

# SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

Partnering for Regional Sustainability



## Fiscal Years 2010 – 2014 Five-Year Strategic Business Plan



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# Partnering for Regional Sustainability

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**1234 Market Street**  
**Philadelphia, PA 19107**  
**[www.septa.org](http://www.septa.org)**



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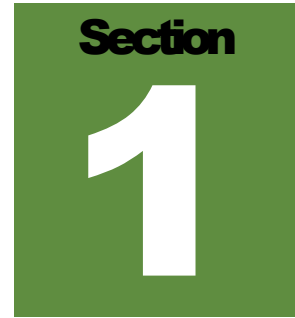
*Elizabeth M. Grant*



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## Executive Summary

Here is a tale of two transit agencies. The one is *The Struggling Transit Agency*. It is faced with a difficult financial environment, reduction of service, increase in fares, elimination of significant number of employees and an adverse impact on regional mobility and economy. The second one is *The Stable Transit Agency*. It is guided by a dedicated and predictable funding source, expansion of service, increased ridership, a focus on customer service, being an environmental steward and having a strategic vision. In this tale both agencies are the one and the same. SEPTA. What made a difference? How did one emerge from the other? Dedicated funding and legislative and stakeholder support have created exciting times for the region's transit agency. The time is right for the emergence of a new SEPTA as a result of the following factors:

Transportation is a vital part of Pennsylvania's economy. Our economic future depends on having a safe, reliable network of roads, bridges and public transit systems, and we owe it to future generations to maintain this critical infrastructure so we can help communities and businesses continue to grow in the Keystone State.

**Edward G. Rendell, Governor  
Commonwealth of Pennsylvania**

- The passage of Commonwealth of Pennsylvania Act 44 legislation that provides dedicated funding to establish long-term operating budget stability for service improvements and operational investments.
- Mass transit ridership has increased significantly.
- A new set of relationships with the City of Philadelphia.
- Relationships with stakeholders are being strengthened.
- The organization is driving a number of initiatives to improve the customer's experience.
- Molding SEPTA to become a passenger-focused organization.
- Increased focus on SEPTA contributing to the sustainability of the region.

## **SEPTA FIVE-YEAR STRATEGIC BUSINESS PLAN**

Thus, SEPTA is now in a position to define its vision, set its strategic direction, and make decisions on allocating resources to establish a clear-cut and transparent Five-Year Strategic Business Plan.

This plan describes SEPTA's vision, mission statement, strategic objectives and performance metrics for fiscal years 2010-2014. The focus is macro-level as opposed to micro/tactics-based. The plan document explains the basic strategies for fulfilling the Authority's mission and achieving business goals. SEPTA has committed to focusing on seven key strategic objectives for the next five years:

- Customer Service
- Sustainability
- Ridership Growth for Transit
- Safety and Security
- New Technologies
- Rebuilding the System
- Human Capital Development

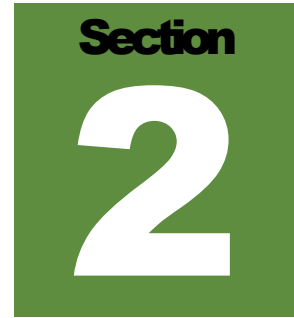
The plan enables the organization to measure its progress toward the strategic objectives and serves as a management tool in directing the activities of the organization. SEPTA will use the plan as a mechanism to inform and assure stakeholders of the organization's successes and management's ability to direct the business by reporting its progress every six months through fourteen established key performance indicators.

As part of the strategic focus, SEPTA will look at planning beyond the 5-year horizon and how regional consensus and new decision-making modeling are key to investments and infrastructure expansion projects.

The strategic business plan is designed to drive management decision-making and other major planning processes of SEPTA, which include the Operating and Capital Budget Programs, as well as the Annual Service Plan.

The strategic business plan has also been built and developed with extensive input from the Executive Team and through a series of public and stakeholder meetings.

It is through this plan that the region will experience a new SEPTA; one that is responsive to the needs of riders and is an integral partner in attracting business and improving the quality of life in the region.



## SEPTA Background

### Description of Business and Service

SEPTA is the nation's sixth-largest public transportation system and largest system in the Commonwealth of Pennsylvania. The Authority is an instrumentality of the Commonwealth of Pennsylvania, created by the State Legislature in 1964, and is a vital regional asset. SEPTA's service area, which encompasses approximately 2,202 square miles, includes the heavily populated southeastern Pennsylvania counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia. SEPTA's service also extends to Trenton and West Trenton, New Jersey and Newark, Delaware. The organization is responsible for operating:

- 117 Bus Routes
- 8 Trolley (light rail) Lines
- 3 Trackless Trolley Routes
- 2 Subway/Elevated (heavy rail) Lines
- 1 Interurban High-Speed Line (heavy rail)
- 13 Regional Railroad (commuter rail) Lines
- Shared Ride Service in the City of Philadelphia
- ADA Paratransit service throughout the five-county region
- Small bus circulator and shuttle services that connect fixed route operations to business, health and educational centers, as well as to park and ride facilities.

Philadelphia and the neighboring counties are connected by SEPTA service to national passenger rail service via Amtrak at 30th Street Station. SEPTA provides direct rail service to the Philadelphia International Airport. SEPTA passengers can directly connect with NJ Transit rail service and the Port Authority Transit Corporation (PATCO) High Speed Line to New Jersey.

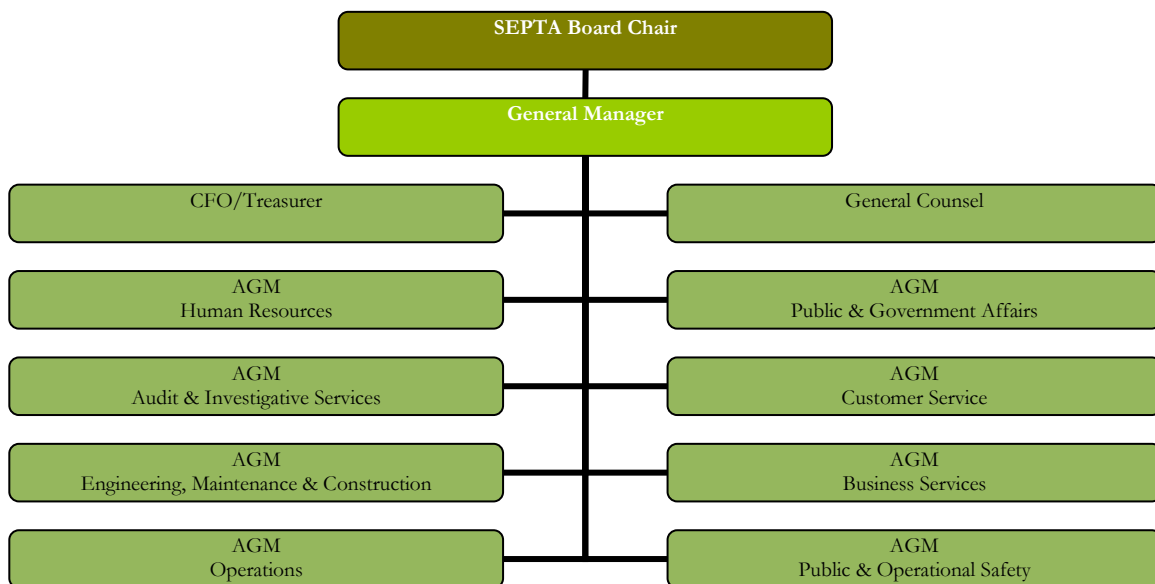
The Southeastern Pennsylvania region has a population of 3.9 million (2007 DVRPC estimate) and is the most populous region in the Commonwealth of Pennsylvania. The SEPTA system serves over one-half million customers daily and provides approximately 325 million (unlinked) passenger trips, annually. SEPTA is one of the only two truly multi-modal transit properties in the United States (Boston is the other) with bus, subway, high speed rail, trackless trolley, regional rail and paratransit vehicles. SEPTA also has the unique distinction of operating all of its modes directly.

## Management and Organization – SEPTA Structure

SEPTA is governed by a Board of Directors. With fifteen voting members, the Board of Directors is appointed as follows:

- Two members from each of the five counties in SEPTA’s service area
- One member by the Governor of Pennsylvania
- One member by the Senate Majority Leader
- One member by the Senate Minority Leader
- One member by the House Majority Leader
- One member by the House Minority Leader

Additionally, the organization is led by an executive staff structured as follows:



SEPTA’s Executive Staff has the accountability to develop the strategic direction for the organization and to lead SEPTA’s employees in the strategic direction. The SEPTA Executive Team will also develop a performance development planning process within the organization’s performance management system to communicate, reinforce, and provide a structure that supports the articulation and accomplishment of the strategic planning goals.

The Executive Staff strives to be a partner with SEPTA’s stakeholders to promote public transit service as a cost-effective, viable travel option for access to work, school, medical service, shopping, leisure activities and tourism. The Executive Staff is committed to operating and managing a system which meets the highest standards for customer and employee safety, while providing quality services.



Section  
**3**

## Strategic Business Overview

### Vision

SEPTA's vision is to be the region's premier choice for transportation. We will earn that choice through:

- ❖ Connecting the region for integrated mobility.
- ❖ Sustaining our environment and preserving our system for future generations.
- ❖ Committing to continuous improvement and innovation.
- ❖ Providing excellent service by a team of dedicated employees.

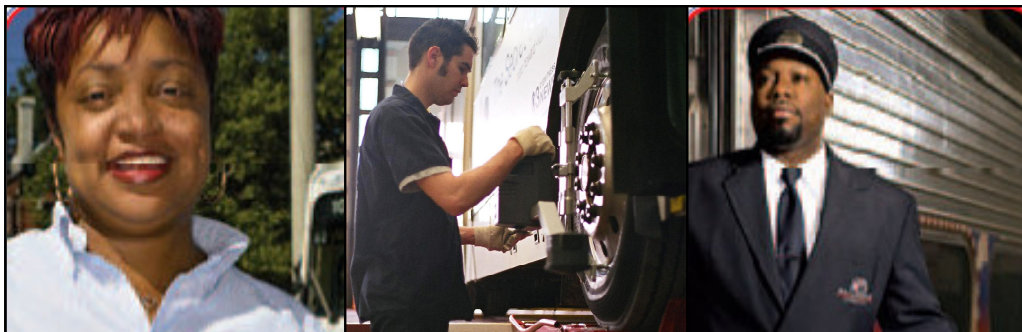
### Mission

Our employees are dedicated to delivering safe, courteous, convenient and dependable public transit services for the people of our region. We contribute to the region's economic vitality, sustainability and enhanced quality of life.

### Core Values

As a company and as individuals we value:

- ❖ Public transportation as a vital service that should be safe, reliable, efficient, accessible, clean and customer-focused.
- ❖ Integrity, honesty and personal responsibility.
- ❖ Respect for employees, diversity, and ensuring a challenging and inclusive environment.
- ❖ Teamwork, courage, creativity and constructive criticism.



## Customer Profile – SEPTA User

Based upon the Fall 2008 SEPTA Customer Service Satisfaction Survey, the following customer profile has been compiled:

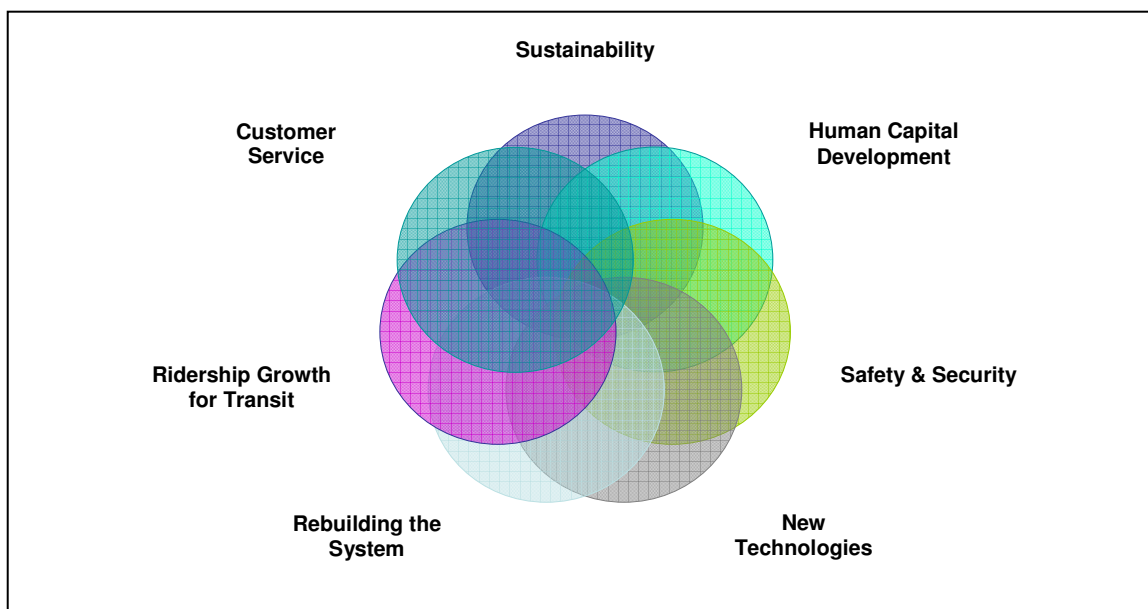
Demographic Profile of SEPTA Passengers				
	City Bus and Rail Transit	Suburban Bus and Rail Transit	Regional Railroad	Total*
Gender (Percent):				
Male	36.5	37.8	39.0	35.8
Female	63.5	62.2	61.0	64.2
Age (Percent):				
18-34	31.6	31.4	30.2	30.5
35-54	41.8	39.9	42.4	41.5
55-64	15.7	17.1	19.0	16.3
65 or older	10.9	11.6	8.4	11.7
Household Income (Percent):				
Less than \$35,000	49.5	32.9	20.6	43.9
\$35,000 or more	50.5	67.1	79.4	56.1
Ethnicity (Percent):				
African American	56.7	37.4	34.6	50.6
Asian	1.6	2.3	2.3	1.8
Caucasian	34.8	54.1	59.4	41.4
Hispanic	3.6	2.3	1.4	3.1
Other (All Not Listed)	3.3	3.9	2.3	3.1

\*Weighted average

The above profile is also in line with the American Public Transportation Association’s (APTA) ridership profile trend analysis from 2007. APTA concluded that in cities with populations of 1 million or more, 57 percent of transit riders made between \$25,000 and \$50,000, 18 percent made more than \$50,000 and 25 percent made less than \$25,000. Female riders account for between 52 percent and 60 percent of all riders (depending on the year of the study and the size of the metropolitan area). Only 7 percent of transit riders are over the age of 65 and a mere 10 percent are under the age of 18. Additionally, there is a global trend toward women consistently showing more support of environmental issues and being more positive towards measures which entail reductions in car use, such as increasing public transportation use.

## Strategic Objectives – Plan Focus Areas

SEPTA has centered the Five-Year Strategic Business Plan around 7 key strategic objectives:



The graphic representation of SEPTA’s strategic objectives clearly emphasizes that the strategic objectives are interrelated and interconnected. A higher priority has not been established for any of the objectives, as SEPTA has determined that it cannot separate any one from the other; they all overlap in premise. For example, SEPTA believes that one cannot realistically separate customer service from ridership growth, safety & security and sustainability. They are co-dependent strategic areas for transit.

Here is a closer look at what each strategic objective represents for SEPTA and potential tactical initiatives:

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### Customer Service

Customer service is always a business fundamental. After securing dedicated funding, SEPTA has the opportunity to refocus its efforts on providing quality public transit services, meeting the needs of current customers, and attracting new riders. SEPTA is moving toward becoming a passenger-focused business with every employee contributing to the organization’s customer service efforts, whether he/she works on the front lines, with direct customer contact, or performs critical support, maintenance and management functions. SEPTA has outlined a comprehensive program focused on the 4 C’s of:

- Cleanliness
- Communications
- Convenience
- Courtesy

A new Customer Service Division has been created to spearhead development and support of a more integrated organizational focus on the customer's experience. The customer service focus has also been re-energized as it is incorporated within all divisions. The tactical initiatives to support the customer service corporate strategy are aligned with seven specific goals:

1. Develop SEPTA into a responsive, customer-focused organization.
2. Develop partnerships with customers.
3. Develop partnerships with governmental, business and advocacy groups.
4. Enhance customer-focused design, maintenance and security.
5. Modernize the Customer Service Division's capabilities and support systems.
6. Introduce new passenger communication tools and technologies.
7. Improve accessibility for the disabled community.

There are several tactical efforts in development or already introduced that support these specific customer service goals.

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## Sustainability

What is sustainability for SEPTA? Public transit is an essential part of the overarching strategy to address global climate change. Therefore, SEPTA is a sustainability solution for the region. However, SEPTA also believes that it has a corporate responsibility in the era of climate and economic change to go further.

Through its mission, SEPTA supports environmental, social and economic sustainability. These aspects include:

### **Economic:**

- SEPTA is part of region's economic competitiveness:
  - Transit infrastructure is very well-developed and the envy of many other metropolitan areas
  - Transit network is extensive in coverage
  - Major regional employer with over 9,000 employees
  - Issues contracts in excess of \$536 million annually
- Financial Health
  - Dedicated funding
  - Fiscal responsibility to maintain for future generations
  - Improvement of cost efficiencies with technologies

### **Environmental:**

- Go Green Go SEPTA Campaign
  - Clean Fuel Bus Program
    - ❖ Acquire a minimum of 440 Hybrid-Electric Buses over the next four years
  - New Regional Rail Cars:
    - ❖ Acquire 120 new Silverliner V's

Can we orient a new economic development strategy in Philadelphia around the idea of reducing our energy intensity and marketing our lower energy intensity to potential employers and residents? Such strategy would potentially change the way we perceive and use our assets. For example, SEPTA isn't just our public transit system; it's a critical element in our ability to lower and sustain our competitive energy intensity. Investing in SEPTA's capacity to lower the region's energy intensity would become a fundamental economic development decision not a public transit decision.

**Mark Alan Hughes, Director  
Office of Sustainability  
City of Philadelphia**

- Green Building Efforts at SEPTA Headquarters through environmental stewardship:
  - Motion switches
  - LED fixtures
  - Steam regeneration
  - No-VOC paints
  - Recycled carpeting
  - Recycling program
  - Seeking Leadership in Energy and Environmental Design (LEED) certification
- Green Technologies System-Wide such as:
  - Purchase of renewable energy
  - Conversion of lighting systems in subways and shops
  - Installation of new boilers and chillers for energy efficiency
  - Recycling program at stations
  - Use of renewable and recyclable materials
  - Reclamation of water on vehicle washers
  - Tie disposal via cogeneration facility
  - Underground retention basins for storm water management

**Social:**

- Transit-oriented Development (TOD) and Transit Revitalization Investment District (TRID):
  - Creation of compact, livable communities centered around transit centers for mixed-used purposes.
- Job Access and Reverse Commute (JARC):
  - Enables low-income and/or welfare recipients to access entry-level jobs located in suburban areas from their inner city, urban and rural neighborhoods on a daily basis.
- Customized Community Transport (CCT):
  - Provides paratransit service to individuals with disabilities and senior citizens. SEPTA's bus fleet is 100% accessible.

SEPTA will continue to work toward evaluating and assessing several of its sustainability agenda efforts through partnerships with environmental stakeholders.

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**Safety & Security**

This strategic objective is focused on SEPTA's commitment to ensure safe movement of our customers. The organization recognizes that addressing the customer's safety and security concerns are critical to improving the customer experience, and, thus, impacting SEPTA's ability to build loyalty among current riders and to attract new riders. Additionally, SEPTA has a responsibility to develop and put into practice cost-effective safety measures to promote employee health and welfare; to ensure integrity of equipment, facilities and records; and to comply with environmental laws and regulations.

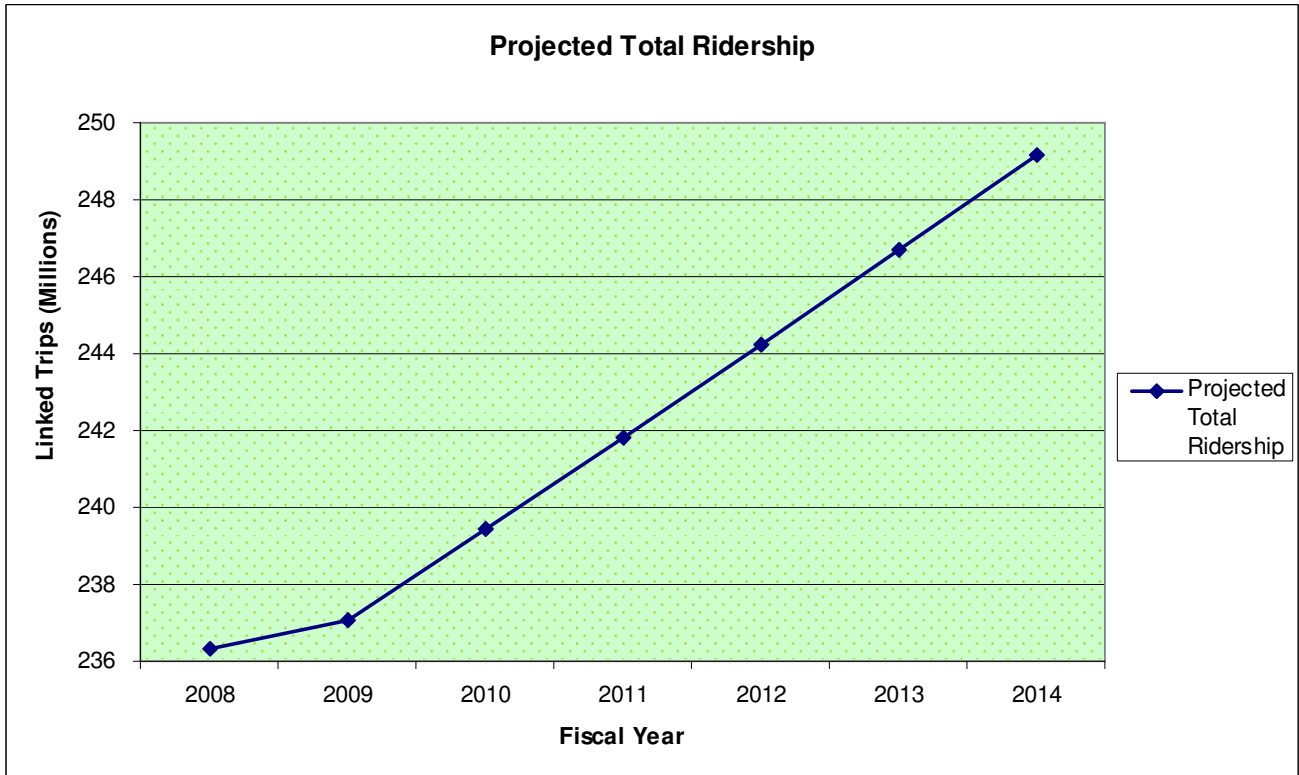
Implementation is tied to programs such as:

- Prevention of accidents, crime and property damage
- Training for emergency preparedness
- Smart Stations for all subway/elevated and light rail platforms
- Vehicle video surveillance cameras

- Train Control Signals for Regional Rail lines
- Deployment of SEPTA Transit Police personnel
- Management of systems safety and worker’s compensation

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## Ridership Growth for Transit



SEPTA has been experiencing continual ridership growth since 2002 with regional rail ridership at its highest in 25 years. The organization is conservatively projecting a 1% ridership growth per year, which results in more than 12 million new riders over the five year period.

SEPTA will tie into regional efforts to promote economic growth and development and ensure significant return on investment by concentrating on:

- Creating programs targeted at the following markets:
  - Tourism
  - Culture
  - Education
- Promoting commuter migration to public transit with emphasis on environmental benefits and congestion relief.

- Adjusting service levels to address increased demand through:
  - Increased frequency
  - Extended hours
- Implementing initiatives during off-peak hours to increase ridership.
- Attracting development around transit to foster:
  - Commerce
    - ❖ Attracting new companies to the area
    - ❖ Transporting talent to companies
  - Mixed land use activities
- Addressing parking capacity issues through possible initiatives such as:
  - Park & Ride
  - Kiss & Ride
  - Mobility Partnerships
  - Bike to Transit Programs
  - Shared Parking

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## **New Technologies**

In order to improve the region's transportation system, SEPTA needs to integrate technological innovations into the development of its core business. Technological innovations will also increase SEPTA's organizational effectiveness by building the skills needed to gauge and enhance customer experiences via improved service reliability and speeds, expanded mobility, state-of-the-art communication systems, system modernization and centralization, and standardized applications.

SEPTA strongly believes that advances in technologies are giving passengers more flexibility and rewards for riding mass transit. Riders want added control over planning their trips and are also looking for cleaner, more fuel efficient transit vehicles. Additionally, sophisticated technologies raise the safety and security environment within the transit system.

To address customer needs, SEPTA will deploy and implement technology programs to improve operational efficiencies and customer service such as:

- New payment technologies
- Real-time customer information and communications
- Improved system-wide communications
- Improved signage and way-finding
- On-board technologies
- New vehicle programs
- Enhanced website with more features

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## **Rebuilding the System**

A major factor in achieving this strategic objective is a long-term investment of capital dollars to maintain the system and bring the system infrastructure to a state of good repair. SEPTA defines infrastructure as its structures, bridges, buildings, tracks, signal and communications

systems, power substations, and transmission and distribution systems. The vast system covers 927 miles of track, 347 regional rail bridges, 280 passenger stations, 8 bus garages, and 58 power substations. SEPTA has been challenged with taking care of an aging infrastructure:

- The Market Frankford Subway-Elevated Line was built between 1907 and 1922.
- The Broad Street Subway began operating in 1928.
- 8 bus garages with the oldest facility having been constructed in 1913.
- The regional rail system was built in early 20th century.

Efforts toward long-term capital improvements of the current systems and structures will be geared toward "Fix It First". This means that SEPTA will prioritize maintenance and capital reinvestment of its current system over major system expansion. Capital grant opportunities specific to new expansion projects will be aggressively pursued.

In addition, collaboration will play a major role in how SEPTA advances toward its goal to rebuild the system. The two approaches are:

1. Collaboration with Private Entities in Public-Private Partnerships (PPP):

- The term public-private partnership (PPP) can apply to any innovative involvement of the private sector in the design, construction, operation, maintenance or financing of transportation infrastructure. The federal government has strongly encouraged a wide variety of PPPs over the past five years. A provision to permit unsolicited proposals could offer private firms or regional entities an incentive to think creatively about state and regional transportation infrastructure or to expedite regional priorities. As such, SEPTA will explore opportunities for private sector involvement in operations, financing, and infrastructure.
- Private investments in capital improvements can help the organization reap additional benefits from the existing system.

2. Linkage into national and regional alliances geared toward mass transit improvement with network expansion that reinforces existing or planned development. Examples include:

- Amtrak's Northeast Corridor Masterplan
- City of Philadelphia Mayor's Office of Transportation & Utilities Strategic Plan
- City of Philadelphia Mayor's Office of Sustainability 2015 Plan
- County Transportation Infrastructure Improvement Efforts, such as Montgomery County's Transportation Funding Forum

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## Human Capital Development

Human capital represents the knowledge, skills and abilities that make it possible for people to do their jobs. Human capital development is recruiting, fostering diversity, supporting and investing in people, using a variety of means, including education, training, coaching, mentoring, organizational development and human resource management. Strengthening the human capital of SEPTA is an important strategic goal. SEPTA remains committed to building a diversified workforce, and to attracting, retaining, rewarding and retraining high performing professionals, who are committed to diversity as a fundamental principle of public transit. SEPTA will work within to develop staff to implement the new strategic focus and prepare for the future.

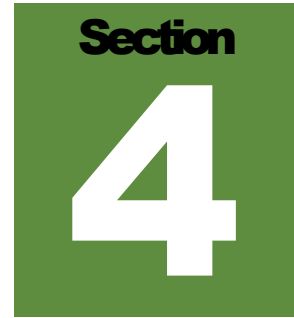


Human capital development elements will include:

- Training for new hires and existing staff:
  - Customer Service
  - Leadership Development
  - SEPTA Strategic Business Plan Implementation
- Internal communications campaigns:
  - Corporate vision and branding
  - Industry developments
- Performance Measurement
  - Linked to corporate and divisional key performance indicators
- Attracting new talent
  - Leveraging positive image of mass transit industry and engaging sustainability focus-minded individuals
- Replacement Planning
  - With baby boomers retiring, SEPTA must transform itself into an employer of choice for the next generation.

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For each of the seven key strategic objectives, SEPTA has identified two key performance indicators, which are outlined in Section 6. Additionally, tactical initiatives to achieve the strategic objectives will be defined through business plans developed by each SEPTA division in line with SEPTA's corporate strategy plan.



## Financial Overview

### Planning Efforts

The strategic business plan will be a driver for the operating and capital budgets, as well as the annual service plan. An overview of each planning processes is highlighted below.

#### Operating Budget

The Board of the Southeastern Pennsylvania Transportation Authority adopts a balanced budget before the start of each fiscal year, commencing July 1 and ending June 30, in accordance with the enabling legislation of the Commonwealth of Pennsylvania. A balanced budget is one in which expected operating revenues and subsidies equal expected operating expenses. The spending plan is based both on an assessment of ongoing needs to maintain existing service levels and to introduce new programs. Expansion is limited to those programs exhibiting the highest degree of cost effectiveness and payback in future economies.

#### Capital Budget

A major factor in achieving SEPTA's business goals is long term investment of capital dollars to upgrade existing facilities and implement service improvements. SEPTA invests millions of dollars to upgrade its infrastructure and vehicles.

The Capital Budget is developed based on following principles:

- Direction set forth by the SEPTA Board;
- Early input from SEPTA Board members, local government officials, the general public, and SEPTA staff;
- SEPTA's Capital Project Evaluation and Selection Process;
- Anticipated Federal, State and Local Funding Levels;
- Budgeting based on annual cash flow projections and financial obligations.

It's also important to be looking at the assets we have and making certain that they are both nurtured and seen as assets. SEPTA and PATCO – and Amtrak, for that matter – are absolutely central to our future. They need the investments that are going to make them modern.

**Feather O. Houstoun, President  
William Penn Foundation**

### **Annual Service Plan**

The annual service plan integrates the service proposals suggested by the general public, government agencies, planning commissions, elected officials and SEPTA staff, and presents the technical and financial analyses that determine whether the proposals merit implementation. The service plan focuses on City Transit Division (CTD), Victory Division, Frontier Division and the Regional Rail Division. The plan also reflects SEPTA's ongoing commitment to improve the performance and productivity of transit routes and regional rail lines through careful measurement of both ridership changes and operating cost based upon a numeric scoring methodology. This method, fully described for each proposal, includes measures for revenues, operating costs, and impacts to existing riders. Additionally, each proposal must meet minimum transit performance standards, adopted by the SEPTA Board, prior to review within the service plan process. In this fashion, SEPTA attempts to utilize its limited resources as efficiently and effectively as possible.

## **Sources and Applications of Funding**

SEPTA derives its funding through these sources:

### **Federal Programs**

The Federal Transit Administration supports public transportation by issuing grants to eligible recipients for planning, vehicle purchases, facility construction, and other purposes. SEPTA references these programs under:

- Capital Funding
- Preventative Maintenance Subsidy

### **State Program**

Passage of Commonwealth of Pennsylvania Act 44 legislation in July 2007 provided dedicated funding to establish long-term Operating Budget stability for service improvements, operational requirements, and capital investments.

### **City/Counties**

State or local funds required by the federal government to complement federal funds for a project. A match is also required by Pennsylvania in funding operations and capital projects. Federal programs normally require that match funds come from sources other than Federal.

### **Passenger Revenue**

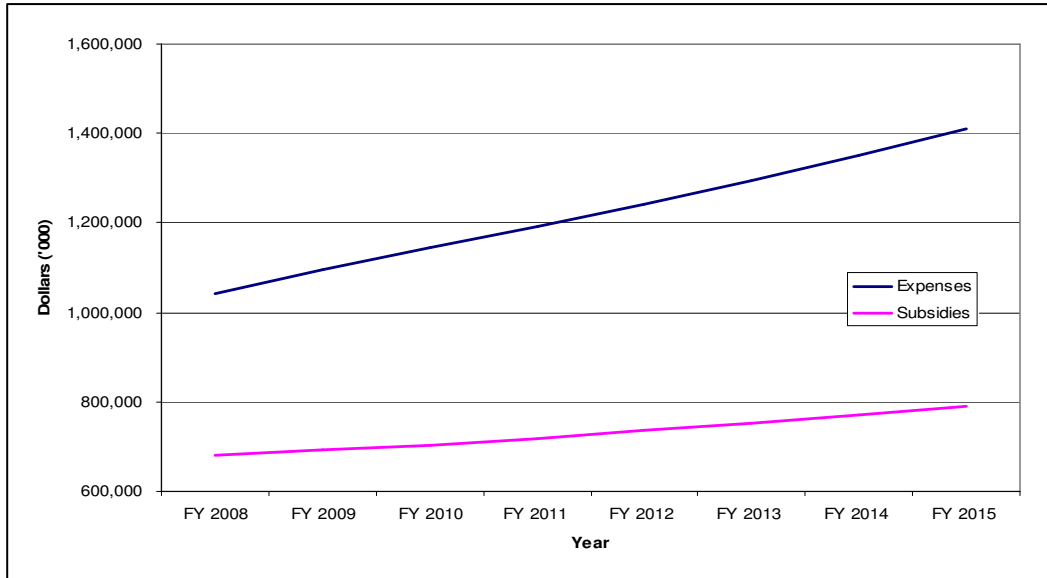
SEPTA generates revenue from passenger fares.

In today's America, getting from city to suburb, and vice versa, in a quick, reliable, and safe manner is crucially important to corporate and residential passengers throughout the country. When well planned and funded, national and regional mass and rapid mass transit can greatly increase property values along the routes, and can help to relieve delays and congestions on highways and at airports. Local public transportation can allow people to reach every corner of a community, be it city, county, region, or even state, and help bring people to businesses that they would otherwise ignore for the one that is in their immediate area. Improving America's funding of new transit programs, and improving the infrastructure of existing systems will help our economies evolve into a unified regional economy instead of strictly localized ones.

**Organizing for America**  
(Partnership with the Democratic National Committee to mobilize support for President Obama's policy agenda)

## Five-Year Financial Projections

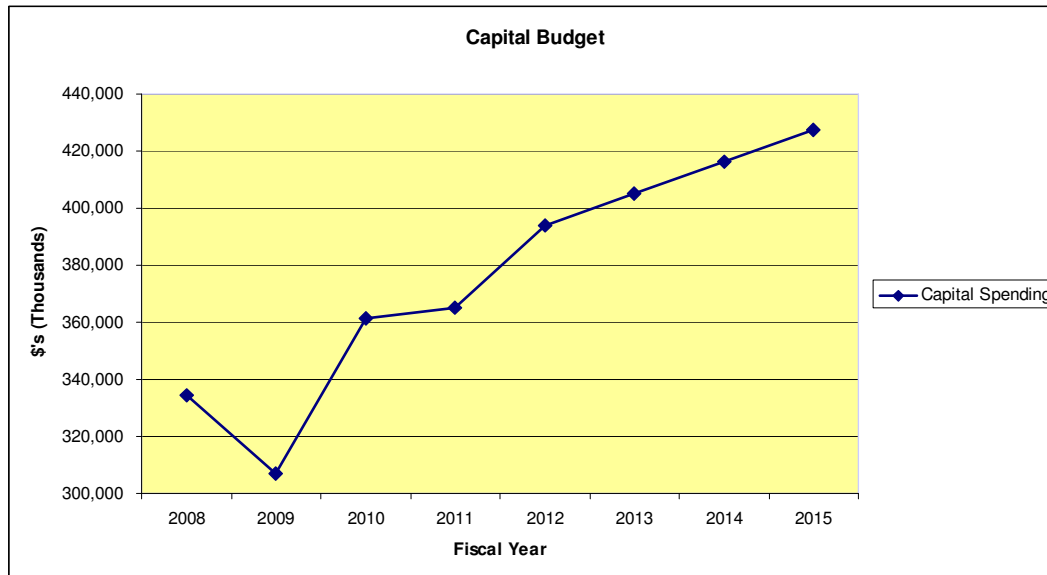
### Operating Budget



*Assumptions:*

- Expenses projected to grow at 4.4% per year
- Subsidies projected to grow at 2.1% per year
- Service stabilization fund addresses subsidy growth rate lagging expenses

### Capital Budget



*Assumptions:*

- FY 2008 amount is based on the FY 2008 approved grants.
- FY 2009-2015 amounts are based on the Approved FY 2009 Capital Budget & FY 2009-2020 Capital Program.
- Debt Service and Capital Leases funding were excluded to arrive at capital spending since these amounts are recorded as Operating Subsidy.
- New Starts programmed funds were also excluded to arrive at capital spending due to the uncertainty of receiving these funds.
- Potential loss of Act 44 S1514 discretionary funds for FY 11 & beyond were not factored into this capital funding projection and chart.
- The loss of funds for FY 2011 & beyond could total \$110M per year.

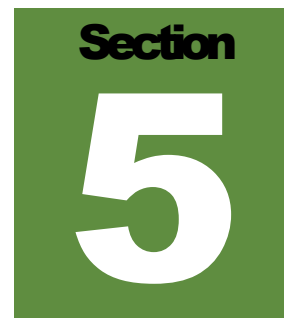
## Additional Funding Needs

With the current Federal, State and local grant funds and innovative financing tools, such as bond financing and PPP's, projected inflows from traditional resources, SEPTA will not be able to meet the system's capital investment needs. The number of major new investments that *expand* capacity is extremely limited, due largely to fiscal constraints. As other states, regions and localities are recognizing, relying on "more of the same" in order to manage the existing infrastructure and make minimal capacity enhancements for the future will not be a successful strategy. Simply delaying needed mobility investments and reacting to funding shortfalls in a piecemeal fashion will not enable businesses to successfully compete in the global marketplace or individuals to fully

As our society becomes more mobile and interconnected, the need for 21st-century transportation networks has never been greater. However, too many of our nation's railways, highways, bridges, airports, and neighborhood streets are slowly decaying due to lack of investment and strategic long-term planning. President Obama and Vice President Biden believe that America's long-term competitiveness depends on the stability of our critical infrastructure. They will make strengthening our transportation systems, including our roads and bridges, a top priority.

**President Obama's Transportation Agenda  
White House Website**

enjoy the advantages of living in Greater Philadelphia.



## Market Overview

### Economic Characteristics

This section looks at how SEPTA is impacted by National, State and local economic conditions.

#### National Economic Outlook

The current national outlook is represented by the following factors:

- The nation is in a recession.
- Job loss rate hit a 30+ year high.
- Stock Market Collapse
  - S&P 500 Index return down 38.49% in 2008.
- Housing Market Collapse
  - Prices have fallen for 25 consecutive months & are down 22%.
- Auto Industry
  - U.S. vehicle sales at 26 year low.

#### Fiscal Outlook - State

- Tax revenues to support State subsidies are declining after first seven months of fiscal year.
  - General Fund Revenue is \$658 million less than anticipated
  - Sales tax receipts are \$115.8 million less than anticipated
  - Realty transfer tax is \$27.7 million less than anticipated
- State projects \$2.3 billion budget deficit
  - \$440 million in cuts
  - Directed cabinet secretaries to cut 4.25% of their enacted budgets
  - Tap "Rainy Day" Fund
    - Half of the fund would be used to make up cuts
  - General hiring freeze

- Nonunion salary freeze
- Seeking stimulus funding

### **Fiscal Outlook – Local Governments**

- Three sources of primary local government revenue are in distress
  - Decline in home sales & prices drives down property taxes/real estate transfer taxes
  - Decline in consumer confidence & liquidity drives down sales taxes
  - Decline in employment drives down income taxes
- Significant investment losses in pension funds

SEPTA supports Montgomery County's goals of giving our residents more transportation choices; improving our economic competitiveness; and reinforcing the future land use goals in *Shaping Our Future*, the County's Comprehensive Plan.

**Leo Bagley, Assistant Director  
Montgomery County Planning**

### **Fiscal Outlook - City of Philadelphia**

- Facing a budget deficit of \$2 billion over next five years.
- The City will:
  - Lay off workers, close libraries, city pools, and fire companies
  - Service cuts
    - Eliminate unfilled positions, part-time jobs, and contractual workers
  - Cancel hiring police officers
  - Cut salaries and forced furloughs
- Budget shortfall of \$1 billion over the next five years
- Additional pension payments of \$300 million
- Seeking federal stimulus funding

### **Future Fiscal Uncertainty**

- Act 44 subsidy funding is at risk:
  - Sales tax revenues are declining resulting in less subsidies
  - Reduction of State operating subsidies results in loss of Local matching funds
  - Reduction of State subsidy from Turnpike tolls.

## **On the Economic Horizon**

What are the economists saying about the upcoming years and how will the predictions impact SEPTA over the next five years?

With unemployment soaring, consumer spending shrinking and both the stock and housing markets on track for one of the worst years on record, SEPTA must operate within these fiscal realities and focus on the impact to the Authority's major subsidy sources. The recovery plan is slated to bring several billions dollars towards infrastructure improvements and, thus, create jobs, reinvigorate the economy, and rebuild roads, bridges, and mass transit systems.

What does this mean to SEPTA? The economic stimulus package will help move forward infrastructure projects, which are considered ready-to-go. The State and SEPTA region will also have infrastructure projects funded. Overall, this will assist in SEPTA improving operational productivity. However, SEPTA will need to work with legislators and transit advocates to resolve future Act 44 fiscal uncertainty.

## **Competitive Advantage**

The importance of mass transit in supporting people's lifestyle and quality of life has largely depended upon the role played by its chief competitor, the automobile.

People travel to meet their basic life needs (work, food and essential services), for personal development (education and cultural facilities), and for entertainment (sporting events, to visit friends). The need for travel is a derived need, because people rarely travel for the sake of travel itself; they travel to meet the primary needs of daily life. Mobility is an essential feature of life, for it defines the ability to participate in modern society. Travelers make rational choices of the modes they use, each choosing the one that serves him or her best. Transportation services in a metropolitan region define the alternatives from which travelers choose the activities available to them, and the places to which they can go.

## **Key Success Factors**

The success of mass transit and SEPTA as such, is based upon the following key factors:

1. Public transportation available to an individual as the collective result of government policies.
2. The economic resources available to each individual to buy transportation services.
3. The overall demand for travel in the metropolitan Philadelphia region.
4. Competition between SEPTA, the automobile, and to a lesser extent, the bicycle.
5. The continued economic sustainability of SEPTA.
6. Preservation and maintenance of its current infrastructure.
7. Ridership increases and system growth.

## **Trends**

Two external trends will play a major role in the success of its Five-Year Strategic Business Plan:

1. The national "Green Movement" geared toward:
  - Fighting global warming
  - Reducing foreign-oil consumption
  - Relieving traffic congestion
  - Migrating from automobile to public transportation, walking and cycling



## 2. Economic pressures impacting consumer spending:

- Rising gas prices
- Declining vehicle sales in the United States
- Declining disposable spending resulting in less vehicle-miles-traveled

These trends will bring to light the vital role that mass transit plays in improving the individual's quality of life, as well as, the region's mobility.

## Marketing Efforts

SEPTA intends to capitalize on the positive momentum being generated for public transportation and SEPTA's renewed focus on customer service through these means:

- Go Green Campaign:
  - Uses community events, strategic partnerships and advertising to educate the public on the vital role public transportation plays in preserving the environment and promoting cleaner air. SEPTA is a key player in solving the region's air pollution problem and has taken large steps operationally to demonstrate its commitment to the quality of our air.
- Rebranding Campaign:
  - Shift from bus, train, light rail service provider to sustainability solution for the region with a positive impact on the regional economy and competitiveness.
  - Introducing the New Face of SEPTA:
    - ❖ Customer service driven
    - ❖ Passenger-oriented organization
    - ❖ Responsive to customer needs and concerns
    - ❖ Approachable
    - ❖ Transparent
- Communication Tools:
  - Website refreshed with new features and capabilities
  - BusView (personal status report for buses on the system)
  - Train View (personal status report for all Regional Rail trains on the system)
  - E-mail and mobile alerts

The goals of the marketing efforts are to increase the public perception favorably toward SEPTA as the transportation mode of choice, as well as educate consumers of the positive impact of mass transit to the region. Additionally, we want to create an awareness of our services with non-riders and to spur collaboration with transit advocates.

**Section**  
**6**

## Environmental Assessment

### Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

Based upon current market conditions and anticipated future trends, SEPTA has prepared the following SWOT Analysis:

<p><b>S</b></p> <ul style="list-style-type: none"> <li>Efficiency &amp; Performance</li> <li>Financial Discipline</li> <li>Experienced Workforce</li> <li>Transportation Network</li> <li>Safety Systems</li> <li>Management Team</li> <li>Economic Impact of SEPTA, e.g. Large Employer</li> <li>Stakeholder Partnerships</li> <li>Program Maintenance</li> <li>Reputational Momentum</li> </ul>	<p><b>W</b></p> <ul style="list-style-type: none"> <li>Scarce Quality Labor</li> <li>Aging &amp; Retirement-Eligible Workforce</li> <li>Conflicting External Influences</li> <li>Records Management</li> <li>Bureaucratic due to Size &amp; Regulations</li> <li>Older Infrastructure</li> <li>System-wide Communications</li> <li>Lack of Capital Funds for Expansion</li> </ul>
<p><b>O</b></p> <ul style="list-style-type: none"> <li>Internal Communication</li> <li>Ridership Gains</li> <li>Green/Sustainability/Environment</li> <li>Forging New Relationships and Growing Converts</li> <li>Service Expansion/Ridership Increases</li> <li>Selling Regional Transit Solutions</li> <li>Public/Private Partnerships</li> <li>Image/Public Relations</li> <li>Long-Range Planning – Regionally-Focused</li> </ul>	<p><b>T</b></p> <ul style="list-style-type: none"> <li>Departure of Experienced Workforce</li> <li>Information Management/Technologies</li> <li>Crime &amp; Security</li> <li>Potential Loss of Dedicated Funding</li> <li>Ability to Meet Capacity/No Space</li> <li>Unfunded Mandates</li> <li>Union Work Stoppages</li> </ul>

It is important for SEPTA to know and understand how it fits in and interacts with the surrounding environment from both an internal and external view. The SWOT analysis identifies the internal and external factors that are favorable and unfavorable to SEPTA achieving the strategic objectives. The analysis helps SEPTA to determine how the

organization can use each strength, mitigate each weakness, exploit each opportunity, and defend against each threat. Additionally, SEPTA has gained the insight into where it can focus its efforts to grow sustainably.

## **Gap Analysis**

This section will compare SEPTA's current state with the potential it has to maximize its performance. We will address two questions: (1) Where are we? And (2) Where do we want to be?

### **1. Where are we?**

- a. SEPTA is coming out of a financial survival mode it has been in for years. Dedicated funding in the form of Act 44 has provided some stability.
- b. SEPTA has a new executive leader who has committed to bringing a mind shift toward customer service at SEPTA.
- c. The organization has encountered ridership growth due to the global fuel consumption concerns.
- d. The business has moved forward to forge new relationships with the City of Philadelphia, primarily through the new Mayor and Deputy Mayor for Transportation.
- e. SEPTA has also expanded outreach to suburban stakeholders, such as the Planning Commissions and Transportation Management Associations.
- f. The organization is driving a number of initiatives to improve the customer's experience by focusing on the 4 C's (Cleanliness, Communications, Convenience & Courtesy).
- g. SEPTA is making an effort to strengthen regional partnerships with the business community, developers and transit advocates.
- h. Given the current focus on a global climate policy, SEPTA has launched an awareness campaign focused on its contributing to the sustainability of the region.

### **2. Where do we want to be?**

- a. SEPTA's vision is to be the region's premier choice for transportation.
- b. SEPTA is diligently working to change the public's perception of the organization and to be known for being a passenger-focused organization.
- c. The organization wants to see combined regional efforts focused on transportation-related priorities and expansion projects.
- d. Continually focused on service expansion due to increased ridership.
- e. Driven by economic sustainability.

### **3. What actions do we have to take to close the gaps?**

- a. Continually listening to our customers and learning from their needs.
- b. Implementing the strategic business plan through the divisional plans' tactical efforts.

- c. Adhering to corporate accountability requirements outlined in the strategic business plan.
- d. Expanding collaboration efforts with regional planning organizations for implementation of mid-term and long-range planning.
- e. Engaging the business community and transit advocates.
- f. Coaching and training of staff to achieve service excellence.

Communication, collaboration and accountability are all key to achieve the above-outlined actions to prepare SEPTA for future generations.

## Performance Measurement

### Guidelines

The Five-Year Strategic Business Plan has established the integration of quantifiable and measurable key performance indicators (KPIs) to account for organizational and individual performance measurement.

The criteria used to develop KPIs was:

- To streamline the current performance measurements to ensure that they are meaningful to stakeholders and customer.
- To establish indicators, which are simple and transparent.
- To ensure that there will be divisional tie-in to corporate KPIs

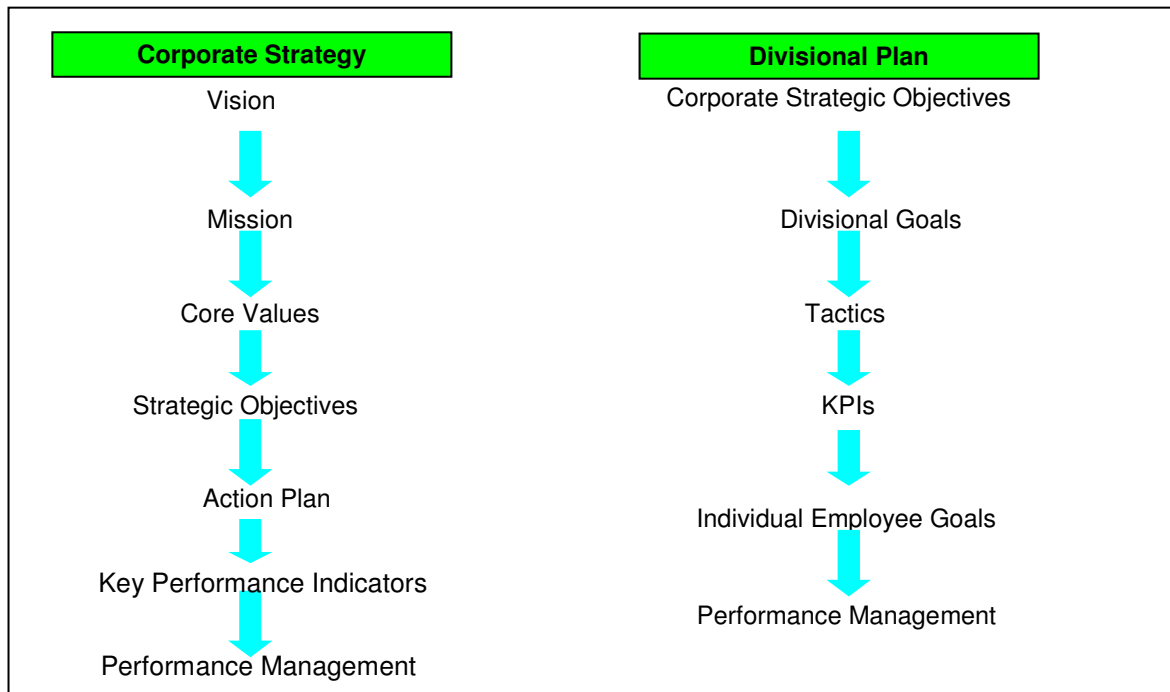
### Tools/Key Performance Indicators (KPIs)

Strategic Objective Focus	Metric #1	Metric #2
<b>Customer Service</b>	Achieve system-wide on-time performance at 90%	Increase commendations by 20% per year
<b>Human Capital Development</b>	Achieve increased training attendance of 5% per year	Reduce turnover rate by 10% for front-line employees
<b>New Technologies</b>	Introduce 1 new technology initiative per year for operational efficiencies	Achieve 90% of major deadlines within 90 days relating to new payment system
<b>Rebuilding the System</b>	Achieve 80% of all major deadlines within 90 days of goal	Introduce 5 new green technologies per year
<b>Ridership Growth for Transit</b>	Achieve 1% growth per year	Introduce 1 new major service initiative per year to serve new markets
<b>Safety &amp; Security</b>	Reduce accidents for customers and employees by 5% per year	Increase customer satisfaction level relating to safety & security perception by 10%
<b>Sustainability</b>	Reduce carbon footprint by 5%	Achieve 90% of major project deadlines within 90 days relating to transit-oriented development

## Accountability

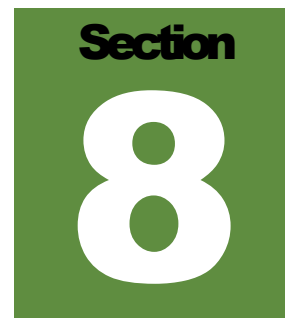
SEPTA will be accountable to report progress and performance achieved two-fold by:

1. 6-month review of achievement toward key performance indicators, which will be available to the SEPTA Board and also on the SEPTA website.
2. Development of divisional plans outlining the tactical elements to achieve the corporate strategy. Some plans are to be in-house efforts and managed by the appropriate internal divisions.



Transparency is important to SEPTA and is key to the success of the strategic business plan. The organization plans to achieve this through continuous stakeholder outreach ensuring:

- An open process that engages and is responsive to its stakeholders and the public in general.
- Collaboration with external stakeholders to gain valuable insight into its customers' needs in the mid- to long-term.
- Continuous input into what its mission statement should be.
- An understanding of what the stakeholders believe are the most important characteristics of SEPTA.
- Guidance on how to shape region-wide transit plans.



## Looking Ahead – Regional Transportation Efforts

The Five-Year Strategic Business Plan has focused on SEPTA’s vision and strategic goals for the short- and mid-term. However, long-range planning efforts will be evaluated and finalized during the life of this 5-year plan. As an organization, we feel it is important to briefly address how we need to look beyond the 5-year horizon and how we are bridging toward a longer-term SEPTA vision, within context, as a regional partner.

Collaboration is a major theme for SEPTA’s Five-Year Plan, and it is also the starting point for SEPTA’s long-range planning direction and the investment in the shared regional infrastructure. SEPTA wants to emphasize that we in the metropolitan Philadelphia area need to expand upon the concept of regionalism by:

- Defining roles and participants:
  - Who has a vested interest in the infrastructure?
  - Who is part of the traditional decision-making?
- Collaborating with City, Counties and regional partners:
  - Addressing ownership interests
  - Looking at economic impacts
  - Gauging environmental concerns
  - Rallying support
- Establishing a model for collaborative decision-making to determine viability of long-range projects, including the Metropolitan Planning Organization (MPO), DVRPC:
  - Holistic approach to transportation that combines a broader vision of land-use planning with individual transit projects.
  - Which project has the most impact to region and results in the highest return on investment?
  - Moving beyond localism and focusing on regional economic vitality.

Whether it is marketing the region for business or tourists, running the transportation system, protecting natural resources, or planning for the future, regional cooperation and collaboration leads local interests to a shared agenda and shared actions that together are stronger than the sum of their parts.

**Barry Seymour, Executive Director  
Delaware Valley Regional  
Planning Commission (DVRPC)**

- Focusing on regional growth through non-traditional sources of funding:
  - What grants are available beyond the standard federal and state sources?
  - How do public-private partnerships come into play?
  - Do we implement DVRPC's recommendation to establish a regional funding structure?
  - What funding avenues can the localities approach?

As Center City District has asserted, SEPTA is one of the tools that make this region competitive in today's global market. This does, however, require a new approach to infrastructure investments and expansion planning. Regional decision-making relating to priority of projects and funding sources is vital. There must be buy-in by all players as to what model is established to further develop a high-quality transit system, which covers all essential transportation needs: enhances mobility, reduces congestion on roads, enables employees to get to work, gets students to school and college, and helps residents, visitors and shoppers enjoy all the amenities of the region.

Investing in the shared regional infrastructure that makes us competitive on a global scale - the competitiveness of Greater Philadelphia depends on a predictable and sustainable source for fully funding public transit, highways & bridges. A quality transit system enhances mobility, reduces congestion on roads, enables employees to get to work, students to get to school, and residents, visitors and shoppers to enjoy all the amenities of the region.

**Paul Levy, Executive Director  
Center City District  
City of Philadelphia**