

TRANSPORTATION COMMITTEE  
PUBLIC HEARING

CITY HALL, ROOM 400  
1400 JOHN F. KENNEDY BLVD.  
PHILADELPHIA, PA

FRIDAY, SEPTEMBER 13, 2019  
11:00 A.M.

PRESENTATION ON  
MASS TRANSIT FUNDING

BEFORE:

HONORABLE TORREN ECKER  
HONORABLE MINDY FEE  
HONORABLE MARCIA M. HAHN  
HONORABLE DOYLE HEFFLEY  
HONORABLE TIM HENNESSEY, MAJORITY CHAIRMAN  
HONORABLE JOHN A. LAWRENCE  
HONORABLE TODD STEPHENS  
HONORABLE MARCY TOEPEL  
HONORABLE MIKE CARROLL, DEMOCRATIC CHAIRMAN  
HONORABLE MARIA P. DONATUCCI  
HONORABLE STEPHEN KINSEY  
HONORABLE ED NEILSON  
HONORABLE JENNIFER O'MARA  
HONORABLE PERRY S. WARREN

ALSO PRESENT:

JOSIAH SHELLY  
Majority Executive Director to  
Chairman Hennessey

MATTHEW RUCCI  
Majority Research Analyst

MEREDITH BIGGICA  
Democratic Executive Director to  
Chairman Carroll



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1 MAJORITY CHAIRMAN HENNESSEY: Good  
2 morning, everyone. My name is Tim Hennessey. I'm  
3 joined here on my left, your right, by Mike  
4 Carroll, my Democratic counterpart who shares in  
5 the House Transportation Committee.

6 And I want to welcome all of you, our  
7 testifiers, people who are here to witness what's  
8 going on, to our public hearing of the House  
9 Transportation Committee on the issue of funding as  
10 we look into the future, the future possibility for  
11 funding the transportation needs across the  
12 Commonwealth.

13 Welcome also to historic City Hall in  
14 Philadelphia; Pennsylvania's only first-class city.  
15 I have seen this room only on television and news  
16 reports over the years, so I feel rather impressed  
17 to be here sitting at the table in front of you.  
18 There doesn't look like we have a whole lot of  
19 people in the gallery, so we won't face any kind of  
20 side comments, I guess, from them.

21 But, anyway, thank you again to our  
22 testifiers. Again, my name is Tim Hennessey. I'm  
23 from Chester County.

24 And, John, will you introduce  
25 yourselves and we'll just have the members



1 introduce themselves across the front table here.

2 REPRESENTATIVE LAWRENCE: Well, good  
3 morning. John Lawrence representing southwestern  
4 Chester County and part of Lancaster County.

5 REPRESENTATIVE STEPHENS: Todd  
6 Stephens from eastern Montgomery County.

7 MR. SHELLY: Josiah Shelly, executive  
8 director for Chairman Hennessey.

9 MINORITY CHAIRMAN CARROLL: I'm Mike  
10 Carroll from Lackawanna and Luzerne Counties. I'm  
11 the Democratic Chair of the Transportation  
12 Committee.

13 REPRESENTATIVE NEILSON: Ed Neilson,  
14 Philadelphia County, for the 174th Legislative  
15 District right here in Philadelphia.

16 REPRESENTATIVE DONATUCCI: Good  
17 morning. I'm Maria Donatucci for the 185th  
18 District, Philadelphia and Delaware Counties.

19 REPRESENTATIVE HAHN: Good morning.  
20 Marcia Hahn, 138th District, Northampton County.

21 REPRESENTATIVE FEE: Good morning.  
22 Mindy Fee, Northern Lancaster County, 37th  
23 District.

24 REPRESENTATIVE KINSEY: Good morning.  
25 Stephen Kinsey, Philadelphia County.



1 REPRESENTATIVE O'MARA: Good morning.  
2 Jennifer O'Mara, Delaware County, 165th District.

3 MAJORITY CHAIRMAN HENNESSEY: We are  
4 also joined by a few other members of the House of  
5 Representatives.

6 Marcy, do you want to introduce  
7 yourself or stand up, please? Marcy Toepel is on  
8 one of our leadership teams in Harrisburg.

9 Representative Torren Ecker is also  
10 joining us. And we've also been joined by  
11 Representative Perry Warren from Bucks County and  
12 Doyle Heffley from Carbon County.

13 MINORITY CHAIRMAN CARROLL: We are  
14 also joined by Meredith Biggica, Democratic  
15 Executive Director.

16 MAJORITY CHAIRMAN HENNESSEY: With the  
17 introductions out of the way, our first testifier  
18 this morning is Jennie Granger from PennDOT,  
19 Pennsylvania Department of Transportation. And  
20 she's Deputy Secretary for Multimodal  
21 Transportation.

22 And with that introduction, Jennie,  
23 kick it off any time you're ready.

24 MS. GRANGER: Good morning Chairman  
25 Hennessey, Chairman Carroll, Members of the



1 Committee and Staff.

2 As noted, my name is Jennie Granger.  
3 I'm Deputy Secretary for PennDOT. On behalf of  
4 Secretary Leslie Richards, thank you for this  
5 opportunity to testify before all of you today to  
6 discuss public transportation here in the  
7 Commonwealth.

8 I've provided detailed testimony and  
9 I'd like to speak briefly and summarize that packet  
10 that I've provided to you. And it boils down to  
11 four key points:

12 The importance of all public  
13 transportation in Philadelphia or, I'm sorry, in  
14 Pennsylvania, not just Philadelphia, to the quality  
15 of life for our citizens; Pennsylvania's current  
16 investment and what we have done with that funding;  
17 ongoing investment needs and consequences of not  
18 making that investment; and, lastly, funding  
19 alternatives.

20 So Pennsylvania's public transit  
21 system, it's open, it's accessible and it's  
22 affordable to all Pennsylvanians regardless of  
23 gender, age, income, disability, race. It's  
24 available in some form in all 67 counties within  
25 the Commonwealth. That is something we are very



1 proud of.

2           There are 53 different public  
3 transportation agencies that provide a variety of  
4 public transportation services from what we  
5 referred to as demand response shared-ride, mainly  
6 used by our senior citizens, to fixed route buses,  
7 which are definitely prevalent as you step outside  
8 here in Philadelphia.

9           We have systems that have one or two  
10 buses to systems such as SEPTA and the Port  
11 Authority with over 1,000 buses and rail cars.

12           So in the urban areas public  
13 transportation is an important part of the economy.  
14 It provides direct access to work, shopping,  
15 medical appointments, school, and basically the  
16 ability for people to remain independent within  
17 their communities.

18           So it goes without saying SEPTA and  
19 the Port Authority of Allegheny County are our  
20 largest systems. SEPTA provided 302 million trips  
21 on their fixed route buses and trains in fiscal  
22 year 17-18. So the Port Authority provided over 62  
23 million trips during that same period.

24           Our other smaller and larger urban  
25 transit systems provided 29.4 million trips. That



1 means that outside of the Pittsburgh and  
2 Philadelphia regions, more than 80,000 trips are  
3 taken every day.

4 They provide critical connections for  
5 the citizens and, more importantly, they keep tens  
6 of thousands of people from adding congestion to  
7 the existing roadway network.

8 So the rural connections. While  
9 prevalent -- again, public transportation -- in  
10 urban areas, it's also critical and in some  
11 situations more so in our rural areas throughout  
12 the state.

13 We have 12 rural systems. They cover  
14 20 counties. That's provided over 2.4 million  
15 fixed route trips. That translates to 6500 trips  
16 to work, medical appointments, business centers  
17 every single day.

18 So shared ride. So throughout the  
19 statewide shared-ride program we have about 3 and a  
20 half million trips for seniors in the fiscal year  
21 2017-18. Also, over 396,000 trips were provided at  
22 a reduced cost for persons with disabilities on the  
23 system.

24 So it's not just used by senior  
25 citizens. And these statistics include everybody



1 except for Philadelphia, which they have service  
2 through SEPTA.

3 So through a multi-year effort to  
4 conduct rider surveys throughout the state, we know  
5 that outside of Pittsburgh and Philadelphia 34  
6 percent of people use the bus to go to work. And  
7 59 percent of people that use the bus do not have  
8 access to a car, whether that's of their own doing  
9 or for other reasons.

10 So what does this mean? Because  
11 transportation is more than just moving goods and  
12 services from point A to point B. It's about the  
13 economy. And we stand by the statement that  
14 transit drives the economy.

15 So, again, besides a way for people to  
16 get from one place to another, transportation  
17 agencies contribute to the economy of the  
18 Commonwealth. Between 2013 and '16 Pennsylvania  
19 public transit agencies brought more than \$1.3  
20 billion in Pennsylvania goods and services.

21 And, according to our estimates, which  
22 we believe are conservative, investment in public  
23 transportation generates more than \$10 billion in  
24 economic activity each year in the Commonwealth.  
25 Jobs, which we all care about, transit creates or



1 maintains more than 100,000 jobs annually each  
2 year.

3 So let's talk about Pennsylvania's  
4 sustained financial support of public  
5 transportation. Over the past four decades the  
6 Commonwealth has provided significant support for  
7 public transportation.

8 With the Passage of Act 44 in 2007 and  
9 the creation of the Public Transportation Trust  
10 Fund, we have a more streamlined funding structure  
11 that has allowed us to stabilize public  
12 transportation and invest in our capital  
13 improvements in a very thoughtful and well-planned  
14 out, delivered way.

15 Act 44 has also strengthened the  
16 accountability of transit systems as the state took  
17 a larger and stronger role in auditing and  
18 reviewing performance of them. Each year we  
19 provide you with our Annual Performance Report.

20 And if you talk to any of your transit  
21 agencies in your district, they will tell you we  
22 regularly review them to ensure they are looking at  
23 ways to efficiently run the operation, improve  
24 their management, and improve the performance of  
25 their systems for their constituents.



1           So the passage of Act 89 in 2013  
2 brought a steady, consistent increase in capital  
3 funding that assists the transit agencies with a  
4 backlog of capital projects that will help bring  
5 their systems into a state of good repair.

6           SEPTA and the Port Authority  
7 specifically now have dedicated funding that allows  
8 them to plan more than one year out for these  
9 investments so that they can tackle their  
10 longstanding capital issues.

11           We've also made significant  
12 investments in other transit systems across the  
13 state. These projects have reduced operating  
14 expenses, created safer working environments for  
15 employees, provided safer and more reliable  
16 transportation for the constituents and, most  
17 importantly, we've been able to leverage federal  
18 dollars here within the Commonwealth.

19           So in the testimony package I gave  
20 you, Attachment 1 lists in a summary table projects  
21 that have either been started or completed using  
22 these funds. SEPTA and Port Authority projects,  
23 that list is substantially longer, but we wanted to  
24 make sure that you were aware that these funds help  
25 all counties within the Commonwealth.



1           In addition to the facility  
2           improvements and vehicle purchases for the transit  
3           agencies, PennDOT has also invested in technology  
4           to improve public transportation and help  
5           standardize it across the state.

6           We have what's referred to as the  
7           Capital Planning Tool. That helps us, again, plan  
8           for next year, five years, ten years, so that we  
9           are able to best allocate funding as it's  
10          available.

11          We've also purchased a statewide  
12          scheduling software and deployed it to all the  
13          shared-ride systems across the state, except for  
14          SEPTA and Port Authority, who already utilize their  
15          own. This helps folks, again, run a more efficient  
16          system.

17          We've also expended funding for  
18          development of a statewide Fixed Route Intelligent  
19          Transportation System. This is for the fixed route  
20          buses. Again, it allows them to better schedule,  
21          operate efficiently, provide real time information  
22          to myself if I'm standing waiting for the bus.

23          And some of you have been involved or  
24          heard of our Compressed Natural Gas Public-Private  
25          Partnership that we've entered into. So we manage



1 an 84.5 million P3 that provides Compressed Natural  
2 Gas fueling infrastructure to 25 transit agencies  
3 at 28 states throughout the Commonwealth.

4 Why is that important? It helps us  
5 drive down operating costs. It's better for the  
6 environment. So all of these things collectively  
7 have helped us do more within the Commonwealth and  
8 expeditiously move forward.

9 Investment needs. While I believe all  
10 of the things that I previously mentioned make our  
11 transit system some of the best in the country, I  
12 would be remiss if I did not talk about funding.  
13 I'm sure I've spoken with many of you previously so  
14 this should not come as a surprise.

15 All of these efforts require public  
16 investment and Pennsylvania has made that  
17 investment over the past four decades to create a  
18 system that has been the fabric of many of the  
19 communities in which we live.

20 Act 89 of 2013 requires the  
21 Pennsylvania Turnpike to dedicate \$450 million  
22 annually to public transit and the multimodal fund.  
23 In 2022 Turnpike payments to PennDOT will be  
24 reduced to \$50 million.

25 The legislation as currently written



1 requires that \$450 million then be deposited from  
2 the General Fund, the motor vehicle sales tax, into  
3 the Public Transportation Trust Fund. While Act 89  
4 provided much needed stability in capital  
5 investment, there is roughly \$1.2 billion a year  
6 remaining in state-of-good-repair needs across the  
7 state.

8 So these cost estimates are simply to  
9 make sure we keep our systems in a state of good  
10 repair. They do not include any regional projects  
11 of significance that would require additional  
12 investments.

13 We need a long-term, sustainable  
14 funding solution for transit. You will need  
15 collectively to determine whether the current  
16 legislation and funding structure is doable from a  
17 Commonwealth perspective when that time arrives.

18 If Act 89 is amended to eliminate the  
19 vehicle sales tax commitment beginning in 2022-23  
20 when the Turnpike payments are reduced, \$3.6  
21 billion in public transportation investment is at  
22 risk beginning in 2022 through 2030.

23 There will be impacts if we lose this  
24 funding. On an operating level, it will restrict  
25 the growth of transit and impede work force



1 development within the Commonwealth.

2 We know that if transit becomes less  
3 reliable, we lose passengers because they cannot  
4 depend on it to get to their activities on time,  
5 whether that is their job or a doctor's appointment  
6 or school. It becomes a downward spiral as  
7 revenues drop and service is cut.

8 Capital funding is also important to  
9 bring our system into good repair. We have done, I  
10 believe, an excellent job in the past five years to  
11 make appropriate investments. Currently the  
12 average bus is 5.7 years old and over 80 percent of  
13 buses are within their targeted useful life.

14 As buses age, just like your car, they  
15 require larger maintenance investments and spend  
16 more time out of service and reliability decreases.  
17 Additionally, safety concerns increase as vehicles  
18 and infrastructure age.

19 Finally, PennDOT depends on the Public  
20 Transportation Trust Fund to support the passenger  
21 rail service in the Commonwealth. The loss of this  
22 funding would have both significant operating and  
23 capital impacts.

24 We would have to reduce service on the  
25 Keystone and the Pennsylvanian since current



1 funding is used to subsidize operations on that  
2 service.

3 We would also not be able to continue  
4 our robust station improvement program that is  
5 addressing longstanding ADA accessibility issues as  
6 well as improving the overall passenger experience.  
7 Most importantly, we also risk losing federal funds  
8 if we do not have these state dollars to provide  
9 the local match.

10 We look forward to working with you to  
11 find funding solutions. And, as you are all aware,  
12 several studies to date have been done by the  
13 Transportation Advisory Committee and the Southeast  
14 and Southwest Partnerships for Mobility.

15 Some of their solutions -- they have  
16 suggested alternative funding solutions  
17 specifically, things that currently do not  
18 contribute to transportation or, if they do, in a  
19 small way.

20 Those include, but are not limited to,  
21 sales tax, personal income tax, real estate  
22 transfer tax, a transportation network fee,  
23 congestion pricing, tire, vehicle leasing or  
24 vehicle rental fees.

25 We will continue to work with



1 stakeholders and legislators to identify long-term  
2 funding strategies because we want to maintain  
3 these critical services while supporting economic  
4 growth.

5 The Wolf administration believes  
6 strongly that mass transit is a vital part of our  
7 communities and economy and it is essential that we  
8 continue making strong investments in it.

9 And with that I will take any  
10 questions from the Committee.

11 MAJORITY CHAIRMAN HENNESSEY: Thank  
12 you, Jennie. Let me just ask you a question, if I  
13 may.

14 First of all, let me say that  
15 yesterday we committee members were taken out to  
16 University City, from here at City Hall out to  
17 University City to see some of the rather exciting  
18 and cutting-edge medical research establishments  
19 being grouped together.

20 But the ride up was in one of the new  
21 SEPTA buses that you referred to in terms of moving  
22 our -- improving the rolling stock here at SEPTA.

23 MS. GRANGER: I probably should have  
24 told Jeff to put you on one of the ones at the end  
25 of their useful life.



1 MAJORITY CHAIRMAN HENNESSEY: You  
2 mentioned twice in your testimony some challenges  
3 or maybe threats to the funding. You talked about  
4 whether or not Act 89 might be amended to eliminate  
5 the vehicle sales tax commitment beginning in 2022.

6 I have not heard anything about that.  
7 Are there rumors out there that I'm not aware of?

8 MS. GRANGER: I'm not spreading those  
9 rumors, Representative, but I think the  
10 Transportation Advisory Committee had completed a  
11 study earlier this year. And the exact title --  
12 and I may get this wrong -- is basically risks to  
13 transportation funding. And that was one of the  
14 potential risks that they have identified.

15 So I hope that's not true, but I think  
16 anything is possible. And you all know the budget  
17 better than I do, but that's a very large chunk of  
18 money. And I think there's legitimate concern that  
19 when that time rolls around, the funding may not be  
20 there.

21 MAJORITY CHAIRMAN HENNESSEY: Okay.  
22 The only reason I mentioned it, to give it any  
23 emphasis beyond your testimony, was simply I had  
24 not heard any kind of suggestion like that and I'm  
25 happy that I haven't.



1 MS. GRANGER: Yes. So am I.

2 MAJORITY CHAIRMAN HENNESSEY: My hair  
3 is already gray but Chairman Carroll's hair is  
4 getting grayer by the month just trying to deal  
5 with the uncertainty of future funding. We do have  
6 some challenges ahead but...

7 MS. GRANGER: Agreed.

8 MAJORITY CHAIRMAN HENNESSEY: We'll  
9 keep our eyes open for that kind of challenge.

10 Mike, do you have any questions?

11 MINORITY CHAIRMAN CARROLL: Not so  
12 much a question but a comment.

13 And that is that we really ought to be  
14 quite thankful to the Pennsylvania Turnpike with  
15 what they have done for our Commonwealth, our  
16 citizens and our economy. The assignment that we  
17 have given the Turnpike is an expensive and  
18 challenging assignment and they have fulfilled  
19 that.

20 I think the smart policy would be to  
21 try to dial back that commitment sooner than 2022  
22 and to try and find a solution that approaches  
23 something like Senator Ward has proposed, which is  
24 a more aggressive reduction in the Turnpike  
25 payments to PennDOT and to transit authorities.



1           We have committed the Turnpike to a  
2 tremendous amount of borrowing. There will be toll  
3 increases for many years to come. It is not the  
4 Turnpike's fault. It is a policy that we have  
5 enacted in an effort to solve a second problem.

6           I, for one, would like to see this  
7 Committee and the General Assembly as a whole  
8 attack the need to fund the transit obligation with  
9 respect to the \$400 million and not wait until  
10 2022. Admittedly, that is a challenging  
11 assignment, but it is something that we should do.

12           I'm thrilled that Senator Ward has  
13 advanced that in the senate. Hopefully we can  
14 either -- I'll work with her to advance our efforts  
15 to try and get a little bit more aggressive towards  
16 the Turnpike's obligation sooner rather than later.

17           MAJORITY CHAIRMAN HENNESSEY: And on  
18 that line, we addressed it at the Council of  
19 Engineering on Wednesday. And I imagine that we've  
20 already started talks with the Appropriations  
21 Committee to try to advance that additional funding  
22 from the general fund so that we don't face a  
23 significant \$400 million cliff in 2022.

24           We met a couple of weeks ago with some  
25 financiers who indicated that if we could do that,



1 it would send a strong signal to the financial  
2 community that we were serious about addressing our  
3 future transportation funding needs.

4 And it would be beneficial in terms of  
5 our provided issuances in that the interest rates  
6 would be favorably affected if we sent that signal.  
7 So we've already started those talks. So that will  
8 likely happen.

9 Representative Kinsey, you had a  
10 question?

11 REPRESENTATIVE KINSEY: Thank you,  
12 Mr. Chair.

13 Deputy secretary, you mentioned in  
14 your testimony the passage of Act 89 brought an  
15 increase in capital funding that would assist with  
16 the backlog of capital projects.

17 So to date how have we done overall  
18 with that, with those backlogs? I mean, are we 50  
19 percent completed with the backlog or where are we  
20 at overall with the passage of those additional  
21 funds from Act 89?

22 MS. GRANGER: So I'm going to answer  
23 part of your question and I'm going to defer part  
24 of your question to Mr. Knueppel when he takes the  
25 floor because I think he will be able to



1 specifically talk about SEPTA's backlog.

2 I will tell you, if you pull SEPTA and  
3 the Port Authority out of the mix and you look at  
4 the rest of the state, I would say we are -- I'm  
5 going to ballpark it because I don't have the stats  
6 in front of me.

7 I would say we have probably 30 to 40  
8 percent completed and we probably have the  
9 remaining 50 percent in design, planning,  
10 construction and then the remaining 10 percent we  
11 still need to start. So those are maintenance  
12 facilities.

13 Now, I'm lumping all 51 other transit  
14 agencies and Amtrak into that. So the state of  
15 good repair to get the other transit agencies up,  
16 like, as we've initiated projects, it's like  
17 anything else, even at your home. You have other  
18 projects that hit the list, right?

19 So we've made great strides. The  
20 Amtrak line, the percentages are a little bit lower  
21 because those are significantly larger projects,  
22 although I'm very proud to say you've seen  
23 substantial improvements.

24 Paoli will have a ribbon cutting in  
25 two weeks. And that project -- the SEPTA state



1 contribution, that is partially federal but that is  
2 partially state. You will see Mount Joy in  
3 Representative Fee's backyard. We will have a  
4 ribbon cutting with that within the next month.

5 We are methodically moving through the  
6 rail improvements, too. That's a little bit --  
7 that's a little bit different. It's not as easy to  
8 compare, but we are making significant strides in  
9 the state of good repair.

10 Knowing that we have the funding and  
11 it's consistent each year allows us to get projects  
12 moving. Before Act 89 we didn't know necessarily  
13 year to year how much money we would have, right?

14 So Act 89 provided you're going to get  
15 this much money a year going forward. And so in  
16 addition to having that knowledge, we were also  
17 able to advance additional projects.

18 So I can get back to you with a little  
19 bit more detail on where those percentages stand  
20 but, again, SEPTA will be able to give you a  
21 detailed breakdown.

22 REPRESENTATIVE KINSEY: So on another  
23 note you sparked my curiosity based on legislation  
24 I'm proposing.

25 What is the average -- you mentioned



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1 that the current age of a bus is 5.7 years old and  
2 over 80 percent of the buses are within their  
3 targeted useful life.

4 What is the targeted useful life of a  
5 bus? And I'm asking it because some of us are  
6 having a discussion with regards to looking at  
7 legislation to cut it down. I think right now -- I  
8 think in the City or maybe in the Commonwealth they  
9 can go up to 15 years and still be on the road.  
10 But what's the targeted use?

11 MS. GRANGER: So the targeted useful  
12 life is a combination of age and also mileage. So,  
13 again, I can get you those breakdowns.

14 REPRESENTATIVE KINSEY: Please.

15 MS. GRANGER: I can definitely follow  
16 up with the Committee and get you that, but it's a  
17 combination of the two. So if you have a bus in  
18 SEPTA that's 15 years old, I can assure you the  
19 mileage and the age, it is definitely beyond its  
20 useful life.

21 REPRESENTATIVE KINSEY: Okay. Great.  
22 Thank you very much.

23 Thank you, Mr. Chairman.

24 MAJORITY CHAIRMAN HENNESSEY: Thank  
25 you.



1 Representative Neilson?

2 REPRESENTATIVE NEILSON: Thank you,  
3 gentlemen. Thank you, Madam Secretary, for  
4 testifying today.

5 I just want to make it clear. You  
6 threw out a \$1.2 billion in repair needs but I want  
7 to be certain. That's just for transit? That's  
8 not overall transportation for our roads and  
9 bridges and stuff like that because we know that  
10 number is much higher.

11 But I wanted to make sure that anybody  
12 seeing this or watching this or reading it was  
13 clear. That's strictly for transit only?

14 MS. GRANGER: That is correct. I  
15 apologize. I will tell you that on the average  
16 year we are about a billion dollars short in  
17 highway investment also.

18 But the 1.2 billion, that is just  
19 state of good repair, correct, for transit.

20 REPRESENTATIVE NEILSON: Thank you,  
21 Madam Secretary.

22 Thank you, Chairman.

23 MAJORITY CHAIRMAN HENNESSEY:  
24 Representative Hahn?

25 REPRESENTATIVE HAHN: Thank you,



1 Chairman. Thank you, Madam Secretary.  
2 Representative Neilson wanted you to say that  
3 because I told him earlier that he can't have all  
4 the money for SEPTA.

5 Some of us in the northeast, you know,  
6 the Lehigh Valley, we need it for other projects.  
7 So he just wanted to make sure that I wasn't  
8 tapping into that.

9 But I think being on Appropriations  
10 and Transportation, as we're looking at where money  
11 is going, a lot of times you'll hear from members  
12 across the state, well, SEPTA only helps  
13 Philadelphia.

14 So I think it's good to explain to all  
15 of us how it helps someone in the Lehigh Valley.  
16 And when we say Lehigh Valley, we talk about  
17 Allentown, Bethlehem, and Easton, cities, but I'm  
18 north of that. So I don't have a lot of bus  
19 service to bring people even into Allentown.

20 So are you looking -- I'm looking at  
21 the list of projects that are on here. So I don't  
22 see any in the Lehigh Valley. I know they're  
23 asking for more money. So Lanta up here is looking  
24 to expand routes.

25 But how do we help them? How do we



1 get more services to the rural communities as well?

2 MS. GRANGER: So there's a couple of  
3 questions or comments in there I'd like to address.

4 So, one, let's just talk about the  
5 other transit agencies. So every year through our  
6 Capital Planning Tool -- and Bob Fiume is also here  
7 to testify today. He can speak to that.

8 The agencies go in and they plug in  
9 every project that they would like to receive  
10 funding on. So they don't necessarily get -- as  
11 Bob will also testify, they don't necessarily get  
12 funding for every project. But we work with them  
13 to identify, yes, these are good projects, they  
14 need your strategic goals.

15 We are going through that process  
16 right now. In fact, I met with staff yesterday.  
17 So I will tell you Lanta, they were on that list.  
18 They're receiving several funding streams. So we  
19 work each year to make sure the projects they're  
20 selecting we're working with them to go that route.

21 So we want to build the transit in the  
22 more rural areas, right, the non-Philadelphia, the  
23 non-Pittsburgh, because, as I said it before, in  
24 some situations those transportation opportunities  
25 are more critical to the economics and the vibrancy



1 of the community.

2 I will tell you one thing I've heard  
3 from Allentown and Reading and those areas is  
4 linkages back to Philly. So we've struggled with  
5 some of our inner city bus carriers within the  
6 Commonwealth.

7 So the Commonwealth has an inner city  
8 bus program and currently we have two entities that  
9 provide that service that the Commonwealth  
10 subsidizes. I will tell you that I currently have  
11 staff analyzing that and we're going to revamp that  
12 program because I think there's opportunities to  
13 provide increased service from those areas, inner  
14 city, whether it's Reading to Allentown or Reading  
15 to Philadelphia.

16 As services spread and Philadelphia  
17 continues to build their downtown area and it  
18 spreads within the suburbs, we continue to hear  
19 those desires, such as you mentioned. And I'm sure  
20 you're hearing them from your constituents.

21 So I think the discussions that we're  
22 having right now, we are trying to address those.  
23 But I welcome hearing from each and every one of  
24 you specifically on that because it will help guide  
25 the study and the analysis, too.



1                   REPRESENTATIVE HAHN: So our  
2 municipality has five state roads coming through  
3 it, traffic jams and it's a tiny, little  
4 municipality. So they're not going to take a bus.

5                   There's no bus service that's on a  
6 steady schedule to keep people to get to their  
7 jobs. They might get there on time but then  
8 they're not going to get home, even for doctor  
9 appointments.

10                  I have constituents who sit on a bus  
11 for three hours to get to and from a doctor  
12 appointment. Somebody going through dialysis at  
13 6:00 in the morning who gets that ride doesn't get  
14 home until 3:00 in the afternoon. In our area I  
15 think that's crazy, I mean, just having someone  
16 sitting on a bus that long.

17                  So I think it's a good conversation  
18 and if we can do something to get more services,  
19 you know, something to look at in the rural areas  
20 as well.

21                  MS. GRANGER: Again, Representative,  
22 any constituent you have that is experiencing that,  
23 please direct them to us because we may be able to  
24 direct them to services they're not aware they're  
25 eligible for.



1 REPRESENTATIVE HAHN: Thank you.

2 Thank you, Chairman.

3 MAJORITY CHAIRMAN HENNESSEY: You're  
4 welcome.

5 Seeing no other questions, Jennie, let  
6 me just add. Please keep us on your radar moving  
7 the talks forward between SEPTA, PennDOT and the  
8 City towards establishing that service.

9 SEPTA service in the city goes to only  
10 one station west of Thorndale. And I know those  
11 thoughts have been going on probably for 15 years,  
12 but they seem to be getting closer and hopefully  
13 that will happen soon.

14 MS. GRANGER: I can give you an update  
15 on that.

16 MAJORITY CHAIRMAN HENNESSEY: You can?

17 MS. GRANGER: Yes. So I was the  
18 project manager on that project when we started and  
19 I've since passed the torch, but I stay intimately  
20 involved with it.

21 So the Commonwealth has invested --  
22 while we're developing the station and working with  
23 Amtrak, which is sometimes a lengthy, cumbersome  
24 process, we wanted to show the community we were  
25 serious about this.



1           So a year and a half ago we invested  
2 in what we called the Third Avenue Streetscape to  
3 improve the pedestrian walkway, ADA compliance,  
4 better lighting from Route 30 the whole way up to  
5 the station.

6           We actually just let another contract  
7 working hand in hand with the Coatesville  
8 Redevelopment Authority for 4th Avenue and we  
9 should -- we have the design plans for the station  
10 at about 90 percent. We hope to go to construction  
11 next year, depending upon the availability of the  
12 Amtrak work force.

13           So I will tell you out of all the  
14 station improvements that we have planned and on  
15 the docket, Representative, that one is  
16 transformational for that community.

17           So I hear you, and I know, again, you  
18 and others support it. It's incredible for the  
19 economic redevelopment efforts of the city and the  
20 Redevelopment Authority. We are working hand in  
21 hand with them.

22           MAJORITY CHAIRMAN HENNESSEY:  
23 Transformational is a good word and, frankly, it's  
24 important to the city. It would be incredibly  
25 helpful the sooner the better for that community.



1 MS. GRANGER: Absolutely.

2 MAJORITY CHAIRMAN HENNESSEY: Thank  
3 you. Please give our regards to Secretary  
4 Richards.

5 Representative Heffley has a question.

6 REPRESENTATIVE HEFFLEY: As we  
7 approach this funding gap that everybody's been  
8 talking about, it's nothing new. We all know  
9 what's coming.

10 I can tell you that the Turnpike  
11 definitely needs to be relieved of this burden.  
12 The tolls increase is definitely impacting the  
13 Commonwealth transportation and industry that has  
14 to pay those tolls.

15 So as we see these things coming up,  
16 whether it be the State Police funding being  
17 shifted from the Motor License Fund and the  
18 Turnpike not having the burden of those payments,  
19 what as an entity is the administration doing?

20 What is your office doing to cut down  
21 on costs, whether it be administrative costs or  
22 what are you doing for cost saving?

23 Obviously, there's going to have to be  
24 additional revenue that's going to have to come in  
25 from somewhere, but what are you doing on the front



1 end looking at this and saying, where are we saving  
2 money but still providing the services?

3 I see there's a lot -- on the list  
4 there's a lot of maintenance facilities being built  
5 and administrative offices being built. What are  
6 you doing to consolidate administrative fees? Can  
7 maintenance be out-sourced possibly to save funds?

8 MS. GRANGER: So I just want to point  
9 out the Department, we know this transfer of funds  
10 from the Turnpike to us, we know what that is doing  
11 to their programs and to them as a whole.

12 And I know Mr. Duncan is on the  
13 agenda, but I'm sure he will tell you that their  
14 debt has -- if it hasn't, it will surpass that of  
15 the entire Commonwealth as a result.

16 So looking forward, whether we have a  
17 fiscal cliff or we don't, we are always looking at  
18 ways to drive down costs. So I can right off the  
19 top of my head think of a couple things.

20 So the maintenance facilities, one, we  
21 design and construct those and work hand in hand  
22 with the transit agencies. We are looking for cost  
23 savings measures, right?

24 So some of them are bringing them into  
25 the state, like new technology, cutting down labor



1 costs. So there's some entities that have to park  
2 all the buses outside. So you know when we get a  
3 nice, heavy snowfall, all the snow needs to come  
4 off the buses.

5 We have to pay -- the agencies have to  
6 pay people to remove snow. If they're inside, that  
7 cuts down on costs and improves safety. We don't  
8 have people climbing up and building, you know,  
9 additional equipment for snow removal.

10 I talked about the CNG P3 opportunity.  
11 One of the biggest costs that transit agencies have  
12 is fuel. So SEPTA will talk about electric buses.  
13 They're pursuing driving down costs through  
14 electric buses.

15 The rest of our agencies, some of them  
16 are doing electric but a great portion, as you've  
17 heard, are doing CNG. That generally is a cost  
18 savings of about 75 cents per equivalent. It's not  
19 a gallon, but that's why we really pushed the CNG  
20 initiative, again, driving those costs down long  
21 term.

22 Act 44 required performance audits of  
23 the transit agencies. For those of you that were  
24 part of that vote and your predecessors, I cannot  
25 thank you enough for that because I think -- not



1 that the transit agencies weren't trying to operate  
2 efficiently, but I think it allowed us to help them  
3 benchmark against their peers. And there may have  
4 been something -- in situations we'll suggest  
5 something that maybe they hadn't thought of.

6 So I will tell you that every day we  
7 go to work I'm looking for ways to do more with  
8 less in the way of that. And some of it is  
9 bringing them into a state of good repair.

10 Like I said, the older the equipment  
11 is -- I had a 2011 Volvo with 175,000 miles on it.  
12 And as much as I loved that car, I needed to get  
13 rid of it because it was starting to nickel and  
14 dime me to death.

15 So we're trying to move in that  
16 direction. I can assure you I'm not just asking  
17 for the same money or more money. We have a long  
18 list and I will tell you I take that responsibility  
19 very seriously.

20 MAJORITY CHAIRMAN HENNESSEY: Thank  
21 you, Jennie, once again, for your testimony.  
22 Thanks for the work you do at PennDOT and again  
23 with regards to Secretary Richards.

24 Our next testifier is Jeffrey  
25 Knueppel, who is general manger of SEPTA, which



1 basically puts all of the responsibility of running  
2 SEPTA smoothly on his shoulders.

3 I believe you told me before, and as  
4 recently as yesterday, you've spent 32 years with  
5 SEPTA working your way up the ladder to now being  
6 the head honcho in terms of keeping the wheels  
7 moving here.

8 MR. KNUEPPEL: Good morning, Chairman  
9 Hennessey, Chairman Carroll, members of the  
10 Transportation Committee. It's my pleasure to  
11 testify today.

12 And, yes, I do have a 32 -- almost a  
13 32-year career at SEPTA. I started as an  
14 entry-level structural engineer. So I know there  
15 were questions about infrastructure. If I can't  
16 answer them, I'm not sure who could, since I've  
17 been doing it my whole career.

18 Rather than read you testimony, I have  
19 a presentation today to show you and it starts off  
20 here. Gosh, my long-term vision is not that good.  
21 All right. It's on the screen there. Can everyone  
22 see that? You have the presentation as well.

23 So just to remind everybody of SEPTA,  
24 we are a multimodal legacy system, meaning we are  
25 old. I have bridges and portions of the railroad



1 that date back to the early 1850s, you know, around  
2 the 1800s, yeah, around 1850.

3 We were created by the state  
4 legislature in 1964. Over a period of time it went  
5 from the city, then suburban transit, and then the  
6 railroad came in 1983, I believe.

7 We're the sixth largest transportation  
8 company in the United States in terms of ridership.  
9 And we have 1 million daily trips on SEPTA on a  
10 regular weekday, 2800 vehicles, 9500 employees, a  
11 \$1.4 billion operating budget and a \$675 million  
12 capital budget.

13 It's interesting to note about SEPTA  
14 that we're very evenly split between our bus and  
15 our rail network. Our ridership is about 50/50.  
16 And what's really important for us there, and  
17 there's a couple asterisks around it there, 20  
18 straight years with a balanced budget.

19 We've had a volatile 20 years, but we  
20 always have worked to live within our means. I  
21 think it's no coincidence that our chairman also  
22 has been chairman for 20 straight years, Pat Deon.  
23 So very much of a making sure that we're fiscally  
24 responsible at SEPTA.

25 If you talk about how we're structured



1 to provide our operating budget and our service,  
2 Act 44 was really the mechanism that has given  
3 SEPTA kind of a good situation on our operating  
4 budget and kind of stabilized us from a lot of the  
5 crisis years that we had.

6 So we get, you know, monies from the  
7 state, as you can see there, local match from the  
8 different counties and then, obviously, we bring in  
9 fares. We increase fares every three years. That  
10 was a stipulation from one of the acts. 44? Yeah,  
11 from 44.

12 And those fare increases pretty much  
13 match the cost of living. People knowing that they  
14 were predictable and reasonable, we've had very  
15 good success in recent years as we've gone through  
16 our hearings to increase fares.

17 We also do a lot of things to bring in  
18 additional revenue, naming sponsorships for  
19 stations, very large advertising contracts. So we  
20 do a lot to bring in additional funds. And that  
21 was also something that was mentioned in Act 44 and  
22 probably in Act 89 as well.

23 As you can see there, those are some  
24 of our weekly city and suburban transit pass fares  
25 and our regional rail fares, which can be all the



1 way up to \$200 if you're on the outer regions of  
2 the system with a monthly pass.

3 So we work to be affordable and we are  
4 probably, I would say, in most cases in the middle  
5 of what we charge versus the rest of the country.

6 When I became general manager in 2015,  
7 the previous general manager had focused very  
8 heavily on customer service and that provided great  
9 dividends to SEPTA. But there were a bunch of  
10 issues that were really, I felt, going to become  
11 very important over the years that I would be the  
12 general manager.

13 So we came up with five areas of focus  
14 now that SEPTA works on. Customer experience  
15 obviously very much important to us. And certainly  
16 I believe that customers have a lot more choices  
17 and a lot more opportunities to get around other  
18 ways. And so there's rise in customer expectations  
19 and so we work hard on that still.

20 Workforce development and support, I'm  
21 glad I made this scenario a focus in 2015. Now,  
22 with unemployment as low as it is, it is something  
23 that we're still battling to get people in and, you  
24 know, fill all of our jobs.

25 But we are keeping up with it. We



1 have 9500 employees and we have 3,000 of them with  
2 less than five years of experience. We've had that  
3 many retirements.

4 Rebuilding the system, as a former  
5 chief engineer for SEPTA who started at the age of  
6 36 -- that's what took my hair -- if you look at  
7 our backlog, we talked a little bit about that.

8 Our backlog of state of good repair  
9 was \$5 billion at the time of Act 89. We've been  
10 working to reduce that. And as an aging or legacy  
11 region, I've talked to the Federal Transportation  
12 Administrator and she is only aware of Philadelphia  
13 as having started to move the backlog back the  
14 right way of the older cities.

15 So we've moved it from 5 billion to  
16 4.6 since the adoption of Act 89 and we continue to  
17 make headway on pulling that back.

18 SEPTA is a business. That's something  
19 that I always want to remind our employees, that we  
20 have to straddle that issue of being somewhat of a  
21 public entity and performing like a private entity.  
22 So I'm always reminding them that we have to be  
23 very efficient with the resources that are given to  
24 us.

25 And then safety and security are very,



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1 very important to us, and I wanted to make sure  
2 that those were understood by all of our employees  
3 and the people that work with us.

4 So a lot of people today talk about  
5 Uber, Lyft, TNCs, you know, autonomous vehicles  
6 being the future. I do believe that autonomous  
7 vehicles, you know, self-driving vehicles are  
8 definitely going to make a huge impact as time goes  
9 by.

10 TNCs, I think we have to be more  
11 careful with in our region. This city was laid  
12 out, the road network, in the 1700s. It's still  
13 the same map. Space is at a premium, whether it's  
14 for pedestrians or vehicles.

15 And so, as you can see on this, where  
16 people have more space, the idea of vehicles with  
17 fewer people in them makes sense, but it does  
18 not -- in our region, you see there the Schuylkill  
19 Expressway, you see the streets in Center City  
20 there on the far right that are getting more and  
21 more congested every day.

22 So for a region like ours, we are the  
23 second most dense by population center city in the  
24 country after New York that's living here. Also,  
25 we have a tremendous number of jobs here in Center



1 City. And so it's all about space. So public  
2 transportation, mass transit, is still going to  
3 play a very, very huge role in the success of a  
4 region like this.

5 And how is our region doing? Our  
6 region of the five counties is providing 41 percent  
7 of the economic output of the state right now with  
8 supplying 36 percent of the general fund revenues.  
9 We get some leakage into New Jersey and into  
10 Delaware and that's what takes that number down.

11 We have 32 percent of the population.  
12 We're not as car centric so we have 24 percent of  
13 the vehicles registered in miles and it's only on 5  
14 percent of the land mass.

15 So we are very packed in here. And  
16 when you do that, you get a lot of efficiency.  
17 Just think about how much goods can be distributed  
18 on a given day in a small area. You think about  
19 how many meetings you can go to in a given day when  
20 you're all this close together.

21 So you can be very, very efficient as  
22 long as your transportation network is strong. I  
23 know that our transportation network is not SEPTA  
24 alone, but one of the things that I think I want to  
25 point out today is that as population growth -- and



1 a lot of good things are happening specifically in  
2 our region.

3 We're the agency and the means to  
4 actually grow easier, I believe, than other forms  
5 of transportation. So if you look between 2010 and  
6 2018, our region has grown 114,000 people split  
7 fairly evenly between the city and the five  
8 counties.

9 The counties that have room to expand  
10 are the ones, Chester and Montgomery County, where  
11 the population increases are the biggest out in the  
12 counties. But we are definitely one of the bright  
13 spots in the state and very much so keeping the  
14 overall population of the state rising.

15 And if you look just at the city,  
16 these are the census tracks that are along the  
17 Broad Street and Market-Frankford over in that  
18 table on the right. And you can see that for a  
19 good period of time the census tracks along the  
20 Broad Street Subway and the el were, you know,  
21 losing population, but things really turned around  
22 around 2000.

23 And if you look, it's really along the  
24 transit lines that it's pushing the population  
25 growth. It's much higher in the census tracks



1 along the Broad Street and Market-Frankford. And  
2 that's what's really pushing the overall city into  
3 a positive population growth.

4 Without that growth I believe the city  
5 would still be shrinking. So it's really a case of  
6 transit-oriented development that's been picking up  
7 speed stronger and stronger, as you can see, since  
8 2000 in the city.

9 That right there is called a heat map.  
10 A heat map is every time you have a commercial and  
11 residential permit, you put a dot. And so the more  
12 dots you have, the more permits being given. And  
13 that's between 2010 and 2016.

14 The darker the area gets -- and what  
15 you can see is that the areas that have significant  
16 amounts of residential and commercial permits  
17 granted are absolutely along the SEPTA transit  
18 lines.

19 When I give this presentation other  
20 times, I'll actually show the heat map and then  
21 start putting our lines in and say, oh, one is  
22 still not covered and then I hit it and hit it and  
23 you can see that we really are driving a lot of  
24 this rebirth and development and things that are  
25 going on.



1           Great things in our region, you know,  
2 the number of tower cranes. The skyline of  
3 Philadelphia has changed a lot in my 32 years.  
4 That's the newest Comcast Tower. It's the tenth  
5 largest -- tenth tallest building in the United  
6 States. Only New York and Chicago have taller  
7 buildings now.

8           And it was on the site of a former  
9 300-parking spot public space, public parking  
10 garage. And they got rid of the parking and put  
11 this up there and everyone -- probably in the  
12 neighborhood of 80 percent of the people, 70 to 80  
13 percent of them will come on transit to both that  
14 and the previous tower.

15           That particular tower is one and a  
16 half million square feet with 4,000 people added.  
17 So, you know, these developers really are relying  
18 on SEPTA to bring them people to and from their new  
19 structures.

20           We don't just talk about those kind of  
21 statistics. We've also had an economic consultant  
22 look at over 300,000 home sales and compare them  
23 both close to SEPTA and away.

24           So we know that we add about 11  
25 percent to the total housing value in our region,



1 which is roughly about \$33 billion. And you can  
2 see it's pretty evenly split between the counties  
3 and Philadelphia.

4 If you look at where we're going with  
5 our capital spending, Act 89 has been an absolute  
6 game changer. Thank you if you were one of the  
7 people that voted for that. We were on fumes in  
8 our capital program.

9 Back there you see 2014 down at \$300  
10 million a year. Other peer agencies, such as  
11 Boston, others about our size, they were getting a  
12 capital program in those years of about a billion  
13 dollars a year.

14 So we were running with roughly a  
15 third to sometimes a half of what other agencies  
16 were that were our size. It was a very, very  
17 demanding time and a difficult time. And so Act 89  
18 has made a huge change for us. You see the  
19 increase in the capital funding that's come to us.

20 And in recent years we've gone to some  
21 other different forms of borrowing money, such as  
22 the EB-5 program. And we've been able to take our  
23 capital program up even a little bit higher.

24 That line that you see on that graph  
25 is very significant. I think sometimes people



1 think that we get money and in about five years or  
2 so we'll get out of trouble and then things will --  
3 you know, we'll have more money than we know what  
4 to do with.

5 And, actually, that line is the  
6 spending level that we need to be at for 20 years  
7 to get rid of our state-of-good-repair backlog. So  
8 we're making progress; as I mentioned, turning the  
9 tide on our state-of-good-repair backlog. But it's  
10 going to take a good number of years for us to get  
11 all of our infrastructure and vehicles to a state  
12 of good repair.

13 We are very much about making sure  
14 that this increased capital funding is well spent.  
15 This is one of my favorite stories about how we  
16 like to spend Act 89 money.

17 There was a viaduct on the Media-Elwyn  
18 line that was built in 1895, I think most of it,  
19 and 17 spans. It was 100 foot in the air, 1,000  
20 feet long. It had already gone through its useful  
21 life. It had been closed when SEPTA first took it  
22 over from Conrail for emergency repairs. It was  
23 supposed to last 25 years and we were beyond the 25  
24 years.

25 Act 89 came and we moved very quickly.



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1 I always believe that when we move quickly and  
2 efficiently, the projects really come in well on  
3 budget. And this was no exception.

4 We used a design-build methodology for  
5 our bidding. We believe we were able to save about  
6 \$10 million on the project by doing design-build.  
7 And we had a 1 percent change order rate, under.  
8 So if you're in construction, people really would  
9 love to have a 1 percent change order rate.

10 We built that structure in less than  
11 three years of the passage of Act 89. So projects  
12 like this we're always working to stretch the money  
13 as far as we can.

14 And there's been some talk about  
15 benefits in to the rest of the state when money is  
16 spent in our region on infrastructure. Well, since  
17 Act 89 we've spent \$1.34 billion in contracts to  
18 Pennsylvania companies across the state. You can  
19 see here we notify people when money is spent,  
20 legislative elected officials when money is spent  
21 in your area. And this shows it's a very  
22 significant amount across the state, roughly about  
23 \$270 million a year.

24 And another just for instance of  
25 spending and how SEPTA spends across the state, our



1 sustainability program is very widely recognized as  
2 a very strong program and we do a lot of power  
3 projects. The power projects always save us money.  
4 So we do sustainability to make things better for  
5 the environment and they save us money. This  
6 project is one of those.

7 We just announced recently that we're  
8 going to have two solar farms built. We're doing a  
9 power purchase agreement. These solar farms are  
10 going to be built out in Franklin County. That  
11 lower map there, it shows Center City from river to  
12 river and, what, Vine to South.

13 Those solar farms would cover  
14 one-third of Center City if we located them here,  
15 so we did not. We located them out in Franklin  
16 County. Where you put water in the bathtub it  
17 doesn't matter. You're putting water in the  
18 bathtub.

19 So we're helping the grid and we were  
20 able to get a reduced cost for our electricity.  
21 And that will start in 2021. So we're very excited  
22 about this particular project.

23 The state of good repair and making  
24 sure that we were able to continue to perform our  
25 service was very, very important in 2013. But in



1 recent years now what has really come at us is a  
2 new challenge, which is capacity.

3 Our bus network has lost ridership,  
4 but our rail networks have had -- it lost in more  
5 recent years, had big gains before that. But our  
6 rail networks have really been just continually  
7 having increases in ridership.

8 So our regional rails since around  
9 2000 have seen a 50 percent increase,  
10 Market-Frankford Line 41 percent. And you were out  
11 yesterday, Chairman Hennessey, about, what was it,  
12 3 o'clock? And it was pretty tight on that train.

13 And so our newest concern is capacity.  
14 And the Broad Street Subway is 29 percent. A lot  
15 of people, including developers, take us for kind  
16 of granted that we'll be able to keep carrying more  
17 and more people as things progress in the city.  
18 But that's a concern.

19 Schuylkill Yards has an increase,  
20 where we took you yesterday, of 7 million square  
21 foot, if all of that is built out. I'm talking  
22 with another developer in North Philadelphia that  
23 wants to pursue 4 million square foot of  
24 development.

25 So there's a lot of pressure. And I,



1 at the end of my career, have a lot of concerns  
2 about SEPTA's ability to continue to keep up and  
3 keep supporting all of this growth.

4 And you should see -- I've talked  
5 about how we used to be at one-third the capital  
6 dollars. Well, we're starting to slip back again.  
7 You can see some of the other cities here with  
8 their capital spending levels.

9 Washington just picked theirs up and  
10 that was instrumental in them, I think, with their  
11 Amazon win. New Jersey is at a billion and a half,  
12 Chicago. Those are big systems. But very much  
13 like SEPTA is Boston and they're a billion and a  
14 half dollars. Right now we're at about, as I told  
15 you, 675 million in dollars a year.

16 And it says they're unfunded projects  
17 of significance. Those are really the projects  
18 that we believe are going to be important for  
19 carrying capacity and also some of the things that  
20 we need to make the region continue to work the way  
21 it has, the positive things that are happening,  
22 such as up in King of Prussia with the rail  
23 extension there.

24 There's 65,000 jobs there and no rail  
25 service. And that is quite a commute from Center



1 City, if you're a worker there, to go on the bus on  
2 the Schuylkill Expressway. The unpredictability, I  
3 can't really imagine what that's like, to have a  
4 life and be worried about getting home on time to  
5 pick up your kids or whatever. It's a very tough  
6 situation.

7 So we have capacity projects that we  
8 believe need to be done over the next 10 to 15  
9 years. Some of it will also be eligible,  
10 obviously, for federal dollars. So this is not  
11 all, you know, I'm telling you we need to come up  
12 with it on the state level.

13 It's really something we need to work  
14 on from a state, local, and federal level to do  
15 these types of projects, if we want to keep moving  
16 this region the way it's going.

17 We had an economic consultant look at  
18 if we did those four particular projects. You can  
19 see an unbelievable rate of return, a 12.3 percent  
20 rate of return on the expenditures that we would  
21 believe that would come under those projects with  
22 17.2 new dollars of tax revenue, new jobs,  
23 increased real estate value and additional  
24 development.

25 So, very, very much these kind of



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1 projects would accelerate growth that we've had in  
2 our region. What they think will happen over the  
3 next probably 20 years, this could increase it  
4 another 50 percent.

5 And we asked. I'm skeptical of that.  
6 I said to the consultant, how do you know it will  
7 happen? He said, well, this region is strong and  
8 has a lot of things that are attracting people to  
9 it now. Its population is increasing.

10 You know, it's a no-brainer that if  
11 this system can continue to efficiently move people  
12 around, that business will take advantage of it and  
13 that the region could grow at a faster rate.

14 And I talked about what's going on  
15 with our rail side. There is a concern with our  
16 bus side. Congestion is one, if not the only  
17 reason, but one of the reasons that we believe our  
18 bus network has lost ridership in the last few  
19 years.

20 This issue is going on in other  
21 cities. TNCs are particularly -- Amazon  
22 deliveries, lots of things are slowing down our  
23 streets. And we've had a consultant look at and  
24 develop kind of what the ramifications to the  
25 region and to SEPTA specifically are with this



1 increase in congestion.

2 One thing that's interesting, too, is  
3 because the buses can't maneuver as well as a car,  
4 as this congestion builds, it makes it much tougher  
5 on buses disproportionately than a car.

6 I'm getting to the end here. State  
7 and local solutions, we've talked with the Deputy  
8 secretary about the 2022 date and the \$450 million  
9 moving to the General Fund.

10 We know that that is a big deal, a big  
11 lift. And, you know, we have heard of the options  
12 to move over money more gradually and start doing  
13 it now so that it's not a giant jump in 2022.

14 One other thing that I can tell you is  
15 that if that gradual shift was made, it would allow  
16 SEPTA to borrow against those funds. The money  
17 that we get from the state that comes from the  
18 Turnpike has already been bonded. And so we can't  
19 go ahead and bond against the money again.

20 So not only would this gradual move I  
21 think help the Turnpike, it would also help us and  
22 make the cliff here get smaller with each passing  
23 year.

24 Also, there are very strong  
25 limitations on the kinds of things we can do



1 locally to raise additional funds and help ourself.  
2 Recently we have asked for a reevaluation of the  
3 TNC funds.

4 Those things could be used in a  
5 variety of ways to help SEPTA to implement  
6 additional services, to look at the transfer fee  
7 that we have, a variety of things that we could  
8 use, increased funding. And it would be an  
9 incentive for more people to use transit by having  
10 higher TNC fares and basically working to reduce  
11 congestion.

12 We've also in the last year talked  
13 about having the ability to have cameras on buses  
14 that would work with the PPA to be able to  
15 basically ticket people that were in the Bus Only  
16 lanes that were parked in our parking spots, TNC's,  
17 in our bus stops. They like to do that.

18 So these are options that we could do  
19 and help ourselves and really do things. I think  
20 also just things like increasing Market-Frankford,  
21 Broad Street subway frequency with funds that came  
22 from those things, they would all help our region.  
23 And we can do it by helping ourselves.

24 The mobility partnership has been  
25 discussed. We're going to play a video just



1 talking about that. And, you know, we believe that  
2 that study was very well done and this is kind of a  
3 testimonial from it.

4 (PowerPoint begins...)

5 LESLIE RICHARDS: "We pulled this  
6 mobility partnership together because  
7 transportation funding is at the forefront of  
8 everyone's minds right now. And we need all of our  
9 legislators across Pennsylvania to understand the  
10 importance and how closely transportation is tied  
11 to economic development.

12 MIKE CARROLL: "For me personally,  
13 though, I think this was an opportunity to really  
14 highlight the critical interdependence that exists  
15 amongst us to make this region work better both in  
16 terms of moving people around but ultimately to see  
17 that we get the economic growth that this region  
18 really should have and to make sure that the  
19 sustainability of our transportation system is  
20 being looked at.

21 JOHN FRY: "I think investments that  
22 improve mobility are crucial to the success and the  
23 competitive advantage of the Philadelphia region  
24 going forward.

25 "I represent a campus of about 26,000



1 students and about 8,000 employees, all of whom are  
2 absolutely dependent on public transportation to  
3 get to and from Drexel. And so this is a huge  
4 asset for us.

5 PAT DEON: "First, we need to dispel  
6 the notion that transportation is a cost. It's an  
7 investment that creates jobs, grows the economy and  
8 improves the quality of life.

9 "Back in 2013 the Pennsylvania General  
10 Assembly rose to the occasion and passed Act 89, a  
11 long overdue investment in transportation across  
12 the state. Fast forward to 2019. The positive  
13 impacts of Act 89 are clear. Investments have paid  
14 large economic dividends to the state and the  
15 region.

16 MADELINE BELL: "Transportation is on  
17 everyone's mind. Our patients and families  
18 sometimes struggle to get here and are often late  
19 for appointments. But it's also on the minds of  
20 our employees. In fact, it's probably the number  
21 one question or concern that comes up when I  
22 interact with people.

23 "We at Children's Hospital have  
24 incredible growth planned for the future. And so I  
25 understand from the report that it's really



1 important for us all to invest, members of the  
2 community, SEPTA, the state, because it's a part of  
3 our future and it's really going to have a  
4 significant return in investment for all of us in  
5 Southeastern Pennsylvania.

6 PAT DEON: "Look around you.  
7 Developers are building massive skyscrapers, like  
8 the Comcast Technology Center, with no parking.  
9 Job growth and demand for train services have  
10 increased home values. Communities are  
11 flourishing.

12 "It is in large part thanks to the  
13 transportation investment and yet there is a limit.  
14 Greater levels of investment are needed to keep  
15 pace with the dynamic growing region.

16 JERRY SWEENEY: "So for King of  
17 Prussia it's really about what do they need to do  
18 to maintain their competitive advantage to make  
19 sure that the King of Prussia marketplace --  
20 retail, office, residential -- remains regionally  
21 viable and, in fact, creates a catalyst for  
22 accelerated growth.

23 "And that's where that connection to  
24 the rail lines really matters. They need this rail  
25 line to create all the economic drivers that will



1 make that growth possible.

2 CHELLIE CAMERON: "It takes roads,  
3 rail, everything to make the region work but  
4 aviation is what connects Philadelphia with the  
5 world. And if everything doesn't work well within  
6 the region to get people to and from the airport,  
7 then it doesn't work for us either.

8 "If we are going to work as a region,  
9 we're going to continue to grow economically, we're  
10 going to be a place of choice for people to live  
11 and work, we need to have a transportation network  
12 that works. And without that funding it really  
13 isn't going to hang together.

14 PAT DEON: "Pennsylvania has reached a  
15 critical moment in its history. The choice now is  
16 between limiting the state's potential or investing  
17 in the future. Mass transit is not just a public  
18 service. It is a catalyst for creating jobs,  
19 growing the economy and improving the quality of  
20 life.

21 "We've already proved this with the  
22 billions in economic impact from Act 89. The time  
23 is now to invest in Pennsylvania, in the region and  
24 in the future.

25 LESLIE RICHARDS: "Investments in



1 improved mobility would mean that our  
2 transportation network is functioning as  
3 efficiently and safely as possible. And that's  
4 what makes businesses work best. It's what makes  
5 people enjoy their quality of life in the highest  
6 way possible, and it's the best thing for the  
7 health of Pennsylvania."

8 (PowerPoint ends.)

9 MAJORITY CHAIRMAN HENNESSEY: Thank  
10 you, Jeff. I understood from your testimony you've  
11 been the general manager here at SEPTA for what  
12 amounts to a period of phenomenal growth in the  
13 city and southeast. Congratulations for that.

14 I think we have some questions.  
15 Representative O'Mara?

16 REPRESENTATIVE O'MARA: Thank you,  
17 Chairman. Thank you, Jeff, for your testimony. I  
18 have a number of questions, so I apologize.

19 I, before being elected, worked at the  
20 University of Pennsylvania and I've actually been a  
21 SEPTA rider for the last eight years, just ending  
22 that because SEPTA doesn't go to Harrisburg or else  
23 I would still be a SEPTA rider.

24 And, you know, you made a lot of  
25 points and I feel like I'm a perfect case. I was



1 using SEPTA while Act 89 was being implemented. I  
2 went from living in Zone 4 to Zone 2 using the  
3 Paoli-Thorndale Line to the Media-Elwyn Line.

4 And I bought my house because of the  
5 proximity to the Morton Train Station. I moved  
6 first to be able to walk to Morton Train Station.  
7 So you're right in that SEPTA is driving economic  
8 decisions that people are making around housing,  
9 around their jobs, things like that.

10 So my first question is you talked  
11 about economic output and how we are seeing a huge  
12 amount of economic output from 5 percent of land  
13 mass here in the southeast.

14 Have you seen economic output increase  
15 as you have seen ridership increase? And I'm  
16 wondering if there is a direct correlation between  
17 economic output and ridership.

18 MR. KNUEPPEL: I think a couple years  
19 back the number was 40 percent. We've moved 1  
20 percent. But that 1 percent is a big deal when  
21 you're talking about the billions and billions of  
22 dollars.

23 So I think as we continue to invest,  
24 that needle moves slow because there are such big  
25 numbers but we have seen it go up just in recent



1 years where we were investing more in  
2 transportation.

3 REPRESENTATIVE O'MARA: Now, one of my  
4 concerns is Act 89 and what we're going to do in  
5 2022. As I told Pam, it keeps me up at night. But  
6 I worry about what happens to riders if rates  
7 increase.

8 And Zone 4, I know how much it cost  
9 because I was a Zone 4 rider for a long time. It  
10 is not that far off from the cost of Amtrak if you  
11 want to go to Paoli. And Amtrak offers restrooms  
12 and wireless. And so how is SEPTA going to compete  
13 with Amtrak if we are going to see rates increase?

14 MR. KNUEPPEL: Well, you know, this is  
15 a very mixed area in terms of economic levels of  
16 the population. The city is one of the highest  
17 areas -- of the top 10 US cities may have the  
18 highest level of poverty and deep poverty  
19 percentage-wise in the country. So we are always  
20 working to provide reasonable fares for everyone.  
21 I mean, equity is important.

22 I think you could raise the fares a  
23 little bit but more so we would see the system  
24 start to shrink. I do not believe that it would  
25 make sense because you would get into that spiral



1 of losing riders as the cost goes too high -- you  
2 know what I mean? -- and then raising more fares.  
3 It's a spiral that doesn't come out well in the  
4 end. So I think the system would much more likely  
5 shrink.

6 REPRESENTATIVE O'MARA: And then my  
7 last question, and I'm a little biased.

8 Why isn't Penn involved? Penn has  
9 established southeast mobility. Penn is among the  
10 largest employers. They have a lot of people in  
11 University City and, frankly, I would argue they  
12 have a responsibility to invest in public transit.  
13 So do we know why Penn isn't involved?

14 MR. KNUEPPEL: CHOP was involved in  
15 the mobility partnership.

16 REPRESENTATIVE O'MARA: For Penn?  
17 Okay.

18 MR. KNUEPPEL: In a sense, yes. I  
19 mean, University City in general we are paying very  
20 close attention to. It is the second biggest  
21 amount of jobs in the region. And there's 80,000  
22 jobs and it's growing at about 5,000 jobs a year.

23 REPRESENTATIVE O'MARA: I know. I  
24 worked there.

25 MR. KNUEPPEL: Different venues,



1 different places but we're working with the  
2 University City district, working with Penn on  
3 certain things.

4 We're working with Penn right now  
5 where they want to build an overpass so that you  
6 can come right out of the University City station  
7 and go over the street and come right into  
8 facilities.

9 There's an awful lot of things going  
10 on. 30th Street Station where Schuylkill Yards is  
11 proposed to build out 7 million square feet.  
12 Everybody is all focused very heavily on that.

13 REPRESENTATIVE O'MARA: I'm just  
14 making sure they're not skirting their  
15 responsibility is really why I'm asking.

16 MR. KNUEPPEL: No, no. Penn is there.  
17 We even had an event yesterday. Well, here we had  
18 a representative from CHOP. It just depends who we  
19 bring, whether it's the college or the hospital.

20 REPRESENTATIVE O'MARA: Thank you.

21 MAJORITY CHAIRMAN HENNESSEY:  
22 Representative Neilson?

23 REPRESENTATIVE NEILSON: Thank you,  
24 Chairman. First, let me say thank you for your 32  
25 years. I appreciate it. Thank you very much.



1 You've done a great service to the city.

2 MR. KNUEPPEL: Thank you. My family  
3 has a long history of being public servants and I  
4 certainly enjoyed what I was able to do here in  
5 this region and stayed for 32 years and see a lot  
6 of great things happen.

7 REPRESENTATIVE NEILSON: And a little  
8 side note, thank you for putting up with Mr. Kelly  
9 for as long as you have. We know what that means.  
10 Most people here don't. So we'll leave it like  
11 that.

12 MR. KNUEPPEL: It may have factored  
13 into my decision but let's not go there.

14 REPRESENTATIVE NEILSON: Just saying.

15 We're talking about what's the stake  
16 in the cost of congestion and stuff like that. And  
17 with a new population coming to the city and a new  
18 different way of thinking, someone who has been  
19 here 30 years, our whole life, we're seeing -- we  
20 have legislation pending in Harrisburg in regards  
21 to bike lane congestion. I mean, we've had people  
22 talk about closing down Chestnut Street, Market  
23 Street and stuff like that.

24 And right now a lot of our members are  
25 being courted for scooters, saying that short



1 rides -- I know when I'm in Center City and I want  
2 to go to 30th Street or Drexel, I jump on the el  
3 and get right out there. But they're saying this  
4 is the new thing we have to do.

5 Can you talk about the impact of this  
6 and about these short rides? Is there any data on  
7 that?

8 MR. KNUEPPEL: That's a really great  
9 topic. And, you know, I mentioned that  
10 Philadelphia, in one sense, starts behind the 8  
11 ball because we have such narrow streets and even  
12 sidewalks.

13 And so what's happening with the  
14 addition of bicycles, bike lanes, and all the  
15 deliveries now that we get and people get for  
16 online through Amazon, there's a constant and  
17 unending competition for our street space and  
18 sidewalks. And it's got to be handled a little bit  
19 more carefully probably than other cities that have  
20 wider thoroughfares.

21 And, as I mentioned, we do believe  
22 that the congestion is affecting our ability to  
23 move our buses around. We kind of proved that in  
24 the study that we had performed.

25 So, you know, I tell Mike Carroll from



1 the City all the time that, you know, I do not envy  
2 his role in trying to figure out how to put all of  
3 these things -- five pounds of sugar in a  
4 three-pound sack.

5 But, you know, we believe strongly  
6 too, at least at SEPTA, that you've got to make  
7 sure that the things that can move the most people  
8 are being given the proper weight.

9 So we're about ready to start a bus  
10 network optimization and we're not just doing it in  
11 terms of changing schedules around, because a lot  
12 of people are doing different things. The weekends  
13 are stronger. Rush hour is starting to move later.  
14 There's a lot of things scheduling-wise.

15 But a lot of our bus network, the  
16 success is things we don't control, you know,  
17 traffic enforcement, all those kind of things,  
18 signals, signalization, all that.

19 And so I just signed this morning --  
20 we're working with the City on what can we share so  
21 that while we're doing our bus network redesign,  
22 there are things that the City controls that will  
23 also help to make our buses move better.

24 So for us congestion is a big, big  
25 concern and for our region. It's not even all



1 vehicles. It's people. Because we don't have as  
2 many turn lanes and wide thoroughfares, you can  
3 wait a couple cycles to make those turns because  
4 there's so many pedestrians coming across the  
5 street.

6 One of the things that we're doing in  
7 Center City is we're renewing the underground  
8 concourse network that we took over from the City a  
9 few years ago. We can really make that attractive  
10 too. Getting people off the street is another way.

11 But if you introduce things like  
12 scooters, you've got to be careful. You know,  
13 there are safety implications for the amount of  
14 people. And it's different in Center City than  
15 maybe out in other areas. It's just an issue that  
16 has to be looked at very carefully.

17 REPRESENTATIVE NEILSON: One more  
18 thing. I was one of those -- Mike and I were  
19 talking we both fought the Act a couple times. A  
20 bunch of us up here did.

21 MINORITY CHAIRMAN CARROLL: How many  
22 votes did we have to take?

23 REPRESENTATIVE NEILSON: It was an  
24 interesting vote but, dreamland, we can write you  
25 \$100 million tomorrow. What kind of federal money



1 comes in with that 100 million?

2 Like, if we had 100 million to throw  
3 at you today, would they give us 100? Is it an  
4 equal match? What does that usually entail? Like,  
5 our investment usually multiplies into something.  
6 What is that something?

7 MR. KNUEPPEL: So when you're dealing  
8 with the federal government, there's formula funds  
9 that come to us. It's just based on ridership and  
10 different things. Those formula funds come to us.

11 It's really the discretionary grants  
12 that are available and Philadelphia and our region  
13 is overdue. We have not had a capacity improvement  
14 grant or a new start in 20 years.

15 And so usually now it's somewhere  
16 around 40 percent. If the region can come up with  
17 60 percent and it's a viable, good, strong project,  
18 the federal government will provide 40 percent.  
19 They won't provide more than half. Sometimes  
20 they'll push up against 50 percent I think.

21 But that's the kind of leveraging and  
22 those large projects are going to need that.  
23 You're going to cobble money together from a couple  
24 different ways, a couple different sources, and  
25 then leverage that to try to come up with these



1 federal funds.

2 And our region I think, actually, the  
3 federal government is very interested in working  
4 with us because we're one of the few big  
5 metropolitan areas that has not had a capacity or  
6 new start program that they've worked to fund.

7 REPRESENTATIVE NEILSON: Thank you.  
8 Again, thank you, Mr. Chairman. And I will need to  
9 bring up -- I will need the subway going to the  
10 Navy yard, but we won't even get into that  
11 conversation.

12 MR. KNUEPPEL: Please, don't call me  
13 Mr. Chairman. I'm in trouble enough. That's Pat  
14 Deon. I was at a ribbon cutting the other day and  
15 I still have to work nights now. Thank you though.

16 MAJORITY CHAIRMAN HENNESSEY: Thank  
17 you, Representative Neilson.

18 Representative Donatucci?

19 REPRESENTATIVE DONATUCCI: Thank you,  
20 Mr. Chairman and thank you, Jeff, for being here  
21 today. I have more of a comment than questions.

22 I always applaud SEPTA for the fact  
23 that you can get from one location in the city to  
24 another by using SEPTA, even if you have to  
25 transfer from one bus to another or through the



1 subway.

2 MR. KNUEPPEL: We have very good  
3 coverage, very good coverage.

4 REPRESENTATIVE DONATUCCI: I also  
5 commend the regional rails connecting to the city.  
6 But I think it's important for the general public  
7 to realize that back in 2013 when we were debating  
8 House Bill 1060, which became Act 89, the amount of  
9 funding for mass transit was a drop in the bucket.  
10 It was not there.

11 And it was the legislators, mostly in  
12 Philadelphia and the southeast region, that said no  
13 way. We have to have money for SEPTA, which  
14 resulted in all mass transit across the state  
15 getting money. And I often wonder where we would  
16 be today had we not fought for the kind of money  
17 that we did.

18 MR. KNUEPPEL: We actually put out --  
19 and you're exactly right in terms of this was a  
20 game changer for us and for our region.

21 I put a map together in 2013 of what I  
22 thought the system -- because I do believe the  
23 system would shrink. We would not just be able to  
24 increase fares and that would not work. I mean,  
25 somewhat but it would, like I said, make less



1 riders.

2 So we put together a map of what I  
3 felt the system would look like over time if the  
4 level of investment was there, basically over the  
5 years a lot of the system contracted and we would  
6 have lost a lot of our ability to move people  
7 around.

8 REPRESENTATIVE DONATUCCI: Thank you.  
9 And thank you for all that you do.

10 MAJORITY CHAIRMAN HENNESSEY: Thank  
11 you.

12 Jeff, we have this chart, this bar  
13 graph about capital funding trends versus need and  
14 just a quick question about that.

15 The last three years here, in 2108  
16 there was a substantial investment in SEPTA  
17 financing and in 2019-2020 it is projected to be I  
18 think maybe half.

19 MR. KNUEPPEL: The EB-5 program that  
20 we were using, that's dropping off. So  
21 unfortunately for us, we're not able to bring that  
22 kind of money in. We would do it. We can't.

23 MAJORITY CHAIRMAN HENNESSEY: So it's  
24 a lump of funds as opposed to capital projects  
25 being completed, not needing that financing



1 anymore.

2 MR. KNUEPPEL: We need this money but,  
3 unfortunately, that source is drying up as a way  
4 for us to borrow.

5 MAJORITY CHAIRMAN HENNESSEY: Okay.  
6 Thank you very much for your testimony. Good luck  
7 in your approaching retirement. As I said earlier,  
8 you've been general manager of SEPTA at a time of  
9 amazing growth and SEPTA has spurred a lot of that  
10 growth. Congratulations on what you've  
11 accomplished.

12 MR. KNUEPPEL: Thank you. And I will  
13 be staying in the region because I love the region.  
14 So thank you.

15 MAJORITY CHAIRMAN HENNESSEY: Good.  
16 Our next testifier is Charles Duncan.  
17 Charles is the Director of Legislative Affairs for  
18 the Pennsylvania Turnpike Commission.

19 MR. DUNCAN: Good afternoon, Chairman  
20 Hennessey and Chairman Carroll and Members that  
21 remain.

22 MAJORITY CHAIRMAN HENNESSEY: Charles,  
23 can you get a little closer to the mic, please.

24 MR. DUNCAN: For you anything,  
25 Chairman.



1 Well, Chairman Carroll, you've already  
2 used up twice now what I'm going to say so I'll  
3 take questions now, earlier when you talked about  
4 the turnpike.

5 But, in all seriousness, in a year the  
6 Pennsylvania Turnpike will be an 80 year-old  
7 roadway. When you're driving on the roadway  
8 between Carlisle and Irwin you are traveling four  
9 lanes, two east and west. That's the original  
10 turnpike.

11 While our traffic volume is slightly  
12 up, it's not as much as our neighbors from New  
13 York, New Jersey, and Ohio. As you're aware, the  
14 Commission faces significant debt challenges. With  
15 our most recent debt addition, we are approaching  
16 13 billion in debt and half of that is the result  
17 of Act 44 obligations.

18 In 2020 the Turnpike will exceed the  
19 Commonwealth in the amount of debt we have. And we  
20 have about 1.2 billion revenue annually and half of  
21 that goes towards our debt service to pay down our  
22 13 billion in debt.

23 And in 2057, which is the conclusion  
24 of the Turnpike's Act 44 obligation, the Commission  
25 will have provided 9.6 or 9.7 billion to public



1 transportation and to roads and bridges in the  
2 Commonwealth.

3 This past spring we sought a stepdown  
4 in our obligation and assurance that in 2022 Act 44  
5 will be honored and we will continue this effort in  
6 the fall. A stepdown will allow the Commission to  
7 actually get closer to the rate of inflation with  
8 respect to future toll rate increases.

9 We understand that toll rate increases  
10 stemming from Act 44 adversely affects  
11 Pennsylvania's economic competitiveness. However,  
12 we must balance this with the need to adequately  
13 invest our assets, which are our roadways.

14 Rating agencies actually account for  
15 our capital program and our investment package to  
16 the roadway when they give us our rating. But we  
17 will be a partner in assuring that there's an  
18 adequate public transportation network in  
19 Pennsylvania.

20 We were and have been partners in the  
21 southeast and southwest mobility partnerships. And  
22 we agree wholeheartedly with the conclusion that  
23 both partnerships concluded that new additional  
24 recurring revenue is needed to support public  
25 transportation projects across the Commonwealth.



1 I will now take questions if you have  
2 any.

3 MAJORITY CHAIRMAN HENNESSEY: Anybody  
4 have any questions?

5 (No response.)

6 MR. DUNCAN: That means we do a good  
7 job of educating.

8 MAJORITY CHAIRMAN HENNESSEY: I'm  
9 sorry. I didn't hear you.

10 MR. DUNCAN: That means we do a good  
11 job of educating you on the condition of the  
12 turnpike if you have no questions.

13 MAJORITY CHAIRMAN HENNESSEY: You  
14 have. And we appreciate, as Transportation  
15 Committee, the meeting you set up where we toured  
16 the Transportation Administration Building right  
17 at -- I don't remember, what is it, the 240  
18 milepost?

19 MR. DUNCAN: 247, yes, sir.

20 MAJORITY CHAIRMAN HENNESSEY: Yeah,  
21 that was an interesting experience to actually walk  
22 underneath the traffic that was passing overhead  
23 through the toll gates.

24 Tell me in terms of the future, the  
25 toll lane system, I understand that by 2022 we'll



1 probably be doing just almost all of the toll lanes  
2 by the use of those...

3 MR. DUNCAN: Gantries.

4 MAJORITY CHAIRMAN HENNESSEY: Gantries  
5 across the turnpike. Is that accurate? It's still  
6 on track for that?

7 MR. DUNCAN: It is our intention to be  
8 entirely cashless, that is, either E-ZPass and/or  
9 toll by plate by 2022.

10 It is our intention that in the  
11 eastern part of our system it will be open road  
12 tolling, which would put gantries on the roadway.  
13 Out west we would do tolling in place where we  
14 would use our interchange that we have now.

15 We have about 85, 86 percent E-ZPass  
16 penetration right now. It costs \$1.20 to collect a  
17 cash toll and it costs 20 cents to collect the  
18 E-ZPass toll. So it makes us an efficient  
19 organization and actually economically friendly  
20 when you look to build additional interchanges. We  
21 do get plenty of requests for additional  
22 interchanges.

23 MAJORITY CHAIRMAN HENNESSEY: And a  
24 lot of them are here in the southeast. I think  
25 Montgomery County has a number of requests in for



1 ramps and...

2 MR. DUNCAN: We have them all over the  
3 Commonwealth.

4 MAJORITY CHAIRMAN HENNESSEY: Say  
5 again?

6 MR. DUNCAN: We have them all over the  
7 Commonwealth, from western PA to eastern PA, even  
8 up to the extension.

9 MAJORITY CHAIRMAN HENNESSEY:  
10 Representative Heffley, do you have a question?

11 REPRESENTATIVE HEFFLEY: Thank you,  
12 Chairman. Just real quick. First off, I want to  
13 just thank you for putting in a slip ramp in Carbon  
14 County.

15 It's a very busy slip ramp and it  
16 provides access for folks that live in that area to  
17 the southeast, Philadelphia and beyond, on a daily  
18 basis. So I think the more slip ramps you have,  
19 the more access, the more folks you can give the  
20 opportunity to get out on the roadway.

21 One of the things that has been a  
22 concern, and I think it was brought up, and just to  
23 clarify, truck traffic, commercial traffic on the  
24 turnpike.

25 I see, now that we have Google and all



1 these map services, there seems to be a lot of  
2 commercial vehicles taking the opportunity to get  
3 off the road and take side roads, municipal roads  
4 or other state roads to avoid tolls because of the  
5 increases.

6 Are you seeing that across the system  
7 or is that something that's just specific to  
8 certain areas?

9 MR. DUNCAN: Specific to certain  
10 areas. Our ridership is up. Our volume is up.  
11 Again, it's not up as much as we'd like it. We are  
12 very sensitive to commercial traffic because it's  
13 about 44 percent of our revenue.

14 It's actually one of the reasons  
15 why -- even though there was legislation enacted to  
16 look into it, we are very keyed in on our end  
17 because we view that as an opportunity where  
18 freight can actually be the customer. We have that  
19 going on, if it actually comes to fruition.

20 But, yes, we keep an eye on our  
21 commercial traffic.

22 REPRESENTATIVE HEFFLEY: Thank you.

23 MAJORITY CHAIRMAN HENNESSEY: Charles,  
24 I think you're slated to be one of the testifiers  
25 in the hearing that the Transportation Committee is



1 going to have sort of to try to understand the  
2 differences, benefits, and disadvantages of using  
3 concrete versus asphalt.

4 Do you have any idea -- if you can get  
5 detailed information on that for the hearing that's  
6 going to be coming up, I'd appreciate it. But do  
7 you have any idea off the top of your head how the  
8 Turnpike uses asphalt versus concrete?

9 MR. DUNCAN: So next Tuesday both of  
10 our assistant chief engineers, Mike Shaak and Gary  
11 Graham, will come and talk specifically about that.  
12 But really it's about the regional.

13 So if you talk to our guys, our  
14 foremen and our operational guys, they prefer  
15 asphalt because it retains heat more so and when  
16 the snow hits it, it melts. But we're going to  
17 build the southern beltway as all concrete.

18 We have one section on the main line  
19 between Blue Mountain and -- yes, between Blue  
20 Mountain, the actual tunnel, that is concrete, but  
21 we primarily use asphalt. But we are building the  
22 southern beltway as all concrete.

23 MAJORITY CHAIRMAN HENNESSEY: Okay.  
24 Well, any additional detail you can bring to that  
25 hearing will be appreciated.



1 MR. DUNCAN: Mike Shaak, our assistant  
2 engineer, will give you all the detail in the  
3 world. I asked him one question and I was there  
4 for 30 minutes. So you're going to get a lot of  
5 detail.

6 MAJORITY CHAIRMAN HENNESSEY: Thank  
7 you.

8 Any other questions?

9 (No response.)

10 MAJORITY CHAIRMAN HENNESSEY: Seeing  
11 no other questions, thank you for your testimony.

12 MR. DUNCAN: And please don't forget  
13 we have a standing invitation for you to come out  
14 and tour Blue/Kitt Tunnel. The tunnel is pretty  
15 cool.

16 MAJORITY CHAIRMAN HENNESSEY: Our  
17 final testifier is Vice Chairman of the  
18 Pennsylvania Public Transportation Association, Bob  
19 Fiume. Did I get that right?

20 MR. FIUME: Yes.

21 MAJORITY CHAIRMAN HENNESSEY: Thank  
22 you. Please begin whenever you're ready.

23 MR. FIUME: Good afternoon, everyone.  
24 My name is Bob Fiume. I'm the Executive Director  
25 of the County of Lackawanna Transit System or



1 COLTS, which is based in Scranton. I'm also Vice  
2 Chairman of the Pennsylvania Public Transportation  
3 Association, PPTA.

4 As I begin my testimony, I would like  
5 to recognize Chairman Hennessey and Chairman  
6 Carroll for your leadership and your commitment to  
7 the provision of public transportation for our  
8 communities across the Commonwealth.

9 A little bit about Pennsylvania Public  
10 Transportation Association. Our mission is to be  
11 the foremost advocate for public transportation in  
12 the Commonwealth of Pennsylvania and to support our  
13 members in achieving their defined missions.

14 Accordingly, I appreciate the  
15 opportunity to testify here before you today and  
16 briefly discuss sustained funding for public  
17 transportation and the importance of our industry  
18 in ensuring continued prosperity for  
19 Pennsylvanians.

20 Pennsylvania has long been recognized  
21 as a national leader for its investment in mass  
22 transit and all forms of public transportation in  
23 the Commonwealth.

24 Public transportation services are  
25 provided in all 67 counties and we offer a wide



1 range of mobility options, from daily commuters in  
2 urban centers to serving as a lifeline for persons  
3 living in the most rural communities of our  
4 Commonwealth.

5 Public transportation takes many  
6 different forms throughout the Commonwealth but one  
7 core principle remains the same. That is, all  
8 trips matter.

9 Whether it be a trip for a senior  
10 citizen living in Forest County accessing medical  
11 appointments or a working adult riding the commuter  
12 train in Philadelphia, all trips matter. Over 420  
13 million passenger trips are provided on fixed route  
14 transit services across the Commonwealth per year.

15 So Pennsylvania has time and time  
16 again reinforced the importance of investing in  
17 public transportation and we thank you for that,  
18 such programs as the Pennsylvania Lottery for  
19 seniors and disability transportation, Act 44 of  
20 2007, Act 89 of 2013 and many other programs that  
21 support the stabilization and growth of both the  
22 operating and capital funding which is necessary to  
23 maintain high quality, safe and efficient public  
24 transportation services across this Commonwealth.

25 Without continued investments at the



1 state level to support public transportation,  
2 mobility and quality of life in every county would  
3 suffer. Public transportation is vital in rural  
4 communities to help people access medical  
5 appointments, jobs and educational opportunities.

6 It is vital for seniors to maintain  
7 their independence and to be able to age in place.  
8 And it is vital for persons with disabilities to be  
9 able to fully integrate and contribute in our  
10 communities.

11 Public transportation faces  
12 significant challenges and there are two challenges  
13 that you are well aware of that I will mention  
14 today. So the challenges that lie ahead of us are  
15 both related to mass transit and to other  
16 specialized transportation services.

17 These specialized transportation  
18 services are commonly referred to as shared ride  
19 and the Medical Assistance Transportation Program  
20 or MATP. Pennsylvania has long been recognized as  
21 a national leader in specialized and medical  
22 assistance transportation programs.

23 In 2018 a study by the Transportation  
24 Research Board's Transit Cooperative Research  
25 Program identified models for Non-Emergency Medical



1 Transportation, which is MATP.

2 Pennsylvania was highlighted as a  
3 model for efficiency for our coordinated  
4 transportation service that delivers more MATP  
5 trips for Medicaid services than any other state  
6 with a comparable population. Also of note,  
7 Pennsylvania maintains the fifth lowest per-trip  
8 cost in the nation for MATP services.

9 While the future of this program in  
10 our state is currently a topic of debate, there is  
11 substantive, bi-partisan support for protecting our  
12 coordinated, low-cost transportation systems, a  
13 fact evidenced by the more than 100 legislative  
14 co-sponsors who have joined together earlier this  
15 year to ensure that the state would stop and study  
16 prior to any conversion to a brokerage model or  
17 contract award.

18 As a result of their commitment to  
19 this important issue, a 180-day pause to the  
20 full-risk broker solicitation process was inserted  
21 through Senate Bill 695 in late June to ensure this  
22 analysis would occur.

23 It is imperative that the meaningful  
24 stakeholder involvement and public input from  
25 riders, seniors, people with disabilities, transit



1 providers, local officials, and local communities  
2 be included as part of this process.

3 The potential loss of more than 800  
4 Pennsylvania jobs, the decimation of rural public  
5 transportation, and the risk of complete consumer  
6 disruption that could result from moving over 1.2  
7 million trips annually to a private-sector  
8 brokerage model all point to the need to fully  
9 consider costs and consequences of such a challenge  
10 prior to any brokerage award. So that's one of the  
11 challenges facing us.

12 Another I'm going to highlight now.  
13 So the funding principles we have and the  
14 strategies of Act 89 of 2013 afforded many  
15 communities the ability to enhance mobility  
16 options, build infrastructure, and deliver a wide  
17 variety of transit trips.

18 However, as we've heard earlier, the  
19 funding for Act 89 relies, in part, on funds  
20 received from the Pennsylvania Turnpike Commission,  
21 funds that are due to sunset in 2022. It is  
22 imperative that the legislature take action to  
23 ensure the continuation of the funding principles  
24 established in Act 89.

25 At PPTA our board of directors is



1 working diligently to advocate for continued  
2 investment in public transportation. As we, as an  
3 industry, coalesce around core funding principles,  
4 it is of vital importance that we are part of  
5 discussions involving the future of public  
6 transportation funding. PPTA supports securing Act  
7 44 public transportation programs, including the  
8 Public Transportation Trust Fund.

9 We support recommendations, both  
10 legislative and independent, to begin the gradual  
11 transition of Pennsylvania Turnpike Commission  
12 obligations to the General Fund in advance of the  
13 July 1, 2022 deadline in order to establish a  
14 sustainable state transportation investment  
15 strategy.

16 We also support the findings and  
17 recommendations of the Pennsylvania Transportation  
18 Advisory Committee's 2019 report, "Risks to  
19 Transportation Funding in Pennsylvania."

20 The Committee's report identified an  
21 additional \$1.2 billion of funding needed for  
22 public transportation providers to address both  
23 state of good repair needs, as well as the growth  
24 necessary to respond appropriately to economic  
25 development in communities throughout the



1 Commonwealth.

2           So as I conclude my remarks I would  
3 like to just reinforce the robust investment -- the  
4 importance of robust investment of state funding  
5 into public transportation services. The  
6 coordinated, efficient network of public  
7 transportation in Pennsylvania is a national model  
8 for mobility and success.

9           The integration of programs such as  
10 the Pennsylvania Lottery service for seniors and  
11 persons with disabilities, along with MATP, all  
12 depend on investments from Acts 44 and 89 and the  
13 ability to leverage federal funding for transit.  
14 These important services can only be sustained  
15 through continued investments at the state level.

16           Once again, I would like to thank you,  
17 thank this committee for the opportunity to provide  
18 testimony today as part of this hearing. On behalf  
19 of the PPTA and the association's board of  
20 directors, we stand ready to assist the  
21 Commonwealth and this body in the upcoming  
22 discussions regarding mass transit funding. Thank  
23 you.

24           MAJORITY CHAIRMAN HENNESSEY: Thank  
25 you very much for your testimony. Thank you for



1 your comments with regard to the concerns that a  
2 lot of us have with regard to the potential change  
3 from a county-run or county-contracted system for  
4 medical assistance transportation and a shift to  
5 the brokerage model.

6 I think from what I understand,  
7 Philadelphia is the only place in Pennsylvania  
8 where a brokerage model is employed.

9 And, Philadelphia, as we have learned  
10 over the last few days and we didn't know before,  
11 Philadelphia has a whole range of options in terms  
12 of trains, buses, trolleys --

13 MR. FIUME: Correct.

14 MAJORITY CHAIRMAN HENNESSEY: -- and  
15 Uber and Lyft, taxi-type companies, and different  
16 entities that can provide transportation, the  
17 medical assistance kind of transportation runs that  
18 are necessary.

19 Our concern, I think a lot of our  
20 concern is the fact that once you get outside of  
21 the city, you don't have those kind of  
22 transportation alternatives and people who need to  
23 get to their doctor's appointments or need transit  
24 anywhere are going to suffer if we actually go head  
25 on into this kind of brokerage model, because there



1 just aren't that many options available to them.

2 Having said all that, I didn't like  
3 the fact that they picked the particular company,  
4 Mercer, to do the study, but that's water over the  
5 dam. They're doing it and we're expecting some  
6 report at least by the end of September. We're now  
7 in the middle of September.

8 Has PPTA been contacted yet to voice  
9 these kinds of concerns and submit them to Mercer  
10 as part of that study?

11 MR. FIUME: Well, PPTA has just been  
12 contacted the first time this week. So we just  
13 found it ingenuous that it was almost 75 days into  
14 the process until PPTA was contacted to sit down  
15 for a meeting, which leaves roughly two weeks until  
16 the preliminary analysis is due, the 90-day.

17 MAJORITY CHAIRMAN HENNESSEY: That's a  
18 concern to me and I'm sure it's a concern to you as  
19 well --

20 MR. FIUME: Yes, absolutely.

21 MAJORITY CHAIRMAN HENNESSEY: -- as a  
22 lot of other people.

23 MR. FIUME: Yeah. We feel so far the  
24 process has been completely disrespectful of the  
25 legislature's direction to afford stakeholder input



1 and public comment into the process, because that  
2 hasn't happened. As I said, this is the first  
3 time, almost 75 days into the process, that we were  
4 contacted.

5 MAJORITY CHAIRMAN HENNESSEY: Was that  
6 out of the blue or did you -- because PPTA, I  
7 think, was going to issue a public statement after  
8 Labor Day. Did that happen and is that what you  
9 think prompted the invitation to PPTA to  
10 participate even at this late date?

11 MR. FIUME: Right. We were speaking  
12 to that level and understood we were going to do  
13 that. I'm not sure if that statement had been  
14 issued. I don't think it had been, but they were  
15 aware that it was coming. And so I don't know. I  
16 can't say for sure if that's what prompted them.

17 But, as I said, again, it's almost 75  
18 days into the process with about two weeks left for  
19 the initial analysis. So we were a little bit  
20 surprised on that because we thought maybe we'd sit  
21 at the table as stakeholders directed by the  
22 legislature.

23 MAJORITY CHAIRMAN HENNESSEY: Well,  
24 thanks for your comments today. Thank you very  
25 much for your testimony and we'll take some other



1 questions if we have them.

2 MR. FIUME: Thank you for your  
3 support.

4 MINORITY LEADER CARROLL: Just to  
5 state the obvious, the General Assembly can pass a  
6 bill that would undo the brokerage model, you know,  
7 regardless of what the outcome of the study is.  
8 There's been a bill that's been introduced I think  
9 by your caucus, Mr. Chairman, that would unwind the  
10 brokerage model that's on the horizon.

11 So it seems to me that we have the  
12 opportunity legislatively to correct what we think  
13 is a flaw in terms of policy with respect to the  
14 brokerage model.

15 And then just another observation,  
16 Bob. I think somewhere in your testimony you  
17 mentioned the word network. And when we think  
18 about transportation, we have to think in terms of  
19 a network.

20 As important as SEPTA and transit is  
21 in Philadelphia, we have a huge network of state  
22 highways in this state. Most of our rural  
23 counties, including counties that I represent, rely  
24 on a network of state roads that is expansive  
25 beyond most of the states of our peers.



1           And when we think about the need to  
2 fund a transportation network, it would be very  
3 short-sighted for people in the rural parts of the  
4 city, including my own areas, to ignore transit  
5 because that would come at their peril.

6           The monies that are generated in  
7 southeastern PA, as highlighted a moment ago, help  
8 support the Motor License Fund, which help support  
9 roads and bridges in rural counties. We have over  
10 40,000 miles of state highways in this state, far  
11 in excess of most of our sister state peers.

12           We have to hold hands and solve the  
13 problems of transit and roads and bridges.  
14 Generally that's how things happen in Harrisburg  
15 when it comes to transportation funding. I'll be  
16 surprised if it doesn't happen again.

17           But we can't have one without the  
18 other. We will have a strong and solid  
19 transportation network that includes roads and  
20 bridges and transit, among a whole series of other  
21 modes, including -- I know here in Philadelphia the  
22 Port of Philadelphia is important, as is the  
23 airport.

24           We have to get a little past the  
25 myopic view that some folks have with respect to



1 transportation. We have a diverse state. We have  
2 important needs that are region specific.

3 And it's important and imperative that  
4 the General Assembly look beyond the boundaries of  
5 every member's individual district and consider the  
6 ramifications of the transportation network that we  
7 all rely on both economically and from our quality  
8 of life.

9 MR. FIUME: Thank you. Thank you.

10 MAJORITY CHAIRMAN HENNESSEY: Just one  
11 follow-up on that. It seems to me that perhaps the  
12 study and the possible transition to a brokerage  
13 model is based on a theory that all of the public  
14 transit agencies that provide the current MATP  
15 trips will somehow just coalesce with the brokers,  
16 whoever -- there will be at least two brokers  
17 chosen for the state.

18 And it seems to be the assumption is,  
19 well, turn over your equipment, turn over your  
20 contractor lists, turn over all those factors, the  
21 support mechanisms that you have now, that your  
22 association members have, to a brokerage and it  
23 will be a very seamless transition.

24 Frankly, I think that's a totally  
25 impractical assumption and I don't see how it could



1 be engineered to work. But you might want to try  
2 to address that when you finally do get a chance to  
3 chime in on this report, the preliminary report,  
4 even though it's late in the game.

5 MR. FIUME: You're absolutely right.  
6 It may not be a smooth transition for many reasons.  
7 Our drivers, the one-on-one they have with their  
8 passengers, the training our drivers go through --  
9 and some of these are key -- that's not even  
10 required.

11 So it's something that we will prepare  
12 if we get to the table because our transit  
13 providers throughout the summer have been working  
14 to be part of it as a stakeholder so that they will  
15 be called for their input. Obviously, we have not  
16 been called for that. Hopefully, we will.

17 MAJORITY CHAIRMAN HENNESSEY: And one  
18 further question on a different matter. And I  
19 appreciate your comment in the third paragraph of  
20 your testimony that says, "Pennsylvania has long  
21 been recognized as a national leader for its  
22 investment in mass transit and all forms of public  
23 transportation."

24 I'm going to call your attention to  
25 Mr. Knueppel's bar graph here, which I don't know



1 how many pages back in the presentation it was, but  
2 it's entitled "Competitor Regions Are Investing  
3 Billions," which seems to be at odds with your  
4 statement that Pennsylvania has been a national  
5 leader.

6           Could you guys after the meeting talk  
7 a little bit and figure out who is right, who is  
8 wrong, and are we comparing apples to apples or  
9 apples to oranges. And then, you know, if both of  
10 you would get back to the Transportation Committee  
11 so we know where we stand.

12           I've always been under the impression  
13 Pennsylvania was actively aggressive in terms of  
14 our funding of mass transit but somebody is not  
15 analyzing the same thing, the same facts the same  
16 way I think.

17           MR. FIUME: Okay. Thank you.

18           MAJORITY CHAIRMAN HENNESSEY: Are  
19 there any other questions?

20           REPRESENTATIVE NEILSON: No, Chairman.  
21 Thank you.

22           MAJORITY CHAIRMAN HENNESSEY: Seeing  
23 none, having no other testifiers scheduled, our  
24 meeting is adjourned. Thank you very much for your  
25 participation. (Hearing adjourned 1:00 p.m.)

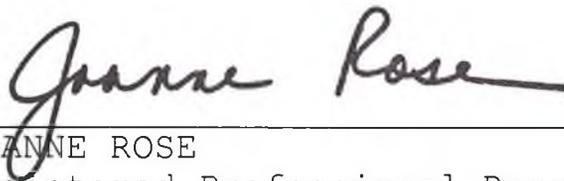


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CERTIFICATION

I, JOANNE ROSE, a Registered Professional Reporter and Notary Public in and for the Commonwealth of Pennsylvania, hereby certify that the foregoing is a true and accurate transcript of the deposition of said witness who was first duly sworn by me on the date and place herein before set forth.

I, FURTHER CERTIFY, that I am neither attorney nor counsel for, not related to nor employed by any of the parties to the action in which this deposition was taken; and further that I am not a relative or employee of any attorney or counsel employed in this action, nor am I financially interested in this case.



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JOANNE ROSE  
Registered Professional Reporter  
Registered Merit Reporter  
Notary Public