Thank you, Mr. Hearing Examiner.

On behalf of the Southeastern Pennsylvania Transportation Authority, I would like to welcome everyone to the Authority’s public hearing on SEPTA's Fiscal Year 2022 Capital Budget and Fiscal Years 2022 to 2033 Capital Program.

In support of “SEPTA Forward”, the Authority’s new strategic plan, SEPTA is proposing a $618.85 million Fiscal Year 2022 Capital Budget and $7.4 billion Fiscal Year 2022 – 2033 Capital Program. This funding level enables SEPTA to continue to focus critical investments on existing core infrastructure such as bridges, communications, maintenance facilities, signals, stations, substations and track that will address our $4.6 billion state of good repair backlog. This capital program also supports Projects of Significance, including trolley modernization, Bus Revolution, SEPTA’s comprehensive bus network redesign project, and rail vehicle acquisitions, which are critical to ensure the Philadelphia region remains economically competitive and equitable for many years to come.

Starting July 1, 2022, the predictable capital funding SEPTA currently receives from PennDOT transitions from the Pennsylvania Turnpike Commission to state motor vehicle sales tax. This transition along with the uncertainty about the full impact of COVID-19 on the Commonwealth’s funding could negatively impact SEPTA’s ability to make long term capital investments.

To highlight the full impact on SEPTA’s capital program should a long-term and bondable replacement to Turnpike funding not be in place by July 1, 2022, SEPTA is also proposing a reduced funding level capital program totaling $5.2 billion. This $2.2 billion reduction is about one-third of our current capital program and represents the total amount of state funding that is at risk.

It is important to note that this potential reduction in capital funding will impact our capital program beginning in Fiscal Year 2023. While this does not impact the funding available
for Fiscal Year 2022, since most capital projects are multi-year efforts, many critical projects in our program will have to be deferred or delayed, reversing the progress SEPTA has made in reducing its state of good repair backlog.

SEPTA is required to adopt the Fiscal Year 2022 annual capital budget and comprehensive capital program prior to the start of the new fiscal year, which begins July 1, 2021. This testimony will first focus on the Fiscal Year 2022 Capital Budget, followed by the projects that will be impacted under a reduced funding level capital program.

Under both capital program scenarios, the proposed annual Fiscal Year 2022 Capital Budget totals $618.85 million.

- The federal share is $253.57 million, or 41.0% of the total budget.
- The state share is forecasted to be $353.44 million, or 57.1% of the total budget.
- Local contributions account for $11.84 million, or 1.9% of the budget.

The annual Fiscal Year 2022 Capital Budget is allocated among 12 vehicle and infrastructure programs of projects and the Authority’s financial obligations.

- The Vehicle Acquisitions and Overhauls program is allocated 25.8 percent of the annual capital budget;
- Financial Obligations makes up 15 percent of the capital budget;
- Projects of Significance is 11 percent of the capital budget; and
- The remaining 48 percent of our FY 2022 Capital Budget is allocated to various system infrastructure improvement programs.

Highlights of major projects within each program are as follows:

**The Bridge Program is allocated $20.95 million.** This allocation will fund the rehabilitation of the Bridgeport Viaduct on the Norristown High Speed Line; the Mainline-Schuylkill Bridges between 30th Street and Suburban Stations, the Regional Rail and Suburban Rail Transit Critical Bridge Programs, and the replacement of 7 Regional Rail Stone Arch Bridges.

**The Communications, Signal Systems and Technology Improvement Program includes $50.02 million.** These funds are allocated to the Computer Aided Radio Dispatch
System Replacement, Real Time Information/Audio Visual Public Address System modernization, Southwest Connection, the Information Technology Program, Train Control Upgrades on the Route 101/102 Trolley lines, and rebuilding, reconfiguration and construction of Regional Rail and Norristown High Speed Line Interlockings.

**The Fiscal Year 2022 Infrastructure Safety Renewal Program is allocated $52.00 million.** This program provides for the restoration by SEPTA forces of SEPTA’s City and Suburban transit and railroad infrastructure to a state of good repair including Communications and signals, maintenance and support facilities, Power systems, Station Facilities and track and Right of Way.

**Maintenance/Transportation Shops and Offices projects are allocated $30.78 million.** Funding is allocated for Frazer Rail Shop and Yard Upgrade – Phase 3, Courtland Track Shop, Wayne Junction Blow Down Building, Powelton Yard Facility Improvements, and Midvale Bus Garage Roof Replacement.

**Projects of Significance are allocated $31.90 million.** Funds programmed will provide for infrastructure improvements to support SEPTA’s Trolley Modernization project and Market Frankford Line railcar specification and line enhancements. Beginning in Fiscal Year 2023 under the current funding level capital program, funding is programmed for infrastructure improvements to support SEPTA’s Bus Revolution. Initial Funding is also programmed in the outer years for vehicle acquisitions that replace our aging Market Frankford and Silverliner IV rail fleets.

**$18.49 million is allocated to the Safety and Security Improvements program.** Projects include the Escalator/Elevator Improvement Program, Fern Rock Transportation Center Safety Improvements, Safety and Security Infrastructure and Shop, Yards & Office Hardening Programs, and the Tank Relining/Replacement Program.

**SEPTA Key is allocated $12.84 million.** 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 on all of SEPTA’s service modes.
$45.55 million is allocated for the Elwyn to Middletown/US Route 1 Rail Service Restoration. This project will restore rail service and provide a new terminus in Middletown Township at Route 1 in Delaware County.

$72.26 million is programmed for Stations, Loops and Parking Improvements. This will fund ADA Bridge Plates at Regional Rail and Rail Transit stations, a new Rail Transit Wayfinding and Signage initiative, accessibility improvements at 11th Street Station on the Market Frankford line; Erie, Susquehanna-Dauphin and Tasker-Morris Stations on the Broad Street Line; Chestnut Hill East, Conshohocken, Jenkintown-Wyncote, Noble, Swarthmore, and Willow Grove Regional Rail Stations; and Villanova Station on the Norristown High Speed Line.

Also funded is the construction of a parking facility at Conshohocken station as part of PennDOT’s Interstate 76 Integrated Corridor Management Plan, and the Regional Rail Station Roof Program. The current funding level capital program will enable us to achieve our goal of having all remaining Market-Frankford and Broad Street Line Stations accessible within the 12-year program as well as fund additional regional rail station accessibility projects.

The Substations and Power Improvements Program is allocated $25.42 million. Funds are allocated to the overhaul of Lansdale and Hatboro substations and 12th Street/Portal Switching Stations on the Regional Rail; Wayne Junction Static Frequency Converters 1-4; the Market, Park, Broad, Louden and Castor Rail Transit Substations; and the 30th Street West Catenary Replacement project.

Track and Right-of-Way is programmed at $6.06 million. Projects include the Norristown High Speed Line Tie Replacement and Continuous Welded Rail project, Trolley Tunnel Track project, Market-Frankford Line Bridge Street Yard Program; and Route 101/102 Yard Tracks Program.

The Vehicle Acquisitions and Overhauls Program is allocated $159.72 million in Fiscal Year 2022. Projects include the next hybrid bus procurement, the annual Vehicle Overhaul program, the Multi-Level Railcar purchase, and Maintenance of Way and Utility Fleet Renewals.
$92.87 million is programmed to meet the Authority’s Financial Obligations, such as debt service and provide required match to our previously approved federally funded capital projects.

For a complete list of projects and project descriptions, please see the Fiscal Year 2022-2033 Capital Program proposal available on SEPTA’s website at planning.septa.org/reports, Capital Budgets.

Under the Reduced Funding Level FY 2022 – 2033 Capital Program, the funding level is cut by $2.2 billion from $7.4 billion to $5.2 billion. This reduction will result in significant project delays or deferrals.

The focus of the reduced program would be to complete projects currently under construction, to meet the Authority’s Financial Obligations, and fund core infrastructure improvement projects that address critical needs to keep the SEPTA system from failing, while continuing to operate reliably and safely.

Under the Reduced Funding Level FY 2022-2033 Capital Program, major programs will be severely reduced.

- The Bridge Program would be cut from $288 million to $79 million. SEPTA will not able to advance major projects including the rehabilitation of 5 Chestnut Hill East and 7 Chestnut Hill West bridges, the Mainline Schuylkill Bridges, or the Norristown High Speed Line Bridgeport Viaduct.

- Communications and Signals projects would be reduced from $445 million to $197 million. Projects such as Real Time Information and Broad Street Line Signals would be cancelled.

- The Maintenance/Transportation Shops and Offices program would be reduced from $251 million to $68 million. Improvements to bus depots and vehicle maintenance equipment upgrades would be curtailed. The final phase of Frazer Shop and Yard would not advance, which would impact regional rail operations, as we would not have adequate facilities there to maintain our aging and new railcar fleets.

- The Stations Program would be cut from $667 million to approximately $55 million. This will prevent the Authority from making our Broad Street and Market Frankford line stations fully accessible in the next 12 years and will stop progress on regional rail station accessibility.
The Substations and Power Program would be reduced from $413 million to $13 million. Projects such as 7 transit and 4 regional rail substations, the Wayne Junction Static Frequency Converter, and the 30th Street West Catenary Replacement projects would be cancelled.

The Track Infrastructure Program would be cut from $103 million to $29 million. Only the Trolley Tunnel Track project would continue.

At a reduced capital program funding level, SEPTA would not be able to advance any of the Projects of Significance, a total reduction of $326 million.

Please refer to pages 22-27 in the Fiscal Year 2022 – 2033 Capital Program proposal for a total list of funded and delayed or deferred projects under the Reduced Funding Level Capital Program.

These project deferrals and delays will result in the start of a longer-term operational crisis. If SEPTA is not able to invest in the rehabilitation of our aging infrastructure and vehicles, we may have to initiate a service reduction plan that will result in eliminations and truncations of our service.

Should this scenario arise, this will not only negatively impact the Philadelphia region and Commonwealth’s recovery from COVID-19, but also deter SEPTA from fulfilling its core mission of moving people reliably, affordably and equitably in the years to come.

Public Hearings on the Fiscal Year 2022 Capital Budget and Fiscal Years 2022 – 2033 Capital Program are being held May 26, 2021.

The Hearing Examiner will review all testimony and public comments received and submit his recommendations to the SEPTA Board.

The Board will consider adoption of the Capital Budget at the June 24, 2021 Board Meeting.

Your attendance at the virtual capital budget hearings is greatly appreciated and we look forward to hearing your comments.
Just a reminder, the public comment period for SEPTA’s Fiscal Year 2022 Capital Budget ends on June 2, 2021 at 5:00PM.

Public comments are being accepted through the following methods:

- By U.S. mail to Director, Capital Budgets, SEPTA, 1234 Market Street, 9th Floor, Philadelphia PA 19107
- By Email to capbudget@septa.org.
- By Voice Message to (215) 580-7771 and leaving a message. English, Spanish, and Mandarin language options are provided.
- Or by Pre-Registering to speak during the WebEx Virtual Public Hearing Sessions.

This concludes SEPTA’s Public Hearing testimony on the Fiscal Year 2022 Capital Budget and Fiscal Years 2022-2033 Capital Program.

I will now turn the hearing back to Joseph M. O’Malley to open the hearing for Public Comments.
For the Pre-Recording:

- SEPTA’s Capital Budget Virtual Public Hearing is being held on May 26, 2021.
- Virtual Public Hearing sessions begin at 11:30 am and 5:00 pm.
- American Sign Language Interpretation will be provided during both Virtual Hearing sessions.
- Individuals who wish to testify or submit comments during the public hearing must pre-register for the Capital Budget Virtual Public Hearing at www.septa.org/notice and will be provided three minutes to present their testimony.
- During the hearing sessions, SEPTA will also provide a toll-free phone number for members of the public who wish to listen to the Virtual Public Hearing.
- For members of the public who are not able to participate in the Virtual Public Hearing, or choose not to speak during the hearing, you may submit your comments via any of the methods listed in the Public Notice.
- All comments received, either during the Virtual Public Hearings or via one of the other methods indicated in this presentation, will be reviewed by SEPTA Staff and forwarded to the Hearing Examiner.