



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/9/2014

Agenda Placement: 7Z

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Suzanne Mason - Director
Human Resources

REPORT BY: Olivia Soria, BENEFITS ADMINISTRATOR - 253-4945

SUBJECT: Amendment No. 1 to Agreement No. 8034 with PayFlex to Provide a Transit Spending Account Program

RECOMMENDATION

Director of Human Resources and the Director of Public Works request approval of and authorization for the Chairman to sign Amendment No. 1 to Agreement No. 8034 with PayFlex Systems USA, Inc. to provide a Transit Spending Account for County employees in order to comply with the Bay Area Commuter Benefits Program.

EXECUTIVE SUMMARY

San Francisco Bay Area employers with 50 or more full-time employees within the Bay Area Air Quality Management District (Air District) are now required to register and offer commuter benefits to their employees by September 30, 2014 in order to comply with the Bay Area Commuter Benefits Program. Through this program, employers must offer their employees one of four commuter benefit options in order to comply with the Air District's Regulation 14, Rule 1 to improve air quality, reduce emissions of greenhouse gases and other air pollutants, and decrease traffic congestion in the San Francisco Bay Area by encouraging employees to commute to work by transit and other alternative commute modes. One of the commuter benefit options is to allow employees to exclude their transit or vanpool costs from taxable income up to the monthly maximum allowed by federal law. Staff recommends amending the existing agreement with PayFlex in order to implement a Transit Spending Account that would allow employees to pay for their commuter costs on a pre-tax basis.

FISCAL IMPACT

Is there a Fiscal Impact? Yes

Is it currently budgeted? Yes

Where is it budgeted?	Employee Benefits Fund 4400 Subdivision 44000-05 Account 52705
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	No
Future fiscal impact:	Funding is provided in the Employee Benefits budget. Transportation Spending Account will be on-going in future fiscal years and will be budgeted accordingly. Staff does not expect high employee participation in TSA, but is budgeting \$3.50 per participant, which will likely be offset by forfeitures.
Consequences if not approved:	The County would not be offering an additional program to assist with compliance with the Bay Area Commuter Benefits Program.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Bay Area Commuter Benefits Program was developed by the Air District in collaboration with the Metropolitan Transportation Commission (MTC), pursuant to Senate Bill 1339. The Program is based on the Air District's Regulation 14, Rule 1 to improve air quality, reduce emissions of greenhouse gases and other air pollutants, and decrease traffic congestion in the San Francisco Bay Area by encouraging employees to commute to work by transit and other alternative commute modes.

The purpose of today's agenda item is to implement a commuter benefit option that allows employees to voluntarily create pre-tax spending accounts to allow purchase of transit passes. This pre-tax spending account would be similar to the already existing pre-tax Flexible Spending Accounts (FSA) for health and dependent care expenses, which are also administered by PayFlex Systems USA, Inc.

Implementation of the pre-tax spending accounts allows the County to comply with the Air District's regulation and will provide another tool for County employees to reduce their commuting impact. The County already provides a financial incentive of \$20 per month through the Trip Reduction Program (TRP) to employees who regularly use alternative commuting methods (e.g. carpool, public transit, bicycling, or walking). Staff believes that the existing TRP already makes the County compliant with the new regulations; however, staff recommends implementing the pre-tax Transit Spending Account provides County employees another alternative for reducing transit costs and an extra layer of compliance with the Air District's Regulation 14, Rule 1.

Employees will be allowed to set aside up to \$130 per month for transit expenses and up to \$250 per month for parking expenses on a pre-tax basis. The administrative cost of the Transit Spending Account is \$3.50 per month per employee which will be paid by the County. The County does not anticipate a high volume of use of this benefit, but will budget according to participation.

Today's requested action is for approval of Amendment No. 1 to Agreement No. 8034 with PayFlex Systems USA, Inc. to provide Transit Spending Accounts to County employees.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Leanne Link