



SEP-TAINABLE SEEING RESULTS

ANNUAL REPORT (February 2014)





ON THE COVER: GENERAL MANAGER JOSEPH M. CASEY COMMEMORATES SEPTA'S FIRST ISO 14001:2004 CERTIFICATION WITH RICK SIVORELLI, A SEPTA EMPLOYEE OF 39 YEARS

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MESSAGE FROM THE GENERAL MANAGER

When SEPTA's Board adopted this Sustainability Program in 2011, it formalized a lasting commitment to partnering for regional sustainability. With each passing year, annual reports have quantified progress based on a series of key performance indicators – steps toward a more environmentally sustainable, socially responsible, and economically prosperous region.

In many ways, this year's annual report – entitled "SEP-TAINABLE: Seeing Results" – reflects incremental progress towards these performance targets. Emissions, water consumption and energy intensity continue to decline, as new hybrid buses, innovative energy storage systems, and green roofs have helped to reduce SEPTA's environmental footprint. Meanwhile, waste diversion rates continue to tick upward thanks to a comprehensive recycling program at passenger stations and employee locations across the region. Planned follow-on initiatives demonstrate a commitment to continual improvement in these areas.

In other important ways, the report reflects more transformative progress. In September, SEPTA became just the eighth U.S. transit agency to receive a certification for environmental management under the prestigious International Organization for Standardization (ISO) 14001:2004 Standard. The certification, which covers SEPTA's bus overhaul and print shop in North Philadelphia for three years, will be used as a template for continually improving environmental compliance and performance at other facilities across the region.

These important milestones confirm what I have known for some time: that SEPTA's employees are among the most diligent and dedicated to their jobs of any transit agency in the industry. More than anything, the success of SEPTA's Sustainability Program to date is a reflection that commitment to sound planning and principled implementation pays dividends, even on a limited budget.

However, persistent budgetary limitations have imposed a key constraint on accelerating progress towards a more fully sustainable region. In particular, capital funding shortfalls in recent years resulted in a growing backlog of state of good repair needs, compromising the very system that stakeholders across southeastern Pennsylvania increasingly recognize as a key to more livable, sustainable communities.

Until now.

The Pennsylvania General Assembly and Governor Corbett's passage of Act 89 in November represents a transformative investment in the Commonwealth's transportation infrastructure. Thanks to the funding bill, communities will be granted newfound opportunities for renewal, as critical investments to roads, bridges, and transit systems move forward. SEPTA's capital budget will be significantly increased, bringing annual funding levels closer to its identified need – and closer to its industry peers.

Some may ask: what does transportation funding have to do with sustainability? My answer is: everything. The ability to fund critical infrastructure needs will sustain SEPTA's system for future generations, preserving the asset that so many communities across southeastern Pennsylvania now see as their lynchpin for their own economic renewal. With Act 89, SEPTA's commitment to partnering for regional sustainability can now be fulfilled in more lasting and meaningful ways. We laud legislators for their leadership and foresight on this important issue for the future of Pennsylvania's economy.

I'm now pleased to share this annual report with you.

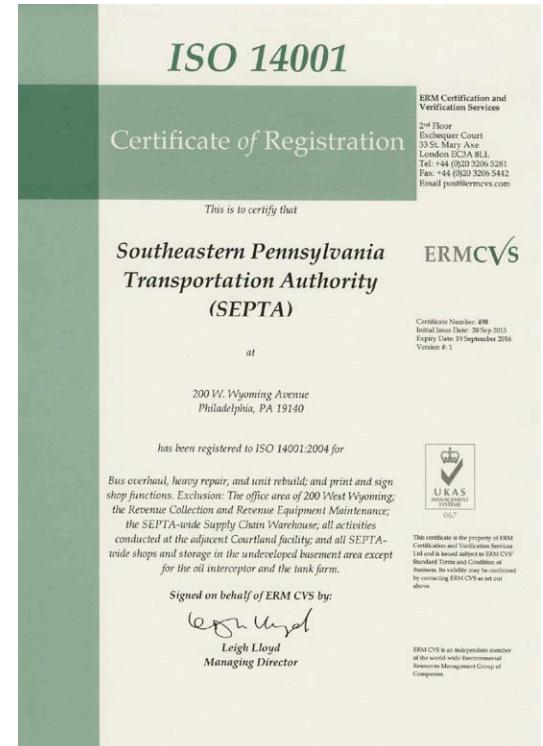


Joseph M. Casey
General Manager



SEPTA'S ESMS ACHIEVES PRESTIGIOUS CERTIFICATION

SEPTA Joins Handful of U.S. Transit Agencies
Recognized Under ISO 14001 Standard



SUMMARY OF PROGRESS: After more than two years, in September 2013 SEPTA's Environmental and Sustainability Management System (ESMS) received a certification under the International Organization for Standardization's 14001:2004 standard for environmental management. In so doing, SEPTA joins fewer than one dozen U.S. transit agencies that have certified an ESMS to the most rigorous global standard for environmental management.

The impetus to develop, implement and maintain an ESMS is rooted in SEPTA's Sustainability Program, and its focus on creative ways to advance environmental stewardship in an era of budgetary constraints and limited financial resources. A key strategy that emerged from this is a focus on management systems – and through them, squeezing more out of less by making institutional processes more efficient.

It was in this context that in 2011, SEPTA staff participated in the Federal Transit Administration (FTA) ESMS training and assistance program for public transportation agencies. SEPTA identified a pilot "fenceline" for its ESMS – the Berridge Vehicle Overhaul and Print Shop at 200 West Wyoming Avenue in North Philadelphia – and participated in the year-long training program to establish the foundations for a program based on best management practices.

OVER THE COURSE OF 2011, THE SEPTA ESMS TEAM:

- Adopted an overarching environmental policy (Available here: <http://www.septa.org/sustain/pdf/SEPTA%20-%20ED-4.2-2-EnvironmentalPolicySigned-Dec%202012.pdf>)
- Identified significant environmental aspects and a plan to control each of them
- Formalized programmatic resources, roles, responsibilities and authority
- Developed communications materials and a competency training and awareness program for contractors and employees
- Evaluated all applicable legal and regulatory obligations
- Established protocols for documentation, document and record control, monitoring and measurement, evaluation of compliance, and corrective and preventive action; and
- Formalized a process of internal review to ensure continual improvement

The ESMS program was formally adopted on February 1, 2012.

Over the course of 2012, SEPTA implemented this program, which is based on the “plan-do-check-act” cycle of continual improvement. Progress was achieved in:

- Permit compliance & record-keeping: a streamlined process for controlling environmentally sensitive documentation was established to improve records administration
- Hazardous & non-hazardous waste management: a transition from an ad hoc to centralized waste management program reduced shop waste disposal costs by 40 percent
- Municipal waste management: a single stream, source separated recycling program recycled 90.8 tons (a 38 percent diversion rate)
- Asbestos management: a planned abatement program significantly reduced the risk of costly emergencies
- Tank inspections: a more efficient inspection, maintenance, and operation program minimized the risk of failure
- Energy and water consumption: an energy performance contract process was initiated to finance energy and water retrofits on the basis of guaranteed cost savings with a third-party



BERRIDGE BUS SHOP HAS THE HIGHEST RECYCLING RATE OF ANY SEPTA FACILITY

In 2013, SEPTA applied for certification. In a stage one audit, SEPTA's assessor found many positive signs of a fully functional ESMS. Among them:

- The facility is in good condition and clean for an aging facility
- Employees had a “positive audit attitude” –not defensive about assessor findings
- Employees have an effective knowledge of applicable regulatory requirements
- Employees have a high-level of compliance requirements at the shop
- The management system’s internal review process features a strong emphasis on data
- The facility is covered in effective signage and posters for employee communications
- The management systems documentation exhibits a strong overall understanding of the systems approach for environmental management

Non-conformances identified in the stage 1 audit were identified and addressed through a corrective action plan developed by SEPTA staff. During the stage 2 audit, SEPTA's assessor found each of the non-conformances to have been sufficiently addressed and recommended SEPTA for ISO 14001:2004 certification. The certification was received on September 20, 2013 and is valid for three years, pending the results of an annual surveillance audit.

KEYS TO SUCCESS: Five overarching factors were key to SEPTA's success in developing, implementing, and maintaining an ISO14001:2004 certified ESMS:

- **Making the Business Case:** The ESMS is built on the Sustainability Program's principle that environmental initiatives and operational efficiencies can be mutually reinforcing. ESMS plans for controlling significant environmental impacts were developed with financial impacts in mind, and the cost and benefits associated with each ESMS initiative are monitored and measured to make a continued business case for the program.
- **Engaging Front-Line Employees:** Efforts were made to engage shop personnel through a comprehensive competence, training, and awareness program as well as a communications campaign that emphasized the connection between ESMS and personal safety, health and wellness. A video demonstrating employee engagement in the ESMS is available here: <http://www.septa.org/sustain/esms>
- **Communicating Success:** SEPTA's website and Sustainability Annual Report are the primary mechanism for external communications, while the SEPTA employee intranet has more detailed information about the ESMS program for internal consumption. Constant communications, including data and information about program performance, helped to ensure accountability with internal and external stakeholders.
- **Ensuring Scalability:** The Vehicle Overhaul and Print Shop at 200 West Wyoming Avenue is one of more than two dozen facilities that SEPTA owns and operates across its five-county service region. The ESMS was developed with scalability in mind to minimize the administrative burden of program implementation at additional facilities.
- **Building a Cross-Functional Team:** The ESMS "Oversight Team" is comprised of representatives from Operations, Engineering, Planning, System Safety, and Human Resources departments. Additional support from Communications, Information Technology, and Supply Chain Management has been crucial to the success of the program. Building a cross-functional network of management personnel has ensured continued support throughout the development, implementation, and maintenance stages of the program.

In recognition of the important role that front-line employees played in achieving ISO14001:2004 certification, on November 4, 2013 SEPTA General Manager Joseph M. Casey and his executive team recognized shop personnel. In a statement, Casey said:

"SEPTA is committed to reshaping the environmental vision for our region by taking a leadership role and advancing goals and objectives that address economic, social, and environmental sustainability issues. While the Authority's Sustainability Plan concentrates largely on external customer and community initiatives, the Environmental & Sustainability Management System provides a framework to engage our employees in our environmental mission. By offering awareness, training, and a toolbox of management techniques we can inspire our employees to make a personal commitment to conduct SEPTA business in an environmentally and sustainably responsible way."

— Joseph M. Casey, General Manager SEPTA

In the spirit of continual improvement, the event served as a kickoff for the next stage of ESMS, which will be rolled out in 2014 at two new locations: Wayne Shop (4500 Germantown Avenue, Philadelphia), a railcar maintenance facility, and Courtland Shop (4529 North 3rd Street, Philadelphia), a non-revenue maintenance facility. At select additional locations, SEPTA will begin to implement elements of the ESMS program based on a phased approach.

RESOURCES: <http://www.septa.org/sustain/esms>

SUSTAINABILITY PROGRAM OVERVIEW

SEPTA's Sustainability Program is based on the triple bottom line – accounting for 1) environmental, 2) social, and 3) economic impacts. Working with its partners, SEPTA has used this three-pillar, “people-planet-prosperity” approach to incorporate sustainability into its vision, mission, and core values.

The Sustainability Program reduces this broad-based, comprehensive planning framework into twelve goals – four across each pillar:

SEPTA'S TRIPLE BOTTOM LINE APPROACH TO SUSTAINABILITY

Environmental

Planet = Environmental

Taking into account actions and conditions that affect the earth's ecology

Impact Mitigation and Stewardship Solution

Goal 1

Improve Greenhouse Gas (GHG) & Criteria Air Pollutant Emissions Performance

Goal 2

Reduce Water Usage & Stormwater Runoff

Goal 3

Improve Energy Intensity Performance

Goal 4

Reduce & Reuse Waste

Social

People = Social

Taking into account actions and conditions that affect all members of society

Versatile Workforce and Livable Communities

Goal 5

Integrate with Livable Communities

Goal 6

Improve Access to Local Food Via Transit

Goal 7

Develop A Highly Skilled, Healthy & Versatile Workforce

Goal 8

Support Regional Business Equity

Economic

Prosperity = Economic

Taking into account actions that affect how people and businesses meet their needs

Fiscal Responsibility and Regional Competitiveness

Goal 9

Increase Transit Mode Share

Goal 10

Improve Infrastructure State of Good Repair

Goal 11

Improve Operating Expense Performance

Goal 12

Achieve Recommended Funding Levels

USE OF PERFORMANCE METRICS

The Sustainability Program uses performance metrics to track progress over time. Metrics are “normalized” to account for changes in the units of service provided and consumed. Normalization ensures that sustainability performance measurement does not obscure SEPTA’s most important function: to provide high-quality transit service to residents of southeastern Pennsylvania.

Three metrics are used to normalize performance, selected based on guidance promulgated by the American Public Transportation Association (APTA) Recommended Practice on “Quantifying and Reporting Transit Sustainability Metrics” (June 2012):

PASSENGER MILES TRAVELED (PMT)

- **DEFINITION:** PMT is the cumulative sum of the distances ridden by each passenger.
- **VALUE:** A productivity measure that accounts for the combined effects of vehicle miles, vehicle capacity, and passenger occupancy. This measure will demonstrate efforts to improve efficiency by increasing utilization of existing services.

VEHICLE MILES (VM)

- **DEFINITION:** VM is mileage traveled from the time a vehicle pulls out from its garage to the time it pulls back into the garage, including “deadhead” miles (the time that vehicles spend traveling while out of service, such as returning to a garage or storage facility).
- **VALUE:** An efficiency measure that accounts for the combined effects of fuel economy and overhead reductions (e.g., office buildings or train stations).

REVENUE VEHICLE HOURS (RVH)

- **DEFINITION:** RVH is hours traveled from the time a vehicle enters revenue service to the time it leaves revenue service (i.e., the time when a vehicle is available to the general public and there is an expectation of carrying passengers), excluding “deadhead” miles.
- **VALUE:** An efficiency metric that accounts for the combined effects of deadhead reductions and roadway congestion. By excluding deadhead hours, this metric will capture efforts to reduce inefficiencies through improvements to scheduling, routing or other service planning changes. By accounting for the time spent in service rather than the distance traveled, this metric reflects any local congestion effects, which will depress performance per unit of time in revenue service.

SUMMARY OF KEY PERFORMANCE INDICATORS

Sustainability Focus Area		Goal		Target	Indicator (Unit)	Baseline (FY2009)	FY2010	FY2011	FY2012	FY2013	2015 Target Outcome
ENVIRONMENTAL	In the Region: Advancing Stewardship	1	Improve Greenhouse Gas (GHG) & Criteria Air Pollutant Emissions Performance	5% improvement per year	GHG/PMT (CO2-e) GHG/VM (CO2-e) GHG/RVH (CO2-e)	0.642 lbs 9.53 lbs 133.99 lbs	0.578 lbs 10.03 lbs 141.30 lbs	0.553 lbs 9.19 lbs 128.81 lbs	0.544 lbs 8.88 lbs 125.85 lbs	Measured on Calendar Year Basis	0.47 lbs CO2-e 7.01 lbs CO2-e 98.49 lbs CO2-e
		2	Reduce Water Use & Stormwater Runoff	10% reduction by 2015	Water/PMT (Gallons) Water/VM (Gallons) Water/RVH (Gallons)	0.079 1.251 17.46	0.081 1.305 18.46	0.070 1.166 16.36	0.066 1.099 15.39	0.071 1.134 16.28	0.071 1.126 15.72
	At SEPTA: Reducing Footprint	3	Improve Energy Intensity Performance	10% improvement by 2015	Energy/PMT (kBtu) Energy/VM (kBtu) Energy/RVH (kBtu)	2.88 45.80 639.28	2.78 44.56 630.54	2.66 44.15 619.03	2.57 42.84 600.17	2.62 42.10 604.11	2.59 41.22 575.35
		4	Reduce & Reuse Waste	20% waste diversion by 2015	Municipal waste diversion rate (recycling/total waste)	n/a	n/a	8.3% (Baseline)	11.6%	13.6%	20%
SOCIAL	In the Region: Building Livable Communities	5	Integrate With Livable Communities	Invest in one TOD project per year	New TOD projects (cumulative)	n/a	n/a	1	2	2	5 TOD projects
		6	Improve Access to Local Food via Transit	Three new farmers markets on SEPTA property by 2015	New farmers markets on SEPTA property	0	3	4	4	4	3 farmers markets
	At SEPTA: Developing Workforce	7	Develop A Highly-Skilled, Healthy & Versatile Workforce	50% turnover filled from succession pool	Turnover filled from succession pool of critical strategic positions	n/a	n/a	Succession Pool Planned	Succession Pool Established	See Goal 7 for Interim Achievements	50%
		8	Support Regional Business Equity	10% improvement by 2015	Newly-registered DBE firm success rate	16.6%	n/a	n/a	n/a	See Goal 8 for Interim Achievements	18.22%
ECONOMIC	In the Region: Catalyzing Growth	9	Increase Transit Mode Share	10% increase by 2015	Annual unlinked trips per capita	82.1	80.1	82.9	83.8	83.3	90.3
		10	Improve Infrastructure State of Good Repair	15% proportionate improvement by 2015	Estimated state of good repair	65% (Est.)	n/a	65% (Est.)	67% (Est.)	MAP-21 Metrics Under Development	Pending MAP-21 Federal Requirements
	At SEPTA: Achieving Fiscal Stability	11	Improve Operating Expense Performance	Outperform industry annualized growth rate	Industry OpEx/UPT (%Δ)	Industry %Δ: + 3.7%	n/a	n/a	n/a	SEPTA %Δ: + 2.9%	n/a
		12	Achieve PA TFAC Recommended Funding Levels	Full funding of PA TFAC recommended funding levels	Statewide transit funding	Current funding levels	2010: \$484M	n/a	n/a	Act 89 Passed, Providing Nearly \$500M for Transit by 2018	2020: \$1.383B 2030: \$3.063B

SEP-TAINABLE: Seeing Results 9 Summary of Key Performance Indicators



ENVIRONMENTAL SUSTAINABILITY

GOAL 1

IMPROVE GREENHOUSE GAS (GHG) & CRITERIA AIR POLLUTANT EMISSIONS PERFORMANCE

Carbon Reductions Continue; Climate Adaptation Plan Released

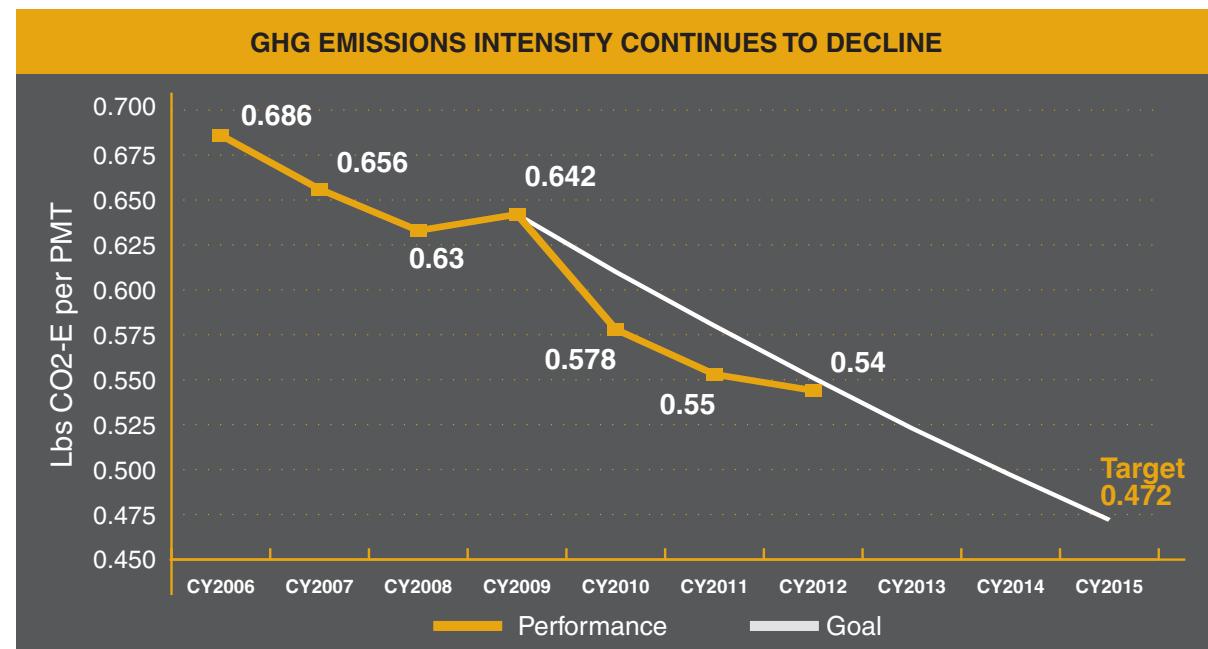
KEY PERFORMANCE INDICATOR: Target – 5% Annual Improvement

GHG EMISSIONS PERFORMANCE		DEBIT			CREDIT		
Calendar Year	LBS CO2-E	Per VM	Per RVH	Per PMT	Multiplier	Savings (lbs CO2-e)	Per Trip
CY2006	981,892,698	10.602	148.479	0.686	2.66	2,616,358,006	8.11
CY2007	971,894,882	10.377	145.506	0.656	2.78	2,704,226,835	8.16
CY2008	974,553,773	10.200	142.585	0.633	2.88	2,810,186,803	8.15
CY2009 (BASELINE)	925,507,828	9.534	133.988	0.642	3.06	2,832,515,631	8.15
CY2010	920,292,619	9.445	133.029	0.578	3.16	2,903,907,804	8.23
CY2011	901,576,736	9.193	128.809	0.553	3.30	2,973,724,850	8.23
CY2012	876,757,992	8.878	125.849	0.544	3.36	2,944,100,753	8.16

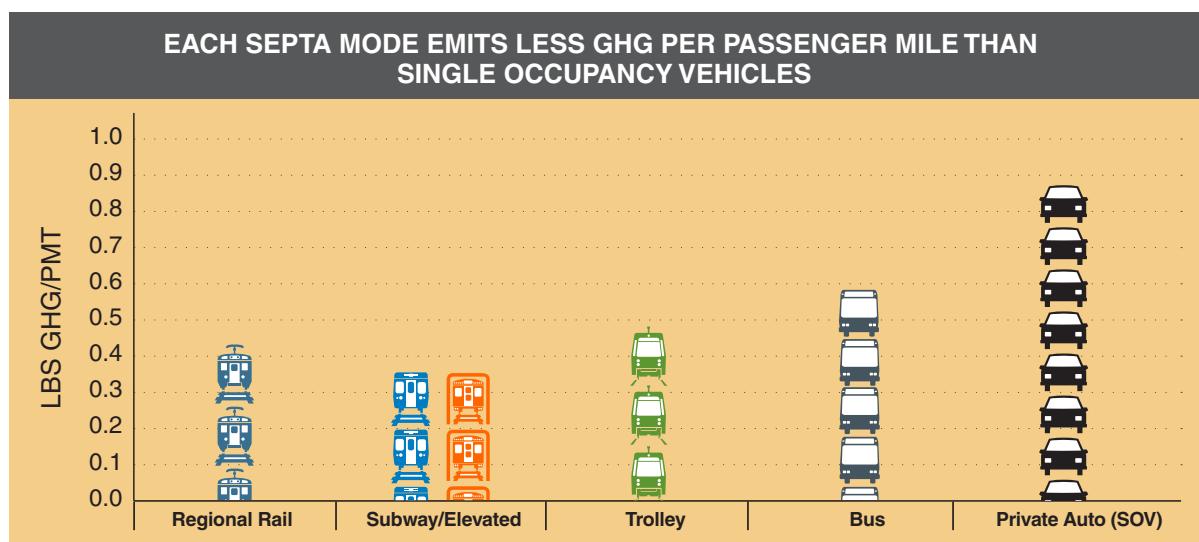
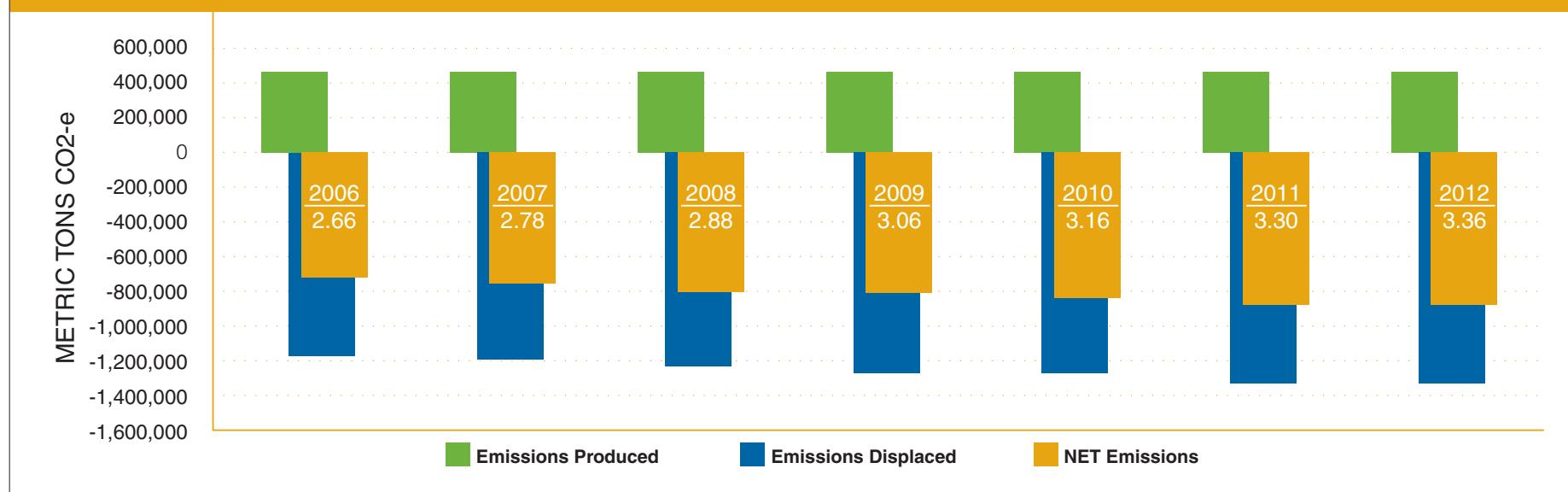
GOAL 1

SEP-TAINABLE: Seeing Results

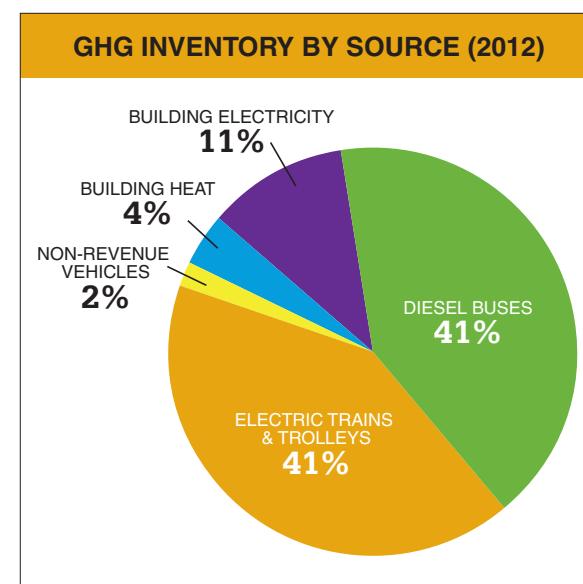
PERFORMANCE SUMMARY: Through 2012, SEPTA's GHG emissions per passenger mile – a measure of the carbon intensity of SEPTA's services – improved by 15.3 percent compared to plan baseline year 2009, outpacing the goal of 5 percent annual improvement. At the same time, SEPTA's transit effect multiplier – a measure of SEPTA's net carbon benefit to the region from reduced auto emissions – grew by 9.7 percent. The average SEPTA rider now saves more than 8 pounds of carbon per passenger trip.



SEPTA REDUCES REGIONAL TRANSPORTATION GHG EMISSIONS BY MORE THAN 3:1



Source: SEPTA GHG Inventory & U.S. Energy Information Administration (EIA)



HIGHLIGHTS

CLIMATE ADAPTATION: In spring 2014, SEPTA will release its first “climate adaptation” report, a vulnerability and risk assessment of the Manayunk/Norristown Line. The report, undertaken in conjunction with the Delaware Valley Regional Planning Commission (DVRPC) and ICF International, was one of seven federally funded pilot projects designed to evaluate the impact of global climate change at a local level. The report finds that in southeastern Pennsylvania, the impact of severe weather is already having an impact on SEPTA’s system and services, especially flooding and washouts from heavy rain. The report highlights key initiatives already underway to adapt SEPTA’s infrastructure to known climate impacts and provides a menu of strategies to adapt capital, operating and maintenance programs based on projected future climate scenarios. (For more information about the climate adaptation report, please visit the SEPTA Sustainability website)



WASHOUT ON MANAYUNK/NORRISTOWN LINE
DURING AUGUST 13, 2013 RAIN STORM



NEW TURNBACK INSTALLED BEFORE
FLOODZONE TO INCREASE OPERATIONAL
FLEXIBILITY IN THE EVENT OF A STORM

ENERGY ACTION PLAN (SEE GOAL 3):

Vehicle and facility energy efficiency initiatives have driven reductions in the carbon intensity of SEPTA’s services. These initiatives are summarized under Goal 3.

PARATRANSIT ANTI-IDLING: 68 new CCT paratransit vehicles delivered in Fiscal Year 2013 were equipped with anti-idling devices. This technology will be featured on future vehicles added to the paratransit fleet.

GENSET LOCOMOTIVE REPOWER PROGRAM: SEPTA is in the midst of repowering two of its six diesel-powered maintenance locomotives. Funded by two competitively awarded federal grants, the repower projects will reduce fuel consumption and improve air quality by utilizing a state of the art “GenSet” technology to synchronize power output and demand. The locomotives operate in all five counties.

- Locomotive 50: Electrical schematics and mechanical drawings are under review. The expected delivery date of Locomotive 50 is February 2014.
- Locomotive 52: Specifications are under development and were presented for purchasing review in December 2013; expected delivery is still to be determined.

HIGHLIGHTS (cont.)

CUSP PHILADELPHIA: SEPTA partnered with the Franklin Institute's Climate Urban Systems Partnership (CUSP) on an initiative to enhance urban quality of life through an informed response to climate change. In July, the first collaborative project was unveiled: a mural at the Huntingdon Station in the Kensington section of North Philadelphia that communicates the positive environmental impact of SEPTA's cutting-edge wayside energy storage project, located just blocks away at an electrical substation along the Market-Frankford Line. (For more information about the wayside energy storage project, please see Goal 3).

The purpose of CUSP's mural at Huntingdon Station was to engage and educate residents of New Kensington about climate change. Residents asked to provide feedback on the Huntingdon Station mural answered with the following:

"Did the sign make you want to learn more about climate change?"

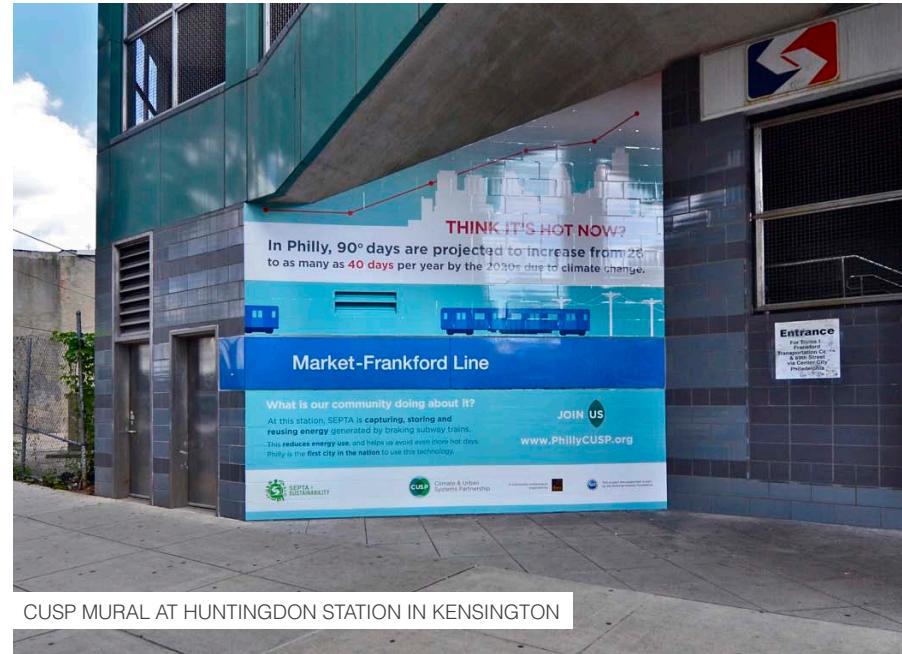
Yes = 45%

"Did the sign make you want to learn more about what this community is doing about climate change?"

Yes = 64%

"Did the sign make you want to learn more about how you can get involved?"

Yes = 73%



WHAT'S NEXT

ENERGY ACTION PLAN: Initiatives implemented under the Energy Action Plan will continue to drive energy consumption reductions on vehicles and at facilities. These efficiency initiatives, combined with continued efforts to increase the use of less carbon intensive energy sources, will help achieve SEPTA's ambitious goal to continue to reduce greenhouse gas emissions intensity by five percent annually.

ALTERNATIVE ENERGY: A subset of SEPTA's Energy Action Plan is an effort to convert existing energy consumption to lower-emission sources. Key among them is a proposed combined heat and power (CHP) plant designed to provide power to nearly one-half of SEPTA's Regional Rail network. The CHP plant will utilize an estimated 500,000 mmBtu of low-cost natural gas to offset current demand for grid-based electricity, and in so doing reduce SEPTA's GHG emissions from purchased propulsion power by approximately 15 percent. The CHP plant will be complemented by other cost-effective initiatives to convert back shops and facilities from heating oil to natural gas.

CLIMATE ADAPTATION: Recommendations from SEPTA's first climate change vulnerability and risk assessment will be implemented as funding allows; key among them is an effort to incorporate climate adaptation considerations into SEPTA's Transit Asset Management program (For more information about the transit asset management program, see Goal 10).

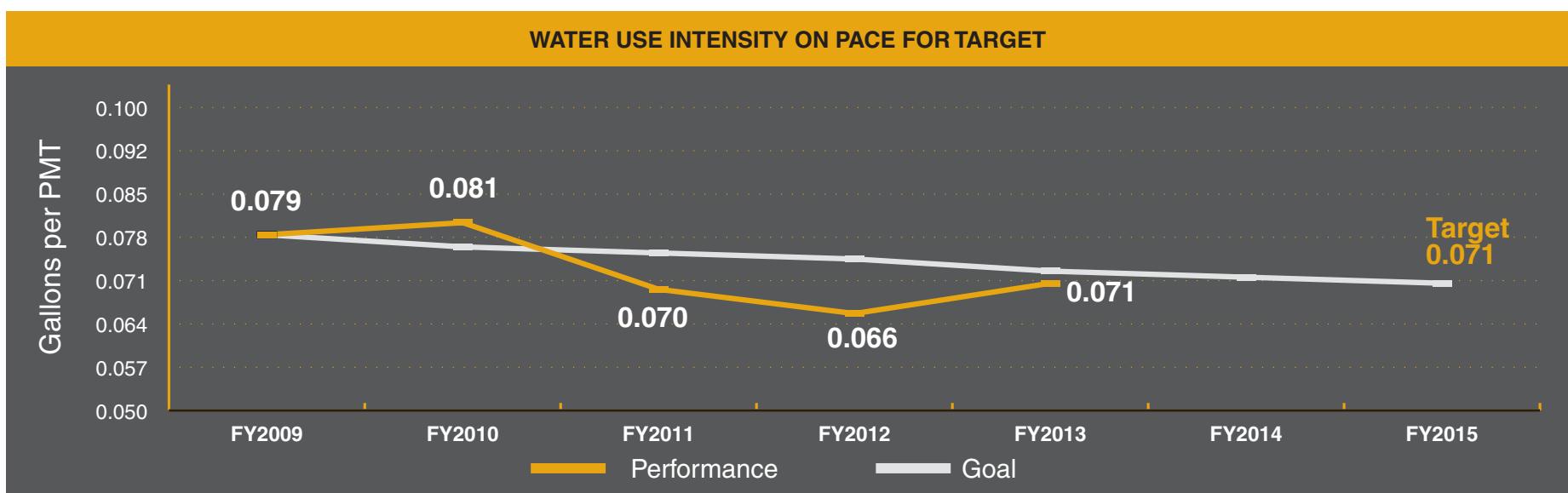
ANTI-IDLING EDUCATION: An educational initiative will be developed under SEPTA's Environmental and Sustainability Management System (ESMS) to ensure compliance with all relevant and applicable regulations associated with vehicle idling.

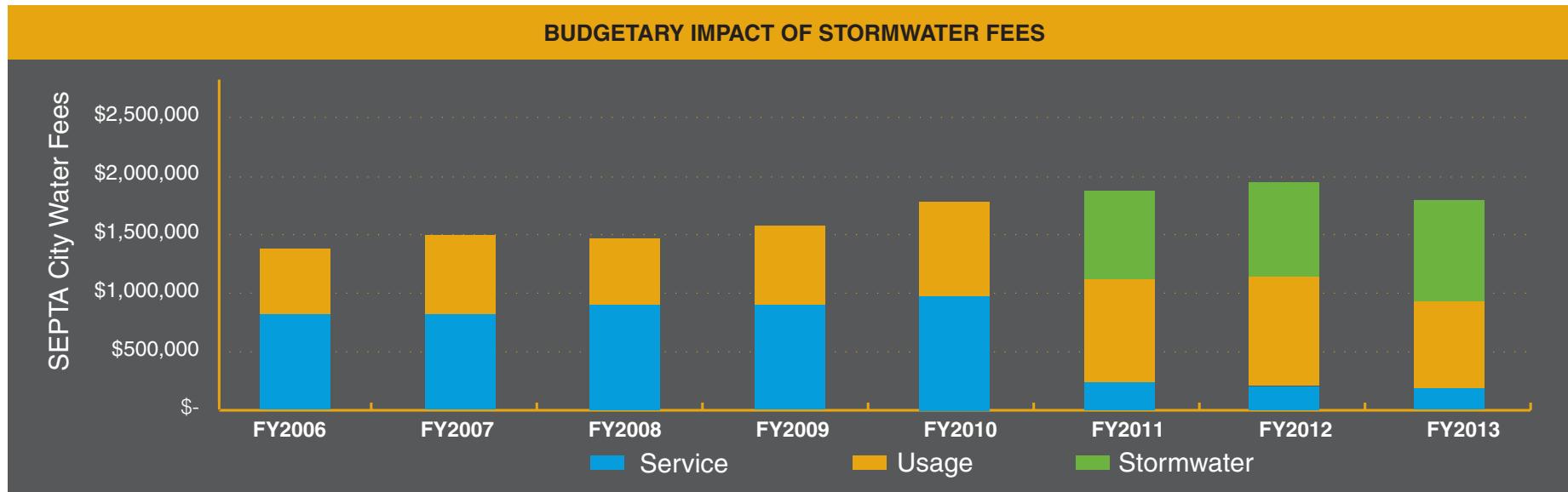
RESOURCES: <http://www.septa.org/sustain/environmental>

GOAL 2**REDUCE WATER USAGE & STORMWATER RUNOFF****First Green Roof Highlights Renovation****KEY PERFORMANCE INDICATOR: Target – 10% Improvement by 2015**

PERFORMANCE SUMMARY: Through fiscal year 2013, SEPTA's water usage per passenger mile – a measure of water consumption intensity – improved by more than 10 percent compared to baseline year 2009. Having already achieved its goal for water consumption, SEPTA's focus has broadened to stormwater runoff, and specifically partnering with the City of Philadelphia Water Department's *Green Cities, Clean Waters* program to manage stormwater on-site. To this end, in 2013 SEPTA installed its first green roof as part of its renovation of the historic 33rd & Dauphin Bus Loop, and has developed conceptual plans for additional stormwater retrofits to reduce the impact of runoff from impervious property.

WATER USAGE PERFORMANCE					
Fiscal Year	CCF	GALLONS	Per VM	Per RVH	Per PMT
FY2009	162,409	121,481,784	1.251	17.46	0.079
FY2010	169,286	126,625,900	1.305	18.46	0.081
FY2011	152,575	114,126,440	1.166	16.36	0.070
FY2012	144,417	108,023,598	1.099	15.39	0.066
FY2013	150,445	112,533,194	1.134	16.28	0.071





HIGHLIGHTS

GREEN ROOF: In September, SEPTA gathered with local elected officials and community officials to celebrate the opening of a renovated 33rd & Dauphin Bus Loop in the Strawberry Mansion section of North Philadelphia (For more information about the bus loop, please see Goal 5). The new facility features SEPTA's first "green roof" that utilizes plant modules and other materials to reduce stormwater runoff. A new underground stormwater management system also enhances drainage.



HIGHLIGHTS (cont.)

TREE PLANTING: A total of 184 trees were planted at 8 project sites in 2013, an average of 23 trees per location. The largest two tree-planting locations were Primos Station (35 trees) and Ardmore Avenue Station (26 trees) in Delaware County, and Berridge Shop (36 trees) and Southern Depot (25 trees) in the City of Philadelphia. These two city locations were planted in partnership with the City of Philadelphia's "TreePhilly" initiative, which is seeking to restore the city's tree canopy. Given capital funding constraints, SEPTA's partnership with TreePhilly will help to continue planting trees at SEPTA locations despite fewer capital projects under construction.

2013 TREE PLANTINGS	
SEPTA LOCATION	TREES
33RD & DAUPHIN	17
PRIMOS STATION & PARKING LOT	35
ARDMORE JUNCTION	10
ARDMORE AVENUE	26
CALLOWHILL DEPOT*	15
BERRIDGE SHOP*	36
SOUTHERN DEPOT*	25
MIDVALE DEPOT*	20
2013 TOTAL	184

*APPROVED TO BE PLANTED BY CITY OF PHILADELPHIA "TREE PHILLY" PROGRAM

WHAT'S NEXT

SUSTAINABLE STORMWATER RETROFITS PROGRAM:

A nascent partnership with the City of Philadelphia Water Department will identify cost-sharing opportunities to implement stormwater retrofit projects pursuant to the goals Green Cities, Clean Waters program, and to reduce SEPTA's new fees associated with stormwater runoff. This partnership will target locations where SEPTA has pre-established plans for capital projects, such as depots, stations, and other impervious facilities throughout the city.

BUS WASHER AUDITS: SEPTA will continue to closely monitor bus washer efficiency and prioritize washer retrofits as part of facility-wide energy savings projects to be undertaken in 2014 (For more information about facility-wide energy projects, see Goal 3).

RESOURCES: <http://www.septa.org/sustain/environmental>

GOAL 3

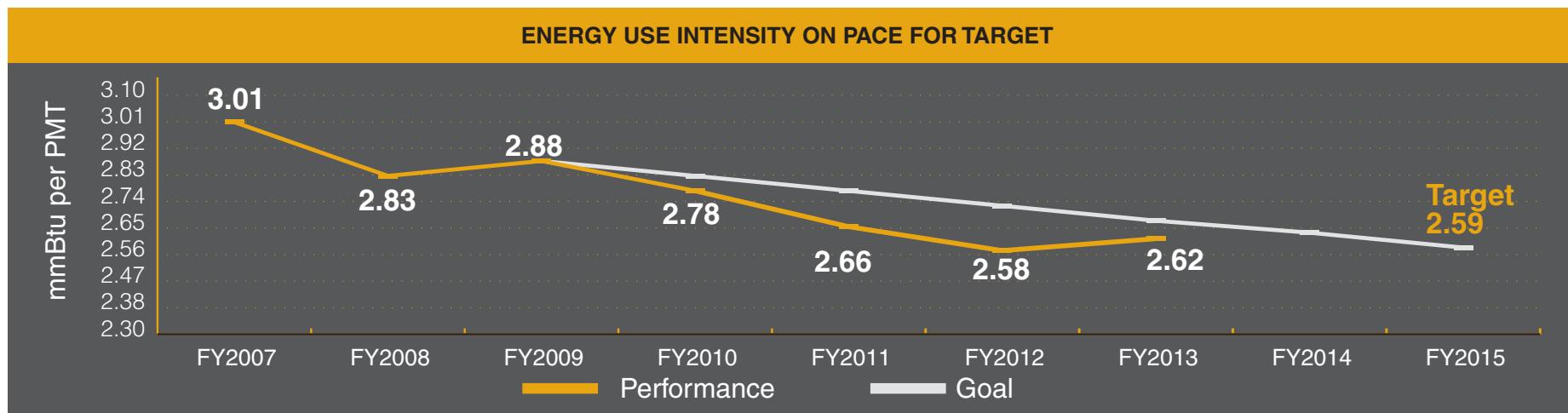
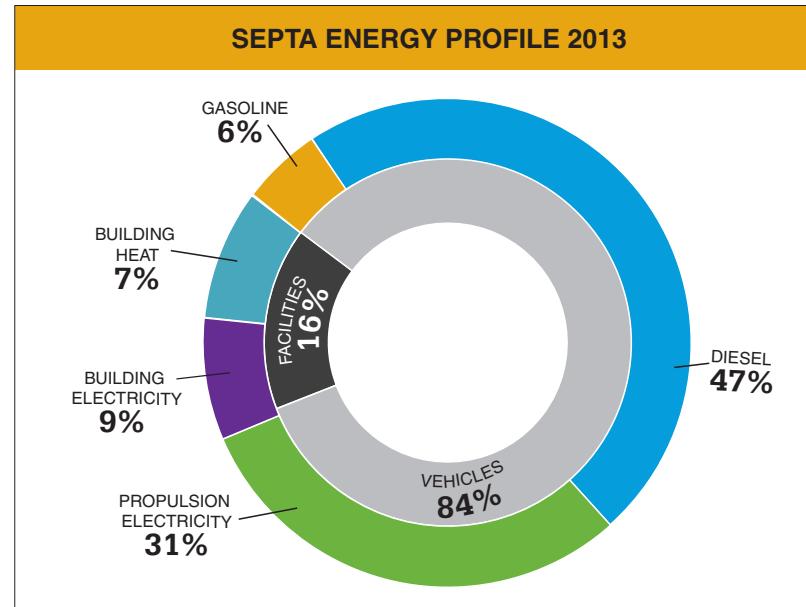
IMPROVE ENERGY INTENSITY PERFORMANCE

Energy Action Plan Drives Cost Reductions

KEY PERFORMANCE INDICATOR: Target – 10% Improvement by 2015

ENERGY INTENSITY PERFORMANCE					
FISCAL YEAR	ENERGY SOURCES	MMBTU	VM	RVH	PMT
FY2007	DIESEL, ELECTRICITY, GASOLINE, NATURAL GAS, HEATING OIL, STEAM	4,305,974	46.13	647.94	3.01
FY2008		4,335,844	46.14	645.87	2.83
FY2009		4,447,244	45.80	639.28	2.88
FY2010		4,324,309	44.56	630.54	2.78
FY2011		4,319,489	44.15	619.03	2.66
FY2012		4,203,948	42.76	598.78	2.58
FY2013		4,175,984	42.10	604.11	2.62

PERFORMANCE SUMMARY: Through fiscal year 2013, energy per passenger mile – a measure of energy consumption intensity – improved by 8.8 percent compared to plan baseline year 2009, ahead of pace to achieve SEPTA's performance target of a 10 percent improvement by 2015.



HIGHLIGHTS

ENERGY ACTION PLAN IMPLEMENTATION BEGINS: In November 2012, SEPTA adopted its first-ever Energy Action Plan. The plan features initiatives for all six of SEPTA's energy sources—diesel, electricity, gasoline, natural gas, heating oil, and steam. The recommendations are based on three principles:

- **BUDGET NEUTRAL:** Strategies must be able to stand on their own financial merit, either through revenue generation, cost savings, grant funding, or performance contracting
- **EXISTING ASSETS:** Strategies must focus on improving the efficiency of existing systems and services
- **MULTIPLE BENEFITS:** Strategies must adhere to the triple bottom line for determining return on investment

The result: 18 discrete initiatives that promise to reduce SEPTA's energy consumption by 126,155 mmBtu per year. The following is an update on status of vehicle and facility-related energy initiatives implemented in accordance with the Energy Action Plan:

- **BUSES:**

Hybrids: SEPTA's hybrid-electric fleet is nearly 40 percent more fuel efficient than its standard diesel counterpart fleet. SEPTA's bus fleet already features 472 hybrids, and with 205 new hybrids to replace aging diesel buses, by 2015 approximately one-half of SEPTA's bus fleet will be powered by hybrid-electric technology. Among these 205 new hybrid vehicles are SEPTA's first 60-foot articulated hybrid-electric buses.

FLEET FUEL ECONOMY COMPARISON (FY2013)				
VEHICLE TYPE	VEHICLES	MILES	GALLONS	MPG
DIESEL	883	27,865,804	9,804,897	2.84
HYBRID-ELECTRIC	472	17,765,486	4,473,143	3.97

- **MiniHybrids:** SEPTA's new retrofit campaign will improve the efficiency of existing diesel buses. Electric engine cooling systems, or "MiniHybrids," are being installed on 119 diesel vehicles as part of their regularly scheduled midlife overhaul. In fiscal year 2013, these electric engine cooling systems produced an additional 8.4 percent fuel savings on each retrofitted vehicle. Retrofits will continue through 2014.

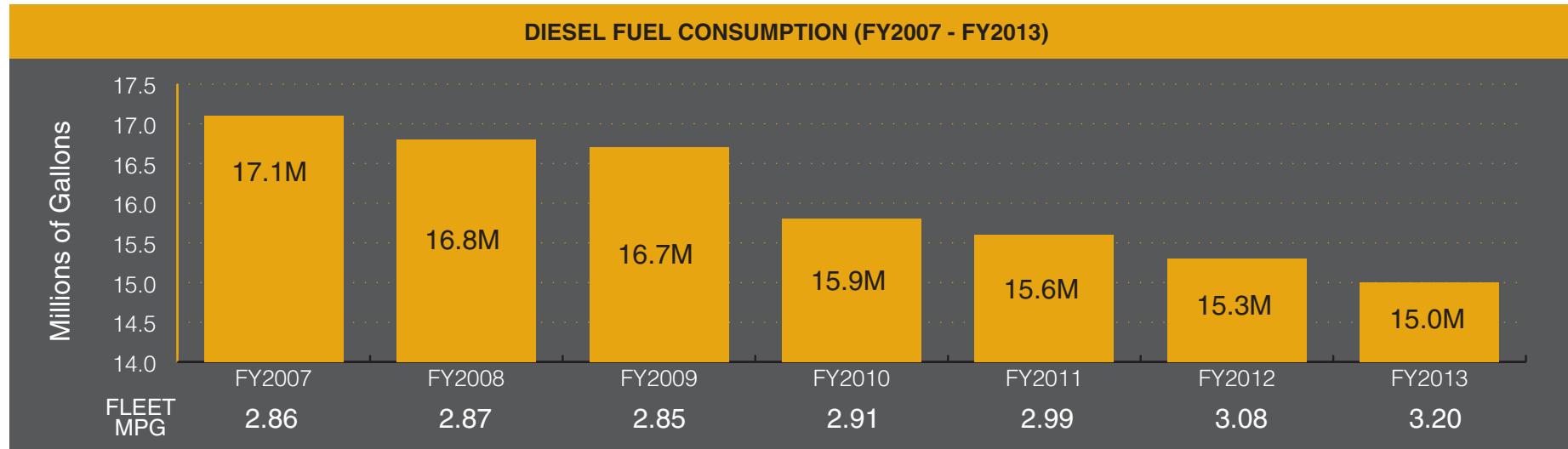


MINIHYBRID RETROFIT COMPARISON (FY2013 vs. FY2012)				
YEAR	RETROFITTED VEHICLES	PRE- AND POST-RETROFIT COMPARISON		
		MILES*	GALLONS*	MPG*
FY2012	53	455,109	143,168	3.18
FY2013		510,927	148,279	3.45

*METHODOLOGY COMPARED MILEAGE AND FUEL CONSUMPTION FOR FY2013 MONTHS FOLLOWING RETROFIT WITH ONLY THOSE SAME CALENDAR MONTHS FROM FY2012.

HIGHLIGHTS (cont.)

- As a whole, SEPTA's bus fuel efficiency initiatives have reduced annual fuel consumption by more than 2 million diesel gallons compared to 2007, the year before the hybrid bus program began. These consumption reductions now equate to approximately \$6 million in annual operating savings at SEPTA's current price for diesel fuel.



• TRAINS

- Regenerative Braking:** Since 2010, SEPTA has been undertaking a comprehensive effort to improve the utilization of regenerative braking across its propulsion power system. By reusing energy created by braking trains, SEPTA can reduce its demand for grid-based electricity. New propulsion control boxes (on the Broad Street Line) and adjustments to the maximum regen voltage have saved millions of kilowatt hours (kWh) per year.
- Wayside Storage:** Regenerative braking initiatives are now being supplemented by a cutting edge project to capture, store, and reuse excess "regen" in a giant battery. This globally recognized "wayside energy storage project" leverages advancements in vehicle, battery, and smart grid technology to create an innovative business model for wayside storage. The combined effect are lower energy consumption, cost savings, and a new stream of smart-grid revenue that can be reinvested in the program. SEPTA's first wayside energy storage device is online at the Letterly Substation on the Market-Frankford Line in Kensington; the second will be installed at the Griscom Substation on the Market-Frankford Line in Frankford.
- As a whole, SEPTA's train power efficiency initiatives have reduced annual power consumption by more than 10.8 million kWh on the Broad Street Line and 2.8 million kWh on the Market-Frankford Line compared to 2010, the year before the regenerative braking initiatives began. These consumption reductions now equate to approximately \$1.2 million in annual operating savings at SEPTA's current price for propulsion power.

HIGHLIGHTS (cont.)

- FACILITIES**

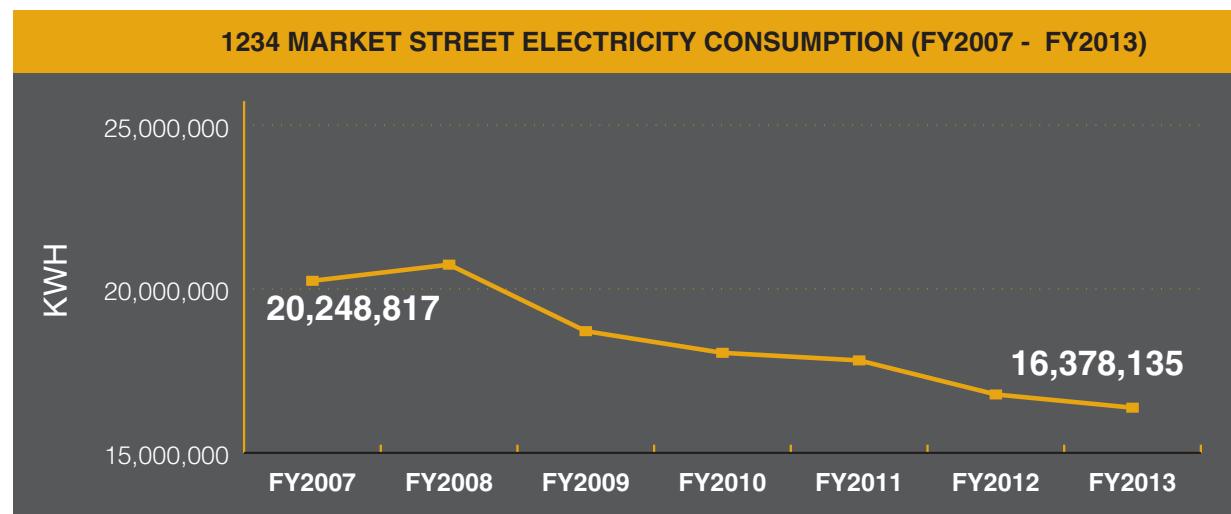
▪ **Energy Performance Contracts:** In January 2014, SEPTA announced a contract award to *Constellation NewEnergy, Inc.* to implement a guaranteed energy savings project at five of SEPTA's largest facilities: Midvale Depot, Southern Depot, Berridge Shop, Fern Rock Shop, and Germantown Shop. These facilities were selected by SEPTA based on an analysis of opportunity for capital upgrades to generate significant operational savings from reduced energy consumption. The performance contracts will be implemented at no upfront cost to SEPTA – energy savings will pay for the capital cost of the project.

▪ **EnergyStar for SEPTA Headquarters:** For the third consecutive year, the 1234 Market Street building received the U.S. Environmental Protection Agency's ENERGYSTAR award for commercial building energy efficiency.



The building ranked among the top-10 percent of all large commercial office buildings across the United States. Key initiatives to achieve this mark are a shift to daytime cleaning (shutting the building down at 6 PM instead of 12 AM), energy efficient lighting and appliances, and intelligent lighting controls.

▪ **PECO Rebates:** SEPTA's facility energy efficiency program has targeted lighting initiatives to generate rebates through the PECO Act 129 "Smart Equipment" and "Smart Construction" program. Through October 2013, SEPTA had netted \$168,420 in PECO rebates from lighting upgrades at stations, depots, and back shops.



ACT 129 ENERGY EFFICIENCY PROGRAM		
SEPTA FACILITY	FACILITY TYPE	REBATE AMOUNT
CALLOWHILL (PHASE I)	Depot	\$12,020.40
30TH STREET	Station	\$8,047.41
FERN ROCK SHOP	Back Shop	\$8,794.33
8TH AND MARKET	Station	\$3,184.86
FOX CHASE	Station	\$524.25
FERN ROCK CAR HOUSE & BLOW DOWN ROOM	Back Shop	\$9,800.98
SUSQUEHANNA-DAUPHIN	Station	\$7,322.25
WYOMING CHILLER	Back Shop	\$4,655.00
CALLOWHILL (PHASE II)	Depot	\$6,998.95
ALLEGHENY	Depot	\$31,033.67
COMLY	Depot	\$25,464.55
FRANKFORD	Depot	\$18,007.07
MIDVALE	Depot	\$10,582.07
FRONTIER	Depot	\$15,275.20
COURTLAND	Shop	\$6,709.57
SEPTA TOTAL RECEIVED (AS OF OCTOBER 2013)		\$168,420.56

WHAT'S NEXT

CONTINUED IMPLEMENTATION OF ENERGY

ACTION PLAN: Efforts will ramp up in 2014 and 2015 to achieve energy and associated GHG reduction targets pursuant to the Energy Action Plan. They include:

- **VEHICLE EFFICIENCY:** 205 new hybrid-electric buses, combined with electric engine cooling system ("MiniHybrid") retrofit campaign, will continue to drive fuel efficiency improvements. Regenerative braking and wayside storage initiatives will continue to drive train power efficiency improvements, as the program is brought to scale across the propulsion power system.
- **EMPLOYEE ENGAGEMENT:** The Environmental & Sustainability Management System (ESMS) will serve as a platform for employee training and awareness regarding energy efficiency and simple ways that SEPTA personnel can help to achieve SEPTA's ambitious goals.
- **FACILITY EFFICIENCY:** Guaranteed energy savings projects will provide a "budget neutral" financing mechanism to improve facility energy efficiency at no upfront cost.

RESOURCES: <http://www.septa.org/sustain/environmental>



GOAL 4

REDUCE & REUSE WASTE

Recycling Diversion Rate Grows as Program Pays Dividends

KEY PERFORMANCE INDICATOR: Target – 20% Improvement by 2015

SOLID WASTE DIVERSION RATE CONTINUES TO IMPROVE						
FISCAL YEAR	TYPE	EMPLOYEE	PASSENGER	GOAL TOTAL	CONSTRUCTION & DEMOLITION	TOTAL WASTE
FY2011	Trash (Tons)	3,076	4,166	7,243	N/A	N/A
	Recycling (Tons)	95	562	657		
	Diversion	3.0%	11.9%	8.3%		
FY2012	Trash (Tons)	2,727	4,082	6,809	N/A	N/A
	Recycling (Tons)	224	666	891		
	Diversion	7.6%	14.0%	11.6%		
FY2013	Trash (Tons)	3,234	4,129	7,363	2,056	9,419
	Recycling (Tons)	334	830	1,163	13,262	14,425
	Diversion	9.3%	16.7%	13.6%	86.6%	60.5%

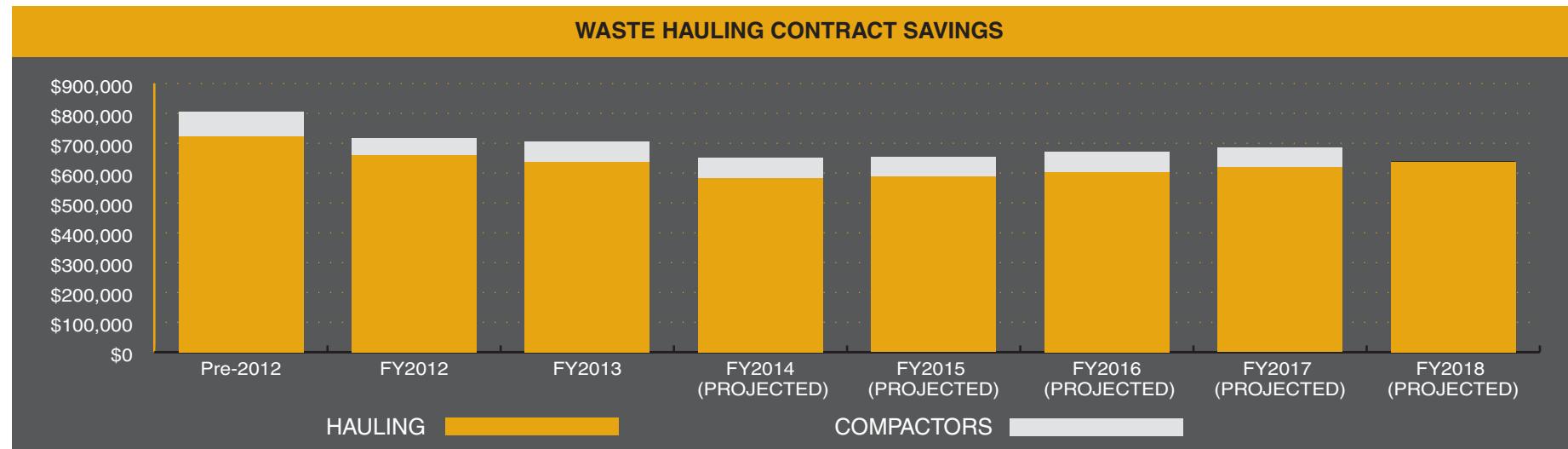
PERFORMANCE SUMMARY: Through fiscal year 2013, municipal solid waste diversion – a measure of recycled tons to total tons of waste – improved to 13.6 percent, up from 11.6 percent in 2012 and 8.3 percent in 2011. SEPTA's focus has also broadened to construction and demolition debris, where SEPTA already recycles at a high rate but where opportunities still exist for continual improvement.

HIGHLIGHTS

BUS SHIELD RECYCLING: Each SEPTA bus comes equipped with up to 10 shields to protect windows against vandalism. These rigid plastic shields are frequently replaced. The material is recyclable, but only as a specialized delivery. In coordination with Waste Management, Inc., SEPTA collects and recycles vandal shields at a cost savings increasing diversion rates by separating this frequently discarded, heavy material.

HIGHLIGHTS (cont.)

BUDGET SAVINGS: The current five-year municipal waste hauling contract is SEPTA's first to require recycling at all SEPTA facilities and city transit stations. The contract is structured so that SEPTA is paid for its recyclable materials, amounting to an offset against fees for landfilled waste. This program, combined with an expansion of compactors to reduce the frequency of hauls, has resulted in significant budgetary savings – approximately \$100,000 (12 percent) in each of the first two years of implementation. Savings will grow as diversion rates improve, and ultimately even more as the compactor leases are fully repaid in 2018.



NEW STATION RECEPTACLES: New recycling receptacles on the Broad Street Line, Norristown High Speed Line, 69th Street Transportation Center, and Frankford Transportation Center will help to improve passenger compliance with the recycling program. At Frankford TC, SEPTA will be piloting a new recycling/trash combination unit design which, if effective, could become the standard for system-wide implementation.

REGIONAL RAIL RECYCLING: A new janitorial service contract for Regional Rail stations is SEPTA's first to require recycling at all SEPTA Regional Rail stations. Over the course of winter/spring 2014, each Regional Rail station will be equipped with at least one recycling receptacle for passenger use.



NEW TRASH/RECYCLING RECEPTACLES INSTALLED AT FRANKFORD TRANSPORTATION CENTER

WASTE OIL RECYCLING: Used oil recycling at SEPTA depots and shops continues to pay dividends - \$139,597 in additional revenue in fiscal year 2013.

WASTE OIL RECYCLING			
FISCAL YEAR	GALLONS	REVENUE	\$/GALLON
FY2010	144,897	\$70,207	\$0.48
FY2011	130,425	\$123,780	\$0.95
FY2012	119,357	\$144,969	\$1.21
FY2013	118,517	\$139,597	\$1.18

HIGHLIGHTS (cont.)

USE OF RECYCLED MATERIALS: SEPTA saved \$262 per square foot on material costs by using recycled structural bridge deck grating in its project to renovate the bus washer pits at Frankford Depot in Northeast Philadelphia. The recycled grate material, purchased for \$18 per square foot compared to \$280 per square foot for virgin material, was purchased from a contractor selling remnants from a highway bridge decking project.



MISCELLANEOUS CONSTRUCTION AND DEMOLITION WASTE RECYCLING: New contract language has been developed to recycle miscellaneous materials from construction and demolition contracts that had previously been discarded as municipal solid waste. These materials – primarily wood, mixed granite, and mixed rubble – will be recycled and discarded at a cost well below SEPTA's rate for municipal solid waste. SEPTA estimates close to \$70,000 in incremental savings for fiscal year 2014.

EXPANDED CONSTRUCTION & DEMOLITION DEBRIS RECYCLING (FISCAL YEAR 2014)						
MATERIAL	LANDFILL COST PER TON	LANDFILL COST PER HAUL	DIVERTED COST PER TON	DIVERTED COST PER HAUL	ESTIMATED QUANTITY	ESTIMATED SAVINGS
WOOD	\$65.00	\$220.00	\$65.00	\$185.00	150 TONS	\$1,575
DIRTY RUBBLE	\$65.00	\$220.00	\$50.00	SEPTA TRANSPORTS	400 TONS	\$11,867
GRANITE COBBLESTONES	\$65.00	\$220.00	(\$76.00)	\$0.00	300 TONS	\$46,700
GRANITE SLABS	\$65.00	\$220.00	(\$38.00)	\$0.00	75 TONS	\$8,825
TOTAL QUANTITY DIVERTED FROM LANDFILL					925	\$68,967

WHAT'S NEXT

IMPROVE DIVERSION RATES THROUGH ESMS: To achieve the 20 percent diversion rate for municipal waste will require improved diversion rates at both employee and passenger facilities. The Environmental & Sustainability Management System (ESMS) will serve as a platform for employee training and awareness regarding recycling and simple ways that SEPTA personnel can help to achieve SEPTA's ambitious goals. Continued signage and communications campaigns will extend that awareness to passenger environments.

FILLING IN GAPS: The recycling program is in place at all SEPTA depots, back shops, and administrative facilities, and at all passenger stations on the Market Frankford, Broad Street, Trolley, and Regional Rail Lines. Gaps still exist, primarily on the Norristown High Speed Line and Media Sharon Hill Lines. SEPTA will evaluate cost effective solutions to fill those gaps and bring recycling to all rail stations by 2015.

RESOURCES: <http://www.septa.org/sustain/environmental>



SOCIAL SUSTAINABILITY

Development and Bicycle Initiatives Improve Non-Motorized Access

KEY PERFORMANCE INDICATOR: Target – Invest in One Transit Oriented Development (TOD) Project Per Year

PERFORMANCE SUMMARY: Efforts to support TOD projects continued despite capital funding constraints. The TOD at Temple University Regional Rail Station neared completion, while other renovation projects, such as Wayne Junction Station and 33rd & Dauphin Bus Loop, have spurred private investment. A new TOD database will help to prioritize future capital investments in communities ripe for transit oriented development.

HIGHLIGHTS

TOD DATABASE: In order to truly be a TOD, the development cannot merely be “transit adjacent”; the development must be “transit dependent” – without the transit the development would not be possible as designed. This often means more density, less parking, and a mix of uses to create the requisite “location efficiency” that allows people to be less auto-dependent. To support such development, SEPTA has developed a TOD database that includes all 274 fixed rail stations – Regional Rail, Broad Street, Market-Frankford, Norristown High Speed, and Trolley Lines. The database contains data ridership, station characteristics, parking utilization, population and employment demographics, land use, zoning, and existing planning efforts. The database will provide a reference for communications with municipalities and instruct further analysis for SEPTA policy and planning, helping to better understand where and what type of investments will yield the most return in ridership. In areas where TOD exists or that have TOD friendly policies, investments are likely to have greater impact.

CAPITAL PROJECTS SUPPORT COMMUNITY REVITALIZATION: An increasing recognition of value associated with proximity to transit, coupled with capital renovation projects of major transit hubs, has begun to spark community revitalization. In Ambler, Montgomery County, a station renovation project completed in 2009 has led to the rehabilitation of the Ambler Boiler House into 48,000 square feet of “Class A” office space and several other transit-orient projects in the surrounding area. More recently, three major renovation projects either completed or nearing completion have supported significant investment in their surrounding communities:

- **Temple University:** The Asociación Puertorriqueños en Marcha and Jonathan Rose Companies completed a \$48 million mixed-use TOD project at 9th & Berks Streets. To support the development, SEPTA advanced more than one million dollars in a series of safety, security, and aesthetic improvements to the adjacent station. Among them is SEPTA's first covered bicycle parking storage area. The utilization of this rack is at capacity.



COVERED BIKE PARKING AT TEMPLE UNIVERSITY REGIONAL RAIL STATION

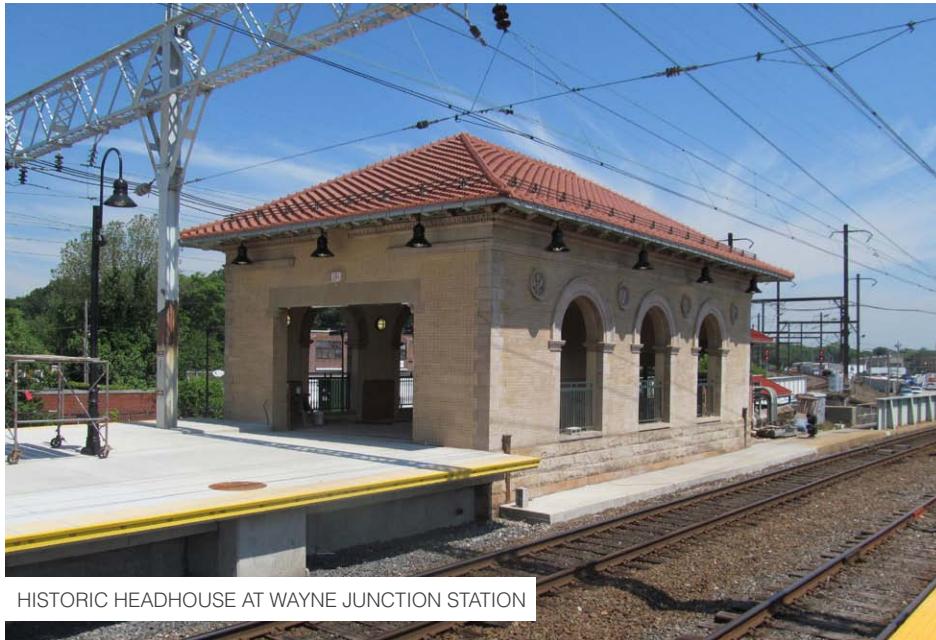
HIGHLIGHTS (cont.)

- **33rd & Dauphin:** In September, SEPTA held a ribbon cutting to celebrate the reopening of the historic 33rd & Dauphin Bus Loop in the Strawberry Mansion section of North Philadelphia. The bus loop, which serves five routes, was preserved to reflect the building's historic characteristics but also features modern stormwater management, bike racks, and Americans With Disabilities Act (ADA) accessible features to provide added value to the community. The project was finished ahead of schedule and below budget – SEPTA will utilize remaining funds to revitalize the nearby 23rd & Venango and 35th & Allegheny Bus Loops.



RENOVATED 33RD & DAUPHIN BUS LOOP IS A GATEWAY TO THE STRAWBERRY MANSION NEIGHBORHOOD

HIGHLIGHTS (cont.)



- Wayne Junction:** The reconstruction and modernization of Wayne Junction Station is SEPTA's most ambitious and complicated station renovation to date. The station renovation includes high level platforms, Americans with Disabilities Act (ADA) compliant ramps and elevators, restoration of historic structures, and new track switches. Funding for the project combines a Federal Transportation Administration Bus and Bus Livability Grant of \$3.98 million with bond funds for a total project cost of over \$32 million.

In addition to SEPTA, various other public, non-profit, and private entities are undertaking efforts that leverage Wayne Junction's high-frequency, quality, multi-modal public transportation for neighborhood revitalization and economic development. The Wayne Junction project is not only about making improvements to a train station, it is part of a much larger and coordinated strategy: a Transit-Oriented Development or TOD.

The Wayne Junction TOD began with the Germantown and Nicetown Transit-Oriented Plan which focused recommendations for investment and public policy around the train station. The plan, led by the Philadelphia City Planning Commission, gathered strong community support and brought various public and non-profit entities together to make the vision for TOD a reality.

WAYNE JUNCTION QUICK FACTS:

Location: Gateway to the Nicetown and Germantown neighborhoods, 4494 Germantown Avenue, Philadelphia, PA 19144.

History: The architects were Wilson Brothers & Company. The station was constructed in 1901 for the Reading Railroad and is on the National Register of Historic Places.

Routes: Regional Rail: Airport, Chestnut Hill East, Fox Chase, Lansdale-Doylestown, Warminster, West Trenton Lines; Route 75 Trackless Trolley; Bus Routes 23 & 53.

Ridership: Over 190,000 riders annually, across all rail, bus, and trackless trolley lines. Daily weekday ridership at the train station averages over 600 passengers.

Project Cost: Over \$32 Million.

Project Completion Date: Spring 2015.



Implementation of the TOD plan included creating a public policy environment that encouraged development while recognizing the historic assets around the station. Initially, Nicetown's outdated Blight Certification and Redevelopment Area Plans were updated. Next, the zoning maps were revised to encourage a dense mix of commercial, industrial, and residential uses. And finally, the Wayne Junction Industrial National Historic District was designated. This designation allows the owners of 17 nearby iconic industrial buildings to utilize historic tax credits for their restoration.

With these steps in place, the Philadelphia Redevelopment Authority obtained over \$8 million in federal dollars under the Neighborhood Stabilization Program for Nicetown. These funds were used to demolish two large, dangerous buildings and helped to finance an affordable, mixed-use TOD project, Nicetown Court II, directly across the street from Wayne Junction. Nicetown CDC spearheaded the construction of this \$19 million project that has created 50 new units of affordable housing and 6,000 sf of commercial space.

Wayne Junction TOD is an example of a public-initiated project that has sparked private investment even before construction is complete. Long vacant industrial buildings have been purchased with various plans for offices, commercial space, and new market-rate apartments.

HIGHLIGHTS (cont.)

SENIORS RIDE FREE: According to the Philadelphia Corporation for Aging, public transportation is a key element of age-friendly communities. SEPTA is proud to support an age-friendly region and actively administers a Free Ride program for seniors over the age of 65, the fastest growing segment of the U.S. population. Under the program, seniors are able to ride buses, trolleys, and subways for free, and Regional Rail for \$1.00. SEPTA issued 19,874 new enrollments for senior passes in fiscal year 2013, up 3 percent from 2012. Enrollment in the free-ride program is supplemented by outreach from staff and tools that make the system easier to use.

PASSENGER FEEDBACK INFORMS

CAPITAL PROJECTS: SEPTA has developed a new survey tool to gather passenger feedback in advance of station renovations. The survey, available on the SEPTA website, provides conceptual renderings of the proposed project and asks for input on opportunities to improve the passenger environment. Surveys can be accessed here: <http://www.septa.org/cs/survey/>

SPECIAL PASSES ISSUED CONTINUES TO GROW							
YEAR	CATEGORY	TYPE	FEMALE	MALE	TOTAL	Δ	%Δ
FY2011	REDUCED FARE	NEW	1,068	1,056	2,124		
		REISSUE	1,224	1,321	2,545		
		TOTAL	2,292	2,377	4,669		
	SENIOR CITIZEN	NEW	5,906	4,649	10,555		
		REISSUE	3,661	2,450	6,111		
		TOTAL	9,567	7,099	16,666		
	TOTAL	TOTAL	11,859	9,476	21,335		
FY2012	REDUCED FARE	NEW	1,234	1,225	2,459	335	14%
		REISSUE	1,390	1,332	2,722	177	7%
		TOTAL	2,624	2,557	5,181	512	10%
	SENIOR CITIZEN	NEW	7,106	5,786	12,892	2,337	18%
		REISSUE	3,786	2,664	6,450	339	5%
		TOTAL	10,892	8,450	19,342	2,676	14%
	TOTAL	TOTAL	13,516	11,007	24,523	3,188	13%
FY2013	REDUCED FARE	NEW	1,173	1,062	2,235	(224)	-10%
		REISSUE	1,433	1,369	2,802	80	3%
		TOTAL	2,606	2,431	5,037	(144)	-3%
	SENIOR CITIZEN	NEW	7,253	5,853	13,106	214	2%
		REISSUE	3,934	2,834	6,768	318	5%
		TOTAL	11,187	8,687	19,874	532	3%
	TOTAL	TOTAL	13,793	11,118	24,911	388	2%

HIGHLIGHTS (cont.)

BIKES TO TRANSIT INITIATIVES: A series of initiatives were undertaken over the course of 2013 to better understand the demand for bikes and transit connections. Among them:

- A partnership between the Delaware Valley Regional Planning Commission (DVRPC), Bicycle Coalition of Greater Philadelphia, PATCO, NJ Transit and Open Plans, Inc. mapped citizen responses to a survey at rail stations across the region. The survey noted how frequently each respondent biked to each station, station area bike infrastructure needs, and the potential for improved bike and transit connections to make the mobility alternative more attractive.
- A Temple University study funded by the Mineta Transportation Institute recently assessed the extent to which cycle-transit coordination (including bicycle friendly infrastructure, such as racks at stations, and policies, such as on-board access) extends the geographic area of accessibility to transit services. SEPTA partnered on the administration of the cycle-transit user (CTU) survey to gauge user perceptions of completing transit trips by bike. Based on the survey responses, the study found that:
 - Bicycle and transit use complement, rather than substitute, for one another – responses indicate access to bicycle infrastructure and transit services unlocks more frequent use of both as mobility alternatives
 - Bicycle and transit catchment areas are significantly larger than pedestrian catchment areas –responses indicate an average catchment of 2.8 miles, compared to the 0.25- to 0.5-mile rule of thumb for pedestrians
 - The relationship between bicycle and transit use is complex – trips are made for both commuting and recreational purposes, not always utilizing the most direct route and shifting based on a variety of extraneous factors, including personal, temporal, seasonal, and other circumstances.

SEPTA will explore the complexity of this relationship between bicycle and transit use as part of a “bike to transit” plan to be undertaken in 2014.

- A SEPTA bicycle census revealed bike rack capacity and utilization at each station on Regional Rail. SEPTA will use this information to install additional racks for overflow demand where necessary.
- A DVRPC study was initiated to evaluate opportunities to improve non-motorized access at select stations along the Trenton Regional Rail Line. The line has been targeted for bicycle and pedestrian improvements as a strategy to mitigate the impact of parking capacity constraints in the context of significant ridership growth due to congestion from Interstate 95 reconstruction (for more information about SEPTA's I-95 Congestion Mitigation Program, see Goal 9).

WHAT'S NEXT

TOD POLICY: The intent of the TOD database is ultimately to craft a policy that will provide a framework for promoting sustainable land use policies and developments at all SEPTA stations. The draft goals of the TOD policy are:

- **GROW:** Ridership, population, jobs
- **IMPACT:** Tax base, land use, development patterns
- **ENCOURAGE:** Auto independence, walking, activity centers, affordability, mix of uses
- **COORDINATE:** Local municipalities, counties, planning efforts, zoning, investments

A typology system will be used to evaluate stations on a line by line basis, and to recognize that all communities are not alike and that TOD is not “one size fits all”.

MANAYUNK BRIDGE TRAIL: Final design for the project undertaken in partnership with the City of Philadelphia and Lower Merion Township is complete, with construction expected to begin in spring/summer of 2014.

BIKES & TRANSIT PLAN: A comprehensive bikes and transit planning process will be undertaken to develop a strategy for better connecting the regional transit system and bicycle network. The plan will evaluate opportunities to strategically modify policies, vehicle designs, and station-area parking in a way that addresses SEPTA's current capacity constraints and accommodates growing demand for non-automotive travel throughout the region. The plan will also address potential points of integration with a parallel initiative to bring Bike Sharing to the Philadelphia region.

RESOURCES: <http://www.septa.org/sustain/social>

Farm-to-SEPTA Program Finishes Third Season

FARMERS MARKETS ON SEPTA PROPERTY		
STATION NAME	COMMUNITY	PROJECT PARTNER(S)
FRANKFORD TRANSPORTATION CENTER	Northeast Philadelphia	The Food Trust
1234 MARKET STREET (SEPTA HEADQUARTERS)	Center City Philadelphia	Farm-to-City; The Common Market & The Enterprise Center
46TH STREET STATION	West Philadelphia	The Enterprise Center
SNYDER STATION	South Philadelphia	The Food Trust

PERFORMANCE SUMMARY: In 2013, four farmers markets were hosted at SEPTA stations, one each at: Frankford Transportation Center, 1234 Market Street Headquarters, 46th Street Station, and Snyder Station. The farmers market at Olney Transportation Center, which shuttered in 2013 due to budget cuts, will reopen in 2014.

HIGHLIGHTS

FARMERS MARKETS AT SEPTA LOCATIONS: For the third consecutive year, SEPTA hosted four farmers markets on its property at stations across the region. Operating from May through October, locations included:

- **1234 MARKET STREET:** Every other Wednesday from 11:00AM-1:30PM on the Concourse Level of SEPTA's Headquarters Building in Center City Philadelphia
- **46TH STREET STATION:** Every Thursday from 4:00-7:00PM at the intersection of 46th and Market Streets in West Philadelphia
- **SNYDER STATION:** Tuesdays from 2:00-7:00pm at the southeast corner of the intersection of Broad Street and Snyder Avenue
- **FRANKFORD TRANSPORTATION CENTER:** Tuesdays from 2:00-6:00PM at the intersection of Frankford Avenue, Bustleton Avenue, and Bridge Street in Northeast Philadelphia



HIGHLIGHTS (cont.)

FARMERS MARKETS GROW AT TRANSIT HUBS:

The Snyder Station farmers market was successfully relocated from nearby Broad and Ritner to take advantage of the busier intersection at the subway stop. The market has benefitted from the new location and an increase in outreach that has resulted in 32 percent growth in SNAP (food stamp) sales and a 237 percent increase in Philly Food Bucks redemptions. Philly Food Bucks is a coupon incentive program where SNAP customers receive \$2 coupons for every \$5 they spend at participating farmers markets. The Frankford Transportation Center market also has seen remarkable increases in overall sales and in benefit spending, with SNAP, Food Bucks and FMNP (farmers market nutrition program vouchers given to low income seniors and mothers) sales increasing 26 percent, 127 percent, and 140 percent, respectively.



WALNUT HILL COMMUNITY FARMSTAND ON SEPTA PROPERTY AT 46TH STREET STATION IN WEST PHILADELPHIA

WALNUT HILL COMMUNITY FARM:

Walnut Hill Community Farm has grown since it was established by The Enterprise Center on SEPTA property in 2010. In 2013 alone, the farm distributed more than 16,000 pounds of produce through a 110-member community supported agriculture (CSA) program. The farm also employed two apprentices during the growing season and distributed an additional 1,400 pounds through its farm stand in West Philadelphia. SEPTA also supports the farm by allowing produce to be sold at its 1234 Market Street Headquarters every other week from May through October. A case study that provides more detail about this partnership is available on the SEPTA Sustainability website: <http://www.septa.org/sustain/pdf/CaseStudy001.pdf>.

SERVICE PLANNING CONNECTS BUS ROUTES

TO FRESH FOOD: In August, a new ShopRite opened in the Allegheny West section of North Philadelphia, a neighborhood that had been without a supermarket for more than 20 years. The 71,000 square foot "Brown's ShopRite" anchors Bakers Square, a redevelopment of the former Tasty Baking Factory at Roberts and Fox Streets. To support this important community development, SEPTA began coordinating with the developer more than two years before the project's completion. The result was an extension of the Route R and 56 buses, providing service with as little as 15 minute headways during peak shopping periods.



SEPTA SERVICE PLANNING STAFF WORKED WITH BROWN'S SHOPRITE TO PROVIDE ENHANCED BUS SERVICE TO THE NEW SUPERMARKET IN NORTH PHILADELPHIA

WHAT'S NEXT

EXPANDED FARMERS MARKETS: Despite having already achieved its performance target, opportunities exist to expand the reach of station-area farmers markets. Reopening the farmers market at Olney Transportation Center in North Philadelphia, shuttered in 2013, will be a priority for 2014. Potential

new locations include 69th Street Transportation Center in Delaware County, Norristown Transportation Center in Montgomery County, and Queen Lane Regional Rail station in Philadelphia.

RESOURCES: <http://www.septa.org/sustain/social>

GOAL 7

DEVELOP A HIGHLY SKILLED, HEALTHY & VERSATILE WORKFORCE

SEPTA works to develop the next generation of transit leaders

PERFORMANCE SUMMARY: SEPTA is proactively implementing strategies to prepare for a looming wave of retirements and achieve its Key Performance Indicator to fill 50 percent of critical strategic position turnover from a newly created succession pool. Intermediate outcomes towards this goal are highlighted below. The KPI will be reported against in forthcoming years.

HIGHLIGHTS

DEVELOPED A COMPREHENSIVE SUITE OF TALENT MANAGEMENT RESOURCES: A comprehensive suite of talent management strategies has been developed to build a robust professional development pipeline for emerging leaders. Programs area include:

- **CAREER PLANNING & EMPLOYEE DEVELOPMENT:** A new mentoring program to enable knowledge transfer and rapid assimilation into key strategic positions, as well as foster a management culture of diversity, collaboration, and information-sharing. To support this program, the training curriculum has been expanded to include more resources for professional development. In addition, SEPTA is hosting the first ever Fall College Fair in collaboration with the City of Philadelphia to leverage existing relationships and discounts with college institutions. Combined with SEPTA's tuition reimbursement program, pursuing a college degree has never been easier.
- **SUCCESSION PLANNING/LEADERSHIP DEVELOPMENT:** An Advancing Internal Management (AIM) initiative that seeks to prepare emerging leaders to assume the responsibilities of critical strategic positions across the organization. Twenty-six individuals have been selected to participate in the program. Over the next year, AIM Class of 2014 will participate in a range of development assignments including receiving feedback via a 360° assessment, engaging in stretch assignments, participating in mentoring partnerships, and attending targeted leadership education programs.
- **PERFORMANCE MANAGEMENT:** Nine leadership competencies for which senior managers are responsible in their performance evaluations.
- **MANAGEMENT TRANSITION PROGRAMS:** Programs to support transition from front-line to supervision, and from supervision to management open to employees that demonstrate the skills for promotion.
- **ASSIMILATION OF NEW EMPLOYEES:** A host of onboarding courses designed to assist new employees with rapid assimilation include Corporate Road Map I and II, Tour de Business Services, Tour de SEPTA, and Tour de Engineering Maintenance and Construction.



SOURCE: ADAPTED FROM AMERICAN SOCIETY FOR TRAINING & DEVELOPMENT, "TALENT MANAGEMENT PRACTICES & OPPORTUNITIES"

HIGHLIGHTS (cont.)

COMPETENCY & AWARENESS THROUGH ESMS: SEPTA'S Environmental & Sustainability Management System (ESMS) was launched in February with a concerted effort to engage front-line employees and managers and train them on their roles and responsibilities pursuant to the program. Eleven job-specific work instructions were designed to develop awareness of environmental sensitivities and competency in controlling potential impacts (see Program Implementation for more information on the ESMS).

EMPLOYEE TRAINING PROGRAMS: In addition to sustainability, the Strategic Business Plan raised customer service, and human capital development to the forefront of the organizational agenda. Between fiscal years 2010 and 2013 < 708 (38 percent) of 1850 supervisory, administrative and management (SAM) employees received customer service training. These programs achieve multiple objectives by investing in employees in a way that also promotes a customer service culture.

CULTURE OF VOLUNTEERISM: Civic and charitable programs continued in 2013, with 241 ambassadors serving during the Pennsylvania Horticultural Society (PHS) Flower Show in March, 630 participants in the City of Philadelphia's spring clean-up day in April, and more than 24 tons of food collected for the Philabundance food drive in June, nearly 30 percent more than the previous year.



VOLUNTEERISM RATES				
YEAR	CATEGORY	PARTNER	INDICATOR	TOTAL
FY2011	SPRING CLEAN-UP	CITY OF PHILADELPHIA	SEPTA PARTICIPANTS	675
	FOOD DRIVE	PHILABUNDANCE	TONS OF FOOD	17.8
	FLOWER SHOW	PHS	SLOTS FILLED	208
FY2012	SPRING CLEAN-UP	CITY OF PHILADELPHIA	SEPTA PARTICIPANTS	650
	FOOD DRIVE	PHILABUNDANCE	TONS OF FOOD	19.0
	FLOWER SHOW	PHS	SLOTS FILLED	211
FY2013	SPRING CLEAN-UP	CITY OF PHILADELPHIA	SEPTA PARTICIPANTS	630
	FOOD DRIVE	PHILABUNDANCE	TONS OF FOOD	25.0
	FLOWER SHOW	PHS	SLOTS FILLED	241

WHAT'S NEXT

SCALE FOR TALENT MANAGEMENT

INITIATIVES: The AIM program will be expanded and available to a greater number of senior and mid-level managers in future years. Its success will be gauged in large part by program participation as measured by application rates.

CONTINUED EMPLOYEE TRAINING

PROGRAMS: The Learning Connection's Education Network will continue to offer an extensive set of courses that will serve as a foundation for cross-disciplinary education and awareness for all employees, regardless of participation in more targeted professional development pipeline programs.

SCALE FOR ESMS: Bringing ESMS to scale will require training all employees impacted by the program to be competent and aware of their roles and responsibilities pursuant to SEPTA's program and the ISO 14001 standard for environmental management.

RESOURCES: <http://www.septa.org/sustain/social>

GOAL 8

SUPPORT REGIONAL BUSINESS EQUITY

DBE Program Office Continues to Advocate For Small Minority & Women-Owned Businesses During Economic Restructuring

KEY PERFORMANCE INDICATOR: 10% Improvement in Success Rate of Newly Registered Disadvantaged Business Enterprise (DBE) Firms (To Be Measured in 2015)

PERFORMANCE SUMMARY: SEPTA is proactively implementing strategies to achieve a KPI of 10 percent improvement in success rates for newly-registered DBE firms seeking to do business with SEPTA. Intermediate outcomes towards this goal are highlighted below. Progress measured by the KPI will be reported in 2015.

DBE PROGRAM OFFICE – INTERMEDIATE PERFORMANCE METRICS		
DBE CERTIFICATIONS/APPLICATIONS	FY2012	FY2013
Certified/Continued Eligible	364	388
New Applications Pending	79	126
PRE-SOLICITATION REVIEWS COMPLETED		
Total	213	135
PROJECT MONITORING		
Total Projects	216	233
Prime Contract Dollars	\$1.3 Billion	\$1.4 Billion
Committed DBE Dollars	\$157 Million	\$162 Billion
Average DBE Goal	12%	11%
COMPLETION STATUS BASED ON PRIME/DBE PAYMENTS		
75-100% Complete	115	133
25-74% Complete	60	58
0-24% Complete	41	42

HIGHLIGHTS

OUTREACH EVENTS: The DBE Program Office participated in 10 outreach events in 2013. Among them, staff participated in events with local government (e.g., collaboration of the Offices of Councilman David Oh and the Greater Philadelphia Hispanic and African American Chambers of Commerce), regional (e.g., a federal procurement workshop conducted by the Mid-Atlantic Office of Small Business Utilization and the Greater Philadelphia Hispanic Chamber of Commerce), and industry-wide (e.g., the Conference of Minority Transportation Officials DBE Networking Event).

SMALL BUSINESS PROGRAM: The Small Business Enterprise (SBE) element remains in its development stages, considers firms wishing to participate as small businesses in SEPTA's contracting activities must be majority-owned, managed and controlled by economically disadvantaged individuals. The DEB Program Office staff continues to conduct communication campaigns to educate potential vendors on the implications of the 2012 changes to the federal DEB requirements.

HIGHLIGHTS (cont.)



DBE PROGRAM OFFICE OUTREACH EVENT AT SEPTA HEADQUARTERS

EDUCATION & AWARENESS: Project partners and stakeholders were provided with technical guidance and best practices on fulfilling DBE program requirements. For vendors and potential vendors, a total of 50 solicitation, pre-bid/pre-proposal, and outreach event notices were disseminated concerning forthcoming contract opportunities. This past year, the Federal Aviation Administration mandated all DBE certifying participants engage in continuing education regarding DBE regulations and program eligibility. Team members were required to complete an online training module to stay abreast of the existing regulation and any updates since the Notice of Proposed Rulemaking as of December, 2012. In addition, the DBE Program Office participated in the SEPTA “Tour de BSD” providing an “open house” for SEPTA employees to learn about the many facets of the Business Services Division.

WHAT'S NEXT

DEVELOP COMMUNICATIONS TOOLS: New marketing and communications tools will be created, including an updated DBE information brochure and formal presentation materials, to familiarize internal and external customers of DBE programmatic compliance requirements. Additionally, SEPTA will continue to participate in DBE outreach events as a key vehicle for communications.

GETTING “LEAN”: The DBE Program Office will engage with Procurement & Supply Chain Management to create a single point of entry vendor management system thus linking the BizTrak, eProcurement, and ASI systems. This new and improved system will create concurrency of data across all systems and offer vendors the following robust options: ePS registration, DBE Certification application, eBidding, and vendor maintenance.

STRENGTHEN COMPLIANCE SYSTEMS: A new in-house DBE compliance software system will be implemented, including electronic certification/annual affidavit applications for DBEs, and formally document procedures for withholding payment from delinquent or non-compliant prime contractors.

MONITOR AND MEASURE PROGRESS: An analysis of historic procurement activities will be conducted to determine the existing level of support towards the new Small Business Program. Additionally, an analysis of SEPTA's performance towards its overall DBE goals will be conducted to determine any need for adjustment, per FTA regulations.

ANNUAL GOAL SETTING: Consulting with SEPTA's Engineering, Maintenance, and & Construction (EM&C) & Operations Divisions, the DBE Program Office will review the forecasted projects and associated dollar values for the upcoming federal fiscal year, to establish the Authority's Triennial DBE Goal for attaining DBE participation on federally-funded projects.

RESOURCES: <http://www.septa.org/sustain/social>



ECONOMIC SUSTAINABILITY

GOAL 9

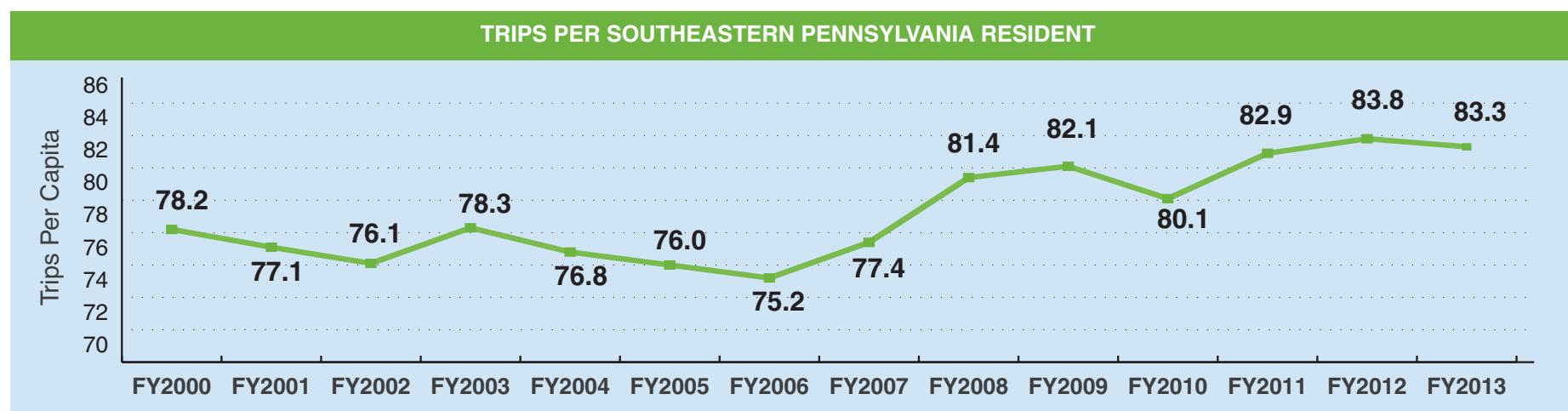
INCREASE TRANSIT MODE SHARE

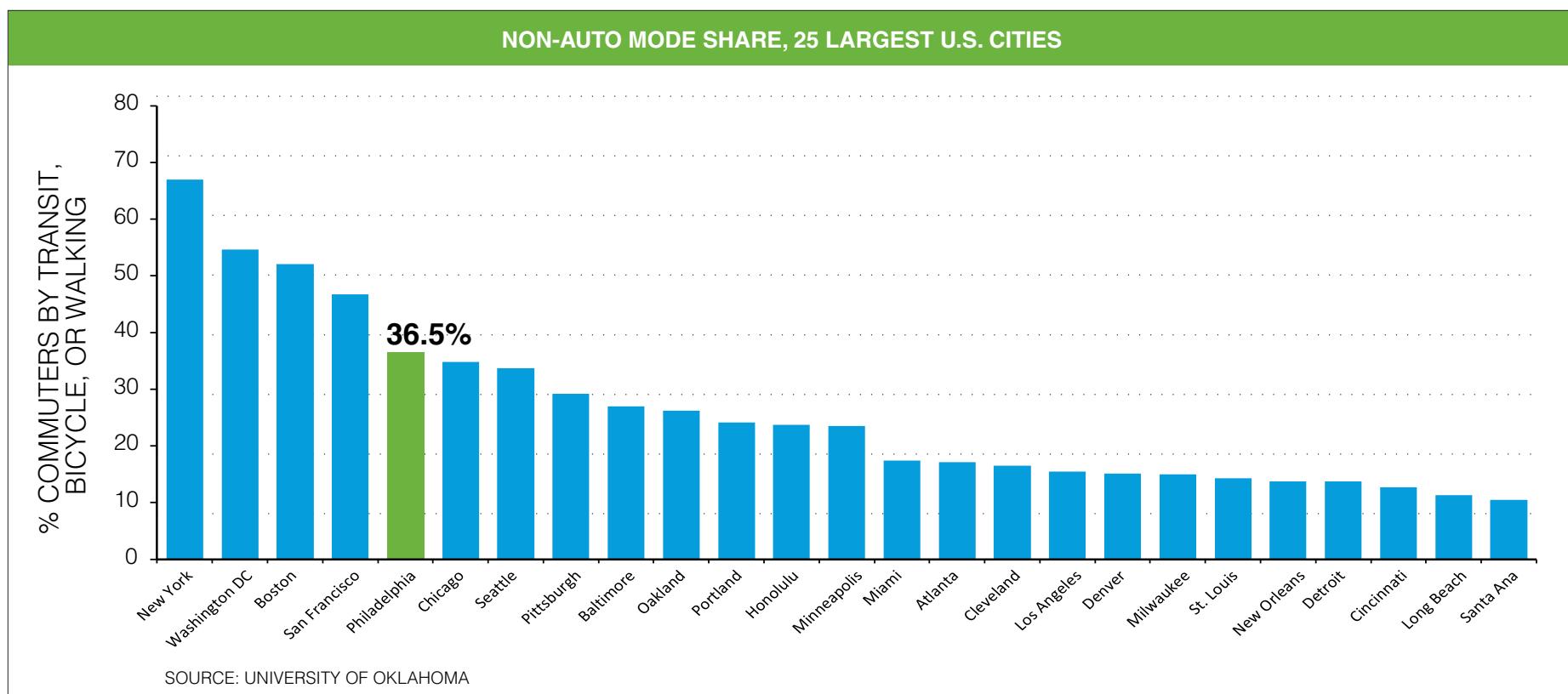
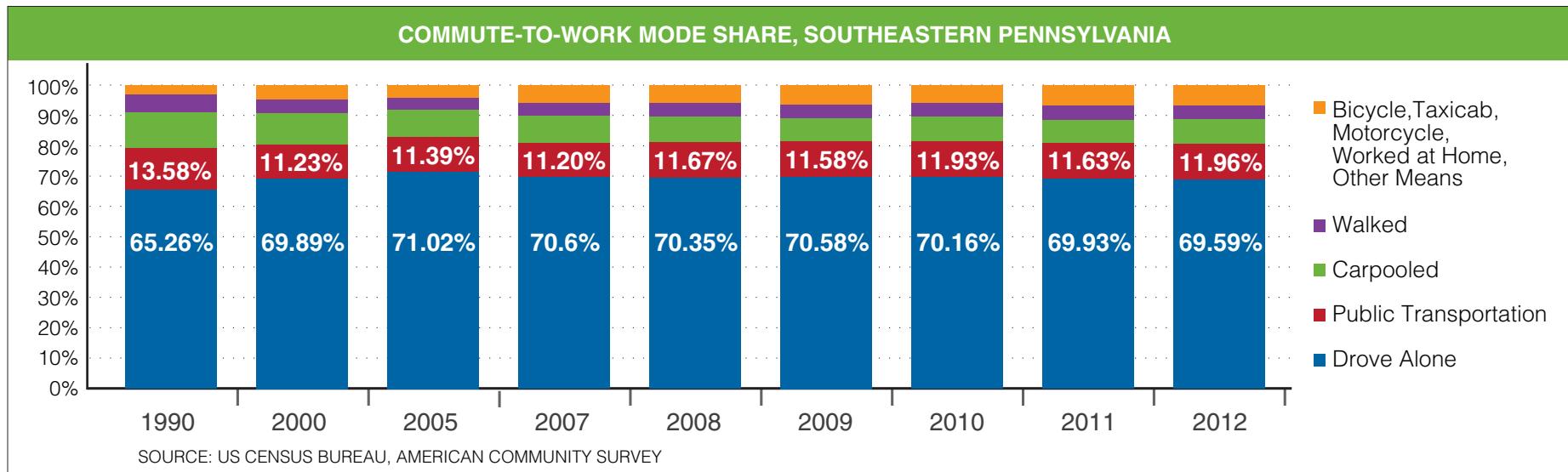
Ridership Remains Near Quarter-Century Highs

PERFORMANCE SUMMARY: Despite losing two weekdays of revenue service due to precautions taken during Hurricane Sandy in October 2012, SEPTA's Fiscal Year 2013 ridership remained near quarter-century highs, including an all-time record 36 million passenger trips on Regional Rail. Regional commute to work mode share inched up to its highest mark in more than a decade, while city "non-auto" mode share (transit + bicycle + pedestrian commuting) was fifth highest among large U.S. cities.

UNLINKED TRIPS PER CAPITA			
Year	Southeastern PA Population	Unlinked Passenger Trips (Millions)	Trips Per Southeastern PA Resident
FY2000	3,849,647	301.018	78.2
FY2001	3,868,053	298.326	77.1
FY2002	3,882,567	295.270	76.1
FY2003	3,896,671	305.172	78.3
FY2004	3,914,630	300.707	76.8
FY2005	3,929,505	298.730	76.0
FY2006	3,946,328	296.586	75.2
FY2007	3,969,582	307.188	77.4
FY2008	3,991,897	325.118	81.4
FY2009	4,012,573	329.581	82.1
FY2010	4,008,994	320.984	80.1
FY2011	4,030,926	333.966	82.9
FY2012	4,050,793	339.288	83.8
FY2013	4,050,793*	337.314	83.3

*2013 POPULATION ESTIMATE NOT AVAILABLE AT TIME OF PUBLICATION





HIGHLIGHTS

NEW PAYMENT TECHNOLOGIES (NPT):



SEPTA's fare modernization program is the most comprehensive, complex upgrade ever adopted by a U.S. transit agency. The NPT program, which will be implemented on all SEPTA modes, will go beyond the current transit industry "smart card" practice. It will unlock a broader array of customer payment options, including credit or debit card, SEPTA branded card, a non-SEPTA general purpose card, or even independently issued ID cards. By the end of 2013, design for the subway/elevated portion of the system was nearing completion, with pilot testing of fare equipment underway on select vehicles and at select subway/elevated stations, with full deployment and system launch scheduled for mid-2014.

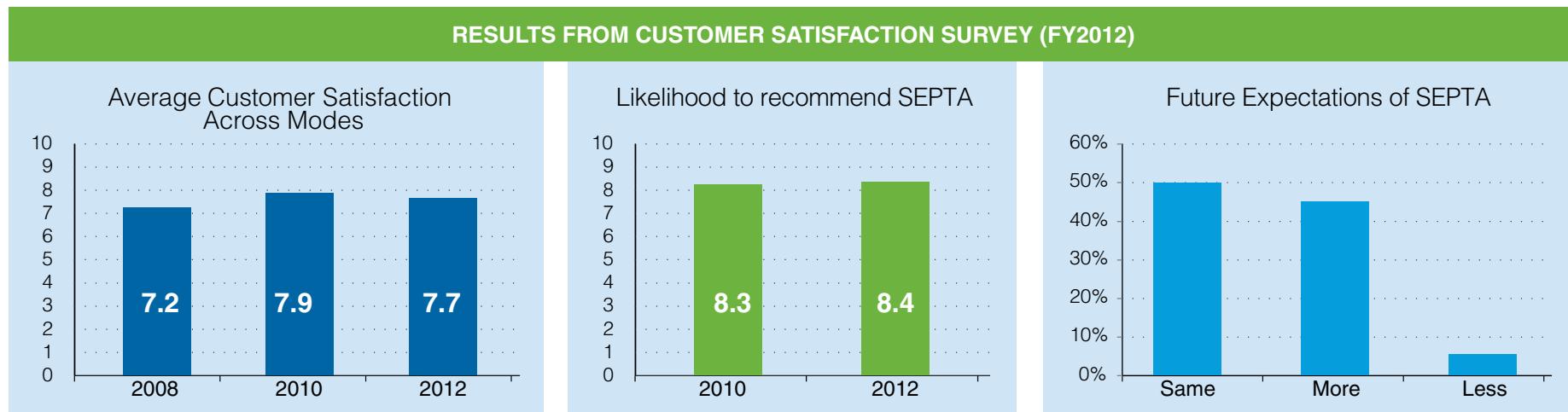
- **INFORMATION TECHNOLOGIES:** In October, SEPTA rolled out a comprehensive expansion of its customer-facing information technology program, including:
 - **FREE WIFI AT STATIONS:** Free Xfinity WiFi was expanded to stations throughout the transit system, including those used by subway, bus and trolley riders. The initiative to make free WiFi available builds on a partnership between SEPTA and Comcast that began with the launch of Xfinity WiFi at Regional Rail stations, including Market East, Suburban, 30th Street, Temple University and University City. SEPTA is one of the first transportation agencies in the United States to provide free WiFi at its transit stations.
 - **THIRD ANNUAL HACKATHON:** More than 40 developers partook in the third annual Apps for Philly Transit hackathon. For the first time, the transit hackathon incorporated other transit providers in the region, including PATCO and New Jersey Transit. The first place winner was "PHL Works," an app that uses census data to show where people live and work, and how they commute, across the Greater Philadelphia area.
 - **REAL TIME INFORMATION:** The first official SEPTA App for iPhone was launched, offering real-time travel updates, schedules, and other related information into one convenient mobile tool. This includes popular online features such as Next To Arrive, TrainView and TransitView. Alerts are provided through the System Status feature, which has the latest service information for all SEPTA trains, buses and trolleys.



NORRISTOWN HIGH SPEED LINE (NHS) EXTENSION: A Draft Environmental Impact Study and Alternatives Analysis is now underway for the Norristown High Speed Line Extension into King of Prussia, with expected completion in 2015. To date, the project team has initiated public outreach efforts, developed a long list of alternatives, completed preliminary screening of those alternatives, and has concluded the NEPA required Scoping Process.

HIGHLIGHTS (cont.)

- CUSTOMER SATISFACTION SURVEY:** SEPTA is committed to consistently delivering a positive customer experience, driven by those customers and fueled by their expectations. One of the key channels for customer feedback is SEPTA's biennial "Customer Satisfaction Survey". In this survey, customers share thoughts and feelings on SEPTA's performance and whether it meets their expectations. In 2012, the average overall customer satisfaction score across all modes was 7.7 on a scale of 0 to 10, above the rating of 7.2 in 2008 when SEPTA's "4 C's" strategy of "communications, courtesy, cleanliness, and convenience" was formally established. Among the key findings in 2012 is the high degree of loyalty among SEPTA riders, as reflected in a score of 8.4 for "average likelihood to recommend SEPTA to friends and family". Performance gains have also increased customer expectations, and SEPTA looks forward to the challenge and opportunity to exceed those expectations through a process of continual improvement.



WHAT'S NEXT

NPT IMPLEMENTATION: Subway/elevated, trolley, and bus launch scheduled for 2014 will be coupled with the redeployment of cashiers as customer service attendants. Zone offices will take over station-level cashier controls. System deployment on Regional Rail will be undertaken following the launch on each transit mode.

INFORMATION TECHNOLOGY UPDATES: SEPTA's in-house Information Technology professionals developed the free App for iPhone and will continue working on improvements and enhancements for future versions, including an official SEPTA App for Android smart-phone users expected to be released in early 2014.

NHSL EXTENSION ALTERNATIVES: Progress reports throughout the course of the project are available at www.kingofprussiarail.com.

RESOURCES: <http://www.septa.org/sustain/economic>

GOAL 10 IMPROVE INFRASTRUCTURE STATE OF GOOD REPAIR

Backlog of Capital Need Totals \$5 Billion

KEY PERFORMANCE INDICATOR: Under Development (*To Be Reported In Future Years Based on New MAP-21 Federal Requirements*)

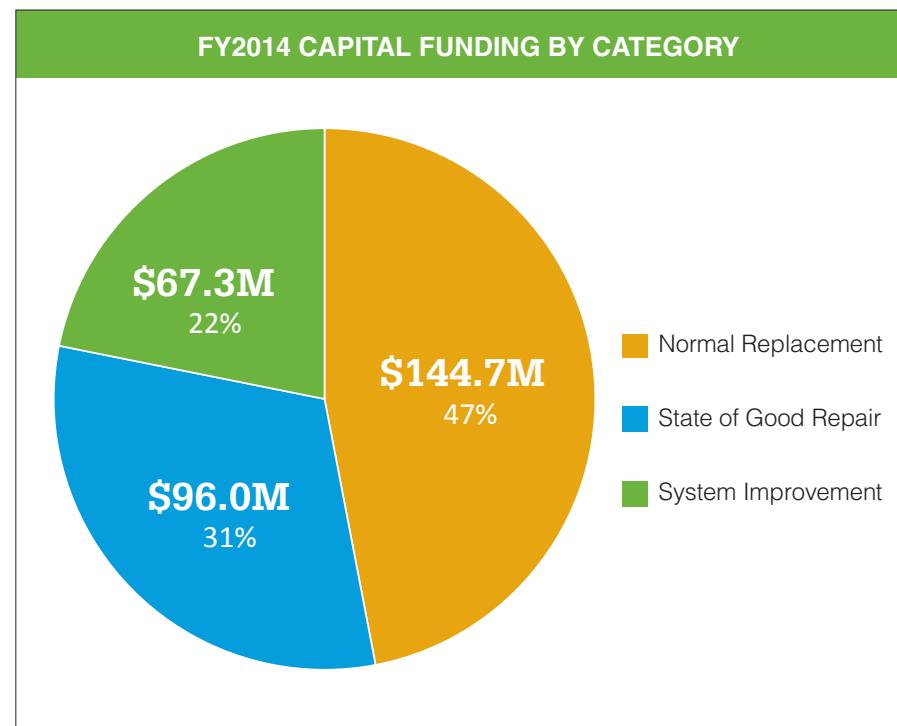
PERFORMANCE SUMMARY: SEPTA's previous Goal 10 key performance indicator – to improve infrastructure state of good repair from 65 percent to 80 percent – was based on estimates of capital needs and total asset value. The implementation of a transit asset management (TAM) program has replaced these estimates with a more rigorous, asset-level inventory of capital needs. The TAM program will allow the Authority to produce a new series of state of good repair performance indicators in accordance with requirements in MAP-21, the federal transportation funding authorization legislation.

HIGHLIGHTS

TRANSIT ASSET MANAGEMENT PROGRAM IMPLEMENTATION:

SEPTA has been developing a corporate Transit Asset Management (TAM) Program, scheduled to be fully implemented in 2015. New software will be utilized to maintain comprehensive asset inventories and maintenance information for rolling stock, guideway elements, and fixed assets. A capital investment prioritization tool will allow SEPTA to assess the impacts of various funding scenarios and agency priorities on our infrastructure while developing capital improvement plans. The program will help SEPTA more effectively use its resources to bring the system to a state of good repair.

INVESTMENTS IN STATE OF GOOD REPAIR: The FY2014 Capital Budget and 12-Year Capital Program is focused on rebuilding the system, investing 78 percent of funds in normal vehicle replacements and state of good repair. Vehicle replacements totaling \$144.7 million (47 percent) will fund new buses, paratransit vehicles, utility vehicles, and midlife vehicle overhauls; infrastructure state of good repair projects totaling \$67.3 million (31 percent) will fund high priority infrastructure track, power, and facility projects as well as capital leases and debt service; system improvements totaling \$96.0 million (22 percent) will fund New Payment Technologies (See Goal 9 for more information) and Regional Rail signal system modernization. An infusion of state capital funding, passed in November (see Goal 12 for more information), will be used to ramp up investments in critical state of good repair needs.



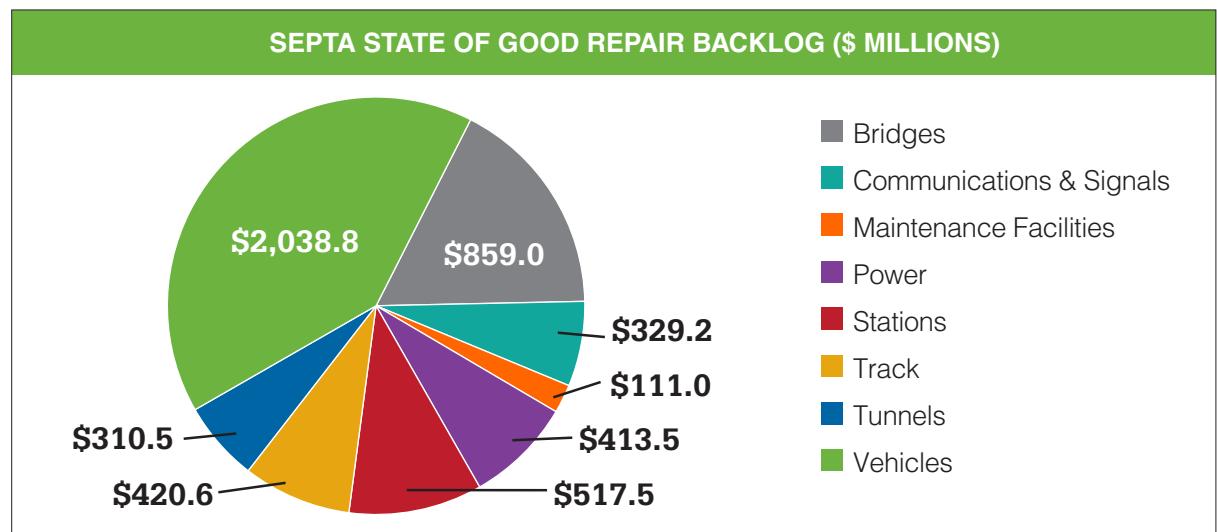


WITH AN INFUSION OF ADDITIONAL CAPITAL FUNDING, SEPTA WILL CONTINUE TO PRIORITIZE A FIX-IT-FIRST STRATEGY TO IMPROVE INFRASTRUCTURE STATE OF GOOD REPAIR



STATE OF GOOD REPAIR BACKLOG:

Despite heavy emphasis on state of good repair and normal vehicle replacement, SEPTA has not been able to keep up with capital needs due to severe funding shortfalls. SEPTA estimates that the system's state of good repair backlog is currently \$5 billion. A summary of the backlog by category is presented at right. Now with an infusion of additional capital funding, SEPTA's highest priority in achieving a state of good repair will be on replacement or renewal of infrastructure and vehicles in the backlog.



WHAT'S NEXT

DEVELOPMENT OF MAP-21 SGR METRICS: The current federal transportation reauthorization legislation, entitled "Moving Ahead for Progress in the 21st Century" (MAP-21), emphasizes development of new standards for state of good repair, transit asset management, and performance measurement. The legislation, which will expire October 1, 2014, requires transit agencies to establish metrics to track progress based on quantifiable performance metrics, which SEPTA is in the process of developing in accordance with industry standards.

CONTINUED INVESTMENT IN STATE OF GOOD REPAIR: With an infusion of new capital funding, SEPTA will continue to employ a "fix-it-first" strategy in prioritizing infrastructure repair projects and normal replacement of vehicles to improve system-wide state of good repair.

CONTINUED IMPLEMENTATION OF THE TAM PROGRAM: SEPTA continues to work towards full implementation of the three components of SEPTA's transit asset management program – maintenance management for vehicles, maintenance management for infrastructure, and the decision making tool. These tools will allow SEPTA to prioritize capital expenditures with the goal of achieving a state of good repair.

ALTERNATIVE FUNDING FOR CAPITAL PROJECTS: To supplement its existing capital funding levels, SEPTA will continue to seek new sources of funding to advance state of good repair initiatives that also meet sustainability objectives.

RESOURCES: <http://www.septa.org/sustain/economic>



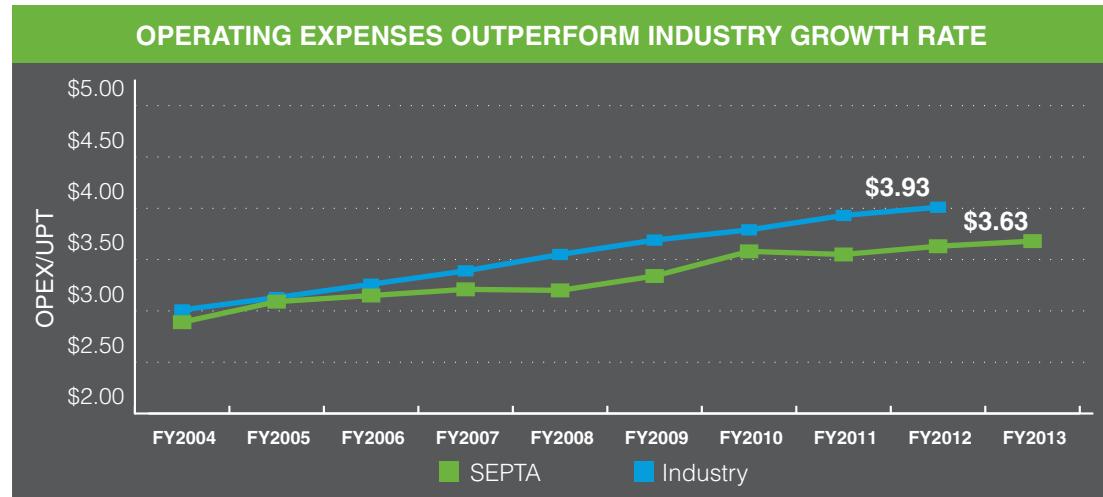
GOAL 11 IMPROVE OPERATING EXPENSE PERFORMANCE

Sound Fiscal Stewardship Helps Do More With Less

KEY PERFORMANCE INDICATOR: Target – Outperform Industry Annualized Growth Rate

YEAR	OPERATING EXPENSE PERFORMANCE			U.S. TRANSIT INDUSTRY			
	SEPTA			U.S. TRANSIT INDUSTRY			
	OPEX	UPT	OPEX/UPT	OPEX	UPT	OPEX/UPT	
FY2004	\$ 867,752	300,707	\$ 2.89	\$ 26,869,600	8,937,100	\$ 3.01	
FY2005	\$ 923,369	298,730	\$ 3.09	\$ 28,761,000	9,175,100	\$ 3.13	
FY2006	\$ 933,905	296,586	\$ 3.15	\$ 30,608,400	9,379,400	\$ 3.26	
FY2007	\$ 985,146	307,188	\$ 3.21	\$ 33,677,500	9,948,200	\$ 3.39	
FY2008	\$ 1,041,623	325,118	\$ 3.20	\$ 36,414,000	10,256,700	\$ 3.55	
FY2009	\$ 1,101,497	329,581	\$ 3.34	\$ 37,443,000	10,134,300	\$ 3.69	
FY2010	\$ 1,147,754	320,984	\$ 3.58	\$ 37,775,900	9,959,700	\$ 3.79	
FY2011	\$ 1,184,551	333,966	\$ 3.55	\$ 39,675,900	10,085,400	\$ 3.93	
FY2012	\$ 1,232,262	339,288	\$ 3.63	\$ 41,547,600	10,352,200	\$ 4.01	
% FY2004-2012	+ 42.0%	+ 12.8%	+ 25.9%	+ 54.6%	+ 15.8%	+ 33.5%	
ANNUALIZED GROWTH	+ 4.5%	+ 1.5%	+ 2.9%	+ 5.6%	+ 1.9%	+ 3.7%	
FY2013	\$ 1,239,887	337,314	\$ 3.68	[NOT AVAILABLE AT TIME OF PUBLICATION]			

OPEX PERFORMANCE: Operating expenses per unlinked passenger trip (OpEx per UPT) is a key indicator of organizational efficiency that measures the average operational cost to provide each trip taken by a SEPTA customer. SEPTA benchmarks expense performance against an industry-wide growth metric. Between 2004 and 2012, SEPTA's OpEx per UPT grew by an average annual rate of 2.9 percent, outperforming the industry-wide growth rate of 3.7 percent. (Industry data is reported on a one-year lag and is unavailable for 2013.)



HIGHLIGHTS

TRANSIT FIRST: One impactful way to reduce the structural cost of transit service is to speed it up. According to the Delaware Valley Regional Planning Commission (DVRPC):

"When transit vehicles are operating at higher speeds, it makes service less expensive per mile because the same frequencies can be realized with fewer vehicles. Cost savings owing to speed improvement become particularly significant when there are travel time savings of more than one headway, achieving the same service frequency with one less vehicle: the "save a bus" principle. This cost savings can be used to offset higher levels of service, capital costs, or maintenance costs, which can help to further attract new ridership." (SOURCE: DVRPC TSP FAVORABILITY SCORE, DRAFT REPORT)

The City of Philadelphia's "Transit First" Policy, first established in 1989 under Mayor Wilson Goode, is actively pursuing interventions to achieve faster service. A Committee consisting of SEPTA, the Mayor's Office of Transportation and Utilities (MOTU) and Delaware Valley Regional Planning Commission (DVRPC) has targeted six high priority routes for installation of Transit Signal Priority (TSP) equipment, which will speed up transit service (and general flow of traffic) by installing preferential treatment for transit vehicles at traffic signals throughout the City. Priority routes include:

- **Route 6, Ogontz Avenue** (articulated bus)
- **Route 52, 52nd Street** (bus)
- **Route 60, Allegheny Avenue** (articulated bus)
- **Route 66, Frankford Avenue** (trackless trolley)
- **Route 11, Woodland Avenue** (trolley)
- **Route 58, Bustleton Avenue** (bus)

For Routes 6, 52, 60, and 66, funding received by the City from a Transportation, Community, Safety and Preservation (TCSP) grant will pay for TSP equipment and installation. Three intersections on Route 6 will also be upgraded with computerized signals and fiber connections to support the TSP equipment. These projects will go to construction in the Spring of 2014.

For Routes 11 and 58, funding received by the City from a federal "TIGER" grant will fund a more comprehensive programmatic upgrade, including 78 traffic signals with new controllers and fiber connectivity equipment, coupled with TSP equipment. Construction on these projects began in August 2013 and is expected to be completed by early 2015.

The Committee will be responsible for coordinating monitoring and data analysis, including transit on-time-performance and general traffic flows, which requires sharing of information between the City's Traffic Control Center and SEPTA. The projects also call for a maintenance agreement to ensure all equipment remains in working order and data can continue to be checked. The success of interventions on these routes will instruct strategies for future travel corridors.

THIRD-PARTY ENERGY PROCUREMENT: SEPTA has taken advantage of newly deregulated energy markets in Pennsylvania with an aggressive campaign to lower energy costs through third-party procurement. In 2013, SEPTA locked into a three year electricity contract with PPL EnergyPlus that will save nearly \$4 million per year. Additionally, SEPTA's third-party natural gas contract with Hess Energy Marketing LLC will save an estimated \$1 million annually due to advantageous natural gas pricing as well as being able to take advantage of PGW's distribution rate that is available for customers using third party supply.

ELECTRICITY CONTRACT SAVINGS: NEW CONTRACT VS. PREVIOUS CONTRACTS		
SUMMARY OF SAVINGS	ANNUAL	TERM OF CONTRACT
SUPPLIER ADMIN FEES/ PASS-THROUGHS	\$1,000,000	\$3,000,000
ENERGY COSTS	\$2,700,000	\$8,100,000
TOTAL ESTIMATED SAVINGS	\$3,700,000	\$11,100,000

HIGHLIGHTS (cont.)

PRINT MANAGEMENT: The Business Services Division's effort to streamline the organization's printing capacity has netted nearly \$180,000 in cost reductions and is expected to save more than \$700,000 in additional equipment costs over the next three years. To-date, the initiative has focused on retiring duplicative personal and network printer devices to reduce toner, paper, and ongoing maintenance costs.

STREAMLINED PURCHASING & DISTRIBUTION: Continued efforts to streamline purchasing and distribution processes include:

- A recent award of a four year contract for stockless copy paper. The previous two-year contract yielded a 12 percent (\$37,000) savings over past pricing, and eliminated the need for the handling and cash investment needed for 11 different types of paper. The new four-year contract is tied to market indices, and will yield an additional 15 percent (\$95,000) savings.
- Joint efforts with internal customers. Reverse engineering for brake kits on New Flyer buses is ongoing and has enhanced vendor competition, resulting in a savings of \$25,000. Bids were received in mid-November for a full-scale rollout of Vendor Managed Inventory (VMI), projected to reduce required inventory.

OTHER SAVINGS INITIATIVES: Innovative procurement methods are underway to advance energy efficiency projects that will upgrade facility infrastructure and net energy savings at no upfront capital cost. The energy savings contract, issued to *Constellation NewEnergy, Inc.* in January 2014, was developed under Pennsylvania's Guaranteed Energy Savings Act (See Goal 3 for more information).

TECHNOLOGY DEVELOPMENT: In-house development and maintenance of Sugar CRM, an open source application customized for SEPTA Enterprise use, has replaced SEPTA's CARES database for Customer Service communications. In-house customization and maintenance will result in recurring savings of approximately \$275,000 annually, and will significantly enhance SEPTA's internal communications of customer service issues.

WHAT'S NEXT

SCALE FOR TRANSIT FIRST INITIATIVES: To make the most of the TSP systems, the Transit First Committee also intends to employ other strategies such as stop consolidation and far side stops. To test the success of these strategies, the Committee will initially measure their impact on Route 66. The anticipated average improved running time is 5-7 percent. In addition to these ongoing projects, Transit First has also recently added another committee to its umbrella, the Planning and Development Committee. This committee will work towards improving communication on forthcoming land development projects in the City. The Philadelphia City Planning Commission, MOTU, Streets Department, Commerce Department, DVRPC and SEPTA have all committed to sharing information and collaborating on a process for matching transit service to development plans.

TRACKING OPERATING SAVINGS FROM STATE OF GOOD REPAIR:

REPAIR: Targeted capital investments can improve operating cost efficiency and service reliability. With an infusion of additional capital funding, SEPTA will be tracking the operating impact of new investments to better understand the connection between state of good repair and ongoing operating costs.

"LEAN" OPERATIONS: Teams in SEPTA's Operations and Business Services Divisions have been established to seek out potential savings from process-based efficiencies under the structure of SEPTA's "LEAN" program.

COST SAVINGS THROUGH ESMS: SEPTA's newly certified ISO 14001:2004 environmental and sustainability management system will be implemented at two additional locations in 2014: Courtland Shop, a non-revenue vehicle overhaul facility; and Wayne Shop, a rail maintenance facility. An "ISO Lite" program will be implemented at each of SEPTA's eight bus depots. This scaled ESMS initiative will seek out cost savings, cost avoidance, and new revenues using the same approach that produced more than \$1.8 million in economic value at Berridge Shop

RESOURCES: <http://www.septa.org/sustain/economic>

GOAL 12

ACHIEVE RECOMMENDED FUNDING LEVELS

Pennsylvania General Assembly Passes Transportation Funding Bill

KEY PERFORMANCE INDICATOR: Target – Full Funding of Identified Need

PERFORMANCE SUMMARY: While the legislation does not fully fund the need identified in Governor Corbett's Transportation Funding Advisory Commission (TFAC) report, the additional capital funding will more than double SEPTA's annual capital investment, helping to address the most critical infrastructure needs.

HIGHLIGHTS

TRANSPORTATION FUNDING BILL

INCREASES CAPITAL FUNDING LEVELS:

The state transportation funding bill passed in November will infuse SEPTA's capital program with new resources to address critical state of good repair needs. The final version of the legislation, Act 89 of 2013, funds 40 percent of the statewide transit need identified by the TFAC report. For SEPTA, the funding will bring annual capital investment closer to the level of its industry peers.

NEW CAPITAL FUNDING IN CONTEXT (IN MILLIONS)						
YEAR	TFAC IDENTIFIED NEED			Act 89 FUNDING LEVELS		
	HIGHWAY/BRIDGE	TRANSIT	TOTAL	HIGHWAY/BRIDGE/ MULTI-MODAL	TRANSIT	TOTAL
2010	\$3,008	\$484	\$3,492			
2014	\$3,950	\$844	\$4,794	\$272	\$55	\$327
2018	\$4,892	\$1,203	\$6,095	\$1,854	\$487	\$2,341
% NEED MET BY 2018				38%	40%	39%



HIGHLIGHTS (cont.)

REPORT QUANTIFIES SEPTA'S ECONOMIC VALUE: In April, the Economy League of Greater Philadelphia and Econsult Solutions, Inc. published a report that stresses the critical importance of SEPTA to the economy of the region and across the Commonwealth of Pennsylvania. The report, entitled "Understanding SEPTA's Statewide Economic Value," presents results from a comprehensive analysis of SEPTA's stewardship of public funds, the economic and fiscal impacts of its investments, and the long-term consequences of continued underfunding of the system. Key findings include:

- SEPTA supports nearly 26,000 jobs in Pennsylvania, contributes \$3.21 billion in economic output, and generates \$62.5 million in state tax revenues

REPORT QUANTIFIES PROPERTY VALUE

IMPACTS OF SEPTA REGIONAL RAIL:

In October, a study released by Econsult Solutions, Inc. found that SEPTA's Regional Rail system supports \$6 billion in suburban property values, an average \$7,900 per single-family home. In suburban communities with higher levels of Regional Rail service and parking capacity, the study found that property value premiums average between \$31,000 and \$37,000 per house within three miles of a Regional Rail station. These premiums are distributed across Bucks, Chester, Delaware, and Montgomery Counties.

ECONOMY LEAGUE OF GREATER PHILADELPHIA			
(\$ MILLIONS)	CAPITAL INVESTMENT	OPERATIONS	TOTAL
DIRECT OUTPUT	\$289	\$920	\$1,209
INDIRECT & INDUCED OUTPUT	\$384	\$1,613	\$1,997
TOTAL OUTPUT	\$673	\$2,533	\$3,206
TOTAL EMPLOYMENT	5,065	20,667	25,732
TOTAL EARNINGS	\$214	\$1,237	\$1,451
TOTAL TAX REVENUES	\$12	\$51	\$62

SOURCE: ECONSULT SOLUTIONS, INC.

ECONSULT SOLUTIONS, INC.				
DISTANCE RANGE	LOW SERVICE/LOW PARKING	HIGH SERVICE/LOW PARKING	LOW SERVICE/HIGH PARKING	HIGH SERVICE/HIGH PARKING
LESS THAN 1/2 MILE	\$15,100	\$24,900	\$27,500	\$37,300
1/2 TO 1 MILE	\$5,500	\$21,100	\$17,900	\$33,500
1 TO 2 MILES	\$3,400	\$21,700	\$15,800	\$34,100
2 TO 3 MILES	\$3,100	\$18,700	\$15,500	\$31,100
AVERAGE	\$6,775	\$21,600	\$19,175	\$34,000

WHAT'S NEXT

BUILD UPON CORE FUNDING: With an infusion of additional capital funding, SEPTA will be able to address critical state of good repair needs. The funding package addresses approximately 40 percent of statewide transit capital funding needs identified in the TFAC report and will bring SEPTA closer to a competitive range of capital funding levels among peer U.S. transit agencies. Moving forward, SEPTA will work with stakeholders to build upon this core funding with new sources of funding to advance additional state of good repair projects as well as regionally significant system improvement and expansion projects.

RESOURCES: <http://www.septa.org/sustain/economic>

RESOURCES

ENVIRONMENTAL:

GOAL 1: IMPROVE GREENHOUSE GAS (GHG) & CRITERIA AIR POLLUTANT EMISSIONS PERFORMANCE

- 08.13.13 - Partnership Publicizes Effects of Climate Change in Philadelphia | Metro Philadelphia

GOAL 2: REDUCE WATER USAGE & STORMWATER RUNOFF

- 09.25.13 - Green Roof is a Highlight of SEPTA's 33rd and Dauphin Bus Loop | Living Architecture Monitor

GOAL 3: IMPROVE ENERGY INTENSITY PERFORMANCE

- 07.18.13 - Energy Cost-Cutting at 1234 Market Street | NBC 10
- 07.11.13 - Energy Recycling Gives Subways a 'Brake' on Bills | Vancouver Sun
- 06.06.13 - How 'Dinky' Energy Storage Project Gives Financial Oomph to Philadelphia Subway System | ClimateWire
- 06.03.13 - A Battery of Sustainable Ingenuity | Mass Transit Magazine

GOAL 4: REDUCE & REUSE WASTE

- 08.26.13 - Millbourne Station Workers Honored for "Cleanest Station on the El" | SEPTA

SOCIAL:

GOAL 5: INTEGRATE WITH LIVABLE COMMUNITIES

- 12.04.13 - A 'Green Walk' to the SEPTA Station | Philadelphia Inquirer
- 11.19.13 - Most Bikes at SEPTA Regional Rail Stations | MOTU TidBit Tuesday
- 09.25.13 - Ahead of Schedule with Funding to Spare, SEPTA Unveils Renovated Bus Loop | PlanPhilly
- 04.25.13 - Partnerships that Build Strong Communities (Video) | SEPTA
- 03.12.13 - City of Elderly Love: Philadelphia, an Age-Friendly & Accessible City | AARP
- 02.26.13 - Transit-Oriented Development Proposed for Four Major Subway Stops | Flying Kite
- 02.26.13 - Wayne Junction Upgrades Spark Private Investment | Flying Kite

GOAL 6: IMPROVE ACCESS TO LOCAL FOOD VIA TRANSIT

- 08.29.13 - Bakers Centre ShopRite Embodies Grocer's Ideals of Community Service | Philadelphia Daily News
- 07.31.13 - SEPTA Extends Bus Service to New Northwest Philly ShopRite | PlanPhilly

GOAL 7: DEVELOP A HIGHLY SKILLED, HEALTHY & VERSATILE WORKFORCE

- 07.12.13 | SEPTA Sets Standard With Succession Planning Program
- 01.21.13 - Dr. Ian K. Smith Talks Diet, Fitness with SEPTA Employees | Philadelphia Inquirer

ECONOMIC:

GOAL 9: INCREASE TRANSIT MODE SHARE

- 12.11.13 - Young Philadelphians Driving Less, Raising Kids Outside of 'Car Culture' | Newworks
- 10.30.13 - Philly Near Top of List in Non-Car Commuters | Philadelphia Business Journal
- 09.10.13 - Most Center City Workers Rely on Public Transit | Philadelphia Inquirer
- 07.17.13 - Rail Extension Plans for King of Prussia | SEPTA
- 01.24.13 - SEPTA Schedules Meetings on NDSL, Releases Sustainability Report | Philadelphia Inquirer

GOAL 10: IMPROVE INFRASTRUCTURE STATE OF GOOD REPAIR

- 09.06.13 - \$10M Federal Grant to add SEPTA track in Bucks | Philadelphia Inquirer

GOAL 11: IMPROVE OPERATING EXPENSE PERFORMANCE

- 10.15.13 - PPL To Provide Electricity Services to SEPTA | PhillyBurbs

GOAL 12: ACHIEVE RECOMMENDED FUNDING LEVELS

- 11.22.13 - House Sends \$2.3 Billion Transit Bill to Corbett | Philadelphia Inquirer
- 10.09.13 - Study: SEPTA Stations Boost Property Values | Philadelphia Inquirer
- 05.02.13 - SEPTA's Overdue Bills: It's Time to Pay | AxisPhilly
- 04.30.13 - Study Says SEPTA is Strapped | Philadelphia Inquirer
- 03.07.13 - SEPTA Head Presses for Public Transit Aid | Public Record





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Photography Credits:

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