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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
Transportaton Committee

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Pennsylvania House of :
Representatives Transportation: Topic: SEPTA
Subcommittee on Public :
Transportation :

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Pages 1 through 76 City Hall
Philadelphia, Pennsylvania

Wednesday, November 12, 1997

Met, pursuant to notice, at 10:05 a.m.

BEFORE:

RICK GEIST, Chairman

THOMAS W. DRUCE, Member

TODD PLATT, Member

JOSEPH MARKOSEK, Member

RICHARD OLASZ, Member

PETE DALEY, Member

JERE STRITTMATER, Member

ALSO PRESENT:

PAUL PARCELLS, Staff

PAUL GNAZZ, Staff

COMMONWEALTH REPORTING COMPANY
700 LISBURN ROAD
CAMP HILL, PENNSYLVANIA 17011

(717) 761-7150

(800) 334-1063

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<u>NUMBER</u>	<u>FOR IDENTIFICATION</u>	<u>IN EVIDENCE</u>
(None.)		

1 CHAIRMAN GEIST: Let me introduce the
2 members of the committee that are here. Dick Olasz
3 is the co-chair of this Committee on the Democratic
4 side. Pete Daley, a long time transit advocate on
5 the left. On his left is Paul Parcels who is the on
6 Trust of the Democratic House Committee. Paul Gnazzo
7 is on our Committee and to my left Tom Druce,
8 Representative Druce who requested that we come down
9 here and we've brought the Committee down and I'm
10 going to turn this hearing and this day over to Tom
11 Druce.

12 REPRESENTATIVE DRUCE: Thank you, Mr.
13 Chairman. Good morning to everyone who is here.
14 We're just going to wait just a few minutes. The
15 Mayor is on his way down and he'll be the first
16 person to appear before the Committee this morning.
17 I want to thank the Chairman for bring ahold this
18 meeting of the subcommittee on Public Transportation.
19 As many of you may know, the Commonwealth of
20 Pennsylvania provides a dedicated funding source for
21 mass transit for the Commonwealth of Pennsylvania.
22 And in addition, Governor Ridge has recently
23 committed 150 million dollars annually towards mass
24 transit throughout the Commonwealth for as long as he
25 is Governor in an effort to try to improve our mass

1 transit systems because of the size and service area
2 that SEPTA provides its service to, they are
3 naturally the largest recipient of the dedicated
4 funding source in the Commonwealth and will be the
5 largest recipient of the Governor's commitment of 150
6 million dollars. So with that we believe it was
7 appropriate for the Committee to take some time to
8 come down to talk to some of the SEPTA officials to
9 see if it would be timely for us to get status report
10 on the management study which was done earlier this
11 year and of course also to cover other areas SEPTA
12 may feel relevant to bring before the Committee.

13 At this time if any members have any
14 opening comments they would like to make, we'll just
15 take a few minutes and wait for the Mayor's arrival.

16 For the members of the press and guess
17 that are here, there are packets at the end of this
18 table to my right which contains Committee agenda for
19 this hearing as well as our activities for the
20 remainder of the day. If you would like to help
21 yourselves to those packets, we'll be testifying at
22 that time.

23 At this time I would like to welcome the
24 Mayor of Philadelphia. I have a special arrange here
25 this morning and that is I asked the Mayor to make a

1 couple comments with the understanding that the
2 Committee will not ask questions. So, Mr. Mayor,
3 this is a unique opportunity for you to tell
4 Harrisburg a few things without any of us having the
5 ability to come back, but we very much appreciate
6 your hospitality in having us here this morning.

7 CHAIRMAN GEIST: We won't ask any
8 questions if you won't ask for any money.

9 MAYOR RENDELL: Well, actually I want to
10 start out by thanking the legislature for passing the
11 gas tax and its result positive effect for SEPTA. I
12 know it is difficult in the current climate of
13 America to ever vote for a tax increase, but this was
14 a very necessary tax increase, necessary for the
15 roads of Pennsylvania as well as Southeastern
16 Pennsylvania and Philadelphia itself, but
17 particularly necessary because it enabled us to get
18 extra money for mass transit across the state and of
19 course here in Philadelphia. SEPTA recently enacted
20 capital budget, the mediate fruits of what you have
21 done is apparent. For example, it allowed us to
22 accelerate the completion of repairs in the Frankford
23 elevated system and it allowed us up Temple actually
24 to begin the repairs of the Market Street elevated
25 system.

1 It's interesting to note that the
2 elevated subway line, the Market-Frankford El
3 generates more passengers on a daily basis than all
4 Suburban lines put together. Philadelphia is a very
5 mass transit dependent City. Of the tenth largest
6 cities in America, we have the lowest percentage of
7 car ownership and our work force is desperately
8 depending on mass transit, and although I think SEPTA
9 does a good job day in and day out providing this
10 mass transit and moving people, you know, the
11 problems with Philadelphia, we love to complain I
12 wish that every Philadelphian could spend two weeks a
13 year living in another city and then they would come
14 to appreciate a lot of things we have here, including
15 our mass transit system. It's reliable. It's
16 dependable. It moves the people quickly. It's
17 safety record has improved. It's crime prevention
18 have been successful and that doesn't mean to say we
19 have problems, but we do do a good job and this
20 capital infusion came from the legislature having the
21 courage to pass the gas tax which is desperately
22 important. And mass transit is not just people
23 moving in the quality of life. It is truly economic
24 development.

25 For example, one of the things that

1 we're able to do with additional dollars that came as
2 a result of the gas tax was to create a new rail
3 station in Eastwick. Eastwick is an area of the city
4 out near the Philadelphia International Airport, but
5 it is one of the areas probably greatly due to its
6 proximity to the airport, it's one of the areas that
7 companies are interested in moving into. In fact,
8 PNC Bank was interested in moving 1200 employees into
9 a back room operation and we were in a knock down
10 drag out battle with the state of New Jersey which
11 was giving PNC also incentives to move them to the
12 Camden Waterfront and we were able to successfully
13 locate PNC in the Eastwick area because we promised
14 them we would have a rail system so that their
15 employees who are used to coming downtown would just
16 hop on the rail line and go straight out. We've
17 opened a temporary rail station now at Eastwick and
18 the permanent rail station will be in place in a
19 couple years, but the service will begin in the next
20 two weeks and that's very important, not only for PNC
21 already there, but to other firms that are looking in
22 to moving in the Eastwick area, firms from out of
23 state and also firms that we would otherwise lose to
24 New Jersey or other locales. So the benefits of what
25 you have done, as I said, are rapidly and readily

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apparent to all Philadelphians and I want to thank the legislature for that. I think it's a very positive step.

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I know you're here today in great part to hear about Tom Tal Briddell's report, the management report and let me say that we have a great deal of faith in Phoenix management. They did a turnaround for our Gas Works which I think is very successful for us and new things that the Gas Works was doing and when they were bidding for the job for SEPTA, they asked me to recommended them and I did and Tal Briddell and his people do good work. I will say that a lot of the things that you read in the report are being addressed by our new general manager. Jack Leary has done a great job since he's been hearing and I think that's something you will get an almost unanimous agreement on, suburban counties as well as the City of Philadelphia, he's done a good job in balancing all the different interests that are in SEPTA and I think he's moved us forward and adopted many of the recommendations and I think he's just improved general management and given us really new life and a shot in the arm.

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25

Jack came from Boston and I thought that he would be ready for the politics that is prevalent

1 in the Philadelphia and Pennsylvania and I just
2 know -- he didn't know this, he described to a friend
3 in Massachusetts difference between Massachusetts
4 problems and Philadelphia problems and he said, but
5 Massachusetts we play rough, but when its over, its
6 over, but down here they shoot the wounded. I don't
7 know if that's entirely accurate, but it is -- Jack
8 has done a great job in negotiating and navigating.
9 Difficulties come inherently when you've got an
10 organization that represents five counties,
11 legislature and governor's office. That inherently
12 is not an easy task. I think Jack has done a good
13 job. I think we're headed in the right direction.

14 Again, let me close by thanking you in
15 saying mass transit despite its vital nature to this
16 City and other cities, mass transit has too few
17 friends in this country. In Washington D.C. we have
18 too few friends and throughout the nation mass
19 transit is not something that's favorite because
20 Americans as we all know has a great love affair with
21 the automobile, but we to wean ourselves off of total
22 dependence on the automobile. If we didn't know that
23 the new air standards that has been imposed by the
24 Clinton administration which could put into effect,
25 and now they've been delayed, debilitating effect on

1 us in terms of our competitiveness that dictate that
2 we must use mass transit more. We simply got to get
3 out of the idea that every individual who has a car
4 should drive it into work and I think the way we do
5 that is by building the best mass transit system we
6 can, the fastest, most reliable and most dependable
7 and cheapest mass transit system we can and that is a
8 difficult task. And as I said, what you did in the
9 gas tax has been been supportive and I think we're
10 headed in the right direction which I clearly
11 support, we've been getting from the legislature, but
12 we can't kid ourselves. We have a long road to
13 travel.

14 So welcome to Philadelphia. Welcome to
15 this historic building. For those of you who are not
16 from Philadelphia, this building is over a century
17 old. It began construction in 1871. It took 30
18 years to build. Opened in 1901. So we'll be
19 celebrating our 100th anniversary in 2001. And most
20 of the stone on the outside was imported from France
21 and this is a -- the architectural style is called a
22 second branch Empire and if any of you've been to
23 Paris -- I've never been to Paris. My wife and I had
24 a 25th anniversary there, this building looks
25 remarkably like the City Hall in Paris and we just

1 went over there as tourists to look at it and we
2 tried to get in and you can't get in City Hall in
3 Paris without an appointment. Even Parisians can't
4 get in there without an appointment.

5 This room that we're in, obviously you
6 couldn't build a room like this today. Is it called
7 a Mayor's reception room. Obviously this is where I
8 talk to large groups that come to visit, groups for
9 things like proclaim Saint Patricks Day or the Parade
10 day, things like that and I also have my press
11 conferences in the room behind you hear. The second
12 reason it's called the Mayor's reception room is
13 these Portraits are some of a hundred and twenty-one
14 Mayors in Philadelphia's history, including in the
15 back wall almost all of the Mayors from the most
16 recent years from the last fifty years. So if you're
17 looking for my picture tradition is you don't get
18 your picture there until you're no longer Mayor. So
19 when I was running for election in 1995 I had a
20 person asked me about that and I said if my picture
21 is up there next year then I'm in trouble, but
22 welcome and again mass transit it does not have
23 enough friends. We have tremendous gratitude of the
24 interest the legislature has shown. If I can make
25 one suggestion, it would probably be nice in

1 Philadelphia if we had more than two out of 15
2 members on the SEPTA board consider 60 percent of the
3 ridership, but that's just a thought. Thank you all
4 very much and have a good day.

5 REPRESENTATIVE DRUCE: Thank you very
6 much, Mr. Mayor. We very much appreciate you taking
7 the time to be with us.

8 I'd like to note at this time that two
9 other members have joined the Committee,
10 Representative Markosek from Allegheny County who is
11 the Minority Chairman of the Subcommittee on Public
12 Transportation and also to his right Representative
13 Strittmatter from Lancaster County is with us this
14 morning.

15 At this time I would like to ask Mr.
16 Wallace Nunn, a member of the SEPTA Board to come
17 forward. Mr. Nunn wear several hats as managing
18 director of Smith Barney and is also a member of
19 counsel in Delaware County. Mr. Nunn.

20 MR. NUNN: Thank you. And I didn't
21 think shooting your enemies were bad. I thought
22 we're supposed to do that. That's why Boston still
23 have the Kennedys.

24 I'd like to ask a question, if I could,
25 write up front -- and Tom, since I've already asked

1 you the question, you can't answer it. Does anybody
2 know what the total subsidies last year were at
3 SEPTA, all government subsidies? I'll answer it for
4 you. I suspect you don't know, 750 million dollars.
5 That's the problem. That's the problem. The prior
6 administration was able to obfuscate and control
7 information and those of us that are elected or
8 appointed to oversee these agencies had the
9 information kept from us. And what we would have is
10 a drum beat from Mr. Gambachini every year. As a
11 matter of fact in the latter year and a half he said
12 we're going to have a 75 million dollar deficit. We
13 ended up with a surplus. We ended up with a surplus
14 because we had enough courage to take the
15 Philadelphia Inquiry on. By the way there were six
16 editorials saying I was wrong, saying Mr. Gambachini
17 was wrong and in fact lied about me in the process.

18 It is difficult to be an elected
19 official. It's difficult to be an appointed
20 official. And we're used by our staffs. We're used
21 by the people who run these facilities and we're kept
22 in the dark. And if I can say one thing to you it is
23 that we that are elected, we that are appointed need
24 to get control of the information and that is what we
25 did in this process. I had talked to Major Rendell

1 and he had suggested to me they would call his
2 assistant if Tal Briddell and Phoenix management were
3 a business, it was a business auditing firm. As a
4 matter of fact they specialized in turnarounds. If
5 anything needed a turnaround it was SEPTA. I
6 suggested and the City agreed that they would be the
7 right people. Immediately the staff of SEPTA and our
8 allies of the Inquirer and total Board members began
9 an obfuscation process and a marginalization process
10 that me and others have supported so that they could
11 keep from us the information that was necessary for
12 us to do what was right for the tax payers. They
13 suggested that it was political. As a matter of
14 fact, I wore a pin stripped suit today because the
15 Philadelphia Inquirer, the editorial calls me the
16 king of pin stripe. I'd like to keep in touch with
17 them, make them feel comfortable. Unfortunately
18 they're not here.

19 What we did was we forced this down
20 their throats. They would not pay for it. They said
21 there were reasons and legal reasons and what
22 Delaware County did was say, fine, we'll pay for the
23 audit. We're giving you money. We want the audit.
24 And at the point that game was up and they
25 capitulated. The consequence of that audit is as

1 follows to date, we're down one thousand employees at
2 SEPTA. There isn't one -- I don't know what the
3 correct English is, but there's one fewer bus. You
4 get my drift. There's a same number of buses.
5 There's a same number of trains. There's the same
6 quality of maintenance. We have a thousand fewer
7 people. That's 50 million, 60 million dollars a year
8 that we're running, that were not spending, that we
9 were spending, that we didn't have to spend.

10 Perhaps we could up the Inquirer's
11 taxes. As I figured out if the Phoenix report was
12 even half right, we over spend by a billion dollars
13 during the last ten years. That's money that could
14 go for schools. That's money that could go for
15 senior citizens. That's money that could go for the
16 retarded. God forbid that's money that the tax
17 payers could have kept. Seven hundred and fifty
18 million dollars by everybody that rides this system
19 on a daily basis that got the new Dodge Neon
20 literally.

21 So what I -- and I think you're from
22 Allegheny County, your mass transit agency recently
23 decided to have an audit and from what I understand
24 the staff wanted to control and pick there also. You
25 might want to look into that. Don't let the staffs,

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1 don't let the bureaucrats control the flow of
2 information. This is the information age. If we --
3 you and we have the information, we can turn these
4 agencies around. We can make them more efficient.
5 We can hold the Gambachinis of this world accountable
6 for the money that we're spending and we can stop the
7 blackmail that went on year after year in the
8 pages -- in the editorial pages of the various
9 newspapers and Mr. Gambachini and Fran Trapsey with
10 the Capital saying that you guys aren't going to shut
11 us down if you don't give us more money. You didn't
12 have the information to effectively counter that. So
13 I'm suggesting and I'll finish my remarks here, do
14 what I did, get control of the information. You
15 control the process. You control the pick and then
16 you will do better job overseeing these agencies.
17 Thank you.

18 REPRESENTATIVE DRUCE: Thank you, Wally.
19 Can I ask are there any members that would like to
20 ask any questions?

21 CHAIRMAN GEIST: I have two questions.
22 The first question is on the privatization. How much
23 of the budget can be saved by putting work out on a
24 bid basis?

25 MR. WALLACE: Representative Geist, I

1 rather leave that question for Mr. Briddell who is
2 going to be coming up and Jack Leary, but there's
3 significant savings that can be had by making people
4 compete. In essence, even the unions can get into a
5 competitive situation and I think Mr. Leary is
6 looking into some of that. What we're thinking about
7 areas of maintenance and whatnot where the union can
8 be allowed to compete against outside vendors for
9 repairing ventures and things of that nature, but I
10 rather let them get more specifically into that.

11 I think we just started a new route,
12 didn't we, Jack. Paratransit, we went through quite
13 a little contest here with the Paratransit. It was
14 privatized. We think it's considerable savings. I
15 think you started a new route in the suburbs.

16 MR. LEARY: One down in Wilmington.

17 MR. WALLACE: So we are looking into
18 that. I don't think it's the only answer. Some
19 government needs to be run by government. Some of
20 the things that we do are frankly never going to run
21 a profit, but we need to run it in a more
22 businesslike way and in point of fact SEPTA one of
23 the reasons I think they have such a bad reputation
24 in Harrisburg was it was originally deserved and I
25 would hope that some of the things we did here made

1 it easier for you people to, in fact, pass the laws
2 that you passed over the last years to increase the
3 funding for SEPTA. I'm not suggesting SEPTA needs
4 less money. I'm suggesting that we can do a heck of
5 a lot more than make a better system with the money
6 we have.

7 CHAIRMAN GEIST: Well, somebody that's
8 ridden mass transit in Moscow to Paris and been to
9 most of the systems in all of Europe, no city, no
10 state can have a good economic system without a good
11 transit system and that's proven all over the world.
12 If you have a bad transit system, you get a bad
13 economy. That's proven all around the world and I
14 had legislation last year and I want to do it this
15 year that allows the authorities to have economic
16 development around their station sites. And I'd
17 really like to see that bill passed. I'd like to see
18 strong support, especially from those in the private
19 sector develop around here. I think it's absolutely
20 run for SEPTA. It doesn't do too much in Altoona,
21 but I think it's doing wonderful. I'd like to get
22 some support for that from legislation. I think it's
23 important for you and important for development of
24 the city. And the second thing is that it's good to
25 have guys like you who understand what the investment

1 capital is and what economic term is to the society
2 and that says economic impact is never ever brought
3 up in Harrisburg when you talk about SEPTA. All we
4 hear about is PACO and this is PACO system. I
5 appreciate the remarks.

6 MR. NUNN: It's not nearly the patenage
7 that people think there is I suspect, but no
8 bureaucratic drove the bus and that's one of the
9 things we have to drive across. Now, just to
10 follow-up on the economic development or the Mayor's
11 economic development, one of the things we've been
12 doing, working with Jack starting new routes that
13 service areas such as my county, the City of Chester
14 which is deep trouble as any section of Philadelphia.
15 As you may know, the airport is expanding and UPS is
16 expanding and what we're trying to do now is be more
17 responsive to getting people in the welfare work area
18 where you change the laws up there which I agree
19 with, but what we need to do in the local government
20 level is make it easy for people that are on Welfare
21 to get to the jobs that have been created. They
22 don't necessarily follow the traditional routes. So
23 I think I see in Jack Leary and people that are there
24 now much quicker response to those kinds of things.

25 CHAIRMAN GEIST: And one final comment

1 and I'll shut up, Representative Markosek is probably
2 the best friend mass transit has in the Pennsylvania
3 and in the House and/or in the Senate. During the
4 two years that we worked to get the revenues
5 increased for PennDot for the trucking industry, for
6 all transit, for all airports Joe Markosek did a job
7 for you folks down here that was absolutely
8 unbelievable and I think he needs some recognition in
9 the eastern part of the state as well as what he's
10 gotten from the western part of the state. And all
11 that's said well and good except I can't get the
12 people from PAC to take us to dinner.

13 REPRESENTATIVE DRUCE: With that
14 introduction, Represent Markosek.

15 MR. MARKOSEK: Thank you very much. In
16 other words, with Representative Geist make people
17 work for food. I notice that in San Diego. Thank
18 you very much. First of all, sorry I'm late. My
19 colleague Jerry and I road the Amtrak SEPTA access in
20 I guess would be the way to describe it into
21 Philadelphia this morning, 30th Street and SEPTA
22 heavy rail from there one stop and we had our pencils
23 and papers out and we're taking notes, whether the
24 conductor is friendly and the station is clean. And
25 so far you've passed. This is the hard part.

1 Let me first say it's great to be here
2 and thank you, Mr. Nunn, for the warning relative to
3 the Board of Directors at the Port Authority
4 vis-a-vis the management, what they may or may not be
5 telling us. I'm on the Port Authority board in the
6 county. And we've just recently brought on a new
7 executive director Paul Satelus, but I don't think a
8 day goes by that I don't speak with Paul or some of
9 the other staff.

10 MR. NUNN: He was one of our finalist
11 also.

12 MR. MARKOSEK: I think we have some
13 pretty nice quality people there, but we will remain
14 vigilant and keep our eyes open nevertheless, but I
15 look forward to the hearings this morning and glad to
16 be here.

17 MR. NUNN: What I'm suggesting is not
18 that anyone -- it is human nature to try to make our
19 lives as easy as possible and information you do not
20 necessarily have to lie to someone, but having the
21 information presented, having what information is
22 presented can often times be part of a larger
23 environment. If the consultants or the auditors are
24 responsible to the oversight as opposed to
25 responsible to the people who the oversight is

1 supposed to be over, I suggest to you that there's a
2 different path that they take. And it would probably
3 be better for us who are in charge of them to control
4 the auditors and for them to control the auditors who
5 will be writing a report about. That is my point.
6 I'm not pointing a finger to anybody in particular,
7 but I'm suggesting lifting the process from the staff
8 and taking it up to the Board.

9 MR. MARKOSEK: I think that's a wise
10 thing and I just want to set the record straight and
11 we are, as I mentioned, I think pretty vigilant and
12 we have a new team on Board and we're trying to make
13 a better system for the Southwestern part of the
14 states. I want to thank you for your suggestions.

15 REPRESENTATIVE DRUCE: Representative
16 Olasz.

17 REPRESENTATIVE OLASZ: Yes. Mr. Nunn,
18 did I understand you correctly that you operate now
19 with one thousand employees less than originally when
20 you came on board?

21 MR. NUNN: If you go back a year and a
22 half when I started, yes.

23 REPRESENTATIVE OLASZ: Was this done
24 through attrition.

25 MR. NUNN: Yes. Nobody was laid off. I

1 don't believe Jack -- attrition or early retirements.

2 REPRESENTATIVE OLASZ: Do you have an
3 average age of your current employees?

4 MR. NUNN: We'll get that answer for you
5 before you leave.

6 REPRESENTATIVE OLASZ: All right. Thank
7 you very much.

8 REPRESENTATIVE DRUCE: Let me ask one
9 final question, Mr. Nunn, if I may, you were -- I
10 believe we have a question from Representative Daley.

11 MR. DALEY: Yes, sir. I'm looking at
12 the Phoenix Management Service Report and it says
13 that SEPTA should actively examine the potential to
14 off source segments of current work in a manner which
15 avoids layoffs. Could you explain or maybe I should
16 defer my question to people from Phoenix, exactly how
17 does that occur?

18 MR. NUNN: I think that rather answer a
19 detail question, why don't we defer to Phoenix, but
20 what you're talking about is an agency that was
21 seriously bloated, especially bureaucracy. There is
22 roughly 11,000 -- I think we have close to 11,000
23 employees at one point, the attrition running ten
24 percent. You can do a lot of out-sourcing without
25 laying people off, whether you have that kind of

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1 attrition over the course of a year. It does not
2 have to be massive layoffs. In fact, we're down a
3 thousand people and we haven't laid anybody off. So
4 I think you can do that. You have to be more
5 careful. You'll have to do it over a period of time,
6 but it's certainly a reasonable thing to do. For
7 instance, if you were to out-source a maintenance
8 facility, out-source overhauling diesel engines, pick
9 something, there may be a number of workers that were
10 working in that area, but you're also having
11 attrition in the drivers area. We can move people
12 from the out-source as the attrition happens over to
13 the driver. So if we move people within the system,
14 I think you can do quite a bit of that, if I'm making
15 myself clear.

16 MR. DALEY: Not completely, but I'm
17 trying to extrapolate as much as I can from what
18 you're saying. You're saying the bloating is in the
19 bureaucracy.

20 MR. NUNN: A lot of it was.

21 MR. DALEY: But you're saying
22 out-sourcing maintenance, that that does in fact
23 cause a bureaucracy.

24 MR. NUNN: I think if you look into the
25 study, you'll see at one point we have a surprise

1 visit at a maintenance facility. I don't have the
2 numbers. Ask Mr. Briddell when he comes up, where
3 you had something over 30 people on the manifest, but
4 only two or three were there working. It would
5 suggest to me that we might make some improvements.

6 MR. DALEY: My last question is the
7 maintenance, are those people under union?

8 MR. NUNN: Yes.

9 MR. DALEY: What portion of SEPTA's
10 employees are unionized?

11 MR. NUNN: Jack.

12 MR. LEARY: Close to eighty percent.

13 MR. NUNN: I think that's higher now
14 than it was before because it was disproportionate
15 number of people that were reduced that were in the
16 bureaucracy.

17 MR. DALEY: So in essence the bloating
18 occurred in that 20 percent of the bureaucratic
19 administrative --

20 MR. NUNN: It was more egregious there
21 than it was in other areas. I think laxity of
22 management over a long period of time which caused
23 inefficiencies in the entire operations. However, if
24 I was to pick one and say one was more egregious than
25 the other, it was egregious in the bureaucratic --

1 MR. DALEY: How much egregious was it in
2 the 80 percent union employees?

3 MR. NUNN: That's a difficult question
4 to answer. I think I'll leave that to the experts
5 that are coming in behind me.

6 REPRESENTATIVE DRUCE: If I could ask
7 one question since you had a hand in bringing this
8 management study to SEPTA and I think you should be
9 applauded for that and I think that Mr. Leary came
10 on, he looked at the study as I think others should
11 which is a difficult pill to swallow. A good
12 opportunity come from self-studies like this to make
13 improvements.

14 In a general sense are you satisfied
15 with the direction and response that SEPTA has made
16 to this point? I guess we're now many months since
17 the studies were released. In terms of following
18 through on those recommendations and maybe satisfied
19 with at least some of the recommendations that may
20 have been made which may or may not could be
21 implemented where does management stands to date in
22 terms of SEPTA's internal response to that? I
23 appreciate your comment.

24 MR. NUNN: I am generally satisfied, but
25 as Reagan said, trust to verify. We'll continue to

1 look at that, but to date I think, and you'll hear
2 more when Mr. Leary and Mr. Briddell come up, but to
3 date they have implemented quite a bit of the
4 necessary changes. It's a huge organization. It
5 will take a while. There are horror stories in that
6 study, if you take the time to read it. I can go
7 into how they designed the white rail cars. If you
8 just read that. It's sort of a Monte Python skit.
9 Monte Python put it on. It may be too silly for
10 them. This is our money. This is the tax payers'
11 money. We must spend it appropriately.

12 And I also want to say to Mr. Daley this
13 is not an anti-union thing. What we're talking about
14 here is being able to maintain the wages and benefits
15 of the union people, not lay people off, but in fact
16 ask only of the unions what we ask of the people who
17 pay the taxes which they give us eight hours work for
18 eight hours pay. And if that happens and if we do
19 things to improve the system, take the money that
20 we're saving because we're more efficient, put it in
21 a better service, put it into lowering the cost
22 perhaps of using the system, make the system service
23 populations that are under served, that in fact I
24 will guarantee those union members a better future
25 than having a knee jerk reaction that says whatever

1 you want is the right thing. So, you know, this is
2 not some crazy wild eyed right winning notion that we
3 are coming in and destroying SEPTA. SEPTA is so
4 critical to this area. I'm in Delaware County
5 counsel. My county is largely working class. I'd
6 say 60, 70 percent of our people live in row houses.
7 They need SEPTA. I used to watch my mother. My
8 mother -- you hate the word single parents, but my
9 father died when he was 33. My mother raised four of
10 us. Every day she got up and road the SEPTA bus to
11 69th Street and the subway downtown and that's how
12 she supported us. So it's very important to me that
13 SEPTA continues to prosper and do well.

14 Let me just tell you a story. I got a
15 letter recently -- and I have to pay money to SEPTA
16 every year. The only way I've got the subsidies is
17 state tax. A woman sent me a letter \$8,100 in income
18 \$3,100 in real estate taxes. That's a crime. But
19 I'll tell you what, I'm not going to make the crime
20 worse by giving money away or spending money to
21 deliver the services we have to deliver. So every
22 government that I've got anything to do with, every
23 element of government I've got anything to do with is
24 going to run efficient or I'm going to die trying to
25 make it run efficient, but it's not an anti-union

1 thing. My father was a Teamster. I'm not
2 anti-union.

3 REPRESENTATIVE DRUCE: Mr. Nunn, thank
4 you very much for your time here this morning.

5 I'd like to ask Mr. Tal Briddell,
6 president of Phoenix Management Services to come
7 before the Committee. If I could make a comment. I
8 apologize for the late start we had this morning.
9 I'm going to try to hold our next two presenters, if
10 I could to about 30 minutes to committing questions
11 because the Committee does need to move on to other
12 business and I more than anything do not want to talk
13 to this Committee and about 5:00 stuck in
14 Philadelphia traffic trying to get out of town. So I
15 promised the Committee. I'll never get a bill out of
16 the Committee. We need to get this group out by 3:00
17 so we have other business. So I appreciate if we can
18 tighten our schedule for the next two presenters.

19 Tal, thank you very much for taking the
20 time for being with the Committee.

21 MR. BRIDDELL: Representatives and staff
22 thank you very much for the opportunity to address
23 you here today. I was told one time that if you're
24 going to be introduced to a group like this, you
25 ought to leave immediately after the reporter remarks

1 to maintain the integrity. Maybe I should excuse
2 myself at some point after Mayor Rendell's and
3 Councilman Nunn's comments.

4 I'd like to start off by telling you
5 that this was an interesting project because I think
6 it was viewed by some as perhaps an attack on the
7 integrity of the management that was at SEPTA. We
8 never approached it that way. And in fact, we
9 approached it as we do all of our assignments as a
10 straight business proposition and looked at it as
11 best we can. I will tell you that I think the Board
12 and Mr. Nunn and Mr. Nunn's leadership and others of
13 the Board as well showed a great deal of courage in
14 having the tenacity to stay with that proposal and
15 get the audit done and then support the new
16 management by doing that and I think that's done. I
17 think your comments earlier about the courage it took
18 to stay with that is well deserved.

19 The purpose of this audit from the
20 beginning was to learn by the operational and
21 financial management issues at the Authority, to
22 examine what the financial needs of SEPTA were and
23 really if there's such a word to deobfuscate the
24 notion of how much subsidies money sent was receiving
25 and put it into context that everyone can understand

1 and agree to.

2 SEPTA receives a number of different
3 subsidy forms each year and the notion of adding them
4 together was an avid of some, but nonetheless one of
5 the things we did was simply added all the subsidies
6 to see where we were.

7 Interestingly there was a debate in the
8 local press between former general manager and the
9 press about how much that SEPTA subsidies was in
10 total and neither side had it right. The paper got a
11 little closer than the general manager did, but there
12 are ways of dealing with that that I think were
13 important. We have to look for an opportunity to
14 identify certain qualities. We've heard consistently
15 was SEPTA service was atrocious, was bad, was not on
16 time, was sloppy and there were all sorts of
17 criticisms that we heard. So we wanted to take a
18 look at the service and help the Board and new
19 general manager who we knew was coming in when we
20 started, set forth the ground for the future. That's
21 an extraordinary important asset to the region.

22 One of the first things we found,
23 flipping to the second page or page three of the
24 presentation which I believe you have is that SEPTA's
25 service contrary to the rumors was very reliable. It

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1 was timely. It was safe. Vehicles were generally
2 well maintained because of the amount of capital that
3 they'd been spending. It was relatively good shape
4 compared to others that we looked at on a comparative
5 basis and in general the rumors that SEPTA was not
6 providing a good service were not true. I think the
7 general manager and the management team of SEPTA had
8 done a good job of maintaining the fleet, providing
9 the service and also improving in the efficient
10 structure that was in serious disrepair a number of
11 years ago improved dramatically over the last five or
12 six years. A long way to go yet. There's a lot of
13 things that need to be done clearly you're aware of
14 that and I'm sure Jack will take this opportunity to
15 share his ideas of what need to be done there. In
16 fact, I'd be willing to bet on it. SEPTA had a
17 strong advocate for the value of mass transit and
18 both state wide and nationally. Contrary to some of
19 the rumors to fares and total and aggregate were not
20 extraordinarily high. They were high relatively to
21 the other transit agencies we looked at, but they
22 were not as had been said in a number of forms the
23 highest in the country. The basic fare was very
24 high, but some of the ancillary fares passed, the
25 transfers and so forth were not particularly high and

1 in an aggregate basis based on a number of rides,
2 senior citizen program and a number of other programs
3 like that in general there were a little higher than
4 average, but not terribly high. We call for more
5 fare structure than the absolute fare. And we think
6 there's some things that can be done there.

7 Ridership decline was not as steep as
8 they claimed in many areas. In fact, I'm going to
9 report to you later that the actual ridership last
10 year improved, went up for the first time in nine
11 years. This is the kind of thing that we found in
12 SEPTA, dispelling a lot of the negatives. As the
13 Mayor said Philadelphia likes to go through
14 self-legation process occasionally and I guess we're
15 all guilty of that a little bit. Actually, we found
16 that SEPTA from operational service from quality of
17 fleet standpoint was doing a very good job.

18 However -- it's always a however, I
19 guess, it doesn't appear that there were some serious
20 financial control operational and management
21 challenges that the agency was facing and we thought
22 could be improved. Some of those challenges stem
23 from the direction of mass transit in general. Mass
24 transit in this country has been on a 40 year decline
25 because of the automobile and the affluences of the

1 suburban community that move to the suburbs and so
2 forth. So it's not unique to Philadelphia and nor is
3 it unique to this region. It is a nationwide dragged
4 away from mass transit which is not necessarily
5 something that one can improve by going through
6 additional marketing and by giving fares away.

7 I was in Austin recently and the bus
8 service there is free and we were the only people on
9 the bus. So it's sort of an education that this is
10 not the sort of thing that is necessarily price grip
11 in market sense of the economy where the use is
12 driven by price. However, most of the issues that we
13 saw facing SEPTA in the current management and
14 financial control issues were within the purview of
15 management. There were things that could be done
16 that we thought could be more aggressively addressed
17 than it had been.

18 SEPTA had years of increasing reliance
19 on subsidy dollars and this is occurring in the
20 serious escalating labor costs in terms of the actual
21 cost of the labor, but more important in the number
22 of individuals working at SEPTA. One of the
23 ancillary comments of Representative Daley to be
24 found was that SEPTA wages were not -- they were
25 in -- report makes an issue of that, that the wages

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1 were reasonably well in line with comparable
2 agencies. When we looked at it SEPTA had the second
3 highest number of employees per bus or per vehicle
4 per rider and use whatever comparative denominator
5 you chose, but the number of individuals working at
6 SEPTA, the number of hours going into that were very
7 significant and I'm going to refer you to a chart.
8 It's on page eight of your report and you can take a
9 look at how subsidies have escalated over the last
10 ten years while the fare revenue has remained
11 relative flat. So the proportion of dollars which
12 were coming from subsidies had moved to three out to
13 four dollars from an initial 1986 timeframe about
14 50/50 was where we were in 1986. If you'll flip to
15 the next chart you'll see that labor costs per ride,
16 that is, the number absolute cost in providing a ride
17 just for labor has gone up 121 percent in that period
18 of time. That means that it is now two point two
19 times as high it was when the \$7,500 deficit was
20 recognized in 1986.

21 This is an expensive proposition and
22 it's now costing nearly two dollars a ride for an
23 individual on a bus and if that person changes from
24 bus one to bus two, that's additional. That's what
25 unlinked rides mean. It was clear they were

1 experiencing severe escalation and labor costs. That
2 means by definition since it was coming from a number
3 of employees and not from the absolute cost per
4 employee, that it was an absolute decline in labor
5 productivity, meaning, using whatever measure you use
6 from maintenance on vehicle or in terms of the
7 unlinked ride that SEPTA was expending more labor
8 hours, and it's just a rough economic measure of the
9 productivity. One measure hour other than
10 comparative measure were done. We thought this stem
11 based not only on the evidence that we put together,
12 but based on the observations we had and the
13 noticeable evidence we were able to gather were given
14 more by insufficient management over size of the work
15 force rather than particular behavior in work force.
16 We thought that SEPTA's work force was about average
17 for that size, but they were not receiving the direct
18 supervision necessary to help them get their job done
19 and to improve productivity.

20 And to paraphrase one thing Mr. Nunn
21 said, you sort of can expect what you inspect and if
22 you're not supervising individuals, the productivity
23 declines to the least common denominator, kind of the
24 lowest process in the shop there had been continuing
25 decline in ridership and particularly in the private

1 sector. What a company does if it experience a
2 decline in sales, they tend to scale in this work
3 force to be consistent with the ability of the labor
4 that is required to maintain productivity rather than
5 allowing their sales, if you will, of ridership to
6 decline and at the same time increasing ridership.
7 Ridership decline, and I apologize. These numbers
8 are getting stale, but I think it was about 20
9 percent more or less decline in ridership and ten
10 percent increase in absolute labor individuals
11 employed by SEPTA and I reserve the right to give you
12 the second decimal point on inspection when I have a
13 minute.

14 However, increasing fares and reducing
15 service levels which was the protocol proposed when
16 the 75 million that are in our budget was not the
17 appropriate solution in this. If you continue to
18 raise price and continue to reduce service,
19 ultimately you're going to have a dozen few riders
20 paying \$10,000 a ride. The point is that's not the
21 solution. You need to break the chain of invents
22 that continues to seek more subsidy dollars and still
23 have your ridership decline. SEPTA is not going to
24 pave its way to prosperity. Here they're not.
25 They're not going to recognize sufficient cuts and

1 labor costs in other savings to provide available
2 service that this City I think deserve and I think
3 this panel expects and that is I think important to
4 the basic needs of the community. The fundamental
5 problem here is how to provide service in an
6 efficient cost effective manner, recognize the
7 stewardship possibility that any management spending
8 750 million dollars a year has to the tax payer as
9 well as the responsibility they have to provide for
10 the riders. So we did not approach this saying that
11 SEPTA needs to pave its way to prosperity. SEPTA is
12 going to need to rely on increase subsidies. The
13 challenge is to reduce that growth rate so it's less
14 than the growth product and ultimately make the
15 absolute cost in economic terms less expensive for
16 the tax payer while continuing to provide that and
17 that simply means increasing the growth rate of the
18 expenditures to a couple percentage a year where as
19 they had been escalating in more like eight or nine
20 percent a year depending on the year. Some years as
21 much as 15 percent. I think in aggregate what we're
22 saying is the government and tax payer we're going to
23 assist and I know this group is going to insist that
24 subsidy be sufficient in its release of the monies
25 and at the expenditures and provide the timely

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1 service we need here. Obviously continue to improve
2 the cost of providing services is quite -- that's
3 sort of what the -- and I didn't go into details
4 obviously. This report is 330 pages and I can speak
5 fairly quickly and I can't read it to you in a half
6 hour that Representative Druce has allowed. So in
7 other words, that's what we'd like.

8 What I'd like to tell you kind of our
9 perception of what is going on now and how it
10 progressed in the last six months as report been
11 issued of the good news is the Board has not and the
12 management of SEPTA has not put this report in a desk
13 draw. It continues to be a live document. It will
14 continues to be evaluated. There's 140 suggestions,
15 recommendation in this report. Some of those should
16 be adopted promptly, some of them to be considered,
17 some of them considered and thrown out. I will
18 report back to you that SEPTA's General Manager Jack
19 Leary and some of his assistants, Mr. Cohen, whose
20 here and others really have demonstrated a
21 constructive spirit of stewardship as they look
22 forward to the future. I think SEPTA is going to be
23 see its long range plans on the move. We looked at a
24 year plan and the fundamental reason honestly -- what
25 Representative Board Member Nunn said and that is

1 that there was not a great deter to be measured.

2 As we do our work in the government
3 sector, one of the biggest and most consistent things
4 we find frequent results are not measured and if you
5 don't measure results, you can't judge performance
6 and if you can't judge performance, you can't approve
7 it. It's a fairly simple cycle. It's a deadly
8 cycle. If you only project out one year at a time
9 it's a difficult challenge no matter what information
10 you put in place. If the need is every where that
11 agency or institution or company is supposed to go,
12 you can get there. If there is not a long term
13 vision, if there's not a concise view of what this
14 organization is intended to be five years out, ten
15 years out, then no organization structure, no amount
16 of subsidy, no management intervention is going to
17 help it clear to us now. After the Board and the new
18 leadership in SEPTA has that provision and continues
19 to work in that direction, the management team, the
20 service cuts be avoided for the most part. I think
21 ridership increased as I mentioned earlier for the
22 first time in nine years. The new buses are in
23 service and some of the new heavy rail for the Broad
24 Street, for the Market-Frankford El is coming on line
25 and the more parking riders facility that PennDott

1 subsidies on.

2 Ninety-five is now open which will be a
3 great relief for us finding the constructive magnet
4 for additional ridership. Manpower efficiency has
5 improved. As the entire plan was initiated
6 maintenance standards has been developed and
7 published, a head count has been reported to you and
8 the work follows as we approach the next set of
9 contracts. I argue with you to make sure we're not
10 precluded implementing a change as the need of agency
11 and the need of the system change from an initial
12 performance standpoint. The 1998 subsidy total
13 increase one percent over 1997 achieving the goal of
14 maintaining that below the increase. 1997 ended with
15 a substantial surplus as opposed to a 75 million
16 dollar projective.

17 There's a balanced no growth budget
18 approved for 1988 which means that, in effect, there
19 had to be an achievement of some 25 to 30 million
20 dollars of savings, but they're natural escalation is
21 in the budget so if you're going to keep a total
22 constant we need to find that kind of efficiency in
23 the rest of the budget.

24 Twenty-five million dollars in the
25 scheme of a billion dollars a year is not as

11

1 significant a number. Perhaps it may sound
2 initially, but 25 million is still -- 30 million
3 dollars -- but there has been continuous improvement
4 since then. We have been fortunate enough to stay
5 involved.

6 We've just completed a development of
7 the maintenance standards for labor contents and
8 maintenance activities as someone pointed out
9 earlier. There's one driver on one bus and you're
10 not going to get a great deal of improvement on that,
11 but what you can do is utilize the back shop
12 interest, individuals more effectively when the cuts
13 were made the ERAP plans were implemented. It was
14 focused primarily on the 20 percent, 25 percent of
15 the work force which is the, quote, bureaucrat that
16 Mr. Nunn referred to. We think there needs to be a
17 similar initiative of any rank to provide for those
18 individuals the same opportunities to accept an early
19 retirement if they need to attrition rates and allow
20 you to do some of the things that we were discussing
21 earlier.

22 We talked a little bit about private
23 sector initiative and chair with your permission, few
24 on that since it was claimed that I would discuss
25 that. Our view is that the union is still the best

1 way to get the job done at SEPTA, but it does need to
2 be competitive. So if you can subject the activities
3 to the test, to the Litmus test of what market place
4 will charge for that activity, then I think you would
5 get the degree of assurance you need to go back to
6 your constituents and tell them that the money is
7 going to be spent effectively, but if it costs two,
8 three, four times the money in an environment where
9 you're not suggestive to that, then we can provide
10 the same maintenance which will provide the
11 supervisors with the tools they need to manage the
12 back shop operation were from a labor standpoint of
13 the principle that have been spent, have been
14 developed. We would just be asked to extend this
15 into a second phase implementation where the
16 maintenance computer system will be implemented, the
17 standards will be rolled out to additional
18 maintenance facilities. We have been asked to help
19 management evaluate the work rules and the issues
20 which are preventing implement to operation in the
21 contract, if any, and also to take a look at SEPTA as
22 inventory management. This is another area that was
23 referenced in the report we talked about.

24 Nonetheless, we will also be taking a
25 look at heavy maintenance facility and supervisors in

1 the maintenance shops particularly so that they can
2 use these new tools to effectively manage and get the
3 most work out of the work force. One of the things
4 we found and one of the things inventory is here when
5 a mechanic goes to make a repair of a bus, the parts
6 aren't there, then they have to stop and put the bus
7 off the rack and replace it. That's a very
8 inefficient process. It's not that the labor force
9 wants to work efficiently. In many cases they're
10 precluded from working efficiently. The tools aren't
11 there to do this. So we put those tools in place and
12 you put the standards in place and then you -- and
13 presumably you can make a significant improvement in
14 this. We have five employees at SEPTA for every
15 vehicle on the road. So there's five people, one bus
16 driver and that's really the key that's pretty high
17 for pertinent information.

18 REPRESENTATIVE DRUCE: I appreciate that
19 information. Representative Olasz have some
20 questions he would like to ask.

21 REPRESENTATIVE OLASZ: Mr. Briddell, I'm
22 wondering if you know something we don't know as
23 legislature. I'm looking at your graft here. I see
24 a quite a height in subsidies. Where do you plan to
25 get that money from in future years?

1 MR. BRIDDELL: If you read the report we
2 didn't speculate that. What we said is if the
3 increase in subsidies fare is relatively flat that
4 SEPTA was looking for a million dollars short fall
5 and we did not speculate. I was frankly hoping that
6 he would not improve to cover by taxes. I find the
7 comment about the railroad ties interesting. Perhaps
8 someone will foresight that and think maybe
9 environmentally we better get many ties as we can.

10 REPRESENTATIVE OLASZ: Back to your
11 labor costs. When you say four to one only one
12 person drives a bus. How many of those people are
13 provided in the accounting process.

14 MR BRIDDELL: It's a relative small
15 number, 10,000 or 9,500 employees.

16 MR. LEARY: That's about a hundred.

17 REPRESENTATIVE OLASZ: In your labor
18 costs do you include the cost of fuel?

19 MR. BRIDDELL: No, sir.

20 REPRESENTATIVE OLASZ: Where do you put
21 that?

22 MR. BRIDDELL: The purpose of that chart
23 was just to show the relative labor costs. Obviously
24 fuel is another component and it was accounted for in
25 the report. I just didn't prepare a chart on fuel

1 directly. We did recommend that SEPTA shift from a
2 higher cost diesel to a lower cost diesel and I
3 believe that has been implemented somewhere around
4 three quarters of a million dollars savings per year
5 on that.

6 REPRESENTATIVE OLASZ: When you write
7 down your cost of the labor where do you find your
8 labor cost the highest on your buses or rail system?

9 MR. BRIDDELL: Maintenance.

10 REPRESENTATIVE OLASZ: Maintenance on
11 what, the bus or rails?

12 MR. BRIDDELL: There are obviously more
13 buses by weight of numbers. You're doing too much
14 cost there, but the bus operation was not -- did not
15 compare well with peer agencies of the heavy rail
16 operation.

17 REPRESENTATIVE OLASZ: Would you repeat
18 that again.

19 MR. BRIDDELL: The bus operation did not
20 compare well with peer agencies of the heavy rail
21 operation. However -- so that the subway operation,
22 subway surface and so forth seem to be reasonably
23 well. The billing efforts costs of discrepancy with
24 peer agency and SEPTA was in bus and track.

25 REPRESENTATIVE OLASZ: Obviously I'm

1 interested in lame service so what are your costs in
2 the purchase of tires for your buses run annually
3 approximately?

4 MR. BRIDDELL: I don't know.

5 REPRESENTATIVE OLASZ: How about the car
6 wheel?

7 MR. BRIDDELL: The car wheels?

8 REPRESENTATIVE OLASZ: Car wheels.

9 MR. BRIDDELL: Again, I'm going to pass.
10 I don't have that data at my fingertips.

11 REPRESENTATIVE OLASZ: I guess you put
12 steel wheels on SEPTA.

13 MR. BRIDDELL: They last a lot longer
14 and they don't have blow-outs.

15 REPRESENTATIVE OLASZ: When you refer
16 back to your bloated bureaucracy, that touches a
17 nerve with me because we roll the clock back about
18 five years and I'm having -- because I have a system
19 that makes cars in my hometown. But we were in New
20 York where they didn't meet SEPTA's specification to
21 build your cars. They were overweight and I mean
22 sometimes you'd like to say put the finger on
23 proprietary speck, but how did that impact on your
24 cost of those overweight cars, the delays, et cetera?
25 Do you have those numbers available?

1 MR. BRIDDELL: Again, we did not
2 calculate what the cost of the delay was. I will
3 tell you that one of the issues we found there's a
4 principle that says work extent fit the time
5 available. We did note that SEPTA was over
6 specifying a lot of issues. For example, we -- and
7 you can only do this by way of example and by only
8 example allowed for that reason, but they were
9 specifying the location of the overhead dome lights
10 in production for vehicles and for the most part
11 lights for you it's not expensive to do it. There's
12 no reason to specify location only for example and
13 there were some problems I think with the
14 specifications there, but I do recognize that there
15 was a longstanding battle over that and I was, you
16 know -- obviously that was two to four years before
17 we got involved in the reviews.

18 REPRESENTATIVE OLASZ: Last question.
19 Where do you make the majority of your bus purchases
20 at, GM? Who makes your bus or where do you purchase
21 those from?

22 MR. BRIDDELL: Well, the most recent bus
23 I think were being manufactured in Louisiana.

24 REPRESENTATIVE OLASZ: In Louisiana.

25 MR. BRIDDELL: I believe that's right.

1 REPRESENTATIVE OLASZ: Okay. Thank you
2 very much.

3 REPRESENTATIVE DRUCE: Questions from
4 other members?

5 (No response.)

6 REPRESENTATIVE DRUCE: If I can ask one
7 final question. In the report you mentioned a lot of
8 the places what not to do. And this may go outside
9 the scope of your study in terms of attracting
10 ridership. Everything seem to be working from this
11 side of Bucks County to Valley Forge, let's run a
12 train because -- what suggestions in the report that
13 you want to highlight for this Committee a proactive
14 way you say that safety should do in order to attract
15 ridership rather than saying don't do this? Does
16 raise fares -- do things the proactive way.

17 MR. BRIDDELL: One of the things we
18 suggested that attracted some controversy we
19 suggested changing the fair protocol. In other
20 words, not changing the base fare, but rather level
21 of the fares. So that if you use a transfer, it
22 wouldn't eliminate the plan first so you can drop --
23 you can conceivably drop the base fare, but do get
24 off the don't, dos, the positives. One of the things
25 we said we need to recognize is that SEPTA for years

1 with respect to the Mayor's commit, it is true that
2 some 75 percent of ridership, 85 percent of the
3 ridership is in Philadelphia. It's also a function
4 of where you have the route, you know. If you have
5 most of your capacity dedicated to that, then that's
6 where you're going to get your ridership. There's
7 been as in most cities, there's been a move out of
8 the urban areas to the suburbs and there has been
9 somewhat of a city separate union referred to as in
10 SEPTA, the suburban service. When I talk to the
11 various legislature groups in Delaware and Bucks,
12 Montgomery and Chester County, they all sing the
13 common theme which was how much money it was going to
14 be and they were not getting a quote on service for
15 their subsidy. We try to stay out or we tried to
16 stay out of the condonate who gets the best feel.
17 Didn't think that particularly useful to deal with.

18 First time I saw a 40 foot bus I did not
19 realize we would run that, nobody else on board
20 except the driver. What it really needs is have a
21 form of many bus or jitney type service on that kind
22 of line. We need to put our resources to the balance
23 with the ridership demand. There are lots of
24 opportunities in the City of Philadelphia to ride
25 jitney service and there's far less expenses than 40

1 foot buses which are terribly expensive. There are
2 also, and I think this is a side -- I apologize for
3 this, but it's not responsive to your question, but
4 I'm going to say it anyhow, that is there's a notion
5 if you have trackless trolleys and you should
6 maintain that. Of course, there's a community spirit
7 that we want to maintain that or to maintain a
8 trolley system on the street. Light rail is
9 extraordinarily an important adjunct to the system.
10 I'm not sure that necessarily works on the street
11 giving dedicated riders a way to work, treatment.
12 While trackless trolleys have some of the things,
13 they're very expensive to maintain. So there's some
14 success in here that SEPTA over time migrates away
15 from these rather replace trackless trolleys so that
16 we put in bus routes.

17 In fact, back to your point, I think if
18 you can recognize that the principle move has been to
19 the suburbs and there's a great road in for
20 construction. There was a time when there was no bus
21 service on 95 or on the Blue Route or 202 for that
22 matter. Now that has changed a little bit and there
23 was some additional effort to put that in, but the
24 two services are relatively recent. These are major
25 transportation corridors and as I believe Chairman

1 Geist said earlier, that's where the jobs are. So
2 you need to transport folks to jobs and we know we're
3 forcing folks off of the Welfare and that's fine, but
4 you need to get them to the location where the jobs
5 are and that means mass transit and that means that
6 we're going to have to picture out how not to make it
7 two hour commutes, a two half hour commute, have you
8 go back and reexamine that because a lot of suburban
9 companies would be happy to help with the freight,
10 lot of that kind of service and it does get done, but
11 it's a source we have to utilize dramatically.

12 REPRESENTATIVE DRUCE: Then you have
13 Representative Daley.

14 REPRESENTATIVE DALEY: One quick
15 overview and the question judging from your comment
16 today, the paragon that you're purporting to us is
17 that, in essence, the unions are essential to the
18 function of what you're doing and our best thing to
19 do -- what they're doing now according to your
20 comment, but there's a Litmus test that must be
21 applied and that Litmus test must have been applied
22 and there's some short falls that have been
23 determined in the evaluation that there's a need to
24 break the chain of events, paraphrasing your comment,
25 and there's a major change that needs to be

14

1 occurring. Now, I look at the recommendations, labor
2 issues in which you're talking about hiring freezes,
3 you're talking termination of the transit workers
4 employees for less than one year and then I hear on
5 the other side of the comment by the other gentleman
6 that there's some out-source that needs to occur. I
7 don't know how those two can co-exist, so to speak.
8 Maybe you can elaborate to some degree.

9 MR. BRIDDELL: Yeah. I think I even
10 agree with about 90 percent. The only area I don't
11 think that there's a dichotomy between what you
12 suggested and the fact that you want to maintain a
13 stabilized work for here. What I said was I don't
14 have a fundamental problem with what the union
15 workers do and there's an institutionalized union
16 here. They're cooperative and presumably we can find
17 ways to supervising them in a way that make this a
18 more event process. I think it's totally consistent,
19 however, with the facts that it need to be measured.
20 One of the ways to get labor efficiency is to stop
21 hiring people if you conclude that you're 2,000
22 people more than you need. And you don't want to or
23 can't because of the labor contract lay off
24 individuals. First thing you have to do is stop
25 hiring and I think that's kind of common sense. The

1 second thing you can do perhaps as I suggested
2 earlier, open up early retirement plans to those
3 union individuals who chose to do that and I believe
4 that that might make some sense and I believe the
5 union would welcome that. I've done that for other
6 circumstances. We've certainly did that on
7 Philadelphia Gas Works where we used the same kind of
8 methodology to reduce the work force financially
9 there without resourcing this as very complex
10 organization and you implement change here. It can
11 be done constructively in a way that does not cause
12 you to lay off individuals. I don't believe that's a
13 chain saw approach. Organizational redesign is the
14 best approach. There are ways of doing this within
15 the context of the union contract and without
16 disrupting the lives of the people who devoted a
17 great deal of this working energy to SEPTA. So when
18 you do this I think its extraordinarily important and
19 hopeful to find a willingness in the organized labor
20 force in SEPTA and elsewhere. This counsel to hold
21 town performance and to the Litmus test, to use your
22 words or the measure of being competitive and it
23 doesn't do any good for anyone to institutionalize
24 uncompetitive performance if tax payer dollars are
25 going to do it and I'm sure you will support that

1 notion.

2 The critical piece I think it is a
3 comparative labor analyst if it turn out for whatever
4 reason that labor force cannot compete with private
5 sector then I think financial prudence dictates that
6 you examine that option and as Mr. Nunn said you
7 may -- that may not precipitate layoffs. It may
8 precipitate realignment of the work force
9 responsibilities, but you try to add these issues in
10 a presumably prior ties in it a way that deals with
11 that.

12 One of the reason that Mr. Leary and
13 Phoenix has focused on maintenance is because we felt
14 that was a critical area and in none of what we
15 recommended today, nor that SEPTA is doing that
16 suggested out-sourcing termination of the current
17 employees, but to put standards in place that are
18 reasonable and whole and measure it.

19 REPRESENTATIVE DALEY: How many people
20 are impacted? I don't believe terminating the TWU
21 employees with less than one year service -- how many
22 employees was recommended?

23 MR. BRIDDELL: I think it was 112, but
24 that was not implemented.

25 REPRESENTATIVE DALEY: Maintaining

15

1 appropriate labor level, what is that as opposed to
2 the labor level today.

3 MR. BRIDDELL: The current labor level
4 was about 92 and I believe we recommended in our
5 reports that we felt 8500 was appropriate.

6 REPRESENTATIVE DALEY: So basically that
7 means 1200 people laid off.

8 MR. BRIDDELL: I didn't say that.

9 REPRESENTATIVE DALEY: Or reduced in
10 some fashion.

11 MR. BRIDDELL: If you properly implement
12 these controls over time an attrition will take 80 to
13 100 people a month out of there and that's a
14 significant move. If you also put in place a
15 retirement plan you could quickly get to those kind
16 of numbers, but you do in the process have to put in
17 the management process to allow service to continue,
18 maintenance to continue at a level it has to date and
19 SEPTA has done a good job of maintaining a service
20 level and there's still some way to go and I believe
21 Mr. Leary will agree with that.

22 REPRESENTATIVE DALEY: Last question is
23 develop labor productivity standards based upon
24 industries quotes best practices. I don't know what
25 that is?

1 MR. BRIDDELL: Basically if you found a
2 better way to change the engine out, if someone else
3 has found a better way to change, you got to change
4 them together. Its sort of the best practice you
5 look at fare groups and if they know something you
6 don't know about maintaining a bus or improving it,
7 for example, safety keeps a engine, keeps a bus in
8 practice for 12 years. They have a practice of major
9 overhaul every four years. Other systems do it every
10 six years. So rather than two, now what does that do
11 to costs. What does that do to service level and so
12 forth. These are the kinds of things that --

13 REPRESENTATIVE DALEY: Doesn't have
14 anything to do with benefits?

15 MR. BRIDDELL: No. No, sir.

16 REPRESENTATIVE DRUCE: Thanks. I just
17 wanted to make sure -- I guess I had a different
18 perception of the reading of the report and listening
19 today to Representative Daley. He said -- I want to
20 make sure he wasn't putting words in your mouth. He
21 said that you thought the best way to go was the
22 union way at this time and you said you agreed 95
23 percent and I'm wondering is that because what I
24 thought I was hearing, you're able to maintain the
25 union, able to have these savings, you're going to

1 have this chart, you're going to look for
2 reasonableness, have it compared to other cities
3 because it's so bad and that you would like this
4 first cut easily because of the bloated, but if
5 you're going to stay competitive then I don't see how
6 you can agree with this statement 95 percent if
7 you're not going to be looking at -- I thought it
8 zero base budgeting and look at the most efficient
9 way on behalf of the tax payers to deliver the
10 services that they need, but you said you agree 95
11 percent that that would be according to the union
12 standard. Is that correct?

13 MR. BRIDDELL: When I said 95 percent,
14 if you measure all of the words, a couple words I
15 didn't agree with was precisely the point that you
16 raised. I think that my responsibility to
17 Representative Daley was that you do have to subject
18 the union and/or labor performance whether its
19 unionized or labor force or not to competitive
20 standards that include what we referred to as
21 bureaucracy and I think the bloated bureaucracy where
22 someone else sets forth words, no, I agree with you.
23 You need to do that zero base budget. What I was
24 suggesting to you by doing the comparison doesn't
25 necessarily preclude your unionized labor force to

1 providing that service if within the contention of
2 the more or less comparing prices or cost of the
3 performing service. This is a certain value in
4 having that service in-house with your own training
5 work force. You have better control you have better
6 schedules and things like that. So actually
7 advantage of doing things in-house, that's why people
8 do it, but you have to subject it to the cost
9 analysis and I think I made it pretty clear about the
10 cost analysis, but the competition of the bids is the
11 fact that you can have the same problem. You can
12 have a construction industry where high prices have
13 been able to be instituted from public works for a
14 long, long time, not the fact that they were right.
15 It's because comparatively they looked like they were
16 okay. Only if when you start actually bidding out
17 the work and you have true contention in areas and so
18 its not a union, nonunion issue whether it comes to
19 building trades. For instance, tax payers services
20 construction industry issue an you can have everyone
21 that it can be nonunion or union transit and just
22 going to compare those prices and we did it across
23 the states when it came to building projects that
24 there's a 40 percent difference, but if you look at
25 the comparisons in Philadelphia for construction it

16

1 would be about the same compared to labor funds.

2 REPRESENTATIVE DRUCE: Compared to labor
3 funds.

4 MR. BRIDDELL: And what was happening
5 was that over the last 20 years, 15 to 20 years that
6 they started bidding out these projects and what
7 happened was there were other firms that came in
8 initially to get that bid, then the union that bid
9 against that competitively not comparing what it was,
10 but actually bidding on the work, they were able to
11 have pride in the fact they won those contracts,
12 those union contracts and did good jobs and they are
13 getting a good work for what they're paying for and
14 there's a whole turnaround with the way people look
15 at the union work.

16 REPRESENTATIVE DRUCE: I was afraid when
17 I was listening to that answer, we're going to
18 maintain the system. There's no hope then for people
19 to -- for SEPTA to regain the confidence of the tax
20 payer unless you actually go out and out bid because
21 the prices what somebody is willing to pay for it you
22 have to go through competitive bidding process and we
23 have a big trouble here in Pennsylvania trying to get
24 started like that and I hope that you could help us
25 with that in the future. You know what I'm talking

1 about and I know you're very familiar with that.
2 Don't you believe that we should do that in
3 Pennsylvania?

4 MR. BRIDDELL: The difference -- I agree
5 a hundred percent what you said and I think the
6 fundamental whether I talk about competitive
7 contracting, that's really what I meant, when I
8 responded to the question about how you can do it
9 competitive contracting.

10 There's value in having the work force
11 in-house where you control the results of the quality
12 and so forth, but it has to be a legitimate bid. It
13 can be that you're operating under a requirement of
14 the contractor, to use your example, having to pay
15 for daily wage and then trying to repeat on that
16 basis. I know there was some recent discussions
17 about whether that was going to stay in one place or
18 not, so it does have to be competitively bid at.
19 You have to have the work force measured against 30
20 party arms length relationship.

21 Let me just respond one second to
22 Representative Strittmatter. My paraphrasing some of
23 the comments in my notes in which I'm sure the record
24 will reflect were your comments concerning the labor
25 unions and they're involvement here. So I'm sure

1 that, Representative Strittmatter, if you read the
2 records you'll see exactly what you said, sir, as to
3 their involvement here.

4 Again, I don't disagree that as a
5 pragmatic matter the unions are here. They're going
6 to get involved and we have to find a way and
7 protocol that allows not only competitive contracting
8 to go on, but work rules and changes in the way it's
9 being done because it is a given. We're not going to
10 come in here and start with a blank piece of paper
11 and tell you importantly how you migrate to that
12 situation over the next couple years.

13 I say to you out-source is a slippery
14 slope. It's the beginning, end for the union and I
15 think that can generate many problems beyond our
16 imagination for the workers of the transportation
17 authority or whatever it may be or union in
18 Philadelphia. Thank you.

19 CHAIRMAN GEIST: I'd like to note that
20 Representative Todd Platt has rejoined members today.

21 John Leary, General Manager of SEPTA if
22 you could come forward to testify. The Mayor has
23 mentioned Mr. Leary comes of way of Boston, but
24 actually it was through Saint Louis running its
25 transit agency prior to coming here to SEPTA. An I

17

1 can say for the record that he has done an
2 outstanding job. I appreciate very much the
3 extension he's made to the suburban and I believe two
4 Philadelphia delegations in the legislature to
5 interact with us more than I believe we may have in
6 the past and I think we appreciate that very, very
7 much, but you may accept those comments with some
8 trepidation knowing that you're in a city where on
9 week you meet the Dallas Cowboys and in two weeks
10 later you're the third string quarterback. So with
11 that I'll let you begin with your comments here this
12 morning.

13 MR. LEARY: Good morning and thank you
14 very much for those kind words, Mr. Chairman. Mr.
15 Chairman, I know you're pressed for time. If you
16 would like to defer my comments and I can do them at
17 lunch, it's up to you. It's only ten to twelve
18 minutes worth of comments.

19 REPRESENTATIVE DRUCE: Why don't we do
20 that, and we'll have your comments here. We'll go
21 through some of those during lunch. Why don't we
22 open the floor for questions at this time from
23 members of the Committee.

24 CHAIRMAN GEIST: I have a question to
25 ask about out-source. I represent a district that

1 has probably the most wonderful rail labor in
2 America. We have locals in my district and brotherhood
3 lodges that are in the same brotherhood lodges that you
4 have currently at SEPTA. Now, when it comes to some
5 of the work that's performed and a person that travel
6 through SEPTA and I see the output of some of the
7 stuff that's done in my district versus here. I
8 can't see a problem with your contracts with asking
9 for competitive bids from people who are doing the
10 same thing in the private sector in my district that
11 are working for you in the public sector down here.
12 Is there a problem with that out-sourcing? Is there
13 a problem with that competitive nature?

14 MR. LEARY: Representative, I would say
15 that in 1990 it's important for every public agency
16 to be as cost effective and return to the citizen,
17 that tax payer dollars worth of effort for dollars
18 worth of pay. An agency like that I think we have to
19 look at the things we do and the way we do business
20 and what we do good we should keep inside. What we
21 don't do good, we have to look to the private sector
22 to do that service for us and the money that we save
23 by contracting out certain services, we can put back
24 into the core of business that we do and we do well.
25 Recently, we just had a great deal controversy that

1 we contracted out our Paratransit service. What the
2 agency did originally -- let me give you the
3 background on this In 1991 this agency took over
4 the responsibility in this region to provide
5 paratransit service and it had been contracted out
6 since 1981. In 1996 one of the firms went bankrupt.
7 The agency took that service, took over the employees
8 and the emergency provided the service. Several
9 months ago we put out requests for bids to provide
10 that service to the private sector. We had this
11 issue in our labor union. They wanted to keep that
12 service in-house and get into that business. Frankly
13 we felt it was not applicable business. We're not in
14 the business of taking people to kidney dialysis
15 every morning. We should leave that for the private
16 sector. The monies we could save, the tax dollars we
17 could say by giving private sectors that work, we
18 could put additional buses on those routes that are
19 currently standing room only and that we sought as a
20 win win for everyone.

21 Some of our maintenance interests.
22 There are some things that we do real well, but we
23 don't rebuild windshield wipers very well. We don't
24 rebuild Volvo air conditioners. We have gone to
25 contracting that out to the private sector. The

1 money that's saved gets put right back. It can
2 potentially be a win win for both labor and the tax
3 payer if it's headed properly and I would
4 respectfully say we're trying to handle it properly.

5 REPRESENTATIVE OLASZ: Some of my
6 questions picking the flag crap out of the pepper.
7 I'm curious on page 42B when you went from number one
8 to motor vehicle diesel fuel to number two, did that
9 effect your mileage on your buses in any significant
10 way?

11 MR. LEARY: No. Years ago the
12 difference between number one diesel fuel and number
13 two diesel fuel is very substantial, has the
14 environmental regulations to hold late '80s, early
15 '90 to refinement process has become such that there
16 was a substantial difference in the quality of the
17 fuel, but there was a substantial number of
18 difference in price.

19 REPRESENTATIVE OLASZ: How about
20 mechanically as far as your objective on your
21 diesels, any increase maintenance?

22 MR. LEARY: Not at all receptacle.

23 REPRESENTATIVE OLASZ: Okay. Thank you
24 very much.

25 REPRESENTATIVE STRITTMATTER: One quick

1 question. I read in your comment that you were
2 rapidly approaching the contract negotiation with the
3 largest union of SEPTA. Can you say today or should
4 this Committee be aware that we anticipate possibly
5 some sort of work stoppage or impasse possibly due to
6 the business recommendation that are going to try to
7 be implemented at the bargaining table because my
8 understanding of what your contract says here must be
9 implemented at the bargaining table.

10 MR. LEARY: What I can say to you is,
11 and I want to leave -- and I think it's appropriate
12 to leave the backing at the negotiation table.

13 REPRESENTATIVE STRITTMATTER: Which I
14 am.

15 MR. LEARY: I do believe in fair
16 agreement which affect the both needs of labor and
17 management I would personally like to see this
18 project be a long term five year contract worked out.
19 I don't think there is a need for a strike.

20 SEPTA has a reputation around the
21 industry of striking first. I've been told in nine
22 months that a strike issue. I keep asking people get
23 beyond that. I've been asking everyone in SEPTA to
24 keep a very open mind above the way that we do
25 business. I think we all appreciate the changes

1 necessary to be competitive, but change doesn't
2 necessarily have to be bad. It can be good. We
3 can't keep doing business as usual and expect an
4 organization to be successful and have people -- for
5 people to have conference in the way we spend dollars
6 if we don't do business as usual. I'm very hopefully
7 that people will approach contract labor negotiations
8 at this time with a very open mind and find a way to
9 take contract agreement that was first written in
10 1924 and turn it into something that's 1997 and we
11 can all be very proud of whether it's a person, the
12 work out of this property that works eight hours
13 every day, the bus driver that goes out and does his
14 job every day, can be very proud of what he does and
15 expect a pay check, long term stability built in this
16 organization.

17 REPRESENTATIVE STRITTMATTER: I agree
18 with you, sir, that negotiations should be taken and
19 I hope today in this commentary is not an open salvo
20 of that process. Thank you very much.

21 REPRESENTATIVE MARKOSEK: Mr. Leary, I
22 have four questions and maybe we can continue the
23 answers afterwards, but at least get everybody
24 thinking. Two of them deal with the bullet sup. One
25 is relative to written report here that you're

1 switching some your heavy rail to light rail. Is
2 that -- did I read this correctly?

3 MR. LEARY: We're switching some of our
4 lines. We're trying to get into the standards issue
5 of livestock and over our next purchase -- let me
6 back up. We're about to back upon a program to
7 reinstitute rail service of one of our lines. Some
8 of our existing needs on that line necessitate a
9 purchase of knew equipment in West Philadelphia.
10 Now, with that purchase we want to ask principal, one
11 of them being standardization equipment. And I think
12 what you're reading here is the fact that we're
13 taking equipment from one line and putting it on
14 another line as opposed to heavy line effect
15 elevator, we're putting that on light rail. These
16 are different modes, different technologies that
17 exist inside SEPTA.

18 MR. MARKOSEK: I want to talk a little
19 bit more about that later.

20 A follow-up question is relative to
21 Amtrak compatibility and that equipment which you're
22 switching to --

23 MR. LEARY: The compatibility issue with
24 Amtrak involves our regional rail system which again
25 is a different technology and our existing rail

1 equipment on our regional rail line is compatible
2 with Amtrak. We have bids out as we speak for the
3 purchase of 12 additional rail guys. Those guys
4 we're trying to make them very standard guys.

5 REPRESENTATIVE MARKOSEK: The other
6 thought I'm very familiar with it have been a great
7 advocate has been the STV, Small Transit Vehicles, we
8 call it the link system in Allegheny County and I
9 think it was mentioned by the previous speaker, small
10 feeder buses that go into the neighborhoods and drop
11 people off and bring them to the main lines. How
12 active are you with that? Do you have a significant
13 program, small transit vehicles or is that something
14 you're looking at?

15 MR. LEARY: We're just getting started.
16 As a matter of fact, we've just taken delivery of
17 second group buses. We're now up to 17 small buses,
18 but I have to tell you, the previous speaker talked
19 about the changes, going into the counties and into
20 residential neighborhoods and people don't want to
21 see a standard 40 foot bus in residential
22 neighborhoods. We have a service called Breeze.
23 It's a small bus, different name. It's very
24 important the first impact here in Philadelphia, it's
25 been overwhelmingly, successful to the point it's got

1 us in trouble. We introduced a new line called the
2 Hoshen Breeze and within a matter of months the buses
3 became packed. And unfortunately our customers began
4 calling it the Hoshen Squeeze. So we're specifically
5 going out and getting something additional buses and
6 really responding, taking the product to the market.
7 Since then we have the Commonwealth Breeze and we've
8 met several others on the driver board. I would hope
9 that we would like in the next year get up to 50, 60
10 buses, replacing big buses to small buses, creating
11 shuttle type systems right into the transit stations
12 and making the transit stations seem less possible so
13 the bus arrives three or four minutes before the
14 train arrives so people have a smooth transition from
15 one road to another. These small buses for whatever
16 reason are very, very successful.

17 REPRESENTATIVE MARKOSEK: Because of the
18 labor problem, quite frankly, we lost it, but I think
19 we got that ironed out now and one of my goals coming
20 on board part of the revenue get that route
21 established again. We're working on a couple other
22 things really. We've just chosen or been one of the
23 people chosen to be, I don't know, genny pigs or
24 whatever for the new choice in the electric power
25 purchasing.

1 MR. LEARY: Deregulation of the pilot
2 project.

3 REPRESENTATIVE MARKOSEK: I got a better
4 word than genny pig. You are involved with that
5 because I know it's a significant sayings for us?

6 MR. LEARY: Yes, I think that's a real
7 opportunity for both of us in the future. We use 30
8 million in the course of the year and deregulation
9 now competitive. We were selected for the pilot
10 program which represent only ten percent of our full
11 load. As soon as we were selected we solicited bids
12 for both generally utility service, for high tension
13 service and electrical power position and three
14 competitive bids and in fact saved money on the three
15 bids

16 REPRESENTATIVE MARKOSEK: And the last
17 thing I have is relative to senior citizens, do you
18 have any programs in line to attract more senior
19 citizens ridership because you do get that off peak,
20 you get that subsidy and you know, we received other
21 transit systems and basically left money on the table
22 senior ridership is bogged down. Do you have any
23 programs in place to get that beefed up?

24 MR. LEARY: Fortunately and
25 unfortunately that's a little larger part of our

1 market today I think we have to focus us on. We're
2 spending a lot of time on that as we redesign our
3 system to respond to the markets and, no, I can't
4 give you any specifics at the moment, but we have
5 much become aware that is becoming a very important
6 market for us.

7 REPRESENTATIVE GEIST: I have one quick
8 question and we'll move along. I'm curious in the
9 short time you've been here probably it's Southeast
10 called regionalism, but the time come to actually
11 doing it is another story. Have you found on trying
12 implementing some of the things you would like to do
13 since you've been here, whether it deals with the
14 Board or dealing with general assembly or other
15 entities? What we like to talk about is in a
16 positive way, sometimes become hindrance and I ask
17 that question in one part. And the second part is
18 are there ways that we in general assembly -- where
19 we need to work together to put suburban Philadelphia
20 and you work together in-house any other level of
21 government that basically go there own boundaries of
22 work can be helpful in trying to tear down some
23 projects? It's not viewed as city projects. It's
24 not viewed as suburban projects. How much of that do
25 you think existing or you said it's really not an

1 issue? You can do a lot of things without it?

2 MR. LEARY: I can answer that question
3 in two ways One of my personal strategies of riding
4 in Philadelphia was beginning the first six months of
5 my time talking to people and determining what the
6 expectation was and what they looked for SEPTA to be
7 in region. I can tell you a hundred percentage as I
8 went around the region in the various counties as
9 well it was very nice to see that there's such an
10 overwhelming desire for SEPTA to be successful in
11 this this region. I mean, people legitimately want
12 it to work and they wanted it to work well. They
13 wanted it to be efficient and they wanted to make
14 sure their tax dollars were being well spent. That
15 really make it work is there -- and as seen in the
16 general assembly just shortly after I arrived with
17 the transportation package, how positive that was.

18 I will tell you as you get several tiers
19 down there is a competitiveness of the funds because
20 there is a desire in each region to introduce new
21 transportation services, new projects. Everybody
22 wants these projects and they feel they're important
23 and that in itself precipitates competition for the
24 dollars and whether that is regionalism or not, it
25 sort of the healthy process. It does indicate that

1 the needs far exceed the ability to provide. So we
2 try to be very careful in determining priorities and
3 stretch the dollar as far as we can, put together a
4 counter program in the context of an annual element,
5 but in the context of a six year plan and 12 year
6 plan so we can begin to try to address so people can
7 see what they're looking for, what the projects have
8 for them, did they on the plan and they can see them
9 and follow. That's how we're dealing with it, but,
10 yes, there is a competitiveness for further dollars
11 in the region.

12 CHAIRMAN GEIST: Jack, thank you very
13 much for your time. Any other questions?

14 (No response.)

15 CHAIRMAN GEIST: At this time this
16 concludes our Committee meeting and thank you all for
17 attending.

18 (Whereupon, at 11:55 a.m. the hearing
19 was adjourned.)

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C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me, and thereafter reduced to typewriting by me or under my direction; and that this transcript is a true and accurate record to the best of my ability.

COMMONWEALTH REPORTING COMPANY, INC.

By: Iris C. Buckner 

Iris C. Buckner
