



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8a

ACTION ITEM

Date of Meeting November 27, 2018

DATE: November 19, 2018
TO: Stephen P. Metruck, Executive Director
FROM: Kim DesMarais, Interim Sr. Director Human Resources
Tammy Woodard, Human Resources Director – 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: \$2,500,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute contracts with King County Metro for the next five years to purchase One Regional Card for All (ORCA) cards for Port employees as noted in the Port’s approved Commute Trip Reduction Program. Estimated five-year cost is \$2,500,000.

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 located at CTR designated 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 usage by Port employees. The Port can charge employees up to half of what we pay for the cards and we have charged only \$25/year for several years. In 2018, approximately 846 employees including college interns purchased ORCA cards. Additionally, ORCA cards were provided at no cost to 67 High School interns.

The ORCA contract also covers VanPool and VanShare reimbursements that the County administers for us. This requested authorization will cover five one-year contract periods beginning with the February 1, 2019 – January 31, 2020 period and ending with the February 1, 2023 – January 31, 2024 period.

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 how much assigned/purchased cards are used rather than the retail value of the

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cards, the Port pays considerably less for the purchased cards than if the cards were purchased individually from Metro.

Employees' using their ORCA cards to commute reduces the number of single occupant vehicles on the road which in turn reduces the environmental impact of Port 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 lower stress and cost effective alternative to driving alone to work.

This authorization allows the Port to negotiate and execute contracts annually with King County Metro through the contract period that will begin February 1, 2023. This provides flexibility to address future needs and establish appropriate contract costs. Costs for this contract are included in each year's annual budget.

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. King County Metro administers the van programs for the Port as part of the ORCA contract.

The Port has provided subsidized public transportation to its employees for more than 10 years. Subsidized cards are offered to all employees and currently about 40%, 846 employees including college interns, take advantage of this benefit. The 2018 participation rate is an increase over the 37% participation rate we had in 2017.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Don't renew the contract with King County Metro and stop offering ORCA cards to employees. This would save the Port approximately \$2,500,000 over the next five years, the estimated value of the ORCA contracts.

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 for parking would increase Port revenues.

Cons:

- (1) The Port sponsored ORCA card is a valued benefit for many employees. The Port can 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 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.
- (3) Charging employees for parking would be considered a reduction in the benefits package which may need to be negotiated for employees covered by a collective bargaining agreement.
- (4) Eliminating the ORCA card program could adversely impact employee morale and engagement.

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 which we could set at \$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 approximately \$882,000 per year. This is nearly double the estimated five-year cost of the ORCA contract, and the estimate assumes that only 420 employees would continue to participate in the program; this is about half our current participation rate. The cost estimate does not include the cost of staff time required to process the 420 reimbursements each month.

Cost Implications: approximately \$4,500,000 over five years

Pros:

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

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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, environmentally 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 in both the Human Resources and Accounting and Financial Reporting departments to process the reimbursements.

This is not the recommended alternative.

Alternative 3 – Renew our contract for ORCA cards with King County Metro on an annual basis.

Cost Implications: approximately \$425,000 for 2019

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 commutes, and occasional public transportation users may become regular public transportation users.

Cons:

- (1) The Port must maintain an inventory of ORCA cards and the inventory must be tracked and recorded.
- (2) The Port Commission would continue to authorize annual contracts with King County Metro each year in late November or early December.

This is not the recommended alternative.

Alternative 4 – Commission authorization to renew contracts with King County Metro each year for the next five years.

Cost Implications: Approximately \$2,500,000 over five years.

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 commutes, and

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occasional public transportation users may become regular public transportation users.

- (5) Commission action is required only once every five years rather than every year.

Cons:

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

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$2,500,000	\$2,500,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	0	42,500,000	\$2,500,000
Total authorizations, including this request	0	\$2,500,000	\$2,500,000

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