



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4c

ACTION ITEM

Date of Meeting December 13, 2016

DATE: December 4, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Tammy Woodard; Director Human Resources, Total Rewards
SUBJECT: Contract with King County Metro to purchase One Regional Card for All (ORCA) cards for Port Employees.

Amount of this request: \$350,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a contract with King County Metro to purchase One Regional Card for All (ORCA) cards for Port employees as noted in the Port's approved Commute Trip Reduction Program. The estimated value of the 2017 contract is \$350,000.

EXECUTIVE SUMMARY

As part of the approved Commute Trip Reduction (CTR) Programs at Pier 69 and the Airport the Port purchases ORCA cards for all employees working at locations covered by the CTR program. These cards are available to employees at a nominal annual fee. Each year this contract with Metro is renewed with the cost of the contract adjusted based on actual ORCA card use by Port employees. The Port can charge employees for up to half of what we pay for the cards, we have charged \$25/year for several years. Approximately 575 employees purchase ORCA cards each year.

The ORCA contract also covers van pool and van share reimbursements that the County administers for us. This contract will cover the period from February 1, 2017 through January 31, 2018.

JUSTIFICATION

The current ORCA card program is a key element of the Port's approved Commute Trip Reduction Program that includes offering subsidized public transportation to employees. The current program is a very efficient way to offer this benefit. Since the Port's cost for ORCA cards is based on ridership of assigned/purchased cards rather than the retail value of the cards the Port pays considerably less for the purchased cards than if the cards were individually purchased directly from Metro.

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Employees using their ORCA cards to commute reduces the number of single driver vehicles on the road which in turn reduces the environmental impact of our employees commuting to work. Providing the ORCA cards at the discounted rate also aligns with our Total Rewards Philosophy and supports work-life balance by providing a cost effective alternative to commuting alone.

DETAILS

In 1991, Washington State’s Commute Trip Reduction Law was passed with goals to improve air quality, reduce traffic congestion, and reduce gasoline consumption. The law requires “major employers” to develop and implement employee commute programs to reduce the length and number of drive-alone trips to worksites. The Port is considered a major employer and has approved CTR programs for both the City of Seattle and City of SeaTac locations. One element of both programs is providing a public transportation subsidy.

ORCA cards can be used for employees to commute to and from Port work locations via many public transportation methods including, but not limited to, Sound Transit, Metro, Pierce Transit, and Community Transit busses as well as the Link Light Rail and Sounder Commuter Train. Van pool and van share programs are also available to employees who purchase an ORCA card and King County administers these programs as part of the ORCA contract.

The Port has provided subsidized public transportation to its employees for at least the past nine years. Subsidized cards are offered to all employees and currently about 30%, 575 employees, take advantage of this benefit. The Port has been charging employees \$25 per year for an ORCA card. With 30% of employees taking advantage of the ORCA card program there is opportunity to increase utilization of this program. In 2017 HR staff will conduct a survey of employees at Port locations to gain insights into employee ORCA card use, as well as what might encourage more Port employees take advantage of the ORCA card program and utilize public transportation for their commuting needs.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Don’t renew the contract with King County Metro and stop offering ORCA cards to employees.

Cost Implications: This option would save the Port approximately \$350,000, the estimated value of the ORCA contract.

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Pros:

- (1) This option has the lowest cost to the Port.
- (2) Charging employees for parking is an option for the Port to maintain an approved CTR program if we do not renew our ORCA contract. Charging employees for parking would increase Port revenues.

Cons:

- (1) The Port would no longer comply with the approved CTR plan. This could lead to enforcement actions including financial penalties until a new, approved CTR plan could be implemented. Charging employees for parking would likely lead to an approved CTR plan, but the Port might still be out of compliance until the new plan was documented and approved.
- (2) Charging employees for parking would have significant adverse impact on employee morale and thus employee engagement.
- (3) The Port would not be actively supporting the environmental purposes behind the CTR law, and these environmental purposes are well aligned with the Port's commitment to environmental sustainability.

This is not the recommended alternative.

Alternative 2 – Don't renew the ORCA contract and administer a subsidized public transportation program internally. This would require employees to purchase ORCA cards at an approximate monthly cost of \$200 per month and seek reimbursement of \$175 per month. Employees would pay \$25 per month rather than the \$25 per year that they have been paying.

Cost Implications: Cost of this alternative is estimated at \$609,000 per year. This is close to double the cost of the ORCA contract. The estimate is based on an assumption that 290 employees would continue to participate in the program. This is about half our current, and historical, enrollment. It does not include the cost of staff time to process the 290 reimbursements each month.

Pros:

- (1) Only employees who really use the cards will participate in the program.

Cons:

- (1) This option is more expensive than the current program.
- (2) Fewer employees would have ORCA cards for occasional, environmental friendly, transportation. The current \$25 annual cost encourages employees to purchase an ORCA card even if they don't use it regularly for commute purposes.

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- (3) Considerable staff time would be needed to process reimbursements in both the Human Resources and Accounting and Financial Reporting departments.

This is not the recommended alternative.

Alternative 3 – Renew our ORCA contract with King County Metro.

Cost Implications: \$320,000 to \$350,000

Pros:

- (1) This option ensures continued approval of the existing CTR programs.
- (2) It is more cost effective to renew the ORCA contract than to administer a similar benefit in house.
- (3) Employees are encouraged to purchase ORCA cards due to the low employee cost and this encourages at least occasional use of public transportation. Occasional users may become regular users.

Cons:

- (1) The Port must maintain an inventory of ORCA cards and the inventory must be tracked and recorded.

This is the recommended alternative.

Annual Budget Status and Source of Funds

Funding for the ORCA contract comes from the Port's expense budget and from employees when they pay the \$25 to purchase a card for the year.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None