



Request for City Council Committee Action From the Department of Human Resources

Date: June 14, 2004

To: Ways & Means/Budget Committee

Referral to:

Subject: City of Minneapolis Voluntary Employees Metropass Program (revised)

Recommendation:

- 1) That the City Council approve adoption of the City of Minneapolis Voluntary Employees' MetroPass Program; and
- 2) That the City Council authorize the proper City officials to enter into a 2-year contract to not exceed \$176,640.00 (for 115 Metropasses) with MetroTransit and to establish the City of Minneapolis Voluntary Employees' Metropass Program for the period of August 1, 2004 through July 31, 2006; and
- 3) That the City Council authorize the proper City officials to discontinue the use of the Metro Transit TransitWorks! Stored Value Card program effective July 31, 2004; and
- 4) That the City Council will authorize the increase of 2004 revenue & expense appropriation of the Self-Insurance Fund by no greater than \$37,000; and
- 5) That the City Council authorizes the City Finance Officer to adjust expense appropriations in funds that have eligible riders in order for these funds to reimburse the Self-Insurance Fund; and
- 6) That the City Council direct the Human Resources and Finance departments to establish a reserve account in the Self-Insurance fund that will account for any surplus or deficit in the program on an annual basis.

Previous Directives: Approval on May 24, 2004, for Human Resources to research the development and implementation requirements of the MetroTransit Metropass Program.

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Approved by: _____

Pamela French
Director, Human Resources

John Moir
City Coordinator

Presenter in Committee: Ilena Lonetti

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.

(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

Human Resources, in cooperation with the Legal Department and the Finance Department, as well as with input from AFSCME and Metro Transit have worked to develop a strong, viable Metropass program for the City of Minneapolis. Below is a description of the plan, administration, funding and communications that collectively contribute to the program's long-term success.

Program Description

Metro Transit sponsors the Metropass program which is a discounted annual bus pass for use on all metro-area buses and light rail. Employees can purchase the annual pass (\$768) through the City at a cost of \$64 per month with pre-tax payroll deductions.

The City must establish a multi-year contract with Metro Transit for a set percentage of eligible employees. The City would pay \$64 per month for each of the expected participants. Costs would be recouped through participants' payroll deductions. Should the seats purchased exceed the number of participants enrolled, the City is responsible for these costs. Conversely, if participants exceed expectations, the City will be collecting additional funds for the transit program. These additional funds would be included in the "rollover" funds.

If approved, the Metropass program would replace the current Metro *TransitWorks!* (value card) program effective August 1, 2004.

Eligible Employees

Because the contract is between Metro Transit and the City of Minneapolis, only employees under the jurisdiction of the City Council can participate in the program. The program is only available to eligible employees classified as Regular Full-time, Regular Part-time or Seasonal Full-time.

- Due to time limitations, the City can derive the number of riders based on the eligibility requirements and the City's current *TransitWorks!* Ridership. The number of enrollees would equal 115 seats. At a monthly cost of \$64 per seat or \$7,360, the 2-year contract would be a financial commitment of \$176,640.00.

- **Human Resources, Finance and Legal Department representatives recommend a contract effective date of August 1, 2004.** The primary concern revolves around the fiduciary responsibilities in the handling of tax dollars.
 - To remain an IRS qualified transportation fringe benefit that is not taxable to the employee, the election to participate in the program must occur before the transportation fringe is provided, (i.e., employee must elect to participate in Metropass in the month before the pass is activated).
 - If the City entered into a contract effective August 1, 2004, the first quarterly payment in the amount of \$22,080 would be due in mid-July, 2004.

Please see the communications effort shown on page 4 that provides for a June, 2004 program kickoff for either scenario.

Ineligible Employees

City employees classified as intermittent, temporary, seasonal part-time, sworn, or special transportation services (Metro Mobility) as well as employees of Independent Boards and Agencies, including Park Board, Library, MPHA, Board of Estimate and Taxation, Youth Coordinating Board, Minneapolis Building Commission, and Neighborhood Revitalization Program are not eligible for the

program. Independent Boards and Agencies will need to create their own contract with Metro Transit to make the Metropass program available to their employees. The City will offer their research and plan documents to Independent Boards and Agencies if they would like to implement this program for their employees.

Alternatively, individual employees can contact the Commuter Connection to determine how best to meet their transit needs. The Commuter Connection is located on 220 S 5th Street, Suite 230 in the Pillsbury Building. The phone number is (612) 370-3987.

- To obtain value cards directly from Metro Transit, employees can shop online at <https://ecomm.metrocouncil.org/secure/supert.asp> or visit the Commuter Connection in the Pillsbury building.
- For information about all public transit options, employees can also visit Metro Transit's website at <http://www.metrocouncil.org/transit/index.htm> or call 651-602-1602. Alternatively, employees can contact the Commuter Connection at <http://www.mplstmo.org/>.

Program Administration

- **ENROLLMENT PERIOD:** Human Resources will offer a monthly enrollment option that will be available to all eligible participants. A new metropass will be issued to employees who cancel and return to the program. An eligible employee can enroll in the program up to two times during a calendar year.

After the July enrollment period, enrollment forms must be received by the Benefits Office (PSC 100) by the first Monday of each month to be effective for the following month.

- **PAYROLL DEDUCTIONS:** The monthly fee will be deducted in full from the second paycheck of each month.
- **CANCELLATION:** City employees enrolled in the program can cancel their participation in the program twice per year. After the second cancellation, the employee must wait until the following calendar year to re-enroll in the program. The cancellation form must be received by the end of the first week of the month to be effective for that month's payroll period. Upon cancellation, the metropass must be returned to Human Resources.
- **TERMINATION:** Upon leaving City employment, the Metropass will be deactivated. Once deactivated the card will no longer be available for use and must be returned to the City.

Once an employee leaves the Metropass program, due to either cancellation or termination of employment, the City will absorb the fee if the seat is not filled by another employee. This is due to the contractual agreement for a specific number of seats.

- **REFUNDS:** There are no refunds (including life events).
- **NON-TRANSFERABLE:** Metropass is for employee use only and is not transferable. The pass could be confiscated if anyone other than the employee is found to be using it.
- **PICTURES:** Metro Transit requires the employee's picture to be printed on the Metropass. Photos can be taken at the Commuter Connection Store located in the Pillsbury Building (225 South 6th Street, Minneapolis).

- **TEMPORARY METROPASSES:** After the first enrollment period, all new enrollees will receive a 60-day temporary pass. The temporary pass can be used until the picture pass is ready. When the Metropass is ready, the employee must return the temporary pass to Human Resources.
- **LOST, STOLEN, OR DAMAGED METROPASSES:** Lost, stolen or damaged Metropass must be reported immediately to Employee Benefits (612) 673-3891.

There is a \$20 cost to replace a lost card and \$40 for the second card in the same year. A Metropass will not be replaced more than two times in a twelve-month period. The cost of replacement will be deducted from the employee's next payroll deduction.

Damaged Metropasses can be returned to Metro Transit for a replacement at no cost.

Program Funding

The City must establish an account for the collection and payment of the Metropass funds.

- The City will appropriate funds in the amount of the contract to 6900/129/1304
- The City will create a revenue appropriations account 6900/129/1304 (3755/04)
- The City should allow the annual appropriations of funds needed to ensure funds will be available for contract payments. If ridership falls below 115, Departments will be charged proportionately to the number of eligible employees. The funds should be derived from the department's operational budgets.
 - 2004 – Appropriate five months of the contract. If the contract is drawn for 115 participants, the appropriations would total \$36,800.
 - 2005 – Appropriate twelve months of the contract. If the contract is drawn for 115 participants, the appropriations would total \$88,320.
 - 2006 – Appropriate remaining seven months of the contract. If the contract is drawn for 115 participants, the appropriations would total \$51,520.

The City will use the account for the following situations:

- The first payment will be due upon execution of the contract and agreed upon payment schedule.
- Ridership falls short of expectations resulting in insufficient funds to pay the bill
- Ridership exceeds expectations resulting in an over-collection of funds
- To pay administration costs

Other Budget Considerations:

Increased usage of the bus system may negatively impact City owned parking ramps. Specifically, the ramps' revenue may decrease as employees who currently use City ramps switch to the Metropass program.

Communication & Marketing Plan Overview

Timeline	Event/Activity
Weeks of June 14 & 21	<ul style="list-style-type: none"> ▪ Update CityTalk, send out all-employee email notification and flyers about the new program ▪ Communication to all affected employees of the changes
Weeks of June 21 and June 26	<ul style="list-style-type: none"> ▪ With Council approval on June 18 of this Ways & Means Action, begin Metropass employee fairs. Fair activities include: <ul style="list-style-type: none"> - enrolling in the program and taking pass pictures - visiting the booth for bus route information - entering a drawing for Transit merchandise - signing up for the 'guaranteed ride home' program ▪ Remind <i>TransitWorks!</i> Program participants that their last pay roll deduction will be on July 9, 2004 ▪ Remind all eligible employees that for an August 1, 2004 election of the Metropass program, their forms must be returned to Human

Timeline	Event/Activity
	Resources by July 14, 2004. The first payroll deduction would take place on July 23, 2004.
Weeks of July 4 and 12	<ul style="list-style-type: none"> ▪ Continue to promote the program through employee fairs and notifications
Weeks of July 19 and 26	<ul style="list-style-type: none"> ▪ Update CityTalk, send out all-employee email notification and flyers about the new program, as needed
Ongoing	<ul style="list-style-type: none"> ▪ Continued marketing and promotion of the program, as needed