



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

**Date:** June 17, 2009  
**To:** Ways & Means/Budget Committee  
**Referral to:** City Council  
**Subject:** City of Minneapolis Metropass Program

### Recommendation:

- 1) That the City Council authorize the proper City officials to enter into a five-year contract, effective August 1, 2009, with the Metropolitan Council to provide Metropasses to eligible City of Minneapolis employees. The program price for the first year of the contract will be approximately \$471,504 (based on the current monthly Metropass price of \$76 times 517 program participants). The program price will be re-calculated after six months to reflect the increased or decreased number of participating employees. The program price for subsequent years of the contract will be based on the then current cost of a Metropass times the actual number of participants. The contract may be terminated by the City upon 30 days written notice.
- 2) That the City Council directs human resources and finance departments continue to maintain the Metropass reserve account in the Self-Insurance Fund.
- 3) That, to prevent a deficit in the Metropass reserve account, the City Council authorizes the City's Director of Human Resources to increase employee contributions.
- 4) Receive and file a decision by the City's human resources and finance departments to implement a \$15 per month increase in pre-tax contributions for Metropass program participants. The new contribution amount of \$60 per month (\$50 for MPEA-represented employees) was developed in collaboration with the Benefits Subcommittee of the Citywide Labor Management Committee and will be reflected in employee paychecks dated July 17, 2009.

### Previous Directives:

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

Approval on July 21, 2006 to enter into a three-year contract (August 1, 2006 through July 31, 2009) with the Metropolitan Council to provide Metropasses for eligible City of Minneapolis employees.

### Department Information

Prepared by: Joyce Traver, Benefits Manager

Approved by: \_\_\_\_\_  
Pamela French  
Director, Human Resources

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Steven Bosacker  
City Coordinator

Presenters in Committee: Joyce Traver

**Reviews**

- Permanent Review Committee (PRC): Request for Waiver approved June 11, 2009
- Civil Rights Approval Approval \_N/A\_ Date \_\_\_\_\_
- Policy Review Group (PRG): Approval \_N/A\_ Date \_\_\_\_\_

**Financial Impact**

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

**Community Impact**

By encouraging City employees to use mass transit, this program supports the City goals of One Minneapolis, Connected Communities and Enriched Environment.

**Supporting Information**

Under the City's initial five-year contract with the Metropolitan Council, the City's monthly program price was equal to the monthly system fare (currently \$69) for the Metropass times the lesser of (a) 12% of eligible employees or (b) the actual program participants. Due to the success of the program – currently 20% of eligible employees participate in the program – a Metropass reserve balance of approximately \$212,000 has been generated.

Effective August 1, 2009, the Met Council will alter the City's monthly program price to equal the new system fare of \$76 per month times the current number of program participants.

When the Metropass program was implemented in 2004, employees paid \$64 per month pre-tax to participate. When the reserve balance became substantial, the reserve balance was used to supplement the monthly contribution amount paid by employees. Currently, the majority of City employees pay \$45 per month pre-tax to participate in the Metropass program. MPEA-represented employees pay \$35 per month pre-tax and their departments are charged \$10 per month. At the current participation level, the new monthly contribution amount of \$60 (\$50 for MPEA-represented employees) and the subsidy from the reserve, it is anticipated that the Metropass reserve will be depleted in two years.

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 also continue to monitor program participation and the reserve account balance on an ongoing basis and will take action and/or recommend future adjustments as necessary.