

PPA

PPA



June 4, 1996

Los Angeles County
Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012

213.922.6000

Mailing Address:

P.O. Box 194
Los Angeles, CA 90053

TO: BOARD OF DIRECTORS

FROM: JOSEPH E. DREW, CHIEF EXECUTIVE OFFICER

**SUBJECT: RECEIVE AND FILE STATUS REPORT ON
IMPLEMENTING A COUNTY-WIDE STORED
VALUE FARE COLLECTION SYSTEM**

RECOMMENDATION

Receive and file this report outlining a process for implementing a county-wide multi-operator stored value fare collection system.

ORGANIZATIONAL IMPACT

An RFIQ will provide information and identify options available to the MTA and our transit operator partners prior to making the significant monetary commitment required to implement a county-wide fare collection system. The RFIQ will help:

- Identify the potential to offset the implementation costs by obtaining a financial partner or other users of a stored value/debit card technology
- Identify fare collection technologies that represent the best choice to cost-effectively integrate the region's rail and bus networks and build on current and future fare collection systems.

BUDGET IMPACT

Although issuance of an RFIQ has no immediate budget impact, the installation of a countywide electronic fare collection system will require approximately \$30 to \$50 million in capital funding. The RFIQ does not commit the partner agencies to a specific course of action. However, it does allow staff to explore opportunities for a public-private partnership or an open system to help reduce system costs.

ALTERNATIVES CONSIDERED

The Board could choose to exercise bus equipment options in the GFI-Genfare, Inc. Metrocard contract. The options allow the Metrocard equipment to be expanded to the county bus fleet. The system does not include new fareboxes nor any rail-related hardware or software.

BACKGROUND AND/OR DISCUSSION

In March 1992 the Board authorized a \$4.6 million contract to GFI-Genfare, Inc. to develop a magnetic based fare debit card. That contract, Metrocard, outfitted 300 buses operated by Foothill Transit, Montebello and Culver City Transit Systems. These three municipal operators currently operate the system in revenue service.

During the past 5 years, there have been new applications of smart card fare collection technology adopted by other major operators in the United States and abroad including transit operators in New York, Seattle, Chicago, Boston, Washington DC, San Francisco Bay Area and Hong Kong. Their decisions were driven by the need to lower maintenance costs, improve flexibility for fare policy issues and the opportunity to create a multiple use fare card or explore private-public partnerships to offset system costs. At the same time major banks, Visa and Mastercard have introduced smart cards and are considering the transit industry as a potential market for their application.

Staff made a presentation to the Bus Operations Subcommittee and Metrolink representatives on May 28, 1996. A follow-up working session, scheduled for June 6, will include the 13 transit operators, MTA and Metrolink staff, to include their recommendations in the RFIQ. This group will also be asked to participate in RFIQ design, proposal evaluation and in any subsequent development of an RFP.

DBE PARTICIPATION

Not required for this action.

ATTACHMENTS No. 1- Metrocard Chronology; No. 2- Summary of RFIQ Issues;
No. 3- Project Schedule

Prepared by: Agapito Diaz



Executive Officer

Ronny Goldsmith, Chief Financial Officer

jw/c:/Rfiq.doc...4

ATTACHMENT NO. 1

METROCARD CHRONOLOGY

- March 1992 Board authorizes \$4.6 million contract to GFI-Genfare, Inc.
- March 1994 Farebox adapters installed on Foothill Transit, Culver City, and Montebello Fleets
- December 1994 Revenue Test begins
- June 1995 Board approved additional \$1.2 million in Call for Projects Funding to continue pilot.

ATTACHMENT NO. 2

I: OBJECTIVE OF RFIQ FOR ADVANCED FARE COLLECTION SYSTEM

Proposals must be able to integrate with or build on current fare collection technologies used in the region and:

- Meet operator's internal needs in a fare collection system
 - reduce cash handling and administrative costs
 - improve customer service (re: fare issues)
 - improve ridership and revenue data
 - flexible to allow implementation of fare policies
 - improve security and controls of revenue collection
- Enable full fare integration among participating agencies
 - including integration with barrier free systems (Metro Rail, Metrolink) through use of stored value/debit card technologies

II: PROPOSALS TO RECOMMEND MODELS OR ALTERNATIVES

- A) Financial Support Structure
- B) Customers Public Service
- C) Technology
- D) Operations Support Structure
- E) Turnkey System

III: FINANCIAL AND REVENUE MANAGEMENT ISSUES

- Organization model for financial clearing house
 - 1) contracted service by third party
 - 2) partnership (transaction fees as payment)
 - 3) other models for organization support
- Management responsibilities
 - 1) fare media distribution
 - 2) recharging, replacement and issuing fare cards
 - 3) sales network
- Central clearing-house functions
 - 1) revenue management- float, "abandoned fare", etc.
 - 2) marketing
 - 3) revenue collection, reconciliation and settlement
 - 4) data management and reporting
 - 5) integration with agencies business systems (accounting functions)

- Support regional fare integration objectives
 - 1) system maintenance (individual locations, shared systems)
 - 2) customer service
 - 3) integration of operator fare policies with common system
 - discounts, transfer policies, etc.

IV: CUSTOMER PUBLIC SERVICE

- Rider convenience and ease of use
- Transfers to other systems or transportation modes
- Employer corporate subsidy programs
- Access to fare media and point of sale network
 - 1) especially in bus system
 - 2) for low income riders

V: TECHNICAL CAPABILITIES

- Integration with
 - 1) existing registering fareboxes and fare collection systems
 - 2) MTA Metro rail ticket vending machines and Metrolink
 - 3) other on board or planned systems (Smart Bus, etc.)
 - route signage, vehicle locator systems, automatic passenger counters
- Farebox replacement vs. integration with existing systems
- Transaction and boarding time
- Processing of complex inter-agency fare structures and policies
 - 1) public and private transit providers (vans, taxi, etc.)
 - 2) social service needs (para-transit, dial a ride, etc.)
 - 3) data storage capabilities
- Security and fraud prevention controls
- Accommodate other potential system users
 - 1) parking, financial services, banks, telephones cards, etc.
 - 2) open system or closed to transit use only
 - 3) opportunities for multi-use card or accept other existing cards
 - 4) flexibility to accommodate new users

ATTACHMENT 3

PRELIMINARY TASKS AND PROJECT SCHEDULE

1996

- May 28 &
June 6 -- meetings to review RFIQ issues with municipal operators and Metrolink staff
- June -- status report to Planning Committee on RFIQ issues and meeting with regional operators
- July -- release RFIQ

1996

- Sept.- Nov. -- evaluation of vendor responses
- address funding and finance issues
- draft RFP

1997

- Jan -- release RFP for fare collection and finance systems
- Mar -- prepare applications for Call for Project Funding

1997

- Mar -June -- evaluate proposals
- decide on funding issues
- fund limited revenue service project through Call for Projects or other funding alternative

1997

- July -- proceed with system deployment