$20 million from two federal grant programs to extend its investment in hybrid buses through 2013. The grants were funded through the Federal Transit Administration's State of Good Repair and Clean Fuels programs. SEPTA will use the funds to purchase new 40- and 60- foot buses.

Train Fleet

SEPTA has also begun to receive its new fleet of 120 Silverliner V regional rail cars. The new Silverliner V's are more energy efficient than the aging Silverliner II and III trains that they will replace in two ways: first, with a higher “power factor,” meaning that a smaller percentage of the power drawn by the SLVs will be wasted in the transmission process; and second, with enhanced regenerative braking capabilities, meaning that a greater percentage of the power generated by braking SLV trains will be captured by other trains for reuse. These advancements in vehicle technology will reduce the energy intensity of SEPTA's fleet.

Invested in Energy Efficient Facilities *Commissioned America's First LEED-Silver Railroad Station*

SEPTA's new Fox Chase Station was awarded a LEED (Leadership in Energy & Environmental Design) “Silver” award for New Construction by the United States Green Building Council (USGBC), the first railroad station to receive USGBC's LEED Silver designation. The \$1.1 million project funded through the federal American Recovery and Reinvestment Act (ARRA) received the prestigious award based on the following environmentally friendly construction elements:



Designed to use 30 percent less energy than a comparable code compliant building

Used high-efficiency plumbing fixtures and faucets to reduce potable water use by 20 percent (100,000 gallons per year)

96 percent of construction waste was diverted from landfills (either recycled or reused)

100 percent of the wood used in the project was certified in accordance with the Forest Stewardship Council, which promotes sustainable timber harvesting

40 percent of all cement used in the project was replaced with slag and/or fly ash concrete, increasing durability and saving 33 tons of raw materials, 150 MBTU of energy, and 33 tons of greenhouse gas emissions

40 percent of all building products were extracted and manufactured within 500 miles of the project site

Renewable energy credits (RECs) were procured to ensure that 100 percent of energy used at the station is replaced on the electric grid by renewable sources

Light-colored surfaces were used to help reflect sunlight, keeping surfaces cool while reducing the urban heat island effect

An indoor air quality management program was followed during construction to keep the ventilation system free from dust and debris

Adhesives, sealants, paint and coatings used at the station contain little or no volatile organic compounds, which have a negative impact on air quality and respiratory health

On top of these sustainable design and construction elements, Fox Chase Station also earned points from LEED simply for being what it is: a transit hub that adds value to its surrounding area by providing integrated and accessible alternative public transportation options.

FOX CHASE STATION IMPROVEMENTS

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY



40% of all Portland cement used in the project has been replaced with slag and/or fly ash, increasing durability and saving 33 tons of raw materials, 150 MBTU of energy, and 33 tons of greenhouse gas emissions.



High efficiency plumbing fixtures and faucets reduce potable water use by 20% (100,000 gallons per year)



The project was designed to use 50% less energy than a comparable code compliant building



40% of building products were extracted and manufactured within 500 miles of the project site



100% of the wood used in the project was certified in accordance with the Forest Stewardship Council which promotes sustainable timber harvesting



Renewable energy credits were procured to ensure that 100% of energy used at the station is replaced on the electric grid by renewable sources



Multiple public transportation options including regional rail and bus stops



LEED Certification

The Fox Chase Station is pursuing a Silver Level Certification under the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) rating system.



Sustainable Sites

- Pedestrian paths connect to nearby public transportation and community amenities and services.
- Light colored surfaces help reflect sunlight, keeping surfaces cool while reducing the urban heat island effect.



Water Efficiency

- High efficiency plumbing fixtures and faucets reduce potable water use by 20% (100,000 gallons per year).
- Landscaping includes locally adapted plants that do not require an irrigation system.



Energy & Atmosphere

- The project was designed to use 30% less energy than a comparable code compliant building.
- Energy use will be measured and verified using the EPA Energy Star Portfolio Manager tool to help the building run at maximum efficiency.



Materials & Resources

- 96% of construction waste was reused or recycled
- A recycling plan was developed, complimenting SEPTA's operational waste management strategy.



Indoor Environmental Quality

- An Indoor Air Quality Management Program was followed during construction to keep the ventilation system free from dust and debris.
- Adhesives, sealants, paints & coatings contain little or no VOCs (volatile organic compounds). VOCs have a negative impact on air quality and respiratory health.

SEPTA HEADQUARTERS



ENERGY STAR RATING: 90 (OUT OF 100)

Rating Achieved Through:

- + Daytime Cleaning
- + Energy Efficient Lighting and Appliances
- + Intelligent Control Technologies

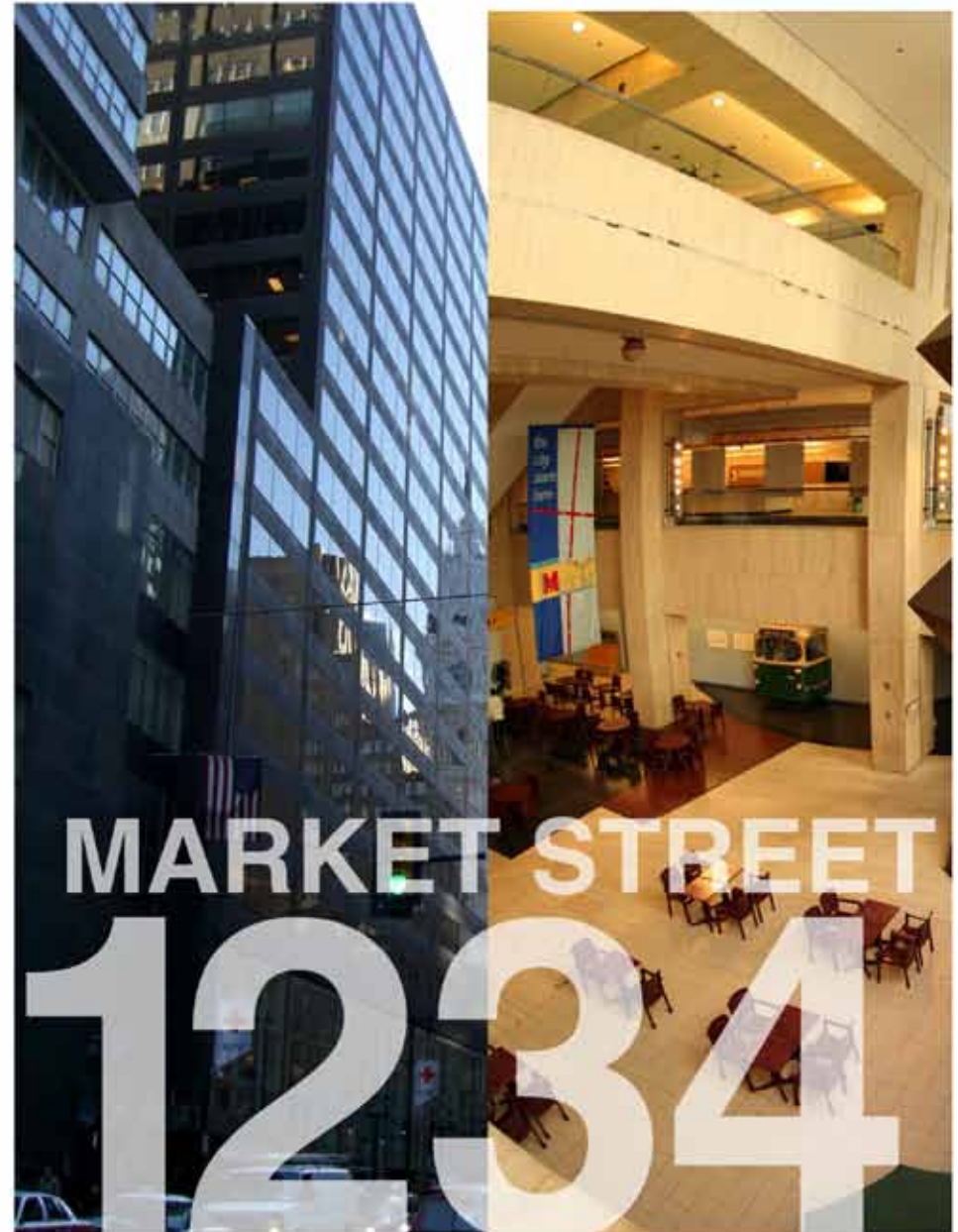
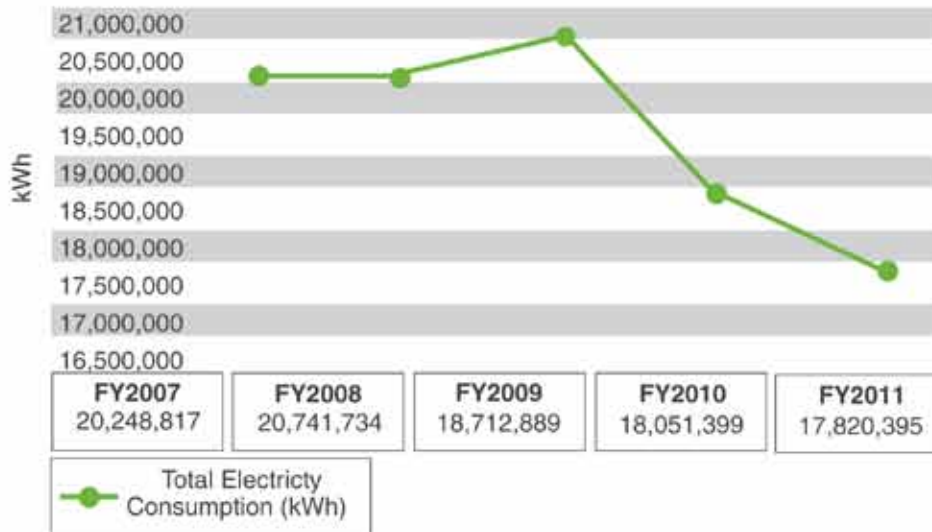


**BUILDING OWNED BY SEPTA AND
MANAGED BY U.S. EQUITIES, INC.**

Tenants Include:

- + SEPTA Administration
- + City of Philadelphia
- + Citizens Bank
- + US Postal Service

ANNUAL ELECTRICITY CONSUMPTION kWh



Achieved Energy Star Certification at 1234 Market Street Headquarters

Over the past two decades, SEPTA has made a series of investments in its headquarters that have transformed an energy-intensive, 1970s-vintage commercial office building into a shining example of 21st century energy efficient design. In December 2010, these efforts were recognized by the Environmental Protection Agency (EPA), which awarded SEPTA its prestigious ENERGY STAR label, a year in which 1234 Market Street ranked in the top 10 percent for building energy performance nationwide. While building retrofits have saved SEPTA hundreds of thousands of dollars, one of the most significant improvements in energy intensity performance was a policy change that came at no cost at all. In 2009, the building switched from nighttime to daytime cleaning, allowing building managers to shut down non-staffed floors in the building at 6pm, decreasing the running time of all non-essential building functions and appliances by 24 percent. Between 2008 and 2009, SEPTA reduced its energy consumption at the building by more than 2 million kilowatt hours, a single-year efficiency gain of 9.7 percent translated into dollar savings totaling \$104,143.

Leveraged Financial Incentives for Energy Efficiency Projects

SEPTA has strategically prioritized energy efficiency investments to take advantage of rebates available through the local utility. PECO's Smart Ideas program offers direct per kilowatt payments for projects that demonstrate energy-saving outcomes. In 2011, SEPTA received \$22,492 in rebates for three large-scale lighting change-out projects.

Piloted a Wayside Energy Storage System

In August 2010, SEPTA made national news when it partnered with locally based smart grid firm, Viridity Energy, to pioneer a brand new approach to reduce energy consumption and generate a new source of economic value at the same time. SEPTA and Viridity received a \$900,000 grant from the Pennsylvania Energy Development Authority

(PEDA) to pilot "wayside energy storage" technology at a substation on the Market-Frankford Line. The energy storage device will capture, store, and reuse electricity generated from braking trains, improving energy efficiency and reducing demand along SEPTA's busiest line. Viridity will work with SEPTA's new energy storage system to extend the project's benefits beyond just energy savings. With Viridity's smart grid platform, SEPTA will be able to sell its stored energy in markets as a "distributed energy resource." Viridity anticipates that the project will return more than \$250,000 in total economic benefits – energy savings plus new market-based revenue. The demonstration phase will begin in Winter 2012. In November 2011, SEPTA received a \$1.44 million federal grant to extend this pioneering approach to a second substation. If successful, the project could transform the way the transit industry develops energy strategies.

What's Next

Audit & Replace Inefficient Systems and Appliances

SEPTA will be pursuing a comprehensive slate of upgrades to energy-intensive infrastructure through investment-grade energy audits under the Pennsylvania Guaranteed Energy Savings Act (GESA) program. GESA allows Pennsylvania public agencies to partner with Energy Savings Companies (ESCOs) to finance energy conservation measures based on anticipated utility budget savings. This approach will reduce energy consumption and upgrade infrastructure at no up-front cost. SEPTA will be piloting GESA-based projects approach at maintenance facilities in 2012.

Implement Lighting Upgrades

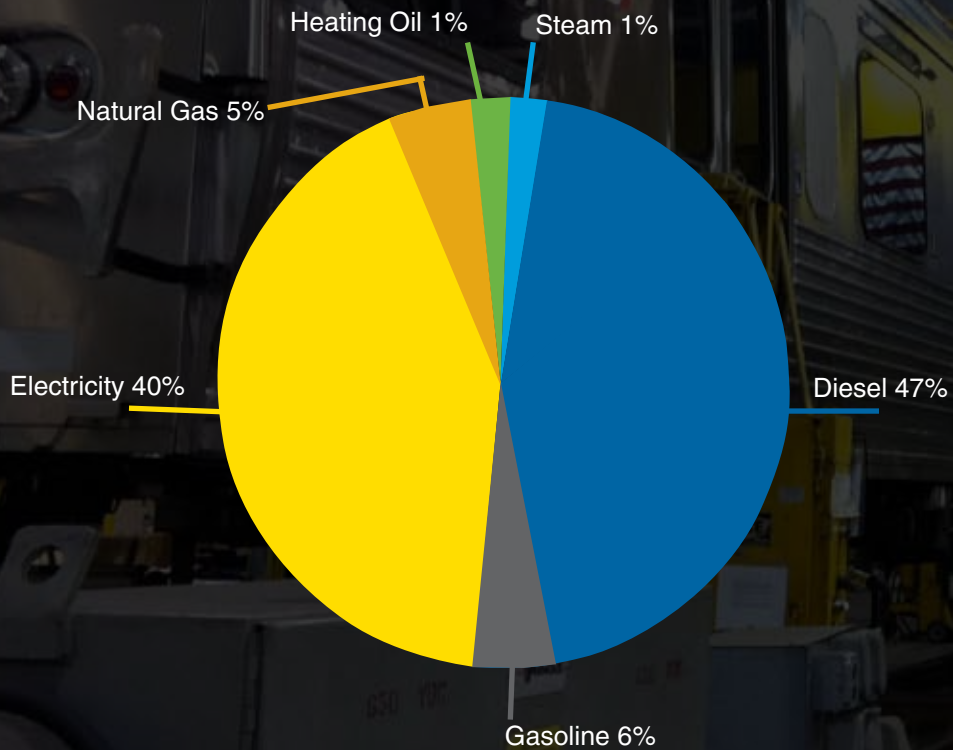
SEPTA will continue to take advantage of rebates available through the PECO Smart Ideas program by prioritizing lighting change-out projects at facilities across its system. The PECO program sunsets in 2013.

Encourage Conservation Among Employees

SEPTA's Climate Action Plan (See Goal 1 for more information) will include a component focused on employee education and awareness of the importance of conservation, both at the workplace and in personal lives.

Resources: <http://www.septa.org/sustain/environmental.html>

Energy Use by Source, 2011



Goal 4: Reduce & Reuse Waste

SEPTA implements comprehensive recycling program

Key Performance Indicator
Target // 20% Municipal Waste Diversion

Municipal Recycling Rates by Waste Stream

Year	Source	SEPTA Trash Transfer Service	1234 Market Street Headquarters	SEPTA Shops & Transit Locations*	Suburban Station	Outlying Regional Rail Stations*	Other Regional Rail Hubs*	Totals
FY 2011 Data in Tons	Trash	462	233	10,471	878	3,714	1,110	16,868
	Recycling	NA	47	NA	246	16	311	621
	Diversion	0.0%	16.8%	0.0%	21.9%	0.4%	21.9%	3.6%

***Notes**

Estimates based on single-year invoices from existing contracts

Highlights

Developed Comprehensive Waste Management Program

SEPTA implemented a universal contract to more efficiently manage hazardous and residual waste disposal services. SEPTA mandated recycling as part of its waste disposal services contract for all of SEPTA's bus maintenance facilities to promote cost effective waste reduction and recycling of materials generated in its operations and facilities. SEPTA's recyclable materials include: spent solvents; antifreeze; batteries; metals; electronics; lamps; and waste oil.

Instituted Municipal Recycling at all City Transit Stations

SEPTA implemented a comprehensive single stream, source-separated recycling program at all stations on the Broad Street, Market-Frankford, and Trolley Lines to complement the recycling receptacles already in place at Center City Regional Rail Stations and at SEPTA's 1234 Market Street Headquarters. The program

Waste Oil Recycling

Year	Gallons	Revenue	Average Unit Price (\$/Gallon)
FY 2010	144,897	\$70,207	\$0.48
FY 2011	130,425	\$123,780	\$0.95

will save SEPTA an estimated \$103,000 per year in waste disposal costs and generate \$67,000 per year in new economic value through a revenue-sharing agreement with its new vendor. The scope of SEPTA's program covers an estimated 10,400 tons of waste per year - all of which was previously sent to a landfill. Of that total, SEPTA commissioned an independent analysis that determined 55 percent to be recyclable, with plastics, aluminum cans, glass bottles, paper, and cardboard outpacing residual trash. SEPTA's new recycling program will capture and divert these recyclable materials from the landfill while at the same time generating a new source of revenue.

What's Next

Extend Municipal Recycling Program to all SEPTA Locations

For the first year, SEPTA has conservatively projected an 18.1 percent diversion rate and will be aggressively focusing on customer and employee education to increase compliance rates well beyond that mark. SEPTA will be turning its attention to finding cost-effective solutions for extending the program to additional facilities not covered under the existing recycling contract.

Increase Contractor Awareness

SEPTA will be prioritizing waste minimization management through implementation of contractor management strategies as a part of its environmental & sustainability management system (ESMS – see “Program Implementation” for more information)

Resources: <http://www.septa.org/sustain/environmental.html>



SEPTA Recycling @ 13th Street Station



Social Sustainability *Goals*



Goal 5: Integrate with Livable Communities

SEPTA partners to support community development

Key Performance Indicator
Target // Five New Transit-Oriented Developments
Transit-Oriented Development (TOD) Projects
Underway or In-Development

Highlights

Advanced TOD Projects ***Temple University Station***

SEPTA has committed to construction of safety, security, and aesthetic improvements at the Temple University Regional Rail Station in North Philadelphia. The improvements will support a transit-oriented development project through the Asociación Puertorriqueños en Marcha and Jonathan Rose Companies at 9th and Berks Streets on a lot adjacent to the station. Specific improvements will include:

An enhanced station entrance area, with new street trees, decorative pavers, and brighter light fixtures

New station signage and paint on key architectural elements

A renovated ticket booth with color exterior and stylized roofline

Covered bicycle parking with planter and arched roofline

Repair and replacement of platform concrete, windscreens, and benches

Coordinated with Community Groups ***Parkside Loop Project***

SEPTA's Public & Government Affairs Division has prioritized proactive community outreach to support all capital projects that will impact local communities. SEPTA's Parkside Loop Project is a recent example of this approach. Anticipating redevelopment opportunities in the Parkside section of West Philadelphia, SEPTA officials began collaborating with the members of the Parkside Association of Philadelphia and the Business Association of West Parkside on the role of public transit in the area. The Parkside Bus Loop is an important crossroads in the SEPTA system, serving routes 40, 43, 52 and 64. The group determined that a new location at 49th and Parkside Avenue would better accommodate patrons and employees of the newly opened nearby Park West Town Center while continuing to serve established ridership. SEPTA identified and purchased land, and included the input of neighbors and business owners in the design of the new facility. The concept was presented at a community meeting in February 2011. In April, ground was broken at the new location; it opened in December.



Integrated with Non-Motorized Travel Modes ***Revised Bike-and-Ride Policy***

SEPTA already has a 100 percent accessible bus fleet and has now revised its bike-and-ride policy to expand bicycle access on its other modes of travel. Policy changes include:

- Expanding from two bikes per train to two bikes per car on Regional Rail
- The flexibility of carrying a fully collapsed folding bicycle on any transit vehicle
- Instructions for conductors to direct bicyclists to other areas of a train, rather than leave completely, when crowding becomes an issue

Manayunk Bridge Project

The City of Philadelphia, Lower Merion Township, Manayunk Development Corporation, and SEPTA have partnered together to extend the Cynwyd Heritage Trail over the Schuylkill River on SEPTA's iconic and historic Manayunk Bridge. This trail will provide a key connection between the Schuylkill River Trail, Manayunk, and Lower Merion Township. As the owner of the bridge and right-of-way, SEPTA provided a lease at no cost, with the condition that the Township and the City make arrangements for the construction and maintenance of the trail.

Partnered on Policy & Planning Efforts

SEPTA partnered with the Philadelphia City Planning Commission to identify strategic opportunities for investment co-located with transit hubs, and to clear the way for seizing the new opportunities to develop housing and mixed-use communities in areas well-served by SEPTA's system. The agencies are committed to advance key systems changes and support site-specific analysis, coordinate decision making and information sharing, and to create conditions most conducive to strategic and transformative development.



Supported an “Age-Friendly” Philadelphia

In its June 2011 report, “Laying the Foundation for An Age-Friendly Philadelphia,” the Philadelphia Corporation for Aging (PCA) describes the benefits of using public transportation for older adults to reach their destinations. Benefits cited include:

Providing easy access to senior centers, libraries, shopping, the homes of friends and family members, doctors, and other amenities helps older persons maintain their health and social well-being

Walking to and from transit stops increases physical activity and interaction with others while taking public transit can reduce isolation and increase a sense of community

Public service advertisements available at transit stops and on bus, trolley, and subway cars can provide valuable information and access to needed services

Public transportation gives older adults who might not feel comfortable driving a car a sense of independence.

SEPTA is proud to support an age-friendly Philadelphia region and administers a “Seniors Ride Free” Program funded through the Pennsylvania State Lottery. In fiscal year 2011, SEPTA’s Public & Government Affairs Division issued more than 16 thousand passes to senior citizens living in the five-county area. SEPTA also has a 100 percent accessible bus fleet and complies with Americans with Disabilities Act (ADA) regulations in all station renovation projects.

Special Passes Issued

Year	Category	Type	Female	Male	Total
FY 2011	Senior Citizen	New	5,906	4,649	10,555
		Reissue	3,661	2,450	6,111
		Total	9,567	7,099	16,666

What’s Next

Implement Transit-Oriented Development Projects

SEPTA is a key partner in many of the community-building transit-oriented development projects underway in the region and will be working diligently to do its part to see them through to completion.

Partner to Better Integrate with the Regional Trail Network

SEPTA will be seeking out new partnerships for aligning the necessary regional planning, operational, and in some cases, capital decision-making processes to improve linkages between SEPTA’s system and services and the expanding network of active transportation alternatives. Where possible, SEPTA will partner with other local organizations on grant-funding opportunities to support these efforts.

Resources: <http://www.septa.org/sustain/social.html>



Goal 6: Improve Access to Local Food Via Transit

SEPTA partners to combat food deserts

Key Performance Indicator
Target // Three New Farmers Markets on SEPTA Property

Highlights

Supported the City of Philadelphia to combat food deserts

National Resources Defense Council (NRDC) Award

In February 2011, the NRDC awarded the City of Philadelphia a “Smarter Cities” award, specifically citing collaboration between SEPTA, the City, DVRPC, and The Food Trust to identify and study food deserts and their access to transit. SEPTA has already begun to support the City’s *Greenworks Philadelphia* goal to bring local food within a 10-minute walk of 75 percent of the city’s population in a tangible way by leveraging its own real estate to improve access via the regional transit network.

Walnut Hill Community Farm

Partnering with The Enterprise Center, SEPTA entered into a 10-year lease (with four 5-year options) to allow urban farming on a plot of land adjacent to its 46th Street Station on the Market Frankford Line. SEPTA will also be harvesting the rainwater from the roof of its station, which will allow Walnut Hill to irrigate its farm (See Goal 2 for more information).

Partnered with The Food Trust to create farmers markets at SEPTA Stations

Olney Transportation Center

SEPTA hosted a farmers market on Wednesdays from 2-6pm at the intersection of Broad Street and Olney Street, a major commercial hub in North Philadelphia.

1234 Market Street

Partnering with Farm-to-City, Common Market, and The Enterprise Center, SEPTA opened a farmstand every other Wednesday from 11 am to 2 pm on the concourse level at SEPTA headquarters. The farmstand included produce from the Walnut Hill Farm at SEPTA’s 46th Street Station location.

Station Name	Community	Project Partners
Frankford Transportation Center	Northeast Philadelphia	The Food Trust
Olney Transportation Center	North Philadelphia	The Food Trust
1234 Market Street (SEPTA Headquarters)	Center City Philadelphia	Farm-to-City; The Common Market & The Enterprise Center
46th Street Station	West Philadelphia	The Enterprise Center

46th Street Station

SEPTA has partnered with The Enterprise Center to lease its vacant land for urban farming at the Walnut Hill Community Farm, which also supports a farmers market held every Tuesday and Friday from 3-6pm at this important West Philadelphia neighborhood hub.

Frankford Transportation Center

SEPTA provided space to host a farmers market on Tuesdays from 2-6 pm at the intersection of Frankford Avenue, Bustleton Avenue & Bridge Street, a major crossroads in Northeast Philadelphia.



Continued Participation in DVRPC's Food System Study Eating Here – Greater Philadelphia's Food System Plan

SEPTA continues to support the ongoing work of DVRPC and its Greater Philadelphia Food System Stakeholder Committee. Its plan identifies opportunities to develop the regional economy and strengthen its agricultural sector, decrease “waste and want,” improve public health, protect the region’s soil and water, and encourage diversity, innovation, and collaboration. It also contains the Committee’s specific priority recommendations based on these values, which SEPTA will incorporate into its own sustainability planning process.

Participated in Community-Supported Agriculture (CSA) program

Farm-to-SEPTA

Partnering with Farm-to-City and The Common Market, SEPTA started a CSA program for its own employees. In the program’s first year, “Farm-to-SEPTA” had 44 participants. Every other Wednesday from July through September, these employees purchased a variety of produce brought to SEPTA Headquarters (The CSA doubles as a supporting initiative for Goal 7).

What’s Next

Grow Farmers Markets

SEPTA will be working with its partners to grow business at current market locations and identify locations for new farmers markets, prioritizing areas well-served by transit and underserved for fresh food, especially in ways that expand the program across SEPTA’s five-county service area.

Expand CSA Program

SEPTA has set a goal to increase its “Farm-to-SEPTA” CSA program participation from 44 to 100 participants in 2012.

Integrate Services to Improve Access

SEPTA will look for ways to support the regional goal to bring balance and fairness to the regions food system by better integrating its service network to improve access to healthy foods. Potential solutions include redirecting routes, locating farmers’ markets at transit stops, and creating partnerships with transit providers.

Resources: <http://www.septa.org/sustain/social.html>

Goal 7: Develop a Highly Skilled, Healthy and Versatile Workforce

SEPTA works to develop the next generation of transit leaders

Key Performance Indicator
Target // 50% Turnover from Succession Pool of Critical Strategic Positions (To be created in 2012)

Highlights

Developed Three-Pronged Strategy for Workforce Development and Succession Planning

SEPTA's Human Resources (HR) Division has launched a series of programs to build a sustainable workforce. These fall into three strategic areas:

Customized Education

HR leaders have established consultative relationships with divisional leaders to identify opportunities for developing customized education programs. Overall, SEPTA's training and education programs have proven to be very effective. Moving forward, training opportunities will be enhanced by tailoring programs to specific needs and job requirements. One feature of this approach will be customized reporting and inquiry tools for managers to track employee training histories and strategize attendance needs. Programs will pay particular attention to performance management and customer service.

Mentorship & Talent Management

HR has also developed a mentorship program that facilitates knowledge transfer to the next generation of leaders. By linking expert leaders to promising employees outside their chain of command, mentorship programs will mitigate institutional knowledge losses from retirements and help to develop talent organically. Mentorship programs will be supplemented by new courses and leadership seminars.

Succession Planning

SEPTA is nearing completion of a comprehensive planning process to develop transitioning-to-management programs (TMP) and a succession planning program that focuses on preparing a pool of candidates through a variety of development strategies, such as: internal and external leadership development; mentoring; and stretch assignments for key strategic positions. This effort is being built in part on a recent grant award received from the Federal Transit Administration's Innovative Workforce Development Program, under which SEPTA will be developing a "toolkit" for other agencies to learn from SEPTA's efforts and use in their own succession planning initiatives.

Increased Attendance at Employee Training Programs

SEPTA's Strategic Business Plan highlights the importance of developing robust training programs to support human capital development. SEPTA's Sustainability Program Plan takes this notion

a step further, making the case that the key to lasting organizational sustainability is rooted in developing a highly skilled, healthy and versatile workforce. SEPTA's Corporate Key Performance Indicators Report for fiscal year end 2011 found that SEPTA achieved its goal in this area by increasing its attendance at employee training programs by 24.2 percent over a fiscal year 2010 baseline.

Promoted Volunteerism Among All Employees

SEPTA's "Ambassador Program" coordinated frequent charitable endeavors in 2011. In April, more than 600 SEPTA employees, family and friends participated in the annual "Philly Spring Clean-Up" Day. Then, in partnership with Philabundance, SEPTA employees collected 18 tons of food during a June food drive. These initiatives and others demonstrate SEPTA's commitment to regional sustainability and represent a continued opportunity to build a strong culture of volunteerism among employees.

What's Next

Incorporate Sustainability into Employee Training & Wellness Programs

SEPTA's Wellness Program advanced workforce sustainability by providing employees the opportunity to participate in a Community-Supported Agriculture (CSA) program (see Goal 6 for more information) and will be looking to scale-up this program in the coming year. Additionally, SEPTA will be incorporating sustainability into employee training and new hire orientation sessions as an implementation strategy of its Environmental & Sustainability Management System (See "Program Implementation" for more information).

Pair Workplace Safety with Sustainability Initiatives

SEPTA's Environmental & Sustainability Management System will formalize operational controls and emergency preparedness planning, ultimately helping to create a safer workplace for all SEPTA employees (See "Program Implementation" for more information).

Resources: <http://www.septa.org/sustain/social.html>



Goal 8: Support Regional Business Equity

SEPTA provides outreach and education to disadvantaged business enterprises (DBE)

Key Performance Indicator
Target // 10% Improvement in Success Rate of Newly Registered DBE Firms (to be measured in 2015)

Year in Review

Participated in Outreach Events

SEPTA's DBE Program Office participated in ten (10) outreach events in 2011. In the Spring, SEPTA hosted a seminar that was attended by an overflow crowd of minority and women-owned businesses. Then in July, SEPTA co-hosted the 40th Annual Conference of Minority Transportation Officials (COMTO) with the Philadelphia International Airport. The organization's national meeting and training conference brought hundreds of minority transportation leaders to the Philadelphia region.

Incorporated Sustainability into Education and Outreach

SEPTA's own outreach event for 2011 was entitled "Preparing for Green Business Opportunities and Understanding the New Federal DBE Regulations." One theme of this event was how sustainability is changing the way that SEPTA and other large public agencies do business, and how contractors can remain competitive.

Expanded DBE Monitoring Efforts

The DBE Program Office has created a new monitoring report format for use in certifying DBE participation as required by the new federal DBE Regulation. DBE Program Office staff also implemented a

streamlined DBE reassessment process in accordance with the new regulation, establishing continued eligibility status for currently certified firms. The new process has helped reduce the backlog of pending recertification applications and has expedited the processing of new reassessment applications received.

Initiated Development of Small Business Program

The DBE Program Office has begun to plan the creation of a small business program by benchmarking other agencies and drafting a program plan, which will be submitted for Federal Transit Administration (FTA) review in February 2012.

What's Next

Develop Communication Tools

Staff will create new marketing and communication tools, such as a newsletter, information booklet, and presentation, to familiarize internal and external customers of DBE compliance and operational requirements.

Strengthen Compliance Systems

Staff will implement a new in-house DBE compliance software system, including electronic certification/annual affidavit applications for DBEs, and formally document procedures for withholding payment from delinquent or non-compliant prime contractors.

Continue Participation in Outreach Events

The DBE Program Office will continue to participate in events and develop a program to promote DBE outreach relationships with small business advocacy organizations and development centers.

Resources: <http://www.septa.org/sustain/social.html>



SEPTA's Lynn Bailey with Author, Professor and Columnist Donna Brazile at the formal opening for the COMTO National Meeting & Training Conference in Philadelphia (July 2011)



Economic Sustainability *Goals*

Source: Kate Lynch

Goal 9: Increase Transit Mode Share

SEPTA reaches 22-year ridership high

Key Performance Indicator
Target // 10% Increase in Mode Share by 2015

Unlinked Passenger Trips (UPT) Per Capita

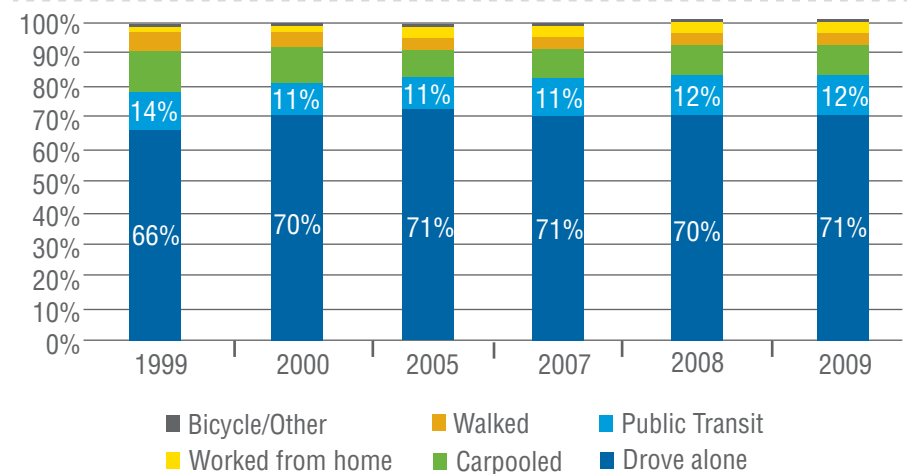
Year	UPT(millions)	SE PA Population	UPT Per Capita
FY2000	301.018	3,849,647	78.19
FY2001	298.326	3,868,053	77.13
FY2002	295.270	3,882,567	76.05
FY2003	305.172	3,896,671	78.32
FY2004	300.707	3,914,630	76.82
FY2005	298.730	3,929,505	76.02
FY2006	296.586	3,946,328	75.15
FY2007	307.188	3,969,582	77.39
FY2008	325.118	3,991,897	81.44
FY2009	329.581	4,012,573	82.14
FY2010	320.984	4,008,994	80.07
FY2011	333.966	4,008,994*	83.30

*FY2011 Population from 2010 Census

Highlights

SEPTA's ridership hit 334 million trips in fiscal year 2011, the highest mark since 1989. Ridership was up 4 percent over fiscal year 2010, a credit to aggressive efforts in recent years to improve aging infrastructure and customer service-focused initiatives targeted at attracting and retaining new riders despite challenging economic conditions. Ridership increases were recorded across the region and on all of SEPTA's modes. Regional Rail fell just shy of an all-time ridership record.

SE Pennsylvania's Commute-to-Work Patterns



Moved Forward with Implementation of New Payment Technologies (NPT) Program

2011 was a watershed year for SEPTA's New Payment Technologies (NPT) program. In January, the SEPTA Board approved an innovative partnership with the Philadelphia Industrial Development Corporation (PIDC) on a low-interest loan to finance its new fare collection system. In November, the SEPTA Board selected a vendor to design and implement this new system: ACS Transport Solutions Inc. SEPTA also convened a stakeholder working group to solicit input on the policy and design of the fare collection system.

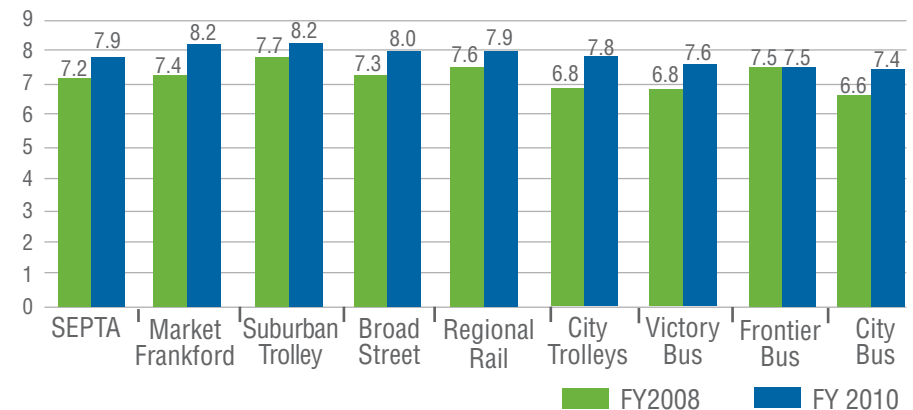
Advanced Real-Time Information Technologies

In October 2011, SEPTA sponsored a weekend program called "Apps for SEPTA," an opportunity for programmers to receive access to SEPTA's scheduling and real-time data to building web, mobile and social applications that ultimately improve passenger access to information about its system and services. Members of SEPTA's Emerging Technologies Team were present at the event, which resulted in nine new "apps" for SEPTA passengers to use. SEPTA received positive feedback for setting an example of more open government and a 2011 GovFresh award. The apps build off of new real time technologies SEPTA has developed in recent years.

Implemented Customer Service-Related Initiatives

SEPTA's Customer Service Program exists to reinforce the notion that SEPTA is a public service organization working to ensure that the half-million people using its system each and every day receive the high-quality public service they deserve. SEPTA has received national recognition for its innovative approaches to create a stronger customer-focused culture through initiatives to improve courtesy, communication, convenience, and cleanliness. The program has seen across the board improvements in several key performance indicators, as demonstrated in its 2010 Customer Satisfaction Survey. SEPTA's overall customer satisfaction rating increased from 7.2 to 7.9 out of 10.

SEPTA Customer Satisfaction Survey



Planned for an Expanded System

422 Plus: SEPTA worked with partners in Montgomery County to plan for the future of the 422 Corridor and expansion of rail service to that area.

Quakertown Extension: SEPTA worked with partners in Montgomery and Bucks County, including the Bucks County Transportation Management Association (TMA), to complete an Alternatives Analysis for the extension of rail service from Lansdale to Quakertown.

Norristown High Speed Line Extension: SEPTA initiated a process to develop an Alternatives Analysis and Draft Environmental Impact Statement for the extension of the Norristown High Speed Line from 69th Street Station in Delaware County to King of Prussia in Montgomery County.



What's Next

Implement New Payment Technologies Program

With a financing plan and vendor in place, SEPTA will be aggressively moving forward with design and implementation of its new fare collection system. The project will be implemented in phases and take 2-3 years to complete.

Implement New Customer Service-Related Initiatives

SEPTA will be rolling out new initiatives in the coming year to enhance customer satisfaction. Receiving special priority will be technology initiatives, such as real-time bus & rail information, to give passengers up-to-the-minute access to schedules and vehicle locations. SEPTA will also continue to work with developers to enhance and expand on the impressive technological advancements that resulted from the 2011 SEPTA Hack-a-thon.

Continue to Plan for an Expanded System

SEPTA will select a consultant team to begin the 18-24 month process to complete an Alternatives Analysis and Draft Environmental Impact Statement for the extension of the Norristown High Speed Line to King of Prussia.

Refocus 'Go Green' Campaign on Sustainability

SEPTA will be taking advantage of its award-winning sustainability design and communication package to communicate its value as an economically sensible, socially responsible, and environmentally friendly mobility alternative for Greater Philadelphia.

Resources: <http://www.septa.org/sustain/economic.html>

Goal 10: Improve Infrastructure State of Good Repair

SEPTA pursues innovative solutions to aging infrastructure challenges

Key Performance Indicators
Target // 80% State of Good Repair for Resilient Infrastructure

Highlights

Progressed Development of Transit Asset Management (TAM) System

In 2010, SEPTA received a competitively awarded grant from the Federal Transit Administration (FTA) to implement a TAM. The system will upgrade the current routine infrastructure and vehicle maintenance systems. A new capital planning tool will utilize data from these

upgraded systems. Upon implementation, the TAM will allow managers to compare need and direct funding to yield the greatest return, helping SEPTA do more with less in its constrained capital funding environment.

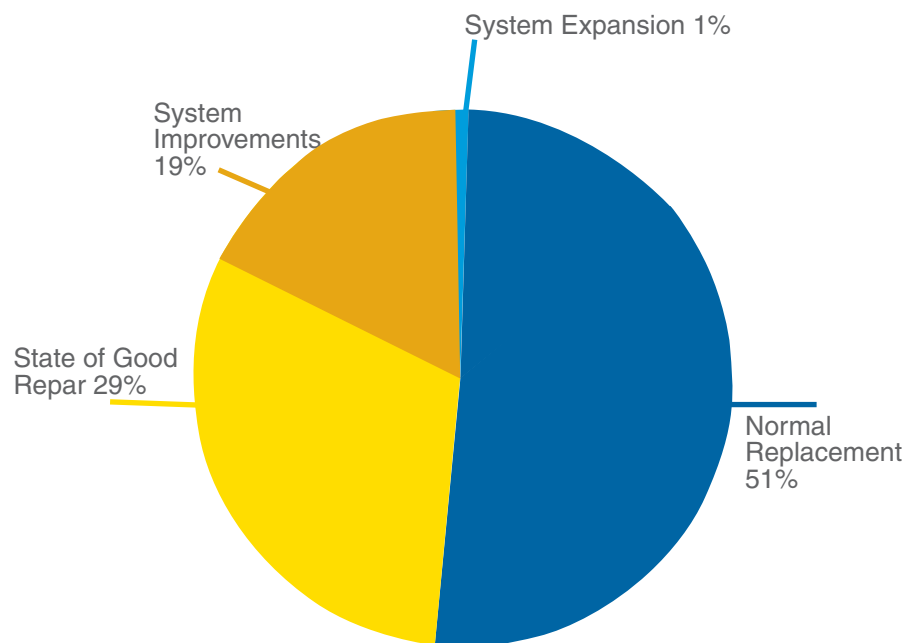
Invested in State of Good Repair Projects

More than 80 percent of SEPTA capital funds were budgeted on state of good repair or vehicle replacement in Fiscal Year 2011. Infrastructure state of good repair projects totaled \$118.6 million (39%), including substation improvements; safety renewal; station upgrades; and track leases. Vehicle replacements totaled \$132.6 million (44%), including bus purchases, paratransit vehicle purchases, Silverliner V railcar acquisition, and the annual Vehicle Overhaul (VOH) program.

State of Good Repair for Resilient Infrastructure

Infrastructure Category	FY 2009	FY 2011	Notes for the Most Recent Reporting Year
Rolling Stock	85%	85%	No net change
Rail	70%	75%	Improvements to Media/Sharon Hill Line
Power System	60%	55%	Many power substations & catenary systems continue to operate beyond useful life
Bridges	50%	50%	Some bridges are over 100 years old
Elevated/Tunnel	85%	80%	Waterproofing is required to prevent additional deterioration in the tunnels
Stations	60%	60%	No net change
Signals/Communications	65%	70%	Progress towards implementation of Positive Train Control (PTC)
Shops	70%	65%	Maintenance facilities continue to age
Overall	65%	65%	

FY2012 Capital Budget Funding by Category



Developed Robust Capital Project Pipeline

SEPTA's Capital Budgets Department convened a cross-departmental Competitive Grants Working Group tasked with cataloging "shovel-ready" projects and developing a process to improve SEPTA's competitive position for grant funding. The Working Group evaluated forthcoming funding opportunities and prioritized projects based on competitiveness with grant program guidance.

Pursued Alternative Funding Sources for State of Good Repair Projects

SEPTA received competitive grant awards to move forward for three high-priority state of good repair projects:

Wayne Junction Station

\$4.0 million from the FTA for an historic intermodal facility in the Germantown/Nicetown Section of North Philadelphia.

33rd & Dauphin Bus Loop

\$5.0 million from the FTA for an historic gateway to the Strawberry Mansion Section of Philadelphia.

Parkside Bus Loop

\$2.2 million from the FTA for an important community hub serving several bus routes in the Parkside Section of West Philadelphia (See Goal 5 for more information).

SEPTA also received an additional \$20 million in FTA grants (two separate awards) to replace aging diesel buses with new hybrid-electric buses.

What's Next

Continue to Implement TAM

SEPTA's Engineering, Maintenance & Construction Division will continue to develop its new TAM system based on SEPTA's unique needs and FTA's expectations for the grant-funded project.

Continue to Invest in State of Good Repair Projects

SEPTA's Fiscal Year 2012 Capital Budget continues to prioritize a "fix it first" strategy for state of good repair and normal replacement of assets. Infrastructure state of good repair projects total \$91.4 million, or 29% of the budget, while normal replacement projects are programmed at \$157.3 million, or 50% of the budget.

Continue to Pursue Alternative Funding for Capital Projects

SEPTA will continue to seek out new and innovative sources of funding for important state of good repair initiatives.

Resources: <http://www.septa.org/sustain/economic.html>

Goal 11: Improve Operating Expense Performance

SEPTA implements management & service efficiency initiatives

Key Performance Indicator
Target // Outperform Industry Each Year Through 2015

SEPTA Operating Expense Performance

Year	G9 DH5 'Cd9I (\$000s)	OpEx*/VM	OpEx*/RVH	OpEx*/PMT
FY2007	\$985,146	\$10.55	\$148.24	\$0.69
FY2008	\$1,041,623	\$11.08	\$155.16	\$0.68
FY2009	\$1,101,497	\$11.34	\$158.34	\$0.71
FY2010	\$1,147,754	\$11.83	\$167.36	\$0.74
FY2011	\$1,184,550	\$12.10	\$169.57	\$0.73
Annualized Industry Growth Rate		2.28%	2.61%	3.03%
SEPTA % (FY2010-2011)		2.29%	1.32%	(1.25%)

*Note: The purpose of this metric is to compare SEPTA's operating expense performance against the industry as a whole. To do so, SEPTA operating expenses were normalized and compared with an annualized industry growth rate from FY2004-2009. The annualized factor was used to account for the two-year lag in data availability from the National Transit Database.

Highlights

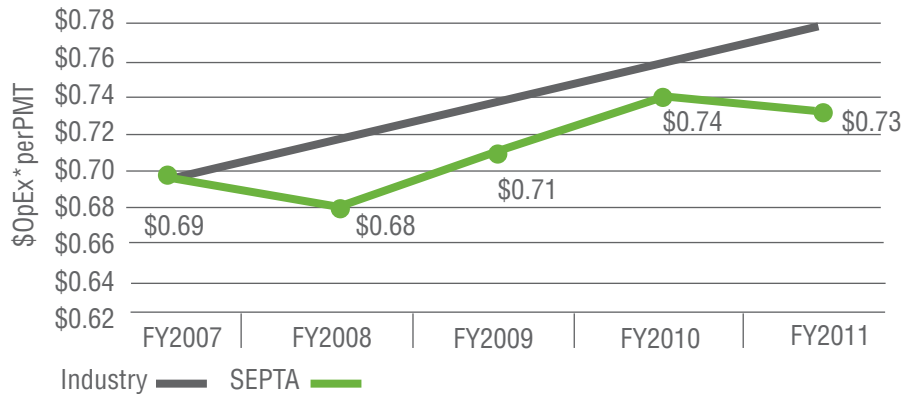
Developed Cost-Saving Management Initiative

SEPTA's Operations Division is implementing a new program called "Lean," which focuses on eliminating waste and improving efficiency to increase productivity and improve customer service – in short: a plan to do more with less in a constrained budgetary environment. The scope of Lean covers all operations-related facilities and offices throughout SEPTA's system.

Implemented Service Efficiency Enhancements

SEPTA partnered with the City of Philadelphia on a "Transit First" pilot project to test a series of service enhancements and congestion mitigation treatments along SEPTA's Route 47 in South Philadelphia. The project included stop consolidation, scheduling changes, rear-door loading, and far-side boarding at select intersections. Now that the six-month trial period is complete, SEPTA will use the data to make informed decisions and work with the City of Philadelphia to implement service enhancement projects on other routes.

SEPTA Operating Expenses vs. Annualized Industry Growth (\$ per PMT)



Initiated Print Management Program

SEPTA has initiated a comprehensive initiative to reduce paper consumption across the organization. To date, 85 percent of network and personal printers have been removed, which is projected to save approximately \$100,000 in toner and paper costs per year, and more than \$700,000 in equipment costs over three years as personal and network printer devices no longer need to be refreshed.

What's Next

Enhance “Transit First” Approach to Speeding-Up Service

SEPTA will be looking for new and innovative ways to enhance service by partnering with the City of Philadelphia to speed-up high priority surface transportation routes. One potential alternative under consideration is Traffic Signal Prioritization (TSP), which would be implemented by the City of Philadelphia to give transit vehicles preferential treatment at strategically located intersections and along select corridors. SEPTA will be working with the City to determine the

best location for these interventions, which in December 2011 received a \$10 million TIGER grant from the US Department of Transportation.

Implement New Approaches to Manage Inventory

SEPTA is in the early stages of designing a comprehensive program to streamline purchasing and distribution processes. For example, the recent implementation of a stockless copy paper arrangement will result in a 12 percent decrease in pricing over two years and additional process efficiencies from elimination of the need for extensive warehousing storage. Other planned inventory reduction initiatives include the installation of small equipment vending machines at 21 SEPTA locations. Cost savings based on reduced demand for equipment and carrying costs for inventory are anticipated to exceed \$100,000.

Initiate Spend Analytics Program

SEPTA will also evaluate opportunities to reduce costs and achieve recurring savings through a new “spend analytics” program. This cost-saving support initiative is primarily intended to focus on selected stock purchases and potentially non-stock repetitive procurement items (It will not, during its initial phase, include any existing or future capital or professional services type procurements). The program’s goal will be to lower SEPTA’s operating costs through strategic sourcing and buying of materials.

Resources: <http://www.septa.org/sustain/economic.html>

Goal 12: Achieve Recommended Funding Levels

SEPTA partners to advocate for comprehensive funding fix

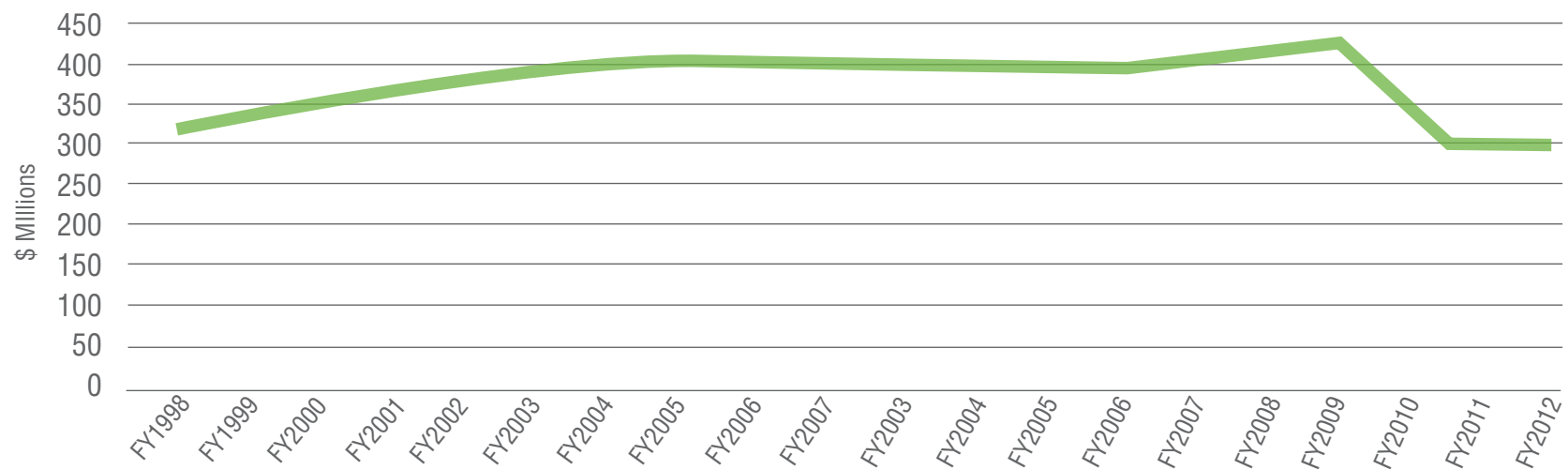
Key Performance Indicator
Target // Full Funding of Need

Statewide Transit

Source: Pennsylvania Transportation Funding Advisory Committee, 2011

Highway Element	Description	2010	2020	2030
Transit	Provides assistance to the state's transit agencies for approved operating expenses and capital improvements. State grants to transit systems are combined with federal and local dollars	\$484 Million	\$1.383 Billion	\$3.063 Billion

Capital Funding Trend, FY1998-2012



Highlights

Hosted US Department of Transportation (DOT) Officials

SEPTA coordinated visits from US DOT Secretary Ray LaHood (November 2011) and FTA Administrator Peter Rogoff (July 2011) to showcase SEPTA's infrastructure backlog. LaHood and Rogoff toured sections of SEPTA's system in need of state of good repair funding.

Transportation Funding Advisory Committee Report

SEPTA joined with its partners in the Keystone Transportation Funding Coalition to endorse the Pennsylvania Transportation Funding Advisory Commission's recommendations for a comprehensive funding solution for Pennsylvania's numerous transportation needs. In its endorsement, SEPTA stated that the reports "recommendations

not only will address many of the critical transportation infrastructure needs facing the Commonwealth, they will also provide a solid financial foundation that is balanced and fair for transit user and taxpayers alike. ... the funding recommendations being put forth will enable SEPTA to grow well into the 21st Century, as our customers and state taxpayers expect and deserve."

What's Next

Continue to Advocate for Funding Solution

SEPTA will continue to partner with the members of the Keystone Transportation Funding Coalition on a comprehensive funding solution for Pennsylvania's numerous transportation needs.

Resources: <http://www.septa.org/sustain/economic.html>



US DOT Secretary Ray LaHood Addresses Media Near SEPTA's Bridgeport Viaduct on November 3, 2011

Program Implementation

APTA Sustainability Commitment *SEPTA Becomes Signatory*

In February 2011, SEPTA became a signatory to the APTA Sustainability Commitment. In so doing, SEPTA has formally agreed to the following core principles:

Making sustainability a part of the organization's strategic objectives

Identifying a sustainability champion within the organization coupled with proper human and/or financial resources and mandates

Establishing an outreach program on sustainability for organization staff

Establishing baseline measures for a series of sustainability performance indicators

SEPTA's Sustainability Program is the vehicle for adhering to this commitment, and for establishing and measuring progress on sustainability performance indicators over time.

Environmental & Sustainability Management System (ESMS) *Progress Report*

SEPTA's Sustainability Program is a framework for implementing new and innovative solutions to persistent problems. But advancing an agenda of economic prosperity, social responsibility, and environmental stewardship in an era of financial constraints and limited resources requires proactive planning and creative approaches for implementation.

Recognizing this, a key component of SEPTA's Sustainability Program implementation strategy will focus on operational efficiency.

It is in this context that SEPTA applied for and was accepted to the Federal Transit Administration (FTA) 2011 Environmental & Sustainability Management System (ESMS) training and assistance program for public transportation agencies. FTA's training is designed to help agencies develop and implement ESMS using the 14001 standard of the International Organization for Standardization (ISO). The ISO 14001 Standard is a toolbox of management techniques to minimize environmental impacts through a method of continual improvement called "plan-do-check-act":

Plan	Do	Check	Act
Establish the objectives, programs & processes to deliver results in accordance with the environmental policy	Implement the programs & processes	Monitor and measure processes against policy, objectives, targets, and requirements, and report the results	Take actions to continually improve programmatic performance towards objectives & targets

SEPTA's participation in the FTA's ESMS training and assistance program reflects its commitment to its Sustainability Program. For its ESMS pilot fenceline, SEPTA has selected the Berridge Shop (200 West Wyoming Avenue) in North Philadelphia. Berridge Shop's selection as the ESMS pilot facility reflects the diversity of its day-to-day activities, products, and services, and the resulting degree of management complexity that will serve SEPTA well in its efforts to expand implementation of its ESMS system-wide. Success at Berridge, a facility that houses bus overhaul, printing services, and other administrative functions, will guide SEPTA's efforts to bring ESMS to scale.

To steward the development and implementation of its ESMS, SEPTA convened a collaborative multi-departmental team of planners, environmental officers, engineers, and maintenance personnel with a direct stake in the organization's environmental & sustainability performance. The "ESMS Oversight Team" was tasked with participating in the FTA's Training Program, collaborating with SEPTA business units as needed, and apprising the SEPTA senior management team with regular progress reports.

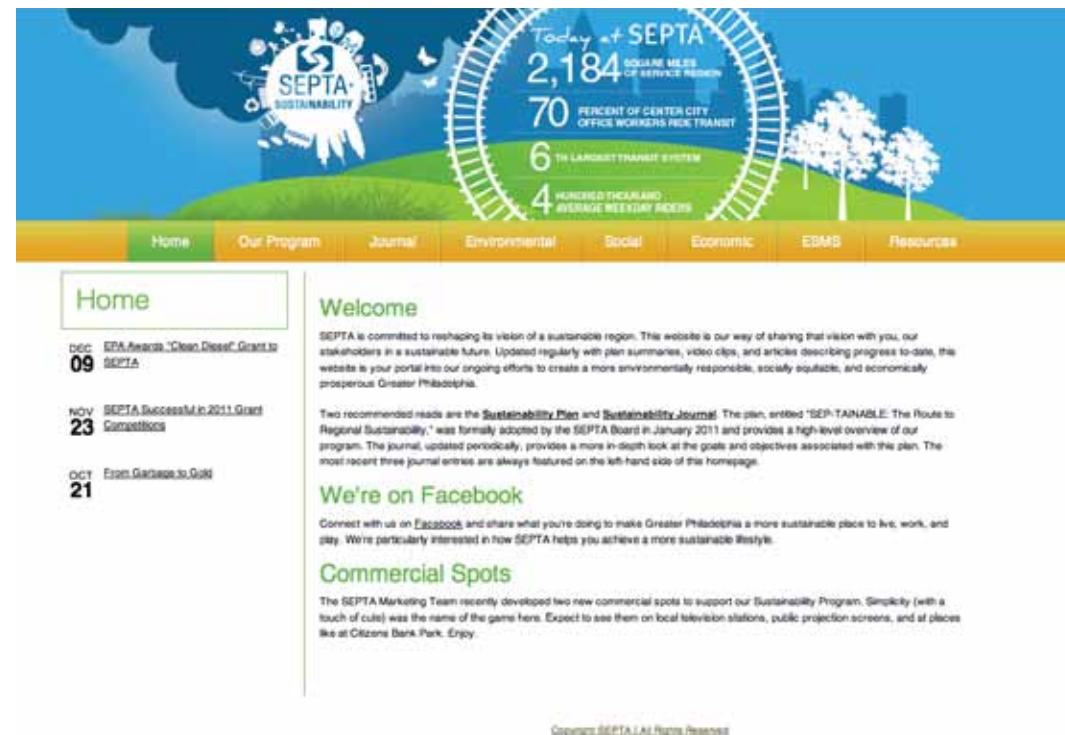
In April 2011, SEPTA's senior management team took the first step towards implementation of an ESMS by adopting its first-ever Environmental Policy Statement. The policy statement calls for carrying out SEPTA's mission of providing safe, courteous, convenient and dependable public transit services by establishing itself as a regional and industry leader in environmental and sustainability management (To read the entire policy, please see: <http://www.septa.org/sustain/esms.html>). This Annual Report will serve as a vehicle for transparency with stakeholders and the public as SEPTA progresses with implementation of the ESMS program.

As a whole, SEPTA's ESMS represents a new management framework whose impacts will extend beyond environmental compliance. Implementing an ISO-based "plan-do-check-act" process will have broad implications for instituting a culture and philosophy of iterative, continual improvement. Standardized management systems will reduce costs and enable knowledge transfer to ease workforce transition challenges. Taken as a whole, SEPTA's pilot ESMS at Berridge Shop will not only provide a model for system-wide implementation, but it will also demonstrate the value inherent in structured and systematic management systems to build a more efficient and cost-effective organization.

Communications

New Microsite

SEPTA is committed to stakeholder and public engagement and will communicate its latest sustainability initiatives through a new sustainability microsite (Please see: www.septa.org/sustain). Regularly updated with plan summaries, video clips, and articles, this microsite will serve as a portal into SEPTA's vision for a more sustainable region. The "Sustainability Journal," updated periodically, will feature an in-depth look at key milestones, while specific "environmental" "social" and "economic" tabs will serve as a repository for aggregating information related to progress towards each of the program's 12 goals and initiatives.



Resources

Environmental

; CAL 1

IA DFCJ9'; F99B<CI G9'; 5 G (GHG)/ '7 F#H9F 5
5 -F'DC @@ H5 BH9A -GG-CBG D9F: CFA5 B79

From the Journal

12.09.11 // EPA Awards "Clean Diesel" Grant to SEPTA
02.25.11 // Efforts to Improve Regional Air Quality
02.18.11 // SEPTA's Greenhouse Gas Inventory

Other Resources

12.08.11 // SEPTA Locomotive Gets \$1.2M Air Pollution Upgrade | Philly.com Green
06.11.10 // Reduce Driving - Use SEPTA | Video: Greenworks Philadelphia

; C5L 2

IA DFCJ9 K 5H9F I G9 / DC @@ H5 BH 8 -G7 <5 F; 9
D9F: CFA5 B79

From the Journal

03.04.11 // SEPTA's Water Footprint

Other Resources

[FORTHCOMING]

GOAL 3

IA DFCJ9'9B9F; M-BH9BG-HMD9F: CFA5 B79

From the Journal

08.19.11 // Another Philly First: USGBC Recognizes Fox Chase Station
07.15.11 // Wayside Energy Storage Project - Progress Update
03.25.11 // A Plan to Improve Energy Intensity Performance
03.18.11 // 1234 Market Street: A Model of Energy Efficiency
03.11.11 // SEPTA's Energy Portfolio

Other Resources

12.19.11 // Train to Tomorrow-Land | Sierra Magazine
11.29.11 // SEPTA's Bus Fleet to Become More Eco Friendly Thanks to Two Grants | Flying Kite
10.17.11 // SEPTA Gets \$15 Million for Hybrid Buses | Philadelphia Inquirer
09.14.11 // SEPTA's Fox Chase Station Achieves LEED Sustainability Certification | Progressive Railroading
09.13.11 // SEPTA Train Station Receives LEED Silver Status | Metro Magazine
07.18.11 // SEPTA Makes Public Transportation More Sustainable | Next Great City
06.19.11 // SEPTA to Install Giant Energy-Saving Battery | Newsworks
06.09.11 // Saft Selected by Viridity Energy for Energy Storage Project | MarketWatch
03.29.11 // Greater Philadelphia's Number of EnergyStar Buildings Goes Through Roof | Flying Kite

02.16.11 // Daytime Office Cleaning Saves Energy | Philadelphia Inquirer
01.25.11 SEPTA Building Receives ENERGY STAR Label | Video: EPA
12.10.10 // SEPTA Cited for \$100K in Green-Building Savings | Philadelphia Inquirer
Wayside Energy Storage Project - Frequently Asked Questions & Press Coverage

GOAL 4

REDUCE AND REUSE WASTE

From the Journal

10.21.11 // From Garbage to Gold: SEPTA Implements Recycling Program That Pays
04.01.11 // Reduce-Reuse-Recycle: A Plan to Manage Waste

Other Resources

08.08.11 // SEPTA Single-Stream Recycling | SEPTA In-Motion

Social

GOAL 5

INTEGRATE WITH LIVABLE COMMUNITIES

From the Journal

04.08.11 // A Mobility Alternative for Livable Communities

Other Resources

12.14.11 // SEPTA Opens Improved, Relocated Parkside Look | SEPTA
11.22.11 // A City That Truly Considers Its Older Residents | Herald Tribune
10.21.11 // Trails Connect Philly and Main Line | Philadelphia Inquirer
06.17.11 // Ground Broken on Transit Oriented Development | Warminster Patch
02.25.11 // Transit-Oriented Complex Gets OK | The Intelligencer News
01.20.11 // Why Aren't Trids Working? | PlanPhilly
02.26.10 // SEPTA Bicycle Policy Now Ready for Prime Time | Greater Philadelphia Bicycle News

GOAL 6

IMPROVE ACCESS TO LOCAL FOOD VIA TRANSIT

From the Journal

04.22.11 // SEPTA Teams Up for Fresh Food
04.15.11 // Improving Access to Local Food Via Transit

Other Resources

09.21.11 // From Farm to Table Via Transit | Metro Magazine
09.14.11 // Harvesting Fresh Food for the City | Philadelphia Daily News
07.20.11 // Walnut Hill Community Farm: Making Strides for Community & Environment | UC Review
06.29.11 // West Philly Fare: A Farm-to-Table Trolley Tour | UC Review
06.17.11 // One "E" of a Farm | WHY
06.03.11 // Philadelphia's Common Market Wins \$1.1 Million Grant | Philadelphia Inquirer
03.25.11 // NRDC Names 15 Regions Leaders in Smart Transit | Passenger Transport
02.23.11 // Transit Teams Up for Fresh Food | NRDC Smarter Cities
02.22.11 // Planning for Health: How Philly is Building a Model That's Proactive About Public Health | Flying Kite

GOAL 7

DEVELOP A HIGHLY SKILLED, HEALTHY AND VERSATILE WORKFORCE

From the Journal

09.30.11 // Maintaining SEPTA's 'Other' Infrastructure
04.29.11 // Developing the Next Generation of Transit Leaders

Other Resources

06.09.11 // SEPTA and Partners Receive \$200,000 Innovative Workforce Development Grant | FTA
12.02.09 // Green Careers: Sustainable Futures | Video: SEPTA

GOAL 8

SUPPORT REGIONAL BUSINESS EQUITY

From the Journal

05.06.11 // Supporting Regional Business Equity

Other Resources

SEPTA DBE Program Office

Economic

GOAL 9

INCREASE TRANSIT MODE SHARE

From the Journal

05.13.11 // Increasing Transit Mode Share

Other Resources

SEPTA New Payment Technologies Project

GOAL 10

IMPROVE INFRASTRUCTURE STATE OF GOOD REPAIR

From the Journal

11.23.11 // SEPTA Successful in 2011 Grant Competitions
06.10.11 // Continuing to Improve State of Good Repair

Other Resources

10.13.11 // SEPTA Bus Station Renovation in N. Phila Gets \$5M DOT Grant | Philadelphia Business Journal
07.11.11 // An Up-Close View of SEPTA | Philadelphia Inquirer
04.28.11 // Rogoff Announces \$3.98M to Restore Historic Wayne Junction Intermodal Facility | FTA
04.28.11 // SEPTA Intermodal Center Receives \$3.98M Grant | Metro Magazine
10.12.10 // SEPTA Receives \$6.4M to Develop a Transit Asset Management System | Flying Kite

GOAL 11

IMPROVE OPERATING EXPENSE PERFORMANCE

From the Journal

07.29.11 // SEPTA Getting 'Lean' on Low-Waste, High-Efficiency Diet
06.17.11 // Improving Operating Expense Performance

Other Resources

12.13.11 // City Wins Grant for Smart Traffic Signals | Philadelphia Inquirer
SEPTA Route 47 Service Enhancement Pilot
07.15.11 // SEPTA's Getting 'Lean' Initiative: A Low Waste, High Efficiency Diet | APTA
09.01.10 // SEPTA Procures Electricity to Save Millions of Dollars | Progressive Railroading

GOAL 12

ACHIEVE RECOMMENDED FUNDING LEVELS

From the Journal

06.24.11 // Advocating for Public Transportation

Other Resources

11.04.11 // Sec. LaHod at Decrepit Bridge in Philly Pushes Transportation Funding Bill | Philadelphia Inquirer
07.12.11 // SEPTA Work Sheet: \$4.2 Billion | Philadelphia Inquirer
07.11.11 // An Upclose View of SEPTA | Philadelphia Inquirer
Pennsylvania Transportation Funding Advisory Commission (2011) Final Report
Pennsylvania Transportation Advisory Committee (2010) Final Report

Sustainability Working Group

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Frank Gormley
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Erik Johanson
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