

May 2, 2018

Southeastern Pennsylvania Transportation Authority
1234 Market Street
Philadelphia, Pennsylvania 19107

Attention: Pasquale T. Deon, Board Chairman

Re: Public Hearings in connection with the Southeastern Pennsylvania Transportation Authority's Fiscal Year 2019 Capital Budget and Fiscal Years 2019-2030 Capital Program and Comprehensive Plan.

Examiner's Recommendation:

That the Fiscal Year 2019 Capital Budget and Fiscal Years 2019-2030 Capital Program and Comprehensive Plan be adopted.

Members of the Board:

Pursuant to my appointment by Pasquale T. Deon, Board Chairman, to conduct hearings for the purpose of considering SEPTA's Fiscal Year 2019 Capital Budget and Fiscal Years 2019-2030 Capital Program and Comprehensive Plan, public hearings were held at 11:30 a.m. and 5:00 p.m., April 25, 2018 in the SEPTA Board Room, Mezzanine, 1234 Market Street, Philadelphia, Pennsylvania 19107.

A stenographic record was made of the hearings and is available for viewing in the Authority's files. Included as part of the record of the hearings, but not forwarded herewith, are the exhibits establishing posting and publication of the notice of the hearings. These exhibits are available for viewing in the Authority's files.

The Fiscal Year 2019 Capital Budget and Fiscal Years 2019-2030 Capital Program were prepared by SEPTA in accordance with Section 1310 of the Pennsylvania Public Transportation Law of 1991 ("Act 26") and the hearings proceeded with the presentation by SEPTA's witnesses. Following the presentation of testimony by the SEPTA witness, the floor was open to any person attending who desired to ask questions, make a statement or present evidence.

Introduction:

Catherine Popp-McDonough, Director, Capital Budgets & Grant Development testified that the proposed Fiscal Year 2019 Capital Budget totals \$749.62 million and the 12-year Capital Program totals \$7.4 billion. Following the passage of Act 89, SEPTA has continued to make significant progress in advancing the capital program and restoring critical infrastructure to a state of good repair. Since January 2014, SEPTA has awarded 137 major third-party construction contracts and 59 contracts have already been

completed and closed. Examples of recently completed capital projects include the purchase of paratransit vehicles and 40-foot and 60-foot hybrid buses; roof replacements at various shop and maintenance facilities; the overhaul of Regional Rail Substations; and improvements to stations and bus loops. The proposed FY 2019 Capital Budget totals \$749.62 million. Of this amount, 46.9 percent of the budget, or \$351.48 million, is projected to come from state sources; 28.9 percent, or \$216.39 million, from Federal source; 22.7 percent, or \$170 million, from SEPTA Capital Financing; and 1.5 percent, or \$11.75 million, from local government sources. Local governments include the four counties of Bucks, Chester, Delaware and Montgomery and the City of Philadelphia. The FY 2019 Capital Budget funding projections take into account anticipated state funding generated by Act 89 legislation; Federal transportation funding authorized under the Fixing America's Surface Transportation Act (known as the "FAST Act"); anticipated borrowings under the Employment Based Immigration-5th Preference (or "EB-5") loan agreement and other short or long-term financing tools. SEPTA's FY 2019 Capital Budget continues to include 11 capital programs and financial obligations, including capital leases and debt service. Vehicle Acquisitions and Overhauls represent about 35 percent of the budget. Financial obligations and SEPTA Key represent 13.8 percent and 9.4 percent of the budget, respectively. The remainder of the budget is programmed for infrastructure improvements. The Bridge Program, budgeted at \$5.24 million, includes rehabilitation of seven stone arch bridges on several Regional Rail lines, repairs to Bridge 0.15 on the Norristown High Speed Line and critical bridge repairs including two bridges located on the Regional Rail Mainline viaduct between 30th Street Station and Suburban Station. The Communications, Signal Systems, and Technology Program is budgeted at \$42.01 million and includes installation of a new Communications Based Train Control system and power switches for the Route 101/102 Trolley Lines, modernization of the signal system on the Broad-Ridge Spur, upgrades to public communications systems at railroad and transit stations, including new Audio Visual Public Address equipment, real time vehicle locating equipment and provision of real-time arrival information for customers. It also includes reconfiguration and rebuilding of Regional Rail signals, track, catenary, and interlockings from 30th Street Station to Phil interlocking and replacement of the existing Computer Aided Radio Dispatch system used to dispatch buses, trolleys and paratransit vehicles. The Infrastructure Safety Renewal Program is budgeted at \$46.5 million and provides for the restoration by SEPTA forces of SEPTA's City and Suburban transit and railroad infrastructure to a state of good repair. This program is divided into five elements as follows: Track and Right of Way, Station Facilities; Communications and Signals Systems, Power Systems and Maintenance and Support Facilities. The Maintenance/Transportation Shops/Offices program is budgeted at \$47.55 million in FY 2019 and projects include 103 Victory Avenue facility improvements, Ancillary Control Center construction in the Frankford Transportation Building, Frazer Rail Shop and Yard Upgrades to accommodate the expansion of SEPTA's railcar and locomotive fleets, Wayne Junction Rail Shop improvements, improvements at Frontier Garage including roof replacement, vehicle washer replacement/upgrade and rehabilitation of paving, Southern Garage stormwater management and paving improvements and roof replacement at 69th Street Transportation Center and various bus garages and rail maintenance facilities. Safety and Security Improvements is budgeted at \$19.58 million and includes installation of a bus turn alerting system on SEPTA buses, ventilation

improvements at Suburban Station, bus operator safety shield installation, Lawndale Station improvements, upgrades to SEPTA's sub-surface radio communications infrastructure to improve interoperability with fire and police departments, security improvements at Wayne Junction Yard and provision of secure storage facilities. It also includes the annual Transit Security Grant Program, which provides U.S. Department of Homeland Security funds to operators of transit systems to protect critical surface transportation and the traveling public from acts of terrorism, major disasters and other emergencies. The SEPTA Key project is budgeted at \$70.22 million in FY 2019 and is modernizing SEPTA's fare payment and collection system by replacing it with a system that utilizes contactless payment devices and readers. SEPTA Key is unique because it will include all of SEPTA's service modes. In addition to bus, rail transit, and regional rail fare collection improvements, this project will include improvements to the payment and collection procedures for SEPTA's Customized Community Transportation operation and SEPTA's parking operations. The rollout of SEPTA Key is close to complete on Transit and is currently being tested on Regional Rail before formally releasing it to our regional rail customers. The Key is expected to be operational throughout the railroad network by the end of calendar year 2018. The FY 2019 Capital Budget includes funding of \$35.20 million to support the restoration of rail service on the Media/Elwyn Regional Rail Line from Elwyn to Wawa in Delaware County. This project includes rehabilitation or replacement of bridges, track, signals, and catenary systems, as well as, construction of a new station building and parking deck at Wawa. \$77.69 million is allocated to the Stations, Loops, and Parking Improvements Program and includes improvements to the following stations making these stations accessible: 5th Street Station, Arrott Transportation Center, and 30th Street Station on the Market-Frankford Line, Susquehanna-Dauphin and Tasker-Morris Stations on the Broad Street Line, expansion of the Wissahickon Transportation Center and the construction of a fully accessible parking garage at 69th Street Transportation Center. This program also includes improvements to Ardmore, Exton, Levittown, Paoli, Secane and Villanova Regional Rail Stations and provides funding for the renovation of City Hall and the 15th Street Stations to make the stations fully ADA accessible, bring them to a state of good repair and improve customer use, safety and security. It also provides for funding for the continuation of multi-phased improvements at the Center City Concourses. The Stations and Power Improvements program is budgeted at \$30.59 million and includes overhaul of static frequency converters at the Wayne Junction Regional Rail Substation, a multimodal substation program to include design and equipment purchase for the overhaul of seven transit and nine railroad substations and switching stations and one new substation at Woorbourne and catenary replacement on the Regional Rail Mainline between 30th Street Station and "K" interlocking and the Powelton Yard complex. The Track and Right of Way Program of \$7.6 million will support renewal of ties and timbers, rail and special track work on the Norristown High Speed Line and renewal and reconfiguration of Wynnewood, Bryn Mawr and Matsonford Interlocking on the Norristown High Speed Line. The Vehicle Acquisitions and Overhaul program is budgeted at \$263.74 million and includes the acquisition of 525 40-foot hybrid buses, the procurement of 25 40-foot battery electric buses, the purchase of paratransit vehicles, the Regional Rail locomotive and multi-level railcar acquisition projects and the vehicle overhaul program which provides for the systematic upgrade of overhaul of systems on SEPTA's rolling stock. The FY 2019

Capital Budget provides \$103.70 million for SEPTA's financial obligations, including capital asset leases and debt service payments. The 12-year Capital Program totals \$7.4 billion and is constrained to anticipated funding levels. The SEPTA presentation included slides detailing the various projects included in each of the above listed categories. Thomas McFadden, Chief Financial Officer, Robert Lund, Assistant General Manager Engineering, Maintenance and Construction, Ronald Hopkins, Assistant General Operations, Elizabeth Smith, Director of Strategic Planning also participated in the proceedings.

A total of 17 people attended the public hearings and 4 spoke. Individuals commented during the hearings on projects in the Capital Budget or raised questions which were addressed by SEPTA representatives.

An announcement was made at the hearings that the record would be held open through May 1, 2018 for receipt of written comments.

Written comments were received from:

Montgomery County supports the proposed FY 2019 Capital Budget and FY 2019-2030. It urges SEPTA to consider additional funding for the Conshohocken Station Parking Garage and recommends that the Norristown High Speed Line King of Prussia extension be moved from a long term planning effort into a service expansion section of the capital program. It requests that SEPTA update the project narrative listing for the Perkasié extension on the Bethlehem Branch to properly describe the current status of the project and the estimate for the capital costs of the expansion.

Delaware Valley Association of Rail Passengers (DVARP) supports the FY 2019 Capital Budget again with reservations as to the SEPTA Key project. It notes that SEPTA has not yet tackled the more complicated tasks of accepting open payments, supporting interdivisional and interagency travel and applying SEPTA KEY to the Regional Rail Division. It advocates ticket vending machines at every station and mobile ticketing apps and recommends that SEPTA include 2-D barcode scanners in future turnstile designs. It makes several suggestions as to the rail car acquisition program including equipping railcars with restrooms and supports SEPTA's current bus fleet renewal strategy. It supports several of the essential projects and programs.

SEPTA's Citizen Advisory Committee submitted a document that contained several recommendations and suggestions which will be addressed by SEPTA management.

City of Philadelphia Office of Transportation & Infrastructure Systems recognizes

the significant progress made in the "Rebuilding the System" capital program. It requests a shift in priorities to prioritize the design and construction at the Broad and Erie Station on the Broad Street Line as well as Tasker and Morris, Fairmount Stations on the Broad Street Line and Market and 11th on the Market Frankford Line. It requests that improvements to the Ivy Ridge Station be accelerated in advance of the proposed improvements at the East Falls Station. It requests that the Trolley Acquisition program commence in the first half of the twelve year schedule and lists several other projects that are of high importance to the City such as the 30th Street Station improvements, City and 15th Street Station Renovations.

Summary:

The issues raised during the hearings are provided for your information and use. I find that SEPTA's Fiscal Year 2019 Capital Budget and Fiscal Years 2019-2030 Capital Program and Comprehensive Plan are consistent with federal and state programming requirements. These programming requirements specify that the Authority develop a capital program constrained to reasonable funding levels. The Act 89 increase in funding has presented SEPTA with a opportunity to move forward on its capital projects and I believe that this proposed Capital Budget meets that opportunity.

Overall, the budget represents an investment in SEPTA's infrastructure and the regional economy. Many capital projects in the budget are long-term commitments and/or obligations of the Authority. I believe that Board endorsement of the proposed Capital Budget is recommended. SEPTA staff is encouraged to work with local member governments and the public throughout the year to discuss and receive input on capital projects.

In conclusion, it is my recommendation that the Fiscal Year 2019 Capital Budget and Fiscal Years 2019-2030 Capital Program be adopted.

Respectfully submitted,


Joseph M. O'Malley
Hearing Examiner

cc: Pasquale T. Deon, Sr., Chairman
Thomas E. Babcock, Vice Chairman

Beverly Coleman
Michael A. Carroll

Robert D. Fox, Esquire
Honorable Stewart J. Greenleaf
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