



Metro

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Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE
JULY 16, 2009**

SUBJECT: TRANSIT ACCESS PASS (TAP)

ACTION: RECEIVE AND FILE

RECOMMENDATION:

Receive and file status report on the comprehensive analysis of programs and systems utilized by other transit agencies to offset TAP costs or generate new revenue.

ISSUE

This report responds to the Board motion referenced above and will be further supplemented as additional programs are considered to off-set TAP cost or generate new revenue.

DISCUSSION

The Board approved a motion by Directors Yaroslavsky and Molina that TAP Operations complete a comprehensive analysis of programs and systems utilized by other transit agencies and return to the Board in 90 days with potential methods to offset program costs and increase revenue that could include:

- A. Reward and incentive programs launched by other transit agencies to broaden customer acceptance;
- B. Cost sharing or other subsidies from commercial or private entities that offset the costs associated with transit smart card programs;
- C. Commercial branding and merchandizing of products for retail sales to generate revenue.

The attachment illustrates several examples of the variety of programs, branding, and cost sharing ideas launched by other transit authorities that are underway around the globe. More locally, such innovative means of enabling cost recovery include uses such as Washington D.C.'s (WMATA) SmarTrip™ contactless smart card, now also utilized for entry and payment at parking lots owned and operated by the transit authority.

Opportunities for revenue generation and/or ridership enhancement and customer acceptance fall generally into three broad categories as follows:

1. Co-branding that utilizes the card as a form of advertising media to generate revenue and/or promote a venue or event: Recent examples include the presidential inaugural WMATA SmarTrip card bearing the likeness of President Obama and Metro's co-branded card in conjunction with L.A. Live to promote the opening of one of its new venues;
2. Arrangements with credit card issuers which include contactless fare media on a credit card: The best known example is London's "Oyster" card with contactless transit payment media issued on the Barclays Bank credit card. In the new fiscal year, TAP will also be launching a Board-approved VISA – TAP co-branded prepaid card as a demonstration project and as a prelude to placement of the TAP products on other credit cards. One of the key assumptions for the demonstration of this product was specifically targeted for future revenue generation. Metro has entered into non-disclosure agreements with both Visa and MasterCard in order to explore the opportunities to share in the revenue generated by co-branded cards issued in conjunction with major credit card issuers,
3. Use of the card for other transit related services such as parking or rentals of bike locker and other transit related space and services: As part of Metro's transit oriented development program, many of the planned "park and ride" areas share common or adjacent space with the private development's residential, retail and office space parkers and the TAP card is contemplated to allow parking fees to be charged as both a passenger convenience and as a method to control parking use and segment various parking uses. In addition other large scale transit parking venues such as the Los Angeles World Airports (LAWA) are prime candidates for the integration of parking and *FLYAWAY* programs with TAP so that one card will be available to pay for either airport or Metro parking as well as *FLYAWAY* transport and Metro transportation services.

Each quarter, TAP Operations will provide a status report of planned and potential programs, including Metro's own VISA-TAP prepaid card and other opportunities that are under consideration as the TAP system is completed and matures so that Los Angeles' smart card system gains higher customer recognition and can be further enhanced with merchandizing and revenue generation opportunities. Discussions are already underway for opportunities at the Hollywood Highland and Hollywood Vine locations as ideal for TAP applications to the parking and retail environment.

Please refer to Attachment A for a variety of examples that we will be exploring for future consideration in Los Angeles. As noted, we will apprise the Board quarterly as we pursue similar opportunities for the TAP program.

NEXT STEPS

1. Provide status of VISA-TAP demonstration schedule and detailed deployment plan
2. Provide recommendations of parking lot and Transit Oriented Development (TOD) opportunities as TOD development projects complete for potential TAP interface and revenue generation.
3. Provide information on merchandizing opportunities and other strategies to broaden wider TAP recognition and acceptance in Los Angeles County.

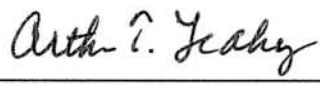
ATTACHMENT(S)

Attachment A – Examples of Smart Card transit applications

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Roger Moliere, Chief, Real Property Management & Development



Roger S. Moliere
Chief, Real Property Management & Development



Arthur T. Leahy
Chief Executive Officer

Day Pass Transition to TAP

July 2009

Operations Committee



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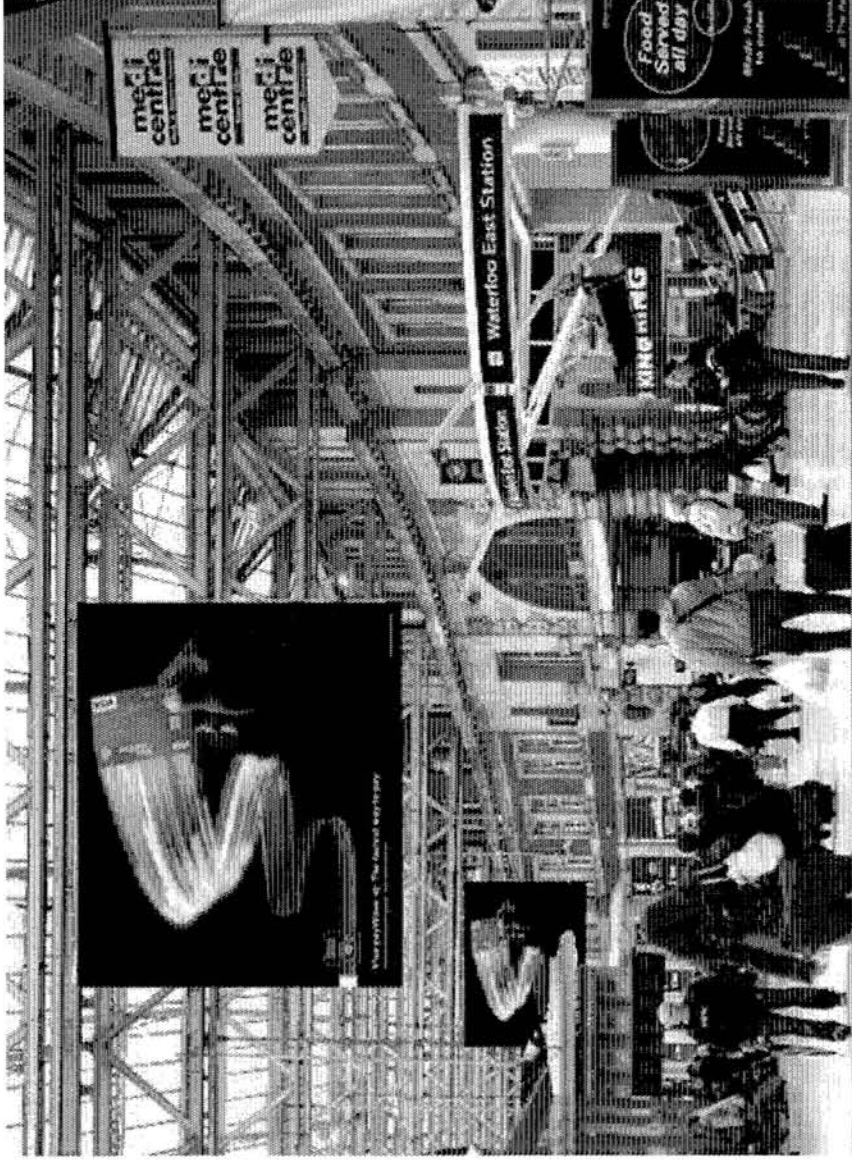
Opportunities for Promotion and Revenue Generation with Rail Gates



Rail Gates offer a variety of promotional and advertising opportunities



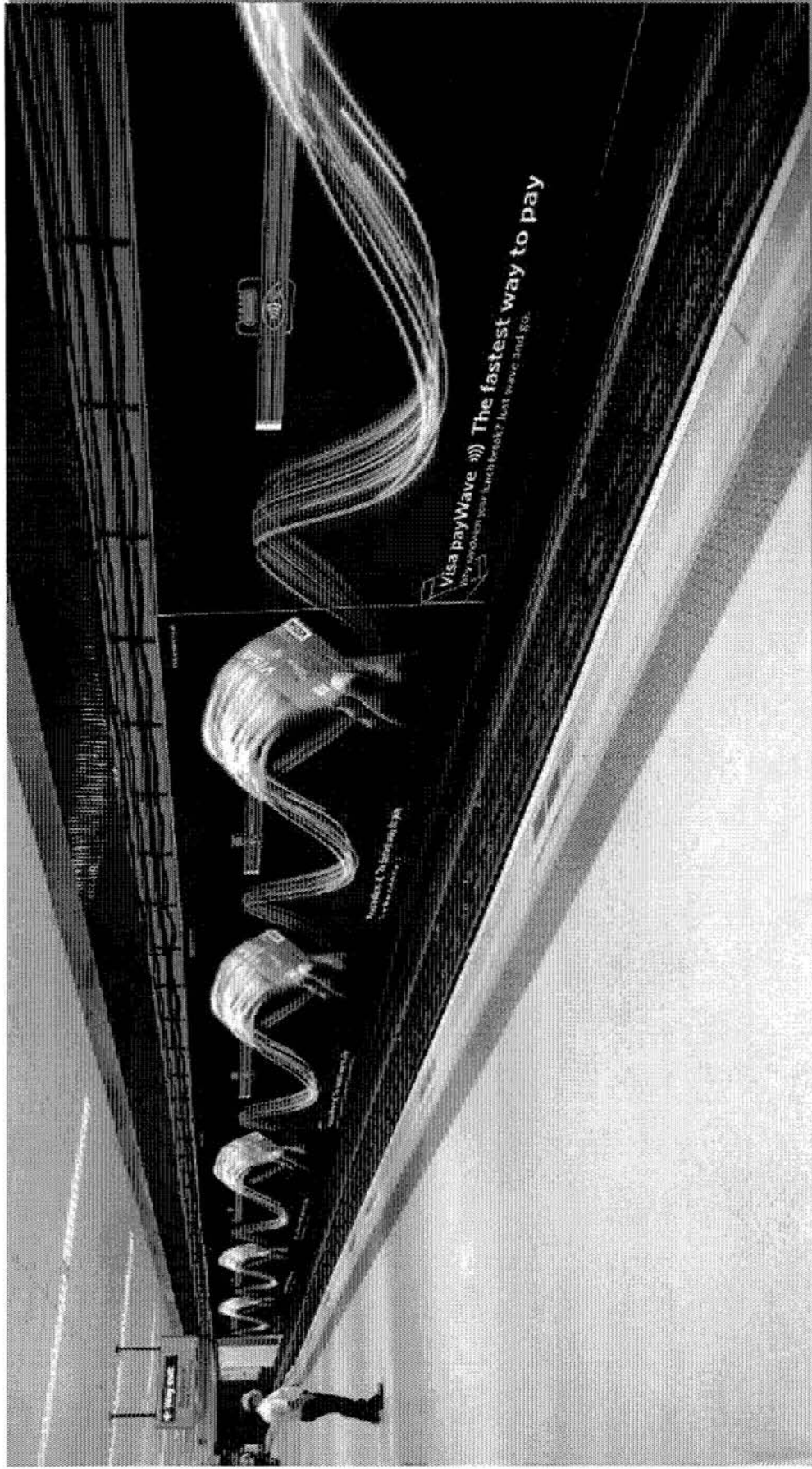
Opportunities for Promotion and Revenue Generation at Rail Stations



Visa Pay Wave advertisement at
Waterloo Station, London.



Theme carried onto the subway wall at Waterloo Station, London



Similar example – use of subway wall in Seoul, Korea

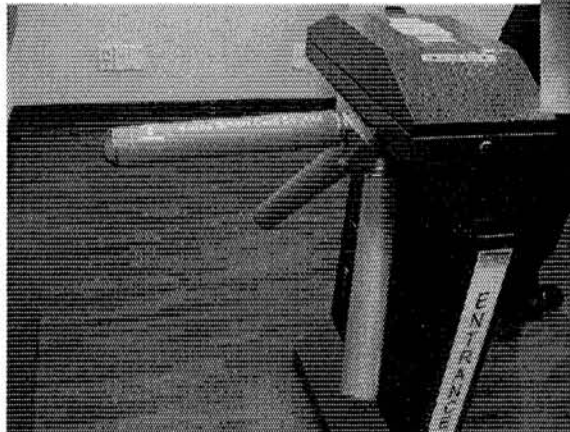
Seoul utilizes platform safety panels on which electronic images in the form of advertising dynamically move across the panels



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tap
TRANSIT ACCESS PASS

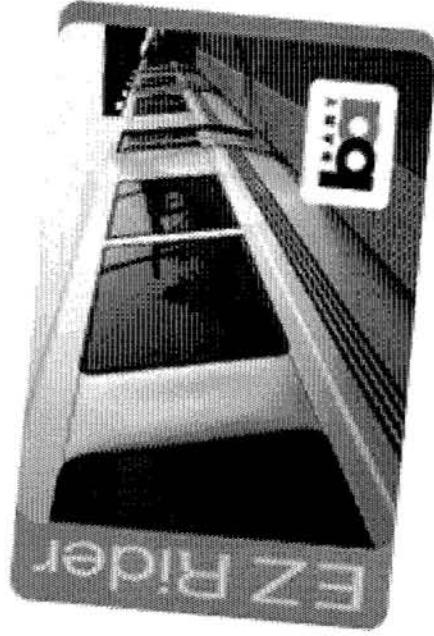
Turnstile “sleeves” are used for advertising and serve as a source of revenue generation



Seoul, Korea



BART's Parking Program with Smart Card



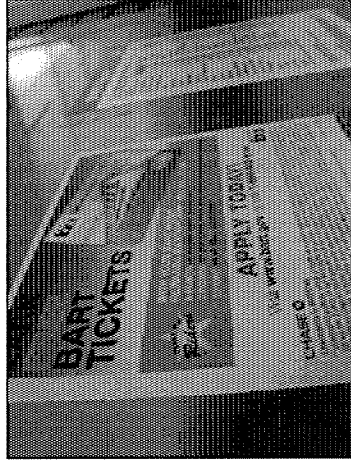
BART enhances "EZ Rider" card with parking payment option

New technology makes parking more convenient for EZ Riders

BART riders can use the equivalent to TAP, which is their "EZ Rider" smartcard to pay for parking as well as their BART fares. Riders who pay daily parking fees no longer need to fumble for dollar bills or insert tickets. Riders who park at BART will have the same 'touch and go' convenience that EZ Rider smartcard users already have on their transit system.

Much like their tolling system, FasTrak, they always have money on their EZ Rider card because it is tied to their credit card. The EZ Rider Parking Program option was suggested by EZ Rider users who sought a speedier way to validate parking. The program includes the installation of special Parking Validation Machines (PVM)

BART's reward program for customers



BART Implements New Rewards Program

BART riders can receive up to a free week of BART service each month as a result of BART's new rewards program that offers redeemable points to BART customers.

Those who purchase BART tickets with a BART Rider Rewards MasterCard can earn between one and five points for every dollar charged to the credit card.

Points obtained from the credit card, issued by Chase Card Services, can be exchanged for BART tickets or cash.

Those with 2,500 points can earn a \$25 BART ticket, 4,500 points generates a \$48 ticket, and those with 6,000 points can receive a \$64 BART ticket.

Those who obtain 5,000 points can opt for a \$50 check, and those with 10,000 points can receive a \$100 check.

For every dollar charged to the BART MasterCard on eligible BART tickets and parking, five points are earned.



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NYC Transit Trial with MasterCard® PayPass

NYC Subway tests PayPass fare system

PayPass program in Taiwan expands

Port Authority and NJ Transit to accept PayPass

First ever contactless payments in taxis

Contactless payments introduced to parking areas at major US airports

PayPass piloted on Ohio Turnpike

OneSmart™ PayPass launches transportation project in Taiwan

PayPass accepted on buses in Turkey



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Transport for London (TfL) Oyster Card co-branded with VISA



London customers have an option to use a bank card issued by Barclay's when riding the subway with a smart card based fare system similar to TAP.

The benefits include promotion of the Oyster Card created by the advertising and promotion campaign funded by Barclay and the reduction in cost for distribution by virtue of the application being distributed jointly with Barclay.

Cubic has also worked out agreements where advertisers paid to provide promotional CSC sleeves for storing the Oyster Card.



Vending machines accept transit smart card for purchase of non-fare related products

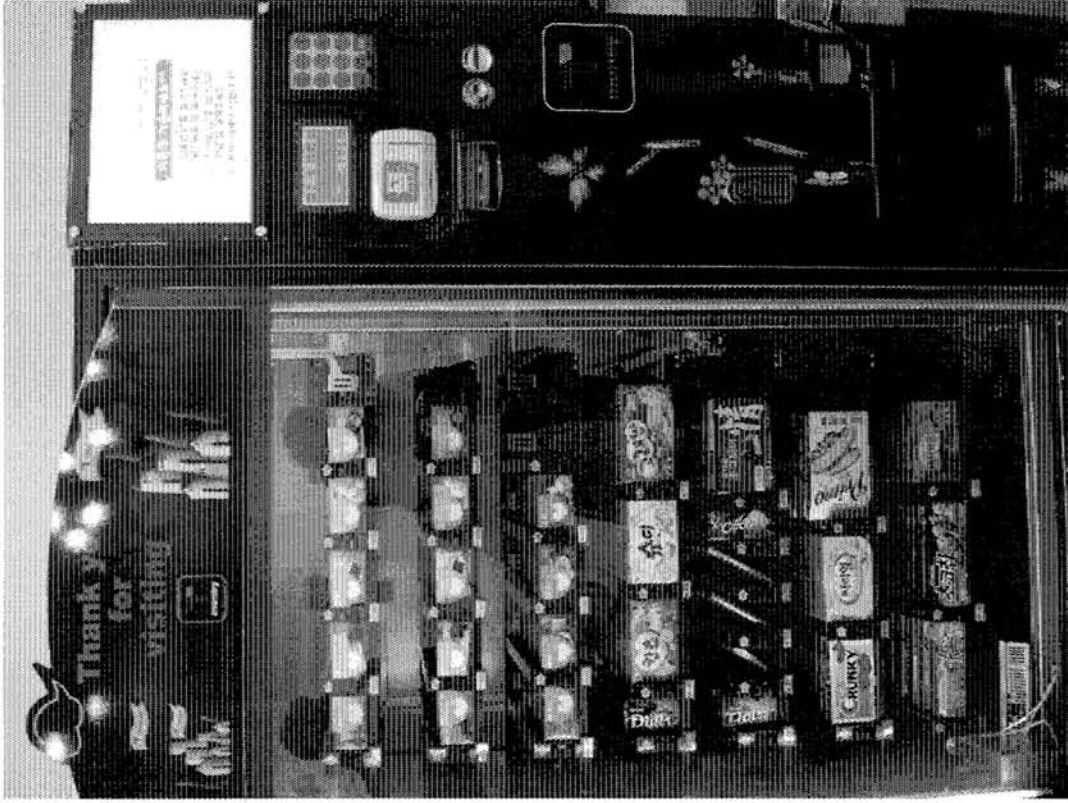


Many transit systems have fare smart cards accepted for retail use, in vending machines as well as at retail location throughout Asia

T-Money transit smart card used to purchase sundries at stations in Seoul, Korea



Self-service machines in the retail environment that accept the transit smart card



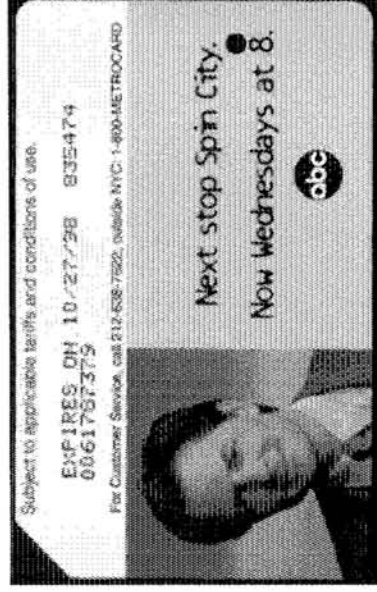
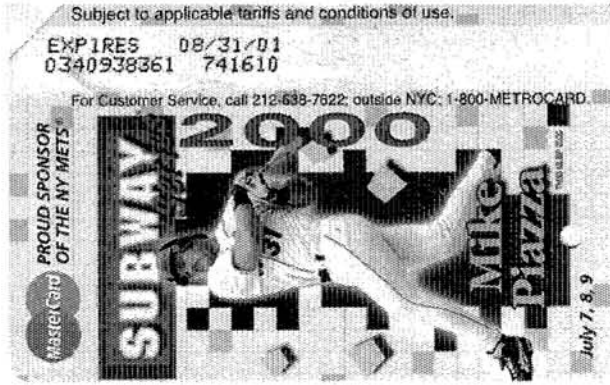
Candy machine at a convenience store that accepts the transit smart card, T-Money



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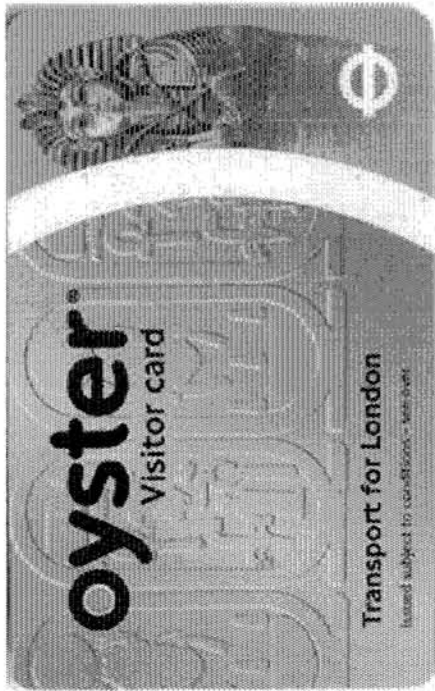
How fare cards are used for outreach and promotion



Examples of how fare payment cards are used for promotion and potential sources of revenue generation



Examples of Special Events and Ads to Promote Transit



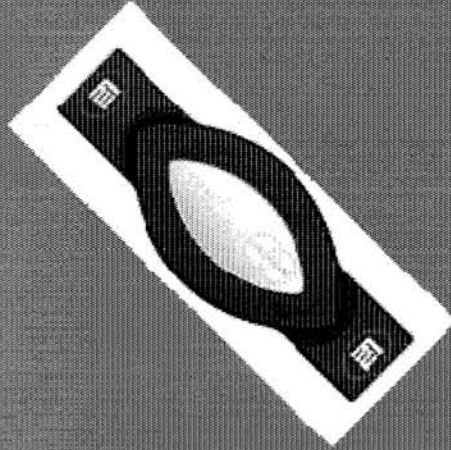
Smart chips in cards and FOBs have a huge collectible market and spurn interest across all ages, gender and social economic levels



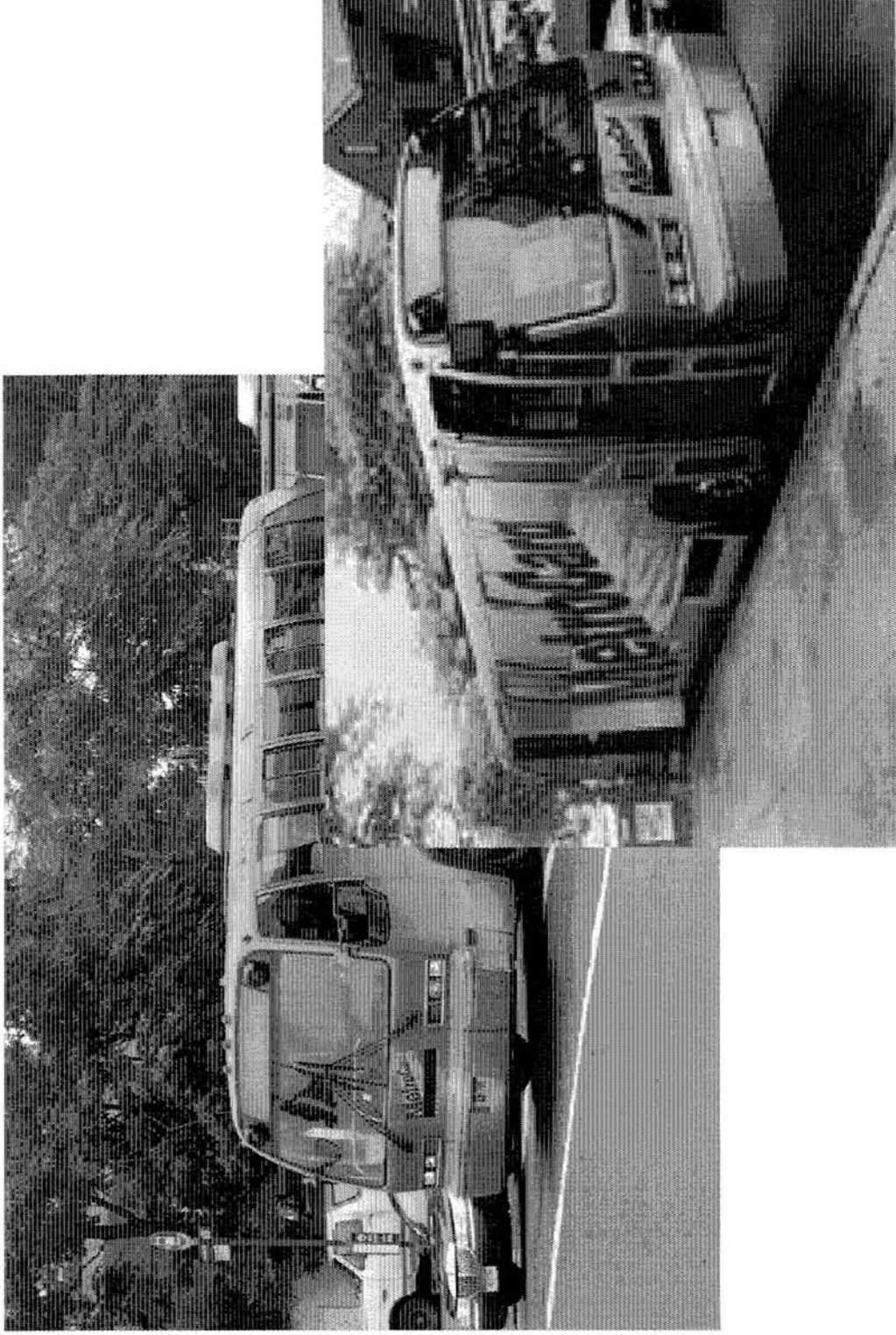
Examples of a transit system's fare payment media that are collected by transit fans



Innovative ways in which smart card technology is used as a payment medium by Mastercard®



Examples of "Bus Wraps" used for fare card promotion



EXAMPLE of a potential bill board campaign in future



Next Steps

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