

December 23, 2003



Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE
CHIEF EXECUTIVE OFFICER

FROM: JAMES L. de la LOZA
EXECUTIVE OFFICER, COUNTYWIDE
TRANSPORTATION PLANNING AND
DEVELOPMENT

SUBJECT: EZ TRANSIT PASS PROGRAM FOLLOW-UP

ISSUE

This report is in response to: a) a motion by Director O'Connor and b) a request for information by Director Villaraigosa. Both of the requests pertain to the ongoing development and implementation of the EZ Transit Pass Program.

DISCUSSION

A. Magnetic stripe. On January, 2003, MTA staff requested MTA Board authority for fare media pass and stamp production services for continuing implementation of the EZ Transit Pass program. The item was approved with a motion by Director O'Connor that staff work with the Municipal operators to explore the feasibility of implementing a magnetic stripe on the EZ Regional Transit Pass. Staff has researched the issue and is not moving forward with the magnetic stripe at this time for the following reasons:

- The purpose of the EZ Transit Pass program was to provide a low-technology, low-cost, immediately-implementable program, so that transit patrons in Los Angeles County are able to benefit from seamless transfers in advance of the implementation of the Universal Fare System (UFS).
- The addition of a magnetic stripe would take up 27% of the space on the back of the EZ Transit Pass which is now being used to list the rules, regulations and names of participating transit operators. Eliminating all or part of this information would detract from the convenience and user-friendliness of the current card.

- Of the 17 operators now participating in the program, only 5 have magnetic stripe fareboxes, however, the magnetic stripe would have to be placed on all EZ passes being printed. The current level of technology is sufficient for the needs of the majority of the participants.
- The current Municipal operator magnetic stripe system and the magnetic stripe system specified for UFS are technologically different. The current Metrocard system is unencrypted, while the UFS will require the added security of encryption. Thus, when the UFS is deployed, the card technology will have to be changed, and there will likely be a transition period during which the existing Metrocard fareboxes will not be able to read the new cards. In short, any investment in magnetic stripe for the EZ Transit Pass occurring now will not support the UFS system, and may be phased back out again before all Metrocard operators are equipped with the new UFS fareboxes. The costs for deploying magnetic stripes on the EZ Transit Pass are \$0.08 per card or approximately \$46,000 per year to add and encode the stripe to identify the card as an EZ Transit Pass. This would be approximately a 38% increase over the current cost of \$0.21 per card or \$121,000 per year for passes without the stripe (cost of premium stamps also not included). A magnetic stripe may not be a cost effective investment at this time.

B. Funding for integration of Metrolink fare media into EZ Transit Pass Program. On September 25th, 2003, MTA staff requested authority to integrate Metrolink fare media into the EZ Transit Pass program. The SCRRA currently has transfer agreements with several transit operators allowing passengers to transfer to bus and rail services at no charge. The SCRRA reimburses the transit operators. These agreements contain limits on the time of day and direction and distance of travel. Under the proposed Metrolink integration into the EZ Transit Pass program these limits will be eliminated, and Metrolink fare media will be accepted as valid EZ Transit Pass fare media on board participating EZ Transit Pass operators, several of whom were previously not included by SCRRA. As with the current SCRRA transfer agreements, participating bus and rail operators, including the MTA, will be reimbursed for the Metrolink fare boardings. Funding is derived from a surcharge that Metrolink collects with each ticket or pass purchase.

Director Villaraigosa requested clarification regarding the financial arrangements between SCRRA and MTA and any potential cost or budget impact to MTA. The arrangements are as follows:

- SCRRA is responsible for the funding of the program. Funding is derived from a surcharge collected from the sale of all Metrolink tickets and passes.
- SCRRA has a fixed annual budget for payments to MTA for the program based on an estimate of program expenses which is provided in the MTA board report of September, 2003 (see Attachment A). However, at the close of each fiscal year, MTA and SCRRA

will reconcile and make any adjustments necessary to ensure that the funding provided by SCRRA is sufficient to cover the program expenditures.

- Should the MTA payments to the operators exceed the SCRRA budget amount within a given fiscal year, MTA would need to temporarily handle the cash flow to the EZ Transit Pass program operators. \$2 million is identified in the MTA FY 2003-04 Budget for administration of the EZ Transit Pass program. Staff anticipates that there is sufficient capacity within this funding to cover any temporary cash flow for the program.
- In any year in which SCRRA's Budget is less than the MTA payment requirements to the EZ Transit operators for the program, MTA will adjust following year's estimate for SCRRA's budget to reflect the actual program expenses more accurately.

NEXT STEPS

Staff will continue to keep the Board informed on the EZ Transit Pass Program.

Attachment A: Preliminary Estimated Metrolink Reimbursement through EZ Pass Program

Prepared by: Nalini Ahuja/Patricia Chen
Programming and Policy Analysis

Preliminary Estimated
Metrolink Reimbursement through EZ Pass Program
Annual

Operator	Current		Additional		Total (4)		
	Current Metrolink Fare Boardings	Current Metrolink Rate (%)	Additional Boardings	Proposed Rate	Projected Total Boardings	Proposed Rate	Total Reimbursement
AVTA: LOCAL	0		600	0.72	432	0.72	432
AVTA: EXPRESS	0		600	4.57	2,742	4.57	2,742
CULVER CITY	0		1,200	0.40	480	0.40	480
FOOTHILL	66,640	0.45	3,000	0.90	2,700	0.90	62,676
GARDENA	0		1,200	0.49	588	0.49	588
GLENDALE	192,500	0.50	16,272	0.50	8,136	0.50	104,386
LADOT (3 services)	580,556	0.545	46,444	0.55	25,323	0.55	341,864
LONG BEACH TRANSIT	0		1,200	0.69	828	0.69	828
MONTEBELLO	82,392	0.675	7,200	0.68	4,860	0.68	60,475
MTA	2,657,876	0.80	212,630	0.80	170,104	0.80	2,296,405
NORWALK TRANSIT	19,302	0.675	1,544	0.68	1,042	0.68	14,071
SANTA CLARITA	71,900	1.19	7,200	3.38	24,336	3.38	267,358
TORRANCE TRANSIT	0		1,200	0.54	648	0.54	648
TOTAL	3,671,166		302,691		246,420		3,157,153

Notes:

1. Reimbursement rates may be adjusted according to EZ Transit Pass Guidelines.
2. For operators with SCRRA Transfer rates that vary by line, the calendar year 2000 average is used.
3. Additional Annual Reimbursement Amount does not fully reflect the effect of operators switching to higher EZ Pass rates (reflects the effect on new boardings, but not on existing boardings).
4. Total Reimbursement does not equal Current Reimbursement plus Additional Reimbursement. See note 4 above for further explanation.