

**Metro**Los Angeles County
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Los Angeles, CA 90012-2952213.922.2000 Tel
metro.net**SYSTEM SAFETY AND OPERATIONS COMMITTEE
JANUARY 17, 2013****SUBJECT: ADD TAP TO CITY OF LOS ANGELES CITY SERVICE CARD****ACTION: AUTHORIZE THE CEO TO NEGOTIATE AN MOU TO ADD TAP TO CITY
OF LOS ANGELES CITY SERVICE CARD****RECOMMENDATION**

Authorize the Chief Executive Officer to negotiate a Memorandum of Understanding (MOU) with the City of Los Angeles to add the Transit Access Pass (TAP) to the City of Los Angeles City Service Card. Provide a one-time, 7-day pass for the first 10,000 card holders as an incentive to promote transit use and encourage cardholders to purchase the card.

ISSUE

Metro has an opportunity to expand the use of the TAP card by adding the TAP card feature to the City of Los Angeles' City Service Card.

DISCUSSION**City Service Card**

On November 7, 2012, the Los Angeles City Council approved (with one dissension, please see Attachment A for transcript of proceedings) the creation of a City Service Card (please see Attachment B for detailed description of the card). This multi-purpose card offers several customer benefits, including a pre-paid debit card, library card and photo identification. The card provides low-cost and secure financial services and access to library resources. It will be available to anyone who is able to provide proof of identity and city residency. The card will cost between \$10 and \$20 to the card holder. Debit fees will be negotiated by the City. The program will be managed by a third-party vendor or bank.

Los Angeles has the largest un-banked population in the nation with about 12% of LA County or an estimated 200,000 households. Un-banked individuals do not have a bank account and manage their finances by using cash or check cashing services. These

services are often more expensive than banks. The debit feature of the card is optional and does not require activation in order to use the other features of the card.

The identification feature will include the following information: date of birth, height, weight, hair color and eye color. The card is similar to a student ID and would only be recognized at the discretion of the reviewer. The card cannot be used to board a plane or to vote.

TAP Card Expansion and Adding TAP to the City Service Card

Integrating the TAP feature into the City Service Card is consistent with the TAP program goal of integrating TAP into other card products from public and private agencies. For example, ReadyCard TAP/VISA card (a pilot program) is used by about 8,000 customers and the ACCESS Services pass is used by about 120,000 customers. Both cards feature TAP and can be used for transit and debit card purchases. Adding the TAP feature to the City Service Card will increase the value or benefits of the card to the customer. Staff welcomes the opportunity of working with other cities or government agencies that may create programs similar to the City Service Card.

DETERMINATION OF SAFETY IMPACT

There is no Safety Impact to this program.

FINANCIAL IMPACT

Cost of adding TAP to the City Service Card would be minimal, because Metro will not be responsible for adding the TAP feature to the card. It is estimated that the cost of adding TAP to the card will be about \$1 per card,,which will be included in the retail cost of the card or absorbed by the program. To promote the use transit and as an added incentive to purchase the City Service card, it is proposed to offer a one-time Metro 7-Day pass, to be loaded on the card for the first 10,000 customers. The promotional value would be \$20 per card or \$200,000 for 10,000 customers.

Impact to Budget

No direct costs to Metro are required. Program will require providing \$200,000 pass promotional value in the form of 10,000, 7-Day passes added to the card. Passes are added electronically by the TAP Regional Center. Providing a promotional 7-Day pass may cause a loss in fare revenue.

ALTERNATIVES CONSIDERED

- Approve the addition of TAP to the City Service Card but decline to add a Metro 7-Day Pass.

- Decline the proposal to add TAP to the City Service Card.

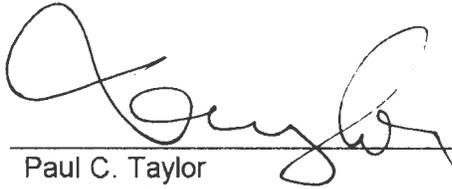
NEXT STEPS

Metro staff will work with the City of Los Angeles to add the TAP feature to its City Service card. Plans call for the card to be available to customers by late 2013 or early 2014. Board updates will be provided periodically as appropriate.

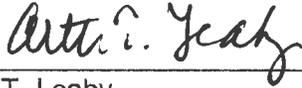
ATTACHMENTS

- A. Los Angeles City Council Meeting Transcript from November 7, 2012
- B. "The City Service Card: A World of Opportunity"

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Paul C. Taylor
Deputy Chief Executive Officer



Arthur T. Leahy
Chief Executive Officer

Los Angeles City Council Meeting: 11/07/12

Item:

Arts, Parks, Health and Aging Committee Report relative to integrating financial literacy efforts at the City's libraries and the creation of a Universal City Services Card for Los Angeles that combines a library card and a debit card function.

Action:

Initiated by Motion (Alarcón - Wesson):

AUTHORIZE the release of a Request for Proposals (RFP) subject to City Attorney review to solicit proposals to implement the City Service Card according to the guiding principles as detailed in the October 15, 2012 Community Development Department (CDD) report, attached to the Council file.

INSTRUCT the CDD to report back in 90 days with the results of the RFP, as detailed above in Recommendation No. 1, final program design and recommendations for implementation.

INSTRUCT the Library Department to report back in 90 days with a detailed plan for implementing the financial literacy program.

VOTE

12-1 (Englander Dissented , Koretzx Rosendahl Absent)

Public Comment

Marqueece Harris-Dawson. President and CEO of Community Coalition

-Supports measure because it stands in the gap of unjust U.S. immigration policy and flawed California I.D. opportunities

-Gives identification to those who have been denied access to the Department of Motor Vehicles due to financial burdens such as fines and tickets.

Betty Hung, ESQ., Policy Director of Asian Pacific American Legal Center

-Enhances city residents access to city services and opportunities

-Parents have had difficulty picking their children up from school due to lack of identification, this item solves that problem.

Maria Elena Durazo, Secretary -Treasurer of LA Federation of Labor

-L.A. is the largest unbanked city in the country, this item helps with personal security and promotes more jobs and economic development.

Mike Garcia, SEIU

-Unbanked are shut out from the formal economy due to lack of I.D. this item provides them the opportunity to receive financial service or exploited by check chasing services because who they are. It's discriminatory to deny financial services to the unbanked due to their ethnic makeup.

Father Margarito , Our Lady of Talpa & L.A. Voice

- The item will save those in poverty hundreds of dollars a year because they won't be using check cashing services.

Angelica Salas, Executive Director of CHIRLA

-Increases confidence to public safety and less confusion with deportation.

Father David O'Connell

- Thousands of parishioners who are at risk of theft because they must carry cash in their pockets.

Carolina Briones, California Community Foundation

-The I.D. benefits the homeless, poor, and immigrants because it provides them identification and the opportunity to bank instead of relying on expensive check cashing services or remaining without identification.

-This card needs to be partnered with financial literacy programs so individuals are prepared to use card wisely and informatively.

Reverend Dr. Art Cribbs, Executive Director of Clergy and Laity United for Economic Justice

-Its vital to provide services to all members of our community especially due to the inadequacies of State and Federal law and procedures.

-This card gives a sense of pride and opportunity to those who have been shunned due to their immigration status.

-This card is exciting because it combines library and financial services therefore promoting literacy and economic development.

Rabbi Jonathon Kline, Clergy and Laity United for Economic Justice

-The measure of our society is met by our willingness to meet the struggles we've never met and to seek their peace. All humans are made in god's image.

-We are standing here together in a heart of compassion to ensure that everyone is embraced by our system.

Ayako Miyashita, Inner City Law Center

- Identification is a requirement for many social services that their clients are in need of.

- The debt card function also is exciting due to the fact many of their clients carry cash on their body. Many are subject to theft.

Armenian National Committee, Western Region

-It will be a benefit to many Armenians living in Los Angeles and the greater community.

Council Discussion

CM Alarcon

-The federal government has failed on immigration policy. It has lacked clarity and direction while Los Angeles still needs to manage the city.

-When the financial/housing system broke, many citizens were underprepared and unknowledgeable about their own financial situation. The council item would restructure the library in a fashion that would upgrade the common knowledge of good financial practices such as buying homes and cars.

- One of the greatest benefits of the card is that it improves the quality of public safety. Police officers waste countless hours questioning those without Identification when instead they should be on the streets protecting the neighborhoods of L.A.

-It is also unnecessary to have thousands of people walking around with cash in their pockets, becoming easy targets for theft and/or violence.

- This card is the beginning to providing so many more government services through this card. It's not a pathway to legal citizenship but a pathway to a better livelihood.

CM Garcetti

-This is about the economy, this is about having safer streets in L.A., and this is about leading with compassion.

CM Perry

-Encouraged by the breadth and diverse community of support for the I.D card.

CM Reyes

-Clarified that the taxpayers would not pay for the card, and it would be self-sufficient.

-The poorest of the community is paying \$800-\$1000 a year on check cashing fees. That money will be poured back into the local economy

CM LaBonge

-Celebrated the opportunities the library component will bring to the residents of LA, especially financial literacy.

CM Zine

- Driver's licenses are the best option to assimilate those in the shadows into the community and economy, but this is a step in the right direction.

- Police Officers will have some sort of identification for follow-up purposes in case of an investigation, opposed to not having any identification what so ever. Some identify is better than no identify.

CM Huizar

-Gave personal testimony about coming to the U.S. and the difficulties of banking institutions without I.D. This will give the individual regardless of their status, pride and personal responsibility.

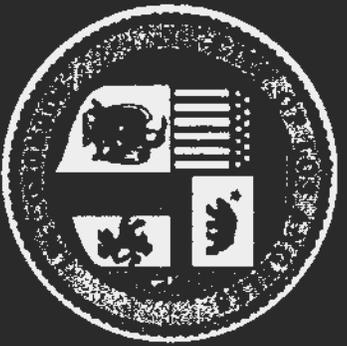
CM Krekorian

-A cash economy is an underground economy. This card provides the opportunity to transition into the mainstream.

- Having identification will protect individuals from predatory financial services

CM Alarcon

-The LAPD will be able to use this as a tool to organize communities that are at high risk of crime.



The City Service Card: A World of Opportunity.

One Card, Three Tools -- Library/Debit/ID

The Vision

Imagine a Los Angeles where residents can go to their local library branch and find a full-service community center with the latest books and periodicals, financial literacy workshops, job-search assistance and citizenship classes. Imagine a Los Angeles that offers low-cost, secure banking along with a host of family and community services like discounts to the zoo and public transportation and continuing education classes.

The City Service Card

The City Service Card (Card) is the key that unlocks that world of opportunity. It is an innovative new instrument for LA residents that has three tools in one: pre-paid debit card, library card and ID. The Card will empower residents by giving them easy, all-in-one access to low-cost, secure financial services and library resources. Anyone living in the city and able to provide proof of identity and residency based on criteria developed by the City would be eligible for the Card.

The Card will provide added benefits to a regular library card by linking several City initiatives, adding more financial literacy offerings at our City libraries, and providing a pre-screened, safe debit card for those currently at the margins of the Los Angeles economy who are un-banked or under-banked. Over time, more and more City services can be added to this easy-to-use access card.

The City Service Card will be a valuable resource to many economically vulnerable residents, including those who have lost their credit in the financial crisis, the elderly, foster youth, low-income, transgender, immigrant, ex-offender and homeless individuals. With card in hand, these residents can build a greater sense of ownership, investment and pride in the City of Los Angeles.

Important Information:

- **COST:** The program is sustained by revenue from sale of the Card and nominal fees charged to Cardholders who opt to activate the debit card function.
 - The City will be reimbursed out of fees generated for any costs associated with the RFP (Request for Proposal) process.
 - The Card will cost between \$10 and \$20 to the Cardholder.
 - Debit card function fees will be negotiated by the City and will be made readily available to all Cardholders.
- **HOW:** The City Service Card program will be managed by a third-party vendor (or bank).
 - The Card is issued at an authorized City site by a trained professional.
 - Interested Cardholder must meet strict criteria developed by the City.
 - Credit history and immigration status are irrelevant.
 - The Card is mailed to the Cardholder's address by the issuing bank.
 - The privacy of the Cardholder's personal information is guaranteed through the Federal Right to Financial Privacy Act, regardless of whether the debit card function is utilized.

Pre-Paid Debit Card Function

- **WHY:** LA has the largest un-banked population (12% of LA County*, or an estimated 200,000 households in LA City) in the nation. Un-banked individuals are those without an account at a mainstream financial institution who manage their finances using only cash and check cashing services (which are often many times more expensive than banks or credit unions).
 - **HOW:** The City Service Card offers safe access to banking for the unbanked through
 - **Financial Security** - Funds loaded on the Card are FDIC-insured and protected by issuing-bank's zero liability policy. The Card cannot be overdrawn and it can prevent individuals from the public safety hazard of carrying large sums of cash.
 - **Payment Options** - Residents can pay bills, make reservations and purchases on-line, over the phone and via debit transactions at millions of ATM locations.
 - **Direct Deposit** - Eliminates exorbitant check-cashing fees and lowers overhead borne by employers in issuing paper checks.
 - **Low and no cost fees for financial services**
 - **International or domestic money transfers**
 - **Low-cost international and domestic calls**
 - **OPTIONAL:** The Debit Card feature of the City Service Card does not need to be activated.
- *Source: Corporation For Enterprise Development (CFED), 2012

ID Function

- **WHY:** The ID would encourage a large segment of LA City residents to become integrated and accountable to their communities. For instance, parents currently with no ID would be able to pick their children from school or an after-school program.
- **HOW:** The ID Function would provide photo, street address, date of birth, hair color, eye color, height and weight, and would serve all Angelenos.
- **OPTIONAL:** Similar to a Student ID, the City Service Card would only be recognized using the reviewer's discretion. This is not a substitute for a driver's license or other official government-issued ID and cannot be used to vote or board a plane.

APPENDIX B: SAMPLE CARD WITH DESCRIPTION OF SECURITY FEATURES

Fine line pattern formed by guilloche graphic →

Multicolored background (green, black) →

Embedded watermark of the Oakland tree logo →

Microtext appears in one of the lines of the tree (less than 3pt) →

Card stock is a certain thickness →

Not seen: UV ink that is read under a UV lamp →

OVI ink is used to print the headline. It changes from green to orange as you turn the card. →

Silver foil stamp of the Oakland seal. →

If Visa, a Visa hologram would appear above the VISA logo. The signature would be placed elsewhere. →

Silver holograms cover the magnetic stripe →

Tamper proof signature panel and magnetic stripe →

NOTE: THIS SAMPLE CARD DESIGN HAS SINCE BEEN REVISED TO INCLUDE ADDITIONAL ID FEATURES: HAIR/EYE COLOR, HEIGHT/WEIGHT; OTHER SECURITY FEATURES REMAIN THE SAME