



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY MANAGER: OFFICE OF SUSTAINABILITY

File #: 18-653

Board Meeting Date: 8/7/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Jim Eggemeyer, Director, Office of Sustainability

Subject: Amendment to the Agreement with WageWorks, Inc. to Provide Commute Alternative Benefit Services

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with WageWorks for commute alternative benefit services to extend the agreement by 12 months to June 30, 2019, increasing the contract amount by \$984,000 for a new not to exceed amount of \$2,019,000, and change the County's payment method.

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 the 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. Currently, CAP receives \$1.2 million annually from Measure A to fund the program.

CAP provides a comprehensive set of services and up to \$75 subsidy per month to County employees to use public transit, or vanpool, and up to \$20 per month to employees to carpool, walk, or bike to work. Additionally, CAP offers the Commuter Bus program, an Emergency Ride Home program, carpool-only parking facilities, and bike lockers. Currently, an average of 1,100 County employees participate monthly in CAP.

Since 2009, WageWorks has been administering the above-referenced County subsidies and purchasing monthly transit passes for those County employees who are riding public transportation.

Approximately 907 County employees order and receive transit passes through WageWorks on average each month. Passes are distributed electronically through an employee’s Clipper Card in the exact amount of their order. For employees that order less than \$75 per month, they receive the exact amount on their Clipper Card. For employees that order more than \$75 per month, they must pay the remainder of their order. The Clipper Card system sets a maximum amount of cash value that can be stored at \$300, so employees cannot continue adding transit funds to their Clipper Card without using the funds.

WageWorks has offered two products for County employees:

- Commuter Order Model: allows an employee to receive a subsidy of \$75 or less (when cost of transit is \$75 or less)
- Commuter Express: allows an employee to receive a \$75 transit subsidy and pay the remainder of the transit pass themselves (when cost of transit is more than \$75)

County employees can order transit passes through the WageWorks website or the toll-free customer service center on a monthly basis.

DISCUSSION:

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

During the last several months, OOS worked with the Controller’s Office and WageWorks to establish a payroll deduction for employees who need to pay for transit in excess of the \$75 subsidy. This will allow employees to pay for eligible transit costs through a pre-tax payroll deduction of up to \$260 per month (as established by the IRS), rather than with post-tax dollars, resulting in savings to the employee. This additional benefit may encourage additional employees to participate in CAP, further decreasing greenhouse gas emissions and vehicles miles traveled on Bay Area roads.

In addition to cost-savings for employees purchasing transit, the payroll deduction system will streamline the process for employees by eliminating the “Commuter Express” option. This will also simplify the administration of the program by OOS staff.

Final preparations are being made to initiate the payroll deduction, which is scheduled to start in August 2018.

The agreement and resolution have been reviewed and approved by County Counsel as to form. The resolution contains the County’s standard provisions allowing amendment of the County’s fiscal obligations by a maximum of \$25,000 in the aggregate.

SHARED VISION 2025:

Approval of this amendment 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, thereby reducing pollution and greenhouse gas emissions.

PERFORMANCE MEASURES:

Measure	FY 2017-18 Target	FY 2017-18 Estimate	FY 2018-19 Target
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Percent of transit orders placed by CAP participants processed by WageWorks	100%	100%	100%
Average Number of orders placed by transit mode per month:	1,000	907	1,000
Public Transit Passes Commuter Bus Passes	250	152	250

FISCAL IMPACT:

The term of the amended agreement is extended for one year to June 30, 2019, and the not-to-exceed amount will increase by \$984,000 for a new not-to-exceed amount of \$2,019,000. WageWorks fee to administer the program is approximately \$66,000 and the balance of approximately \$918,000 is a reimbursement to WageWorks for the purchase of transit passes on behalf of our employees. The FY 2017-18 Adopted Budget and FY 2018-19 Recommended Budget include \$1.2 million for CAP, which is sufficient to cover this agreement with WageWorks.