



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Hans F. Larsen

SUBJECT: EMPLOYEE TRANSIT BENEFITS

DATE: May 14, 2013

Approved

Date

5/14/13

BACKGROUND

On March 26, 2013, the City Council approved the Mayor's Budget Message which directed staff to explore options for providing a transit use benefit for City employee, such as the Eco Pass Program managed by the Santa Clara Valley Transportation Authority (VTA).

Beginning in 1996, the City participated in VTA's EcoPass program which provided employees with use of VTA transit services. The City spent approximately \$160,000 on this program per year until it was no longer funded by the City starting with 2012 as part of balancing the 2011-2012 \$115 million General Fund shortfall. The average yearly rate paid by the City was approximately \$41 per EcoPass in comparison to an annual VTA transit pass, which currently retails for \$770. In 2009, a survey on utilization of the EcoPass program indicated that approximately 400 City employees, of the approximately 7,000 budgeted positions at that time, used their EcoPass "regularly" (at least twice a week) to commute to work by transit, with another 200 employees using it "occasionally" (at least once a month). With approximately 600 employees (8.6%) utilizing the EcoPass regularly or occasionally, the cost per pass, per budgeted position in 2013-2014 would be approximately \$270.

ANALYSIS

Staff has conducted a preliminary evaluation of this topic. If the City Council wishes to pursue a more detailed review, staff recommends the evaluation of the following considerations:

- New Federal Internal Revenue Service (IRS) regulations allowing employees the option to pay for their transit, vanpooling, or bicycling expenses with up to \$245 in pre-tax dollars.
- Transition of commute assistance program from a VTA-based service (EcoPass) to a regional Bay Area program (Clipper Card).
- Potential for a commute assistance pilot program to be mandated for most employers in the Bay Area as now authorized by state legislation (Senate Bill 1339), granting such authority to the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG).

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- Flat amount to incentivize only those employees who choose to take environmentally friendly transit options.
- Staff resources for program administration.
- Need for “meet and confer” coordination with City employee bargaining units as a commute assistance program is considered an employee benefit.

COORDINATION

This memorandum has been coordinated with the City Manager’s Office, the Office of Employee Relations and the City Attorney’s Office.

/s/

HANS F. LARSEN
Director of Transportation

For questions, please contact Hans Larsen, Director of Transportation at (408) 535-3835.