

**MINUTES OF REGULAR BOARD MEETING
OF
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
JULY 26, 2018**

The Regular Meeting of the Board of the Southeastern Pennsylvania Transportation Authority was held on Thursday, July 26, 2018 at 3:00 PM, in the Board Room of the Authority, with the Chairman in the Chair.

Attending the meeting were the following Board Members:

Pasquale T. Deon, Sr., Chairman
Thomas E. Babcock, Vice Chairman
Joseph E. Brion, Esquire
Michael A. Carroll, P.E.
Robert D. Fox, Esquire
Honorable Stewart J. Greenleaf
Kevin L. Johnson, P.E. (via telephone)
John I. Kane
Obra S. Kernodle, IV
Daniel J. Kubik
Honorable Kenneth Lawrence
William J. Leonard, Esquire
Honorable Charles H. Martin
Honorable Marcy Toepel

Present from the staff:

Jeffrey D. Knueppel, P.E., General Manager
Richard G. Burnfield, Deputy General Manager/Treasurer
Gino Benedetti, Esquire
Stephen A. Jobs, Controller
Carol R. Looby, Secretary
Stephanie Deiger, AGM, Employee Development Relations
Kim Scott Heinle, AGM, Customer Service
Francis E. Kelly, AGM, Government & Public Affairs
Robert L. Lund, AGM, Engineering, Maintenance & Construction
Scott A. Sauer, AGM, Operations

Mr. Deon called the Regular Meeting of the Board to order. He said the Special Meeting, which was noticed, was cancelled. Mr. Deon announced that Kevin Johnson would be participating by telephone. Mr. Johnson acknowledged his presence.

Pledge of Allegiance was observed.

Mr. Deon announced that the Board met in Executive Session just prior to the meeting to discuss legal matters. He then stated that if there were speakers who wished to address agenda items they would be called before the Board voted on the item and asked that they limit their remarks to two minutes. He said speakers wishing to address items not on the agenda would be called after the regular business of the Board was completed.

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Approval of Minutes

Mr. Deon entertained a Motion regarding the Minutes of the June 28th Regular Board meeting, which had been circulated. Mr. Kane moved, Mr. Kernodle seconded, and the Minutes were unanimously approved.

Financial Report

Mr. Burnfield stated that with the end of the fiscal year, his report would focus on year-end results. He reported that in Fiscal Year 2018, revenue fell below budget by \$6.7 million with ridership at 1.8 percent below last year.

Mr. Burnfield reported that expenses were under budget by \$7.1 million for the year primarily driven by reductions in medical, prescription drug costs and injuries and damage claims.

Mr. Burnfield reported that the Authority ended the year with a surplus of \$444,000. He said this was the nineteenth consecutive year of balanced budgets.

Mr. Deon entertained a Motion to adopt the Financial Report. Mr. Kernodle moved, Mr. Brion seconded and it was unanimously adopted.

The June Financial Report is received and filed and is attached to these Minutes as Exhibit "A."

Mr. Deon then called for speakers wishing to address agenda items. There was no response.

Mr. Deon then entertained a Motion regarding the cancellation of the August Regular and Special Board meetings. Commissioner Lawrence moved, Mr. Martin seconded and the following Resolution was unanimously adopted.

I. ELECTION NOT TO HOLD A REGULAR MEETING OF THE BOARD IN THE MONTH OF AUGUST 2018 AND CANCELLATION OF THE REGULAR AND SPECIAL MEETINGS OF THE BOARD SCHEDULED FOR AUGUST 23, 2018

"WHEREAS, under Section 3.02 of the By-Laws the Board by resolution may elect not to hold a regular meeting in the month of July or August; and

WHEREAS, the Board desires not to hold a regular meeting in the month of August 2018.

NOW, THEREFORE, BE IT RESOLVED, that the Board will not hold a regular meeting in the month of August 2018.

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FURTHER RESOLVED, that the Board hereby cancels the regular and special meetings that are scheduled to be held on August 23, 2018."

Consent Calendar

Mr. Deon then presented the Consent Calendar, which consisted of:

"Amendment of the Fiscal Year 2018 Operating Budget;"

"Authorization to Enter into an Agreement with PNC Bank for Renewal of a \$100 Million Unsecured Line of Credit;"

"Authorization to Renew Purchase of Stop Loss Insurance for Medical and Prescription Drug Benefits with HCC (A Tokyo Marine Subsidiary);"

"Amendment to Authorization to Enter Into a Tri-Party Site Development Agreement and Operating and Maintenance Agreement with MC Roseland Washington Street, L.P. and the Borough of Conshohocken in Connection with the Relocation of Washington Street in Support of a Residential Development Project in Conshohocken, Montgomery County;"

"Lease by SEPTA to the Toscana Group d/b/a Alice Pizza of Part of the Lobby Level of the 1234 Market Street Headquarters Building;"

"Grant of a Permanent Drainage Easement and Authorization to Enter into a Crossing Agreement with PennDOT in Connection with the Tyson Avenue and Edge Hill Road Reconstruction Project in Abington Township, Montgomery County;"

"Memorandum of Agreement By and Between SEPTA and International Brotherhood of Electrical Workers (IBEW);"

"Authorization to Award Contracts for Various Procurements;"

"Award of Various Contracts for Sole Source Procurements;"
and

"Authorization to Execute Change Orders."

Mr. Deon noted that the following agenda items have been revised: Item II.A. "Amendment of the Fiscal year 2018 Operating Budget"; IV.A.3. "Grant of a Permanent Drainage Easement and Authorization to Enter into a Crossing Agreement with PennDOT in Connection with the Tyson Avenue and Edge Hill Road Reconstruction Project in Abington Township, Montgomery County"; IV.B.6. "Authorization to Award Contracts for Various Procurements to Penn Machine" and Item IV.B.8. "Authorization to

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Award Contracts for Various Procurements to Globe Electric Supply Company" was withdrawn from the agenda and that copies of the revised Resolutions were provided to the Board. He stated that all of the remaining items on the Consent Calendar were reviewed by the appropriate Board Committees in public session.

Mr. Deon then entertained a Motion to adopt the Resolutions. Mr. Babcock moved, Mr. Kernodle seconded and the following Resolutions were unanimously adopted.

II.A. AMENDMENT OF THE FISCAL YEAR 2018 OPERATING BUDGET

"WHEREAS, in July 2007 the Pennsylvania General Assembly approved Act 44 of 2007, creating the Public Transportation Trust Fund, which was intended to provide a stable and growing source of subsidies for public transportation throughout the Commonwealth, as well as a long-term funding solution for Pennsylvania's public transportation agencies; and

WHEREAS, shortly after the enactment of Act 44 of 2007, SEPTA created the Service Stabilization Fund in order to sustain SEPTA's operations for a longer term and to provide adequate subsidy funds to maintain stable financial resources for future operating budgets; and

WHEREAS, SEPTA's enabling act at 74 Pa.C.S. § 1751(a) requires the Board to adopt an operating budget prior to the beginning of each fiscal year; and

WHEREAS, on May 25, 2017 the Board adopted an operating budget of \$1.446 billion for Fiscal Year 2018; and

WHEREAS, during Fiscal Year 2018 the Authority achieved operating budget savings associated with reductions in expenses for self-insured employee medical, workers' compensation, prescription drug costs, and injury and damage claims; and

WHEREAS, these savings were partially offset by a passenger revenue shortfall resulting from lower ridership; and

WHEREAS, the Finance and Planning Division has requested that the General Manager recommend that the Board authorize management to allocate approximately \$_____ \$67 million to the Service Stabilization Fund and reduce state and local operating subsidies by approximately \$_____ \$67 million in the Fiscal Year 2018 operating budget, which will enable the funds to be used to subsidize future years operating expenses and budgets, under the terms set forth above and more fully described in the pertinent staff summary; and

WHEREAS, the General Manager made the recommendation to the Board.

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NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to amend its operating budget for Fiscal Year 2018 and to allocate approximately ~~_____~~ \$67 million of state and local subsidies to the Service Stabilization Fund, under the terms that are set forth within the pertinent staff summary.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be deemed necessary and proper in order to effectuate the purpose of this Resolution."

III.A. AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH PNC BANK FOR RENEWAL OF A \$100 MILLION UNSECURED LINE OF CREDIT

"WHEREAS, On July 26, 2017 the Board authorized SEPTA to enter into a \$100 million unsecured line of credit with PNC Bank ("PNC") in order to effectively manage the Authority's payment capabilities and provide liquidity throughout the fiscal year; and

WHEREAS, the existing line of credit with PNC will expire on August 31, 2018; and

WHEREAS, the Commonwealth's passage of Act 89 of 2013 has resulted in continued increases in SEPTA's capital spending with cash requirements growing at a similar rate; and

WHEREAS, the Authority typically pays for capital projects prior to receiving cash payment from the Federal Transit Administration (FTA), the Pennsylvania Department of Transportation (PennDOT), the City of Philadelphia and its surrounding Bucks, Chester, Delaware and Montgomery counties; and

WHEREAS, while SEPTA subsequently is reimbursed for these payments, the increased number of projects made possible by Act 89 has heightened cash requirements; and

WHEREAS, the budgetary uncertainty in Washington, DC has also resulted in a partial apportionment of Federal Fiscal Year 2018 formula grant funding, which in turn delays SEPTA from invoicing the FTA for the balance of its Federal Formula Funding; and

WHEREAS, given the nature and timing of the grant reimbursement process, staff believes it would be prudent to extend the \$100 million unsecured line of credit with PNC for a one-year term commencing September 1, 2018 under the same terms as the existing agreement; and

WHEREAS, subject to SEPTA Board and PNC Credit Committee approval, SEPTA and PNC have agreed to terms for the \$100 million unsecured line of credit, including (i) a one-year term; (ii) a

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borrowing rate equal to the daily LIBOR rate plus 75 basis points; and (iii) a credit facility fee not to exceed either 10 or 25 basis points depending upon utilization of the line of credit; and

WHEREAS, staff has requested that the General Manager recommend that the Board authorize SEPTA to enter into a \$100 million unsecured line of credit with PNC, under the terms and conditions set forth above and more fully described in the pertinent staff summary; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to enter into the proposed agreement with PNC Bank for a \$100 million unsecured line of credit, under the terms and conditions as set forth herein.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be deemed necessary and proper in order to effectuate the purpose of this Resolution."

III.B. AUTHORIZATION TO RENEW PURCHASE OF STOP LOSS INSURANCE FOR MEDICAL AND PRESCRIPTION DRUG BENEFITS WITH HCC (A TOKYO MARINE SUBSIDIARY)

"WHEREAS, effective August 1, 2017 SEPTA purchased its self-insured formal Stop Loss Insurance arrangement for medical/health coverage administered by Independence Blue Cross ("IBC"), as well as employee prescription benefits administered through CVS Health (formerly CVS/Caremark), from AIG/National Union Fire Insurance Company of Pittsburgh (currently "HCC", a subsidiary of Tokyo Marine), covering over 25,000 lives (including employees and certain retirees, spouses and dependents), which included "Specific Deductible" of \$500,000 or higher per person; and

WHEREAS, part of said self-insured program is a "stop-loss" insurance contract covering catastrophic or "shock claims"; and

WHEREAS, the current stop loss insurance coverage with HCC was for a one-year period expiring on July 31, 2018, at an estimated annual premium of \$3,007,748 (inclusive of IBC administrative and other fees); and

WHEREAS, during the past 12 month period SEPTA has received 14 claims that exceeded \$250,000 each, with five of those claims having exceeded SEPTA's Specific Deductible; and

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WHEREAS, SEPTA's broker, Innovative Risk Solutions, Inc., reached out to 15 stop-loss carriers for renewal coverage quotes, of which only three firms submitting bids; and

WHEREAS, since the stop loss premium is based upon claims history and existing unpaid claims, the carrier's proposals for stop loss coverage for the upcoming year were consistently higher than the current year; and

WHEREAS, in an effort to reduce the premium costs for this coverage, SEPTA sought additional proposals based upon a \$600,000 self-retention; and

WHEREAS, the incumbent insurer HCC was the lowest cost proposer; and

WHEREAS, by increasing the deductible to \$600,000, SEPTA will be able to reduce the costs of the stop loss insurance from the initial proposal down to \$3,964,367 (inclusive of fees), a reduction of \$984,610; and

WHEREAS, IBC will continue to charge \$1.50 per employee per month for coordination which is estimated to cost \$175,518; and

WHEREAS, with the concurrence of the Administration Committee of the Board, staff requested the General Manager recommend that the Board authorize SEPTA to renew its purchase of Stop Loss Insurance from HCC under the terms and conditions that are set forth above and more fully described in the pertinent staff summary; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to renew purchase of Stop Loss Insurance coverage from HCC (a subsidiary of Tokyo Marine) under the terms and conditions that are set forth within the pertinent staff summary.

FURTHER RESOLVED, that the coverage will cover both medical and prescription drug claims incurred from August 1, 2018 through July 31, 2019 at an estimated annual premium of \$3,788,849, and combined with IBC administrative costs (of \$175,518) totaling \$3,964,367, with the actual costs to be determined by specific monthly covered lives and will be paid monthly.

FURTHER RESOLVED, that the Board hereby authorizes the proper officers of SEPTA to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be necessary and proper in order to effectuate the purpose of this Resolution."

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IV.A.1. AMENDMENT TO AUTHORIZATION TO ENTER INTO A TRI-PARTY SITE DEVELOPMENT AGREEMENT AND OPERATING AND MAINTENANCE AGREEMENT WITH MC ROSELAND WASHINGTON STREET, L.P. AND THE BOROUGH OF CONSHOHOCKEN IN CONNECTION WITH THE RELOCATION OF WASHINGTON STREET IN SUPPORT OF A RESIDENTIAL DEVELOPMENT PROJECT IN CONSHOHOCKEN, MONTGOMERY COUNTY

"WHEREAS, the Borough of Conshohocken ("Borough") is currently involved in a 340 unit residential development project ("Project") with MC Roseland Washington Street, L.P. ("Developer"), by its sole general partner Mack-Cali Sub XV Trust, with respect to property located at 51 Washington Street in Conshohocken, Montgomery County; and

WHEREAS, by authorization of the Board on July 21, 2016, as part of the Project the Borough shall acquire ownership (via quitclaim deed) of a 5,806 +/- square foot portion of SEPTA's existing inbound parking lot property located at the Conshohocken Passenger Station ("Station") on the Manayunk/Norristown Regional Rail Division (RRD) Line, for the purpose of realigning Washington Street by Roseland Residential Trust L.P., an umbrella organization for the Developer; and

WHEREAS, in exchange and consideration for the Station property to facilitate realignment of Washington Street, the Borough shall vacate and transfer to SEPTA a 8,856 +/- square foot portion of the existing Washington Street; and

WHEREAS, under the proposed Project at the time of the Board's authorization, the Developer agreed to construct a new SEPTA commuter parking lot consisting of 55 spaces, along with three new designated catch basins for storm water drainage adjacent to Developer's residential housing development at no cost to SEPTA; and

WHEREAS, the Developer received a \$400,000 park and ride grant from the Commonwealth of Pennsylvania to fund the Project; and

WHEREAS, the Borough had agreed to forego payment from the Developer of one-half of the impact fee in the amount of \$185,000, provided that the Developer used the money towards the reconstruction of the SEPTA parking lot and realignment of Washington Street; and

WHEREAS, due to a subsequent short-fall of \$210,000 in available funds, attributable to the final design configuration, added safety features and improvements, it has been proposed that the Borough and Developer shall each contribute equal amounts in fundings toward the short-fall, while SEPTA shall now expend an amount not to exceed \$70,000, which shall be payable only after the new parking lot is completed and approved by SEPTA and becomes available for use by SEPTA's customers; and

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WHEREAS, all other aspects of the Project as previously outlined and presented to the Board with regard to the relocation of Washington Street and residential development of 51 Washington Street shall remain in full force and effect; and

WHEREAS, the Developer will indemnify SEPTA from and against any and all liability related to the construction of the parking lot, and shall obtain and maintain such insurance as mandated by SEPTA; and

WHEREAS, in the event any environmental contamination is discovered on SEPTA property by the Developer before or during construction, all work will cease while the Developer and the owner of the contaminated property resolve the method and liability for remediation; and

WHEREAS, if required, SEPTA will obtain any Federal Transit Administration (FTA) concurrence of the transaction contemplated hereunder; and

WHEREAS, the Project will provide for significant benefits to SEPTA, including improved access to the Station, better stormwater controls and a reconstructed parking facility; and

WHEREAS, staff requested that the General Manager recommend that the Board amend its prior authorization granted on July 21, 2016, and now authorize SEPTA to enter into a tri-party agreement with the Borough and Developer in order to facilitate SEPTA's covering one-third of the short-fall for the cost of the Project, in an amount not to exceed \$70,000, under the terms and conditions as set forth above and more fully described in the pertinent staff summary; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to enter into a tri-party agreement with the Borough of Conshohocken and Developer MC Roseland Washington Street, L.P., under such terms and conditions set forth within the pertinent staff summary.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be deemed necessary and proper in order to effectuate the purpose of this Resolution."

**IV.A.2. LEASE BY SEPTA TO THE TOSCANA GROUP d/b/a ALICE PIZZA
OF PART OF THE LOBBY LEVEL OF THE
1234 MARKET STREET HEADQUARTERS BUILDING**

"WHEREAS, SEPTA owns its headquarters building located at 1234 Market Street in Philadelphia ("Building"); and

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WHEREAS, The Flynn Company ("Flynn"), SEPTA's contracted leasing broker for the Building, has negotiated a proposed lease agreement with The Toscana Group d/b/a Alice Pizza ("Alice") for 1,946 rentable square feet of vacant retail space on the lobby level of the Building to be used for a restaurant ("Demised Premises"); and

WHEREAS, besides providing cash flow and offer a much needed amenity for the Building, the primary purpose for having such a food facility in the lobby level is to provide an option for quality food, with convenient hours, and a high level of customer service; and

WHEREAS, the base term of the proposed lease agreement is ten years and six months commencing upon SEPTA's substantial completion of the fit-out of the Demised Premises estimated to be August 1, 2018, along with two 5-year renewal options at a rental rate equal to 100% of the then current Fair Market Value (FMV); and

WHEREAS, the annual base rental for the Demised Premises will begin at \$81,732 (\$42 per square foot), with a waiver of rent during the first six months, and with annual increases of 3% effective beginning the third year of the initial term and each year thereafter, resulting in rental revenues totaling \$912,056.06 over the base term of the lease agreement; and

WHEREAS, Alice shall also be responsible to pay triple net operating expenses (insurance, taxes and maintenance) projected to total \$236,872 (or \$22,560 annual average) over the base term of the lease agreement, as well as Alice's consumption of electricity based upon actual usage per sub-meter; and

WHEREAS, Alice will receive no tenant improvement allowance, but SEPTA will pay the costs to finish the build out of the existing space and adding other items that will enable the Demised Premises to function as a restaurant; and

WHEREAS, pursuant to SEPTA's contract with Flynn and consistent with current market conditions, the 3% commission of \$27,361.68 will be paid to the Alice's exclusive real estate broker (The Shenian Company), and a 3% commission of \$27,361.68 will also be paid to Flynn based upon the base term rent (\$912,056.06) which will be funded by SEPTA's Operating Budget; and

WHEREAS, staff requested that the General Manager recommend that the Board authorize SEPTA to lease to the Alice the Demised Premises in 1234 Market Street, resulting in generating a minimum of \$912,056.06 in gross income and \$647,469 in net income to SEPTA (including the triple operations expenses), under the terms and conditions that are set forth above and more fully described in the pertinent staff summary; and

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WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to enter into a lease agreement with The Toscana Group d/b/a Alice Pizza for 1,946 square feet of rentable retail space on the lobby level of SEPTA's 1234 Market Street Headquarters Building, under the terms and conditions that are set forth within the pertinent staff summary.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be necessary and proper in order to effectuate the purpose of this Resolution."

IV.A.3. GRANT OF A PERMANENT DRAINAGE EASEMENT AND AUTHORIZATION TO ENTER INTO A CROSSING AGREEMENT WITH PENNDOT IN CONNECTION WITH THE TYSON AVENUE AND EDGE HILL ROAD RECONSTRUCTION PROJECT IN ABINGTON TOWNSHIP, MONTGOMERY COUNTY

"WHEREAS, SEPTA owns the right-of-way known as the Warminster Branch located in Abington Township, Montgomery County, which was conveyed to SEPTA from the Consolidated Rail Corporation ("Conrail") on March 30, 1979; and

WHEREAS, the Department of Transportation of the Commonwealth of Pennsylvania ("PennDOT"), as part of its Tyson Avenue and Edge Hill Road Reconstruction Project ("Project"), intends to implement certain drainage improvements along State Route 2036, Section MG1 of the contiguous Tyson Avenue in Abington Township; and

WHEREAS, the Project requires that PennDOT acquire from SEPTA certain rights for the use of a 4,500 square foot portion of a parcel of property (APN-30-00-69412-00-2) owned by SEPTA ("Parcel"), together with the improvements, hereditaments and appurtenances located therein; and

WHEREAS, the Parcel is situated some 3,250 feet northeast of the intersection of Tyson Avenue and Jenkintown Road in Abington Township, and was conveyed to SEPTA from the Philadelphia Transportation Company ("PTC") on September 27, 1968; and

WHEREAS, the Project also requires that PennDOT acquire from SEPTA (via a crossing agreement) rights to install three new storm water control pipes/culverts and relining of an existing storm water pipe beneath the track situated at approximately Mile Posts 1.12, 1.32, 1.66 and 1.58 of the Warminster Branch; and

WHEREAS, the crossing agreement would consist of (i) two new 42-inch drainage pipes within 54-inch steel casing pipes; (ii) one new 36-inch drainage pipe within a 48-inch steel casing pipe;

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and (iii) one existing 48-inch drainage pipe to be lined with a 36-inch resin liner; and

WHEREAS, the base term of the crossing agreement is 50 years for ~~a an as yet to be determined rental one-time fee of \$75,000 for the crossings,~~ and upon expiration of the base term the crossing agreement will automatically renew for an additional term of 50 years; ~~with SEPTA reserving the right to adjust the rental fee,~~ and

WHEREAS, the Project will provide area stormwater drainage improvements and will benefit SEPTA's right-of-way infrastructure; and

WHEREAS, with respect to the permanent drainage easement, SEPTA will receive a one-time fee from PennDOT in the amount of \$23,000 based upon the fair market value appraisal of the property obtained by PennDOT; and

WHEREAS, all expenses with respect to examination of the title and preparation/recording of the deed of easement shall be paid by PennDOT, and payment of the purchase price to SEPTA for the drainage easement shall be made within 90 days of the date of the crossing agreement; and

WHEREAS, staff requested that the General Manager recommend that the Board authorize SEPTA to grant to PennDOT a permanent drainage easement and enter into the crossing agreement for the storm water pipes in connection with the Project, under the terms and conditions as set forth above and more fully described in the pertinent staff summary; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to grant and convey to the Department of Transportation of the Commonwealth of Pennsylvania the permanent drainage easement and enter into the crossing agreement for the storm water pipes under the Warminster Branch on the four parcels of property, under the terms and conditions set forth within the pertinent staff summary.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager or his designee to execute all documents, in form approved by the Office of General Counsel, and to do any and all other things as shall be deemed necessary and proper in order to effectuate the purpose of this Resolution."

IV.A.4. MEMORANDUM OF AGREEMENT BY AND BETWEEN SEPTA AND INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW)

"WHEREAS, negotiations between representatives of SEPTA and International Brotherhood of Electrical Workers ("Union") have

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resulted in a proposed Memorandum of Agreement which governs the terms and conditions of employment of the bargaining unit employees whom the Union represents; and

WHEREAS, the appropriate members of the Union have ratified the Memorandum of Agreement; and

WHEREAS, SEPTA staff has communicated to the Board the terms of the proposed Memorandum of Agreement and the terms are summarized within the pertinent staff summary; and

WHEREAS, the General Manager recommended that the Board approve and ratify the proposed Memorandum of Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves and ratifies the proposed Memorandum of Agreement by and between SEPTA and International Brotherhood of Electrical Workers which governs the terms and conditions of employment of the bargaining unit employees whom the Union represents.

FURTHER RESOLVED, that the Board hereby authorizes the General Manager (or his designee) and other proper officers of SEPTA to take all necessary and proper action including, but not limited to, amending agreements with the providers of medical, prescription and dental benefits and life insurance, in order to implement the terms and conditions of the Memorandum of Agreement and to do all other acts necessary and proper to effectuate this Resolution."

IV.B. AUTHORIZATION TO AWARD CONTRACTS FOR VARIOUS PROCUREMENTS

"WHEREAS, SEPTA advertised and invited bids for the supplies identified below; and

WHEREAS, the firms listed below was the lowest responsive and responsible bidders to the invitations for bids; and

WHEREAS, staff requested that the General Manager recommend that the Board authorize SEPTA to award the contracts identified below; and

WHEREAS, the General Manager made the recommendation to the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby Authorizes SEPTA to award and for the General Manager or his designee to execute the contracts identified below in form approved by the Office of General Counsel, subject to and contingent upon the concurrence of the funding agencies, if required, and contingent upon and subject to the vendors satisfactorily meeting all requirements of the bid terms and specifications, including full compliance with any applicable Disadvantaged Business Enterprise requirements:

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1. To Nordco, Inc., Line Item No. 2, for the purchase of special track equipment (tie inserters) which will enable the Track Department to implement a production tie replacement and surfacing program on the Regional Rail Line and bring track conditions up to a state of good repair, with delivery of material scheduled on March 31, 2019, as described in the staff summary on this subject, for a total contract amount not to exceed \$1,017,880, Sealed Bid No. 18-00102-ACZC - Track Equipment for SEPTA.

2. To RF Design & Integration, Inc., for Items Nos. 1-3, for the purchase of portable radios and chargers for the SEPTA Police Department to be consistent with those in use by the City of Philadelphia (and surrounding areas) police and fire departments to insure the safety of the riding public, with delivery of material scheduled from 4-6 weeks after issuance of Notice-to-Proceed, as described in the staff summary on this subject, for a total contract amount not to exceed \$3,119,210.88, Sealed Bid No. 18-00005-ACVM - SEPTA Police Portable Radios.

3. To TK Keystone Construction Co., Inc., for the provision of janitorial services, landscaping services, snow removal, and special assignments at 30th Street and University City Stations, with services to be performed over a period of five years scheduled to commence on August 1, 2018, as described in the staff summary on this subject, for a total contract amount not to exceed \$2,928,624.60, Sealed Bid No. 17-00181-ARLW - Janitorial, Landscaping and Snow Removal Services at 30th Street and University City Stations.

4. To G. Antonini Construction, Inc. for the provision of asphalt paving and site work construction within SEPTA's five county service area, with services to be performed on an "as required" basis over a period of 1,095 calendar days after issuance of Notice-to-Proceed, as described in the staff summary on this subject, for a total contract amount not to exceed \$3,541,981.50, Sealed Bid No. 18-00107-APES - Asphalt Paving Services - New Construction.

5. To Gessler Construction Co., Inc., for the provision of asphalt paving and site work construction within SEPTA's five county service area, with services to be performed on an "as required" basis over a period of 1,095 calendar days after issuance of Notice-to-Proceed, as described in the staff summary on this subject, for a total contract amount not to exceed \$3,899,076, Sealed Bid No. 18-00147-APES - Asphalt Paving Services - Repair/Maintain Existing Pavement.

6. To Penn Machine Company, LLC, for the purchase of 400 ~~600~~ steel wheels to be used in the maintenance and vehicle overhaul (VOH) of the LRV Fleet, at a negotiated unit price of \$3,244.98, with delivery of material scheduled over a period of two years commencing in November 2018, as described in the staff

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summary on this subject, for a total contract amount not to exceed \$1,297,992, Sealed Bid No. 18-00078-ACVM - LRV Wheels VOH.

7. To Remix Software, Inc., for Items Nos. 1-4, for the installation/setup and use of a Web-Based Transit Planning Software Suite which provides rapid route design, import, analysis, modification of existing routes, demographic analysis, and operating cost calculations into a single, integrated web-based platform for transit planning, with services to be performed over a period of three years commencing on August 6, 2018, as described in the staff summary on this subject, for a total contract amount not to exceed \$565,000, Sealed Bid No. 18-00105-AFKC - Web-Based Transit Planning Software.

~~8. To Globe Electric Supply Co., Inc., for the purchase of LED message signs for the Announcing Variable Public Areas (AVPA) Signage Project for new construction at City rail locations, with delivery of material scheduled over three shipments eight month apart commencing in March 2019, as described in the staff summary on this subject, for a total contract amount not to exceed \$6,182,010, Sealed Bid No. 18-00081-ACVM - LED Variable Message Signs.~~

8. 9. To The Aftermarket Parts Company LLC, for Item No. 1, for the purchase of 140 Sheppard steering gears to be used by the Berridge Shop for the New Flyer Bus FY2019 vehicle overhaul (VOH) campaign, at a unit price of \$2,202.54, with delivery of material on an "as required" basis over a period of 12-months in increments of 35 units commencing in August 2018, as described in the staff summary on this subject, for a total contract amount not to exceed \$308,355.60, Sealed Bid No. 18-00109-AAHR - Steering Gears."

IV.C. AWARD OF CONTRACTS FOR SOLE SOURCE PROCUREMENTS

"WHEREAS, SEPTA has need for the supplies and services described below and those supplies and services are available only from the firms listed below; and

WHEREAS, staff reviewed the cost of the supplies and services and the General Manager recommended that the Board authorize SEPTA to award the contracts.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to award and the General Manager or his designee to execute the contracts identified below, in form approved by the Office of General Counsel, subject to the concurrence of the funding agencies, if required, and contingent upon and subject to the vendor/contractor satisfactorily providing any required bonds, insurance certificates and/or other documents, and complying with any applicable Disadvantaged Business Enterprise requirements:

**Minutes of Regular Board Meeting
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1. To Convergent Solutions Group, LLC d/b/a CSG Global Consulting, for the provision of maintenance and technical support of the SEPTA's Automated Call Distribution System used by SEPTA's Communications and Signals (C&S) Department which receives, logs, routes and records calls to the SEPTA Telephone Information Center, CCT Customer Service/Dispatch Call Center and the Claims Department Intake Call Center, with services to be performed over a period of three years scheduled to commence in September 2018, as described in the staff summary on this subject, for a total contract amount not to exceed \$448,696, Sole Source No. 18-00119-ADLD - Technical Support for SEPTA's Automated Call Distribution System.

2. To Bombardier Transportation Holdings USA, Inc., for the upgrade of SEPTA's Communications Based Train Control (CBTC) System needed to support SEPTA's Green Line Trolley System, with services scheduled to commence in August 2018 and expected to be completed within 12 months after issuance of Notice-to-Proceed, as described in the staff summary on this subject, for a total contract amount not to exceed \$3,200,072, Sole Source No. 18-00174-ADLD - Upgrade of Central Control System.

3. To PECO Energy Company, for the provision of engineering and design services to move an existing high voltage transmission line and distribution poles, as well as modify a substation, in support of SEPTA's Sharon Hill Line Flood Mitigation Design & Construction Project, with services to be performed over a period of seven months scheduled to commence in August 2018, as described in the staff summary on this subject, for a total contract amount not to exceed \$250,000, Sole Source No. 18-00177-ATMM - Sharon Hill Line Flood Mitigation Design & Construction Project."

IV.D. AUTHORIZATION TO EXECUTE CHANGE ORDERS

"WHEREAS, additional work is required to complete the project identified below; and

WHEREAS, staff reviewed the cost of the additional work and the General Manager recommended that the Board authorize SEPTA to order the additional work.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes SEPTA to award and the General Manager or his designee to execute the change orders identified below in form approved by the Office of General Counsel, subject to the concurrence of the funding agencies, if required, and to any applicable Disadvantaged Business Enterprise requirements:

1. To Siemens Industry, Inc., for Change Order No. 2, which provides for a field retrofit of the base order and a credit for reduction in cost of capital spares under the contract for the purchase of 13 high-speed electric locomotives (HSEL), at

Minutes of Regular Board Meeting
July 26, 2018

a net decrease in cost not to exceed \$597,684, bringing the total contract price, including all change orders to date, to an amount not to exceed \$132,131,309.

2. To Conduent, Inc. (formerly XEROX Transport Solutions, Inc.), for Change Order No. 19, which provides for additional/modified scopes of work, liquidated damages and credits under the contract for the design and implementation of the New Payment Technologies (NPT) System, at a negotiated net increase in cost not to exceed \$2,502,155, bringing the total contract price, including all change orders to date, to an amount not to exceed \$162,275,654.

3. To J&R Slaw, Inc., for Change Order No. 1, which provides for the addition of three (3) precast stair units for the Elm Street Station Construction Project, at an increase in cost not to exceed \$24,500, bringing the total contract price, including this change order, to an amount not to exceed \$155,500.

4. To James J. Anderson Construction Company, Inc., for Change Order No. 7, which provides for additional general construction work and an unused unit cost credit under the contract for the Margaret Orthodox Station Rehabilitation Project, at a net decrease in cost not to exceed \$154,034, bringing the total contract price, including all change orders to date, to an amount not to exceed \$21,551,080, provided that with the Board's approval of this change order, the Board authorizes the resetting of prior authorized cumulative change order amount to zero dollars (\$0) and the establishment of a new cumulative change order threshold of 10% or \$500,000, pursuant to the Resolution adopted by the Board on May 22, 2008, which Resolution authorized a "Delegation of Authority for Change Orders, Amendments and Assignments."

Report of General Manager

Mr. Knueppel stated that the two items he would be reporting on at the meeting reflect the importance of Act 89 funding and the impact it has on our ability to rebuild and renew vehicles, infrastructure, and stations in order to better serve our customers and the region.

Mr. Knueppel announced that On July 11th we welcomed the first of our new Siemens ACS-64 Regional Rail electric locomotives as Number 901 officially went into service and among the honored guests that the Chairman and he welcomed to our locomotive commissioning was State Sen. John C. Rafferty Jr., Chairman of the Senate Transportation Committee. He said that as one of the transit funding champions and a supporter of SEPTA, it meant a great deal to hear the Senator say that the purchase of the locomotives was exactly the type of transportation investment Harrisburg envisioned when they passed Act 89. Mr. Knueppel said thanks to this funding, SEPTA was able to purchase 15 ACS-64

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July 26, 2018

locomotives; 12 of which were already here and the last 3 would be arriving next month; and the second locomotive - Number 902 - went into revenue service this week.

Mr. Knueppel stated that on August 4th and continuing for 16 days, we would begin the second major construction project of the summer with the Southwest Connection Improvement Program and said thanks again, to Act 89 funding, we were able to continue to invest in state of good repair improvements to upgrade critical infrastructure on the Media/Elwyn Regional Rail Line between 30th Street Station and the Arsenal Interlocking just below University City Station, which also service the Wilmington/Newark and Airport Regional Rail Lines. He said similar to the locomotives, the last significant capital investment in this area was made by Conrail and Amtrak in the mid-1980's and some portions of the infrastructure was even older, about 80 years older. He explained that by replacing this critical switch interlocking, realigning the rail, and creating a new interlocking near University City Station we were working to improve reliability and the safe operation of service for these three rail lines. He mentioned that hundreds of SEPTA ambassadors and transportation personnel from Regional Rail and Surface Operations would be out to assist customers and manage our alternate service program as we work to improve this critical rail connection.

Mr. Deon then called for speakers.

Speaker

Bridget Chadwick

Ms. Chadwick said she was present at the meeting to speak about greenhouse gas emissions. She read from a prepared statement that was submitted and attached to these Minutes as Exhibit "B".

Mr. Deon thanked Ms. Chadwick and then wished everyone a happy summer.

Adjournment

There being no further business to come before the Board at this Regular Meeting, it was moved by Mr. Kubik seconded by Mr. Kernodle, and unanimously adopted that the meeting be adjourned at 3:09 PM.

A transcript of this meeting was made by an official court reporter and is made a part of the original Minutes.

Carol R. Looby
Secretary

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

FINANCIAL REPORT

JUNE 2018

**For Period Ended June 30, 2018
(UNAUDITED)**

July 23, 2018

EXHIBIT "A"

FINANCIAL REPORT - JUNE 2018

COMMENTARY

Summary of Financial Results and Commentary

GROUP 1 - CONSOLIDATED OPERATIONS

- (1.1) Consolidating Statement of Income - (YTD)
- (1.2) Consolidating Statement of Revenue and Expense - (YTD)
- (1.3) Consolidating Statement of Income - (One Month)
- (1.4) Consolidating Statement of Revenue and Expense - (One Month)

GROUP 2 - CITY TRANSIT DIVISION

- (2.1) Comparative Statement of Income
- (2.2) Detail Income Statement - (One Month)
- (2.3) Detail Income Statement - (YTD)

GROUP 3 - VICTORY DIVISION

- (3.1) Comparative Statement of Income
- (3.2) Detail Income Statement - (One Month)
- (3.3) Detail Income Statement - (YTD)

GROUP 4 - FRONTIER DIVISION

- (4.1) Comparative Statement of Income
- (4.2) Detail Income Statement - (One Month)
- (4.3) Detail Income Statement - (YTD)

GROUP 5 - REGIONAL RAIL DIVISION

- (5.1) Comparative Statement of Income
- (5.2) Detail Income Statement - (One Month)
- (5.3) Detail Income Statement - (YTD)

FINANCIAL REPORT - JUNE 2018

COMMENTARY

Summary of Financial Results and Commentary

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
JUNE AND YEAR-TO-DATE RESULTS OF OPERATIONS

SUMMARY

The following is a summary of Divisional operating results (i.e. deficit before operating subsidies) and consolidated results after subsidies for June 2018 and the twelve-month period then ended. The results are compared to the Fiscal Year 2018 budget and to the prior year results in the accompanying financial statements.

<u>DIVISION</u>	(IN THOUSANDS)			
	<u>MONTH OF JUNE</u>		<u>TWELVE MONTHS ENDED JUNE</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
City Transit	\$ (44,286)	\$ (45,717)	\$ (549,912)	\$ (573,300)
Victory	(9,627)	(2,966)	(74,161)	(70,074)
Frontier	(1,940)	(1,954)	(26,578)	(25,043)
Regional Rail	(16,353)	(6,628)	(196,492)	(188,379)
Total Deficit Before Subsidies	(72,206)	(57,265)	(847,143)	(856,796)
Operating Subsidies	70,025	63,360	847,587	857,003
Surplus/(Deficit) After Subsidies	(2,181)	6,095	444	207
Unrealized Investment Gain/(Loss)	217	(996)	(864)	(1,932)
Surplus/(Deficit) after Investment Gain/(Loss)	\$ (1,964)	\$ 5,099	\$ (420)	\$ (1,725)

The deficit after subsidies for the month of June was \$2.2 million and the cumulative surplus for the twelve months was \$444 thousand. Passenger revenue for the month was \$3.4 million (or 9.2%) higher than budget. Passenger revenue for the twelve months of Fiscal 2018 was \$8.6 million (or 1.8%) lower than budget due to ridership being lower than anticipated. Shared Ride Program revenue was \$232 thousand lower than budget for the month of June and was \$2.1 million (or 11.6%) lower than budget for June year-to-date. Other Income was \$4.1 million favorable for June year-to-date due to higher rental, parking and scrap incomes, offset by lower advertising income. Operating expenses for the month of

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
JUNE AND YEAR-TO-DATE RESULTS OF OPERATIONS

June were \$7.9 million higher than budget. For the twelve-month period, operating expenses were \$7.1 million (or 0.5%) lower than budget due to fringe, materials and services costs, injury and damage claims, propulsion power, and fuel costs, offset by higher fixed rent costs. The results for Fiscal Year 2018 reflect an operating expense reduction of \$67.0 million due to savings in the self-insured medical and prescription drug costs, injuries and damage claims, propulsion power, fuel, certain material and service costs along with an associated reduction in State and Local subsidies. Federal operating subsidies were higher than budget due to reimbursement from Winter Storm Jonas, offset by lower lease costs and debt service subsidies.

DIVISIONAL COMMENTARY ON JUNE AND YEAR-TO-DATE RESULTS

CITY TRANSIT DIVISION

The Division's operations for June 2018 resulted in a deficit before subsidies of \$44.3 million for the month and a year-to-date deficit before subsidies of \$549.9 million, which is 1.2% lower than budget.

Passenger revenue for the month of June was \$4.5 million (or 20.5%) higher than budget. For the twelve months of Fiscal 2018 total passenger revenue was \$3.3 million (or 1.1%) lower than budget. Shared Ride Program revenue for June year-to-date was \$2.1 million (or 11.6%) lower than budget. Operating expenses for the twelve-month period were lower than budget.

For the twelve months of the fiscal year, the operating surplus after subsidies was \$306 thousand.

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
JUNE AND YEAR-TO-DATE RESULTS OF OPERATIONS

VICTORY DIVISION

The Division's operations for June resulted in a deficit before subsidies of \$9.6 million bringing the cumulative deficit before subsidies for the twelve months of the fiscal year to \$74.2 million, which is 0.2% higher than budget.

Passenger revenue for June was \$42 thousand (or 2.4%) higher than budget, and for the twelve months of Fiscal 2018 was \$2.2 million (or 9.8%) higher than budget. Operating expenses for the twelve-month period were higher than budget.

For the twelve months of the fiscal year, the operating surplus after subsidies was \$43 thousand

FRONTIER DIVISION

Operations for the month of June resulted in a deficit before subsidies of \$1.9 million bringing the cumulative deficit before subsidies for the twelve months of the fiscal year to \$26.6 million, which is 0.4% higher than budget.

Passenger revenue for June was \$67 thousand lower than budget, and for the twelve months of Fiscal 2018 was \$359 thousand (or 5.4%) lower than budget. Operating expenses for the twelve-month period were lower than budget.

For the twelve months of the fiscal year, the operating surplus after subsidies was \$15 thousand.

REGIONAL RAIL DIVISION

Operations for the month of June resulted in a deficit before subsidies of \$16.4 million bringing the cumulative deficit before subsidies for the twelve-month period to \$196.5 million, which is 3.1% higher than budget.

June passenger revenue was \$1.1 million (or 9.0%) lower than budget, and year-to-date passenger revenue was \$7.2 million (or 4.7%) lower than budget. Operating expenses for the twelve-month period were higher than budget.

For the twelve months of the fiscal year, the operating surplus after subsidies was \$80 thousand.

FINANCIAL REPORT - JUNE 2018

GROUP 1 - CONSOLIDATED OPERATIONS

- (1.1) Consolidating Statement of Income - (YTD)
- (1.2) Consolidating Statement of Revenue and Expense - (YTD)
- (1.3) Consolidating Statement of Income - (One Month)
- (1.4) Consolidating Statement of Revenue and Expense - (One Month)

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
CONSOLIDATING STATEMENT OF INCOME
TWELVE MONTHS ENDED JUNE 30, 2018

(THOUSANDS)

	CITY TRANSIT DIVISION	VICTORY DIVISION	FRONTIER DIVISION	REGIONAL RAIL DIVISION	TOTAL SEPTA	BUDGET AMOUNT	BUDGET VARIANCE	
							AMOUNT	PERCENT
<u>OPERATING REVENUES</u>								
Passenger Revenue	\$ 291,038	\$ 24,566	\$ 6,254	\$ 144,711	\$ 466,569	\$ 475,197	\$ (8,628)	(1.82)
Other Operating Revenue	<u>23,888</u>	<u>2,510</u>	<u>698</u>	<u>14,631</u>	<u>41,727</u>	<u>37,675</u>	<u>4,052</u>	10.76
Sub-Total - Operating Revenue	314,926	27,076	6,952	159,342	508,296	512,872	(4,576)	(0.89)
Shared Ride Program	<u>16,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,351</u>	<u>18,500</u>	<u>(2,149)</u>	(11.62)
TOTAL REVENUE AVAILABLE FOR OPERATIONS	331,277	27,076	6,952	159,342	524,647	531,372	(6,725)	(1.27)
<u>OPERATING EXPENSES</u>	<u>881,189</u>	<u>101,237</u>	<u>33,530</u>	<u>355,834</u>	<u>1,371,790</u>	<u>1,378,936</u>	<u>7,146</u>	0.52
DEFICIT BEFORE SUBSIDIES	(549,912)	(74,161)	(26,578)	(196,492)	(847,143)	(847,564)	421	0.05
OPERATING SUBSIDIES	<u>550,218</u>	<u>74,204</u>	<u>26,593</u>	<u>196,572</u>	<u>847,587</u>	<u>847,564</u>	<u>23</u>	0.00
SURPLUS AFTER SUBSIDIES	\$ <u>306</u>	\$ <u>43</u>	\$ <u>15</u>	\$ <u>80</u>	\$ <u>444</u>	\$ <u>-</u>	\$ <u>444</u>	
Unrealized Investment Gain/(Loss)	<u>(293)</u>	<u>(40)</u>	<u>(10)</u>	<u>(521)</u>	<u>(864)</u>	<u>-</u>	<u>(864)</u>	
<u>SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)</u>	\$ <u>13</u>	\$ <u>3</u>	\$ <u>5</u>	\$ <u>(441)</u>	\$ <u>(420)</u>	\$ <u>-</u>	\$ <u>(420)</u>	

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES
TWELVE MONTHS ENDED JUNE 30, 2018

(THOUSANDS)

	CITY TRANSIT DIVISION		VICTORY DIVISION		FRONTIER DIVISION		REGIONAL RAIL DIVISION		TOTAL SEPTA	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
OPERATING REVENUES										
Passenger Revenue	\$ 294,340	\$ 291,038	\$ 22,379	\$ 24,566	\$ 6,613	\$ 6,254	\$ 151,865	\$ 144,711	\$ 475,197	\$ 466,569
Shared Ride Program	18,500	16,351	-	-	-	-	-	-	18,500	16,351
Investment Income	706	1,493	34	68	9	20	876	1,397	1,625	2,978
Other Income	20,834	22,395	2,421	2,442	877	678	11,918	13,234	36,050	38,749
TOTAL OPERATING REVENUE	334,380	331,277	24,834	27,076	7,499	6,952	164,659	159,342	531,372	524,647
OPERATING EXPENSES										
Labor, including Paid Absences	425,733	415,756	46,135	48,930	18,528	18,228	137,981	140,388	628,377	623,302
Fringe Benefits	289,986	257,765	28,195	26,629	8,725	8,758	81,502	74,957	408,408	368,109
Material & Services	155,226	143,717	20,077	20,083	4,620	4,068	115,868	110,450	295,791	278,318
Injuries & Damages	22,702	16,126	1,070	866	522	344	5,600	4,594	29,894	21,930
Propulsion Power	11,975	11,232	1,225	1,217	-	-	19,450	17,527	32,650	29,976
Fixed Rent	3,168	3,822	156	164	52	55	1,224	1,256	4,600	5,297
Fuel	19,654	18,806	3,293	3,138	2,151	2,028	495	406	25,593	24,378
Depreciation	14,281	13,965	221	210	53	49	6,068	6,256	20,623	20,480
Budget Reduction	(51,776)	-	(1,541)	-	(682)	-	(13,001)	-	(67,000)	-
TOTAL OPERATING EXPENSES	890,949	881,189	98,831	101,237	33,969	33,530	355,187	355,834	1,378,936	1,371,790
DEFICIT BEFORE SUBSIDIES	(556,569)	(549,912)	(73,997)	(74,161)	(26,470)	(26,578)	(190,528)	(196,492)	(847,564)	(847,143)
OPERATING SUBSIDIES										
Federal	26,095	26,021	3,312	3,566	1,205	1,257	6,188	7,254	36,800	38,098
State	479,921	429,569	62,669	61,289	21,979	21,445	115,880	109,885	680,449	622,188
Local	71,987	64,435	9,400	9,193	3,297	3,217	17,383	16,483	102,067	93,328
Lease Cost/Debt Service	29,072	28,973	157	156	41	42	62,578	61,200	91,848	90,371
Other-Route Guarantees	1,270	1,220	-	-	630	632	1,500	1,750	3,400	3,602
State and Local Budget Reduction	(51,776)	-	(1,541)	-	(682)	-	(13,001)	-	(67,000)	-
TOTAL SUBSIDIES	556,569	550,218	73,997	74,204	26,470	26,593	190,528	196,572	847,564	847,587
SURPLUS AFTER SUBSIDIES	\$ 306	\$ 306	\$ -	\$ 43	\$ 15	\$ 15	\$ 80	\$ 80	\$ 444	\$ 444
Unrealized Investment Gain/(Loss)	-	(293)	-	(40)	-	(10)	-	(521)	-	(864)
SURPLUS AFTER INVESTMENT GAIN/(LOSS)	\$ 13	\$ 13	\$ 3	\$ 3	\$ 5	\$ 5	\$ (441)	\$ (441)	\$ (420)	\$ (420)

(UNAUDITED)
 SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
 CONSOLIDATING STATEMENT OF INCOME
 ONE MONTH ENDED JUNE 30, 2018

(THOUSANDS)

	CITY TRANSIT DIVISION	VICTORY DIVISION	FRONTIER DIVISION	REGIONAL RAIL DIVISION	TOTAL SEPTA	BUDGET AMOUNT	BUDGET VARIANCE	
							AMOUNT	PERCENT
<u>OPERATING REVENUES</u>								
Passenger Revenue	\$ 26,413	\$ 1,791	\$ 434	\$ 11,262	\$ 39,900	\$ 36,549	\$ 3,351	9.17
Other Operating Revenue	<u>2,259</u>	<u>226</u>	<u>57</u>	<u>1,124</u>	<u>3,666</u>	<u>3,172</u>	<u>494</u>	15.57
Sub-Total - Operating Revenue	28,672	2,017	491	12,386	43,566	39,721	3,845	9.68
Shared Ride Program	<u>1,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,392</u>	<u>1,624</u>	<u>(232)</u>	(14.29)
TOTAL REVENUE AVAILABLE FOR OPERATIONS	30,064	2,017	491	12,386	44,958	41,345	3,613	8.74
<u>OPERATING EXPENSES</u>	<u>74,350</u>	<u>11,644</u>	<u>2,431</u>	<u>28,739</u>	<u>117,164</u>	<u>109,282</u>	<u>(7,882)</u>	(7.21)
DEFICIT BEFORE SUBSIDIES	(44,286)	(9,627)	(1,940)	(16,353)	(72,206)	(67,937)	(4,269)	(6.28)
OPERATING SUBSIDIES	<u>47,100</u>	<u>7,126</u>	<u>312</u>	<u>15,487</u>	<u>70,025</u>	<u>67,937</u>	<u>2,088</u>	3.07
DEFICIT AFTER SUBSIDIES	\$ <u>2,814</u>	\$ <u>(2,501)</u>	\$ <u>(1,628)</u>	\$ <u>(866)</u>	\$ <u>(2,181)</u>	\$ <u>-</u>	\$ <u>(2,181)</u>	
Unrealized Investment Gain/(Loss)	<u>291</u>	<u>(4)</u>	<u>(1)</u>	<u>(69)</u>	<u>217</u>	<u>-</u>	<u>217</u>	
<u>SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)</u>	\$ <u>3,105</u>	\$ <u>(2,505)</u>	\$ <u>(1,629)</u>	\$ <u>(935)</u>	\$ <u>(1,964)</u>	\$ <u>-</u>	\$ <u>(1,964)</u>	

(UNAUDITED)
 SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
 CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES
 ONE MONTH ENDED JUNE 30, 2018

(THOUSANDS)

	CITY TRANSIT DIVISION		VICTORY DIVISION		FRONTIER DIVISION		REGIONAL RAIL DIVISION		TOTAL SEPTA	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
OPERATING REVENUES										
Passenger Revenue	\$ 21,921	\$ 26,413	\$ 1,749	1,791	501	\$ 434	\$ 12,378	\$ 11,262	\$ 36,549	\$ 39,900
Shared Ride Program	1,624	1,392	-	-	-	-	-	-	1,624	1,392
Investment Income	67	108	3	4	1	1	84	60	155	173
Other Income	1,752	2,151	199	222	77	56	989	1,064	3,017	3,493
TOTAL OPERATING REVENUE	25,364	30,064	1,951	2,017	579	491	13,451	12,386	41,345	44,958
OPERATING EXPENSES										
Labor, including Paid Absences	33,164	32,040	3,536	4,927	1,445	1,368	10,595	10,562	48,740	48,897
Fringe Benefits	27,158	25,664	2,455	3,713	757	698	6,854	5,919	37,224	35,994
Material & Services	16,403	13,157	1,860	2,520	215	243	10,078	9,372	28,556	25,292
Injuries & Damages	1,679	(539)	79	94	39	(62)	448	788	2,245	281
Propulsion Power	966	848	98	98	-	-	1,625	1,474	2,689	2,420
Fixed Rent	250	401	13	20	4	6	97	126	364	553
Fuel	1,501	1,574	274	253	176	174	38	28	1,989	2,029
Depreciation	1,205	1,205	19	19	4	4	507	470	1,735	1,698
Budget Reduction	(8,872)	-	1,439	-	(265)	-	(6,562)	-	(14,260)	-
TOTAL OPERATING EXPENSES	73,454	74,350	9,773	11,644	2,375	2,431	23,680	28,739	109,282	117,164
DEFICIT BEFORE SUBSIDIES	(48,090)	(44,286)	(7,822)	(9,627)	(1,796)	(1,940)	(10,229)	(16,353)	(67,937)	(72,206)
OPERATING SUBSIDIES										
Federal	2,407	1,949	263	484	123	97	514	558	3,307	3,088
State	45,074	36,599	5,309	5,762	1,635	135	9,155	6,277	61,173	48,773
Local	6,760	5,489	796	864	246	20	1,374	943	9,176	7,316
Lease Cost/Debt Service	2,615	3,010	15	16	4	5	5,623	7,247	8,257	10,278
Other-Route Guarantees	106	53	-	-	53	55	125	462	284	570
State and Local Budget Reduction	(8,872)	-	1,439	-	(265)	-	(6,562)	-	(14,260)	-
TOTAL SUBSIDIES	48,090	47,100	7,822	7,126	1,796	312	10,229	15,487	67,937	70,025
DEFICIT AFTER SUBSIDIES	\$ -	\$ 2,814	\$ -	\$ (2,501)	\$ -	\$ (1,628)	\$ -	\$ (866)	\$ -	\$ (2,181)
Unrealized Investment Gain/(Loss)	-	291	-	(4)	-	(1)	-	(69)	-	217
DEFICIT AFTER INVESTMENT GAIN/(LOSS)	\$ -	\$ 3,105	\$ -	\$ (2,505)	\$ -	\$ (1,629)	\$ -	\$ (935)	\$ -	\$ (1,964)

FINANCIAL REPORT - JUNE 2018

GROUP 2 - CITY TRANSIT DIVISION

- (2.1) Comparative Statement of Income
- (2.2) Detail Income Statement - (One Month)
- (2.3) Detail Income Statement - (YTD)

(UNAUDITED)
 SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
 CITY TRANSIT DIVISION
 COMPARATIVE STATEMENT OF INCOME
 PERIOD ENDED JUNE 30, 2018

(THOUSANDS)

ONE MONTH ENDED JUNE 30, 2018					TWELVE MONTHS ENDED JUNE 30, 2018					
THIS YEAR			LAST YEAR			THIS YEAR			LAST YEAR	
BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %		BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %
					<u>OPERATING REVENUES</u>					
\$ 21,921	\$ 26,413	20.49	\$ 21,217	24.49	Passenger Revenue	\$ 294,340	\$ 291,038	(1.12)	\$ 275,763	5.54
1,819	2,259	24.19	1,953	15.67	Other Operating Revenue	21,540	23,888	10.90	22,751	5.00
23,740	28,672	20.78	23,170	23.75	Sub-Total - Operating Revenue	315,880	314,926	(0.30)	298,514	5.50
1,624	1,392	(14.29)	1,366	1.90	Shared Ride Program	18,500	16,351	(11.62)	17,205	(4.96)
25,364	30,064	18.53	24,536	22.53	TOTAL REVENUE AVAILABLE FOR OPERATIONS	334,380	331,277	(0.93)	315,719	4.93
73,454	74,350	(1.22)	70,253	(5.83)	OPERATING EXPENSES	890,949	881,189	1.10	889,019	0.88
(48,090)	(44,286)	7.91	(45,717)	3.13	DEFICIT BEFORE SUBSIDIES	(556,569)	(549,912)	1.20	(573,300)	4.08
48,090	47,100	(2.06)	49,965	(5.73)	OPERATING SUBSIDIES	556,569	550,218	(1.14)	573,419	(4.05)
-	2,814		4,248		SURPLUS/(DEFICIT) AFTER SUBSIDIES	-	306		119	
-	291		(836)		Unrealized Investment Gain/(Loss)	-	(293)		(1,256)	
\$ -	\$ 3,105		\$ 3,412		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	\$ -	\$ 13		\$ (1,137)	
4,945	4,834	(2.24)	4,691	3.05	TOTAL VEHICLE MILES	64,823	62,404	(3.73)	62,226	0.29
467	380	(18.63)	390	(2.56)	SHARED RIDE PROGRAM IN ABOVE	5,765	4,750	(17.61)	5,128	(7.37)
12,126	14,470	19.33	13,752	5.22	REVENUE PASSENGER JOURNEYS	164,388	164,771	0.23	175,827	(6.29)
55	48	(12.73)	52	(7.69)	SHARED RIDE PROGRAM IN ABOVE	670	605	(9.70)	669	(9.57)

(UNAUDITED)
 SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
 CITY TRANSIT DIVISION
 DETAIL INCOME STATEMENT
ONE MONTH ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL BETTER (WORSE) LAST YEAR			THIS YEAR BUDGET ACTUAL		THIS YEAR ACTUAL BETTER (WORSE) BUDGET	
	AMOUNT	%		AMOUNT	AMOUNT	AMOUNT	%
\$ 21,217	\$ 5,196	24.49	<u>OPERATING REVENUES</u>	\$ 21,921	\$ 26,413	\$ 4,492	20.49
78	30	38.46	Passenger Revenue	67	108	41	61.19
1,875	276	14.72	Investment Income	1,752	2,151	399	22.77
<u>23,170</u>	<u>5,502</u>	<u>23.75</u>	Other Income	<u>23,740</u>	<u>28,672</u>	<u>4,932</u>	<u>20.78</u>
1,366	26	1.90	SUB-TOTAL	1,624	1,392	(232)	(14.29)
<u>24,536</u>	<u>5,528</u>	<u>22.53</u>	Shared Ride Program	<u>25,364</u>	<u>30,064</u>	<u>4,700</u>	<u>18.53</u>
			TOTAL REVENUE AVAILABLE FOR OPERATIONS				
			<u>OPERATING EXPENSES</u>				
45,991	(11,713)	(25.47)	Labor & Fringe Benefits	60,322	57,704	2,618	4.34
20,850	7,693	36.90	Material & Services	16,403	13,157	3,246	19.79
(487)	52	(10.68)	Injuries & Damages	1,679	(539)	2,218	-
934	86	9.21	Propulsion Power	966	848	118	12.22
400	(1)	(0.25)	Fixed Rent	250	401	(151)	(60.40)
1,354	(220)	(16.25)	Fuel	1,501	1,574	(73)	(4.86)
1,211	6	0.50	Depreciation	1,205	1,205	-	-
-	-	-	Budget Reduction	(8,872)	-	(8,872)	-
<u>70,253</u>	<u>(4,097)</u>	<u>(5.83)</u>	TOTAL OPERATING EXPENSES	<u>73,454</u>	<u>74,350</u>	<u>(896)</u>	<u>(1.22)</u>
(45,717)	1,431	3.13	DEFICIT BEFORE SUBSIDIES	(48,090)	(44,286)	3,804	7.91
			<u>OPERATING SUBSIDIES</u>				
2,462	(513)	(20.84)	Federal	2,407	1,949	(458)	(19.03)
38,952	(2,353)	(6.04)	State	45,074	36,599	(8,475)	(18.80)
5,843	(354)	(6.06)	Local	6,760	5,489	(1,271)	(18.80)
2,681	329	12.27	Lease Cost/Debt Service	2,615	3,010	395	15.11
27	26	96.30	Other - Route Guarantees	106	53	(53)	(50.00)
-	-	-	State and Local Budget Reduction	(8,872)	-	8,872	-
<u>49,965</u>	<u>(2,865)</u>	<u>(5.73)</u>	TOTAL OPERATING SUBSIDIES	<u>48,090</u>	<u>47,100</u>	<u>(990)</u>	<u>(2.06)</u>
4,248	(1,434)	33.76	SURPLUS/(DEFICIT) AFTER SUBSIDIES	-	2,814	2,814	-
(836)	1,127		Unrealized Investment Gain/(Loss)	-	291	291	
\$ <u>3,412</u>	\$ <u>(307)</u>		SURPLUS/(DEFICIT) After Investment Gain/(Loss)	\$ -	\$ 3,105	\$ 3,105	

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
CITY TRANSIT DIVISION
DETAIL INCOME STATEMENT
TWELVE MONTHS ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL BETTER (WORSE) LAST YEAR			THIS YEAR BUDGET ACTUAL		THIS YEAR ACTUAL BETTER (WORSE) BUDGET	
	AMOUNT	%		AMOUNT	AMOUNT	AMOUNT	%
\$ 275,763	\$ 15,275	5.54	<u>OPERATING REVENUES</u>	\$ 294,340	\$ 291,038	\$ (3,302)	(1.12)
919	574	62.46	Passenger Revenue	706	1,493	787	-
21,832	563	2.58	Investment Income	20,834	22,395	1,561	7.49
<u>298,514</u>	<u>16,412</u>	<u>5.50</u>	Other Income	<u>315,880</u>	<u>314,926</u>	<u>(954)</u>	<u>(0.30)</u>
17,205	(854)	(4.96)	SUB-TOTAL	18,500	16,351	(2,149)	(11.62)
<u>315,719</u>	<u>15,558</u>	<u>4.93</u>	Shared Ride Program	<u>334,380</u>	<u>331,277</u>	<u>(3,103)</u>	<u>(0.93)</u>
			TOTAL REVENUE AVAILABLE FOR OPERATIONS				
			<u>OPERATING EXPENSES</u>				
664,153	(9,368)	(1.41)	Labor & Fringe Benefits	715,719	673,521	42,198	5.90
155,650	11,933	7.67	Material & Services	155,226	143,717	11,509	7.41
22,219	6,093	27.42	Injuries & Damages	22,702	16,126	6,576	28.97
11,493	261	2.27	Propulsion Power	11,975	11,232	743	6.20
3,727	(95)	(2.55)	Fixed Rent	3,168	3,822	(654)	(20.64)
18,430	(376)	(2.04)	Fuel	19,654	18,806	848	4.31
13,347	(618)	(4.63)	Depreciation	14,281	13,965	316	2.21
-	-	-	Budget Reduction	(51,776)	-	(51,776)	-
<u>889,019</u>	<u>7,830</u>	<u>0.88</u>	TOTAL OPERATING EXPENSES	<u>890,949</u>	<u>881,189</u>	<u>9,760</u>	<u>1.10</u>
			DEFICIT BEFORE SUBSIDIES	<u>(556,569)</u>	<u>(549,912)</u>	<u>6,657</u>	<u>1.20</u>
			<u>OPERATING SUBSIDIES</u>				
26,177	(156)	(0.60)	Federal	26,095	26,021	(74)	(0.28)
449,513	(19,944)	(4.44)	State	479,921	429,569	(50,352)	(10.49)
67,427	(2,992)	(4.44)	Local	71,987	64,435	(7,552)	(10.49)
29,136	(163)	(0.56)	Lease Cost/Debt Service	29,072	28,973	(99)	(0.34)
1,166	54	4.63	Other - Route Guarantees	1,270	1,220	(50)	(3.94)
-	-	-	State and Local Budget Reduction	(51,776)	-	51,776	-
<u>573,419</u>	<u>(23,201)</u>	<u>(4.05)</u>	TOTAL OPERATING SUBSIDIES	<u>556,569</u>	<u>550,218</u>	<u>(6,351)</u>	<u>(1.14)</u>
			SURPLUS/(DEFICIT) AFTER SUBSIDIES	<u>-</u>	<u>306</u>	<u>306</u>	<u>-</u>
119	187	-	Unrealized Investment Gain/(Loss)	<u>-</u>	<u>(293)</u>	<u>(293)</u>	<u>-</u>
(1,256)	963	-					
<u>\$ (1,137)</u>	<u>\$ 1,150</u>		SURPLUS/(DEFICIT) After Investment Gain/(Loss)	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>	

FINANCIAL REPORT - JUNE 2018

GROUP 3 - VICTORY DIVISION

- (3.1) Comparative Statement of Income
- (3.2) Detail Income Statement - (One Month)
- (3.3) Detail Income Statement - (YTD)

(UNAUDITED)
 SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
 VICTORY DIVISION
 COMPARATIVE STATEMENT OF INCOME
 PERIOD ENDED JUNE 30, 2018

(THOUSANDS)

ONE MONTH ENDED JUNE 30, 2018					TWELVE MONTHS ENDED JUNE 30, 2018					
THIS YEAR			LAST YEAR			THIS YEAR		LAST YEAR		
BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %		BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %
					<u>OPERATING REVENUES</u>					
\$ 1,749	\$ 1,791	2.40	\$ 1,697	5.54	Passenger Revenue	\$ 22,379	\$ 24,566	9.77	\$ 22,116	11.08
202	226	11.88	179	26.26	Other Operating Revenue	2,455	2,510	2.24	2,314	8.47
<u>1,951</u>	<u>2,017</u>	3.38	<u>1,876</u>	7.52	TOTAL REVENUE AVAILABLE FOR OPERATIONS	<u>24,834</u>	<u>27,076</u>	9.03	<u>24,430</u>	10.83
9,773	11,644	(19.14)	4,842	-	OPERATING EXPENSES	98,831	101,237	(2.43)	94,504	(7.12)
(7,822)	(9,627)	(23.08)	(2,966)	-	DEFICIT BEFORE SUBSIDIES	(73,997)	(74,161)	(0.22)	(70,074)	(5.83)
<u>7,822</u>	<u>7,126</u>	(8.90)	<u>3,555</u>	-	OPERATING SUBSIDIES	<u>73,997</u>	<u>74,204</u>	0.28	<u>70,109</u>	5.84
<u>-</u>	<u>(2,501)</u>		<u>589</u>		SURPLUS/(DEFICIT) AFTER SUBSIDIES	<u>-</u>	<u>43</u>		<u>35</u>	
<u>-</u>	<u>(4)</u>		<u>(10)</u>		Unrealized Investment Gain/(Loss)	<u>-</u>	<u>(40)</u>		<u>(31)</u>	
<u>\$ -</u>	<u>\$ (2,505)</u>		<u>\$ 579</u>		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	<u>\$ -</u>	<u>\$ 3</u>		<u>\$ 4</u>	
938	878	(6.40)	880	(0.23)	TOTAL VEHICLE MILES	12,300	11,530	(6.26)	11,880	(2.95)
919	922	0.33	977	(5.63)	REVENUE PASSENGER JOURNEYS	11,921	13,020	9.22	13,167	(1.12)

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
VICTORY DIVISION
DETAIL INCOME STATEMENT
ONE MONTH ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL BETTER (WORSE) LAST YEAR			THIS YEAR BUDGET ACTUAL		THIS YEAR ACTUAL BETTER (WORSE) BUDGET	
	AMOUNT	AMOUNT		%	AMOUNT	AMOUNT	AMOUNT
\$ 1,697	\$ 94	5.54	<u>OPERATING REVENUES</u>				
3	1	33.33	Passenger Revenue	\$ 1,749	\$ 1,791	\$ 42	2.40
176	46	26.14	Investment Income	3	4	1	33.33
1,876	141	7.52	Other Income	199	222	23	11.56
			TOTAL REVENUE AVAILABLE FOR OPERATIONS	1,951	2,017	66	3.38
			<u>OPERATING EXPENSES</u>				
4,743	(3,897)	(82.16)	Labor & Fringe Benefits	5,991	8,640	(2,649)	(44.22)
1,744	(776)	(44.50)	Material & Services	1,860	2,520	(660)	(35.48)
(2,006)	(2,100)	-	Injuries & Damages	79	94	(15)	(18.99)
101	3	2.97	Propulsion Power	98	98	-	-
13	(7)	(53.85)	Fixed Rent	13	20	(7)	(53.85)
228	(25)	(10.96)	Fuel	274	253	21	7.66
19	-	-	Depreciation	19	19	-	-
-	-	-	Budget Reduction	1,439	-	1,439	-
4,842	(6,802)	-	TOTAL OPERATING EXPENSES	9,773	11,644	(1,871)	(19.14)
(2,966)	(6,661)	-	DEFICIT BEFORE SUBSIDIES	(7,822)	(9,627)	(1,805)	(23.08)
			<u>OPERATING SUBSIDIES</u>				
220	264	-	Federal	263	484	221	84.03
2,885	2,877	99.72	State	5,309	5,762	453	8.53
433	431	99.54	Local	796	864	68	8.54
17	(1)	(5.88)	Lease Cost/Debt Service	15	16	1	6.67
-	-	-	Other - Route Guarantees	-	-	-	-
-	-	-	State and Local Budget Reduction	1,439	-	(1,439)	-
3,555	3,571	-	TOTAL OPERATING SUBSIDIES	7,822	7,126	(696)	(8.90)
589	(3,090)	-	SURPLUS/(DEFICIT) AFTER SUBSIDIES	-	(2,501)	(2,501)	-
(10)	6		Unrealized Investment Gain/(Loss)	-	(4)	(4)	
\$ 579	\$ (3,084)		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	\$ -	\$ (2,505)	\$ (2,505)	

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
VICTORY DIVISION
DETAIL INCOME STATEMENT
TWELVE MONTHS ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL BETTER (WORSE) LAST YEAR			THIS YEAR BUDGET AMOUNT ACTUAL AMOUNT		THIS YEAR ACTUAL BETTER (WORSE) BUDGET	
	AMOUNT	%		AMOUNT	AMOUNT	AMOUNT	%
\$ 22,116	\$ 2,450	11.08	<u>OPERATING REVENUES</u>	\$ 22,379	\$ 24,566	\$ 2,187	9.77
45	23	51.11	Passenger Revenue	34	68	34	-
2,269	173	7.62	Investment Income	2,421	2,442	21	0.87
<u>24,430</u>	<u>2,646</u>	<u>10.83</u>	Other Income	<u>24,834</u>	<u>27,076</u>	<u>2,242</u>	<u>9.03</u>
			TOTAL REVENUE AVAILABLE FOR OPERATIONS				
			<u>OPERATING EXPENSES</u>				
71,110	(4,449)	(6.26)	Labor & Fringe Benefits	74,330	75,559	(1,229)	(1.65)
19,250	(833)	(4.33)	Material & Services	20,077	20,083	(6)	(0.03)
(529)	(1,395)	-	Injuries & Damages	1,070	866	204	19.07
1,218	1	0.08	Propulsion Power	1,225	1,217	8	0.65
149	(15)	(10.07)	Fixed Rent	156	164	(8)	(5.13)
3,095	(43)	(1.39)	Fuel	3,293	3,138	155	4.71
211	1	0.47	Depreciation	221	210	11	4.98
-	-	-	Budget Reduction	(1,541)	-	(1,541)	-
<u>94,504</u>	<u>(6,733)</u>	<u>(7.12)</u>	TOTAL OPERATING EXPENSES	<u>98,831</u>	<u>101,237</u>	<u>(2,406)</u>	<u>(2.43)</u>
			DEFICIT BEFORE SUBSIDIES	<u>(73,997)</u>	<u>(74,161)</u>	<u>(164)</u>	<u>(0.22)</u>
			<u>OPERATING SUBSIDIES</u>				
3,323	243	7.31	Federal	3,312	3,566	254	7.67
57,941	3,348	5.78	State	62,669	61,289	(1,380)	(2.20)
8,691	502	5.78	Local	9,400	9,193	(207)	(2.20)
154	2	1.30	Lease Cost/Debt Service	157	156	(1)	(0.64)
-	-	-	Other - Route Guarantees	-	-	-	-
-	-	-	State and Local Budget Reduction	(1,541)	-	1,541	-
<u>70,109</u>	<u>4,095</u>	<u>5.84</u>	TOTAL OPERATING SUBSIDIES	<u>73,997</u>	<u>74,204</u>	<u>207</u>	<u>0.28</u>
			SURPLUS/(DEFICIT) AFTER SUBSIDIES	<u>-</u>	<u>43</u>	<u>43</u>	<u>-</u>
35	8	(22.86)	Unrealized Investment Gain/(Loss)	-	(40)	(40)	
<u>(31)</u>	<u>(9)</u>		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>	
\$ <u>4</u>	\$ <u>(1)</u>						

FINANCIAL REPORT - JUNE 2018

GROUP 4 - FRONTIER DIVISION

- (4.1) Comparative Statement of Income
- (4.2) Detail Income Statement - (One Month)
- (4.3) Detail Income Statement - (YTD)

SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
FRONTIER DIVISION
COMPARATIVE STATEMENT OF INCOME
PERIOD ENDED JUNE 30, 2018

(THOUSANDS)

ONE MONTH ENDED JUNE 30, 2018					TWELVE MONTHS ENDED JUNE 30, 2018					
THIS YEAR			LAST YEAR			THIS YEAR			LAST YEAR	
BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %		BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %
					<u>OPERATING REVENUES</u>					
\$ 501	\$ 434	(13.37)	\$ 414	4.83	Passenger Revenue	\$ 6,613	\$ 6,254	(5.43)	\$ 6,327	(1.15)
78	57	(26.92)	61	(6.56)	Other Operating Revenue	886	698	(21.22)	759	(8.04)
<u>579</u>	<u>491</u>	<u>(15.20)</u>	<u>475</u>	<u>3.37</u>	TOTAL REVENUE AVAILABLE FOR OPERATIONS	<u>7,499</u>	<u>6,952</u>	<u>(7.29)</u>	<u>7,086</u>	<u>(1.89)</u>
<u>2,375</u>	<u>2,431</u>	<u>(2.36)</u>	<u>2,429</u>	<u>(0.08)</u>	OPERATING EXPENSES	<u>33,969</u>	<u>33,530</u>	<u>1.29</u>	<u>32,129</u>	<u>(4.36)</u>
<u>(1,796)</u>	<u>(1,940)</u>	<u>(8.02)</u>	<u>(1,954)</u>	<u>0.72</u>	DEFICIT BEFORE SUBSIDIES	<u>(26,470)</u>	<u>(26,578)</u>	<u>(0.41)</u>	<u>(25,043)</u>	<u>(6.13)</u>
<u>1,796</u>	<u>312</u>	<u>(82.63)</u>	<u>2,150</u>	<u>(85.49)</u>	OPERATING SUBSIDIES	<u>26,470</u>	<u>26,593</u>	<u>0.46</u>	<u>25,053</u>	<u>6.15</u>
<u>-</u>	<u>(1,628)</u>		<u>196</u>		SURPLUS/(DEFICIT) AFTER SUBSIDIES	<u>-</u>	<u>15</u>		<u>10</u>	
<u>-</u>	<u>(1)</u>		<u>(2)</u>		Unrealized Investment Gain/(Loss)	<u>-</u>	<u>(10)</u>		<u>(6)</u>	
<u>\$ -</u>	<u>\$ (1,629)</u>		<u>\$ 194</u>		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	<u>\$ -</u>	<u>\$ 5</u>		<u>\$ 4</u>	
436	437	0.23	427	2.34	TOTAL VEHICLE MILES	5,578	5,541	(0.66)	5,580	(0.70)
261	236	(9.58)	230	2.61	REVENUE PASSENGER JOURNEYS	3,477	3,198	(8.02)	3,450	(7.30)

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
FRONTIER DIVISION
DETAIL INCOME STATEMENT
ONE MONTH ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL BETTER (WORSE) LAST YEAR		THIS YEAR BUDGET AMOUNT		THIS YEAR ACTUAL BETTER (WORSE) BUDGET	
	AMOUNT	%		ACTUAL AMOUNT	AMOUNT	%
\$ 414	\$ 20	4.83	<u>OPERATING REVENUES</u>			
2	(1)	(50.00)	Passenger Revenue	\$ 501	\$ 434	\$ (67) (13.37)
59	(3)	(5.08)	Investment Income	1	1	- -
475	16	3.37	Other Income	77	56	(21) (27.27)
			TOTAL REVENUE AVAILABLE FOR OPERATIONS	579	491	(88) (15.20)
			<u>OPERATING EXPENSES</u>			
1,744	(322)	(18.46)	Labor & Fringe Benefits	2,202	2,066	136 6.18
365	122	33.42	Material & Services	215	243	(28) (13.02)
164	226	-	Injuries & Damages	39	(62)	101 -
5	(1)	(20.00)	Fixed Rent	4	6	(2) (50.00)
147	(27)	(18.37)	Fuel	176	174	2 1.14
4	-	-	Depreciation	4	4	- -
-	-	-	Budget Reduction	(265)	-	(265) -
2,429	(2)	(0.08)	TOTAL OPERATING EXPENSES	2,375	2,431	(56) (2.36)
(1,954)	14	0.72	DEFICIT BEFORE SUBSIDIES	(1,796)	(1,940)	(144) (8.02)
			<u>OPERATING SUBSIDIES</u>			
116	(19)	(16.38)	Federal	123	97	(26) (21.14)
1,714	(1,579)	(92.12)	State	1,635	135	(1,500) (91.74)
257	(237)	(92.22)	Local	246	20	(226) (91.87)
3	2	66.67	Lease Cost/Debt Service	4	5	1 25.00
60	(5)	(8.33)	Other - Route Guarantees	53	55	2 3.77
-	-	-	State and Local Budget Reduction	(265)	-	265 -
2,150	(1,838)	(85.49)	TOTAL OPERATING SUBSIDIES	1,796	312	(1,484) (82.63)
196	(1,824)	-	SURPLUS/(DEFICIT) AFTER SUBSIDIES	-	(1,628)	(1,628) -
(2)	1		Unrealized Investment Gain/(Loss)	-	(1)	(1)
\$ 194	\$ (1,823)		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	\$ -	\$ (1,629)	\$ (1,629)

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
FRONTIER DIVISION
DETAIL INCOME STATEMENT
TWELVE MONTHS ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL			THIS YEAR		THIS YEAR ACTUAL	
	BETTER (WORSE) LAST YEAR AMOUNT	%		BUDGET AMOUNT	ACTUAL AMOUNT	BETTER (WORSE) BUDGET AMOUNT	%
\$ 6,327	\$ (73)	(1.15)	<u>OPERATING REVENUES</u>				
13	7	53.85	Passenger Revenue	\$ 6,613	\$ 6,254	\$ (359)	(5.43)
746	(68)	(9.12)	Investment Income	9	20	11	-
<u>7,086</u>	<u>(134)</u>	<u>(1.89)</u>	Other Income	877	678	(199)	(22.69)
			TOTAL REVENUE AVAILABLE FOR OPERATIONS	<u>7,499</u>	<u>6,952</u>	<u>(547)</u>	<u>(7.29)</u>
			<u>OPERATING EXPENSES</u>				
25,708	(1,278)	(4.97)	Labor & Fringe Benefits	27,253	26,986	267	0.98
3,868	(200)	(5.17)	Material & Services	4,620	4,068	552	11.95
441	97	22.00	Injuries & Damages	522	344	178	34.10
50	(5)	(10.00)	Fixed Rent	52	55	(3)	(5.77)
2,015	(13)	(0.65)	Fuel	2,151	2,028	123	5.72
47	(2)	(4.26)	Depreciation	53	49	4	7.55
-	-	-	Budget Reduction	(682)	-	(682)	-
<u>32,129</u>	<u>(1,401)</u>	<u>(4.36)</u>	TOTAL OPERATING EXPENSES	<u>33,969</u>	<u>33,530</u>	<u>439</u>	<u>1.29</u>
<u>(25,043)</u>	<u>(1,535)</u>	<u>(6.13)</u>	DEFICIT BEFORE SUBSIDIES	<u>(26,470)</u>	<u>(26,578)</u>	<u>(108)</u>	<u>(0.41)</u>
			<u>OPERATING SUBSIDIES</u>				
1,158	99	8.55	Federal	1,205	1,257	52	4.32
20,197	1,248	6.18	State	21,979	21,445	(534)	(2.43)
3,030	187	6.17	Local	3,297	3,217	(80)	(2.43)
40	2	5.00	Lease Cost/Debt Service	41	42	1	2.44
628	4	0.64	Other - Route Guarantees	630	632	2	0.32
-	-	-	State and Local Budget Reduction	(682)	-	682	-
<u>25,053</u>	<u>1,540</u>	<u>6.15</u>	TOTAL OPERATING SUBSIDIES	<u>26,470</u>	<u>26,593</u>	<u>123</u>	<u>0.46</u>
<u>10</u>	<u>5</u>	<u>(50.00)</u>	SURPLUS/(DEFICIT) AFTER SUBSIDIES	<u>-</u>	<u>15</u>	<u>15</u>	<u>-</u>
<u>(6)</u>	<u>(4)</u>		Unrealized Investment Gain/(Loss)	<u>-</u>	<u>(10)</u>	<u>(10)</u>	
<u>\$ 4</u>	<u>\$ 1</u>		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>	

FINANCIAL REPORT - JUNE 2018

GROUP 5 - REGIONAL RAIL DIVISION

- (5.1) Comparative Statement of Income
- (5.2) Detail Income Statement - (One Month)
- (5.3) Detail Income Statement - (YTD)

(UNAUDITED)
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
REGIONAL RAIL DIVISION
COMPARATIVE STATEMENT OF INCOME
PERIOD ENDED JUNE 30, 2018

(THOUSANDS)

ONE MONTH ENDED JUNE 30, 2018					TWELVE MONTHS ENDED JUNE 30, 2018					
THIS YEAR			LAST YEAR			THIS YEAR			LAST YEAR	
BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %		BUDGET AMOUNT	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) BUDGET %	ACTUAL AMOUNT	ACTUAL BETTER/ (WORSE) LAST YEAR %
					<u>OPERATING REVENUES</u>					
\$ 12,378	\$ 11,262	(9.02)	\$ 11,113	1.34	Passenger Revenue	\$ 151,865	\$ 144,711	(4.71)	\$ 137,195	5.48
1,073	1,124	4.75	1,065	5.54	Other Operating Revenue	12,794	14,631	14.36	11,847	23.50
<u>13,451</u>	<u>12,386</u>	<u>(7.92)</u>	<u>12,178</u>	<u>1.71</u>	TOTAL REVENUE AVAILABLE FOR OPERATIONS	<u>164,659</u>	<u>159,342</u>	<u>(3.23)</u>	<u>149,042</u>	<u>6.91</u>
<u>23,680</u>	<u>28,739</u>	<u>(21.36)</u>	<u>18,806</u>	<u>(52.82)</u>	OPERATING EXPENSES	<u>355,187</u>	<u>355,834</u>	<u>(0.18)</u>	<u>337,421</u>	<u>(5.46)</u>
<u>(10,229)</u>	<u>(16,353)</u>	<u>(59.87)</u>	<u>(6,628)</u>	<u>-</u>	DEFICIT BEFORE SUBSIDIES	<u>(190,528)</u>	<u>(196,492)</u>	<u>(3.13)</u>	<u>(188,379)</u>	<u>(4.31)</u>
<u>10,229</u>	<u>15,487</u>	<u>51.40</u>	<u>7,690</u>	<u>-</u>	OPERATING SUBSIDIES	<u>190,528</u>	<u>196,572</u>	<u>3.17</u>	<u>188,422</u>	<u>4.33</u>
<u>-</u>	<u>(866)</u>		<u>1,062</u>		SURPLUS/(DEFICIT) AFTER SUBSIDIES	<u>-</u>	<u>80</u>		<u>43</u>	
<u>-</u>	<u>(69)</u>		<u>(148)</u>		Unrealized Investment Gain/(Loss)	<u>-</u>	<u>(521)</u>		<u>(639)</u>	
<u>\$ -</u>	<u>\$ (935)</u>		<u>\$ 914</u>		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	<u>\$ -</u>	<u>\$ (441)</u>		<u>\$ (596)</u>	
1,662	1,640	(1.32)	1,615	1.55	TOTAL VEHICLE MILES	21,391	21,148	(1.14)	20,508	3.12
2,791	2,303	(17.48)	2,694	(14.51)	REVENUE PASSENGER JOURNEYS	35,342	34,355	(2.79)	34,653	(0.86)

(UNAUDITED)
 SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
 REGIONAL RAIL DIVISION
 DETAIL INCOME STATEMENT
 ONE MONTH ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL BETTER (WORSE) LAST YEAR			THIS YEAR BUDGET AMOUNT		THIS YEAR ACTUAL BETTER (WORSE) BUDGET	
	AMOUNT	%		AMOUNT	AMOUNT	AMOUNT	%
\$ 11,113	\$ 149	1.34	<u>OPERATING REVENUES</u>				
73	(13)	(17.81)	Passenger Revenue	\$ 12,378	\$ 11,262	\$ (1,116)	(9.02)
992	72	7.26	Investment Income	84	60	(24)	(28.57)
12,178	208	1.71	Other Income	989	1,064	75	7.58
			TOTAL REVENUE AVAILABLE FOR OPERATIONS	13,451	12,386	(1,065)	(7.92)
			<u>OPERATING EXPENSES</u>				
14,963	(1,518)	(10.15)	Labor & Fringe Benefits	17,449	16,481	968	5.55
1,834	(7,538)	-	Material & Services	10,078	9,372	706	7.01
(142)	(930)	-	Injuries & Damages	448	788	(340)	(75.89)
1,437	(37)	(2.57)	Propulsion Power	1,625	1,474	151	9.29
115	(11)	(9.57)	Fixed Rent	97	126	(29)	(29.90)
32	4	12.50	Fuel	38	28	10	26.32
567	97	17.11	Depreciation	507	470	37	7.30
-	-	-	Budget Reduction	(6,562)	-	(6,562)	-
18,806	(9,933)	(52.82)	TOTAL OPERATING EXPENSES	23,680	28,739	(5,059)	(21.36)
(6,628)	(9,725)	-	DEFICIT BEFORE SUBSIDIES	(10,229)	(16,353)	(6,124)	(59.87)
			<u>OPERATING SUBSIDIES</u>				
226	332	-	Federal	514	558	44	8.56
2,180	4,097	-	State	9,155	6,277	(2,878)	(31.44)
326	617	-	Local	1,374	943	(431)	(31.37)
4,404	2,843	64.55	Lease Cost/Debt Service	5,623	7,247	1,624	28.88
554	(92)	(16.61)	Other - Route Guarantees	125	462	337	-
-	-	-	State and Local Budget Reduction	(6,562)	-	6,562	-
7,690	7,797	-	TOTAL OPERATING SUBSIDIES	10,229	15,487	5,258	51.40
1,062	(1,928)	-	SURPLUS/(DEFICIT) AFTER SUBSIDIES	-	(866)	(866)	-
(148)	79		Unrealized Investment Gain/(Loss)	-	(69)	(69)	
\$ 914	\$ (1,849)		SURPLUS/(DEFICIT) AFTER INVESTMENT GAIN/(LOSS)	\$ -	\$ (935)	\$ (935)	

(UNAUDITED)
 SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
 REGIONAL RAIL DIVISION
 DETAIL INCOME STATEMENT
TWELVE MONTHS ENDED JUNE 30, 2018

(THOUSANDS)

LAST YEAR AMOUNT	THIS YEAR ACTUAL BETTER (WORSE) LAST YEAR		THIS YEAR BUDGET ACTUAL		THIS YEAR ACTUAL BETTER (WORSE) BUDGET																																																																																																																																								
	AMOUNT	%	AMOUNT	AMOUNT	AMOUNT	%																																																																																																																																							
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	19,450	17,527	1,923		9.89																																																																																																																																								
	1,224	1,256	(32)		(2.61)																																																																																																																																								
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	6,068	6,256	(188)		(3.10)																																																																																																																																								
	(13,001)	-	(13,001)		-	-																																																																																																																																							
	355,187	355,834	(647)		(0.18)																																																																																																																																								
	(190,528)	(196,492)	(5,964)		(3.13)																																																																																																																																								
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Good afternoon SEPTA Board members and staff;

As your energy/emissions team might know - the average carbon intensity of US electricity is on a strong downward trend. Data from the US Energy Information Administration shows that the average for 2017 was 27% below its 2005 level.

So I want to commend SEPTA for its plan to transition from hybrid diesel/electric buses to electric buses on routes 29 and 79.

*SEPTA staff estimate that the electric buses will emit **66% less** greenhouse gas (GHG) per mile than a hybrid diesel/electric bus, as shown by the data in the 2018 Energy Action Plan:*

<i>electric bus GHG emissions</i>	<i>1,069,362 lbsCO₂e per year</i>
<i>hybrid diesel/electric bus GHG emissions</i>	<i>3,171,139 lbsCO₂e per year</i>

66% less GHG emissions is significant!

But we all need to do more. The transition to a very low carbon or even zero carbon world should be as fast as possible. Therefore, I suggest that SEPTA reconsider replacing its 111 service vehicles with electric vehicles, not gasoline-powered vehicles that are just "more fuel efficient", as described in the Energy Action Plan.

On a life-cycle basis, the carbon footprint of a gas vehicle will likely increase over time as the feedstock for gasoline comes from more carbon-intensive sources (e.g. Alberta's tar sands) and/or require more carbon intensive extraction, transportation and refining. The carbon footprint of an electric vehicle, on the other hand, will decrease over time as the carbon intensity of electricity continues to decrease.

Thank you for your consideration of this important matter.

Bridget Chadwick
(215) 287-6088