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COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING COUNCIL COMMITTEE ON
TRANSPORTATION AND PUBLIC UTILITIES

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- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, 04/03/01
10:14 a.m.

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9 RES. 000142 - Authorizing the Committee on
Transportation and Public Utilities to hold
10 hearings into student transportation costs.

11 RES. 000597 - Authorizing the Committee on
Transportation and Public Utilities to conduct
12 comprehensive comparative research into the state
of the City's transportation and public utilities
13 systems and hold hearings into the same.

14

PRESENT: COUNCILMAN W. WILSON GOODE, JR., Chair
15 COUNCILWOMAN JANNIE BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
16 COUNCILMAN DAVID COHEN
COUNCILMAN FRANK DICICCO
17 COUNCILMAN RICHARD T. MARIANO
COUNCILMAN ANGEL L. ORTIZ
18 COUNCILWOMAN MARIAN B. TASCO

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4/3/01 PUBLIC TRANSPORTATION, UTILITIES

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2 P R O C E E D I N G S

3 COUNCILMAN GOODE: Good morning. This
4 is a Committee on Transportation and Public
5 Utilities hearing to consider Resolutions 597 and
6 142. This hearing is called to order, a quorum is
7 present.

8 For the record, in attendance are
9 Committee members Marian Tasco, Angel Ortiz, and
10 Frank DiCicco. Also present are Councilwoman
11 Blondell Reynolds Brown and Jannie Blackwell and
12 myself.

13 The clerk will please read the title of
14 Resolution 597.

15 THE CLERK: Resolution 000597, a
16 resolution authorizing the Committee on
17 Transportation and Public Utilities to conduct
18 comprehensive comparative research into the state
19 of the City's transportation and public utilities
20 systems and hold hearings into the same.

21 COUNCILMAN GOODE: Mr. Leary, please
22 approach the witness table.

23 (Witnesses come forward.)

24 COUNCILMAN GOODE: Good morning.
25 Please state your name for the record and proceed

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 597
2 with your testimony.

3 MR. LEARY: Good morning, Mr. Chairman
4 and members of the Committee on Transportation and
5 Public Utilities and members of the City Council.
6 My name is Jack Leary, and I'm the General Manager
7 of the Southeastern Pennsylvania Transportation
8 Authority. And joining me this morning at this
9 table are Board members Christian DiCicco, Miss
10 Jettie Newkirk, and Assistant General Manager
11 Frances Jones.

12 I am pleased this morning to have the
13 opportunity to provide the information requested
14 to support this committee's efforts to develop a
15 comprehensive comparative analysis of U.S. public
16 transportation systems. And, Mr. Chairman,
17 Council staff should be commended for their work
18 and with the direction and the preliminary
19 findings of the study. This is very comprehensive
20 and well done on a very complex undertaking.

21 SEPTA is the fifth largest transit
22 authority in the nation, serving some 220 square
23 miles, including the City of Philadelphia. We
24 operate a complex, multi-modal system, offering a
25 greater variety of vehicle types than any other

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2 system in the United States.

3 We have already provided for your
4 review and use more detailed information covering
5 the period fiscal years 1996 to 2000. With the
6 exception of the base fares, all of the
7 information submitted was derived from the
8 National Transit Database Report that SEPTA
9 prepares annually for the Federal Transit
10 Administration. Given the complexity of the
11 material and the comprehensive list of items
12 requested, I should like to provide just a brief
13 summary highlighting some key points and some key
14 issues.

15 First, on the issue of SEPTA delivering
16 more service. Between 1996 and the year 2000,
17 service delivery was improved, as evidenced by an
18 increase in annual passenger miles, from
19 1,302,000,000 miles in fiscal year 1996 to
20 1,391,000,000 miles in fiscal year 2000.
21 Correspondingly, annual vehicle revenue miles
22 increased by 9 percent, rising from 76.5 million
23 in fiscal year 1996 to 82.7 million miles in
24 fiscal year 2000.

25 The number of active vehicles available

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2 for service also increased from 2,550 in fiscal
3 year 1996 to 2,790 in fiscal year 2000, resulting,
4 again, in an increase -- in a 9 percent increase
5 in vehicles available for maximum service.

6 During this period, SEPTA made fleet
7 improvements, purchasing new buses and subway
8 cars. In fiscal year 1997, the purchase of 400
9 new buses effectively reduced the average vehicle
10 age of this segment of our service fleet to 9.1
11 years in fiscal year 2000. Compared with the
12 vehicle age of 11.4 years in 1996, this means
13 SEPTA is providing newer vehicles for improved
14 customer service. The average age of our
15 heavy-rail vehicles has also dramatically dropped
16 from 25.9 years in fiscal year 1996 to 7.8 years
17 in fiscal year 2000, and this is with the addition
18 of the new Market Frankford cars.

19 Now, our fare revenue has also
20 increased. During this five-year time period,
21 SEPTA's fare structure remained the same.
22 Therefore, our increase in fare revenues from
23 \$268.7 million in fiscal year 1996 to \$293 million
24 in fiscal year 2000 reflects an increase in actual
25 ridership. For each of these years, ridership

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2 increased by approximately 2 percent, with an
3 overall 9 percent increase over the four-year
4 period.

5 Now, operating funds remained
6 relatively constant during this period.

7 Between fiscal year 1996 and fiscal
8 year 2000, passenger revenues increased by 9
9 percent, and the total of federal, state, and
10 local operating subsidies increased by 6 percent.
11 However, within this time, SEPTA was able to
12 effectively leverage these resources to increase
13 service levels to meet the needs of growing
14 customer markets.

15 Since fiscal year 1996, we have also
16 reduced the size of our organization by 1300
17 employees. These reductions, however, came
18 primarily as a result of attrition and early
19 requirement, and no segment of SEPTA employees
20 lost jobs during this time. With effective
21 resource management, we have been able to
22 institute cost control measures while improving
23 overall productivity.

24 Capital funding has increased almost
25 5 percent per year, from \$253.8 million in fiscal

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2 year 1996 to \$305.1 million in fiscal year 2000.
3 Many significant multi-million dollar projects
4 began construction, including several in
5 Philadelphia, such as the new Frankford Center
6 Transportation Complex, the Market Street elevated
7 reconstruction project in West Philadelphia, as
8 well as infrastructure and safety renewal
9 programs.

10 Recently, SEPTA staff had the
11 opportunity to review draft text of the
12 comparative analysis study being undertaken at the
13 request of this committee. This preliminary
14 document contains 1998 statistical information
15 about SEPTA, so I'm pleased to be able to provide
16 our most current data to ensure consistent
17 comparison of transit properties provide across
18 the country. There are, however, some unique
19 nuances to SEPTA's operation during the five-year
20 period that we would just like to highlight for
21 the study to take into consideration.

22 For example, our vehicle overhaul
23 program is completed, using in-house resources and
24 utilizes capital dollars transferred into our
25 operating budget. In 1997, SEPTA's paratransit

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2 service was an in-house operation, where most
3 transit properties used external resources. And
4 in 1998, we had a 40-day work stoppage.

5 We would like our staff to have an
6 opportunity in another forum to share this
7 information with the committee and with those
8 individuals completing the study.

9 Thank you, Councilman Goode, for the
10 opportunity to speak today, and I'd be happy to
11 try to answer any questions you may have, and I
12 have key members of our staff with us that may
13 also help in that endeavor. Thank you again.

14 COUNCILMAN GOODE: Thank you for your
15 testimony, Mr. Leary. Could you pull the mike
16 closer to you.

17 MR. LEARY: Yes.

18 COUNCILMAN GOODE: I have a few
19 questions.

20 First of all, thank you for the update
21 in terms of the data you've submitted, with more
22 current data since 1998, but I have some questions
23 regarding performance measures in the
24 transportation industry and how SEPTA stacks up.

25 In the draft report submitted to this

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2 committee in anticipation of this hearing, we
3 compared SEPTA among transit agencies in the 10
4 largest cities in the United States. As part of
5 this analysis, we compared each agency's service
6 efficiency, cost effectiveness, and service
7 effectiveness. We found that in various
8 categories, SEPTA tended to have a lower-than-
9 average efficiency and cost effectiveness but a
10 higher-than-average service effectiveness.
11 "Service efficiency" is defined as operating
12 expenses per vehicle, revenue, mile, or hour; and
13 "cost effectiveness" being defined as operating
14 expenses per passenger mile or per passenger trip;
15 and "service effectiveness" as being defined
16 unlinked passenger trips per vehicle, revenue,
17 mile, or hour.

18 Could you explain why this is and what
19 SEPTA is doing to improve these performance
20 measures. In other words, SEPTA seems to be
21 delivering service very well but at a very high
22 cost. Why is that?

23 MR. LEARY: Well, Mr. Chairman, it's
24 very hard to answer a question like that without
25 actually looking and going into the data and

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2 comparing the specific data for the specific

3 mode.

4 If it would be appropriate for the
5 committee, I'd like to get back with a specific
6 response to that question rather than just off the
7 top of my head try to answer it.

8 Generally speaking, when SEPTA is
9 compared, both the cost of the delivery of service
10 and the effectiveness of the delivery of service,
11 SEPTA rates very high among transit properties in
12 its peer group, with the exception of New York, of
13 course, because New York is the unusual situation,
14 given the volume of people they carry.

15 But given the direct comparison of
16 data, I think you'll --

17 COUNCILMAN GOODE: Well, without
18 comparing it to specific cities, although that is
19 what this hearing is about, there is a standard
20 set within your industry, and there are measures
21 set and you submit data to the industry so that it
22 can be compared among other agencies. You've
23 submitted updated data to us, but what does that
24 data represent comparatively? I mean, do you
25 think those numbers are good or are they actually

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2 good?

3 MR. LEARY: Well, when I went through
4 the study or heard the study, Mr. Chairman, I was
5 pleased at the comparisons that SEPTA -- how SEPTA
6 compared with the others.

7 Again, the multi-modal nature of SEPTA
8 creates a situation where the costs and
9 effectiveness of SEPTA are blend together. So in
10 making these comparisons, you have to take the
11 SEPTA rapid transit system and compare it to the
12 Boston, Los Angeles, Chicago rapid transit
13 system. And likewise with the bus system,
14 likewise with the light-rail system, likewise with
15 the commuter rail system. When it all gets
16 blended together, it's difficult to make the
17 comparison with a property that doesn't have that
18 multi-modal nature.

19 COUNCILMAN GOODE: But specifically
20 with regard to bus and heavy rail, we found that
21 service efficiency and cost effectiveness was
22 lower than in other cities. We found that service
23 effectiveness was higher while their service
24 efficiency and cost effectiveness was lower.

25 MR. LEARY: Mr. Chairman, I'd have to

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2 get back to you. I just -- off the top of my head
3 draw -- I can't didn't draw that same comparison.
4 So I'd have to get back to you.

5 COUNCILMAN GOODE: Okay, I'll move on.

6 The City of Philadelphia currently
7 contributes over \$60 million in subsidy to SEPTA
8 on an annual basis. Could you briefly describe
9 what this subsidy is used for and how that amount
10 is determined.

11 MR. LEARY: Mr. Chairman, that is
12 determined to be the proportionate share of the
13 total subsidy for the City of Philadelphia, the
14 level of service provided in the City of
15 Philadelphia. That money is used to match the
16 State, the Commonwealth of Pennsylvania, and to
17 draw down the maximum amount of revenue available
18 to us from the Commonwealth of Pennsylvania.

19 The total of the Commonwealth's
20 subsidies, the City subsidy, and the revenue
21 collected is converted into -- 100 percent of the
22 dollars are converted into the delivery of
23 service.

24 At the beginning of the year, we're
25 required to submit, as you know, a balanced budget

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2 based on subsidies and revenues anticipated to be
3 generated from the service. In three of last four
4 years, we have in fact turned back a slight
5 surplus in each year, three of the last four
6 years.

7 So, essentially, the short answer is,
8 the City's appropriation is used to match the
9 maximum amount -- leverage the maximum amount of
10 revenues from the Commonwealth of Pennsylvania for
11 service to be delivered in the City of
12 Philadelphia.

13 COUNCILMAN GOODE: And how is that
14 amount arrived at?

15 MR. LEARY: Through a formula, the
16 amount's worked out through a formula, and our
17 finance staff and budget staff work with the City
18 staff to determine what's available and what is
19 needed to support the level of service. And then
20 that number is generated and provided to us.

21 COUNCILMAN GOODE: Okay. For the
22 record, what percentage of SEPTA's operating
23 expenses are recovered through fare revenue? In
24 our 1998 figures, it showed it was roughly 37,
25 38 percent. In terms of more recent data, what is

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2 that percentage?

3 MR. LEARY: The percentage is 50
4 percent, Mr. Chairman, each year.

5 COUNCILMAN GOODE: And that's
6 actually --

7 MR. LEARY: Actually, we achieve 50
8 percent each year. And in fact, we are required
9 under our enabling legislation and by law to
10 achieve a 50 percent cost recovery ratio.

11 COUNCILMAN GOODE: And would you please
12 tell us how SEPTA compare to peer agencies in
13 expense recovery. Are there different standards
14 for different cities?

15 MR. LEARY: Again -- yeah, again, there
16 are different standards in different cities. And
17 generally, I would say to you that SEPTA is on the
18 high end of the cost recovery ratio, at 50
19 percent. You have other cities that make a very
20 cognizant public policy decision to keep fares
21 artificially low. I'm thinking of Boston, for
22 example, with a cost recovery ratio of, I believe,
23 in the 30 to 34 percent range. And then you have
24 properties like San Diego that have a different
25 budgetary structure and report a cost recovery

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2 ratio of 80 percent. But in San Diego, for
3 example, many of the costs of providing that
4 transit service are covered by city government.

5 So, as I mentioned at the very
6 beginning of this, your staff did an excellent job
7 of trying to delineate a apples-for-apples, an
8 exact comparison of data, because in fact, it's
9 very different in each city. SEPTA incorporates
10 the cost, for example, in its budget of its police
11 department; other cities provide that cost to the
12 transit property. I mean, that's just one example
13 of how it's very difficult to make the direct
14 comparisons.

15 COUNCILMAN GOODE: Okay. It's my
16 understanding that SEPTA currently has the second
17 highest fare in the United States, while it's the
18 fifth largest system. Why is that?

19 MR. LEARY: You know, when I first
20 arrived four years ago in Philadelphia, the first
21 thing that was brought to my attention is SEPTA
22 had the highest fare in the United States. Very
23 few people, Mr. Chairman and members of Council,
24 pay that fare, because SEPTA also has the highest
25 discount structure in the United States.

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2 The base fare today is \$1.60 but a
3 token is discounted by 28 percent to \$1.15 per
4 ride. Now, the passes, the weekly passes, the
5 monthly passes, the tokens, everything is very,
6 very heavily discounted.

7 So to answer your question
8 specifically, SEPTA does not have the highest fare
9 in the United States. There are transit
10 properties in the country today that have a
11 \$2 base fare structure. It's just the -- a sort
12 of a rumor or that was established years ago and
13 just sort of stuck that SEPTA is the highest fare
14 in the country; it is not. At \$1.60, it's
15 somewhere between the middle of the transit group
16 and maybe even a little on the lower side of the
17 transit group.

18 COUNCILMAN GOODE: Which cities are
19 higher other than San Diego?

20 MR. LEARY: I believe New York is now
21 \$1.75; Pittsburgh is at least 1.60, if not \$1.75.
22 Many of the California properties are all in the
23 \$1.75 to \$2 range.

24 Mr. Chairman, if you'll hold on, I
25 think we have that data with us. It's in the

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2 report. Yeah, Atlanta -- the full cash fare --
3 oh, here we go. Yeah, Atlanta is \$1.75, Los
4 Angeles is \$1.55.

5 And just let me make the point. Even
6 in Los Angeles, their cash fare is \$1.55, but
7 50 percent of the users of the system pay the cash
8 fare. In Philadelphia, the cash fare is \$1.60,
9 but only 15 percent of the users pay the \$1.60.
10 So everybody in Philadelphia knows, and let me
11 say, we encourage it, you know, don't pay the cash
12 fare, take advantage of the discounts, buy the
13 passes, buy the weekly passes. They're more
14 efficient for us to handle and they're more
15 customer-friendly for our customers to use.

16 In San Diego, it's \$2.00; Pittsburgh is
17 \$1.60; the Port Authority in New York is \$1.06;
18 Los Angeles is \$1.55; Atlanta is \$1.75.

19 COUNCILMAN GOODE: Okay.

20 MR. LEARY: But at \$1.15, let me say,
21 we are very much at the low end of transit fares
22 around the country.

23 COUNCILMAN GOODE: I have other
24 questions. Do other members of the Committee have
25 questions at this time? Councilman Ortiz.

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2 COUNCILMAN ORTIZ: Good morning,
3 Mr. Leary.

4 MR. LEARY: Good morning, sir.

5 COUNCILMAN ORTIZ: Good morning, Pam.
6 The sun is out today.

7 Mr. Leary, do these other cities have
8 discounts? I mean, I imagine that all of these
9 other cities also give discounts on their fares to
10 people, elderly and so on. Don't they?

11 MR. LEARY: Yes. Most cities have some
12 sort of a discount. I would say to you,
13 Councilman, generally speaking, I don't know of
14 any city that has as many discounts as the SEPTA
15 system. Now, that may have something to do with
16 the fact that we are so multi-modal. I mean, we
17 have every mode. Only Boston is close to SEPTA in
18 terms of the many modes. New York, for example,
19 has buses and heavy rail, and that's it.

20 COUNCILMAN ORTIZ: But New York has --
21 New York also offers the students free
22 transportation, does it not?

23 MR. LEARY: Um, I honesty -- I don't
24 know. I'd have to look it up in my notes.

25 COUNCILMAN ORTIZ: It does.

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2 MR. LEARY: I don't believe it's free.

3 Maybe the student doesn't pay, but someone pays
4 the --

5 COUNCILMAN ORTIZ: The students rides
6 free. Somebody always pays, Mr. Leary.

7 MR. LEARY: That's right.

8 COUNCILMAN ORTIZ: Someone always.

9 You have -- you make a statement in
10 your testimony here on Page 3 at the end bottom
11 part that you said you are doing what is possible
12 within the parameters of enabling legislation
13 which prohibits us from providing free service to
14 any customer market.

15 What does that mean?

16 MR. LEARY: Councilman, that's --

17 that's the --

18 COUNCILMAN GOODE: That's the testimony
19 of the other resolution.

20 MR. LEARY: On the next resolution, and
21 I am planning to make a more detailed statement, a
22 formal statement to that and explain each one of
23 those.

24 COUNCILMAN ORTIZ: But it's about
25 students and --

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2 MR. LEARY: Yes.

3 COUNCILMAN ORTIZ: Anyway, what does it
4 mean?

5 COUNCILMAN GOODE: We are considering
6 597 now; that's actually 142.

7 COUNCILMAN ORTIZ: You mean, I got to
8 wait to ask questions about the tokens until
9 then?

10 Thank you. You know, I'll wait for the
11 token questions. I'm sorry, okay?

12 COUNCILMAN GOODE: For the record,
13 Councilman Rick Mariano has joined us.

14 Are there any other questions from
15 members of the committee?

16 COUNCILMAN MARIANO: I'll wait till the
17 next one.

18 COUNCILMAN GOODE: Okay.

19 COUNCILMAN ORTIZ: No problem.

20 COUNCILMAN GOODE: Mr. Leary, how does
21 SEPTA determine its fare rates?

22 MR. LEARY: Determining the fare is
23 based upon two general principles.

24 COUNCILMAN GOODE: Would you pull the
25 mike a little bit closer.

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2 MR. LEARY: Okay. Determining the
3 fares is based upon two general principles and has
4 been seen over the years in the transit industry
5 as the best balance to achieve the maximum amount
6 of ridership and generate the maximum amount of
7 revenue. If you raise your fare too high, you
8 lose ridership; and, therefore, your cost recovery
9 is in danger.

10 We watch it very carefully. As you
11 know, we have been, and I report it to you every
12 year as part of the budget process, a very
13 aggressive campaign to improve ridership and to
14 improve revenue. We've been very aggressive about
15 advertising and redesigning the bus routes to try
16 to focus on major designations. And we have been
17 very successful. This year, we will carry
18 13 million more people than the previous year. We
19 have been very successful because we have been
20 able to keep the transit fares as low as possible.
21 We have not had a fare increase, for example, in
22 six and a half years. It's all contributed to
23 bringing people back on the system.

24 We very carefully try to balance the
25 revenue to be generated to the number of riders

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2 that we can attract, and it's that equation that
3 helps you determine what the most optimum fare is,
4 the optimum are for attracting the largest number
5 of riders.

6 COUNCILMAN GOODE: And at what interval
7 do you do fare increases? When you do a fare
8 increase, is it for five years, for ten years,
9 uh. . .

10 MR. LEARY: Mr. Chairman, I'm not sure
11 that I would want to commit to that because you
12 never know where your expense structure is going.
13 As you know from our budget hearings, we have had
14 this last year some very unusual expenses. In our
15 business, one of the big expenses is diesel fuel.
16 We buy 15 million gallons of diesel fuel every
17 year, and diesel fuel went from 51 cents a gallon
18 to \$1.01. I mean, that's an enormous increase.

19 So when you're faced with expenses
20 growing at that rate, it's at that point in time
21 that you have to reconsider the cost -- the
22 revenue generation ability from the fare.

23 As I said, it's been six and a half
24 years since there's been a fare increase. As you
25 know, we are seriously studying the potential of a

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2 fare increase for next year, a process that will
3 begin in the not-too-distant future.

4 But it's -- I would say to you that
5 SEPTA has been very fortunate in the sense that we
6 have not had to raise the fares for a large number
7 of years, many years.

8 COUNCILMAN GOODE: At what rate do you
9 see operating expenses increasing over the next
10 five years incrementally?

11 MR. LEARY: Mr. Chairman, if you'd hold
12 on for just one moment, I want to check with our
13 finance people.

14 (Mr. Leary confers off record with
15 colleagues.)

16 MR. LEARY: Mr. Chairman, we're
17 projecting about a 3.5 percent per year increase
18 each year over the next five years.

19 COUNCILMAN GOODE: Okay, so for the
20 record --

21 MR. LEARY: If I just might add, for
22 the last five years, we have been able to contain
23 those expenses to approximately 1.5 percent. So
24 we have been very successful. As you know from
25 the budget hearings, we have been very successful

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2 at containing costs, restructuring our
3 organization and reinventing the way we do
4 business to try to improve the effectiveness of
5 the dollars we invest in transit. It's been very
6 successful for the last five years.

7 It's just that this past year, the
8 combination of medical expenses, prescription
9 drugs, diesel fuel, natural gas, some of our --
10 some of the cost components of delivering the
11 service that are outside the control of SEPTA have
12 just, as you know, from discussions, it's been no
13 secret that medical costs have increased
14 125 percent the last couple of years. I mean,
15 that kind of cost increase is just not something
16 you can deal with. And we don't expect that to
17 occur in the out-years anyway.

18 COUNCILMAN GOODE: So you expect
19 operating expenses to increase incrementally at
20 3 percent a year for the next five years, and it's
21 my understanding and it is rumored that you are
22 considering a fare increase. Would a flat fare
23 increase actually equal some of those incremental
24 increases over the next five years?

25 MR. LEARY: Yes. We would try to

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2 project the revenue increases from a fare increase
3 and project a continuation of rebuilding ridership
4 over that period of time. Again, our strategic
5 plan for the next five years, we would try to
6 balance and project revenues that would equal the
7 cost of delivering the service, and that's really
8 the objective, given that by law we're required to
9 submit a balanced budget.

10 COUNCILMAN GOODE: I think I was more
11 specifically not trying to tie you down to a
12 number yet.

13 MR. LEARY: Yeah, please don't.

14 COUNCILMAN GOODE: But if operating
15 expenses are going to increase 3 percent a year
16 and you can't necessarily foresee more than five
17 years, I'm really asking the question, is a flat
18 fare increase going to be based upon the sum of
19 those incremental increases?

20 MR. LEARY: Yes. It would very much be
21 tailored to what the expected increases would be.
22 Now, keep in mind, the fares only represent
23 50 percent of the cost of delivering the service.
24 So we would very much try to balance the fares
25 with the expected increase in costs and structure

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 597
2 the organization's future to be a fiscally
3 responsible future, at least in the short term,
4 projecting revenues that would balance expenses.
5 I think that is the -- sort of the fiscally
6 responsible way of approaching this issue.

7 COUNCILMAN GOODE: Okay. I believe
8 Councilwoman Blackwell has a question, but I will
9 wait for her and ask another question.

10 For the record, could you please tell
11 this committee which portion of SEPTA's fiscal
12 infrastructure are owned by the agency and which
13 are owned by the City?

14 MR. LEARY: Mr. Chairman, that would on
15 the surface appear like a very simple question,
16 but it's very, very complex. There is a complex
17 system of leases and lease-backs involving both
18 rolling-stock subway station structure. And to be
19 perfectly honest, off the top of my head, I can't
20 tell you other than those general categories where
21 specific ownership is.

22 It's gotten more complicated even in
23 recent years, as those assets have been -- what's
24 the right word. Their useful life has expired,
25 they have been replaced. They have been replaced,

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 597
2 in many cases, with federal funding that
3 introduced the federal ownership or federal --
4 well, I guess ownership's the right word of
5 80 percent in some cases. So it's a very complex
6 response to that. It will take the best
7 Philadelphia lawyers to figure that out.

8 COUNCILMAN GOODE: Do you know offhand
9 how many lease, leaseback agreements there are
10 regarding physical infrastructure?

11 MR. LEARY: Yes, sir. There are two,
12 there are two documents.

13 COUNCILMAN GOODE: And when do they
14 expire?

15 MR. LEARY: 2002 or 2003.

16 (Mr. Leary confers off record with
17 colleagues.)

18 MR. LEARY: I'm told by counsel that
19 it's December of 2005.

20 COUNCILMAN GOODE: Both expire in
21 December 2005?

22 MR. LEARY: Yes, sir.

23 COUNCILMAN GOODE: And at what point
24 would they begin to be renegotiated?

25 MR. LEARY: I would encourage both the

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 SEPTA staff and City staff to put aside several
3 years in terms of research, formulating solutions
4 and alternatives to find a way to do this. I
5 mean, it wouldn't be too soon to start this year.

6 COUNCILMAN GOODE: Okay, thank you.

7 Are there any other questions from
8 members of the committee?

9 (No further questions.)

10 COUNCILMAN GOODE: Thank you for your
11 testimony and for answering the questions. I look
12 forward to the follow-up information in finalizing
13 this report. I think most of the people that have
14 come here today have come to considering
15 Resolution 142, so let's move forward.

16 The clerk will read the title of
17 Resolution 142.

18 THE CLERK: Resolution 000142, a
19 resolution authorizing the Committee on
20 Transportation and Public Utilities to hold
21 hearings into student transportation costs.

22 COUNCILMAN GOODE: Mr. Leary, would you
23 please proceed with your testimony on 142.

24 MR. LEARY: I thank you, Mr. Chairman.
25 And good morning, Councilman Goode and members of

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 the committee. And members of the City Council,
3 again, my name is Jack Leary. For the record, I'm
4 the general manager of the Southeastern
5 Pennsylvania Transportation Authority. And
6 joining me at the table are Board members Miss
7 Jettie Newkirk and Board member Christian
8 DiCicco. And I've invited also the Treasurer of
9 SEPTA to join me, Faye Moore, with Frances Jones
10 and counsel (inaudible). And, again, we have
11 other members of the staff in the audience as we
12 get into the question-and-answer period.

13 Supporting the welfare and future of
14 our children is an issue of concern, and SEPTA
15 applauds the Council's comprehensive fact-finding
16 approach to assist the School District of
17 Philadelphia, establish a realistic and viable
18 student transportation policy, one which could
19 well become a model for all school institutions,
20 for other school institutions within our service
21 region.

22 SEPTA offers an important support
23 service to students who must travel to area
24 schools by providing access to transportation.
25 The Authority School Initiative is comprised of

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 two main elements: sale of fare instruments and
3 delivery of revenue service. In all, we spend
4 almost \$40 million annually to provide
5 approximately 100,000 daily trips -- and these are
6 unlinked trips -- for over 30,000 children in the
7 City.

8 I'd like to take a minute now to
9 describe SEPTA's activities on a typical school
10 day. Students use our service -- buses, trolleys
11 and subways elevator lines -- to travel to and
12 from school. On average, 20,000 student trips are
13 provided on the Market-Frankford and Broad Street
14 subway lines, and almost 80,000 daily student
15 trips are taken on some 41 City transit bus and
16 light-rail lines operating on routes that pass
17 area schools. In addition, on school days,
18 targeted service provides 87 buses that operate
19 with schedules specifically coordinated with the
20 school day.

21 While these services run -- excuse me.
22 While these service runs are available to all
23 customers, the a.m. and p.m. timetables are
24 designed to provide transportation to and from
25 Philadelphia schools. These schools include:

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142

2 The Bartram High School at 67th and
3 Elmwood; Leeds Middle School at Mt. Pleasant and
4 Wilson; Olney High School at Front and Duncannon;
5 Roxborough High School at Ridge and Fountain; Saul
6 High School for Agricultural Services at 7800
7 Ridge; George Washington High School on Bustleton
8 Avenue; Rush Middle School at Knights and
9 Fairdale; Gratz High School at 18th and Hunting
10 Park; and Jones Middle School at Anne and Mifflin
11 Streets, just among others. Combined these routes
12 generate over 800,000 service miles to and from
13 school destinations annually.

14 The majority of students taking public
15 transit use special school tokens and transfers.
16 The School District of Philadelphia purchases
17 these fare instruments from SEPTA as part of a
18 bulk sales program for resale to students. The
19 Philadelphia Archdiocese, Philadelphia charter
20 schools, and selected school districts in Delaware
21 and Montgomery Counties also participate in this
22 sale program.

23 The Philadelphia School District
24 purchases the largest share of these share
25 instruments with \$13.2 million in tokens and

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 \$2.4 million in transfers. As established by
3 SEPTA's tariff, the tokens are sold at a cost of
4 \$1.15 and 40 cents for transfers. Through their
5 student sales program, the School District of
6 Philadelphia further discounts the
7 already-discounted price of a token to 90 cents.
8 The District also provides school tokens free of
9 charge to approximately one-third of its students,
10 based upon the criteria in their individualized
11 educational plans.

12 Now, what is the cost, the breakdown
13 for the \$40 million figure I spoke about a few
14 minutes ago. The Authority spends \$26 million to
15 operate the regular service and \$14 million to
16 operate the targeted services. We generate
17 \$13 million in revenue from the tokens and
18 transfers used on the regular service, and
19 \$3 million from the targeted services, for a total
20 of \$16 million.

21 Now, very simplified in a blended way
22 the per-ride cost is \$2.30. The cost of the token
23 is \$1.15. The token represents about 50 percent
24 of the cost of delivering that service or the
25 subsidy.

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142

2 Now, who helps pay for these costs?

3 SEPTA covers the \$24 million not subsidized by
4 tokens and transfer revenues out of its annual
5 operating budget. Of the \$16 million received in
6 tokens and transfer revenue, Philadelphia public
7 school students and families pay \$7.5 million and
8 the School District of Philadelphia pays
9 \$8.5 million. The District then receives
10 \$5 million in reimbursement from the Pennsylvania
11 Department of Education, as allowed by the State's
12 public transportation reimbursement program.

13 As you can see from these basic cost
14 and subsidy calculations, providing public
15 transportation services for a student population
16 as large as the City of Philadelphia's is an
17 expensive undertaking. And as we are all aware,
18 the question is not simply the ability of any one
19 party to underwrite these costs but to establish a
20 comprehensive policy to address the transportation
21 needs of students.

22 As I recently testified during the
23 Council's operating budget hearings, although we
24 have exercised fiscal diligence and discipline to
25 maximize the effectiveness of our resources and

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 expand service levels while holding expenses in
3 check, we have been faced with skyrocketing costs
4 in a couple of key areas, and as part of the
5 previous discussion, I mentioned them: diesel
6 fuel prices, natural gas prices, prescription drug
7 costs, just to make a few.

8 Compounding all of this is the
9 disappointing news that the Governor's budget
10 submission does not provide SEPTA with an increase
11 needed to meet even our normal 3 percent
12 inflationary costs.

13 Under State law, we cannot present an
14 unbalanced budget. And with the prospect of
15 \$43 million in increased costs, we must work to
16 find responsible solutions to these issues by
17 looking at all possible avenues to increase
18 revenue sources, increase our subsidy funding, and
19 decrease expenses. Now, some of these choices may
20 be difficult, including the prospect, as we spoke
21 about a few moments ago, the prospect of a fare
22 increase, the first in over six years.

23 None of these decisions will be made
24 without careful study and full opportunity for
25 public comment. However, definitive action must

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 be taken if we are to sustain current City service
3 levels, including those provided to school
4 children.

5 While the focus of this morning's
6 hearing is the School District of Philadelphia,
7 the largest within the SEPTA service region, there
8 are other systems: the charter and parochial
9 school systems in the City and districts in the
10 four surrounding counties within our operational
11 network.

12 We are obligated under law to ensure
13 that all SEPTA initiatives provide equal
14 protection to those live and work within our
15 diverse service region; therefore, as mandated by
16 our enabling legislation, any programs, policies
17 or tariffs put into place to address the
18 transportation needs of Philadelphia school
19 children would also apply to all of these other
20 districts and systems as well.

21 It is our understanding that under
22 State law, the School District of Philadelphia has
23 assumed the burden of responsibility for providing
24 children with transportation to and from school.
25 To offset the financial burden associated with

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 this activity, public transportation fares qualify
3 as a 100 percent allowable expense for the School
4 District, and there is no funding cap imposed for
5 reimbursement of transportation costs.

6 Today the State reimburses 67 percent
7 of the cost incurred by the School District of
8 Philadelphia for each dollar spent on public
9 transit. As such, we would hope that one of the
10 solutions would be to seek additional funds for
11 the School District's budget.

12 Given the operating dollars currently
13 expended by SEPTA to support student
14 transportation, given our financial constraints
15 and our obligation to balance the budget, while
16 struggling to address many cost increases, we are
17 doing what is possible within the parameters of
18 our enabling legislation, which prohibits us from
19 providing free service to any customer market.

20 These concerns notwithstanding,
21 students are an important segment of SEPTA's
22 overall customer base, and we are committed to
23 working with the School District of Philadelphia,
24 the Philadelphia City Council, legislative
25 officials, and all other advocates interested in

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 working together to find solutions to the
3 challenge of establishing a transportation
4 policy.

5 We stand ready to lend our professional
6 resources to this committee to assist in reviewing
7 and analyzing the information developed from this
8 hearing.

9 Mr. Chairman, thank you again for the
10 opportunity to speak, and I'd be happy to try to
11 answer any questions you may have or provide any
12 information you need to help with this very
13 difficult issue. Thank you again.

14 COUNCILMAN GOODE: Thank you, Mr.
15 Leary. I have a couple questions before I return
16 to Councilman Ortiz.

17 The first is for the record. How many
18 tokens or transfers does the School District from
19 SEPTA on an annual basis? Not the cost, but
20 actually how many tokens and how many transfers.

21 (Mr. Leary confers off record with
22 colleagues.)

23 MR. LEARY: Mr. Chairman, we're doing
24 some quick math here, and we may be off a little
25 bit so we'll get to you the exact number, but

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 we're talking about 1 million 3, and constantly
3 repeating, constantly cycling through the system
4 several times a year.

5 COUNCILMAN GOODE: Is the School
6 District largest single purchaser of tokens and
7 transfers?

8 MR. LEARY: Yes, I believe that's
9 correct.

10 COUNCILMAN GOODE: So the School
11 District's SEPTA's largest client.

12 MR. LEARY: Yes, sir, that is correct.

13 COUNCILMAN GOODE: Okay.

14 MR. LEARY: Well, for school tokens.

15 COUNCILMAN GOODE: Well, what is
16 SEPTA's largest client beyond the School District?

17 MR. LEARY: I believe the general
18 customer base of the system; the daily commuter
19 would be the largest client group.

20 COUNCILMAN GOODE: As an institution, a
21 group --

22 MR. LEARY: No, as an institution, the
23 school department has to be -- has to be the
24 largest, yeah.

25 COUNCILMAN GOODE: Okay. Councilman

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 Ortiz?

3 COUNCILMAN ORTIZ: Yes. Explain to me
4 that last sentence in Page 3: "Given the
5 operating dollars currently expended by SEPTA to
6 support student transportation. . ." It's down at
7 the bottom of Page 3 on your testimony.

8 MR. LEARY: Yes, sir. Specifically
9 given the operating dollars currently expended by
10 SEPTA?

11 COUNCILMAN ORTIZ: Well, yeah.

12 MR. LEARY: We're looking at a total
13 cost of service of \$40 million.

14 COUNCILMAN ORTIZ: Excuse me?

15 MR. LEARY: We're looking at a total
16 cost of \$40 million for providing the service. Is
17 that the number you're referring to?

18 There's \$26 million of costs provided
19 throughout the regular service system and
20 \$14 million for that targeted system. And some of
21 us have referred to in the past the targeted
22 system being the 400 buses, those buses that go
23 out to the particular schools every day.

24 COUNCILMAN ORTIZ: Have those buses
25 just specifically -- I mean -- and once the school

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142

2 day is over, those buses don't run any longer?

3 MR. LEARY: That's -- that's correct.

4 Councilman, we are prohibited by both
5 State and federal law from providing school bus
6 services, so we are very careful to describe them
7 as "targeted services," but the truth of the
8 matter is, they begin their run at the high school
9 and they finish their run at a major terminal for
10 the students to get off.

11 COUNCILMAN ORTIZ: It's a route --

12 MR. LEARY: But they are open -- these
13 routes are open for the general population to use,
14 the general public to use.

15 COUNCILMAN ORTIZ: Right, they're open.
16 They're not -- you just plan your route so that
17 students are able to make use of public
18 transportation and reach their schools.

19 MR. LEARY: Not the targeted routes.

20 COUNCILMAN ORTIZ: But these targeted
21 routes are a part of your public transportation
22 strategy in terms of the --.

23 MR. LEARY: That's correct.

24 COUNCILMAN ORTIZ: -- overall
25 population.

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2 MR. LEARY: That's correct. Yes, sir.

3 COUNCILMAN ORTIZ: Okay? So you cannot
4 -- that is not a subsidy. I mean, that is part
5 of being able to market public transportation to
6 people and make it accessible.

7 MR. LEARY: I would say to you, sir,
8 generally that is correct, but there are 87 bus
9 routes that if we went out today, I think you
10 would find that the 100 percent of the customer
11 base on that route is a high school student.

12 COUNCILMAN ORTIZ: Given the fact that
13 the school system, and you stated, is the largest
14 customer, institutional customer that you have,
15 you don't provide any -- any discount to them
16 other than what you provide to the average
17 customer that travels on public transportation.
18 You sell 'em the tokens at \$1.15.

19 MR. LEARY: That's correct.

20 COUNCILMAN ORTIZ: Right?

21 MR. LEARY: That's correct.

22 COUNCILMAN ORTIZ: So that is not a
23 thing that you have instituted in terms of the
24 students.

25 MR. LEARY: That is correct. I believe

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 that that token -- the general population is
3 required to buy two at a time. The school
4 department -- we sell them to the school
5 department for individual sale.

6 But given that it's the highest
7 discounted media that we have, you are correct.

8 COUNCILMAN ORTIZ: And we have the --
9 probably the largest segment of poor families in
10 the Commonwealth of Pennsylvania (inaudible). How
11 do students in Pittsburgh are able to ride the
12 public transportation system over there at no cost
13 to them and how do they do it? And why can't we
14 here?

15 MR. LEARY: I'll answer the second
16 question first: We can't.

17 And the first question is, the Board of
18 Education purchases monthly passes for the
19 students in Pittsburgh at a cost of \$40 per pass
20 per month.

21 COUNCILMAN ORTIZ: Excuse me, say that
22 again. I didn't hear you.

23 MR. LEARY: The Board of Education --

24 COUNCILMAN ORTIZ: Right.

25 MR. LEARY: -- purchases monthly passes

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 for the students in Pittsburgh at a cost of \$40
3 per pass per month.

4 COUNCILMAN ORTIZ: \$20.

5 MR. LEARY: That's \$40, 4-0.

6 COUNCILMAN ORTIZ: 40.

7 MR. LEARY: Yeah.

8 Now, the token purchased by the school
9 department is given, blending transfers in runs
10 about 23 to \$24 a month, so it's a much better
11 deal buying tokens the way the school department
12 is buying them today than buying the monthly
13 passes. And we've had this conversation several
14 times, and we'd be more than willing to sell
15 monthly passes. It's not the best deal for the
16 school department.

17 COUNCILMAN ORTIZ: So it's the school
18 system -- the public transportation does not give
19 -- does the public transportation give a subsidy
20 to the Pittsburgh school system for their tokens?

21 MR. LEARY: I believe the answer is no.
22 Our data indicates no.

23 COUNCILMAN ORTIZ: Excuse me?

24 MR. LEARY: Our data indicates that
25 they provide the pass for the student.

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142

2 COUNCILMAN ORTIZ: They provide a pass
3 for the student.

4 MR. LEARY: Right.

5 COUNCILMAN ORTIZ: But the school
6 system pays for that pass.

7 MR. LEARY: And the school system pays
8 for the pass.

9 COUNCILMAN ORTIZ: Okay.

10 MR. LEARY: And let me just say, this
11 is data that was provided to us by the Daily News
12 Editorial Board on March 13, 2000. It must be
13 correct.

14 (Laughter.)

15 COUNCILMAN ORTIZ: I see the Daily News
16 reporters smiling. They're usually correct. They
17 did a great editorial today, so I've got to
18 commend them on it.

19 So what you're saying to me is that we
20 here -- that your system is very much just like
21 Pittsburgh.

22 MR. LEARY: A little bit larger --
23 well, substantially larger, yes.

24 COUNCILMAN ORTIZ: And you don't
25 provide, just as Pittsburgh doesn't provide, any

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 subsidy, extra subsidy that it doesn't give to the
3 average customers.

4 MR. LEARY: Sir, I think the answer to
5 the question is that the Pittsburgh Department of
6 Education pays the cost of the transportation and
7 the Transit Authority is made whole -- is not
8 subsidizing the transportation.

9 COUNCILMAN ORTIZ: I didn't hear that.

10 MR. LEARY: It's -- basically the
11 Department of Education in Pittsburgh pays the
12 cost of the transportation.

13 COUNCILMAN ORTIZ: Well, I just have
14 some information here that says that Pittsburgh
15 School District receives a total State
16 reimbursement of around approximately 40 percent,
17 but included in that amount is public
18 transportation reimbursement at 100 percent of
19 allowable cost.

20 Does that go -- does that --

21 MR. LEARY: To the district, to the
22 School District.

23 COUNCILMAN ORTIZ: To the School
24 District.

25 MR. LEARY: Yeah, not to the Transit

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 Authority, to the School District.

3 COUNCILMAN ORTIZ: So both transit
4 authorities don't do anything specifically special
5 in terms of the school kids in their cities.

6 MR. LEARY: That's correct.

7 COUNCILMAN ORTIZ: Thank you.

8 COUNCILMAN GOODE: Councilman Mariano.

9 COUNCILMAN MARIANO: Thank you,
10 Mr. Chairman.

11 Mr. Leary, we're probably going to have
12 a rate increase. I guess that's top secret, but
13 it sure looks like it's going to happen. Since
14 we're going to hit the riding public for a rate
15 increase, why don't we just hit 'em for enough to
16 cover the cost -- not so we go totally free like
17 we would like to see but so, you know, we can get
18 down.

19 I was reading in one of the great
20 papers -- I don't know which one, they both fuzz
21 together for me -- that students would be excepted
22 or someone would be excepted, that the cost is
23 down to like \$5 a week, and that might be
24 acceptable, even though we're trying to get to
25 free.

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2 Have you done any homework or tried to
3 figure out that to try to make this less painful?

4 MR. LEARY: Yes, sir, we have actually.
5 And what we've discovered, and it's very clear to
6 us, is that we're prohibited from creating an
7 advantage for any one consumer group.

8 COUNCILMAN MARIANO: Any aid though? I
9 mean --

10 MR. LEARY: Any.

11 COUNCILMAN MARIANO: Even if you don't
12 make it free, as long as you'd be dis --

13 MR. LEARY: Making it free is
14 specifically prohibited.

15 COUNCILMAN MARIANO: Okay. Well, I
16 know and I understand you can't make it free for
17 that reason. But if you cut the cost down where
18 it's more bearable instead of what -- what are
19 they paying, \$9, \$7 a week?

20 (Audience member responds off-mic.)

21 COUNCILMAN MARIANO: Is it 7, Shelly?
22 9. So 5, say we make it 5, can we do something
23 like that? Could we figure -- 'cause then we
24 wouldn't have to do the whole thing for everybody
25 else that doesn't live in Philadelphia, just --

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142

2 MR. LEARY: Yeah, one of the --

3 (Mr. Leary confers off record with
4 colleagues.)

5 COUNCILMAN MARIANO: Because the
6 common-sense approach to this so we don't have to
7 keep coming back here and doing this, doing this,
8 and doing this --

9 MR. LEARY: Yeah. You know,
10 Councilman, everyone says to us, you know, What's
11 the big deal, why don't you tell us what you're
12 doing in terms of the fare increase? And the
13 reason we can't because is it's so complicated.
14 We're being very, very careful in studying this
15 and designing this so that there is a very careful
16 balance across the board for everybody.

17 COUNCILMAN MARIANO: Mm-hmm.

18 MR. LEARY: And there's no advantage or
19 disadvantage in real terms to any particular
20 group. And it gets very complicated when do you
21 that.

22 COUNCILMAN MARIANO: My point though --
23 I think you're missing my point. We give them a
24 discount for tokens now, correct?

25 (No immediate response.)

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2 COUNCILMAN MARIANO: Can somebody

3 answer me there?

4 MR. LEARY: We discount, yes.

5 COUNCILMAN MARIANO: DiCicco's shaking

6 his head. Right, Christian?

7 MR. DICICCO: Right, but it's available

8 for everyone.

9 COUNCILMAN MARIANO: You got the nice

10 haircut. I mean, say something. I'm trying to

11 make you important. Your father can't talk to

12 you, I can.

13 MR. DICICCO: The discount isn't

14 exclusive to the school children; it's available

15 to the general public as well.

16 COUNCILMAN MARIANO: Well, it's been a

17 little while since I went to school, but aren't

18 the tokens cheaper if you get the school tokens

19 and we stop doing that?

20 MR. DICICCO: They're the same, they're

21 the --

22 MR. DICICCO: It's been a long time

23 since I went to school. We don't do that anymore,

24 right?

25 MR. DICICCO: Student tokens are \$1.15

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 and general-public tokens \$1.15.

3 COUNCILMAN MARIANO: Okay, but we're
4 still giving some discount, if not to --

5 MR. DICICCO: I believe the School
6 District is providing the discount.

7 COUNCILMAN MARIANO: Oh, okay. So they
8 buy 'em for the cost? Are they buying 'em for --

9 (Unintelligible, parties talking over
10 each other.)

11 MR. DICICCO: \$1.15, whatever you
12 can --

13 COUNCILMAN MARIANO: And you can catch
14 where I'm going with this.

15 MR. DICICCO: Right.

16 COUNCILMAN MARIANO: I mean, people are
17 going to -- they're going to bitch about a raise
18 anyhow, so let's make it so we can try to get this
19 somewhere where there's threshold of pain is
20 eased. You know, it's hard for us to come here.
21 I mean, that's what this is all about. We can
22 talk for all night and all day, but it's hard for
23 us to come here and read a story in one of these
24 papers that some kid missed his final exams 'cause
25 he couldn't go to school.

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2 That's the stuff that makes our life
3 unbearable, because, you know, we're riding around
4 in these fancy cars that they pay the gas and our
5 tires and everything, and we can't give some kid
6 -- I mean, it would be -- I know you got problems
7 for all the things you stated, and I'm sure nobody
8 at that table doesn't want the kids to ride for
9 free, and maybe free is not where we can get to.

10 But if we're going to hit everybody for
11 a rate increase, let's do it at one time and ease
12 that threshold of pain down a little for these
13 school kids so we don't have to read these
14 stories. You know, this is a great job we have
15 here, but then we have to read them stories, then
16 I have to, you know, be all angst over all of that
17 kind of stuff, you know? It makes my life more
18 intolerable.

19 Could we do something like that?

20 (No immediate response.)

21 COUNCILMAN MARIANO: I love when they
22 don't answer, just everybody's chatting. And I
23 like you.

24 MR. LEARY: No, Councilman, you've been
25 terrific to us.

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2 You know, we just did some quick
3 mathematics, and we said -- and we'll confirm it.
4 But if you were to say that the regular commuter,
5 that their ticket price would increase enough to
6 cover the student for free --

7 COUNCILMAN MARIANO: Not free but less,
8 less.

9 MR. LEARY: Okay. Well, we just took
10 the \$26 million.

11 COUNCILMAN MARIANO: Okay.

12 MR. LEARY: Their costs would go up
13 just 11 percent.

14 COUNCILMAN MARIANO: All right.

15 MR. LEARY: Okay, so over whatever
16 increase it turns out to be --

17 COUNCILMAN MARIANO: Eleven --

18 COUNCILMAN MARIANO: It would have to
19 be 11 percent higher than that just to cover the
20 offset.

21 COUNCILMAN MARIANO: I see.

22 Now, let me ask you this question and
23 somebody might ask you this. The thing to getting
24 it to free is some kind of a -- is it a State or a
25 federal law?

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2 MR. DICICCO: Both.

3 COUNCILMAN MARIANO: Both? Can we have
4 Harrisburg and Washington work on that? I mean,
5 we're all trying to do good things here, but if
6 they're going to keep us and you from doing what
7 we need to do, maybe it's time our Congress people
8 and our State Representatives started working on
9 this instead of coming to us with this all the
10 time, when we can only do and you can only do what
11 you can do.

12 MR. LEARY: Councilman, I think there
13 may be some opportunity to discuss that in
14 Harrisburg. I've had some experience at the
15 federal level with it, and they are very, very
16 strict about using public dollars to compete with
17 the private sector, and they see public transit
18 properties getting into school bus business as
19 direct competition with the private sector, and --

20 COUNCILMAN ORTIZ: Councilman Mariano,
21 if I may follow up?

22 COUNCILMAN MARIANO: Sure.

23 COUNCILMAN ORTIZ: When you were here
24 before, we asked you some questions about other
25 institutions that you sell tokens to and what

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2 arrangements you have with them, and the
3 University of Pennsylvania has a relationship in
4 terms of tokens for their students and --

5 MR. LEARY: No.

6 COUNCILMAN ORTIZ: No?

7 MR. LEARY: No, sir. They -- we have a
8 relationship with them and many other large
9 institutions around town to buy monthly passes,
10 and that monthly pass is discounted by 5 percent.
11 Now, just keep in mind, the token is discounted by
12 28 percent.

13 We sell to the University of
14 Pennsylvania a \$64 monthly pass. And because they
15 pay in advance and buy 'em in bulk, we discount it
16 by 5 percent. They buy an entire semester's worth
17 at once, so they pay up-front.

18 You know, each time we talk about it,
19 and we'd be more than willing to sell monthly
20 passes, but the bottom line is, the monthly pass
21 is more expensive than the token arrangement, and
22 it's substantially more expensive.

23 COUNCILMAN ORTIZ: All right,
24 Councilman.

25 I have other information but we'll come

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2 back to that.

3 COUNCILMAN MARIANO: Could we get to
4 the point where now that we're on that, could
5 there be like a whole-term pass? Like Frank
6 DiCicco goes to public school or whatever? We
7 could do all the schools if you want, but we're
8 looking at public schools, and as long as Frank'
9 enrolled at South Philadelphia High School, as
10 long as -- he could have a yearly pass or, you
11 know, from September to June? Isn't there -- do
12 we ever look at anything like that?

13 MR. LEARY: Yes. And actually, SEPTA
14 tried it once.

15 (Applause.)

16 COUNCILMAN MARIANO: Don't clap 'cause
17 then I might want to run for mayor or something.

18 MR. LEARY: The idea of a pass is a
19 very efficient idea, it works real well, but it
20 has very limited application. We sell monthly
21 passes; people pay \$64 for a monthly pass. And we
22 sell weekly passes.

23 COUNCILMAN MARIANO: Mr. Leary, let me
24 interrupt you one minute. For instance, you go to
25 Frankford High School, you have an I.D. card

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2 that's scanned on the back. You take that and the
3 guy scans it. Eventually that -- that
4 technology's here.

5 MR. LEARY: Sure.

6 COUNCILMAN MARIANO: And it's
7 eventually going to be on your buses.

8 MR. LEARY: Sure.

9 COUNCILMAN MARIANO: I mean -- okay --

10 MR. LEARY: We have it. You can scan a
11 pass on the bus today.

12 COUNCILMAN MARIANO: All right. Well,
13 can't we scan this Frankford High School I.D. so
14 we can -- I mean -- or we could debit something.
15 There's something out there, you know, and I know
16 you're a nice guy and I know youse are all
17 forthright, but it just seems we do this all the
18 time and -- believe me, I'm not beating on youse,
19 but we need to get to a point where we got to
20 solve it.

21 MR. LEARY: We've got to solve it,
22 yeah.

23 COUNCILMAN MARIANO: We see this down
24 the road. I mean, if not now, where we can come
25 back here and say we've achieved something and

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2 we're going to do this. And I can't read them
3 stories about that kid that can't take his finals
4 'cause he didn't have tokens. That's the kind of
5 stuff that makes you not want to be in City
6 Council because you feel like they're the things
7 you want to do, and I'm sure they're the things
8 you want to do and SEPTA wants to do.

9 MR. LEARY: Substituting a weekly pass
10 for the token is a very realistic, very legitimate
11 idea. SEPTA tried it several years ago, before my
12 time, tried it for about six weeks.

13 COUNCILMAN MARIANO: And they probably
14 lose 'em.

15 MR. LEARY: Huh? They lose 'em.

16 COUNCILMAN MARIANO: That's why I'm
17 saying, you lose your I.D., then you don't get in
18 school and then you're in trouble.

19 MR. LEARY: Yeah. That -- it became
20 such a problem so quickly. I understand in about
21 six weeks, they had to cancel the program. Kids
22 looking for replacement passes.

23 Now, a token is recyclable, okay? You
24 leave your pass in you jeans and it runs through
25 the washing machine, you know, and there were just

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2 hundreds and hundreds of issues like that every
3 day, looking for replacement passes, and
4 unfortunately, they had to discontinue the
5 program.

6 COUNCILMAN MARIANO: The I.D. Card scan
7 is something that, you know, they can lose, but
8 eventually, they've got to become adults. At
9 least teenagers realize they got to have that to
10 get free. If you gave me a card and said, You can
11 ride the bus for free and you can get in school, I
12 would make sure I didn't lose it, even when I was
13 15 years old.

14 MR. LEARY: Well, there's a difference
15 between free and there's a difference --

16 COUNCILMAN MARIANO: Or you know, I --

17 MR. LEARY: Replacing a --

18 (Unintelligible, parties talking over
19 each other.)

20 MR. LEARY: -- paper a card with a
21 copper token.

22 COUNCILMAN MARIANO: That's going to
23 cost money, right.

24 MR. LEARY: Yeah.

25 (Unintelligible, parties talking over

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 each other.)

3 MR. LEARY: In a crazy way, every time
4 we look at this and you get into the details, and
5 I don't like even saying tis because this is the
6 21st century and technology should be able to
7 replace --

8 COUNCILMAN MARIANO: Oh, it's there.

9 MR. LEARY: -- the token.

10 COUNCILMAN MARIANO: It's just applying
11 it.

12 MR. LEARY: But the token is such a
13 versatile media, you know, you can't destroy it,
14 you can't -- you know, we're just recycling it.

15 COUNCILMAN MARIANO: And I happen to
16 know Councilman DiCicco has a whole bag of old PTC
17 tokens that he slips in every once in a while when
18 he's running, and now that his son's on the board,
19 he can't do it.

20 MR. LEARY: Mm-hmm.

21 COUNCILMAN MARIANO: But back to my
22 point, I mean, is this something we're looking at?
23 I mean, if I could think of it, someone else --

24 MR. LEARY: Oh, no, no. We've been
25 looking at it actively to try to find a way to

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2 make it work.

3 COUNCILMAN MARIANO: Is it within reach
4 eventually?

5 MR. LEARY: Everybody tells me it won't
6 work, to be perfectly honest.

7 COUNCILMAN MARIANO: Okay.

8 MR. LEARY: That, you know, we've gone
9 back to the point in the mid-'80s when they tried
10 it, to get all the data, and it just scares
11 everybody that look at it.

12 COUNCILMAN MARIANO: Okay.

13 MR. LEARY: You know, we sell it --
14 and, frankly, you'd sell it for the same price as
15 the token.

16 COUNCILMAN MARIANO: Sure.

17 MR. LEARY: To give you an easy
18 example, if you price it to be the same as the
19 tokens, you know, \$20 a week, what do you do on
20 the school weeks that only have three days?

21 COUNCILMAN MARIANO: That's why you
22 could scan that I.D. card and you could -- you can
23 do it when drive over the bridge.

24 MR. LEARY: No, you use the I.D. card
25 to buy the weekly card.

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2 COUNCILMAN MARIANO: No, I'm saying you
3 have a debit card, your I.D. card becomes a debit
4 card, and you use that card like you use when you
5 go over the bridge and they send you a bill. It's
6 automatically taken off of something.

7 MR. LEARY: Right.

8 COUNCILMAN MARIANO: I'm not saying you
9 take it off some kid's checking account, 'cause he
10 don't have it, but there's got to be some kind of
11 technology along that lines that we could use.

12 MR. LEARY: That's a different
13 technology than we have today. We have the
14 scanner, the magnetic card reader, the
15 introduction of a smart card, and it will come.

16 COUNCILMAN MARIANO: Right.

17 MR. LEARY: I mean, it's only a matter
18 of time. But it's a big capital investment for
19 SEPTA.

20 And I'm going to say, Councilman, we
21 have looked at it, and it's in the range of
22 \$60 million to change all of the fare collection
23 equipment from magnetic read to computer-chip
24 smart card.

25 And, Madam Treasurer, am I close?

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2 SEPTA TREASURER: 132 million.

3 MR. LEARY: Up to 132 million.

4 COUNCILMAN MARIANO: When new buses
5 come on line, do you put the old system, or do you
6 start making out a system that can be upgradeable.

7 MR. LEARY: No. When new buses come
8 on, we take the existing fare boxes that have a
9 20-year lifetime.

10 COUNCILMAN MARIANO: And just put 'em
11 in it?

12 MR. LEARY: And put 'em on.

13 COUNCILMAN MARIANO: All right, thank
14 you.

15 MR. LEARY: I'm sorry, I can't --

16 COUNCILMAN MARIANO: No, I mean --

17 MR. LEARY: We've really, really -- are
18 exactly where you are internally, trying to figure
19 out how to phase in a technology that will make
20 all of these systems so much easier. I mean, we
21 have so many different fare zones and fare media
22 now that, you know, part of our objective is to
23 simplify it, reduce it, to make it so we can
24 actually get -- so it's understandable.

25 COUNCILMAN MARIANO: I want to tell

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 you, there's somebody listening to this, that will
3 be reading about this tomorrow that's going to
4 call your office and tell you he has the -- he or
5 she has that technology and their company -- can
6 you give me your home phone number, then they can
7 call you tomorrow, tonight.

8 (Laughter.)

9 COUNCILMAN MARIANO: Thank you,
10 Mr. Leary.

11 MR. LEARY: Thank you, sir.

12 COUNCILMAN GOODE: I have a quick
13 follow-up, then Councilman DiCicco, then
14 Councilman Cohen. But I also want Mr. Goldsmith
15 to joining Mr. Leary at the table when he returns;
16 he is here.

17 Mr. Leary, regarding Councilman
18 Mariano's question, we know that if we decrease
19 student transportation costs, we are passing on
20 that cost. If it's free for students, we're
21 passing on that cost -- or reduced for students,
22 we're passing on that cost to either adult fare
23 payers or adult taxpayers.

24 In view of your statement that you have
25 a 50 percent expense recovery ratio that's

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2 mandated by the State, I would suggest that
3 50 percent of your money come from fares, the
4 other 50 percent come from government subsidy.

5 If you are seriously looking at
6 reducing or eliminating student transportation
7 costs, are you looking at splitting that cost
8 between taxpayers and fare payers, or have you
9 considered that at all?

10 MR. LEARY: No. In our examination of
11 that issue, we were advised by counsel very
12 clearly that we do not have the ability to
13 disadvantage any one customer market group.

14 Let me just -- let me just look to
15 counsel now.

16 (Mr. Leary confers off record with
17 colleagues.)

18 MR. LEARY: That's correct, that's the
19 equal rights -- equal protection clause of our
20 enabling act and the Constitution.

21 COUNCILMAN GOODE: I'm referring to a
22 client like the University of Pennsylvania, as
23 Councilman Ortiz referred to before, not young
24 people, not students in general, but a client
25 which is the School District, which is going to

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2 purchase from you. If we're going to look at
3 discounting or eliminating that cost, it's
4 eventually going to go get passed on to students.

5 If you are seriously considering this,
6 were you looking at splitting that cost between
7 the fare payer and the taxpayer, since you are
8 considering a fare increase, or were you going to
9 pass it on to the taxpayer totally?

10 MR. LEARY: Councilman, we would be
11 look to go split the cost at the same ratio that
12 exists today, as costs go up, to keep the balance
13 of a cost recovery ratio at 50 percent.

14 Now, just on your first issue about the
15 Penn pass, because that is discounted at a
16 5 percent rate, but that is available to
17 everybody, the entire population.

18 Now -- and if the school department
19 would want to engage in that program, we would
20 welcome it. I just have to tell you that it is
21 not in their best financial interest; it's a more
22 expensive program than the one that they have.
23 They have selected the most cost-efficient program
24 that exists.

25 COUNCILMAN GOODE: If you understand

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2 the question that I was asking you, you referred
3 to a \$40 million cost. You said that's split
4 between \$16 million for the School District and
5 \$24 by SEPTA. Actually, SEPTA doesn't have any
6 money of its own; that money comes from the fare
7 payers and the taxpayers.

8 As we bring the School District and
9 SEPTA to the table to determine what we're going
10 to do in terms of reducing or eliminating costs,
11 is everything on the table? Some of the revenues
12 you're considering are coming from fares. Are you
13 going to -- additional revenue in terms of fare
14 increase, are you going to put it on the table
15 before you decide to make it available for
16 discounting student tokens or student
17 transportation?

18 (Mr. Leary confers off the record with
19 colleagues.)

20 MR. LEARY: Councilman, I'm not sure
21 how to answer it.

22 The -- all of the proposals on the
23 table being studied raise all of the media,
24 including the token. So there's no -- we're
25 trying to be very careful to balance it across the

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2 board in real terms and that if there is a fare
3 increase, they would include all of the media,
4 including the token.

5 COUNCILMAN GOODE: So is it your
6 intention to raise the cost of tokens to the
7 School District through your fare increase.

8 MR. LEARY: That is correct. It would
9 have to be a very balanced, across-the-board
10 proposal.

11 COUNCILMAN GOODE: Will Mr. Goldsmith
12 join Mr. Leary at the table.

13 Councilman DiCicco?

14 COUNCILMAN DICICCO: I just want to
15 follow up on that line of questioning.

16 Is there any way -- because I
17 understand about this equity and that you can't
18 provide for certain reasons under State and
19 federal regulations free. Now that you're going
20 through the process of looking at a fare increase,
21 without asking for that number here today, is
22 there a way in which that fare increase could be
23 such that it would absorb any potential for an
24 increase to the students? In simpler terms,
25 meaning, is there a way in which you can at the

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2 very least freeze the student cost to the level
3 they are today -- we're still going to try and
4 figure out if we can ever get that down -- and
5 passing that on for lack of a better way to the
6 consumer by way of a fare increase.

7 MR. LEARY: Councilman, I understand
8 the question, and I believe the answer is no. I'd
9 have to consult with counsel on this carefully.

10 My understanding is that to be
11 successful in moving forward with the fare
12 increase, this issue of equity and social justice
13 and balancing is an overriding and very powerful
14 issue. And failure to deal with any one of those
15 principles can in fact -- you end up in court and
16 tied up for a very long period of time. So we're
17 being very careful about that.

18 You know, the idea of keeping the token
19 for the student at the existing price and asking
20 everybody else to increase their proportionate
21 share to pay for it is a principle that's
22 dangerous in our environment of moving forward
23 with something as large and complex as a fare
24 increase throughout the region.

25 COUNCILMAN DICICCO: Well, I'm not an

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2 attorney, but aren't we already doing that in a
3 sense when we provide certain discounts for
4 students? Or is that consistent with discounts in
5 general for people who use public transportation?

6 MR. LEARY: It has stood the test of
7 time at this point.

8 Excuse me one moment.

9 COUNCILMAN DICICCO: Sure.

10 (Mr. Leary confers with colleagues off
11 record).

12 MR. LEARY: I am also reminded,
13 Councilman, that we don't discount for students.
14 We sell it at the regular price, and the school
15 department does.

16 COUNCILMAN DICICCO: The School
17 District.

18 MR. LEARY: The School District does.

19 COUNCILMAN DICICCO: The other question
20 actually was asked by my colleague who generally
21 looks at my notes while I'm preparing them, but
22 that's okay, we're one big happy family here.

23 (Laughter.)

24 COUNCILMAN DICICCO: So, as you know, a
25 couple years ago, when I chaired this committee

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2 and subsequently was vice chair, I've been looking
3 for other sources of revenue which I would
4 consider to be revenue-neutral, meaning no cost to
5 people who use public transportation and/or to the
6 taxpayers by providing some sort of foundation or
7 money from private industry.

8 Unfortunately, in light of a bill that
9 I introduced a couple of weeks ago and the
10 opposition to that bill, 629, which may have
11 created an opportunity to create a revenue stream
12 by way of certain types of -- permitting certain
13 types of outdoor advertising, along with community
14 support, it appears that that bill is probably
15 dead in the water, and that notion that I was
16 going to be able to create that revenue stream
17 that would provide, if not all of, at least a
18 significant portion of the revenues to pay for the
19 student transportation needs is probably dead in
20 the water.

21 So I know Shelly's in the audience
22 today, and I'm really sorry about that, but it's
23 very unlikely that that legislation will go
24 anywhere as a result of the negative comments and
25 statements that were made to Bill 629.

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2 I know it's really not for you,
3 Mr. Leary, but I wanted to put that on the record
4 today. Those two years of work seem just about
5 dead at this particular time.

6 Thank you, thank you for being here.

7 Thank you, Mr. Chairman.

8 COUNCILMAN GOODE: You're welcome.

9 Councilman Cohen?

10 COUNCILMAN COHEN: Mr. Leary, it's
11 mighty strange to hear you speak in terms of
12 social justice and equity requiring that poor kids
13 have problems getting to school, because you are
14 saying -- you are defending charging kids to go to
15 public school and you're saying that's called for
16 by social justice and equity. And the exact
17 reverse is the fact, not what you said.

18 There are no exquisite balances to
19 maintain in order to keep kids from going to
20 school. The exquisite balance is to find a way to
21 get the kids to school if there's any meaning to
22 the very often-repeated statements that this is
23 "The Year of the Child" or that education is
24 important to Philadelphia or the nation or to
25 whomever.

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2 If it were possible for us to get a man
3 to the moon or a woman to the moon, you mean it's
4 not possible to get government to act in a way and
5 the private-business sector to act in a way which
6 really assures free education for kids? I don't
7 believe that for a moment, Mr. Leary. And I don't
8 appreciate all of the so-called niceties.

9 I happened to be in City Council when
10 SEPTA law was passed, when it was enacted by the
11 State legislature back in 1968, and I assure you,
12 there were no fine balances that were being
13 sought. What there was plain horse-trading, and
14 the suburbs won over the City. Even though the
15 City provides approximately 80 or 85 percent of
16 the revenue, the benefits went to the suburbs.

17 And it's about time to recognize the
18 facts of life. It's time for you, it's time for
19 the School District, it's time for us in
20 government to get together and make public
21 education free education. And every kid, whether
22 he goes to public school or private school,
23 beginning with kindergarten through high school,
24 ought to be able to get to school without the
25 family figuring out, do we eat this day or do we

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 send one of our kids to school this day?

3 (Applause.)

4 COUNCILMAN COHEN: And I think it's an
5 absolute disgrace for representatives of the
6 public -- and SEPTA is a public body -- to stand
7 there and to say social just and equity require
8 that kids have to pay to go to school, because
9 that's just the reverse of the fact.

10 I think it's not for us to decide the
11 technical way in which you do it, but I think it's
12 absolutely part of your duties to find a way,
13 together with the School District and the City of
14 Philadelphia and probably, as Councilman Mariano
15 stated, the State legislators, and if necessary,
16 Congress.

17 But this is a problem that's got to be
18 settled now. We can't wait another year, another
19 two years or five years. This is a problem that
20 can be set, and I think you ought to come clean
21 instead of giving us all of these Massachusetts
22 cliches, because that's all we're hearing from
23 you. You tell us there's nothing more you can do,
24 but you're ready to cooperate with us fully in
25 doing nothing more. That's what your statement

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2 tells us. And I think you ought to withdraw it
3 and I think you ought to go back to the drawing
4 boards and come up with ways with the School
5 District.

6 And if you feel you need more money
7 from the State, I think it's your role to make the
8 demand to your bosses, to the State government,
9 because the State and the suburbs have most of the
10 seats. Don't they have 11 out of the 15 now?
11 That's my understanding.

12 And I would like to see a genuine
13 approach rather than all of this fancy dancing
14 around the issue, trying to indicate that justice
15 is on your side; it is not. You are the people
16 being unjust, you're being unjust to the kids of
17 Philadelphia.

18 Thank you, Mr. Chairman.

19 COUNCILMAN GOODE: You're welcome.

20 (Applause.)

21 COUNCILMAN MARIANO: Mr. Chairman, just
22 for the record, I want it to be noted that
23 Councilman was making fun of your Massachusetts
24 heritage, not me this time. 'Cause last time I
25 was in the New England newspapers, and I can't go

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 to the Red Sox games anymore.

3 MR. LEARY: So noted, Councilman.

4 COUNCILMAN MARIANO: Thank you.

5 COUNCILMAN GOODE: If Mr. Leary and
6 SEPTA can remain available for questioning, I'd
7 like to have Mr. Goldsmith testify at this time.
8 Goal.

9 MR. LEARY: Thank you.

10 (Witness comes forward.)

11 MR. GOLDSMITH: Sandra Dungee Glenn, a
12 member of our board, is here with me, and she'd
13 like to make some comments, and I'd like to have
14 our chief financial officer, Rhonda Chatzkel, join
15 us up here.

16 (Witness comes forward.)

17 COUNCILMAN GOODE: Miss Glenn, please
18 state your name for the record and state your
19 testimony.

20 MS. GLENN: Good morning. My name is
21 Sandra Dungee Glenn. Good morning, Chairman Goode
22 and members of the committee and members Council.

23 I'm a member of the Board of Education
24 of the School District of Philadelphia, and it is
25 a pleasure to be here to testify on behalf of the

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 Board about our policies and give our perspective
3 on student transportation.

4 Transportation to and from school is as
5 vital a concern to today's Board as it was more
6 than 25 years ago, when the Board adopted its
7 original policies. Then, as now, the Board
8 recognized the simple fact that a student cannot
9 learn if a student cannot get to school, and that
10 helping students get to and from school is one way
11 to promote better attendance, especially in the
12 middle and high school years.

13 Then, as now, Councilmembers
14 acknowledged the importance of students
15 transportation. This kind of collaboration will
16 be critical as we on the Board reexamine all of
17 our policies on transportation in light of the
18 serious financial crisis the District now faces.
19 The board welcomes Council's assistance in
20 crafting strategies to reduce the cost of student
21 transportation.

22 You have each received data summarizing
23 the District's expenditures on transportation and
24 Mr. Goldsmith, the District's Interim Chief
25 Executive Officer, will give you more details in

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2 his testimony. With that in mind, I want to
3 outline the Board policies now governing all
4 student transportation in order to give you a
5 context in which your help is being sought.

6 First, let me stress that there is no
7 income requirement for any student to receive free
8 transportation. All students receiving special
9 education services, participating in desegregation
10 programs, and assigned to schools for reasons of
11 overcrowding receive free transportation. That
12 transportation can include tokens, transfers,
13 buses or cabs. Homeless students also receive
14 free tokens.

15 Second, students whose route to school
16 is determined to be hazardous by the State of
17 Pennsylvania's Department of Transportation
18 receive free transportation.

19 Third, students who live more than one
20 mile and a half from their assigned schools
21 receive free transportation.

22 Fourth, students whose situations
23 dictate on extraordinary need for free
24 District-provided transportation also receive it
25 upon the recommendation of the District's Chief

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2 Executive Officer or the Chief Academic Officer or
3 the Board. That is known as the "exception-to-
4 policy" policy.

5 Finally, the District of Philadelphia
6 is required by State law to provide the same free
7 transportation services to parochial and private
8 school students that we provide for public school
9 students. Each day, the District is responsible
10 for the transport of over 60,000 public, private,
11 and parochial school students. The District runs
12 about 1200 yellow bus and cab routes each day and
13 spends \$67 million a year on transporting
14 students.

15 This district puts forth much effort
16 and many dollars to minimize student
17 transportation costs across the District, even
18 though the majority of our 214,000 students walk
19 to school. An important component of our
20 transportation system is free and subsidized SEPTA
21 tokens and transfers.

22 Two years ago, at Council's urging,
23 discussions first began on the development of a
24 swipe-card system, with an eye to eliminating the
25 District's costs with buying and distributing

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 tokens. More recently -- in fact, just last week
3 -- similar discussions also have taken place. We
4 want to partner with SEPTA in pursuing ways to
5 reduce the impact of this barrier to learning, and
6 we appreciate their willingness to do the same.

7 The Board is directing District staff
8 to assess the impact of transportation costs to
9 public school students and its impact on truancy.
10 The District and SEPTA should work together with
11 our joint funders, the City and the Commonwealth,
12 to devise strategies on this issue.

13 I also want to thank the Philadelphia
14 Student Union and the Philadelphia Citizens for
15 Children and Youth for their advocacy on behalf of
16 more than 23,000 public school students who ride
17 SEPTA to school. We find intriguing and creative
18 the PCCY proposal that SEPTA or the City look for
19 ways to reduce the cost of either transfers or
20 tokens to the District, which then could provide a
21 larger subsidy to the students. The Board would
22 support such a proposal as long as it would be
23 cost-neutral to the District. Our greatest
24 concern at this time is that students be held
25 harmless in the event of any proposed fare

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2 increase.

3 Hopefully, this explanation has
4 clarified why what may seem like an easily
5 accomplished task actually will require more
6 innovative solutions devised among SEPTA, Council,
7 and the District. In light of these realities,
8 and especially given the District's financial
9 crisis, the Board has begun a review of our
10 transportation policies with a goal of refining
11 and updating them to better serve the needs of
12 today's students, including the exceptions to
13 policy which, add about \$1.1 million to the
14 District's overall transportation costs.

15 This board has dedicated itself to
16 working collaboratively with all of our State
17 (indiscernible) in search of solutions to this and
18 a wide range of problems that confront our
19 district. We look forward to having similar
20 creative thinking on this issue from Council.

21 Thank you, and I will be glad to take
22 your questions at the conclusion at our
23 testimony. And it is now my pleasure to introduce
24 Philip R. Goldsmith, the Chief Executive Officer
25 for the District of Philadelphia.

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2 MR. GOLDSMITH: Good morning, Chairman
3 Goode and members of Council. My name is Phil
4 Goldsmith, and I'm the Interim Chief Executive
5 Officer of the Philadelphia School District. I'm
6 here to discuss the issues of student
7 transportation. I welcome Council's interest in
8 this subject and appreciate the interest and
9 concern of Philadelphia Citizens for Children and
10 Youth, the Philadelphia student unions, and others
11 who have raised this issue.

12 Currently, over 23,000 public school
13 systems ride SEPTA back and forth to school. Of
14 the students using SEPTA, 10,000 students receive
15 free tokens and transfers. They are eligible for
16 free tokens for a variety of different reasons
17 governed by either State or School District policy
18 or both and include desegregation, special
19 education, overcrowding, hazardous routes, and
20 exception to policy.

21 About 13,000 students purchase tokens
22 at the rate of \$9 per week. This discounted rate
23 is subsidized by the School District as a matter
24 of Board policy. Without the discount, students
25 would pay \$11.50. In other words, the School

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2 District pays SEPTA \$1.15 per token and receives
3 90 cents from the student, a 25-cent subsidy per
4 trip. All students receive free transfers if
5 requested.

6 Each of you should have received the
7 table summarizing expenditures on transportation.
8 As the table, shows SEPTA revenues from transfers
9 and tokens used for public school students is
10 \$11.7 million. Of this total, students'
11 out-of-pocket cost for the subsidized tokens is
12 4.2 million. The gross cost to the School
13 District is 7.5 million. Of that amount, the
14 Commonwealth of Pennsylvania reimburses the
15 District 5.1 million. Consequently, the net cost
16 to the School District is approximately
17 2.5 million.

18 Students' use of tokens is not of
19 recent vintage. It's been going on since the
20 1950s. It wasn't until almost three decades
21 later, in 1984 and 1985, when the subsidy of
22 tokens began. This was initiated when the regular
23 price of a token increased to 70 cents from 55
24 cents, later increased to 85 cents, and then \$1,
25 until its present \$1.15.

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2 Between 1985 and 1989, the City and
3 School District shared the cost of subsidizing
4 student tokens. Due to the City's financial
5 crisis in the late 1980s, the City stopped sharing
6 the cost. Since then, the School District has
7 borne the entire local burden. In fact, in 1995,
8 it increased its subsidy to 25 cents, when SEPTA
9 increased the fare to \$1.15, which is where the
10 subsidy and the fare now remains.

11 Although we have no definitive
12 empirical evidence at this time to show a
13 correlation between transportation and attendance,
14 common sense and anecdotal evidence suggests that
15 the inaccessibility of transportation can be an
16 impediment to school attendance. As one parent
17 applying for emergency transportation funds for
18 transportation wrote:

19 "The cost of living is too high for
20 the salary I make. The bills make it extremely
21 hard to keep trying to squeeze our money for
22 Maleeka's car fare. Every week, she has to worry
23 about where car fare's coming from. It will lift
24 the burden a little bit if I didn't have to worry
25 about how she was getting to school each week."

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2 Principals, teachers, and
3 administrators are all too familiar with stories
4 like this. And that's not surprising. Our School
5 District has the second highest poverty rate in
6 the State; it's more than twice the average of the
7 Commonwealth's other 500 school districts. In
8 fact, our most affluent school has a poverty rate
9 that is higher than the State average.

10 The School District's mission is to
11 provide all students with the educational skills
12 and tools needed to be productive and engaged
13 citizens. If students do not attend school on a
14 daily basis or are tardy, it is all the more
15 difficult to achieve our mission. We're committed
16 to working with Council, SEPTA, and the State to
17 develop strategies to reduce transportation costs
18 and reduce any impediments that hinder assistance
19 and foster learning.

20 But having said that, it's essential to
21 emphasize that just as the City had its financial
22 crisis in the late 1980s and stopped its subsidy,
23 the School District now has its own serious
24 financial crisis. As we pointed out in this very
25 chamber only a few weeks ago, the District is

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 facing a \$191 million deficit for the next fiscal
3 year. And unlike SEPTA, we do not have a fare box
4 to make up any of the difference.

5 As the District's Interim Chief
6 Executive Officer under our new governance model,
7 my mandate is to implement, enhance, and
8 professionalize our management practices and
9 approach. Until we first resolve our current
10 financial situation, it would not be managerially
11 responsible on my part for me to recommend to the
12 Board any additional subsidy that would increase
13 our costs and increase our deficit.

14 I would recommend to the Board,
15 however, that if SEPTA's proposed fare increase
16 includes students, the District should oppose such
17 an increase. Our students cannot afford to pay
18 more, nor can the District.

19 I trust that it will not come to that.
20 SEPTA and the School District have a good working
21 relationship. We have cooperative initiatives
22 through programs such as the Police Collaboration
23 Project to return truant students to school.
24 General Manager Jack Leary and I have already met,
25 we have arranged for our staffs to meet to explore

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2 ways to utilize technology, to minimize the
3 administrative task of purchasing and distributing
4 tokens. Several meetings between our staffs have
5 already occurred.

6 It should also be noted that the
7 Commonwealth of Pennsylvania is a major funder of
8 both SEPTA and the School District. As we both
9 talk with Harrisburg about our needs, student
10 transportation should be on both our agendas. It
11 has been on ours.

12 In conclusion, we share a concern as to
13 the raise cost of transportation for our
14 students. It is why the District has subsidized
15 part of their cost uninterrupted for the past 15
16 years. We know more needs to be done, and nothing
17 would please us more than to be in the financial
18 position to do more.

19 I'd be pleased to answer any questions,
20 and our CFO, Rhonda Chatzkel is here with me, and
21 our Head of Transportation, John Lombardi, is also
22 here.

23 Thank you.

24 COUNCILMAN GOODE: Thank you,
25 Mr. Goldsmith, for your testimony. I don't know

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 if you were here and heard Mr. Leary already state
3 that although they have not ruled out their fare
4 increase yet, that because of equity issues,
5 according to them, that they intend to increase
6 the cost of tokens to the School District. You
7 also said that the School District, because of its
8 financial situation, cannot afford to subsidize
9 even under the current conditions, let alone an
10 increase in token prices.

11 But the purpose of this resolution and
12 the purpose of this hearing today is not to ask
13 SEPTA or the School District to foot the cost,
14 knowing that both are funded by tax dollars, and
15 we will discuss actually where the money will come
16 from at some later point. The purpose of this
17 hearing is to actually get down to the actual cost
18 and what we might be able to do and what it would
19 actually cost to reduce or eliminate the price of
20 tokens. I'd like to -- or student transportation
21 in general.

22 I'd like to run through a number of
23 different questions with you based upon your
24 testimony and discussions that we've already had.
25 What is the School District's current

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 transportation policy; can you briefly describe
3 it. And how is it determined and when was it
4 established?

5 MR. GOLDSMITH: Okay, I'm going to sort
6 of reiterate what Sandra Dungee Glenn had said,
7 but the policy, as it currently states is to
8 provide -- first of all to be a resident of the
9 City of Philadelphia. Secondly, there's
10 transportation, free transportation, for special
11 education needs where -- in their IEP so
12 designated.

13 Next, there is transportation for a
14 student who lives more than a mile from his or her
15 home and is participating in a voluntary
16 desegregation program of the School District of
17 Philadelphia.

18 There is also a free transportation in
19 Grades 1 through 6, if you live a mile and a half
20 from your school.

21 Also, if a school route is designated
22 as hazardous by the Pennsylvania Department of
23 Transportation, free transportation is provided.

24 And then, also, if your school is
25 overcrowded and you need to be transported

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 elsewhere, we provide free transportation.

3 And then there's the exception-to-
4 policy designation, which would include either
5 individual requests or requests that come from our
6 staff concerning special situations, such as
7 homeless people and other matters like that.

8 As I understand it, I think John
9 Lombardi has said he's been with the District
10 since 1974 and said that these policies have
11 basically been in place since 1972, or at least
12 since he's been here. So they've been
13 long-standing and they get approved and reapproved
14 from time to time, but they are long-standing
15 policies of the School District.

16 COUNCILMAN GOODE: And none of these
17 policies are income-based.

18 MR. GOLDSMITH: None of the policies
19 are income-based, no.

20 COUNCILMAN GOODE: Are there any legal
21 restrictions from establishing an income-based a
22 student transportation cost policy?

23 MR. GOLDSMITH: I don't know the answer
24 to whether there's any legal --

25 COUNCILMAN GOODE: But there are none

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 that you know of.

3 MR. GOLDSMITH: There is none that I
4 know of. Obviously, our free food program is
5 income-based, and that's obviously a federal
6 program and a different program, so it may be well
7 that we may be able to do that, but I don't know
8 the definitive legal answer to that.

9 COUNCILMAN GOODE: Okay, based upon the
10 current student transportation policy, what's the
11 current overall cost of student transportation for
12 the District?

13 MR. GOLDSMITH: The current cost is
14 \$14.8 million -- I'm sorry, the current cost for
15 our total transportation program is \$67 million.
16 The net cost for the District is \$44 million.

17 COUNCILMAN GOODE: On March 15th of
18 this year, a few weeks ago, City Council
19 unanimously passed a resolution calling on the
20 School Board to establish a students
21 transportation cost policy based on financial
22 need, the current financial needs of the student
23 population.

24 Could you please update this committee
25 on where you are in this process, when it will be

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2 resolved, and will the Board examine -- how it
3 will examine truancy-related transportation
4 costs? If either you or Ms. Glenn could answer
5 question.

6 MS. GLENN: Mr. Chairman, if I can.
7 Just to restate it, the Board has asked staff to
8 begin to look at data that might make any
9 correlation or kind of identify the correlation
10 between transportation costs, public
11 transportation costs, and student attendance. And
12 so we don't have anything definitive on that as of
13 yet, but we are trying to get that answer.

14 The second part of your question in
15 terms of the Board's review of our policy, we have
16 just begun, or are just beginning, to actually --
17 the policies really have not been reviewed in any
18 depth for the past, I believe, 20 years, since
19 they went into effect. And I think it is the
20 Board's intent during the course of this coming
21 year to review them and look at how we may need to
22 update our policies particularly as it relates to
23 issues like the impact of income since over
24 80 percent of students are eligible for free or
25 reduced-price lunch, and what does that mean in

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 terms of the need for transportation or the role
3 of subsidized or free transportation.

4 But, again, that review is -- has not
5 begun in full. We need to really do that during
6 the course of this year, so that is nothing that
7 we have not revised as of yet.

8 COUNCILMAN GOODE: So within the course
9 of this year, is there any time frame set to
10 something you definitely will have done by June,
11 before June, or is there any time frame set in
12 terms of a deadline?

13 MS. GLENN: No, we have not. Just to
14 give you a straightforward answer on that, no, we
15 have not set a time frame.

16 COUNCILMAN GOODE: Okay. I would ask
17 that you do so because, particularly for the
18 purposes of this conversation, I think that
19 traditionally, members of the public and sometimes
20 members of Council have pointed the finger at
21 SEPTA, without acknowledging that there is no
22 income-based policy with the School District, and
23 we require that policy before we can take any
24 action and even look at finding funds.

25 I want to ask a lot of other questions

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 related to actual student transportation costs to
3 get down to what that number might be, even before
4 you establish a policy. What would be the cost to
5 the District of fully covering all student
6 transportations costs?

7 MS. GLENN: Well, it --

8 COUNCILMAN GOODE: If we were just to
9 do, in an ideal world, all students have to have
10 free transportation to school, meaning not just
11 public but non-public.

12 MR. GOLDSMITH: I'm going to have Miss
13 Chatzkel go into that.

14 MS. CHATZKEL: Good morning,
15 Mr. Chairman and Councilmembers.

16 COUNCILMAN GOODE: Would you please
17 state your name for the record.

18 MS. CHATZKEL: My name is Rhonda
19 Chatzkel, and I'm the Chief Financial Officer for
20 the School District.

21 Without doing a full analysis of which
22 students might avail themselves of transportation
23 who currently don't, we came up with an aggressive
24 cost scenario. We assumed that about 70 percent
25 of all elementary school students who do not now

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 receive transportation -- and I should say that
3 any elementary school student in the categories
4 that Mr. Goldsmith and Miss Dungee Glenn mentioned
5 do receive transportation. But by and large,
6 elementary school students live very close to
7 their home school. But if 70 percent of those
8 were to receive transportation, and because
9 they're young, it would be yellow bus
10 transportation, the cost to us could be \$100
11 million for that pool, that population alone.

12 The assumption is, and it's a grounded
13 assumption, that anything that we provide to
14 public school students, we need to provide to
15 non-public school students as well, which is what
16 brings the cost up. We also could not assume that
17 there would be reimbursement for that expense,
18 because to a child lives less than a mile and a
19 half between home and school, that's not a
20 reimbursable expense.

21 If we were to provide for secondary
22 school students, who are not now receiving free
23 transportation, if any child buying a subsidized
24 token were to receive a free token -- and, again,
25 not knowing whether public transportation or

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 yellow school bus is the appropriate vehicle, we
3 assume the most expensive mode of transportation
4 for the rest of those secondary school students,
5 which is a yellow bus, which runs about \$1,000 per
6 student per year, and for which the reimbursement
7 is fairly low, at about 30 percent -- sometimes 25
8 to 30 percent, depending on the year and the type
9 of transportation, type of bus.

10 The additional cost for that expensive
11 mode of transportation might be another
12 \$60 million -- again, assuming that we have to
13 deliver the same transportation to non-public
14 school students.

15 So on the high side, without doing
16 further analysis, we would come up with a cost of
17 about \$160 million, maybe even more.

18 COUNCILMAN GOODE: And that's in
19 addition to the current 67 million.

20 MS. CHATZKEL: That's in addition,
21 that's correct.

22 Again, very aggressive costing because
23 we don't know what type of transportation would be
24 appropriate.

25 COUNCILMAN GOODE: So when people

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 discuss broadly the issue of free transportation
3 for students, we're talking a \$200 million figure,
4 not a 2 to \$3 million figure.

5 MS. CHATZKEL: That's correct.

6 COUNCILMAN GOODE: Okay. What would be
7 the cost to the District of lowering the student
8 cost to 50 cents per token?

9 MS. CHATZKEL: The first answer -- and
10 there need to be two parts to this answer. If we
11 assume that the 18,400 students -- and that's not
12 just public school students but non-public school
13 students -- that currently receive subsidized
14 tokens are the only recipients of that increased
15 subsidy, the cost to us would be \$2.7 million
16 approximately before reimbursement; and assuming
17 that reimbursement rates stay the same, the net
18 cost would be just under \$900,000.

19 We need to preface this with a
20 reference to the public school code, which gives
21 the State an ability to review and to approve
22 whatever reimbursement they're paying for, you
23 know, for public transportation.

24 And so if they opted not to approve the
25 increase, we couldn't assume a 67 percent

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142

2 reimbursement rate, and that would make a big

3 difference.

4 COUNCILMAN GOODE: I'm sorry. The

5 \$2.7 million figure covers public and non-public?

6 MS. CHATZKEL: Yes.

7 COUNCILMAN GOODE: A reduction of 50

8 cents.

9 MS. CHATZKEL: Yes.

10 The other piece to this -- and, again,
11 from an educational standpoint, this is plus, and
12 from the financial standpoint, it has an impact --
13 is that if more students availed themselves of
14 this subsidy because it became more affordable to
15 them, for every 10 percent increase in subsidized
16 ridership, there would be a net cost to the
17 District of about \$200,000; again, assuming that
18 the reimbursement rates from the State stay about
19 the same.

20 COUNCILMAN GOODE: Okay. And so you
21 assume this would increase student ridership?

22 MS. CHATZKEL: That would be our
23 assumption.

24 COUNCILMAN GOODE: And how would that
25 further increase the cost? By how much do you

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 estimate?

3 MS. CHATZKEL: For every 10 percent.

4 COUNCILMAN GOODE: 10 percent.

5 MS. CHATZKEL: For every 1,840 students
6 that decided to take advantage of the subsidy, it
7 would be a net cost of 200,000. If we were to
8 assume that -- and, again, not really knowing what
9 the response rate would be, if we were to assume
10 that the participation rate in the subsidized
11 program were to double, just to double, that there
12 would be 18,400 new children that would opt to
13 take advantage of this, the cost to us before
14 reimbursement would be an additional
15 \$8.7 million. The cost to us were we to receive
16 the same level of reimbursement -- which, again,
17 is a question -- is \$2.9 million.

18 If it were to triple, which may or may
19 not be unrealistic, it depends on where all these
20 students live and what their situations were, but
21 if it were to triple so that were 55,000 students,
22 about, that were to take advantage of the
23 subsidized program, that would represent about
24 50 percent of the whole pool of secondary
25 students, so it may not be unreasonable as a

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 high. And the cost to us in that scenario would
3 be about \$15 million in additional cost before
4 reimbursement. And if we were to get the same
5 level of reimbursement, it would be just under
6 \$5 million.

7 COUNCILMAN GOODE: Okay. Under the
8 current ridership, it would be 2.7 without
9 reimbursement and 90,000 after reimbursement.

10 MS. CHATZKEL: That's correct.

11 MR. GOLDSMITH: Let me just say, if I
12 may, Chairman Goode, it's always difficult to
13 determine the law of supply and demand; obviously,
14 if you lower the price, normally the demand goes
15 up.

16 We did have a pilot project several
17 years ago, I believe, at William Penn High School,
18 where it was not an issue of cost, it was an issue
19 of distribution, and took it out of the schools
20 and used some distribution points of SEPTA and
21 also some stores around the area, and I believe
22 our costs tripled because the usage went up. And
23 that had nothing to do with the price, as I
24 understand; it was just a question of greater
25 accessibility. And, again, you could argue

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 educationally that's sound, but from a financial
3 point of view, there's no question that it has
4 impact.

5 COUNCILMAN GOODE: Can you tell me how
6 many tokens purchased by the School District
7 remain unsold or not distributed at the end of the
8 school year?

9 MR. GOLDSMITH: The unsold amount last
10 year -- I think the at the close of last year was
11 \$243,000. I'm not sure how many tokens if you
12 divided \$1.15 into that would --

13 COUNCILMAN GOODE: (Inaudible
14 question.)

15 MR. GOLDSMITH: \$243,000.

16 COUNCILMAN GOODE: Uh --

17 MR. GOLDSMITH: That's for public
18 school students. I think for parochial school, it
19 was about \$8300.

20 COUNCILMAN GOODE: Okay, so that's
21 unsold and not distributed?

22 MR. GOLDSMITH: That's unsold.

23 COUNCILMAN GOODE: Okay, what about in
24 terms of not distributed, in terms of free tokens?

25 MR. GOLDSMITH: Same number.

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2 COUNCILMAN GOODE: Okay. How does the
3 School District count for transfer uses by
4 students, and what is the transfer price based
5 upon?

6 MR. GOLDSMITH: John, do you want to
7 answer that?

8 (Witness comes forward.)

9 MR. LOMBARDI: Good morning. I'm John
10 Lombardi, Administrator of Transportation
11 Services.

12 Currently, the process that we're
13 billed under, SEPTA informed us that whenever a
14 student places a token in a fare box and asks for
15 a transfer, the driver pushes a button and makes
16 note of it, and that information is relayed back
17 to the central office. And the estimate is that
18 approximately 59 percent of the students who ride
19 SEPTA and use student tokens ask for a transfer,
20 and they charge us 40 cents per transfer.

21 COUNCILMAN GOODE: Thank you.

22 Last question for members of the
23 committee, is the current student transportation
24 cost policy adequately addressed to its
25 extracurricular activities? I've heard many

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 complaints over several years, even dating back to
3 when I was at school, that past a certain time,
4 SEPTA does not accept school tokens.

5 MR. GOLDSMITH: I checked into that the
6 other day with our athletic department and others.
7 There was no indication that, in fact, was the
8 indicate. That's not to say that from time to
9 time it doesn't happen, but as far as I know,
10 there's no systemic issue along those lines.
11 Obviously, if there was, it would be something
12 we'd be interested in addressing.

13 COUNCILMAN GOODE: I don't have any
14 more questions.

15 Councilman Ortiz.

16 COUNCILMAN ORTIZ: Sure. Thank you.

17 You know, it really befuddles me in
18 terms of how complicated it seems to us to provide
19 a very basic service. I remember when I went to
20 public school in the lower east side of New York.
21 All I showed was my student government card to the
22 subway attendant or the bus driver, and I would
23 get in and get on the bus and be able to go to
24 school.

25 And it seems that we have gotten

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 wealthier as a nation, we have gotten richer as a
3 nation, but in terms of the services that we use
4 to provide students, especially students who live
5 in urban areas such as Philadelphia, Detroit, we
6 really have taken away rights and things that
7 those students used to have.

8 And I know that the school system
9 cannot afford to keep on subsidizing, and
10 obviously, Mr. Leary told us that they have gone
11 as far as they can go by offering the school
12 system the same discount that they offer
13 everybody. They're not offering anything new,
14 they're not offering anything special to the
15 students. They are saying to the school system,
16 You come in as the biggest institutional customer
17 we have, probably providing a great percentage of
18 the daily ridership that SEPTA enjoys, at the same
19 level that every other individual comes in, and
20 you get the same type of discount.

21 It is not rocket science. We have kids
22 who are not going to school. We have a gas rate
23 hike that may put families really in dire economic
24 straits. We have a water rate hike coming down
25 the pike. We have a bus fare hike coming down, as

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2 Mr. Leary stated.

3 We need to be able -- and we keep
4 talking about that in order to become a
5 first-class city, we need a first-class system of
6 education -- and, of course, two new stadiums.
7 You know? But we get the money for the two new
8 stadiums, but in order to become a first-class
9 city, we cannot come up with \$3 million to be able
10 to reduce the amount that students pay for their
11 tokens to 50 cents. But we're able to come up
12 with a billion dollars and we issue bonds and we
13 issue all sorts of things and we put our kids in
14 debt into the next 50, 40 years.

15 And isn't it a fact, Mr. Goldsmith,
16 that today, there are kids that are not attending
17 school because their family, their mother, their
18 grandmother cannot afford a token? Is that a
19 fact?

20 MR. GOLDSMITH: Well, I think that
21 there are instances of that, yes, and we hear
22 stories about that.

23 COUNCILMAN ORTIZ: And even if it were
24 one, you know, that would be criminal. And since
25 SEPTA can't do anything about it, and I know that

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2 we are trying to find money for the school system
3 as it is in order to be able to keep on providing
4 basic books and be able to give our kids an
5 opportunity to have a music teacher every once in
6 a while and not once every two weeks at least.

7 It really falls to this Council to be
8 able to find at least \$3 million. We are not
9 going to solve the problem, we understand that.
10 But then it behooves us to begin because SEPTA's
11 not going to do it. The suburban board that
12 controls it will not allow it. Their kids go to
13 public schools and their public schools are
14 functioning very well. Their public schools in
15 the suburbs don't suffer the deficit that we're
16 suffering here.

17 So it behooves us, then, to find the
18 \$3 million. It's whether we have the will to be
19 able to, as a Council, as a city government, to be
20 able to say, We are going to try to do something.
21 And we've been talking about this now for ten
22 years or more. So, it isn't -- it isn't the new
23 board and the new chief executive.

24 It's about time that we did something
25 about it. It's about time we did something about

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2 it. It's about time that we are able to say that
3 all of those developers and all of those other
4 individuals that keep on getting from us in one
5 way or the other, we have to be able to get from
6 them to give to the kids, or somehow or other, all
7 of these economic stimulus that we have -- I think
8 the biggest economic stimulus that we can have is
9 graduating classes from Edison and Olney and
10 Kensington and so on that are able to do and
11 provide the people power to function and create an
12 economy in this city.

13 And we cannot keep on accepting the
14 fact that kids are not attending school because
15 they are poor. We cannot keep on accepting the
16 situation that a mother or a grandmother has to
17 make a decision about what to do every day and
18 where to put her limited amount of money that they
19 have.

20 It falls on this Council, Mr. Chairman.
21 It comes down to whether we want to do something
22 at this point because, SEPTA, Harrisburg,
23 Mr. Goldsmith keeps going to Harrisburg, asking
24 them to be able give us money for schools and
25 books and to bring us up to a level of per-student

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2 spending that is not luxurious but even is just
3 adequate, and we can't even get that.

4 So it can't fall on the School District
5 to keep on subsidizing. And if we have a surplus
6 we have to be able to find \$30 million in order to
7 be able to at least begin the process. I think
8 that's the least this Council and this government
9 can do.

10 Thank you, Mr. Chairman.

11 COUNCILMAN GOODE: Councilman Mariano.

12 COUNCILMAN MARIANO: Thank you,
13 Mr. Chairman.

14 Is there any long-term plans? You
15 might have spoke about this, but is there a
16 long-term plan? Are we considering using like a
17 five-year plan to eliminate the cost of
18 transportation, allowing this reduction to take
19 place, like, slowly?

20 MR. GOLDSMITH: On the --

21 COUNCILMAN MARIANO: I know our costs
22 are up. But, you know, like Councilman Ortiz
23 says, they've been talking for ten years. I mean,
24 we'd be willing to wait a little if we see, again,
25 the same thing I told Mr. Leary, the light at the

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2 end of the tunnel.

3 I mean, is this any plans on the School
4 District's part to eliminate -- I mean, they say
5 they're prohibited --

6 MR. GOLDSMITH: Right.

7 COUNCILMAN MARIANO: -- from offering
8 something. You can do what you can do; you just
9 have to pick up the cost basically.

10 MR. GOLDSMITH: Right. I think, as you
11 know, we have come up with a three-year plan which
12 we have distributed to Council, and Miss Chatzkel
13 may talk about where we saw things going in
14 transportation.

15 I will say as we engage Harrisburg in
16 conversations, as we have, one of the issues we do
17 talk about is transportation. And, you know,
18 there's some responsiveness to the needs that we
19 have on this issue and we are in a different
20 situation than a lot of other school districts in
21 not being able to provide free transportation. I
22 think that's been noted in Harrisburg. And
23 hopefully, as we continue to work with Harrisburg
24 and others, we will get some relief from that
25 situation.

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2 But it's nothing that I can write a
3 check on right now as we go through that process,
4 but it has been noted and it's been noted in
5 interesting places.

6 COUNCILMAN MARIANO: And would that be
7 like the District's several transportation costs?
8 I mean, have you guys sat down -- just for
9 instance, there might be different fuel to use.

10 MR. GOLDSMITH: Yes.

11 COUNCILMAN MARIANO: I'm just trying
12 these things out. There are things like --

13 MR. GOLDSMITH: We're continually
14 looking at that, yes, and we have to continue to
15 look at that.

16 COUNCILMAN MARIANO: All right, thank
17 you very much. No further questions.

18 COUNCILMAN GOODE: Could Mr. Leary come
19 back to the witness table.

20 (Mr. Leary and staff members return to
21 witness table.)

22 COUNCILMAN GOODE: Mr. Goldsmith, could
23 you remain.

24 MR. GOLDSMITH: I feel like we're going
25 to have a ceremony of some sort.

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2 (Laughter.)

3 COUNCILMAN GOODE: Councilwoman
4 Reynolds Brown.

5 COUNCILWOMAN BROWN: I do have a
6 follow-up question to Councilman Mariano's
7 inquiries regarding SEPTA simply not being able to
8 provide these kind of free tokens, and I want to
9 make sure I heard you correctly before I proceed
10 with follow-up questions.

11 Did I hear you say by federal law or
12 federal statute, you're not able to provide the
13 discount or free or discount token to students?

14 MR. LEARY: Yes, that is correct. It's
15 -- now, I'm not sure, let me ask for guidance
16 from counsel.

17 (Mr. Leary confers off record with
18 colleagues.)

19 MR. LEARY: Not federal statute, but I
20 believe it's a Constitutional issue regarding
21 equal protection clauses that require -- in the
22 Pennsylvania Constitution that prohibits us from
23 disadvantaging any one group, or conversely, or
24 advantaging [sic] one group.

25 COUNCILWOMAN BROWN: Could you provide

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2 that piece of the document that speaks to that
3 specifically to the Chair. Who would that be
4 administered by, the Federal Highway Transit
5 Administration? And if not today --

6 MR. LEARY: We can provide that.

7 COUNCILWOMAN BROWN: If you don't have
8 that today --

9 MR. LEARY: We have that and we have
10 the legal opinions.

11 COUNCILWOMAN BROWN: Okay, then.

12 MR. LEARY: We have researched that
13 quite extensively.

14 COUNCILWOMAN BROWN: Okay. So if you
15 could provide that to the Chair, that would be
16 helpful.

17 MR. LEARY: Yes.

18 COUNCILWOMAN BROWN: Who approves
19 discount rates for senior citizens? Is that a
20 Board policy or a State policy, and why is that
21 not included under the same umbrella as has
22 been --

23 MR. LEARY: There is a special program,
24 and it's the lottery program, at the State level
25 that provides the funds to support the -- and pay

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2 for the extra subsidy for seniors to ride free
3 essentially.

4 COUNCILWOMAN BROWN: Okay. How old is
5 that --

6 MR. LEARY: That gets paid for by the
7 State.

8 COUNCILWOMAN BROWN: How old is that
9 program? Might you recall when that was
10 instituted?

11 MR. LEARY: One second, let me check
12 with staff.

13 (Mr. Leary confers off record with
14 colleagues.)

15 MR. LEARY: It's been years.
16 Councilwoman, it's before my time.

17 COUNCILWOMAN BROWN: Okay.

18 MR. LEARY: So it's, you know, four
19 years.

20 COUNCILWOMAN BROWN: Okay. Let me. . .
21 okay, all right. So we'll just look forward to
22 receiving the language that says specifically that
23 students cannot be included as a constituency or
24 the School District as an institution --

25 MR. LEARY: Yes.

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2 COUNCILWOMAN BROWN: -- in providing
3 these kind of free tokens.

4 MR. LEARY: Yes.

5 COUNCILWOMAN BROWN: Thank you.

6 COUNCILMAN GOODE: Are there any other
7 questions from members of the committee?

8 COUNCILWOMAN BROWN: Thank you
9 Mr. Chairman. I'm done.

10 COUNCILMAN GOODE: Thank you.

11 Do you have any more questions?

12 COUNCILMAN MARIANO: No.

13 COUNCILMAN GOODE: SEPTA and the School
14 District should stay around for a while.

15 And could Yanoff and Mr. Braxton come
16 to the table, please.

17 (Witnesses come forward.)

18 MR. GOLDSMITH: Is the School District
19 excused at this point?

20 COUNCILMAN GOODE: Not yet.

21 MR. GOLDSMITH: Okay.

22 COUNCILMAN ORTIZ: You know, the 14th
23 Amendment of the Federal Constitution, the equal
24 protection clause, is the factor here that is the
25 operating -- the operating -- the legal operative

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2 clause that prevents SEPTA from doing anything
3 along those lines.

4 COUNCILMAN GOODE: Miss Yanoff, could
5 you state your name for the record and proceed
6 with your testimony.

7 MS. YANOFF: Yeah. I'm Shelly Yanoff,
8 and I'm the Director of Philadelphia Citizens for
9 Children and Youth, the region's child advocacy
10 organization outside of government. Thank you for
11 holding the hearing and for the opportunity to
12 testify.

13 I want to say that this is about the
14 third or fourth hearing, and kids are still
15 waiting while adults are debating. The posters
16 that are around are posters that are three years
17 old; you've really saved my organization a lot of
18 money by not moving on this issue 'cause I don't
19 have to use any new paper or markers.

20 COUNCILMAN GOODE: I haven't been here
21 three years.

22 MS. YANOFF: That's right, you haven't,
23 and I'm very excited that we're going to change
24 things.

25 I think there is a lot of agreement in

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2 the room, although not about the interpretation of
3 the equal protection clause. We do agree that the
4 students in the City schools are predominantly
5 low-income. We agree that it costs 13,000 of
6 these public school students and approximately
7 5,000 parochial or charter or private school
8 students \$1.80 a day to attend middle and high
9 school in the City. We do agree that while it's
10 difficult to ascertain with absolute certainty the
11 number of students who miss school regularly
12 because they can't afford the fare, the number's
13 large. Knock on many high school teacher's,
14 counselor's or principal's door, and they'll tell
15 you.

16 We recently were told that between 20
17 and 25 percent of the kids in the academies miss
18 schools several times a month because of the cost
19 of tokens. We've spoken with counselors and
20 teachers in vo-tech schools who tell us about kids
21 who drop out because they can't afford to travel
22 to the school that they want to go to. We all
23 agree in this room that the high cost of school
24 transportation in this city is yet another barrier
25 for kids and their families to have to get over to

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2 get a decent education.

3 At the last hearing on the subject, you
4 heard from students and parents, and you'll hear
5 from more today, who expose their problem and ask
6 for help. It isn't easy to stand up and say "I
7 didn't go to school today because I couldn't
8 afford it" or "I didn't send my child today
9 because of that," but you heard from parents and
10 teachers and from community organizations who were
11 trying to help. That was more than two years ago,
12 and the kids are still waiting.

13 During this period, PCCY went back to
14 check on what other city districts were doing. We
15 found that in New York, Chicago, or Detroit,
16 students ride free if they live further than one
17 and a half miles from school, and that in Boston
18 and Pittsburgh, they ride free if they live two
19 miles from school. The Boston students who live
20 closer but still want to ride to school pay a
21 substantially discounted rate of \$13 a month. And
22 in Los Angeles, the regular students pay a
23 discounted rate of \$20 per month, while the
24 special ed. students pay \$12 a month. As you
25 heard last time and the time before, San Francisco

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2 students have a youth pass, they pay \$8 a month,
3 and there's a movement now to reduce that further.

4 All of in us this room agree that our
5 kids deserve as good a chance as the students in
6 those cities, but somehow we don't get there.

7 When we started discussing this issue
8 five years ago, the District had not issued
9 identification cards to its high school students.
10 That has changed. It's time for this situation to
11 change as well. The schools could issue kids a
12 card which is similar to what Councilman Mariano
13 was suggesting earlier that allowed them to ride
14 at a discounted rate, and SEPTA would accede to
15 that, as it does for other categories of riders
16 using swipe cards. There are many ways to find a
17 solution; we simply have to agree to want to.

18 There currently is agreement, I
19 believe, and understanding on the numbers and
20 process. Again, the District buys the tokens at
21 the regular price from SEPTA, the price that
22 anybody can buy them for, \$1.15, then discounts
23 the tickets by 25 cents and sells them to 13,000
24 public school students for 90 cents each. The
25 District also purchases its transfers for close to

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2 60 percent of the students at 40 cents per
3 transfer, and doesn't charge the students for the
4 transfers; thus for the majority of students who
5 ride, the District puts in 25 plus 40, or 65 cents
6 per ride. For these costs, the State reimburses
7 the costs at 67 percent for public school students
8 and close to 75 for non-public. Thus for every
9 dollar of money we put in locally, for public
10 school kids, we get two-thirds back, and that
11 money stays in Philadelphia.

12 I believe there's agreement in this
13 body to do something about the high cost of
14 tokens. In the past, we've urged that SEPTA
15 simply stop charging the District for transfers,
16 and the District put the savings into a pool to
17 lower the cost for tokens. We believe that made
18 sense. SEPTA would still be receiving full cost
19 for the tokens and would be providing its largest
20 customers a discount, and the kids would get a
21 break. We believe that the District using this
22 model it would be able to reduce the cost to the
23 kids to about 55 cents. That's significant, it
24 sends a message. It's not as good as in most
25 cities, but it's really a big step.

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2 We're not wed to any one strategy,
3 however. We come today urging that the City
4 participate in some way in lowering the cost of
5 transportation for kids these. There's history and
6 there's need. Twenty years ago, the City used to
7 participate in subsidizing the cost of student
8 transportation. In recognizing the need, the City
9 has been working on many initiatives with the
10 School District now in reducing truancy. Now is
11 the time to do more.

12 We urge you not to discourage more
13 kids, not to send the message that while you'd
14 like to, you can't help them get to school. You
15 can and you can do it now.

16 The City could and should lower the
17 cost of traveling to school for thousands of
18 children. If the City provided support to the
19 District by advancing \$2.3 million, the kids would
20 have their cost lowered to about 55 cents. The
21 State would reimburse the District by two-thirds,
22 resulting in a net cost of under a million dollars
23 for the City. You would be sending a powerful
24 message. We urge you to do it now.

25 Thank you.

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2 COUNCILMAN GOODE: You're welcome.

3 (Applause.)

4 COUNCILMAN GOODE: The next person
5 testifying, state your name and proceed with your
6 testimony.

7 MISS REDDENBERG: Good morning. My
8 name is Crystal Reddenberg. I'm on staff at the
9 Philadelphia Student Union as Building
10 Representative of West Philadelphia High School.
11 I'm here to testify why a reduction on the price
12 of tokens is important.

13 If tokens prices are reduced, it will
14 be more accessible for students so attend school.
15 Tokens cost \$9 per pack; that's \$36 per month per
16 student. And Philadelphia has a large percentage
17 of low-income families, and in a household where
18 there are four or more students attending school,
19 that's \$144 per month per household, which seems
20 to me to be a ridiculous price to pay for a free
21 education.

22 Students in New York, Pittsburgh, and
23 Erie and many other cities attend school for free.
24 In Boston and San Francisco, they go to school for
25 a third to a fourth of what we pay to go to school

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2 for a so-called free education.

3 Based on our informal surveys in my
4 school, about 60 percent of the students have
5 missed school at one point or another due to the
6 fact that token prices are so high that they have
7 no way to get to school.

8 I am very aware that when the City
9 wants something done, it gets done. And helping
10 students get an education should be your
11 number-one priority. It seems to me that SEPTA
12 somehow could accommodate Penn employees last year
13 with free transportation, but it's crucial to
14 accommodate students with free transportation.

15 If you want to keep youth off the
16 streets, you have to help us get to school. It is
17 a reality that a lot of families can't afford to
18 pay money for multiple children to get to school.
19 Young people end up on the streets, not by choice,
20 and as a result, they end up in truancy court, get
21 a criminal record, and possibly have to pay a
22 fine.

23 We need help getting to school every
24 day, and since we look up to you as our leaders
25 and since it is your responsibility, we ask you to

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2 be a part of the solution and not the problem.

3 If you don't think this is a crucial
4 issue that stops students from getting to school,
5 you can talk to many high school principals that
6 come out of their pocket to help students get to
7 students. Students are begging to get to school,
8 and I don't think that is fair that we have to beg
9 to get to school. We want to go to school, we
10 want to learn, but we need your help.

11 My colleague, Susan Oh, will present
12 our plan on how to do this.

13 COUNCILMAN GOODE: Thank you, Crystal.

14 Susan, will you state your name for
15 the record and proceed with your testimony.

16 MS. OH: My name is Susan Oh. Good
17 morning, Councilmen and women. I'm also a student
18 staff member with the Philadelphia Student Union.

19 I'm here on behalf of the 18,000
20 private, public, and parochial school students who
21 take SEPTA to and from school every day. I'm here
22 because, as Crystal HAS just said, there is a
23 problem that plagues thousands of students.

24 We have sat here many times before, but
25 I'll repeat it again for emphasis. Although we

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 are supposedly receiving a free education, how
3 free is this education if we are paying nearly \$40
4 a month to even access it. Many Philadelphia
5 students, particularly the public school students,
6 live below the poverty line, and this \$40 a month
7 creates a major financial stress on every
8 household.

9 However, we have come up with a plan
10 that would ease the financial burden of the
11 excessive cost of transportation. The desired
12 result of our plan is an overall reduction in cost
13 from \$9 per 10-pack of tokens to \$5. We picked \$5
14 because we believe that this would provide relief
15 to many families without greatly increasing
16 ridership and, thereby, ballooning the cost.

17 Another measure that would help prevent
18 an enormous unreasonable increase in ridership is
19 to limit the reduced-price tokens to students who
20 live at least one and a half miles from their
21 respective schools.

22 Presently, SEPTA is being paid full
23 price for their tokens, which is \$1.15 per token.
24 The District pays 25 cents per token as well as
25 the cost for transfers for about 60 percent of the

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2 students. However, the overwhelming majority,
3 90 cents, is paid for by students. This adds up
4 to \$5.8 million every year. Bringing down the
5 cost for students to \$5 per pack creates a
6 40-cents difference that someone needs to pick up.
7 The 40 cents per token is the difference necessary
8 to drop the price, obviously, from \$9 to \$5.

9 The total cost of doing this for the
10 public and private school students before
11 reimbursement from the State is \$2.6 million.
12 This is, simply put, 40 cents times 2 tokens per
13 day times 180 school days times 18,000 students
14 who buy tokens. The State currently reimburses
15 the School District for public school students at
16 a rate of about 67 percent, and for private school
17 students at a rate of about 75. After
18 reimbursement, the cost to the District only comes
19 out to about \$800,000.

20 We strongly believe that there are
21 people at the state legislator who can guarantee
22 that the aid rations will remain at the same
23 level. It is the least that they can do, and it
24 does not even require new legislation.

25 Even if there's an increase in

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2 ridership -- let's say about 5 percent due to the
3 cheaper tokens -- the net cost would still only
4 increase by about \$40,000 to 840,000. In the long
5 run, we want to figure out how to reduce the cost
6 further, if not eliminate the cost for tokens. We
7 also want to have swipe cards make system
8 simpler. In the meantime, this is something that
9 we can do right now that will greatly help many
10 families in the City.

11 There are many factors to take into
12 consideration when looking into this issue.
13 However, what it boils down to is whether or not
14 the City will take responsibility for educating
15 the millions of students in the area. If tens of
16 millions of dollars can be found for metal
17 detectors and hundreds of millions, if not
18 billions, can be found for stadiums, it should be
19 extremely easy to find the \$800,000 that we are
20 asking for to fund a cut in transportation costs.
21 It is the least that we can do. It is a matter of
22 prioritizing the needs of the City and taking the
23 responsibility of educating all of the students,
24 the future of this world.

25 We always tell students how important

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2 it is to get an education. Now it is time to put
3 some action behind those words.

4 (Applause.)

5 COUNCILMAN GOODE: Thank you, Susan.
6 Someone else to interfere testify please state in
7 him for the record.

8 MR. WEISHAUP: My name is Richard
9 Weishaupt, and I'm an attorney with Community
10 Legal Services, and I felt it incumbent upon
11 somebody who has a law degree to put the lie to
12 what Mr. Leary said.

13 I have heard a number of things. And
14 if SEPTA were sitting here and saying, Look, we
15 can't afford, you know, we're a system that's
16 strapped for cash and we just can't afford it,
17 that would be an answer. It may not be an answer
18 that everybody would accept, but it would be a
19 legitimate answer.

20 But to say that giving people rides
21 violates equal protection -- I guess this is a
22 different equal protection clause than the one
23 that got Councilman Ortiz and me to school for
24 free in New York City. The last time I looked,
25 the United States Constitution applied to

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2 everybody in every locale, and not just to school
3 children in Philadelphia.

4 To say that it would violate equal
5 protection to give children free rides to school
6 is about the biggest lie I have ever heard in
7 these chambers. And I just think that for someone
8 to say that, quite frankly, just means we don't
9 care about children and we don't care if they go
10 to school.

11 And is Mr. Leary still here? You're
12 free to come up and rebut me, but I have heard
13 many ridiculous things, but this one takes the
14 cake. I mean, is it a violation of equal
15 protection to give senior citizens free rides? Is
16 it a violation of equal protection to give the
17 disabled free rides? Is it a violation of equal
18 protection to give children 42 inches tall or less
19 free rides?

20 No, of course it isn't. And it is not
21 a violation of equal protection to give children a
22 free ride so they can go to school so they can get
23 an education.

24 Thank you.

25 COUNCILMAN GOODE: You're welcome.

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2 (Applause.)

3 COUNCILMAN GOODE: Councilman Ortiz, do
4 you have any questions for the panel?

5 COUNCILMAN ORTIZ: No. I think they're
6 correct.

7 (Laughter.)

8 COUNCILMAN GOODE: Okay, thank you very
9 much.

10 Is there anyone else to testify?

11 MS. YANOFF: I just want to just add
12 that it is true that there has been interest on
13 this Council's part for a long time, and it is
14 true that, Mr. Chairman, you were not here for
15 some of that time but --

16 COUNCILMAN GOODE: I've been here for
17 15 months.

18 MS. YANOFF: You've been here 15
19 months.

20 COUNCILMAN GOODE: And three days.

21 MS. YANOFF: And we would hope that
22 within a very, very, very short period, we stop
23 acknowledging the problem and really start being
24 serious about a solution.

25 It is -- there are kids who have aged

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2 you've been through this and I've been through
3 this, and we've talked this issue to death. I
4 mean, we have.

5 And if Wilson goes back to the
6 transportation hearings we had in prior years, he
7 will see that everything that has been said today,
8 what Mr. Leary has said today was said by
9 Mr. Gambicini (ph.). What you said today was
10 said by you. What the students was said by other
11 students prior to this.

12 COUNCILMAN GOODE: Was the School
13 District at those hearings?

14 COUNCILMAN ORTIZ: And the School
15 District said the same thing.

16 COUNCILMAN GOODE: The School District
17 did not say the same thing.

18 COUNCILMAN ORTIZ: Well, they said that
19 they don't have the money.

20 COUNCILMAN GOODE: No, no, no. They
21 said a lot more than that.

22 COUNCILMAN ORTIZ: What they --

23 COUNCILMAN GOODE: And that is the
24 difference between this hearing and the others.

25 COUNCILMAN ORTIZ: Well, the thing is

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142

2 that --

3 COUNCILMAN GOODE: And that, in the
4 end, is where the resolution is going to lie.

5 COUNCILMAN ORTIZ: The difference
6 between this hearing and any other is when we come
7 up with some money.

8 COUNCILMAN GOODE: That won't come from
9 this hearing.

10 COUNCILMAN ORTIZ: And if it doesn't
11 come from this hearing, then this hearing is the
12 same as other hearings because all we have done is
13 produced paper and information. And if we
14 cannot --

15 COUNCILMAN GOODE: Councilman,
16 Councilman --

17 COUNCILMAN ORTIZ: Excuse me, excuse
18 me. If we cannot find \$3 million --

19 COUNCILMAN GOODE: Councilman, are you
20 directing a question toward the witness table?

21 COUNCILMAN ORTIZ: No, I'm making a
22 statement to the witness because what she said is
23 very true, and if we cannot, if we cannot, out of
24 a \$2.6 billion budget -- let's say SEPTA maintains
25 they cannot do anything. Mr. Leary said they

1 4/2/01 PUBLIC TRANSPORTATION, UTILITIES - RES. 142
2 can't do nothing. The equal protection clause
3 protects them and prevents them.

4 The School District has a deficit, they
5 can't do anything. Well then, if we do something,
6 it has to come -- the first step has to be taken
7 by the City Council. And 2.7 -- 2.7 million or
8 \$3 million out of a \$2.6 billion budget should not
9 be difficult to find if we find all of the other
10 subsidies for the developers and so on.

11 And that's all I'm saying, and that's
12 what should come out of this hearing, at least the
13 will to do it.

14 COUNCILMAN GOODE: This hearing is
15 recessed till the call of the Chair.

16 Thank you all for coming.

17 (Adjourned 12:30 p.m.)

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C E R T I F I C A T E

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RE: COUNCIL COMMITTEE ON TRANSPORTATION
AND PUBLIC UTILITIES

14

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RES. NO. 000142, 000597

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JOSEPHINE CARDILLO,
Registered Professional Reporter

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