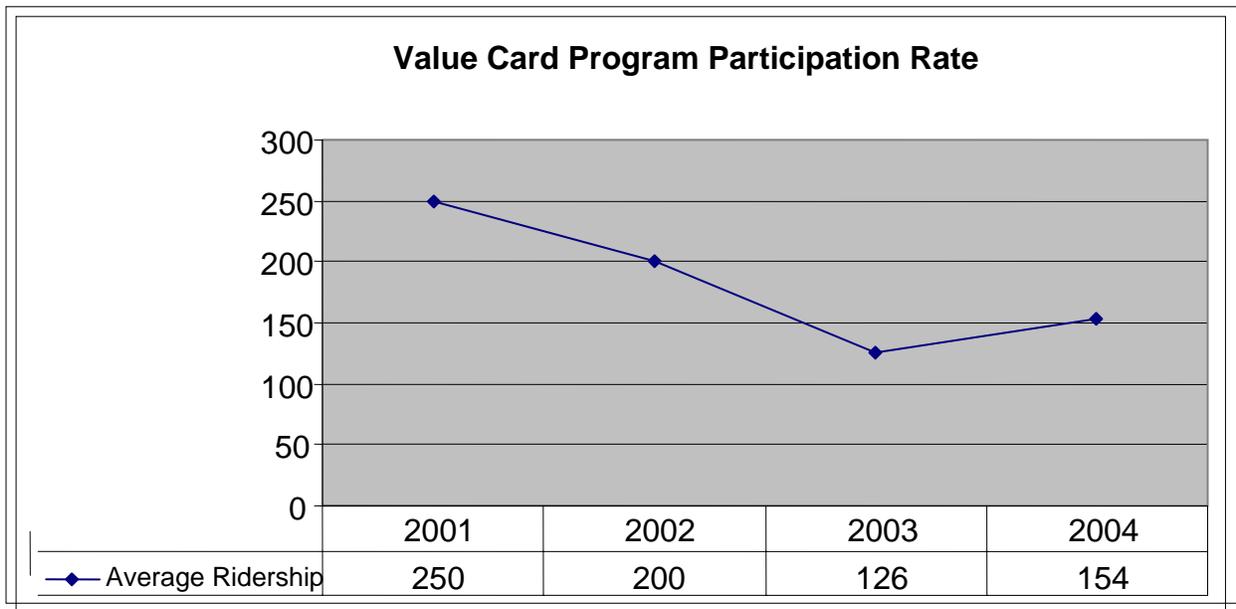


The purpose of this document is to provide an overview of two bus programs. The first is called the Value Card Program that the City currently offers to all employees. The second is the MetroPass Program that is currently under review for possible implementation.

Background

The MetroPass Program is sponsored by Metro Transit and offers discounted annual bus passes purchased by employers for their employees. The Citywide LMC studied the program and asked the City to consider offering it to our employees.

The Human Resources Department already offers discounted bus passes to employees, through a program called Value Card Program. Our current program is available to all interested employees, but requires no financial support from the City. Below is a snapshot of the City's current ridership followed by a product comparison and cost analysis of the two programs.



Program Description

The following section provides a side-by-side comparison of the programs.

Value Card Program	MetroPass Program
<ul style="list-style-type: none"> ▪ Employees can enroll at any time of the year and purchase a set of five value cards (\$95 valued at \$110). ▪ The employee can cancel at anytime. ▪ Value Cards never expire and usage is transferable. ▪ Ridership varies based on employee needs. ▪ At a minimum, the employee must purchase five bus passes, valued at \$22 each, but sold for \$19 each with pre-tax payroll deductions (saving the employee approximately another 30%, depending on tax bracket). 	<ul style="list-style-type: none"> ▪ The City must establish a 2-year contract for a set percentage of eligible employees. ▪ Human Resources recommends that there is no cancellation provision during the annual contract period. ▪ The MetroPass expires annually and is non-transferable (only the id holder can use the pass). ▪ MetroPass expects to derive a percentage of users based on a certain number of eligible employees (<u>not enrollees- just eligibles</u>), and would write the contract for that number of employee participants. The City would pay \$64 per month (valued at about \$110, based on typical ridership) for each of the expected participants and recoup participant costs via payroll deduction. ▪ MetroPass would require the City to pay quarterly payments regardless of how many employees actually enroll. The City would need to set up a reserve fund to ensure funds are set aside for payment, if necessary.

Ridership Description & Trends

Value Card Program	MetroPass Program
<ul style="list-style-type: none"> ▪ Full-time Employees ▪ Part-time Employees ▪ Temporary Employees ▪ Seasonal Employees ▪ Intermittent Employees ▪ From 2001 to 2004, ridership dropped by approximately 38%. ▪ The primary drop in ridership can be attributed to the City's overall workforce reduction. 	<ul style="list-style-type: none"> ▪ Eligible employees are defined by the City. ▪ Eligible employees willing to sign an annual commitment to the program. ▪ The City would need to determine ridership using one of three methods: <ul style="list-style-type: none"> ○ Metro Transit Survey Tool ○ TransitWorks Study (based on current value card usage) ○ Enrollment period plus the survey or study ▪ Any drop in ridership must be minimized to limit the City's financial risk.

Administration Costs

Value Card Program	MetroPass Program
<ul style="list-style-type: none"> ▪ Annual Administration Cost: \$600 or (about \$4.50 per rider) ▪ 1.5-2 Days Per Month for Administration ▪ The Human Resources Department publicizes the program, sells the cards, sets up pre-tax payroll deductions, and cancels the participant when they decide not to continue. We transfer the funds to Metro Transit and maintain records. 	<ul style="list-style-type: none"> ▪ Initial Administration Cost Estimate: \$5,000 - \$6,400 ▪ The Human Resources must create a plan document (to define plan rules), an enrollment form (unless City pays full cost - because we need an authorization to take a payroll deduction), an enrollment schedule and exiting procedure. Update HRIS & FISCOL. Create a termination query and run monthly. Update benefits materials including web site. Cancellation and transition of value card participants to the MetroPass program ▪ Annual Administration Cost Estimate: \$1,200 or (about \$9.00 per rider) ▪ 3-4 Days Per Month for Administration ▪ The Human Resources Department publicizes the program, sells the cards, sets up pre-tax payroll deductions, and cancels the participant when they decide not to continue. We transfer the funds to Metro Transit and maintain records. ▪ Manual accounting for charging the Park, Library and MBC boards through FISCOL. ▪ Manual billing and accounting for MPHA who does not use our FISCOL or HRIS systems. ▪ The City must also track the permanent and temporary assignment of ID cards. ▪ Track and provide termination as well as enrollment information to Metro Transit. ▪ Maintain a waiting list for the program. ▪ If the employee loses their card, the City would set up a payroll deduction of \$20 for a lost card or \$40 for a second offense.

Administrative Rules

Value Card Program	MetroPass Program
<ul style="list-style-type: none"> ▪ Employee enrolls in program at any time of the year. ▪ No refunds -- cards are paid for at time of receipt and never expire. ▪ Upon termination, the employee keeps his cards. There is no liability to the City. 	<ul style="list-style-type: none"> ▪ One enrollment period held annually. ▪ No Refunds (including life events). ▪ For active employees, no cancellation during the contract year. ▪ Upon termination, 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. ▪ New employees will be able to enroll if another participant leaves the group.

Risk Factors

Value Card Program	MetroPass Program
<p><u>Funding Risk Low</u></p> <ul style="list-style-type: none"> ▪ The City bears no financial risk for this program. 	<p><u>Funding Risk High</u></p> <ul style="list-style-type: none"> ▪ Any uncollected fees are the City's obligation to pay. There are no refunds for partial usage. ▪ There are no provisions for layoff periods to reduce the percentage mid-contract.

Funding (based on current ridership for comparison purposes)

Value Card Program	MetroPass Program
<p>Employee Monthly: \$12,390 Employee Yearly Total: \$148,680</p> <p>^City Monthly: \$625 ^City Yearly Total: \$7,500</p> <p>^Source of funding: Employee's department currently subsidizes MPEA and Appointed fares using their operation funds.</p>	<p>Employee Monthly: \$8,236 Employee Yearly Total: \$98,832 Yearly Decrease: 33%</p> <p>^City Monthly: \$532 ^City Yearly Total: \$6,384 Yearly Decrease: 15%</p> <p>City Maximum Reserve: \$105,216 (needed if employees cancel, terminate, get laid-off or change jobs and status during the year).</p> <p>^Source of funding: Employee's department currently subsidizes MPEA and Appointed fares using their operation funds. Additionally the reserve fund is needed in case ridership decreases, and 'catch up' costs if ridership exceeds original estimates.</p>

Decision Points

- Discontinue usage of the Value Card Program
- Creation of the MetroPass Program
- Determine source of funding for the program
- Recommend method for determining eligibility

Action Steps

- Attorney's Office: Review and approve MetroPass contract. Terminate Value Card Program agreement.
- Human Resources: Finalize business rules for the program (definition of eligibility, administration, etc.)
- Finance: Review reserve funding options to cover City's liability and set up the account
- Human Resources: Forward approved contract and program funding through City Council
- Human Resources: Create & implement communications plan
- Human Resources: Develop and execute implementation plan