



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

Date: June 22, 2010

To: Ways & Means / Budget Committee

Referral to: City Council

Subject: City of Minneapolis Metropass Program

Recommendation:

- (a) That the City Council authorize the proper City officials to amend and restate, effective August 1, 2010, the existing contract with the Metropolitan Council to provide Metropasses to eligible employees. Under the amended and restated contract, the monthly program price of will be based on the current cost of a Metropass times the actual number of participants.
- (b) Receive and file a decision by the City's Director of Human Resources, in collaboration with human resources and finance staff members, to implement a \$5 per month increase in pre-tax contributions for Metropass program participants. The new contribution amount of \$65 per month (\$55 for MPEA-represented employees) will be reflected in employee's paychecks dates July 16, 2010. The new contribution amounts reflect a discount from the monthly Metropass cost of \$76 per month.

Previous Directives:

Approval on June 18, 2004 of the adoption of the City of Minneapolis Employees' Metropass Program and the execution of a two-year contract with the Metropolitan Council.

Approval on July 21, 2006 to enter into a three-year Metropass contract (August 1, 2006 through July 31, 2009 with the Metropolitan Council.

Approval on June 26, 2009 to enter into a five-year Metropass contract (August 1, 2010 through July 31, 2015) with the Metropolitan Council. Direction to human resources and finance departments to continue to maintain the Metropass reserve account in the Self-Insurance Fund. Authority for the City's Director of Human Resources to increase employee contributions to prevent a deficit in the Metropass reserve account.

Department Information

Prepared by: Joyce Traver

Approved by: _____
Pamela French
Director, Human Resources

Steven Bosacker
City Coordinator

Presenters in Committee: Joyce Traver

Financial Impact

No financial impact – program is funded by pre-tax employee contributions and surpluses in the Metropass reserve account.

Supporting Information

Under the City's initial contract with the Metropolitan Council, the City's monthly program price was equal to the monthly Metropass cost times the lesser of (a) 12% of eligible employees or (b) the actual number of program participants. Due to the success of the program – approximately 20% of eligible employees participate in the program – a Metropass reserve balance was generated.

This reserve balance has been used to subsidize the employees' cost for the Metropass. The current Metropass contract with Metropolitan Council bases the monthly program price on the number of program participants at the beginning of the contract year times the current cost of a Metropass. Under the August 1, 2010 amendment and restatement, the City's monthly program price will more accurately reflect the true cost of the program and will be based on the current Metropass cost of \$76 per month times the actual number of program participants.

Currently, employees and departments pay a combined amount of \$60 per month for the Metropass. The \$16 difference between the actual cost of the Metropass and employee/department contribution is charged to the Metropass reserve account. In the past year, the reserve account balance has dropped from \$210,000 to approximately \$94,000. At current participation levels, the new monthly contribution amount of \$65 (\$55 for MPEA-represented employees), it is anticipated that the Metropass reserve will be depleted by the end of 2012.

Human resources, working with the communications department, will continue to encourage program participation by promoting the financial advantage and the convenience of the Metropass.

Human resources and finance will continue to monitor program participation and the reserve account balance and will take action and/or recommend future contribution rate adjustments as necessary.