



Southeastern Pennsylvania Transportation Authority

**House Transportation Committee Hearing
August 18, 2008**



Study Framework

- Undertaken to address Act 44 requirements
- Analysis covered the following major areas:
 - History and experience with contracting
 - Labor, legislative and legal barriers to contracting
 - Future opportunities for contracting



History and Experience

- SEPTA has a 25 year history of using private sector providers to provide:
 - Fixed route bus service
 - ADA paratransit service
 - Core support functions ranging from transmission rebuilding to ticket vending and snow removal
 - Administrative support services
 - Design and construction of capital projects



Current Contracting Activity

- \$91.1 million spent in FY 2007 operating budget on private sector contracts
 - Purchased transportation (Fixed Route and Paratransit) - \$38.8 million
 - Maintenance and other transportation services - \$22.8 million
 - Professional services - \$29.4 million
- \$237 million spent in FY 2007 capital budget on private sector contracts
 - Design and construction contracts for stations, elevated guideway, bridges, electric power substations and other infrastructure



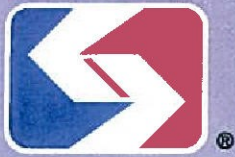
Contracted transportation services

- \$38.8 million for Fixed Route and Paratransit service
 - 4 fixed route bus services contracted out
 - New services
 - Suburban routes
 - Circulator services (i.e. LUCY)
 - All ADA paratransit service (contracted out for more than 25 years)
 - Job Access and Reverse Commute services
 - Transportation Management Associations contract out all service



Maintenance and other transportation services - \$22.8 M

- Revenue Vehicle Maintenance
 - Rebuilding of engines, transmissions, traction motors, alternators; collision repairs; upholstery
- Infrastructure Maintenance
 - Paving; tree trimming and brush cutting; trash removal; pest control
- SEPTA headquarters at 1234 Market Street
 - All building management functions including security, maintenance and repairs, HVAC, trash collection



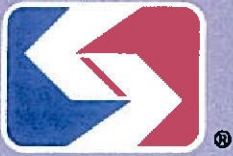
Maintenance and other transportation services - \$22.8 M

- **Snow removal**
 - Snow and ice removal at 170 regional rail stations, shops, yards and facilities
 - Landscaping and janitorial services
- **Revenue Operations**
 - All regional rail ticket sales functions, token packaging, printing of passes, tickets and other fare media



Professional Service contracts - \$29.4 M

- Workers' Compensation Administration
- Consulting and General Engineering Services
- Legal Services
- Laboratory, employee counseling and physician services
- Investigation and surveillance services
- Audit services
- Software maintenance and support
- Data processing



Labor, legislative and legal barriers

- Labor's stated or implicit contractual rights within collective bargaining agreements and arbitration awards
- Labor protection clauses including no lay-off provisions
- Federal Section 13(c) labor protection rights
- Commonwealth's Separation Act which does not allow DBOM type projects



Labor, legislative and legal barriers

- Collective bargaining agreements and arbitration awards
 - SEPTA attempted to establish bus routes to replace terminated regional rail service using third party contractors
 - Union filed grievance on grounds of labor contract and National 13(c) agreement
 - Arbitrator's 2001 decision ruled that contracting out violated collective bargaining agreement
 - As a result, contracting of fixed route service has been limited to new service



Labor, legislative and legal barriers

- Federal Transit Act - 13 (c) provision
 - National model agreement includes “sole provider clause”
 - Grant recipient of federal funds (i.e. SEPTA) is recognized as the only provider of transportation services and labor union employees covered under collective bargaining agreements can perform fixed route service
 - 13 (c) provides for employee earnings and benefits for up to 6 years should there be job elimination



Labor, legislative and legal barriers

- Pennsylvania Separations Act
 - Act 104 dates back to 1904 and requires multiple prime contracts for construction project is excess of \$4,000
 - Design, build, operate and maintain (DBOM) projects can not meet requirements of Separations Act
 - DBOM type projects used by transit operators in many areas of the country, particularly with new rail services



Future contracting opportunities

- Continue to contract:
 - New fixed route services and Paratransit
 - Maintenance and other transportation services
 - Professional services
 - Design and construction contracts
- Explore additional administrative and non-core business opportunities
 - New payment technologies, drug, alcohol and medical testing, call center

