

**Metro**Los Angeles County
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metro.net**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
OPERATIONS COMMITTEE
MAY 19, 2011****SUBJECT: UPDATE OF TRANSIT ACCESS PASS (TAP) AND FARE GATE
OPERATIONS****ACTION: RECEIVE AND FILE****RECOMMENDATION**

Receive and file status report on the TAP Program and fare gate operations.

ISSUE

Staff provides regular status reports to the Board on the TAP Program and fare gate implementation. At the February EMAC meeting, Director Yaroslavsky requested a more detailed briefing on gating operations and alternatives for locking. To date staff has implemented an alert lighting system that identifies when patron's fare requires inspection. Working with the County of Los Angeles Sheriff's Department (LASD), various enforcement models are being explored including testing scenarios for locking gates.

DISCUSSION

The sections below provide a summary of gating operations and alternatives for locking the gates, and an update on overall TAP activities during the second quarter of FY11.

Fare Gate Operations

This section provides a brief history of the systems' fare gating system, a status of current operations and a discussion of alternatives being considered for future implementation.

Background

The Board approved a study of gating options in July 2007. In November 2007, based on the study results, the Board directed the procurement of gates and related infrastructure costs. In January 2008, the Board awarded a contract to lease gates and provide for their maintenance. Gate installation at 41 stations commenced in April 2009 and was completed in June 2010. As a transition to locking gates, an "alert" lighted

gating system was installed in August 2010. The "alert" system, which is currently in operation, identifies patrons whose fare requires inspection.

Current Operations

Staff is working with LASD to identify optimal monitoring of gates utilizing the "alert" system. LASD utilizes several enforcement configurations to patrol the system, monitor gates and ensure fare compliance. One enforcement configuration includes a 100% fare inspection. At these checks, LASD has routinely reported fare evasion to be less than 3% of all passengers in a particular rail station location. Corresponding Ticket Vending Machine (TVM) data shows sales activity for single tickets to increase by more than 20% on average during these inspections. While these percentages may appear to conflict, they are actually consistent with one another because single ticket purchases from TVMs represent only 5% of total fare media sold and 8% of total system revenue. So 20% of single ticket fare media purchases and fare revenue equates to about 1-2% which is consistent with the less than 3% fare evasion rate reported by LASD.

Alert Gating System

With the installation of the "alert" lights at all gated stations, based on turnstile rotations, staff is now able to determine station entries. Staff continues to coordinate with LASD to inform and educate patrons about the use of TAP and fare policies when riding Metro Rail. With the presence of Metro and LASD personnel, TVM ticket sales and "tapping" continues to increase. In addition, staff is working with Rail Operations to advance the installation of closed circuit TV cameras and public telephones to assist customers as well as establish Supervisory Control and Data Acquisition (SCADA) connection through the Emergency Management System.

Fare Enforcement

TAP Operation has recently issued over 350 cell-phone-type Near Field Communication (NFC) fare validation devices to the LASD. TAP Operations has been in regular communication with the LASD to address any technical issues, collaborate on data and assist with patron education. As discussion of potential locking of fare gates continues, TAP Operations will continue to coordinate with LASD on fare enforcement and station security.

Future Operations and Alternatives for Locked Gates

The ultimate vision for the gating system is to have it operate in a locked environment. To achieve this goal, fare media that interfaces with the gates must be TAP compatible and an operating model that includes gate monitoring and accommodation of customer needs in a locked environment must be developed.

Staff is progressing in the conversion of fare media with over 60% of customers currently using some form of TAP fare media. To reach 100% TAP compatibility, the system must: 1) convert all TVMs to distribute TAP fare media; 2) make accommodations to allow easy transferring from non-Metro carriers onto Metro Rail; and 3) convert the EZ Transit Pass and remaining Metro fare media to TAP. Staff is working

to resolve each conversion issue. Transfers present the greatest challenge and may require revisions to regional policies for implementation.

There are several variables to consider in the development of a future operating model. The solution must balance customer needs, costs and returns. The current "alert" lighting operating model utilizes LASD for roving fare enforcement. The original "locked" gate scenario projected TAP-in/TAP-out gate access, remote video monitoring and call-based response teams. An alternative model projected TAP-in/TAP-out gate access, centralized video monitoring, manned kiosks at key stations and call-based response teams.

Station attendants are a common component of locked systems. Projecting staffing levels in this model is dependent on the number of gated stations, gating configurations (arrays) and rail operating hours (shifts). Staff conferred with LASD to identify potential costs of station attendants. A projected shift rate of \$53,000 per year was used. With 41 gated stations, 80 gate arrays and two (or three) shifts per day, the costs quickly escalate. The challenge is identifying the appropriate operating model based on expected returns.

Staff is currently exploring testing the locked gating scenario at four stations. Cubic has identified a methodology for temporarily locking selected stations. This may be accomplished without cost or change to the existing system and will allow staff and LASD to monitor customer interaction and measure the effects of a locked gating environment. The target for testing is September 2011.

TAP Update

Customer

Metro and Municipal Operators have currently issued over 1.6 million cards to the region's riding public and the collective TAP agency participants have seen a steady growth of transactions that exceed over 15 million TAP boardings per month and \$9 million in TAP fare revenue each month. Metro has recently added a stored value feature, which allows the loading of cash increments via the Internet and TVMs to a TAP card. Increased usage and sales of this feature are anticipated through the fiscal year. Although initial promotion has been limited, response to this new feature has been positive. This intentionally low-key implementation approach permitted completion of testing. In June, a full information campaign will launch to promote the convenience of this new feature for customers.

Conversion of Fare Media

Efforts continue to convert paper fare media to TAP-enabled fare media. Currently, paper fare media is still being used by corporate accounts, K-12 students, EZ Pass users, Metrolink and municipal operator transfers. Senior pass holders are 95% converted from paper pass use.

The following is a detailed status of each conversion effort:

- Corporate Customers number about 6,000 individual Metro pass holders per month and represent over 200 different companies and government entities purchasing fare media for their employees. For the last month, TAP Operations staff have been working with the “top 50” accounts, training their employee transportation coordinators on the new Internet features that permit these corporate accounts to register and purchase Metro passes electronically onto TAP cards. The “top 50” corporate customers purchase over 5,000 Metro passes each month and represent a large segment of corporate paper passes.
- School Program (K-12) Students have slowly been converting from paper-and-stamp Monthly passes to TAP with the introduction of applications and notices that began appearing at retail outlets earlier this year. TAP Operations is now assertively focused on converting paper passes from two channels from which students purchase Metro passes: 1) through the Los Angeles Unified School District (LAUSD) or, 2) from retail vendor outlet locations. Pass sales at schools account for about 15,000 passes per month and the vendor retail outlets directly sell approximately 33,000 each month.

TAP sales devices are being installed on campuses that sell Metro passes directly to students. TAP Operations staff is assisting schools by training personnel to electronically reload student monthly passes on-site. This enables the students to use their passes immediately upon purchase. Students have the option to register their personal TAP cards and load their monthly pass purchases on the Internet, however, the great majority of this rider population continues to purchase fare media on-campus each month, as they did with their paper passes and stamps.

There are some schools that subsidize eligible disabled and disadvantaged students by purchasing passes directly from Metro. To help ease transition of this special group, TAP Operations personnel are training LAUSD staff on how to purchase the passes they will subsidize electronically using the new TAP web-enabled feature.

Staff has notified our retailers that Metro will reduce the number of student paper passes and stamps distributed to them with the expectation that students are converting to TAP. In addition, special application forms in both English and Spanish have been provided to these outlets for distribution to students providing advanced notice of the TAP conversion. A full transition should be completed by the end of this calendar year; however, schools with summer vacation breaks may experience a delay in pass conversion past December.

- EZ Pass customers will be converted to TAP- enabled fare media that can also be visually inspected. Staff is still determining the best form of fare media to be used and reviewing design alternatives. The current recommendation is to convert EZ transit passes from paper to a plastic TAP card with an affixed, visually inspectable decal.

- Metrolink and Municipal Operator Transfers present a challenge in TAP conversions due to their transactional volumes. Staff has engaged in meetings with Metrolink personnel to review alternatives for either a dual-use, visually inspectable TAP card or an additional TAP product that would accompany Metrolink fare media. Interagency Transfers may require a policy solution that differentiates bus and rail access. Currently about two million paper transfers are issued monthly to Municipal Operators. Converting these paper transfers to TAP is cost prohibitive. Transferring to buses is not an issue because operators are present. However, transferring at unmanned, gated rail stations presents a considerable challenge. Staff is reviewing various operating and policy models to address the issue.

Added Value Programs

In addition to fare conversion efforts, several value-added efforts are advancing to improve TAP offerings to customers:

- The Stored Value feature enables customers to store a cash equivalent that can be used by transit rides when tapped on fareboxes, rail TVMs, TAP validators or on fare gates. Stored Value was the original Board-adopted concept to permit “seamless travel” and enable customers to ride any regional system without worrying about the many local fare structures that exist in the region. The benefits of stored value include protection of riders’ cash, easier and faster boarding without searching for exact change, and cash processing efficiencies. Municipal Operator partner agencies including Culver City, Norwalk, Foothill, Montebello, Santa Clarita and AVTA have been using the TAP Stored Value feature for several years. Beginning February 2011, Metro began its own pilot to test the ability to load a cash purse from the rail TVMs on TAP cards. In March, Metro expanded this test to include all 333 individual TVMs and the Internet.

Customer response has been positive. TVM stored value sales exceeded \$30,000 in February, totaled nearly \$50,000 in March, and exceeded \$70,000 in only the first two weeks of April. Web-based purchases have also increased totaling several thousand dollars in stored value sales during the second quarter. This is an encouraging response given that the system is only in the testing phase.

- The Visa Product has experienced considerable progress since its introduction. Transit TV advertisement on board buses, interior vehicle car cards, take-one brochures and other information has encouraged riders to adopt a Visa debit card that can be used on transit and also in regular retail establishments where Visa is accepted. Currently, Metro is launching a public awareness campaign by promoting the Visa TAP card in the form of King Ads.

With reliable technology to support fixed-route carriers, TAP Operations staff has also found the Visa TAP card to be a suitable solution for Access Services (ASI), the paratransit operator in Los Angeles County. Starting in June 2011, ASI will begin launching an Access Visa TAP card that is accepted on both their taxi and paratransit vehicles as well as on fixed-route carriers including Metro.

Operations

Transit Operations has launched a focus group of bus operators to discuss TAP concerns and offer suggestions for ongoing issues. Operator day-to-day experience is invaluable and staff is working to address the matters discussed. One suggestion offered recently was that Metro educate riders on the use and availability of plastic TAP cards. Another recommendation was that Metro should decrease the number of different fare media types to reduce operator intervention with customers. The operators have also suggested that paper passes and limited-use TAP products not be utilized as fare media. Operators expressed their preference for a uniform fare system using the reloadable, permanent smart card as the universal fare instrument to avoid customer confusion. Therefore if an on-board Day Pass is reinstated, TAP Operations will explore options for implementing the pass through a permanent plastic TAP card instead of using limited use media that may become a source of customer disputes.

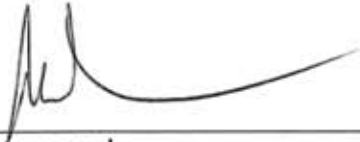
Regional

Staff continues to make advancements on the regional front. Weekly meetings are taking place with Torrance Transit to prepare for the installation of fareboxes scheduled for July 2011. LADOT held a kick-off meeting in March, and they are determining final contract changes to increase quantities and address maintenance issues. The TAP Operating Group continues with settlement and reconciliation meetings. A draft MOU has been sent to Municipal Operators to initiate funds payment for stored value usage. Finally, staff met with Metrolink to identify alternatives for their customers in a TAP environment.

NEXT STEPS

Staff will continue to keep the Board apprised of program status and regional implementation.

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