

# Metro Board Approved Policy

## Employer Pass (E-Pass) Program

Adopted: June 2020

### Historical Perspective

**In June 2020, the Executive Management Committee approved to establish a permanent Employer Pass (E-Pass) Program based on the success of the current 2-Year E-Pass Pilot Program.**

In 2003, the Board adopted the Contracted Transit Pass Programs which included the precursors to the ATAP and BTAP Programs, the Annual Pass Program and Employer Pass Program, respectively. These programs were designed to enable Metro to develop stronger partnerships with LA County businesses, institutions and major organizations to increase ridership; promote the use of transit; generate new revenue to support Metro initiatives; and provide businesses and organizations the opportunity to take advantage of federal income tax incentives that encourage the use of transit.

The programs also allowed Metro to establish a well-defined test group for the Universal Fare System (UFS) smart card by providing contracted pass program members with UFS test cards instead of a conventional paper pass, thus facilitating the transition to TAP. These programs have evolved over the years and are now collectively called the Employer Annual Pass Program.

#### **E-Pass Pilot Program**

In July 2018, with approval from Executive Management, the Office of Management and Budget (OMB), and the TAP Office, MCS launched a limited pilot program to evaluate the success of replicating the U-Pass concept with employers. The E-Pass Pilot Program has done the following:

1. Initially targeted a limited number of businesses to participate in the program and required additional business participants to be approved by the Office of Management and Budget (OMB). Initial participants were NBCUniversal, City of Santa Monica and UCLA.

2. Established a goal of increasing employee participation by 20% over existing levels

3. Utilized embedded TAP chip stickers affixed to the employee's work identification (ID) card to transform their IDs into TAP Cards

4. Transitioned businesses to a pay per boarding model as follows:

- a. Charged an estimated boarding fee of \$1.40 per boarding, which was the fare per boarding (FPB) equivalent of the ATAP program when it was launched. (This rate has been included in OMB's ongoing fare analysis).

- b. Invoiced businesses quarterly for all boardings used during each quarter.

- c. For the introductory quarter, estimated boardings based on existing ridership data and required payment up front. If the employer did not have existing data, the initial participation was estimated at 10% of eligible employees at the full-time maximum of \$80 per month.

5. Capped the maximum cost per participant at \$80 per month as a marketing incentive for businesses to utilize their own resources to grow ridership

6. Encouraged employers to cover the full cost of the program or recoup costs from employees through implementing a pre-tax payroll deduction under the Commuter Tax Benefit (IRS Code Section 132(f)). If businesses chose to charge employees for participation, fees collected from employees were not permitted exceed the total amount due to Metro.

7. Required employers to assist Metro in administering the program by ensuring completion of the required Title VI analysis through verifying employees' online registration for the program, verifying that each participant was a current employee with a valid ID, and distributing and activating E-Pass TAP stickers/cards for eligible participants

8. Required employers to report all issued E-Pass TAP card/sticker numbers to Metro quarterly for tracking purposes and to facilitate replacements

9. Created a reimbursement process for Municipal Transit Agencies to add the E-Pass fare product to their fare table and be reimbursed at their TAP



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boarding rate, up to the E-Pass Rate of \$1.40 per boarding. Payment from these boardings is collected from the employer at the end of each business quarter and reimbursed to the agencies as a separate line item on their monthly regional settlement check.

# Employer Pass Program (E-Pass)

## Metro Commute Services

### Mission

- > Build partnerships with businesses to increase mobility and reduce traffic congestion.

### Program Criteria

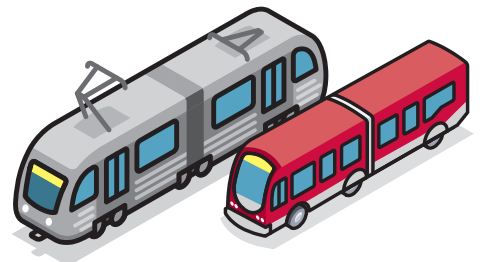
- > Business must be within LA County.
- > Business must employ 50 employees or more.
- > Minimum participation is 10% of total employees or 20% increase in current participants.

### Employer Benefits

- > Quarterly payment based on actual employee ridership.
- > Pay per boarding: Up to \$1.40/boarding; capped at an average of \$80/mo.
- > Perfect addition to your company's benefits package to improve recruitment and retention, and to create a healthier environment.
- > Qualifies as a Commuter Tax Benefit – IRS Code 132(f).
  - Tax free and pre-tax deductible
  - Payroll tax saving
  - Other potential corporate tax savings
- > Helps reduce parking demand and expense.
- > Improves company's environmental sustainability.

### Employee Benefits

- > Company badge with TAP sticker replaces TAP card.
- > Valid on all Metro bus and rail, including Metro Rapid and Metro Zone 1 (Express and J Line [Silver]), Metro Micro (a three-year MicroTransit pilot program), plus other participating transit agencies. For more information about Metro Micro, please visit [metro.net/micro](http://metro.net/micro).
- > Save on payroll taxes through pre-tax payroll deduction.
- > Reduce commuting costs – gasoline, maintenance, parking and insurance.
- > Pass can be used for commuting and leisure activities, seven days a week.
- > Reduce commuting stress and no monthly pass purchase required.



# Metro Employer Pass Program (E-Pass)

<b>Goal</b>	Establish a pay-per-boarding pass program (similar to U-Pass for colleges, universities and trade schools) to increase partnerships with businesses and business transit ridership.
<b>Objective</b>	To transition to a more feasible pricing structure and reach a broader range of businesses and employees by making Business Pass Programs easier to administer.
<b>Eligibility</b>	Eligible participants must be an active employee with a current photo ID that does not use conflicting Radio Frequency Identification (RFID) technology.
<b>Employer Program Administration</b>	<p><b>The employers must do the following:</b></p> <ul style="list-style-type: none"><li>&gt; Determine participant's eligibility based on active employment.</li><li>&gt; Confirm Metro's online registration form has been completed by participant.</li><li>&gt; Distribute E-Pass stickers and collecting payment, minus any subsidy or discount. (Metro encourages any employee payment to be collected via pre-tax deduction.)</li><li>&gt; Track and maintain an electronic file of all stickers/cards issued.</li><li>&gt; Ensure E-Pass is properly activated via RPOS or spreadsheet to Metro.</li><li>&gt; Pay for actual boardings invoiced each business quarter at up to \$1.40 per boarding capped at an average of \$80 per month. (Actual boardings used are unlimited. Only charge is capped.) There are no free Metro or municipal agency transfers under this program, so each boarding will be counted and invoiced.</li></ul>
<b>Co-Marketing</b>	<p><b>Metro will partner with the business to promote the E-Pass and will:</b></p> <ul style="list-style-type: none"><li>&gt; Design and print co-branded marketing materials for distribution or provide copy for marketing materials branded by employer.</li><li>&gt; Include program information on future Metro Business Partners website.</li><li>&gt; Provide staff to assist in launching the program, outreach and marketing.</li></ul>
<b>Validity Dates &amp; Pricing</b>	<ul style="list-style-type: none"><li>&gt; Cost of each sticker is a \$2.00 one-time fee. Stickers can be reloaded.</li><li>&gt; Pass activated on sticker will be an Employer Pass (E-Pass) valid for a calendar year unless deactivated by employer or Metro. Pass currently covers boardings on Metro, Culver CityBus and LADOT DASH.</li><li>&gt; Deposit amount based on cost of initial business quarter must be paid up front and estimate is based on 10% of total employees, OR actual participants/boardings of existing program + 20%.</li><li>&gt; Actual boardings will be invoiced at the end of each business quarter and adjustments will be made on the next quarter's invoice.</li><li>&gt; Payment is due within 30 days of receipt of invoice.</li></ul>

**For additional information, contact:**

Metro Commute Services  
Employer Annual Pass Programs  
213.922.2859  
[metro.net/riding/eapp](http://metro.net/riding/eapp)



Sticker: Actual Size 1"x1.75"