



**Delaware Valley Association of Rail Passengers**

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**The System is Broken**  
**A Case for Reforming SEPTA**

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## TABLE OF CONTENTS

### **Section One**

**Contents of this Report** ..... 5

### **Section Two**

**State of SEPTA** ..... 6

### **Section Three**

**Issues of Concern** ..... 8

Schuylkill Valley Metro ..... 8

SEPTA Fiscal Crisis: 2002-2004 ..... 10

Girard Avenue Trolley ..... 11

Powelton Yard Security Incident ..... 12

Commuter Rail On-time Performance ..... 13

R8 Fox Chase Trackage Rights ..... 14

Railroad Service Meltdown: September 9, 2002 ..... 15

Silverliner V Procurement ..... 16

Service Effectiveness ..... 17

### **Section Four**

**Action Alternatives for Restructuring and Reform of SEPTA** ..... 19

**Table 1** Governance and Operations: The Separation of Commuter Rail from  
City/Suburban Transit in North America ..... 22

**Table 2** Authority Appointing Boards for North American Commuter  
Rail Systems Appointed By ..... 23

## Appendix

### **Appendix A**

<b>A-1</b> DVARP Cautioned SEPTA Against Rigging the Schuylkill Valley Metro Study Against Practical, Cost-Effective Alternatives . . . . .	26
<b>A-2</b> SEPTA Was Oblivious That Pursuing Their Alternatives Was Tilting at Windmills . . . . .	27
<b>A-3</b> The Death of “MetroRail”: DVARP Warned SEPTA That This Would Come to Pass In This Manner . . . . .	28
<b>A-4</b> Four Years and Millions of Dollars Wasted on the Previous Rigged Process . . . . .	29
<b>A-5</b> Governor Rendell and U.S. Congressman Gerlach Provide Direction for a Credible, Cost-Effective Alternative for the Schuylkill Valley . . . . .	30

### **Appendix B**

Mismanagement Results in Idleness of \$60 Million Investment . . . . .	32
--	----

### **Appendix C**

Sleeping Employee Debacle Compounded: Employee Who Discovered the Detector Left it in a Locker Instead of Informing Police . . . . .	34
--	----

### **Appendix D**

<b>D-1</b> SEPTA’s Railroad’s On-Time Performance Brought to Light . . . . .	35
<b>D-2</b> DVARP Addresses Three Crucial Questions About SEPTA Late Trains . . . . .	36

### **Appendix E**

<b>E-1</b> SEPTA Pauses for Moment Before Trackage Rights Giveaway . . . . .	37
<b>E-2</b> DVARP Flyer At Least Sets the Record Straight on the Fox Chase Trackage Rights Giveaway . . . . .	38

### **Appendix F**

A Failure to Adequately Communicate, Respond, and Be Held Accountable . . . . .	40
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### **Appendix G**

<b>G-1</b> Even the Inquirer Editorial Takes Issue . . . . .	41
<b>G-2</b> Two Days After This, SEPTA Announced a Stunning Reversal . . . . .	42
<b>G-3</b> SEPTA Bows Out from the Legal Spotlight . . . . .	44
<b>G-4</b> SEPTA Declined to Discuss the Consultant's Railcar Report . . . . .	46

**Appendix H**

Poor Planning Results in More Waste ..... 48

**Appendix I**

A Desperate Need for Effective Management ..... 50

**Appendix J**

Exposed, How Slow SEPTA’S Railroad Really Is ..... 52

**Appendix K**

**K-1** The Content of the Management Performance Review ..... 55

**K-2** Key SEPTA Management Performance Review Data ..... 59

## **Section One**

### **Contents of this Report**

DVARP believes that the Philadelphia region's public transportation system needs significant structural reform as well as increased and predictable funding. Since the case for funding already has been made clear, this report makes the case for reform.

The first section of this report is a synopsis of the state of SEPTA, and our interpretation of why SEPTA is in its current state. The strengths and weaknesses of SEPTA are also enumerated. After that is a series of illustrative cases, each raising one or more disturbing points about SEPTA and how it has been managed. Bullet points for issues of concern and suggested remedial actions are included with each case.

Possible courses of action for restructuring SEPTA are then reviewed. In order to help you decide which alternative would be best, we identify examples of each type of structure, and discuss their pros and cons. We also have researched the organizational structure and board composition of each the operator in each North American city with commuter rail service. Such institutional knowledge is one of DVARP's strengths, as is its ability to quickly locate and organize information like this. As we've seen from the recent SEPTA performance audit, this kind of research cannot be taken for granted. But because of the importance of your upcoming decisions, we invite you to call on us for answers or for a check on other information or analysis you receive.

Appendices to this report include news articles with relevant quotes, and other supporting documents.

## **Section Two**

### **State of SEPTA**

While it is absolutely true that SEPTA and other public transit systems in Pennsylvania need increased and predictable state funding, SEPTA also needs significant structural reform to address its multiple areas of dysfunction. To say the latter is not to diminish the former. However, since many others including DVARP have been articulating the funding needs, this report focuses on the need for reform of SEPTA.

SEPTA is a large and very troubled organization. SEPTA management has to administer more different types of public transit service than any other system in the nation, at the same time it faces a chronic budget crisis brought about by stagnant levels of funding from all sources. There are not enough hours in the day for top management to solve all of SEPTA's problems, let alone lay the foundation for future improvement. So SEPTA's management is reactive rather than progressive, focused on short-term budget balancing and keeping problems from blowing up into front page embarrassments.

But because of a culture of unaccountability born of years of accumulated mismanagement, too many times, the embarrassments happen. Most recently it was the dispute with residents that shut down SEPTA's new Girard Avenue trolley service before it could even start, and the continued malfunction of emergency call boxes. Before that it was the bungled investigation following discovery of a motion detector in a SEPTA rail yard: a matter that calls into question SEPTA's handling of security threats as well as the circumstances that allowed a railroad electrician to routinely sleep on the job and the authority's communications with the public. SEPTA has also faced deserved bad press in the Silverliner V contract controversy, the Federal Transit Administration (FTA) rejection of SEPTA's Schuylkill Valley Metro plan, and more than two solid years of railroad monthly on-time performance failing to meet even SEPTA's mediocre standard. And that's just for 2004.

The General Manager is an accountant, while the Board is made up primarily of lawyers and politicians and has little or no practical experience in transportation. The Board devotes inordinate attention to details of how and to whom contracts are awarded, while shunning major policy issues like how much the region can afford to spend on the Schuylkill Valley project and failing to exercise adequate oversight of the General Manager and her top staff. That's how we got to this situation.

The last major transit legislation called for routine management audit of SEPTA and other operators. While DVARP was given some input (one meeting with the consultants, after the scope of the audit was determined) into last year's audit, the consultants told us that time and budget constrained their work, and they would not be able to address all areas of concern to DVARP and others. Also, the current process introduces a conflict of interest because the auditors were selected and paid by SEPTA. As we feared, the audit, on which DVARP can provide a briefing upon request, overlooked or whitewashed all of our areas of concern.

We know that some legislators have little confidence in SEPTA, and this has been an obstacle to securing sufficient transit funding from the Commonwealth. We also understand that some elected

officials are so frustrated with the situation that they are considering major restructuring of the authority and its governance. Therefore, in the interest of resolving the crisis, and making sure that the changes sought by the legislature will be constructive ones; we are documenting some of the areas of concern to us, and presenting you with background on options for restructuring and on transit governance in other major cities.

### SEPTA Strengths

- Priceless fixed route assets, including a dense network of regional rail lines
- Railroad Division (RRD) unit labor costs are reasonable
- Creative financing
- Growing reverse commute market
- Flexibility in surface route planning, well-defined system for receiving and evaluating service planning suggestions.

### SEPTA Weaknesses

- Lack of accountability throughout the authority
- Short-term focus
- Hidebound, resists change
- Poor RRD on-time performance and quality of service
- Weak first-line management
- Declining share of core market
- Weak leadership from Board and General Manager
- Lack of transparency, particularly in budget and performance measures
- Lack of any long-range planning other than a series of disconnected large-scale capital projects
- Propensity to rebuild assets in kind rather than think strategically about their use
- Lack of coordination between transportation and land use planning

## Section Three

### **Issues of Concern**

#### Schuylkill Valley Metro

After years of biased study, on June 22, 2000, SEPTA formally selected its preferred alternative, “MetroRail” for the Reading-Philadelphia Schuylkill Valley corridor. SEPTA said that construction was expected to begin in 2003, with the system up and running in 2007 (Appendix A-2). None of this, of course, came to pass. SEPTA was oblivious that pursuing the radical, gold-plated MetroRail alternative was in fact tilting at windmills. Now that the FTA has halted the alternative’s advancement citing its “Low financial rating” and “weak cost-effectiveness”, and not accepting its ridership projections as credible (Appendix A-3), it is clear that SEPTA has wasted four years and millions of dollars on a rigged study process (Appendix A-4).

DVARP found the SEPTA’s study to be highly biased, making: 1) some alternatives look more attractive than they really are; and 2) other alternatives less attractive. DVARP’s insights to these biases and flaws were set forth in a 73-page formal comments document dated March 25, 2002. Ridership models were used improperly, while costs of competing conventional rail alternatives were inflated and travel time estimates were slanted. The financial plan was unrealistic in specifying that the federal government would have an 80 percent share of the capital cost. The DVARP report also exposed a fatal technical flaw in SEPTA’s plan: the planned infrastructure was not capable of handling the very high-frequency service on which SEPTA based its projection. The SEPTA Board of Directors ignored the DVARP document, as it had previous DVARP warnings about many of these issues going back to even before February 2000 (Appendix A-1). Instead, SEPTA persisted with the MetroRail folly submitting a federal grant application based on it.

DVARP formal comments document can be found at [www.dvarp.org/svm/](http://www.dvarp.org/svm/) under “Formal comments to the Federal Transit Administration”. This statement from the document perhaps proved to be most premonitory:

Before circumstances or an outside entity force or embarrass SEPTA into recognizing these biases, flaws and the incredible risks of Alternative 6 (i.e., MetroRail), DVARP most strongly urges SEPTA to change course and responsibly plan an attainable, cost-effective passenger rail alternative for the entire Philadelphia-King of Prussia-Reading corridor which will meet financial and operating performance expectations.

Out of the ashes, it has been left to PennDOT, at the direction of Governor Rendell and U.S. Congressman James Gerlach, to take the lead and come up with a rational plan for extending passenger rail service to Reading (Appendix A-5).

#### Issues:

- The Schuylkill Valley Metro story paints a profoundly disturbing picture. SEPTA’s capital planning staff biased cost and ridership estimates to favor their preferred plans, dismissed the warnings from DVARP and other outside observers, and persisted with an unworkable



alternative long after it should have been obvious it couldn't be funded and built. Top management failed to exercise adequate control over staff, and failed to investigate and take action even when presented with documentation of bias in the studies and fatal flaws in the results.

Recommendations:

- Obtain a full audit of the Schuylkill Valley Metro study, with particular attention paid to points in time where fatal flaws in the technical or financial plans should have been identified. Determine who was responsible for analyzing these aspects of the plan and whether SEPTA failed to carry out the necessary analyses or deliberately ignored the results.

### SEPTA Fiscal Crisis: 2002-2004

The General Manager, with the apparent support of the Board, has articulated at least five different strategies regarding SEPTA's structural deficit and need for additional funding:

- Deny there is a problem and pass the budget;
- Disclose the structural deficit, and threaten to close the C bus, the Airport, Warminster, and Chestnut Hill West rail lines, among other service cuts if additional state funding is not appropriated, because SEPTA cannot pass an unbalanced budget;
- Paper over the current year's deficit, pass an unbalanced budget for the following year, and threaten to shut down the entire system when the money runs out;
- Threaten to cut all weekend service, reduce other service by 20 percent, and raise fares by 25 percent or more to close the deficit. (note that any one of these measures by itself applied to a full fiscal year would be sufficient to close a \$60 to \$70 million deficit); and
- Threaten to reduce Saturday and weekday service, leave Sunday service untouched, and raise fares by approximately 50 percent to close the deficit.

#### Issues:

- Fundamental credibility of the General Manager and the Board.
- Absence of a strategic plan.
- Assumption that all of SEPTA's woes are due to underfunding and no internal economies or problem-solving can proceed until SEPTA has all the money it requests from Harrisburg.

#### Recommendations:

- Provide SEPTA with a predictable source of state operating support.

### Girard Avenue Trolley

SEPTA spent \$60 million to rehabilitate Route 15 infrastructure on Girard Avenue and rebuild 18 PCC trolleys for use on the line. Work was completed in mid-2004, thus leading to SEPTA's announcement, during the first week of June, of a start-up date of June 13, 2004. But, SEPTA was unable to reintroduce trolley service on Route 15 because there was no suitable route from the Callowhill maintenance facility to Girard Ave. (Appendix B.) The trolleys remain idle, and SEPTA is spending almost a half-million dollars a year deadheading trolleys from their Elmwood facility for the Route 10 service instead of operating Route 10 out of Callowhill. There is no immediate prospect for resolving this problem.

#### Issues:

- Poor communication with city officials.
- Community resentment of SEPTA because of employee conduct in the neighborhood (illegal parking etc.) and perceived nuisance from facilities, along with failure of SEPTA to follow through on promises made to the community.
- Managerial and communication problems evidenced by nobody having responsibility to secure the pullout route and nobody noticing this essential element was missing from the operating plan.

#### Recommendations:

- The City of Philadelphia must decide whether to resolve the pullout route problem by limiting parking on the blocks of 58<sup>th</sup> Street that the streetcars use, or by making those blocks one-way.
- Institute procedures to identify affected constituencies when a project reaches the capital budget and insure that elected officials and community leaders are informed of SEPTA's proposal.
- Designate specific liaison person for each project so SEPTA personnel know who is responsible for public communications; provides one point of contact for community questions and concerns.

### Powelton Yard Security Incident

A terrorist scare was touched off when a motion detection device was found in a SEPTA commuter rail yard. It was later discovered that the device had been placed by a maintenance employee who wanted to be alerted to approaching supervisors so as not to be caught sleeping on the job. (Appendix C.) The debacle was compounded when it was disclosed that the employee who discovered the detector left it in a locker instead of informing police.

#### Issues:

- Low level management failed to notice anything was wrong and an employee was sleeping on the job (inadequate monitoring of performance).
- Personnel at all levels not taking security threats seriously, even after the bombing of a commuter train in Madrid.
- Lack of a standard procedure for handling and investigating suspicious devices found on the property. Top management failure to review and critique security plans.

#### Recommendations:

- Investigate breakdown of communications that caused the delay in contacting federal authorities when motion detector was discovered.
- Examine security plans of other rail and transit operators to identify best practices, then replicate them at SEPTA. Seek review of new security plan by appropriate federal authorities.
- Review front-line management responsibilities and performance in the rail equipment maintenance department.

### Commuter Rail On-time Performance

In 2002 and 2003, the on-time performance of SEPTA commuter trains declined to appalling levels. SEPTA trains were late more than twice as often as even the worst of its peers. SEPTA went nearly two years without reaching its stated on-time performance goal or attaining even a 90% monthly on-time percentage. Even if SEPTA had reached its goal, it still would have been the worst performing commuter railroad in the nation. There is no sign that anybody in top management took notice until DVARP made a public issue of the matter at a SEPTA Board meeting. At first, SEPTA tried to put blame on the new reporting system that came with the new control center. They claimed management was trying to solve the problem, but could not show any specific examples.

#### Issues:

- Lack of accountability.
- Management structure lumping the railroad in with the subways for managerial purposes.
- Absence of experienced and successful railroaders in railroad management.
- Poor discipline of operating personnel.

#### Recommendations:

- Continue work of on-time performance task force.
- Include passenger representatives (Citizens Advisory Committee and/or DVARP) in task force, or give representatives regular briefings on task force discussions and actions.
- Publish on-time performance records more widely.

### R8 Fox Chase Trackage Rights

A portion of SEPTA's R8 Fox Chase line operates over tracks owned by CSX Corporation. From its inception as a commuter rail operator, SEPTA had rights to use those tracks. SEPTA gave up those rights in a backroom deal that segregated freight and passenger tracks on that segment, leaving SEPTA with only one track to operate on instead of two. (Appendices E-1 and E-2.) This constrains scheduling and service frequency on the Fox Chase line, hurts service reliability, and gives SEPTA no alternative but to bus the line when necessary maintenance has to be carried out on the single track.

#### Issues:

- SEPTA management failed to disclose the negotiations to the board or to the city transportation office (the line is entirely in the City) until an agreement had been reached. City government was outraged.
- SEPTA failed to disclose its plans to single-track the Fox Chase line in the capital budget, even though funds from that budget were spent on the project.
- SEPTA has not been able to document how the single-tracking is going to benefit SEPTA riders, and apparently did not receive any monetary or other compensation from CSX. SEPTA "gave away the store" and expended millions of dollars for new infrastructure that only partly mitigates the harm of single-tracking.
- With the lack of experienced railroaders in SEPTA top management, SEPTA is at risk of being taken advantage of in negotiations such as these.

#### Recommendations:

- Establish SEPTA policy that contracts will not be let for any capital project not included in current capital budget, except in extenuating circumstances like a bridge failure.
- Establish SEPTA policy that management is not to enter agreements committing SEPTA to give up significant tangible or intangible assets or make capital investments without adequate public notice and Board approval.

### Railroad Service Meltdown: September 9, 2002

Downed overhead wires and subsequent dispatching decisions led to monumental delays on SEPTA trains the morning of September 9, 2002. Some passengers were stuck on their trains for more than three hours, and not permitted to get off. Since SEPTA trains are not equipped with rest rooms (no other railroad in the nation considers it acceptable to not provide facilities), passengers were forced to urinate in old coffee cups, with other passengers holding up coats around them for privacy.

SEPTA's investigation of the matter was never satisfactory, and RRD management stonewalled questions from DVARP about the incident until DVARP went to the SEPTA Board with a demand for answers. From what we can tell, SEPTA continued to send trains into the affected area after the wires were downed and trains were forced to stop rather than holding them at stations where passengers could get off, use the rest room, and seek alternate transportation.

#### Issues:

- Lack of accountability for top management and RRD management.
- Insufficient communications with riders, both during the incident and afterwards.
- Failure to respond to valid questions from the public.
- Poor discipline of operating personnel.
- Failure to learn from past disruptions and develop contingency plans for emergencies.

#### Recommendations:

- Develop contingency plans for reasonably foreseeable service disruptions and hold implementation drills.
- Make it policy that when there is major service disruption, division management will report on the incident to the riding public as soon as practical, providing information on what happened and why, and what is being done to prevent a recurrence. Virginia Railway Express is a good system to emulate in this respect.
- Conduct in-depth review of passenger communications during disruptions, including best practices of other operators.
- Include rest rooms in the specifications for the Silverliner V cars; make it SEPTA policy that all new commuter rail trains are to be rest room equipped.

### Silverliner V Procurement

SEPTA was forced to cancel awarding of a contract for new commuter rail cars because of a lawsuit alleging specifications had been rewritten to favor one bidder. The company that brought suit told SEPTA at the time the specifications were changed that the company would sue if SEPTA proceeded with the change without re-advertising the contract and accepting new bids, but SEPTA proceeded anyway.

DVARP has additional concerns over how the specification was developed and SEPTA's making a decision to replace the oldest cars in kind without developing a long-range fleet plan and without determining the most cost-effective way to bring the fleet up to date. There was no consultation with passengers or their representatives regarding the layout and amenities of the new cars, and no analysis of whether the layout selected would meet SEPTA's stated goal of reducing loading and unloading times. In fact, DVARP quickly found a layout that would provide the same number of seats while loading and unloading faster than the SEPTA design.

#### Issues:

- DVARP is concerned with SEPTA spending hundreds of millions of dollars without any long-term vision of what the railroad will look like. SEPTA's actions are consistent with an unwritten plan to convert the entire system to high-platform boarding. While such a scheme would be beneficial if money is no object, SEPTA has a limited supply of capital, and would need many decades to fully implement it. Meanwhile, studies conducted by the Delaware Valley Regional Planning Commission have shown there are far less costly ways to speed up railroad service than converting stations from low- to high-level platforms.

#### Recommendations:

- Refer this matter to the Auditor General for a complete investigation. If investigation declines, convene an independent blue ribbon commission to investigate.
- Develop a long-range plan for managing and replacing the RRD fleet.



## Service Effectiveness

Based upon the management performance review of SEPTA, completed in the summer of 2004, SEPTA's unit costs for running equipment (e.g., operating cost per car-mile, per-car-hour, per-train-mile and per-train-hour) are reasonable and overall reflect favorably of SEPTA. However, these metrics are not measures of service effectiveness. From the passengers' and taxpayers' perspective, they are not meaningful metrics as they focus on movement of equipment rather than movement of people. In other words, it is much more relevant to quantify the cost per passenger mile carried rather than costs as they relate to equipment. After all, what matters most is not the cost of rolling around X number of seat miles through the Delaware Valley; the goal should not be to move around equipment regardless of the extent that seats are filled. What matters most is the cost-effectiveness of rolling around X number of seat-filled miles. This telling metric is operating-cost-per-passenger-mile. It is this metric that most clearly illustrates how poorly run SEPTA's railroad is.

Among the peers used in the management review, the best operating-cost-per-passenger-mile is \$0.25. The worst is \$0.30 per mile. SEPTA's is \$0.41. That is 146-percent of the peer average. (Appendix K-2.)

How does the management review report explain the horrible operating-cost-per-passenger-mile? The reports says that the lower performance in this measure is due to the fact that the number of passenger miles on the SEPTA regional rail system is much lower than the peer average. Did the consultants look at systems that have fewer passenger miles than SEPTA, that is, systems other than those in New York, Chicago, or Boston? If they had, they would have found operating-cost-per-passenger-mile that are much lower than SEPTA's \$0.41 per passenger mile.

How is it that SEPTA can have reasonable costs for operating equipment but exceedingly high costs for carrying passengers? The answer is in the metric of passenger-miles-per-car mile. The information was not so easily forthcoming from the management review despite its availability in the FTA National Transit Database. (Appendix K-1.)

Among the peers used in the management review, the best passenger-miles-per-car mile statistic (average number of passengers in the seats at any given moment) is 38.7. The worst is 29.9. SEPTA's is 24.8. That is 73-percent of the peer average. (Appendix K-2.)

One way riders are paying for all those empty seats is in fares. In 2002, SEPTA's average fare was \$2.85. The average fare for the peer group (which includes costly NJ Transit) was \$3.02. Yet, SEPTA average trip length was just 13.3 miles, and the average trip length for the peer group was 21.8 miles. On a passenger fare cost per mile basis, riders in the peer group were paying on average 13.85 cents per mile. SEPTA patrons were stuck paying 21.42 cents per mile. (Appendix K-2.)

All of those empty seats cost something, and it's the real riders who are paying the cost. Furthermore, this pricing is discouraging potential train riders, keeping people in their cars, and repressing the vitality, in particular, of Center City, Philadelphia.

On many of the SEPTA railroad lines, twice as much Sunday service is being run as compared to 1976. While the extra service is certainly nice to have, the many empty seats and resulting unremunerative runs mean higher fares (and fewer passengers as a result) for all trains. To deal with its \$62 million crisis, the SEPTA Board's plan includes increasing fares by approximately 50-percent, ignoring many consultant- and DVARP-recommended efficiencies, reducing service Monday through Saturday, and leaving Sunday service untouched.

Placing highest priority on a no-cut Sunday service means that money-losing runs are compensated by higher fares on all runs. Eventually, through the higher fares, SEPTA ends up pushing most discretionary riders away from the system and is left mostly with patrons who are transit dependent. This is contrary to SEPTA's mission, its political support, and the region's interests. Such priorities facilitate a death spiral for the system.

#### Issues:

- Perpetuating the institutional mindset: *Everyone is entitled to a train whenever they want it.*
- Able to see the benefits but not the costs of their policies.
- Expanding the frequency of the system while doing virtually nothing substantive to expand the system since service was pulled back from Reading, the Lehigh Valley, Newtown, and West Chester in the early 1980's.

#### Recommendations:

- Freeze fares on the railroad.
- Schedule service on the railroad so as to improve its operating-cost-per-passenger-mile and passenger-miles-per-car mile metrics while minimizing the impact on passenger-miles.

## **Section Four**

### **Action Alternatives for Restructuring and Reform of SEPTA**

DVARP has not taken a position endorsing any of these measures or stating a preference for one measure or another. The alternatives are presented in the interest of full and informed debate:

A. **Do nothing.**

Pros: No disruption.

Cons: Continued managerial problems

B. **Retain current structure while replacing management personnel.**

Pros: Opportunity to bring in personnel with track records of success at other agencies, minimizes disruption at other levels of the system. Begins to restore culture of accountability by demonstrating that managerial failure has its consequences.

Cons: System will still be too big and too troubled to manage easily. Board-level problems remain. Lower-level personnel could conclude that they were not responsible for problems that cost higher-level personnel their jobs.

C. **Establish separate division for the Railroad Division (RRD) with its own Assistant General Manager (AGM) reporting to the General Manager (GM).**

Example: NJ Transit.

Pros: Least disruptive. Fastest to implement. Does not affect labor contracts. Allows for an experienced and successful railroader to fill the position. AGM does not have to deal with subway and bus problems too.

Cons: Does little to address the railroad's core problems.

D. **Establish separate operating company for RRD, with its own GM reporting to the Board.**

Examples: LIRR, Metro-North (New York MTA).

Pros: Increases accountability. More managerial attention to RRD problems. Allows for continued consolidation of administrative functions. Possibility of management streamlining.

Cons: Board remains unwieldy. Possible disputes over allocation of funds.

E. Establish new boards for RRD and transit under SEPTA Board.

Example: Metra/CTA/Pace (Chicago).

Pros: Allows existing SEPTA Board to focus on planning and policy while new railroad board focuses on railroad management and accountability and transit board focuses on efficiency of transit operations. Allows for supermajority provision on rump SEPTA Board (see Chicago example) to promote regional cooperation. Allows boards to be better tailored to ridership/funding constituency base (i.e. increased city of Philadelphia representation on transit board). Allows some central functions to remain consolidated.

Cons: Proliferation of boards.

F. Establish new authority for RRD, with its own board.

Examples: VRE (Virginia), Metrolink (Los Angeles) [most common governance structure].

Pros: Reforms board governance as well as management. More of a clean start. Facilitates addition of board members from outside the five counties.

Cons: Some redundant functions necessary.

G. Establish state department of rail under PennDOT.

Pros: Gets all commuter and intercity rail programs under one management. Economies of scale. Facilitates statewide rail renaissance. Integrate R5 and Keystone operations for efficiency and better service.

Cons: May require new labor contracts, loss of local control.

H. Mandate privatization of the railroad.

Examples: Most commuter rail services outside New York City are contracted out.

Pros: A number of companies can be expected to compete for the management contract, including Amtrak's commuter subsidiary, newly-formed consortia (see Boston for example), and Norfolk Southern or other freight railroad companies. System would be managed by successful railroaders. Incentive contracts tie pay to performance (on-time, customer service, financial controls). Possibility of economies of scale if contractor has operations elsewhere. Possibility of incorporating other services (e.g. Keystone, Reading) in contract for better coordination of service and economies of scale.

Cons: Little potential for cost savings because SEPTA has already won reform of its commuter rail labor contracts. Profits and taxes add to costs. Managers

devote attention to blame-shifting rather than solving problems (though this is already a significant problem with SEPTA in its current structure).

I. Mandate privatization of transit services.

- Examples: A sizeable minority of US operators, but none as big as SEPTA.
- Pros: More effective first-line management. Possibility of decreasing labor costs. Incentive contracts tie pay to performance (on-time, customer service, financial controls). Possibility of economies of scale if contractor has operations elsewhere.
- Cons: Labor union and political resistance. Profits and taxes add to costs. Managers devote attention to blame-shifting rather than solving problems.

**Table 1**  
**Governance and Operations**  
**The Separation of Commuter Rail from City/Suburban Transit in North America**

<b>City</b>	<b>Railroad</b>	<b>Board</b>	<b>Commuter Rail Operations</b>
Boston	MBTA	Common	Separate, Contracted (MBCR)
New Haven	Shore Line East	State agency (CDOT)	Separate operating company, Contracted (Amtrak)
New York	Metro-North	Common (MTA)	Separate operating company
New York	LIRR	Common (MTA)	Separate operating company
New Jersey	NJT	Common	Separate operating subsidiary
Philadelphia	Keystone	State agency (PennDOT)	Separate, Contracted (Amtrak)
<b>Philadelphia</b>	<b>SEPTA</b>	<b>Common</b>	<b>City transit management</b>
Washington	MARC	State Agency (MDOT/MTA)	Separate operating company, Contracted (Amtrak)
Washington	VRE	Separate (PRTC)	Separate, Contracted (Amtrak)
Syracuse	OnTrack	Common (CENTRO)	Separate, Contracted (NYSW)
Miami	Tri-Rail	Separate (SFRTA)	Separate, Contracted (Herzog)
Chicago	Metra	Separate board under common board (RTA)	Separate operating company, partly contracted (BNSF, UP)
Chicago	South Shore	Separate (NICTD)	Separate, Direct
Dallas	TRE	Common shared (DART/FWTA)	Separate, Contracted (Herzog)
Seattle	Sounder	Common (CPSRTA) with suburban transit but separate from Seattle city transit	Separate, Contracted (BNSF)
San Francisco	CalTrain	Separate (PCJPB)	Separate, Contracted (Amtrak)
San Jose	ACE	Separate (SJRRCC)	Separate, Contracted (Herzog)
Los Angeles	Metrolink	Separate (SCRRA)	Separate, Contracted (Amtrak)
San Diego	Coaster	Common (NCTD) with suburban transit but separate from San Diego city transit	Separate, Contracted (Amtrak)
Montreal	AMT	Separate (AMT)	Separate, Contracted (SNC-Lavalin-Gesproex)
Toronto	GO	Common (GTTA) with suburban transit but separate from Seattle city transit	Separate, Contracted (CN, CP)
Vancouver	West Coast Express	Common (GVTA)	Separate operating subsidiary

**Notes:**

- Philadelphia-Harrisburg considered a commuter rail line for FTA grant purposes.
- Long Island, Metro-North have separate managements, up to and including President level.
- NJ Transit has separate rail and bus operations subsidiaries under same Executive Director.

**Table 2**  
**Boards for North American Commuter Rail Systems**  
**Appointed By**

City	Board	Members	Appointed By
Boston	MBTA	7	Governor (all)
New Haven	CDOT	N/A	N/A (state agency)
New York	MTA	17(14 votes)	City (4), three suburban counties (1 each), four suburban counties (1 each, see note), Governor (6)
New Jersey	NJT	7	Governor
Philadelphia	PennDOT	N/A	N/A (state agency)
<b>Philadelphia</b>	<b>SEPTA</b>	<b>15</b>	<b>City (2), Four suburban counties (2 each), Four legislative leaders (1 each), Governor (1)</b>
Washington	MTA	N/A	N/A (state agency)
Washington	VRE	15	Two parent commissions (3 each), State (1)
Miami	SFRTA	9	Three counties (2 each), Governor (2), FDOT (1)
Chicago	Metra	7	City (1), suburban Cook County (3), DuPage County (1), four other suburban counties (2 joint appointments)
	RTA	13	City (4 plus CTA chairman), suburban Cook County (4), DuPage County (1), four other suburban counties (2 joint appointments), Chairman (see note)
Chicago	NICTD	9	Four counties (2 each), Governor (1)
Dallas	TRE	7	Two parent boards (3 each), local government council (1)
Seattle	CPSRTA	18	Three counties (10, 4, 3—see note); state DOT (1)
San Francisco	PCJPB	9	Three counties (3 each)
San Jose	SJRRC	9	San Joaquin Council of Governments (7), state DOT (1), San Joaquin Transit District (1)
Los Angeles	SCRRA	11	Los Angeles County (4), four other counties (2, 2, 2, 1)
San Diego	NCTD	9	Eight cities (1 each), unincorporated portion of county (1)
Montreal	AMT	7	Province (4), regional government (3)
Toronto	GO	14	Provincial ministry of transportation (all)
Vancouver	GVTA	15	Province (3-vacant), regional government (12)

**Notes:**

- **MBTA:** Two board members must be from outside MBTA district, state transportation secretary serves as chairman. MBTA has an additional advisory board made up of one representative from each municipality, which is responsible for approving selection of GM and approving annual budgets and plans.
- **MTA (NY):** Four outer suburban counties each have one board representative, but the four together cast a single vote. Citizen advisory committee and labor unions each have three non-voting representatives.

- **NJ Transit:** Transportation Commissioner and State Treasurer are ex-officio members. Governor does not sit on board but has veto power.
- **PennDOT:** Philadelphia-Harrisburg considered a commuter rail line for FTA grant purposes
- **SEPTA:** City representatives have limited veto power. Legislative representatives appointed by the majority and minority leaders of the state House and Senate (1 each)
- **CNYRTA (Syracuse):** Omitted due to unusual nature of system.
- **VRE:** Operations Board established by two parent commissions: Potomac and Rappahannock Transportation Commission and Northern Virginia Transportation Commission. Director of Virginia Department of Rail and Public Transportation serves ex officio.
- **RTA (Chicago):** Chairman appointed by 3/4 majority of other board members, is not an appointee of any jurisdiction.
- **NICTD:** Non-voting representatives of labor and commuters?
- **TRE:** Three board members from each parent agency (Fort Worth Transportation Authority and Dallas Area Rapid Transit) also serve on the TRE Advisory Committee. One additional member is appointed by a local government council for municipalities not included in DART or The T.
- **RTA (Seattle):** DOT Secretary an ex-officio member. All other board members are county or municipal elected officials. One seat allocated per 145,000 county population.
- **Caltrain (PCJPB):** City/County of San Francisco appointments by County Supervisors, Mayor, and Public Transportation Commission (1 each); San Mateo County appointments by County Supervisors, City Selection Committee, and Transit District (1 each). Santa Clara County appointments by Santa Clara Cities Association (1) and Valley Transportation Authority (2).
- **ACE (SJRRRC):** Council of Governments appointments include COG executive director (ex-officio) and members nominated by various city governments. SJTD general manager and Caltrans District 10 director are ex-officio members.
- **SCRRA:** Each county has a different body responsible for its appointments.
- **NCTD:** District 5 county supervisor (representing unincorporated portions of San Diego County) is an ex-officio member. All members are local government elected officials.
- **GVTA:** Provincial government declined to make its appointments. All other members are municipal elected officials.



## **Appendix**

## Appendix A-1

### **DVARP Cautioned SEPTA Against Rigging the Schuylkill Valley Metro Study Against Practical, Cost-Effective Alternatives**

If SEPTA had paid attention to DVARP's warning in 2000, it would have saved years and millions of dollars in study expenses. At this Board meeting and in prior letters and newsletter articles, we advised SEPTA that a \$1.4 billion [at that writing] project would not meet FTA cost-effectiveness standards. FTA said just that in the 2002 New Starts Report (Appendix A-3)

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*Philadelphia Daily News*

February 25, 2000

### **Ignoring Free Advice?**

SEPTA Consultants Get Another 400g

By Chris Brennan

The cost to study SEPTA's proposed Schuylkill Valley Metro increased by almost \$400,000 yesterday, as a regional passenger group warned the transit agency it was thinking of spending too much on the rail project.

The Delaware Valley Association of Rail Passengers last month asked SEPTA to compare its possible project costs with other commuter rail extensions around the country.

The Schuylkill Valley Metro line would feature rail stations from Philadelphia to Reading.

Don Nigro, DVARP's president, told SEPTA's board yesterday he never heard any more about his request. DVARP is involved in studying the plan with SEPTA.

So DVARP did the comparison.

The group found SEPTA's plans are "most likely very overpriced," Nigro said.

SEPTA is considering options of light

rail, like a trolley, or heavy rail, like commuter trains, for the 62-mile rail line.

DVARP looked at nine heavy rail proposals across the nation and found a Colorado plan to link Denver to Boulder had the highest costs - 28 miles of track costing \$10.4 million a mile.

SEPTA has told DVARP how much their proposals would cost per mile. Nigro would not divulge that price, but said the Colorado proposal is "significantly less per mile."

DVARP also studied 13 light rail proposals and found the most expensive in California, linking San Diego with Mission Valley - 5.8 miles of track for \$74.3 million a mile. The passenger group is concerned SEPTA will go with a light rail line, despite the cost.

DVARP prefers a "dual mode" system for the Schuylkill Valley Metro - heavy rail commuter trains pulled by diesel

locomotives from Reading to Philadelphia, where they would switch over to electric propulsion before entering the Center City Commuter Tunnel.

The board, in its monthly meeting yesterday, approved paying Urban Engineers Inc. \$398,000 to keep studying the rail project's options for another five months.

That company was originally hired in 1998 to study the proposed project for 21 months. With the extension, Urban Engineers' contract has reached \$4.2 million.

Tom Dorricott, a spokesman for the Brotherhood of Locomotive Engineers, praised DVARP's rail study and its cost.

"I think you've done a lot of very good work on the Schuylkill Valley Metro issue and you've done it for nothing, unlike some of the consultants here," the union spokesman said.

## Appendix A-2

### **SEPTA Was Oblivious That Pursuing Their Alternatives Was Tilting at Windmills**

DVARP also had concerns about the funding plan for the project, which was also cited by the FTA in 2002 (Appendix A-3). It is now 2005 and we don't even have an acceptable grant application, let alone construction or an opening date.

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*Philadelphia Inquirer*

June 23, 2000

### **SEPTA Approves Reading Rail Line**

The \$1.4 Billion Schuylkill Valley Metrorail Could Be in Use by 2007.

Studies And Hearings Will Be Conducted.

By Julie Stoiber

(Excerpted)

A speedy new train line that could carry up to 50,000 passengers a day between Philadelphia and Reading, and help alleviate traffic congestion in fast-developing Montgomery and Chester Counties, moved a step closer to reality yesterday when the SEPTA board approved the \$1.4 billion project.

The transit agency now can proceed with engineering studies and public hearings for the 62-mile Schuylkill Valley Metrorail. It also can apply for Federal Transit Administration funding, a highly competitive process in which it will ultimately vie with projects in more than 40 other cities.

"This is a giant step in the process," SEPTA general manager John K. Leary Jr. said after the vote.

SEPTA is looking to the federal government to fund 80 percent of the project, with the rest of the money coming from the state.

Construction is expected to begin in 2003, with the system up and running in 2007. It would have 13 new stops west of Norristown, a spur to the King of Prussia shopping complex, and a new station at 52d Street.

Passengers on the system could travel from Reading to 30th Street Station in 83 minutes, from King of Prussia to Market East in 43 minutes, and from Phoenixville to Manayunk in 29 minutes.

"I can't think of a project of this scope and cost and this much territory that has been so universally welcomed," Bernard

Cohen, SEPTA's assistant general manager, said in an interview last week. "We've had virtually no significant opposition."

SEPTA held 12 public meetings in the proposed corridor this spring, which were attended by more than 1,000 people, the agency said. There were concerns in some areas about where stations would be located, SEPTA officials said, but the overall response to the line has been positive.

Don Nigro of the Delaware Valley Association of Rail Passengers, an advocacy group, said his organization continued to have concerns about the project's price and whether the federal government would fund it.

### Appendix A-3

#### **The Death of “MetroRail”: DVARP Warned SEPTA That This Would Come to Pass In This Manner**

Some projects are recommended but not funded. To receive a "not recommended" rating, there must be serious deficiencies in the grant application or the project proposal. SEPTA did nothing to address the concerns that caused FTA to reject the project in 2002, wasting another year and forcing the public to sit in traffic on 422 another year.

### **Federal Transit Administration Annual Report on New Starts 2003**

November 2002

(Excerpts)

This overall project rating of Not Recommended based on the "Low financial rating resulting from a Section 5309 New Starts funding share of 80 percent. This project has received a rating of Not Recommended based on the Federal New Starts share requirement in effect during fiscal year 2003. The Conference Report accompanying the FY 2002 Department of Transportation Appropriations Act directs that, as of October 1, 2002, no new Full Funding Grant Agreement may be executed with a Federal New Starts share greater than 60 percent. The project's "low" share rating and summary financial rating

reflect this Congressional direction. In addition, the Administration is seeking legislation that would limit the Federal New Starts share to no more than 50 percent beginning in FY 2004. Future ratings of this project would be affected by this change.

The Medium project justification rating reflects strong transit-supportive land use throughout the corridor and the weak cost-effectiveness of the project.

### **Federal Transit Administration Annual Report on New Starts 20034**

November 2003

(Excerpts)

The overall project rating of Not Recommended is based upon the project's Low financial rating. This rating is based on the greater than 60 percent New Starts share of project costs. The conference report accompanying the FY 2002 Department of Transportation Appropriations Act directs that, as of October 1, 2002, no new Full Funding Grant Agreement may be executed with a Federal New Starts share greater than 60 percent. The project's Low share rating and summary financial rating reflect this Congressional direction. Although FTA is reporting SEPTA's ridership forecasts for the project, FTA continues to have concerns about the ridership levels anticipated by these estimates and is thus not rating the project justification criteria. The overall project rating applies to this Annual Report on New Starts and reflects the information available as of November 2003. Project cost estimates and proposed New Starts share are developed by local project sponsors and are not FTA assumptions.

In the coming months, FTA intends to work with SEPTA to improve its ability to more accurately portray project benefits; identify a minimum operating segment (MOS) which is fundable with local and Federal resources; and develop a financial plan that reflects SEPTA's ability to build and operate a major transit capital investment.

The project is Not Rated for project justification because FTA could not evaluate the benefits of the project. SEPTA calculated the project's cost effectiveness at \$33.24 per hour of transportation system user benefit. However, FTA has concerns about the information submitted for this measure. FTA will continue to work with SEPTA to improve its travel demand projections. FTA further notes that unless SEPTA improves the cost effectiveness of the project, its ability to advance into final design may be jeopardized.

## Appendix A-4

### **Four Years and Millions of Dollars Wasted on the Previous Rigged Process**

SEPTA had been responsible for this project going back to 1997. This article from a professional trade journal explains that the region has had to go back to near “square one” because of SEPTA's stubbornness and arrogance.

*Urban Transport Solutions*

January 26, 2004

### **SEPTA Commuter Plan Returns To Drawing Board**

State and local transportation officials in Pennsylvania, unhappy with the Schuylkill Valley Metro line's steep price tag and uncertain return on investment, have directed Philadelphia-area transit officials to develop alternatives to the proposed commuter line. The Federal Transit Authority (FTA) also appears less than enthused by the proposed \$2 billion, 62-mile system, which would connect Philadelphia with Reading, Pa., and run along the Schuylkill River Valley corridor.

The Locally Preferred Alternative (LPA) was selected in June 2000, but the FTA has since given the project an overall "not recommended" based on the federal New Starts share requirements. The New Starts program is part of the Transportation Equity Act for the 21st Century (TEA-21), which expired in September 2003, but was given a five-month extension by Congress last October. Pennsylvania Department of Transportation (PennDOT) Secretary Allen Biehler, along with representatives from the offices of Gov. Ed Rendell (D), Rep. Jim Gerlach (R), and Sen. Arlen

Specter (R) met earlier this month to review the project status with its sponsors -- the Southeastern Pennsylvania Transportation Authority (SEPTA) and the Berks Area Reading Transportation Authority (BARTA).

The thrust of the meeting was to direct SEPTA and its consultants to look at phasing and financing alternatives that would allow this project to move forward, said PennDOT spokesman Rich Kirkpatrick. Government officials were primarily concerned by the plan's price tag, especially given the uncertainty surrounding how much funding the New Starts program will have in the coming authorization period. However, Rendell continues to support the rail program, despite its weaknesses, Kirkpatrick said.

#### **Critics Cite Frequency, Ridership**

In addition to the cost, critics of the Schuylkill Valley Metro plan have also taken aim at the proposal's ridership estimates, infrastructure needs and service frequency. "Clearly the LPA is going nowhere," said Don Nigro, president of the Delaware Valley Association of Rail

Passengers (DVARP). "Biehler wants SEPTA and BARTA to come up with a Plan B." DVARP has been a vocal opponent of the LPA and other aspects of the proposal, which they view as extravagant.

During the FTA's review of the project's environmental impact statements, the organization submitted a 73-page report deriding the plan.

One of the primary issues is the current plan to build new tracks rather than work out a shared capacity plan with Norfolk Southern, the Class I that owns and operates the existing freight tracks along the corridor, said Nigro. There's no need for the commuter rail to operate on dedicated tracks, he said. "There's just not that kind of capacity," he added.

The high frequency of the trains also is problematic, Nigro said. Trains would run every 15 minutes during the morning and evening rush hours, while DVARP views 30-minute headway as more reasonable. The potential ridership just doesn't exist along the corridor to make the higher frequency cost effective, he said.

*Urban Transport Solutions*

### **Clarification:**

February 9, 2004

The recent article on SEPTA's proposed Schuylkill Valley commuter rail service (UTS 1/26/04, p.7) misstated the Delaware Valley Association of Rail

Passengers' (DVARP) objection to the project's scope. The group believes that there is insufficient population and

employment density in the corridor to justify construction of dedicated tracks for a passenger rail service.

## Appendix A-5

### **Governor Rendell and U.S. Congressman Gerlach Provide Direction for a Credible, Cost-Effective Alternative for the Schuylkill Valley**

DVARP was there at the start, pointing SEPTA towards a realistic alternative to their grandiose MetroRail plan, but SEPTA refused to even address the factual issues we raised. That forced Representative Gerlach and Secretary Biehler to step in and do the job SEPTA should have done years ago.

*Pottstown Mercury*

February 1, 2004

## **Tracking the Metro project**

By Evan Brandt

(Excerpted)

Officials throughout the region have recently begun a push to keep alive the proposal to build a 62-mile rail line between Philadelphia and Reading and prevent what TriCounty Area Chamber of Commerce President Dale Mahle calls "a slow, painful death" of the dream to restore rail service.

The Schuylkill Valley Metro, a \$2.1 billion light-rail line proposed to carry 27,000 riders daily along river towns from the City of Brotherly Love to the Queen City, has faded from the headlines in the past 18 months.

Facing the Bush administration's penchant for cutting the federal share of funding for such projects from 80 percent to 60 percent, the project has a huge financial obstacle to overcome.

This has been done despite the Federal Transit Administration's refusal to recommend the project to Congress for funding.

#### **Task force aims to jump-start proposal**

"We were making such great progress and then we got kind of stopped on the tracks for a while," said Dennis D. Louwerse, executive director of Berks Area Reading Transportation Authority, better known as BARTA.

"I'm really encouraged by Gov. Rendell's and Congressman Gerlach's interest in this project," said Louwerse.

On Jan. 14, state Transportation Secretary Allen Biehler, at Gerlach's urging, convened a new task force aimed at jump-starting the proposal and pushing it forward.

"I think the meeting went really well," Gerlach said in an interview Friday.

"We have hit the reality phase with this project," he said.

With federal funding being key to the project ever getting off the ground, Gerlach said the first priority has to be making the Schuylkill Valley Metro attractive to the Federal Transit Agency and the Congress that has to fund it.

That means "a leaner, meaner project," said Gerlach. "The bottom line is, we have more limited funds, and we have some hard questions we need to answer."

It was with an eye toward cutting the price tag that Biehler called the recent meeting, which included representatives from SEPTA, BARTA and representatives from Specter's office and Rendell's office.

"Gov. Rendell is very interested in this project," said PennDOT spokesman Rich Kirkpatrick. "This is a vital region of the state, and it's our hope to find a way to bring everyone together so this project can move ahead, not to have everyone throw up their hands and walk away," he said.

The group convenes again on Feb. 20

when the project's consultants will report on how they plan to address the issue of redesigning the project to cut costs.

#### **Group touts option of regular rail**

One option that may be considered is something the Delaware Valley Association of Rail Passengers has been screaming about from the project's first inception -- regular commuter rail.

Don Nigro, president of DVARP, met with the SEPTA board Jan. 23 to present a proposal written three years ago by Richard Peltz when he was Pennsylvania's deputy secretary of transportation for the bureau of public transportation.

Boiled down, this proposal calls for the use of a combination of electric and diesel engines to pull rail cars that would run on the existing Norfolk-Southern freight line tracks that already run along the metro's proposed route -- the former Reading Railroad tracks.

SEPTA's current commuter service, which reaches as far west as Norristown, is entirely electric.

And the \$2.1 billion Schuylkill Valley Metro proposal would have extended electric service, on a separate but parallel set of tracks, all the way to Wyomissing, with a spur line to the King of Prussia malls.

Peltz's proposal would have the line

from Reading to Norristown pulled by a new type of diesel engine and combined with electric cars at Norristown for the stretch to Philadelphia.

Advantages of this approach include eliminating the need to electrify the line up to Reading, as well as the need to build additional tracks.

"Hundreds of millions of dollars could possibly be saved if (the diesel engines)

were run on the existing Norfolk-Southern tracks from Reading to Norristown," the 2001 proposal notes.

The estimated cost of this proposal, \$668 million, more closely aligns itself with the original \$700 million estimates when the metro was first proposed in 1998, and is more than half the \$2.1 billion cost of the electrified light-rail plan that has languished for two years.

It is an idea DVARP has championed for years, and Nigro said it should now be getting a more serious look.

"We've been vindicated because we've been saying this for four years," he said, adding that the apparent interest of Gov. Rendell and other officials marks "a new beginning for this plan; it's just too bad we had to waste four years."

## Appendix B

### **Mismanagement Results in Idleness of \$60 Million Investment**

SEPTA's refusal to respond to the public and its local elected representatives doesn't stop at DVARP and the Schuylkill Valley Metro. Many members of the community have no confidence in SEPTA leadership.

The article says SEPTA knew months in advance that traffic changes would be necessary. This project was conceived and planned years before that. Somebody needs to investigate this project and determine who was responsible for securing the necessary traffic changes, and why \$60 million was spent on this project before this issue had been resolved.

*Philadelphia Daily News*

July 7, 2004

### **Residents' opposition stalls trolley project**

SEPTA gets a lesson in local politics

By Jim Nolan

IT BEGAN AS A grand and ambitious project, heralded by SEPTA officials and rail enthusiasts as a glorious return to the golden age of trolley transit in Philadelphia.

But in just a few short weeks, it has become a \$58 million lesson in local politics - and how easily good intentions can be derailed by bad manners.

Now, a beautifully restored fleet of lime and cream PCC trolley cars - the centerpiece of what was supposed be the return of trolley service to SEPTA's Route 15 line - sits idly in the Elmwood Depot in Southwest Philadelphia, gathering dust instead of passengers.

Newly refurbished stops along Girard Avenue are still awaiting riders and the familiar clang of the trolley's bell, which hasn't been heard there since 1992.

And freshly printed Route 15 trolley schedules, promising service would begin June 13, don't match the times being kept by the buses that are still in use on the popular Haddington-to-Port Richmond route.

Transit officials won't even speculate on when the long-awaited trolley project will get on track.

"We're temporarily not resuming

service," said Frances Jones, SEPTA's assistant general manager for government affairs. "I can't give you a best estimate."

The trolley folly is an untimely embarrassment for the cash-strapped transit agency, which carries a \$70 million deficit into the new fiscal year and which has lobbied incessantly in Harrisburg for increases in state funding.

It's all because of a narrow, three-block piece of North 59th Street between Vine Street and Girard Avenue - the end of the line - that SEPTA needs converted to a one-way street in order to safely operate the trolley line.

Those three blocks of 59th Street are home to about 60 working-class families who feel their concerns about SEPTA's nearby Callowhill Depot have long been neglected by the transit agency.

And so it goes that a small part of the city is holding up a very big project.

"SEPTA being here has been nothing but a hardship," said Carol Campbell, the powerful Democratic leader of the neighborhood's Fourth Ward.

"We only see them when they want something, and now they're trying to sell us a bill of goods. And you know what? It's not going to fly. We're all against it."

Campbell and her constituents have more than anger to back up their words.

Traffic flow on North 59th Street can be changed only by City Council ordinance, which must be introduced by the Council member who represents the area.

Councilman Michael Nutter said he's unimpressed with SEPTA's conduct in the neighborhood.

"It does appear that there has been an incredible amount of planning and design and renovation work, a whole series of steps, that in the final analysis was going on in a vacuum that seemed to have nothing to do with the people who live directly near the Callowhill station," said Nutter.

"They appear to be the last to know," added the councilman, who said SEPTA approached him several weeks ago about the need for a traffic change.

"I will not support the changing of direction of traffic on North 59th Street unless and until SEPTA reaches agreement with the affected neighbors," Nutter continued. "Or unless some other plan is developed that keeps traffic flowing in both directions with the least amount of disruption to the residents,



with their agreement."

SEPTA officials know they need to mend fences before trolleys can rumble up the 59th Street rails.

"SEPTA has to do some things to gain the confidence and respect of the community," said Jettie Newkirk, a lawyer and SEPTA board member who has been working to resolve the dispute.

"And that will take the time it takes."

So how did SEPTA run out of time, and get off track in the first place?

\* Residents, community leaders and even some transit officials acknowledge that tensions over the Callowhill Depot have escalated in recent years.

Locals have complained that SEPTA employees use surrounding streets to park their vehicles, causing more congestion and parking difficulties. They say the employees also ignore street-cleaning regulations, making it harder for city crews to keep their curbs tidy.

Residents and community leaders also say SEPTA broke promises to maintain its property and improve the neighborhood.

"They never came to us with a summer program, or a way to give kids two or three hours of work," said Campbell, who lives just a block south of the depot. "They've never said 'Let's have a partnership,' or a scholarship for Overbrook [High School]."

"They could have invested some money in the community, but they never reached out to the community."

Nutter agreed. "Part of the animosity is not just about the trolley," he said. "SEPTA made commitments for improvements and amenities in the neighborhood and basically never carried them through."

"If that's the nature of the relationship on small items, then when you have a big thing come up, you're going to be more or less inclined to not go along with it."

Newkirk said SEPTA's relationship with the neighborhood had deteriorated in recent years as plans to move the Callowhill Depot from 59th and Callowhill streets got delayed.

"It was anticipated that by this time the

depot would be gone," she said.

If the depot moves, she added, then the residents probably would drop their opposition to the trolley.

SEPTA officials had known for months, however, that the Callowhill Depot move would be delayed and the Route 15 trolley would be ready to resume service.

SEPTA officials said they knew months ago that they'd need traffic changes to North 59th Street. Streets Commissioner Clarena Tolson said SEPTA first approached her department in January of this year.

The Streets Department agreed that due to the narrow width of 59th Street and the location of the trolley tracks in the middle of the street, it would need to either make North 59th Street one-way or remove parking on one side of the street.

"The problem is you have tracks down the middle of the street, and now it's a two-way street," said Tolson. "You can't have parking if you want a two-way street."

If SEPTA knew it would have a problem, it certainly didn't tell the community, the riding public, or even its own drivers until the last minute.

One SEPTA driver, a former trolley man with more than 20 years' experience, said he jumped at the chance back in May to bid for work on the Route 15. It was only when he reported for work on June 10 - three days before the scheduled start of trolley service - that he was told he'd be driving something else.

"They said report to bus instruction," said the driver, who spoke under condition of anonymity. "One day of bus instruction. Now I'm driving a bus."

Schedules had already been printed and posted on the Internet.

For the foreseeable future, it appears that the road to Girard Avenue - North 59th Street - will remain a two-way street with parking on both sides and no Route 15 trolley service.

It is, technically, a safety issue. Streets Commissioner Tolson said the process of analyzing traffic and making changes can

take anywhere from "a couple of months to probably . . . years."

SEPTA is also still waiting for the rest of its cars. The transit agency has so far received only 10 of the 18 refurbished PCC trolley cars it intends to use on the Route 15. The last of the cars won't arrive until the end of the year, said spokesman Jim Whitaker.

He said that if service should resume before that time, light rail vehicles would be used to supplement the PCC's.

Some residents of 59th Street fondly remember the trolley.

"It was a comfortable ride," said Fred Sharp, 77, who has lived in the neighborhood for 25 years. "But the traffic should be two ways."

"The trolley was always really warm, in the winter. A little slower, but an excellent ride," said 59th Street resident Carmella Johnson, 41. "I'd like to see it back on the street, but keep the traffic two-way."

"If it takes parking, that's going to be trouble," said Rena James, 40, who drives to her retail sales job. "I don't have a problem as long as they have parking."

Newkirk said SEPTA officials are again scouting for somewhere to move the Callowhill Depot.

And SEPTA's Frances Jones is trying to stay positive about the trolley line's prospects.

"We don't like to see it as a debacle," said Jones, who has been attending community meetings with Newkirk and other SEPTA officials. "Unfortunately some things haven't transpired the way we wanted, but we're optimistic we can work with the community to bring it to a favorable disposition."

Nutter said SEPTA should study shifting the trolley track to one side of 59th Street, so two-way traffic could be maintained. Cleaning up the area, finding additional parking and doing landscaping would also help, he said.

"You need to do something," said Nutter, "to give people a little better sense that you actually care."

Appendix C

**Sleeping Employee Debacle Compounded:  
Employee Who Discovered the Detector Left it in a Locker Instead of Informing Police**

This incident is troubling in so many ways. A maintenance employee was sleeping on the job but first-line management had no idea it was happening: no checking up on employees or monitoring productivity. Even after the March 2004 bombing of commuter trains in Madrid, SEPTA either had no security plan or failed to manage this incident effectively. Note that it was a week before the FBI was given the device.

*Philadelphia Inquirer*

May 22, 2004

**FBI investigating transmitter found by train tracks**

An electronic device was found in a Phila. SEPTA yard.

Authorities say no link to terrorism has been found.

By Jere Downs

(Excerpted)

The FBI is investigating the discovery of an electronic device found alongside SEPTA train tracks in West Philadelphia, but the agency yesterday stressed that there was no evidence to suggest it was linked to terrorism.

News reports of recent unauthorized surveillance of NJ Transit trains and SEPTA's discovery of the electronic device prompted officials to issue assurances that such law enforcement attention has become commonplace.

The FBI is trying to discern the purpose of a black remote transmitter - about the size of a baseball - that was

spotted by a SEPTA conductor May 5, SEPTA spokesman Richard Maloney said. The conductor removed the object from the Powelton yard, and SEPTA police turned it over to the FBI on May 12, he added.

"It was a simple motion detector. We don't know who put it there or why it was there," FBI spokeswoman Jerri Williams said yesterday.

In a joint statement, the FBI and SEPTA said: "There is no evidence to indicate that this device has any nexus to terrorism."

In New Jersey, law enforcement officials were notified last week to be vigilant near rail lines after seven reports were received of people videotaping or photographing NJ Transit trains around New York, Trenton and Philadelphia, said Roger Shatzkin, a spokesman for the New Jersey Attorney General's Office.

"It could be a kid shooting video for a class project . . . ." Shatzkin said. "We seemed to have a cluster of instances, and that is why we reported it back to law enforcement. This is now the world we live in."

*Philadelphia Inquirer*

May 27 2004

**Pa. to get \$110 million for security**

As new threats surfaced, local officials - along with Homeland Secretary Ridge - tried to soothe citizen fears.

By John Sullivan and Jennifer Lin

(Excerpted)

Earlier this month, a motion detector was discovered planted near a SEPTA rail line, prompting an FBI investigation. It

turned out to be a false alarm - the culprit was a SEPTA electrician trying to sneak

naps - but the incident revealed worries about the vulnerability of transit lines.

## Appendix D-1

### **SEPTA's Railroad's On-Time Performance Brought to Light**

SEPTA's on-time performance has been the worst in the nation by far, and failed to meet even SEPTA's own mediocre standard (which still would have left it worst in the nation) for two solid years. Management did nothing until DVARP made a public issue of it and an embarrassing story appeared in the newspaper. Shouldn't management be monitoring important performance parameters like this and taking action as soon as problems are apparent? Instead, General Manager Faye Moore and her staff tried to blame the passengers for speaking out.

*Philadelphia Daily News*

October 24, 2003

### **SEPTA slammed over on-time performance**

By Jim Nolan

Yesterday's monthly meeting of SEPTA board members started 11 minutes late.

Perhaps they took the train.

Over the last 17 months, the transit agency has compiled a dismal on-time performance record on its regional rail lines, the head of a passenger's advocacy group charged yesterday.

Citing statistics he said were provided by SEPTA itself, Don Nigro, president of the Delaware Valley Association of Rail Passengers, said SEPTA regional rail trains arrived on time to their destinations only 85 percent of the time.

The industry standard is considered to be 90 percent or better.

By comparison, Nigro said that over the last year, NJ Transit had a 93.1 percent on-time performance.

Statistics provided by the Long Island Rail Road from January through July 2003 showed a 93 percent on-time performance. Metro-North, which services New York City's northern suburbs, reported a 96.6 percent on-time performance during the same seven-month period.

"In the past two months, how many minutes of board discussion have been focused on this crisis?" Nigro asked the board yesterday during the public comment portion of an otherwise rapid

and uncontested 15 minute meeting.

There was no response in the room.

"That was not a rhetorical question," Nigro said.

At that, SEPTA Board Chairman Pasquale "Pat" Deon piped up.

"It is an issue for the board to be taking seriously," he said, adding that the issue was being examined, and noting that there are "extenuating circumstances" that may explain the comparatively poor on-time percentage.

After the meeting, SEPTA General Manager Faye Moore spared a few moments between congratulating champions of SEPTA's annual bus rodeo to address the issue in greater detail.

Moore explained that a large portion of the traffic on SEPTA's regional rail system falls under the control of dispatchers for Amtrak, which has its own schedule of trains to accommodate.

Officials said six of the seven regional rails share some common track with Amtrak throughout the 260-plus miles of the system, though at least 60 percent of that system is owned and controlled by SEPTA.

They said the system has also been subject to several long-term improvement projects on some of its busiest lines that have invariably led to delay.

"I'm not saying we're happy about it," said Moore, who accused Nigro of "Showboating."

To Nigro, however, SEPTA officials have gotten a free ride on the tardiness issue for too long.

In fact, he said SEPTA's system of actually documenting its on-time performance - relying on the individual train crews themselves to file a report when they are more than 15 minutes late - lends itself to underreporting an already serious problem.

"They don't dispute, they just make excuses," Nigro said of the agency response.

"I think it's an accountability problem," he said. "At any other commuter railroad, two months at or below 90 percent would be cause for alarm. They've had 17 months."

Still unknown is whether the performance is affecting the transit agency's bottom line. SEPTA lost some \$800,000 in revenue in September - a drop attributed to Hurricane Isabel and the Catholic teachers strike.

The agency has a deficit of \$11.7 million year-to-date, and is still facing a yawning budget gap due to stagnant state funding for public transit and political gridlock in Harrisburg.

## Appendix D-2

### **DVARP Addresses Three Crucial Questions About SEPTA Late Trains**

Another sign there is no accountability at SEPTA. SEPTA did set up a task force to address on-time performance, but only after repeated confrontations from DVARP.

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*Philadelphia Inquirer*

December 31, 2003

### **SEPTA's late trains**

(Letter to the Editor)

Re: "SEPTA takes on issue of late trains," Dec. 21:

While the article on the horrible on-time performance of SEPTA's Regional Rail system had plenty of minutiae, it overlooked three crucial questions:

How long has there been a problem? For the past 19 months, the railroad has not exceeded a 90 percent on-time performance (OTP).

How does SEPTA compare with other operators? Far worse than the worst. All but one of the top 10 largest operators in the United States make OTP information available to the public. Those who have published such have 12-month rates of 92

percent to 97 percent. SEPTA's is at 84 percent. In other words, when riding a SEPTA train, you have two-to-five-times greater likelihood of being late than if you were riding a train on one of those other railroads.

How did SEPTA come to take the problem more seriously? The Delaware Valley Association of Rail Passengers addressed the SEPTA board of directors four times between July and December. At the October meeting, I asked, "In the past two months, how many minutes of board discussion have been focused on this crisis?" The 10 seconds of silence that followed was a turning point in the level of attention to which SEPTA gives this

problem.

Nevertheless, all concerned should continue to watch closely. At their December board meeting, the board members refused to set a target for attaining three consecutive months of a rate better than 90 percent.

Donald Nigro  
President  
Delaware Valley Association of  
Rail Passengers  
Philadelphia  
mail@dvarp.org

## Appendix E-1

### **SEPTA Pauses for Moment Before Trackage Rights Giveaway**

This permanent downgrading of the R8 Fox Chase infrastructure is a good example of SEPTA's lack of accountability to the public. SEPTA capital funds were expended on station modifications and other projects associated with the single-tracking, but they were never even mentioned in the capital budget, so the public and its elected officials had no opportunity to call the decision into question until it was too late to change it.

*Philadelphia Inquirer*

November 22, 2002

### **SEPTA delays decision on changes to the R8 line**

Service would go from two tracks to one.  
Commuters argue that slowdowns would result.

By Jere Downs

Regional rail advocates won a battle yesterday as the SEPTA board delayed action on reducing the R8 Fox Chase line's two tracks to one, a change that many think would slow service.

SEPTA currently shares double tracks with CSX freight, which owns the line running through eastern Montgomery County and Philadelphia. The arrangement allows CSX to take over the dispatching of commuter trains on short notice, SEPTA general manager Faye Moore said yesterday.

SEPTA typically dispatches its own trains, but CSX can give 30 days' notice to take over coordination of all trains on these tracks.

"People complain about trains being late now," Moore said after the board meeting, adding that CSX had threatened to seize control of the line as its freight traffic grows.

"Just wait until they are dispatched from CSX headquarters in Jacksonville, Florida."

CSX representatives, contacted locally and in Jacksonville, did not return phone calls seeking comment yesterday.

To maintain dispatching rights, SEPTA asked its board to consider a new deal whereby CSX would run exclusively on one track. Commuter rail trains - which carry about 4,800 passengers a day - would traverse the other track.

But the prospect of restricting SEPTA service to one track drew howls of protest - 160 e-mails and letters in all - from R8 commuters already frustrated with slow service.

"It seems to be late once a week," letter writer Cathy Ciuciu, a 29-year-old travel agent who commutes from Fox Chase to Center City, said in an interview yesterday. "Sometimes, the train is late on a daily basis."

The Delaware Valley Association of Rail Passengers organized the letter-writing campaign this week, and its president, Don Nigro, lauded the board's

decision to delay action.

"We are pleased the board has responded to its passengers," Nigro said. "This proposal smacks of fiefdom-building, mindless economy, and making things convenient for management."

Several SEPTA commuter rail lines share tracks with others, including Norfolk Southern traffic on the Norristown R6 and Amtrak service on the R5.

SEPTA railroad engineer Tom Dorricott noted that restricting the R8 Fox Chase to a single track could pose significant operational headaches.

"If equipment breaks down on a single track, you are stuck," Dorricott told the board.

Board president Pasquale "Pat" Deon said that delaying the measure for a month would allow time to review the proposal further.

## Appendix E-2

### **DVARP Flyer At Least Sets the Record Straight on the Fox Chase Trackage Rights Giveaway**

City government was incensed at SEPTA's decision and the failure to even inform the relevant officials. The Office of Strategic Planning's proposal was summarily dismissed. SEPTA's own staff called the need for this single-tracking into question, and SEPTA's statement that it was forced on them by CSX is dubious at best.

*DVARP Flyer*

February 2003

## **Update on the Threat to Your Fox Chase Train Service**

A bulletin to the R8 line riders

Previously, we reported that the SEPTA Board was planning on giving away SEPTA's right to use one of the two tracks on a portion of the Fox Chase line. The track is owned by CSX Corporation, a freight railroad, but SEPTA has the legal right for at least the next 95 years to use both tracks for your R8 service.

Unlike other commuter rail operators in other cities, SEPTA is pursuing a strategy to put its trains onto separate tracks from other rail traffic. This makes no sense from a passenger or a taxpayer perspective:

- 22 daily SEPTA northbound trains are vacated from the northbound track. CSX gets the track all to itself;
- SEPTA spends millions of dollars on short passing (stand-still) sidings and the like so that service can continue albeit more slowly and less reliably;
- SEPTA loses 3.4 miles of double track; and
- CSX pays SEPTA nothing.

This is horrible stewardship of a critical regional asset.

In a recent flyer, SEPTA said, "Important questions are being asked whether this change would impact SEPTA services. The answer is NO".

We don't see how that can be true. SEPTA may be able to publish a schedule that looks like the current schedule and doesn't cut service, but as soon as something goes wrong, like a train being delayed coming from Chestnut Hill West, the performance of other trains is degraded too. Imagine a long bridge being reduced from two lanes (one for each direction) down to one. Somebody will have to sit and wait.

SEPTA said that CSX has "insisted on separating the service line so they can have complete control of one track."

CSX can insist all that they want. SEPTA legally has rights to be there for at least the next 95 years.

SEPTA points out that "[i]f SEPTA does not agree to permanently separating the lines, CSX has the contractual right to assume dispatching responsibilities."

Consider this:

- SEPTA does not claim that CSX will assume the dispatching. It would be costly for them to do this. A high ranking SEPTA official privately acknowledged that it was unlikely that CSX would move to assume dispatching;
- CSX owns and dispatches tracks that many Baltimore and Washington, D.C. commuter trains use. Even when dispatched

from CSX's control center in Jacksonville, Florida, those commuter trains all run faster and most have greater reliability than SEPTA's trains;

- Aside from SEPTA lines and operations in the New York City region, virtually all commuter rail lines are dispatched by freight railroads or Amtrak (in a few cases); and
- Three of SEPTA's lines are dispatched essentially in their entirety by Amtrak. Three other SEPTA lines are dispatched in part by Amtrak.

CSX assuming dispatching is unlikely and is certainly not something from which SEPTA should cower. SEPTA should be negotiating, not giving away the store. The City Office of Strategic Planning proposed a plan in which SEPTA would continue to use two tracks during the peak, when it needed it most. For the off-peak, CSX could have exclusive rights to the one track. SEPTA was not moved. There are several other good possibilities, but none of them are compatible with SEPTA's territorial ambitions.

In its flyer SEPTA said, "If SEPTA had a choice, we would opt to keep the arrangement just as it is today..."

Oh really? Well then, why did CSX Regional Vice President Michael F. Brimmer say, "It was SEPTA who came to us with this request"? Why in 1994 did SEPTA commission the consulting firm, Peat Marwick, to study the economic viability of physically separating SEPTA commuter trains on half of its lines (including the Fox Chase Line) from all freight railroad traffic? Since SEPTA General Manager Faye Moore has not responded to our written request for a copy of this study, we will be invoking the Freedom of Information Act to obtain a copy.

We have no doubt that the management of both SEPTA and CSX have come to embrace territorialism, CSX with some good reason. SEPTA has done a horrible job dispatching CSX trains, so much so that it would appear that SEPTA is trying to drive CSX to this separation.

SEPTA says, "The proposed single track service for the R8 Fox Chase Line would be very similar to SEPTA's R2 Warminster and the R5 Doylestown Lines."

Exactly! These lines have padding (extra time) in the schedule (both ways) to accommodate meets at the passing sidings. Furthermore, when things go wrong or trains are delayed, the problems often cascade much farther than problems that are experienced on double-track lines. A problem with one train can snarl several trains and many hundreds of

passengers. Additionally, SEPTA has had to limit reverse-peak service on those other lines because of the single track.

Three independent-thinking members voted against the resolution which permits the staff to move forward with this assault on the R8, but the resolution ended up passing at the December 2002 board meeting. But it is not too late to halt bring this foolish plan to a halt. SEPTA could stand up for you and protect your service.

**Take Action**

- The Fox Chase Line must not be single-tracked.
- SEPTA must not relinquish its rights to the northbound track.
- No plan should leave the passengers worse off.

**Philadelphia Residents:**

- Call State Representative Mark B. Cohen (202nd Dist.), 215-924-0895. Thank him for his support on this issue and urge him to continue the fight whether it means building alliances, withholding funds from SEPTA, or threatening to put someone other than SEPTA in charge of our region’s priceless passenger rail assets.
- Call State Senator Michael Stack (5th Dist.), 215-242-9710. Request that he put pressure on SEPTA not to go through with this trackage rights change. Urge him to withhold funds from SEPTA, or threaten to put someone other than SEPTA in charge of our region’s priceless passenger rail assets.
- Call your City Council Representative (Brian O’Neill, 215-686-3422 or Marian Tasco, 215-686-3454). Let them know that you are outraged at this, and you want City Council’s representative on the SEPTA Board, Christian DiCicco, to stand up for the people who ride the trains. So far, DiCicco has done just the opposite.

**Montgomery County Residents:**

- Call County Commissioner Chairman Michael Marino (610-278-3020), State Senator Allyson Schwartz (4th Dist.), 215-242-9710 and State Representative Ellen Bard (153rd Dist., Abington), 215-881-2273; Lawrence Curry (154th Dist., Cheltenham), 215-572-5210; or George Kenney, Jr. (170th Dist., Rockledge), 215-934-5144. Request that they put pressure on SEPTA not to go through with this trackage rights change. Urge them to withhold funds from SEPTA, or threaten to put someone other than SEPTA in charge of our region’s priceless passenger rail assets.

**All:**

- Make copies of this flyer and circulate them.
- Consider engaging your civic or religious organization in this cause.
- If you have not received this document by e-mail and would like to receive updates on the situation directly from DVARP, send your e-mail address to save-R8@dvarp.org.

Delaware Valley Association of Rail Passengers

1601 Walnut St., Suite 1129

Philadelphia, PA 19102 www.dvarp.org phone 215-RAILWAY

**Here’s what others are saying:**

**Brotherhood of Locomotive Engineers**—“The BLE shares the same concerns that DVARP has that the Fox Chase Line must not be single-tracked by relinquishing the second track to the CSX, and that better alternatives exist.”

**Office of Strategic Planning, City of Philadelphia**—“It is difficult to reconcile this proposal with the fact that, elsewhere on the RRD system, SEPTA has been reducing the amount of single-tracking... to improve reliability and increase capacity... SEPTA does have cooperative arrangements with Amtrak which dispatches all or portions of [six of its lines.] Busy commuter rail agencies... routinely intermix with freight operations. In the final analysis there must be give and take on both sides. Where dispatching practices inordinately harm a particular user, appeals may be made to the STB [Surface Transportation Board].” —Christopher Zearfoss, Director, Transportation Programs.

**State Representative Mark B. Cohen** (202nd District)—“I am writing again to urge the SEPTA Board to postpone the resolution on the R-8 Fox Chase Line transferring trackage rights to CSX... I remain concerned about the city’s analysis that turning over SEPTA’s track rights to CSX may adversely impact SEPTA’s future ability to provide very much needed passenger services to the urban residents along the Fox Chase Line. I understand various promising options have been discussed between SEPTA staff and city planners and time for additional discussions with CSX are needed.”

**AFSCME District Council 47**—“That a commuter rail service would even consider such a move, which is clearly inconsistent with its goal of expanding and facilitating the use of the regional rails, is completely outrageous. This resolution is wrong and needs to be derailed.

Further, I would point out to you that in a time when SEPTA is seeking additional money at every level of government to expand its rail service in the suburbs, its is completely inconsistent to make a decision which will have an adverse impact on the R8 line which is located almost completely within the City. Some might say that it is another example of the interests of the City being subordinated to the interests of the suburbs.” —Thomas Paine Cronin, President.

**Three members of the SEPTA Board of Directors** did vote against the resolution which permits the staff to move forward with this assault on the R8:

- James C. Schwartzman, Esq., SEPTA Board Vice Chairman and State Senate Minority Leader appointee;
- Robert T. Wooten, the Governor’s Representative; and
- Jettie D. Newkirk, Esq., one of two City of Philadelphia representatives.

Still, the resolution ended up passing at December 2002 board meeting. But it is not too late to halt bring this foolish plan to a halt.

## Appendix F

### **A Failure to Adequately Communicate, Respond, and Be Held Accountable**

SEPTA operates the only commuter railroad in the nation that does not equip its trains with rest rooms. And SEPTA does not plan to fit this most basic amenity to its next order of commuter rail cars. Why does this matter? Because SEPTA dispatchers do things like send trainloads of passengers into areas of known track blockages and train backups. What the Inquirer editors were too genteel to tell you was that passengers were forced to urinate into old coffee cups, with their fellow passengers holding up coats for a modicum of privacy. If you were humiliated like this, would you ever ride this railroad again?

*Philadelphia Inquirer*

September 10, 2002

### **SEPTA rail mishaps hinder morning travel**

By Jere Downs

Todd Grashaw boarded a Regional Rail train at 7:50 a.m. yesterday in Fort Washington, but he and fellow passengers did not arrive in Center City until 12:15 p.m. They were among thousands of morning commuters who were waylaid as SEPTA coped with downed wires, followed by signal glitches and a temporary failure of its entire computerized train-control system.

"We just kept stopping," Grashaw said of his four-car, R5 train that was three-quarters full of passengers.

At one point, the train was delayed for two hours at the Wayne Junction station in North Philadelphia, providing several passengers a much-needed bathroom break, he added.

"I just felt really, really inconvenienced," said Grashaw, a 35-year-old training manager.

The equipment failures began at 5:30

a.m. when an R1 train snagged sagging wires near the Melrose Park station in Cheltenham, SEPTA spokesman Richard Maloney said. The power failure on that main trunk route temporarily stopped service on the R1 Airport, the R2 Warminster, the R3 West Trenton and the R5 Lansdale-Doylestown trains.

In a separate equipment failure, switch glitches followed around 6 a.m., and 40 Regional Rail trains came to a stop when they failed to receive proper notification to proceed at signal junctions, Maloney said.

"If a train does not get the signal it expects, our engineers are under orders to stop," Maloney said. "It's not like when a red light doesn't work at 2 a.m. but you drive through anyhow."

Then about 10 a.m., SEPTA's entire computerized train-control system went on the blink. The failure halted all Regional Rail trains in their tracks

throughout Philadelphia and its four suburban counties until control-room operators rebooted the system by 11 a.m.

Rob Eyre, a lawyer, boarded the R3 at Jenkintown at 9:15 a.m., but the train did not lurch out of the station until 9:45. Then it came to an extended halt at Fern Rock, and Eyre did not alight at Suburban Station until after noon.

"I made some phone calls from the train, but I ran out of things to do," Eyre said. "People stayed pretty calm."

Despite the extensive delays, no trains were evacuated, SEPTA police chief Richard Evans said.

About 103,000 commuters daily ride Regional Rail. SEPTA riders who were inconvenienced can present tickets or train passes today at ticket counters to receive a voucher for a free ride, Maloney said.



## Appendix G-1

### Even the Inquirer Editorial Takes Issue

There has never been an adequate investigation of this bid and contract process. Court papers show that SEPTA was warned by both internal and external participants that its plan to change the specifications in favor of United Transit Systems without re-advertising for bids would lead to a legal challenge, yet SEPTA proceeded to do just that. Nobody was held to account.

*Philadelphia Inquirer*

March 6, 2004

## Inquirer Editorial

### SEPTA

# A bid for confusion

**T**he process by which SEPTA nearly awarded a \$236 million contract for rail cars was so fouled up it's hard to tell whether the controversial low bid should get the work.

The riding public, with its priorities of safe service at an efficient cost, has to wince at the shenanigans.

United Transit Systems, a South Korean consortium of manufacturers, got the contract after a \$10,000-a-month lobbying effort and a rewriting of bid specifications.

A Philadelphia Common Pleas judge held up the contract after a complaint by a losing bidder.

United Transit Systems seems to understand the local pay-to-play culture all too well.

It certainly covered the bases. First, it gave a lobbying contract to the firm headed by state Republican Party Chairman Alan Novak, a deft move when courting a GOP-controlled board. Second, it hired Ballard, Spahr, Andrews & Ingersoll, Gov. Rendell's former law firm. Third, it hired as an adviser Albert Mezzaroba, the Pennsylvania Convention Center president who is an ally of powerful State Sen. Vincent Fumo.

First, second, third — home run.

Two of the three other bidders mounted less extensive, expensive and successful lobbying campaigns. SEPTA owes the public a fuller accounting of

what went into all that lobbying.

Why has a judge temporarily blocked the deal? First, the complex process that SEPTA general manager Faye Moore's senior staff used for recommending board approval of United Transit was not clear or open.

Judge Matthew Carrafiello, hearing a complaint from Kawasaki Rail Car Inc., ruled on Feb. 24 that the questions about whether the process violated state

### **The big question is whether the low bid serves the interests of SEPTA riders and the region's taxpayers.**

and federal bidding procedures justified holding up the contract.

Kawasaki claimed SEPTA changed the bidding process in midstream in a way that clearly boosted United Transit, which would not have met bid requirements otherwise.

SEPTA's reply is that only one of the four bidders met the original strict bid specs (Bombardier of Canada). So it hired a consultant that advised SEPTA to tweak the specs to widen competition before the second part of the bids, the one with the dollar amounts, got opened.

United Transit's bid was appealing to some decision makers because, alone

among bidders, it promised to do the final assembly of the cars in the city, creating 140 jobs. But factoring local job creation into a bidding process may violate federal rules (and mostly federal transit money is involved in the deal).

Beyond the technicalities of bidding are big questions about whether this contract would serve the interests of SEPTA riders and the region's taxpayers.

For starters, is United Transit a smart choice to build the stainless-steel rail cars, since SEPTA's technical staff had rated it as the worst of the four bidders?

Second, on top of the formal bids to build 104 cars, SEPTA oddly asked for informal bids to build up to 80 cars for possible use on the proposed Schuylkill Valley Metro line, or for "alternative service." If you total up the combined bids for the two sets of cars, Kawasaki seems to have been the low bidder.

Why ask for the second bid if you were going to proceed to ignore it? Will it be fair if United also gets the 80-car deal later without another round of bids?

It's now up to the courts to sort out whether the United Transit contract should stand.

But what's clearly up to SEPTA is establishing a cleaner, more reliable process that meets public needs and higher standards — instead of one that leaves the agency open to suspicions that it was susceptible to back-room lobbying.

## Appendix G-2

### Two Days After This, SEPTA Announced a Stunning Reversal

*Philadelphia Inquirer*

March 18, 2004

#### **SEPTA counts on firm's enthusiasm**

The agency says S. Korean railcar maker United Transit has experience overseas that makes up for lack of experience here.

By Nathan Gorenstein and Jere Downs

When the Washington Metro needed 192 new passenger cars, a foreign manufacturer eager for a toehold in the United States offered the low bid and got the contract.

Managers at the Washington Metropolitan Area Transit Authority calculated that the Spanish company's zeal would compensate for its inexperience in the U.S. market and complex U.S. regulations.

"We viewed it as a positive thing, an incentive," said Terry Consavage, the authority's director of rail-systems engineering.

But the cars arrived three years late, and have been plagued with bad software and faulty doors and brakes.

SEPTA is now poised to make a similar bet. It wants to use a low-cost South Korean firm with virtually no experience in the United States to build 104 Regional Rail cars at a price of nearly a quarter of a billion dollars.

The regional transit agency and the company, United Transit Systems, insist that what happened in Washington will not happen here.

United Transit boasts that it has built more than 5,000 cars similar to those SEPTA is ordering, and insists it has never been late for a delivery.

"We are Korean. We can do any kind of work. We can meet any challenge," said Jai Tark Yoo, director of overseas sales and marketing for Rotem Co., the principal partner in United Transit.

SEPTA managers say they are convinced that United Transit's

enthusiasm and work overseas would make up for what it lacks in U.S. experience.

"We felt it would be... a positive," said Pat Nowakowski, SEPTA's assistant general manager.

But the history of U.S. rail-car contracts is strewn with tales of delays and technical problems.

"The U.S. is the graveyard of car builders," said Amtrak's chief mechanical officer, Jonathan Klein, who once held that position at SEPTA.

"Because of the demanding safety requirements, the onerous contractual relationships, and the cutthroat price competition, the low bidder leaves himself very little room for mistakes," Klein added.

A green light for the project could come next month, if SEPTA wins a state court case brought by United Transit's main competitor, Kawasaki Rail Car Inc. of Japan, which has worked in the United States for about three decades.

The lawsuit claims that SEPTA amended the specifications, "rigging" the bid to favor the Korean company. SEPTA counters that it merely clarified requirements for U.S. experience.

United Transit's formal bid was supplemented by a lobbying effort that included hiring the chairman of the Pennsylvania Republican Party as its representative.

Virtually untested in the U.S. market, Rotem has partnered with Nissho Iwai American Corp., a Japanese construction manager with 30 years of experience in

the United States.

Producing the sort of complex, custom cars that SEPTA wants to buy for \$236 million from United Transit bedevils even firms with decades of U.S. experience.

Kawasaki, a veteran supplier to New York City, was recently three years late with a delivery of 50 custom double-decker rail cars to Maryland, and was fined \$4.2 million by the Long Island Rail Road for another late delivery. According to Kawasaki officials, specification changes required by the purchasers caused the delays.

And overseas in India, Rotem was embroiled in a 2002 controversy about the adequacy of the braking systems on locomotives and passenger cars supplied to the New Delhi subway. A spokesman for United Transit supplied a 2003 letter from the New Delhi rail system expressing satisfaction with the cars.

United Transit's only experience in meeting the Federal Railroad Administration's complex rules was 15 years ago, when it built eight non-powered coaches for the Alaska state railroad - far simpler vehicles than those SEPTA is ordering. Since then, U.S. regulations have undergone extensive revision.

During the bidding process for the Philadelphia contract, United Transit's technical proposal was rated last out of four bidders by SEPTA's technical staff, largely because the company lacked domestic experience.

United Transit says the current federal regulations are "almost the same" as

specifications it has had to meet overseas.

Yoo said the company spent \$10 million preparing its SEPTA bid, including constructing a prototype stainless-steel car body to SEPTA's specifications. This gives the firm a jump on its delivery schedule, he said.

Rotem, which is controlled by the Hyundai industrial giant, has foreign customers that include Hong Kong and Athens, Greece, where the firm is supplying cars for the Olympics in August.

United Transit says it received a \$6 million bonus from Athens for delivering the cars three months ahead of schedule.

Just the same, SEPTA is planning to spend \$8 million to monitor the rail-car production, no matter who gets the contract.

SEPTA is building in the extra oversight because of its experience in

1993, when the low bidder was hired to make 220 passenger cars for the Market-Frankford Line.

Those cars arrived two years late and had faulty door mechanisms that cost SEPTA \$6.2 million to repair. The manufacturer, Adtranz, also replaced every seat.

Manufacturers have considerable experience in producing individual components for passenger cars. Putting all the pieces together creates the problems.

"Because there are so many differences from city to city... you end up doing pretty much what I would describe as a custom car" for each project, said Paul P. Skoutelas, chief executive of Pittsburgh's regional transit system.

In Boston, 100 trolleys purchased from the Italian manufacturer Breda regularly derailed in 2000. And Amtrak's high-speed Acela cars were pulled from

service for three weeks in 2002.

At United Transit, Yoo maintains that integrating the various components and software systems from different suppliers is where the Korean firm excels.

Kawasaki responds that this is where it is the "standard-setter."

Kawasaki has supplied or is building more than 600 cars for New York City, as well as about 1,400 for other transportation systems, including Philadelphia's and Boston's.

But given its constant budget pressures (the Korean offer is \$14 million cheaper), SEPTA officials say the United Transit offer is too good to pass up.

"I feel confident in our ability to manage a contract and bring it in" on time and within budget, said Nowakowski, who is overseeing the procurement.

## Appendix G-3

### SEPTA Bows Out from the Legal Spotlight

We will not judge whether or not Richard Sprague's insinuation that SEPTA officials backed out of the contract because they feared being questioned under oath is fair. However, a well-managed public agency would insist on that questioning as soon as the integrity of its processes was challenged: to protect its reputation as well as to ensure the public interest is being served.

*Philadelphia Inquirer*

March 20, 2004

### SEPTA Cancels Railcar Deal

It pulled out of the quarter-billion-dollar pact for 104 Regional Rail cars to end a lawsuit that alleged the deal was rigged.

By Jere Downs and Nathan Gorenstein

SEPTA abruptly canceled its quarter-billion-dollar purchase of new Regional Rail cars yesterday in order to end a lawsuit that accused the transit agency of rigging the bid to favor a South Korean firm.

In a written statement released yesterday, SEPTA board chairman Pasquale "Pat" Deon said the potential legal costs prompted him to end the suit and put the contract out to bid again.

SEPTA expects quickly to invite new bids for the contract to build 104 new cars for the Regional Rail system, the statement said.

Deon and agency manager Faye Moore signed the legal document to rebid the contract on Thursday. It was filed in court yesterday, ending SEPTA's effort to hire United Transit Systems to build the new cars.

The settlement stunned some SEPTA board members who learned of it from a reporter.

Executives for Kawasaki Rail Car, which brought the suit, were jubilant.

Kawasaki attorney Richard A. Sprague suggested the prospect that SEPTA officials, employees and others would be questioned prompted the agency to end the litigation.

"There are a lot of people who didn't want to be deposed," Sprague said. A SEPTA lawyer called Sprague's comment

unfair.

Kawasaki filed suit four weeks ago, alleging that SEPTA had improperly relaxed specifications requiring the winning bidder to have experience building stainless steel cars to American regulations. SEPTA said the change was merely a clarification.

United Transit, the South Korean firm, submitted the low bid of \$236 million, but its proposal was rated last of four bidders by SEPTA's technical staff, in part because of its limited domestic experience.

Kawasaki, the second-lowest bidder at \$250 million, received the highest technical rating. It has built about 1,200 cars for the New York City transit system.

Deon and other officials said that the agency needed to save money and that United Transit's zeal to enter the American market would compensate for its inexperience with stiff Federal Railroad Administration guidelines. It was not mandatory for SEPTA to hire the low bidder.

"SEPTA is already in a severe budget crisis, and a protracted legal challenge would cost precious money and time," Deon said in the statement.

United Transit had launched an intensive campaign that included hiring Alan Novak, the Pennsylvania Republican chairman, as a lobbyist for \$10,000 a

month. Albert Mezzaroba, president of the Convention Center and a fishing partner of Deon's, was on Novak's team.

Board members learning of the settlement from reporters barraged Moore with angry calls, according to sources at the agency.

"It's a little embarrassing to have a reporter call me and tell me this," Michael O'Donoghue, one of 15 board members, said yesterday. "I don't know about democracy. It is a little strange."

Kawasaki marketing director Tomar Jitendra said the court action was "a matter of principle."

"SEPTA should have followed the [request for proposals] process based on merit. All we ever wanted was a level playing field."

United Transit said in a written statement that, like Kawasaki, it would again bid for the work and said it "remains confident that it will be awarded the contract because it manufactures superior products at a better price."

Had Kawasaki's lawsuit continued, Sprague was scheduled to depose 23 people. He would not disclose that list, but Kawasaki said it included Deon and Novak, as well as key SEPTA engineers and professionals. Kawasaki has alleged that at least one key technical official knew nothing of the specification change until after it had occurred.

SEPTA attorney Mark Gottlieb said the agency had "agreed on the deposition schedule long before this decision was made" and called Sprague's contention that the agency was avoiding the depositions an "unwarranted inference."

Another Kawasaki attorney, William H. Lamb, said that for SEPTA to end the litigation at such an early stage was "very unusual, highly unusual."

Don Nigro, president of the Delaware Valley Association of Rail Passengers, said: "Kawasaki had a great case. SEPTA had a losing battle ahead of them.

"Quite frankly, Kawasaki is very experienced with U.S. standards. [United

Transit's] experience meeting Federal Railroad Administration requirements for these type of vehicles is zero."

The technical specifications were first issued in 2002, when SEPTA required that the winning bidder have previous experience making stainless steel railcars "which comply" with federal technical and safety rules.

SEPTA also wanted the winning bidder to have experience making stainless steel cars with the same "methods, techniques and facilities" as would be used for the new purchase.

In May 2003, SEPTA changed the specifications to mandate "prior

experience" with federal requirements generally, rather than experience specifically with stainless steel cars.

Also, SEPTA dropped a requirement that the winning bidder have experience manufacturing cars with the production methods that would be used for SEPTA's order. Rather, SEPTA said such experience was "preferable."

United Transit does not have any experience making stainless steel commuter cars for the U.S. market. Its only other experience in meeting federal regulations came in the late 1980s, when it manufactured eight cars for the Alaska state railroad out of nonstainless steel.

## Appendix G-4

### SEPTA Declined to Discuss the Consultant's Railcar Report

*Philadelphia Inquirer*

April 2, 2004

#### **Consultant raised concerns about railcar bidder**

Before SEPTA gave early approval to a South Korean company, which it later revoked, timeliness and experience were flagged.

By Nathan Gorenstein and Jere Downs

SEPTA recommended a South Korean firm for a \$236 million railcar contract despite a consultant's warning that it would be "not impossible, but difficult," for the firm's South Philadelphia plant to be fully operational on schedule.

Consultant Booz Allen Hamilton also cited "concerns" about the railcar manufacturer's inexperience in the highly regulated business of making American passenger cars.

Last month, SEPTA threw out its preliminary award to the South Korean firm, United Transit Systems, and is now preparing to rebid the contract. United Transit is considered a leading contender for the work.

SEPTA declined to discuss the consultant's report, which evaluated the four firms seeking to build the next generation of Regional Rail cars.

United Transit waved aside the critical assessments.

"The critique gives the wrong impression" of the time frame to set up the South Philadelphia plant, said Hats Kageyama, an executive in the United Transit consortium. Workers at the former Philadelphia Naval Shipyard would install seats, floor covering and other parts on cars largely built in South Korea.

"It's true we have no experience in the U.S.," said Dong-Hyun Choi, another United Transit official, but the firm has wide "experience in the world market," he said.

United Transit has lobbied hard for the work. In February, SEPTA made a preliminary decision to award the contract

to the firm.

That plan was dropped after a competitor, Kawasaki Rail Cars, filed suit claiming that bid specifications had been improperly changed to favor United Transit.

SEPTA canceled the contract and is now preparing new bid criteria that would mandate an award to the lowest bidder.

When it first sought bids, SEPTA emphasized technical merit rather than price. It cited the agency's experience in 1993 when a contract for Market-Frankford cars went to the low bidder, as the law then mandated.

That firm, Adtranz, delivered the cars two years late and with a variety of technical problems.

The preliminary award to United Transit in January was controversial because SEPTA's staff gave it the lowest technical score among the four bidders, while Kawasaki was rated the highest.

United Transit bid \$236 million and Kawasaki bid \$250 million. SEPTA said a modest amount of "risk" was worth the savings. The agency projects a \$70 million operating deficit in the fiscal year starting July 1.

United Transit has also promised to hire as many as 400 people at the former Navy Yard. Its intensive lobbying efforts included the hiring of a firm headed by Alan Novak, chairman of the Pennsylvania Republican Party.

The comments by Booz Allen, based in McLean, Va., were contained in a "responsibility review" to confirm each bidder had the financial and

organizational ability to produce the cars.

All four were found "responsible," though Booz Allen criticized aspects of each competitor's performance. Its review of United Transit was the most cautionary, because unlike its competitors, United Transit has virtually no American car-manufacturing experience.

SEPTA spokesman Richard Maloney would not comment on the Booz Allen report and said The Inquirer was "simply asking negative stuff about UTS, and we don't think it's fair."

Maloney said it was now "moot for us to be reviewing or even discussing what we did in the past, because we are beginning with a clean slate."

Both United Transit and Kawasaki say they will bid on the new contract.

United Transit is a consortium of Rotem, a South Korean railcar maker, and Nissho Iwai American Corp., a Japanese corporation that manages railcar construction.

These were among the issues raised by Booz Allen, and United Transit's response:

The proposed final assembly plant in Philadelphia is now an empty shell and United Transit would have to train workers, managers, engineers and quality-control staff.

"Rotem indicates considerable effort will be provided to transfer . . . systems from Korean home factory to Philadelphia. Rotem would have about one year time to manage transition. Not impossible, but difficult," the report said.

United Transit officials said that

overestimates the challenge. Dong-Hyun Choi of Rotem USA Corp. said it has up to "30 months" to ready the plant.

Kageyama, who helped manage Kawasaki's debut in the U.S. market in the 1980s, said final assembly depends primarily on workers' ability to follow directions, and less on experience.

Concern was expressed that United Transit is "unfamiliar with American business practices" and that "the [Korean] staff does not have any experience with U.S. vehicle contracts." Communication between top American managers and "a predominantly Korean-speaking support group could be problematic," the report said.

Kageyama said he would strictly enforce coordination between all parties.

Choi said Rotem has American or English-speaking staff and plans to hire more.

The firm that would be managing the final assembly in Philadelphia, TTA Systems, was criticized for its work on a current job for the Washington Metro. "The overall impression was that TTA's performance has degraded," said the report.

TTA senior vice president Michael Nisbet would not comment on the Washington contract, but he said work on other railcar assembly projects has been "completed on time, on budget, and to

fully satisfactory quality."

If United Transit wins the SEPTA job, it will seek state assistance to help finance construction of the final assembly plant, Kageyama said.

About \$2.75 million to build a rail spur to the South Philadelphia plant was included in June in a state capital spending bill now pending in Harrisburg.

Kageyama acknowledged that could be perceived as effectively subsidizing United Transit's low bid, but said, "The difference is . . . who gets the jobs . . . the state of Pennsylvania or the state of Nebraska?"

Kawasaki's plant is in Lincoln, Neb.

## Appendix H

### Poor Planning Results in More Waste

Few stories illustrate the weakness of SEPTA planning and the stonewalling in the face of bad news more clearly than the case of the disappearing defibrillators. Shopping malls and airports don't seem to have had problems deploying defibrillators--why SEPTA?

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*Philadelphia Daily News*

May 18, 2003

## **SEPTA's defibrillators never used**

5 of the heart devices are stored in a closet

By Jim Nolan

It's enough to give you a heart attack.

Two years ago, SEPTA bought state-of-the-art, mobile cardiac defibrillators.

And for more than a year now, SEPTA's police force has been trained in the use of the life-saving devices.

So as long as some unfortunate commuter has a heart attack right at the transit agency's headquarters on 12th and Market, there's a possibility one of the devices might someday be used to save a life.

That's because the five Life-Scan and Compliant defibrillators that cost more than \$2,000 each are sitting in a closet in SEPTA's medical office on the concourse level at 1234 Market St.

For a transit system that covers five counties, reaches two neighboring states and serves 400,000 daily customers on 133 bus, trolley and rail routes, it might seem like a dubious concentration of resources.

SEPTA police officers wonder why the defibrillators haven't been distributed among the department's seven police zones. That way, officers who face an emergency situation anywhere in the system would potentially have faster access to the equipment and a better chance to save a life.

"We think they would do a lot better out in the street than sitting in some drawer or closet," said Sal Perpetua, president of the Fraternal Order of Transit

Police.

But SEPTA says the devices are not officially in use. And agency officials won't say when they will be used, or if they will ever be.

"We've had some testing and some training, but a decision has not been made on deployment," said SEPTA spokesman Richard Maloney. "It's under review. We're still studying them."

Maloney said that several issues complicate what otherwise seems to be a logically preferable alternative to having the equipment sit in a closet.

He cited a recent state Supreme Court ruling suggesting the equipment should be used only by trained emergency medical services personnel.

The spokesman also claimed that a two-year study of the use of mobile defibrillators at airports in the Chicago metro area, which handled 200 million people, found that they were used only 18 times.

The results: 11 resuscitations, three deaths and four cases in which it could not be determined whether having the defibrillator played any role in the outcome of the patient.

SEPTA statistics on cardiac emergencies on its system were not immediately available.

With a sprawling transit system involving 15,000 transit stops and 280 subway-elevated, trolley and railroad stations, SEPTA is also unsure of what it

should do with the limited number of defibrillators it has, and what it would take to cover the system adequately.

"Where are you going to deploy them?" asked Maloney. "How many do you have to maintain? Do you put them in all police cars? In major Center City stations?"

Central to all these issues is money. SEPTA has an \$847 million operating budget and a \$466 million capital budget for fiscal year 2003.

It faces an accumulated deficit of approximately \$14 million and is facing a \$16 million cut in aid under the new state budget.

The cost of buying and maintaining the units, as well as the potential legal liability from their use or misuse, is also being weighed, said Maloney.

Still, commuter advocates see no sense in SEPTA's keeping the life-saving devices it does have locked up in one spot.

"It's disturbing but not surprising for SEPTA to spend money on something and have no planning," said Matthew Mitchell of the Delaware Valley Association of Rail Passengers, a nonprofit transit watchdog.

"It doesn't make very much sense. It's like buying a personal computer and sticking it in the closet for two years. Obviously these devices don't do any good if they're sitting in a closet."

Every first-responding fire department unit and all EMS ambulances carry automated external defibrillators, or



AED's, said a Fire Department Philadelphia International Airport, in offices, including Philadelphia  
spokesman. addition to numerous private corporate Newspapers, Inc. \*

The devices are also deployed at

## Appendix I

### A Desperate Need for Effective Management

Once again, SEPTA failed to take action on a failed project until it was embarrassed in the media. This demonstrates a fundamental management failure--that this management cannot provide adequate oversight of multi-million dollar projects which are essential to public safety.

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*Philadelphia Daily News*

June 21, 2004

## **SEPTA's new call boxes still don't work**

Four years late, and a year after promised start date, emergency system is broken

By Jim Nolan

IN MAY 2003, SEPTA officials promised that their high-tech, \$3.9 million passenger-emergency system - designed to replace aging and unreliable subway call boxes - would be up and running by the end of the summer.

They weren't specific about the year.

Now it's more than a year after the promise, four years after the new system was supposed to be working, and nine years after the contract was awarded. And the emergency-call-box system still doesn't work.

"We're still using the old system," acknowledged James Jordan, SEPTA's security chief. "We're keeping that system maintained and tested.

"It has not been a very satisfying project," he added.

Situated on subway and trolley platforms on the Broad Street and Market-Frankford elevated lines, emergency-call boxes are supposed to be a direct link between passengers in distress and SEPTA police.

But 25 years of service, abuse and neglect have taken their toll on the old system - the bright yellow boxes, which feature a button and the instruction, "Push Once For Help."

In May 2003, a Daily News probe of the system found an alarming rate of call-box failures, many occurring at stations in high-crime areas of the city.

A subsequent SEPTA review of the system uncovered even more

malfunctioning boxes - 31 of 108 on the system.

SEPTA officials repaired most of the old boxes within 10 days of learning of the problem.

Sources familiar with the system say it still has problems.

"It's still the old system, and the old system still has multiple communications failures and breakdowns," said a source who has tested the call boxes.

At the time last year, officials said that the new computerized system, which could maintain itself and provide more detailed information on the location of an emergency call, would be ready to take over the job within a couple of months. All that remained was fixing a software glitch.

That has not happened. Instead, the new call boxes remain covered in brown fabric and decorated in spray paint, little more than shoebox-sized canvases for graffiti artists or a place to rest an empty coffee cup.

The call-box controversy unfolds at a time when the cash-strapped agency is seeking support in Harrisburg for a bill that would increase the amount of its state subsidy by upping the percentage of the sales tax dedicated to mass transit.

SEPTA is projecting a \$70 million deficit in its upcoming fiscal year 2005 budget.

The call-box troubles also come at a time when America has been told to

prepare for another terror attack this summer. SEPTA recently received more than \$1 million in federal anti-terror funds.

Jordan said the problem with the new call-box system stems from computer software that is supposed to test periodically the function of the system.

He said the software is telling the system that boxes are not working, when, in fact, they are operational.

"We continue to get false negatives," said Jordan. "We don't want to not be able to know if the box is working."

News of yet another delay with getting the new system on line distressed public officials and transit advocates.

"It seems that with all the anxiety of potential terrorist attacks this year, they better get it functioning pretty soon," said state Rep. Alan Butkovitz, D-Phila.

"It is a substantial investment. And with the health and safety of the public, they better take emergency recourse. There is no alternative to getting it done."

SEPTA is withholding its final payment of \$800,000 on the system until the problem is resolved with the contractor, based in Sewell, N.J. Asked to assess responsibility for the delay, Jordan said: "We're not clear that the fault can be simply apportioned."

He did say that officials have discussed a way of working around the testing glitch.

In fact, the project has been so long in getting completed that technology has improved and could provide an upgrade that would allow the system to operate.

SEPTA's best estimate of the cost of the upgrade is that it would be less than \$500,000. Meanwhile, the agency has been forced to hire a consultant to assess the system and whether such an upgrade could be made. SEPTA said it would use the withheld money to pay for the consultants and the upgrade if necessary.

Not everyone familiar with the issue considers the transit agency an innocent victim in the call-box boondoggle.

"Here we see another example of SEPTA needing more than just additional funding from the state," said Don Nigro, president of the Delaware Valley Association of Rail Passengers, a mass-transit watchdog group.

"SEPTA is in desperate need of effective management."

For the moment, SEPTA will continue

to rely on its old system, installed in 1979. Officials acknowledged that the older the system gets, the more SEPTA must spend on maintenance and repairs.

Jordan said it should take only a few weeks to diagnose the problem. He stressed that he wasn't making any promises, except to say:

"Nobody has any interest in prolonging it any further."

## Appendix J

### **Exposed, How Slow SEPTA'S Railroad Really Is**

The consequences of an institutional lack of accountability. Despite running slower and slower schedules, SEPTA still cannot run its railroad on time. It testifies to a complete breakdown of management. As labor, management, academic, and passenger representatives all testify in this story, it's time to put railroaders back in charge of this railroad.

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*Philadelphia Daily News*

May 30, 2002

### **Regional rail lines slowing down with age**

Despite technology and improvements,  
trip to Center City takes longer now than it did in the '40s

By Scott Flander

IF SEPTA ever decides to adopt a mascot, we have a suggestion.

How about a turtle?

With all the improvements in technology over the years, you'd think SEPTA's regional rail lines would be getting faster.

You'd be wrong.

Many of the regional trains are actually slower now than they were before World War II - slow enough to distinguish the transit system as one of the slowest in America.

If your grandpa rode the rails, he probably made it into Center City faster than you could now.

With the help of rail expert Lin Bongaardt of Glen Mills, the Daily News recently compared morning rush-hour train schedules from the early 1940s to today.

And what we found is not good news for commuters.

Compared with past decades, about half the lines into Center City are slower now - even though most have fewer stops than before.

If you had taken the trip from Chestnut Hill to Suburban Station in 1940, for example, you'd have made it in 29 minutes. Now it'll take you 33 minutes, with one less stop.

Though some trips do take slightly less

time now, they often have far fewer stops than in the '40s.

The trip from Doylestown into Center City, for example, now takes the same time it did in 1941 - 65 minutes.

But the current train makes seven fewer stops along the way. And since each stop takes at least an extra minute, rail experts say, that trip should be at least seven minutes faster today.

But it's not.

So what happened to those seven minutes?

You could ask, what happened to all the minutes the trains have lost over the years?

"It's ridiculous," Jodi Ippolito, of Germantown, said recently as she rode the Chestnut Hill West line out of Center City. Like most other riders we talked to, she was taken aback to hear that regional rail travel is actually regressing.

"It would just seem...I mean, with the new technology, why would it take longer?" she asked.

SEPTA takes no blame for the pokiness. Some of its trains have to wait for Amtrak, the agency says. Other trains are slower now for reasons related to the Commuter Tunnel, which in 1984 connected Suburban Station and Market East.

Also, says SEPTA, rail cars are longer

these days, and hold more people, so they take more time to board.

Fair enough, say train experts. But even considering those factors, they say, the regional rail lines still should be faster - not slower - than they were 60 years ago.

Then why aren't they?

"I'm as mystified as anyone," said Bongaardt, a railroad history buff and a consultant to transit agencies in the United States and abroad. "With all the money that's been poured into facilities and equipment - and you're talking hundreds of millions of dollars - it's kind of amazing it hasn't brought faster service."

Things are so bad, he said, "it would be a major victory to get the trains to run as fast as they did in 1941."

If you compare SEPTA with other regional rail lines around the country - well, maybe you don't want to do that.

It turns out that Philadelphia has one of the slowest regional rail systems in the entire nation, according to statistics from the Federal Transit Administration.

One reason for this is that the stations here are closer together than most other cities. The SEPTA trains have little time to pick up speed.

Unless more stations are closed down, there's not much SEPTA can do about that.

But, say the experts, SEPTA should at least be able to keep the trains from getting even slower.

And there's one clear area, they say, where SEPTA's been falling down on the job.

It's called "crew hustle." Or rather, the lack of it.

Years ago, conductors got people on and off the trains much quicker.

Now, said Penn professor Vukan Vuchic, the crews are more leisurely.

"They take their time," said Vuchic. "I've never heard a crew member say, 'Please, let's hurry.' "

Vuchic, who has served as a rail consultant to agencies around the world, said SEPTA trains are often delayed at stations because people get on, but don't move to the center of the cars, leaving others on the platform.

"The conductors don't say, 'Please move toward the center,' " said Vuchic. "I've had to say this myself, and people look at me and say, 'Who is this person?' I'm not supposed to be the one doing this."

In Europe, crews keep the passengers moving, said Vuchic. "Here, we kind of take it easy. The discipline of the crews is definitely down."

Bongaardt agreed. "You don't see crews hustle the way they use to," he said.

Also, he said, the engineers don't bring the trains into the stations as quickly as they once did - they start slowing down sooner.

This isn't a safety issue, said Bongaardt. It's hustle.

"Very often you see guys fail to use the full potential of the trains," he said.

Cred Dobson, a passenger on the R8 into Center City, remembers that when he rode the regional trains as a kid, conductors would "raise their voices" to get people on the trains.

"Yo! You've got to get on!" they'd yell, he recalled.

He doesn't hear that anymore.

"They don't push as much now," said

Dobson, 37, of Mount Airy. "There's less of an urgency because the trains aren't as crowded."

Don Nigro, of the Delaware Valley Association of Rail Passengers - an advocacy group that tries to prod SEPTA to do better - said "there's less crew hustle and less supervision of the crews" because train employees aren't as dedicated as they once were.

"Too many of them just don't care," he said.

Crew members say that simply isn't true.

They say they're just as dedicated as crew members were in the '40s. But times have changed.

"They weren't as nice back then," said one veteran conductor on the R8 from Chestnut Hill. "I think we're more involved with safety, and the passengers. I'm not going to rush along an elderly person. I'm not going to rush along a handicapped person. I'm not going to rush along families with children."

The conductor said that when he started working the trains in the '70s, the crews did move people on and off the trains faster than they do now.

"They were gruff - all business," he said. "I think they were crankier then. Maybe not mean-spirited, but that's the way it was."

Sure, it means the trains these days are a little slower than they were, he said. "But do people really want to be pushed like that?"

Several younger crew members interviewed at Suburban Station said they don't hurry riders - because they don't want to lose their jobs.

Said one: "If you leave somebody, they'll write a letter to SEPTA, and SEPTA will say you're automatically guilty. At SEPTA, you're guilty until proven innocent. Back in the day, they'd leave people. Now, you're afraid to leave people."

Geoffrey T. Johnson, who heads Local 61 of the United Transportation Union, which represents conductors, says that

SEPTA is so worried about offending passengers, they make it difficult for crew members to hustle along train raiders.

Years ago, he says, "the conductor was in charge of the train. I feel SEPTA has taken the control away from us."

Another problem, says Johnson, is that many passengers are less aware of train protocol than they were years ago. When the train pulls in, for example, he often sees people leisurely walking over to a newsstand to get a paper. "My crew members are very dedicated to their jobs," says Johnson. "I'm a conductor and I have pride in my job. I hustle people."

David Gunn, who ran SEPTA in the late '70s and early '80s, said a big problem is SEPTA's "totally politicized" board of directors.

"They're not into running railroads," said Gunn, "and it cascades down."

"If they're given a choice," he said, "between a hard-nose operating person who can make the trains run on time, and a schmoozer who can get along with the politicians, who do you think they'll choose?"

Gunn has also run transit agencies in New York, Boston and Toronto. He said this politics-first philosophy has become common with railroads around the country.

As a result, he said, "you don't have the sense of operating precision and discipline that you had before."

Said Gunn: "The tone for these things is set at the top. A fish rots from the head."

Train technology certainly hasn't lagged behind. Compared with 60 years ago, say experts, the rails are better, the trains can accelerate more rapidly and move faster, the signal systems have been improved - there have been advances in every area.

But it's almost as if none of it has made any difference.

According to SEPTA, the trains are slower for reasons totally beyond its control.

For example, some of its regional rail

lines cross Amtrak routes, noted Harry Garforth, SEPTA's manager of rail planning. And, he said, since Amtrak controls these crossings, it gives its own trains priority, and often makes SEPTA wait.

Years ago, the regional and long-distance trains were all owned by the same company - either the Pennsylvania or the Reading railroads. And so, said Garforth, the long-distance lines didn't get as much of an advantage.

Bongaardt disputes that. Long-distance trains have always been given priority

over the regional rails, he says.

SEPTA cites another reason for the slower trains: In the past, one set of regional trains, from the west, came into Suburban Station and stopped. Another set of trains, from the north and east, came into the Reading Terminal and stopped.

Now, with the Commuter Tunnel connecting Suburban Station and Market East (which replaced the Reading Terminal), the trains go all the way through.

This has made travel in the region

more convenient, but has also slowed trains in several ways.

For example, extra time has to be built into the schedule - it's called "padding," or "slop" - so that the trains coming into Center City can hit their exact departure times for the outbound journey.

The problem with padding, said Bongaardt, is that it tends to become institutionalized - more and more of it just keeps getting added to the schedules.

"Every time you have a delay," he said, "you add more time. It's a vicious cycle."

## **Appendix K-1**

### **The Content of the Management Performance Review**

#### **SEPTA's Passenger-Mile Productivity Is Much less than its Peers'**

DVARP has examined the regularly-scheduled performance review of SEPTA, completed last year by the consulting firm of Abrams-Cherwony and Associates. The table in Appendix K-2 presents a subset of the commuter rail peer-review data. SEPTA costs per car mile are similar to those of the peer systems (NJ Transit, MBTA (Boston), and Metra (Chicago): SEPTA \$280.66, peer average \$301.15. In terms of the unit cost factors, SEPTA's slow operating speed (SEPTA 27.5 mph, peer average 31.9 mph), short train lengths and short route lengths (sources of inefficiency) are offset by the higher number of trips each SEPTA train makes.

However, SEPTA does much worse than its peers in terms of load factor: the average number of passengers carried in each car (shown in the table as passenger-miles per car-mile). Load factor is a fundamental measure of productivity in all forms of passenger transportation, but SEPTA did not initially ensure that the peer review report include this measure. We cannot say if this was an oversight on SEPTA's part or an intentional avoidance of measures that would make SEPTA look bad. Once load factors were calculated and reported, we learned that SEPTA's productivity is only 24.8 passenger-miles per car-mile, while the peer average is 33.8 passenger-miles per train mile. Alternatively, productivity measured as a function of train-miles (i.e., passenger-miles-per-train-miles), the productivity gap between SEPTA and its peers is even greater: SEPTA is nearly three times less productive than its peers

Because of the poor load factor, SEPTA's cost per passenger-mile is much higher than peer systems (SEPTA 41 cents, peer average 28 cents: SEPTA is nearly 50 percent higher). Therefore, in order to achieve an acceptable cost-recovery ratio, SEPTA must charge fares much higher on a per-mile basis than the other systems (SEPTA 21 cents, peer average 14 cents, a difference of over 50 percent). Pending fare increases that will hit commuter rail riders harder than transit riders will only exaggerate this difference and hasten the decline of SEPTA's market share and relevance.

DVARP believes that the reason for SEPTA's poor productivity is management's emphasis on providing a comparatively intense level of off-peak service. For example, SEPTA now runs about twice as many Sunday trains as were run in 1976, before SEPTA's takeover of the commuter rail service. The frequency of Sunday and other off-peak trains on SEPTA is also higher than the frequency on the peer systems. While such off-peak service is nice to have, it is not the best use of SEPTA's limited resources.

In other words, SEPTA's policy decision to run such an intensive off-peak service causes SEPTA to spend a lot of money hauling empty seats around the region. SEPTA's customers pay the price. The high fares make SEPTA less competitive with driving, so we are not reaping the full benefit of our public transit investment.

Another way that the public pays for SEPTA's inefficient matching of service with demand is in on-board conditions. SEPTA is the only railroad outside the congested New York metropolitan area to continue to specify cramped 3-2 seating in its commuter rail cars. Other railroads, which are more customer-focused, have made the decision to specify 2-2 seating in their cars, so train service can be more attractive than the private car. If SEPTA were to put less emphasis on providing high levels of off-peak service, the savings could be applied to increasing the number of cars on peak trains, allowing for fewer and more comfortable seats per car, not just in the peak but at all times.

The dogmatism of SEPTA policy on off-peak service is also manifest in SEPTA's response to the present fiscal crisis. Rather than proposing to reduce the frequency of Sunday service to the pre-SEPTA level, SEPTA proposed to abolish all weekend service, then proposed reducing weekday service while leaving Sunday service unaffected. Considering that unlike weekday off-peak service, some of which can be provided using crews needed for peak service, all Sunday service requires incremental crews, SEPTA's proposal was much more disruptive to overall service levels than it needed to be.

#### The Performance Review Failed to Address Issues Raising Serious Concerns about SEPTA Management

DVARP had the opportunity to meet with the consultants, but only after the scope of the performance review had been determined, so our concerns regarding the matters discussed in the previous section could not be included in the focal points of the review. The consultants told us several times that their ability to investigate these matters was constrained by the limited budget for the review and the contract deadline. As a result, the audit fails to adequately investigate these areas that call management's very effectiveness into question.

Therefore we continue to seek full investigations of several areas, including the Schuylkill Valley Metro planning process and the Silverliner V bid solicitation. These investigations should be conducted by persons outside SEPTA, and who are not otherwise facing a conflict of interest like the one created by a scheduled performance review process where SEPTA pays and selects the reviewers, and reviewers could be put in the position of feeling they need to whitewash management deficiencies in order to win future consulting contracts from SEPTA.

#### The Consultants Came to Invalid Conclusions about SEPTA's Lagging Productivity

We also are concerned with SEPTA's understanding of the review and of basic performance measures. Prior to the start of the performance review, by letter to SEPTA dated September 9, 2003, DVARP specifically asked that five transit performance measures be included in the management review peer comparison:

- Operating cost per passenger mile;
- Passenger miles per vehicle mile;
- Passenger miles per employee;
- On-time performance; and
- Average speed.



By letter dated September 23, 2003, SEPTA General Manager Faye Moore assured DVARP that these five measures would be included. However, when the review was released in August 2004, on-time performance and passenger-miles per vehicle-mile productivity were not included in the peer review, despite Moore's commitment. We reminded Moore of that commitment in a November 11 letter, and requested that an addendum to the report be prepared, to review and analyze the missing data.

SEPTA and the consultants provided a partially responsive addendum on December 11. It included the passenger-miles per car-mile data discussed above, but it failed to include the on-time performance data. More disturbing were the excuses Abrams-Cherwony made for not reviewing the on-time performance data, and the consultants' explanation of SEPTA's poor load factor.

The consultants acknowledged that SEPTA's passenger-mile per car-mile figure was worse than the peers'. However, they sought to explain this as a product of SEPTA's lower per-passenger average trip length. This belies a fundamental misunderstanding of this statistic, since it normalizes passenger-miles to train miles, and SEPTA's average trip length per train is shorter than the peers'. In other words, SEPTA's comparatively low total annual passenger-miles is due to the shorter length of SEPTA routes, but that has nothing to do with the higher proportion of empty seats on SEPTA trains.

It appears that SEPTA did not recognize this misinterpretation of the facts, since the Abrams-Cherwony supplement was forwarded by SEPTA to DVARP with no comment, and we have seen no communication from the responsible SEPTA officer, James Sullivan (AGM of Audit and Investigative Services) calling the interpretation into question.

#### The Consultants Should Have Been Able to Make On-time Performance Comparisons

The Abrams-Cherwony addendum of December 2 did not include any comparison of SEPTA's on-time performance to that of the peer systems. The consultants blamed "the difficulty in obtaining consistency among systems in measuring and reporting on-time performance."

DVARP believes this excuse cannot hold water. We were able to secure on-time performance results not only from the three systems examined in the peer comparison, but from all the rest of the top ten US commuter rail systems. We were able to do this in a matter of days using internet searches and telephone calls to the operators. In fact, we had shared the results of our investigation with the consultants at our meeting with them--if they were having trouble obtaining the data, they could simply have called DVARP. SEPTA should also have known the data were readily available, since a graph on the front page of the DVARP newsletter for November 2003 compared SEPTA's performance to the rest of the top ten systems.

Consistency is not a valid excuse for failing to compare SEPTA on-time performance to its peers either. While there are varying approaches to measuring on-time performance of frequently run buses or subways (some agencies measure how well the scheduled vehicle headway is kept rather than what percentage of trips operate on time), the commuter rail industry uses an on-time performance

standard of “time and five.” Not only did the peer systems use this standard measure, but all the other systems we reviewed did as well.

Like the consultants, we applaud SEPTA for finally taking action to address its serious on-time performance problems. But even since the new SEPTA task force was convened, SEPTA’s performance has remained worse than the peer systems as well as failed to meet even SEPTA’s mediocre performance goal.

**Appendix K-2****Key SEPTA Management Performance Review Data**

July 2004

This excerpted data from the Peer Group Analysis was based on the 2002 Federal Transit Administration National Transit Database. Note SEPTA's: a) Low Passenger Miles per Car Mile (load factor); b) High Operating Cost per Passenger Mile; and c) High Average Fare per Mile.

**Commuter Rail**

Characteristic	***** Peer Group *****			SEPTA	SEPTA vs. Avg.
	Low	High	Average		
Area Population	4,510,400	7,495,000	6,422,192	3,728,909	58.1%
Directional Miles	711.3	1,091.4	914.4	449.2	49.1%
Number of Stations	124	227	173	156	90.2%
<b>Directional Miles per Station</b>	4.1	6.5	5.5	<b>2.9</b>	<b>52.7%</b>
Train Miles	3,890,500	8,593,300	6,375,300	5,682,064	89.1%
Train Hours	118,200	266,900	200,667	206,700	103.0%
<b>Operating Speed (mph)</b>	30.62	32.91	31.91	<b>27.49</b>	<b>86.1%</b>
Passenger Miles per Passenger	19.5	24.0	21.8	13.3	61.0%
Passenger Miles	764,774,600	1,544,125,100	1,281,069,700	409,242,700	31.9%
Car Miles	23,250,600	51,562,000	38,169,967	16,500,457	43.2%
<b>Passenger Miles per Car Mile</b>	29.9	38.7	33.8	<b>24.8</b>	<b>73.4%</b>
<b>Operating Cost</b>					
per Car Mile	\$8.27	\$10.67	\$9.29	\$10.21	109.9%
per Car Hour	\$270.79	\$339.13	\$301.15	\$280.66	93.2%
<b>per Passenger Mile</b>	\$0.25	\$0.30	\$0.28	<b>\$0.41</b>	<b>146.4%</b>
Revenue per Passenger (Avg. Fare)	\$2.17	\$4.14	\$3.02	\$2.85	94.4%
<b>Average Fare per Mile</b>	\$0.11	\$0.17	\$0.14	<b>\$0.21</b>	<b>154.7%</b>
Farebox Recovery	44.3%	57.8%	49.0%	52.2%	106.4%

\* The peer group comprises of MBTA in Boston, Metra in Chicago, and NJ Transit.

\* SEPTA has a high Average Fare per Mile to compensate for its low Passenger Miles per Car Mile and high Operating Cost per Passenger Mile.