

May 9, 2016

Southeastern Pennsylvania Transportation Authority
1234 Market Street
Philadelphia, Pennsylvania 19107

Attention: Pasquale T. Deon, Board Chairman

Re: Public Hearing in connection with the Southeastern Pennsylvania Transportation Authority's Fiscal Year 2017 Capital Budget and Fiscal Years 2017-2028 Capital Program and Comprehensive Plan.

Examiner's Recommendation:

That the Fiscal Year 2017 Capital Budget and Fiscal Years 2017-2028 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 2017 Capital Budget and Fiscal Years 2017-2028 Capital Program and Comprehensive Plan, public hearings were held at 11:30 a.m. and 5:00 p.m., May 2, 2016 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 2017 Capital Budget and Fiscal Years 2017-2028 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 2017 Capital Budget totals \$548.63 million and the 12-year Capital Program totals \$7.3 billion. SEPTA has made significant progress in advancing the capital

program as a result of the passage of Act 89. This landmark legislation has enabled SEPTA to address its \$5 billion backlog of State of Good Repair needs. SEPTA has awarded 86 major third-party contracts since January 2014. It is important to note that the Fiscal Year 2017 Capital Budget and the twelve year capital program continues the direction set forth after passage of Act 89 to address SEPTA's multi-billion dollar backlog and rebuild the system. The Authority continues to rehabilitate and replace critical infrastructure and systems, such as substations, bridges and stations. The capital program includes safety and security enhancements, along with modernization of communications and signal equipment. The SEPTA Key project will replace antiquated fare collection systems with cutting-edge technology. SEPTA will replace rail vehicles that have exceeded their useful life, while enhancing accessibility and expanding capacity to address ridership growth. SEPTA will expand its fleet of hybrid buses and perform vehicle overhauls to optimize vehicle performance. The proposed FY Capital Budget totals \$548.63 million. Of this amount, 60 percent of the budget, or \$326.8 million is projected to come from State sources; 38 percent, or \$210.9 million, from Federal sources; and 2 percent, or \$10.9 million, from local government sources. The funding projections take into account the new Federal transportation funding authorization, the Fixing America's Surface Transportation Act, as well as state funding generated by Act 89 legislation. The FY 2017 Capital Budget includes 11 capital programs and financial obligations, including capital leases and debt service. Of the \$548.6M Capital Budget, vehicle acquisitions and overhauls represent 31 percent of the budget. Financial obligations and SEPTA Key represent 18 percent and 14 percent, respectively, with the remaining 37 percent being programmed for infrastructure improvements. The Bridge Program is budgeted at \$33 million and includes replacement of Crum Creek Viaduct and improvements to the Cobbs Creek, Darby Creek and Ridley Creek Viaducts on the Media/Elwyn line. It also includes the replacement or rehabilitation of Bridge 0.15 on the Norristown High Speed Line and the rehabilitation of eight stone arch bridges on several Regional Rail lines. The Communications, Signals and Technology Program is budgeted at \$18 million and includes the installation of a new Communication Based Train Control system and power switches for the Routes 101/102 Trolley Lines. It also includes upgrades to public communications systems at railroad and transit stations, including new Audio Visual Public Address equipment, real-time vehicle locating equipment and real-time arrival information for customers. The Infrastructure Safety and Renewal Program is budgeted at \$43.5 million and provides for the restoration of SEPTA's City and Suburban transit and railroad infrastructure to a state of good repair carried out by in-house forces and includes track and right-of-way improvements, signals and communication systems, maintenance and support facilities, station facilities and power systems. The Maintenance/Transportation Shops and Offices Program is budgeted at \$22.5 million and provides for improvements at SEPTA's bus, rail and facilities maintenance shops and office buildings. The Safety and Security Improvements Program is budgeted at \$16.5 million and includes upgrades to SEPTA's sub-surface radio communications infrastructure, as well as, ventilation improvements at rail stations and the tunnels through Center City Rail tunnel and Market Subway and Broad Street Subway tunnels. The SEPTA Key project is budgeted at \$77.1 million. These funds will support partial repayment of the loan that funded this project. The SEPTA Key Project is modernizing SEPTA's antiquated fare payment and collection system by

replacing it with a system that utilizes contactless payment devices and readers and is being implemented in phases. An Early Adopter phase for up to 10,000 Transit customers will begin on June 13, 2016. Service Restoration is funded at \$1.4 million and will support the restoration of rail service on the Media/Elwyn Regional Rail Line from Elwyn to Wawa. The Stations, Loops, and Parking Improvements program is budgeted at \$43.8 million and includes development and construction of parking garages at 69th Street Transportation Center and Lansdale Regional Rail Station. It also includes renovations of the Center City Concourses, 15th Street and City Hall Stations. The Substations and Power Improvements program is budgeted at \$21.3 million and includes improvements to Lenni, Morton, Jenkintown and Ambler Regional Rail Substations. The Track and Right-of Way Improvements Program is budgeted at \$3.8 million and will support renewal of ties and timbers, rail and special track work on the Norristown High Speed Line. The Vehicle Acquisitions and Overhaul program is budgeted at \$168 million for FY 2017. The Regional Rail Locomotive Acquisition Project will provide for replacement locomotives and additions to the locomotive fleet. The multi-Level Railcar Acquisition Project will provide additions to the push-pull fleet to accommodate Regional Rail ridership growth of 50% over the past 17 years. The Bus Purchase program provides for the acquisition of 525 40-foot hybrid buses, which are scheduled for delivery starting in Calendar Year 2017. In addition, SEPTA was awarded \$2.6 million in federal competitive "Low or No-Emission" Technology grant funds, which will assist in funding 25 battery electric buses. These buses are planned to operate on SEPTA Bus Routes 29 and 79 in South Philadelphia. The Paratransit Vehicle Purchase program provides for the replacement of vehicles that have exceeded their useful life. In Calendar Year 2017, 77 vehicles are scheduled for delivery. SEPTA will continue to advance the conceptual design for the Trolley Infrastructure and System Modernization program, which will require a complex and closely interrelated series of infrastructure upgrades. The annual Vehicle Overhaul Program provides for the systematic replacement or overhaul of systems on SEPTA's rolling stock. This program also includes campaigns which address critical items and vehicle upgrades and modifications, which are accomplished on a fleet-wide basis. The FY 2017 Capital Budget also includes \$99.7 million for SEPTA's financial obligations, including debt service payments and capital asset leases, such as Amtrak trackage rights. Payments to Amtrak under this lease include Northeast Corridor infrastructure costs that will be allocated to SEPTA pursuant to "PTIIA", the Passenger Rail Investment and Improvement Act of 2008. The SEPTA presentation included slides detailing the various projects included in each of the above listed categories. Sharon Bancroft of SEPTA's Capital Planning Department, Robert Lund, Assistant General Manager Engineering, Maintenance and Construction, Ronald Hopkins, Assistant General Operations, Byron Comati, Director of Strategic Planning, and David Warner, Chief Engineering Officer, Rail Vehicle Engineering also participated in the proceedings.

A total of 20 people attended the public hearings and 6 spoke including representatives from the Delaware Valley Association of Rail Passengers and Tri-State Citizens' Council on Transportation. Thirty six emails were received and placed into the record. Thirty four of the emails supports restoration of rail service to West Chester.

An announcement was made at the hearings that the record would be held open through May 5, 2016 for receipt of written comments.

Written comments were received from:

SEPTA's Citizen Advisory Committee filed a statement that contained 12 recommendations, 11 affirmations and 15 requests for information. Its members expressed general approval of the infrastructure improvements, communications and signal improvements and service expansion.

Tri-State Citizens Council on Transportation is encouraged that Septa is making good progress on its "Rebuilding the System" program to address past years of inadequate capital funding for routine maintenance. It urges SEPTA to develop an Infrastructure Maintenance and Repair Program for fixed facilities. It recommends that the Bus Purchase Program be modified to include the purchase of trackless trolleys, and a greater number of 60 foot buses. It recommends certain improvements to the Capital Budget process, such as, the inclusion of a step for external submission of projects and of a process to rank all of the proposed projects. It also recommends that the projected change in ridership, revenue, and operating expense be shown for all projects.

Philadelphia Trolley Coalition urges the expansion of trackless trolley service to additional routes and the purchase of additional trackless trolleys for Routes 29 and 79. It also urges SEPTA to make rapid progress to restore rail service on Routes 23 and 56 and lists projects in the Capital Budget that are consistent with its objectives. It also urges that the capital budgeting process be modified to include real public participation such as the Annual Service Plan which accepts public submission.

Delaware Valley Association of Rail Passengers (DVARP) notes that the FY 2017 Capital Budget and planning process represents an important turning point for SEPTA in that SEPTA finally has resources to carry out discretionary projects that will improve the passenger experience, increase efficiency and perform preventative maintenance work. It urges SEPTA to account for the state of its infrastructure and to document the progress in returning the system to a good state of repair and suggests that the Transit Asset Management program has the potential to do that. It notes continued improvement in SEPTA's documentation of multi-project programs and states that SEPTA's use of debt financing is responsible and its debt service is sustainable. It raises several issues with regard to projects relating to the Regional Rail operations and suggests that SEPTA develop an intermediate-term operating plan. It notes support for several of the proposed rail station improvement projects but notes

that the Capital Plan does not provide for the expansion of light rail in Philadelphia. It supports the acquisition of new locomotives as well as diesel-electric hybrid buses.

Delaware County Council stated that with the recent completion of the 69th Street West Terminal and the 102 Trolley Track Renewal projects, SEPTA should be commended for progress on its "Rebuilding for the Future" capital program. It is appreciative of advancements of the Secane and Villanova rail stations rehabilitations and the Ridley, Crum and Darby Creek Viaduct projects and the rehabilitation of the Villanova NHSL station. It supports the Wawa rail restoration Project. It includes for consideration several additional projects such as the Marcus Hook Station Project and Curtis Park regional rail station repairs.

The City of Philadelphia recognizes the significant progress made in advancing the "Rebuilding the System" capital program and the FY 2017 Capital Budget and 2017-2028 Capital Program looks to further improvements. It notes that the SEPTA Key project proposes to transform the transit fare payment but indicates that the current policy of transfer fees may disproportionately impact low income riders. It suggests that implementation of free transfers may solve that issue.

Comments at Public Hearings

Several individuals commented on projects at the Hearings. Transportation advocates Charles Bode, Alfred Achert and Douglas Diehl had comments and questions concerning the budget which were addressed by SEPTA representatives. Joseph Lorini spoke in favor of West Chester rail restoration. Matthew Mitchell spoke on behalf of DVARP.

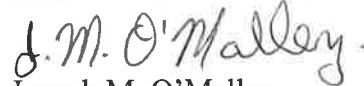
Summary:

The issues raised during the hearings are provided for your information and use. I find that SEPTA's Fiscal Year 2017 Capital Budget and Fiscal Years 2017-2028 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 2017 Capital Budget and Fiscal Years 2017-2028 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
Honorable Dwight E. Evans
Robert D. Fox, Esquire
Honorable Stewart J. Greenleaf
Kevin L. Johnson
John J. Kane
Daniel J. Kubik
Kenneth Lawrence, Jr.
William J. Leonard, Esquire
Honorable Charles H. Martin
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Jeffrey D. Knueppel, General Manager