

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

☒ Action ☐ Information

MEAD Number:  
202207

Resolution:  
☒ Yes ☐ No

**TITLE:**

Waive Virtual SmarTrip® Card Fee

**PRESENTATION SUMMARY:**

To promote the rapid adoption of and transition to the new virtual SmarTrip® application, a six-month waiver of the virtual SmarTrip® Card fee is requested.

**PURPOSE:**

To seek Board adoption of a virtual SmarTrip® Card fee and approval of a six-month waiver of the virtual SmarTrip® Card fee, including the retroactive application of the waiver to the period starting September 1, 2020.

**DESCRIPTION:**

Metro's vendors for the SmarTrip® app are **Apple, Inc., Android/Google, and Cubic.**

**Key Highlights:**

- Staff requests authorization to charge the same amount for customers purchasing a new virtual SmarTrip® card as is charged to customers purchasing a physical SmarTrip® card.
- Staff requests a six-month waiver of the virtual SmarTrip® Card fee for the period beginning September 1, 2020.
- No fee is applied for the conversion of an existing physical SmarTrip® Card to a virtual SmarTrip® Card.

**Background and History:**

WMATA recently launched the SmarTrip® virtual card in efforts to adjust to improving safety measures during the Covid-19 pandemic. Staff seeks authorization to charge the same amount for customers acquiring a new virtual SmarTrip® card. Staff also seeks authorization to waive the \$2 fee for such new virtual SmarTrip® cards during a promotional pilot that began on September 1, 2020, the first day of the launch of the SmarTrip Mobile App, and ending six (6) months thereafter. There is no fee for the conversion of an existing physical SmarTrip® Card to a virtual SmarTrip® Card. Due to the confidentiality requirements in Metro's contract with the vendors, this public action could not be addressed earlier in the process, and as such, staff is seeking retroactive approval to September 1, 2020. This six-month fee-waiver is designed to encourage faster customer transition to the digital platform. The benefits of faster adoption include

improving safety for customers using contactless payment and accelerating a shift to a lower cost sales channel.

On September 1, 2020, WMATA launched the SmarTrip® mobile payment feature on Apple iPhones and Apple Watches. The launch of the mobile payment feature on Android/Google devices is anticipated to occur later this year.

**Discussion:**

With health and safety as a top priority for many of WMATA's riders in today's environment, accelerating adoption of contactless payment option will show our commitment to rider safety and high level of customer service.

At the same time, promoting early adoption of the app accelerates capture of fare collection cost savings conservatively estimated at \$3.6M (NPV, FY21 to FY29). Savings are generated by reducing fare collection and card provisioning costs, collectively an anticipated savings of \$4.4 million. The six-month waiver of the SmarTrip fee is anticipated to reduce these savings by \$800,000.

This action is coming to the Board after the launch of the Apple Wallet app due to the strict confidentiality provisions included in that contract. Staff is able to report that the Google/Android version of the app is anticipated to be available later this year. When the Google/Android app is ready for launch, additional Board action will be requested to waive the virtual SmarTrip® Card fee for the first six-months of that launch as well.

**FUNDING IMPACT:**

It is anticipated that this action will accelerate adoption and use of the SmarTrip® app. The faster the app is adopted by Metro customers, the sooner Metro will realize the estimated \$3.6 million in savings from transition away from plastic cards. As noted in the discussion, the waiver of the virtual SmarTrip® Card fee would result in a loss of \$800,000 of revenue, which is more than off-set by the anticipated future cost reductions.

**TIMELINE:**

<b>Previous Actions</b>	None
<b>Anticipated actions after presentation</b>	Fall 2020 – Waiver of SmarTrip® Card Fee Google/Android.

**RECOMMENDATION:**

Authorize the imposition of a \$2 virtual SmarTrip® Card fee and waive that fee for the six-month period retroactive to Sept. 1, 2020.

Do not impose a fee on transitions from physical SmarTrip® Cards to virtual SmarTrip® Cards.

SUBJECT: APPROVAL OF VIRTUAL SMARTRIP® CARD FEE AND WAIVER OF VIRTUAL SMARTRIP® CARD FEE FOR A SIX-MONTH PROMOTIONAL PILOT OF THE SMARTRIP® MOBILE APP

RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, The fee charged to customers for the purchase of a physical SmarTrip® card has previously been established by the Board of Directors; and

WHEREAS, The fee for a virtual SmarTrip® card that a customer creates using the SmarTrip® Mobile App will be the same as that of a physical SmarTrip® card; and

WHEREAS, To promote the launch of the SmarTrip® Mobile App and accelerate cost savings to WMATA, staff recommends waiving the SmarTrip® Card fee for new account registrations of a virtual SmarTrip® Card in the SmarTrip® Mobile App during a six-month promotional pilot beginning on September 1, 2020, the first day of the launch of the SmarTrip® Mobile App;

NOW, THEREFORE, be it

*RESOLVED*, That the fee charged to customers for a virtual SmarTrip® Card shall be the same as that charged for a physical SmarTrip® Card; and be it further

*RESOLVED*, That the Board of Directors approves the temporary waiver of the fee for a virtual SmarTrip® card for creating a new account and registering a virtual SmarTrip® Card from September 1, 2020, the first day of the launch of the SmarTrip® Mobile App, and ending six months thereafter; and be it finally

*RESOLVED*, That in order for this authorization to apply retroactively to September 1, 2020, the first day of the launch of the SmarTrip® Mobile App, this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,

/s/ Patricia Y. Lee

Patricia Y. Lee

Executive Vice President and General Counsel