

- **Board of Directors**
Legal, Claims and Personnel Committee

May 11, 2004 Board Meeting

8-6

Subject

Approve funding and contract with WorkLife Benefits for Metropolitan's Rideshare Transit Program

Description

Effective January 1, 2004, IRS regulations under Section 132(f) prohibited cash reimbursement to employees who commute to and from work via public transit. Metropolitan staff analyzed various options for providing transit reimbursement, including purchasing tickets directly, contracting with a third-party administrator and transit vouchers. It was determined that transit vouchers would be the most administratively efficient and cost-effective process.

A Request for Information (RFI) was advertised to determine how many companies could provide transit voucher services. Two responses were received from WageWorks and WorkLife Benefits. WorkLife Benefits provides transit vouchers to be distributed to employees on a cost-per-voucher basis of 67 cents for up to 499 vouchers or \$4,140.96 per year, while WageWorks provides direct-to-home pass distribution to employees on per participant per month rate of \$6.50 for up to 500 participants or \$39,000 per year. With a considerable difference in costs, Metropolitan has been purchasing transit vouchers from WorkLife Benefits under a 6-month pilot program to judge employees' response. The pilot program will end in June 2004. Employees' response has been positive, and Metropolitan has decided to extend the contract with WorkLife Benefits for three years.

There are currently 432 transit participants with a total monthly subsidy cost of \$45,301.85 and \$289.44 in fees plus a shipping and handling charge of \$10.75 per month. Please see the attached fee schedule ([Attachment 1](#)). As evidenced by the average use and cost for the past 18 months (see [Attachment 2](#)), it is estimated that the annual cost of Metropolitan's Rideshare Transit Program will be \$548,967.77. This amount includes a 4 percent increase anticipated for Metrolink fares. The funds of \$545,365.49 will be distributed in vouchers to employees, and \$3,602.28 will be vendor's fees.

Policy

The current Memoranda of Understandings among Metropolitan and the Management and Professional Employees Association, Supervisors' Association, Association of Confidential Employees and the Employees Association/AFSCME Local 1902

California Environmental Quality Act (CEQA)

CEQA determination for Staff Recommendation:

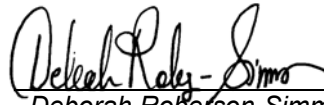
The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Staff Recommendation

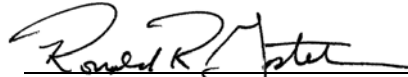
Adopt the CEQA determination and approve funding and contract extension for 3 years with WorkLife Benefits for Metropolitan's Rideshare Transit Program to comply with the IRS regulation under Section 132(f).

Fiscal Impact: \$75,365.49 increase in Rideshare transit expense not budgeted for fiscal year 2004/2005.



Deborah Roberson-Simms
Section Manager, Human Resources

4/13/2004
Date



Ronald R. Gastelum
Chief Executive Officer

4/14/2004
Date

Attachment 1 – Transit Voucher Fee Schedule

Attachment 2 – Transit Cost

BLA #2875

Transit Voucher Fee Schedule

<u>No. of Transit Vouchers</u>	<u>Fee per Voucher</u>
1-99	\$0.78
100-199	\$0.73
200-499	\$0.67
500-1,999	\$0.62
2,000-3,499	\$0.57
3,500+	\$0.52

Transit Cost

	<u>No. of Participants</u>	<u>Total Monthly Cost</u>
July 2002	305	\$32,329.89
January 2003	304	\$32,726.23
July 2003	327	\$34,329.18
January 2004	397	\$42,472.85
March 2004	432	\$45,301.85