



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4a

ACTION ITEM

Date of Meeting November 28, 2017

DATE: November 9, 2017

TO: Dave Soike, Interim Executive Director

FROM: Paula Edelstein, Sr. Director Human Resources
Tammy Woodard, Director Human Resources – Total Rewards

SUBJECT: Execute contract with King County Metro to purchase One Regional Card for All (ORCA) cards for Port employees

Amount of this request: \$375,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a contract with King County Metro of up to \$375,000 to purchase One Regional Card for All (ORCA) cards for Port employees as noted in the Port’s approved Commute Trip Reduction Program.

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 located at CTR included locations. 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 and we have charged \$25/year for several years. In 2017, approximately 750 employees including college interns purchased ORCA cards. Additionally, ORCA cards were provided at no cost to 56 High School interns.

The ORCA contract also covers VanPool and VanShare reimbursements that the County administers for us. This contract will cover the period of February 1, 2018 – January 31, 2019.

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 a discounted rate also aligns with our Total Rewards Philosophy and supports work-life balance by providing a cost effective alternative to driving to work 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/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. VanPool and VanShare programs are also available to employees who purchase an ORCA card through the Port and King County Metro administers these programs as part of the ORCA contract.

The Port has provided subsidized public transportation to its employees for at the least the past 10 years. Subsidized cards are offered to all employees and currently about 37%, or 750 employees including college interns, take advantage of this benefit.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Don’t renew the contract with King County Metro and stop offering ORCA cards to employees. This will likely save the Port approximately \$375,000, the estimated value of the ORCA contract.

Cost Implications: \$0

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 would increase Port revenues.

Cons:

- (1) The Port sponsored ORCA card is a valued benefit for quite a few employees. The Port is able to provide this valued benefit at a lower cost to employees, and to the Port, through the contract with King County Metro than is otherwise available.
- (2) 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

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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.

This is not the recommended alternative.

Alternative 2 – Don't renew the ORCA contract but administer a subsidized public transportation program internally. This would require employees to purchase ORCA cards at an approximate cost of \$200/month and seek reimbursement of \$175/month. Employees would pay \$25 per month rather than the \$25 per year that the Port has been charging. The cost of this alternative is estimated at \$787,500 per year. This is more than double the cost of the ORCA contract. This estimate is based on an assumption that 375 employees would continue to participate in the program. This is about half of our current enrollment. It does not include the cost of staff time to process the 375 reimbursements each month.

Cost Implications: \$787,500

Pros:

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

Cons:

- (1) This option is considerably more expensive than renewing our ORCA contract with King County Metro.
- (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.
- (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 contract with King County Metro.

Cost Implications: \$375,000

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) This option maintains a benefit valued by many employees.
- (4) Employees are encouraged to purchase ORCA cards due to the low employee cost and this encourages at least occasional use of public transportation which reduces road congestion and lessens the environmental impact of employee commuting. Also, occasional public transportation 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.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$375,000	\$375,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	0	\$375,000	\$375,000
Total authorizations, including this request	0	\$375,000	\$375,000
Remaining amount to be authorized	\$0	\$375,000	\$375,000

Annual Budget Status and Source of Funds

Funding for the ORCA contract comes from the Port’s expense budget and from employees when they purchase a card for the year.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None