



Kristin Maiorano/MEDILL

Metra riders wait for a train at the Vernon Hills station. The commuter rail agency will soon begin accepting credit cards online and at some stations.

## Metra credit cards come at a price

by KRISTIN MAIORANO  
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It's not hard to tell when the end of the month is near at Chicago's Union Station. The ticket line often stretches beyond its roped-off area, as commuters pull out checkbooks or carry wads of cash, waiting to purchase their monthly Metra passes.

After the rail agency announced this month that it would start accepting credit cards within a year, Regional Transit Authority (RTA) and government officials hope that the ticket-buying process will become easier for these commuters, and maybe even attract new ones.

But first Metra must confront several obstacles, including coming up with the tens of millions of dollars necessary for the plan—money the agency doesn't have.

"The RTA has not told us that they are going to fund any of this, so essentially it's an unfunded mandate," said Judy Pardonnet, director of media relations for Metra. "It's a difficult time right now because we are really strapped for cash just to maintain our system."

Metra plans to begin accepting credit and debit cards on its web site by Labor Day and at manned ticket windows by February 2010, Pardonnet said. The next step would be adding ticket vending machines at all of the agency's 250 train stations, which it estimates will cost close to \$50 million.

Some experts say the move toward using plastic will be huge for user convenience, but that Metra is a little behind the curve in transportation innovation.

"I think Metra's catching up," said Joe DiJohn, research professor at the Urban Transportation Center at the University of Illinois--Chicago. "A lot of other systems have [already] adopted electronic ticketing and credit card purchases."

An expert from another Chicago university takes the comparison a step further.

"It can learn from other systems, certainly in terms of fare technologies and so on," said Hani Mahmassani, director of the Northwestern University Transportation Center. "There's a lot of examples in many places where things are done better and more convenient for the user."

### Costs versus Benefits

Metra argues the high expense and lack of funding is a huge obstacle to achieving this higher level of convenience for riders.

"The vending machines alone, we would need a capital bill for," Pardonnet said.

Although a capital spending bill hasn't passed the Illinois General Assembly in 10 years, that changed last week. Both the House and the Senate approved one that would give Metra more than \$800 million, on top of nearly \$300 million from a mini capital bill that was signed earlier this year.

However, even if the governor signs the bill, it would not provide enough to cover the vending machines.

"We have a variety of capital projects that we need to do," said Metra spokesman Michael Gillis. There's been a backlog of these sorts of projects, because it's been so long since a capital plan was passed, he added. Metra hasn't allotted all of the potential money, but Gillis said they would certainly replace the cars on the agency's Electric Line, which are more than 30 years old.

Any new payment system means Metra will incur greater operating costs every year. Besides the initial costs of creating the capacity to accept cards, the agency will have to pay for the merchant fees that apply to every credit or debit transaction. Credit card companies prohibit them from passing these costs on to passengers who opt to pay with plastic, and Metra is reluctant to increase fares for everyone.

"We have to absorb it," Pardonnet said. "That's where the huge unfunded mandate comes in, because we have no budget."

Metra hasn't signed any merchant agreements with credit card companies yet, she said, so the exact cost hasn't been determined, but with the agency providing 87 million rides a year, the merchant fees are likely to be steep.

The RTA—which oversees service boards Metra, CTA and Pace—and state government argue that the convenience of using credit cards will attract new riders to Metra, and ultimately bring in more revenue. Metra says this is not necessarily the case.

“We have not had this huge outcry,” Pardonnet said. “It’s hard to judge a hypothetical situation, but based on the fact that we’re at record high ridership, it’s hard for us to understand that we are losing riders [by not accepting credit cards].”

Still, many approve of the rail agency’s decision to take plastic, saying it’s a step in the right direction.

“I think it’s a good idea,” said Craig Brunner, a commuter who rides the North Central line from Prospect Heights to Chicago a couple of times a week. “If I could use a credit card to buy the tickets online that would be a lot more convenient.”

“It’s a positive thing, and obviously one of the things that you can do to make it easier for people to pay for the tickets and to have access to the entire system,” said Buffalo Grove Mayor Elliott Hartstein, adding that his town has one of the highest ridership rates on the North Central line.

The Illinois state government also sees this as an important step. The Illinois House approved a bill Friday that would mandate the changes Metra has already agreed to make; the same measure previously passed in the Senate.

**A New Era of Transit Use**

Rep. Julie Hamos, House Mass Transit Committee chair, has been pushing for reform in the Chicago area transit system for 11 years, she says, and supported transit reform legislation, passed last year, that gave the RTA responsibility to prioritize integrated transit—a system that makes it easy to switch between modes, like from a Metra train to a Pace bus.

Most recently, she called upon Metra and RTA officials this month to testify before her committee about credit card acceptance and a regional fare payment system.

The RTA described a system where riders need only tap a “smart card” against a reader to have their fares transacted from an account, similar to the CTA’s Chicago Card. The cards would be accepted at all three agencies—CTA, Metra and Pace—and could also be used to purchase other things, like a cup of coffee.

“I’m very excited,” Hamos said. “We’re going to move into a new era of transit use.”

RTA’s principal analyst for regional coordination, Joseph Moriarty, shares the sentiment. There’s an excitement in his voice when he talks about the possibilities of the regional fare payment system.

“We’re sort of right in the initial phases at this point,” he said. “We’re like in discovery mode right now.”

But Metra remains skeptical.

“We’re not saying we object, but the design of our system makes it difficult to accept a card like that,” Metra’s Pardonnet said.

RTA has only researched closed systems, which involve having riders stop to pay fares before getting on or off the trains, whereas Metra runs an open system, where passengers board and exit the trains freely, she said. With the volume of customers served, changing to a closed system would cause a major inconvenience, one that created an outcry in the past, when Metra tested a closed system on its Electric Line.

“If you look at the system in Utah, which is often the example the RTA uses, they have a total of 3,200 riders on their entire system,” she said. “On the south concourse at downtown Union Station...we have more than 3,500 riders in a 15-minute span.”

**The Price of Change**

Aside from logistics, Pardonnet said Metra has major concerns about how much a regional fare payment system would cost to set up and maintain.

“We asked RTA that very question, and they didn’t have any idea,” she said, adding that it would probably run into the hundreds of millions.

Moriarty said the RTA examined five alternative closed-loop systems a few years ago, and found that they cost between \$60 million and \$170 million. He said he’s not sure how much a similar system would cost in Chicago, but admits it would be a high investment.

However, he believes a regional fare payment system could actually cut costs in the long run.

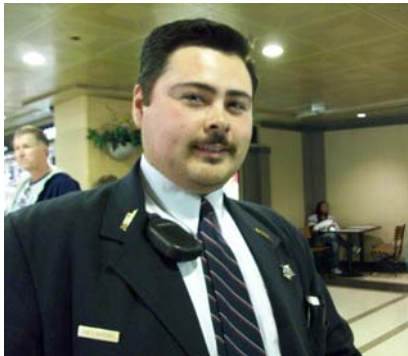
“We wouldn’t have to print as many tickets and transport them and guard them,” he said. “We wouldn’t have to count so much cash. It costs money to count money.”

While finding a system that would work for Metra’s customers would be a challenge, Moriarty said the RTA still believes it can create one that’s effective. It may include hand-held ticket readers for conductors or an “honors system with strong enforcement” where riders scan their smart cards at the stations.

“That’s a big issue and we’re still trying to address it and work with them, but it would be a change and it’s not going to happen overnight, that’s for sure,” he said.

Any moves toward regional fare payment are dependent upon Metra’s shift to accept credit cards and the state of RTA’s budget and those of its agencies.

“We’re undercapitalized here,” Moriarty said. “We don’t have enough money to fix our system as it is right now, so those are some major decisions.”



Kristin Maiorano/MEDILL

Conductor Jose Martinez has been doing his job for 10 years. “You meet people from the bottom to the top,” he says. “You meet people who are butchers, bakers, and candlestick makers.” (Hear him in the audio story.)



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RTA principal analyst Joseph Moriarty has been working to develop a regional fare payment system that would work for CTA, Metra and Pace. (See below for a Q & A with Moriarty.)

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Metra has had conductors punching tickets and overseeing the trains for many years. Two conductors weigh in about their jobs.

## Creating a regional fare payment system

RTA's principal analyst for regional coordination, Joseph Moriarty, says the agency envisions a high-tech future where commuters can use one form of payment for CTA, Metra and Pace. Here, he answers some of Medill's questions about the regional fare payment system:

### **Q: How would the regional fare payment system work?**

A: There's a lot of convergence going on in the retail sector, in the banking sector, where the banks are starting to issue debit and credit cards with, there's a chip in it and antennae, and it's basically a contactless transaction. [In the system in Utah], you just tap on and get on. And it just shows up as a charge on your account.

### **Q: What's the goal in having such a system?**

A: I see this as a way to provide seamless transportation or seamless mobility. The fare instrument really shouldn't be an impediment for a customer to make a trip, even if that trip means that you have to transfer between modes, like Metra to CTA or something like that. What you have in your wallet shouldn't be an impediment.

### **Q: What are the advantages?**

A: It's a way to cut costs. We wouldn't have to print as many tickets and transport them and guard them. We wouldn't have to count so much cash. It costs money to count money. The whole idea of wireless transactions is very appealing to us.

### **Q: How much will this cost?**

A: I don't even know. That's to be determined, really. That's our next step.

### **Q: When will we see the first pilots of the regional fare payment system?**

A: It's dependent on Metra being able to accept credit cards and CTA moving towards its open architecture. If I were to guess, I would say three to four years.