



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER: OFFICE OF SUSTAINABILITY

**File #:** 18-100

Board Meeting Date: 2/13/2018

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Jim Eggemeyer, Director, Office of Sustainability  
**Subject:** Agreement with WageWorks Inc. to Provide Commute Alternative Benefit Services

**RECOMMENDATION:**

Adopt a resolution authorizing an agreement with WageWorks, Inc. for the provision of commute alternative benefit services, for the term December 1, 2015 through June 30, 2018, in an amount not to exceed \$1,035,000.

**BACKGROUND:**

The San Mateo County Commute Alternatives Program (CAP) was established in December 1991 to comply with the Bay Area Air Quality Management District's Regulation 13, Rule 1. Rule 1 required all companies in the Bay Area that employ 100 or more workers, to implement measures to reduce the number of employees who commute in single occupant vehicles. In 1992, the Board approved an initial transit subsidy of \$20 per month to help meet that mandate and provide an incentive to employees to use public transit, or other means besides single occupant vehicles when traveling to and from work.

In November 2004, the voters of San Mateo County passed Measure A, a half-cent sales tax to fund transportation related projects throughout the County for 25 years. The CAP program currently receives \$1.2 million annually from Measure A to fund the program.

The CAP program currently provides a comprehensive set of services including a subsidy to County employees of up to \$75 per month to use public transit, carpool, or vanpool services, or a lesser subsidy to encourage employees to walk or bike to work. Additionally, the CAP program offers an Emergency Ride Home program, carpool-only parking facilities, and bike lockers. An average of 1,100 County employees annually participate in the CAP program.

In 2009, the County entered into an agreement with WageWorks to administer the above-referenced County subsidies and to purchase monthly transit passes for those County employees who are riding public transportation. WageWorks offers two programs for County employees to utilize:

- Commuter Express program offering a \$75 transit subsidy and allows the employee to pay the remainder of the transit pass; and
- Commuter Order Model offering a subsidy for transit passes that are \$75 or less. If the County is able to utilize a payment method involving employee payroll deductions, the County plans to solely utilize the Commuter Order Model and not the Commuter Express program.

County employees can order transit, vanpool, carpool, biking and walking subsidies through the WageWorks website or through WageWorks' toll-free customer service center on a monthly basis.

The CAP was transferred from the Department of Public Works to the Office of Sustainability upon the Office of Sustainability's establishment in 2014. During the transfer period, the existing contract term expired although WageWorks continued to provide the required services and the County continued to pay WageWorks pursuant to the terms and conditions of the expired contract.

### **DISCUSSION:**

The contract with WageWorks needs to be updated and extended in order for OOS to continue to use the contractor to administer and distribute the CAP subsidies and commuter transit passes.

Payments pursuant to the expired contract have been made as of May 2017, for service through June 2017, however payments have been suspended for the service period beginning July 2017 pending the development and approval of an updated contract.

WageWorks is requesting that the updated contract cover the period from December 1, 2015, through June 30, 2018, so that the contract covers the term of services provided since WageWorks is a publicly traded company. This proposed agreement was delayed due to WageWorks internal review process regarding the updated contract. The proposed contract acknowledges payments made for the service period from December 1, 2015, through June 30, 2017, in the amount of \$801,483.80 for the Commuter Express program and \$516,019.89 for the Commuter Order Model program, and confirms the amounts owed for the service period from July 1, 2017, through February 28, 2018 in the amount of \$707,009.77, which consists of \$51,195 in administrative fees and \$655,814.77 in pass-through subsidies for both programs. Based on past services provided by the Contractor and the number of participants currently participating in both the Commuter Express and Commuter Order Model programs, it is estimated the County will owe the Contractor approximately \$82,000 per month with the County's last payment in June 2018, for services that take place in July 2018.

To administer the program, the Contractor charges the County \$5.00 per participant per month. As of February 2018, 1,236 employees are enrolled in the program resulting in an administrative fee of \$6,180. The pass-through amount for subsidies to be distributed by the Contractor was \$75,605 in February 2018.

OOS is currently exploring with WageWorks how to allow CAP participants to utilize pre-tax payroll deductions to pay for their monthly transit pass expenses that exceed the County's \$75 subsidy. Utilizing pre-tax deductions will allow County employees to take advantage of up to \$255 per month in pre-tax allowance as established by the Internal Revenue Service. The OOS will work with the Human Resources Department the Controller's Office to explore the feasibility of this option.

The agreement and resolution have been reviewed and approved by County Counsel as to form.

The resolutions contain the County's standard provisions allowing amendment of the County's fiscal obligations by a maximum of \$25,000 in the aggregate.

The proposed agreement with WageWorks is scheduled to expire on June 30, 2018. If, during that time, WageWorks is able to facilitate the aforementioned pre-tax payroll deduction process, OOS intends to negotiate an amendment to the proposed Agreement to extend the agreement to December 31, 2018. Such an amendment, if it can be negotiated, will be brought back to the Board for approval prior to June 2018

**SHARED VISION 2025:**

Approval of this agreement contributes to the Shared Vision 2025 outcomes of an environmentally conscious community by increasing the proportion of trips made by employees taking public transit, the Employee Commuter Shuttle, carpooling, bicycling and walking rather than by automobile. This project will help shift some daily trips from driving to alternative modes of transportation thereby reducing pollution and greenhouse gas emissions from automobiles.

**PERFORMANCE MEASURE:**

Measure	FY 2017-18 Projected	FY 2017-18 Actuals
Number of transit orders placed CAP participants and processed by WageWorks	100%	100%
Number of Orders Placed by transit mode: Public Transit Passes Commuter Bus Passes	1,000 250	658 152

**FISCAL IMPACT:**

The FY 2017-18 Adopted Budget and FY 2018-19 Recommended Budget include \$1.2 million for the CAP program, which is sufficient to cover the agreement with WageWorks.