

May 4, 2017

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 2018 Capital Budget and Fiscal Years 2018-2029 Capital Program and Comprehensive Plan.

Examiner's Recommendation:

**That the Fiscal Year 2018 Capital Budget and Fiscal Years 2018-2029 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 2018 Capital Budget and Fiscal Years 2018-2029 Capital Program and Comprehensive Plan, public hearings were held at 11:30 a.m. and 5:00 p.m., April 26, 2017 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 2018 Capital Budget and Fiscal Years 2018-2029 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 2018 Capital Budget totals \$727.23 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 111 major third-party contracts since January 2014 and 33 have already been completed and closed. Examples of recently completed capital projects include replacement of the Crum Creek Viaduct, repairs to the Cobbs Creek, Ridley Creek and Darby Creek viaducts, rehabilitation of six stone arch bridges, four substation overhauls, construction of the Frankford Transportation Building and various maintenance facility improvements. SEPTA continues to make significant progress in advancing the capital program and restoring critical infrastructure to a state of good repair. The proposed FY 2018 Capital Budget totals \$727.23 million. Of this amount, 48 percent of the budget, or \$351.72 million is projected to come from State sources; 29 percent, or \$213.75 million, from Federal sources; 21 percent, or \$150 million, from SEPTA Capital Financing and 2 percent, or \$11.76 million, from local government sources. Local governments include the four counties of Bucks, Chester, Delaware and Montgomery and the City of Philadelphia. Funding projections take into account the Federal transportation funding authorized under the Fixing America's Surface Transportation Act (known as the "FAST Act"); anticipated state funding generated by Act 89 legislation; and anticipated borrowings under the Employment Based Immigration-5<sup>th</sup> Preference (or "EB-5") loan agreement. The FY 2018 Capital Budget includes 11 capital programs and financial obligations, including capital leases and debt service. Of the \$727.2M Capital Budget, vehicle acquisitions and overhauls represent 33 percent of the budget. Financial obligations and SEPTA Key each represent approximately 14 percent of the budget with the remainder being programmed for infrastructure improvements. The Bridge Program is budgeted at \$9.64 million and includes critical repairs for two bridges located on the Regional Rail Mainline viaduct between 30<sup>th</sup> Street Station and Suburban Station; repairs to Bridge 0.15 on the Norristown High Speed Line and the rehabilitation of seven stone arch bridges on several Regional Rail lines. The Communications, Signals and Technology Program is budgeted at \$36.73 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; modernization of the signal system on the Broad-Ridge Spur portion of the Broad Street Line; reconfiguration and rebuilding of Regional Rail signals, track, catenary, and interlocking from 30<sup>th</sup> Street Station to Phil Interlocking; an Interlocking Improvement Program to rebuild, reconfigure and construct various Regional Rail interlocking to improve service delivery and replacement of the existing Computer Aided Radio Dispatch system used to dispatch buses and trolleys. The Infrastructure Safety and Renewal Program is budgeted at \$45.5 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 \$56.14 million and provides for improvements at SEPTA's bus, rail and facilities maintenance shops and office buildings. In FY 2018, highlighted projects include improvements to shops and offices at 103 Victory Avenue; upgrades to the Frazer Rail Shop and

Yard to accommodate the expansion of rail car and locomotive fleets, including new multi-level rail cars and upgrades to the Wayne Junction Rail Shop and improvements to the Frontier Garage. The Safety and Security Improvements Program is budgeted at \$19.79 million and includes construction of a pedestrian underpass, along with a high level platform and station shelters at Lawndale Station; installation of a bus alerting system on SEPTA buses; upgrades to SEPTA's sub-surface radio communications infrastructure to improve interoperability with emergency first responders as well as ventilation improvements at Jefferson Station, Suburban Station and Allegheny Garage. The SEPTA Key project is budgeted at \$99.63 million in FY 2018. These funds will support partial repayment of the loan that funded this project. The SEPTA Key Project is modernizing SEPTA's fare payment and collection system by replacing it with a system that utilizes contactless payment devices and readers and is being implemented in phases. SEPTA introduced the SEPTA Key Early Adopters program in June 2016. Full deployment of City Transit products is projected to be completed in the latter part of 2017. Deployment of Regional Rail and CCT Connect Paratransit Services is scheduled to be completed in 2018. Service Restoration is funded at \$2.1 million to support the restoration of rail service on the Media/Elwyn Regional Rail Line from Elwyn to Wawa. The project will be advanced in phases and includes renewal of infrastructure consisting of track, signals and catenary systems, followed by a new accessible station building and 600car parking deck at the new terminus at Wawa. The Stations, Loops, and Parking Improvements program is budgeted at \$87.7 million to fund reconstruction or rehabilitation of various stations, with a focus on improving accessibility, along with parking expansions. It includes improvements to the Regional Rail Stations at Ardmore, Exton, Levittown, Paoli Secane, Villanova and Yardley; roof replacement and exterior station repairs at Swarthmore and Wyndmoor Regional Rail stations; design of station improvements at Conshohocken Station; and parking improvements in the Lansdale area and at the Gwynedd Valley Station. City Transit projects will include improvements to 5<sup>th</sup> Street Station, 30<sup>th</sup> Street Station, 40<sup>th</sup> Street Station, and Arrott Transportation Center on the Market-Frankford Line. SEPTA is also advancing improvements to Susquehanna-Dauphin and Tasker-Morris Stations on the Broad Street Line, as well as, the Wissahickon Transportation Center and the Westmoreland Loop. This program includes phased renovations of the Center City Concourses, 15<sup>th</sup> Street and City Hall Stations. The Substations and Power Improvements program is budgeted at \$21.76 million and includes overhaul of Static Frequency Converters at the Wayne Junction Regional Rail Substation; a multimodal Substation Overhaul program to include design and equipment purchase for overhaul of railroad and transit substations and switching stations and catenary replacement on the Regional Rail Mainline between 30<sup>th</sup> Street Station and "K" Interlocking and the Powelton Yard complex. The Track and Right-of Way Improvements Program is budgeted at \$3.73 million and will support renewal of ties and timbers, rail and special track work on the Norristown High Speed Line. SEPTA will also advance conceptual design for rail service improvement initiatives. The Vehicle Acquisitions and Overhaul program is budgeted at \$241.6 million for FY 2018. 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 for the acquisition of 45 new multi-level push-pull passenger rail cars to accommodate growing ridership and

increased service capacity needs on the Regional Rail. The new cars will fully comply with ADA requirements and are scheduled for delivery in Calendar Years 2019 through 2021. The Bus Purchase program provides for the acquisition of 525 40-foot hybrid buses, which are scheduled for delivery starting in Calendar Year 2017, and for the procurement of 25 40 foot battery electric buses, which are scheduled for delivery in Calendar Year 2018. The Paratransit Vehicle Purchase program will replace vehicles that have exceeded their useful life. In Calendar year 2018, 86 vehicles are scheduled for delivery. SEPTA will continue to advance the conceptual design for the Trolley Infrastructure and System Modernization program. 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 and includes replacement of the HVAC system on the Broad Street Line BIV cars. The FY 2018 Capital Budget also includes \$102.91 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 Thomas McFadden, Chief Financial Officer also participated in the proceedings.

A total of 35 people attended the public hearings and 10 spoke including representatives from the Delaware Valley Association of Rail Passengers. Twelve emails were received and placed into the record. The emails dealt primarily with renewable energy. Several 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 2, 2017 for receipt of written comments.

Written comments were received from:

Montgomery County supports the proposed FY 2018 Capital Budget and FY 2018-2029 Capital Program. It notes that it is pleased with the Philmont and Gwynedd Valley Station parking improvement projects as well as the completion of the Lansdale Parking Garage. It requests that SEPTA include funding for the Ardmore and Conshohocken parking garages in its capital program. It also requests funding for the Norristown High Speed Line extension as well as the Perkasio extension and suggests that SEPTA conduct a study to alleviate the bottlenecks on the Lansdale, Warminster and West Trenton lines.

Delaware Valley Association of Rail Passengers (DVARP) supports the FY 2018 Capital Budget with reservations as to the SEPTA Key project. It notes concern about the implementation of SEPTA Key on the Regional Rails as to interoperability with the PATCO Freedom Card as well as fare collection. It advocates ticket vending machines at every station and mobile ticketing apps. It makes several suggestions as to the rail car acquisition program and supports SEPTA's current bus fleet renewal strategy. It supports several of the essential projects and programs.

The Children's Hospital Of Philadelphia supports the proposed \$7 million in the 2018 Capital Budget to make the Tasker-Morris station fully accessible as it will permit a better experience for all going to the new South Philadelphia Community Health and Literacy Center.

Delaware County Council notes that it is pleased to see progress made in SEPTA's Rebuilding the System capital program as well as the advancement of the Secane and Villanova rail station rehabilitation. It is pleased with progress on the King of Prussia Extension and supports SEPTA's feasibility study to restore regional rail service to West Chester. It supports the Elwyn to Wawa restoration and urges that construction be started in 2018 with completion in 2021. It notes that the construction of a fully accessible parking garage and pedestrian connection at the 69<sup>th</sup> Street Transportation Center is a priority for County Council.

SEPTA's Citizen Advisory Committee submitted a document that contained several recommendations and suggestions.

City of Philadelphia Office of Transportation & Infrastructure Systems recognizes the significant progress made in the "Rebuilding the System" capital program. It notes that the current policy of transfer fees may disproportionately impact low income and minority riders and encourages SEPTA to release data relating to detailed ridership and transfers during the upcoming fiscal year and provide an answer to the free transfer question. It notes that the City Hall Station renovations are moving forward and states its next priority is rehabilitation of the Erie Station on the Broad Street Line. It supports the proposed investment in real time data during FY 2018 and appreciates the efforts of SEPTA to establish the Roosevelt Boulevard direct bus.

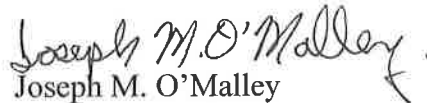
Summary:

The issues raised during the hearings are provided for your information and use. I find that SEPTA's Fiscal Year 2018 Capital Budget and Fiscal Years 2018-2029 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 2018 Capital Budget and Fiscal Years 2018-2029 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  
William M. McSwain, Esquire  
Clarena I.W. Tolson  
Honorable Mike Vereb  
Jeffrey D. Knueppel, General Manager